Flash Report
Consolidated Basis
Results for the Third Quarter of Fiscal 2019
(April 1, 2019—December 31, 2019)
<under IFRS>

Company name: Nippon Steel Corporation
Stock listing: Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges
Code number: 5401
Representative: Eiji Hashimoto, Representative Director and President
Contact: Fumiaki Ohnisu, General Manager, Public Relations Center
Telephone: +81-3-6867-2135, 2146, 2977, 3419
Scheduled date to submit Securities Report: February 13, 2020
Scheduled date to pay dividends: —
Preparation of supplemental explanatory materials: Yes
Holding of quarterly financial results meeting: Yes (for investment analysts)

(All amounts have been truncated to the nearest millions of Japanese yen.)

1. Consolidated Operating Results and Financial Position through the Third Quarter of Fiscal 2019
(April 1, 2019—December 31, 2019)

(1) Consolidated Operating Results (Accumulated)

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Business profit (*)</th>
<th>Operating profit</th>
<th>Profit before income taxes</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
</tr>
<tr>
<td>Third quarter of Fiscal 2019</td>
<td>4,476,014 (2.2)</td>
<td>(279,300) —</td>
<td>(372,502) —</td>
<td>(385,629) —</td>
<td>(351,561) —</td>
</tr>
<tr>
<td>Third quarter of Fiscal 2018</td>
<td>4,575,280 —</td>
<td>263,377 —</td>
<td>241,028 —</td>
<td>228,484 —</td>
<td>208,151 —</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Profit attributable to owners of the parent</th>
<th>Total comprehensive income</th>
<th>Basic earnings per share</th>
<th>Diluted earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
<td>Yen</td>
<td>Yen</td>
</tr>
<tr>
<td>Third quarter of Fiscal 2019</td>
<td>(357,379) —</td>
<td>(361,388) —</td>
<td>(388.23)</td>
<td>—</td>
</tr>
<tr>
<td>Third quarter of Fiscal 2018</td>
<td>206,633 —</td>
<td>40,934 —</td>
<td>234.11</td>
<td>—</td>
</tr>
</tbody>
</table>

(*)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 is composed mainly of Dividend income, Foreign exchange gains or losses, Losses on disposal of fixed assets.

(2) Consolidated Financial Position

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Total equity</th>
<th>Total equity attributable to owners of the parent</th>
<th>Ratio of total equity attributable to owners of the parent to total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Millions of yen %</td>
<td></td>
</tr>
<tr>
<td>Third quarter of Fiscal 2019</td>
<td>7,759,638</td>
<td>3,179,062</td>
<td>2,819,003</td>
<td>36.3</td>
</tr>
<tr>
<td>Fiscal 2018</td>
<td>8,049,528</td>
<td>3,607,367</td>
<td>3,230,788</td>
<td>40.7</td>
</tr>
</tbody>
</table>

2. Dividends

<table>
<thead>
<tr>
<th></th>
<th>Dividends per share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>End of first quarter</td>
</tr>
<tr>
<td></td>
<td>Yen</td>
</tr>
<tr>
<td>Fiscal 2018</td>
<td>—</td>
</tr>
<tr>
<td>Fiscal 2019</td>
<td>—</td>
</tr>
<tr>
<td>Fiscal 2019 (Forecasts)</td>
<td>—</td>
</tr>
</tbody>
</table>

Notes: 1. Whether the dividends forecasts under review have been revised: Yes
(Percentage figures are changes from the same period of the previous fiscal year.)

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Business profit</th>
<th>Profit attributable to owners of the parent</th>
<th>Basic earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen (%)</td>
<td>Millions of yen (%)</td>
<td>Millions of yen (%)</td>
<td>Yen</td>
</tr>
<tr>
<td>Fiscal 2019</td>
<td>5,900,000</td>
<td>(4.5)</td>
<td>(310,000)</td>
<td>(440,000)</td>
</tr>
</tbody>
</table>

Notes: 1. Whether the consolidated financial forecasts for fiscal 2019 under review have been revised: Yes
2. For further details, please refer to page 5, “1. Qualitative Information for the Third quarter of Fiscal 2019 (2) Explanation of Information on Future Estimates, Including Consolidated Earnings Forecasts.”

* 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 12, “2. Quarterly Condensed Consolidated Financial Statements and Major Notes (4) Notes to the Quarterly Condensed 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)
      Third quarter of Fiscal 2019 950,321,402 shares
      Fiscal 2018 950,321,402 shares
   (b) Number of treasury stock at the end of the period
      Third quarter of Fiscal 2019 29,631,273 shares
      Fiscal 2018 29,797,955 shares
   (c) Weighted average number of shares outstanding
      Third quarter of Fiscal 2019 920,536,633 shares
      Third quarter of Fiscal 2018 882,602,690 shares

* This quarterly flash report is not subject to quarterly review 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

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   (2) Explanation of Information on Future Estimates, Including Consolidated Earnings Forecasts .......... 5
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       Quarterly Condensed Consolidated Statements of Comprehensive Income or Loss ............................... 9
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1. Qualitative Information for the Third Quarter of Fiscal 2019

(1) Explanation of Operating Results

Global and Domestic Economic Conditions in the Third Quarter of Fiscal 2019

The global economy was characterized by ongoing solid consumer spending in the United States, but slower consumer spending and overall economic growth in China, on the back of the U.S.-China trade friction, where the government continued investment in infrastructure and other economic stimulus measures. In Japan, employment and income conditions remained stable, but the trade friction and a slowdown in overseas demand worsened business conditions in the manufacturing industry and the sense of economic stagnation intensified.

Operating Results by Business Segment in the Third Quarter Cumulative Period (Nine Months) of Fiscal 2019

The Nippon Steel Corporation Group’s business segments strived to respond to the changing business environment and to improve revenue and profit. An overview of operating results by business segment is shown below.

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Revenue 3Q FY2019 (Billions of yen)</th>
<th>Revenue 3Q FY2018 (Billions of yen)</th>
<th>Business Profit 3Q FY2019 (Billions of yen)</th>
<th>Business Profit 3Q FY2018 (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steelmaking and Steel Fabrication</td>
<td>3,988.8</td>
<td>4,043.2</td>
<td>(315.3)</td>
<td>220.4</td>
</tr>
<tr>
<td>Engineering and Construction</td>
<td>239.4</td>
<td>253.7</td>
<td>8.3</td>
<td>5.7</td>
</tr>
<tr>
<td>Chemicals and Materials*</td>
<td>169.3</td>
<td>191.0</td>
<td>17.3</td>
<td>19.7</td>
</tr>
<tr>
<td>System Solutions</td>
<td>198.9</td>
<td>190.1</td>
<td>20.2</td>
<td>18.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,596.5</strong></td>
<td><strong>4,678.3</strong></td>
<td><strong>(269.4)</strong></td>
<td><strong>264.4</strong></td>
</tr>
<tr>
<td>Adjustments</td>
<td>(120.5)</td>
<td>(103.0)</td>
<td>(9.8)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Condensed consolidated total</td>
<td><strong>4,476.0</strong></td>
<td><strong>4,575.2</strong></td>
<td><strong>(279.3)</strong></td>
<td><strong>263.3</strong></td>
</tr>
</tbody>
</table>

* 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

Steel demand in Japan and abroad lacked strength, particularly for flat steel products, partly due to a decline in production of consumer goods driven by concern about deteriorating economic conditions in China. The Steelmaking and Steel Fabrication segment experienced a decline in the level of activities in Japan, compared to the previous fiscal year, in areas related to exports and capital expenditures. Steel prices in Japan have softened somewhat, and steel prices overseas, particularly in ASEAN, have weakened partly because steel products have flowed in from Russia and India while demand has also slowed down.

In these conditions, profit declined year-on-year in the third quarter of fiscal 2019. There was a recovery from the impacts of torrential rains, typhoons, and earthquakes in the previous fiscal year and improving costs and long-term contractual prices were factors that boosted profit. Despite this, business profit was adversely affected by factors including lower production and shipment volume, higher raw material prices, falling prices for steel products in overseas markets, disasters that occurred in fiscal 2019 (a power outage at the Kimitsu Works due to lightning strikes in Chiba, a fire at the Nippon Steel Nisshin Kure Works No. 1 steelmaking plant, and the impact of Typhoon 15 (Faxai) on the
Kimitsu Works again and other facilities), an inventory valuation difference, and deterioration of earnings at group companies.

In addition, the Company booked impairment losses based on current business conditions and the ongoing losses being reported by the Kashima Works, Nagoya Works, and Hirohata Works.

The Steelmaking and Steel Fabrication segment recorded revenue of ¥3,988.8 billion (¥4,043.2 billion in the same period of the previous fiscal year) and business loss of ¥315.3 billion (business profit of ¥220.4 billion).

**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 for various types of structures, including large steel structure buildings, ultra-high-rise buildings, and pipeline facilities. In the third quarter cumulative period of fiscal 2019, the company achieved steady progress in projects in various fields through strict project execution management and recorded robust sales. In addition to favorable sales in line with the completion of a number of projects in Japan, an improvement in earnings of its affiliated companies and other factors contributed to the third quarter results.

The Engineering and Construction segment recorded revenue of ¥239.4 billion (¥253.7 billion in the same period of the previous fiscal year) and business profit of ¥8.3 billion (¥5.7 billion).

**Chemicals and Materials**

Nippon Steel Chemical & Material Co., Ltd. suffered from declining demand for needle coke used in graphite electrodes, which had achieved strong sales, and experienced a continued sluggish market for styrene monomer. In the functional materials business, sales growth slowed for circuit board materials for smartphones but the company started mass production of a new grade of materials for 5G (fifth generation wireless technology) systems, demand for which is expected to increase. Moreover, sales of metallic foils used in HDD suspensions grew thanks to an increase in demand for hard disk drives accompanying a recovery in investment in data centers.

The Chemicals and Materials segment recorded revenue of ¥169.3 billion (¥191.0 billion in the same period of the previous fiscal year) and business profit of ¥17.3 billion (¥19.7 billion).

**System Solutions**

Nippon Steel Solutions Co., Ltd. (NS Solutions) provides advanced solution services in the planning, configuration, operation, and maintenance of IT systems for clients in a wide range of business fields to keep pace with changing business environments. Business conditions remained favorable as customers continued to actively invest in IT in pursuit of digital transformation (DX). The segment continued to aggressively promote sales of solutions incorporating IoT and worked on development for sales of 5G-related solutions.
The System Solutions segment recorded revenue of ¥198.9 billion (¥190.1 billion in the same period of the previous fiscal year) and business profit of ¥20.2 billion (¥18.4 billion).

Revenue and Profit for the Third Quarter (Nine Months) of Fiscal 2019
In the third quarter cumulative period (nine months) of fiscal 2019, Nippon Steel recorded revenue of ¥4,476.0 billion (¥4,575.2 billion in the same period of the previous fiscal year), business loss of ¥279.3 billion (business profit of ¥263.3 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 ¥357.3 billion (profit attributable to owners of the parent of ¥206.6 billion).
(2) Explanation of Information on Future Estimates, Including Consolidated Earnings Forecasts

Consolidated Earnings Forecasts

Nippon Steel expects the global economy to continue slowing amid increased uncertainty stemming from protectionist measures and other factors. The outlook for the Japanese economy is also very uncertain, reflecting the potential impact of global economic conditions and concerns over the deteriorating consumer mindset accompanying the consumption tax hike.

Domestic and overseas steel demand is experiencing heightened downside risk in all fields associated with the uncertain global economic outlook. Global steel demand and prices continue to require monitoring, together with domestic conditions, because of uncertainties in the overseas outlook.

Concerning consolidated earnings for fiscal 2019, while Nippon Steel has continued to advance measures to enhance the overall stability of its facilities and operations and to ensure steady improvements in costs and long-term contractual prices, it has substantially lowered its forecasts compared to the previous forecasts announced at the release of its first-half earnings results (on November 1, 2019) to business loss of ¥310.0 billion, mainly due to lower production and shipment volume, deteriorating earnings at group companies, and the recording of impairment losses on operating assets. In addition, due to the posting of losses on reorganization, the partial reversal of deferred tax assets, and other factors, loss attributable to owners of the parent of ¥440.0 billion is expected.

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 dividend 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 first half dividend is determined based on consideration of interim performance figures and forecasts for the full fiscal year performance.

Regarding the dividend distribution from retained earnings for the end of the fiscal year, while a year-end dividend distribution plan had not been determined at the first half earnings announcement (November 1, 2019), the Company has decided that, in accordance with the policy described above and after giving due consideration to full-year forecasts, it plans to forgo a year-end dividend payment (the dividend for the full year will therefore be ¥10 per share).

In the medium- to long-term, Nippon Steel has to expect a decline in steel demand, associated with factors such as Japan’s declining and aging population and expanded overseas production by our Japanese customers, as well as intensified competition in the overseas market. In the meantime, Nippon Steel Group’s major steelworks have been operating for over 50 years since construction and are in need of large-scale investment for renewal in order to maintain
their current production capacity. In light of such a difficult environment, the Company decided and announced today the “Implementation of Production Facility Structural Measures and Management Reform Measures”.

Based on the production facility structure decided at this time, the Company will build up synergy effects from steelworks integration and effects of improvement in labor productivity and variable cost through rationalization. Moreover, regarding the new production facility structure as the first step, it will continue to consider establishing a more competitive optimal production structure, and at the same time carry out the selection and concentration in capital spending, ascertain factors such as future supply-demand balance in Japan and overseas, and our potential profit trend under that balance, and implement measures according to changing business environment.

Nippon Steel will concurrently make strategic investments in growing business fields and regions. This includes investments in the enhancement of the supply network for ultra-high-tensile steel sheets, the expansion of production capacity and enhancement of the quality of electrical steel sheet, and the acquisition of Essar Steel India Limited. The Company also intends to accelerate the reorganization of or withdrawal from unprofitable overseas businesses with no prospects of a future profit recovery. These are some of the various measures to enhance the profit base which are determined to be implemented.

Nippon Steel will continue efforts to rebuild its “strength in manufacturing” and improve its long-term contractual prices. At the same time, through implementation of the various measures, which were decided today, the Company will strive to quickly reestablish the profit base and improve the financial position in order to return profits to shareholders.
2. Quarterly Condensed Consolidated Financial Statements and Major Notes

(1) Quarterly Condensed Consolidated Statements of Financial Position

(Thousands of Yen)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>March 31, 2019</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>163,176</td>
<td>260,184</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>968,333</td>
<td>755,555</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,567,116</td>
<td>1,586,117</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>16,915</td>
<td>208,443</td>
</tr>
<tr>
<td>Other current assets</td>
<td>143,669</td>
<td>136,476</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,859,211</td>
<td>2,946,777</td>
</tr>
</tbody>
</table>

| **Non-current assets**               |                |                   |
| Property, plant and equipment        | 3,246,669      | 2,787,292         |
| Right-of-use assets                  | —              | 81,289            |
| Goodwill                             | 52,803         | 47,837            |
| Intangible assets                    | 106,131        | 93,885            |
| Investments accounted for using the equity method | 793,146 | 890,258 |
| Other financial assets               | 812,668        | 665,549           |
| Defined benefit assets               | 82,247         | 72,331            |
| Deferred tax assets                  | 88,357         | 166,991           |
| Other non-current assets             | 8,292          | 7,424             |
| **Total non-current assets**         | 5,190,316      | 4,812,861         |

<p>| <strong>Total assets</strong>                     | 8,049,528      | 7,759,638         |</p>
<table>
<thead>
<tr>
<th></th>
<th>March 31, 2019</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>1,611,403</td>
<td>1,407,128</td>
</tr>
<tr>
<td>Bonds, borrowings and lease liabilities</td>
<td>515,355</td>
<td>590,575</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>1,017</td>
<td>1,602</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>38,719</td>
<td>18,065</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>34,042</td>
<td>42,701</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>2,200,538</td>
<td>2,060,074</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds, borrowings and lease liabilities</td>
<td>1,853,876</td>
<td>2,142,886</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>6,501</td>
<td>4,809</td>
</tr>
<tr>
<td>Defined benefit liabilities</td>
<td>186,755</td>
<td>169,302</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>28,253</td>
<td>31,531</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>166,235</td>
<td>171,972</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>2,241,622</td>
<td>2,520,502</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>4,442,160</td>
<td>4,580,576</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>419,524</td>
<td>419,524</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>393,917</td>
<td>394,308</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,300,175</td>
<td>1,964,629</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(58,831)</td>
<td>(58,487)</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>176,000</td>
<td>99,027</td>
</tr>
<tr>
<td><strong>Total equity attributable to owners of the parent</strong></td>
<td>3,230,788</td>
<td>2,819,003</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>376,579</td>
<td>360,059</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>3,607,367</td>
<td>3,179,062</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>8,049,528</td>
<td>7,759,638</td>
</tr>
</tbody>
</table>
### Quarterly Condensed Consolidated Statements of Profit or Loss
(Millions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>Third quarter of Fiscal 2018</th>
<th>Third quarter of Fiscal 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,575,280</td>
<td>4,476,014</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(3,976,280)</td>
<td>(4,023,034)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>599,000</td>
<td>452,980</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(421,620)</td>
<td>(430,973)</td>
</tr>
<tr>
<td>Share of profit in investments accounted for using the equity method</td>
<td>67,047</td>
<td>37,918</td>
</tr>
<tr>
<td>Other operating income</td>
<td>58,569</td>
<td>63,855</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(39,619)</td>
<td>(403,080)</td>
</tr>
<tr>
<td><strong>Business profit(loss)</strong></td>
<td>263,377</td>
<td>(279,300)</td>
</tr>
<tr>
<td>Losses on natural disaster</td>
<td>(22,349)</td>
<td>—</td>
</tr>
<tr>
<td>Losses on reorganization</td>
<td>—</td>
<td>(93,202)</td>
</tr>
<tr>
<td><strong>Operating profit(loss)</strong></td>
<td>241,028</td>
<td>(372,502)</td>
</tr>
<tr>
<td>Finance income</td>
<td>4,481</td>
<td>4,885</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(17,024)</td>
<td>(18,013)</td>
</tr>
<tr>
<td><strong>Profit(loss) before income taxes</strong></td>
<td>228,484</td>
<td>(385,629)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(20,333)</td>
<td>34,068</td>
</tr>
<tr>
<td><strong>Profit(loss)</strong></td>
<td>208,151</td>
<td>(351,561)</td>
</tr>
<tr>
<td><strong>Profit(loss) attributable to</strong> :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>206,633</td>
<td>(357,379)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>1,518</td>
<td>5,818</td>
</tr>
<tr>
<td><strong>Earnings(loss) per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings(loss) per share (Yen)</td>
<td>234.11</td>
<td>(388.23)</td>
</tr>
</tbody>
</table>

### Quarterly Condensed Consolidated Statements of Comprehensive Income or Loss
(Millions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>Third quarter of Fiscal 2018</th>
<th>Third quarter of Fiscal 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit(loss)</strong></td>
<td>208,151</td>
<td>(351,561)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that cannot be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of financial assets measured at fair value through other comprehensive income</td>
<td>(111,935)</td>
<td>13,480</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>(8,210)</td>
<td>16,511</td>
</tr>
<tr>
<td>Share of other comprehensive income of investments accounted for using the equity method</td>
<td>(2,653)</td>
<td>2,487</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>(122,798)</td>
<td>32,480</td>
</tr>
<tr>
<td>Items that might be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of cash flow hedges</td>
<td>(535)</td>
<td>(515)</td>
</tr>
<tr>
<td>Foreign exchange differences on translation of foreign operations</td>
<td>(23,949)</td>
<td>(26,536)</td>
</tr>
<tr>
<td>Share of other comprehensive income of investments accounted for using the equity method</td>
<td>(19,933)</td>
<td>(15,255)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>(44,418)</td>
<td>(42,306)</td>
</tr>
<tr>
<td><strong>Total other comprehensive income, net of tax</strong></td>
<td>(167,217)</td>
<td>(9,826)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>(40,934)</td>
<td>(361,388)</td>
</tr>
</tbody>
</table>

**Comprehensive income attributable to:**

<table>
<thead>
<tr>
<th></th>
<th>Owners of the parent</th>
<th>Non-controlling interests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>44,818</td>
<td>1,518</td>
</tr>
<tr>
<td>(<strong>Total</strong>)</td>
<td>(366,418)</td>
<td>5,818</td>
</tr>
<tr>
<td>Common stock</td>
<td>Capital surplus</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------</td>
<td>------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of the year</td>
<td>419,524</td>
<td>386,867</td>
</tr>
<tr>
<td>Changes of the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit(loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactions with owners and others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals of treasury stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2018</td>
<td>419,524</td>
<td>383,791</td>
</tr>
</tbody>
</table>
### Equity attributable to owners of the parent

<table>
<thead>
<tr>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury stock</th>
<th>Changes in fair value of financial assets measured at fair value through other comprehensive income</th>
<th>Remeasurements of defined benefit plans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at beginning of the year</strong></td>
<td>419,524</td>
<td>393,917</td>
<td>2,300,175</td>
<td>(58,831)</td>
<td>248,020</td>
</tr>
<tr>
<td><strong>Changes of the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit(loss)</td>
<td></td>
<td></td>
<td></td>
<td>(357,379)</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td>—</td>
<td>12,893</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>—</td>
<td>—</td>
<td>(357,379)</td>
<td>—</td>
<td>12,893</td>
</tr>
<tr>
<td>Transactions with owners and others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends</td>
<td></td>
<td></td>
<td></td>
<td>(46,101)</td>
<td></td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td>(38)</td>
<td></td>
</tr>
<tr>
<td>Disposals of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td>(104)</td>
<td>623</td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries</td>
<td></td>
<td></td>
<td></td>
<td>494</td>
<td></td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td></td>
<td></td>
<td></td>
<td>67,934</td>
<td>(50,541)</td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td></td>
<td></td>
<td></td>
<td>—</td>
<td>(241)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>—</td>
<td>390</td>
<td>21,833</td>
<td>344</td>
<td>(50,541)</td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2019</strong></td>
<td>419,524</td>
<td>394,308</td>
<td>1,964,629</td>
<td>(58,487)</td>
<td>210,371</td>
</tr>
</tbody>
</table>

### Other components of equity

<table>
<thead>
<tr>
<th>Changes in fair value of cash flow hedges</th>
<th>Foreign exchange differences on translation of foreign operations</th>
<th>Total</th>
<th>Total equity attributable to owners of the parent</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at beginning of the year</strong></td>
<td>(4,433)</td>
<td>(67,585)</td>
<td>176,000</td>
<td>3,230,788</td>
<td>376,579</td>
</tr>
<tr>
<td><strong>Changes of the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit(loss)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>631</td>
<td>(39,956)</td>
<td>(9,038)</td>
<td>(9,038)</td>
<td>(788)</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>631</td>
<td>(39,956)</td>
<td>(9,038)</td>
<td>(366,418)</td>
<td>5,030</td>
</tr>
<tr>
<td>Transactions with owners and others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends</td>
<td></td>
<td>—</td>
<td>(46,101)</td>
<td>(8,035)</td>
<td>(54,136)</td>
</tr>
<tr>
<td>Purchases of treasury stock</td>
<td></td>
<td>—</td>
<td>(38)</td>
<td>(38)</td>
<td></td>
</tr>
<tr>
<td>Disposals of treasury stock</td>
<td></td>
<td>—</td>
<td>519</td>
<td></td>
<td>519</td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries</td>
<td></td>
<td>—</td>
<td>494</td>
<td>(320)</td>
<td></td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td></td>
<td>—</td>
<td>(67,934)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td></td>
<td>—</td>
<td>(241)</td>
<td>(13,194)</td>
<td>(13,435)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>—</td>
<td>(67,934)</td>
<td>(45,366)</td>
<td>(21,550)</td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2019</strong></td>
<td>(3,802)</td>
<td>(107,541)</td>
<td>99,027</td>
<td>2,819,003</td>
<td>360,059</td>
</tr>
</tbody>
</table>
(4) Notes to the Quarterly Condensed Consolidated Financial Statements

(Going Concern Assumption)
None

(Changes in Accounting Policies Required by IFRS)

From the beginning of the first quarter of Fiscal 2019 (April 1, 2019—June 30, 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 Quarterly Condensed Consolidated Statements of Financial Position as of the date of initial application is as follows.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ( Millions of Yen )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-cancellable operating lease contracts as of March 31, 2019</td>
<td>45,800</td>
</tr>
<tr>
<td>Finance lease liabilities as of March 31, 2019</td>
<td>46,754</td>
</tr>
<tr>
<td>Non-cancellable lease contracts effective on or after the date of initial application</td>
<td>(12,226)</td>
</tr>
<tr>
<td>Lease liabilities as of the date of initial application (April 1, 2019)</td>
<td>80,328</td>
</tr>
</tbody>
</table>

The right-of-use assets recognized at the date of initial application in the Quarterly Condensed 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.
Supplementary Information on the Financial Results for the Third Quarter of Fiscal 2019

Japanese Steel Industry

1. Crude Steel Production

<table>
<thead>
<tr>
<th></th>
<th>1st quarter</th>
<th>2nd quarter</th>
<th>1st half</th>
<th>3rd quarter</th>
<th>4th quarter</th>
<th>2nd half</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018FY</td>
<td>26.56</td>
<td>25.65</td>
<td>52.22</td>
<td>25.70</td>
<td>24.97</td>
<td>50.67</td>
<td>102.89</td>
</tr>
<tr>
<td>2019FY</td>
<td>26.12</td>
<td>24.55</td>
<td>50.66</td>
<td>23.65</td>
<td>24.31(*)</td>
<td>47.96(*)</td>
<td>98.63(*)</td>
</tr>
</tbody>
</table>

(*)METI forecast

2. Inventory Volume

<table>
<thead>
<tr>
<th>At the end of:</th>
<th>Inventory at manufacturers and distributors (million tons)</th>
<th>Inventory/shipment ratio (%)</th>
<th>Rolled sheets *1 (million tons)</th>
<th>H-flange beams *2 (million tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 2017</td>
<td>5.67</td>
<td>(149.2)</td>
<td>4.04</td>
<td>0.175</td>
</tr>
<tr>
<td>Jan. 2018</td>
<td>5.86</td>
<td>(157.7)</td>
<td>4.15</td>
<td>0.185</td>
</tr>
<tr>
<td>Feb. 2018</td>
<td>5.81</td>
<td>(154.4)</td>
<td>4.13</td>
<td>0.196</td>
</tr>
<tr>
<td>Mar. 2018</td>
<td>5.78</td>
<td>(139.4)</td>
<td>4.15</td>
<td>0.200</td>
</tr>
<tr>
<td>Apr. 2018</td>
<td>5.80</td>
<td>(148.0)</td>
<td>4.15</td>
<td>0.196</td>
</tr>
<tr>
<td>May 2018</td>
<td>5.88</td>
<td>(150.2)</td>
<td>4.34</td>
<td>0.200</td>
</tr>
<tr>
<td>June 2018</td>
<td>5.93</td>
<td>(149.3)</td>
<td>4.41</td>
<td>0.207</td>
</tr>
<tr>
<td>July 2018</td>
<td>5.68</td>
<td>(143.0)</td>
<td>4.20</td>
<td>0.208</td>
</tr>
<tr>
<td>Aug. 2018</td>
<td>6.01</td>
<td>(170.7)</td>
<td>4.39</td>
<td>0.204</td>
</tr>
<tr>
<td>Sep. 2018</td>
<td>6.23</td>
<td>(176.5)</td>
<td>4.40</td>
<td>0.198</td>
</tr>
<tr>
<td>Oct. 2018</td>
<td>5.87</td>
<td>(132.0)</td>
<td>4.26</td>
<td>0.184</td>
</tr>
<tr>
<td>Nov. 2018</td>
<td>5.59</td>
<td>(133.8)</td>
<td>4.14</td>
<td>0.184</td>
</tr>
<tr>
<td>Dec. 2018</td>
<td>5.74</td>
<td>(151.6)</td>
<td>4.17</td>
<td>0.187</td>
</tr>
<tr>
<td>Jan. 2019</td>
<td>5.98</td>
<td>(154.4)</td>
<td>4.40</td>
<td>0.195</td>
</tr>
<tr>
<td>Feb. 2019</td>
<td>5.93</td>
<td>(152.5)</td>
<td>4.41</td>
<td>0.208</td>
</tr>
<tr>
<td>Mar. 2019</td>
<td>5.93</td>
<td>(141.6)</td>
<td>4.47</td>
<td>0.219</td>
</tr>
<tr>
<td>Apr. 2019</td>
<td>6.02</td>
<td>(160.6)</td>
<td>4.54</td>
<td>0.227</td>
</tr>
<tr>
<td>May 2019</td>
<td>6.11</td>
<td>(164.8)</td>
<td>4.62</td>
<td>0.227</td>
</tr>
<tr>
<td>June 2019</td>
<td>6.12</td>
<td>(161.0)</td>
<td>4.57</td>
<td>0.220</td>
</tr>
<tr>
<td>July 2019</td>
<td>5.82</td>
<td>(145.5)</td>
<td>4.42</td>
<td>0.206</td>
</tr>
<tr>
<td>Aug. 2019</td>
<td>6.12</td>
<td>(188.8)</td>
<td>4.57</td>
<td>0.198</td>
</tr>
<tr>
<td>Sep. 2019</td>
<td>5.95</td>
<td>(157.7)</td>
<td>4.45</td>
<td>0.191</td>
</tr>
<tr>
<td>Oct. 2019</td>
<td>5.85</td>
<td>(155.4)</td>
<td>4.33</td>
<td>0.182</td>
</tr>
<tr>
<td>Nov. 2019</td>
<td>5.80</td>
<td>(158.0)</td>
<td>4.34</td>
<td>0.180</td>
</tr>
<tr>
<td>Dec. *3 2019</td>
<td>5.79</td>
<td>(169.4)</td>
<td>4.31</td>
<td>0.191</td>
</tr>
</tbody>
</table>

*1 Hot-rolled, cold-rolled and coated sheets

*2 Inventories of distributors dealing with H-flange beams manufactured by Nippon Steel Corporation

*3 Preliminary report
Nippon Steel Corporation

3. Pig Iron Production

<table>
<thead>
<tr>
<th></th>
<th>1st quarter</th>
<th>2nd quarter</th>
<th>1st half</th>
<th>3rd quarter</th>
<th>4th quarter</th>
<th>2nd half</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019FY</td>
<td>10.33</td>
<td>10.18</td>
<td>20.52</td>
<td>9.65</td>
<td>Approx.10.10</td>
<td>Approx.19.80</td>
<td>Approx.40.30</td>
</tr>
</tbody>
</table>

Including Hokkai Iron & Coke Co., Ltd.

4. Crude Steel Production

(Consolidated basis (The Company and its consolidated subsidiaries))

<table>
<thead>
<tr>
<th></th>
<th>1st quarter</th>
<th>2nd quarter</th>
<th>1st half</th>
<th>3rd quarter</th>
<th>4th quarter</th>
<th>2nd half</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018FY</td>
<td>11.89</td>
<td>11.76</td>
<td>23.65</td>
<td>12.13</td>
<td>12.06</td>
<td>24.19</td>
<td>47.84</td>
</tr>
<tr>
<td>2019FY</td>
<td>12.44</td>
<td>11.82</td>
<td>24.27</td>
<td>11.24</td>
<td>Approx.11.80</td>
<td>Approx.23.00</td>
<td>Approx.47.30</td>
</tr>
</tbody>
</table>

(Non-consolidated basis)

<table>
<thead>
<tr>
<th></th>
<th>1st quarter</th>
<th>2nd quarter</th>
<th>1st half</th>
<th>3rd quarter</th>
<th>4th quarter</th>
<th>2nd half</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018FY</td>
<td>10.29</td>
<td>10.21</td>
<td>20.50</td>
<td>10.29</td>
<td>10.22</td>
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5. Steel Products Shipment

<table>
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<tr>
<th></th>
<th>1st quarter</th>
<th>2nd quarter</th>
<th>1st half</th>
<th>3rd quarter</th>
<th>4th quarter</th>
<th>2nd half</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019FY</td>
<td>9.11</td>
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<td>18.43</td>
<td>8.91</td>
<td>Approx.9.10</td>
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6. Average Price of Steel Products

<table>
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<tr>
<th></th>
<th>1st quarter</th>
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<th>1st half</th>
<th>3rd quarter</th>
<th>4th quarter</th>
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<tbody>
<tr>
<td>2018FY</td>
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<td>88.7</td>
<td>91.5</td>
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<tr>
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<td>87.9</td>
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7. Export Ratio of Steel Products (Value basis)

<table>
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<tr>
<th></th>
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<th>1st half</th>
<th>3rd quarter</th>
<th>4th quarter</th>
<th>2nd half</th>
<th>total</th>
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</thead>
<tbody>
<tr>
<td>2018FY</td>
<td>41</td>
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<td>37</td>
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<tr>
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8. Foreign Exchange Rate

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<th>1st half</th>
<th>3rd quarter</th>
<th>4th quarter</th>
<th>2nd half</th>
<th>total</th>
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</thead>
<tbody>
<tr>
<td>2018FY</td>
<td>108</td>
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<td>109</td>
<td>113</td>
<td>110</td>
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9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

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<tr>
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<th>Depreciation</th>
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<td>2018FY</td>
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<td>408.6</td>
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