# Flash Report
# Consolidated Basis
## Results for Fiscal 2019
## (April 1, 2019—March 31, 2020)
## ＜under IFRS＞

May 8, 2020

**Company name:** Nippon Steel Corporation
**Stock listing:** Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges
**Code number:** 5401
**URL:** https://www.nipponsteel.com/en/index.html
**Representative:** Eiji Hashimoto, Representative Director and President
**Contact:** Shinnosuke Arita, General Manager, Public Relations Center
**Telephone:** +81-3-6867-2135, 2146, 2977, 3419
**Scheduled date to Ordinary General Meeting of Shareholders:** June 24, 2020
**Scheduled date to pay dividends:** —
**Scheduled date to submit Securities Report:** June 24, 2020
**Preparation of supplemental explanatory materials:** Yes
**Holding of financial results meeting:** 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 2019 (April 1, 2019—March 31, 2020)

### (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 | % |
| **Fiscal 2019** | **5,921,525** | **(4.2)** | **(284,417)** | — | **(406,119)** | — | **(423,572)** | — | **(426,120)** | — | **(431,513)** | — |
| Fiscal 2018 | 6,177,947 | 8.1 | 336,941 | 16.7 | 265,111 | (8.2) | 248,769 | (8.5) | 257,579 | 21.4 | 251,169 | 38.9 |

| | 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 | % | % | % | % |
| **Fiscal 2019** | **(543,642)** | — | **(468.74)** | — | **(14.7)** | **(5.5)** | **(4.8)** | **(6.9)** |
| Fiscal 2018 | 85,114 | (72.7) | 281.77 | — | 7.9 | 3.1 | 5.5 | 4.3 |

(For reference) Share of profit in investments accounted for using the equity method : Fiscal 2019 ¥38,395 million
Fiscal 2018 ¥86,411 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, 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 |
| **Fiscal 2019** | **7,444,965** | **2,996,631** | **2,641,618** | **35.5** | **2,869.19** |
| Fiscal 2018 | 8,049,528 | 3,607,367 | 3,230,788 | 40.1 | 3,509.72 |

### (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 |
| **Fiscal 2019** | **494,330** | **(345,627)** | **(14,582)** | **289,459** |
| Fiscal 2018 | 452,341 | (381,805) | (42,900) | 163,176 |

## 2. Dividends

| | Dividends per share | | | | |
|---|---|---|---|---|---|
| | End of first quarter | End of second quarter | End of third quarter | End of fiscal year | Fiscal year |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal 2018 | — | 40.00 | — | 40.00 | 80.00 |
| **Fiscal 2019** | **—** | **10.00** | **—** | **0.00** | **10.00** |
| Fiscal 2020 (Forecasts) | — | — | — | — | — |

| | 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 2018 | 72,236 | 28.4 | 2.3 |
| **Fiscal 2019** | **9,220** | — | **0.3** |
| Fiscal 2020 (Forecasts) | | — | |

Notes: The Company has not determined a dividend distribution plan for the second quarter of fiscal 2020 and fiscal 2020. The dividend distribution plan will be disclosed when it becomes available.

## 3. Consolidated Financial Forecasts for Fiscal 2020 (April 1, 2020—March 31, 2021)

The earnings forecasts for fiscal 2020 are not presented because the outlook has not been determined due to the difficulty formulating reasonably accurate estimates at this time. For further details, please refer to page 8, "1. Summary of Results of Operations (2) Outlook for the Fiscal Year Ending March 31, 2021 (Fiscal 2020)."

***** Notes

(1) Changes in significant subsidiaries during the period: None

(2) Changes in accounting policies and changes in accounting estimates
- (a) Changes in accounting policies required by IFRS: Yes
- (b) Changes other than those in (a) above: None
- (c) Changes in accounting estimates: None

Note: For further details, please refer to page 16, "3. Consolidated Financial Statements and Major Notes (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies Required by IFRS)."

(3) Number of shares outstanding (common shares)

(a) Number of shares outstanding at the end of the period (including treasury stock)

| | |
|---|---|
| Fiscal 2019 | 950,321,402 shares |
| Fiscal 2018 | 950,321,402 shares |

(b) Number of treasury stock at the end of the period

| | |
|---|---|
| Fiscal 2019 | 29,638,468 shares |
| Fiscal 2018 | 29,797,955 shares |

(c) Weighted average number of shares outstanding

| | |
|---|---|
| Fiscal 2019 | 920,570,952 shares |
| Fiscal 2018 | 891,387,729 shares |

## (For Reference) A Summary of Non-Consolidated Operating Results and Financial Position for Fiscal 2019 (April 1, 2019—March 31, 2020)

## (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 | % |
| **Fiscal 2019** | **3,312,949** | **(7.0)** | **(119,374)** | **—** | **(40,410)** | **—** | **(455,641)** | **—** |
| Fiscal 2018 | 3,562,226 | 9.0 | 25,114 | 291.9 | 112,319 | 4.8 | 145,319 | 22.9 |

| | Earnings per share | Diluted earnings per share |
|---|---|---|
| | Yen | Yen |
| **Fiscal 2019** | **(494.18)** | **—** |
| Fiscal 2018 | 162.79 | — |

## (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 |
| **Fiscal 2019** | **5,009,656** | **1,446,409** | **28.9** | **1,568.77** |
| Fiscal 2018 | 5,462,897 | 2,072,452 | 37.9 | 2,247.72 |

(For reference) Shareholders' equity: Fiscal 2019 ¥ 1,446,409 million
Fiscal 2018 ¥ 2,072,452 million

* 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.

## Index of Attached Documents

## 1. Summary of Results of Operations

### (1) Summary of Results of Operations and Financial Position for Fiscal Year Ended March 31, 2020 (Fiscal 2019)

**Overview of Conditions in Fiscal 2019**

Global economic growth slowed in fiscal 2019, as China's economic activity stalled mainly due to stagnant personal consumption amid the U.S.-China trade friction while personal consumption remained firm in the United States. In the fourth quarter, the spread of COVID-19 caused a sharp downturn in global economic activity. The Japanese economy maintained solid employment and income levels during the year, but deteriorating business conditions in the manufacturing industry from the trade friction and slowing overseas demand, coupled with weakening consumer sentiment caused by the consumption tax rate hike in October 2019 and concern over the spread of the COVID-19 fueled an increasing sense of economic stagnation in the second half of the year.

In the steel market, domestic and overseas demand for steel materials stagnated from the slower growth in the global economy and decreased demand for flat steel products owing to reduced production of automobiles and other consumer goods. At the same time, China boosted infrastructure investment to stimulate its national economy, and the country, which accounts for more than half of worldwide steel production, saw increased domestic demand for long steel products and continued high-level production of pig iron. These developments led to high prices for main raw materials, such as iron ore, which created an unprecedented situation of high raw material market prices and low steel market prices.

In this severe business environment, the Nippon Steel Group strived to advance measures to enhance the overall stability of its facilities and operations, improve its long-term contractual prices, and establish economical production operations by optimizing production and shipment volumes while continuing to advance the strategies of the 2020 Mid-Term Management Plan. In addition, in February of this year, the Group decided to launch new measures to reorganize the Group's production facility structure and reform the management structure.

**Operating Results by Business Segment in Fiscal 2019**

The Nippon Steel Group's business segments strived to respond to their changing business environments and have applied their utmost management effort. Following is an overview of the operating results by business segment.

(Billions of yen)

| | Revenue | | Business Profit | |
|---|---|---|---|---|
| | **Fiscal 2019** | Fiscal 2018 | **Fiscal 2019** | Fiscal 2018 |
| Steelmaking and Steel Fabrication | **5,257.3** | 5,454.5 | **(325.3)** | 274.6 |
| Engineering and Construction | **340.4** | 356.7 | **10.7** | 9.4 |
| Chemicals and Materials* | **215.7** | 247.0 | **18.4** | 25.0 |
| System Solutions | **273.2** | 267.5 | **26.1** | 26.5 |
| Total | **6,086.7** | 6,325.8 | **(269.9)** | 335.8 |
| Adjustments | **(165.2)** | (147.8) | **(14.4)** | 1.1 |
| Consolidated total | **5,921.5** | 6,177.9 | **(284.4)** | 336.9 |

* The Chemicals segment and New Materials segment were merged to form the Chemicals and Materials segment after Nippon Steel Chemical & Material Co., Ltd. was established in October 2018 following the merger of Nippon Steel & Sumikin Chemical Co., Ltd. and Nippon Steel & Sumikin Materials Co., Ltd.
The figures for the Chemicals and Materials segment in fiscal 2018 are calculated based on the new segmentation.

**Steelmaking and Steel Fabrication**

The Steelmaking and Steel Fabrication segment, while placing top priority on safety, strived to advance measures to enhance the overall stability of its facilities and operations, improve its cost performance and long-term contractual prices, and establish economical production operations by realizing optimal production and shipment volumes while continuing to advance the strategies of the 2020 Mid-Term Management Plan. The segment faced numerous factors that negatively impacted its earnings for the year, including reduced production and shipment volumes due to sluggish worldwide demand for steel products, particularly from manufacturers, amid the U.S.-China trade friction; smaller profit margins in the face of severe business conditions, namely, high raw material market prices and low steel market prices; the impacts of natural disasters; inventory valuation differences; deteriorating earnings at group companies; the recording of impairment losses on operating assets; and other factors. The Steelmaking and Steel Fabrication segment recorded revenue of ¥5,257.3 billion (compared to ¥5,454.5 billion in fiscal 2018) and business loss of ¥325.3 billion (business profit of ¥274.6 billion).

During the year, the segment worked at sustaining and strengthening its facilities and introducing new facilities, and increased effects of stable production, enhanced productivity and improved cost performance in Japan. The segment also continued working to formulate an optimal production structure to give it a resilient manufacturing structure capable of flexibly responding to changing business conditions. As part of specific measures, the coke oven at Hokkai Iron & Coke Corporation, which handles the upstream process for the Muroran Works, was refurbished, the continuous casting facility in the Kyushu Works Yawata Area commenced operation, the UO pipe mill of the East Nippon Works Kashima Area was shut down, and its production was consolidated into a facility at the Kimitsu Area of the same works.

Overseas, the segment continued developing business in markets where demand for steel products can be expected to grow with certainty and in fields where the Group can leverage its technological and product capabilities. In December 2019, Nippon Steel Corporation and ArcelorMittal jointly acquired Essar Steel India Limited and relaunched the integrated blast furnace steelmaker as ArcelorMittal Nippon Steel India. As a newly forged entity in India’s steel industry, the Company will seek to steadily capture the anticipated growing demand for steel in the country.

The segment also expanded the solutions it offers for material development and processing technology to meet the increasingly diverse and sophisticated needs for material properties arising from the changes in society and industry. New potential for steel in various industries was realized with the stainless steel HRX19™ for high-pressure hydrogen environments, which is capable of high-volume flow rates, high-speed filling, and also offers increased safety, longer life, and more compact hydrogen stations. New potential was also realized with the world’s largest rolled H-shaped beams MEGA NSHYPER BEAM™, which meet the need for bigger cross-section steel beams for increasingly larger buildings as well as the need for shorter construction periods. In addition, to meet the growing demand and need for greater efficiency for electrical steel sheets used in electric power generation and vehicles, the segment decided to construct new production lines at the Kyushu Works Yawata Area and the Setouchi Works Hirohata Area.

Nippon Steel is recognized as a world leader in technological development and progress (enhancement of our technological superiority). The Company followed up the awards received in 2018 by being honored again in 2019 with an Okochi Memorial Production Prize for “development of high ductility steel plate manufacturing technology for ship hulls that improves collision safety,” an Ichimura Prize in Industry for Distinguished Achievement for “increasing the safety of large vehicles by developing a highly efficient, lightweight permanent magnet retarder,” and an Ichimura Prize in Industry against Global Warming for Distinguished Achievement for “sea forest regeneration technology that uses steel slag to support various ecosystems.” The segment also actively installed advanced IT systems with AI and IoT, such as the NS-DIG™ platform supporting data analysis and AI development, to create safer and more competitive manufacturing sites, improve quality, and generally upgrade operations.

In the environmental arena, the Company took on measures to further improve the energy efficiency of its steel manufacturing operations, which are already the most efficient in the world, and continued to develop and produce environmentally friendly products that contribute to a low energy consumption, low $CO_2$ emissions, recycling society. Nippon Steel declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019 and is expanding the content of disclosure, including the scenario analysis espoused by the TCFD, concerning its business activities that have an impact on climate change.

Management determined in February 2020 that it would institute new measures to improve the production facility structure and the management structure. The decision was made in light of the currently severe business conditions and the medium- to long-term outlook for diminishing steel demand in Japan and intensifying competition in steel markets overseas along with the approaching need for substantial investment to renovate the Group’s aging main steelworks. Measures to improve the production facility structure will be aimed at constructing an optimal and efficient Group production structure with competitive integrated steelworks. These measures will include shutting down all the facilities at the Setouchi Works Kure Area and the No.1 blast furnace and associated facilities in the Kansai Works Wakayama Area. Management will also take steps to increase the competitiveness of product manufacturing processes. The Company is aiming to reform the management structure to facilitate faster decision-making and improve management efficiency at all group companies so as to better equip management to quickly and accurately respond to wider and increasingly rapid fluctuations in business conditions. To realize this reform, management will need to modify the Company’s organizational design related to corporate governance and will seek approval of shareholders at the 96th General Meeting of Shareholders of the Company scheduled to be held in June of this year to amend the Articles of Incorporation and transition to a Company with an Audit & Supervisory Committee. In line with the organizational design, the Company decided to streamline the management system and enhance its efficiency following the merger with Nippon Steel Nisshin Co., Ltd. in April of this year. Business management efficiency will be improved by paring down the Group organization by consolidating and reorganizing the 16 manufacturing sites, including that of Nippon Steel Nisshin, to six steelworks. In addition, the Digital Transformation Promotion Department (DX Promotion Department) was established to further strengthen business competitiveness through the active use of data and digital technology.

**Engineering and Construction**

Nippon Steel Engineering Co., Ltd. builds and operates plants in the steelworks, environmental, and energy fields and provides services utilizing comprehensive engineering technology worldwide in various areas, including construction and building of marine/port steel structures and pipeline facilities. In fiscal 2019, the company steadily achieved favorable outcome from establishing a dedicated team for promotion of digital transformation (DX) and raising internal work efficiency at an accelerated rate, and from starting operation of a data collection/analysis platform system of plants and enabling a unified data management. While being mainly affected by a surge in labor costs and material costs, the company continuously implemented and managed projects, such as a shaft-type gasification melting furnace project of the environmental solutions business and a large distribution facility project of the building construction and steel structures business, which retained high-level order backlogs. As a result, the Engineering and Construction segment recorded revenue of ¥340.4 billion (¥356.7 billion in fiscal 2018) and business profit of ¥10.7 billion (¥9.4 billion).

**Chemicals and Materials**

Nippon Steel Chemical & Material Co., Ltd. recorded strong demand for needle coke used in graphite electrodes in the first half of fiscal 2019, but demand stalled in the second half and the business environment became harsher in the fourth quarter partly due to the spread of COVID-19. In the chemicals business, demand for styrene monomer was already sluggish, then the COVID-19 pandemic and decline in crude oil prices triggered a sharp drop in the market at the end of fiscal 2019. The functional materials business struggled to record sales of materials for smartphones and semiconductors, but posted strong sales of spherical alumina, which is used as material for insulation and heat dissipation in automobiles and electronic equipment. The composite materials business generated increased sales of carbon fiber composite materials, mainly for civil engineering and construction repair and reinforcement applications. The Chemicals and Materials segment recorded revenue of ¥215.7 billion (¥247.0 billion in fiscal 2018) and business profit of ¥18.4 billion (¥25.0 billion).

**System Solutions**

Nippon Steel Solutions Co., Ltd. provides advanced solution services in the planning, configuration, operation, and maintenance of IT systems, enabling clients in a wide range of business fields to keep pace with changing business environments. In fiscal 2019, The company assisted Nippon Steel to configurate the NS-DIG™, a platform for data analysis and AI development used for sophisticated IT applications. The segment continued aggressively promoting sales of solutions incorporating IoT and AI, and prepared and subsequently launched sales and services for 5G-related solutions. Business conditions remained favorable, as clients continued to actively invest in IT in pursuit of DX. The System Solutions segment recorded revenue of ¥273.2 billion (¥267.5 billion in fiscal 2018) and business profit of ¥26.1 billion (¥26.5 billion).

**Revenue and Profit**

In fiscal 2019, the Company continued advancing measures to enhance the overall stability of its facilities and operations, improve its cost performance and long-term contractual prices, and establish economical production operations by optimizing production and shipments volumes. However, consolidated earnings were impacted by lower production and shipment volumes due to sluggish worldwide demand for steel products, smaller profit margins caused by high raw material market prices and low steel market prices, the impacts of natural disasters, inventory valuation differences, deteriorating earnings at group companies, and the recording of impairment losses on operating assets. In the fiscal year under review, Nippon Steel recorded consolidated revenue of ¥5,921.5 billion (compared to ¥6,177.9 billion in fiscal 2018) and business loss of ¥284.4 billion (business profit of ¥336.9 billion). In addition, due to the posting of losses on reorganization, the partial reversal of deferred tax assets, and other factors, the Company recorded loss attributable to owners of the parent of ¥431.5 billion (profit attributable to owners of the parent of ¥251.1 billion).

**Assets, Liabilities, Equity, and Cash Flows**

Consolidated total assets as of March 31, 2020 were ¥7,444.9 billion, a decrease of ¥604.5 billion from ¥8,049.5 billion as of March 31, 2019. The main factors were a decrease in property, plant and equipment of ¥434.1 billion mainly resulting from impairment losses of operating assets, a decrease in trade and other receivables of ¥141.7 billion, and a decrease in other financial assets (non-current) of ¥331.5 billion caused by a fair value decrease and sales of investment securities. The decrease based on these factors was partially offset by an increase of ¥85.1 billion in investments accounted for using the equity method, due to the acquisition of shares of AMNS Luxembourg Holding S.A. and other factors, and an increase of ¥93.6 billion in right-of-use assets caused by bringing operating leases on balance sheet, associated with the adoption of IFRS 16, as well as an increase in cash and cash equivalents of ¥126.2 billion. The increase in cash and cash equivalents was to secure liquidity in hand in case of potential deterioration in operating cash flow, stemming from the impact of the spread of COVID-19.

Consolidated total liabilities as of March 31, 2020 were ¥4,448.3 billion, an increase of ¥6.1 billion from ¥4,442.1 billion as of March 31, 2019. This increase was primarily due to a rise in interest-bearing liabilities of ¥119.5 billion, from ¥2,369.2 billion as of March 31, 2019 to ¥2,488.7 billion as of March 31, 2020, stemming from the issuance of public hybrid bonds (public subordinated bonds), and an increase of ¥50.0 billion in defined benefit liabilities, while trade and other payables decreased by ¥161.6 billion.

Consolidated total equity as of March 31, 2020 was ¥2,996.6 billion, a decrease of ¥610.7 billion from ¥3,607.3 billion as of March 31, 2019. This decrease was primarily due to loss for the year attributable to owners of the parent of ¥431.5 billion, dividend payments of ¥46.1 billion, and a decrease in the fair value of financial assets measured at fair value through other comprehensive income of ¥160.7 billion. As a result, total equity attributable to owners of the parent at the end of fiscal 2019 amounted to ¥2,641.6 billion, and the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.94 times.

Cash flows from operating activities in fiscal 2019 amounted to an inflow of ¥494.3 billion (compared to an inflow of ¥452.3 billion in fiscal 2018). The main inflow factors were ¥423.5 billion loss before income taxes, depreciation and amortization of ¥417.3 billion, impairment losses of ¥333.9 billion, and adjustment of ¥121.7 billion from losses from reorganization, as well as a decrease in trade and other receivables of ¥157.6 billion and dividends received of ¥61.0 billion. The outflow factors include a decrease in trade and other payables of ¥152.8 billion and income taxes paid of ¥92.5 billion.

Cash flows from investing activities amounted to an outflow of ¥345.6 billion (compared to an outflow of ¥381.8 billion in fiscal 2018), as outflows from purchases of property, plant and equipment and intangible assets of ¥460.5 billion, purchase of investments in associates of ¥112.3 billion, including AMNS Luxembourg Holding S.A., and other outflows exceeded inflows from proceeds of ¥191.9 billion from sales of investment securities. As a result, free cash flow was an inflow of ¥148.7 billion (compared to an inflow of ¥70.5 billion in fiscal 2018).

Cash flows from financing activities amounted to an outflow of ¥14.5 billion (compared to an outflow of ¥42.9 billion in fiscal 2018), largely due to an effective increase in interest-bearing debt of ¥62.4 billion mainly from the issuance of public hybrid bonds (public subordinated bonds) after deducting an increase from bringing operating leases on balance sheet, which was partially offset by the cash dividends paid of ¥46.1 billion for the end of fiscal 2018 and first half of fiscal 2019. As a result of these cash flows, cash and cash equivalents at the end of the fiscal year stood at ¥289.4 billion.

**Basic Profit Distribution Policy and the Year-End Dividend Distribution**

Nippon Steel'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.

In accordance with the basic profit distribution policy described above, Nippon Steel paid a dividend of ¥10 per share for the end of the first half. Regarding the fiscal year-end dividend, following the previously stated policy and after giving due consideration to full-year performance result and other factors, management regretfully has decided to forgo a year-end dividend payment, as announced at the time of third quarter performance result (February 7, 2020). The dividend for the full fiscal 2019 therefore is ¥10 per share.

**(2) Outlook for the Fiscal Year Ending March 31, 2021 (Fiscal 2020)**

**Outlook for Operations in Fiscal 2020**

The global economic outlook is becoming more uncertain due to the worldwide spread of COVID-19 in addition to the growing prevalence of protectionist policies. The outlook for the Japanese economy is also clouded by the global economic trend and the COVID-19 pandemic.

Global economic conditions have also led to a further decrease in domestic and overseas steel demand in all industries. In the first quarter of fiscal 2020, the spread of the COVID-19 caused automobile manufacturing activity to stall, which further reduced steel demand. Concerning the Company's production and shipment, the operating rate is expected to be around 60% of its quarterly crude steel production capacity in the first quarter. The impact of COVID-19 is expected to persist in the second quarter. As the steel market remains sluggish both in Japan and overseas and there is a strong sense of uncertainty about the future, conditions will warrant continued monitoring.

At present, the extent and duration of the COVID-19 pandemic are unpredictable, and this will make it impossible to formulate an earnings forecast for the Company for fiscal 2020 with any realistic degree of accuracy. Earnings forecasts therefore have not been produced but will be announced as soon as a reasonable estimation becomes possible.

The Nippon Steel Group is taking swift and appropriate steps to strengthen business continuity planning (BCP) and address the reduced production caused by the sharp decrease in steel demand accompanying the spread of the COVID-19. Responding to lower production levels will entail cutting blast furnace tap ratios and extending blowing-stop times. The Company has decided to temporarily stop production at the No. 1 blast furnaces in the East Nippon Works

Kashima Area and the Kansai Works Wakayama Area, as well as the No. 2 blast furnace in the East Nippon Works Kimitsu Area, which nonetheless will be prepared for restarting operation. This procedure is being implemented successively. Together, operations at some of the coke ovens in the East Nippon Works Kashima Area and Kimitsu Area and the Kansai Works Wakayama Area have also been temporarily suspended. Moreover, Hokkai Iron & Coke Corporation (within the site of the Muroran Works) will move forward the stopping of blowing of its No. 2 blast furnace, which originally planned relining, and the No. 2 blast furnace in the Kyushu Works Yawata Area (Kokura) will stop blowing as soon as preparations are completed (and plan to shift into shutting down by the end of September). Implementation of BCP encompasses thorough disease prevention measures, limiting work attendance to the minimum necessary to continue business activities, and when possible enabling employees to work from home. Measures to support continuing employment include allowing employees at the business sites in Japan to take temporary holidays of two days each month on average. The Company is also taking steps to address the deterioration in corporate free cash flow.

Nippon Steel expects the harsh business conditions to persist even after the negative impacts of the COVID-19 pandemic subside and to include prolonged U.S.-China trade friction, falling crude oil prices, depreciating currencies of emerging countries, and a lingering condition of high raw material market prices coupled with low steel market prices. To ensure continuing profit generation in these severe business conditions, the Nippon Steel Group is continuing to substantially reduce fixed costs, improve variable costs, and improve prices in long-term contracts while steadily advancing the strategies of the 2020 Mid-Term Management Plan. Moreover, by firmly implementing new measures to reorganize the Group’s production facility structure and reform the management structure, as announced in February of this year, and by continuously pursuing a further competitive and optimal production structure, the Company is also reformulating the manufacturing structure in Japan to create a robust and resilient steelmaking business, and aiming to expand its business in key fields and regions in Japan and overseas. Through these efforts the Company plans to become the world's No.1 comprehensive steelmaker in terms of corporate value.

**Outlook for Distribution of Dividends for Fiscal 2020**

Nippon Steel has not determined a dividend distribution plan for fiscal 2020 due to the inability to establish reasonable earnings forecast, as stated above. Management will promptly announce the dividend distribution plan for fiscal 2020 when the plan is able to be formulated with reasonable accuracy.

## 2. Basic Rationale for Selection of Accounting Standards

The Nippon Steel 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)

| ASSETS | March 31, 2019 | **March 31, 2020** |
|---|---|---|
| **Current assets :** | | |
| Cash and cash equivalents | 163,176 | **289,459** |
| Trade and other receivables | 968,333 | **826,596** |
| Inventories | 1,567,116 | **1,532,181** |
| Other financial assets | 16,915 | **17,340** |
| Other current assets | 143,669 | **119,396** |
| **Total current assets** | 2,859,211 | **2,784,974** |
| **Non-current assets :** | | |
| Property, plant and equipment | 3,246,669 | **2,812,542** |
| Right-of-use assets | — | **93,663** |
| Goodwill | 52,803 | **45,486** |
| Intangible assets | 106,131 | **96,677** |
| Investments accounted for using the equity method | 793,146 | **878,271** |
| Other financial assets | 812,668 | **481,117** |
| Defined benefit assets | 82,247 | **58,643** |
| Deferred tax assets | 88,357 | **186,457** |
| Other non-current assets | 8,292 | **7,132** |
| **Total non-current assets** | 5,190,316 | **4,659,990** |
| **Total assets** | 8,049,528 | **7,444,965** |

(Millions of Yen)

| LIABILITIES | March 31, 2019 | **March 31, 2020** |
|---|---|---|
| **Current liabilities :** | | |
| Trade and other payables | 1,611,403 | **1,449,801** |
| Bonds, borrowings and lease liabilities | 515,355 | **376,900** |
| Other financial liabilities | 1,017 | **2,189** |
| Income taxes payable | 38,719 | **27,323** |
| Other current liabilities | 34,042 | **38,978** |
| **Total current liabilities** | 2,200,538 | **1,895,192** |
| **Non-current liabilities :** | | |
| Bonds, borrowings and lease liabilities | 1,853,876 | **2,111,841** |
| Other financial liabilities | 6,501 | **4,621** |
| Defined benefit liabilities | 186,755 | **236,758** |
| Deferred tax liabilities | 28,253 | **27,765** |
| Other non-current liabilities | 166,235 | **172,154** |
| **Total non-current liabilities** | 2,241,622 | **2,553,141** |
| **Total liabilities** | 4,442,160 | **4,448,333** |
| **EQUITY** | | |
| Common stock | 419,524 | **419,524** |
| Capital surplus | 393,917 | **394,404** |
| Retained earnings | 2,300,175 | **1,870,948** |
| Treasury stock | (58,831) | **(58,505)** |
| Other components of equity | 176,000 | **15,245** |
| **Total equity attributable to owners of the parent** | 3,230,788 | **2,641,618** |
| Non-controlling interests | 376,579 | **355,013** |
| **Total equity** | 3,607,367 | **2,996,631** |
| **Total liabilities and equity** | 8,049,528 | **7,444,965** |

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

Consolidated Statements of Profit or Loss (Millions of Yen)

| | Fiscal 2018 | **Fiscal 2019** |
|---|---|---|
| Revenue | 6,177,947 | **5,921,525** |
| Cost of sales | (5,391,493) | **(5,312,367)** |
| **Gross profit** | 786,453 | **609,158** |
| Selling, general and administrative expenses | (568,409) | **(571,781)** |
| Share of profit in investments accounted for using the equity method | 86,411 | **38,395** |
| Other operating income | 102,606 | **104,844** |
| Other operating expenses | (70,120) | **(465,035)** |
| **Business profit(loss)** | 336,941 | **(284,417)** |
| Losses on natural disaster | (22,349) | **—** |
| Losses on reorganization | (49,480) | **(121,702)** |
| **Operating profit(loss)** | 265,111 | **(406,119)** |
| Finance income | 6,104 | **7,706** |
| Finance costs | (22,445) | **(25,159)** |
| **Profit(loss) before income taxes** | 248,769 | **(423,572)** |
| Income tax expense | 8,809 | **(2,548)** |
| **Profit (loss) for the year** | 257,579 | **(426,120)** |
| **Profit(loss) for the year attributable to :** | | |
| Owners of the parent | 251,169 | **(431,513)** |
| Non-controlling interests | 6,409 | **5,393** |
| **Earnings(loss) per share** | | |
| Basic earnings(loss) per share (Yen) | 281.77 | **(468.74)** |

Consolidated Statements of Comprehensive Income or Loss (Millions of Yen)

| | Fiscal 2018 | **Fiscal 2019** |
|---|---|---|
| Profit(loss) for the year | 257,579 | **(426,120)** |
| 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 | (104,557) | **(83,305)** |
| Remeasurements of defined benefit plans | (3,531) | **(1,449)** |
| Share of other comprehensive income of investments accounted for using the equity method | (2,953) | **(6,785)** |
| Subtotal | (111,042) | **(91,540)** |
| Items that might be reclassified to profit or loss | | |
| Changes in fair value of cash flow hedges | 1,522 | **(1,821)** |
| Foreign exchange differences on translation of foreign operations | (41,256) | **(14,812)** |
| Share of other comprehensive income of investments accounted for using the equity method | (21,687) | **(9,346)** |
| Subtotal | (61,421) | **(25,981)** |
| **Total other comprehensive income, net of tax** | (172,464) | **(117,521)** |
| **Total comprehensive income for the year** | 85,114 | **(543,642)** |
| **Comprehensive income for the year attributable to:** | | |
| Owners of the parent | 84,126 | **(543,881)** |
| Non-controlling interests | 988 | **238** |

## (3) Consolidated Statements of Changes in Equity

Fiscal 2018

(Millions of Yen)

| | Equity attributable to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Other components of equity | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock | 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, 2018 | 419,524 | 386,867 | 2,141,658 | (132,162) | 334,701 | — |
| Changes of the year | | | | | | |
| Comprehensive income | | | | | | |
| Profit(loss) for the year | | | 251,169 | | | |
| Other comprehensive income | | | | | (104,254) | (4,369) |
| Total comprehensive income | — | — | 251,169 | — | (104,254) | (4,369) |
| Transactions with owners and others | | | | | | |
| Cash dividends | | | (70,710) | | | |
| Purchases of treasury stock | | | | (82) | | |
| Disposals of treasury stock | | (1,427) | | 73,656 | | |
| Changes in ownership interests in subsidiaries | | 8,477 | | | | |
| Transfer from other components of equity to retained earnings | | | (21,942) | | 17,573 | 4,369 |
| Changes in scope of consolidation | | | | (242) | | |
| Subtotal | — | 7,050 | (92,652) | 73,331 | 17,573 | 4,369 |
| **Balance as of March 31, 2019** | **419,524** | **393,917** | **2,300,175** | **(58,831)** | **248,020** | **—** |

| | Equity attributable to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| | Other components of equity | | | | | |
| | Changes in fair value of cash flow hedges | Foreign exchange differences on translation of foreign operations | Total | Total equity attributable to owners of the parent | Non-controlling interests | Total equity |
| Balance as of March 31, 2018 | (6,600) | (6,998) | 321,101 | 3,136,991 | 387,905 | 3,524,896 |
| Changes of the year | | | | | | |
| Comprehensive income | | | | | | |
| Profit(loss) for the year | | | — | 251,169 | 6,409 | 257,579 |
| Other comprehensive income | 2,166 | (60,586) | (167,043) | (167,043) | (5,420) | (172,464) |
| Total comprehensive income | 2,166 | (60,586) | (167,043) | 84,126 | 988 | 85,114 |
| Transactions with owners and others | | | | | | |
| Cash dividends | | | — | (70,710) | (7,604) | (78,315) |
| Purchases of treasury stock | | | — | (82) | | (82) |
| Disposals of treasury stock | | | — | 72,228 | | 72,228 |
| Changes in ownership interests in subsidiaries | | | — | 8,477 | (94,092) | (85,614) |
| Transfer from other components of equity to retained earnings | | | 21,942 | — | | — |
| Changes in scope of consolidation | | | — | (242) | 89,383 | 89,140 |
| Subtotal | — | — | 21,942 | 9,670 | (12,314) | (2,643) |
| **Balance as of March 31, 2019** | **(4,433)** | **(67,585)** | **176,000** | **3,230,788** | **376,579** | **3,607,367** |

Fiscal 2019 (Millions of Yen)

| | Equity attributable to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Other components of equity | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock | 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, 2019 | 419,524 | 393,917 | 2,300,175 | (58,831) | 248,020 | — |
| Changes of the year | | | | | | |
| Comprehensive income | | | | | | |
| Profit(loss) for the year | | | (431,513) | | | |
| Other comprehensive income | | | | | (85,278) | (2,429) |
| Total comprehensive income | — | — | (431,513) | — | (85,278) | (2,429) |
| Transactions with owners and others | | | | | | |
| Cash dividends | | | (46,101) | | | |
| Purchases of treasury stock | | | | (49) | | |
| Disposals of treasury stock | | (104) | | 625 | | |
| Changes in ownership interests in subsidiaries | | 591 | | | | |
| Transfer from other components of equity to retained earnings | | | 48,387 | | (50,817) | 2,429 |
| Changes in scope of consolidation | | | | (250) | | |
| Subtotal | — | 486 | 2,286 | 325 | (50,817) | 2,429 |
| **Balance as of March 31, 2020** | **419,524** | **394,404** | **1,870,948** | **(58,505)** | **111,924** | **—** |

| | Equity attributable to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| | Other components of equity | | | | | |
| | Changes in fair value of cash flow hedges | Foreign exchange differences on translation of foreign operations | Total | Total equity attributable to owners of the parent | Non-controlling interests | Total equity |
| Balance as of March 31, 2019 | (4,433) | (67,585) | 176,000 | 3,230,788 | 376,579 | 3,607,367 |
| Changes of the year | | | | | | |
| Comprehensive income | | | | | | |
| Profit(loss) for the year | | | — | (431,513) | 5,393 | (426,120) |
| Other comprehensive income | (387) | (24,271) | (112,367) | (112,367) | (5,154) | (117,521) |
| Total comprehensive income | (387) | (24,271) | (112,367) | (543,881) | 238 | (543,642) |
| Transactions with owners and others | | | | | | |
| Cash dividends | | | — | (46,101) | (8,045) | (54,146) |
| Purchases of treasury stock | | | — | (49) | | (49) |
| Disposals of treasury stock | | | — | 520 | | 520 |
| Changes in ownership interests in subsidiaries | | | — | 591 | (942) | (351) |
| Transfer from other components of equity to retained earnings | | | (48,387) | — | | — |
| Changes in scope of consolidation | | | — | (250) | (12,817) | (13,067) |
| Subtotal | — | — | (48,387) | (45,288) | (21,804) | (67,093) |
| **Balance as of March 31, 2020** | **(4,821)** | **(91,857)** | **15,245** | **2,641,618** | **355,013** | **2,996,631** |

## (4) Consolidated Statements of Cash-Flows

(Millions of yen)

| | Fiscal 2018 | **Fiscal 2019** |
|---|---|---|
| **Cash flows from operating activities :** | | |
| Profit before income taxes | 248,769 | **(423,572)** |
| Depreciation and amortization | 408,616 | **417,339** |
| Impairment losses | — | **333,968** |
| Finance income | (6,104) | **(7,706)** |
| Finance costs | 22,445 | **25,159** |
| Share of profit in investments accounted for using the equity method | (86,411) | **(38,395)** |
| Gains on sales of property, plant and equipment and intangible assets | (5,801) | **(6,105)** |
| Losses from reorganization | 49,480 | **121,702** |
| (Increase) decrease in trade and other receivables | (114,662) | **157,635** |
| (Increase) in inventories | (129,483) | **13,864** |
| Increase in trade and other payables | 81,058 | **(152,856)** |
| Other, net | 21,640 | **98,809** |
| Subtotal | 489,547 | **539,842** |
| Interest received | 5,796 | **7,887** |
| Dividends received | 57,088 | **61,024** |
| Interest paid | (19,278) | **(21,913)** |
| Income taxes paid | (80,811) | **(92,510)** |
| **Net cash flows provided by operating activities** | 452,341 | **494,330** |
| **Cash flows from investing activities :** | | |
| Purchases of property, plant and equipment and intangible assets | (438,758) | **(460,555)** |
| Proceeds from sale of property, plant and equipment and intangible assets | 12,841 | **13,283** |
| Purchases of investment securities | (8,362) | **(1,793)** |
| Proceeds from sales of investment securities | 87,693 | **191,924** |
| Purchases of investments in associates | (2,787) | **(112,302)** |
| Proceeds from sale of investments in associates | 5,348 | **12,404** |
| Purchases of shares of subsidiaries resulting in change in scope of consolidation | (35,658) | **—** |
| Loans to associates and others | (11,870) | **(225,850)** |
| Collection of loans from associates and others | 3,948 | **238,418** |
| Other, net | 5,798 | **(1,155)** |
| **Net cash flows used in investing activities** | (381,805) | **(345,627)** |
| **Cash flows from financing activities :** | | |
| Increase in short-term borrowings, net | 67,401 | **(89,452)** |
| Proceeds from long-term borrowings | 285,857 | **46,020** |
| Repayments of long-term borrowings | (192,799) | **(211,628)** |
| Proceeds from issuance of bonds | 60,000 | **377,550** |
| Redemption of bonds | (85,700) | **(60,000)** |
| Purchases of treasury stock | (55) | **(43)** |
| Cash dividends paid | (70,710) | **(46,101)** |
| Dividends paid to non-controlling interests | (7,604) | **(8,045)** |
| Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | — | **1,910** |
| Other, net | (99,289) | **(24,791)** |
| **Net cash flows used in financing activities** | (42,900) | **(14,582)** |
| **Effect of exchange rate changes on cash and cash equivalents** | (7,328) | **(7,838)** |
| **Net increase in cash and cash equivalents** | 20,306 | **126,283** |
| **Cash and cash equivalents at beginning of the year** | 142,869 | **163,176** |
| **Cash and cash equivalents at end of the year** | 163,176 | **289,459** |

## （5）Notes to the Consolidated Financial Statements

### （Going Concern Assumption）

None

### （Changes in Accounting Policies Required by IFRS）

From the beginning of the Fiscal 2019, the Group has adopted IFRS 16 “Leases” (Issued in January 2016)(“IFRS 16”). In adopting IFRS 16, the Group has applied an approach of recognizing the cumulative effect of applying the standard as an adjustment to the beginning balance at the date of initial application, which is approved as a transitional measure.

In adopting IFRS 16, the Group has elected to apply the practical expedient detailed in paragraph C3 of IFRS 16 in determining whether a contract is, or contains, a lease by maintaining its previous assessment under IAS 17 “Leases” (“IAS 17”) and IFRIC 4 “Determining whether an Arrangement Contains a Lease”. On and after the date of initial application, the Group has determined whether a contract is, or contains, a lease in accordance with IFRS 16.

For leases previously classified as finance leases under IAS 17 and in which the Group is a lessee, the carrying amounts of the right-of-use assets and lease obligations as of the date of initial application have been respectively measured at the carrying amounts of the leased assets and lease liabilities under IAS 17 immediately before the date of initial application.

For leases previously classified as operating leases under IAS 17 and in which the Group is a lessee, the Group has recognized the right-of-use assets and lease liabilities as of the date of initial application. The lease liabilities are measured at the present value of the minimum lease payments as of the date of initial application discounted by the lessee’s incremental borrowing rate. The weighted average of the incremental borrowing rate is 0.5%. The right-of-use assets are measured at the carrying amounts computed under the assumption of applying the standard at the commencement date of the contract. The discount rate applied is the lessee’s incremental borrowing rate as of the date of initial application.

The breakdown of difference between the amount of non-cancellable operating lease contracts under IAS 17 as of the end of the Fiscal 2018 and the amount of lease liabilities recognized in the Consolidated Statements of Financial Position as of the date of initial application is as follows.

(Millions of Yen)

| | |
|---|---|
| Non-cancellable operating lease contracts as of March 31, 2019 | 45,800 |
| Finance lease liabilities as of March 31, 2019 | 46,754 |
| Non-cancellable lease contracts effective on or after the date of initial application | (12,226) |
| Lease liabilities as of the date of initial application (April 1, 2019) | 80,328 |

The right-of-use assets recognized at the date of initial application in the Statements of Financial Position is ¥79,770 million.

In adopting IFRS 16, the Group has applied the following practical expedients.

-As an alternative of performing an impairment review, the Group relies on a previous assessment of whether leases are onerous in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” immediately before the date of initial application.

- Exclusion of initial direct costs from the measurement of the right-of-use assets as of the date of initial application.
- Use of hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

**(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 product and service, 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 segment | Principal businesses |
|---|---|
| Steelmaking and steel fabrication | Manufacturing and marketing of steel products |
| Engineering and construction | Manufacturing and marketing of industrial machinery and equipment as well as steel structures, performance of construction work under contract, waste processing and recycling, and supplying electricity, gas, and heat |
| Chemicals and Materials | Manufacturing and marketing of coal-based chemical products, petrochemicals, electronic materials, materials and components for semiconductors and electronic parts, carbon fiber and composite products, and products that apply 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 2018 (April 1, 2018—March 31, 2019)**

(Millions of Yen)

| | Reportable segment | | | | Total | Adjustments | Consolidated |
|---|---|---|---|---|---|---|---|
| | Steelmaking and steel fabrication | Engineering and construction | Chemicals and Materials* | System solutions | | | |
| Revenue | | | | | | | |
| Revenue from external customers | 5,408,633 | 321,346 | 243,014 | 204,952 | 6,177,947 | — | 6,177,947 |
| Inter-segment revenue or transfers | 45,902 | 35,360 | 4,052 | 62,550 | 147,867 | (147,867) | — |
| Total | 5,454,536 | 356,707 | 247,067 | 267,503 | 6,325,814 | (147,867) | 6,177,947 |
| Segment profit(loss) <Business Profit> | 274,672 | 9,474 | 25,095 | 26,576 | 335,818 | 1,122 | 336,941 |

* The Chemicals segment and New Materials segment were merged to form the Chemicals and Materials segment after Nippon Steel Chemical & Material Co., Ltd. was established in October 2018 following the merger of Nippon Steel & Sumikin Chemical Co., Ltd. and Nippon Steel & Sumikin Materials Co., Ltd. The figures for the Chemicals and Materials segment in fiscal 2018 are calculated based on the new segmentation.

**Fiscal 2019 (April 1, 2019—March 31, 2020)**

(Millions of Yen)

| | Reportable segment | | | | Total | Adjustments | Consolidated |
|---|---|---|---|---|---|---|---|
| | Steelmaking and steel fabrication | Engineering and construction | Chemicals and Materials | System solutions | | | |
| Revenue | | | | | | | |
| Revenue from external customers | 5,207,033 | 296,443 | 210,338 | 207,709 | 5,921,525 | — | 5,921,525 |
| Inter-segment revenue or transfers | 50,310 | 43,960 | 5,395 | 65,584 | 165,251 | (165,251) | — |
| Total | 5,257,344 | 340,404 | 215,733 | 273,294 | 6,086,777 | (165,251) | 5,921,525 |
| Segment profit(loss) <Business Profit> | (325,341) | 10,717 | 18,477 | 26,162 | (269,984) | (14,433) | (284,417) |

**(Earnings per Share)**

1. Profit for the year attributable to common shares of parent

(Millions of Yen)

| | Fiscal 2018 (April 1, 2018—March 31, 2019) | **Fiscal 2019 (April 1, 2019—March 31, 2020)** |
|---|---|---|
| Profit for the year attributable to owners of parent | 251,169 | **(431,513)** |
| Profit for the year not attributable to ordinary equity holders of the parent | — | — |
| Profit for the year used to calculate basic earnings per share | 251,169 | **(431,513)** |

2. Average number of outstanding common shares during the period

| | Fiscal 2018 (April 1, 2018—March 31, 2019) | **Fiscal 2019 (April 1, 2019—March 31, 2020)** |
|---|---|---|
| Average number of outstanding common shares during the period | 891,387,729 Shares | **920,570,952 Shares** |

Diluted earnings per share is not presented as there are no potential dilutive shares.

**(Significant Subsequent Events)**

None