



# YODOKO REPORT

**121**st Term Report

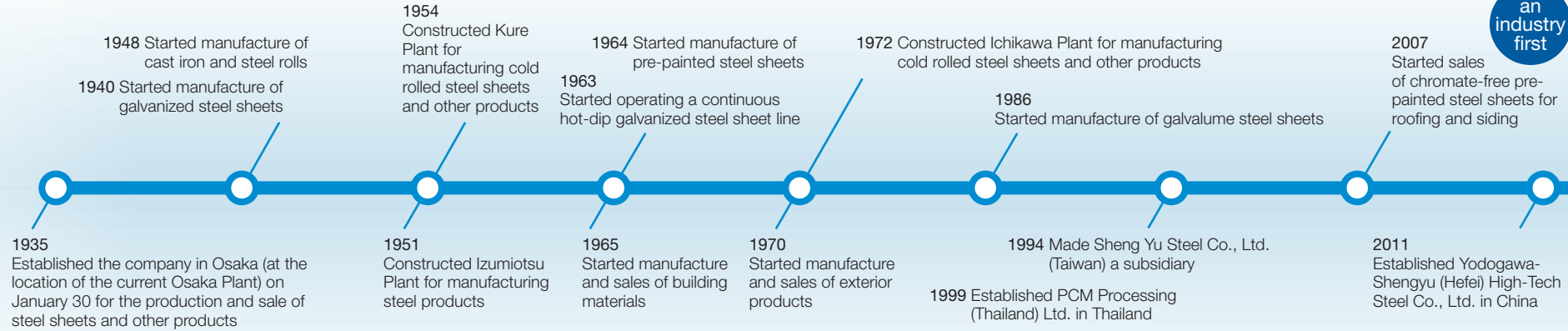
April 1, 2019-March 31, 2020

**YODOGAWA STEEL WORKS**

Steel sheet / Building material / Exterior / Roll / Grating



**Satoshi Nitta**  
President and Representative Director



A History Shaped by the Constant Pursuit of Value Creation



Yodogawa Steel Group Corporate 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.

We would like to take this opportunity to express our appreciation for your generous support. The business climate for the Yodogawa Steel Group is extremely challenging because of the novel coronavirus disease (COVID-19) which originated in Wuhan, China at the beginning of 2020 and subsequently spread worldwide. The prevention measures in the major affected countries including Japan, triggered a huge slowdown in the global macroeconomy. In the steel industry, although economic activity remains lackluster globally, there is significant steel production in China, which restarted economic activity relatively quickly. However, the outlook remains very uncertain in part because of concerns about the possibility of a steel supply-demand imbalance caused by the large volume of steel production in China.

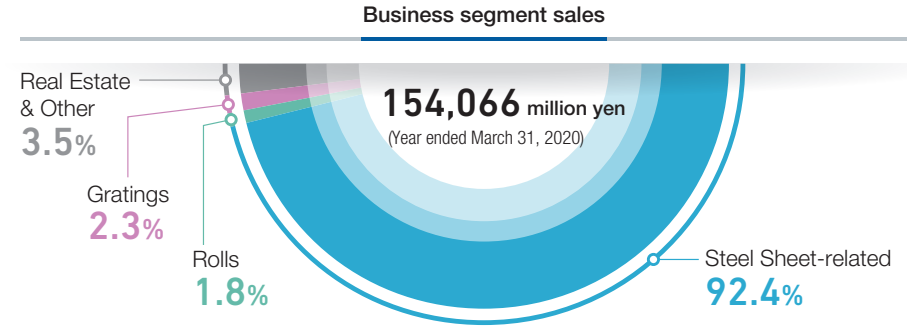
We completed our three-year Medium-Term Management Plan 2019 in March 2020 and immediately started the Yodogawa Steel Group Medium-Term Management Plan 2022, which will end in March 2023. The new plan has three core strategies: use speed and agility to build a stronger profit structure; take on the challenge of entering new business fields; and establish a foundation for sustainable operations. We are positioning the next three years as an "approach run period" when we take actions for making our long-term vision a reality. We sincerely ask for your continued support and guidance.

June 2020

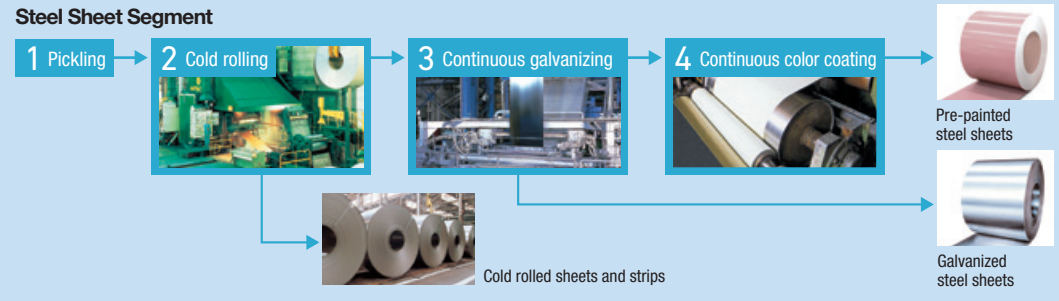
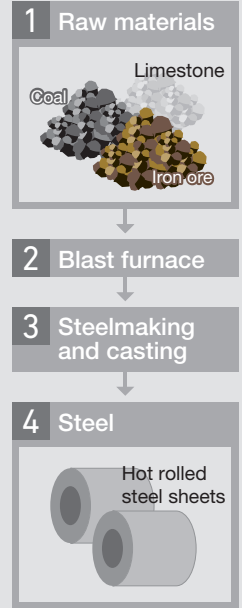
## Our Position in the Iron and Steel Industry

What is Yodoko?

We develop and supply distinctive products in a variety of business sectors by focusing on our key elements of security, safety, the environment, and beauty.



### Blast furnace steelmaking



### Steel Sheet-related Business

#### Steel Sheet Segment

### Supplying Products that Perfectly Match Customer Needs

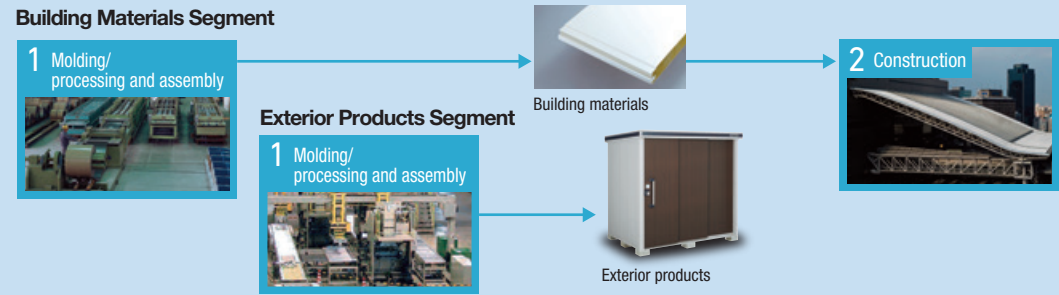
High-quality steel sheets incorporating years of accumulated technologies are used for a variety of industrial purposes, such as construction and the manufacture of electric appliances and housing equipment. Through the development of highly functional, value-added, and environmentally friendly products,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



An appliance using Yodoko steel sheets



A building interior with Yodoko panels



#### Building Materials & Exterior Products Segment

### Building Materials and Exterior Products: Part of Our Society and Daily Lives

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.



A building with YODO fire-proof panel Grand Wall



YODO-Garage Emerge II

### Roll Business

### Steel Rolls Are Instrumental in a Variety of Industrial Fields

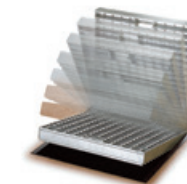
With products that range from rolls for the steel industry fabricated by one of the world's largest centrifugal casting facilities to equipment for the paper industry, including rolls and peripheral equipment, Yodogawa Steel is one of Japan's leading roll manufacturers.



### Grating Business

### Yodogawa Gratings Contribute to a Safe and Secure Environment

Gratings are an integral part of the roads, parks, and other infrastructure that are vital to public safety and security. We supply a range of products from the standpoint of everyday activities that are environmentally friendly, people-friendly, and safe.



### Real Estate & Other Businesses

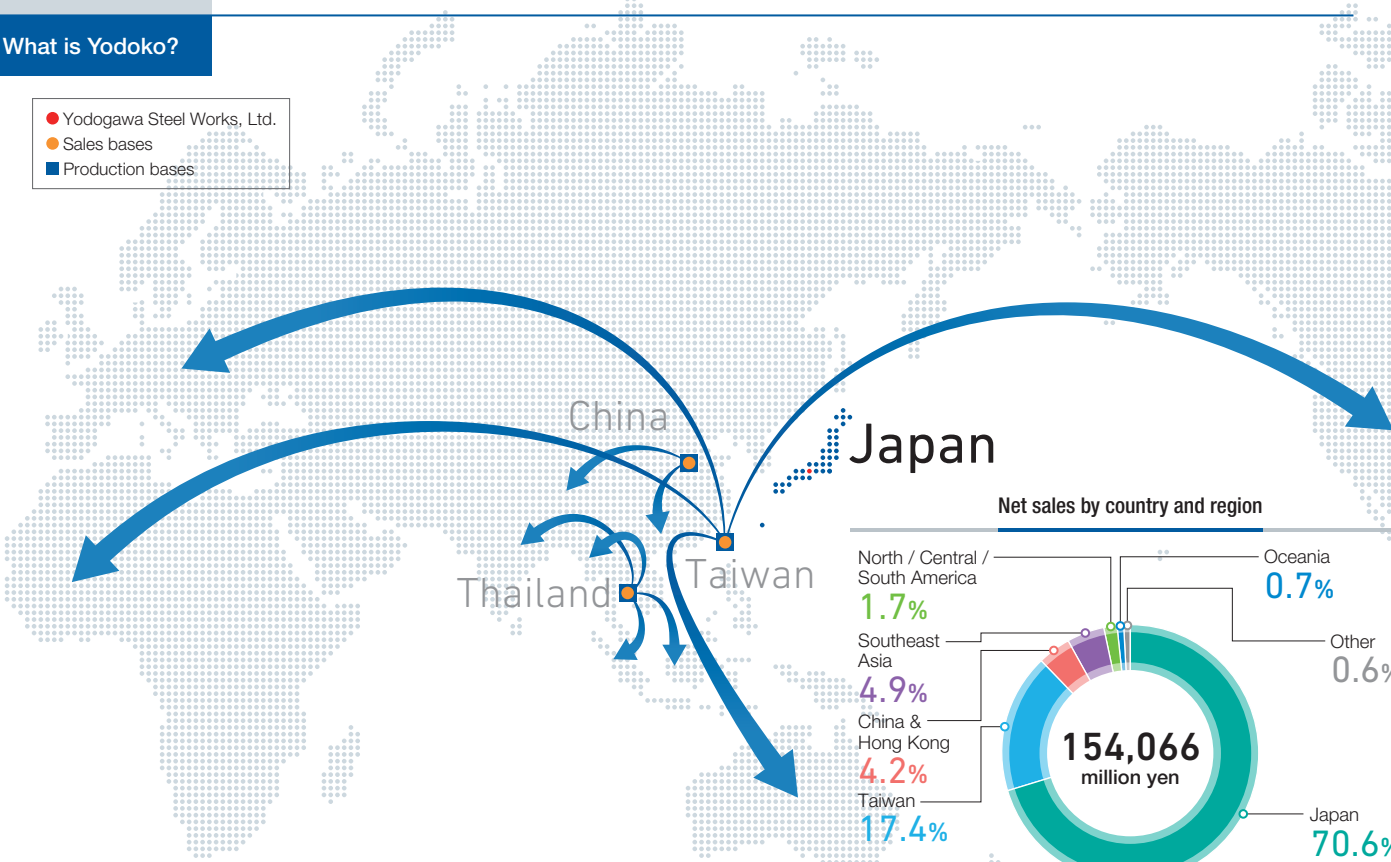
The Real Estate Business manages and effectively uses properties owned by Yodogawa Steel by leasing buildings and operating parking lots.



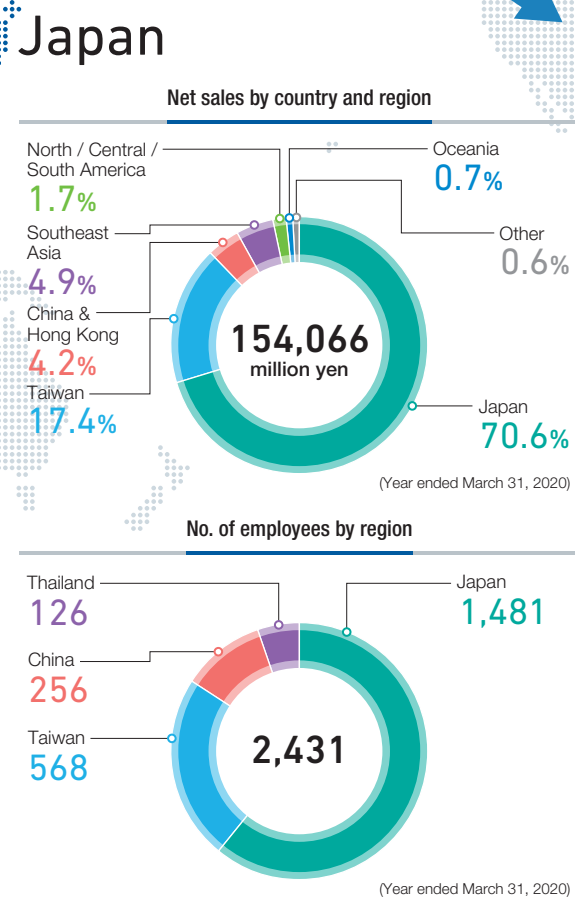
## The Production and Sales Frameworks Behind Our Momentum

What is Yodoko?

- Yodogawa Steel Works, Ltd.
- Sales bases
- Production bases

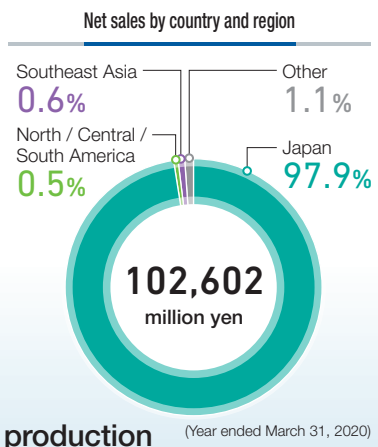


Starting ahead of our competitors, we established a well-balanced sales and production network in Asia and use this infrastructure to supply high-quality surface-treated steel sheets to customers worldwide.

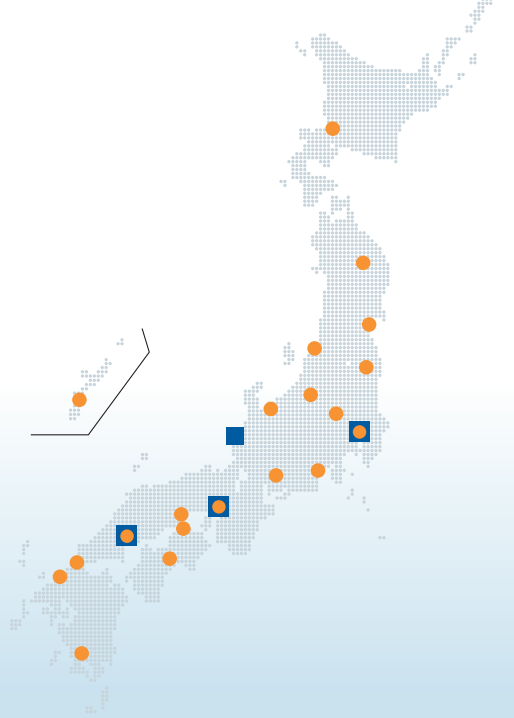


### Japan

Yodogawa Steel Works, Ltd.

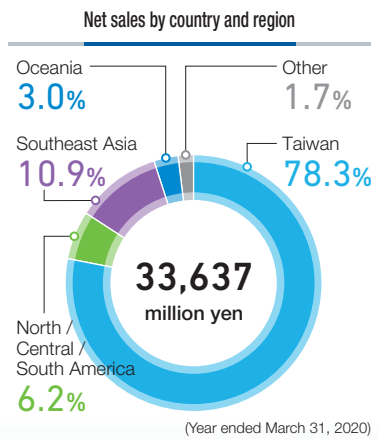


A well-balanced network of production bases in Japan and 21 sales offices that maintain close relationships with customers and with the region that each office serves.



### Taiwan

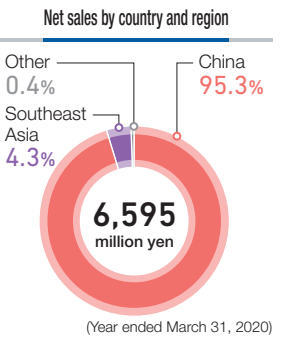
Sheng Yu Steel Co., Ltd. (SYSCO Taiwan)



SYSCO Taiwan has business operations with deep roots in Taiwan, including a listing on the Taiwan Stock Exchange and strong brand recognition in Taiwan.

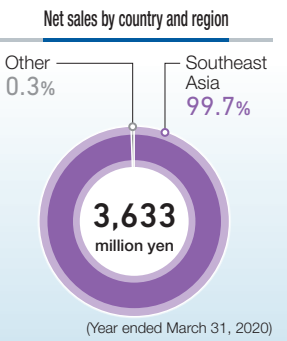
### China

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



### Thailand

PCM Processing (Thailand) Ltd. (PPT Thailand)



We aim to contribute to sustainable social progress and to grow as a company through the creation of value for security, safety, the environment, and beauty.

The Yodogawa Steel Group's goal is sustained growth by utilizing speed and agility based on our Corporate Philosophy for business operations and taking full advantage of the Group's collective strengths.

### Social challenges

A declining and aging population with a low birth rate

Depletion of natural resources

Disaster mitigation and preparedness

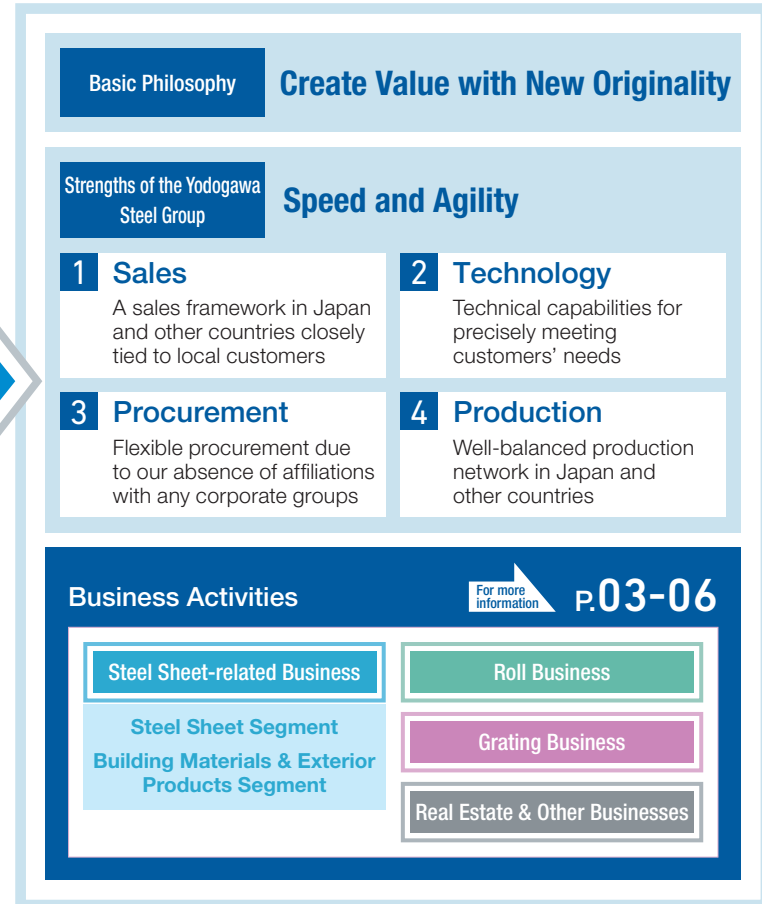
Create a sustainable society

More diverse and complex customer needs

Corporate integration and restructuring (iron and steel industry)

Increase of trade protectionism

Faster globalization and intensifying competition



**Shareholders and investors**

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

**Customers and business partners**

- Supply safe and reliable products and services that meet the needs of customers and society
- Use our more than 80 years of experience to build business partner relationships rooted in mutual trust

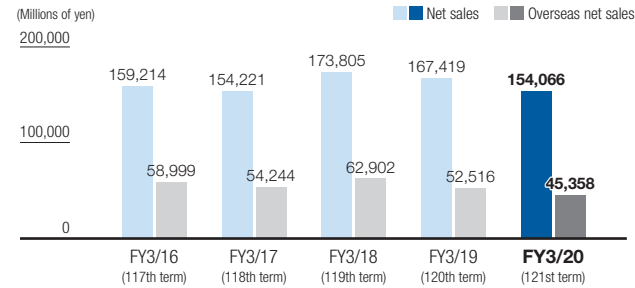
**Employees**

- Provide a safe and secure environment conducive to productive work
- Develop a team of people with distinctive characteristics of constantly growing and taking on new challenges

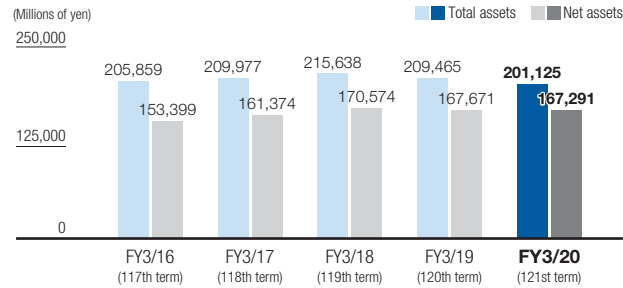
**Society and nature**

- Contribute to lower the environmental impact by supplying environmentally responsible products
- Contribute to social infrastructure by supplying attractive products

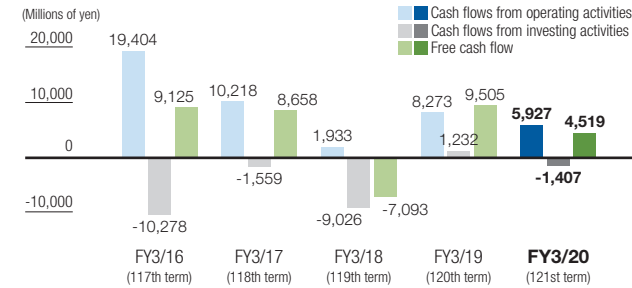
### Net sales, overseas net sales (consolidated)



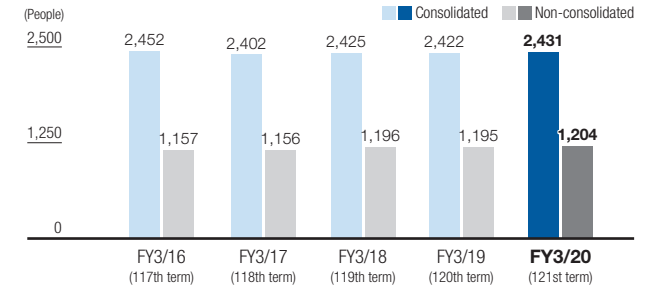
### Total assets, net assets (consolidated)



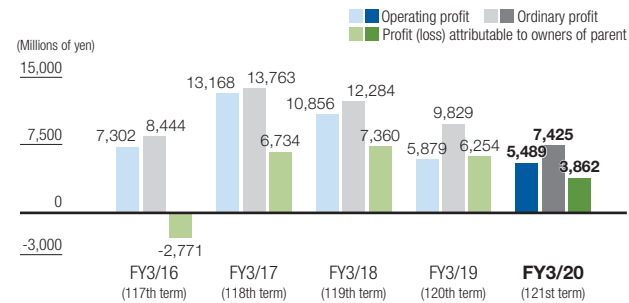
### Cash flows from operating activities, cash flows from investing activities, free cash flow (consolidated)



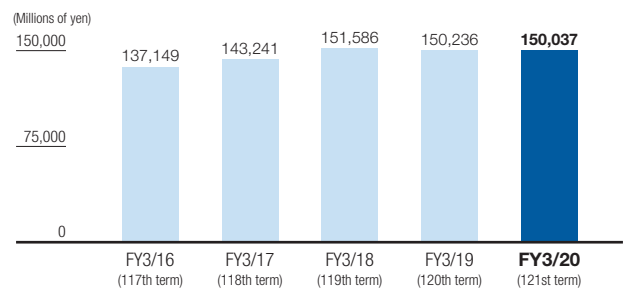
### No. of employees (consolidated, non-consolidated)



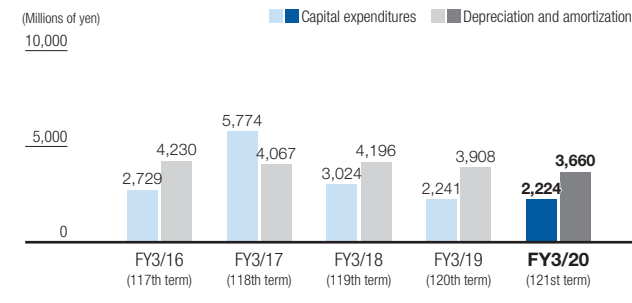
### Operating profit, ordinary profit, profit (loss) attributable to owners of parent (consolidated)



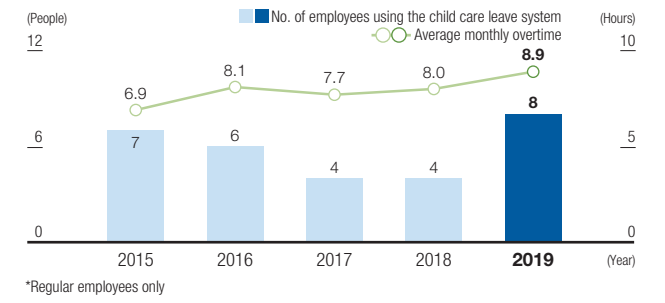
### Shareholders' equity (consolidated)



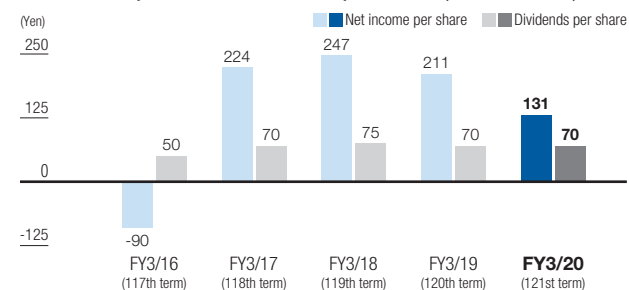
### Capital expenditures, depreciation and amortization (consolidated)



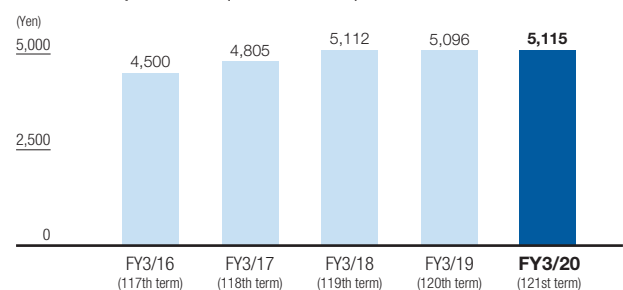
### No. of employees using the child care leave system, average monthly overtime\* (non-consolidated)



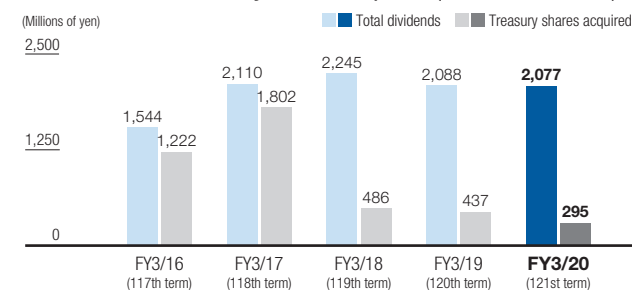
### Net income per share, dividends per share (consolidated)



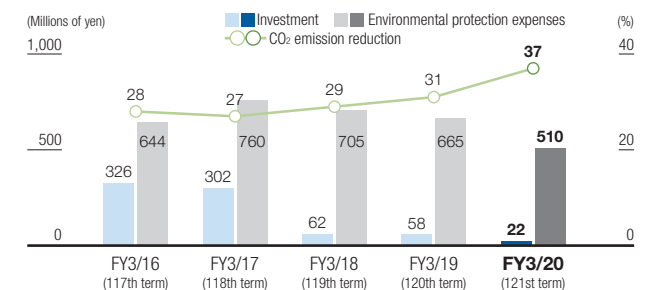
### Net assets per share (consolidated)



### Total dividends, treasury shares acquired (non-consolidated)



### Environmental protection expenses, CO<sub>2</sub> emissions (reduction vs. FY1990 emissions\*) (non-consolidated)



Note: Net income per share and dividends per share for FY3/16 have been adjusted for a stock consolidation.

Note: Net assets per share for FY3/16 have been adjusted for a stock consolidation.

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



Satoshi Nitta President and Representative Director

## Aiming for steady progress toward building an even more powerful profit structure

The Japanese economy was generally flat during the fiscal year ended March 31, 2020 with activity slowing in many sectors, chiefly exports and manufacturing. Many companies reported lower earnings as well. In the global economy, there were signs of weakness in U.S. business activity and economic growth rates declined in China, Asia and Europe. The COVID-19 pandemic began to impact economies worldwide in February and the outlook has become increasingly uncertain as a result. The Yodogawa Steel Group's net sales decreased by 8.0% to 154,066 million yen. Operating profit decreased by 6.6% to 5,489 million yen, ordinary profit decreased by 24.5% to 7,425 million yen, and profit attributable to owners of parent was down by 38.2% to 3,862 million yen. Our highest priority is to become more profitable. To accomplish this goal, we are taking full advantage of our speed and agility, which is one of our key strengths, to enter new markets and increase sales of products with significant added value.

Furthermore, the sales volume of pre-painted sheets for home appliances were lower due to slow sales of these appliances. Outside Japan, the business climate continued to be challenging for SYSCO in Taiwan. At YSS in China and PPT in Thailand, faint signs of the beginning of an improvement in profitability are emerging. In addition, YSS is making progress with establishing relationships with new customers. One reason is the increasing market stature of YSS as its steel sheets are used at large projects. At PPT, earnings are recovering mainly because of the increasing sales volume of value-added products like pre-painted sheets for air conditioners (AC) outdoor units.

**Q** What is your assessment of the Yodogawa Steel Group's performance in the fiscal year ended March 31, 2020?

**A** Sales and earnings were down, but our performance outside Japan improved.

During the fiscal year ended March 31, 2020, the steel market was generally weak in Japan and the overseas market was affected by the continuation of the U.S. trade protectionism measures. Due to these market conditions, our consolidated sales and earnings decreased. In Japan, our sales volume of galvanized steel sheets decreased in part because of higher imports of these sheets.

**Q** What are the highlights or key points about the performance of the business segments?

**A** New products and other actions strengthened the lineup of products in the Steel Sheet-related Business.

In the Steel Sheet Segment, we announced price revisions in the summer of 2019 for sheets for general distribution. We also announced the launch of the YODO Hyper GL Color Series of pre-painted steel sheets for building exteriors. These sheets come with a long-term warranty. In January 2020, we added the YODO Hyper GL Color Series Kizashi, YODO Hyper GL Color Color GL, and YODO Hyper GL Color Tafuron to the YODO Hyper GL lineup. YODO Hyper GL Color Kizashi, which has a frosted coating, has become one of our main products. I believe that adding Kizashi to the YODO Hyper GL lineup, which features a 25-year warranty against pitting, will greatly enhance our competitive edge. In the Building Materials & Exterior Products Segment, we started selling the YODO-Garage Emerge II as our new flagship product. In addition, the new YODO Garage Raviège III Dressed Option, which features an upgraded design, posted strong sales. Another highlight of this segment was the launch of two types of smoking cubicles to protect others from secondhand smoke following enactment of Japan's Revised Health Promotion Act. Late in 2019, we started the New Idea Photo Campaign for business partners involved with the sale, installation and design of our building exterior products. We received more than 500 entries and the results of the judging were announced on our website. In the Roll Business, there were many activities to improve quality management in this business, as well as throughout our group, in the wake of problems created by improper quality activities in 2018. For example, in the spring of 2020 we developed and started to use a system for automatically rather than manually entering measurement data in inspection tables.



YODO Hyper GL Color Series Kizashi panels are used at the Sanga Stadium by Kyocera (Kyoto Stadium)

**Q** What is your assessment of the Group's progress during the Medium-Term Management Plan 2019?

**A** We identified issues to target during the next plan and made preparations for improvements.

During the Medium-Term Management Plan 2019, which ended in March 2020, we were unable to accomplish the goal of a stable consolidated ordinary profit of 10 billion yen. Ordinary profit was 12.2 billion yen in the plan's first year but below 10 billion yen the next two years. The main causes were the higher cost of raw materials and trade protectionism in overseas steel market. One of the biggest negative effects on our performance was the difficulty of Taiwan subsidiary SYSCO to export products to the U.S., which is a large and profitable market for this company. The Medium-Term Management Plan 2019 had three core strategies: establish a strong profit structure, take on the challenge of entering new business fields, and build a powerful business foundation. There were numerous activities during the plan's three years to determine and execute various initiatives. In the Building Materials & Exterior Products Segment, we established Fukui Yodoko Co., Ltd. at unused land at our Fukui Plant for the purpose of restructuring exterior product manufacturing operations, which are currently at the Osaka Plant. We will also relocate the production of the YODO Monooki Storage Shed Esumo and

some other products to this new company, which plans to start operations in October 2021. This move is expected to improve the efficiency of production and logistics for these products.

In the Corporate Planning Division, we established the New Business Promotion Team as a unit devoted exclusively to studies concerning new businesses, I want this team to play a central role in transforming small but innovative ideas into successful new businesses.

**Q** Please explain the main elements of the new medium-term management plan and your activities in the fiscal year ending March 31, 2021.

**A** Improving profitability by relocating production operations is a major theme of the plan.

The Medium-Term Management Plan 2022 has the following three core strategies: use speed and agility to build a stronger profit structure; take on the challenge of entering new business fields; and establish a foundation for sustainable operations. This will be an “approach run period” for upcoming actions to make the SAKURA 100 long-term vision a reality. However, due to the extremely uncertain outlook caused by COVID-19, we are now (as of April 1, 2020)



YODO Monooki Storage Shed Esumo

reexamining the plan’s quantitative goals and will announce revisions at a later date.

One priority of the new plan is increasing the profitability of the Building Materials & Exterior Products Segment as much as possible by shifting production to the new subsidiary Fukui Yodoko Co., Ltd. mentioned above and taking other actions. In the Steel Sheet Segment, we plan to improve the profitability of sales to high-demand customers. Competition is intense in this market. We will add more value to our products, target niche and new market categories, and use other measures. For general distribution sales, we plan to use the launch of the YODO Hyper GL Color Series to increase sales. In the building materials category, our plans include rebuilding the sales framework for YODO Roof and other activities.

**Q** Please tell us about your ESG initiatives.

**A** We plan to further upgrade the activities of the Yodoko Guest House.

Today, companies unable to contribute to society cannot survive. This is why business activities and social responsibility are inseparable. For example, our manufacturing activities



Yodoko Guest House

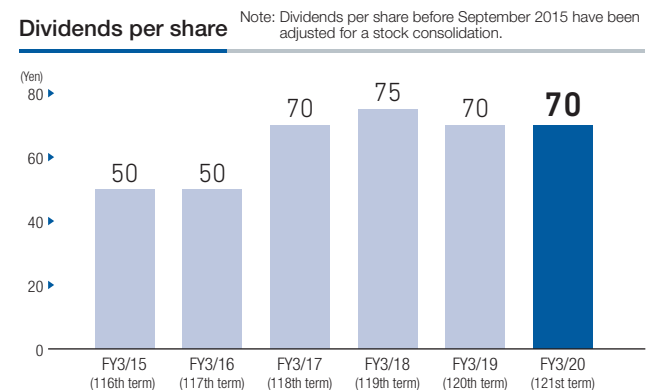
incorporate many energy conservation measures. And we were first in our industry to start making products without hexavalent chromium and other environmentally harmful substances. We will continue to place emphasis on environmental programs in order to operate in a manner that reflects social needs.

In February 2019, we reopened the Yodoko Guest House to the public after two and a half years of renovation work. Unfortunately, we had to temporarily close the house because of COVID-19. Designed by the world-renowned modern architect Frank Lloyd Wright, the house is designated an important cultural asset in Japan. Our plan is to make more improvements in operations by working with architects and members of the community where the house is located.

**Q** What is the policy for distributing earnings to shareholders?

**A** Based on our dividend policy, we paid a dividend of 70 yen for the fiscal year ended March 31, 2020.

Stable, continuous distributions to shareholders are one of our highest priorities. Maintaining financial soundness is the core element of our policy for capital. While preserving this



soundness, we make strategic investments for higher productivity and lower costs for sustained growth.

Our guideline for the dividend is a consolidated payout ratio between about 30% and 50%. Based on this policy, we paid a 70 yen dividend (30 yen interim dividend and 40 yen year-end dividend), resulting in a consolidated payout ratio of 53.4%.

**Q** Finally, what is your message to stakeholders?

**A** We are determined to use the Group’s strengths to achieve sales and earnings growth.

The business environment is challenging because of the COVID-19 crisis. We are using all of the strengths of our Group in order to aim for higher sales and earnings. Our activities go far beyond the supply of surface-treated steel sheets to include a diverse array of products, such as storage shed and exterior products, as well as after-sales and other services. The Medium-term Management Plan 2022 is our “approach run period” for measures that will make our SAKURA 100 long-term vision a reality. I am confident that we will succeed at building an even more powerful profit structure for the Yodogawa Steel Group.

We sincerely ask for the continued support and understanding of all our stakeholders.





## Assessment of Performance During the Plan

### Performance in Relation to the Plan's Targets

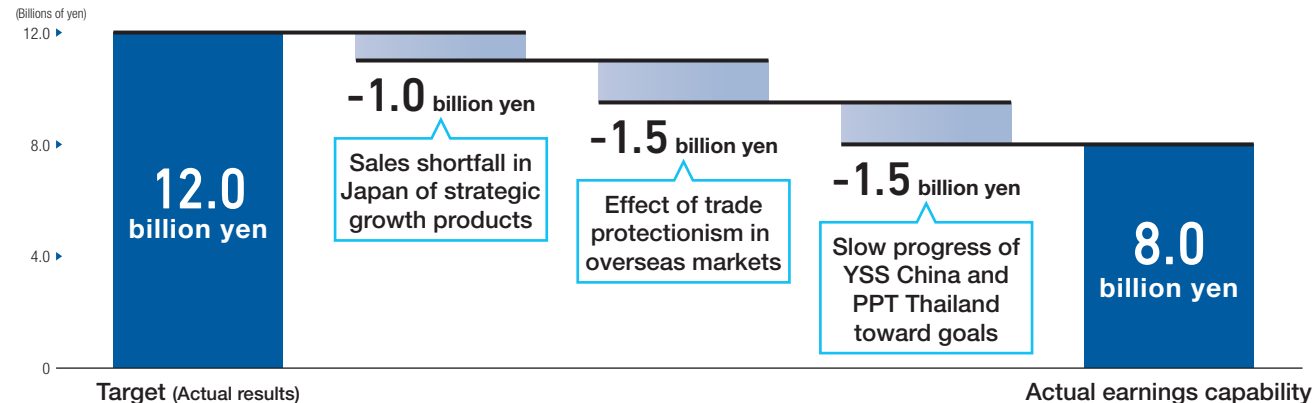
Earnings were below the targets in the plan's second and third years primarily because of the higher cost of raw materials and energy and the negative effect on the global steel market of trade protectionism and U.S.-China trade friction.

Medium-Term Management Plan 2019	FY2017	FY2018	FY2019
Target	<b>Stable consolidated ordinary profit of at least 10 billion yen</b> (the strength to maintain consistent earnings regardless of changes in prices of steel products, foreign exchange rates and other items affecting market conditions)		
Results	12.2 billion yen	9.8 billion yen	7.4 billion yen
Difference	+2.2 billion yen	-0.1 billion yen	-2.5 billion yen

### Reason earnings were below the targets

Based on our analysis, the Group was capable of an annual consolidated ordinary profit of about 8 billion yen as of the end of March 2020. This excludes one-time factors such as changes in inventory valuations, gains and losses on sales of financial products, and foreign exchange rate movements. The Group's core earning power must be about 12 billion yen for a consolidated ordinary profit that is consistently at least 10 billion yen.

### Components of earnings shortfall



## Major Initiatives of Business Segments

Basic strategies	Status of major initiatives								
Establish a powerful profit structure	<p>▶ <b>Entered new fields and established new sales channels produced some benefits.</b></p> <table border="1"> <tr> <td> <b>Steel Sheet Business</b> <ul style="list-style-type: none"> <li>As one step for increasing sales of value-added products, started sales in January 2020 of YODO Hyper GL Color Series products with a 25-year warranty against pitting.</li> <li>Replaced post-painted steel sheets with pre-coated, pre-painted steel sheets and entered niche markets.</li> </ul> </td> <td> <b>Building Materials Business</b> <ul style="list-style-type: none"> <li>Used aggressive sales activities to steadily increase sales volume of the Hyper Panel Series that uses YODO Hyper GL Color sheets.</li> </ul> </td> <td> <b>Exterior Products Business</b> <ul style="list-style-type: none"> <li>Changed lineup of garage products in order to meet diverse customer needs.</li> <li>Revised prices of exterior products (average increase of 10%).</li> <li>Added options to bicycle parking units and YODO Kura storage shed for new applications.</li> </ul> </td> </tr> <tr> <td> <b>Roll Business</b> <ul style="list-style-type: none"> <li>Used technology for papermaking rolls and conducted sales activities to receive orders in the film manufacturing industry.</li> </ul> </td> <td> <b>Grating Business</b> <ul style="list-style-type: none"> <li>Entered new fields by targeting the railroad, energy and other sectors.</li> </ul> </td> <td></td> </tr> </table> <p>▶ <b>Increased sales of highly functional building exterior products created through a strategic collaboration between the steel sheet and building materials businesses.</b></p> <p>▶ <b>In China, collaboration between the steel sheet and building materials businesses helped enable subsidiaries to strengthen their brands by receiving orders for roofing steel sheets at two large projects: Beijing Daxing International Airport and the Shenzhen World Exhibition &amp; Convention Center.</b></p> <table border="1"> <tr> <td> <b>Steel Sheet Business (overseas)</b> <ul style="list-style-type: none"> <li>Activities for increasing the number of customers and sales volume for steel sheets for home appliances.</li> </ul> </td> <td> <b>Building Materials Business (overseas)</b> <ul style="list-style-type: none"> <li>Used joint activities of YSS and Yodoko Building Material (Hangzhou) Co., Ltd. (YBMH) to capture large orders and strengthen brands in China.</li> </ul> </td> </tr> </table>	<b>Steel Sheet Business</b> <ul style="list-style-type: none"> <li>As one step for increasing sales of value-added products, started sales in January 2020 of YODO Hyper GL Color Series products with a 25-year warranty against pitting.</li> <li>Replaced post-painted steel sheets with pre-coated, pre-painted steel sheets and entered niche markets.</li> </ul>	<b>Building Materials Business</b> <ul style="list-style-type: none"> <li>Used aggressive sales activities to steadily increase sales volume of the Hyper Panel Series that uses YODO Hyper GL Color sheets.</li> </ul>	<b>Exterior Products Business</b> <ul style="list-style-type: none"> <li>Changed lineup of garage products in order to meet diverse customer needs.</li> <li>Revised prices of exterior products (average increase of 10%).</li> <li>Added options to bicycle parking units and YODO Kura storage shed for new applications.</li> </ul>	<b>Roll Business</b> <ul style="list-style-type: none"> <li>Used technology for papermaking rolls and conducted sales activities to receive orders in the film manufacturing industry.</li> </ul>	<b>Grating Business</b> <ul style="list-style-type: none"> <li>Entered new fields by targeting the railroad, energy and other sectors.</li> </ul>		<b>Steel Sheet Business (overseas)</b> <ul style="list-style-type: none"> <li>Activities for increasing the number of customers and sales volume for steel sheets for home appliances.</li> </ul>	<b>Building Materials Business (overseas)</b> <ul style="list-style-type: none"> <li>Used joint activities of YSS and Yodoko Building Material (Hangzhou) Co., Ltd. (YBMH) to capture large orders and strengthen brands in China.</li> </ul>
	<b>Steel Sheet Business</b> <ul style="list-style-type: none"> <li>As one step for increasing sales of value-added products, started sales in January 2020 of YODO Hyper GL Color Series products with a 25-year warranty against pitting.</li> <li>Replaced post-painted steel sheets with pre-coated, pre-painted steel sheets and entered niche markets.</li> </ul>	<b>Building Materials Business</b> <ul style="list-style-type: none"> <li>Used aggressive sales activities to steadily increase sales volume of the Hyper Panel Series that uses YODO Hyper GL Color sheets.</li> </ul>	<b>Exterior Products Business</b> <ul style="list-style-type: none"> <li>Changed lineup of garage products in order to meet diverse customer needs.</li> <li>Revised prices of exterior products (average increase of 10%).</li> <li>Added options to bicycle parking units and YODO Kura storage shed for new applications.</li> </ul>						
	<b>Roll Business</b> <ul style="list-style-type: none"> <li>Used technology for papermaking rolls and conducted sales activities to receive orders in the film manufacturing industry.</li> </ul>	<b>Grating Business</b> <ul style="list-style-type: none"> <li>Entered new fields by targeting the railroad, energy and other sectors.</li> </ul>							
	<b>Steel Sheet Business (overseas)</b> <ul style="list-style-type: none"> <li>Activities for increasing the number of customers and sales volume for steel sheets for home appliances.</li> </ul>	<b>Building Materials Business (overseas)</b> <ul style="list-style-type: none"> <li>Used joint activities of YSS and Yodoko Building Material (Hangzhou) Co., Ltd. (YBMH) to capture large orders and strengthen brands in China.</li> </ul>							
Take on the challenge of entering new business fields	<p>▶ <b>Gathered information for planning new businesses that can use existing technologies for exterior products and building materials.</b></p> <p>▶ <b>Established a department devoted exclusively to studies concerning new businesses.</b></p>								
	<p>▶ <b>Paid a stable dividend to distribute earnings to shareholders.</b></p> <p>▶ <b>Increased the number of Outside Directors to three for stronger governance.</b></p> <p>▶ <b>Elected female Outside Audit &amp; Supervisory Board Members as one step for more diversity.</b></p> <p>▶ <b>Established Fukui Yodoko Co., Ltd. for the relocation and restructuring of production and logistics for exterior products.</b></p>								
Build a powerful business foundation									



A building with YODO fire-proof panel Grand Wall



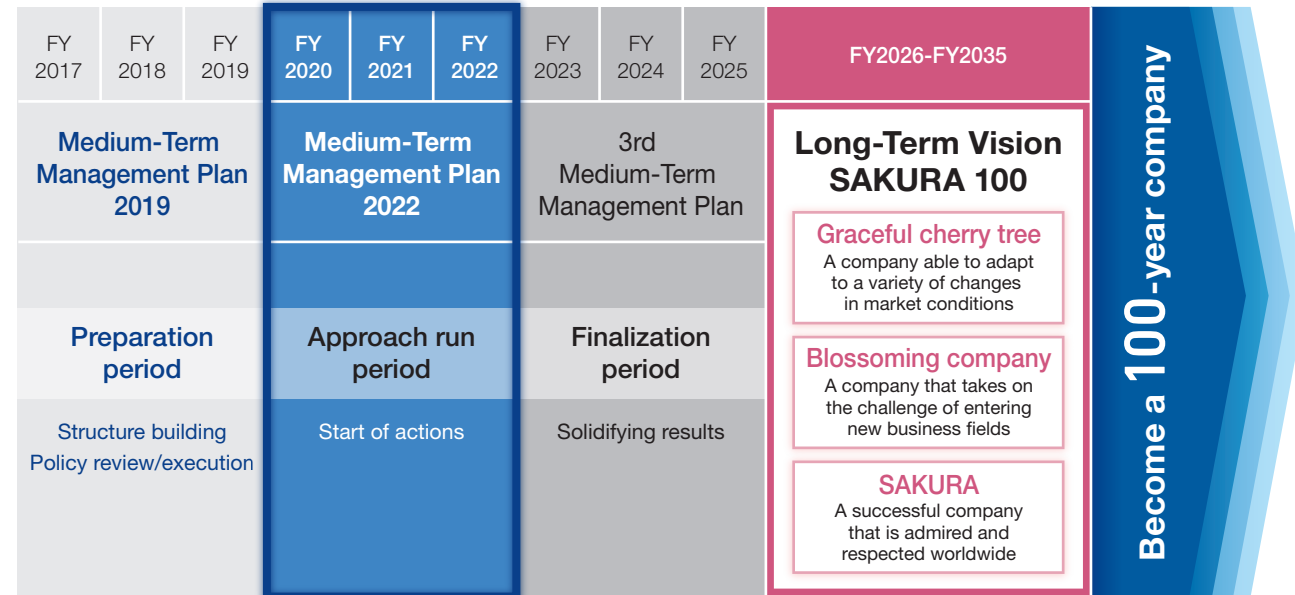
YODO-Garage Ravegie III with rear shutter



Rendering of Beijing Daxing International Airport

# Overview of Medium-Term Management Plan 2022

## Positioning of Medium-Term Management Plans

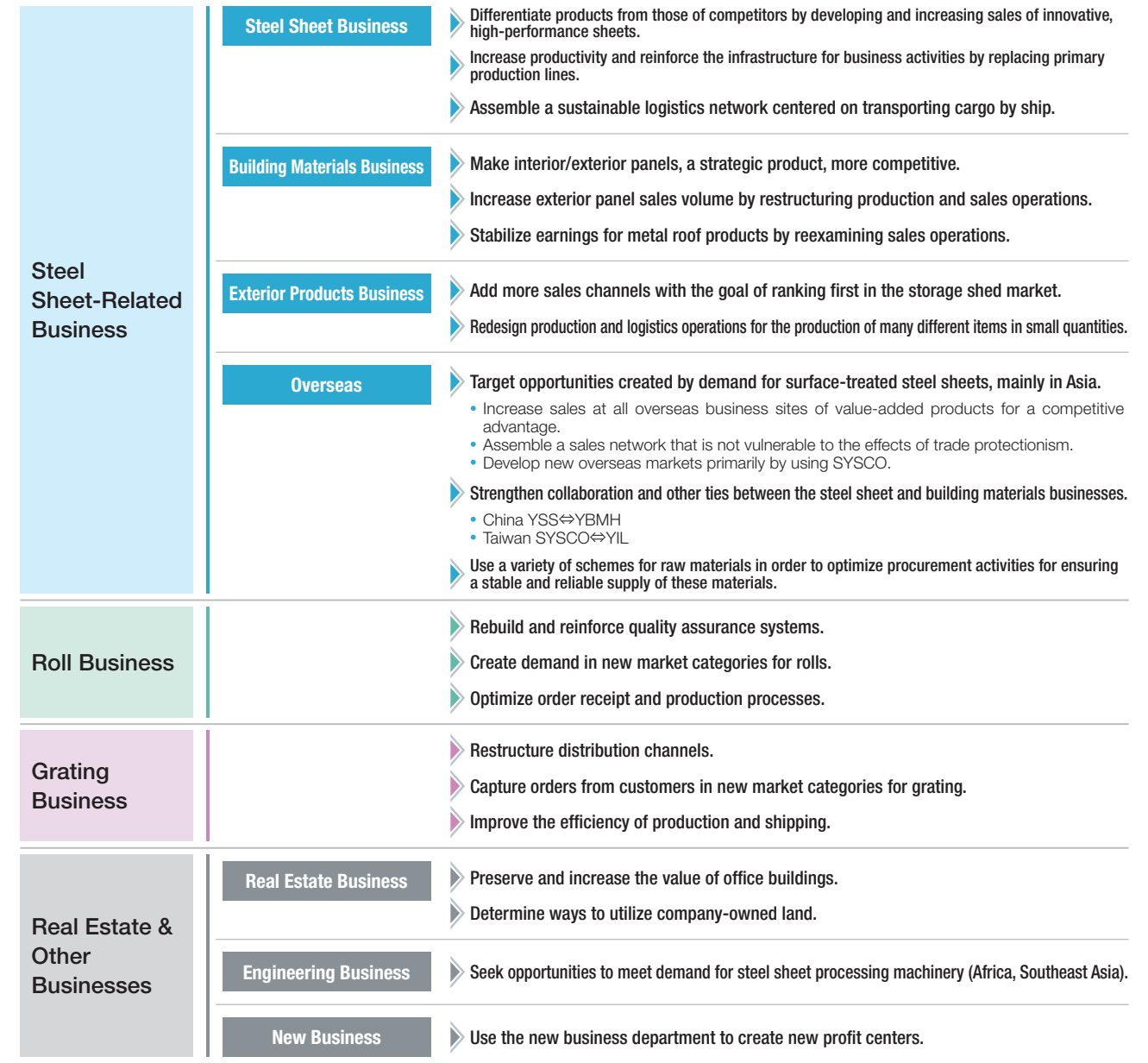


## Basic Strategies of Medium-Term Management Plan 2022

The new plan will use the following six basic strategic objectives in order to build on accomplishments of the primary actions of the previous plan. Initiatives for making the long-term vision a reality are the highest priority.

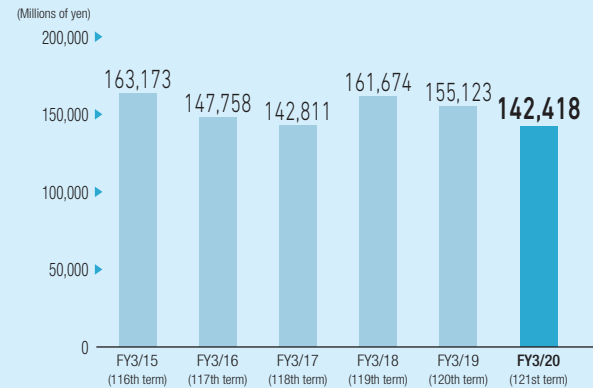


## Business Strategies

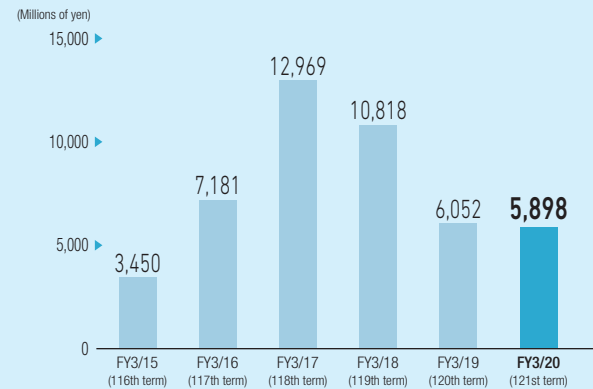


Steel Sheet-Related Business

121st term (actual) YoY  
**Net sales** 142,418 million yen -8.2%



121st term (actual) YoY  
**Operating profit** 5,898 million yen -2.5%



Steel Sheet Segment

Performance in the year ended March 31, 2020

- Overall sales to specific high-demand customers in Japan decreased. The sales volume of galvanized steel sheets decreased in part because of the growth of imports of low-priced plated steel sheets. The sales volume of pre-painted steel sheets was unchanged for building materials and down from the previous fiscal year for home appliances mainly because of unfavorable weather in Japan.
- In the general distribution category in Japan, orders were strong, particularly in the distribution warehouses and drug store sectors. Sales were higher as sales increased for both galvanized and pre-painted steel sheets.
- In Taiwan, the sales volume at SYSCO was down mostly because of U.S.-China trade friction. Earnings improved at YSS in China because of a review of its product lineup and at PPT in Thailand because of a focus on raising sales of value-added pre-painted steel sheets for home appliances.

Outlook for the year ending March 31, 2021

- To respond quickly to the market needs, we are using our nationwide sales network to raise awareness of the YODO Hyper GL Color Series, which was launched in January 2020, and increase sales of these products.
- Overseas, SYSCO plans to increase sales in Taiwan and establish a presence in new markets. In China, YSS is making its brands stronger and using joint activities with YBMH to increase sales. In Thailand, PPT plans to raise the share of sales from value-added products.

Initiatives for achieving the Medium-Term Management Plan targets

- For galvanized sheets, focus on increasing sales in the housing equipment and other new market sectors. For colored sheets, the goal is adding new sources of demand by selling these sheets in more market sectors and creating ideas for highly distinctive new products.
- To become more competitive, we are increasing cooperation within the Group, including overseas subsidiaries and other locations outside Japan.



A building interior with Yodoko panels



An appliance using Yodoko steel sheets

Building Materials & Exterior Products Segment

Performance in the year ended March 31, 2020

- Sales of building materials decreased as sales activities with priority on profitability brought down the sales volume.
- Sales of exterior products were sluggish after the October 2019 consumption tax hike. But fiscal year sales of these products increased because of price revisions in the previous fiscal year, higher sales due to the rush to make purchases before the consumption tax hike, and strong demand for garages and products for secondhand smoke safety.
- Construction sales increased because of the completion of several large projects, including the construction of commercial and logistics facilities.

Outlook for the year ending March 31, 2021

- For building materials, our primary goal is receiving orders based on the outlook for high level of demand for roofing products and exterior wall materials for commercial and logistics facilities.
- For exterior products, we are starting operations at subsidiary Fukui Yodoko Co., Ltd. with the goals of enlarging sales channels and building a more efficient production and logistics operations.
- In the construction sector, receiving orders for large distribution facilities for e-commerce companies is a priority.

Initiatives for achieving the Medium-Term Management Plan targets

- Focus on restructuring the sales framework for YODO Roof, the main building materials product.
- As part of measures to establish new sales channels for exterior products, focus on upgrading sales promotion materials and increasing sales of YODO Storage Sheds and YODO Large Storage Sheds.
- For construction, the main goals are receiving more orders, mainly for projects that use YODO fire-proof panel Grand Wall, and reinforcing sales framework in the Kanto region.



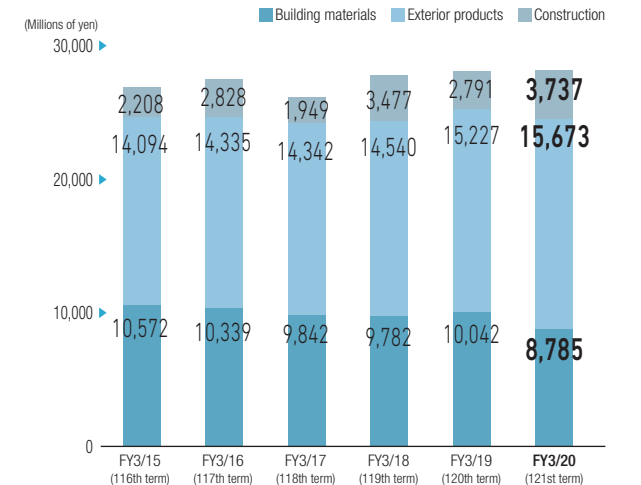
YODO Hyper GL Color Series Kizashi



The YODO bicycle parking unit can also be configured as a smoking area

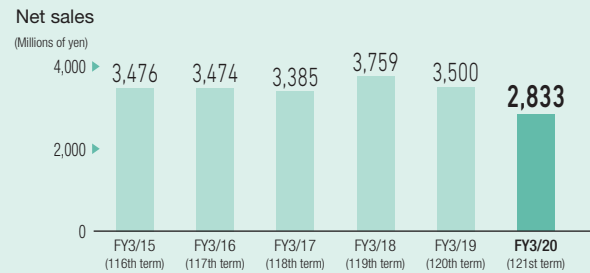
Reference Building Materials & Exterior Products Segment (Yodogawa Steel, non-consolidated)

	121st term (actual)	YoY
Total net sales	28,196 million yen	+0.5%
Building materials	8,785 million yen	-12.5%
Exterior products	15,673 million yen	+2.9%
Construction	3,737 million yen	+33.9%



### Roll Business

	121st term (actual)	YoY
Net sales	2,833 million yen	-19.1%
Operating profit	-311 million yen	—



#### Performance in the year ended March 31, 2020

- Sales were lower partly because of the effects of the quality assurance problem that occurred in the previous fiscal year.

#### Outlook for the year ending March 31, 2021

- To prevent the reoccurrence of problems created by improper quality activities, the supervision of product measurement data has been reinforced and all quality management activities are more rigorous.
- We expect lower demand in the iron and steel industry due to declining production and the longer roll replacement cycle. We plan to create maintenance service proposals for customers and use other activities to generate sales.
- In the non-ferrous industry, we expect to receive roll replacement orders in the paper industry and are using many activities to add new market categories.

#### Initiatives for achieving the Medium-Term Management Plan targets

- In the iron and steel industry, focus on increasing sales of value-added rolls.
- In the non-ferrous industry, use our accumulated roll manufacturing technologies to create sources of demand in new market categories for rolls.

#### Performance in the year ended March 31, 2020

- In the core highway category, sales were slow as governments place priority on repairing damage to roads caused by a series of natural disasters.
- In the private sector, a focus on capturing demand in energy and railroad projects contributed to sales.

#### Outlook for the year ending March 31, 2021

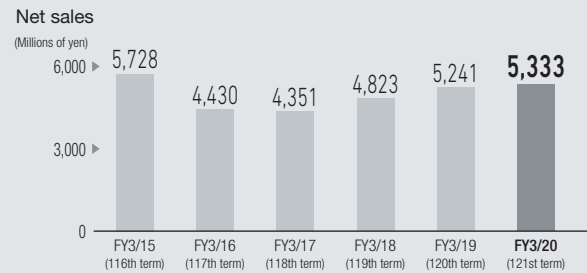
- There are concerns about competition from imported gratings. Our plan is to develop new applications for gratings and conduct sales activities that reflect the long-term outlook for this business.

#### Initiatives for achieving the Medium-Term Management Plan targets

- Use joint activities with the building materials segment to increase sales of gratings used at large construction projects.
- Increase outsourced galvanizing orders and make production operations more efficient.

### Real Estate & Other Businesses

	121st term (actual)	YoY
Net sales	5,333 million yen	+1.8%
Operating profit	1,034 million yen	-3.9%



#### Performance in the year ended March 31, 2020

- Real estate sales increased because of a higher occupancy rate at tenant-oriented buildings.
- Engineering business sales increased due to the strength of activities at overseas plants.

#### Outlook for the year ending March 31, 2021

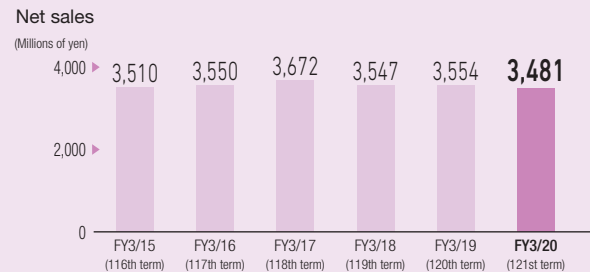
- Effectively utilizing properties remains the priority of the Real Estate Business.
- The engineering business is focusing on sales activities to capture orders for the next fiscal year and afterward.

#### Initiatives for achieving the Medium-Term Management Plan targets

- We plan to increase profitability in the Real Estate Business by utilizing properties in the most effective manner possible.
- In the engineering business, we are targeting chiefly demand outside Japan for steel sheet processing equipment and technical support services.

### Grating Business

	121st term (actual)	YoY
Net sales	3,481 million yen	-2.0%
Operating profit	80 million yen	-4.5%



## Topics

### Establishment of Fukui Yodoko Co., Ltd.

We started manufacturing and selling exterior products in 1970 and are celebrating the 50th anniversary of the debut of YODO Monooki Storage Shed in 2020. The success of these cabinets over many years is the result of a variety of modifications to reflect customers' needs, outstanding functions, attractive designs and other features. Fukui Yodoko was established for the purpose of rebuilding the production and logistics operations in order to ensure a timely supply of exterior products that reflect the increasingly diversity of customers' needs and preferences. The new company is located at a previously unused site at the Fukui Plant. Fukui Yodoko plans to start manufacturing exterior products in October 2021.

#### 《Profile of Fukui Yodoko》

1.Name	Fukui Yodoko Co., Ltd.
2.Location	97-30, Mikuni-cho Shimbo, Sakai city, Fukui
3.Representative	Yoichiro Nakano, President and Representative Director (Managing Executive Officer of Yodogawa Steel)
4.Business activities	Manufacture and processing of exterior products and other activities
5.Paid-in capital	100 million yen
6.Established	April 1, 2020
7.Ownership	Yodogawa Steel Works, Ltd.: 100%

## SYSCO Taiwan

Trade name : Sheng Yu Steel Co., Ltd.	Location : Kaohsiung, Taiwan R.O.C
Established : May 19, 1973	Chairman of the Board : Soichi Kitamura
Paid-in capital : NT\$ 3,211.8 million	President : Colin Hsu
Business activities : Steel sheet manufacturing and sales	No. of employees : 568
Main facilities : 1 pickling line 2 cold rolling lines 2 galvanizing lines 2 color coating lines	



### Performance in the year ended March 31, 2020

- The overall economy of Taiwan in the fiscal year ended March 31, 2020 recovered slowly as semiconductor industry capital expenditures and other sources of growth offset the negative impact of global economic uncertainty caused by U.S.-China trade friction.
- SYSCO's sales volume was unchanged from the previous fiscal year because of numerous activities for increasing sales as the lack of growth of internal demand in Taiwan made the business climate challenging.
- Export sales decreased. Sales in the U.S., SYSCO's primary export market, were impacted by trade protectionism. SYSCO focused on sales in Southeast Asia and other regions, but competition was intense.

### Outlook for the year ending March 31, 2021

- In Taiwan, SYSCO focuses on increasing sales of galvanized products for solar panel frames, a new product, and creating new applications is one goal. Plans also include improving profitability by adding more value to colored steel sheets.
- To offset the impact of U.S. trade protectionism, SYSCO continues focusing on adding new export markets and new sales channels for exports.
- To overcome a difficult business climate due to COVID-19 and other factors, SYSCO plans to create new sources of demand, add more value to its products, cut costs and use various other measures for profitability.

## YSS China

Trade name : Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.	Location : Anhui, China
Established : October 28, 2011	Chairman of the Board and President : Eichi Tanaka
Paid-in capital : USD 220 million	No. of employees : 256
Business activities : Steel sheet manufacturing and sales	
Main facilities : 1 galvanizing line 2 color coating lines	



### Performance in the year ended March 31, 2020

- A review of the composition of products to improve profitability resulted in higher prices of products. Due to a lower sales volume and foreign exchange rate movements, sales were the same as one year earlier and the loss was smaller.
- There was a big increase in sales of building materials mainly because of the larger volume of sales to current customers and orders from pig farmers, a sector where investments are very high.
- YSS used joint activities with partners in China to increase sales of home appliance steel to manufacturers in China.

### Outlook for the year ending March 31, 2021

- To increase the sales volume of building materials, YSS is using joint sales activities with YBMH, creating new applications for its products and making its brand even stronger.
- YSS is continuing to use collaboration with partners in China to capture orders from home appliance manufacturers in China. The goal is to quickly establish a sound base of operations as the Yodogawa Steel Group's primary base of operations in China.

## PPT Thailand

Trade name : PCM Processing (Thailand) Ltd.	Location : Amatanakorn Industrial Estate
Established : April 1999	Representative : Kosuke Takeoka
Paid-in capital : THB 1,377.259 million	No. of employees : 126
Business activities : Pre-painted steel manufacturing, steel sheet processing and sales	
Main facilities : 1 continuous color coating line 2 large leveler lines 1 sheet slitter	



### Performance in the year ended March 31, 2020

- There was heated price-based competition in the steel sheet market in Thailand caused by a large volume of low-priced imports due to the end of Thailand's anti-dumping measures targeting pre-painted steel sheets from China in 2019 and other countries and U.S.-China trade friction.
- The sales volume increased because of emphasis on sales of pre-painted steel sheets for AC outdoor units, a new application, and refrigerators. Using new suppliers and other measures to lower the cost of raw materials contributed to an improvement in earnings.

### Outlook for the year ending March 31, 2021

- Price-based competition is expected to further intensify because of the U.S. trade protectionism and the end of Thailand's anti-dumping measures for pre-painted steel sheet imports from China and other countries.
- PPT is aiming for fiscal year profitability as the Yodogawa Group's primary base of operations in the ASEAN region by increasing its share of the AC outdoor unit market, a new application, and increasing sales of clear-coated stainless steel sheets.

## Topics [Activities at SYSCO for Increasing Sales]

To strengthen its profile in Taiwan's steel market, SYSCO is using prominent outdoor advertisements, advertisements in steel industry publications and product information seminars. In 2019, SYSCO placed a marketing video on YouTube as one way to give end users timely information about the benefits of using SYSCO products. The video includes finished products that use SYSCO steel, testing data, customer visits and other information. All of these activities are aimed at increasing sales of SYSCO products.



The YouTube video can be viewed on the SYSCO website.

## 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 beauty, 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.

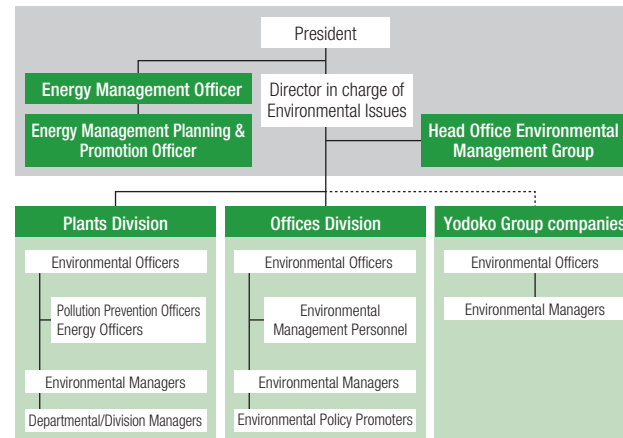
#### 3. Establish internal organizations

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 President as chairperson and with members comprising a Director in charge of environmental issues and Environmental Officers from each division. This committee handle 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	Examining/certifying agency
Ichikawa Plant	June 2000	JICQA
Osaka Plant	December 2000	
Kure Plant	December 2000	
Sheng Yu Steel Co., Ltd. (Taiwan)	December 1997	DNV·GL
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (China)	December 2015	SGS
PCM Processing (Thailand) Ltd.	November 2013	UKAS

### Purpose and objectives of environmental activities

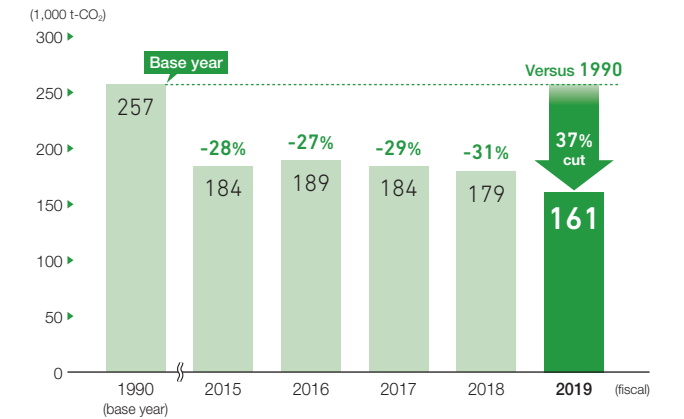
Prevent global warming	Reduce CO <sub>2</sub> from production divisions
	Reduce CO <sub>2</sub> from transport
	Reduce CO <sub>2</sub> from business offices
Create a recycling-oriented society	Promote reduction of resource usage
Reduce environmentally harmful substances	Reduce VOC emissions
	Reduce usage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

### Prevent Global Warming

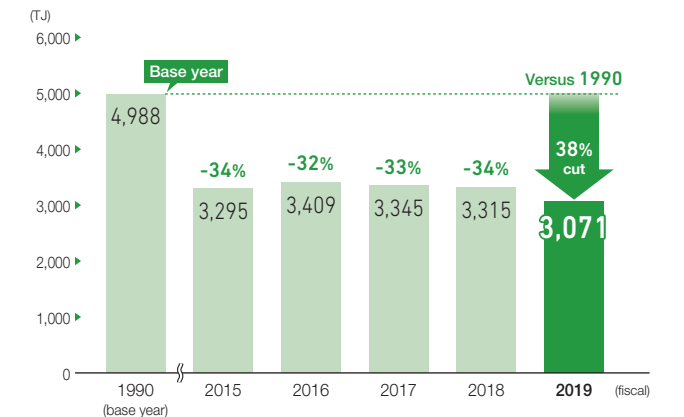
As countermeasures to global warming, we are making efforts to increase efficiency by upgrading equipment in production divisions, while also improving operations and using LEDs for

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 and other vehicles. 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 FY2019, we cut CO<sub>2</sub> emissions by 37% and energy consumption by 38% (both over FY1990).

### CO<sub>2</sub> emissions



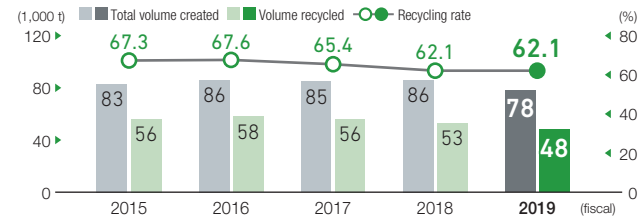
### Energy consumption



### Create an Environmentally Recycling-oriented Society

We are reusing as resources the waste products created during production activities. Sludge is recycled as a raw material for cement or utilized for its metal content, while used oil is recycled or used for supplemental fuel. Slag is used for roadbed base layers. In FY2019, our total volume of waste materials was 78,000 tons, an approximate 10% decrease year-on-year. The reuse of waste materials as a resource was about the same as in the previous fiscal year.

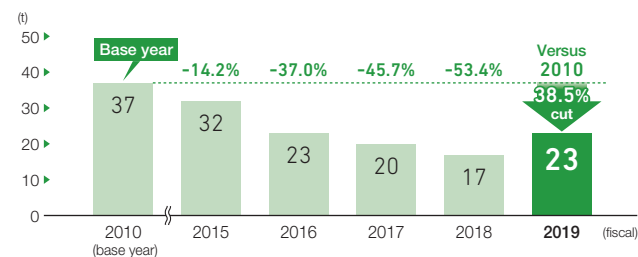
#### Waste products and valuable waste volume, and recycling rate (non-consolidated)



### Reduce Environmentally Harmful Substances

Yodogawa Steel 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 FY2010 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 FY2019 VOC emissions 38.5% versus FY2010.

#### 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 6,410 MWh of electricity in FY2019.

This photovoltaic power generation is expected to reduce annual CO<sub>2</sub> emissions by about 3,557 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 FY2019 came to 22 million yen, which included measures such as installing LED lighting.

Furthermore, our preservation expenses came to 510 million yen, consisting of 39% for air pollution prevention measures, 18% for water contamination prevention measures, and 29% for processing industrial waste. These expenses mainly went toward preventing pollution and recycling resources.

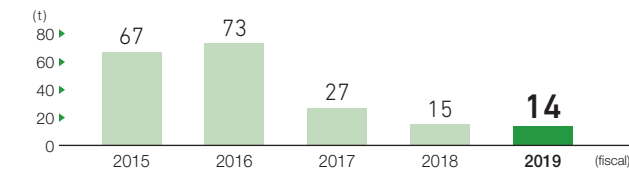
Notes: 1. Though we do track statistics for the entire Group, including overseas companies, numerical data on the environment presented on pages 26 and 27 is on a non-consolidated basis in the interest of simplicity and clarity for expressing reduction rates, etc. (Yodogawa Steel participates in The Japan Iron and Steel Federation's "Action Plan for a Low Carbon Society," "Voluntary Action Plan for a Recycling-Oriented Society," and "Voluntary Action Plan to Cut VOC Emissions").  
2. FY2019 numerical data on the environment presented on pages 26 and 27 are preliminary figures.

## Topics SYSCO's Environmental Activities

### Reduce Environmentally Harmful Substances

In 2016, SYSCO replaced production line equipment with machinery that holds down VOC emissions. In FY2019, there were more activities to lower these emissions, including the partial modification of production lines.

#### VOC emissions

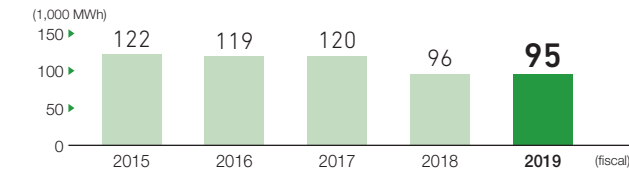


### Prevent global warming

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 CO<sub>2</sub> emissions.

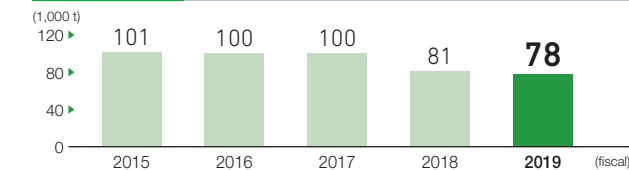
- 1) Reduced electricity consumption by increasing the efficiency of rolling mill exhaust fans.
- 2) Reduced electricity consumption of building lights, various motors, and ventilation equipment.

#### Electricity consumption

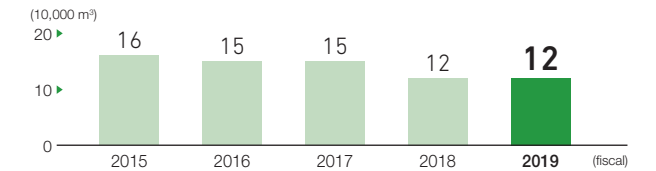


- 3) Installed heat recovery steam generators on some production lines, as in the previous fiscal year.

#### CO<sub>2</sub> emissions



### Natural gas consumption



### 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 equipment.

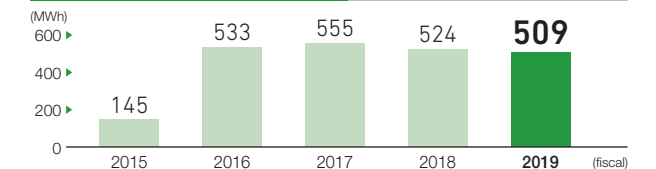
#### Development of GL steel sheets for solar panel mounts

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 2019, these systems have generated a cumulative 2,286 MWh of power.

#### Photovoltaic power generation



Our Products Helping Solve Social Issues

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

Major related SDGs



Safety Security Environment

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.

YODO Hyper GL Color chromate-free pre-painted steel sheet for building exteriors, which launched in January 2017, was developed based on the concept of “long-term use that is friendly to people and the environment.” The product’s overall durability was improved by reevaluating the pre-painting process, coating, and other items. Its 25-year warranty against pitting has been very well received by customers. Going one more step, we added a new YODO Hyper GL Color product in January 2020 and started offering the 25-year warranty against pitting (must be at least 500 meters from a seashore) on all pre-painted steel sheets for exterior use.

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.



Contributing to Global Warming Prevention through Insulation Solutions

Major related SDGs



Safety Security Environment Beauty

YODO fire-proof panel Grand Wall Hyper and YODO sandwich panel Fine Panel Hyper, which are our core exterior wall products, 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 in customers’ product selection. Our highly functional metal siding contributes to global warming prevention efforts by reducing CO<sub>2</sub> emissions through superior energy-saving features.



A building with YODO fire-proof panel Grand Wall

Proposal of Yodogawa Steel Products for Disaster Preparedness and Mitigation

Major related SDGs



Safety Security Environment

Awareness of the importance of disaster preparedness in Japan has been increasing because of a large number of earthquakes, typhoons and other natural disasters. YODO Monooki Storage Shed is an ideal way to be prepared. The YODO Kura Storage Shed MD with thermal insulation and outstanding durability is ideal for the long-term storage of emergency supplies of food and water. For convenience, we have created a storage shed lock that opens automatically without using a key when there is an earthquake above a certain intensity (about seismic scale 6-lower). Many options are available as well, such as partitions for using sheds for changing clothes or a portable toilet, a solar panel, and a tank for collecting rainwater. In all areas of Japan, many local government agencies, schools, condominium associations and other organizations are using our storage sheds with the characteristics above as part of measures to be prepared for disasters. We will continue to develop products and create new applications in order to contribute to society toward the goals of safety, security, the environment and beauty.



A YODO Monooki Storage Shed Erumo with a lock that automatically opens after a strong earthquake



Mechanical earthquake detector

Using Exterior Products for Secondhand Smoke Protection

Major related SDGs



Safety Security Environment

On April 1, 2020, all provisions of Japan’s partially revised Health Promotion Act, which was enacted in July 2018, became effective. As a result, offices, factories, warehouses, commercial facilities, most restaurants and all other locations used by many people are required for protection against secondhand smoke. We have created a version of our storage sheds for use as a smoking area in order to help provide pleasant environments for smokers and non-smokers. Adding optional items to our multi-purpose YODO Kura Storage Shed MD allows this structure to be used as an enclosed outdoor smoking location as well as to meet the Health Promotion Act’s requirements for an indoor smoking space. Another secondhand smoke product is the YODO Smoking Area KTA. Based on the YODO Bicycle Parking Unit KWA, this smoking area has high side panels to serve as an open outdoor smoking area that keeps most smoke within the structure.



YODO Kura Storage Shed MD configured as a smoking room



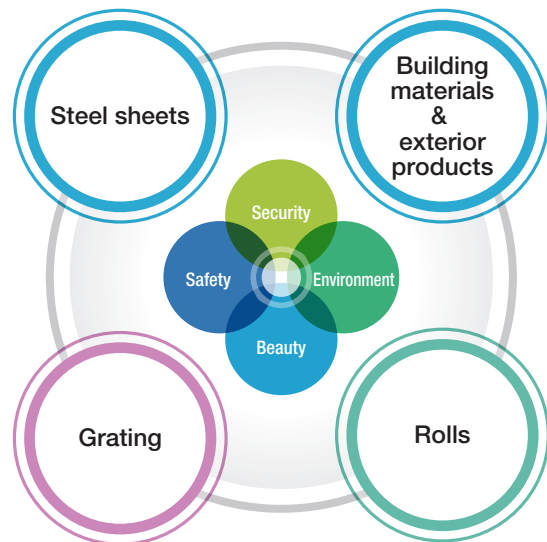
# Social

## 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 beauty.

### Creating value through business activities



## Steel Sheet and Building Materials & Exterior Products 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.

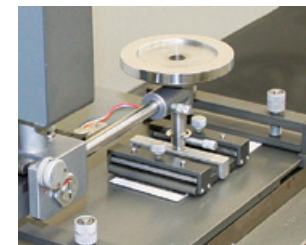
Our steel sheet products can be separated into two broad categories. The first category is steel sheets we provide as materials with specifications that meet manufacturers’ requirements for performance of electrical appliances and building materials. The second category is steel sheets that we sell through intermediaries as materials 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 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 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.

### Steel Sheets

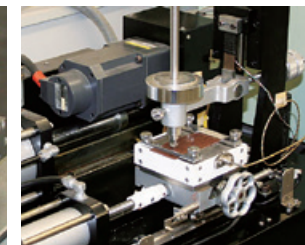
We believe that the mission of every company is to develop technologies and products that reflect changes in its markets and society. This is why we are constantly taking on new R&D themes and challenges. For the Steel Sheet Segment, R&D activities extend from surface-processing technologies to colors, shapes, safety and other characteristics of these sheets. To keep up with changing needs, we will continue to fabricate steel sheets while looking ahead to the next step of progress involving innovation, durability, functions and other properties.



Product Development Center (Osaka Plant)



A surface measurement instrument



Coefficient of friction testing unit

### Building Materials and Exteriors

We verify the performance of our building materials by using one of the most advanced testing facilities for this purpose in Japan. New products undergo tests before their release and we continue to verify safety and other properties of existing products too.

### Main test equipment

- Fire resistance testing units (vertical and horizontal furnaces)
- Water seal and wind pressure resistance testing unit
- Rain and wind testing unit
- Hydraulic cylinder load testing unit
- Load testing units
- Door opening-closing testing unit
- Shutter opening-closing testing unit



Fire resistance testing unit (horizontal furnace)



Water seal and wind pressure resistance testing unit



Door opening-closing testing unit

Product Development Initiatives

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 calender machine for paper making (gloss finish)

Grating Business

At the development division located in 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

At Overseas Subsidiaries

In SYSCO's technology development division, we are engaged 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 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 (fluoresin pre-painted steel sheets), as we develop products that meet customer demands and market needs.



Condensation circulation-type carbon arc weathering tester QUV weathering tester



Cyclic corrosion tester (CCT)



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

Basic Policy on Quality Assurance

Based on the Yodogawa Steel Group Corporate 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.

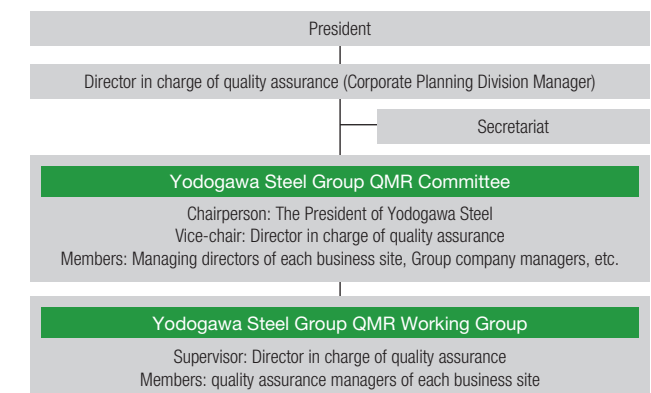
In the process, our highest priority is adhering to rules, such as laws, contracts with customers, and standards, while strengthening systems for preventing and detecting defects and inadequacies.

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

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 Corporate 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 by themselves, and who can take actions 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.

Social Contribution Activities

Donations to Charities Using Shareholder Benefits

Donations by shareholders of record on March 31, 2019 who selected a charitable donation from among the items listed in the shareholder benefits catalog were as follows. We are very grateful to these shareholders for their generosity. The following donations were made in November 2019 in the name of the Yodogawa Steel Works, Ltd. (Shareholder Donation Account).

Total donations 353,000 yen by 188 shareholders

UNICEF 68 shareholders 132,000 yen  
The Japanese Red Cross Society 50 shareholders 100,000 yen  
Ashinaga Foundation 70 shareholders 121,000 yen

Transfer to donations from shareholders who did not apply for shareholder benefits 853 shareholders 1,548,000 yen

\*Donations for UNICEF, Japanese Red Cross Society and Ashinaga Foundation

Opening 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 opened it to the public as part of our social contribution activities.

The guest house was temporarily closed in the middle of March 2020 because of the COVID-19 crisis and reopened to the public on June 6.



Yodoko Guest House (former residence of the Yamamura Family)



Dolls are displayed at the guest house to celebrate Hinamatsuri (Girls’ Day) in March

Social Contribution Activities at Overseas Subsidiaries

SYSCO Taiwan

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.

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.

SYSCO Taiwan and PPT Thailand

Donating to neighborhood schools

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



Children in the Taiwan city of Kaohsiung use safety gear donated by SYSCO

## 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 objectives 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 Yodogawa Steel (the "Company") 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 June 30, 2020, the Company has a total of six 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 seven, in order to have a measure of distance between Directors' 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 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 Independent 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 Yodogawa Steel 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 a 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 23, 2020)

#### Directors



**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)

#### Audit & Supervisory Board Members



**Shiro Morioka**  
Audit & Supervisory Board Member (full-time)



**Kazuki Miyajima**  
Audit & Supervisory Board Member (full-time)



**Miho Ishihara**  
Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)



**Ritsuko Watanabe**  
Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)

### FY2019 (Directors and Audit & Supervisory Board members as of June 23, 2020)

#### 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	12 times present at 14 meetings	—
Mitsuaki Yuasa	14 times present at 14 meetings	—
Miho Ishihara	11 times present at 11 meetings	12 times present at 12 meetings
Ritsuko Watanabe	Appointed at the General Meeting of Shareholders held June 23, 2020	

Background of Outside Officers / Reason for Election

**Toshikazu Saeki**

Apr. 1970 Joined Kobe Steel, Ltd.  
 Jun. 2001 Administration Officer of Kobe Steel, Ltd. and General Manager of Osaka branch of Kobe Steel, Ltd.  
 Jun. 2002 President and Representative Director of Shinko Care Life Co., Ltd. (currently Sumirin Care Life Co., Ltd.)  
 Jun. 2011 Advisor of Shinko Care Life Co., Ltd.  
 Apr. 2012 Specially Appointed Professor and Assistant to the President of Kobe University  
 Jun. 2015 Outside Director of the Company (Current Position)  
 Dec. 2016 Director (Audit & Supervisory Committee Member) of LOCKON CO., LTD. (Current Position)

Reason for Election

Mr. Saeki's many years of management experience and extensive knowledge can be used for the management of Yodogawa Steel.

**Hiroshi Okamura**

Apr. 1976 Joined The Daiwa Bank, Ltd. (currently Resona Bank, Limited)  
 Jun. 2006 Representative Director, Vice President and Executive Officer of Resona Bank, Limited  
 Jun. 2008 President and Representative Director of Resona Research Institute Co., Ltd.  
 Jun. 2009 Director of The Kinki Osaka Bank, Ltd. (currently Kansai Mirai Bank, Limited)  
 Jun. 2011 Part-time Auditor-secretary of Osaka Cosei Shinkin Bank (Current Position)  
 Jun. 2011 Part-time Auditor of Japan Foundation Engineering Co., Ltd. (Current Position)  
 Jun. 2012 President and Representative Director of Shikishima Printing Co., Ltd. (Current Position)  
 Jun. 2012 Part-time Director of Koyubusiness Co., Ltd. (Current Position)  
 Jun. 2013 Auditor of Osaka International Convention Center Corporation (Current Position)  
 Jun. 2015 Outside Director of the Company (Current Position)

Reason for Election

Mr. Okamura's many years of management experience and extensive knowledge can be used for the management of Yodogawa Steel.

**Mitsuaki Yuasa**

Sep. 1973 Registered as Certified Public Accountant  
 Jun. 2006 Retired from KPMG AZSA & Co. (currently KPMG AZSA LLC)  
 Jul. 2006 Opened Mitsuaki Yuasa CPA Office (Current Position)  
 Jun. 2008 Outside Audit & Supervisory Board Member of the Company  
 Nov. 2008 Outside Member of the Board of WORLD Co., Ltd.  
 Jun. 2009 Outside Audit & Supervisory Board Member of Sojitz Corporation  
 Jun. 2016 Retired from Outside Audit & Supervisory Board Member of the Company  
 Jun. 2018 Outside Director of the Company (Current Position)

Reason for Election

As a certified public accountant, Mr. Yuasa has considerable expertise involving finance and accounting. He has experience as an outside officer of a publicly owned company and can use his knowledge and experience for the management of Yodogawa Steel.

**Miho Ishihara**

Oct. 1996 Joined Asahi & Co. (currently KPMG AZSA LLC)  
 Jan. 2002 Registered as Certified Public Accountant  
 Feb. 2006 Joined Protiviti Japan (currently Protiviti LLC)  
 Apr. 2009 Joined EY Advisory Co., Ltd. (currently EY Advisory & Consulting Co., Ltd.)  
 May 2010 Opened Ishihara Certified Public Accountant Office (currently Ishihara Certified Public Accountant & Certified Public Tax Accountant Office) (Current Position) Joined Hibiki Audit Corporation (Current Position)  
 Dec. 2010 Registered as Certified Public Tax Accountant  
 Jun. 2019 Audit & Supervisory Board Member of the Company (Current Position)

Reason for Election

Ms. Ishihara is a certified public accountant and tax accountant and has experience as a consultant for internal controls and risk management. She can use this knowledge and experience to further improve the corporate governance of Yodogawa Steel.

**Ritsuko Watanabe**

Sep. 2007 Registered as attorney, Joined Hommachi Chuo Law Office (Current Position)

Reason for Election

Ms. Watanabe is an attorney with the extensive knowledge and experience for performing audits from an external and independent standpoint.

Analysis and Evaluation of Effectiveness of the Board of Directors

Yodogawa Steel asks Directors and Audit & Supervisory Board Members to complete questionnaires in order to analyze and evaluate the effectiveness of the Board of Directors. The following is a summary of the evaluation performed in FY2019.

1 Questionnaires

Scope	All 7 Directors and all 4 Audit & Supervisory Board Members
Format	All responses are anonymous
Coverage	Board composition, roles of the board, operation of board meetings, status of corporate governance and other subjects

2 Analysis and evaluation results

The Board of Directors is generally operating properly with regard to its composition, roles, how meetings are held, corporate governance and other items. As a result, the evaluation process concluded that the Board of Directors is effective.

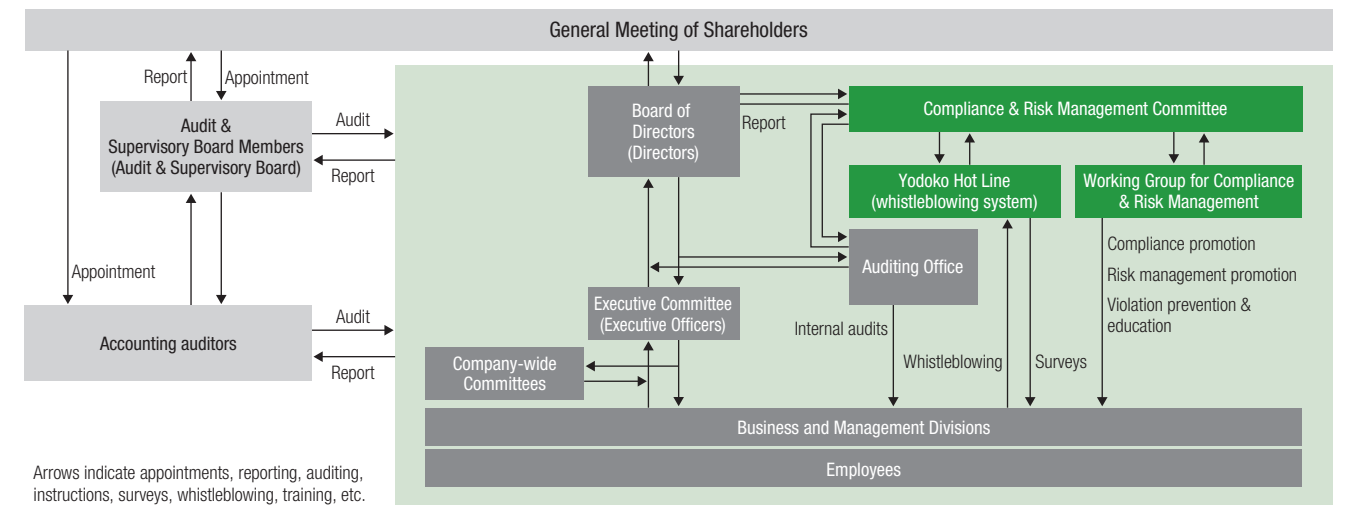
To further increase the board's effectiveness, our goals are to work on effective activities concerning management strategies, business plans and succession plans and to hold more thorough discussions at the Board of Directors meeting about risk management and other items, based on the views of the Management Committee.

3 Actions in response to the evaluation results

The Yodogawa Steel Group Medium-Term Management Plan 2019 ended in March 2020. The Group has started the three-year Yodogawa Steel Group Medium-Term Management Plan 2022, which will end in March 2023.

Based on the points that were identified by this evaluation, the internal and external officers will conduct more open discussions for the proper oversight of management in order to increase the board's effectiveness for the further growth of the Yodogawa Steel Group's corporate value.

Diagram of governance structure



Arrows indicate appointments, reporting, auditing, instructions, surveys, whistleblowing, training, etc.

## Market environment

In the fiscal year ended March 31, 2020, the second half brought a rapidly strengthening sense of economic stagnation in Japan due to a downturn in consumer spending following the October 2019 consumption tax hike and slowing capital investment and housing starts.

The global economy saw a dramatic slowdown due to sluggish economic activity as the effects of U.S.-China trade friction continued to be felt throughout 2019 in every region. Another major factor was the global spread of COVID-19 from the beginning of 2020.

In the steel market in Japan, demand was generally weak due to factors such as decreases in construction demand, automobile production, and exports. In the overseas steel market, the sentiment, particularly in Asia, remained weak due to high levels of production in China. The outlook has been extremely uncertain due to the impact of the COVID-19 pandemic on the global economy from the beginning of 2020.

## Results of operations

The Yodogawa Steel Group's net sales in the fiscal year decreased 13,352 million yen to 154,066 million yen. Operating profit decreased 390 million yen to 5,489 million yen, ordinary profit decreased 2,403 million yen to 7,425 million yen, and profit attributable to owners of parent decreased 2,392 million

yen to 3,862 million yen.

Regarding sales in Japan, although efforts were made to raise or maintain the selling prices in each business, overall sales volume decreased, especially in the second half. In addition, Taiwan subsidiary SYSCO saw a significant decrease in export particularly to North America, due to U.S. trade protectionism. As a result, consolidated sales decreased. For earnings, operating profit was lower in Japan primarily because of a decrease in sales volume and a smaller contribution to earnings growth from inventory valuations than in the previous fiscal year. All overseas subsidiaries experienced challenging market conditions, but the combined operating profit of the three overseas companies improved slightly. Consequently, consolidated operating profit was lower. Ordinary profit declined more than operating profit because losses were recorded on financial products under non-operating expenses in addition to a decrease in the gains on sales of investment securities included under non-operating income. The decline in consolidated net income was greater than the decrease in ordinary profit due to valuation losses on financial instruments caused by the deterioration in the financial instruments markets. The lower earnings at Keiyo Tekko Futo Co., Ltd. and SYSCO, both of which have a high percentage of non-controlling interest ownership was another major reason for the decline in consolidated net income. As a result, the decrease in

profit attributable to owners of parent is smaller than the decrease in consolidated net income.

## Outlook

Various regions of the world including Japan, have extensively implemented measures, such as restrictions on going out and the shutdown of commercial facilities, to curb the spread of the COVID-19 pandemic. This has significantly affected personal consumption and corporate activities. The above actions to curb the spread of the COVID-19 pandemic are bound to significantly affect the global macroeconomy as well as the Yodogawa Steel Group's operating environment. The extent of the pandemic's impact is extremely uncertain at this point.

The Yodogawa Steel Group announced the Yodogawa Steel Group Medium Term Management Plan 2022. The three year plan starts in the fiscal year ending March 31, 2021 and follows the Yodogawa Steel Group Medium Term Management Plan 2019. While the current environment is extremely uncertain the Group is committed to strengthen its profitability by maximizing speed and agility that are key strengths of the Yodogawa Steel Group and implementing measures in response to changes in the environment.

## Returns to shareholders

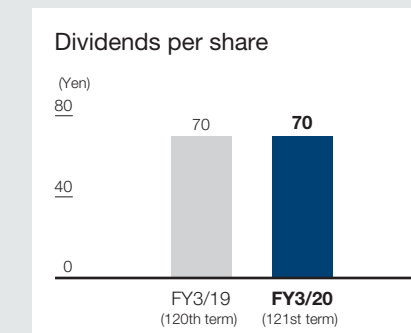
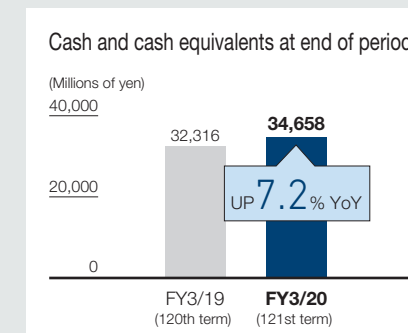
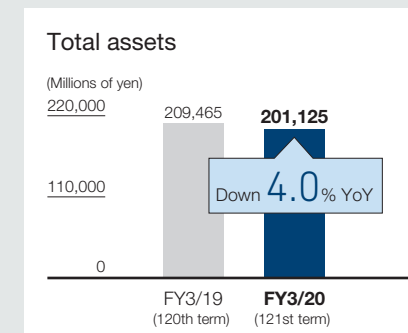
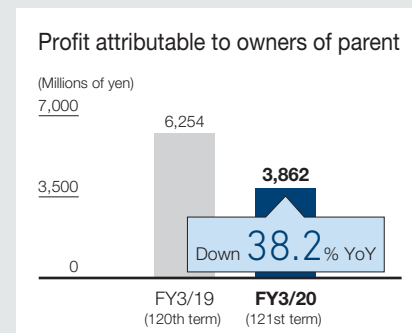
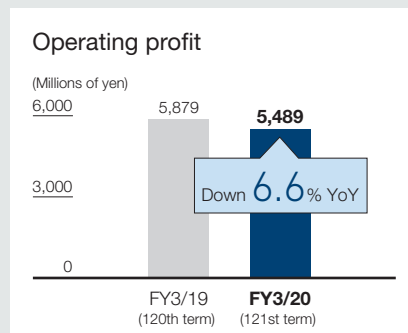
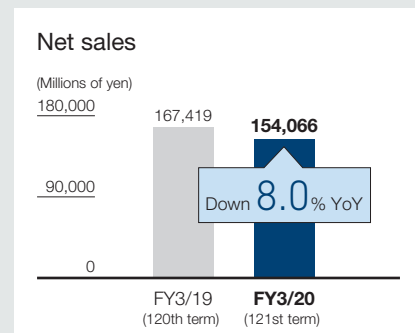
Distributing earnings to shareholders is one of the highest priorities of Yodogawa Steel. Earnings are distributed by paying

dividends that reflect results of operations, repurchasing stock and in other ways. The basic policy for dividends that are in line with our results of operations is to make payments that are stable and continuous. Dividends also take into consideration the need for funds for investments and other actions for increasing corporate value, the outlook for sales and earnings, the need to maintain financial soundness, and other items. To pay dividends that reflect results of operations, the target consolidated payout ratio is between about 30% and 50%. In addition, there is a goal of paying an annual dividend of at least 50 yen per share for each of the three fiscal years ended on March 31, 2018, 2019 and 2020.

The basic policy is to pay interim and year-end dividends. 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 year-end dividend for the fiscal year that ended March 31, 2020 is to be 40 yen per share. With the interim dividend of 30 yen, this will result in a dividend of 70 yen per share for this fiscal year.

There is currently no dividend forecast for the fiscal year ending March 31, 2021. An announcement will be made promptly once it becomes possible to disclose a dividend forecast.



## Consolidated Balance Sheet

(Millions of yen)

	FY3/19 (as of Mar. 31, 2019)	FY3/20 (as of Mar. 31, 2020)		FY3/19 (as of Mar. 31, 2019)	FY3/20 (as of Mar. 31, 2020)
<b>Assets</b>			<b>Liabilities</b>		
Current assets			Current liabilities		
Cash and deposits	36,843	32,650	Notes and accounts payable-trade	17,858	10,582
Notes and accounts receivable-trade	44,018	39,117	Electronically recorded obligations-operating	—	2,340
Securities	3,494	8,652	Short-term borrowings	327	640
Merchandise and finished goods	15,519	15,406	Lease obligations	9	23
Work in process	4,397	4,145	Income taxes payable	1,736	250
Raw materials and supplies	12,733	12,216	Provision for bonuses	971	923
Other	3,881	4,496	Other	6,265	4,748
Allowance for doubtful accounts	(132)	(131)	Total current liabilities	27,168	19,509
Total current assets	120,755	116,553	Non-current liabilities		
Non-current assets			Lease obligations	10	22
Property, plant and equipment			Deferred tax liabilities	2,502	2,044
Buildings and structures	60,458	60,663	Deferred tax liabilities for land revaluation	856	856
Accumulated depreciation	(45,269)	(46,096)	Provision for retirement benefits for directors (and other officers)	66	79
Buildings and structures, net	15,189	14,566	Retirement benefit liability	7,154	7,281
Machinery, equipment and vehicles	134,337	135,668	Other	4,034	4,041
Accumulated depreciation	(121,482)	(123,356)	Total non-current liabilities	14,624	14,324
Machinery, equipment and vehicles, net	12,855	12,312	Total liabilities	41,793	33,834
Land	18,687	19,001	<b>Net assets</b>		
Leased assets	47	91	Shareholders' equity		
Accumulated depreciation	(35)	(50)	Share capital	23,220	23,220
Leased assets, net	12	41	Capital surplus	20,385	20,381
Construction in progress	554	802	Retained earnings	104,961	106,763
Other	12,004	11,838	Treasury shares	(13,061)	(13,351)
Accumulated depreciation	(11,175)	(11,069)	Total shareholders' equity	135,505	137,014
Other, net	828	769	Accumulated other comprehensive income		
Total property, plant and equipment	48,126	47,493	Valuation difference on available-for-sale securities	12,213	10,476
Intangible assets			Revaluation reserve for land	1,639	1,636
Other	1,472	1,641	Foreign currency translation adjustment	1,378	1,489
Total intangible assets	1,472	1,641	Remeasurements of defined benefit plans	(500)	(578)
Investments and other assets			Total accumulated other comprehensive income	14,730	13,023
Investment securities	38,292	34,778	Share acquisition rights	210	224
Deferred tax assets	369	234	Non-controlling interests	17,225	17,029
Other	448	424	Total net assets	167,671	167,291
Total investments and other assets	39,109	35,437	Total liabilities and net assets	209,465	201,125
Total non-current assets	88,709	84,572			
Total assets	209,465	201,125			

## Consolidated Statement of Income

(Millions of yen)

	FY3/19 (Apr. 1, 2018 to Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 to Mar. 31, 2020)
Net sales	167,419	154,066
Cost of sales	144,180	131,540
Gross profit	23,238	22,525
Selling, general and administrative expenses	17,358	17,036
Operating profit	5,879	5,489
Non-operating income	4,292	3,035
Non-operating expenses	342	1,099
Ordinary profit	9,829	7,425
Extraordinary income	88	295
Extraordinary losses	755	2,213
Profit before income taxes	9,162	5,507
Income taxes-current	3,174	1,782
Income taxes-deferred	(509)	236
Total income taxes	2,664	2,019
Profit	6,497	3,488
Profit (loss) attributable to non-controlling interests	243	(373)
Profit attributable to owners of parent	6,254	3,862

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/19 (Apr. 1, 2018 to Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 to Mar. 31, 2020)
Profit	6,497	3,488
Other comprehensive income	(5,903)	(1,371)
Comprehensive income	593	2,117

## Consolidated Statement of Changes in Equity (Apr. 1, 2019 to Mar. 31, 2020)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	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 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
Changes during period													
Dividends of surplus			(2,063)		(2,063)								(2,063)
Profit attributable to owners of parent			3,862		3,862								3,862
Purchase of treasury shares				(300)	(300)								(300)
Disposal of treasury shares		(3)		10	6								6
Reversal of revaluation reserve for land			2		2								2
Net changes in items other than shareholders' equity						(1,736)	(2)	111	(78)	(1,706)	13	(195)	(1,889)
Total changes during period	—	(3)	1,802	(290)	1,508	(1,736)	(2)	111	(78)	(1,706)	13	(195)	(380)
Balance at end of period	23,220	20,381	106,763	(13,351)	137,014	10,476	1,636	1,489	(578)	13,023	224	17,029	167,291

## Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/19 (Apr. 1, 2018 to Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 to Mar. 31, 2020)
Cash flows from operating activities	8,273	5,927
Cash flows from investing activities	1,232	(1,407)
Cash flows from financing activities	(3,979)	(2,265)
Effect of exchange rate change on cash and cash equivalents	(485)	87
Net increase (decrease) in cash and cash equivalents	5,039	2,341
Cash and cash equivalents at beginning of period	27,277	32,316
Cash and cash equivalents at end of period	32,316	34,658

## Corporate Profile / Stock Information (as of March 31, 2020)

## Corporate Profile

Company name Yodogawa Steel Works, Ltd.

Established January 30, 1935

Capital 23,220,815,228 yen

Employees 1,204

## Major Offices &amp; 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.	Steel sheet 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.	Steel sheet manufacturing and sales
PCM Processing (Thailand) Ltd.	Pre-painted steel sheet manufacturing, processing, and sales

## Equity-Method Affiliated Companies

Sadoshima Corporation	Steel wholesaling
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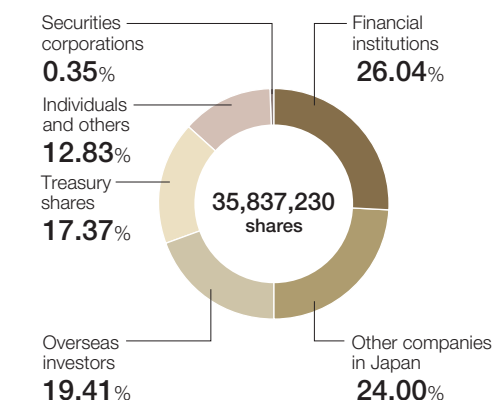
## Principal Shareholders

Name	Shares Owned (Thousands of shares)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1,425	4.81
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,389	4.69
Resona Bank, Limited.	1,068	3.60
Mizuho Bank, Ltd.	1,062	3.58
Yodoko Partners' Shareholding Association	944	3.18
Nippon Life Insurance Company	618	2.08
POSCO	600	2.02
JFE Steel Corporation	587	1.98
Sadoshima Corporation	571	1.93
Nippon Paint Industrial Coatings Co., Ltd.	547	1.84
<b>Total</b>	<b>8,815</b>	<b>29.76</b>

Notes: 1. The Company holds 6,223,350 treasury shares and is not included in the above list of major shareholders.

2. Treasury shares (6,223,350 shares) is deducted from calculations of the shareholding ratio.

## Share Ownership by Category







## Yodogawa Steel Works, Ltd.

4-1-1 Minami-honmachi, Chuo-ku, Osaka  
541-0054, Japan  
Tel. +81-6-6245-1111 (main switchboard)  
<https://www.yodoko.co.jp/english/>

## 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 <a href="https://www.yodoko.co.jp/english/">https://www.yodoko.co.jp/english/</a>

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