

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

August 6, 2018

Company name: The Japan Steel Works, Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 5631 URL <http://www.jsw.co.jp/>  
 Representative: Representative Director & President Naotaka Miyauchi  
 General Manager, General Affairs  
 Inquiries: Department Atsuya Hodota TEL 03-5745-2001  
 Scheduled date to file Quarterly Securities Report: August 9, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

#### (1) Consolidated operating results (cumulative)

Percentages indicate 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 June 30, 2018	54,704	22.9	6,987	53.8	8,031	77.7	6,873	113.7
Three months ended June 30, 2017	44,510	(9.4)	4,542	33.4	4,519	24.3	3,215	29.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2018	93.53		–	
Three months ended June 30, 2017	43.76		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	305,286	122,066	39.6
As of March 31, 2018	297,365	118,600	39.4

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2018	–	17.50	–	20.00	37.50
Year ending March 31, 2019	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	25.00	–	25.00	50.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	113,000	8.2	11,000	9.0	11,000	6.3	10,000	31.7	136.07
Full year	230,000	8.6	23,000	11.8	23,000	4.0	18,000	68.0	244.93

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2018	74,292,607 shares	As of March 31, 2018	74,292,607 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2018	802,554 shares	As of March 31, 2018	802,503 shares
---------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	73,490,081 shares	Three months ended June 30, 2017	73,491,089 shares
----------------------------------	-------------------	----------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	79,032	85,688
Notes and accounts receivable - trade	54,542	56,612
Merchandise and finished goods	2,027	2,050
Work in process	54,663	55,560
Raw materials and supplies	5,191	5,383
Other	5,710	5,480
Allowance for doubtful accounts	(142)	(135)
Total current assets	201,024	210,641
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,400	14,669
Machinery, equipment and vehicles, net	5,689	5,520
Other, net	12,228	12,052
Total property, plant and equipment	33,317	32,243
Intangible assets		
Goodwill	509	430
Other	1,265	1,566
Total intangible assets	1,774	1,996
Investments and other assets		
Investment securities	34,670	33,581
Other	26,981	27,225
Allowance for doubtful accounts	(402)	(400)
Total investments and other assets	61,249	60,406
Total non-current assets	96,341	94,645
Total assets	297,365	305,286
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	54,957	58,309
Short-term loans payable	12,004	12,074
Income taxes payable	2,296	2,611
Advances received	18,843	19,681
Provision for loss on wind power generator business	3,365	3,063
Provision for business restructure	6,389	5,550
Other provision	2,608	2,663
Other	14,954	16,726
Total current liabilities	115,418	120,681
Non-current liabilities		
Long-term loans payable	39,268	39,258
Provision	75	66
Net defined benefit liability	10,046	10,088
Asset retirement obligations	1,364	1,370
Other	12,591	11,753
Total non-current liabilities	63,346	62,538
Total liabilities	178,765	183,219

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,467	5,339
Retained earnings	86,256	91,660
Treasury shares	(2,310)	(2,311)
Total shareholders' equity	109,107	114,383
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,269	6,418
Deferred gains or losses on hedges	305	(88)
Foreign currency translation adjustment	(21)	(328)
Remeasurements of defined benefit plans	370	415
Total accumulated other comprehensive income	7,923	6,416
Non-controlling interests	1,569	1,266
Total net assets	118,600	122,066
Total liabilities and net assets	297,365	305,286

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	44,510	54,704
Cost of sales	33,103	40,509
Gross profit	11,407	14,194
Selling, general and administrative expenses	6,864	7,207
Operating profit	4,542	6,987
Non-operating income		
Interest income	9	11
Dividend income	392	427
Share of profit of entities accounted for using equity method	–	88
Miscellaneous income	423	595
Total non-operating income	825	1,123
Non-operating expenses		
Interest expenses	67	60
Share of loss of entities accounted for using equity method	1	–
Miscellaneous loss	779	18
Total non-operating expenses	847	79
Ordinary profit	4,519	8,031
Extraordinary income		
Gain on sales of non-current assets	6	1,747
Other	1	235
Total extraordinary income	8	1,982
Extraordinary losses		
Loss on sales of non-current assets	1	–
Loss on retirement of non-current assets	2	26
Total extraordinary losses	3	26
Profit before income taxes	4,524	9,987
Income taxes - current	881	2,915
Income taxes - deferred	364	130
Total income taxes	1,246	3,046
Profit	3,278	6,941
Profit attributable to non-controlling interests	62	68
Profit attributable to owners of parent	3,215	6,873

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	3,278	6,941
Other comprehensive income		
Valuation difference on available-for-sale securities	511	(851)
Deferred gains or losses on hedges	183	(394)
Foreign currency translation adjustment	(2)	(338)
Remeasurements of defined benefit plans, net of tax	127	47
Total other comprehensive income	821	(1,536)
Comprehensive income	4,099	5,405
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,020	5,366
Comprehensive income attributable to non-controlling interests	79	38