



MEMBERSHIP
May 10, 2023

Summary of the Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (FY3/23)

[Japanese GAAP]

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 Stock code: 5451 URL: <https://www.yodoko.co.jp/>
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Scheduled date of Annual General Meeting of Shareholders: June 21, 2023
 Scheduled date of payment of dividend: June 22, 2023
 Scheduled date of filing of Annual Securities Report: June 21, 2023
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

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

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

(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 | % |
| Fiscal year ended Mar. 31, 2023 | 220,314 | 9.3 | 12,665 | (11.7) | 17,686 | (1.3) | 10,593 | 8.2 |
| Fiscal year ended Mar. 31, 2022 | 201,655 | 38.2 | 14,349 | 82.1 | 17,916 | 83.0 | 9,789 | 56.4 |

Note: Comprehensive income (millions of yen): Fiscal year ended Mar. 31, 2023: 14,916 (up 5.3%)
 Fiscal year ended Mar. 31, 2022: 14,161 (down 13.4%)

| | Net income per share | Diluted net income per share | Return on equity | Ordinary profit on total assets | Operating profit to net sales |
|---------------------------------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended Mar. 31, 2023 | 367.13 | 365.99 | 6.1 | 7.1 | 5.7 |
| Fiscal year ended Mar. 31, 2022 | 339.77 | 338.42 | 5.9 | 7.6 | 7.1 |

Reference: Equity in earnings of affiliates (millions of yen): Fiscal year ended Mar. 31, 2023: 542
 Fiscal year ended Mar. 31, 2022: 589

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------------|-----------------|-----------------|----------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of Mar. 31, 2023 | 251,057 | 201,906 | 71.6 | 6,223.26 |
| As of Mar. 31, 2022 | 244,671 | 191,937 | 69.6 | 5,907.11 |

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2023: 179,673 As of Mar. 31, 2022: 170,296

(3) Cash flow position

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended Mar. 31, 2023 | 17,336 | (3,160) | (5,092) | 40,712 |
| Fiscal year ended Mar. 31, 2022 | (10,645) | (1,985) | (1,226) | 30,961 |

2. Dividends

| | Dividend per share | | | | | Total dividends | Payout ratio (consolidated) | Dividend on equity (consolidated) |
|---|--------------------|--------|--------|----------|--------|-----------------|-----------------------------|-----------------------------------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended Mar. 31, 2022 | – | 35.00 | – | 67.00 | 102.00 | 2,969 | 30.0 | 1.8 |
| Fiscal year ended Mar. 31, 2023 | – | 40.00 | – | 71.00 | 111.00 | 3,236 | 30.2 | 1.8 |
| Fiscal year ending Mar. 31, 2024 (Forecast) | – | – | – | – | – | – | – | – |

There is currently no dividend forecast for the fiscal year ending March 31, 2024.

3. Consolidated Forecasts for FY3/24 (April 1, 2023 to March 31, 2024)

No consolidated forecast for the fiscal year ending March 31, 2024 is shown because of the difficulty of determining a reliable forecast.

For further details, please refer to “1. Overview of Results of Operations, (2) Outlook” on page 5.

*** Notes**

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

(2) 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

(3) Number of outstanding shares (common shares)

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

As of Mar. 31, 2023: 34,837,230 shares As of Mar. 31, 2022: 34,837,230 shares

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

As of Mar. 31, 2023: 5,966,020 shares As of Mar. 31, 2022: 6,008,176 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2023: 28,855,605 shares Fiscal year ended Mar. 31, 2022: 28,810,962 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for FY3/23 (April 1, 2022 to March 31, 2023)

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

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---------------------------------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended Mar. 31, 2023 | 145,355 | 14.0 | 11,036 | 38.9 | 17,012 | 59.8 | 12,644 | 72.6 |
| Fiscal year ended Mar. 31, 2022 | 127,549 | 29.1 | 7,946 | 13.2 | 10,644 | 22.6 | 7,324 | – |

| | Net income per share | | Diluted net income per share | |
|---------------------------------|----------------------|--|------------------------------|--|
| | Yen | | Yen | |
| Fiscal year ended Mar. 31, 2023 | 433.83 | | 432.50 | |
| Fiscal year ended Mar. 31, 2022 | 251.72 | | 250.73 | |

(2) Non-consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------------|-----------------|-----------------|----------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of Mar. 31, 2023 | 189,729 | 152,436 | 80.3 | 5,222.49 |
| As of Mar. 31, 2022 | 181,246 | 143,036 | 78.8 | 4,905.86 |

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2023: 152,295 As of Mar. 31, 2022: 142,849

* The current financial report is not subject to audit 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. Overview of Results of Operations, (2) Outlook" on page 5.

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1. Overview of Results of Operations

(1) Results of Operations and Financial Position

1) Summary of results of operations

In the fiscal year ended March 31, 2023, there was a slow recovery of the Japanese economy as economic activity began returning to normal due to the progress of the With Corona policy. Despite this improvement, there was an increasing downward pressure on the economy, particularly in the second half of the fiscal year, due to the reasons such as the rising cost of resources and energy caused by the Ukraine crisis, higher prices of imported goods because of the yen's decline and other reasons.

In the United States, concerns about slowing economic growth are increasing because of inflation and monetary tightening. In China, the zero-COVID policy, real estate market downturn and other factors are holding down demand and economic growth. In Europe, economic growth is slowing because of accelerated inflation, which is raising the cost of energy and other items, and rising interest rates.

In Japan, while automobile production seems to be picking up as semiconductor supply shortages have eased and by other factors, residential construction and machinery orders are weak. Under the circumstances, orders and production have been declining in the steel industry.

In overseas steel markets, anticipation for economic recovery was seen in China after its zero-COVID policy was reversed. Although the economy did show signs of improvement, the overall economy remains weak because of economic slowdowns in several regions.

In response to the rapid and unprecedented increase in the cost of raw materials and energy, the Yodogawa Steel Group took many actions to maintain a stable supply of products for customers and lower expenses. In addition, group companies provided customers with thorough explanations of the selling prices of products that can be reproduced.

The Yodogawa Steel Group's net sales in the fiscal year increased 18,659 million yen to 220,314 million yen. Operating profit decreased 1,683 million yen to 12,665 million yen, ordinary profit decreased 230 million yen to 17,686 million yen, and profit attributable to owners of parent increased 804 million yen to 10,593 million yen.

Total assets at the end of the fiscal year increased 6,386 million yen from one year earlier to 251,057 million yen. This increase is attributable mainly to increases in inventories and cash and deposits as a result of an increase in cash flows from operating activities, partly offset by decreases in trade receivables and investment securities resulting from sale of shares held for pure investment purposes. Liabilities decreased 3,582 million yen to 49,150 million yen. This decrease is attributable mainly to decreases in trade payables and retirement benefit liability. Net assets increased 9,968 million yen to 201,906 million yen. This increase is attributable mainly to increases in retained earnings and foreign currency translation adjustment.

Business segment performance was as follows.

Steel Sheet-related Business

Net sales totaled 210,952 million yen and operating profit was 13,310 million yen.

Roll Business

Net sales totaled 2,929 million yen and operating loss was 262 million yen.

Grating Business

Net sales totaled 3,500 million yen and operating profit was 51 million yen.

Real Estate Business

Net sales totaled 1,236 million yen and operating profit was 786 million yen.

Other Businesses

Net sales totaled 1,695 million yen and operating profit was 237 million yen.

Cash and cash equivalents at the end of the fiscal year increased 9,750 million yen from the end of the previous fiscal year to 40,712 million yen mainly due to the positive operating cash flows.

Cash flows from operating activities

Net cash provided by operating activities was 17,336 million yen (compared with 10,645 million yen used in the previous fiscal year) mainly due to the difference between increase in inventories and the decreases in operating profit and trade receivables.

Cash flows from investing activities

Net cash used in investing activities increased 1,175 million yen to 3,160 million yen mainly due to purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities increased 3,865 million yen to 5,092 million yen mainly due to payments of dividends.

2) Analysis and review of results of operations

Net sales

The business climate was challenging during the fiscal year because of the rapid increase in all categories of expenses in Japan and other countries. The Yodogawa Steel Group focused on meeting demand that emerged as economies worldwide began recovering from the pandemic downturn and took actions involving selling prices of products that can be reproduced.

Selling prices tended to improve in Japan and furthermore, our Thailand subsidiary PCM PROCESSING (THAILAND) Ltd. showed a robust performance, which led to an increase in consolidated sales.

Operating profit

In Japan, the business climate was challenging primarily due to the rising costs of materials and many other items. Despite these difficulties, earnings increased because of the selling price revisions.

On the other hand, our Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO) saw a significant decrease in earnings, impacted by deterioration in overseas markets. In China, the sales volume at our subsidiary Yodogawa Shengyu (Hegei) High-Tech Steel Co., Ltd. (YSS) decreased mainly due to the zero COVID-19 policy. The result was a decrease in consolidated operating profit.

Ordinary profit

Ordinary profit decreased less than operating profit did mainly due to an increase in gain on sale of investment securities in non-operating income.

Profit attributable to owners of parent

The decrease in profit attributable to owners of parent was larger than the decrease in ordinary profit mainly because of an increase in income taxes-current. However, profit attributable to owners of parent increased year on year because of the high percentage of non-controlling interests at SYSCO, which was a major reason that the consolidated profit decreased.

The Yodogawa Steel Group's basic strategy for capital policy is to maintain consistent operating cash flows in order to secure funds needed for substantial investments for sustained growth as well as the greatest possible shareholder distributions while maintaining financial soundness.

As of the end of March 2023, there were no significant capital expenditures planned that would require the procurement of funds from external sources. For working capital and capital expenditures, the policy is to use internal resources as the main source of funding and use loans from financial institutions as needed for the time being.

As an objective target for monitoring progress concerning management policies, strategic goals and business goals, the Yodogawa Steel Group Medium-Term Management Plan 2022, which was announced in 2020, set the

following goal: consolidated ordinary profit of at least 9 billion yen in the fiscal year ended on March 31, 2023.

The business climate was challenging during the fiscal year that ended on March 31, 2023 because of the rapid increase in all categories of expenses in Japan and other countries. The Yodogawa Steel Group used the speed and flexibility that is one of its key strengths in order to cut costs, improve prices of its products, establish relationships with new customers and make progress in other ways.

As a result, consolidated ordinary profit in the fiscal year surpassed the target for the fiscal year ended on March 31, 2023.

An analysis and review of the financial position and results of operations for business segments are as follows.

Steel Sheet-related Business

Steel Sheet

In Japan, both sales and earnings increased thanks to revisions of selling prices of all types of steel sheets, although there were sales volume declines in products both for specific high-demand customers and general distribution primarily because of sluggish demand in the building construction sector as well as our sales strategy that focused on profitability in the second half of the fiscal year.

Overseas, SYSCO in Taiwan decreased earnings because of decline in sales volumes in Taiwan and of exports, seriously impacted by the stagnant market in the second half of the fiscal year. YSS, our subsidiary in China suffered a deterioration in performance due to the sales volume decline caused by the lockdowns in Shanghai and other major cities due to the zero-COVID policy. Sales and earnings of PTT, our Thai subsidiary, increased because of the steady sales of high value-added products and progress of revisions of selling prices.

Building Material

In the building materials category, although the sales volumes of both exterior products and exterior construction material products were lower than in the previous fiscal year, sales increased overall mainly thanks to the revisions of selling prices. As a result, sales increased and earnings decreased in the Steel Sheet-related Business segment.

Roll Business

Sales increased because of an increase in export sales volume of rolls used in the steel industry but there was an operating loss due to cost increases caused by rising material prices.

Grating Business

Sales increased mainly because of revisions of selling prices, but earnings decreased due to cost increases caused by rising material prices.

Real Estate Business

Sales were almost the same as one year earlier but earnings decreased mainly because of an increase in depreciation associated with renovations and improvements at leased properties.

Other Businesses

Sales and earnings decreased because of lower sales in the volume of cargo handled in the warehousing and transportation businesses.

(2) Outlook

The outlook for the global economy is expected to remain unclear because of a combination of factors. Even though the Chinese economy is anticipated to recover following the abolishment of its zero-COVID policy, concerns remain over an economic downturn caused by the effects of the prolonged Ukraine-Russia conflict and monetary tightening in the United States and Europe. Furthermore, signs of financial instability are suspected.

In Japan, the trend of rising prices is expected to continue and the Bank of Japan's monetary policy trend needs to be closely monitored. The economy is expected to be significantly affected by the aforementioned global risk factors.

In the steel markets in Japan and other countries, while prices of raw materials used for steelmaking as well as cost of resources and energy are expected to remain at a high level, there is additional geopolitical risks such as the situation in Russia and Ukraine and concerns over the Taiwan emergency. Due to this situation, the steel market, including the balance between supply and demand, is likely to remain unstable for the time being.

The Yodogawa Steel Group as well is likely to continue to operate in a challenging business climate due to the unpredictability and instability of demand and 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. At the same time, by steadily implementing the newly formulated "Yodogawa Steel Group Medium-Term Management Plan 2025," we will work to strengthen our earning power.

There is no forecast for the fiscal year ending in March 2024 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.

(3) Basic Policy for Profit Distribution and Dividends in the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of Yodogawa Steel. Earnings are distributed by paying dividends that reflect results of operations, repurchasing stock and in other ways. The basic policy for dividends that are in line with our results of operations is to make payments that are stable and continuous. Dividends also take into consideration the need for funds for investments and other actions for increasing corporate value, the outlook for sales and earnings, the need to maintain financial soundness, and other items.

Regarding shareholder returns for the three fiscal years ending on March 31, 2024, 2025 and 2026, we will place emphasis on dividend payments, maintaining an annual dividend of at least 50 yen per share considering factors such as our capital investment plan and financial condition, with the target consolidated payout ratio of 30% or more to pay dividends that reflect results of operations.

The basic policy is to pay interim and year-end dividends. In accordance with Article 459, Paragraph 1 of the Companies Act, the Yodogawa Steel Articles of Incorporation state that dividends can be paid based on a resolution of the Board of Directors, except in cases where stipulated otherwise by laws and regulations.

The year-end dividend for the fiscal year that ended March 31, 2023 is to be 71 yen per share. With the interim dividend of 40 yen, this will result in a dividend of 111 yen per share for this fiscal year.

There is currently no dividend forecast for the fiscal year ending March 31, 2024. An announcement will be made promptly once it becomes possible to disclose a dividend forecast.

2. Basic Approach to the Selection of Accounting Standards

The Yodogawa Steel Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of the International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

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

| | (Millions of yen) | |
|--|-----------------------|-----------------------|
| | FY3/22 | FY3/23 |
| | (as of Mar. 31, 2022) | (as of Mar. 31, 2023) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 31,872 | 40,189 |
| Notes and accounts receivable-trade, and contract assets | 53,671 | 49,521 |
| Electronically recorded monetary claims-operating | 3,412 | 4,454 |
| Securities | 2,120 | 4,207 |
| Merchandise and finished goods | 22,027 | 23,285 |
| Work in process | 6,801 | 6,476 |
| Raw materials and supplies | 17,499 | 19,924 |
| Other | 7,229 | 2,961 |
| Allowance for doubtful accounts | (110) | (152) |
| Total current assets | 144,523 | 150,867 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 66,010 | 67,510 |
| Accumulated depreciation | (46,954) | (48,585) |
| Buildings and structures, net | 19,056 | 18,925 |
| Machinery, equipment and vehicles | 144,768 | 147,138 |
| Accumulated depreciation | (130,382) | (134,183) |
| Machinery, equipment and vehicles, net | 14,386 | 12,955 |
| Land | 19,312 | 19,095 |
| Leased assets | 173 | 177 |
| Accumulated depreciation | (81) | (106) |
| Leased assets, net | 92 | 70 |
| Construction in progress | 2,439 | 4,457 |
| Other | 12,374 | 12,343 |
| Accumulated depreciation | (11,202) | (11,246) |
| Other, net | 1,172 | 1,097 |
| Total property, plant and equipment | 56,459 | 56,602 |
| Intangible assets | | |
| Other | 1,966 | 2,076 |
| Total intangible assets | 1,966 | 2,076 |
| Investments and other assets | | |
| Investment securities | 40,678 | 40,193 |
| Retirement benefit asset | 441 | 724 |
| Deferred tax assets | 182 | 137 |
| Other | 419 | 454 |
| Total investments and other assets | 41,721 | 41,510 |
| Total non-current assets | 100,147 | 100,189 |
| Total assets | 244,671 | 251,057 |

| | (Millions of yen) | |
|--|-----------------------|-----------------------|
| | FY3/22 | FY3/23 |
| | (as of Mar. 31, 2022) | (as of Mar. 31, 2023) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 20,676 | 17,881 |
| Electronically recorded obligations-operating | 2,329 | 2,987 |
| Short-term borrowings | 1,320 | 1,328 |
| Lease liabilities | 76 | 61 |
| Income taxes payable | 3,590 | 3,159 |
| Contract liabilities | 169 | 156 |
| Provision for bonuses | 1,658 | 1,259 |
| Provision for product warranties | 671 | 971 |
| Other | 7,064 | 7,285 |
| Total current liabilities | 37,557 | 35,092 |
| Non-current liabilities | | |
| Lease liabilities | 18 | 10 |
| Deferred tax liabilities | 4,103 | 3,873 |
| Deferred tax liabilities for land revaluation | 844 | 807 |
| Provision for retirement benefits for directors (and other officers) | 39 | 32 |
| Retirement benefit liability | 6,285 | 5,517 |
| Other | 3,885 | 3,816 |
| Total non-current liabilities | 15,175 | 14,058 |
| Total liabilities | 52,733 | 49,150 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 23,220 | 23,220 |
| Capital surplus | 18,272 | 18,267 |
| Retained earnings | 118,475 | 126,064 |
| Treasury shares | (11,992) | (11,895) |
| Total shareholders' equity | 147,977 | 155,657 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 16,174 | 16,115 |
| Deferred gains or losses on hedges | (0) | - |
| Revaluation reserve for land | 1,609 | 1,529 |
| Foreign currency translation adjustment | 4,433 | 5,958 |
| Remeasurements of defined benefit plans | 101 | 412 |
| Total accumulated other comprehensive income | 22,319 | 24,016 |
| Share acquisition rights | 187 | 140 |
| Non-controlling interests | 21,454 | 22,092 |
| Total net assets | 191,937 | 201,906 |
| Total liabilities and net assets | 244,671 | 251,057 |

(2) Consolidated Statements of Income and Comprehensive Income**(Consolidated Statement of Income)**

(Millions of yen)

| | FY3/22 (Apr. 1, 2021 to Mar. 31, 2022) | FY3/23 (Apr. 1, 2022 to Mar. 31, 2023) |
|---|---|---|
| Net sales | 201,655 | 220,314 |
| Cost of sales | 168,471 | 187,650 |
| Gross profit | 33,183 | 32,664 |
| Selling, general and administrative expenses | 18,834 | 19,998 |
| Operating profit | 14,349 | 12,665 |
| Non-operating income | | |
| Interest income | 320 | 397 |
| Dividend income | 1,104 | 1,161 |
| Insurance claim income | 135 | 65 |
| Gain on sale of investment securities | 797 | 2,408 |
| Foreign exchange gains | 404 | 601 |
| Share of profit of entities accounted for using equity method | 589 | 542 |
| Other | 565 | 175 |
| Total non-operating income | 3,918 | 5,350 |
| Non-operating expenses | | |
| Interest expenses | 67 | 118 |
| Commitment fees | 21 | 21 |
| Cost for employees transferred temporarily to overseas subsidiaries | 174 | 160 |
| Other | 87 | 29 |
| Total non-operating expenses | 351 | 329 |
| Ordinary profit | 17,916 | 17,686 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 148 | 187 |
| Other | - | 0 |
| Total extraordinary income | 148 | 187 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 510 | 171 |
| Impairment losses | 459 | 835 |
| Loss on valuation of investment securities | 1 | - |
| Total extraordinary losses | 971 | 1,006 |
| Profit before income taxes | 17,092 | 16,867 |
| Income taxes-current | 4,999 | 5,321 |
| Income taxes-deferred | (167) | (348) |
| Total income taxes | 4,831 | 4,973 |
| Profit | 12,261 | 11,893 |
| Profit attributable to non-controlling interests | 2,471 | 1,299 |
| Profit attributable to owners of parent | 9,789 | 10,593 |

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

| | FY3/22 (Apr. 1, 2021 to Mar. 31, 2022) | FY3/23 (Apr. 1, 2022 to Mar. 31, 2023) |
|---|---|---|
| Profit | 12,261 | 11,893 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (3,156) | (18) |
| Deferred gains or losses on hedges | (0) | 0 |
| Foreign currency translation adjustment | 5,142 | 2,442 |
| Remeasurements of defined benefit plans, net of tax | (105) | 585 |
| Share of other comprehensive income of entities accounted for using equity method | 20 | 13 |
| Total other comprehensive income | 1,899 | 3,022 |
| Comprehensive income | 14,161 | 14,916 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 9,722 | 12,371 |
| Comprehensive income attributable to non-controlling interests | 4,438 | 2,544 |

(3) Consolidated Statement of Changes in Equity

FY3/22 (Apr. 1, 2021 to Mar. 31, 2022)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 23,220 | 18,108 | 110,822 | (12,091) | 140,060 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,162) | | (2,162) |
| Profit attributable to owners of parent | | | 9,789 | | 9,789 |
| Purchase of treasury shares | | | | (5) | (5) |
| Disposal of treasury shares | | (16) | | 105 | 88 |
| Purchase of shares of consolidated subsidiaries | | 181 | | | 181 |
| Reversal of revaluation reserve for land | | | 26 | | 26 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | 164 | 7,652 | 99 | 7,917 |
| Balance at end of period | 23,220 | 18,272 | 118,475 | (11,992) | 147,977 |

| | Accumulated other comprehensive income | | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|------------------------------------|------------------------------|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 19,207 | - | 1,636 | 1,458 | 109 | 22,412 | 227 | 17,596 | 180,296 |
| Changes during period | | | | | | | | | |
| Dividends of surplus | | | | | | | | | (2,162) |
| Profit attributable to owners of parent | | | | | | | | | 9,789 |
| Purchase of treasury shares | | | | | | | | | (5) |
| Disposal of treasury shares | | | | | | | | | 88 |
| Purchase of shares of consolidated subsidiaries | | | | | | | | | 181 |
| Reversal of revaluation reserve for land | | | | | | | | | 26 |
| Net changes in items other than shareholders' equity | (3,032) | (0) | (26) | 2,975 | (8) | (93) | (40) | 3,857 | 3,723 |
| Total changes during period | (3,032) | (0) | (26) | 2,975 | (8) | (93) | (40) | 3,857 | 11,640 |
| Balance at end of period | 16,174 | (0) | 1,609 | 4,433 | 101 | 22,319 | 187 | 21,454 | 191,937 |

FY3/23 (Apr. 1, 2022 to Mar. 31, 2023)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 23,220 | 18,272 | 118,475 | (11,992) | 147,977 |
| Changes during period | | | | | |
| Dividends of surplus | | | (3,085) | | (3,085) |
| Profit attributable to owners of parent | | | 10,593 | | 10,593 |
| Purchase of treasury shares | | | | (5) | (5) |
| Disposal of treasury shares | | (5) | | 101 | 96 |
| Reversal of revaluation reserve for land | | | 80 | | 80 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | (5) | 7,588 | 96 | 7,679 |
| Balance at end of period | 23,220 | 18,267 | 126,064 | (11,895) | 155,657 |

| | Accumulated other comprehensive income | | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|------------------------------------|------------------------------|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 16,174 | (0) | 1,609 | 4,433 | 101 | 22,319 | 187 | 21,454 | 191,937 |
| Changes during period | | | | | | | | | |
| Dividends of surplus | | | | | | | | | (3,085) |
| Profit attributable to owners of parent | | | | | | | | | 10,593 |
| Purchase of treasury shares | | | | | | | | | (5) |
| Disposal of treasury shares | | | | | | | | | 96 |
| Reversal of revaluation reserve for land | | | | | | | | | 80 |
| Net changes in items other than shareholders' equity | (58) | 0 | (80) | 1,524 | 311 | 1,696 | (46) | 638 | 2,288 |
| Total changes during period | (58) | 0 | (80) | 1,524 | 311 | 1,696 | (46) | 638 | 9,968 |
| Balance at end of period | 16,115 | – | 1,529 | 5,958 | 412 | 24,016 | 140 | 22,092 | 201,906 |

(4) Consolidated Statement of Cash Flows

(Millions of yen)

| | FY3/22 (Apr. 1, 2021 to Mar. 31, 2022) | FY3/23 (Apr. 1, 2022 to Mar. 31, 2023) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 17,092 | 16,867 |
| Depreciation | 4,154 | 5,042 |
| Share of loss (profit) of entities accounted for using equity method | (589) | (542) |
| Increase (decrease) in retirement benefit liability | (874) | (479) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (13) | (6) |
| Increase (decrease) in provision for bonuses | 234 | (435) |
| Increase (decrease) in allowance for doubtful accounts | (36) | 42 |
| Interest and dividend income | (1,424) | (1,558) |
| Interest expenses | 67 | 118 |
| Insurance claim income | (135) | (65) |
| Loss (gain) on sale of investment securities | (797) | (2,408) |
| Loss (gain) on valuation of investment securities | 1 | - |
| Loss (gain) on sale and retirement of non-current assets | 362 | (15) |
| Impairment losses | 459 | 835 |
| Decrease (increase) in trade receivables | (12,437) | 3,321 |
| Decrease (increase) in inventories | (19,044) | (2,466) |
| Increase (decrease) in trade payables | 6,786 | (2,294) |
| Increase (decrease) in accrued consumption taxes | (1,119) | 1,147 |
| Other, net | (570) | 4,473 |
| Subtotal | (7,883) | 21,575 |
| Proceeds from insurance income | 135 | 65 |
| Interest and dividends received | 1,393 | 1,658 |
| Interest paid | (67) | (84) |
| Income taxes paid | (4,222) | (5,877) |
| Net cash provided by (used in) operating activities | (10,645) | 17,336 |

(Millions of yen)

| | FY3/22 (Apr. 1, 2021 to Mar. 31, 2022) | FY3/23 (Apr. 1, 2022 to Mar. 31, 2023) |
|--|---|---|
| Cash flows from investing activities | | |
| Investments in time deposits with a maturity of more than three months | (9,294) | (9,832) |
| Proceeds from time deposits with a maturity of more than three months | 12,834 | 8,418 |
| Proceeds from sale and redemption of securities | 321 | 1,119 |
| Purchase of property, plant and equipment | (7,939) | (6,171) |
| Proceeds from sale of property, plant and equipment | 213 | 470 |
| Purchase of intangible assets | (306) | (237) |
| Purchase of investment securities | (738) | (57) |
| Proceeds from sale and redemption of investment securities | 3,615 | 3,319 |
| Loan advances | – | (67) |
| Proceeds from collection of loans receivable | 118 | – |
| Purchase of shares of subsidiaries | (808) | (122) |
| Net cash provided by (used in) investing activities | (1,985) | (3,160) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,321 | 11 |
| Repayments of lease liabilities | (46) | (79) |
| Proceeds from sale of treasury shares | 0 | 0 |
| Purchase of treasury shares | (2) | (2) |
| Dividends paid | (2,184) | (3,116) |
| Dividends paid to non-controlling interests | (315) | (1,906) |
| Net cash provided by (used in) financing activities | (1,226) | (5,092) |
| Effect of exchange rate change on cash and cash equivalents | 1,702 | 667 |
| Net increase (decrease) in cash and cash equivalents | (12,154) | 9,750 |
| Cash and cash equivalents at beginning of period | 43,116 | 30,961 |
| Cash and cash equivalents at end of period | 30,961 | 40,712 |

(5) Notes to Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 8

Takada Kozai Kogyo Co., Ltd.
Sheng Yu Steel Co., Ltd. (SYSCO)
Yodoko Shoji Co., Ltd.
Keiyo Tekko Futo Co., Ltd.
Yodoko Kohatsu Co., Ltd.
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS)
PCM Processing (Thailand) Ltd. (PPT)
Fukui Yodoko Co., Ltd.

(2) Names of major non-consolidated subsidiaries

Yodoko Kosan Co., Ltd., Yodogawa-Fuyo Co.,Ltd., ARDUC Co., Ltd., YIL, Yodoko International Ltd. (YIL), Yodoko Building Materials (Hangzhou) Co.,Ltd. (YBMH)

The sum of total assets, sales, profit or loss (equity-method amount), retained earnings (equity-method amount) and other financial items of non-consolidated subsidiaries is small in relation to all of the corresponding consolidated figures. Consequently, these subsidiaries are excluded from consolidation because they would not have a material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for using the equity method and names of major companies

Non-consolidated subsidiaries: None

Affiliates: 1 SADOSHIMA CORPORATION

(2) Names of major non-consolidated subsidiaries and affiliates not accounted for using the equity method and reason for exclusion

Non-consolidated subsidiaries: Yodoko Kosan Co., Ltd., Yodogawa-Fuyo Co., Ltd., ARDUC Co., Ltd., YIL, YBMH

Affiliates: FUJIDEN INTERNATIONAL CORP., Kosaka Kizai Co., Ltd.

Profit or loss (in proportion with the shareholding ratio), retained earnings (in proportion with the shareholding ratio) and other financial items of the non-consolidated subsidiaries and affiliates not accounted for using the equity method are negligible and the sum of these items for all of these subsidiaries and affiliates is immaterial in relation to the consolidated financial statements. Consequently, the cost method is used for the valuation of investments in these companies instead of applying the equity method.

3. Fiscal year-end of consolidated subsidiaries

For consolidated subsidiaries, the fiscal year-end of SYSCO, YSS and PPT is the end of December. For the preparation of the consolidated financial statements, the financial statements as of the end of December are used for SYSCO, YSS and PPT. Consolidation adjustments are then made as needed for any significant transactions that occurred between January 1 and March 31, the end of the consolidated fiscal year.

Notes to 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 Information

1. Overview of reportable segments

Segments used for financial reporting are the Yodogawa Steel Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Yodogawa Steel Group has business divisions based on the products and services of Yodogawa Steel and its consolidated subsidiaries. Each division determines strategies and conducts business operations for its products and services. Accordingly, the Yodogawa Steel Group is composed of segments classified by products or services based on the business divisions and there are four reportable segments: Steel Sheet-related business, Roll business, Grating business and Real Estate business.

The Steel Sheet-related business manufactures and sells cold-rolled steel sheets, steel strips, plated steel sheets, galvanized steel sheets and other steel sheets, manufactures and sells building materials (roofing and printed products, liner panels, siding and other products) and exterior products (storage sheds, garages, bicycle parking units, trash receptacles and other products), and performs design and contracting for construction. The Roll business manufactures and sells rolls for section steel, rolls for non-ferrous metals and other products. The Grating business manufactures and sells gratings. The Real Estate business is engaged in leasing and buying and selling buildings, parking lots and other real estate.

2. Calculation method for net sales, profit/loss, assets, and other items for each reportable segment

The calculation method for each reportable segment is the same as that described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

3. Information related to net sales, profit/loss, assets, and other items for each reportable segment

FY3/22 (Apr. 1, 2021 to Mar. 31, 2022)

(Millions of yen)

| | Reportable segments | | | | | Others (Note 1) | Total | Adjustment | Amounts shown on the consolidated financial statements |
|---|------------------------------------|------------------|---------------------|----------------------------|---------|--------------------|---------|-------------------|--|
| | Steel Sheet-related Business | Roll Business | Grating Business | Real Estate Business | Total | | | | |
| Net sales | | | | | | | | | |
| External sales | 192,428 | 2,689 | 3,443 | 1,263 | 199,826 | 1,829 | 201,655 | – | 201,655 |
| Inter-segment sales and transfers | – | – | – | 419 | 419 | 2,682 | 3,102 | (3,102) | – |
| Total | 192,428 | 2,689 | 3,443 | 1,683 | 200,246 | 4,511 | 204,757 | (3,102) | 201,655 |
| Segment profit | 14,213 | 8 | 109 | 857 | 15,188 | 445 | 15,634 | Note 2 (1,285) | Note 3 14,349 |
| Segment assets | 199,558 | 5,259 | 3,566 | 9,663 | 218,047 | 11,374 | 229,422 | Note 4 15,248 | 244,671 |
| Other items | | | | | | | | | |
| Depreciation | 3,536 | 85 | 47 | 159 | 3,828 | 234 | 4,063 | 91 | 4,154 |
| Investment in equity-method affiliates | 5,810 | 0 | 512 | 4 | 6,327 | – | 6,327 | – | 6,327 |
| Increases in property, plant and equipment and intangible assets | 6,178 | 110 | 49 | 509 | 6,848 | 400 | 7,248 | Note 5 (30) | 7,218 |

- 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 (1,281) million yen and an elimination for inter-segment transactions of (3) million yen.
 3. Segment profit is adjusted to be consistent with the operating profit on the consolidated statement of income.
 4. The adjustment to segment assets includes corporate assets of 15,670 million yen and an elimination for inter-segment transactions of (421) million yen.
 5. The adjustment of (30) million yen to increases in property, plant and equipment and intangible assets is capital expenditures mainly for corporate tools, furniture and fixtures.

FY3/23 (Apr. 1, 2022 to Mar. 31, 2023)

(Millions of yen)

| | Reportable segments | | | | | Others (Note 1) | Total | Adjustment | Amounts shown on the consolidated financial statements |
|---|------------------------------------|------------------|---------------------|----------------------------|---------|--------------------|---------|-------------------|--|
| | Steel Sheet-related Business | Roll Business | Grating Business | Real Estate Business | Total | | | | |
| Net sales | | | | | | | | | |
| External sales | 210,952 | 2,929 | 3,500 | 1,236 | 218,618 | 1,695 | 220,314 | – | 220,314 |
| Inter-segment sales and transfers | – | – | 0 | 421 | 421 | 2,599 | 3,020 | (3,020) | – |
| Total | 210,952 | 2,929 | 3,500 | 1,657 | 219,040 | 4,295 | 223,335 | (3,020) | 220,314 |
| Segment profit (loss) | 13,310 | (262) | 51 | 786 | 13,885 | 237 | 14,122 | Note 2 (1,457) | Note 3 12,665 |
| Segment assets | 198,095 | 5,560 | 3,518 | 10,873 | 218,048 | 11,058 | 229,106 | Note 4 21,950 | 251,057 |
| Other items | | | | | | | | | |
| Depreciation | 4,384 | 108 | 54 | 176 | 4,724 | 228 | 4,952 | 89 | 5,042 |
| Investment in equity-method affiliates | 6,247 | 0 | 536 | 5 | 6,790 | – | 6,790 | – | 6,790 |
| Increases in property, plant and equipment and intangible assets | 4,060 | 50 | 65 | 339 | 4,516 | 1,234 | 5,751 | Note 5 136 | 5,888 |

- 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 (1,450) million yen and an elimination for inter-segment transactions of (6) million yen.
3. Segment profit (loss) is adjusted to be consistent with the operating profit on the consolidated statement of income.
4. The adjustment to segment assets includes corporate assets of 22,221 million yen and an elimination for inter-segment transactions of (270) million yen.
5. The adjustment of 136 million yen to increases in property, plant and equipment and intangible assets is capital expenditures mainly for corporate tools, furniture and fixtures.

Information related to impairment of non-current assets for each reportable segment

FY3/22 (Apr. 1, 2021 to Mar. 31, 2022)

(Millions of yen)

| | Steel Sheet-related Business | Roll Business | Grating Business | Real Estate Business | Others | Elimination or corporate | Total |
|----------------------|------------------------------------|------------------|---------------------|-------------------------|--------|-----------------------------|-------|
| Impairment losses | – | – | – | – | 458 | 1 | 459 |

FY3/23 (Apr. 1, 2022 to Mar. 31, 2023)

(Millions of yen)

| | Steel Sheet-related Business | Roll Business | Grating Business | Real Estate Business | Others | Elimination or corporate | Total |
|----------------------|------------------------------------|------------------|---------------------|-------------------------|--------|-----------------------------|-------|
| Impairment losses | – | – | – | – | 835 | – | 835 |

Per-share Information

(Yen)

| | FY3/22 (Apr. 1, 2021 to Mar. 31, 2022) | FY3/23 (Apr. 1, 2022 to Mar. 31, 2023) |
|------------------------------|---|---|
| Net assets per share | 5,907.11 | 6,223.26 |
| Net income per share | 339.77 | 367.13 |
| Diluted net income per share | 338.42 | 365.99 |

Note: Basis for calculation of net income per share and diluted net income per share is as follows.

| | FY3/22 (Apr. 1, 2021 to Mar. 31, 2022) | FY3/23 (Apr. 1, 2022 to Mar. 31, 2023) |
|---|---|---|
| Net income per share | | |
| Profit attributable to owners of parent (Millions of yen) | 9,789 | 10,593 |
| Amount not available to common shareholders (Millions of yen) | – | – |
| Profit attributable to common shareholders of parent (Millions of yen) | 9,789 | 10,593 |
| Average number of common shares outstanding during period (Thousands of shares) | 28,810 | 28,855 |
| Diluted net income per share | | |
| Adjustment to profit attributable to owners of parent (Millions of yen) | – | – |
| Increase in the number of common shares (Thousands of shares) | 115 | 90 |
| [of which share acquisition rights (Thousands of shares)] | [115] | [90] |
| Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect | | – |

Subsequent Events

Not applicable.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Millions of yen)

| | FY3/22 (as of Mar. 31, 2022) | FY3/23 (as of Mar. 31, 2023) |
|--|---------------------------------|---------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,580 | 10,405 |
| Notes and accounts receivable-trade, and contract assets | 50,932 | 47,515 |
| Electronically recorded monetary claims-operating | 1,113 | 1,318 |
| Securities | 2,000 | 4,199 |
| Merchandise and finished goods | 14,487 | 18,307 |
| Work in process | 4,963 | 5,397 |
| Raw materials and supplies | 9,054 | 11,803 |
| Prepaid expenses | 172 | 167 |
| Other | 6,374 | 7,761 |
| Allowance for doubtful accounts | (5) | (5) |
| Total current assets | 94,671 | 106,869 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 9,791 | 9,710 |
| Structures | 1,125 | 1,061 |
| Machinery and equipment | 4,135 | 3,780 |
| Vehicles | 9 | 122 |
| Tools, furniture and fixtures | 496 | 507 |
| Land | 12,537 | 12,298 |
| Construction in progress | 288 | 107 |
| Total property, plant and equipment | 28,384 | 27,588 |
| Intangible assets | | |
| Software | 202 | 143 |
| Other | 819 | 995 |
| Total intangible assets | 1,022 | 1,139 |
| Investments and other assets | | |
| Investment securities | 32,103 | 30,771 |
| Shares of subsidiaries and associates | 22,919 | 23,042 |
| Long-term loans receivable | 1,926 | - |
| Other | 218 | 318 |
| Allowance for doubtful accounts | (0) | - |
| Total investments and other assets | 57,168 | 54,132 |
| Total non-current assets | 86,574 | 82,859 |
| Total assets | 181,246 | 189,729 |

| | (Millions of yen) | |
|---|-----------------------|-----------------------|
| | FY3/22 | FY3/23 |
| | (as of Mar. 31, 2022) | (as of Mar. 31, 2023) |
| Liabilities | | |
| Current liabilities | | |
| Notes payable-trade | 4 | - |
| Electronically recorded obligations-operating | 2,199 | 2,271 |
| Accounts payable-trade | 16,075 | 13,379 |
| Short-term borrowings | 1,640 | 1,400 |
| Accounts payable-other | 673 | 576 |
| Accrued expenses | 2,347 | 2,366 |
| Income taxes payable | 1,773 | 2,973 |
| Contract liabilities | 42 | 0 |
| Advances received | 105 | 103 |
| Deposits received | 97 | 105 |
| Provision for bonuses | 899 | 1,063 |
| Provision for product warranties | 671 | 971 |
| Other | 844 | 1,711 |
| Total current liabilities | 27,374 | 26,924 |
| Non-current liabilities | | |
| Provision for retirement benefits | 5,061 | 4,864 |
| Long-term guarantee deposits | 1,422 | 1,429 |
| Deferred tax liabilities | 3,916 | 3,643 |
| Asset retirement obligations | 223 | 224 |
| Other | 211 | 206 |
| Total non-current liabilities | 10,835 | 10,368 |
| Total liabilities | 38,209 | 37,292 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 23,220 | 23,220 |
| Capital surplus | | |
| Legal capital surplus | 5,805 | 5,805 |
| Other capital surplus | 13,234 | 13,229 |
| Total capital surplus | 19,040 | 19,034 |
| Retained earnings | | |
| Other retained earnings | | |
| Reserve for tax purpose reduction entry of non-current assets | 739 | 708 |
| General reserve | 71,382 | 71,382 |
| Retained earnings brought forward | 25,789 | 35,347 |
| Total retained earnings | 97,911 | 107,439 |
| Treasury shares | (13,146) | (13,047) |
| Total shareholders' equity | 127,026 | 136,647 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 15,823 | 15,648 |
| Total valuation and translation adjustments | 15,823 | 15,648 |
| Share acquisition rights | 187 | 140 |
| Total net assets | 143,036 | 152,436 |
| Total liabilities and net assets | 181,246 | 189,729 |

(2) Non-consolidated Statement of Income

(Millions of yen)

| | FY3/22 (Apr. 1, 2021 to Mar. 31, 2022) | FY3/23 (Apr. 1, 2022 to Mar. 31, 2023) |
|---|---|---|
| Net sales | 127,549 | 145,355 |
| Cost of sales | 104,455 | 119,039 |
| Gross profit | 23,094 | 26,315 |
| Selling, general and administrative expenses | 15,148 | 15,279 |
| Operating profit | 7,946 | 11,036 |
| Non-operating income | | |
| Interest income | 361 | 288 |
| Dividend income | 1,537 | 3,408 |
| Gain on sale of investment securities | 528 | 2,408 |
| Other | 602 | 141 |
| Total non-operating income | 3,029 | 6,246 |
| Non-operating expenses | | |
| Interest expenses | 61 | 76 |
| Other | 269 | 194 |
| Total non-operating expenses | 330 | 271 |
| Ordinary profit | 10,644 | 17,012 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 130 | 185 |
| Total extraordinary income | 130 | 185 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 487 | 139 |
| Loss on valuation of investment securities | 1 | – |
| Impairment losses | 1 | – |
| Total extraordinary losses | 491 | 139 |
| Profit before income taxes | 10,283 | 17,058 |
| Income taxes-current | 3,175 | 4,629 |
| Income taxes-deferred | (216) | (215) |
| Total income taxes | 2,958 | 4,414 |
| Profit | 7,324 | 12,644 |

(3) Non-consolidated Statement of Changes in Equity

FY3/22 (Apr. 1, 2021 to Mar. 31, 2022)

(Millions of yen)

| | Shareholders' equity | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|---|----------------------------------|-----------------|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | | Retained earnings | | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings | | | | Total retained earnings |
| | | | | | Reserve for tax purpose reduction entry of non-current assets | Reserve for special depreciation | General reserve | Retained earnings brought forward | |
| Balance at beginning of period | 23,220 | 5,805 | 13,251 | 19,056 | 829 | 102 | 71,382 | 25,173 | 97,488 |
| Changes during period | | | | | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | (27) | | | 27 | – |
| Reversal of reserve for special depreciation | | | | | | (38) | | 38 | – |
| Decrease by corporate division - split-off type | | | | | (62) | (64) | | (4,593) | (4,719) |
| Dividends of surplus | | | | | | | | (2,181) | (2,181) |
| Profit | | | | | | | | 7,324 | 7,324 |
| Purchase of treasury shares | | | | | | | | | |
| Disposal of treasury shares | | | (16) | (16) | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | | |
| Total changes during period | – | – | (16) | (16) | (89) | (102) | – | 616 | 423 |
| Balance at end of period | 23,220 | 5,805 | 13,234 | 19,040 | 739 | – | 71,382 | 25,789 | 97,911 |

| | Shareholders' equity | | Valuation and translation adjustments | | Share acquisition rights | Total net assets |
|---|----------------------|----------------------------|---|---|--------------------------|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | | |
| Balance at beginning of period | (13,249) | 126,516 | 18,748 | 18,748 | 227 | 145,492 |
| Changes during period | | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | | – |
| Reversal of reserve for special depreciation | | | | | | – |
| Decrease by corporate division - split-off type | | (4,719) | | | | (4,719) |
| Dividends of surplus | | (2,181) | | | | (2,181) |
| Profit | | 7,324 | | | | 7,324 |
| Purchase of treasury shares | (2) | (2) | | | | (2) |
| Disposal of treasury shares | 105 | 88 | | | | 88 |
| Net changes in items other than shareholders' equity | | | (2,925) | (2,925) | (40) | (2,966) |
| Total changes during period | 102 | 510 | (2,925) | (2,925) | (40) | (2,456) |
| Balance at end of period | (13,146) | 127,026 | 15,823 | 15,823 | 187 | 143,036 |

FY3/23 (Apr. 1, 2022 to Mar. 31, 2023)

(Millions of yen)

| | Shareholders' equity | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|---|-----------------|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | | Retained earnings | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings | | | Total retained earnings |
| | | | | | Reserve for tax purpose reduction entry of non-current assets | General reserve | Retained earnings brought forward | |
| Balance at beginning of period | 23,220 | 5,805 | 13,234 | 19,040 | 739 | 71,382 | 25,789 | 97,911 |
| Changes during period | | | | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | (30) | | 30 | – |
| Dividends of surplus | | | | | | | (3,116) | (3,116) |
| Profit | | | | | | | 12,644 | 12,644 |
| Purchase of treasury shares | | | | | | | | |
| Disposal of treasury shares | | | (5) | (5) | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | – | – | (5) | (5) | (30) | – | 9,558 | 9,527 |
| Balance at end of period | 23,220 | 5,805 | 13,229 | 19,034 | 708 | 71,382 | 35,347 | 107,439 |

| | Shareholders' equity | | Valuation and translation adjustments | | Share acquisition rights | Total net assets |
|---|----------------------|----------------------------|---|---|--------------------------|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | | |
| Balance at beginning of period | (13,146) | 127,026 | 15,823 | 15,823 | 187 | 143,036 |
| Changes during period | | | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | – | | | | – |
| Dividends of surplus | | (3,116) | | | | (3,116) |
| Profit | | 12,644 | | | | 12,644 |
| Purchase of treasury shares | (2) | (2) | | | | (2) |
| Disposal of treasury shares | 101 | 96 | | | | 96 |
| Net changes in items other than shareholders' equity | | | (175) | (175) | (46) | (221) |
| Total changes during period | 99 | 9,621 | (175) | (175) | (46) | 9,400 |
| Balance at end of period | (13,047) | 136,647 | 15,648 | 15,648 | 140 | 152,436 |

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.