TYO: 5401

OTC: NPSCY(ADR)



NIPPON STEEL

Strengthening the Steelmaking Business Base in AM/NS India

Decision Made to Invest in Upstream and Hot-rolling Facilities at the Hazira Steel Mill, and Acquire Port and Power-related Equipment Companies

Sept. 28th, 2022

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

- 1. Purposes of the Investment
- 2. Expansion of Upstream Facilities at Hazira Steel Mill
- 3. Acquisition of Key Infrastructure Assets



Purposes of the investment

Decided to implement the following growth plans at AM/NS India, a joint venture operated in equal partnership with ArcelorMittal

Integrated

steel mill

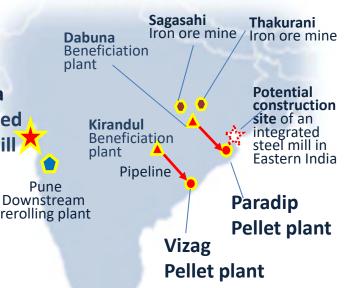
Expansion of Upstream Facilities at Hazira Steel Mill

- > Crude steel capacity approx. 9 -> approx. 15 MMT/Y
- Capacity expansion to respond to the growing steel demand in India's market and strengthen AM/NS India's presence
 Hazira

Acquisition of key infrastructure assets: ports, power plants, etc.

- Acquire ports, power plants, etc. in Hazira steel mill and in Vizag and Paradip pallet plants
- Stabilize and strengthen operating production and supply chain
- Acquire the infrastructure which will be necessary after abovementioned capacity expansion





- 1. Purposes of the Investment
- 2. Expansion of Upstream Facilities at Hazira Steel Mill
- 3. Acquisition of Key Infrastructure Assets



Overview of the capacity expansion in Hazira steel mill

Main facilities to be newly installed

Blast furnaces	2 units	7.0 MMT/Y	4,500m ³ /unit x 2 units
Pellet plant	1 units	3.0 MMT/Y	
Sintering lines	2 units	6.0 MMT/Y	
Coke ovens	3 units	2.1 MMT/Y	
Oxygen converters	3 units	Crude steel capacity 6.0 MMT/Y	350 t/ch (the largest class in India) with degassing facilities
Continuous casters	2 units		2 strands/unit x 2 units
Hot strip mill	1 unit	5.5 MMT/Y	The largest class in India

CAPEX

410.0 bn. INR (approx. 730.0 bn. JPY), all covered by AM/NS India's own equity and loans. Loan guarantee will be made by Nippon Steel and ArcelorMittal for AM/NS India's loan as necessary

Crude steel capacity

Approx. +6 MMT/Y (approx. 9 -> approx. 15 MMT/Y)

Start of operation

The First Phase (2H 2025): #2 blast furnace and related facilities, new oxygen converters and continuous casters, and new hot strip mill The Second Phase (1H 2026): #3 blast furnace and related facilities



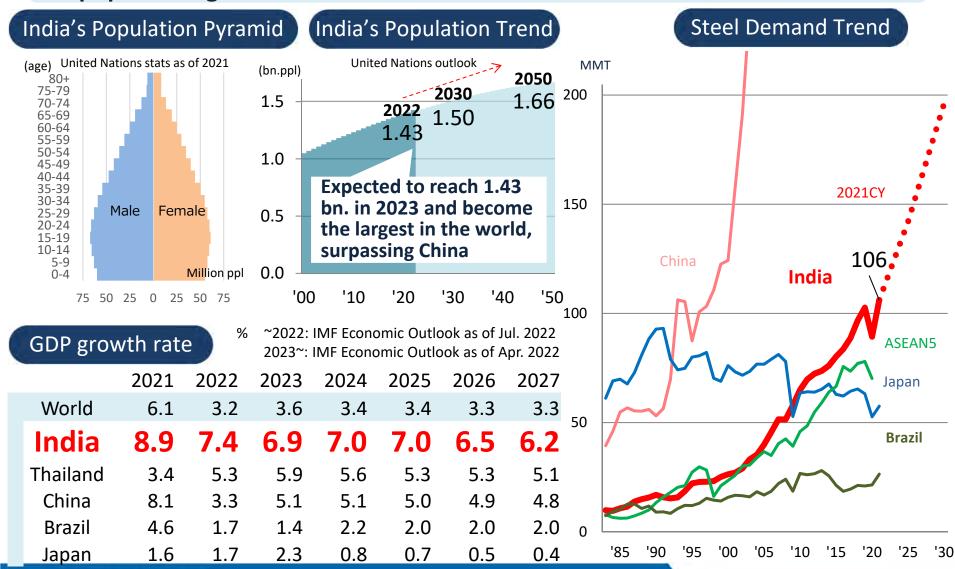


Pellet plants

AM/NS India Steel Making Process Oxygen Sintering Coke Blast Continuous Hot-strip line furnace converter caster oven mill Sept. 2022 **Decided capacity** Hot-rolled expansion 888 CY2025~'26 coils Plan to start operating Heavy Plate mill Eastern Electric arc **Plates** India furnace(EAF) Beneficiation Spiral pipe **MIDREX** Spiral pipes plant mill Hot-strip (Direct reduction by gas) Kirandul mill Dabuna **CONARC** JCO pipe 888 (EAF) JCO mill Pipe Line Thin-slab caster & COREX Hot-strip mill (Direct reduction by coal) Pellet plant 888 Vizag Paradip Pickling and Continuous Galvanizing Cold-rolled cold-rolling mill and Annealing Line coils Dec.2021 Decided capacity expansion Continuous Galvanizing Line Up to CY2024 Galvanized Plan to start operation coils Hazira Color coated - mi mi coils Color coating line Pune

Steel Demand Growth in India

Steel demand in India is expected to grow steadily, associated with economic and population growth



AM/NS India capacity expansion

Plan to expand capacity step by step in order to track the growing demand for steel in India

Crude steel production and capacity in AM/NS India

Further vision to build a new integrated steel mill in Eastern India

(MMT/Y)

Expansion of upstream facilities, hot strip mill, etc. +6MMT/Y

Capacity after expansion: approx.15

Further option to expand Hazira steel mill

Current capacity: approx. 9

5.4 6.8 6.8 7.1 6.7 7.3 Actual production

Further capacity expansion

<u>2016 2017 2018 2019 2020 2021</u>

2026

Decision to increase capacity at existing Hazira steel mill through BF and BOF process utilizing the technology of Nippon Steel and ArcelorMittal to address the growth of the Indian steel market.

Capture demand growth through early realization of capacity expansion and start-up

Enhance ability to handle highgrade steel such as steel sheets for automobiles, etc.

Install environmentally friendly and energy-efficient equipment

Provisions to apply Carbon Neutral technology

- Utilization of unused land already owned in India without land acquisition issues, which can be the biggest cause of obstacles and delays in India.
- > Start-up quickly and reliably through the use of the BF and BOF process, which is already an established technology.
- Avoid opportunity loss by starting operation of the new BF in time for relining of the existing BF No. 1
- Adoption of BF and BOF process for high-grade steel production
- Introduction of degassing facilities to ensure capability to manufacture high-grade steel.
- Expansion of product capability in combination with the previously decided expansion of steel sheests production facilities

 *Decided in December 2021 to expand steel sheets manufacturing facilities at Hazira steel mill
 - *Decided in December 2021 to expand steel sheets manufacturing facilities at Hazira steel mill to accommodate the production of high-grade steel such as automotive steel sheets and high corrosion resistant steel sheets for construction
- Introduction of energy-saving equipment such as CDQ (Coke Dry Quenching) and TRT (Blast Furnace Top Pressure Recovery Turbine), and environmental protection facilities (dust, odor, wastewater treatment, noise reducti, etc.)
- Taking into consideration visions of Nippon Steel and ArcelorMittal to apply carbon neutral technology with Blast Furnace which is under development

- 1. Purposes of the Investment
- 2. Expansion of Upstream Facilities at Hazira Steel Mill
- 3. Acquisition of Key Infrastructure Assets



Outline of Major infrastructure companies and Assets to be acquired

Target companies

Each company operates exclusively for AM/NS India.

Port related (numbers in parentheses: cargo handling capacity)

Essar Bulk Terminal Ltd.	Hazira	Handles almost all the incoming shipment of raw materials and outgoing shipment of products at the Hazira steel mill (25 million tons/year)
Essar Bulk Terminal Paradip Ltd.	Paradip	Handles pellet transport and cargo at the pellet plant in Paradip (12 million tons/year)
Essar Vizag Teriminals Ltd.	Vizag	Handles pellet transport and cargo at the pellet plant in Vizag (16 million tons/year)

Power related (numbers in parentheses: power generation capacity or transmission line length)

Essar Power Hazira Ltd.	Hazira	Power generation company on the premises of the Hazira steel mill (270MW)
Essar Power Ltd.	Hazira	Power generation assets on the premises of the Hazira steel mill (515MW)
Essar Power Transmission Company Ltd.	Hazira	Power transmission business for electricity outsourced by the Hazira steel mill (100km)

Acquisition amount

2.4 bn. USD (approx. 340.0 bn. JPY)

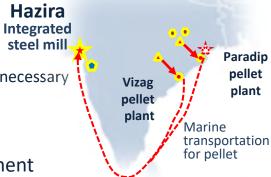
All of the amount will be covered by AM/NS India's own equity and loans.

Loan guarantee will be made by Nippon Steel and ArcelorMittal for AM/NS India's loan as necessary

Schedule

August 26th, 2022: Agreement with the Essar Group

Acquisition will be completed as soon as being confirmed by the government



The Background and the Objectives of the Acquisition

Background

The key infrastructure assets (ports, power plants, etc.) were owned by the Essar Group even after our joint-acquisition of Essar Steel (ESIL).

- ➤ The port, electric power and other infrastructure companies and assets were not included in the acquisition of ESIL, and continued to be owned by the Essar Group.
- AM/NS India had been using these infrastructures by continuing the contracts made when it was Essar Steel.

Purposes of the acquisition
Further stabilize and
strengthen operating
production and supply chain
by acquiring the key
infrastructure assets

- These ports, power plants and other infrastructures are integral and fundamental parts of AM/NS India's steelmaking operation
- By acquiring these facilities, AM/NS India will achieve the following;
 - Seamless and smooth transportation of raw materials and steel products among manufacturing sites located in the west, east, south parts of India and export
 - Stable supply of electric power for Hazira steel mill at low cost
 - Reduction of payment for use of these infrastructures and operating cost reduction by improvement of acquired facilities
 - Development of infrastructure that will be needed for future expansion of production capacity in AM/NS India including the expansion announced this time.

- 1. Purposes of the Investment
- 2. Expansion of Upstream Facilities at Hazira Steel Mill
- 3. Acquisition of Key Infrastructure Assets



(Appendix) Overview of AM/NS India

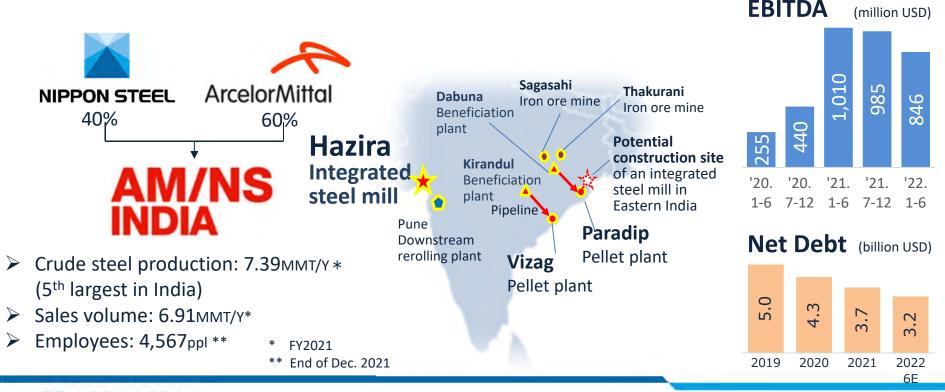
December 2019

Completed the acquisition of Essar Steel India and set up AM/NS India with ArcelorMittal

- ➤ Total cash injection : 500.0bn. INR (approx. 770.0bn. JPY)

 (Acquisition amount : 420.0bn. INR (approx. 650.0bn. JPY) -> for repayment of Essar's existing debts Initial cash injection: 80.0bn. INR (approx. 120.0bn. JPY) -> for CAPEX and working capital Equity ratio: Nippon Steel 40%, ArcelorMittal 60%

 Equity/parent loan = 2/1
- > Equal partnership with ArcelorMittal, each appointing the same number of Directors
- Consolidated to both Nippon Steel and ArcelorMittal as an equity method affiliate of each company



(Appendix) AM/NS India Renewable Energy Utilization

Invest in renewable energy power project and secure 250MW of renewable energy power annually for the next 25 years for Hazira steel plant, etc. (starting in 2024)

- ➤ This will result in about 20% of the electricity requirement at Hazira steel plant coming from renewable sources, reducing carbon emissions by approximately 1.5 million tonnes per year.
- > AM/NS India will realize the dual benefits of reducing environmental footprint and lowering electricity costs.
- Procurement of renewable electricity at low cost by (a) reducing the cost of solar and wind power generation facilities, (b) taking advantage of low construction fees, and (c) obtaining incentives from the Indian government to aggressively introduce renewable energy.

Overview of the renewable energy power project

(Investment participation by AM/NS India in the project by AM and Greenko Group, India)

- · Location : Andhra Pradesh, India
- Equipment : Solar and wind power supported with hydro pumped storage to ensure power generation stability
- Capacity : 975MW (Total solar and wind power generation)

As of Sep. 2022

2H 2026 expectation

Future Visior

- +) Installation of EAF in AM/NS Calvert (2023)
- +) The capacity expansion at AM/NS India
- -) Termination of EAF at Nippon Steel Stainless Shunan Area (Mar. 2024)
- -) Termination of #3 BF at Kashima Area (Mar. 2025)

Unit: MMT/Y **Upstream Upstream** Downstream Downstream AM/NS India Domestic Further option to expand Hazira 43 AM/NS India Further vision to build a new integrated steel mill in East India Further vision of acquisition or Local Mills **Local Mills** 13 equity participation **Overseas** of JV Partners of JV Partners 37 31 43 26 Global 66 80 83 70 Total

^{*} Simple aggregation of capacities of parent company, subsidiaries, companies with over 30% ownership, and some equity method affiliates less than 30 % ownership (AGIS)



(Appendix) Deepening and Expansion of Overseas Business

Have been strengthening the integrated steel production framework at major global markets: local production for local growing market



NIPPON STEEL

Sep. 2022: Decision for investment made: expansion of upstream

facilities and hot strip mill

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

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