



February 4, 2022

**Summary of the Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2022 (FY3/22)
(Nine Months Ended December 31, 2021)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 10, 2022
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Third Quarter (April 1, 2021 to December 31, 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	%
Nine months ended Dec. 31, 2021	145,628	39.2	10,250	86.4	13,342	92.1	7,667	66.0
Nine months ended Dec. 31, 2020	104,640	-	5,498	-	6,944	-	4,618	-

Note: Comprehensive income (millions of yen):
 Nine months ended Dec. 31, 2021: 10,171 (down 23.1%)
 Nine months ended Dec. 31, 2020: 13,224 (-%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Nine months ended Dec. 31, 2021	266.19		265.10	
Nine months ended Dec. 31, 2020	158.71		158.00	

(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 Dec. 31, 2021	237,193		187,950		70.6	
As of Mar. 31, 2021	226,004		180,296		71.9	

Reference: Shareholders' equity (millions of yen): As of Dec. 31, 2021: 167,527 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)				60.00	95.00

Note: Revisions to the most recently announced dividend forecast: Yes

For further details, please refer to the press release dated today (February 4, 2022) about earnings forecast and dividend forecast (Japanese version only).

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	203,000	39.1	13,300	68.8	16,700	70.6	9,000	43.8	312.39

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

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 and the press release dated today (February 4, 2022) about earnings forecast and dividend forecast (Japanese version only).

*** 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 Dec. 31, 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 Dec. 31, 2021:	6,010,950 shares	As of Mar. 31, 2021:	6,051,658 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2021:	28,805,827 shares	Nine months ended Dec. 31, 2020:	29,099,189 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 nine months of the fiscal year ending March 31, 2022, Japan's economy recovered primarily with the support of consumer spending mainly due to progress with vaccinations and other measures to live with the pandemic. However, there are some areas of weakness in the economy caused by the semiconductor shortage, high prices of natural resources and energy, and other issues.

In the global economy as well, a recovery is taking place centered on consumer spending due to progress with various activities involving the pandemic. But the global economy is still unstable because of inflation, mainly for natural resources and energy, supply chain disruptions, and other issues. In China, the pace of the economic recovery is slowing primarily because of a downturn of the real estate market and the country's zero-COVID policy.

In the steel industry, there are signs of upturn in Japan. Construction starts are increasing and machinery exports are up, but automobile production is weak due to shortages of semiconductors. As a result, the recovery is still slow.

Instability is continuing in the overseas steel market because of the negative effect on China's internal demand of the real estate market downturn and other events and restrictions on the supply of steel in Europe and North America.

The Yodogawa Steel Group's net sales in the first nine months increased 40,987 million yen from the same period of the previous fiscal year to 145,628 million yen. Operating profit increased 4,751 million yen to 10,250 million yen, ordinary profit increased 6,398 million yen to 13,342 million yen, and profit attributable to owners of parent increased 3,049 million yen to 7,667 million yen.

In Japan, sales increased due to the recovery in the sales volume of steel sheets along with activities to improve selling prices. However, earnings decreased because many categories of expenses were higher.

Overseas, sales and earnings increased mainly because of a recovery 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).

Business segment performance was as follows.

1) Steel Sheet-related Business

Net sales totaled 139,423 million yen and operating profit was 10,002 million yen. Sales and earnings increased.

Steel Sheet

In Japan, monetary sales increased as sales volumes improved in all steel sheet categories along with activities to improve selling prices 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 increased 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. PCM Processing (Thailand) Ltd. (PPT), our Thai subsidiary, reported a small improvement in earnings 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 and garages. Sales of materials for building exteriors decreased because of a change in the method used to sell YODO Roof and other reasons.

2) Roll Business

Net sales totaled 1,921 million yen and operating profit was 65 million yen.

Sales increased because sales volume of rolls used in the steel industry remained firm, and earnings improved.

3) Grating Business

Net sales totaled 2,562 million yen and operating profit was 84 million yen.

Sales and earnings decreased mainly because of a lower number of orders involving government and road projects.

4) Real Estate Business

Net sales totaled 956 million yen and operating profit was 643 million yen.

Sales were almost the same as one year earlier but earnings decreased mainly because of an increase in depreciation associated with renovations and improvements at leased properties.

5) Other Businesses

Net sales totaled 764 million yen and operating profit was 325 million yen.

Sales decreased due to lower sales in the materials sales business, but earnings increased mainly due to an increase in the volume of cargo handled in the warehousing and transportation businesses.

(2) Explanation of Financial Position

Assets

Current assets increased by 14,021 million yen from the end of the previous fiscal year to 137,840 million yen. This was attributable mainly to a decrease of 11,250 million yen in cash and deposits, an increase of 10,741 million yen in notes and accounts receivable-trade, and contract assets, a decrease of 5,710 million yen in securities and an increase of 18,402 million yen in inventories.

Non-current assets decreased by 2,832 million yen from the end of the previous fiscal year to 99,353 million yen. This was mainly attributable to an increase of 2,775 million yen in property, plant and equipment and a decrease of 5,689 million yen in investment securities.

Total assets increased by 11,189 million yen from the end of the previous fiscal year to 237,193 million yen.

Liabilities

Current liabilities increased by 5,547 million yen from the end of the previous fiscal year to 33,921 million yen. This was attributable mainly to an increase of 8,014 million yen in notes and accounts payable-trade, decreases of 956 million yen in income taxes payable and 1,013 million yen in accrued consumption taxes included in other current liabilities.

Non-current liabilities decreased by 2,011 million yen from the end of the previous fiscal year to 15,322 million yen. This was attributable mainly to decreases of 989 million yen in retirement benefit liability and 979 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities increased by 3,536 million yen from the end of the previous fiscal year to 49,243 million yen.

Net assets

Net assets increased by 7,653 million yen from the end of the previous fiscal year to 187,950 million yen. This was attributable mainly to increases of 5,514 million yen in retained earnings, 1,954 million yen in foreign currency translation adjustment, 2,633 million yen in non-controlling interests, and a decrease of 2,712 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, there are concerns about the increase in COVID-19 cases caused by the omicron variant, worldwide supply chain disruptions, the rising cost of natural resources and energy, and other events. As a result, Yodogawa Steel Works believes that the outlook for the global economy will remain unclear for the time being.

In the steel markets 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.

The forecast for consolidated performance in the current fiscal year is based on this outlook for the economy and steel market.

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

	(Millions of yen)	
	FY3/21 (as of Mar. 31, 2021)	Third quarter of FY3/22 (as of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	42,035	30,784
Notes and accounts receivable-trade, and contract assets	41,229	51,971
Electronically recorded monetary claims-operating	3,005	3,632
Securities	6,821	1,110
Merchandise and finished goods	12,672	19,724
Work in process	4,158	6,086
Raw materials and supplies	9,258	18,682
Other	4,783	5,995
Allowance for doubtful accounts	(147)	(148)
Total current assets	123,818	137,840
Non-current assets		
Property, plant and equipment	52,599	55,375
Intangible assets	1,752	1,924
Investments and other assets		
Investment securities	46,865	41,175
Retirement benefit asset	285	317
Other	683	560
Total investments and other assets	47,834	42,053
Total non-current assets	102,185	99,353
Total assets	226,004	237,193
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,744	21,758
Electronically recorded obligations-operating	2,247	2,661
Short-term borrowings	-	176
Income taxes payable	2,717	1,760
Provision for bonuses	1,365	688
Provision for product warranties	336	813
Other	7,962	6,063
Total current liabilities	28,373	33,921
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	52	35
Retirement benefit liability	6,907	5,918
Other	10,373	9,367
Total non-current liabilities	17,333	15,322
Total liabilities	45,707	49,243

	(Millions of yen)	
	FY3/21 (as of Mar. 31, 2021)	Third quarter of FY3/22 (as of Dec. 31, 2021)
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,108	18,274
Retained earnings	110,822	116,337
Treasury shares	(12,091)	(11,998)
Total shareholders' equity	140,060	145,834
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,207	16,494
Revaluation reserve for land	1,636	1,629
Foreign currency translation adjustment	1,458	3,413
Remeasurements of defined benefit plans	109	155
Total accumulated other comprehensive income	22,412	21,692
Share acquisition rights	227	192
Non-controlling interests	17,596	20,230
Total net assets	180,296	187,950
Total liabilities and net assets	226,004	237,193

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

(Millions of yen)

	First nine months of FY3/21 (Apr. 1, 2020 to Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 to Dec. 31, 2021)
Net sales	104,640	145,628
Cost of sales	86,504	120,959
Gross profit	18,135	24,668
Selling, general and administrative expenses	12,637	14,418
Operating profit	5,498	10,250
Non-operating income		
Interest income	212	219
Dividend income	571	1,076
Foreign exchange gains	32	182
Gain on valuation of derivatives	11	-
Gain on sale of investment securities	462	785
Share of profit of entities accounted for using equity method	214	534
Other	245	562
Total non-operating income	1,751	3,360
Non-operating expenses		
Interest expenses	51	49
Cost for employees transferred temporarily to overseas subsidiaries	132	138
Other	122	80
Total non-operating expenses	305	268
Ordinary profit	6,944	13,342
Extraordinary income		
Gain on sale of non-current assets	0	148
Insurance claim income	13	-
Total extraordinary income	14	148
Extraordinary losses		
Loss on sale and retirement of non-current assets	60	268
Loss on valuation of investment securities	1	1
Impairment losses	0	164
Loss on liquidation of subsidiaries and associates	12	-
Other	0	-
Total extraordinary losses	75	434
Profit before income taxes	6,883	13,056
Income taxes-current	2,246	3,330
Income taxes-deferred	(33)	192
Total income taxes	2,213	3,522
Profit	4,669	9,534
Profit attributable to non-controlling interests	51	1,866
Profit attributable to owners of parent	4,618	7,667

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

(Millions of yen)

	First nine months of FY3/21 (Apr. 1, 2020 to Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 to Dec. 31, 2021)
Profit	4,669	9,534
Other comprehensive income		
Valuation difference on available-for-sale securities	8,683	(2,828)
Foreign currency translation adjustment	(302)	3,407
Remeasurements of defined benefit plans, net of tax	119	55
Share of other comprehensive income of entities accounted for using equity method	54	3
Total other comprehensive income	8,555	637
Comprehensive income	13,224	10,171
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	13,125	6,955
Comprehensive income attributable to non-controlling interests	99	3,216

(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 3,134 million yen, cost of sales decreased by 2,771 million yen, selling, general and administrative expenses decreased by 362 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 nine months of FY3/21 (Apr. 1, 2020 to Dec. 31, 2020)

1. Information related to net sales and profit/loss for each reportable segment (Millions of yen)

	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	98,416	1,883	2,582	929	103,811	828	104,640	-	104,640
Inter-segment sales and transfers	-	-	-	326	326	1,599	1,926	(1,926)	-
Total	98,416	1,883	2,582	1,256	104,138	2,428	106,567	(1,926)	104,640
Segment profit (loss)	5,789	(291)	117	659	6,275	100	6,375	(876)	5,498

- 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 (877) 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 nine months of FY3/22 (Apr. 1, 2021 to Dec. 31, 2021)

1. Information related to net sales and profit/loss for each reportable segment (Millions of yen)

	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	139,423	1,921	2,562	956	144,863	764	145,628	-	145,628
Inter-segment sales and transfers	-	-	-	314	314	1,961	2,276	(2,276)	-
Total	139,423	1,921	2,562	1,271	145,178	2,726	147,904	(2,276)	145,628
Segment profit	10,002	65	84	643	10,796	325	11,121	(871)	10,250

- 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 (865) million yen and an elimination for inter-segment transactions of (5) million yen.
3. Segment profit is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, or goodwill, etc. for each reportable segment

Material impairment losses related to non-current assets

In the Others (golf course business) segment, impairment losses on non-current assets were recorded. The amount of the impairment losses was 162 million yen in the first nine months of FY3/22.

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.