



124th Term Report

April 1, 2022-March 31, 2023

スチール! & アイデア!
ヨドコウ

YODOKO REPORT

YODOGAWA STEEL WORKS

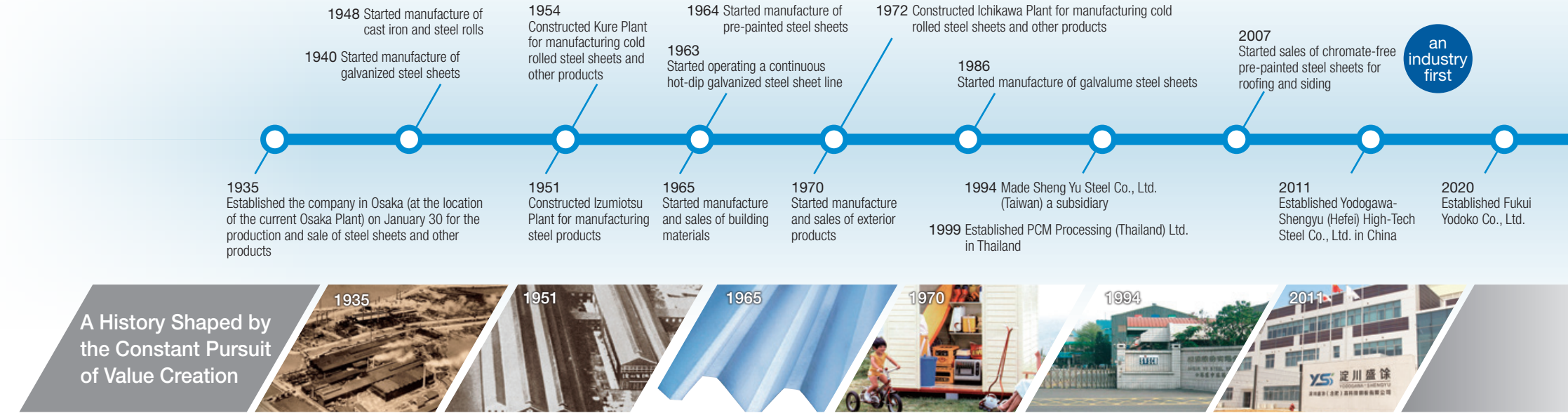
Steel sheet / Building material / Exterior / Roll / Grating

淀川製鋼グループ長期ビジョン





Satoshi Nitta
President and Representative Director



Yodogawa Steel Group Corporate Philosophy

Basic Philosophy

Create Value with New Originality

The basic philosophy of the Yodogawa Steel Group is to “Create Value with New Originality,” centered on surface-treated steel sheets with the goal of being a valued, needed company that earns the trust of society.

Business Philosophy

Win the trust of customers and shareholders and create the functional capabilities expected by them. Aim to be the best manufacturer to meet the broad needs of society. Grow by taking on the challenge to innovate and by expanding based on the creativity of each employee. Work in harmonious coexistence with society and the natural environment.

We would like to take this opportunity to express our appreciation for your support.

The overseas business climate for the Yodogawa Steel Group is expected to remain unclear. Even though the Chinese economy is anticipated to recover following the abolishment of its zero-COVID policy, concerns remain over an economic downturn caused by the effects of the prolonged Ukraine-Russia conflict and monetary tightening in the United States and Europe.

Furthermore, signs of financial instability are suspected. In Japan, the trend of rising prices is expected to continue and the Bank of Japan’s monetary policy trend needs to be closely monitored. The economy is expected to be significantly affected by the aforementioned global risk factors.

In the steel markets in Japan and other countries, while prices of raw materials used for steelmaking as well as cost of resources and energy are expected to remain at a high level, there is additional geopolitical risks such as

the situation in Russia and Ukraine and concerns over the Taiwan emergency. Due to this situation, the steel market, including the balance between supply and demand, is likely to remain unstable for the time being. An unpredictable and unstable environment for demand and expenses is expected to continue in every region where group companies operate. As a result, market conditions are expected to remain very difficult.

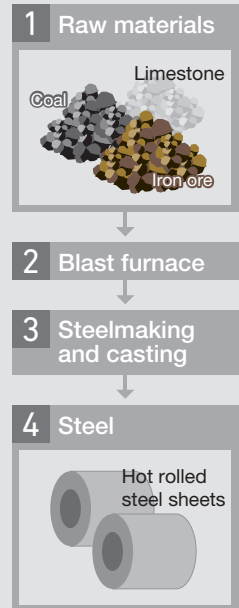
To succeed in this uncertain business climate, all group companies are focusing on speed and agility concerning both sales and production activities to respond to rapidly changing market conditions. At the same time, by steadily implementing the newly formulated “Yodogawa Steel Group Medium-Term Management Plan 2025,” we will work to strengthen our earning power.

We sincerely ask for your continued support and guidance.

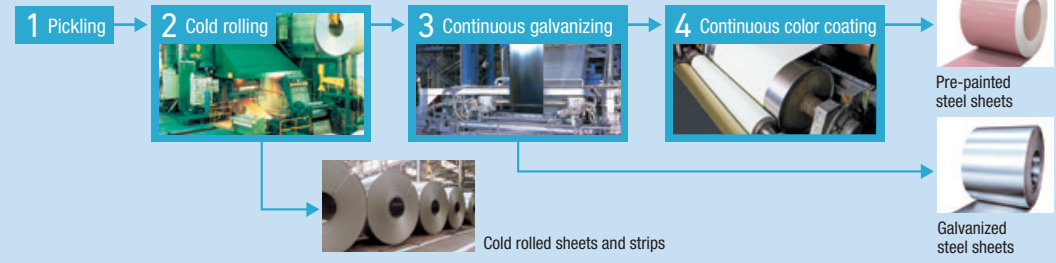
Our Position in the Iron and Steel Industry

We develop and supply distinctive products in a variety of business sectors by focusing on our key elements of security, safety, the environment, and beauty.

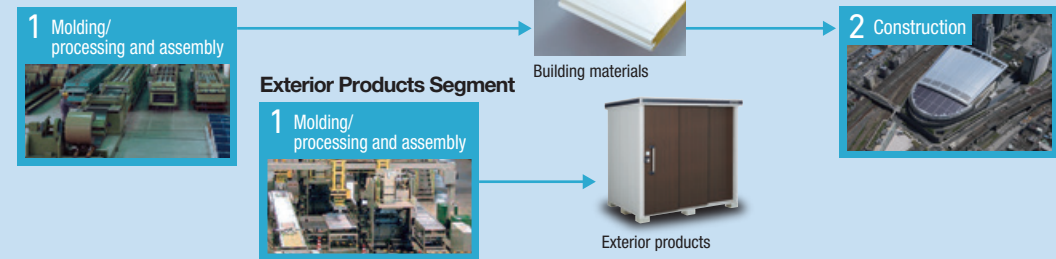
Blast furnace steelmaking



Steel Sheet Segment



Building Materials Segment



Roll Business

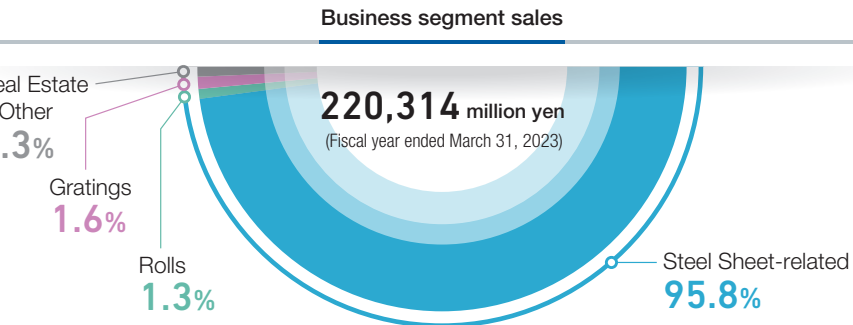
Steel Rolls Are Instrumental in a Variety of Industrial Fields

With products that range from rolls for the steel industry fabricated by one of the world's largest centrifugal casting facilities to equipment for the paper industry, including rolls and peripheral equipment, Yodogawa Steel is one of Japan's leading roll manufacturers.



Steel Sheet-related Business

Steel Sheet Segment



Supplying Products that Perfectly Match Customer Needs

High-quality steel sheets incorporating years of accumulated technologies are used for a variety of industrial purposes, such as construction and the manufacture of home appliances and housing equipment. Through the development of highly functional, value-added, and environmentally friendly products, Yodogawa Steel meets the demands of customers.



An appliance using Yodoko steel sheets



A building interior with Yodoko panels

Building Materials and Exterior Products: Part of Our Society and Daily Lives

From molding and processing technology gained through our integrated steel sheet manufacturing, to our nationwide sales and service network, we make the most of years of experience to produce a variety of pioneering products that include steel-sheet building materials and exterior products.



A building with YODO fire-proof panel Grand Wall



YODO-Garage Raviege III

Building Materials & Exterior Products Segment

Grating Business

Yodogawa Gratings Contribute to a Safe and Secure Environment

Gratings are an integral part of the roads, parks, and other infrastructure that are vital to public safety and security. We supply a range of products from the standpoint of everyday activities that are environmentally friendly, people-friendly, and safe.



Real Estate & Other Businesses

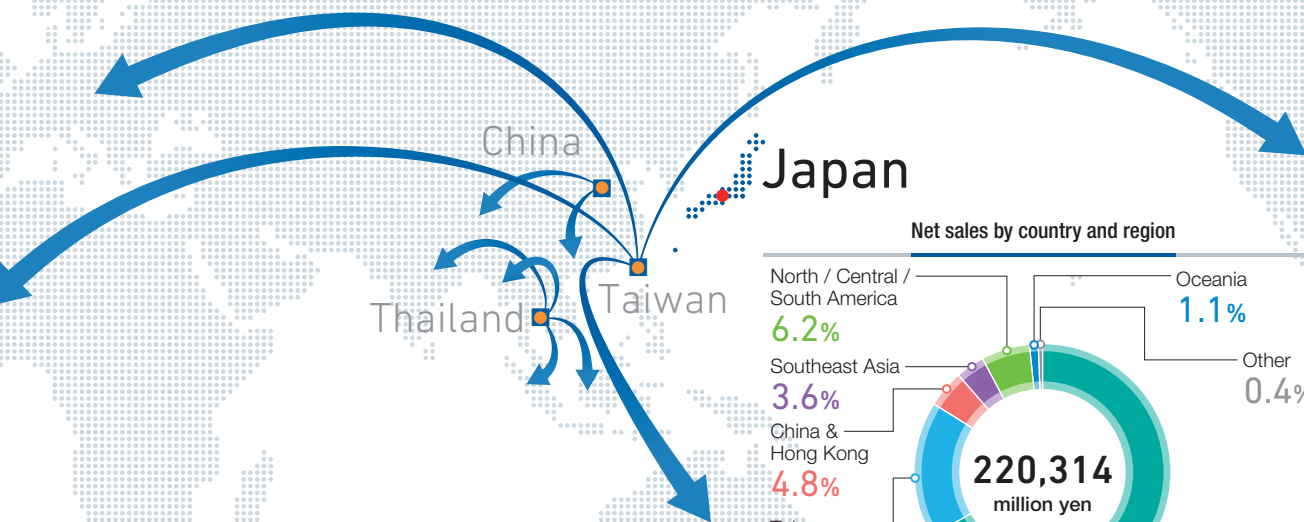
The Real Estate Business manages and effectively uses properties owned by Yodogawa Steel by leasing buildings and operating parking lots.



The Production and Sales Frameworks Behind Our Momentum

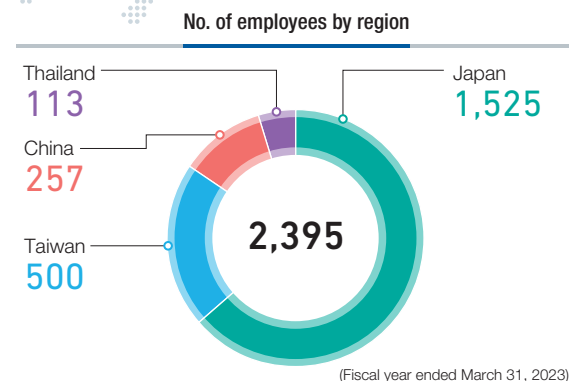
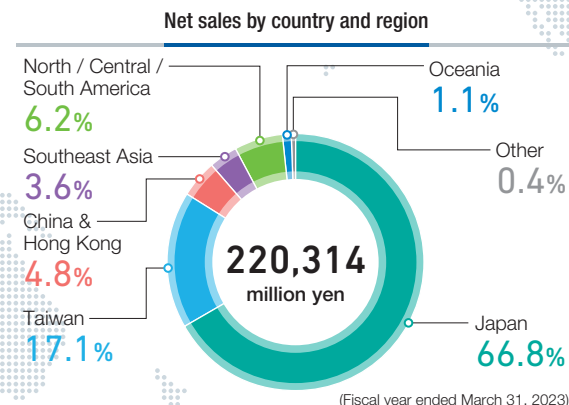
What is Yodoko?

- Yodogawa Steel Works, Ltd.
- Sales bases
- Production bases



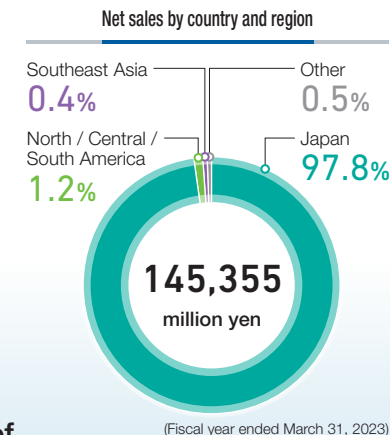
Starting ahead of our competitors, we established a well-balanced sales and production network in Asia and use this infrastructure to supply high-quality surface-treated steel sheets to customers worldwide.

Japan



Japan

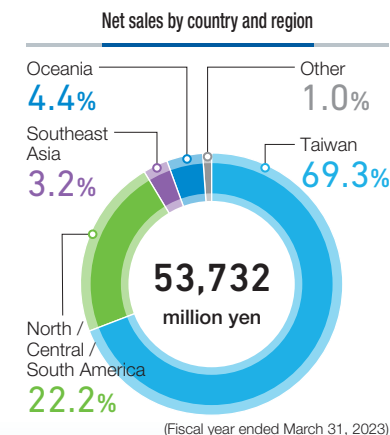
Yodogawa Steel Works, Ltd.



A well-balanced network of production bases in Japan and 15 sales offices that maintain close relationships with customers and with the region that each office serves

Taiwan

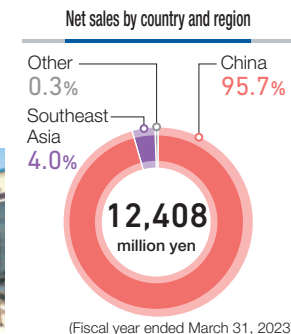
Sheng Yu Steel Co., Ltd.
(SYSCO Taiwan)



SYSCO Taiwan has business operations with deep roots in Taiwan, including a listing on the Taiwan Stock Exchange and strong brand recognition in Taiwan.

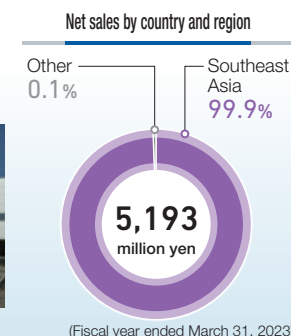
China

Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.
(YSS China)



Thailand

PCM Processing (Thailand) Ltd. (PPT Thailand)



We aim to contribute to sustainable social progress and to grow as a company through the creation of value for security, safety, the environment, and beauty.

The Yodogawa Steel Group's goal is sustained growth by utilizing speed and agility based on our Corporate Philosophy for business operations and taking full advantage of the Group's collective strengths.

Social challenges

A declining and aging population with a low birth rate

Depletion of natural resources

Disaster mitigation and preparedness

Create a sustainable society

More diverse and complex customer needs

Corporate integration and restructuring (iron and steel industry)

Increase of trade protectionism

Faster globalization and intensifying competition

Basic Philosophy Create Value with New Originality

Strengths of the Yodogawa Steel Group Speed and Agility

- | | |
|---|--|
| 1 Sales
A sales framework in Japan and other countries closely tied to local customers | 2 Technology
Technical capabilities for precisely meeting customers' needs |
| 3 Procurement
Flexible procurement due to our absence of affiliations with any corporate groups | 4 Production
Well-balanced production network in Japan and other countries |

Business Activities For more information see pages 3-6



Long-Term Vision The SAKURA 100

Our Goals

An agile company able to adapt to a variety of changes in market conditions

An ambitious company that takes on the challenge of entering new business fields

A successful company that is admired and respected worldwide

淀川製鋼グループ長期ビジョン



We created a logo for The SAKURA 100, the Yodogawa Steel Group's long-term vision (announced in March 2017), with the objectives of increasing awareness of the vision at every group company and deepening our stakeholders' understanding of the vision.

Yodogawa Steel Group Medium-Term Management Plan 2025 For more information see pages 17-18

Basic Policy

Take full advantage of the Yodogawa Steel Group's key strengths of speed and agility as well as the collective power of the Group

Focus on building a foundation for our Long-Term Vision

Basic Strategy

Build an even stronger profit structure

- Expansion of existing businesses for more growth
- Further upgrade manufacturing skills

Take on the challenge of entering new business fields

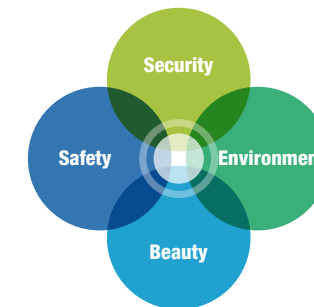
- Start new businesses based on existing business

Establish a foundation for sustainable operations

- Make substantial investments and improve capital productivity for more progress and growth
- Increase training programs for next generation and organizational strength
- Coexist with all of our stakeholders

Creating Value through Business Activities

Product development, manufacturing, sales and all other activities place priority on safety, security, the environment, and beauty with the goal of providing diverse types of value to stakeholders.



The Sustainable Development Goals

The Sustainable Development Goals were adopted in September 2015 at the United Nations Sustainable Development Summit, which was attended by more than 150 world leaders. The SDGs consist of 17 goals and 169 targets. The Yodogawa Steel Group is determined to make an even greater contribution to accomplishing the SDGs by using business activities to create value.



Shareholders and investors



- Maximize corporate value by achieving sustainable growth
- Provide stable, continuous returns to shareholders

Customers and business partners



- Supply safe and reliable products and services that meet the needs of customers and society
- Use our more than 80 years of experience to build business partner relationships rooted in mutual trust

Employees



- Provide a safe and secure environment conducive to productive work
- Develop a team of people with distinctive strengths who are constantly growing and taking on new challenges

Society and nature

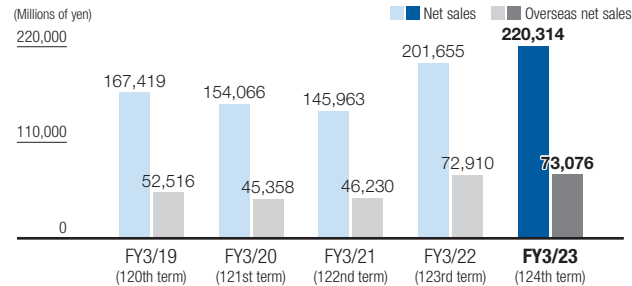


- Contribute to lowering the environmental impact by supplying environmentally responsible products
- Contribute to social infrastructure by supplying attractive products

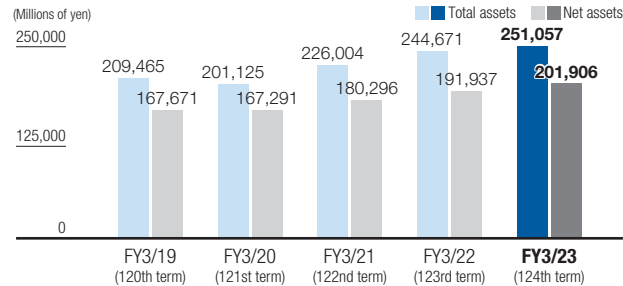
Financial and Non-financial Highlights

What is Yodoko?

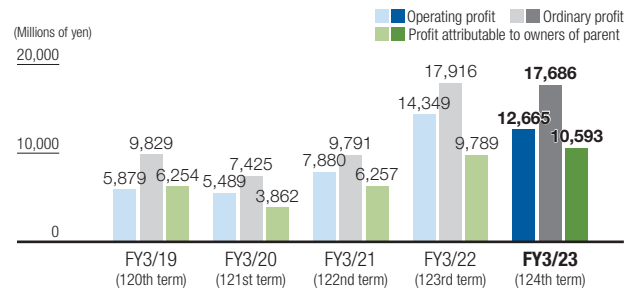
Net sales, overseas net sales (consolidated)



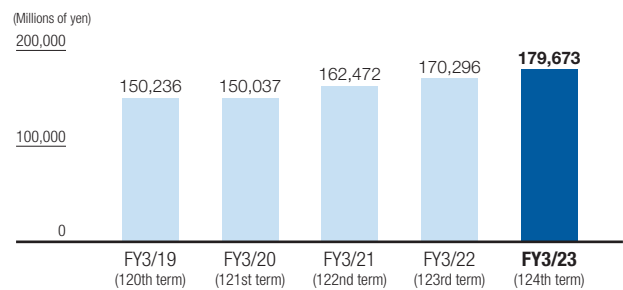
Total assets, net assets (consolidated)



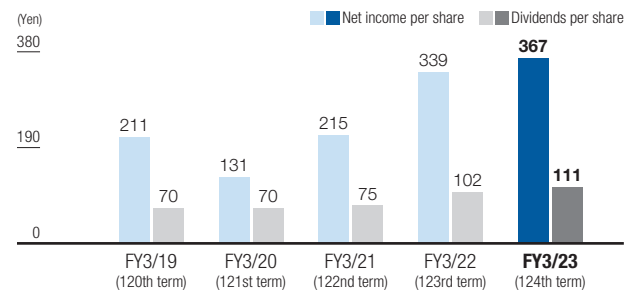
Operating profit, ordinary profit, profit attributable to owners of parent (consolidated)



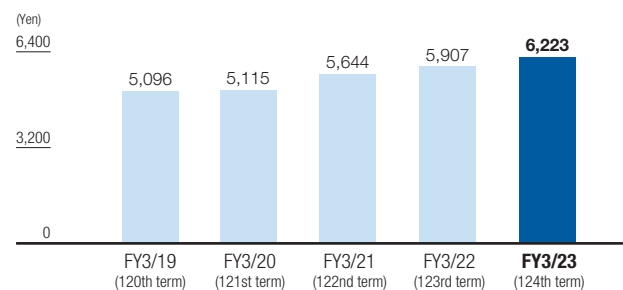
Shareholders' equity (consolidated)



Net income per share, dividends per share (consolidated)

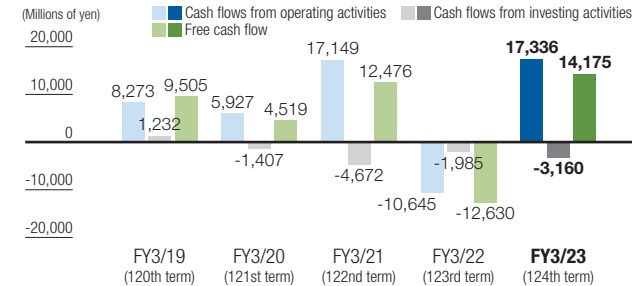


Net assets per share (consolidated)

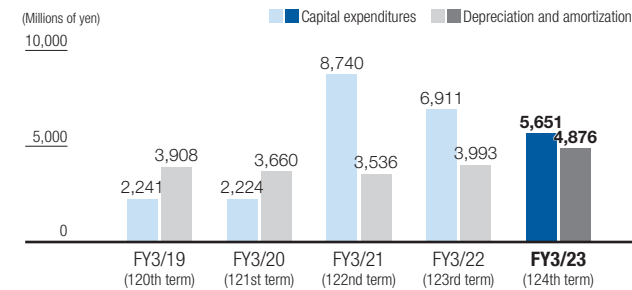


*Yodogawa Steel started applying Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) at the beginning of the fiscal year that ended in March 2022. Significant financial indicators for the fiscal year that ended in March 2021 have been revised to incorporate this new standard.

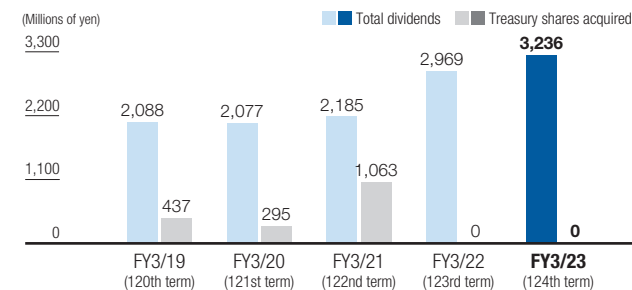
Cash flows from operating activities, cash flows from investing activities, free cash flow (consolidated)



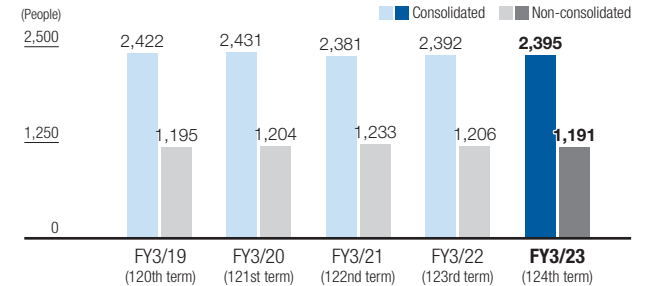
Capital expenditures, depreciation and amortization (consolidated)



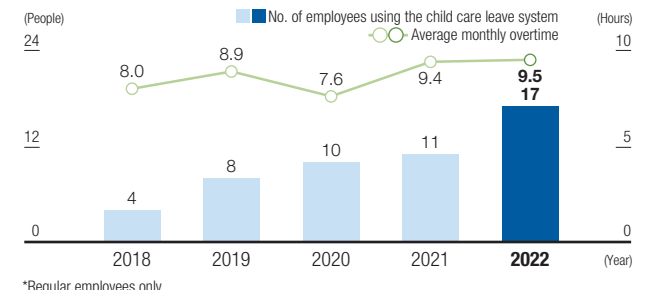
Total dividends, treasury shares acquired (non-consolidated)



No. of employees (consolidated, non-consolidated)

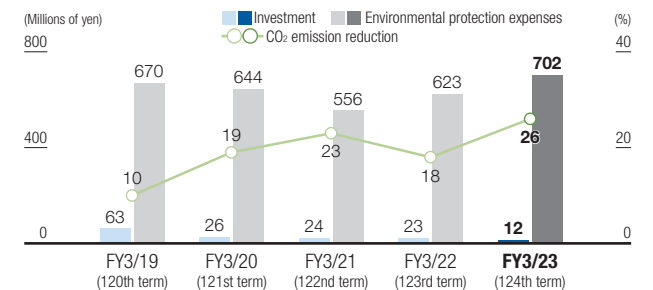


No. of employees using the child care leave system, average monthly overtime* (non-consolidated)



*Regular employees only

Environmental protection expenses, CO₂ emissions (reduction vs. fiscal 2013 emissions*) Consolidated (Japan)



*The Japan Iron and Steel Federation is currently implementing an action plan for achieving carbon neutrality. During phase II, which goes from FY2021 to FY2030, the emphasis is on energy conservation. The goal is to use these measures to cut CO₂ emissions from energy production by 30% compared with the FY2013 level.

Use new ideas to increase public awareness of Yodogawa Steel and make products more competitive and increase sales.

There was considerable instability in the Japanese and global economies during the fiscal year that ended in March 2023. The main reasons are high prices of energy and resources due to the Ukraine conflict and concerns about the risk of an economic downturn caused by rising interest rates in Europe, the United States and other regions.

The Yodogawa Steel Group's net sales in the fiscal year increased 9.3% to 220,314 million yen. Operating profit decreased 11.7% to 12,665 million yen, ordinary profit decreased 1.3% to 17,686 million yen, and profit attributable to owners of parent increased 8.2% to 10,593 million yen. Everyone at the Yodogawa Steel Group is dedicated to continuing to take on new challenges in order to increase awareness of the group. Our goal is to be resilient to changes in market conditions as we remain consistently profitable.

Satoshi Nitta President and Representative Director



Q

What is your assessment of the Yodogawa Steel Group's performance in the fiscal year ended March 31, 2023?

A

Sales increased because of revisions of selling prices.

In the fiscal year ended March 31, 2023, the Japanese and global economies were unstable because of the rising cost of resources and energy caused by the Ukraine crisis. Despite these difficulties, our sales were higher than in the previous fiscal year. One reason is measures in Japan to revise the prices of steel sheet products. Prices were revised mainly for steel sheet products, with the understanding and cooperation of customers, in order to reflect the higher cost of primary and secondary materials used to manufacture these products. Although there were some difficulties in the fiscal year's second half, we were able to earn the understanding of our customers overall. I believe that another reason for the revenue growth is the growing recognition of the value of independent steelmakers like us as the reorganization of Japan's steel industry continues.

Outside Japan, the performance of PCM Processing (Thailand) Ltd. (PPT) was stable. In Taiwan, Sheng Yu Steel Co., Ltd. (SYSCO) performed well early in the fiscal year but the sales volume decreased as customers held back on purchases during the remainder of the fiscal year. The volume of SYSCO's exports also decreased despite many sales activities targeting customers in North America as exports to the United States resumed. Sluggish global markets were responsible for the downturn in sales volume. In China, lockdowns in Shanghai and other major cities in this region during the first half and other events brought down the sales volume of Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), which became profitable in the previous fiscal year with an operating profit. In this fiscal year, one of our highest priorities is taking steps to achieve a recovery in the performance of our overseas subsidiaries, especially at SYSCO in Taiwan.



YODO Roof protects the library complex of the city of Sanjo.

Q

What are the highlights or key points about the performance of the business segments and new products?

A

Rebuilding YODO Roof manufacturing operations has produced benefits.

In the Steel Sheet Segment, we started selling YODO HyperGL Color EXE Eguze pre-painted steel sheets in May 2022. We guarantee the coating for 15 years. In the past, only steel sheets with fluorocarbon polymer coatings could be guaranteed against cracking, peeling and discoloration. With this new product, we can guarantee sheets with a polyester resin coating. In part because of the continuing difficulty of procuring fluorocarbon polymer for coatings, I expect that this new sheet will become the leader in the market for exterior pre-painted steel sheets.

In the Building Materials & Exterior Products Segment, we started collaborating with BEAMS Co., Ltd. for its BEAMS DESIGN brand, and in December 2022 started reservation sales of the new YODO Monooki Erumo BEAMS DESIGN storage shed. This shed features a design based on the theme of a military storage container.

At the end of March 2023, we started sales of YODO Roof 157 Secure, a high-strength corrugated metal roof panel. This product features increased strength for connections and the

roofing material itself to withstand typhoons and heavy rain. A stylish appearance is another feature of this new product. We plan to increase sales of this product during the fiscal year ending in March 2024. About two years ago, we started a reexamination of our YODO Roof operations that extended from production to delivery. This resulted in a restructuring of this business with the understanding of customers. In the past fiscal year, I believe this step produced significant benefits.

Q What were the major accomplishments of the Medium-Term Management Plan 2022?

A The consolidated ordinary profit was more than 9 billion yen in all three years of the plan.

The past fiscal year was the third and last year of the Medium-Term Management Plan 2022. One target was a consolidated operating profit of at least 9 billion yen in the fiscal year that ended in March 2023. To accomplish this, the plan had three core strategic goals: Use speed and agility to build a stronger profit structure; take on the challenge of entering new business fields; and establish a foundation for sustainable operations. Our consolidated operating profit exceeded 9 billion yen in every year of the plan, although earnings included inventory valuation gains. At this stage, I believe that we must concentrate on building a truly sound base for earnings rather than simply reacting to the changes in our performance from year to year. There were several steps for achieving our goal of entering new business fields. One was the March 2022 launch of the YODOKO+ design brand. We used this brand to introduce a HOME OFFICE cabinet. We also started selling YODO storage sheds with designs using collaborations with Coleman and BEAMS DESIGN. These products were very successful and have redefined how people perceive storage products. This is just the beginning of our activities for entering new business



The YODOKO+ HOME OFFICE 900 storage cabinet

fields. Our challenge is to enhance the image and raise awareness of our brands through continued efforts in this new approach and ultimately to increase sales of our existing core products.

Q Tell us about the next medium-term plan.

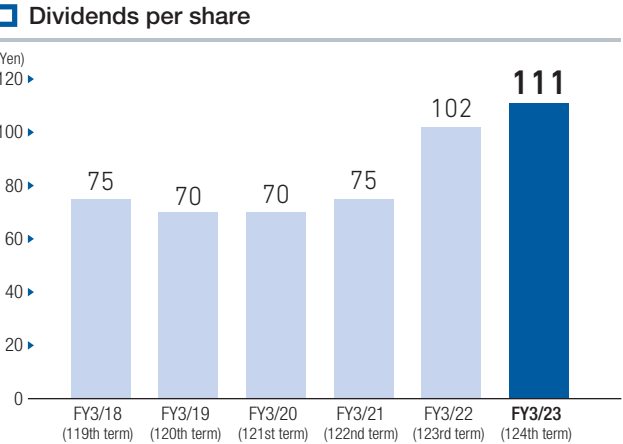
A We will focus on sales growth in order to maximize our production volume.

The Medium-Term Management Plan 2025 will build on the accomplishments of the previous plan in order to realize the full potential of the Yodogawa Steel Group. The objective is to establish a base for consistent growth. In this plan, we have changed our earnings target to our consolidated operating profit, an indicator of earnings from business operations. Our activities will be aimed at becoming even more profitable and using capital more efficiently. We will make capital expenditures for manufacturing products more efficiently, improving product quality, cutting costs and other measures to become more competitive. There will also be well-planned investments for sustainability and the digital transformation.

Q Please explain the Yodogawa Steel Group’s activities involving the environment, society and governance?

A Our goal is CO₂ emissions in the March 2031 fiscal year that are 30% below emissions in the fiscal year ended March 2014.

Lowering CO₂ emissions is one of our highest priorities because our goal is to make the Yodogawa Steel Group carbon neutral. Accomplishing this will not be easy because of the enormous amount of gas and electricity used to make steel. Our activities will include energy conservation and the use of renewable energy. The goal is a 30% reduction in CO₂ emissions between the fiscal years ending in March 2014 and March 2031. Empowering women is a major element of measures concerning sustainability. We plan to take many actions for accomplishing this goal too. Our plans also include activities for making our corporate governance even stronger. As one step in this direction, we have established a Nomination & Remuneration Committee that consists of our independent outside directors and is chaired by me.



Q What is your policy for distributing earnings to shareholders?

A Based on our dividend policy, we paid a dividend of 111 yen for the fiscal year ended March 31, 2023.

Stable, continuous distributions to shareholders are one of our highest priorities. In the Medium-Term Management Plan 2022, our guideline for the dividend was a consolidated payout ratio between about 30% and 50% and a fiscal year dividend of no less than 50 yen. In accordance with this guideline, we paid a fiscal year dividend of 111 yen per share for the fiscal year that ended in March 2023, the sum of a 40 yen interim dividend and a 71 yen year-end dividend.

Q Finally, what is your message to stakeholders?

A I plan to take our group in an even better direction backed by ideas never used before.

I want to use ideas that differ from our past activities for the businesses of our group while maintaining our profitability. For example, we have a partnership contract with the Cerezo Osaka professional soccer team and are collaborating with well-known brands. Recently, we purchased a capsule of the famous Nakagin Capsule Tower Building, which was demolished in 2022, for reuse as a trailer capsule that can be taken anywhere. We are using this distinctive trailer as the symbol of our YODOKO+ design brand. I believe that our shareholders have much to look forward to as we take on many new challenges in order to take our group in new directions. Finally, I want to thank our shareholders for their support and understanding.

Assessment of the Medium-Term Management Plan 2022

Performance in Relation to the Plan’s Targets

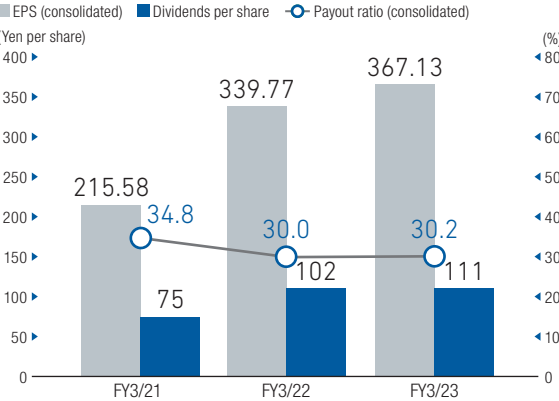
Sales and earnings were far above the targets due to timely and appropriate revisions of product prices that reflected changes in the steel market as economic activity in Japan recovered from the pandemic downturn.

Medium-Term Management Plan 2022	FY3/21	FY3/22	FY3/23
Objective	Stable consolidated ordinary income of at least 9 billion yen		
Results	9.7billion yen	17.9billion yen	17.6billion yen
Difference	+0.7billion yen	+8.9billion yen	+8.6billion yen

Returns to shareholders

Target consolidated payout ratio: Between about 30% and 50%

Dividend per share: at least 50 yen

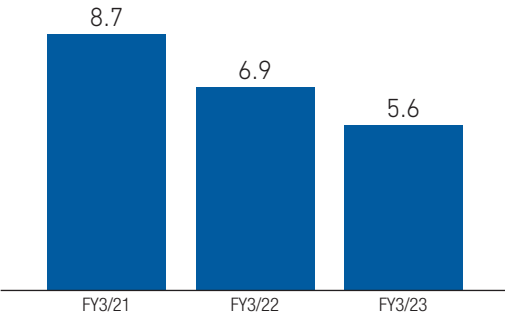


Capital expenditures

Plan for Consolidated Capital Expenditures (FY3/21-FY3/23) 15 to 20 billion yen

Actual Consolidated Capital Expenditures (FY3/21-FY3/23) 21.3 billion yen

Actual Capital Expenditures (Billions of yen)



Basic Strategies/Status of Major Initiatives

Basic strategies	Status of major initiatives
A Use speed and agility to build a stronger profit structure	Increased the number of sales agents and licensing agreements for YODO Roof
	Rebuilt the production and sales infrastructure for building materials and exterior products
	Started sales of a high-performance pre-painted steel sheet
B Take on the challenge of entering new business fields	Started sales of a redesigned line of YODO Monooki Esumo storage sheds and production was moved to Fukui Yodoko Co., Ltd.
	Conducted studies for the launch of new businesses for joint operations with other companies
	Targeted new customer segments by selling storage sheds in collaboration with other companies
C Establish a foundation for sustainable operations	Launched the YODOKO+ design brand
	Achieved stable dividend and dividend increase as a return to shareholders
	Established the Nomination & Remuneration Committee to strengthen corporate governance
	Started a risk management program to strengthen compliance activities
	Established a Sustainability Promotion Department to implement and oversee sustainability activities
	Acquired a company in the IT sector to support progress with the digital transformation



YODO Roof is used at the Yodoko Sakura Stadium, home field of the Cerezo Osaka professional soccer team.



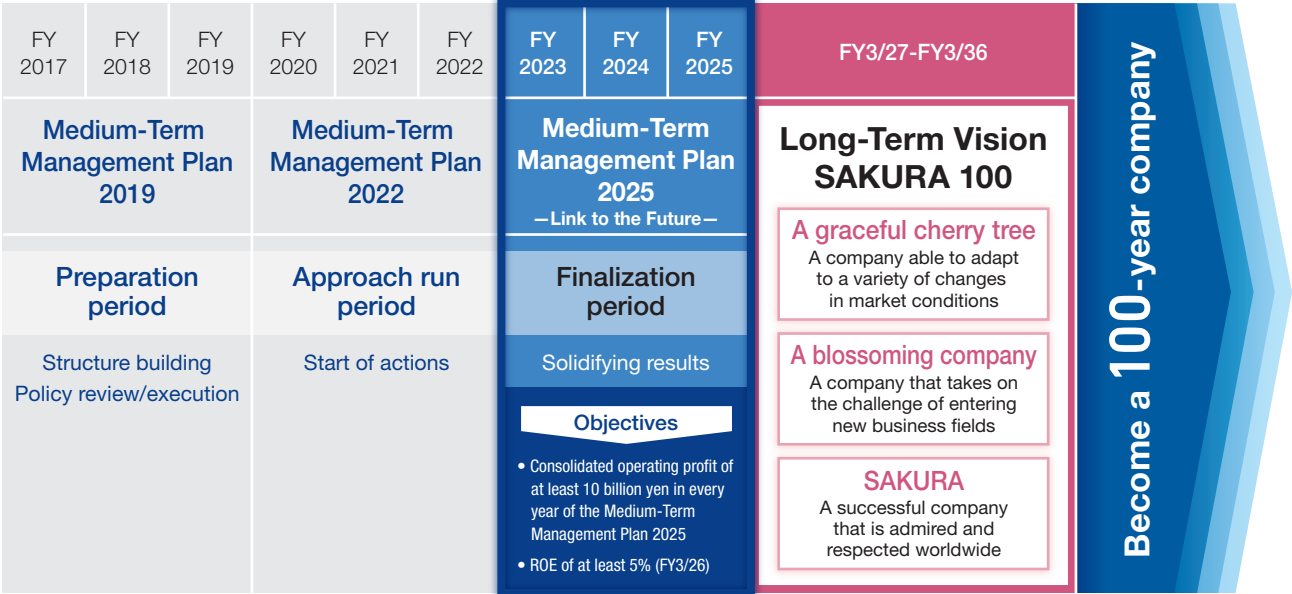
The LMD-2215 Coleman celebrates the 50th anniversary of the start of the YODO Monooki (storage shed) business.



The YODOKO+ HOME OFFICE 900 storage cabinet

Overview of the Medium-Term Management Plan 2025

Positioning of the Medium-Term Management Plans



Medium-Term Management Plan Objectives

- Consolidated operating profit: Consistently above 10 billion yen in every year of the Medium-Term Management Plan 2025
- ROE (Return on equity): At least 5% in FY3/26

Basic Strategies

The six strategic goals on the right, all centered on the three basic strategies of the previous plan: Build an even stronger profit structure; take on the challenge of entering new business fields; establish a foundation for sustainable operations

A. Build an even stronger profit structure	B. Take on the challenge of entering new business fields
A-1. Expand existing businesses for more growth A-2. Further upgrade manufacturing skills	B-1. Start new businesses based on existing business
C. Establish a foundation for sustainable operations	
C-1. Make substantial investments and improve capital productivity for more progress and growth C-2. Increase training programs for next generation and organizational strength C-3. Coexist with all of our stakeholders	

Business Strategies

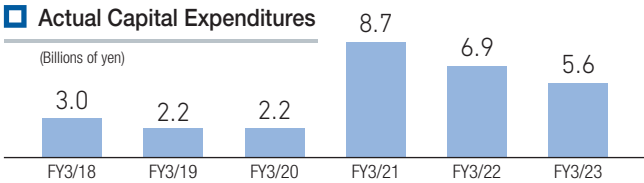
Steel Sheet-Related Business	Steel Sheet Business <ul style="list-style-type: none">Supply products for new applications to build a base for stable earningsIncrease sales of value-added products and target new markets with activities that may include alliancesUse automation and digital technologies to build a stronger quality management frameworkMaintain and expand production capacity by updating and replacing equipment as planned	Building Materials Business <ul style="list-style-type: none">Increase quality and productivity for exterior panels and build a production and sales framework able to respond with flexibility to changes in demandIncrease sales and profitability by joint activities with metal roof product sales agents	Exterior Products Business <ul style="list-style-type: none">Expand the lineup of products to encompass a broad range of life stylesLeverage collaboration with companies in other industries to develop and sell new productsComplete the rebuilding of the production and distribution infrastructure for exterior products
	Overseas Target the demand for surface-treated steel sheets, primarily in Asia <ul style="list-style-type: none">Establish a sales network that is not vulnerable to the effects of trade protection measuresEnter new overseas markets, mainly through SYSCOIncrease sales of competitively superior value-added products at all overseas group companiesEnhance the strength of brands further		
	Roll Business <ul style="list-style-type: none">Expand operations to new market sectorsIncrease sales of value-added rolls	Grating Business <ul style="list-style-type: none">Increase measures to meet demand for grates involving highwaysAdd customers in new market sectors and build a new framework for distributing and selling grates	
Other businesses	Real estate business <ul style="list-style-type: none">Utilize real estate holdings by seeking new applications for properties and taking other actions	Engineering business <ul style="list-style-type: none">Increase the lineup of new productsAdd new customers	New business <ul style="list-style-type: none">Use a department dedicated solely to new business activities in order to create new sources of earnings

Policy for Use of Funds

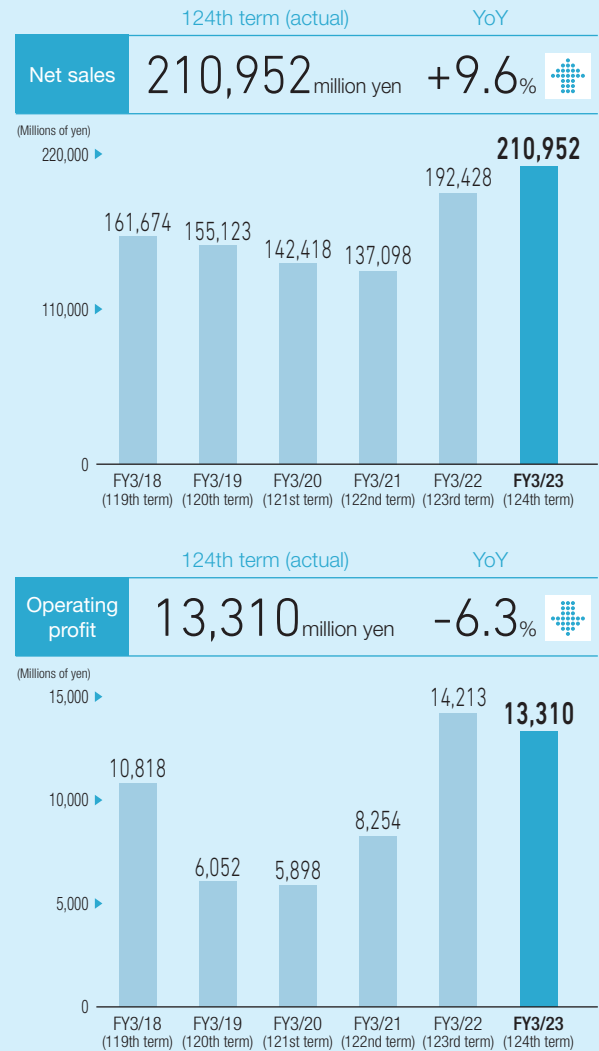
Priorities for the use of funds	<ul style="list-style-type: none">Make existing businesses more competitiveExpand operations to new business fieldsExpenditures for protecting the environment and for human resources
Distributions to shareholders	<ul style="list-style-type: none">Dividends are the highest priority Annual dividend of at least 50 yen and a consolidated payout ratio of at least 30%
Capital productivity	Measures for capital productivity higher than the cost of capital <ul style="list-style-type: none">Increase the ROIC in existing businessesUse substantial investments to convert unused or infrequently used assets into assets used for business operations

Plan for Consolidated Capital Expenditures

Actual Consolidated Capital Expenditures (FY3/24-FY3/26)		20 to 25 billion yen
Composition of investments	Strengthening competitiveness	(7.5 to 11 billion yen)
	Maintaining the strength of existing businesses	(8 to 10 billion yen)
	Sustainability activities	(2.5 to 3 billion yen)
	Digital transformation activities	(2 billion yen)



Steel Sheet-Related Business



Steel Sheet Segment

Performance in the year ended March 31, 2023

- The sales volume of galvanized steel sheets to specific high-demand customers in Japan decreased because of sluggish demand in the construction sector and imports of low-priced products. There was a small decrease in the sales volume of pre-painted steel sheets as demand for use as building materials was soft but orders were received for sheets used at distribution centers and other large buildings. In the home appliance category, the sales volume increased as appliance manufacturers raised output in the fiscal year's second half to offset reduced production caused mainly by shortages of parts. Total sales to specific high-demand customers increased due to price revisions.
- In the general distribution category in Japan, demand remained strong in the non-residential sector for products used at distribution centers and other large buildings. However, demand for the products of this business was sluggish in the small/midsize building and residential sectors. As a result, there was a small decrease in the general distribution sales volume. Monetary sales were higher because of price revisions to reflect the rising cost of raw materials and other items.
- In Taiwan, SYSCO's sales decreased as the significant negative impact of downturns in overseas markets offset activities to revise prices and increase sales to customers in North America. In China, sales at YSS decreased because of pandemic lockdowns. At PPT in Thailand, sales increased despite the continuing downturn of market prices due to sales of value-added products and price revisions.

Outlook for the year ending March 31, 2024

- The outlook for the Japanese economy will remain uncertain because of the Ukraine conflict, worldwide monetary tightening and other reasons. The Yodogawa Steel Group will concentrate on adding new customers and supplying products for new applications in order to raise its market share and become more profitable.
- In Taiwan, SYSCO is building stronger ties with current customers for meeting their needs in order to increase sales and earnings. In China, YSS has the goals of further increasing its sales volume and returning to profitability. In Thailand, plans to achieve more growth of sales and earnings by increasing sales of high-end sheets, which have high profit margins.

Initiatives for achieving the Medium-Term Management Plan targets

- Meet increasingly diverse customer needs, supply products for new applications not vulnerable to changes in market conditions, strengthen business alliances, and use other measures to build a foundation for consistent earnings.
- Based on the sales strategy for companies outside Japan, activities are focusing on the demand for surface-treated steel sheets in all regions.



An exterior product (shutter) using Yodoko steel sheets



A home appliance using Yodoko steel sheets

Building Materials & Exterior Products Segment

Performance in the year ended March 31, 2023

- In the building materials sector, the sales volume was less than in the previous fiscal year because of revisions of plans involving small/midsize buildings.
- Sales of exterior products remained strong as higher sales of garages and other large products offset a decline in storage shed sales following the upturn created by demand as people stayed home during the pandemic.
- Construction sales increased because of completions of large projects related to demand created by the pandemic. Delays in deliveries of building materials and the labor shortage had a negative effect on this business category.

Outlook for the year ending March 31, 2024

- For building materials, our goal is sales volume growth by increasing marketing activities for new YODO Roof products and receiving orders for materials used at large construction projects, a market sector where demand is expected to remain very strong.
- For exterior products, we are aiming for higher sales and earnings by maintaining stable sales volumes of YODO Monooki Esumo and Erumo storage sheds and making our brands stronger by using collaborations with companies in other industries and adding new products that reflect industry trends.
- In the construction sector, operations are focusing on large projects, which is a market category where activity is expected to remain high.

Initiatives for achieving the Medium-Term Management Plan targets

- We plan to increase sales of building materials by improving quality and productivity involving exterior panels and using joint activities with YODO Roof sales agents.
- For exterior products, our goal is a higher sales volume by building a production and distribution infrastructure for a broader product lineup and stable supply of products and taking steps to enter new market sectors, such as collaboration with companies in other industries.
- The goal in the construction sector is sales growth by increasing involvement in prominent building projects and regional landmark structures in all areas of Japan.

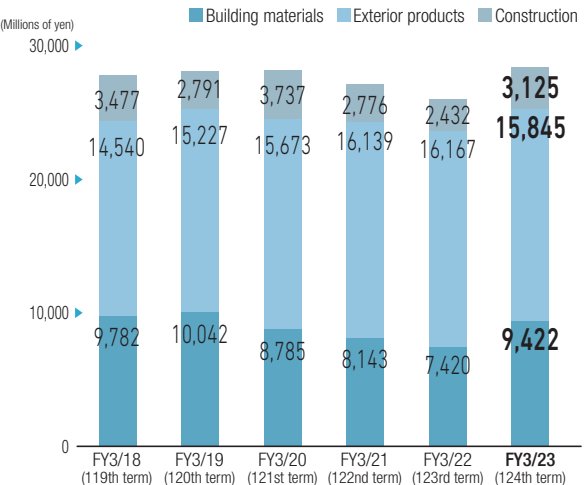
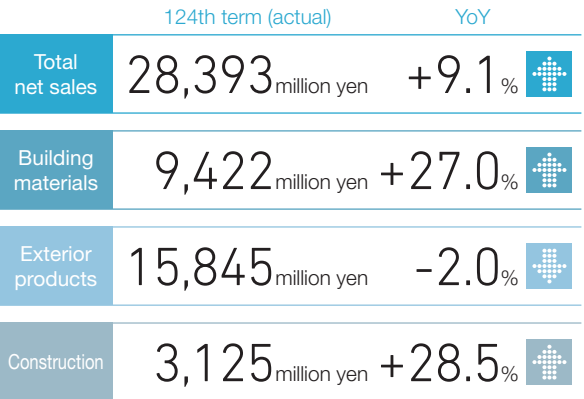


A building using YODO Roof Yokobuki 250 (Coverless)

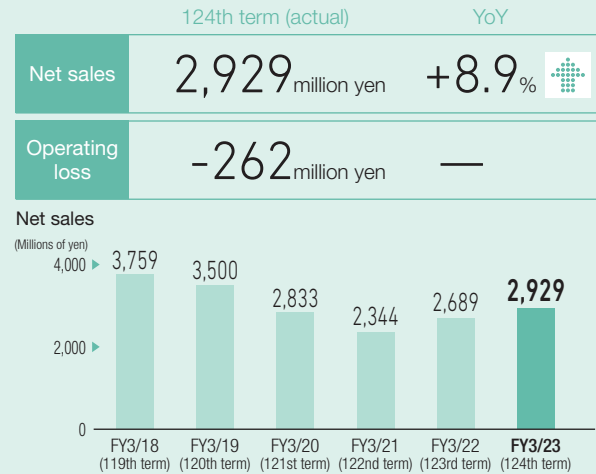


YODO Monooki Storage Shed Esumo

Reference Building Materials & Exterior Products Segment (Yodogawa Steel, non-consolidated)



Roll Business



Performance in the year ended March 31, 2023

- The sales volume of rolls used for steelmaking increased as production was relatively high at both blast furnace and EAF steelmakers.
- In other market sectors, the sales volume of rolls was down because of lower demand in the papermaking industry caused by the declining use of paper due to measures to reduce the use of resources and switch to electronic documents.

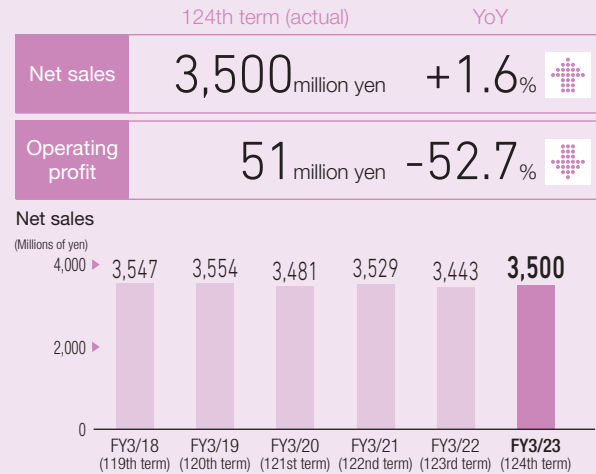
Outlook for the year ending March 31, 2024

- Activities are focusing on revisions of product prices and receiving orders as concerns about a further increase in the cost of raw materials continue.
- In markets other than the steel industry, where substantial capital expenditures are not expected, sales activities will be centered on updates and replacements of equipment and on receiving orders for maintenance services in order to generate sales.

Initiatives for achieving the Medium-Term Management Plan targets

- Manufacturing technologies acquired over many years will be used to add new sources of demand for rolls.
- This business plans to increase sales of value-added rolls to become more profitable.

Grating Business



Performance in the year ended March 31, 2023

- The volume of public-works projects declined but there was a recovery in private-sector non-residential construction expenditures. The sales volume decreased as many construction plans were reexamined or canceled due to the high cost of construction.
- Priority is improving profitability by increasing prices.

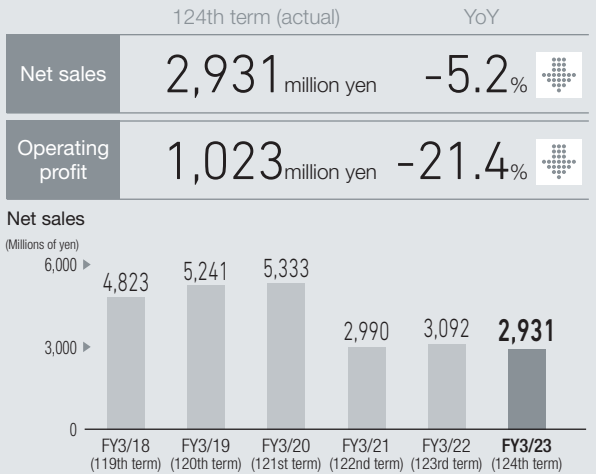
Outlook for the year ending March 31, 2024

- We expect declines in demand in both the public works and private sectors. Our goal is to receive orders involving non-residential private-sector projects, such as logistics and commercial facilities near large cities, and add sales channels in market sectors other than highway projects.
- High prices of raw materials and other items are expected to continue to exert downward pressure on earnings. Our goal is to keep this business profitable by quickly revising prices and improving efficiency.

Initiatives for achieving the Medium-Term Management Plan targets

- Add customers in the core highway sector and in other sectors and build a new framework for distribution and sales.
- Improve profitability by increasing the share of sales from products with high profit margins.

Real Estate & Other Businesses



Performance in the year ended March 31, 2023

- In the Real Estate Business, occupancy rate at tenant-occupied buildings was about the same as in the previous fiscal year but earnings were slightly down mainly because of higher depreciation resulting from renovations.
- Engineering sales increased because of orders received for work at plants in Japan and higher sales of replacement supplies for various equipment to overseas subsidiaries of Japanese companies.

Outlook for the year ending March 31, 2024

- Effectively utilizing properties remains the priority of the Real Estate Business.
- The Engineering Business continues to focus on sales activities at plants in Japan.

Initiatives for achieving the Medium-Term Management Plan targets

- We plan to increase profitability in the Real Estate Business by utilizing properties in the most effective manner possible.
- We will use our technologies and services to launch new products and attract more customers for the growth of sales and earnings.

Topics

Launch of the YODO Monooki Erumo BEAMS DESIGN storage shed


Sales using reservations for the YODO Monooki Erumo BEAMS DESIGN model started on December 15, 2022. This product uses a licensing agreement for the BEAMS DESIGN brand with BEAMS Co., Ltd. (Representative: Yo Shitara, President). This is the second storage product that incorporates a well-known brand of another company as part of activities to celebrate the 50th anniversary of the start of the YODO Monooki business. BEAMS Creative Director Shinsuke Nakata created the military-like appearance of the YODO Monooki Erumo BEAMS DESIGN storage shed. This product's military container theme reflects the history and life styles of the U.S., the original basis for designs when BEAMS started operations. Olive drab, which is regarded as an ideal camouflage color for blending with any outdoor location, is used for the storage shed.





SYSCO Taiwan

Trade name	: Sheng Yu Steel Co., Ltd.	Location	: Kaohsiung, Taiwan R.O.C
Established	: May 19, 1973	Chairman of the Board	: Soichi Kitamura
Paid-in capital	: NT\$ 3,211.8 million	President	: Colin Hsu
Business activities	: Steel sheet manufacturing and sales	Number of employees	: 500
Main facilities	: 1 pickling line 2 cold rolling lines 2 galvanizing lines 2 color coating lines		



Performance in the year ended March 31, 2023

- In 2022, real GDP growth in Taiwan was 2.45% as domestic demand was firm, backed mainly by strong consumer spending. However, there was a downturn for the second consecutive year in exports, a major source of growth in recent years.
- Sales and earnings in Taiwan were steady during the fiscal year's first half due to price revisions. During the second half, the sales volume decreased because of weak demand in the construction sector caused by a labor shortage due to the pandemic and other reasons.
- The volume of SYSCO's exports, which are mainly to North America, decreased because of sluggish global markets.


Outlook for the year ending March 31, 2024

- Many activities are planned for increasing the volume of sales. Major goals include strengthening the brand for pre-painted sheets sold in Taiwan, increasing SYSCO's market share, creating products that accurately target customers' needs, and increasing cooperation with Yodoko International Limited (YIL).
- For exports, SYSCO plans to maintain solid sales and earnings by increasing the volume of sales to customers in North America.
- Many activities are under way at SYSCO for increasing earnings. The company is building stronger ties with current customers, expanding operations to cover new applications and categories of demand, making progress with the digital transformation, using environmentally responsible manufacturing processes, and developing new products.



YSS China

Trade name	: Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.	Location	: Anhui, China
Established	: October 28, 2011	Chairman of the Board and President	: Eichi Tanaka
Paid-in capital	: USD 220 million	President	: Atsushi Nakatani
Business activities	: Steel sheet manufacturing and sales	Number of employees	: 257
Main facilities	: 1 galvanizing line 2 color coating lines		



Performance in the year ended March 31, 2023

- In the first half of the fiscal year, a decline in the sales volume because sluggish steel demand and pandemic lockdowns impacted profitability. In the second half, performance recovered somewhat but the sales volume for the fiscal year was lower than in the previous fiscal year.
- In the building materials sector, a joint activity with a new customer started and there were other activities to set the stage for sales volume growth starting in 2023.
- In the household appliance sector, the priorities were new ideas for value-added products used by Japanese home appliance manufacturers and increasing sales to Chinese home appliance manufacturers.


Outlook for the year ending March 31, 2024

- For building materials, YSS is working on using the joint operation with a new customer to achieve sales volume growth.
- For home appliances, the goal of YSS is a larger sales volume by increasing the use of pre-coated steel sheets in AC outdoor units and adding new customers in the washing machine industry.



PPT Thailand

Trade name	: PCM Processing (Thailand) Ltd.	Location	: Amata City Chonburi Industrial Estate
Established	: April 1999	Representative	: Yasushi Taniguchi
Paid-in capital	: THB 1,377.259 million	Number of employees	: 113
Business activities	: Pre-painted steel manufacturing, steel sheet processing and sales		
Main facilities	: 1 color coating line 2 large leveler lines 1 sheet slitter		



Performance in the year ended March 31, 2023

- Prices of steel products have been decreasing because of the prolonged shortage of parts in the automobile and home appliance industries due to the pandemic. Sales activities at PPT for new orders were based on the need to achieve the proper balance between capacity utilization and profitability.
- Sales increased because of a larger sales volume of value-added products, such as products for AC outdoor units made by Japanese manufacturers, a sector where output recovered from the semiconductor shortage downturn. Revisions of selling prices also contributed to sales growth.

Outlook for the year ending March 31, 2024

- Activities for lowering expenses by using more flexible procurement activities, such as using new suppliers, in order to purchase competitively priced steel coils.
- More growth of sales of outdoor AC outdoor unit products, a larger market share in the refrigerator and washing machine categories, and start of operations in new markets.

Topics

SYSCO Celebrates its 50th Anniversary

Established in Taiwan in May 1973, SYSCO is celebrating its 50th anniversary in 2023. Although the company faced many challenges in its early years, operations slowly improved and the company's stock was listed on the Taiwan Stock Exchange in 1997. SYSCO is now Taiwan's leading manufacturer of galvanized and pre-painted steel sheets. SYSCO has announced a slogan to mark this accomplishment that recognizes 50 years of progress and looks ahead to long-term growth. An anniversary event was held to

increase the motivation of employees and thank customers for their support. The company's past accomplishments give SYSCO a sound base for many more years of growth. SYSCO will continue to take actions aimed at making its brand in Taiwan even more powerful, increasing its market share, and raising export sales to customers in North America and other regions. These measures are expected to lead to more growth of SYSCO as the primary base for exports of the Yodogawa Steel Group.

Dedicated to coexisting with all of our stakeholders, we are constantly strengthening ESG activities.

By creating value through the Yodogawa Steel Group's core goals of safety, security, environment, and beauty, we are dedicated to accomplishing the Long-Term Vision of coexisting with all of our stakeholders and contributing to achieving a sustainable society.



Environment

Basic Environmental Principles

Contribute to the preservation of the environment. Conduct business with respect for the natural environment.

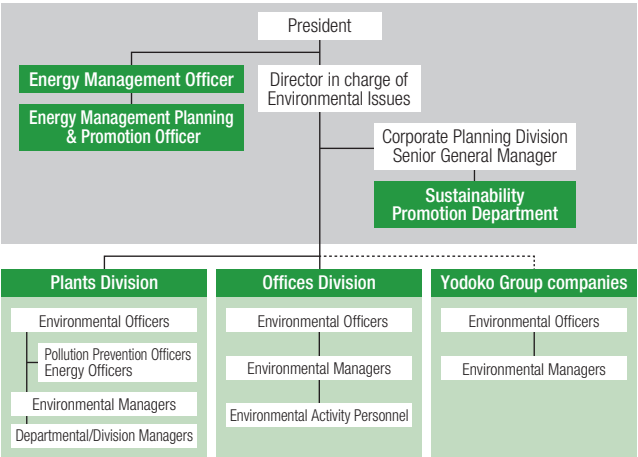
Basic Environmental Guidelines

- 1. Instill awareness of environmental preservation
Provide our employees and partner company employees with environmental education to increase awareness of environmental preservation and instill an action-oriented mindset.
- 2. Ensure consideration for the environment in our business activities
 - 1) In all of our business activities, we minimize the environmental impact while preventing pollution, conserving resources, reducing energy use, streamlining logistics, and reducing and recycling waste. (Preventing pollution: compliance with environmental laws and standards)
 - 2) Minimize the environmental impact of waste materials when developing products by improving durability, reusing materials, and utilizing materials that are easy to recycle.
- 3. Establish internal organizations
In order to pursue these objectives, strengthen environmental management organizations at the head office and all business sites, while also implementing environmental preservation activities.

Environmental Management System

Under our Basic Environmental Principles, we are advancing initiatives to reduce our environmental impact. We created the Yodoko Environmental Management System to address regulations and requirements for protecting the environment while increasing the speed and breadth of these activities. We established an Environment Committee with the President as chairperson. Other members are the director in charge of environmental issues and the environmental officers of every division. This committee handles overall decisions on fundamental matters concerning the environment. Additionally, the committee regularly holds Yodogawa Steel Group communication meetings to ensure widespread awareness of environmental issues and initiatives.

Yodoko Environmental Management System



ISO 14001 Certified Business Sites

Our three steel sheet plants in Japan and the plants of three consolidated subsidiaries overseas have environmental preservation activities to minimize the environmental impact of their operations. All of these plants have received ISO 14001 certification as part of efforts to manage and improve these activities.

Business site	Date certified	Examining/ certifying agency
Ichikawa Plant	June 2000	JICQA
Osaka Plant	December 2000	
Kure Plant	December 2000	
Sheng Yu Steel Co., Ltd. (Taiwan)	December 1997	DNV-GL
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (China)	December 2015	SGS
PCM Processing (Thailand) Ltd.	November 2013	UKAS

Purpose and objectives of environmental activities

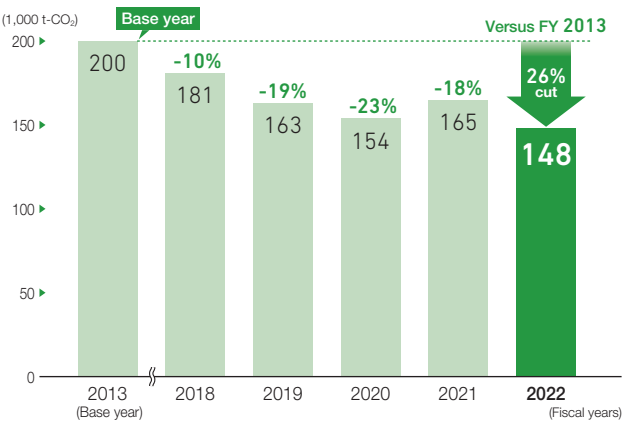
Combat global warming	Reduce CO ₂ from manufacturing
	Reduce CO ₂ from transport activities
Create a recycling-oriented society	Reduce the use of resources
Reduce environmentally harmful substances	Reduce VOC emissions
	Reduce usage of toxic chemicals
	Environmentally conscious product and technology development
Consideration for the environment	Contribute to communities
	Rigorous risk management

Combat Global Warming

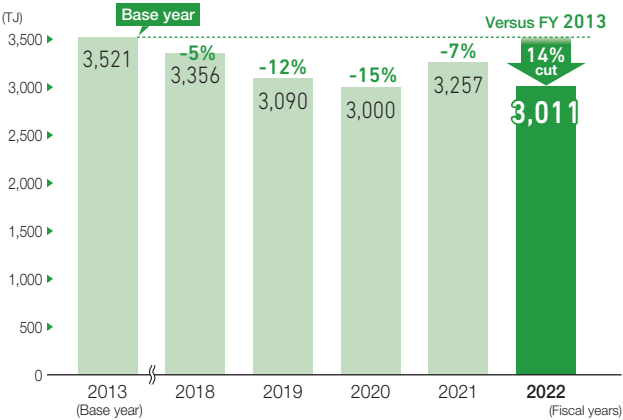
Yodogawa Steel is a participant in the Carbon Neutrality Action Plan of the Japan Iron and Steel Federation, which has the goals of combating global warming and conserving energy. For manufacturers, activities include updates of equipment for raising efficiency and improving business operations and using LED lights for peripheral equipment and other energy-efficient items. For logistics, our activities include shifting to rail and marine transport and raising cargo capacity utilization on trucks and other modes of transportation. We are also encouraging offices to moderate room temperatures (28°C in summer and

20°C in winter) and to use the “Cool Biz” (avoiding business suits in summer) and other energy-saving programs. Some Yodogawa Steel Group plants have started using electricity produced using renewable energy. More activities are planned for energy conservation and the use of electricity from renewable energy in order to lower CO₂ emissions. In the fiscal year ended March 2023 (FY2022), we cut CO₂ emissions by 26% and energy consumption by 14% (both vs. FY2013) partly due to a decline in production.

CO₂ emissions Consolidated (Japan)

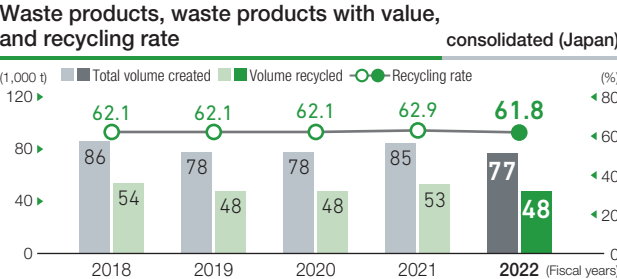


Energy consumption Consolidated (Japan)



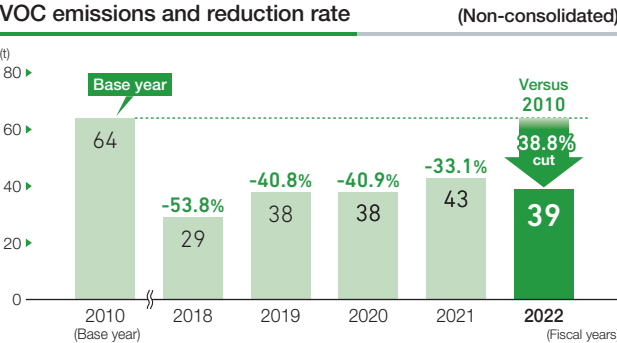
Create an Environmentally Recycling-oriented Society

The Yodogawa Steel Group in Japan is reusing as resources the waste products created during production activities. Sludge is recycled as a raw material for cement or utilized for its metal content and used oil is recycled or used for supplemental fuel. Slag is used for roadbed base layers. In FY2022, our total volume of waste materials was 77,000 tons. The recycling rate was 61.8%.



Reduce Environmentally Harmful Substances

Yodogawa Steel participates in the Voluntary Action Program of the Japan Iron and Steel Federation. We have adopted the program's goal of not allowing emissions to exceed FY2010 levels and we are lowering our VOC emissions. To date, we have taken steps including upgrading the deodorizing apparatus on our pre-painted steel sheet production lines and lowering FY2022 VOC emissions to 38.8% below the FY2010 level.



Economical Utilization of Clean Energy

On the roofs and grounds of our Osaka, Izumiotsu, and Himeji Plants, and at group companies, we have installed photovoltaic power generation systems that produced approximately 6,447 MWh of electricity in FY2022. This photovoltaic power generation contribute to reduce annual CO₂ emissions by about 2,804 tons.



Photovoltaic power generation system at the Izumiotsu Plant

Environmental Accounting

We keep track of environmental preservation expenses as an indicator that helps us efficiently carry out environmental preservation initiative. We are committed to reducing our environmental impact so that we do not harm the environment through our business activities. Our environmental investments in FY2022 were 12 million yen, which included the installation of LED lights. Total environmental expenses in FY2022 were 702 million yen, consisting of 19% for air pollution prevention, 25% for water contamination prevention, and 24% for processing industrial waste. These expenses were mainly for preventing pollution and recycling resources.

Note: FY2022 numerical environmental data on pages 26 and 27 are preliminary figures.

Topics Disclosure of Information in Accordance with the TCFD (Task Force on Climate-Related Financial Disclosures) Framework

Governance

We have established the Yodoko Environmental Management System* in order to conduct even more environmental activities while ensuring compliance with applicable laws and regulations. There is also a Sustainability Promotion Department that functions as the TCFD (Task Force on Climate-Related Financial Disclosures) secretariat for studies and the oversight of programs for fighting climate change. We have an Environment Committee that is chaired by the President and includes the director in charge of environmental issues and the environmental officers of every division. Committee members discuss basic policies and other important subjects concerning climate change. The results of these discussions are reported to the Board of Directors in order to facilitate unified environmental initiatives at the Yodogawa Steel Group.

*More information about this system is on page 25.

Strategies

Climate change is a significant medium to long-term risk factor at the Yodogawa Steel Group. To determine strategic actions based on risks and opportunities and to create an organization that is resilient to climate change, we performed scenario analysis centered on the steel sheet-related business in Japan. This analysis included the climate change scenarios (under 2°C and 4°C) of the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC). We used this process to assess possible long-term effects on our businesses between 2030 and 2050.

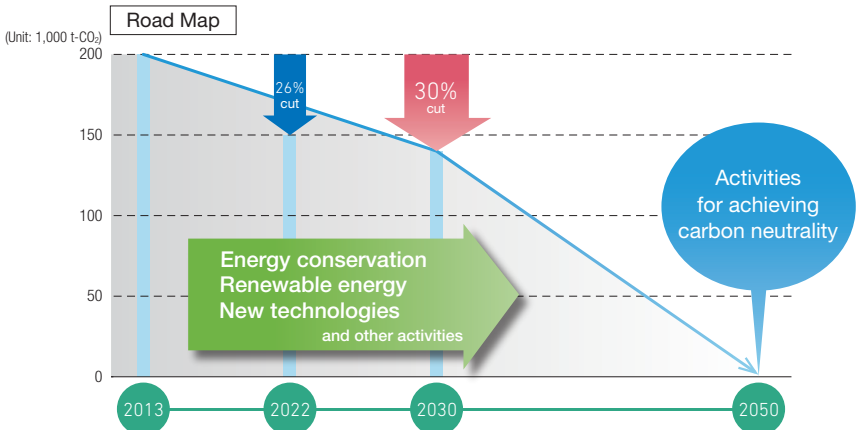
*More information about the scenario analysis is in the Yodogawa Steel website.

Risk management

A climate change risk working group performed the scenario analysis. Priorities were determined based on the likelihood of the occurrence of climate-related risks and opportunities and the magnitude of their effects. The analysis placed emphasis on items with the most significant potential effects. The Environment Committee, with the Sustainability Promotion Department playing a central role, was responsible for activities for managing risk involving the climate. Committee members analyzed climate-related risk factors, created and implemented ideas for countermeasures, and supervised progress. Analysis and studies of the Environment Committee are reported to the Board of Directors to facilitate unified risk management for the entire company.

Indicators and targets

In 1999, Yodogawa Steel announced the Yodogawa Steel Environmental Declaration as its basic guideline for corporate activities. Since then, environmental responsibility has been part of all of the company's business operations. Climate change is one of the most serious risk factors. To cut CO₂ emissions, we have programs for energy conservation and using renewable energy, utilize new technologies, and have other activities. As one step for accomplishing the goal of carbon neutrality by 2050, we have established the target of lowering CO₂ emissions to 30% below the FY2013 level by FY2030.



Our Products Help Solve Social Issues

Chromate-free Products
Reduce the Use of
Environmentally Harmful
Substances

Major related SDGs



Safety Security Environment

For our steel sheet products, we have been a pioneer in the development of chromate-free plates. These plates do not contain hexavalent chromium, which is an environmentally harmful substance, and therefore help us minimize the environmental impact of our products.

In 2005, we completely removed chromate from products for customers in the electrical appliance industry. In 2007, we became the first in our industry to start supplying chromate-free treated steel sheets for roofing and siding (brand name Eco Green) that can withstand severe weather.

A chromate-free pre-painted steel sheet for building exteriors, which was launched in January 2017, was developed based on the concept of long-term use that is friendly to people and the environment. The product's overall durability was improved by reevaluating the pre-painting process, coating, and other items. Its 25-year warranty against pitting has been very well received by customers. Going one more step, we added a new product in January 2020 and started offering the 25-year warranty against pitting (must be at least 500 meters from a seashore) on all pre-painted steel sheets for exterior use.

As the pioneer of chromate-free treated steel sheets, we will continue to meet the demands of society and develop innovative products that can make an even greater contribution to reducing the environmental impact of these sheets.



A building with the YODO fire-proof panel Barrier Lock Hyper (Chromate-free specification)

Contributing to Global
Warming Prevention
through Insulation
Solutions

Major related SDGs



Safety Security Environment Beauty

YODO fire-proof panel Grand Wall Hyper and YODO sandwich panel Fine Panel Hyper, which are our core exterior wall products, increase heating and cooling efficiency with their superior insulation properties. Additionally, these products use a special steel sheet, based on a chromate-free pre-painted steel sheet for outstanding thermal insulation and resistance to soiling and staining. This results in a further reduction in this product's environmental impact. YODO fire-proof panel Grand Wall Hyper has received fireproof certification as a stand-alone exterior building material. This panel also has superior resistance to wind pressure and earthquakes as well as sound insulating qualities.

In recent years, with the growing awareness of environmental problems, customers are placing more emphasis on environmental performance when selecting products. The superior energy-saving features of our highly functional metal siding help fight global warming by reducing CO₂ emissions.



A building with YODO fire-proof panel Grand Wall (Office building of Kochi Broadcasting Co., Ltd.)

Use of Yodogawa Steel Products
for Disaster Preparedness and
Mitigation

Major related SDGs



Safety Security Environment

Awareness of disaster preparedness in Japan has been increasing because of a large number of earthquakes, typhoons and other natural disasters. YODO Monoooki Storage Shed is an ideal way to be prepared. The YODO Kura Storage Shed MD with thermal insulation and outstanding durability is ideal for the long-term storage of food, water and other emergency supplies. For convenience, we have created a storage shed lock that opens automatically without using a key during an earthquake with an intensity of at least about 6. Many options are available as well, such as partitions for using sheds for changing clothes, a toilet, a solar panel, a rainwater collection tank or other purposes.

In all areas of Japan, local government agencies, schools, condominium associations and other organizations are using our storage sheds as part of their measures to be prepared for disasters. We will continue to develop products and create new applications in order to contribute to safety, security, the environment, and beauty.



A YODO Monoooki Erumo Storage Shed with a lock that automatically opens after a strong earthquake



Mechanical earthquake detector

Innovative Exterior Products for
Healthcare Facilities

Major related SDGs

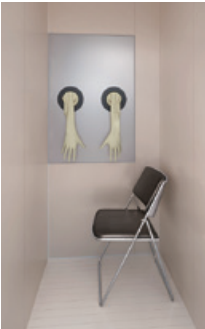


Safety Security Environment

During the pandemic, in 2022, there was a need for performing PCR and other COVID-19 tests at locations that are separate from other sections of a clinic or other healthcare facility. Separation allows performing many tests while preventing the spread of infections.

In response to many requests for the use of our exterior products as COVID-19 testing rooms, we developed and started to sell a version for medical tests by adding a partition to the YODO Kura Storage Shed MD. This model is used as a smoking space and for many other purposes. Adding a partition facilitates testing with no direct contact between patients and healthcare personnel. There is also an option with an opening for the use of gloves when performing tests.

We are continuing to add applications for our storage sheds to create a safe and secure environment for testing and other procedures.



A partition with an opening for the use of gloves to perform tests



A YODO Kura Storage Shed MD configured for performing medical tests (donated to a hospital in Taiwan)

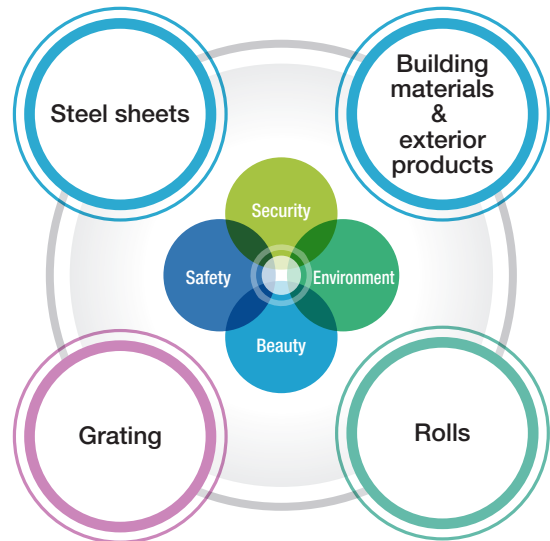
Social

Product Development Initiatives

R&D Philosophy

In accordance with our basic philosophy of “Create value with new originality,” our research and development activities constantly take into account whether projects do in fact have originality and generate new value. This ensures that safety, security, the environment, and beauty are always priorities when creating new products.

Creating value through business activities



Steel Sheet and Building Materials & Exterior Products Segments

We pursue a basic policy of emphasizing the customer’s ideas, developing differentiated products, ensuring safety and security, making products environmentally friendly and durable, and streamlining construction processes.

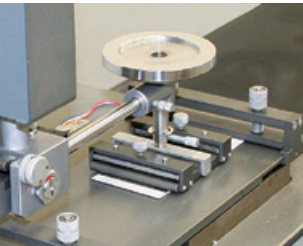
We manufacture two major categories of steel sheet products. The first category is steel sheets with specifications that meet the requirements of manufacturers of electric appliances and building materials. The second category is steel sheets that we sell through intermediaries for general-purpose building materials. Sheets in the first category precisely match every customer’s requirements and are produced by our technology development divisions at the Kure, Ichikawa, and Osaka Plants. Sheets in the second category are made in collaboration with each plant’s technology development division after research by the Head Office development division determines market needs. Our Head Office development division also handles the development of exterior products, building materials, and other processed products. By combining our steel sheet, exterior, and building material development divisions, we can organically link the technology and expertise of these divisions beginning from the product planning stage. This allows us to develop steel sheets with the ideal properties for processed products and develop processed products that fully utilize the properties of steel sheets. This development framework underpins our core strength, which is integrated production extending from steel sheets to finished products in order to ensure consistently high quality that allows people to use our products with confidence.

Steel Sheets

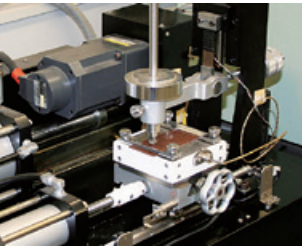
We believe that the mission of every company is to develop technologies and products that reflect changes in its markets and society. This is why we are constantly taking on new R&D themes and challenges. In the Steel Sheet Segment, R&D activities extend from surface-processing technologies to colors, shapes, safety and other characteristics of these sheets. To keep up with changing needs, we will continue to fabricate steel sheets while looking ahead to the next step of progress involving innovation, durability, functions and other properties.



Product Development Center (Osaka Plant)



A surface measurement instrument



Coefficient of friction testing unit

Building Materials and Exterior Products

We verify the performance of our building materials by using one of the most advanced testing facilities for this purpose in Japan. New products undergo tests before their release and we continue to verify safety and other properties of existing products too.

Main test equipment

- Fire resistance testing units (vertical and horizontal furnaces)
- Water seal and wind pressure resistance testing unit
- Rain and wind testing unit
- Hydraulic cylinder load testing unit
- Load testing units
- Door opening-closing testing unit
- Shutter opening-closing testing unit



Fire resistance testing unit (horizontal furnace)



Water seal and wind pressure resistance testing unit



Door opening-closing testing unit

Product Development Initiatives

Roll and Grating Businesses

Roll Business

The development division at the Osaka Plant develops rolls for section steel by having engineers and sales staff work together to meet customer demands and provide follow up support. We are developing systems for paper manufacturing rolls customized for Japanese clients through our business alliance with ANDRITZ Küsters GmbH, a global industrial machinery and process company based in Germany.



Test calendar machine for paper making (gloss finish)

Grating Business

The development division located in Izumiotsu Plant has created a database from diverse information on customer needs and many types of information from sales personnel. This division develops innovative products that are safe, durable, and aesthetically pleasing. We recently developed a type of grating that includes an insect growth inhibitor to function as an anti-pest barrier for gutters, ditches, and other locations.



Load testing

Overseas Subsidiaries

SYSCO's technology development division performs R&D for surface-treated steel sheets in order to quickly and precisely respond to diversifying customer demands and market needs. The technology development division's prototyping laboratory is the hub of this R&D and has acquired certification from the Taiwan Accreditation Foundation (an official certification agency), which ensures the quality and reliability of R&D programs. When evaluating the corrosion resistance, surface discoloration, and other properties of surface-treated steel sheets at the prototyping laboratory, we are developing products quickly by utilizing data from outdoor-exposure tests (to check weather resistance under realistic conditions) along with test data from various accelerated weathering testers.

A recent project is the development of highly durable Eco Green products (chromate-free Al-Zn alloy-coated pre-painted steel sheets for building materials) in order to withstand Taiwan's high heat and humidity as well as the extreme environments in export destinations.

We will further upgrade functionality, including improving scratch resistance and adding the self-cleaning features of PVDF pre-painted steel sheets (fluororesin pre-painted steel sheets), as we develop products that meet customer demands and market needs.



Condensation circulation-type carbon arc weathering tester



QUV weathering tester



Cyclic corrosion tester (CCT)



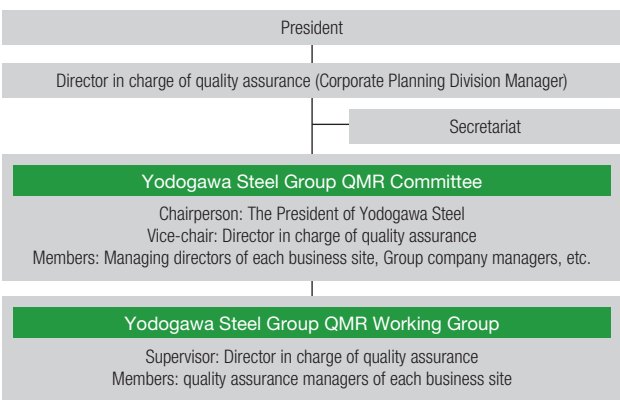
Exposure testing area, southern Taiwan (Kenting, Pingtung County)

Basic Policy for Quality Assurance

Based on the Yodogawa Steel Group Corporate Philosophy, and in order to meet customers' expectations and trust, we have established a quality management system in every business division. We operate these systems effectively and are constantly evaluating performance to seek ways to make improvements. Our highest priority is adhering to rules, such as laws, contracts with customers, and standards, while strengthening systems for preventing and identifying defects and inadequacies. Additionally, we have established a QMR* Committee and QMR Working Group tasked with strengthening the overall quality assurance framework of the Yodogawa Steel Group. Members of these cross-divisional organizations are the quality assurance managers of every division and group company. Duties involve ensuring compliance with Guidelines for Strengthening Quality Assurance Systems (stipulated by industry bodies), sharing and distributing quality-related information and examples of initiatives to address quality issues, and carrying out reciprocal quality audits among business sites.

*QMR: Quality Management Reinforcing

Yodogawa Steel Group Quality Assurance Framework



Human Resources Development for Sustainable Growth

Human Resources Development

Basic Policy

By training and educating our people, we are realizing part of our Corporate Philosophy, namely, to “take up the challenge to innovate and expand based on the individual creativity of every employee.”

Training Programs

We provide support for the career goals of our employees while upgrading their skills and motivation through on-the-job training, which is centered on daily tasks, and off-the-job training, which utilizes internal and external resources. Furthermore, we use online, e-learning, and other training programs to encourage employees to maintain a constant awareness of issues, think by themselves, and take actions necessary to deliver products that meet the evolving needs of customers. Overall, our employee training programs are structured to give people skills for contributing to progress involving society and the quality of life.

Main training programs

New employee training	Fundamental skills training for new college-graduate employees
	On-the-Job Training (OJT)
Rank-based training (including online training)	Young employee training
	Core employee training
	New manager training (early management phase)
Other training programs	Training for female career-path employees
	Online language training (English, Chinese)



New employee training



New manager training

Business Improvement Activities (JK Activities)

(J: “jishu” meaning “voluntary”, K: “kanri” meaning “management”)

Voluntary management activities in small groups that we call JK Activities are used to make improvements concerning quality, cost cutting, productivity, safety, the environment and other themes. Every year, the Yodogawa Steel Group hold a JK Conference in Osaka that brings together people from group companies worldwide. In the fiscal years ended March 31, 2022 and 2023, this conference was held online for safety during the pandemic. Twelve participants were chosen to represent group companies in Japan and other countries. Each participant gave a presentation about small group activities. This event contributes to the growth and self-realization of all employees even in business climates unlike those in prior years. JK Conferences provide an opportunity to study examples of initiatives that improve business processes and enable participants to stimulate each other to do their best.



Yodogawa Steel Group JK Conference

Diversity

The Yodogawa Steel Group has a workforce encompassing a broad spectrum of experience, skills and other characteristics as well as a wide range of perspectives and values. The utilization of these capabilities will play a key role in our ability to grow consistently. This is why we will continue to hire people regardless of gender, nationality, disabilities and other characteristics. For preserving and increasing diversity, we have voluntarily established measurable targets for the percentage of women among career-path for new-graduate recruits, the percentage of female managers and the percentage of experienced mid-career employees that we recruit. We will continue to use many activities for the advancement of women and diversity. To fully utilize the skills of our people, we will strengthen activities for maintaining a diverse workforce and further increasing diversity. For example, there are training programs for enabling women to advance their careers at the Yodogawa Steel Group. We are dedicated to providing workplaces where all employees can fully utilize their capabilities and educational activities that better enable people to achieve a mutual understanding of many subjects and issues.

Social Contribution Activities

Donations to Charities Using Shareholder Benefits

Donations by shareholders of record on March 31, 2022 who selected a charitable donation from among the items in the shareholder benefits catalog were as follows. We are very grateful to these shareholders for their generosity. The following donations were made in November 2022 in the name of the Yodogawa Steel Works, Ltd. (Shareholder Donation Account).

Total donations: 124 shareholders 620,000 yen

UNICEF: 39 shareholders 193,000 yen
The Japanese Red Cross Society: 31 shareholders 164,000 yen
Ashinaga Foundation: 54 shareholders 263,000 yen

Transfer to donations from shareholders who did not apply for shareholder benefits: 684 shareholders 3,262,000 yen

*Donations for UNICEF, the Japanese Red Cross Society and Ashinaga Foundation

Opening the Yodoko Guest House to the Public

The Yodoko Guest House was designed by Frank Lloyd Wright, lauded as one of the preeminent architects of the 20th century, and built as a vacation villa for the eighth-generation sake brewer Yamamura Tazaemon of Nada, Kobe. We have owned it since 1947. This villa is designated a National Important Cultural Property by the Japanese government and, since 1989, we have opened it to the public as part of our social contribution activities.



Yodoko Guest House (former residence of the Yamamura Family)



Dolls are displayed at the guest house to celebrate Hinamatsuri (Girls' Day) in March

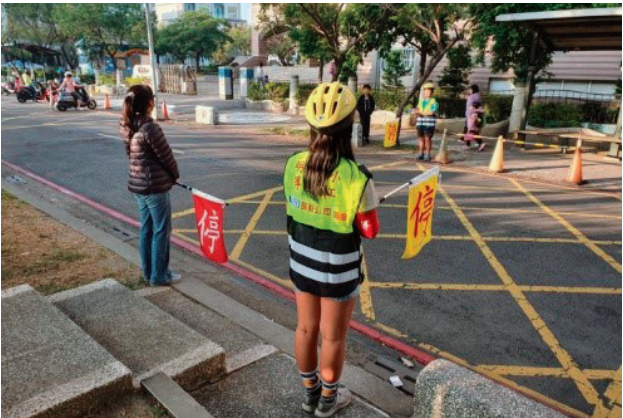
Social Contribution Activities at Overseas Subsidiaries

SYSCO Taiwan

- Roadside flowers planted by employee volunteers**
As part of highway beautification programs, we started voluntarily establishing, in 1998, roadside flower beds along a national highway near a business site. We are participating in urban beautification projects as one way to enhance the reputation of Yodogawa Steel.
- Support for community arts and culture**
In order to support education and the quality of life of communities as a company deeply connected to areas where we operate, we have been making donations to the Kaohsiung Municipal Social Education Center in Taiwan since 2011. These donations are one part of our activities to support community art and cultural programs.

SYSCO Taiwan and PPT Thailand

- Donations to neighborhood schools**
At SYSCO, one of our social contribution activities was the donation of safety gear to schools in the Siaogang district in 2017 for use by children and supervising adults to ensure their safety. In Thailand, PPT is participating in a scholarship project to support education at elementary schools to contribute to communities.



Children in the Taiwan city of Kaohsiung use safety gear donated by SYSCO

Governance

Basic Philosophy

In order to achieve sustainable growth and increase corporate value over mid- to long-term, we have a variety of initiatives that reflect the standpoints of all stakeholders (shareholders, customers, business partners, employees, and communities) while positioning transparency, fairness, and prompt and courageous decision-making as the objectives of our corporate governance.

Corporate Governance Structure

We emphasize nimble management suited to the scale of our company and use the Audit & Supervisory Board governance structure. Furthermore, we use the Executive Officer system in order to maintain a proper degree of distance between Directors’ oversight/decision-making and business execution. This system also maintains unity, from the standpoint of sharing information, concerning management decisions and business operations. In order to maintain a Board of Directors with a dynamic structure and one that is optimal with regard to clarifying management

responsibilities and responding to changes in the business environment, Directors are elected for one-year terms and the Yodogawa Steel Articles of Incorporation limit the number of Directors to no more than seven. By electing Directors with differing backgrounds and knowledge, we aim to ensure an appropriate size and diverse composition of the Board of Directors while facilitating more energetic, constructive, and engaging discussions during meetings. Additionally, in order to strengthen the transparency of oversight and decision-making processes, we appoint Independent Outside Directors who meet the Tokyo Stock Exchange’s criteria for independence. As of June 30, 2023, there were seven Directors including three Independent Outside Directors.


For the Audit & Supervisory Board, the Companies Act and the Yodogawa Steel Articles of Incorporation stipulate that we have no more than four Audit & Supervisory Board Members, with at least half being Independent Outside Audit & Supervisory Board Members.

History of corporate governance reforms


June 2003	Yodogawa Steel started one-year terms for Directors in order to build a dynamic structure for the Board of Directors and one that is optimal for clarifying management responsibilities and responding to changes in the business environment.
June 2004	Yodogawa Steel adopted the Executive Officer system, reducing the number of Board of Directors members from no more than 18 to no more than seven. The purposes are to have a measure of distance between Directors’ oversight/decision-making functions and business execution functions, to increase the strength and efficiency of the oversight functions of the Board of Directors, and to increase the speed of business operations. After terminating the Directors’ retirement benefits program, Yodogawa Steel established a stock option (stock-based remuneration) program for Directors and Executive Officers. This program raises the commitment and motivation of Directors and Executive Officers to increase sales and earnings as well as the stock price.
June 2006	One Outside Director was elected in order to facilitate energetic, constructive, and engaging discussions during Board meetings while also strengthening the transparency of oversight and decision-making processes.
June 2015	The number of Independent Outside Directors increased to two in order to facilitate more energetic, constructive, and engaging discussions during Board meetings while also strengthening the transparency of oversight and decision-making processes.
December 2015	Following the adoption of a corporate governance code in Japan, the Yodogawa Steel Corporate Governance Guidelines were established as the highest set of regulations after the laws and regulations of Japan and the Yodogawa Steel Articles of Incorporation.
June 2018	In order to further strengthen governance, a third Outside Director was added to the Board of Directors, resulting in seven Directors, three of whom are Independent Outside Directors.
June 2019	A female Outside Audit & Supervisory Board Member was elected in order to facilitate more energetic discussions from diverse perspectives at Board of Directors meetings.
December 2021	The Nomination & Remuneration Committee was established for the purposes of increasing the fairness, transparency and objectivity of procedures for director nominations and remuneration and further upgrading corporate governance.

Directors and Audit & Supervisory Board Members (as of June 21, 2023)


Directors




Satoshi Nitta
President and Representative Director




Toshio Kumamoto
Director, Senior Managing Executive Officer




Tadashi Hattori
Director, Senior Managing Executive Officer




Eiichi Tanaka
Director, Senior Managing Executive Officer



Mitsuaki Yuasa
Director (Independent Outside Director)




Sadato Kobayashi
Director (Independent Outside Director)




Katsuyuki Kuse
Director (Independent Outside Director)


Audit & Supervisory Board Members




Shiro Morioka
Audit & Supervisory Board Member (full-time)



Nobusuke Kuzuo
Audit & Supervisory Board Member (full-time)



Miho Ishihara
Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)



Ritsuko Watanabe
Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)

FY2022 (as of June 21, 2023)
Attendance by Outside Directors and Outside Audit & Supervisory Board Members

Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings
Mitsuaki Yuasa	14 of 14 meetings	—
Sadato Kobayashi	14 of 14 meetings	—
Katsuyuki Kuse	14 of 14 meetings	—
Miho Ishihara	14 of 14 meetings	15 of 15 meetings
Ritsuko Watanabe	14 of 14 meetings	15 of 15 meetings

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Background of Outside Officers / Reason for Election

Mitsuaki Yuasa

Sep. 1973 Registered as Certified Public Accountant
Jun. 2006 Retired from KPMG AZSA & Co. (currently KPMG AZSA LLC)
Jul. 2006 Opened Mitsuaki Yuasa CPA Office (current)
Jun. 2008 Outside Audit & Supervisory Board Member of Yodogawa Steel
Nov. 2008 Outside Member of the Board of WORLD Co., Ltd.
Jun. 2009 Outside Audit & Supervisory Board Member of Sojitz Corporation
Jun. 2016 End of term as Outside Audit & Supervisory Board Member of Yodogawa Steel
Jun. 2018 Outside Director of Yodogawa Steel (current)

Reason for Election

As a certified public accountant, Mr. Yuasa has considerable expertise involving finance and accounting. He has experience as an outside officer of a publicly owned company and can use his knowledge and experience for the management of Yokogawa Steel.

Sadato Kobayashi

Apr. 1974 Joined Mitsubishi Resin Corp. (currently Mitsubishi Chemical Corporation)
Apr. 2010 Executive Officer and General Manager of Nagahama Plant and Santou Plant of Mitsubishi Resin Corp.
Apr. 2011 Managing Executive Officer of Mitsubishi Resin Corp. and Managing Executive Officer of Mitsubishi Chemical Holdings Corporation
Apr. 2015 Representative Director and Executive Vice President of Mitsubishi Chemical Holdings Corporation
Apr. 2017 Advisor of Mitsubishi Chemical Corporation
Jun. 2019 Advisor of Japan Excel-Management Consulting Co., Ltd. (current)
Jun. 2021 Outside Director of Yodogawa Steel (current)

Reason for Election

Mr. Kobayashi has many years of management experience at a publicly owned company, including the supervision of overseas companies, and considerable experience and knowledge concerning manufacturing and manufacturing technology. This expertise can be used for the management of Yodogawa Steel.

Katsuyuki Kuse

Apr. 1991 Registered as attorney, Joined Kansai Law & Patent Office
Aug. 1993 Joined Kudawara & Kuse Law Offices, Partner
Jun. 2009 Member of the Intellectual Property Center of the Japan Federation of Bar Associations (current)
Sep. 2010 Representative of Kudawara & Kuse Law Offices (current)
Jun. 2013 Instructor of Japan Intellectual Property Association
Apr. 2019 Osaka Bar Association, Chairperson of the Intellectual Property Committee
Jun. 2021 Outside Director of Yodogawa Steel (current)

Reason for Election

Mr. Kuse has considerable experience as an attorney and extensive knowledge about corporate law, particularly concerning intellectual property. He can use this expertise to incorporate external perspectives in the management of Yodogawa Steel.

Miho Ishihara

Oct. 1996 Joined Asahi & Co. (currently KPMG AZSA LLC)
Jan. 2002 Registered as Certified Public Accountant
Feb. 2006 Joined Protiviti Japan (currently Protiviti LLC)
Apr. 2009 Joined EY Advisory Co., Ltd. (currently EY Advisory & Consulting Co., Ltd.)
May 2010 Opened Ishihara Certified Public Accountant Office (currently Ishihara Certified Public Accountant & Certified Public Tax Accountant Office) (current); Joined Hibiki Audit Corporation (current)
Dec. 2010 Registered as Certified Public Tax Accountant
Jun. 2019 Outside Audit & Supervisory Board Member of Yodogawa Steel (current)
Jun. 2022 Outside Director of NICHIA STEEL WORKS, LTD. (current)

Reason for Election

Ms. Ishihara is a certified public accountant and tax accountant and has considerable experience as a consultant for internal controls and risk management. She can use this knowledge and experience to further improve the corporate governance of Yodogawa Steel.

Ritsuko Watanabe

Sep. 2007 Registered as attorney; Joined Hommachi Chuo Law Office (current)
Jun. 2020 Outside Audit & Supervisory Board Member of Yodogawa Steel (current)

Reason for Election

Ms. Watanabe is an attorney with the extensive knowledge and experience for performing audits from an external and independent standpoint.

Analysis and Evaluation of Effectiveness of the Board of Directors

Yodogawa Steel asks all Directors and Audit & Supervisory Board Members to complete questionnaires in order to analyze and evaluate the effectiveness of the Board of Directors. The following is a summary of the evaluation performed in the fiscal year ended March 31, 2023.

1 Questionnaires

Scope	All 7 Directors and all 4 Audit & Supervisory Board Members
Format	All responses with names
Coverage	Board composition, roles of the Board, operation of Board meetings, status of corporate governance, status of the Nomination & Remuneration Committee, which was voluntarily established, and other subjects

2 Analysis and evaluation results

The Board of Directors is generally operating properly with regard to its composition, roles, how meetings are held and corporate governance and the Nomination & Remuneration Committee are also functioning properly.

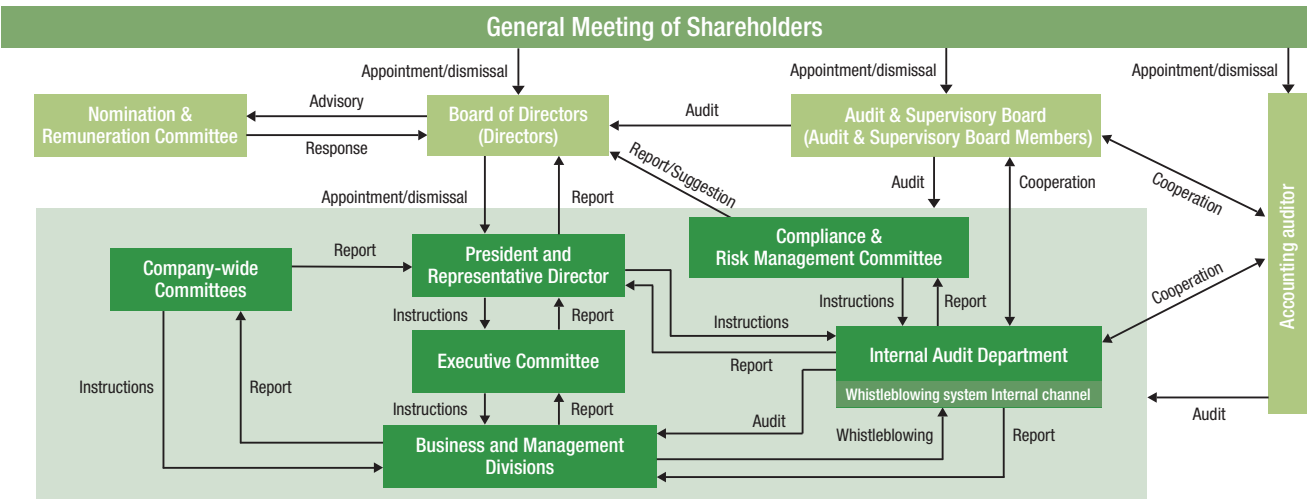
The questionnaire identified the following measures for further increasing the effectiveness of the Board of Directors: more thorough discussions of important issues and the vision for the Yodogawa Steel Group in relation to changes in the business climate; the effective implementation of risk management pro-

grams; and the effective operation of the Nomination & Remuneration Committee.

3 Actions in response to the evaluation results

To further increase our corporate value as a global organization that is worthy of a Prime Market listing, we will use the points identified by this evaluation to hold more open discussions by internal and external officers with the goal of further increasing the effectiveness of the Board of Directors.

Diagram of governance structure (as of March 31, 2023)



Market environment

In the fiscal year ended March 31, 2023, there was a slow recovery of the Japanese economy as economic activity began returning to normal due to the progress of the With Corona policy. Despite this improvement, there was an increasing downward pressure on the economy, particularly in the second half of the fiscal year, due to the reasons such as 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, non-residential construction and machinery orders are weak. Under the circumstances, orders and production have been declining in the steel industry. In overseas steel markets, anticipation for economic recovery was seen 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 slow-downs in several regions.

Results of operations

The Yodogawa Steel Group’s net sales in the fiscal year increased

18,659 million yen to 220,314 million yen. Operating profit decreased 1,683 million yen to 12,665 million yen, ordinary profit decreased 230 million yen to 17,686 million yen, and profit attributable to owners of parent increased 804 million yen to 10,593 million yen.

Regarding sales the business climate was challenging during the fiscal year because of the rapid increase in all categories of expenses in Japan and other countries. The Yodogawa Steel Group focused on meeting demand that emerged as economies worldwide began recovering from the pandemic downturn and took actions involving selling prices of products that can be reproduced. Selling prices tended to improve in Japan and furthermore, our Thailand subsidiary PCM PROCESSING (THAILAND) Ltd. (PPT) showed a robust performance, which led to an increase in consolidated sales. Although the business climate was challenging primarily due to the rising costs of materials and many other items, operating profit increased because of the selling price revisions. On the other hand, our Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO) saw a significant decrease in earnings, impacted by deterioration in overseas markets. In China, the sales volume at our subsidiary Yodogawa Shengyu (Hegei) High-Tech Steel Co., Ltd. (YSS) decreased mainly due to the zero COVID-19 policy. The result was a decrease in consolidated operating profit. Ordinary profit decreased less than operating profit did mainly due to an increase in gain on sale of investment securities in non-operating income. The decrease in profit attributable to owners of parent was larger than the decrease in ordinary profit mainly because of an increase in income taxes-current. However, profit attributable to owners of

parent increased year on year because of the high percentage of non-controlling interests at SYSCO, which was a major reason that the consolidated profit decreased.

Outlook

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 abolishment of its zero-COVID policy, concerns remain over an economic downturn caused by the effects of the prolonged Ukraine-Russia conflict and monetary tightening in the United States and Europe. Furthermore, signs of financial instability are suspected. In Japan, the trend of rising prices is expected to continue and the Bank of Japan’s monetary policy trend needs to be closely monitored. The economy is expected to be significantly affected by the aforementioned global risk factors.

In the steel markets in Japan and other countries, while prices of raw materials used for steelmaking as well as cost of resources and energy are expected to remain at a high level, there is additional geopolitical risks such as the situation in Russia and Ukraine and concerns over the Taiwan emergency. 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.

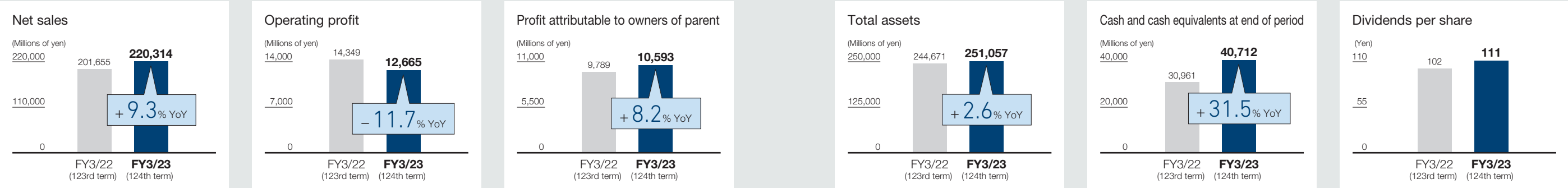
Returns to shareholders

Distributing earnings to shareholders is one of the highest priorities of Yodogawa Steel. Earnings are distributed by paying dividends that reflect results of operations, repurchasing stock and in other ways. The basic policy for dividends that are in line with our results of operations is to make payments that are stable and continuous. Dividends also take into consideration the need for funds for investments and other actions for increasing corporate value, the outlook for sales and earnings, the need to maintain financial soundness, and other items. Regarding shareholder returns for the three fiscal years ending on March 31, 2024, 2025 and 2026, we will place emphasis on dividend payments, maintaining an annual dividend of at least 50 yen per share considering factors such as our capital investment plan and financial condition, with the target consolidated payout ratio of 30% or more to pay dividends that reflect results of operations.

The basic policy is to pay interim and year-end dividends. In accordance with Article 459, Paragraph 1 of the Companies Act, the Yodogawa Steel Articles of Incorporation state that dividends can be paid based on a resolution of the Board of Directors, except in cases where stipulated otherwise by laws and regulations.

The year-end dividend for the fiscal year that ended March 31, 2023 is to be 71 yen per share. With the interim dividend of 40 yen, this will result in a dividend of 111 yen per share for this fiscal year.

There is currently no dividend forecast for the fiscal year ending March 31, 2024. An announcement will be made promptly once it becomes possible to announce a dividend forecast.



Consolidated Balance Sheet

(Millions of yen)

	FY3/22 (as of March 31, 2022)	FY3/23 (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	31,872	40,189
Notes and accounts receivable-trade, and contract assets	53,671	49,521
Electronically recorded monetary claims-operating	3,412	4,454
Securities	2,120	4,207
Merchandise and finished goods	22,027	23,285
Work in process	6,801	6,476
Raw materials and supplies	17,499	19,924
Other	7,229	2,961
Allowance for doubtful accounts	(110)	(152)
Total current assets	144,523	150,867
Non-current assets		
Property, plant and equipment		
Buildings and structures	66,010	67,510
Accumulated depreciation	(46,954)	(48,585)
Buildings and structures, net	19,056	18,925
Machinery, equipment and vehicles	144,768	147,138
Accumulated depreciation	(130,382)	(134,183)
Machinery, equipment and vehicles, net	14,386	12,955
Land	19,312	19,095
Leased assets	173	177
Accumulated depreciation	(81)	(106)
Leased assets, net	92	70
Construction in progress	2,439	4,457
Other	12,374	12,343
Accumulated depreciation	(11,202)	(11,246)
Other, net	1,172	1,097
Total property, plant and equipment	56,459	56,602
Intangible assets		
Other	1,966	2,076
Total intangible assets	1,966	2,076
Investments and other assets		
Investment securities	40,678	40,193
Retirement benefit asset	441	724
Deferred tax assets	182	137
Other	419	454
Total investments and other assets	41,721	41,510
Total non-current assets	100,147	100,189
Total assets	244,671	251,057

	FY3/22 (as of March 31, 2022)	FY3/23 (as of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,676	17,881
Electronically recorded obligations-operating	2,329	2,987
Short-term borrowings	1,320	1,328
Lease obligations	76	61
Income taxes payable	3,590	3,159
Contract liabilities	169	156
Provision for bonuses	1,658	1,259
Provision for product warranties	671	971
Other	7,064	7,285
Total current liabilities	37,557	35,092
Non-current liabilities		
Lease obligations	18	10
Deferred tax liabilities	4,103	3,873
Deferred tax liabilities for land revaluation	844	807
Provision for retirement benefits for directors (and other officers)	39	32
Retirement benefit liability	6,285	5,517
Other	3,885	3,816
Total non-current liabilities	15,175	14,058
Total liabilities	52,733	49,150
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,272	18,267
Retained earnings	118,475	126,064
Treasury shares	(11,992)	(11,895)
Total shareholders' equity	147,977	155,657
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,174	16,115
Deferred gains or losses on hedges	(0)	—
Revaluation reserve for land	1,609	1,529
Foreign currency translation adjustment	4,433	5,958
Remeasurements of defined benefit plans	101	412
Total accumulated other comprehensive income	22,319	24,016
Share acquisition rights	187	140
Non-controlling interests	21,454	22,092
Total net assets	191,937	201,906
Total liabilities and net assets	244,671	251,057

Consolidated Statement of Income

(Millions of yen)

	FY3/22 (April 1, 2021 to March 31, 2022)	FY3/23 (April 1, 2022 to March 31, 2023)
Net sales	201,655	220,314
Cost of sales	168,471	187,650
Gross profit	33,183	32,664
Selling, general and administrative expenses	18,834	19,998
Operating profit	14,349	12,665
Non-operating income	3,918	5,350
Non-operating expenses	351	329
Ordinary profit	17,916	17,686
Extraordinary income	148	187
Extraordinary losses	971	1,006
Profit before income taxes	17,092	16,867
Income taxes-current	4,999	5,321
Income taxes-deferred	(167)	(348)
Total income taxes	4,831	4,973
Profit	12,261	11,893
Profit attributable to non-controlling interests	2,471	1,299
Profit attributable to owners of parent	9,789	10,593

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/22 (April 1, 2021 to March 31, 2022)	FY3/23 (April 1, 2022 to March 31, 2023)
Profit	12,261	11,893
Other comprehensive income	1,899	3,022
Comprehensive income	14,161	14,916

Consolidated Statement of Changes in Equity (April 1, 2022 to March 31, 2023) (Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	23,220	18,272	118,475	(11,992)	147,977	16,174	(0)	1,609	4,433	101	22,319	187	21,454	191,937
Changes during period														
Dividends of surplus			(3,085)		(3,085)									(3,085)
Profit attributable to owners of parent			10,593		10,593									10,593
Purchase of treasury shares				(5)	(5)									(5)
Disposal of treasury shares		(5)		101	96									96
Reversal of revaluation reserve for land			80		80									80
Net changes in items other than shareholders' equity						(58)	0	(80)	1,524	311	1,696	(46)	638	2,288
Total changes during period	—	(5)	7,588	96	7,679	(58)	0	(80)	1,524	311	1,696	(46)	638	9,968
Balance at end of period	23,220	18,267	126,064	(11,895)	155,657	16,115	—	1,529	5,958	412	24,016	140	22,092	201,906

Consolidated Statement of Cash Flows (Millions of yen)

	FY3/22 (April 1, 2021 to March 31, 2022)	FY3/23 (April 1, 2022 to March 31, 2023)
Cash flows from operating activities	(10,645)	17,336
Cash flows from investing activities	(1,985)	(3,160)
Cash flows from financing activities	(1,226)	(5,092)
Effect of exchange rate change on cash and cash equivalents	1,702	667
Net increase (decrease) in cash and cash equivalents	(12,154)	9,750
Cash and cash equivalents at beginning of period	43,116	30,961
Cash and cash equivalents at end of period	30,961	40,712

Corporate Profile

Company name	Yodogawa Steel Works, Ltd.
Established	January 30, 1935
Capital	23,220,815,228 yen
Employees	1,191

Major Offices & Plants

Head office	4-1-1, Minamihonmachi, Chuo-ku, Osaka 541-0054, Japan +81-6-6245-1111
Tokyo branch	1-3-7, Shintomi, Chuo-ku, Tokyo 104-0041, Japan +81-3-3551-1171
Sales offices	Sapporo, Sendai, Morioka, Tokyo, Takasaki, Hokuriku, Nagoya, Osaka, Hiroshima, Takamatsu, Kochi, Yahata, Fukuoka, Kagoshima, Okinawa
Plants	Osaka (Osaka prefecture), Kure (Hiroshima prefecture), Ichikawa (Chiba prefecture), Izumiotsu (Osaka prefecture), Himeji (Hyogo prefecture)

Principal Shareholders

Name	Shares Owned (Thousands of shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,745	9.41
Yodoko Partners' Shareholding Association	1,135	3.89
Resona Bank, Limited.	1,068	3.66
Mizuho Bank, Ltd.	1,062	3.64
Northern Trust Co. (AVFC) RE USL NON-TREATY CLIENTS ACCOUNT	682	2.33
Custody Bank of Japan, Ltd. (Trust Account)	636	2.18
Hanwa Co., Ltd.	628	2.15
Nippon Life Insurance Company	618	2.12
POSCO	600	2.06
JFE Steel Corporation	587	2.01

Notes: 1. Treasury shares (5,675,735 shares) held by Yodogawa Steel are not included in this list of major shareholders.
2. Shareholding ratios do not include treasury shares (5,675,735 shares).

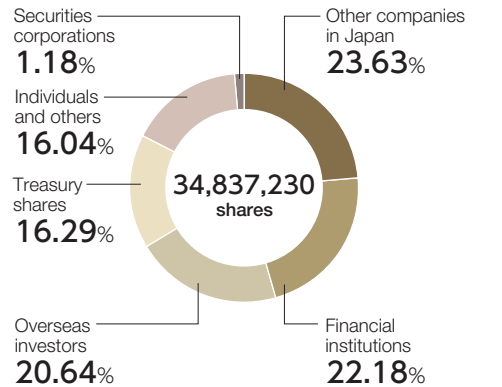
Main Affiliated Companies

Consolidated Subsidiaries	
Takada Kozai Kogyo Co., Ltd.	Steel sheet processing, sales, and warehousing
Sheng Yu Steel Co., Ltd.	Steel sheet manufacturing and sales
Yodoko Shoji Co., Ltd.	Steel wholesaling and transportation
Keiyo Tekko Futo Co., Ltd.	Distribution and warehousing
Yodoko Kohatsu Co., Ltd.	Golf course and other management and real estate leasing
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.	Steel sheet manufacturing and sales
PCM Processing (Thailand) Ltd.	Pre-painted steel sheet manufacturing, processing, and sales
Fukui Yodoko Co., Ltd.	Manufacture and processing of exterior products and other activities

Equity-Method Affiliated Companies

Sadoshima Corporation	Steel wholesaling
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Share Ownership by Category





4-1-1 Minami-honmachi, Chuo-ku, Osaka
541-0054, Japan
Tel. +81-6-6245-1111 (main switchboard)
<https://www.yodoko.co.jp/english/>

Shareholder Reminders

Account closing date	March 31
Ordinary general meeting of shareholders	June
Record date	Ordinary general meeting of shareholders, year-end dividend March 31 Interim dividend September 30 Other dates shall be in accord with pre-announced schedules.
Number of shares per trading unit	100 shares
Shareholder registry administrator & special account administrator	Mizuho Trust & Banking Co., Ltd.
Address of shareholder registry administrator's office of operations	Stock Transfer Agency Department Mizuho Trust & Banking Co., Ltd. 1-3-3, Marunouchi, Chiyoda-ku, Tokyo, Japan
Method of public notice	Electronic notice Please see our website https://www.yodoko.co.jp/english/
Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department Contact	
Tel	0120-288-324 (toll free in Japan)
Online	https://www.mizuho-tb.co.jp/daikou/
Postal address	Stock Transfer Agency Department Mizuho Trust & Banking Co., Ltd. 1-3-3, Marunouchi, Chiyoda-ku, Tokyo 100-8241, Japan

Procedures Regarding Stock

Stock handling procedures differ depending on whether shares are held in a securities brokerage account or in a special account. Please see below for whom to contact in each case.

Shares held in a securities brokerage account

Procedures and information	Contact	
<ul style="list-style-type: none"> Selling or purchasing odd-lot shares Change of name, address, etc. Changes in method of dividend receipt and payment 	Securities brokerage managing your account	
<ul style="list-style-type: none"> Information on mail and returned mail Information on unpaid dividends* Information on other stock handling procedures 	Shareholder registry administrator	Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department

Shares held in a special account

Procedures and information	Contact	
<ul style="list-style-type: none"> Selling or purchasing odd-lot shares Change of name, address, etc. Changes in method of dividend receipt and payment 	Special account management administrator	Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department
<ul style="list-style-type: none"> Information on mail and returned mail Information on unpaid dividends* Information on other stock handling procedures 	Shareholder registry administrator	Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department

*Payment of unpaid dividends can be handled at the Mizuho Bank, Ltd. Head Office or at one of the branch offices.