Flash Report Consolidated Basis

Results for the First Quarter of Fiscal 2021

(April 1, 2021—June 30, 2021) <under IFRS>

August 3, 2021

Company name: Nippon Steel Corporation

Stock listing: Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges

Code number: 540

URL: https://www.nipponsteel.com/en/index.html

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Scheduled date to submit Securities Report: August 6, 2021

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 2021 (April 1, 2021—June 30, 2021)

(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 2021	1,503,151	32.8	217,024	_	256,341	_	250,382	_	172,306	_
First quarter of Fiscal 2020	1,131,604	(25.7)	(27,510)	_	(27,510)	_	(32,577)	_	(41,422)	_

	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 2021	162,129	_	234,367		176.08	_
First quarter of Fiscal 2020	(42,071)	_	(91,911)	_	(45.69)	_

^(*)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, Loss on disposal of fixed assets.

(2) Consolidated Financial Position

(2) Consolitated I manetal I ostron								
	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 2021	7,753,035	5 3,353,326 2,971		38.3				
Fiscal 2020	7,573,946	3,131,387	2,759,996	36.4				

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 2020	_	0.00	_	10.00	10.00				
Fiscal 2021	_								
Fiscal 2021 (Forecasts)		55.00	_	_	_				

Notes: 1. Whether the dividends forecasts have been revised: Yes

3. Consolidated Financial Forecasts for Fiscal 2021 (April 1, 2021—March 31, 2022)

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

	Revenue		Business pro	ofit	Profit attributa owners of the		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
First half of Fiscal 2021	3,100,000	38.3	350,000		200,000	_	217.00	
Fiscal 2021	6,500,000	34.6	600,000	445.2	370,000	_	402.00	

Notes: 1. Whether the consolidated financial forecasts for fiscal 2021 under review have been revised: Yes

* Notes

- (1) Changes in significant subsidiaries 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 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 2021 950,321,402 shares Fiscal 2020 950,321,402 shares

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

First quarter of Fiscal 2021 29,553,811 shares Fiscal 2020 29,564,533 shares

(c) Weighted average number of shares outstanding

First quarter of Fiscal 2021 920,762,338 shares First quarter of Fiscal 2020 920,681,631 shares

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.

^{*} 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)

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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, 2021	June 30, 2021
Current assets :		
Cash and cash equivalents	359,465	381,530
Trade and other receivables	805,306	751,461
Inventories	1,349,355	1,449,923
Other financial assets	27,772	33,538
Other current assets	130,786	181,680
Total current assets	2,672,686	2,798,135
Non-current assets :		
Property, plant and equipment	2,954,938	2,989,635
Right-of-use assets	88,559	84,674
Goodwill	46,341	47,111
Intangible assets	95,826	114,589
Investments accounted for using the equity method	817,328	846,063
Other financial assets	628,226	588,476
Defined benefit assets	110,396	115,389
Deferred tax assets	153,123	162,614
Other non-current assets	6,519	6,344
Total non-current assets	4,901,260	4,954,899
Total assets	7,573,946	7,753,035

(Millions of Yen)

		(Millions of Yen)
LIABILITIES	March 31, 2021	June 30, 2021
Current liabilities :		
Trade and other payables	1,382,761	1,300,208
Bonds, borrowings and lease liabilities	308,985	377,194
Other financial liabilities	1,250	1,351
Income taxes payable	24,256	93,282
Other current liabilities	54,077	44,295
Total current liabilities	1,771,331	1,816,332
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,250,246	2,158,131
Other financial liabilities	4,784	5,544
Defined benefit liabilities	189,453	183,815
Deferred tax liabilities	37,385	39,459
Other non-current liabilities	189,358	196,425
Total non-current liabilities	2,671,228	2,583,375
Total liabilities	4,442,559	4,399,708
EQUITY		
Common stock	419,524	419,524
Capital surplus	393,168	393,257
Retained earnings	1,910,333	2,081,017
Treasury stock	(58,342)	(58,337)
Other components of equity	95,311	136,448
Total equity attributable to owners of the parent	2,759,996	2,971,911
Non-controlling interests	371,390	381,415
Total equity	3,131,387	3,353,326
Total liabilities and equity	7,573,946	7,753,035

(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	Tr	(Millions of Yen
	First quarter of Fiscal 2020	First quarter of Fiscal 2021
Revenue	1,131,604	1,503,15
Cost of sales	(1,040,808)	(1,218,685
Gross profit	90,796	284,465
Selling, general and administrative expenses	(121,386)	(130,629
Share of profit in investments accounted for using the equity method	14,748	39,310
Other operating income	13,243	32,968
Other operating expenses	(24,912)	(9,096
Business profit (loss)	(27,510)	217,024
Gains and Losses on reorganization	_	39,31
Operating profit (loss)	(27,510)	256,34
Finance income	971	50:
Finance costs	(6,038)	(6,463
Profit (loss) before income taxes	(32,577)	250,382
Income tax expense	(8,844)	(78,076
Profit (loss)	(41,422)	172,300
Profit (loss) attributable to :		
Owners of the parent	(42,071)	162,129
Non-controlling interests	648	10,17
Formings (loss) was shows		
Earnings (loss) per share	(45.00)	15/0
Basic earnings (loss) per share (Yen)	(45.69)	176.0

Quarterly Condensed Consolidated Statements of Comprehensive Inc		(Millions of Yen
	First quarter of Fiscal 2020	First quarter of Fiscal 2021
Profit (loss)	(41,422)	172,30
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	15,483	(5,668
Remeasurements of defined benefit plans	10,543	7,64
Share of other comprehensive income of investments accounted for using the equity method	6,079	8
Subtotal	32,107	2,05
Changes in fair value of cash flow hedges Foreign exchange differences on translation of foreign operations Share of other comprehensive income of investments accounted	(1,456) (41,033)	24 35,17
for using the equity method	(40,107)	24,58
Subtotal	(82,596)	60,00
Total other comprehensive income (loss), net of tax	(50,489)	62,06
Total comprehensive income (loss)	(91,911)	234,36
Comprehensive income (loss) attributable to:		
Owners of the parent	(90,583)	221,04
Non-controlling interests	(1,328)	13,32

(Millions of Yen)

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

First quarter of Fiscal 2020

Other components of equity Changes in fair value of financial

Equity attributable to owners of the parent

Balance as of June 30, 2020	419,524	396,340	1,849,083	(58,508)	121,036	_
Subtotal	_	1,935	20,205	(2)	(6,160)	(14,045
Changes in scope of consolidation						
Transfer from other components of equity to retained earnings			20,205		(6,160)	(14,045
Changes in ownership interests in subsidiaries		1,936				
Disposals of treasury stock		(0)		1		
Purchases of treasury stock				(4)		
Cash dividends						
Transactions with owners and others						
Total comprehensive income	_	_	(42,071)	_	15,272	14,04
Other comprehensive income (loss)					15,272	14,04
Profit (loss)			(42,071)			
Comprehensive income						
Changes of the year						
Balance as of March 31, 2020	419,524	394,404	1,870,948	(58,505)	111,924	
					income	
					other comprehensive	plans
	stock	surplus	earnings	stock	fair value through	defined benefit
	Common	Capital	Retained	Treasury	value of financial assets measured at	Remeasurements o

	Eq	Equity attributable to owners of the parent				
	Othe	er components of e	quity		1	
	Changes in fair value of cash flow hedges	Foreign exchange differences on translation of foreign operations	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of March 31, 2020	(4,821)	(91,857)	15,245	2,641,618	355,013	2,996,631
Changes of the year						
Comprehensive income						
Profit (loss)			_	(42,071)	648	(41,422)
Other comprehensive income (loss)	(2,792)	(75,037)	(48,511)	(48,511)	(1,977)	(50,489)
Total comprehensive income	(2,792)	(75,037)	(48,511)	(90,583)	(1,328)	(91,911)
Transactions with owners and others						
Cash dividends			_	_	(3,816)	(3,816)
Purchases of treasury stock			_	(4)		(4)
Disposals of treasury stock			_	0		0
Changes in ownership interests in subsidiaries			_	1,936	(131)	1,805
Transfer from other components of equity to retained earnings			(20,205)	_		_
Changes in scope of consolidation					(6)	(6)
Subtotal	_	_	(20,205)	1,933	(3,953)	(2,020)
Balance as of June 30, 2020	(7,613)	(166,894)	(53,471)	2,552,968	349,731	2,902,699

First quarter of Fiscal 2021 (Millions of Yen)

			Equity attributable	e to owners of the	parent	
					Other compo	nents of equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	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 (loss)			162,129			
Other comprehensive income (loss)					(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	_

	Eq	uity attributable to	owners of the par	ent		
	Othe	er components of e	quity			
	Changes in fair value of cash flow hedges	Foreign exchange differences on translation of foreign operations	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
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 (loss)			_	162,129	10,177	172,306
Other comprehensive income (loss)	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

(4) Notes to the Quarterly Condensed Consolidated Financial Statements (Going Concern Assumption)

None

(Segment Information)

Information on the amounts of revenue and profit for reportable segments

First quarter of Fiscal 2020 (April 1, 2020—June 30, 2020)

(Millions of Yen)

		Reportable	e segments				
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions		Adjustments	Consolidated
Revenue	999,610	73,268	37,119	59,051	1,169,050	(37,445)	1,131,604
Segment profit (loss) <business profit=""></business>	(30,594)	5,364	(3,145)	5,182	(23,191)	(4,318)	(27,510)

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

(Millions of Yen)

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

Nippon Steel Corporation

Code Number: 5401

Listings: Tokyo, Nagoya, Sapporo and Fukuoka Stock Exchanges

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Supplementary Information on the Financial Results for the First Quarter of Fiscal 2021

Japanese Steel Industry

1.Crude Steel Production

(million tons)

							_
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	18.11	18.98	37.09	21.99	23.71	45.70	82.78
2021 FY	24.35	(*)Approx. 24.69	Approx. 49.00				

(*)METI forecast

2. Inventory Volume

At the	e end of:	Inventory at manufacturers and distributors (million tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (million tons)	H-flange beams *2 (million tons)
June	2019	6.12	(161.2)	4.57	0.220
July	2019	5.82	(145.6)	4.42	0.206
Aug.	2019	6.12	(188.8)	4.57	0.198
Sep.	2019	5.95	(157.7)	4.45	0.191
Oct.	2019	5.85	(155.4)	4.33	0.182
Nov.	2019	5.80	(158.0)	4.34	0.180
Dec.	2019	5.82	(172.0)	4.32	0.191
Jan.	2020	5.89	(170.3)	4.45	0.196
Feb.	2020	5.94	(177.1)	4.49	0.196
Mar.	2020	5.76	(157.6)	4.39	0.194
Apr.	2020	5.76	(192.1)	4.36	0.181
May	2020	5.90	(222.8)	4.47	0.178
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	5.22	(163.9)	3.55	0.189
Feb.	2021	5.22	(165.7)	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 *3	2021	5.38	(146.4)	3.88	0.197

^{*1} Hot-rolled, cold-rolled and coated sheets

^{*2} Inventories of 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
2020 FY	7.56	7.27	14.82	8.32	9.93	18.25	33.07
2021 FY	10.04	Approx. 10.10	Approx. 20.20				

Including Hokkai Iron & Coke Co., Ltd..

4. Crude Steel Production

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

(million tons)

			1				
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	8.30	8.48	16.78	9.64	11.23	20.87	37.65
2021 FY	11.88	Approx. 11.60	Approx. 23.50			Approx. 22.50	Approx. 46.00

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	7.20	7.45	14.64	8.47	9.89	18.36	33.00
2021 FY	10.18	Approx. 10.30	Approx. 20.50			Approx. 19.50	Approx. 40.00

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	7.12	7.33	14.46	7.93	8.84	16.77	31.22
2021 FY	9.20	Approx. 9.60	Approx. 18.80			Approx. 17.70	Approx. 36.50

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	86.0	81.3	83.6	86.9	89.7	88.3	86.1
2021 FY	97.2	Approx 114	Approx. 106				

7. Export Ratio of Steel Products (Value basis)

(%)

						•	
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2020 FY	39	37	38	33	37	35	36
2021 FY	43	Approx. 46	Approx. 45				

8. Foreign Exchange Rate

(¥/\$)

-								
-								
L		1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
	2020 FY	108	106	107	105	105	105	106
	2021 FY	110	Approx. 110	Approx. 110			Approx. 110	Approx. 110

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
2020 FY	474.4	290.8
2021 FY	Approx. 480.0	Approx. 330.0