



November 4, 2021

**Summary of the Consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending March 31, 2022 (FY3/22)
(Six Months Ended September 30, 2021)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: November 10, 2021
 Scheduled date of payment of dividend: December 1, 2021
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter (April 1, 2021 to September 30, 2021) of FY3/22

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2021	93,873	39.1	5,658	85.3	7,136	69.5	4,110	41.1
Six months ended Sep. 30, 2020	67,468	-	3,054	-	4,209	-	2,914	-

Note: Comprehensive income (millions of yen): Six months ended Sep. 30, 2021: 6,633 (down 22.5%)
 Six months ended Sep. 30, 2020: 8,561 (-%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Six months ended Sep. 30, 2021	142.74	142.14	142.14	142.14
Six months ended Sep. 30, 2020	99.75	99.31	99.31	99.31

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%
As of Sep. 30, 2021	228,463	185,422	185,422	165,850	72.6	72.6
As of Mar. 31, 2021	226,004	180,296	180,296	162,472	71.9	71.9

Reference: Shareholders' equity (millions of yen): As of Sep. 30, 2021: 165,850 As of Mar. 31, 2021: 162,472

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2021	Yen -	Yen 35.00	Yen -	Yen 40.00	Yen 75.00
Fiscal year ending Mar. 31, 2022	-	35.00	-	-	-
Fiscal year ending Mar. 31, 2022 (Forecast)	-	-	-	-	-

Note: Revisions to the most recently announced dividend forecast: None

There is currently no dividend forecast for the fiscal year ending March 31, 2022.

3. Consolidated Forecasts for FY3/22 (April 1, 2021 to March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	-	-	-	-	-	-	-	-	-

Note: Revisions to the most recently announced consolidated earnings forecast: None

No full year forecast for the fiscal year ending March 31, 2022 is shown because of the difficulty of determining a reliable forecast for the Yodogawa Steel Group's results of operations. For further details, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 9 for further information.

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Sep. 30, 2021:	34,837,230 shares	As of Mar. 31, 2021:	34,837,230 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2021:	6,024,536 shares	As of Mar. 31, 2021:	6,051,658 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2021:	28,798,281 shares	Six months ended Sep. 30, 2020:	29,214,454 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the management of Yodogawa Steel Works at the time the materials were prepared. These materials are not promises by Yodogawa Steel Works regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending March 31, 2022, some sectors of the Japanese economy showed signs of a recovery. However, Japan's economy remained weak as the prospects for ending the pandemic (COVID-19) were uncertain.

In the global economy, the economies of some countries and regions are staging a recovery. The U.S. economy is recovering on the back of a massive economic stimulus package while progress with vaccinations is supporting the European economy. On the other hand, uncertainty about the future is increasing due to concerns about resurgence of infections worldwide, including in the United States.

In the steel industry, there are signs of upturn in Japan. While construction starts are on the rise and machinery exports are up, automobile production is sluggish due to shortages of semiconductors. As a result, the recovery is still slow.

The overseas steel market has been unstable because of the prolonged U.S.-China trade friction, the adjustment of crude steel production in China which have tightened the supply-demand balance, the global semiconductor shortage and other factors.

The Yodogawa Steel Group's net sales in the first half increased 26,404 million yen from the same period of the previous fiscal year to 93,873 million yen. Operating profit increased 2,604 million yen to 5,658 million yen, ordinary profit increased 2,926 million yen to 7,136 million yen, and profit attributable to owners of parent increased 1,196 million yen to 4,110 million yen.

In Japan, sales increased due to the recovery in sales of steel sheets, but earnings decreased because many categories of expenses were higher.

Overseas, sales and earnings increased mainly because of improvements at Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO), and the return to profitability of China subsidiary Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) and Thai subsidiary PCM Processing (Thailand) Ltd. (PPT).

Business segment performance was as follows.

1) Steel Sheet-related Business

Net sales totaled 89,809 million yen and operating profit was 5,530 million yen. Sales and earnings increased.

Steel Sheet

In Japan, monetary sales increased as sales volumes improved in all steel sheet categories because of solid demand for building construction and other sources of strength. There were increases for both specific high-demand customers and general distribution. Although sales increased, earnings were down because many categories of expenses were higher.

Overseas, SYSCO in Taiwan achieved a big improvement in earnings because of the growth of sales volumes in Taiwan and of exports as well as improvements in selling prices. YSS, a subsidiary in China, became profitable primarily due to the larger volume of sales of pre-painted and plated steel sheets in China. PPT, our Thai subsidiary, reported a small operating profit although it continued to experience progress and setbacks.

Building Material & Exterior Products

In the building materials category, sales of exterior products were higher because of a high volume of sales of storage sheds, storage warehouses and garages. Sales of materials for building exteriors decreased because of a change in the method used to sell YODO Roof and other reasons. Construction sales were lower than one year earlier partly because of the high number of the completion of large projects in the previous fiscal year.

2) Roll Business

Net sales totaled 1,168 million yen and operating profit was 40 million yen.

Sales were down because of declines in the sales volume of rolls used in the steel and paper industries but earnings improved.

3) Grating Business

Net sales totaled 1,660 million yen and operating profit was 52 million yen.

Sales increased mainly because of a larger number of orders involving road projects and earnings were about the same as one year earlier.

4) Real Estate Business

Net sales totaled 625 million yen and operating profit was 419 million yen.

Sales were almost the same as one year earlier but earnings decreased because of a lower occupancy rate at tenant-occupied buildings.

5) Other Businesses

Net sales totaled 608 million yen and operating profit was 195 million yen.

Earnings increased due to higher sales in the materials sales operations and the warehousing and transportation businesses.

(2) Explanation of Financial Position

Assets

Current assets increased by 1,805 million yen from the end of the previous fiscal year to 125,624 million yen. This was attributable mainly to a decrease of 9,002 million yen in cash and deposits, an increase of 6,381 million yen in notes and accounts receivable-trade, and contract assets, a decrease of 4,190 million yen in securities and an increase of 8,255 million yen in inventories.

Non-current assets increased by 653 million yen from the end of the previous fiscal year to 102,839 million yen. This was mainly attributable to an increase of 2,372 million yen in property, plant and equipment and a decrease of 1,880 million yen in investment securities.

Total assets increased by 2,459 million yen from the end of the previous fiscal year to 228,463 million yen.

Liabilities

Current liabilities decreased by 1,023 million yen from the end of the previous fiscal year to 27,349 million yen. This was attributable mainly to an increase of 2,802 million yen in notes and accounts payable-trade, a decrease of 824 million yen in income taxes payable, and decreases of 852 million yen in accounts payable-equipment, 1,045 million yen in accrued consumption taxes and 1,340 million yen in electronically recorded obligations-non-operating included in other current liabilities.

Non-current liabilities decreased by 1,642 million yen from the end of the previous fiscal year to 15,691 million yen. This was attributable mainly to decreases of 986 million yen in retirement benefit liability and 611 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities decreased by 2,665 million yen from the end of the previous fiscal year to 43,041 million yen.

Net assets

Net assets increased by 5,125 million yen from the end of the previous fiscal year to 185,422 million yen. This was attributable mainly to increases of 2,966 million yen in retained earnings, 1,767 million yen in foreign currency translation adjustment, 1,760 million yen in non-controlling interests, and a decrease of 1,617 million yen in valuation difference on available-for-sale securities.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Although the global economy is expected to recover slowly, concerns about another resurgence of COVID-19 infections remain unresolved. The worldwide semiconductor shortage and rising cost of natural resources and energy are also sources of uncertainty. As a result, Yodogawa Steel Works assumes that the outlook for the global economy will remain unclear for the time being.

In the steel markets both in Japan and other countries, prices of raw materials used for steelmaking and of steel products of all types continue to surge. Due to this situation, the steel market, including the balance between supply and demand, is likely to remain unstable for the time being.

The Yodogawa Steel Group as well is likely to continue to operate in a challenging business climate due to the unpredictability and instability of demand and expenses in all regions.

To succeed in this uncertain business climate, all group companies are focusing on speed and agility concerning both sales and production activities to respond to rapidly changing market conditions. To become even more profitable, group companies are also establishing positions in new markets and increasing sales of value-added products.

There is no forecast for the fiscal year ending on March 31, 2022 at this time because of the increasing uncertainty about the business climate in Japan and other countries. An announcement will be made promptly once it becomes possible to determine a reliable forecast.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/21 (as of Mar. 31, 2021)	Second quarter of FY3/22 (as of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	42,035	33,032
Notes and accounts receivable-trade, and contract assets	41,229	47,611
Electronically recorded monetary claims-operating	3,005	3,060
Securities	6,821	2,630
Merchandise and finished goods	12,672	15,720
Work in process	4,158	5,162
Raw materials and supplies	9,258	13,463
Other	4,783	5,090
Allowance for doubtful accounts	(147)	(147)
Total current assets	123,818	125,624
Non-current assets		
Property, plant and equipment	52,599	54,971
Intangible assets	1,752	1,839
Investments and other assets		
Investment securities	46,865	44,984
Retirement benefit asset	285	307
Other	683	736
Total investments and other assets	47,834	46,028
Total non-current assets	102,185	102,839
Total assets	226,004	228,463
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,744	16,546
Electronically recorded obligations-operating	2,247	2,388
Income taxes payable	2,717	1,892
Provision for bonuses	1,365	1,174
Provision for product warranties	336	506
Other	7,962	4,840
Total current liabilities	28,373	27,349
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	52	31
Retirement benefit liability	6,907	5,921
Other	10,373	9,738
Total non-current liabilities	17,333	15,691
Total liabilities	45,707	43,041

	(Millions of yen)	
	FY3/21 (as of Mar. 31, 2021)	Second quarter of FY3/22 (as of Sep. 30, 2021)
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,108	18,285
Retained earnings	110,822	113,788
Treasury shares	(12,091)	(12,029)
Total shareholders' equity	140,060	143,265
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,207	17,590
Deferred gains or losses on hedges	-	(0)
Revaluation reserve for land	1,636	1,629
Foreign currency translation adjustment	1,458	3,226
Remeasurements of defined benefit plans	109	139
Total accumulated other comprehensive income	22,412	22,584
Share acquisition rights	227	214
Non-controlling interests	17,596	19,357
Total net assets	180,296	185,422
Total liabilities and net assets	226,004	228,463

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Six-month Period)**

(Millions of yen)

	First six months of FY3/21 (Apr. 1, 2020 to Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 to Sep. 30, 2021)
Net sales	67,468	93,873
Cost of sales	56,098	78,904
Gross profit	11,370	14,968
Selling, general and administrative expenses	8,316	9,309
Operating profit	3,054	5,658
Non-operating income		
Interest income	138	139
Dividend income	344	461
Foreign exchange gains	11	19
Gain on valuation of derivatives	11	-
Gain on sale of investment securities	462	275
Share of profit of entities accounted for using equity method	123	219
Other	205	509
Total non-operating income	1,298	1,625
Non-operating expenses		
Interest expenses	33	32
Cost for employees transferred temporarily to overseas subsidiaries	78	85
Other	31	30
Total non-operating expenses	143	147
Ordinary profit	4,209	7,136
Extraordinary income		
Gain on sale of non-current assets	0	19
Insurance claim income	13	-
Total extraordinary income	13	19
Extraordinary losses		
Loss on sale and retirement of non-current assets	47	81
Loss on valuation of investment securities	-	1
Impairment losses	0	1
Total extraordinary losses	48	84
Profit before income taxes	4,175	7,071
Income taxes-current	1,585	1,761
Income taxes-deferred	(274)	(21)
Total income taxes	1,310	1,740
Profit	2,865	5,331
Profit (loss) attributable to non-controlling interests	(48)	1,220
Profit attributable to owners of parent	2,914	4,110

(Quarterly Consolidated Statement of Comprehensive Income)**(For the Six-month Period)**

(Millions of yen)

	First six months of FY3/21 (Apr. 1, 2020 to Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 to Sep. 30, 2021)
Profit	2,865	5,331
Other comprehensive income		
Valuation difference on available-for-sale securities	5,824	(1,729)
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	(246)	2,978
Remeasurements of defined benefit plans, net of tax	79	34
Share of other comprehensive income of entities accounted for using equity method	38	18
Total other comprehensive income	5,696	1,302
Comprehensive income	8,561	6,633
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	8,588	4,290
Comprehensive income attributable to non-controlling interests	(27)	2,343

(3) Notes to Quarterly Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Notes to Quarterly Consolidated Balance Sheet

Contingent liabilities

Yodogawa Steel Works has determined that, depending on the location, conditions and other aspects of their use, there have been problems involving the appearance and durability of some building exterior pre-painted steel sheets manufactured between 2007 and 2016 that have occurred prior to the end of the expected lifetime of these sheets. Yodogawa Steel Works has explained this problem to companies that sell these sheets and is covering repair and other expenses.

Repair and other expenses, including expenses for problems that have occurred but where repairs and other activities have not been completed, are recorded as period costs. The costs of the problems involving these sheets have not been expensed because it is not possible to determine a reliable forecast of how many problems will occur.

There may be significant repair and other expenses involving these sheets in the coming years depending on number of problems that occur.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Yodogawa Steel Works started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) at the beginning of the first quarter of the fiscal year ending on March 31, 2022. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers. The main change is that of the transactions that were previously recognized as revenue based on the total amount of consideration received from the customer, those that fall under the category of agency transactions are now recognized as revenue on a net basis. In addition, sales incentives, which were previously included in selling, general and administrative expenses, are now treated as a decrease in sales.

This change in accounting policy has been applied retrospectively in principle, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous fiscal year have been adjusted retrospectively. However, Yodogawa Steel Works has applied the following method as stipulated in Paragraph 85 of the Accounting Standard for Revenue Recognition.

- (1) No retroactive adjustment to the comparative information for contracts for which almost all the revenue amounts have been recognized in accordance with the previous treatment prior to the beginning of the previous fiscal year.
- (2) To retrospectively adjust the comparative information for the amount of variable consideration included in contracts for which almost all of the revenue amounts have been recognized in accordance with the previous treatment prior to the beginning of the current fiscal year, using the amount at the time when the uncertainty about the amount of the variable consideration is resolved.
- (3) No retroactive adjustment to the quarterly consolidated financial statements for the previous fiscal year for contracts that began and ended during the previous fiscal year.

As a result, net sales decreased by 1,925 million yen, cost of sales decreased by 1,693 million yen, selling, general and administrative expenses decreased by 232 million yen, and operating profit, ordinary profit and profit before income taxes each decreased by 0 million yen, respectively, compared with the results before the retrospective application. In addition, as the cumulative effect was reflected in net assets at the beginning of the previous fiscal year, the balance of retained earnings at the beginning of the previous fiscal year decreased by 12 million yen.

Due to the application of the Accounting Standard for Revenue Recognition, "Notes and accounts receivable-trade," which was presented in "Current assets" in the consolidated balance sheet for the previous fiscal year, is included in "Notes and accounts receivable-trade, and contract assets" from the first quarter of the current fiscal year.

Application of the Accounting Standard for Fair Value Measurement

Yodogawa Steel Works has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies prescribed in the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of this application on the quarterly consolidated financial statements.

Segment and Other Information

Segment information

I. First six months of FY3/21 (Apr. 1, 2020 to Sep. 30, 2020)

Information related to net sales and profit/loss for each reportable segment

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	63,285	1,405	1,594	617	66,902	565	67,468	-	67,468
Inter-segment sales and transfers	-	-	-	219	219	1,012	1,232	(1,232)	-
Total	63,285	1,405	1,594	837	67,122	1,578	68,700	(1,232)	67,468
Segment profit (loss)	3,259	(133)	47	438	3,612	55	3,667	(613)	3,054

- Notes: 1. Others represent businesses which are not included in any of the reportable segments and mainly consist of transportation, warehouse, golf course, machinery plant, electric power (sale of solar power) and other businesses.
2. The adjustment to segment profit (loss) includes unallocated expenses of (613) million yen and an elimination for inter-segment transactions of 0 million yen.
3. Segment profit (loss) is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

II. First six months of FY3/22 (Apr. 1, 2021 to Sep. 30, 2021)

Information related to net sales and profit/loss for each reportable segment

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	89,809	1,168	1,660	625	93,264	608	93,873	-	93,873
Inter-segment sales and transfers	-	-	-	210	210	1,300	1,510	(1,510)	-
Total	89,809	1,168	1,660	835	93,474	1,909	95,384	(1,510)	93,873
Segment profit	5,530	40	52	419	6,042	195	6,237	(578)	5,658

- Notes: 1. Others represent businesses which are not included in any of the reportable segments and mainly consist of transportation, warehouse, golf course, machinery plant, electric power (sale of solar power) and other businesses.
2. The adjustment to segment profit includes unallocated expenses of (575) million yen and an elimination for inter-segment transactions of (3) million yen.
3. Segment profit is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.