



**Flash Report**  
**Consolidated Basis**  
**Results for Fiscal 2023**  
**(April 1, 2023—March 31, 2024)**  
**< under IFRS >**

May 9, 2024

<b>Company name:</b>	NIPPON STEEL CORPORATION
<b>Stock listing:</b>	Tokyo Stock Exchange / Nagoya Stock Exchange / Fukuoka Stock Exchange / Sapporo Securities Exchange
<b>Code number:</b>	5401
<b>URL:</b>	<a href="https://www.nipponsteel.com/en/index.html">https://www.nipponsteel.com/en/index.html</a>
<b>Representative:</b>	Tadashi Imai, Representative Director, President and COO
<b>Contact:</b>	Shinnosuke Arita, General Manager, Public Relations Center
<b>Telephone:</b>	+81-3-6867-2135, 2146, 3419
<b>Scheduled date to Ordinary General Meeting of Shareholders:</b>	June 21, 2024
<b>Scheduled date to pay dividends:</b>	June 24, 2024
<b>Scheduled date to submit Securities Report:</b>	June 21, 2024
<b>Preparation of supplemental explanatory materials:</b>	Yes
<b>Holding of financial results meeting:</b>	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 2023

(April 1, 2023—March 31, 2024)

### (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	%
<b>Fiscal 2023</b>	<b>8,868,097</b>	<b>11.2</b>	<b>869,657</b>	<b>(5.1)</b>	<b>778,662</b>	<b>(11.9)</b>	<b>763,972</b>	<b>(11.9)</b>	<b>587,898</b>	<b>(20.4)</b>	<b>549,372</b>	<b>(20.8)</b>
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

	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	%	%	%	%
<b>Fiscal 2023</b>	<b>810,831</b>	<b>(12.5)</b>	<b>596.59</b>	<b>527.96</b>	<b>12.3</b>	<b>7.5</b>	<b>9.8</b>	<b>8.8</b>
Fiscal 2022	926,920	13.5	753.66	671.89	18.1	9.5	11.5	11.1

(For reference) Share of profit in investments accounted for using the equity method: Fiscal 2023 ¥144,326 million  
Fiscal 2022 ¥102,915 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
<b>Fiscal 2023</b>	<b>10,714,627</b>	<b>5,355,878</b>	<b>4,777,727</b>	<b>44.6</b>	<b>5,187.32</b>
Fiscal 2022	9,567,099	4,646,417	4,181,155	43.7	4,540.59

### (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
<b>Fiscal 2023</b>	<b>1,010,159</b>	<b>(710,654)</b>	<b>(543,945)</b>	<b>448,892</b>
Fiscal 2022	661,274	(366,580)	(197,655)	670,410

## 2. Dividends

	Dividends per share				
	End of first quarter	End of second	End of third quarter	End of fiscal year	Fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2022	—	90.00	—	90.00	180.00
<b>Fiscal 2023</b>	—	<b>75.00</b>	—	<b>85.00</b>	<b>160.00</b>
Fiscal 2024 (Forecasts)	—	80.00	—	80.00	160.00

	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 2022	165,948	23.9	4.3
<b>Fiscal 2023</b>	<b>147,525</b>	<b>26.8</b>	<b>3.3</b>
Fiscal 2024 (Forecasts)		49.1	

## 3. Consolidated Financial Forecasts for Fiscal 2024 (April 1, 2024—March 31, 2025)

(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 2024	4,400,000	(0.3)	300,000	(39.3)	180,000	(40.0)	195.00
Fiscal 2024	8,800,000	(0.8)	650,000	(25.3)	300,000	(45.4)	326.00

For further details, please refer to page 7, “1. Summary of Operating Results (2) Outlook for the Fiscal Year Ending March 31, 2025 (Fiscal 2024)” and “Results and dividends of Fiscal 2023 (Year ended March 31, 2024).”

### \* Notes

- (1) Changes in significant subsidiaries during the period: Yes  
Number of newly consolidated: 1 Company name: NIPPON STEEL TRADING CORPORATION  
Number of excluded from consolidation: 0
- (2) Changes in accounting policies and changes in accounting estimates
  - (a) Changes in accounting policies required by IFRS: None
  - (b) Changes in accounting policies other than those in (a) above: None
  - (c) Changes in accounting estimates: None
- (3) Number of shares outstanding (common shares)
  - (a) Number of shares outstanding at the end of the period (including treasury stock)
 

Fiscal 2023	950,549,305 shares
Fiscal 2022	950,321,402 shares
  - (b) Number of treasury stock at the end of the period
 

Fiscal 2023	29,510,730 shares
Fiscal 2022	29,481,839 shares
  - (c) Weighted average number of shares outstanding
 

Fiscal 2023	920,840,121 shares
Fiscal 2022	920,858,089 shares

(For Reference)

## 1. A Summary of Non-Consolidated Operating Results and Financial Position for Fiscal 2023

(April 1, 2023—March 31, 2024)

### (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	%
<b>Fiscal 2023</b>	<b>4,876,550</b>	<b>(2.0)</b>	<b>331,697</b>	<b>4.2</b>	<b>453,113</b>	<b>(14.0)</b>	<b>324,235</b>	<b>(35.6)</b>
Fiscal 2022	4,973,537	13.9	318,399	(21.1)	527,162	(1.8)	503,643	28.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
<b>Fiscal 2023</b>	<b>351.69</b>	<b>311.27</b>
Fiscal 2022	546.28	487.07

### (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
<b>Fiscal 2023</b>	<b>6,589,405</b>	<b>2,380,980</b>	<b>36.1</b>	<b>2,582.03</b>
Fiscal 2022	6,280,924	2,135,393	34.0	2,316.22

(For reference) Shareholders' equity:

Fiscal 2023 ¥2,380,980 million

Fiscal 2022 ¥2,135,393 million

## 2. Non-Consolidated Financial Forecasts for Fiscal 2024 (April 1, 2024—March 31, 2025)

(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 2024	4,800,000	(1.6)	200,000	(55.9)	50,000	(84.6)	54.00

\* 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, 2024 (Fiscal 2023)**

#### **(Overview of Conditions in Fiscal 2023)**

In fiscal 2023, the global economy showed signs of a further slowdown due to 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 domestic demand lacked strength.

Steel demand fell into an unprecedented dire level in the second half of fiscal 2023, which became further depressed toward the end of the fiscal year, against the background of the sluggish economy in China and the deteriorating economic sentiment in the United States and Europe. In addition, due to factors including India's continued spot purchases of coal and China's continued high-level production despite sluggish economy and significant increase in exports, raw material prices have remained high while product prices have been sluggish in ASEAN and other countries. These factors have led to the continued historically low level of the spread (price difference between raw materials and steel products) in the overseas general spot market, and the decoupling of raw materials and products has become more evident.

In response to 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 2023)**

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 2023	Fiscal 2022	Fiscal 2023	Fiscal 2022
Steelmaking and Steel Fabrication	8,076.3	7,245.5	821.0	861.4
Engineering and Construction	409.2	352.2	(1.3)	11.6
Chemicals and Materials	260.8	274.5	15.3	16.1
System Solutions	311.5	292.5	35.5	32.1
Total	9,057.9	8,164.8	870.7	921.4
Adjustments	(189.8)	(189.2)	(1.0)	(4.9)
Consolidated total	8,868.0	7,975.5	869.6	916.4

## **[Steelmaking and Steel Fabrication]**

Although the business environment remained extremely harsh, the Steelmaking and Steel Fabrication segment continued to implement drastic profit restructuring measures. In addition, the segment strived to evolve toward having a further vertically-integrated business structure that could achieve the Group's future vision of ¥1 trillion in business profit. The segment has also built a foundation that is planned to enable it to record even higher profits regardless of the external environment. As a result, the segment recorded revenue of ¥8,076.3 billion (compared to ¥7,245.5 billion in fiscal 2022) and a business profit of ¥821.0 billion (compared to ¥861.4 billion).

Specifically, the following efforts were made during fiscal 2023.

We are steadily implementing facility structural measures, with or without a short-term improvement in the business environment. We have also aimed to establish an integrated business structure that encompasses everything from raw materials to manufacturing and distribution, strengthen competitiveness across the entire supply chain, and create a more resilient business structure (a business structure with a robust profit base), one that contributes importantly toward the achievement of carbon neutrality. During fiscal 2023, the Company made selective investments in facilities having competitive advantages. These investments included measures to improve the capacity and quality of strategic products, such as the next-generation hot-strip mill at the Nagoya Works, and electrical steel sheet facilities at the Setouchi Works Hanshin Area (Sakai) and the Kyushu Works Yawata Area. Coupled with the shut-down of less competitive facilities, we have made production facilities more advanced, streamlined, and efficient, promoted the sophistication of product types, and optimized the scale of production capacity and fixed costs. In the raw materials business, we have acquired a 20% interest in Elk Valley Resources, a Canadian coking coal company, as we aim to ensure steady procurement of high-grade coking coal for steelmaking that contributes to promoting carbon neutrality and to establish a profit structure that is less susceptible to the external environment. In addition, Nippon Steel Trading Corporation was delisted and has become a subsidiary of Nippon Steel, and we have been working to enhance and raise efficiency of the Group's trading company functions, to enhance the direct sales ability by making an integrated use of our sales knowhow and our infrastructure, and to further increase sophistication of the supply chain. We intend to continue evolving toward having a further vertically-integrated business structure.

Overseas, the Steelmaking and Steel Fabrication segment is working to ensure capturing of local demand and securing high integrated added-value by expanding integrated manufacturing bases in "markets with promising growth in steel demand" and "markets where Nippon Steel's technologies and products are highly appreciated." In India, where future market expansion and further development of domestic production are expected, we are expanding capacity through several approaches: by acquisition of bases and construction of a new integrated steelworks now being studied by ArcelorMittal Nippon Steel India Limited, among other measures. Moreover, we have decided to acquire United States Steel Corporation in the United States. The United States is a country that has the highest demand for high-grade steel, and where we can make use of our technological and product strengths. This means for us to secure three key areas, which are adding the United States to India and our home market of ASEAN,

leading to the diversification of our global bases. We aim to continue improving profitability through expansion of our integrated production system in these major overseas markets, thereby advancing toward the realization of 100 million tons in global crude steel capacity.

About our efforts to achieve carbon neutrality, we have implemented various measures to realize the Nippon Steel Carbon Neutral Vision 2050. In order to decarbonize our steelmaking processes, we are developing three breakthrough technologies: for injection of hydrogen into blast furnaces, for 100% hydrogen use in the direct reduction process, and for high-grade steel production in large-sized electric arc furnaces (EAFs). Our recent progress in technological development includes the Super COURSE50 development test at a pilot test furnace in the East Nippon Works Kimitsu Area, which confirmed the effect of reducing CO<sub>2</sub> emissions by 33%, the world's highest level for reduction. In addition, we started full-scale studies on shifting from the blast furnace steelmaking process to the EAF process in the Kyushu Works Yawata Area and the Setouchi Works Hirohata Area as candidate sites. In addition, NSCarbolex<sup>TM</sup> Neutral (a steel product that is certified to reduce CO<sub>2</sub> emissions in the steelmaking process) and NSCarbolex<sup>TM</sup> Solution (a high-performance product and solution technology that contributes to reducing CO<sub>2</sub> emissions in society) are the two products of value we provide for carbon neutralization, supporting our customers' international competitiveness. These efforts have led to a reaffirmation of the importance of the steel industry's role in decarbonization initiatives and the Green Innovation Fund has significantly increased the allocation of its fund to the steel industry. We are therefore working to accelerate and move forward development and practical implementation in these areas. It deserves mention here that the Company's climate change risk information based on its CO<sub>2</sub> emission reduction targets and the framework of the Task Force on Climate-related Financial Disclosures (TCFD) are disclosed in the Sustainability Report 2023, per <https://www.nipponsteel.com/en/csr/report/>.

As to DX strategy, we have promoted business and production process reforms that make full use of data and digital technology. As an example of a specific initiative in fiscal 2023, we established and commenced operation of a system that enables real-time acquisition of operating information for management of vessel allocation when shipping raw materials by sea. We believe that this facilitates faster decision-making, and contributes to improve the efficiency of the supply chain, from raw material procurement to transportation and production. The resultant improvement of efficiency in operation and transportation will also help efforts on behalf of realization of a carbon-neutral society. A second example of what we are doing is, in collaboration with NS Solutions Corporation, applying mathematical optimization technology in development of a steel output scheduling system for high-speed production planning in the steelmaking process. Full-scale use of the system is now under way at the East Nippon Works Kimitsu Area. This has enabled equal or greater plans, and faster plans, to be derived compared to those made by skilled technicians. Planning time has been reduced by about 70% compared to conventional systems. Going forward, we plan to start using the system at each steelworks, one by one, and promote the unification of production plans for the entire company. We also continue to work on various DX measures in areas such as remote management, predictive monitoring, and automation of operations and equipment maintenance using IoT and AI, as well as centralization and acceleration of performance management and integrated production planning.

**[Engineering and Construction]**

Nippon Steel Engineering Co., Ltd. increased overall sales year-on-year. Solid sales were posted in the business of offshore wind power plants, waste-to-energy facilities, and other components in the Environment and Energy sector as well as in the business of construction work and seismic isolation devices in the Urban Infrastructure sector, centering on large-scale logistics facilities while experienced a decrease in sales in the Steelmaking Plants sector. The segment's profits decreased year-on-year due to the impact of large losses caused by the breakdown of a crane of its own marine workshop and the surge in the prices of materials and fuel. For fiscal 2023 the Engineering and Construction segment recorded revenue of ¥409.2 billion (compared to ¥352.2 billion in fiscal 2022) and business loss of ¥1.3 billion (compared to business profit of ¥11.6 billion).

**[Chemicals and Materials]**

Nippon Steel Chemical & Material Co., Ltd. posted a year-on-year decrease in profits despite utmost efforts to reduce costs and improve selling prices amid a severe business environment in which demand continued to be sluggish due to soaring raw material and fuel prices worldwide and inventory adjustments for semiconductors and other products. In the Coal Tar Chemicals business, sales of carbon black for tires were firm, but demand for needle coke used in graphite electrodes, its main product, remained sluggish. In the Chemicals business, the benzene market remained generally stable, but sales of styrene monomer decreased due to a delay in the recovery of demand for derivatives in Japan, and the continued expansion of new production facilities in China led to stagnate the styrene monomer market. In the Functional Materials and Composite Materials business, recovery of production remained weak due to the impact of the deterioration in the Chinese economy, and the prolonged sluggish demand for semiconductors as well as end products such as smartphones and PCs. Among carbon fiber composite materials, the sales volume of carbon fiber reinforced materials for civil engineering and construction, which are the main product responding to demand for infrastructure upgrades, increased, and sales of carbon fiber continued to be strong, mainly in the sports and space fields. The overall Chemicals and Materials segment recorded revenue of ¥260.8 billion (compared to ¥274.5 billion in fiscal 2022) and business profit of ¥15.3 billion (compared to ¥16.1 billion).

**[System Solutions]**

In response to stepped-up corporate DX initiatives, NS Solutions Corporation is working to expand business by making corporate-wide efforts to satisfy the needs of DX at maximum while deepening relationships with customers. As an example of its initiatives in fiscal 2023, NS Solutions jointly developed and commenced full-scale operation of a production planning system that realizes operational reforms by applying mathematical optimization technology, jointly with Nippon Steel. In addition, the company introduced a local 5G system to power plant premises, which enables power companies to conduct efficient maintenance and inspection work, etc. through remote monitoring of sites using video and audio links, and facilitates the transfer of technology. In addition, the company has provided ConSeek™, an integrated business management platform service for financial institutions to its customers, and has



launched a modernization project for mission-critical systems of insurance companies. As investments for growth, NS Solutions formed business alliances with AI start-up companies and Nippon Steel Texeng Co., Ltd. in the field of digital manufacturing, and entered into an agreement to make Texeng Solutions Corporation (renamed to NS Solutions BizTech Corporation) a group company. These developments were to enhance its ability to respond to customers' DX needs. The System Solutions segment recorded revenue of ¥311.5 billion (compared to ¥292.5 billion in fiscal 2022) and business profit of ¥35.5 billion (compared to ¥32.1 billion).

#### **(Revenue and Profit)**

For fiscal 2023, 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 ¥8,868.0 billion (compared to ¥7,975.5 billion in fiscal 2022), business profit of ¥869.6 billion (compared to ¥916.4 billion), and profit attributable to owners of the parent of ¥549.3 billion (compared to ¥694.0 billion).

#### **(Assets, Liabilities, Equity, and Cash Flows)**

Consolidated total assets as of March 31, 2024 were ¥10,714.6 billion, an increase of ¥1,147.5 billion from ¥9,567.0 billion as of March 31, 2023. The main factors contributing to the increase were business investments, such as Nippon Steel Trading Corporation becoming a subsidiary, resulting in an increase in trade and other receivables (¥525.5 billion), an increase in inventories (¥190.6 billion), an increase in property, plant and equipment (¥196.7 billion), and an increase in investments accounted for using the equity method (¥327.3 billion), among other factors.

Consolidated total liabilities as of March 31, 2024 were ¥5,358.7 billion, an increase of ¥438.0 billion from ¥4,920.6 billion as of March 31, 2023. Trade and other payables increased (¥298.5 billion) due to the aforementioned consolidation of subsidiaries, deferred tax liabilities also increased (¥102.8 billion).

Consolidated total equity as of March 31, 2024 was ¥5,355.8 billion, an increase of ¥709.4 billion from ¥4,646.4 billion as of March 31, 2023. This was primarily contributed by an increase from profit attributable to owners of the parent of ¥549.3 billion, a decrease in dividend payment (¥152.1 billion), and an increase in the foreign exchange differences on translation of foreign operations (¥105.9 billion), and an increase in non-controlling interests resulting from the consolidation of Nippon Steel Trading Corporation (¥112.8 billion), among other factors. As a result, total equity attributable to owners of the parent as of March 31, 2023 amounted to ¥4,777.7 billion, and the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.57 times (0.45 times after adjusting for equity credit attributes of subordinated loans and subordinated bonds).

Cash flows from operating activities in fiscal 2023 amounted to an inflow of ¥1,010.1 billion (compared to an inflow of ¥661.2 billion in fiscal 2022). The main inflow factors were profit before income taxes of ¥763.9 billion, depreciation and amortization (¥363.0 billion), and losses on reorganization (¥90.9 billion), while the outflow factors included

deduction adjustment for share of profit in investments accounted for using the equity method (¥144.3 billion), and income taxes paid (¥126.5 billion).

Cash flows from investing activities amounted to an outflow of ¥710.6 billion (compared to an outflow of ¥366.5 billion in fiscal 2022). The main outflow factors included purchases of property, plant and equipment and intangible assets (¥466.3 billion), purchases of investments in affiliates primarily investing in Elk Valley Resources, a Canadian coking coal company (¥184.2 billion), and purchases of shares of subsidiaries resulting in change in scope of consolidation primarily share acquisition of Nippon Steel Trading Corporation (¥108.1 billion)

As a result, free cash flow was an inflow of ¥299.5 billion (compared to an inflow of ¥294.6 billion in fiscal 2022). Cash flows from financing activities amounted to an outflow of ¥543.9 billion (compared to an outflow of ¥197.6 billion in fiscal 2022), largely due to an outflow from repayments of Interest-bearing debt (¥512.4 billion) and cash dividends paid (¥152.1 billion). As a result of these cash flows, the cash and cash equivalents at the end of fiscal 2023 were ¥448.8 billion.

#### **(Basic Policy on Profit Distribution and Fiscal 2023 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.

The Company paid a dividend of ¥75 per share at the end of the first half. Regarding the fiscal year-end dividend based our policy of providing continuous, high-level shareholder returns, as disclosed at the third quarter results announcement (February 7, 2024), management has decided to propose a year-end dividend of ¥85 per share (the annual dividend will be ¥160 per share) at the General Meeting of Shareholders.

## **(2) Outlook for the Fiscal Year Ending March 31, 2025 (Fiscal 2024)**

### **(Outlook for Operating Performance in Fiscal 2024)**

The unprecedented severe situation concerning global steel demand is likely to continue for the foreseeable future. Recovery in actual demand is hard to predict at this point, and it is expected to take time for the market to recover. There is also a risk that the decoupling between raw materials and products will continue for the time being.

Even in this situation where the business environment has become increasingly severe and is expected to remain so for the time being, we will continue to implement the existing profit structure measures. At the same time, we will steadily advance measures to evolve to a further vertically-integrated business structure, and to advance toward achieving the Group's future vision of ¥1 trillion in business profit, and build a foundation that enables us to record even higher profits regardless of the external environment. We will also make investments in forward-looking initiatives to recruit and retain diverse talent.

For fiscal 2024, we forecast underlying business profit of ¥750 billion or more and business profit of ¥650 billion or more. Profit attributable to owners of the parent is expected to be around ¥300 billion, due in part to a large loss on business restructuring, the loss being related to the completion of the production facility structural measures. For fiscal 2025, the final year of the ongoing medium- to long-term management plan, we will strive to hard to secure underlying consolidated business profit of ¥900 billion or more by realizing the benefits from capital expenditures, notably sales expansion of high-grade steel products, and expanding overseas businesses including that of India, in addition to the impacts of restructuring measures. Moreover, by acquiring United States Steel Corporation, we aim to achieve the Group's future vision of ¥1 trillion in business profit at the earliest possible time.

#### **(Outlook for Dividends for Fiscal 2024)**

While profit attributable to owners of the parent is forecasted to stay at around ¥300 billion in fiscal 2024 and no significant turnaround in the business environment is expected in fiscal 2025, we will strive hard in fiscal 2025 to secure underlying consolidated business profit of ¥900 billion or more, and most losses from reorganization are expected to be eliminated, thanks to the almost-secured effects of various measures including the restructuring measures and capital expenditures. Based on these assumptions and our policy of providing continuous, high-level shareholder returns, we plan to distribute a full-year dividend of ¥160 per share in fiscal 2024, maintaining the same level as in fiscal 2023.

With the aim of becoming “the best steelmaker with world-leading capabilities,” we are committed to steadily implementing various measures aimed at achieving the four pillars of our 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.”

## **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)

<b>ASSETS</b>	March 31, 2023	March 31, 2024
<b>Current assets :</b>		
Cash and cash equivalents	670,410	<b>448,892</b>
Trade and other receivables	1,062,384	<b>1,587,979</b>
Inventories	2,085,971	<b>2,276,665</b>
Other financial assets	28,176	<b>33,927</b>
Other current assets	223,575	<b>212,919</b>
<b>Total current assets</b>	4,070,518	<b>4,560,384</b>
<b>Non-current assets :</b>		
Property, plant and equipment	3,183,638	<b>3,380,436</b>
Right-of-use assets	83,935	<b>100,601</b>
Goodwill	65,062	<b>70,207</b>
Intangible assets	157,444	<b>177,853</b>
Investments accounted for using the equity method	1,210,542	<b>1,537,936</b>
Other financial assets	528,794	<b>675,942</b>
Defined benefit assets	124,628	<b>127,579</b>
Deferred tax assets	136,349	<b>75,893</b>
Other non-current assets	6,185	<b>7,791</b>
<b>Total non-current assets</b>	5,496,581	<b>6,154,242</b>
<b>Total assets</b>	9,567,099	<b>10,714,627</b>

(Millions of Yen)

<b>LIABILITIES</b>	March 31, 2023	March 31, 2024
<b>Current liabilities :</b>		
Trade and other payables	1,592,137	1,890,718
Bonds, borrowings and lease liabilities	403,028	541,495
Other financial liabilities	5,878	7,036
Income taxes payable	51,917	80,269
Other current liabilities	40,839	62,353
<b>Total current liabilities</b>	2,093,802	2,581,874
<b>Non-current liabilities :</b>		
Bonds, borrowings and lease liabilities	2,296,322	2,170,148
Other financial liabilities	323	146
Defined benefit liabilities	185,441	116,309
Deferred tax liabilities	37,685	140,532
Other non-current liabilities	307,105	349,737
<b>Total non-current liabilities</b>	2,826,879	2,776,874
<b>Total liabilities</b>	4,920,682	5,358,748
<b>EQUITY</b>		
Common stock	419,524	419,799
Capital surplus	399,366	398,914
Retained earnings	3,079,144	3,525,585
Treasury stock	(58,054)	(58,149)
Other components of equity	341,173	491,576
<b>Total equity attributable to owners of the parent</b>	4,181,155	4,777,727
Non-controlling interests	465,261	578,150
<b>Total equity</b>	4,646,417	5,355,878
<b>Total liabilities and equity</b>	9,567,099	10,714,627

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

Consolidated Statements of Profit or Loss		(Millions of Yen)	
	Fiscal 2022	Fiscal 2023	
Revenue	7,975,586	<b>8,868,097</b>	
Cost of sales	(6,682,028)	<b>(7,481,331)</b>	
<b>Gross profit</b>	<b>1,293,557</b>	<b>1,386,765</b>	
Selling, general and administrative expenses	(579,411)	<b>(730,388)</b>	
Share of profit in investments accounted for using the equity method	102,915	<b>144,326</b>	
Other operating income	181,497	<b>178,085</b>	
Other operating expenses	(82,102)	<b>(109,131)</b>	
<b>Business profit</b>	<b>916,456</b>	<b>869,657</b>	
Losses on reorganization	(32,810)	<b>(90,995)</b>	
<b>Operating profit</b>	<b>883,646</b>	<b>778,662</b>	
Finance income	8,091	<b>21,540</b>	
Finance costs	(24,888)	<b>(36,230)</b>	
<b>Profit before income taxes</b>	<b>866,849</b>	<b>763,972</b>	
Income tax expense	(128,117)	<b>(176,074)</b>	
<b>Profit for the year</b>	<b>738,732</b>	<b>587,898</b>	
<b>Profit for the year attributable to :</b>			
Owners of the parent	694,016	<b>549,372</b>	
Non-controlling interests	44,715	<b>38,526</b>	
<b>Earnings per share</b>			
Basic earnings per share (Yen)	753.66	<b>596.59</b>	
Diluted earnings per share (Yen)	671.89	<b>527.96</b>	

Consolidated Statements of Comprehensive Income		(Millions of Yen)	
	Fiscal 2022	Fiscal 2023	
Profit for the year	738,732	<b>587,898</b>	
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	32,577	<b>125,783</b>	
Remeasurements of defined benefit plans	16,567	<b>17,570</b>	
Share of other comprehensive income of investments accounted for using the equity method	1,355	<b>9,179</b>	
Subtotal	50,500	<b>152,533</b>	
Items that might be reclassified to profit or loss			
Changes in fair value of cash flow hedges	(7,779)	<b>1,570</b>	
Foreign exchange differences on translation of foreign operations	88,768	<b>81,716</b>	
Share of other comprehensive income of investments accounted for using the equity method	56,700	<b>(12,886)</b>	
Subtotal	137,688	<b>70,400</b>	
<b>Total other comprehensive income, net of tax</b>	<b>188,188</b>	<b>222,933</b>	
<b>Total comprehensive income for the year</b>	<b>926,920</b>	<b>810,831</b>	
<b>Comprehensive income for the year attributable to:</b>			
Owners of the parent	874,564	<b>748,961</b>	
Non-controlling interests	52,356	<b>61,870</b>	

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

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						
Conversion of convertible bonds						
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)
<b>Balance as of March 31, 2023</b>	<b>419,524</b>	<b>399,366</b>	<b>3,079,144</b>	<b>(58,054)</b>	<b>194,905</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, 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						
Conversion of convertible bonds			—	—		—
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)
<b>Balance as of March 31, 2023</b>	<b>92,699</b>	<b>53,568</b>	<b>341,173</b>	<b>4,181,155</b>	<b>465,261</b>	<b>4,646,417</b>

Fiscal 2023

(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, 2023	419,524	399,366	3,079,144	(58,054)	194,905	—
Changes of the year						
Comprehensive income						
Profit for the year			549,372			
Other comprehensive income					126,397	15,685
Total comprehensive income	—	—	549,372	—	126,397	15,685
Transactions with owners and others						
Conversion of convertible bonds	275	275				
Cash dividends			(152,117)			
Purchases of treasury stock				(84)		
Disposals of treasury stock		1		49		
Changes in ownership interests in subsidiaries		(729)				
Transfer from other components of equity to retained earnings			49,186		(33,500)	(15,685)
Changes in scope of consolidation				(59)		
Subtotal	275	(452)	(102,930)	(94)	(33,500)	(15,685)
<b>Balance as of March 31, 2024</b>	<b>419,799</b>	<b>398,914</b>	<b>3,525,585</b>	<b>(58,149)</b>	<b>287,802</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, 2023	92,699	53,568	341,173	4,181,155	465,261	4,646,417
Changes of the year						
Comprehensive income						
Profit for the year			—	549,372	38,526	587,898
Other comprehensive income	(48,486)	105,993	199,589	199,589	23,344	222,933
Total comprehensive income	(48,486)	105,993	199,589	748,961	61,870	810,831
Transactions with owners and others						
Conversion of convertible bonds			—	550		550
Cash dividends			—	(152,117)	(11,959)	(164,076)
Purchases of treasury stock			—	(84)		(84)
Disposals of treasury stock			—	51		51
Changes in ownership interests in subsidiaries			—	(729)	50	(679)
Transfer from other components of equity to retained earnings			(49,186)	—		—
Changes in scope of consolidation			—	(59)	62,928	62,868
Subtotal	—	—	(49,186)	(152,389)	51,018	(101,370)
<b>Balance as of March 31, 2024</b>	<b>44,212</b>	<b>159,561</b>	<b>491,576</b>	<b>4,777,727</b>	<b>578,150</b>	<b>5,355,878</b>



**(4) Consolidated Statements of Cash-Flows**

	(Millions of yen)	
	Fiscal 2022	Fiscal 2023
<b>Cash flows from operating activities :</b>		
Profit before income taxes	866,849	763,972
Depreciation and amortization	340,171	363,002
Finance income	(8,091)	(21,540)
Finance costs	24,888	36,230
Share of profit in investments accounted for using the equity method	(102,915)	(144,326)
Losses on reorganization	32,810	90,995
(Increase) decrease in trade and other receivables	(81,796)	50,126
(Increase) decrease in inventories	(309,525)	68,618
Increase (decrease) in trade and other payables	58,431	(53,628)
Other, net	(2,038)	(73,798)
Subtotal	818,783	1,079,651
Interest received	7,588	21,140
Dividends received	70,911	66,459
Interest paid	(21,575)	(30,565)
Income taxes paid	(214,433)	(126,526)
<b>Net cash flows provided by operating activities</b>	<b>661,274</b>	<b>1,010,159</b>
<b>Cash flows from investing activities :</b>		
Purchases of property, plant and equipment and intangible assets	(470,018)	(466,345)
Proceeds from sales of property, plant and equipment and intangible assets	15,483	12,384
Purchases of investment securities	(6,981)	(7,474)
Proceeds from sales of investment securities	88,698	20,982
Purchases of investments in affiliates	—	(184,232)
Proceeds from sales of investments in affiliates	5,231	19,670
Purchases of shares of subsidiaries resulting in change in scope of consolidation	(735)	(108,168)
Proceeds from sale of businesses	—	1,300
Loans to associates and others	(3,977)	(4,262)
Collection of loans from associates and others	1,730	1,696
Other, net	3,988	3,795
<b>Net cash flows used in investing activities</b>	<b>(366,580)</b>	<b>(710,654)</b>
<b>Cash flows from financing activities :</b>		
Increase (decrease) in short-term borrowings, net	27,240	(325,935)
Proceeds from long-term borrowings	150,273	85,218
Repayments of long-term borrowings	(207,909)	(211,736)
Proceeds from issuance of bonds	50,000	—
Redemption of bonds	(20,000)	(60,000)
Purchases of treasury stock	(58)	(73)
Cash dividends paid	(165,950)	(152,117)
Dividends paid to non-controlling interests	(10,235)	(11,959)
Purchases of shares of subsidiaries that do not result in change in scope of consolidation	(1,843)	(2,960)
Other, net	(19,171)	135,618
<b>Net cash flows provided by (used in) financing activities</b>	<b>(197,655)</b>	<b>(543,945)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>22,322</b>	<b>22,922</b>
<b>Net increase in cash and cash equivalents</b>	<b>119,361</b>	<b>(221,518)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>551,049</b>	<b>670,410</b>
<b>Cash and cash equivalents at end of the year</b>	<b>670,410</b>	<b>448,892</b>

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

**Fiscal 2023 (April 1, 2023—March 31, 2024)**

(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	8,010,655	381,600	243,327	232,513	8,868,097	—	8,868,097
Inter-segment revenue or transfers	65,689	27,632	17,506	79,058	189,887	(189,887)	—
Total	8,076,345	409,233	260,834	311,572	9,057,985	(189,887)	8,868,097
Segment profit (loss) <Business Profit>	821,065	(1,340)	15,390	35,588	870,704	(1,046)	869,657

**(Earnings per Share)**

**1) Basic earnings per share**

Profit for the year attributable to common shares of the parent

(Millions of Yen)

	Fiscal 2022 (April 1, 2022—March 31, 2023)	Fiscal 2023 (April 1, 2023—March 31, 2024)
Profit for the year attributable to owners of the parent	694,016	549,372
Profit for the year not attributable to ordinary equity holders of the parent	—	—
Profit for the year used to calculate basic earnings per share	694,016	549,372

Weighted average number of ordinary shares outstanding

	Fiscal 2022 (April 1, 2022—March 31, 2023)	Fiscal 2023 (April 1, 2023—March 31, 2024)
Weighted average number of ordinary shares outstanding	920,858,089 Shares	920,840,121 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 2022 (April 1, 2022—March 31, 2023)	Fiscal 2023 (April 1, 2023—March 31, 2024)
Profit for the year used to calculate basic earnings per share	694,016	549,372
Adjustment to profit	—	—
Profit for the year used to calculate diluted earnings per share	694,016	549,372

Weighted average number of ordinary shares outstanding

	Fiscal 2022 (April 1, 2022—March 31, 2023)	Fiscal 2023 (April 1, 2023—March 31, 2024)
Weighted average number of ordinary shares outstanding	920,858,089 Shares	<b>920,840,121 Shares</b>
Dilutive effect	112,067,646 Shares	<b>119,715,279 Shares</b>
Weighted average number of ordinary shares used to calculate diluted earnings per share	1,032,925,735 Shares	<b>1,040,555,400 Shares</b>

**(Significant Subsequent Events)**

**Exercises of the Stock Acquisition Rights of the Convertible Bonds**

Between April 1, 2024 and April 30, 2024, as a result of the exercises of the stock acquisition rights, the total number of shares outstanding increased by 911,614 shares, and common stock and capital reserve increased by ¥1,100 million each.