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Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

April 28, 2022

Company name: YAMATO KOGYO CO.,LTD.

Stock exchange listing: Tokyo

Code number: 5444

URL: <http://www.yamatokogyo.co.jp>

Representative: Mikio Kobayashi

President

Contact: Kazumi Yonezawa

Director, Executive Managing Officer

Phone: 079-273-1061

Scheduled date of Annual General Meeting of Shareholders: June 29, 2022

Scheduled date of commencing dividend payments: June 30, 2022

Scheduled date of filing annual securities report: June 30, 2022

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	150,029	10.3	13,290	32.7	57,646	167.3	39,917	700.8
March 31, 2021	136,025	(25.2)	10,018	(11.6)	21,569	(6.7)	4,984	(66.2)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 65,545 million [-%]

Fiscal year ended March 31, 2021: ¥ (6,657) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	618.62	-	12.2	14.9	8.9
March 31, 2021	75.29	-	1.6	5.8	7.4

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2022: ¥ 40,348 million

Fiscal year ended March 31, 2021: ¥ 8,521 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	414,928	375,686	84.4	5,501.16
March 31, 2021	359,788	325,797	84.0	4,598.58

(Reference) Equity: As of March 31, 2022: ¥ 350,351 million

As of March 31, 2021: ¥ 302,046 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	11,457	76,736	(15,904)	95,467
March 31, 2021	27,042	(24,378)	(9,937)	19,163

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	40.00	-	40.00	80.00	5,348	106.3	1.7
March 31, 2022	-	60.00	-	100.00	160.00	10,407	25.9	3.2
Fiscal year ending								
March 31, 2023 (Forecast)	-	100.00	-	100.00	200.00		22.7	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended									
September 30, 2022	95,000	40.3	7,500	99.8	44,500	110.7	32,000	115.6	502.46
Full year	193,000	28.6	14,000	5.3	79,000	37.0	56,000	40.3	879.30

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
 Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2022: 65,000,000 shares
 March 31, 2021: 67,670,000 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022: 1,313,215 shares
 March 31, 2021: 1,987,442 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022: 64,525,916 shares
 Fiscal Year ended March 31, 2021: 66,205,231 shares

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the consolidated fiscal year under review, although the pace of the economic recovery varied by country and region, the business environment in which the Group operated was characterized by signs of improvement that indicated a normalization of economic activity, due to measures taken to suppress COVID-19 and to stimulate the economy.

With regard to scrap, our main raw material, reflecting circumstances of construction activities in each country and region, scrap prices have generally demonstrated upward trends while undergoing repeated price adjustments. Subsequently, the invasion of Ukraine by Russia caused widespread concern for supply shortages of steel products and raw materials, leading to a surge in scrap prices. Prices for iron ore were also volatile. After first trending upwards on tight supply of iron, mainly overseas, cuts to crude steel production in China and other developments caused prices to plunge over the summer before rebounding and moving upwards once again. In addition, we saw increasing upward pressure on costs other than main raw materials, such as rising prices for ferroalloys and fuel.

The extent of the recovery in demand for steel products for civil engineering and construction, such as the H-beams that are the main product of the Group varied by country and region. In China, measures to control exports and cuts to crude steel production led to constrained supply, and when combined with sustained high prices for scrap these factors resulted in firm product prices.

In Japan, as well as surging prices for the scrap that constitutes the main raw material of our business, we entered a phase of cost increases before they can be transferred to our product prices for other items, with increases in ferroalloy prices, electricity charges, and fuel expenses. In terms of demand, although large construction projects were resilient, a lack of small to medium-sized construction projects prevented improvements in cargo movements and resulted in continued weakness in demand for H-beams and other products. At Yamato Steel, with blast furnace manufacturers concentrating on products such as steel sheet/plates, our proactive efforts to acquire new customers resulted in solid orders, and a year-on-year increase in sales volume. Due to the rise in selling prices, net sales also increased year on year. The impact of cost increases before they can be transferred to our product prices on operating profit was significant and resulted in a year-on-year decline, but to minimize the impact of soaring resource prices we applied our engineering abilities to cutting costs and bringing production of facilities in-house. In addition, we focused our efforts on raising selling prices and other measures aimed at a recovery in profitability, and succeeded in securing a certain level of profits.

Results for the period from January 2021 to December 2021 for our consolidated subsidiary in Thailand and our equity-method affiliates in the US, Bahrain, Saudi Arabia, Vietnam, and South Korea have been incorporated into the consolidated accounts for the fiscal year under review.

In Thailand, large-scale domestic public investment drove demand for structural steel, but a resurgence in COVID-19 infections resulted in sluggish construction activity, which has affected Siam Yamato Steel Co., Ltd. In export markets, we saw a general slowdown in demand for structural steel caused by resurgences in COVID-19 infections, but pressure from Chinese exporters declined after the abolition of VAT refunds on steel export and cuts to crude steel production in China. Combined with reductions in exports by South Korean manufacturers to the ASEAN market, this led to an easing of the competitive environment in the second half. Sales volume has increased year on year mainly due to efforts to increase our share of export markets. Despite increases in scrap prices and other factors pushing up costs, the contribution from the increase in sales volume in export markets and from higher structural steel prices resulted in operating profit rising year on year.

In the US, a full-fledged economic recovery and robust demand in non-residential construction led to strong demand for structural steel. Our equity-method affiliate took a proactive approach to capturing orders, resulting in a year-on-year increase in sales volume. Although some softening of prices was seen for steel products such as hot-rolled coil, we achieved increases in structural steel prices that exceeded the increases in scrap prices, and led to a continuation of the trend of improvement in metal margin. In terms of earnings, the increase in sales volume and the expansion in metal margin resulted in a significant increase in profit over the previous year.

At our equity-method affiliate in Bahrain, SULB Company BSC (c) (“SULB”), the global tightening of steel supply led to a reduction in pressure from imports from outside the GCC region, and there were other improvements in the market environment, such as the gradual permeation of price increases into the structural steel market, which took place against a backdrop of rising prices for raw materials, including scrap. On the other hand, the low oil prices of the recent past suggest that a full-fledged recovery of construction activity in the GCC region will require time, which has resulted in customers continuing to take a cautious approach

to building inventory. Under these circumstances, SULB worked to strike a balance between profit-focused

sales activity in the GCC structural steel market and exports of structural steel and sales of semi-finished products to secure a certain level of production volume. Cost-cutting initiatives also had an effect, including the reductions in logistics costs arising from the use of our own port facilities, which were completed at the end of September 2021. These contributed to year-on-year improvements in the bottom line, and the company posted a profit.

At our equity-method affiliate in Vietnam, Posco Yamato Vina Steel Joint Stock Company (“PY VINA”), the level of construction activity continued to fluctuate, with improvements following economic recovery turning to deterioration following resurgences in infections. Accordingly, we have not yet seen a full-fledged recovery in structural steel demand. Conversely, with raw material costs increasing, we bolstered initiatives to reduce costs through such measures as improving operation. In addition, we focused on hiking selling prices against the backdrop of the global rise in the steel material market and lower pressure from imports into Vietnam, which resulted in steady performance. Also in Vietnam, as a result of approaches to the authorities by PY VINA, an anti-dumping investigation into imported H-beams from Malaysia was begun in August 2020, with import duties of 10.64% (over five years) being imposed in August 2021. As a trade barrier to imported H-beams, we expect this to contribute to the stabilization of the domestic H-beam market in Vietnam.

At our equity-method affiliate in South Korea, YK Steel Corporation (“YKS”), an increase in residential construction led to an improvement in supply and demand conditions for rebar and an increase in selling prices, which resulted in strong earnings. Moreover, as disclosed in the “Consolidated Financial Results for the Three Months Ended June 30, 2021”, in order to further improve profitability at YKS by strengthening cooperation in both manufacturing and sales with local joint venture partner Daehan Steel Co., Ltd., the partner has raised its investment ratio from 51% to 70%, and the investment ratio of the Group has changed from 49% to 30%. Accordingly, from the third quarter of the fiscal year ended March 31, 2022, 30% of the earnings of YKS are reflected in equity in earnings of affiliates at Yamato Kogyo.

With regard to the issue disclosed in “2. Quarterly Consolidated Financial Statements and Notes (4) Notes to the Quarterly Consolidated Financial Statements (Additional Information) (Receipt by Equity-Method Affiliate of Investigatory Report from the Korea Fair Trade Commission)” of the “Consolidated Financial Results for the Nine Months Ended December 31, 2021”, YKS has submitted an opinion to the Korea Fair Trade Commission, but going forward there is a possibility that penalties will be paid. Accordingly, YKS has recorded a provision for loss for the fiscal year under review, having estimated the amount at ¥410 million (4,257 million Korean won). In relation to this we have posted ¥123 million, which is the amount proportional to the Group’s investment ratio in YKS, as a negative figure in equity in earnings of affiliates. To reflect the special indemnity clause in the share purchase agreement with Daehan Steel, we have also recorded an extraordinary loss of ¥248 million as a provision of Loss on Fair-trade Act.

In addition to the above, in non-operating income we have posted foreign exchange gains resulting from the depreciation of the yen as of March 31, 2022, in relation to the revaluation of foreign-currency denominated assets (loans receivable from subsidiaries and associates, etc.) owned by the Company.

As a result of the above, net sales for the current consolidated fiscal year were ¥150,029 million (an increase of ¥14,004 million in comparison with the previous year), operating profit was ¥13,290 million (an increase of ¥3,272 million in comparison with the previous year), ordinary profit was ¥57,646 million (an increase of ¥36,077 million in comparison with the previous year), and profit attributable to owners of parent was ¥39,917 million (an increase of ¥34,932 million in comparison with the previous year). Ordinary profit and profit attributable to owners of parent represent new records for the Company.

Since PY VINA became an equity-method affiliate at the end of March 2020, its business performance from April to December 2020 has been incorporated into consolidated results for the previous fiscal year. In September 2020, Yamato Korea Holdings Co., Ltd. (“YKH”) split its operations, transferring its rebar business to the newly established YKS and transferring 51% of the shares of YKS to Daehan Steel, with the result that YKS became an equity-method affiliate. Accordingly, consolidated results for the previous fiscal year incorporate results for the rebar business of YKH as a consolidated subsidiary for the period January to August, while results for the period September to December are reflected in the results of the Company in the form of equity in earnings of affiliates. (The previous fiscal year includes net sales for “Steel (S. Korea)” of ¥33,851 million and operating profit of ¥2,507 million. For details, please refer to “3. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial Statements (Segment Information, etc.).)

Please note that the average exchange rates, used in preparation of consolidated financial statements from financial statements of overseas subsidiaries and affiliates, are set forth below.

(Each company's fiscal year is from January to December 2021)

110.39 yen/U.S. dollar, 3.44 yen/baht, and 10.37 won/yen

Average exchange rates for the previous year are as follows:

(Each company's fiscal year is from January to December 2020)

106.44 yen/U.S. dollar, 3.40 yen/baht, and 11.09 won/yen

Results by segment are explained below.

- Steel (Japan)

In addition to surging prices for the scrap that constitutes the main raw material of our business, we entered a phase of cost increases before they can be transferred to our product prices for other items, with increases in ferroalloy prices, electricity charges, and fuel expenses. In terms of demand, although large construction projects were resilient, a lack of small to medium-sized construction projects prevented improvements in cargo movements and resulted in continued weakness in demand for H-beams and other products. At Yamato Steel, with blast furnace manufacturers concentrating on products such as steel sheet, our aggressive efforts to acquire new customers resulted in solid orders, and a year-on-year increase in sales volume. Due to the rise in selling prices, net sales also rose year on year. The impact of cost increases before they can be transferred to our product prices on operating profit was significant and resulted in a year-on-year decline, but to minimize the impact of soaring resource prices we applied our engineering abilities to cutting costs and bringing production of facilities in-house. In addition, we focused our efforts on raising selling prices and other measures aimed at a recovery in profitability, and succeeded in securing a certain level of profits.

As a result, sales were ¥57,354 million (an increase of ¥17,426 million in comparison with the previous year), the operating profit was ¥2,346 million (a decrease of ¥880 million in comparison with the previous year).

- Steel (Thailand)

In Thailand, large-scale domestic public investment drove demand for structural steel, but a resurgence in COVID-19 infections resulted in sluggish construction activity, which affected the business. In export markets, we saw a general slowdown in demand for structural steel caused by resurgences in COVID-19 infections, but pressure from Chinese exporters declined after the abolition of rebates on value-added export taxes and cuts to crude steel production in China. Combined with reductions in exports by South Korean manufacturers to the ASEAN market, this led to an easing of the competitive environment in the second half. Sales volume rose year on year due to efforts to increase our share of export markets. Despite increases in scrap prices pushing up costs, the contribution from the increase in sales volume in export markets and from higher structural steel prices resulted in operating profit rising year on year.

As a result, sales were ¥82,452 million (an increase of ¥30,315 million in comparison with the previous year), the operating profit was ¥12,724 million (an increase of ¥7,075 million in comparison with the previous year).

- Trackwork materials

sales were ¥7,179 million (a decrease of ¥868 million in comparison with the previous year), the operating profit was ¥532 million (a decrease of ¥304 million in comparison with the previous year).

- Other Businesses

sales were ¥3,043 million (an increase of ¥981 million in comparison with the previous year), the operating profit was ¥171 million (an increase of ¥147 million in comparison with the previous year).

(2) Overview of Financial Position

(i) Changes in financial position

At the end of the current consolidated fiscal year, total assets were ¥414,928 million, an increase of ¥55,140 million over the end of the previous year. Liabilities were ¥39,242 million, an increase of ¥5,251 million over the end of the previous year.

Also, at the end of the current consolidated fiscal year, net assets were ¥375,686 million, an increase of ¥49,889 million over the end of the previous year. The main factors behind this were an increase due to profit attributable to owners of parent, a decline caused by dividend payments, a decline caused by purchase of treasury shares, and an increase in foreign currency translation adjustments.

In addition, 2,670,000 treasury shares were canceled in the fiscal year ended March 31, 2022.

Please note that the following exchange rates are used in preparation of financial statements for overseas subsidiaries and affiliates at the end of the current consolidated fiscal year.

(The end of fiscal year for each overseas company is end of December 2021)

115.02 yen/U.S. dollar, 3.43 yen/baht, 10.31 won/yen

Also, exchange rates for the end of previous consolidated fiscal year are as follows:

(The end of fiscal year for each overseas company is end of December 2020)

103.52 yen/U.S. dollar, 3.44 yen/baht, 10.51 won/yen

(ii) Cash flows

(Cash flows from operating activities)

Net cash increased by operating activities was ¥11,457 million, due mainly to profit before income taxes, and cash distributions from the equity-method affiliate in the US.

(Cash flows from investing activities)

Net cash increased by investing activities was ¥76,736 million, due mainly to proceeds from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash decreased in financing activities was ¥15,904 million, due mainly to purchase of treasury shares, and dividends paid.

Taking into account the effect of exchange rate changes on cash and cash equivalents of ¥4,014 million, cash and cash equivalents at the end of the current consolidated fiscal year increased ¥76,304 million over the end of the previous year, to ¥95,467 million.

(3) Future Outlook

In addition to the invasion of Ukraine by Russia, the impact of resurgences of COVID-19 infections of the global economy, and soaring resource prices, factors such as cuts to crude steel production and trends in steel product exports in China will require vigilance going forward. Nevertheless, steel materials used for civil engineering and construction, including the H-beams that are the main product of the Group, are expected to be relatively stable in terms of both demand and pricing, and on the whole we project that companies will maintain their strong performance. In the US in particular, the continuation of healthy demand in non-residential construction leads us to expect that the performance of the US equity-method affiliate will exceed that of FY2021.

Based on the above factors, our forecasts for the first half of the next fiscal year are consolidated net sales of ¥95,000 million, operating profit of ¥7,500 million, ordinary profit of ¥44,500 million, and profit attributable to owners of parent of ¥32,000 million.

For the fiscal year ending March 31, 2023, we forecast consolidated net sales of ¥193,000 million, operating profit of ¥14,000 million, ordinary profit of ¥79,000 million, and profit attributable to owners of parent of ¥56,000 million.

Our current assumptions regarding business conditions in the various countries and regions are as follows.

- Japan

With demand for structural steel on a moderate recovery trend driven mainly by large-scale construction projects, we expect sales volumes to increase year on year, due in part to the impact of proactive efforts to acquire new customers. For the time being we project a continuation of this phase of cost increases before they can be transferred to our product prices increases caused by higher raw material costs, electricity charges, fuel expenses, and logistics costs. However, we expect to be able to reflect these increases in selling prices and forecast that both revenue and profits will rise year on year.

- Thailand

There are concerns that export pressure from Chinese, South Korean and other manufacturers in ASEAN markets will rise once again, but we expect the increase in demand for structural steel driven by a recovery in construction activity within the ASEAN region to result in a year-on-year increase in selling volumes. Although the impact of high scrap prices is expected to reduce metal margin compared to the level recorded in the second half of the fiscal year under review, we forecast that they will remain stable at a high level. On the other hand, we expect downward pressure on profitability to increase as a result of rises in resource prices, logistics, and other costs. We expect results to be more or less flat year on year.

- United States

Recently factors such as higher raw material prices have been pushing up costs, but customers have accepted increases in structural steel selling prices. There are concerns regarding an increase in imports of structural steel and fabricated steel, but we expect high levels of profits to continue against the backdrop of strong non-residential construction demand. With regard to performance, we expect a year-on-year increase in profit.

- Middle East

There has been no change in our assumption that a full-fledged recovery of construction activity in the GCC region will require time, but we expect a positive market environment to be maintained as a result of factors such as reduced pressure from imports from outside the GCC region, and the trend of higher prices for steel products and semi-finished products against a backdrop of higher scrap prices. In particular, we are seeing signs of distributors building inventory due to the recent increase in prices for steel products and semi-finished products. With regard to performance, we expect a year-on-year increase in profits.

- Vietnam

Lockdown measures implemented as a response to COVID-19 have been lifted and there are signs of an economic recovery, so we project a move towards a gradual recovery in construction activity and structural steel demand. On the other hand, although we expect to secure a certain level of earnings, we expect metal margin to come under pressure as a result of high scrap prices, and we are therefore forecasting a year-on-year decline in profits.

- South Korea

Given that leading indicators for residential construction are positive, we expect continued strong demand for rebar. There will be an impact from increases in raw materials and other costs, but we expect increases in rebar prices to permeate the market against a backdrop of strong demand. In addition, because we expect progress in the strengthening of cooperative efforts with Daehan Steel for both manufacturing and sales, in terms of YKS' overall performance we forecast year-on-year improvements in profits.

Please note that for the January-December 2022 period we applied the exchange rates for translating into Japanese yen revenues generated and costs incurred by our overseas subsidiaries and affiliates on the basis of the following:

(Average rates for the period)

123.20 yen/U.S. dollar, 3.67 yen/baht, and 9.93 won/yen.

We applied the following exchange rates for translating the year-end (meaning the end of December 2022 for overseas subsidiaries and affiliates and the end of March 2023 for domestic subsidiaries and affiliates) assets and liabilities of each subsidiary and affiliate:

(End of period rates for overseas subsidiaries and affiliates)

125.00 yen/U.S. dollar, 3.71 yen/baht, and 9.84 won/yen.

(End of period rates for domestic subsidiaries and affiliates)

125.00 yen/U.S. dollar, 3.71 yen/baht, and 9.84 won/yen.

(4) Dividend Policy and Plans for the Current and Next Fiscal Years

We consider investments in growth, contributions to stakeholders, and the return of profits to shareholders to be important management issues. It aims to achieve sustainable growth and increases in corporate value over the medium to long term.

With regard to dividends, its basic policy is to distribute profits in accordance with performance. In addition to setting the dividend so as to target a consolidated dividend payout ratio of around 30% every year, the Company endeavors to maintain continuous and steady dividend, with a minimum annual amount of 50 yen per share.

We will also acquire treasury stock as and when appropriate, after performing a comprehensive assessment of total shareholder returns in relation to the business environment, and other issues.

Based on policies such as the above, Yamato Kogyo proposes to pay year-end dividends of surplus of 100 yen per share, as previously announced. (The yearly dividend will be 160 yen per share)

With regard to dividends of surplus for the next fiscal year, in order to acknowledge the continuous support of shareholders the Company plans to pay an interim dividend of 100 yen per share, and a year-end dividend of 100 yen per share, for an annual dividend of 200 yen per share.

2. Basic Approach to Selection of Accounting Standards

The Group prepares consolidated financial statements in conformity with the generally accepted accounting principles in Japan (Japanese GAAP), taking into consideration comparability of consolidated financial statements over time and comparability among companies. The Group will take into consideration the domestic and international situations for appropriate adoption of the IFRS in the future.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	101,572	99,717
Notes and accounts receivable - trade	17,616	-
Notes receivable - trade	-	129
Accounts receivable - trade	-	25,015
Securities	-	20
Merchandise and finished goods	10,627	18,360
Work in process	492	555
Raw materials and supplies	16,931	20,926
Other	2,775	3,007
Allowance for doubtful accounts	(15)	(22)
Total current assets	150,000	167,710
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,913	33,652
Accumulated depreciation	(21,410)	(22,341)
Buildings and structures, net	11,502	11,310
Machinery, equipment and vehicles	116,350	118,139
Accumulated depreciation	(87,485)	(91,307)
Machinery, equipment and vehicles, net	28,864	26,832
Tools, furniture and fixtures	2,364	2,479
Accumulated depreciation	(1,997)	(2,133)
Tools, furniture and fixtures, net	366	345
Land	17,630	17,815
Construction in progress	1,609	1,550
Other	2,377	2,154
Accumulated depreciation	(209)	(248)
Other, net	2,167	1,905
Total property, plant and equipment	62,142	59,761
Intangible assets		
Goodwill	912	810
Other	574	822
Total intangible assets	1,486	1,632
Investments and other assets		
Investment securities	45,660	56,255
Investments in capital	54,489	78,826
Long-term loans receivable from subsidiaries and associates	20,886	23,067
Long-term time deposits	21,253	23,660
Retirement benefit asset	995	917
Other	3,144	3,396
Allowance for doubtful accounts	(272)	(301)
Total investments and other assets	146,158	185,823
Total non-current assets	209,787	247,217
Total assets	359,788	414,928

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,528	11,033
Accounts payable - other	4,149	1,885
Accrued expenses	2,184	2,265
Income taxes payable	570	1,908
Provision for bonuses	552	744
Other	846	1,574
Total current liabilities	15,831	19,411
Non-current liabilities		
Deferred tax liabilities	12,011	13,874
Retirement benefit liability	2,068	1,975
Other	4,080	3,981
Total non-current liabilities	18,159	19,830
Total liabilities	33,990	39,242
Net assets		
Shareholders' equity		
Share capital	7,996	7,996
Retained earnings	295,740	320,784
Treasury shares	(2,966)	(1,412)
Total shareholders' equity	300,770	327,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,566	4,490
Foreign currency translation adjustment	(2,213)	18,649
Remeasurements of defined benefit plans	(77)	(157)
Total accumulated other comprehensive income	1,275	22,982
Non-controlling interests	23,750	25,335
Total net assets	325,797	375,686
Total liabilities and net assets	359,788	414,928

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	136,025	150,029
Cost of sales	113,346	123,788
Gross profit	22,679	26,241
Selling, general and administrative expenses		
Packing and transportation costs	5,240	5,728
Salaries and allowances	2,348	1,813
Provision for bonuses	129	546
Retirement benefit expenses	189	56
Provision for retirement benefits for directors (and other officers)	12	-
Depreciation	253	204
Taxes and dues	380	340
Other	4,106	4,260
Total selling, general and administrative expenses	12,661	12,950
Operating profit	10,018	13,290
Non-operating income		
Interest income	1,361	418
Dividend income	301	321
Equity in earnings of affiliates	8,521	40,348
Foreign exchange gains	696	2,773
Other	775	776
Total non-operating income	11,657	44,637
Non-operating expenses		
Interest expenses	67	82
Loss on investments in investment partnerships	-	19
Loss on valuation of derivatives	5	26
Provision of allowance for doubtful accounts	1	29
Loss on disaster	-	50
Other	30	73
Total non-operating expenses	105	282
Ordinary profit	21,569	57,646
Extraordinary income		
Gain on sale of non-current assets	3	1
Gain on change in equity	-	2
Gain on sale of shares of subsidiaries and associates	-	2
Gain on sale of investment securities	-	1
Other	0	-
Total extraordinary income	3	8
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	9,460	-
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	215	31
Loss on valuation of investment securities	1	-
Provision of Loss on Fair-trade Act	-	248
Other	124	1
Total extraordinary losses	9,803	281
Profit before income taxes	11,770	57,373
Income taxes - current	5,381	12,528
Income taxes - deferred	(109)	1,130
Total income taxes	5,272	13,659
Profit	6,498	43,714
Profit attributable to non-controlling interests	1,513	3,797
Profit attributable to owners of parent	4,984	39,917

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	6,498	43,714
Other comprehensive income		
Valuation difference on available-for-sale securities	1,021	922
Foreign currency translation adjustment	(9,489)	10,539
Remeasurements of defined benefit plans, net of tax	125	(80)
Share of other comprehensive income of entities accounted for using equity method	(4,813)	10,448
Total other comprehensive income	(13,156)	21,830
Comprehensive income	(6,657)	65,545
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,755)	61,623
Comprehensive income attributable to non-controlling interests	97	3,921

Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,996	-	297,075	(309)	304,762
Changes during period					
Dividends of surplus			(5,957)		(5,957)
Profit attributable to owners of parent			4,984		4,984
Purchase of treasury shares				(2,580)	(2,580)
Disposal of treasury stock upon restricted stock compensation					-
Cancellation of treasury shares					-
Purchase of shares of consolidated subsidiaries			(409)	(76)	(486)
Net increase (decrease) in surplus by change of consolidated scope			47		47
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(1,335)	(2,656)	(3,992)
Balance at end of period	7,996	-	295,740	(2,966)	300,770

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,547	10,667	(199)	13,015	24,828	342,606
Changes during period						
Dividends of surplus						(5,957)
Profit attributable to owners of parent						4,984
Purchase of treasury shares						(2,580)
Disposal of treasury stock upon restricted stock compensation						-
Cancellation of treasury shares						-
Purchase of shares of consolidated subsidiaries					18	(468)
Net increase (decrease) in surplus by change of consolidated scope						47
Net changes in items other than shareholders' equity	1,018	(12,880)	122	(11,739)	(1,096)	(12,835)
Total changes during period	1,018	(12,880)	122	(11,739)	(1,077)	(16,809)
Balance at end of period	3,566	(2,213)	(77)	1,275	23,750	325,797

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,996	-	295,740	(2,966)	300,770
Changes during period					
Dividends of surplus			(6,487)		(6,487)
Profit attributable to owners of parent			39,917		39,917
Purchase of treasury shares				(6,881)	(6,881)
Disposal of treasury stock upon restricted stock compensation		9		40	50
Cancellation of treasury shares		(9)	(8,386)	8,395	-
Purchase of shares of consolidated subsidiaries					-
Net increase (decrease) in surplus by change of consolidated scope					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	25,044	1,554	26,598
Balance at end of period	7,996	-	320,784	(1,412)	327,369

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,566	(2,213)	(77)	1,275	23,750	325,797
Changes during period						
Dividends of surplus						(6,487)
Profit attributable to owners of parent						39,917
Purchase of treasury shares						(6,881)
Disposal of treasury stock upon restricted stock compensation						50
Cancellation of treasury shares						-
Purchase of shares of consolidated subsidiaries						-
Net increase (decrease) in surplus by change of consolidated scope						-
Net changes in items other than shareholders' equity	924	20,862	(80)	21,706	1,584	23,290
Total changes during period	924	20,862	(80)	21,706	1,584	49,889
Balance at end of period	4,490	18,649	(157)	22,982	25,335	375,686

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	11,770	57,373
Depreciation	6,568	5,687
Amortization of goodwill	102	102
Increase (decrease) in allowance for doubtful accounts	(1)	36
Increase (decrease) in provision for bonuses	(55)	191
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(21)	-
Increase (decrease) in retirement benefit liability	(604)	(88)
Interest and dividend income	(1,663)	(739)
Interest expenses	67	82
Foreign exchange losses (gains)	(10)	(429)
Equity in (earnings) losses of affiliates	(8,521)	(40,348)
Loss (gain) on sale of non-current assets	(3)	(1)
Loss on retirement of non-current assets	215	31
Decrease (increase) in trade receivables	2,359	(7,541)
Decrease (increase) in inventories	217	(11,865)
Increase (decrease) in trade payables	1,630	3,516
Loss (gain) on sale of shares of subsidiaries and associates	9,460	(2)
Increase (decrease) in accounts payable - other	(926)	79
Other, net	(1,864)	(3,269)
Subtotal	18,719	2,814
Interest and dividends received	14,614	18,275
Interest paid	(5)	(0)
Income taxes paid	(6,285)	(9,633)
Net cash provided by (used in) operating activities	27,042	11,457
Cash flows from investing activities		
Payments into time deposits	(18,799)	(6,052)
Proceeds from withdrawal of time deposits	5,637	89,004
Purchase of property, plant and equipment	(5,028)	(3,478)
Proceeds from sale of property, plant and equipment	4	1
Purchase of investment securities	(19)	(1,702)
Proceeds from sale of investment securities	22	3
Purchase of shares of subsidiaries and associates	(2,606)	-
Proceeds from sale of shares of subsidiaries and associates	-	1,336
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(494)	(2,140)
Loan advances to subsidiaries and associates	(3,106)	-
Other, net	12	(235)
Net cash provided by (used in) investing activities	(24,378)	76,736
Cash flows from financing activities		
Purchase of treasury shares	(2,580)	(6,881)
Dividends paid	(5,954)	(6,481)
Dividends paid to non-controlling interests	(1,219)	(2,337)
Other, net	(183)	(203)
Net cash provided by (used in) financing activities	(9,937)	(15,904)
Effect of exchange rate change on cash and cash equivalents	(721)	4,014
Net increase (decrease) in cash and cash equivalents	(7,994)	76,304
Cash and cash equivalents at beginning of period	26,487	19,163
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	670	-
Cash and cash equivalents at end of period	19,163	95,467

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on March 31, 2020), etc. is applied from the beginning of the fiscal year under review and the amount expected to be received in exchange for goods or services is recognized as revenue at the point in time control of the promised goods or services is transferred to the customer.

The application of the Accounting Standard for Revenue Recognition, etc. follows the transitional treatment provided for in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the fiscal year under review, was added to or subtracted from the beginning balance of retained earnings of the fiscal year under review, and the new accounting policy was applied from this beginning balance.

As a result, it had no impact on the consolidated profit and loss of the Company in the fiscal year under review. Furthermore, there was no impact on the beginning balance of retained earnings in the fiscal year under review.

As a result of the application of the Accounting Standard for Revenue Recognition, etc., the “Notes and accounts receivable - trade” that was presented in the “Current assets” section of the consolidated balance sheet in the previous fiscal year is now included in “Notes receivable - trade” and “Accounts receivable - trade,” in the fiscal year under review.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, issued on July 4, 2019), etc. is applied from the beginning of the fiscal year under review, and the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement are applied into the future in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, issued on July 4, 2019). This has no impact on the consolidated financial statements.

(Segment Information, etc.)

1. Overview of Reportable Segments

The reportable segments are those component units of the Company for which separate financial information is available, and are subject to regular scrutiny by the Board of Directors in order to determine allocation of management resources and to assess results.

The Group uses the domestic business and its mother factory as a base for developing overseas business activities that are characterized by local production and local consumption. It achieves this by establishing production and sales locations in markets with strong demand or in emerging countries in which growth in infrastructure investment is expected going forwards. The steel operations that constitute the main business of the Company are managed by Yamato Steel Co., Ltd. in Japan, and by local subsidiary Siam Yamato Steel Co., Ltd. (Thailand) overseas. Each has independent management units, and they have formulated a comprehensive strategy for the country or region in relation to the products they handle, based on which they are developing their business activities.

Because 51% of YK Steel Corporation (“YKS”), which was developing the rebar business in South Korea, was transferred to Daehan Steel Co., Ltd. in September 2020, YKS was removed from the scope of consolidation in the previous fiscal year, and “Steel (S. Korea)” was removed from the reportable segments of the Company in the fiscal year under review.

Accordingly, the Group consists of three reportable segments categorized by business or region, with each based on a production and sales structure. They are “Steel (Japan),” “Steel (Thailand),” and “Trackwork materials.”

The main products and services for each reportable segment are as follows.

[Steel (Japan)]	H-beam, channel, I-beam, sheet pile, patterned H-beams, rolled steel for shipbuilding, cast steel products, structural components for ships, heavy-duty machining
[Steel (Thailand)]	H-beam, channel, I-beam, sheet pile
[Trackwork materials]	turnouts, expansion joints, NEW crossings, glued insulated joint rail, Anti-derailing guards, tie plates, bolts

2. Methods of Measurement for the Amounts of Net Sales, Profit (Loss), Assets and Other Items for Each Reportable Segment

Accounting treatment of reportable segments is for the most part the same as that described in “Basis of preparation of the consolidated financial statements.”

Segment profit is stated on an operating profit basis.

Internal net sales and transfers are determined mainly with reference to market prices and manufacturing cost.

3. Information about Operating Revenues, Profit (Loss), Assets, and Other Items for Each Reportable Segment
Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Steel (Japan)	Steel (S. Korea) (Note 4)	Steel (Thailand)	Trackwork materials	Sub total				
Net sales									
(1) Sales to customers	39,927	33,851	52,136	8,048	133,963	2,061	136,025	—	136,025
(2) Inter-segment sales and transfers	461	—	—	—	461	—	461	(461)	—
Total	40,389	33,851	52,136	8,048	134,425	2,061	136,486	(461)	136,025
Segment profit	3,226	2,507	5,648	836	12,219	24	12,243	(2,225)	10,018
Segment assets	39,315	—	69,377	5,357	114,050	15,195	129,245	230,542	359,788
Other:									
Depreciation and amortization	1,278	890	3,841	352	6,363	102	6,466	101	6,568
Amortization of goodwill	—	—	—	—	—	102	102	—	102
Increase in property, plant and equipment and intangible assets	1,426	731	3,450	688	6,296	61	6,358	105	6,464

(Notes)1. The “Other” category consists of business segments not included in reportable segments, and includes manufacture and sale of counterweights, transportation, medical waste treatment, and real estate leasing.

2. Reconciliations are as follows:

- (1) The reconciliations of segment profit included corporate general expenses of ¥(2,225) million which were not allocated to the reportable segments. Corporate general expenses consist mainly of general expenses that are not attributable to the reportable segments.
- (2) The reconciliations of segment assets included corporate assets of ¥230,542 million which were not allocated to the reportable segments. Corporate assets consist mainly of assets of the filing company or the assets of the US headquarters company that are not attributable to the reportable segments.
- (3) The adjustment to depreciation and amortization included corporate general expenses of ¥101 million not allocated to reportable segments.
- (4) The adjustment to increases in property, plant and equipment, and intangible assets included corporate assets of ¥105 million not allocated to reportable segments.

3. Certain reconciliations were made between segment profit and operating profit in the consolidated statements of income.

4. Following the transfer of YKS shares to Daehan Steel, YKH’s net sales, segment profit, and other items (depreciation and amortization, increases in property, plant and equipment, and intangible assets) for January to August 2020 are reflected in Steel (S. Korea). No segment assets are recorded.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Steel (Japan)	Steel (Thailand)	Trackwork materials	Sub total				
Net sales								
(1) Sales to customers	57,354	82,452	7,179	146,986	3,043	150,029	—	150,029
(2) Inter-segment sales and transfers	580	—	—	580	—	580	(580)	—
Total	57,934	82,452	7,179	147,566	3,043	150,609	(580)	150,029
Segment profit	2,346	12,724	532	15,603	171	15,774	(2,483)	13,290
Segment assets	51,593	75,200	4,903	131,698	15,342	147,040	267,887	414,928
Other:								
Depreciation and amortization	1,288	3,860	344	5,492	94	5,587	100	5,687
Amortization of goodwill	—	—	—	—	102	102	—	102
Increase in property, plant and equipment and intangible assets	1,453	1,373	592	3,419	57	3,476	129	3,606

(Notes)1. The “Other” category consists of business segments not included in reportable segments, and includes manufacture and sale of counterweights, transportation, medical waste treatment, and real estate leasing.

2. Reconciliations are as follows:

- (1) The reconciliations of segment profit included corporate general expenses of ¥(2,483) million which were not allocated to the reportable segments. Corporate general expenses consist mainly of general expenses that are not attributable to the reportable segments.
- (2) The reconciliations of segment assets included corporate assets of ¥267,887 million which were not allocated to the reportable segments. Corporate assets consist mainly of assets of the filing company or the assets of the US headquarters company that are not attributable to the reportable segments.
- (3) The adjustment to depreciation and amortization included corporate general expenses of ¥100 million not allocated to reportable segments.
- (4) The adjustment to increases in property, plant and equipment, and intangible assets included corporate assets of ¥129 million not allocated to reportable segments.

3. Certain reconciliations were made between segment profit and operating profit in the consolidated statements of income.

(Per Share Information)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net assets per share	4,598.58 yen	5,501.16 yen
Basic earnings per share	75.29 yen	618.62 yen

(Notes)1. Information on diluted earnings per share is omitted since there were no potentially dilutive shares outstanding.

2. The bases for calculation of basic earnings per share are as follows:

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (millions of yen)	4,984	39,917
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (millions of yen)	4,984	39,917
Average number of common stock during the fiscal period (shares)	66,205,231	64,525,916

3. The basis for calculating net assets per share is as follows.

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Total net assets (millions of yen)	325,797	375,686
Amount deducted from total net assets (millions of yen)	23,750	25,335
(Of which noncontrolling interests (millions of yen))	(23,750)	(25,335)
Net assets associated with common shares at the end of the period (millions of yen)	302,046	350,351
Number of common shares used to calculate net assets per share at the end of the period (shares)	65,682,558	63,686,785

(Significant Subsequent Events)

Not applicable.