

YODOKO REPORT

120th Term Report

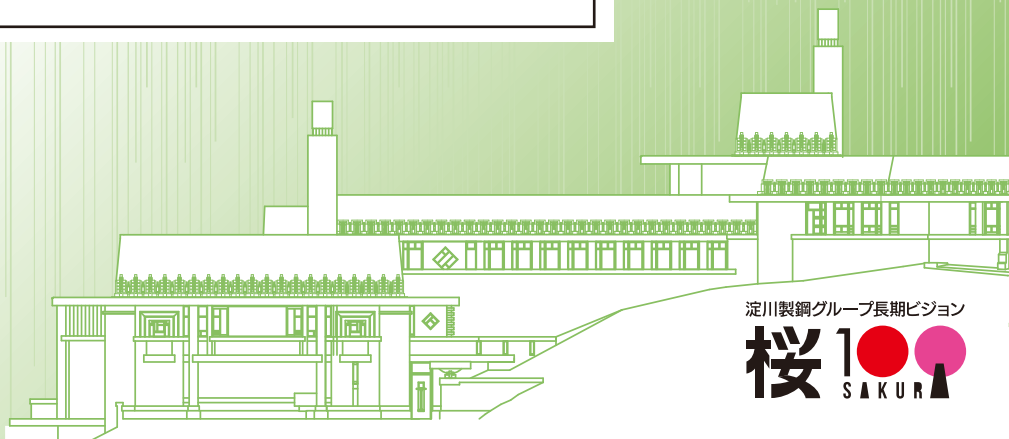
April 1, 2018–March 31, 2019

YODOGAWA STEEL WORKS

Steel sheet, Building material, Exterior, Roll, Grating

Yodogawa Steel Works, Ltd.

Securities identification code: 5451



淀川製鋼グループ長期ビジョン



We would like to take this opportunity to express our appreciation for your generous support.

The business environment surrounding the Yodogawa Steel Works Group includes increased risks of a global slowdown from U.S.-China trade friction and the issue of the U.K.'s exit from the E.U., while the Japanese economy has shown firm demand for construction investment and home appliances. This has created conditions of uncertainty and concern going forward for the global economy.

As for the iron and steel market, we expect to continue facing a challenging earnings environment from factors including consistently high prices for hot rolled steel sheets and zinc, our Group's primary raw materials.

Against this background, we are coming to the final year of our current Medium-Term Management Plan and will focus the collective strength of the Group to further accelerate initiatives for achieving targets.

At the same time, with regard to the case of inappropriate actions related to the quality of our roll products, we would like to earnestly apologize once again for the tremendous annoyance and concern that this caused our stakeholders. In order to further strengthen our quality assurance, we will fortify our quality governance framework, improve compliance awareness, and automate our quality assurance processes. Through these and other efforts, we will endeavor to prevent recurrence and recover trust.

We would like to sincerely ask for your continued support and guidance going forward.



Satoshi Nitta
President and
Representative Director

Takaaki Kawamoto
Chairman and
Representative Director

June 2019

Yodogawa Steel Group Business Philosophy

Basic Philosophy

Create Value with New Originality.

The Yodogawa Steel Group declares its basic philosophy to be, "Create Value with New Originality," centered on surface-treated steel sheets with the goal of being a valued, needed company that has earned the trust of society.

Business Philosophy

Win the trust of customers and shareholders, and create the functional capabilities expected by them. Aim to be the best manufacturer to meet the broad needs of society. Grow by taking up the challenge to innovate and by expanding based on the individual creativity of each employee. Work in harmonious coexistence with society and the natural environment.

Yodoko's History of Challenging Itself to Pursue Value Creation

1935 Founded the Company (at the site of the existing Osaka Plant) in Osaka city, Japan on January 30 for the purpose of production and sales of steel sheets and other products



1940 Started manufacture of galvanized steel sheet

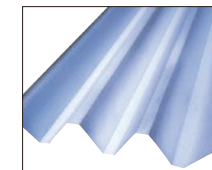
1948 Started manufacture of cast iron and steel rolls

1951 Constructed Izumiotsu Plant for manufacture of various steel products



1954 Constructed Kure Plant for manufacture of cold rolled steel sheets and other products

1963 Started manufacturing using a continuous hot-dip galvanized steel sheet line



1964 Started manufacture of pre-painted steel sheet

1965 Started manufacture and sales of building materials

1970 Started manufacture and sales of exterior products

1972 Constructed Ichikawa Plant for manufacture of cold rolled steel sheets and other products



1986 Started manufacture of galvalume steel sheets

1994 Made Sheng Yu Steel Co., Ltd. (Taiwan) a subsidiary



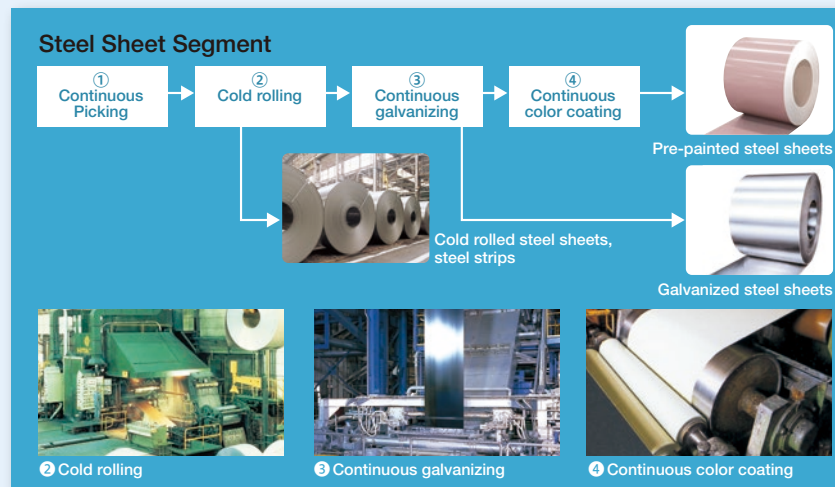
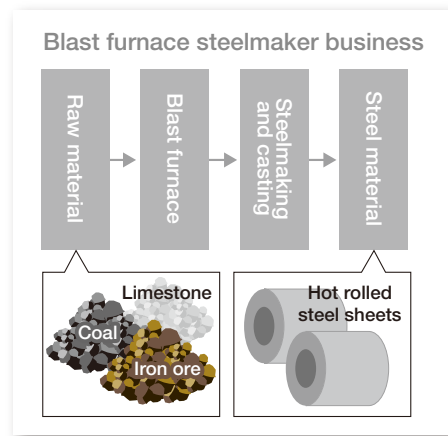
1999 Established PCM Processing (Thailand) Ltd. in Thailand

2007 Started sales of chromate-free pre-painted steel sheet for roofing and siding (first in this industry)

2011 Established Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. in China



We develop and deliver distinctive products addressing safety, security, the environment, and esthetics in a variety of business areas.



Steel Sheet-related Business

Steel Sheet Segment

Delivering Products that Perfectly Match Customer Needs

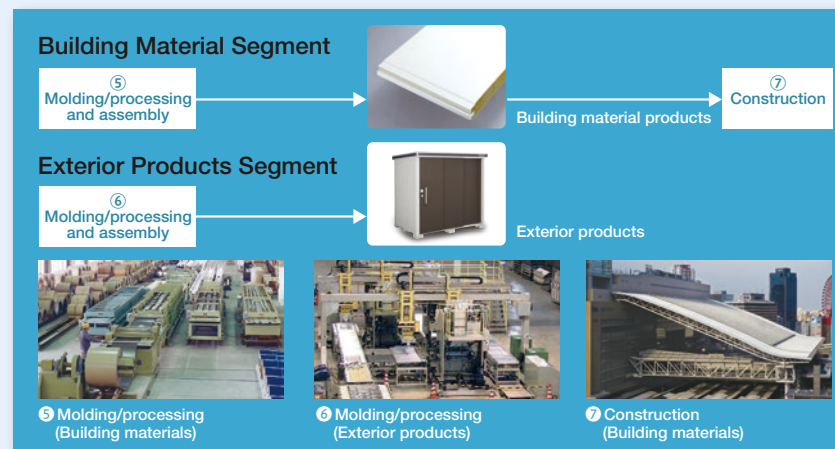
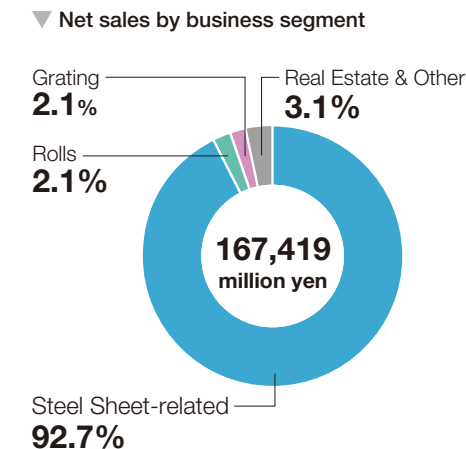


Example of product use in electric appliances



Example of product use in interior building materials

High-quality steel sheets originating from years of accumulated technologies are used for a variety of industrial purposes, such as in construction and in the manufacture of electric appliances and housing equipment. Through the development of highly functional, value-added, and environmentally friendly products, our Company meets the demands of customers and the modern age.



Building Material & Exterior Products Segment

Building Materials and Exteriors: Part of our Society and Daily Lives



YODO fire-proof panel Grand Wall installation example



Yodo-Garage Emerge II

From molding and processing technology gained through our integrated steel sheet manufacturing, to our nationwide sales and service network, we make the most of years of experience to produce a variety of pioneering products that include steel-sheet building materials and exterior products.

Roll Business

Steel Rolls Instrumental in a Variety of Industrial Fields

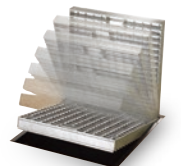
With products that range from rolls for the steel industry created with one of the world's largest centrifugal casting facilities, to equipment for the paper industry including rolls and peripheral equipment, Yodogawa is one of Japan's leading roll manufacturers.



Grating Business

Yodogawa Gratings Support Safe and Comfortable Environments

Gratings are an integral part of the roads, parks, and different infrastructure that supports safe and secure lifestyles. With these lifestyles in mind, we provide a range of products that are environmentally friendly, people-friendly, and safe.

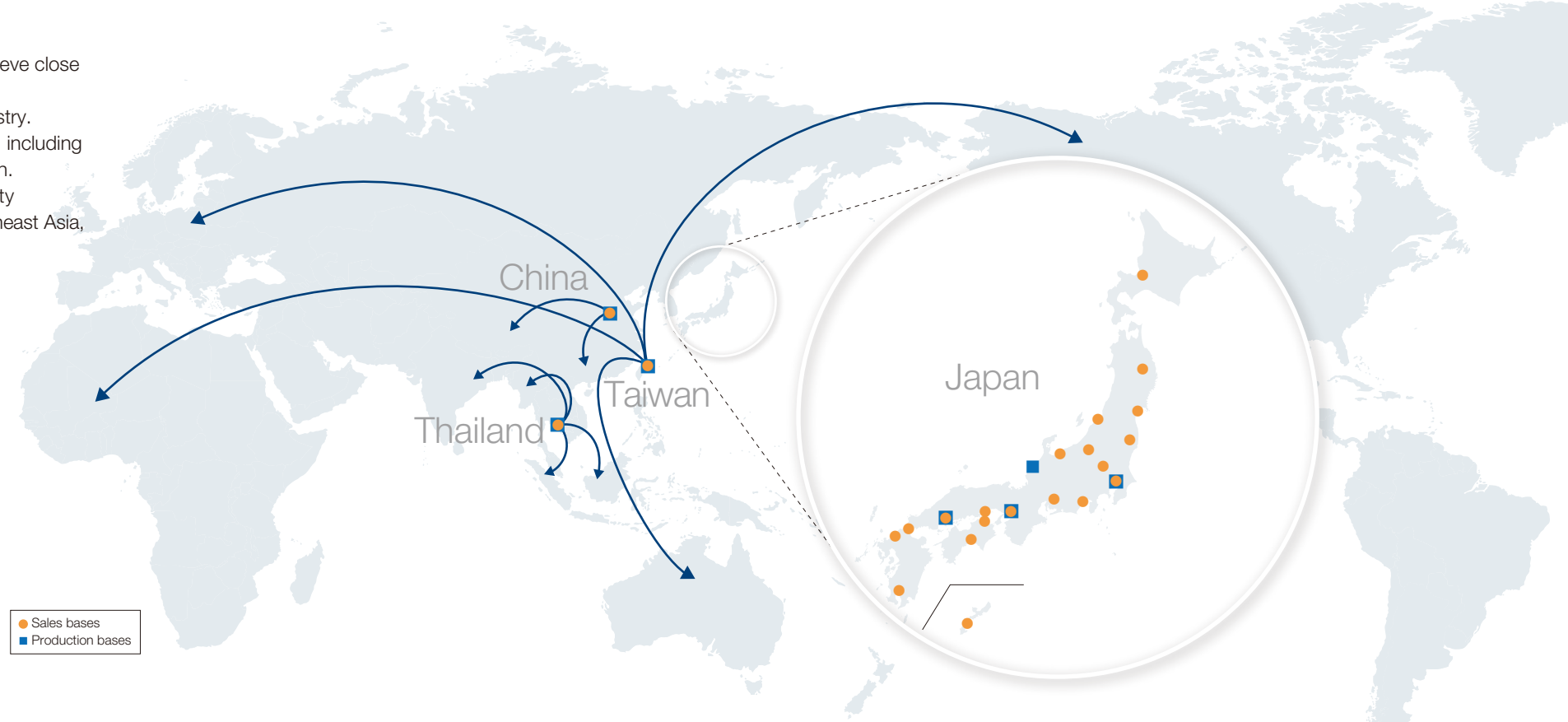


Real Estate & Other Businesses

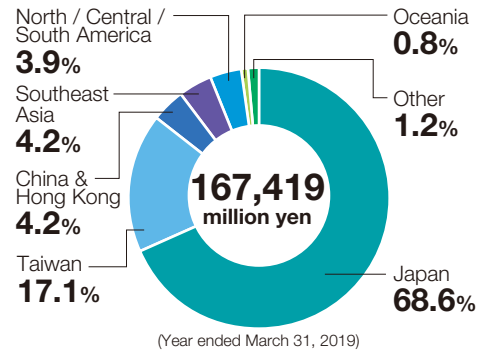
The Real Estate business operates buildings and parking lots for rent and also manages and skillfully utilizes the Company's real estate holdings.



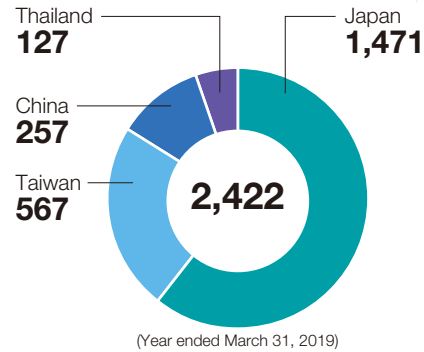
- Production bases located evenly throughout Japan and a network of 21 sales bases that achieve close regional ties with customers and communities.
- Overseas production and sales bases rolled out in Asia ahead of other companies in our industry.
- Sheng Yu Steel Co., Ltd. (SYSCO Taiwan) has successfully promoted locally rooted business, including being listed on the Taiwan Stock Exchange and having strong brand recognition within Taiwan.
- Working from a network of bases evenly balanced throughout Asia, we supply high-quality surface-treated steel sheets around the world, including North / Central / South America, Southeast Asia, Oceania, Africa, and elsewhere.



▼ Net sales by country and region



▼ No. of employees by region



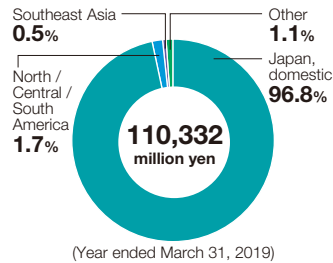
Japan

Yodogawa Steel Works, Ltd.



Head Office

▼ Net sales by country and region



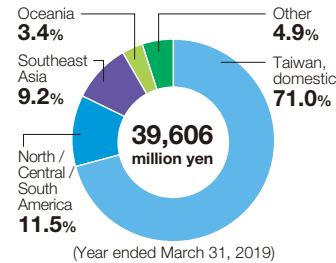
Taiwan

Sheng Yu Steel Co., Ltd.



SYSCO Taiwan

▼ Net sales by country and region



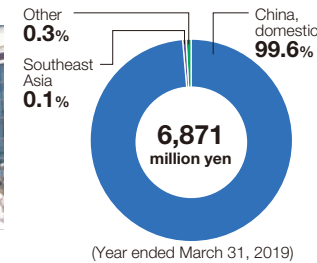
China

Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.



YSS China

▼ Net sales by country and region



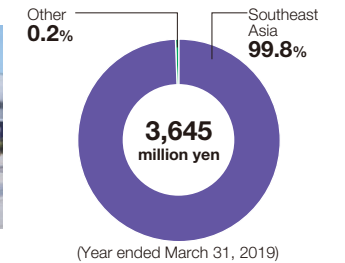
Thailand

PCM Processing (Thailand) Ltd.



PPT Thailand

▼ Net sales by country and region



We aim to contribute to the sustainable development of society and to grow as a corporation through value creation addressing safety, security, the environment, and esthetics.

Business Environment & Business Philosophy

Social challenges

- A declining and aging population with a low birth rate
- Depletion of natural resources
- Disaster mitigation and preparedness
- Achieving a sustainable society

Basic Philosophy

Create Value with New Originality

- More diverse and complex customer needs
- Corporate integration and restructuring (iron and steel industry)
- Emergence of protectionist tendencies
- Accelerated globalization and intensifying competition

Strengths of the Yodogawa Steel Group

(1) Sales

A domestic and international sales framework closely tied to regional customers

(2) Technology

Technical capabilities to precisely meet customers' needs

Dynamic Mobility

(3) Procurement

Flexible procurement due to our advantage of being independent

(4) Production

Well-balanced production bases deployed domestically and internationally

Business Activities → p.3-6

Steel Sheet-related Business

• Steel Sheet Segment



• Building Material & Exterior Products Segment



Roll Business

Grating Business

Real Estate & Other Businesses

Yodogawa Steel

Basic Policy

Maximally leverage the dynamic mobility and Group capabilities that are our strength

Focus on building a foundation for our Long-Term Vision

Group Business Activities Medium-Term Management Plan 2019 → p.17-18

Objective

Record stable consolidated ordinary income of 10 billion yen.

Basic Strategy

Establish a resilient profit structure
Increase the depth of our business model. Dedicate effort to niche markets, product differentiation, and development of product applications. Strengthen collaboration and ties within the Group.

Basic Strategy

Challenge ourselves to enter new business areas
Stimulate new business stemming from existing business. Enter downstream business areas outside Japan.

Basic Strategy

Build a robust business foundation
Simultaneously target a strong financial standing while proactively investing in growth. Foster human resources and improve organizational strength. Coexist with all of our stakeholders.

Long-Term Vision
The SAKURA 100

Ideal Corporate Image

A nimble company adaptable to many changing environments

A prolific company that challenges itself in new business areas

A lasting company that is admired globally

Creating Value through Business

The Group will continue to achieve sustainable growth by pursuing business that leverages our dynamic mobility supported by our Business Philosophy, while putting the comprehensive strengths of the Group into practice.



We engage in the various activities of product development, manufacturing, and sales while addressing safety, security, the environment, and esthetics, and delivering diverse value to all of our stakeholders.

Shareholders and investors



- Maximize corporate value by achieving sustainable growth
- Provide stable, continuous returns to shareholders

Customers and business partners



- Deliver safe and reliable products and services that address the needs of customers and society
- Use our more than 80 years of history to build trusting relationships with business partners

Employees



- Provide a safe and secure environment conducive to productive work
- Foster human resources eager to engage in innovation and develop personal character oriented toward growth

Society and nature



- Contribute to lower environmental burdens by supplying environmentally conscious products
- Contribute to social infrastructure by supplying aesthetically pleasing products

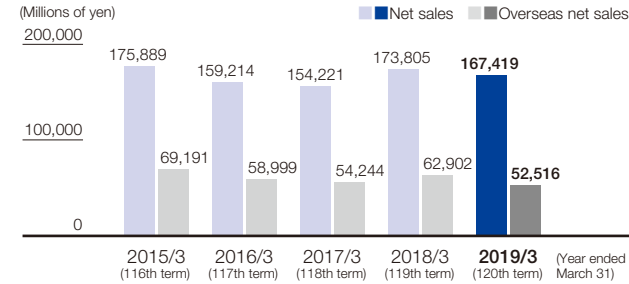
We created a logo for Sakura 100, the Group's long-term vision (formulated in March 2017), with the objective of increasing awareness of the vision in each Group company, while also deepening our stakeholders' understanding of the vision.

淀川製鋼グループ長期ビジョン

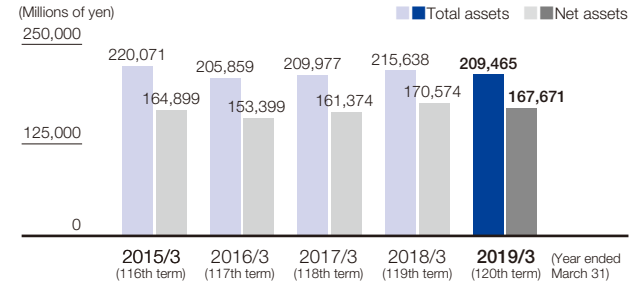


Yodogawa Steel Group Long-Term Vision
Sakura 100

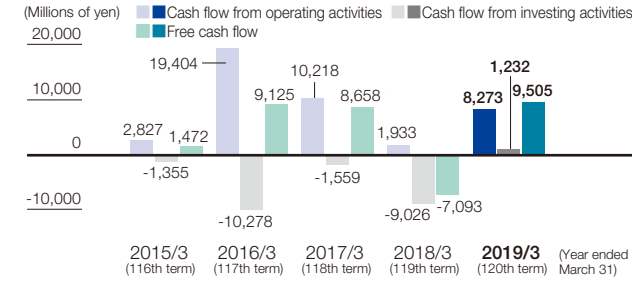
Net sales, overseas net sales (consolidated)



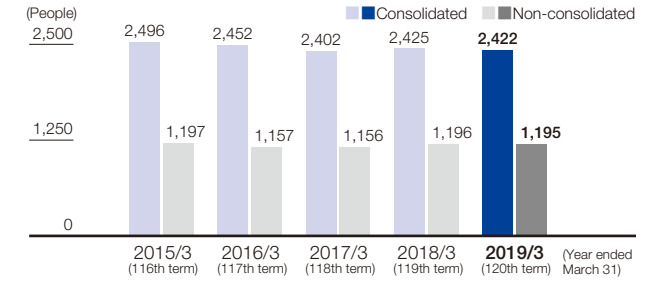
Total assets, net assets (consolidated)



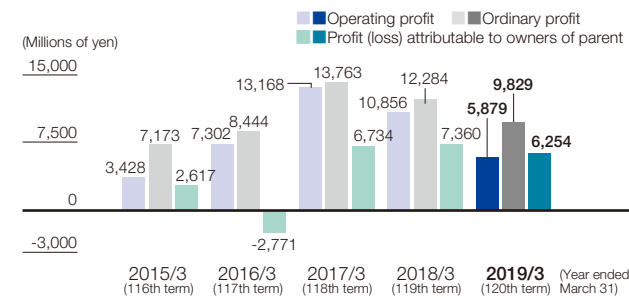
Cash flow from operating activities, cash flow from investing activities, free cash flow (consolidated)



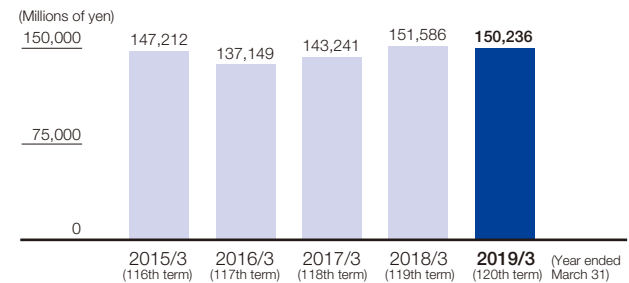
No. of employees (consolidated, non-consolidated)



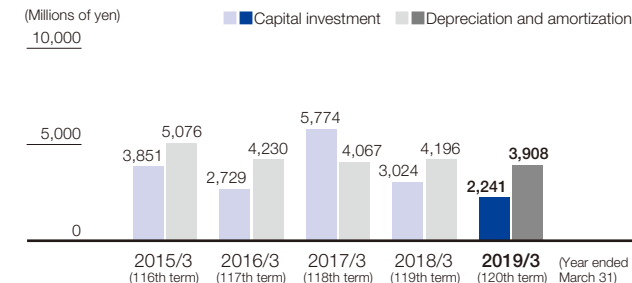
Operating profit, ordinary profit, profit (loss) attributable to owners of parent (consolidated)



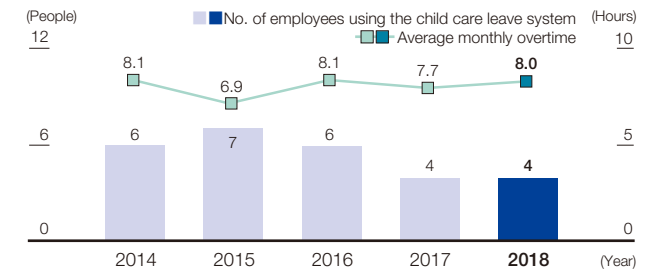
Shareholders' equity (consolidated)



Capital investment, depreciation and amortization (consolidated)

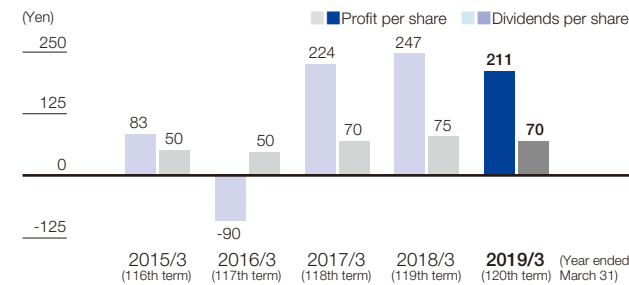


No. of employees using the child care leave system, average monthly overtime* (non-consolidated)

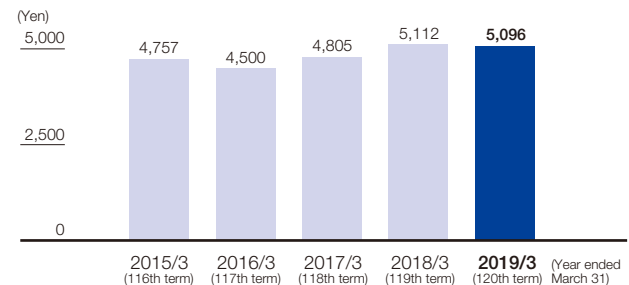


*Regular employees only

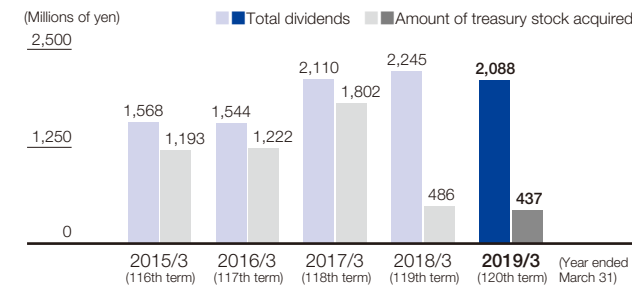
Profit per share, dividends per share (consolidated)



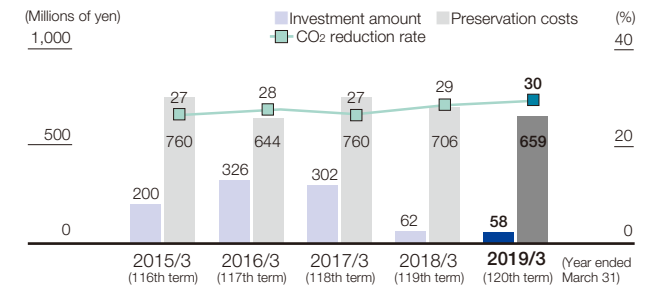
Net assets per share (consolidated)



Total dividends, amount of treasury stock acquired (non-consolidated)



Environmental preservation costs, CO2 emissions (reduction vs. FY 1990 emissions*) (non-consolidated)



*Under the Japan Iron and Steel Federation's Voluntary Action Program (formulated in 1996), the commitment was made to save energy in iron- and steel-making processes, setting a 10% reduction in energy consumption as its goal for the fiscal year 2010 compared to fiscal 1990 levels.

Note: Data before the 117th Term has been adjusted to account for share consolidation.

Note: Data before the 117th Term has been adjusted to account for share consolidation.



We will rebuild our governance framework while advancing toward a more resilient corporate structure.

Although the Japanese economy saw a temporary pause due to natural disasters in the fiscal year ended March 31, 2019, the gradual recovery largely continued and the iron and steel market displayed stability. In the global economy, the U.S. showed strength from the effect of lower taxes following tax reform, while there was a slowing trend in China and Europe from the impact of trade friction and other factors.

A continually severe environment persisted for the Group, due to protectionist measures in various countries, including U.S. import restrictions on iron and steel.

With our focus on the future, we will strive to fortify our earnings capacity. At the same time, we will take to heart the lessons of the inappropriate quality control in our Roll Segment and make it our highest priority to rebuild our quality assurance framework as we dedicate maximum effort to recovering the trust of customers.

Satoshi Nitta President and Representative Director

Interview at the Yodoko Guest House



Q What is your assessment of operating results for the year ended March 31, 2019?

A We responded to surging prices for our primary raw materials and worked hard to make price adjustments.

This fiscal year, the iron and steel industry inside Japan was strong on the back of increasing automobile production and greater construction demand related to the Tokyo Olympics.

Overseas, there was increasing uncertainty due to the impact of trade friction between the U.S. and China, as well as U.S. protectionist trade measures.

Within this context, the Group strove for price revisions and sales activities emphasizing profitability in response to rising raw material and energy costs. However, revenue and profit dipped overseas as headwinds confronted Sheng Yu Steel Co., Ltd., which saw challenges inside and outside Taiwan, and Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. and

PCM Processing (Thailand) Ltd., which both faced severe environments.

In terms of individual segments, the Steel Sheet-related Business saw strong performance again this fiscal year for the YODO Hyper Panel Series, which uses high value-added steel sheet with stain resistance and heat insulating properties, and is the result of collaboration between our steel sheet and building material businesses. Also, with regard to our Exterior Products Business, in August 2018 we implemented the first price revisions in 10 years as we undertook profitability improvements by applying the Group's dynamic mobility to our raw material procurement, purchasing policies, and sales policies. Given expectations for raw material prices to linger within their high range going forward, we will continue to emphasize profitability in our sales activities.

Moving into the future, with labor shortages becoming an urgent social issue, we will consider radical measures, such as the use of AI, in our long-term approach to every aspect of business from production to sales.



YODO fire-proof panel Grand Wall installation example



YODO shed Erumo Modular-type installation example

Q If there are any particular points to highlight for each business segment, please share those with us.

A We moved forward with sales activities, including technology proposals, and our brand awareness improved globally.

First, with regard to the inappropriate conduct related to the quality of our roll products, I would like to sincerely apologize for the tremendous disruption and concern that this caused to our business partners and other related parties. In order to ensure that this type of thing does not happen again, we are placing extra emphasis on quality compliance education in our Roll Segment and are using additional, on-going training to transform awareness among all employees. Furthermore, with regard to our quality assurance framework, we are fortifying the organization of our Head Office quality assurance division so that its supervision is horizontally consistent across each division and business site, while also striving to strengthen reciprocal audits. Through these efforts, we are making a resolute shift to an organization with greater transparency.

Next, in our Exterior Products Segment, we launched

Yodo-Garage Raviege III as a new product in August 2018. In addition to enhancing this product's functionality, we improved its utility in other ways that meet the needs of diverse customers. In other products as well, we expanded our lineup to incorporate a fine-tuned awareness of customer needs.

Overseas, our China business is a priority for the Group. Stiffer financial regulations in recent years have hampered investment in many private building projects and the severity of the business environment has increased. Despite these circumstances, we have been able to make solid progress through our sales activities. Collaborative efforts between YSS China and Yodoko Building Material (HangZhou) Co., Ltd. (YBMH) brought in orders for pre-painted steel sheets for the roofing of Beijing Daxing International Airport, a Chinese state project, which was followed by orders of pre-painted steel sheets for the roofing of Shenzhen Convention & Exhibition Center, one of the world's largest facilities of its kind. These and other projects have boosted the recognition and brand awareness of the Group. Furthermore, at both Sheng Yu Steel Co., Ltd., where there is an extremely challenging domestic and export business environment, as well as at PCM Processing (Thailand) Ltd., where price competition with Chinese and other rival manufacturers is intensifying, we have taken full-fledged steps



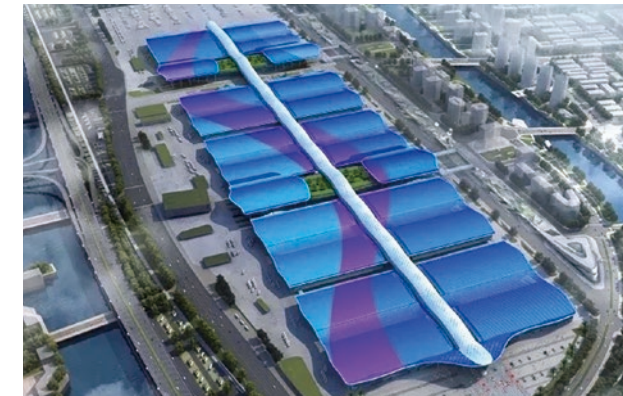
Yodo-Garage Raviege III installation example (rear shutter)

toward proposing new applications of pre-painted steel sheets, while also unlocking markets.

Q What are the second-year results and challenges of the Medium-Term Management Plan 2019?

A We will devote further effort to developing differentiated products, new applications, and new markets.

In the Group's Medium-Term Management Plan 2019, we announced a goal of recording stable consolidated ordinary profit of 10 billion yen, but were unable to achieve this during FY 2019. We recognize that, in order to work toward our first basic strategy to "establish a resilient profit structure," we will need to deepen strategies in each of our businesses. In particular, we will leverage our superior, proprietary technology and develop differentiated products that fulfill customer desires, all while proposing new applications and stepping up efforts to unlock new markets, such as replacing stainless-steel, aluminum, and post-painted steel sheets with pre-coated, colored steel sheets.



Shenzhen Convention & Exhibition Center, China (expected appearance of completed project)

Additionally, in our overseas business, we will endeavor to gain a timely and precise understanding of local problem points and quickly work toward resolving them as pertinent issues for the entire Group.

With regard to our second basic strategy to "challenge ourselves to enter new business areas," we are proceeding to accumulate information leveraging our existing businesses. In order to grow sustainably without being buffeted by changes in the business environment, it will be vital to increase the earnings capacity of our core businesses, while simultaneously diversifying our revenue streams. As such, I think that we will need to aggressively deploy our management resources going forward.

As pillars for our third basic strategy of "building a robust business foundation," we are striving to: "equally emphasize a strong financial standing while proactively investing in growth," "fostering human resources and improving organizational strength," and "coexisting with all of our stakeholders." Within these efforts, we have positioned the rebuilding of our governance framework as a critical issue for the entire Company in light of the case of inappropriate actions in our Roll Segment. We will reflect on our Group business philosophy and instill a corporate culture that values "trust" first and foremost.



New TV commercial for exterior products



Please tell us about initiatives dedicated to ESG.

Following the completion of a renovation and repair project on the Yodoko Guest House, we reopened the residence to the public.

In our Long-Term Vision, we have announced the goal to “coexist with all of our stakeholders.” We are pursuing business growth while emphasizing safety, security, the environment, and aesthetics, as exemplified in our efforts to eliminate environmentally harmful substances, including being the first in our industry to develop pre-painted steel sheets for roofing and siding that do not contain hexavalent chromium.

As for our social contribution activities, we have been involved in preserving the Yodoko Guest House, designated as an important cultural asset in Japan, and reopened the residence to the public in February 2019, following an approximately 2-year renovation project.

Furthermore, we are participating in the SAKURA + PROJECT for supporting recovery after the Tohoku Earthquake, and also donated a total of six million yen in aid and for recovery from

the torrential flooding in Western Japan and the eastern Iburi earthquake that struck Hokkaido (both occurring in fiscal 2018). On top of this, we have decided, starting this year, to take an amount equivalent to the unclaimed shareholder incentives each fiscal year and donated it to social contribution activities.

As stated already, I recognize the inappropriate case that occurred in our Roll Segment as an issue with our governance (including our quality assurance framework), while also seeing it as an issue in each individual’s compliance awareness. In order to eliminate human-intermediated tasks such as the rewriting of data, we will strive to automate inspections and record keeping, while also using on-going education to spur a thorough transformation in awareness for all employees. We will use both structural- and people-oriented approaches to rebuild our governance and instill an awareness of compliance.

Meanwhile, as a human resources development initiative, we are using business improvement activities (JK Activities; J: jishu meaning voluntary, K: kanri meaning management) in our Group, including our overseas subsidiaries. These activities promote the growth and self-fulfillment of each and every employee, while also helping us aim to be a “lasting company that is admired globally,” that responds to customer desires, and that addresses social issues.



Yodoko Guest House



Yodoko Guest House



Yodoko Guest House (west corridor)



What is the policy for returns to shareholders?

Based on our dividend policy, we paid a dividend of 70 yen for the fiscal year.

We recognize stable, continuous returns to shareholders as one of our highest business priorities. Similarly, paying stable, continuous dividends to shareholders in line with operating results requires sustainable growth, which is why maintaining a robust financial position is a pillar of our capital policy.

As an indicator for dividend payments, our goal for the duration of the current Medium-Term Management Plan is to maintain annual dividends per share of 50 yen or more, while aiming for a consolidated annual payout ratio of approximately 30-50%. Following this policy, we paid a 70-yen dividend (a 30-yen interim dividend and a 40-yen year-end dividend), with a consolidated annual payout ratio of 33.2%.



Last, what is your message to stakeholders?

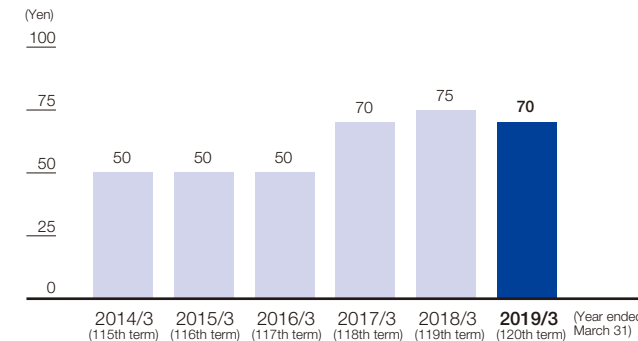
After shoring up our near-term business standing, we will boldly challenge ourselves in new fields.

For the global economy in the fiscal year ending March 31, 2020, the outlook is increasingly uncertain as there are heightening concerns over U.S.-China trade friction and economic stagnation in emerging countries, paired with the issue of the U.K.’s exit from the E.U. In the iron and steel market as well, forecasts are for protectionist trade measures to keep surfacing, the environment for new orders to remain severe, and the high price of raw materials to persist, which indicates that we will continue to see very challenging conditions for earnings.

Amidst this environment, we will work toward achieving the Yodogawa Steel Group Medium-Term Management Plan 2019 by drastically transforming our cost structure, maximizing our strong dynamic mobility, proceeding to unlock new markets, and expanding sales of high value-added products. As we greet the new Reiwa era, we will solidly shore up our near-term business standing, then boldly challenge ourselves beyond our traditional boundaries.

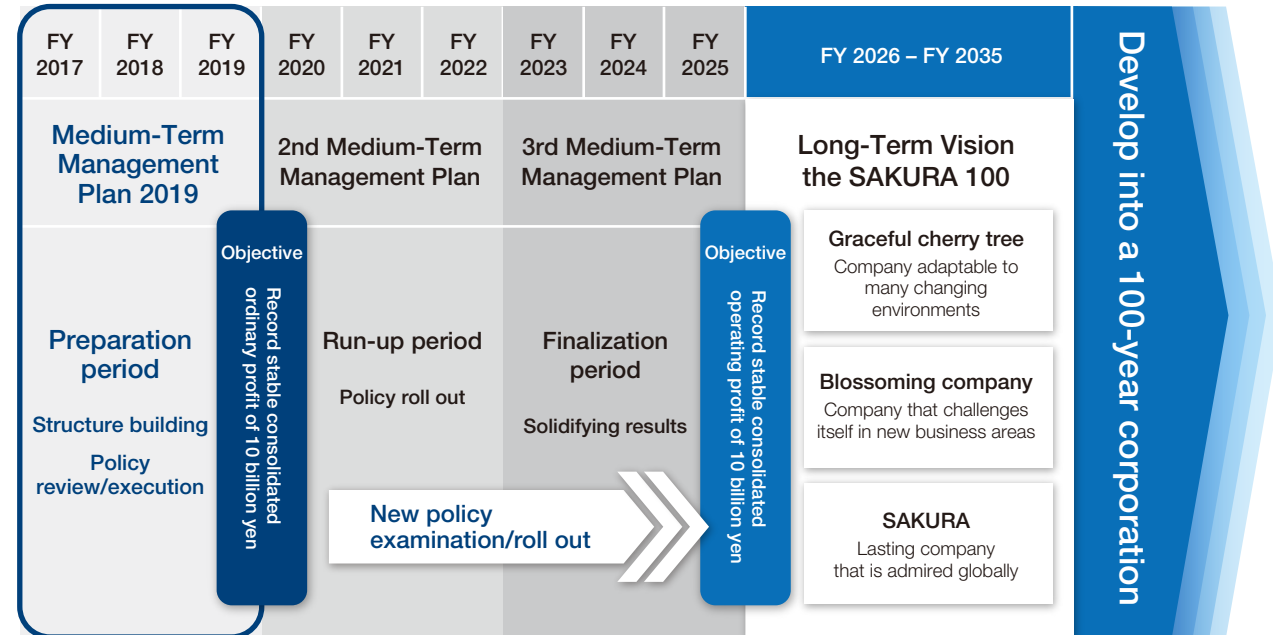
Going forward, we would like to sincerely ask for your continued support and understanding.

Dividends per share

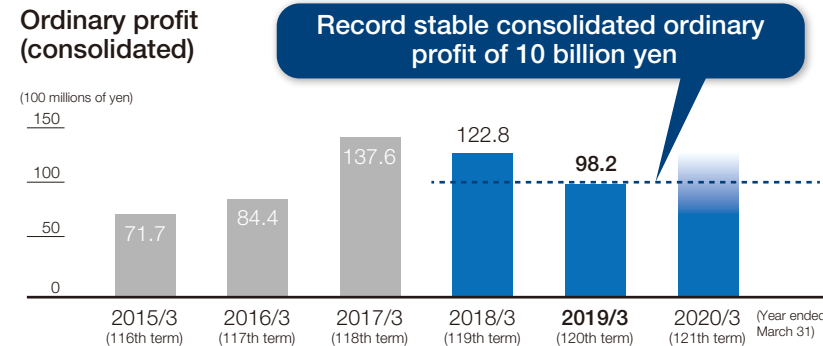


Note: Data before the end of September 2015 has been adjusted to account for share consolidation.

Positioning of the Current Medium-Term Management Plan



Medium-Term Operating Objectives



- In the year ended March 31, 2019, there was solid demand in the Japanese domestic market for construction, automobile, home appliance, and other products, which provided overall stability. At the same time, all of our overseas subsidiaries faced severe business environments from U.S.-China trade friction and other factors that created uncertain conditions and led to underperformance versus our targets.

- In the year ending March 31, 2020 as well, we forecast on-going challenging conditions in the iron and steel market, although we will persistently undertake measures directed toward strengthening our capabilities.

Main Initiatives by Business Segment in the Year Ended March 31, 2019

Basic strategies	Status of major initiatives
<p>Establish a resilient profit structure</p>	<ul style="list-style-type: none"> Achieved a solid measure of results from entering new fields and unlocking new sales channels. <ul style="list-style-type: none"> Steel Sheet Business Continued directing effort toward expanding sales volume of high value-added pre-painted steel sheets. Replaced post-painted steel sheets with pre-coated, colored steel sheets and entered niche markets. Building Material Business Through aggressive sales activities, steadily increased sales volume of the Hyper Panel Series that uses YODO Hyper GL Color sheets. Exterior Products Business Changed lineup of garage models in order to respond to diverse customer needs. Added new options and proposed new applications. Roll Business Applied technology for papermaking rolls and continued seeking new orders in the films domain. Grating Business Entered new fields, for example targeting the railroad business and energy-related products. Promoted sales expansion for highly functional building exterior products that are a strategic collaboration between the steel sheet and building materials businesses. Overseas, Chinese subsidiaries continued receiving orders for steel sheets for roofing on large-scale projects as a result of collaboration between the steel sheet and building materials businesses. We will proceed to deepen this collaboration going forward.
	<ul style="list-style-type: none"> Steel Sheet Business (overseas) Through collaboration between YSS China and Shanghai Yodoko Trading Co., Ltd. (SYT), we aimed to increase customer numbers and expand sales volume of steel sheets for home appliances. Building Material Business (overseas) Through collaboration between YSS China and Yodoko Building Material (HangZhou) Co.,Ltd. (YBMH), we put effort toward receiving orders leveraging the expertise accumulated in Yodoko's roofing business.
<p>Challenge ourselves to enter new business areas</p>	<ul style="list-style-type: none"> Gathered information for planning new business that will use existing exterior and building material product technologies to gain a foothold in new ventures.
<p>Build a robust business foundation</p>	<ul style="list-style-type: none"> Strengthened IR activities, including enhancing non-financial information in the YODOKO REPORT (integrated report). Organized and established a governance and compliance framework in the interest of strengthening ESG management



YODO Hyper GL Color installation example

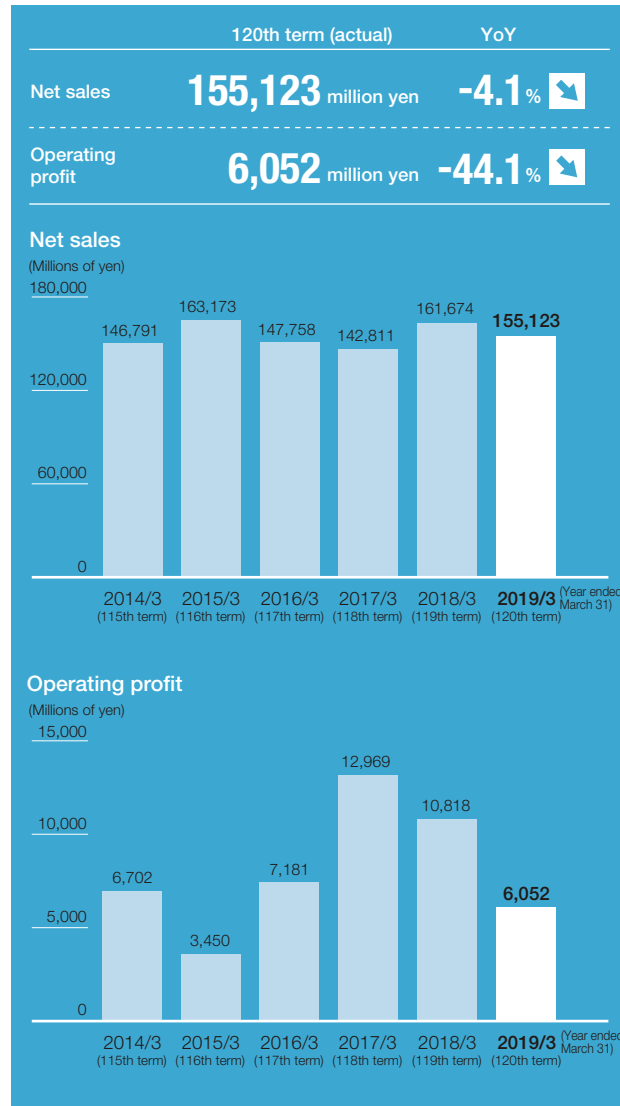


YODO fire-proof panel Grand Wall installation example



Yodo-Garage Emerge II

Steel Sheet-Related Business



Steel Sheet Segment

Looking back on the year ended March 31, 2019

- The volume of tied sales in the Japan market (sales to specific high-demand customers) dipped year-on-year as we put greater emphasis on profitability in our sales of galvanized products. However, pre-painted steel sheets fared well, mainly being sold for home appliances, and sales volume increased. Net sales increased, partly due to the implementation of price revisions.
- With regard to retail sales in Japan (for general distribution), the demand environment was strong due to factors including disaster recovery projects, though sales volume dipped as we directed focus to more profitable sales. We were able to record net sales on par with the previous fiscal year through the implementation of price revisions.
- Overseas, Sheng Yu Steel Co., Ltd. faced an uphill battle inside and outside Taiwan, leading to decreased net sales. Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. faced a lagging economy inside China, which, among other factors, led to poor growth in orders. PCM Processing (Thailand) Ltd. faced stiff headwinds from intensifying price competition and the effects of exchange rates.

Outlook for the year ending March 31, 2020

- Domestically, as we forecast raw material prices to linger within their high range, we will approach sales with an emphasis on profitability and will strive to further grasp customer needs.
- Overseas, we will direct effort toward developing high value-added products and uncovering latent demand through aggressive PR activities.

Initiatives for achieving the Medium-Term Management Plan

- We will accelerate the speed of developing high value-added products and work to expand sales of differentiated products directed toward unlocking new fields and niche fields.
- We will further strengthen internal Group collaboration by approaches such as coordinating with overseas bases, while also increasing our competitiveness.



Examples of interior-design building materials in use



Production facilities for pre-painted steel sheets

Building Material & Exterior Products Segment

Looking back on the year ended March 31, 2019

- For building materials, we focused sales activities on profitability from our mainstay roofing products, with sales volume seeing a decline. Sales volume of our focus product YODO fire-proof panel Grand Wall increased as usage ramped up, bringing a net sales increase year-on-year.
- With regard to exterior products, we carried out price revisions in August of 2018. In addition to strong consumer spending, new garage models and the like were steady, leading to increased net sales.
- For construction, we saw strong orders for distribution warehouses, manufacturing facilities, and the like; however, net sales dipped compared to the previous year, which saw some large-scale projects reach completion.

Outlook for the year ending March 31, 2020

- For building materials, we expect our mainstay roofing products to do well, while inquiries should remain steady for building exteriors, such as our YODO fire-proof panel Grand Wall, mainly for use on distribution warehouses and factories.
- With regard to exterior products, we will dedicate effort to expanding sales and enhancing options, focusing on garages.
- For construction, we will work to keep expanding product applications, including the use of high value-added insulating and fire-proof panels on high-rise buildings and commercial facilities.

Initiatives for achieving the Medium-Term Management Plan

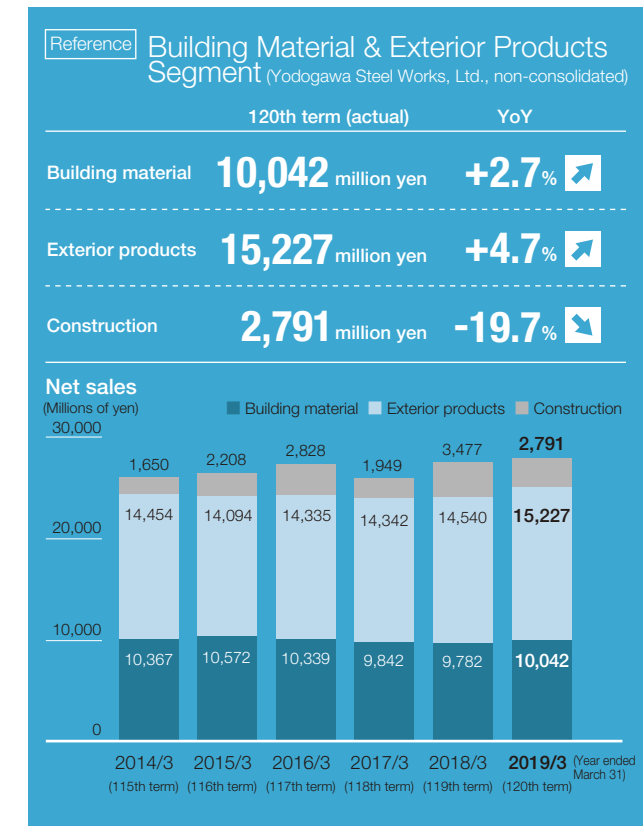
- In terms of building materials, we will dedicate effort to expanding sales of highly functional products (insulated siding).
- With regard to exterior products, we will work to propose new applications, such as launching options for smoking areas, which is relevant as part of initiatives for improving community environments.
- For construction products, we will work to receive orders for projects using our YODO fire-proof panel Grand Wall, while enhancing our sales structure in the Kanto region.
- In terms of development, we will strive to meet customer needs related to our objectives of merging steel sheet and building material technology, as well as further expanding streamlined construction products.



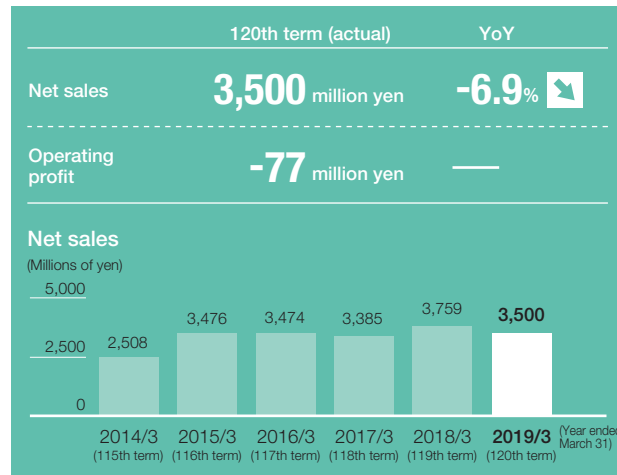
YODO fire-proof panel Grand Wall installation example



Optional smoking area as part of YODO bicycle parking spaces



Roll Business



Looking back on the year ended March 31, 2019

- Profit declined due to damage from Typhoon Jebi to some manufacturing equipment, in addition to inappropriate conduct leading to quality issues.
- We strove to rebuild our quality assurance systems and reform the awareness of all employees by thoroughly educating them on quality compliance.

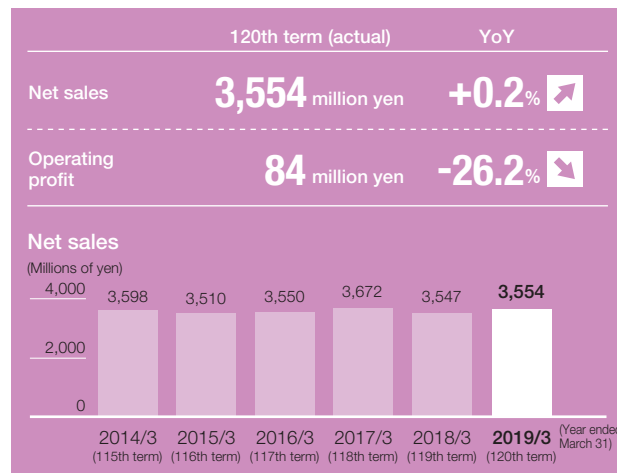
Outlook for the year ending March 31, 2020

- Severe market conditions are expected for products in the iron and steel industry; however, we will continue dedicating effort toward grasping customer needs and expanding sales.
- For products in the non-ferrous industry, we will work to continue expanding sales in new business fields.

Initiatives for achieving the Medium-Term Management Plan

- For products in the iron and steel industry, we will expand sales of high value-added rolls for section steel.
- For products in the non-ferrous industry, we will utilize our accumulated roll production technology to unlock demand in new business fields.

Grating Business



Looking back on the year ended March 31, 2019

- Roadway-related business followed last year in facing a severe environment, with the priority being placed on disaster recovery projects; however, net sales were in line with last fiscal year on the back of strong demand for private building projects, such as distribution warehouses and plants.

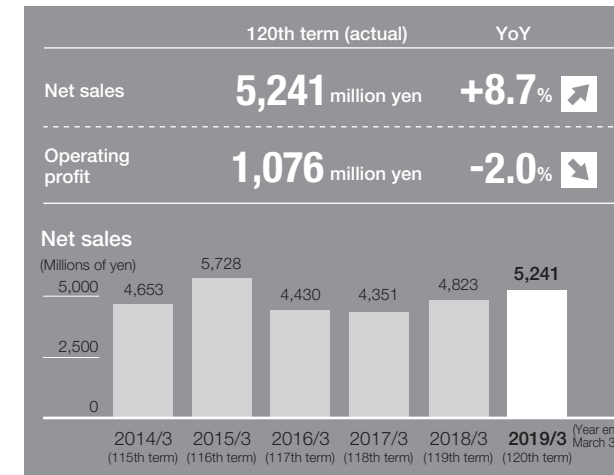
Outlook for the year ending March 31, 2020

- With sales activities assertively focused on the future, we will dedicate effort to securing projects such as those generated by the Japanese Government's Fundamental Plan for National Resilience, as well as the World Expo to be held in 2025.

Initiatives for achieving the Medium-Term Management Plan

- We will strive to continue expanding sales of products for private building projects.
- We will strive to develop new product applications and strengthen earnings capacity.

Real Estate & Other Businesses



Looking back on the year ended March 31, 2019

- In the real estate business, effectively leveraging assets contributed to net sales and boosted revenue higher.
- In our engineering business, revenue increased due to the strength of overseas plants.

Outlook for the year ending March 31, 2020

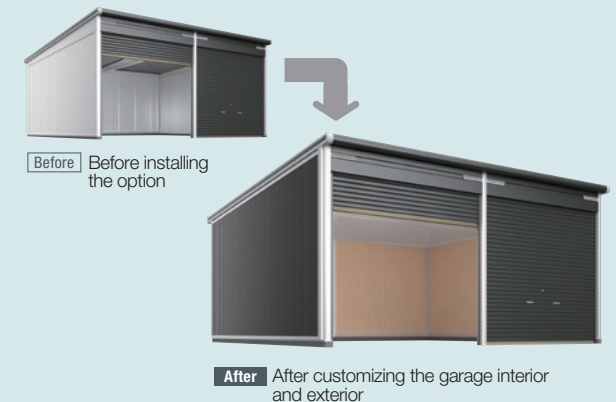
- We will continue to effectively leverage assets in the real estate business.
- In our engineering business, we will dedicate effort to selling steel sheet processing equipment overseas.

Initiatives for achieving the Medium-Term Management Plan

- We will effectively leverage assets in the real estate business in order to contribute to improving the Group's earnings capacity.
- We will leverage the engineering business to capture demand primarily with steel sheet processing equipment.

Topics Raviege III Dressed Option, A New Product Launched in May 2019

With the diversification of tastes and values in recent years, as well as the changes in lifestyles, people's attitudes toward garages are putting emphasis on design as well as function. Rather than seeing the garage as simply a place to store one's car, increasingly more customers are wanting to customize their garage to fit their preferences, with conventional building materials used on the exterior and interior. We launched Raviege III Dressed Option as Yodogawa Steel Works' solution to these types of customer needs. This product uses Yodo-span 1K & 1F walls, which, among our building materials, have been especially praised for their design features and allow for individual touches to garage exteriors and interiors.



SYSCO Taiwan

Trade name: Sheng Yu Steel Co., Ltd.
Established: May 19, 1973
Paid-in capital: NT\$ 3.2118 billion

Location: Kaohsiung, Taiwan R.O.C
Chairman of the board: Soichi Kitamura
President: Colin Hsu
No. of employees: 567



Business activities: Steel sheet manufacturing and sales
Main facilities: 1 pickling line 2 cold rolling lines 2 galvanizing lines 2 color coating lines

Looking back on the year ended March 31, 2019

- Although the Taiwanese economy continued a gradual recovery in 2018, it lagged alongside the global economy in the second half of the year. Overall, although it maintained firmness, it was only able to record a slight gain.
- Inside Taiwan, stronger construction regulations and softer demand for renovations were factors that held back sales of our mainstay product, pre-painted steel sheets.
- As for exports, the effects of protectionist measures in the U.S., our primary export destination, made for an uphill battle. Effort was concentrated on other regions, such as Southeast Asia, but net sales fell year-on-year.

Outlook for the year ending March 31, 2020

- For products for the domestic market, we will work to boost revenue and profit by increasing our sales volume of galvanized products and by enhancing the value-added features of pre-painted steel sheets.
- For export products, we will respond to on-going U.S. protectionist measures by putting effort into finding new business partners and uncovering new demand in existing markets, while also unlocking new export markets.
- We will strive to secure further revenue and profit by strengthening price competitiveness, while also working to enhance our management structure by fortifying sales of niche products, in addition to sales in high-quality markets.

YSS China

Trade name: Yodogawa-Shengyu (Hefei)
High-Tech Steel Co., Ltd.
Established: October 28, 2011
Paid-in capital: USD 220 million

Location: Anhui, China
Chairman of the Board: Satoshi Nitta
President: Eiichi Tanaka
No. of employees: 257



Business activities: Steel sheet manufacturing and sales
Main facilities: 1 galvanizing line 2 color coating lines

Looking back on the year ended March 31, 2019

- Sales volume slowed and net sales fell from the effects of delays in meeting our scheduled sales expansion to new customers, and also from the economic stagnation in China from August onward.
- For building materials, we received steel sheet orders for the roofing of the Shenzhen Convention & Exhibition Center in collaboration with Yodoko Building Material (HangZhou) Co.,Ltd. (YBMH).
- For home appliances, we kicked off efforts to expand sales of products for use in Chinese home appliances in collaboration with Shanghai Yodoko Trading Co., Ltd. (SYT) a sales and marketing company.

Outlook for the year ending March 31, 2020

- For building materials, we will dedicate effort to continue receiving steel sheet orders for large-scale roofing and siding projects.
- For home appliances, we will work to expand sales volume by cooperating with Shanghai Yodoko Trading Co., Ltd. (SYT) to follow up with existing customers and unlock new customers. At the same time, we will aim to quickly make Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. the hub of the Group's operations in that country.

PCM Thailand

Trade name: PCM Processing (Thailand) Ltd.
Established: April 1999
Paid-in capital: THB 1,377,259,000

Location: Amatanakorn Industrial Estate
Representative: Shohei Kozaki
No. of employees: 127



Business activities: Pre-painted steel manufacturing, processing and sales
Main facilities: 1 continuous color coating line 2 large leveler lines 1 sheet slitter

Looking back on the year ended March 31, 2019

- Broad-based revisions were necessary across the board due to the U.S. Trade Expansion Act, Section 232, and intensifying competition in regions, including Southeast Asia.
- We strove to revise sales prices and reduce costs; however, it took time to adequately reflect higher materials costs in sales prices (including the effect from exchange rates), which pulled down profit.

Outlook for the year ending March 31, 2020

- We will celebrate the company's 20th anniversary in 2019. We will endeavor to step up sales efforts, build a new business scheme, and strengthen our cost competitiveness, while also aiming to quickly return to strong performance as the Group's main ASEAN hub.
- We will launch high value-added products, such as fluoro-coated steel sheets and stainless pre-painted steel sheets, while working to develop product applications.

Topics — A Collaborative Project between YSS China and Yodoko Building Material (HangZhou) Co.,Ltd. (YBMH) Shenzhen Convention & Exhibition Center

Shenzhen Convention & Exhibition Center, scheduled to open in 2019, has a total area of 1.58 million m² across six exhibition halls. Its 500,000m² of indoor exhibition space is the largest in the world. The steel roof of the exhibition center is also the largest in the world, at approximately 740,000 m², with some three quarters (550,000 m²) of it being Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.'s fluororesin pre-painted hot-dip 55% Al-Zn alloy-coated steel sheets. A local construction company installed the roof with technical support provided by Yodoko Building Material (HangZhou) Co.,Ltd. (YBMH).

Following on the heels of the Beijing Daxing International Airport (a Chinese state project), the order for the Shenzhen Convention & Exhibition Center comes as part of one of the world's largest projects and will steadily boost the recognition and brand awareness of the Group.

We will continue to dedicate effort toward receiving orders for large-scale public works and other projects while expanding PCM sales for home appliances and aiming to steadily operate these companies as major bases for the Group.



Shenzhen Convention & Exhibition Center, China (expected appearance of completed project)

Working to co-exist with all of our stakeholders, we continually strive to enhance ESG activities.

By creating value through the Yodogawa Steel Group's core goals of safety, security, environment, and aesthetics, we strive toward our Long-Term Vision to coexist with all of our stakeholders and contribute to achieving a sustainable society.



Environment

Basic Environmental Principles

Contribute to the preservation of the Earth's environment.
Conduct business with respect for the natural environment.

Basic Environmental Guidelines

1. Instill awareness of environmental preservation

Provide our employees and partner company employees with environmental education to promote awareness of environmental preservation and instill an action-oriented mindset.

2. Ensure consideration for the environment in our business activities

- 1) In all of our business activities, strive to minimize environmental burdens while preventing harmful pollution, conserving resources, reducing energy usage, rationalizing logistics, and reducing and recycling waste. (Preventing harmful pollution: adhering to environmental laws and standards)
- 2) Strive to minimize environmental burdens from waste when developing products by improving durability, reusing materials, and utilizing materials that are easy to recycle.

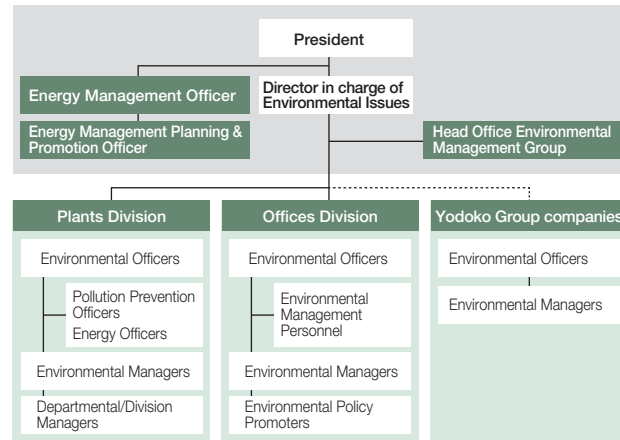
3. Establish internal organizations

In order to pursue the objectives above, strengthen environmental management organizations at the head office and each business site, while also implementing environmental preservation activities.

Environmental Management System

Under our Basic Environmental Principles, we are advancing initiatives to lessen environmental burdens. We created the Yodoko Environmental Management System in order to address regulations and requirements related to environmental preservation, while also making our initiatives more proactive. We established an Environment Committee with the Company President as chairperson and with members comprising a Director in charge of environmental issues and Environmental Officers from each division. This committee handles overall decisions on fundamental matters concerning the environment. Additionally, the committee regularly holds contact meetings with the Group and is working to ensure widespread awareness.

Yodoko Environmental Management System



ISO 14001 Certified Business Sites

Our three steel sheet plants inside Japan and the plants of our three consolidated subsidiaries overseas carry out on-going environmental preservation activities in order to minimize environmental burdens. The same plants have received ISO 14001 certification as part of efforts to manage and improve these activities.

Business site	Date certified	Date renewed	Examining/certifying agency
Ichikawa Plant	June 2000	June 2018	
Osaka Plant	December 2000	December 2018	JICQA
Kure Plant	December 2000	October 2018	
Sheng Yu Steel Co., Ltd. (Taiwan)	December 1997	December 2018	DNV•GL
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (China)	December 2015	December 2018	SGS
PCM Processing (Thailand) Ltd.	November 2013	March 2018	UKAS

Purpose and objectives of environmental activities

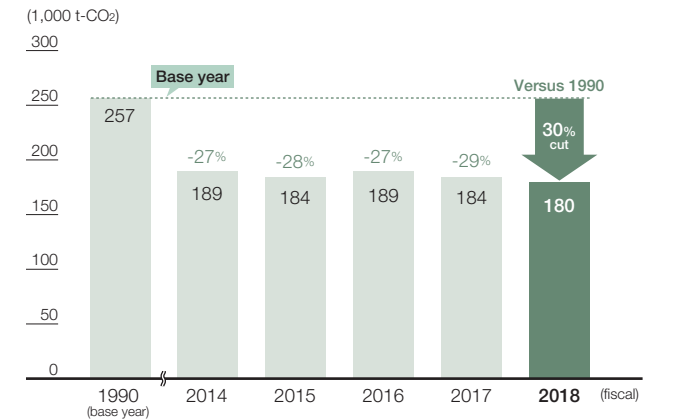
Prevent global warming	Reduce CO ₂ from production divisions
	Reduce CO ₂ from transport
	Reduce CO ₂ from business offices
Create a recycling-oriented society	Promote reduction of resource usage
Reduce environmentally harmful substances	Reduce VOC emissions
	Reduce usage of toxic chemical substances
	Environmentally conscious products and technology development
Consideration for the environment	Contribute to local societies
	Ensure risk management

Prevent Global Warming

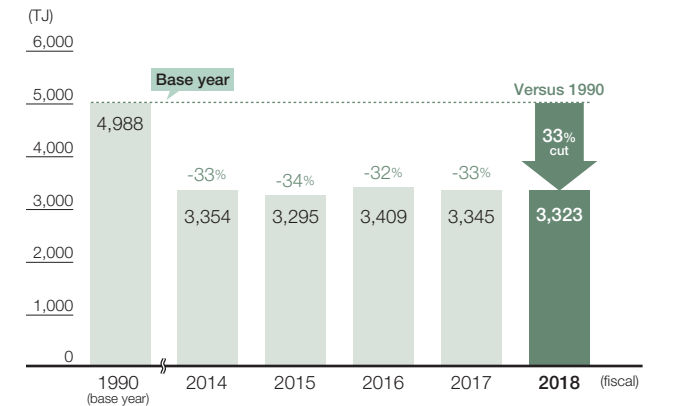
As countermeasures to global warming, we are making efforts to increase efficiency by upgrading equipment in production divisions, while also improving operations and using LEDs for equipment lighting. In terms of logistics, our efforts include shifting to rail and marine transport, in addition to improving our loading efficiency ratio

on trucks, etc. We are also encouraging all offices to moderate room temperatures (to 28°C in summer and 20°C in winter) and to follow activities such as "Cool Biz" (avoiding suits in summer). In FY2018, we cut CO₂ emissions by 30% and energy consumption by 33% (both over FY1990).

CO₂ emissions



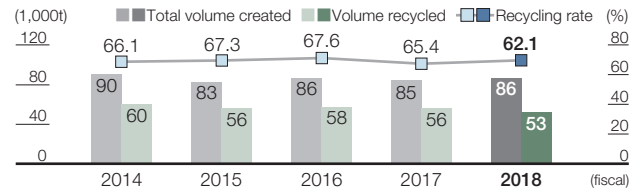
Energy consumption



Create an Environmentally Recycling-oriented Society

We are striving to take waste products created during production activities and reuse them as resources. Sludge is recycled as raw material for cement or utilized for its metal content, while used oil is recycled or used for supplemental fuel. Slag, meanwhile, is used for roadbed base layers. In FY 2018, our total volume of waste created was 86,000t (an approximate 1% increase year-on-year). As for reused resources, our recycling rate went down by 3.3% year-on-year.

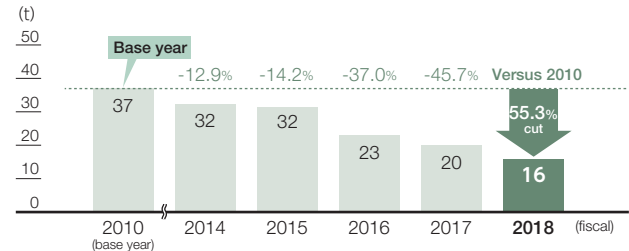
Waste products, valuable waste volume, and recycling rate (non-consolidated)



Reduce Environmentally Harmful Substances

Yodogawa Steel Works participates in the Voluntary Action Program of the Japan Iron and Steel Federation. We have adopted the program's goal "not to let emissions exceed FY 2010 levels" and we strive to lower our VOC emissions. To date, we have taken steps including upgrading the deodorizing apparatus on our pre-painted steel sheet lines, while lowering FY 2018 VOC emissions 55.0% versus FY 2010.

VOC emissions and reduction rate



Economical Utilization of Clean Energy

On the roofs and grounds of our Osaka, Izumiotsu, and Fukui Plants, and at Group companies, we have installed photovoltaic power generation systems that produced approximately 6,800 MWh of electricity in FY2018.

This photovoltaic power generation is expected to reduce annual CO₂ emissions by about 3,800 tons.



Solar panels in SYSCO Taiwan

Environmental Accounting

We keep track of environmental preservation costs as an indicator that helps us efficiently carry out environmental preservation initiatives, and prevent and suppress environmental burdens, so that we do not harm the environment through our business activities.

Our investments for environmental preservation in FY 2018 came to 58 million yen, which included measures such as installing LED lighting. Furthermore, our preservation expenses came to 659 million yen, consisting of 27% for air pollution prevention measures, 24% for water contamination prevention measures, and 21% for processing industrial waste. These expenses mainly went toward preventing pollution and recycling resources.

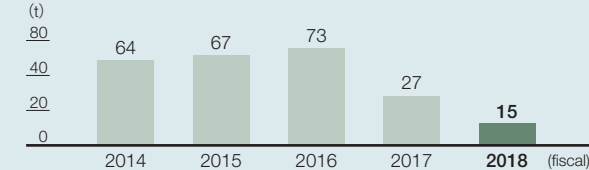
Notes: 1. Though we do track statistics for the Group overall, including overseas companies, numerical data on the environment presented on pages 26 and 27 cover the Company on a non-consolidated basis in the interest of simplicity and clarity for expressing reduction rates, etc. (Yodogawa Steel Works participates in The Japan Iron and Steel Federation's "Action Plan for a Low Carbon Society," "Voluntary Action Plan for a Recycling-Oriented Society," and "Voluntary Action Program to Cut VOC Emissions").
2. FY 2018 numerical data on the environment presented on pages 26 and 27 are preliminary figures.

Topics Sheng Yu Steel Co., Ltd.'s Environmental Activity Initiatives

Reduce Environmentally Harmful Substances

In 2016, we upgraded equipment to mitigate VOCs on the production line, which led to greatly reduced VOC emissions from 2017 onward.

VOC emissions

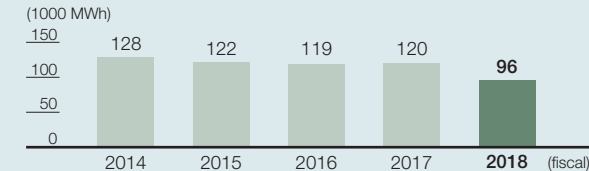


Prevent Global Warming

As countermeasures to global warming, we are making efforts to increase efficiency by upgrading equipment and switching to LED lighting through our initiatives to lower energy consumption and cut CO₂ emissions.

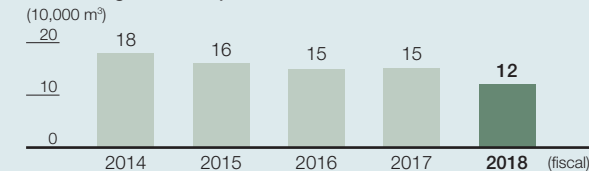
- 1) Cut electricity consumption of air compressors and cooling towers
- 2) Cut electricity consumption of building lights, various motors, and ventilation equipment

Electricity consumption

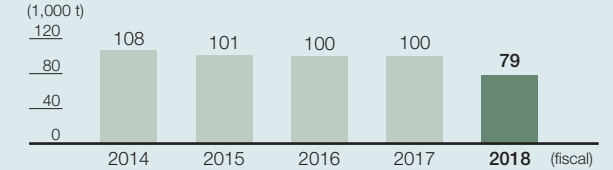


- 3) Installed heat recovery steam generators on some production lines

Natural gas consumption



CO₂ emissions



Development of Environmentally Conscious Products

Development of heat insulating steel sheets

We guarantee total solar reflectance (TSR) of 25% or greater. This is expected to yield benefits such as lowering indoor temperatures and reducing electricity bills for ventilation systems.

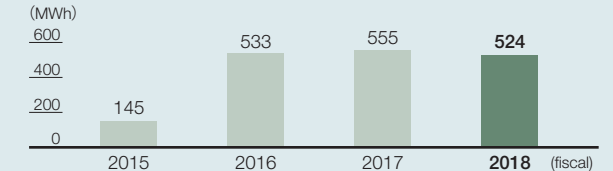
Development of GL steel sheets for solar panel mounts

By using GL steel sheets with high corrosion resistance and a higher level of galvanization, we have contributed to increasing the number of years that photovoltaic power generation systems can remain in use.

Others

Following the Japanese government's implementation of green energy policies, we installed photovoltaic power generation systems on the roofs of our plants in September 2015. As of December 2018, these systems have generated a cumulative 1,777 MWh of power.

Photovoltaic power generation



Our Products Helping Solve Social Issues

Reducing Usage of Environmentally Harmful Substances with Our Chromate-free Products



For our steel sheet products, we have dedicated effort to developing chromate-free plates as quickly as possible. These plates do not contain hexavalent chromium, which is an environmentally harmful substance, and therefore help us minimize environmental burdens in our product creation.

In 2005, we completely removed chromate from products for customers in the electrical appliance industry, and, in 2007, we became the first in the industry to launch chromate-free treated steel sheet for roofing and siding (brand name Eco Green) for use in exposed environments.

Our YODO Hyper GL Color chromate-free pre-painted steel sheet for building exteriors, which launched in January 2017, was developed following the concept of "long-term use that is friendly to people and the environment." The product's durability was improved overall by reevaluating the pre-painting process, coating, and other aspects. It has garnered strong praise for achieving a 25-year warranty against perforation.

As a pioneer of chromate-free treated steel sheet, we will continue to meet the demands of society and realize a new level of contributing to minimize environmental burdens through on-going product development.



Example of product use in electric appliances



Example of product use in building materials

Contributing to Global Warming Prevention through Insulation Solutions

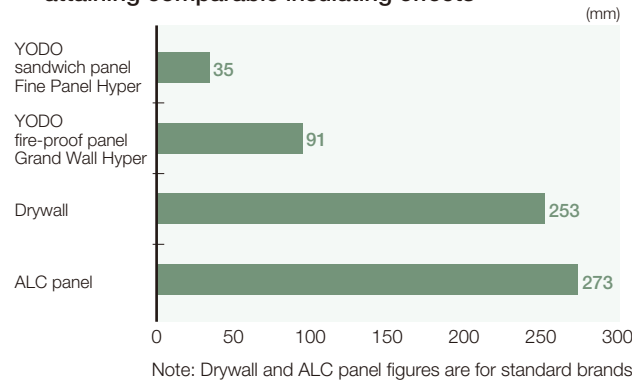


Exterior walls and siding in non-residential building construction follow two broad approaches: cement construction, exemplified by ALC (autoclaved lightweight aerated concrete) panels, and metal construction.

The mainstay metal siding products that we sell, which are lightweight and have excellent design properties, are YODO fire-proof panel Grand Wall Hyper (with a sandwich panel structure) and YODO sandwich panel Fine Panel Hyper.

The insulation in YODO fire-proof panel Grand Wall Hyper uses rock wool, which is artificial mineral fiber with excellent heat resistance. This allows the product to have approximately three times the insulating properties of ALC panel. Meanwhile, YODO sandwich panel Fine Panel Hyper uses rigid urethane foam, which is plastic foam that also has excellent heat resistance.

Thickness comparison for attaining comparable insulating effects



YODO fire-proof panel Grand Wall Hyper and YODO sandwich panel Fine Panel Hyper increase heating and cooling effects with their superior insulating qualities, which contributes to reducing energy usage. Additionally, these products use special steel sheet, based on YODO Hyper GL Color chromate-free pre-painted steel sheet, with added stain and heat resistance features, resulting in further reduction of environmental burdens. YODO fire-proof panel Grand Wall Hyper has received fireproof certification as a stand-alone exterior building material, while also boasting superior wind pressure and seismic resisting qualities, as well as sound insulating qualities.

In recent years, with the heightening awareness of environmental problems, environmental performance has started to receive greater emphasis during customers' product selection. Our highly functional metal siding contributes to global warming prevention efforts by reducing CO2 emissions through superior energy-saving features.

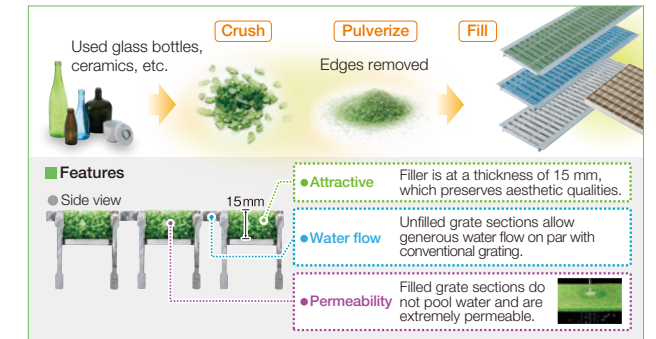


YODO fire-proof panel Grand Wall installation example

Recycling Glass as Grating Material



YODO Crystal Grating takes pulverized recycled glass and ceramics and fills them into sections of the grate lattice. Collected glass bottles, ceramics, and similar items are sorted by color, crushed and pulverized, then processed to round and remove sharp edges. The resulting grains, several millimeters in size, can be used as filler. This creates safe grating that has excellent design features while still preserving water permeability. At the supply source for YODO Crystal Grating raw material, color selection is carried out to a more detailed degree than at normal waste processing facilities, which allows for richer color and design choices for this product.



Ceramic utensils are said to make up approximately 6% of non-burnable garbage. Ceramics, with their firing temperature that is higher than typical glass, have gained a reputation as being difficult to recycle and many municipalities bury them as waste. YODO Crystal Grating can take this material, pulverize it the same as glass, then dye and use it as raw material, which helps cut down on buried waste.

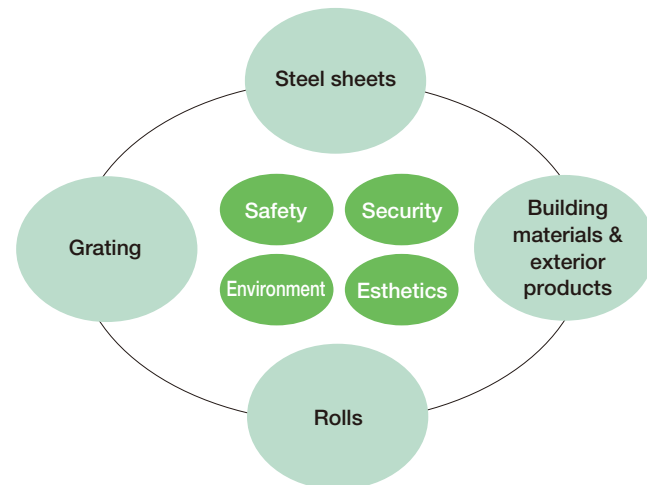
Social

Product Development Initiatives

R&D Philosophy

Following our basic philosophy of “Create value with new originality,” we engage in research and development while constantly considering whether projects do in fact have originality and generate new value. In the process, we ensure a company-wide vigilance toward safety, security, the environment, and esthetics.

Creating value through business



Steel Sheet, Building Material & Exterior Product Segments

We pursue a basic policy of emphasizing the customer’s ideas, developing differentiated products, ensuring safety and security, making products environmentally friendly and durable, and trying to streamline construction.

Our steel sheet products can be separated into two broad categories. The first category is steel sheets we provide as material with specifications that meet manufacturers’ performance needs for electrical appliances and building materials. The second category is steel sheets that we sell through intermediaries as material for general purpose building. Sheets in the former category are made to fit each customer’s exact needs and are produced by our technology development divisions at the Kure, Ichikawa, and Osaka Plants. Sheets in the latter category are made in collaboration with each plant’s technology development division after the Head Office development division researches market needs.

Our Head Office development division also handles the development of processed products that include exterior products, building materials, and the like. By merging our steel sheet, exterior, and building material development divisions, we have been able to organically interconnect each group’s technology and expertise from the product planning stage. This has allowed us to develop steel sheets optimal for processed products, while engaging in development that makes the most of the properties of steel sheets.

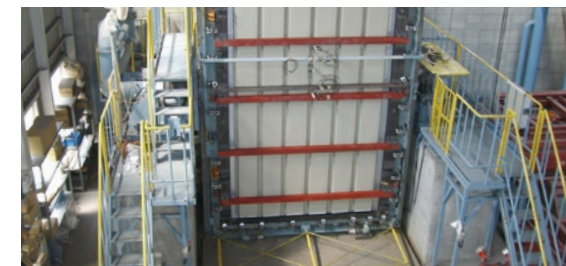
This type of development framework has become the source of Yodoko’s primary advantage of integrated production from steel sheet to final product, in a process that creates safe and secure products for users.



Technical Research Center (Ichikawa Plant)



Fire-proof and Fire-resistance Test Equipment (Osaka Plant)



Water Spray and Air Blast Test Equipment (Osaka Plant)

Roll and Grating Businesses

Roll Business

With the development division located in the Osaka Plant, we carry out development of rolls for section steel by having engineers and sales staff work together to meet customer demands and provide follow up support. We are developing systems for paper manufacturing rolls customized for Japanese clients through our business alliance with the German company ANDRITZ Küsters GmbH, a global manufacturer.



Test Calendar machine for Paper Making (gloss finish)

Grating Business

At the development division located in the Izumiotsu Plant, we have created a database from diverse information on customer needs and many types of information from sales staff, while carrying out development of innovative new products that are safe, durable, and aesthetically pleasing.

We recently developed a type of grating that includes insect growth inhibitor and serves as an anti-pest barrier for gutters, ditches, etc.



Load testing

Product Development Initiatives

At Overseas Subsidiaries

In Sheng Yu Steel Co., Ltd.'s technology development division, we are engaging in R&D on surface-treated steel sheets in order to quickly and precisely respond to diversifying customer demands and market needs.

The technology development division's prototyping laboratory is the hub of this R&D and has acquired certification from the Taiwan Accreditation Foundation (a public certification agency), which serves to ensure quality and reliability.

When evaluating the corrosion resistance, surface discoloration, and other properties of surface-treated steel sheets at the prototyping laboratory, we are working to achieve speedy development by utilizing data from outdoor-exposure tests (which check the product's weather resistance under realistic conditions) along with test data from various accelerated weathering testers.

A recent project is the development of highly durable Eco Green products (chromate-free 55% Al-Zn alloy-coated pre-painted steel sheets for building materials) in order to withstand Taiwan's high heat and humidity, as well as the extreme environments in export destinations.

Going forward, we will further improve functionality, including improving the scratch resistance and adding self-cleaning features of PVDF pre-painted steel sheets (fluororesin pre-painted steel sheets), as we develop products that meet customer demands and market needs.



Cyclic corrosion tester (CCT)



Exposure testing area, southern Taiwan (Kenting, Pingtung County)



Condensation circulation-type carbon arc weathering tester QUV weathering tester

Quality Assurance Initiatives

Basic Policy

Based on the Yodogawa Steel Group Business Philosophy, and in order to meet customer expectations and trust, we have established quality management systems in each business division. While productively running and maintaining these systems, we are striving to evaluate and continually improve their efficacy.

In the process, our highest priority is adhering to rules, such as laws, contracts with customers, and standards, while strengthening systems for preventing and detecting defects and inadequacies. Additionally, we have established a QMR* Committee, and QMR Working Group, tasked with strengthening the overall quality assurance framework of the Group.

Members of these cross-divisional organizations comprise quality assurance managers in each division, including at affiliated companies. Duties involve ensuring compliance with Guidelines for Strengthening Quality Assurance Systems (stipulated by industry bodies), sharing and spreading quality-related information and examples of initiatives to address quality issues, and carrying out reciprocal quality audits among business sites.

*QMR: Quality Management Reinforcing

Initiatives for Strengthening Quality Assurance

Strengthening Our Quality Governance Framework

- We fortified the organization of our Head Office quality assurance division so that its supervision is horizontally consistent across each division and business site.
- We have all companies regularly implement self-checks and we strive to eliminate quality-related risks.
- The Head Office quality assurance division offers support for reciprocal quality audits among business sites and works to enhance audit functions.
- In order to remove excessive organizational independence, we are promoting more employee cross-posting between divisions.

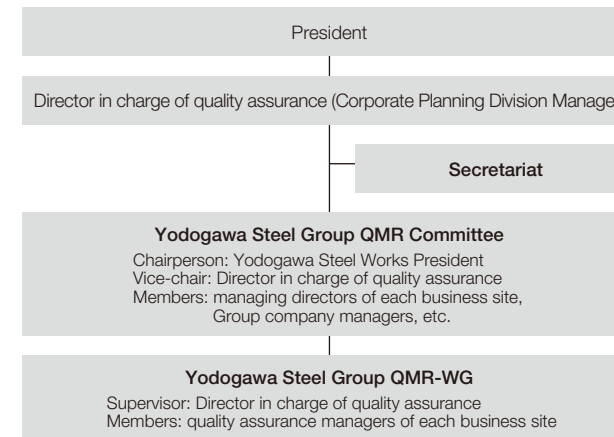
Improving Compliance Awareness

We place extra emphasis on quality compliance education and are using additional, on-going training to raise awareness among all employees.

Automating Quality Assurance Processes

In order to eliminate human-intermediated tasks related to inspections, tests, and record keeping, we are working to introduce systems that automate data intake and judgments of the acceptability (pass/fail status) of products.

Yodogawa Steel Group Quality Assurance Framework



Human Resources Development for Sustainable Growth

Human Resources Development

Basic Policy

By training and educating our human resources, we are realizing part of our Business Philosophy, namely, to “take up the challenge to innovate and expand based on the individual creativity of each employee.”

Training Programs

We are striving to support career development for employees, while also boosting skills and motivation, through OJT (On-the-Job Training) focusing on daily tasks and OFF-JT leveraging internal and external resources. Furthermore, through training and other programs, we are fostering employees who each maintain a constant awareness of issues, who can think for themselves, and who can take action to deliver products that meet the needs of our times. We target employee training that enables workers to contribute to peoples’ lives and the development of society.

Main training programs

New employee training	Fundamental skills training for new college-graduate employees On-the-Job Training (OJT)
Rank-based training	Young employee training Core employee training New manager training (early management phase)
Mental health training	
Language training (English, Chinese)	



Young employee training



New manager training

Business Improvement Activities (JK Activities)

(J: “jishu” meaning “voluntary”, K: “kanri” meaning “management”)

We carry out voluntary management activities in small groups addressing the themes of quality improvement, cost reduction, productivity improvement, safety, and environmental preservation. Once a year, we also have a large meeting that brings Group companies together in Osaka, with our 50th meeting taking place in 2016.

Presentations are made at this Group-wide meeting to provide opportunities to study effective examples that we can leverage to improve business practices. We utilize these types of activities in order to strive for growth and self-realization for each employee.



Yodogawa Steel Group JK Meeting

Diversity

We hire diverse human resources regardless of gender, nationality, or the presence or absence of disability. Similarly, we aim to be a Company with a broad array of values and a global outlook that enables us to contribute to cities, lifestyles, and society in general.

We also believe that establishing a work environment conducive to energetic participation will stimulate the growth of individual employees with diverse talents and values, while also contributing to greater corporate value. One key component of this objective is encouraging the participation of female professionals. Specifically, we have created a hiring goal to make female professionals 20% of our college-graduate career-path employees. Furthermore, we are carrying out training, including language and other types of training, in order to establish and spread the idea of female career-path employees. One aspect of this is also having female employees be active overseas.

Social Contribution Activities

Participating in the SAKURA + PROJECT

The name of this project incorporates the sentiment of wanting to increase the number of cherry trees, cherry tree sightseeing spots, and human connections created through cherry trees. From March 2012, we have donated a portion of the sales of our Esumo and Erumo lines of Yodo storage cabinets and sheds to sponsor the SAKURA + PROJECT and in November 2012, the PROJECT carried out its first tree planting festival in Otsuchi-cho (Iwate Prefecture). Currently, trees are being planted in Fukushima Prefecture along national highways.



SAKURA + PROJECT logo



Symbolic tree in Otsuchi-cho, Iwate Prefecture

Displaying the Yodoko Guest House to the Public

The Yodoko Guest House was designed by Frank Lloyd Wright, lauded as one of the preeminent architects of the 20th century, and built as a vacation villa for the eighth-generation sake brewer Yamamura Tazaemon of Nada, Kobe. We have owned it since 1947. This villa has been designated a National Important Cultural Property by the Japanese government and, since 1989, we have made it open to the public as part of our social contribution activities. With an approximately 2-year renovation project complete, the villa was reopened to the public in February 2019.



Yodoko Guest House (former residence of the Yamamura Family)



Evening illumination converted to LED lighting

Social Contribution Activities at Overseas Subsidiaries

Sheng Yu Steel Co., Ltd.

Voluntarily building road median strip flower beds on a national highway near the company

As part of roadway beautification programs, we started voluntarily building, in 1998, roadside flower beds on a national highway near the company. We are actively promoting urban beautification projects and working to enhance the reputation of Yodogawa Steel Works.

Promoting local arts and culture

In order to support citizen education and quality of life, while also strengthening the positive image as a company deeply connected to local communities, we have been donating funds to cover the activity costs of Kaohsiung Municipal Social Education Center since 2011. This contribution is part of efforts to promote local arts and culture.

Sheng Yu Steel Co., Ltd. and PCM Processing (Thailand) Ltd.

Donating to neighborhood schools

At Sheng Yu Steel Co., Ltd., one of our social contribution activities was to donate safety gear to schools in Siaoang district in 2017, in order to ensure, through the use of safety gear, added security for children and supervising adults. Furthermore, one of PCM Thailand’s contributions to its local community is participating in a scholarship program to support education at elementary schools.



Road median strip flower beds on a national highway (Zhongshan Road) in Kaohsiung

Governance

Basic Philosophy

In order to achieve sustainable growth and increase corporate value over the mid-to long-term, we have pursued a variety of initiatives taking into consideration the standpoints of all stakeholders (shareholders, customers, business partners, employees, and local societies) while positioning transparency, fairness, and prompt and courageous decision-making as the objective of our corporate governance.

Corporate Governance Structure

We emphasize nimble management suited to the scale of our company and have elected to be organized as a company with an Audit & Supervisory Board. Furthermore, we have adopted an Executive Officer system that aims to keep a measure of efficient distance between Directors' oversight/decision-making and business execution, while still maintaining continuity, from the standpoint of sharing information, between management decisions and business execution.

In order to build a Board of Directors with a dynamic structure

and one that is optimal with regard to clarifying management responsibilities and responding to changes in the business environment, we have Directors elected for one-year terms and the Company's Articles of Incorporation stipulate no more than seven Directors. By appointing diverse Directors with differing experiences and knowledge, we aim to ensure an appropriate size and diverse composition of the Board of Directors, while facilitating more energetic, constructive, and engaging discussions during Board meetings. Additionally, in order to strengthen the transparency of oversight and decision-making processes, we also appoint independent Outside Directors who meet the Tokyo Stock Exchange's criteria for independence. As of March 31, 2019, the Company has a total of seven Directors, three of whom are Independent Outside Directors.

With regard to the structure of the Audit & Supervisory Board, the Companies Act and our Articles of Incorporation stipulate that we have no more than four Audit & Supervisory Board members, with at least half being independent Outside Audit & Supervisory Board members.

History of corporate governance reforms

June 2003	The Company elected to have one-year terms for Directors, in order to build a dynamic structure for the Board of Directors, and one that is optimal for clarifying management responsibilities and responding to changes in the business environment.
June 2004	The Company adopted an Executive Officer system, reducing the number of Board of Directors members from no more than 18 to no more than 7, in order to have a measure of distance between oversight/decision-making functions and business execution functions, to increase the strength and efficiency of the oversight functions of the Board of Directors, and to increase the speed of business execution. After abolishing the Directors' retirement benefits program, the Company adopted a stock option (stock-based remuneration) program for Directors and Executive Officers. This program utilizes stock options and is intended to further increase the correlation between Company performance and Company stock price, while also raising commitment and motivation toward growing the stock price and improving business performance.
June 2006	The Company decided to include Outside Directors on the Board of Directors and appointed one Outside Director in order to facilitate more energetic, constructive, and engaging discussions during Board meetings, while also strengthening the transparency of oversight and decision-making processes.
June 2015	The Company decided to include multiple, independent Outside Directors on the Board of Directors and appointed two Outside Directors in order to facilitate more energetic, constructive, and engaging discussions during Board meetings, while also strengthening the transparency of oversight and decision-making processes.
December 2015	Accompanying the adoption of a corporate governance code, the Company enacted the Yodogawa Steel Works, Ltd. Corporate Governance Guidelines as the Company's second highest set of regulations after the laws and regulations of Japan and our Articles of Incorporation.
June 2018	In order to further strengthen governance, the Company decided to add one additional Outside Director on the Board of Directors, giving the Company a total of seven Directors, three of whom are Independent Outside Directors.
June 2019	The Company decided to appoint one female Outside Director in order to facilitate more energetic discussions from diverse perspectives at Board of Directors meetings.

Directors and Audit & Supervisory Board Members (as of June 21, 2019)

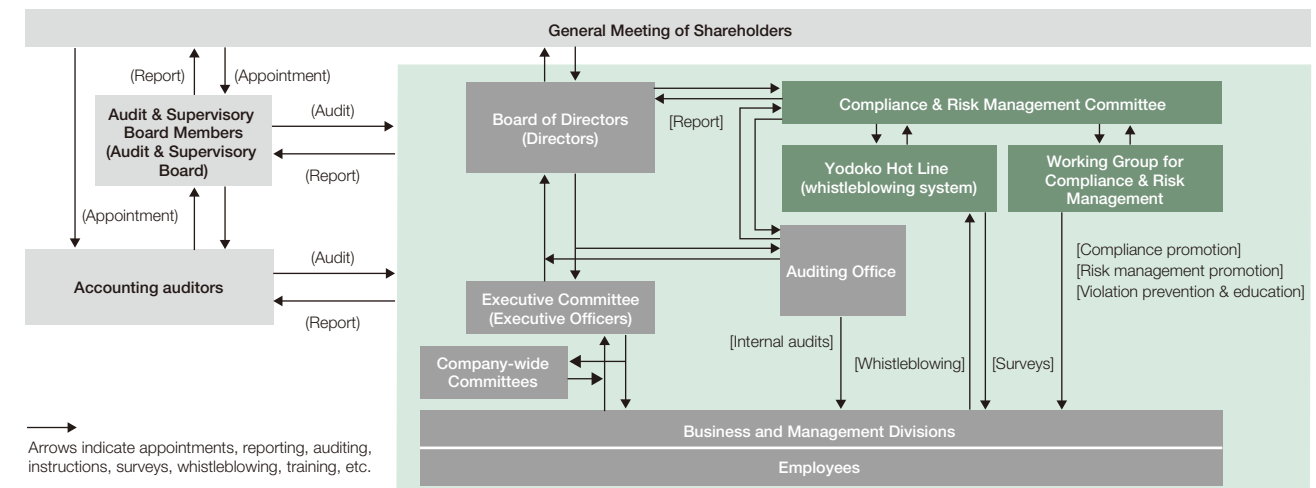


Takaaki Kawamoto Chairman and Representative Director
Satoshi Nitta President and Representative Director
Toshio Kumamoto Director, Managing Executive Officer
Tadashi Hattori Director, Managing Executive Officer
Toshikazu Saeki Director (Independent Outside Director)
Hiroshi Okamura Director (Independent Outside Director)
Mitsuaki Yuasa Director (Independent Outside Director)
Maomi Hayashi Audit & Supervisory Board Member (full-time)
Shiro Morioka Audit & Supervisory Board Member (full-time)
Osamu Utsuro Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)
Miho Ishihara Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)

FY 2018 (Directors and Audit & Supervisory Board members as of June 21, 2019) Meeting attendance by Outside Directors and Outside Audit & Supervisory Board members

Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings
Toshikazu Saeki	14 times present at 14 meetings	—
Hiroshi Okamura	14 times present at 14 meetings	—
Mitsuaki Yuasa	11 times present at 11 meetings	—
Osamu Utsuro	14 times present at 14 meetings	15 times present at 15 meetings
Miho Ishihara	Appointed at the General Meeting of Shareholders held June 21, 2019	

Diagram of governance structure



Market environment

During the fiscal year ended March 31, 2019, the gradual recovery of the Japanese economy continued, though it was lacking in strength due to decreased exports and other factors from a slowdown in overseas economies.

In the global economy, a U.S. recovery continued, buoyed by strong consumer spending, while China suffered decreased momentum from the effects of trade friction and lagging domestic demand.

In the iron and steel industry, there was solid demand in the Japanese domestic market for construction, automobile, home appliance, and other products, which provided overall stability. The global steel market, despite a slowing Chinese economy, saw a return to growth in crude steel production, which, combined with other factors, leaves future trends uncertain.

Financial results

Given this environment, Group operational results for the consolidated fiscal year amounted to net sales of 167,419 million yen (down 6,385 million yen, year on year), operating profit of 5,879 million yen (down 4,977 million yen, year on year), ordinary profit of 9,829 million yen (down 2,455 million yen year on year), profit attributable to owners of parent of 6,254 million yen (up 115 million yen year on year).

Net sales increased because of price revisions inside Japan, though they declined on a consolidated basis due to significantly lower earnings at Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO), which was impacted by U.S. protectionist trade measures.

In terms of profit and loss, operating profit was lower in Japan mainly due to smaller profit increases from inventory valuation. Overseas, there was a sharp decline in operating profit as SYSCO and all other overseas subsidiaries faced a severe business environment.

Ordinary profit decreased less than operating profit because of gains on sales of investment securities.

Profit attributable to owners of parent decreased less than ordinary profit due to the significant impact of SYSCO, which has a large proportion of non-controlling shareholders and was a factor in lower consolidated net profit for the fiscal year.

Future outlook

The outlook for the global economy includes heightening concerns over a slowdown due to risk factors such as stagnation in China and Europe, trade problems from U.S. protectionist trade measures, and the issue of the U.K.'s exit from the E.U.

The outlook for the Japanese economy involves increased uncertainty from lagging exports, due to global economic

weakness, and the impact of a consumption tax hike.

In the iron and steel market, the outlook is for uncertainty in the overseas market as risks of a global economic slowdown rise. In the Japanese domestic market as well, although near-term construction demand is expected to be strong, the risk of a future downturn is rising on concerns over lagging exports due to overseas economic weakness. For the Group, we expect to face a difficult business environment from factors including consistently high prices for hot rolled steel sheets and zinc, our primary raw materials.

Amidst this environment, we will maximize our dynamic mobility, which is one of our strength, unlock new markets, pursue increased sales of high value-added products, and strengthen our earnings capacity as we work toward achieving the Yodogawa Steel Group Medium-Term Management Plan 2019.

Returns to shareholders

The Company sees returns to shareholders as one of our highest priorities and, to that end, is committed to a policy of paying dividends and buying back shares in line with operating results. Our basic policy is to pay continuous and stable dividends that match our operating results, while considering the outlook for future results, capital requirements necessary for investments

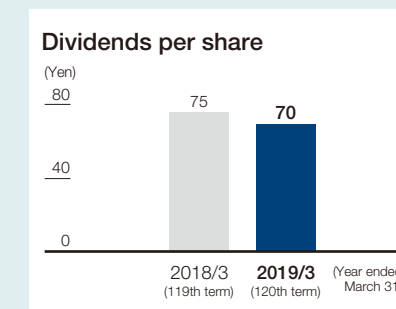
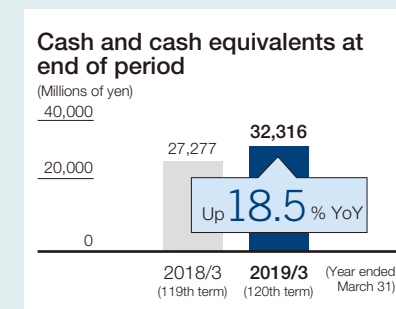
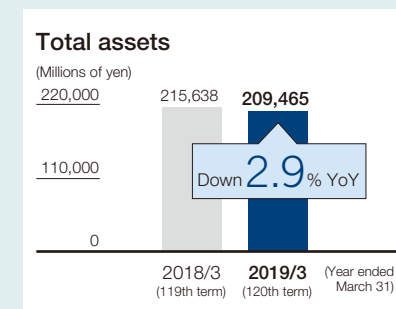
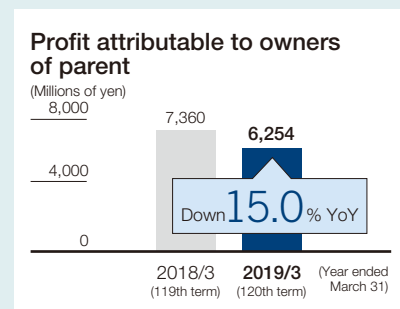
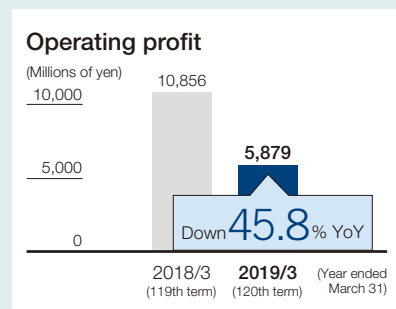
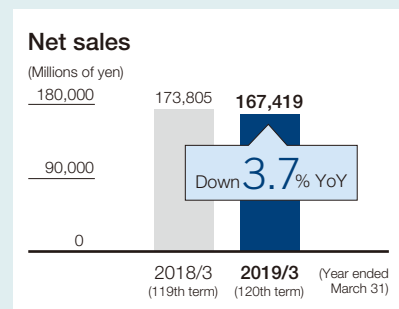
to boost corporate value, and resources needed to maintain a robust financial standing. Our objective to pay dividends in line with operating results aims for a consolidated annual payout ratio of approximately 30–50%.

We are committed to maintaining a 50-yen or higher annual dividend per share for the three years covering FY 2017-2019.

Our basic policy for dividends of surplus is to pay two dividends annually, an interim and a year-end dividend. Also, in accordance with Article 459, Paragraph 1 of the Companies Act, the Yodogawa Steel Articles of Incorporation state that dividends can be paid based on a resolution of the Board of Directors, except in cases where stipulated otherwise by laws and regulations.

The dividend per share for the fiscal year ending March 31, 2019 is set at 70 yen, which combines a 30-yen interim dividend with a 40-yen year-end dividend.

In line with expected operating results, we forecast a 25-yen interim dividend in the fiscal year ending March 31, 2020. There is currently no forecast for the year-end dividend for the same period, but an announcement will be made promptly once it becomes possible to disclose a dividend forecast.



Consolidated Balance Sheet

(Millions of yen)

	FY3/18 (as of Mar. 31, 2018)	FY3/19 (as of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	30,716	36,843
Notes and accounts receivable-trade	43,938	44,018
Securities	2,888	3,494
Merchandise and finished goods	16,081	15,519
Work in process	4,684	4,397
Raw materials and supplies	13,122	12,733
Other	5,376	3,881
Allowance for doubtful accounts	(149)	(132)
Total current assets	116,658	120,755
Non-current assets		
Property, plant and equipment		
Buildings and structures	60,924	60,458
Accumulated depreciation	(44,632)	(45,269)
Buildings and structures, net	16,291	15,189
Machinery, equipment and vehicles	133,033	134,337
Accumulated depreciation	(120,453)	(121,482)
Machinery, equipment and vehicles, net	12,579	12,855
Land	18,848	18,687
Leased assets	1,504	47
Accumulated depreciation	(717)	(35)
Leased assets, net	787	12
Construction in progress	1,135	554
Other	12,084	12,004
Accumulated depreciation	(11,217)	(11,175)
Other, net	867	828
Total property, plant and equipment	50,509	48,126
Intangible assets		
Goodwill	7	—
Other	1,475	1,472
Total intangible assets	1,482	1,472
Investments and other assets		
Investment securities	46,338	38,292
Long-term loans receivable	0	—
Deferred tax assets	221	369
Other	427	448
Total investments and other assets	46,987	39,109
Total non-current assets	98,980	88,709
Total assets	215,638	209,465

(Millions of yen)

	FY3/18 (as of Mar. 31, 2018)	FY3/19 (as of Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,154	17,858
Short-term loans payable	—	327
Lease obligations	772	9
Income taxes payable	2,165	1,736
Provision for bonuses	1,056	971
Other	6,098	6,265
Total current liabilities	28,247	27,168
Non-current liabilities		
Lease obligations	19	10
Deferred tax liabilities	4,060	2,502
Deferred tax liabilities for land revaluation	856	856
Provision for retirement benefits for directors (and other officers)	66	66
Retirement benefit liability	7,569	7,154
Other	4,244	4,034
Total non-current liabilities	16,817	14,624
Total liabilities	45,064	41,793
Net assets		
Shareholders' equity		
Capital stock	23,220	23,220
Capital surplus	20,393	20,385
Retained earnings	100,775	104,961
Treasury shares	(12,679)	(13,061)
Total shareholders' equity	131,710	135,505
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,420	12,213
Revaluation reserve for land	1,646	1,639
Foreign currency translation adjustment	2,798	1,378
Remeasurements of defined benefit plans	(990)	(500)
Total accumulated other comprehensive income	19,875	14,730
Share acquisition rights	223	210
Non-controlling interests	18,764	17,225
Total net assets	170,574	167,671
Total liabilities and net assets	215,638	209,465

Consolidated Statement of Operations

(Millions of yen)

	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 to Mar. 31, 2019)
Net sales	173,805	167,419
Cost of sales	144,973	144,180
Gross profit	28,831	23,238
Selling, general and administrative expenses	17,974	17,358
Operating profit	10,856	5,879
Non-operating income	2,113	4,292
Non-operating expenses	685	342
Ordinary profit	12,284	9,829
Extraordinary income	24	88
Extraordinary losses	222	755
Profit before income taxes	12,087	9,162
Income taxes-current	3,537	3,174
Income taxes-deferred	(145)	(509)
Total income taxes	3,391	2,664
Profit	8,695	6,497
Profit attributable to non-controlling interests	1,335	243
Profit attributable to owners of parent	7,360	6,254

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 to Mar. 31, 2019)
Profit	8,695	6,497
Other comprehensive income	4,618	(5,903)
Comprehensive income	13,314	593

Consolidated Statement of Changes in Equity FY3/19 (Apr. 1, 2018 to Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	23,220	20,393	100,775	(12,679)	131,710	16,420	1,646	2,798	(990)	19,875	223	18,764	170,574
Changes of items during period													
Dividends of surplus			(2,076)		(2,076)								(2,076)
Profit attributable to owners of parent			6,254		6,254								6,254
Purchase of treasury shares				(443)	(443)								(443)
Disposal of treasury shares			(17)	61	43								43
Purchase of shares of consolidated subsidiaries			8		8								8
Reversal of revaluation reserve for land				7	7								7
Net changes of items other than shareholders' equity						(4,207)	(7)	(1,419)	489	(5,145)	(13)	(1,539)	(6,698)
Total changes of items during period	—	(8)	4,185	(382)	3,795	(4,207)	(7)	(1,419)	489	(5,145)	(13)	(1,539)	(2,902)
Balance at end of current period	23,220	20,385	104,961	(13,061)	135,505	12,213	1,639	1,378	(500)	14,730	210	17,225	167,671

Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 to Mar. 31, 2019)
Cash flows from operating activities	1,933	8,273
Cash flows from investing activities	(9,026)	1,232
Cash flows from financing activities	(5,288)	(3,979)
Effect of exchange rate change on cash and cash equivalents	611	(485)
Net increase (decrease) in cash and cash equivalents	(11,769)	5,039
Cash and cash equivalents at beginning of period	39,047	27,277
Cash and cash equivalents at end of period	27,277	32,316

Corporate Profile

Company name	Yodogawa Steel Works, Ltd.
Established	January 30, 1935
Capital	23,220,815,228 yen
Employees	1,196

Major Offices & Plants

Head office	4-1-1, Minamihonmachi, Chuo-ku, Osaka 541-0054, Japan 81-6-6245-1111
Tokyo branch	1-3-7, Shintomi, Chuo-ku, Tokyo 104-0041, Japan 81-3-3551-1171
Sales offices	Sapporo, Morioka, Sendai Regional, Niigata, Nagano, Takasaki, Tokyo Regional, Yokohama, Shizuoka, Hokuriku, Nagoya Regional, Osaka Regional, Kobe, Okayama, Hiroshima Regional, Takamatsu Regional, Kochi, Yahata, Fukuoka Regional, Kagoshima, Okinawa
Plants	Osaka (Osaka prefecture), Kure (Hiroshima prefecture), Ichikawa (Chiba prefecture), Fukui (Fukui prefecture), Izumiotsu (Osaka prefecture), Himeji (Hyogo prefecture)

Main Affiliated Companies

Consolidated Subsidiaries

Takada Kozai Kogyo Co., Ltd.	Steel sheet processing, sales, and warehousing
Sheng Yu Steel Co., Ltd.	Finished steel goods manufacturing and sales
Yodoko Shoji Co., Ltd.	Steel wholesaling and transportation
Keiyo Tekko Futo Co., Ltd.	Distribution and warehousing
Yodoko Kohatsu Co., Ltd.	Golf course and other management and real estate leasing
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.	Finished steel goods manufacturing and sales
PCM Processing (Thailand) Ltd.	Colored steel sheet manufacturing, processing, and sales

Equity-Method Affiliated Companies

Sadoshima Corporation	Steel wholesaling
-----------------------	-------------------

Directors and Executive Officers (as of June 21, 2019)

Directors	Executive Officers	
Chairman and Representative Director		Takaaki Kawamoto
President and Representative Director		Satoshi Nitta
Director	Managing Executive Officer	Toshio Kumamoto
Director	Managing Executive Officer	Tadashi Hattori
Director		Toshikazu Saeki
Director		Hiroshi Okamura
Director		Mitsuaki Yuasa
	Managing Executive Officer	Yoichiro Nakano
	Senior Executive Officer	Yoshihiro Kawamoto
	Senior Executive Officer	Yasunori Osumi
	Executive Officer	Eiichi Tanaka
	Executive Officer	Shoji Umehara
	Executive Officer	Atsushi Hirata

Note: Toshikazu Saeki, Hiroshi Okamura, and Mitsuaki Yuasa are all Outside Directors in accordance with the Companies Act.

Audit & Supervisory Board Members

Audit & Supervisory Board Member (full-time)	Maomi Hayashi
Audit & Supervisory Board Member (full-time)	Shiro Morioka
Audit & Supervisory Board Member	Osamu Utsuro
Audit & Supervisory Board Member	Miho Ishihara

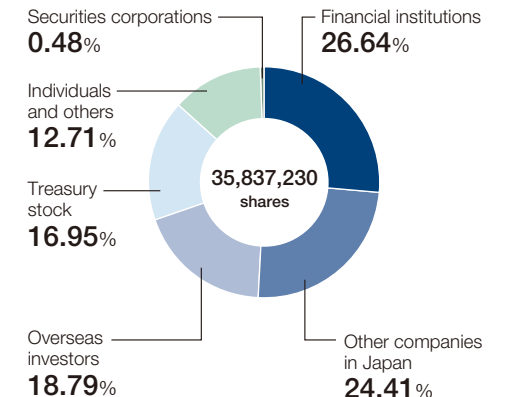
Note: Osamu Utsuro and Miho Ishihara are both Outside Audit and Supervisory Board Members in accordance with the Companies Act.

Principal Shareholders

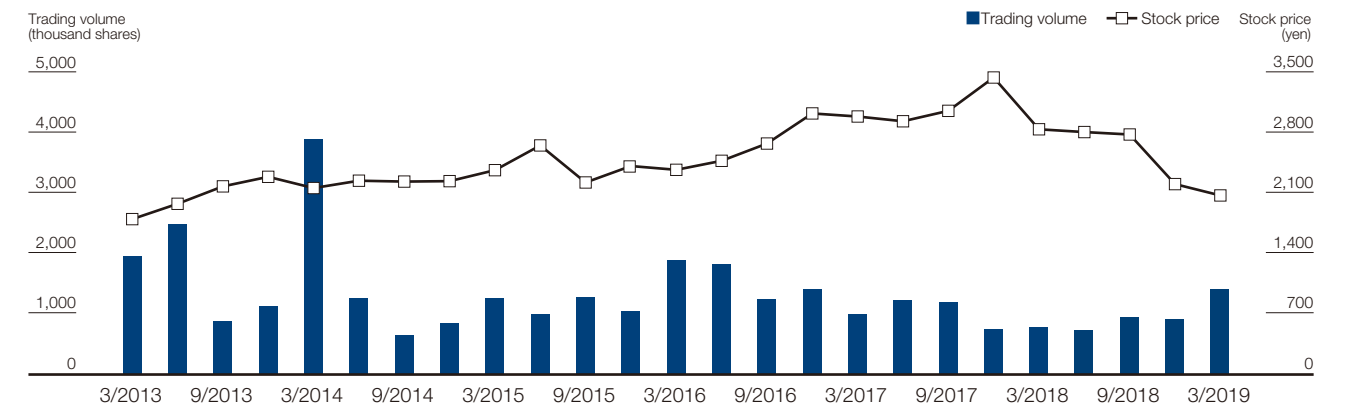
Name	Shares Owned	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1,312,300	4.40%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,230,100	4.13%
Resona Bank, Limited.	1,068,400	3.59%
Mizuho Bank, Ltd.	1,062,105	3.56%
Yodoko Partners' Shareholding Association	897,542	3.01%
Nippon Life Insurance Company	618,637	2.07%
POSCO	600,000	2.01%
JFE Steel Corporation	587,377	1.97%
Sadoshima Corporation	569,000	1.91%
Nippon Paint Industrial Coatings Co., Ltd.	547,000	1.83%
Total	8,492,461	28.54

Notes: 1. The Company holds 6,076,881 shares as treasury stock and is not included in the above list of major shareholders.
2. Treasury stock (6,076,881 shares) is deducted from calculations of the shareholding ratio.

Share Ownership by Category



Movements in Stock Price and Trading Volume



Note: Data before the end of September 2015 have been adjusted to account for share consolidation.



Yodogawa Steel Works, Ltd.

4-1-1 Minami-honmachi, Chuo-ku, Osaka
541-0054, Japan
Tel. (06) 6245-1111 (main switchboard)
<http://www.yodoko.co.jp/>

Shareholder Reminders

Account closing date	March 31
Ordinary general meeting of shareholders	June
Record date	Ordinary general meeting of shareholders, year-end dividend March 31 Interim dividend September 30 Other dates shall be in accord with pre-announced schedules.
Number of shares per trading unit	100 shares
Shareholder registry administrator & special account administrator	Mizuho Trust & Banking Co., Ltd.
Address of shareholder registry administrator's office of operations	1-2-1, Yaesu, Chuo-ku, Tokyo 103-8670, Japan Mizuho Trust & Banking Co., Ltd. Stock transfer agency department
Method of public notice	Electronic notice Please see our website http://www.yodoko.co.jp/english/index.html

Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department Contact

Tel. 0120-288-324 (toll free in Japan)
Online <https://www.mizuho-tb.co.jp/daikou/>
Postal address Stock Transfer Agency Department
Mizuho Trust & Banking Co., Ltd.
2-8-4 Izumi, Sugunami-ku, Tokyo 168-8507, Japan

Procedures Regarding Stock

Stock handling procedures differ depending on whether shares are held in a securities brokerage account or in a special account. Please see below for whom to contact in each case.

Shares held in a securities brokerage account

Procedures and information	Contact
<ul style="list-style-type: none"> Selling or purchasing odd-lot shares Change of name, address, etc. Changes to dividend receipt and payment 	Securities brokerage managing your account
<ul style="list-style-type: none"> Information on mail and returned mail Information on unpaid dividends* Information on other stock handling procedures 	Shareholder registry administrator Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department

Shares held in a special account

Procedures and information	Contact
<ul style="list-style-type: none"> Selling or purchasing odd-lot shares Change of name, address, etc. Changes to dividend receipt and payment 	Special account management administrator Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department
<ul style="list-style-type: none"> Information on mail and returned mail Information on unpaid dividends* Information on other stock handling procedures 	Shareholder registry administrator Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department

*Payment of unpaid dividends can be handled at the Mizuho Bank, Ltd. Head Office or at one of the branch offices.