



Flash Report
Consolidated Basis
Results for Fiscal 2023
(April 1, 2023—March 31, 2024)
< under IFRS >

May 9, 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
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Scheduled date to Ordinary General Meeting of Shareholders:	June 21, 2024
Scheduled date to pay dividends:	June 24, 2024
Scheduled date to submit Securities Report:	June 21, 2024
Preparation of supplemental explanatory materials:	Yes
Holding of financial results meeting:	Yes (for investment analysts)

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

1. Consolidated Operating Results, Financial Position and Cash-Flows for Fiscal 2023

(April 1, 2023—March 31, 2024)

(1) Consolidated Operating Results

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

	Revenue		Business profit (*)		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2023	8,868,097	11.2	869,657	(5.1)	778,662	(11.9)	763,972	(11.9)	587,898	(20.4)	549,372	(20.8)
Fiscal 2022	7,975,586	17.1	916,456	(2.3)	883,646	5.1	866,849	6.2	738,732	10.7	694,016	8.9

	Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share	Ratio of profit to total equity attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of business profit to revenue	Ratio of operating profit to revenue
	Millions of yen	%	Yen	Yen	%	%	%	%
Fiscal 2023	810,831	(12.5)	596.59	527.96	12.3	7.5	9.8	8.8
Fiscal 2022	926,920	13.5	753.66	671.89	18.1	9.5	11.5	11.1

(For reference) Share of profit in investments accounted for using the equity method: Fiscal 2023 ¥144,326 million
Fiscal 2022 ¥102,915 million

(*)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	Total equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
Fiscal 2023	10,714,627	5,355,878	4,777,727	44.6	5,187.32
Fiscal 2022	9,567,099	4,646,417	4,181,155	43.7	4,540.59

(3) Consolidated Statements of Cash-Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2023	1,010,159	(710,654)	(543,945)	448,892
Fiscal 2022	661,274	(366,580)	(197,655)	670,410

2. Dividends

	Dividends per share				
	End of first quarter	End of second	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	—	85.00	160.00
Fiscal 2024 (Forecasts)	—	80.00	—	80.00	160.00

	Cash dividends	Ratio of cash dividends to profit	Ratio of cash dividends to total equity attributable to owners of the parent
	Millions of yen	%	%
Fiscal 2022	165,948	23.9	4.3
Fiscal 2023	147,525	26.8	3.3
Fiscal 2024 (Forecasts)		49.1	

3. Consolidated Financial Forecasts for Fiscal 2024 (April 1, 2024—March 31, 2025)

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

	Revenue		Business profit		Total equity attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
The first half of fiscal 2024	4,400,000	(0.3)	300,000	(39.3)	180,000	(40.0)	195.00
Fiscal 2024	8,800,000	(0.8)	650,000	(25.3)	300,000	(45.4)	326.00

For further details, please refer to page 7, “1. Summary of Operating Results (2) Outlook for the Fiscal Year Ending March 31, 2025 (Fiscal 2024)” and “Results and dividends of Fiscal 2023 (Year ended March 31, 2024).”

* Notes

- (1) Changes in significant subsidiaries during the period: 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)

Fiscal 2023	950,549,305 shares
Fiscal 2022	950,321,402 shares
 - (b) Number of treasury stock at the end of the period

Fiscal 2023	29,510,730 shares
Fiscal 2022	29,481,839 shares
 - (c) Weighted average number of shares outstanding

Fiscal 2023	920,840,121 shares
Fiscal 2022	920,858,089 shares

(For Reference)

1. A Summary of Non-Consolidated Operating Results and Financial Position for Fiscal 2023

(April 1, 2023—March 31, 2024)

(1) Non-Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Profit for the year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2023	4,876,550	(2.0)	331,697	4.2	453,113	(14.0)	324,235	(35.6)
Fiscal 2022	4,973,537	13.9	318,399	(21.1)	527,162	(1.8)	503,643	28.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal 2023	351.69	311.27
Fiscal 2022	546.28	487.07

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2023	6,589,405	2,380,980	36.1	2,582.03
Fiscal 2022	6,280,924	2,135,393	34.0	2,316.22

(For reference) Shareholders' equity:

Fiscal 2023 ¥2,380,980 million

Fiscal 2022 ¥2,135,393 million

2. Non-Consolidated Financial Forecasts for Fiscal 2024 (April 1, 2024—March 31, 2025)

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

	Net sales		Ordinary profit		Profit for the year		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2024	4,800,000	(1.6)	200,000	(55.9)	50,000	(84.6)	54.00

* This flash report is not subject to audit 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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1. Summary of Operating Results

(1) Summary of Operating Results and Financial Position for the Fiscal Year Ended March 31, 2024 (Fiscal 2023)

(Overview of Conditions in Fiscal 2023)

In fiscal 2023, the global economy showed signs of a further slowdown due to factors such as progressive inflation stemming from the situation in Ukraine and the effects of monetary tightening in Europe and the United States. The Japanese economy recovered moderately, but domestic demand lacked strength.

Steel demand fell into an unprecedented dire level in the second half of fiscal 2023, which became further depressed toward the end of the fiscal year, against the background of the sluggish economy in China and the deteriorating economic sentiment in the United States and Europe. In addition, due to factors including India's continued spot purchases of coal and China's continued high-level production despite sluggish economy and significant increase in exports, raw material prices have remained high while product prices have been sluggish in ASEAN and other countries. These factors have led to the continued historically low level of the spread (price difference between raw materials and steel products) in the overseas general spot market, and the decoupling of raw materials and products has become more evident.

In response to this business environment, the Nippon Steel Group (“the Group”) implemented various measures aimed at achieving the four pillars of its medium- to long-term management plan (formulated in March 2021): “Rebuilding the domestic steel business and strengthening the Group’s management,” “Promoting a global strategy to deepen and expand the overseas business,” “Taking on the challenge of carbon neutrality,” and “Promoting digital transformation strategies.”

(Operating Results by Segment in Fiscal 2023)

The Group’s business segments strived to respond to their changing business environments and have applied their utmost management effort. The operating results by business segment are as follows.

(Billions of yen)

	Revenue		Business Profit	
	Fiscal 2023	Fiscal 2022	Fiscal 2023	Fiscal 2022
Steelmaking and Steel Fabrication	8,076.3	7,245.5	821.0	861.4
Engineering and Construction	409.2	352.2	(1.3)	11.6
Chemicals and Materials	260.8	274.5	15.3	16.1
System Solutions	311.5	292.5	35.5	32.1
Total	9,057.9	8,164.8	870.7	921.4
Adjustments	(189.8)	(189.2)	(1.0)	(4.9)
Consolidated total	8,868.0	7,975.5	869.6	916.4

[Steelmaking and Steel Fabrication]

Although the business environment remained extremely harsh, the Steelmaking and Steel Fabrication segment continued to implement drastic profit restructuring measures. In addition, the segment strived to evolve toward having a further vertically-integrated business structure that could achieve the Group's future vision of ¥1 trillion in business profit. The segment has also built a foundation that is planned to enable it to record even higher profits regardless of the external environment. As a result, the segment recorded revenue of ¥8,076.3 billion (compared to ¥7,245.5 billion in fiscal 2022) and a business profit of ¥821.0 billion (compared to ¥861.4 billion).

Specifically, the following efforts were made during fiscal 2023.

We are steadily implementing facility structural measures, with or without a short-term improvement in the business environment. We have also aimed to establish an integrated business structure that encompasses everything from raw materials to manufacturing and distribution, strengthen competitiveness across the entire supply chain, and create a more resilient business structure (a business structure with a robust profit base), one that contributes importantly toward the achievement of carbon neutrality. During fiscal 2023, the Company made selective investments in facilities having competitive advantages. These investments included measures to improve the capacity and quality of strategic products, such as the next-generation hot-strip mill at the Nagoya Works, and electrical steel sheet facilities at the Setouchi Works Hanshin Area (Sakai) and the Kyushu Works Yawata Area. Coupled with the shut-down of less competitive facilities, we have made production facilities more advanced, streamlined, and efficient, promoted the sophistication of product types, and optimized the scale of production capacity and fixed costs. In the raw materials business, we have acquired a 20% interest in Elk Valley Resources, a Canadian coking coal company, as we aim to ensure steady procurement of high-grade coking coal for steelmaking that contributes to promoting carbon neutrality and to establish a profit structure that is less susceptible to the external environment. In addition, Nippon Steel Trading Corporation was delisted and has become a subsidiary of Nippon Steel, and we have been working to enhance and raise efficiency of the Group's trading company functions, to enhance the direct sales ability by making an integrated use of our sales knowhow and our infrastructure, and to further increase sophistication of the supply chain. We intend to continue evolving toward having a further vertically-integrated business structure.

Overseas, the Steelmaking and Steel Fabrication segment is working to ensure capturing of local demand and securing high integrated added-value by expanding integrated manufacturing bases in "markets with promising growth in steel demand" and "markets where Nippon Steel's technologies and products are highly appreciated." In India, where future market expansion and further development of domestic production are expected, we are expanding capacity through several approaches: by acquisition of bases and construction of a new integrated steelworks now being studied by ArcelorMittal Nippon Steel India Limited, among other measures. Moreover, we have decided to acquire United States Steel Corporation in the United States. The United States is a country that has the highest demand for high-grade steel, and where we can make use of our technological and product strengths. This means for us to secure three key areas, which are adding the United States to India and our home market of ASEAN,

leading to the diversification of our global bases. We aim to continue improving profitability through expansion of our integrated production system in these major overseas markets, thereby advancing toward the realization of 100 million tons in global crude steel capacity.

About our efforts to achieve carbon neutrality, we have implemented various measures to realize the Nippon Steel Carbon Neutral Vision 2050. In order to decarbonize our steelmaking processes, we are developing three breakthrough technologies: for injection of hydrogen into blast furnaces, for 100% hydrogen use in the direct reduction process, and for high-grade steel production in large-sized electric arc furnaces (EAFs). Our recent progress in technological development includes the Super COURSE50 development test at a pilot test furnace in the East Nippon Works Kimitsu Area, which confirmed the effect of reducing CO₂ emissions by 33%, the world's highest level for reduction. In addition, we started full-scale studies on shifting from the blast furnace steelmaking process to the EAF process in the Kyushu Works Yawata Area and the Setouchi Works Hirohata Area as candidate sites. In addition, NSCarbolexTM Neutral (a steel product that is certified to reduce CO₂ emissions in the steelmaking process) and NSCarbolexTM Solution (a high-performance product and solution technology that contributes to reducing CO₂ emissions in society) are the two products of value we provide for carbon neutralization, supporting our customers' international competitiveness. These efforts have led to a reaffirmation of the importance of the steel industry's role in decarbonization initiatives and the Green Innovation Fund has significantly increased the allocation of its fund to the steel industry. We are therefore working to accelerate and move forward development and practical implementation in these areas. It deserves mention here that the Company's climate change risk information based on its CO₂ emission reduction targets and the framework of the Task Force on Climate-related Financial Disclosures (TCFD) are disclosed in the Sustainability Report 2023, per <https://www.nipponsteel.com/en/csr/report/>.

As to DX strategy, we have promoted business and production process reforms that make full use of data and digital technology. As an example of a specific initiative in fiscal 2023, we established and commenced operation of a system that enables real-time acquisition of operating information for management of vessel allocation when shipping raw materials by sea. We believe that this facilitates faster decision-making, and contributes to improve the efficiency of the supply chain, from raw material procurement to transportation and production. The resultant improvement of efficiency in operation and transportation will also help efforts on behalf of realization of a carbon-neutral society. A second example of what we are doing is, in collaboration with NS Solutions Corporation, applying mathematical optimization technology in development of a steel output scheduling system for high-speed production planning in the steelmaking process. Full-scale use of the system is now under way at the East Nippon Works Kimitsu Area. This has enabled equal or greater plans, and faster plans, to be derived compared to those made by skilled technicians. Planning time has been reduced by about 70% compared to conventional systems. Going forward, we plan to start using the system at each steelworks, one by one, and promote the unification of production plans for the entire company. We also continue to work on various DX measures in areas such as remote management, predictive monitoring, and automation of operations and equipment maintenance using IoT and AI, as well as centralization and acceleration of performance management and integrated production planning.

[Engineering and Construction]

Nippon Steel Engineering Co., Ltd. increased overall sales year-on-year. Solid sales were posted in the business of offshore wind power plants, waste-to-energy facilities, and other components in the Environment and Energy sector as well as in the business of construction work and seismic isolation devices in the Urban Infrastructure sector, centering on large-scale logistics facilities while experienced a decrease in sales in the Steelmaking Plants sector. The segment's profits decreased year-on-year due to the impact of large losses caused by the breakdown of a crane of its own marine workshop and the surge in the prices of materials and fuel. For fiscal 2023 the Engineering and Construction segment recorded revenue of ¥409.2 billion (compared to ¥352.2 billion in fiscal 2022) and business loss of ¥1.3 billion (compared to business profit of ¥11.6 billion).

[Chemicals and Materials]

Nippon Steel Chemical & Material Co., Ltd. posted a year-on-year decrease in profits despite utmost efforts to reduce costs and improve selling prices amid a severe business environment in which demand continued to be sluggish due to soaring raw material and fuel prices worldwide and inventory adjustments for semiconductors and other products. In the Coal Tar Chemicals business, sales of carbon black for tires were firm, but demand for needle coke used in graphite electrodes, its main product, remained sluggish. In the Chemicals business, the benzene market remained generally stable, but sales of styrene monomer decreased due to a delay in the recovery of demand for derivatives in Japan, and the continued expansion of new production facilities in China led to stagnate the styrene monomer market. In the Functional Materials and Composite Materials business, recovery of production remained weak due to the impact of the deterioration in the Chinese economy, and the prolonged sluggish demand for semiconductors as well as end products such as smartphones and PCs. Among carbon fiber composite materials, the sales volume of carbon fiber reinforced materials for civil engineering and construction, which are the main product responding to demand for infrastructure upgrades, increased, and sales of carbon fiber continued to be strong, mainly in the sports and space fields. The overall Chemicals and Materials segment recorded revenue of ¥260.8 billion (compared to ¥274.5 billion in fiscal 2022) and business profit of ¥15.3 billion (compared to ¥16.1 billion).

[System Solutions]

In response to stepped-up corporate DX initiatives, NS Solutions Corporation is working to expand business by making corporate-wide efforts to satisfy the needs of DX at maximum while deepening relationships with customers. As an example of its initiatives in fiscal 2023, NS Solutions jointly developed and commenced full-scale operation of a production planning system that realizes operational reforms by applying mathematical optimization technology, jointly with Nippon Steel. In addition, the company introduced a local 5G system to power plant premises, which enables power companies to conduct efficient maintenance and inspection work, etc. through remote monitoring of sites using video and audio links, and facilitates the transfer of technology. In addition, the company has provided ConSeek™, an integrated business management platform service for financial institutions to its customers, and has

launched a modernization project for mission-critical systems of insurance companies. As investments for growth, NS Solutions formed business alliances with AI start-up companies and Nippon Steel Texeng Co., Ltd. in the field of digital manufacturing, and entered into an agreement to make Texeng Solutions Corporation (renamed to NS Solutions BizTech Corporation) a group company. These developments were to enhance its ability to respond to customers' DX needs. The System Solutions segment recorded revenue of ¥311.5 billion (compared to ¥292.5 billion in fiscal 2022) and business profit of ¥35.5 billion (compared to ¥32.1 billion).

(Revenue and Profit)

For fiscal 2023, although the business environment remained extremely harsh, the Company strived to maximize profit by continuing to implement measures such as to fundamentally improve profit structure. As a result, the Company recorded consolidated revenue of ¥8,868.0 billion (compared to ¥7,975.5 billion in fiscal 2022), business profit of ¥869.6 billion (compared to ¥916.4 billion), and profit attributable to owners of the parent of ¥549.3 billion (compared to ¥694.0 billion).

(Assets, Liabilities, Equity, and Cash Flows)

Consolidated total assets as of March 31, 2024 were ¥10,714.6 billion, an increase of ¥1,147.5 billion from ¥9,567.0 billion as of March 31, 2023. The main factors contributing to the increase were business investments, such as Nippon Steel Trading Corporation becoming a subsidiary, resulting in an increase in trade and other receivables (¥525.5 billion), an increase in inventories (¥190.6 billion), an increase in property, plant and equipment (¥196.7 billion), and an increase in investments accounted for using the equity method (¥327.3 billion), among other factors.

Consolidated total liabilities as of March 31, 2024 were ¥5,358.7 billion, an increase of ¥438.0 billion from ¥4,920.6 billion as of March 31, 2023. Trade and other payables increased (¥298.5 billion) due to the aforementioned consolidation of subsidiaries, deferred tax liabilities also increased (¥102.8 billion).

Consolidated total equity as of March 31, 2024 was ¥5,355.8 billion, an increase of ¥709.4 billion from ¥4,646.4 billion as of March 31, 2023. This was primarily contributed by an increase from profit attributable to owners of the parent of ¥549.3 billion, a decrease in dividend payment (¥152.1 billion), and an increase in the foreign exchange differences on translation of foreign operations (¥105.9 billion), and an increase in non-controlling interests resulting from the consolidation of Nippon Steel Trading Corporation (¥112.8 billion), among other factors. As a result, total equity attributable to owners of the parent as of March 31, 2023 amounted to ¥4,777.7 billion, and the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.57 times (0.45 times after adjusting for equity credit attributes of subordinated loans and subordinated bonds).

Cash flows from operating activities in fiscal 2023 amounted to an inflow of ¥1,010.1 billion (compared to an inflow of ¥661.2 billion in fiscal 2022). The main inflow factors were profit before income taxes of ¥763.9 billion, depreciation and amortization (¥363.0 billion), and losses on reorganization (¥90.9 billion), while the outflow factors included

deduction adjustment for share of profit in investments accounted for using the equity method (¥144.3 billion), and income taxes paid (¥126.5 billion).

Cash flows from investing activities amounted to an outflow of ¥710.6 billion (compared to an outflow of ¥366.5 billion in fiscal 2022). The main outflow factors included purchases of property, plant and equipment and intangible assets (¥466.3 billion), purchases of investments in affiliates primarily investing in Elk Valley Resources, a Canadian coking coal company (¥184.2 billion), and purchases of shares of subsidiaries resulting in change in scope of consolidation primarily share acquisition of Nippon Steel Trading Corporation (¥108.1 billion)

As a result, free cash flow was an inflow of ¥299.5 billion (compared to an inflow of ¥294.6 billion in fiscal 2022). Cash flows from financing activities amounted to an outflow of ¥543.9 billion (compared to an outflow of ¥197.6 billion in fiscal 2022), largely due to an outflow from repayments of Interest-bearing debt (¥512.4 billion) and cash dividends paid (¥152.1 billion). As a result of these cash flows, the cash and cash equivalents at the end of fiscal 2023 were ¥448.8 billion.

(Basic Policy on Profit Distribution and Fiscal 2023 Dividend)

The Company's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year, in consideration of the consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects, while also considering the financial structure of the Company on both consolidated and non-consolidated bases. The Company has adopted a consolidated annual payout ratio target of around 30% as the benchmark for the "payment of dividends from distributable funds in consideration of the consolidated operating results." The level of the interim dividend is determined in consideration of the first-half performance results and forecasts for the full fiscal year.

The Company paid a dividend of ¥75 per share at the end of the first half. Regarding the fiscal year-end dividend based our policy of providing continuous, high-level shareholder returns, as disclosed at the third quarter results announcement (February 7, 2024), management has decided to propose a year-end dividend of ¥85 per share (the annual dividend will be ¥160 per share) at the General Meeting of Shareholders.

(2) Outlook for the Fiscal Year Ending March 31, 2025 (Fiscal 2024)

(Outlook for Operating Performance in Fiscal 2024)

The unprecedented severe situation concerning global steel demand is likely to continue for the foreseeable future. Recovery in actual demand is hard to predict at this point, and it is expected to take time for the market to recover. There is also a risk that the decoupling between raw materials and products will continue for the time being.

Even in this situation where the business environment has become increasingly severe and is expected to remain so for the time being, we will continue to implement the existing profit structure measures. At the same time, we will steadily advance measures to evolve to a further vertically-integrated business structure, and to advance toward achieving the Group's future vision of ¥1 trillion in business profit, and build a foundation that enables us to record even higher profits regardless of the external environment. We will also make investments in forward-looking initiatives to recruit and retain diverse talent.

For fiscal 2024, we forecast underlying business profit of ¥750 billion or more and business profit of ¥650 billion or more. Profit attributable to owners of the parent is expected to be around ¥300 billion, due in part to a large loss on business restructuring, the loss being related to the completion of the production facility structural measures. For fiscal 2025, the final year of the ongoing medium- to long-term management plan, we will strive to hard to secure underlying consolidated business profit of ¥900 billion or more by realizing the benefits from capital expenditures, notably sales expansion of high-grade steel products, and expanding overseas businesses including that of India, in addition to the impacts of restructuring measures. Moreover, by acquiring United States Steel Corporation, we aim to achieve the Group's future vision of ¥1 trillion in business profit at the earliest possible time.

(Outlook for Dividends for Fiscal 2024)

While profit attributable to owners of the parent is forecasted to stay at around ¥300 billion in fiscal 2024 and no significant turnaround in the business environment is expected in fiscal 2025, we will strive hard in fiscal 2025 to secure underlying consolidated business profit of ¥900 billion or more, and most losses from reorganization are expected to be eliminated, thanks to the almost-secured effects of various measures including the restructuring measures and capital expenditures. Based on these assumptions and our policy of providing continuous, high-level shareholder returns, we plan to distribute a full-year dividend of ¥160 per share in fiscal 2024, maintaining the same level as in fiscal 2023.

With the aim of becoming “the best steelmaker with world-leading capabilities,” we are committed to steadily implementing various measures aimed at achieving the four pillars of our medium- to long-term management plan: “Rebuilding the domestic steel business and strengthening the Group's management,” “Promoting a global strategy to deepen and expand the overseas business,” “Taking on the challenge of carbon neutrality,” and “Promoting digital transformation strategies.”

2. Basic Rationale for Selection of Accounting Standards

The Group has applied the International Financial Reporting Standards (IFRS) to financial statements for purposes of increasing corporate value through enhancement of global business development and improving international comparability of financial information in capital markets.

3.Consolidated Financial Statements and Major Notes

(1) Consolidated Statements of Financial Position

(Millions of Yen)

ASSETS	March 31, 2023	March 31, 2024
Current assets :		
Cash and cash equivalents	670,410	448,892
Trade and other receivables	1,062,384	1,587,979
Inventories	2,085,971	2,276,665
Other financial assets	28,176	33,927
Other current assets	223,575	212,919
Total current assets	4,070,518	4,560,384
Non-current assets :		
Property, plant and equipment	3,183,638	3,380,436
Right-of-use assets	83,935	100,601
Goodwill	65,062	70,207
Intangible assets	157,444	177,853
Investments accounted for using the equity method	1,210,542	1,537,936
Other financial assets	528,794	675,942
Defined benefit assets	124,628	127,579
Deferred tax assets	136,349	75,893
Other non-current assets	6,185	7,791
Total non-current assets	5,496,581	6,154,242
Total assets	9,567,099	10,714,627

(Millions of Yen)

LIABILITIES	March 31, 2023	March 31, 2024
Current liabilities :		
Trade and other payables	1,592,137	1,890,718
Bonds, borrowings and lease liabilities	403,028	541,495
Other financial liabilities	5,878	7,036
Income taxes payable	51,917	80,269
Other current liabilities	40,839	62,353
Total current liabilities	2,093,802	2,581,874
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,296,322	2,170,148
Other financial liabilities	323	146
Defined benefit liabilities	185,441	116,309
Deferred tax liabilities	37,685	140,532
Other non-current liabilities	307,105	349,737
Total non-current liabilities	2,826,879	2,776,874
Total liabilities	4,920,682	5,358,748
EQUITY		
Common stock	419,524	419,799
Capital surplus	399,366	398,914
Retained earnings	3,079,144	3,525,585
Treasury stock	(58,054)	(58,149)
Other components of equity	341,173	491,576
Total equity attributable to owners of the parent	4,181,155	4,777,727
Non-controlling interests	465,261	578,150
Total equity	4,646,417	5,355,878
Total liabilities and equity	9,567,099	10,714,627

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

Consolidated Statements of Profit or Loss		(Millions of Yen)	
	Fiscal 2022	Fiscal 2023	
Revenue	7,975,586	8,868,097	
Cost of sales	(6,682,028)	(7,481,331)	
Gross profit	1,293,557	1,386,765	
Selling, general and administrative expenses	(579,411)	(730,388)	
Share of profit in investments accounted for using the equity method	102,915	144,326	
Other operating income	181,497	178,085	
Other operating expenses	(82,102)	(109,131)	
Business profit	916,456	869,657	
Losses on reorganization	(32,810)	(90,995)	
Operating profit	883,646	778,662	
Finance income	8,091	21,540	
Finance costs	(24,888)	(36,230)	
Profit before income taxes	866,849	763,972	
Income tax expense	(128,117)	(176,074)	
Profit for the year	738,732	587,898	
Profit for the year attributable to :			
Owners of the parent	694,016	549,372	
Non-controlling interests	44,715	38,526	
Earnings per share			
Basic earnings per share (Yen)	753.66	596.59	
Diluted earnings per share (Yen)	671.89	527.96	

Consolidated Statements of Comprehensive Income		(Millions of Yen)	
	Fiscal 2022	Fiscal 2023	
Profit for the year	738,732	587,898	
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	32,577	125,783	
Remeasurements of defined benefit plans	16,567	17,570	
Share of other comprehensive income of investments accounted for using the equity method	1,355	9,179	
Subtotal	50,500	152,533	
Items that might be reclassified to profit or loss			
Changes in fair value of cash flow hedges	(7,779)	1,570	
Foreign exchange differences on translation of foreign operations	88,768	81,716	
Share of other comprehensive income of investments accounted for using the equity method	56,700	(12,886)	
Subtotal	137,688	70,400	
Total other comprehensive income, net of tax	188,188	222,933	
Total comprehensive income for the year	926,920	810,831	
Comprehensive income for the year attributable to:			
Owners of the parent	874,564	748,961	
Non-controlling interests	52,356	61,870	

(3) Consolidated Statements of Changes in Equity

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 for the year			694,016			
Other comprehensive income					38,476	14,289
Total comprehensive income	—	—	694,016	—	38,476	14,289
Transactions with owners and others						
Conversion of convertible bonds						
Cash dividends			(165,950)			
Purchases of treasury stock				(69)		
Disposals of treasury stock		0		2		
Changes in ownership interests in subsidiaries		5,818				
Transfer from other components of equity to retained earnings			36,302		(22,012)	(14,289)
Changes in scope of consolidation				(11)		
Subtotal	—	5,819	(129,647)	(77)	(22,012)	(14,289)
Balance as of March 31, 2023	419,524	399,366	3,079,144	(58,054)	194,905	—

	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 for the year			—	694,016	44,715	738,732
Other comprehensive income	33,846	93,935	180,547	180,547	7,641	188,188
Total comprehensive income	33,846	93,935	180,547	874,564	52,356	926,920
Transactions with owners and others						
Conversion of convertible bonds			—	—		—
Cash dividends			—	(165,950)	(10,235)	(176,186)
Purchases of treasury stock			—	(69)		(69)
Disposals of treasury stock			—	3		3
Changes in ownership interests in subsidiaries			—	5,818	(7,346)	(1,528)
Transfer from other components of equity to retained earnings			(36,302)	—		—
Changes in scope of consolidation			—	(11)	278	266
Subtotal	—	—	(36,302)	(160,208)	(17,304)	(177,512)
Balance as of March 31, 2023	92,699	53,568	341,173	4,181,155	465,261	4,646,417

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 for the year			549,372			
Other comprehensive income					126,397	15,685
Total comprehensive income	—	—	549,372	—	126,397	15,685
Transactions with owners and others						
Conversion of convertible bonds	275	275				
Cash dividends			(152,117)			
Purchases of treasury stock				(84)		
Disposals of treasury stock		1		49		
Changes in ownership interests in subsidiaries		(729)				
Transfer from other components of equity to retained earnings			49,186		(33,500)	(15,685)
Changes in scope of consolidation				(59)		
Subtotal	275	(452)	(102,930)	(94)	(33,500)	(15,685)
Balance as of March 31, 2024	419,799	398,914	3,525,585	(58,149)	287,802	—

	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 for the year			—	549,372	38,526	587,898
Other comprehensive income	(48,486)	105,993	199,589	199,589	23,344	222,933
Total comprehensive income	(48,486)	105,993	199,589	748,961	61,870	810,831
Transactions with owners and others						
Conversion of convertible bonds			—	550		550
Cash dividends			—	(152,117)	(11,959)	(164,076)
Purchases of treasury stock			—	(84)		(84)
Disposals of treasury stock			—	51		51
Changes in ownership interests in subsidiaries			—	(729)	50	(679)
Transfer from other components of equity to retained earnings			(49,186)	—		—
Changes in scope of consolidation			—	(59)	62,928	62,868
Subtotal	—	—	(49,186)	(152,389)	51,018	(101,370)
Balance as of March 31, 2024	44,212	159,561	491,576	4,777,727	578,150	5,355,878

(4) Consolidated Statements of Cash-Flows

	(Millions of yen)	
	Fiscal 2022	Fiscal 2023
Cash flows from operating activities :		
Profit before income taxes	866,849	763,972
Depreciation and amortization	340,171	363,002
Finance income	(8,091)	(21,540)
Finance costs	24,888	36,230
Share of profit in investments accounted for using the equity method	(102,915)	(144,326)
Losses on reorganization	32,810	90,995
(Increase) decrease in trade and other receivables	(81,796)	50,126
(Increase) decrease in inventories	(309,525)	68,618
Increase (decrease) in trade and other payables	58,431	(53,628)
Other, net	(2,038)	(73,798)
Subtotal	818,783	1,079,651
Interest received	7,588	21,140
Dividends received	70,911	66,459
Interest paid	(21,575)	(30,565)
Income taxes paid	(214,433)	(126,526)
Net cash flows provided by operating activities	661,274	1,010,159
Cash flows from investing activities :		
Purchases of property, plant and equipment and intangible assets	(470,018)	(466,345)
Proceeds from sales of property, plant and equipment and intangible assets	15,483	12,384
Purchases of investment securities	(6,981)	(7,474)
Proceeds from sales of investment securities	88,698	20,982
Purchases of investments in affiliates	—	(184,232)
Proceeds from sales of investments in affiliates	5,231	19,670
Purchases of shares of subsidiaries resulting in change in scope of consolidation	(735)	(108,168)
Proceeds from sale of businesses	—	1,300
Loans to associates and others	(3,977)	(4,262)
Collection of loans from associates and others	1,730	1,696
Other, net	3,988	3,795
Net cash flows used in investing activities	(366,580)	(710,654)
Cash flows from financing activities :		
Increase (decrease) in short-term borrowings, net	27,240	(325,935)
Proceeds from long-term borrowings	150,273	85,218
Repayments of long-term borrowings	(207,909)	(211,736)
Proceeds from issuance of bonds	50,000	—
Redemption of bonds	(20,000)	(60,000)
Purchases of treasury stock	(58)	(73)
Cash dividends paid	(165,950)	(152,117)
Dividends paid to non-controlling interests	(10,235)	(11,959)
Purchases of shares of subsidiaries that do not result in change in scope of consolidation	(1,843)	(2,960)
Other, net	(19,171)	135,618
Net cash flows provided by (used in) financing activities	(197,655)	(543,945)
Effect of exchange rate changes on cash and cash equivalents	22,322	22,922
Net increase in cash and cash equivalents	119,361	(221,518)
Cash and cash equivalents at beginning of the year	551,049	670,410
Cash and cash equivalents at end of the year	670,410	448,892

(5) Notes to the Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Segment Information)

1) Summary of reportable segment

The Company engages in the Steelmaking and Steel Fabrication business and acts as the holding company of the Group. The Group has four operating segments determined mainly based on products and services, which are Steelmaking and Steel Fabrication, Engineering and Construction, Chemicals and Materials, and System Solutions. Each operating segment shares the management strategy of the Group, while conducting its business activities independently from and in parallel with other companies of the Group. The following summary describes the operations of each reportable segment:

Reportable segments	Principal businesses
Steelmaking and Steel Fabrication	Manufacturing and sale of steel products
Engineering and Construction	Manufacturing and sale of industrial machinery, equipment and steel structures, construction projects under contract, waste processing and recycling, and supplying electricity, gas, and heat
Chemicals and Materials	Manufacturing and sale of coal-based chemical products, petrochemicals, electronic materials, materials and components for semiconductors and electronic parts, carbon fiber and composite products, and products that utilize technologies for metal processing
System Solutions	Computer systems engineering and consulting services; IT-enabled outsourcing and other services

2) Information on the amounts of revenue and profit for reportable segments

Fiscal 2022 (April 1, 2022—March 31, 2023)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue							
Revenue from external customers	7,176,756	319,365	257,648	221,815	7,975,586	—	7,975,586
Inter-segment revenue or transfers	68,791	32,865	16,937	70,698	189,292	(189,292)	—
Total	7,245,547	352,231	274,586	292,513	8,164,879	(189,292)	7,975,586
Segment profit (loss) <Business Profit>	861,443	11,674	16,170	32,111	921,401	(4,944)	916,456

Fiscal 2023 (April 1, 2023—March 31, 2024)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue							
Revenue from external customers	8,010,655	381,600	243,327	232,513	8,868,097	—	8,868,097
Inter-segment revenue or transfers	65,689	27,632	17,506	79,058	189,887	(189,887)	—
Total	8,076,345	409,233	260,834	311,572	9,057,985	(189,887)	8,868,097
Segment profit (loss) <Business Profit>	821,065	(1,340)	15,390	35,588	870,704	(1,046)	869,657

(Earnings per Share)

1) Basic earnings per share

Profit for the year attributable to common shares of the parent

(Millions of Yen)

	Fiscal 2022 (April 1, 2022—March 31, 2023)	Fiscal 2023 (April 1, 2023—March 31, 2024)
Profit for the year attributable to owners of the parent	694,016	549,372
Profit for the year not attributable to ordinary equity holders of the parent	—	—
Profit for the year used to calculate basic earnings per share	694,016	549,372

Weighted average number of ordinary shares outstanding

	Fiscal 2022 (April 1, 2022—March 31, 2023)	Fiscal 2023 (April 1, 2023—March 31, 2024)
Weighted average number of ordinary shares outstanding	920,858,089 Shares	920,840,121 Shares

2) Diluted earnings per share

Profit for the year attributable to common shares of the parent after adjustment for the effects of dilutive potential shares

(Millions of Yen)

	Fiscal 2022 (April 1, 2022—March 31, 2023)	Fiscal 2023 (April 1, 2023—March 31, 2024)
Profit for the year used to calculate basic earnings per share	694,016	549,372
Adjustment to profit	—	—
Profit for the year used to calculate diluted earnings per share	694,016	549,372

Weighted average number of ordinary shares outstanding

	Fiscal 2022 (April 1, 2022—March 31, 2023)	Fiscal 2023 (April 1, 2023—March 31, 2024)
Weighted average number of ordinary shares outstanding	920,858,089 Shares	920,840,121 Shares
Dilutive effect	112,067,646 Shares	119,715,279 Shares
Weighted average number of ordinary shares used to calculate diluted earnings per share	1,032,925,735 Shares	1,040,555,400 Shares

(Significant Subsequent Events)

Exercises of the Stock Acquisition Rights of the Convertible Bonds

Between April 1, 2024 and April 30, 2024, as a result of the exercises of the stock acquisition rights, the total number of shares outstanding increased by 911,614 shares, and common stock and capital reserve increased by ¥1,100 million each.

Results and dividends of Fiscal 2023 (Year ended March 31, 2024)

The Company recorded revenue of ¥8,868.0 billion, business profit of ¥869.6 billion and profit attributable to owners of the parent of ¥549.3 billion on its consolidated financial statements in the fiscal year ending March 31, 2024. Underlying Business Profit reached a record high of ¥935.0 billion (the prior highest profit of ¥734.0 billion in fiscal year 2022).

<Consolidated Operating Result>

	FY 2023	Changes from the previous forecasts	FY 2023		1st half ⇒ 2nd half	FY 2022	FY 2022 ⇒ FY 2023	Previous Forecasts (Released on Feb. 7, 2024)
			1st half	2nd half				
Revenue	8,868.0	- 132.0	4,412.4	4,455.6	+ 43.2	7,975.5	+ 892.5	9,000.0
Business Profit ※1	869.6	※5 + 69.6	494.2	375.4	※5 - 118.8	916.4	※5 - 46.8	800.0
[R O S]	[9.8%]	[+0.9%]	[11.2%]	[8.4%]	[-2.8%]	[11.5%]	[-1.7%]	[8.9%]
Underlying Business Profit ※2	935.0	45.0	498.5	436.4	- 62	734.0	+ 201	890.0
Additional line items ※3	(90.9)	- 0.9	(70.4)	(20.5)	+ 49.9	(32.8)	- 58.1	(90.0)
Profit for the year attributable to owners of the parent	549.3	+ 79.3	300.2	249.1	- 51.1	694.0	- 144.7	470.0
< Earnings per share (Yen) >	<596>	<+86>	<326>	<270>	<-56>	<753>	<-157>	<510>
EBITDA ※4	1,232.6	+ 72.6	670.7	561.8	- 108.9	1,256.6	- 24.0	1,160.0
Interest-bearing debt	2,711.6		3,072.8	2,711.6	- 361.2	2,699.3	+ 12.3	
D/E ratio	0.45		0.54	0.45	-0.09	0.51	-0.06	

After adjusting for equity credit attributes of subordinated loans and subordinated bonds.

- (※1) 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) Underlying Business Profit is Business Profit excluding inventory valuation impact and other items and recognized as representing the Group's actual profitability. In fiscal 2023, Underlying Business Profit excludes losses of ¥65.5 billion.
- (※3) Additional line items refer to the items that are not recurrent and are remotely related to operational activities, but have a material impact in terms of amount.
- (※4) Business Profit + Depreciation + Impairment losses

(※5) Analysis in Business Profit

	Changes from the previous forecasts	
	1st half →2nd half	FY 2023 →FY 2023
Change in Business Profit	-119.0	-47.0
1. Steel business	-132.0	-40.0
①Manufacturing shipment volume	- 15.0	+ 20.0
②Spread (including impact from FX rate fluctuation)	- 55.0	+ 85.0
③Cost improvement	+ 15.0	+ 60.0
④Overseas steel business	- 16.0	+ 37.0
⑤Raw material business	+ 3.0	- 10.0
⑥Other group companies	+ 11.0	+ 41.0
⑦Inventory valuation impact etc. (including group companies)	+ 43.0	- 295.0
⑧Others	- 118.0	+ 22.0
2. Three non-steel segments	+8.0	-10.0
3. Adjustments	+5.0	+4.0

(※3) Additional line items

	FY 2023	FY 2022	FY 2022 →FY 2023
Additional line items Total	(90.9)	(32.8)	- 58.1
Losses on reorganization	(90.9)	(32.8)	- 58.1

<FY 2023>

•Losses on inactive facilities and others: ¥90.9 billion (Kure downstream facilities ¥64.1 billion, Hanshin (Osaka), etc.)

<FY 2022>

•Losses on inactive facilities and others: ¥23.5 billion
•Losses on business withdrawal: ¥9.3 billion

【Dividends】

With a view to achieving continuous high-level returns to shareholders, as released on February 7, 2024, the Board of Directors has decided to propose a year-end dividend of ¥85 per share (The annual dividend is ¥160 per share) at the General Meeting of Shareholders.

<Factors Influencing Performance>

(1)NIPPON STEEL CORPORATION

	FY 2023	Changes from the previous forecasts	FY 2022	FY 2022 ⇒ FY 2023	Previous Forecasts (Released on Feb. 7, 2024)
Consolidated crude steel output volume (10,000 tons)	4,051	- 19	2,019	2,032	+ 13
Non-Consolidated crude steel output volume (10,000 tons)	3,499	- 1	1,744	1,754	+ 10
Steel materials shipment volume (10,000 tons)	3,203	+ 3	1,617	1,586	- 32
Steel materials price (¥1,000/ton)	144.8	+ 0.8	144.1	145.4	+ 1.3
Exchange rate (¥/\$)	144	+ 1	140	148	+ 8

(2)All Japan

	FY 2023	Changes from the previous forecasts	FY 2022	FY 2022 ⇒ FY 2023	Previous Forecasts (Released on Feb. 7, 2024)
Crude steel output volume (10,000 tons)	8,683	- 57	4,377	4,306	- 71
Steel consumption (10,000 tons)*1	5,187	- 53	2,607	2,580	- 28
(In manufacturing industries)	(3,455)	(- 45)	(1,746)	(1,709)	(- 38)
<% of manufacturing>	< 66.6%>	<- 0.4%>	< 67.0%>	< 66.2%>	<- 0.7%>
Plain carbon steel consumption (10,000 tons)	4,042	- 38	2,027	2,015	- 12
In construction	1,664	- 16	827	838	+ 11
In manufacturing	2,377	- 23	1,200	1,177	- 23
Specialty steel consumption (10,000 tons)	1,145	- 25	581	565	- 16
Inventory volume (10,000 tons)	*2 543		517	543	+ 26
Rolled sheets (10,000 tons)	*2 414		387	414	+ 27

*1 The Company estimates *2 The end of Mar.2024, preliminary figures

<Segment Information>

	FY 2023	Changes from the previous forecasts	FY 2022	FY 2022 ⇒ FY 2023	Previous Forecasts (Released on Feb. 7, 2024)
Revenue	8,868.0	- 132.0	4,412.4	4,455.6	+ 43.2
Steelmaking and Steel Fabrication	8,076.3	- 123.7	4,053.2	4,023.0	- 30.2
Engineering and Construction	409.2	- 10.8	175.4	233.8	+ 58.4
Chemicals and Materials	260.8	+ 0.8	132.8	127.9	- 4.9
System Solutions	311.5	+ 6.5	145.0	166.5	+ 21.5
Adjustment	(189.8)	- 4.8	(94.1)	(95.7)	- 1.6
Business Profit	869.6	+ 69.6	494.2	375.4	- 118.8
Steelmaking and Steel Fabrication	821.0	+ 71.0	476.7	344.3	- 132.4
Engineering and Construction	(1.3)	- 6.3	(5.4)	4.0	+ 9.4
Chemicals and Materials	15.3	+ 0.8	10.8	4.5	- 6.3
System Solutions	35.5	+ 2.0	15.1	20.4	+ 5.3
Adjustment	(1.0)	+ 2.0	(3.0)	1.9	+ 4.9

Forecasts and dividends for Fiscal 2024 (Year ending March 31, 2025)

The Company is forecasting a revenue of ¥8,800.0 billion, business profit of ¥650.0 billion or more and profit attributable to owners of the parent of ¥300.0 billion on its consolidated financial statements in the fiscal year ending March 31, 2025. Furthermore, for fiscal 2025, the final year of the ongoing medium- to long-term management plan, we will strive to secure underlying business profit of ¥900 billion or more, by the benefits of the restructuring measures, capital expenditures, and expanding overseas businesses. Moreover, by acquiring United States Steel Corporation, we aim to achieve the Group's future vision of ¥1 trillion in business profit at the earliest possible time.

<Forecasts of Consolidated Operating Result>

	FY 2024 forecasts		FY 2023		FY 2023 2nd half ⇒ FY 2024 1st half forecasts		(Billions of Yen) FY 2023 ⇒ FY 2024 forecasts	
		FY 2024 1st half forecasts		2nd half				
Revenue	8,800.0	4,400.0	8,868.0	4,455.6		- 55.6		- 68.0
Business Profit ※1 [R O S]	650.0 [7.4%]	300.0 [6.8%]	869.6 [9.8%]	375.4 [8.4%]	※5	- 75.4 [-1.6%]	※5	- 219.6 [-2.4%]
Underlying Business Profit※2	750.0	340.0	935.0	436.4		- 96.4		- 185.0
Additional line items※3	(130.0)	—	(90.9)	(20.5)		+ 20.5		- 39.1
Profit for the year attributable to owners of the parent	300.0	180.0	549.3	249.1		- 69.1		- 249.3
< Earnings per share (Yen) >	<326>	<195>	<596>	<270>		<-75>		<-270>
EBITDA ※4	1,040.0	490.0	1,232.6	561.8		- 71.8		- 192.6

- (※1) 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) Underlying Business Profit is Business Profit excluding inventory valuation impact and other items and recognized as representing the Group's actual profitability. In fiscal 2024, Underlying Business Profit excludes losses of ¥100.0 billion.
- (※3) Additional line items refer to the items that are not recurrent and are remotely related to operational activities, but have a material impact in terms of amount.
- (※4) Business Profit + Depreciation

(※5) Analysis in Business Profit

	(Billions of Yen)	
	FY 2023 2nd half →FY 2024 1st half forecasts	FY 2023 →FY 2024 forecasts
Change in Business Profit	- 75.0	- 220.0
1. Steel business	- 59.0	- 226.0
① Manufacturing shipment volume	+ 5.0	~
② Spread (including impact from FX rate fluctuation)	- 20.0	- 90.0
③ Cost improvement	+ 5.0	+ 30.0
④ Overseas steel business	- 13.0	- 42.0
⑤ Raw material business	+ 12.0	+ 23.0
⑥ Other group companies	- 43.0	- 36.0
⑦ Inventory valuation impact etc. (including group companies)	- 4.0	+ 25.0
⑧ Others	- 1.0	- 136.0
2. Three non-steel segments	- 5.0	+ 14.0
3. Adjustments	- 10.0	- 8.0

(※3) Additional line items

	(Billions of Yen)		
	FY 2024 forecasts	FY 2023	FY 2023 →FY 2024 forecasts
Additional line items Total	(130.0)	(90.9)	- 39.1
Losses on reorganization	(130.0)	(90.9)	- 39.1

<FY 2024>

• Losses on inactive facilities and others: ¥130.0 billion (Kashima One series of upstream facilities, large shape mill, steel plate mill, Wakayama #4 coke oven, etc.)

<FY 2023>

• Losses on inactive facilities and others: ¥90.9 billion (Kure downstream facilities ¥64.1 billion, Hanshin (Osaka), etc.)

【Dividends】

In consideration of future business performance and other factors, in order to provide continuous high-level returns to shareholders, the company plans to maintain the dividend level as in fiscal 2023, which results in ¥160 per share (including an interim dividend of ¥80 per share)

<Factors Influencing Performance >

(1) NIPPON STEEL CORPORATION

Consolidated crude steel output volume (10,000 tons)	Approx. 4,050	Approx. 2,030	4,051	2,032	- 2	- 1
Non-Consolidated crude steel output volume (10,000 tons)	Approx. 3,500	Approx. 1,750	3,499	1,754	- 4	+ 1
Steel materials shipment volume (10,000 tons)	Approx. 3,200	Approx. 1,600	3,203	1,586	+ 14	- 3
Exchange rate (¥/\$)	Approx. 145	Approx. 150	144	148	+ 2	+ 1

(2) All Japan

Steel consumption (10,000 tons)*1	Approx. 5,100	Approx. 2,500	5,187	2,580	- 80	- 87
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* 1 The Company estimates

<Segment Information >

	Revenue		Business Profit		(Billions of Yen)	
Revenue	8,800.0	4,400.0	8,868.0	4,455.6	- 55.6	- 68.0
Steelmaking and Steel Fabrication	8,000.0	4,000.0	8,076.3	4,023.0	- 23.0	- 76.3
Engineering and Construction	400.0	180.0	409.2	233.8	- 53.8	- 9.2
Chemicals and Materials	260.0	130.0	260.8	127.9	+ 2.1	- 0.8
System Solutions	330.0	153.0	311.5	166.5	- 13.5	+ 18.5
Adjustment	(190.0)	(63.0)	(189.8)	(95.7)	+ 32.7	- 0.2
Business Profit	650.0	300.0	869.6	375.4	- 75.4	- 219.6
Steelmaking and Steel Fabrication	595.0	285.0	821.0	344.3	- 59.3	- 226.0
Engineering and Construction	15.0	3.0	(1.3)	4.0	- 1.0	+ 16.3
Chemicals and Materials	13.0	5.5	15.3	4.5	+ 1.0	- 2.3
System Solutions	36.0	15.0	35.5	20.4	- 5.4	+ 0.5
Adjustment	(9.0)	(8.5)	(1.0)	1.9	- 10.4	- 8.0

Note: The forward-looking statements included in this 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.

Nippon Steel's Business Environment, and Actions Taken and To Be Taken

1. Recognition of business environment for FY2023 and our outlook for FY2024

- Global steel demand fell into an unprecedentedly harsh situation in 2H FY2023, then became further depressed toward the end of the year. Despite the slump in China and the worsening of business sentiment in Europe and the U.S., India's continued spot purchases of coal and China's continued high-level production even with the sluggish domestic economy have made raw material prices remain high while product prices remained sluggish. The spread in the overseas commodity spot market continued at historically low levels and the manifestation of decoupled pricings between raw materials and products.
- The unprecedented severe situation is likely to continue for the foreseeable future. Recovery in actual demand is hard to predict at this point, and a market recovery is likely to take time. There is also a risk that the decoupled pricings between raw materials and products will continue for the time being.

2. FY2023 results, FY2024 forecasts and FY2025 outlook

- **FY2023 results: Business profit (BP) of ¥869.6B** (up ¥69.6B from previous announcement); **underlying BP of ¥935.0B** (up ¥45.0B from previous announcement), **marking record high profit.**
- **FY2024 forecasts: Underlying BP of ¥750B or more and BP of ¥650B or more** incorporating investments in forward-looking initiatives to recruit and retain diverse talent even while expecting the unprecedented severe situation to continue for the foreseeable future.
- **Outlook for FY2025, the final year of the mid- to long-term management plan: Plan to secure underlying BP of ¥900B or more** by realizing the benefits from capital expenditures, notably sales expansion of high-grade steel products, and expanding overseas businesses including that of India, in addition to +¥40B effects from restructuring measures to be implemented in FY2024. Moreover, by acquiring U. S. Steel*, **we aim to achieve the Group's future vision of ¥1 trillion in BP at the earliest possible time.**

*U. S. Steel: profit of US\$1,047M in 2023, average annual profit of US\$2,883M for 2021-2023

- **Dividends for FY2024: Net profit is forecasted to stay at around ¥300B for FY2024**, due in part to significant losses from reorganization (around ¥130B) for completing structural measures. **Without expecting a significant turnaround in business environment in FY2025, we will strive hard to secure underlying BP of ¥900B or more, driven by the effects of the almost-secured restructuring measures, capital expenditures, and other measures, and as most losses from reorganization are expected to be eliminated.** Based on these assumptions and our policy of providing continuous, high-level shareholder returns, **we plan to distribute a full-year dividend of ¥160 per share for FY2024**, maintaining the same level as in FY2023.

3. Actions to improve profits at present and achieve medium- to long-term growth

(1) Strengthening and restructuring the domestic steelmaking business

- 1) **Steady improvement of base operation performance and continuous efforts in business of direct contract-based sales to customers**
 - Pursue cost reduction by continuing efforts to stabilize operations and facilities, and by further improving operation efficiency.
 - Concerning direct contract-based sales, **we will pursue the objective of maintaining appropriate margins at selling prices that take into account the intrinsic value of our products and services as well as the value of stable supply, asking for proportionate sharing of the impact of increase in labor, logistics, and other costs throughout the supply chain.**
- 2) **Completion of structural measures for production facilities, promotion of renewal and improvement of facilities, and sophistication of order mix**
 - Complete the production facility structural measures based on the medium- to long-term management plan: **Kashima One series of upstream facilities, large shape mill, steel plate mill, will be shut down at the end of FY2024.**
 - Promote investment in capacity expansion to realize a production structure for concentrated production of high value-added products, using state-of-the-art facilities.

(2) Measures for evolution to a further vertically-integrated business structure

- Enhance collaboration and pursue synergies with Nippon Steel Trading Corporation and other group companies to strengthen competitiveness throughout the supply chain from steelmaking to distribution and processing.
- Benefit from acquisition of a 20% interest in EVR JV, which will contribute to earnings from FY2024, in order to expand the business of raw materials for steelmaking, which is indispensable for future carbon-neutral steel production process, and shift to a consolidated profit structure that is made less susceptible to the external environment through investment in raw material interests.

(3) Acceleration of global strategy to deepen and expand overseas business: Aiming to achieve “100 million tons of global crude steel capacity per year”

- Decided to acquire U. S. Steel Corporation and aim to close the deal in 3Q or 4Q FY2024, pending U.S. approval. In the U.S., the largest market for high-grade steel, we intend to capture demand in which we can leverage our technological and product strengths, and create new value by combining the technological capabilities of both companies.
Nippon Steel’s proposed acquisition was approved by an overwhelming majority at U. S. Steel’s meeting of shareholders, which was held on April 12, 2024 (local time).
- Continue to focus on selective concentration, and securely acquire global steel demand.

(4) Challenge to realize carbon-neutral steelmaking and contribution to realization of a carbon-neutral society

- 1) The project "Development of high-efficiency melting by electric melting furnaces using direct reduced iron" was selected as a NEDO Green Innovation Fund project.
- 2) Promote standardization for the penetration of the mass balance approach.
 - April 2024: Overseas, the importance and basic principles of the mass balance approach were confirmed by the World Steel Association, and international standardization is being promoted.

(5) Digital transformation (DX) strategies

- Remote management, predictive monitoring, and automation of operation and facility maintenance using IoT and AI. Centralized and accelerated performance management and integrated production planning to be aligned with DX measures.

(6) Implementation of HR and PR initiatives to recruit and retain diverse talent

- Improve the conditions of treatment of employees as a part of investments in HR with the aim of improving profitability. We aim to achieve the top treatment level in Japan’s industrial sector in terms of how our employees demonstrate their top-class abilities appropriate for first-class treatment.
- As a drastic response to the increasingly severe labor shortage, we will consider measures and swiftly implement them, with the aim to further improve labor productivity.

(7) Maintaining and strengthening a solid financial base and financial structure

- Maintain a healthy financial structure through asset reduction, including the sale of shares and inventory appropriation, in order to continually implement a flexible and robust growth strategy over the medium to long term.
- Devise a plan to raise a total amount of ¥200B (maximum of ¥250B) through subordinated syndicated loans and subordinated bonds in June 2024 (expected 50% of the amount to be eligible for treatment as equity by rating agencies).

End

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 Fiscal 2023

Japanese Steel Industry

1. Crude Steel Production

(million tons)

	1st half		2nd half		total
	1st quarter	2nd quarter	3rd quarter	4th quarter	
FY 2022	22.98	21.82	21.41	21.62	87.84
FY 2023	22.21	21.56	21.60	21.45	86.83
FY 2024 forecasts	(*)Approx. 21.72				

(*)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)
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. 2023	5.08	(170.5)	3.80	0.202
Jan. 2024	5.35	(190.8)	4.01	0.208
Feb. 2024	5.38	(183.1)	4.06	0.216
Mar. *3 2024	5.43	(168.8)	4.14	0.220

*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 half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
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	8.57	17.35	34.55

Including Hokkai Iron & Coke Co., Ltd.

4. Crude Steel Production

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

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
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	10.06	20.32	40.51
FY 2024 forecasts			Approx.20.30			Approx.20.30	Approx.40.50

(Non-consolidated basis)

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
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	8.71	17.54	34.99
FY 2024 forecasts			Approx.17.50			Approx.17.50	Approx.35.00

5. Steel Products Shipment

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
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	7.90	15.86	32.03
FY 2024 forecasts			Approx.16.00			Approx.16.00	Approx.32.00

6. Average Price of Steel Products

(thousands of yen / ton)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
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	144.4	145.4	144.8

7. Export Ratio of Steel Products (Value basis)

(%)

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

8. Foreign Exchange Rate

(¥/\$)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
FY 2022	126	137	132	144	133	139	135
FY 2023	136	144	140	149	147	148	144
FY 2024 forecasts			Approx.150			Approx.140	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	457.4	363.0
FY2024 forecasts	Approx.480.0	Approx.390.0