



August 4, 2020

**Summary of the Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2021 (FY3/21)
(Three Months Ended June 30, 2020)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 11, 2020
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (April 1, 2020 to June 30, 2020) of FY3/21

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Jun. 30, 2020	35,201	(9.2)	1,859	7.4	2,769	43.2	1,827	29.0
Three months ended Jun. 30, 2019	38,761	(7.1)	1,730	(24.3)	1,934	(42.0)	1,416	(37.6)

Note: Comprehensive income (millions of yen): Three months ended Jun. 30, 2020: 3,643 (up 216.1%)
 Three months ended Jun. 30, 2019: 1,152 (up 80.3%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended Jun. 30, 2020	62.31		62.05	
Three months ended Jun. 30, 2019	48.04		47.86	

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%
As of Jun. 30, 2020	204,761		169,753		74.6	
As of Mar. 31, 2020	201,125		167,291		74.6	

Reference: Shareholders' equity (millions of yen): As of Jun. 30, 2020: 152,726 As of Mar. 31, 2020: 150,037

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	30.00	-	40.00	70.00
Fiscal year ending Mar. 31, 2021	-				
Fiscal year ending Mar. 31, 2021 (Forecast)		30.00	-	-	-

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

There is currently no year-end dividend forecast for the fiscal year ending March 31, 2021. For further details, please refer to the press release dated today (August 4, 2020) about earnings forecast and dividend forecast (Japanese version only).

3. Consolidated Forecasts for FY3/21 (April 1, 2020 to March 31, 2021)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	69,000	(11.8)	2,700	(7.1)	3,700	11.7	2,500	25.1	85.24
Full year	-	-	-	-	-	-	-	-	-

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

No full year forecast for the fiscal year ending March 31, 2021 is shown because of the difficulty of determining a reliable forecast for the Yodogawa Steel Group's results of operations. For further details, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 and the press release dated today (August 4, 2020) about earnings forecast and dividend forecast (Japanese version only).

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

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

As of Jun. 30, 2020:	35,837,230 shares	As of Mar. 31, 2020:	35,837,230 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2020:	6,510,059 shares	As of Mar. 31, 2020:	6,509,597 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2020:	29,327,395 shares	Three months ended Jun. 30, 2019	29,475,949 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the management of Yodogawa Steel Works at the time the materials were prepared. These materials are not promises by Yodogawa Steel Works regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	
For the Three-month Period	6
Quarterly Consolidated Statement of Comprehensive Income	
For the Three-month Period	7
(3) Notes to Quarterly Consolidated Financial Statements	8
Going-concern Assumption	8
Significant Changes in Shareholders' Equity	8
Notes to Quarterly Consolidated Balance Sheet	8
Segment and Other Information	9

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year ending March 31, 2021, the environment facing the Japanese economy remained extremely challenging due to the worldwide spread of the new coronavirus infection (the COVID-19 pandemic).

The global economic environment also remained very severe with China, the United States, Europe, and the ASEAN countries all facing stagnation in economic activity due to the spread of the COVID-19 pandemic.

In the steel market in Japan, domestic demand was generally weak due to factors including decreases in construction starts and machinery orders, and stagnant manufacturing activity and exports.

In the overseas steel market, although some economic measures are being taken, such as China declaring that the spread of the COVID-19 pandemic has been promptly contained. Moreover, there are also indications that stringent restrictions on movement of people are being relaxed in the United States and other countries. Nevertheless, market remains stagnant due to the impact of other factors such as U.S. import restrictions and prolonged U.S.-China trade friction.

The Yodogawa Steel Group's net sales in the first quarter decreased 3,560 million yen to 35,201 million yen. Operating profit increased 128 million yen to 1,859 million yen, ordinary profit increased 835 million yen to 2,769 million yen, and profit attributable to owners of parent increased 411 million yen to 1,827 million yen.

In Japan, sales decreased due to lower sales of steel sheets, but earnings were higher because of lower material and energy costs.

Overseas, sales and earnings increased at our Thai subsidiary PCM Processing (Thailand) Ltd. (PPT) due to improved performance.

Results by business segment are as follows.

1) Steel Sheet-related Business

Net sales totaled 32,550 million yen and operating profit was 1,950 million yen. Sales declined and earnings increased.

Steel Sheet Segment

In Japan, sales decreased because of lower sales volume of plated steel sheets to specific high-demand customers as well as a decrease in sales volume of steel sheets for general distribution due to sluggish construction demand. However, earnings increased due to lower materials and energy costs.

Overseas, Sheng Yu Steel Co., Ltd. (SYSCO), a Taiwan subsidiary, posted an operating loss due mainly to a significant decrease in the sales volume of pre-painted steel sheets in the domestic market in Taiwan. Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), a Chinese subsidiary, was hard-hit, particularly around the time of the Chinese New Year's holiday, by the impact of the urban blockade measures implemented to protect against the COVID-19 pandemic. Earnings were lower as a result. PPT in Thailand continues to face a difficult business environment, but due to an increase in the sales volume of high-value-added products, sales were higher and the subsidiary became profitable.

Building Material & Exterior Products Segment

In the building materials category, sales volumes for fire-proof panel wall materials (Yodo Grand Wall) and storage sheds remained firm, and sales of both building materials and exterior products were at about the same levels as in the same period of the previous fiscal year. Construction sales were higher because of an increase in completions of large projects.

2) Roll Business

Net sales totaled 732 million yen and operating loss was 34 million yen.

Earnings improved as sales to the paper manufacturing sector were steady.

3) Grating Business

Net sales totaled 774 million yen and operating profit was 22 million yen.

Sales decreased due to a reduction in road projects and other factors but earnings increased as a result of a sales activities that placed priority on profitability.

4) Real Estate Business

Net sales totaled 305 million yen and operating profit was 218 million yen.

Sales and earnings increased because of a higher occupancy rate at tenant-occupied buildings.

5) Other Businesses

Net sales totaled 837 million yen and operating loss was 2 million yen.

Sales and earnings decreased due to lower sales in the materials sales operations and the warehousing and transportation businesses.

(2) Explanation of Financial Position

Assets

Current assets decreased by 249 million yen from the end of the previous fiscal year to 116,303 million yen. This was attributable mainly to an increase of 4,380 million yen in cash and deposits and a decrease of 2,990 million yen in securities.

Non-current assets increased by 3,885 million yen from the end of the previous fiscal year to 88,457 million yen. This was mainly attributable to an increase of 3,330 million yen in investment securities.

Total assets increased by 3,635 million yen from the end of the previous fiscal year to 204,761 million yen.

Liabilities

Current liabilities increased by 9 million yen from the end of the previous fiscal year to 19,518 million yen. This was attributable mainly to an increase of 580 million yen in income taxes payable and a decrease of 477 million yen in short-term borrowings.

Non-current liabilities increased by 1,164 million yen from the end of the previous fiscal year to 15,489 million yen. This was attributable mainly to an increase of 1,216 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities increased by 1,173 million yen from the end of the previous fiscal year to 35,008 million yen.

Net assets

Net assets increased by 2,462 million yen from the end of the previous fiscal year to 169,753 million yen. This was attributable mainly to an increase of 654 million yen in retained earnings, an increase of 2,489 million yen in valuation difference on available-for-sale securities and a decrease of 490 million yen in foreign currency translation adjustment.

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

The outlook for global economy is becoming increasingly uncertain due to the global spread of the COVID-19 pandemic and prolonged U.S.-China trade friction.

In Japan, although the state of emergency due to the spread of the COVID-19 pandemic has now been lifted, the crisis has not yet been fully resolved. The situation is likely to remain severe for the time being due to concerns about a second wave of infections.

In the steel market, although some signs of bottoming out and recovery are now emerging in both the domestic and overseas markets, the situation is expected to remain both severe and uncertain.

The Yodogawa Steel Group anticipates that the business environment will be challenging. In all regions, our

overseas subsidiaries continue to be affected by protectionist measures amid unpredictable and unstable demand and cost environment.

All companies are working on becoming more profitable. Companies are establishing positions in new markets and increasing sales of value-added products while taking full advantage of the speed and flexibility that are key strengths of the Yodogawa Steel Group.

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

It is difficult to reasonably estimate the forecast of the results of operations for the full year at this point because the business environment for the Group is becoming increasingly uncertain both in Japan and overseas. We will promptly announce a forecast as soon as it becomes possible to make a reasonable estimate.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	FY3/20 (as of Mar. 31, 2020)	First quarter of FY3/21 (as of Jun. 30, 2020)
Assets		
Current assets		
Cash and deposits	32,650	37,030
Notes and accounts receivable-trade	39,117	36,720
Electronically recorded monetary claims-operating	-	1,967
Securities	8,652	5,662
Merchandise and finished goods	15,406	15,461
Work in process	4,145	4,101
Raw materials and supplies	12,216	11,325
Other	4,496	4,166
Allowance for doubtful accounts	(131)	(131)
Total current assets	116,553	116,303
Non-current assets		
Property, plant and equipment	47,493	48,013
Intangible assets	1,641	1,677
Investments and other assets		
Investment securities	34,778	38,109
Other	658	657
Total investments and other assets	35,437	38,766
Total non-current assets	84,572	88,457
Total assets	201,125	204,761
Liabilities		
Current liabilities		
Notes and accounts payable-trade	10,582	10,139
Electronically recorded obligations-operating	2,340	2,319
Short-term borrowings	640	163
Income taxes payable	250	830
Provision for bonuses	923	454
Other	4,772	5,610
Total current liabilities	19,509	19,518
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	79	74
Retirement benefit liability	7,281	7,299
Other	6,963	8,115
Total non-current liabilities	14,324	15,489
Total liabilities	33,834	35,008
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	20,381	20,381
Retained earnings	106,763	107,417
Treasury shares	(13,351)	(13,352)
Total shareholders' equity	137,014	137,667
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,476	12,965
Revaluation reserve for land	1,636	1,636
Foreign currency translation adjustment	1,489	999
Remeasurements of defined benefit plans	(578)	(542)
Total accumulated other comprehensive income	13,023	15,058
Share acquisition rights	224	224
Non-controlling interests	17,029	16,802
Total net assets	167,291	169,753
Total liabilities and net assets	201,125	204,761

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

(Millions of yen)

	First three months of FY3/20 (Apr. 1, 2019 to Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 to Jun. 30, 2020)
Net sales	38,761	35,201
Cost of sales	32,714	29,040
Gross profit	6,047	6,160
Selling, general and administrative expenses	4,317	4,300
Operating profit	1,730	1,859
Non-operating income		
Interest income	137	81
Dividend income	387	287
Foreign exchange gains	-	15
Gain on sales of investment securities	-	406
Share of profit of entities accounted for using equity method	100	53
Other	114	140
Total non-operating income	741	985
Non-operating expenses		
Interest expenses	21	17
Foreign exchange losses	44	-
Cost for employees transferred temporarily to overseas subsidiaries	56	48
Loss on valuation of derivatives	403	-
Other	11	10
Total non-operating expenses	537	75
Ordinary profit	1,934	2,769
Extraordinary income		
Gain on sales of non-current assets	-	0
Insurance claim income	-	13
Total extraordinary income	-	13
Extraordinary losses		
Loss on sales and retirement of non-current assets	24	3
Impairment loss	0	0
Loss on disaster	29	-
Total extraordinary losses	55	4
Profit before income taxes	1,879	2,778
Income taxes-current	400	816
Income taxes-deferred	154	128
Total income taxes	555	944
Profit	1,323	1,833
Profit (loss) attributable to non-controlling interests	(92)	6
Profit attributable to owners of parent	1,416	1,827

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

(Millions of yen)

	First three months of FY3/20 (Apr. 1, 2019 to Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 to Jun. 30, 2020)
Profit	1,323	1,833
Other comprehensive income		
Valuation difference on available-for-sale securities	(391)	2,495
Foreign currency translation adjustment	165	(745)
Remeasurements of defined benefit plans, net of tax	62	41
Share of other comprehensive income of entities accounted for using equity method	(7)	17
Total other comprehensive income	(171)	1,809
Comprehensive income	1,152	3,643
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,209	3,862
Comprehensive income attributable to non-controlling interests	(57)	(219)

(3) Notes to Quarterly Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Notes to Quarterly Consolidated Balance Sheet

Contingent liabilities

Yodogawa Steel Works has determined that, depending on the location, conditions and other aspects of their use, there have been problems involving the appearance and durability of some building exterior pre-painted steel sheets manufactured between 2007 and 2016 that have occurred prior to the end of the expected lifetime of these sheets. Yodogawa Steel Works has explained this problem to companies that sell these sheets and is covering repair and other expenses.

Repair and other expenses, including expenses for problems that have occurred but where repairs and other activities have not been completed, are recorded as period costs. The costs of the problems involving these sheets have not been expensed because it is not possible to determine a reliable forecast of how many problems will occur.

There may be significant repair and other expenses involving these sheets in the coming years depending on number of problems that occur.

Segment and Other Information**Segment information**

I. First three months of FY3/20 (Apr. 1, 2019 to Jun. 30, 2019)

Information related to net sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	35,957	689	842	297	37,787	974	38,761	-	38,761
Inter-segment sales and transfers	-	-	-	110	110	663	774	(774)	-
Total	35,957	689	842	408	37,897	1,638	39,535	(774)	38,761
Segment profit (loss)	1,767	(65)	12	212	1,927	98	2,025	(294)	1,730

- Notes: 1. Others represent businesses which are not included in any of the reportable segments and mainly consist of transportation, warehouse, golf course, machinery plant, electric power (sale of solar power) and other businesses.
2. The adjustment to segment profit (loss) includes unallocated expenses of (294) million yen and an elimination for inter-segment transactions of 0 million yen.
3. Segment profit (loss) is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

II. First three months of FY3/21 (Apr. 1, 2020 to Jun. 30, 2020)

Information related to net sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	32,550	732	774	305	34,363	837	35,201	-	35,201
Inter-segment sales and transfers	-	-	-	110	110	487	598	(598)	-
Total	32,550	732	774	416	34,473	1,325	35,799	(598)	35,201
Segment profit (loss)	1,950	(34)	22	218	2,156	(2)	2,153	(294)	1,859

- Notes: 1. Others represent businesses which are not included in any of the reportable segments and mainly consist of transportation, warehouse, golf course, machinery plant, electric power (sale of solar power) and other businesses.
2. The adjustment to segment profit (loss) includes unallocated expenses of (294) million yen and an elimination for inter-segment transactions of 0 million yen.
3. Segment profit (loss) is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.