

Yodogawa Steel Group Financial Results Briefing Material for the Third Quarter of the Fiscal Year Ending March 31, 2024

February 6, 2024

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2 Overview of Consolidated Results of Operations

Yodogawa Steel Works, Ltd.

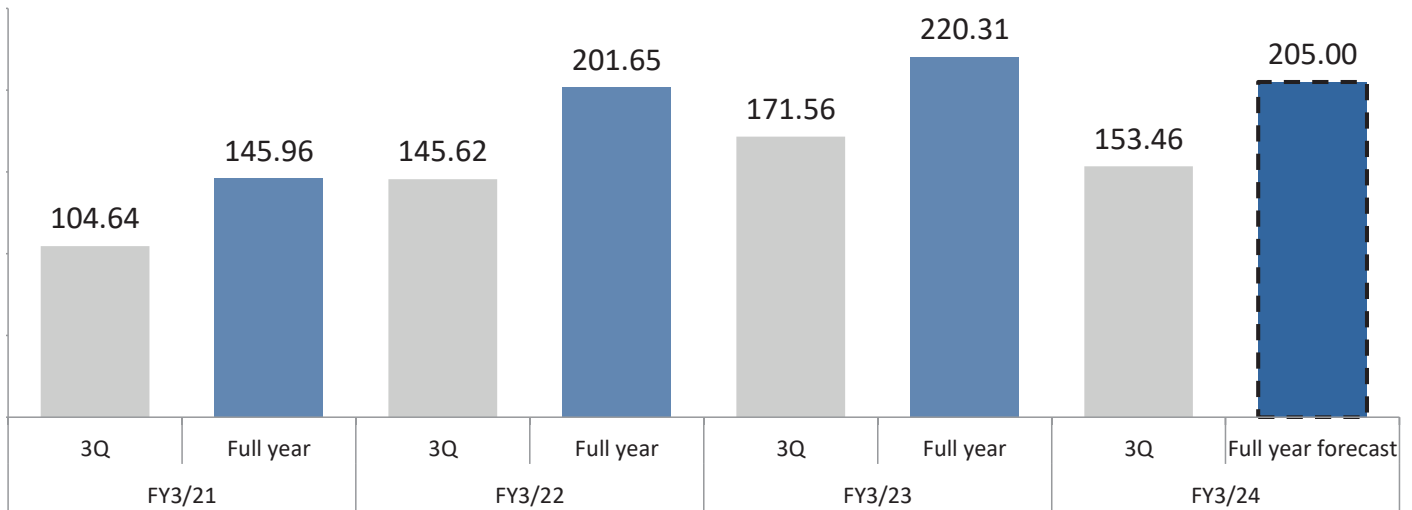
(Billions of yen, rounded down to the nearest 10 million yen)

	3Q FY3/24	3Q FY3/23	Change	Change (%)	Remarks
Net sales	153.46	171.56	(18.09)	(10.5)%	Net sales Japan: Decreased due to lower sales volume of steel sheets Overseas: Decreased because of declines in sales volume and selling prices at SYSCO in Taiwan
(Gross profit)	24.10	26.23	(2.12)		
(Selling, general and administrative expenses)	15.16	15.46	(0.29)		
Operating profit	8.93	10.77	(1.83)	(17.0)%	Operating profit Decreased because price revisions were offset by lower sales volume Non-operating income Gain on sale of investment securities and other items
(Non-operating income)	3.26	4.05	(0.78)		
(Non-operating expenses)	0.25	0.26	(0.0)		
Ordinary profit	11.94	14.56	(2.61)	(18.0)%	Extraordinary income Gain on sale of non-current assets Extraordinary losses Loss on retirement of non-current assets
(Extraordinary income)	0.95	0.18	0.76		
(Extraordinary losses)	0.48	0.96	(0.47)		
Profit before income taxes	12.41	13.78	(1.37)	(9.9)%	
(Income taxes)	3.60	4.12	(0.51)		
(Profit attributable to non-controlling interests)	1.05	1.18	(0.13)		
Profit attributable to owners of parent	7.75	8.47	(0.72)	(8.6)%	Comprehensive income 3Q FY3/24: Profit of 8.8 billion yen, valuation difference on available-for-sale securities of 4.1 billion yen, foreign currency translation adjustment of 3.7 billion yen
EPS (Yen/Share)	268.39 yen	293.84 yen	(25.4) yen		
Comprehensive income	16.72	13.33	3.39		

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(Billions of yen, rounded down to the nearest 10 million yen)



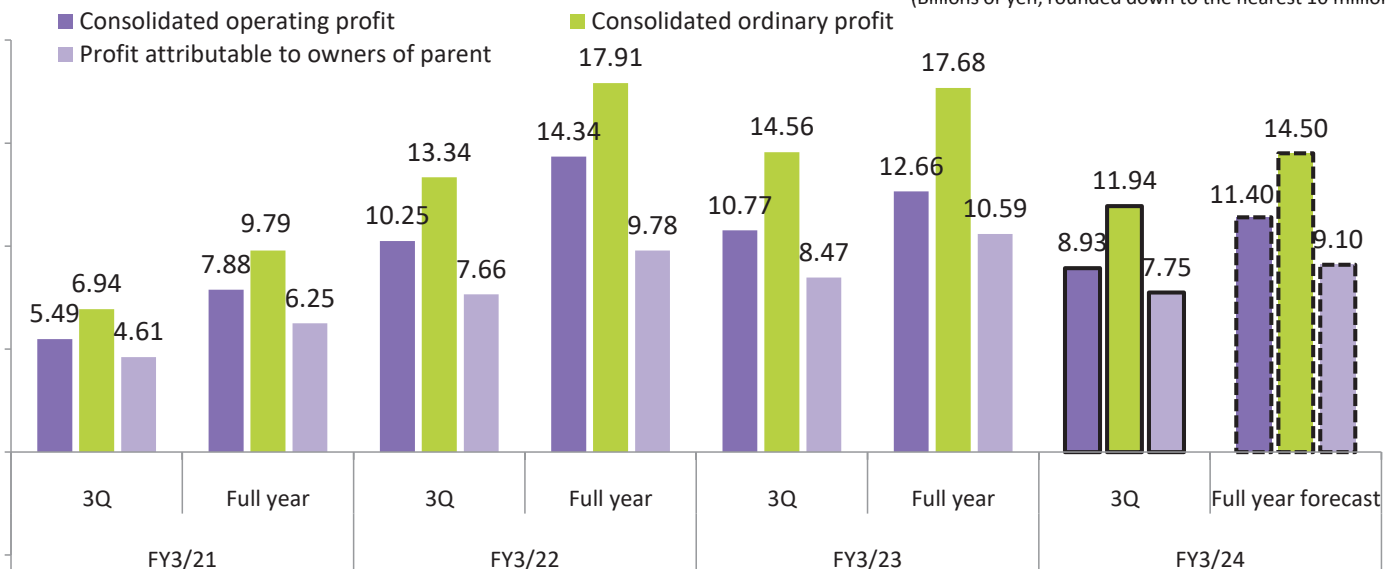
* Accounting Standard for Revenue Recognition has been applied starting with the beginning of FY3/22. FY3/21 information in this material have been adjusted retroactively to conform with this accounting standard.

Breakdown of the 18.09 billion yen decrease in net sales:

- Yodogawa Steel Works: (13.23) billion yen (112.56→99.32)
Sales volume declined for both specific high-demand customers and general distribution due to flat construction demand. For building material products, the sales volume of roofing materials decreased, and for exterior products, the sales volume of storage sheds decreased.
- Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO): (5.88) billion yen (43.83→37.95)
Export volume declined due to the impact of China's steel supply-demand gap and other factors, especially in Asian markets.
- Chinese subsidiary Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS): +0.19 billion yen (8.54→8.74)
Sales volume for home appliance and exports decreased, while sales volume for building materials increased
- Thai subsidiary PCM Processing (Thailand) Ltd. (PPT): (0.26) billion yen (4.00→3.74)
Sales volume for AC outdoor units decreased due to inventory adjustment



(Billions of yen, rounded down to the nearest 10 million yen)

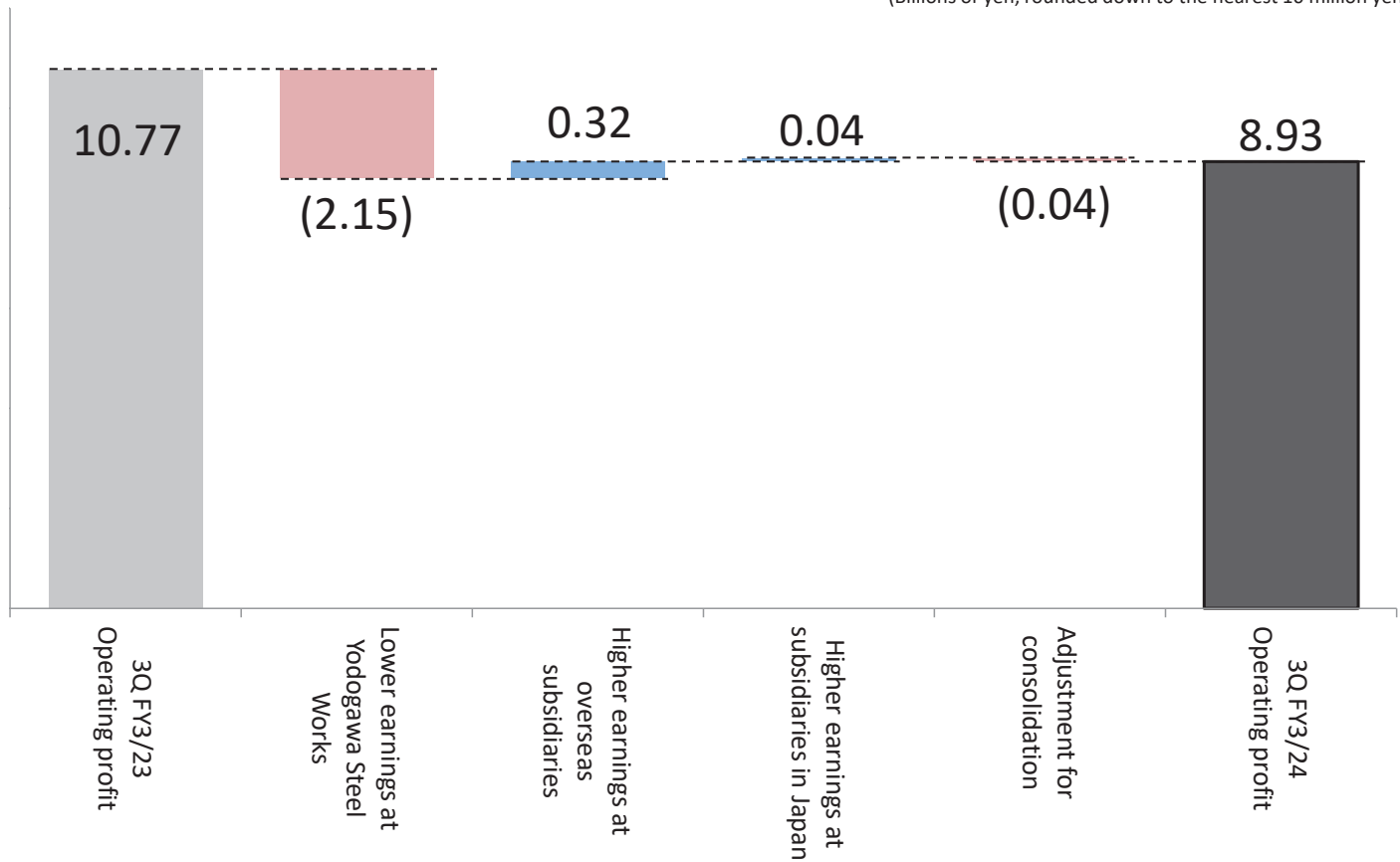


Breakdown of the 1.83 billion yen decrease in operating profit:

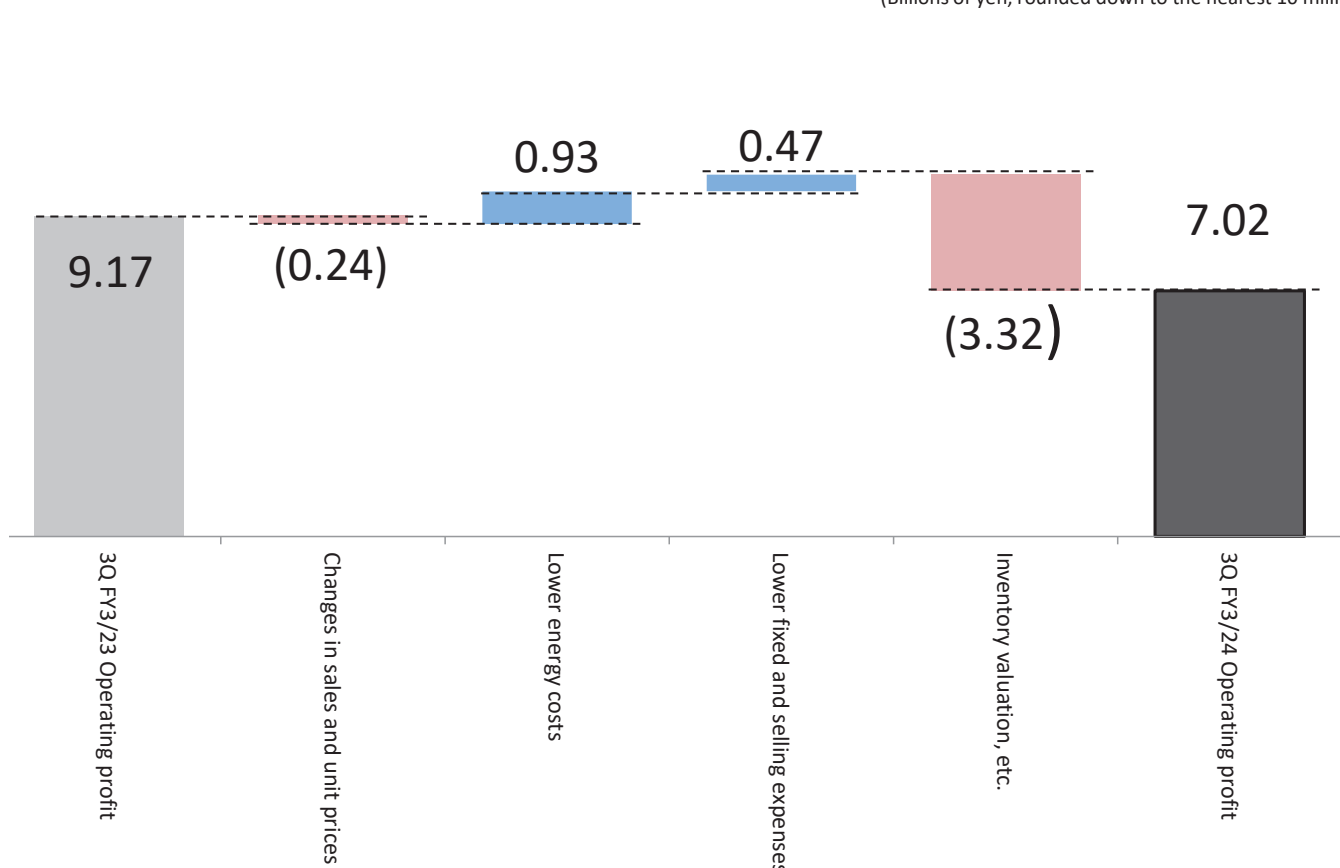
- Yodogawa Steel Works: (2.15) billion yen (9.17→7.02)
Although selling prices improved, earnings were down mainly because of a lower sales volume in the steel sheet business
- SYSCO: +0.27 billion yen (1.89→2.16)
Although sales decreased because of a lower export sales volume and a decline in selling prices, there was a small improvement in earnings due to a recovery in sales volume in Taiwan.
- YSS: (0.06) billion yen ((0.50)→(0.56))
Suffered a downturn in business performance due to factors such as the sluggish real estate market in China.
- PPT: +0.11 billion yen (0.27→0.38)
Earnings increased chiefly because of improved profitability, despite a decrease in sales.



(Billions of yen, rounded down to the nearest 10 million yen)



(Billions of yen, rounded down to the nearest 10 million yen)



(Billions of yen, rounded down to the nearest 10 million yen)

	Net sales			Segment profit		
	3Q FY3/24	3Q FY3/23	Change (%)	3Q FY3/24	3Q FY3/23	Change (%)
Steel Sheet-related	145.85	164.76	(11.5)%	8.89	11.19	(20.6)%
Roll	2.48	2.05	20.9%	0.04	(0.23)	-
Grating	2.59	2.60	(0.1)%	0.15	0.04	237.6%
Real Estate	0.96	0.92	4.2%	0.61	0.60	1.9%
Total reportable segments	151.90	170.35	(11.0)%	9.71	11.61	(16.3)%
Others	1.55	1.20	28.9%	0.25	0.20	26.1%
Total	153.46	171.56	(10.5)%	9.97	11.82	(15.6)%
Adjustment				(1.03)	(1.04)	
Amounts shown on the consolidated statement of income	153.46	171.56	(10.5)%	8.93	10.77	(17.0)%

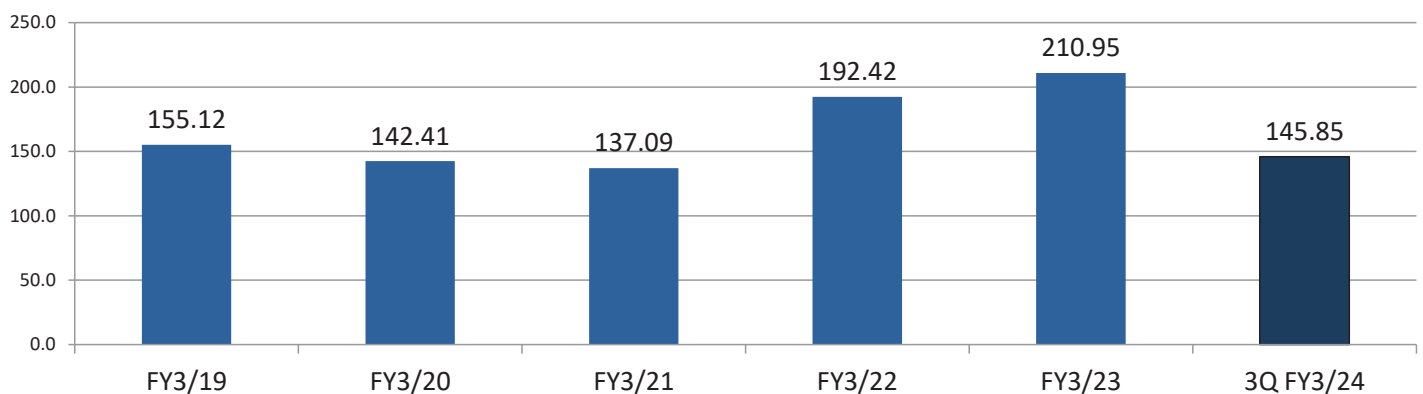
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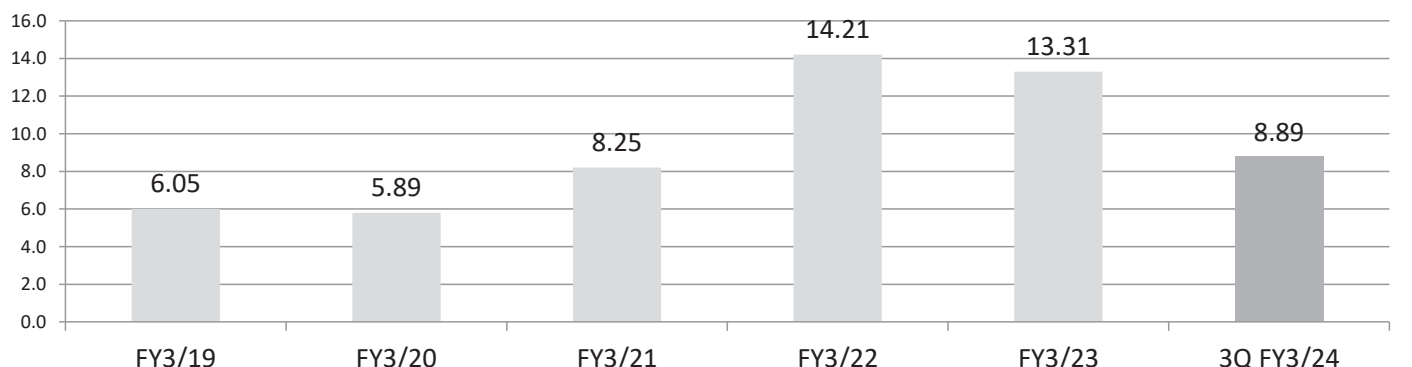
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Segment sales

(Billions of yen, rounded down to the nearest 10 million yen)



Segment profit



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Steel Sheet (Japan)

- For specific high-demand customers

Building materials: The sales volume of galvanized steel sheets decreased because delays at construction projects and other reasons prevented a recovery of demand and sales were held down by imports of inexpensive materials. The sales volume of pre-painted steel sheets decreased because of the low level of housing starts.

Electrical products: The sales volume was down because of a downturn following strong demand for these products as people stayed home during the pandemic and a decline in consumer sentiment caused by inflation.

- Lower sales for specific high-demand customers although there were activities for raising selling prices and increasing market share.

- For general distribution

The sales volume and monetary sales decreased because of a low level of shipments for residential and small/midsize non-residential construction projects caused by the high cost of building materials and shortage of construction workers.

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

10 Segment Information (Steel Sheet-related Business (2)) Yodogawa Steel Works, Ltd.

Steel Sheet (Overseas)

- Overseas

SYSCO (Taiwan): The sales volume decreased as an unfavorable climate for exports offset a recovery in the volume of shipments in Taiwan of galvanized steel sheets and pre-painted steel sheets.

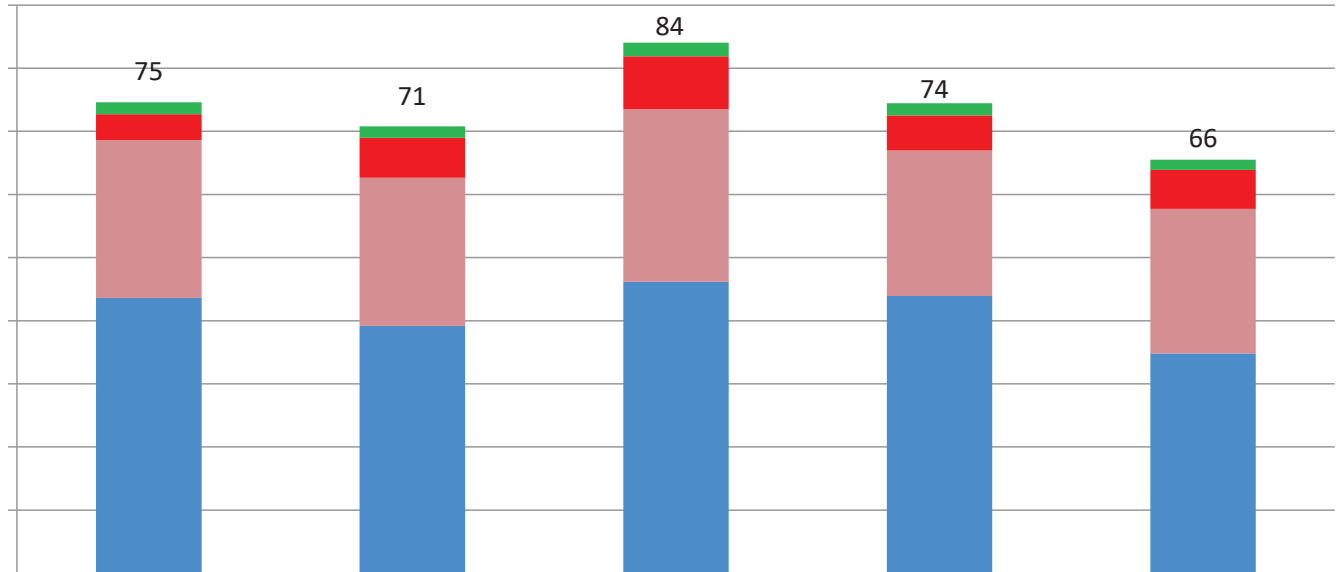
- SYSCO sales were lower but earnings increased slightly mainly due to improved profitability.

YSS (China): Performance was held down by a lower sales volume of galvanized steel sheets and intense price-based competition in the pre-painted steel sheet sector, although the sales volume of these sheets increased.

PPT (Thailand): Earnings were higher due to improved profitability despite a lower sales volume caused by the reduced production at customers in the AC market.

Yodogawa Steel Group Primary Sales Volume of Steel Sheet Products
(3Q; before eliminations for consolidation)

(10,000 tons)

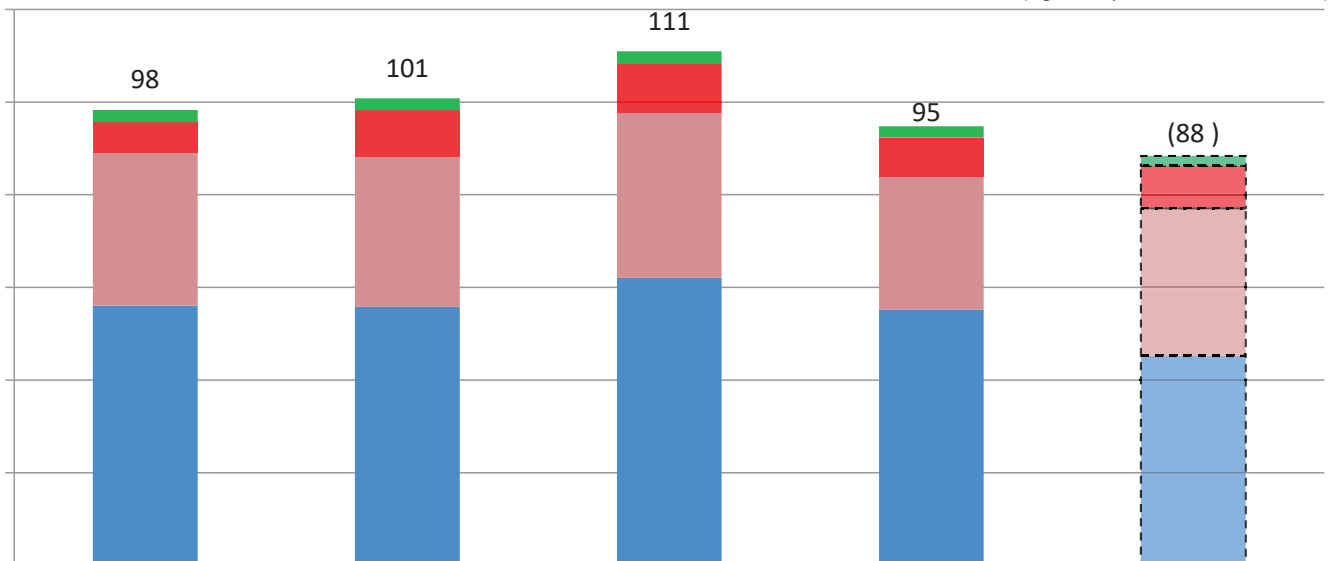


	3Q FY3/20	3Q FY3/21	3Q FY3/22	3Q FY3/23	3Q FY3/24
PPT	2	2	2	2	2
YSS	4	6	8	6	6
SYSCO	25	23	27	23	23
YSW	44	39	46	44	35
Total	75	71	84	74	66

Yodogawa Steel Group Primary Sales Volume of Steel Sheet Products
(Full year; before eliminations for consolidation)

(10,000 tons)

(Figures in parenthesis are estimates)



	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24 forecast
PPT	3	3	3	2	2
YSS	7	10	11	8	9
SYSCO	33	32	36	29	32
YSW	56	56	62	55	45
Total	98	101	111	95	88

Building Material (Exterior construction material products/Construction)

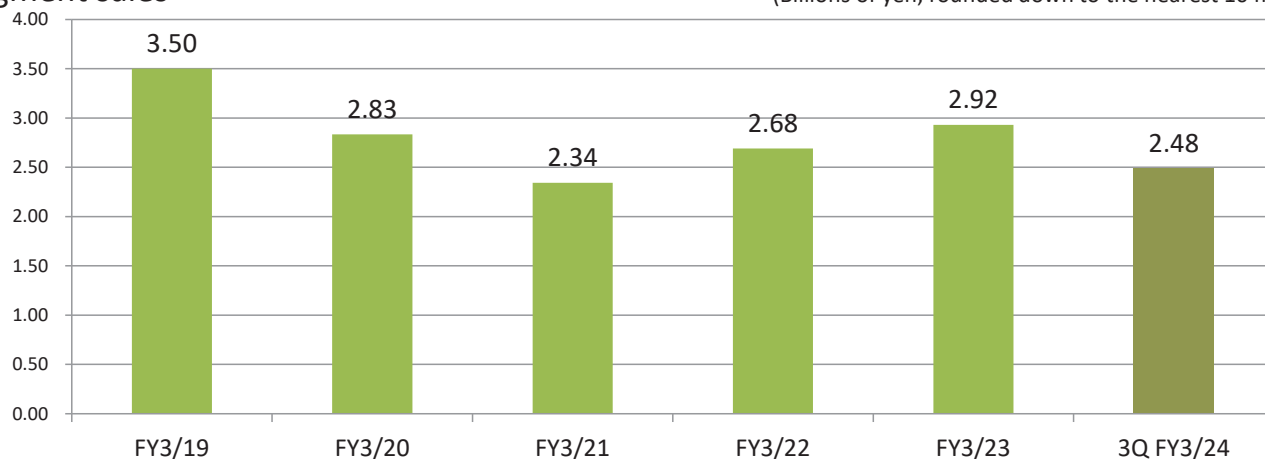
- Sales of exterior construction material products decreased as the sales volume of siding materials was firm but the sales volume of roofing materials declined.
- Construction sales increased due to large construction projects.

Building Material (Exterior products)

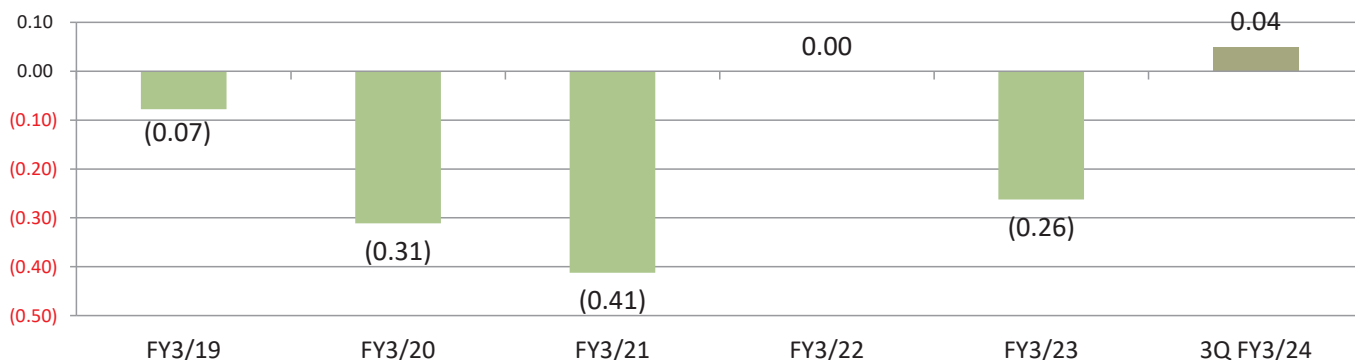
- Sales remained strong for garages and large storage sheds.
- The sales volume of storage sheds declined mainly because consumers are reluctant to make purchases due to inflation.
- Overall sales of exterior products decreased.

Segment sales

(Billions of yen, rounded down to the nearest 10 million yen)

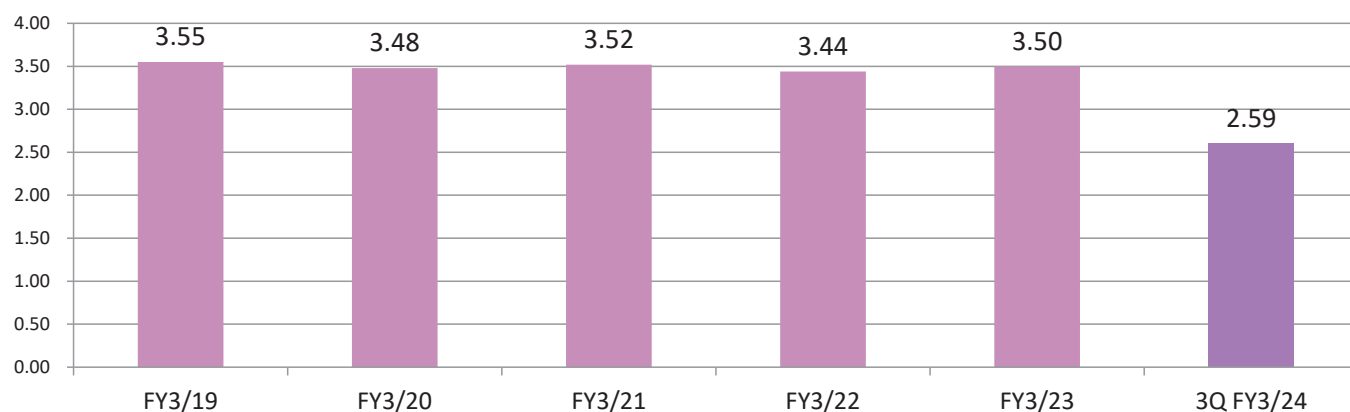


Segment profit

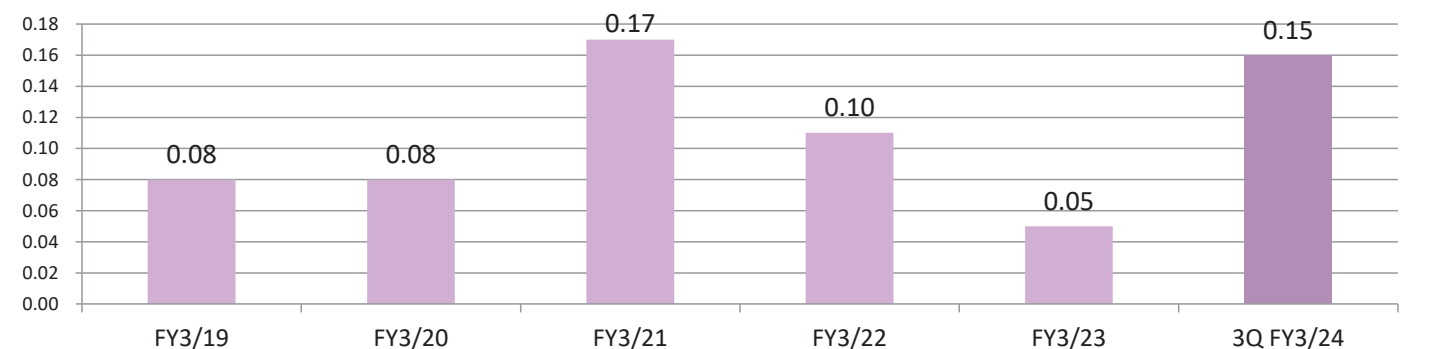


Segment sales

(Billions of yen, rounded down to the nearest 10 million yen)



Segment profit



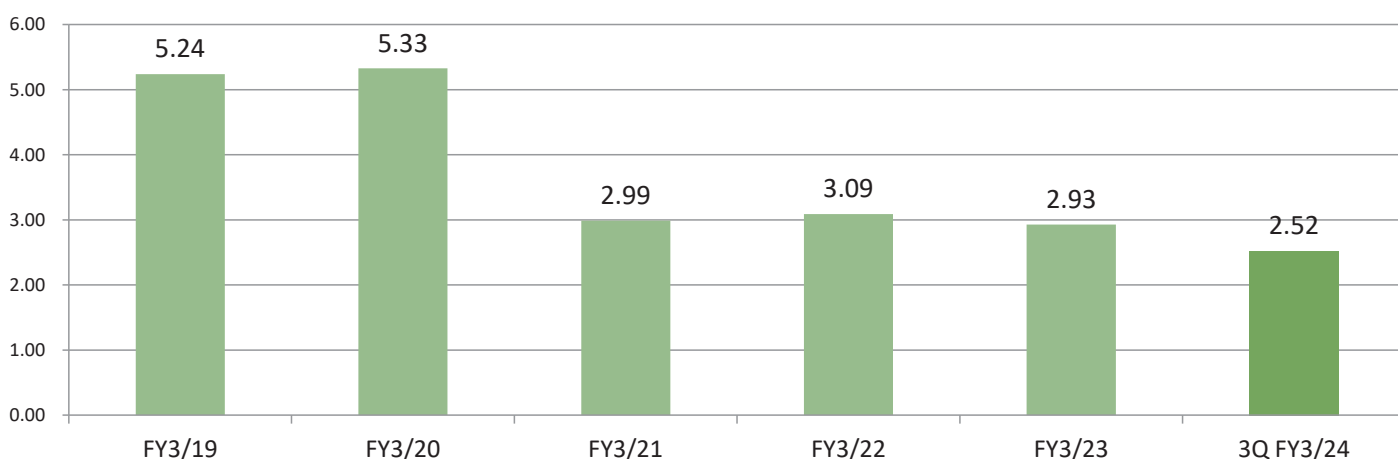
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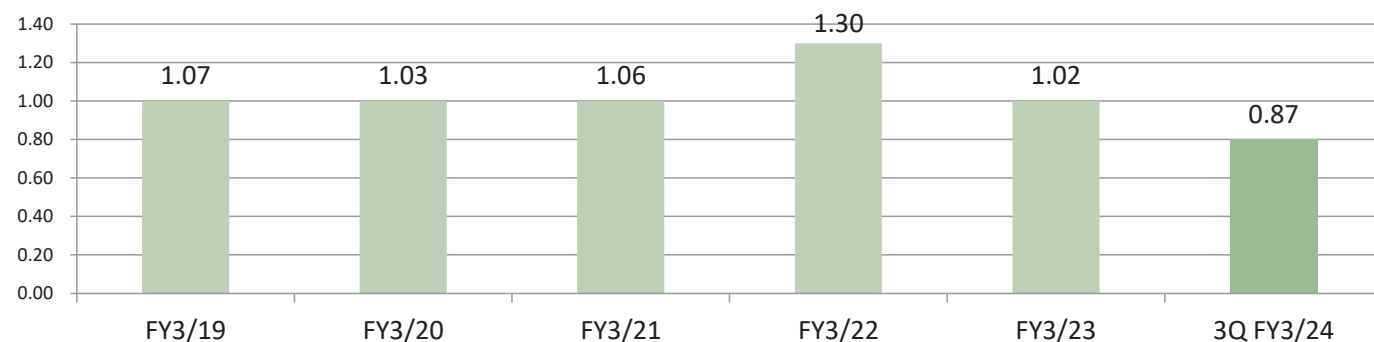
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Segment sales

(Billions of yen, rounded down to the nearest 10 million yen)



Segment profit



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Roll Business

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

Grating Business

- Earnings rose owing to improved selling prices despite a decline in sales volume.

Real Estate Business and Other Businesses

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

18 Consolidated Financial Position

(Billions of yen, rounded down to the nearest 10 million yen)

	As of Dec. 31, 2023	As of Mar. 31, 2023	Change	Change (%)	Remarks
Total assets	260.67	251.05	9.62	3.8%	Assets (Current) Increase in cash and deposits, decrease in securities, etc. (Non-current) Increase in investment securities, etc.
Current assets	154.38	150.86	3.52	2.3%	
Non-current assets	106.28	100.18	6.10	6.1%	
Liabilities	46.40	49.15	(2.74)	(5.6)%	Liabilities (Current) Decrease in notes and accounts payable-trade, etc. (Non-current) Increase in deferred tax liabilities, etc.
Current liabilities	30.25	35.09	(4.83)	(13.8)%	
Non-current liabilities	16.14	14.05	2.08	14.9%	
Net assets	214.27	201.90	12.36	6.1%	Shareholders' equity 3Q FY3/24: Profit attributable to owners of parent of 7.75 billion yen, dividends of (3.63) billion yen, etc.
Shareholders' equity	159.84	155.65	4.19	2.7%	
Accumulated other comprehensive income	30.30	24.01	6.29	26.2%	Accumulated other comprehensive income Increase in valuation difference on available-for-sale securities, increase in foreign currency translation adjustment, etc.
Non-controlling interests	23.98	22.09	1.89	8.6%	
BPS (Yen/Share)	6,581.8	6,223.2	358.5		
Shareholders' equity	190.15	179.67	10.48	5.8%	
Equity ratio	72.9%	71.6%	1.3pt		

(Billions of yen, rounded down to the nearest 10 million yen)

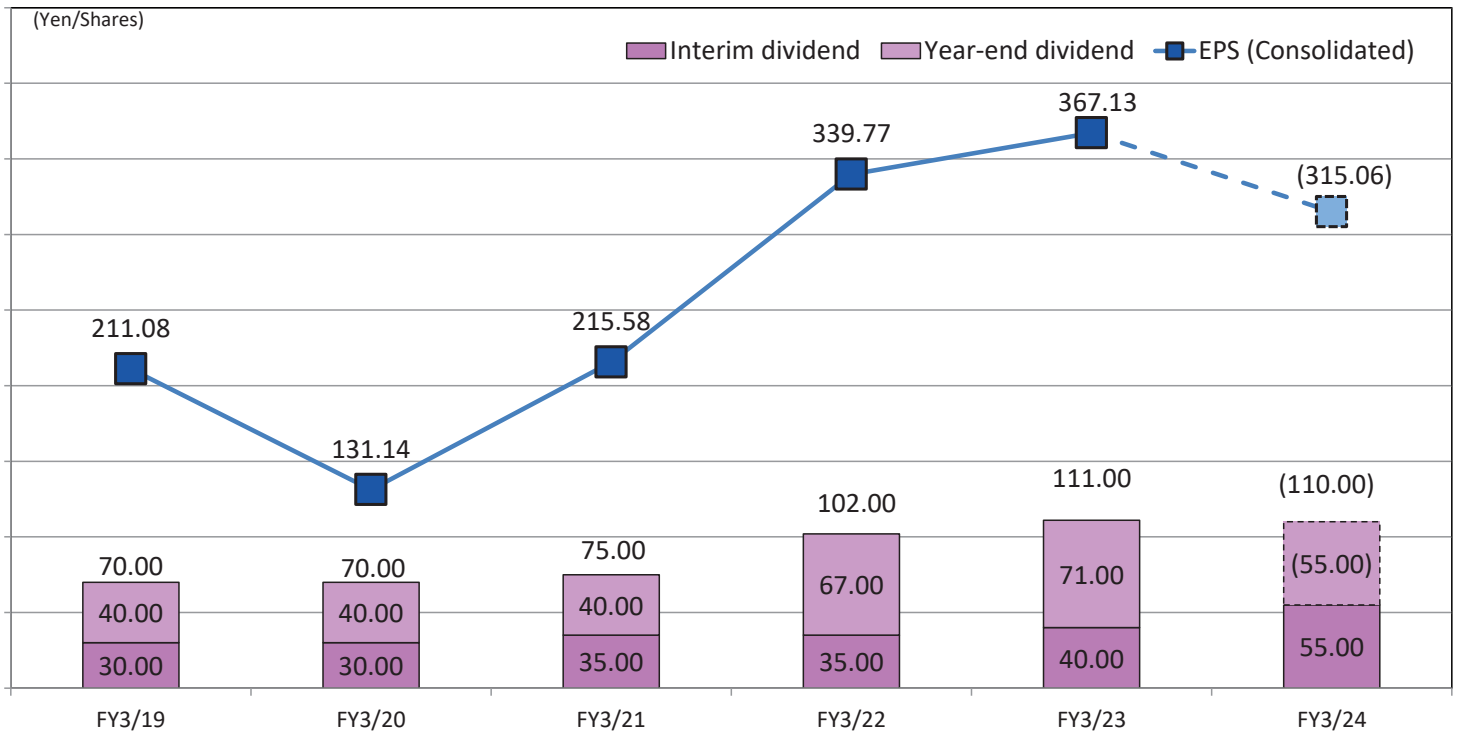
FY3/24		Current Forecast (As of February 6, 2024)	YoY change (%)	Previous Forecast (As of November 6, 2023)	YoY change	
					Amount	%
Consolidated	Net sales	205.0	(7.0)%	205.0	-	-
	Operating profit	11.4	(10.0)%	10.0	1.4	14.0%
	Ordinary profit	14.5	(18.0)%	13.1	1.4	10.7%
	Profit attributable to owners of parent	9.1	(14.1)%	8.2	0.9	11.0%

- Forecast lower sales and earnings due to the gap between the supply and demand for steel caused by slow economic growth in China and other reasons

20 Dividends

(Yen/Shares)

■ Interim dividend ■ Year-end dividend ■ EPS (Consolidated)



(Figures in parenthesis are estimates)

- We paid an interim dividend of 55 yen and plan to pay a dividend of 55 yen at the year's end, making an annual dividend of 110 yen per share