

### Introduction

Nippon Steel Group's Values

Value Creation Process

Six Types of Capital

# **Value Creation Process**

# Inputs

## **Manufacturing capital**

Mother mills in Japan that cultivate high levels of technology

Overseas production bases that capture growth

# Natural capital

Efficient use of resources and energy

# Intellectual capital

R&D resources boasting of the world's largest scale



### **Human capital**

Human resources development and diversity & inclusion



# **Financial capital**

Robust financial base



### Social capital

Relationship of trust and cooperation with communities and customers

# **Business Activities**

#### Domestic steel business

Efficient, integrated high-grade steel production under the large blast furnace and coastal integrated steelworks model

#### Overseas steel business

A global production system in "regions poised for demand growth" and in "segments where our technological and production capabilities can be utilized." based on the strengths we cultivated at our mother mills in Japan

#### Raw materials business

Transition from raw materials interests for stable procurement to our "business"

#### Other group companies

Contribution to value enhancement by supporting the domestic steel business from upstream to downstream of the value chain. Incorporating distribution into our own business domain

#### Three non-steel seaments

Companies derived from steelmaking business generate synergies and realize top-class profitability in their respective fields

#### R&D activities

Strategic R&D aimed at sustainable growth of the Nippon Steel Group

### Intellectual property activities

Positioned as one of the important factors for obtaining business revenue now and in the future

#### Digital transformation strategies

Innovative evolution of manufacturing capabilities and strengthening of customer responsiveness

#### Realizing a carbon neutral steel production process

- · Development of decarbonization technologies through a multi-track approach
- Securing decarbonized energy and raw materials

- · Promotion and standardization of GX Steel
- Ensured predictability of investment returns

# **Outputs**

### Wealth of steel products and solution proposals for diverse applications



Stainless stee

Pipes & tubes

Automobiles, shipbuilding, energy, household appliances, containers, industrial machinery, civil engineering, construction

### **Products using by-products**

■ Steel slag products, coal chemical products

### Minimal emissions

- ■A 99% recycling rate of by-products
- Atmosphere, water, and soil contamination risk management

### Non-steel business products and services

- Environment and energy, urban infrastructure
- Chemicals, functional materials, composite materials
- IT consulting, DX promotion, IT solutions, modernization

### Carbon Neutral Vision 2050





# Outcomes

### Contribution to SDGs in society



#### Sustainable corporate value enhancement and profit distribution

- Securing sustainable profit
- Profit distribution
- Investment for further growth
- Enhancement of corporate value

### Creation of economic value



Creation of social value

- Employment and regional revitalization
- Safe and reliable daily life
- Energy conservation, reduction of environmental burdens, environmental preservation, creation of a recycling-
- Disaster prevention and reduction, National Resilience Building infrastructure in emerging countries and
- rebuilding in developed countries
- Products and technological solutions in growth areas
- Education for employees and communities

2050 Realization of a carbon neutral society







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As the global economy has evolved, we have built a distinctive, outstanding capital base that includes diverse human resources filled with pride and fulfillment, research resources and intellectual property that rank among the world's best steelmakers, a production structure that enables global supply, and robust customer relationships built on a foundation of trust.

We are creating economic and social value through our business activities by organically integrating these capitals.

# Manufacturing capital

■ Global crude steel production capacity (2025.6E)

(domestic 44 million tons + overseas 42 million tons)



■ Property, plant and equipment

# Financial capital

Equity attributable to owners of parent

Interest-bearing debt

D/E ratio

0.35 (consol.)

# **Social capital**



■ Trusted and cooperative relationships with customers

in Japan (non-consol.)

Coexisting with local communities

hosted for plant tours (non-consol.)

# Intellectual capital



R&D expenses

■ Number of patents we hold

Approx. 16,000 in Japan (non-consol.)

Approx. 19,000 overseas (non-consol.)

# Human capital

■ Number of female employees

in management positions

Number of education and training hours

# **Natural capital**



Iron ore

Coking coal

Industrial water

Rate of water recycling: 90%



# ■ Number of employees

113,845 (consol.) 28,652 (non-consol.)

