



February 6, 2023

**Summary of the Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2023 (FY3/23)
(Nine Months Ended December 31, 2022)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 10, 2023
 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, 2022 to December 31, 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	%
Nine months ended Dec. 31, 2022	171,562	17.8	10,771	5.1	14,565	9.2	8,477	10.6
Nine months ended Dec. 31, 2021	145,628	39.2	10,250	86.4	13,342	92.1	7,667	66.0

Note: Comprehensive income (millions of yen): Nine months ended Dec. 31, 2022: 13,337 (up 31.1%)
 Nine months ended Dec. 31, 2021: 10,171 (down 23.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	293.84	292.90
Nine months ended Dec. 31, 2021	266.19	265.10

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2022	249,266	200,329	71.2
As of Mar. 31, 2022	244,671	191,937	69.6

Reference: Shareholders' equity (millions of yen): As of Dec. 31, 2022: 177,389 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)	-	-	-	62.00	102.00

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

For further details, please refer to the press release dated today (February 6, 2023) about earnings forecast and dividend forecast (Japanese version only).

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	220,000	9.1	12,700	(11.5)	16,500	(7.9)	9,300	(5.0)	322.31

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 3 and the press release dated today (February 6, 2023) 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: 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 Dec. 31, 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 Dec. 31, 2022:	5,971,797 shares	As of Mar. 31, 2022:	6,008,176 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2022:	28,851,376 shares	Nine months ended Dec. 31, 2021:	28,805,827 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 nine months 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 accelerated inflation, which is raising the cost of energy and other items, and rising interest rates.

In Japan, while automobile production seems to be picking up as semiconductor supply shortages have eased and by other factors, residential construction and machinery orders are weak. Under the circumstances, orders and production have been declining in the steel industry.

In overseas steel markets, economic recovery was anticipated in China after its zero-COVID policy was reversed. Although the economy did show signs of improvement, the overall economy remains weak because of economic slowdowns in several regions.

The Yodogawa Steel Group's net sales in the first nine months increased 25,934 million yen to 171,562 million yen. Operating profit increased 521 million yen to 10,771 million yen, ordinary profit increased 1,222 million yen to 14,565 million yen, and profit attributable to owners of parent increased 809 million yen to 8,477 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 on the yen basis at Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO) as foreign exchange rate changes had a positive effect. However, earnings were down mainly because overseas markets weakened.

Business segment performance was as follows.

1) Steel Sheet-related Business

Net sales totaled 164,768 million yen and operating profit was 11,199 million yen. Sales and earnings increased.

Steel Sheets

In Japan, there were sales volume declines of galvanized steel sheets 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 revisions of selling prices of all types of steel sheets.

Sales on a yen basis increased at SYSCO because foreign exchange rate changes had a positive effect, but earnings were lower as total sales volume declined since it was significantly affected by market conditions overseas. At Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (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

Despite lower sales volume, sales increased mainly because of product price revisions and other reasons. Construction sales also increased as a large project was completed, and construction progressed at other major projects.

2) Roll Business

Net sales totaled 2,059 million yen and operating loss was 233 million yen.

Sales increased because export volume of rolls used in the steel industry increased but there was an operating loss

due to cost increases caused by rising material prices.

3) Grating Business

Net sales totaled 2,602 million yen and operating profit was 46 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 925 million yen and operating profit was 604 million yen.

Sales and earnings were slightly lower because of a lower occupancy rate at tenant-occupied buildings, an increase in depreciation due to facility repairs and renewals, and other factors.

5) Other Businesses

Net sales totaled 1,206 million yen and operating profit was 203 million yen.

Sales increased due to higher sales in the materials sales business but earnings declined because of lower sales in the warehousing and golf facilities businesses.

(2) Explanation of Financial Position

Assets

Current assets increased by 5,514 million yen from the end of the previous fiscal year to 150,038 million yen. This was attributable mainly to increases of 2,848 million yen in cash and deposits, 1,129 million yen in notes and accounts receivable-trade, and contract assets, 1,697 million yen in electronically recorded monetary claims-operating, a decrease of 2,110 million yen in securities, and an increase of 5,643 million yen in inventories.

Non-current assets decreased by 919 million yen from the end of the previous fiscal year to 99,227 million yen. This was mainly attributable to an increase of 1,129 million yen in property, plant and equipment, and a decrease of 2,340 million yen in investment securities.

Total assets increased by 4,595 million yen from the end of the previous fiscal year to 249,266 million yen.

Liabilities

Current liabilities decreased by 3,038 million yen from the end of the previous fiscal year to 34,519 million yen. This was attributable mainly to decreases of 1,375 million yen in notes and accounts payable-trade, 1,605 million yen in income taxes payable, 798 million yen in provision for bonuses and an increase in 757 million yen in electronically recorded obligations-operating.

Non-current liabilities decreased by 758 million yen from the end of the previous fiscal year to 14,416 million yen. This was attributable mainly to a decrease of 541 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities decreased by 3,796 million yen from the end of the previous fiscal year to 48,936 million yen.

Net assets

Net assets increased by 8,391 million yen from the end of the previous fiscal year to 200,329 million yen. This was attributable mainly to increases of 5,475 million yen in retained earnings and 3,122 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 because of a combination of factors. Even though the Chinese economy is anticipated to recover following the reversal of its zero-COVID policy, concerns remain over an economic downturn caused by the effects of a prolonged Ukraine-Russia conflict and monetary tightening in the United States and Europe.

In the steel market, there are concerns that the Japanese market will be affected by continued weakness in overseas markets. 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.

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)

	FY3/22 (as of Mar. 31, 2022)	Third quarter of FY3/23 (as of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	31,872	34,720
Notes and accounts receivable-trade, and contract assets	53,671	54,800
Electronically recorded monetary claims-operating	3,412	5,110
Securities	2,120	9
Merchandise and finished goods	22,027	22,338
Work in process	6,801	6,525
Raw materials and supplies	17,499	23,106
Other	7,229	3,537
Allowance for doubtful accounts	(110)	(110)
Total current assets	144,523	150,038
Non-current assets		
Property, plant and equipment	56,459	57,589
Intangible assets	1,966	2,061
Investments and other assets		
Investment securities	40,678	38,337
Retirement benefit asset	441	473
Other	601	765
Total investments and other assets	41,721	39,576
Total non-current assets	100,147	99,227
Total assets	244,671	249,266
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,676	19,301
Electronically recorded obligations-operating	2,329	3,086
Short-term borrowings	1,320	1,422
Income taxes payable	3,590	1,985
Provision for bonuses	1,658	860
Provision for product warranties	671	825
Other	7,309	7,038
Total current liabilities	37,557	34,519
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	39	31
Retirement benefit liability	6,285	6,118
Other	8,851	8,266
Total non-current liabilities	15,175	14,416
Total liabilities	52,733	48,936

	(Millions of yen)	
	FY3/22 (as of Mar. 31, 2022)	Third quarter of FY3/23 (as of Dec. 31, 2022)
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,272	18,268
Retained earnings	118,475	123,950
Treasury shares	(11,992)	(11,908)
Total shareholders' equity	147,977	153,531
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,174	14,653
Revaluation reserve for land	1,609	1,526
Deferred gains or losses on hedges	(0)	-
Foreign currency translation adjustment	4,433	7,556
Remeasurements of defined benefit plans	101	122
Total accumulated other comprehensive income	22,319	23,858
Share acquisition rights	187	155
Non-controlling interests	21,454	22,785
Total net assets	191,937	200,329
Total liabilities and net assets	244,671	249,266

(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 FY3/22 (Apr. 1, 2021 to Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 to Dec. 31, 2022)
Net sales	145,628	171,562
Cost of sales	120,959	145,329
Gross profit	24,668	26,232
Selling, general and administrative expenses	14,418	15,461
Operating profit	10,250	10,771
Non-operating income		
Interest income	219	290
Dividend income	1,076	1,125
Foreign exchange gains	182	687
Gain on sale of investment securities	785	1,245
Share of profit of entities accounted for using equity method	534	511
Other	562	193
Total non-operating income	3,360	4,053
Non-operating expenses		
Interest expenses	49	88
Cost for employees transferred temporarily to overseas subsidiaries	138	132
Other	80	38
Total non-operating expenses	268	260
Ordinary profit	13,342	14,565
Extraordinary income		
Gain on sale of non-current assets	148	185
Other	-	0
Total extraordinary income	148	185
Extraordinary losses		
Loss on sale and retirement of non-current assets	268	133
Loss on valuation of investment securities	1	-
Impairment losses	164	835
Total extraordinary losses	434	968
Profit before income taxes	13,056	13,782
Income taxes-current	3,330	4,132
Income taxes-deferred	192	(12)
Total income taxes	3,522	4,120
Profit	9,534	9,662
Profit attributable to non-controlling interests	1,866	1,184
Profit attributable to owners of parent	7,667	8,477

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

(Millions of yen)

	First nine months of FY3/22 (Apr. 1, 2021 to Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 to Dec. 31, 2022)
Profit	9,534	9,662
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,828)	(1,516)
Foreign currency translation adjustment	3,407	5,159
Deferred gains or losses on hedges	-	0
Remeasurements of defined benefit plans, net of tax	55	29
Share of other comprehensive income of entities accounted for using equity method	3	0
Total other comprehensive income	637	3,675
Comprehensive income	10,171	13,337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,955	10,100
Comprehensive income attributable to non-controlling interests	3,216	3,237

(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 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 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.

II. First nine months of FY3/23 (Apr. 1, 2022 to Dec. 31, 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	164,768	2,059	2,602	925	170,355	1,206	171,562	-	171,562
Inter-segment sales and transfers	-	-	-	318	318	2,068	2,386	(2,386)	-
Total	164,768	2,059	2,602	1,243	170,673	3,275	173,949	(2,386)	171,562
Segment profit (loss)	11,199	(233)	46	604	11,617	203	11,820	(1,049)	10,771

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 (1,042) million yen and an elimination for inter-segment transactions of (6) 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 835 million yen in the first nine 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.