TYO: 5401

OTC: NPSCY(ADR)



Q1 FY2023 Earnings Summary

Aug 4th, 2023

NIPPON STEEL CORPORATION



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. Q1 FY2023 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 the realization of 100 Mt and ¥1 Tn. Vision Strategy / Domestic Steel Business / Overseas Steel Business /
 Raw Material Business / Other Group Companies / Three Non-steel Segments
- 3. Progress in Carbon Neutral Vision 2050
- 4. HR and PR Initiatives to Recruit from and Retain Diverse Talent
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- 6. Other Topics
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- 8. Other References

Upward revision of Earnings Forecast despite the continuity of harsh business environment

- ➤ While world steel demand remains sluggish, Nippon Steel achieved a record-high Underlying Business profit of 250.0bn JPY in 1Q FY2023
- ➤ However, even if Nippon Steel does not expect further spread or S&D improvement since FY2022, full-year forecasts for underlying BP for FY2023 is expected to be ¥840.0 bn. or more, surpassing the previous forecast by 40.0 bn. and reaching a new record high as long as no huge plummet of domestic and overseas steel demand happens

	FY 2022	1Q	H1(f)	Vs. prev. forecast as of May 10 th	VS H2 FY22	H2(f)	Vs H1 FY23	FY 2023(f)	Vs Prev. forecast as of May 10 th	Vs FY2022
Non-consol. crude steel production (Mt)	34.25	8.68	Approx. 17.50	±0	+0.29	Approx. 17.50	±0	Approx. 35.00	±0	+0.75
Non-consol. steel shipment (Mt)	31.47	8.07	Approx. 16.00	±0	+0.21	Approx. 16.00	±0	Approx. 32.00	±0	+0.53
FX (USD/JPY)	135	136	Approx.138	8 yen dep.	1 yen app.	Approx.140	2 yen dep.	Approx. 139	9 yen dep.	4 yen dep.
Revenue (bn. JPY)	7,975.5	2,199.7	4,500.0	±0	+398.9	4,500.0	±0	9,000.0	±0	+1,024.5
Underlying BP Excl. Inventory val. Etc.	734.0	250.0	430.0	+60.0	-4.0	410.0	-20.0	840.0 Record High	+40.0	+106.0
Inventory valuation etc.	182.4	(1.3)	(70.0)	+30.0	-10.7	(80.0)	-10.0	(150.0)	±0	-332.4
Consol. business profit (bn. JPY)	916.4	248.7	360.0	+90.0	-14.7	330.0	-30.0	690.0	+40.0	-226.4
ROS	11.5%	11.3%	8.0%	+2.0%	-1.1%	7.3%	-0.7%	7.7%	+0.5%	-3.8%

Additional Line Items, Net Profit

Upward revision of Net profit by 30.0bn.JPY

Bn. JPY	FY2022	1Q	H1(f)	H2(f)	FY2023(f)	Vs prev. forecast as of May 10 th	Vs FY2022
Consol. Business Profit	916.4	248.7	360.0	330.0	690.0	+40.0	-226.4
Additional Line Items	(32.8)	-	(65.0)	(10.0)	(75.0)	-5.0	-42.2
Net Profit	694.0 Record high	177.0	200.0	200.0	400.0	+30.0	-294.0
EPS (¥/share)	754	192	217	217	434	+32	-320
ROE(%)	18.1%	16.6%					

<Additional Line Items>

FY2022: (32.8) bn.JPY

- Losses on inactive facilities: (23.5) bn. JPY
- Losses on business withdrawal: (9.3) bn. JPY

FY2023: (75.0) bn.JPY

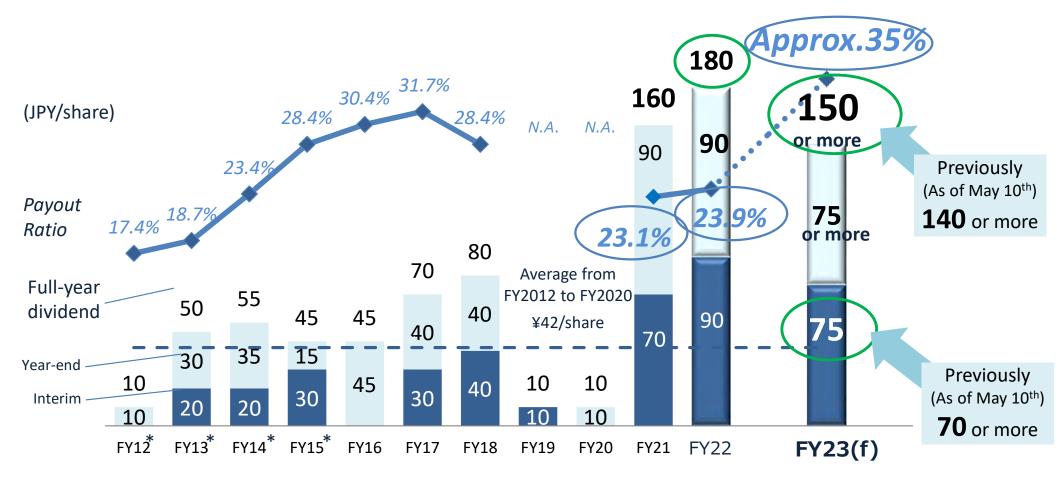
Losses on inactive facilities: (75.0) bn. JPY

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



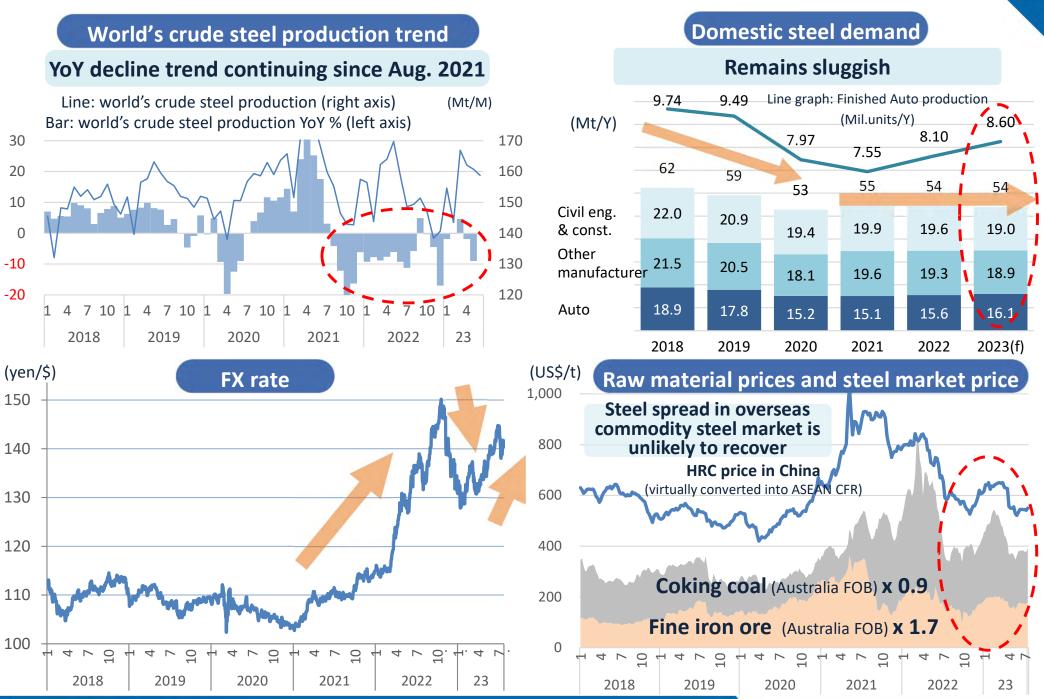
Full-year Dividend

Based on the Company's increase of profit in the earnings forecasts for Fiscal 2023 since the announcement of the previous earnings forecasts on May 10, 2023, Nippon Steel plans to increase the full-year dividend for Fiscal 2023 by ¥10 from the previous dividend forecasts to ¥150 or more per share (including an interim dividend of ¥75) with a view to achieving a continuous high-level return to shareholders.

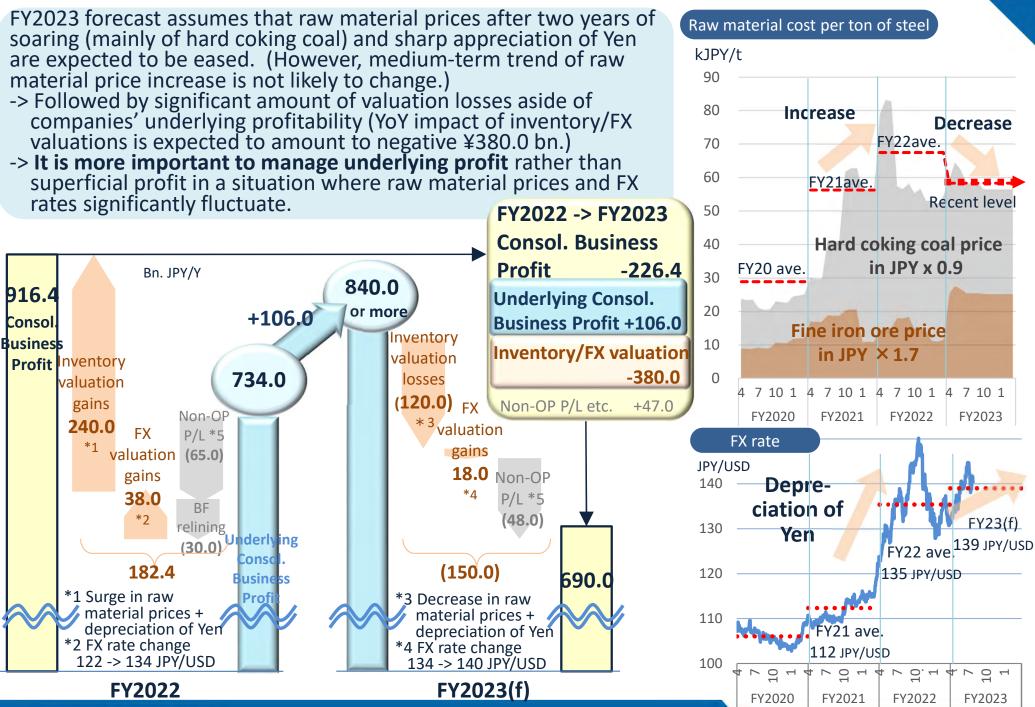


Note: FY12 ~ H1 FY15: adjusted by multiplying by ten, as reverse stock split took place in H2 FY15 (10 share to 1)

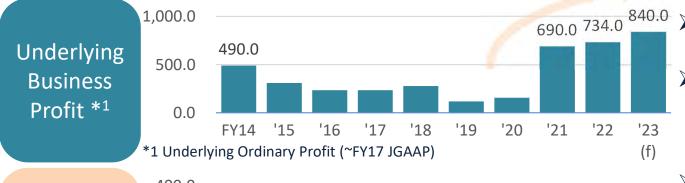




Underlying Profit Growth and the Impact of Inventory Valuations etc.



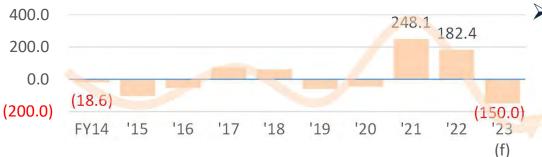
P/L Trend Breakdown



Established stably and highly profitable structure

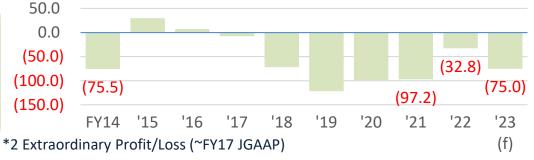
Promoting additional measures to realize further growth

Inventory Valuation etc.



Non-cash items such as valuation gains/losses on inventories and foreign currencies that offset themselves in the long term have varied drastically in these three years

Additional Line Items *2



Certain amounts of one-off losses on structural measures continue to be incurred until FY2024

Profit/Loss
Attributable
to Owners
of the
Parent*3



(FY14 to FY17: JGAAP, From FY18: IFRS)

(FY14 to FY16: Ex-Nisshin Steel included)

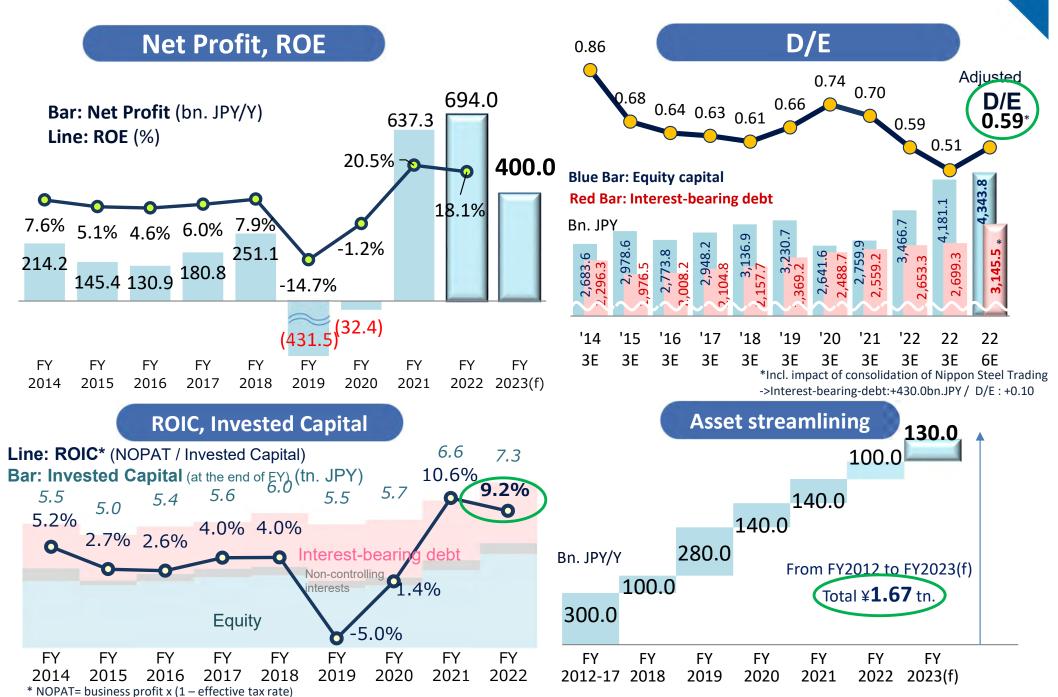
FY2023 Underlying Consol. Business Profit Variance

*1 excluding effect of BF relining *2 including impact from FX rate fluctuation <i>Unit: bn. JPY</i>	FY2023(f) as of May. 10 to FY2023(f)	H2 FY2022 to H1(f) FY2023	H1(f) FY2023 to H2(f) FY2023	FY2022 to FY2023(f)
Consol. Business Profit Variance	+40.0 <650.0 to 690.0>	-14.7 <374.7 to 360.0>	-30.0 <360.0 to 330.0>	-226.4 <916.4 to 690.0>
Inventory Valuation etc.	-	-10.7	-10.0	-332.4
Underlying Business Profit Variance	+40.0 <800.0 to 840.0>	-4.0 <434.0 to 430.0>	-20.0 <430.0 to 410.0>	+106.0 <734.0 to 840.0>
Domestic Steel Business	+50.0	+8.0	-40.0	+108.0
Volume *1	-	+10.0	-	+5.0
[in(de)crease of shipment volume]	[- Mt }	[+0.21Mt]	[- Mt]	[+0.13 Mt]
Spread *2 (Sales price, mix, raw material price) <per of="" steel="" ton=""> [FX rate]</per>	+50.0 <+2 kJPY/t> [9 yen dep.]	-20.0 <-1 kJPY/t> [1yen app.]	-60.0 <-4 kJPY/t> [2 yen dep.]	+50.0 <+2 kJPY/t> [4 yen dep.]
Cost Reduction		+10.0	+10.0	+50.0
Others	-	+8.0	+10.0	+3.0
Overseas Steel Business	-	+33.0	-10.0	+25.0
Raw Material Business	-10.0	-15.0	-5.0	-27.0
Other Group Companies	+5.0	-16.0	+15.0	+10.0
Three Non-steel Segments	-9.0	-9.0	+13.0	-11.0
Others	+4.0	-5.0	+7.0	+1.0

FY2023 Earnings Forecast

(Bn. JPY)	FY2022	H1 (f)	H2 (f)	FY2023 (f)	Vs. Prev. forecast as of May 10 th	Vs FY2022
Consol. business profit	916.4	360.0	330.0	690.0	+40.0	-226.4
ROS	11.5%	8.0%	7.3%	7.7%	+0.5%	-3.8%
Underlying business profit	734.0	430.0	410.0	840.0	+40.0	+106.0
ROS	9.2%	9.6%	9.1%	9.3%	+0.4%	+0.1%
1) Domestic steel business	222.0	185.0	145.0	330.0	+50.0	+108.0
2) Overseas steel business	95.0	65.0	55.0	120.0	-	+25.0
3) Raw material business	142.0	60.0	55.0	115.0	-10.0	-27.0
4) Other group companies	205.0	100.0	115.0	215.0	+5.0	+10.0
5) Three Non-steel segments	60.0	18.0	31.0	49.0	-9.0	-11.0
Inventory valuation, etc.	182.4	(70.0)	(80.0)	(150.0)	-	-332.4

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

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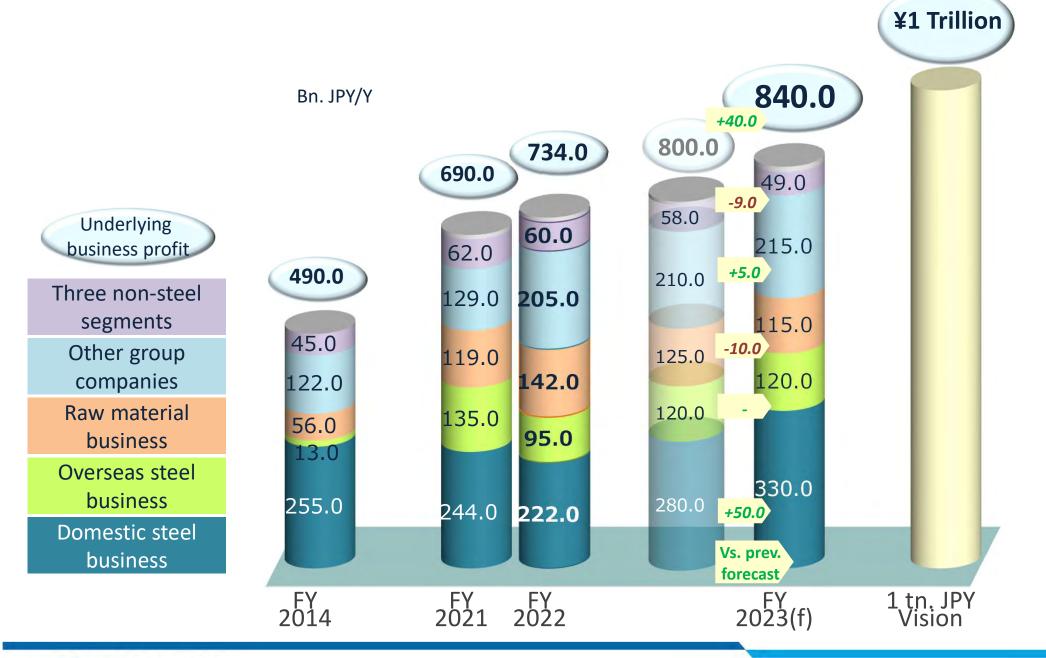
Toward the realization of ¥1 trillion underlying consol. business¹³ profit and 100 Mt/Y of global crude steel capacity

Nippon Steel has 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 realization of 100 Mt and ¥1 tn. model

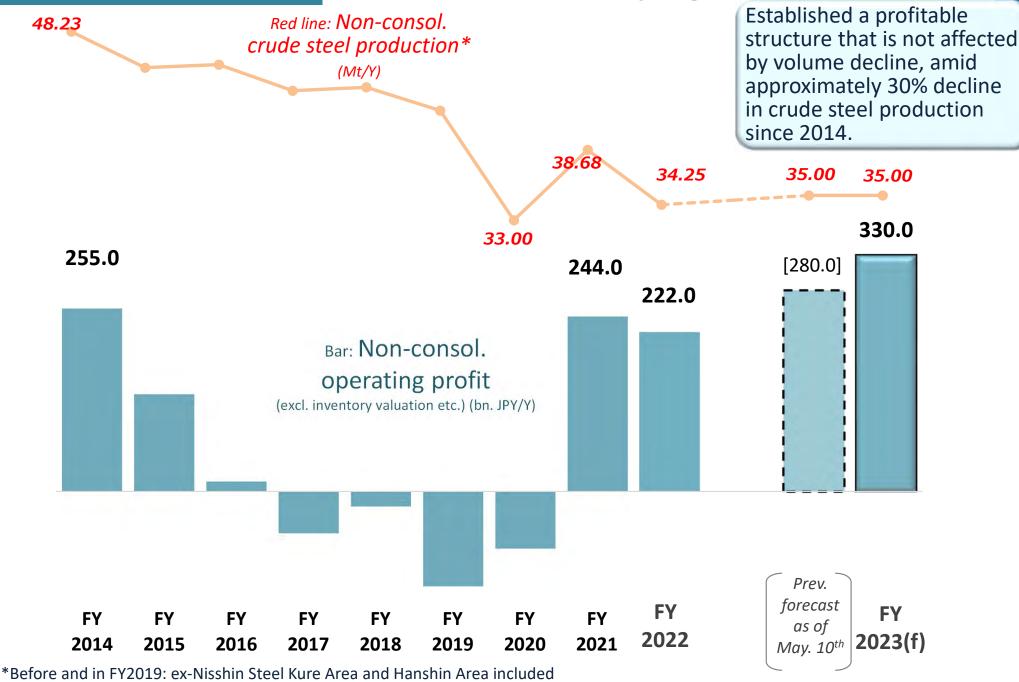


Establishment of a Resilient Business Portfolio that Ensures Sustainable Growth



Domestic Steel Business

P/L Trend (Underlying Basis)



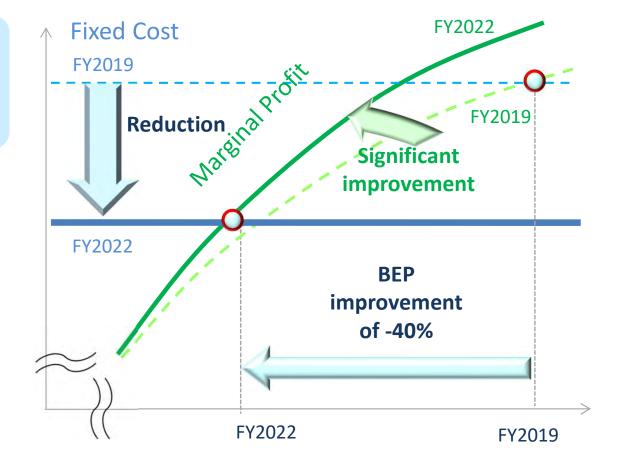
To establish a business structure that ensures stably high profit regardless of the external environment by drastically lowering the break even point

- 1) Sophistication of order mix
- 2) Margin improvement in direct contract sales
- 3) Facility structural measures

Improvement in marginal profit

Significant reduction in fixed cost

Drastic improvement in BEP



1)Sophistication of **Order Mix**

Response to increasing demand for high grade steel including **Electric Steel Sheet or Ultra High-tensile steel Sheet**

- > Improvement of production capacity and product quality of Electrical Steel Sheets
- ->Full-capacity operation: starts in H1 FY2023 > Establishment of next-generation hot strip mill
 - ->Start of operation: Q1 FY2026 (planned)

High-value added products

Commodities

High-value Commodities added products

Production Capacity approx. -20%

->Selective concentration on certain products

2) Margin improvement in direct contract sales

FY

2021

FY 2022 FY

2023

Realized appropriate level of margin by continuously asking customers for;

- > Substantial correction of steel prices which had been relatively low revel 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

Changed in price negotiation system for direct contract-based sales;

- > from retroactive basis to pre-fixed basis
- **Renovation in contract terms** in direct contract sales

Secure appropriate prices and margins while raw material prices drop

Direct contract-Spot market sales via based sales to distributors customers Domestic

cf. Outline

of shipment mix

Export

3) Facility Structural Measures



Total number of domestic BFs

FY2022 15 -> 11 ->

At the

end of

FY2024 -5_{Units} Units

At the

end of

Cost reduction FY2020 to FY2023 10.0 **100.0** Bn. JPY/Y

Annual crude steel production capacity

50 -> 43 -> 40 Mt/Y

(Non consol. + Nippon Steel Stainless Steel)

150.0 35.0 20.0 Bn. JPY/Y 35.0 FY FY FY FY FY 20 21 22 23(f) 25 plan

Domestic Steel Business

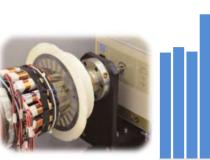
Sophistication of Order Mix (Examples of High-value Added Products)

Steadily increasing the number of high value-added products

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

20.10 20.20 20.30 20.30 20.30 22.120 22.130 22.140 22.140 22.230 22.30 22.30 23.40

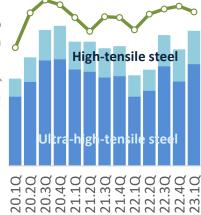
NO-H, M (High or Middle grade nonoriented electrical steel sheet)



20.10 20.20 20.20 20.30 21.10 22.130 22.140 22.140 22.20 22.20 22.10 23.10

High-tensile GA (Alloyed & galvanized steel sheet)



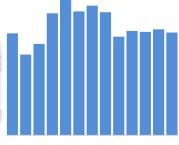


ZEXEEDTM, ZAM®, SuperDymaTM (Corrosion resistant coated steel sheet)

ALSHEETTM (Hot-dipped Al/Si alloy steel sheet)

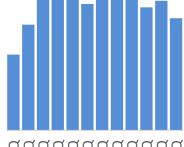
13Cr, high alloy seamless pipe





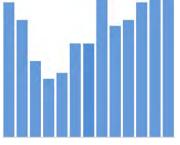
200.10 200.10 200.20 20





20.10 20.30 20.30 20.30 20.30 21.10 21.20 21.30 21.30 22.10 22.20 22.20 23.10



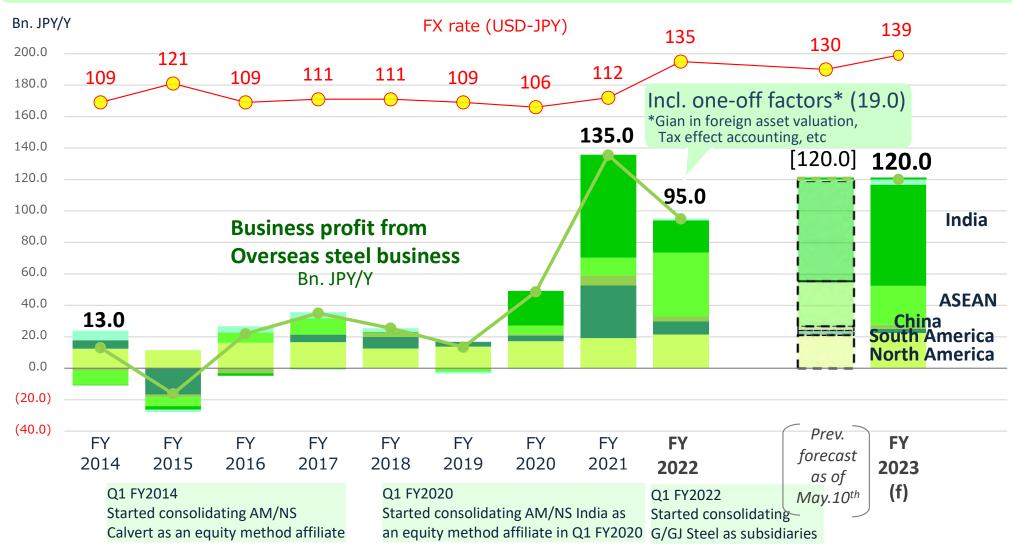


20.10 20.20 20.20 20.30 20.30 21.10 21.30 21.40 22.10 22.20 22.30 22.30 22.30 23.10

Overseas Steel Business

P/L Trend (Underlying Basis)

Underlying Business Profit is expected to increase due to Indian market recovery and cost reduction by use of key infrastructure assets acquired by AM/NS India as well as removal of one-off factors in FY2022

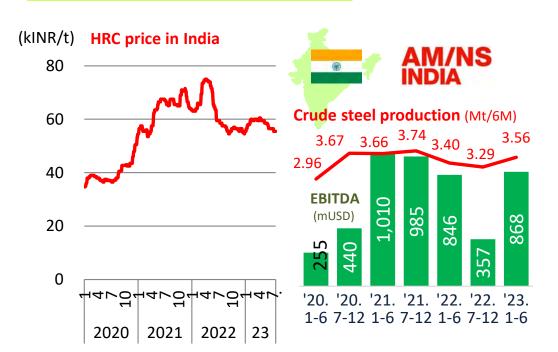


Ordinary profit (subsidiaries) + share of profit in investments accounted for using equity method (equity method affiliates), both underlying profit excl. inventory valuation

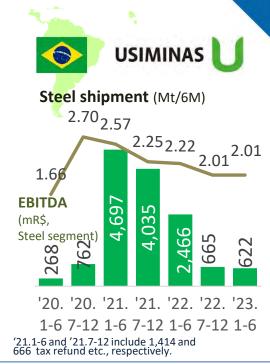
Note. Most of overseas businesses are operated in Jan.-Dec. term and consolidated to Nippon Steel's Apr. -Mar.

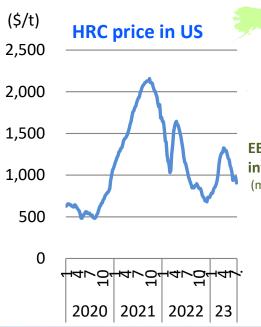


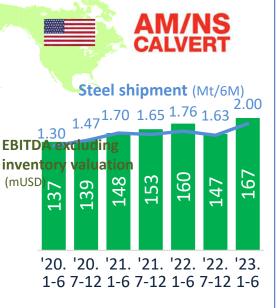
Overseas Steel Business EBITDA Trends of Main Overseas Businesses

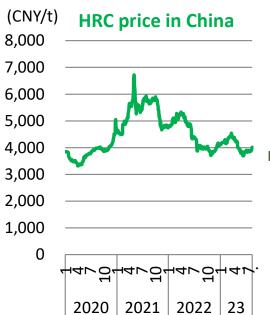


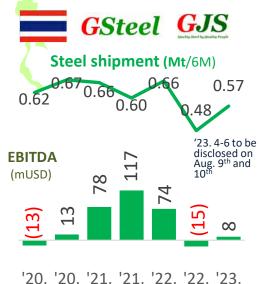
- Recovery in demand and market prices
- Gain in sale of excess inventory of natural gas (in hedged price)
- Cost reduction by use of key infrastructure assets acquired









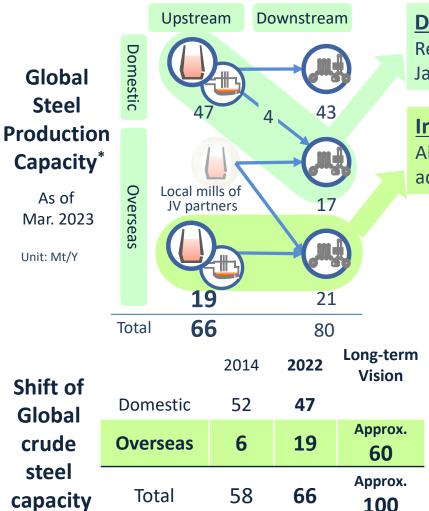


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Overseas Steel Business

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"



Downstream

Responding to local demand for high-grade steel products from Japanese customers extending their business overseas

Integrated steel mills

Aiming at thoroughly capturing overseas local demand for steel and added-value of the integrated steel-making process



Further progress toward the vision of Global Crude Steel Capacity 100Mt

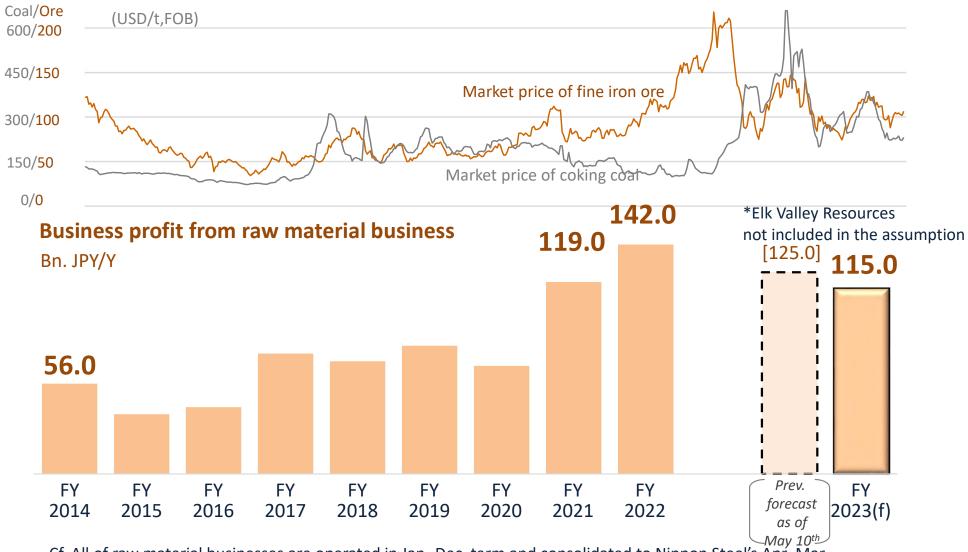
- Further capacity expansion in AM/NS India
- Further vision of M&A, equity participation or expansion of existing steel mills

^{*}In addition to capacities of 30-50% ownership companies(incl. USIMINAS) as defined by Worldsteel Association, equity method affiliates less than 30% ownership (AGIS) are both included on a 100% capacity basis.

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.
- Profit of FY2023 forecast is expected to drop due to lower coking coal price than estimated in the previous forecast



Raw material business

Vertical Expansion of the Core Businesses

- 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		pa	Year articipated	Equity ratio	Major shareholder	Capacity Mt/Y
Iron oro mollot	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 *1	1997	6.25% *2	Anglo American 88.0%	12
		Warkworth	1990	9.5%	Yancoal 84.5%	8
Cool		Bulga	1993	12.5%	Glencore 85.9%	7
Coal	Australia	Foxleigh	2010	10.0%	Middlemount South70.0%	3
Carbon Neutral		Boggabri	2015	10.0%	Idemitsu Kosan 80.0%	7
production processes will require a certain amount of coking coal		Coppabella and Moorvale	1998	2.0%*2	Peabody 73.3%	5
difficult of coking coal	Canada	Elkview	2005	2.5%	Teck Coal 95.0%	7
Others(Niobium)	Brazil	СВММ	2011	2.5%	Moreira Salles 70.0%	0.15

procured from invested mines

(FY2021)

Iron ore

Coal

Approx. **20**%

58 Mt

27 Mt

Approx. **20**%

-> Aiming further growth in the ratios of raw materials procured from invested mines



^{*1} Grosvenor mine was integrated with Moranbah North in 2020

^{*2} Incl. the following increase in Equity ratio of Nippon Steel Trading Moranbah North 1.25%, Coppabella and Moorvale 2.00%

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 high-quality raw materials

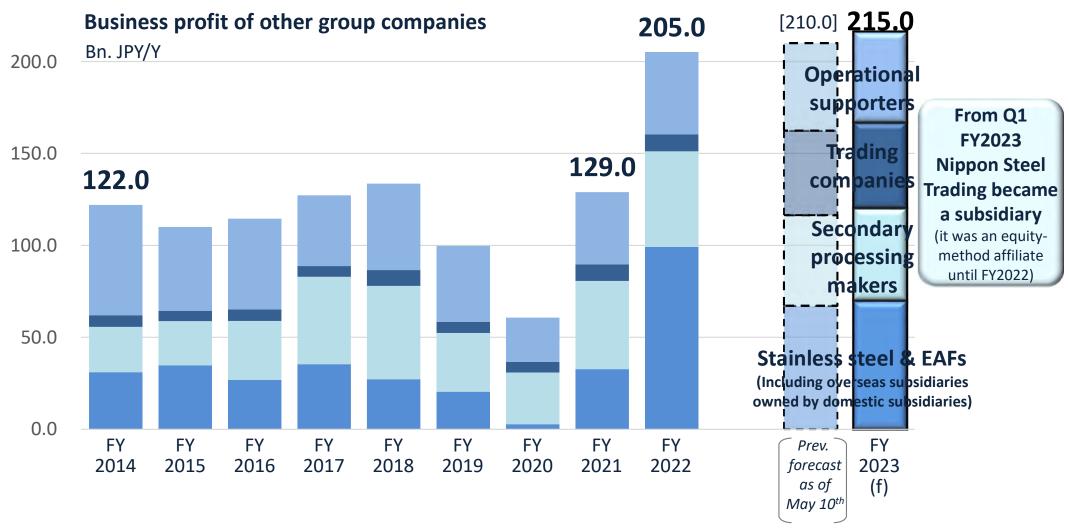




Other Group Companies

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



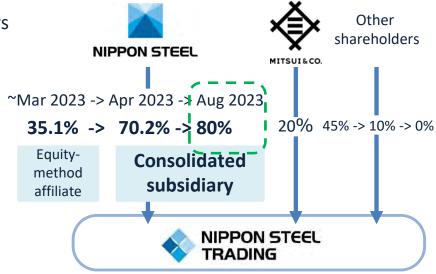
Excluding inventory valuation, and including group companies of ex-Nisshin Steel and stainless steel business of ex-Nisshin Steel

Completion of Nippon Steel Trading Corporation(NST) into a subsidiary and going private

- April 10: Tender Offer closed
- June 2: Squeeze-out approved at a special meeting of shareholders meeting of NST
- June 21: Delisting

Measures applicable after consolidation and delisting its shares

- 1) Streamline and strengthen the trading company's functions across the group
- 2) Strengthen direct sales capabilities by integrally utilizing sales know-hows and infrastructure
- 3) Further sophisticate the supply chain (establishment of a new business model)



Refurbishment of continuous casting equipment for slabs

(Announced on August 4, 2023)

at Hikari Area of Yamaguchi Works, NIPPON STEEL Stainless Steel Corporation

Production capacity: approx. 500,000 tons/year Start of full-scale operation: H1 of FY2026

Investment: Approx. 32 billion yen

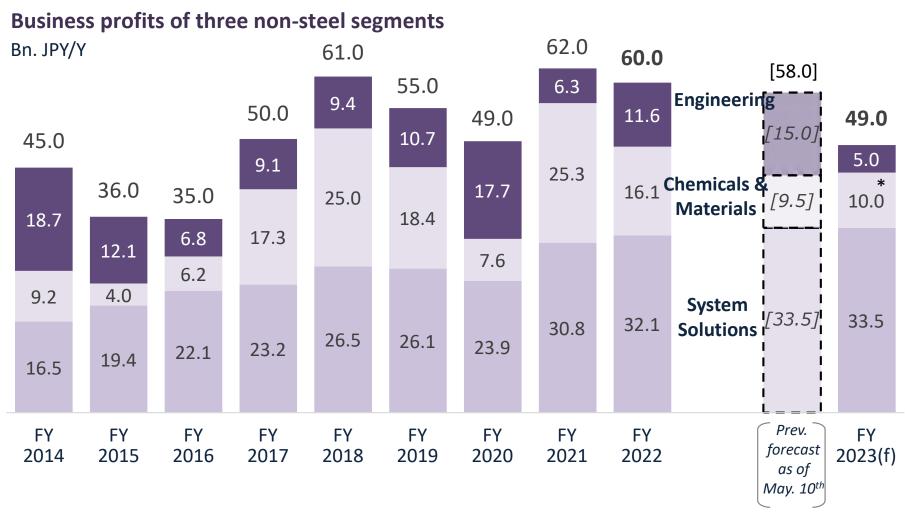
Further improvement both of the surface quality and internal quality of slab

⇒It will be possible to manufacture products that require higher cleanliness than before or products that were difficult to manufacture in the past.

Contribute to the realization of a decarbonized society in the fields of new energy and next-generation automobiles

P/L Trend (Underlying Basis)

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



^{*}excl. inventory valuation from FY2023(f)



3 Non-steel Segments

Earnings Summary

Nippon Steel Engineering

Bn. JPY	H2	FY 2022	Q1	H1 (f)	previous forecast	H2 (f)	FY 2023 (f)	Prev. forecast
Order intake	259.3	431.4	84.3	200.0	[210.0]	150.0	350.0	[350.0]
Revenue	188.1	352.2	82.4	200.0	[200.0]	200.0	400.0	[400.0]
Business profit	6.3	11.6	3.1	0.0	[7.0]	5.0	5.0	[15.0]

Nippon Steel Chemical & Material

Bn. JPY	H2	FY 2022	Q1	H1 (f)	Prev. Forecast	H2 (f)	FY 2023 (f)	Prev. forecast
Revenue	129.6	274.5	64.4	130.0	[140.0]	140.0	270.0	[280.0]
Business profit	2.4	16.1	2.7	3.5	[2.5]	5.5	9.0	[9.5]
Underlying	4.0	11.0	0.5	4.0	[3.0]	6.0	10.0	[11.0]

NS Solutions

Bn. JPY	H2	FY 2022	Q1	H1 (f)	Prev. forecast	H2 (f)	FY 2023 (f)	Prev. forecast
Revenue	157.4	292.5	68.8	140.0	[140.0]	165.0	305.0	[305.0]
Business profit	18.0	32.1	7.0	14.0	[14.0]	19.5	33.5	[33.5]

H1 FY2023; While the revenue is expected to increase, compared with H2 FY2022 due to the progress of projects, such as offshore wind power plants, waste to energy plants, logistics facilities etc., the profit to decrease due to crane breakdown on owned offshore work vessels

FY2023; Like in H1 FY2023, the revenue is to increase but the profit is to decrease.

Order intake is expected to decrease, compared with that in FY2022 when NSE got large project orders

H1 FY2023; The revenue and the profit are expected to decrease due to decline in demand that has been continuing from H2 FY2022 and market slump in each business, resulting in sales decrease deriving from inventory adjustments in the supply chain.

FY2023; While some businesses in H2 FY2022 are expected to recover, the revenue and the profit are to decline in FY2023.

H1 FY2023; The revenue is expected to decrease due to seasonal factors and a pull-back from large scale infrastructure construction projects for public sector clients. Additionally, compared with H2 FY2022, the profit is expected to decrease due to G&A cost increase deriving from sales force enhancement and in-house DX initiatives.

FY2023; While G&A cost is expected to increase, the revenue and the profit are expected to increase, capturing robust DX demand from platformers and manufacturing industry including Nippon Steel.

3 Non-steel Segments

Maximizing Synergies with Non-Steel Segments and Expanding Businesses in Growing Market

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



NIPPON STEEL ENGINEERING

Ratio of sales regarding decarbonization and CO₂ reduction 2023 target

2022

2020

37%

Cf. 2025 target More than 50%

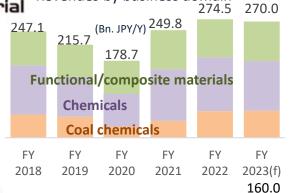
Expansion of decarbonization and low-carbon related businesses

<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.

NIPPON STEEL Chemical & Material





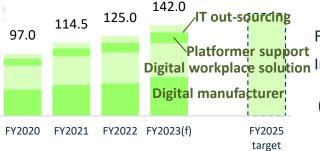
Revenues by business domain

➤ 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

NS Solutions





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)

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Providing two types of values by progressing toward carbon neutrality





Nippon Steel offers

Nippon Steel + Carbon dioxide less + X

Products and technical solutions that contribute to reducing CO2 emissions

For realizing a sustainable future



Advanced products and technical solutions that contribute to reducing CO₂ emissions in society



steel products CO2 emissions savings in the steelmaking process are allocated.

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

at the time of use of customers' products made from our steel

Contribute to energy conversion in society

Reduce CO₂ emissions as a steel supplier for our customers

To start provision in H1 FY2023, 300 kt/y(annualized) for the first year

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

Expansion of NSCarbolex Solution



First in the world to systematize and brand "Providing high-performance steel products and solutions that contribute to reducing CO₂ emissions in society" in November 2022.

Expanded over 100 product lineups that qualify for the NSCarbolex Solution.

Product types



Steel plate



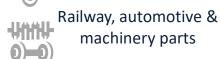
Steel sheet



Construction product



Bars & wire rods Pipe & tube



Titanium

× Applications



Automotive
Electrical
Appliances, office
equipment

Shipbuilding

Construction equipment



Energy

Civil engineering and construction

Railway

Containers

X

Four Contributions to CO2 Reduction

Material (Scope3)

Manufacture (Scope1+2)

Use

(Scope3)

Energy

Contribute to reduction of CO2 emissions from materials used by customers (lighter weight and longer life of parts, etc.)

Contribute to reduction of CO2 emissions during manufacturing and construction by customers (omission of manufacturing processes, etc.)

Contribute to the reduction of CO2 emissions when customers' products are used in society (energy savings through weight reduction, higher efficiency, etc.)

Contribute to society's energy transition as a material that supports the spread of renewable energy and the hydrogen society

Renewed dedicated website to enhance convenience for customers to select the most suitable product (Announced on July 27, 2023)

■ NSCarbolex Solution website location(Japanese only): https://www.nipponsteel.com/product/nscarbolex/solution/

In the future, we will quantify the CO₂ emission reduction effects of each product and disclose them on our website.

NSCarbolex Solution examples

Steel Pipes for Fuel Cell Vehicles

HYDEREXEL™

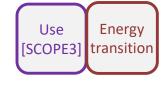












- ✓ World's highest level of high-pressure hydrogen resistance
- 1.6 times stronger than conventional steel
- Welding construction work available

Adopted for hydrogen stations and fuel cell vehicles

Contributes to safety, compactness, and long life

Cf. HYDEREXELTM at approximately 60% of 167 commercial hydrogen stations in Japan (as of June 2023)

Nickel precoated steel sheets

SUPERNICKELTM





Material Use [SCOPE3] [SCOPE3] Manufacture Energy [SCOPE1+2] transition

- Developed press technology of Nickel-plated steel sheet with high workability and high corrosion resistance. Due to its thinness, the weight is equivalent to that of aluminum.
- High-temperature strength of iron (melting point: 1540°C) can reduce fire spread due to melting of cell case at abnormal heat generation of battery.

Used for cell cases of lithium-ion batteries for electric vehicles, etc.

Enhance safety due to high heat resistance

Reduce fire spread prevention materials and Increase battery cells and EV cruising distance



Product line-up ①

Solution	í								i			
Steel Plates	Automotive	Electronics	Ships	Machinary	Energy	Construction	Railway	Container	material	Manufacturing	usage	Energy
High HAZ Ductile Steel HTUFF™						•			•			
High-yield-point steel plates for bridges SBHS						•			•			
High-Strength steel plates for ship with Excellent Brittle Crack Arrestability			•						•			
Thermo-Mechanical Control Process(TMCP) steel plates			•	•	•	•			•			
Abrasion-resistant Steel Plates ABREX™			•						•		•	
STEEL deck Composite, Adjustable to Plate girder Method						•				•		
Highly Corrosion-resistant Steel Plates for Crude Oil Tankers NSGP™-1,2			•						•		•	
Highly Weather-resistant Steel COR-TEN[™]				•							•	
Coating Cycle Extension Steel CORSPACE™						•					•	
Sulfuric Acid and Hydrochloric Acid Dew-Point Corrosion-resistant Steel S-TEN TM				•							•	
Highly corrosion-resistant thick plates for smoke stacks 7%/9% Ni steel plate for LNG storage tank					•							•
Low-Temperature Steel Plates for Ship					•							•
Steel plates for line pipes (LNG,Hydrogen)					•					•		•
Steel for Offshore wind power					•							•

Structural Steel	Automotive	Consumer Electronics	Machinary	Energy	Construction	Railway	Container	material material	usage Manufacturin	Energy
Fixed external dimension H-section steel NSHYPER BEAM [™] MEGA NSHYPER BEAM [™]					•					
Welded light gauge steel H sections	ļ							ļ		
Welded light gauge steel H sections made of Super Dyma TM					•				•	
High strength steel pipe piles					•					
Hat type steel sheet piles					•				•	
150 meters rails						•			•	
Rails for heavy-load railway 「HE Rail™」						•			•	
Double steel sheet pile wall method (for Hat type steel sheet pile)					•				•	
Self-walking rotary press-in method for tubular piles with tip bits Gyropress Method™					•				•	
A method in which steel pipes with helical blades installed at the tips are rotated and pressed in NS ECO-PILE™					•				•	
The composite piles that can be designed as friction piles Gantetsu pileTM					•				•	
Steel diaphragm wall method for narrow and deep construction works(for NS-BOX)					•				•	
Lateral stiffener omission construction method (for NSHYPER BEAM™)					•				•	
Stiffened beam-end web construction method (for NSHYPER BEAM™)					•				•	
Non-widening steel beam flange section at welded beam-to-column connectio (for NSHYPER BEAM™)					•				•	
Efficient welding method with high inter-pass temperaturn (for NSHYPER BEAM™)					•				•	
Welding wire for high heat input welding(for High HAZ Ductile Steel HTUFF™)					•				•	
Beam-to-king post column connection without continuity plate (for NSHYPER BEAM™)					•				•	
Hybrid steel column with fire protection using timber (for Cold forming column)					•				•	
High capacity steel piling method (TN-X method, Hybrid steel pipe pile, Enlarged pile cap system) for Steel-pipe piles					•				•	





Solution		Ω							ĺ			
Steel Sheets	Automotive	Consumer Electronics	Ships	Machinary	Energy	Construction	Railway	Container	material	Manufacturing	usage	Energy
Highly corrosion-resistant coated steel sheets SuperDyma™、ZAM™、ZEXEED™	•	•			•	•			•		•	
High strength, high corrosion resistant coated steel sheets SuperDyma [™] 、ZAM [™] 、ZEXEED [™]	•	•				•			•	•	•	
SuperDyma with an anti-counterfeiting function SuperDyma [™] Crystal		•			•	•				•		
Black ZAM		•							•	•		
A Hairline finished electrolytic zinc-nickel alloy plated steel sheet FeLuce [™]		•	••••••		•••••••				•	•		
Prepainted steel sheets VIEWKOTETM		•				•			•	•		
Steel house NS Super Frame[™] method						•				•	•	
"Katachi" solution	•	•				•			•	•		
Products/solutions designing the future automobiles NSafe TM -AutoConcept	•								•	•	•	•
Polymer Laminated Tin free steel								•		•		
Nickel Coated Steel Sheets SUPERNICKEL[™]	•							•	•	•	• (•
High Formability DR Material								•	•		•	
NON-ORIENTED ELECTRICAL STEEL SHEETS THINNER GAUGE HIEXCORE™	•	•									• (•
GRAIN-ORIENTED ELECTRICAL STEEL SHEETS ORIENTCORE • HI-B™					•						•	•

Bar & wire	Automotive	Electronics	Ships	Machinary	Energy	Construction	Railway	Container	material	Manufacturing	usage	Energy
High strength non-refining steel for hot forging	•								•	•	•	
Steel for cracking connecting rods	•								•		•	
Wire rods for high strength valve suspension	•								•			
Steel for high strength gears CM201	•								•		•	
Steel for high strength gears XG5	•								•		•	
Low-distortion and high durability steel for soft nitriding	•								•	•	•	
Coarse grain prevention steel NSACETM	•											
Mild alloy, Super Mild Alloy	•											
Steel for high strength suspension springs	•								•		•	
Steel for high strength and high frequency quenching	•								•	•	•	
Steel for high strength bolts MB series, ADS series	•								•		•	
Non-refining steel for cold forging NHFTM	•								•		•	
Non-refining steel for cold forging SUC80D	•											
Fine Flex Wire-rod	•								•		•	•••••
Multi Free Non-heat Treated Steel Wire Rod	•								•	•	•	
SHTB [™] ,steel for high-tension bolt	ļ					•			•			
Zinc Alloy-coated Wire with High Corrosion Resistance ToughGuard™ series						•			•			
Wire rods for saw wires SPURKSTM					•							•
Steel for Offshore wind power (For Bearings • Tower flanges • Mooring chains etc)					•							•
Thin wire rods	•				•							
DLP™ wire rods	•					•			•			
Steel for direct normalizing treatment FG, DN	•								<u> </u>			
New soft wire rods DS, DL	•								<u> </u>			
Simplified annealing wire rods ED, EC, ES	•								<u> </u>			
Thermo-Mechanical Control Process(TMCP) steel bar	•									•		

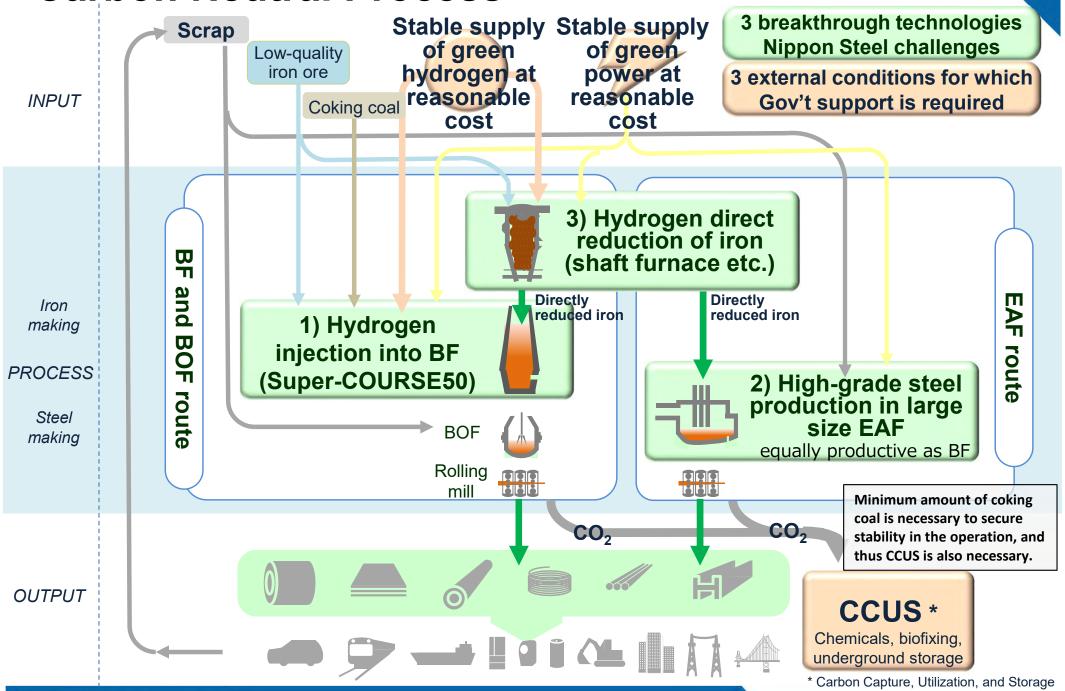


Product line-up 3

Solution	Elec		Ma	_	Cons	Ra	Cor	m	Manu		<u></u>
Pipe & Tubes	Electronics Automotive	hips	chinary	nergy	truction	Railway	Container	aterial	lanufacturing	usage	Energy
Steel tubes for hollow drive shafts	•							•		•	
High durability crushed-tube torsion beams	•							•		•	
Steel tubes for hollow stabilizer	•							•		•	
Steel tubes for hollow stabilizer											
(High strength As-ERW)											
High tensile strength steel tubes for mechanical structure											
SUMISTRONG								┖			
Steel tubes for hollow rack bar	•					••••••		•		•	
Steel tubes for EV mortor shaft	•							•		•	•••••
Airbag inflator tubes	•							•		•	
High Strength pipes for automotive prop shaft with resistance to softening of welded zone	•							•		•	
1.8GPa Steel tube for Door beam	•							•		•	
Thin-Walled and High-Strength Welded Steel Tube	•							•		•	
New specialty material for high-pressure hydrogen environments HYDEREXELTM	•									•	•
Hot Extruded Steel Shapes					•			•			
1% Cr Steel for cargo oil and water ballast pipes MARILOY [™] S-400 Pipes		•							•	•	
High corrosion steel pipes for construction					•					•	
Stepped steel pipes NS-SUPERGRIP [™]					•				•		
High-strength train pole						•					
Slip joint train pole						•		•		•	
Advansed hydroforming technology	•							•	•	•	

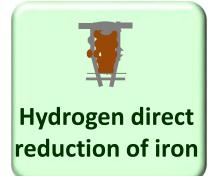
Pipe & Tubes	Electronics Automotive	Ships	Machinary	Energy	Construction	Railway	Container	ng material	usage Manufacturi	Energy
Press bending with cross sectional deformation	•							•	•	
Three dimensional hot bending and quenching (3DQ) tubes	•							•	•	
Tube with different wall thickness	•							•	•	
YUS [™] 2120、YUS [™] 2351 (Lean Duplex Stainless Steel Series ⁾				•				•	•	
13CR				•					•	
Ni-based Alloys				•					•	
25CRU、25CRW(Duplex Stainless Steel)				•					•	•
DINO VAM [®]				•						
Seamless Steel Tube and Pipes for Boilers SUPER304H TM 、Alloy625 etc				•					•	•
NEXAGE [™] 347Alpha				•					•	•
Stainless Steel pipe for liquid hydrogen				•						
HYDLIQUID™ Railway, Automotive,								 		
A_A\										
Machinery Parts								_		
Light weight wheels and axles for high-speed railway						•		•	•	
Light weight crankshaft	•							•	•	
Bogies equipped with steering devices for						•				
metro								ļ		
Permanent magnet retarder								 		
Titanium										
Alloyed titanium Super-TIX [™] series 10CU series、 51AF,523AFM	•								•	
TranTixxii、TranTixxii-ECO					•		•	•		
Titanium and Nickel sheets for water electrolyzers				•						•

Carbon Neutral Process

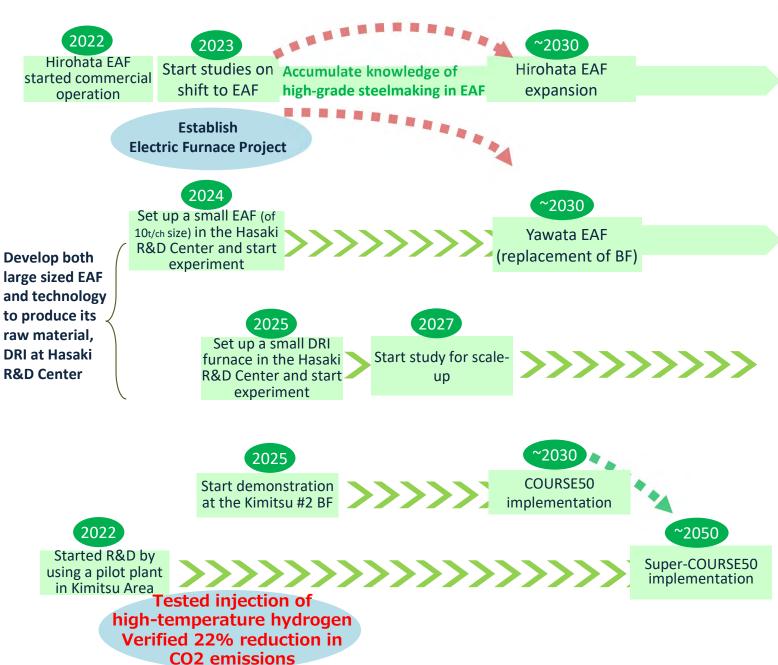


Progress in Carbon Neutral Vision 2050





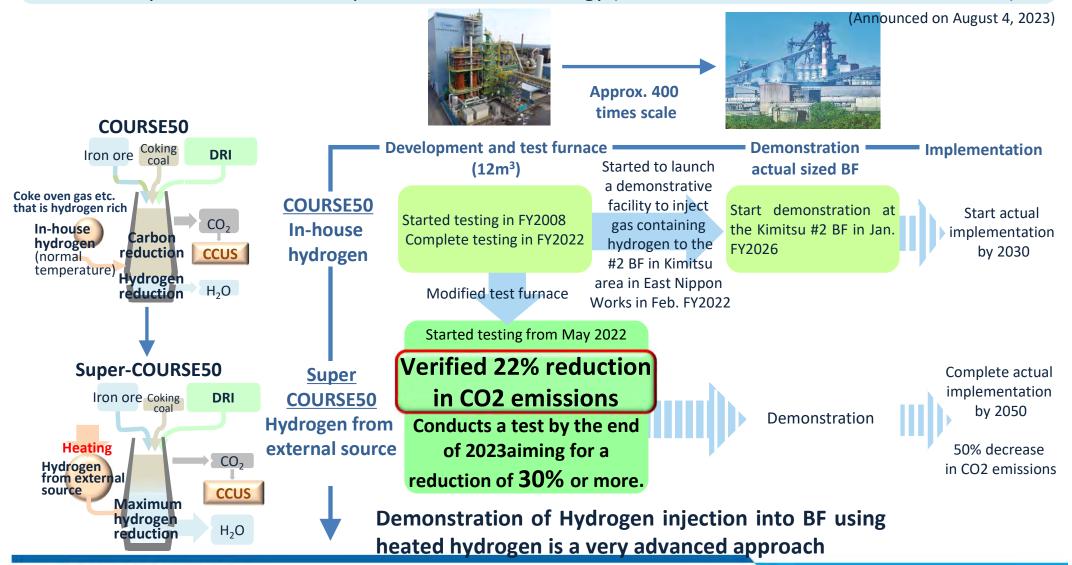




Hydrogen injection into BF Progress of Super COURSE50 Technology Development

Super COURSE50 development test in a small test furnace at Kimitsu area in East Nippon Works verified the world's highest level of CO2 emissions reduction effect of heated hydrogen injection at 22%.

Work on early establishment of Super-COURSE50 technology (CO2 emissions reduction of 50% or more)



Participated in advanced CCS projects

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

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

		Storage kt/Y	Company	Characteristics	Assumed emission sources Assumed emissions storage area
CCS around Tohoku area facing sea of Japan	Domest	2,000	ITOCHU Corporation Nippon Steel Taiheiyo Cement Corporation Mitsubishi Heavy Industries, Ltd. ITOCHU Oil Exploration Co., Ltd. INPEX Corporation Taisei Corporation	 Ship transportation of liquefied CO₂ Storage in the aquifer in the Tohoku region off the Sea of Japan 	CCS around Tohoku area facing sea of Japan Capture from domestic wide-area emission sources
CCS around capital city area	tic	1,000	INPEX Corporation Nippon Steel Kanto Natural Gas Development Co., Ltd.	 Transporting CO₂ through pipelines Storing the CO₂ in offshore coastal zones of the Tokyo metropolitan area 	CCS around capital city area
CCS around areas facing Pacific Ocean	Overseas	2,000	Mitsubishi Corp. <mark>Nippon Steel</mark> ExxonMobil Asia Pacific Pte.Ltd.	 Collect and liquefy CO2 emissions from multiple industries in the Ise Bay/Chubu region Transport and storage to offshore depleted oil and gas field oversea 	CCS around areas facing Pacific Ocean Transport to Oceania and store

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HR and PR Initiatives to Recruit from and Retain Diverse Talent

Progress in Nippon Steel's corporate strategy

Promoting various strategies toward 100 Mt and ¥1 tn. Vision

Rebuild domestic steel business.

Promote digital transformation strategies

> 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

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 and PR 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)

- 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)

Working hour

- •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)

development

- **Human capital** 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 Nippon Steel 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.)

HR and PR Initiatives

HR Initiatives

Recruitment of experienced personnel

⇒ Plan to open a channel for Alumni on our recruitment website

In-house entrepreneurship

⇒ Implementing a trial of entrepreneurship by utilizing the system of METI

PR Initiatives

Currently developing PR measures to increase awareness among a wide range of generations

- 1. Advertisement of carbon neutral video commercials in various media (July and August 2023).
 - Broadcasting of TV commercials on various programs linked to SDGs projects of TV Tokyo affiliate stations
 - <u>Vision ads in JR trains in the Tokyo metropolitan area</u> (12 major lines including Yamanote Line, Keihin Tohoku Line, Chuo Line, Yokosuka and Sobu Rapid Lines, etc.)
 - YouTube video ads mainly targeting young people
 - Vision ads in the Tokyo Dome during Intercity Baseball Tournament
- 2. New TV commercials are scheduled to air this fall.







Topics - Contribution to society in support of music culture

Renewal of Kioi Hall, for promoting support of music

Our Support of Music

Promoting music through support for the NIPPON STEEL Arts Foundation (*)
(*) Established in 1994 for the purpose of fostering musicians and supporting excellent musical activities.



KIOI HYLL

- Built in 1995 as a center for supporting music.
- The hall for Western music is "shoebox style" medium size (800 seats) hall in which all seats can enjoy the best acoustics.
- Small hall is for traditional Japanese music.
- A wide range of domestic and international musicians, including young musicians, give performances.
- Since its opening in 1995, 3.95 million people have visited the museum.
- Conducting activities such as inviting neighborhoods and young generations to public rehearsals, and inviting elementary, junior high and high school students to all performances sponsored by the Nippon Steel Foundation.





Kioi Hall Chamber Orchestra Tokyo



Founded in 1995 (former Kioi Sinfonietta Tokyo). Many performances, especially subscription concerts at Kioi Hall

Nippon Steel Music Awards>



Founded in 1990, 33 times so far. Have been Supporting musicians for many years.

<u>Fresh Artist Award:</u> Selects an outstanding musician with great promise for the future.

Special Award: Selects people from a wide range of fields who have made significant contributions to the development of music culture.

- Scheduled to undergo a large-scale renewal of the facilities and equipment of Kioi Hall on the occasion of the 30th anniversary of its opening.
- Proactively continue to support music culture, which is the core of our policy "Harmony with local communities and society".



<u>Investment</u>: Approx. 10 billion yen

Closed period: From Aug 2025 to the end

of Dec 2026

Resume operation: Scheduled for Jan 2027

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Business Environment World Economy, Steel Demand

- Western countries: Continued downward pressure on the economy due to prolonged inflation and interest rate hikes
- China: Prolonged real estate market slump due to insufficient effects of economic stimulus measures
- India/ASEAN: Growth slows YoY, but demand for steel products continues to increase

Outlook for GDP growth rate (As of July 2023)

Source: IMF, released on July 24th, 2023

		CY22		CY23(f)	
	Unit:%		As of July 2023	Vs. CY22	VS.as of Apr. 2023
S	World	3.5	3.0	-0.5	+0.2
tion	Japan	1.0	1.4	+0.4	+0.1
N pa	US	2.1	1.8	-0.3	+0.2
Developed Nations	Europe	3.5	0.9	-2.6	+0.1
Dev(Korea	2.6	1.4	-1.2	-0.1
S	China	3.0	5.2	+2.2	±0
ation	ASEAN*	5.5	4.6	-0.9	+0.1
ng Na	India	7.2	6.1	-1.1	+0.2
Emerging Nations	Brazil	2.9	2.1	-0.8	+1.2
En	Russia	-2.1	1.5	+3.6	+0.8

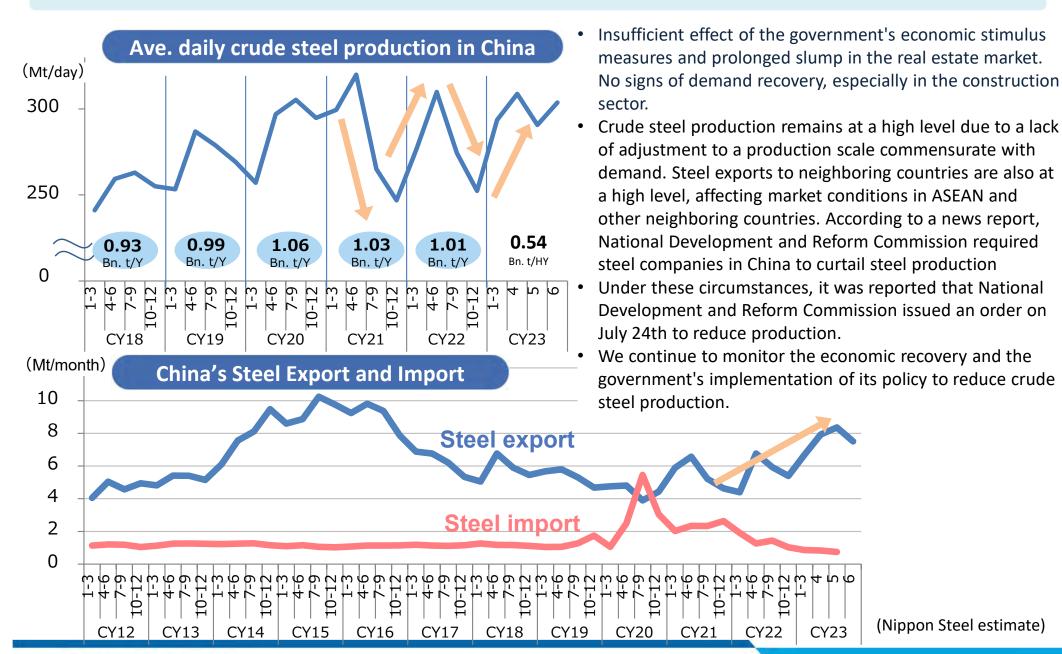
Steel Demand Outlook (As of April 2023)

Source: World Steel Association, estimated on April 18th, 2023

CY22(f)						CY23(f)	
	Unit: Mt/Y	Steel demand	Vs. CY2021	Vs. CY2021 (%)	Steel demand	Vs. CY2022	Vs. CY2022 (%)	Vs. as of Oct. 2022
	World	1,781	-60	-3.2%	1,822	+41	+2.3%	+8
	Japan	55	-2	-4.2%	57	+2	+4.0%	-1
	US	95	-2	-2.6%	96	+1	+1.3%	-5
	Europe	152	-13	-8.0%	151	-1	-0.4%	-6
	Korea	51	-5	-8.6%	53	+2	+2.9%	-2
	China	921	-33	-3.5%	939	+18	+2.0%	+25
	ASEAN*	73	-0	-0.3%	77	+4	+6.2%	-4
	India	115	+9	+8.2%	123	+8	+7.3%	+3
	Brazil	23	-4	-11.0%	24	+1	+1.0%	-2
	Russia	42	-2	-5.0%	40	-2	-5.0%	+3

Business Environment Steel Demand in China

Despite sluggish steel demand, high crude steel production continues and steel exports are increasing



Business Environment Raw Materials Market Prices

Fine iron ore price

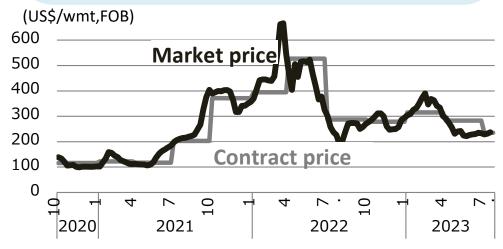
- The fine iron ore price fell to the \$90 level at the end of May due to delayed recovery in Chinese steel demand and expectations of a crude steel production cutback.
- > Since June, the price has been moving up and down between \$90-\$110 due to expectations of China's issuance of additional economic stimulus measures, etc.
- > We will closely monitor future trends in global economic sentiment, China's economic recovery, and the issuance of policies to reduce crude steel production.





Coking coal price

- > Due to chronic labor shortages, heavy rainfall and operation troubles in coal-bearing countries, the coking coal price has rose to \$390 in mid-February.
- > Since then, the price has fallen back due to weather recovery in supplier countries and sluggish steel demand. The price is currently staying at around \$230.

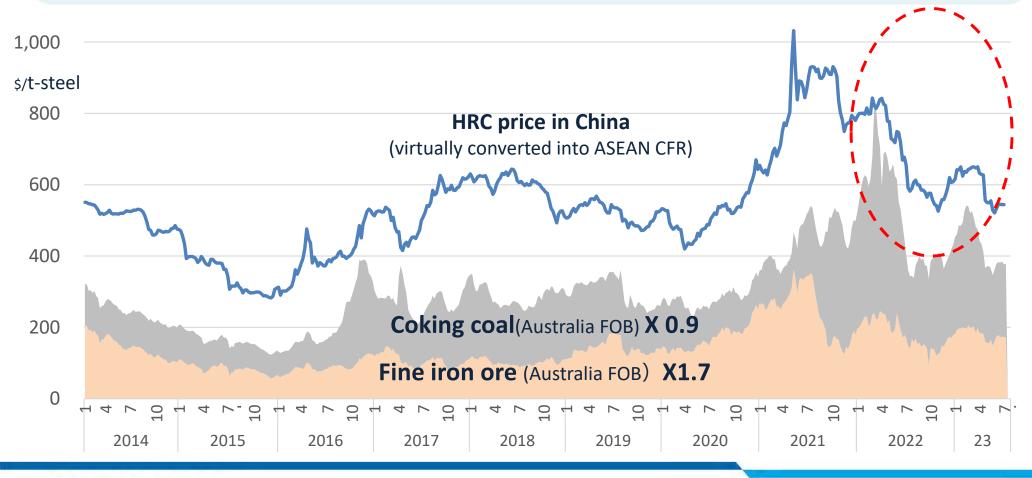




Business Environment

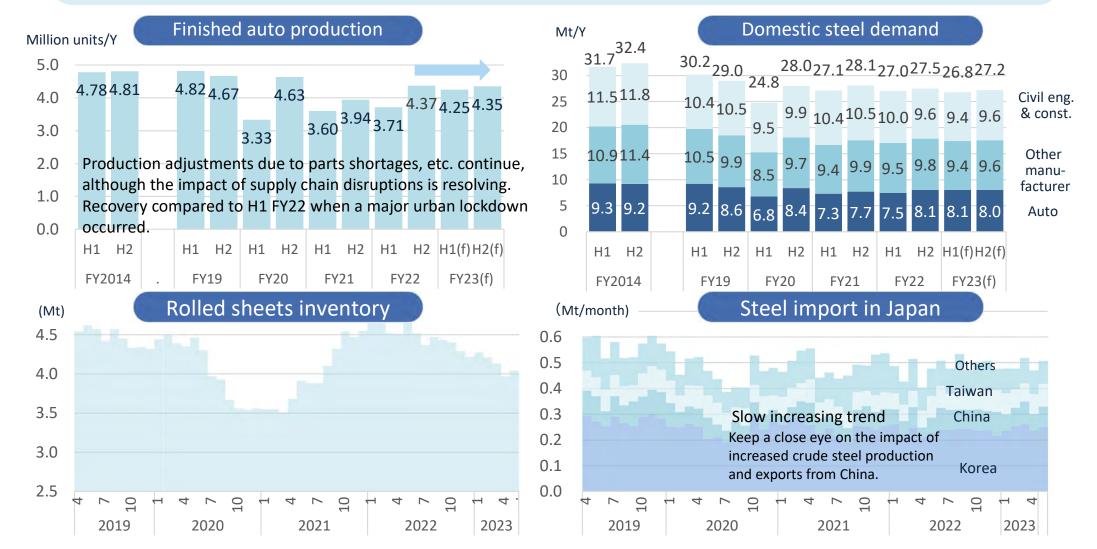
Spreads on commodity-grade products overseas remain depressed

- ➤ While the recovery of domestic demand in China is less than expected, crude steel production in China remains at a high level without production adjustment to meet demand, affecting market conditions in ASEAN and other neighboring countries.
- There has been no major change in the international supply-demand trend, and the situation remains severe.
- ➤ Despite the downward trend in steel raw material prices, profitability of Asian steelmakers remains low due to persistently high energy costs and other factors.

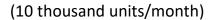


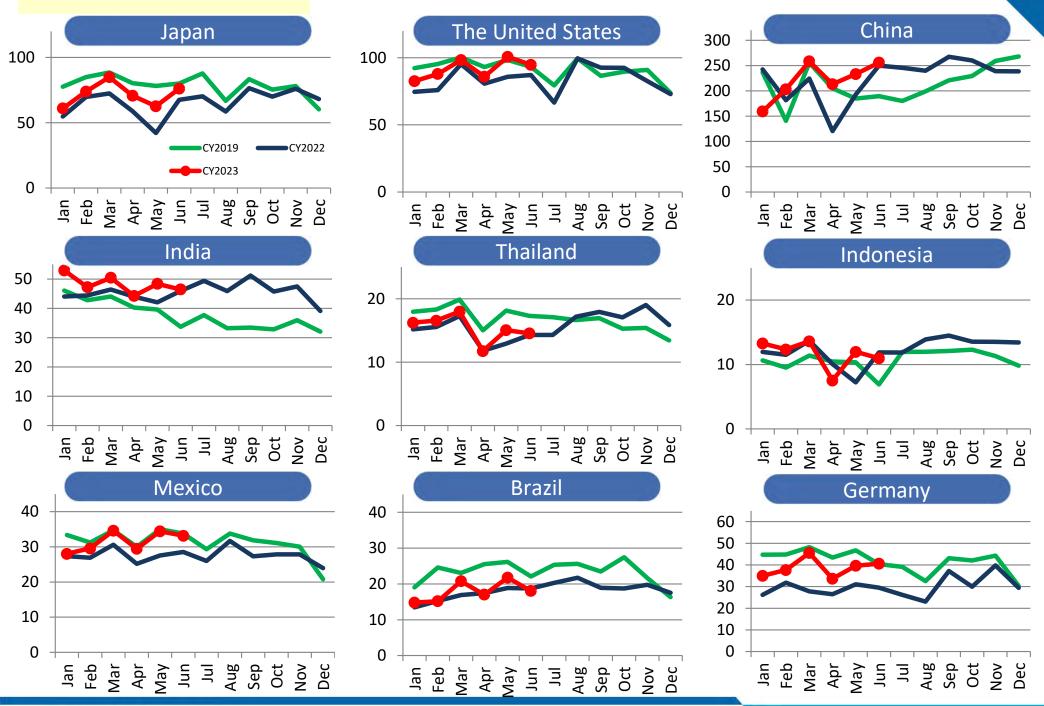
Business Environment Steel S&D in Japan

- The Japanese economy is slowly recovering, driven by inbound demand and service consumption, etc. However, the construction and manufacturing sectors still remain below the level of the previous year in many applications.
- ➤ A certain level of recovery is expected in the automotive application due to the easing of supply chain disruptions, but shipbuilding, industrial machinery, and other applications remain weak due to slowing external demand.



Business Environment Finished Auto Production





Business Environment The Balance of Trade and FX Sensitivity

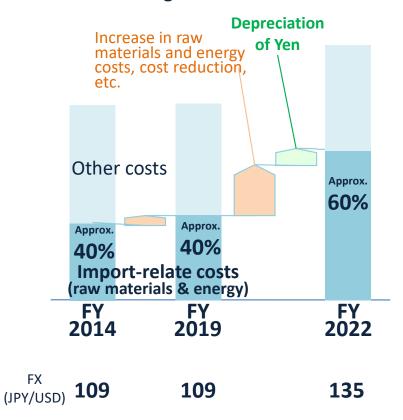
Domestic steel business: The proportion of import-related costs to steel manufacturing cost has risen due to the recent surge in prices of raw materials and energy, and because the amount of import exceeds export, the impact of Yen depreciation to our domestic steel business is negative.

Consol. business profit: The impact of Yen depreciation is neutral or slightly positive 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

Domestic Steel Business	-) Negative	Excess of import to export Q4 FY2022 1.2 bn. USD/Q (import 4.7 – export 3.5)	
Overseas Steel Business	+) Positive	Increase in profit translated into	
Raw Material business	1)10311140	Yen basis	
Other Group Companies	+) Positive	Excess in export, gain in foreign	
Three Non-Steel Segments	1)10311100	asset valuation	
Underlying consol. business P/L	-) Negative		
Inventory valuation Non-operating P/L	+) Positive	Gain in valuation for imported materials, gain in foreign asset valuation	
Consol. business P/L	Neutral or slightly positive		

Cf. Rough figure for our steel manufacturing cost structure



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Topics – DX Promotion (1)

Received Data Management Highest Award at Data Management 2023 from JDMC* firstly in steel industry * Japan Data Management Consortium(JDMC)

Cf. Past Winners of Data Management Highest Award
OSAKA GAS CO.,LTD., Kyowa Kirin Co., Ltd., Komatsu Ltd., Isetan Mitsukoshi Holdings Ltd.,
Seven & i Holdings Co., Ltd., JAPAN TOBACCO INC., NIPPON TELEGRAPH AND TELEPHONE
CORPORATION, ALL NIPPON AIRWAYS CO., LTD., Sumitomo Mitsui Financial Group, Inc.,
Tokio Marine Holdings, Inc., Ministry of Agriculture, Forestry and Fisheries

Initiatives to integrate data accumulated individually at each steel mill and data needed for management purposes, and use them

NS-IoT: "Data collection" Wireless sensor-utilization platform

NS-Lib: "Data integration and understanding"

Integrated data platform that enables real-time understanding

of management information and KPIs for optimal action

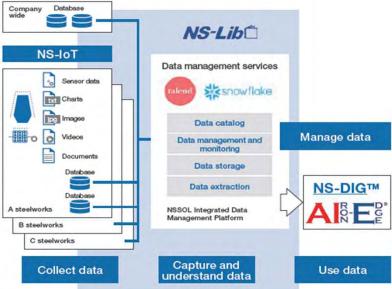
NS-DIG[®]: "Data utilization" Integrated data analysis and

Al development platform

DX human resources development to handle these data

Highly acclaimed





Topics – DX Promotion (2)

Acquiring real-time information on the transportation of imported raw materials Contributing to more efficient supply chains by speeding up decision-making

(Announced on May 29, 2023)



System integration with Mitsui O.S.K. Lines, Ltd.'s information provision platform "Lighthouse". Data management is possible not only for Mitsui O.S.K. Lines, Ltd. but also for shipping companies that operate imported iron ore and coal vessels for Nippon Steel.

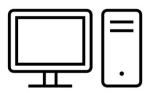
Due to weather and other factors, the number of voyage days and anchorage days may vary, resulting in the need to revise the operation plan

shipping company



Data linkage





Lighthouse

Information provision platform

Acquiring real-time information on the transportation of raw materials import

Raw material supply and demand management system

Voyage schedule and raw material inventory forecast management system

Data linkage between the shipping company's information provision platform and our raw material supply and demand management system

Speeds up decision-making based on up-to-date voyage schedules and raw material inventory forecasts

Production Optimal Inventory stabilization Management Supply Chain Streamlining

Contribute to CO₂ reduction by improving operational and transportation efficiency, etc.

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Business Profit	t varian	ce (prev	/. H1 FY23(t) -> H1 FY23(t)) 3'
(Bn. JPY)	H1 FY23 old	H1 FY23(f)	Change *1 Crude steel production : +0 Mt
Business Profit	270.0	360.0	+90.0 (approx. 17.50 -> 17.50) Steel shipment volume : +0 Mt
Underlying profit	370.0	430.0	*2 Incl. the impact of FX, and
1) Domestic	140.0	185.0	+45.0 carry over -70.0 (74.0 -> 4.0)
2) Overseas	55.0	65.0	+10.0 *3 Improve: Stainless steel& EAFs, operational support, Trading, etc.
3) Raw material	60.0	60.0	*4 Engineering -7.0, etc.
4) Other group	85.0	100.0	+15.0 *5 Incl. increase in depreciation cost -
5) Non-steel	23.5	18.0	-6.0
(100.0)	ne Spread *1 *2 red	Overseas Cost steel ruction business the control of	material 110 Steel Others
270.0	<inventory p="" valuat<=""> Consol. Inventor Non-operating p Total</inventory>	profit etc. (20	FY23(f) H1 FY23(f) Change 0.0) (90.0) - 10.0 0.0) 20.0 + 40.0 00.0) (70.0) + 30.0

Inventory

valuation

etc.

prev.

H1

FY23(f)

Under-

lying

profit

lying

profit

Under- Inventory

valuation

etc.

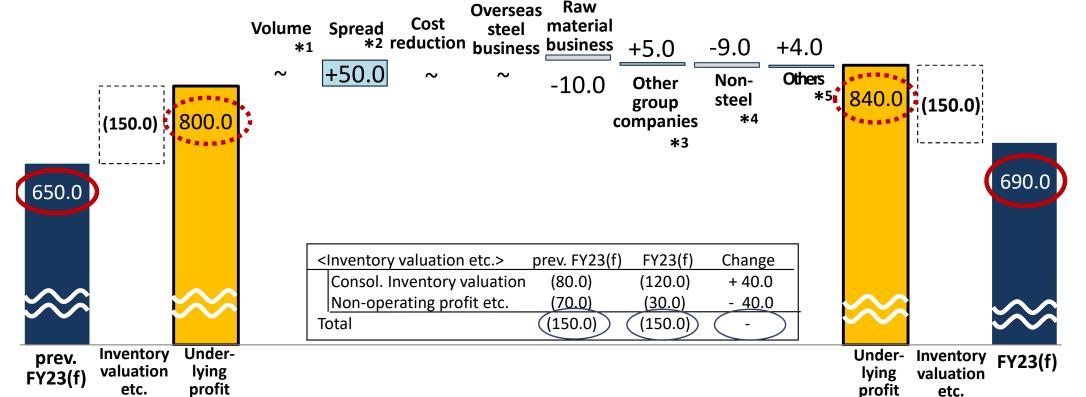
H1

FY23

(f)

Business Profit Variance (prev. FY23(f) -> FY23(f))

(Bn. JPY)	FY23(f) old	FY23(f)	Change	*1 Crude steel production : +0 Mt (approx. 35.00 -> 35.00)		
Business Profit	650.0	690.0	+40.0	Steel shipment volume : +0 Mt (approx. 32.00 -> 32.00)		
Underlying profit	800.0	840.0	+40.0	*2 Incl. the impact of FX, and carry over -90.0 (113.0 -> 23.0)		
1) Domestic	280.0	330.0	+50.0	*3 Improve: operational support,		
2) Overseas	120.0	120.0	~	Stainless steel & EAFs, secondary processing, etc. *4 Engineering -10.0, etc.		
3) Raw material	125.0	115.0	-10.0	*5 Incl. decrease in depreciation cost +0		
4) Other group	210.0	215.0	+5.0			
5) Non-steel	58.0	49.0	-9.0			



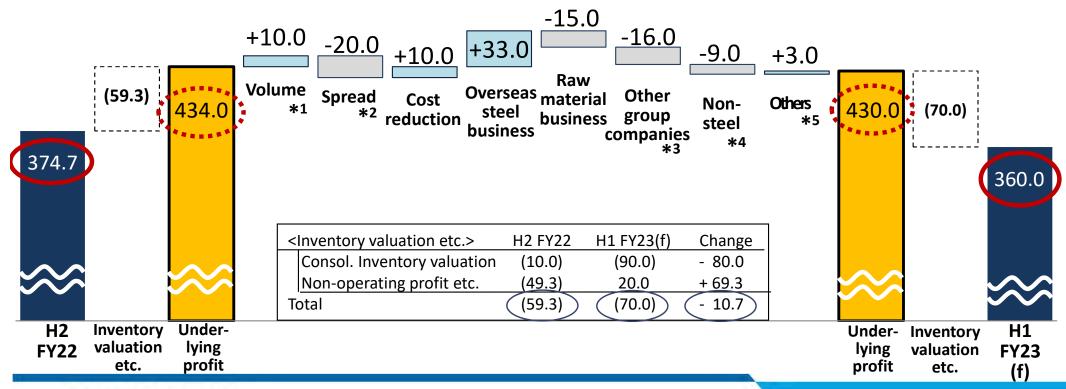
etc.

etc.

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

	(Bn. JPY)	H2 FY22	H1 FY23(f)	Change
В	usiness Profit	374.7	360.0	-14.7
L	Underlying profit	434.0	430.0	-4.0
	1) Domestic	177.0	185.0	+8.0
	2) Overseas	32.0	65.0	+33.0
	3) Raw material	75.0	60.0	-15.0
	4) Other group	116.0	100.0	-16.0
	5) Non-steel	27.0	18.0	-9.0

- *1 Crude steel production : approx. +0.29 Mt (17.21 -> approx. 17.50)
 - Steel shipment volume : approx. +0.21 Mt
 - (15.79 -> approx.16.00)
- ***2** Incl. the impact of FX, and carry over +20.0 ((16.0) -> 4.0)
- *3 Improve: Secondary processing, Stainless steel& EAFs, etc.
- *4 Engineering -6.3, etc.
- *5 Incl. increase in depreciation cost -4.0



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

	(Bn. JPY)	H1 FY22	H1 FY23(f)	Change
В	usiness Profit	541.7	360.0	-181.7
	Underlying profit	300.0	430.0	+130.0
	1) Domestic	45.0	185.0	+140.0
	2) Overseas	63.0	65.0	+2.0
	3) Raw material	67.0	60.0	-7.0
	4) Other group	89.0	100.0	+11.0
	5) Non-steel	33.0	18.0	-15.0

*1 Crude steel production : approx.+0.46 Mt

(17.04 -> approx. 17.50)

Excl. BF relining impact: +0.06Mt

(17.44 -> approx. 17.50)

Steel shipment volume : approx.+0.31 Mt

(15.69 -> approx. 16.00)

Excl. BF relining impact: approx. -0.09 Mt

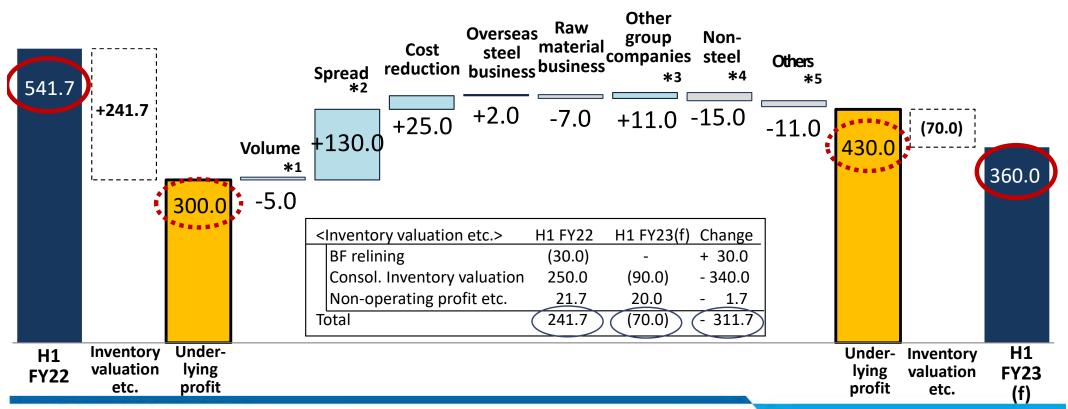
(16.09 -> approx. 16.00)

***2** Incl. the impact of FX, and carry over -75.0 (79.0 -> 4.0)

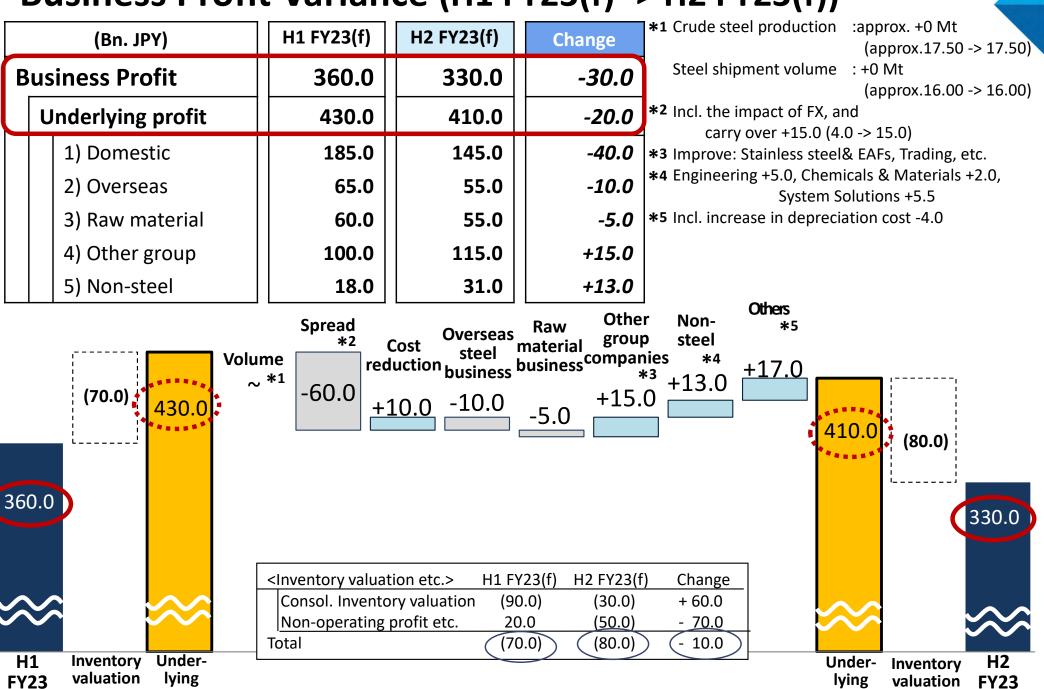
*3 Improve: Trading, operational support, etc.

*4 Engineering -5.3, etc.

*5 Incl. increase in depreciation cost -9.0



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



etc.

(f)

profit

etc.

(f)

profit

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

	(Bn. JPY)	FY22	FY23(f)	Change
E	Business Profit	916.4	690.0	-226.4
	Underlying profit	734.0	840.0	+106.0
	1) Domestic	222.0	330.0	+108.0
	2) Overseas	95.0	120.0	+25.0
	3) Raw material	142.0	115.0	-27.0
	4) Other group	205.0	215.0	+10.0
	5) Non-steel	60.0	49.0	-11.0

*1 Crude steel production : approx. +0.75Mt (34.25 -> approx. 35.00)

Excl. BF relining impact: +0.35Mt

(34.65-> approx. 35.00)

Steel shipment volume : approx. +0.53 Mt

(31.47 -> approx. 32.00)

Excl. BF relining impact: +0.13Mt

(31.87 -> approx. 32.00)

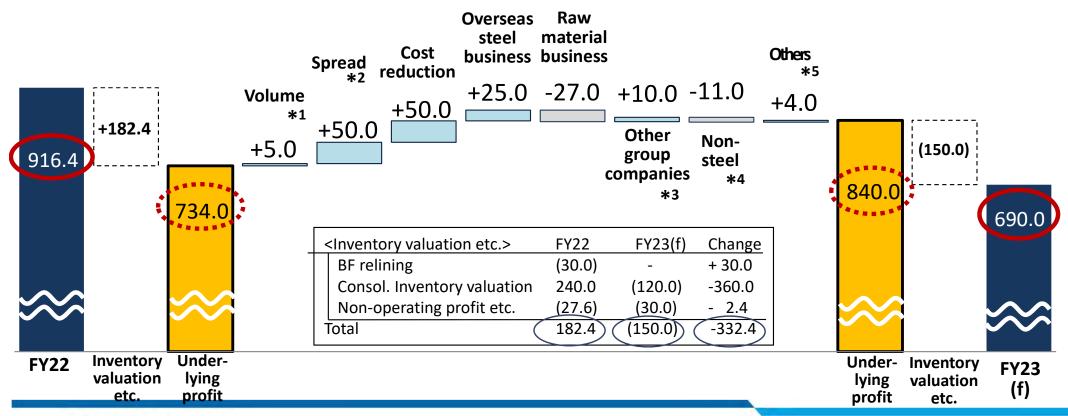
*2 Incl. the impact of FX, and

carry over -40.0 (63.0 -> 23.0)

*3 Improve: Trading, etc.

*4 Engineering -6.6, etc.

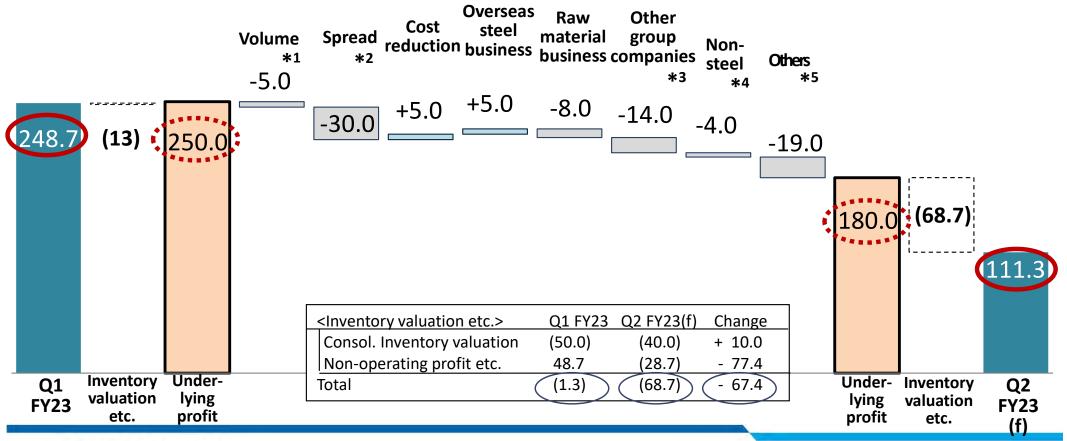
*5 Incl. increase in depreciation cost -17.0



Business Profit Variance (Q1 FY23 vs. Q2 FY23(f))

(Bn. JPY)		Q1 FY23	Q2 FY23(f)	Change
Business Profit		248.7	111.3	-137.4
<underlying profit=""></underlying>		250.0	180.0	-70.0
	Steel	243.4	106.6	-136.8
	Non-steel	12.8	4.7	-8.1
	Adjustment	(7.6)	2.6	+10.2

- *1 Crude steel production: approx. +0.14 Mt (8.68 -> 8.82)
 - Steel shipment volume: approx. -0.14 Mt (8.07 -> approx. 7.93)
- *2 Incl. the impact of FX fluctuation, and carry over -10.0 (7.0 -> (3.0))
- ***3** Improve: Stainless steel and EAFs, secondary processing, Trading, etc.
- *4 On the underlying BP basis: Engineering -6.2, Chemicals & Materials +2.8, etc.
- *5 Incl. increase in depreciation cost -3.0

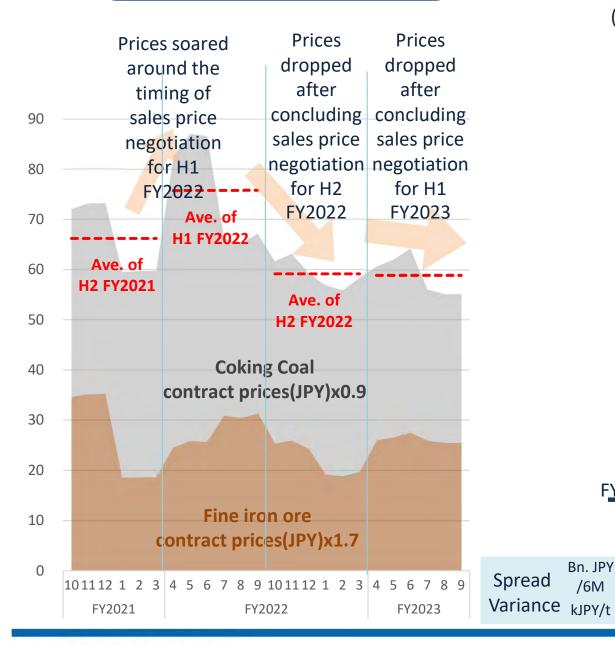


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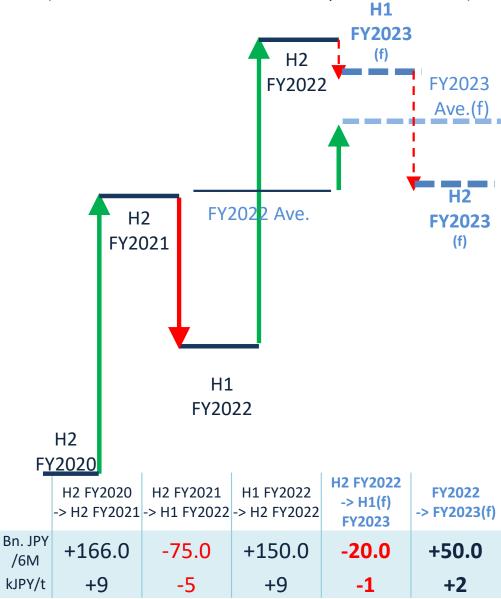
Realization of an appropriate level of price spread

Raw material costs per ton



Spread Variance history

(Direct contract-based sales and Spot market sales)



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