



Flash Report

Consolidated Basis

Results for the Third Quarter of Fiscal 2023

(April 1, 2023—December 31, 2023)
< under IFRS >

February 7, 2024

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:	February 13, 2024
Scheduled date to commence dividend payments:	-
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 2023

(April 1, 2023—December 31, 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	%
Third Quarter of Fiscal 2023	6,641,816	11.4	692,371	(9.1)	618,683	(18.8)	608,085	(18.7)	468,882	(14.5)
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

	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 2023	440,914	(14.7)	710,549	(12.1)	478.82	423.94
Third Quarter of Fiscal 2022	517,144	1.8	808,131	30.8	561.58	501.09

(*)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	%
Third Quarter of Fiscal 2023	10,697,637	5,256,194	4,689,980	43.8
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)				85.00	160.00

Notes: Whether the dividends forecasts have been revised: Yes

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	800,000	(12.7)	470,000	(32.3)	510.00

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)

Third Quarter of Fiscal 2023 950,321,402 shares

Fiscal 2022 950,321,402 shares

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

Third Quarter of Fiscal 2023 29,504,496 shares

Fiscal 2022 29,481,839 shares

- (c) Weighted average number of shares outstanding

Third Quarter of Fiscal 2023 920,825,418 shares

Third Quarter of Fiscal 2022 920,862,106 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	December 31, 2023
Current assets :		
Cash and cash equivalents	670,410	585,421
Trade and other receivables	1,062,384	1,618,635
Inventories	2,085,971	2,308,589
Other financial assets	28,176	27,138
Other current assets	223,575	247,010
Total current assets	4,070,518	4,786,794
Non-current assets :		
Property, plant and equipment	3,183,638	3,361,612
Right-of-use assets	83,935	85,075
Goodwill	65,062	68,467
Intangible assets	157,444	171,639
Investments accounted for using the equity method	1,210,542	1,280,836
Other financial assets	528,794	693,335
Defined benefit assets	124,628	131,966
Deferred tax assets	136,349	110,989
Other non-current assets	6,185	6,919
Total non-current assets	5,496,581	5,910,842
Total assets	9,567,099	10,697,637

(Millions of Yen)

LIABILITIES	March 31, 2023	December 31, 2023
Current liabilities :		
Trade and other payables	1,592,137	1,664,792
Bonds, borrowings and lease liabilities	403,028	830,595
Other financial liabilities	5,878	8,922
Income taxes payable	51,917	88,242
Other current liabilities	40,839	75,213
Total current liabilities	<u>2,093,802</u>	<u>2,667,766</u>
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,296,322	2,177,853
Other financial liabilities	323	66
Defined benefit liabilities	185,441	193,306
Deferred tax liabilities	37,685	48,683
Other non-current liabilities	307,105	353,767
Total non-current liabilities	<u>2,826,879</u>	<u>2,773,676</u>
Total liabilities	<u>4,920,682</u>	<u>5,441,442</u>
EQUITY		
Common stock	419,524	419,524
Capital surplus	399,366	398,642
Retained earnings	3,079,144	3,381,031
Treasury stock	(58,054)	(58,123)
Other components of equity	341,173	548,904
Total equity attributable to owners of the parent	<u>4,181,155</u>	<u>4,689,980</u>
Non-controlling interests	465,261	566,214
Total equity	<u>4,646,417</u>	<u>5,256,194</u>
Total liabilities and equity	<u>9,567,099</u>	<u>10,697,637</u>

**(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 2022	Third quarter of Fiscal 2023
Revenue	5,961,682	6,641,816
Cost of sales	(4,970,173)	(5,593,172)
Gross profit	991,508	1,048,644
Selling, general and administrative expenses	(430,727)	(541,801)
Share of profit in investments accounted for using the equity method	89,133	105,825
Other operating income	164,464	142,555
Other operating expenses	(52,534)	(62,853)
Business profit	761,844	692,371
Losses on reorganization	-	(73,688)
Operating profit	761,844	618,683
Finance income	4,710	17,174
Finance costs	(18,272)	(27,772)
Profit before income taxes	748,281	608,085
Income tax expense	(199,827)	(139,202)
Profit	548,454	468,882
Profit attributable to :		
Owners of the parent	517,144	440,914
Non-controlling interests	31,310	27,967
Earnings per share		
Basic earnings per share (Yen)	561.58	478.82
Diluted earnings per share (Yen)	501.09	423.94

Quarterly Condensed Consolidated Statements of Comprehensive Income		(Millions of Yen)
	Third quarter of Fiscal 2022	Third quarter of Fiscal 2023
Profit	548,454	468,882
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	12,348	98,126
Remeasurements of defined benefit plans	(8,335)	7,863
Share of other comprehensive income of investments accounted for using the equity method	(1,879)	3,936
Subtotal	2,133	109,925
Items that might be reclassified to profit or loss		
Changes in fair value of cash flow hedges	(15,838)	(3,678)
Foreign exchange differences on translation of foreign operations	132,472	106,681
Share of other comprehensive income of investments accounted for using the equity method	140,908	28,737
Subtotal	257,542	131,740
Total other comprehensive income, net of tax	259,676	241,666
Total comprehensive income	808,131	710,549
Comprehensive income attributable to:		
Owners of the parent	767,284	661,735
Non-controlling interests	40,846	48,813

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

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

Third Quarter 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			440,914			
Other comprehensive income					97,237	6,469
Total comprehensive income	—	—	440,914	—	97,237	6,469
Transactions with owners and others						
Cash dividends			(152,117)			
Purchases of treasury stock				(59)		
Disposals of treasury stock		1		49		
Changes in ownership interests in subsidiaries		(726)				
Transfer from other components of equity to retained earnings			13,089		(6,620)	(6,469)
Changes in scope of consolidation				(57)		
Subtotal	—	(724)	(139,027)	(68)	(6,620)	(6,469)
Balance as of December 31, 2023	419,524	398,642	3,381,031	(58,123)	285,521	—

	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			—	440,914	27,967	468,882
Other comprehensive income	(32,046)	149,160	220,820	220,820	20,845	241,666
Total comprehensive income	(32,046)	149,160	220,820	661,735	48,813	710,549
Transactions with owners and others						
Cash dividends			—	(152,117)	(11,005)	(163,123)
Purchases of treasury stock			—	(59)		(59)
Disposals of treasury stock			—	50		50
Changes in ownership interests in subsidiaries			—	(726)	205	(521)
Transfer from other components of equity to retained earnings			(13,089)	—		—
Changes in scope of consolidation			—	(57)	62,939	62,881
Subtotal	—	—	(13,089)	(152,910)	52,138	(100,771)
Balance as of December 31, 2023	60,653	202,729	548,904	4,689,980	566,214	5,256,194

(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 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

Third quarter of Fiscal 2023 (April 1, 2023—December 31, 2023)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	6,082,271	284,953	197,044	220,568	6,784,837	(143,021)	6,641,816
Segment profit (loss) <Business Profit>	665,884	(4,760)	12,369	23,950	697,444	(5,073)	692,371

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 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	21.60	(*)Approx.21.98	Approx.43.60	Approx.87.40

(*)METI forecast

2. Inventory Volume

		Inventory at manufacturers and distributors (million tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (million tons)	H-flange beams *2 (million tons)
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.	2023	5.17	(160.8)	3.87	0.194
Oct.	2023	5.15	(160.4)	3.86	0.189
Nov.	2023	5.11	(163.1)	3.82	0.191
Dec. *3	2023	5.08	(170.8)	3.81	0.202

*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	8.78	Approx.8.50	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	10.26	Approx.10.20	Approx.20.50	Approx.40.70

(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	8.84	Approx.8.80	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	7.95	Approx.7.80	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	146.5	Approx.143	Approx.145	Approx.144

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	42	Approx.42	Approx.42	Approx.43

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	149	Approx.145	Approx. 147	Approx. 143

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
FY 2022	437.6	340.2
FY 2023	Approx. 430.0	Approx. 360.0