



August 4, 2022

**Summary of the Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2023 (FY3/23)
(Three Months Ended June 30, 2022)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 10, 2022
 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, 2022 to June 30, 2022) of FY3/23

(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, 2022	57,632	30.8	4,027	30.4	5,978	43.9	3,343	35.9
Three months ended Jun. 30, 2021	44,048	28.2	3,087	66.1	4,155	50.1	2,460	34.6

Note: Comprehensive income (millions of yen): Three months ended Jun. 30, 2022: 3,172 (down 25.0%)
 Three months ended Jun. 30, 2021: 4,228 (up 16.1%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended Jun. 30, 2022	115.95		115.57	
Three months ended Jun. 30, 2021	85.46		85.09	

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2022	241,580	193,074	70.5
As of Mar. 31, 2022	244,671	191,937	69.6

Reference: Shareholders' equity (millions of yen): As of Jun. 30, 2022: 170,322 As of Mar. 31, 2022: 170,296

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2022	Yen -	Yen 35.00	Yen -	Yen 67.00	Yen 102.00
Fiscal year ending Mar. 31, 2023	-	-	-	-	-
Fiscal year ending Mar. 31, 2023 (Forecast)	-	40.00	-	-	-

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

There is currently no dividend forecast for the fiscal year ending March 31, 2023. For further details, please refer to the press release dated today (August 4, 2022) about earnings forecast and dividend forecast (Japanese version only).

3. Consolidated Forecasts for FY3/23 (April 1, 2022 to March 31, 2023)

(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	115,000	22.5	9,000	59.0	11,000	54.1	6,000	46.0	208.06	-
Full year	-	-	-	-	-	-	-	-	-	-

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

No consolidated forecast for the fiscal year ending March 31, 2023 is shown because of the difficulty of determining a reliable forecast. 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, 2022) 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, 2022:	34,837,230 shares	As of Mar. 31, 2022:	34,837,230 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2022:	5,997,389 shares	As of Mar. 31, 2022:	6,008,176 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2022:	28,835,661 shares	Three months ended Jun. 30, 2021:	28,787,581 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, 2023, there was a broad-based economic recovery in Japan as the severity of the pandemic decreased. Despite this improvement, industrial output remains flat and there are other signs that the economy is stalling because of the rising cost of resources and energy, caused in part by the Ukraine crisis, and restrictions on supplies of many types of materials.

In the United States, consumer spending and capital expenditures are increasing but prices are climbing steadily. In China, there is no economic growth as the zero-COVID policy limits economic activity. In Europe, the Ukraine crisis is disrupting supply chains and raising the cost of resources and energy. As a result, the outlook for the global economy is becoming increasingly unclear.

In the steel industry, market conditions were sluggish in Japan despite strength in housing starts, machinery production and other sectors because of declining automobile production caused by shortages of semiconductors and other reasons.

In overseas steel markets, the business climate has weakened, mainly in Asia. One major cause is restrictions on economic activity due to China's zero-COVID policy.

The Yodogawa Steel Group's net sales in the first quarter increased 13,584 million yen to 57,632 million yen. Operating profit increased 939 million yen to 4,027 million yen, ordinary profit increased 1,823 million yen to 5,978 million yen, and profit attributable to owners of parent increased 883 million yen to 3,343 million yen.

In Japan, sales and earnings increased mainly due to higher sales of steel sheets along with an improvement in selling prices.

Overseas, sales increased mainly because of higher sales at Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO). However, earnings were down at Chinese subsidiary Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) mainly because of the lack of growth in markets for this company's products.

Business segment performance was as follows.

1) Steel Sheet-related Business

Net sales totaled 55,372 million yen and operating profit was 4,118 million yen. Sales and earnings increased.

Steel Sheets

In Japan, there were small sales volume declines for both specific high-demand customers and general distribution primarily because of the lack of growth in demand in the building construction sector. Although the sales volume decreased, sales and earnings increased due to revision of prices of all types of steel sheets.

Overseas, SYSCO in Taiwan the sales volume of exported pre-painted sheets increased and there were improvements in selling prices. However, operating profit was about the same as one year earlier because of increases in many categories of expenses. The profitability of YSS, a subsidiary in China, decreased as lockdowns of Shanghai and other major cities based on the zero-COVID policy brought down this company's sales volume. The first quarter performance of PCM Processing (Thailand) Ltd. (PPT), our Thai subsidiary, was strong because of a large sales volume of value-added products and improvements in selling prices.

Building Material & Exterior Products

Sales of exterior products increased mainly because of strong sales of storage sheds and garages and sales of exterior building materials were higher due to revisions of YODO Roof prices and other reasons. Construction sales decreased from one year earlier when sales included the completion of a large project.

2) Roll Business

Net sales totaled 639 million yen and operating loss was 60 million yen.

Sales increased because sales volume of rolls used in the steel industry increased but there was an operating loss

due to higher expenses.

3) Grating Business

Net sales totaled 830 million yen and operating profit was 17 million yen.

Although sales increased, primarily due to revisions of grating prices, earnings were about the same as one year earlier.

4) Real Estate Business

Net sales totaled 307 million yen and operating profit was 205 million yen.

Sales were almost the same as one year earlier but earnings decreased mainly because of a lower occupancy rate at tenant-occupied buildings and an increase in depreciation.

5) Other Businesses

Net sales totaled 483 million yen and operating profit was 94 million yen.

Sales and earnings increased due to higher sales in the materials sales business and the warehousing and transportation businesses.

(2) Explanation of Financial Position

Assets

Current assets increased by 625 million yen from the end of the previous fiscal year to 145,149 million yen. This was attributable mainly to an increase of 2,605 million yen in notes and accounts receivable-trade, and contract assets, and a decrease of 1,010 million yen in securities.

Non-current assets decreased by 3,716 million yen from the end of the previous fiscal year to 96,431 million yen. This was mainly attributable to an increase of 648 million yen in property, plant and equipment and a decrease of 4,326 million yen in investment securities.

Total assets decreased by 3,090 million yen from the end of the previous fiscal year to 241,580 million yen.

Liabilities

Current liabilities decreased by 3,165 million yen from the end of the previous fiscal year to 34,392 million yen. This was attributable mainly to decreases of 1,587 million yen in notes and accounts payable-trade, 684 million yen in income taxes payable and 1,111 million yen in provision for bonuses.

Non-current liabilities decreased by 1,061 million yen from the end of the previous fiscal year to 14,113 million yen. This was attributable mainly to a decrease of 924 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities decreased by 4,226 million yen from the end of the previous fiscal year to 48,506 million yen.

Net assets

Net assets increased by 1,136 million yen from the end of the previous fiscal year to 193,074 million yen. This was attributable mainly to increases of 1,411 million yen in retained earnings, 1,207 million yen in foreign currency translation adjustment, 1,133 million yen in non-controlling interests, and a decrease of 2,622 million yen in valuation difference on available-for-sale securities.

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

The outlook for the global economy is expected to remain unclear. The prolonged conflict in Ukraine is disrupting supply chains and raising the cost of resources and energy worldwide. Furthermore, there is risk of an economic downturn because of rising interest rates in the United States and Europe.

In the steel markets of Japan and other countries, there is a gap between the relatively healthy steel market in Japan and the more lackluster steel markets in other countries. 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. The fiscal year ending in March 2023 is the final year of the Medium-term Management Plan 2022. We will continue to establish positions in new markets and increase sales of value-added products in the plan's final year in order to become even more profitable.

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 in March 2023 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)	
	FY3/22 (as of Mar. 31, 2022)	First quarter of FY3/23 (as of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	31,872	32,249
Notes and accounts receivable-trade, and contract assets	53,671	56,276
Electronically recorded monetary claims-operating	3,412	4,055
Securities	2,120	1,110
Merchandise and finished goods	22,027	20,544
Work in process	6,801	6,771
Raw materials and supplies	17,499	18,696
Other	7,229	5,554
Allowance for doubtful accounts	(110)	(110)
Total current assets	144,523	145,149
Non-current assets		
Property, plant and equipment	56,459	57,108
Intangible assets	1,966	1,999
Investments and other assets		
Investment securities	40,678	36,351
Retirement benefit asset	441	452
Other	601	519
Total investments and other assets	41,721	37,323
Total non-current assets	100,147	96,431
Total assets	244,671	241,580
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,676	19,089
Electronically recorded obligations-operating	2,329	2,529
Short-term borrowings	1,320	1,506
Income taxes payable	3,590	2,906
Provision for bonuses	1,658	547
Provision for product warranties	671	807
Other	7,309	7,007
Total current liabilities	37,557	34,392
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	39	25
Retirement benefit liability	6,285	6,147
Other	8,851	7,940
Total non-current liabilities	15,175	14,113
Total liabilities	52,733	48,506

	(Millions of yen)	
	FY3/22 (as of Mar. 31, 2022)	First quarter of FY3/23 (as of Jun. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,272	18,270
Retained earnings	118,475	119,887
Treasury shares	(11,992)	(11,967)
Total shareholders' equity	147,977	149,411
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,174	13,551
Deferred gains or losses on hedges	(0)	(0)
Revaluation reserve for land	1,609	1,609
Foreign currency translation adjustment	4,433	5,641
Remeasurements of defined benefit plans	101	108
Total accumulated other comprehensive income	22,319	20,911
Share acquisition rights	187	163
Non-controlling interests	21,454	22,587
Total net assets	191,937	193,074
Total liabilities and net assets	244,671	241,580

(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 FY3/22 (Apr. 1, 2021 to Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 to Jun. 30, 2022)
Net sales	44,048	57,632
Cost of sales	36,320	48,173
Gross profit	7,727	9,459
Selling, general and administrative expenses	4,639	5,431
Operating profit	3,087	4,027
Non-operating income		
Interest income	73	111
Dividend income	360	538
Foreign exchange gains	55	244
Gain on sale of investment securities	275	868
Share of profit of entities accounted for using equity method	180	129
Other	208	139
Total non-operating income	1,153	2,032
Non-operating expenses		
Interest expenses	15	23
Cost for employees transferred temporarily to overseas subsidiaries	54	47
Other	15	10
Total non-operating expenses	85	80
Ordinary profit	4,155	5,978
Extraordinary income		
Gain on sale of non-current assets	4	-
Other	-	0
Total extraordinary income	4	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	73	39
Impairment losses	1	295
Total extraordinary losses	74	335
Profit before income taxes	4,085	5,643
Income taxes-current	694	1,457
Income taxes-deferred	343	233
Total income taxes	1,037	1,690
Profit	3,047	3,952
Profit attributable to non-controlling interests	587	609
Profit attributable to owners of parent	2,460	3,343

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

(Millions of yen)

	First three months of FY3/22 (Apr. 1, 2021 to Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 to Jun. 30, 2022)
Profit	3,047	3,952
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,032)	(2,633)
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	2,210	1,855
Remeasurements of defined benefit plans, net of tax	15	10
Share of other comprehensive income of entities accounted for using equity method	(13)	(13)
Total other comprehensive income	1,180	(780)
Comprehensive income	4,228	3,172
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,887	1,935
Comprehensive income attributable to non-controlling interests	1,340	1,236

(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 FY3/22 (Apr. 1, 2021 to Jun. 30, 2021)

1. 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.

II. First three months of FY3/23 (Apr. 1, 2022 to Jun. 30, 2022)

1. 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	55,372	639	830	307	57,149	483	57,632	-	57,632
Inter-segment sales and transfers	-	-	-	104	104	716	821	(821)	-
Total	55,372	639	830	412	57,253	1,200	58,453	(821)	57,632
Segment profit (loss)	4,118	(60)	17	205	4,280	94	4,375	(348)	4,027

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 (346) million yen and an elimination for inter-segment transactions of (1) million yen.

3. Segment profit (loss) is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, or goodwill, etc. for each reportable segment

Material impairment losses related to non-current assets

In the Others (golf course business) segment, impairment losses on non-current assets were recorded. The amount of the impairment losses was 295 million yen in the first three months of FY3/23.

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.