



News Release

May 9, 2024

Nippon Steel Corporation

Notice Regarding Early Redemption of the First Public Subordinated Bonds and financing by Subordinated Syndicated Loans and Public Subordinated Bonds

Nippon Steel Corporation ("NSC") plans to redeem the first Unsecured Subordinated Bonds with interest deferrable clause and early redemption option (the "First Subordinated Bonds") issued on September 12, 2019, on September 12, 2024. In order to finance this redemption and to strengthen the financial foundation of NSC in anticipation of the expected acquisition of United States Steel Corporation ("U. S. Steel"), NSC plans to raise approximately 200 billion yen (up to 250 billion yen) through subordinated syndicated loans (the "Syndicated Loans") and public subordinated bonds (the "Bonds").

NSC filed today an amended shelf registration statement regarding the issuance of the Bonds to the head of Kanto Local Finance Bureau.

1. Purpose and Background of this Funding

NSC is committed to being the "Best Steelmaker with World-Leading Capabilities" and is executing its medium to long-term management plan. As part of the plan, NSC is focused on deepening and expanding its overseas business with the goal of achieving 100 million tonnes of global crude steel capacity.

In order to progress toward this goal, on December 18, 2023, NSC announced it has entered into a definitive agreement to acquire U. S. Steel (the "Transaction"). NSC is confident that it can utilize its leading technologies and product lineup in the United States to meet the high level of demand for high-grade steel in the largest market amongst developed countries as well as sustainable growth in domestic steel demand.

NSC believes that the Transaction is a worthwhile investment because it is not only consistent with NSC's overseas business strategy but also enables NSC to diversify its global footprint. By securing integrated steel manufacturing capabilities in the United States NSC adds to its existing operational bases in ASEAN and India, where market volume and growth potential are significant. Upon completion of the Transaction, NSC's global crude steel production capacity will increase to approximately 86 million tonnes per year.

Following the close of the Transaction, NSC aims to quickly recover to a D/E ratio¹ of 0.7 or lower as set forth in the medium to long-term management plan for the fiscal year 2025, due to consolidated earnings and cash flow including U. S. Steel and through appropriate financing.

¹ Adjusted for the capital contents of subordinated loans and subordinated bonds, etc.

Therefore, in order to preserve the capital equivalent to the First Subordinated Bonds, which are scheduled for early redemption on September 12, 2024, as well as to support investment for NSC's medium to long-term management plan and strengthen NSC's financial base, NSC intends to secure financing through the Syndicated Loans and the Bonds.

2. Features of the Syndicated Loans and the Bonds

The Syndicated Loans and the Bonds will be containing features of both equity and liabilities. While their liability aspects will not cause dilution to stockholders, the Syndicated Loans and the Bonds will have attributes and features resembling equity, such as an option to defer interest payments, extremely long-term redemption periods, and subordination in liquidation or bankruptcy proceedings. Accordingly, NSC expects that Rating and Investment Information, Inc., Japan Credit Rating Agency, Ltd., and S&P Global Rating Japan Inc. will deem 50% of the funds raised under the Syndicated Loans and the Bonds as equity for the purposes of their ratings.

3. Summary of the Syndicated Loan

A summary of the Syndicated Loan is as below.

1. Aggregate Loan Amount	JPY 82.5 billion
2. Use of Proceeds	Repayment of the First Subordinated Bonds and business purpose.
3. Drawdown Date	June 13, 2024
4. Maturity Date	Tranche A : June 13, 2059 (planned) Tranche B : June 13, 2064 (planned) Tranche C : June 13, 2064 (planned) * Optional prepayment may be made on each interest payment date after the expiration of five years for Tranche A or ten years for Tranche B and Tranche C, respectively from the drawdown date.
5. Loan Preliminary Ratings	A- (Rating and Investment Information, Inc.) A+ (Japan Credit Rating Agency, Ltd.)

4. Summary of the Bonds

A summary of the Bonds is as below. NSC plans to determine the issuance amount and other terms after considering various factors such as market demand and interest rate trends from June 2024 onwards, and NSC will promptly announce once the decision has been made.

For more details, please see the amended shelf registration statement submitted today to the head of the Kanto Local Finance Bureau.

1. Total amount of bond issue	Approximately 120 billion yen (up to 167.5 billion yen)
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2. Payment Date	June 2024 and thereafter
3. Maturity Date	<p>Nippon Steel Corporation 4th Unsecured Subordinated Bonds with interest deferrable clause and early redemption option : 35 years from the Payment Date</p> <p>Nippon Steel Corporation 5th Unsecured Subordinated Bonds with interest deferrable clause and early redemption option : 37 years from the Payment Date</p> <p>Nippon Steel Corporation 6th Unsecured Subordinated Bonds with interest deferrable clause and early redemption option : 40 years from the Payment Date</p> <p>* Optional early redemption may be made on each interest payment date after the expiration of five years for the 4th series bonds or seven years for the 5th series bonds or ten years for the 6th series bonds respectively from the payment date.</p>
4. Bonds Preliminary Ratings	<p>A- (Rating and Investment Information, Inc.)</p> <p>A+ (Japan Credit Rating Agency, Ltd.)</p>
5. Underwriting Company	<p>SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Nomura Securities Co., Ltd., and Daiwa Securities Co., Ltd.</p>

Note: This press release has been prepared for the sole purpose of publicly announcing Nippon Steel Corporation's issue of hybrid bonds (subordinated bonds), not for the purpose of soliciting investments or performing any similar act. This document does not constitute an investment solicitation for any securities for sale in the United States under the U.S. Securities Act of 1933 (the "U.S. Securities Act"). Nippon Steel Corporation has not registered the hybrid bonds under the U.S. Securities Act, nor does it plan to do so. No offer or sale of the hybrid bonds in the United States will be allowed unless registered under the U.S. Securities Act, or exempted from such registration. This document is concerned with Nippon Steel Corporation's issue of hybrid bonds in Japan, and in this context no securities will be offered or sold in the United States.

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