

Translation

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## 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                        | Yen             | Yen             | Yen             | 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<br>June 30, 2017 | Three months ended<br>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<br>June 30, 2017 | Three months ended<br>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                                  |