



November 4, 2020

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

[Japanese GAAP]

Company name: Yodogawa Steel Works, Ltd. Stock exchange listed: Tokyo, 1st Section
 Stock code: 5451 URL: <https://www.yodoko.co.jp/>
 Representative: Satoshi Nitta, President and Representative Director
 Inquiries: Yasunori Osumi, Senior Executive Officer, General Manager of IR Department
 Tel: +(81)6-6245-1113
 Scheduled date of filing of Quarterly Report: November 9, 2020
 Scheduled date of payment of dividend: December 1, 2020
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Second Quarter (April 1, 2020 to September 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 | % |
| Six months ended Sep. 30, 2020 | 69,394 | (11.3) | 3,054 | 5.1 | 4,209 | 27.1 | 2,914 | 45.8 |
| Six months ended Sep. 30, 2019 | 78,261 | (6.5) | 2,906 | (4.8) | 3,312 | (27.3) | 1,998 | (29.6) |

Note: Comprehensive income (millions of yen): Six months ended Sep. 30, 2020: 8,561 (up 487.9%)
 Six months ended Sep. 30, 2019: 1,456 (down 21.4%)

| | Net income per share | | Diluted net income per share | |
|--------------------------------|----------------------|-----|------------------------------|-----|
| | Yen | Yen | Yen | Yen |
| Six months ended Sep. 30, 2020 | 99.75 | | 99.31 | |
| Six months ended Sep. 30, 2019 | 67.80 | | 67.53 | |

(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 Sep. 30, 2020 | 211,169 | | 173,838 | | 74.2 | |
| As of Mar. 31, 2020 | 201,125 | | 167,291 | | 74.6 | |

Reference: Shareholders' equity (millions of yen): As of Sep. 30, 2020: 156,716 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 | - | 35.00 | - | - | - |
| Fiscal year ending Mar. 31, 2021 (Forecast) | - | - | - | 35.00 | 70.00 |

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

For further details, please refer to the press release dated today (November 4, 2020) about earnings forecast, year-end dividend forecast and dividends of surplus (interim dividend) (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 | Yen |
| Full year | 144,000 | (6.5) | 5,800 | 5.7 | 7,200 | (3.0) | 4,900 | 26.9 | 168.48 | |

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

For further details, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 and the press release dated today (November 4, 2020) about earnings forecast, year-end dividend forecast and dividends of surplus (interim dividend) (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 Sep. 30, 2020: | 35,837,230 shares | As of Mar. 31, 2020: | 35,837,230 shares |
|----------------------|-------------------|----------------------|-------------------|

2) Number of treasury shares at the end of the period

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of Sep. 30, 2020: | 6,906,952 shares | As of Mar. 31, 2020: | 6,509,597 shares |
|----------------------|------------------|----------------------|------------------|

3) Average number of shares outstanding during the period

| | | | |
|---------------------------------|-------------------|--------------------------------|-------------------|
| Six months ended Sep. 30, 2020: | 29,214,454 shares | Six months ended Sep. 30, 2019 | 29,475,946 shares |
|---------------------------------|-------------------|--------------------------------|-------------------|

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending March 31, 2021, the environment facing the Japanese economy remained extremely challenging due to the worldwide spread of the new coronavirus infection (the COVID-19 pandemic). On the other hand, improvement was seen in some sectors following the lifting state of emergency and the effects of the government's economic measures.

In the global economy, there was a significant slowdown due to the spread of the COVID-19 pandemic. However, there is gradual improvement as lockdowns in major countries and restraints on economic activity are gradually eased.

In the steel market in Japan, domestic demand was generally weak due to factors including decreases in construction starts and machinery orders. But there was some improvement, as automobile and other production plants resumed operations.

The overseas steel market continued to be affected by the COVID-19 pandemic but there are also indications that stringent restrictions on movement of people are being relaxed in the United States, EU, 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 half decreased 8,867 million yen to 69,394 million yen. Operating profit increased 147 million yen to 3,054 million yen, ordinary profit increased 896 million yen to 4,209 million yen, and profit attributable to owners of parent increased 915 million yen to 2,914 million yen.

In Japan, sales decreased due to lower sales of steel sheets, but earnings were higher because of cost reduction.

Overseas, sales and earnings decreased overall mainly because of lower sales at our Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO).

Results by business segment are as follows.

1) Steel Sheet-related Business

Net sales totaled 64,062 million yen and operating profit was 3,259 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 because of COVID-19 pandemic. However, earnings increased due to cost reduction.

Overseas, SYSCO in Taiwan 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. Although performance improved in the second quarter, 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. PCM Processing (Thailand) Ltd. (PPT), a Thai subsidiary, continues to face a difficult business environment. While sales were at about the same level, profitability improved due to an increase in sales volume of value-added products.

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, but sales were lower mainly because sales of Yodo Print and YODO Monooki Storage Sheds decreased. Construction sales were about the same levels as in the same period of the previous fiscal year.

2) Roll Business

Net sales totaled 1,406 million yen and operating loss was 133 million yen.

Although sales decreased due to lower sales to the iron and steel industry, earnings improved as sales to the non-ferrous industry were steady in the first quarter.

3) Grating Business

Net sales totaled 1,597 million yen and operating profit was 47 million yen.

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

4) Real Estate Business

Net sales totaled 617 million yen and operating profit was 438 million yen.

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

5) Other Businesses

Net sales totaled 1,709 million yen and operating profit was 55 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 189 million yen from the end of the previous fiscal year to 116,363 million yen. This was attributable mainly to an increase of 6,642 million yen in cash and deposits, a decrease of 3,152 million yen in securities and a decrease of 2,405 million yen in raw materials and supplies.

Non-current assets increased by 10,234 million yen from the end of the previous fiscal year to 94,806 million yen. This was mainly attributable to increases of 8,294 million yen in investment securities and 1,849 million yen in property, plant and equipment.

Total assets increased by 10,044 million yen from the end of the previous fiscal year to 211,169 million yen.

Liabilities

Current liabilities increased by 1,245 million yen from the end of the previous fiscal year to 20,755 million yen. This was attributable mainly to an increase of 1,445 million yen in income taxes payable.

Non-current liabilities increased by 2,251 million yen from the end of the previous fiscal year to 16,576 million yen. This was attributable mainly to an increase of 2,338 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities increased by 3,497 million yen from the end of the previous fiscal year to 37,331 million yen.

Net assets

Net assets increased by 6,546 million yen from the end of the previous fiscal year to 173,838 million yen. This was attributable mainly to increases of 1,741 million yen in retained earnings and 5,845 million yen in valuation difference on available-for-sale securities.

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

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

In Japan, the situation is likely to remain severe for the time being although various measures are being considered and implemented to sustain economic activity amid the COVID-19 pandemic.

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 current fiscal year is based on this outlook for the economy and steel market.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

| | (Millions of yen) | |
|--|---------------------------------|---|
| | FY3/20 (as of Mar. 31, 2020) | Second quarter of FY3/21 (as of Sep. 30, 2020) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 32,650 | 39,292 |
| Notes and accounts receivable-trade | 39,117 | 36,739 |
| Electronically recorded monetary claims-operating | - | 2,463 |
| Securities | 8,652 | 5,500 |
| Merchandise and finished goods | 15,406 | 14,293 |
| Work in process | 4,145 | 3,601 |
| Raw materials and supplies | 12,216 | 9,811 |
| Other | 4,496 | 4,793 |
| Allowance for doubtful accounts | (131) | (131) |
| Total current assets | 116,553 | 116,363 |
| Non-current assets | | |
| Property, plant and equipment | 47,493 | 49,342 |
| Intangible assets | 1,641 | 1,677 |
| Investments and other assets | | |
| Investment securities | 34,778 | 43,072 |
| Other | 658 | 712 |
| Total investments and other assets | 35,437 | 43,785 |
| Total non-current assets | 84,572 | 94,806 |
| Total assets | 201,125 | 211,169 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 10,582 | 10,042 |
| Electronically recorded obligations-operating | 2,340 | 2,309 |
| Short-term borrowings | 640 | 245 |
| Income taxes payable | 250 | 1,695 |
| Provision for bonuses | 923 | 1,188 |
| Other | 4,772 | 5,273 |
| Total current liabilities | 19,509 | 20,755 |
| Non-current liabilities | | |
| Provision for retirement benefits for directors (and other officers) | 79 | 46 |
| Retirement benefit liability | 7,281 | 7,337 |
| Other | 6,963 | 9,192 |
| Total non-current liabilities | 14,324 | 16,576 |
| Total liabilities | 33,834 | 37,331 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 23,220 | 23,220 |
| Capital surplus | 20,381 | 20,399 |
| Retained earnings | 106,763 | 108,504 |
| Treasury shares | (13,351) | (14,106) |
| Total shareholders' equity | 137,014 | 138,017 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,476 | 16,322 |
| Revaluation reserve for land | 1,636 | 1,636 |
| Foreign currency translation adjustment | 1,489 | 1,248 |
| Remeasurements of defined benefit plans | (578) | (508) |
| Total accumulated other comprehensive income | 13,023 | 18,698 |
| Share acquisition rights | 224 | 241 |
| Non-controlling interests | 17,029 | 16,880 |
| Total net assets | 167,291 | 173,838 |
| Total liabilities and net assets | 201,125 | 211,169 |

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

(Millions of yen)

| | First six months of FY3/20 (Apr. 1, 2019 to Sep. 30, 2019) | First six months of FY3/21 (Apr. 1, 2020 to Sep. 30, 2020) |
|---|---|---|
| Net sales | 78,261 | 69,394 |
| Cost of sales | 66,742 | 57,791 |
| Gross profit | 11,519 | 11,603 |
| Selling, general and administrative expenses | 8,612 | 8,548 |
| Operating profit | 2,906 | 3,054 |
| Non-operating income | | |
| Interest income | 260 | 138 |
| Dividend income | 462 | 344 |
| Foreign exchange gains | - | 11 |
| Gain on valuation of derivatives | - | 11 |
| Gain on sales of investment securities | 0 | 462 |
| Share of profit of entities accounted for using equity method | 257 | 123 |
| Other | 166 | 205 |
| Total non-operating income | 1,146 | 1,298 |
| Non-operating expenses | | |
| Interest expenses | 44 | 33 |
| Foreign exchange losses | 39 | - |
| Cost for employees transferred temporarily to overseas subsidiaries | 83 | 78 |
| Loss on valuation of derivatives | 546 | - |
| Other | 26 | 31 |
| Total non-operating expenses | 740 | 143 |
| Ordinary profit | 3,312 | 4,209 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | 0 |
| Insurance claim income | - | 13 |
| Total extraordinary income | 0 | 13 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 56 | 47 |
| Loss on valuation of investment securities | 356 | - |
| Impairment loss | 0 | 0 |
| Loss on disaster | 20 | - |
| Total extraordinary losses | 434 | 48 |
| Profit before income taxes | 2,878 | 4,175 |
| Income taxes-current | 973 | 1,585 |
| Income taxes-deferred | (14) | (274) |
| Total income taxes | 958 | 1,310 |
| Profit | 1,920 | 2,865 |
| Loss attributable to non-controlling interests | (78) | (48) |
| Profit attributable to owners of parent | 1,998 | 2,914 |

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

(Millions of yen)

| | First six months of FY3/20 (Apr. 1, 2019 to Sep. 30, 2019) | First six months of FY3/21 (Apr. 1, 2020 to Sep. 30, 2020) |
|---|---|---|
| Profit | 1,920 | 2,865 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 734 | 5,824 |
| Deferred gains or losses on hedges | (0) | - |
| Foreign currency translation adjustment | (1,270) | (246) |
| Remeasurements of defined benefit plans, net of tax | 105 | 79 |
| Share of other comprehensive income of entities accounted for using equity method | (32) | 38 |
| Total other comprehensive income | (463) | 5,696 |
| Comprehensive income | 1,456 | 8,561 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 1,999 | 8,588 |
| Comprehensive income attributable to non-controlling interests | (543) | (27) |

(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 six months of FY3/20 (Apr. 1, 2019 to Sep. 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 | 72,484 | 1,435 | 1,719 | 602 | 76,241 | 2,020 | 78,261 | - | 78,261 |
| Inter-segment sales and transfers | - | - | - | 221 | 221 | 1,259 | 1,480 | (1,480) | - |
| Total | 72,484 | 1,435 | 1,719 | 823 | 76,462 | 3,279 | 79,742 | (1,480) | 78,261 |
| Segment profit (loss) | 3,031 | (160) | 31 | 424 | 3,327 | 172 | 3,500 | (593) | 2,906 |

- 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 (593) 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 six months of FY3/21 (Apr. 1, 2020 to Sep. 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 | 64,062 | 1,406 | 1,597 | 617 | 67,684 | 1,709 | 69,394 | - | 69,394 |
| Inter-segment sales and transfers | - | - | - | 219 | 219 | 1,012 | 1,232 | (1,232) | - |
| Total | 64,062 | 1,406 | 1,597 | 837 | 67,904 | 2,722 | 70,626 | (1,232) | 69,394 |
| Segment profit (loss) | 3,259 | (133) | 47 | 438 | 3,612 | 55 | 3,667 | (613) | 3,054 |

- 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 (613) 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.