



August 4, 2023

**Summary of the Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2024 (FY3/24)
(Three Months Ended June 30, 2023)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 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 First Quarter (April 1, 2023 to June 30, 2023) of FY3/24

(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	%
Three months ended Jun. 30, 2023	51,062	(11.4)	2,893	(28.2)	3,734	(37.5)	2,017	(39.7)
Three months ended Jun. 30, 2022	57,632	30.8	4,027	30.4	5,978	43.9	3,343	35.9

Note: Comprehensive income (millions of yen): Three months ended Jun. 30, 2023: 5,727 (up 80.6%)
 Three months ended Jun. 30, 2022: 3,172 (down 25.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2023	69.87	69.68
Three months ended Jun. 30, 2022	115.95	115.57

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2023	252,250	205,510	72.4
As of Mar. 31, 2023	251,057	201,906	71.6

Reference: Shareholders' equity (millions of yen):
 As of Jun. 30, 2023: 182,686 As of Mar. 31, 2023: 179,673

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	–	40.00	–	71.00	111.00
Fiscal year ending Mar. 31, 2024	–	–	–	–	–
Fiscal year ending Mar. 31, 2024 (Forecast)	–	40.00	–	–	–

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

There is currently no dividend forecast for the fiscal year ending March 31, 2024. For further details, please refer to the press release dated today (August 4, 2023) about earnings forecast and dividend forecast (Japanese version only).

3. Consolidated Forecasts for FY3/24 (April 1, 2023 to March 31, 2024)

(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
First half	102,000	(13.9)	4,500	(45.4)	5,600	(48.9)	3,000	(48.8)	103.91
Full year	–	–	–	–	–	–	–	–	–

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

No consolidated forecast for the fiscal year ending March 31, 2024 is shown because of the difficulty of determining 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 and the press release dated today (August 4, 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 issued shares (common shares)

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

As of Jun. 30, 2023:	34,837,230 shares	As of Mar. 31, 2023:	34,837,230 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2023:	5,966,589 shares	As of Mar. 31, 2023:	5,966,020 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2023:	28,870,934 shares	Three months ended Jun. 30, 2022:	28,835,661 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 quarter of the fiscal year ending March 31, 2024, there was a broad-based slow economic recovery in Japan as economic activity began returning to normal due to the progress of With Corona policy, such as reclassifying COVID-19's category from Class 2 to Class 5, categorized as a common infectious disease. Despite this improvement, housing and non-housing starts remained weak partly due to soaring construction material prices.

In the United States, consumer spending remained strong while inflation was protracted. In China, the economy is stagnating, due to worsening employment conditions and the sluggish real estate market. In addition, uncertainty is increasing due to the prolonged Ukraine crisis.

In Japan, while automobile production increased as semiconductor supply shortages have eased and by other factors, housing starts and machinery production declined. Under the circumstances, orders and production show declining trends in the steel industry.

In overseas steel markets, the business climate is weakening, mainly in Asian markets, due to the impact of the steel supply-demand gap in China and other factors.

The Yodogawa Steel Group's net sales for the first quarter decreased 6,570 million yen from the same period of the previous fiscal year to 51,062 million yen. Operating profit decreased 1,133 million yen to 2,893 million yen, ordinary profit decreased 2,244 million yen to 3,734 million yen, and profit attributable to owners of parent decreased 1,326 million yen to 2,017 million yen.

In Japan, sales and earnings decreased mainly due to lower sales of steel sheets resulting from a decline in sales volume.

Overseas, sales and earnings decreased mainly due to lower sales at Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO).

Business segment performance was as follows.

1) Steel Sheet-related Business

Net sales totaled 48,470 million yen and operating profit was 2,896 million yen. Sales and earnings decreased.

Steel Sheet

In Japan, both sales and earnings decreased because of sales volume declines for both specific high-demand customers and general distribution as a result of stagnant demand in the building construction sector, which were partly offset by revisions of selling prices of all types of steel sheets.

Overseas, sales and earnings of SYSCO in Taiwan decreased mainly because of declines in sales volume of exports and selling prices. At Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), a subsidiary in China, the sales volume continues to recover thanks to economic normalization following the lifting of China's zero-COVID policy. Despite this improvement, the momentum of recovery was slow and improvement in performance was modest mainly because of the real estate market adjustment. Sales and earnings of PCM Processing (Thailand) Ltd. (PPT), a Thai subsidiary, increased because of foreign exchange effects while remaining at roughly the same level as one year earlier.

Building Material

Sales of exterior products decreased mainly due to lower sales volume of storage sheds and sales of exterior construction material products decreased mainly due to lower sales volume of YODO Roof.

2) Roll Business

Net sales totaled 888 million yen and operating profit was 53 million yen. Sales increased mainly due to increased sales volumes in Japan and revisions of selling prices, thus returning to profitability.

3) Grating Business

Net sales totaled 855 million yen and operating profit was 16 million yen. Sales increased, mainly due to revisions of selling prices, but earnings were about the same as one year earlier.

4) Real Estate Business

Net sales totaled 312 million yen and operating profit was 198 million yen. Both sales and earnings were about the same as one year earlier.

5) Other Businesses

Net sales totaled 535 million yen and operating profit was 65 million yen. Earnings decreased because of lower sales in the warehousing and transportation businesses, and other factors.

(2) Explanation of Financial Position

Assets

Current assets decreased by 2,338 million yen from the end of the previous fiscal year to 148,529 million yen. This was attributable mainly to decreases of 1,489 million yen in securities, 607 million yen in merchandise and finished goods, and 1,686 million yen in raw materials and supplies, which were partially offset by an increase of 1,598 million yen in cash and deposits.

Non-current assets increased by 3,531 million yen from the end of the previous fiscal year to 103,720 million yen. This was attributable mainly to an increase of 3,756 million yen in investment securities, which was partially offset by a decrease of 280 million yen in property, plant and equipment.

Total assets increased by 1,192 million yen from the end of the previous fiscal year to 252,250 million yen.

Liabilities

Current liabilities decreased by 3,737 million yen from the end of the previous fiscal year to 31,354 million yen. This was attributable mainly to decreases of 871 million yen in notes and accounts payable-trade and 2,281 million yen in income taxes payable.

Non-current liabilities increased by 1,326 million yen from the end of the previous fiscal year to 15,385 million yen. This was attributable mainly to an increase of 1,297 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities decreased by 2,411 million yen from the end of the previous fiscal year to 46,739 million yen.

Net assets

Net assets increased by 3,604 million yen from the end of the previous fiscal year to 205,510 million yen. This was attributable mainly to increases of 2,017 million yen in retained earnings owing to the recording of profit attributable to owners of parent, 2,643 million yen in valuation difference on available-for-sale securities, 448 million yen in foreign currency translation adjustment, and 590 million yen in non-controlling interests, which were partially offset by a decrease of 2,089 million yen in retained earnings resulted from the payment of dividends.

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

The Japanese economy is expected to recover moderately in the fiscal year 2023 mainly because of the return of traffic following the reclassification of COVID-19 and easing of supply shortages. 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 lifting of its zero-COVID policy, concerns remain over an economic downturn caused by the effects of the prolonged Ukraine crisis and monetary tightening in the United States and Europe. Furthermore, signs of financial instability are suspected.

In the steel markets in Japan and other countries, while increases in raw material prices used for steelmaking as well as the cost of resources and energy are coming to a pause, there are additional geopolitical risks such as the prolonged situation in Ukraine, combined with concerns about the stagnant Chinese economy. 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. At the same time, by steadily implementing the “Yodogawa Steel Group Medium-Term Management Plan 2025,” we will work to strengthen our earning power.

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

There is no forecast for the fiscal year ending in March 2024 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)	
	FY3/23 (as of Mar. 31, 2023)	First quarter of FY3/24 (as of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	40,189	41,787
Notes and accounts receivable-trade, and contract assets	49,521	50,177
Electronically recorded monetary claims-operating	4,454	4,144
Securities	4,207	2,717
Merchandise and finished goods	23,285	22,677
Work in process	6,476	6,120
Raw materials and supplies	19,924	18,237
Other	2,961	2,819
Allowance for doubtful accounts	(152)	(152)
Total current assets	150,867	148,529
Non-current assets		
Property, plant and equipment	56,602	56,321
Intangible assets	2,076	2,122
Investments and other assets		
Investment securities	40,193	43,950
Retirement benefit asset	724	745
Other	592	580
Total investments and other assets	41,510	45,276
Total non-current assets	100,189	103,720
Total assets	251,057	252,250
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,881	17,010
Electronically recorded obligations-operating	2,987	3,180
Short-term borrowings	1,328	1,356
Income taxes payable	3,159	877
Provision for bonuses	1,259	585
Provision for product warranties	971	1,634
Other	7,503	6,708
Total current liabilities	35,092	31,354
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	32	24
Retirement benefit liability	5,517	5,593
Other	8,508	9,767
Total non-current liabilities	14,058	15,385
Total liabilities	49,150	46,739

	(Millions of yen)	
	FY3/23 (as of Mar. 31, 2023)	First quarter of FY3/24 (as of Jun. 30, 2023)
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,267	18,267
Retained earnings	126,064	126,015
Treasury shares	(11,895)	(11,897)
Total shareholders' equity	155,657	155,606
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,115	18,759
Revaluation reserve for land	1,529	1,505
Foreign currency translation adjustment	5,958	6,407
Remeasurements of defined benefit plans	412	408
Total accumulated other comprehensive income	24,016	27,080
Share acquisition rights	140	140
Non-controlling interests	22,092	22,683
Total net assets	201,906	205,510
Total liabilities and net assets	251,057	252,250

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

(Millions of yen)

	First three months of FY3/23 (Apr. 1, 2022 to Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 to Jun. 30, 2023)
Net sales	57,632	51,062
Cost of sales	48,173	42,757
Gross profit	9,459	8,304
Selling, general and administrative expenses	5,431	5,410
Operating profit	4,027	2,893
Non-operating income		
Interest income	111	128
Dividend income	538	437
Foreign exchange gains	244	2
Gain on sale of investment securities	868	97
Share of profit of entities accounted for using equity method	129	111
Other	139	151
Total non-operating income	2,032	927
Non-operating expenses		
Interest expenses	23	34
Cost for employees transferred temporarily to overseas subsidiaries	47	43
Other	10	9
Total non-operating expenses	80	86
Ordinary profit	5,978	3,734
Extraordinary income		
Gain on sale of non-current assets	–	0
Other	0	–
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	39	419
Impairment losses	295	0
Total extraordinary losses	335	419
Profit before income taxes	5,643	3,315
Income taxes-current	1,457	733
Income taxes-deferred	233	208
Total income taxes	1,690	942
Profit	3,952	2,373
Profit attributable to non-controlling interests	609	356
Profit attributable to owners of parent	3,343	2,017

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

	(Millions of yen)	
	First three months of FY3/23 (Apr. 1, 2022 to Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 to Jun. 30, 2023)
Profit	3,952	2,373
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,633)	2,604
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	1,855	701
Remeasurements of defined benefit plans, net of tax	10	(0)
Share of other comprehensive income of entities accounted for using equity method	(13)	47
Total other comprehensive income	(780)	3,353
Comprehensive income	3,172	5,727
Comprehensive income attributable to		
Owners of parent	1,935	5,105
Non-controlling interests	1,236	622

(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 future 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 three months of FY3/23 (Apr. 1, 2022 to Jun. 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	55,372	639	830	307	57,149	483	57,632	–	57,632
Inter-segment sales and transfers	–	–	–	104	104	716	821	(821)	–
Total	55,372	639	830	412	57,253	1,200	58,453	(821)	57,632
Segment profit (loss)	4,118	(60)	17	205	4,280	94	4,375	(348)	4,027

- 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 (346) 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 295 million yen in the first three months of FY3/23.

II. First three months of FY3/24 (Apr. 1, 2023 to Jun. 30, 2023)

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	48,470	888	855	312	50,526	535	51,062	–	51,062
Inter-segment sales and transfers	–	–	–	103	103	525	629	(629)	–
Total	48,470	888	855	416	50,630	1,060	51,691	(629)	51,062
Segment profit	2,896	53	16	198	3,164	65	3,230	(336)	2,893

- 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 (338) million yen and an elimination for inter-segment transactions of 1 million yen.
3. Segment profit is adjusted 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.