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Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021 (Japanese GAAP)

February 3, 2021
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL TRADING CORPORATION**
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Quarterly securities report to be submitted: February 15, 2021
Start of cash dividend payments: –
Supplementary materials: Yes (Japanese only)
IR conference: None

(Figures rounded down to nearest million yen)

1. Consolidated Earnings through the Third Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 to December 31, 2020)

(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	%
3Q FYE March 31, 2021	1,496,522	(20.5)	15,137	(41.6)	17,318	(35.7)	10,222	(42.9)
3Q FYE March 31, 2020	1,881,746	(1.1)	25,906	(4.1)	26,925	(1.9)	17,902	(5.4)

Note: Comprehensive income
3Q FYE March 31, 2021: ¥10,616 million (-35.8%)
3Q FYE March 31, 2020: ¥16,523 million (1.9%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
3Q FYE March 31, 2021	316.91		–	
3Q FYE March 31, 2020	554.98		–	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2020	851,910		267,725		28.8	
As of March 31, 2020	857,744		254,877		27.6	

Reference: Equity capital
As of December 31, 2020: ¥245,232 million
As of March 31, 2020: ¥236,440 million

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2020	—	115.00	—	85.00	200.00
FYE March 31, 2021	—	50.00	—		
FYE March 31, 2021 (Est.)				80.00	130.00

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

3. Projected Consolidated Results for Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(%: change from 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	2,100,000	(15.3)	22,000	(31.4)	24,000	(27.8)	13,000	(37.2)	403.01

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

* Notes

- (1) Material changes in consolidated subsidiaries during the 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 December 31, 2020	32,307,800 shares
As of March 31, 2020	32,307,800 shares
 - ii. Number of treasury shares at the end of the period

As of December 31, 2020	51,059 shares
As of March 31, 2020	50,132 shares
 - iii. Average number of shares during the period (cumulative from the beginning of the fiscal year)

3Q FYE March 31, 2021	32,257,404 shares
3Q FYE March 31, 2020	32,258,545 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 February 3, 2021, and they were published on the Company’s website on the same date.

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1. Qualitative Information on Quarterly Settlement of Accounts

(1) Explanation of Operating Results

The world economy during the first nine months of the fiscal year ending March 31, 2021 deteriorated sharply due to the spread of novel coronavirus infectious disease (COVID-19), but signs of a recovery were seen in some regions.

In the Japanese economy, the spread of COVID-19 has resulted in sluggish personal consumption, and the situation remains very difficult.

In this business environment, the Group strove to balance prevention of the spread of infections with the continuation of corporate activity, and implemented measures to support profit, including cost reductions, as well as various risk management initiatives.

The Company's consolidated earnings for the nine months under review were as follows: Net sales were ¥1,496.5 billion, down ¥385.2 billion (20.5%) from the corresponding period of the previous fiscal year. Operating profit was ¥15.1 billion, down ¥10.7 billion (41.6%). Ordinary profit was ¥17.3 billion, down ¥9.6 billion (35.7%), and profit attributable to owners of parent was ¥10.2 billion, down ¥7.6 billion (42.9%).

Earnings for reportable segments for the first nine months under review are as below.

(Steel)

In the Steel business, there were signs of improvement in demand in some areas, such as the automotive sector, during the third quarter (October-December), but for the first nine months of the fiscal year (April-December), overall steel demand was weak, and NST's steel sales volume also declined significantly. In addition, with an earnings deterioration at subsidiaries and associates both in Japan and overseas, net sales fell by ¥336.7 billion (21.0%) to ¥1,267.5 billion, and ordinary profit declined by ¥5.2 billion (28.1%) to ¥13.3 billion.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, mainly due to an earnings deterioration at subsidiaries and associates, net sales fell by ¥11.1 billion (16.7%) to ¥55.5 billion, and ordinary profit declined by ¥1.4 billion (51.1%) to ¥1.4 billion.

(Textiles)

In the Textiles business, the sales environment was very difficult throughout the first nine months of the fiscal year (April-December), with net sales falling by ¥26.6 billion (26.8%) to ¥72.8 billion, and ordinary profit declining by ¥2,700 million (80.1%), to ¥600 million.

(Foodstuffs)

In the Foodstuffs business, the Company's meat sales declined as a result of the slump in meat demand for the restaurant industry, with the result that net sales fell by ¥10.1 billion (9.2%) to ¥100.2 billion. On the other hand, due to the impact of a recovery in broiler chicken market and other factors, ordinary profit remained more or less unchanged at ¥1.8 billion.

(2) Explanation of Financial Position

Total assets at the end of the third quarter under review were ¥851.9 billion, down ¥5.8 billion from the end of the previous fiscal year, due to a decrease in inventories, despite an increase in cash and deposits.

Total liabilities were ¥584.1 billion, down ¥18.6 billion from the end of the previous fiscal year, primarily due to decline in notes and accounts payable - trade and borrowings.

Total net assets were ¥267.7 billion, up ¥12.8 billion from the end of the previous fiscal year, primarily due to the recording of profit attributable to owners of parent for the nine months under review, despite the payment of dividends.

As of the end of the third quarter under review, equity capital was ¥245.2 billion and the equity ratio was 28.8%.

(3) Explanation of Consolidated Earnings Projections and Other Forecasts

The consolidated earnings projections for the fiscal year ending March 31, 2021 are unchanged from those announced on November 5, 2020.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2020)	Third Quarter Under Review (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	26,017	31,753
Notes and accounts receivable - trade	555,871	551,895
Inventories	123,261	108,167
Other	15,573	17,084
Allowance for doubtful accounts	(1,088)	(1,424)
Total current assets	719,634	707,476
Non-current assets		
Property, plant and equipment	56,780	59,720
Intangible assets		
Goodwill	408	349
Other	721	684
Total intangible assets	1,129	1,033
Investments and other assets		
Other	83,219	86,859
Allowance for doubtful accounts	(3,019)	(3,180)
Total investments and other assets	80,199	83,679
Total non-current assets	138,109	144,433
Total assets	857,744	851,910

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2020)	Third Quarter Under Review (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	257,395	247,014
Short-term borrowings	103,942	77,723
Commercial papers	50,000	57,000
Income taxes payable	3,627	1,544
Provisions	4,564	2,653
Other	26,346	28,046
Total current liabilities	445,876	413,983
Non-current liabilities		
Bonds payable	80,000	80,000
Long-term borrowings	66,235	78,257
Provisions	601	1,285
Retirement benefit liability	3,674	3,670
Other	6,479	6,988
Total non-current liabilities	156,990	170,201
Total liabilities	602,867	584,185
Net assets		
Shareholders' equity		
Share capital	16,389	16,389
Capital surplus	54,689	54,443
Retained earnings	160,669	169,715
Treasury shares	(153)	(156)
Total shareholders' equity	231,594	240,391
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,168	5,284
Deferred gains or losses on hedges	(371)	(380)
Foreign currency translation adjustment	3,989	810
Remeasurements of defined benefit plans	(940)	(873)
Total accumulated other comprehensive income	4,845	4,840
Non-controlling interests	18,437	22,492
Total net assets	254,877	267,725
Total liabilities and net assets	857,744	851,910

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

(Quarterly Consolidated Statements of Income)

Third Quarter (Cumulative)

	(Millions of yen)	
	Nine Months of Previous Fiscal Year (April 1, 2019 to December 31, 2019)	Nine Months of Fiscal Year Under Review (April 1, 2020 to December 31, 2020)
Net sales	1,881,746	1,496,522
Cost of sales	1,774,067	1,409,160
Gross profit	107,679	87,361
Selling, general and administrative expenses	81,773	72,224
Operating profit	25,906	15,137
Non-operating income		
Interest income	387	301
Dividend income	1,176	898
Share of profit of entities accounted for using equity method	2,039	1,592
Purchase discounts	384	304
Other	1,268	1,684
Total non-operating income	5,256	4,781
Non-operating expenses		
Interest expenses	3,268	1,784
Other	968	815
Total non-operating expenses	4,236	2,599
Ordinary profit	26,925	17,318
Extraordinary income		
Gain on sales of non-current assets	127	342
Gain on sales of investment securities	67	568
Total extraordinary income	195	910
Extraordinary losses		
Loss on sales of investment securities	125	23
Loss on valuation of investment securities	31	682
Loss on sales of investments in capital	-	3
Loss on valuation of investments in capital	-	204
Loss on liquidation of subsidiaries and associates	-	404
Provision for loss on guarantees	-	598
Total extraordinary losses	156	1,915
Profit before income taxes	26,964	16,313
Income taxes	8,007	5,298
Profit	18,957	11,014
Profit attributable to non-controlling interests	1,054	792
Profit attributable to owners of parent	17,902	10,222

(Quarterly Consolidated Statements of Comprehensive Income)

Third Quarter (Cumulative)

	(Millions of yen)	
	Nine Months of Previous Fiscal Year (April 1, 2019 to December 31, 2019)	Nine Months of Fiscal Year Under Review (April 1, 2020 to December 31, 2020)
Profit	18,957	11,014
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,725)	3,137
Deferred gains or losses on hedges	147	(9)
Foreign currency translation adjustment	(1,314)	(2,156)
Remeasurements of defined benefit plans, net of tax	9	48
Share of other comprehensive income of entities accounted for using equity method	450	(1,418)
Total other comprehensive income	(2,433)	(398)
Comprehensive income	16,523	10,616
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,712	10,194
Comprehensive income attributable to non-controlling interests	811	421

(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.

(Additional Information)

(Accounting estimates in relation to the impact of the spread of COVID-19)

The Group bases accounting estimates for impairment loss accounting for non-current assets, and recoverability of deferred tax assets, on information available at the time quarterly consolidated financial statements are created. With regard to the impact of the spread of COVID-19, there have been no material changes to the accounting estimates presented in the Additional Information section of the securities report for the second quarter of the fiscal year ending March 31, 2021.

(Segment Information, etc.)

[Segment Information]

I Nine months of Previous Fiscal Year (April 1, 2019 to December 31, 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)	Amount recorded in quarterly consolidated statements of income (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,604,306	66,768	99,532	110,345	1,880,952	793	1,881,746	–	1,881,746
Intersegment sales or transfers	466	457	5	–	929	108	1,038	(1,038)	–
Total	1,604,772	67,226	99,537	110,345	1,881,882	902	1,882,784	(1,038)	1,881,746
Segment profit (Ordinary profit)	18,552	2,908	3,468	1,908	26,836	89	26,925	(0)	26,925

- (Notes) 1. "Others" represents items not included under "reportable segments," and it includes real estate business.
2. The adjustment 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 statements of income excepting the adjustment.

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

Not applicable.

II Nine Months of Fiscal Year Under Review (April 1, 2020 to December 31, 2020)

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

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Note 2)	Amount recorded in quarterly consolidated statements of income (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,267,582	55,591	72,876	100,210	1,496,260	261	1,496,522	–	1,496,522
Intersegment sales or transfers	262	362	1	–	626	44	671	(671)	–
Total	1,267,844	55,954	72,878	100,210	1,496,887	306	1,497,193	(671)	1,496,522
Segment profit (Ordinary profit)	13,334	1,422	691	1,859	17,307	10	17,318	(0)	17,318

- (Notes) 1. “Others” represents items not included under “reportable segments,” and it includes real estate business.
 2. The adjustment 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 statements of income excepting the adjustment.

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

Not applicable.