



November 6, 2023

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

[Japanese GAAP]

Company name: Yodogawa Steel Works, Ltd.	Listing: Tokyo Stock Exchange
Stock code: 5451	URL: https://www.yodoko.co.jp/english/
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Scheduled date of filing of Quarterly Report:	November 10, 2023
Scheduled date of payment of dividend:	December 1, 2023
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, 2023 to September 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	%
Six months ended Sep. 30, 2023	101,286	(14.5)	5,472	(33.6)	7,672	(30.0)	5,185	(11.5)
Six months ended Sep. 30, 2022	118,525	26.3	8,235	45.5	10,960	53.6	5,858	42.5

Note: Comprehensive income (millions of yen): Six months ended Sep. 30, 2023: 12,512 (up 25.2%)
Six months ended Sep. 30, 2022: 9,993 (up 50.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2023	179.56	179.06
Six months ended Sep. 30, 2022	203.08	202.42

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2023	259,621	211,649	72.4
As of Mar. 31, 2023	251,057	201,906	71.6

Reference: Shareholders' equity (millions of yen):
As of Sep. 30, 2023: 188,014 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	–	55.00	–	–	–
Fiscal year ending Mar. 31, 2024 (Forecast)	–	–	–	55.00	110.00

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

For further details, please refer to the press release dated today (November 6, 2023) "Notice of Differences between Earnings Forecast and Results for the First Half of FY3/24, Revision to Full-year Earnings Forecast, Dividends of Surplus (Interim Dividend), and Revision to Year-end 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
Full year	205,000	(7.0)	10,000	(21.0)	13,100	(25.9)	8,200	(22.6)	283.92

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 (November 6, 2023) "Notice of Differences between Earnings Forecast and Results for the First Half of FY3/24, Revision to Full-year Earnings Forecast, Dividends of Surplus (Interim Dividend), and Revision to Year-end 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 Sep. 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 Sep. 30, 2023:	5,950,605 shares	As of Mar. 31, 2023:	5,966,020 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023:	28,877,739 shares	Six months ended Sep. 30, 2022:	28,846,640 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, 2024, there was a broad-based slow economic recovery in Japan as the economic activities began returning to normal due to the progress of the “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, some weakness was seen in housing and non-housing starts partly due to soaring construction material prices.

Looking at the world economy, 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 been resolved and by other factors, construction starts, including housing, and machinery production declined. Under the circumstances, order 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.

In such an environment, the Yodogawa Steel Group’s net sales for the first half decreased 17,239 million yen from the same period of the previous fiscal year to 101,286 million yen. Operating profit decreased 2,763 million yen to 5,472 million yen, ordinary profit decreased 3,287 million yen to 7,672 million yen, and profit attributable to owners of parent decreased 672 million yen to 5,185 million yen.

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

Overseas, sales and earnings decreased year on year 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

Sales and earnings decreased year on year with net sales of 96,170 million yen and operating profit of 5,382 million yen.

Steel Sheets

In Japan, both sales and earnings decreased year on year 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, despite the rise of selling prices of all types of steel sheets.

Overseas, both sales and earnings of SYSCO in Taiwan decreased year on year mainly because of declines in sales volumes and selling prices in both export and domestic market. At Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), a subsidiary in China, the sales volume increased 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 business results was modest mainly because of the sluggish real estate market. Sales and earnings of PCM Processing (Thailand) Ltd. (PPT), a Thai subsidiary, increased chiefly because of improvement in selling prices.

Building Materials

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 1,714 million yen and operating profit was 78 million yen.

Sales increased year on year and earnings improved mainly due to improved selling prices for exports.

3) Grating Business

Net sales totaled 1,719 million yen and operating profit was 89 million yen.

Both sales and earnings rose primarily owing to improved selling prices.

4) Real Estate Business

Net sales totaled 625 million yen and operating profit was 392 million yen.

Both sales and earnings were almost on par with the same period of the previous year.

5) Other Businesses

Net sales totaled 1,055 million yen and operating profit was 186 million yen.

Despite the increase in sales, earnings remained almost unchanged from the same period of the previous year.

(2) Explanation of Financial Position

Assets

Current assets increased by 3,667 million yen from the end of the previous fiscal year to 154,534 million yen. This was attributable mainly to increase of 7,724 million yen in cash and deposits, which was partially offset by decreases of 1,990 million yen in securities, 531 million yen in work in process, and 782 million yen in raw materials and supplies.

Non-current assets increased by 4,897 million yen from the end of the previous fiscal year to 105,086 million yen. This was attributable mainly to an increase of 4,440 million yen in investment securities.

Total assets increased by 8,564 million yen from the end of the previous fiscal year to 259,621 million yen.

Liabilities

Current liabilities decreased by 2,440 million yen from the end of the previous fiscal year to 32,651 million yen. This was attributable mainly to a decrease of 2,093 million yen in notes and accounts payable-trade.

Non-current liabilities increased by 1,261 million yen from the end of the previous fiscal year to 15,320 million yen. This was attributable mainly to an increase of 1,148 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities decreased by 1,178 million yen from the end of the previous fiscal year to 47,971 million yen.

Net assets

Net assets increased by 9,743 million yen from the end of the previous fiscal year to 211,649 million yen. This was attributable mainly to increases of 3,159 million yen in retained earnings, 3,087 million yen in valuation difference on available-for-sale securities, 2,070 million yen in foreign currency translation adjustment, and 1,401 million yen in non-controlling interests.

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

The Japanese economy is expected to recover moderately during the fiscal year 2023 mainly because of the return of foot traffic following the downgrading of COVID-19 and easing of supply restrictions. However, the outlook for the global economy is expected to remain extremely opaque because of the Chinese economy continuing to stall due to the sluggish real estate market, concerns about recession due to monetary tightening in the US and Europe, the prolonged situation in Ukraine, and new conflicts and turmoil over the Palestinian territories in the Middle East.

In the steel markets in Japan and overseas, while increases in raw material prices used for steelmaking as well as the cost of resources and energy are coming to a pause, there is an impact of the Chinese steel market on the back of the country's stagnant economy, combined with concerns about rising geopolitical risks. Due to this situation, the steel market, including the supply-demand balance, 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 costs 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 of 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)

	FY3/23 (as of Mar. 31, 2023)	Second quarter of FY3/24 (as of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	40,189	47,913
Notes and accounts receivable-trade, and contract assets	49,521	49,310
Electronically recorded monetary claims-operating	4,454	4,499
Securities	4,207	2,217
Merchandise and finished goods	23,285	23,061
Work in process	6,476	5,945
Raw materials and supplies	19,924	19,141
Other	2,961	2,597
Allowance for doubtful accounts	(152)	(152)
Total current assets	150,867	154,534
Non-current assets		
Property, plant and equipment	56,602	56,835
Intangible assets	2,076	2,164
Investments and other assets		
Investment securities	40,193	44,634
Retirement benefit asset	724	778
Other	592	673
Total investments and other assets	41,510	46,085
Total non-current assets	100,189	105,086
Total assets	251,057	259,621
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,881	15,788
Electronically recorded obligations-operating	2,987	2,777
Short-term borrowings	1,328	994
Income taxes payable	3,159	2,720
Provision for bonuses	1,259	1,331
Provision for product warranties	971	1,656
Other	7,503	7,381
Total current liabilities	35,092	32,651
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	32	25
Retirement benefit liability	5,517	5,638
Other	8,508	9,656
Total non-current liabilities	14,058	15,320
Total liabilities	49,150	47,971

(Millions of yen)

	FY3/23 (as of Mar. 31, 2023)	Second quarter of FY3/24 (as of Sep. 30, 2023)
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,267	18,283
Retained earnings	126,064	129,223
Treasury shares	(11,895)	(11,861)
Total shareholders' equity	155,657	158,866
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,115	19,202
Revaluation reserve for land	1,529	1,505
Foreign currency translation adjustment	5,958	8,028
Remeasurements of defined benefit plans	412	411
Total accumulated other comprehensive income	24,016	29,148
Share acquisition rights	140	140
Non-controlling interests	22,092	23,494
Total net assets	201,906	211,649
Total liabilities and net assets	251,057	259,621

(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 FY3/23 (Apr. 1, 2022 to Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 to Sep. 30, 2023)
Net sales	118,525	101,286
Cost of sales	99,662	85,466
Gross profit	18,863	15,819
Selling, general and administrative expenses	10,628	10,347
Operating profit	8,235	5,472
Non-operating income		
Interest income	181	265
Dividend income	730	563
Foreign exchange gains	431	77
Gain on sale of investment securities	1,245	969
Share of profit of entities accounted for using equity method	113	254
Other	181	222
Total non-operating income	2,884	2,353
Non-operating expenses		
Interest expenses	54	60
Cost for employees transferred temporarily to overseas subsidiaries	78	71
Other	25	20
Total non-operating expenses	159	152
Ordinary profit	10,960	7,672
Extraordinary income		
Gain on sale of non-current assets	–	951
Other	0	–
Total extraordinary income	0	951
Extraordinary losses		
Loss on sale and retirement of non-current assets	115	473
Impairment losses	598	0
Total extraordinary losses	714	474
Profit before income taxes	10,246	8,150
Income taxes-current	3,349	2,589
Income taxes-deferred	(437)	(194)
Total income taxes	2,911	2,395
Profit	7,334	5,754
Profit attributable to non-controlling interests	1,476	569
Profit attributable to owners of parent	5,858	5,185

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

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 to Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 to Sep. 30, 2023)
Profit	7,334	5,754
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,851)	3,051
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	5,518	3,632
Remeasurements of defined benefit plans, net of tax	7	14
Share of other comprehensive income of entities accounted for using equity method	(16)	58
Total other comprehensive income	2,659	6,757
Comprehensive income	9,993	12,512
Comprehensive income attributable to:		
Owners of parent	6,336	10,341
Non-controlling interests	3,657	2,171

(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 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.

II. First six months of FY3/24 (Apr. 1, 2023 to Sep. 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	96,170	1,714	1,719	625	100,230	1,055	101,286	–	101,286
Inter-segment sales and transfers	–	–	–	208	208	1,110	1,318	(1,318)	–
Total	96,170	1,714	1,719	833	100,438	2,166	102,604	(1,318)	101,286
Segment profit	5,382	78	89	392	5,943	186	6,130	(658)	5,472

- 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 (645) million yen and an elimination for inter-segment transactions of (12) 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.