



Flash Report

Consolidated Basis

Results for the First Half of Fiscal 2023

(April 1, 2023—September 30, 2023)

< under IFRS >

November 1, 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 quarterly securities report:	November 10, 2023
Scheduled date to commence dividend payments:	November 30, 2023
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 2023

(April 1, 2023—September 30, 2023)

(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 2023	4,412,421	13.9	494,249	(8.8)	423,794	(21.8)	416,042	(21.9)	321,818	(18.5)
First half of Fiscal 2022	3,874,406	22.5	541,752	13.4	541,752	26.5	532,507	28.0	394,710	26.2

	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 2023	300,235	(19.4)	557,407	(7.1)	326.04	288.94
First half of Fiscal 2022	372,372	24.7	600,064	48.5	404.37	361.40

(*)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 Losses 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 2023	10,675,702	5,174,803	4,617,929	43.3
Fiscal 2022	9,567,099	4,646,417	4,181,155	43.7

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 2022	—	90.00	—	90.00	180.00
Fiscal 2023	—	75.00			
Fiscal 2023 (Forecasts)			—	75.00	150.00

Notes: Whether the dividends forecasts have been revised: No

3. Consolidated Financial Forecasts for Fiscal 2023 (April 1, 2023—March 31, 2024)

(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 2023	9,000,000	12.8	740,000	(19.3)	420,000	(39.5)	456.00

Notes: Whether the consolidated financial forecasts for fiscal 2023 under review have been revised: Yes

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Number of newly consolidated: 1

Company name: NIPPON STEEL TRADING CORPORATION

Number of excluded from consolidation: 0

- (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)

First half of Fiscal 2023 950,321,402 shares

Fiscal 2022 950,321,402 shares

- (b) Number of treasury stock at the end of the period

First half of Fiscal 2023 29,497,673 shares

Fiscal 2022 29,481,839 shares

- (c) Weighted average number of shares outstanding

First half of Fiscal 2023 920,827,794 shares

First half of Fiscal 2022 920,865,584 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, 2023	September 30, 2023
Current assets :		
Cash and cash equivalents	670,410	655,175
Trade and other receivables	1,062,384	1,580,785
Inventories	2,085,971	2,302,740
Other financial assets	28,176	44,133
Other current assets	223,575	247,915
Total current assets	4,070,518	4,830,750
Non-current assets :		
Property, plant and equipment	3,183,638	3,337,345
Right-of-use assets	83,935	88,323
Goodwill	65,062	69,012
Intangible assets	157,444	167,331
Investments accounted for using the equity method	1,210,542	1,246,516
Other financial assets	528,794	702,566
Defined benefit assets	124,628	129,323
Deferred tax assets	136,349	97,724
Other non-current assets	6,185	6,809
Total non-current assets	5,496,581	5,844,952
Total assets	9,567,099	10,675,702

(Millions of Yen)

LIABILITIES	March 31, 2023	September 30, 2023
Current liabilities :		
Trade and other payables	1,592,137	1,672,613
Bonds, borrowings and lease liabilities	403,028	697,332
Other financial liabilities	5,878	2,214
Income taxes payable	51,917	89,847
Other current liabilities	40,839	79,092
Total current liabilities	2,093,802	2,541,101
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,296,322	2,375,544
Other financial liabilities	323	316
Defined benefit liabilities	185,441	186,373
Deferred tax liabilities	37,685	44,300
Other non-current liabilities	307,105	353,262
Total non-current liabilities	2,826,879	2,959,797
Total liabilities	4,920,682	5,500,899
EQUITY		
Common stock	419,524	419,524
Capital surplus	399,366	399,059
Retained earnings	3,079,144	3,308,860
Treasury stock	(58,054)	(58,104)
Other components of equity	341,173	548,589
Total equity attributable to owners of the parent	4,181,155	4,617,929
Non-controlling interests	465,261	556,873
Total equity	4,646,417	5,174,803
Total liabilities and equity	9,567,099	10,675,702

**(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 2022	First half of Fiscal 2023
Revenue	3,874,406	4,412,421
Cost of sales	(3,233,511)	(3,725,070)
Gross profit	640,895	687,351
Selling, general and administrative expenses	(285,755)	(356,076)
Share of profit in investments accounted for using the equity method	81,395	77,914
Other operating income	144,545	125,645
Other operating expenses	(39,328)	(40,586)
Business profit	541,752	494,249
Losses on reorganization	-	(70,455)
Operating profit	541,752	423,794
Finance income	2,848	10,808
Finance costs	(12,094)	(18,560)
Profit before income taxes	532,507	416,042
Income tax expense	(137,797)	(94,223)
Profit	394,710	321,818
Profit attributable to :		
Owners of the parent	372,372	300,235
Non-controlling interests	22,337	21,583
Earnings per share		
Basic earnings per share (Yen)	404.37	326.04
Diluted earnings per share (Yen)	361.40	288.94

Quarterly Condensed Consolidated Statements of Comprehensive Income		(Millions of Yen)
	First half of Fiscal 2022	First half of Fiscal 2023
Profit	394,710	321,818
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	(18,370)	103,477
Remeasurements of defined benefit plans	(7,993)	8,799
Share of other comprehensive income of investments accounted for using the equity method	(1,859)	3,463
Subtotal	(28,222)	115,740
Items that might be reclassified to profit or loss		
Changes in fair value of cash flow hedges	2,929	7,462
Foreign exchange differences on translation of foreign operations	119,752	88,586
Share of other comprehensive income of investments accounted for using the equity method	110,894	23,798
Subtotal	233,577	119,848
Total other comprehensive income, net of tax	205,354	235,588
Total comprehensive income	600,064	557,407
Comprehensive income attributable to:		
Owners of the parent	564,220	520,104
Non-controlling interests	35,844	37,302

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

First Half 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			372,372			
Other comprehensive income					(16,065)	(10,599)
Total comprehensive income	—	—	372,372	—	(16,065)	(10,599)
Transactions with owners and others						
Cash dividends			(82,975)			
Purchases of treasury stock				(27)		
Disposals of treasury stock		0		1		
Changes in ownership interests in subsidiaries		6,128				
Transfer from other components of equity to retained earnings			4,616		(15,216)	10,599
Changes in scope of consolidation				(3)		
Subtotal	—	6,128	(78,358)	(29)	(15,216)	10,599
Balance as of September 30, 2022	419,524	399,676	2,808,788	(58,006)	147,160	—

	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			—	372,372	22,337	394,710
Other comprehensive income	58,555	159,957	191,847	191,847	13,506	205,354
Total comprehensive income	58,555	159,957	191,847	564,220	35,844	600,064
Transactions with owners and others						
Cash dividends			—	(82,975)	(6,789)	(89,765)
Purchases of treasury stock			—	(27)		(27)
Disposals of treasury stock			—	1		1
Changes in ownership interests in subsidiaries			—	6,128	(7,564)	(1,435)
Transfer from other components of equity to retained earnings			(4,616)	—		—
Changes in scope of consolidation			—	(3)	148	144
Subtotal	—	—	(4,616)	(76,876)	(14,206)	(91,082)
Balance as of September 30, 2022	117,408	119,591	384,160	3,954,143	451,847	4,405,990

First Half of Fiscal 2023

(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, 2023	419,524	399,366	3,079,144	(58,054)	194,905	—
Changes of the year						
Comprehensive income						
Profit			300,235			
Other comprehensive income					105,090	7,039
Total comprehensive income	—	—	300,235	—	105,090	7,039
Transactions with owners and others						
Cash dividends			(82,973)			
Purchases of treasury stock				(40)		
Disposals of treasury stock		0		48		
Changes in ownership interests in subsidiaries		(307)				
Transfer from other components of equity to retained earnings			12,453		(5,414)	(7,039)
Changes in scope of consolidation				(57)		
Subtotal	—	(306)	(70,519)	(49)	(5,414)	(7,039)
Balance as of September 30, 2023	419,524	399,059	3,308,860	(58,104)	294,581	—

	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, 2023	92,699	53,568	341,173	4,181,155	465,261	4,646,417
Changes of the year						
Comprehensive income						
Profit			—	300,235	21,583	321,818
Other comprehensive income	(20,370)	128,109	219,868	219,868	15,719	235,588
Total comprehensive income	(20,370)	128,109	219,868	520,104	37,302	557,407
Transactions with owners and others						
Cash dividends			—	(82,973)	(8,545)	(91,519)
Purchases of treasury stock			—	(40)		(40)
Disposals of treasury stock			—	49		49
Changes in ownership interests in subsidiaries			—	(307)	(83)	(391)
Transfer from other components of equity to retained earnings			(12,453)	—		—
Changes in scope of consolidation			—	(57)	62,938	62,881
Subtotal	—	—	(12,453)	(83,329)	54,308	(29,020)
Balance as of September 30, 2023	72,329	181,678	548,589	4,617,929	556,873	5,174,803

(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

First half of Fiscal 2022 (April 1, 2022—September 30, 2022)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	3,528,613	164,081	144,901	135,079	3,972,676	(98,269)	3,874,406
Segment profit (loss) <Business Profit>	515,828	5,315	13,673	14,070	548,887	(7,134)	541,752

First half of Fiscal 2023 (April 1, 2023—September 30, 2023)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	4,053,272	175,401	132,854	145,017	4,506,545	(94,123)	4,412,421
Segment profit (loss) <Business Profit>	476,714	(5,414)	10,826	15,125	497,251	(3,002)	494,249

NIPPON STEEL CORPORATION

Code Number: 5401

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

Contact: Shinnosuke Arita, General Manager,
Public Relations Center-Tel: +81-3-6867-2135, 2146, 2977, 3419

Supplementary Information on the Financial Results for the First Half of Fiscal 2023

Japanese Steel Industry

1. Crude Steel Production

(million tons)							
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	22.98	21.82	44.80	21.41	21.62	43.03	87.84
FY 2023	22.21	21.56	43.77	(*)Approx. 22.33			

(*)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.	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	6.22	(186.4)	4.65	0.200
Feb.	2022	6.24	(202.4)	4.65	0.204
Mar.	2022	5.99	(161.8)	4.52	0.203
Apr.	2022	5.95	(189.0)	4.48	0.192
May	2022	6.18	(204.1)	4.63	0.188
June	2022	6.03	(177.7)	4.52	0.188
July	2022	5.90	(177.7)	4.37	0.186
Aug.	2022	5.96	(199.9)	4.47	0.185
Sep.	2022	5.97	(188.9)	4.43	0.185
Oct.	2022	5.88	(175.5)	4.39	0.184
Nov.	2022	5.75	(174.1)	4.29	0.187
Dec.	2022	5.63	(190.1)	4.22	0.191
Jan.	2023	5.66	(193.4)	4.27	0.191
Feb.	2023	5.57	(188.2)	4.21	0.196
Mar.	2023	5.39	(153.3)	4.13	0.196
Apr.	2023	5.29	(174.0)	3.97	0.189
May	2023	5.41	(177.7)	4.04	0.190
June	2023	5.32	(165.5)	4.01	0.196
July	2023	5.19	(162.2)	3.93	0.197
Aug.	2023	5.30	(194.3)	4.00	0.191
Sep. *3	2023	5.17	(160.8)	3.88	0.194

*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 2022	8.52	8.29	16.81	8.63	8.52	17.15	33.96
FY 2023	8.57	8.63	17.20			Approx. 17.30	Approx. 34.50

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 2022	10.33	9.87	20.21	10.04	10.07	20.11	40.32
FY 2023	10.17	10.02	20.19			Approx. 20.80	Approx. 41.00

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	8.69	8.34	17.04	8.59	8.62	17.21	34.25
FY 2023	8.68	8.76	17.44			Approx. 17.60	Approx. 35.00

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	8.19	7.49	15.69	7.98	7.80	15.79	31.47
FY 2023	8.07	8.10	16.17			Approx. 15.80	Approx. 32.00

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	140.0	152.7	146.0	155.9	147.3	151.7	148.9
FY 2023	143.4	144.9	144.1			Approx. 147	Approx. 146

7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	48	42	45	41	40	40	43
FY 2023	46	43	45			Approx. 43	Approx. 44

8. Foreign Exchange Rate

(¥/\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	126	137	132	144	133	139	135
FY 2023	136	144	140			Approx. 150	Approx. 145

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
FY 2022	437.6	340.2
FY 2023	Approx. 450.0	Approx. 360.0