
Then AM/NS India. We have already invested in the expansion of the Hazira plant, and its start-up effect will kick in from 2025 to 2026.



We closed the deal to acquire interest in EVR, Canada in January 2024 and will see a full effect of this investment from fiscal 2024. As you will see later, EVR itself generates approximately 400 billion in annual business profit, so 20% of that profit will be incorporated into Nippon Steel's consolidated results from fiscal 2024.

Nippon Steel Trading became our subsidiary in fiscal 2023 and this effect has been incorporated from fiscal 2023. From fiscal 2024 onward, we anticipate to generate synergies of this consolidation.

As you can see from this road map, we have already drawn a picture toward achieving our goal of 1 trillion in business profit by steadily increasing profit and evolving into a further horizontally and vertically integrated business structure.

However, one thing I should note here is that fiscal 2024 will be a kind of a transitional year and that the effects of the various measures will all start to come out in 2025 and 2026. So I think one of our major challenges is to survive fiscal 2024.

Next, please skip the subsequent existing slides and jump to slide 23.

Slide 23: Realize further growth of U. S. Steel by combining strengths of both companies

This slide summarizes the anticipated effects and objectives of the acquisition of U. S. Steel. We intend to bring together the strengths of both companies and to put U. S. Steel on a growth trajectory. I have used this logic and explain in this tone when I met some Senators and Representatives and visited some institutions in Washington, D.C. in mid to late January 2024.

On the left of the slide shows four strengths of Nippon Steel. First of all, we have a high level of product technologies. This strength has been forged in the business of automotive steel sheets and electrical steel sheets, and by very competent customers.

In terms of operational and equipment technologies, we have a wealth of experience operating 11 large blast furnaces (BFs) at six steelworks for many years in Japan, and also in 15 countries around the world. This wealth of operational and equipment technologies will be transferred to U. S. Steel.

In the area of equipment technologies, I would like to emphasize in particular that we have as many as about 1,600 plant engineers. There are not many other companies like this in the world. This workforce enables us to start construction or capital investment projects almost on the construction schedule and on the budget. This is quite extraordinary in the world, and I am proud of having such technological capabilities as a great strength.

Needless to say, decarbonization technologies are another strength of us. We are steadily advancing hydrogen injection into blast furnaces technology now.

For customers, this means that strengthened products and services will also further the customers competitiveness. For environment and sustainability, we can become the cleanest steelmaker. Those will enhance the whole supply chain resilience in the U.S. including not only the steel industry but primary industries such as automotive, then will contribute to enhancing the competitiveness of the U.S. industries. We feel strongly that this investment is extremely beneficial to all stakeholders. We are therefore willing to push this forward.



Slide 25: Acquisition of U. S. Steel

Next slide, please. This slide exactly shows what we presented when we announced the intent of the acquisition back on December 18, 2023. As this will be a huge investment, the debt/equity ratio, representing our financial strength, will deteriorate from 0.5 at present to 0.8 or 0.9.

However, this is an investment for growth and profit. We believe that the debt/equity ratio will quickly return to 0.7 or lower due to consolidated profit and cash flow including U. S. Steel and making the most appropriate means of financing.

Slide 26: Progress

Next slide, please. Under these circumstances, we are continuing to have a dialogue with U. S. Steel's stakeholder and making earnest efforts for deepening their understanding. We are hoping that ne tsst e tsst e sinpingf figfeel' ~ wsel' i wifg our fin werS ma
