

Flash Report Consolidated Basis
Results for Fiscal 2019
(April 1, 2019-March 31, 2020)
<under Japanese GAAP>

April 28, 2020

Company name: OSAKA STEEL CO., LTD.
Stock listing: Tokyo, 1st section
Code number: 5449
URL: <https://www.osaka-seitetsu.co.jp>
Representative: Masaki Iwasaki, PRESIDENT
Contact: Kiyofumi Yamashita,
GENERAL MANAGER,
ACCOUNTING & FINANCE DIV.
Telephone: +81-6-6204-0163

(Figures of less than ¥1 million have been omitted.)

1. Consolidated Financial and Operating Results for Fiscal 2019

(April 1, 2019-March 31, 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	%
Fiscal 2019	91,592	(5.2)	7,447	1.1	6,746	(1.9)	4,231	2.6
Fiscal 2018	96,569	19.1	7,365	7.2	6,875	2.6	4,122	(4.5)

(Reference) Comprehensive income
Fiscal 2019 ¥ 3,488 million 6.1%
Fiscal 2018 ¥ 3,289 million (18.3)%

	Earnings per share	Earnings per share after full dilution	Return on equity	Return on assets	Return on sales
	Yen	Yen	%	%	%
Fiscal 2019	108.73	—	2.9	3.3	8.1
Fiscal 2018	105.93	—	2.9	3.5	7.6

(Reference) Equity in profit of unconsolidated subsidiaries and associates:
Fiscal 2019 ¥— million
Fiscal 2018 ¥— million

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2019	200,794	148,394	72.9	3,762.46
Fiscal 2018	202,034	146,074	71.1	3,691.65

(Reference) Shareholders' equity:
Fiscal 2019 ¥146,437 million
Fiscal 2018 ¥143,682 million

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2019	16,866	(6,077)	1,074	74,432
Fiscal 2018	3,193	(3,725)	2,617	62,620

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 2018	—	17.00	—	17.00	34.00
Fiscal 2019	—	12.50	—	20.00	32.50
Fiscal 2020(Forecasts)	—	—	—	—	—

	Cash dividends	Ratio of cash dividends to net income	Ratio of cash dividends to net assets
	Millions of yen	%	%
Fiscal 2018	1,323	32.1	0.9
Fiscal 2019	1,264	29.9	0.9
Fiscal 2020(Forecasts)	—	—	—

(Note) The dividend forecasts of end of second quarter and fiscal year for fiscal 2020 are not decided.

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

The consolidated financial forecast for the fiscal year ending March 31, 2021 has not been determined yet, because it is not possible at this stage to reasonably calculate the impact of the novel coronavirus pandemic.

The Company will disclose a reasonable forecast as soon as it becomes possible.

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

(1) Non-Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	58,778	(8.6)	7,039	0.9	6,739	(8.1)	(434)	—
Fiscal 2018	64,287	10.4	6,979	6.8	7,329	11.1	5,067	9.3
	Earnings per share		Earnings per share after full dilution					
	Yen		Yen					
Fiscal 2019	(11.16)		—					
Fiscal 2018	130.20		—					

(2) Non-Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2019	164,480	124,731	75.8	3,204.78
Fiscal 2018	165,504	126,539	76.5	3,251.18

(Reference) Shareholders' equity: Fiscal 2019 ¥124,731 million
Fiscal 2018 ¥126,539 million

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	March 31, 2019	Millions of yen March 31, 2020
Assets		
Current assets		
Cash and deposits	4,172	4,487
Notes and accounts receivable - trade	22,413	19,390
Finished goods	16,493	11,049
Work in process	360	268
Raw materials and supplies	6,378	6,265
Accounts receivable - other	12,282	6,755
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	58,447	69,945
Other	706	174
Allowance for doubtful accounts	(2)	—
Total current assets	<u>131,252</u>	<u>128,335</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,950	7,736
Machinery, equipment and vehicles, net	21,331	21,428
Tools, furniture and fixtures, net	1,799	1,774
Land	35,597	35,540
Construction in progress	1,382	3,794
Total property, plant and equipment	<u>68,061</u>	<u>70,273</u>
Intangible assets		
Other	163	99
Total intangible assets	<u>163</u>	<u>99</u>
Investments and other assets		
Investment securities	1,236	864
Long-term loans receivable	1	1
Retirement benefit asset	87	80
Deferred tax assets	313	284
Other	919	856
Total investments and other assets	<u>2,557</u>	<u>2,086</u>
Total non-current assets	<u>70,781</u>	<u>72,459</u>
Total assets	<u>202,034</u>	<u>200,794</u>

	March 31, 2019	Millions of yen March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,804	11,421
Short-term borrowings	12,654	14,790
Current portion of long-term borrowings	53	3,149
Accounts payable - other	4,986	5,263
Income taxes payable	1,487	1,740
Provision for repairs	432	640
Other	1,841	2,182
Total current liabilities	<u>39,259</u>	<u>39,189</u>
Non-current liabilities		
Long-term borrowings	12,765	9,449
Deferred tax liabilities	1,405	1,217
Retirement benefit liability	1,894	1,978
Provision for business restructuring	305	236
Other	330	329
Total non-current liabilities	<u>16,699</u>	<u>13,211</u>
Total liabilities	<u>55,959</u>	<u>52,400</u>
Net assets		
Shareholders' equity		
Share capital	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	128,134	131,218
Treasury shares	(4,536)	(4,536)
Total shareholders' equity	<u>143,272</u>	<u>146,355</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	528	300
Deferred gains or losses on hedges	154	24
Foreign currency translation adjustment	(21)	(56)
Remeasurements of defined benefit plans	(250)	(186)
Total accumulated other comprehensive income	<u>410</u>	<u>81</u>
Non-controlling interests	2,391	1,957
Total net assets	<u>146,074</u>	<u>148,394</u>
Total liabilities and net assets	202,034	200,794

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

Millions of yen

	Fiscal 2018	Fiscal 2019
Net sales	96,569	91,592
Cost of sales	82,091	77,025
Gross profit	<u>14,478</u>	<u>14,567</u>
Selling, general and administrative expenses		
Transportation costs	3,588	3,648
Salaries and bonuses	1,091	1,160
Retirement benefit expenses	14	59
Depreciation	107	115
Other	2,311	2,136
Total selling, general and administrative expenses	<u>7,113</u>	<u>7,119</u>
Operating profit	<u>7,365</u>	<u>7,447</u>
Non-operating income		
Interest income	153	176
Dividend income	41	41
Rental income from non-current assets	413	413
Foreign exchange gains	—	299
Other	211	179
Total non-operating income	<u>819</u>	<u>1,110</u>
Non-operating expenses		
Interest expenses	496	708
Loss on retirement of non-current assets	223	738
Taxes and dues	78	78
Foreign exchange losses	355	—
Other	154	286
Total non-operating expenses	<u>1,308</u>	<u>1,811</u>
Ordinary profit	<u>6,875</u>	<u>6,746</u>
Extraordinary income		
Reversal of provision for business restructuring	211	—
Total extraordinary income	<u>211</u>	<u>—</u>
Extraordinary losses		
Loss on disaster	592	—
Total extraordinary losses	<u>592</u>	<u>—</u>
Profit before income taxes	<u>6,494</u>	<u>6,746</u>
Income taxes - current	2,742	2,919
Income taxes - deferred	1	(32)
Total income taxes	<u>2,744</u>	<u>2,886</u>
Profit	<u>3,750</u>	<u>3,859</u>
Loss attributable to non-controlling interests	<u>(372)</u>	<u>(372)</u>
Profit attributable to owners of parent	<u>4,122</u>	<u>4,231</u>

Consolidated Statements of Comprehensive Income

Millions of yen

	Fiscal 2018	Fiscal 2019
Profit	3,750	3,859
Other comprehensive income		
Valuation difference on available-for-sale securities	(253)	(227)
Deferred gains or losses on hedges	58	(163)
Foreign currency translation adjustment	(106)	(43)
Remeasurements of defined benefit plans, net of tax	(158)	63
Total other comprehensive income	<u>(460)</u>	<u>(370)</u>
Comprehensive income	<u>3,289</u>	<u>3,488</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,671	3,903
Comprehensive income attributable to non-controlling interests	(381)	(414)

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2018

Millions of yen

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	8,769	10,904	125,490	(4,535)	140,629
Changes of items during period					
Dividends of surplus			(1,479)		(1,479)
Profit attributable to owners of parent			4,122		4,122
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,643	(0)	2,642
Balance at end of current period	8,769	10,904	128,134	(4,536)	143,272

	Accumulated other comprehensive income					Non-controlling interests	Total
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	782	108	63	(91)	862	2,795	
Changes of items during period							
Dividends of surplus							
Profit attributable to owners of parent							
Purchase of treasury shares							
Net changes of items other than shareholders' equity	(253)	46	(85)	(159)	(451)	(403)	
Total changes of items during period	(253)	46	(85)	(159)	(451)	(403)	
Balance at end of current period	528	154	(21)	(250)	410	2,391	

Fiscal 2019

Millions of yen

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	8,769	10,904	128,134	(4,536)	143,272
Changes of items during period					
Dividends of surplus			(1,148)		(1,148)
Profit attributable to owners of parent			4,231		4,231
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,083	(0)	3,082
Balance at end of current period	8,769	10,904	131,218	(4,536)	146,355

	Accumulated other comprehensive income				Total accumulated other comprehensive income	Non-controlling interests	Total
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans			
Balance at beginning of current period	528	154	(21)	(250)	410	2,391	
Changes of items during period							
Dividends of surplus							
Profit attributable to owners of parent							
Purchase of treasury shares							
Net changes of items other than shareholders' equity	(227)	(130)	(34)	64	(328)	(434)	
Total changes of items during period	(227)	(130)	(34)	64	(328)	(434)	
Balance at end of current period	300	24	(56)	(186)	81	1,957	

(4) Consolidated Statements of Cash Flows

Millions of yen

	Fiscal 2018	Fiscal 2019
Cash flows from operating activities		
Profit before income taxes	6,494	6,746
Depreciation	4,034	4,121
Increase (decrease) in allowance for doubtful accounts	(22)	(2)
Increase (decrease) in provision for repairs	13	207
Increase (decrease) in provision for loss on dissolution of the employees' pension fund	(70)	—
Increase (decrease) in provision for business restructuring	(213)	(68)
Interest and dividend income	(194)	(217)
Interest expenses	496	708
Loss on retirement of non-current assets	223	738
Loss (gain) on sales of non-current assets	(30)	
Loss (gain) on sales of investment securities	(17)	3
Decrease (increase) in trade receivables	(2,219)	2,973
Decrease (increase) in inventories	(3,975)	5,541
Decrease (increase) in accounts receivable - other	(476)	5,508
Increase (decrease) in trade payables	3,037	(6,299)
Increase (decrease) in retirement benefit liability	251	83
Decrease (increase) in retirement benefit asset	2	6
Other, net	(491)	(633)
Subtotal	6,843	19,418
Interest and dividends received	194	217
Interest paid	(454)	(720)
Subsidies received	—	625
Income taxes paid	(3,389)	(2,675)
Net cash provided by (used in) operating activities	3,193	16,866
Cash flows from investing activities		
Proceeds from sales of non-current assets	35	13
Purchase of non-current assets	(3,797)	(6,624)
Proceeds from sales of investment securities	71	40
Proceeds from redemption of securities	—	500
Collection of loans receivable from subsidiaries and affiliates	10,000	10,000
Loan advances to subsidiaries and associates	(10,000)	(10,000)
Other proceeds	0	1
Other payments	(35)	(8)
Net cash provided by (used in) investing activities	(3,725)	(6,077)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,200	2,296
Repayments of long-term borrowings	(80)	(53)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,479)	(1,148)
Dividends paid to non-controlling interests	(22)	(20)
Net cash provided by (used in) financing activities	2,617	1,074
Effect of exchange rate change on cash and cash equivalents	(64)	(50)
Net increase (decrease) in cash and cash equivalents	2,021	11,812
Cash and cash equivalents at beginning of period	60,598	62,620
Cash and cash equivalents at end of period	62,620	74,432