

**Flash Report**  
**Consolidated Basis**  
**Results for the First Half of Fiscal 2020**  
**(April 1, 2020—September 30, 2020)**  
**< under IFRS >**

November 6, 2020

**Company name:** Nippon Steel Corporation  
**Stock listing:** Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges  
**Code number:** 5401  
**URL:** <https://www.nipponsteel.com/en/index.html>  
**Representative:** Eiji Hashimoto, Representative Director and President  
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**Telephone:** +81-3-6867-2135, 2146, 2977, 3419  
**Scheduled date to submit Securities Report:** November 12, 2020  
**Scheduled date to pay dividends:** -  
**Preparation of supplemental explanatory materials:** Yes  
**Holding of quarterly financial results meeting:** Yes (for investment analysts)

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

**1. Consolidated Operating Results and Financial Position through the First Half of Fiscal 2020**  
**(April 1, 2020—September 30, 2020)**

**(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	%
<b>First half of Fiscal 2020</b>	<b>2,241,992</b>	<b>(26.4)</b>	<b>(106,523)</b>	<b>—</b>	<b>(148,810)</b>	<b>—</b>	<b>(159,678)</b>	<b>—</b>	<b>(188,244)</b>	<b>—</b>
First half of Fiscal 2019	3,047,183	3.6	73,100	(53.7)	73,100	(46.6)	64,471	(49.9)	49,440	(57.3)

	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
<b>First half of Fiscal 2020</b>	<b>(191,164)</b>	<b>—</b>	<b>(207,106)</b>	<b>—</b>	<b>(207.62)</b>	<b>—</b>
First half of Fiscal 2019	38,750	(66.8)	12,246	(85.5)	42.09	—

(\*)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	%
<b>First half of Fiscal 2020</b>	<b>7,182,543</b>	<b>2,782,195</b>	<b>2,429,679</b>	<b>33.8</b>
Fiscal 2019	7,444,965	2,996,631	2,641,618	35.5

**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 2019	—	10.00	—	0.00	10.00
<b>Fiscal 2020</b>	<b>—</b>	<b>0.00</b>			
<b>Fiscal 2020 (Forecasts)</b>			<b>—</b>	<b>—</b>	<b>—</b>

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 2020 (April 1, 2020—March 31, 2021)

(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 2020	4,800,000	(18.9)	(60,000)	—	(170,000)	—	(185.00)

Notes: 1. Whether the consolidated financial forecasts for fiscal 2020 under review have been revised: Yes

#### \* Notes

(1) Changes in significant subsidiaries during the period: None

(2) Changes in accounting policies and changes in accounting estimates

(a) Changes in accounting policies required by IFRS: None

(b) Changes other than those in (a) above: None

(c) Changes in accounting estimates: Yes

Note: For further details, please refer to page 7, “Quarterly Condensed Consolidated Financial Statements and Major Notes

(4) Notes to the Quarterly Condensed Consolidated Financial Statements (Changes in Accounting Estimates).”

(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 2020 950,321,402 shares

Fiscal 2019 950,321,402 shares

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

First half of Fiscal 2020 29,545,639 shares

Fiscal 2019 29,638,468 shares

(c) Weighted average number of shares outstanding

First half of Fiscal 2020 920,727,590 shares

First half of Fiscal 2019 920,469,296 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)

<b>ASSETS</b>	March 31, 2020	September 30, 2020
<b>Current assets :</b>		
Cash and cash equivalents	289,459	<b>330,548</b>
Trade and other receivables	826,596	<b>648,697</b>
Inventories	1,532,181	<b>1,390,826</b>
Other financial assets	17,340	<b>17,827</b>
Other current assets	119,396	<b>130,295</b>
<b>Total current assets</b>	<b>2,784,974</b>	<b>2,518,194</b>
<b>Non-current assets :</b>		
Property, plant and equipment	2,812,542	<b>2,858,113</b>
Right-of-use assets	93,663	<b>93,931</b>
Goodwill	45,486	<b>45,075</b>
Intangible assets	96,677	<b>94,401</b>
Investments accounted for using the equity method	878,271	<b>797,994</b>
Other financial assets	481,117	<b>528,300</b>
Defined benefit assets	58,643	<b>72,381</b>
Deferred tax assets	186,457	<b>167,007</b>
Other non-current assets	7,132	<b>7,142</b>
<b>Total non-current assets</b>	<b>4,659,990</b>	<b>4,664,348</b>
<b>Total assets</b>	<b>7,444,965</b>	<b>7,182,543</b>

(Millions of Yen)

<b>LIABILITIES</b>	March 31, 2020	September 30, 2020
<b>Current liabilities :</b>		
Trade and other payables	1,449,801	1,097,782
Bonds, borrowings and lease liabilities	376,900	424,335
Other financial liabilities	2,189	2,515
Income taxes payable	27,323	18,147
Other current liabilities	38,978	39,361
<b>Total current liabilities</b>	1,895,192	1,582,142
<b>Non-current liabilities :</b>		
Bonds, borrowings and lease liabilities	2,111,841	2,344,910
Other financial liabilities	4,621	7,529
Defined benefit liabilities	236,758	231,986
Deferred tax liabilities	27,765	37,316
Other non-current liabilities	172,154	196,461
<b>Total non-current liabilities</b>	2,553,141	2,818,205
<b>Total liabilities</b>	4,448,333	4,400,347
<b>EQUITY</b>		
Common stock	419,524	419,524
Capital surplus	394,404	393,574
Retained earnings	1,870,948	1,708,005
Treasury stock	(58,505)	(58,313)
Other components of equity	15,245	(33,113)
<b>Total equity attributable to owners of the parent</b>	2,641,618	2,429,679
Non-controlling interests	355,013	352,515
<b>Total equity</b>	2,996,631	2,782,195
<b>Total liabilities and equity</b>	7,444,965	7,182,543

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

Quarterly Condensed Consolidated Statements of Profit or Loss		(Millions of Yen)
	First half of Fiscal 2019	First half of Fiscal 2020
Revenue	3,047,183	2,241,992
Cost of sales	(2,722,803)	(2,086,638)
<b>Gross profit</b>	324,380	155,353
Selling, general and administrative expenses	(292,890)	(239,542)
Share of profit in investments accounted for using the equity method	28,533	11,137
Other operating income	49,785	23,161
Other operating expenses	(36,707)	(56,633)
<b>Business profit (loss)</b>	73,100	(106,523)
Losses on reorganization	—	(42,287)
<b>Operating profit (loss)</b>	73,100	(148,810)
Finance income	3,087	1,613
Finance costs	(11,716)	(12,482)
<b>Profit (loss) before income taxes</b>	64,471	(159,678)
Income tax expense	(15,031)	(28,565)
<b>Profit (loss)</b>	49,440	(188,244)
<b>Profit (loss) attributable to :</b>		
Owners of the parent	38,750	(191,164)
Non-controlling interests	10,689	2,920
<b>Earnings (loss) per share</b>		
Basic earnings (loss) per share (Yen)	42.09	(207.62)

Quarterly Condensed Consolidated Statements of Comprehensive Income or Loss		(Millions of Yen)
	First half of Fiscal 2019	First half of Fiscal 2020
Profit (loss)	49,440	(188,244)
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	(14,927)	21,801
Remeasurements of defined benefit plans	6,078	14,500
Share of other comprehensive income of investments accounted for using the equity method	1,014	4,799
Subtotal	(7,834)	41,101
Items that might be reclassified to profit or loss		
Changes in fair value of cash flow hedges	(2,927)	(1,693)
Foreign exchange differences on translation of foreign operations	(20,166)	(15,985)
Share of other comprehensive income of investments accounted for using the equity method	(6,266)	(42,284)
Subtotal	(29,359)	(59,963)
<b>Total other comprehensive income, net of tax</b>	(37,193)	(18,861)
<b>Total comprehensive income</b>	12,246	(207,106)
<b>Comprehensive income attributable to:</b>		
Owners of the parent	4,429	(211,301)
Non-controlling interests	7,817	4,195

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

First Half of Fiscal 2019

(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, 2019	419,524	393,917	2,300,175	(58,831)	248,020	—
Changes of the year						
Comprehensive income						
Profit (loss)			38,750			
Other comprehensive income					(13,965)	6,406
Total comprehensive income	—	—	38,750	—	(13,965)	6,406
Transactions with owners and others						
Cash dividends			(36,880)			
Purchases of treasury stock				(24)		
Disposals of treasury stock		(104)		623		
Changes in ownership interests in subsidiaries		(1,226)				
Transfer from other components of equity to retained earnings			29,384		(22,978)	(6,406)
Changes in scope of consolidation				(249)		
Subtotal	—	(1,330)	(7,496)	349	(22,978)	(6,406)
<b>Balance as of September 30, 2019</b>	<b>419,524</b>	<b>392,587</b>	<b>2,331,429</b>	<b>(58,481)</b>	<b>211,076</b>	<b>—</b>

	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, 2019	(4,433)	(67,585)	176,000	3,230,788	376,579	3,607,367
Changes of the year						
Comprehensive income						
Profit (loss)			—	38,750	10,689	49,440
Other comprehensive income	(2,076)	(24,685)	(34,321)	(34,321)	(2,872)	(37,193)
Total comprehensive income	(2,076)	(24,685)	(34,321)	4,429	7,817	12,246
Transactions with owners and others						
Cash dividends			—	(36,880)	(5,715)	(42,596)
Purchases of treasury stock			—	(24)		(24)
Disposals of treasury stock			—	519		519
Changes in ownership interests in subsidiaries			—	(1,226)	(211)	(1,438)
Transfer from other components of equity to retained earnings			(29,384)	—		—
Changes in scope of consolidation			—	(249)	(545)	(794)
Subtotal	—	—	(29,384)	(37,861)	(6,473)	(44,334)
<b>Balance as of September 30, 2019</b>	<b>(6,510)</b>	<b>(92,270)</b>	<b>112,294</b>	<b>3,197,355</b>	<b>377,923</b>	<b>3,575,279</b>

First Half 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)			(191,164)			
Other comprehensive income					18,485	18,422
Total comprehensive income	—	—	(191,164)	—	18,485	18,422
Transactions with owners and others						
Cash dividends						
Purchases of treasury stock				(28)		
Disposals of treasury stock		(1)		2		
Changes in ownership interests in subsidiaries		1,934				
Transfer from other components of equity to retained earnings			28,222		(9,799)	(18,422)
Changes in scope of consolidation		(2,763)		218		
Subtotal	—	(829)	28,222	192	(9,799)	(18,422)
<b>Balance as of September 30, 2020</b>	<b>419,524</b>	<b>393,574</b>	<b>1,708,005</b>	<b>(58,313)</b>	<b>120,610</b>	<b>—</b>

	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)			—	(191,164)	2,920	(188,244)
Other comprehensive income	(5,119)	(51,925)	(20,136)	(20,136)	1,275	(18,861)
Total comprehensive income	(5,119)	(51,925)	(20,136)	(211,301)	4,195	(207,106)
Transactions with owners and others						
Cash dividends			—	—	(4,572)	(4,572)
Purchases of treasury stock			—	(28)		(28)
Disposals of treasury stock			—	0		0
Changes in ownership interests in subsidiaries			—	1,934	(132)	1,801
Transfer from other components of equity to retained earnings			(28,222)	—		—
Changes in scope of consolidation			—	(2,544)	(1,987)	(4,532)
Subtotal	—	—	(28,222)	(637)	(6,692)	(7,330)
<b>Balance as of September 30, 2020</b>	<b>(9,941)</b>	<b>(143,782)</b>	<b>(33,113)</b>	<b>2,429,679</b>	<b>352,515</b>	<b>2,782,195</b>

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

None

**(Changes in Accounting Estimates)**

Effective from the beginning of the first quarter of fiscal 2020, Nippon Steel changed the depreciation method for property, plant and equipment from the declining-balance to the straight-line method.

The Company's domestic steelworks have been operating for about 50 years, and their workforce is experiencing a transition to the next generation. In the midst of this trend, the Company is working to rebuild its "strength in manufacturing" and this includes the prevention of facility troubles. The Company also strives to rebuild a profit base that can be sustainable as a business. To achieve that, the Company takes up major structural reforms that can be described as the "second foundation stage" by promoting manufacturing infrastructure development including the refurbishing of core facilities. In addition, the Company is implementing thorough preventive and planned maintenance to prevent operational and facility troubles from taking place and has been striving to maximize the use of current production capacity to ensure stable production volume and reduced cost. The Company's future plans for facilities stipulate large-scale investment projects such as refurbishment of coke ovens and relining of blast furnaces. The Company expects that large-scale investment for aging facilities may increase and represent a larger portion of the total capital investments. Accordingly, the Company considers that the straight-line method, which equalizes the annual amount of depreciation cost over the useful life, is more in line with the actual situation of recent Nippon Steel compared to the declining-balance method.

With this change, compared to the previous method, depreciation expenses decreased by ¥31,568 million and business profit, operating profit, and profit before income taxes increased by ¥22,851 million, respectively, during the first half of fiscal 2020.

**(Segment Information)**

**Information on the amounts of revenue and profit for reportable segments**

**First Half of Fiscal 2019 (April 1, 2019—September 30, 2019)**

(Millions of Yen)

	Reportable segment				Total	Adjustments	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Chemicals and Materials	System solutions			
Revenue	2,704,196	157,916	114,177	150,241	3,126,531	(79,347)	3,047,183
Segment profit (loss) <Business Profit>	49,205	5,149	11,397	14,971	80,724	(7,623)	73,100

**First Half of Fiscal 2020 (April 1, 2020—September 30, 2020)**

(Millions of Yen)

	Reportable segment				Total	Adjustments	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Chemicals and Materials	System solutions			
Revenue	1,965,815	151,511	78,968	121,740	2,318,036	(76,043)	2,241,992
Segment profit (loss) <Business Profit>	(116,757)	7,211	(3,637)	10,636	(102,546)	(3,976)	(106,523)