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## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (Japanese GAAP)

August 2, 2021  
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL TRADING CORPORATION**  
Code No.: 9810  
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Quarterly securities report to be submitted: August 5, 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 First Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 to June 30, 2021)

#### (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, 2022	388,306	31.8	8,726	104.1	9,944	112.3	6,656	140.8
1Q FYE March 31, 2021	294,647	–	4,275	–	4,683	–	2,763	–

Note: Comprehensive income  
1Q FYE March 31, 2022: ¥9,759 million (–%)  
1Q FYE March 31, 2021: ¥718 million (–%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
1Q FYE March 31, 2022	206.35		–	
1Q FYE March 31, 2021	85.68		–	

\* As we have applied the changes in the accounting policies retrospectively, the financial figures shown for the first quarter of the fiscal year ended March 2021 are the figures after the retrospective application. The percentage change from the same period of the previous year is not shown.

#### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2021	928,909		283,649		28.0	
As of March 31, 2021	883,285		278,090		28.9	

Reference: Equity capital

As of June 30, 2021: ¥260,406 million

As of March 31, 2021: ¥255,389 million

\* As we have applied the changes in the accounting policies retrospectively, the financial figures shown for the fiscal year ended March 2021 are the figures after the retrospective application.

## 2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2021	—	50.00	—	110.00	160.00
FYE March 31, 2022	—				
FYE March 31, 2022 (Est.)		145.00	—	115.00	260.00

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

## 3. Projected Consolidated Results for Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months	19,000	129.1	20,500	112.6	14,500	175.2	449.53
Full fiscal year	37,000	65.5	39,000	51.3	26,000	62.6	806.05

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

\* As we have applied the changes in the accounting policies retrospectively, the percentage change from the same period of the previous year is calculated using the figures after the retrospective application.

\* 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.: Yes
  - 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, 2021	32,307,800 shares
As of March 31, 2021	32,307,800 shares
  - ii. Number of treasury shares at the end of the period

As of June 30, 2021	51,943 shares
As of March 31, 2021	51,577 shares
  - iii. Average number of shares during the period (cumulative from the beginning of the fiscal year)

1Q FYE March 31, 2022	32,256,068 shares
1Q FYE March 31, 2021	32,257,612 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 August 2, 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

Forward-looking statements in this document are based on our views as of the end of the quarter under review. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied from the beginning of the first quarter under review. The Company has compared with the same period of the previous fiscal year and with the previous fiscal year and analyzed the data using the figures after applying the accounting standard and relevant ASBJ regulations.

### (1) Explanation of Operating Results

Although there were some regional variations, the world economy was on the road to recovery in general for the first three months of the fiscal year ending March 31, 2022. There was a recovery of economic activity and employment in the United States due to increased COVID-19 vaccinations and additional economic measures, and so forth, and there were improvements in infrastructure investment and exports in China.

In the Japanese economy, although personal consumption was somewhat lackluster due to the renewed spread of COVID-19, there was increased activity in the manufacturing industry and other areas and the overall trend indicated a recovery.

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 ¥388.3 billion, up ¥93.6 billion (31.8%). Operating profit was ¥8.7 billion, up ¥4.4 billion (104.1%) and ordinary profit was ¥9.9 billion, up ¥5.2 billion (112.3%). Profit attributable to owners of parent was ¥6.6 billion, up ¥3.8 billion (140.8%).

Earnings for reportable segments are as below.

(Steel)

In the Steel business, net sales increased by 36.3%, or ¥86.1 billion year on year, to ¥323.4 billion, and ordinary profit increased by 81.7%, or ¥3.7 billion, to ¥8.3 billion, thanks to improved domestic steel demand for the manufacturing industry, etc., and also to higher steel prices mainly for exported steel.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, net sales increased by 31.2%, or ¥4.6 billion year on year, to ¥19.4 billion. In addition, due to elimination of the loss from revaluation of investment securities at a Thailand-based equity method affiliate in the same period of the previous fiscal year, and due to some other reasons, ordinary profit improved by ¥900 million to ¥800 million.

(Textiles)

In the Textiles business, the management environment still remained harsh, with the state of emergency being reinstated in the first quarter under review, and business performance was flat year on year, with net sales of ¥20.5 billion and ordinary loss of ¥200 million.

(Foodstuffs)

In the Foodstuffs business, due to strong meat sales, etc., net sales increased by 9.9%, or ¥2.2 billion year on year, to ¥24.7 billion, and ordinary profit increased by 115.9%, or ¥500 million, to ¥900 million.

### (2) Explanation of Financial Position

Total assets at the end of the first quarter under review increased by ¥45.6 billion from the end of the previous fiscal year to ¥928.9 billion, due to an increase in accounts receivable - trade, despite a decrease in cash and deposits.

Total liabilities increased by ¥40.0 billion from the end of the previous fiscal year to ¥645.2 billion, due to increases in accounts payable - trade, short-term borrowings, and commercial papers.

Total net assets increased by ¥5.5 billion from the end of the previous fiscal year to ¥283.6 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 ¥260.4 billion and the equity ratio was 28.0%.

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

In light of the results of the first three months under review, revisions have been made to the consolidated earnings projections and dividends projections for the fiscal year ending March 31, 2022 that were announced on May 10, 2021. For details, please refer to the “Notice Regarding Revisions to Earnings Projections and Dividend Projections,” which was published today (August 2, 2021).

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

### (1) Quarterly Consolidated Balance Sheets

	Previous Fiscal Year (As of March 31, 2021)	First Quarter Under Review (As of June 30, 2021)
(Millions of yen)		
<hr/>		
Assets		
Current assets		
Cash and deposits	56,857	30,753
Notes and accounts receivable - trade	542,576	587,452
Inventories	113,143	128,488
Other	20,337	31,444
Allowance for doubtful accounts	(1,413)	(1,752)
Total current assets	731,502	776,385
Non-current assets		
Property, plant and equipment	61,747	62,434
Intangible assets		
Goodwill	326	303
Other	584	663
Total intangible assets	910	966
Investments and other assets		
Other	92,001	92,015
Allowance for doubtful accounts	(2,875)	(2,892)
Total investments and other assets	89,125	89,122
Total non-current assets	151,783	152,524
Total assets	883,285	928,909

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2021)	First Quarter Under Review (As of June 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	255,025	266,119
Short-term borrowings	87,482	97,699
Commercial papers	46,000	60,000
Income taxes payable	4,705	1,796
Provisions	4,174	3,097
Other	29,772	38,344
<b>Total current liabilities</b>	427,159	467,056
<b>Non-current liabilities</b>		
Bonds payable	80,000	80,000
Long-term borrowings	84,915	84,909
Provisions	1,338	1,281
Retirement benefit liability	3,297	3,366
Other	8,483	8,645
<b>Total non-current liabilities</b>	178,035	178,203
<b>Total liabilities</b>	605,195	645,260
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	16,389	16,389
Capital surplus	54,492	54,485
Retained earnings	175,270	178,378
Treasury shares	(158)	(159)
<b>Total shareholders' equity</b>	245,993	249,093
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	7,184	6,341
Deferred gains or losses on hedges	(71)	(194)
Foreign currency translation adjustment	1,784	4,698
Remeasurements of defined benefit plans	498	466
<b>Total accumulated other comprehensive income</b>	9,395	11,313
<b>Non-controlling interests</b>	22,701	23,243
<b>Total net assets</b>	278,090	283,649
<b>Total liabilities and net assets</b>	883,285	928,909

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

**(Quarterly Consolidated Statements of Income)**

**First Quarter (Cumulative)**

	(Millions of yen)	
	Three Months of Previous Fiscal Year (April 1, 2020 to June 30, 2020)	Three Months of Fiscal Year Under Review (April 1, 2021 to June 30, 2021)
Net sales	294,647	388,306
Cost of sales	266,019	351,658
Gross profit	28,627	36,647
Selling, general and administrative expenses	24,352	27,920
Operating profit	4,275	8,726
Non-operating income		
Interest income	130	77
Dividend income	612	544
Share of profit of entities accounted for using equity method	-	861
Purchase discounts	97	139
Other	648	402
Total non-operating income	1,488	2,026
Non-operating expenses		
Interest expenses	732	611
Share of loss of entities accounted for using equity method	87	-
Other	259	197
Total non-operating expenses	1,079	808
Ordinary profit	4,683	9,944
Extraordinary income		
Gain on sale of non-current assets	342	-
Gain on sale of investment securities	43	38
Total extraordinary income	385	38
Extraordinary losses		
Loss on valuation of investment securities	278	75
Provision for loss on guarantees	576	-
Total extraordinary losses	855	75
Profit before income taxes	4,214	9,907
Income taxes	1,127	2,629
Profit	3,086	7,278
Profit attributable to non-controlling interests	322	622
Profit attributable to owners of parent	2,763	6,656

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

**First Quarter (Cumulative)**

	(Millions of yen)	
	Three Months of Previous Fiscal Year (April 1, 2020 to June 30, 2020)	Three Months of Fiscal Year Under Review (April 1, 2021 to June 30, 2021)
Profit	3,086	7,278
Other comprehensive income		
Valuation difference on available-for-sale securities	1,220	(892)
Deferred gains or losses on hedges	(7)	(123)
Foreign currency translation adjustment	(2,133)	2,909
Remeasurements of defined benefit plans, net of tax	14	(32)
Share of other comprehensive income of entities accounted for using equity method	(1,462)	620
Total other comprehensive income	(2,368)	2,480
Comprehensive income	718	9,759
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	581	8,573
Comprehensive income attributable to non- controlling interests	137	1,185

### (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.

(Changes in Accounting Policies)

*Application of Accounting Standard for Revenue Recognition, Etc.*

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. The major changes are as follows:

- Revenue recognition relating to agent transaction

The full amount of consideration received from customers was previously recognized as revenue for some transactions, but for transactions in which the role of the Group in providing goods or services to customers was as an agent, the revenue is recognized at the net amount calculated by deducting the amount paid to suppliers from the amount received from the customer.

The change in the accounting policy has been applied retrospectively, in principle. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year; provided, however, that in the retrospective application, the methods set forth in paragraph 85 of the Accounting Standard for Revenue Recognition were applied.

- (1) Comparative information is not retrospectively restated for contracts where nearly all the revenue amounts have been recognized prior to the beginning of the previous fiscal year subject to the previous treatment
- (2) Comparative information is retrospectively restated for the amount of variable consideration included in contracts where nearly all the revenue amounts have been recognized prior to the beginning of the current fiscal year subject to the previous treatment, using the amount when the uncertainty associated with the variable consideration is subsequently resolved
- (3) Quarterly consolidated financial statements for the previous fiscal year are not retrospectively restated for the contracts that began and ended within the previous fiscal year

For the first three months of the previous fiscal year, as a result of this change, and compared with the figures before the retrospective application, net sales decreased by ¥184,701 million, cost of sales decreased by ¥184,747 million, while operating profit, ordinary profit and profit before income taxes each increased by ¥46 million. In addition, because the cumulative effect was reflected in net assets as of the beginning of the previous fiscal year, retained earnings as of the beginning of the previous fiscal year decreased by ¥310 million.

*Application of Accounting Standard for Fair Value Measurement, Etc.*

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations have been applied from the beginning of the first quarter under review, and the new accounting policies provided in the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations will be applied going forward in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect on the quarterly consolidated financial statements.

(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]

I Three Months of Previous Fiscal Year (April 1, 2020 to June 30, 2020)

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	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	237,294	14,853	19,857	22,553	294,558	88	294,647	–	294,647
Intersegment sales or transfers	109	123	1	–	234	14	248	(248)	–
Total	237,404	14,976	19,858	22,553	294,792	102	294,895	(248)	294,647
Segment profit (loss) (Ordinary profit (loss))	4,615	(90)	(280)	447	4,692	(8)	4,683	(0)	4,683

- (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 reportable segment

Not applicable.

II Three Months of Fiscal Year Under Review (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	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	323,457	19,479	20,508	24,776	388,221	84	388,306	–	388,306
Intersegment sales or transfers	127	130	1	–	259	10	270	(270)	–
Total	323,584	19,610	20,509	24,776	388,481	94	388,576	(270)	388,306
Segment profit (loss) (Ordinary profit (loss))	8,386	865	(285)	966	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 loss on non-current assets, goodwill, etc., for each reportable segment

Not applicable.

3. Information regarding change to reportable segments, etc.

*Application of Accounting Standard for Revenue Recognition, Etc.*

As described in “Changes in Accounting Policies,” the revenue recognition accounting standards, etc. have been applied from the beginning of the first quarter under review. For the first three months under review, as a result, compared with the figures obtained by the previous method, net sales decreased by ¥241,854 million in the Steel business, by ¥4,477 million in the Industrial Supply and Infrastructure business, by ¥383 million in the Textiles

business, and by ¥11,273 million in the Foodstuffs business. The effect on ordinary profit is immaterial. Please note that the segment information for the first three months of the previous fiscal year were prepared based on the new method of measuring segment profit or loss.