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## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020 (Japanese GAAP)

July 30, 2019  
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL TRADING CORPORATION**  
Code No. : 9810  
URL: <https://www.nst.nipponsteel.com/en/>  
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Quarterly securities report to be submitted: August 8, 2019  
Start of cash dividend payments: –  
Supplementary materials: Yes (Japanese only)  
IR conference: No

(Figures rounded down to nearest million yen)

### 1. Consolidated Earnings through the First Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 to June 30, 2019)

#### (1) Consolidated Operating Results (Cumulative) (%: change from the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q FYE March 31, 2020	628,790	2.7	8,084	(5.4)	8,177	(10.4)	5,257	(34.2)
1Q FYE March 31, 2019	612,326	26.8	8,549	7.1	9,127	(4.7)	7,994	24.6

Note: Comprehensive income  
1Q FYE March 31, 2020: ¥2,679 million (-52.5%)  
1Q FYE March 31, 2019: ¥5,645 million (-30.6%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
1Q FYE March 31, 2020	162.98		—	
1Q FYE March 31, 2019	247.80		—	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2019	960,960		247,136		23.9	
As of March 31, 2019	960,173		249,356		24.0	

Reference: Equity capital  
As of June 30, 2019: ¥229,473 million  
As of March 31, 2019: ¥230,654 million

## 2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2019	—	110.00	—	110.00	220.00
FYE March 31, 2020	—				
FYE March 31, 2020 (Est.)		115.00	—	115.00	230.00

Note: Revisions of dividends projections since most recent announcement: None

## 3. Projected Consolidated Results for Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(%: change from the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	2,700,000	5.9	39,000	7.8	39,000	7.1	24,000	3.2	743.99

Note: Revisions of earnings projections since most recent announcement: None

\* Notes

- (1) Material changes in consolidated subsidiaries during the cumulative consolidated period (changes in specific subsidiaries resulting in changes in scope of consolidation): None
- (2) Use of special accounting methods for creating quarterly consolidated financial statements: None
- (3) Changes of accounting policies, changes of accounting estimates and retrospective restatements
  - i. Changes in accounting policies resulting from changes in accounting standards, etc.: None
  - ii. Other accounting policy changes: None
  - iii. Changes in accounting estimates: None
  - iv. Restatements: None
- (4) Number of shares outstanding (common shares)
  - i. Number of shares outstanding at the end of the period (including treasury shares)

As of June 30, 2019	32,307,800 shares
As of March 31, 2019	32,307,800 shares
  - ii. Number of treasury shares at the end of the period

As of June 30, 2019	49,116 shares
As of March 31, 2019	49,019 shares
  - iii. Average number of shares during the period (cumulative quarter)

1Q FYE March 31, 2020	32,258,736 shares
1Q FYE March 31, 2019	32,260,029 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Explanation for the proper use of earnings projections, and other special matters

(Caution on description of future events, etc.)

The preceding projections are based on information available at the time of the publication of these materials, and are not intended as pledges on the part of the Company that the said projections will be achieved. Actual results may differ materially from projections due to various factors that may occur in the future. For the assumptions on which these earnings projections were based, see “1. Qualitative Information on Quarterly Settlement of Accounts, (3) Explanation of Consolidated Earnings Projections and Other Forecasts” on page 3 of the attachment.

(How to acquire supplementary materials)

Supplementary materials were published on TDnet as of July 30, 2019, and they were published on the Company’s website on the same date.

## **Index of attached documents**

1. Qualitative Information on Quarterly Settlement of Accounts.....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	2
(3) Explanation of Consolidated Earnings Projections and Other Forecasts .....	3
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto.....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	6
(Quarterly Consolidated Statements of Income) .....	6
(Quarterly Consolidated Statements of Comprehensive Income) .....	7
(3) Notes on Quarterly Consolidated Financial Statements .....	8
(Notes on Going Concern Assumption).....	8
(Notes in Case of Significant Changes to Shareholders' Equity).....	8
(Segment Information, etc.) .....	8

## 1. Qualitative Information on Quarterly Settlement of Accounts

### (1) Explanation of Operating Results

The world economy during the cumulative first quarter under review became increasingly uncertain, despite continued steady growth in the United States backed by strong employment conditions and personal consumption, due to a slowdown of the economy in China resulting from the prolonged trade issues with the United States.

The Japanese economy remained on a weakened yet modest recovery trend backed by strong personal consumption and stable employment conditions.

In this business environment, the Company's consolidated earnings were as follows: Net sales were ¥628.7 billion, up ¥16.4 billion (2.7%) from the corresponding period of the previous fiscal year. Operating profit was ¥8.0 billion, down ¥400 million (5.4%). Ordinary profit was ¥8.1 billion, down ¥900 million (10.4%). Profit attributable to owners of parent was ¥5.2 billion, down ¥2.7 billion (34.2%), mainly reflecting the absence of a gain on bargain purchase of ¥1.3 billion and non-recurring tax effects recorded in the corresponding period of the previous fiscal year.

Earnings for reportable segments are as below.

(Steel)

In the Steel business, domestic and overseas demand was generally firm. The Company's domestic sales volume decreased due to inventory adjustments in the market, but export sales increased primarily to customers in the ASEAN countries and the Middle East. Adding the effect of making Nihon Teppan Co., Ltd. (currently NST NIHONTEPPAN Co., Ltd.) a consolidated subsidiary, net sales reached ¥543.3 billion, up ¥23.8 billion (4.6%). Meanwhile, ordinary profit was ¥6.0 billion, down ¥1.4 billion (18.9%) due to the change in sales mix between domestic and overseas sales and a decline in profit of certain overseas subsidiaries.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, net sales reached ¥21.9 billion, remaining on the same level with the corresponding period of the previous fiscal year. Ordinary profit also remained on the same level with the corresponding period of the previous fiscal year, finishing at ¥700 million.

(Textiles)

In the Textiles business, the sales environment remained harsh. Moreover, there was a change in the scope of consolidation due to sales of shares of subsidiaries. As a result, net sales were ¥27.8 billion, down ¥7.4 billion (21.0%), and ordinary profit was ¥600 million, down ¥200 million (28.7%).

(Foodstuffs)

In the Foodstuffs business, net sales were ¥35.3 billion, remaining on the same level with the corresponding period of the previous fiscal year, and ordinary profit was ¥700 million, up ¥100 million (24.8%).

### (2) Explanation of Financial Position

Total assets at the end of the first quarter under review were ¥960.9 billion, up ¥700 million from the end of the previous period, due to an increase in other current assets, despite a decrease in inventories.

Total liabilities were ¥713.8 billion, up ¥3.0 billion from the end of the previous period, due to an increase in interest-bearing debts, despite a decrease in notes and accounts payable - trade.

Total net assets were ¥247.1 billion, down ¥2.2 billion from the end of the previous period, due to the payment of dividends and a decrease in valuation difference on available-for-sale securities, which offset the recording of profit attributable to owners of parent for the cumulative first quarter under review.

As of the end of the first quarter under review, equity capital was ¥229.4 billion and the equity ratio was 23.9%.

**(3) Explanation of Consolidated Earnings Projections and Other Forecasts**

The full-year earnings projections for the fiscal year ending March 31, 2020 remain as stated in the announcement on May 10, 2019.

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2019)	First Quarter Under Review (As of June 30, 2019)
Assets		
Current assets		
Cash and deposits	25,141	22,290
Notes and accounts receivable - trade	633,159	633,571
Inventories	135,110	132,783
Other	23,515	33,308
Allowance for doubtful accounts	(1,541)	(1,539)
Total current assets	815,385	820,414
Non-current assets		
Property, plant and equipment	55,837	55,941
Intangible assets	702	744
Investments and other assets		
Other	91,230	86,573
Allowance for doubtful accounts	(2,982)	(2,712)
Total investments and other assets	88,248	83,860
Total non-current assets	144,788	140,546
Total assets	960,173	960,960

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2019)	First Quarter Under Review (As of June 30, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	325,013	300,416
Short-term borrowings	143,732	130,135
Commercial papers	50,000	70,000
Income taxes payable	4,710	1,737
Provisions	4,670	3,185
Other	35,600	42,489
<b>Total current liabilities</b>	<b>563,727</b>	<b>547,963</b>
<b>Non-current liabilities</b>		
Bonds payable	60,000	80,000
Long-term borrowings	75,271	74,717
Provisions	530	537
Retirement benefit liability	3,542	3,451
Other	7,745	7,155
<b>Total non-current liabilities</b>	<b>147,089</b>	<b>165,861</b>
<b>Total liabilities</b>	<b>710,817</b>	<b>713,824</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	16,389	16,389
Capital surplus	54,814	54,838
Retained earnings	147,181	148,893
Treasury shares	(147)	(148)
<b>Total shareholders' equity</b>	<b>218,237</b>	<b>219,973</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	9,517	6,200
Deferred gains or losses on hedges	(483)	(620)
Foreign currency translation adjustment	3,549	4,084
Remeasurements of defined benefit plans	(167)	(164)
<b>Total accumulated other comprehensive income</b>	<b>12,416</b>	<b>9,500</b>
<b>Non-controlling interests</b>	<b>18,701</b>	<b>17,662</b>
<b>Total net assets</b>	<b>249,356</b>	<b>247,136</b>
<b>Total liabilities and net assets</b>	<b>960,173</b>	<b>960,960</b>



**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**

**(Quarterly Consolidated Statements of Income)**

**(Cumulative First Quarter)**

	Cumulative First Quarter of Previous Fiscal Year (April 1, 2018 to June 30, 2018)	Cumulative First Quarter Under Review (April 1, 2019 to June 30, 2019)
	(Millions of yen)	
Net sales	612,326	628,790
Cost of sales	576,270	593,793
Gross profit	36,056	34,997
Selling, general and administrative expenses	27,507	26,912
Operating profit	8,549	8,084
Non-operating income		
Interest income	110	124
Dividend income	490	590
Share of profit of entities accounted for using equity method	734	485
Purchase discounts	124	142
Other	576	292
Total non-operating income	2,038	1,635
Non-operating expenses		
Interest expenses	1,005	1,163
Other	454	379
Total non-operating expenses	1,459	1,542
Ordinary profit	9,127	8,177
Extraordinary income		
Gain on sales of investment securities	107	33
Gain on bargain purchase	1,318	-
Total extraordinary income	1,426	33
Extraordinary losses		
Loss on sales of non-current assets	55	-
Loss on sales of investment securities	-	125
Loss on valuation of investment securities	-	34
Loss on valuation of investments in capital	129	-
Loss on liquidation of subsidiaries and associates	205	-
Total extraordinary losses	390	159
Profit before income taxes	10,163	8,050
Income taxes	1,876	2,456
Profit	8,286	5,594
Profit attributable to non-controlling interests	292	336
Profit attributable to owners of parent	7,994	5,257

**(Quarterly Consolidated Statements of Comprehensive Income)**  
**(Cumulative First Quarter)**

	Cumulative First Quarter of Previous Fiscal Year (April 1, 2018 to June 30, 2018)	Cumulative First Quarter Under Review (April 1, 2019 to June 30, 2019)
	(Millions of yen)	
Profit	8,286	5,594
Other comprehensive income		
Valuation difference on available-for-sale securities	(65)	(3,509)
Deferred gains or losses on hedges	302	(137)
Foreign currency translation adjustment	(2,329)	340
Remeasurements of defined benefit plans, net of tax	(17)	3
Share of other comprehensive income of entities accounted for using equity method	(530)	389
Total other comprehensive income	(2,640)	(2,914)
Comprehensive income	5,645	2,679
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,924	2,340
Comprehensive income attributable to non- controlling interests	(278)	338

### (3) Notes on Quarterly Consolidated Financial Statements

#### (Notes on Going Concern Assumption)

Not applicable.

#### (Notes in Case of Significant Changes to Shareholders' Equity)

Not applicable.

#### (Segment Information, etc.)

[Segment Information]

#### I Cumulative First Quarter of Previous Fiscal Year (April 1, 2018 to June 30, 2018)

##### 1. Information on sales and profit/loss in each reporting segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	519,447	22,410	35,304	34,824	611,986	339	612,326	–	612,326
Intersegment sales or transfers	203	194	1	–	399	35	434	(434)	–
Total	519,651	22,604	35,306	34,824	612,386	374	612,761	(434)	612,326
Segment profit (loss) (Ordinary profit (loss))	7,429	792	917	597	9,737	(607)	9,129	(1)	9,127

- (Notes) 1. “Others” represents items not included under “reportable segments,” and it includes real estate business.  
2. The downward adjustment of ¥1 million in “segment profit (loss)” represents the elimination of inter-segment trade.  
3. The total profit (loss) of the “reportable segments” and “others” aligns with the ordinary profit in the quarterly consolidated statement of income excepting the downward adjustment of ¥1 million.

##### 2. Information on impairment loss on non-current assets, goodwill, etc., for each reporting segment

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

The Company recorded ¥1,318 million in gain on bargain purchase after acquiring a business in the steel segment and acquiring shares of a company related to the business. Gain on bargain purchase is extraordinary income and therefore is not included in segment profit.

II Cumulative First Quarter Under Review (April 1, 2019 to June 30, 2019)

1. Information on sales and profit/loss in each reporting segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	543,332	21,912	27,896	35,388	628,529	261	628,790	–	628,790
Intersegment sales or transfers	159	145	2	–	307	31	338	(338)	–
Total	543,491	22,057	27,899	35,388	628,836	292	629,129	(338)	628,790
Segment profit (Ordinary profit)	6,023	733	654	746	8,157	19	8,177	(0)	8,177

- (Notes) 1. “Others” represents items not included under “reportable segments,” and it includes real estate business.  
2. The downward adjustment of ¥0 million in “segment profit” represents the elimination of inter-segment trade.  
3. The total profit of the “reportable segments” and “others” aligns with the ordinary profit in the quarterly consolidated statement of income excepting the downward adjustment of ¥0 million.

2. Information on impairment loss on non-current assets, goodwill, etc., for each reporting segment

Not applicable.