

TYO : 5401

OTC : NPSCY(ADR)



**NIPPON STEEL**

# Q2 FY2024 Financial Results

Nov. 7<sup>th</sup>, 2024

**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, performance, and dividends

- ◆ Despite the increasingly severe and challenging crisis situation,  
**Consolidated BP for H1 FY2024 is ¥375.7bn, exceed previous forecast (+ 35.7¥bn, of which underlying BP base, +11.9¥bn), Underlying BP for FY2024(f) is expected to be maintained previous forecast, ¥780.0 bn**
- ◆ Due to an increase in inventory valuation losses from falling raw material prices, FY2024(f) Net profit is expected to be ¥310.0 bn, a downward revision of ¥30.0 bn from previous guidance
- ◆ **Dividend forecast for FY2024 is maintained ¥160 per share** -> P7
- ◆ Aiming for over ¥900.0 bn in FY2025 -> P8-9

## Progress in management strategy

### Rebuild domestic steel business

- ◆ The absorption-type merger of **Nippon Steel Stainless Steel Corp.** into Nippon Steel (Released on Oct. 11) -> P18-21

### Deepen and expand overseas business

- ◆ Progress toward the acquisition of **U. S. Steel:** -> P25-28  
Commitment to additional investments (Released on Aug. 29)  
Governance policy announcement following the acquisition (Released on Sep. 4)  
Decision of the arbitration on satisfaction of BLA requirements for the acquisition by Nippon Steel  
Agreement to transfer all of Nippon Steel's equity interest in AM/NS Calvert (Released on Oct. 11)

### Procure and earn profit in raw materials business

- ◆ Investment decision for quality and cost competitiveness at **G/GJ Steel in Thailand** (Released on Aug. 9) -> P29
- ◆ 20% equity participation in the **Blackwater Coal mine in Australia** -> P31-32  
(Released on Aug. 22)

### Achieving carbon neutrality

- ◆ Decision to apply for government support for **EAF Conversion** based on the GX Promotion Act (Released on Oct. 11) -> P41-42

## Financial restructuring

- ◆ Promotion of the sale of strategic shareholdings, **increasing asset streamlining from 30 billion yen to 230 billion yen** in FY2024 -> P13

# Agenda

- 1. Earnings Summary: FY2024, FY2025 Target** p. 4-
2. Developing a Robust Business Structure with Vertical and Horizontal Expansion p. 16-
3. Progress Toward Carbon Neutral Vision 2050 p. 38-
4. References (Business Environment & Topics) p. 46-
5. Supplementary Materials p. 74-

# FY2024(f) Underlying BP : Maintains Previous Guidance

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- **Consolidated BP for 1H FY2024: Exceeding the previous forecast** despite the increasingly severe and challenging crisis situation with no recovery in domestic and overseas demand and overseas commodity steel spreads
- **Underlying BP forecast for FY2024: Maintaining the previously announced ¥780 billion**
- Revised consolidated BP forecast for **FY2024**: ¥30 billion decrease to ¥670 billion due to inventory valuation loss from raw material price decline

Excl. the acquisition of U. S. Steel

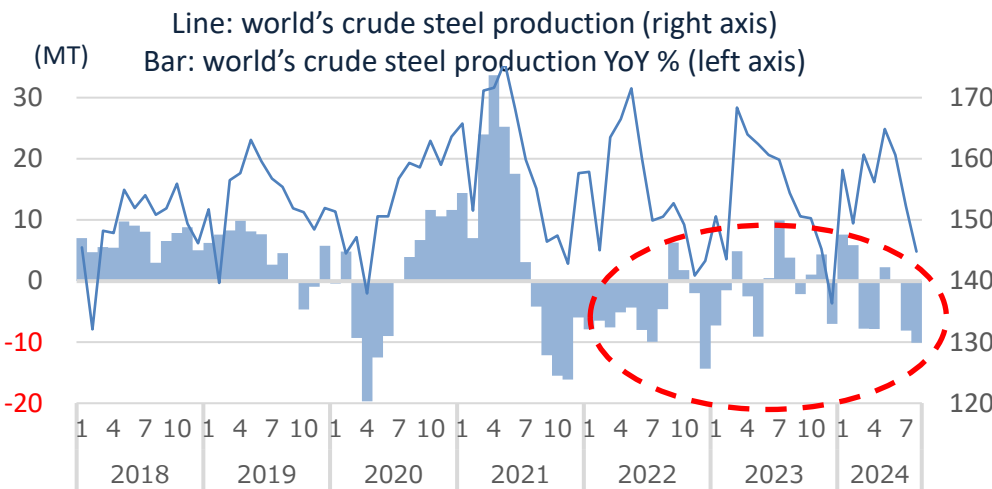
	FY2023	Q1	Q2	H1	Change from Prev. forecast as of Aug. 1 <sup>st</sup>	Change from H2 FY23	H2(f)	FY 2024 (f)	Change from Prev. forecast as of Aug. 1 <sup>st</sup>	Change from FY2023
Revenue (¥bn)	8,868.0	2,191.5	2,188.2	4,379.7	-20.3	-75.9	4,220.3	8,600.0	-200.0	-268.0
<b>Underlying BP</b> Excl. Inventory val. etc.	<b>935.0</b> <b>Record high</b>	<b>195.0</b>	<b>177.0</b>	<b>371.9</b>	<b>+11.9</b>	<b>-64.5</b>	<b>408.1</b>	<b>780.0</b>	<b>±0</b>	<b>-155.0</b>
Inventory valuation etc.	(65.5)	41.9	(38.1)	3.8	+23.8	+64.9	(113.8)	(110.0)	-30.0	-44.5
<b>Consol. BP (¥bn)</b>	<b>869.6</b>	<b>236.9</b>	<b>138.7</b>	<b>375.7</b>	<b>+35.7</b>	<b>+0.3</b>	<b>294.3</b>	<b>670.0</b>	<b>-30.0</b>	<b>-199.6</b>
<b>ROS</b>	<b>9.8%</b>	<b>10.8%</b>	<b>6.3%</b>	<b>8.6%</b>	<b>+0.9%</b>	<b>+0.2%</b>	<b>7.0%</b>	<b>7.8%</b>	<b>-0.2%</b>	<b>-2.0%</b>
Non-consol. crude steel production (MT)	34.99	8.70	8.49	17.20	-0.30	-0.34	17.30	34.50	±0	-0.49
Non-consol. steel shipment (MT)	32.03	8.01	7.90	15.91	-0.19	+0.05	15.60	31.50	-0.50	-0.53
FX (USD/JPY)	144	155	153	154	1yen app	6yen dep	150	152	1yen app	8yen dep

# Unprecedentedly Harsh Business Environment

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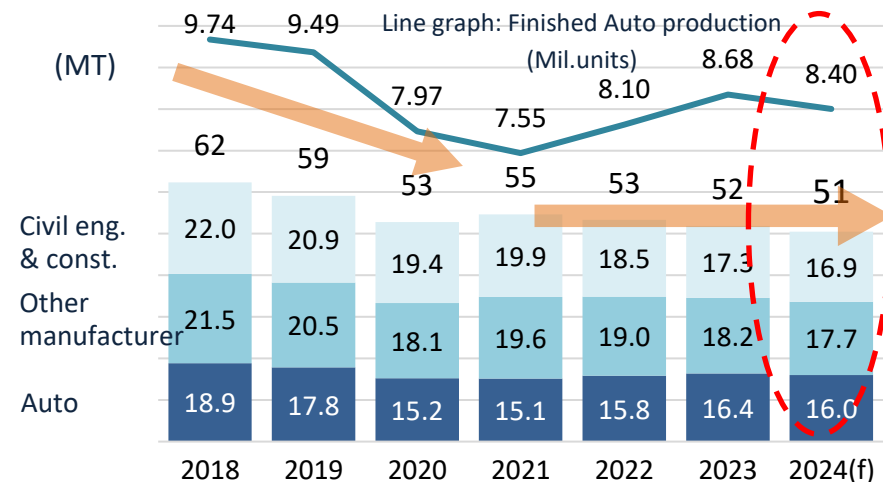
## World's crude steel production trend

Depressed production continuing since Aug. 2021



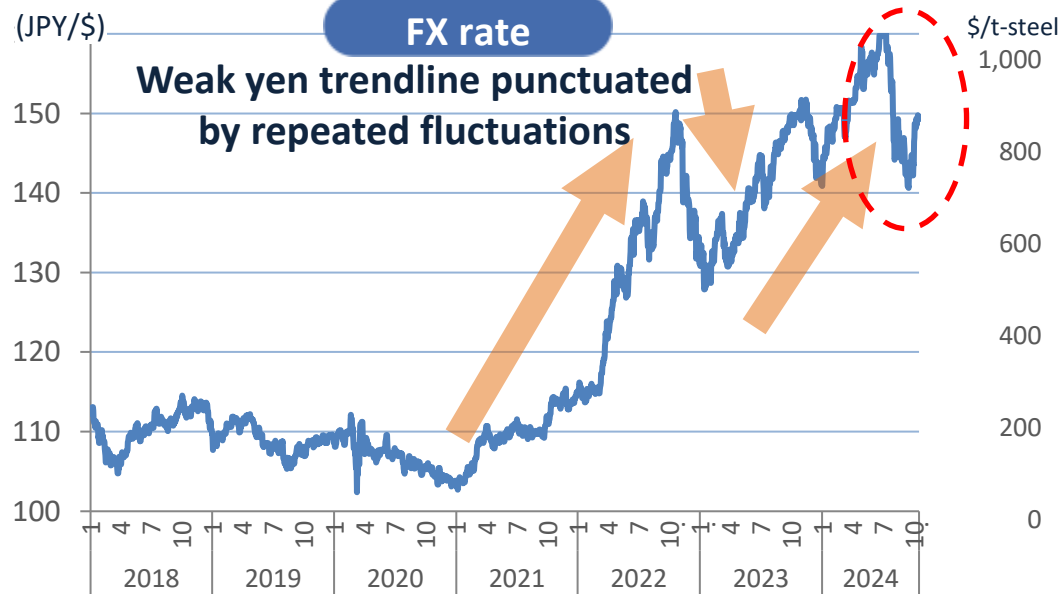
## Domestic steel demand

Continued weakness in overall demand incl. automotive sector



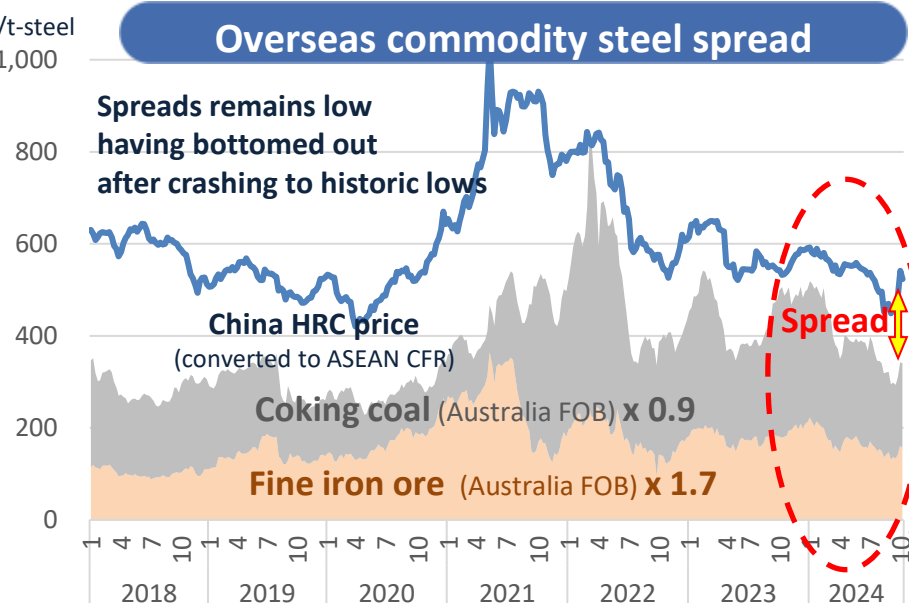
## FX rate

Weak yen trendline punctuated by repeated fluctuations



## Overseas commodity steel spread

Spreads remains low having bottomed out after crashing to historic lows



# Additional Line Items, Net Profit: FY2024

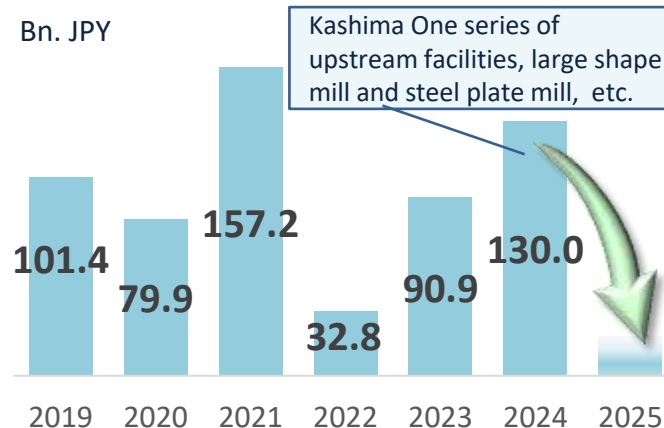
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Due to an increase in inventory valuation losses from falling raw material prices, FY2024(f) Net profit is expected to be ¥310.0 bn, a downward revision of ¥30.0 bn from previous guidance

	FY 2023					Excl. the acquisition of U. S. Steel		
		Q1	Q2	H1	H2(f)	FY 2024	Change from prev. forecast as of Aug. 1 <sup>st</sup>	Change from FY2023
¥bn								
Consol. BP	869.6	236.9	138.7	375.7	294.3	670.0	-30.0	-199.6
<b>Additional Line Items</b>	<b>(90.9)</b>	-	-	-	(130.0)	<b>(130.0)</b>	<b>±0</b>	-39.1
<b>Net Profit</b>	<b>549.3</b>	<b>157.5</b>	<b>85.7</b>	<b>243.3</b>	<b>66.7</b>	<b>310.0</b>	<b>-30.0</b>	-239.3
<b>EPS (¥/share)</b>	<b>596</b>	<b>169</b>	<b>87</b>	<b>254*</b>	<b>64*</b>	<b>311*</b>	<b>-29</b>	-285
<b>ROE(%)</b>	<b>12.3%</b>	<b>12.9%</b>	<b>6.6%</b>	<b>9.6%</b>				

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

Bn. JPY



(Not included in the above)

-> P25, 60-62

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

**Following the acquisition of USS ,Expected to record approx. 230.0 billion yen consolidated loss on business restructuring due to transfer of 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 the acquisition does not consummate for any reason, the share transfer will not be consummated and there will be no impact on earnings performance.

# Dividend Forecast

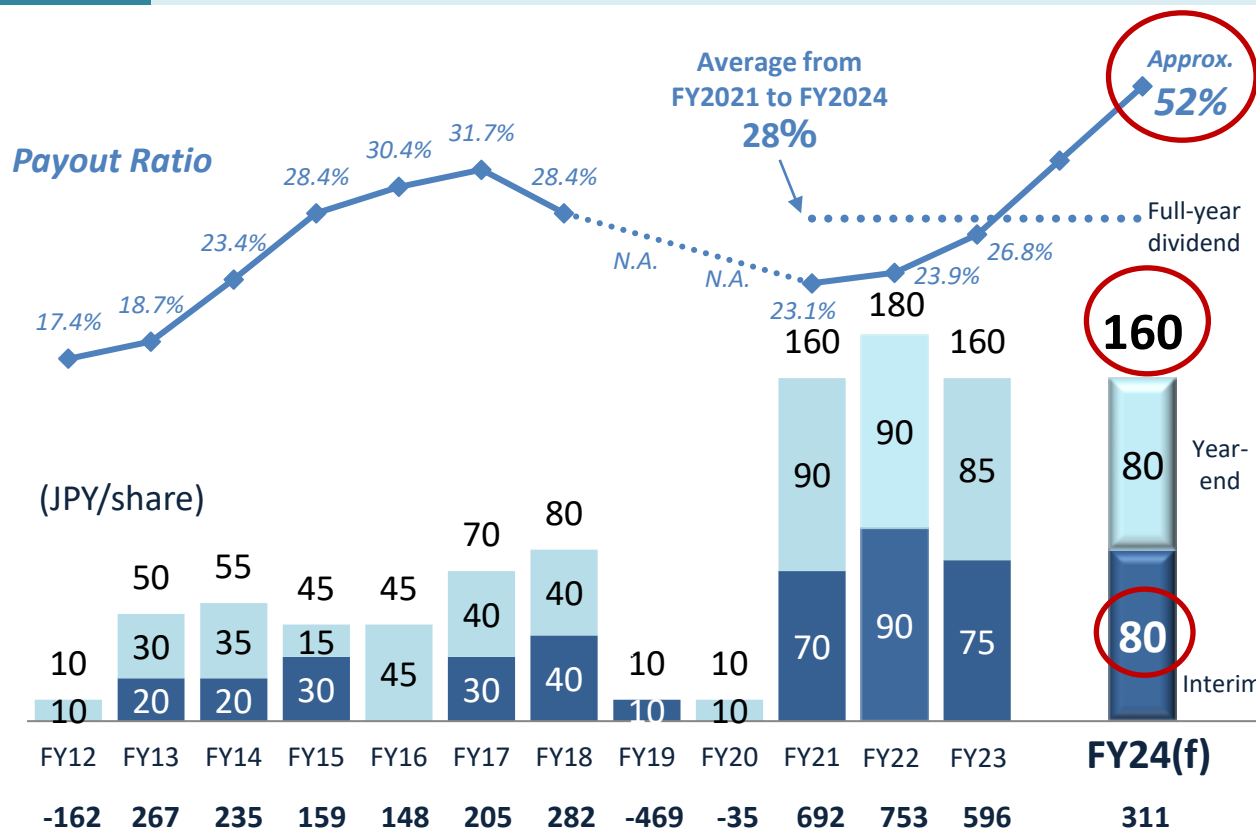
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**FY2024(f)**

In FY2025, business profit is expected to recover. -> P8-9

In addition, most of the losses on reorganization related to structural measures are expected to be eliminated.

-> As announced in the Aug.1<sup>st</sup>, we plan to maintain the same dividend level as in FY2023, 160 yen per share (including an interim dividend of 80 yen per share), in order to realize a high level of shareholder returns on an ongoing basis, while taking into consideration future performance and other factors.



**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**

- ◆ One-time occurrence loss
- ◆ Majority non-cash
- ◆ Expected profit growth after the consummation of the acquisition, incorporating U. S. Steel's profit

-> P25, 60-62

**EPS  
(JPY/Share)**

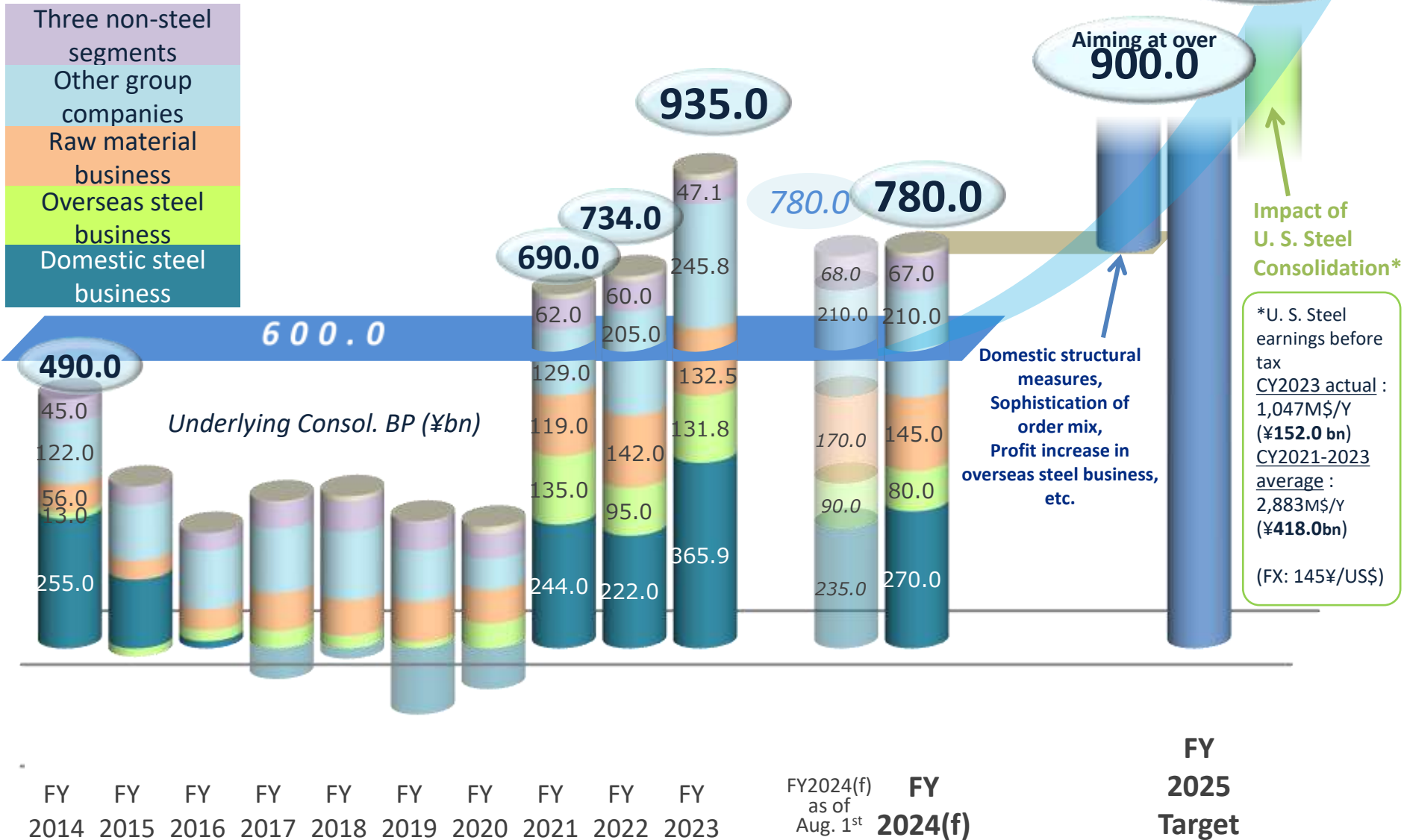
**Dividend  
Policy**

Payout Ratio :  
Approx. 20%

Payout Ratio : **Approx. 30%**

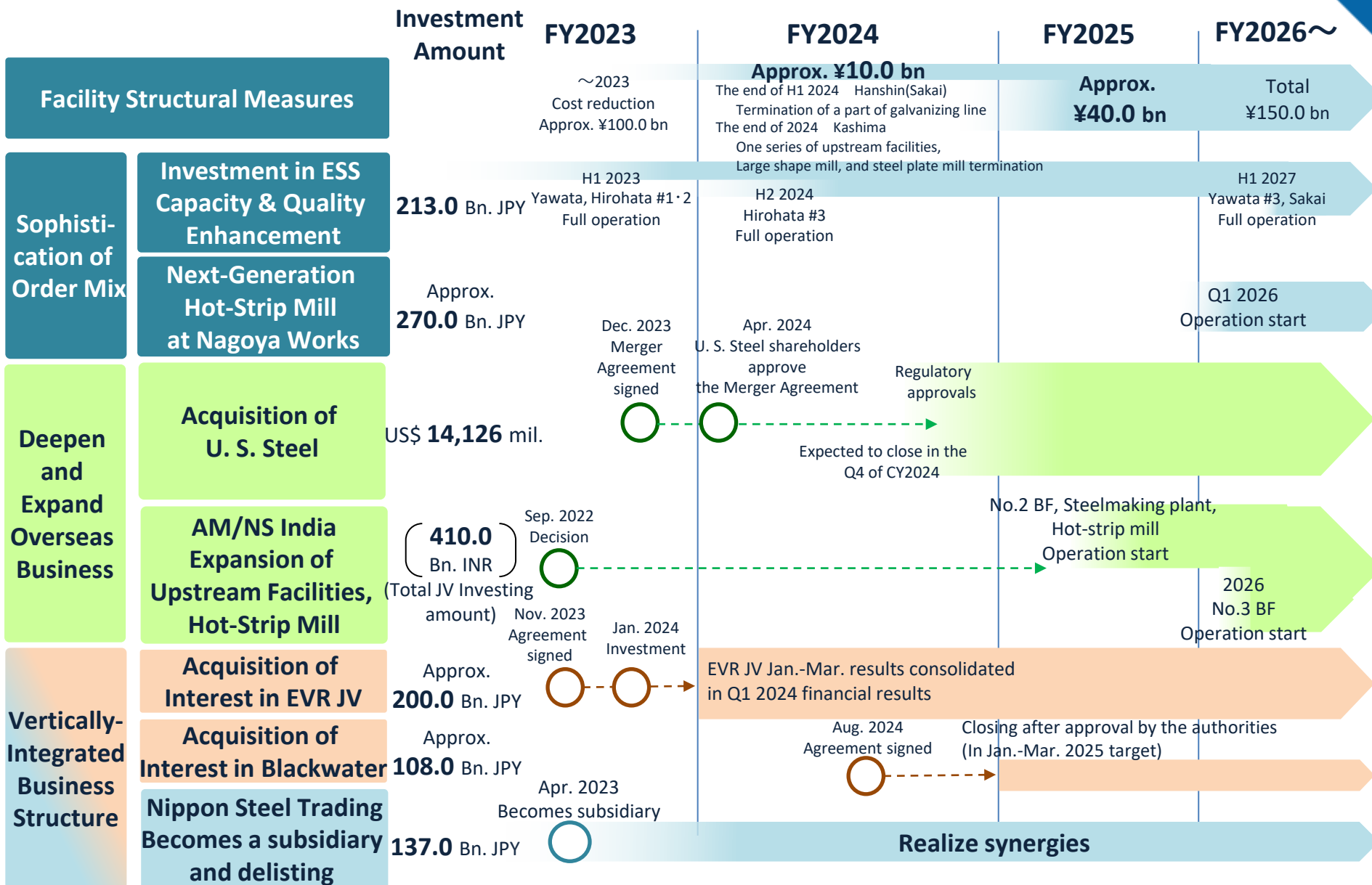
\*Note: FY12 ~ H1 FY15: adjusted by multiplying by ten, as reverse stock split took place in H2 FY15 (10 share to 1)

# Target of FY2025 : Nearing the “¥1 tn. x 100 Mt” vision <sup>8</sup>



# Roadmap of Growth Strategy

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# FY2024 Underlying Consol. BP Factor Analysis (1/2)

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Excl. impact from the acquisition of USS

FY2024(f) as of Aug. 1<sup>st</sup>

FY2023

to

to

FY2024(f)

FY2024(f)

\* including impact from FX rate fluctuation

Unit: bn. JPY

**Change in  
Consol. Business Profit**

-30.0

700.0 -> 670.0

-199.6

869.6 -> 670.0

Inventory Valuation etc.

-30.0

-44.5

**Change in  
Underlying Business Profit**

-

780.0 -> 780.0

-155.0

935.0 -> 780.0

**Domestic Steel Business**

+35.0

-96.0

Volume

-20.0

-20.0

Change in shipment volume

-0.50 MT

-0.53MT

Spread \*

+35.0

-35.0

(Sales price, mix, raw material price)

Change per ton of steel

+1k¥/T

Direct contract  
sales : difference in  
raw material prices  
on and after the  
price negotiation

-1k¥/T  
reflecting yen depreciation and cost hike in distribution, etc.

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

Change in FX rate

1 yen  
app.

8 yen  
dep.

Export ratio increased due to sluggish domestic steel demand

Cost Reduction

+10.0

+40.0

Others

+10.0

-81.0

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

**Overseas Steel Business**

- 10.0

Decline in steel market  
(India etc.)

-52.0

Loss of one-off gain in Indian business in H1 FY2023, etc.

**Raw Material Business**

- 25.0

Drop in raw material prices

+13.0

Consolidation of EVR, Drop in raw material prices

**Other Group Companies**

-

-36.0

Profit decrease in Nippon Steel Stainless and EAFs

**Three Non-steel Segments**

-1.0

+20.0

Removal of the loss of crane failures on offshore work  
vessels in Engineering segment in H1 FY2023, etc.

# FY2024 Underlying Consol. BP Factor Analysis (2/2)

11

Excl. impact from the acquisition of USS

H2 FY2023

to

H1 FY2024

H1 FY2024

to

H2 FY2024(f)

\* including impact from FX rate fluctuation

Unit: bn. JPY

**Change in  
Consol. Business Profit**

+0.3

375.4 -> 375.7

-81.4

375.7 -> 294.3

Inventory Valuation etc.

+64.9

-117.6

**Change in  
Underlying Business Profit**

-64.5

436.4 -> 371.9

+36.2

371.9 -> 408.1

**Domestic Steel Business**

-40.0

+54.0

Volume

-

-10.0

Change in shipment volume

+0.05 MT

-0.31MT

**Spread \***

-

+20.0

(Sales price, mix, raw material price)

Change per ton of steel

- ¥/T

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

+1k¥/T

Spot market sales : Continuation of unprecedentedly harsh business environment in overseas spot market prices  
Export ratio increased due to sluggish domestic steel demand

Change in FX rate

6 yen  
dep.

4 yen  
app.

Order mix improved due to recovery of domestic automobile production  
Negotiate with customers to pass on price increases in external costs based on the premise of maintaining appropriate spread

**Cost Reduction**

+5.0

+15.0

**Others**

-45.0

+29.0

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

**Overseas Steel Business**

-18.0

Loss of one-off gain in Indian business in H2 FY2023, etc.

-

**Raw Material Business**

+24.0

Consolidation of EVR, Drop in raw material prices

-39.0

Drop in raw material prices

**Other Group Companies**

-31.0

Profit decrease in Nippon Steel Stainless and EAFs

+16.0

Profit increase in Nippon Steel Stainless and Sanyo Special Steel

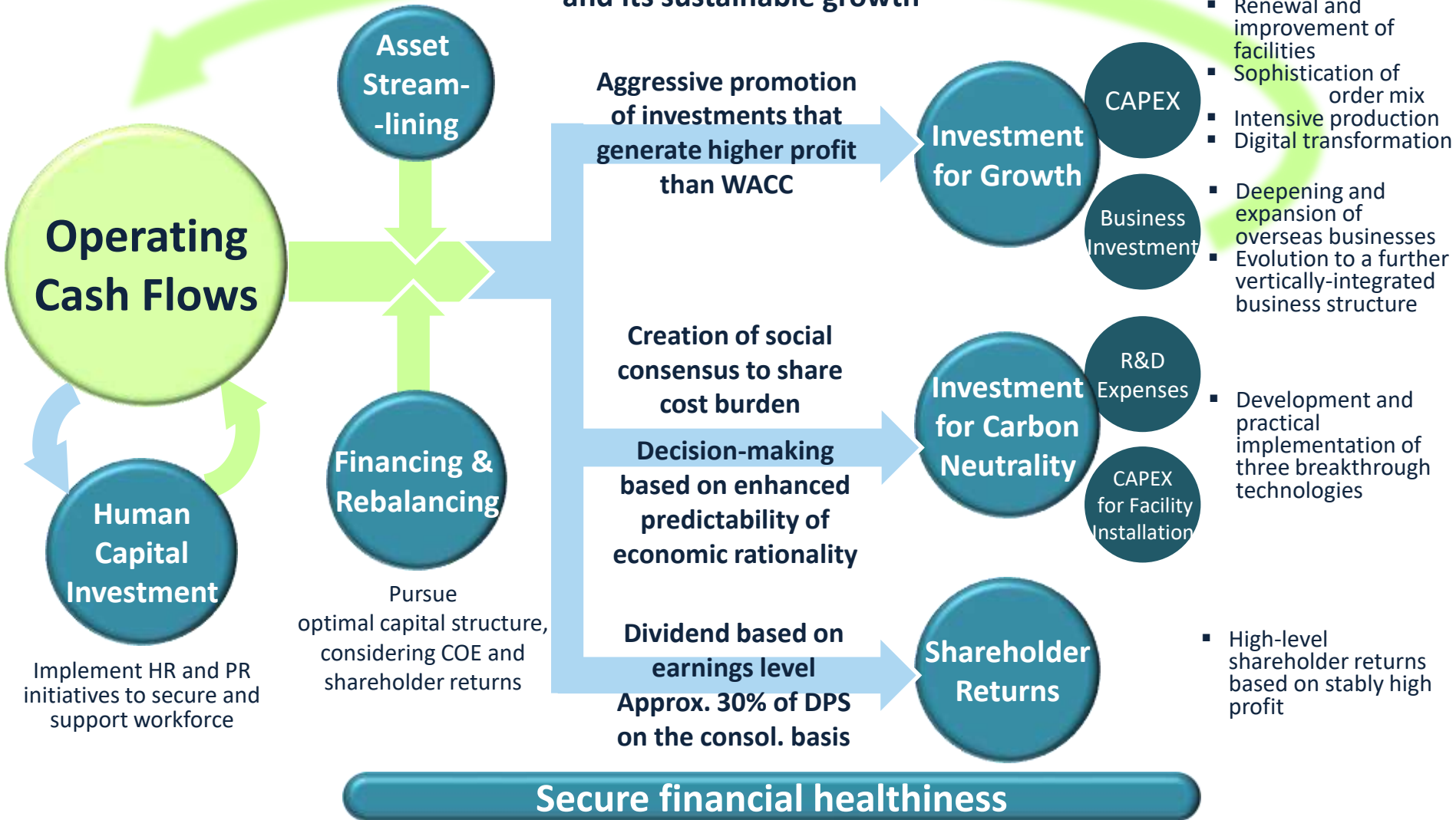
**Three Non-steel Segments**

-2.0

+13.0

## Realizing Sound Cash in/Outflows

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

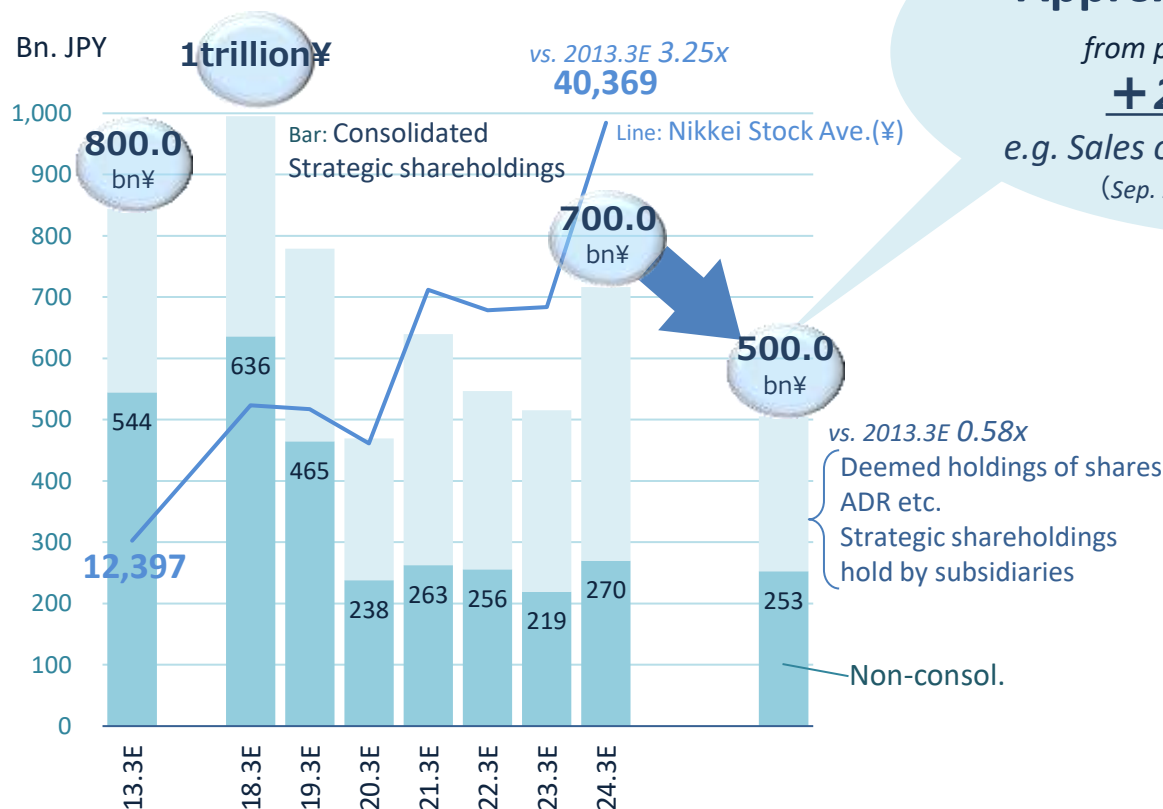
Target of Mid-Long term plan **D/E: below 0.7**

# Reduction of Strategic Shareholdings

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- Increasing asset streamlining by approx. 230.0 billion yen in FY2024
- Reduced strategic shareholdings by approx. 80% in real terms since FY2013\*

\*Change ratio in retained balance / Nikkei stock price (2013.3E→2024.3E) :  
After sales in 2024 :  $0.58x / 3.25x = 0.18x$  **-82% reduction**



## Asset streamlining in FY 2024 Approx. 230.0 billion yen

from prev. forecast as of Aug. 1<sup>st</sup>

**+ 200.0 billion yen**

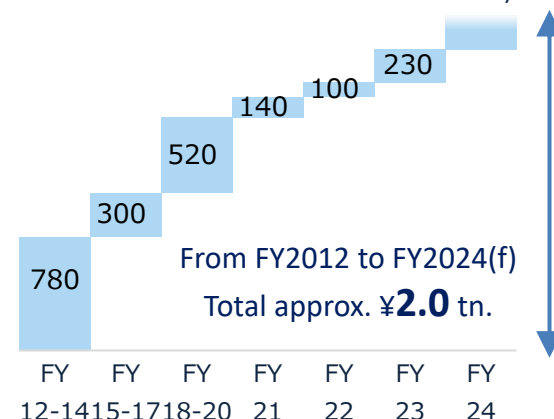
e.g. Sales of shares of POSCO Holdings  
(Sep. 24<sup>th</sup> 2024, announcement) etc.

## Asset streamlining

Bn. JPY

As of Aug. 1<sup>st</sup>  
30.0 billion yen

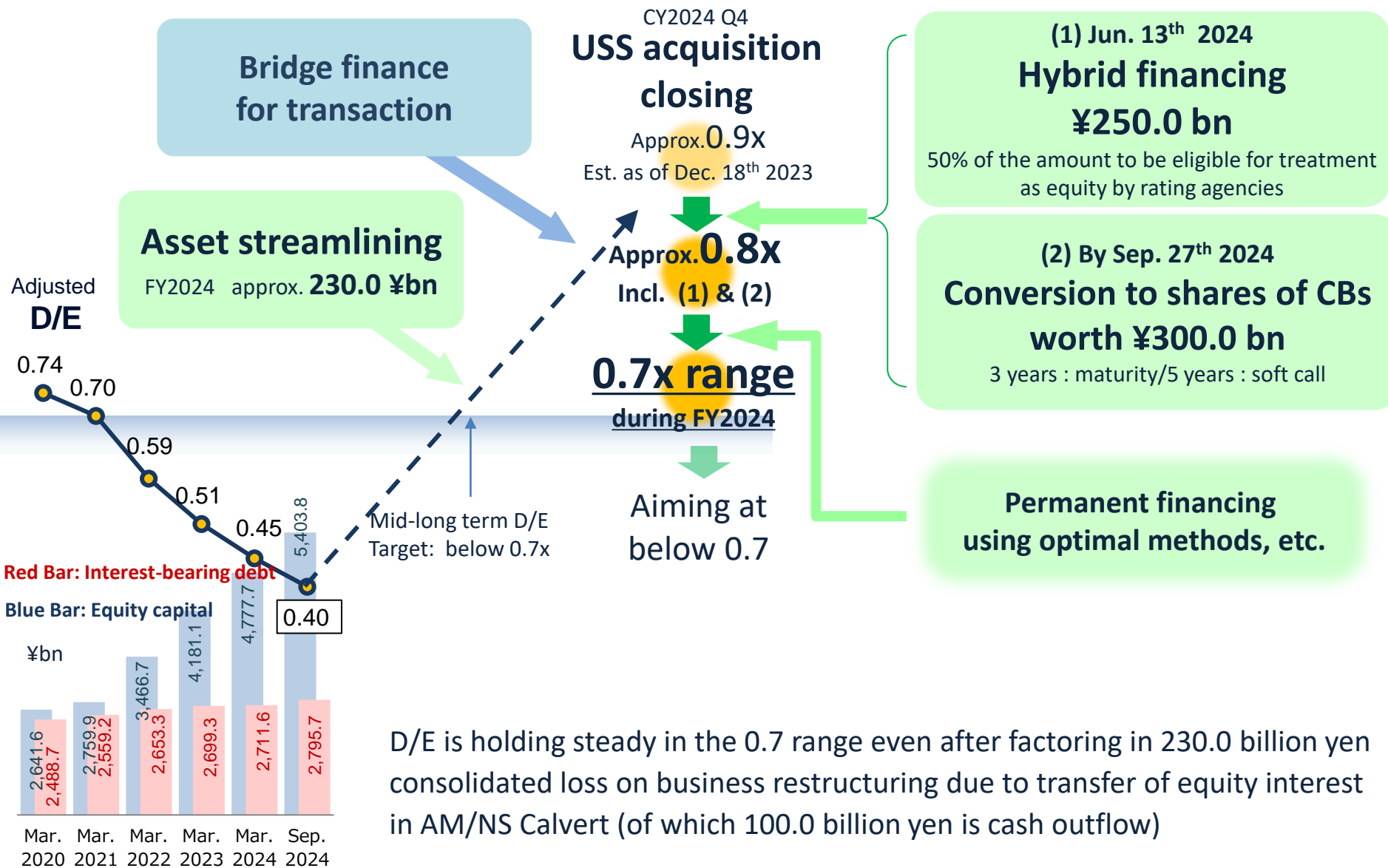
FY2024  
Approx.  
**230.0**  
billion yen



<Our policy> Proceed with the sale of share for which it is confirmed that the purpose of strategic shareholding can be achieved without holding the shares, based on sufficient dialogue with the company on the share we hold.

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

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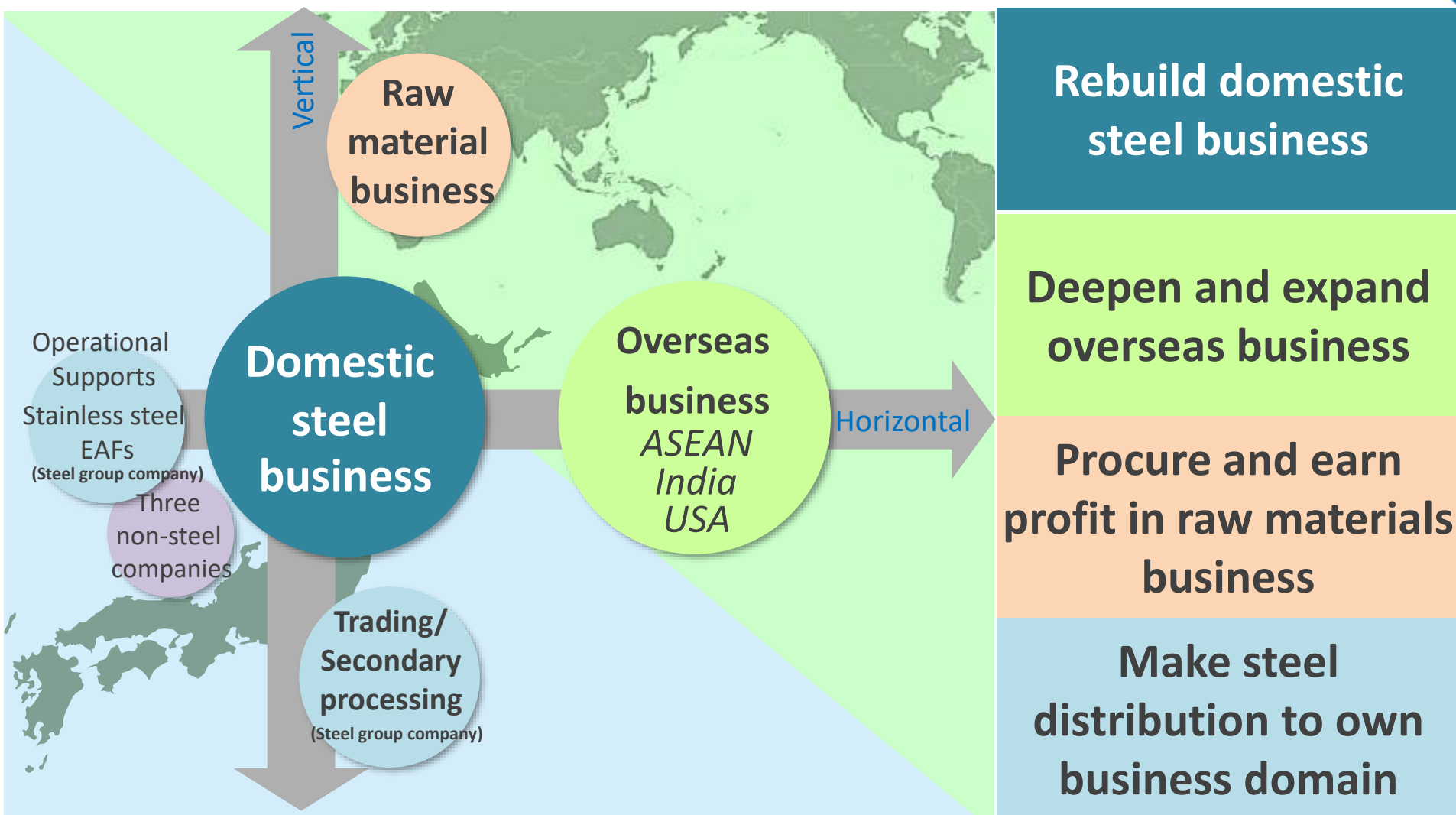


# Agenda

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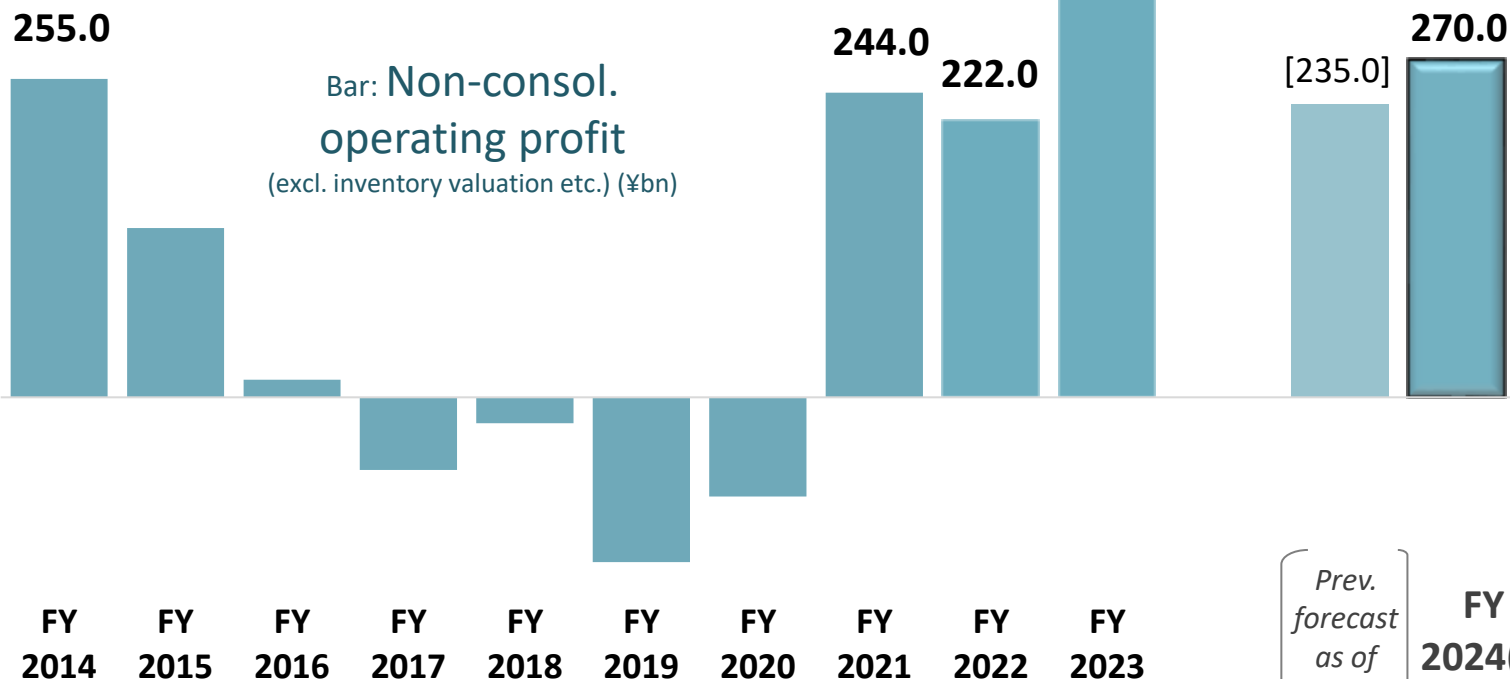
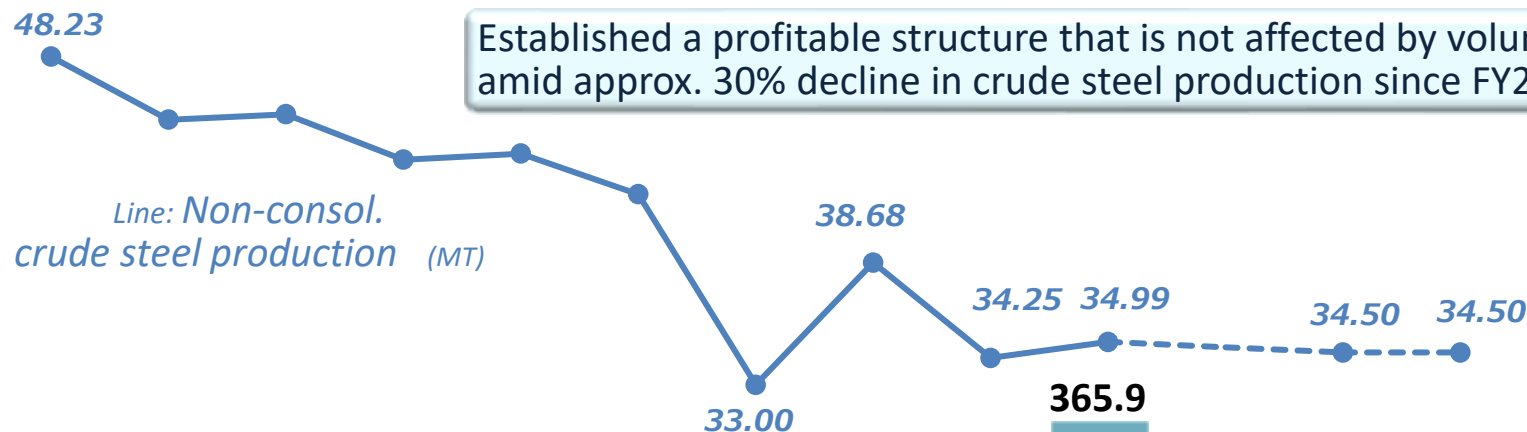
# Developing a Robust Business Structure with Vertical and Horizontal Expansion

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

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



Effect of structural measures, cost reduction\*, sophistication of order mix, etc.

\*The end of FY2024, Kashima/one series of upstream facilities, Large shape mill, and steel plate mill termination

Before and in FY2019: ex-Nisshin Steel Kure Area and Hanshin Area included

# Absorption Merger of Nippon Steel Stainless Steel Corporation

Nippon Steel will merge with its 100% subsidiary, Nippon Steel Stainless Steel Corporation. The merger aims to address risks and opportunities in stainless steel business and to create synergies.

until 2025.3.31

 **NIPPON STEEL**

100%

**NIPPON STEEL  
Stainless Steel Corporation**



from 2025.4.1

Surviving  
Company

 **NIPPON STEEL**

Absorption Merger

Dissolving  
Company

- Date of Agreement  
Oct. 11, 2024
- Effective Date of Merger  
Apr. 1, 2025
- Merger Consideration  
As this is a merger between a wholly-owned subsidiary and its parent company, no allocation of shares or other monetary compensation will be made.

## ● Risks, Opportunities, and Challenges in the Stainless Steel Business

- ◆ Decline in domestic demand caused by factors such as population decline and automobile electrification.
- ◆ Prolonged problem of overcapacity in the Asian market.
- ◆ Adapting to changes in social and industrial structures aimed at decarbonization, particularly in glowing new energy field such as hydrogen and ammonia. (-> P19-20)
- ◆ Work together on global business as a basis for growth.
- ◆ Study of the process conversion from blast furnace to electric furnace. (-> P41-42)

**Strengthening and optimizing total  
human resources by merger**

**Unified approach to increasingly  
sophisticated and diverse  
management issues together**

Through measures to strengthen development, manufacturing and sales, strategic products that **respond to new needs, including new energy fields such as hydrogen and ammonia, for which demand is expected to grow in the future, will be developed and sold**

## Develop-ment

### Acceleration of strategic product development in collaboration with our Technology Development Division

Utilize technical knowledge accumulated through R&D in seamless steel pipes.



### Hikari Area Yamaguchi Works

#### Refurbishing the continuous slab casting equipment

(Aug. 4, 2023 announcement)

Achieving further improvements in the surface quality and internal quality of slabs

- ⇒ Enables the manufacture of products that require higher cleanliness than conventionally possible, and products that were difficult to manufacture
- ⇒ Contributing to the achievement of a decarbonized society in fields such as new energy and next-generation automobiles, etc.

- Capacity: approx. 500k tons per year
- Start : Planned for 1H of FY2026
- Amount: approx. 32.0 billion yen

## Manufac-turing

## Sales

### Strengthening capabilities to make proposals and respond to customers through collaboration with our sales departments and overseas offices

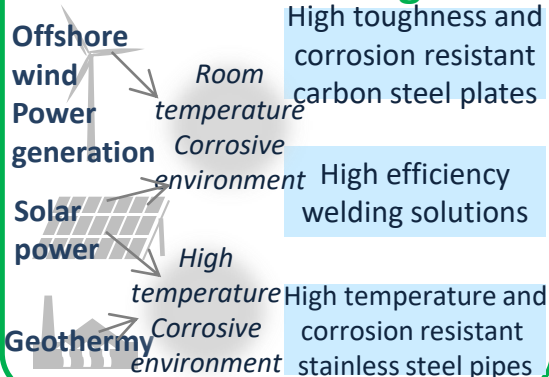
- Rebuild an efficient information collection system
- Share and deepen understanding of customer needs

## Strategy (1) Rebuild domestic steel business

# Material Development in New Energy Field 20

By leveraging the accumulated knowledge of both companies, Nippon Steel will further strengthen its product and customer support capabilities for steel products (steel plates ~ steel pipes, carbon steel ~ stainless steel) that support the energy sector.

### Renewable energies



Natural gas

### Hydrogen and Ammonia production

#### Green hydrogen/Ammonia

#### Electrolysis



Room temperature  
Corrosive environment

Super Nickel

Titanium

#### Blue hydrogen/Ammonia

#### Reformulation



#### Turquoise Hydrogen

#### Direct Decomposition



High temperature  
Corrosive environment

Stainless  
High-alloy

Nippon Steel's  
Products

#### Storage

### CCS

High pressure  
CO<sub>2</sub>  
environment

Present  
Nippon Steel  
Stainless Steel's  
Products

High toughness and  
corrosion resistant  
stainless steel pipes

### CO<sub>2</sub> Storage and Transportation

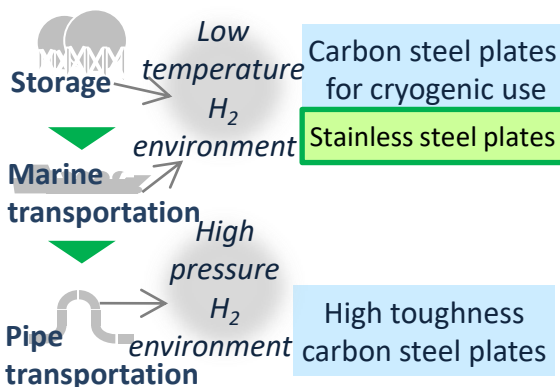
Pipe transportation  
Marine transportation  
Storage

High pressure  
CO<sub>2</sub>  
environment

High toughness  
carbon steel pipes

High toughness  
carbon steel plates

### Storage and Transportation of Hydrogen



### Storage and Transportation of Ammonia

#### Ammonia Synthesis



High temperature  
NH<sub>3</sub>  
environment

Carbon steel plates for  
low temperature use

Stainless steel plates



Storage

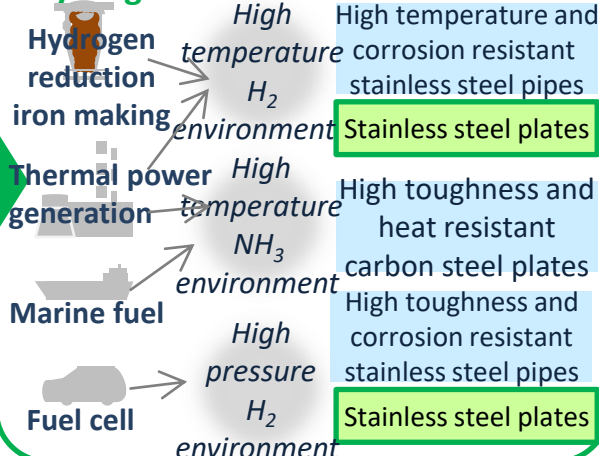
High pressure  
NH<sub>3</sub>  
environment

High corrosion resistant  
high alloy steel plates

Stainless steel plates

#### Decomposition

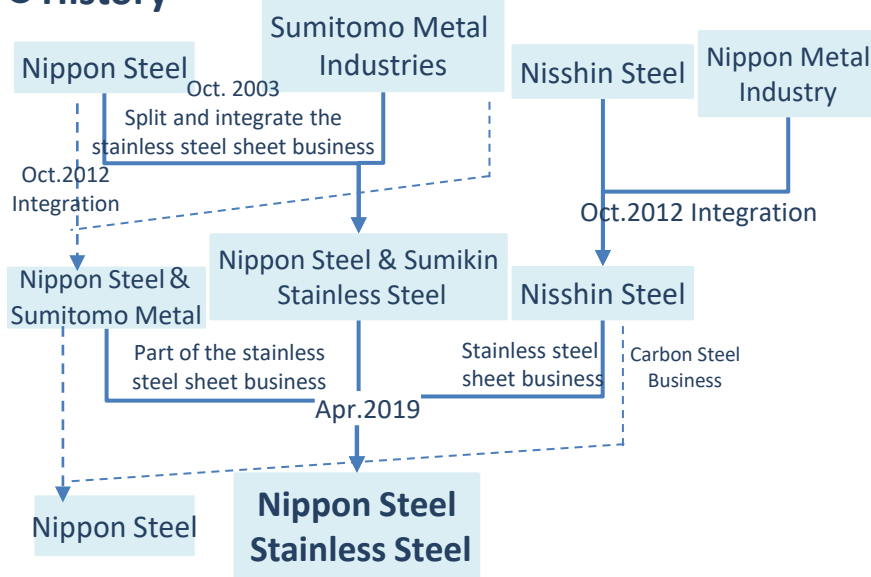
### Hydrogen and Ammonia Utilization



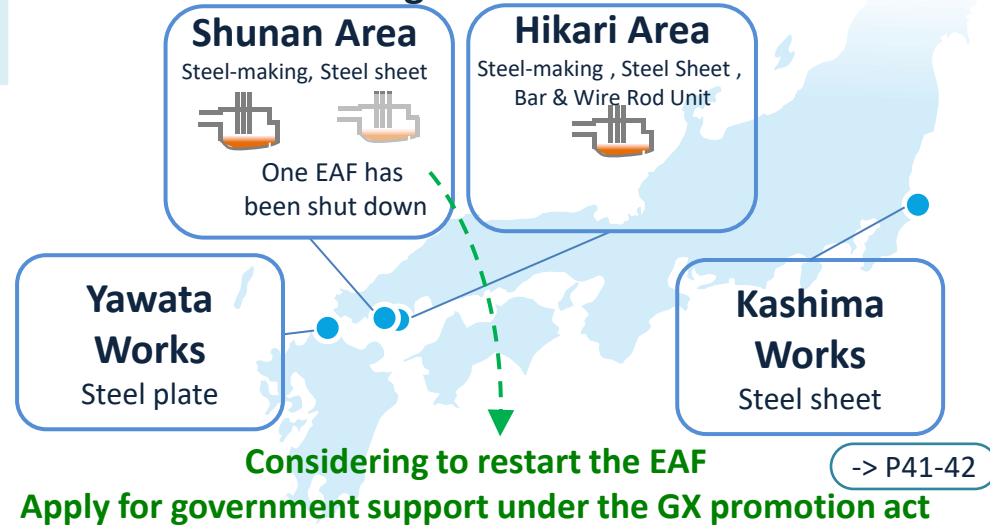
# Strategy (1) Rebuild domestic steel business

## Outline of Nippon Steel Stainless Steel Corporation 21

### ● History



### ● Manufacturing site Yamaguchi Works



● **Sales**(consolidated): 438.5 bn yen per year (FY2023)

● **Sales volume:** 911k tons per year (FY2023)

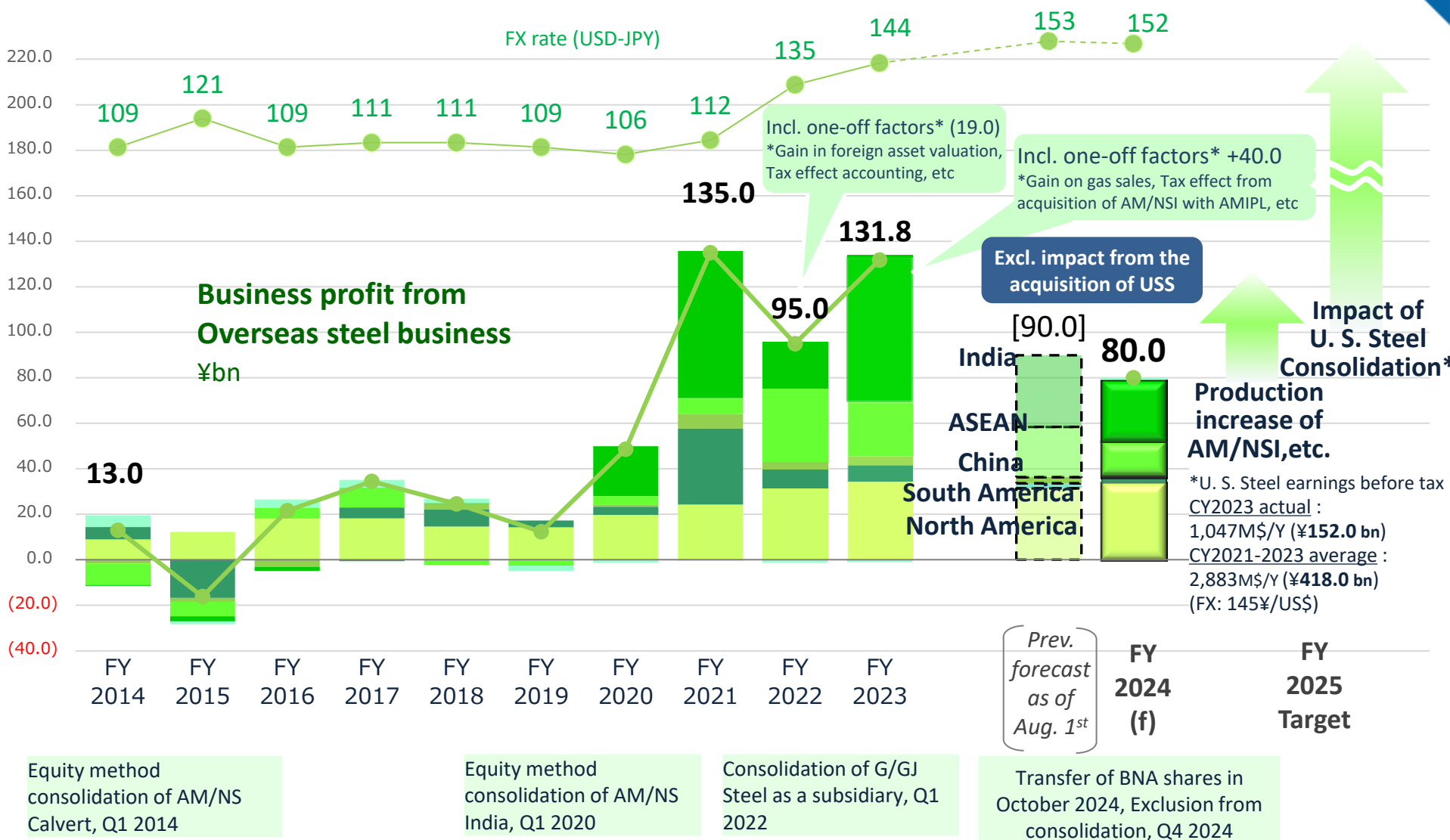
● **Employees**(consolidated): 3,046 (end of FY2023)

● **Group companies:** 10 domestic and 4 overseas

### ● Products

Stainless steel sheet  
 Stainless steel plate  
 Stainless bar & wire rod unit



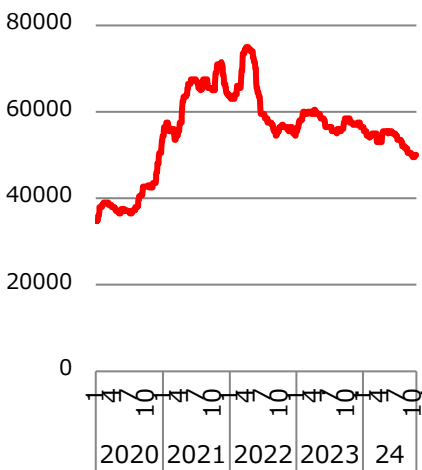


Ordinary profit (subsidiaries) + share of profit in investments accounted for using equity method (equity method affiliates), both underlying profit excl. inventory valuation

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

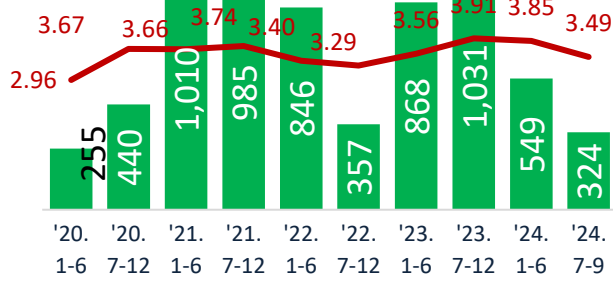
(kINR/t)

## HRC price in India



AM/NS  
INDIA

## Crude steel production (MT/6M)



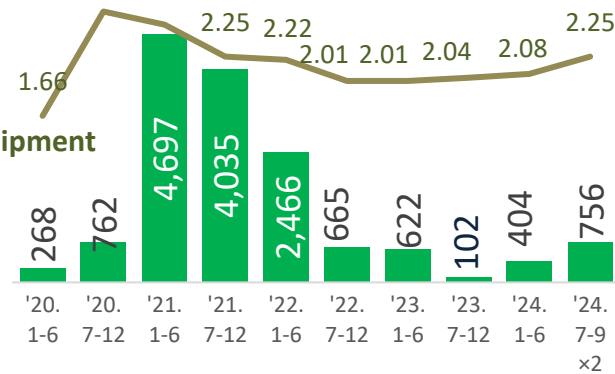
EBITDA (mUSD)



USIMINAS

\*2021.1-6 and '21.7-12 include 1,414 and 666 tax refund etc., respectively.  
\*2023. 1-6 incl. service center  
\*2024. 1-6 incl. effect of #3 BF relining

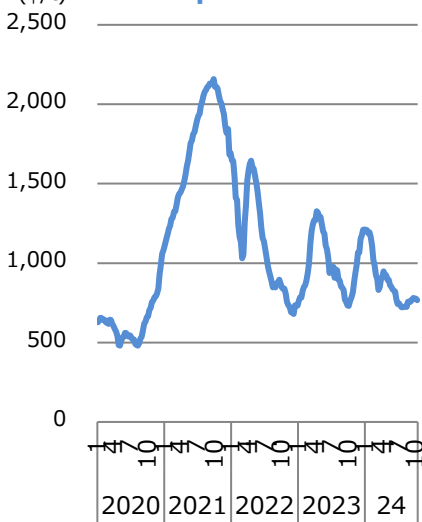
## Steel shipment (MT/6M)



EBITDA (mR\$, Steel segment)

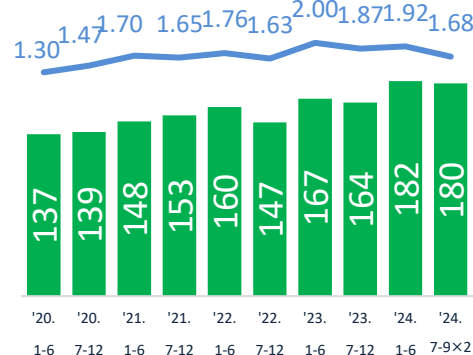
(\$/t)

## HRC price in US



AM/NS  
CALVERT

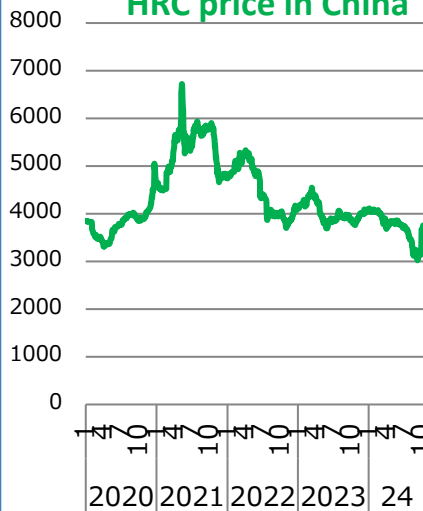
## Steel shipment (MT/6M)



EBITDA (mUSD) excl. inventory valuation

(CNY/t)

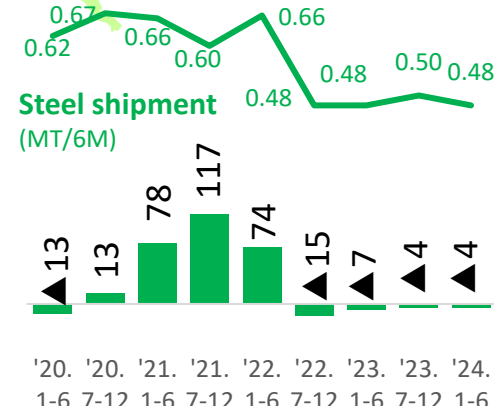
## HRC price in China



GSteel GJS

Financial result ('24.7-9) to be released on Nov. 7-8 2024

## Steel shipment (MT/6M)



EBITDA (mUSD)

**Strategy (2)**  
**Deepen and expand overseas business**

**Toward the “Global Crude Steel Capacity 100MT” Vision**

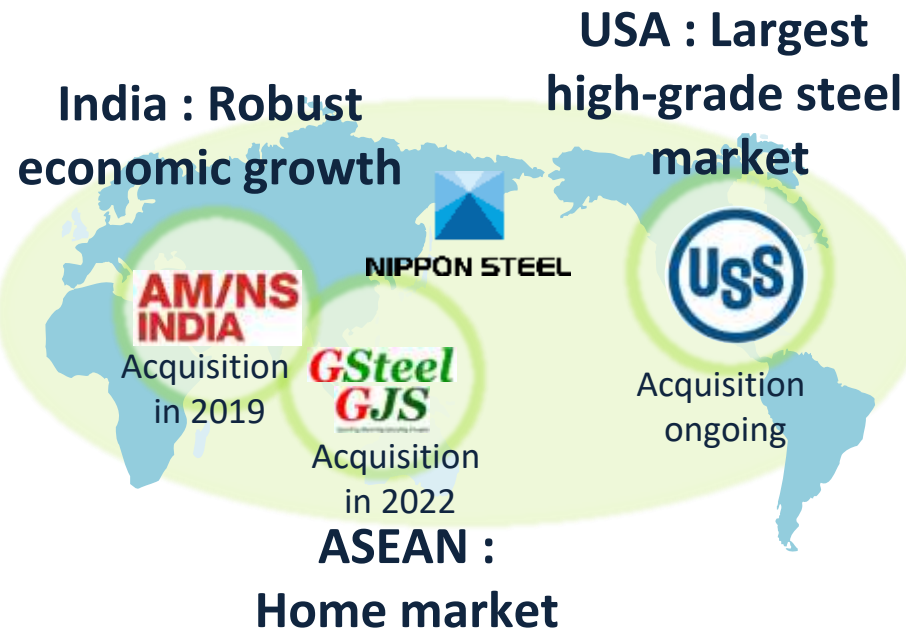
NSC has intended to expand steel production into :

- **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

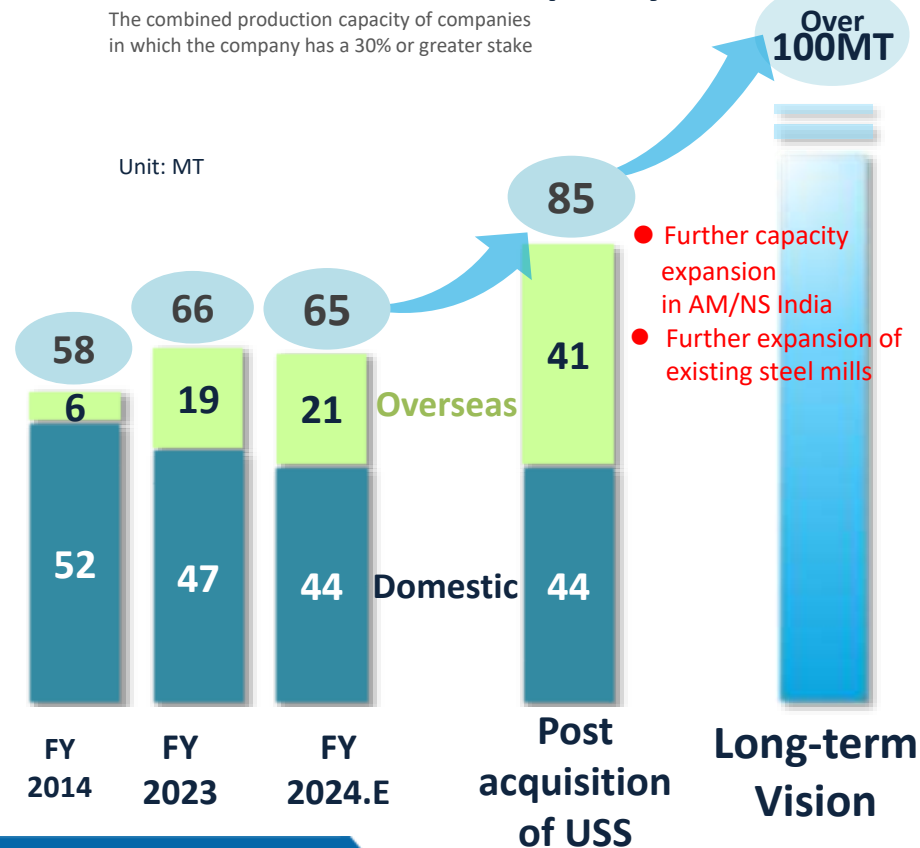
**Acquire brownfield production bases**  
through M&A

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



**Global Steel Production Capacity**

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



**Strategy (2)**  
Deepen and expand overseas business

**U. S. Steel Acquisition**

## U. S. Steel Acquisition: Progressing towards close

**Initiatives for meeting closing conditions**

**Approval at U. S. Steel shareholders meeting**

**completed**

- In April, majority of U. S. Steel's stockholders voted to approve the proposed acquisition by Nippon Steel Corporation (approval ratio 99%)
- Following this approval, U. S. Steel is no longer able to accept a proposal to be acquired by another company.

**Antitrust authority approval**

**ongoing**

- Completion of approval from all regulatory authorities except the U.S. (by May)
- Received a Second Request for information and data from the U.S. Department of Justice as part of the U. S. government's merger review process (in April)
- **In October, equity purchase agreement with ArcelorMittal for transfer of Nippon Steel's equity interest in AM/NS Calvert to address any antitrust concerns that may arise from Nippon Steel's ongoing ownership in AM/NS Calvert (the share transfer not consummated if the acquisition not consummated)** ->P60-62

**CFIUS approval**

**ongoing**

- CFIUS, Committee on Foreign Investment in the United States, review ongoing

Closing after receipt of regulatory approvals and other required conditions specified in the merger agreement.

**The transaction is expected to close in Q4 CY2024 (by December)**

**Dialogue with stakeholders**

**Eligibility**

**completed**

- **In September, the decision of the arbitration between the USW and U. S. Steel confirmed the satisfaction of the requirements under the BLA for the acquisition of U. S. Steel by Nippon Steel**

**Dialogue with Unions and Local Communities**

**ongoing**

- Members of the Nippon Steel management team have spent time in the U.S. meeting with various key stakeholders, continuing discussions and managing our PR efforts.
- Commitments were offered in March to the United Steelworkers (USW) that go beyond what is required by the existing agreements between U. S. Steel and the USW. **Another commitment offering additional investment was made in August.** -> P26
- **Announced the governance policy for U. S. Steel in September.** -> P27

## Strategy (2) Deepen and expand overseas business

## U. S. Steel Acquisition

## Commitments beyond the current BLA<sup>26</sup>

Nippon Steel has agreed to:

- Recognize the USW as the exclusive bargaining representative for all USW-represented employees
- Honor all commitments in the existing agreements between U. S. Steel and the USW
- Present the following legally binding commitments in addition to the current BLA\* to the USW:

\*BLA : Basic Labor Agreement

### Honoring the current BLA\*

### Commitments beyond the current BLA\*

- ◆ Guarantee current compensation, pension and benefit programs
- ◆ Continue to share U. S. Steel financial statements

- ◆ No job losses and no plant closures

There will be no layoffs, and no idling or closures of any existing U. S. Steel facilities as a result of the transaction (subject to certain customary exceptions). Cf.) The existing agreement does not prohibit layoffs, idlings, or closures.

- ◆ No transfer of jobs or production overseas
- ◆ Share Nippon Steel's technology

- ◆ Invest additional capex of \$1.4 bn in BLA-covered facilities (until 2026)
- ◆ **Transformative Investments in blast furnace facilities at Mon Valley Works and Gary Works**

Capex

**over  
\$1.3  
bn**

**\$1.4  
bn**

**\$1.0  
bn**

Currently  
committed  
in BLA

**Additional  
Investment  
at the Time  
of acquisition**

**Mon valley works**  
**Replace and/or upgrade**  
**the existing hot strip mill**  
**and other facilities**  
**(no less than \$1.0 bn**  
**capex)**

Enhancing competitiveness by improving yield, energy efficiency, product quality, and expanding high-grade steel supply to meet customer needs, ensuring operation for decades and securing job opportunities for future generations in Pennsylvania

**Gary works**  
**Revamping of blast**  
**furnace #14**  
**(approx. \$0.3 bn capex)**

Enhancing BF operations and significantly improving production capacity through the introduction of our technology; extending productivity by up to 20 years with this investment; supplying products using more environmentally friendly blast furnace technology and world-class automotive flat steel technology

Cf. Planned rationalization of BF #14 by U. S. Steel prior to our acquisition proposal

Technology contributions for environmental improvement and extending equipment lifespan at other facilities

Nippon Steel’s belief in the acquisition enhancing American national security and strengthening the American industrial base and supply chain; governance policies to ensure the benefits of this acquisition and maintain U. S. Steel as an iconic American company post-acquisition.

Governance, U.S. Domestic Ownership, Headquarters	<p>U. S. Steel will:</p> <ol style="list-style-type: none"><li>1. Remain a U.S. company through its wholly owned subsidiary, Nippon Steel North America (NSNA)</li><li>2. Maintain headquarters in Pittsburgh, Pennsylvania, under NSNA, and establish the following governance structure:<ol style="list-style-type: none"><li>a. Majority of the Board of Directors to be U.S. citizens.</li><li>b. At least three independent directors who are U.S. citizens.</li><li>c. Core senior management members to be U.S. citizens.</li></ol></li></ol> <p>Cf. NSNA: relocation of headquarters functions to Pittsburgh</p>
U.S. Domestic Production	<ol style="list-style-type: none"><li>1. Prioritization of U. S. Steel’s domestic production to meet the demand in the U. S. steel market</li><li>2. To enhance U. S. Steel’s domestic production capabilities:<ol style="list-style-type: none"><li>a. Implementation of substantial investments in the existing production facilities of U. S. Steel.</li><li>b. No transfer of U. S. Steel’s production or jobs outside the U.S..</li><li>c. No layoffs, plant closures, or idling of U. S. Steel facilities as a result of the transaction (subject to certain customary exceptions).</li><li>d. Transfer of NSC’s enhanced manufacturing and technology capabilities to U. S. Steel on arm's length terms (including technologies to reduce CO2 emissions from blast furnace steelmaking).</li></ol></li></ol>
Trade	<ol style="list-style-type: none"><li>1. No interference with U. S. Steel’s decisions on trade matters and its determination to pursue trade measures under U.S. law against unfair trade such as antidumping/countervailing duty orders or safeguard measures.</li><li>2. Establishment and Maintenance of an internal officer-level “trade committee” comprised of U.S. citizens, which will make recommendation to the U. S. Steel Board of Directors on trade matters and document the decision-making process.</li><li>3. Decisions on trade matters will require approval by a majority of the independent, U.S. citizen members of the Board of Directors, and to document the decision-making process for U. S. Steel.</li></ol>

**Strategy (2)**  
Deepen and expand overseas business

**U. S. Steel Acquisition**

**Realize Further Growth of U. S. Steel by Combining Strengths of both companies**

28

**Contribute to benefits for all stakeholders of U. S. Steel by expanding its cash flow**

## Honor the history and brand

Continuation of the “United States Steel” name, brand, and the Pittsburgh, PA headquarters after acquisition

**Contribute NSC technologies as well as R&D progress as a wholly-owned subsidiary of NSC**

Bring fresh investment and innovation to U.S. blast-furnace facilities and BRS to strengthen its current products and services

 **NIPPON STEEL**

### Product Technologies

Enhance product qualities of U. S. Steel by sharing cutting-edge technologies in automotive sheets and electric steel sheets

### Operational, Equipment Technologies

#### Strengthening of BF integrated production of U. S. Steel

Abundant operational experiences:  
6 domestic Steelworks, 11 units of BFs  
And 51 production sites in 15 countries

### Decarbonization Technologies

Share technologies including BF Hydrogen Reduction Technologies, etc

### Solid financial structure

Cf.	NSC	U. S. Steel
Moody's	Baa2	Ba3
S&P	BBB+	BB-



**United States Steel**

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

**Robust facilities organically combining iron ore mines, BFs, and EAFs**

**Big River2 Oct. 2024 Operation start**

- Strong leadership and employees
- Industry-leading wages and benefits for employees
- Good retention ratio

**Well-developed, customer-oriented R&D system and bases**

## Achieving robust profitability through investment in business infrastructure to strengthen quality and cost competitiveness

**G Installation of new skin pass equipment**  
(finishing and inspection of hot-rolled steel products)

Improvement of product quality through surface quality and thickness adjustment

Amount: approx. **1.0** billion baht  
(approx. **4.0** billion yen)  
Start: Mid-2026

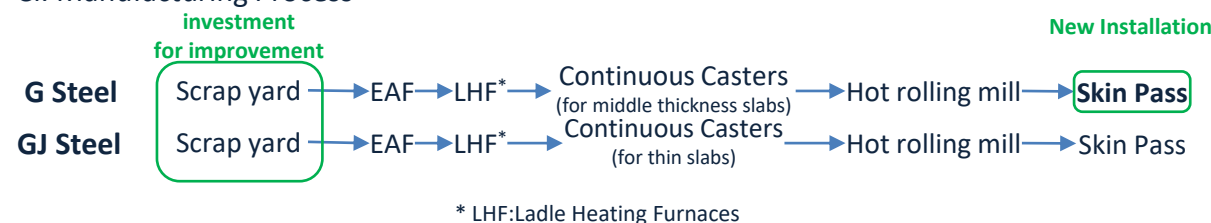
**G Streamlining scrap yard operation**

Streamlining scrap logistics, AI-based quality assessment, and systematization

Amount: approx. **0.5** billion baht  
(approx. **2.0** billion yen)  
Start: Mid-2025

**G GJ improving scrap management**

Cf. Manufacturing Process

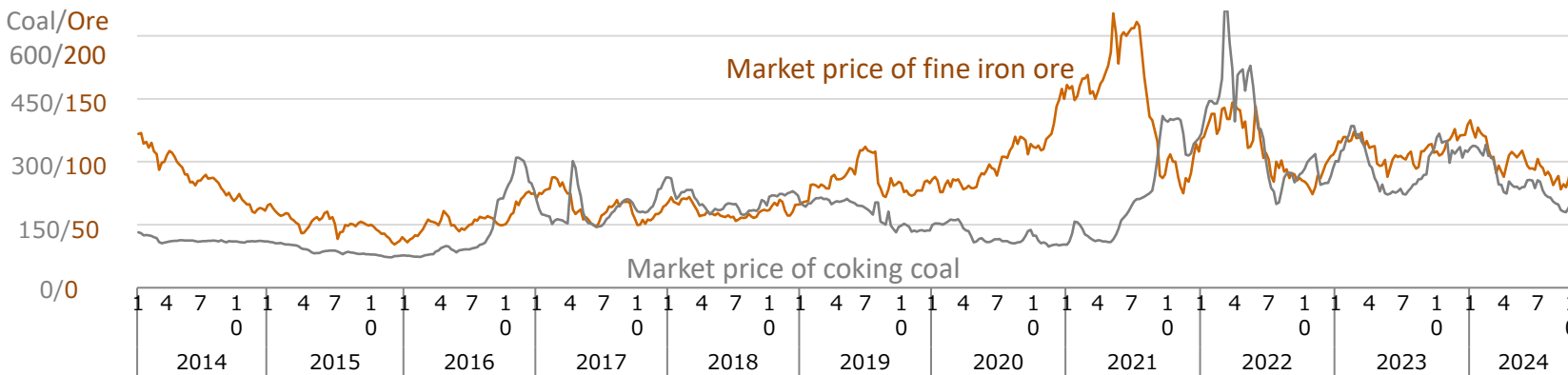


**Total**

**1.5** billion baht  
(approx. **6.0** billion yen)

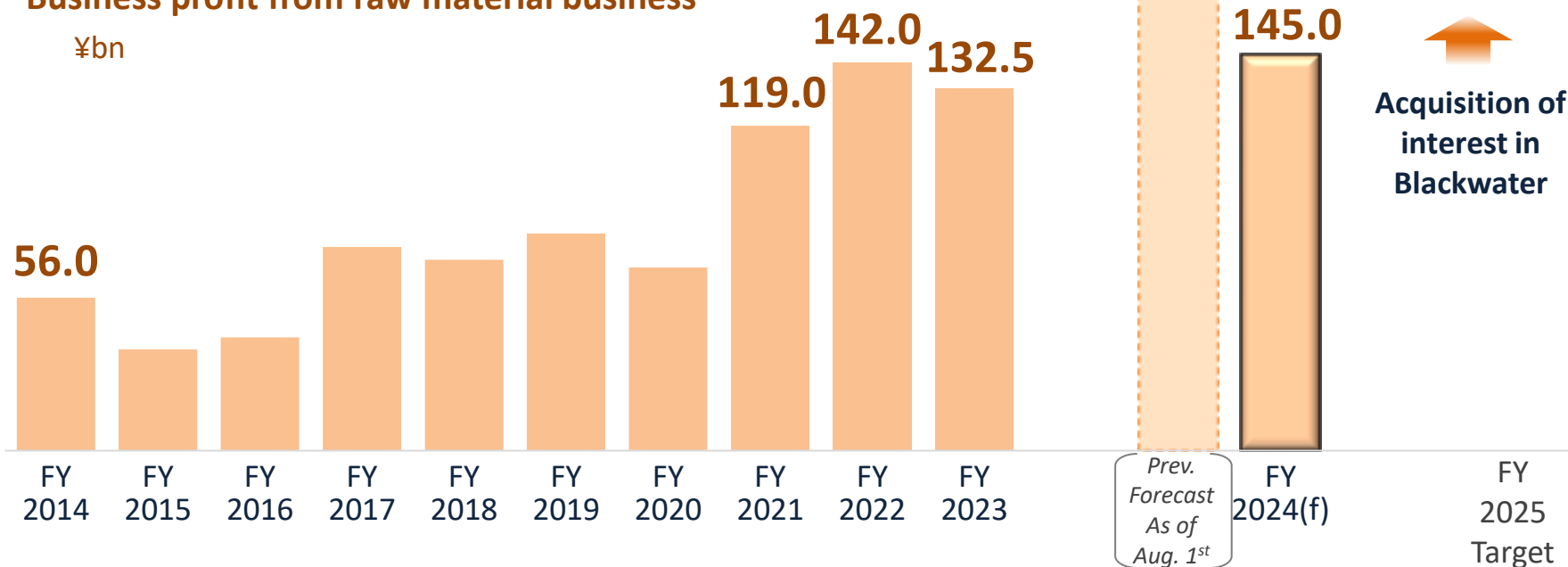
**Past Initiatives at G/GJ Steel**

- Feb. 2022: Acquisition and subsidiarization of G Steel and GJ Steel, the only local integrated steelmaker with EAFs and hot strip mills in Thailand
- Deployment of 23 personnel from Nippon Steel to key positions in G/GJ Steel for business foundation rebuilding (as of Aug. 2024)
- Promoting initiatives to improve productivity, quality capabilities, and cost competitiveness, while enhancing customer responsiveness



## Business profit from raw material business

¥bn



Equity method consolidation of Boggabri in 2015

Equity method consolidation of EVR in Q1 FY2024

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

- ◆ Ensure stable procurement of high-quality steelmaking coal
- ◆ Achieve high-quality coke production with cost reduction using Nippon Steel's advanced technologies

Acquisition value

0.72bn.USD (approx. 108bn.JPY)

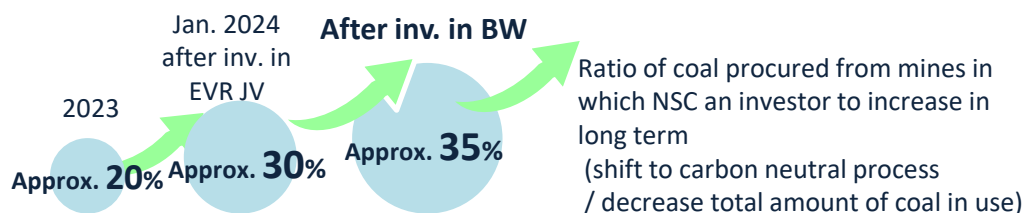
\*FX rate assumption: 1USD=150JPY

Schedule

- Aug.21<sup>st</sup> 2024 Signing of investment contract
- Closing and formation of JV after approval by the authorities (In Jan.-Mar. 2025 target)

- Enter into a long-term coal offtake rights agreement with Whitehaven, enabling long-term and stable steelmaking coal procurement

Ratio of coking coal procured from invested mines



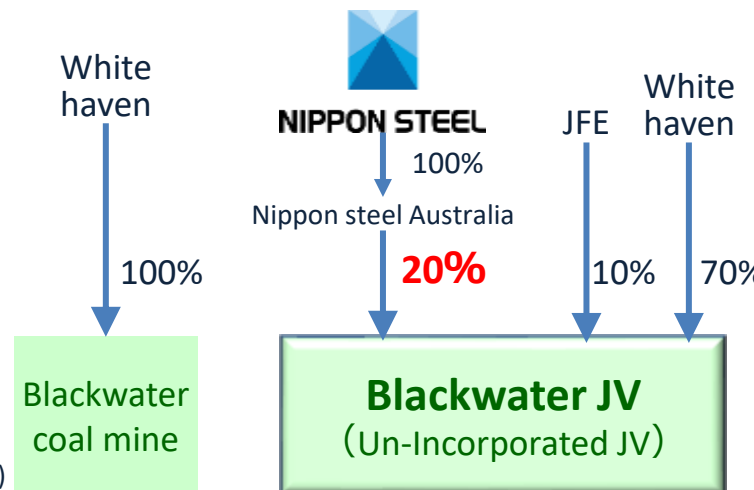
- Participate in decision making process of BWJV

## Securing high-quality steelmaking coal needed for the blast furnace hydrogen reduction process

- Improving the quality of coke input is important to achieve both CO2 reduction and stable-and-efficient pig iron production in the blast furnace hydrogen reduction process
- Steelmaking coal produced from BW Coal Mine is suitable to produce high-quality coke that contributes to reducing CO2 emissions and costs, by maximizing the use of Nippon's coal pre-treating process

Current

After acquiring interest



## Stabilizing consolidated profit

- By consolidating its interests in BW Coal Mine, which is a large scale and has ample resources, Nippon will enhance profits and earnings of its raw materials business

## Coal mine with rich reserves of high-quality steelmaking coals

### Location

Bowen Basin, Queensland, Australia

### Production

10.1Mtpa of saleable production  
(2024 Australian Financial Year )

### Overview

Large scale open pit coal mine

- Length: 80 km, Number of operating pits: 8
- Resource: 1,837 MT
- Expected mine life: over 50 years
- Workforce: 1,320

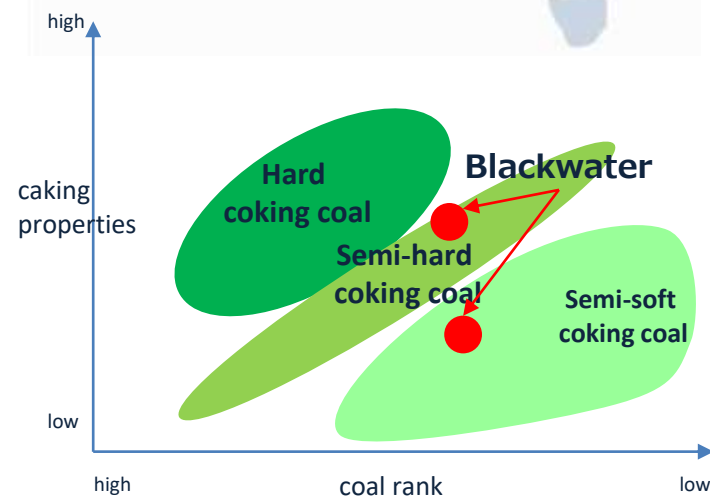
### History

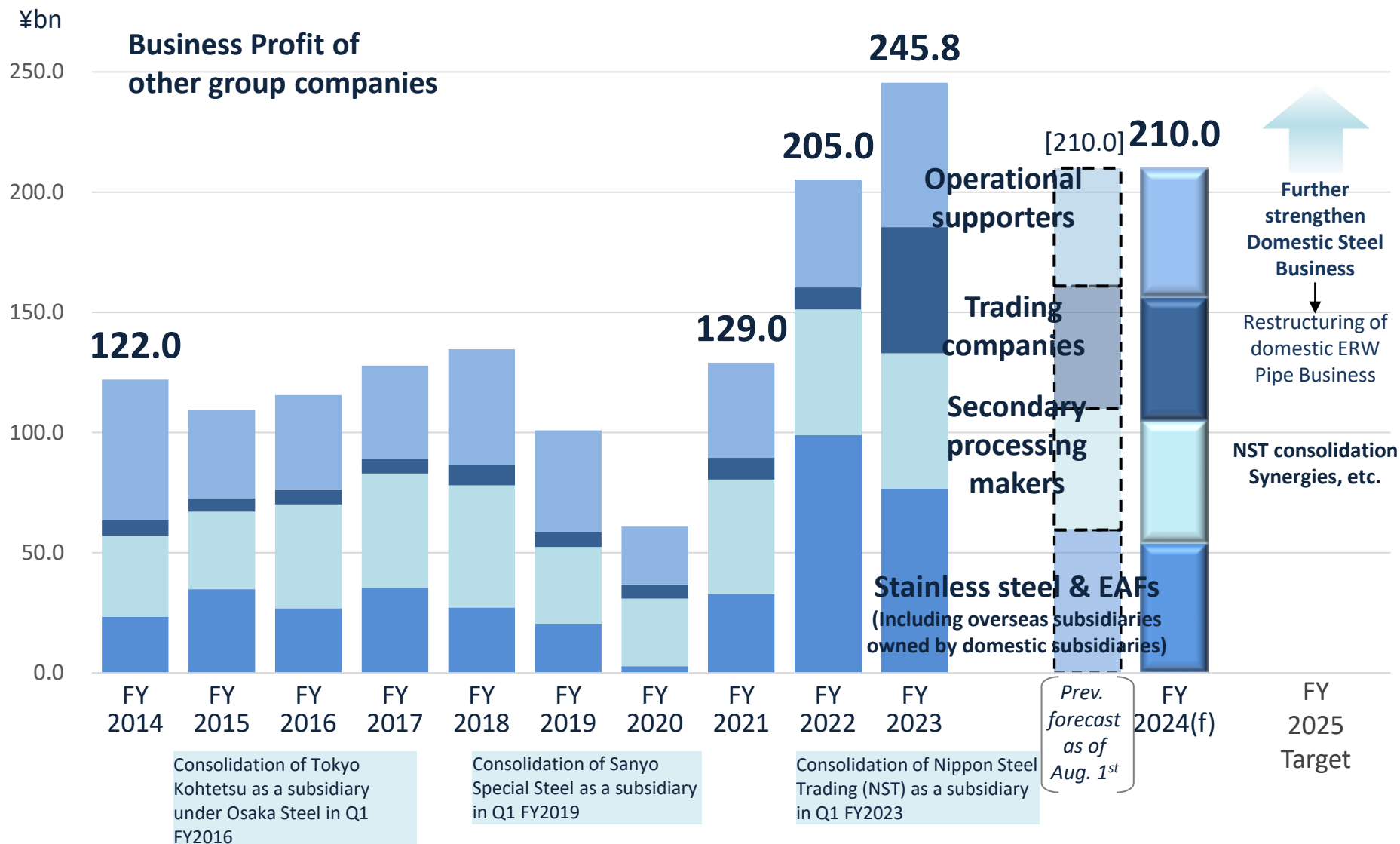
1967 : First production

April 2024 : Whitehaven to acquire 100% of the  
Blackwater Coal Mine from BMA  
(BHP Mitsubishi Alliance)

Cf. Overview of Whitehaven Coal Ltd

- Company specializing in coal established in 1999
- Operates six mines in Australia, including BW





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

## Strengthen group company collaboration to unlock synergies

- ① Streamline and strengthen the trading functions across the group
- ② Strengthen direct sales capabilities by leveraging sales know-how and infrastructure
- ③ Further supply chain sophistication

### Initiatives underway and in consideration

#### ➤ Investment in Mlion Corporation, a Leading Civil Engineering and Construction Materials Distributor in Singapore (to be executed as soon as necessary conditions, such as obtaining approval from the relevant authorities, are met.)

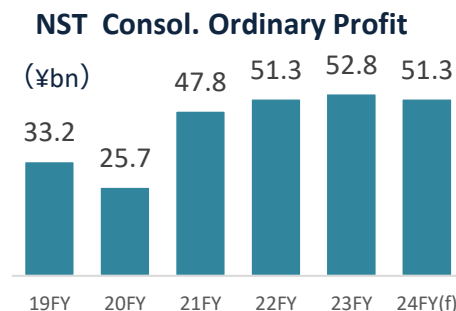
- NST decided to invest in Mlion Corporation and strategically collaborate with Mlion
- Capture the growing demand for civil engineering and construction materials infrastructure in the ASEAN region, thereby strengthening our group's overseas business foundation
- Multifaceted contribution to the "Overseas Civil Engineering and Construction Materials Strategy" of the Nippon Steel Group, such as expanding sales of high-performance products



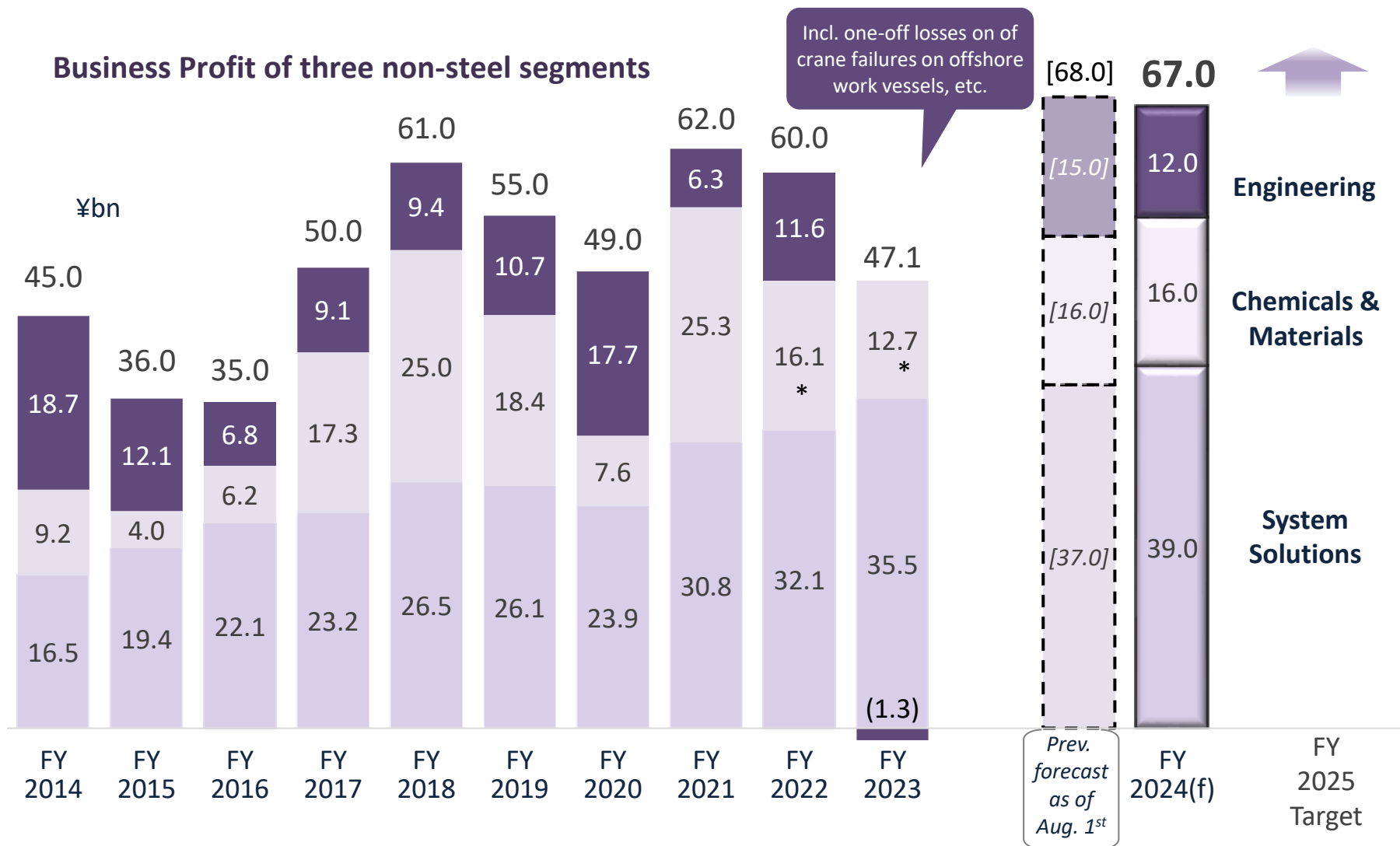
- Subsidiarization of Denkishizai Co., Ltd.\* by NST (announced on May 30, become a subsidiary on Aug. 1 2024)
- Construction of a high-grade electrical steel sheet processing plant in Mexico (announced on Jan. 17 2023 -> scheduled to start operation in April 2025)
- Expansion of steel service centers in India (announced on Oct. 11, 2023 -> operation started in August 2023)
- Merger of NST and NS Architectural Steel Services (ex. Nihon Teppan) (announced on Mar. 28, merger on Oct. 1 2024)
- Integration of NS Kenzai Hanbai and SK Kouji (announced on Jan. 10 2024)
- NST Mechanical Steel Tubular Products Sales acquires the automotive steel pipe cutting business from Sakaishin Co.
- Transfer of the steel processing business of Mitsuhashi Kozai Co. to NIPPON STEEL KOBELCO Shearing (announced on Feb. 9, transfer on Jul. 1 2024)
- Investment in HYSTER, a Norwegian company engaged in the production of water electrolysis equipment for hydrogen production
- Ongoing efforts to focus sales forces of both companies on new demand areas, improve administrative efficiency in business transactions, and strengthen cooperation between overseas bases.



Mexican electromagnetic steel coil center under construction



Business Profit of three non-steel segments



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

## Engineering

(Previous guidance: released on Aug 1, 2024)

¥bn	H2	FY 2023	Q2	H1	Prev. forecast	H2 (f)	FY 2024 (f)	Prev. forecast
Order intake	176.6	334.1	81.7	127.2	[140.0]	202.8	330.0	[320.0]
Revenue	233.8	409.2	99.4	183.3	[180.0]	216.7	400.0	[400.0]
Business profit	4.0	(1.3)	(1.1)	(1.2)	[3.0]	13.2	12.0	[15.0]

- BP is expected to increase YoY due to the recovery of the losses on crane failures.
- From the previous forecast, we increased repair expenses, including for areas other than cranes, based on the results of a comprehensive inspection of our offshore work vessels' equipment.

## Chemicals and Materials

¥bn	H2	FY 2023	Q2	H1	Prev. forecast	H2 (f)	FY 2024 (f)	Prev. forecast
Revenue	128.0	260.8	71.8	140.4	[140.0]	129.6	270.0	[270.0]
Business profit	4.5	15.3	5.7	12.2	[8.0]	3.8	16.0	[16.0]
Underlying	4.8	12.7	6.7	10.1	[8.0]	5.9	16.0	[16.0]

- Although the harsh business environment continues in the coal chemical sector, profits are improving due to the effect of demand recovery in the functional materials sector and the impact of exchange rates, and revenue and underlying BP are expected to increase compared to the previous year.

## System Solutions

¥bn	H2	FY 2023	Q2	H1	Prev. forecast	H2 (f)	FY 2024 (f)	Prev. forecast
Revenue	166.5	311.5	79.9	157.0	[153.0]	176.0	330.0	[330.0]
Business profit	20.4	35.5	9.3	18.3	[16.0]	20.7	39.0	[37.0]

- Sales is expected to increase YoY and from the previous forecast in generally all areas due to strong IT demand.
- BP is also expected to increase YoY and from the previous forecast due to increased revenues and improved gross profit margin resulting from value-added oriented operations, despite higher SG&A expenses, mainly due to increased investment in technology and R&D.

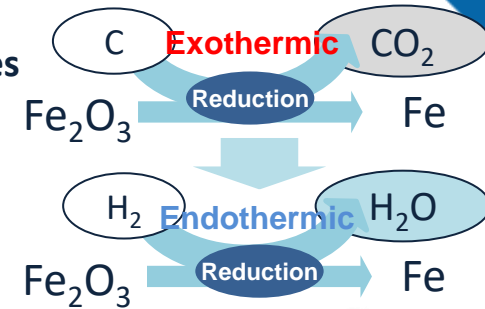
# Agenda

1. Earnings Summary: FY2024, FY2025 Target p. 4-
2. Developing a Robust Business Structure  
with Vertical and Horizontal Expansion p. 16-
- 3. Progress Toward Carbon Neutral Vision 2050 p. 38-**
4. References (Business Environment & Topics) p. 47-
5. Supplementary Materials p. 74-

## 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**
- ✓ **Green steel market formation**

(Turning the environmental value (CO<sub>2</sub> reduction) to the economic value)  
are needed to ensure the Predictability of investment recovery

CAPEX for practical implementation  
**¥4-5 trillion**  
R&D expenses  
Approx. **¥500 billion**  
2021.....

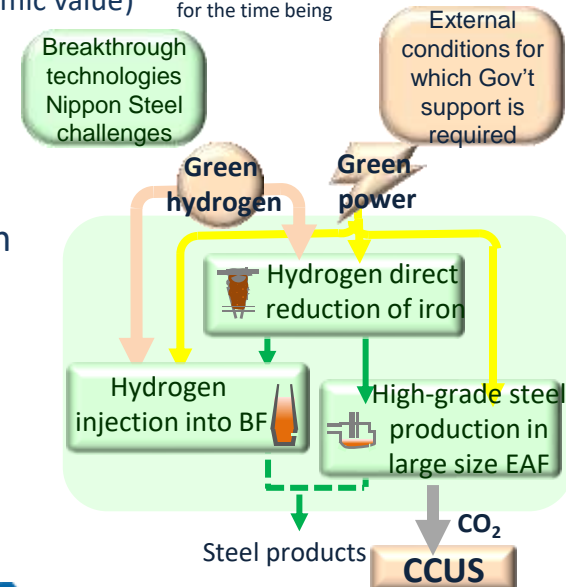
\* Minimum level estimated to be required for the time being

## Infrastructure

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

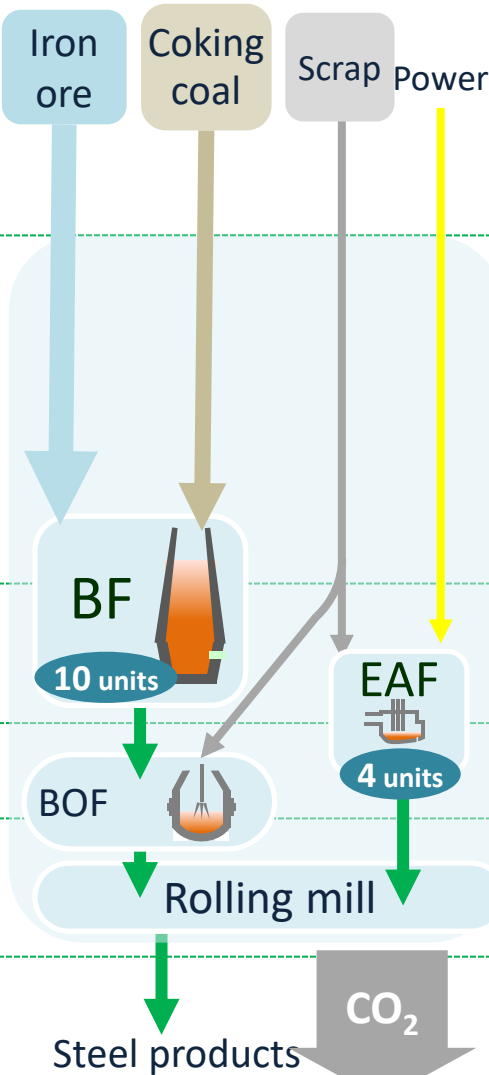
Need of a government policy to develop social infrastructure

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

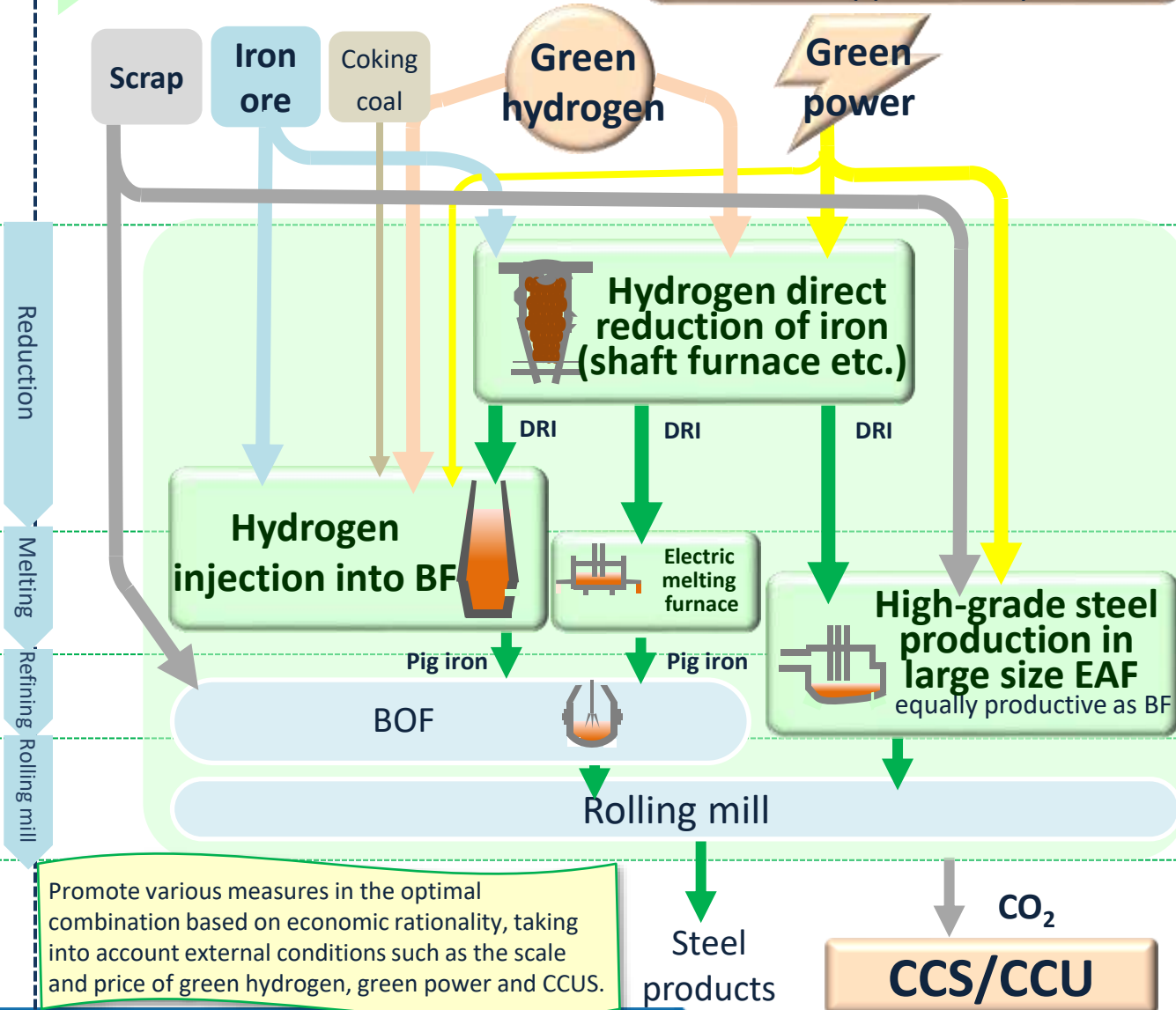


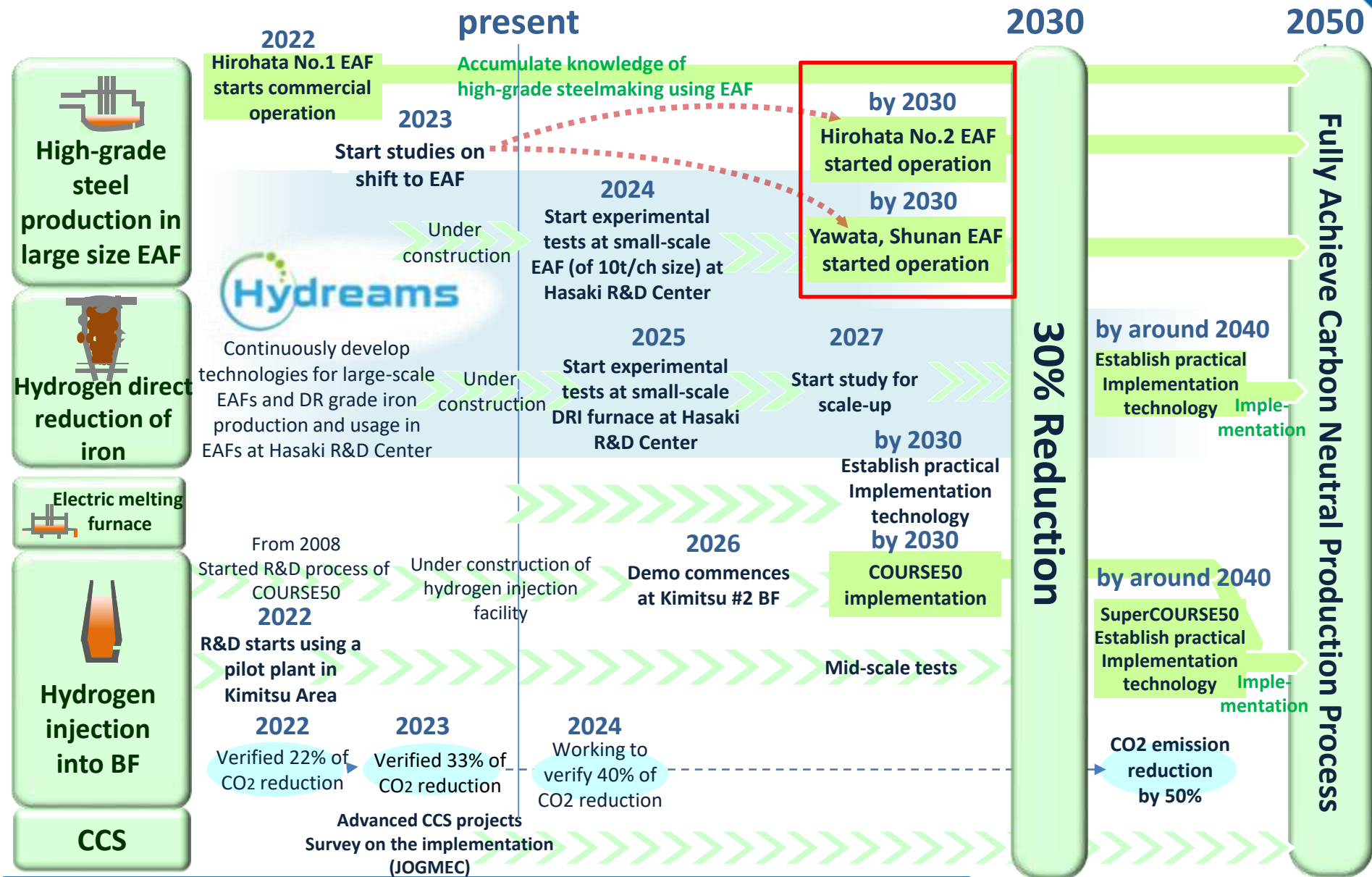
## Current Process

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



## Decision by Nippon Steel Corporation and Nippon Steel Stainless Steel Corporation to apply for government support under the GX promotion act for the conversion from the BF processes to the EAF processes

- October 2022: Commencement of commercial operation of the EAF in the Setouchi Works Hirohata Area, manufacturing and supplying high-grade electrical steel sheets and other high-grade steel products through an integrated EAF steelmaking process.
- Since May 2023: Conducting full-scale studies on the conversion to the EAF steelmaking process, with Yawata and Hirohata as candidate sites, to ensure achievement of the 2030 decarbonization target

### Conversion to the EAF processes at high-grade steel manufacturing bases

Operational  
by 2030

Conversion to a large-sized EAF  
at Yawata

Expansion of the EAF  
at Hirohata

Upgrade and Resumption of EAF  
operations at NSSC's Shunan Works

Huge capital expenditures

Considerable increases in  
production costs, including  
costs of electricity and raw  
materials

Predictability  
of investment  
recovery

- ① Government support
- ② Green steel market formation

Decision to apply for the “Energy and Manufacturing Process Transformation Support Business (Business I (Steel))” for industries with difficult emissions reductions in October 2024

Necessity for the early embodiment of regulatory and institutional measures for the creation and expansion of a green steel market where the value of CO2 reduction is appropriately evaluated

### Japanese government GX investment promotion measures

Based on the GX Promotion Act (established in May 2023), **support for up to one-third of equipment investment amounts**

Utilization of GX economic transition bonds for supporting advance investments on a scale of 20 trillion yen



Through public-private cooperation, realization of over 150 trillion yen in GX investments over the next 10 years

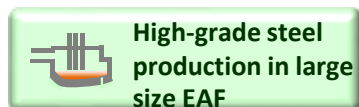
#### [Targets for the Steel Sector Over the Next 10 Years]

Domestic emission reductions: Approx. 30 million tons

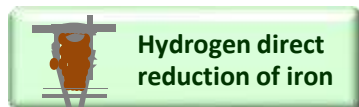
Public and private investment amount: Approx. 3 trillion yen

Aiming for carbon neutrality by 2050 through multiple approaches using three breakthrough technologies

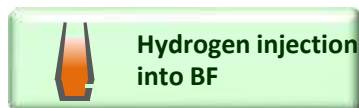
Timing for establishing implementation technology



By around 2030



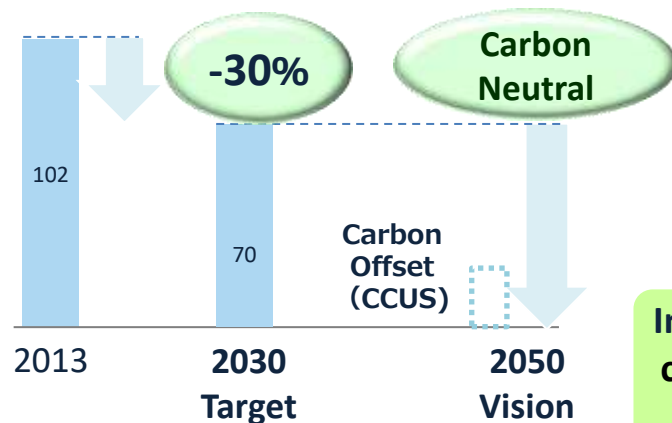
By around 2040



COURSE50  
By around 2030

Super COURSE50  
By around 2040

Total CO<sub>2</sub> emissions (MT)



Consideration of **the conversion from the BF processes to the EAF processes** to ensure a 30% reduction by around 2030

Kyushu Works  
Yawata Area



Consideration of conversion to large-sized EAF

NSSC's Yamaguchi Works (Shunan Area)



Idle since Mar. 2024

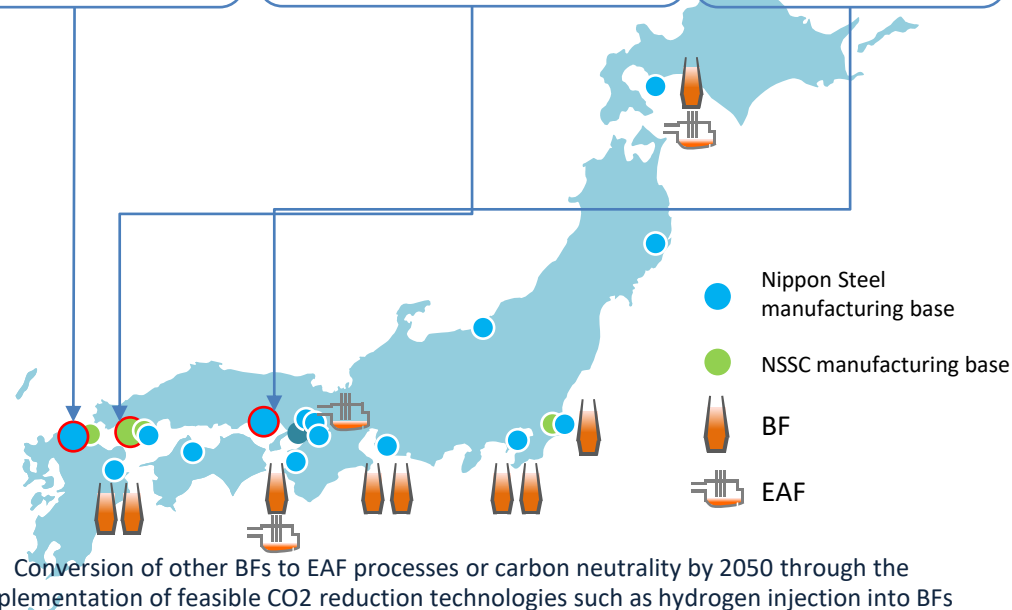
Consideration of an EAF upgrade and resumption

Setouchi Works Hirohata Area



Oct. 2022 operation

Consideration of EAF expansion



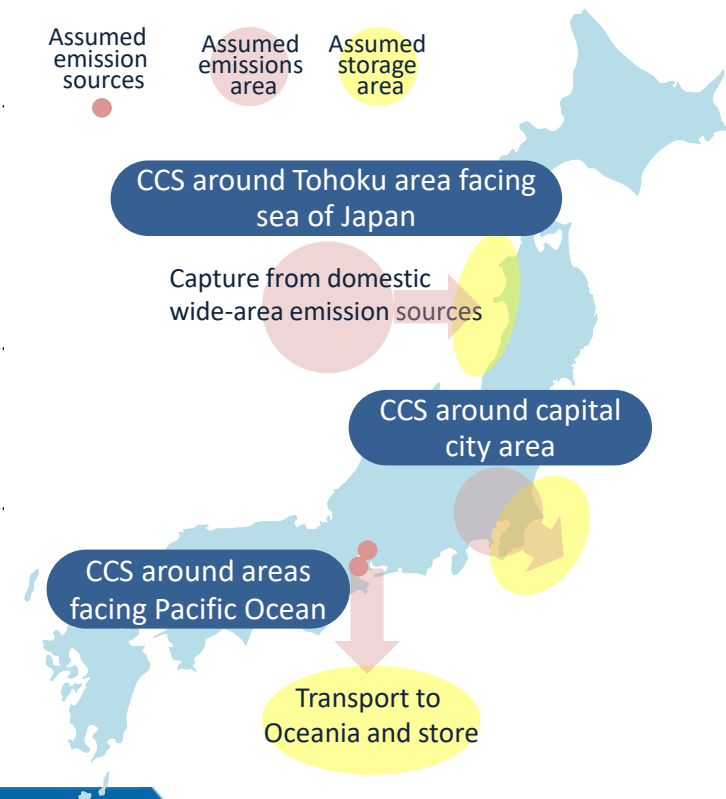
Initiation of the operationalization of **a comprehensive scrap strategy** centered on the use of low-grade scrap and the expansion of market procurement, with consideration for the potential use in Thai EAFs

## Participated in three leading joint projects coordinated by JOGMEC, “Engineering Design Work for Japanese Advanced CCS Projects”

(released Aug. 30<sup>th</sup>, Sep. 4<sup>th</sup>, 30<sup>th</sup>, 2024)

- Nippon Steel and other companies have been commissioned with other companies to conduct Engineering Design Work for Japanese Advanced CCS Projects coordinated by JOGMEC, Japan Organization for Metals and Energy Security
- In this year, as a follow-up phase to the feasibility study, we are working on the design of the entire CCS value chain and the assessment of storage potential.

	Storage MT/Y	Company	Characteristics
<b>CCS around Tohoku area facing sea of Japan</b>	150~190	ITOCHU Corporation <u>Nippon Steel</u> Taiheiyo Cement Corporation Mitsubishi Heavy Industries, Ltd. ITOCHU Oil Exploration Co., Ltd. INPEX Corporation Taisei Corporation	<ul style="list-style-type: none"> <li>➤ Ship and pipeline transportation of liquefied CO<sub>2</sub></li> <li>➤ Storage in the aquifer in the Tohoku region off the Sea of Japan</li> </ul>
<b>CCS around capital city area</b>	140	INPEX Corporation <u>Nippon Steel</u> Kanto Natural Gas Development Co., Ltd.	<ul style="list-style-type: none"> <li>➤ Transporting CO<sub>2</sub> through pipelines</li> <li>➤ Storing the CO<sub>2</sub> in offshore coastal zones of the Tokyo metropolitan area</li> </ul>
<b>CCS around areas facing Pacific Ocean</b>	200	Mitsubishi Corp. <u>Nippon Steel</u> ExxonMobil Asia Pacific Pte.Ltd. Mitsubishi Chemical Mitsubishi Corporation Clean Energy	<ul style="list-style-type: none"> <li>➤ Collect and liquefy CO<sub>2</sub> emissions from multiple industries in the Ise Bay/Chubu region</li> <li>➤ Transport and storage to offshore depleted oil and gas field overseas</li> </ul>



Lobbying to the entire society, with a focus on making policy and institutional proposals to the government and industry



# Agenda

1. Earnings Summary: FY2024, FY2025 Target p. 4-
2. Developing a Robust Business Structure  
with Vertical and Horizontal Expansion p. 16-
3. Progress Toward Carbon Neutral Vision 2050 p. 38-
- 4. References (Business Environment & Topics) p. 46-**
5. Supplementary Materials p. 74-

- EU/U.S.A. : 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 October 2024)

Source: IMF, released on Oct. 22<sup>nd</sup>, 2024

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	0.3	-1.6	-0.4	1.1	+0.8
	US	2.5	2.8	+0.3	+0.2	2.2	-0.6
	Europe	0.5	0.8	+0.3	-0.1	1.2	+0.4
	Korea	1.4	2.5	+1.1	±0	2.2	-0.3
Developing	China	5.2	4.8	-0.4	-0.2	4.5	-0.3
	ASEAN* <sup>1</sup>	4.1	4.5	+0.4	+0.1	4.5	±0
	India	8.2	7.0	-1.2	±0	6.5	-0.5
	Brazil	2.9	3.0	+0.1	+0.9	2.2	-0.8
	Russia	3.6	3.6	±0	+0.4	1.3	-2.3

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

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

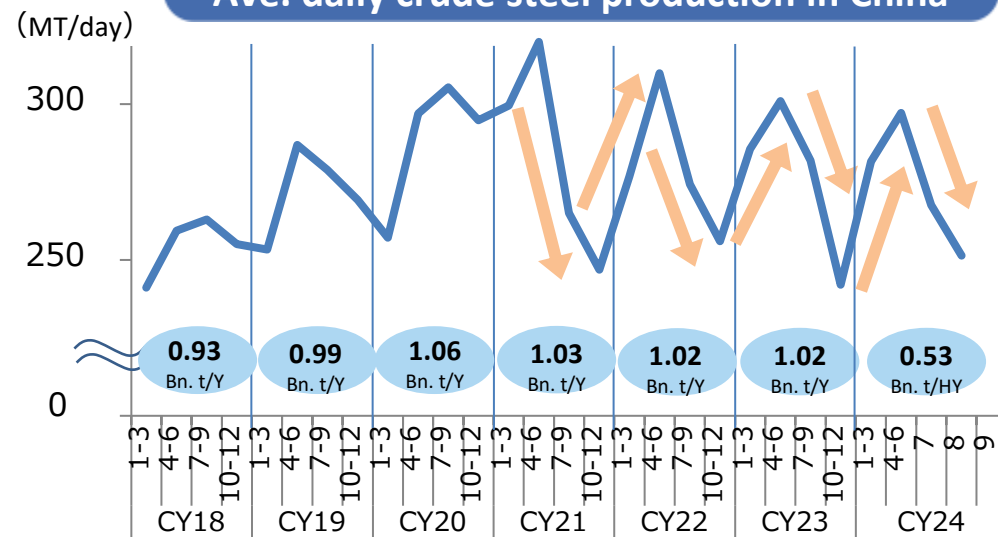
Source: World Steel Association, estimated on Oct. 15<sup>th</sup>, 2024

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

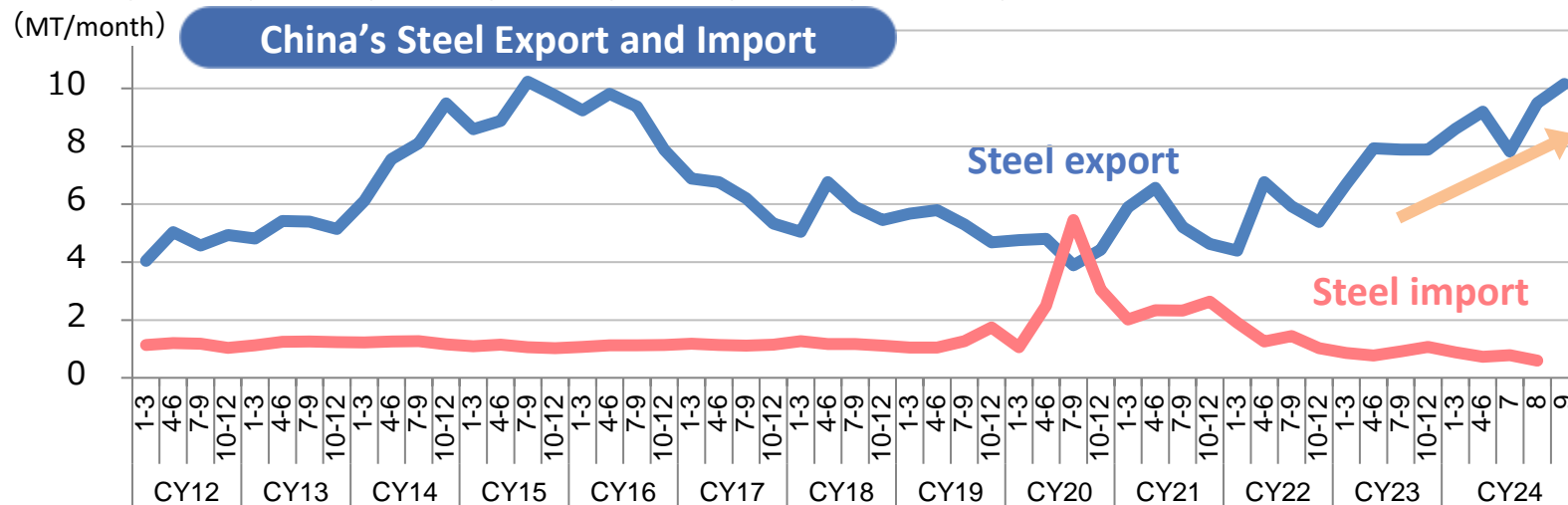
Despite sluggish steel demand, crude steel production remained high levels and steel exports increased

Ave. daily crude steel production in China



- The effect of government's economic stimulus measures was insufficient and slump in the real estate market prolonged. As a result, domestic demand for steel products in China is also sluggish.
- Although steel production is currently lower than in the same period of the previous year, it is still much higher than the demand for steel products, and steel exports are also high. This also influence the market conditions of export destinations.
- Close attention should be paid to the government's various measures and their effectiveness.

China's Steel Export and Import



(Nippon Steel estimate)

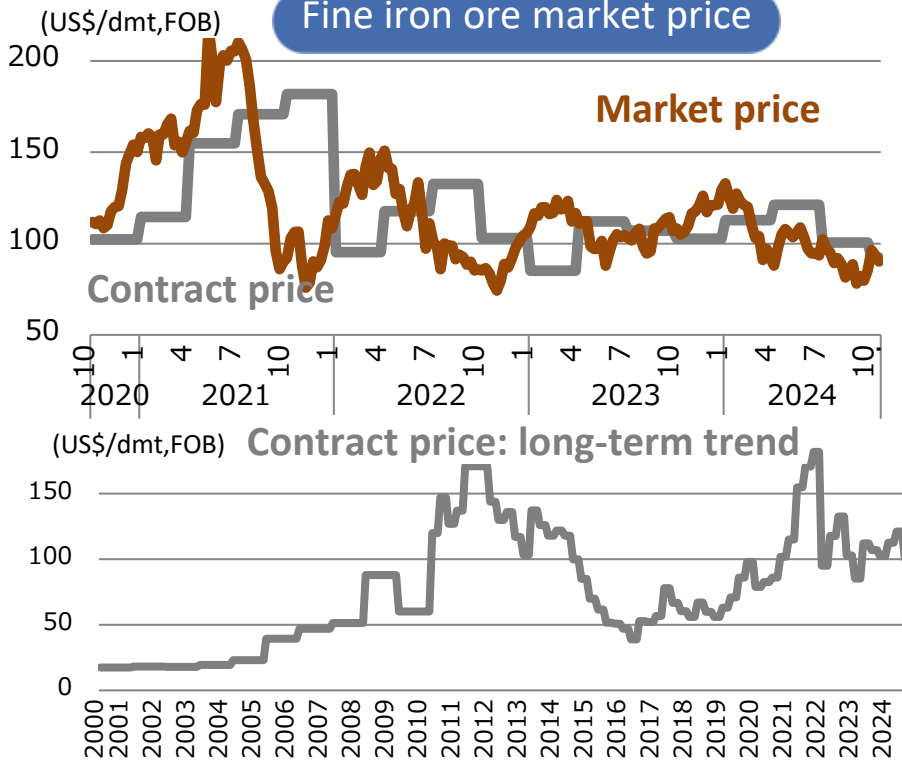
**[Fine iron ore ]**

- The market continued to decline after mid-July due to the lack of specific stimulus measures issued at the Three-China Plenum in mid-July and dropped to around \$90 in mid-September.
- Since then, the iron ore market has rebounded following the issuance of a series of stimulus measures announced by the Chinese government and is currently hovering around \$100.

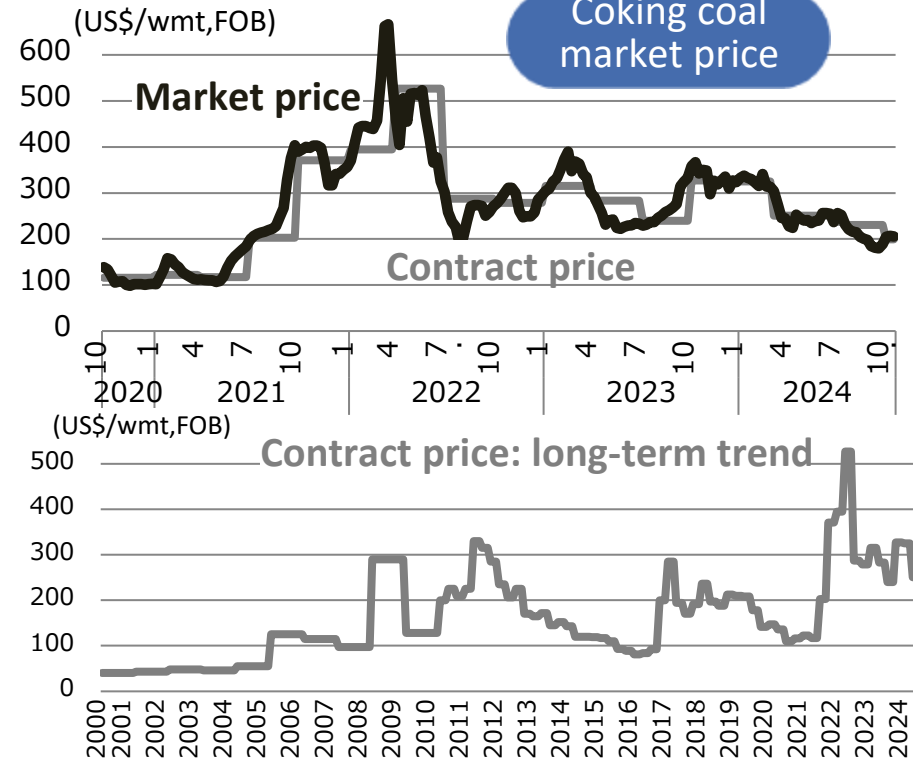
**[Coking coal]**

- The price fell to the \$180 level in September, the lowest level since August 2022, due to India's non-demand season caused by the monsoon and further decline in the steel market, which resulted in sluggish demand for coking coal.
- The price has been hovering around \$200 recently due to buying in anticipation of increased demand after the end of the Indian monsoon.

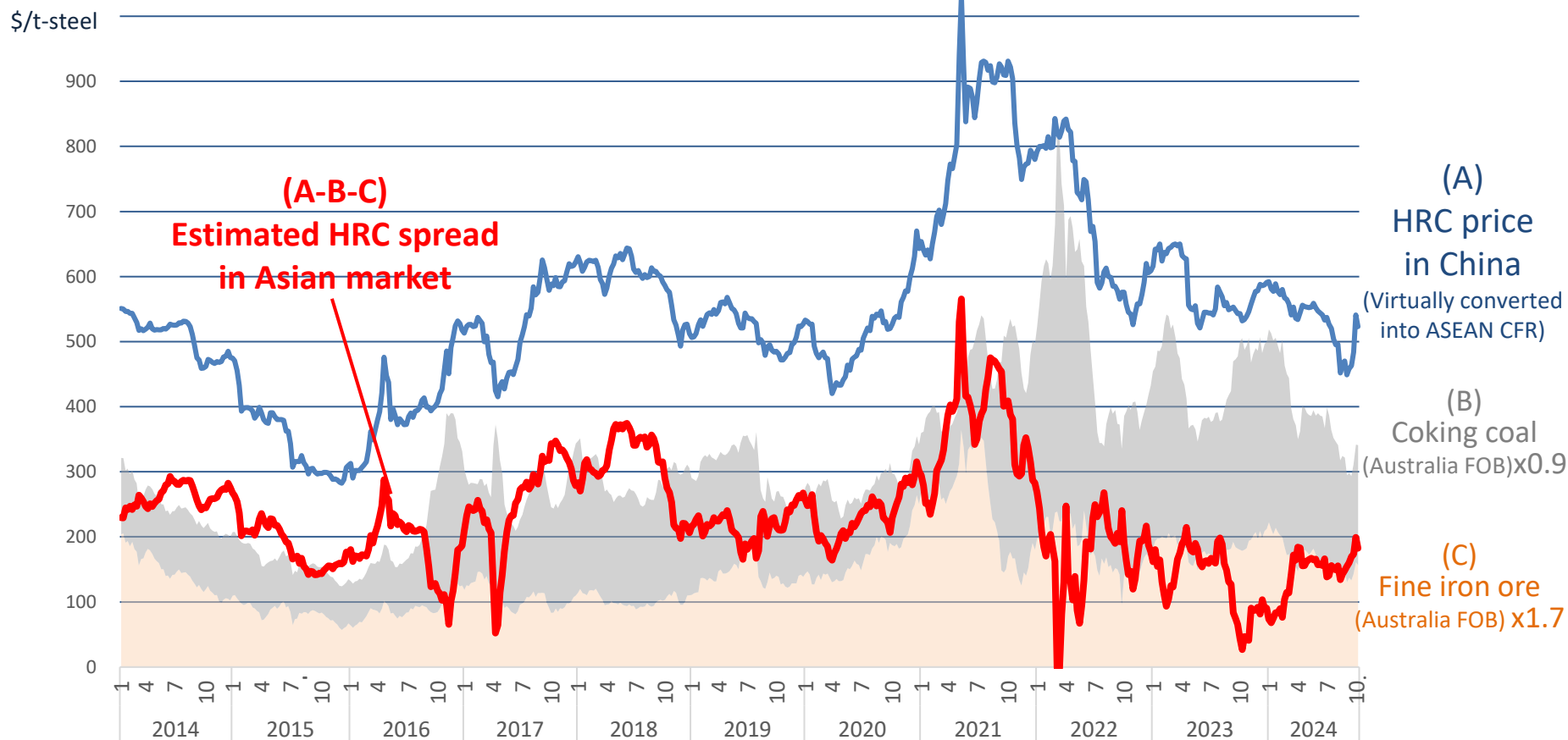
Fine iron ore market price



Coking coal market price



- Steel export from China has increased since the production level has remained constantly high despite depressed demand in Chinese market.
- The excess in export has adversely affected steel market conditions in ASEAN or other neighboring countries.
- **Commodity grade steel spreads in the Asian market were at historic lows as the decoupling structure between raw materials and products has been manifested.**
- **Although they have recently bottomed out, spreads remains low compared to the past.**
- The profitability of HRC for Asian steelmakers seems to be severely low.



## China

(CNY/\$)

FX

Depreciated by 9%

## Japan

(JPY/\$)

(Standard: 1.6xS)

Depreciated by 31%

## India

(INR/\$)

Depreciated by 13%

## U.S.A.

(\$/t)

(CNY/t)

HRC(RMB/t)

Coking coal price(RMB/t)  
(Australia FOB)x0.9Fine iron ore(RMB/t)  
(Australian FOB)x1.7

(k¥/t)

(INR/t)

1200

800

400

2021 2022 2023 24

2021 2022 2023 24

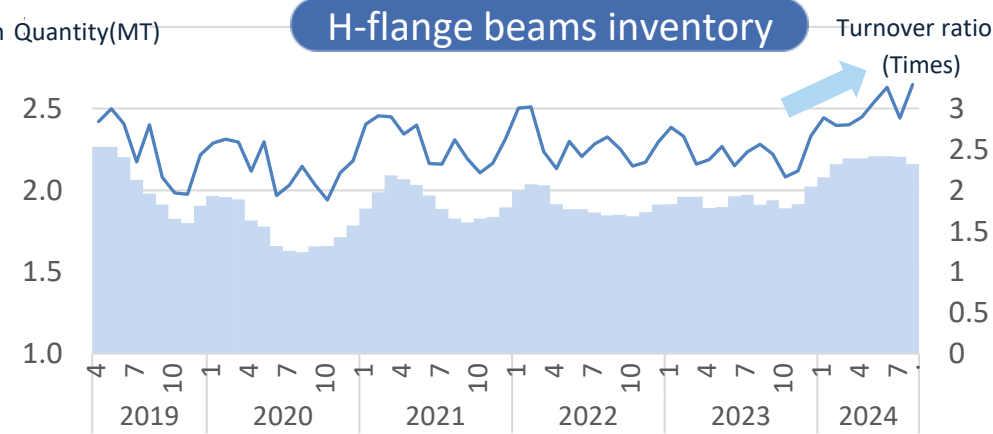
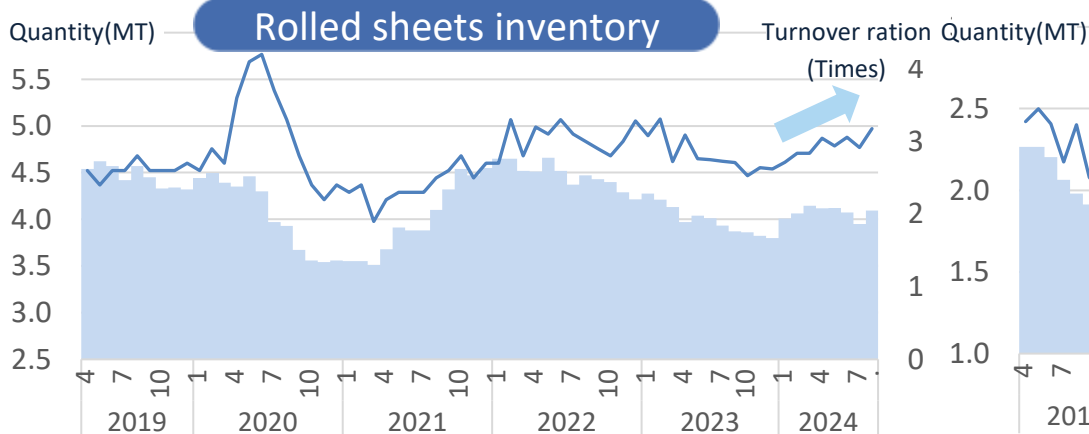
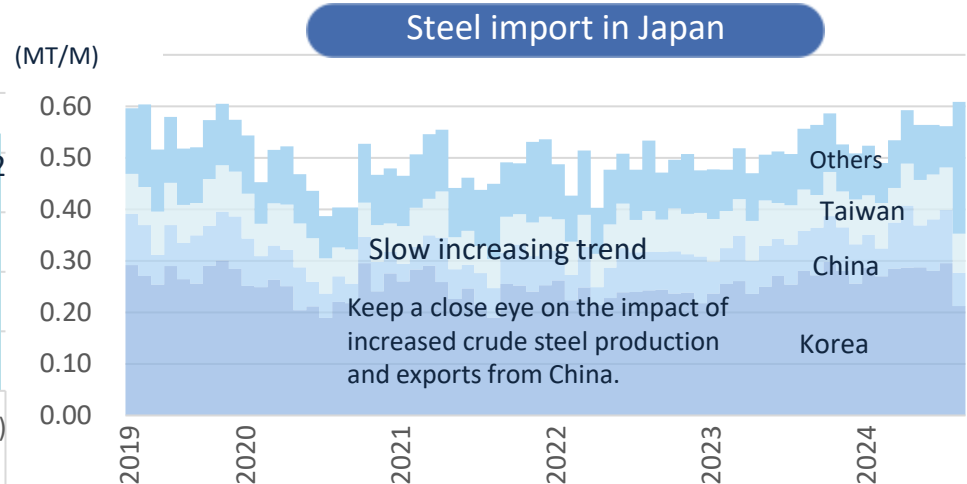
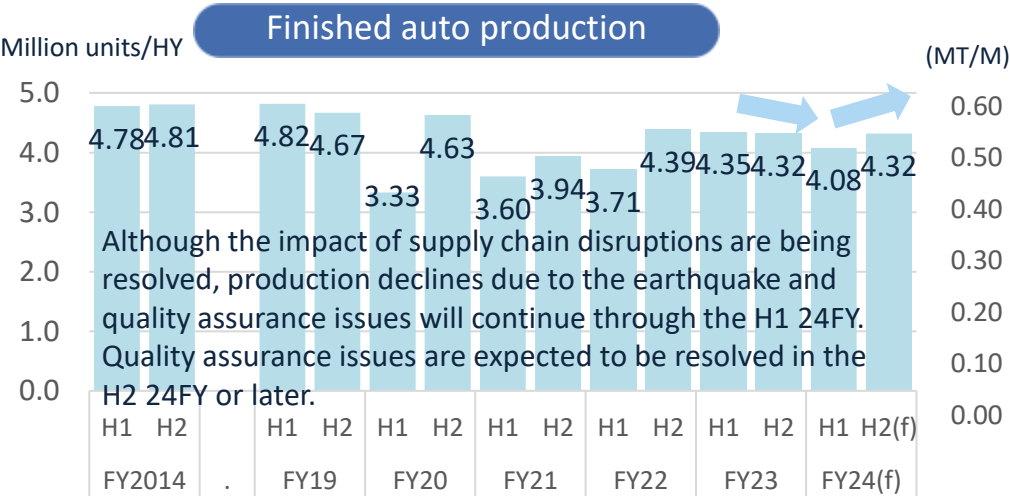
2021 2022 2023 24

2021 2022 2023 24

# Business Environment Steel S&D in Japan

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- The Japanese economy is slowly recovering, driven by inbound demand and service consumption, etc.
- However, construction and manufacturing sectors remain below the level of the previous year in many applications.
- In the automobile sector, quality assurance issues are expected to be resolved in the H2 24FY or later.
- Construction machinery, industrial machinery and other applications remain weak due to a slowdown in overseas demand.
- Construction starts are not expected to increase due to labor shortage, shipment and construction cost hike.



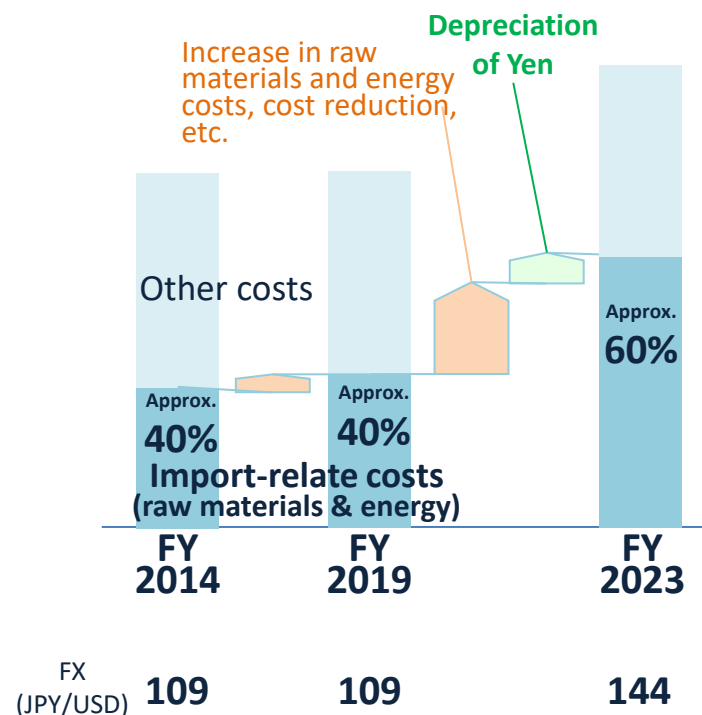
**Domestic steel business:** The proportion of import-related costs to steel manufacturing cost has risen due to the recent surge in prices of raw materials and energy, and because the amount of import exceeds export, the impact of Yen depreciation to our domestic steel business is negative.

**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 Q2 FY2024 0.3 bn. USD/Q (import 3.7– export 3.4)
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

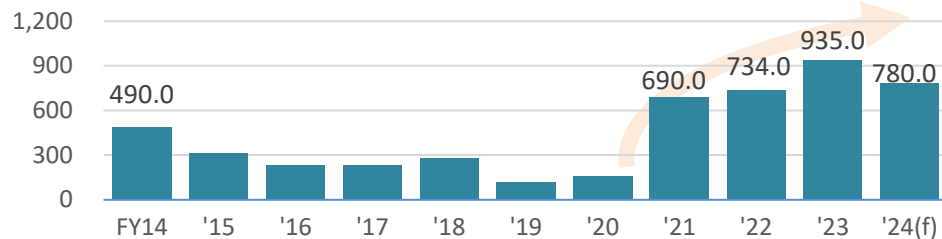


U. S. Steel acquisition not factored

(¥bn)

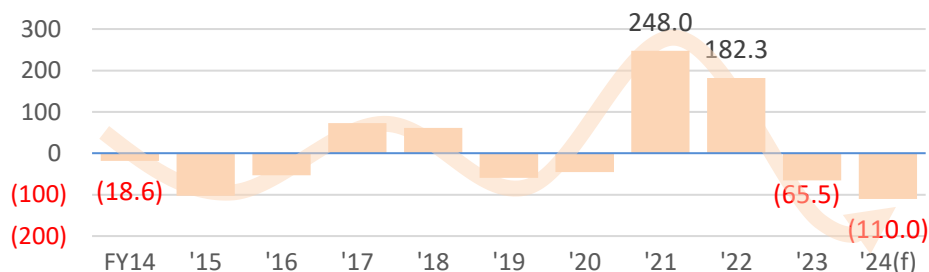
	FY2022			FY2023			FY2024			Change from FY2023	Change from Prev. forecast
	H1	H2		H1	H2		H1	H2 (f)	(f)		
<b>Consol. business profit</b>	541.7	374.7	916.4	494.2	375.4	869.6	375.7	294.3	<b>670.0</b>	-199.6	-30.0
ROS	14.0%	9.1%	11.5%	11.2%	8.4%	9.8%	8.6%	7.0%	7.8%	-2.0%	-0.2%
<b>Underlying business profit</b>	300.0	434.0	734.0	498.5	436.4	935.0	371.9	408.1	<b>780.0</b>	-155.0	-
ROS	7.7%	10.6%	9.2%	11.3%	9.8%	10.5%	8.5%	9.7%	<b>9.1%</b>	-1.4%	+0.2%
<b>1) Domestic steel business</b>	45.0	177.0	222.0	218.0	147.9	365.9	107.9	162.1	<b>270.0</b>	-96.0	+35.0
<b>2) Overseas steel business</b>	63.0	32.0	95.0	73.8	58.0	131.8	40.1	39.9	<b>80.0</b>	-52.0	-10.0
<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	-25.0
<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	39.8	<b>67.0</b>	+20.0	-1.0
Inventory valuation, etc.	241.7	(59.3)	182.4	(4.3)	(61.1)	(65.5)	3.8	(113.8)	(110.0)	-44.5	-30.0

U. S. Steel acquisition not factored in FY2024 forecast

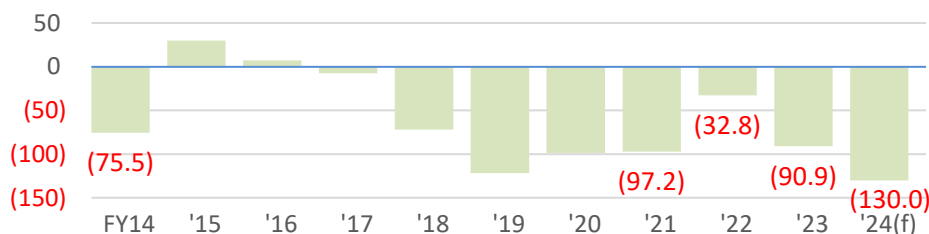
Underlying  
Business  
Profit \*1

\*1 Underlying Ordinary Profit (~FY17 JGAAP)

- Established stable and highly profitable structure
- Promoting additional measures to realize further growth

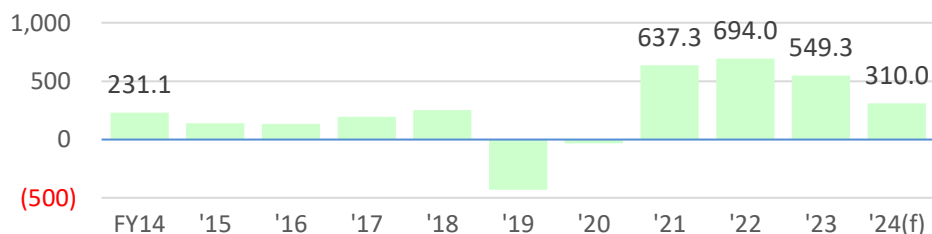
Inventory  
Valuation  
etc.

- Non-cash and one-off item
- Adjustment phase in FY2023 and FY2024 due to a drastic price hike in materials and energy caused by Russia-Ukraine conflict since 2022 and material inflation since 2021

Additional  
Line Items  
\*2

\*2 Extraordinary Profit/Loss (~FY17 JGAAP)

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

Profit/Loss  
Attributable  
to Owners  
of the  
Parent\*3

\*3 ~FY17 JGAAP : Net profit or loss

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

(FY14 to FY16: Ex-Nisshin Steel included)

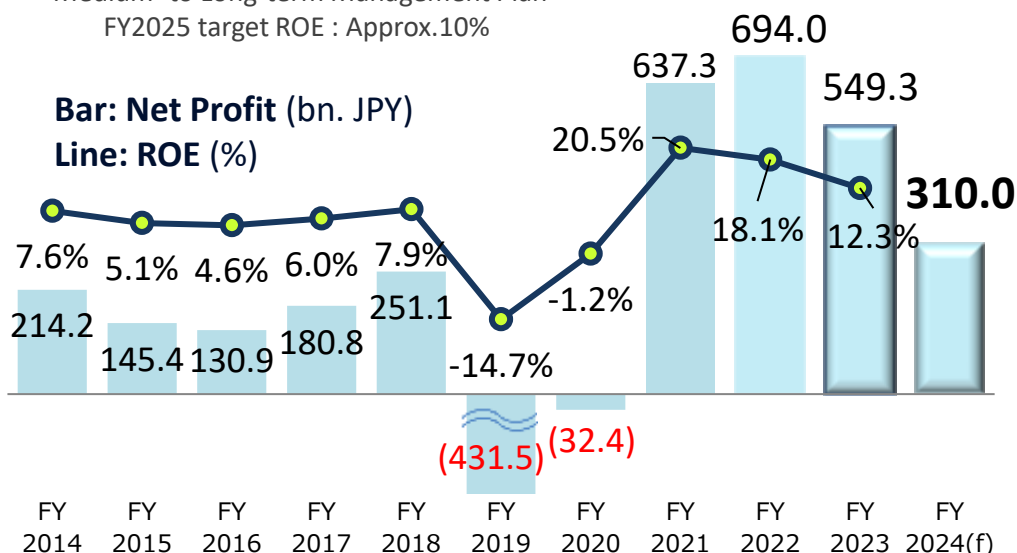
## Net Profit, ROE

Medium- to Long-term Management Plan

FY2025 target ROE : Approx.10%

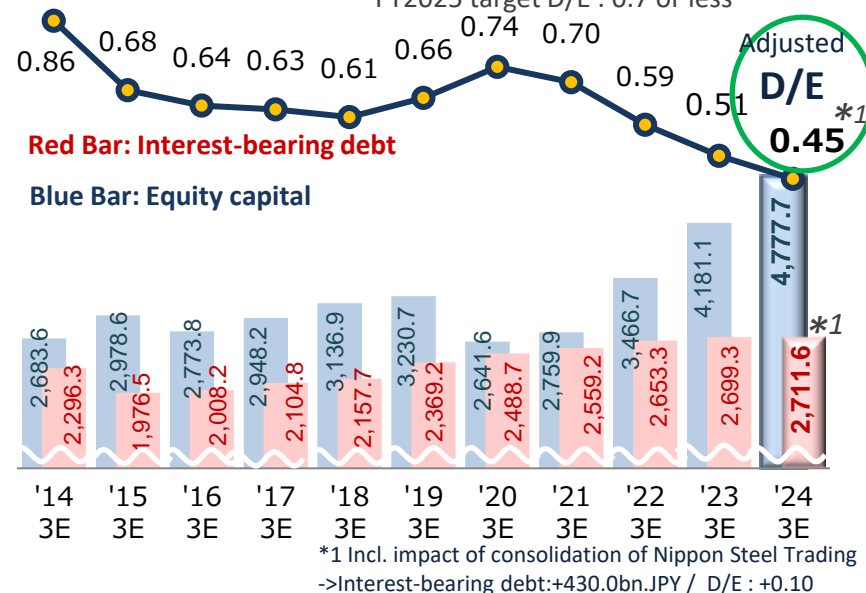
Bar: Net Profit (bn. JPY)

Line: ROE (%)



## D/E

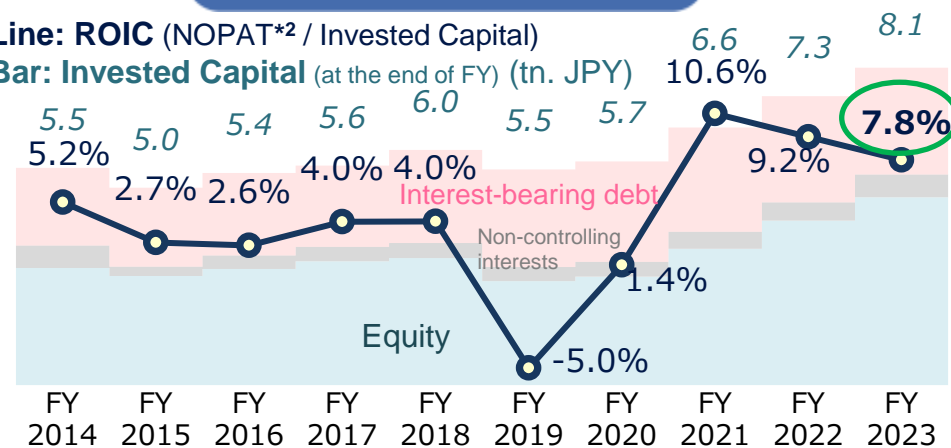
FY2025 target D/E : 0.7 or less



## ROIC, Invested Capital

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

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



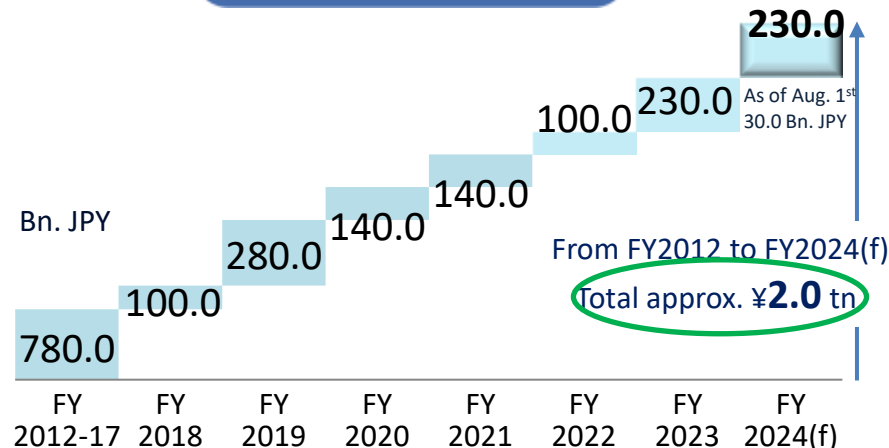
\*2 NOPAT= business profit x (1 - effective tax rate)

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

Around



### Facility Structural measures

### Spread improvement in direct contract sales

### Sophistication of order mix

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



**Total number of BFs**

**15 -> 11 -> 10** -5 units



**Crude steel production capacity**  
(Non consol. + Nippon Steel Stainless Steel)

**50 -> 43 -> 40** -20%  
MT/Y

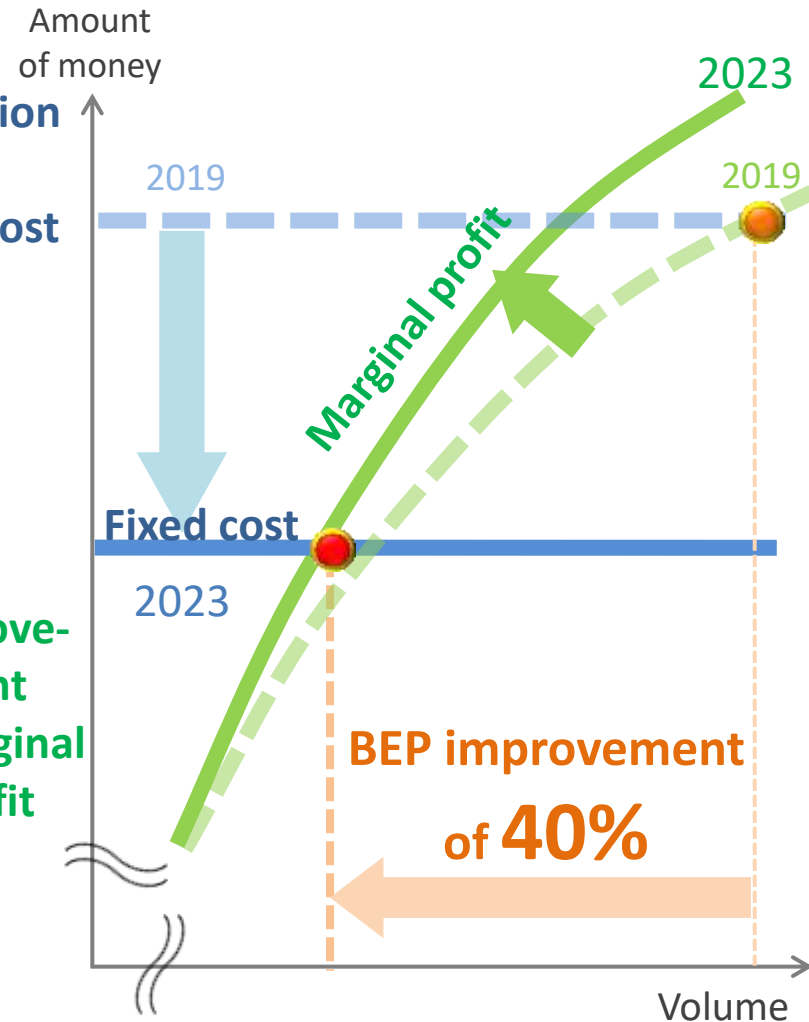
**Reduction in fixed cost**

- ✓ Reflection in steel prices of our high value-added product qualities and solutions
- ✓ A fair allocation of cost burden for raw materials and commodities

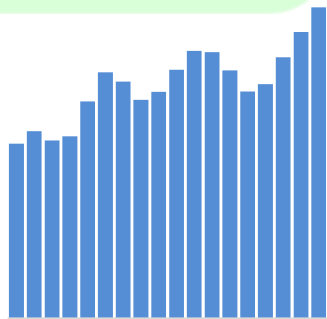
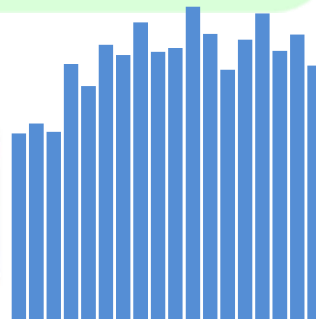
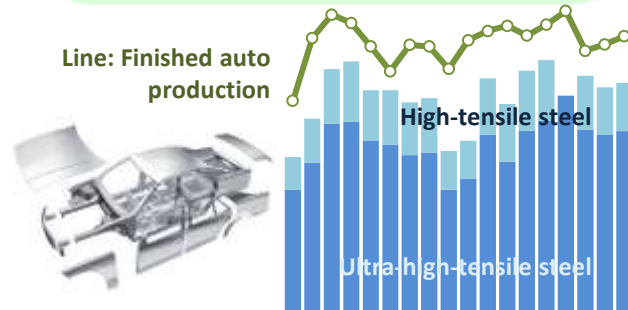
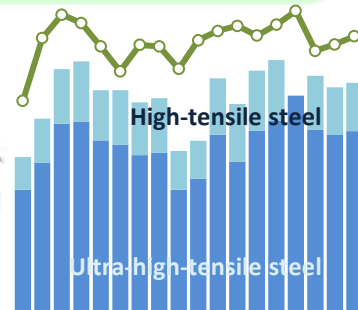
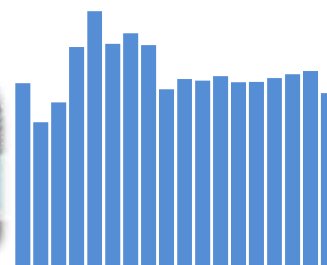
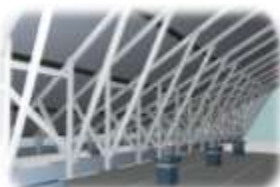
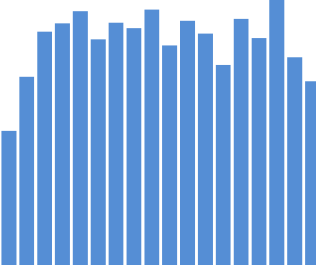
High-value added products    Commodities

High-value added products    Commodities

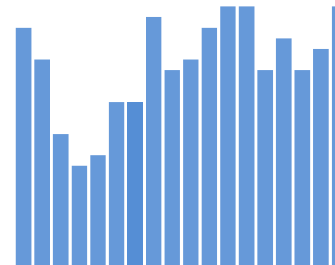
**Improvement in marginal profit**



## 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  
productionZEXEED™, 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

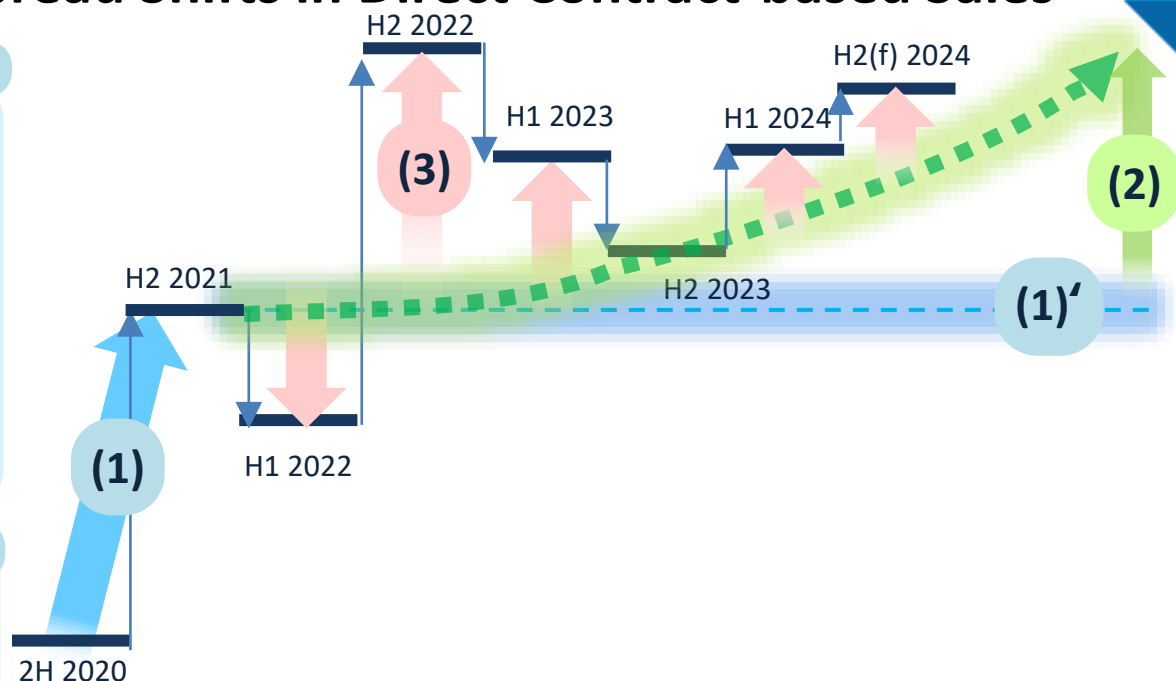
**Appropriate margin level per ton elevated through sophistication of order mix and reflection of high value-added product qualities**

**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

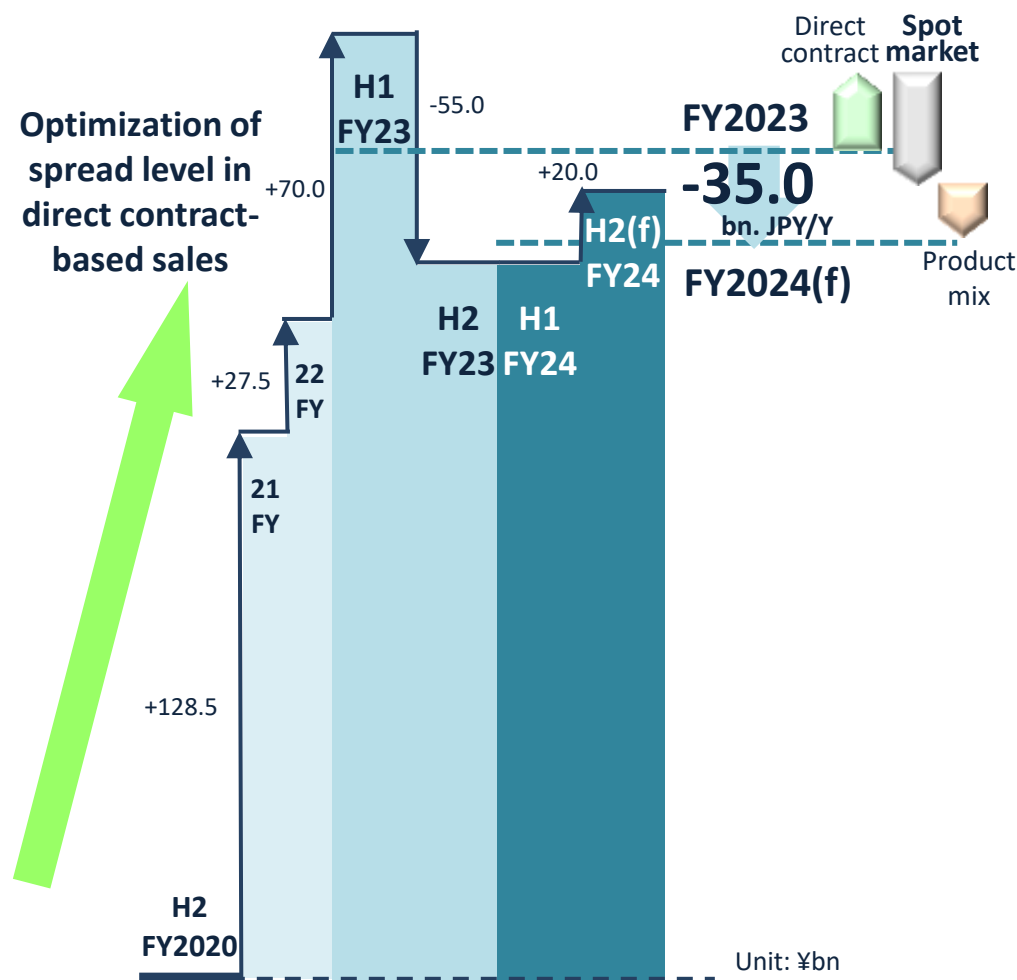
From Apr. 2022: Changed price negotiation approach into pre-fixed method for direct contract-based sales

- ✓ 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

FY2023 -&gt; FY2024(f) - ¥35.0 bn

Stems from the plummet in overseas market spreads mainly due to China impact



## Direct contract sales

Maintain the spread level while absorbing weak yen, higher logistics cost and labor cost, etc.

- Realized the effect of sophistication of order mix deriving from capacity expansion of electric steel sheets, etc. (which improved the appropriate spread level of direct contract-based sales)
- The variance between H1 and H2 in FY2023 was caused by the difference in raw material prices on and after the price negotiation

## Spot market sales

Spread level to remain depressed from persistently harsh business environment

- From H2 FY2023, spreads in overseas spot market sales severely dropped due to the manifested decoupled pricing mechanism of commodity-grade steel products from raw materials.

## Product mix

Export ratio increased due to sluggish domestic steel demand

## Agreement with ArcelorMittal to transfer all shares in joint venture AM/NS Calvert in Alabama, U.S.

(The share transfer will not be consummated if the acquisition is not consummated)

### Progress towards the consummation of the U. S. Steel acquisition

Pro-active share transfer as the most assured path to  
address any antitrust concerns and ensure timely regulatory approval for the acquisition

- **Contract Date**  
October 11, 2024
- **Expected Date of Equity Transfer**  
Q4 CY2024 (In connection with the consummation of the acquisition)
- **Purchaser**  
ArcelorMittal or its affiliate(s)
- **Consideration for the Share Transfer**  
\$1 (memorandum price)

**Strategy (2)**  
Deepen and expand overseas business

**U. S. Steel Acquisition**

# Promote our Future American Business through U. S. Steel

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Address market needs in the U.S., the largest demand country for high-grade steel, and drive our global strategy



**United States Steel**

**Integrated steelmaker with whole facilities, from iron ore mines, steelmaking process to final steel products**

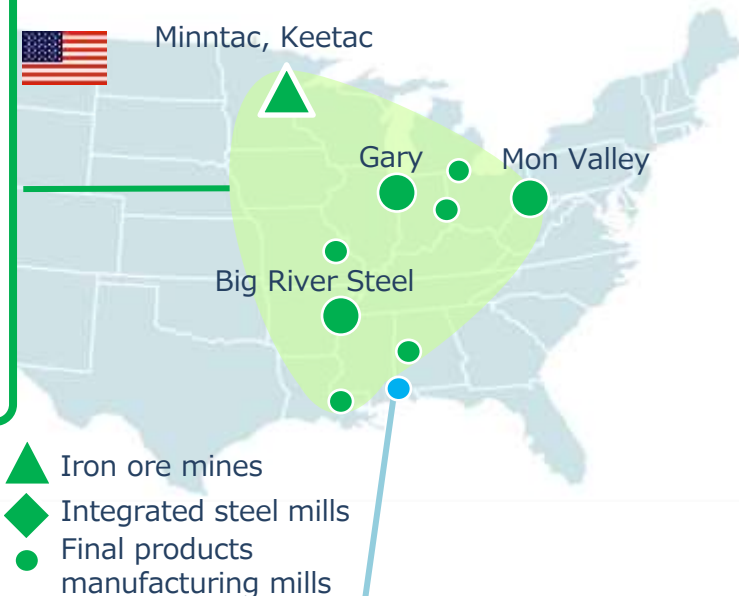
- ◆ Robust assets organically combining iron ore mines including DR-grade, BF's, and EAFs
- ◆ Well-established history and brand value, and an extensive U.S. customer base
- ◆ Well-developed, customer-oriented R&D system

Contribute NSC technologies as well as R&D progress as a wholly-owned subsidiary of NSC

Leverage broad synergies

(Study the details of potential technological synergies after acquiring U. S. Steel as a subsidiary)

Supply high-quality and high-functionality steel products in the U.S., including products & solutions that contribute to decarbonization, reinforce the American industrial base, increase supply chain resilience, and enhance national security



**AM/NS  
CALVERT**

- ◆ **Final products base manufacturing steel sheets**, including those for the automotive sector (Steelmaking process (EAF) under construction)
- ◆ NSC and ArcelorMittal acquired from ThyssenKrupp in 2014



**Strategy (2)**  
Deepen and expand overseas business

**U. S. Steel Acquisition**

# Impact on Performance and Dividends

## One-time loss

**Expected to record approx. 230.0 billion yen consolidated loss on business restructuring due to share transfer**

Consolidated loss without cash outflow	approx. 130.0 billion yen
<i>Difference between book value and transfer consideration (memorandum price) and others</i>	
Consolidated loss with cash outflow	approx. 100.0 billion yen
Projected non-consolidated extraordinary loss	approx. 100.0 billion yen

After factoring in loss, **adjusted D/E ratio** at U. S. Steel acquisition consummation to remain at previously announced approx. 0.9x, decreasing to approx. 0.8x due to executed hybrid financing and conversion of CBs to shares, and expected to reach **0.7x range during FY2024**

If the acquisition does not consummate for any reason, the share transfer will not be consummated and there will be no impact on earnings performance.

## Dividends

**Expected to maintain FY 2024 full-year dividend forecast of 160 yen per share despite updated earnings**, considering a one-time occurrence that is majority non-cash. Expected profit growth after the consummation of the acquisition, incorporating U. S. Steel's profit

## Profit contribution from U. S. Steel

**Contribution to NSC's consolidated profit after consummation of U. S. Steel acquisition**

<u>U. S. Steel Earnings before tax</u>	FX:145 ¥/US\$
CY2023 actual	US\$ 1,047 million/Y ( <b>152.0 billion yen/Y</b> )
CY2021-23 average	US\$ 2,883 million/Y ( <b>418.0 billion yen/Y</b> )

**Strategy (2)**  
Deepen and expand overseas business

**U. S. Steel Acquisition**

# [Appendix] Overview of U. S. Steel and AM/NS Calvert



**United States Steel**

**AM/NS  
CALVERT**

Our equity ratio

100% (after the consummation of the acquisition)

50%

NS Kote, Inc. (NSC's wholly owned subsidiary) : 50%  
AM Calvert LLC (ArcelorMittal wholly owned subsidiary) : 50%

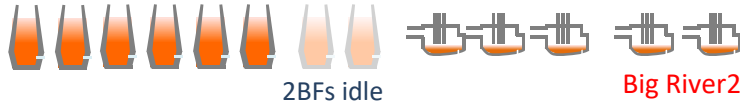
Facilities Configuration

【Manufacturing Bases in the U.S.】

<Flat-Rolled> Gary (Indiana), Mon Valley (Pennsylvania), Granite City (Illinois), Great Lakes (Michigan), PRO-TEC (Ohio)  
<Mini-Mill> : Big River Steel (Arkansas)  
<Tubular> : Fairfield (Alabama)

【Steelmaking Facilities in the U.S.】

8 BF's (Including 2 BF's idle)  
5 EAF's



2BF's idle

Big River2

Oct. 2024

Operation start

【Iron ore mines】 Minntac, Keetac (Minnesota)

【Final Products Facilities】

Abbr.

【Manufacturing Base】

Calvert (Alabama)

【Steelmaking Facilities】

(1EAF under construction)



Under Construction

【Final Products Facilities】

Hot Rolling, Picking and Cold Rolling, Continuous Annealing, Hot-Dip Galvanizing

Raw Steel Production Capability

U.S. Domestic: **15.8** MT/Y

—

Product types

Steel sheets(Hot-rolled sheets, Cold-rolled sheets, Galvanized Sheets, Tin plate, Electrical steel sheets), Pipes and tubes(Seamless pipes)

Steel sheets (Hot-rolled sheets, Cold-rolled sheets, Galvanized Sheets)

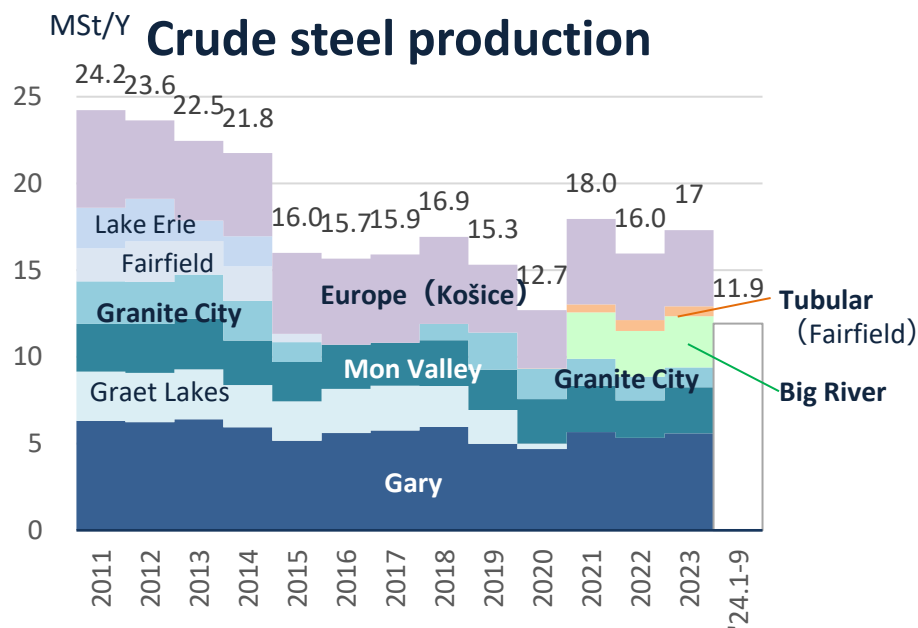
History

1901: U. S. Steel Established  
2019: Acquisition of Big River Steel

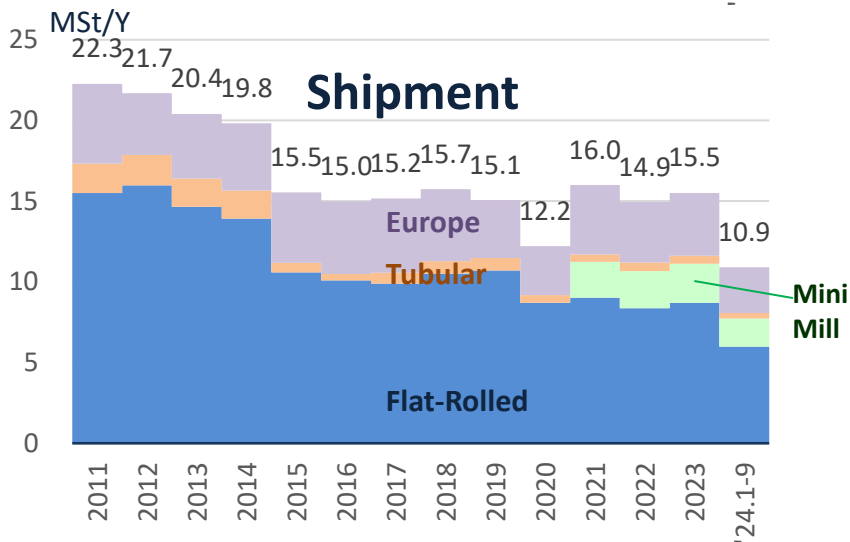
2010: ThyssenKrupp USA Begins Operations  
2014: Joint Acquisition by NSC and ArcelorMittal

Source : U. S. Steel 10-K, 10-Q

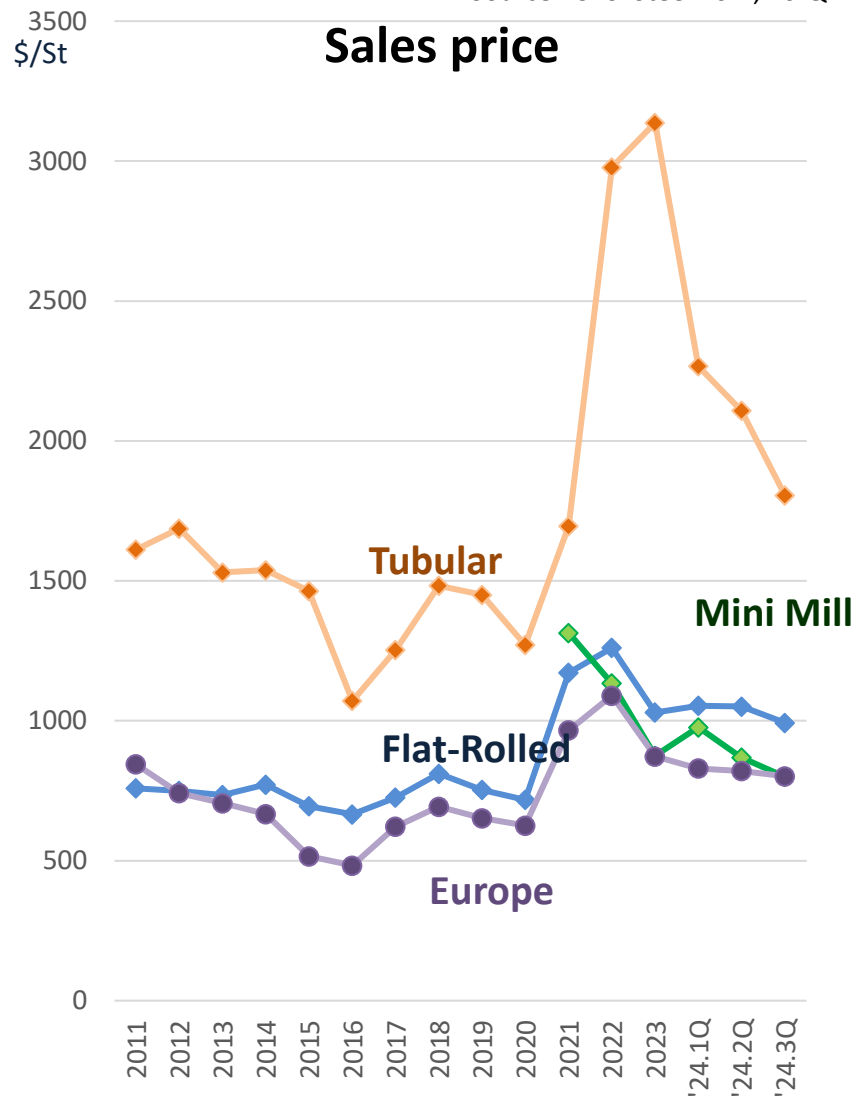
## Crude steel production



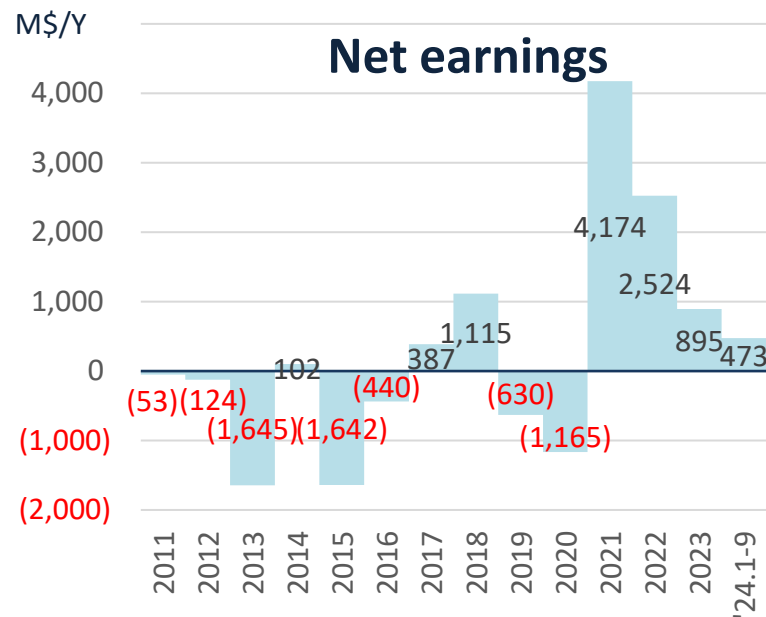
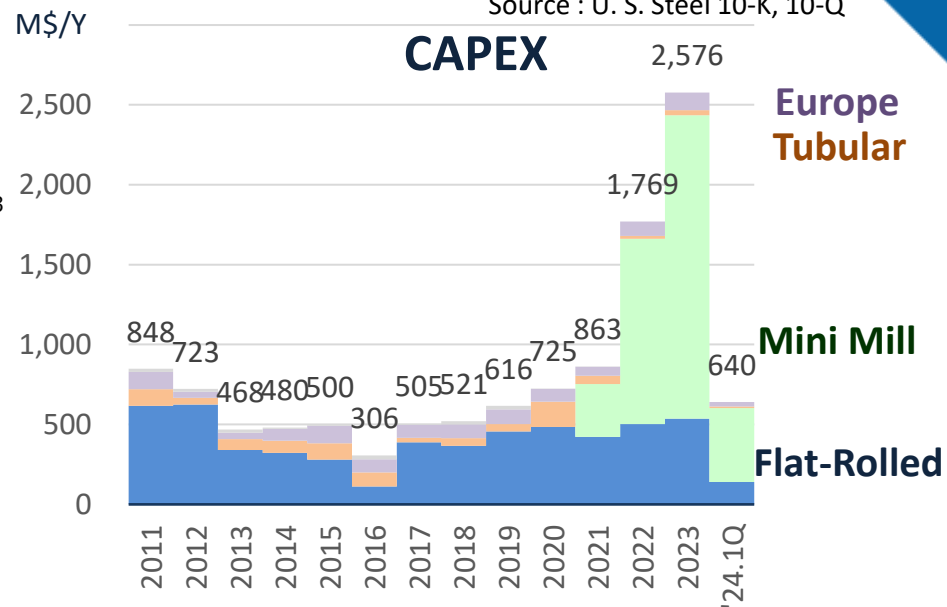
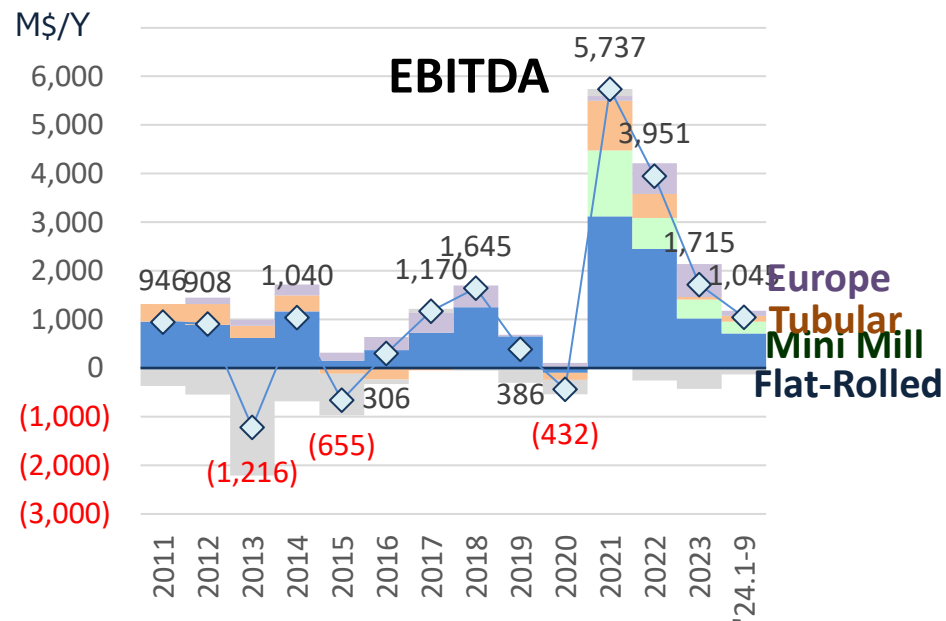
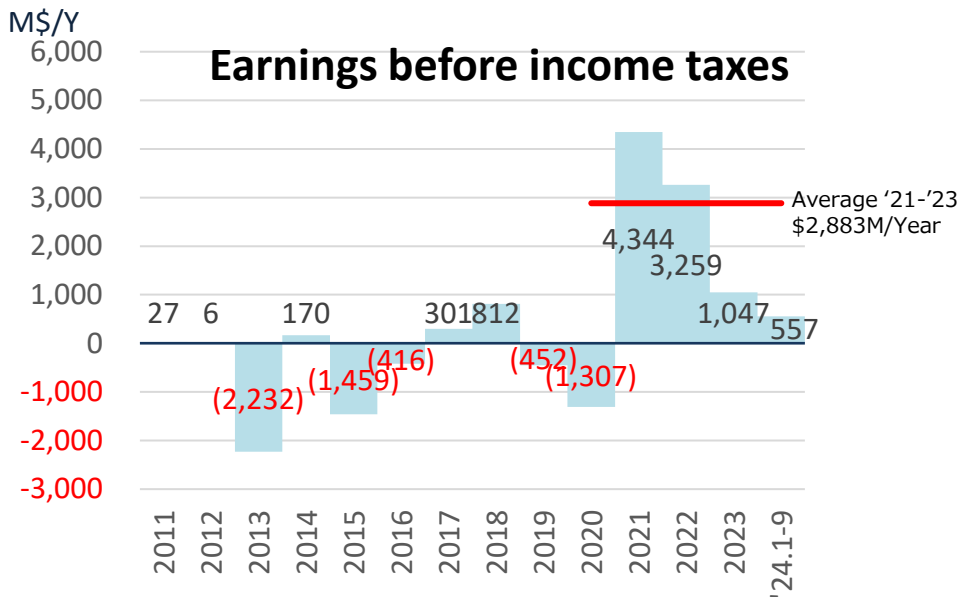
## Shipment



## Sales price



Source : U. S. Steel 10-K, 10-Q



## Balance Sheet

(The end of Mar. 2024) Units : M\$

Total assets : 20,448

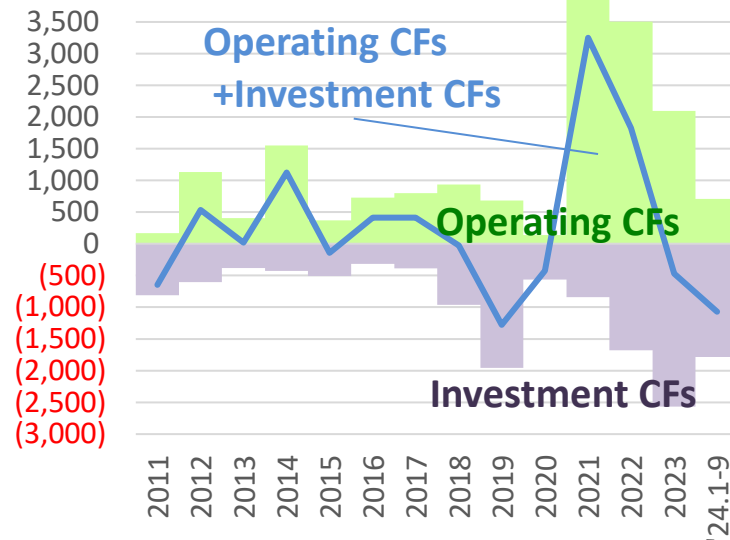
Liabilities : 9,156 Shareholders' Equity : 11,199

Noncontrolling Interests : 93

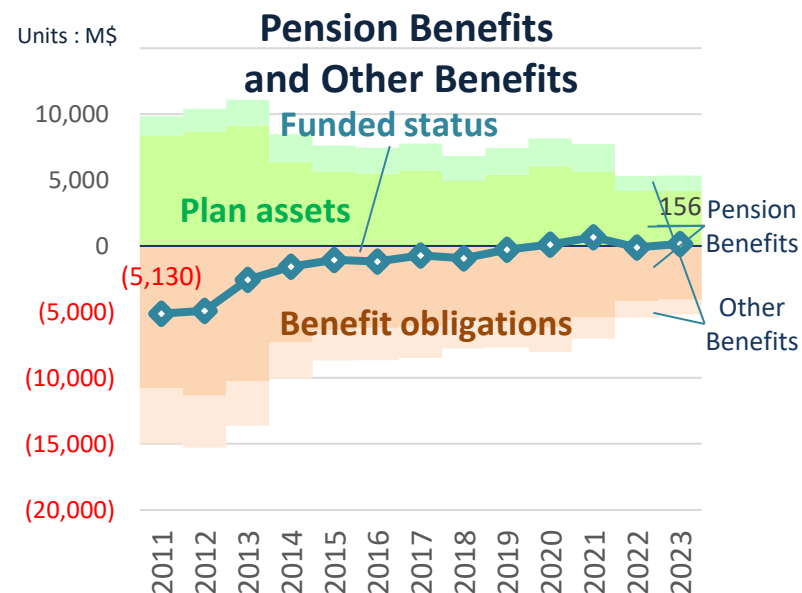
Current assets 6,421	Cash 2,221	Current liabilities 3,748	Accounts Payable 2,948
	Accounts Receivable 1,722		Other 800
	Inventories 2,157	Noncurrent Liabilities 5,408	Interest-bearing debt 4,082
	Other 321		Other 1,326
Noncurrent assets 14,027	Machinery& Equipment, Lands 10,807	Shareholders' Equity 11,199	
	Goodwill 920		
	Other 2,300		

## Cash Flows

Units : M\$/Y



Units : M\$



- 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
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 85.9%	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
	Canada	(Blackwater) <sup>Investment in process</sup>	Planned 2025	20.0%	Whitehaven 70.0%, JFE 10.0%	10)
		Elk Valley Resources	2024	20.0%	Glencore 77.0%	27
Others (Niobium)	Brazil	CBMM	2011	2.5%	Moreira Salles 70.0%	0.15

Carbon Neutral production processes requires some amount of coking coal

Total procurement (FY2022)

Self-sufficiency ratio

Iron ore

Approx. 50 MT

Approx. 20%

Post investment of Blackwater

Coal

Approx. 25 MT

Approx. 30%

➔ 35%

➔ Aim to raise self-sufficiency ratio of raw materials

<sup>\*1</sup> Grosvenor mine was integrated with Moranbah North in 2020

<sup>\*2</sup> Incl. the following increase in Equity ratio of Nippon Steel Trading  
Moranbah North 1.25%, Coppabella and Moorvale 2.00%

## Three Non-steel Segments

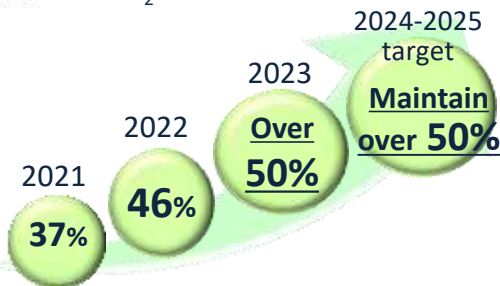
# Supporting the Steelmaking Segment and maximizing synergies, Expanding profits in growth sectors 68



## NIPPON STEEL ENGINEERING



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

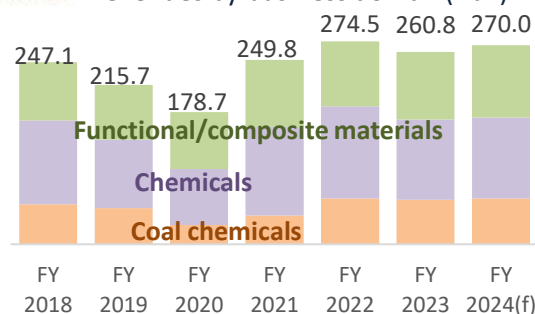


- Expand of decarbonization and low-carbon related businesses  
<Focus areas and products>  
Offshore wind power, CCUS, hydrogen infrastructure, geothermal energy, sludge-to-fuel power generation, biomass energy, Coke Dry Quenching (CDQ), EPC for waste power generation etc., high-efficiency energy supply service (natural gas co-generation system), etc.

## NIPPON STEEL Chemical & Material



Revenues by business domain(¥bn)

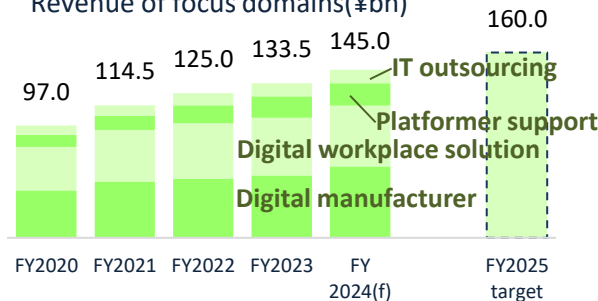


- Establish optimal framework for production and sales through facility improvement and cost reduction from manufacturing process improvement and reduction of energy use.
- Develop new technologies and new products to expand product sales to the growing semiconductor demand, especially for high-grade products high-speed telecommunication and automobiles

## NS Solutions



Revenue of focus domains(¥bn)



FY2020->FY2025 revenue CAGR\* target: **+5~6%/year**

Incl. revenue CAGR\* in focus area: **Over +10%/year**

(\*Compound annual growth rate)



Steel products to which CO<sub>2</sub> emissions savings in the steelmaking process are allocated by Mass balance approach.

**Contribute to CO<sub>2</sub> emission reduction at the customer's upstream process(SCOPE3)**

Release	Order from	Usage	Products Applied
Sep. 21 <sup>st</sup> , 2023	Sobajima Can Company	Canday Can	Tinfree Steel
Sep. 28 <sup>th</sup> , 2023	85 Degrees Renewables(Netherland)	Geothermal development project in Netherland	Super 13Cr(Chrome) for Line Pipe
Oct. 19 <sup>th</sup> , 2023	Hisaka Works	Plate-type heat exchanger to be used at the Osaka-Kansai Japan Expo	Plates, Bar, Titanium steel sheets
Oct. 23 <sup>rd</sup> , 2023	Atago-Body	Container for transporting recycled resources "Ecology Box(E/B)"	Abrasion resistant steel plate "ABREX™"
Oct. 30 <sup>th</sup> , 2023	GE Vernova	Converter to be utilized in Grid Solution business	Grain-Oriented Electrical Steel sheets
Dec. 11 <sup>th</sup> , 2023	STEELARIS(Singapore)	Oil & Gas projects, Construction, Offshore structures	Plate
Dec. 21 <sup>st</sup> , 2023	YANGLING METRON NEW MATERIAL(China)	Diamond wires to quarry wafers, such as photovoltaic wafers from silicon ingots.	Wire
Jan. 18 <sup>th</sup> , 2024	Nittetsu Bolten	Torsia-type ultra-high strength bolt SHTB™	Bar, Wire
Feb. 8 <sup>th</sup> , 2024	OKAYA & CO., LTD.	Steel frame materials for Coil center	H-beams, Hyper Beam
Feb. 22 <sup>nd</sup> , 2024	Yokogawa Bridge	Kagamiyama Crossing Bridge, Kaharu-cho, Tagawa-gun, Fukuoka	Plate
Feb. 29 <sup>th</sup> , 2024	Yamanaka Shipbuilding	Domestic Vessels(to be continuously adopted in the future)	Plate (including NSafe™-Hull)
Mar. 29 <sup>th</sup> , 2024	Fuyuki Kogyo Corporation	Arisaka Chuo Gakuen Takasaki School No.3 Building Reconstruction	H-beams
Mar. 29 <sup>th</sup> , 2024	OILES Corporation	Copper Plated Steel Sheet for Bearing Products"Coppertite "	Bar
Apr. 24 <sup>th</sup> , 2024	Minami Electric	Electrical support material	Highly corrosion-resistant hot-dip coated steel sheet "ZAM™"
Apr. 25 <sup>th</sup> , 2024	Siemens Gamesa Renewable Energy(Germany)	MOU was signed for wind farm turbine towers in Japanese wind farm project using NSCarbolex™ Neutral	-
Jun. 14 <sup>th</sup> , 2024	QatarEnergy	CCS project for project to construct blue ammonia manufacturing plant(common name: Ammonia 7)	High-alloy seamless OCTG
Sep. 2 <sup>nd</sup> , 2024	Nippon Steel Kowa Real Estate /TOYOTA HOME	Steel frame of the logistics facility "(tentative name) LOGIFRONT Nagoya Minato"	H-beams
Oct. 28 <sup>th</sup> , 2024	EXPO 2025 Osaka, Kansai	EXPO 2025 Osaka, Kansai "Colombia Pavilion"	NS Super Frame construction method

## Progress in Nippon Steel's corporate strategy

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

- Rebuild domestic steel business
- Promote a global strategy to deepen and expand overseas business
- Evolution to further vertically-integrated business structure
  - Involving "raw material business" not just as procurement
  - Insourcing steel distribution as a new business domain
- Take on the challenge of carbon neutral steel
- Promote digital transformation strategies

## Change in the labor market

- Intensified competition in recruitment due to population decline
- Diversification of individuals' career targets and higher mobilization of labor market
- Sluggish degree of recognition to steel industry

**To secure and support workforce, Nippon Steel will promote various HR and PR measures as one of the highest-priority management challenges**

## &lt;Major initiatives already taken&gt;

## Recruitment

- Increasing the mandatory retirement age to 65 (since FY2021)
- Recruitment of post doctors (since FY2006)

## Employee support

- 24-hour available as necessary childcare centers at steelworks (Oita, Kimitsu, Yawata, Nagoya, Hirohata, Kashima, and Muroran as of end of FY2021)
- Accompany leave system for employees whose spouse is transferred to other countries (since FY2016)
- Working from home system and core-flexitime system (since FY2019)
- Temporary exemption from the transfer (since FY2020)
- Recommendation to all male employees to take child-care leave (since FY2021)
- Temporary leave system for employees who wish to take a re-education (since FY2022)
- Increasing maximum capacity for "Family holidays" (reserved paid holidays) to 100 days (since FY2022)

## Working hour

## Human capital development

- Digital transformation training (since FY2021)
- Reinforcement of English language training programs (since FY2021)

## &lt;Major initiatives taken in FY2023 &amp; 2024&gt;

- PR activities centered on corporate commercials to enhance recognition of Nippon Steel among a wide range of generation
- Promotion of mid-career recruitment (including alumni hiring)
- Continuous strengthening of recruitment activities of fresh graduates
- Raising employee's compensation conditions  
(e.g. Raise monthly and starting salary, Raise compensation for unaccompanied duty, Expand requirements for taking welfare leave, Improve shared facilities in steel works, etc.)

### Start of in-house entrepreneurship and in-house recruitment systems

- In-house recruitment systems: Started (from Oct. 2023), being implemented sequentially as soon as the proposals are finalized.
- In-house entrepreneurship: Implemented a trial of entrepreneurship utilizing the system of METI (from Oct. 2023)  
e.g.) **KAMAMESHI Corporation**, a start-up company originated from NSC, released an equipment parts management and matching platform for small and medium-sized enterprises (on April 1<sup>st</sup>, 2024))



Kobayashi CEO, KAMAMESHI Corp., on TV Asahi's program "BooSTAR" (Oct. 2024)

### Further development of strengthening and diversification of recruiting approaches

#### Recruitment of freshmen (FY2024 plan)

- Expansion of internships (5 days or more) - plan to accept more than 550 students annually - Summer internships (technical staff): record number of applications (over 1,400) and participation (393)
- Expansion of workshops (1-day and 2-day) - Plan to accept more than 2,200 students annually - Summer workshop (administrative staff): record number of applications (over 2,500) and participation (1,400)
- Expansion of 1-day factory tour events (approx. 30 events at each steelworks) - plan to accept more than 900 students annually

#### Recruitment of experienced personnel

##### mid-career

Proactively secure human resources with diverse knowledge and experience, regardless of field.

- Applications available on the Career Recruitment Web site
- Referral Recruitment Incentive Program started.  
(Employee Referral Allowance established Apr.2024)



##### Alumni

Alumni (employees who have retired from Nippon Steel) network established (Aug. 2023), Continued daily communication.

##### post doctors

Continued to hire PhDs and other specialized personnel

## Continued implementation of measures to enhance recognition among a wide range of generations, centered on corporate commercial “The World is Made of Steel”

To secure human resources and support workforce, promote various PR measures as management challenges to raise awareness of Nippon Steel since October 2023.

### 1. PR initiatives to enhance recognition among a wide range of generation

#### (1) TV commercial

- TV commercials (three episodes) are airing in major cities nationwide
  - Wednesdays : "News Station" on TV Asahi affiliate (nationwide)
  - Thursdays : "Monitoring" on TBS affiliate (nationwide)
  - Fridays : "Umikoi - Ima Umi ni Dekirukoto (What we can do now for the ocean) " on NTV affiliate (NTV, STV, CTV, FBS)
- Establishment of brand image through programming

#### (2) Traffic advertisement

Vision ads on trains and billboard ads in stations near universities in Tokyo metropolitan area

#### (3) SNS, Digital tools

- CM Campaign Website relaunched to coincide with the new commercial .
- Official SNS (YouTube, X, Instagram) provide information regularly on exhibitions, events, as well as on corporate sports team games. X maintains 11,000 followers.

#### (4) Other initiatives

Community-based ads (wrapped bus, billboard ads) carried out in each areas of steel works.



Campaign Website



Official Instagram



Official X



Official YouTube



### 2. Strengthening measures with a particular focus on young generation

Participation in career education events for students - In response to recent needs for career education, we participate in events where our employees give lectures on the attractiveness of steel, our environmental initiatives, and own careers.

# Agenda

1. Earnings Summary: FY2024, FY2025 Target p. 4-
  2. Developing a Robust Business Structure  
with Vertical and Horizontal Expansion p. 16-
  3. Progress Toward Carbon Neutral Vision 2050 p. 38-
  4. References (Business Environment & Topics) p. 46-
  - 5. Supplementary Materials p. 74-**
-

Business Profit Factor Analysis (prev. FY24(f) -> FY24(f))74

(Previous guidance: released on Aug 1, 2024)

(¥bn)	Prev. FY24(f)	FY24(f)	Change
Business Profit	700.0	670.0	-30.0
Underlying profit	780.0	780.0	~
1) Domestic	235.0	270.0	+35.0
2) Overseas	90.0	80.0	-10.0
3) Raw material	170.0	145.0	-25.0
4) Other group	210.0	210.0	~
5) Non-steel	68.0	67.0	-1.0

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

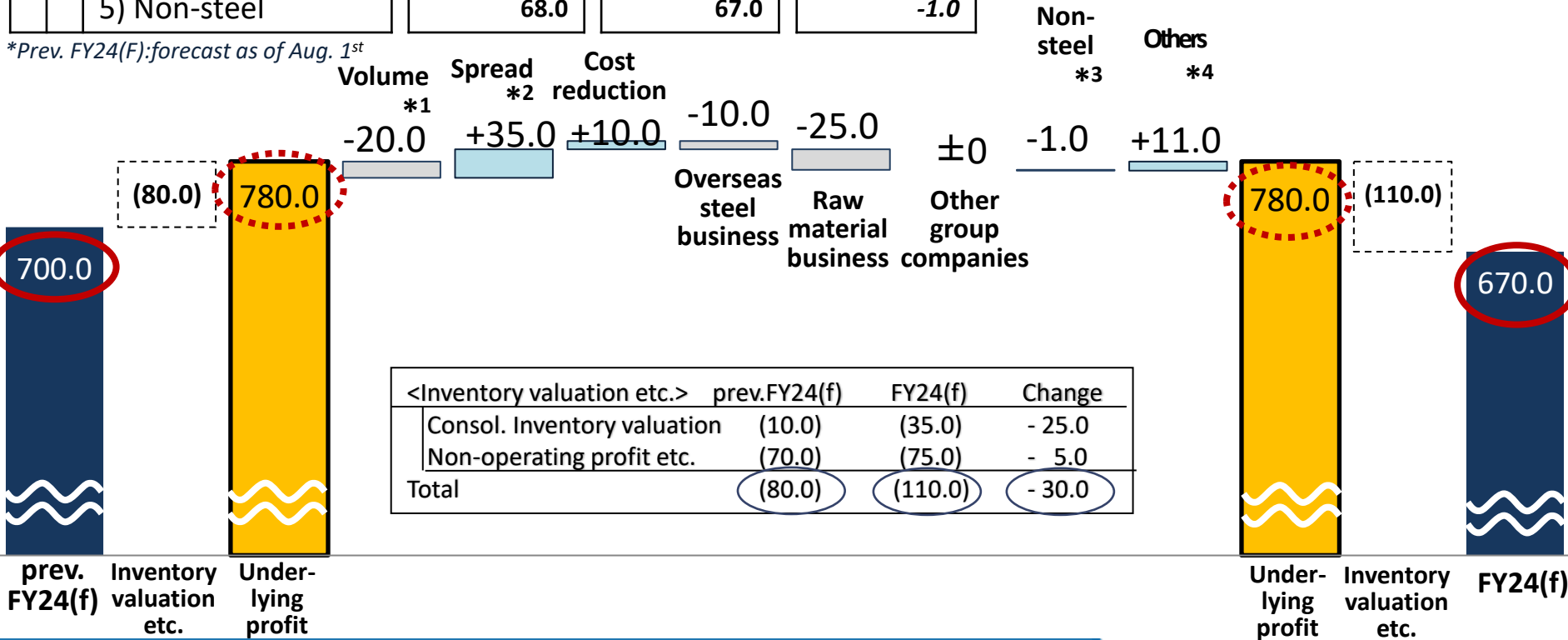
Steel shipment volume : approx. -0.50 MT  
(approx. 32.00 -> 31.50)

\*2 Incl. the impact of FX, and carry over  
-54.0bn. JPY(-340M\$) ((160)M\$ -> (500)M\$)

\*3 Engineering -3.0, Solutions +2.0 etc.

\*4 Incl. decrease in depreciation cost ±0

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

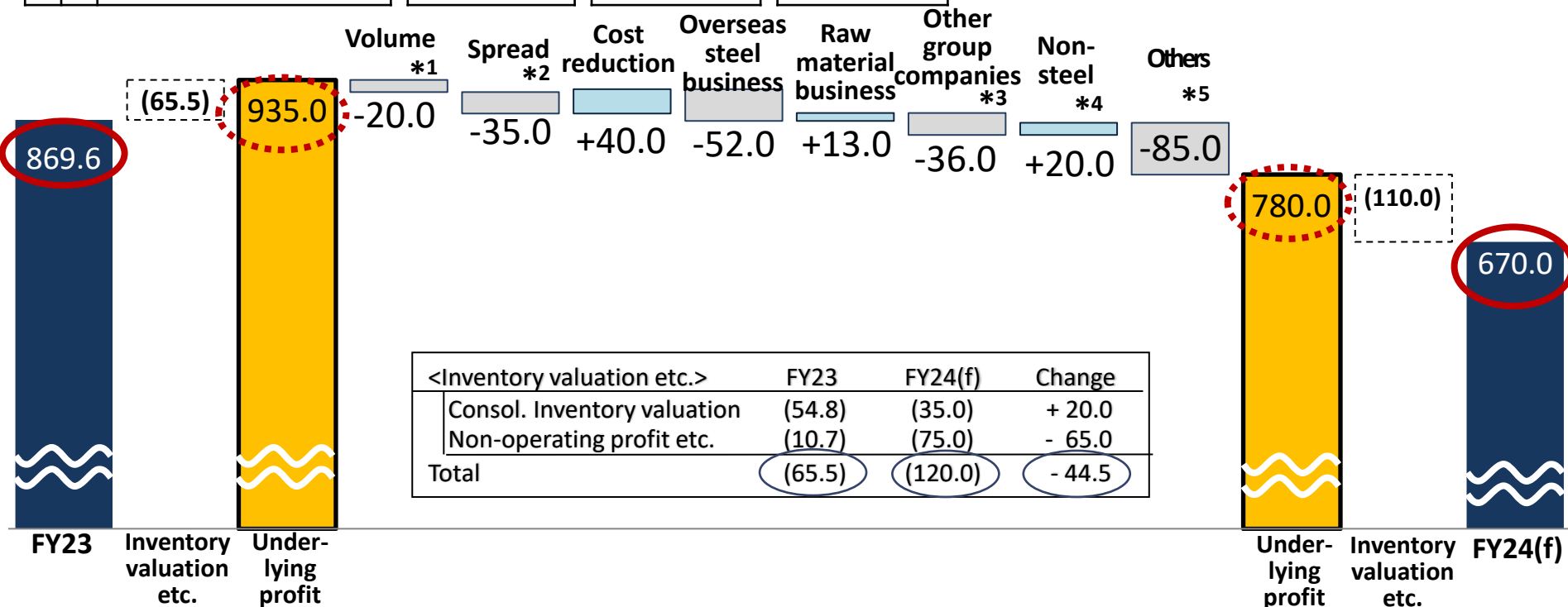


# Business Profit Factor Analysis (FY23 -> FY24(f))

75

(¥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	270.0	-96.0
2) Overseas	131.8	80.0	-52.0
3) Raw material	132.5	145.0	+13.0
4) Other group	245.8	210.0	-36.0
5) Non-steel	47.1	67.0	+20.0

- \*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(-480M\$) ((20)M\$ -> (500)M\$)
- \*3 Deteriorate: Stainless steel & EAFs,  
Secondary processing, Operational Support etc.
- \*4 Engineering +13.3, Chemicals & Materials +3.3,  
Solution +3.5 etc.
- \*5 Incl. increase in depreciation cost -18.0



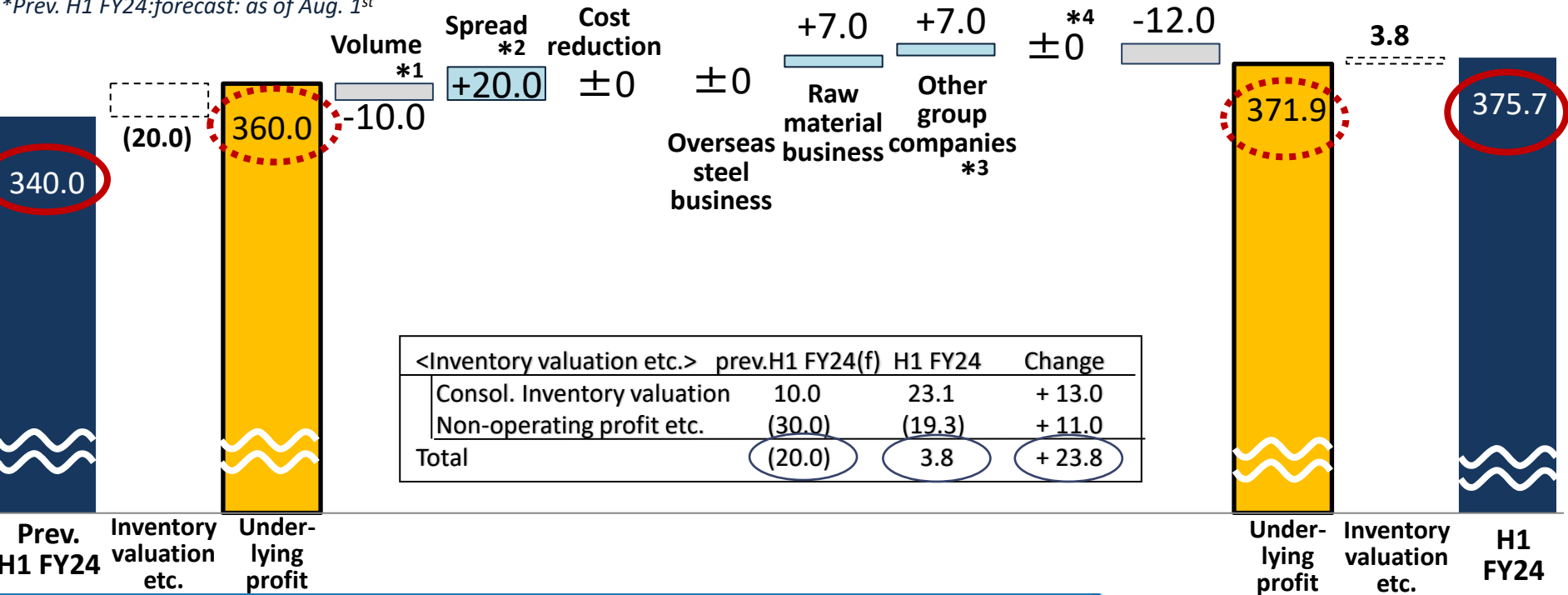
# Business Profit Factor Analysis (prev. H1 FY24(f) -> H1 FY24) <sup>76</sup>

(Previous guidance: released on Aug 1, 2024)

(¥bn)	H1 FY24 old	H1 FY24	Change
Business Profit	340.0	375.7	+35.7
Underlying profit	360.0	371.9	+11.9
1) Domestic	115.0	107.9	-7.0
2) Overseas	40.0	40.1	-
3) Raw material	85.0	92.0	+7.0
4) Other group	90.0	96.9	+7.0
5) Non-steel	27.0	27.2	-

- \*1 Crude steel production : approx. -0.30 MT  
(Previous guidance: released on Aug 1, 2024)  
(approx. 17.50 -> 17.20)
- Steel shipment volume : approx. -0.19MT  
(approx. 16.10 -> 15.91)
- \*2 Incl. the impact of FX, and carry over  
-10.0bn. JPY(-70M\$) ((340)M\$ -> (410)M\$)
- \*3 Improve: Operational Support  
Secondary processing, Trading etc.
- \*4 Engineering -4.2  
Chemicals & Materials +2.1, Solutions +2.3
- \*5 Incl. Increase in depreciation cost +2.0

\*Prev. H1 FY24:forecast: as of Aug. 1<sup>st</sup>

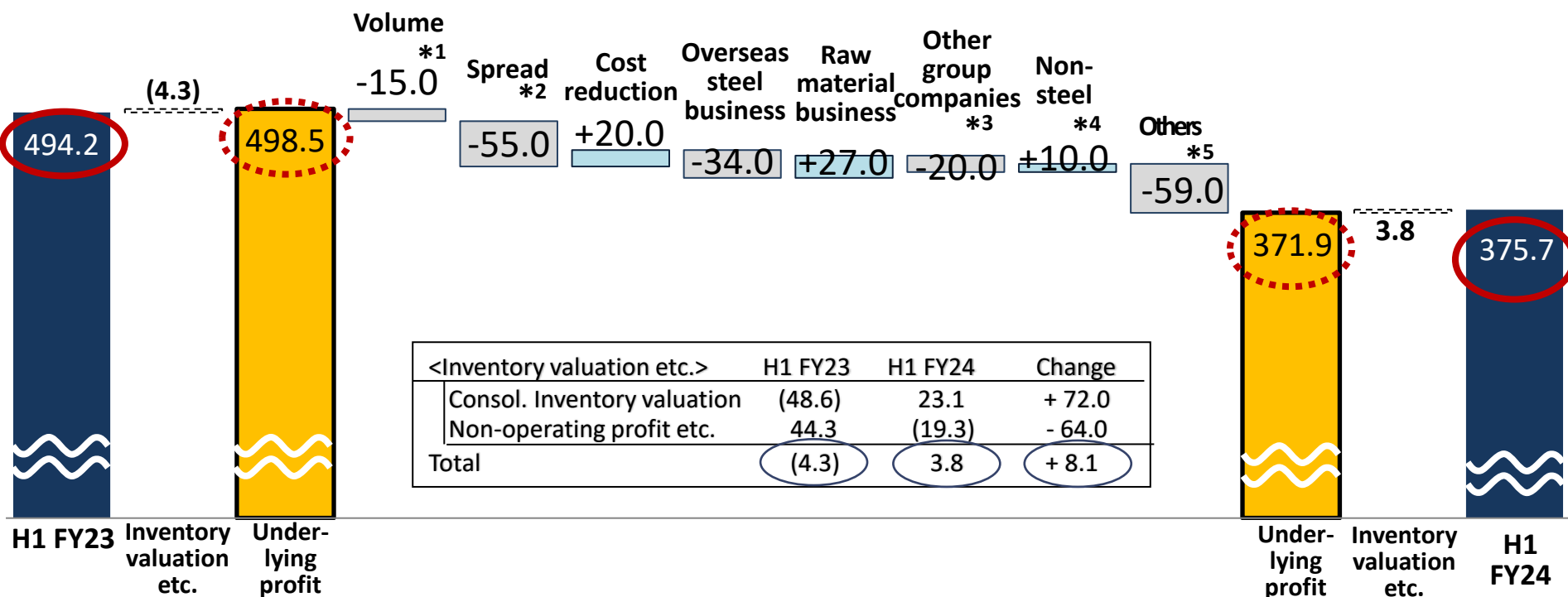


# Business Profit Factor Analysis (H1 FY23 -> H1 FY24)

77

(¥bn)	H1 FY23	H1 FY24	Change
<b>Business Profit</b>	<b>494.2</b>	<b>375.7</b>	<b>-118.5</b>
<b>Underlying profit</b>	<b>498.5</b>	<b>371.9</b>	<b>-126.6</b>
1) Domestic	218.0	107.9	-110.0
2) Overseas	73.8	40.1	-34.0
3) Raw material	64.7	92.0	+27.0
4) Other group	117.4	96.9	-20.0
5) Non-steel	17.6	27.2	+10.0

- \*1 Crude steel production : approx. -0.25 MT  
(17.44 -> approx. 17.20)
- Steel shipment volume : approx. -0.26MT  
(16.17 -> approx. 15.91)
- \*2 Incl. the impact of FX, and carry over  
-27.0bn. JPY(-160M\$) ((250)M\$ -> (410)M\$)
- \*3 Improve : Stainless steel & EAFs,  
Secondary processing etc.
- \*4 Engineering+4.2(Stripped loss in H1 FY23 from  
provision for losses of crane failures),  
Chemicals & Materials +2.2, Solutions +3.2
- \*5 Incl. Increase in depreciation cost -8.0

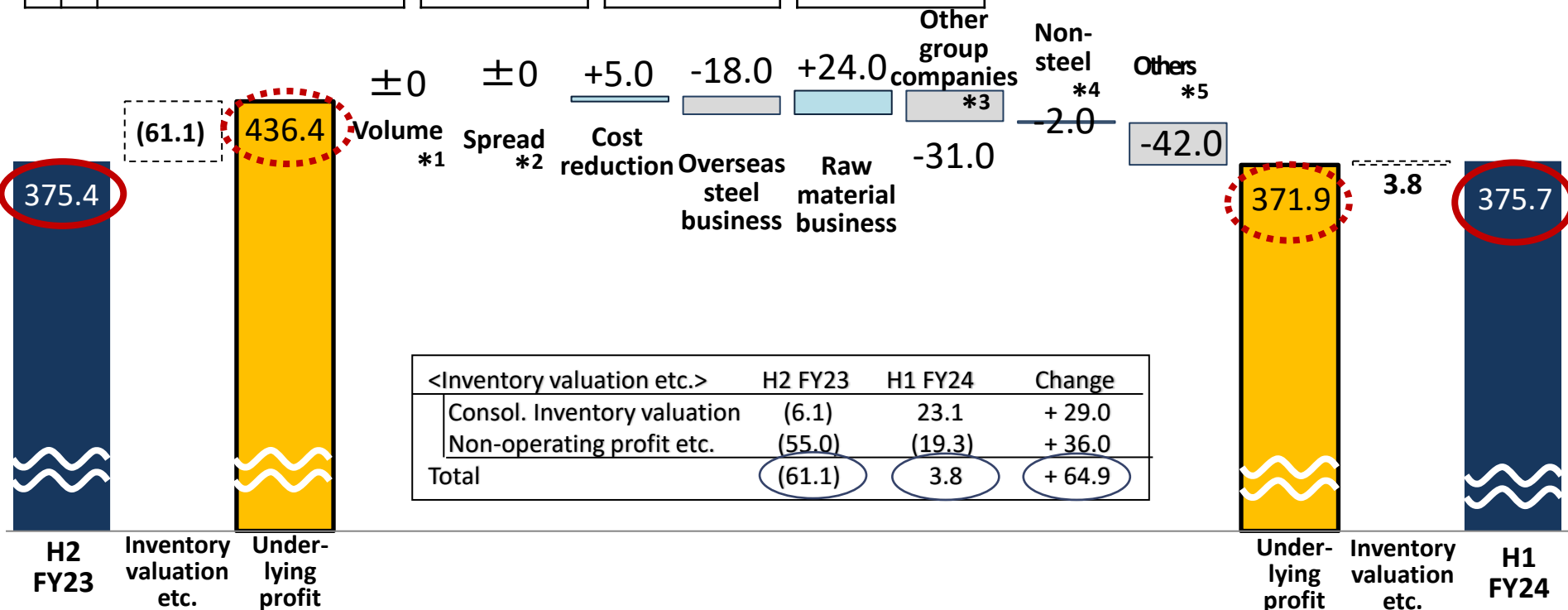


# Business Profit Factor Analysis (H2 FY23 -> H1 FY24)

78

(¥bn)	H2 FY23	H1 FY24	Change
<b>Business Profit</b>	<b>375.4</b>	<b>375.7</b>	<b>+0.3</b>
<b>Underlying profit</b>	<b>436.4</b>	<b>371.9</b>	<b>-64.5</b>
1) Domestic	147.9	107.9	-40.0
2) Overseas	58.0	40.1	-18.0
3) Raw material	67.7	92.0	+24.0
4) Other group	128.4	96.9	-31.0
5) Non-steel	29.5	27.2	-2.0

- \*1 Crude steel production : approx. -0.34 MT  
(17.54 -> 17.20)
- Steel shipment volume : approx. +0.05MT  
(15.86 -> 15.91)
- \*2 Incl. the impact of FX, and carry over  
-95.0bn. JPY(-640M\$) (230M\$ -> (410)M\$)
- \*3 Deteriorate: Stainless steel & EAFs,  
Secondary processing,  
Operational support etc.
- \*4 Engineering-5.2, Chemicals & Materials +5.3,  
Solutions -2.1
- \*5 Incl. Increase in depreciation cost -3.0

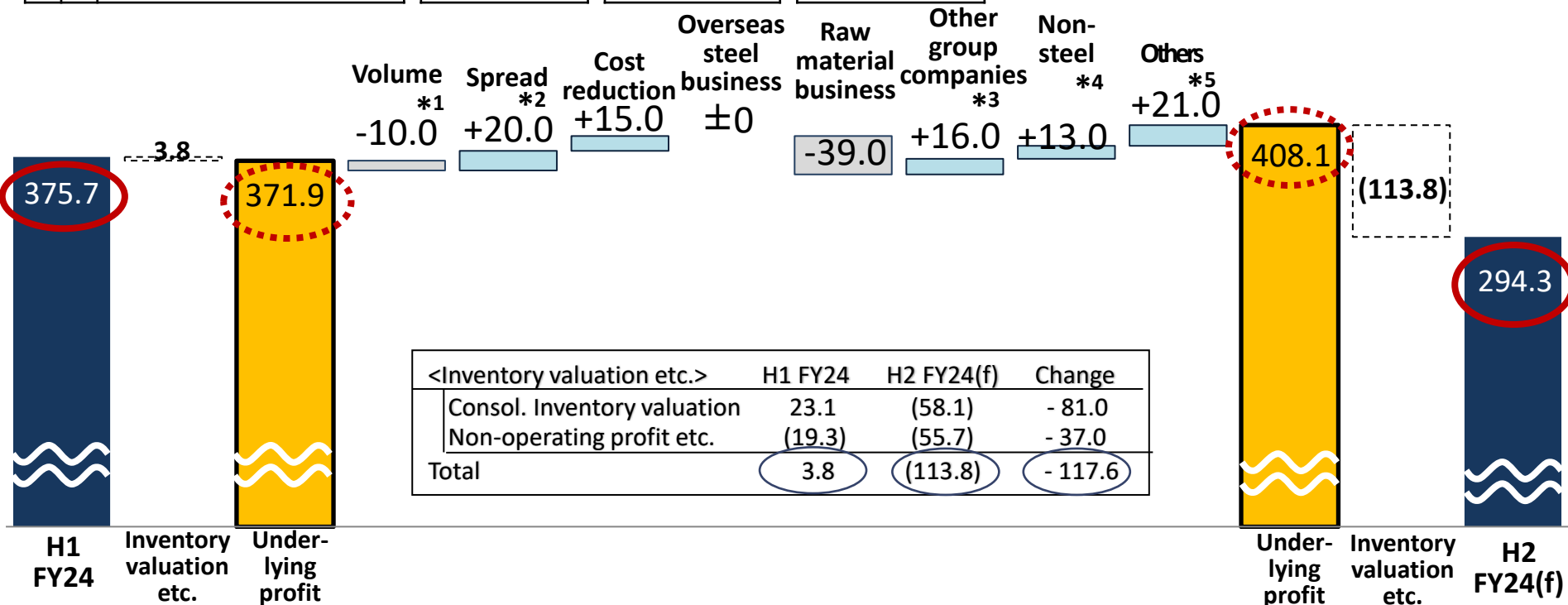


# Business Profit Factor Analysis (H1 FY24 -> H2 FY24(f))

79

(¥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	162.1	+54.0
2) Overseas	40.1	39.9	-
3) Raw material	92.0	53.0	-39.0
4) Other group	96.9	113.1	+16.0
5) Non-steel	27.2	39.8	+13.0

- \*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  
+48.0bn. JPY(+320M\$) ((410)M\$ -> (90)M\$)
- \*3 Improve : Stainless steel & EAFs,  
Operational Support, Secondary processing etc.
- \*4 Engineering+14.4,  
Chemicals & Materials -4.2, Solutions +2.3 etc.
- \*5 Incl. Increase in depreciation cost -7.0

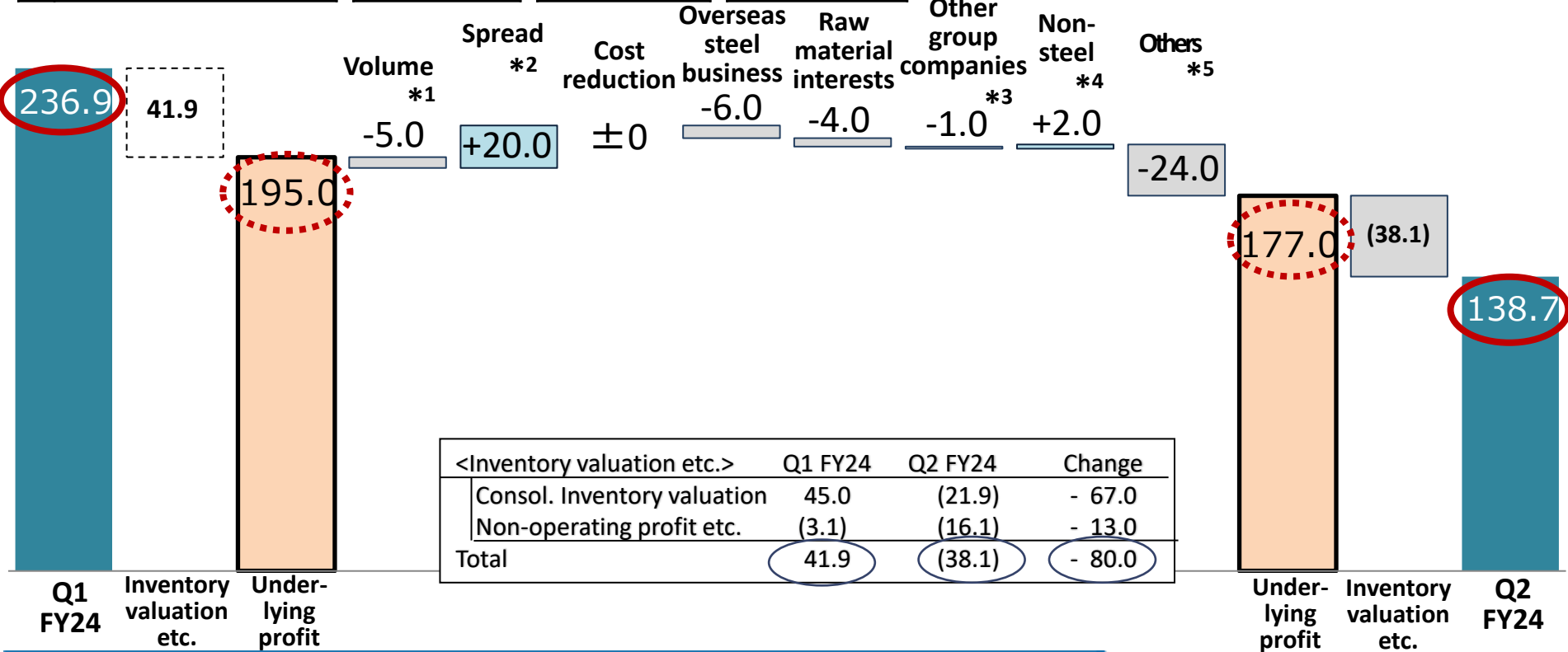


# Business Profit Factor Analysis (Q1 FY24 vs. Q2 FY24)

80

(¥bn)	Q1 FY24	Q2 FY24	Change
Business Profit	236.9	138.7	-98.1
<Underlying Profit>	195.0	177.0	-18.0
Steel	230.2	123.5	-106.7
Non-steel	15.3	13.9	-1.4
Adjustment	(8.6)	1.2	+9.8

- \*1 Crude steel production : -0.21 MT(8.70 -> 8.49)  
Steel shipment volume : -0.11 MT (8.01 -> 7.90)
- \*2 Incl. the impact of FX, and carry over  
+6.0bn. JPY(+50M\$) ((230)M\$ -> (180)M\$)
- \*3 Deteriorate : Stainless steel & EAFs,  
Secondary processing, etc.
- \*4 Engineering -1.1, Chemicals & Materials +3.3,  
Solution +0.3
- \*5 Incl. increase in depreciation cost -1.0



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