



November 6, 2024

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025 (FY3/25) (Six Months Ended September 30, 2024)

[Japanese GAAP]

Company name:	Yodogawa Steel Works, Ltd.	Listing:	Tokyo Stock Exchange
Stock code:	5451	URL:	https://www.yodoko.co.jp/english/
Representative:	Satoshi Nitta, President and Representative Director		
Inquiries:	Takayuki Deguchi, General Manager of IR Department		
	Tel: +(81)6-6245-1113		
Scheduled date of filing of Semi-annual Securities Report:	November 12, 2024		
Scheduled date of payment of dividend:	December 2, 2024		
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 the First Six Months (April 1, 2024 to September 30, 2024) of FY3/25

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2024	105,324	4.0	7,812	42.8	9,171	19.5	5,791	11.7
Six months ended Sep. 30, 2023	101,286	(14.5)	5,472	(33.6)	7,672	(30.0)	5,185	(11.5)

Note: Comprehensive income (millions of yen):
Six months ended Sep. 30, 2024: 9,621 (down 23.1%)
Six months ended Sep. 30, 2023: 12,512 (up 25.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	200.40	199.91
Six months ended Sep. 30, 2023	179.56	179.06

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2024	270,643	218,334	71.1
As of Mar. 31, 2024	265,863	213,832	71.3

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income) (millions of yen):
As of Sep. 30, 2024: 192,550 As of Mar. 31, 2024: 189,580

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	—	55.00	—	145.00	200.00
Fiscal year ending Mar. 31, 2025	—	100.00	—	—	—
Fiscal year ending Mar. 31, 2025 (Forecast)	—	—	—	209.00	309.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecasts for FY3/25 (April 1, 2024 to March 31, 2025)

(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
Full year	207,000	1.5	12,100	0.7	19,200	26.3	11,900	167.0	411.75

Note: Revisions to the most recently announced consolidated earnings forecast: None

For further details, please refer to “1. Overview of Results of Operations, (3) Consolidated Forecast and Other Forward-looking Statements” on page 4.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting methods for presenting semi-annual 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 issued shares (common shares)

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

As of Sep. 30, 2024:	31,837,230 shares	As of Mar. 31, 2024:	34,837,230 shares
----------------------	-------------------	----------------------	-------------------

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

As of Sep. 30, 2024:	2,932,817 shares	As of Mar. 31, 2024:	5,942,958 shares
----------------------	------------------	----------------------	------------------

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	28,898,450 shares	Six months ended Sep. 30, 2023:	28,877,739 shares
---------------------------------	-------------------	---------------------------------	-------------------

* Semi-annual financial results reports are exempt from interim audit conducted by certified public accountants or an audit firm.

* 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, (3) Consolidated Forecast and Other Forward-looking Statements” on page 4.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Consolidated Forecast and Other Forward-looking Statements	4
2. Semi-annual Consolidated Financial Statements and Notes	5
(1) Semi-annual Consolidated Balance Sheet	5
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income	7
Semi-annual Consolidated Statement of Income	7
Semi-annual Consolidated Statement of Comprehensive Income	8
(3) Notes to Semi-annual Consolidated Financial Statements	9
Going-concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment and Other Information	9

1. Overview of Results of Operations

(1) Results of Operations

During the first six months of the fiscal year ending March 31, 2025, the Japanese economy generally maintained a gradual recovery, but lacked strength as consumer prices continued to rise and improvement in consumer confidence stalled.

Looking at the world economy, in the United States, the economy continues to show firm trends in consumer spending and capital investment. However, downside risks persist due to uncertainties about policy trends under the upcoming administration. In China, the economic recovery trend remains uncertain. This is because consumption remains sluggish due to the impact of the prolonged real estate downturn and other factors, despite signs of a recovery in supply driven by economic support policies. In Europe, the economy showed signs of a gradual recovery driven by the service industry and other sectors, although the manufacturing and construction industries remain sluggish.

In the steel industry, in Japan, automobile production has been declining since the end of the previous fiscal year, and demand for housing starts and machinery orders has also declined due to unstable conditions caused by factors such as soaring material prices and a shortage of human resources. Under such circumstances, the market weakened due to the inflow of inexpensive steel products from China and other countries.

In overseas steel markets, the stagnation in the Chinese economy and the monetary tightening policies in the United States and Europe to control inflation have weakened demand for steel, leading to a decline in prices. Concerns and vigilance are also growing over global trade friction stemming from China's excessive production and other factors.

In such an environment, the Yodogawa Steel Group's net sales for the first six months increased 4,038 million yen from the same period of the previous fiscal year to 105,324 million yen. Operating profit increased 2,340 million yen to 7,812 million yen, ordinary profit increased 1,498 million yen to 9,171 million yen, and profit attributable to owners of parent increased 605 million yen to 5,791 million yen.

In Japan, sales and earnings increased year on year, largely driven by higher sales volumes of steel sheet products for general distribution, while sales volumes for specific customers declined.

Overseas, sales and earnings increased year on year, primarily due to higher sales volumes at Sheng Yu Steel Co., Ltd. (SYSCO), a subsidiary in Taiwan, driven by growth in both domestic and export markets.

Business segment performance was as follows.

1) Steel Sheet-related Business

Sales and earnings increased year on year with net sales of 100,580 million yen and operating profit of 7,824 million yen.

Steel Sheets

In Japan, sales prices picked up through the second quarter, and sales volume slightly decreased for specific customers but increased in general distribution. As a result, sales remained at the same level as the previous fiscal year, but earnings increased year on year.

Overseas, sales and earnings increased at SYSCO in Taiwan year on year, primarily due to higher sales volumes despite declines in sales prices in both domestic and export markets. Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), a subsidiary in China, has been sluggish in its performance, with a slow recovery due to the prolonged real estate recession and other factors.

Sales and earnings at PCM Processing (Thailand) Ltd. (PPT), a subsidiary in Thailand, decreased year on year, despite its continued steady performance.

Building Materials

Sales and earnings increased year on year due to progress in sales of YODO Roof, an exterior construction material, although sales of exterior products showed little growth due to extreme heat and other factors.

2) Roll Business

Net sales totaled 1,348 million yen and operating profit was 0 million yen.

Sales and earnings decreased year on year mainly due to a decrease in sales volumes in the Japanese market.

3) Grating Business

Net sales totaled 1,656 million yen and operating profit was 70 million yen.

Despite improvement of sales prices, sales volume decreased. As a result, sales and earnings decreased year on year.

4) Real Estate Business

Net sales totaled 659 million yen and operating profit was 409 million yen.

Both sales and earnings were about the same as one year earlier.

5) Other Businesses

Net sales totaled 1,079 million yen and operating profit was 320 million yen.

Sales and earnings increased year on year due to a recovery in sales in warehousing and transportation business and other factors.

(2) Financial Position

Assets

Current assets increased by 4,602 million yen from the end of the previous fiscal year to 160,722 million yen. This was attributable mainly to increases of 7,890 million yen in notes and accounts receivable-trade, 1,988 million yen in securities, 768 million yen in work in progress, and 1,511 million yen in raw materials and supplies, which were partially offset by a decrease of 8,050 million yen in cash and deposits.

Non-current assets increased by 176 million yen from the end of the previous fiscal year to 109,920 million yen. This was attributable mainly to an increase of 1,217 million yen in property, plant and equipment, which was partially offset by a decrease of 1,241 million yen in investment securities.

Total assets increased by 4,779 million yen from the end of the previous fiscal year to 270,643 million yen.

Liabilities

Current liabilities increased by 1,714 million yen from the end of the previous fiscal year to 29,828 million yen. This was attributable mainly to an increase of 2,340 million yen in notes and accounts payable-trade, which was partially offset by a decrease of 629 million yen in electronically recorded obligations-operating.

Non-current liabilities decreased by 1,437 million yen from the end of the previous fiscal year to 22,479 million yen. This was attributable mainly to a decrease of 1,209 million yen in provision for product warranties.

Total liabilities increased by 277 million yen from the end of the previous fiscal year to 52,308 million yen.

Net assets

Net assets increased by 4,502 million yen from the end of the previous fiscal year to 218,334 million yen. This was attributable mainly to increases of 5,791 million yen in retained earnings owing to the recording of profit attributable to owners of parent, 2,337 million yen in foreign currency translation adjustment, and 1,533 million yen in non-controlling interests, which were partially offset by decreases of 4,189 million yen in retained earnings resulted from the payment of dividends and 988 million yen in valuation difference on available-for-sale securities.

(3) Consolidated Forecast and Other Forward-looking Statements

The Japanese economy is expected to maintain its gradual recovery. Personal consumption is expected to increase, supported by a rise in real wages. However, the economic slowdown overseas and high prices persistently remain as risks. Global economy is expected to show a recovery trend, driven by signs of partial improvement in European economy and declining inflation worldwide. However, the outlook remains uncertain due to prolonged situation in Ukraine and ambiguity surrounding the policy direction of the upcoming administration of the United States.

In the steel markets in Japan and overseas, while increases in raw material prices used for steelmaking as well as the cost of resources and energy are coming to a pause, there are concerns about global trade friction driven by high levels of Chinese exports, in addition to geopolitical risks including the prolonged situation in Ukraine. 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 costs 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 “Yodogawa Steel Group Medium-Term Management Plan 2025,” we will work to strengthen our earning power.

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

2. Semi-annual Consolidated Financial Statements and Notes**(1) Semi-annual Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/24 (as of Mar. 31, 2024)	Second quarter of FY3/25 (as of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	56,808	48,758
Notes and accounts receivable-trade, and contract assets	45,474	53,365
Electronically recorded monetary claims-operating	4,823	4,890
Securities	4,009	5,997
Merchandise and finished goods	22,751	23,076
Work in process	5,591	6,359
Raw materials and supplies	14,939	16,451
Other	1,898	2,000
Allowance for doubtful accounts	(177)	(178)
Total current assets	156,119	160,722
Non-current assets		
Property, plant and equipment	55,940	57,157
Intangible assets	2,203	2,217
Investments and other assets		
Investment securities	49,643	48,401
Retirement benefit asset	1,422	1,483
Other	534	660
Total investments and other assets	51,600	50,545
Total non-current assets	109,743	109,920
Total assets	265,863	270,643

	(Millions of yen)	
	FY3/24 (as of Mar. 31, 2024)	Second quarter of FY3/25 (as of Sep. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,892	16,233
Electronically recorded obligations-operating	2,986	2,357
Short-term borrowings	544	601
Income taxes payable	2,097	2,587
Provision for bonuses	1,117	1,544
Other	7,475	6,503
Total current liabilities	28,113	29,828
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	28	15
Retirement benefit liability	5,315	5,258
Provision for product compensation	9,457	8,248
Other	9,114	8,957
Total non-current liabilities	23,917	22,479
Total liabilities	52,031	52,308
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	18,279	11,412
Retained earnings	126,905	128,521
Treasury shares	(11,845)	(4,926)
Total shareholders' equity	156,559	158,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,543	21,554
Revaluation reserve for land	1,505	1,490
Foreign currency translation adjustment	7,881	10,219
Remeasurements of defined benefit plans	1,089	1,056
Total accumulated other comprehensive income	33,020	34,321
Share acquisition rights	125	124
Non-controlling interests	24,126	25,660
Total net assets	213,832	218,334
Total liabilities and net assets	265,863	270,643

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income**Semi-annual Consolidated Statement of Income**

(Millions of yen)

	First six months of FY3/24 (Apr. 1, 2023 to Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 to Sep. 30, 2024)
Net sales	101,286	105,324
Cost of sales	85,466	87,897
Gross profit	15,819	17,426
Selling, general and administrative expenses	10,347	9,614
Operating profit	5,472	7,812
Non-operating income		
Interest income	265	321
Dividend income	563	675
Foreign exchange gains	77	75
Gain on sale of investment securities	969	—
Share of profit of entities accounted for using equity method	254	219
Other	222	198
Total non-operating income	2,353	1,491
Non-operating expenses		
Interest expenses	60	43
Cost for employees transferred temporarily to overseas subsidiaries	71	54
Other	20	33
Total non-operating expenses	152	131
Ordinary profit	7,672	9,171
Extraordinary income		
Gain on sale of non-current assets	951	3
Gain on extinguishment of tie-in shares	—	73
Total extraordinary income	951	76
Extraordinary losses		
Loss on sale and retirement of non-current assets	473	35
Impairment losses	0	21
Total extraordinary losses	474	56
Profit before income taxes	8,150	9,191
Income taxes-current	2,589	2,356
Income taxes-deferred	(194)	153
Total income taxes	2,395	2,509
Profit	5,754	6,681
Profit attributable to non-controlling interests	569	890
Profit attributable to owners of parent	5,185	5,791

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	First six months of FY3/24 (Apr. 1, 2023 to Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 to Sep. 30, 2024)
Profit	5,754	6,681
Other comprehensive income		
Valuation difference on available-for-sale securities	3,051	(1,008)
Foreign currency translation adjustment	3,632	3,973
Remeasurements of defined benefit plans, net of tax	14	(20)
Share of other comprehensive income of entities accounted for using equity method	58	(5)
Total other comprehensive income	6,757	2,939
Comprehensive income	12,512	9,621
Comprehensive income attributable to:		
Owners of parent	10,341	7,107
Non-controlling interests	2,171	2,514

(3) Notes to Semi-annual Consolidated Financial Statements**Going-concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment information****I. First six months of FY3/24 (Apr. 1, 2023 to Sep. 30, 2023)**

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 semi-annual consolidated statement of income (Note 3)
	Steel Sheet- related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	96,170	1,714	1,719	625	100,230	1,055	101,286	–	101,286
Inter-segment sales and transfers	–	–	–	208	208	1,110	1,318	(1,318)	–
Total	96,170	1,714	1,719	833	100,438	2,166	102,604	(1,318)	101,286
Segment profit	5,382	78	89	392	5,943	186	6,130	(658)	5,472

- 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 (645) million yen and an elimination for inter-segment transactions of (12) million yen.
 3. Segment profit is adjusted with the operating profit on the semi-annual consolidated statement of income.

II. First six months of FY3/25 (Apr. 1, 2024 to Sep. 30, 2024)

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 semi-annual consolidated statement of income (Note 3)
	Steel Sheet- related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	100,580	1,348	1,656	659	104,244	1,079	105,324	–	105,324
Inter-segment sales and transfers	–	–	–	209	209	1,291	1,500	(1,500)	–
Total	100,580	1,348	1,656	868	104,453	2,371	106,825	(1,500)	105,324
Segment profit	7,824	0	70	409	8,305	320	8,625	(813)	7,812

- 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 (814) million yen and an elimination for inter-segment transactions of 0 million yen.
 3. Segment profit is adjusted with the operating profit on the semi-annual 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.