

Flash Report Consolidated Basis
Results for the First Half of Fiscal 2022
(April 1, 2022- September 30, 2022)
< under Japanese GAAP >

October 27, 2022

Company name: OSAKA STEEL CO., LTD.
Stock listing: Standard Market, Tokyo Stock Exchange
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 2022
(April 1, 2022- September 30, 2022)

(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	%
First Half of Fiscal 2022	55,192	16.9	4,163	52.2	4,741	83.5	2,208	27.0
First Half of Fiscal 2021	47,221	28.9	2,734	179.3	2,583	235.1	1,739	333.0

(Reference) Comprehensive income: First Half of Fiscal 2022 ¥2,641 million 29.6 %
First Half of Fiscal 2021 ¥2,037 million — %

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
First Half of Fiscal 2022	56.74	—
First Half of Fiscal 2021	44.70	—

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First Half of Fiscal 2022	212,697	153,129	70.8
Fiscal 2021	208,294	151,028	71.4

(Reference) Shareholders' equity: First Half of Fiscal 2022 ¥150,659 million
Fiscal 2021 ¥148,652 million

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
Fiscal 2021	Yen —	Yen 7.00	Yen —	Yen 13.50	Yen 20.50
Fiscal 2022	—	8.00			
Fiscal 2022(Forecasts)			—	—	—

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

The dividend forecasts of end of fiscal year for fiscal 2022 are not decided.

3. Consolidated Financial Forecasts for Fiscal 2022(April 1, 2022-March 31, 2023)

	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 2022	110,000	5.3	5,200	34.6	6,000	51.6	2,600	1.3	66.80

(Note) Whether the consolidated financial forecasts for fiscal 2022 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, 2022	September 30, 2022
Assets		
Current assets		
Cash and deposits	4,997	4,253
Accounts receivable - trade	22,059	21,436
Electronically recorded monetary claims - operating	1,023	57
Finished goods	17,431	22,401
Work in process	599	634
Raw materials and supplies	7,470	7,802
Accounts receivable - other	8,547	9,808
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	57,399	54,772
Other	642	938
Allowance for doubtful accounts	(138)	(171)
Total current assets	<u>130,033</u>	<u>131,933</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,616	8,683
Machinery, equipment and vehicles, net	26,705	27,415
Tools, furniture and fixtures, net	2,199	2,290
Land	36,627	37,311
Construction in progress	2,483	2,751
Total property, plant and equipment	<u>76,632</u>	<u>78,452</u>
Intangible assets		
Other	18	17
Total intangible assets	<u>18</u>	<u>17</u>
Investments and other assets		
Investment securities	563	514
Retirement benefit asset	400	464
Deferred tax assets	78	95
Other	568	1,220
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	<u>1,610</u>	<u>2,293</u>
Total non-current assets	<u>78,261</u>	<u>80,763</u>
Total assets	<u>208,294</u>	<u>212,697</u>

Millions of yen

	March 31, 2022	September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,538	15,819
Short-term borrowings	16,726	22,904
Current portion of long-term borrowings	3,306	3,929
Accounts payable - other	4,406	2,407
Income taxes payable	1,001	1,569
Provision for repairs	601	572
Other	1,680	1,522
Total current liabilities	<u>47,261</u>	<u>48,725</u>
Non-current liabilities		
Long-term borrowings	6,143	6,257
Deferred tax liabilities	1,495	1,145
Retirement benefit liability	1,771	1,920
Provision for business restructuring	223	1,192
Other	369	326
Total non-current liabilities	<u>10,003</u>	<u>10,842</u>
Total liabilities	<u>57,265</u>	<u>59,567</u>
Net assets		
Shareholders' equity		
Share capital	8,769	8,769
Capital surplus	10,355	10,355
Retained earnings	133,359	135,042
Treasury shares	(4,537)	(4,537)
Total shareholders' equity	<u>147,947</u>	<u>149,630</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	221	188
Deferred gains or losses on hedges	89	37
Foreign currency translation adjustment	147	574
Remeasurements of defined benefit plans	246	229
Total accumulated other comprehensive income	<u>704</u>	<u>1,028</u>
Non-controlling interests	<u>2,376</u>	<u>2,470</u>
Total net assets	<u>151,028</u>	<u>153,129</u>
Total liabilities and net assets	<u>208,294</u>	<u>212,697</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 2021	First half of fiscal 2022
Net sales	47,221	55,192
Cost of sales	41,302	47,831
Gross profit	<u>5,918</u>	<u>7,361</u>
Selling, general and administrative expenses		
Transportation costs	1,532	1,498
Salaries and bonuses	585	604
Retirement benefit expenses	17	14
Depreciation	47	34
Other	1,002	1,045
Total selling, general and administrative expenses	<u>3,184</u>	<u>3,198</u>
Operating profit	<u>2,734</u>	<u>4,163</u>
Non-operating income		
Interest income	87	81
Dividend income	13	10
Rental income from non-current assets	206	205
Gain on valuation of interest rate swaps	-	771
Other	90	62
Total non-operating income	<u>398</u>	<u>1,132</u>
Non-operating expenses		
Interest expenses	112	162
Loss on retirement of non-current assets	74	53
Taxes and dues	40	39
Foreign exchange losses	239	268
Other	82	30
Total non-operating expenses	<u>549</u>	<u>554</u>
Ordinary profit	<u>2,583</u>	<u>4,741</u>
Extraordinary losses		
Business restructuring expenses	-	1,411
Total extraordinary losses	<u>-</u>	<u>1,411</u>
Profit before income taxes	<u>2,583</u>	<u>3,330</u>
Income taxes - current	811	1,455
Income taxes - deferred	(29)	(381)
Total income taxes	<u>781</u>	<u>1,073</u>
Profit	<u>1,801</u>	<u>2,256</u>
Profit attributable to non-controlling interests	62	47
Profit attributable to owners of parent	<u>1,739</u>	<u>2,208</u>

Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	First half of fiscal 2021	First half of fiscal 2022
Profit	1,801	2,256
Other comprehensive income		
Valuation difference on available-for-sale securities	30	(33)
Deferred gains or losses on hedges	53	(60)
Foreign currency translation adjustment	164	496
Remeasurements of defined benefit plans, net of tax	(12)	(17)
Total other comprehensive income	<u>236</u>	<u>384</u>
Comprehensive income	<u>2,037</u>	<u>2,641</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,945	2,532
Comprehensive income attributable to non-controlling interests	92	108

(3) Quarterly Consolidated Statements of Cash Flows

Millions of yen

	First half of fiscal 2021	First half of fiscal 2022
Cash flows from operating activities		
Profit before income taxes	2,583	3,330
Depreciation	2,030	2,087
Increase (decrease) in allowance for doubtful accounts	(13)	6
Increase (decrease) in provision for repairs	(27)	(29)
Increase (decrease) in provision for business restructuring	-	968
Interest and dividend income	(100)	(91)
Interest expenses	112	162
Loss on retirement of non-current assets	74	53
Loss (gain) on sale of non-current assets	(0)	(3)
Loss (gain) on sale of investment securities	(13)	(2)
Decrease (increase) in trade receivables	(1,061)	2,555
Decrease (increase) in inventories	(3,077)	(3,587)
Decrease (increase) in accounts receivable - other	397	(1,204)
Increase (decrease) in trade payables	1,800	(4,338)
Increase (decrease) in accounts payable - other	(230)	(996)
Increase (decrease) in retirement benefit liability	61	144
Decrease (increase) in retirement benefit asset	38	(63)
Increase (decrease) in accrued consumption taxes	206	(280)
Loss (gain) on valuation of interest rate swaps	-	(771)
Other, net	(43)	216
Subtotal	<u>2,735</u>	<u>(1,844)</u>
Interest and dividends received	100	92
Interest paid	(104)	(95)
Income taxes paid	(152)	(911)
Net cash provided by (used in) operating activities	<u>2,579</u>	<u>(2,758)</u>
Cash flows from investing activities		
Proceeds from sale of non-current assets	0	4
Purchase of non-current assets	(2,635)	(2,362)
Proceeds from sale of investment securities	37	3
Other proceeds	17	0
Other payments	(0)	(0)
Net cash provided by (used in) investing activities	<u>(2,580)</u>	<u>(2,353)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,183	2,704
Proceeds from long-term borrowings	704	828
Repayments of long-term borrowings	(1,542)	(1,738)
Proceeds from sale of treasury shares	-	0
Purchase of treasury shares	(0)	(0)
Dividends paid	(272)	(525)
Dividends paid to non-controlling interests	(6)	(15)
Net cash provided by (used in) financing activities	<u>67</u>	<u>1,253</u>
Effect of exchange rate change on cash and cash equivalents	<u>237</u>	<u>487</u>
Net increase (decrease) in cash and cash equivalents	<u>304</u>	<u>(3,370)</u>
Cash and cash equivalents at beginning of period	<u>62,621</u>	<u>62,396</u>
Cash and cash equivalents at end of period	<u>62,925</u>	<u>59,026</u>