

# Flash Report Consolidated Basis

# Results for the First Quarter of Fiscal 2023 (April 1, 2023—June 30, 2023)

<under IFRS>

August 4, 2023

Company name: NIPPON STEEL CORPORATION

Stock listing:

Tokyo Stock Exchange / Nagoya Stock Exchange / Fukuoka Stock

Exchange / Sapporo Securities Exchange

5401

URL: <a href="https://www.nipponsteel.com/en/index.html">https://www.nipponsteel.com/en/index.html</a>

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

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Scheduled date to submit quarterly securities report: August 7, 2023

Scheduled date to commence dividend payments:

**Code number:** 

**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 2023 (April 1, 2023—June 30, 2023)

#### (1) Consolidated Operating Results (Accumulated)

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

	Revenue Business profit (*)		orofit (*)	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 2023	2,199,786	14.6	248,700	(26.6)	248,700	(26.6)	244,793	(26.7)	188,477	(22.8)
First quarter of Fiscal 2022	1,919,181	27.7	338,873	56.1	338,873	32.2	334,014	33.4	244,145	41.7

	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 2023	177,064	(23.3)	264,435	(26.2)	192.28	170.47
First quarter of Fiscal 2022	230,972	42.5	358,534	53.0	250.82	224.28

<sup>(\*)</sup>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

(2) Componented I manifelli I opinion								
	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 2023	10,418,535	4,884,228	4,343,829	41.7				
Fiscal 2022	9,567,099	4,646,417	4,181,155	43.7				

#### 2. Dividends

	Dividends per share							
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Fiscal year			
	Yen	Yen	Yen	Yen	Yen			
Fiscal 2022	_	90.00	_	90.00	180.00			
Fiscal 2023	_							
Fiscal 2023 (Forecasts)		75.00	_	75.00	150.00			

Notes: Whether the dividends forecasts have been revised: Yes

# 3. Consolidated Financial Forecasts for Fiscal 2023 (April 1, 2023—March 31, 2024)

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

(i electriage figures are changes from the same period of the previous fiscar jear.)									
	Revenue		Business profit		Profit attributable to owners of the parent		Basic earnings per share		
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen		
First half of Fiscal 2023	4,500,000	16.1	360,000	(33.5)	200,000	(46.3)	217.00		
Fiscal 2023	9,000,000	12.8	690,000	(24.7)	400,000	(42.4)	434.00		

Notes: Whether the consolidated financial forecasts for fiscal 2023 under review have been revised: Yes

#### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Number of newly consolidated: 1 Company name: NIPPON STEEL TRADING CORPORATION

Number of excluded from consolidation: 0

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

First quarter of Fiscal 2023 950,321,402 shares Fiscal 2022 950,321,402 shares

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

First quarter of Fiscal 2023 29,497,763 shares Fiscal 2022 29,481,839 shares

(c) Weighted average number of shares outstanding

First quarter of Fiscal 2023 920,829,621 shares First quarter of Fiscal 2022 920,869,014 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.

<sup>\*</sup> This quarterly flash report is not subject to quarterly review procedures.

<sup>\*</sup> 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
(5) Quarterly Condensed Consolidated Statements of Changes in Equity	
(4) Notes to the Quarterly Condensed Consolidated Financial Statements	7
(1) Trotes to the Quarterly Condensed Consolidated I maneral statements	
(Going Concern Assumption)	7
(Oonig Concern Assumption)	/
	7
(Segment Information)	/

# **Quarterly Condensed Consolidated Financial Statements and Major Notes**

(1) Quarterly Condensed Consolidated Statements of Financial Position

		(Millions of Yen)
ASSETS	March 31, 2023	June 30, 2023
Current assets :		
Cash and cash equivalents	670,410	597,714
Trade and other receivables	1,062,384	1,523,130
Inventories	2,085,971	2,322,268
Other financial assets	28,176	44,584
Other current assets	223,575	269,220
Total current assets	4,070,518	4,756,918
Non-current assets :		
Property, plant and equipment	3,183,638	3,274,115
Right-of-use assets	83,935	89,387
Goodwill	65,062	68,123
Intangible assets	157,444	162,420
Investments accounted for using the equity method	1,210,542	1,186,158
Other financial assets	528,794	624,599
Defined benefit assets	124,628	130,119
Deferred tax assets	136,349	119,751
Other non-current assets	6,185	6,939
Total non-current assets	5,496,581	5,661,616
Total assets	9,567,099	10,418,535

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		(Millions of Yen)
LIABILITIES	March 31, 2023	June 30, 2023
Current liabilities :		
Trade and other payables	1,592,137	1,707,820
Bonds, borrowings and lease liabilities	403,028	774,312
Other financial liabilities	5,878	2,918
Income taxes payable	51,917	59,449
Other current liabilities	40,839	81,782
Total current liabilities	2,093,802	2,626,281
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,296,322	2,371,265
Other financial liabilities	323	761
Defined benefit liabilities	185,441	183,385
Deferred tax liabilities	37,685	43,372
Other non-current liabilities	307,105	309,240
Total non-current liabilities	2,826,879	2,908,025
Total liabilities	4,920,682	5,534,306
EQUITY		
Common stock	419,524	419,524
Capital surplus	399,366	399,020
Retained earnings	3,079,144	3,185,983
Treasury stock	(58,054)	(58,105)
Other components of equity	341,173	397,406
Total equity attributable to owners of the parent	4,181,155	4,343,829
Non-controlling interests	465,261	540,398
Total equity	4,646,417	4,884,228
Total liabilities and equity	9,567,099	10,418,535

# (2) Quarterly Condensed Consolidated Statements of Profit or Loss and Quarterly Condensed Consolidated Statements of Comprehensive Income

Quarterly Condensed Consolidated Statements of Profit or Loss		(Millions of Yer
	First quarter of Fiscal 2022	First quarter of Fiscal 2023
Revenue	1,919,181	2,199,78
Cost of sales	(1,544,162)	(1,866,75
Gross profit	375,018	333,03
Selling, general and administrative expenses	(142,769)	(181,51
Share of profit in investments accounted for using the equity method	45,212	27,25
Other operating income	72,220	85,62
Other operating expenses	(10,808)	(15,69
Business profit	338,873	248,70
Operating profit	338,873	248,70
Finance income	981	4,95
Finance costs	(5,840)	(8,85
Profit before income taxes	334,014	244,79
Income tax expense	(89,868)	(56,31
Profit	244,145	188,4
Profit attributable to :		
Owners of the parent	230,972	177,00
Non-controlling interests	13,173	11,41
Earnings per share		
Basic earnings per share (Yen)	250.82	192.3
Diluted earnings per share (Yen)	224.28	170.4

Quarterly Condensed Consolidated Statements of Comprehensive Inc		(Millions of Yen
	First quarter of Fiscal 2022	First quarter of Fiscal 2023
Profit	244,145	188,47
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	(18,398)	48,70
Remeasurements of defined benefit plans	(4,393)	8,84
Share of other comprehensive income of investments accounted for using the equity method	(2,027)	4,29
Subtotal	(24,818)	61,83
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	(268) 64,073	7,98 15,67
Share of other comprehensive income of investments accounted for using the equity method	75,401	(9,538
Subtotal	139,207	14,11
Total other comprehensive income, net of tax	114,388	75,95
Total comprehensive income	358,534	264,43
Comprehensive income attributable to:		
Owners of the parent	339,772	246,04
•	18,762	18,39

(1,863)

(1,863)

160,560

(3)

(13)

(57,991)

6,076

6,076

(Millions of Yen)

#### (3) Quarterly Condensed Consolidated Statements of Changes in Equity

First Quarter of Fiscal 2022

Changes in ownership interests in subsidiaries Transfer from other components of equity

to retained earnings Changes in scope of consolidation

Balance as of June 30, 2022

Subtotal

Equity attributable to owners of the parent Other components of equity Changes in fair value of financial Common Capital Retained Treasury assets measured at Remeasurements of fair value through defined benefit stock surplusearnings stock other plans comprehensive income Balance as of March 31, 2022 419,524 393,547 2,514,775 (57,977) 178,442 Changes of the year Comprehensive income Profit 230,972 Other comprehensive income (16,018)(6,076)Total comprehensive income 230,972 (16,018) (6,076) Transactions with owners and others Cash dividends (82,975) (10) Purchases of treasury stock Disposals of treasury stock

7,867

7,867

401,414

419,524

(4,212)

(87,188)

2,658,559

Balance as of June 30, 2022	95,895	53,485	309,941	3,731,449	435,023	4,166,472
Subtotal	_	_	4,212	(75,122)	(13,948)	(89,070)
Changes in scope of consolidation			_	(3)	633	629
Transfer from other components of equity to retained earnings			4,212	_		_
Changes in ownership interests in subsidiaries			_	7,867	(9,335)	(1,468)
Disposals of treasury stock			_	0		0
Purchases of treasury stock			_	(10)		(10)
Cash dividends			_	(82,975)	(5,245)	(88,221)
Transactions with owners and others						
Total comprehensive income	37,042	93,851	108,799	339,772	18,762	358,534
Other comprehensive income	37,042	93,851	108,799	108,799	5,588	114,388
Profit			_	230,972	13,173	244,145
Comprehensive income						
Changes of the year						
Balance as of March 31, 2022	58,852	(40,366)	196,928	3,466,799	430,209	3,897,008
	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
	<u> </u>	er components of e	-	CIII		
	Fo	uity attributable to	owners of the per	ant		

49,372

49,372

(4,014)

(4,014)

240,263

(Millions of Yen)

8,732

8,732

(8,732)

(8,732)

Other components of equity Changes in fair value of financial Capital Common Retained Treasury assets measured at Remeasurements of fair value through defined benefit stock surplusearnings stock other plans comprehensive income Balance as of March 31, 2023 419,524 399,366 3,079,144 (58,054) 194,905 Changes of the year Comprehensive income

(0)

(346)

(346)

399,020

419,524

Equity attributable to owners of the parent

177,064

177,064

(82,973)

12,747

(70,225)

3,185,983

(14)

(54)

(50)

(58,105)

18

First Quarter of Fiscal 2023

Other comprehensive income

Transactions with owners and others

Changes in ownership interests in subsidiaries Transfer from other components of equity

Total comprehensive income

Purchases of treasury stock

Disposals of treasury stock

to retained earnings Changes in scope of consolidation

Balance as of June 30, 2023

Cash dividends

Profit

Subtotal

	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, 2023	92,699	53,568	341,173	4,181,155	465,261	4,646,417
Changes of the year						
Comprehensive income						
Profit			_	177,064	11,412	188,477
Other comprehensive income	(11,440)	22,314	68,980	68,980	6,977	75,957
Total comprehensive income	(11,440)	22,314	68,980	246,044	18,390	264,435
Transactions with owners and others						
Cash dividends			_	(82,973)	(5,939)	(88,912)
Purchases of treasury stock			_	(14)		(14)
Disposals of treasury stock			_	18		18
Changes in ownership interests in subsidiaries			_	(346)	(78)	(424)
Transfer from other components of equity to retained earnings			(12,747)	_		_
Changes in scope of consolidation				(54)	62,764	62,710
Subtotal	_	_	(12,747)	(83,370)	56,746	(26,623)
Balance as of June 30, 2023	81,259	75,883	397,406	4,343,829	540,398	4,884,228

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

Not applicable

# (Segment Information)

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

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

(Millions of Yen)

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

# First quarter of Fiscal 2023 (April 1, 2023—June 30, 2023)

(Millions of Yen)

	(Millions of Ton)											
		Reportable	e segments									
	Steelmaking and Steel	Engineering and Chemicals		System	Total	Adjustments	Consolidated					
	Fabrication	Construction	and Materials	Solutions								
Revenue	2,029,333	82,410	64,495	68,895	2,245,135	(45,349)	2,199,786					
Segment profit	243,429	3,192	2,770	7,000	256,392	(7,692)	248,700					

#### NIPPON STEEL CORPORATION

Code Number: 5401

Listings: Tokyo Stock Exchange / Nagoya Stock Exchange /

Fukuoka Stock Exchange / Sapporo Securities Exchange

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# **Supplementary Information on the Financial Results** for the First Quarter of Fiscal 2023

## **Japanese Steel Industry**

#### 1. Crude Steel Production

(million tons)

							_
			_			-	
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	22.98	21.82	44.80	21.41	21.62	43.03	87.84
FY 2023	22.21	(*)Approx. 22.31	Approx. 44.50				

(\*)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	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	6.22	(186.4)	4.65	0.200
Feb.	2022	6.24	(202.4)	4.65	0.204
Mar.	2022	5.99	(161.8)	4.52	0.203
Apr.	2022	5.95	(189.0)	4.48	0.192
May	2022	6.18	(204.1)	4.63	0.188
June	2022	6.03	(177.7)	4.52	0.188
July	2022	5.90	(177.7)	4.37	0.186
Aug.	2022	5.96	(199.9)	4.47	0.185
Sep.	2022	5.97	(188.9)	4.43	0.185
Oct.	2022	5.88	(175.5)	4.39	0.184
Nov.	2022	5.75	(174.1)	4.29	0.187
Dec.	2022	5.63	(190.1)	4.22	0.191
Jan.	2023	5.66	(193.4)	4.27	0.191
Feb.	2023	5.57	(188.2)	4.21	0.196
Mar.	2023	5.39	(153.3)	4.13	0.196
Apr.	2023	5.29	(174.0)	3.97	0.189
May	2023	5.41	(177.7)	4.04	0.190
June *3	2023	5.31	(165.1)	4.01	0.196

<sup>\*1</sup> Hot-rolled, cold-rolled and coated sheets

<sup>\*2</sup> Inventories at distributors dealing with H-flange beams manufactured by NIPPON STEEL CORPORATION

<sup>\*3</sup> Preliminary report

#### NIPPON STEEL CORPORATION

## 3. Pig Iron Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	8.52	8.29	16.81	8.63	8.52	17.15	33.96
FY 2023	8.57	Approx. 8.60	Approx. 17.20				

Including Hokkai Iron & Coke Co., Ltd.

## 4. Crude Steel Production

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

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	10.33	9.87	20.21	10.04	10.07	20.11	40.32
FY 2023	10.17	Approx. 10.30	Approx. 20.50			Approx. 20.50	Approx. 41.00

#### (Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	8.69	8.34	17.04	8.59	8.62	17.21	34.25
FY 2023	8.68	Approx. 8.80	Approx. 17.50			Approx. 17.50	Approx. 35.00

# 5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	8.19	7.49	15.69	7.98	7.80	15.79	31.47
FY 2023	8.07	Approx. 7.90	Approx. 16.00			Approx. 16.00	Approx. 32.00

# 6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	140.0	152.7	146.0	155.9	147.3	151.7	148.9
FY 2023	143.4	Approx. 142	Approx. 143				

# 7. Export Ratio of Steel Products (Value basis)

(%)

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

# 8. Foreign Exchange Rate

(¥/\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
FY 2022	126	137	132	144	133	139	135
FY 2023	136	Approx. 140	Approx. 138			Approx. 140	Approx. 139

# 9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
FY 2022	437.6	340.2
FY 2023	Approx. 450.0	Approx. 360.0