



Flash Report

Consolidated Basis

Results for the Third Quarter of Fiscal 2022

(April 1, 2022—December 31, 2022)
< under IFRS >

February 9, 2023

Company name:	NIPPON STEEL CORPORATION
Stock listing:	Tokyo Stock Exchange / Nagoya Stock Exchange / Fukuoka Stock Exchange / Sapporo Securities Exchange
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:	February 13, 2023
Scheduled date to pay dividends:	-
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 Third Quarter of Fiscal 2022

(April 1, 2022—December 31, 2022)

(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	%
Third quarter of Fiscal 2022	5,961,682	20.6	761,844	2.4	761,844	4.6	748,281	5.4	548,454	3.7
Third quarter of Fiscal 2021	4,942,481	43.3	743,749	—	728,136	—	709,775	—	528,832	—

	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
Third quarter of Fiscal 2022	517,144	1.8	808,131	30.8	561.58	501.09
Third quarter of Fiscal 2021	507,894	—	617,890	—	551.60	533.32

(*)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, and 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	%
Third quarter of Fiscal 2022	9,480,209	4,527,597	4,074,179	43.0
Fiscal 2021	8,752,346	3,897,008	3,466,799	39.6

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 2021	—	70.00	—	90.00	160.00
Fiscal 2022	—	90.00	—		
Fiscal 2022 (Forecasts)				90.00	180.00

Notes: Whether the dividends forecasts have been revised: Yes

3. Consolidated Financial Forecasts for Fiscal 2022 (April 1, 2022—March 31, 2023)

(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 2022	8,000,000	17.5	870,000	(7.3)	670,000	5.1	728.00

Notes: Whether the consolidated financial forecasts for fiscal 2022 under review have been revised: No

* Notes

- (1) Changes in significant subsidiaries (changes in specified subsidiaries accompanying changes in scope of consolidation) 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 in accounting policies 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)

Third quarter of Fiscal 2022	950,321,402 shares
Fiscal 2021	950,321,402 shares
 - (b) Number of treasury stock at the end of the period

Third quarter of Fiscal 2022	29,470,644 shares
Fiscal 2021	29,449,711 shares
 - (c) Weighted average number of shares outstanding

Third quarter of Fiscal 2022	920,862,106 shares
Third quarter of Fiscal 2021	920,759,039 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, 2022	December 31, 2022
Current assets :		
Cash and cash equivalents	551,049	492,203
Trade and other receivables	939,406	998,858
Inventories	1,756,589	2,158,653
Other financial assets	41,357	38,629
Other current assets	226,253	217,196
Total current assets	3,514,655	3,905,542
Non-current assets :		
Property, plant and equipment	3,052,640	3,183,515
Right-of-use assets	78,162	85,997
Goodwill	61,741	68,115
Intangible assets	130,497	148,218
Investments accounted for using the equity method	1,079,068	1,292,789
Other financial assets	548,283	512,633
Defined benefit assets	123,563	103,142
Deferred tax assets	158,031	174,484
Other non-current assets	5,701	5,770
Total non-current assets	5,237,691	5,574,667
Total assets	8,752,346	9,480,209

(Millions of Yen)

LIABILITIES	March 31, 2022	December 31, 2022
Current liabilities :		
Trade and other payables	1,526,719	1,591,998
Bonds, borrowings and lease liabilities	344,056	393,384
Other financial liabilities	1,042	21,128
Income taxes payable	109,958	155,150
Other current liabilities	36,852	48,655
Total current liabilities	2,018,630	2,210,317
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,309,339	2,195,813
Other financial liabilities	1,207	670
Defined benefit liabilities	188,350	195,322
Deferred tax liabilities	39,805	41,056
Other non-current liabilities	298,005	309,431
Total non-current liabilities	2,836,707	2,742,294
Total liabilities	4,855,337	4,952,611
EQUITY		
Common stock	419,524	419,524
Capital surplus	393,547	399,639
Retained earnings	2,514,775	2,874,961
Treasury stock	(57,977)	(58,022)
Other components of equity	196,928	438,077
Total equity attributable to owners of the parent	3,466,799	4,074,179
Non-controlling interests	430,209	453,417
Total equity	3,897,008	4,527,597
Total liabilities and equity	8,752,346	9,480,209

**(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)
	Third quarter of Fiscal 2021	Third quarter of Fiscal 2022
Revenue	4,942,481	5,961,682
Cost of sales	(4,037,824)	(4,970,173)
Gross profit	904,656	991,508
Selling, general and administrative expenses	(403,990)	(430,727)
Share of profit in investments accounted for using the equity method	183,354	89,133
Other operating income	93,685	164,464
Other operating expenses	(33,956)	(52,534)
Business profit	743,749	761,844
Losses on reorganization	(15,613)	—
Operating profit	728,136	761,844
Finance income	1,408	4,710
Finance costs	(19,769)	(18,272)
Profit before income taxes	709,775	748,281
Income tax expense	(180,942)	(199,827)
Profit	528,832	548,454
Profit attributable to :		
Owners of the parent	507,894	517,144
Non-controlling interests	20,937	31,310
Earnings per share		
Basic earnings per share (Yen)	551.60	561.58
Diluted earnings per share (Yen)	533.32	501.09

Quarterly Condensed Consolidated Statements of Comprehensive Income		(Millions of Yen)
	Third quarter of Fiscal 2021	Third quarter of Fiscal 2022
Profit	528,832	548,454
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	(10,342)	12,348
Remeasurements of defined benefit plans	12,359	(8,335)
Share of other comprehensive income of investments accounted for using the equity method	3,580	(1,879)
Subtotal	5,597	2,133
Items that might be reclassified to profit or loss		
Changes in fair value of cash flow hedges	1,608	(15,838)
Foreign exchange differences on translation of foreign operations	26,277	132,472
Share of other comprehensive income of investments accounted for using the equity method	55,573	140,908
Subtotal	83,459	257,542
Total other comprehensive income, net of tax	89,057	259,676
Total comprehensive income	617,890	808,131
Comprehensive income attributable to:		
Owners of the parent	591,140	767,284
Non-controlling interests	26,749	40,846

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

Third Quarter 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			507,894			
Other comprehensive income					(10,478)	12,133
Total comprehensive income	—	—	507,894	—	(10,478)	12,133
Transactions with owners and others						
Cash dividends			(73,757)			
Purchases of treasury stock				(52)		
Disposals of treasury stock		0		19		
Changes in ownership interests in subsidiaries		(223)				
Transfer from other components of equity to retained earnings			33,710		(21,577)	(12,133)
Changes in scope of consolidation		667		0		
Subtotal	—	443	(40,046)	(32)	(21,577)	(12,133)
Balance as of December 31, 2021	419,524	393,612	2,378,182	(58,375)	175,244	—

	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			—	507,894	20,937	528,832
Other comprehensive income	41,540	40,051	83,246	83,246	5,811	89,057
Total comprehensive income	41,540	40,051	83,246	591,140	26,749	617,890
Transactions with owners and others						
Cash dividends			—	(73,757)	(6,790)	(80,548)
Purchases of treasury stock			—	(52)		(52)
Disposals of treasury stock			—	19		19
Changes in ownership interests in subsidiaries			—	(223)	(300)	(524)
Transfer from other components of equity to retained earnings			(33,710)	—		—
Changes in scope of consolidation			—	667	3,007	3,675
Subtotal	—	—	(33,710)	(73,345)	(4,084)	(77,429)
Balance as of December 31, 2021	44,937	(75,334)	144,847	3,277,791	394,056	3,671,847

Third Quarter of Fiscal 2022

(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, 2022	419,524	393,547	2,514,775	(57,977)	178,442	—
Changes of the year						
Comprehensive income						
Profit			517,144			
Other comprehensive income					14,611	(11,080)
Total comprehensive income	—	—	517,144	—	14,611	(11,080)
Transactions with owners and others						
Cash dividends			(165,950)			
Purchases of treasury stock				(44)		
Disposals of treasury stock		0		2		
Changes in ownership interests in subsidiaries		6,091				
Transfer from other components of equity to retained earnings			8,991		(20,071)	11,080
Changes in scope of consolidation				(3)		
Subtotal	—	6,092	(156,958)	(45)	(20,071)	11,080
Balance as of December 31, 2022	419,524	399,639	2,874,961	(58,022)	172,981	—

	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, 2022	58,852	(40,366)	196,928	3,466,799	430,209	3,897,008
Changes of the year						
Comprehensive income						
Profit			—	517,144	31,310	548,454
Other comprehensive income	68,152	178,456	250,140	250,140	9,536	259,676
Total comprehensive income	68,152	178,456	250,140	767,284	40,846	808,131
Transactions with owners and others						
Cash dividends			—	(165,950)	(10,163)	(176,113)
Purchases of treasury stock			—	(44)		(44)
Disposals of treasury stock			—	2		2
Changes in ownership interests in subsidiaries			—	6,091	(7,604)	(1,512)
Transfer from other components of equity to retained earnings			(8,991)	—		—
Changes in scope of consolidation			—	(3)	128	125
Subtotal	—	—	(8,991)	(159,903)	(17,639)	(177,543)
Balance as of December 31, 2022	127,005	138,089	438,077	4,074,179	453,417	4,527,597

(4) Notes to the Quarterly Condensed Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Segment Information)

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

Third quarter of Fiscal 2021 (April 1, 2021—December 31, 2021)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	4,466,307	195,269	188,294	196,392	5,046,263	(103,782)	4,942,481
Segment profit (loss) <Business Profit>	698,103	(424)	20,156	22,871	740,707	3,042	743,749

Third quarter of Fiscal 2022 (April 1, 2022—December 31, 2022)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	5,435,819	248,976	211,759	207,465	6,104,020	(142,338)	5,961,682
Segment profit (loss) <Business Profit>	725,997	6,600	16,201	22,592	771,391	(9,546)	761,844

NIPPON STEEL CORPORATION

Code Number: 5401

Listings: Tokyo Stock Exchange / Nagoya Stock Exchange /
Fukuoka Stock Exchange / Sapporo Securities Exchange

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Supplementary Information on the Financial Results for the Third Quarter of Fiscal 2022

Japanese Steel Industry

1. Crude Steel Production

(million tons)							
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	24.35	24.07	48.42	24.20	23.01	47.21	95.64
FY 2022	22.98	21.82	44.80	21.42	(*)Approx. 22.10	Approx. 43.50	Approx. 88.30

(*)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)
Dec.	2020	5.09	(157.6)	3.56	0.178
Jan.	2021	5.17	(160.5)	3.55	0.189
Feb.	2021	5.22	(167.9)	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.	2021	5.87	(175.1)	4.32	0.180
Oct.	2021	6.02	(172.5)	4.54	0.183
Nov.	2021	6.04	(170.5)	4.47	0.184
Dec.	2021	6.13	(179.5)	4.55	0.190
Jan.	2022	6.21	(185.8)	4.65	0.200
Feb.	2022	6.23	(202.1)	4.65	0.204
Mar.	2022	5.98	(161.6)	4.52	0.203
Apr.	2022	5.97	(191.6)	4.51	0.192
May	2022	6.21	(205.6)	4.66	0.188
June	2022	6.03	(176.1)	4.52	0.188
July	2022	5.90	(177.9)	4.37	0.186
Aug.	2022	5.96	(200.0)	4.47	0.185
Sep.	2022	5.97	(188.9)	4.43	0.185
Oct.	2022	5.88	(175.7)	4.40	0.184
Nov.	2022	5.76	(174.2)	4.29	0.187
Dec. *3	2022	5.62	(189.5)	4.21	0.191

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

*2 Inventories at 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
FY 2021	10.04	9.89	19.93	9.72	8.75	18.48	38.41
FY 2022	8.52	8.29	16.81	8.63	Approx. 8.60	Approx. 17.20	Approx. 34.00

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
FY 2021	11.88	11.37	23.25	11.06	10.14	21.20	44.46
FY 2022	10.33	9.87	20.21	10.04	Approx. 10.00	Approx. 20.00	Approx. 40.20

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	10.18	10.05	20.23	9.64	8.81	18.45	38.68
FY 2022	8.69	8.34	17.04	8.59	Approx. 8.60	Approx. 17.20	Approx. 34.20

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	9.20	9.09	18.28	8.96	8.31	17.28	35.56
FY 2022	8.19	7.49	15.69	7.98	Approx. 7.70	Approx. 15.70	Approx. 31.40

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	97.2	116.1	106.6	124.4	134.6	129.3	117.7
FY 2022	140.0	152.7	146.0	155.9	Approx. 146	Approx. 151	Approx. 149

7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	43	45	44	42	39	40	42
FY 2022	48	42	45	41	Approx. 39	Approx. 40	Approx. 42

8. Foreign Exchange Rate

(¥/\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	110	110	110	113	115	114	112
FY 2022	126	137	132	144	Approx. 130	Approx. 137	Approx. 134

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
FY 2021	407.4	330.6
FY 2022	Approx. 450.0	Approx. 350.0