

Flash Report Consolidated Basis  
Results for the First Half of Fiscal 2020  
(April 1, 2020-September 30, 2020)  
< under Japanese GAAP >

October 29, 2020

**Company name:** OSAKA STEEL CO., LTD.  
**Stock listing:** Tokyo, 1st section  
**Code number:** 5449  
**URL:** <https://www.osaka-seitetsu.co.jp>  
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(Figures of less than ¥1 million have been omitted.)

**1. Consolidated Financial and Operating Results for the First Half of Fiscal 2020**  
(April 1, 2020- September 30, 2020)

**(1) Consolidated Operating Results**

(Percentage figures represent changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>First half of Fiscal 2020</b>	<b>36,633</b>	<b>(21.0)</b>	<b>979</b>	<b>(76.0)</b>	<b>770</b>	<b>(80.5)</b>	<b>401</b>	<b>(84.5)</b>
First half of Fiscal 2019	46,386	5.2	4,063	18.2	3,948	19.7	2,589	44.9

(Reference) Comprehensive income: First half of Fiscal 2020 ¥ 81 million (96.3) %  
 First half of Fiscal 2019 ¥ 2,207 million 41.8 %

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
<b>First half of Fiscal 2020</b>	<b>10.32</b>	<b>—</b>
First half of Fiscal 2019	66.54	—

**(2) Consolidated Financial Results**

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
<b>First half of Fiscal 2020</b>	<b>203,888</b>	<b>147,677</b>	<b>71.6</b>
Fiscal 2019	200,794	148,394	72.9

(Reference) Shareholders' equity: First half of Fiscal 2020 ¥145,969 million  
 Fiscal 2019 ¥146,437 million

## 2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	12.50	—	20.00	32.50
<b>Fiscal 2020</b>	—	<b>0.00</b>			
<b>Fiscal 2020(Forecasts)</b>			—	—	—

(Note) Whether the dividend forecasts under review have been revised : No

The dividend forecasts of end of fiscal year for fiscal 2020 are not decided.

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2020	74,000	(19.2)	1,700	(77.2)	1,000	(85.2)	500	(88.2)	12.85

(Note) Whether the consolidated financial forecasts for fiscal 2020 under review have been revised : Yes

Forecasts of future performance in this report are based on information available at the date of publication for this document and certain assumptions regarding factors that may influence future results at the date of publication. Actual results may vary significantly from these forecasts due to a wide range of factors.

## 1. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

Millions of yen

	March 31, 2020	September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	4,487	9,243
Notes and accounts receivable - trade	19,390	16,137
Finished goods	11,049	11,623
Work in process	268	373
Raw materials and supplies	6,265	5,866
Accounts receivable - other	6,755	6,386
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	69,945	69,069
Other	174	221
Total current assets	<u>128,335</u>	<u>128,921</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,736	8,464
Machinery, equipment and vehicles, net	21,428	21,645
Tools, furniture and fixtures, net	1,774	1,921
Land	35,540	35,482
Construction in progress	3,794	5,265
Total property, plant and equipment	<u>70,273</u>	<u>72,779</u>
Intangible assets		
Other	99	68
Total intangible assets	<u>99</u>	<u>68</u>
Investments and other assets		
Investment securities	864	863
Long-term loans receivable	1	0
Retirement benefit asset	80	75
Deferred tax assets	284	262
Other	856	915
Total investments and other assets	<u>2,086</u>	<u>2,118</u>
Total non-current assets	<u>72,459</u>	<u>74,966</u>
Total assets	<u>200,794</u>	<u>203,888</u>

Millions of yen

	March 31, 2020	September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,421	11,803
Short-term borrowings	14,790	19,816
Current portion of long-term borrowings	3,149	3,097
Accounts payable - other	5,263	6,040
Income taxes payable	1,740	413
Provision for repairs	640	403
Other	2,182	1,712
Total current liabilities	<u>39,189</u>	<u>43,287</u>
Non-current liabilities		
Long-term borrowings	9,449	8,826
Deferred tax liabilities	1,217	1,405
Retirement benefit liability	1,978	2,056
Provision for business restructuring	236	223
Other	329	410
Total non-current liabilities	<u>13,211</u>	<u>12,923</u>
Total liabilities	<u>52,400</u>	<u>56,211</u>
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	131,218	130,841
Treasury shares	(4,536)	(4,536)
Total shareholders' equity	<u>146,355</u>	<u>145,978</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	300	300
Deferred gains or losses on hedges	24	(92)
Foreign currency translation adjustment	(56)	(57)
Remeasurements of defined benefit plans	(186)	(159)
Total accumulated other comprehensive income	<u>81</u>	<u>(9)</u>
Non-controlling interests	<u>1,957</u>	<u>1,708</u>
Total net assets	<u>148,394</u>	<u>147,677</u>
Total liabilities and net assets	<u>200,794</u>	<u>203,888</u>

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

**Quarterly Consolidated Statements of Operations**

Millions of yen

	First half of fiscal 2019	First half of fiscal 2020
Net sales	46,386	<b>36,633</b>
Cost of sales	38,878	<b>32,402</b>
Gross profit	<u>7,507</u>	<u><b>4,230</b></u>
Selling, general and administrative expenses		
Transportation costs	1,745	<b>1,617</b>
Salaries and bonuses	580	<b>576</b>
Retirement benefit expenses	24	<b>29</b>
Depreciation	52	<b>53</b>
Other	1,040	<b>975</b>
Total selling, general and administrative expenses	<u>3,443</u>	<u><b>3,251</b></u>
Operating profit	<u>4,063</u>	<u><b>979</b></u>
Non-operating income		
Interest income	84	<b>90</b>
Dividend income	22	<b>18</b>
Rental income from non-current assets	206	<b>208</b>
Foreign exchange gains	158	<b>—</b>
Other	91	<b>102</b>
Total non-operating income	<u>563</u>	<u><b>420</b></u>
Non-operating expenses		
Interest expenses	365	<b>264</b>
Loss on retirement of non-current assets	150	<b>106</b>
Taxes and dues	38	<b>39</b>
Foreign exchange losses	—	<b>180</b>
Other	124	<b>38</b>
Total non-operating expenses	<u>679</u>	<u><b>629</b></u>
Ordinary profit	<u>3,948</u>	<u><b>770</b></u>
Profit before income taxes	<u>3,948</u>	<u><b>770</b></u>
Income taxes - current	1,456	<b>360</b>
Income taxes - deferred	54	<b>208</b>
Total income taxes	<u>1,510</u>	<u><b>568</b></u>
Profit	<u>2,437</u>	<u><b>201</b></u>
Loss attributable to non-controlling interests	<u>(152)</u>	<u><b>(199)</b></u>
Profit attributable to owners of parent	<u>2,589</u>	<u><b>401</b></u>

## Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	First half of fiscal 2019	First half of fiscal 2020
Profit	2,437	201
Other comprehensive income		
Valuation difference on available-for-sale securities	(68)	(0)
Deferred gains or losses on hedges	(121)	(146)
Foreign currency translation adjustment	(67)	(1)
Remeasurements of defined benefit plans, net of tax	28	27
Total other comprehensive income	(229)	(120)
Comprehensive income	2,207	81
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,398	310
Comprehensive income attributable to non-controlling interests	(190)	(229)

**(3) Consolidated Statements of Cash Flows**

Millions of yen

	First half of fiscal 2019	First half of fiscal 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,948	770
Depreciation	1,969	1,713
Increase (decrease) in allowance for doubtful accounts	(0)	—
Increase (decrease) in provision for repairs	38	(237)
Increase (decrease) in provision for business restructuring	(64)	(13)
Interest and dividend income	(106)	(109)
Interest expenses	365	264
Loss on retirement of non-current assets	150	106
Loss (gain) on sales of non-current assets	0	0
Loss (gain) on sales of investment securities	(29)	—
Decrease (increase) in trade receivables	3,493	3,161
Decrease (increase) in inventories	665	(367)
Decrease (increase) in accounts receivable - other	3,456	366
Increase (decrease) in trade payables	(8,047)	447
Increase (decrease) in retirement benefit liability	101	78
Decrease (increase) in retirement benefit asset	—	4
Other, net	(442)	(927)
Subtotal	<u>5,499</u>	<u>5,257</u>
Interest and dividends received	106	109
Interest paid	(346)	(303)
Income taxes paid	(1,363)	(1,649)
Net cash provided by (used in) operating activities	<u>3,895</u>	<u>3,414</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of non-current assets	13	1
Purchase of non-current assets	(2,291)	(3,489)
Proceeds from sales of investment securities	40	—
Other proceeds	1	10
Other payments	(0)	(0)
Net cash provided by (used in) investing activities	<u>(2,237)</u>	<u>(3,479)</u>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	5,477	5,273
Proceeds from long-term borrowings	—	1,079
Repayments of long-term borrowings	(29)	(1,560)
Proceeds from sales of treasury shares	—	0
Purchase of treasury shares	(0)	—
Dividends paid	(661)	(778)
Dividends paid to non-controlling interests	(20)	(20)
Net cash provided by (used in) financing activities	<u>4,765</u>	<u>3,994</u>
Effect of exchange rate change on cash and cash equivalents	(87)	(49)
Net increase (decrease) in cash and cash equivalents	<u>6,337</u>	<u>3,880</u>
Cash and cash equivalents at beginning of period	<u>62,620</u>	<u>74,432</u>
Cash and cash equivalents at end of period	<u>68,957</u>	<u>78,313</u>