



August 4, 2021

**Summary of the Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2022 (FY3/22)
(Three Months Ended June 30, 2021)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 10, 2021
 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, 2021 to June 30, 2021) of FY3/22

(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, 2021	44,048	28.2	3,087	66.1	4,155	50.1	2,460	34.6
Three months ended Jun. 30, 2020	34,360	-	1,859	-	2,769	-	1,827	-

Note: Comprehensive income (millions of yen): Three months ended Jun. 30, 2021: 4,228 (up 16.1%)
 Three months ended Jun. 30, 2020: 3,643 (-%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended Jun. 30, 2021	85.46		85.09	
Three months ended Jun. 30, 2020	62.31		62.05	

(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, 2021	224,475		183,274		73.2	
As of Mar. 31, 2021	226,004		180,296		71.9	

Reference: Shareholders' equity (millions of yen): As of Jun. 30, 2021: 164,398 As of Mar. 31, 2021: 162,472

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	35.00	-	40.00	75.00
Fiscal year ending Mar. 31, 2022	-				
Fiscal year ending Mar. 31, 2022 (Forecast)		35.00	-	-	-

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

There is currently no dividend forecast for the fiscal year ending March 31, 2022. For further details, please refer to the press release dated today (August 4, 2021) about earnings forecast and dividend forecast (Japanese version only).

3. Consolidated Forecasts for FY3/22 (April 1, 2021 to March 31, 2022)

(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
First half	92,000	-	5,000	-	6,400	-	3,600	-	125.05	
Full year	-	-	-	-	-	-	-	-	-	-

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

No full year forecast for the fiscal year ending March 31, 2022 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, 2021) 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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 9 for further information.

(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, 2021:	34,837,230 shares	As of Mar. 31, 2021:	34,837,230 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2021:	6,046,106 shares	As of Mar. 31, 2021:	6,051,658 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2021:	28,787,581 shares	Three months ended Jun. 30, 2020	29,327,395 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.

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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, 2022, some sectors of the Japanese economy showed signs of a recovery. However, the economy is still under pressure due to another wave of COVID-19 and other reasons.

In the global economy, the economies of some countries and regions are staging a recovery. The economies of the United States and Europe are supported by progress with vaccinations and additional economic stimulus measures. In China, the economy is supported by infrastructure expenditures and a recovery in exports.

In the steel industry, there are upturns in Japan in steel-consuming industries. For example, construction starts and automobile sales are increasing. Despite these improvements, the recovery is still slow and has not yet become a full-scale rebound in steel demand.

In China, the steel market is recovering due to increases in crude steel production and exports and other positive trends. But the global steel market has been unstable because of prolonged U.S.-China trade friction, the global semiconductor shortage and other reasons.

The Yodogawa Steel Group's net sales in the first quarter increased 9,687 million yen to 44,048 million yen. Operating profit increased 1,228 million yen to 3,087 million yen, ordinary profit increased 1,386 million yen to 4,155 million yen, and profit attributable to owners of parent increased 632 million yen to 2,460 million yen.

In Japan, sales increased due to higher sales of steel sheets, but earnings decreased because many categories of expenses were higher.

Overseas, sales and earnings increased mainly due to improvement of Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO).

Business segment performance was as follows.

1) Steel Sheet-related Business

Net sales totaled 42,108 million yen and operating profit was 3,065 million yen. Sales and earnings increased.

Steel Sheet

In Japan, monetary sales and sales volumes increased in all steel sheet categories because of the recovery in demand for building construction and other sources of strength. There were increases for both specific high-demand customers and general distribution. Although sales increased, earnings were down because many categories of expenses were higher.

Overseas, SYSCO in Taiwan achieved a big improvement in earnings because of the growth of sales volumes in Taiwan and of exports as well as improvements in selling prices. In China, earnings were higher at Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) primarily due to the larger volume of sales of pre-painted steel sheets in China. At PCM Processing (Thailand) Ltd. (PPT), there were small decreases in sales and earnings from one year earlier as this company continued to experience progress and setbacks.

Building Material & Exterior Products

In the building materials category, sales of exterior products were higher because of a high volume of sales of storage sheds and large storage warehouses. Sales of materials for building exteriors decreased because of a change in the method used to sell YODO Roof and other reasons. Construction sales were lower than one year earlier partly because of the high number of large projects in the previous fiscal year.

2) Roll Business

Net sales totaled 523 million yen and operating profit was 4 million yen.

Sales were down because of declines in the sales volume of rolls used in the steel and paper industries but earnings improved.

3) Grating Business

Net sales totaled 809 million yen and operating profit was 20 million yen.

Sales increased mainly because of a larger number of orders involving road projects and earnings were about the same as one year earlier.

4) Real Estate Business

Net sales totaled 307 million yen and operating profit was 214 million yen.

Sales and earnings were almost the same as one year earlier.

5) Other Businesses

Net sales totaled 298 million yen and operating profit was 68 million yen.

Earnings increased due to higher sales in the materials sales operations and the warehousing and transportation businesses.

(2) Explanation of Financial Position

Assets

Current assets decreased by 2,683 million yen from the end of the previous fiscal year to 121,134 million yen. This was attributable mainly to a decrease of 4,141 million yen in cash and deposits, an increase of 2,128 million yen in notes and accounts receivable-trade, and contract assets, a decrease of 4,490 million yen in securities and an increase of 3,685 million yen in inventories.

Non-current assets increased by 1,155 million yen from the end of the previous fiscal year to 103,340 million yen. This was mainly attributable to an increase of 2,106 million yen in property, plant and equipment and a decrease of 972 million yen in investment securities.

Total assets decreased by 1,528 million yen from the end of the previous fiscal year to 224,475 million yen.

Liabilities

Current liabilities decreased by 3,466 million yen from the end of the previous fiscal year to 24,907 million yen. This was attributable mainly to an increase of 957 million yen in notes and accounts payable-trade, decreases of 1,676 million yen in income taxes payable, 899 million yen in provision for bonuses and 1,017 million yen in electronically recorded obligations-non-operating.

Non-current liabilities decreased by 1,040 million yen from the end of the previous fiscal year to 16,293 million yen. This was attributable mainly to a decrease of 1,017 million yen in retirement benefit liability.

Total liabilities decreased by 4,506 million yen from the end of the previous fiscal year to 41,200 million yen.

Net assets

Net assets increased by 2,978 million yen from the end of the previous fiscal year to 183,274 million yen. This was attributable mainly to increases of 1,308 million yen in retained earnings and 1,336 million yen in foreign currency translation adjustment.

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

Although the global economy is expected to recover slowly, there is still a mixture of good and bad news about the pandemic. The worldwide semiconductor shortage and rising cost of natural resources and energy are also sources of uncertainty. As a result, Yodogawa Steel Works assumes that the outlook for the global economy will remain unclear for the time being.

In the steel markets both in Japan and other countries, prices of raw materials used for steelmaking and of steel products of all types continue to be unstable. Due to this situation, the steel market, including the balance between supply and demand, is likely to remain unstable for the time being.

The Yodogawa Steel Group as well is likely to continue to operate in a challenging business climate due to the unpredictability and instability of demand and expenses in all regions.

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. To become even more profitable, group companies are also establishing positions in new markets and increasing sales of value-added products.

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.

There is no forecast for the fiscal year ending on March 31, 2022 at this time because of the increasing uncertainty about the business climate in Japan and other countries. An announcement will be made promptly once it becomes possible to determine a reliable forecast.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/21 (as of Mar. 31, 2021)	First quarter of FY3/22 (as of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	42,035	37,893
Notes and accounts receivable-trade, and contract assets	41,229	43,358
Electronically recorded monetary claims-operating	3,005	3,347
Securities	6,821	2,330
Merchandise and finished goods	12,672	14,331
Work in process	4,158	5,187
Raw materials and supplies	9,258	10,256
Other	4,783	4,576
Allowance for doubtful accounts	(147)	(147)
Total current assets	123,818	121,134
Non-current assets		
Property, plant and equipment	52,599	54,705
Intangible assets	1,752	1,796
Investments and other assets		
Investment securities	46,865	45,892
Retirement benefit asset	285	296
Other	683	649
Total investments and other assets	47,834	46,838
Total non-current assets	102,185	103,340
Total assets	226,004	224,475
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,744	14,701
Electronically recorded obligations-operating	2,247	2,415
Income taxes payable	2,717	1,040
Provision for bonuses	1,365	465
Provision for product warranties	336	456
Other	7,962	5,827
Total current liabilities	28,373	24,907
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	52	31
Retirement benefit liability	6,907	5,890
Other	10,373	10,371
Total non-current liabilities	17,333	16,293
Total liabilities	45,707	41,200

	(Millions of yen)	
	FY3/21 (as of Mar. 31, 2021)	First quarter of FY3/22 (as of Jun. 30, 2021)
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,108	18,285
Retained earnings	110,822	112,131
Treasury shares	(12,091)	(12,078)
Total shareholders' equity	140,060	141,558
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,207	18,285
Deferred gains or losses on hedges	-	(0)
Revaluation reserve for land	1,636	1,636
Foreign currency translation adjustment	1,458	2,795
Remeasurements of defined benefit plans	109	123
Total accumulated other comprehensive income	22,412	22,839
Share acquisition rights	227	216
Non-controlling interests	17,596	18,659
Total net assets	180,296	183,274
Total liabilities and net assets	226,004	224,475

(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 FY3/21 (Apr. 1, 2020 to Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 to Jun. 30, 2021)
Net sales	34,360	44,048
Cost of sales	28,288	36,320
Gross profit	6,071	7,727
Selling, general and administrative expenses	4,212	4,639
Operating profit	1,859	3,087
Non-operating income		
Interest income	81	73
Dividend income	287	360
Foreign exchange gains	15	55
Gain on sale of investment securities	406	275
Share of profit of entities accounted for using equity method	53	180
Other	140	208
Total non-operating income	985	1,153
Non-operating expenses		
Interest expenses	17	15
Cost for employees transferred temporarily to overseas subsidiaries	48	54
Other	10	15
Total non-operating expenses	75	85
Ordinary profit	2,769	4,155
Extraordinary income		
Gain on sale of non-current assets	0	4
Insurance claim income	13	-
Total extraordinary income	13	4
Extraordinary losses		
Loss on sale and retirement of non-current assets	3	73
Impairment losses	0	1
Total extraordinary losses	4	74
Profit before income taxes	2,778	4,085
Income taxes-current	816	694
Income taxes-deferred	128	343
Total income taxes	944	1,037
Profit	1,833	3,047
Profit attributable to non-controlling interests	6	587
Profit attributable to owners of parent	1,827	2,460

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

(Millions of yen)

	First three months of FY3/21 (Apr. 1, 2020 to Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 to Jun. 30, 2021)
Profit	1,833	3,047
Other comprehensive income		
Valuation difference on available-for-sale securities	2,495	(1,032)
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	(745)	2,210
Remeasurements of defined benefit plans, net of tax	41	15
Share of other comprehensive income of entities accounted for using equity method	17	(13)
Total other comprehensive income	1,809	1,180
Comprehensive income	3,643	4,228
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,862	2,887
Comprehensive income attributable to non-controlling interests	(219)	1,340

(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.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Yodogawa Steel Works started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) at the beginning of the first quarter of the fiscal year ending on March 31, 2022. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers. The main change is that of the transactions that were previously recognized as revenue based on the total amount of consideration received from the customer, those that fall under the category of agency transactions are now recognized as revenue on a net basis. In addition, sales incentives, which were previously included in selling, general and administrative expenses, are now treated as a decrease in sales.

This change in accounting policy has been applied retrospectively in principle, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous fiscal year have been adjusted retrospectively. However, Yodogawa Steel Works has applied the following method as stipulated in Paragraph 85 of the Accounting Standard for Revenue Recognition.

- (1) No retroactive adjustment to the comparative information for contracts for which almost all the revenue amounts have been recognized in accordance with the previous treatment prior to the beginning of the previous fiscal year.
- (2) To retrospectively adjust the comparative information for the amount of variable consideration included in contracts for which almost all of the revenue amounts have been recognized in accordance with the previous treatment prior to the beginning of the current fiscal year, using the amount at the time when the uncertainty about the amount of the variable consideration is resolved.
- (3) No retroactive adjustment to the quarterly consolidated financial statements for the previous fiscal year for contracts that began and ended during the previous fiscal year.

As a result, net sales decreased by 840 million yen, cost of sales decreased by 751 million yen, selling, general and administrative expenses decreased by 88 million yen, and operating profit, ordinary profit and profit before income taxes each decreased by 0 million yen, respectively, compared with the results before the retrospective application. In addition, as the cumulative effect was reflected in net assets at the beginning of the previous fiscal year, the balance of retained earnings at the beginning of the previous fiscal year decreased by 12 million yen.

Application of the Accounting Standard for Fair Value Measurement

Yodogawa Steel Works has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies prescribed in the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of this application on the quarterly consolidated financial statements.

Segment and Other Information

Segment information

I. 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	32,264	732	772	305	34,075	285	34,360	-	34,360
Inter-segment sales and transfers	-	-	-	110	110	487	598	(598)	-
Total	32,264	732	772	416	34,185	773	34,958	(598)	34,360
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.
4. As described in "Changes in Accounting Policies," Yodogawa Steel Works has retrospectively applied the Accounting Standard for Revenue Recognition.

II. First three months of FY3/22 (Apr. 1, 2021 to Jun. 30, 2021)

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	42,108	523	809	307	43,749	298	44,048	-	44,048
Inter-segment sales and transfers	-	-	-	104	104	659	764	(764)	-
Total	42,108	523	809	412	43,854	957	44,812	(764)	44,048
Segment profit	3,065	4	20	214	3,304	68	3,372	(284)	3,087

- 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 includes unallocated expenses of (284) million yen and an elimination for inter-segment transactions of 0 million yen.
3. Segment profit 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.