

Flash Report
Consolidated Basis
Results for the First Half of Fiscal 2021
(April 1, 2021—September 30, 2021)
< under IFRS >

November 2, 2021

Company name:	Nippon Steel Corporation
Stock listing:	Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges
Code number:	5401
URL:	https://www.nipponsteel.com/en/index.html
Representative:	Eiji Hashimoto, Representative Director and President
Contact:	Shinnosuke Arita, General Manager, Public Relations Center
Telephone:	+81-3-6867-2135, 2146, 2977, 3419
Scheduled date to submit Securities Report:	November 12, 2021
Scheduled date to pay dividends:	December 1, 2021
Preparation of supplemental explanatory materials:	Yes
Holding of quarterly financial results meeting:	Yes (for investment analysts)

(All amounts have been truncated to the nearest millions of Japanese yen.)

1. Consolidated Operating Results and Financial Position through the First Half of Fiscal 2021
(April 1, 2021—September 30, 2021)

(1) Consolidated Operating Results (Accumulated)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Revenue		Business profit (*)		Operating profit		Profit before income taxes		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of Fiscal 2021	3,163,943	41.1	477,831	—	428,398	—	415,900	—	312,708	—
First half of Fiscal 2020	2,241,992	(26.4)	(106,523)	—	(148,810)	—	(159,678)	—	(188,244)	—

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
First half of Fiscal 2021	298,727	—	404,093	—	324.43	—
First half of Fiscal 2020	(191,164)	—	(207,106)	—	(207.62)	—

(*)Business Profit on Consolidated Statements of Profit or Loss indicates the results of sustainable business activities, and is an important measure to compare and evaluate the Company's consolidated performance continuously. It is defined as being deducted Cost of sales, Selling, general and administrative expenses and Other operating expenses from Revenue, and added Share of profit in investments accounted for using the equity method and Other operating income. Other operating income and expenses are composed mainly of Dividend income, Foreign exchange gains or losses, Loss on disposal of fixed assets.

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of total equity attributable to owners of the parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
First half of Fiscal 2021	8,011,213	3,522,283	3,134,613	39.1
Fiscal 2020	7,573,946	3,131,387	2,759,996	36.4

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	0.00	—	10.00	10.00
Fiscal 2021	—	70.00			
Fiscal 2021 (Forecasts)			—	—	—

Notes: 1. Whether the dividends forecasts have been revised: None

2. The Company plans to determine the forecast for the year-end dividend distribution amount, with due consideration of forecasts for the full fiscal year performance, and to announce it at the time of its third-quarter result announcement.

3. Consolidated Financial Forecasts for Fiscal 2021 (April 1, 2021—March 31, 2022)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Revenue		Business profit		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2021	6,700,000	38.7	800,000	627.0	520,000	—	565.00

Notes: 1. Whether the consolidated financial forecasts for fiscal 2021 under review have been revised: Yes

* Notes

- (1) Changes in significant subsidiaries during the period: None
- (2) Changes in accounting policies and changes in accounting estimates
 - (a) Changes in accounting policies required by IFRS: None
 - (b) Changes other than those in (a) above: None
 - (c) Changes in accounting estimates: None
- (3) Number of shares outstanding (common shares)
 - (a) Number of shares outstanding at the end of the period (including treasury stock)
 - First half of Fiscal 2021 950,321,402 shares
 - Fiscal 2020 950,321,402 shares
 - (b) Number of treasury stock at the end of the period
 - First half of Fiscal 2021 29,563,827 shares
 - Fiscal 2020 29,564,533 shares
 - (c) Weighted average number of shares outstanding
 - First half of Fiscal 2021 920,761,965 shares
 - First half of Fiscal 2020 920,727,590 shares

* This quarterly flash report is not subject to quarterly review procedures.

* Explanation of the appropriate use of performance forecasts and other related items

(Explanation of the appropriate use of performance forecasts)

The forward-looking statements included in this flash report are based on the assumptions, forecasts, and plans of the Company as of the date on which this document is made public. The Company's actual results may differ substantially from such statements due to various risks and uncertainties.

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Quarterly Condensed Consolidated Financial Statements and Major Notes

(1) Quarterly Condensed Consolidated Statements of Financial Position

(Millions of Yen)

ASSETS	March 31, 2021	September 30, 2021
Current assets :		
Cash and cash equivalents	359,465	331,964
Trade and other receivables	805,306	829,130
Inventories	1,349,355	1,558,698
Other financial assets	27,772	30,915
Other current assets	130,786	183,400
Total current assets	2,672,686	2,934,109
Non-current assets :		
Property, plant and equipment	2,954,938	3,003,030
Right-of-use assets	88,559	80,761
Goodwill	46,341	46,902
Intangible assets	95,826	118,786
Investments accounted for using the equity method	817,328	930,079
Other financial assets	628,226	598,006
Defined benefit assets	110,396	117,970
Deferred tax assets	153,123	175,481
Other non-current assets	6,519	6,083
Total non-current assets	4,901,260	5,077,103
Total assets	7,573,946	8,011,213

(Millions of Yen)

LIABILITIES	March 31, 2021	September 30, 2021
Current liabilities :		
Trade and other payables	1,382,761	1,375,800
Bonds, borrowings and lease liabilities	308,985	388,744
Other financial liabilities	1,250	1,283
Income taxes payable	24,256	118,415
Other current liabilities	54,077	41,433
Total current liabilities	1,771,331	1,925,677
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,250,246	2,065,134
Other financial liabilities	4,784	3,668
Defined benefit liabilities	189,453	184,192
Deferred tax liabilities	37,385	44,020
Other non-current liabilities	189,358	266,236
Total non-current liabilities	2,671,228	2,563,252
Total liabilities	4,442,559	4,488,930
EQUITY		
Common stock	419,524	419,524
Capital surplus	393,168	392,879
Retained earnings	1,910,333	2,224,072
Treasury stock	(58,342)	(58,358)
Other components of equity	95,311	156,493
Total equity attributable to owners of the parent	2,759,996	3,134,613
Non-controlling interests	371,390	387,670
Total equity	3,131,387	3,522,283
Total liabilities and equity	7,573,946	8,011,213

**(2) Quarterly Condensed Consolidated Statements of Profit or Loss and
Quarterly Condensed Consolidated Statements of Comprehensive Income**

Quarterly Condensed Consolidated Statements of Profit or Loss		(Millions of Yen)
	First half of Fiscal 2020	First half of Fiscal 2021
Revenue	2,241,992	3,163,943
Cost of sales	(2,086,638)	(2,573,417)
Gross profit	155,353	590,525
Selling, general and administrative expenses	(239,542)	(263,114)
Share of profit in investments accounted for using the equity method	11,137	116,602
Other operating income	23,161	56,311
Other operating expenses	(56,633)	(22,495)
Business profit (loss)	(106,523)	477,831
Losses on reorganization	(42,287)	(49,433)
Operating profit (loss)	(148,810)	428,398
Finance income	1,613	954
Finance costs	(12,482)	(13,453)
Profit (loss) before income taxes	(159,678)	415,900
Income tax expense	(28,565)	(103,191)
Profit (loss)	(188,244)	312,708
Profit (loss) attributable to :		
Owners of the parent	(191,164)	298,727
Non-controlling interests	2,920	13,980
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)	(207.62)	324.43

Quarterly Condensed Consolidated Statements of Comprehensive Income		(Millions of Yen)
	First half of Fiscal 2020	First half of Fiscal 2021
Profit (loss)	(188,244)	312,708
Other comprehensive income		
Items that cannot be reclassified to profit or loss		
Changes in fair value of financial assets measured at fair value through other comprehensive income	21,801	9,492
Remeasurements of defined benefit plans	14,500	11,120
Share of other comprehensive income of investments accounted for using the equity method	4,799	4,191
Subtotal	41,101	24,804
Items that might be reclassified to profit or loss		
Changes in fair value of cash flow hedges	(1,693)	(615)
Foreign exchange differences on translation of foreign operations	(15,985)	29,802
Share of other comprehensive income of investments accounted for using the equity method	(42,284)	37,393
Subtotal	(59,963)	66,580
Total other comprehensive income (loss), net of tax	(18,861)	91,384
Total comprehensive income (loss)	(207,106)	404,093
Comprehensive income (loss) attributable to:		
Owners of the parent	(211,301)	384,140
Non-controlling interests	4,195	19,952

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

First Half of Fiscal 2020

(Millions of Yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of March 31, 2020	419,524	394,404	1,870,948	(58,505)	111,924	—
Changes of the year						
Comprehensive income						
Profit (loss)			(191,164)			
Other comprehensive income (loss)					18,485	18,422
Total comprehensive income	—	—	(191,164)	—	18,485	18,422
Transactions with owners and others						
Cash dividends						
Purchases of treasury stock				(28)		
Disposals of treasury stock		(1)		2		
Changes in ownership interests in subsidiaries		1,934				
Transfer from other components of equity to retained earnings			28,222		(9,799)	(18,422)
Changes in scope of consolidation		(2,763)		218		
Subtotal	—	(829)	28,222	192	(9,799)	(18,422)
Balance as of September 30, 2020	419,524	393,574	1,708,005	(58,313)	120,610	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of the parent		
	Changes in fair value of cash flow hedges	Foreign exchange differences on translation of foreign operations	Total			
Balance as of March 31, 2020	(4,821)	(91,857)	15,245	2,641,618	355,013	2,996,631
Changes of the year						
Comprehensive income						
Profit (loss)			—	(191,164)	2,920	(188,244)
Other comprehensive income (loss)	(5,119)	(51,925)	(20,136)	(20,136)	1,275	(18,861)
Total comprehensive income	(5,119)	(51,925)	(20,136)	(211,301)	4,195	(207,106)
Transactions with owners and others						
Cash dividends			—	—	(4,572)	(4,572)
Purchases of treasury stock			—	(28)		(28)
Disposals of treasury stock			—	0		0
Changes in ownership interests in subsidiaries			—	1,934	(132)	1,801
Transfer from other components of equity to retained earnings			(28,222)	—		—
Changes in scope of consolidation			—	(2,544)	(1,987)	(4,532)
Subtotal	—	—	(28,222)	(637)	(6,692)	(7,330)
Balance as of September 30, 2020	(9,941)	(143,782)	(33,113)	2,429,679	352,515	2,782,195

First Half of Fiscal 2021

(Millions of Yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of March 31, 2021	419,524	393,168	1,910,333	(58,342)	207,300	—
Changes of the year						
Comprehensive income						
Profit (loss)			298,727			
Other comprehensive income (loss)					10,451	10,391
Total comprehensive income	—	—	298,727	—	10,451	10,391
Transactions with owners and others						
Cash dividends			(9,219)			
Purchases of treasury stock				(34)		
Disposals of treasury stock		0		17		
Changes in ownership interests in subsidiaries		(288)				
Transfer from other components of equity to retained earnings			24,230		(13,838)	(10,391)
Changes in scope of consolidation				0		
Subtotal	—	(288)	15,010	(15)	(13,838)	(10,391)
Balance as of September 30, 2021	419,524	392,879	2,224,072	(58,358)	203,913	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of the parent		
	Changes in fair value of cash flow hedges	Foreign exchange differences on translation of foreign operations	Total			
Balance as of March 31, 2021	3,397	(115,385)	95,311	2,759,996	371,390	3,131,387
Changes of the year						
Comprehensive income						
Profit (loss)			—	298,727	13,980	312,708
Other comprehensive income (loss)	18,137	46,432	85,412	85,412	5,972	91,384
Total comprehensive income	18,137	46,432	85,412	384,140	19,952	404,093
Transactions with owners and others						
Cash dividends			—	(9,219)	(3,964)	(13,183)
Purchases of treasury stock			—	(34)		(34)
Disposals of treasury stock			—	17		17
Changes in ownership interests in subsidiaries			—	(288)	281	(6)
Transfer from other components of equity to retained earnings			(24,230)	—		—
Changes in scope of consolidation			—	0	9	10
Subtotal	—	—	(24,230)	(9,523)	(3,672)	(13,196)
Balance as of September 30, 2021	21,534	(68,953)	156,493	3,134,613	387,670	3,522,283

(4) Notes to the Quarterly Condensed Consolidated Financial Statements

(Going Concern Assumption)

None

(Segment Information)

Information on the amounts of revenue and profit or loss for reportable segments

First Half of Fiscal 2020 (April 1, 2020—September 30, 2020)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	1,965,815	151,511	78,968	121,740	2,318,036	(76,043)	2,241,992
Segment profit (loss) <Business Profit>	(116,757)	7,211	(3,637)	10,636	(102,546)	(3,976)	(106,523)

First Half of Fiscal 2021 (April 1, 2021—September 30, 2021)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	2,851,416	123,879	122,515	131,246	3,229,058	(65,115)	3,163,943
Segment profit (loss) <Business Profit>	448,281	(2,940)	13,571	14,613	473,525	4,305	477,831

Nippon Steel Corporation

Code Number: 5401

Listings: Tokyo, Nagoya, Sapporo and Fukuoka Stock Exchanges

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Supplementary Information on the Financial Results for the First Half of Fiscal 2021

Japanese Steel Industry

1. Crude Steel Production

(million tons)							
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	18.11	18.98	37.09	21.99	23.71	45.70	82.78
2021 FY	24.35	24.07	48.42	(*)Approx. 24.11			

(*)METI forecast

2. Inventory Volume

At the end of:		Inventory at manufacturers and distributors (million tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (million tons)	H-flange beams *2 (million tons)
Sep.	2019	5.95	(157.7)	4.45	0.191
Oct.	2019	5.85	(155.4)	4.33	0.182
Nov.	2019	5.80	(158.0)	4.34	0.180
Dec.	2019	5.82	(172.0)	4.32	0.191
Jan.	2020	5.89	(170.3)	4.45	0.196
Feb.	2020	5.94	(177.1)	4.49	0.196
Mar.	2020	5.76	(157.6)	4.39	0.194
Apr.	2020	5.76	(192.1)	4.36	0.181
May	2020	5.90	(222.8)	4.47	0.178
June	2020	5.67	(194.2)	4.30	0.166
July	2020	5.32	(172.1)	3.98	0.163
Aug.	2020	5.34	(187.8)	3.93	0.162
Sep.	2020	5.12	(159.9)	3.67	0.166
Oct.	2020	4.97	(142.7)	3.56	0.166
Nov.	2020	5.03	(151.3)	3.54	0.171
Dec.	2020	5.09	(157.6)	3.56	0.178
Jan.	2021	5.22	(163.9)	3.55	0.189
Feb.	2021	5.22	(165.7)	3.55	0.199
Mar.	2021	5.07	(134.6)	3.51	0.209
Apr.	2021	5.25	(160.6)	3.68	0.207
May	2021	5.52	(172.7)	3.91	0.203
June	2021	5.39	(147.3)	3.88	0.197
July	2021	5.38	(158.2)	3.88	0.189
Aug.	2021	5.62	(184.7)	4.10	0.183
Sep. *3	2021	5.83	(172.8)	4.32	0.180

*1 Hot-rolled, cold-rolled and coated sheets

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

*3 Preliminary report

Nippon Steel Corporation

3. Pig Iron Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	7.56	7.27	14.82	8.32	9.93	18.25	33.07
2021 FY	10.04	9.89	19.93			Approx. 19.30	Approx. 39.20

Including Hokkai Iron & Coke Co., Ltd..

4. Crude Steel Production

(Consolidated basis (The Company and its consolidated subsidiaries))

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	8.30	8.48	16.78	9.64	11.23	20.87	37.65
2021 FY	11.88	11.37	23.25			Approx. 22.50	Approx. 45.70

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	7.20	7.45	14.64	8.47	9.89	18.36	33.00
2021 FY	10.18	10.05	20.23			Approx. 19.50	Approx. 39.70

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	7.12	7.33	14.46	7.93	8.84	16.77	31.22
2021 FY	9.20	9.09	18.28			Approx. 17.90	Approx. 36.20

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	86.0	81.3	83.6	86.9	89.7	88.3	86.1
2021 FY	97.2	116.1	106.6			Approx. 127	Approx. 117

7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	39	37	38	33	37	35	36
2021 FY	43	45	44			Approx. 41	Approx. 42

8. Foreign Exchange Rate

(¥ / \$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	108	106	107	105	105	105	106
2021 FY	110	110	110			Approx. 110	Approx. 110

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
2020 FY	474.4	290.8
2021 FY	Approx. 480.0	Approx. 330.0