



Flash Report
Consolidated Basis
Results for Fiscal 2022
(April 1, 2022—March 31, 2023)
< under IFRS >

May 10, 2023

Company name:	NIPPON STEEL CORPORATION
Stock listing:	Tokyo Stock Exchange / Nagoya Stock Exchange / Fukuoka Stock Exchange / Sapporo Securities Exchange
Code number:	5401
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Scheduled date to Ordinary General Meeting of Shareholders:	June 23, 2023
Scheduled date to pay dividends:	June 26, 2023
Scheduled date to submit Securities Report:	June 23, 2023
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 2022

(April 1, 2022—March 31, 2023)

(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 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
Fiscal 2021	6,808,890	41.0	938,130	752.5	840,901	—	816,583	—	667,530	—	637,321	—

	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 2022	926,920	13.5	753.66	671.89	18.1	9.5	11.5	11.1
Fiscal 2021	816,342	469.9	692.16	657.48	20.5	10.0	13.8	12.4

(For reference) Share of profit in investments accounted for using the equity method: Fiscal 2022 ¥102,915 million
Fiscal 2021 ¥214,480 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 2022	9,567,099	4,646,417	4,181,155	43.7	4,540.59
Fiscal 2021	8,752,346	3,897,008	3,466,799	39.6	3,764.69

(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 2022	661,274	(366,580)	(197,655)	670,410
Fiscal 2021	615,635	(378,866)	(61,304)	551,049

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 2021	—	70.00	—	90.00	160.00
Fiscal 2022	—	90.00	—	90.00	180.00
Fiscal 2023 (Forecasts)	—	70.00	—	70.00	140.00

	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 2021	147,512	23.1	4.7
Fiscal 2022	165,948	23.9	4.3
Fiscal 2023 (Forecasts)		34.8	

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.)

	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 2023	4,500,000	16.1	270,000	(50.2)	120,000	(67.8)	130.00
Fiscal 2023	9,000,000	12.8	650,000	(29.1)	370,000	(46.7)	402.00

For further details, please refer to page 7, “1. Summary of Operating Results (2) Outlook for the Fiscal Year Ending March 31, 2024 (Fiscal 2023)” and “Results and dividends of Fiscal 2022 (Year ended March 31, 2023).”

* 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 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 2022	950,321,402 shares
Fiscal 2021	950,321,402 shares
 - (b) Number of treasury stock at the end of the period

Fiscal 2022	29,481,839 shares
Fiscal 2021	29,449,711 shares
 - (c) Weighted average number of shares outstanding

Fiscal 2022	920,858,089 shares
Fiscal 2021	920,765,686 shares

(For Reference)

1. A Summary of Non-Consolidated Operating Results and Financial Position for Fiscal 2022

(April 1, 2022—March 31, 2023)

(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 2022	4,973,537	13.9	318,399	(21.1)	527,162	(1.8)	503,643	28.1
Fiscal 2021	4,365,970	54.8	403,736	—	536,792	—	393,022	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal 2022	546.28	487.07
Fiscal 2021	426.28	404.95

(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 2022	6,280,924	2,135,393	34.0	2,316.22
Fiscal 2021	5,926,165	1,780,048	30.0	1,930.74

(For reference) Shareholders' equity:

Fiscal 2022 ¥2,135,393 million

Fiscal 2021 ¥1,780,048 million

2. Non-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.)

	Net sales		Ordinary profit		Profit for the year		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2023	4,800,000	(3.5)	270,000	(48.8)	180,000	(64.3)	195.00

* 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, 2023 (Fiscal 2022)

(Overview of Conditions in Fiscal 2022)

In fiscal 2022, the global economy remained firm overall, despite downward pressure from 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 inflation progressed significantly due to the impact of the depreciation of the yen and other factors.

In the first half of the fiscal year, the recovery in steel demand was delayed, as it took time to normalize the supply chain in China after the lockdown was lifted, and inflation progressed in the United States and Europe, while economic conditions deteriorated in emerging countries due to the depreciation of currencies. These were among the factors which led to a rapid slowdown in the steel market. In the second half, although the Chinese economy was on a recovery track due to the end of its Zero-COVID policy, global demand for steel products was sluggish mainly due to the economic recession in the United States caused by its interest rate policy and continued economic deterioration in Europe and emerging countries. Under these circumstances, global crude steel production continued to decline over an unprecedented period of time and on a broader scale, while non-consolidated crude steel production of Nippon Steel (“the Company”) significantly decreased from 49.00 million tons level, the highest since its business integration in 2012, to 34.25 million tons in fiscal 2022.

In 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 2022)

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 2022	Fiscal 2021	Fiscal 2022	Fiscal 2021
Steelmaking and Steel Fabrication	7,245.5	6,153.6	861.4	871.0
Engineering and Construction	352.2	279.2	11.6	6.3
Chemicals and Materials	274.5	249.8	16.1	25.3
System Solutions	292.5	271.3	32.1	30.8
Total	8,164.8	6,954.0	921.4	933.5
Adjustments	(189.2)	(145.1)	(4.9)	4.5
Consolidated total	7,975.5	6,808.8	916.4	938.1

[Steelmaking and Steel Fabrication]

Although the business environment remained extremely harsh, the Steelmaking and Steel Fabrication segment strived to maximize profits by continuing to implement measures such as enhancing the fundamental profit structure, and also established a foundation that will enable the segment to stably record high-level profits compared to major steelmakers in East Asia. As a result, the segment recorded revenue of ¥7,245.5 billion (compared to ¥6,153.6 billion in fiscal 2021) and a business profit of ¥861.4 billion (compared to ¥871.0 billion).

Specifically, the following efforts were made during fiscal 2022.

With the aim of steadily implementing the production facility structural measures and establishing a more robust earnings base, regardless of the short-term improvement in the environment, the Company shut down facilities including parts of the No. 3 continuous casting machine in the Kansai Works Wakayama Area, the No. 1 hot-dip galvanizing and aluminizing line of the Setouchi Works Hanshin Area (Sakai), and the No. 1 pickling line of the East Nippon Works Kashima Area. Production was thereby consolidated into competitive lines. In addition, while non-consolidated crude steel production decreased by 30% from the peak after the business integration in 2012, we have worked to build a profit structure that does not rely on volume by improving marginal profit per ton of steel and drastically reducing fixed costs to fundamentally improve the break-even point. Specifically, we achieved “sophistication of the order mix” by selecting and discarding products to accommodate reduced production capacity, and implemented measures to increase production capacity for high value-added products such as electrical steel sheets and ultra-high-tensile steel sheets in response to their growing demand. Moreover, we have also changed the price negotiation system for direct contract-based sales and have realized “margin improvement in direct contract sales.” At the same time, the raw materials business continued to generate high profits, as it was supported by a favorable sales environment stemming from continuously high raw material prices and the depreciation of the Australian dollar against U.S. dollar. In addition, we also decided to make Nippon Steel Trading Corporation, which had been an equity method affiliate, a subsidiary and delist it from the stock market, and to expand our business domain to the distribution field, which is downstream of the steel manufacturing supply chain. Going forward, we intend to build a new business model by improving and strengthening the efficiency of the Group’s trading functions, strengthening our direct sales capabilities through the integrated use of our sales know-how and infrastructure, and further enhancing our supply chain.

Overseas, the Steelmaking and Steel Fabrication segment completed the withdrawal from unprofitable businesses, focused on the integrated steelmaking business with high added value, and made progress in selectively concentrating overseas business operations, with the aim of improving and expanding profitability. Specifically, at ArcelorMittal Nippon Steel India Limited in India, we have implemented aggressive measures such as the decision of investment to increase integrated capacity, including the construction of two blast furnaces, and to acquire infrastructure companies and key assets such as ports and electric power, the acquisition of downstream facilities, and the commencement of studies for the construction of a new integrated steelworks. Although profits decreased compared to the previous

fiscal year mainly due to one-off effects, including inventory valuation, we will continue to aim to improve profitability through expanding our integrated production system in major overseas markets.

With regard to our efforts to achieve carbon neutrality, we have implemented various measures to realize the Nippon Steel Carbon Neutral Vision 2050 (announced in March 2021). We also announced our commitment to realizing a carbon neutral society and improving the competitiveness of customers, and launched new brands: NSCarbolex™ Solution, a high-performance product and solution technology that contributes to reducing CO₂ emissions in society; and NSCarbolex™ Neutral, a steel product that is certified to reduce CO₂ emissions in the steelmaking process, as the two values we provide through carbon neutralization. We decided on the procurement of funds through the issuance of a green bond to improve the production capacity and product quality of non-oriented electrical steel sheets, which contribute to higher energy efficiency in eco-friendly car motors and other products. The green bond was then issued in March 2023. By expanding the supply of high-efficiency electrical steel sheets that reduce electrical energy loss, we will contribute to the reduction of CO₂ emissions in our customers' final products. Meanwhile, in order to decarbonize our steelmaking processes, we are taking a multi-track approach: we are developing three breakthrough technologies (hydrogen injection into blast furnace, high-grade steel production in large-sized electric arc furnaces, and 100% hydrogen use in the direct reduction process) and plan to offset some remaining CO₂ emissions with CCUS*. Our target is to reduce total CO₂ emissions by 30% by 2030 and achieve carbon neutrality by 2050. As for hydrogen injection into blast furnace, we announced in February 2023 the start of the world's first demonstration experiment using an actual large-scale 4,500 m³ blast furnace. In preparation for a full-scale blowing test (Green Innovation Fund Project), we will proceed with the introduction of hydrogen gas blowing demonstration facilities in the East Nippon Works Kimitsu Area. 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 2022 (pages 19-20, 33). <https://www.nipponsteel.com/en/csr/report/>

* Carbon Capture, Utilization and Storage (CCUS) is a technology that separates and captures CO₂, and uses it either directly or by being converted into other materials, or stores it in the ground.

In the DX strategy, the Company has promoted business and production process reforms that make full use of data and digital technology. As a specific initiative, by expanding the application of NS-IoT, a wireless IoT sensor utilization platform, we aim to consolidate data from multiple sites and realize even more advanced analysis and monitoring. In the Kimitsu and Kashima Areas of the East Nippon Works, actual operations for the purpose of early abnormality detection of equipment began in April 2022, and in order to further expand the application, we decided to advance the investment plan to start operations in the North Nippon Works Muroran Area, Nagoya Works, Kansai Works Wakayama Area, and the Yawata and Oita Areas of the Kyushu Works in fiscal 2023.

[Engineering and Construction]

Nippon Steel Engineering Co., Ltd. is working to contribute to a carbon-neutral society and expand businesses related to building resilient cities against disasters. The Environment and Energy sector recorded robust sales in the construction of offshore wind power plants and the construction and operation of waste-to-energy facilities, while the Urban Infrastructure sector also recorded robust sales, such as in seismic isolation devices and bridge products, and the construction of large-scale logistics facilities. As a result, sales and profit increased year-on-year. Nippon Steel Engineering will continue to work on business expansion while closely monitoring changes in the business environment, including the recent surge in labor costs and material prices. For fiscal 2022 the Engineering and Construction segment recorded revenue of ¥352.2 billion (compared to ¥279.2 billion in fiscal 2021) and business profit of ¥11.6 billion (compared to ¥6.3 billion).

[Chemicals and Materials]

Nippon Steel Chemical & Material Co., Ltd. posted a year-on-year decline in earnings due to a rise in raw material and fuel prices and a decline in demand for semiconductors and other products from the middle of the year. In the Coal Chemical business, sales of carbon black for tires were strong, but demand for needle coke used in graphite electrodes remained sluggish. In the Chemicals business, the benzene market remained generally stable, but earnings deteriorated due to sluggish demand for styrene monomer and bisphenol A while progress was made to construct new production facilities in China. In the Function Materials business, sales volume decreased due to a rapid decline in demand for semiconductor-related materials and display-related materials. In the Composite Materials business, while demand for infrastructure upgrades is expected to continue, sales volume of reinforcement materials for mainstay civil engineering and construction decreased due to delays in construction starts. On the other hand, sales of carbon fiber remained strong, mainly in the sports field. The overall Chemicals and Materials segment recorded revenue of ¥274.5 billion (compared to ¥249.8 billion in fiscal 2021) and business profit of ¥16.1 billion (compared to ¥25.3 billion).

[System Solutions]

NS Solutions Corporation has been making corporate-wide efforts to maximize DX needs and expand its business, while deepening relationships with customers, with a view to the full-scale DX deployment of Japanese companies. In the digital manufacturing area, which is one of the key areas of focus, NS-IoT (a platform using wireless IoT sensors) and NS-Lib (an integrated data platform) have been established to promote DX for the Company. NS Solutions has also worked to promote DX in the manufacturing industry such as by establishing an integrated data utilization platform jointly with a pharmaceutical company. Efforts have also been made to strengthen the company's ability to respond to DX needs by developing new solutions for the electric power, financial, and food industries, in addition to entering into capital and business alliances and strategic partnership agreements with companies that have respective strengths in the AI field, support for digitalization of business processes, the data utilization field, abundant DX human resources, and other fields. The System Solutions segment recorded revenue of ¥292.5 billion (compared to ¥271.3 billion in fiscal 2021) and business profit of ¥32.1 billion (compared to ¥30.8 billion).

(Revenue and Profit)

For fiscal 2022, 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 ¥7,975.5 billion (compared to ¥6,808.8 billion in fiscal 2021), business profit of ¥916.4 billion (compared to ¥938.1 billion), and profit attributable to owners of the parent of ¥694.0 billion (compared to ¥637.3 billion).

(Assets, Liabilities, Equity, and Cash Flows)

Consolidated total assets as of March 31, 2023 were ¥9,567.0 billion, an increase of ¥814.7 billion from ¥8,752.3 billion as of March 31, 2022. The main factors were an increase in cash and cash equivalents (¥119.3 billion), an increase in inventories (¥329.3 billion), an increase in property, plant and equipment (¥130.9 billion), and an increase in investments accounted for using the equity method (¥131.4 billion).

Consolidated total liabilities as of March 31, 2023 were ¥4,920.6 billion, an increase of ¥65.3 billion from ¥4,855.3 billion as of March 31, 2022. Interest-bearing debt increased by ¥46.0 billion from ¥2,653.3 billion as of March 31, 2022 to ¥2,699.3 billion and trade and other payables also increased (¥65.4 billion), which were more than offset a decrease in items such as income taxes payable (¥58.0 billion).

Consolidated total equity as of March 31, 2023 was ¥4,646.4 billion, an increase of ¥749.4 billion from ¥3,897.0 billion as of March 31, 2022. This was primarily contributed by an increase from profit attributable to owners of the parent of ¥694.0 billion, a decrease in dividend payment (¥165.9 billion), and an increase in the foreign exchange differences on translation of foreign operations (¥93.9 billion). As a result, total equity attributable to owners of the parent as of March 31, 2023 amounted to ¥4,181.1 billion, and the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.65 times (0.51 times after adjusting for equity credit attributes of subordinated loans and subordinated bonds).

Cash flows from operating activities in fiscal 2022 amounted to an inflow of ¥661.2 billion (compared to an inflow of ¥615.6 billion in fiscal 2021). The main inflow factors were profit before income taxes of ¥866.8 billion and depreciation and amortization (¥340.1 billion), while the outflow factors included deduction adjustment for share of profit in investments accounted for using the equity method (¥102.9 billion), an increase in inventories (¥309.5 billion) and income taxes paid (¥214.4 billion).

Cash flows from investing activities amounted to an outflow of ¥366.5 billion (compared to an outflow of ¥378.8 billion in fiscal 2021). The main inflow factor was proceeds from sales of investment securities (¥88.6 billion), while the outflow factors included purchases of property, plant and equipment and intangible assets (¥470.0 billion).

As a result, free cash flow was an inflow of ¥294.6 billion (compared to an inflow of ¥236.7 billion in fiscal 2021).

Cash flows from financing activities amounted to an outflow of ¥197.6 billion (compared to an outflow of ¥61.3 billion in fiscal 2021), largely due to an outflow from cash dividends paid (¥165.9 billion). As a result of these cash flows, the cash and cash equivalents at the end of fiscal 2022 were ¥670.4 billion.

(Basic Policy on Profit Distribution and Fiscal 2022 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.

In accordance with the basic profit distribution policy described above, the Company paid a dividend of ¥90 per share at the end of the first half. Regarding the fiscal year-end dividend, as disclosed at the third quarter results announcement (February 9, 2023), management has decided to propose a year-end dividend of ¥90 per share (the annual dividend will be a record-high at ¥180 per share) at the General Meeting of Shareholders.

(2) Outlook for the Fiscal Year Ending March 31, 2024 (Fiscal 2023)

(Outlook for Operating Performance in Fiscal 2023)

The current situation concerning global steel demand is unlikely to recover. In China, the real estate market remains sluggish and a recovery in domestic demand is unforeseeable. In Europe and the United States uncertainty over the outlook has not been ruled out. In addition, despite sluggish product prices, raw material prices are expected to remain at a high level, and the spread (price difference between raw materials and steel products) in the overseas general spot market cannot be expected to improve.

In response to this situation, in addition to continuing to implement our existing profit structure measures, we will evolve to a further vertically-integrated business structure to achieve our future vision of ¥1 trillion in business profit, and aim to build a foundation that enables us to record even higher profits regardless of the external environment.

For fiscal 2023, underlying business profit is expected to exceed the record high in fiscal 2022 and reach ¥800 billion or more. However, approximate consolidated business profit of ¥650 billion and profit attributable to owners of the parent of ¥370 billion are forecasts due to expected significant inventory valuation losses mainly in the first half of fiscal 2023, largely following a surge in raw material prices in fiscal 2022, as well as significant losses on reorganization associated with structural measures.

With the aim of becoming "the best steelmaker with world-leading capabilities," the Company is committed to steadily implementing various measures aimed at achieving the four pillars of its 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.”

(Outlook for Dividends for Fiscal 2023)

For fiscal 2023, the Company plans to distribute a full-year dividend of ¥140 or more per share (including an interim dividend of ¥70 or more).

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, 2022	March 31, 2023
Current assets :		
Cash and cash equivalents	551,049	670,410
Trade and other receivables	939,406	1,062,384
Inventories	1,756,589	2,085,971
Other financial assets	41,357	28,176
Other current assets	226,253	223,575
Total current assets	3,514,655	4,070,518
Non-current assets :		
Property, plant and equipment	3,052,640	3,183,638
Right-of-use assets	78,162	83,935
Goodwill	61,741	65,062
Intangible assets	130,497	157,444
Investments accounted for using the equity method	1,079,068	1,210,542
Other financial assets	548,283	528,794
Defined benefit assets	123,563	124,628
Deferred tax assets	158,031	136,349
Other non-current assets	5,701	6,185
Total non-current assets	5,237,691	5,496,581
Total assets	8,752,346	9,567,099

(Millions of Yen)

LIABILITIES	March 31, 2022	March 31, 2023
Current liabilities :		
Trade and other payables	1,526,719	1,592,137
Bonds, borrowings and lease liabilities	344,056	403,028
Other financial liabilities	1,042	5,878
Income taxes payable	109,958	51,917
Other current liabilities	36,852	40,839
Total current liabilities	2,018,630	2,093,802
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,309,339	2,296,322
Other financial liabilities	1,207	323
Defined benefit liabilities	188,350	185,441
Deferred tax liabilities	39,805	37,685
Other non-current liabilities	298,005	307,105
Total non-current liabilities	2,836,707	2,826,879
Total liabilities	4,855,337	4,920,682
EQUITY		
Common stock	419,524	419,524
Capital surplus	393,547	399,366
Retained earnings	2,514,775	3,079,144
Treasury stock	(57,977)	(58,054)
Other components of equity	196,928	341,173
Total equity attributable to owners of the parent	3,466,799	4,181,155
Non-controlling interests	430,209	465,261
Total equity	3,897,008	4,646,417
Total liabilities and equity	8,752,346	9,567,099

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

Consolidated Statements of Profit or Loss		(Millions of Yen)	
	Fiscal 2021	Fiscal 2022	
Revenue	6,808,890	7,975,586	
Cost of sales	(5,587,331)	(6,682,028)	
Gross profit	1,221,559	1,293,557	
Selling, general and administrative expenses	(544,725)	(579,411)	
Share of profit in investments accounted for using the equity method	214,480	102,915	
Other operating income	128,417	181,497	
Other operating expenses	(81,601)	(82,102)	
Business profit	938,130	916,456	
Losses on reorganization	(97,229)	(32,810)	
Operating profit	840,901	883,646	
Finance income	1,928	8,091	
Finance costs	(26,245)	(24,888)	
Profit before income taxes	816,583	866,849	
Income tax expense	(149,052)	(128,117)	
Profit for the year	667,530	738,732	
Profit for the year attributable to :			
Owners of the parent	637,321	694,016	
Non-controlling interests	30,209	44,715	
Earnings per share			
Basic earnings per share (Yen)	692.16	753.66	
Diluted earnings per share (Yen)	657.48	671.89	

Consolidated Statements of Comprehensive Income		(Millions of Yen)	
	Fiscal 2021	Fiscal 2022	
Profit for the year	667,530	738,732	
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	(7,962)	32,577	
Remeasurements of defined benefit plans	14,324	16,567	
Share of other comprehensive income of investments accounted for using the equity method	5,293	1,355	
Subtotal	11,655	50,500	
Items that might be reclassified to profit or loss			
Changes in fair value of cash flow hedges	11,995	(7,779)	
Foreign exchange differences on translation of foreign operations	56,497	88,768	
Share of other comprehensive income of investments accounted for using the equity method	68,663	56,700	
Subtotal	137,156	137,688	
Total other comprehensive income, net of tax	148,811	188,188	
Total comprehensive income for the year	816,342	926,920	
Comprehensive income for the year attributable to:			
Owners of the parent	779,815	874,564	
Non-controlling interests	36,526	52,356	

(3) Consolidated Statements of Changes in Equity

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 for the year			637,321			
Other comprehensive income					(3,091)	15,110
Total comprehensive income	—	—	637,321	—	(3,091)	15,110
Transactions with owners and others						
Cash dividends			(73,757)			
Purchases of treasury stock				(66)		
Disposals of treasury stock		0		19		
Changes in ownership interests in subsidiaries		(288)				
Transfer from other components of equity to retained earnings			40,877		(25,766)	(15,110)
Changes in scope of consolidation		667		411		
Subtotal	—	379	(32,880)	365	(25,766)	(15,110)
Balance as of March 31, 2022	419,524	393,547	2,514,775	(57,977)	178,442	—

	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 for the year			—	637,321	30,209	667,530
Other comprehensive income	55,455	75,019	142,494	142,494	6,317	148,811
Total comprehensive income	55,455	75,019	142,494	779,815	36,526	816,342
Transactions with owners and others						
Cash dividends			—	(73,757)	(6,805)	(80,562)
Purchases of treasury stock			—	(66)		(66)
Disposals of treasury stock			—	20		20
Changes in ownership interests in subsidiaries			—	(288)	(361)	(649)
Transfer from other components of equity to retained earnings			(40,877)	—		—
Changes in scope of consolidation			—	1,078	29,459	30,537
Subtotal	—	—	(40,877)	(73,012)	22,292	(50,720)
Balance as of March 31, 2022	58,852	(40,366)	196,928	3,466,799	430,209	3,897,008

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						
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						
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

(4) Consolidated Statements of Cash-Flows

	(Millions of yen)	
	Fiscal 2021	Fiscal 2022
Cash flows from operating activities :		
Profit before income taxes	816,583	866,849
Depreciation and amortization	330,611	340,171
Impairment losses	21,500	—
Finance income	(1,928)	(8,091)
Finance costs	26,245	24,888
Share of profit in investments accounted for using the equity method	(214,480)	(102,915)
Losses on reorganization	97,229	32,810
(Increase) decrease in trade and other receivables	(116,242)	(81,796)
(Increase) decrease in inventories	(383,438)	(309,525)
Increase (decrease) in trade and other payables	211,354	58,431
Other, net	(110,687)	(2,038)
Subtotal	676,747	818,783
Interest received	1,890	7,588
Dividends received	44,905	70,911
Interest paid	(21,899)	(21,575)
Income taxes paid	(86,008)	(214,433)
Net cash flows provided by operating activities	615,635	661,274
Cash flows from investing activities :		
Purchases of property, plant and equipment and intangible assets	(466,902)	(470,018)
Proceeds from sales of property, plant and equipment and intangible assets	70,251	15,483
Purchases of investment securities	(9,267)	(6,981)
Proceeds from sales of investment securities	81,717	88,698
Proceeds from sales of investments in affiliates	3,898	5,231
Purchases of shares of subsidiaries resulting in change in scope of consolidation	(48,950)	(735)
Payments for acquisition of businesses	—	(4,369)
Loans to associates and others	(3,150)	(3,977)
Collection of loans from associates and others	1,062	1,730
Other, net	(7,524)	8,358
Net cash flows used in investing activities	(378,866)	(366,580)
Cash flows from financing activities :		
Increase (decrease) in short-term borrowings, net	11,112	27,240
Proceeds from long-term borrowings	20,322	150,273
Repayments of long-term borrowings	(252,478)	(207,909)
Proceeds from issuance of bonds	300,000	50,000
Redemption of bonds	(15,000)	(20,000)
Purchases of treasury stock	(59)	(58)
Cash dividends paid	(73,757)	(165,950)
Dividends paid to non-controlling interests	(6,805)	(10,235)
Proceeds from issuance of stock to non-controlling interests	2,888	1,922
Purchases of shares of subsidiaries that do not result in change in scope of consolidation	—	(1,843)
Other, net	(47,528)	(21,094)
Net cash flows provided by (used in) financing activities	(61,304)	(197,655)
Effect of exchange rate changes on cash and cash equivalents	16,119	22,322
Net increase in cash and cash equivalents	191,583	119,361
Cash and cash equivalents at beginning of the year	359,465	551,049
Cash and cash equivalents at end of the year	551,049	670,410

(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 2021 (April 1, 2021—March 31, 2022)

(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	6,105,157	253,415	245,083	205,233	6,808,890	—	6,808,890
Inter-segment revenue or transfers	48,474	25,844	4,733	66,091	145,144	(145,144)	—
Total	6,153,632	279,260	249,816	271,325	6,954,034	(145,144)	6,808,890
Segment profit <Business Profit>	871,051	6,302	25,377	30,859	933,591	4,539	938,130

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 <Business Profit>	861,443	11,674	16,170	32,111	921,401	(4,944)	916,456

(Earnings per Share)

1) Basic earnings per share

Profit for the year attributable to common shares of the parent

(Millions of Yen)

	Fiscal 2021 (April 1, 2021—March 31, 2022)	Fiscal 2022 (April 1, 2022—March 31, 2023)
Profit for the year attributable to owners of the parent	637,321	694,016
Profit for the year not attributable to ordinary equity holders of the parent	—	—
Profit for the year used to calculate basic earnings per share	637,321	694,016

Weighted average number of ordinary shares outstanding

	Fiscal 2021 (April 1, 2021—March 31, 2022)	Fiscal 2022 (April 1, 2022—March 31, 2023)
Weighted average number of ordinary shares outstanding	920,765,686 Shares	920,858,089 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 2021 (April 1, 2021—March 31, 2022)	Fiscal 2022 (April 1, 2022—March 31, 2023)
Profit for the year used to calculate basic earnings per share	637,321	694,016
Adjustment to profit	—	—
Profit for the year used to calculate diluted earnings per share	637,321	694,016

Weighted average number of ordinary shares outstanding

	Fiscal 2021 (April 1, 2021 – March 31, 2022)	Fiscal 2022 (April 1, 2022 – March 31, 2023)
Weighted average number of ordinary shares outstanding	920,765,686 Shares	920,858,089 Shares
Dilutive effect	48,559,263 Shares	112,067,646 Shares
Weighted average number of ordinary shares used to calculate diluted earnings per share	969,324,949 Shares	1,032,925,735 Shares

(Significant Subsequent Events)

Business combination through acquisition / Acquisition of shares of Nippon Steel Trading Corporation (making it a subsidiary)

On December 21, 2022, Nippon Steel Corporation (the “Company”) decided to acquire the shares of common stock of Nippon Steel Trading Corporation (“NSTC”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act of Japan, and implemented the Tender Offer from March 13, 2023 to April 10, 2023. As a result of the Tender Offer, NSTC became a consolidated subsidiary of the Company as of April 14, 2023. Following the results of the Tender Offer, the Company intends to implement the procedures to make the Company and Mitsui & Co., Ltd. the only shareholders of NSTC.

1) Purpose of share acquisition, etc.

The Company Group believes that to enhance its ability to promptly and appropriately respond to structural changes in the global steel market, it must increase direct contact with domestic and overseas customers and enhance its ability to conduct integrated operations regarding steel transactions, and further strengthen its competitiveness throughout the supply chain in order to ensure integrated profitability of the Company Group by optimizing and streamlining from steel manufacturing to distribution and processing thereof, and creating new added value. Under such understanding, the Company determined that it is desirable to make NSTC a consolidated subsidiary of the Company and delist NSTC in order to make the relationship between the Company and NSTC stronger and implement measures with a medium- to long-term perspective.

2) Name, business content, and scale of the company whose shares were acquired

(i) Name	Nippon Steel Trading Corporation	
(ii) Location	2-7-1 Nihonbashi, Chuo-ku, Tokyo	
(iii) Name and Title of Representative	Shinichi Nakamura, President and Representative Director	
(iv) Description of Business Activities	Marketing and import/export of steel, industrial supply and infrastructure, foodstuffs, textiles and others	
(v) Capital	16,389 million yen (as of December 31, 2022)	
(vi) Date of Establishment	August 2, 1977	
(vii) Major Shareholders and Ownership Percentage (as of September 30, 2022) *Excluding treasury shares	Nippon Steel Corporation	34.54%
	Mitsui & Co., Ltd. (Custody Bank of Japan, Ltd. as Standing Proxy)	19.93%
	The Master Trust Bank of Japan, Ltd. (trust account)	7.57%
	Custody Bank of Japan, Ltd. (trust account)	3.74%
	Employee Stock Ownership	1.36%
	DFA INTL SMALL CAP VALUE PORTFOLIO (Citibank, N.A., Tokyo Branch as Standing Proxy)	1.04%
	Custody Bank of Japan, Ltd. (trust account, 4)	0.87%

	Custody Bank of Japan, Ltd (Sumitomo Mitsui Trust and Bank, Limited Retrust Account / Nippon Denko Co., Ltd. Retirement Benefit Trust Account)	0.67%	
	UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Citibank, N.A., Tokyo Branch as Standing Proxy)	0.62%	
	JP MORGAN CHASE BANK 385781 (Mizuho Bank, Ltd., Settlement & Clearing Services Department as Standing Proxy)	0.58%	
(viii)	Relationship between the Company and NSTC		
	Capital Relationship	The Company directly owns 11,141,529 Target Company Shares (ownership ratio: 34.54%), and together with NSTC Shares indirectly owned by Nippon Steel Metal Products Co., Ltd. (the number of shares owned: 129,800 shares, ownership ratio: 0.40%), Nippon Steel Logistics Co., Ltd. (the number of shares owned: 8,400 shares, ownership ratio: 0.03%) and Nippon Steel SG Wire Co., Ltd. (the number of shares owned: 4,400 shares, ownership ratio: 0.01%), which are the Company's wholly-owned subsidiaries, and Oji Steel Co., Ltd. (the number of shares owned: 20,000 shares, ownership ratio: 0.06%), Sanyo Special Steel Co., Ltd. (the number of shares owned: 7,700 shares, ownership ratio: 0.02%) and Nippon Steel Cement Co., Ltd. (the number of shares owned: 4,400 shares, ownership ratio: 0.01%), which are the Company's consolidated subsidiaries, the Company owns 11,316,229 Target Company Shares in total (ownership ratio: 35.08%), making NSTC its equity-method affiliate.	
	Personnel Relationship	Four directors and one Audit and Supervisory Board Member of NSTC are from the Company. In addition, as of December 31, 2022, nine employees of the Company are seconded to NSTC, and six employees of NSTC are seconded to the Company.	
	Business Relationship	The Company sells steel products to, and purchases raw fuels, machinery, and other items from, NSTC.	
	Status as Related Parties	NSTC is an equity-method affiliate of the Company and is thus a related party.	
(ix)	NSTC's Consolidated Business Performance and Consolidated Financial Condition for the Last Three Years		
Fiscal Year	Fiscal Year Ended March 2020	Fiscal Year Ended March 2021	Fiscal Year Ended March 2022
Consolidated net assets	254,877 million yen	278,090 million yen	308,198 million yen
Consolidated total assets	857,744 million yen	883,285 million yen	1,100,441 million yen
Consolidated net assets per share	7,329.73 yen	7,917.51 yen	8,759.36 yen
Consolidated net sales	2,480,256 million yen	1,271,050 million yen	1,865,907 million yen
Consolidated operating profit	32,088 million yen	22,361 million yen	44,627 million yen
Consolidated ordinary profit	33,244 million yen	25,772 million yen	47,810 million yen
Profit for the year attributable to owner of the parent	20,708 million yen	15,992 million yen	35,417 million yen
Consolidated earnings for the year per share	641.97 yen	495.79 yen	1,098.03 yen
Cash dividends per share (interim dividends shown in brackets)	200.00 yen (115.00)	160.00 yen (50.00)	350.00 yen (160.00)

(Note) The “(vii) Major Shareholders and Ownership Percentage (as of September 30, 2022)” is described based on the “Major Shareholders” in the 46th second quarterly report submitted by NSTC on November 14, 2022.

3) Date of stock acquisition

April 14, 2023

4) Number of Shares Acquired, Acquisition Price, and Status of Shareholding owned Before and After the Acquisition

(1) Number of shares owned before the change	11,141,529 shares (Number of voting rights: 111,415 voting rights) (Ownership ratio of voting rights: 34.54%)
(2) Number of shares acquired	11,507,774 NSTC Shares (Number of voting rights: 115,077 voting rights) (Ownership ratio of voting rights: 35.67%)
(3) Acquisition price	NSTC Shares: 107,022 million yen
(4) Number of shares owned after the change	22,649,303 shares (Number of voting rights: 226,493 voting rights) (Ownership ratio of voting rights: 70.21%)

(Note 1) For the purpose of calculating the “Ownership ratio of voting rights,” the number of voting rights (322,572 voting rights) pertaining to the number of shares, which is obtained by deducting the number of treasury shares owned by NSTC as of December 31, 2022, notified by NSTC to the Company (50,533 shares) from the total number of issued shares of NSTC as of December 31, 2022, stated in NSTC’s Third Quarterly Report (32,307,800 shares), was used as the denominator.

(Note 2) With regard to the “Ownership ratio of voting rights,” any fraction is rounded off to two decimal places.

(Note 3) The “Acquisition price” is rounded down to the nearest million yen. Advisory fees, etc. are not included.

5) Others

At this point in time, the accounting treatment for the business combination has not been completed, so detailed information on the accounting treatment is not provided.