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Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023 (Japanese GAAP)

August 4, 2022
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 10, 2022
Start of cash dividend payments: –
Supplementary materials: Yes
IR conference: None

(Figures rounded down to nearest million yen)

1. Consolidated Earnings through the First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to June 30, 2022)

(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, 2023	521,330	34.3	13,563	55.4	16,175	62.7	11,971	79.9
1Q FYE March 31, 2022	388,306	31.8	8,726	104.1	9,944	112.3	6,656	140.8

Note: Comprehensive income
1Q FYE March 31, 2023: ¥20,044 million (105.4%)
1Q FYE March 31, 2022: ¥9,759 million (–%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
1Q FYE March 31, 2023	371.16		–	
1Q FYE March 31, 2022	206.35		–	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2022	1,151,415		321,102		25.6	
As of March 31, 2022	1,100,441		308,198		25.7	

Reference: Equity capital
As of June 30, 2022: ¥294,593 million
As of March 31, 2022: ¥282,534 million

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2022	–	160.00	–	190.00	350.00
FYE March 31, 2023	–				
FYE March 31, 2023 (Est.)		170.00	–	130.00	300.00

Note: Revisions of dividends projections since most recent announcement: Yes

3. Projected Consolidated Results for Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

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

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Yen
First six months	25,500	12.1	17,000	6.3	527.05
Full fiscal year	43,000	(10.1)	30,000	(15.3)	930.09

Note: Revisions of earnings projections since most recent announcement: Yes

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified 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 issued shares (common shares)
 - i. Number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	32,307,800 shares
As of March 31, 2022	32,307,800 shares
 - ii. Number of treasury shares at the end of the period

As of June 30, 2022	52,826 shares
As of March 31, 2022	52,712 shares
 - iii. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

1Q FYE March 31, 2023	32,254,955 shares
1Q FYE March 31, 2022	32,256,068 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 2 of the attachment.

(How to acquire supplementary materials)

Supplementary materials were published on TDnet as of August 4, 2022, 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

Forward-looking statements in this document are based on our views as of the end of the quarter under review.

(1) Explanation of Operating Results

During the first three months of the fiscal year ending March 31, 2023, the outlook for the world economy grew increasingly uncertain due to factors such as supply constraints caused by the Russia-Ukraine situation, higher inflation associated with rising prices of raw materials and fuels, and tightening of monetary policy.

With regard to the Japanese economy, there are concerns about the weak yen, and the impact brought about by delays in supply chains due to the Russia-Ukraine situation and China's zero-COVID-19 policy.

In this business environment, the Group has been working hard to implement the medium- to long-term management plan, and the Company's consolidated earnings for the first three months under review, as compared with the same period of the previous fiscal year, were as follows: Net sales were ¥521.3 billion, up ¥133.0 billion (34.3%). Operating profit was ¥13.5 billion, up ¥4.8 billion (55.4%) and ordinary profit was ¥16.1 billion, up ¥6.2 billion (62.7%). Profit attributable to owners of parent was ¥11.9 billion, up ¥5.3 billion (79.9%).

Earnings for reportable segments are as below.

(Steel)

Ordinary profit in the Steel business was ¥13.9 billion, up ¥5.5 billion (65.8%) due to the execution of measures under the medium- to long-term management plan, in addition to domestic and overseas steel prices rising year on year and the weak yen.

(Industrial Supply and Infrastructure)

Ordinary profit in the Industrial Supply and Infrastructure business was ¥1.1 billion, up ¥200 million (30.3%), partially supported by an improvement in earnings of affiliates.

(Foodstuffs)

Ordinary profit in the Foodstuffs business remained almost unchanged at ¥1.0 billion due to the steady performance of the mainstay meat sales.

(Textiles)

Ordinary profit in the Textiles business was ¥50 million, an improvement of ¥300 million due to the effect of the integration of business with Mitsui & Co., Ltd.

(2) Explanation of Financial Position

Total assets at the end of the first quarter under review increased by ¥50.9 billion from the end of the previous fiscal year to ¥1,151.4 billion, due to increases in accounts receivable - trade and inventories.

Total liabilities increased by ¥38.0 billion from the end of the previous fiscal year to ¥830.3 billion, due to an increase in short-term borrowings.

Total net assets increased by ¥12.9 billion from the end of the previous fiscal year to ¥321.1 billion, due to the recording of profit attributable to owners of parent for the first three months under review, and an increase in foreign currency translation adjustment, despite a decrease in the payment of dividends.

As of the end of the first quarter under review, equity capital was ¥294.5 billion and the equity ratio was 25.6%.

(3) Explanation of Consolidated Earnings Projections and Other Forecasts

In light of the results of the first three months under review, we announced the consolidated earnings projections and dividend projections for the first six months of the fiscal year ending March 31, 2023 that had not been announced. The

full-year earnings projections for the fiscal year ending March 31, 2023 remain unchanged from the earnings projections announced on May 11, 2022. For details, please refer to the “Notice Regarding Earnings Projections and Dividend Projections,” which was published today (August 4, 2022).

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2022)	First Quarter Under Review (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	30,559	31,979
Notes and accounts receivable - trade	562,518	574,125
Electronically recorded monetary claims - operating	116,085	117,345
Inventories	200,104	216,988
Other	28,155	39,366
Allowance for doubtful accounts	(1,428)	(1,266)
Total current assets	935,995	978,540
Non-current assets		
Property, plant and equipment	61,750	62,350
Intangible assets		
Goodwill	233	209
Other	680	722
Total intangible assets	913	932
Investments and other assets		
Other	104,780	110,966
Allowance for doubtful accounts	(2,998)	(1,374)
Total investments and other assets	101,781	109,592
Total non-current assets	164,445	172,875
Total assets	1,100,441	1,151,415

NIPPON STEEL TRADING CORPORATION (9810)
Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2023

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2022)	First Quarter Under Review (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	312,316	309,911
Short-term borrowings	169,581	207,783
Commercial papers	85,000	85,000
Current portion of bonds payable	15,000	15,000
Income taxes payable	9,703	3,368
Provisions	4,721	3,482
Other	39,507	47,318
Total current liabilities	635,831	671,864
Non-current liabilities		
Bonds payable	65,000	65,000
Long-term borrowings	81,019	81,433
Provisions	512	525
Retirement benefit liability	3,398	3,426
Other	6,479	8,062
Total non-current liabilities	156,410	158,447
Total liabilities	792,242	830,312
Net assets		
Shareholders' equity		
Share capital	16,389	16,389
Capital surplus	54,358	54,005
Retained earnings	201,960	207,803
Treasury shares	(164)	(165)
Total shareholders' equity	272,543	278,032
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,770	4,557
Deferred gains or losses on hedges	16	51
Foreign currency translation adjustment	5,765	11,539
Remeasurements of defined benefit plans	437	412
Total accumulated other comprehensive income	9,990	16,561
Non-controlling interests	25,664	26,509
Total net assets	308,198	321,102
Total liabilities and net assets	1,100,441	1,151,415

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

(Quarterly Consolidated Statements of Income)

First Quarter (Cumulative)

	Three Months of Previous Fiscal Year (April 1, 2021 to June 30, 2021)	Three Months of Fiscal Year Under Review (April 1, 2022 to June 30, 2022)
	(Millions of yen)	
Net sales	388,306	521,330
Cost of sales	351,658	476,492
Gross profit	36,647	44,838
Selling, general and administrative expenses	27,920	31,274
Operating profit	8,726	13,563
Non-operating income		
Interest income	77	110
Dividend income	544	620
Share of profit of entities accounted for using equity method	861	1,929
Purchase discounts	139	173
Other	402	961
Total non-operating income	2,026	3,795
Non-operating expenses		
Interest expenses	611	858
Other	197	325
Total non-operating expenses	808	1,183
Ordinary profit	9,944	16,175
Extraordinary income		
Gain on sale of non-current assets	–	1,631
Gain on sale of investment securities	38	17
Gain on sales of investments in capital	–	6
Total extraordinary income	38	1,654
Extraordinary losses		
Loss on valuation of investment securities	75	9
Loss on liquidation of subsidiaries and associates	–	56
Loss on change in equity	–	115
Total extraordinary losses	75	182
Profit before income taxes	9,907	17,647
Income taxes	2,629	4,937
Profit	7,278	12,710
Profit attributable to non-controlling interests	622	738
Profit attributable to owners of parent	6,656	11,971

(Quarterly Consolidated Statements of Comprehensive Income)

First Quarter (Cumulative)

(Millions of yen)

	Three Months of Previous Fiscal Year (April 1, 2021 to June 30, 2021)	Three Months of Fiscal Year Under Review (April 1, 2022 to June 30, 2022)
Profit	7,278	12,710
Other comprehensive income		
Valuation difference on available-for-sale securities	(892)	766
Deferred gains or losses on hedges	(123)	(216)
Foreign currency translation adjustment	2,909	4,292
Remeasurements of defined benefit plans, net of tax	(32)	(24)
Share of other comprehensive income of entities accounted for using equity method	620	2,516
Total other comprehensive income	2,480	7,334
Comprehensive income	9,759	20,044
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,573	18,543
Comprehensive income attributable to non-controlling interests	1,185	1,501

(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

During the first three months under review, there were no material changes to the "Accounting estimates in relation to the impact of the spread of COVID-19" stated in the securities report for the previous consolidated fiscal year.

(Segment Information, etc.)

[Segment Information]

The order of listing reportable segments has been changed from the first quarter of the fiscal year ending March 31, 2023. In conjunction with this change, the order of the reportable segments for the first three months of the previous fiscal year has also been changed accordingly.

I Three Months of Previous Fiscal Year (April 1, 2021 to June 30, 2021)

1. Information on sales and profit/loss in each reportable 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	Foodstuffs	Textiles	Total				
Net sales									
Sales to external customers	323,457	19,479	24,776	20,508	388,221	84	388,306	–	388,306
Intersegment sales or transfers	127	130	–	1	259	10	270	(270)	–
Total	323,584	19,610	24,776	20,509	388,481	94	388,576	(270)	388,306
Segment profit (loss) (Ordinary profit (loss))	8,386	865	966	(285)	9,933	10	9,944	(0)	9,944

- (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 losses on non-current assets, goodwill, etc., for each reportable segment

Not applicable.

II Three Months of Fiscal Year Under Review (April 1, 2022 to June 30, 2022)

1. Information on sales and profit/loss in each reportable 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	Foodstuffs	Textiles	Total				
Net sales									
Sales to external customers	464,046	24,515	30,567	2,084	521,212	117	521,330	–	521,330
Intersegment sales or transfers	133	128	–	–	262	16	278	(278)	–
Total	464,179	24,643	30,567	2,084	521,475	134	521,609	(278)	521,330
Segment profit (Ordinary profit)	13,907	1,128	1,050	59	16,145	29	16,175	(0)	16,175

- (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 losses on non-current assets, goodwill, etc., for each reportable segment

Not applicable.