



November 4, 2022

**Summary of the Consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending March 31, 2023 (FY3/23)
(Six Months Ended September 30, 2022)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: November 10, 2022
 Scheduled date of payment of dividend: December 1, 2022
 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, 2022 to September 30, 2022) of FY3/23

(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, 2022	118,525	26.3	8,235	45.5	10,960	53.6	5,858	42.5
Six months ended Sep. 30, 2021	93,873	39.1	5,658	85.3	7,136	69.5	4,110	41.1

Note: Comprehensive income (millions of yen): Six months ended Sep. 30, 2022: 9,993 (up 50.7%)
 Six months ended Sep. 30, 2021: 6,633 (down 22.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2022	203.08	202.42
Six months ended Sep. 30, 2021	142.74	142.14

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2022	251,857	198,141	69.4
As of Mar. 31, 2022	244,671	191,937	69.6

Reference: Shareholders' equity (millions of yen): As of Sep. 30, 2022: 174,772 As of Mar. 31, 2022: 170,296

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	-	35.00	-	67.00	102.00
Fiscal year ending Mar. 31, 2023	-	40.00	-	-	-
Fiscal year ending Mar. 31, 2023 (Forecast)	-	-	-	-	-

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

There is currently no dividend forecast for the fiscal year ending March 31, 2023.

3. Consolidated Forecasts for FY3/23 (April 1, 2022 to March 31, 2023)

(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 consolidated forecast for the fiscal year ending March 31, 2023 is shown because of the difficulty of determining a reliable forecast. 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 3.

*** 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: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(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, 2022:	34,837,230 shares	As of Mar. 31, 2022:	34,837,230 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2022:	5,976,132 shares	As of Mar. 31, 2022:	6,008,176 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2022:	28,846,640 shares	Six months ended Sep. 30, 2021:	28,798,281 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 3.

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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, 2023, there was a slow recovery of the Japanese economy as economic activity began returning to normal due to the progress of With Corona policy. Despite this improvement, there is an increasing downward pressure on the economy from the rising cost of resources and energy caused by the Ukraine crisis, higher prices of imported goods because of the yen's decline and other reasons.

In the United States, concerns about slowing economic growth are increasing because of inflation and monetary tightening. In China, the zero-COVID policy, real estate market downturn and other factors are holding down demand and economic growth. In Europe, economic growth is slowing because of inflation, which is raising the cost of energy and other items, and rising interest rates.

In the Japanese steel industry, orders and production have started to decline. Although non-residential construction starts, machinery production and some other sectors are performing well, demand is held down by declining automobile production due to the semiconductor shortage and by other reasons.

In overseas steel markets, the business climate is weakening as economic growth rates worldwide decline.

The Yodogawa Steel Group's net sales in the first half increased 24,652 million yen to 118,525 million yen. Operating profit increased 2,576 million yen to 8,235 million yen, ordinary profit increased 3,823 million yen to 10,960 million yen, and profit attributable to owners of parent increased 1,747 million yen to 5,858 million yen.

In Japan, sales and earnings increased mainly due to higher sales of steel sheets resulting from an improvement in selling prices.

Overseas, sales increased mainly because of higher sales at Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO). However, earnings were down at Chinese subsidiary Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) mainly because of the lack of growth in markets for this company's products.

Business segment performance was as follows.

1) Steel Sheet-related Business

Net sales totaled 114,042 million yen and operating profit was 8,525 million yen. Sales and earnings increased.

Steel Sheets

In Japan, there were sales volume declines for specific high-demand customers primarily because of the lack of growth in demand in the building construction sector. However, sales and earnings increased mainly due to higher sales in the general distribution category and revisions of selling prices of all types of steel sheets.

Overseas, sales and earnings increased at SYSCO in Taiwan. Although the total sales volume declined, the sales volume of exported pre-painted steel sheets increased, prices of products were revised, and foreign exchange rate changes had a positive effect. At YSS, a subsidiary in China, sales and earnings were down because of the negative impact of lockdowns of Shanghai and other major cities due to the zero-COVID policy. Sales and earnings of PCM Processing (Thailand) Ltd. (PPT), our Thai subsidiary, increased because of the steady sales of high value-added products and revisions of selling prices.

Building Material & Exterior Products

Sales of exterior products increased mainly because of strong sales of storage sheds, garages and large storage sheds, and sales of exterior building materials were higher due to revisions of YODO Roof prices and other reasons. Construction sales decreased from one year earlier when sales included the completion of a large project.

2) Roll Business

Net sales totaled 1,323 million yen and operating loss was 210 million yen.

Sales increased because export volume of rolls used in the steel industry increased but there was an operating loss due to higher expenses.

3) Grating Business

Net sales totaled 1,680 million yen and operating profit was 27 million yen.

Sales were almost the same as one year earlier, but earnings decreased as the higher cost.

4) Real Estate Business

Net sales totaled 617 million yen and operating profit was 406 million yen.

Sales were almost the same as one year earlier, but earnings decreased mainly because of a lower occupancy rate at tenant-occupied buildings and an increase in depreciation.

5) Other Businesses

Net sales totaled 861 million yen and operating profit was 198 million yen.

Sales increased due to higher sales in the materials sales business and the warehousing and transportation businesses.

(2) Explanation of Financial Position

Assets

Current assets increased by 9,989 million yen from the end of the previous fiscal year to 154,512 million yen. This was attributable mainly to increases of 5,531 million yen in notes and accounts receivable-trade, and contract assets, and 5,606 million yen in raw materials and supplies.

Non-current assets decreased by 2,802 million yen from the end of the previous fiscal year to 97,344 million yen. This was mainly attributable to an increase of 1,561 million yen in property, plant and equipment, and a decrease of 4,694 million yen in investment securities.

Total assets increased by 7,186 million yen from the end of the previous fiscal year to 251,857 million yen.

Liabilities

Current liabilities increased by 2,593 million yen from the end of the previous fiscal year to 40,151 million yen. This was attributable mainly to increases of 926 million yen in notes and accounts payable-trade, and 1,775 million yen in accrued expenses included in other current liabilities.

Non-current liabilities decreased by 1,610 million yen from the end of the previous fiscal year to 13,564 million yen. This was attributable mainly to a decrease of 1,432 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities increased by 982 million yen from the end of the previous fiscal year to 53,716 million yen.

Net assets

Net assets increased by 6,203 million yen from the end of the previous fiscal year to 198,141 million yen. This was attributable mainly to increases of 4,010 million yen in retained earnings and 3,311 million yen in foreign currency translation adjustment.

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

The outlook for the global economy is expected to remain unclear. The prolonged conflict in Ukraine is disrupting supply chains and raising the cost of resources and energy worldwide. Furthermore, there is risk of an economic downturn because of monetary tightening in the United States and Europe. In China, the economic growth rate is declining.

In the steel markets of Japan and other countries, there is no growth outside Japan and the steel market is beginning to show signs of weakness in Japan too. 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. The fiscal year ending in March 2023 is the final year of the Medium-term Management Plan 2022. We will continue to establish positions in new markets and increase sales of high value-added products in the plan's final year in order to become even more profitable.

There is no forecast for the fiscal year ending in March 2023 at this time because of the difficulty of determining a reliable forecast due to 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)

	FY3/22 (as of Mar. 31, 2022)	Second quarter of FY3/23 (as of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	31,872	32,050
Notes and accounts receivable-trade, and contract assets	53,671	59,203
Electronically recorded monetary claims-operating	3,412	4,848
Securities	2,120	2,609
Merchandise and finished goods	22,027	23,034
Work in process	6,801	6,448
Raw materials and supplies	17,499	23,105
Other	7,229	3,322
Allowance for doubtful accounts	(110)	(111)
Total current assets	144,523	154,512
Non-current assets		
Property, plant and equipment	56,459	58,020
Intangible assets	1,966	2,051
Investments and other assets		
Investment securities	40,678	35,983
Retirement benefit asset	441	463
Other	601	825
Total investments and other assets	41,721	37,272
Total non-current assets	100,147	97,344
Total assets	244,671	251,857
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,676	21,602
Electronically recorded obligations-operating	2,329	2,675
Short-term borrowings	1,320	1,424
Income taxes payable	3,590	3,590
Provision for bonuses	1,658	1,564
Provision for product warranties	671	882
Other	7,309	8,412
Total current liabilities	37,557	40,151
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	39	26
Retirement benefit liability	6,285	6,152
Other	8,851	7,386
Total non-current liabilities	15,175	13,564
Total liabilities	52,733	53,716

	(Millions of yen)	
	FY3/22 (as of Mar. 31, 2022)	Second quarter of FY3/23 (as of Sep. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,272	18,270
Retained earnings	118,475	122,485
Treasury shares	(11,992)	(11,918)
Total shareholders' equity	147,977	152,058
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,174	13,332
Deferred gains or losses on hedges	(0)	-
Revaluation reserve for land	1,609	1,526
Foreign currency translation adjustment	4,433	7,745
Remeasurements of defined benefit plans	101	109
Total accumulated other comprehensive income	22,319	22,713
Share acquisition rights	187	163
Non-controlling interests	21,454	23,205
Total net assets	191,937	198,141
Total liabilities and net assets	244,671	251,857

(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 FY3/22 (Apr. 1, 2021 to Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 to Sep. 30, 2022)
Net sales	93,873	118,525
Cost of sales	78,904	99,662
Gross profit	14,968	18,863
Selling, general and administrative expenses	9,309	10,628
Operating profit	5,658	8,235
Non-operating income		
Interest income	139	181
Dividend income	461	730
Foreign exchange gains	19	431
Gain on sale of investment securities	275	1,245
Share of profit of entities accounted for using equity method	219	113
Other	509	181
Total non-operating income	1,625	2,884
Non-operating expenses		
Interest expenses	32	54
Cost for employees transferred temporarily to overseas subsidiaries	85	78
Other	30	25
Total non-operating expenses	147	159
Ordinary profit	7,136	10,960
Extraordinary income		
Gain on sale of non-current assets	19	-
Other	-	0
Total extraordinary income	19	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	81	115
Loss on valuation of investment securities	1	-
Impairment losses	1	598
Total extraordinary losses	84	714
Profit before income taxes	7,071	10,246
Income taxes-current	1,761	3,349
Income taxes-deferred	(21)	(437)
Total income taxes	1,740	2,911
Profit	5,331	7,334
Profit attributable to non-controlling interests	1,220	1,476
Profit attributable to owners of parent	4,110	5,858

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

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 to Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 to Sep. 30, 2022)
Profit	5,331	7,334
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,729)	(2,851)
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	2,978	5,518
Remeasurements of defined benefit plans, net of tax	34	7
Share of other comprehensive income of entities accounted for using equity method	18	(16)
Total other comprehensive income	1,302	2,659
Comprehensive income	6,633	9,993
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,290	6,336
Comprehensive income attributable to non-controlling interests	2,343	3,657

(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.

Segment and Other Information

Segment information

I. First six months of FY3/22 (Apr. 1, 2021 to Sep. 30, 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	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 with the operating profit on the quarterly consolidated statement of income.

II. First six months of FY3/23 (Apr. 1, 2022 to Sep. 30, 2022)

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	114,042	1,323	1,680	617	117,664	861	118,525	-	118,525
Inter-segment sales and transfers	-	-	-	213	213	1,446	1,660	(1,660)	-
Total	114,042	1,323	1,680	831	117,878	2,308	120,186	(1,660)	118,525
Segment profit (loss)	8,525	(210)	27	406	8,748	198	8,946	(711)	8,235

- 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 (709) million yen and an elimination for inter-segment transactions of (1) million yen.
3. Segment profit (loss) is adjusted 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 598 million yen in the first six months of FY3/23.

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.