



125th Term Report

April 1, 2023-March 31, 2024

スチール! & アイデア!
ヨドコウ

YODOKO REPORT

YODOGAWA STEEL WORKS

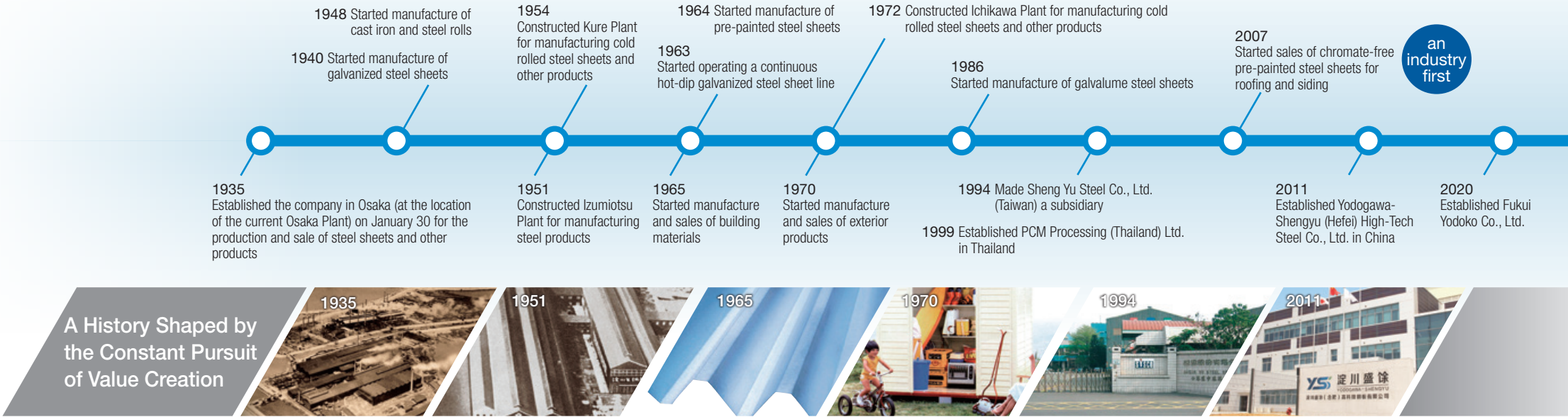
Steel sheet / Building material / Exterior / Roll / Grating

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 recover due to steady economic trend in the United States and declining inflation worldwide. However, uncertainty is expected to remain due to concerns about prolonged situation in Ukraine and Palestine, and prolonged downturn in the real estate market in China.

In Japan, there are expectations for recovery in demand by higher wage levels. However, 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.

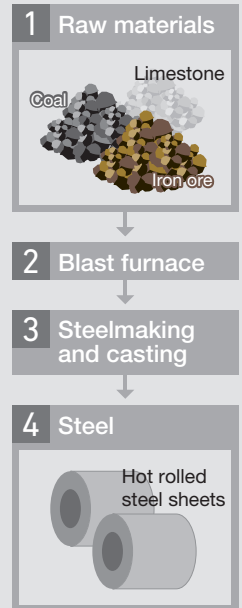
In the steel markets in Japan and other countries, while prices of raw materials used for steelmaking as well as cost of resources and energy are expected to remain at a high level, there are additional geopolitical risks such

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 “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.

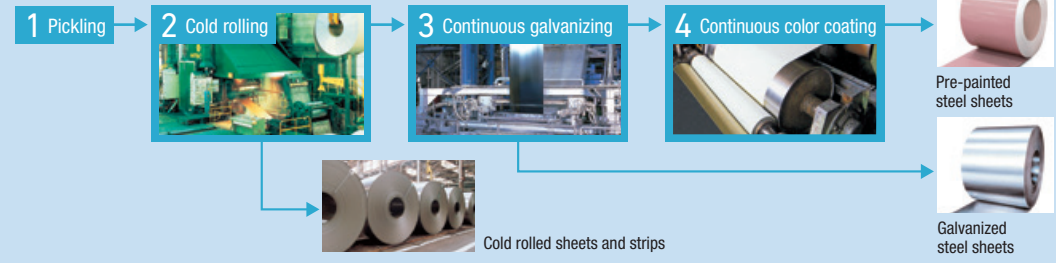
Our Position in the Iron and Steel Industry

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.

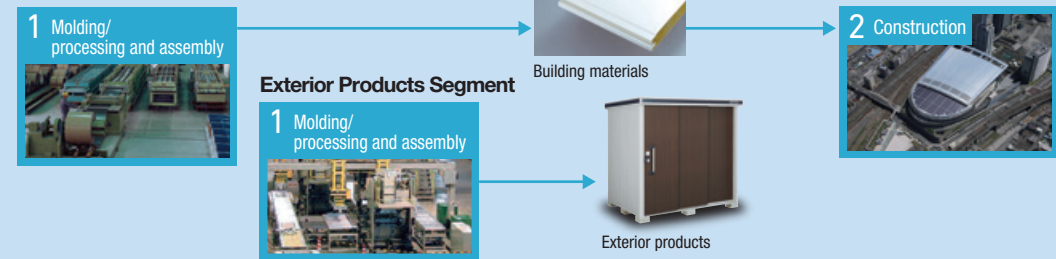
Blast furnace steelmaking



Steel Sheet Segment



Building Materials Segment



Roll Business

Steel Rolls Are Instrumental in a Variety of Industrial Fields

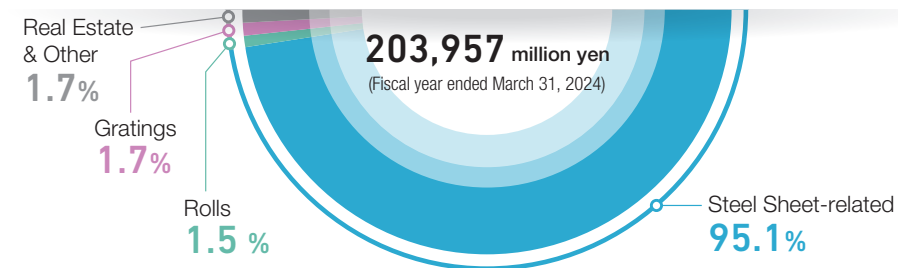
With products that range from rolls for the steel industry fabricated by one of the world's largest centrifugal casting facilities to equipment for the paper industry, including rolls and peripheral equipment, Yodogawa Steel is one of Japan's leading roll manufacturers.



Steel Sheet-related Business

Steel Sheet Segment

Business segment sales



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

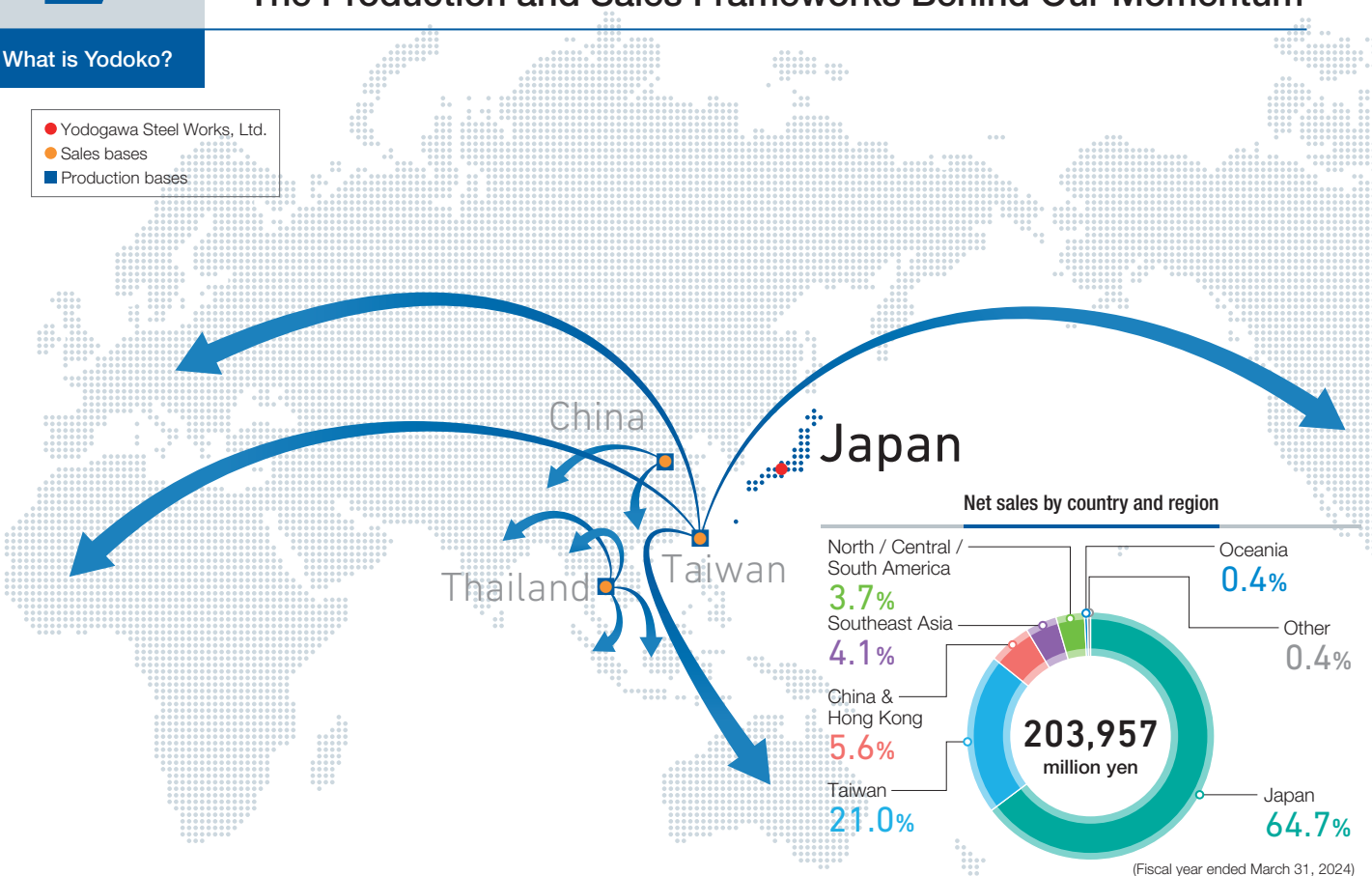
The Real Estate Business manages and effectively uses properties owned by Yodogawa Steel by leasing buildings and operating parking lots.



The Production and Sales Frameworks Behind Our Momentum

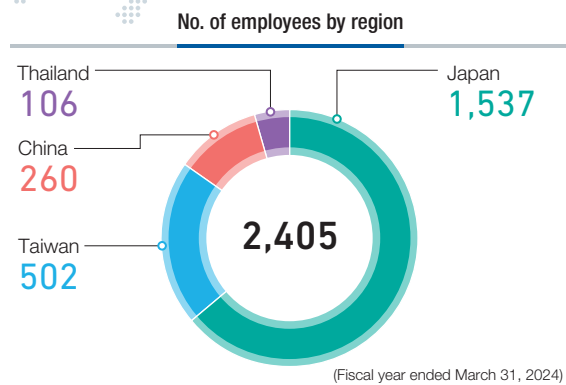
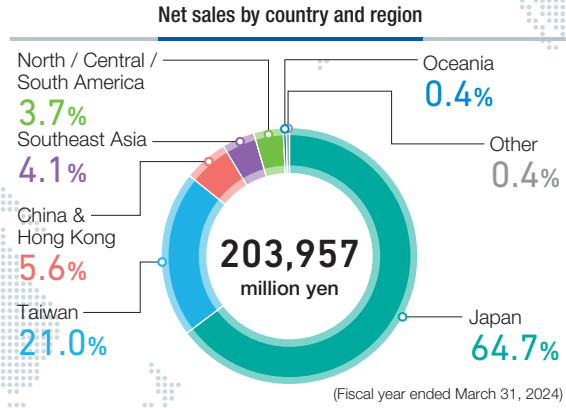
What is Yodoko?

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



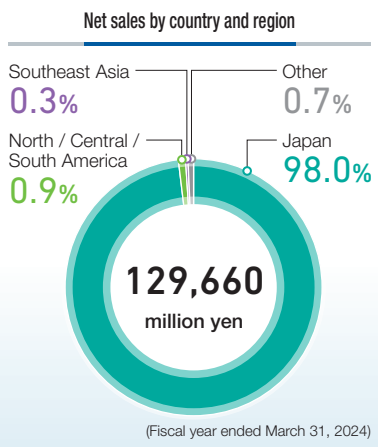
Starting ahead of our competitors, we established a well-balanced sales and production network in Asia and use this infrastructure to supply high-quality surface-treated steel sheets to customers worldwide.

Japan

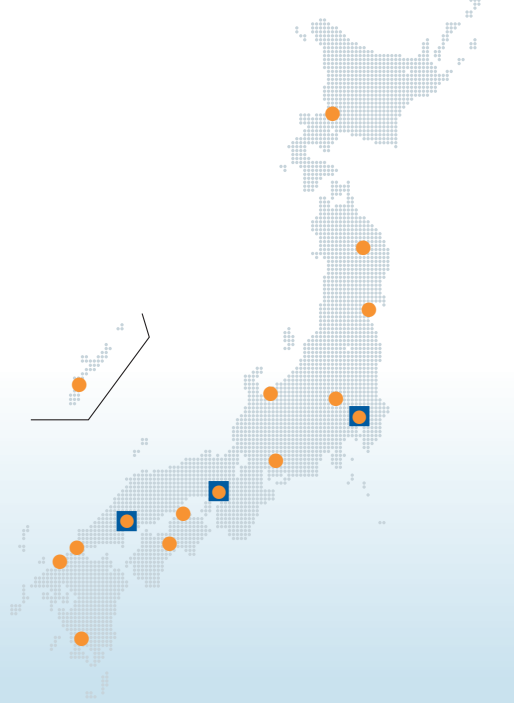


Japan

Yodogawa Steel Works, Ltd.

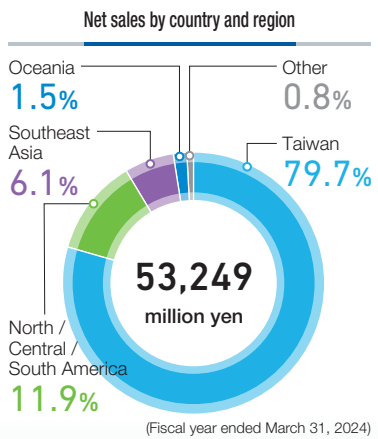


A well-balanced network of production bases in Japan and 15 sales offices that maintain close relationships with customers and with the region that each office serves



Taiwan

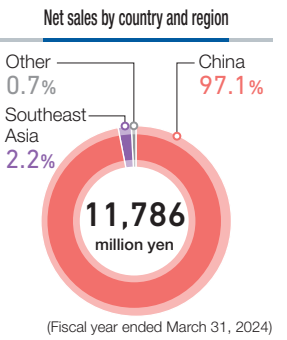
Sheng Yu Steel Co., Ltd. (SYSCO Taiwan)



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

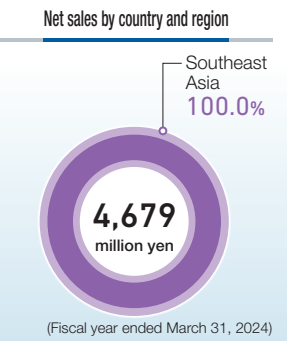
China

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



Thailand

PCM Processing (Thailand) Ltd. (PPT Thailand)



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

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.

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

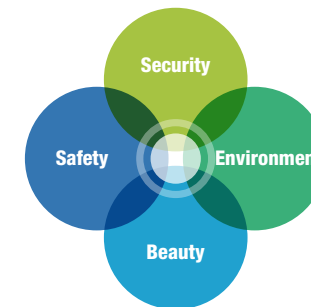
- Start new businesses based on existing business

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

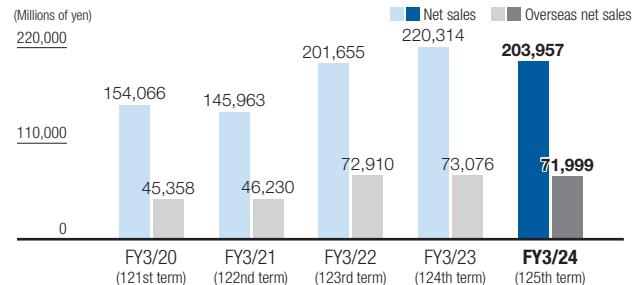


- Contribute to lowering the environmental impact by supplying environmentally responsible products
- Contribute to social infrastructure by supplying attractive products

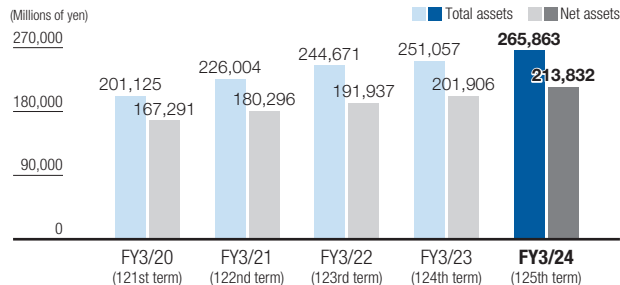
Financial and Non-financial Highlights

What is Yodoko?

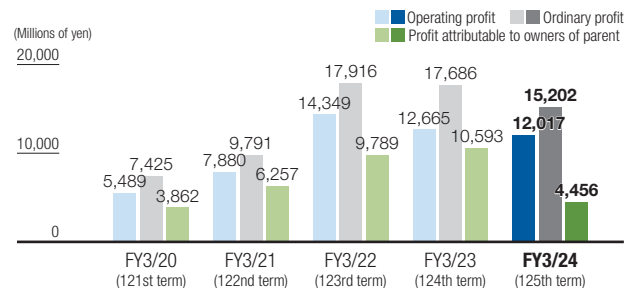
Net sales, overseas net sales (consolidated)



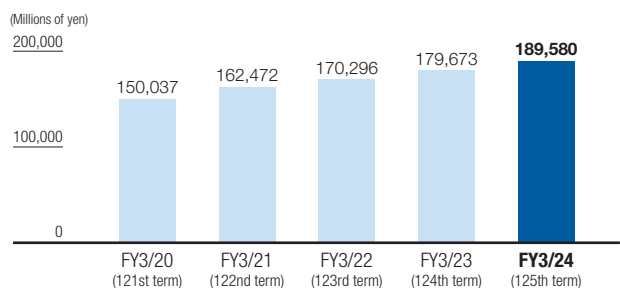
Total assets, net assets (consolidated)



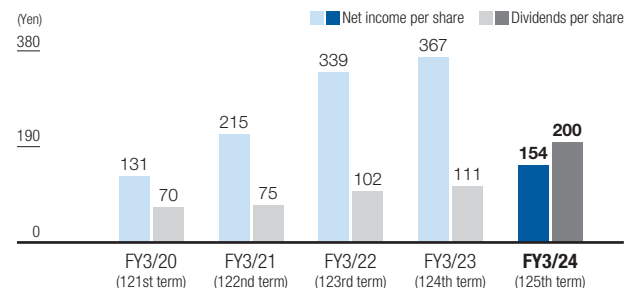
Operating profit, ordinary profit, profit attributable to owners of parent (consolidated)



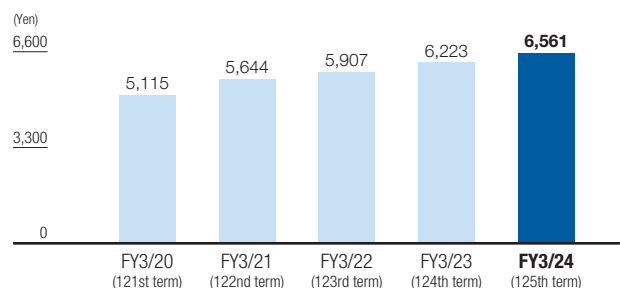
Shareholders' equity (consolidated)



Net income per share, dividends per share (consolidated)

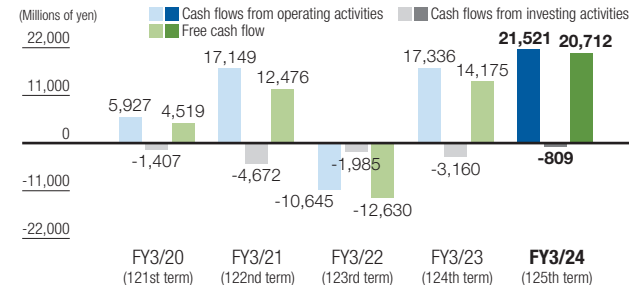


Net assets per share (consolidated)

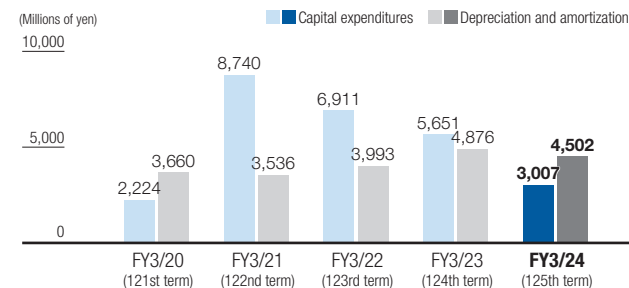


*Yodogawa Steel started applying Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) at the beginning of the fiscal year that ended in March 2022. Significant financial indicators for the fiscal year that ended in March 2021 have been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

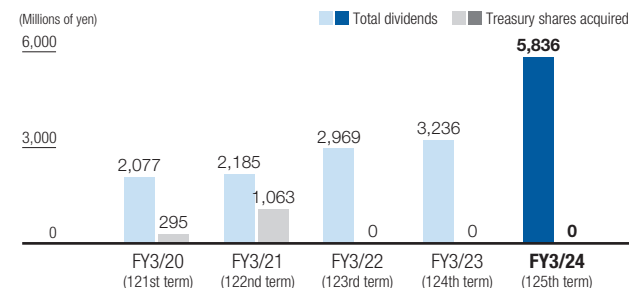
Cash flows from operating activities, cash flows from investing activities, free cash flow (consolidated)



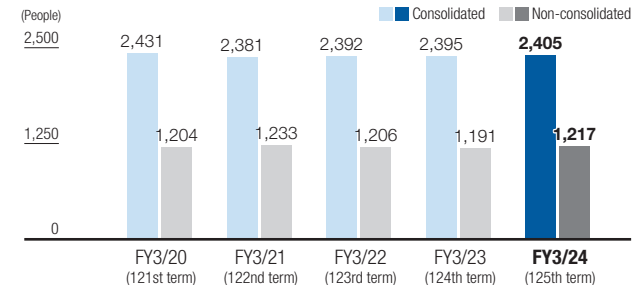
Capital expenditures, depreciation and amortization (consolidated)



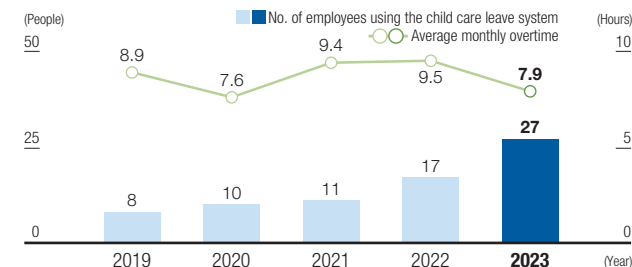
Total dividends, treasury shares acquired (non-consolidated)



No. of employees (consolidated, non-consolidated)

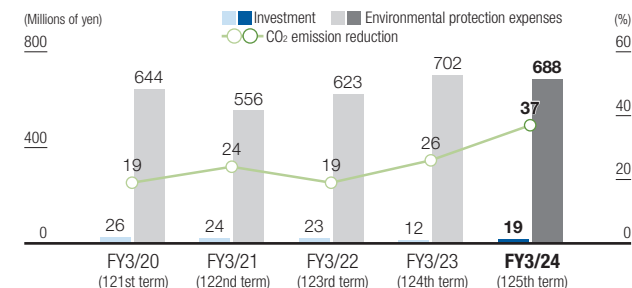


No. of employees using the child care leave system, average monthly overtime* (non-consolidated)



*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. These figures are based on the preliminary data shown on pages 26 and 27.

Aiming for more corporate value growth with management that is conscious of cost of capital and stock price.

During the fiscal year that ended in March 2024, the recovery of the Japanese economy was slow even as activities returned to normal after the pandemic. Growth was held down by the high cost of resources, energy and many other goods. In other countries, concerns about inflation continued in the U.S. as the economy remained strong, internal demand was sluggish in Europe as interest rates remained high, and China's economic growth rate continued to decline. The Yodogawa Steel Group's net sales in the fiscal year decreased 7.4% to 203,957 million yen. Operating profit decreased 5.1% to 12,017 million yen, ordinary profit decreased 14.0% to 15,202 million yen, and profit attributable to owners of parent decreased 57.9% to 4,456 million yen. Although the business climate is likely to remain challenging, our goal is to continue growing and further increase our corporate value.

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, 2024?

A Sales and earnings were down because of challenging market conditions.

The business climate for the operations of our group in Japan and other countries was extremely difficult during the fiscal year ended March 31, 2024.

In the core steel sheet-related business, demand was soft in Japan mainly because of the high cost of building materials and delays in construction projects caused by the labor shortage and other issues. Imports of inexpensive products created more challenges. As a result, the sales volume of galvanized steel sheets and pre-painted steel sheets, which are our main products, decreased. Outside Japan, exports decreased at Sheng Yu Steel Co., Ltd. (SYSCO) in Taiwan but the sales volume in Taiwan increased because of sales activities targeting new applications and sources of demand. In China, the sales volume of Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) decreased because of the impact of the real estate market downturn on the Chinese economy. In Thailand, the performance of PCM Processing (Thailand) Ltd. (PPT) was stable as this company continued to focus on increasing sales of value-added steel sheets.

The result was decreases in consolidated sales and earnings. The decrease in profit attributable to owners of parent was larger than the ordinary profit decline because of an addition to the provision for product warranties.



YODO Roof on Tsuruga Station of the Hokuriku Shinkansen

Q What activities during the fiscal year produced benefits?

A There was progress with joint activities with other companies.

During the past several years, we created our own brand for exterior products and used partnerships with other companies to develop new products that use the well-known brands of these companies. The objectives were to enhance the market profile of our products and add new sources of demand for exterior products. In the storage shed category, we started selling in April 2021 the YODO Monooki Erumo LMD-2215 Coleman storage sheds through a tie-up with this globally recognized supplier of outdoor products. This is also a product to celebrate the 50th anniversary of our storage shed business.

In the past fiscal year, we started shipments of YODO Monooki Erumo BEAMS DESIGN storage sheds in April 2023. These sheds, which were very successful, use a licensing agreement with BEAMS Co., Ltd. Diamond Home

Center, Japan's only home improvement center magazine, selected these sheds as a hit product of the first half of 2023 based on the input of home improvement center buyers. Furthermore, the sheds placed first in the exterior/storage shed category of hit products.

On June 6, 2024, we started accepting reservations to buy Mickey Mouse model of the YODO Monooki Disney Series that features Disney characters. We plan to continue adding products that use tie-ups with other companies. Useful functions are the key to selling storage sheds. In addition, sales are affected by price-based competition. However, I believe that attractive designs are becoming increasingly important because of the growing number of houses in Japan with distinctive designs. Our brand tie-up activities are meeting this need for attractive and unusual storage sheds. As the next step, I want to further upgrade the designs of our core lineup of basic storage sheds in order to raise the sales volume of these products.

We started the Medium-term Management Plan 2025 in the past fiscal year. The primary strategic objective of the plan is taking on the challenge of entering new business fields. As one step to help solve issues in the construction industry and create new value, we have announced in March 2024 to establish Y.S. PANERIO CO., LTD. on April 1, 2024. This company will concentrate on the development of next-generation construction technologies and products. This company is owned jointly with SEKINO KOSAN CO., LTD. and Sadoshima Corporation. The main activities are the production and sale of high-performance exterior building materials and a small business for system-built houses. SEKINO KOSAN manufactures metal roof and wall materials. Sadoshima is a trading company specializing in steel and non-ferrous metals. Combining the

strengths of the three owners gives this new company a powerful base for creating new businesses.

Q | What are your priorities and goals for the fiscal year ending in March 2025?

A | Use sales strategies for specific regions while holding down the increase in expenses.

In Japan, there are challenges caused by soft demand for construction of houses and other buildings and the rising cost of raw materials, energy, logistics, labor and other items. One priority is to seek additional sources of demand at existing customers while adding new customers. Raising our prices to reflect higher expenses is another priority. The goal of these measures is to become more profitable. In other countries, one of our priorities is improving the performance of YSS as economic growth in China



YODO Monooki Erumo BEAMS DESIGN storage shed

continues to be slow. Our goal is a recovery backed by a higher sales volume resulting from strengthening the sales operations of agents and making our brands more powerful. At SYSCO in Taiwan, there is still no outlook for a recovery in exports to the U.S. At this company, I want to add new sources of demand in Taiwan and find new customers and markets for exports.

Q | Please explain the key elements of the Medium-Term Management Plan 2025.

A | The new medium-term plan was created for the purpose of more growth of corporate value.

Our group is working to accomplish the goals of the medium-term plan as one way to continue our progress to become a 100-year company. The Medium-Term Management Plan 2022 was a phase to give us a running start for reaching our targets. There were many actions during the plan. The current plan, which started in April 2023, is positioned as a three-year period for generating results. There are three basic strategies: (1) Build an even stronger profit structure, (2) Take on the challenge of entering new business fields, and (3) Establish a foundation for sustainable business operations.

In April 2024, the start of the plan's second year, I announced our policy for management that is conscious of cost of capital and stock price. Furthermore, for sustained growth and long-term growth of corporate value, we made revisions to the Medium-Term Management Plan 2025. There are two key components of our activities based on this plan.



YODO Warehouse

- (1) Reexamination of the business portfolio
- (2) Financial strategy/capital policy

Reexamining the business portfolio has the goals of strengthening our current businesses and creating new businesses. I want to maximize earnings by accomplishing both of these goals at the same time. To strengthen current businesses, we will be making carefully planned capital expenditures to become more competitive, especially in the core steel sheet-related business. In addition, we will become more efficient mainly by reducing inventories. Another step is a thorough examination of our business portfolio for taking actions concerning unprofitable businesses, reorganizing group companies and other measures. To create new businesses, we plan to establish many alliances and use M&A, chiefly in our group's peripheral business sectors.

Our financial strategy and capital policy is centered on the optimization of capital. For this purpose, our plans include the reduction of cross-shareholdings and more distributions of earnings to shareholders.

In the revised plan, our new consolidated operating profit target for the fiscal year ending in March 2026 is at least 13 billion yen compared with the original target of at least 10 billion yen in each year of the plan. The ROE target is 7%, up from at least 5%, the shareholder distribution target in each year is a dividend of at least 200 yen, up from at least 50 yen, and a payout ratio of at least 75%, up from at least 30%. We have also established the new target of reducing cross-shareholdings by 30% during the current medium-term plan.

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

A We are installing solar power systems and have many charitable and community activities.

Lowering our environmental impact is one of our greatest responsibilities as a manufacturer. In the past, energy conservation was a way to cut costs. Now, we realize that reducing energy use is essential for lowering greenhouse gas and CO₂ emissions. We are determined to continue lowering energy use for CO₂ emission reductions. In addition, we started using electricity from renewable energy sources in 2022.

Electricity from renewable energy is now used at our plants in Ichikawa, Kure, Osaka and Izumiotsu and at Fukui Yodoko Co., Ltd. In May 2024, a solar power system generating electricity used by the Osaka Plant started



The Yodoko Guest House

operating. We plan to install renewable energy facilities at more locations to make more contributions to lowering CO₂ emissions.

Yodogawa Steel has many corporate social responsibility programs. One example is the Yodoko Guest House (former residence of the Yamamura family), a historic home in Ashiya, Hyogo prefecture that was designed by Frank Lloyd Wright and is open to the public. We will continue to preserve and responsibly manage this property. In recognition of these activities, we received “This is MECENAT 2023” certification from the Association for Corporate Support of the Arts. The main house was designated a National Important Cultural Property by the Japanese government in 1974 and in May 2024 an application was submitted that is expected to expand this designation to include the grounds.

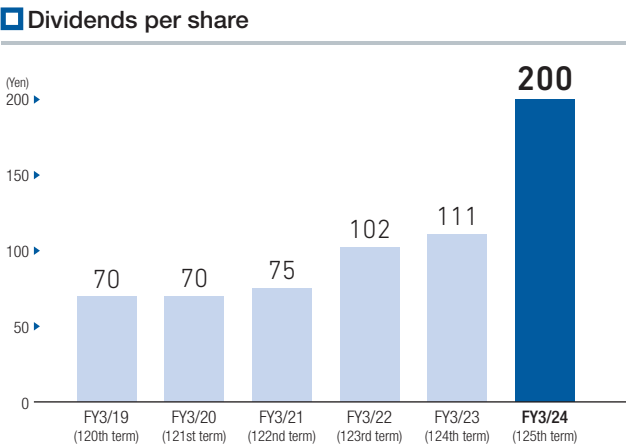
As part of activities to support communities and sports, we have a partnership that began in 2021 with Cerezo Osaka Co., Ltd. and the Cerezo Osaka Sports Club. As a leading partner of the Cerezo Osaka professional soccer team, we

acquired the naming rights for the home stadium of this team, which is called Yodoko Sakura Stadium. We will continue to support this team in many ways. In June 2023, we signed a gold partner agreement with the Cerezo Osaka Yanmar Ladies professional soccer team as another way to support the activities and advancement of women. Volunteer programs are another important part of corporate social responsibility. Since FY2022, employees have been participating in the Kyousei-no-Mori (coexistence forest) creation program of the Osaka prefectural government. Volunteers perform tasks at a former industrial waste landfill site for returning this location to a natural environment with many types of plants and animals.

Q Finally, what is your message to stakeholders?

A I am firmly committed to the growth of corporate value even as the business climate remains challenging.

In the fiscal year ending in March 2025, I expect a



continuation of the adversities that we encountered in Japan and other countries during the past fiscal year. In April 2024, we announced our policy for management that is conscious of cost of capital and stock price. We will use the business portfolio reexamination in this policy to maximize earnings and a review of our financial strategy and capital policy to optimize the use of capital. Our goal is to use these actions to increase our ROE and achieve the long-term growth of corporate value.

We have reexamined our policy for shareholder distributions. Based on the current policy, we plan to pay a dividend of 200 yen per share for the fiscal year that ended in March 2024. This is the sum of a 55 yen interim dividend and a 145 yen year-end dividend.

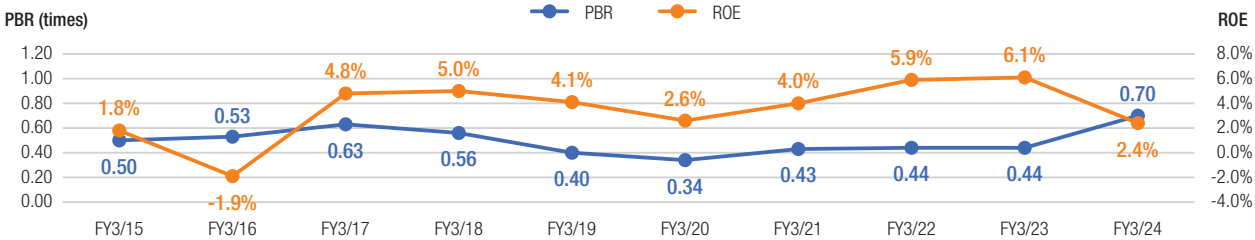
Finally, I want to thank our shareholders and all other stakeholders for your support and understanding.



Actions to Implement Management that is Conscious of Cost of Capital and Stock Price

Analysis of Current Situation: PBR and ROE

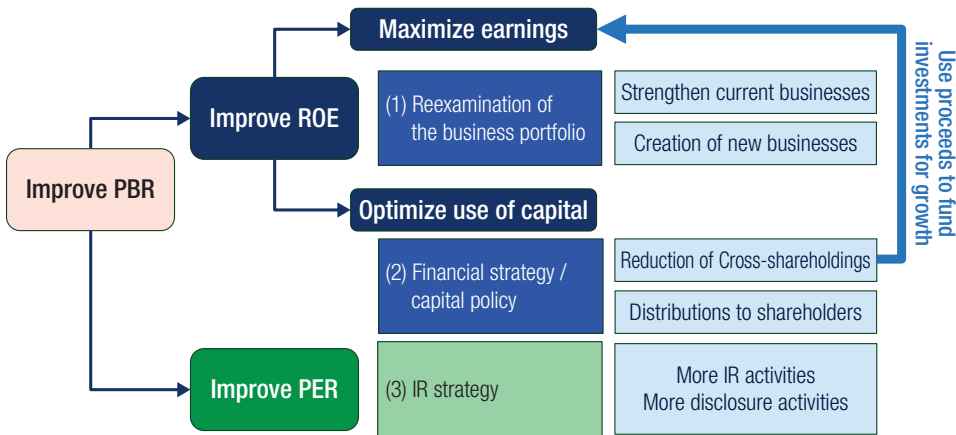
- PBR: 0.70 (as of the end of FY3/24)
⇒The PBR has been consistently below 1 during the past 10 years, remaining in a range of 0.34-0.70.
- ROE: 2.4% (FY3/24)
⇒The ROE was above 5% in FY3/22 and FY3/23, but declined sharply in FY3/24 due to a large extraordinary loss.
Has not yet achieved a return on equity that exceeds the cost of equity.



An ROE higher than the cost of equity is the highest priority for achieving an appropriate valuation of Yodogawa Steel stock.

Sustained Growth and Medium/Long-term Corporate Value Growth

- The ROE target for FY3/26 has been increased to 7%.
- Yodogawa Steel maximizes earnings by reexamining its business portfolio and optimizes capital use by reviewing its capital policy. The goal is an ROE of at least 8% by the end of the next medium-term plan.



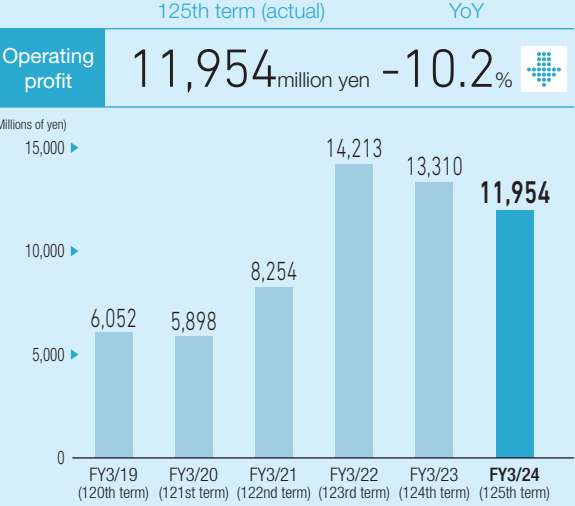
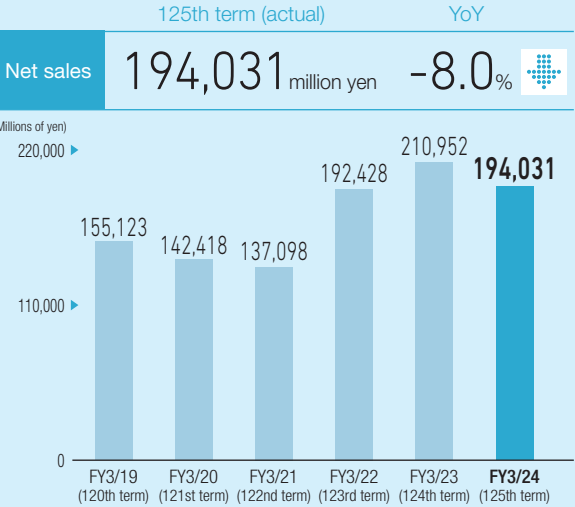
Upcoming Initiatives

Basic strategies		Status of major initiatives																	
(1)	Reexamination of the business portfolio	▶ Maximization of earnings by strengthening current businesses while creating new businesses																	
		<ul style="list-style-type: none">Strengthen current businesses<ul style="list-style-type: none">➢Capital expenditures to become more competitive and a shorter cash conversion cycle (inventory reductions and other measures) for higher efficiency➢Determination of actions for building a stronger business portfolio (identify unprofitable businesses, group reorganization, etc.)Creation of new businesses<ul style="list-style-type: none">➢Seek opportunities for more alliances and M&A, mainly in business sectors associated with current operations, to add new businesses																	
(2)	Financial strategy/ capital policy	▶ Planning on more sales of cross-shareholdings and more distributions to shareholders The goal is the optimum capital structure, including the appropriate use of interest-bearing debt																	
		<ul style="list-style-type: none">Reduction of cross-shareholdings [Planned reduction during the Medium-Term Management Plan 2025]<ul style="list-style-type: none">➢Medium-term plan: April 2023-March 2026 (3 years)➢Planned reduction: About 30% of End-March 2023 cross-shareholdings, which were 28 billion yen<table><tr><th colspan="4">Billions of yen</th></tr><tr><th>End-March 2023</th><th>End-March 2026</th><th colspan="2">Target</th></tr><tr><th>Result</th><th>Forecast</th><th>Reduction amount</th><th>Reduction rate</th></tr><tr><td>28.0</td><td>19.6</td><td>8.4</td><td>30.0%</td></tr></table>[Medium/long-term reduction policy]<ul style="list-style-type: none">➢The goal is to reduce cross-shareholdings (balance sheet valuations) to less than 10% of consolidated net assets.Distributions to shareholders (Dividend policy)<ul style="list-style-type: none">➢The amount of equity will be controlled in a suitable manner with the goal of raising the ROE to at least 8%.➢During the current medium-term plan, the plan is a consolidated dividend payout ratio of at least 75% while maintaining a fiscal year dividend of no less than 200 yen.Cancellation of treasury shares<ul style="list-style-type: none">➢The policy is to keep holdings of treasury shares below 10% of the total number of outstanding shares.➢Plan to cancel 3 million shares of treasury stock (8.61% of outstanding shares prior to this cancellation) on May 31, 2024.				Billions of yen				End-March 2023	End-March 2026	Target		Result	Forecast	Reduction amount	Reduction rate	28.0	19.6
Billions of yen																			
End-March 2023	End-March 2026	Target																	
Result	Forecast	Reduction amount	Reduction rate																
28.0	19.6	8.4	30.0%																
(3)	IR strategy	▶ Yodogawa Steel places priority on communications with shareholders and investors and is committed to giving everyone a sound understanding of the Yodogawa Steel Group by increasing opportunities for shareholder and investor dialogues.																	
		<ul style="list-style-type: none">More investor relations and disclosure activities<ul style="list-style-type: none">➢Further upgrade earnings announcement presentations and meetings with investors➢Enhance information provision to investors through various IR tools➢Provide English translations of timely disclosure announcements as required by the Tokyo Stock Exchange																	

Medium-Term Management Plan 2025 Targets

Some targets in the Yodogawa Steel Group Medium-Term Management Plan 2025 have been revised to reflect actions for management that is conscious of cost of capital and stock price.		
[Initial Targets]		
	Period	Objective
Consolidated operating profit	Every fiscal year	At least 10 billion yen
ROE	FY3/26	5% or more
Capital expenditures	Three-year total	20 to 25 billion yen
Distributions to shareholders	Every fiscal year	Annual dividend of at least 50 yen Consolidated payout ratio of at least 30%
Criteria for treasury share ownership	—	—
Reduction of cross-shareholdings	—	—
[New Management Targets]		
	Period	Objective
	FY3/26	At least 13 billion yen
	FY3/26	7%
	Three-year total	20 to 25 billion yen
	Every fiscal year	Annual dividend of at least 200 yen Consolidated payout ratio of at least 75%
	Every fiscal year	About less than 10% of the total number of outstanding shares
	Medium-term plan period (3 years)	Reduction rate: 30% equivalent Reduction amount: About 8.4 billion yen

Steel Sheet-Related Business



Steel Sheet Segment

Performance in the year ended March 31, 2024

- The sales volume of galvanized steel sheets to specific high-demand customers in Japan decreased because of construction delays caused by the labor shortage and high cost of building materials and imports of inexpensive products. The sales volume of pre-painted steel sheets also decreased. Lower demand for home appliances following the end of the pandemic and the negative effect of inflation on consumer sentiment are the main reasons. In the building materials category, although there were activities to add new customers and other measures during the fiscal year to generate sales, the sales volume was down as soft demand and construction project delays created difficulties.
- In the general distribution category in Japan, there was no growth involving non-residential small and midsize construction projects but demand was firm in the semiconductor manufacturing and large distribution center sectors. In the residential construction sector, demand was held down by the declining willingness of consumers to make purchases. As a result, the sales volume in this category decreased.
- SYSCO increased its sales volume in Taiwan by targeting new applications and new sources of demand. However, sales were down because there was still no significant recovery in overseas markets for this company's products. In China, sales at YSS decreased due to lower demand and price-based competition, despite measures for receiving orders. At PPT in Thailand, the sales volume and monetary sales decreased. Sales were supported by measures to sell value-added products and revise prices in response to declining prices in the steel product market. These activities were offset by lower production at customers, mainly in the AC industry.

Outlook for the year ending March 31, 2025

- Demand in Japan is expected to remain sluggish as some manufacturing sectors recover slowly but the labor shortage and high cost of building materials hold down the building construction sector. Logistics and other expenses are likely to continue to increase. Activities are under way to increase sales by adding new customers and submitting ideas for new applications of Yodogawa Steel products to current customers. To increase earnings, suitable revisions of product prices to reflect higher expenses are planned.
- The outlook is for challenging market conditions for all group companies outside Japan. In Taiwan, SYSCO is aiming for higher earnings by using new technologies, focusing sales activities on overseas market categories requiring high quality, and other measures. In China, YSS has the goal of ending losses by raising its sales volume and improving profitability. In Thailand, PPT is aiming for higher sales and earnings by focusing on increasing sales of high-end steel sheets, which have high profit margins.

Initiatives for achieving the Medium-Term Management Plan targets

- Expand operations to many business sectors that are not vulnerable to changes in market conditions and business climate.
- Supply products for more categories of demand at current customers and add new customers.



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, 2024

- In the building materials sector, the sales volume decreased because of revisions of plans for constructing small/midsize buildings and delays at construction projects under way.
- In the exterior products sector, the sales volume of storage sheds decreased as inflation impacted consumer sentiment. Sales of garages and other large products remained strong.
- Despite the construction delays caused by the lack of building materials and labor shortage, sales increased due to an increase in sales involving large commercial buildings, university buildings and other projects.

Outlook for the year ending March 31, 2025

- Although the high cost of building materials and the labor shortage will continue to create difficulties, the demand for metal panels used at distribution centers and in the semiconductor industry is strong. Activities include sales of panels and roof materials as a single package.
- In the exterior products sector, demand for storage sheds is likely to remain soft. However, the goal is a steady sales volume by displaying more YODO Monooki Esumo and Erumo storage sheds at retail locations and using other measures.
- In the construction sector, where the labor shortage is creating challenges, sales activities are focusing on pharmaceutical plants, data centers and other large projects.

Initiatives for achieving the Medium-Term Management Plan targets

- To increase sales of building materials, plans include more activities targeting system-built houses and upgrading manufacturing and sales operations to adapt to changes in demand. We are also using unified roof/wall material sales activities for sales growth.
- For exterior products, our goal is sales volume growth by increasing the lineup of products using collaborations with companies in other industries and by developing value-added products based on creative and innovative concepts.
- In the construction sector, our goal is sales growth while making our brand even more powerful due to more participation in projects involving Expo 2025 in Osaka and prominent building projects.

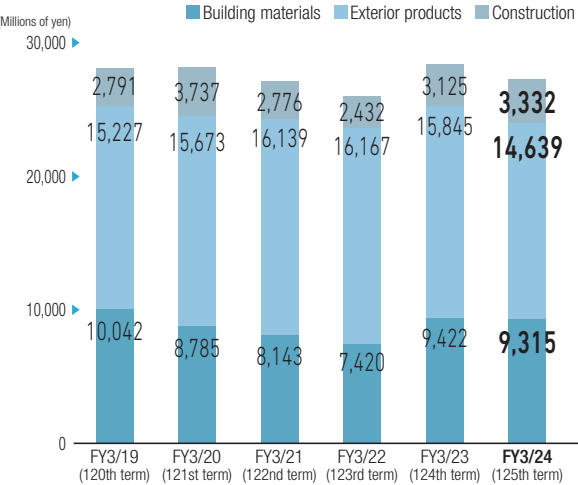
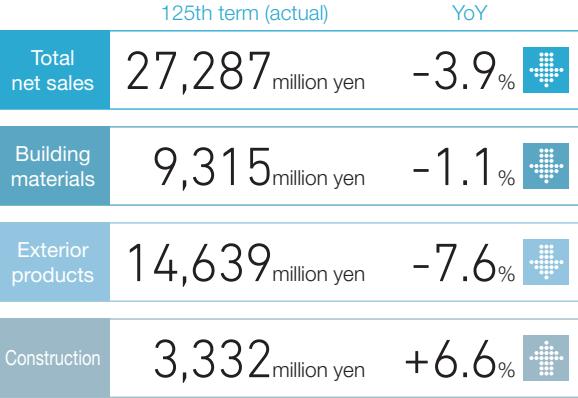


A building with YODO fire-proof panel Grand Wall (Main building of TOYOTA MEMORIAL HOSPITAL)

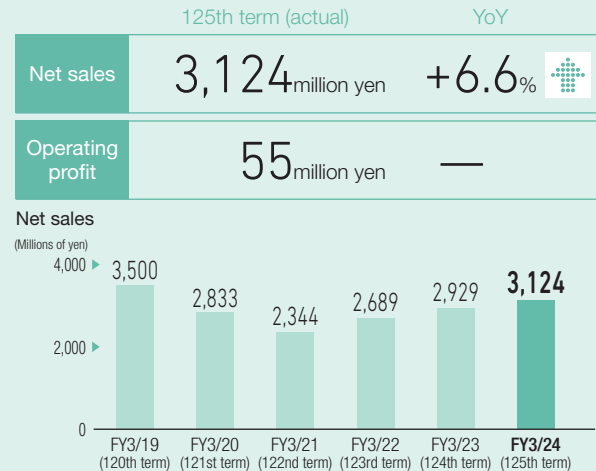


YODO Monooki Storage Shed Esumo

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



Roll Business



Performance in the year ended March 31, 2024

- Although the downturn in production at both blast furnace and EAF steelmakers appears to have ended, the sales volume of rolls for steelmaking decreased as inventories of these rolls were reduced.
- In other market sectors, the sales volume was down mainly because of the cancelation of roll replacements in the papermaking industry due to weak sales. As a result, maintenance services for aging rolls accounted for most sales outside the steel industry.

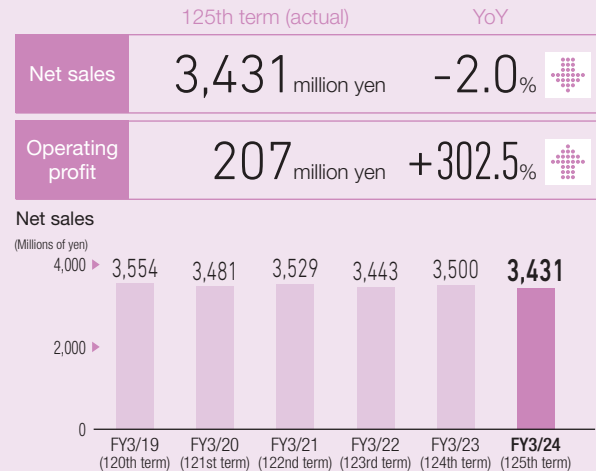
Outlook for the year ending March 31, 2025

- Activities are focusing on capturing orders and improving selling prices of steelmaking rolls in a business climate where global instability may raise the cost of raw materials even more.
- In other market sectors, one priority is receiving roll replacement orders as papermaking companies resume roll replacements. There are also many activities to receive maintenance orders to generate sales.

Initiatives for achieving the Medium-Term Management Plan targets

- Increase market share by focusing on opportunities involving updates of blast furnace steelmaker production lines.
- Many sales activities outside Japan mainly for sales of rolls for heavy plate rolling, which have high profit margins.

Grating Business



Performance in the year ended March 31, 2024

- Although public-works budgets were the same as in the previous fiscal year, expenditures for highway projects decreased as more funds were used for disaster readiness projects. In the private sector, construction activity was limited by the high expenses and the chronic labor shortage. Most significant was declines in construction starts of factories and warehouses. As a result, the sales volume of gratings decreased.
- Improving selling prices for profitability as the cost of raw materials and other supplies increases.

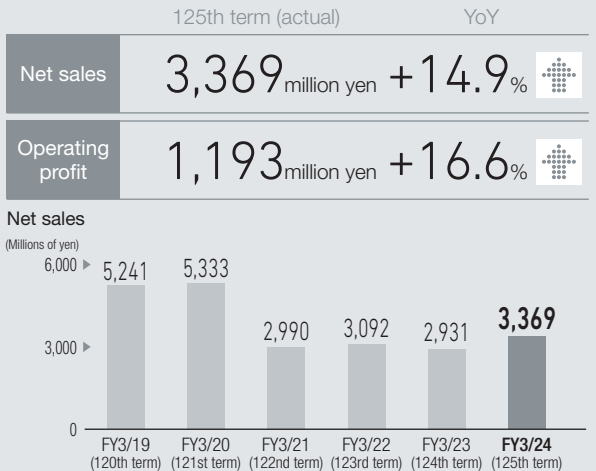
Outlook for the year ending March 31, 2025

- With a demand in both the public-works and private-sector construction categories unlikely to recover, the goal is to generate sales resulting from activities to add sales channels in market sectors other than highways where highly profitable products can be sold.
- High prices of raw materials and other supplies, logistics, and other items will probably continue to exert downward pressure on earnings. We are working on quickly increasing selling prices in order to be profitable.

Initiatives for achieving the Medium-Term Management Plan targets

- Receive orders consistently by precisely meeting needs in market sectors other than highways.
- Increase earnings by raising the pct. of sales from high-margin products while raising sales of OEM products.

Real Estate & Other Businesses



Performance in the year ended March 31, 2024

- In the Real Estate Business, occupancy rate at tenant-occupied buildings was about the same as in the previous fiscal year.

Outlook for the year ending March 31, 2025

- Effectively utilizing properties remains the priority of the Real Estate Business.

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 launch new products and attract more customers for the growth of sales and earnings.

Topics

Launch of the Mickey Mouse model of the YODO Monooki Disney Series

We started accepting reservations on June 6, 2024, for purchases of the Mickey Mouse model of the YODO Monooki Disney Series.


This eye-catching storage shed features Mickey Mouse, a world-famous Disney character who debuted in 1928. A colorful design, handles and other elements with a Mickey Mouse theme, and stickers that can be placed anywhere make this cabinet featuring Mickey and Minnie an attractive addition to a room.

For more information, please click the link below.
Website for the Mickey Mouse model of the YODO Monooki Disney Series
<https://www.yodomonooki.jp/disney/>





SYSCO Taiwan

Trade name	: Sheng Yu Steel Co., Ltd.	Location	: Kaohsiung, Taiwan R.O.C	<div>Taiwan</div> 
Established	: May 1973	Chairman of the Board	: Koichi Tarumiya	
Paid-in capital	: NT\$ 3,211.8 million	President	: Johnson Hung	
Business activities	: Steel sheet manufacturing and sales	Number of employees	: 502	
Main facilities	: 1 pickling line 2 cold rolling lines 2 galvanizing lines 2 color coating lines			

Performance in the year ended March 31, 2024


- Consumer spending was strong in Taiwan in 2023 following the downturn during the pandemic. However, Taiwan's economic growth was slower than the forecast because of weak external demand caused by a sluggish global economy.
- Although the size of the market in Taiwan is declining, the sales volume in Taiwan increased because of market share gains resulting from successful activities to add new applications and sources of demand.
- The sales volume of exports decreased because there is still no broad-based recovery of this market. The reasons are price-based competition in Asian countries and the continuation of trade protectionism in the United States.

Outlook for the year ending March 31, 2025

- The expected decline in U.S. interest rates will probably have a positive effect on overall demand. However, we expect that the business climate will remain difficult because of conflicts in many areas of the world, the high cost of ocean freight, the increasing pace of measures for carbon neutrality, and other reasons.
- Many initiatives are under way for earnings growth while meeting the needs of society. Major goals are higher quality pre-painted steel sheets, a more powerful brand, more sales activities involving construction and solar power generation, adding new technologies, DX progress, and a focus on overseas market categories that require high quality.



YSS China

Trade name	: Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.	Location	: Anhui, China	<div>China</div> 
Established	: October 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	: 260	
Main facilities	: 1 galvanizing line 2 color coating lines			

Performance in the year ended March 31, 2024


- Although pandemic restrictions have ended, demand for steel in China was still weak because of slow economic growth. China's long real estate market downturn and intense price-based competition also impacted this company's performance. The result was a decrease in the sales volume.
- In the building materials category, the sales volume increased despite soft demand caused by slow economic growth in China. Higher sales were the result of more sales agents and measures to reinforce sales activities.
- In the home appliance category, there were sales activities to add new customers that included new applications for AC outdoor units and washing machines.

Outlook for the year ending March 31, 2025

- To increase the sales volume of building materials, a category where demand is expected to decline, YSS plans to further upgrade sales capabilities of agents and use many activities to raise awareness of products for an even more powerful brand.
- In the home appliance category, YSS is aiming for sales volume growth despite weak demand among end users by increasing activities to add new customers while working with sales agents.



PPT Thailand

Trade name	: PCM Processing (Thailand) Ltd.	Location	: Amata City Chonburi Industrial Estate	<div>Thailand</div> 
Established	: April 1999	Representative	: Yasushi Taniguchi	
Paid-in capital	: THB 1,377.259 million	Number of employees	: 106	
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, 2024

- During the fiscal year's first half, the sales volume of steel sheets used in the core categories of home appliances (refrigerators, washing machines, microwave ovens) was strong and AC outdoor units also contributed to sales. In the second half, inventory reductions by manufacturers held down sales but there were activities to maintain appropriate prices in order to remain profitable.
- Building material product sales volume down because of competition from inexpensive products made in China.

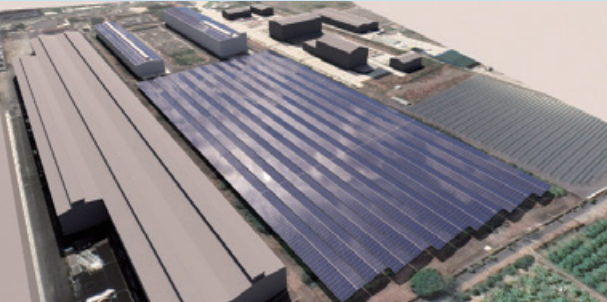
Outlook for the year ending March 31, 2025

- Maintaining suitable prices while monitoring market trends and the possibility of slower growth in China.
- For sales growth, the goals are higher sales of pre-coated metal (PCM) used in AC outdoor units and the addition of new suppliers in the ASEAN region.

Topics

New solar power generation system at SYSCO's Pyeongnam Plant

SYSCO has the goal of reducing its CO₂ emissions to 7% below the 2018 level by 2025. Activities include energy conservation measures on production lines and the planned installation of ground and rooftop solar power generation systems, which are expected to lower CO₂ emissions significantly. SYSCO estimates that the use of solar power will produce a benefit equivalent to cutting these emissions by about 5,000 tons every year. SYSCO has submitted a power transmission line application and started the installation of solar panels. Completion is scheduled for August 2025.



*Rendering of the completed solar power generation system

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.

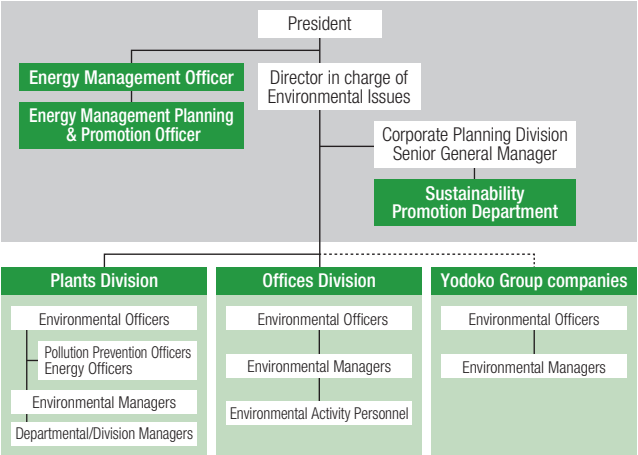
Basic Environmental Guidelines

- 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

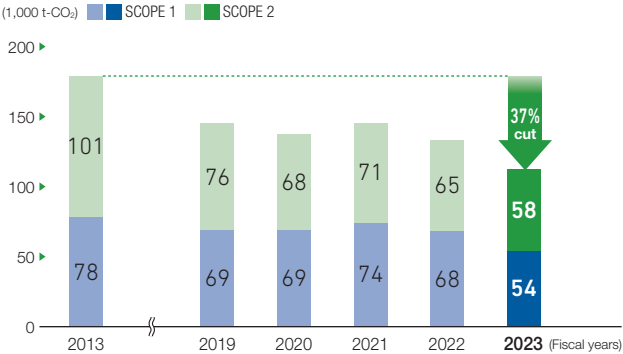
Yodogawa Steel is a participant in the Carbon Neutrality Action Plan of the Japan Iron and Steel Federation, which has the goals of combating global warming and conserving energy. For manufacturers, activities include updates of equipment for raising efficiency and improving business operations and using 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.

The plants in Osaka and Izumiotsu started using electricity from renewable energy sources in FY2022. In FY2023, the use of this electricity started at plants in Ichikawa and Kure and Fukui Yodoko Co., Ltd.

More activities are planned for energy conservation and the use of electricity from renewable energy in order to lower CO₂ emissions.

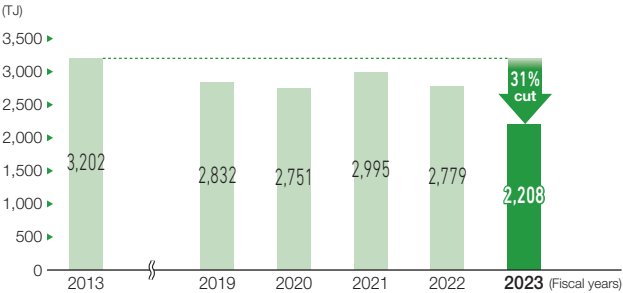
In the fiscal year ended March 2024 (FY2023), although there were some effects of sluggish demand for steel products, we cut CO₂ emissions by 37% and energy consumption by 31% (both vs. FY2013) partly due to energy conservation and the use of electricity from renewable energy.

CO₂ emissions Consolidated (Japan)



*Figures in prior years have been revised for consistency with the new calculation method.
CO₂ emissions in Japan have been classified using the following SCOPE categories in accordance with the GHG Protocol, which is an international standard.
SCOPE 1: Direct GHG emissions of a company (fuel combustion and industrial processes)
SCOPE 2: Indirect GHG emissions resulting from electricity, heat and steam supplied by other companies
*Emission coefficients for gas suppliers have not been announced. Calculations use the substitute coefficient (coefficient designated by regulations) of 2.05t-CO₂/thousand m³.

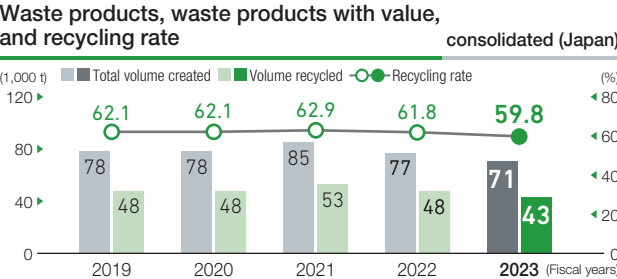
Energy consumption Consolidated (Japan)



*Figures in prior years have been revised for consistency with the new calculation method.
(Adjusted to use the same scope of calculations as for SCOPE 1 and 2 CO₂ emissions)

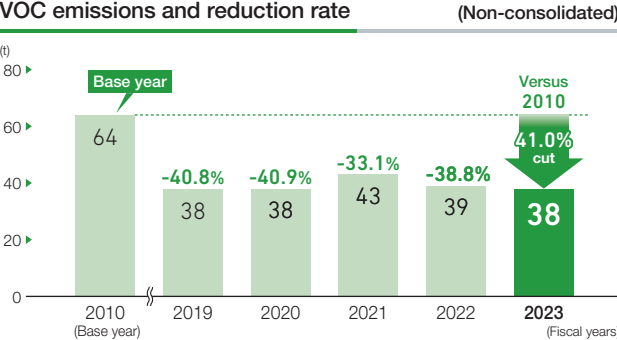
Create an Environmentally Recycling-oriented Society

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 FY2023, our total volume of waste materials was 71,000 tons. The recycling rate was 59.8%.



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 FY2023 VOC emissions to 41.0% 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 solar power generation systems that produced approximately 6,092 MWh of electricity in FY2023. This solar power reduces annual CO₂ emissions by about 2,669 tons.



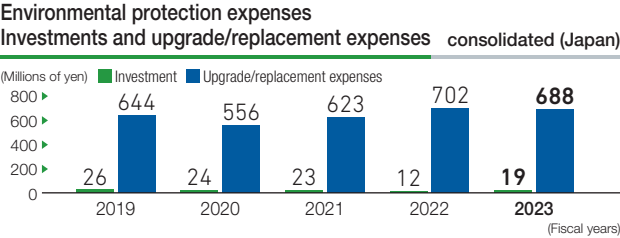
Photovoltaic power generation system at the Izumiotsu Plant

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.

In FY2023, environmental investments totaled 19 million yen, including replacement of forklifts with electric models, the installation of LED lights and other expenditures. Total environmental upgrade/replacement expenses in FY2023 were 688 million yen, consisting of 16% for air pollution prevention, 30% for water contamination prevention, and 25% for processing industrial waste. These expenses were mainly for preventing pollution and recycling resources.

Note: FY2023 numerical environmental data on pages 26 and 27 are preliminary figures.



Topics

Solar power system to supply electricity used by the Osaka Plant



As one step for the decarbonization of our operations, the Osaka Plant receives electricity from a solar power facility using the on-site power purchase agreement (PPA) business model. The facility began producing electricity in May 2024.



Electricity is generated by 915 solar panels with a total area of 2,363m². Annual production is expected to be approximately 572,000kWh, which is equivalent to an annual CO₂ emission reduction of about 175 t-CO₂. We plan to continue increasing the use of solar power generation system to play a role in creating a carbon-free society.

CDP climate change questionnaire



We started providing responses to the CDP*1 climate change questionnaire in FY2023 and received a management level score of B-. Activities will continue to increase the disclosure of information concerning our environmental programs.

*1 Originally known as the Carbon Disclosure Project, the CDP is an international non-profit organization that started in Britain. The CDP performs surveys of the environmental programs of companies and the public sector and makes survey results available to the public. In 2023, more than 23,000 companies accounting for about two-thirds of global market capitalization used the CDP to disclose information. The CDP uses questionnaires to assign one of eight scores: A/A- is leadership, B/B- is management, C/C- is awareness, and D/D- is disclosure.



Kyousei-no-Mori creation volunteer activities



Activities overseen by the Osaka prefectural government are under way in the city of Sakai to create a Kyousei-no-Mori (coexistence forest). Program participants are residents of the prefecture, non-profit organizations, companies and the public sector. This project has the goal of transforming a former industrial waste landfill site into a natural environment suitable for many types of plants and animals.

Volunteers from Yodogawa Steel have been helping with forest thinning, planting trees and other activities since FY2022.

A tree planting festival was held on March 2, 2024. More than 100 people from many backgrounds, including families living in Osaka, student volunteers, employees of companies and others, to plant more than 500 tree seedlings.



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, in January 2020 we 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

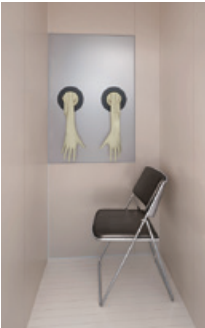
Major related SDGs



Safety Security Environment

During the pandemic, 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)

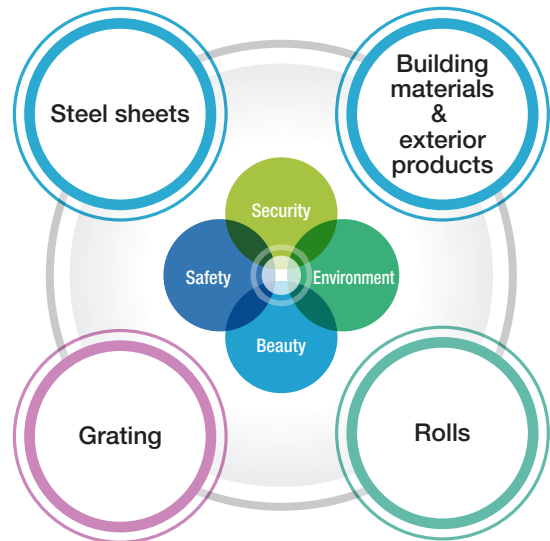
Social

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.

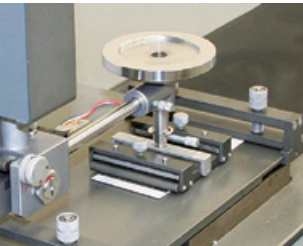
We manufacture two major categories of steel sheet products. The first category is steel sheets with specifications that meet the requirements of manufacturers of electric appliances and building materials. The second category is steel sheets that we sell through intermediaries for general-purpose building 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

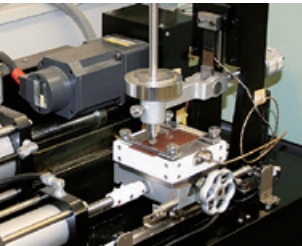
We believe that the mission of every company is to develop technologies and products that reflect changes in its markets and society. This is why we are constantly taking on new R&D themes and challenges. In the Steel Sheet Segment, R&D activities extend from surface-processing technologies to colors, 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)



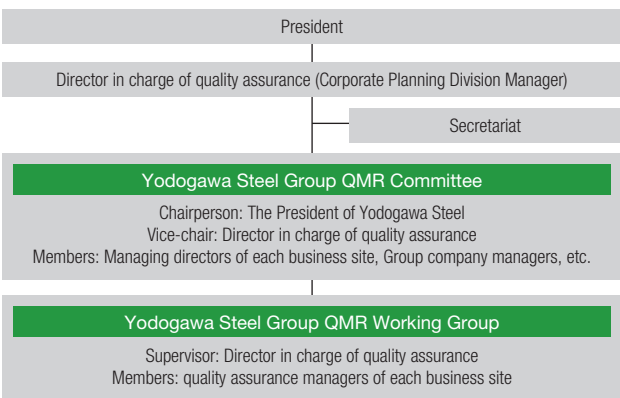
Exposure testing area, southern Taiwan (Kenting, Pingtung County)

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 managers
	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 holds a JK Conference in Osaka that brings together people from group companies worldwide. At the FY2023 conference, which was the first in four years, 13 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, 2023 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 2023 in the name of the Yodogawa Steel Works, Ltd. (Shareholder Donation Account).

Total donations: 107 shareholders 516,000 yen

UNICEF: 30 shareholders 162,000 yen
The Japanese Red Cross Society: 24 shareholders 116,000 yen
Ashinaga Foundation: 53 shareholders 238,000 yen

Transfer to donations from shareholders who did not apply for shareholder benefits: 700 shareholders 3,808,000 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 holding cultural activities since 2014 with the Kaohsiung Municipal Social Education Center in Taiwan. 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 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, 2024, 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.
June 2024	A female Outside Director was elected in order to facilitate more energetic discussions from diverse perspectives at Board meetings.

Directors and Audit & Supervisory Board Members (as of June 25, 2024)


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



Sadao Kobayashi
Director (Independent Outside Director)




Katsuyuki Kuse
Director (Independent Outside Director)




Miho Ishihara
Director (Independent Outside Director)


Audit & Supervisory Board Members




Kenji Hayashi
Audit & Supervisory Board Member (full-time)



Hiroaki Shinohara
Audit & Supervisory Board Member (full-time)



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



Tomoko Matano
Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)

FY2023 (as of June 25, 2024)

Attendance by Outside Directors and Outside Audit & Supervisory Board Members

Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings
Sadao Kobayashi	15 of 15 meetings	—
Katsuyuki Kuse	15 of 15 meetings	—
* Miho Ishihara	15 of 15 meetings	16 of 16 meetings
Ritsuko Watanabe	15 of 15 meetings	16 of 16 meetings
Tomoko Matano	Appointed as an Outside Audit & Supervisory Board Member at the General Meeting of Shareholders held on June 25, 2024.	

*Miho Ishihara served as an Outside Audit & Supervisory Board Member of Yodogawa Steel until the General Meeting of Shareholders held on June 25, 2024.

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Background of Outside Officers / Reason for Election

Sadato Kobayashi

Apr. 1974	Joined Mitsubishi Plastics, Inc. (currently Mitsubishi Chemical Corporation)
Apr. 2010	Executive Officer and General Manager of Nagahama Plant and Santo Plant of Mitsubishi Plastics, Inc.
Apr. 2011	Director of the Board, Managing Executive Officer of Mitsubishi Plastics, Inc. and Managing Executive Officer of Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)
Apr. 2015	Representative Director and Senior Managing Executive Officer of Mitsubishi Plastics, Inc.
Apr. 2017	Advisor of Mitsubishi Chemical Corporation
Jun. 2019	Advisor of Japan Excel-Management Consulting Co., Ltd.
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 (currently Kuse Law Office), 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 (currently Kuse Law Office) (current)
Jun. 2013	Instructor of Japan Intellectual Property Association
Apr. 2019	Chairperson of the Intellectual Property Committee of Osaka Bar Association
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 Strategy & 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
Dec. 2010	Registered as Certified Public Tax Accountant
Jun. 2019	Outside Audit & Supervisory Board Member of Yodogawa Steel
Jun. 2022	Outside Director of NICHIA STEEL WORKS, LTD. (current)
May 2023	Outside Director, Auditor and Supervisory Committee Member of Zuiko Corporation (current)
Jul. 2023	Senior Partner of Kainan Audit Corporation (current)
Jun. 2024	Outside Director of Yodogawa Steel (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)
Nov. 2012	Partner of 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.

Tomoko Matano

Oct. 1998	Joined Asahi & Co. (currently KPMG AZSA LLC)
Apr. 2002	Registered as Certified Public Accountant
Apr. 2008	Joined GYOSEI & CO.
Sep. 2012	Registered as Certified Public Tax Accountant; Opened Matano Certified Public Accountant Office (current)
Oct. 2014	Partner of GYOSEI & CO. (current)
Jun. 2024	Outside Audit & Supervisory Board Member of Yodogawa Steel (current)

Reason for Election

Ms. Matano has many years of experience as a certified public accountant and considerable knowledge about finance and accounting. This experience and knowledge can be used for the auditing activities of Yodogawa Steel.

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 FY2023.

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

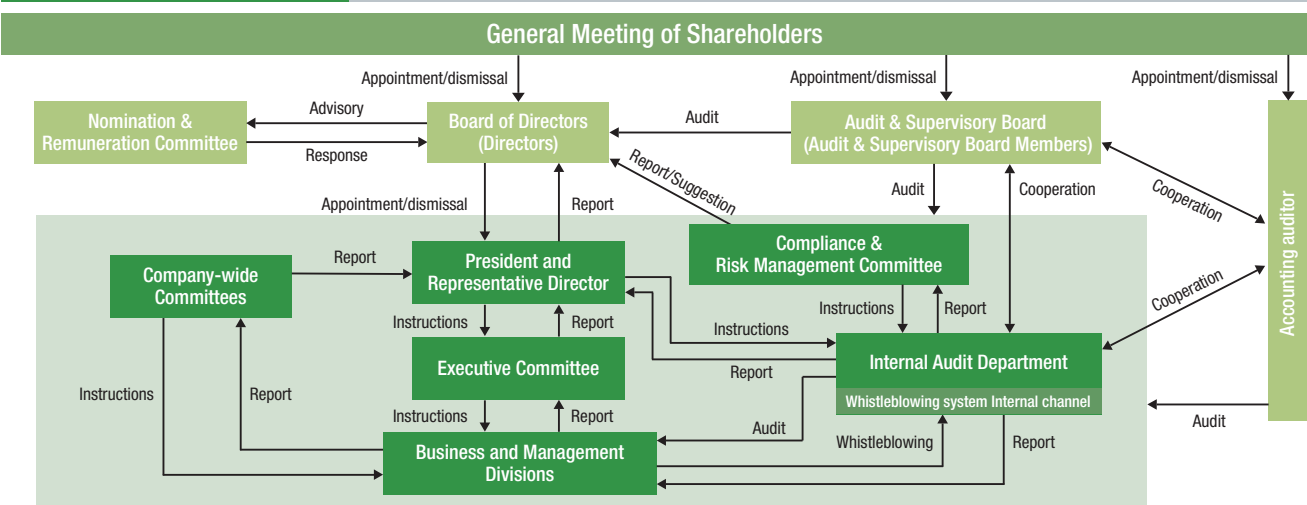
The Board of Directors is generally operating properly with regard to its composition, roles, how meetings are held, and the status of corporate governance and the Nomination & Remuneration Committee.

The questionnaire identified the following measures for further increasing the effectiveness of the Board of Directors: more thorough discussions of business strategies and business plans that reflect changes in the business climate and the effective utilization 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, 2024)



Market environment

In the fiscal year ended March 31, 2024, there was a moderate economic recovery in Japan as economic activity began returning to normal due to progress, such as reclassification of COVID-19's category from Class 2 to Class 5. However, the recovery lacked strength due to impact of price hikes and other factors. Looking at the world economy, in the United States, economy remained solid by steady employment conditions and consumer spending. While at the same time, in China, the economy showed increasing signs of slowdown due to downturn in the real estate market, worsening employment conditions, and other factors, and in Europe, the economy remained stagnant due to weak domestic demand caused by monetary tightening policies. In Japan, automobile production, which seemed picking up as semiconductor supply shortages eased and by other factors, declined at the end of the fiscal year, and residential construction and machinery orders are weak. Under the circumstances, orders and production remained sluggish in the steel industry. In overseas steel markets, there were expectations for recovery due to solid economic performance in the United States, however, there were few signs of recovery in the Chinese economy. Therefore, the overall market conditions remained weak.

Results of operations

The Yodogawa Steel Group's net sales in the fiscal year decreased 16,356 million yen to 203,957 million yen. Operating profit decreased 647 million yen to 12,017 million yen, ordinary profit

decreased 2,483 million yen to 15,202 million yen, and profit attributable to owners of parent decreased 6,137 million yen to 4,456 million yen. Regarding sales, in Japan, efforts to realize selling prices of products that can be reproduced improved the selling prices, however, sales volume declined partly because of downturn in domestic steel demand, resulting in lower sales. Overseas, our China subsidiary Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) saw sluggish growth both in sales volume and unit price due to economic downturn in China, resulting in lower sales. In addition, our Thailand subsidiary PCM PROCESSING (THAILAND) Ltd. (PPT) improved sales prices as a result of efforts to expand sales of high value-added steel sheets, however, resulted in lower sales due to decline in volume. For earnings, operating profit in Japan decreased due to decline in sales volume, despite the revisions of selling prices for our steel sheet products. Overseas, on the other hand, our Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO) saw an increase in earnings due to recovery of sales volume in the domestic market in Taiwan, despite decline in sales volume for export. YSS saw a decrease in earnings due to the prolonged downturn in the real estate market and other factors. PPT saw an increase in earnings due to improved profitability despite decline in sales volume. Consequently, consolidated operating profit decreased. Ordinary profit decreased more than operating profit did, mainly due to a decrease in gain on sale of investment securities in non-operating income year on year. Profit attributable to owners of parent decreased more than ordinary profit did, mainly due to provision for

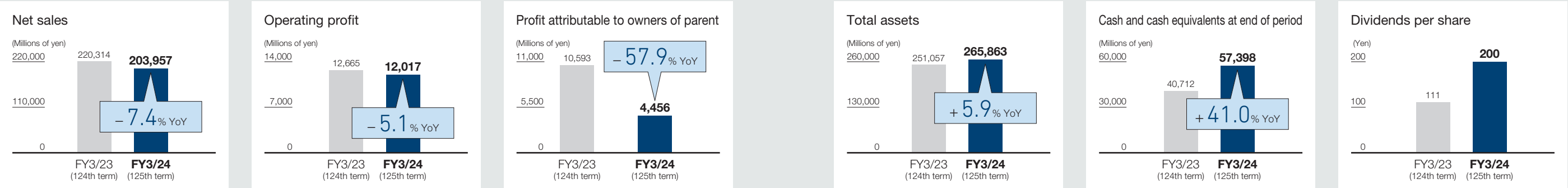
product compensation, while profit attributable to owners of parent decreased more than profit did, due to the high percentage of non-controlling interests at SYSCO, which was a major reason that the consolidated profit increased.

Outlook

The outlook for the global economy is expected to recover due to steady economic trend in the United States and declining inflation worldwide. However, uncertainty is expected to remain due to concerns about prolonged situation in Ukraine and Palestine, and prolonged downturn in the real estate market in China. In Japan, there are expectations for recovery in demand by higher wage levels. However, 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 are 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 costs 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 200 yen per share considering factors such as our capital investment plan and financial condition, with the target consolidated payout ratio of 75% or more, revising our initial policy. 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, 2024 is to be 145 yen per share. With the interim dividend of 55 yen, this will result in a dividend of 200 yen per share for this fiscal year. The forecast for the dividend for the next fiscal year is based on the above dividend policy and in consideration of the performance forecast.



Consolidated Balance Sheet

(Millions of yen)

	FY3/23 (as of March 31, 2023)	FY3/24 (as of March 31, 2024)
Assets		
Current assets		
Cash and deposits	40,189	56,808
Notes and accounts receivable-trade, and contract assets	49,521	45,474
Electronically recorded monetary claims-operating	4,454	4,823
Securities	4,207	4,009
Merchandise and finished goods	23,285	22,751
Work in process	6,476	5,591
Raw materials and supplies	19,924	14,939
Other	2,961	1,898
Allowance for doubtful accounts	(152)	(177)
Total current assets	150,867	156,119
Non-current assets		
Property, plant and equipment		
Buildings and structures	67,510	68,841
Accumulated depreciation	(48,585)	(50,487)
Buildings and structures, net	18,925	18,353
Machinery, equipment and vehicles	147,138	150,727
Accumulated depreciation	(134,183)	(138,850)
Machinery, equipment and vehicles, net	12,955	11,876
Land	19,095	19,235
Leased assets	177	237
Accumulated depreciation	(106)	(138)
Leased assets, net	70	98
Construction in progress	4,457	4,971
Other	12,343	12,619
Accumulated depreciation	(11,246)	(11,215)
Other, net	1,097	1,403
Total property, plant and equipment	56,602	55,940
Intangible assets		
Other	2,076	2,203
Total intangible assets	2,076	2,203
Investments and other assets		
Investment securities	40,193	49,643
Retirement benefit asset	724	1,422
Deferred tax assets	137	86
Other	454	447
Total investments and other assets	41,510	51,600
Total non-current assets	100,189	109,743
Total assets	251,057	265,863

	FY3/23 (as of March 31, 2023)	FY3/24 (as of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,881	13,892
Electronically recorded obligations-operating	2,987	2,986
Short-term borrowings	1,328	544
Lease obligations	61	60
Income taxes payable	3,159	2,097
Contract liabilities	156	240
Provision for bonuses	1,259	1,117
Provision for product warranties	971	—
Other	7,285	7,174
Total current liabilities	35,092	28,113
Non-current liabilities		
Lease obligations	10	74
Deferred tax liabilities	3,873	4,445
Deferred tax liabilities for land revaluation	807	807
Provision for retirement benefits for directors (and other officers)	32	28
Retirement benefit liability	5,517	5,315
Provision for product compensation	—	9,457
Other	3,816	3,786
Total non-current liabilities	14,058	23,917
Total liabilities	49,150	52,031
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,267	18,279
Retained earnings	126,064	126,905
Treasury shares	(11,895)	(11,845)
Total shareholders' equity	155,657	156,559
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,115	22,543
Revaluation reserve for land	1,529	1,505
Foreign currency translation adjustment	5,958	7,881
Remeasurements of defined benefit plans	412	1,089
Total accumulated other comprehensive income	24,016	33,020
Share acquisition rights	140	125
Non-controlling interests	22,092	24,126
Total net assets	201,906	213,832
Total liabilities and net assets	251,057	265,863

Consolidated Statement of Income

(Millions of yen)

	FY3/23 (April 1, 2022 to March 31, 2023)	FY3/24 (April 1, 2023 to March 31, 2024)
Net sales	220,314	203,957
Cost of sales	187,650	172,188
Gross profit	32,664	31,769
Selling, general and administrative expenses	19,998	19,751
Operating profit	12,665	12,017
Non-operating income	5,350	3,508
Non-operating expenses	329	324
Ordinary profit	17,686	15,202
Extraordinary income	187	1,352
Extraordinary losses	1,006	8,472
Profit before income taxes	16,867	8,082
Income taxes-current	5,321	4,573
Income taxes-deferred	(348)	(2,363)
Total income taxes	4,973	2,210
Profit	11,893	5,872
Profit attributable to non-controlling interests	1,299	1,415
Profit attributable to owners of parent	10,593	4,456

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/23 (April 1, 2022 to March 31, 2023)	FY3/24 (April 1, 2023 to March 31, 2024)
Profit	11,893	5,872
Other comprehensive income	3,022	10,415
Comprehensive income	14,916	16,287

Consolidated Statement of Changes in Equity (April 1, 2023 to March 31, 2024) (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	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	18,267	126,064	(11,895)	155,657	16,115	1,529	5,958	412	24,016	140	22,092	201,906
Changes during period													
Dividends of surplus			(3,638)		(3,638)								(3,638)
Profit attributable to owners of parent			4,456		4,456								4,456
Purchase of treasury shares				(8)	(8)								(8)
Disposal of treasury shares		11		58	69								69
Reversal of revaluation reserve for land			23		23								23
Net changes in items other than shareholders' equity						6,427	(23)	1,922	677	9,004	(15)	2,033	11,022
Total changes during period	—	11	841	50	902	6,427	(23)	1,922	677	9,004	(15)	2,033	11,925
Balance at end of period	23,220	18,279	126,905	(11,845)	156,559	22,543	1,505	7,881	1,089	33,020	125	24,126	213,832

Consolidated Statement of Cash Flows (Millions of yen)

	FY3/23 (April 1, 2022 to March 31, 2023)	FY3/24 (April 1, 2023 to March 31, 2024)
Cash flows from operating activities	17,336	21,521
Cash flows from investing activities	(3,160)	(809)
Cash flows from financing activities	(5,092)	(5,360)
Effect of exchange rate change on cash and cash equivalents	667	1,334
Net increase (decrease) in cash and cash equivalents	9,750	16,685
Cash and cash equivalents at beginning of period	30,961	40,712
Cash and cash equivalents at end of period	40,712	57,398

Corporate Profile

Company name	Yodogawa Steel Works, Ltd.
Established	January 30, 1935
Capital	23,220,815,228 yen
Employees	1,217

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)	2,989	10.24
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	2,003	6.86
Yodoko Partners' Shareholding Association	1,091	3.73
Resona Bank, Limited.	1,068	3.66
Mizuho Bank, Ltd.	1,062	3.63
Custody Bank of Japan, Ltd. (Trust Account)	722	2.47
Ohgi Shokai Co., Ltd.	702	2.40
Hanwa Co., Ltd.	628	2.15
Nippon Life Insurance Company	618	2.11
POSCO	600	2.05

Notes: 1. Treasury shares (5,651,774 shares) held by Yodogawa Steel are not included in this list of major shareholders.
2. Shareholding ratios do not include treasury shares (5,651,774 shares).

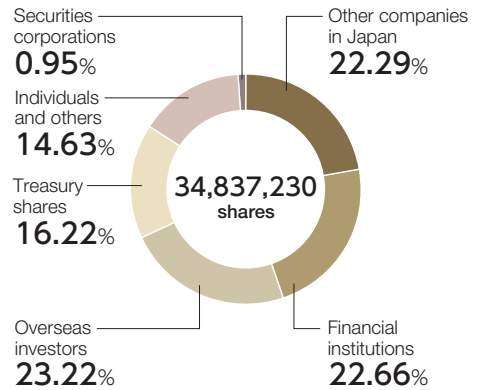
Main Affiliated Companies

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) Business hours: 9:00–17:00 (weekdays, excluding weekends and public holidays) 0120-524-324 (Dedicated number for the electronic provision system) Business hours: 9:00–17:00 (weekdays, excluding weekends and public holidays)

Online: <https://www.mizuho-tb.co.jp/daikou/index.html>

Postal address: Stock Transfer Agency Department
Mizuho Trust & Banking Co., Ltd. 2-8-4, Izumi,
Suginami-ku, Tokyo 168-8507, 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.