TYO : 5401
OTC : NPSCY(ADR)

NIPPON STEEL

FY2020 Earnings Summary

May 7th, 2021

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

Agenda

1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

3. Business Environment

4. Supplementary Material for Financial Results

Appendix 1. Progress of Management Strategy Measures

Appendix 2. Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

Appendix 3. Carbon Neutral Vision 2050

Appendix 4. Related Indicators

FY2020 Earnings Summary

- **Secured consol. business profit in FY2020 exceeding that in FY2019 (excl. impairment losses etc.) even in COVID-19 pandemic with efforts such as drastic improvement of BEP and quick response to sharp decrease of steel demand etc.**
- **Secured non-consol. underlying operating profit in FY2020 2H for the first time in 4.5 years.**
- **Consol. ROS has risen to 8.4%**

	FY2019	1H	2H	FY2020	*Vs. forecast as of Feb. 5th*	FY20 1H -> FY20 2H	FY19 -> FY20
Non-consol. crude steel production (MMT)	41.85 *	14.64	18.36	33.00	*-0.20*	+3.72	-8.85
Non-consol. steel shipment (MMT)	38.70 *	14.46	16.77	31.22	*+0.02*	+2.31	-7.48
Sales (Bn. JPY)	**5,921.5**	**2,241.9**	**2,587.2**	**4,829.2**	*-20.8*	+345.3	-1,092.3
Non-consol. operating profit (loss) (Bn. JPY)	**(119.3)**	**(136.1)**	**31.3**	**(104.7)**		+167.4	+14.6
Business profit (loss) (bn. JPY)	(284.4) **[excl. impairment loss etc.]** **[76.5]**	**(106.5)**	**216.5**	**110.0**	***+80.0***	**+323.0**	+394.4 **[+33.5]**
ROS	**[1.3%]**	**(4.8%)**	**8.4%**	**2.3%**	***+1.7%***	**+13.1%**	**+1.0%**

* Nippon Steel + ex- Nippon Steel Nisshin

Consol. Business Profit Variance

(Bn. JPY)	FY2020 1H (106.5) ↓ FY2020 2H 216.5	FY2019 (excl. impairment losses etc.) 76.5 ↓ FY2020 110.0	*FY2020 (f) as of Feb. 5th 30.0 ↓ FY2020 result 110.0*
Consol. Business Profit Variance	**+323.0**	**+33.5**	***+80.0***
Volume	**+80.0**	**-249.0**	~
Steel prices, product mix, raw materials	**+35.0**	**-5.0**	*+7.0*
Group companies, non-steel business	**+104.0**	**-36.0**	*+46.0*
Cost reduction, depreciation cost	**+44.0**	**+285.0**	*+15.0*
Others	**+59.0**	**+38.0**	*+12.0*

(MMT)	FY2019	**FY2020**	**FY2020 1H**	**FY2020 2H**
Domestic steel consumption	59.14	52.66	25.13	27.53
Non-consol. crude steel production	41.85	33.00	14.64	18.36
Steel shipment	38.70	31.22	14.46	16.77

Operation rate in FY2020 2H: 80-90%

Variable cost reduction + 55.0 (vs. forecast as of Feb. 5th +5.0)

Fixed cost (cash basis) reduction +110.0 (vs. forecast as of Feb. 5th +10.0)
DEP +120.0
Fixed cost reduction +230.0

Cost increase due to volume decline
Variable and fixed cost reduction taking advantage of low production rate
$\Big\}$ ±0

NIPPON STEEL

Major Initiatives in FY2020

Production facility structural measures (announced on Feb. 7th, 2020)

Quick response to sharp decrease in demand	Adjustment of BF operation	Banking of BFs responding to demand decrease in 1H Prompt resumption of BFs responding to demand recovery in 2H	Quick responses with the prospect of future production framework in mind
	Temporary cost reduction	Variable cost increase under low production was offset by temporary cost reduction taking advantage of production cutback	
Tectonic shift to secure non-consol. operating profit by drastic improvement of BEP	Fixed cost reduction 230.0 bn. JPY/Y	Fixed cost (cash basis) reduction: 110.0 bn. JPY/Y **(vs. forecast as of Feb. 5th +10.0 bn. JPY/Y)** DEP reduction: 120.0 bn. JPY/Y (approx. 50.0 due to change in depreciation method from declining balance to straight-line, approx. 60.0 due to impairment loss)	Of which, the effect of structural measures: 33.0 bn. JPY/Y
	Variable cost reduction 55.0 bn. JPY/Y	**(vs. forecast as of Feb. 5th: +5.0 bn. JPY/Y)**	
	Long-term contractual prices improvement	"Fair sharing of burden across the supply chain for increasing costs other than main raw materials", and "appropriate sales price reflecting values of Nippon Steel's products and comprehensive contributions to customers".	
Strengthening overseas business profitability	Selection and concentration almost completed	[Sold/withdrawn] Steel sheet: I/N Tek, Kote (USA), Bar & Wire: NSCI (USA) Tinplate: PATIN (China), Pipe: VSB (Brazil), etc. [Reinforced] AM/NS India, Tinplate: STP became subsidiary (Thailand) Steel sheet: AM/NS Calvert EAF to be newly established (USA)	
Cash flow management with emphasis on financial discipline	Asset compression	FY2020 140.0 bn. JPY/Y FY2018-2020 520.0 bn. JPY/3 years (**vs. forecast as of Feb. 5th +20.0 bn. JPY**)	The end of FY2020 **D/E 0.7** (50% of hybrid bonds/loans is deemed as equity) **2020 Mid-term Management Plan Target achieved**
	CAPEX reduction	-300.0 bn. JPY/3 years reduction in FY2018-20 (1.7 -> 1.4 trillion JPY/3 years)	

NIPPON STEEL

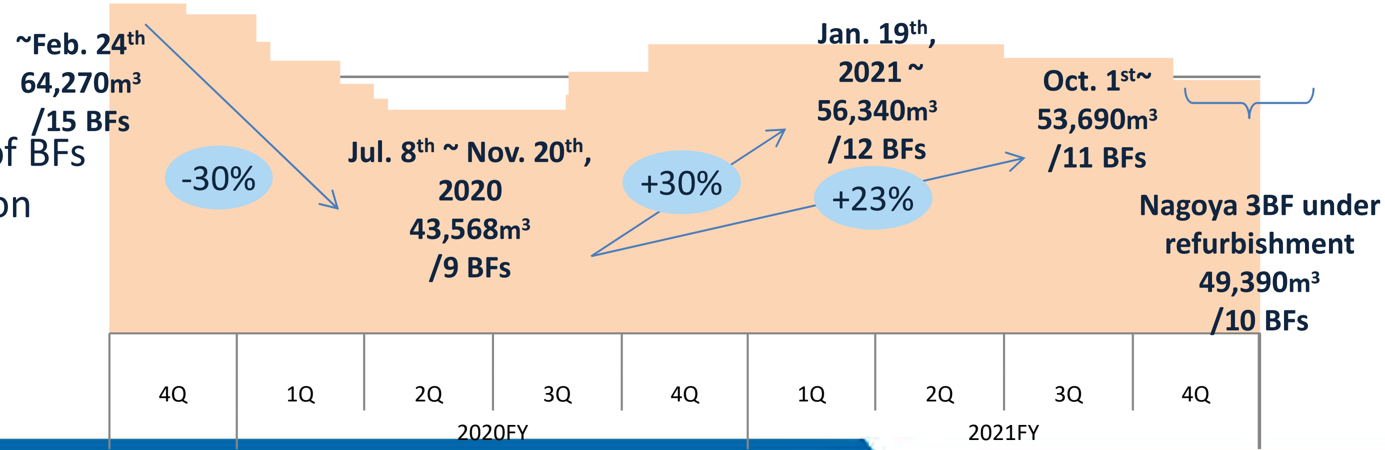
Quick response to demand decrease and increase

We have quickly responded to the sharp demand change, decrease due to COVID-19 and its recovery, with banking and resumption of BFs, taking production facility structural measures into consideration, which have already been announced on Feb. 2020.

Steelworks	Area	BF	Volume m³	2019 4Q / 2020 1Q, 2Q, 3Q, 4Q / 2021FY / 2022~
Muroran		2BF	2,902	Refurbishment from Jul. 8th → Restarted operation on Nov. 21st
East Nippon	Kashima	1BF	5,370	Banking from Apr. 15th → Restarted operation on Jan. 19th
		3BF	5,370	Shutdown by the end of FY2024 (planned)
	Kimitsu	2BF	4,500	Banking from Jun. 14th → Restarted operation on Nov. 23rd
		4BF	5,555	
Nagoya		1BF	5,443	
		3BF	4,300	Refurbishment (planned)
Kansai	Wakayama	1BF	3,700	Banking from Apr. 25th → Shutdown by the end of FY2021 1H (planned)
		2BF	3,700	
Setouchi	Kure	1BF	2,650	Shutdown by the end of FY2021 1H (planned)
		2BF	2,080	Banking from Feb.25th → Shutdown by the end of FY2021 1H (planned)
Kyushu	Yawata (Kokura)	4BF	5,000	
		2BF	2,150	Banking from Jul 18th → Already been shutdown by the end of Sep., 2020
	Oita	1BF	5,775	
		2BF	5,775	

BF: Blast Furnace *Banking is a measure to temporarily stop BF production but make it possible to restart production at a later date by stopping the air blast flow.

Total volume of BFs under operation

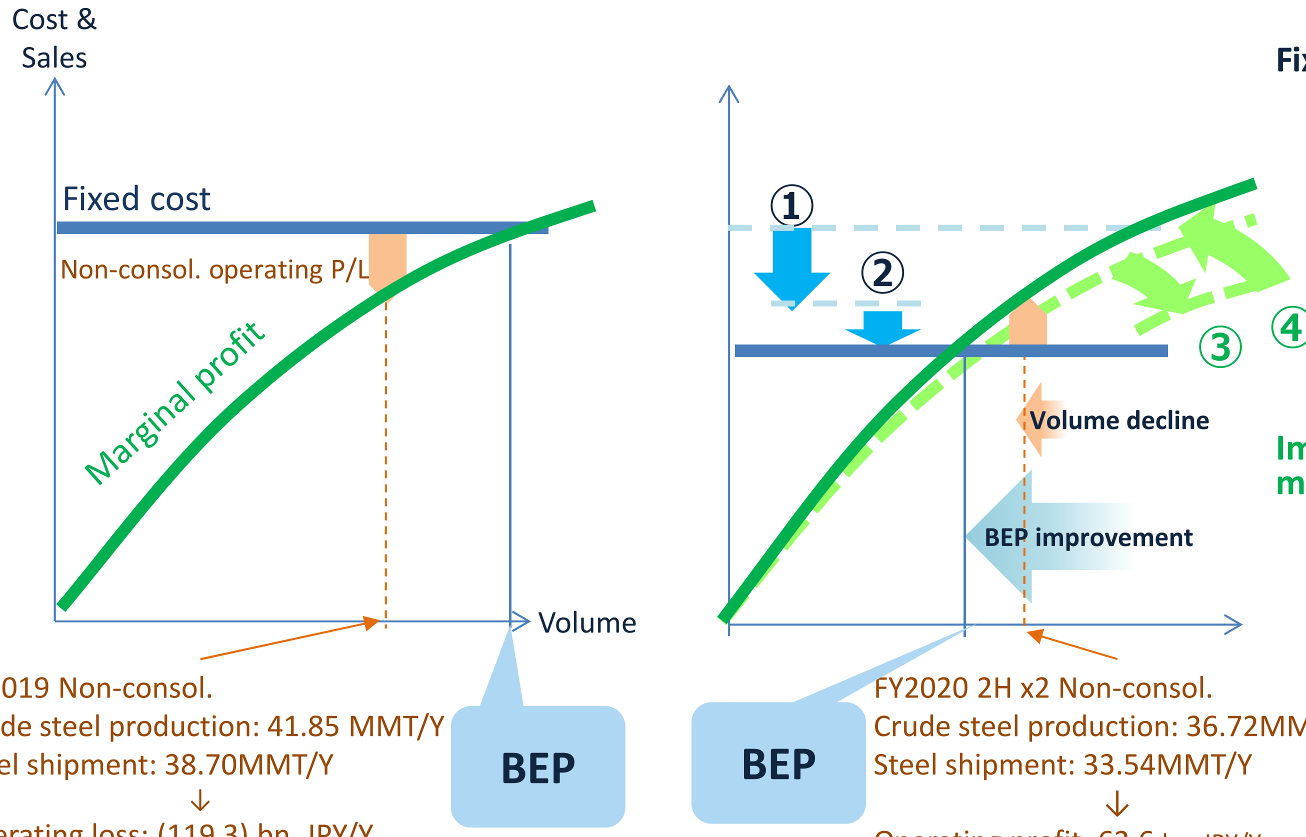


NIPPON STEEL

Improvement of BEP

We have established profitable structure to secure non-consol. operating profit even with low shipment volume by drastically reducing fixed cost and significantly improving BEP.

FY2019 → **FY2020 2H x2**



FY2019 Non-consol.
Crude steel production: 41.85 MMT/Y
Steel shipment: 38.70MMT/Y
↓
Operating loss: (119.3) bn. JPY/Y

FY2020 2H x2 Non-consol.
Crude steel production: 36.72MMT/Y
Steel shipment: 33.54MMT/Y
↓
Operating profit: 62.6 bn. JPY/Y

Fixed cost reduction

① **Fixed cost (cash basis) reduction: 110.0** bn. JPY/Y
DEP: 120.0 bn. JPY/Y

② **Temporary fixed cost reduction taking advantage of production cutback**

②③almost offset

Improvement of marginal profit per ton

③ **Variable cost increase due to low production**

④ **Variable cost reduction 55.0** bn. JPY
Improvement of long-term contractual prices

*BEP=Break Even Point

Improvement of Overseas Business Profitability

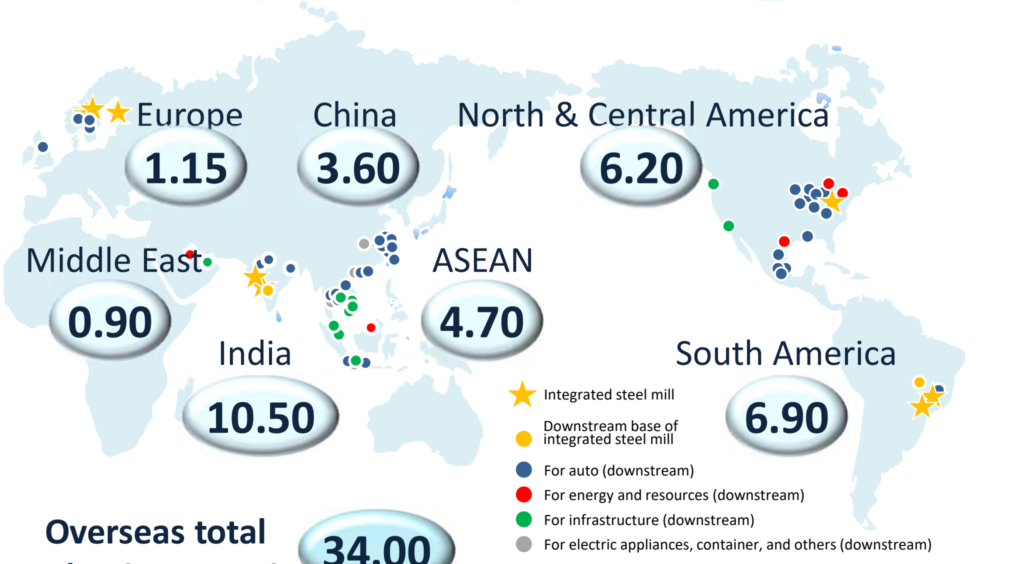
Overseas production capacity*

(MMT/Y)

	Downstream capacity		Integrated mill capacity		Total capacity
2012	4	+	8	=	12
2014	19	+	8	=	27
2020	17	+	18	=	34

2012 → 2014: NSBS acquired, AM/NS Calvert acquired, Tenigal established, etc.

2014 → 2020: Acquired: AM/NS India
Sold: VSB・I/N Tek & Kote, Bahru Stainless, NAT, PATIN, etc.



Overseas total production capacity 34.00

Simple sum of full capacity without taking equity ratio for each company into consideration (MMT/Y)

Expanding businesses in demand-growing regions and sectors where our technology and products are preferred.
Almost completing the withdrawal from businesses which would not be economically viable for us to continue.

<u>Businesses sold/ withdrawn in FY2020</u>

- Steel sheet: I/N Tek & Kote (USA), Bar & Wire: NSCI (USA)
- Tinplate: PATIN (China), Pipe: VSB (Brazil), etc.

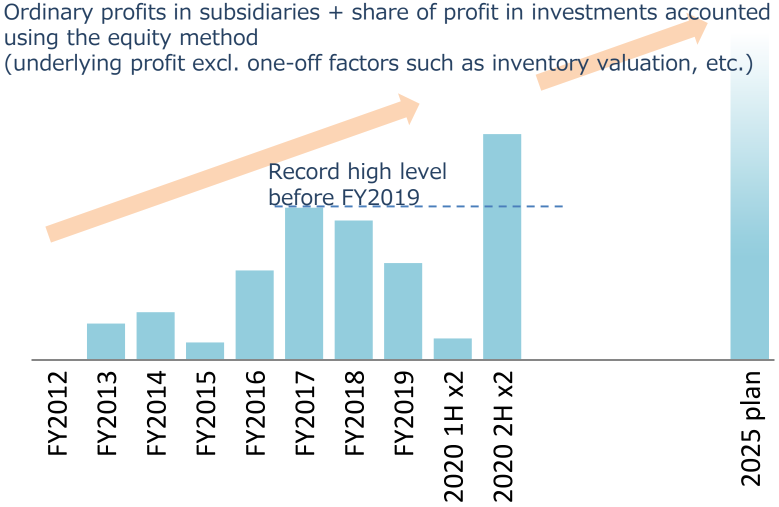
<u>Businesses reinforced/ concentrated in FY2020</u>

- AM/NS India, Tinplate: STP made subsidiary (Thailand)
- Steel sheet: AM/NS Calvert EAF to be newly established (USA), etc.

Overseas business is steadily boosting consolidated profit.

Trend of contribution to consol. business profit by overseas business

Ordinary profits in subsidiaries + share of profit in investments accounted for using the equity method
(underlying profit excl. one-off factors such as inventory valuation, etc.)



* Simple sum of full production capacity of i) companies in which we have 30% or more equity interests (including USIMINAS) among companies subject to World Steel Association's crude steel production statistics; and ii) our equity method affiliates with less than 30% equity interests to which we provide semi-finished products (AGIS), in each process

Additional Line Items, Net Profit, Year-end Dividend

(Bn. JPY)	FY2019	1H	2H	FY2020
Consol. business profit (loss)	(284.4)	(106.5)	216.5	110.0
Additional line items	(121.7)	(42.2)	**(56.3)**	**(98.6)**
Net profit (loss)*	(431.5)	(191.1)	**158.7**	**(32.4)** *vs. forecast as of Feb. 5th +87.6*

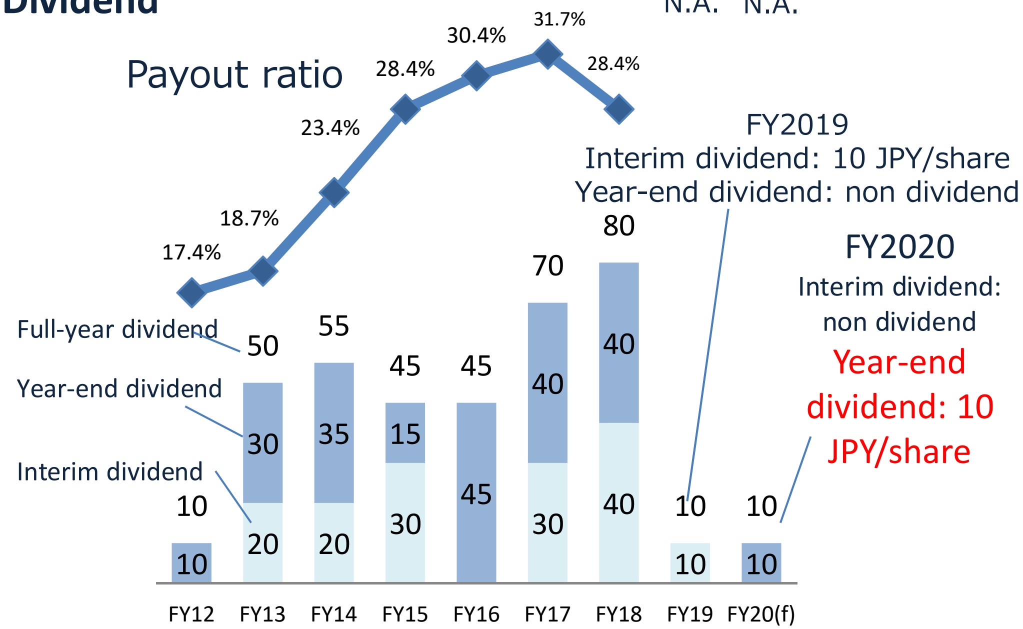
*** Profit (loss) attributable to owners of the parent**

Additional line items

FY2019: 121.7 bn. JPY
Impairment loss (78.7) bn. JPY
(all facilities in Kure Area to be shutdown)
Losses on sale of business (20.2) bn. JPY
(ZNW, overseas subsidiary of NS Engineering, etc.)
Losses on inactive facilities: (22.7) bn. JPY
(UO pipe mill in Kashima Area, hot strip mill and precision product lines in Nippon Steel Stainless Steel's Kinuura Plant, etc.)

FY2020: (98.6) bn. JPY
Losses on inactive facilities: (79.9) bn. JPY
(upstream facilities in Kokura Area (39.8) bn. JPY, Nippon Steel Stainless Steel (Kinuura Plant to be shutdown, etc.) (25.1) bn. JPY, etc.)
Losses on sale of business: (18.7) bn. JPY
(loss on sale of VSB (23.6) bn. JPY, gain on sale of I/N Tek & Kote, etc.)

Dividend



Due to a decrease in production and shipment volume due to the impact of COVID-19, etc., the net loss in FY2020 resulted to be 32.4 bn. JPY. However, taking into consideration the recent recovery and the improving outlook in business performance, we plan to pay an year-end dividend of **10 JPY per share as announced on Feb., 5th.**

1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

3. Business Environment

4. Supplementary Material for Financial Results

Appendix 1. Progress of Management Strategy Measures

Appendix 2. Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

Appendix 3. Carbon Neutral Vision 2050

Appendix 4. Related Indicators

FY2021 Forecast

- V-shaped recovery of business performance is expected.
- Profit structure has been significantly improved. Aiming to substantially reach a record-high level of profit after the integration of ex-Nippon Steel and Sumitomo Metal*.
- Taking a firm step toward achieving FY2025 medium- to long- term profit targets.

* Consol. business profit (consol. ordinary profit for before 2017)
The highest profit after the integration in Oct. 2012
- FY2014: 471.3 bn. JPY (ex-Nippon Steel Sumitomo Metal 451.7 + ex-Nisshin Steel 19.6)

(Bn. JPY unless otherwise noted)	2H	FY2020	1H(f)	FY2021(f)	FY20 2H -> FY21 1H(f)	FY20 -> FY21(f)	FY2025 Medium- to long-term plan
			Numbers are rough figures		Numbers are rough figures		
Non-consol. crude steel production (MMT)	18.36	33.00	20.50	40.00	+2.14	+7.00	Approx. 38.00
Non-consol. Steel shipment (MMT)	16.77	31.22	18.50	36.00	+1.73	+4.78	
Sales	2,587.2	4,829.2	**3,000.0**	**6,000.0**	+412.8	+1,170.8	
Non-consol. operating profit (loss)	31.3	(104.7)		**230.0**		+304.7	
Consol. Business profit	**216.5**	**110.0**	**250.0**	**450.0**	**+33.5**	**340.0**	
ROS (%)	**8.4%**	**2.3%**	**8.3%**	**7.5%**	**-0.0%**	**+5.2%**	**Approx. 10%**
Additional line items	**(56.3)**	**(98.6)**	**(45.0)**	**(85.0)**	**+11.3**	**+13.6**	
Net profit*	**158.7**	**(32.4)**	**130.0**	**240.0**	**-28.7**	**+272.4**	

*** Profit (loss) attributable to owners of the parent**

FY2021(f) additional line items: (85.0) bn. JPY

Losses on inactive facilities approx. (125.0) bn. JPY (1H(f): upstream facilities in Kure Area, a series of upstream facilities in Wakayama Area, etc.
2H(f): steel plate mill in Nagoya Works)

Gain on sale of land: ex-Tokyo Works approx. 40.0 bn. JPY

Major Initiatives in FY2021

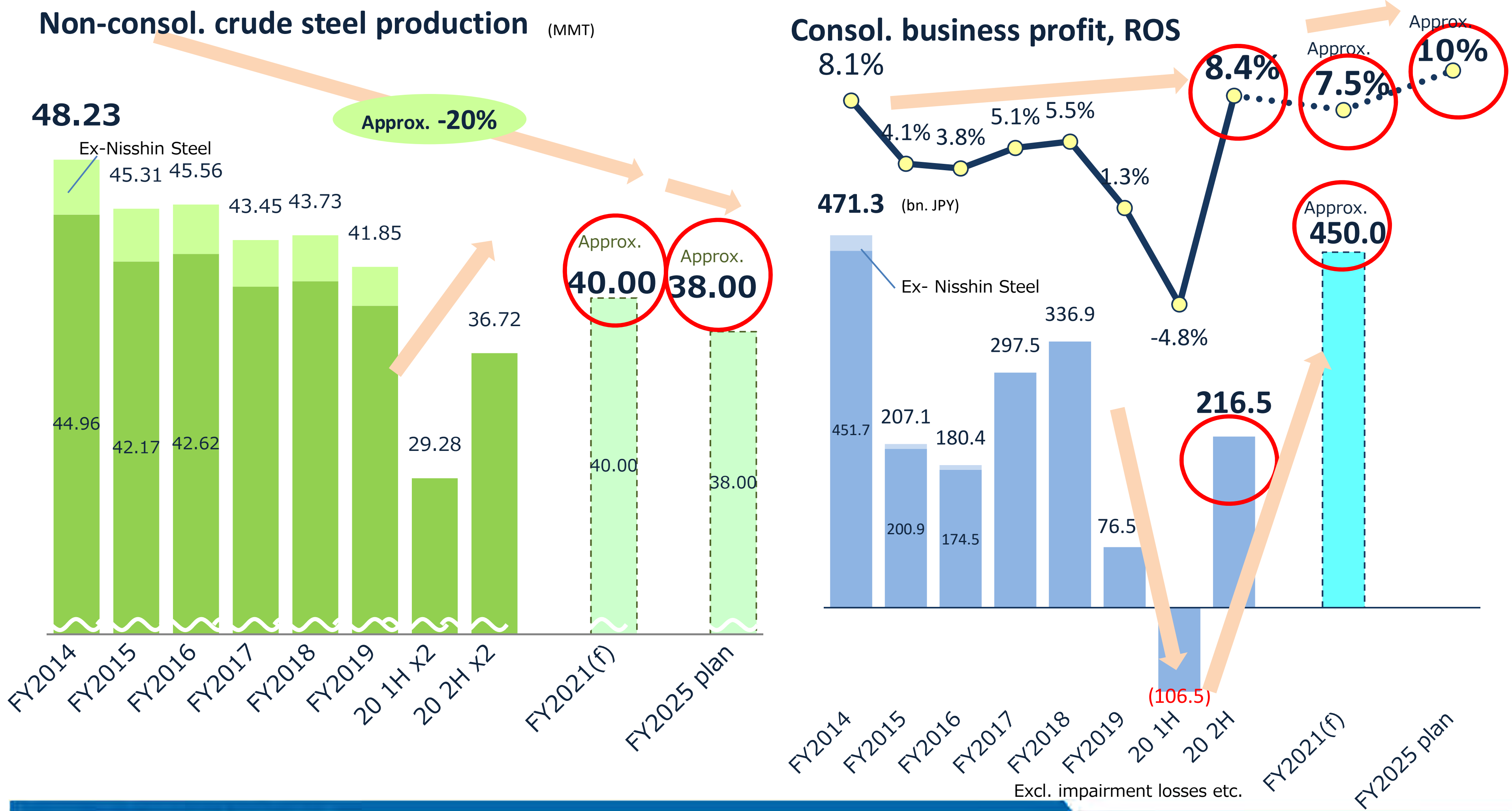
Based on the non-consolidated profitable structure to secure operating profit built in FY2020, we will surely capture demand with stable production under robust strong business environment while improving steel prices.

Steady improvement of business performance	1) Maximization of profit by **continual stabilization of operation and facility performance** 2) Further variable cost reduction by **further improvement of operation efficiency** 3) **Continual negotiation with customers to improve long-term contractual prices** and to maintain and improve margin, including reflection of cost increase such as raw materials and other commodities' price hike, etc.
Steady implementation of production facility structural measures	**Establishment of furtherly stronger profit structure** by steadily implementing production facility structural measures regardless of short-term improvement of business environment. **Effect of structural measures in FY2021: 20.0 bn. JPY/Y** (the accumulation of the effects so far: 55.0 bn. JPY out of 150.0 bn. JPY) Facilities to be shutdown in FY2021 by the end of 1H: upstream facilities in Kure Area, a series of upstream facilities in Wakayama Area, etc. by the end of 2H: steel plate mill in Nagoya Works Major CAPEX within FY2020.4Q~FY2021: 6CGL in Kimitsu Area to start full operation #3 coke oven in Nagoya Works to start operation, #3BF in Nagoya to be refurbished
Deepening and expansion of overseas business	**Steady implementation of growth strategy** such as improvement of profit anc capacity in AM/NS India Capture global demand growth taking advantage of global supply system and improve overseas companies' profits
Challenge to Zero-Carbon Steel Contribution to carbon neutral society	Reorganization to aim **developing and practically implementing breakthrough technologies ahead of other countries** (Zero-carbon steel project has been launched on Apr. 1st, 2021.) (Zero-carbon committee was established in Apr., 2020.) Reinforcement of high-functionality products which meet to emerging needs for carbon neutrality (electrical steel sheet, ultra-high-tensile strength steel sheet, etc.)
Cash flow management with emphasis on financial discipline	Sales of land (Itabashi, Tokyo: ex-Tokyo Works) is scheduled for Jun. 2021. (Gain on sales of land: 40.0 bn. JPY in consol. basis, 75.0 bn. JPY in non-consol. basis)

V-shaped Recovery of Consol. Business Profit

Aiming to reach the highest level of profit after integration of ex-Nippon Steel and ex-Sumitomo Metal even with low production and shipment volume in FY2021 (crude steel production volume vs. FY2014 approx. -20%)

Also aiming ROS of approx. 10% in FY2025, even though volume would further decrease

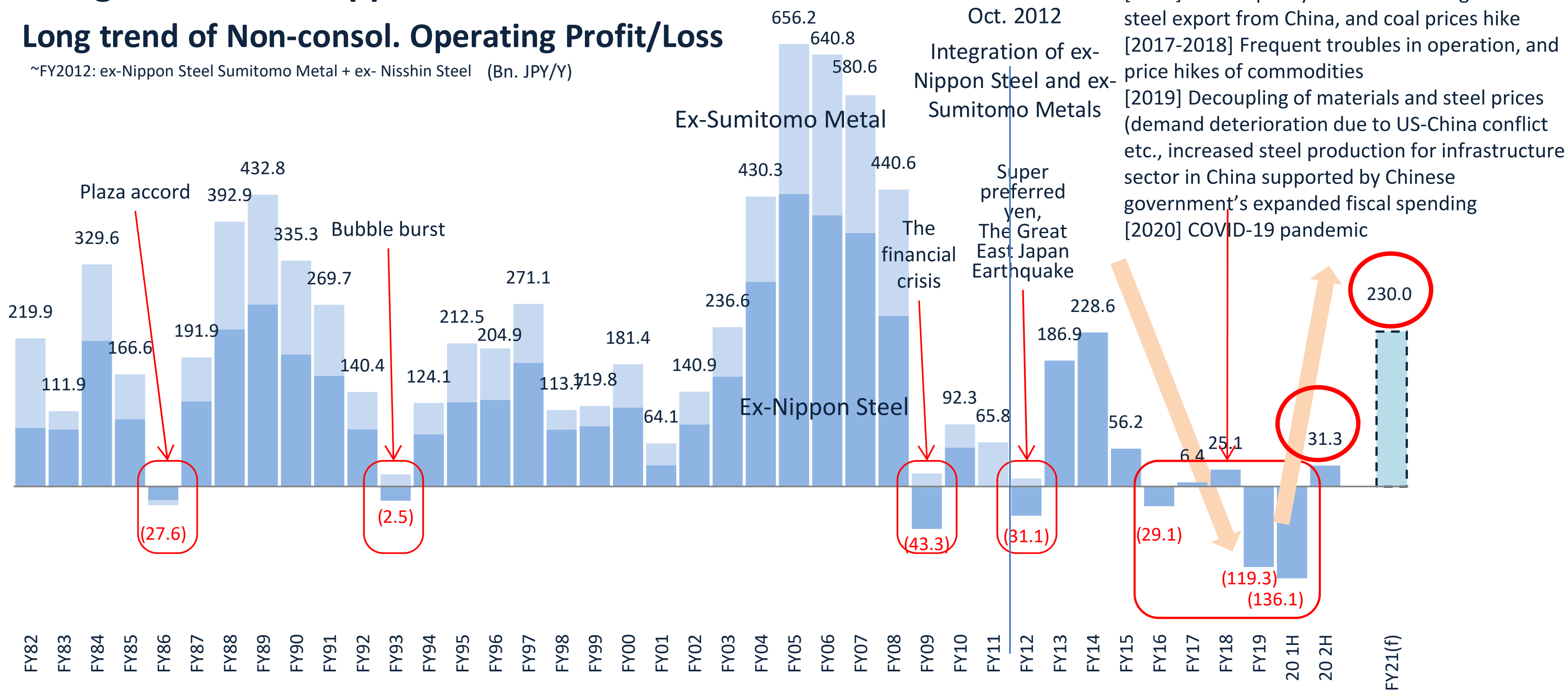


Tectonic shift to secure non-consol. operating profit

Underlying non-consol. operating P/L excl. inventory valuation in FY2020 2H resulted as surplus for first time in 4.5 years.
We aim to secure operating profit 230.0 bn. JPY in FY2021, the highest level after the integration of ex-Nippon Steel and ex-Sumitomo Metals.

Long trend of Non-consol. Operating Profit/Loss

~FY2012: ex-Nippon Steel Sumitomo Metal + ex- Nisshin Steel (Bn. JPY/Y)



(bn. JPY/Y)	FY16	FY17	FY18	FY19	1H	2H	FY20	FY21(f)
Non-consol. Operating profit (loss)	(29.1)	6.4	25.1	(119.3)	(136.1)	**31.3**	(104.7)	230.0
Underlying non-consol. operating profit excl. inventory valuation	**10.0**	**(57.0)**	**(14.0)**	**(117.0)**	**(105.0)**	**25.0**	**(80.0)**	**160.0**
Inventory valuation	(39.0)	63.0	39.0	(2.0)	(31.0)	6.0	(25.0)	70.0

The Challenge of Zero-Carbon Steel and Contribution to Carbon Neutral Society

NIPPON STEEL zero carbon initiative

The challenge of Zero-Carbon Steel

R&D capability to realize Zero-Carbon Steel will be the key for future competitiveness, profitability, and brand power.

Take on the challenge to **develop and practically implement breakthrough technologies, which do not exist worldwide yet, ahead of the other countries,** as Nippon Steel's top priority issue.

- **Production of high-grade steel in large scale EAF**
- **Hydrogen injection into BF** (Super COURSE50)
- **100% hydrogen use in direct reduction**

Reorganization to aim **developing and practically implementing breakthrough technologies ahead of other countries**

- Zero-carbon committee was established in Apr., 2020.
- Zero-carbon steel project has been launched on Apr. 1st, 2021.

We will further strengthen the R&D for zero-carbon steel, which is so far world-leading in sectors such as hydrogen injection into BF, and **continue to lead the world.**

Contribution to Carbon Neutral Society

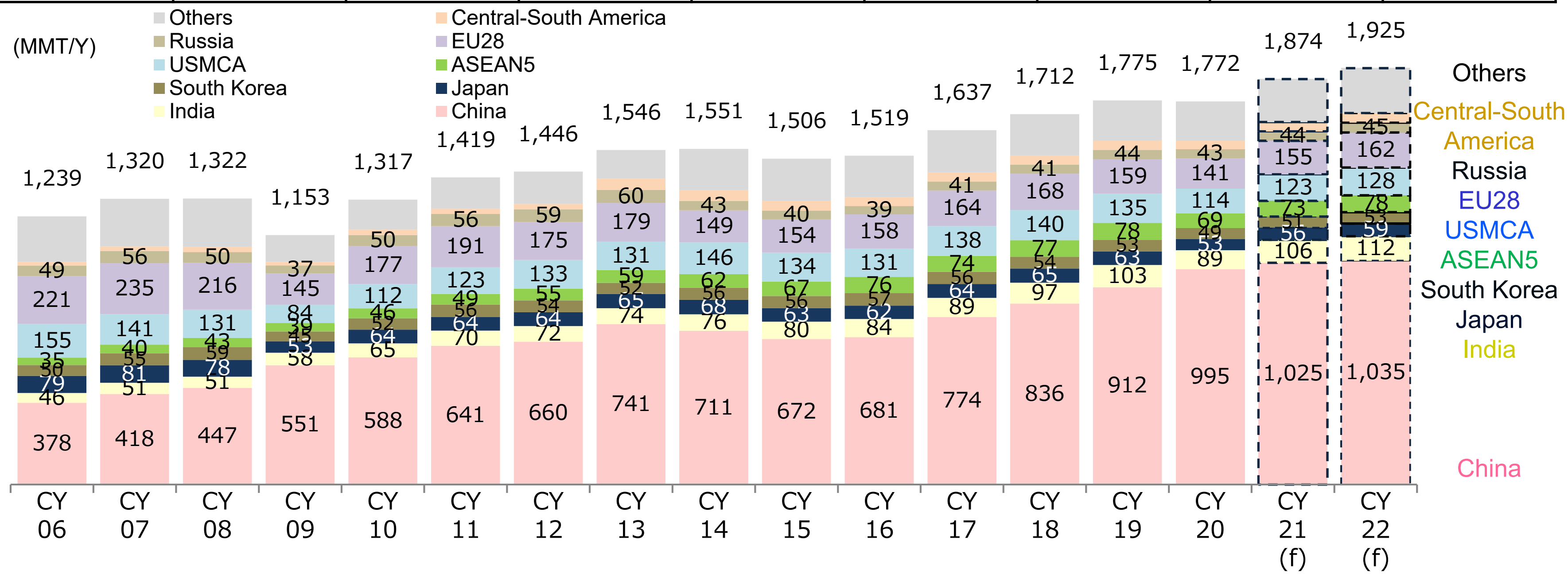
Reinforcement of products that meet emerging social needs for carbon neutrality
(electrical steel sheet, ultra-high-tensile strength steel sheet, etc.)

World Steel Demand

(Source: World Steel Association forecast as of Apr., 2021, apparent steel use)

World steel demand is expected to steadily recover in CY2021.
China, which accounts for 60% of world's steel production, has announced a production reduction in CY2021, and S&Ds in other regions are expected to be tightened.

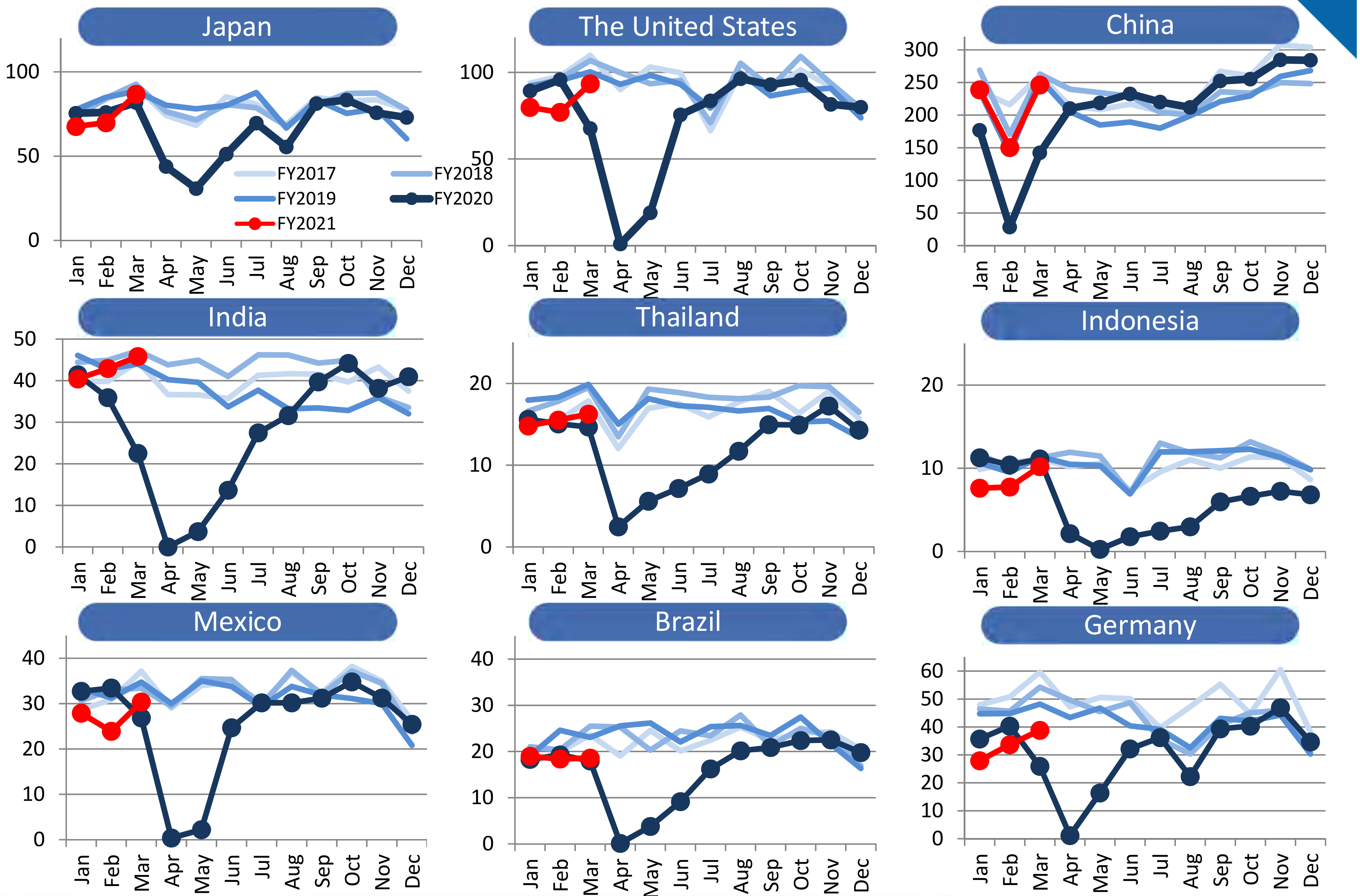
MMT/Y	World	Japan	China	South Korea	ASEAN5	India	USMCA	EU28
CY2020	1,772	53	995	49	69	89	114	141
vs as of Oct. 2020	*+49*	*+2*	*+15*	*+0*	*-4*	*+7*	*-1*	*+6*
2019->20 change	-3	-11	+83	-4	-9	-14	-21	-18
vs previous year	-0.2%	-16.8%	+9.1%	-8.0%	-11.9%	-13.7%	-15.7%	-11.4%
CY2021(f)	1,874	56	1,025	51	73	106	123	*155*
vs as of Oct. 2020	*+81*	*+1*	*+45*	*+1*	*-4*	*+6*	*+0*	*+6*
2020->21 change	+102	+3	+30	+3	+4	+18	+9	+14
vs previous year	**+5.8%**	**+6.5%**	**+3.0%**	**+5.2%**	**+6.2%**	**+19.8%**	**+7.6%**	**+10.2%**



NIPPON STEEL

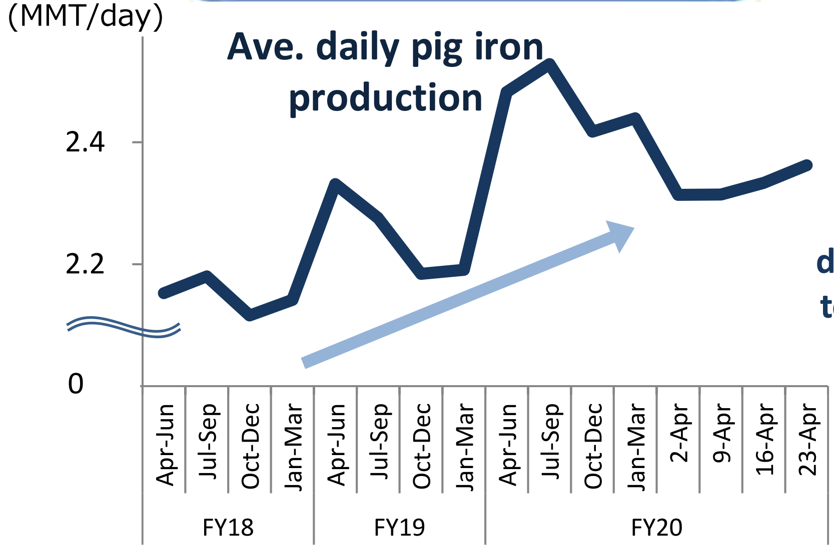
Finished Auto Production

(10 thousand units/month)



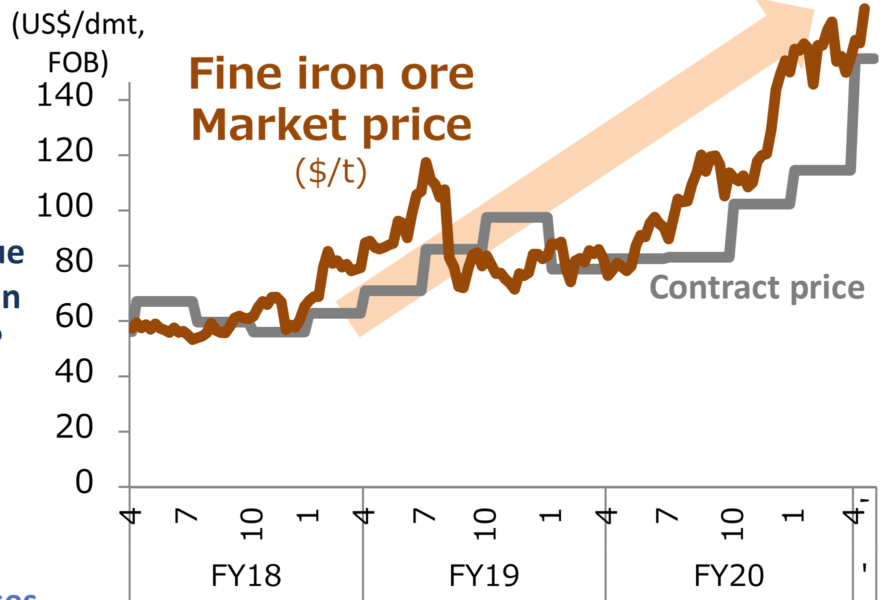
China's Steel S&D and Raw Material Prices

Pig iron production in China

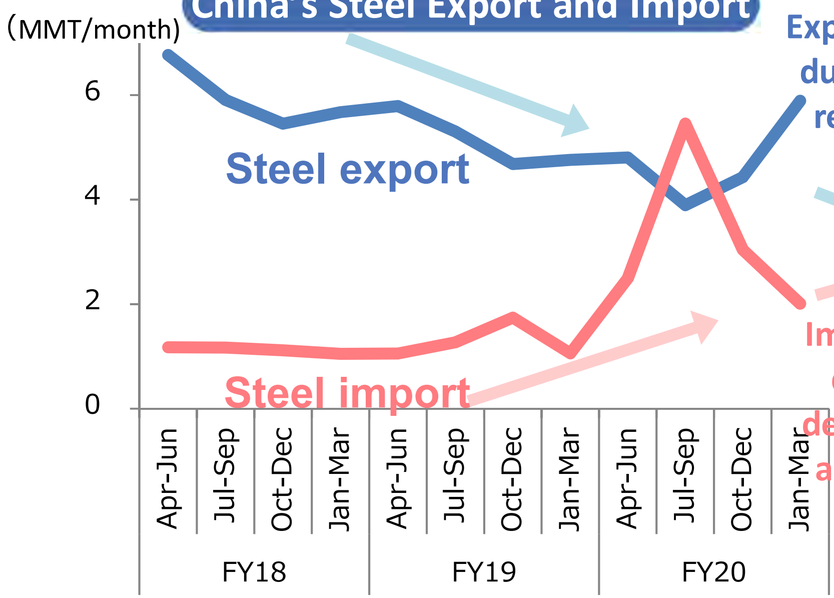


Production decreases due to production regulation?

Raw material prices

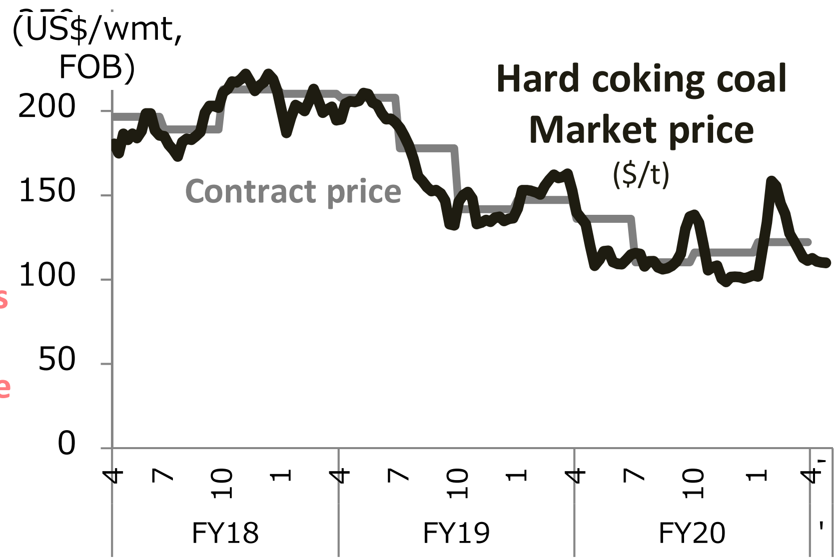


China's Steel Export and Import



Export decreases due to lowered rebate of VAT

Import increases due to strong demand increase and production regulation

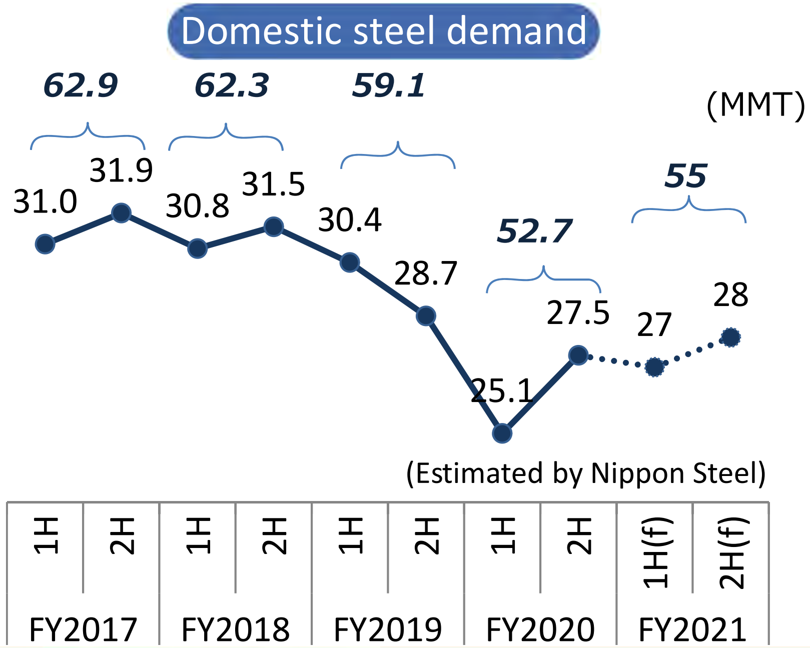


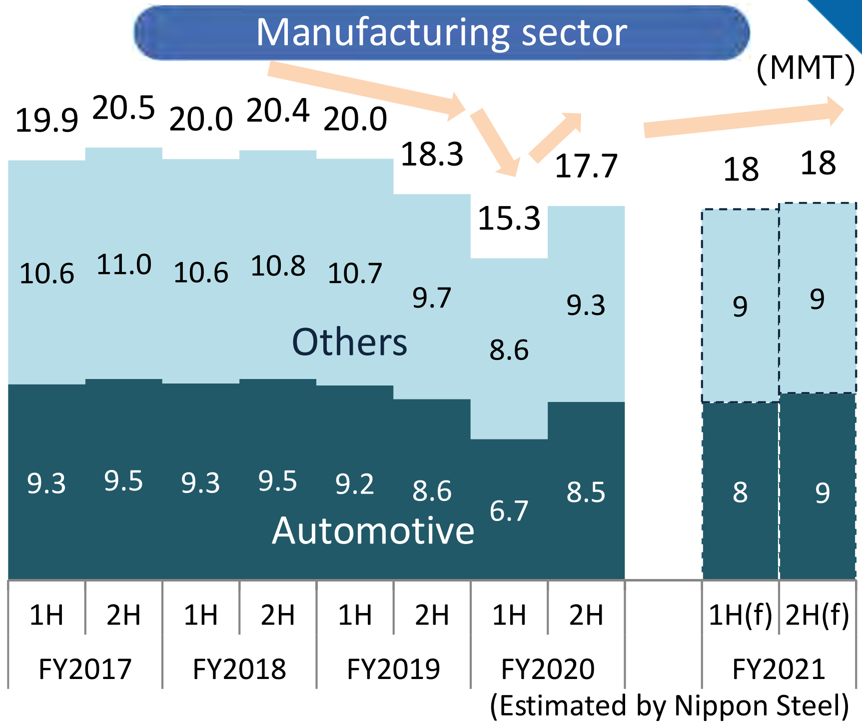
Domestic Steel Demand

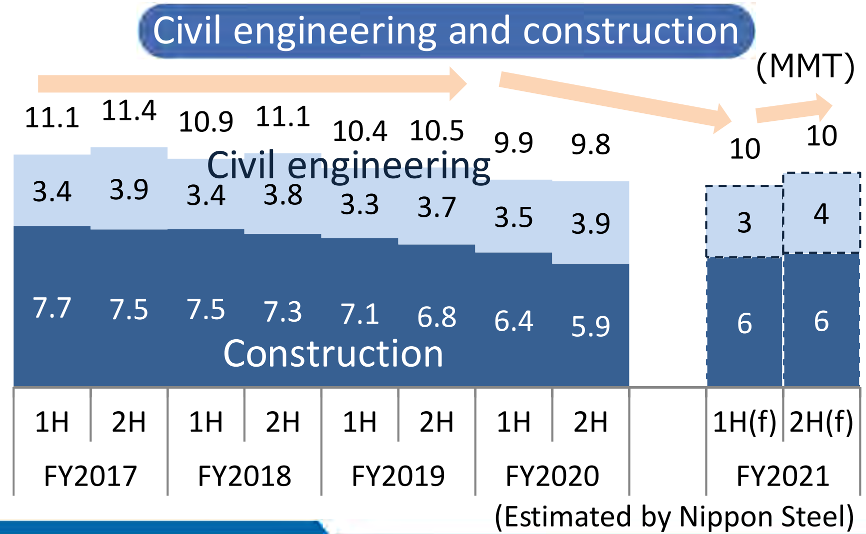
Demand had been declining since FY2019 mainly in indirect exports in manufacturing sector, and the decline gathered speed due to COVID-19 impacts in FY2020 1H.

Demand has recovered in FY2020 2H and reached 55 MMT/Y, though still less than the level before pandemic.

Even in the business environment with such a low demand level, we aim to substantially achieve the highest profit level after integration of ex-Nippon Steel and ex-Sumitomo Metals by self-effort.







1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

3. Business Environment

4. Supplementary Material for Financial Results

Appendix 1. Progress of Management Strategy Measures

Appendix 2. Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

Appendix 3. Carbon Neutral Vision 2050

Appendix 4. Related Indicators

Business Profit Variance Analysis (FY20(f) vs. FY20)

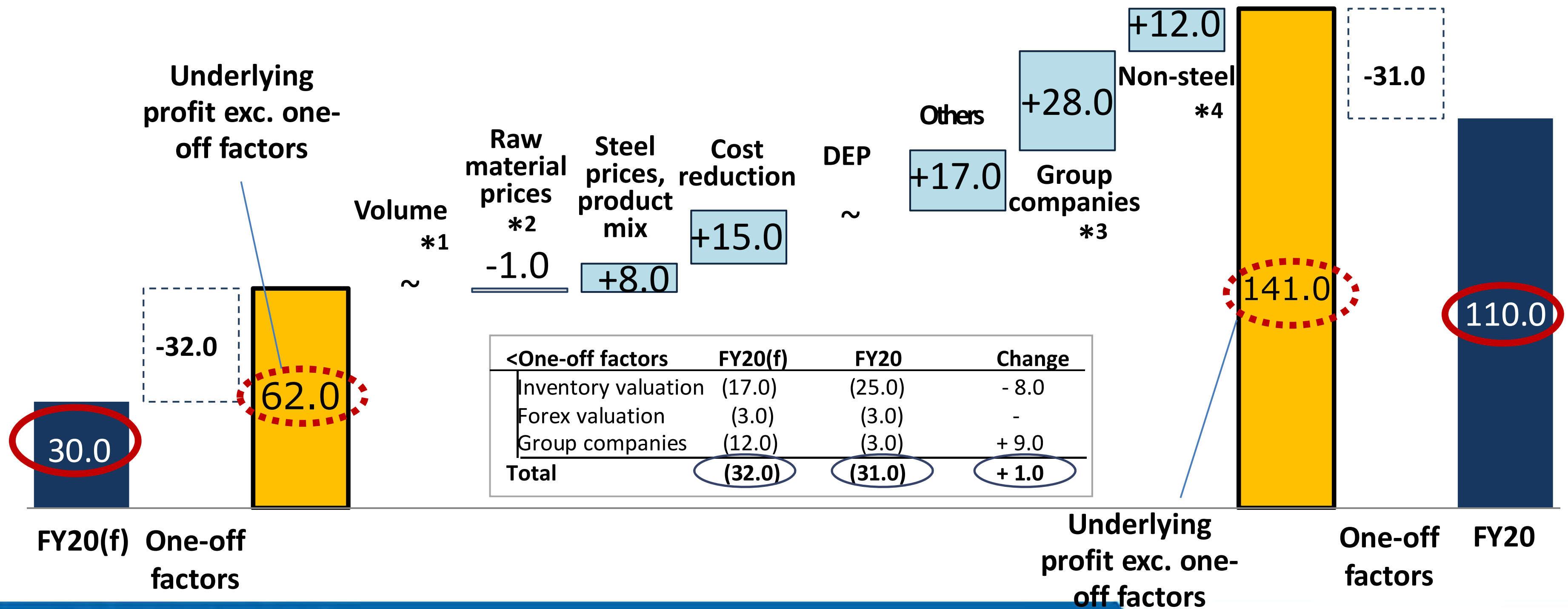
(bn. JPY)	FY20(f) [A]	FY20 Result [B]	*Change [A→B]*
Business profit	**30.0**	**110.0**	***+80.0***
<Underlying profit>	**<62.0>**	**<141.0>**	***<+79.0>***
Steel	0	63.5	*+63.5*
Non-steel	37.0	49.2	*+12.2*
Adjustment	(7.0)	(2.7)	*+4.3*

*1 Crude steel production: approx. -0.20 MMT (approx. 33.20->33.00)
Steel shipment: approx. +0.02MMT (approx. 31.20->31.22)

*2 Incl. carry over +3.0 (18.0→21.0)

*3 <Improve> Operational support, EAFs, Nippon Steel Stainless Steel, domestic and overseas re-rollers, etc.

*4 Engineering +2.7, Chemicals & Materials +7.6, System Solutions +1.9



<One-off factors	FY20(f)	FY20	Change
Inventory valuation	(17.0)	(25.0)	- 8.0
Forex valuation	(3.0)	(3.0)	-
Group companies	(12.0)	(3.0)	+ 9.0
Total	(32.0)	(31.0)	+ 1.0

Business Profit Variance Analysis (FY19 vs. FY20)

(FY19: excl. impairment losses etc.)

(bn. JPY)	FY19 [A]	FY20 [B]	*Change [A→B]*
Business profit	**76.5**	**110.0**	***+33.5***
<Underlying profit>	**<126.5>**	**<141.0>**	***<+14.5>***
Steel	35.6	63.5	*+27.9*
Non-steel	55.3	49.2	*-6.1*
Adjustment	(14.4)	(2.7)	*+11.7*

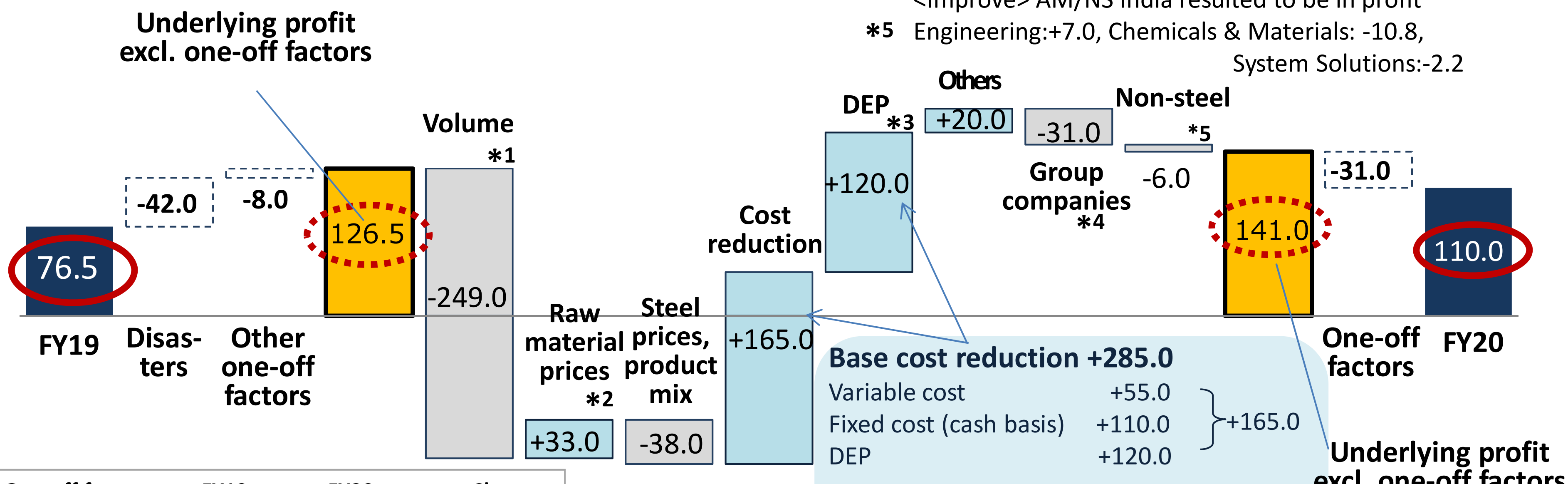
1 Crude steel production: -8.85 MMT (41.85->33.00)
Excl. one-off factors: -9.54MMT
(FY19 excl. one-off factors: 42.54*)
Steel shipment -7.48 MMT (38.70*->31.22)
Excl. one-off factors: -7.78MMT
(FY19 excl. one-off factors: 39.00*)
*FY19 incl. ex-Nippon Steel Nisshin (overlaps eliminated)

*2 Indl. Carry over +39.0 (-18.0→21.0)

*3 Effect of impairment +60.0,
change in depreciation method +50.0

*4 <Deteriorate> Operational support, mines, EAFs, domestic and overseas re-rollers, etc.
<Improve> AM/NS India resulted to be in profit

*5 Engineering:+7.0, Chemicals & Materials: -10.8, System Solutions:-2.2



Base cost reduction +285.0

Variable cost	+55.0	+165.0
Fixed cost (cash basis)	+110.0	
DEP	+120.0	

The effect of production cutback ±0

Cost increase due to low production
Temporary cost reduction taking advantage of production cutback
Almost offset

<One-off factors>	FY19	FY20	Change
Disasters	(42.0)	~	+42.0
Inventory valuation	(1.0)	(25.0)	-24.0
Forex valuation	~	(3.0)	- 3.0
Group companies	(7.0)	(3.0)	+ 4.0
Other one-off factors	(8.0)	(31.0)	-23.0
Total	**(50.0)**	**(31.0)**	**+19.0**

Business Profit Variance Analysis (FY20 1H vs. FY20 2H)

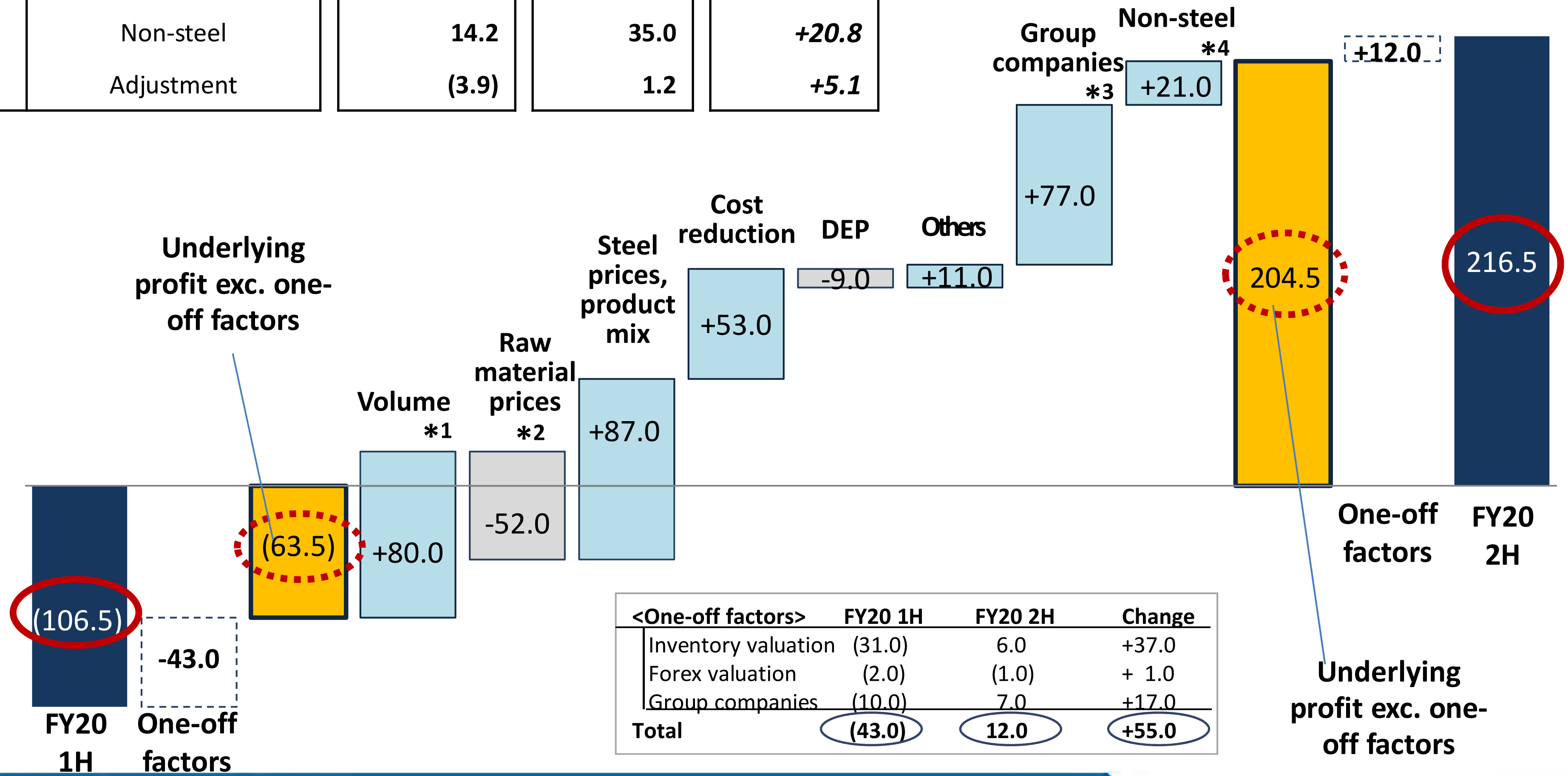
(bn. JPY)	FY20 1H [A]	FY20 2H [B]	*Change [A→B]*
Business profit	**(106.5)**	**216.5**	***+323.0***
<Underlying profit>	**<(63.5)>**	**<204.5>**	***<+268.0>***
Steel	(116.7)	180.2	*+296.9*
Non-steel	14.2	35.0	*+20.8*
Adjustment	(3.9)	1.2	*+5.1*

*1 Crude steel production: +3.72MMT(14.64->18.36)
Steel shipment: +2.31MMT(14.46->16.77)

*2 Incl. carry over +25.0 (-2.0->23.0)

*3 <Improve>: Operational support, mines, Nippon Steel Stainless Steel, domestic and overseas re-rollers

*4 Engineering: +3.2, Chemicals & Materials: +14.8, System Solutions: +2.7



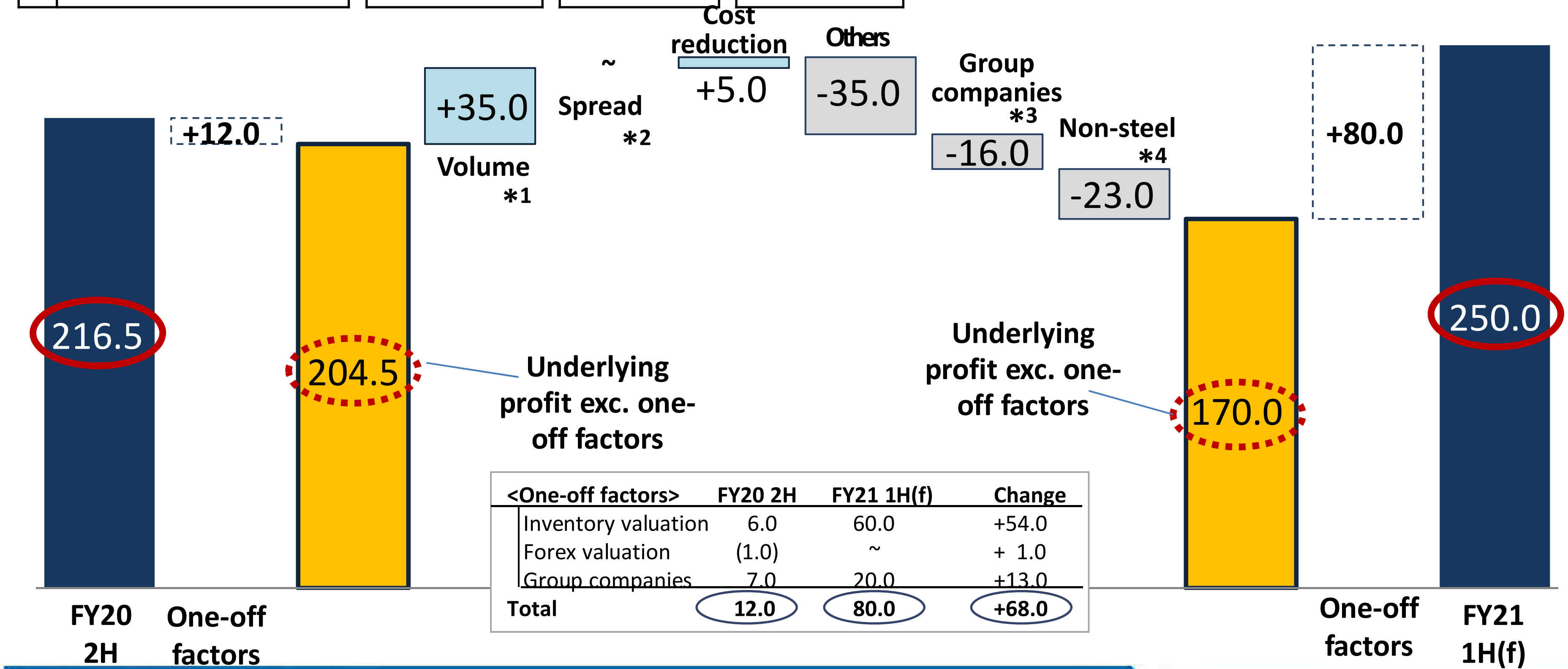
<One-off factors>	FY20 1H	FY20 2H	Change
Inventory valuation	(31.0)	6.0	+37.0
Forex valuation	(2.0)	(1.0)	+ 1.0
Group companies	(10.0)	7.0	+17.0
Total	(43.0)	12.0	+55.0

NIPPON STEEL

Business Profit Variance Analysis (FY20 2H vs. FY21 1H(f))

(bn. JPY)	FY20 2H [A]	FY21 1H(f) [B]	*Change [A→B]*
Business profit	**216.5**	**250.0**	***+33.5***
<Underlying profit>	**<204.5>**	**<170.0>**	***<-34.5>***
Steel	180.2	240.0	*+59.8*
Non-steel	35.0	12.0	*-23.0*
Adjustment	1.2	(2.0)	*-3.2*

*1 Crude steel production: approx. +2.14MMT (18.36->approx. 20.50)
Steel shipment: approx. +1.73MMT (16.77->approx. 18.50)
*2 Incl. carry over +19.0 (23.0->42.0)
*3 <Improve>: Mines, etc.
<Deteriorate>: Operational support, Nippon Steel Stainless Steel, domestic re-rollers, etc.
*4 Engineering: -10.4, Chemicals & Materials: -10.2, System Solutions: -2.3

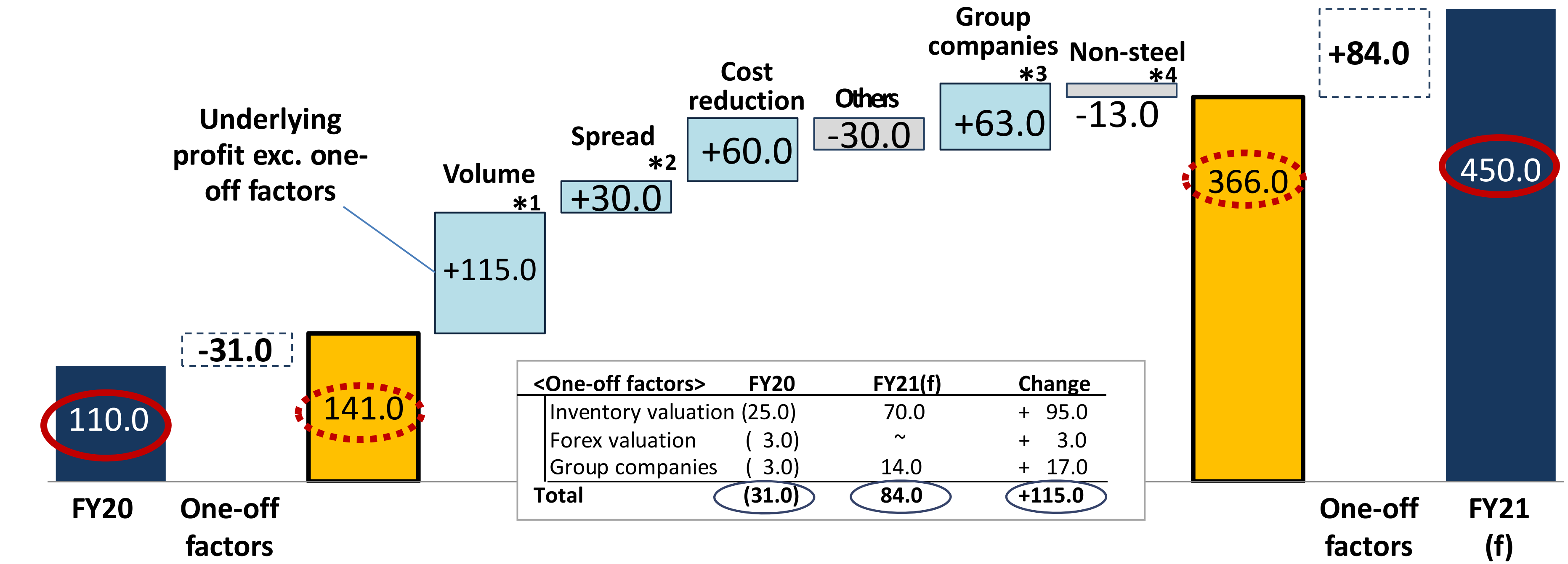


<One-off factors>	FY20 2H	FY21 1H(f)	Change
Inventory valuation	6.0	60.0	+54.0
Forex valuation	(1.0)	~	+ 1.0
Group companies	7.0	20.0	+13.0
Total	12.0	80.0	+68.0

Business Profit Variance Analysis (FY20 vs. FY21(f))

(bn. JPY)	FY20 [A]	FY21 (f) [B]	*Change [A→B]*
Business profit	**110.0**	**450.0**	***+340.0***
<Underlying profit>	**<141.0>**	**<366.0>**	***<+225.0>***
Steel	63.5	420.0	*+356.5*
Non-steel	49.2	36.5	*-12.7*
Adjustment	(2.7)	(6.5)	*-3.8*

*1 Crude steel production: approx. +7.20MMT (33.00->approx. 40.00)
Steel shipment: approx. +5.38MMT (31.22->approx. 36.00)
*2 Incl. carry over +21.0 (21.0->42.0)
*3 <Improve>: Mines, Nippon Steel Stainless Steel, domestic and overseas re-rollers, etc.
*4 <Deteriorate>: Operational support, EAFs, etc.
Engineering: -14.7, Chemicals & Materials: +0.9, System Solutions: +1.1

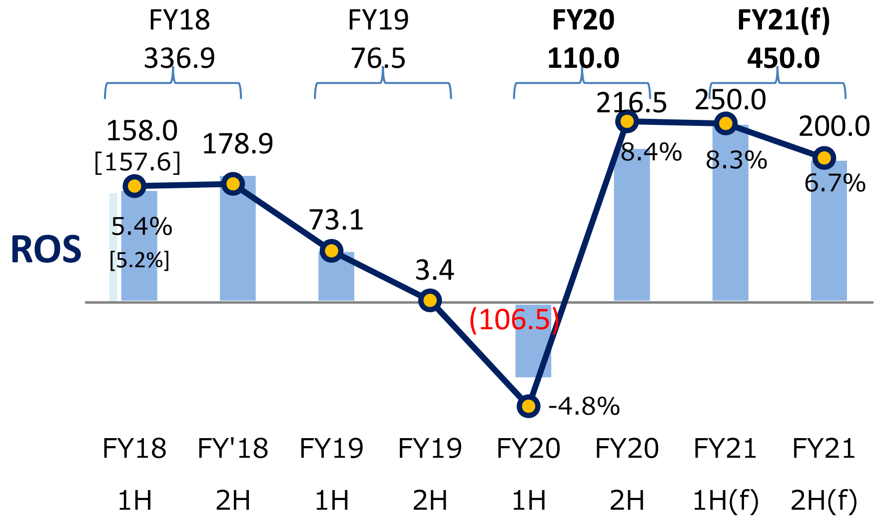


<One-off factors>	FY20	FY21(f)	Change
Inventory valuation	(25.0)	70.0	+ 95.0
Forex valuation	(3.0)	~	+ 3.0
Group companies	(3.0)	14.0	+ 17.0
Total	(31.0)	84.0	+115.0

Key Indicators (bn. JPY)

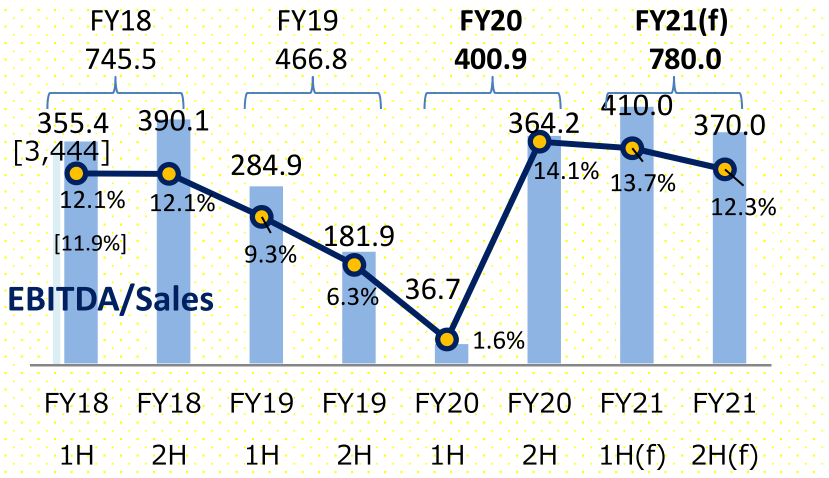
Business profit

Figures in parentheses = Ordinary profit (JGAAP)　FY19, FY19 2H = excl. impairment losses, etc.

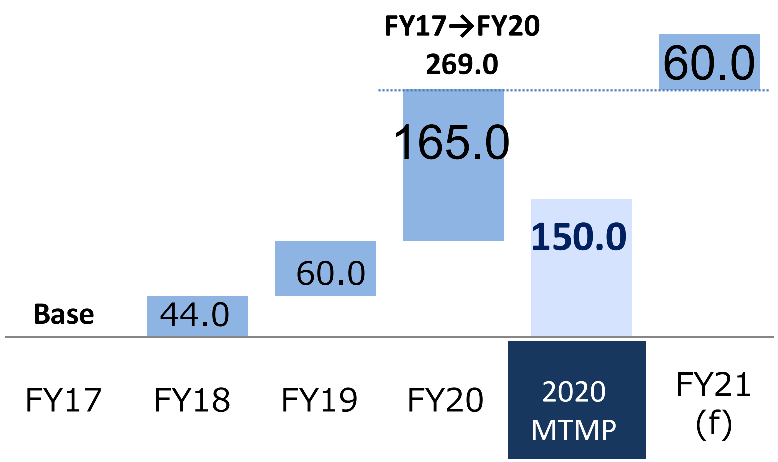


EBITDA

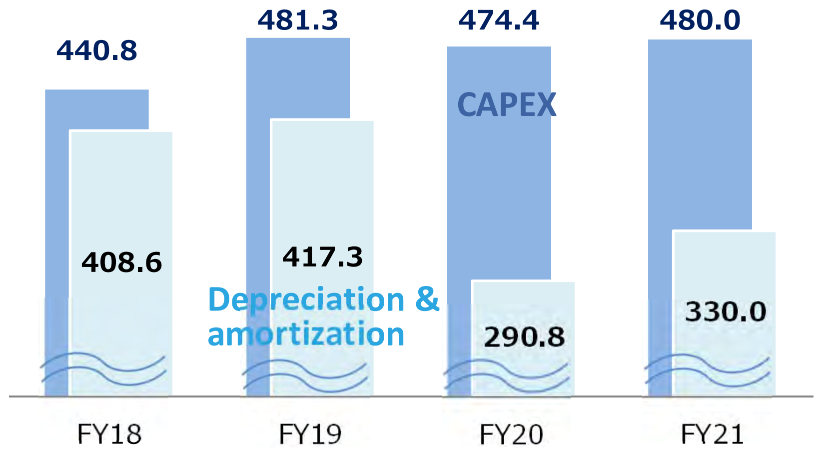
IFRS: Business profit + DEP + amortization + impairment loss
JGAAP: Ordinary profit + net interest + DEP + amortization
Figures in parenthesis = JGAAP



Cost reduction



CAPEX & Depreciation



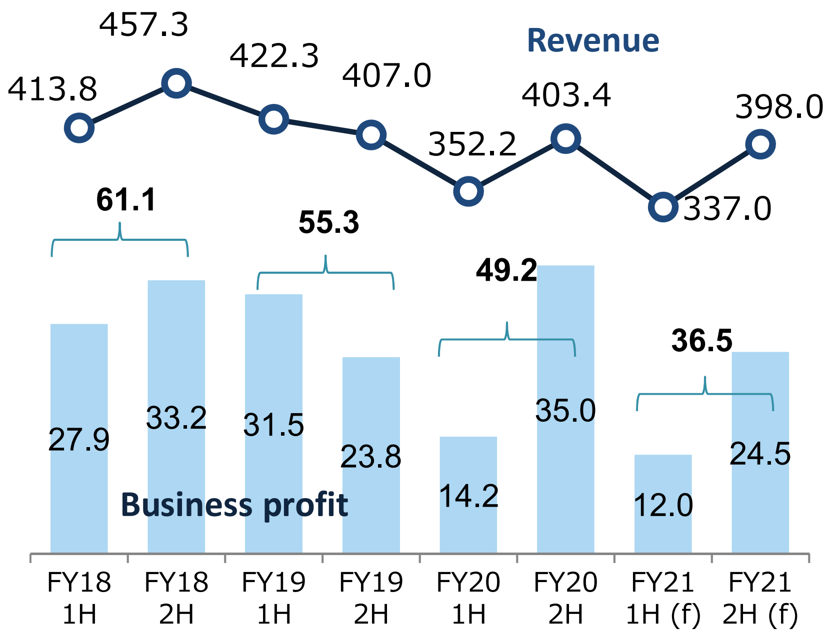
FY20 DEP effect of change in depreciation method: 70.0 bn. JPY decrease
effect of impairment loss: 60.0 bn. JPY decrease

NIPPON STEEL

Non-Steel Businesses

Revenue & Business Profit

(3 non-steel businesses total) (bn. JPY)



Engineering & construction	FY19	FY20 2H	FY20	FY21 1H(f)	FY21 (f)	FY19→FY20	FY20→FY21(f)
Revenue	**340.4**	172.9	**324.4**	110.0	**270.0**	-16.0	-54.4
Business profit	**10.7**	10.4	**17.7**	0.0	**3.0**	+7.0	-14.7

Chemicals & Materials	FY19	FY20 2H	FY20	FY21 1H(f)	FY21 (f)	FY19→FY20	FY20→FY21(f)
Revenue	**215.7**	99.7	**178.6**	100.0	**200.0**	-37.1	21.4
Business profit	**18.4**	11.2	**7.6**	1.0	**8.5**	-10.8	+0.9

System Solutions	FY19	FY20 2H	FY20	FY21 1H(f)	FY21 (f)	FY19→FY20	FY20→FY21(f)
Revenue	**273.2**	130.7	**252.4**	127.0	**265.0**	-20.8	12.6
Business profit	**26.1**	13.3	**23.9**	11.0	**25.0**	-2.2	+1.1

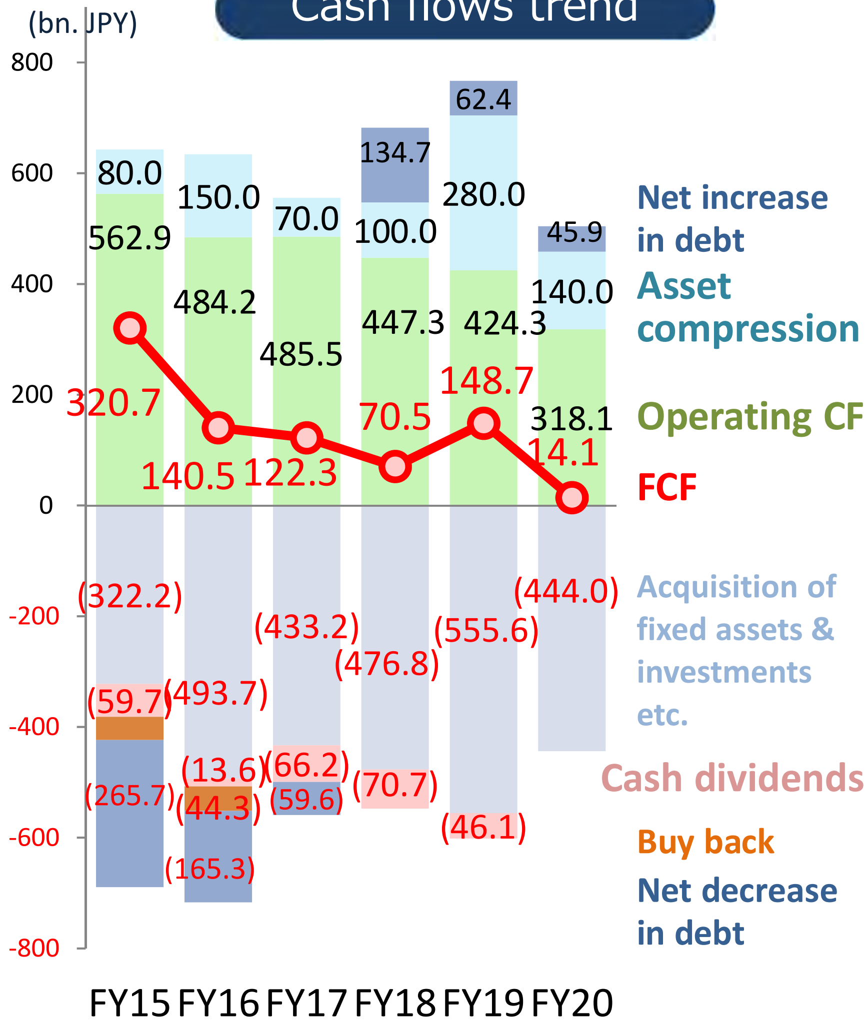
Segment	FY2019 vs. FY2020	FY2020 vs. FY2021(f)
Engineering & Construction	Despite the decrease in revenue due to electricity retail business shrink etc., profit increased due to thorough management of large projects and completion of some projects, etc.	While the strong investment in the energy sector is expected, the business environment is expected to be worse than FY2020 due to a decrease in investment in steel mills, a sales off-term for large-scale construction project in environment sector, and intensifying competition in urban infrastructure sector, etc.
Chemicals & Materials	Profit declined due to decrease in sales of needle coke and decline of chemicals prices caused by COVID-19 pandemic, etc.	Although the business environment for coal-chemical business remains to be unexpected, demand is in recovery trend mainly in overseas market. The revenue and profit are expected to increase due to the recovery of chemicals prices and improving sales of functional materials.
System Solutions	Profit in 2H resulted in par with FY19.2H due to a recovery trend of sales which have declined due to the COVID-19 impact, but profit in full-year basis resulted to be still lower than FY19 due to the profit decline in 1H.	While working on medium-term growth measures, the company is aiming to increase revenue and profit by steadily capturing needs for DX investment mainly from platformers, for digital workplace solutions, from customers in IT infrastructure sector, and for IT outsourcing, etc.

Cash Flows

In response to the decrease in operating CFs, we have implemented cash management with financial discipline: to make CAPEX as efficient as possible and compress assets more than initial plan, so that the total CAPEX and business investment for growth and refurbishment be in line with the amount of operating CFs + asset compression or less.

	(bn. JPY)	FY 2019	FY 2020	FY2018 -2020 Total
Cash-in	**Operating CFs** (excl. asset compression)	**424.3**	**318.1**	**1,189.7**
	Business profit	(284.4)	110.0	162.5
	Impairment loss	333.9	-	333.9
	DEP	417.3	290.8	1,116.7
	EBITDA	466.8	400.9	1,613.2
	Share of profit in investments accounted for using the equity method	(38.3)	(55.2)	(179.9)
	Income taxes	(92.5)	26.7	(200.0)
	WC and others	88.3	(0.9)	(43.6)
	Asset compression	**280.0**	**140.0**	**520.0**
	Inventory compression (operating CF)	70.0	85.0	160.0
	Asset sales etc. (investment CF)	210.0	55.0	360.0
Cash-out	**Acquisition of fixed assets & investments etc.**	**(555.6)**	**(444.0)**	**(1,476.4)**
	Free Cash Flow	**148.7**	**14.1**	**233.3**
	Cash dividends	(46.1)	-	(116.8)
	Buy back	-	-	-
	Net increase of debts	+62.4	+45.9	+243.1
	Others	(38.8)	+10.0	(143.1)
	Changes in cash & cash equivalents	**+126.2**	**+70.0**	**+216.5**

Cash flows trend



Balance Sheet

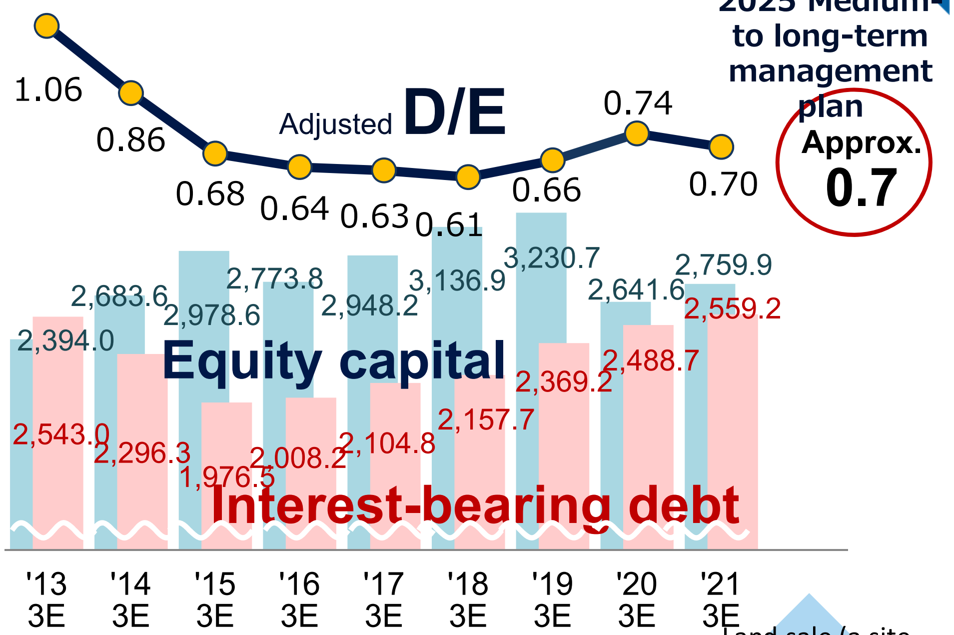
Achieved D/E target 0.7 in 2020 medium-term management plan with efforts of asset compression and issue of hybrid bonds/loans, despite the decrease of operating CFs

(bn. JPY)	End of Mar. 2020	End of Mar. 2021
Current assets	2,784.9	**2,672.6**
Inventories	1,532.1	**1,349.3**
Fixed assets	4,659.9	**4,901.2**
Tangible fixed assets	2,812.5	**2,954.9**
Investments accounted for using the equity method	878.2	**817.3**
Investment in securities	418.5	**578.8**
Assets	7,444.9	**7,573.9**

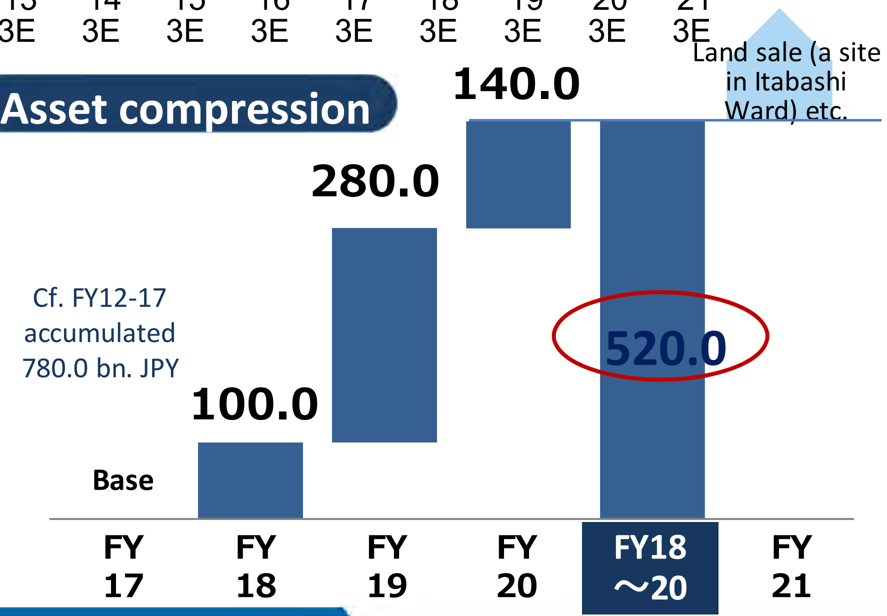
Liabilities	4,448.3	**4,442.5**
Interest-bearing debt	2,488.7	**2,559.2**
Net assets	2,996.6	**3,131.3**
Equity capital	2,641.6	**2,759.9**
Unrealized gains on available-for-sale securities*	111.9	**207.3**
Non-controlling interest in consolidated subsidiaries	355.0	**371.3**
Liabilities & assets	7,444.9	**7,573.9**

* Fair value of financial assets measured at fair value through other comprehensive income

Debt & equity



Asset compression



Topics-ESG

Our Integrated Report was selected as an "Excellent Integrated Report"

Our Integrated Report 2020 was selected for the first time in the second year of its issuance as the "Excellent Integrated Report" selected by asset managers that are entrusted with the domestic equities of the Government Pension Investment Fund (GPIF). It is structured in line with the value creation process model of IIRC (International Integrated Reporting Council) framework, has a new chapter on Nippon Steel's strategy for future risks and opportunities, and describes the main points of materiality in ESG issues.

The 7th nursery to open in Muroran Works

- 7th nursery following those in Oita, Kimitsu, Yawata, Nagoya, Hirohata, and Kashima
- Opening: January, 2022 (planned)
- If needed, 24-hour childcare will be available

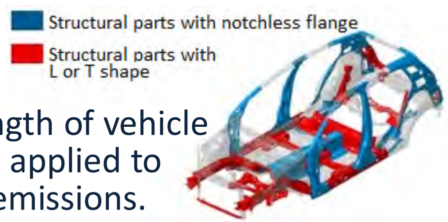
Topics-Technology

Received the "Derwent Top 100 Global Innovator 2021 Award"

Nippon Steel was recognized as one of the world's most innovative companies by analysis of the trend in intellectual property and patents, based on the patent data owned by Clarivate Analytics for the 9th consecutive years. **Nippon Steel is the only steel company in the world given an award for the 9th consecutive year, from 2013.**

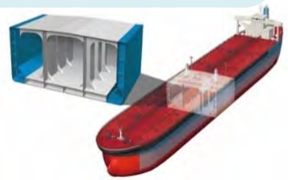
Received the "Ichimura Prize in Industry for Distinguished Achievement" for the 3rd consecutive years with the development of ultra-high-tensile strength steel sheet processing technologies

Nippon Steel has developed sheet forming technologies "Free Bend Sheet Forming" and "Notchless Flange-up Forming" to optimally control material deformation and mold equipment to realize them. The technologies and the mold equipment enable complicated processing of ultra-high-tensile steel sheets and contribute to "lightening and increasing strength of vehicle bodies" and "significant improvement in yield in customers' processes. They are already been applied to more than 10 million automobiles, contributing to the reduction of 42,300 tons/ year of CO_2 emissions.



Received the "Japan Open Innovation Prize: Minster of Land, Infrastructure, Transport and Tourism Prize" and "Naoji Iwatani Memorial Award" with the development and practical implementation of highly ductile steel plates NSafe™-Hul

NSafe™-Hull has already been applied to 31 vessels, including 7 Very Large Crude oil Carrier (VLCC), and has contributed to the prevention of oil spills and the improvement of vessel safety.
Nippon Steel received "Minister of Land, Infrastructure, Transport and Tourism Prize" for the first time as a steel manufacturer.



Received the "Commendation for Science and Technology by the Minster of Education, Culture, Sports, Science and Technology" with the development of eco-friendly ultra-high-tensile strength steel wire for bridge cables.

Nippon Steel has developed the **world's first** wire rod for bridge cables that can be drawn without LP process, which has a high environmental load, and realized reduction of environmental load (lead-free, reduction of CO_2 emissions) and improvement of productivity. It is already been applied to the cables of some of the world's top 10 longest bridges, contributing to strengthening Japan's international competitiveness in social infrastructure development.

1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

3. Business Environment

4. Supplementary Material for Financial Results

Appendix 1. Progress of Management Strategy Measures

Appendix 2. Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

Appendix 3. Carbon Neutral Vision 2050

Appendix 4. Related Indicators

Progress: Selection and Concentration of Facilities, Products, and Businesses

*BF = Blast Furnace

Legend : New measure ☆Plan ★Done ☆Cancelled

Early transition to domestic optimal production system and strengthening of competitiveness

	Action	Publication	~FY19	FY20	FY21	FY22	FY23~
Upstream	(Yawata) Optimization of upstream processes	Mar-16					
	(Tobata) New continuous casting		★May-19: completion	★End of FY20: full-scale operation started			
	(Tobata) Closure of a continuous casting			★End of FY20: closure			
	(Kokura) Closure of the upstream processes			~~End of FY20: closure~~			
	- Schedule moved up	Feb-20		★Sep-20: closure			
	(Kure) Closure of the upstream processes and the hot-rolling lines	Feb-20			☆End of FY211H: closure of upstream processes		☆End of FY23 1H: closure of the others
	(Wakayama) Closure of a BF and related facilities	Feb-20				~~FY22 1H: closure~~	
						☆FY22 1H: closure of #4 coke oven, etc.	
	- Schedule partially moved up	Mar-21			☆The end of FY21 1H: closure of #1BF, #5 coke oven, #5-1 sintering		
	(Kimitsu) Closure of a continuous caster	Mar-21			☆The end of FY21: closure		
	(Kashima) Closure of one series of upstream facilities	Mar-21					☆The end of FY24: closure
Steel plate	(Nagoya) Closure of the steel plate mill	Feb-20				~~FY22 2H: closure~~	
	- Schedule moved up	Nov-20			☆The end of FY21: closure		
	(Kashima) Closure of the steel plate mill	Mar-21					☆FY24 2H: closure
Shapes	(Kimitsu) Closure of the large-shape mill	Mar-21			☆The end of FY21: closure		
	(Kashima) Closure of the large-shape mill	Mar-21					☆The end of FY24: closure
Pipe & tube	(Kashima) Closure of the UO pipe line	May-19	★Oct-19: closure				
	(Kimitsu) Closure of the UO pipe line	Mar-21			☆The end of FY21: closure - withdrawal from UO pipe business		
	(Kimitsu Tokyo) Closure of the small-diameter seamless pipe mill	Mar-18		★May-20: closure			
	(Wakayama Kainan) Closure of a small-diameter seamless pipe mill (west)	Mar-21					☆The end of FY25: closure

Progress: Selection and Concentration of Facilities, Products, and Businesses

Legend : New measure ☆ Plan ★ Done ☆ Cancelled

Early transition to domestic optimal production system and strengthening of competitiveness

	Action	Publication	~FY19	FY20	FY21	FY22	FY23~
Steel sheet	(Hirohata) Closure of the tinplate line	Nov.-19			☆ ~~FY21 2H: closure~~		
Steel sheet	- Schedule moved up	Feb.-20		★ The end of FY20: closure			
Steel sheet	(Hanshin Sakai) Closure of some sheet lines	Feb.-20		★ The end of FY20: closure			
Steel sheet	Closure of some hot-dip galvanizing lines	Mar.-21				☆ The end of FY22: closure (1GAL)	☆ The end of FY24: closure (1CGL)
Steel sheet	(Kashima) Closure of a pickling lines	Mar.-21				☆ The end of FY22 1H: closure	
Steel sheet	(Kure) Closure of hot strip mill and pickling lines	Feb.-20					☆ The end of FY23 1H: closure
Steel sheet	(Hanshin Osaka) Closure of the site	Mar.-21					☆ The end of FY23 1H to the end of FY23: closure
Steel sheet	(Wakayama) Closure of all steel sheet lines	Mar.-21					☆ The end of FY24 1H: closure
Steel sheet	(Kimitsu) Closure of a hot-dip galvanizing line	Mar.-21					☆ The end of FY24: closure
Titanium & special stainless steel	(Oita Hikari Pipe & Tube) Closure of titanium welded pipe production line	Feb.-20			☆ The end of FY21 1H: closure		
Titanium & special stainless steel	(Naoetsu) Closure of a special steel line	Mar.-21			☆ The end of FY21: closure		
Titanium & special stainless steel	(Kansai Osaka) Closure of the titanium raw material plant	Mar.-21				☆ The end of FY22 1H: closure	
Titanium & special stainless steel	(Kansai Osaka) Closure of the special equipment for titanium round bar manufacturing	Feb.-20				☆ The end of FY22: closure	
Stainless steel	(Nippon Steel Stainless Steel Kinuura) Closure of the hot strip mill	Feb.-20		☆ ~~The end of Dec.-20: closure~~			
Stainless steel	- Schedule moved up	Nov.-20		★ The end of Oct.-20: closure			
Stainless steel	Closure of the dedicated facility for production of precision products	Feb.-20		★ Sep.-20: closure			
Stainless steel	Closure of all other facilities	Mar.-21			☆ The end of FY21: closure		
Stainless steel	(Nippon Steel Stainless Steel Shunan) Closure of some cold-rolling and annealing lines	Mar.-21		★ The end of FY20~			☆ ~Jun.-26: closure
Stainless steel	Closure of an EAF	Mar.-21					☆ The end of FY23: closure

Progress: Selection and Concentration of Facilities, Products, and Businesses

*BF = Blast Furnace

Legend : New measure ☆Plan ★Done ☆Cancelled

Early transition to domestic optimal production system and strengthening of competitiveness

Action	Publication	~FY19 / FY20 / FY21 / FY22 / FY23~
(Wakayama) BF Switch	Mar-18	★ Mid Feb-19 : Switch from 5BF to New 2BF
(HOKKAI IRON & COKE CORP. in Muroran) Reline 2BF	Nov-18	★ Nov-20: Completion
(Nagoya) Reline 2BF	Jun-20	☆ FY22. 1H: Completion
Coke Oven Construction (Kashima) 2E Coke Oven	Sep-15	★ May-18 : Completion
Coke Oven Refurbishment (Kimitsu) 5 Coke Oven	Apr-16	★ Feb-19 : Completion
(Hokkai) 5 Coke Oven	Jun-17	★ Sep-19 : Completion (Completed refurbishment for all coke ovens in Hokkai)
(Nagoya) 3 Coke Oven	Nov-18	☆ FY21.1H: Completion
(Yawata) New Continuous Casting Facility	Mar-16	★ May-19 : Completion
(Hirohata) Scrap Melting Process	Nov-19	☆ FY22 1H: EAF Completion ☆ FY23 1H: Melting furnace closure
(NIPPON STEEL Structural Shapes) Close Steelmaking Mill	Mar-18	☆ ~~End of FY19: Close steelmaking facility and transfer its production to Wakayama Works~~
Cancellation	Feb-20	Cancelled the shutdown of the steelmaking facility
(Nagoya) Installment of a next generation hot strip mill	Mar-21	☆ FY26.1Q: Start operation (after the start of full operation of the new mill, the existing hot strip mill will be shutdown)

Progress: Selection and Concentration of Facilities, Products, and Businesses

Legend : New info ☆Plan ★Done ☆Cancelled

Strengthen Quality and Volume of Globally-competitive Strategic Products

Action	Publi-cation	~FY18	FY19	FY20	FY21~
Electrical Steel Sheets Investments for capacity & quality improvement					
Step 1: Yawata (1)	Aug-19		★ Aug-19: CAPEX decision in Yawata		
Step 2: Hirohata (1)	Nov-19		★ Nov-19: CAPEX decision in Hirohata		
Step 3: Yawata (2)	May-20		★ May-20: CAPEX decision in Yawata		
Step 4: Hirohata (2)	Nov-20			★ Nov-20: CAPEX decision in Hirohata	
Addition: Hirohata (3)	Mar-21				☆ FY24 1H: Full operation
Super High-tensile Steel Sheets					
(Kimitsu) 6 CGL	Apr-18			★ Jan-21: Completion	
(Nagoya) a next generation hot strip mill	Mar-21				☆ FY26.1Q: Start operation

Strengthen Overseas Business Responding to Local Consumption Trend

Action	Publi-cation	~FY18	FY19	FY20	FY21~
AM/NS India	Mar-18	★ Mar-18: Basic agreement ★ Oct-18: CoC declared AM as the successful applicant ★ Mar-19 : AM's resolution plan was conditionally approved by NCLT.	★ Nov-19 : AM's resolution plan was approved by Indian Supreme Court. ★ Dec-19: Joint acquisition completed ★ Mar-20: Loan agreement with JBIC	★ Jul-20: Acquisition of OSPIL*	
		Capacity expansion from 7 to 14MMT/Y +α is planned			
AM/NS Carvert New EAF	Nov-20				☆ FY23.1H: Completion

*OSPIL: Odisha Slurry Pipeline Infrastructure Limited
Company managing the Odisha state slurry pipeline which AM/NS India uses to transport fine ore from a beneficiation plant to a pelletization plant owned by AM/NS India

Progress: Selection and Concentration of Facilities, Products, and Businesses

Legend : New info ☆Plan ★Done ☆Cancelled

Withdrawal from or realignment of businesses that have already completed their roles, or businesses that no longer have any synergies with Nippon Steel

Action	~FY18	FY19	FY20	FY21~
Sale of Partnership Interest in Bahru Stainless (Stainless steel sheet business in Malaysia)	★ Dec-18: Sold			
Dissolution of ZNW (Special cold rolled steel sheet business in China)		★ Dec-19: Stopped production		
Sale of Partnership Interest in NAT (Stainless steel pipe business in the US)		★ Feb-20: Sold		
Dissolution of N-EGALV (Electrogalvanized steel sheet business in Malaysia)			★ Jun-20: Stopped production	
Sale of Partnership Interests in I/N Tek and Kote (Cold rolled and galvanized steel sheet business in the US)			★ Dec-20: Sold	
Sale of Partnership Interest in PATIN (Tinplate business in China)			★ Dec-20: Sold	
Sale of Partnership Interest in VSB (Seamless pipe business in Brazil)			★ Dec-20: Sold	
Withdrawal of NSCI (Steel wire for cold heading business in the US)				

Progress: Actions for Tackling the Climate Change Through Innovation

Legend : New Info ☆Plan ★Done ☆Cancelled

Action		~FY18 / FY19 / FY20~
Eco-Process		★Nov-18: Issue of international standard (ISO 20915) regarding life cycle inventory calculation methodology for steel products
Eco-Products®	High-Tensile Steel Sheet	★Jan-19: Established "NSafe®-AutoConcept" "Our Mission, Designing the Future of Automobiles " ★Jan-21: Operation of 6CGL in Kimitsu Area started
	Electrical Steel Sheet	★Aug-19: Electrical steel sheets CAPEX (Yawata #1) determined ★Nov-19: Electrical steel sheets CAPEX (Hirohata) determined ★May-20: Electrical steel sheets CAPEX (Yawata #2) determined ★Nov-20: Electrical steel sheets CAPEX (Hirohata #2) determined ☆FY24 1H: (Hirohata #3) full operation
	Others	★Sep-19: Beverly®Unit won the Excellence Award in EcoPro 2019 (Japanese preeminent environmental exhibition) ★Dec-19: 9 H-beams products were given EcoLeaf environmental label ★Mar-20: Mega NSHyper Beam ™ was given EcoLeaf ★Oct-20: 3 tinplate products were given EcoLeaf ★Feb-20: NSafe™-Hull was awarded Okochi Memorial Production Prize ★Feb-21: NSafe™-Hull was awarded Japan Open Innovation Prize ★Mar-21: NSafe™-Hull was awarded Naoji Iwatani Memorial Award ★Apr-21: Ultra-high-tensile strength steel wire for bridge cables was awarded Commendation for Science and Technology
Eco-Solution		★Dec-16: Achieved a cumulative total of 50 CDQ* orders in China (73 as of the end of FY18) ★Dec-16: Achieved a cumulative total of 100 CDQ* orders overseas (106 as of the end of FY18, 20.74 MMT-CO2 / year of CO2 emission reduction)
Aiming for Carbon-free and Circular Society		★May-19 : Expressed our support for recommendations of TCFD ★Oct-19: Integrated report and sustainability report were published ★Dec-19: Held the 1st sustainability briefing ★Jun-20 : Expressed support for "Challenge Zero" program of Japan Business Federation, and released 10 innovative challenges ★Jul-20 : Was selected for "FTSE4Good Index Series" & "FTSE Blossom Japan Index", Leading Indices for ESG Investment 3 years in a row

Nippon Steel has announced CO2 emissions reduction scenario

2030 Target: 30% or more reduction in total CO2 emissions vs 2013

2050 Vision: Carbon neutral

Progress: Digital Transformation, Responses to Work Style Change

Legend : New info ☆Plan ★Done ☆Cancelled

Enhancement of Digital Transformation

Action	~FY18 / FY19 / FY20~
Reorganization to Enhance Digital Transformation	★ Apr-16: Newly-created "Advanced Application Technology Planning Dep." ★ Apr-16: NSSOL newly-created "IoX Solution Business promotion Dep." ★ Oct-17: NSSOL newly-created "AI Research & Development Center" ★ Apr-18: Newly-created Intelligent Algorithm Research Center ★ Apr-20: Newly-created "Digital Innovation Div."
Utilizing Advanced IT in Steelmaking Process	★ Sep-18: Company-wide Safety Support Project (Installment of smart devices to manufacturing front-lines) ★ Apr-19: Introduction of NS-DIG™ ★ Jun-20: Implementation of AI image recognition system ★ Apr-20: Full-scale system for WFH prepared ★ Dec-20: Demonstration for establishment of basis for operation monitoring in steelworks utilizing NEC's AI technology started in Kimitsu
Local 5G Private Network	★ Aug-20: Started FS of local 5G network system demonstration provided by NSSOL in Muroran Works

Responses to Work Style Change

Action	~FY18 / FY19 / FY20~
24 Hour Nursery	★ Apr-19 : The 5th 24 hour in-house nursery in Hirohata Area (Oita, Kimitsu, Yawata, Nagoya, Hirohata) ☆ Dec-21 : The 6th 24 hour in-house nursery in Kashima Area to open ☆ Jan-22 : The 7th 24 hour in-house nursery in Muroran Works to open
Work System	★ Apr-16: Career return system and accompany leave system started ★ Apr-19: Trial introduction of WFH system (official introduction in November) retirement age 65 years old policy decision ★ Apr-20: Transfer exemption system started
System Improvement to support WFH	★ Apr-20: Implementation of Microsoft Teams (Company-wide) ★ Sep-19: Development of general-purpose workflow system ... planning to end using "hanko" stamp and implement electronic seal authentication system

NIPPON STEEL

1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

3. Business Environment

4. Supplementary Material for Financial Results

Appendix 1. Progress of Management Strategy Measures

Appendix 2. Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

Appendix 3. Carbon Neutral Vision 2050

Appendix 4. Related Indicators

Toward Medium- to Long-Term Management Plan FY2025 Targets

To secure ROS 10% and ROE 10%, Nippon Steel will establish optimal production framework with "concentrated production", "higher-level order mix", and "renewal and improvement of facilities" assuming medium- to long-term change: decrease in domestic demand, deterioration of export profitability, and increase in high grade steel demand.

Nippon Steel will steadily implement production facility structural measures regardless of short-term improvement of business environment.

Further improve BEP by establishing optimal production framework

Improvement of marginal profit per ton

- Higher-level order mix
- Improvement of long-term contractual prices and margins
- Variable cost reduction
- Avoiding cost increase due to low production

Maintaining low fixed cost

- Fixed cost reduction including the effect of production facility structural measures, which offsets cost increase in DEP and other cost temporarily been reduced during pandemic

Improve group companies' profits

- Boosting profits in overseas businesses
- Strengthening group companies' competitiveness and profitability
- Enhancement of collaboration with group companies and reinforcement of the management system
- Boosting profitability in consolidated basis including group company re-rollers
- Optimization of group company structure by selection and concentration

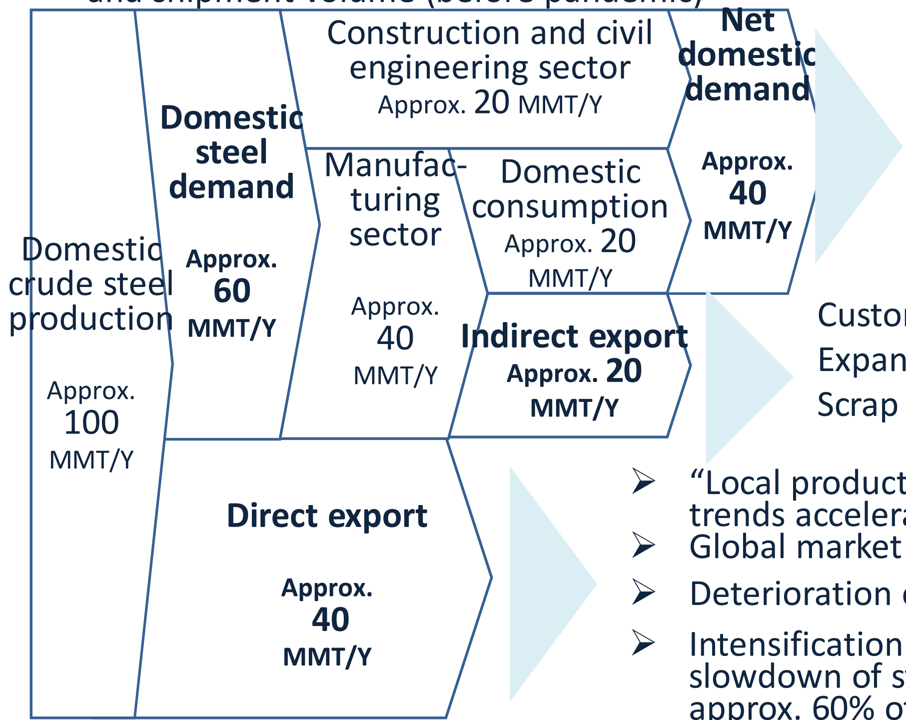
Improve non-steel business profits

- Engineering & Construction: Expansion of stable earnings from O&M business, reinforcement of EPC business in renewable energy sector and infrastructure sector
- Chemicals & Materials: Concentration of resources to electronic materials field and expand the businesses of products with their specialty
- System Solutions: Steady growth through concentration to DX business

Medium- to Long-Term Steel S&D Change Assumption

1) World steel demand increase mainly in Asia
2) High grade steel demand increase, including emerging needs for carbon neutrality
3) Domestic demand decrease, deterioration of export profitability, and intensification of competition in overseas market

Rough figure for domestic steel production and shipment volume (before pandemic)



Future trend forecast

Demand deterioration due to declining and aging population

Domestic steel demand assumption

FY2019		FY2025
59	⇒	54 MMT/Y

Customers' expansion of overseas production
Expansion and aggravation of home country first principle
Scrap and build of global supply chain

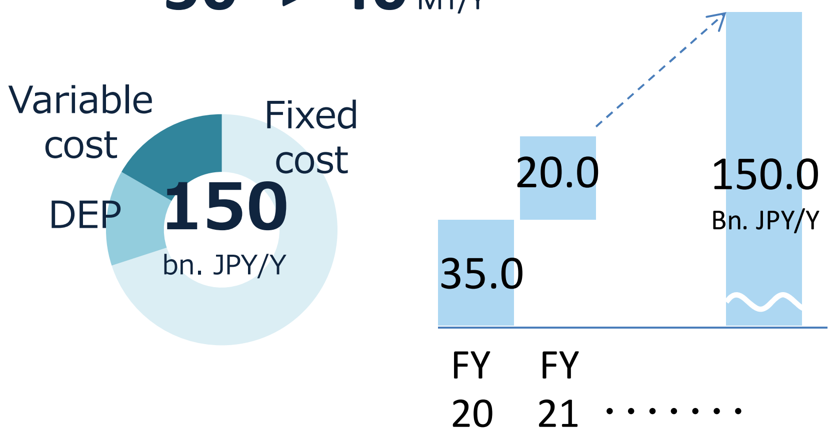
- "Local production for local consumption" and "domestic production" trends accelerate due to COVID-19 pandemic
- Global market division progresses
- Deterioration of crude oil price and fossil fuel business
- Intensification of competition in the overseas market due to slowdown of steel demand growth in China which now represents approx. 60% of world steel production

Production Facility Structural Measures

Restructuring the domestic steel business based on the assumption of medium- to long-term S&D changes

Promoting production facility structural measures and selective concentration on products and facility

BFs	**Shutdown** **5** units	Total number of domestic BFs **15 -> 10** units The end of Sep., 2020: Kokura BF The end of Sep., 2021: Kure #1, 2 BFs, Wakayama #1 BF The end of FY2024: Kashima #3BF
Annual crude steel production capacity	**Reduction** **10** MT/Y Approx. **-20%** Listed above +Nippon Steel Stainless Steel Shunan EAF	Crude steel production capacity Non-consol. + Nippon Steel Stainless Steel **50 -> 40** MT/Y
Cost reduction	**¥150** bil/Y	
Improvement of labor productivity	**Reduction of essential personnel** **20% or more**	From FY2021 to the end of FY2025 Reduction by production facility structural measures and DX measures etc. all combined (Nippon Steel + contractors)



Building an optimal production framework and Realizing higher-level order mix

Build optimal production framework

Optimize fixed cost level

Improve marginal profit by realizing higher-level order mix

Selective concentration on certain products and facilities

Concentrated production

Build an optimal production framework

Higher-level order mix

Renewal and improvement of facilities

Aggressive investment in strategic products

Efforts to make technological strength lead to profit generation

Rough figure for higher-level order mix

Before structural measures

High value added products

Commodities

Aggressive investment in strategic products
Expansion of high value added products

Production facility structural measures
Capacity approx. -20%
Selective concentration on certain products and facilities

FY2025 Medium- to Long-Term Plan

High value added products

Commodities

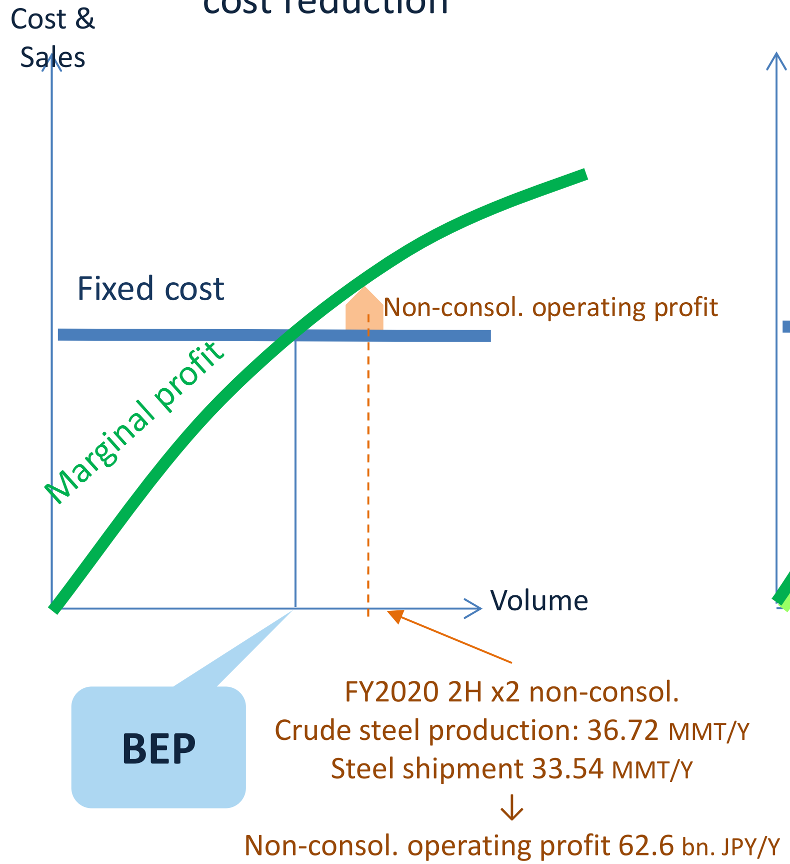
Respond to increasing demand for high grade steel including emerging needs for carbon neutrality

Break away from the business model of maintaining facilities on the premise of continuing low-profit exports

Medium- to Long-Term Management Plan: Improvement of BEP by FY2025

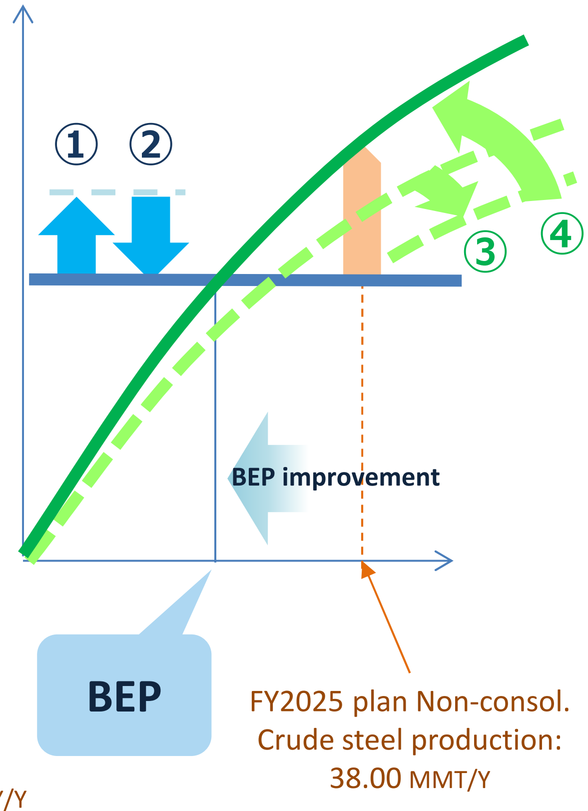
FY2020 2H x2

Non-consol. operating profit has recovered to reach surplus due to significant improvement of break even cost with significant fixed cost reduction



Medium- to Long-Term Plan (FY2025)

Planning to further improve non-consol. operating profit by further improving marginal profit and BEP



Fixed cost

① **Temporary fixed cost reduction in FY2020 taking advantage of production cutback lasts**

Increase in DEP
due to CAPEX for growth such as preparation for higher level order mix, renewal and improvement of facilities, etc., CAPEX for zero-carbon steel, and CAPEX for facility refurbishment, etc.

② **Fixed cost (cash basis) reduction (incl. the effect of structural measures)**

Marginal profit

③ **Deterioration of profitability in commodity export**

④ **Higher level order mix, Improvement of long-term contractual prices, variable cost reduction (incl. the effect of structural measures)**

BEP=Break Even Point

Outline of production facility structural measures (1/2)

	Announ-cement	Steelworks	Facilities for shutdown	Approximate time of shutdown (● : completed)
Upstream facilities	New	East Nippon Works Kashima Area	One series of upstream facilities (No.3 BF, No.2-A,B,C,D coke ovens, No.3 sintering machine, and No.1 steelmaking plant)	The end of FY2024
	New	East Nippon Works Kimitsu Area	No.1 continuous casting machine	The end of FY2021
	Feb. 2020 → Moved up this time	Kansai Works Wakayama Area	Currently-suspended facilities in one series of upstream facilities (No.1 BF, No.5 coke oven, No.5-1 sintering machine)	FY2022 1H→ Moved up to the end of FY2021 1H
			Running facilities in one series of upstream facilities (No.4 coke oven, part of No.3 continuous casting machine)	FY2022 1H
	Feb. 2020	Setouchi Works Kure Area	All upstream facilities (including BF, sintering, steelmaking)	The end of 1H FY2021
	Feb. 2020	Setouchi Works Hirohata Area	Melting furnace (→ New EAF)	FY2023 1H
	Mar. 2015	Kyushu Works Yawata Area (Kokura)	Upstream facilities (BF, sintering, steelmaking)	● Sep. 2020
Steel plate	New	East Nippon Works Kashima Area	Steel plate mill	FY2024 2H
	Feb. 2020	Nagoya Works	Steel plate mill	The end of FY2021
Construc-tion product	New	East Nippon Works Kimitsu Area	Large Shape mill	The end of FY2021
	New	East Nippon Works Kashima Area	Large shape mill	The end of FY2024
Pipe & tube	New	Kansai Works Wakayama Area (Kainan)	Small-diameter seamless pipe mill (West)	The end of FY2025
	New	East Nippon Works Kimitsu Area	UO pipe line	The end of FY2021
	May 2019	East Nippon Works Kashima Area	UO pipe line	● Oct. 2019
	Mar. 2018	East Nippon Works Kimitsu Area (Tokyo)	Small-diameter seamless pipe mill	● May 2020

Outline of production facility structural measures (2/2)

	Announce-ment	Steelworks	Facilities for shutdown	Approximate time of shutdown (● : completed)
Steel sheet	**New**	**East Nippon Works Kimitsu Area**	**No.1 hot-dip galvanizing line (No.1 CGL)**	**The end of FY2024**
	New	**East Nippon Works Kashima Area**	**No.1 pickling line**	**The end of FY2022 1H**
	New	**Setouchi Works Hanshin Area (Sakai)**	**No.1 hot-dip galvanizing line (No.1 CGL) No.1 hot-dip galvanizing and aluminizing line (No.1 GAL)**	**The end of FY2024 The end of FY2022**
	New	**Kansai Works Wakayama Area**	**All steel sheet lines**	**The end of FY2024 1H**
	New	**Setouchi Works Hanshin Area (Osaka)**	**All facilities**	**The end of FY2023 1H -- the end of FY2023**
	Feb. 2020	**Setouchi Works Kure Area**	**Hot strip mill, pickling line**	**The end of FY2023 1H**
	Feb. 2020	Setouchi Works Hanshin Area (Sakai)	Continuous annealing line, electro-galvanizing line, No.1 hot-dip aluminizing line (No.1 CAL)	● The end of FY2020
	Nov. 2019	Setouchi Works Hirohata Area	Tinplate mill	● The end of FY2020
Titanium & special stainless steel	**New**	**East Nippon Works Naoetsu Area**	**Special stainless steel line**	**The end of FY2021**
	New	**Kansai Works Osaka Area**	**Titanium raw material plant**	**The end of FY2022 1H**
	Feb. 2020	**Kansai Works Osaka Area**	**Special equipment for titanium round bar manufacturing**	**The end of FY2022**
	Feb. 2020	**Kyushu Works Oita Area (Hikari Pipe & Tube)**	**Titanium welded pipe production line**	**The end of FY2021 1H**
Stainless steel	**New**	**Nippon Steel Stainless Steel Kinuura Works**	**All lines (the cold-rolling line and all other lines thereafter)**	**The end of FY2021**
	New	**Nippon Steel Stainless Steel Kashima Works**	**A part of annealing lines**	**The end of June 2021**
	New	**Nippon Steel Stainless Steel Shunan Area Yamaguchi Works**	**A part of cold-rolling and annealing lines**	**The end of March 2021 -- the end of June 2026**
			1 EAF	**The end of FY2023**
	Feb. 2020	Nippon Steel Stainless Steel Kinuura Works	Hot strip mill/ dedicated facility for production of precision products	● Sep. and Oct. 2020

NIPPON STEEL

Change in major subject lines (Production facility structural measures)

	Already announced	Announced this time	Total	Before→ After
BFs	-4	-1	-5	15→ 10
Continuous casters	-5	-3	-8	32→ 24
Steel plate lines	-1	-1	-2	4→ 2
Large shape lines	-	-2	-2	4→ 2
Seamless pipe lines	-	-1	-1	3→ 2
UO pipe lines	-1	-1	-2	2→ 0
Hot strip lines	-1	-	-1	7→ 6
Cold rolling lines	-	-2	-2	17→ 15
Galvanizing lines	-	-3	-3	19→ 16
Special stainless steel rolling lines	-	-2	-2	4→ 2
Titanium raw material line	-	-1	-1	1→ 0
Titanium round bar line	-1	-	-1	1→ 0
Titanium welded pipe line	-1	-	-1	1→ 0
Nippon Steel Stainless Steel cold rolling lines	-	-4	-4	13→ 9
Nippon Steel Stainless Steel EAFs	-	-1	-1	4→ 3

Domestic steelworks: Upstream facilities and products

◆: All of the related lines are to be or already been shutdown
◇: Some of the related lines are to be or already been shutdown

		Upstream facilities (units)				Products																
						Sheets					B/W		Pipes				Construction					
		BF	BOF	EAF	Continuous caster	Hot strip mill	Cold strip mill	GA	Tinplate	Electrical	Bar	Wire	Seamless	UO	ERW	Plates	Shape	Rail	Spiral	Machinery	Titanium	Special stainless
North Nippon Works (from Apr. 2022)		**1**	**2**	**1**	**1**						○	○										
Muroran Area (Muroran Works until Mar. 2022)	Muroran City	1	2	1	1						○	○										
Kamaishi Area (East Nippon Works until Mar. 2022)	Kamaishi City											○										
East Nippon Works		~~4~~⇒ 3	~~10~~⇒ 7		~~9~~⇒ 6	○	○	◇				○	◆	◆	○	◇	◆		○		○	◇
Kimitsu Area	Kimitsu City	2	5		~~5~~⇒ 4	○	○	◇				○	◆	◆	○	○	◆		○			
Kashima Area	Kashima City	~~2~~⇒ 1	~~5~~⇒ 2		~~4~~⇒ 2	○	○	○						◆	○	◆	◆					
Naoetsu Area	Joetsu City																				○	◇
Nagoya Works	Tokai City	**2**	**6**		**3**	○	○	○	○						○	◆						
Kansai Works		~~2~~⇒ 1	**3**	**2**	~~6~~⇒ 5		◆						◇				○			○	◆	
Wakayama Area (Wakayama, Kainan, Sakai)	Wakayama City etc.	~~2~~⇒ 1	3	1	~~6~~⇒ 5		◆						◇				○					
Osaka Area	Osaka Citty			1																○	◆	
Amagasaki Area	Amagasaki City												○									
Setouchi Works		~~2~~⇒ 0	~~6~~⇒ 0	~~0~~⇒ 1	~~4~~⇒ 2	◇	◇	◇	◆	○												
Hirohata Area	Himeji City		~~3~~⇒ 0	~~0~~⇒ 1	2	○	○	○	◆	○												
Kure Area -> all shutdown	Kure City	~~2~~⇒ 0	~~3~~⇒ 0		~~2~~⇒ 0	◆																
Hanshin Area (Osaka) -> all shutdown	Osaka City						◆															
Hanshin Area (Kanzaki)	Amagasaki City						○															
Hanshin Area (Sakai)	Sakai City						○	◇														
Hanshin Area (Toyo)	Saijo City						○	○														
Kyushu Works		~~4~~⇒ 3	~~11~~⇒ 7		~~9~~⇒ 7	○	○	○	○	○	○	○	○		○	○	○	○	○		◇	
Yawata Area (Tobata, Kokura, Yahata, Hikari Titanium Production)	Kitakyushu City, etc.	~~2~~⇒ 1	~~8~~⇒ 4		~~6~~⇒ 4	○	○	○	○	○	○	○					○	○	○		○	
Oita Area (Oita)	Oita City	2	3		3	○										○	○					
Oita Area (Hikari Pipe & Tube)	Hikari City												○		○						◇	
Nippon Steel Stainless Steel Corp.				~~4~~⇒ 3	4		◇				○	○				○						
Kashima Works	Kashima City						○															
Yamaguchi Works	Shunan City, Hikari City			~~4~~⇒ 3	4		◇				○	○										
Kinuura Works -> all shutdown	Hekinan City						◆															
Yawata Works	Kitakyushu City															○						

1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

3. Business Environment

4. Supplementary Material for Financial Results

Appendix 1. Progress of Management Strategy Measures

Appendix 2. Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

Appendix 3. Carbon Neutral Vision 2050

Appendix 4. Related Indicators

Zero-Carbon Steel: Our CO_2 emissions reduction scenario

2030 Target

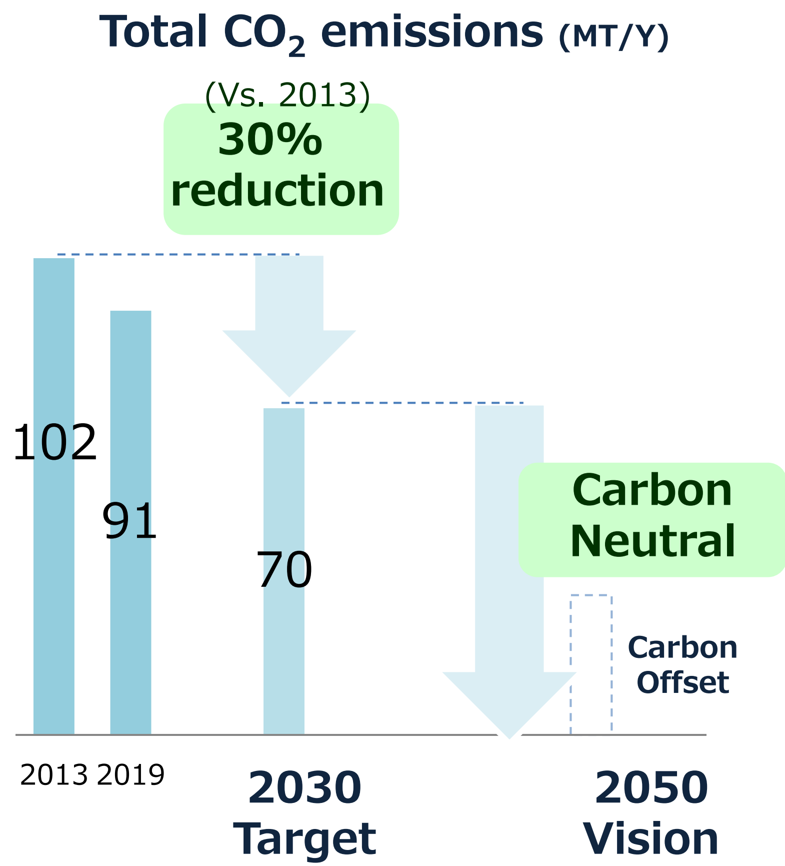
30% or more reduction in total CO_2 emissions vs. 2013

[Means]
- Actual implementation of the COURSE50 in the existing BF and BOF process
- Reduction of CO_2 emissions in existing processes
- Establishment of an efficient production framework.

Vision 2050

Aim to become carbon neutral

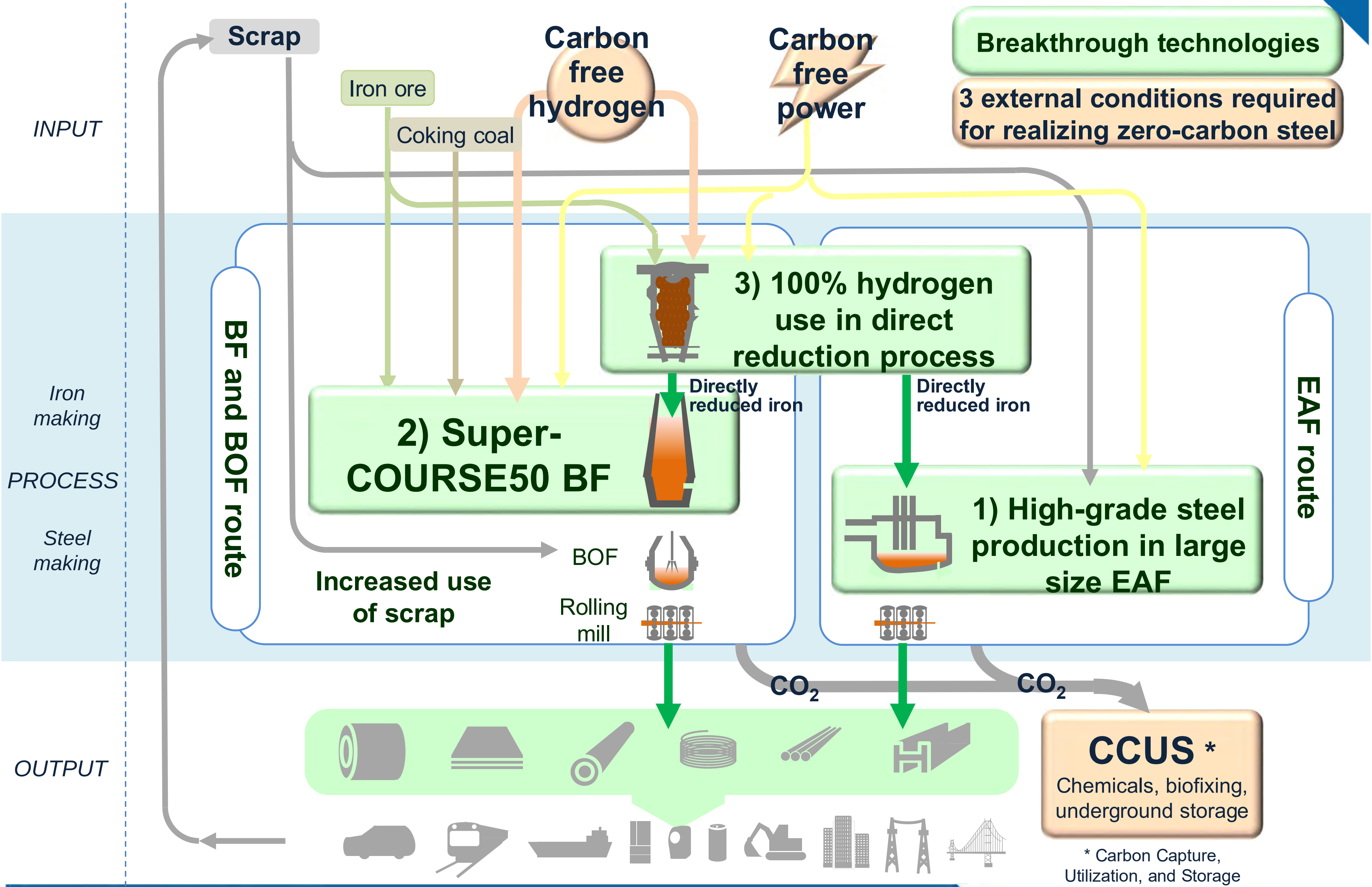
[Means]
- Mass-production of high-grade steel in large size EAFs
- Hydrogen reduction steelmaking (by Super-COURSE50 use of BFs; direct reduction of 100% hydrogen)
- Multi-aspect approach, including CCUS* and other carbon offset measures,.



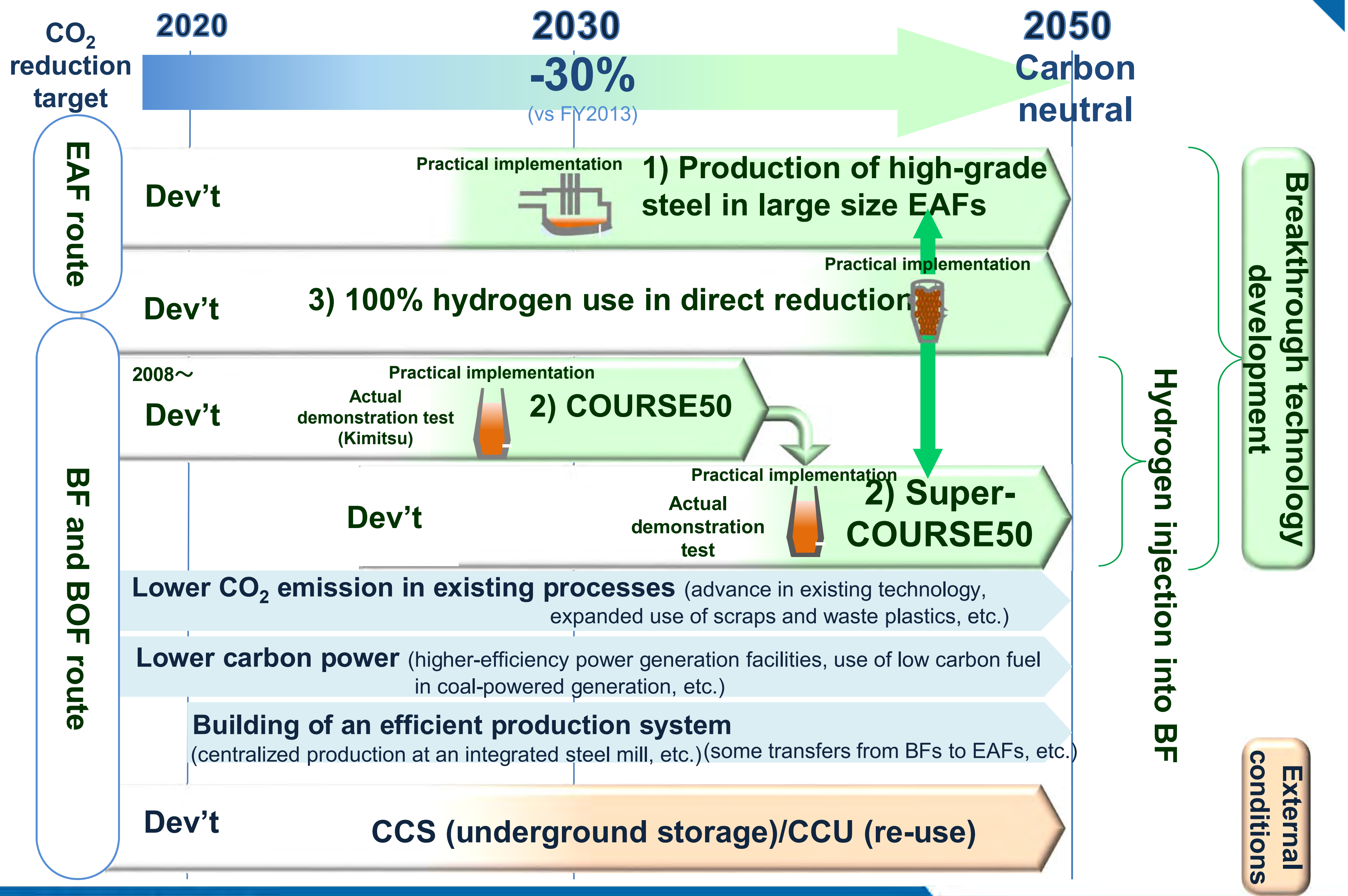
[Scope of Scenario]
Domestic
SCOPE I + II
(Receipt of raw materials to product shipment) + (CO_2 at the time of purchase power production)

*Carbon dioxide Capture, Utilization, and Storage

Carbon neutral steelmaking process



Our roadmap of CO_2 emissions reduction measures



Technological challenges and required external conditions

1) Production of high-grade steel in large scale EAF

Technological challenge

- Scrap: Elimination of the effect of hazardous impurities using DRI
- EAF: Improvement of productivity with larger scale and higher efficiency

External conditions

- Cost-effective fossil-free power

2) Hydrogen injection into BF (COURSE50, Super-COURSE50)

Technological challenge

- Preheating and injection of high-temp hydrogen for endothermic reactions
- Stable gas flow in BF with less coke
- Scaling-up from experimental to actual super-large-scale BF
- Establishment of the technology to offset remaining CO_2 emissions (CCUS)

External conditions

- Implementation of CCU and CCS
- Large supply of carbon-free hydrogen

3) 100% hydrogen use in direct reduction

Technological challenge

- Establishment of the technology of hydrogen direct reduction

External conditions

- Large-amount supply of carbon-free hydrogen

Challenges to realize zero-carbon steel and collaboration with society

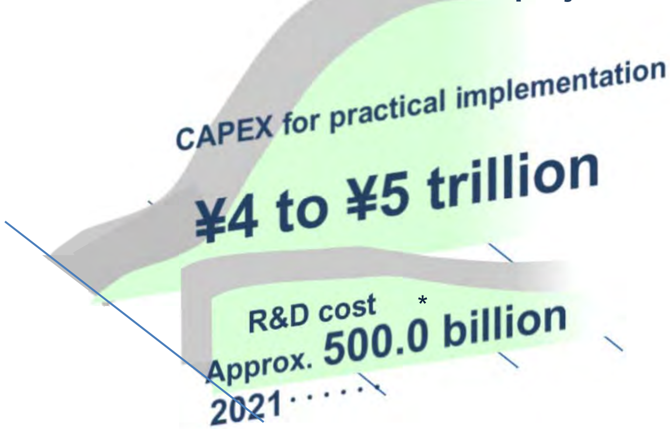
Take on the challenge to develop and practically implement breakthrough technologies ahead of the other countries to realize zero-carbon steel, as Nippon Steel's top priority issue, which is essential for Japan's steel industry to continue to lead the world and to maintain and strengthen the competitiveness of Japanese industry in general.

3 factors to increase costs for the zero-carbon steel project

1) Huge R&D costs
2) Huge CAPEX for practical implementation
3) Increase in operational cost, even if inexpensive carbon free hydrogen and zero-emission power are to be secured

The production cost of crude steel may more than double the current cost.

Images of R&D cost and CAPEX for the zero-carbon steel project



* Minimum level estimated to be required for the time being

3 collaborations required for realizing zero-carbon steel

1) A national strategy to realize a "virtuous cycle of environment and growth"

- Long-term and continuous government support for R&D in the field of breakthrough innovation etc.
- Establishment of inexpensive and stable large-scale hydrogen supply infrastructure
- Realization of carbon free power at an international competitive cost
- Promotion of national projects for the development and commercialization of CCUS

2) Realization of government's comprehensive policies to secure equal-footing in international competition, strengthen industrial competitiveness, and lead to business chances

3) Formation of consensus on the issue of cost bearing by society

- Establishing a system for society as a whole to bear the enormous costs of realizing of zero-carbon, such as R&D costs, CAPEX for replacing existing facilities, and significant increase in production costs.

1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

3. Business Environment

4. Supplementary Material for Financial Results

Appendix 1. Progress of Management Strategy Measures

Appendix 2. Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

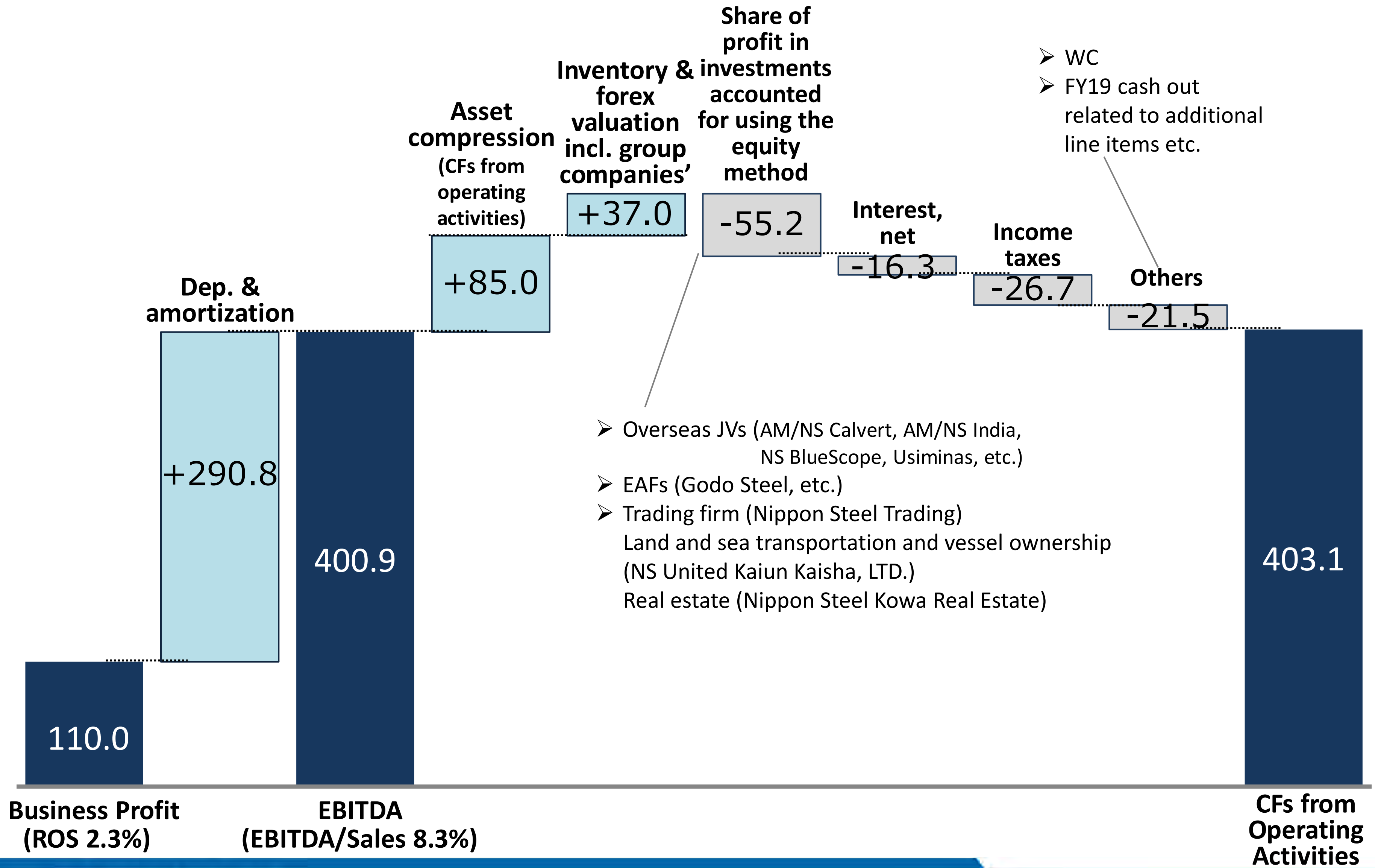
Appendix 3. Carbon Neutral Vision 2050

Appendix 4. Related Indicators

FY2020 Cash Analysis

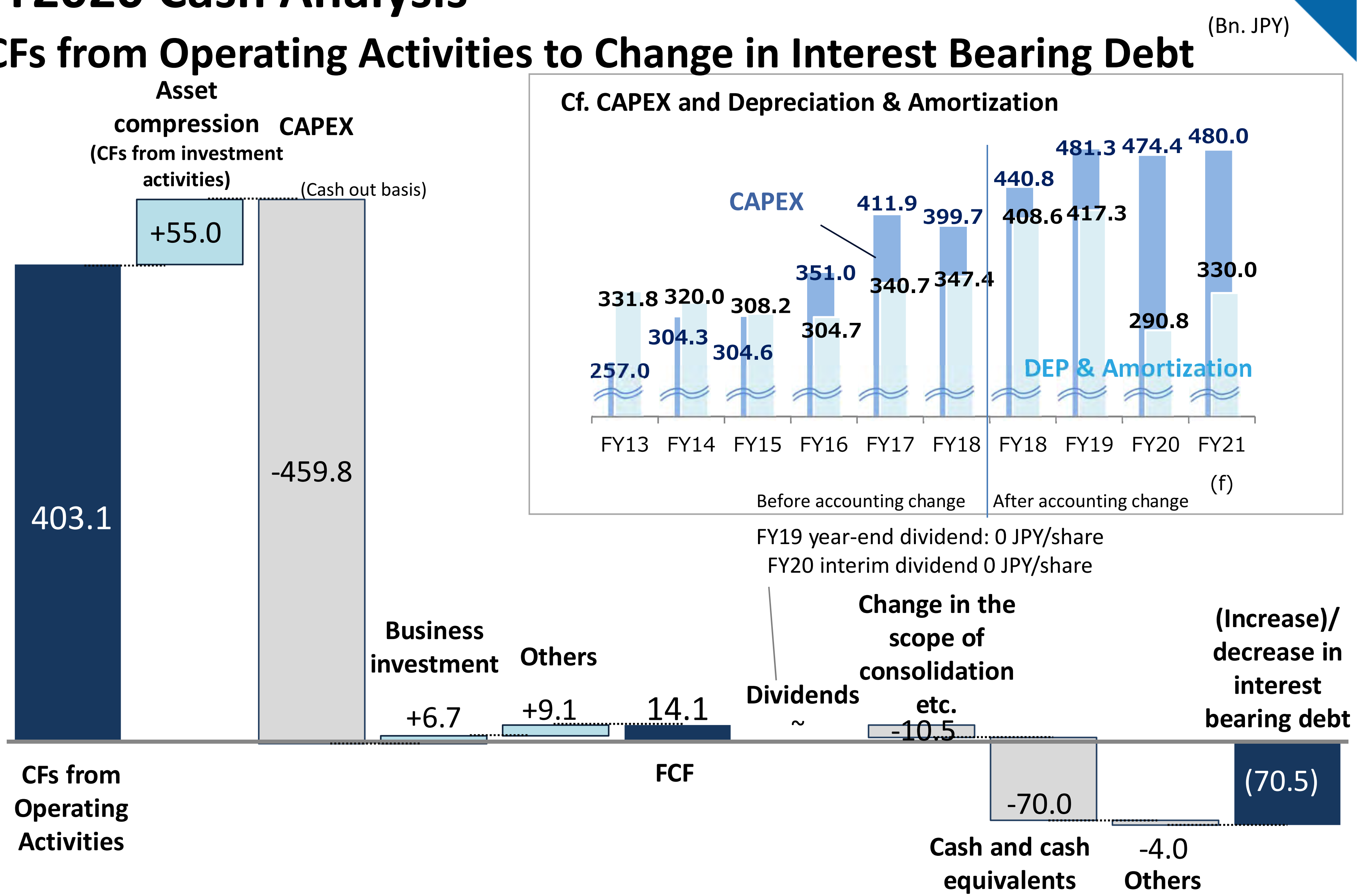
Business Profit to EBITDA to CFs from Operating Activities

(Bn. JPY)



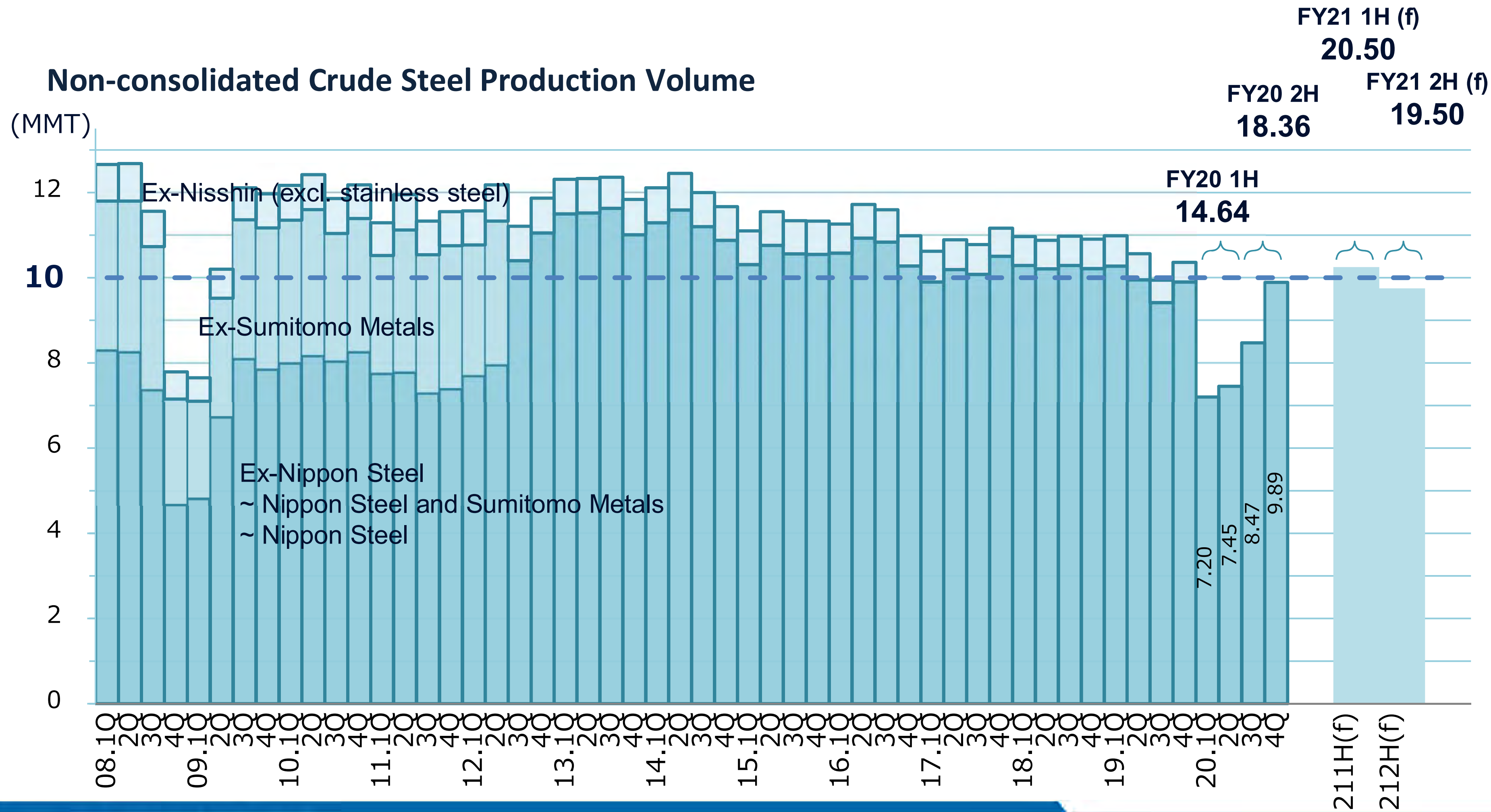
FY2020 Cash Analysis

CFs from Operating Activities to Change in Interest Bearing Debt



Non-Consolidated Crude Steel Production Volume

We have adopted prompt reduction of production such as BF banking and lowering productivity for response to sharp decrease of steel demand due to COVID-19 impacts in FY20.1H, followed by resumption of some BFs for response to demand recovery in 2H. Non-consolidated production in FY20.4Q reached nearly 10 MMT/Q for first time in a year.



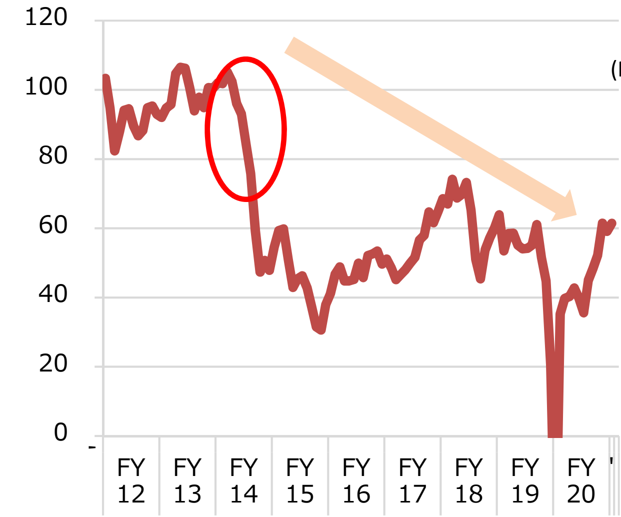
Business Environment Variance From FY2014

Forex (USD/JPY)

FY2014 -> FY20 2H: 5 yen appreciated (110 -> 105)
-> FY21: 5 yen appreciated (-> 105)

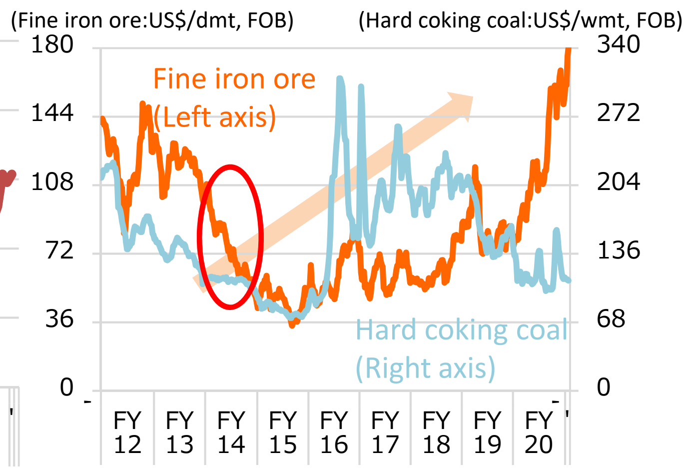
Crude Oil Price

FY2014→FY20 2H
-25% (80 -> 60)



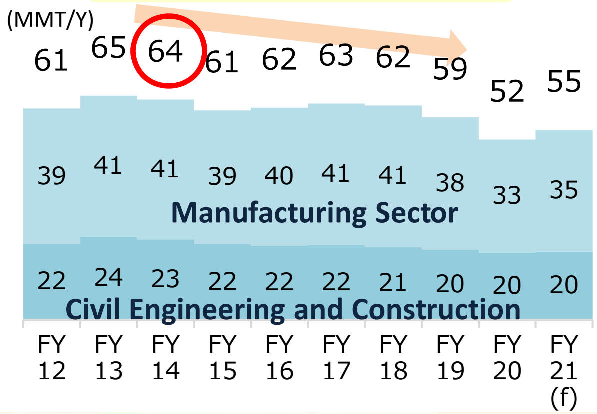
Raw Material Market Price

FY2014 -> FY20 2H
Fine iron ore -91% (74 -> 142)
Hard coking coal -8% (109 -> 118)



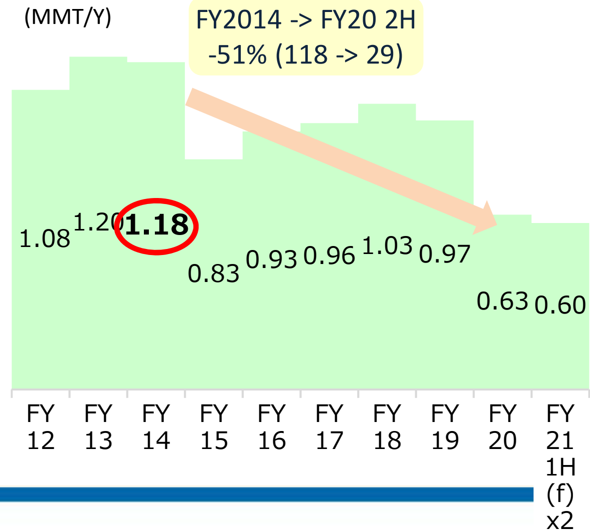
Domestic Steel Demand

FY2014 -> FY20 2H -13% (64 -> 28)
-> FY21(f) -14% (-> 55)



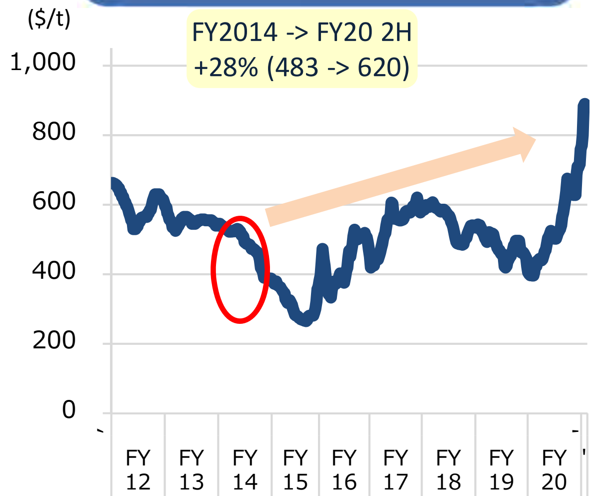
Seamless Pipe Shipment Volume

FY2014 -> FY20 2H
-51% (118 -> 29)



ASEAN Hot Coil Price

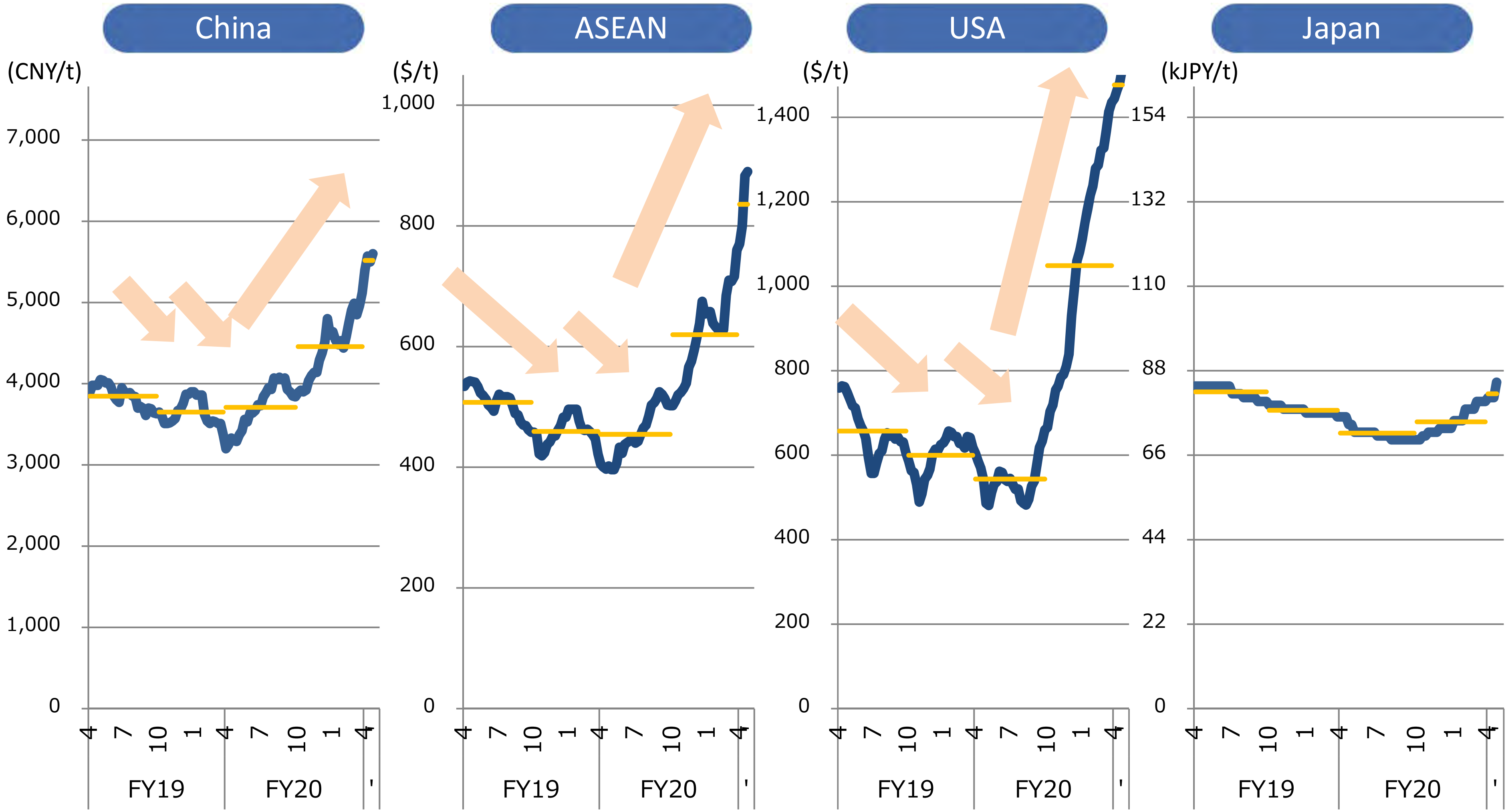
FY2014 -> FY20 2H
+28% (483 -> 620)



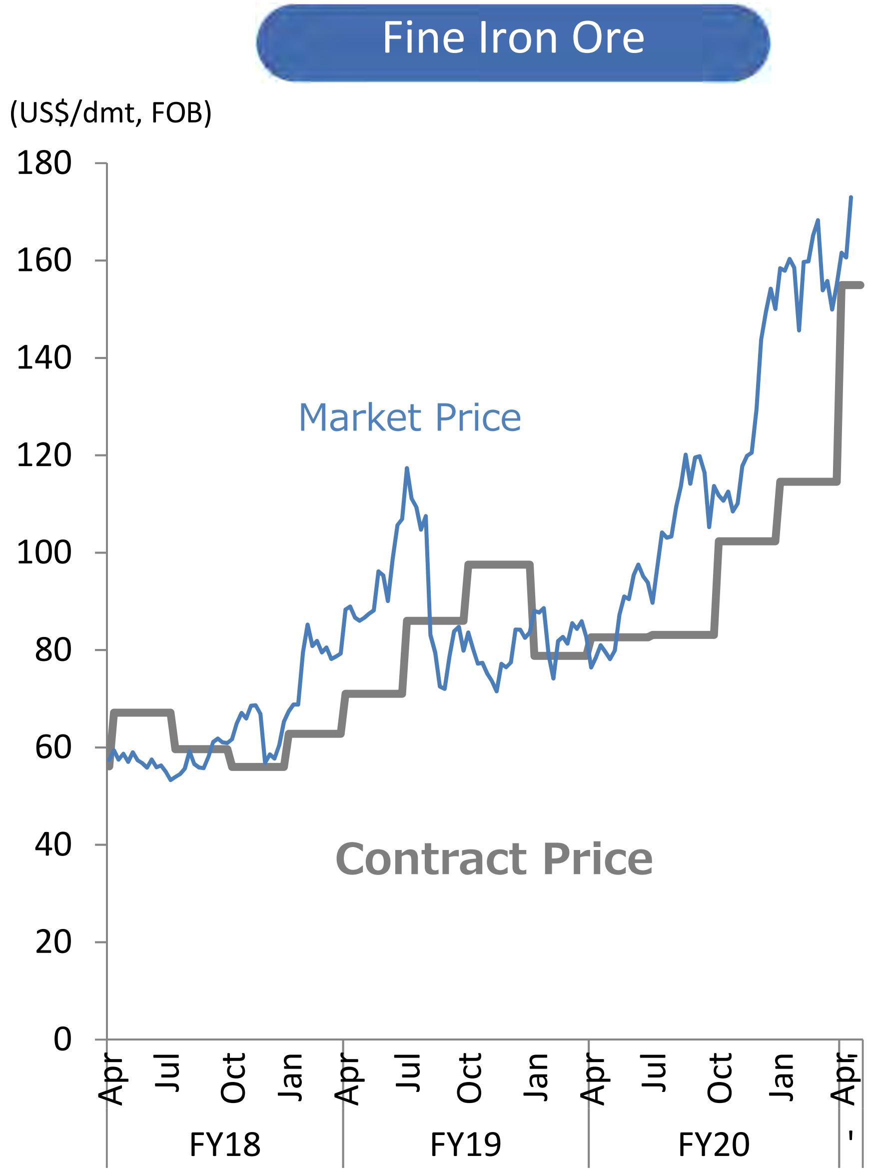
NIPPON STEEL

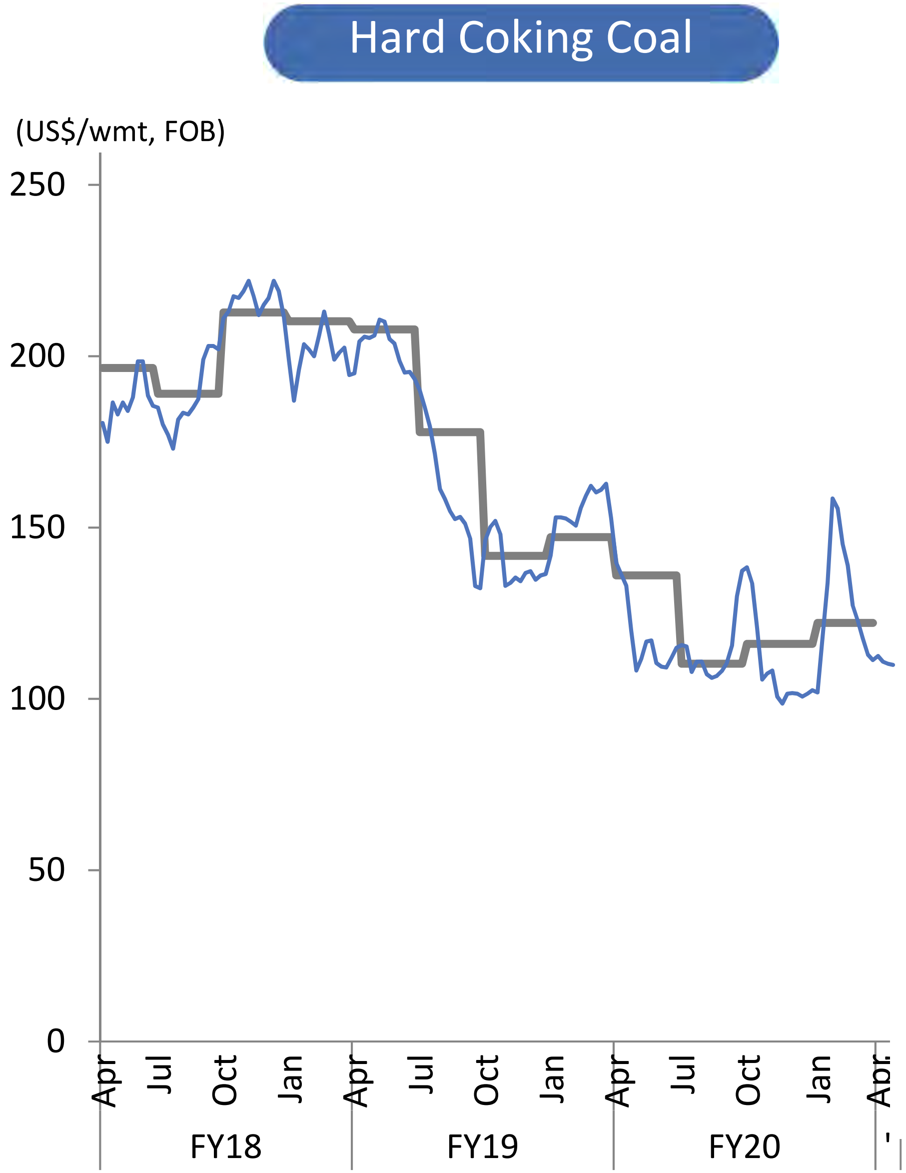
HRC Prices

Overseas steel prices have risen sharply since the beginning of 2021, and have recently risen to a level exceeding 1,000$/t worldwide.



Raw Material Prices





FY2020 Earnings Summery

(bn. JPY)	1H	2H	FY2019	1H	2H	FY2020(f) *5	FY2020	1H (f) *6	FY2021 (f) *6	change FY20.1H →FY20.2H	FY19 →FY20	*5 FY20(f) →FY20	FY20 →FY21(f) *6
Sales	3,047.1	2,874.3	5,921.5	2,241.9	2,587.2	4,850.0	4,829.2	3,000.0	6,000.0	+345.3	-1,092.3	-20.8	+1,170.8
Business Profit *1	73.1	3.4	76.5	(106.5)	216.5	30.0	110.0	250.0	450.0	+323.0	+33.5	+80.0	+340.0
Additional Line Items	0.0	(121.7)	(121.7)	(42.2)	(56.3)	(75.0)	(98.6)	(45.0)	(85.0)	-14.1	+23.1	-23.6	+13.6
Net Profit *2	38.7	(470.2)	(431.5)	(191.1)	158.7	(120.0)	(32.4)	130.0	240.0	+349.8	+399.1	+87.6	+272.4
ROS *1	2.4%	0.1%	1.3%	-4.8%	8.4%	0.6%	2.3%	8.3%	7.5%	+13.2%	+1.0%	+1.7%	+5.2%
Earning per Share (JPY/ share)	42	(511)	(469)	(208)	172	(130)	(35)	141	261	+380	+434	+95	+296
EBITDA *3	284.9	181.9	466.8	36.7	364.2	330.0	400.9	410.0	780.0	+327.5	-65.9	+70.9	+379.1
EBITDA/Sales	9.3%	6.3%	7.9%	1.6%	14.1%	6.8%	8.3%	13.7%	13.0%	+12.4%	+0.4%	+1.5%	+4.7%
EBITDA/t *4 (Thousand JPY/t)	11.7	8.0	9.9	2.2	17.5	8.7	10.6	17.4	17.0	+15.3	+0.7	+1.9	+6.3

*1 Business profit and ROS in FY19 are those before impairment losses etc.
*2 Profit attributable to owners of the parent
*3 Business profit + depreciation cost + impairment loss
*4 EBITDA/ consolidated crude steel production
*5 Forecast as of Feb. 5th, 2021
*6 Forecast as of May. 7th, 2021

Operational Highlights

Forecasts are rough figures .

(MMT)	FY19(incl. Nisshin)			FY20				FY21		Change			
	1H	2H		1H	2H	(f) *1		1H(f) *2	(f) *2	FY20 1H → FY20 2H	FY19 → FY20	FY20(f) *1 → FY20	FY20 → FY21(f) *2
Non-Consolidated Pig-iron Production	21.93	20.64	42.57	14.82	18.25	33.20	33.07			+3.43	-9.50	-0.13	
Consolidated Crude Steel Production	24.27	22.79	47.05	16.78	20.87	37.80	37.65	23.50	46.00	+4.09	-9.40	-0.15	+8.35
Non-Consolidated Crude Steel Production	21.55	20.30	41.85	14.64	18.36	33.20	33.00	20.50	40.00	+3.72	-8.85	-0.20	+7.00
Non-Consolidated Steel Shipments	19.86	18.84	38.70	14.46	16.77	31.20	31.22	18.50	36.00	+2.31	-7.48	+0.02	+4.78
Seamless Pipe Shipments	0.49	0.48	0.97	0.34	0.29	0.63	0.63	0.30		-0.05	-0.34	+0.00	
Average Steel Selling Price (k JPY/ton)	88.6	88.0	88.3	83.6	88.3	86	86.1			+4.7	-2.2	+0.1	
Steel Export Ratio (Value basis (%))	38	38	38	38	35	36	36			-3	-2	+0	
Forex (USD・JPY)	109	109	109	107	105	106	106	105	105	Appreciated Yen -2	Appreciated Yen -3	Deppreciated Yen +0	Appreciated Yen -1

*1 Forecasts as of Feb. 5th, 2021 *2 Forecasts as of May. 7th, 2021

Key Indicators of Demand

[Domestic]	FY19			FY20				FY21	*Change*		
	1H	2H		1H	2H	*(f)* *1		1H (f) *2	*FY20 1H → FY20 2H*	*FY19 → FY20*	*FY20(f) → FY20* *1
Housing Starts (mil. houses)	**0.47**	**0.42**	**0.88**	**0.41**	**0.40**	*0.79*	**0.81**	**0.40**	***-0.02***	***-0.07***	***+0.02***
Non-residential Construction Starts (mil. m²)	**25.83**	**22.15**	**47.98**	**23.37**	**21.55**	*43.50*	**44.92**	**22.00**	***-1.82***	***-3.06***	***+1.42***
Public Works Orders (bn. JPY)	**5,304**	**6,043**	**11,346**	**5,654**	**5,954**	*11,620*	**11,608**	**5,600**	***+299***	***+262***	***-12***
Finished Auto Production (mil. units)	**4.82**	**4.67**	**9.49**	**3.33**	**4.63**	*8.00*	**7.97**	**4.50**	***+1.30***	***-1.52***	***-0.03***
Export of Finished Auto (mil. units)	**2.40**	**2.34**	**4.74**	**1.46**	**2.22**	*3.90*	**3.68**	**2.30**	***+0.76***	***-1.06***	***-0.22***
Overseas Auto Production (8 Japanese car makers) (mil. units)	**9.10**	**8.20**	**17.30**	**6.50**	**9.01**		**15.51**		***+2.51***	***-1.79***	
Large & Middle Sized Shovel Production (thousand units)	**45**	**33**	**78**	**32**	**41**	*70*	**73**	**40**	***+8***	***-6***	***+3***
Metal Machine Tool Production (thousand tons)	**187**	**154**	**341**	**112**	**129**	*240*	**241**	**150**	***+17***	***-100***	***+1***
Keel-laid New Ships (mil. gross tons)	**6.26**	**6.23**	**12.49**	**4.80**	**4.20**	*8.10*	**9.00**	**3.50**	***-0.60***	***-3.48***	***+0.90***

Rig Count	**CY12**	**CY13**	**CY14**	**CY15**	**CY16**	**CY17**	**CY18**	**CY19**	**CY20**	**Latest**		**Peak**		**Bottom**	
USA	1,919	1,761	1,862	977	510	875	1,032	**944**	**436**	**439**	(Apr.16th)	**2,031**	(Sep-08)	**244**	(Aug-20)
Deep well (≧ 15,000ft)	324	326	354	205	126	222	230	**227**	**104**	**143**	(Apr.16th)	**413**	(Nov-11)	**55**	(Sep-20)
World Total Excl. N. America, Russia & China	1,234	1,296	1,337	1,167	955	948	988	**1,098**	**825**	**715**	(Mar-21)	**1,382**	(Jul-14)	**656**	(Oct-20)

Source: Baker Hughes, Smith international, Nippon Steel's estimate

*1 Forecasts as of Feb. 5th,2021 *2 Forecasts as of May 7th, 2021

NIPPON STEEL

Domestic Steel Consumption by Industrial Sector

(MMT)	FY19			FY20				FY21		*Change*			
	1H	2H		1H	2H	*(f)* *1		1H(f) *2	(f) *2	*FY20 1H → FY20 2H*	*FY19 → FY20*	*FY20(f) → FY20* *1	*FY20 → FY21(f)* *2
Domestic Crude Steel Production	50.66	47.76	98.43	37.09	45.70	*82.60*	82.79			*+8.61*	*-15.64*	*+0.19*	
Domestic Steel Consumption (A + B)	30.39	28.75	59.14	25.13	27.53	*52.30*	52.66	27.00	55.00	*+2.41*	*-6.49*	*+0.36*	*+2.34*
% for manufacturing sector	*65.7*	*63.9*	*64.8*	*60.7*	*64.4*	*62.8*	*62.7*	*63*	*64*	*+3.7*	*-2.2*	*-0.1*	*+1*
Ordinary Steel Consumption (A)	23.77	22.93	46.69	19.99	21.82	*41.50*	41.81	21.00	43.00	*+1.83*	*-4.88*	*+0.31*	*+1.19*
Construction	10.03	10.05	20.07	9.53	9.48	*18.80*	19.02	9.00	19.00	*-0.05*	*-1.06*	*+0.22*	*-0.02*
Manufacturing	13.74	12.88	26.62	10.46	12.34	*22.70*	22.80	12.00	24.00	*+1.88*	*-3.82*	*+0.10*	*+1.20*
Shipbuilding	2.08	1.98	4.06	1.64	1.30	*2.70*	2.94	1.20		*-0.34*	*-1.12*	*+0.24*	
Automotive	5.53	5.16	10.69	3.92	5.30	*9.30*	9.21	5.10		*+1.38*	*-1.47*	*-0.09*	
Industrial Machine	2.52	2.16	4.68	1.92	2.22	*4.10*	4.14	2.40		*+0.30*	*-0.54*	*+0.04*	
Electronic Machine	1.49	1.46	2.95	1.27	1.48	*2.70*	2.76	1.40		*+0.21*	*-0.19*	*+0.06*	
Special Steel Consumption (B)	6.63	5.82	12.45	5.13	5.71	*10.80*	10.85	6.00	12.00	*+0.58*	*-1.60*	*+0.05*	*+1.15*

Source : Nippon Steel's estimation　*1 Forecasts as of Feb.5th, 2021　*2 Forecasts as of May 7th, 2021

World Economic Outlook < Released on Apr. 2021 by IMF >

(GDP growth rate)

Numbers in [parentheses] : Prev. IMF's Outlook as of Jan. 2021

	CY08	CY09	CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	CY20		CY21 (f)	
World Total	3.0	-0.1	5.4	4.3	3.5	3.5	3.6	3.5	3.4	3.8	3.6	2.8	*[-3.5]*	-3.3	*[5.5]*	6.0
Developed Countries	0.2	-3.3	3.1	1.7	1.2	1.4	2.1	2.3	1.7	2.5	2.2	1.7	*[-4.9]*	-4.7	*[4.3]*	5.1
USA	-0.1	-2.5	2.6	1.6	2.2	1.8	2.5	2.9	1.6	2.4	2.9	2.2	*[-3.4]*	-3.5	*[5.1]*	6.4
EU27	0.4	-4.5	2.1	1.6	-0.9	-0.3	1.4	2.1	1.9	2.5	1.9	1.3	*[-7.2]*	-6.6	*[4.2]*	4.4
Japan	-1.1	-5.4	4.2	-0.1	1.5	2.0	0.4	1.2	0.6	1.9	0.3	0.7	*[-5.1]*	-4.8	*[3.1]*	3.3
Developing Countries	5.7	2.8	7.4	6.4	5.4	5.1	4.7	4.3	4.6	4.8	4.5	3.7	*[-2.4]*	-2.2	*[6.3]*	6.7
China	9.7	9.4	10.6	9.5	7.9	7.8	7.3	6.9	6.7	6.8	6.6	6.1	*[2.3]*	2.3	*[8.1]*	8.4
India	3.9	8.5	10.3	6.6	5.5	6.4	7.4	8.0	8.2	7.2	6.8	4.2	*[-8.0]*	-8.0	*[11.5]*	12.5
Russia	5.2	-7.8	4.5	5.1	3.7	1.8	0.7	-2.3	0.3	1.6	2.3	1.3	*[-3.6]*	-3.1	*[3.0]*	3.8
Brazil	5.1	-0.1	7.5	4.0	1.9	3.0	0.5	-3.6	-3.3	1.1	1.3	1.1	*[-4.5]*	-4.1	*[3.6]*	3.7

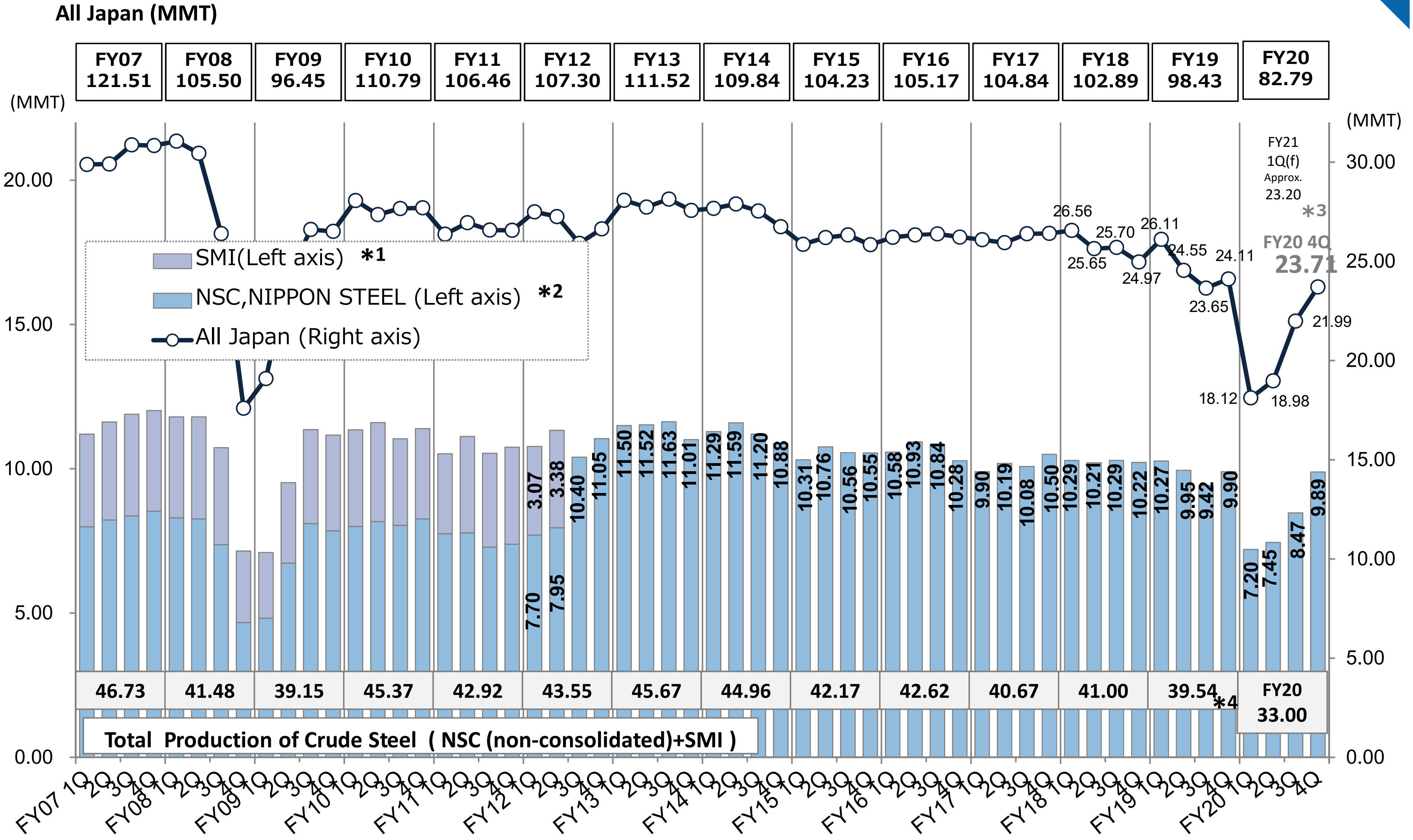
Source : IMF

World Crude Steel Production

(MMT)	CY19 [A]	CY20 Jan - Mar	CY20 Apr - Jun	CY20 Jul - Sep	CY20 Oct. - Dec.	CY20 [B]	CY21 Jan	CY21 Feb	CY21 Mar	CY21 Jan - Mar [C]	CY21 [D] (C*12/3)	Change [A]→[B]	Change [B]→[D]
World Total * [YoY]	1,844.1 [+3.1%]	442.1 [-1.3%]	434.3 [-9.6%]	472.4 [+1.8%]	479.2 [+6.1%]	1,828.0 [-0.9%]	167.5 [+11.0%]	150.2 [+4.2%]	169.2 [+15.1%]	486.9 [+10.1%]	*1,947.6*	*-16.1*	*+119.6*
Japan [YoY]	99.3 [-4.8%]	24.1 [-3.4%]	18.1 [-30.6%]	19.0 [-22.7%]	22.0 [-7.0%]	83.2 [-16.2%]	7.9 [-4.2%]	7.5 [-5.3%]	8.3 [+4.4%]	23.7 [-1.7%]	*94.8*	*-16.1*	*+11.6*
Korea [YoY]	71.4 [-1.5%]	16.9 [-4.8%]	15.6 [-14.7%]	17.1 [-3.3%]	17.6 [-1.0%]	67.1 [-6.0%]	6.0 [+4.5%]	5.5 [+1.5%]	6.1 [+5.5%]	17.6 [+3.9%]	*70.4*	*-4.3*	*+3.3*
USA	87.8	21.7	14.7	17.3	19.0	72.7	7.0	6.3	7.1	20.4	*81.6*	*-15.1*	*+8.9*
EU28	157.4	38.4	30.7	31.7	37.9	138.8	12.3	11.9	13.6	37.8	*151.2*	*-18.6*	*+12.4*
Russia	71.7	18.2	17.2	19.9	18.1	73.4	6.6	5.7	6.6	18.9	*75.6*	*+1.7*	*+2.2*
Brazil	32.6	8.1	6.3	7.9	8.6	31.0	3.1	2.8	2.8	8.7	*34.8*	*-1.6*	*+3.8*
India	111.4	26.8	17.3	26.7	28.8	99.6	10.5	9.1	10.0	29.6	*118.4*	*-11.8*	*+18.8*
China [YoY]	995.8 [+7.9%]	233.7 [+1.4%]	268.9 [+3.0%]	280.8 [+9.4%]	271.1 [+9.5%]	1,054.4 [+5.9%]	94.0 [+17.6%]	83.0 [+11.0%]	94.0 [+19.0%]	271.0 [+16.0%]	*1,084.0*	*+58.7*	*+29.6*

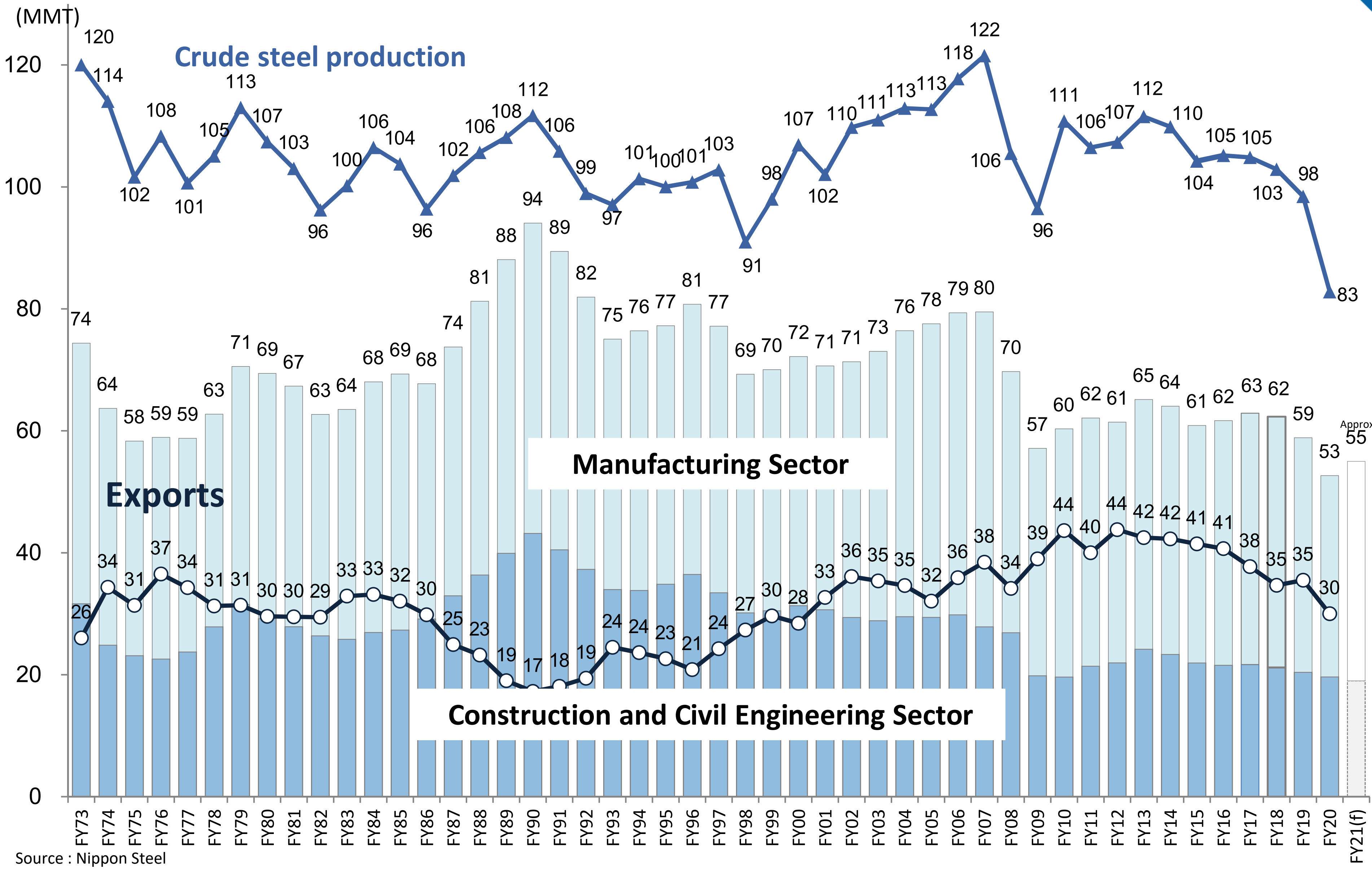
Source : World Steel Association　　* Total of 64 countries

Domestic Crude Steel Production



＊1 Includes Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co.
＊2 Includes NIPPON STEEL & SUMIKIN KOUTETSU WAKAYAMA CORP (~FY2017)
＊3 Forecast released by METI in Apr.2021
＊4 41.85 MMT including ex-Nippon Steel Nisshin

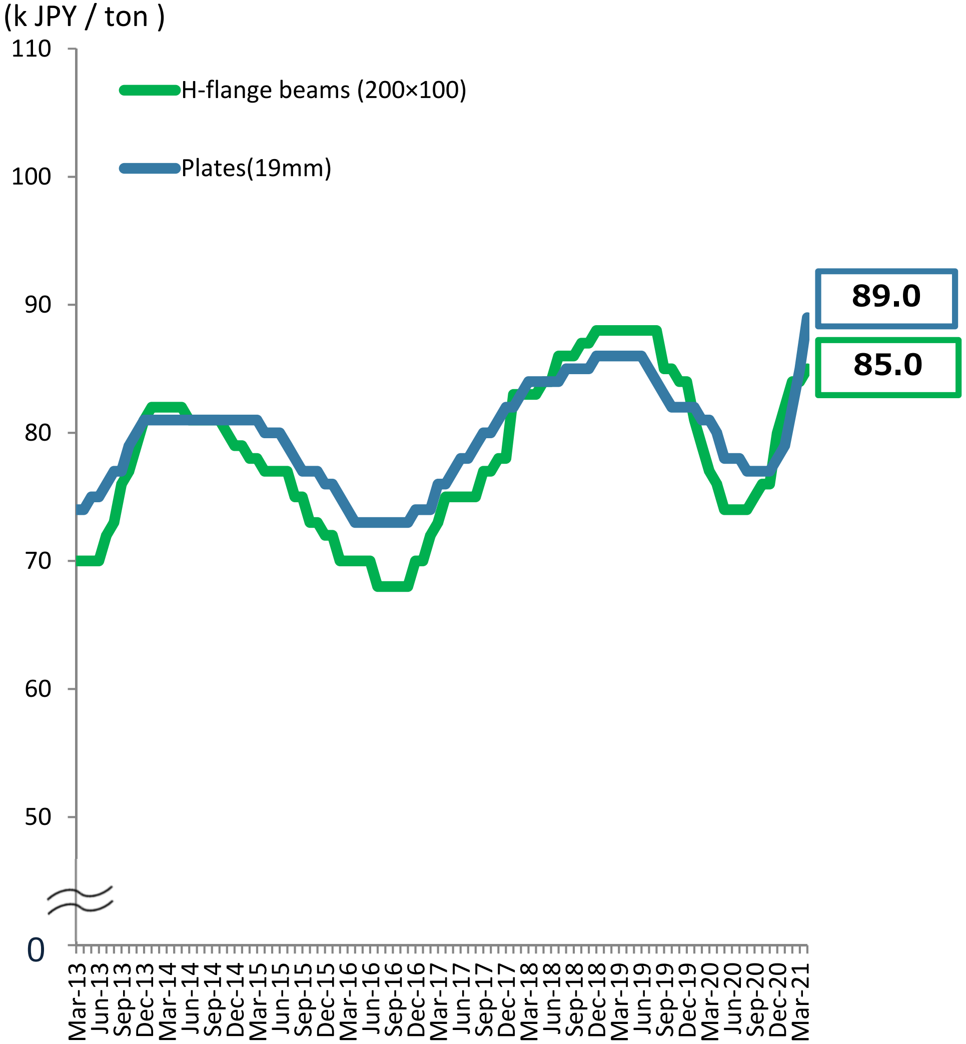
Domestic Steel Consumption Trend



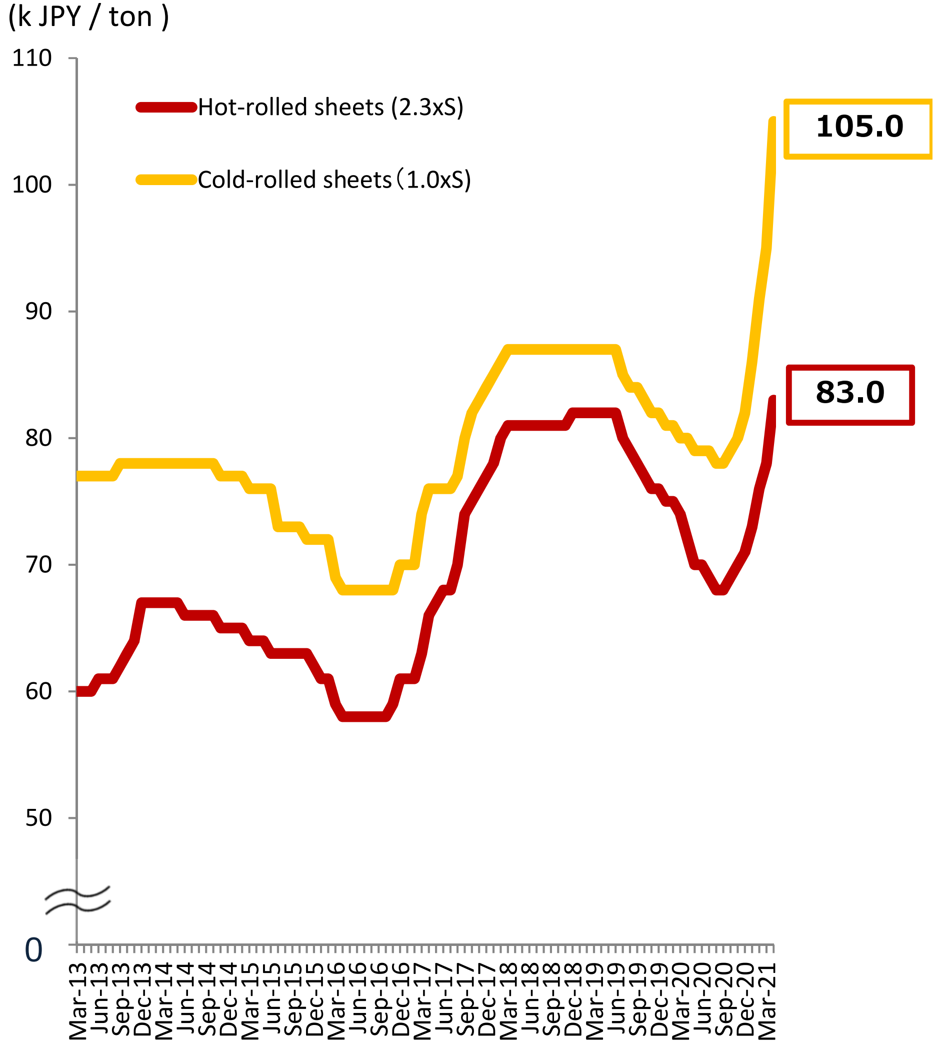
Source : Nippon Steel

Domestic Steel Products Prices

Plates & H-flange beams



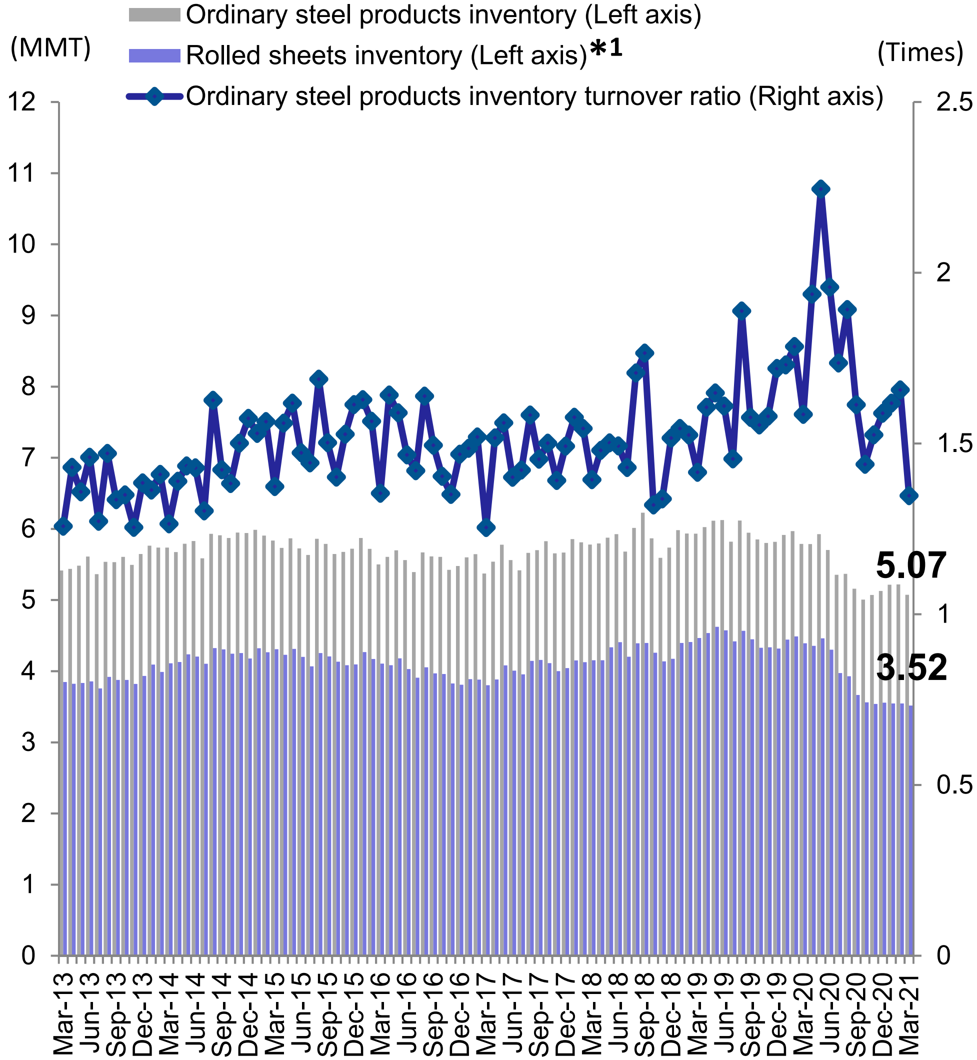
Hot-rolled sheets & Cold-rolled sheets



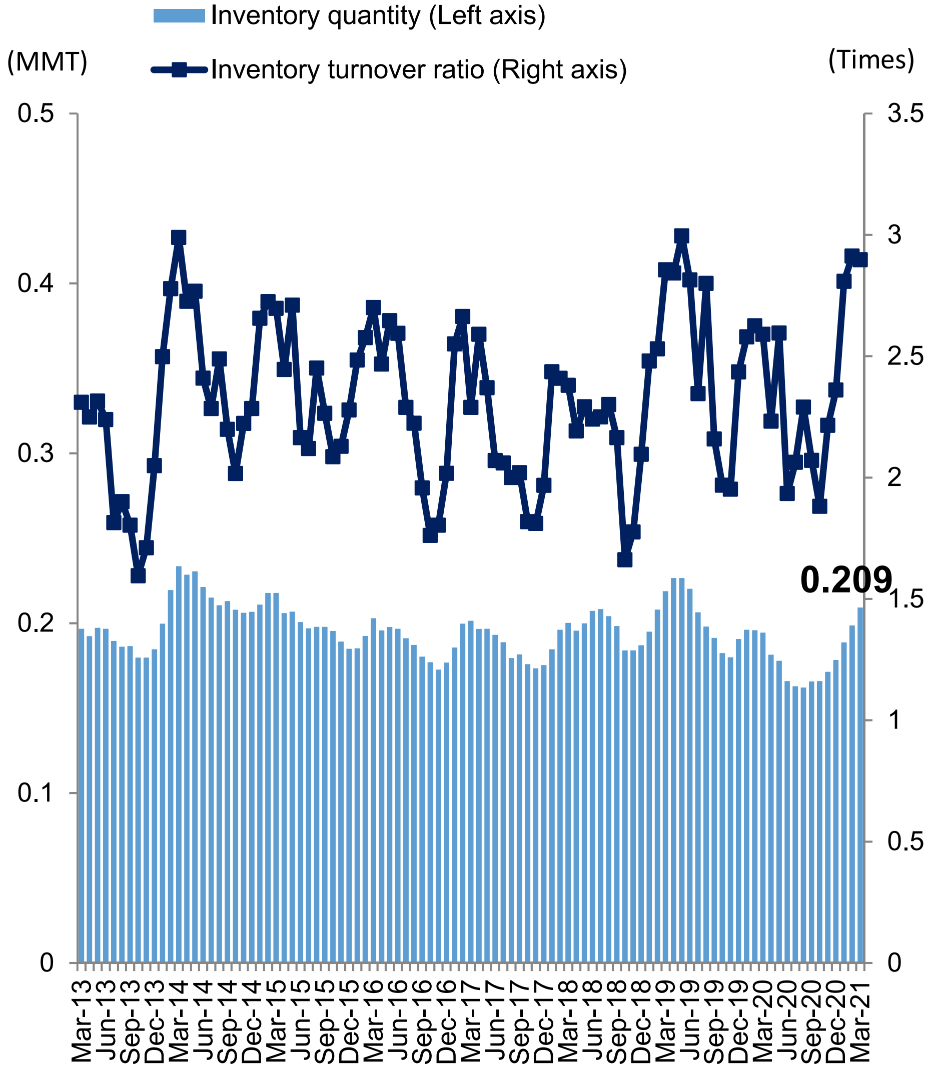
Source : Japan Metal Daily

Domestic Steel Inventory

Rolled Sheets Inventory *1



H-flange beams*2 Inventory

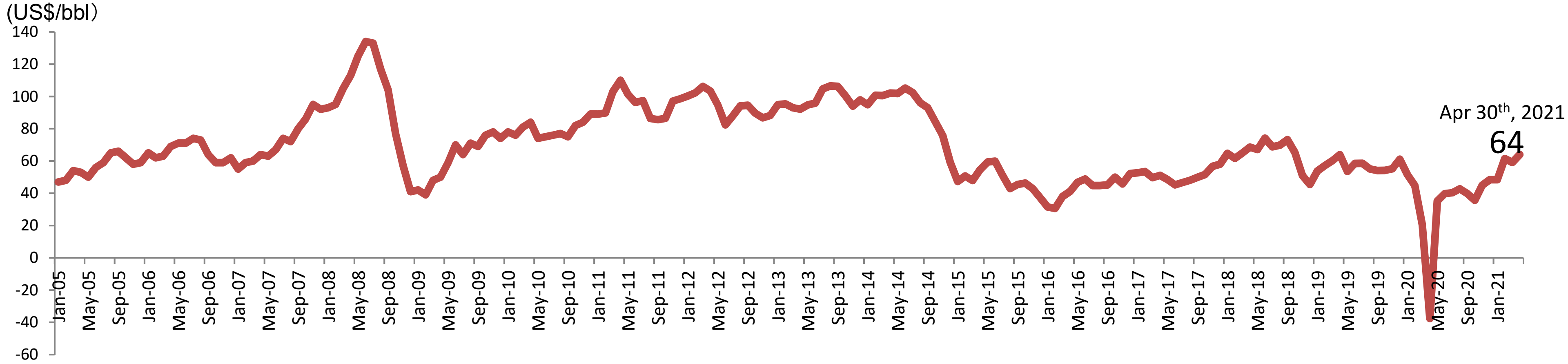


Source : Japan Iron and Steel Federation *1 Hot-rolled, Cold-rolled and Coated sheets

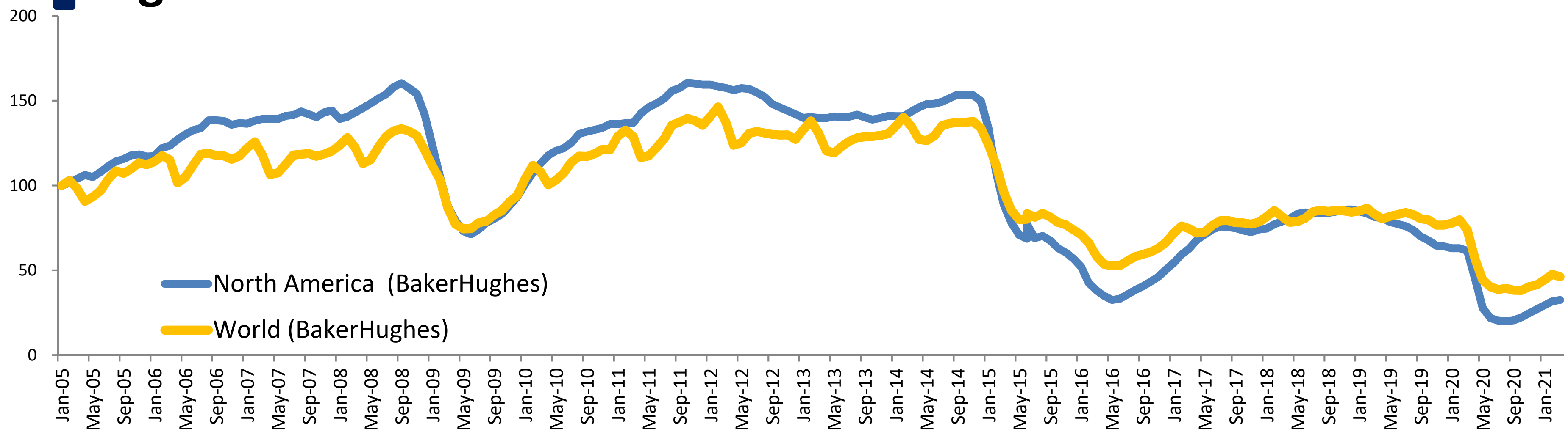
*2 Inventories of the distributors dealing with H-flange beams manufactured by Nippon Steel

Energy Sector : Oil Price / Rig Count

US Oil Price (WTI Spot)



Rig Counts (Jan. 2005=100)



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

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