



Flash Report

Consolidated Basis

Results for the First Quarter of Fiscal 2022

(April 1, 2022—June 30, 2022)

< under IFRS >

August 4, 2022

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:	August 9, 2022
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 First Quarter of Fiscal 2022

(April 1, 2022—June 30, 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	%
First quarter of Fiscal 2022	1,919,181	27.7	338,873	56.1	338,873	32.2	334,014	33.4	244,145	41.7
First quarter of Fiscal 2021	1,503,151	32.8	217,024	—	256,341	—	250,382	—	172,306	—

	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 quarter of Fiscal 2022	230,972	42.5	358,534	53.0	250.82	224.28
First quarter of Fiscal 2021	162,129	—	234,367	—	176.08	176.08

(*)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	%
First quarter of Fiscal 2022	9,024,437	4,166,472	3,731,449	41.3
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	—				
Fiscal 2022 (Forecasts)		70.00	—	—	—

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
First half of Fiscal 2022	4,000,000	26.4	450,000	(5.8)	300,000	0.4	326.00
Fiscal 2022	8,000,000	17.5	800,000	(14.7)	600,000	(5.9)	652.00

Notes: Whether the consolidated financial forecasts for fiscal 2022 under review have been revised: Yes

* 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)

First 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

First quarter of Fiscal 2022	29,455,865 shares
Fiscal 2021	29,449,711 shares
 - (c) Weighted average number of shares outstanding

First quarter of Fiscal 2022	920,869,014 shares
First quarter of Fiscal 2021	920,762,338 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	June 30, 2022
Current assets :		
Cash and cash equivalents	551,049	410,832
Trade and other receivables	939,406	930,576
Inventories	1,756,589	1,976,042
Other financial assets	41,357	46,509
Other current assets	226,253	275,484
Total current assets	3,514,655	3,639,444
Non-current assets :		
Property, plant and equipment	3,052,640	3,106,540
Right-of-use assets	78,162	77,782
Goodwill	61,741	64,554
Intangible assets	130,497	137,710
Investments accounted for using the equity method	1,079,068	1,181,399
Other financial assets	548,283	525,911
Defined benefit assets	123,563	116,503
Deferred tax assets	158,031	166,953
Other non-current assets	5,701	7,636
Total non-current assets	5,237,691	5,384,993
Total assets	8,752,346	9,024,437

(Millions of Yen)

LIABILITIES	March 31, 2022	June 30, 2022
Current liabilities :		
Trade and other payables	1,526,719	1,544,462
Bonds, borrowings and lease liabilities	344,056	387,975
Other financial liabilities	1,042	8,332
Income taxes payable	109,958	101,921
Other current liabilities	36,852	50,300
Total current liabilities	2,018,630	2,092,992
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,309,339	2,230,744
Other financial liabilities	1,207	1,221
Defined benefit liabilities	188,350	191,722
Deferred tax liabilities	39,805	38,604
Other non-current liabilities	298,005	302,679
Total non-current liabilities	2,836,707	2,764,972
Total liabilities	4,855,337	4,857,965
EQUITY		
Common stock	419,524	419,524
Capital surplus	393,547	401,414
Retained earnings	2,514,775	2,658,559
Treasury stock	(57,977)	(57,991)
Other components of equity	196,928	309,941
Total equity attributable to owners of the parent	3,466,799	3,731,449
Non-controlling interests	430,209	435,023
Total equity	3,897,008	4,166,472
Total liabilities and equity	8,752,346	9,024,437

**(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 quarter of Fiscal 2021	First quarter of Fiscal 2022
Revenue	1,503,151	1,919,181
Cost of sales	(1,218,685)	(1,544,162)
Gross profit	284,465	375,018
Selling, general and administrative expenses	(130,629)	(142,769)
Share of profit in investments accounted for using the equity method	39,316	45,212
Other operating income	32,968	72,220
Other operating expenses	(9,096)	(10,808)
Business profit	217,024	338,873
Gains and losses on reorganization	39,317	—
Operating profit	256,341	338,873
Finance income	505	981
Finance costs	(6,463)	(5,840)
Profit before income taxes	250,382	334,014
Income tax expense	(78,076)	(89,868)
Profit	172,306	244,145
Profit attributable to :		
Owners of the parent	162,129	230,972
Non-controlling interests	10,177	13,173
Earnings per share		
Basic earnings per share (Yen)	176.08	250.82
Diluted earnings per share (Yen)	176.08	224.28

Quarterly Condensed Consolidated Statements of Comprehensive Income		(Millions of Yen)
	First quarter of Fiscal 2021	First quarter of Fiscal 2022
Profit	172,306	244,145
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	(5,668)	(18,398)
Remeasurements of defined benefit plans	7,640	(4,393)
Share of other comprehensive income of investments accounted for using the equity method	84	(2,027)
Subtotal	2,056	(24,818)
Items that might be reclassified to profit or loss		
Changes in fair value of cash flow hedges	244	(268)
Foreign exchange differences on translation of foreign operations	35,173	64,073
Share of other comprehensive income of investments accounted for using the equity method	24,586	75,401
Subtotal	60,004	139,207
Total other comprehensive income, net of tax	62,060	114,388
Total comprehensive income	234,367	358,534
Comprehensive income attributable to:		
Owners of the parent	221,040	339,772
Non-controlling interests	13,327	18,762

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

First 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			162,129			
Other comprehensive income					(5,536)	7,362
Total comprehensive income	—	—	162,129	—	(5,536)	7,362
Transactions with owners and others						
Cash dividends			(9,219)			
Purchases of treasury stock				(13)		
Disposals of treasury stock		0		16		
Changes in ownership interests in subsidiaries		89				
Transfer from other components of equity to retained earnings			17,773		(10,411)	(7,362)
Changes in scope of consolidation				0		
Subtotal	—	89	8,554	4	(10,411)	(7,362)
Balance as of June 30, 2021	419,524	393,257	2,081,017	(58,337)	191,352	—

	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			—	162,129	10,177	172,306
Other comprehensive income	12,467	44,617	58,910	58,910	3,149	62,060
Total comprehensive income	12,467	44,617	58,910	221,040	13,327	234,367
Transactions with owners and others						
Cash dividends			—	(9,219)	(3,221)	(12,441)
Purchases of treasury stock			—	(13)		(13)
Disposals of treasury stock			—	17		17
Changes in ownership interests in subsidiaries			—	89	(90)	(1)
Transfer from other components of equity to retained earnings			(17,773)	—		—
Changes in scope of consolidation			—	0	9	10
Subtotal	—	—	(17,773)	(9,125)	(3,302)	(12,427)
Balance as of June 30, 2021	15,864	(70,768)	136,448	2,971,911	381,415	3,353,326

First 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			230,972			
Other comprehensive income					(16,018)	(6,076)
Total comprehensive income	—	—	230,972	—	(16,018)	(6,076)
Transactions with owners and others						
Cash dividends			(82,975)			
Purchases of treasury stock				(10)		
Disposals of treasury stock		0		0		
Changes in ownership interests in subsidiaries		7,867				
Transfer from other components of equity to retained earnings			(4,212)		(1,863)	6,076
Changes in scope of consolidation				(3)		
Subtotal	—	7,867	(87,188)	(13)	(1,863)	6,076
Balance as of June 30, 2022	419,524	401,414	2,658,559	(57,991)	160,560	—

	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			—	230,972	13,173	244,145
Other comprehensive income	37,042	93,851	108,799	108,799	5,588	114,388
Total comprehensive income	37,042	93,851	108,799	339,772	18,762	358,534
Transactions with owners and others						
Cash dividends			—	(82,975)	(5,245)	(88,221)
Purchases of treasury stock			—	(10)		(10)
Disposals of treasury stock			—	0		0
Changes in ownership interests in subsidiaries			—	7,867	(9,335)	(1,468)
Transfer from other components of equity to retained earnings			4,212	—		—
Changes in scope of consolidation			—	(3)	633	629
Subtotal	—	—	4,212	(75,122)	(13,948)	(89,070)
Balance as of June 30, 2022	95,895	53,485	309,941	3,731,449	435,023	4,166,472

(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 quarter of Fiscal 2021 (April 1, 2021—June 30, 2021)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	1,351,538	59,118	57,834	66,443	1,534,935	(31,784)	1,503,151
Segment profit (loss) <Business Profit>	202,584	(532)	6,230	7,746	216,028	995	217,024

First quarter of Fiscal 2022 (April 1, 2022 —June 30, 2022)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	1,750,287	70,984	74,149	65,312	1,960,733	(41,552)	1,919,181
Segment profit (loss) <Business Profit>	331,683	3,335	9,230	6,686	350,934	(12,061)	338,873

NIPPON STEEL CORPORATION

Code Number: 5401

Listings: Tokyo, Nagoya, Fukuoka and Sapporo Stock Exchanges

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Supplementary Information on the Financial Results for the First 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	22.99	(*)Approx. 23.49	Approx. 46.50				

(*)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)
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	5.17	(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 *3	2022	6.01	(175.6)	4.52	0.188

*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	Approx. 8.70	Approx. 17.20				

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
FY 2021	11.88	11.37	23.25	11.06	10.14	21.20	44.46
FY 2022	10.33	Approx. 10.20	Approx. 20.50			20.50 or more	41.00 or more

(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	Approx. 8.80	Approx. 17.50			17.50 or more	35.00 or more

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	Approx. 7.80	Approx. 16.00			16.00 or more	32.00 or more

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	Approx. 154	Approx. 147				

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	Approx. 41	Approx. 44				

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	Approx. 137	Approx. 132			Approx. 140	Approx. 136

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