

TYO : 5401

OTC : NPSCY(ADR)



NIPPON STEEL

FY2024 Financial Results

May 9, 2025

NIPPON STEEL CORPORATION

Notes on this presentation material

Unless otherwise noted, all volume figures are presented in metric tons.

Unless otherwise noted, all financial figures are on consolidated basis.

Unless otherwise noted, net profit represents net profit attributable to owners of the parent.

Business environment

- ◆ Global steel demand remains in an unprecedented state of crisis. Excess production and export growth in response to China's widening supply-demand gap is structural and shows no signs of improvement. -> P10-12
- ◆ In addition to trade measures in various countries in FY2025, the U.S. tariff policy and other factors are beginning to have a significant impact on the global economy. There are concerns about the enormous impact on the steel industry both domestically and internationally, including indirect effects. -> P13-14

FY2024 results, FY2025 forecast

- ◆ Nippon Steel has already secured a profit structure that ensures underlying BP of ¥600.0 bn. or more regardless of the externalities. Although the business environment is deteriorating on a scale and at a speed greater than expected after FY2024, pioneering structural measures have been successful and it maintains a high level of profitability compared to the global competitors. -> P15-17
- ◆ As a results, despite the critical situation, underlying BP of ¥793.7 bn. is secured for FY2024, which is more than our previous forecast -> P4
- ◆ In FY2025, the effects of measures completed to date are expected to **achieve almost the same effect as the previous target of “aiming for underlying BP of ¥900.0 bn. or more”**. On the other hand, despite an increasingly difficult business environment due to the sluggish Chinese economy and other factors, **underlying BP is on track to exceed ¥700.0 bn. for sure**. On the other hand, **with the uncertainty of the U.S. tariff policy trend, it is difficult to make a reasonable calculation of the impact on the entire broad supply chain in which we are involved**. -> P7-8
- ◆ Even under these circumstances, **underlying BP of more than ¥600.0 bn. will be secured for FY2025, annual dividend is expected to be ¥120 per share** -> P9

Formulate medium- to long-term management plan

- ◆ To be announced by the end of 2025. **Immediately implement measures that have been decided upon**. -> P18 etc.

Agenda

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

Underlying BP for FY2024 : ¥793.7 bn., exceeding the previous forecast

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

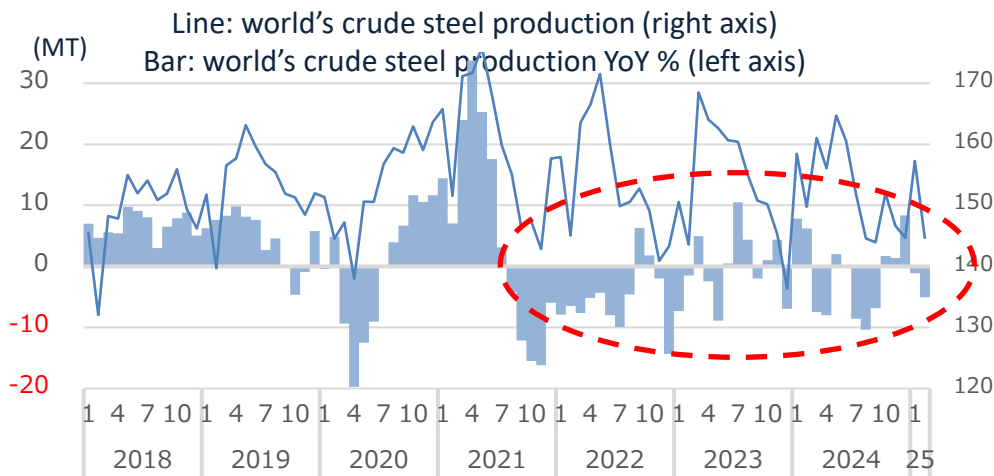
	FY2023	H1	Q3	Q4	H2	Change from H1 FY24	FY 2024	Change from Prev. forecast as of Feb. 6 th	Change from FY2023
Revenue (¥bn.)	8,868.0	4,379.7	2,172.7	2,143.0	4,315.7	-64.0	8,695.5	+95.5	-172.5
Underlying BP Excl. Inventory val. etc.	935.0 Record high	371.9	236.5	185.3	421.8	+49.9	793.7	<u>+13.7</u>	-141.3
Inventory valuation etc.	(65.5)	3.8	(46.2)	(68.2)	(114.4)	-118.2	(110.5)	-0.5	-45.0
Consol. BP (¥bn.)	869.6	375.7	190.3	117.1	307.4	-68.3	683.2	<u>+13.2</u>	-186.4
ROS	9.8%	8.6%	8.9%	5.5%	7.1%	-1.5%	7.9%	<u>+0.1%</u>	-1.9%
Non-consol. crude steel production (MT)	34.99	17.20	8.55	8.56	17.11	-0.09	34.30	-0.20	-0.68
Non-consol. steel shipment (MT)	32.03	15.91	7.98	7.73	15.71	-0.20	31.62	+0.12	-0.41
FX (USD/JPY)	144	154	149	154	152	2yen app	153	-	9yen dep

Business Environment Unprecedentedly Harsh Business Environment

5

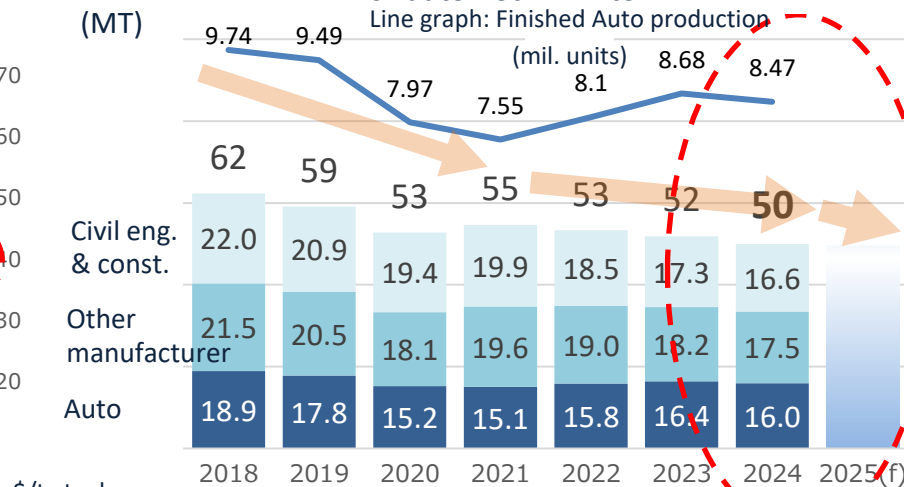
World's crude steel production trend

Depressed production continuing since Aug. 2021



Domestic steel demand

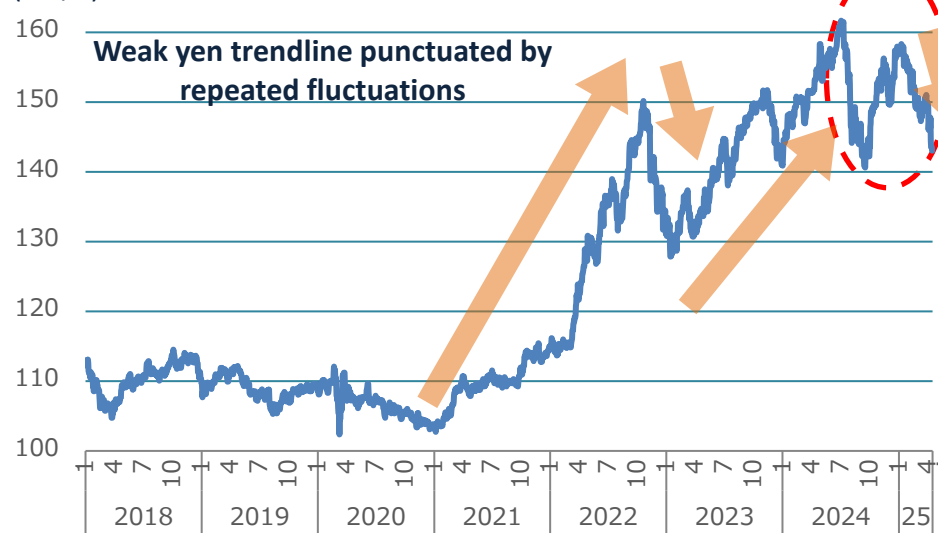
Continued weakness in overall demand
incl. automotive sector



(JPY/\$)

FX rate

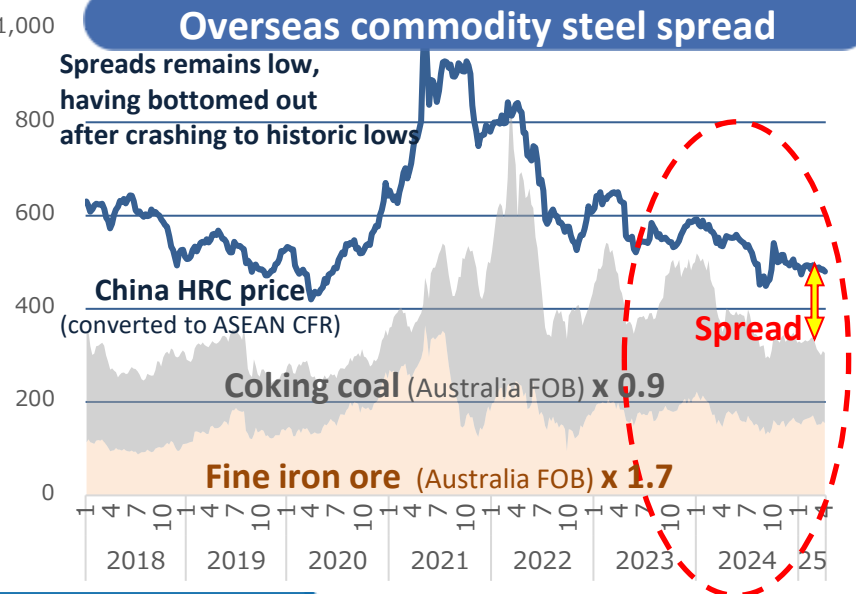
Weak yen trendline punctuated by repeated fluctuations



\$/t-steel

Overseas commodity steel spread

Spreads remains low, having bottomed out after crashing to historic lows



Unit : ¥bn.

Prev.FY24(f)
to
FY24H1 FY24
to
H2 FY24FY23
to
FY24

Consol. Business Profit

+13.2

-68.3

-186.4 [869.6 -> 683.2]

Inventory Valuation etc.

-0.5

-118.2

-45.0

Underlying Business Profit

+13.7

+49.9**-141.3 [935.0 -> 793.7]****Domestic Steel Business****-15.0****+44.0****-106.0**

Volume

-

-10.0

-0.20Mt

-20.0

Steel shipment volume -0.41Mt (32.03 -> 31.62)

Spread*

(Sales price, mix, raw material price, C/O)
※Including change in FX rateMix : Recovery of
domestic
automobile
production etc.Direct contract sales : Maintain the appropriate
spread level, reflecting yen depreciation and cost
hike in distribution, etc.

-

+25.0**-30.0**Spot market sales : Continuation of unprecedentedly
harsh business environment in overseas spot market[Change per ton of steel]
Change in FX rate[: +1k¥/t]
: 2yen app[Change per ton of steel : -1k¥/t]
Change in FX rate : 9yen app

Cost reduction

-

+15.0**+40.0**

Others

-15.0**+14.0****-96.0**Investment in human capital to secure and support
workforce, depreciation cost hike, etc.**Overseas Steel Business****-1.0****-6.0**

North America etc.

-58.0India -42.0(Loss of one-time gain in 2023),
ASEAN -7.0 etc.**Raw Material Business****+10.0****-29.0**Drop in raw
material prices**+23.0**

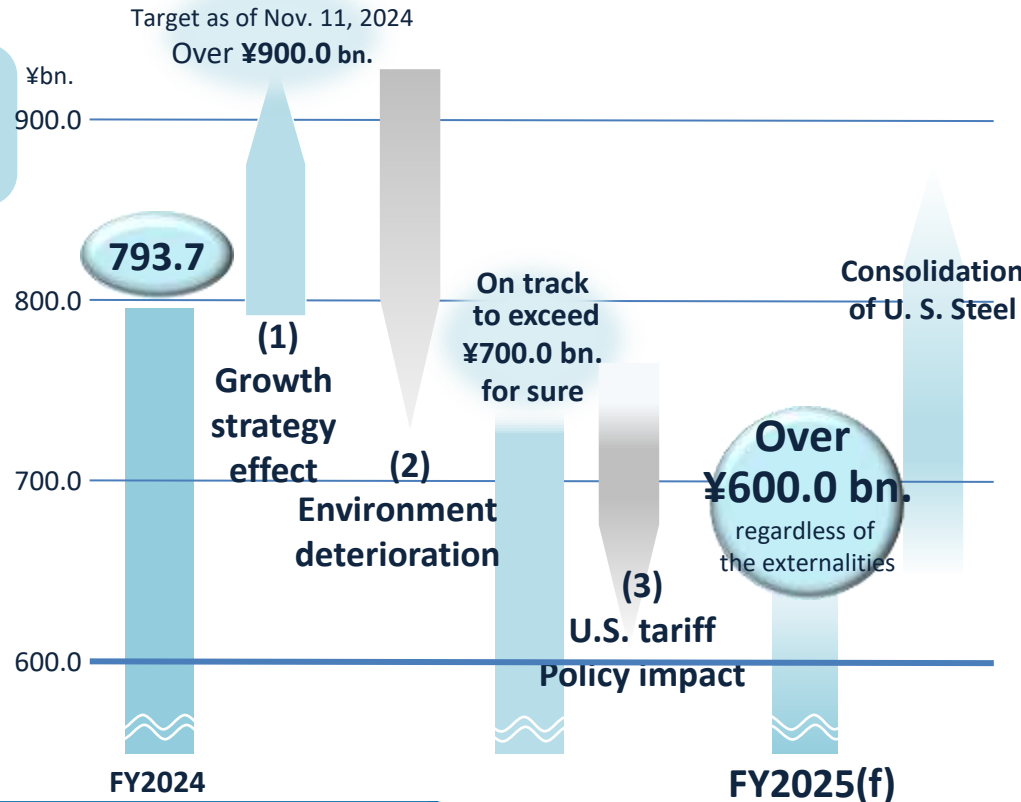
Consolidation of EVR, Drop in raw material prices

Other Group Companies**+9.0****+25.0**Improve : Nippon
Steel Stainless,
Sanyo special
steel etc.**-27.0**Stainless and EAFs -30.0 (Nippon Steel Stainless -19.0,
Sanyo Special Steel etc.)
Operational supports +7.0,
Secondary processing -5.0 etc.**Three Non-steel Segments****+4.0****+19.0**Engineering
+17.0**+26.0**Engineering +15.9, Chemicals & Materials +6.6,
Solution +3.3

- (1) **Growth strategy effect** : Although there are delays in capacity expansion in India due to labor shortages, by fully realizing the effect of structural measures and CAPEX, expect to achieve almost the same effect as the previous target of “aiming for underlying BP of ¥900.0 bn. or more”.
- (2) **Environment deterioration** : Against the backdrop of the sluggish Chinese economy etc., global steel demand has become even more severe. Although the environment has worsened from the previous outlook due to a significant drop in product and raw material prices, underlying BP is on track to exceed ¥700.0 bn. for sure.
- (3) **U.S. tariff Policy impact** : The trend of the tariff policy under U.S. President Trump’s administration is currently unforeseeable and its indirect impact on Nippon Steel, which provides products and services to a wide range of customers both in Japan and overseas, may be enormous. Therefore, it is difficult at this stage to quantitatively grasp the impact on the entire supply chain.

**Ensures underlying business profit of
¥600.0 bn. or more** regardless of the externalities
(excl. U. S. Steel)

(unit : ¥bn.)	FY2024	FY2025(f)	Change from FY2024
Underlying BP Excl. Inventory val. etc.	793.7	Over 600.0	-193.7
Inventory valuation etc.	(110.5)	(200.0)	-89.5
Consol. BP	683.2	Over 400.0	-283.2



FY2024 : ¥350.2 bn., exceeding the previous forecast

FY2025(f) : More than ¥200.0 bn. due to inventory valuation etc.

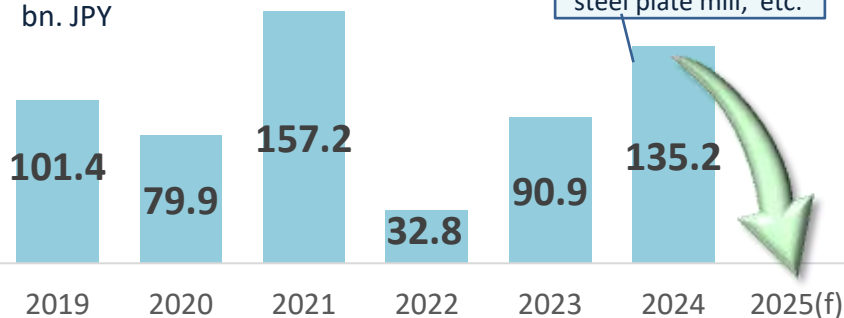
¥bn.	FY 2023	H1	Q4	H2	FY 2024	Change from prev. forecast as of Feb. 6 th	Change from FY2023	FY 2025 (f)
Consol. BP	869.6	375.7	117.1	307.4	683.2	+13.2	-186.4	Over 400.0
Additional Line Items	(90.9)	-	(135.2)	(135.2)	(135.2)	-5.2	-44.3	-
Net Profit	549.3	243.3	(11.8)	106.8	350.2	+40.2	-199.1	Over 200.0
EPS (¥/share)*	596	254	(11)	102	350	+39	-246	Over 191
ROE(%)	12.3%	9.6%	(0.9%)	4.0%	6.9%		-5.4%	

Cf. Losses on Inactive Facilities

(including impairment loss (in 2019))

bn. JPY

Kashima One series of upstream facilities, large shape mill and steel plate mill, etc.



*All outstanding Convertible Bonds are assumed to be converted.

(Not included in the above)

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

Consolidated loss without cash outflow approx. ¥130.0 bn.
Consolidated loss with cash outflow approx. ¥100.0 bn.

Impact on Net profit approx. ¥-230.0 bn., Impact on EPS -220 yen/share

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

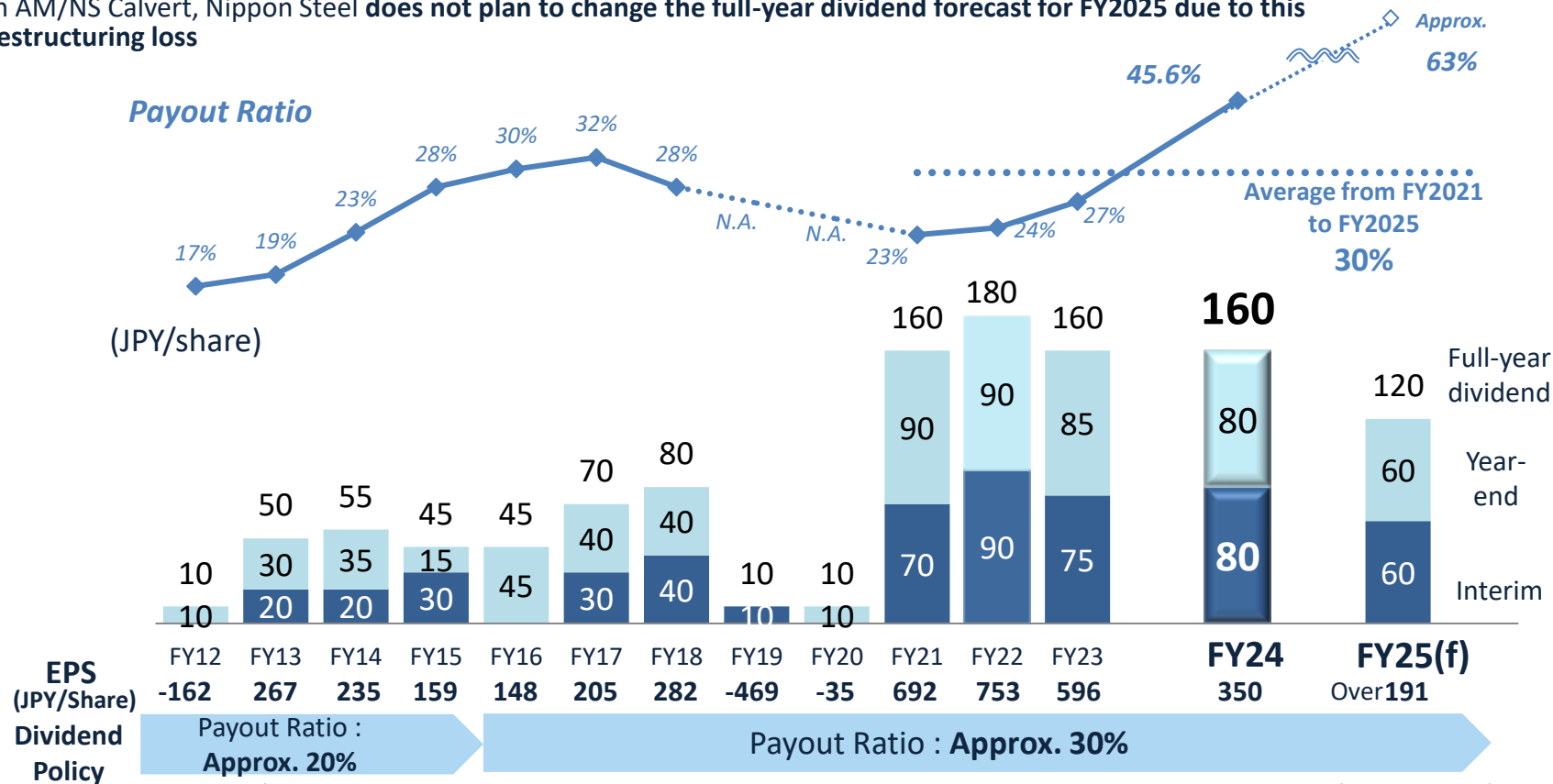
FY2024

Nippon Steel plans to propose a year-end dividend of 80 yen per share for FY2024 and an annual dividend of 160 yen per share to the annual general meeting of shareholders

FY2025(f)

For FY2025, the final year of the medium- to long-term management plan, Nippon Steel plans to pay an annual dividend of 120 yen per share (interim dividend of 60 yen per share), which will result in a payout ratio of 30% over the five-year period from FY2021 to FY2025

Even in case to update earnings by ¥230 bn. consolidated loss on business restructuring due to transfer of equity interest in AM/NS Calvert, Nippon Steel **does not plan to change the full-year dividend forecast for FY2025 due to this restructuring loss**



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

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

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

Global steel demand

China peaked in 2020,
then decline

India will grow steadily
but at slower pace

Finished products
(Mt/Y)

Global peak in 2021

1,844Mt

China peak in 2020

1,009Mt

India

China

Others

Developed countries

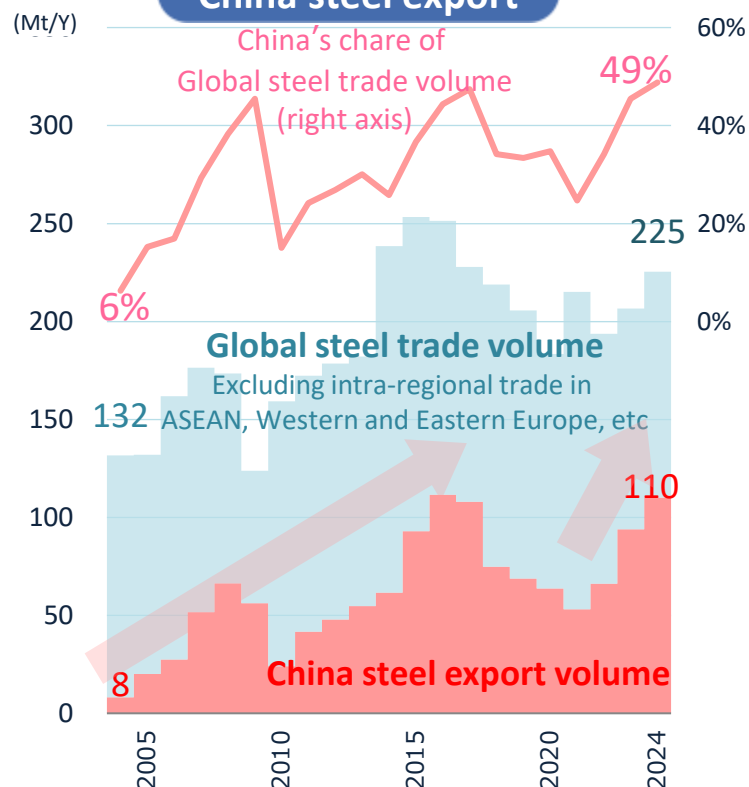
Demographic
bonus countries

India, US,
ASEAN, Australia

Demographic
onus countries

Japan, China,
EU

China steel export



Overcapacity in the global steel
industry expanded due to new
investment in China, etc.

2016

+0.8
bn.t

2020

+0.5
bn.t

2024

+0.62
bn.t

2027(f)

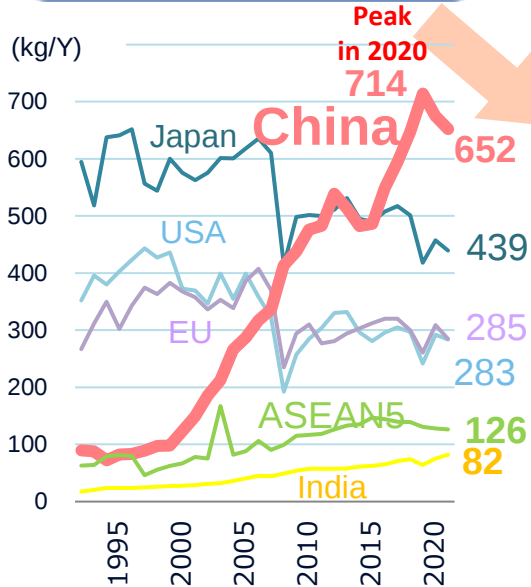
+0.72
bn.t

New capacity of 165 MT
is expected to be added in 2025-27
due to new cross-border
investments by Chinese capital

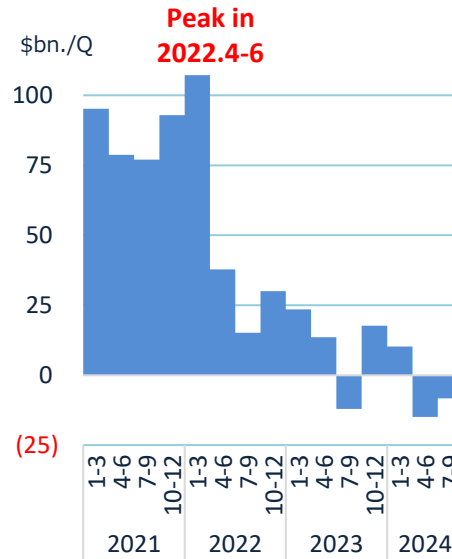
Data source : 2025.4 OECD Steel Committee

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

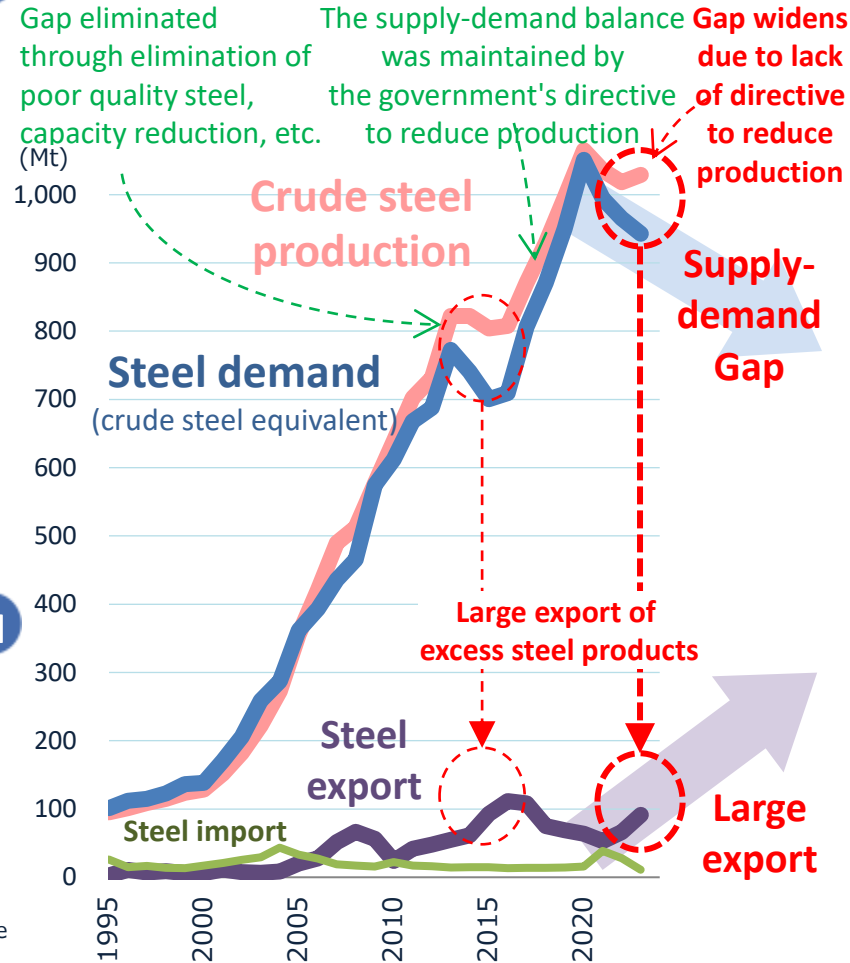
Steel Demand per Capita



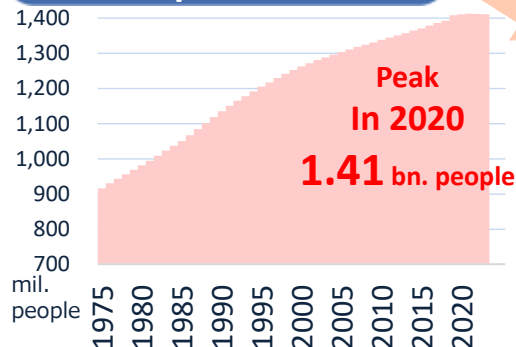
New Direct Investment in China



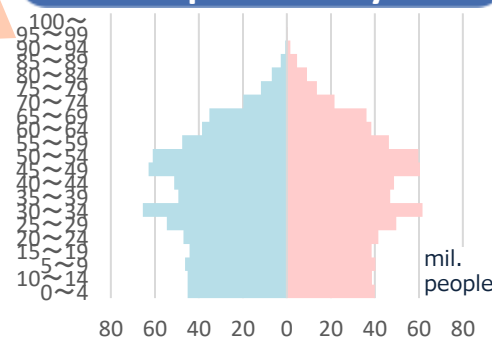
China steel demand



China Population Trend

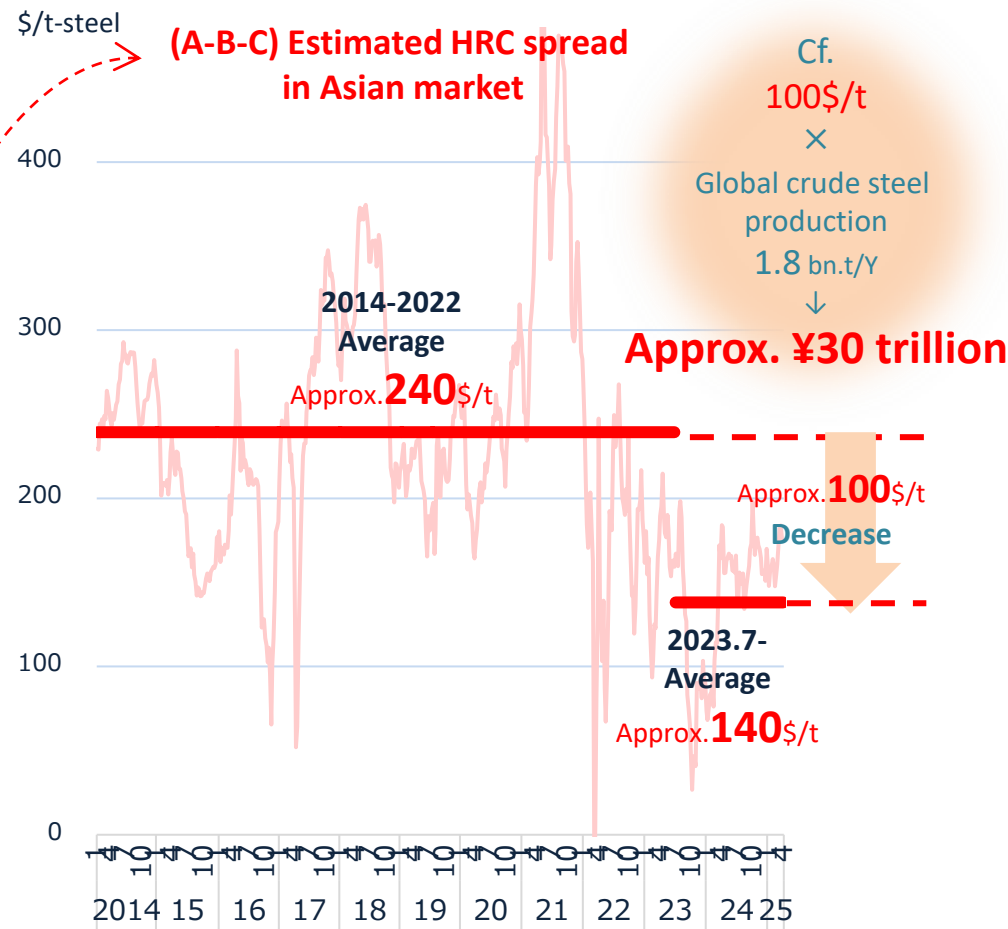
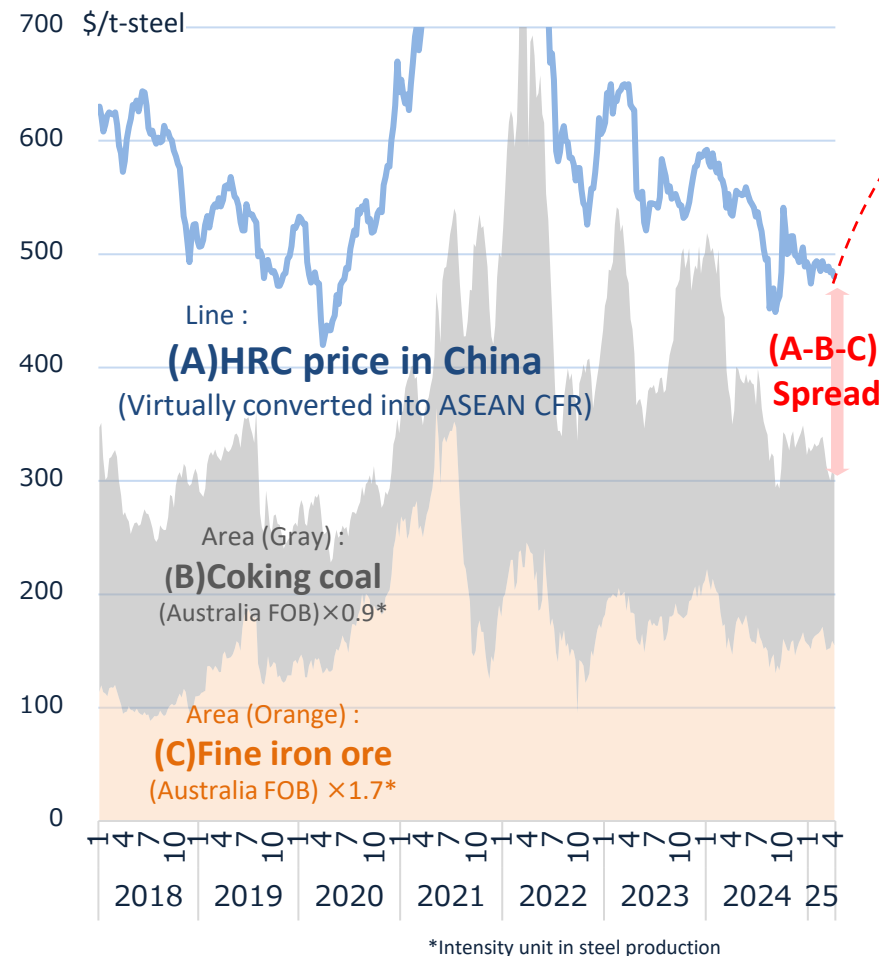


China Population Pyramid

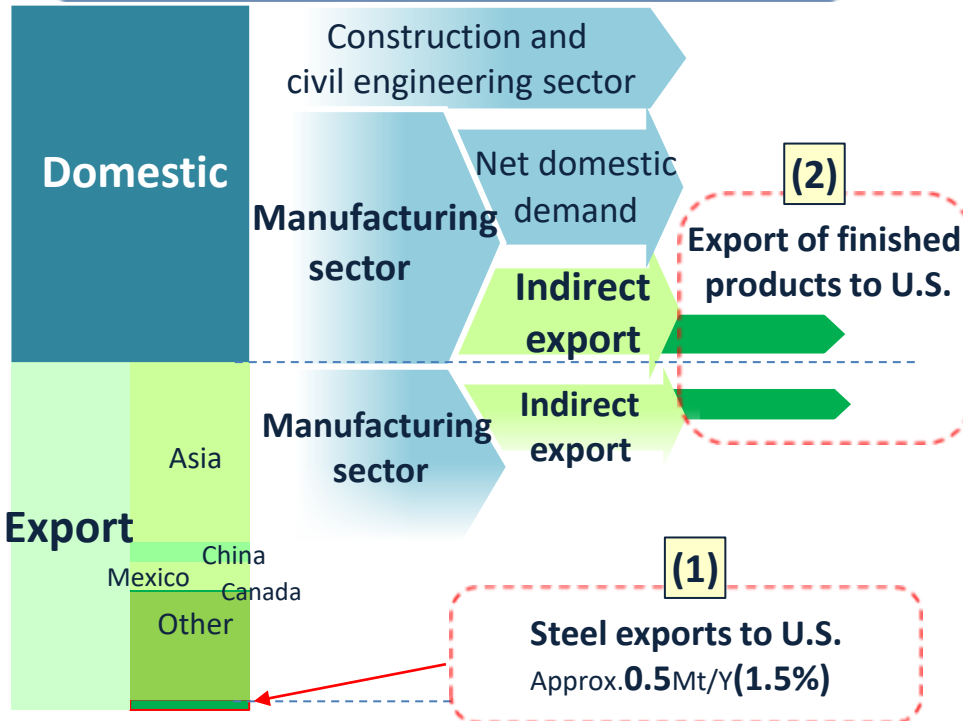


Business Environment Sluggish Steel Spreads Weighed on Steelmakers' Earnings

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



Nippon Steel's Steel Shipments Destination



(1)

Steel tariffs Direct impact
(Nippon Steel's steel export to U.S.)

Expect the impact to be limited for the time being, as many of our exports to the U.S. are small-volume products that are difficult to substitute for

High-end products difficult to supply in the U.S. (seamless pipes, rails, etc.)
Supply of base plates to U.S. downstream bases

(2)

Various tariffs Indirect impact
(Decrease in exports from domestic and foreign manufacturing customers)

Concerns that reduced exports (automobiles, machinery, etc.), with the U.S. as the final consumption destination, will reduce demand for steel products from domestic and overseas manufacturers

Cf. Japanese auto exports to the U.S. (including via Mexico and Canada): estimated to be around 2.8 mil. units

The following reports are available for some of the domestic automakers

Company A : Maintain current operations for the time being

Company B : Production of some models transferred to the U.S.

Company C : Suspension of production cutback and expansion of capacity utilization at plants in the U.S., etc.

(3)

Steel tariffs Indirect impact
(Inflow of exported from other countries into Asia)

Concerns that steel exports from various countries will shift from the U.S. to Asia, leading to an increase in steel imports in Japan and further easing of the supply-demand balance for Asian steel products

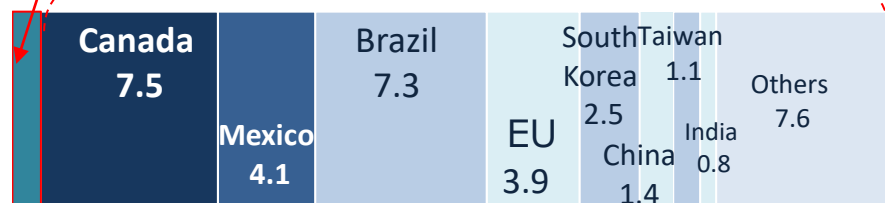
Source composition of U.S. steel imports

Import volume 37.5Mt/Y (CY2023)

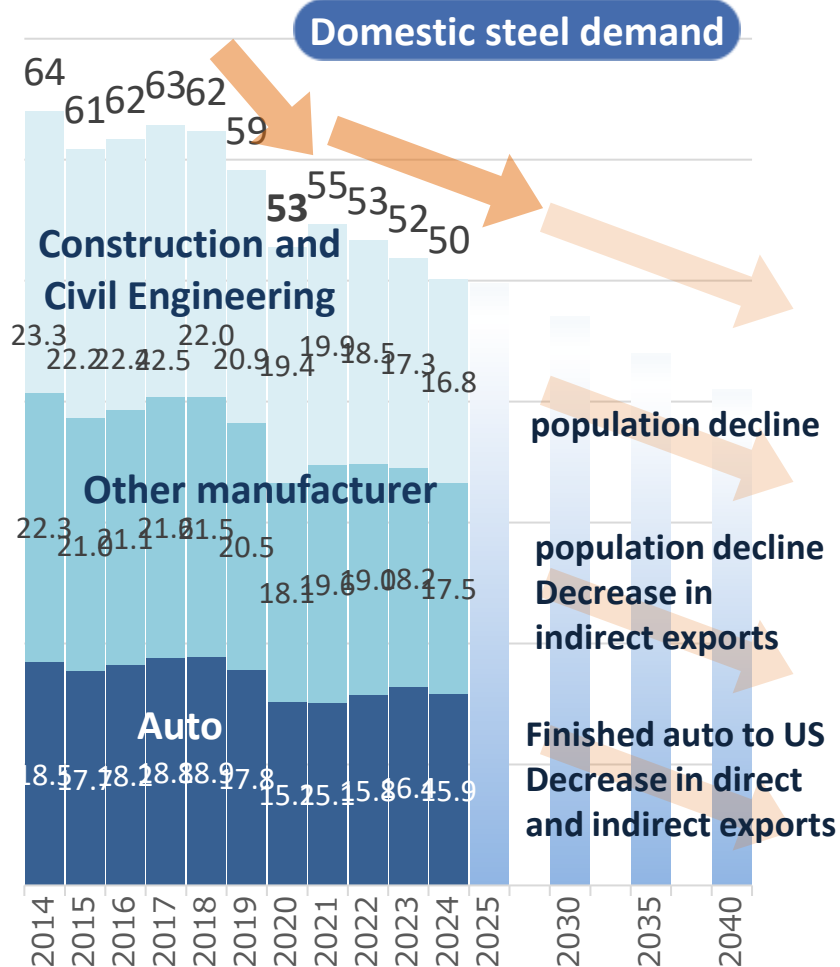
(3)

Japan

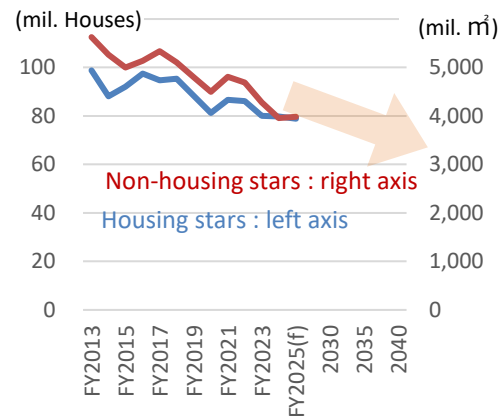
1.2



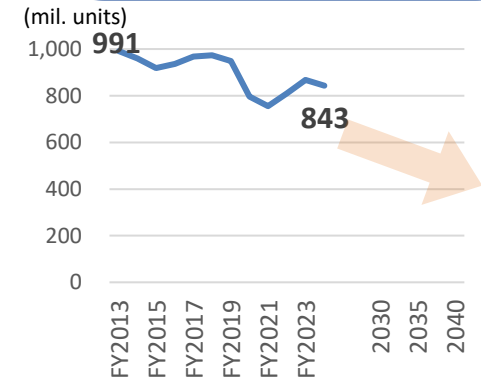
Weakness in current demand has become more severe than expected
The downward trend in domestic steel demand will continue due to population decline, decrease in exports of finished auto to US and decrease in indirect exports by other manufacturing industries



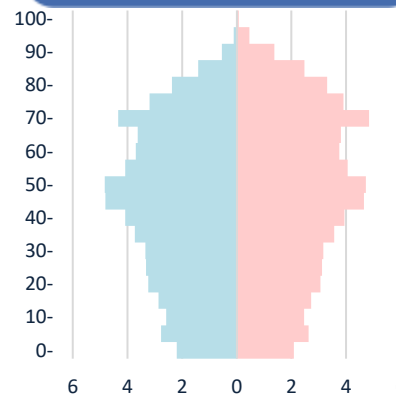
Housing, non-housing starts



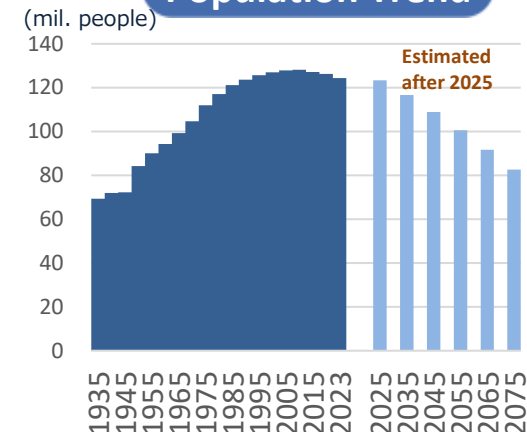
Finished auto production



Population Pyramid



Population Trend



Data source : Statistics Bureau of Japan,
 National Institute of Population and Social Security Research

Ensure a Stable, High-profit Structure Regardless of the External Environment

15

Strategy to secure a stable, high-profit structure

Facility Structural Measures

Sophistication of Order Mix

Spread Improvement in Direct Contract Sales

Deepen and Expand Overseas Business

Raw Material Improvement of Self-Sufficiency Ratio

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

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

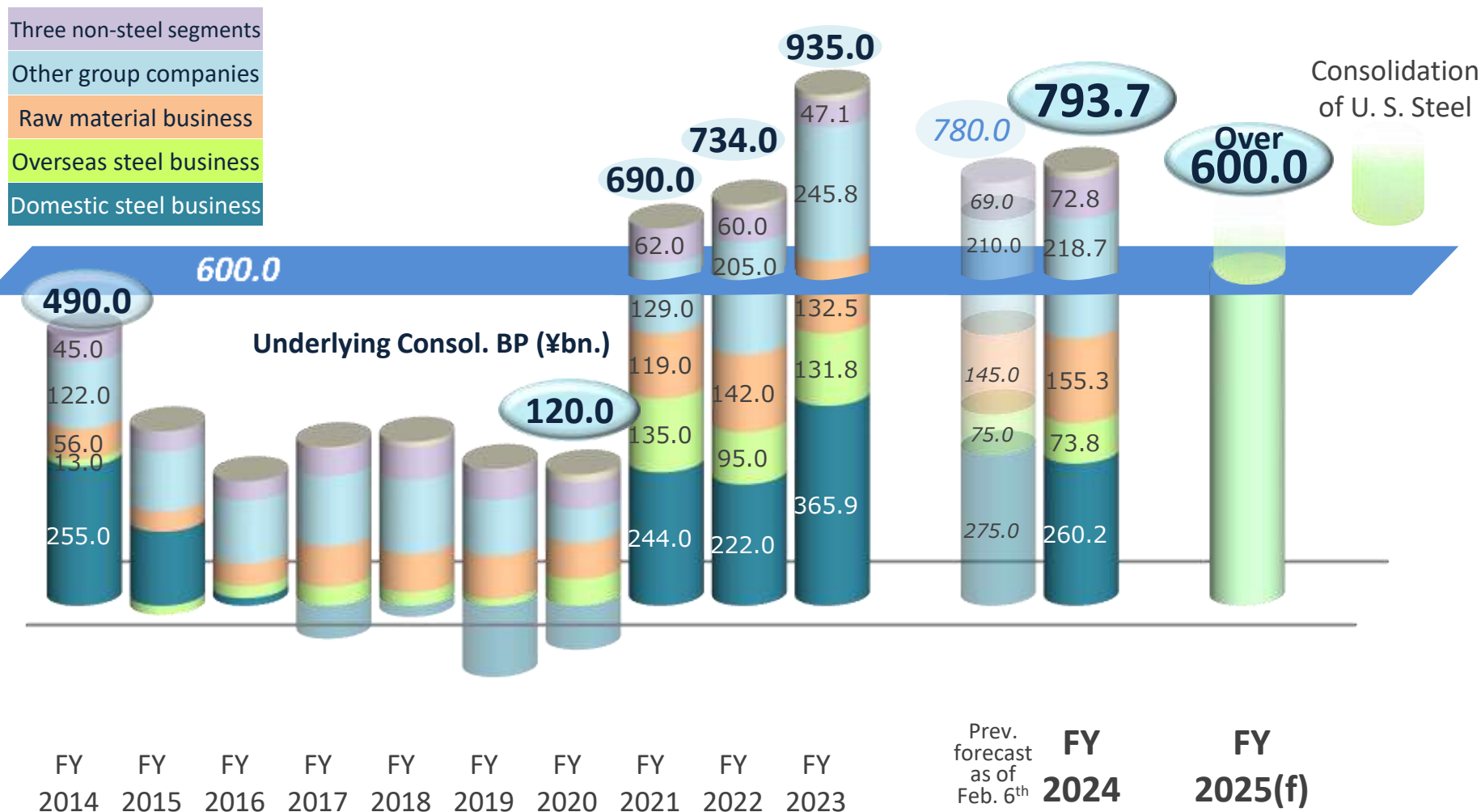
Gradual decline in domestic steel demand in Japan

population decrease and challenges in both direct and indirect exports

Establishment of a Resilient Business Portfolio that Ensures Sustainable Growth

16

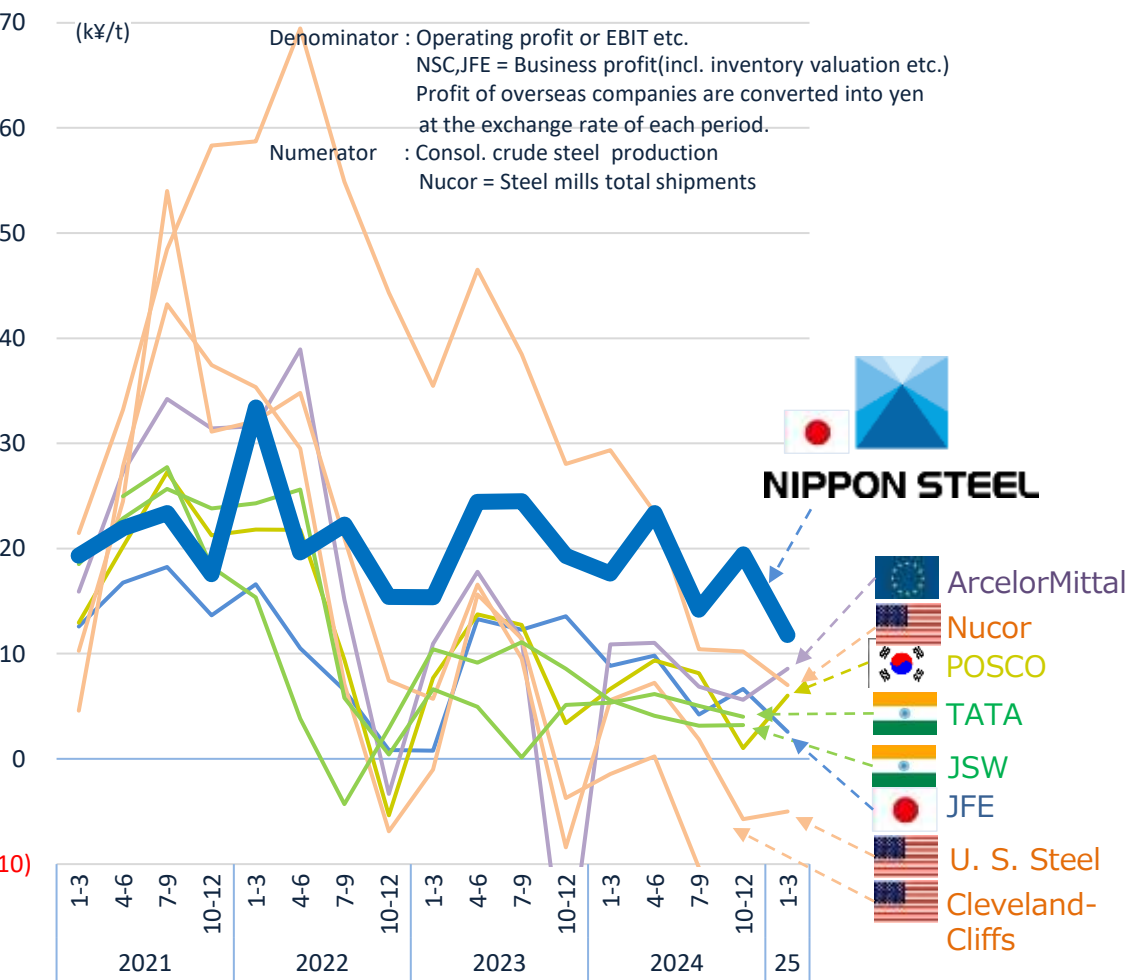
Nippon Steel has already secured a profit structure that **ensures underlying business profit of ¥600.0 bn. regardless of the externalities** (excl. U. S. Steel)



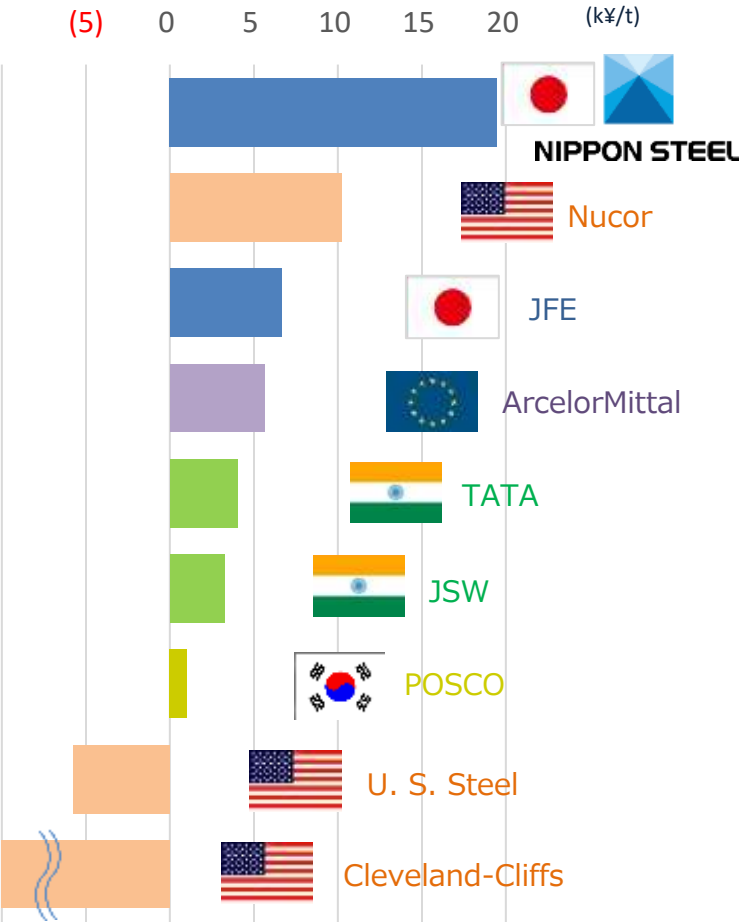
Stable and High Level of Profits Despite Unprecedentedly Harsh Business Environment

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

Change in Profit per ton of Crude Steel



Profit per ton of Crude Steel (Oct-Dec 2024)



Data source : Bloomberg and each company's financial results

Start to Formulate Next Medium- to Long-term Management Plan ¹⁸

Achievements

Further growth

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

Start to formulate next medium- to long-term management plan

To be announced by the end of 2025

¥1 Trillion

Early realization of “¥1 trillion and 100MT vision”

Domestic

- ◆ Develop and implement innovative technologies for carbon neutral
- ◆ Enhance competitiveness to capture more domestic demand, including pursuit of synergies through reorganization of group companies

Overseas

- ◆ Capture growth by strengthening business in India and U.S., which are relatively unaffected by the excessive export problems originating in China

Immediately implement measures that have been decided upon

Consolidation of U. S. Steel and synergy creation

Expansion of raw material business

Strengthen domestic steel business (incl. group companies)

Sophistication of Order Mix

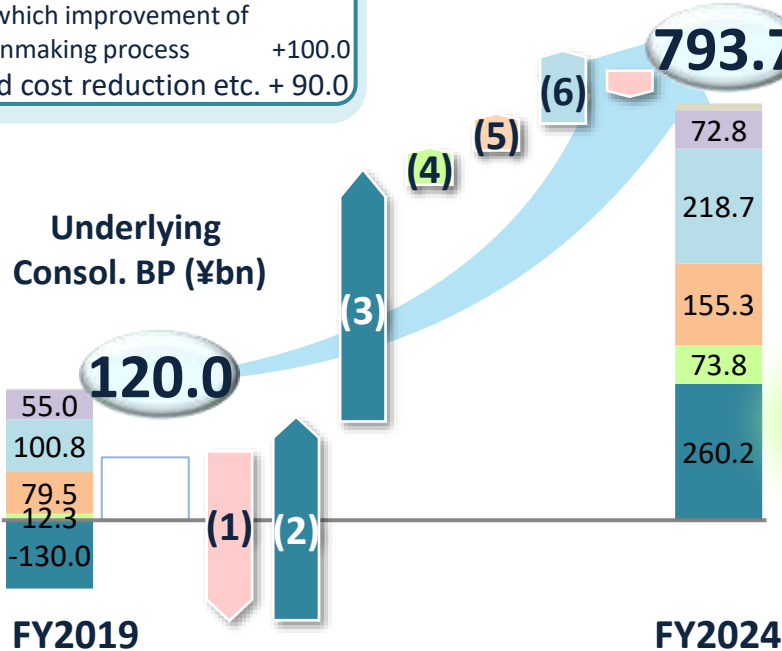
Capacity expansion in India

Developing business structure with vertical and horizontal expansion: approx. +¥250.0 bn.

- (4) Overseas steel business +61.0
- (5) Raw material business +75.0
- (6) Other group company +117.0

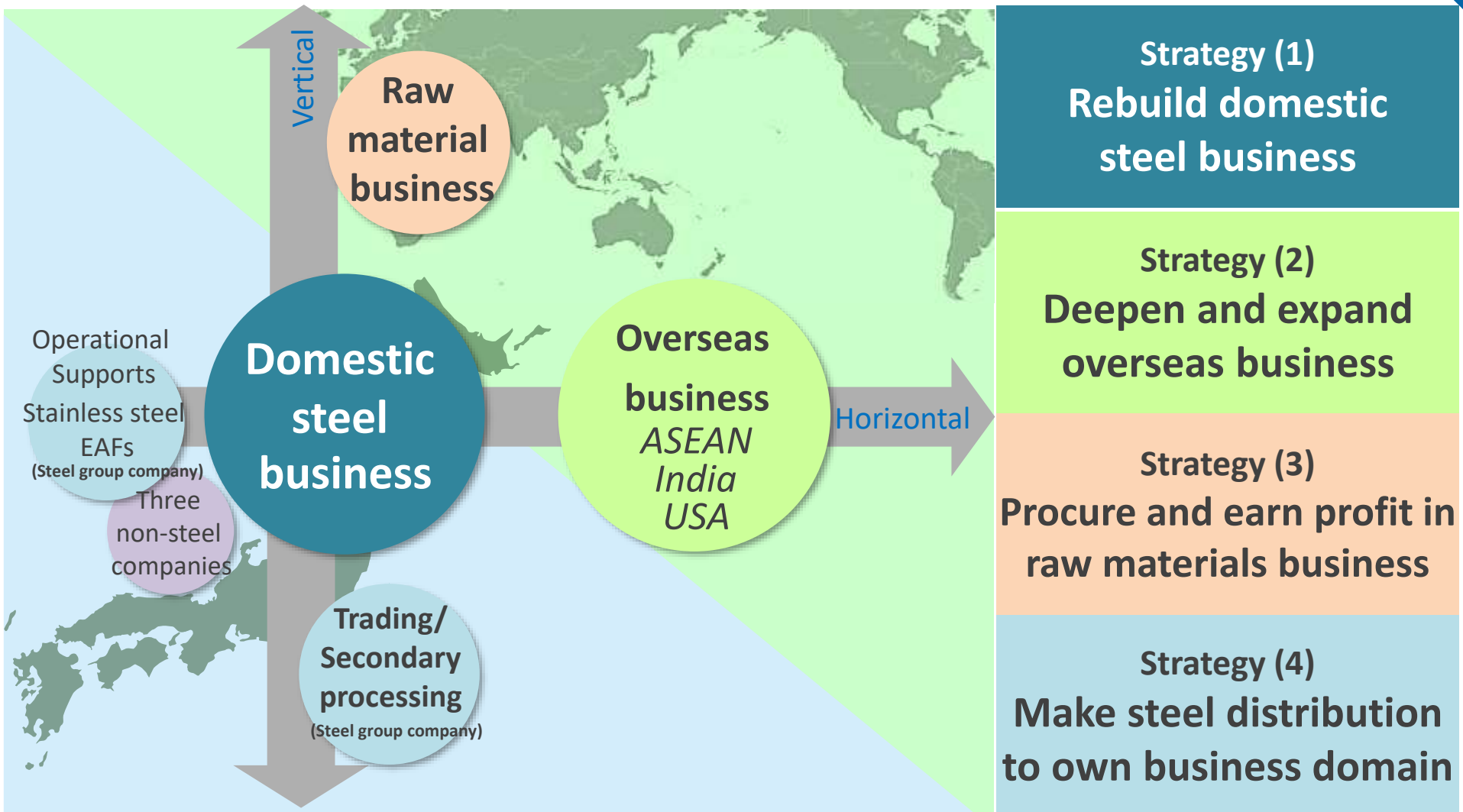
Rebuild domestic steel business : approx. +¥480.0 bn.

- (1) Volume decrease -304.0
- (2) Spread improvement +355.0
- (3) Cost reduction +425.0
 - Structural measures +110.0
 - Variable cost reduction +225.0
 - of which improvement of ironmaking process +100.0
 - Fixed cost reduction etc. +90.0

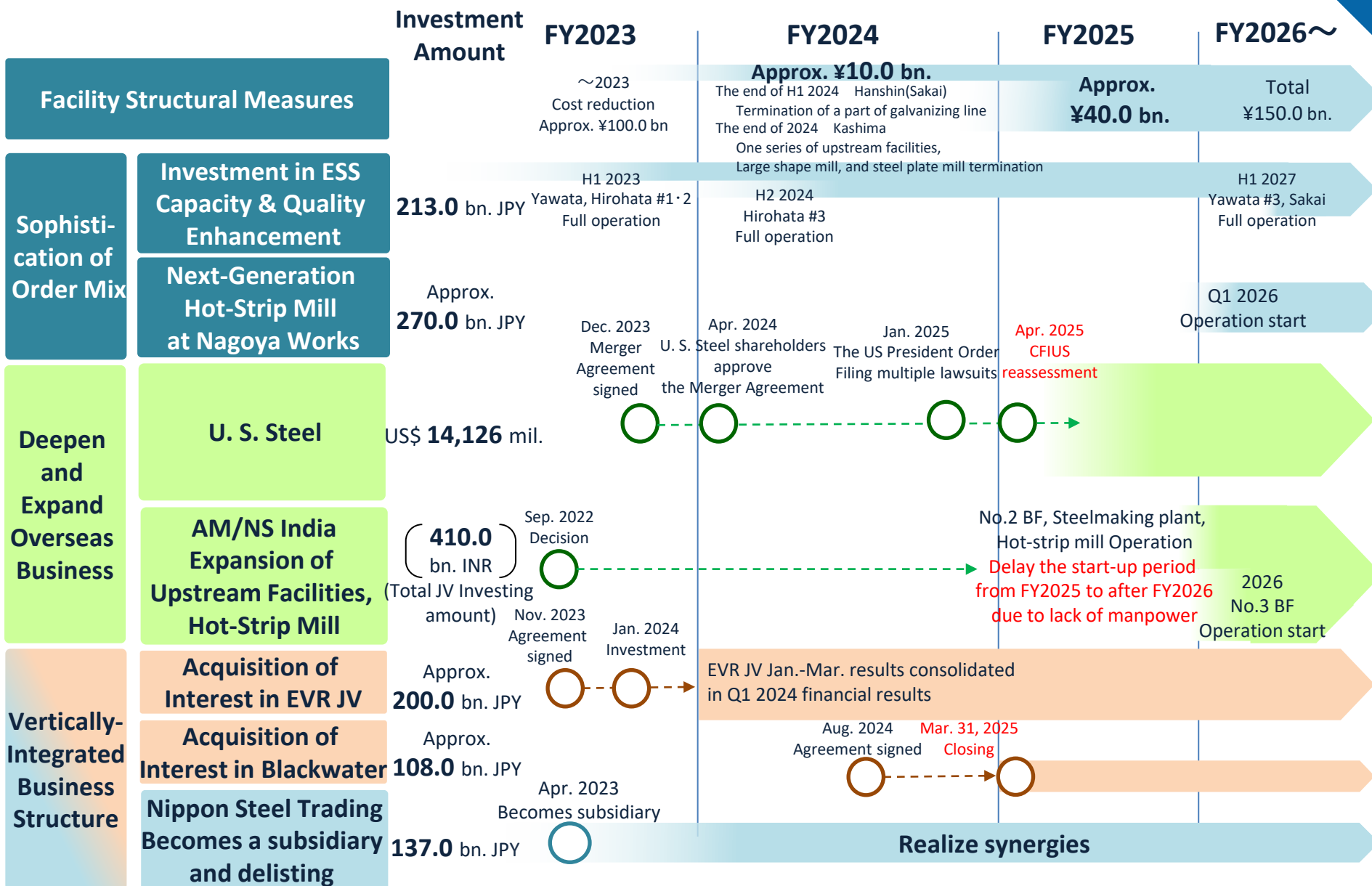


Developing a Robust Business Structure with Vertical and Horizontal Expansion

19



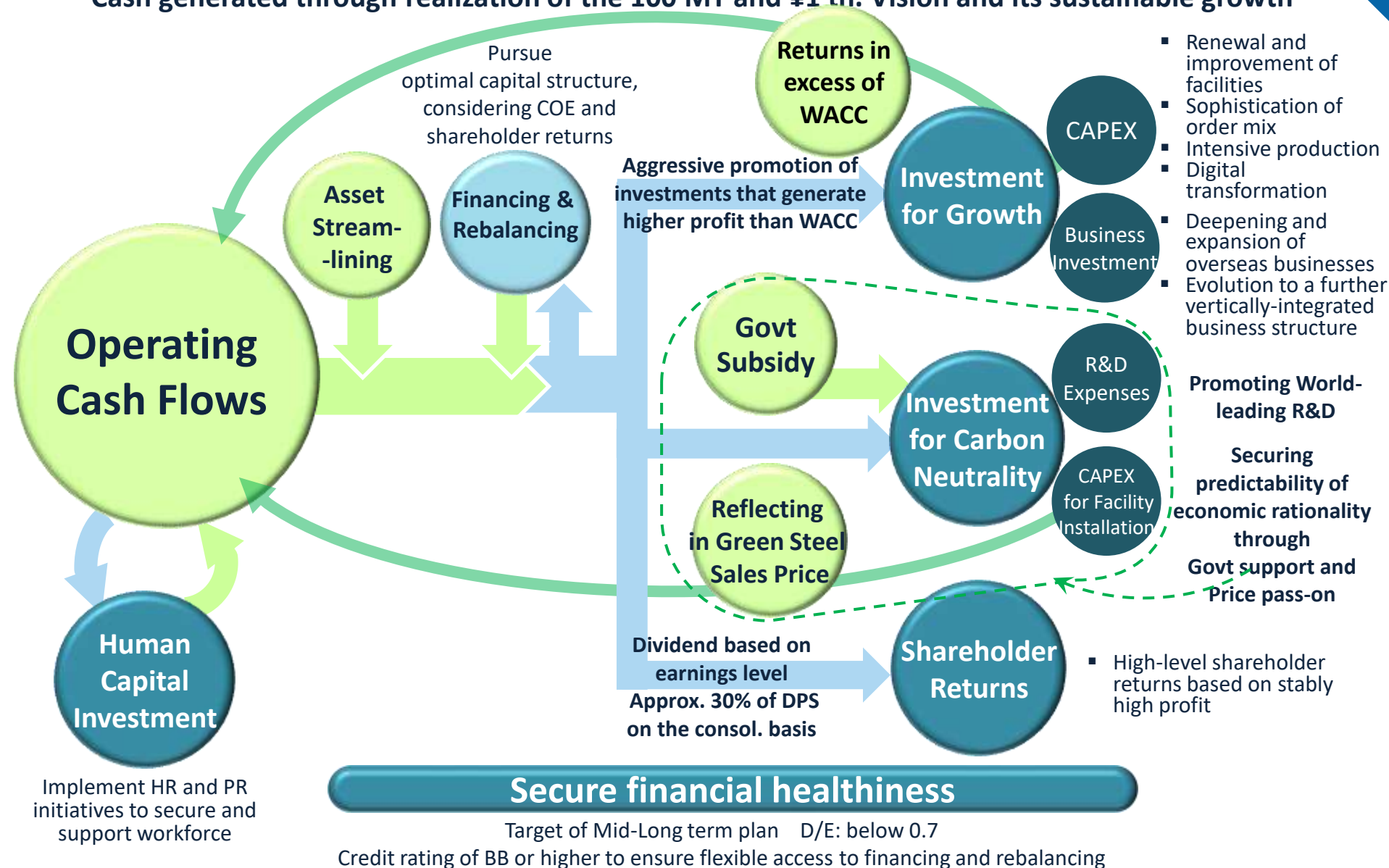
For realization of “¥1 trillion and 100MT” vision, further sustainable growth



Realizing Sound Cash in/Outflows

21

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



Asset streamlining

- ¥340.0 bn. in asset streamlining in FY2024, exceeding the plan
- Continue asset streamlining in FY2025

Asset streamlining

FY2024 ¥340.0 bn.

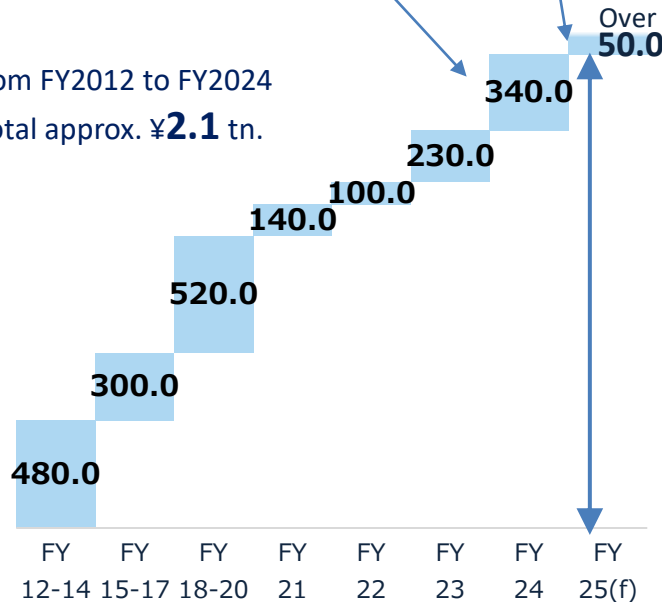
As of 8/1 As of 11/7 As of 2/6 FY2024
30.0 -> 230.0 -> 250.0 -> 340.0

Sales of strategic shareholdings etc.
 (POSCO, Kobe Steel etc.)

**FY2025
 Over ¥50.0 bn.**

Sales of equity-method
 affiliate shares
 (Part of Nippon Steel
 Kowa Real Estate)
 ¥50.0 bn. etc.

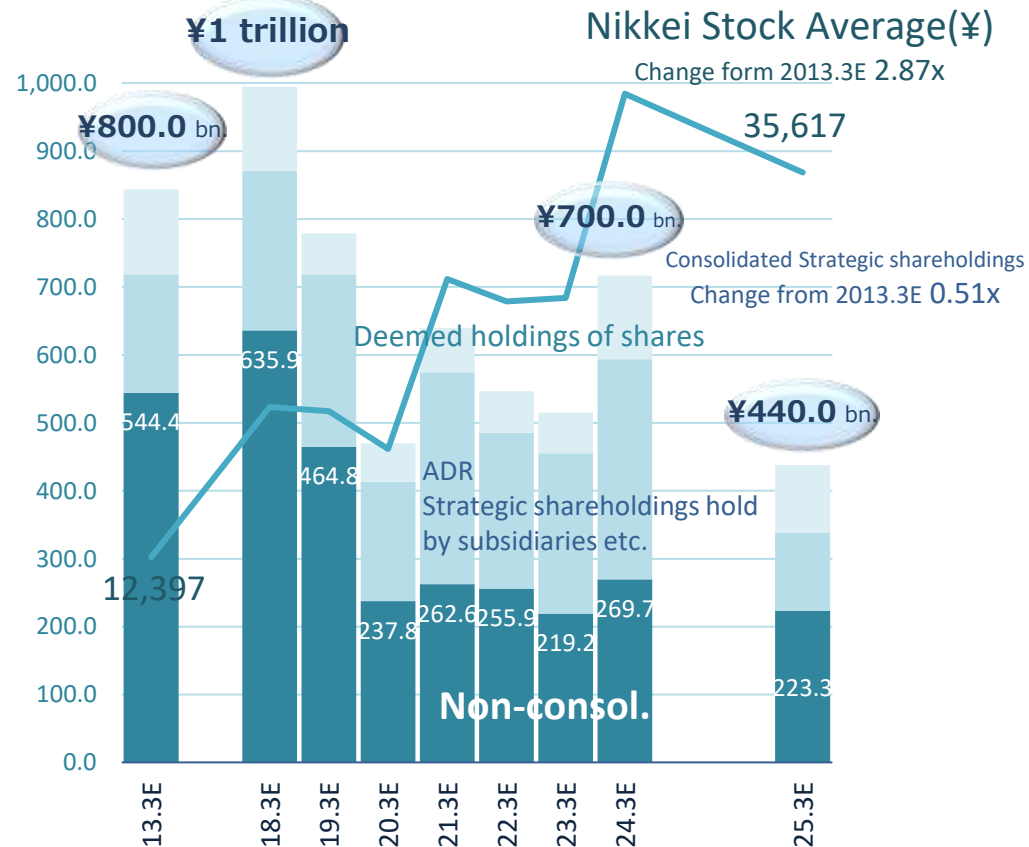
From FY2012 to FY2024
 Total approx. **¥2.1 tn.**



Consolidated Strategic shareholdings

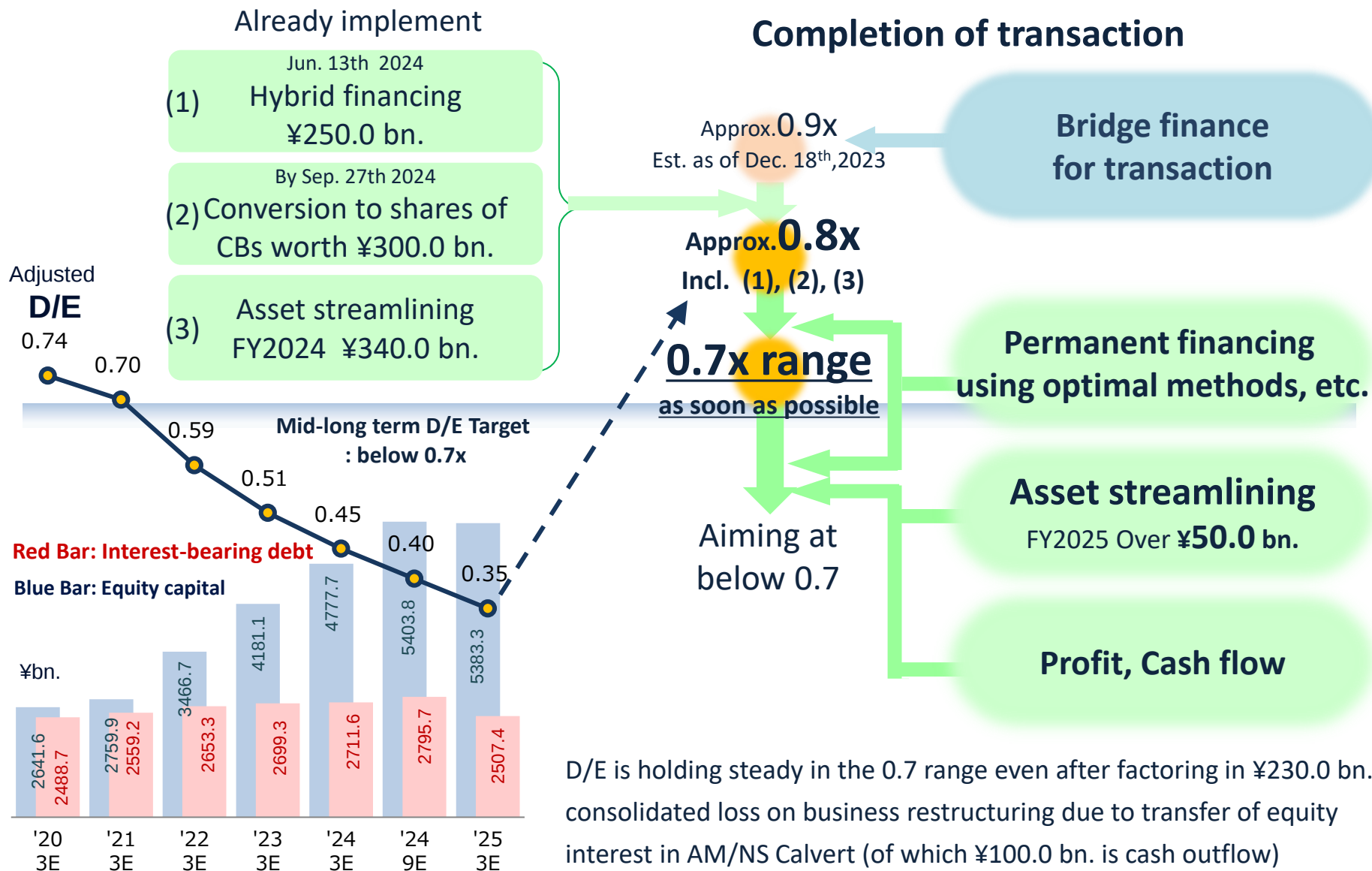
**Reduced strategic shareholdings by
 approx. 80% in real terms since FY2013***

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



Optimal Financing to Simultaneously Achieve Sound Financials and Improved Shareholder Value

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Adjustment page

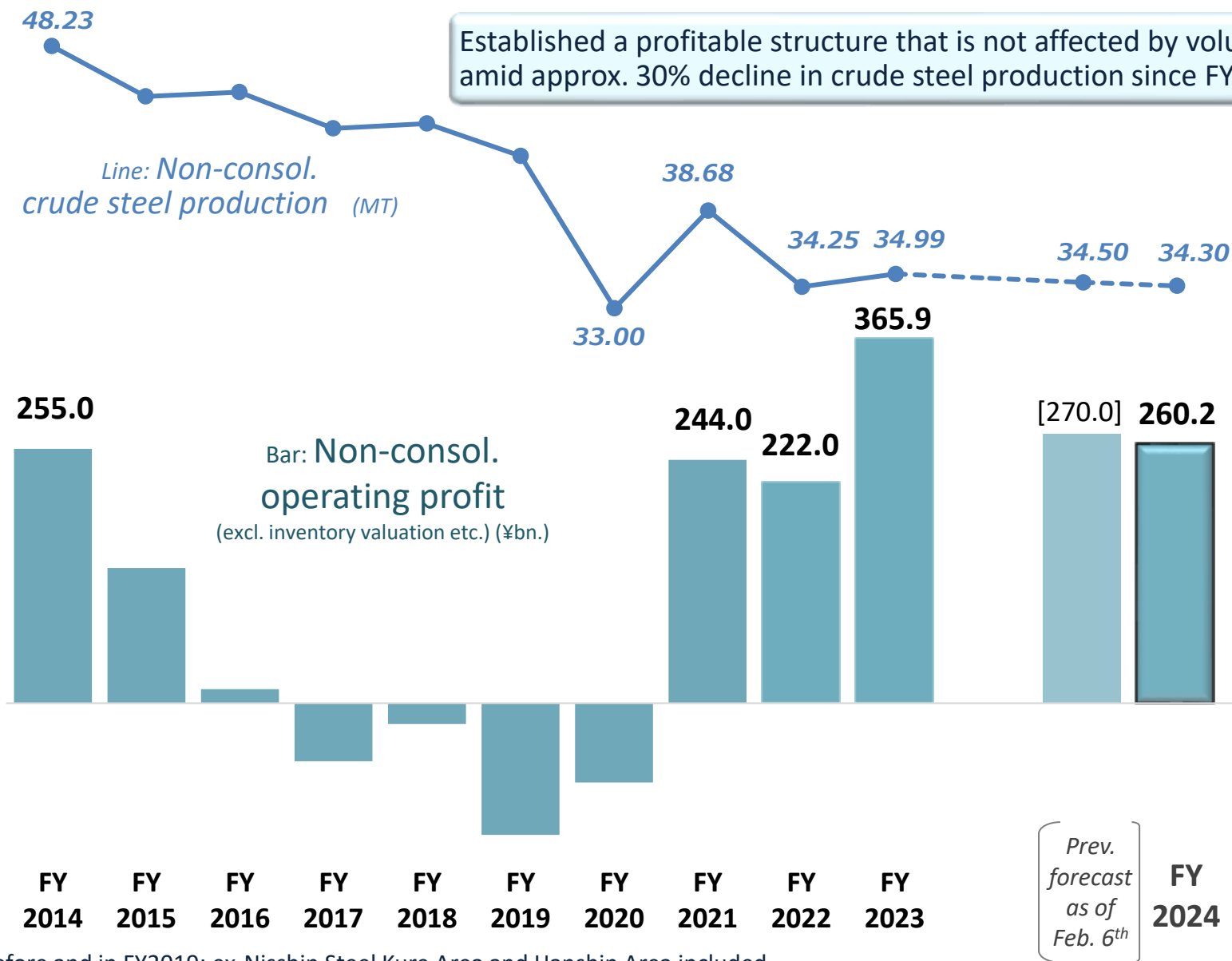
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(¥bn.)

(Previous forecast: released on Feb 6, 2025)

	H1	H2	FY2023	H1	H2	FY2024	Change form Prev. forecast	Change form FY2023
Consol. business profit	494.2	375.4	869.6	375.7	307.4	683.2	+13.2	-186.4
ROS	11.2%	8.4%	9.8%	8.6%	7.1%	7.9%	+0.1%	-1.9%
Underlying business profit	498.5	436.4	935.0	371.9	421.8	793.7	+13.7	-141.3
ROS	11.3%	9.8%	10.5%	8.5%	9.8%	9.1%	+0.0%	-1.4%
1) Domestic steel business	218.0	147.9	365.9	107.9	152.1	260.2	-15.0	-106.0
2) Overseas steel business	73.8	58.0	131.8	40.1	33.7	73.8	-1.0	-58.0
3) Raw material business	64.7	67.7	132.5	92.0	63.3	155.3	+10.0	+23.0
4) Other group companies	117.4	128.4	245.8	96.9	121.9	218.7	+9.0	-27.0
5) 3 Non-steel segments	17.6	29.5	47.1	27.2	45.6	72.8	+4.0	+26.0
Inventory valuation, etc.	(4.3)	(61.1)	(65.5)	3.8	(114.4)	(110.5)	-0.5	-45.0



Strategy (1) Domestic Steel Business

Drastic Improvement in Break Even Point

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

Facility Structural measures



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



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

Cost Reduction : Approx. ¥150.0 bn./Y

Spread improve- ment in direct contract sales

- ✓ Reflection in steel prices of our high value-added product qualities and solutions
 - ✓ A fair allocation of cost burden for raw materials and commodities
- Significant price increase in H2 2021 against a backdrop of capacity reductions
- Price negotiation schemes that maintain appropriate spreads

High-value added products

Commodities

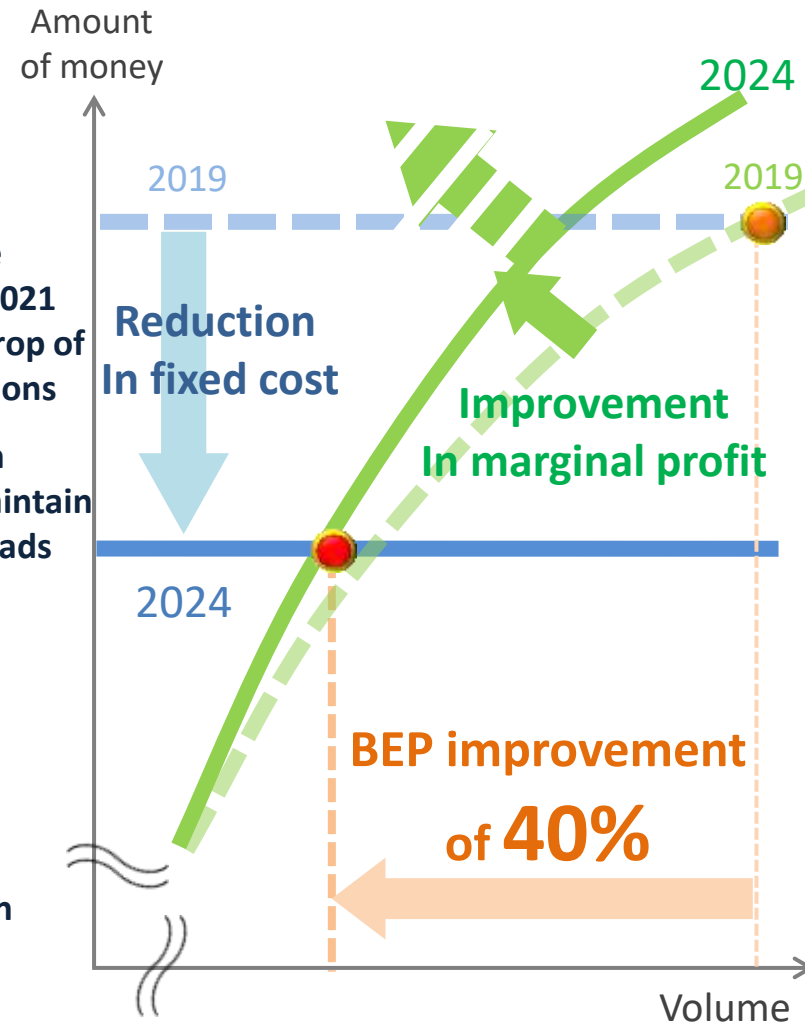
High-value added products

Commodities

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

Sophisti- cation of order mix

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



Kashima No.3 BF was shut down in Mar. 2025

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

Total number of BF's

15 -> 11 -> 10_{units} -5_{units}

Crude steel production capacity

(Non consol. + Nippon Steel Stainless Steel)

50 -> 43 -> 40_{Mt/Y} -20%

Crude steel production capacity

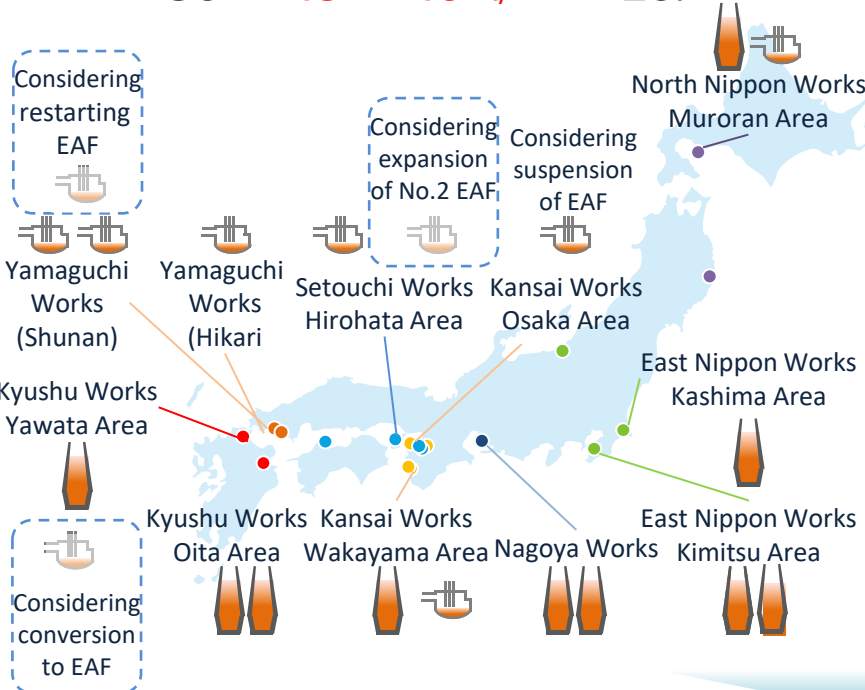
Before the measures -> Mar. 2023 -> The end of FY2024

Non-Consol.	50	43	40
Non-consol.	48	41	39
NSSC	2	2	1
Subsidiary	2	4	4
Domestic	52	47	44
Overseas	6	19	19
Total	58	66	63

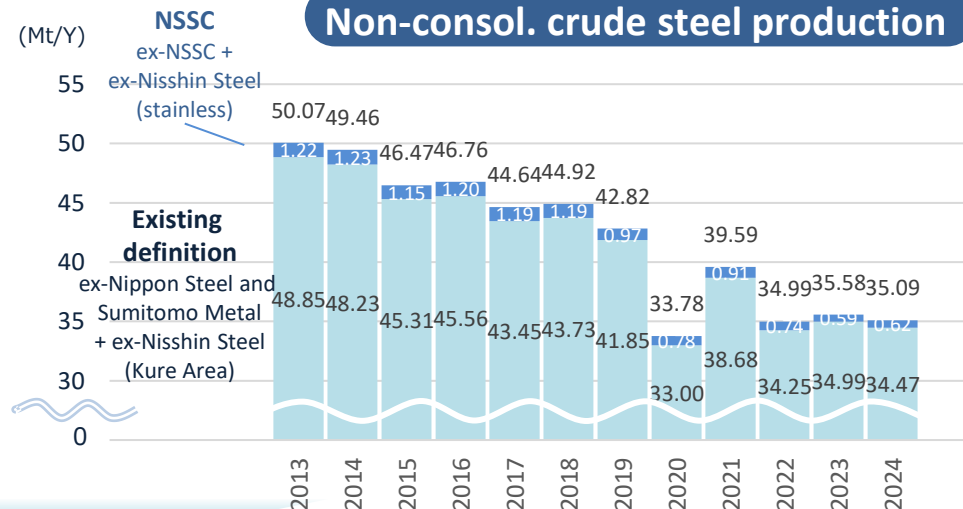
Apr. 2025
Merger of Nippon
Steel Stainless Steel
Corporation(NSSC)

Sanyo Special Steel, Oji
Steel, Osaka Steel,
Tokyo Kohtetsu, Nippon
Steel Structural Shapes
Corporation, Tokai
Special Steel, Mitsubishi
Steel Muroran

G/GJ Steel, OVAKO,
Standard Steel, SSMI,
AM/NS India, Usiminas



Non-consol. crude steel production



Further strengthening of structure in the next medium- to long-term management plan

Under consideration for early synergies realization

Started to consider consolidating production of some products in Kansai Works Osaka Area to Sanyo Special Steel

Two-tier tender offer
Apr. 23 : Delisting
Apr. 25 : Becoming a wholly owned subsidiary
Offer Price : ¥2,750/share
Investment : ¥70.5 bn.



Integration and optimization of special steel bar and wire

Strengthen sales and technical collaboration
Further deepening and expanding global strategy
Scrap procurement collaboration and other raw material measures

Pursuit of optimal production system

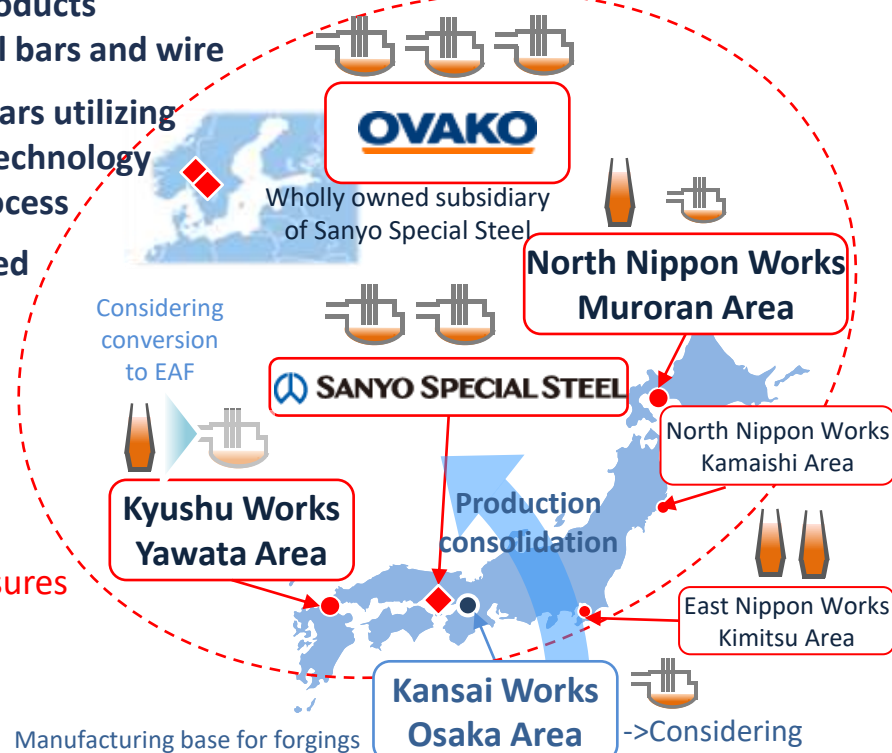
Started to consider production consolidation from Kansai Works Osaka Area to Sanyo Special Steel of steelmaking and free-forging products produced at similar facilities of both companies.

Comprehensive strength across multiple products in addition to steel bars and wire

Strength in steel bars utilizing high cleanliness technology in steelmaking process

Supplying advanced CN steel bars

Main bases of special steel bar and wire



Facilities to be considered : EAF - Ingot casting facilities, Free-Forming facilities, Specialized dissolution facilities

Products to be consolidated : Steelmaking products (ingot), Free-Forming products (Molds for plastic molding, Rolling roll, etc.)

Completion of consolidation : Targeted by the end of FY2028

As the business environment becomes increasingly severe,
it will become more important to reliably capture domestic demand.

Further expand competitive product lineup, while building on past efforts centered on product sophistication

◆ Outline of new JV

- To be established Nakayama Steel Works' plant
- Companies with steelmaking facilities, including EAF
- Lease the facilities to Nakayama Steel Works (Nakayama Steel Works operates the facilities)
- *Nippon Steel purchases some of slab and/or Hot rolled coil from Nakayama Steel Works

◆ Amount of investment : Approx. ¥95.0 bn.

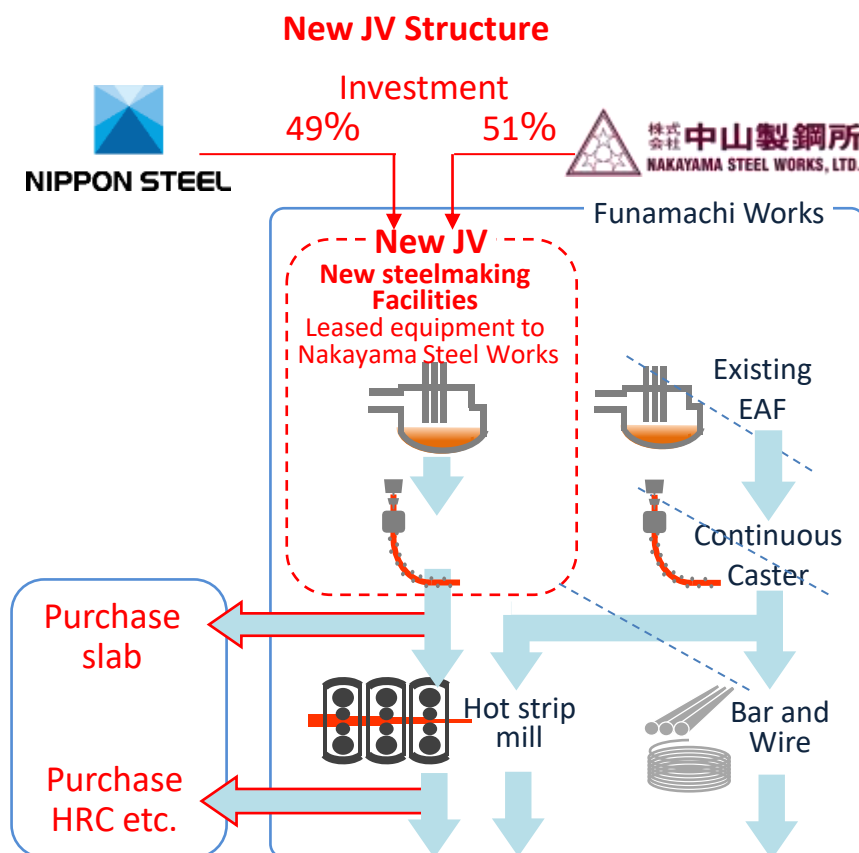
(Includes investment by Nakayama Steel Works in related equipment)

◆ Capital : Approx. ¥50.0 bn.

(Equity ratio Nakayama : 51%, NSC : 49%)

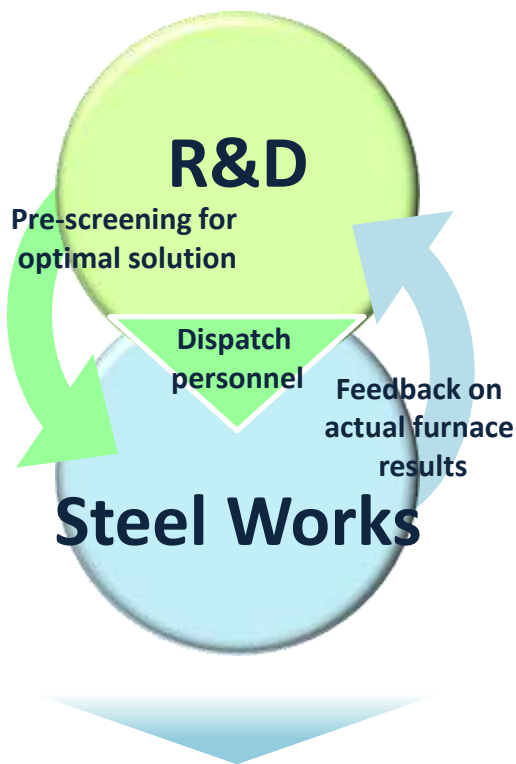
◆ Schedule (tentative)

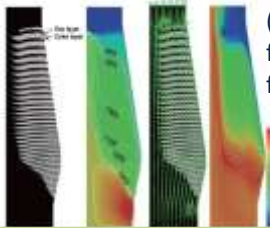
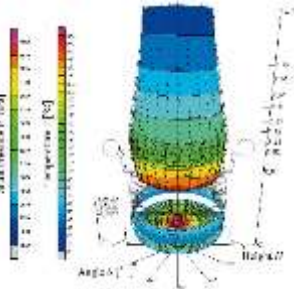
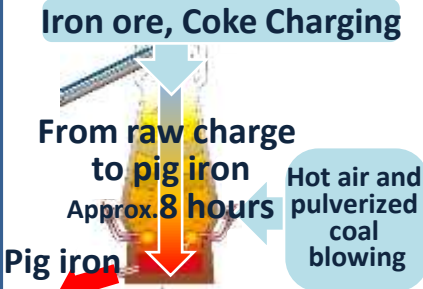
Sep. 2025	Execution of the JV agreement
Mar. 2026	Formation of new JV
2030 or later	Start of Operation
Outline of Nakayama Steel Works, Ltd.	
Establishment	: 1923
Location	: Taisho Ward, Osaka City (Head office, Funamachi Works)
Business	: Manufacture and sale of steel products (steel sheets, steel strips, etc.) and secondary processed steel products, etc.



Integrated efforts between the R&D division and the steel mill have resulted in stabilization of BF operations and cost reduction

Cost reduction of about ¥100.0 bn. have been realized over the past five years through improvements in ironmaking process, including this project



Mathematical model for BF		Off-line test equipment	
Simulation of BF  Simulation of internal conditions (ore bed, coke bed, and gas flow) from the start of material feeding and hot air blowing	Particle Simulation  Model all forces acting on particles, analyze the behavior of particle swarms, and optimize feedstock	BF 1/3 Scale Charge Distribution Test Equipment 	
3D-VENUS  Furnace sensors collect real-time data on temperature, pressure, and gas distribution, and visualize the inside of the furnace with 3D images. Monitors changes in seconds when an abnormality is detected.	Digital twin	BlastBrain™  Iron ore, Coke Charging From raw charge to pig iron Approx. 8 hours Pig iron Hot air and pulverized coal blowing	Operational automation Reflects tacit knowledge into feedback control parameters to optimize and automate blower control and material charging operations to stabilize operations.
NS-Lib	Company-wide data sharing	Share company-wide data on an integrated platform (NS-Lib) and accelerate improvements at BF across the company through horizontal deployment	

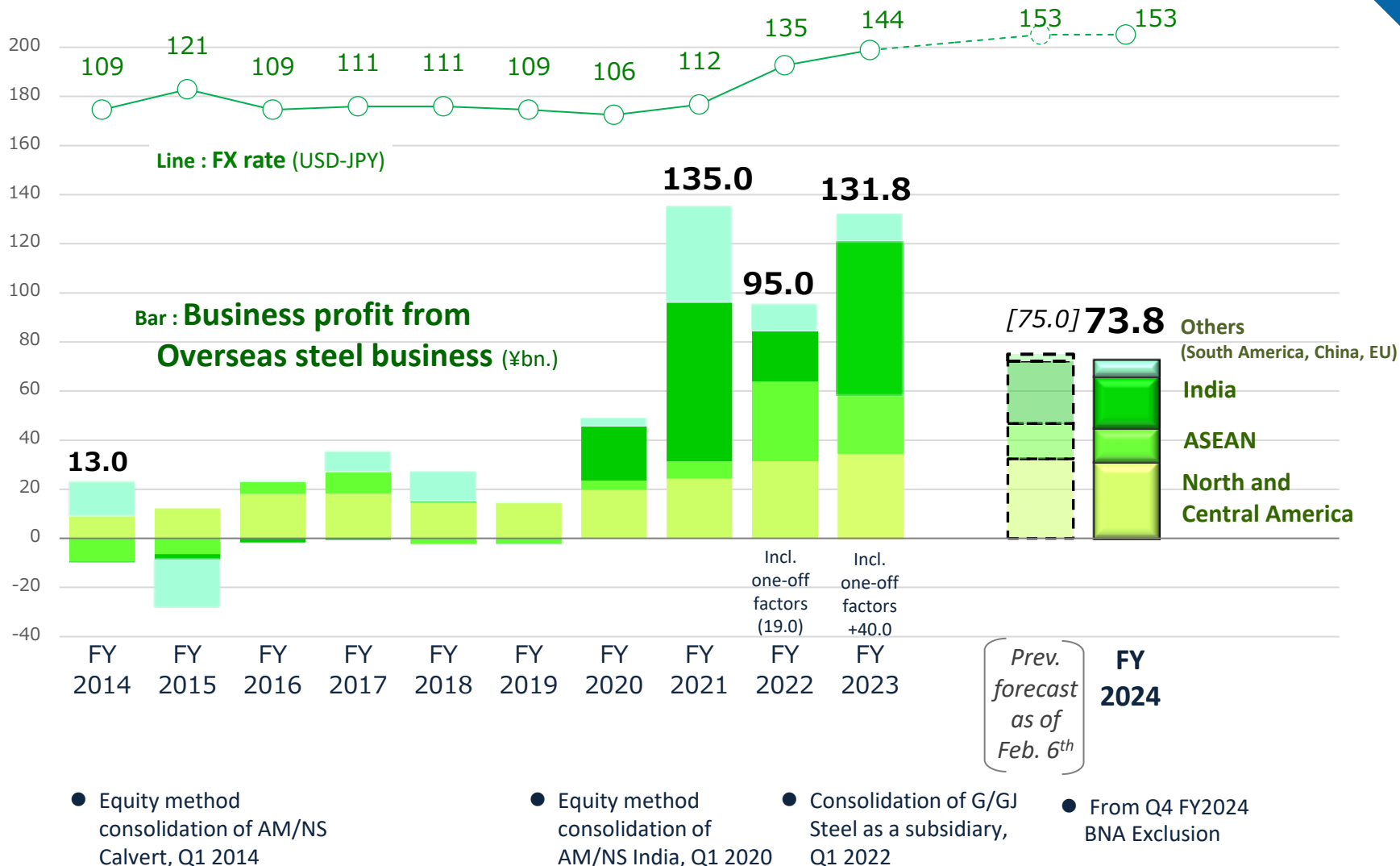
Stabilization of operations

- Faster anomaly detection and recovery
 - Reduction of operational variation through optimization and automation of charging and furnace heat control
- >BF coke ratio: 2010->2024 15% improvement

Cost reduction

Stabilization of operations is essential as the number of BF has been reduced from 15 to 10

It is essential to reduce iron making costs, which account for 60% of costs, and to improve energy efficiency in the ironmaking sector, which accounts for 70% of CO2 emissions.



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

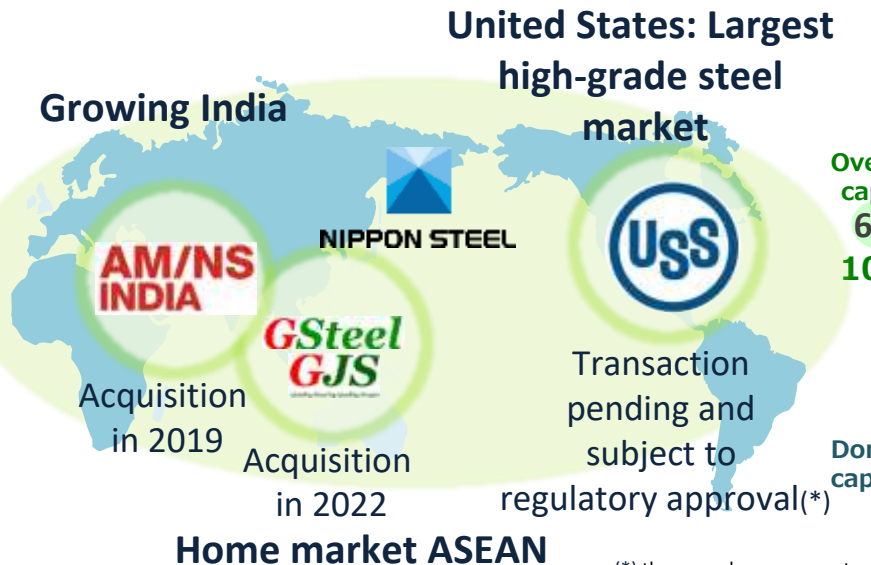
Strategy (2) Deepen and expand overseas business

Capturing Global Growth and Realizing the Global 100 MT Vision

Overseas Business Expansion Policy

NSC has intended to expand steel production into :

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



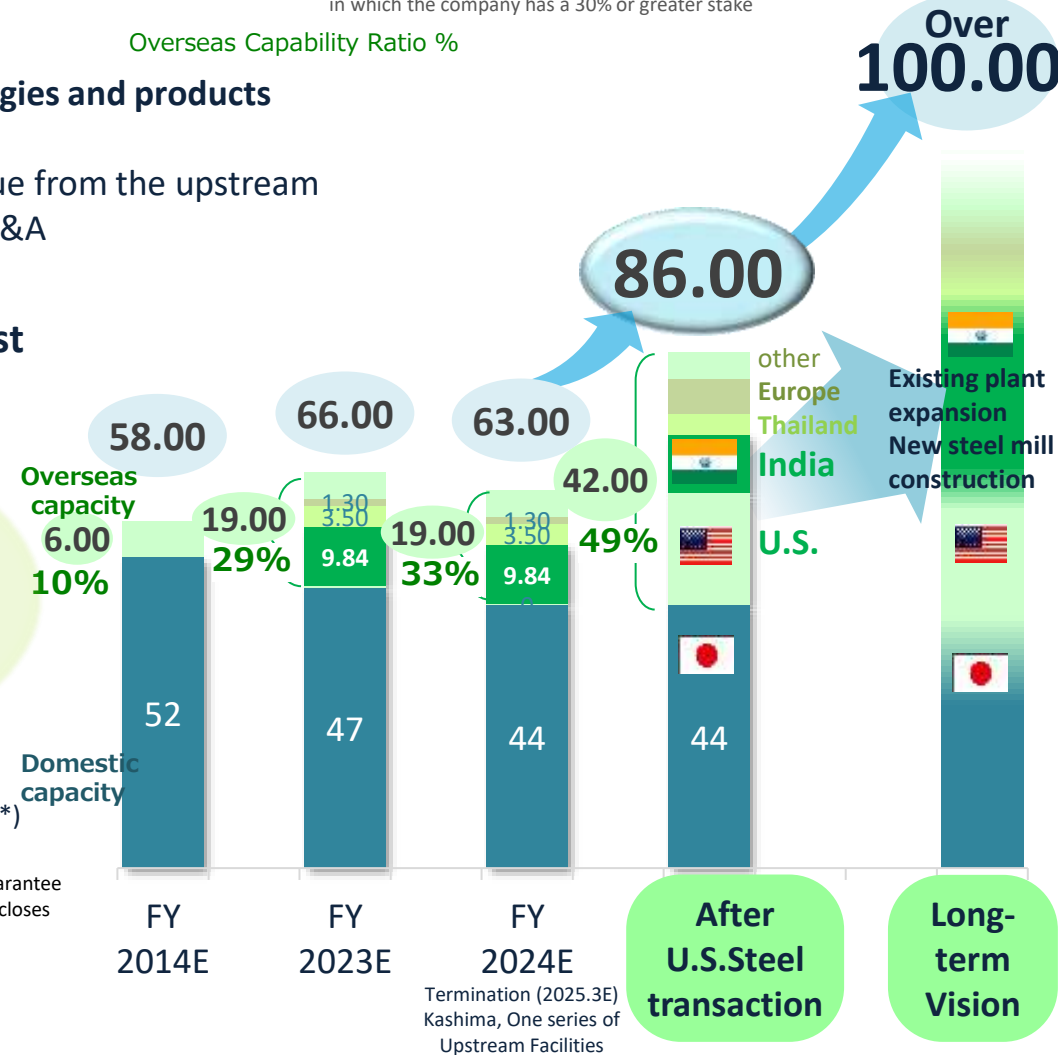
**Diversify Nippon Steel's global footprint
and expand capacity in three primary geographies**

Global Steel Production Capacity

Unit: Mt/year

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

Overseas Capability Ratio %



Business environment and Performance of AM/NS India

[Medium-to Long-term Environment]

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

[Current Environment]

- Continued high level of economic growth, steel demand continues to increase

[Performance of AM/NS India]

- Domestic sales grew 11% (vs. 2023), exceeding the 10% increase in overall demand.
- Although the margin was significantly reduced due to the impact of low-priced imported materials and other factors, profits declined.
- In order to restore a fair market, the Indian government announced a temporary trade measure (12% safeguard tax) for imported timber on April 21, 2025, and Indian market conditions are recovering.

Initiatives of AM/NS India

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

Existing plant expansion (Hazira Works)

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

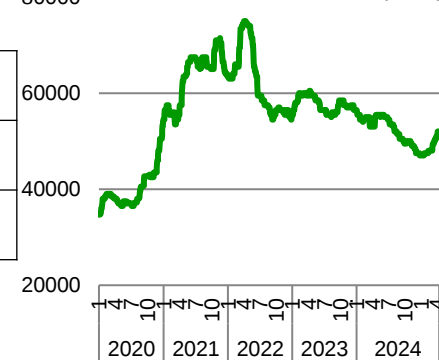
Crude steel capacity approx. +6Mt/Y(approx. 9 -> 15Mt/Y)

Acquisition of land for construction of new integrated steel works

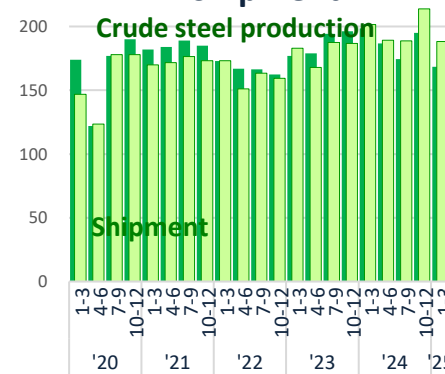
(Southern Andhra Pradesh) =>next page

India Indicators	2024	2025f
GDP growth rate	+6.5%	+6.2%
Steel demand	0.15 bn. t	0.16 bn. t

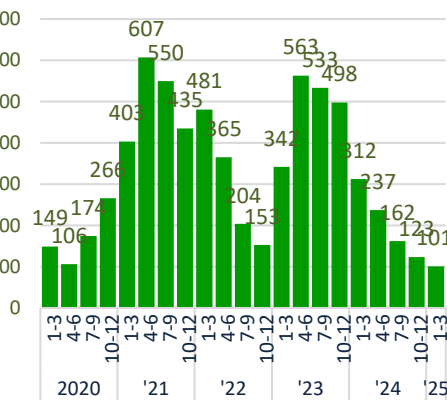
HRC Price in India (INR/t)



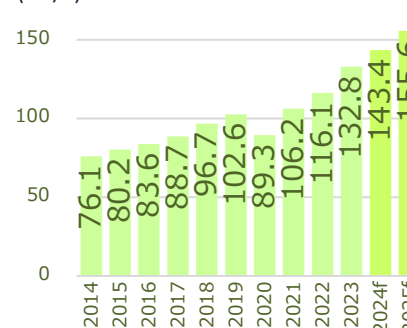
Crude Steel Production, Shipment



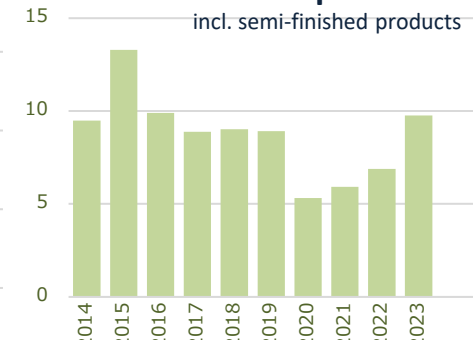
EBITDA



India Steel Demand



India Steel Import



AM/NS India: Acquires Site for New Integrated Steel Works

(Announced on March 28, 2025)

As part of further capacity expansion, AM/NS India has agreed with the state government of Andhra Pradesh in southern India to acquire a site for the construction of an integrated steel works from the state government.

Location : Rajayyapeta, Anakapalli District,
 Andhra Pradesh State, Southern India

Area : 890ha cf. Hazira Steel Works approx. 950 ha,
 Kimitsu Steel Works 1,172 ha

Land delivery : April 2025

**Considering integrated
 steelmaking capacity of
 7 MT/year**

India Steel Demand

(MT/Y)

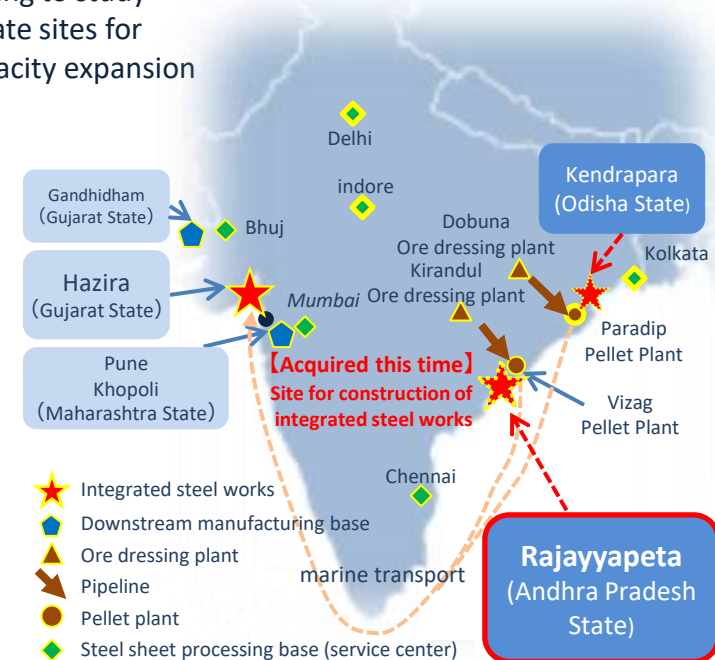
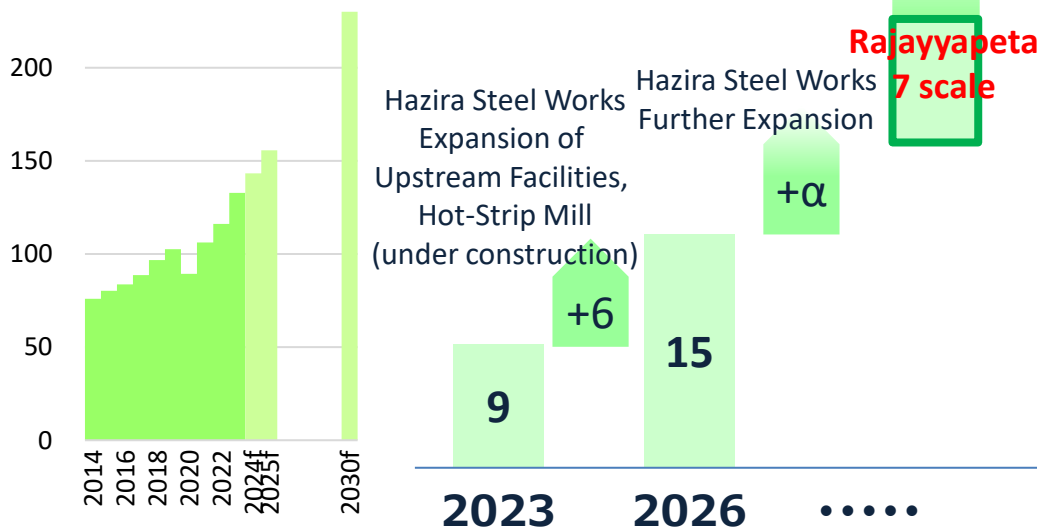
AM/NS India Production Capacity

(MTt/Y)

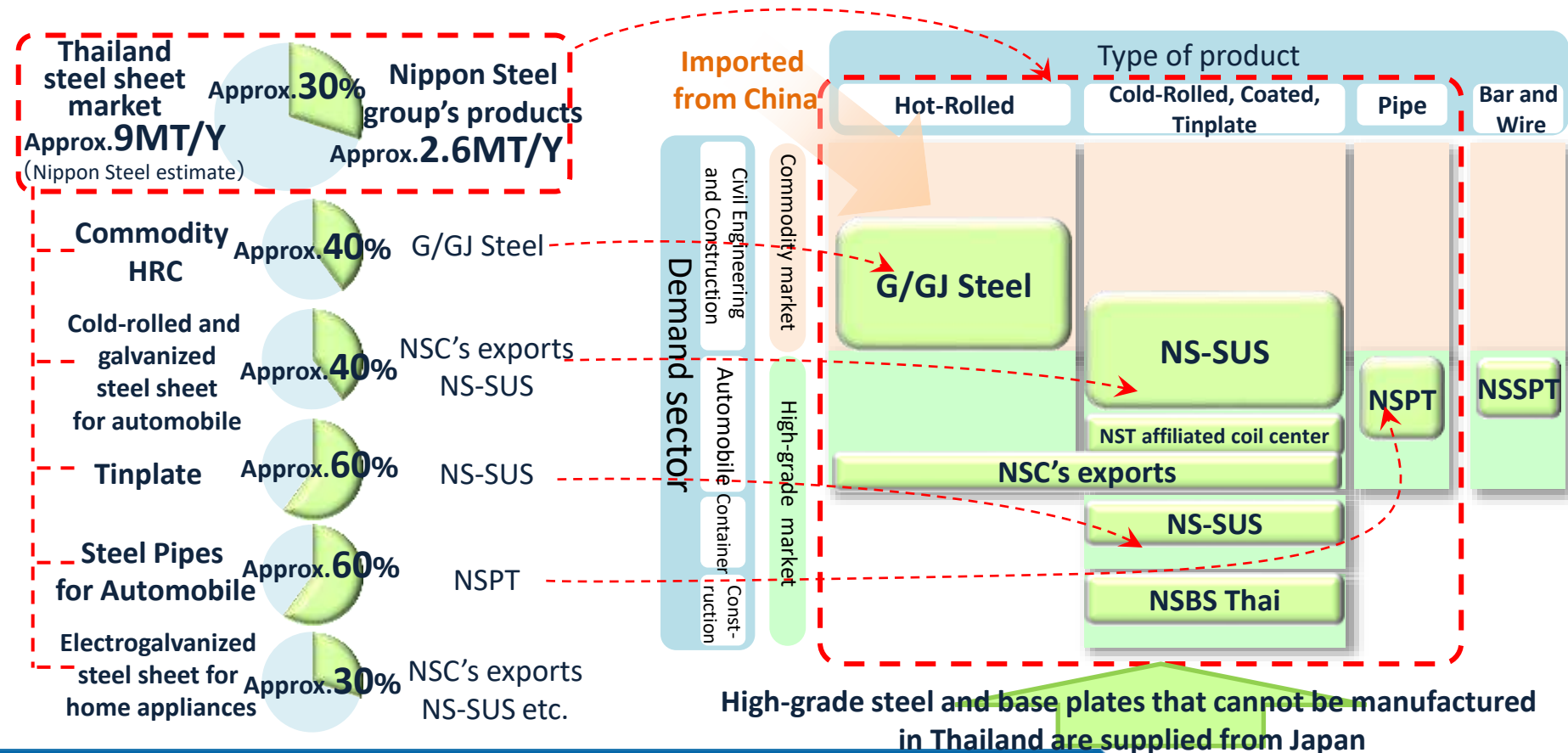
New Steel Works

Continuing to study
 candidate sites for
 further capacity expansion

Steady growth due to
 economic and population growth



- ◆ Nippon Steel has been operating in Thailand since 1963, and has invested a great deal of time and resources
- ◆ The steel sheet market in Thailand is approx. 9 mil. tons in size, and not only high-grade steel for automobiles etc., but also commodity steel accounts for 2/3 of the total market. Nippon Steel Group's share of this market is approx. 30%
In Thailand, Nippon Steel Group have established a "deep position" that is hard to find anywhere else in the world outside of its own country, and it is the most important market in ASEAN
- ◆ Capture demand in the Thailand market, which is expected to grow further in the mid- to long-term, as an insider, mainly in G/GJ Steel and NS-SUS, while competing with imports from China



[Outline of G/GJ Steel]

An integrated EAF hot-rolled mill. With an approx. 40% share of the hot-rolled construction steel market, it is an important base that plays a role in the construction of Thailand's circular economy.

[Medium-to Long-term Environment]

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

[Current Environment / Performance of G/GJ Steel]

- Thailand's domestic economy continues to experience low growth, and steel demand remains sluggish
- Faced with a difficult business environment, including a marked reduction in metal spreads (to record lows) due to falling market prices and a decline in shipment volume due to a significant inflow of imported steel products from China.

G/GJ Steel Revitalization Initiatives

● Strengthen management structure

The roles of Executive Director for Thailand Operations, President of NS-SUS, and President of G/GJ Steel will be consolidated under one individual.

● Deepen inter-group cooperation in Japan and Thailand

Sales division was effectively merged with NS-SUS. Aiming for recovery in sales volume by leveraging comprehensive sales capabilities through increased force strength, enhanced technical services, etc.

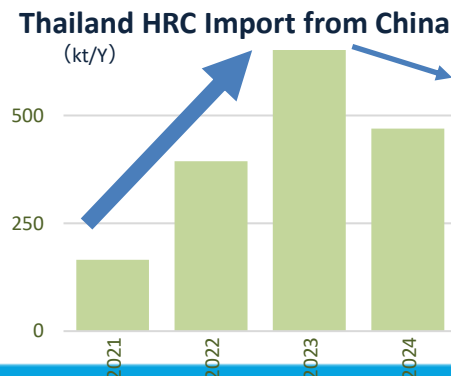
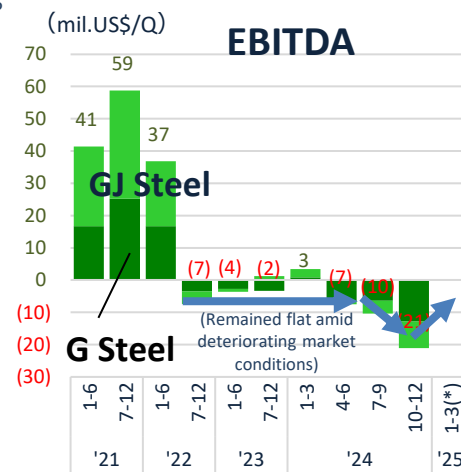
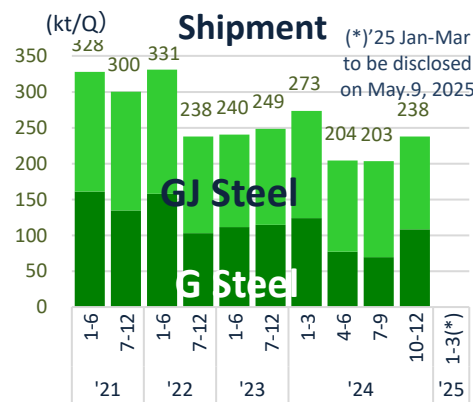
Establish a comprehensive and flexible raw material procurement system by transferring cold iron sources (scrap, pig iron, etc.), etc. from Japan and utilizing scrap generated by group company in Thailand.

● Promotion of variable cost reduction measures

Promote measures to reduce energy costs with stabilization of production and quality

● Strengthen lobbying of the Thai government

Requested the government to quickly implement measures to stimulate demand and trade measures as initiatives to maintain the domestic supply chain (some of which have already been effective).



Expanded production capacity of tinplate steel sheets for containers from 280k to 350k tons/year Responding to growth in demand for food cans.

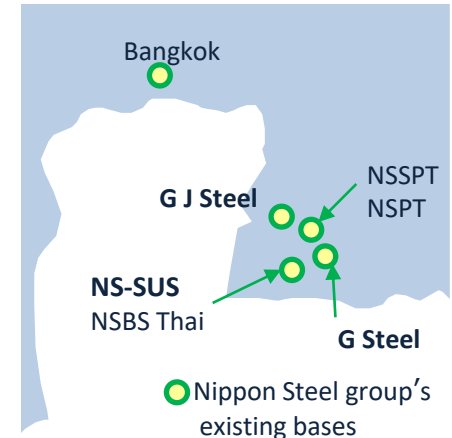
- Thailand has a concentration of industries as a global canned food manufacturing and exporting base, centering on canned tuna.
- Strong growth in demand for canned food and tinplate steel for containers as global population increases



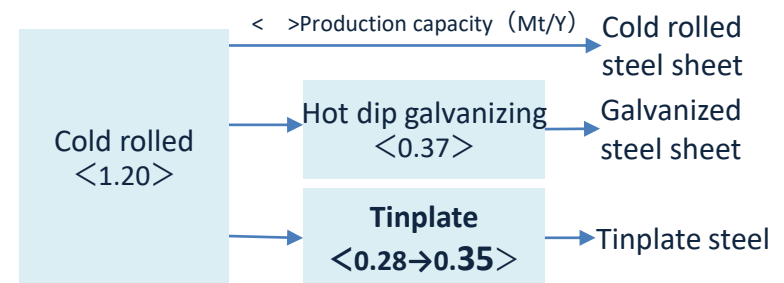
Expand tinplate production capacity and build a supply chain from steel production to the end customer
Contribute to the development of Thailand's domestic industry by promoting local production

Investment amount : approx. 2.0 bn. Baht
 (approx. 8.9 bn. JPY)
 Tin plate production capacity : +70kt/Y (280⇒350 kt/Y)
 Increased capacity by increasing the threading speed of existing equipment
 Complete construction : March 2027 (scheduled)

NS-SUS Outline



Establishment : 1988 (tinplate), 1995 (cold rolled and plated)
 Shareholder : Nippon Steel Corp. 94.9%
 Composition : Thai Tinplate Mfg. Co., Ltd. 4.8%
 Nippon Steel Trading Corp. 0.3%
 Employees : approx. 1,500



U. S. Steel Transaction is Aligned with Nippon Steel's Growth Strategy

Mid-to-long-term Business Environment

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

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

Our Growth Strategy

Expansion of overseas manufacturing bases in:

Markets with promising steel demand growth

Markets with affinity to our technologies and products

Expand integrated steel mill to create added value from the upstream

Acquire brownfield production bases through M&A

Attractiveness of the U.S. market

High level of domestic steel demand

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

Market with expected growth in demand for high-grade steel

Supply structure centered on domestic demand, less reliant on exports

Attractiveness of U. S. Steel

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

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

- ◆ Extensive due diligence and review of U. S. Steel's growth strategy conducted during the course of this transaction should enable a swift post-closing implementation of growth plans

**Contributes to President Trump's "America First" policy:
promoting U.S. investment, creating U.S. jobs, and strengthening U.S. manufacturing
through new investment and advanced technology transfer**

Unprecedented investment in U.S. manufacturing

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

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

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

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

**Creation of
new U.S. jobs**

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

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

**Correction of
trade imbalances**

Unwavering belief that the transaction is the best way to strengthen U.S. industry, economy, and national security

Both companies are taking all necessary steps to ensure that the transaction closes

Engagement with the U.S. Government

- Advocating for an accurate and complete understanding of the significance and contributions of the transaction to the United States

CFIUS reassessment

- President Trump has directed CFIUS to conduct a de novo review of the transaction
- Fully cooperating with the review process to obtain approvals

*CFIUS Reassessment: up to 45 days, followed by Presidential review

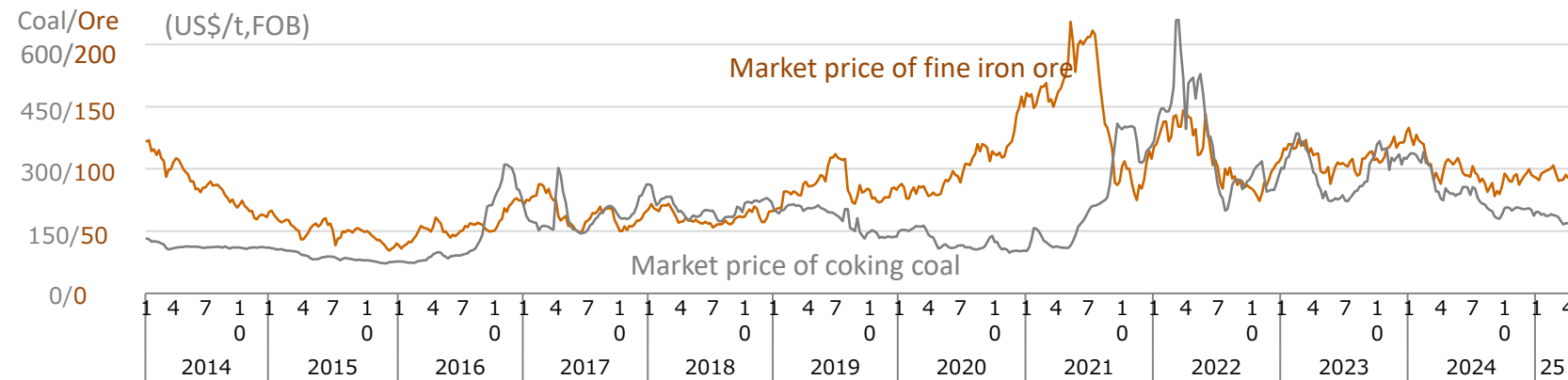
Litigation process

Administrative litigation

Seeking invalidation of unlawful CFIUS review under President Biden and former President Biden's Order to block transaction
Current status : Litigation in abeyance until June 5 following President Trump's directive for CFIUS reassessment

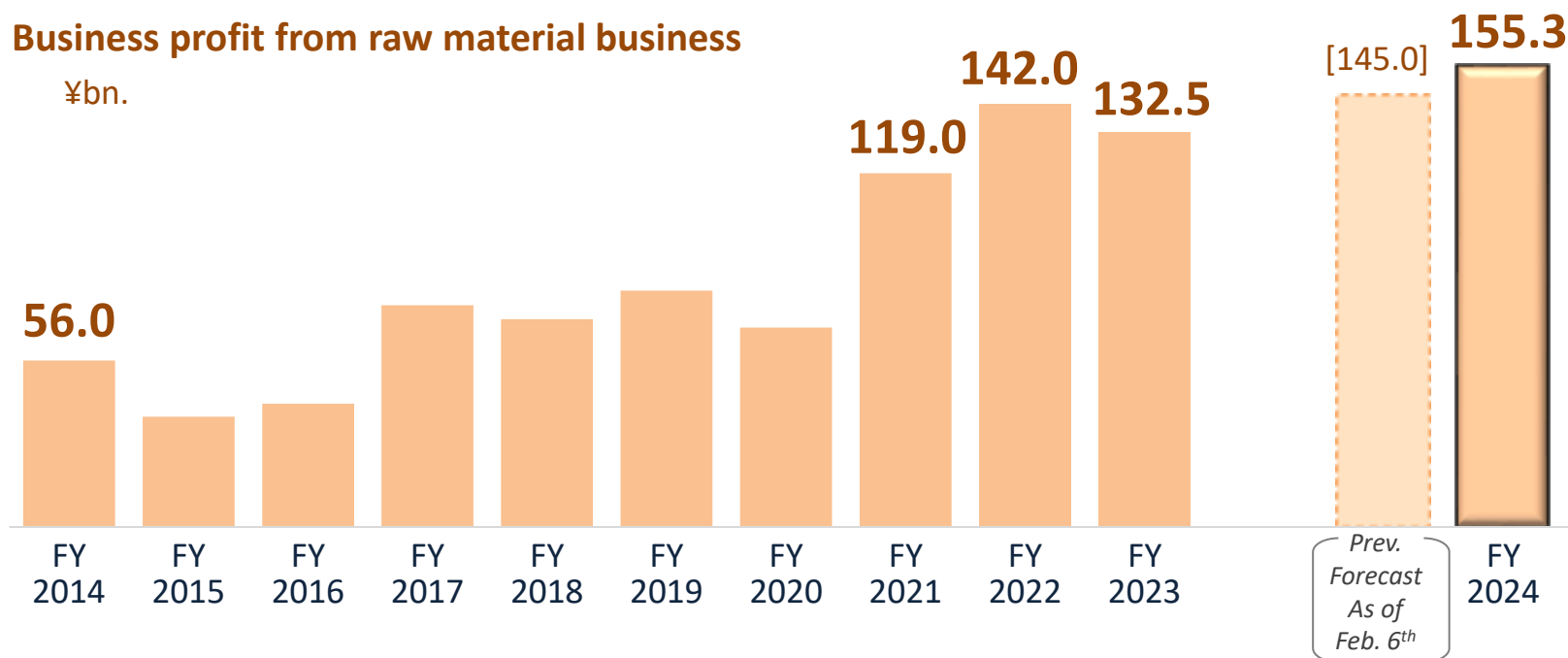
Civil litigation

Seeking prevention of coordinated interference, anticompetitive and racketeering activities by Cleveland-Cliffs, Cliffs CEO Goncalves, and USW President Dave McCall
Current status : Case remains pending



Business profit from raw material business

¥bn.



Equity method consolidation of Boggabri in 2015

Equity method consolidation of EVR in Q1 FY2024

Equity method consolidation of Blackwater in Q2 FY2025

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

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

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

Invested Mines

			Year of participation	Equity ratio	Major shareholder	Capacity (MT/Y)
Iron ore and pellet	Australia	Robe River	1977	14.0%	Rio Tinto 53.0%	70
	Brazil	NIBRASCO	1974	33.0%	VALE 51.0%	10
	Canada	FS in process Kami	2024	30.0%	Champion Iron 51.0% Sojitz19%	9
Coal	Australia	Moranbah North ^{*1}	1997	6.25% ^{*2}	Anglo American 88.0%	12
		Warkworth	1990	9.5%	Yancoal 84.5%	8
		Bulga	1993	12.5%	Glencore 87.5%	7
		Foxleigh	2010	10.0%	Middlemount South 70.0%	3
		Boggabri	2015	10.0%	Idemitsu Kosan 80.0%	7
		Coppabella and Moorvale	1998	2.0% ^{*2}	Peabody 73.3%	5
		Equity method consolidation in Q2 FY2025 Blackwater	2025	20.0%	Whitehaven 70%, JFE10%	10
	Canada	Elk Valley Resources	2024	20.0%	Glencore 77.0%	27
Others(Niobium)	Brazil	CBMM	2011	2.5%	Moreira Salles 70.0%	0.15

*1 Grosvenor mine was integrated with Moranbah North in 2020

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

Iron Ore

Self-sufficiency ratio

(Procurement ratio from invested mines)

Total procurement
(FY2022)
Approx. 50Mt

Approx. 20%

(For BF's-use)

Aim to raise
self-sufficiency ratio
of raw materials

Coal

Self-sufficiency ratio

(Procurement ratio from invested mines)
Jan. 2024

Total procurement
(FY2022)
Approx. 25Mt

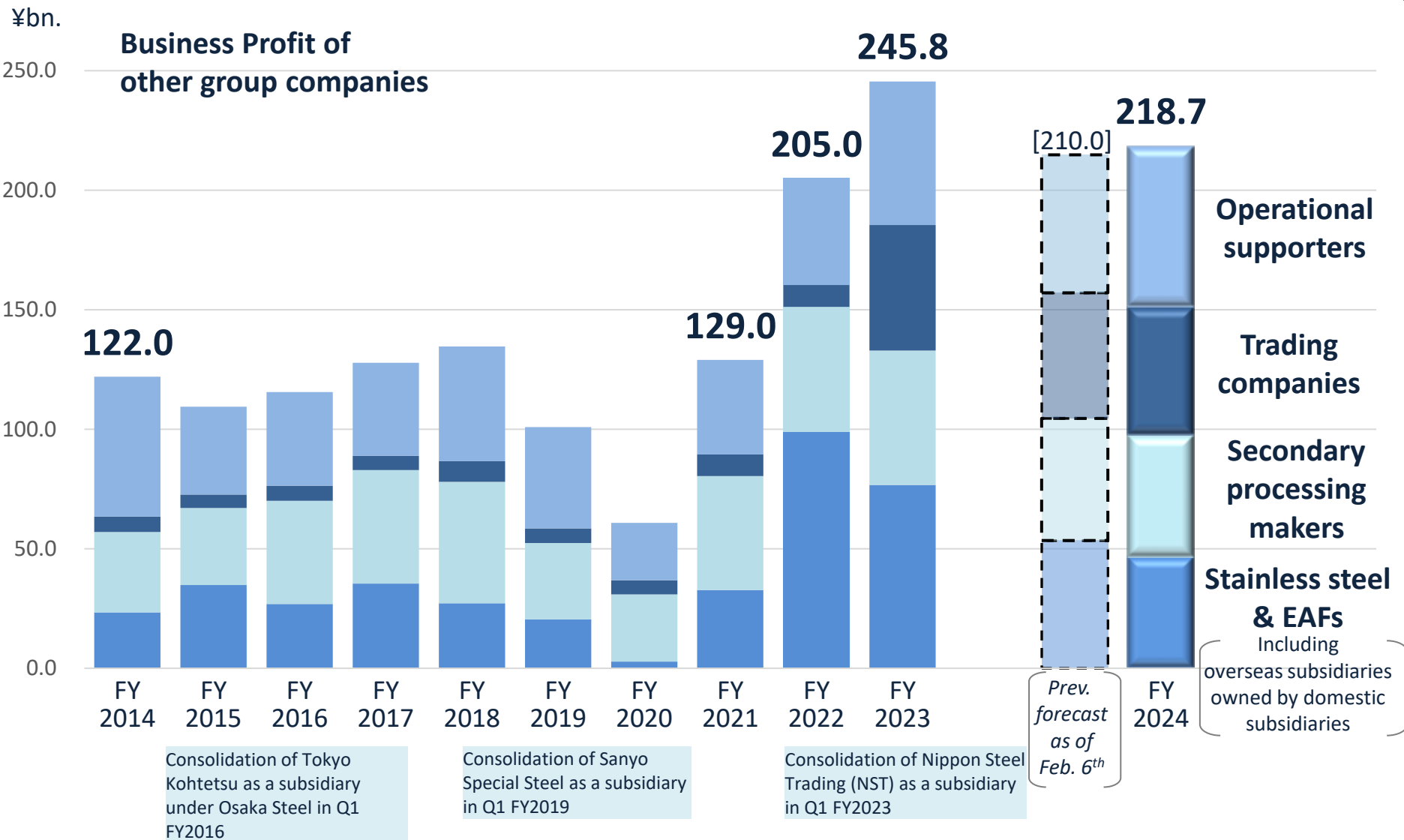
Approx. 20%

2023
After inv. In EVR JV
Approx. 30%

Approx. 35%

After inv. in Blackwater JV

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



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

Maximizing resource utilization through group company business reorganization
Optimizing the production system, strengthening our ability to respond to customers and globalization, responding to changes in the environment, and aiming for further growth



Other Group Companies

Group Company Reorganization Integration Synergies

Strengthen the structure of the domestic steelmaking business, including group companies, by optimizing production systems, strengthening market responsiveness, etc.

Production System Optimization

Consolidation of some facilities in Osaka area of Kansai Works to Sanyo Special Steel Co., Ltd.

Suspended EAF - ingot casting facilities, free forging facilities, and special melting facilities in Osaka area of Kansai Works.

Continue to pursue synergies from various perspectives to enhance corporate value throughout the group

EAF restart in Shunan

EAF at Yamaguchi Works (Shunan) restarted in conjunction with the conversion of the BF at Kyushu Works' Yawata area to an EAF.

Construction pipe and mechanical pipe line consolidation and base closure

Base closure: 1 location (NSPC/ Amagasaki works)
Line suspensions: 7 lines (including Amagasaki works)
To be completed by April 1, 2028, subject to customer approval.

Strengthen market responsiveness

Strengthen market responsiveness by combining the strengths of Sanyo Special Steel Co., Ltd. and Nippon Steel Corp.

Product development by combining Sanyo Special Steel's high cleanliness and high alloy manufacturing with Nippon Steel's wire rod technology

Sharing and mutual utilization of technical information, etc., and strengthening our ability to make proposals to customers by combining our products with other types of products

Strengthen development and sales capabilities of strategic products for the new energy field, etc.

Integration of knowledge from the two former companies through reorganization of R&D organization

Improvement of responsiveness by consolidating construction building structure pipes to Nippon Steel Metal Products Co., Ltd. and mechanical pipes to Nippon Steel Corp.

Expand presence and improve competitiveness through integrated sales of round and square tubes by consolidating general-purpose grade building structure pipes into Nippon Steel Metal Products
Consolidation of mechanical tubes to Nippon Steel Corp. to respond quickly to changes in market structure (e.g., reduced domestic demand, electrification, non-Japan-affiliated companies, globalization of competition, inflation, etc.).

Sanyo Special Steel Co., Ltd.

Wholly owned subsidiary

=>P30

Nippon Steel

Stainless Steel Corp.

Absorbed by

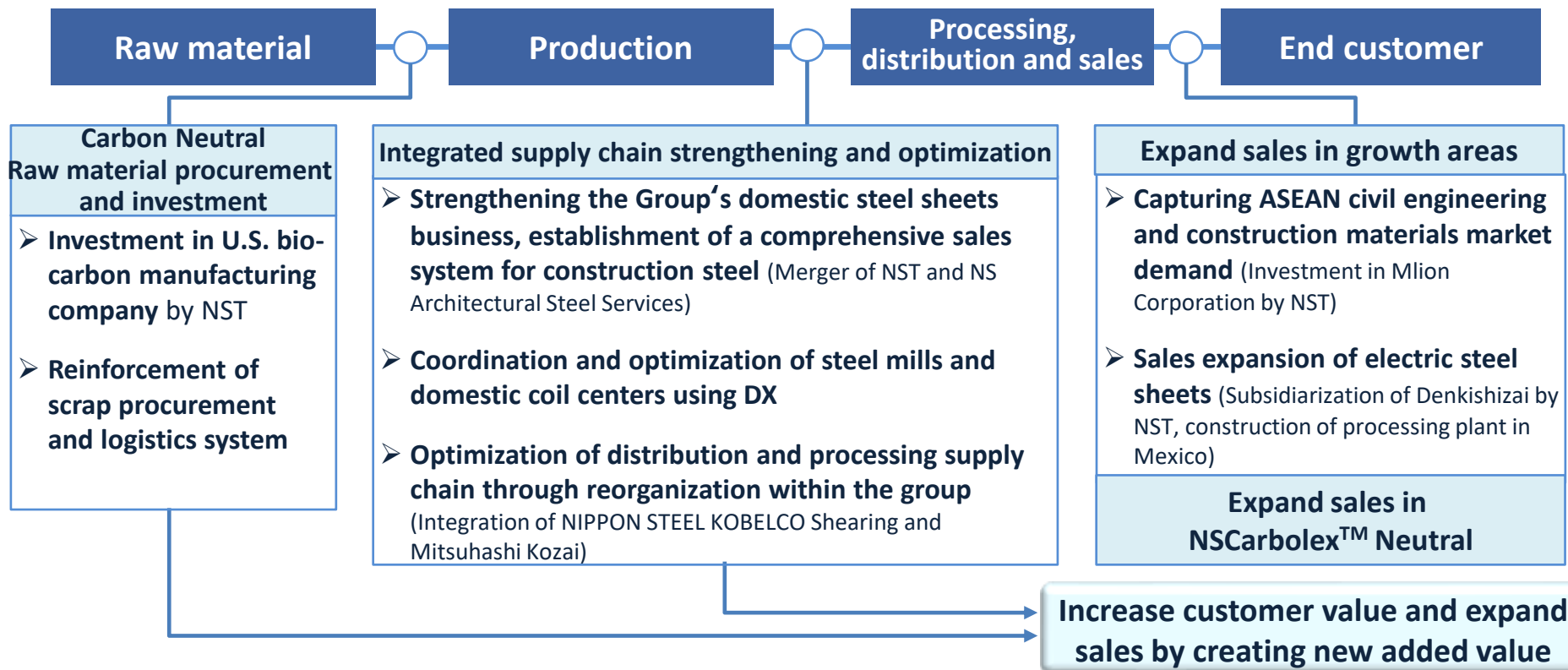
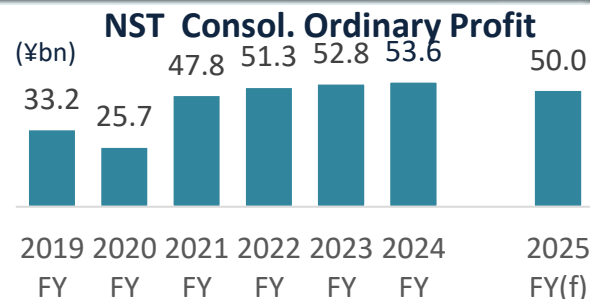
Nippon Steel Corp.

Nippon Steel Pipe Co., Ltd.

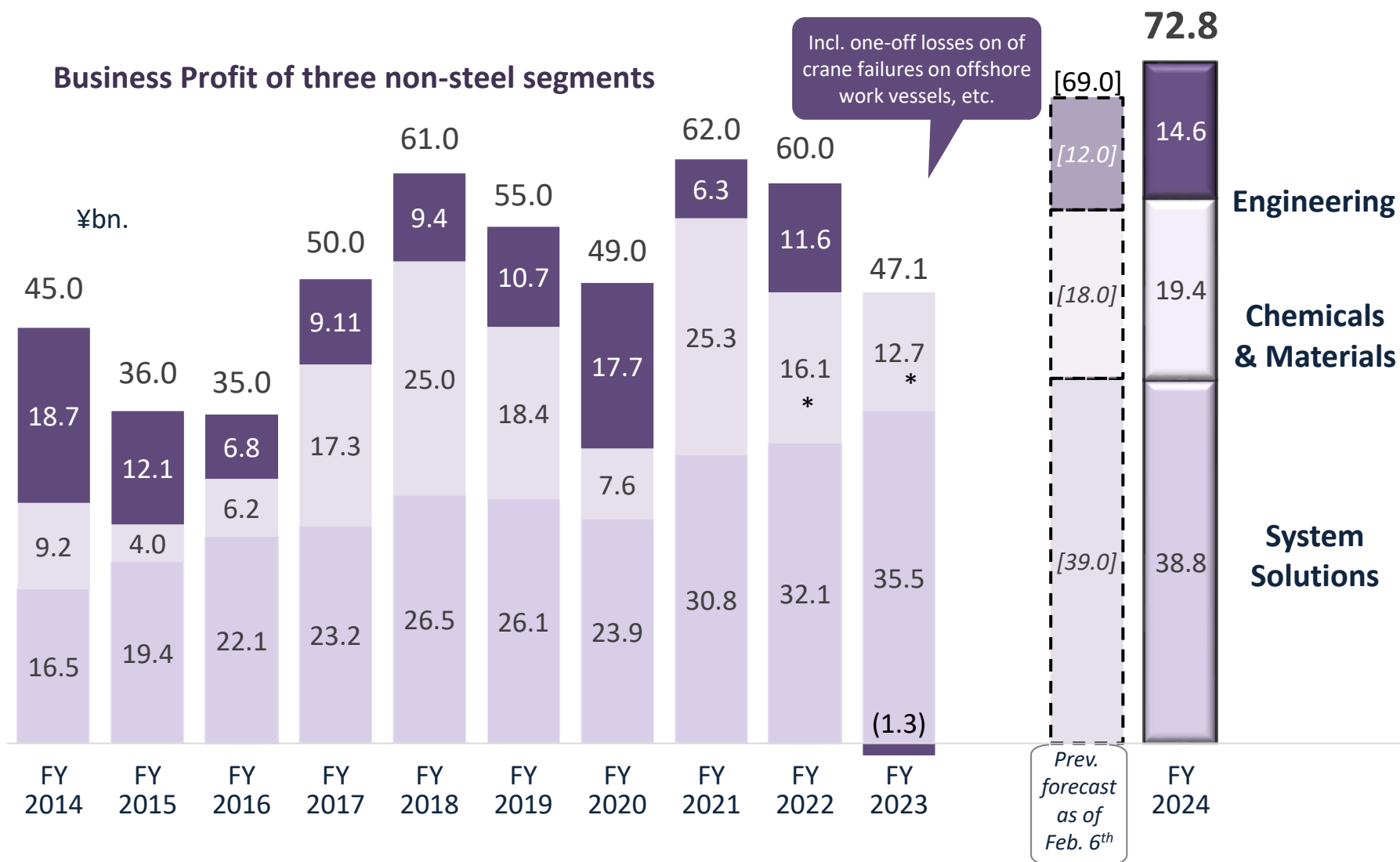
Business transfer and consolidation

Strengthen group company collaboration to unlock synergies

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



Business Profit of three non-steel segments



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

Three Non-steel Segments

Earnings Summary

Engineering

(Previous guidance: released on Feb 5, 2025)

¥bn.	H2	FY 2023	H1	Q4	H2	Prev. forecast	FY 2024	Prev. forecast
Order intake	176.6	334.1	127.2	190.5	253.6	[222.8]	380.8	[350.0]
Revenue	233.8	409.2	183.3	117.4	217.1	[226.7]	400.4	[410.0]
Business profit	4.0	(1.3)	(1.2)	7.6	15.8	[13.2]	14.6	[12.0]

- BP increased YoY due to the recovery of the losses on crane failures.
- Overall profit increased from previous forecast due to steady execution of projects in the EPC field and improved earnings in the Environmental O&M, On-Site, and Power businesses.

Chemicals and Materials

¥bn.	H2	FY 2023	H1	Q4	H2	Prev. forecast	FY 2024	Prev. forecast
Revenue	128.0	260.8	140.4	64.6	128.7	[129.6]	269.1	[270.0]
Business profit	4.5	15.3	12.2	1.1	6.6	[5.8]	18.9	[18.0]
Underlying	4.8	12.7	10.1	3.4	9.3	[7.9]	19.4	[18.0]

- Although the business environment in the coal chemical field continues to be severe, increased demand in the functional materials field, especially in AI-related fields, improved sales prices and mix, and cost reduction efforts have resulted in higher earnings versus the previous forecast and higher sales and earnings vs. the previous fiscal year compared to FY2023.

System Solutions

¥bn.	H2	FY 2023	H1	Q4	H2	Prev. forecast	FY 2024	Prev. forecast
Revenue	166.5	311.5	157.0	98.3	182.3	[176.0]	339.3	[333.0]
Business profit	20.4	35.5	18.3	8.7	20.5	[20.7]	38.8	[39.0]

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

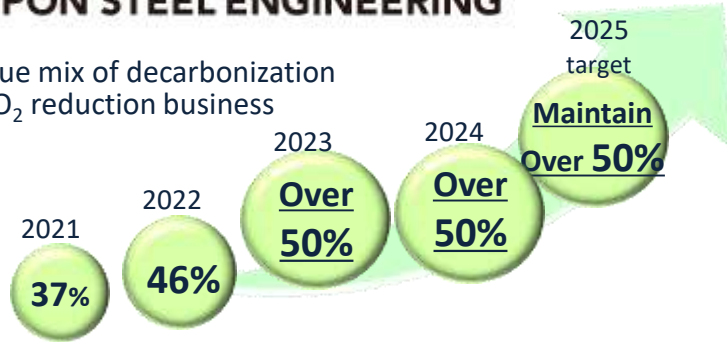
Three Non-steel Segments

Initiatives to Expand Profits in Growth Sectors



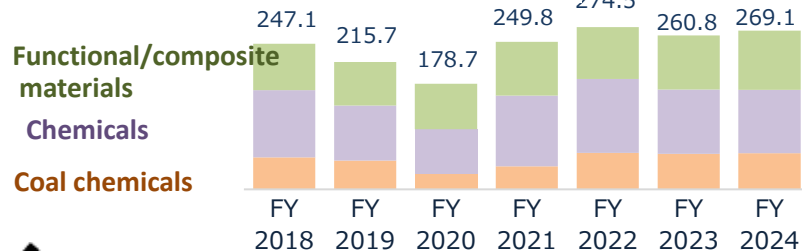
NIPPON STEEL ENGINEERING

Revenue mix of decarbonization and CO₂ reduction business



NIPPON STEEL Chemical & Material

Revenues by business domain(¥bn)



NS Solutions

Medium-Term Business Plan

Business Plan (Released on Feb 28, 2025)	FY2024(f)	2025-2027 Mid-Term Plan	NSSOL 2030 Vision
Revenue	¥330.0 bn.	¥450.0 bn.	¥500.0 bn.
Operating Profit	¥39.0 bn.	¥60.0 bn.	¥100.0 bn.
ROS	11.8%	13%	20%
ROE	Approx. 11%	Approx. 13%	Approx. 15%
M&A	Approx. ¥10.0 bn./ 3 years (2022-24)	¥150.0 bn. / 3 years	Creating business of the scale of ¥100.0 bn.

- Contribution to Energy Transition / Expand sales of decarbonization and low-carbon related businesses
 - Completed delivery of jackets for the Hibikinada Project (25 jackets in total)
 - Construction of world-class manufacturing capacity for "floating foundations" for offshore wind power generation (scheduled for completion in 2028)
 - Decision to commercialize the supply of renewable energy to the Shin-Etsu Chemical Group using biomass cogeneration in Thailand

- Expand capacity for functional materials* and develop new technologies, products, and grades to capture growing demand for semiconductors and electronic devices, such as for AI servers and data centers.

*Established a new production facility for resins for circuit board materials used in high-speed telecommunications equipment.

- Transformation of the business revenue model from the conventional SI model based on individual contracting to the three revenue models (TAM type) that embody the Social Value Producer concept.

➡ M&A Cases

=> next page



SI Transformation
Next Generation
IT Model



Asset Driven
Asset utilization type



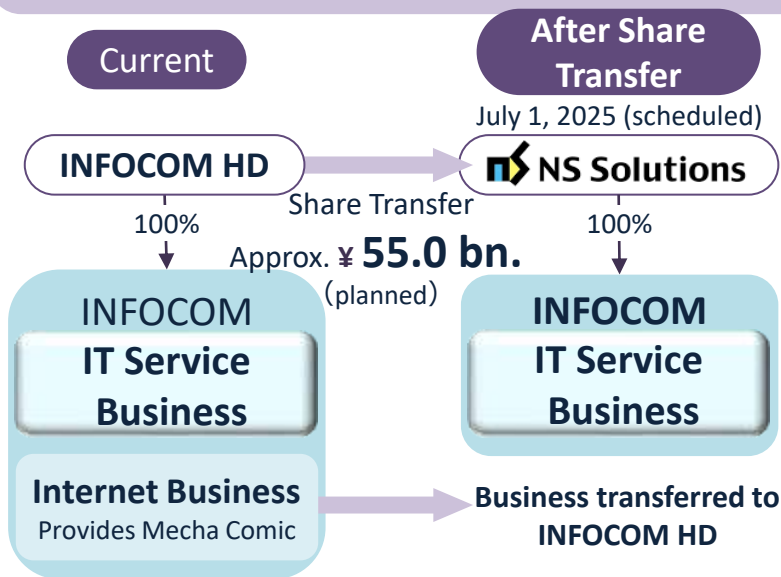
Multi Company Platform
PF provision model



Collaboration and co-creation with companies that own competitive assets is essential for launching and expanding asset-based businesses.

NSSOL acquires all shares of IT services company INFOCOM for ¥55.0 bn.

(Announced on Apr. 23, 2025)



Combining the know-how of both companies in the process manufacturing area to strengthen service offerings

Expand asset utilization business for mid-sized companies by leveraging NSSOL sales channels and other resources

Cross-selling and joint development of services and products that solve social issues

Strengthening INFOCOM's business foundation by sharing NSSOL's human resource recruitment and training measures and R&D results

Outline of INFOCOM

History 1983 Established as Nissho-Iwai Computer Systems
2001 Merged with Teijin Systems Technology

- ◆ Strong Point For large companies: **High business knowledge in the process-based manufacturing and trading services industries**
Developer of ERP "GRANDIT" for mid-sized companies
In-house services and products that solve social issues such as healthcare and crisis management
- ◆ IT Services Segment Net sales: ¥27.5 bn. Segment income: ¥2.3 bn. (FY2023)

Agenda

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

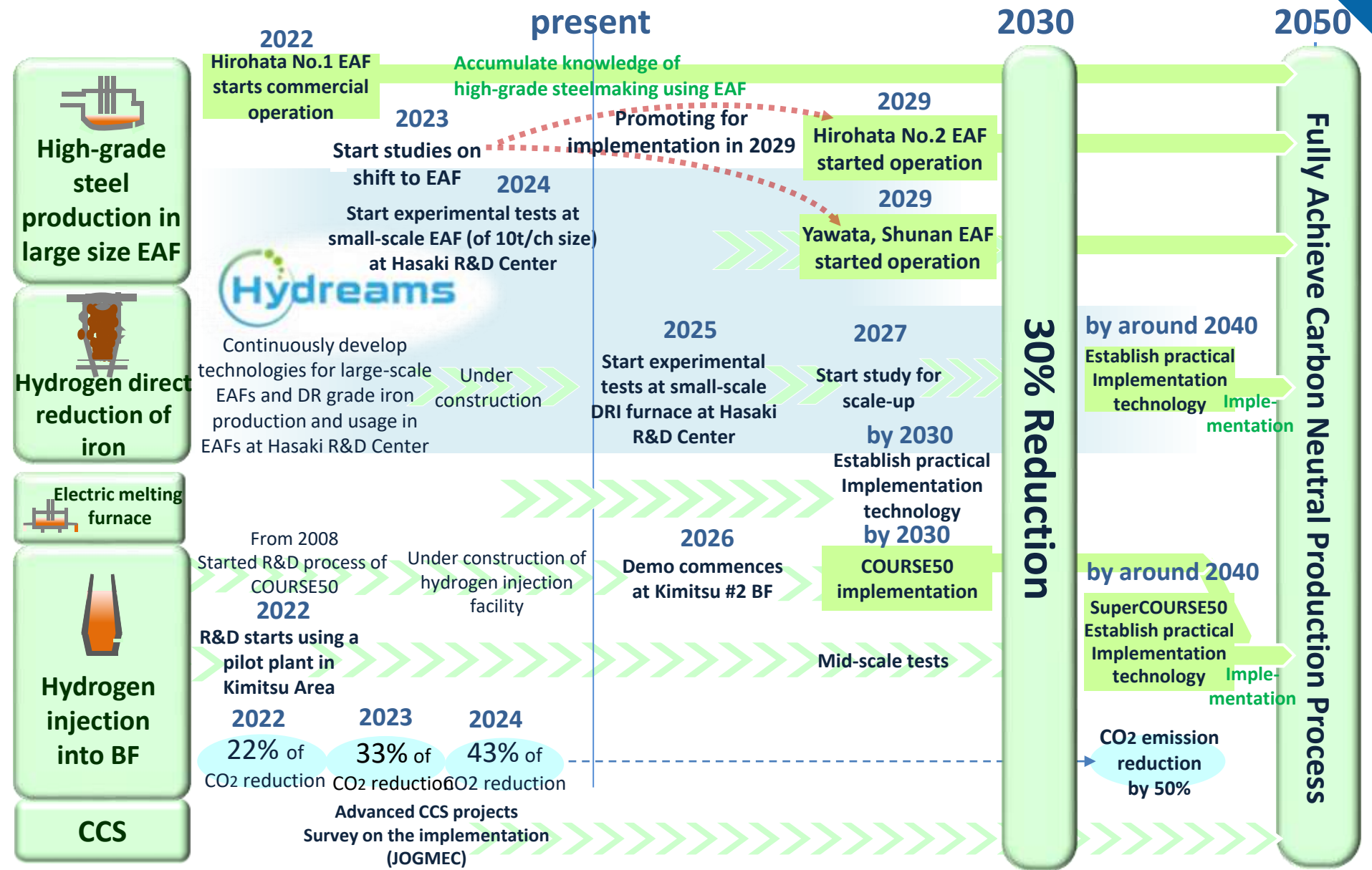
Efforts to Surmount the Four Challenges [Summary of recent results]

Efforts to develop and implement innovative technologies and to promote and standardize GX steel

Proactively conduct stakeholder understanding activities -> GX Information session

-> P58

Technology development	Gov't support in development planning and testing	Establishment of technology to reduce CO2 emissions in test blast furnaces using hydrogen (-43%) Completed small test furnace and Started experimental tests at Hasaki R&D Center		
	Gov't support	Green Innovation (GI) Fund "Utilization of hydrogen in the steelmaking process" ¥193.5 bn. ➔ Raised to ¥449.9 bn.	...	Budgeting completed
Predictability of investment recovery	Gov't support for capital expenditures	One-third of the total investment borne by the government by use of GX Transition Bonds	...	Institutionalization completed
	Gov't support for operating costs	Establishment of a strategic materials and production base tax system (Green Steel)	...	Institutionalization completed
	Creation of economic value from the environmental value (CO ₂ reduction)	In Study Group on Green Steel for GX [METI], GX steel is organized as a target for the government to provide priority procurement and purchasing support. Revision of the Act on Promoting Green Procurement, Initial demand generation through CEV subsidies	...	Start of discussion on GX market creation
-> Formation of the GX Steel market -> P57				
Infrastructure	Energy infrastructure development	Safe use of nuclear and other energy sources for the 7 th Strategic Energy Plan	...	Committee recommendations
		Hydrogen and Ammonia: Revised Basic Hydrogen Strategy, Hydrogen Society Promotion Law	...	Bill passed
		CCS: JOGMEC/Advanced CCS Support Program	...	Project participation
Standardization	International standardization	worldsteel Guideline ver.1 issued (Nov. 2024)	...	Guideline issued
		Lobbying for revision of ISO, GHG protocol, etc.		
		GX League [METI] -> Growth-oriented carbon pricing	...	Implementing and preparing



Increasing cases of adopting “NSCarbolex™ Neutral” for mass production and sustained use

Automotive

Nissan Motor

Adopted for its **mass-production vehicles**. (Announced on Jul. 7, 2025)

*According to Nissan: “The share of green steel in the total steel sheet used for vehicles produced in Japan is expected to **increase approximately fivefold** in FY2025 compared to FY2023.”

Isuzu Motors

Adopted for **ELF EV parts and main framework components of the construction of EV Development and Testing Facility “The EARTH lab.”** (Announced on Apr. 24, 2025)

EXPO 2025 Osaka, Kansai, Japan

Colombia Pavilion

Adopted high-design steel sheets “FeLuce” and tinplate for **interior material**
Adopted NS Super Frame construction method for **building frame**
(Announced on Oct. 28, 2024 / Apr. 7, 2025)

Hisaka Works

Adopted for the **plate-type heat exchanger** (Announced on Oct. 19, 2023)

Civil engineering/ Public works

The Kyushu Regional Development Bureau of MLIT

Adopted for the **Fukuoka Route 201 Shin-Asakura Bridge** construction project
One of the technical proposal themes for the project was the “realization of carbon neutrality.”
Yokogawa Bridge Corp. won the bid by proposing “the use of Green Steel.” (Announced on Feb. 22, 2024)

Construction

Nippon Steel Kowa Real Estate Toyota Housing Corporation

Adopted for the steel structure of (tentative name) LOGIFRONT
Nagoya Minato **logistics facility** (Announced on Sep. 2, 2024)

Shipbuilding

Yamanaka Shipbuilding

Adopted for coastal vessel steel materials,
with plans to expand its use to all future vessels. (Announced on Feb. 29, 2024)

Finalized Framework for Early-stage Demand Creation Measures for GX Steel

The Study Group on Green Steel for GX, organized by METI, has classified GX Steel as a key target for demand-side support.

Progress has been made for preferential procurement and purchase support for GX Steel by the government.

Revision of the Act on Promoting Green Procurement

(The revision was approved by the Cabinet on January 28, 2025)

The Basic Policy of the Act on Promoting Green Procurement has been revised to prioritize the procurement of products utilizing Green Steel in accordance with the Japan Iron and Steel Federation Green Steel Guidelines.

GX Steel* “NSCarbolex™ Neutral” was used Steel furniture manufactured by Okamura Corporation was adopted by Tokai City, Aichi Prefecture

*Green steel is defined as “green steel for GX” in the Study Group on Green Steel for GX Promotion by METI in January 2025.

Additional CEV subsidy* measures for vehicles using GX Steel

(Announced by METI on January 27, 2025)

A new measure has been introduced to increase subsidies by up to ¥50,000 to stimulate demand for steel to promote GX, including steel produced via innovative EAFs. This measure is scheduled for implementation starting in FY2025.

*CEV subsidy is designed to promote the introduction of clean energy vehicles.

A government program that supports the adoption of clean energy vehicles such as EVs, PHEVs, and FCVs. It also facilitates the development of essential charging and hydrogen refueling infrastructure necessary for their widespread use.

Drive GX investments to advance decarbonization of the steelmaking process, which will enable stable supplies of GX Steel to customers and contribute to customer’s Scope 3 emissions reduction.

GX Information Session and Site Tour were held on March 13 and 14

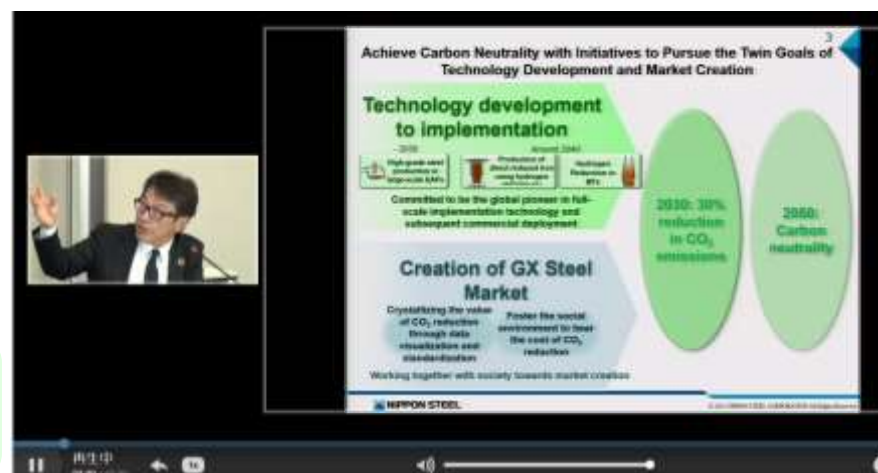
Approx. 250 participants from domestic and international institutional investors and environmental organizations attended, including on-site, web-based and web-streamed

The purpose of this event was to provide visitors with an understanding of the status of promotion of our carbon neutral measures and the formation of the GX steel market, as well as to show them the actual GX R&D facilities

Throughout the information session and tour, active questions were raised about technology development - implementation, GX steel market formation and standardization, and other topics

CONTENTS

1. Nippon Steel's CO₂ Emissions Reduction Scenario
2. Development and Implementation of Emission Reduction Technologies
 - (1) From technology development to implementation – A multi-pathway approach
 - (2) Securing decarbonized energy and raw materials, and infrastructure development
3. Formation of the GX Steel Market
 - (1) Nippon Steel's initiatives for the promotion and standardization of GX steel
 - (2) Establishing predictability of investment recovery
4. Initiatives for CO₂ Reduction within the Group
5. Outreach to Society and a Fundamental Approach



Related Links

[Presentation](#)

[Webcast](#)

[Summary of QA](#)

Agenda

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- GDP growth rate: Due to the tariff measures of the U.S. administration, most regions are negative YoY in 2025. Among them, India and ASEAN are relatively strong.
- Steel demand : In 2025, demand in India will expand by +12MT vs. 2024, while demand in China will continue to shrink by -9MT, as in 2024. The impact of the U.S. tariffs on steel consumption will be closely monitored.

Outlook for GDP growth rate (As of April 2025)

Source: IMF, released on Apr. 22nd, 2025

Unit: %		CY24	Change from as of Jan. 2024	CY25 (f)	Change from CY24	CY26 (f)	Change from CY25
Developed	World	3.3	+0.1	2.8	-0.5	3.0	+0.2
	Japan	0.1	+0.3	0.6	+0.5	0.6	±0
	US	2.8	±0	1.8	-1.0	1.7	-0.1
	Europe	0.9	+0.1	0.8	-0.1	1.2	+0.4
	Korea	2.0	-0.2	1.0	-1.0	1.4	+0.4
Developing	China	5.0	+0.2	4.0	-1.0	4.0	±0
	ASEAN*1	4.6	+0.1	4.0	-0.6	3.9	-0.1
	India	6.5	±0	6.2	-0.3	6.3	+0.1
	Brazil	3.4	-0.3	2.0	-1.4	2.0	±0
	Russia	4.1	+0.3	1.5	-2.6	0.9	-0.6

Steel Demand Outlook (As of October 2024)

Source: World Steel Association, estimated on Oct. 15th*3, 2024

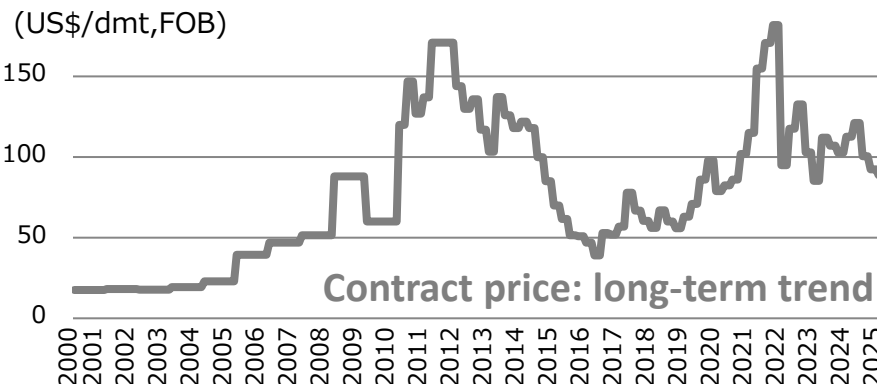
Unit: MT		CY23	CY24 (f)	Change from CY23	Change from CY23(%)	CY25 (f)	Change from CY24	Change from CY24(%)
Developed	World	1,767	1,751	-16	-0.9%	1,772	+21	+1.2%
	Japan	53	52	-1	-2.1%	53	+1	+1.7%
	US	91	89	-1	-1.5%	91	+2	+2.0%
	Europe	139	137	-2	-1.5%	141	+5	+3.5%
	Korea	52	50	-2	-4.0%	50	+1	+0.2%
Developing	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%

*3 Forecast to be released in April 2025 postponed due to U.S. tariff policy

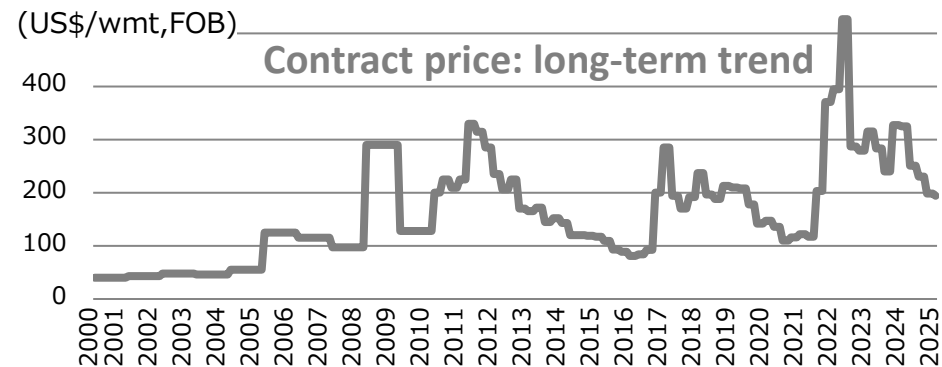
[Fine iron ore] Market fluctuations were mainly due to three factors: developments in China, seasonal supply constraints in Australia, a major producing country, and the tariff policy of the U.S. Currently, the market has cooled down to below \$100 due to concerns over the worsening global economy. Going forward, we will continue to closely monitor macroeconomic trends in major countries, crude steel production trends in China, and supplier shipments.

[Coking coal] The market weakened due to a decline in demand for coking coal in the sluggish steel market and temporarily fell to the \$160 level in March. The market has recently seen a supply decline due to weather effects in Australia, coal mine operation troubles, and other factors, and the price has returned to the \$180-plus level. We continue to monitor supply trends, the impact of U.S. tariff policies and safeguard measures in other countries on the steel market, and demand trends for coking coal.

Fine iron ore market price

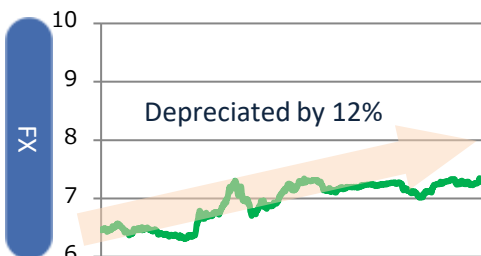


Coking coal market price



China

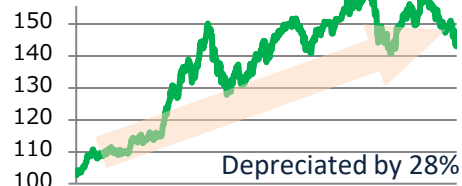
(CNY/\$)



Japan

(Standard: 1.6xS)

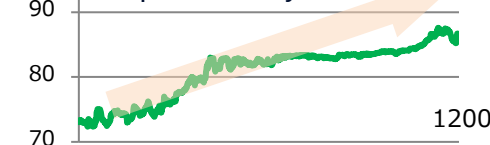
(¥/\$)



India

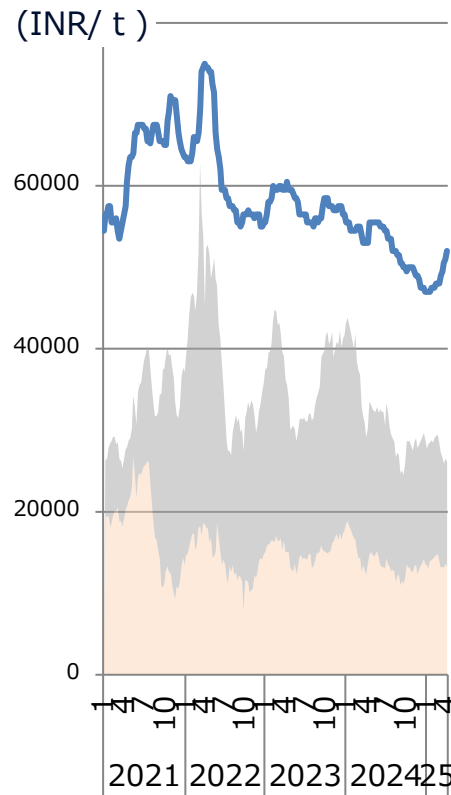
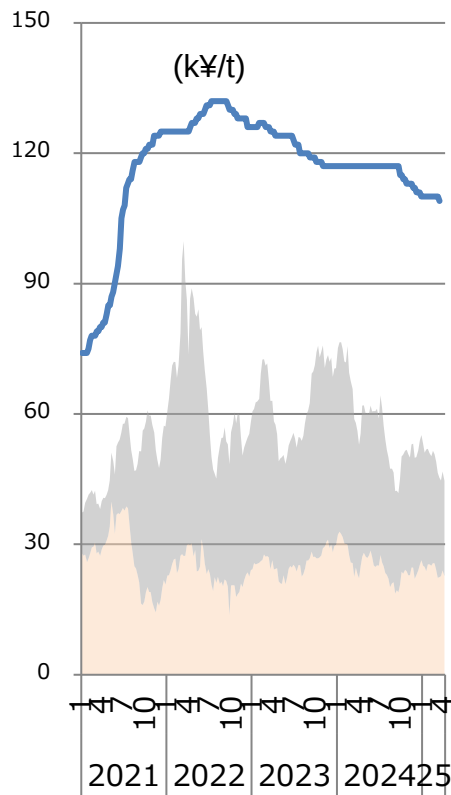
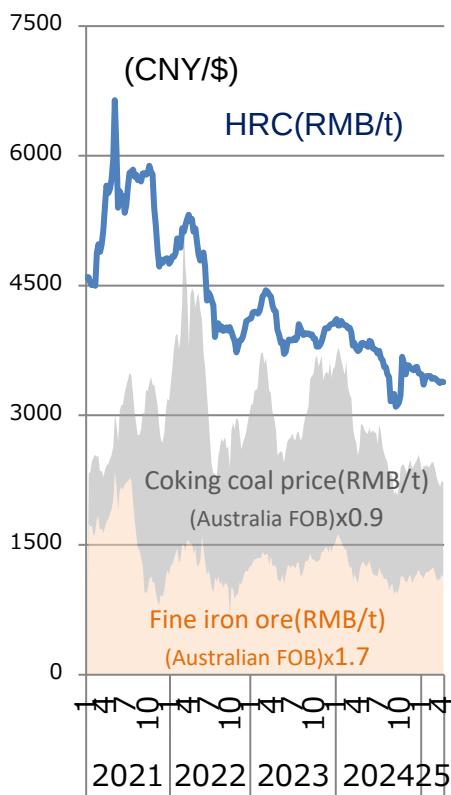
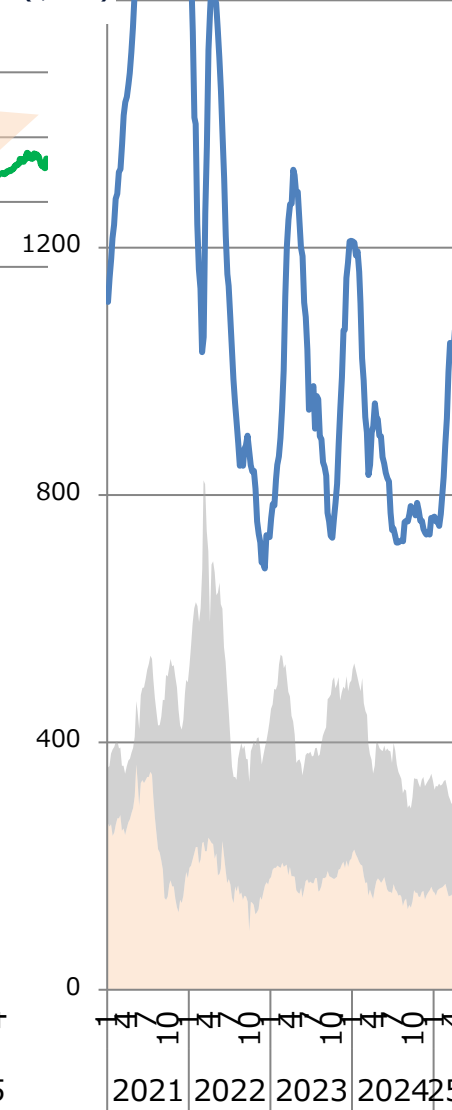
(INR/\$)

Depreciated by 15%



U.S.A.

(\$/t)



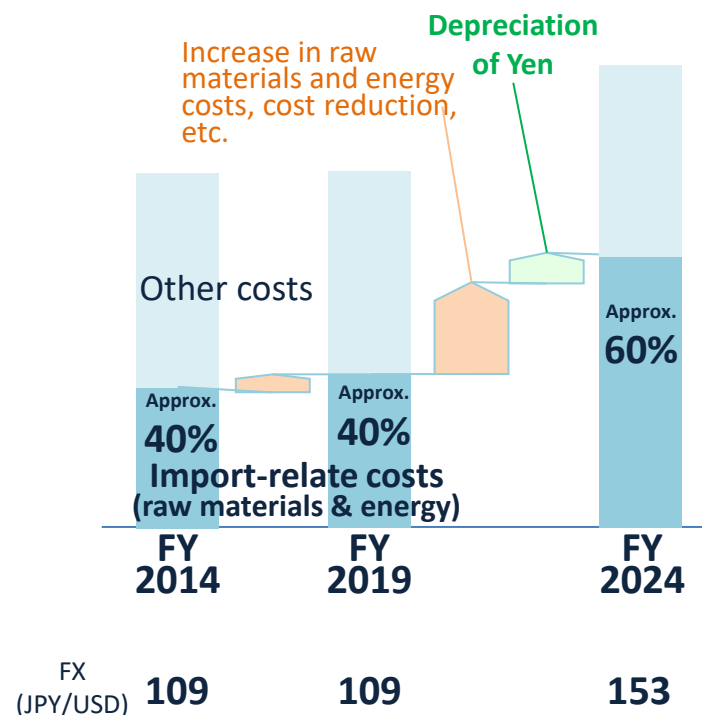
Domestic steel business: The impact of Yen appreciation to our domestic steel business is positive because the amount of import exceeds export.

Consol. business profit: The impact of Yen appreciation is slightly negative 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 appreciation

Domestic Steel Business	+) Positive	Excess of import to export FY2024 1.3 bn. USD/Q (import 14.2– export 12.9)
Overseas Steel Business	-) Negative	Increase in profit translated into Yen basis
Raw Material business	-) Negative	Excess in export, gain in foreign asset valuation
Other Group Companies	-) Negative	
Three Non-Steel Segments	-) Negative	
Underlying consol. business P/L	+) Neutral or slightly positive	
Inventory valuation Non-operating P/L	-) Negative	Gain in valuation for imported materials, gain in foreign asset valuation
Consol. business P/L	-) slightly negative	

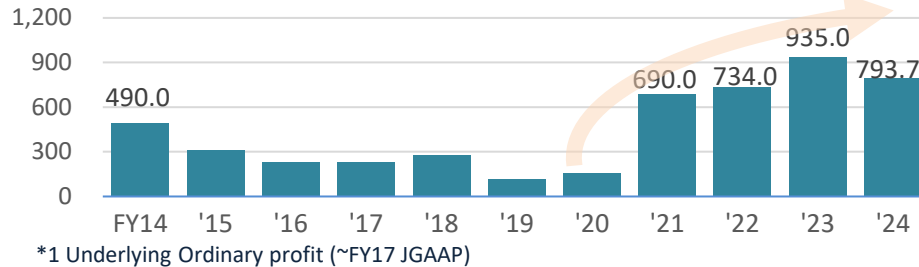
Cf. Rough figure for our steel manufacturing cost structure



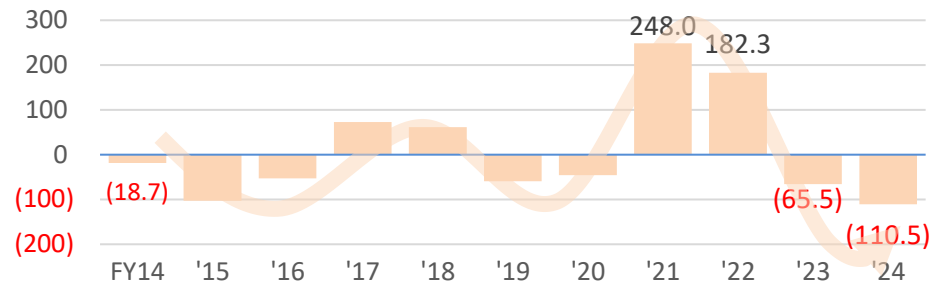
Business Results

Breakdown of Profit and Loss

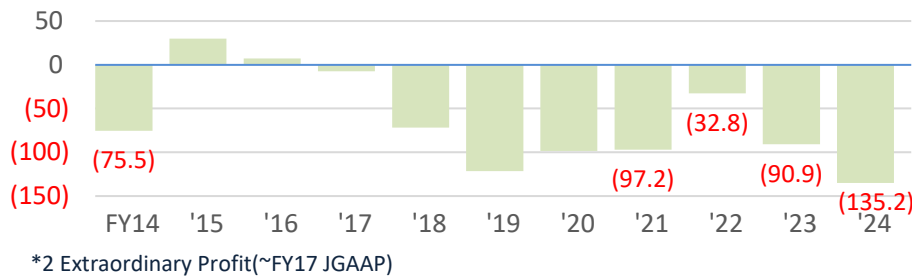
**Underlying
BP**
*1



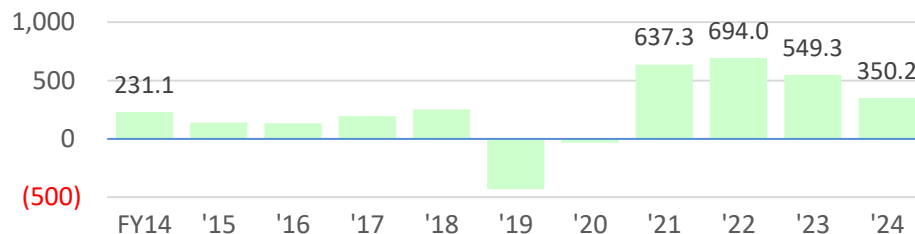
**Inventory
Valuation
etc**



**Additional
Line Items*2**



**Net
Profit*3**



*3 Net Income(~FY17 JGAAP)、Attributable to owners of the parent (FY18~IFRS)

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

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

Record-high level business profits and continuous asset streamlining have generated high operating cash inflows. Free cash flow has also increased even in large-scale CAPEX for growth strategy and facility strengthening.

bn. JPY

FY2023 FY2024

Operating CFs (excl. asset streamlining) **1,010.1** **978.5**

Business profit	869.6	683.2
Depreciation cost	363.0	363.0
EBITDA	1,232.6	1,068.4
Share of profit in investments accounted for using the equity method	(144.3)	(126.9)
Income taxes	(126.5)	(180.8)
WC and others	48.4	217.8

Asset streamlining **230.0** **340.0****Acquisition of fixed assets & investments etc.** **(940.6)** **(802.4)**

CAPEX	(466.3)	(597.9)
Business Investment, etc.	(474.3)	(204.5)

Free Cash Flow **299.5** **516.1**

Cash dividends (152.1) (162.0) -1,300

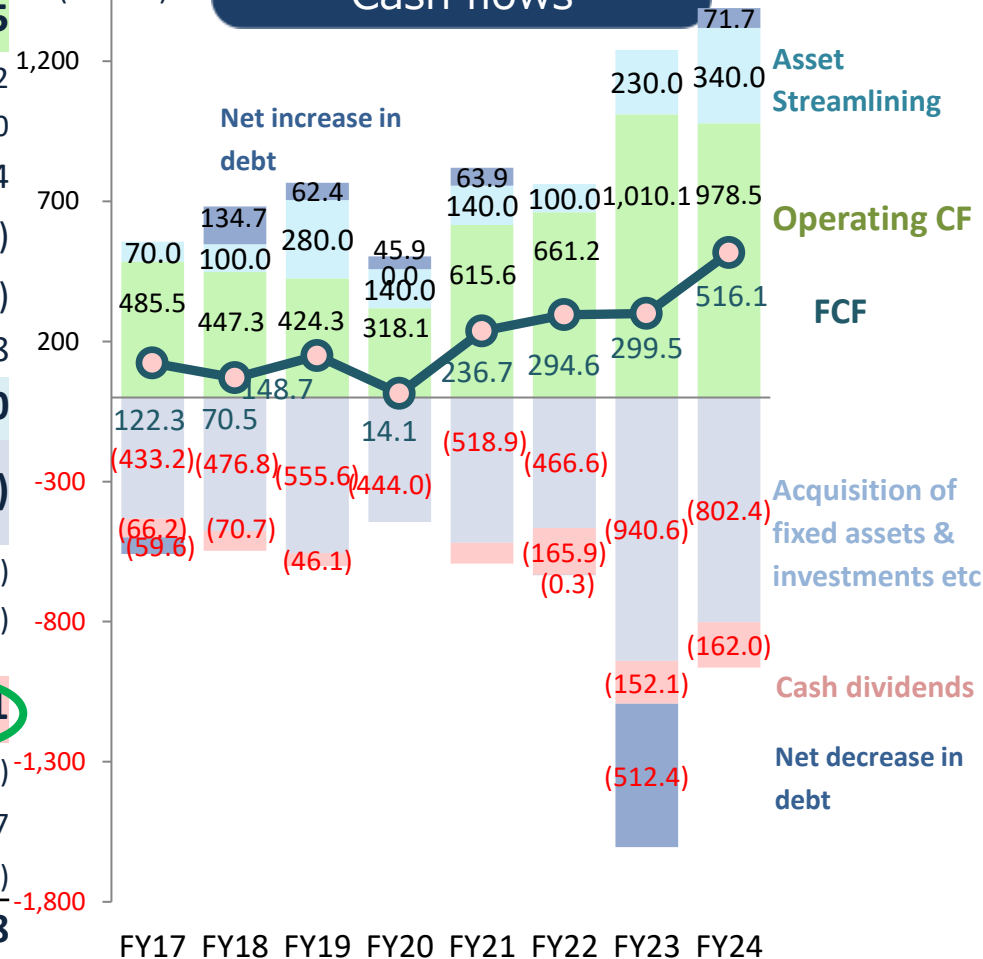
Net increase of debts (512.4) 71.7

Others 143.5 (223.0) -1,800

Changes in cash & cash equivalents **-221.5** **+202.8**

(bn. JPY)

Cash flows



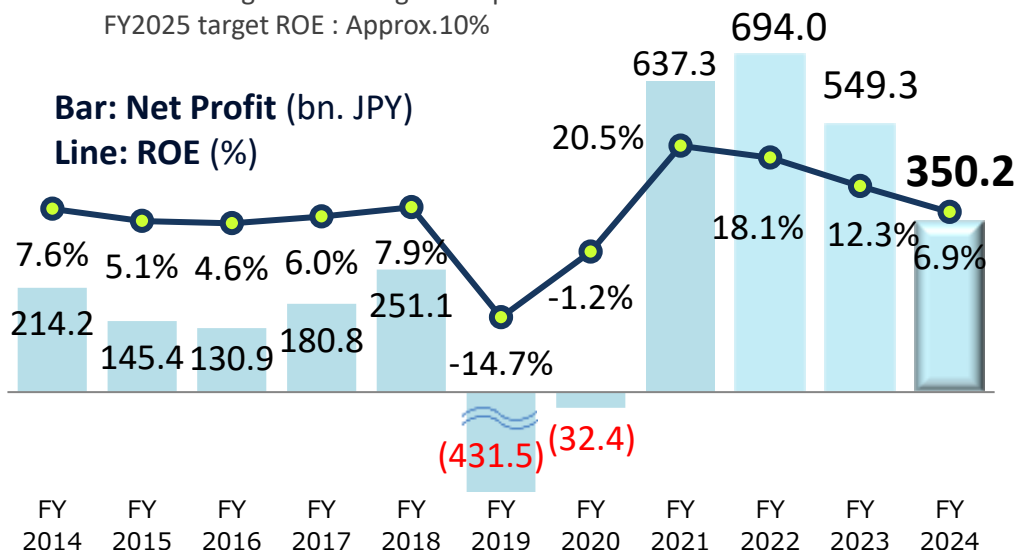
Net Profit, ROE

Medium- to long-term management plan

FY2025 target ROE : Approx.10%

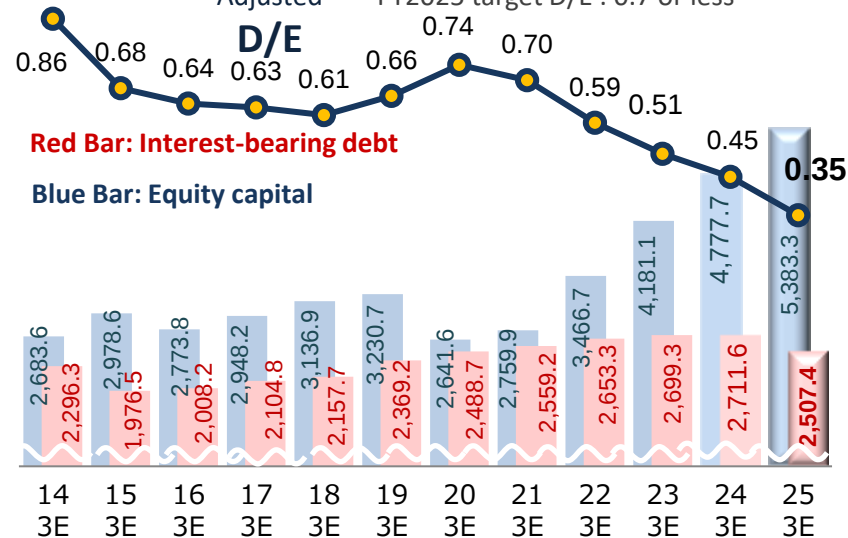
Bar: Net Profit (bn. JPY)

Line: ROE (%)



D/E

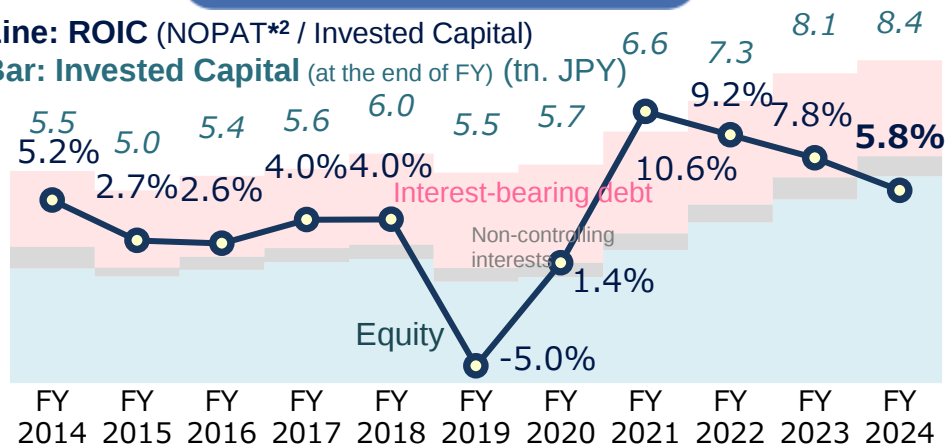
Adjusted D/E FY2025 target D/E : 0.7 or less



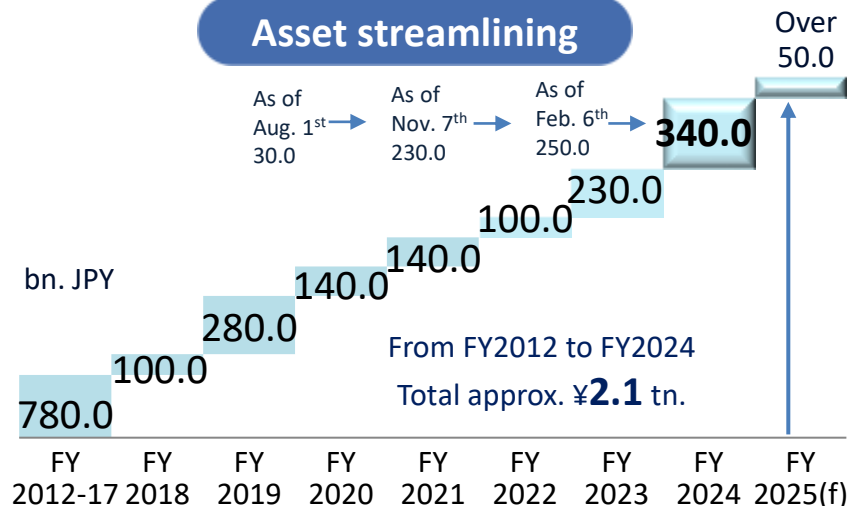
ROIC, Invested Capital

Line: ROIC (NOPAT*2 / Invested Capital)

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



Asset streamlining

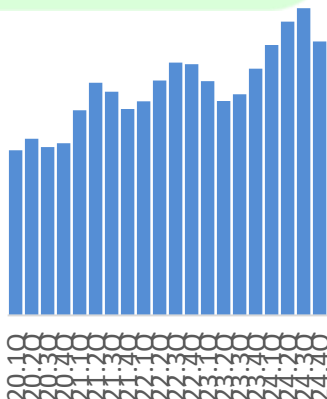
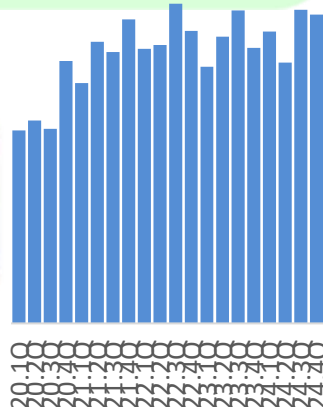
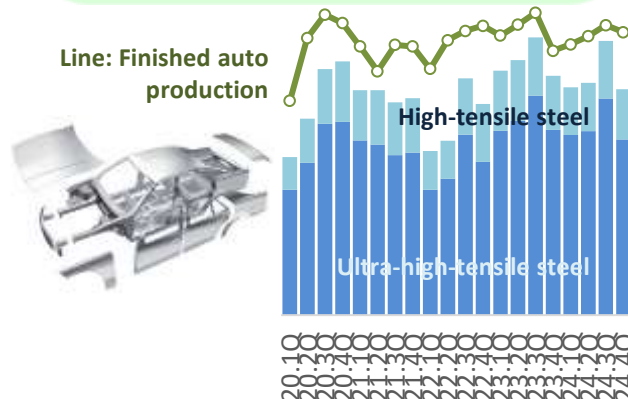
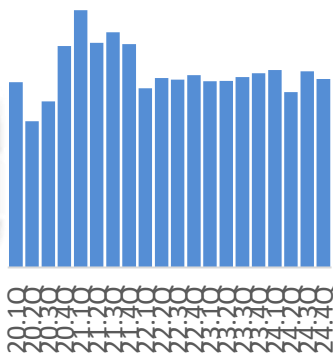
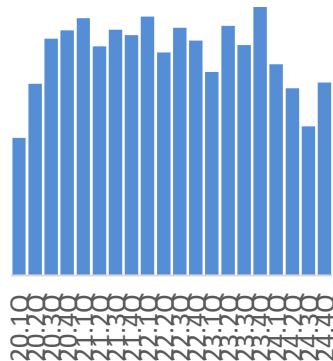


*2 NOPAT= business profit x (1 - effective tax rate)

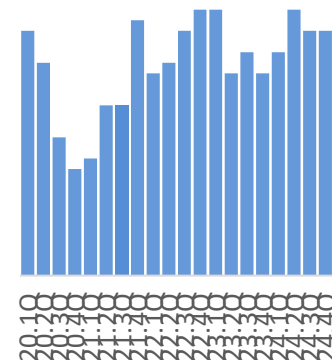
Invested Capital(*1) = Total equity attributable to owners of the parent + Non-controlling interests + Interest bearing debt

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

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

13Cr, high alloy seamless pipe



Promoted a development project to automate the operation of large special-purpose vehicles at a steel works.

Automatic operation is scheduled to be introduced at Nagoya Works by the end of FY2025

Started a joint development project for automated operation with TIER IV, Inc. from FY2023.



Plans to introduce automatic operation by the end of FY2025 for the transport of steel products by large special-purpose vehicles on roads within the Nagoya Steel Works premises

Developed an automated operation system using a reference design for logistics delivery to factories and private property provided by TIER IV, Inc. to cope with future driver shortages and improve the working environment.



Pallets loaded with steel products are transported by large special-purpose vehicles (carriers)
Used to transport semi-finished and finished products between production processes, yards, warehouses, and shipping wharves within steel works premises

With Automation...

Improved transport efficiency

Improved safety

Solving labor shortages

Improved working environment

TIER IV, Inc.

A deep-tech company with a vision of “democratizing automated driving” and leading the development of “Autoware”, the world's first open-source automated driving software

Agenda

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

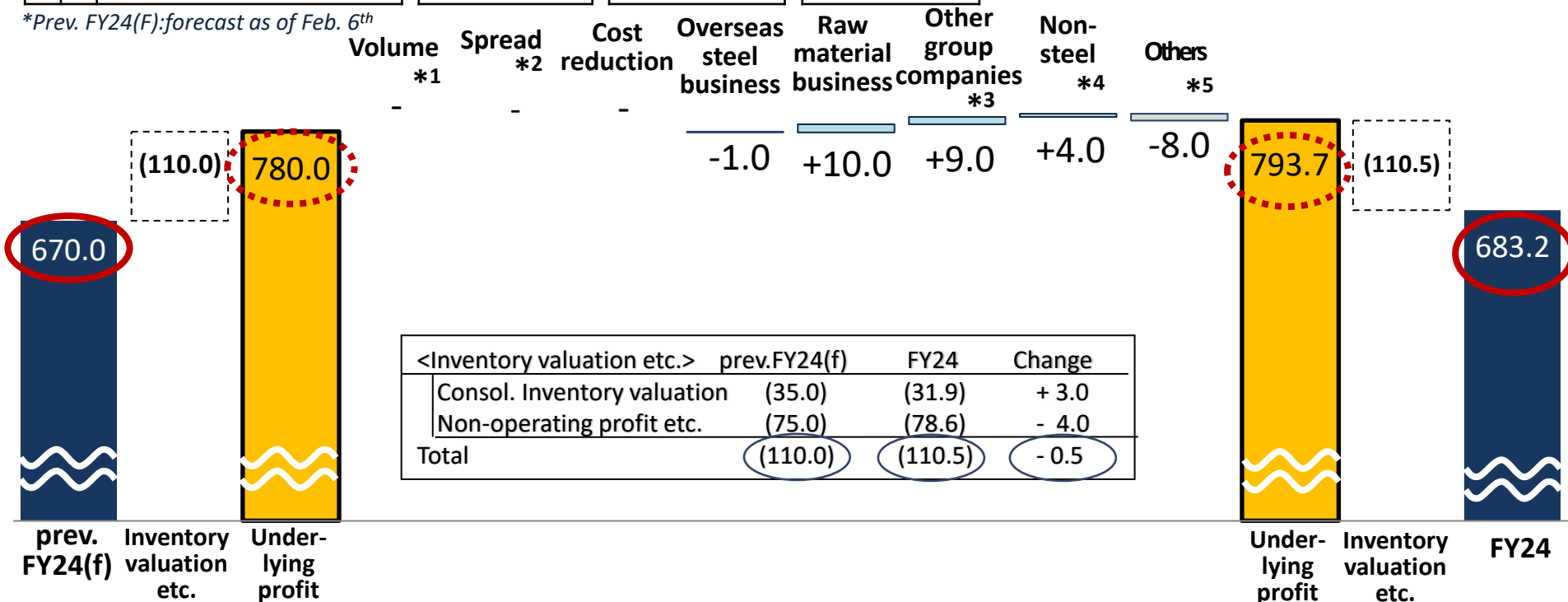
Business Profit Factor Analysis (prev. FY24(f) -> FY24)

71

(¥bn.)	Prev. FY24(f)	FY24	Change
Business Profit	670.0	683.2	+13.2
Underlying profit	780.0	793.7	+13.7
1) Domestic	275.0	260.2	-15.0
2) Overseas	75.0	73.8	-1.0
3) Raw material	145.0	155.3	+10.0
4) Other group	210.0	218.7	+9.0
5) Non-steel	69.0	72.8	+4.0

- *1 Crude steel production : approx. -0.20 MT (approx. 34.50 -> 34.30)
Steel shipment volume : approx. +0.12 MT (approx. 31.50 -> 31.62)
- *2 Incl. the impact of FX, and carry over -10.0bn. JPY(-60M\$) ((540)M\$ -> (600)M\$)
- *3 Improve : Operational Support etc.
- *4 Engineering+2.6, Chemicals & Materials +1.4 etc.
- *5 Incl. decrease in depreciation cost +4.0

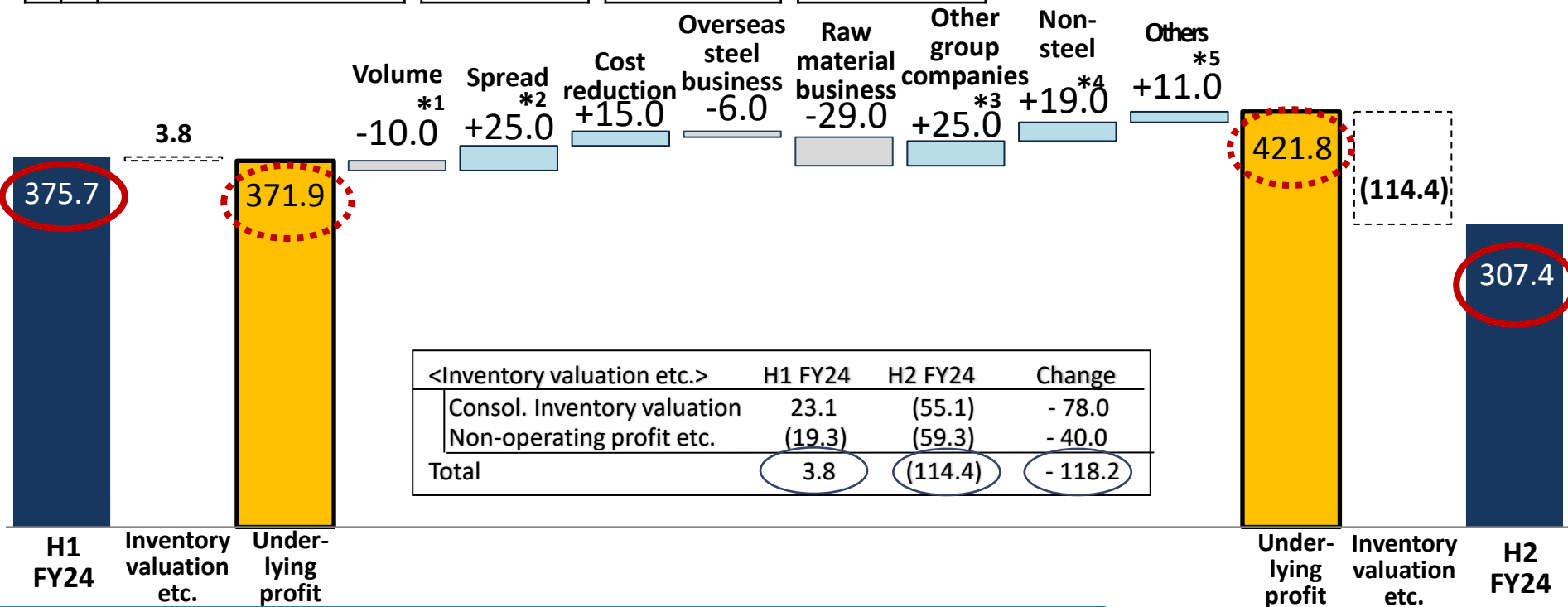
*Prev. FY24(F):forecast as of Feb. 6th



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

(¥bn.)	H1 FY24	H2 FY24	Change
Business Profit	375.7	307.4	-68.3
Underlying profit	371.9	421.8	+49.9
1) Domestic	107.9	152.1	+44.0
2) Overseas	40.1	33.7	-6.0
3) Raw material	92.0	63.3	-29.0
4) Other group	96.9	121.9	+25.0
5) Non-steel	27.2	45.6	+19.0

- *1 Crude steel production : -0.09 MT(17.20 -> 17.11)
Steel shipment volume : -0.20 MT(15.91 -> 15.71)
- *2 Incl. the impact of FX, and carry over
+33.0bn. JPY(+220M\$) ((410)M\$ -> (190)M\$)
- *3 Improve : Stainless steel & EAFs,
Operational Support, Secondary processing etc.
- *4 Engineering+17.0, Solutions +2.2 etc.
- *5 Incl. Increase in depreciation cost -3.0

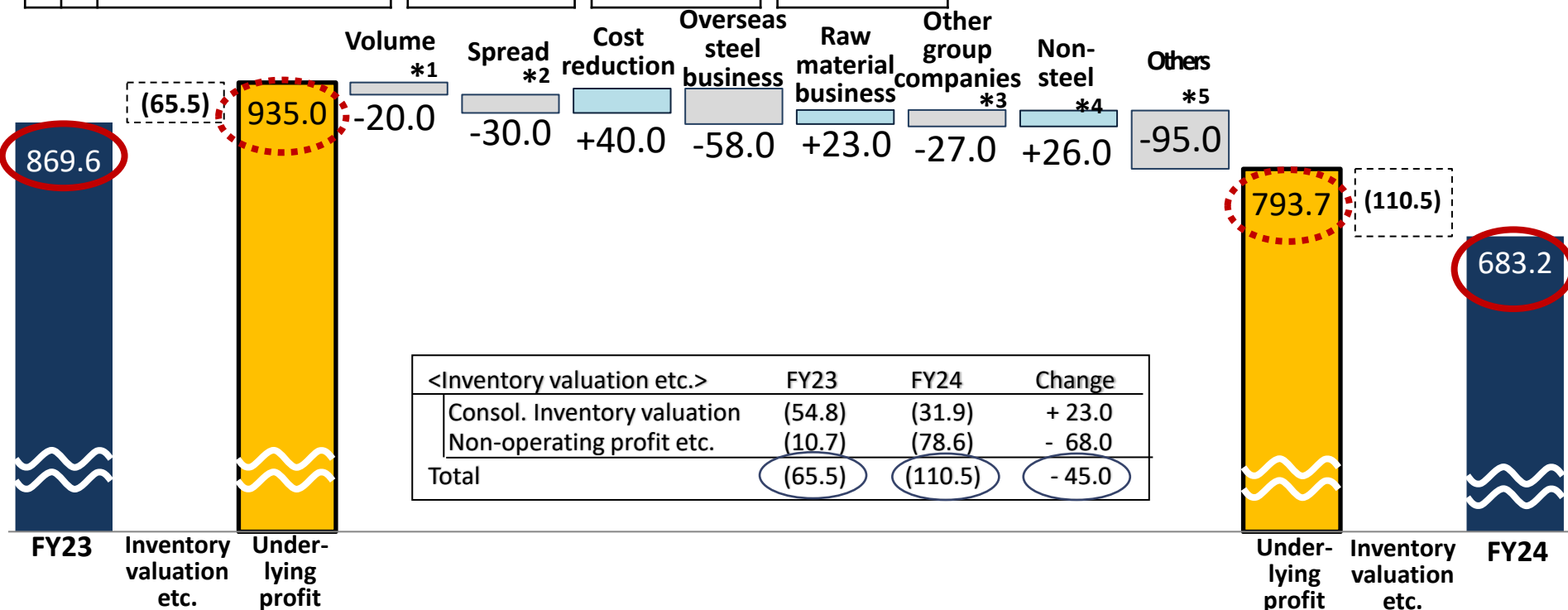


Business Profit Factor Analysis (FY23 -> FY24)

73

(¥bn.)	FY23	FY24	Change
Business Profit	869.6	683.2	-186.4
Underlying profit	935.0	793.7	-141.3
1) Domestic	365.9	260.2	-106.0
2) Overseas	131.8	73.8	-58.0
3) Raw material	132.5	155.3	+23.0
4) Other group	245.8	218.7	-27.0
5) Non-steel	47.1	72.8	+26.0

- *1 Crude steel production : -0.68 MT (34.99 -> 34.30)
Steel shipment volume : -0.41 MT (32.03 -> 31.62)
- *2 Incl. the impact of FX, and carry over
-84.0bn. JPY(-580M\$) ((20)M\$ -> (600)M\$)
- *3 Deteriorate: Stainless steel & EAFs,
Secondary processing, Operational Support etc.
- *4 Engineering +15.9, Chemicals & Materials +6.6,
Solution +3.3 etc.
- *5 Incl. increase in depreciation cost -14.0





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