

Flash Report Consolidated Basis

Results for the First Half of Fiscal 2022 (April 1, 2022—September 30, 2022) < under IFRS>

November 1, 2022

Company name: NIPPON STEEL CORPORATION

Stock listing:

Tokyo Stock Exchange / Nagoya Stock Exchange / Fukuoka Stock

Fushanga / Samana Samiting Fushanga

Exchange / Sapporo Securities Exchange

Code number: 540

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

Representative:Eiji Hashimoto, Representative Director and PresidentContact:Shinnosuke Arita, General Manager, Public Relations Center

Telephone: +81-3-6867-2135, 2146, 2977, 3419

Scheduled date to submit Securities Report: November 8, 2022 Scheduled date to pay dividends: November 30, 2022

Preparation of supplemental explanatory materials: Yes

Holding of quarterly financial results meeting:

Yes (for investment analysts)

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

1. Consolidated Operating Results and Financial Position through the First Half of Fiscal 2022 (April 1, 2022—September 30, 2022)

(1) Consolidated Operating Results (Accumulated)

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

	Revenue		Business pro		Operating p	rofit	Profit befo	ore	Profit	
	Millions of		Millions of		Millions of		income taxes Millions of		Millions of	
	yen	%	yen	%	yen	%	yen	%	yen	%
First half of Fiscal 2022	3,874,406	22.5	541,752	13.4	541,752	26.5	532,507	28.0	394,710	26.2
First half of Fiscal 2021	3,163,943	41.1	477,831	_	428,398	_	415,900	_	312,708	_

	Profit attributable to owners of the parent		Total compreh income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
First half of Fiscal 2022	372,372	24.7	600,064	48.5	404.37	361.40
First half of Fiscal 2021	298,727	_	404,093	_	324.43	324.43

^(*)Business Profit on Consolidated Statements of Profit or Loss indicates the results of sustainable business activities, and is an important measure to compare and evaluate the Company's consolidated performance continuously. It is defined as being deducted Cost of sales, Selling, general and administrative expenses and Other operating expenses from Revenue, and added Share of profit in investments accounted for using the equity method and Other operating income. Other operating income and expenses are composed mainly of Dividend income, Foreign exchange gains or losses, and Loss on disposal of fixed assets.

(2) Consolidated Financial Position

(2) Consonauca i manciai i ostaon								
	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of total equity attributable to owners of the parent to total assets				
	Millions of yen	Millions of yen	Millions of yen	%				
First half of Fiscal 2022	9,318,954	4,405,990	3,954,143	42.4				
Fiscal 2021	8,752,346	3,897,008	3,466,799	39.6				

2. Dividends

	Dividends per share								
	End of first quarter	End of first quarter		End of fiscal year	Fiscal year				
	Yen	Yen	Yen	Yen	Yen				
Fiscal 2021	_	70.00	_	90.00	160.00				
Fiscal 2022	_	90.00							
Fiscal 2022 (Forecasts)			_	_	_				

Notes: 1. Whether the dividends forecasts have been revised: No

^{2.} The Company plans to determine the forecast for the year-end dividend distribution amount, with due consideration of forecasts for the full fiscal year performance, and to announce it at the time of its third-quarter result announcement.

3. Consolidated Financial Forecasts for Fiscal 2022 (April 1, 2022—March 31, 2023)

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

	Revenue		Business pr	ofit	Profit attributable to owners of the parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Fiscal 2022	8,000,000	17.5	870,000	(7.3)	670,000	5.1	728.00	

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

* Notes

- (1) Changes in significant subsidiaries (changes in specified subsidiaries accompanying changes in scope of consolidation) during the period: None
- (2) Changes in accounting policies and changes in accounting estimates
 - (a) Changes in accounting policies required by IFRS: None
 - (b) Changes in accounting policies other than those in (a) above: None
 - (c) Changes in accounting estimates: None
- (3) Number of shares outstanding (common shares)
 - (a) Number of shares outstanding at the end of the period (including treasury stock)

First half of Fiscal 2022 950,321,402 shares Fiscal 2021 950,321,402 shares

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

First half of Fiscal 2022 29,463,341 shares Fiscal 2021 29,449,711 shares

(c) Weighted average number of shares outstanding

First half of Fiscal 2022 920,865,584 shares First half of Fiscal 2021 920,761,965 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)

Index of Attached Documents

Quarterly Condensed Consolidated Financial Statements and Major Notes	2
(1) Quarterly Condensed Consolidated Statements of Financial Position	2
(2) Quarterly Condensed Consolidated Statements of Profit or Loss and	
Quarterly Condensed Consolidated Statements of Comprehensive Income	4
(3) Quarterly Condensed Consolidated Statements of Changes in Equity	5
(3) Quarterly Condensed Consolidated Statements of Changes in Equity	
(4) Notes to the Quarterly Condensed Consolidated Financial Statements	7
(Going Concern Assumption)	7
(Oonig Concern Assumption)	/
(Segment Information)	7

Quarterly Condensed Consolidated Financial Statements and Major Notes

(1) Quarterly Condensed Consolidated Statements of Financial Position

		(Millions of Yen)
ASSETS	March 31, 2022	September 30, 2022
Current assets :		
Cash and cash equivalents	551,049	380,967
Trade and other receivables	939,406	995,845
Inventories	1,756,589	2,136,519
Other financial assets	41,357	49,431
Other current assets	226,253	236,732
Total current assets	3,514,655	3,799,495
Non-current assets :		
Property, plant and equipment	3,052,640	3,175,689
Right-of-use assets	78,162	89,791
Goodwill	61,741	65,631
Intangible assets	130,497	141,885
Investments accounted for using the equity method	1,079,068	1,261,499
Other financial assets	548,283	500,862
Defined benefit assets	123,563	101,838
Deferred tax assets	158,031	176,305
Other non-current assets	5,701	5,953
Total non-current assets	5,237,691	5,519,458
Total assets	8,752,346	9,318,954

(Millions of Yen)

A A A DAY ANY POR	M 1 21 2022	(Millions of Yen)
LIABILITIES	March 31, 2022	September 30, 2022
Current liabilities :		
Trade and other payables	1,526,719	1,569,794
Bonds, borrowings and lease liabilities	344,056	410,321
Other financial liabilities	1,042	5,357
Income taxes payable	109,958	147,581
Other current liabilities	36,852	42,457
Total current liabilities	2,018,630	2,175,512
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,309,339	2,196,486
Other financial liabilities	1,207	621
Defined benefit liabilities	188,350	190,564
Deferred tax liabilities	39,805	41,369
Other non-current liabilities	298,005	308,409
Total non-current liabilities	2,836,707	2,737,451
Total liabilities	4,855,337	4,912,963
EQUITY		
Common stock	419,524	419,524
Capital surplus	393,547	399,676
Retained earnings	2,514,775	2,808,788
Treasury stock	(57,977)	(58,006)
Other components of equity	196,928	384,160
Total equity attributable to owners of the parent	3,466,799	3,954,143
Non-controlling interests	430,209	451,847
Total equity	3,897,008	4,405,990
Total liabilities and equity	8,752,346	9,318,954

(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	T1 1 10 0	(Millions of Yer
	First half of Fiscal 2021	First half of Fiscal 2022
	F18Ca1 2021	Fiscal 2022
Revenue	3,163,943	3,874,40
Cost of sales	(2,573,417)	(3,233,511
Gross profit	590,525	640,89
Selling, general and administrative expenses	(263,114)	(285,755
Share of profit in investments accounted for using the equity method	116,602	81,39
Other operating income	56,311	144,54
Other operating expenses	(22,495)	(39,328
Business profit	477,831	541,75
Losses on reorganization	(49,433)	-
Operating profit	428,398	541,75
Finance income	954	2,84
Finance costs	(13,453)	(12,094
Profit before income taxes	415,900	532,50
Income tax expense	(103,191)	(137,79
Profit	312,708	394,71
Profit attributable to :		
Owners of the parent	298,727	372,37
Non-controlling interests	13,980	22,33
Earnings per share		
Basic earnings per share (Yen)	324.43	404.3
Diluted earnings per share (Yen)	324.43	361.4

Quarterly Condensed Consolidated Statements of Comprehensive Inco	ome	(Millions of Yen)
	First half of	First half of
	Fiscal 2021	Fiscal 2022
Profit	312,708	394,710
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	9,492	(18,370)
Remeasurements of defined benefit plans	11,120	(7,993)
Share of other comprehensive income of investments accounted for using the equity method	4,191	(1,859)
Subtotal	24,804	(28,222)
Items that might be reclassified to profit or loss Changes in fair value of cash flow hedges Foreign exchange differences on translation of foreign operations	(615) 29,802	2,929 119,752
Foreign exchange differences on translation of foreign operations Share of other comprehensive income of investments accounted	•	119,752
for using the equity method	37,393	110,894
Subtotal	66,580	233,577
Total other comprehensive income, net of tax	91,384	205,354
Total comprehensive income	404,093	600,064
Comprehensive income attributable to:		
Owners of the parent	384,140	564,220
Non-controlling interests	19,952	35,844

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

First Half of Fiscal 2021 (Millions of Yen)

Balance as of September 30, 2021	419,524	392,879	2,224,072	(58,358)	203,913	_	
Subtotal	_	(288)	15,010	(15)	(13,838)	(10,391)	
Changes in scope of consolidation				0			
Transfer from other components of equity to retained earnings			24,230		(13,838)	(10,391)	
Changes in ownership interests in subsidiaries		(288)					
Disposals of treasury stock		0		17			
Purchases of treasury stock				(34)			
Cash dividends			(9,219)				
Transactions with owners and others							
Total comprehensive income	_	_	298,727	_	10,451	10,391	
Other comprehensive income			250,727		10.451	10,391	
Profit			298,727				
Comprehensive income							
Changes of the year	117,321	373,100	1,710,333	(30,312)	207,300		
Balance as of March 31, 2021	419,524	393,168	1,910,333	(58,342)	income 207,300	_	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Changes in fair value of financial assets measured at fair value through other comprehensive	Remeasurements of defined benefit plans	
			Equity uniformed	to owners or the	•	nents of equity	
First Hall Of Fiscal 2021	Equity attributable to owners of the parent						

	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			_	298,727	13,980	312,708
Other comprehensive income	18,137	46,432	85,412	85,412	5,972	91,384
Total comprehensive income	18,137	46,432	85,412	384,140	19,952	404,093
Transactions with owners and others Cash dividends			-	(9,219)	(3,964)	(13,183)
Purchases of treasury stock			_	(34)		(34)
Disposals of treasury stock			_	17		17
Changes in ownership interests in subsidiaries			_	(288)	281	(6)
Transfer from other components of equity to retained earnings			(24,230)	_		_
Changes in scope of consolidation				0	9	10
Subtotal			(24,230)	(9,523)	(3,672)	(13,196)
Balance as of September 30, 2021	21,534	(68,953)	156,493	3,134,613	387,670	3,522,283

First Half of Fiscal 2022 (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, 2022	419,524	393,547	2,514,775	(57,977)	178,442	_
Changes of the year						
Comprehensive income						
Profit			372,372			
Other comprehensive income					(16,065)	(10,599)
Total comprehensive income	_	_	372,372	_	(16,065)	(10,599)
Transactions with owners and others						
Cash dividends			(82,975)			
Purchases of treasury stock				(27)		
Disposals of treasury stock		0		1		
Changes in ownership interests in subsidiaries		6,128				
Transfer from other components of equity to retained earnings			4,616		(15,216)	10,599
Changes in scope of consolidation				(3)		
Subtotal	_	6,128	(78,358)	(29)	(15,216)	10,599
Balance as of September 30, 2022	419,524	399,676	2,808,788	(58,006)	147,160	_

	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, 2022	58,852	(40,366)	196,928	3,466,799	430,209	3,897,008
Changes of the year						
Comprehensive income						
Profit			_	372,372	22,337	394,710
Other comprehensive income	58,555	159,957	191,847	191,847	13,506	205,354
Total comprehensive income	58,555	159,957	191,847	564,220	35,844	600,064
Transactions with owners and others						
Cash dividends			_	(82,975)	(6,789)	(89,765)
Purchases of treasury stock			_	(27)		(27)
Disposals of treasury stock			_	1		1
Changes in ownership interests in subsidiaries			_	6,128	(7,564)	(1,435)
Transfer from other components of equity to retained earnings			(4,616)	_		_
Changes in scope of consolidation				(3)	148	144
Subtotal			(4,616)	(76,876)	(14,206)	(91,082)
Balance as of September 30, 2022	117,408	119,591	384,160	3,954,143	451,847	4,405,990

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

Not applicable

(Segment Information)

Information on the amounts of revenue and profit or loss for reportable segments

First half of Fiscal 2021 (April 1, 2021—September 30, 2021)

(Millions of Yen)

		Reportable	e segments				
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions	Total	Adjustments	Consolidated
Revenue	2,851,416	123,879	122,515	131,246	3,229,058	(65,115)	3,163,943
Segment profit (loss) <business profit=""></business>	448,281	(2,940)	13,571	14,613	473,525	4,305	477,831

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

(Millions of Yen)

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

NIPPON STEEL CORPORATION

Code Number: 5401

Listings: Tokyo Stock Exchange / Nagoya Stock Exchange /

Fukuoka Stock Exchange / Sapporo Securities Exchange

Contact: Shinnosuke Arita, General Manager,

Public Relations Center-Tel: +81-3-6867-2135, 2146, 2977, 3419

Supplementary Information on the Financial Results for the First Half of Fiscal 2022

Japanese Steel Industry

1. Crude Steel Production

(million tons)

							1
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	24.35	24.07	48.42	24.20	23.01	47.21	95.64
FY 2022	22.98	21.82	44.80	(*)Approx. 22.55			

(*)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)
Sep.	2020	5.12	(159.9)	3.67	0.166
Oct.	2020	4.97	(142.7)	3.56	0.166
Nov.	2020	5.03	(151.3)	3.54	0.171
Dec.	2020	5.09	(157.6)	3.56	0.178
Jan.	2021	5.17	(160.5)	3.55	0.189
Feb.	2021	5.22	(167.9)	3.55	0.199
Mar.	2021	5.07	(134.6)	3.51	0.209
Apr.	2021	5.25	(160.6)	3.68	0.207
May	2021	5.52	(172.7)	3.91	0.203
June	2021	5.39	(147.3)	3.88	0.197
July	2021	5.38	(158.2)	3.88	0.189
Aug.	2021	5.62	(184.7)	4.10	0.183
Sep.	2021	5.87	(175.1)	4.32	0.180
Oct.	2021	6.02	(172.5)	4.54	0.183
Nov.	2021	6.04	(170.5)	4.47	0.184
Dec.	2021	6.13	(179.5)	4.55	0.190
Jan.	2022	6.21	(185.8)	4.65	0.200
Feb.	2022	6.23	(202.1)	4.65	0.204
Mar.	2022	5.98	(161.6)	4.52	0.203
Apr.	2022	5.97	(191.6)	4.51	0.192
May	2022	6.21	(205.6)	4.66	0.188
June	2022	6.03	(176.1)	4.52	0.188
July	2022	5.90	(177.9)	4.37	0.186
Aug.	2022	5.96	(200.0)	4.47	0.185
Sep. *3	2022	5.96	(187.0)	4.42	0.185

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

^{*2} Inventories at distributors dealing with H-flange beams manufactured by NIPPON STEEL CORPORATION

^{*3} Preliminary report

NIPPON STEEL CORPORATION

3. Pig Iron Production

(million tons)

						_	
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	10.04	9.89	19.93	9.72	8.75	18.48	38.41
FY 2022	8.52	8.29	16.81			Approx. 17.20	Approx. 34.00

Including Hokkai Iron & Coke Co., Ltd.

4. Crude Steel Production

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

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	11.88	11.37	23.25	11.06	10.14	21.20	44.46
FY 2022	10.33	9.87	20.21			Approx. 19.80	Approx. 40.00

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	10.18	10.05	20.23	9.64	8.81	18.45	38.68
FY 2022	8.69	8.34	17.04			Approx. 17.00	Approx. 34.00

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	9.20	9.09	18.28	8.96	8.31	17.28	35.56
FY 2022	8.19	7.49	15.69			Approx. 15.60	Approx. 31.30

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	97.2	116.1	106.6	124.4	134.6	129.3	117.7
FY 2022	140.0	152.7	146.0			Approx. 158	Approx. 152

7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	43	45	44	42	39	40	42
FY 2022	48	42	45			Approx. 43	Approx. 44

8. Foreign Exchange Rate

(¥/\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2021	110	110	110	113	115	114	112
FY 2022	126	137	132			Approx. 150	Approx. 141

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation	
FY 2021	407.4	330.6	
FY 2022	Approx. 450.0	Approx. 350.0	