

Flash Report
Consolidated Basis
Results for the Third Quarter of Fiscal 2021
(April 1, 2021—December 31, 2021)
< under IFRS >

February 3, 2022

Company name:	Nippon Steel Corporation
Stock listing:	Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges
Code number:	5401
URL:	https://www.nipponsteel.com/en/index.html
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Scheduled date to submit Securities Report:	February 9, 2022
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 Third Quarter of Fiscal 2021
(April 1, 2021—December 31, 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	%
Third quarter of Fiscal 2021	4,942,481	43.3	743,749	—	728,136	—	709,775	—	528,832	—
Third quarter of Fiscal 2020	3,449,817	(22.9)	(33,169)	—	(67,385)	—	(81,478)	—	(116,484)	—

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Third quarter of Fiscal 2021	507,894	—	617,890	—	551.60	533.32
Third quarter of Fiscal 2020	(123,800)	—	(71,990)	—	(134.45)	(134.45)

(*)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

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of total equity attributable to owners of the parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
Third quarter of Fiscal 2021	8,589,018	3,671,847	3,277,791	38.2
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	—	70.00	—		
Fiscal 2021 (Forecasts)				70.00	140.00

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 profit		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2021	6,600,000	36.7	800,000	627.0	520,000	—	565.00

Notes: 1. Whether the consolidated financial forecasts for fiscal 2021 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 other than those in (a) above: None
 - (c) Changes in accounting estimates: None
- (3) Number of shares outstanding (common shares)
 - (a) Number of shares outstanding at the end of the period (including treasury stock)

Third quarter of Fiscal 2021	950,321,402 shares
Fiscal 2020	950,321,402 shares
 - (b) Number of treasury stock at the end of the period

Third quarter of Fiscal 2021	29,572,633 shares
Fiscal 2020	29,564,533 shares
 - (c) Weighted average number of shares outstanding

Third quarter of Fiscal 2021	920,759,039 shares
Third quarter of Fiscal 2020	920,740,512 shares

* This quarterly flash report is not subject to quarterly review procedures.

* Explanation of the appropriate use of performance forecasts and other related items

(Explanation of the appropriate use of performance forecasts)

The forward-looking statements included in this flash report are based on the assumptions, forecasts, and plans of the Company as of the date on which this document is made public. The Company's actual results may differ substantially from such statements due to various risks and uncertainties.

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Quarterly Condensed Consolidated Financial Statements and Major Notes

(1) Quarterly Condensed Consolidated Statements of Financial Position

(Millions of Yen)

ASSETS	March 31, 2021	December 31, 2021
Current assets :		
Cash and cash equivalents	359,465	626,375
Trade and other receivables	805,306	858,968
Inventories	1,349,355	1,698,012
Other financial assets	27,772	29,041
Other current assets	130,786	220,749
Total current assets	2,672,686	3,433,146
Non-current assets :		
Property, plant and equipment	2,954,938	3,011,390
Right-of-use assets	88,559	81,323
Goodwill	46,341	47,198
Intangible assets	95,826	121,815
Investments accounted for using the equity method	817,328	1,042,698
Other financial assets	628,226	540,930
Defined benefit assets	110,396	124,642
Deferred tax assets	153,123	179,917
Other non-current assets	6,519	5,954
Total non-current assets	4,901,260	5,155,871
Total assets	7,573,946	8,589,018

(Millions of Yen)

LIABILITIES	March 31, 2021	December 31, 2021
Current liabilities :		
Trade and other payables	1,382,761	1,476,483
Bonds, borrowings and lease liabilities	308,985	416,105
Other financial liabilities	1,250	1,994
Income taxes payable	24,256	168,786
Other current liabilities	54,077	51,702
Total current liabilities	1,771,331	2,115,072
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,250,246	2,300,654
Other financial liabilities	4,784	2,167
Defined benefit liabilities	189,453	191,889
Deferred tax liabilities	37,385	44,053
Other non-current liabilities	189,358	263,332
Total non-current liabilities	2,671,228	2,802,097
Total liabilities	4,442,559	4,917,170
EQUITY		
Common stock	419,524	419,524
Capital surplus	393,168	393,612
Retained earnings	1,910,333	2,378,182
Treasury stock	(58,342)	(58,375)
Other components of equity	95,311	144,847
Total equity attributable to owners of the parent	2,759,996	3,277,791
Non-controlling interests	371,390	394,056
Total equity	3,131,387	3,671,847
Total liabilities and equity	7,573,946	8,589,018

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

Quarterly Condensed Consolidated Statements of Profit or Loss		(Millions of Yen)	
	Third quarter of Fiscal 2020	Third quarter of Fiscal 2021	
Revenue	3,449,817	4,942,481	
Cost of sales	(3,112,648)	(4,037,824)	
Gross profit	337,168	904,656	
Selling, general and administrative expenses	(361,234)	(403,990)	
Share of profit in investments accounted for using the equity method	25,648	183,354	
Other operating income	39,070	93,685	
Other operating expenses	(73,822)	(33,956)	
Business profit (loss)	(33,169)	743,749	
Losses on reorganization	(34,216)	(15,613)	
Operating profit (loss)	(67,385)	728,136	
Finance income	4,808	1,408	
Finance costs	(18,900)	(19,769)	
Profit (loss) before income taxes	(81,478)	709,775	
Income tax expense	(35,006)	(180,942)	
Profit (loss)	(116,484)	528,832	
Profit (loss) attributable to :			
Owners of the parent	(123,800)	507,894	
Non-controlling interests	7,315	20,937	
Earnings (loss) per share			
Basic earnings (loss) per share (Yen)	(134.45)	551.60	
Diluted earnings (loss) per share (Yen)	(134.45)	533.32	

Quarterly Condensed Consolidated Statements of Comprehensive Income		(Millions of Yen)	
	Third quarter of Fiscal 2020	Third quarter of Fiscal 2021	
Profit (loss)	(116,484)	528,832	
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	67,875	(10,342)	
Remeasurements of defined benefit plans	24,196	12,359	
Share of other comprehensive income of investments accounted for using the equity method	7,253	3,580	
Subtotal	99,325	5,597	
Items that might be reclassified to profit or loss			
Changes in fair value of cash flow hedges	691	1,608	
Foreign exchange differences on translation of foreign operations	(16,539)	26,277	
Share of other comprehensive income of investments accounted for using the equity method	(38,983)	55,573	
Subtotal	(54,831)	83,459	
Total other comprehensive income, net of tax	44,494	89,057	
Total comprehensive income (loss)	(71,990)	617,890	
Comprehensive income (loss) attributable to:			
Owners of the parent	(80,675)	591,140	
Non-controlling interests	8,685	26,749	

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

Third Quarter of Fiscal 2020

(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, 2020	419,524	394,404	1,870,948	(58,505)	111,924	—
Changes of the year						
Comprehensive income						
Profit (loss)			(123,800)			
Other comprehensive income					66,049	28,384
Total comprehensive income	—	—	(123,800)	—	66,049	28,384
Transactions with owners and others						
Cash dividends						
Purchases of treasury stock				(37)		
Disposals of treasury stock		(1)		2		
Changes in ownership interests in subsidiaries		1,934				
Transfer from other components of equity to retained earnings			41,129		(12,744)	(28,384)
Changes in scope of consolidation		(2,763)		213		
Subtotal	—	(830)	41,129	178	(12,744)	(28,384)
Balance as of December 31, 2020	419,524	393,574	1,788,277	(58,327)	165,229	—

	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, 2020	(4,821)	(91,857)	15,245	2,641,618	355,013	2,996,631
Changes of the year						
Comprehensive income						
Profit (loss)			—	(123,800)	7,315	(116,484)
Other comprehensive income	(1,668)	(49,641)	43,124	43,124	1,369	44,494
Total comprehensive income	(1,668)	(49,641)	43,124	(80,675)	8,685	(71,990)
Transactions with owners and others						
Cash dividends			—	—	(5,827)	(5,827)
Purchases of treasury stock			—	(37)		(37)
Disposals of treasury stock			—	1		1
Changes in ownership interests in subsidiaries			—	1,934	820	2,754
Transfer from other components of equity to retained earnings			(41,129)	—		—
Changes in scope of consolidation			—	(2,549)	(2,005)	(4,555)
Subtotal	—	—	(41,129)	(651)	(7,013)	(7,664)
Balance as of December 31, 2020	(6,489)	(141,498)	17,241	2,560,291	356,685	2,916,976

Third Quarter of Fiscal 2021

(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, 2021	419,524	393,168	1,910,333	(58,342)	207,300	—
Changes of the year						
Comprehensive income						
Profit (loss)			507,894			
Other comprehensive income					(10,478)	12,133
Total comprehensive income	—	—	507,894	—	(10,478)	12,133
Transactions with owners and others						
Cash dividends			(73,757)			
Purchases of treasury stock				(52)		
Disposals of treasury stock		0		19		
Changes in ownership interests in subsidiaries		(223)				
Transfer from other components of equity to retained earnings			33,710		(21,577)	(12,133)
Changes in scope of consolidation		667		0		
Subtotal	—	443	(40,046)	(32)	(21,577)	(12,133)
Balance as of December 31, 2021	419,524	393,612	2,378,182	(58,375)	175,244	—

	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, 2021	3,397	(115,385)	95,311	2,759,996	371,390	3,131,387
Changes of the year						
Comprehensive income						
Profit (loss)			—	507,894	20,937	528,832
Other comprehensive income	41,540	40,051	83,246	83,246	5,811	89,057
Total comprehensive income	41,540	40,051	83,246	591,140	26,749	617,890
Transactions with owners and others						
Cash dividends			—	(73,757)	(6,790)	(80,548)
Purchases of treasury stock			—	(52)		(52)
Disposals of treasury stock			—	19		19
Changes in ownership interests in subsidiaries			—	(223)	(300)	(524)
Transfer from other components of equity to retained earnings			(33,710)	—		—
Changes in scope of consolidation			—	667	3,007	3,675
Subtotal	—	—	(33,710)	(73,345)	(4,084)	(77,429)
Balance as of December 31, 2021	44,937	(75,334)	144,847	3,277,791	394,056	3,671,847

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

Not applicable

(Segment Information)

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

Third quarter of Fiscal 2020 (April 1, 2020—December 31, 2020)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	3,016,923	242,519	127,511	183,797	3,570,752	(120,934)	3,449,817
Segment profit (loss) <Business Profit>	(60,528)	14,435	(415)	16,601	(29,908)	(3,261)	(33,169)

Third quarter of Fiscal 2021 (April 1, 2021—December 31, 2021)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	4,466,307	195,269	188,294	196,392	5,046,263	(103,782)	4,942,481
Segment profit (loss) <Business Profit>	698,103	(424)	20,156	22,871	740,707	3,042	743,749