

Flash Report
Consolidated Basis
Results for the First Quarter of Fiscal 2021
(April 1, 2021—June 30, 2021)
< under IFRS >

August 3, 2021

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:	August 6, 2021
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 Quarter of Fiscal 2021
(April 1, 2021—June 30, 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	%
First quarter of Fiscal 2021	1,503,151	32.8	217,024	—	256,341	—	250,382	—	172,306	—
First quarter of Fiscal 2020	1,131,604	(25.7)	(27,510)	—	(27,510)	—	(32,577)	—	(41,422)	—

	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 2021	162,129	—	234,367	—	176.08	—
First quarter of Fiscal 2020	(42,071)	—	(91,911)	—	(45.69)	—

(*)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	%
First quarter of Fiscal 2021	7,753,035	3,353,326	2,971,911	38.3
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	—				
Fiscal 2021 (Forecasts)		55.00	—	—	—

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
First half of Fiscal 2021	3,100,000	38.3	350,000	—	200,000	—	217.00
Fiscal 2021	6,500,000	34.6	600,000	445.2	370,000	—	402.00

Notes: 1. Whether the consolidated financial forecasts for fiscal 2021 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: 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 2021	950,321,402 shares
Fiscal 2020	950,321,402 shares
 - (b) Number of treasury stock at the end of the period

First quarter of Fiscal 2021	29,553,811 shares
Fiscal 2020	29,564,533 shares
 - (c) Weighted average number of shares outstanding

First quarter of Fiscal 2021	920,762,338 shares
First quarter of Fiscal 2020	920,681,631 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	June 30, 2021
Current assets :		
Cash and cash equivalents	359,465	381,530
Trade and other receivables	805,306	751,461
Inventories	1,349,355	1,449,923
Other financial assets	27,772	33,538
Other current assets	130,786	181,680
Total current assets	2,672,686	2,798,135
Non-current assets :		
Property, plant and equipment	2,954,938	2,989,635
Right-of-use assets	88,559	84,674
Goodwill	46,341	47,111
Intangible assets	95,826	114,589
Investments accounted for using the equity method	817,328	846,063
Other financial assets	628,226	588,476
Defined benefit assets	110,396	115,389
Deferred tax assets	153,123	162,614
Other non-current assets	6,519	6,344
Total non-current assets	4,901,260	4,954,899
Total assets	7,573,946	7,753,035

(Millions of Yen)

LIABILITIES	March 31, 2021	June 30, 2021
Current liabilities :		
Trade and other payables	1,382,761	1,300,208
Bonds, borrowings and lease liabilities	308,985	377,194
Other financial liabilities	1,250	1,351
Income taxes payable	24,256	93,282
Other current liabilities	54,077	44,295
Total current liabilities	1,771,331	1,816,332
Non-current liabilities :		
Bonds, borrowings and lease liabilities	2,250,246	2,158,131
Other financial liabilities	4,784	5,544
Defined benefit liabilities	189,453	183,815
Deferred tax liabilities	37,385	39,459
Other non-current liabilities	189,358	196,425
Total non-current liabilities	2,671,228	2,583,375
Total liabilities	4,442,559	4,399,708
EQUITY		
Common stock	419,524	419,524
Capital surplus	393,168	393,257
Retained earnings	1,910,333	2,081,017
Treasury stock	(58,342)	(58,337)
Other components of equity	95,311	136,448
Total equity attributable to owners of the parent	2,759,996	2,971,911
Non-controlling interests	371,390	381,415
Total equity	3,131,387	3,353,326
Total liabilities and equity	7,573,946	7,753,035

**(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)	
	First quarter of Fiscal 2020	First quarter of Fiscal 2021	
Revenue	1,131,604	1,503,151	
Cost of sales	(1,040,808)	(1,218,685)	
Gross profit	90,796	284,465	
Selling, general and administrative expenses	(121,386)	(130,629)	
Share of profit in investments accounted for using the equity method	14,748	39,316	
Other operating income	13,243	32,968	
Other operating expenses	(24,912)	(9,096)	
Business profit (loss)	(27,510)	217,024	
Gains and Losses on reorganization	—	39,317	
Operating profit (loss)	(27,510)	256,341	
Finance income	971	505	
Finance costs	(6,038)	(6,463)	
Profit (loss) before income taxes	(32,577)	250,382	
Income tax expense	(8,844)	(78,076)	
Profit (loss)	(41,422)	172,306	
Profit (loss) attributable to :			
Owners of the parent	(42,071)	162,129	
Non-controlling interests	648	10,177	
Earnings (loss) per share			
Basic earnings (loss) per share (Yen)	(45.69)	176.08	

Quarterly Condensed Consolidated Statements of Comprehensive Income		(Millions of Yen)	
	First quarter of Fiscal 2020	First quarter of Fiscal 2021	
Profit (loss)	(41,422)	172,306	
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	15,483	(5,668)	
Remeasurements of defined benefit plans	10,543	7,640	
Share of other comprehensive income of investments accounted for using the equity method	6,079	84	
Subtotal	32,107	2,056	
Items that might be reclassified to profit or loss			
Changes in fair value of cash flow hedges	(1,456)	244	
Foreign exchange differences on translation of foreign operations	(41,033)	35,173	
Share of other comprehensive income of investments accounted for using the equity method	(40,107)	24,586	
Subtotal	(82,596)	60,004	
Total other comprehensive income (loss), net of tax	(50,489)	62,060	
Total comprehensive income (loss)	(91,911)	234,367	
Comprehensive income (loss) attributable to:			
Owners of the parent	(90,583)	221,040	
Non-controlling interests	(1,328)	13,327	

(3) Quarterly Condensed Consolidated Statements of Changes in Equity

First 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)			(42,071)			
Other comprehensive income (loss)					15,272	14,045
Total comprehensive income	—	—	(42,071)	—	15,272	14,045
Transactions with owners and others						
Cash dividends						
Purchases of treasury stock				(4)		
Disposals of treasury stock		(0)		1		
Changes in ownership interests in subsidiaries		1,936				
Transfer from other components of equity to retained earnings			20,205		(6,160)	(14,045)
Changes in scope of consolidation						
Subtotal	—	1,935	20,205	(2)	(6,160)	(14,045)
Balance as of June 30, 2020	419,524	396,340	1,849,083	(58,508)	121,036	—

	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)			—	(42,071)	648	(41,422)
Other comprehensive income (loss)	(2,792)	(75,037)	(48,511)	(48,511)	(1,977)	(50,489)
Total comprehensive income	(2,792)	(75,037)	(48,511)	(90,583)	(1,328)	(91,911)
Transactions with owners and others						
Cash dividends			—	—	(3,816)	(3,816)
Purchases of treasury stock			—	(4)		(4)
Disposals of treasury stock			—	0		0
Changes in ownership interests in subsidiaries			—	1,936	(131)	1,805
Transfer from other components of equity to retained earnings			(20,205)	—		—
Changes in scope of consolidation			—	—	(6)	(6)
Subtotal	—	—	(20,205)	1,933	(3,953)	(2,020)
Balance as of June 30, 2020	(7,613)	(166,894)	(53,471)	2,552,968	349,731	2,902,699

First 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)			162,129			
Other comprehensive income (loss)					(5,536)	7,362
Total comprehensive income	—	—	162,129	—	(5,536)	7,362
Transactions with owners and others						
Cash dividends			(9,219)			
Purchases of treasury stock				(13)		
Disposals of treasury stock		0		16		
Changes in ownership interests in subsidiaries		89				
Transfer from other components of equity to retained earnings			17,773		(10,411)	(7,362)
Changes in scope of consolidation				0		
Subtotal	—	89	8,554	4	(10,411)	(7,362)
Balance as of June 30, 2021	419,524	393,257	2,081,017	(58,337)	191,352	—

	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)			—	162,129	10,177	172,306
Other comprehensive income (loss)	12,467	44,617	58,910	58,910	3,149	62,060
Total comprehensive income	12,467	44,617	58,910	221,040	13,327	234,367
Transactions with owners and others						
Cash dividends			—	(9,219)	(3,221)	(12,441)
Purchases of treasury stock			—	(13)		(13)
Disposals of treasury stock			—	17		17
Changes in ownership interests in subsidiaries			—	89	(90)	(1)
Transfer from other components of equity to retained earnings			(17,773)	—		—
Changes in scope of consolidation			—	0	9	10
Subtotal	—	—	(17,773)	(9,125)	(3,302)	(12,427)
Balance as of June 30, 2021	15,864	(70,768)	136,448	2,971,911	381,415	3,353,326

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

None

(Segment Information)

Information on the amounts of revenue and profit for reportable segments

First quarter of Fiscal 2020 (April 1, 2020—June 30, 2020)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	999,610	73,268	37,119	59,051	1,169,050	(37,445)	1,131,604
Segment profit (loss) <Business Profit>	(30,594)	5,364	(3,145)	5,182	(23,191)	(4,318)	(27,510)

First quarter of Fiscal 2021 (April 1, 2021—June 30, 2021)

(Millions of Yen)

	Reportable segments				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue	1,351,538	59,118	57,834	66,443	1,534,935	(31,784)	1,503,151
Segment profit (loss) <Business Profit>	202,584	(532)	6,230	7,746	216,028	995	217,024