

TYO : 5401

OTC : NPSCY(ADR)



# Q3 FY2024 Financial Results

February 6, 2025

**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.

## Business environment

- ◆ The business environment is **in an unprecedented critical situation** in which the manufacturing and construction industries are sluggish both in Japan and overseas and global steel demand is becoming severer.
- ◆ Increase in exports due to the expanded structural supply/demand gap in China **continue to cause to global spreads weakness**
- ◆ There are concerns about the fragmentation of the market as many countries are expanding trade measures and prioritizing their own country. These factors have **increased uncertainties**
- ◆ In Japan, while the pressure by imported materials is high, **the sluggish demand for steel is becoming more serious than expected**
- ◆ **There is no prospect of improvement in real demand and margins at home and abroad**

## Performance and dividends

- ◆ Q3 FY2024 results ; Underlying Business Profit : ¥236.5 bn, Consolidated Business Profit : ¥190.3 bn
- ◆ **Forecast for FY2024 is expected to be maintained previous forecast as of Nov. 7<sup>th</sup>;**  
Underlying BP : ¥780.0 bn, Consolidated BP : ¥670.0 bn, Net profit : ¥310.0 bn, Dividend : ¥160 per share (-> P4,6,7)
- ◆ Plan to announce the earnings forecast for FY2025 newly at the time of the FY2024 financial results announcement

## Progress in management strategy

### Deepen and Expand Overseas Business

- ◆ **Unwavering belief in the merger of our U.S. subsidiary and U. S. Steel** (hereinafter, the 'USS transaction'), as the best path to the future for Nippon Steel, U. S. Steel, and both the U.S. and Japan, and commitment to closing USS transaction, including the filing of joint lawsuit with U. S. Steel. (-> P28-30)

### Procure and Earn profit in raw materials business

- ◆ Investment for **Kami iron ore mines (DR grade iron ore) in Canada** (Released on Dec. 19) (-> P33)

### Other Group Companies

- ◆ **Sanyo Special Steel becomes a wholly owned subsidiary** (Released on Jan. 31) (-> P35-36)

### Carbon Neutral Vision

- ◆ **Hydrogen injection into test BF, achieved world's first 43% reduction in CO2 emissions** (Released on Dec. 20)
- ◆ **Hasaki R&D Center completed construction of a small-scale test EAF and tests began in Dec 2024**

## Financial restructuring

- ◆ Promotion of the sale of strategic shareholdings, **increasing asset streamlining to ¥250.0 bn** in FY2024 (-> P17)

# Agenda

- 1. Q3 FY2024 Earnings Summary and FY2024 Earnings Forecast**
2. Developing a Robust Business Structure with Vertical and Horizontal Expansion
3. Progress Toward Carbon Neutral Vision 2050
4. References (Business Environment & Topics)
5. Supplementary Materials

# Q3 results and FY2024(f) Underlying BP and Consolidated BP

Both of Underlying BP and Consolidated BP forecast for FY2024:

Maintaining the previously announced numbers despite the increasingly severe and challenging crisis situation with no recovery in domestic and overseas steel business environment.

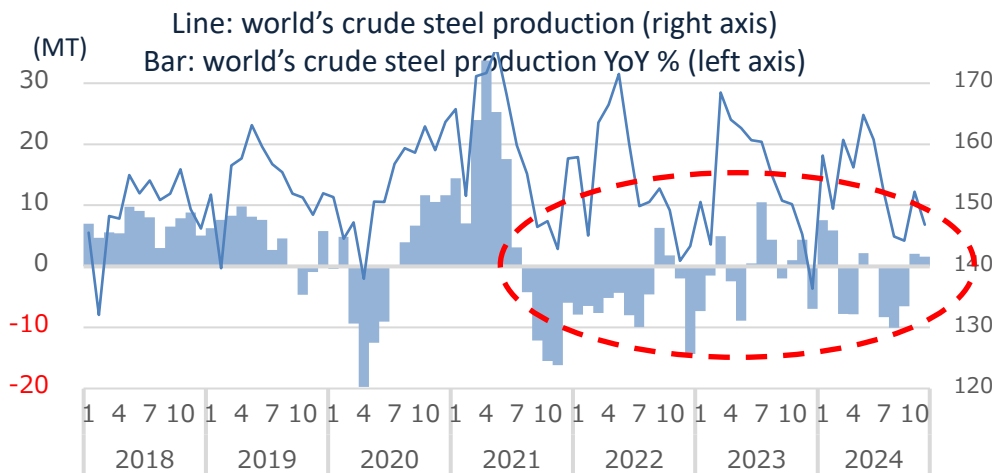
	FY2023	H1	Q3	Q4(f)	H2(f)	Change from Prev. forecast as of Nov. 7 <sup>th</sup>	Change from H1 FY24	FY 2024 (f)	Change from Prev. forecast as of Nov. 7 <sup>th</sup>	Change from FY2023
Revenue (¥bn)	8,868.0	4,379.7	2,172.7	2,047.6	4,220.3	-	-159.4	8,600.0	-	-268.0
<b>Underlying BP</b> Excl. Inventory val. etc.	<b>935.0</b> <b>Record high</b>	<b>371.9</b>	<b>236.5</b>	<b>171.6</b>	<b>408.1</b>	-	+36.2	<b>780.0</b>	-	<b>-155.0</b>
Inventory valuation etc.	(65.5)	3.8	(46.2)	(67.6)	(113.8)	-	-117.6	(110.0)	-	-44.5
<b>Consol. BP (¥bn)</b>	<b>869.6</b>	<b>375.7</b>	<b>190.3</b>	<b>104.0</b>	<b>294.3</b>	-	-81.4	<b>670.0</b>	-	<b>-199.6</b>
<b>ROS</b>	<b>9.8%</b>	<b>8.6%</b>	<b>8.9%</b>	<b>5.8%</b>	<b>7.0%</b>	-	-1.6%	<b>7.8%</b>	-	<b>-2.0%</b>
Non-consol. crude steel production (MT)	34.99	17.20	8.55	8.75	17.30	-	+0.10	34.50	-	-0.49
Non-consol. steel shipment (MT)	32.03	15.91	7.98	7.62	15.60	-	-0.31	31.50	-	-0.53
FX (USD/JPY)	144	154	149	155	152	2yen dep	2yen app	153	1yen dep	9yen dep

# Business Environment Unprecedentedly Harsh Business Environment

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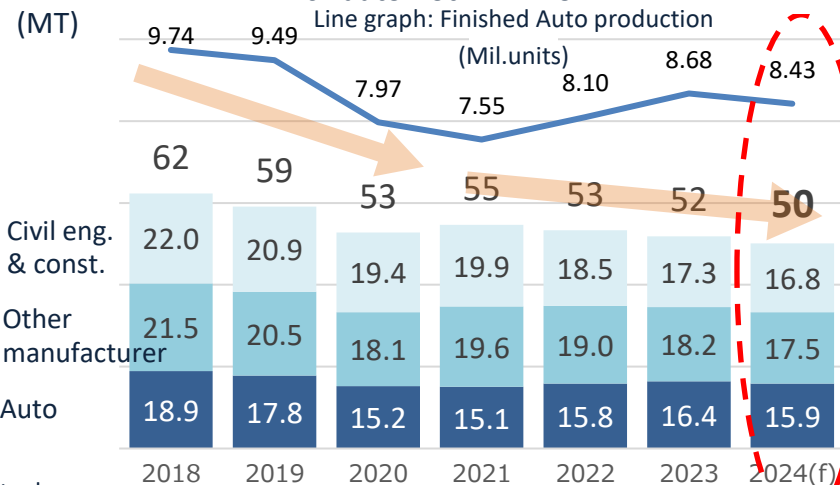
## World's crude steel production trend

Depressed production continuing since Aug. 2021



## Domestic steel demand

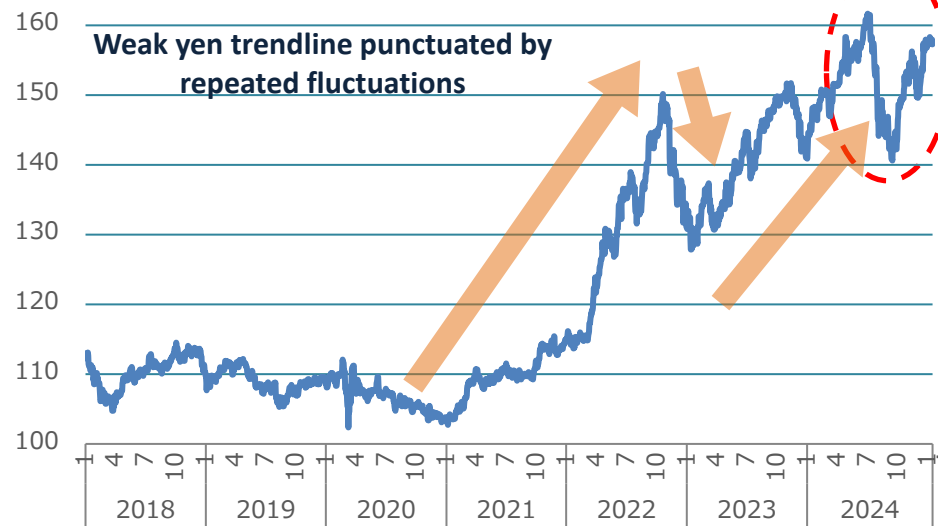
Continued weakness in overall demand  
incl. automotive sector



(JPY/\$)

## FX rate

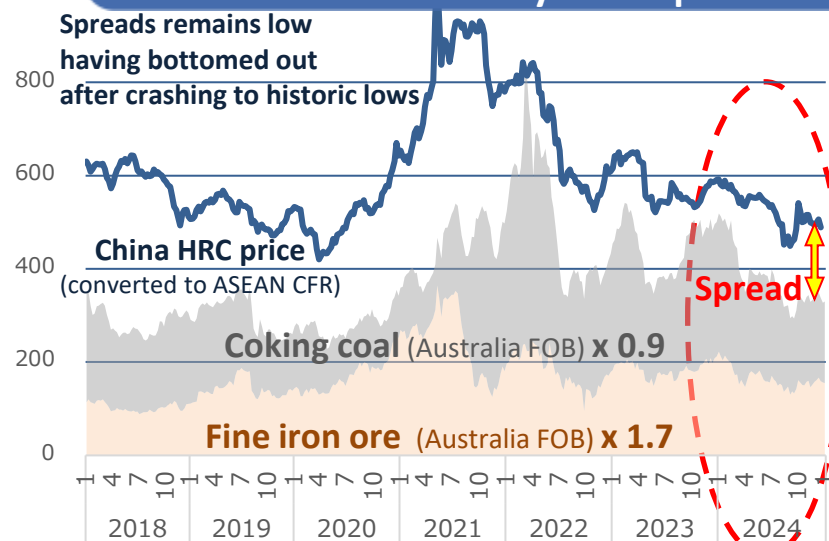
Weak yen trendline punctuated by repeated fluctuations



\$/t-steel

## Overseas commodity steel spread

Spreads remains low  
having bottomed out  
after crashing to historic lows



# FY2024(f) Net Profit

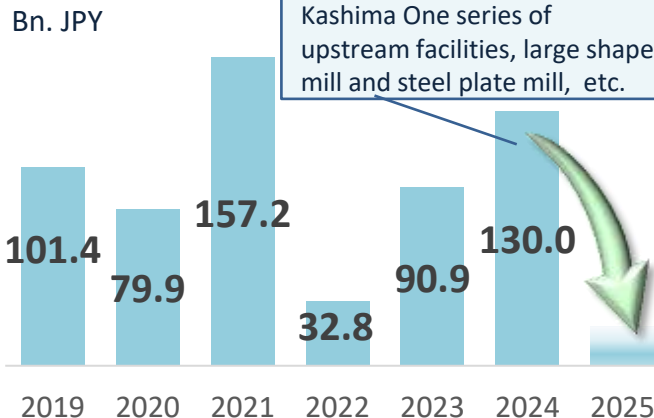
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Net profit forecast for FY2024 : Maintaining the previous announced ¥310.0 billion

¥bn	FY 2023	H1	Q3	H2(f)	FY 2024 (f)	Change from prev. forecast as of Nov. 7 <sup>th</sup>	Change from FY2023
Consol. BP	869.6	375.7	190.3	294.3	670.0	-	-199.6
<b>Additional Line Items</b>	<b>(90.9)</b>	-	-	(130.0)	<b>(130.0)</b>	-	-39.1
<b>Net Profit</b>	<b>549.3</b>	<b>243.3</b>	<b>118.7</b>	<b>66.7</b>	<b>310.0</b>	-	-239.3
<b>EPS (¥/share)*</b>	<b>596</b>	<b>254</b>	<b>113</b>	<b>64</b>	<b>311</b>	-	-285
<b>ROE(%)</b>	<b>12.3%</b>	<b>9.6%</b>	<b>8.9%</b>				

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

\*All outstanding Convertible Bonds are assumed to be converted.



(Not included in the above)

**Expected approx. 230.0 billion yen loss on reorganization from USS transaction and transfer of our entire equity interest in AM/NS Calvert**

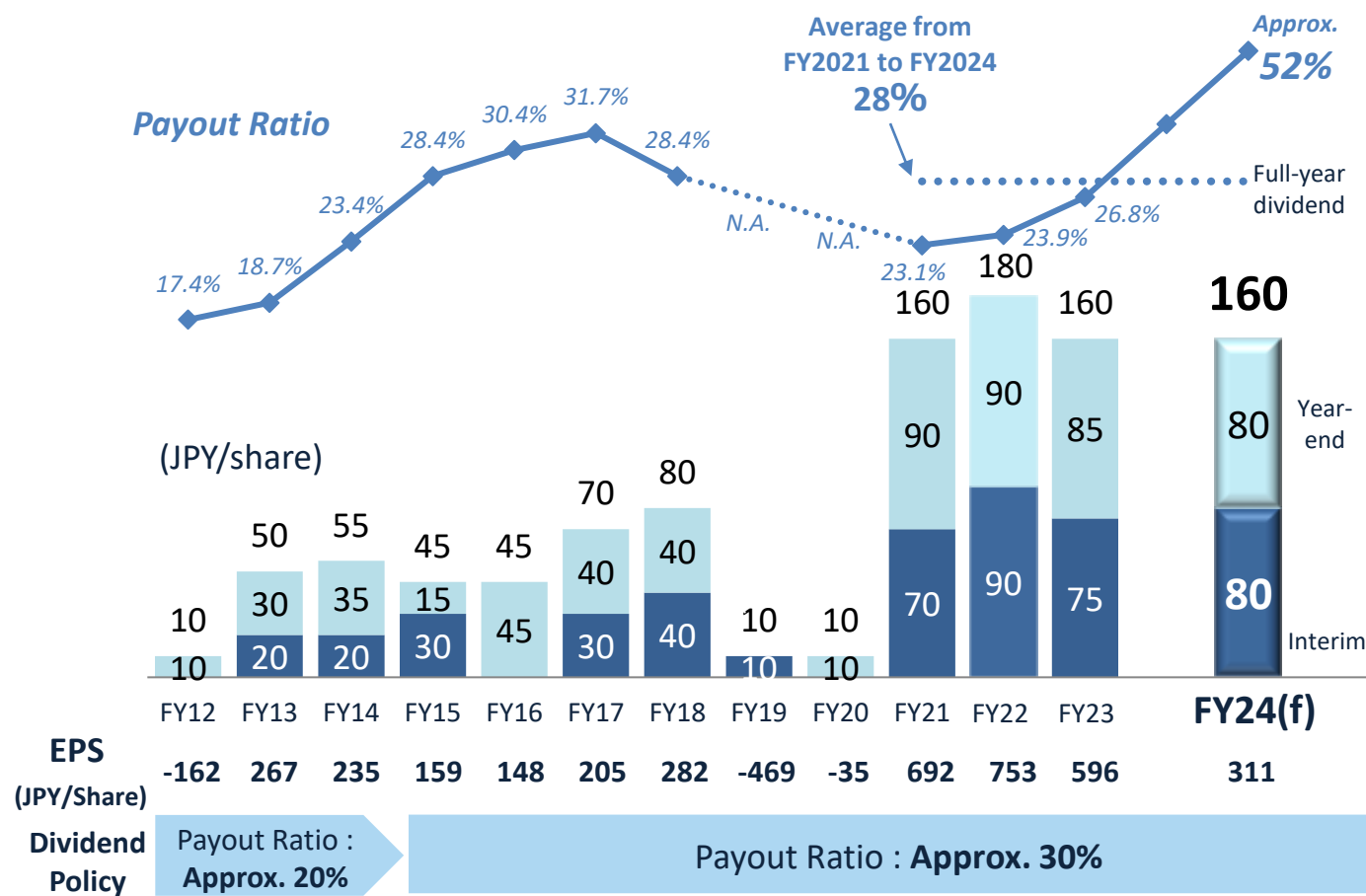
Consolidated loss without cash outflow	approx. 130.0 billion yen
Consolidated loss with cash outflow	approx. 100.0 billion yen

Impact on Net profit approx. 230.0 billion yen, Impact on EPS 230 yen/share  
 If USS transaction does not consummate for any reason, the share transfer will not be consummated and there will be no impact on earnings performance.

# FY2024(f) Dividend

Planning to maintain the previously announced numbers **160 yen per share (including a in year-end dividend of 80 yen per share)**

**Expected to maintain FY 2024 full-year dividend forecast 160 yen per share** despite updated earnings by 230 billion yen consolidated loss on business restructuring due to transfer of equity interest in AM/NS Calvert



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

# FY2024 Consol. BP Factor Analysis

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Unit : ¥Bn.

Prev.FY24(f)  
to  
FY24(f)

H1 FY24  
to  
H2 FY24(f)

FY23  
to  
FY24(f)

Consol. Business Profit

-

-81.4

-199.6 [8,696 -&gt; 6,700]

Inventory Valuation etc.

-

-117.6

-44.5

Underlying Business Profit

-

+36.2

-1,550 [9,350 -&gt; 7,800]

Domestic Steel Business

+5.0

+59.0

-91.0

Volume

-

-10.0

-0.31Mt

-20.0

Steel shipment volume -0.53Mt (32.03 -&gt; 31.50)

Spread\*

(Sales price, mix, raw material price, C/O)

※Including change in FX rate

Mix : Recovery of domestic automobile production etc.

Direct contract sales : Maintain the appropriate spread level, reflecting yen depreciation and cost hike in distribution, etc.

+5.0

+25.0

-30.0

Spot market sales : Continuation of unprecedentedly harsh business environment in overseas spot market

[Change per ton of steel]

Change in FX rate

[: +1k¥/t]  
: 2yen app

[Change per ton of steel : -1k¥/t]  
Change in FX rate : 2yen app

Cost reduction

-

+15.0

+40.0

Others

-

+29.0

-81.0

Investment in human capital to secure and support workforce, depreciation cost hike, etc.

Overseas Steel Business

-5.0

-5.0

North America etc.

-57.0

India -36.0(Loss of one-time gain in 2023), ASEAN -8.0 etc.

Raw Material Business

-

-39.0

Drop in raw material prices

+13.0

Consolidation of EVR, Drop in raw material prices

Other Group Companies

-

+16.0

Improve : Nippon Steel Stainless, Sanyo special steel etc.

-36.0

Stainless and EAFs -25.0 (Nippon Steel Stainless -16.0, Sanyo Special Steel -1.0 etc.)  
Operational supports -2.0, Trading companies -1.0, Secondary processing -7.0

Three Non-steel Segments

+2.0

+15.0

Engineering +14.4

+22.0

Engineering +13.0, Chemicals &amp; Materials +5.0, Solution +4.0



Global steel demand peaked in 2021,  
and level off or decline slightly

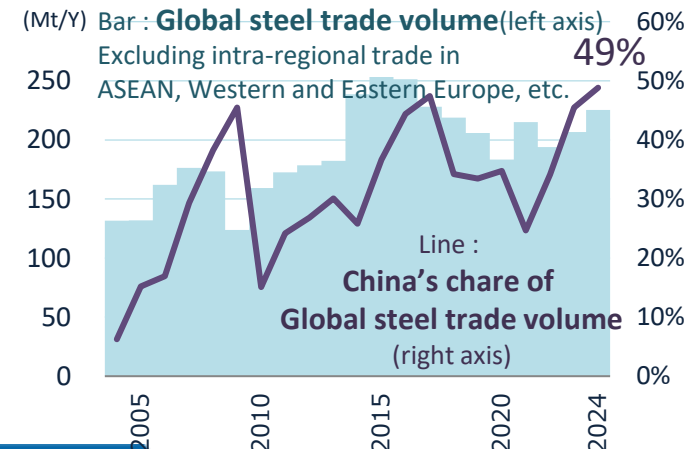
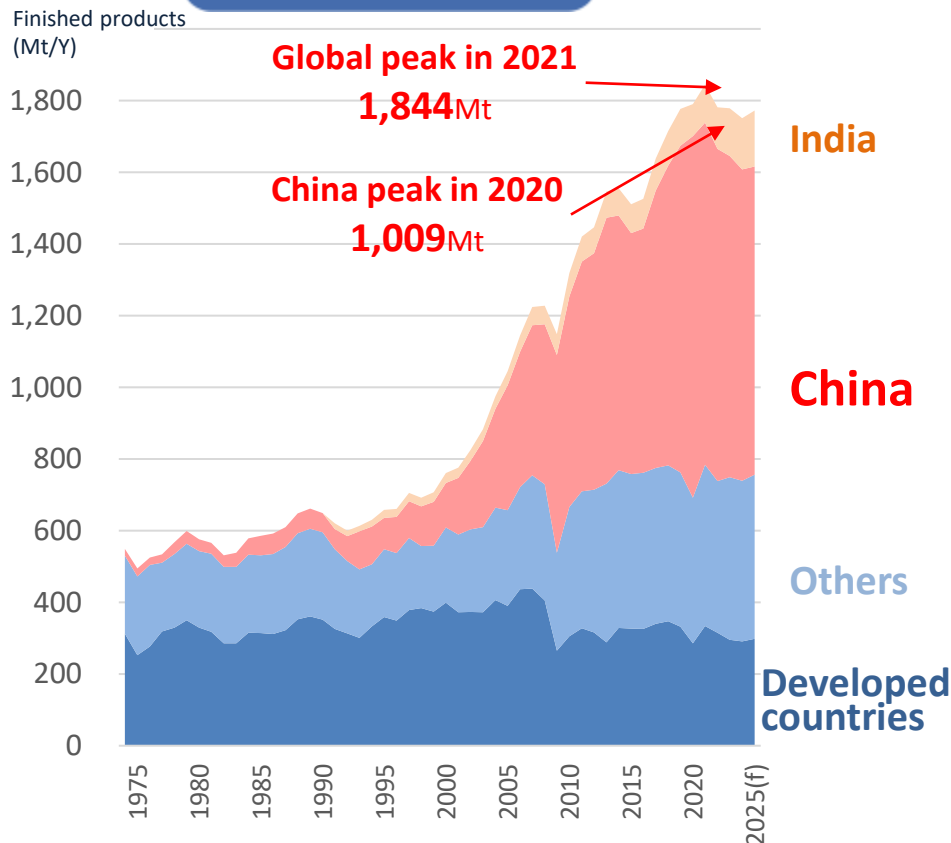
While global steel trade volume remains at  
roughly 200Mt,  
exports from China are increasing sharply

### China steel export

2024  
110Mt

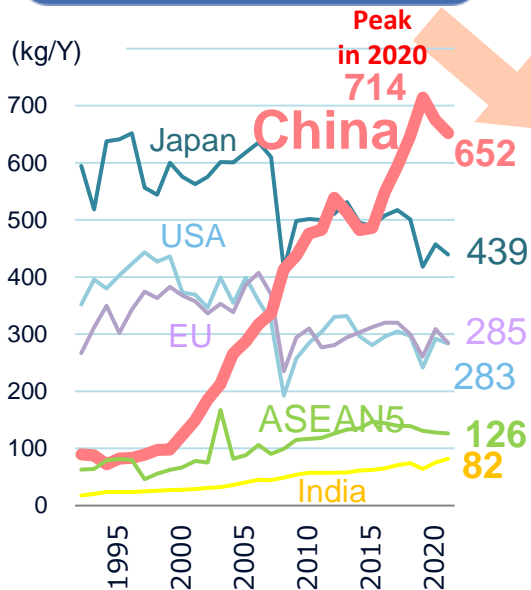


### Global steel demand

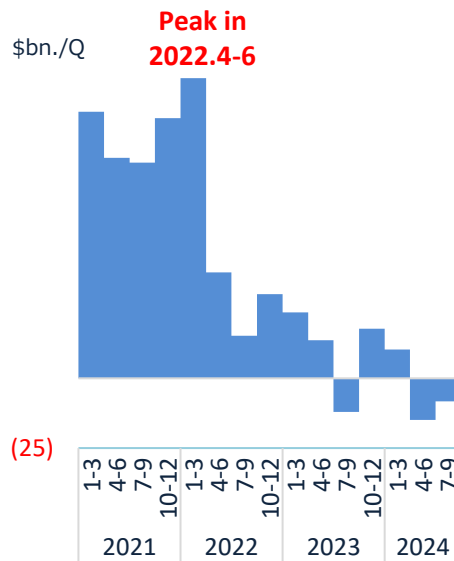


While demand is expected to continue to decline over the long term, past its peak in 2020, China will continue high levels of production and export large volumes of excess steel products to maintain employment

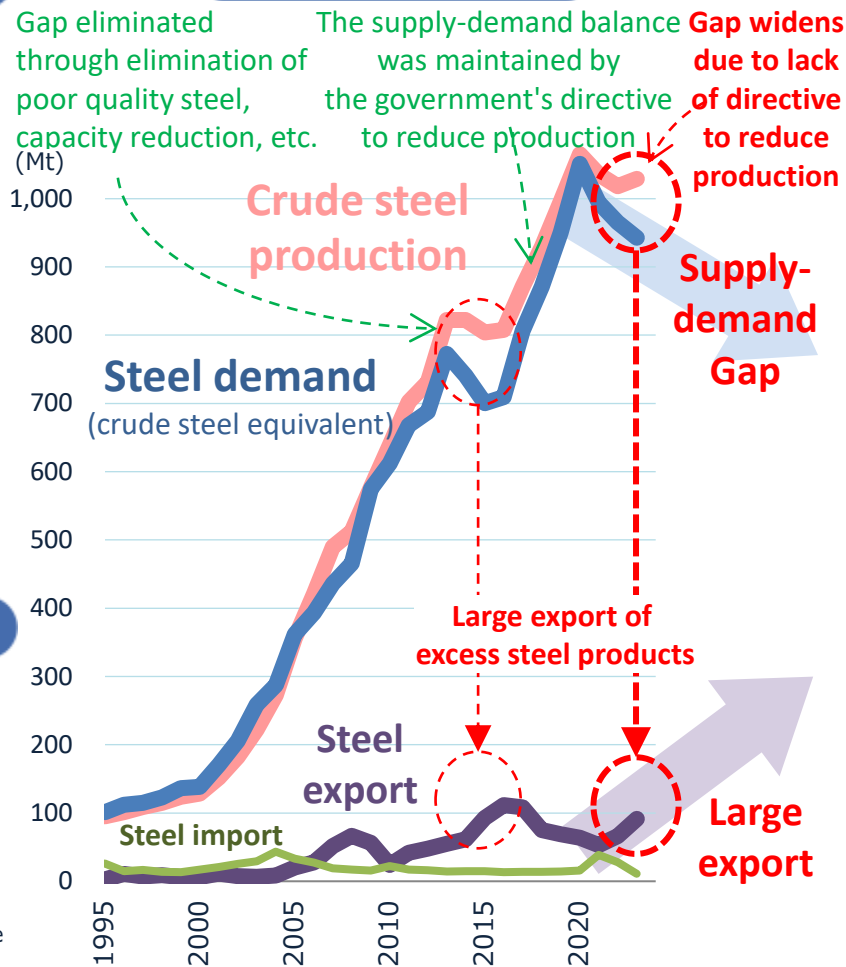
## Steel Demand per Capita



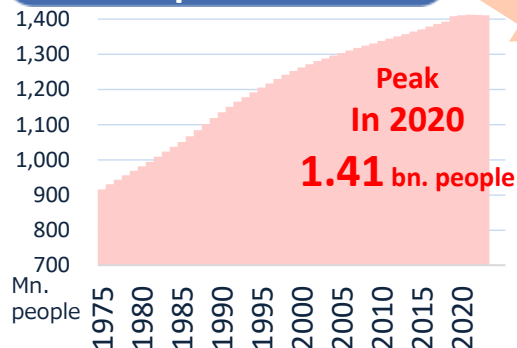
## New Direct Investment in China



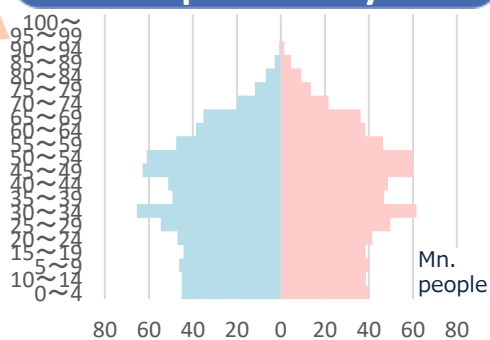
## China steel demand



## China Population Trend

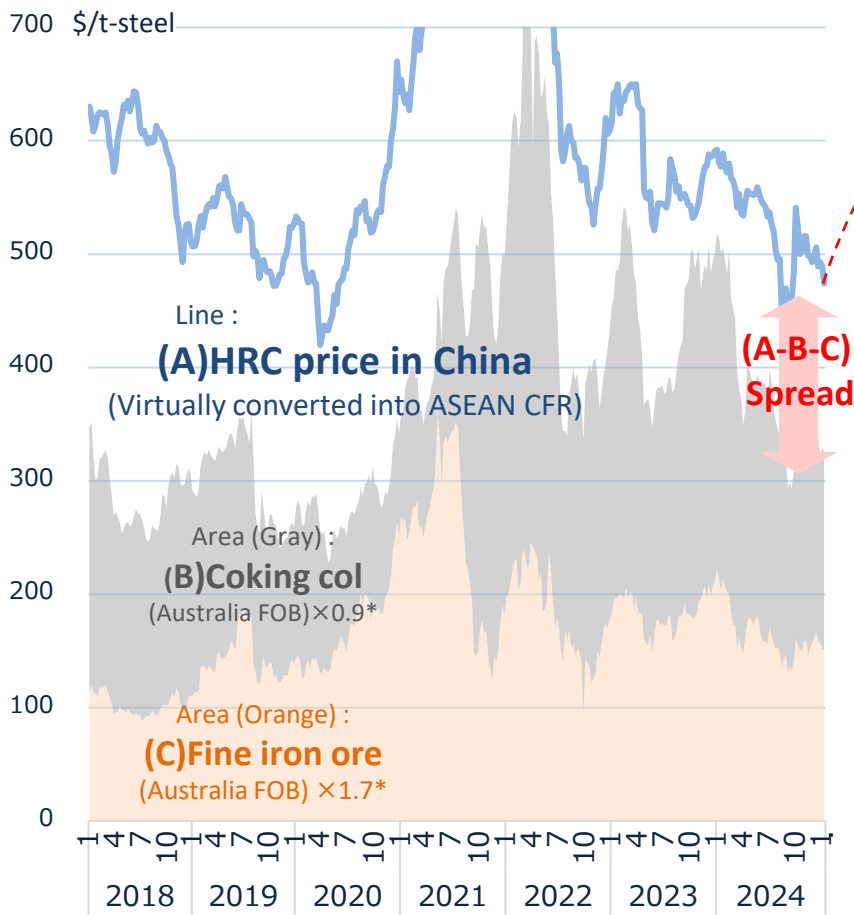


## China Population Pyramid

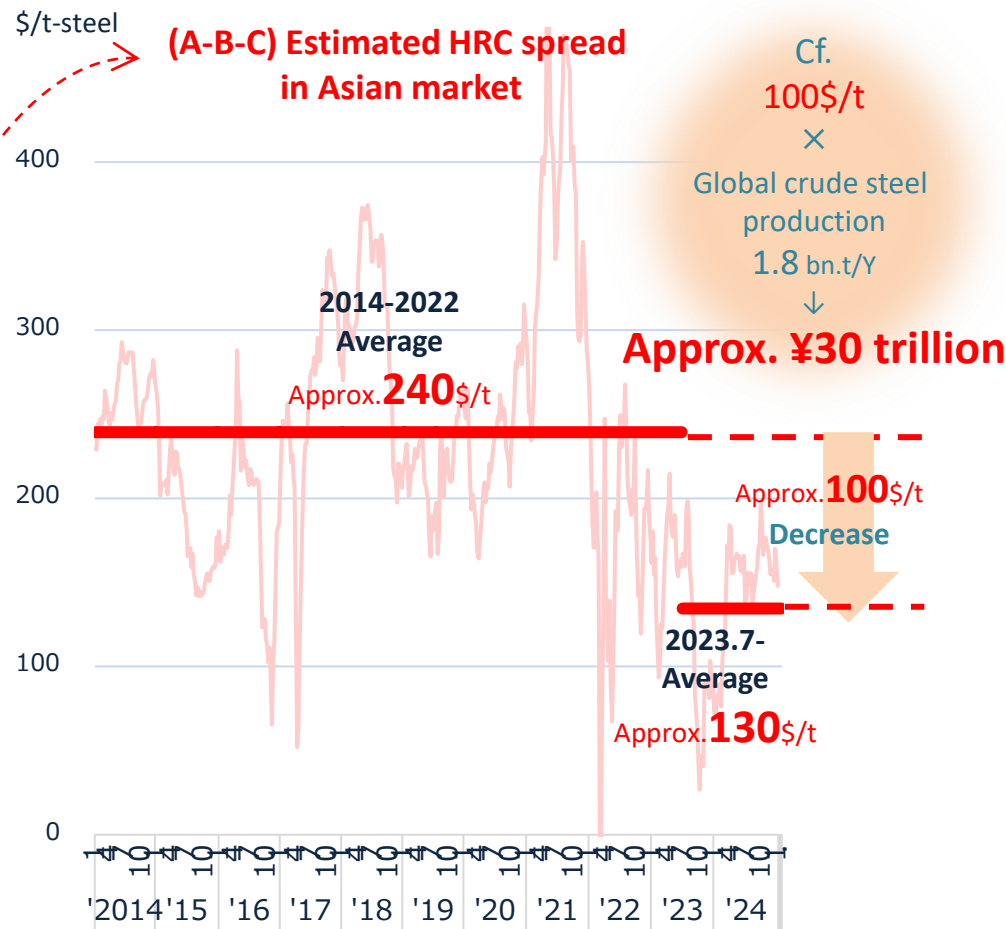


## Sluggish steel spreads weighed on steelmakers' earnings

- The global steel market slumped due to China's large exports
- Steel spreads crawl the bottom at the lowest level, 100\$/t below the historical average level  
-> Equivalent to about ¥30 trillion level of earnings pressure for all global steelmakers



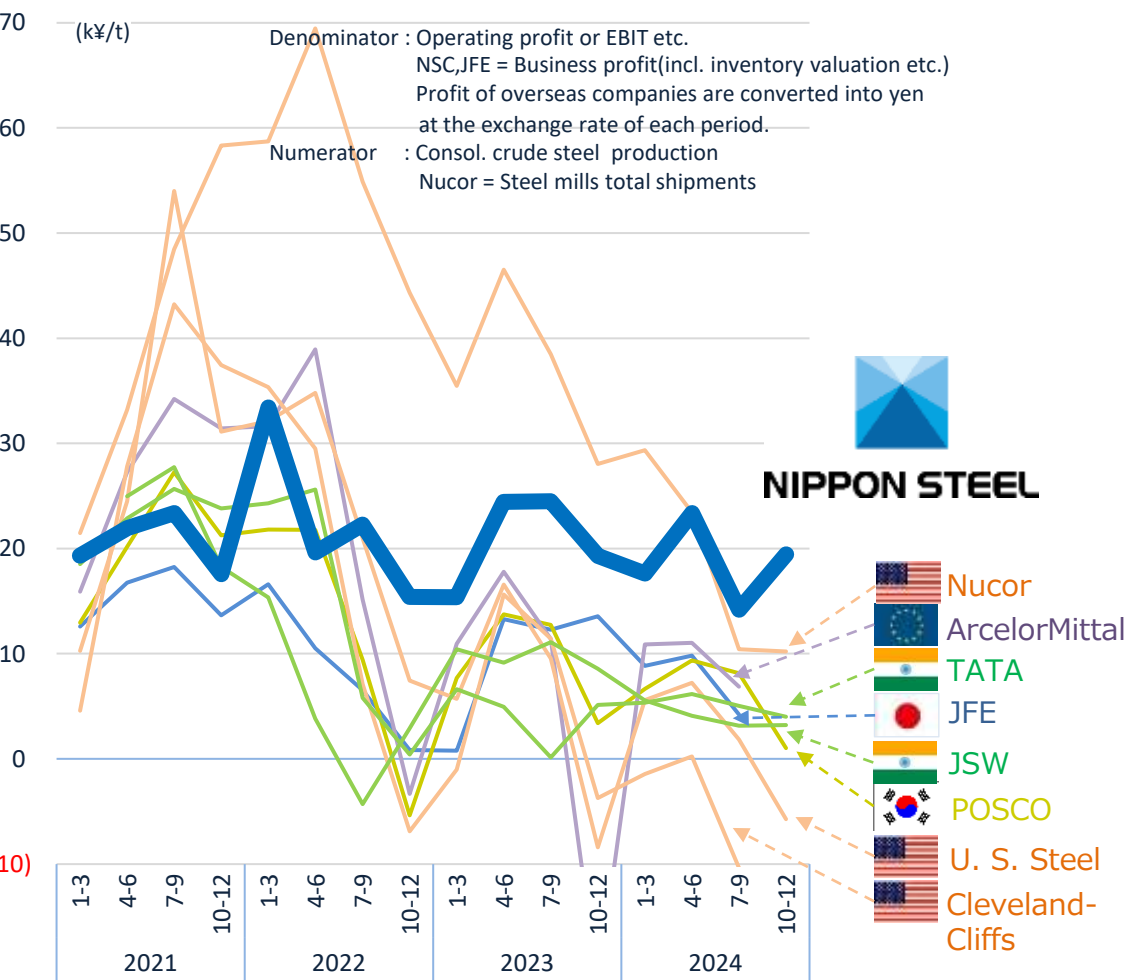
\*Intensity unit in steel production



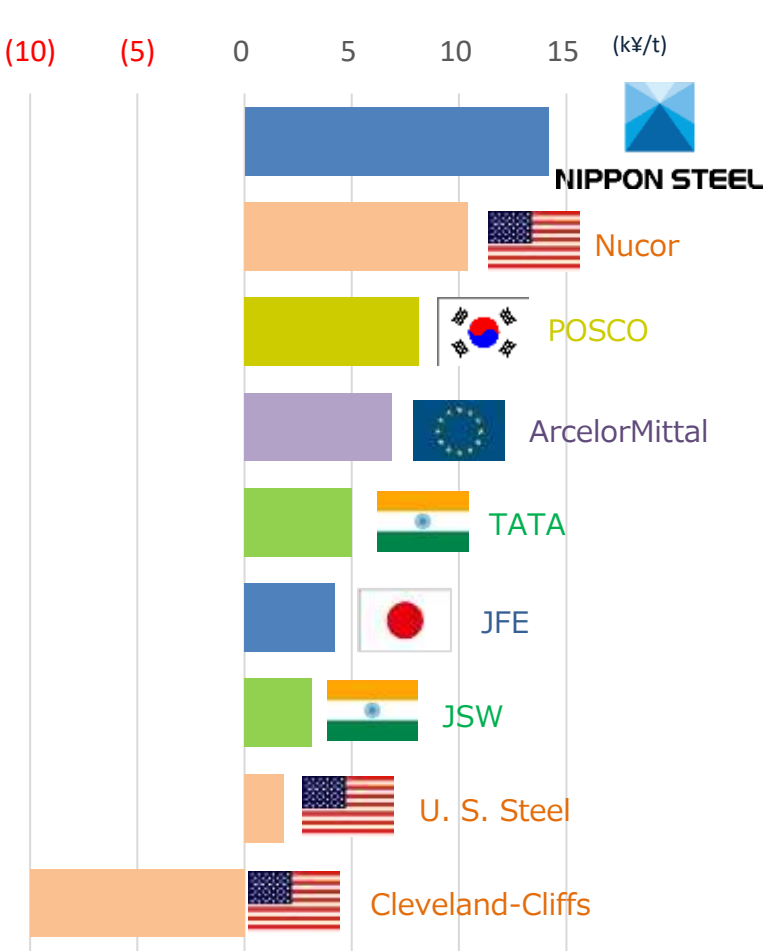
# Stable and high level of profits despite unprecedentedly harsh business environment

Exceptional profitability among world-leading steel manufacturers  
from Apr-Jun 2024

Change in Profit per ton of Crude Steel



Profit per ton of Crude Steel (Jul-Sep 2024)



Data source : Bloomberg and each company's financial results

# Ensure a stable, high-profit structure regardless of the external environment

**Long-term downturn in steel margins due to supply-demand gap in China**

**Gradual decline in domestic steel demand in Japan**

population decrease and challenges in both direct and indirect exports

## Strategy to secure a stable, high-profit structure

### Facility Structural Measures

### Sophistication of Order Mix

### Spread Improvement in Direct Contract Sales

### Deepen and Expand Overseas Business

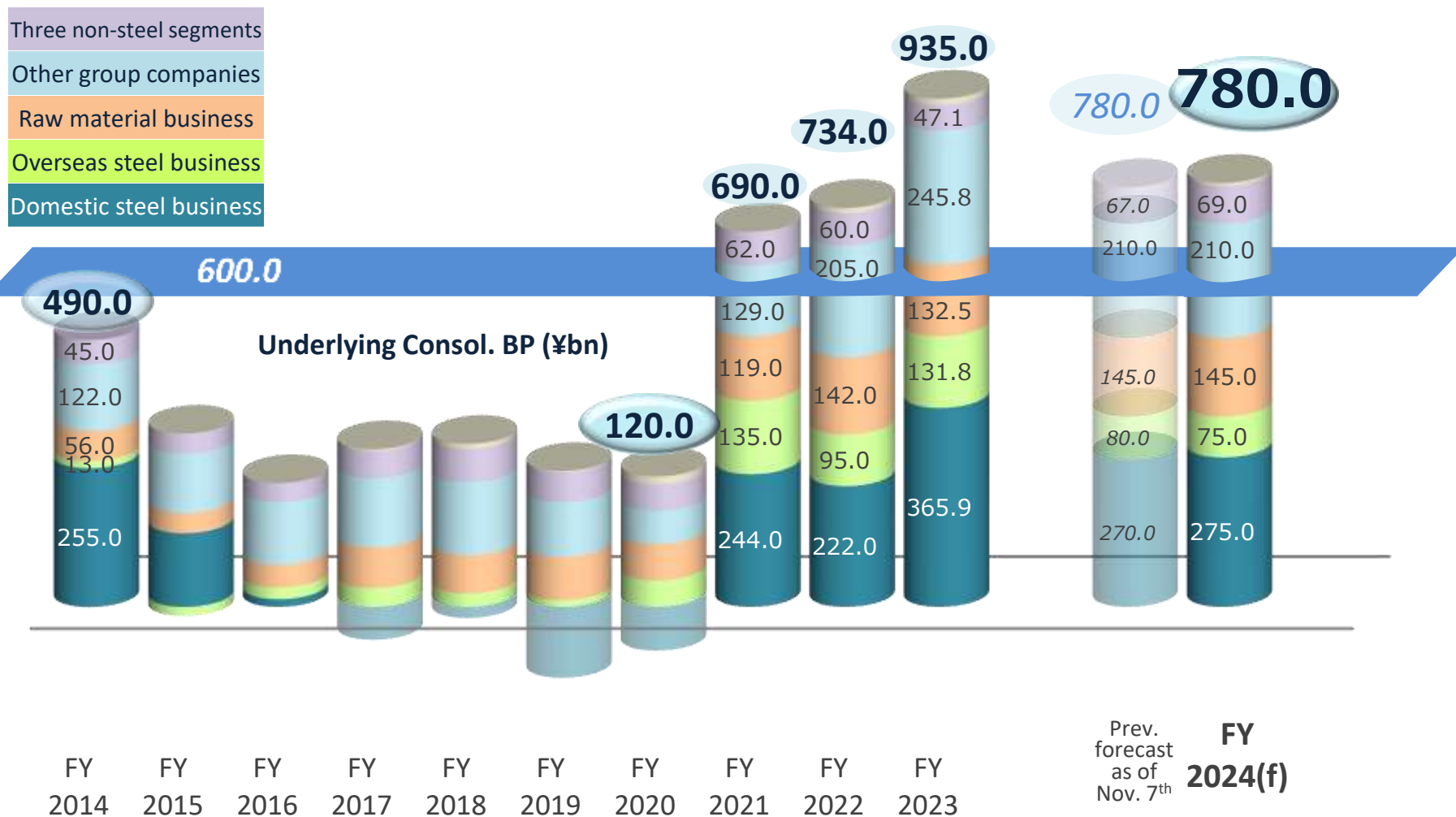
### Raw Material Improvement of Self-Sufficiency Ratio

- Drastically improving the BEP by 20% reduction in domestic production capacity and drastic reduction in fixed costs
- **Not relying on securing capacity utilization through exports, which is becoming more difficult due to the impact of China, build a structure that ensures profit even if volume decreases**
- Shift to high value-added steel products that are superior to competitors in China and other parts of the world
- Pricing strategy to achieve price commensurate with value and appropriate spreads
- Expand business in Indian and U.S. markets protected by tariffs from Chinese materials
- In direct contract sales (60% of steel sale), passing on raw material market fluctuations to selling prices
- In spot market sales (40% of steel sales), **To offset raw material market fluctuations due to the impact of China by raw material business profits, Aiming for 40% of self-sufficiency ratio**  
(Present : Iron ore 20%, Coking coal 35%)

# Establishment of a Resilient Business Portfolio that Ensures Sustainable Growth

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Nippon Steel has already secured a profit structure that ensures underlying business profit of ¥600.0 bn. regardless of the externalities

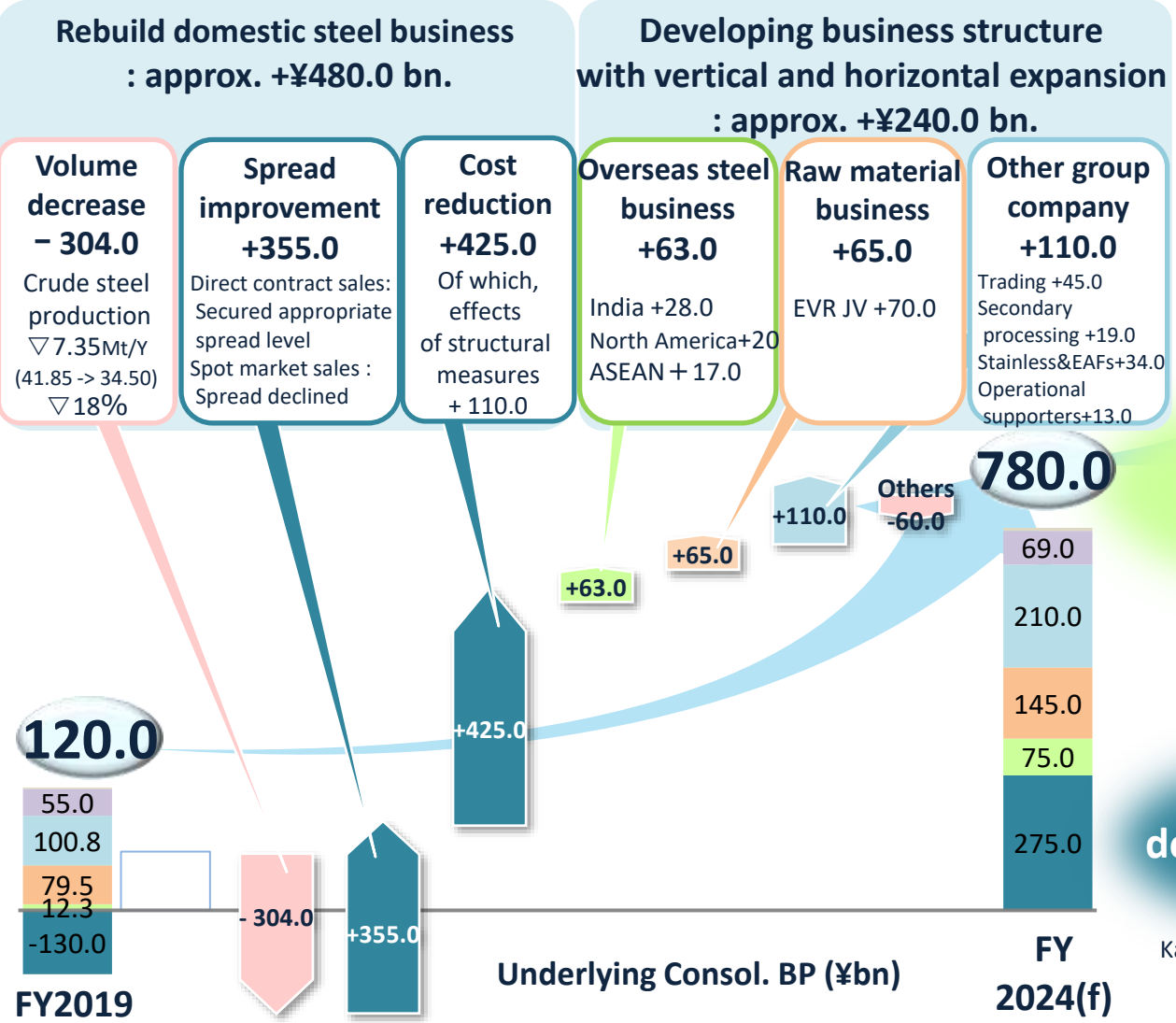


# From building a stable, high-profit structure to further growth

## Achievements

## Further growth

Establish a profit structure that ensures a stable and high level of profit



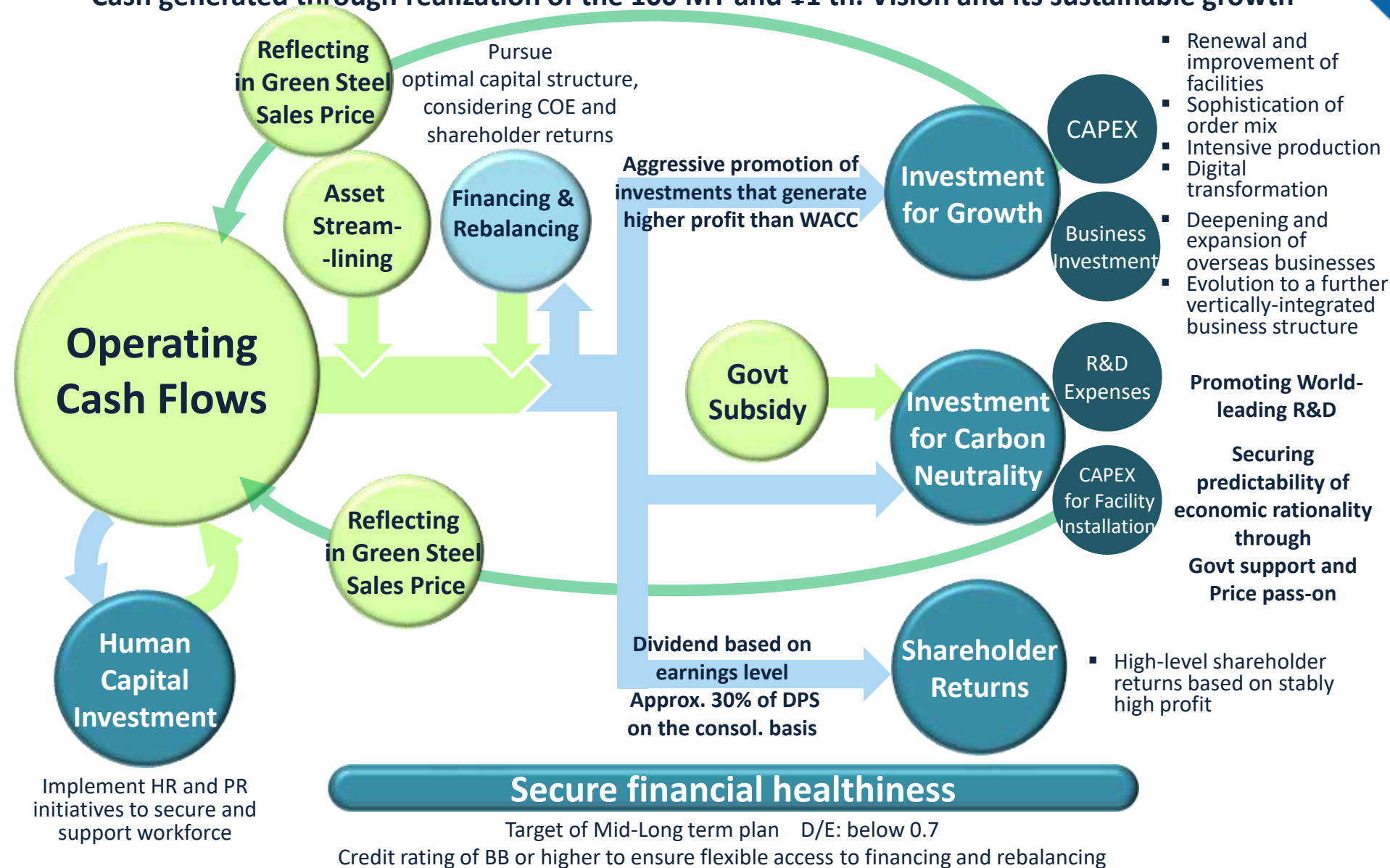
Early realization of ¥1 trillion vision and further profit growth





# Realizing Sound Cash in/Outflows

Cash generated through realization of the 100 MT and ¥1 tn. Vision and its sustainable growth



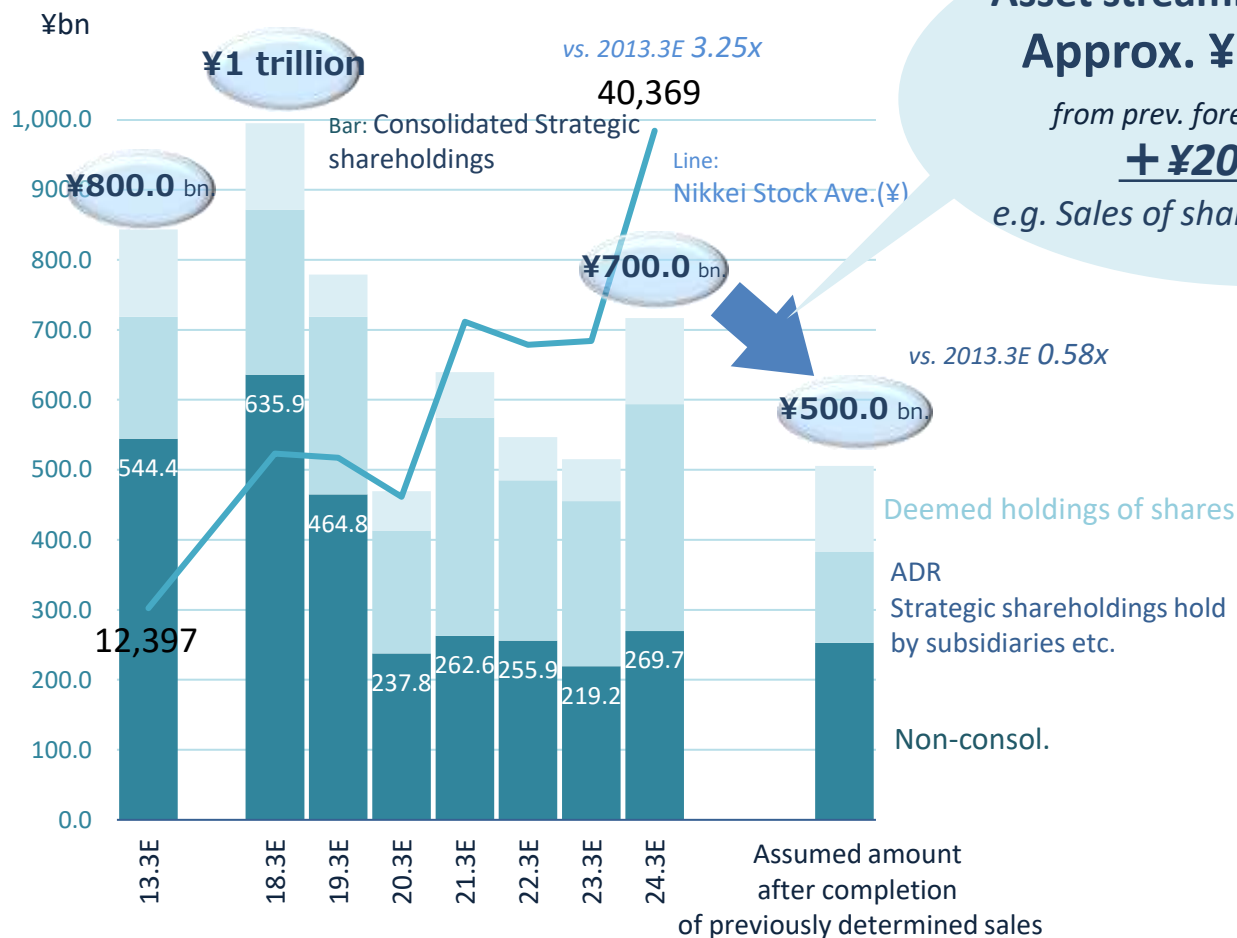


# Reduction of Strategic Shareholdings

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- Asset streamlining by approx. 250.0 billion yen in FY2024
- Reduced strategic shareholdings by approx. 80% in real terms since FY2013\*

\*Simple correction for the impact of stock price fluctuations by the Nikkei Stock Average fluctuation



**Asset streamlining in FY 2024**  
**Approx. ¥250.0 billion**

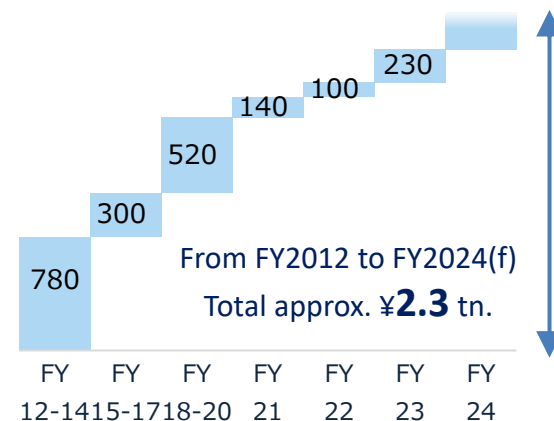
from prev. forecast as of Nov. 7<sup>th</sup>.

**+ ¥20.0 billion**

e.g. Sales of shares of Kobe Steel etc.

**Asset streamlining**

¥bn



# Optimal Financing to simultaneously achieve Sound Financials and Improved Shareholder Value

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Bridge finance  
for transaction

Completion of  
transaction

Approx. **0.9x**  
Est. as of Dec. 18<sup>th</sup> 2023

Approx. **0.8x**  
Incl. (1) & (2)

**0.7x range**  
as soon as possible

Aiming at  
below 0.7

(1) Jun. 13<sup>th</sup> 2024  
**Hybrid financing**  
**¥250.0 bn**

50% of the amount to be eligible for treatment  
as equity by rating agencies

(2) By Sep. 27<sup>th</sup> 2024  
**Conversion to shares of CBs**  
**worth ¥300.0 bn**

3 years : maturity/5 years : soft call

**Asset streamlining**  
FY2024 approx. **250.0 ¥bn**

**Permanent financing**  
using optimal methods, etc.



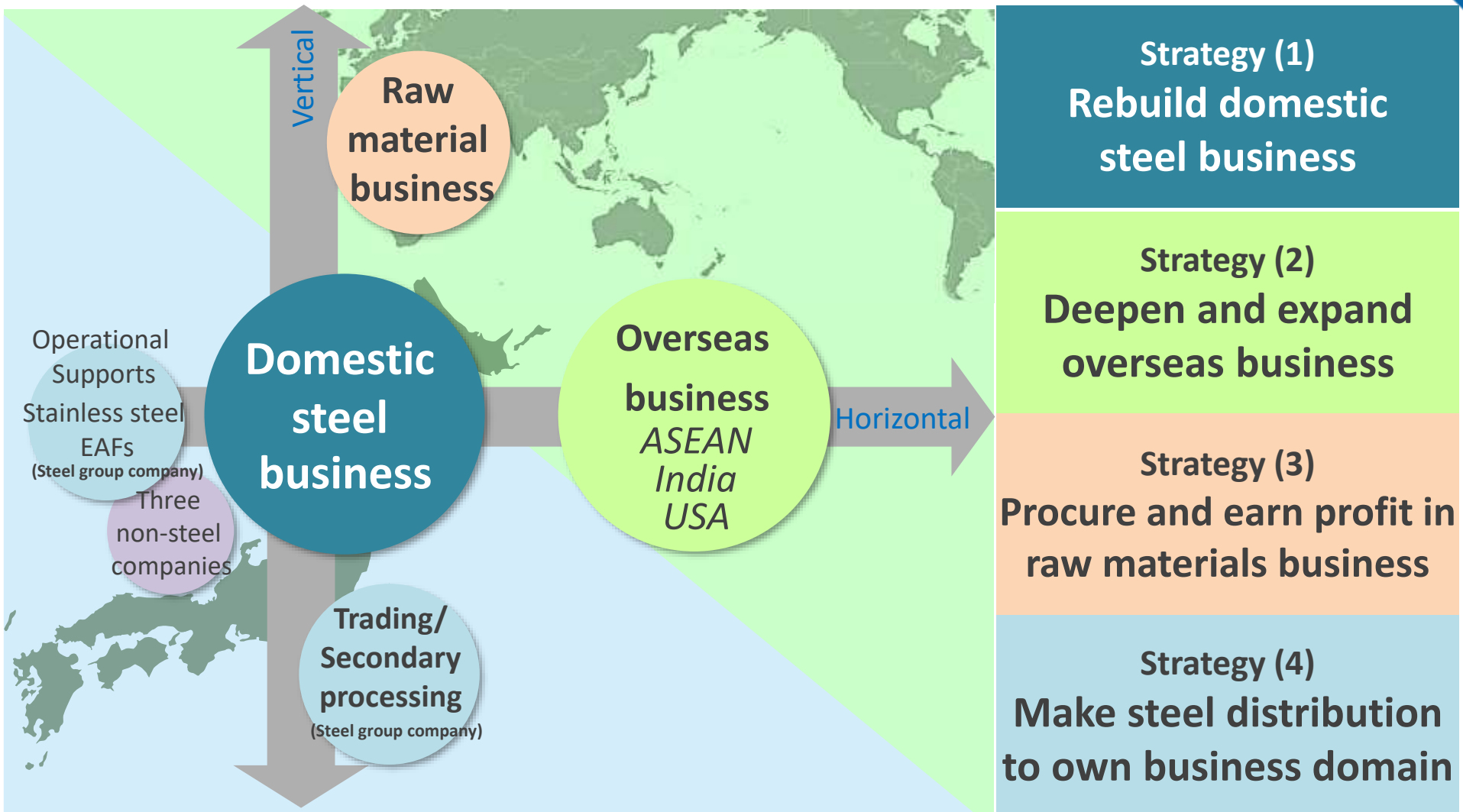
D/E is holding steady in the 0.7 range even after factoring in 230.0 billion yen consolidated loss on business restructuring due to transfer of equity interest in AM/NS Calvert (of which 100.0 billion yen is cash outflow)

# Agenda

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with Vertical and Horizontal Expansion**
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# Developing a Robust Business Structure with Vertical and Horizontal Expansion

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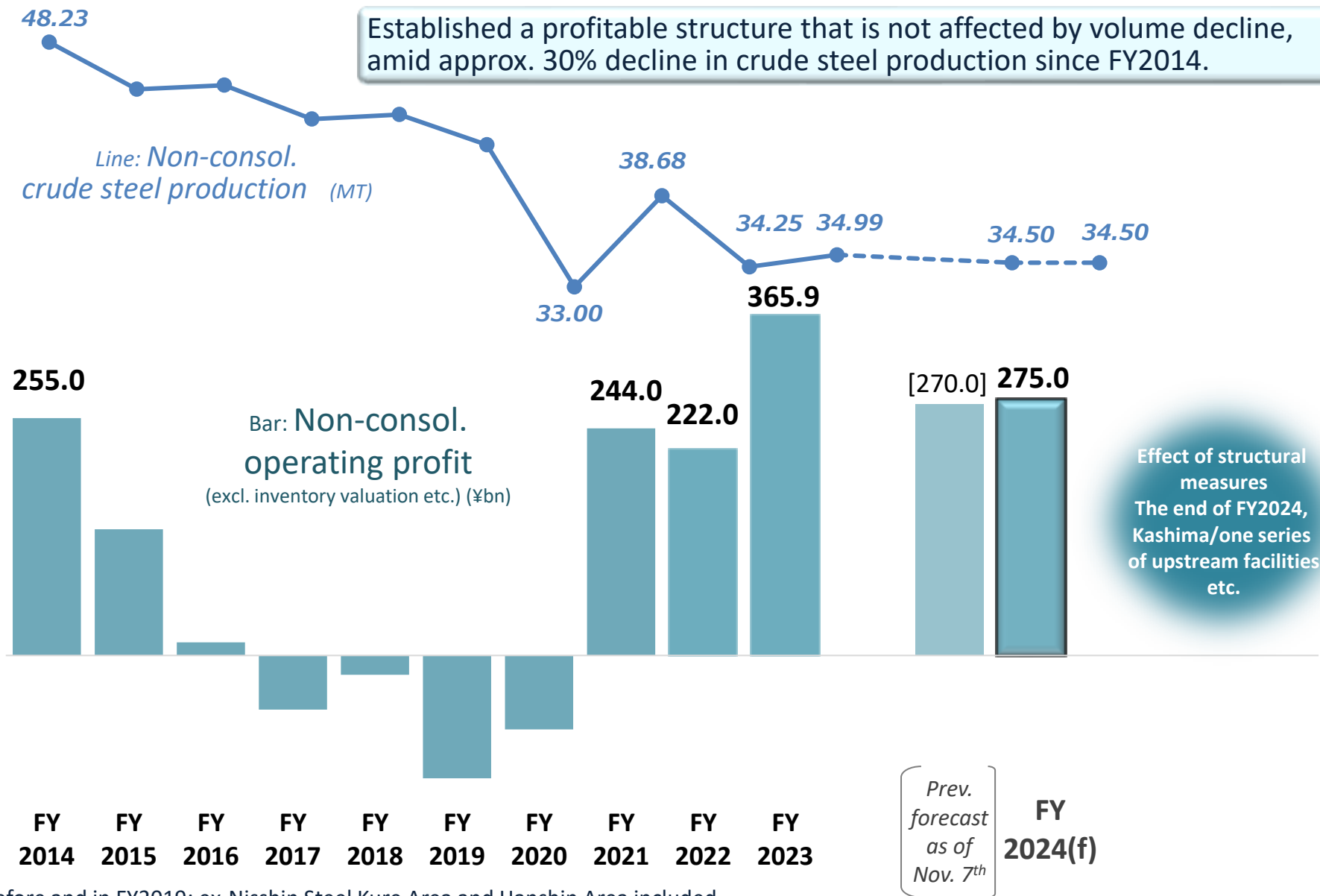


For realization of “¥1 trillion and 100MT” vision, further sustainable growth

(¥bn)

	FY2022			FY2023			FY2024				
	H1	H2		H1	H2		H1	H2 (f)	FY2024 (f)	Change from FY2023	Change from Prev. forecast
<b>Consol. business profit</b>	541.7	374.7	916.4	494.2	375.4	869.6	375.7	294.3	<b>670.0</b>	-199.6	-
<b>ROS</b>	14.0%	9.1%	11.5%	11.2%	8.4%	9.8%	8.6%	7.0%	7.8%	-2.0%	-
<b>Underlying business profit</b>	300.0	434.0	734.0	498.5	436.4	935.0	371.9	408.1	<b>780.0</b>	-155.0	-
<b>ROS</b>	7.7%	10.6%	9.2%	11.3%	9.8%	10.5%	8.5%	9.7%	<b>9.1%</b>	-1.4%	-
<b>1) Domestic steel business</b>	45.0	177.0	222.0	218.0	147.9	365.9	107.9	167.1	<b>275.0</b>	-91.0	+5.0
<b>2) Overseas steel business</b>	63.0	32.0	95.0	73.8	58.0	131.8	40.1	34.9	<b>75.0</b>	-57.0	-5.0
<b>3) Raw material business</b>	67.0	75.0	142.0	64.7	67.7	132.5	92.0	53.0	<b>145.0</b>	+13.0	-
<b>4) Other group companies</b>	89.0	116.0	205.0	117.4	128.4	245.8	96.9	113.1	<b>210.0</b>	-36.0	-
<b>5) 3 Non-steel segments</b>	33.0	27.0	60.0	17.6	29.5	47.1	27.2	41.8	<b>69.0</b>	+22.0	+2.0
Inventory valuation, etc.	241.7	(59.3)	182.4	(4.3)	(61.1)	(65.5)	3.8	(113.8)	(110.0)	-44.5	-

Established a profitable structure that is not affected by volume decline, amid approx. 30% decline in crude steel production since FY2014.



## Facility Structural measures

Before the measures -> Mar. 2023 -> **The end of FY2024**



**Total number of BF's**  
**15 -> 11 -> 10** -5 units  
units



**Crude steel production capacity**  
(Non consol. + Nippon Steel Stainless Steel)  
**50 -> 43 -> 40** -20%  
Mt/Y

**Cost Reduction : Approx. ¥150.0 bn./Y**

## Spread improve- ment in direct contract sales

- ✓ Reflection in steel prices of our high value-added product qualities and solutions

Significant price increase in H2 2021 against a backdrop of capacity reductions

- ✓ A fair allocation of cost burden for raw materials and commodities

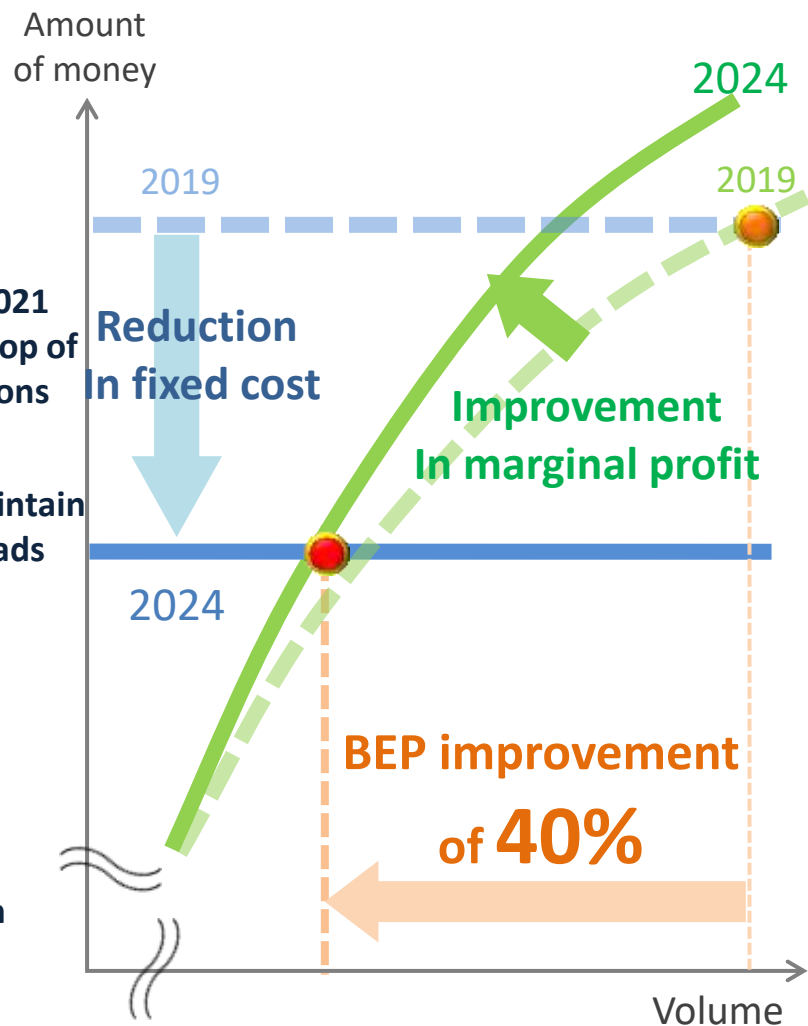
Price negotiation schemes that maintain appropriate spreads

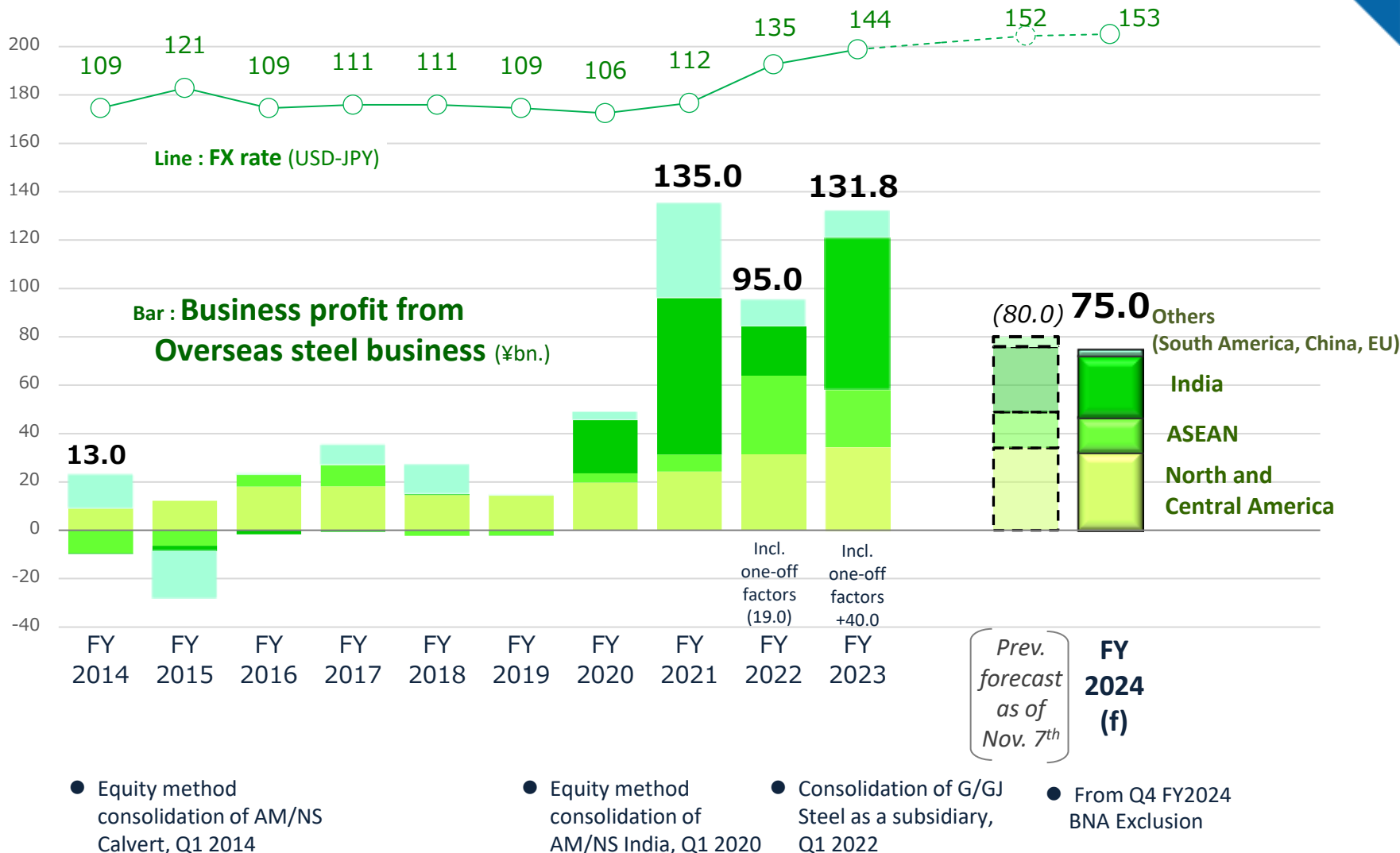


Investing in capacity and quality improvement of high value-added products such as ultra-high-tensile steel sheets for automobiles and electric steel sheets

## Sophisti- cation of order mix

**Further increase marginal profit  
by sophistication  
of order mix in the future**





Ordinary profit (subsidiaries) + share of profit in investments accounted for using equity method (equity method affiliates), both underlying profit excl. inventory valuation  
 Overseas companies other than USS and NS SUS are consolidated Jan.-Dec. results to Nippon Steel's Apr. -Mar.  
 NS Bluscope US operations are included in "ASEAN"



## Business environment and Performance of AM/NS India

## [Medium-to Long-term Environment]

- Steel demand increase by population growth and industrialization
- No rapid capacity expansion is expected due to difficulty in acquiring land, and the supply-demand situation will remain tight
- High percentage of homegrown products based on “Make in India” policy

## [Current Environment]

- For 2024, GDP growth rate forecast is +6.5%, Steel demand is approx. 140Mt (+8% from previous year), current environment is firm

## [Performance of AM/NS India]

- Although domestic sales are growing at 10% (vs. 2023), profit decreased due to significant margin compression affected by inexpensive imported steel products.

## Initiatives of AM/NS India

- Capturing growing demand and expansion capacity for producing high-value-added products.

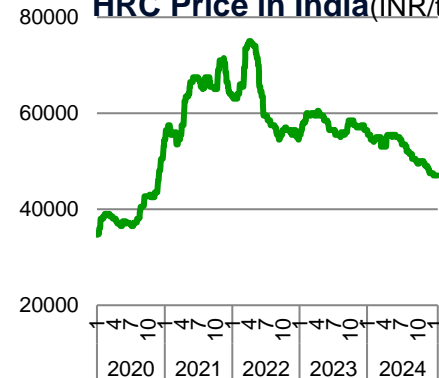
Existing plant expansion (Hazira Works)

- Full-scale entry into the automotive market by expansion of steel sheets facility (decided in Apr. 2022) , start of supply of corrosion resistant coated steel for construction
- Under construction for expansion of upstream facilities, hot-strip mill (decided in Sep. 2022) (Scheduled to be in operation in 2026)

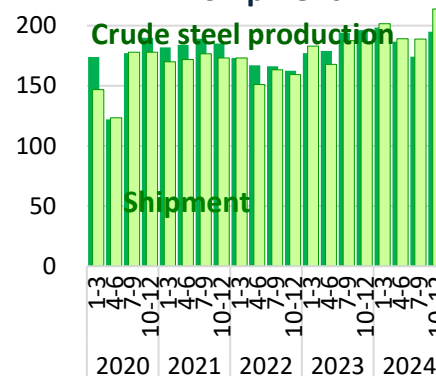
Crude steel capacity approx. +6Mt/Y(approx. 9 -> 15Mt/Y)

Under consideration for construction of an integrated steel mill in Eastern India

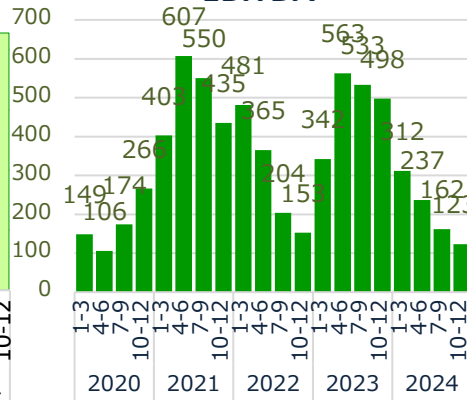
HRC Price in India(INR/t)



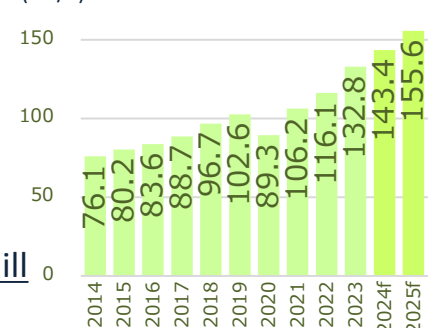
Crude Steel Production, Shipment (kt/Q) (M\$/Q)



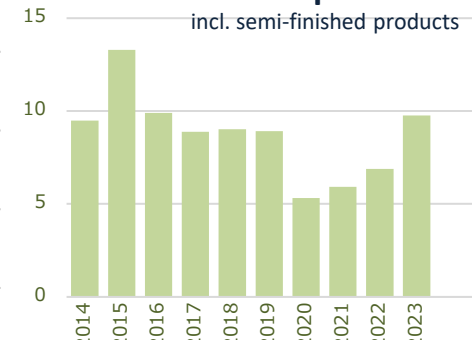
EBITDA



India Steel Demand (Mt/Y)



India Steel Import (Mt/Y)



## Business environment and Performance of G/GJ Steel

### [Medium-to Long-term Environment]

- Steel demand increase and sophisticate with economic growth, progress in infrastructure development, and industrial upgrading

### [Current Environment]

- Thailand's domestic economy continues to experience low growth, and steel demand remains sluggish
- Steel market prices are declining and raw material prices are rigidly downward
- Inflows of imported steel products from China and other countries (decreasing due to trade measures taken by the Thai government, but still having a large impact)

### [Performance of G/GJ Steel]

- Faced with a challenging business environment, including significant compression of spreads and declining demand, struggled to achieve its business results

## Initiatives of G/GJ Steel

### Investment in business infrastructure

G Steel : Installation of new skin pass equipment,

Streamlining scrap yard operation

G/GJ Steel : Improving scrap management

### Manufacturing capability improvement activities

Approx. 20 people were dispatched from NSC to promote hardware and software improvements in facilities and operations

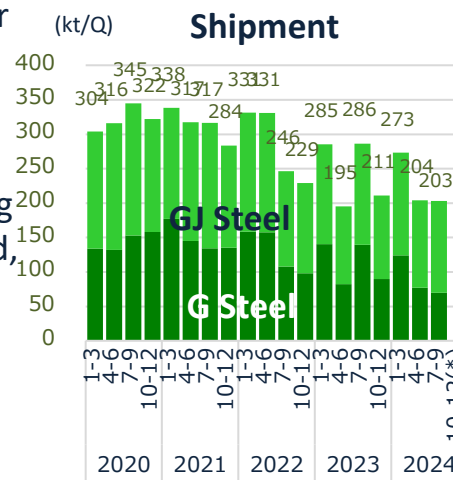
### Intergroup cooperation in Thailand

Started joint sales activities with NS SUS's sales department,  
Started shipment of cold-rolled raw sheets for NS SUS(3kt/M)

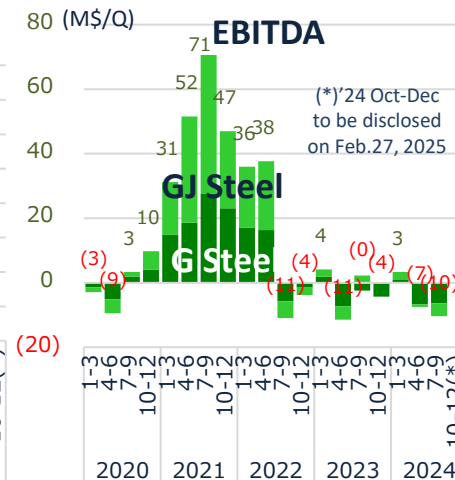
### HRC price in China



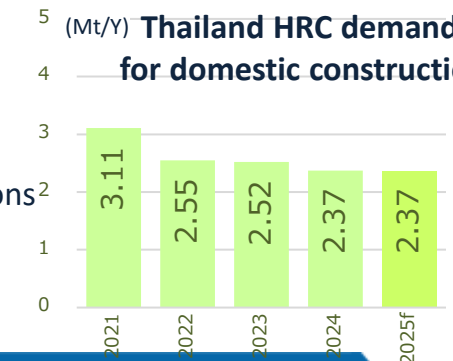
### Shipment



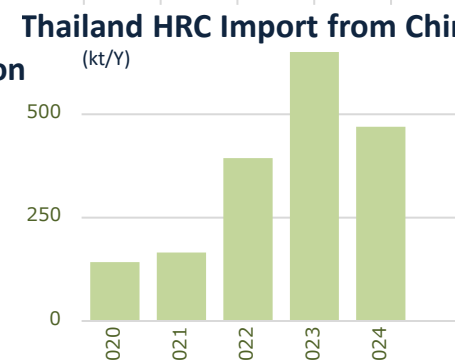
### EBITDA



### Thailand HRC demand for domestic construction



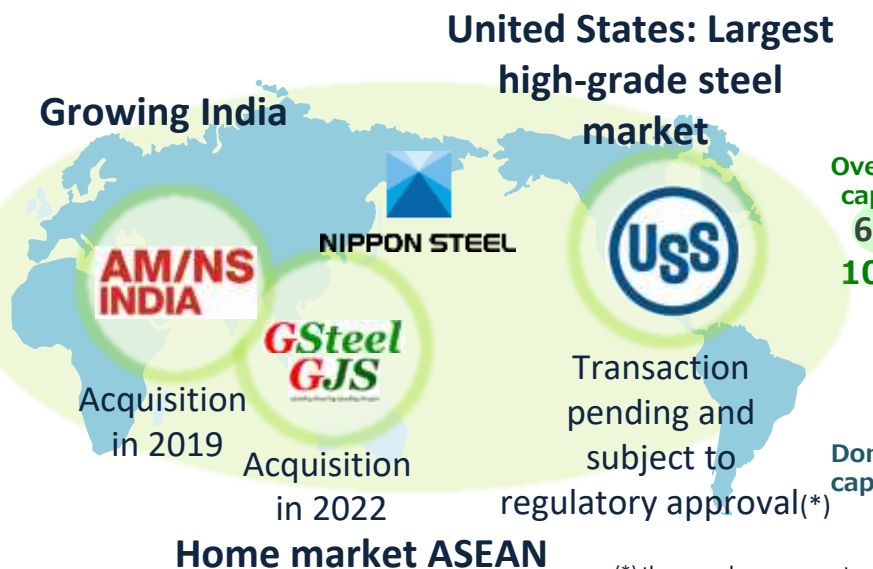
### Thailand HRC Import from China



## Overseas Business Expansion Policy

NSC has intended to expand steel production into :

- Markets with promising steel demand growth
- Markets with affinity to Nippon Steel’s technologies and products
- Expand integrated steel mill to create added value from the upstream
- Acquire brownfield production bases through M&A



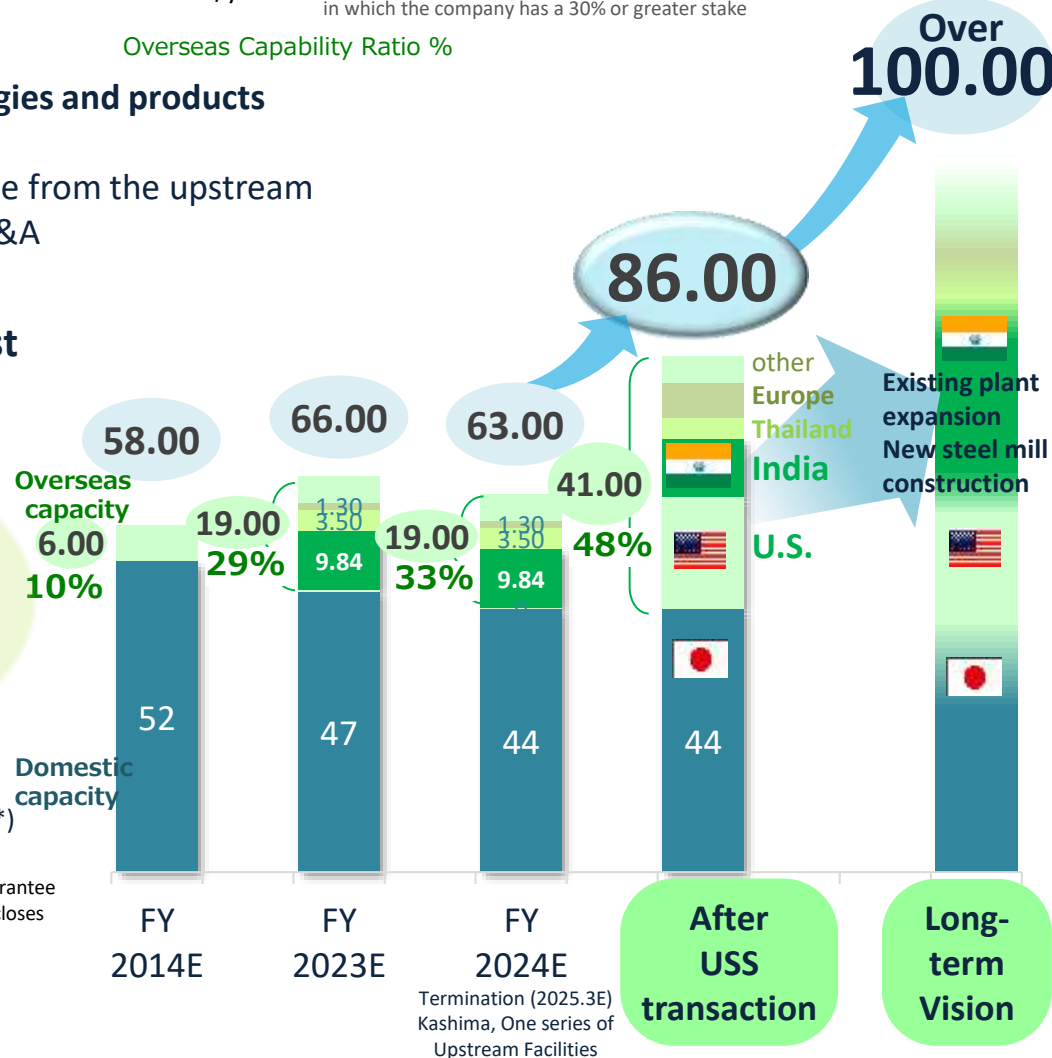
**Diversify Nippon Steel’s global footprint and expand capacity in three primary geographies**

## Global Steel Production Capacity

Unit: Mt/year

The combined production capacity of companies in which the company has a 30% or greater stake

Overseas Capability Ratio %



**Strategy (2)**  
**Overseas business: U. S. Steel**

# USS transaction aligned with Nippon Steel's growth strategy

## Mid-to-long-term Business Environment

Long-term  
downturn  
in steel margins  
due to  
supply-demand gap  
in China

Gradual decline  
in domestic  
steel demand  
in Japan  
population decrease and  
challenges in both direct  
and indirect exports

## Our Growth Strategy

Expansion of overseas  
manufacturing bases in:

**Markets with promising  
steel demand growth**

**Markets with affinity to our  
technologies and products**

**Expand integrated steel mill  
to create added value  
from the upstream**

**Acquire brownfield  
production bases  
through M&A**

## Attractiveness of the U.S. market

### High level of domestic steel demand

- ◆ Only advanced country with continued long-term population growth
- ◆ Will return steel demand to the U.S. through energy, manufacturing, and other sectors, which will be driven by affordable energy and structural changes in the global economy
- ◆ Increase in steel demand driven by anticipated increase in infrastructure investment

### Markets with expected growth in demand for high-grade steel

### Supply structure centered on domestic demand, less reliant on exports

### Markets protected from imports by tariffs

## Attractiveness of U. S. Steel

### Robust facilities organically combining iron ore mines, BF's, and EAF's

### Extensive U.S. customer base Well-established history brand value

- ◆ Extensive diligence performed during pendency of transaction should enable quick realization of integration benefits

Contributes to President Trump's goals of promoting U.S. investment, creating U.S. jobs, and strengthening U.S. manufacturing through new investment and advanced technology transfer

### Unprecedented investment in U.S. manufacturing

- ◆ **Funds for the purchase : \$14.1 billion**
  - All cash payment, 40% premium buyout
- ◆ **Long-term investment in U. S. Steel facilities**
  - Introduction of our cutting-edge technologies
  - Maintenance of competitiveness of existing facilities and capacity expansion

### Transfer of innovative technologies and R&D to the U.S.

- ◆ **Contribution to strengthening and enhancing the value of key industries such as energy, automotive, and construction**
  - ex. Product technologies and R&D achievements in electrical steel, automotive steel, etc.

Contribution to U.S. customers through  
**"Mined, melted, and made in America"** by U.S. employees

**Creation of  
new Jobs**

**Revitalization of  
the U.S. economy**

**Strengthening U.S.  
industries and  
supply chains**

**Correction of  
trade imbalances**

**Unwavering belief in the USS transaction as the best path to the future, and committed to closing the transaction**



**Litigation  
process**

**Administrative  
litigation**

**Civil litigation**

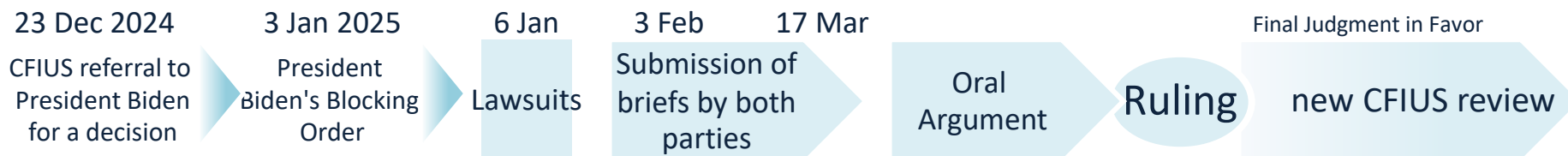
Invalidation of CFIUS review and former President Biden's Order, requested **new CFIUS review**

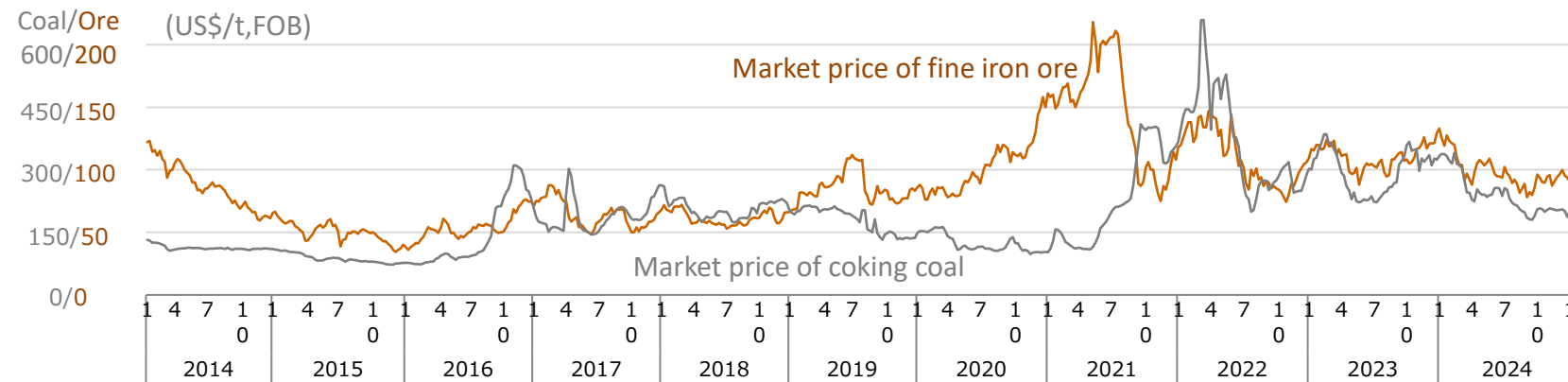
**Prevention of coordinated anticompetitive activities and interference** by Cleveland-Cliffs, Cliffs CEO Goncalves, and USW President Dave McCall

**Engagement with the New  
Trump Administration**

Emphasize significant contributions to the U.S. as a result of the USS transaction, seek revocation of former President's ban and approval of the transaction

Cf. the process of administrative litigation





## Business profit from raw material business



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



## Raw Material business

# Vertical Expansion of the Core Businesses

Establish stable procurement structure to mitigate operating profit volatility in the domestic steel business caused by raw material cost fluctuation

Aim to further raise the self-sufficiency in the ratio of major raw materials

### Invested Mines

			Year of participation	Equity ratio	Major shareholder	Capacity (MT/Y)
Iron ore and pellet	Australia	Robe River	1977	14.0%	Rio Tinto 53.0%	70
	Brazil	NIBRASCO	1974	33.0%	VALE 51.0%	10
	Canada	FS in process Kami	2024	30.0%	Champion Iron 51.0% Sojitz19%	9
Coal	Australia	Moranbah North <sup>*1</sup>	1997	6.25% <sup>*2</sup>	Anglo American 88.0%	12
		Warkworth	1990	9.5%	Yancoal 84.5%	8
		Bulga	1993	12.5%	Glencore 87.5%	7
		Foxleigh	2010	10.0%	Middlemount South 70.0%	3
		Boggabri	2015	10.0%	Idemitsu Kosan 80.0%	7
		Coppabella and Moorvale	1998	2.0% <sup>*2</sup>	Peabody 73.3%	5
		Investment in process Blackwater	2025	20.0%	Whitewater 70%, JFE10%	10
	Canada	Elk Valley Resources	2024	20.0%	Glencore 77.0%	27
Others(Niobium)	Brazil	CBMM	2011	2.5%	Moreira Salles 70.0%	0.15

\*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%

### Iron Ore

#### Self-sufficiency ratio

(Procurement ratio from invested mines)

Total procurement  
(FY2022)  
Approx. 50Mt

Approx. 20%

(For BF's-use)

Aim to raise  
self-sufficiency ratio  
of raw materials

### Coal

#### Self-sufficiency ratio

(Procurement ratio from invested mines)

Total procurement  
(FY2022)  
Approx. 25Mt

Approx. 20%

2023

After inv. In EVR JV

Approx. 30%

After inv. in Blackwater JV

Approx. 35%

Ratio of coal procured  
from mines in which  
NSC an investor to  
increase in long term  
(shift to carbon neutral  
process /decrease total  
amount of coal in use)



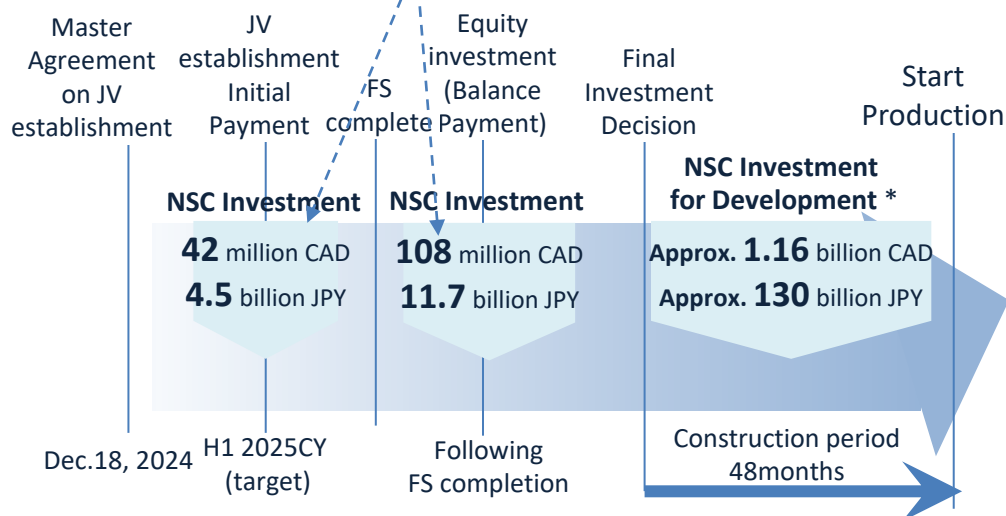
# Investment for Kami iron ore mines in Canada

(Released on Dec 19, 2024)

**Acquisition of Interests in the Kami Mine, producing “high-grade iron ore”  
suitable for producing direct reduced iron  
required for the production of high-grade steel in large size electric arc furnaces**

- Signing of JVA and investment for establishment of Kami General Partnership(GP) and acquisition of equity, targeting June 2025
- Establishment of veto rights on important decisions in Kami GP under the JVA, and the planned conclusion of an offtake agreement
- FS initiation for development and operations of new mine
- **Investment structure: Nippon Steel(NSC) 30%, Sojitz 19%, Champion Iron (CI) 51%**
- **Investment amount: 150 Million CAD (Approx. 16.2Billion JPY)**

## KAMI PROJECT



\* The estimated amount to be covered by NSC by the project's completion, if the investors agree to advance with development at the time of investment decision. It will depend on the results of the future FS.

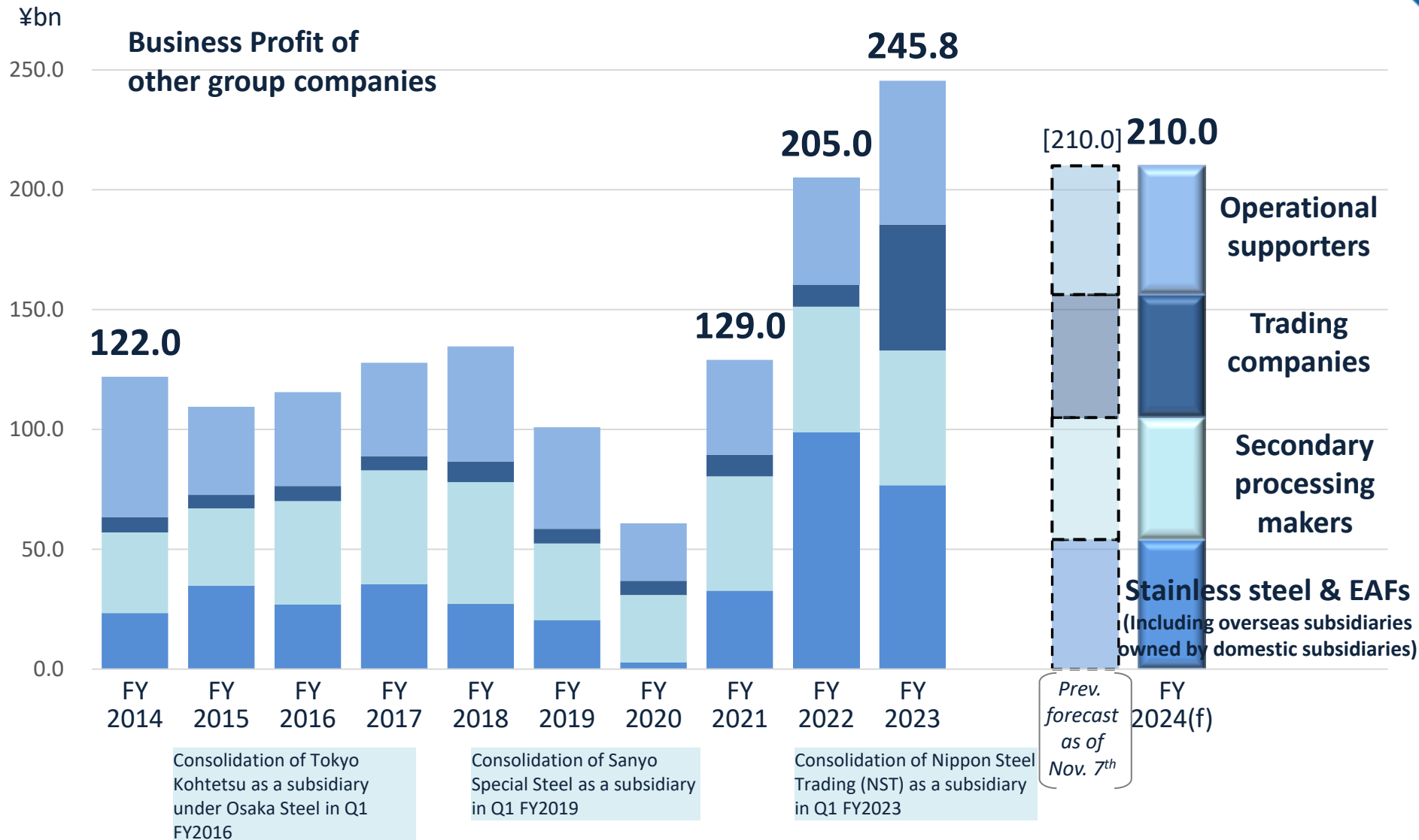
## Overview of Kami iron ore mine

**Open-pit iron ore mines in Eastern Canada, with abundant resources of DR-grade iron ore, which is extremely rare**

- Location where hydroelectric power can be used stably
- Production Volume : Approx. 9 MT/y
- Resources Reserves : Approx. 600 MT
- Mine Life : Approx. 25 years
- Fe Ratio : 67.5% or more

**High-grade iron ore with low levels of gangue minerals such as alumina and silica, which is suitable for direct reduced iron production.**

# Other Group Companies P/L Trend (Underlying Business Profit)



Excludes inventory valuation and includes group companies of former Nisshin Steel and the stainless steel business of former Nisshin Steel

# Sanyo Special Steel becomes a wholly-owned subsidiary<sup>35</sup>

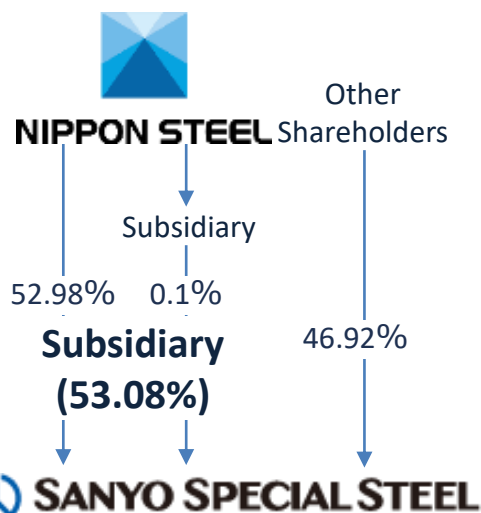
(Released on Jan 31, 2025)

**Full acquisition of group subsidiary, Sanyo Special Steel Co., Ltd., through two-tier tender offer (TOB and Squeeze-Out)**

Current

Two-tier tender offer

After Transaction



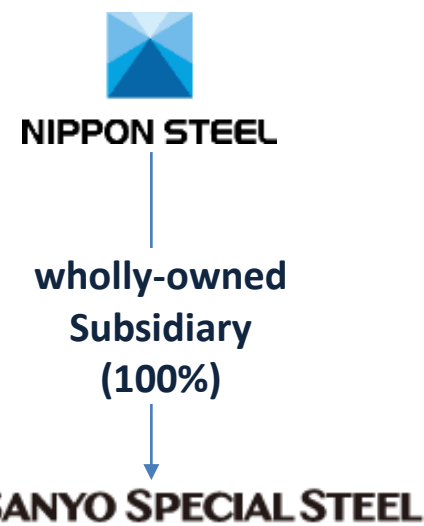
※ Above ratio is based on the number of shares excluding treasury stocks held by Sanyo Special Steel.

## (1)TOB

Offer Period February 3, 2025 - March 18, 2025  
Offer Price 2,750 yen per share

## (2)Squeeze-Out

In case of being unable to acquire all the shares through TOB, Nippon Steel plans to delist and make Sanyo Special Steel a wholly-owned subsidiary through a special controlling shareholder's request for sale of shares or a reverse stock split.



(1)(2) Total Purchase Amount approx. **70.5** billion yen

**Business Environment**

**Global complexity in challenges surrounding special steel business**

- Declining domestic demand in key sectors due to population decline
- Excess production capacity and export aggression in China
- Long-term trend towards electrification (EV shift)
- Growing demand for special steel in North America and India

**Required Support**

**Essential further medium to long-term value creation in a severe business environment**

**Current Status Constraints**

**Certain constraints in some initiatives for promoting collaboration between both companies**

**The best way to enhance corporate value:**

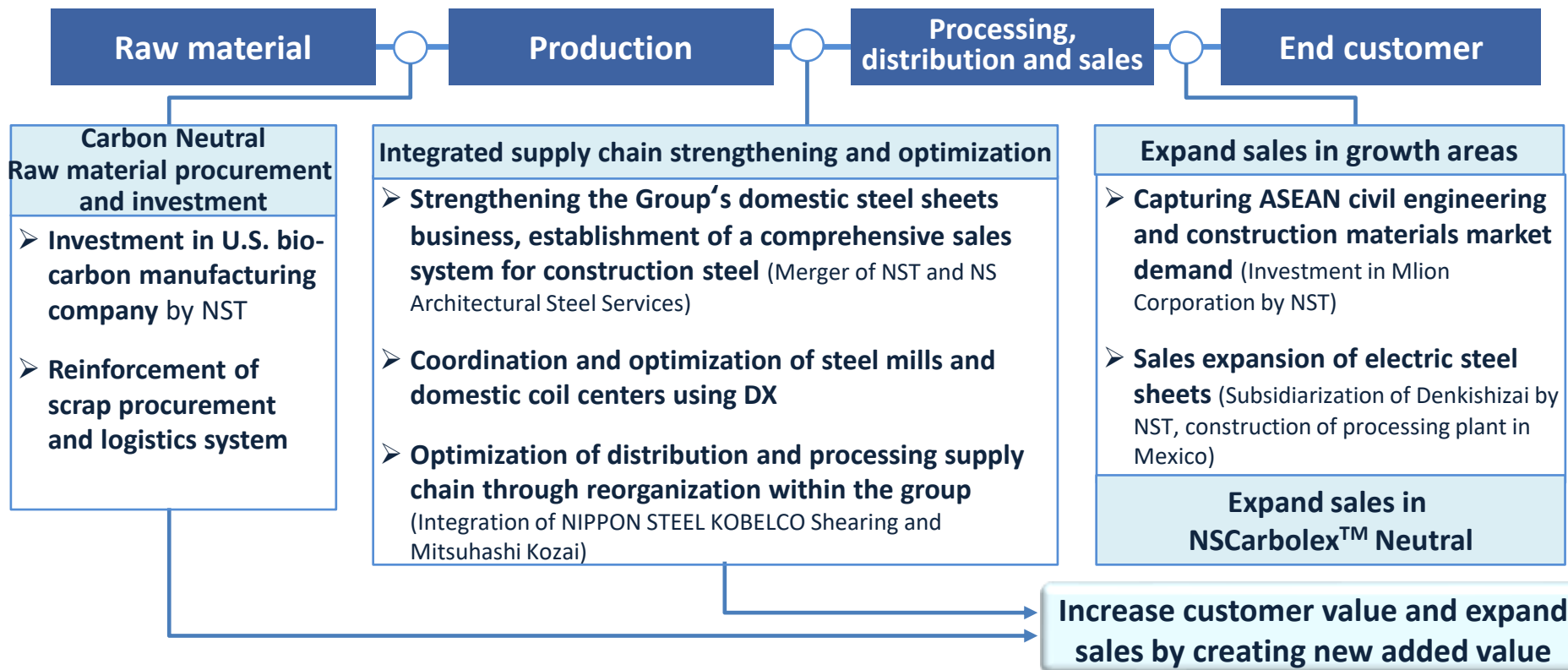
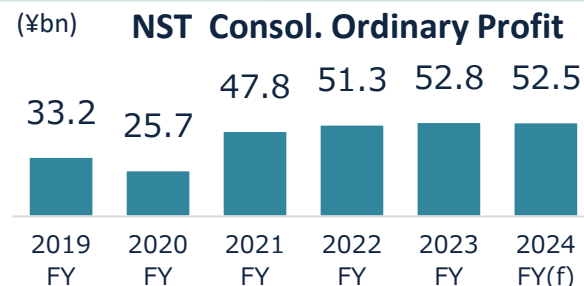
**Development of a cooperative relationship unconstrained by current circumstances and the ability to consider and execute initiatives more rapidly and flexibly, leading to the conclusion of making Sanyo Special Steel a wholly-owned subsidiary**

**Objective of full acquisition**

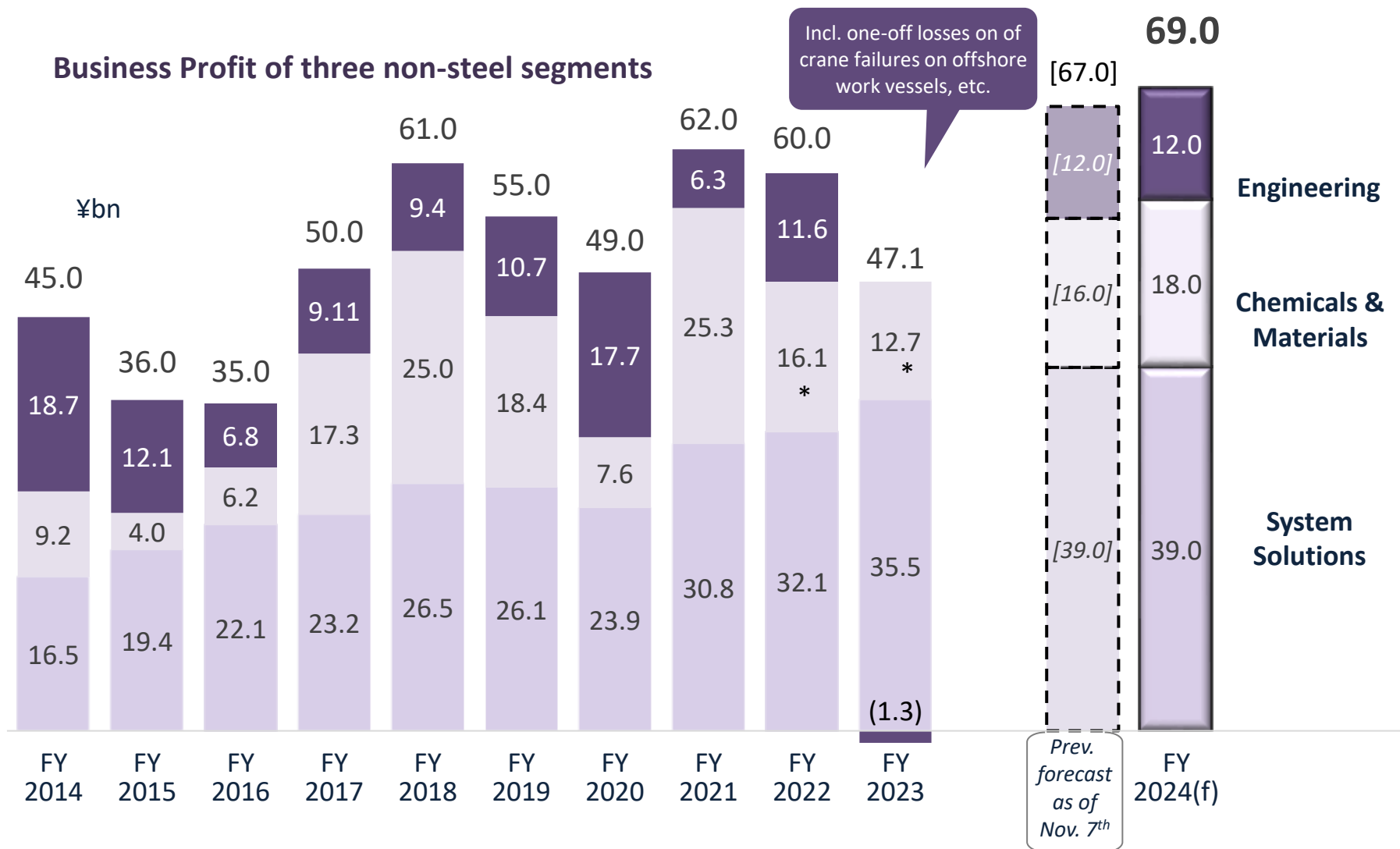
1. Expansion of earnings opportunities and strengthening of business strategies through further integration and optimization of the special steel bar and wire rod business
  - (1) Strengthening collaboration in sales
  - (2) Strengthening collaboration between technical departments
  - (3) Further deepening and expansion of global strategies
  - (4) Raw material measures such as collaboration in scrap procurement
2. Further pursuit of optimal production systems

## Strengthen group company collaboration to unlock synergies

After making NST a consolidated subsidiary in Apr. 2023, building up and implementing measures to strengthen competitiveness in the entire supply chain by making maximum use of NST's trading and distribution functions as a group



Business Profit of three non-steel segments



\*excl. inventory valuation from FY2023  
 FY2022 (excl. inventory valuation) ¥11.4bn.

## Three Non-steel Segments

# Earnings Summary

### Engineering

(Previous guidance: released on Nov 7, 2024)

¥bn	H2	FY 2023	H1	Q3	H2 (f)	Prev. forecast	FY 2024 (f)	Prev. forecast
Order intake	176.6	334.1	127.2	63.1	222.8	[202.8]	350.0	[330.0]
Revenue	233.8	409.2	183.3	99.7	226.7	[216.7]	410.0	[400.0]
Business profit	4.0	(1.3)	(1.2)	8.2	13.2	[13.2]	12.0	[12.0]

- BP is expected to increase YoY due to the recovery of the losses on crane failures.
- From the previous forecast, revenue increased due to steady progress of projects in the EPC field and an increase in the transaction volume of electric power in the service business field, etc.

### Chemicals and Materials

¥bn	H2	FY 2023	H1	Q3	H2 (f)	Prev. forecast	FY 2024 (f)	Prev. forecast
Revenue	128.0	260.8	140.4	64.1	129.6	[129.6]	270.0	[270.0]
Business profit	4.5	15.3	12.2	5.5	5.8	[3.8]	18.0	[16.0]
Underlying	4.8	12.7	10.1	5.9	7.9	[5.9]	18.0	[16.0]

- Although the business environment in the coal chemical sector continues to be harsh, we expect to see an improvement in earnings due to increased demand in the functional materials sector (AI-related) and the impact of FX, resulting in higher earnings compared to the previous forecast and higher sales and earnings compared to FY2023.

### System Solutions

¥bn	H2	FY 2023	H1	Q3	H2 (f)	Prev. forecast	FY 2024 (f)	Prev. forecast
Revenue	166.5	311.5	157.0	84.0	176.0	[176.0]	333.0	[333.0]
Business profit	20.4	35.5	18.3	11.8	20.7	[20.7]	39.0	[39.0]

- Sales is expected to increase YoY in generally all areas due to strong IT demand.
- Despite an increase in SG&A expenses, mainly due to strengthened investment in technology and R&D, BP is expected to increase YoY due to an increase in revenue and an improvement in gross profit margin resulting from increased productivity and value-added oriented operations.

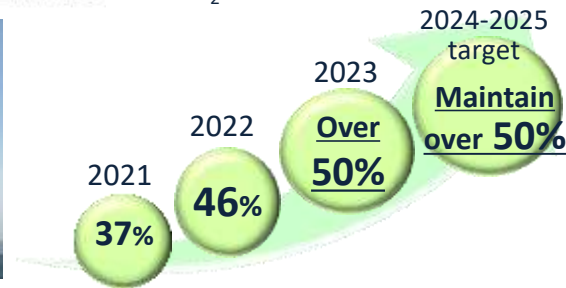




### NIPPON STEEL ENGINEERING



Revenue mix of decarbonization and CO<sub>2</sub> reduction business



- Expand of decarbonization and low-carbon related businesses

- Awarded basic design work for three of the “Advanced CCS Projects”

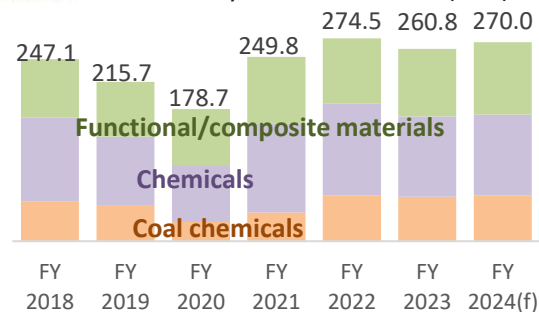
-> P61

- To establish world-class manufacturing capacity for offshore wind power “floating foundations” (20 to 30 units per year)

-> P62

### NIPPON STEEL Chemical & Material

Revenues by business domain(¥bn)

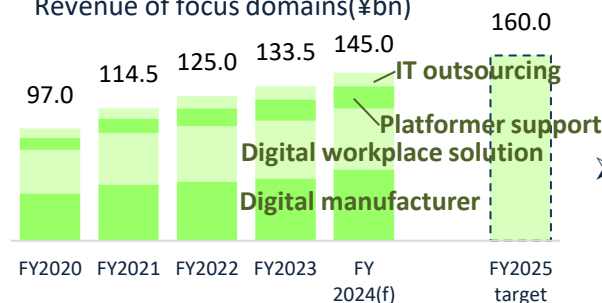


- Develop new technologies and new products to expand product sales to the growing semiconductor demand, especially for high-grade products high-speed telecommunication, automobiles, etc.

### NS Solutions



Revenue of focus domains(¥bn)



- Profit structure targeting the “NSSOL 2030 Vision” (announced in Apr. 2024)

- Sales : ¥500 bn level
- Operating profit : ¥100 bn level
- Operating profit margin : 20% level
- ROE : 15% level

- Specific strategies will be discussed in the “2025-2027 Medium-Term Management Plan” currently being formulated (to be announced Feb. 28)



# Agenda

1. Q3 FY2024 Earnings Summary and FY2024 Earnings Forecast
2. Developing a Robust Business Structure with Vertical and Horizontal Expansion
- 3. Progress Toward Carbon Neutral Vision 2050**
4. References (Business Environment & Topics)
5. Supplementary Materials

# Efforts to Surmount the Four Challenges [Summary of recent results]

Along with steadily achieving results in the development of three breakthrough technologies, Working on the entire society, focusing on policy and system proposals to the government and industry

Technology development	Gov't support in development planning and testing	<u>Establishment of technology to reduce CO2 emissions in test blast furnaces using hydrogen (-43%)</u> <span>-&gt; P43</span> <u>Completed small test furnace and Started experimental tests at Hasaki R&amp;D Center</u> <span>-&gt; P44</span>	
	Gov't support	Green Innovation (GI) Fund "Utilization of hydrogen in the steelmaking process" ¥193.5 bn. ➔ Raised to <b>¥449.9 bn.</b>	... <b>Budgeting completed</b>
Predictability of investment recovery	Gov't support for capital expenditures	One-third of the total investment borne by the government by use of <b>GX Transition Bonds</b>	... <b>Institutionalization completed</b>
	Gov't support for operating costs	Establishment of a <b>strategic materials and production base tax system</b> (Green Steel)	... <b>Institutionalization completed</b>
	Creation of economic value from the environmental value (CO <sub>2</sub> reduction)	<b>GX Product Market Study Group</b> [Ministry of Economy, Trade and Industry(METI)] and the <b>Government GX Implementation Committee</b> <u><b>Study Group on Green Steel for GX</b></u> [METI] <span>-&gt; P45.46</span> Exchange of opinions with <b>the automobile industry</b> and others	... <b>Start of discussion on GX market creation</b>
Infrastructure	Energy infrastructure development	Safe use of nuclear and other energy sources for the <b>7<sup>th</sup> Strategic Energy Plan</b> ...	<b>Committee recommendations</b>
		Hydrogen and Ammonia: Revised Basic Hydrogen Strategy, <b>Hydrogen Society Promotion Law</b> ...	<b>Bill passed</b>
		CCS: JOGMEC/Advanced CCS Support Program ...	<b>Project participation</b>
Standardization	International standardization	<u><b>worldsteel Guideline ver.1 issued</b></u> (Nov. 2024) <span>-&gt; P47</span> ...	<b>Guideline issued</b>
		Lobbying for revision of ISO, GHG protocol, etc. <b>GX League</b> [METI] ➔ Growth-oriented carbon pricing ...	<b>Implementing and preparing</b>

# Establishment of technology to reduce CO2 emissions in test blast furnaces using hydrogen [GI Fund Project]

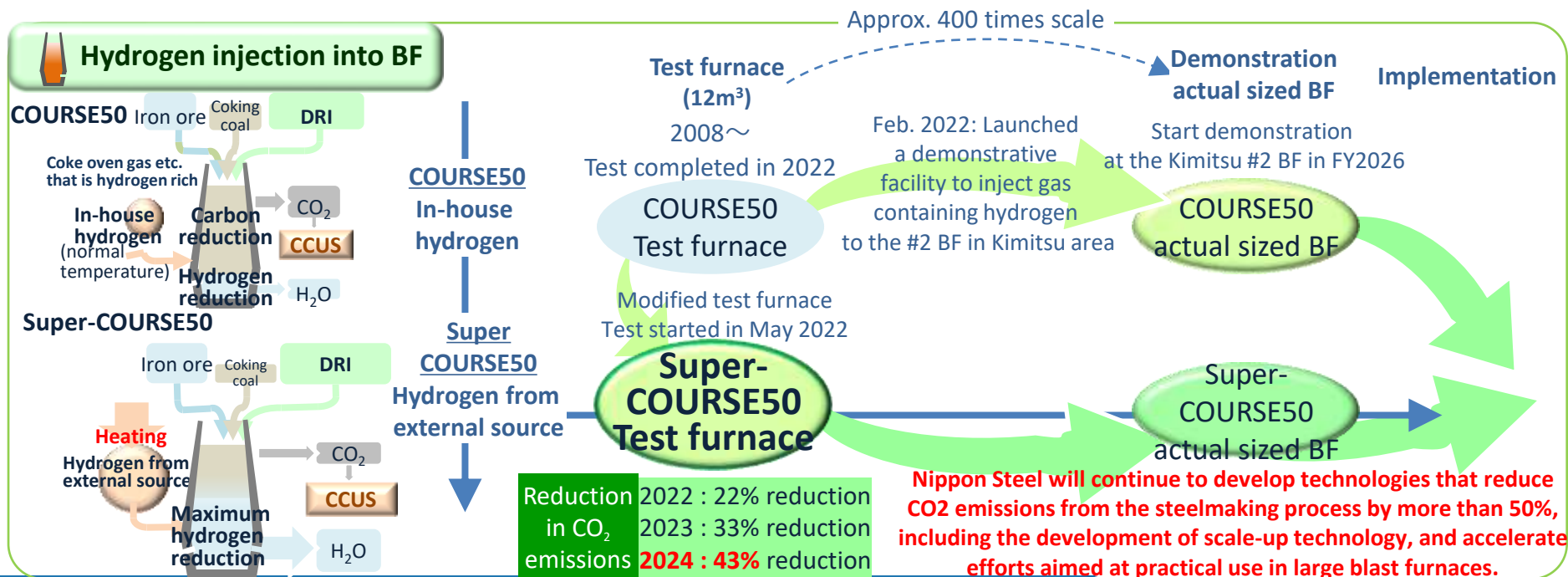
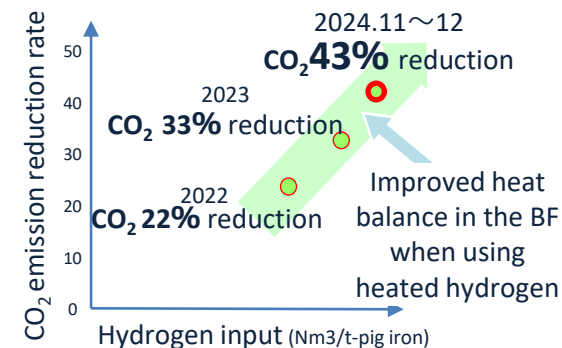
**Achieved world's first 43% reduction in CO2 emissions in a test furnace, reaching the development goal ahead of schedule and Establishment of technology to reduce CO2 emissions in blast furnaces (BF)**

(Released on Dec 20, 2024)

There are about 800 BFs in the world, and steelmakers around the world, including those in China, are competing to develop decarbonization technologies for BFs

**NSC have tested Super-COURSE50 technology in small-scale test furnace in East Japan Works Kimitsu Area, achieved world's first 43% reduction in CO2 emissions**

**-> NSC is a world leader in the development of decarbonization technologies**



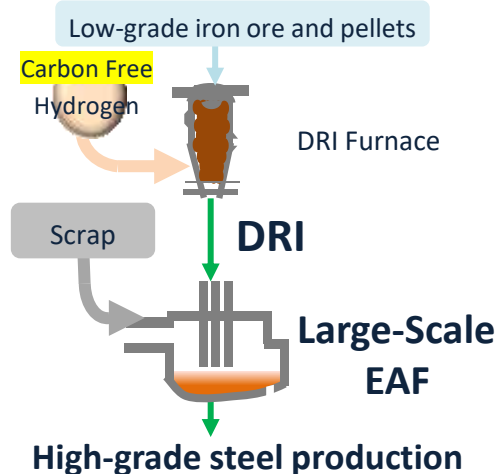
# Completion of Hasaki Small-Scale Test EAF and Start of Testing 【GI Fund Project】

Small-Scale Test EAF Completed at Hasaki R&D Center “Hydrearms”  
Tests for the production technology development of high-grade steel in a large EAF to be started in Dec. 2024.

Started development and verification of high-efficiency dephosphorization and denitrification technologies in a small-scale test EAF (10 t/ch scale)  
Aim to implement actual facilities by 2030



## Development of high-grade steel manufacturing technology in a large EAF



Existing EAF Grade

BAF Grade (High-Grade Steel)

Existing EAF

Operation in Oct. 2022

Hironata EAF

World's first commercial production of top-grade electric steel sheet in an integrated EAF process

Dec. 2024

Tests start at Hasaki

small-scale EAF

Increasing in size

High-grade steel production in a large-scale EAF

Equipment in operation by 2030  
Conversion to EAF  
(Yawata • Hirohata • Shunan)

### Key Points of Technology Development

- Detoxification technology for difficult-to-remove impurities in scrap and reduced iron
- Grow in size of EAF

### Proposed measures by public-private partnership to form a “GX Steel” market at the “Green Steel Study Group for GX Promotion” organized by the Ministry of Economy, Trade and Industry

Experts, the steel industry, and demand industries will come together to discuss the need for GX in the steel industry, the need to visualize GX value, and the need to ensure consistency with international discussions (held 5 times from Oct. 2024 to Jan. 2025)

#### Concept of Green Steel (= “GX Steel”) Support for GX Promotion

Compiled from the METI's “Fifth Green Steel Study Group Summary for GX Promotion,” Jan. 2025.

##### Green steel for GX promotion

Products that have a significant reduction in environmental impact due to additional emission reduction actions on a company-by-company basis, and whose price is significantly higher than a typical product when the costs associated with emission reduction actions are added to the cost of the product.

Low CFP\* steel

\* Carbon Footprint of Products

##### Support for demand expansion

=>P46

through priority measures such as Preferential procurement by the government (e.g., Green Purchasing Law), Government support for purchases (to be included in subsidy requirements)

\*Combination of production cost reduction support measures, etc.

Promotion of CFP through support for its utilization, etc.

#### Public-private sectors measures

Appeal for GX value, reflection in international standards

Expanding the use of CFP for steel

Support for demand side, etc.

=>P46

Support for supply side

## Framework for Priority Support for GX Steel Determined

**Progress made on concrete measures to support the demand side (preferential procurement and purchasing support by the government) for “Green Steel for GX Promotion” (=“GX Steel”) at the “Green Steel for GX Promotion Study Group” hosted by the Ministry of Economy, Trade and Industry**

### **Review of the Green Purchasing Law**

Revised the Basic Policy of the Green Purchasing Law to give priority to procurement of goods using green steel in accordance with the “Japan Iron and Steel Federation Guidelines on Green Steel”  
(Cabinet decision on January 28, 2025).

### **CEV subsidy for vehicles using GX steel\* Additional measures**

To stimulate demand for steels (steels manufactured by innovative electric furnaces, etc.) for GX promotion, a new measure was established to add up to 50,000 yen to the subsidy amount, which is scheduled to be applied from FY2025. (Announced by METI on Jan. 27, 2025)

\*CEV subsidy: Subsidy to promote introduction of clean energy vehicles  
Government subsidies to support the introduction of clean energy vehicles (CEVs) such as EVs, PHEVs, and FCVs and the development of the charging and hydrogen filling infrastructure essential for their widespread use.

**Promote investment in GX conversion to decarbonize steelmaking processes, steadily supply “GX Steel” to customers, and contribute to SCOPE3 reduction for customers**



# International Standardization of GX Steel Steadily Promoted

In November 2024, Worldsteel issued Guideline Ver. 1 based on the “Japan Iron and Steel Federation Green Steel Guidelines”.

Global standard including other industries

Steel industry

Japan

Japan Iron and Steel Federation

**Green Steel Guidelines ver. 2.0**

Consideration based on the Japan Iron and Steel Federation Guidelines

Feed back

World

World Steel Association

**worldsteel guidelines for GHG Chain of custody approaches in the steel industry ver.1**

Share

Feed back

Rules that use the product unit as the main concept

Rules that use the company unit as the main concept

**ISO 14067**

International Carbon Footprint Standard

**ISO 13662**

Chain of custody

**GHG Protocol**

**NIPPON STEEL**  
Active  
Participation  
and Leadership

Defines a method (mass balance method) for allocating GHG reductions to products from reduction projects that have **additionality** and have been implemented by steelmakers themselves.

The guidelines were introduced at **COP29 in November** 2024 by Clare Broadbent, head of Worldsteel's Sustainability Division, hosted by the Japan Iron and Steel Federation.



(left : Ms. Clare Broadbent)

# Agenda

1. Q3 FY2024 Earnings Summary and FY2024 Earnings Forecast
2. Developing a Robust Business Structure with Vertical and Horizontal Expansion
3. Progress Toward Carbon Neutral Vision 2050
- 4. References (Business Environment & Topics)**
5. Supplementary Materials



- EU/U.S. : Steel demand will decrease YoY due to 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: High level of economic growth will continue and steel demand will keep increasing

### Outlook for GDP growth rate (As of January 2025)

Source: IMF, released on Jan. 17<sup>th</sup>, 2025

Unit: %		CY23	CY24 (f)	Change from CY23	Change from as of Jul. 2024	CY25 (f)	Change from CY24
Developed	World	3.3	3.2	-0.1	±0	3.2	±0
	Japan	1.9	-0.2	-2.1	-0.5	1.1	+1.3
	US	2.5	2.8	+0.3	±0	2.7	-0.1
	Europe	0.5	0.8	+0.3	±0	1.0	+0.2
	Korea	1.4	2.2	+0.8	-0.3	2.0	-0.2
Developing	China	5.2	4.8	-0.4	±0	4.6	-0.2
	ASEAN*1	4.1	4.5	+0.4	±0	4.6	+0.1
	India	8.2	6.5	-1.7	-0.5	6.5	±0
	Brazil	2.9	3.7	+0.8	+0.7	2.2	-1.5
	Russia	3.6	3.8	+0.2	+0.2	1.4	-2.4

\*1 Indonesia, Malaysia, Philippines, Thailand, and Singapore

### Steel Demand Outlook (As of October 2024)

Source: World Steel Association, estimated on Oct. 15<sup>th</sup>, 2024

Unit: MT	CY23	CY24 (f)	Change from CY23	Change from CY23(%)	CY25 (f)	Change from CY24	Change from CY24(%)
World	1,767	1,751	-16	-0.9%	1,772	+21	+1.2%
Japan	53	52	-1	-2.1%	53	+1	+1.7%
US	91	89	-1	-1.5%	91	+2	+2.0%
Europe	139	137	-2	-1.5%	141	+5	+3.5%
Korea	52	50	-2	-4.0%	50	+1	+0.2%
China	896	869	-27	-3.0%	860	-9	-1.0%
ASEAN*2	71	74	+3	+4.5%	77	+3	+3.5%
India	133	143	+11	+8.0%	156	+12	+8.5%
Brazil	24	25	+1	+5.0%	26	+1	+3.0%
Russia	45	44	-0	-1.0%	43	-1	-2.0%

\*2 Indonesia, Malaysia, Philippines, Thailand, and Vietnam

**[Fine iron ore]** Fluctuated mainly due to developments in China. The market's assessment of the economic stimulus measures announced one after another has caused the price to rise and fall in the range from the low \$90's to the high \$100's. The price is currently at a slightly low level due to China's winter steel demand slump and high port inventories. Continued to monitor macroeconomic trends in major countries, crude steel production trends in China, and supplier shipments.

**[Coking coal]** Demand for coking coal in India has been weaker than market expectations due to increased inflow of imported steel and other factors, while production and shipments from major coal-producing countries such as Australia and Canada have been relatively stable, and the price is currently around \$190. Continued to monitor coking coal demand trends due to supply risks during the rainy season in Australia and the Indian government's year-end announcement of import coking coal volume restrictions.

Fine iron ore market price

(US\$/dmt,FOB)



Coking coal market price

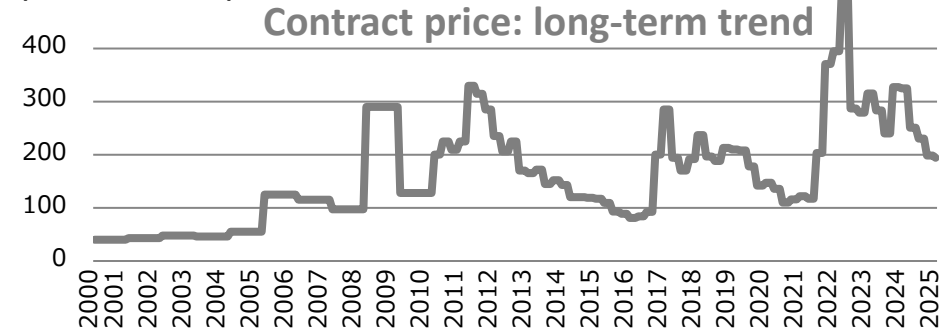
(US\$/wmt,FOB)



(US\$/dmt,FOB)

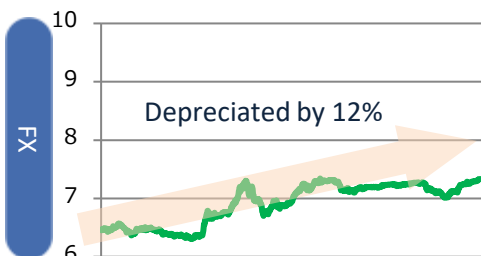


(US\$/wmt,FOB)



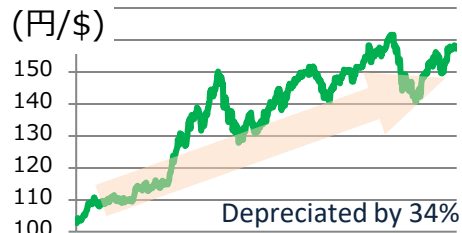
## China

(CNY/\$)



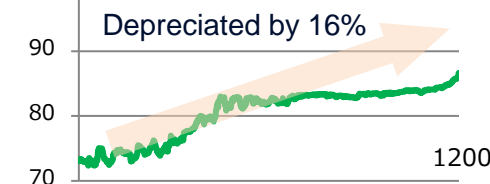
## Japan

(Standard: 1.6xS)



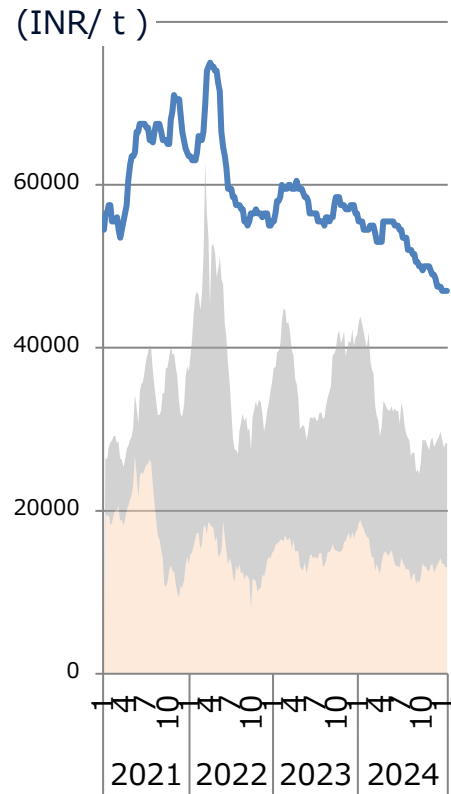
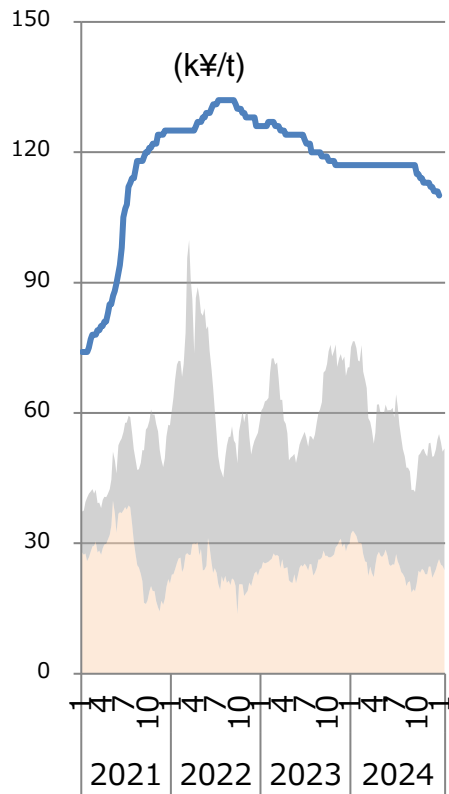
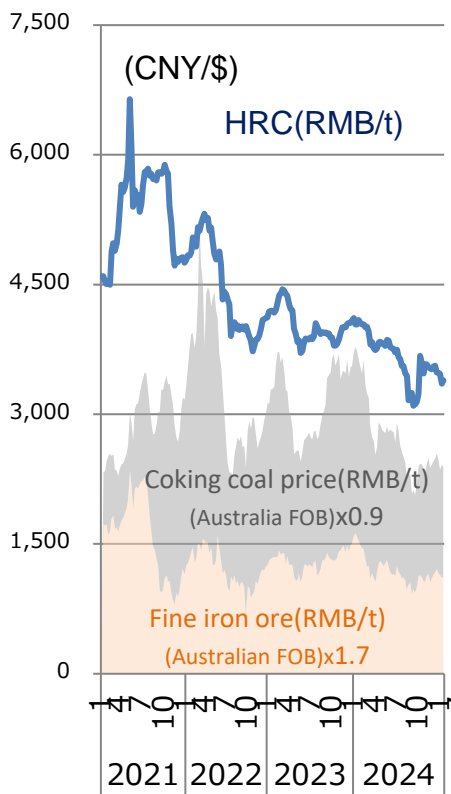
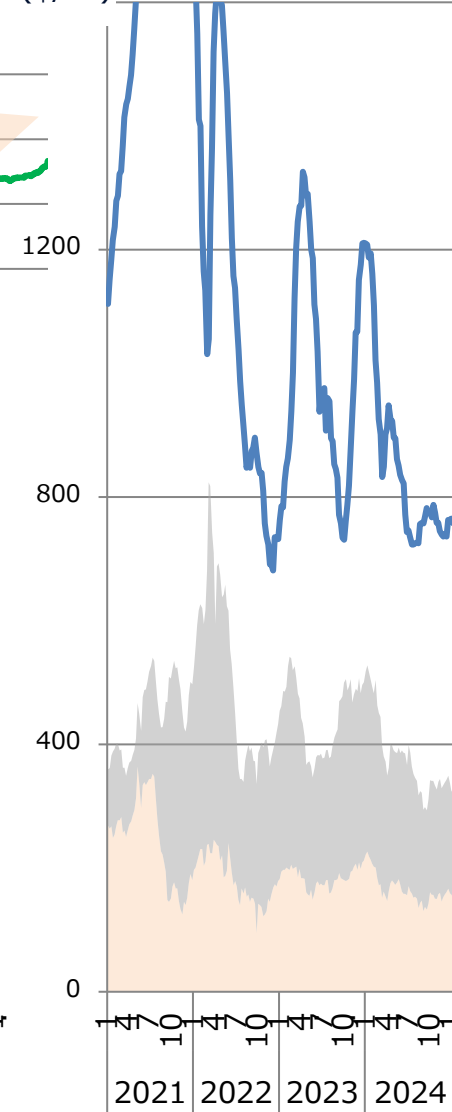
## India

(INR/\$)



## U.S.A.

(\$/t)



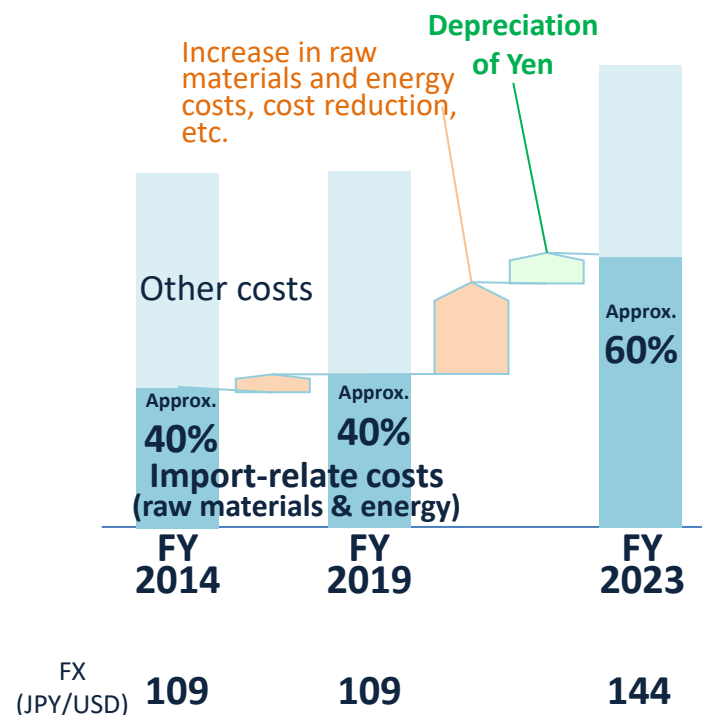
**Domestic steel business:** The proportion of import-related costs to steel manufacturing cost has risen due to the recent surge in prices of raw materials and energy, and because the amount of import exceeds export, the impact of Yen depreciation to our domestic steel business is negative.

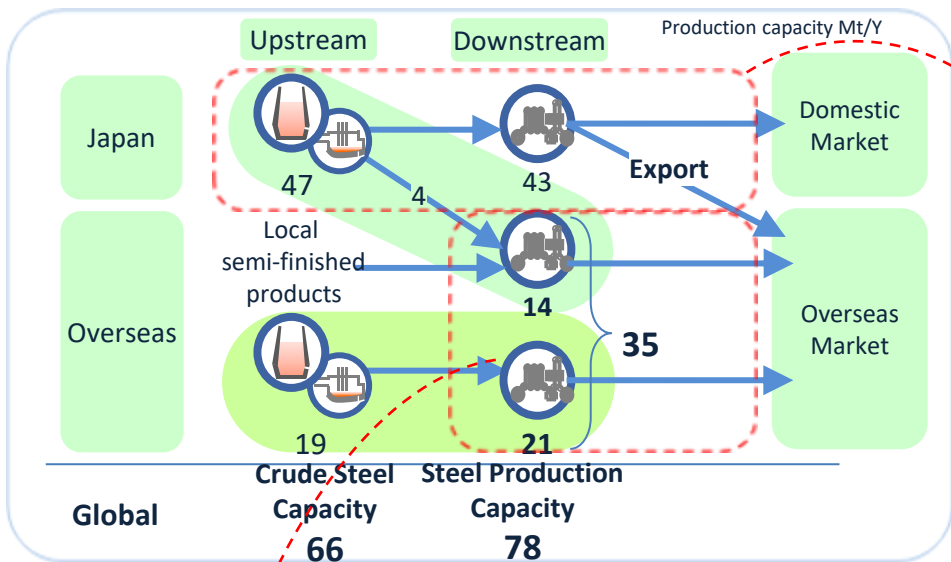
**Consol. business profit:** The impact of Yen depreciation is slightly positive due to increase in profit in overseas business and raw material business translated into Yen basis, and valuation gains for inventories and foreign assets.

## Impact from Yen depreciation

Domestic Steel Business	-) Negative	Excess of import to export Q3 FY2024 0.4 bn. USD/Q (import 3.5– export 3.1)
Overseas Steel Business	+) Positive	Increase in profit translated into Yen basis
Raw Material business	+) Positive	Excess in export, gain in foreign asset valuation
Other Group Companies Three Non-Steel Segments	-) Neutral or slightly Negative	
Underlying consol. business P/L	+) Positive	Gain in valuation for imported materials, gain in foreign asset valuation
Inventory valuation Non-operating P/L	+) slightly positive	
Consol. business P/L		

## Cf. Rough figure for our steel manufacturing cost structure





## Nippon Steel's Steel Products Shipment Destination Composition

**Steel product shipments**  
32.0Mt/Y (2023FY)

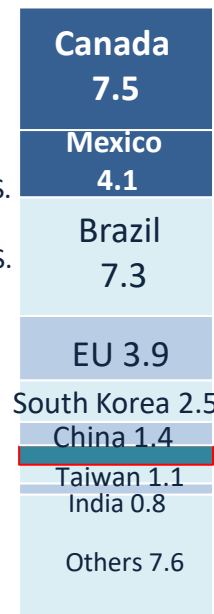


**For the U.S.**  
Approx. 0.5Mt/Y  
**1.5%**  
High-end products that are difficult to supply in the U.S. (seamless pipes, rails, etc.)  
Supply of base plates to U.S. downstream bases

**For Mexico**  
Approx. 1.3Mt/Y  
**3.9%**  
**For Canada**  
Approx. 0.1Mt/Y  
**0.3%**

## Source composition of U.S. steel imports

**Import Volume**  
37.5Mt/Y (2023CY)

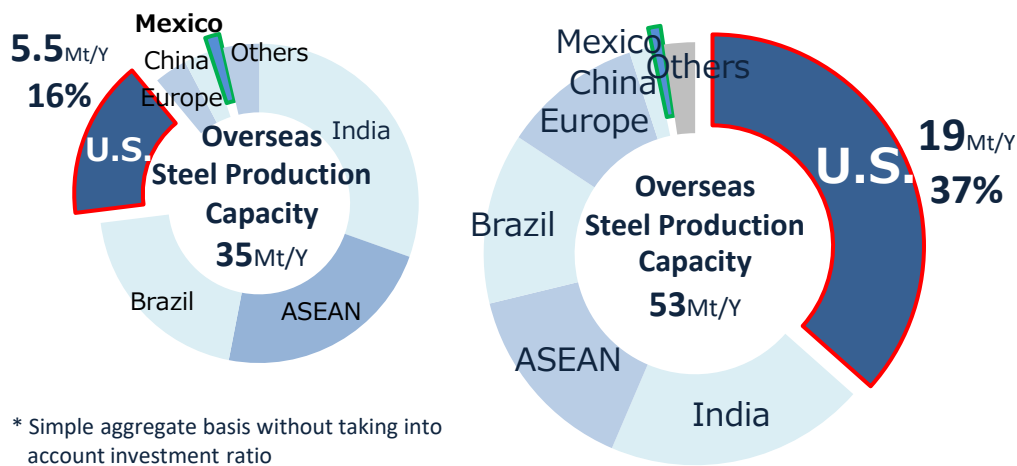


**Japan 1.2**

Source: Japan Iron and Steel Federation

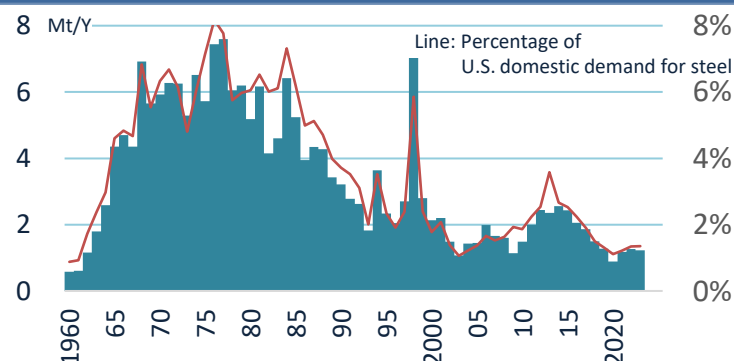
## Overseas production capacity

**Current** → **After USS transaction**



\* Simple aggregate basis without taking into account investment ratio

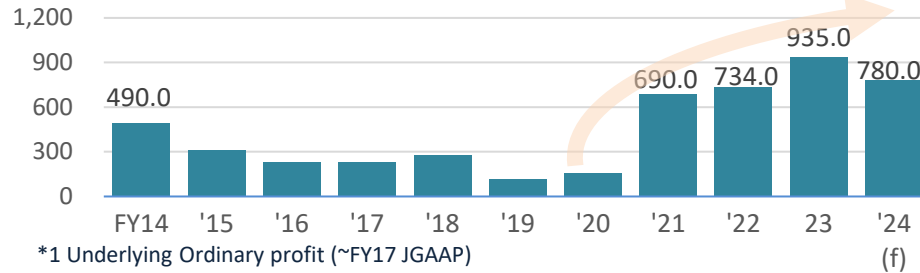
## Long-Term Trends in Japan's Steel Exports to the U.S.



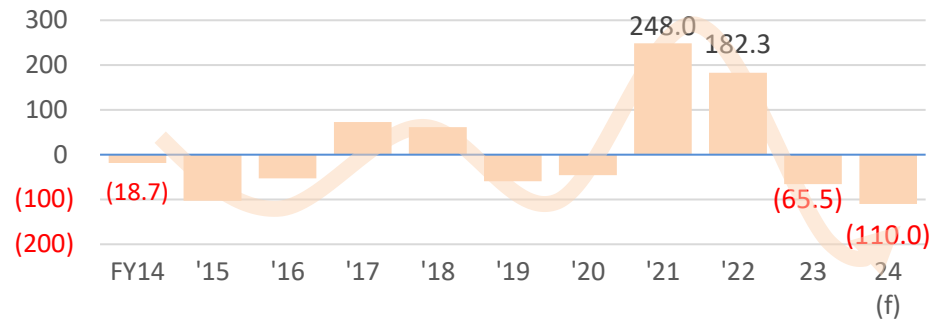
## Business Results

## Breakdown of Profit and Loss

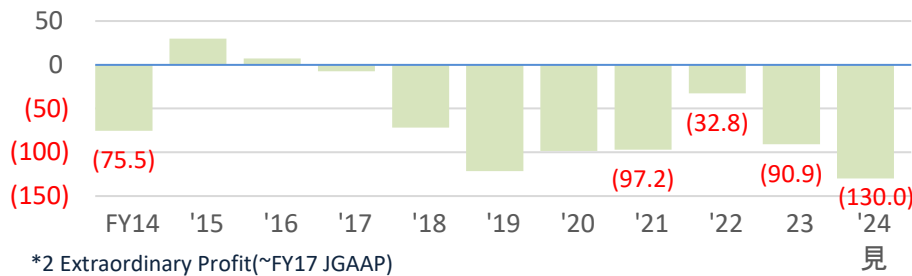
**Underlying  
BP**  
\*1



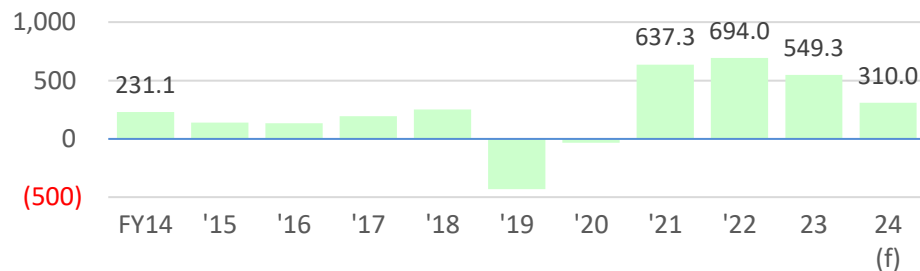
**Inventory  
Valuation  
etc**



**Additional  
Line Items\*2**



**Net  
Profit\*3**



- Establish a profit structure that ensures a stable high level profit
- Promoting Strategies for Further Growth
- Non-cash and one off gains/losses
- Significant price rises in raw materials and energy for two consecutive years due to resource inflation (from 2021) and the impact of the invasion of Ukraine (from 2022), to an adjustment phase in FY2023 and FY2024.
- Temporary losses for structural reforms are expected to be incurred to a certain amount until FY2024

FY14~FY17: JGAAP、FY18~:IFRS  
FY14~FY16: Ex-Nippon Steel Sumitomo Metal + ex-Nisshin Steel

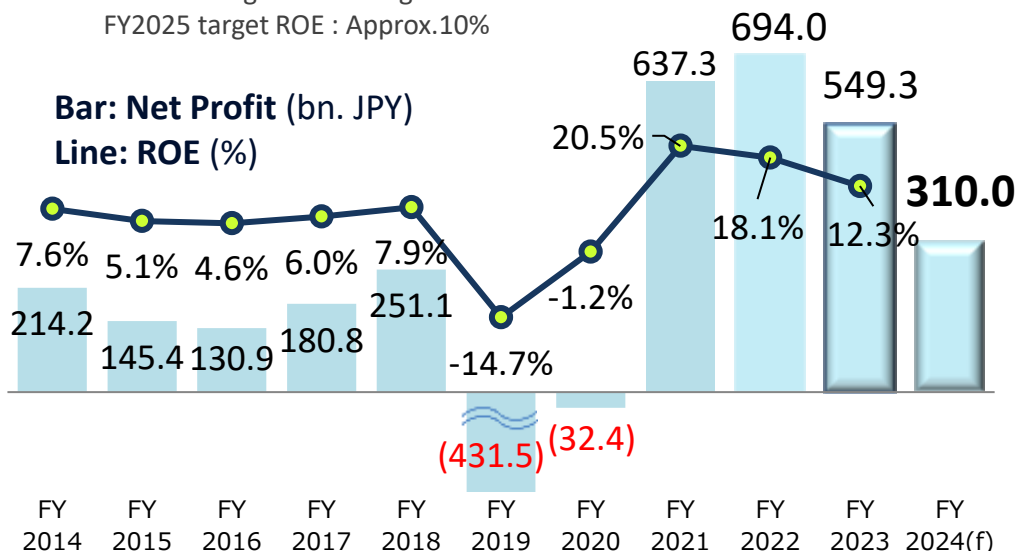
## Net Profit, ROE

Medium- to Long-term Management Plan

FY2025 target ROE : Approx.10%

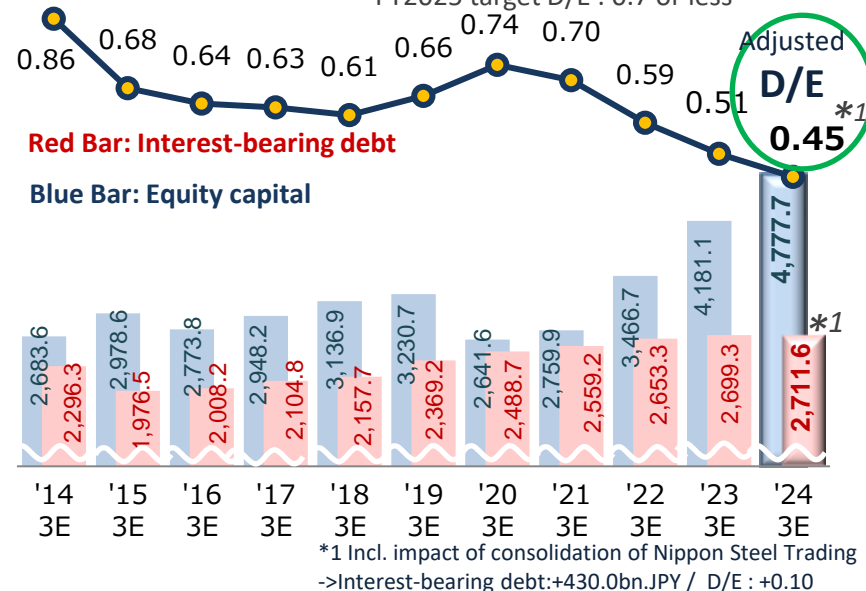
Bar: Net Profit (bn. JPY)

Line: ROE (%)



## D/E

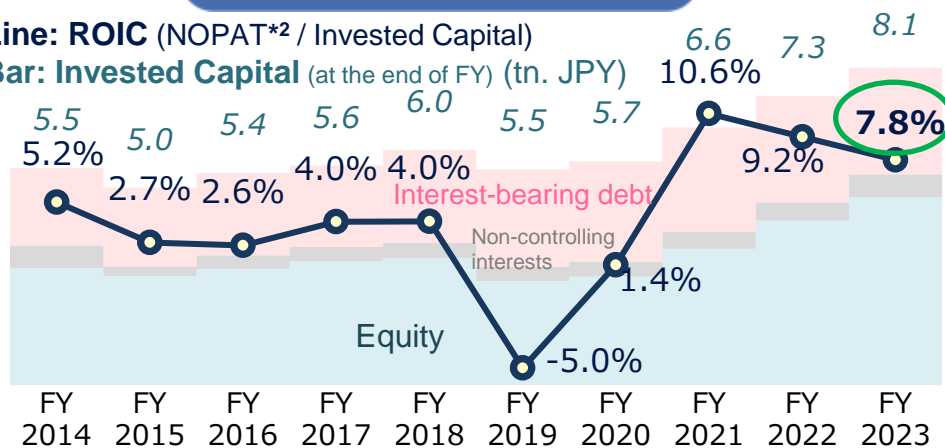
FY2025 target D/E : 0.7 or less



## ROIC, Invested Capital

Line: ROIC (NOPAT\*2 / Invested Capital)

Bar: Invested Capital (at the end of FY) (tn. JPY)



\*2 NOPAT= business profit x (1 - effective tax rate)

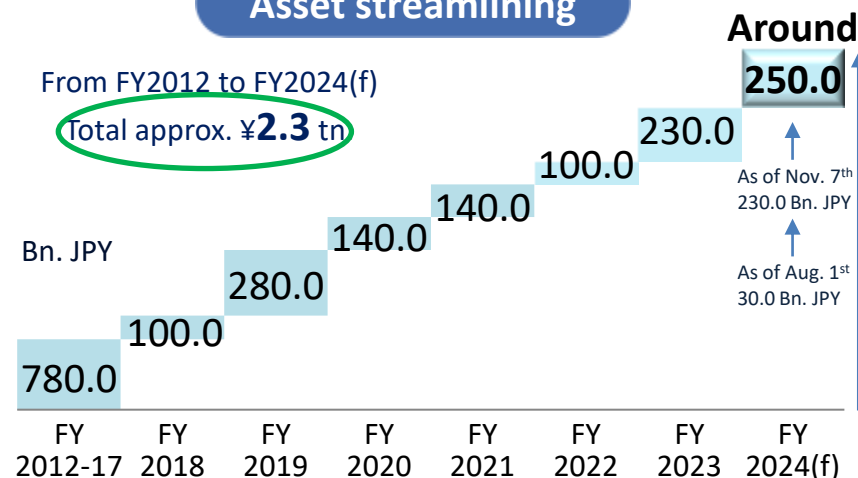
Invested Capital(\*1) = Total equity attributable to owners of the parent + Non-controlling interests + Interest bearing debt

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

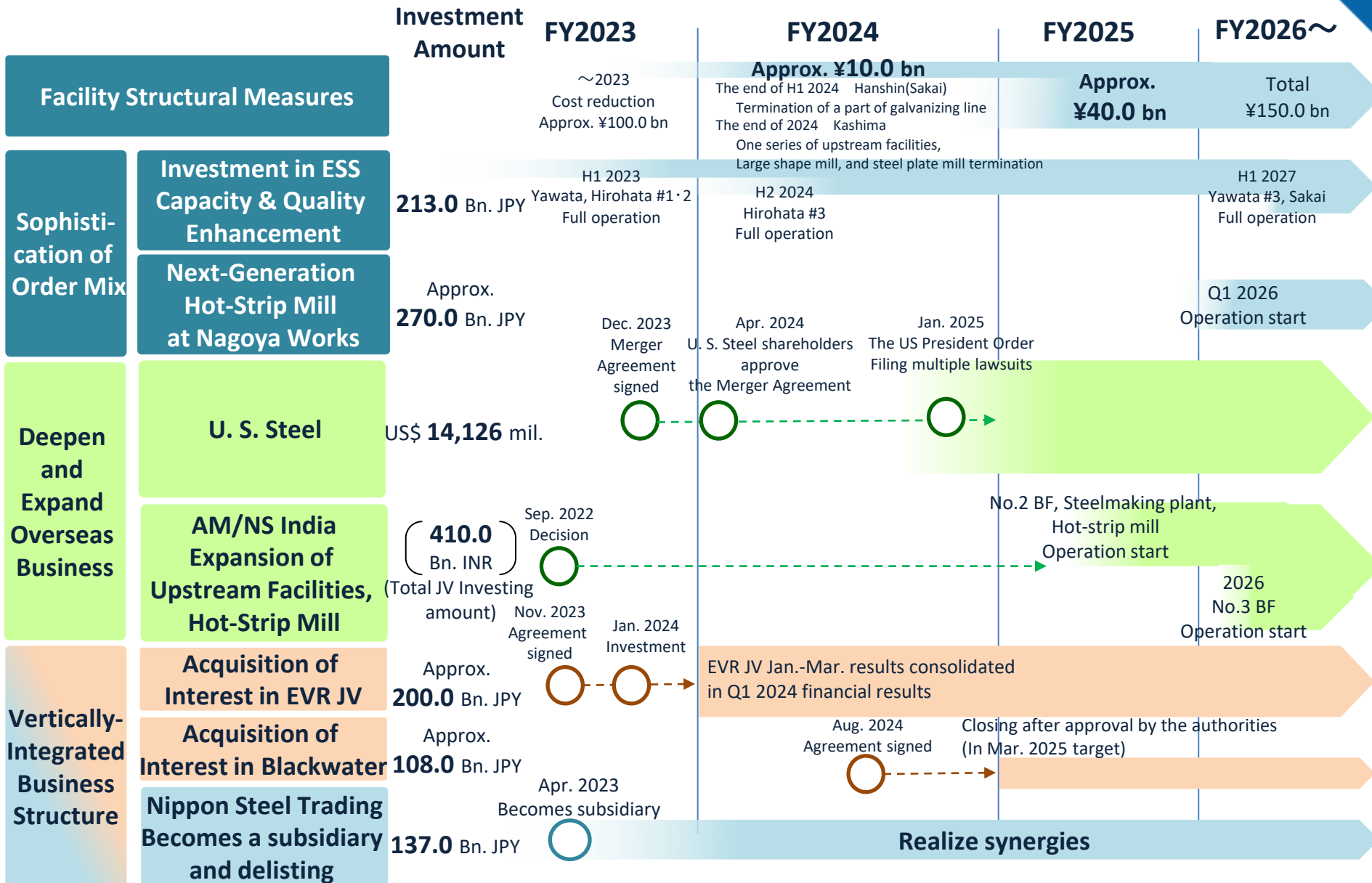
## Asset streamlining

From FY2012 to FY2024(f)

Total approx. ¥2.3 tn



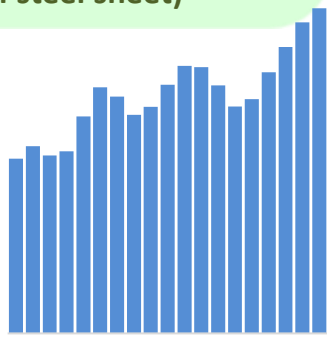
# Roadmap of Growth Strategy



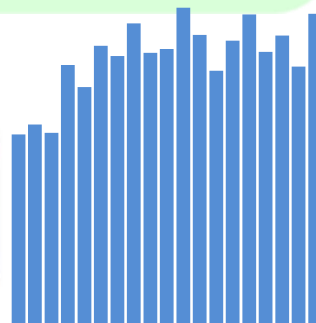
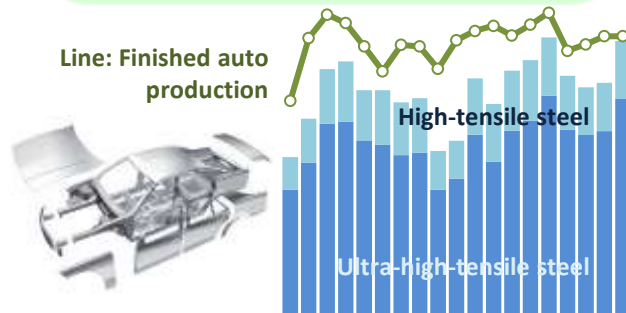


## Steadily increasing the amount of high value-added products

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



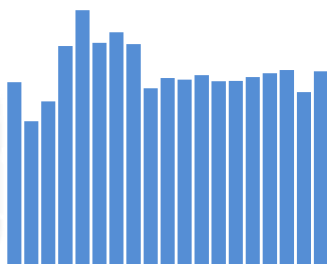
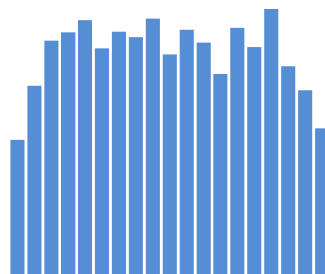
## NO-H, M (High or Middle grade non-oriented electrical steel sheet)

High-tensile GA  
(Alloyed & galvanized steel sheet)

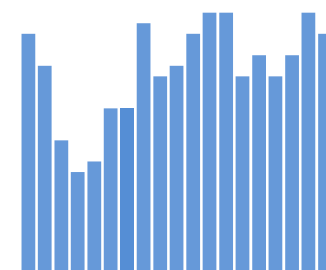
Line: Finished auto production

High-tensile steel

Ultra-high-tensile steel

ZEXEED™, ZAM®, SuperDyma™  
(Corrosion resistant coated steel sheet)ALSHEET™  
(Hot-dipped Al/Si alloy steel sheet)

## 13Cr, high alloy seamless pipe



## (1) Secured appropriate spread level

Until 2H 2021

- A fair allocation of cost burden for raw materials and commodities
- Reflection of NSC's high value-added product qualities and solutions on steel prices

With the points above reflected in negotiations with customers, spread has greatly improved

## (1)' Maintained appropriate spreads

To structurally secure appropriate margin level by reflecting cost change in materials and energy on steel prices

## (2) Sophistication of order mix

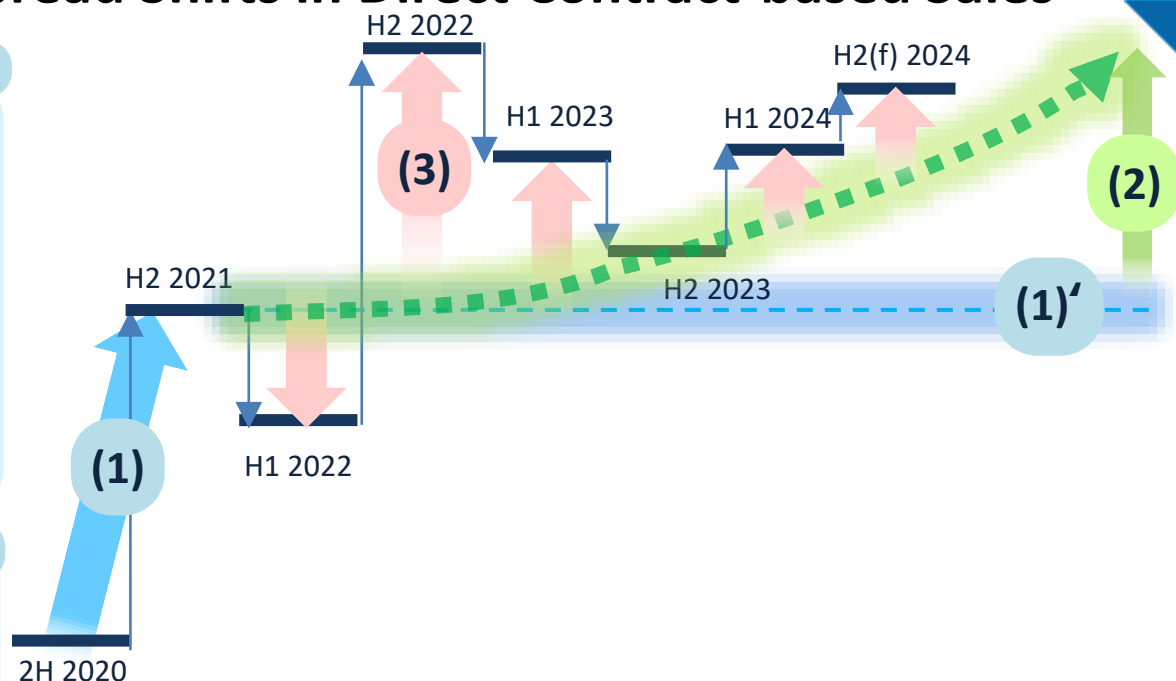
Appropriate margin level per ton elevated through sophistication of order mix and reflection of high value-added product qualities

### Improvement of production capacity and product quality of Electrical Steel Sheets

->Full-capacity operation: starts in H1 FY2023(Yawata #1,2 & Hirohata #1,2) in H1 FY 2024 (Hirohata #3) in H1 FY2027(Yawata #3, Hanshin(Sakai))

### Establishment of next-generation hot strip mill

->Operation start: Q1 FY2026 (planned)



## (3) Difference between the external costs assumed in the price negotiation and the actual external costs

- ✓ Steel margin temporarily fluctuated due to difference between the external costs assumed in the price negotiation and the actual external costs
- ✓ Neutral in the long term as it will be adjusted in the following period

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2(f) FY24
Actual external costs compared to the price determination premise	High	Low	Low	Almost unchanged	Low	Low
Difference from appropriate level of spread	Smaller	Larger	Larger	Almost unchanged	larger	larger

Reorganization of steel mill organization effective April 1, 2025 to establish and reorganize an optimal domestic manufacturing base in line with the absorption merger of Nippon Steel Stainless Steel and the reorganization of the ERW pipe business in Japan.

### Absorption Merger of Nippon Steel Stainless Steel Corporation

- NSSC Yamaguchi Works, Kyushu Works Hikari Area Pipe & Titanium => **Yamaguchi Works**
- NSSC Kashima Works(Sheet) => East Nippon Works Kashima Area
- NSSC Yawata Works(Plate) => Kyushu Works Yawata Area

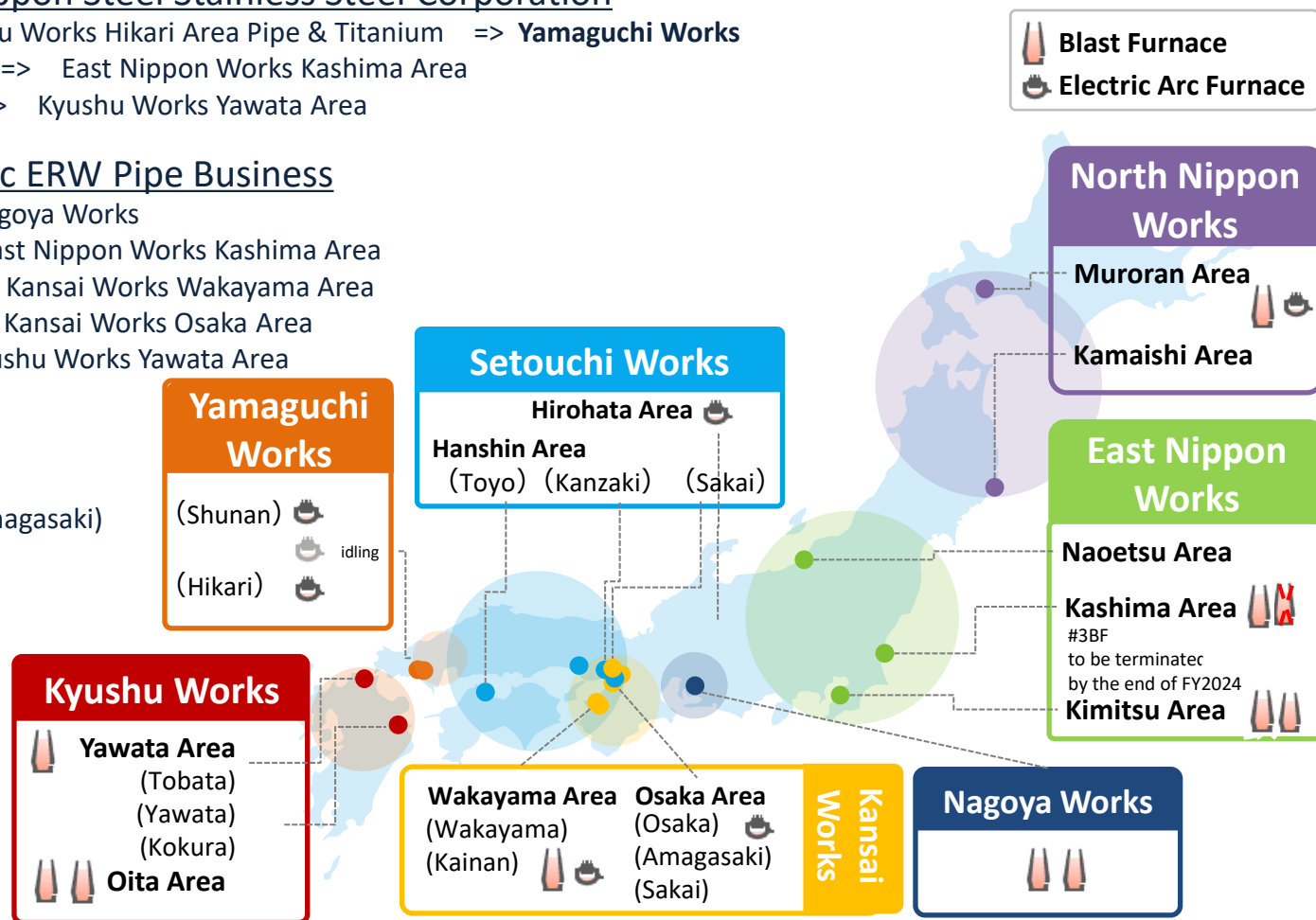
### Restructuring of Domestic ERW Pipe Business

- NSPC Nagoya Works => Nagoya Works
- NSPC Kashima Works => East Nippon Works Kashima Area
- NSPC Wakayama Works => Kansai Works Wakayama Area
- NSPC Amagasaki Works => Kansai Works Osaka Area
- NSPC Kyushu Works => Kyushu Works Yawata Area

### Kansai Works

#### Reorganization of Area

- 3 Areas(Wakayama, Osaka, Amagasaki)  
=>2 Areas(Wakayama, Osaka)



## Formulation of Mid-Term Management Plan

Osaka Steel, an integrated EAF steel manufacturer and a consolidated subsidiary of Nippon Steel, has formulated Medium-Term Management Plan targeting FY2027

In addition to profit plans, etc., capital efficiency measures are also announced

## Osaka Steel Medium-Term Management Plan

(Released on Jan 31, 2025)

## (1) Flow improvement and capital efficiency measures

**Aim for ROE in excess of cost of equity**

As a step toward this goal, aim to achieve a **5% ROE in FY2027**

- ① Measures to improve earnings and strengthen business fundamentals
- ② **Capital efficiency measures**

Calculate the necessary funds for the next three years for strategic investments to strengthen product competitiveness, carbon neutrality, and scrap procurement, as well as for investments to strengthen infrastructure and renew old equipment, and verify the cash flow and working capital expected from flow improvement measures.

- **Shareholder return plan of up to ¥ 30.0 bn over the next 3 years**
- **Tender offer and retirement of acquired treasury stock** as a measure that also contributes to improving the ratio of tradable shares

## (2) Sustainability Issue Initiatives

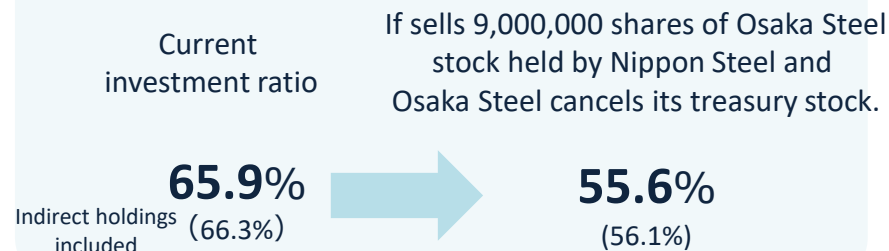
- ① Working Toward Carbon Neutral
- ② Human Capital Initiatives and DX Promotions

## Treasury stock TOB Resolution

(Released on Jan 31, 2025)

- To improve ROE, we will maintain financial soundness and safety while reducing equity capital, the denominator, to a certain degree to improve capital efficiency
- Need to increase the ratio of tradable shares to maintain listing on the TSE Standard Market
- Number of shares purchased: 9,000,000 shares
- Purchase period: Feb 17 - March 17, 2025 (20 business days)
- Purchase price: (1) 10% discount from the closing stock price on Jan 30 (2) 10% discount from the closing stock price on Feb 13, whichever is lower, to be resolved at the Board of Directors meeting on February 14.

In order to cooperate in the implementation of Osaka Steel's Medium-Term Management Plan, Nippon Steel plans to apply for the Tender Offer in its entirety after the terms are finalized on Feb 14

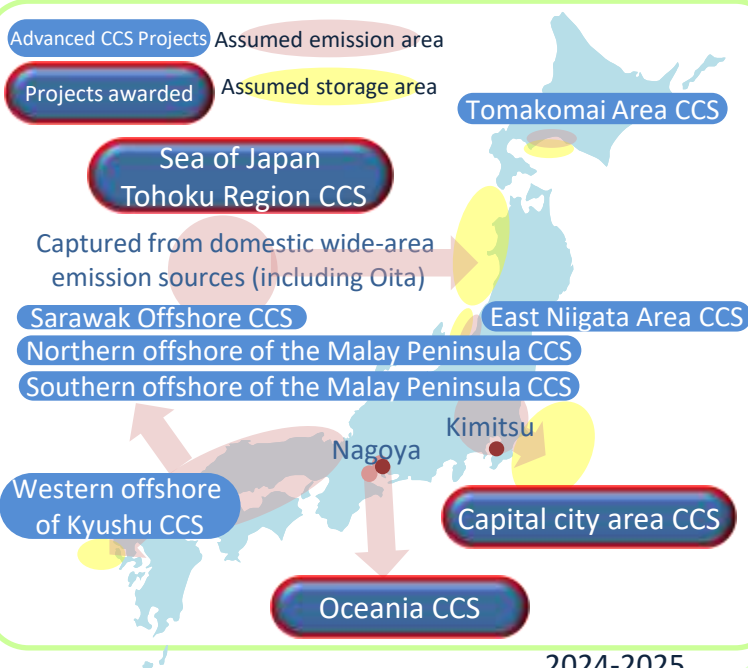




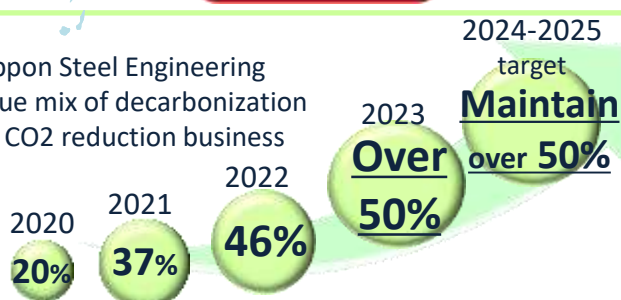
**Nippon Steel Engineering was awarded basic design contracts for three of the nine domestic and overseas storage projects (five in Japan and four overseas) in the Advanced CCS Project.**

(Released on Nov. 25, 2024)

Received 8 contracts for basic design work from Nippon Steel Corporation, INPEX Corporation, and Mitsubishi Corporation for 3 out of 9 domestic and overseas storage projects in JOGMEC's (Japan Energy, Metals & Minerals Corporation) "Design Work for Advanced CCS Project Implementation," a publicly solicited project for FY2024.



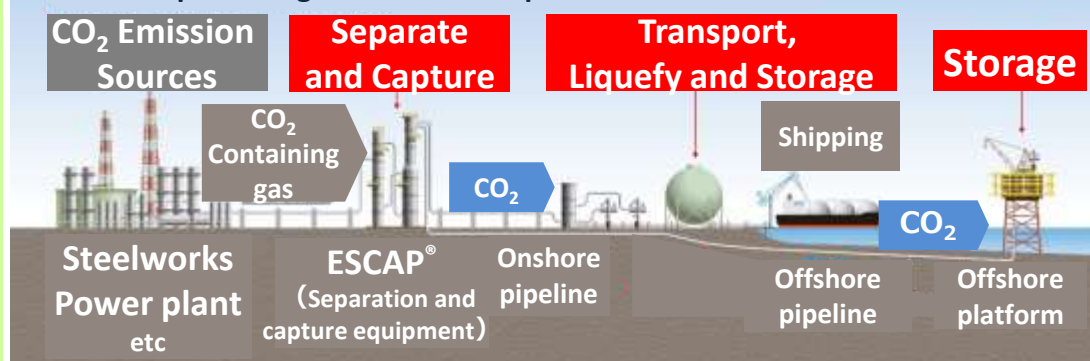
Nippon Steel Engineering Revenue mix of decarbonization and CO2 reduction business



## CCS Value Chain of the Nippon Steel Engineering Group

### Consistent and optimized one-stop engineering and services throughout the entire CCS value chain

#### Conceptual Diagram of the Group's CCS Value Chain



Extensive technology and know-how cultivated through domestic and international energy and marine resource development projects

Organizational Strength of Nippon Steel Engineering Group

Established CCS Business Promotion Dept

Aiming to develop CCS-related businesses worth several hundred billion yen in the medium to long term, strengthen efforts toward social implementation of CCS



## Three Non-steel Segments

# Floating Foundations for Offshore Wind Power Generation Building Top-class Manufacturing Capacity in the World



NIPPON STEEL ENGINEERING

## CAPEX project to build manufacturing capacity for “floating foundations” of offshore wind turbines selected for “GX Supply Chain Development Support Project\*”.

(Released on Jan. 27, 2025)

\* Project to support the establishment of a world-leading domestic manufacturing supply chain in the GX sector to realize CN by 2050 and to strengthen international competitiveness (Ministry of Economy, Trade and Industry: FY2024 2nd public offering)

### Wakamatsu Plant (Kitakyushu City, Fukuoka)

Jacketed foundation being fabricated at Ishikari Bay New Port



- One of the country's leading industrial clusters
- Good access to potential offshore wind farm sites
- Extensive onshore yards and long shipping wharf
- Started operation in 1960s

One of the most advanced technologies and experience in fabrication of large offshore steel structures in Japan

Large-scale offshore steel structure fabrication yard with the largest area in Japan in a favorable location

Integrated contracting capability for design, manufacturing, and construction of floating foundations

Establish a world-class floating foundation manufacturing capacity system (20-30 units per year) by 2030

Solving the global challenge of fast, high-volume production of floating foundations, a massive heavy structure(70-100m/side, thousands of tons/unit), for commercial-scale floating offshore wind farms

Contributing to the expansion of renewable energy by building an internationally competitive supply chain as a top runner in the construction of “floating” offshore wind power generation facilities, which are expected to be introduced more widely in the future.

## Technology development

There are **no existing, proven decarbonization technologies** such as use of renewable energy and nuclear power for electric power, and EVs for automobiles

**Development of breakthrough technologies is necessary**

## Predictability of investment recovery

Innovation in production processes inevitably entails **significant investment** and **rising operating costs**, but steel products are the same before and after carbon neutrality conversion.

- ✓ **Government support**
  - ✓ **"GX steel (\*)" market formation** -> P45
- (Turning the environmental value (CO<sub>2</sub> reduction) to the economic value)
- are needed to ensure the Predictability of investment recovery

## Infrastructure

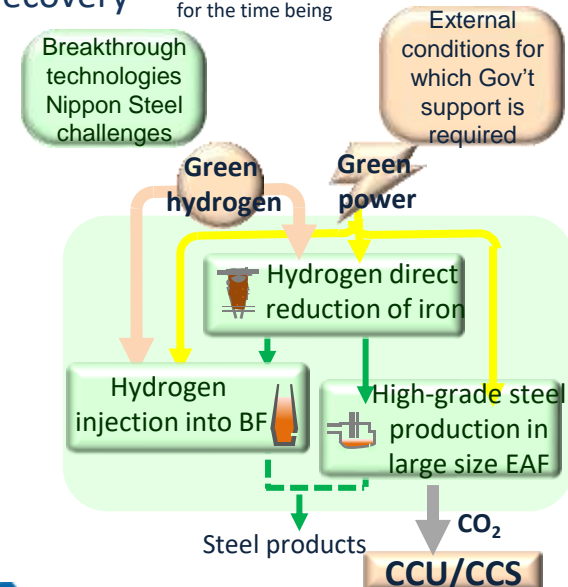
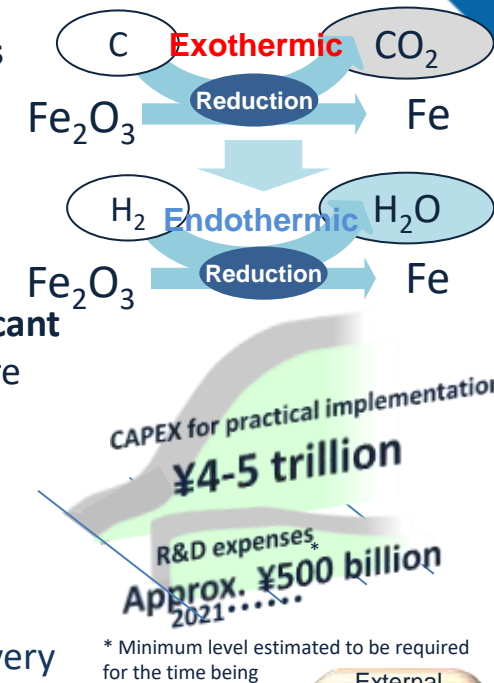
Carbon neutral processes use large amounts of green hydrogen and green electricity

**Need of a government policy to develop social infrastructure**

- ✓ **stable supply of green electricity and hydrogen**
- ✓ **CCUS**

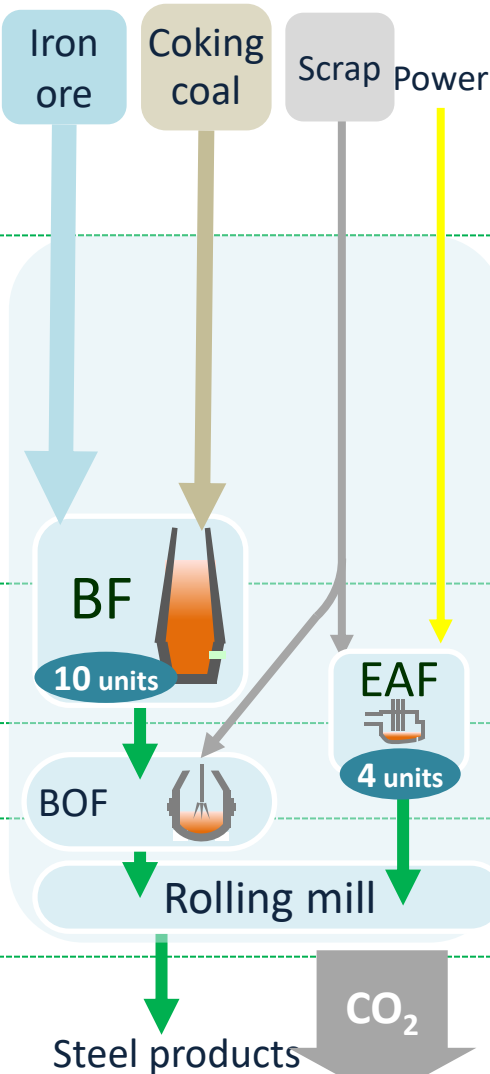
## Institutionalization & Standardization

**Rulemaking, including international standardization of GX Green Steel based on mass balance method**

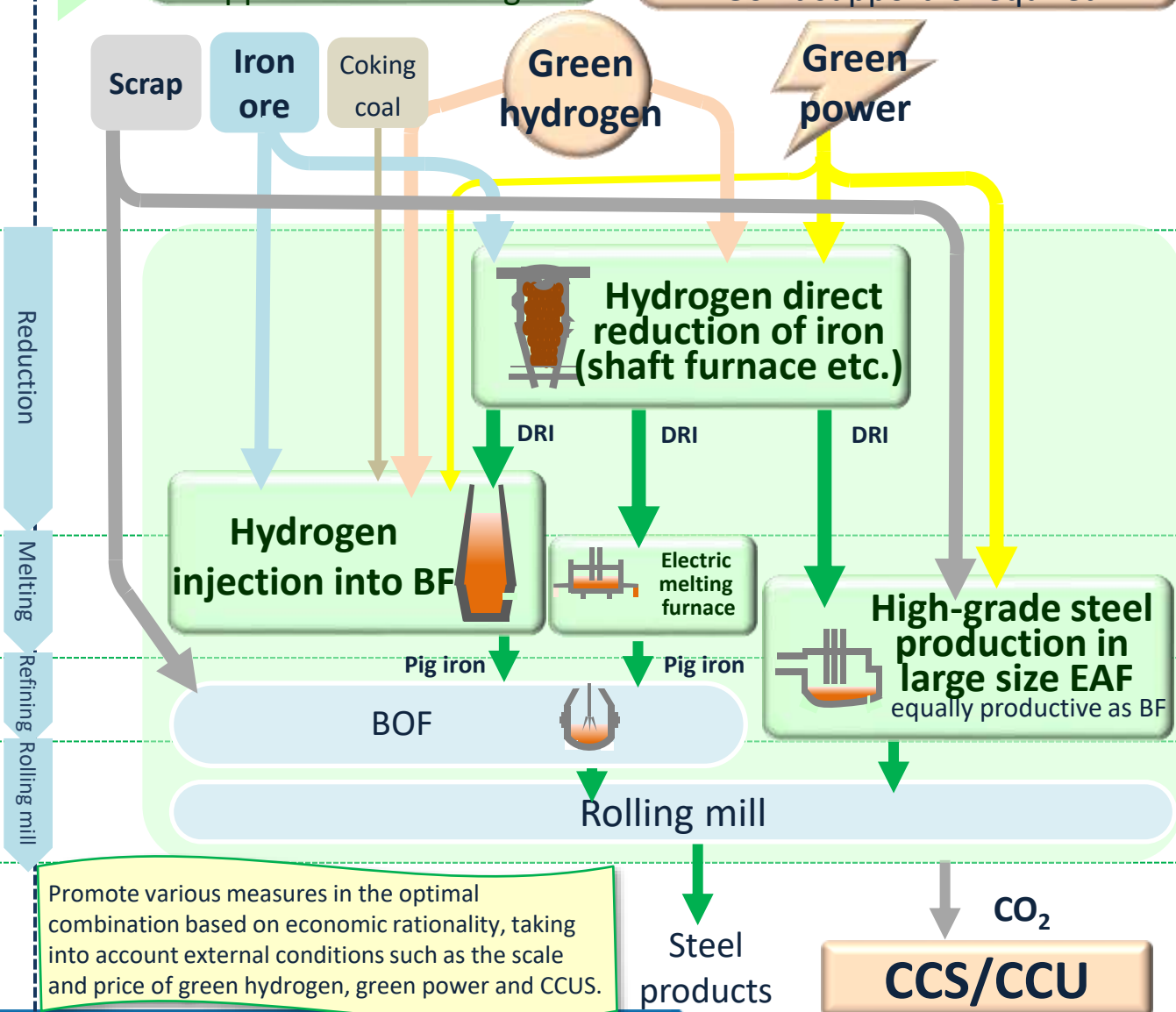


## Current Process

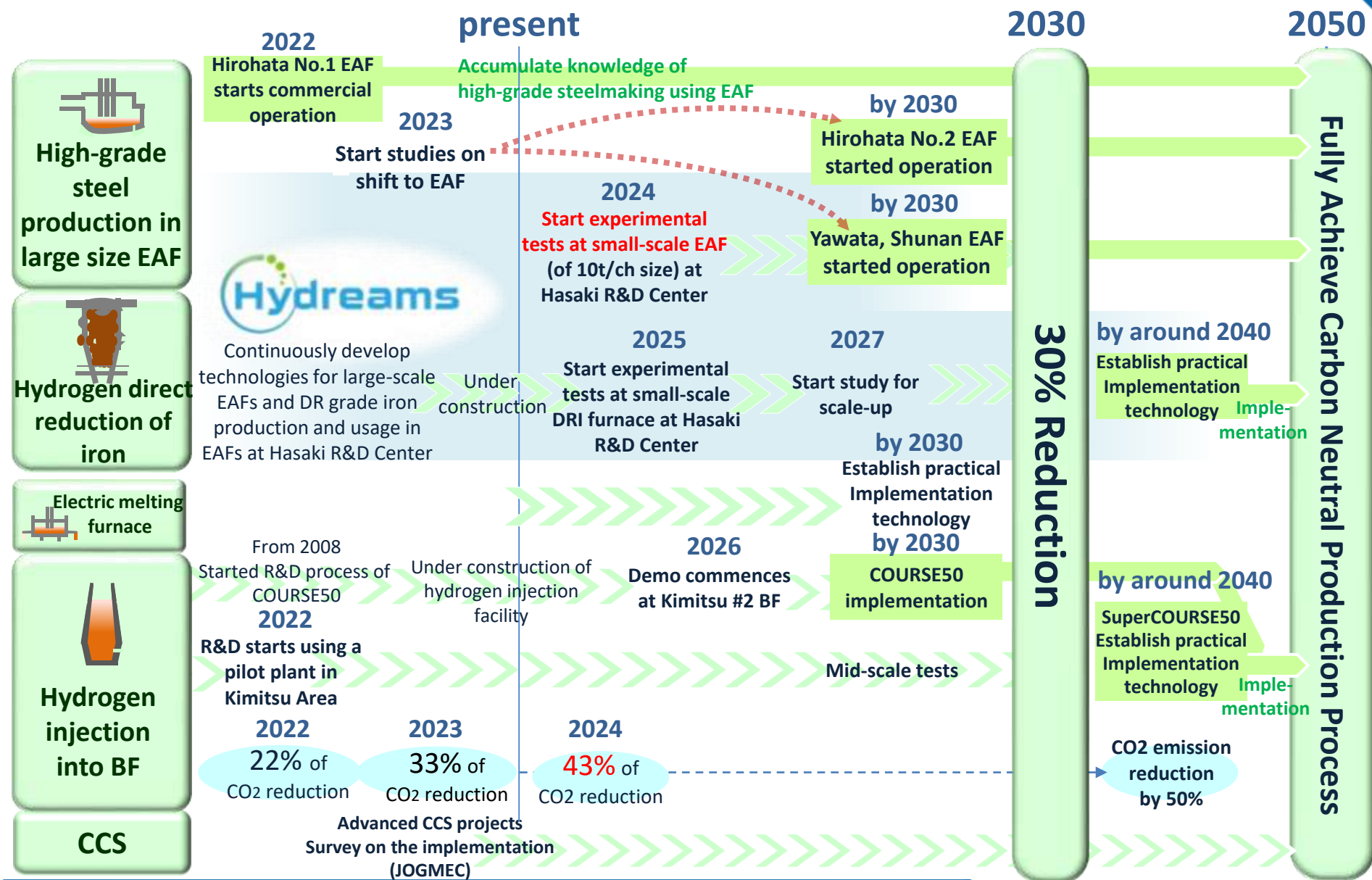
Number of bases owned by Nippon Steel



After termination of Kashima No.3 BF (Mar. 2025)

Breakthrough technologies  
Nippon Steel challengesExternal conditions for which  
Gov't support is required





# Agenda

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4. References (Business Environment & Topics)
- 5. Supplementary Materials**

# Business Profit Factor Analysis (prev. FY24(f) -> FY24(f))

67

(¥bn)	Prev. FY24(f)	FY24(f)	Change
<b>Business Profit</b>	<b>670.0</b>	<b>670.0</b>	-
<b>Underlying profit</b>	<b>780.0</b>	<b>780.0</b>	-
1) Domestic	270.0	275.0	+5.0
2) Overseas	80.0	75.0	-5.0
3) Raw material	145.0	145.0	-
4) Other group	210.0	210.0	-
5) Non-steel	67.0	69.0	+2.0

\*1 Crude steel production : approx. ±0 MT  
(approx. 34.50 -> 34.50)

Steel shipment volume : approx. ±0 MT  
(approx. 31.50 -> 31.50)

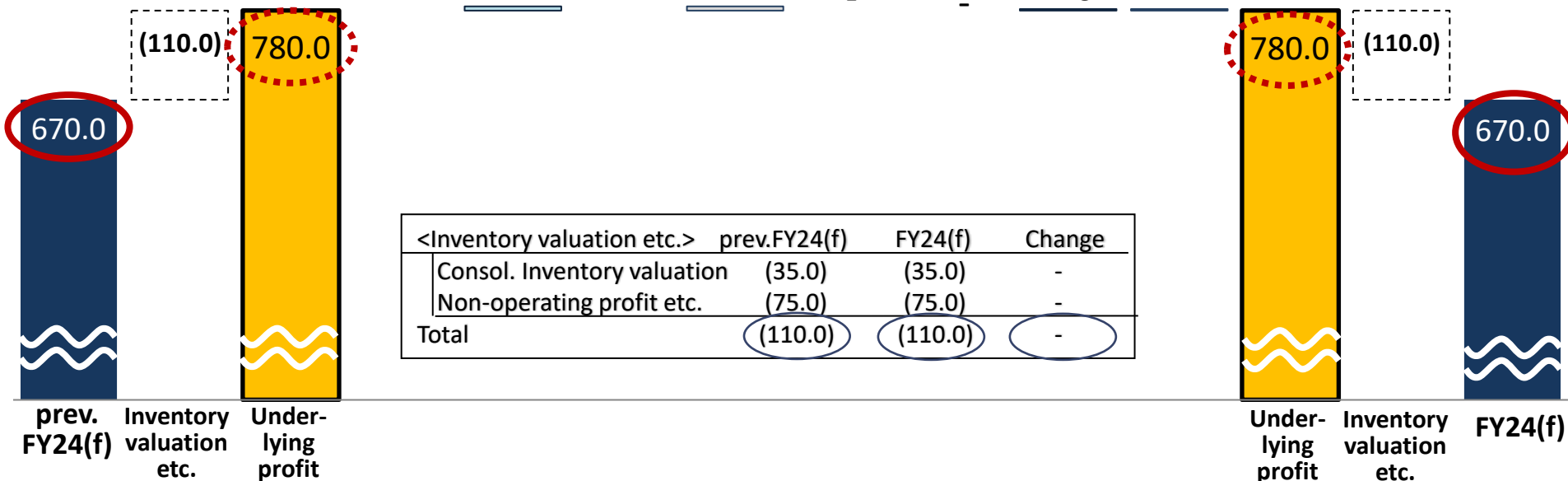
\*2 Incl. the impact of FX, and carry over  
-6.0bn. JPY(-40M\$) ((500)M\$ -> (540)M\$)

\*3 Chemicals & Materials +2.0 etc.

\*4 Incl. decrease in depreciation cost ±0

\*Prev. FY24(F):forecast as of Aug. 1<sup>st</sup>

Volume *1	Spread *2	Cost reduction	Overseas steel business	Raw material business	Other group companies	Non- steel *3	Others *4
-	+5.0	-	-5.0	-	-	+2.0	-2.0

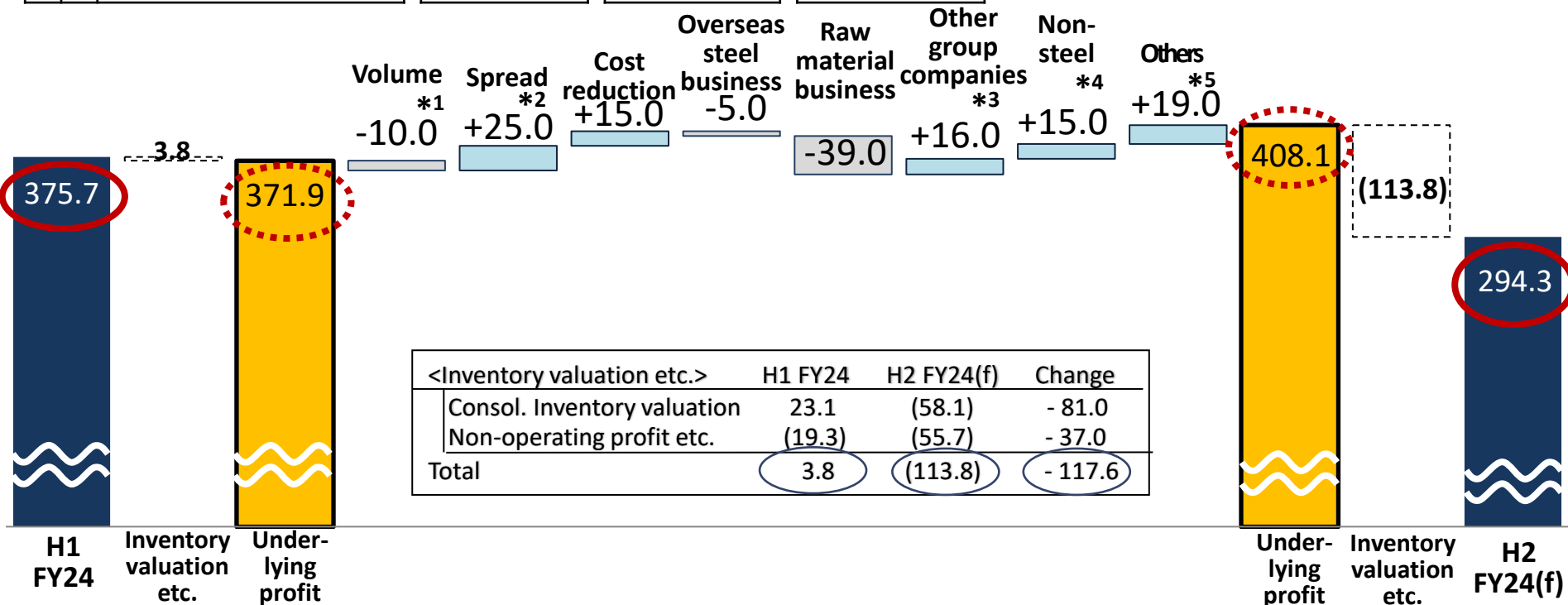


# Business Profit Factor Analysis (H1 FY24 -> H2 FY24(f))

68

(¥bn)	H1 FY24	H2 FY24(f)	Change
<b>Business Profit</b>	<b>375.7</b>	<b>294.3</b>	<b>-81.4</b>
<b>Underlying profit</b>	<b>371.9</b>	<b>408.1</b>	<b>+36.2</b>
1) Domestic	107.9	167.1	+59.0
2) Overseas	40.1	34.9	-5.0
3) Raw material	92.0	53.0	-39.0
4) Other group	96.9	113.1	+16.0
5) Non-steel	27.2	41.8	+15.0

- \*1 Crude steel production : approx. +0.10 MT  
(17.20 -> approx. 17.30)
- Steel shipment volume : approx. -0.31 MT  
(15.91 -> approx. 15.60)
- \*2 Incl. the impact of FX, and carry over  
+44.0bn. JPY(+280M\$) ((410)M\$ -> (130)M\$)
- \*3 Improve : Stainless steel & EAFs,  
Operational Support, Secondary processing etc.
- \*4 Engineering+14.4,  
Chemicals & Materials -2.2, Solutions +2.4 etc.
- \*5 Incl. Increase in depreciation cost -7.0

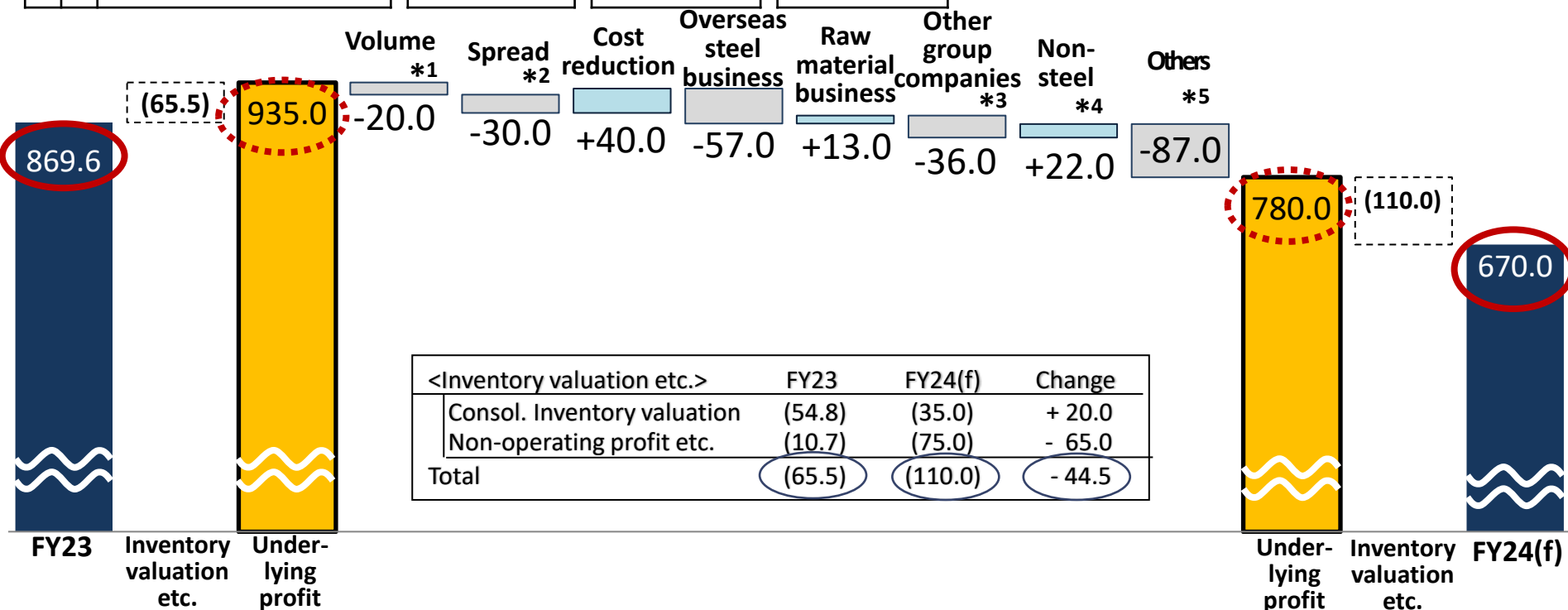


# Business Profit Factor Analysis (FY23 -> FY24(f))

69

(¥bn)	FY23	FY24(f)	Change
<b>Business Profit</b>	<b>869.6</b>	<b>670.0</b>	<b>-199.6</b>
<b>Underlying profit</b>	<b>935.0</b>	<b>780.0</b>	<b>-155.0</b>
1) Domestic	365.9	275.0	-91.0
2) Overseas	131.8	75.0	-57.0
3) Raw material	132.5	145.0	+13.0
4) Other group	245.8	210.0	-36.0
5) Non-steel	47.1	69.0	+22.0

- \*1 Crude steel production : -0.49 MT (34.99 -> 34.50)  
Steel shipment volume : -0.53 MT (32.03 -> 31.50)
- \*2 Incl. the impact of FX, and carry over  
-74.0bn. JPY(-520M\$) ((20)M\$ -> (540)M\$)
- \*3 Deteriorate: Stainless steel & EAFs,  
Secondary processing, Operational Support etc.
- \*4 Engineering +13.3, Chemicals & Materials +5.2,  
Solution +3.5 etc.
- \*5 Incl. increase in depreciation cost -18.0

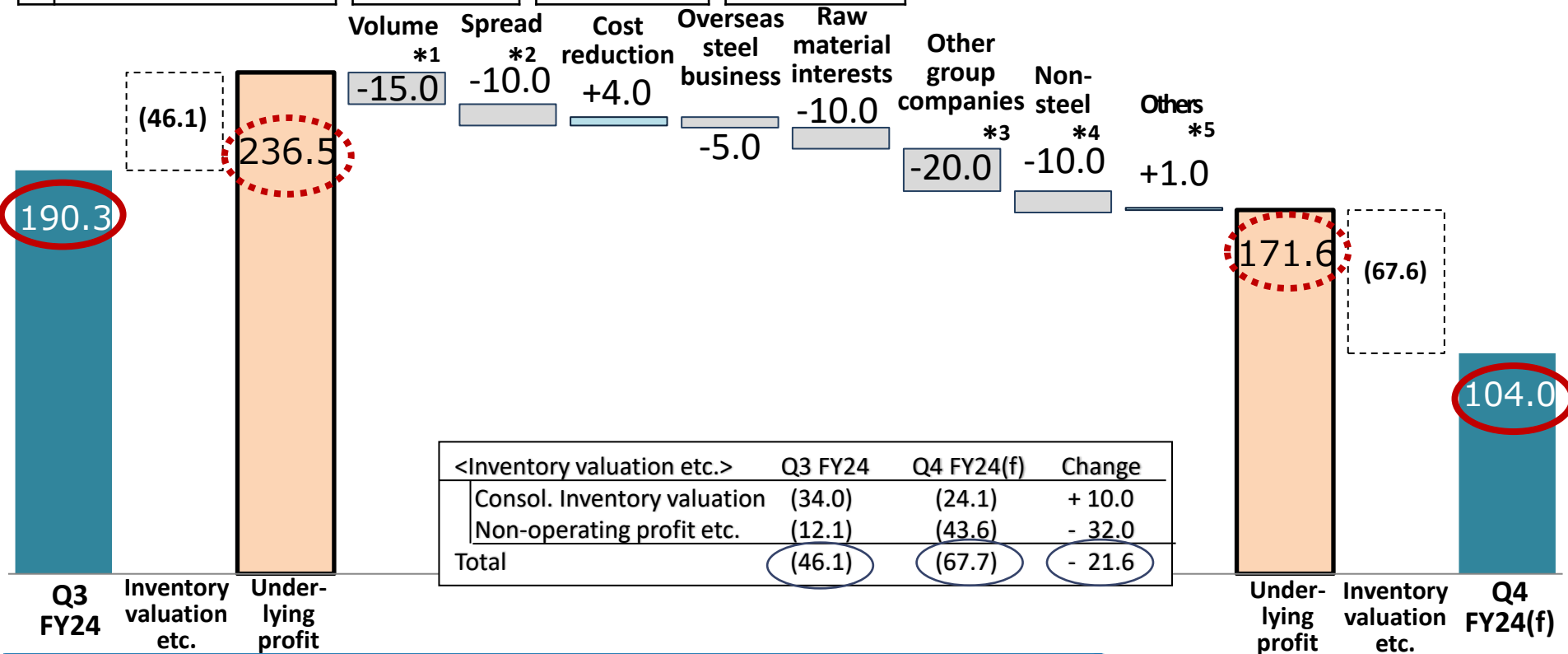


# Business Profit Factor Analysis (Q3 FY24 vs. Q4 FY24(f))

70

(¥bn)	Q3 FY24	Q4 FY24(f)	Change
<b>Business Profit</b>	<b>190.3</b>	<b>104.0</b>	<b>-86.3</b>
<b>&lt;Underlying Profit&gt;</b>	<b>236.5</b>	<b>171.6</b>	<b>-64.9</b>
Steel	166.0	91.2	-74.8
Non-steel	25.5	14.2	-11.3
Adjustment	(1.3)	(1.3)	-

- \*1 Crude steel production : +0.20 MT(8.55 -> 8.75)  
Steel shipment volume : -0.36 MT (7.98 -> 7.62)
- \*2 Incl. the impact of FX, and carry over  
+17.0bn. JPY(+110M\$) ((120)M\$ -> (10)M\$)
- \*3 Deteriorate : Trading, Operational Support,  
Secondary processing, etc.
- \*4 Engineering -3.2, Chemicals & Materials -3.9,  
Solution -2.9
- \*5 Incl. increase in depreciation cost -4.0

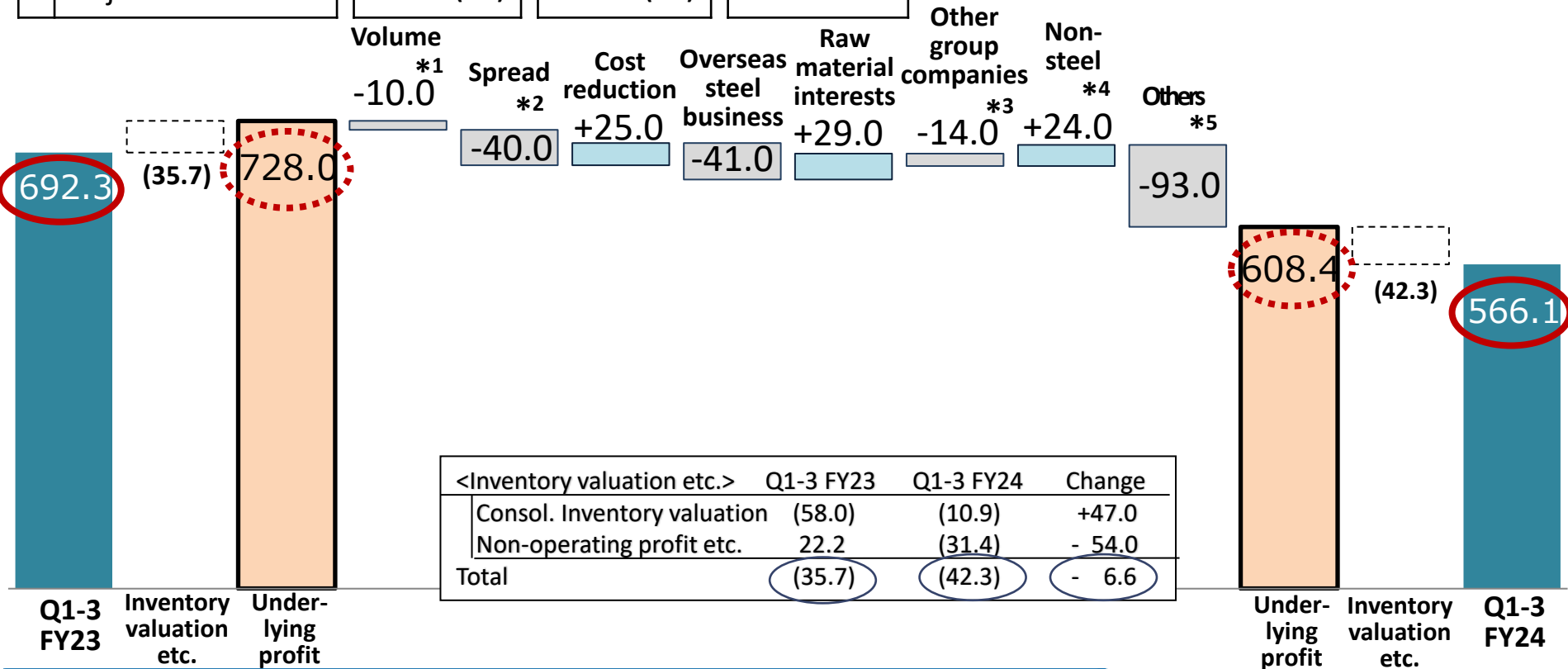


# Business Profit Factor Analysis (Q1-3 FY23 vs. Q1-3 FY24)

71

(¥bn)	Q1-3 FY23	Q1-3 FY24	Change
<b>Business Profit</b>	<b>692.3</b>	<b>566.1</b>	<b>-126.2</b>
<b>&lt;Underlying Profit&gt;</b>	<b>728.0</b>	<b>608.4</b>	<b>-119.6</b>
Steel	665.8	519.8	+146.0
Non-steel	31.5	55.0	+23.5
Adjustment	(5.0)	(8.7)	-3.7

- \*1 Crude steel production : -0.53 MT(26.28 -> 25.75)  
Steel shipment volume : -0.24 MT (24.13 -> 23.89)
- \*2 Incl. the impact of FX, and carry over  
-63.0bn. JPY(-440M\$) ((100)M\$ -> (540)M\$)
- \*3 Deteriorate : Stainless steel & EAFs,  
Secondary processing, etc.
- \*4 Engineering +11.7, Chemicals & Materials +6.7,  
Solution +6.3
- \*5 Incl. increase in depreciation cost -11.0





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