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## Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 01, 2022

Company name: YAMATO KOGYO CO.,LTD.

Stock exchange listing: Tokyo

Code number: 5444

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

Representative: Mikio Kobayashi

President

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Director, Executive Managing Officer

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Scheduled date of filing quarterly securities report: August 10, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

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

## 1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 01, 2022 to June 30, 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                             | %     |
| Three months ended June 30, 2022 | 46,992      | 43.2   | 4,221            | 161.1  | 23,174          | 179.1 | 18,039                                  | 226.0 |
| June 30, 2021                    | 32,805      | (14.2) | 1,616            | (47.5) | 8,303           | 11.1  | 5,532                                   | 7.7   |

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 38,708 million [ 87.9%]  
Three months ended June 30, 2021: ¥ 20,600 million [ -%]

|                    | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Three months ended | Yen                      | Yen                        |
| June 30, 2022      | 283.25                   | -                          |
| June 30, 2021      | 84.65                    | -                          |

## (2) Consolidated Financial Position

|                | Total assets | Net assets  | Capital adequacy ratio |
|----------------|--------------|-------------|------------------------|
| As of          | Million yen  | Million yen | %                      |
| June 30, 2022  | 452,837      | 406,858     | 83.9                   |
| March 31, 2022 | 414,928      | 375,686     | 84.4                   |

(Reference) Equity: As of June 30, 2022: ¥ 379,728 million  
As of March 31, 2022: ¥ 350,351 million

## 2. Dividends

|  | Annual dividends |                 |                 |          |        |
|--|------------------|-----------------|-----------------|----------|--------|
|  | 1st quarter-end  | 2nd quarter-end | 3rd quarter-end | Year-end | Total  |
|  | Yen              | Yen             | Yen             | Yen      | Yen    |
| Fiscal year ended March 31, 2022             | -                | 60.00           | -               | 100.00   | 160.00 |
| Fiscal year ending March 31, 2023            | -                |                 |                 |          |        |
| Fiscal year ending March 31, 2023 (Forecast) |                  | 100.00          | -               | 100.00   | 200.00 |

(Note) Revision to the forecast for dividends announced most recently: No

## 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 | 94,000      | 38.9 | 9,000            | 139.7 | 48,000          | 127.3 | 35,500                                  | 139.2 | 557.42                   |
| Full year                           | 187,000     | 24.6 | 15,000           | 12.9  | 88,000          | 52.7  | 64,000                                  | 60.3  | 1,004.92                 |

(Note) Revision to the financial results forecast announced most recently: Yes

## \* Notes:

## (1) Changes in significant subsidiaries during the three months ended June 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

## (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

## (3) 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

## (4) Total number of issued shares (common shares)

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

June 30, 2022: 65,000,000 shares

March 31, 2022: 65,000,000 shares

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

June 30, 2022: 1,313,299 shares

March 31, 2022: 1,313,215 shares

## 3) Average number of shares during the period:

Three months ended June 30, 2022: 63,686,744 shares

Three months ended June 30, 2021: 65,361,691 shares

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## 1. Qualitative Information on Quarterly Results

### (1) Overview of Operating Results

During the first three months of the fiscal year, the business environment in which the Group operated was characterized by the slower pace of recovery in the global economy due to factors such as the resurgence of COVID-19, the protraction of the Ukraine crisis, and the slowdown of the Chinese economy, which affected the global demand for steel products. Although the situation varies in the countries and regions where the Company operates, the H-beams and other products used in construction, the Group's main products, had comparatively stable demand and price without any major changes in the tightened supply and demand due to factors such as the reduction in crude steel production in China since last year.

The price of ferrous scrap, our main raw material, rose in March due to expanding concerns about global supply of steel products and materials caused by Russia's invasion of Ukraine, but that price has softened since May due to a global decline in steel demand brought about by factors such as prolonged lockdowns in China. Meanwhile, resource and energy prices have continued to stay at high level, and there has been continued upward cost pressure for items other than main raw materials such as ferroalloys, electricity, fuel, and logistics costs.

In Japan, although there has been only limited growth in small and medium construction projects due to the impact of rising material prices, demand for H-beams and other products is recovering, mainly due to large construction projects such as urban redevelopment and logistics facilities. At Yamato Steel, with blast furnace manufacturers concentrating on products such as steel sheet/plates since last year, our efforts through cooperation of manufacturing and sales to acquire new customers and strengthen marketing aimed at projects led to solid orders and a year-on-year increase in sales volume. To minimize the ongoing impact of soaring resource and energy prices, we used our technical expertise as leverage to cut costs and bring production of equipment in-house. In addition, we focused on raising selling prices and other measures to improve profitability, resulting in operating profit increase year on year.

Results for the period from January 2022 to March 2022 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 first quarter of the fiscal year.

Siam Yamato Steel Co., Ltd. in Thailand has seen a recovery in demand for H-beams and other products within Thailand due to large-scale public investment, and these were signs for customers increasing inventory in anticipation of rising steel market conditions. In the export market, demand increased due to the recovery of construction activities within ASEAN, and domestic and export sales volume has been increasing since the second half of last year due to the low level of inflow of Chinese and Korean products. Operating profit increased year on year as a result of the continued easing of the competitive environment in the export market as well as efforts to maintain the high level of metal margin by gradually transferring costs to sales price in response to rising scrap prices and other costs caused by the Ukraine crisis.

In the equity-method affiliate in the US, the impact of the Ukraine crisis on the US economy is limited. Recently factors such as higher raw material prices have been pushing up costs, but customers continued to accept increases in structural steel selling prices due to continued strong demand for non-residential construction market. In terms of earnings, the improvement in metal margin resulted in a significant increase in profit over the previous year.

It is worth noting that Nucor-Yamato Steel Company has been granted the recycling tax credit from the state of Arkansas for the heavy size production line renewal at the end of 2020, and an income taxes refund (negative tax expense) of ¥1,400 million was recorded in the US subsidiary in the first three months of the fiscal year.

At our equity-method affiliate in Bahrain, SULB Company BSC (c), although oil prices rose due to Russia's invasion of Ukraine, construction activities within the GCC region have not fully recovered due to the deterioration in financial condition while oil prices had been low. Meanwhile, there has been an increase in inquiries from customers in anticipation of a rise in steel prices amid the tightened supply and demand as well as rising scrap prices due to the Ukraine crisis, and both sales volume and price have improved. With regard to performance, although the price of iron ore pellets, the main raw material for the company, trended upward, metal margin improved, resulting in profits increasing year on year.

At our equity-method affiliate in Vietnam, Posco Yamato Vina Steel Joint Stock Company, signs of economic recovery were seen due to the termination of COVID-19-related lockdown in October last year. However, market inventory accumulated during the lockdown, and the resurgence of COVID-19 and impact of the Lunar New Year's holiday kept the steel demand remain low. Although a certain degree of earnings was secured, profits decreased year on year.

At our equity-method affiliate in South Korea, YK Steel Corporation (“YKS”), despite the spread of COVID-19 having an impact, demand for rebar was comparatively strong due to the government’s policies to expand residential supply. With regard to performance, a high metal margin has been secured due to market acceptance of higher raw material costs being transferred to prices, resulting in an increase in profits year on year.

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.

In addition to the above, in the non-operating income we posted foreign exchange gains resulting from the depreciation of the yen as of June 30, 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, consolidated net sales for the first three months in the fiscal year under review increased by ¥14,187 million year on year to ¥46,992 million. Consolidated operating profit rose ¥2,604 million year on year to ¥4,221 million, while ordinary profit rose ¥14,871 million to ¥23,174 million, and profit attributable to owners of parent rose ¥12,506 million to ¥18,039 million.

Please note that the Average foreign exchange rates for the first quarter of the fiscal year under review that were used in the preparation of the consolidated financial statements from the financial statements of overseas subsidiaries and affiliates were as follows.

(For all overseas companies, the first quarter of the fiscal year under review ran from January to March 2022)  
117.81 yen/U.S. dollar, 3.56 yen/baht, and 10.23 won/yen

Average exchange rates for the first quarter of the previous fiscal year were as follows:

(For all overseas companies, the first quarter of the previous fiscal year ran from January to March 2021)  
107.15 yen/U.S. dollar, 3.51 yen/baht, and 10.40 won/yen

## (2) Overview of Financial Position

### (i) Changes in financial position

At the end of the first quarter of the fiscal year under review, total assets were ¥452,837 million, an increase of ¥37,909 million over the end of the previous fiscal year. Liabilities were ¥45,978 million, an increase of ¥6,736 million over the end of the previous fiscal year.

Net assets for the first quarter of the fiscal year under review rose ¥31,172 million over the end of the previous fiscal year to ¥406,858 million. The main factors behind this were an increase due to profit attributable to owners of parent, a decline caused by dividend payments, and an increase in foreign currency translation adjustments.

Please note that the foreign exchange rates as of the end of the first quarter of the fiscal year under review that were used in the preparation of the consolidated financial statements from the financial statements of overseas subsidiaries and affiliates were as follows.

(For all overseas companies, the end of the first quarter of the fiscal year under review was March 31, 2022)  
122.41 yen/U.S. dollar, 3.68 yen/baht, 9.89 won/yen

Also, exchange rates for the end of previous consolidated fiscal year are as follows:  
(For all overseas companies, the end of the previous fiscal year was December 31, 2021)  
115.02 yen/U.S. dollar, 3.43 yen/baht, 10.31 won/yen

### (ii) Cash flows

#### (Cash flows from operating activities)

Net cash provided by operating activities was ¥25,213 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 provided by investing activities was ¥347 million, due mainly to proceeds from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities was ¥6,980 million, due mainly to dividends paid.

Taking into account the effect of exchange rate changes on cash and cash equivalents of ¥6,681 million, cash and cash equivalents at the end of the first quarter of the fiscal year increased ¥25,261 million over the end of the previous fiscal year, to ¥120,729 million.

### (3) Overview of Consolidated Earnings Forecasts and Other Forward-Looking Statements

With regard to the future outlook, there are concerns that global steel demand could decline and that market conditions could soften due to the slowdown of economic recovery caused by China's zero-COVID policy and the Ukraine situation becoming drawn out. However, although the impact on price and demand for the H-beams and other products used in construction, the Group's main products, varies depending on the countries and regions where the Company operates globally, demand is forecasted to be steady in the US and Japan within this fiscal year. As scrap prices are on the downward trend, we expect profits to exceed the previous forecast by endeavoring to maintain and increase metal margin in each of our Group companies.

We will continue to pay attention to the business environment surrounding the Group as it may change significantly due to factors such as movements in China.

For the six months ending September 30, 2022, we forecast consolidated net sales of ¥94,000 million (down ¥1,000 million from previous forecast), operating profit of ¥9,000 million (up ¥1,500 million from previous forecast), ordinary profit of ¥48,000 million (up ¥3,500 million from previous forecast), and profit attributable to owners of parent of ¥35,500 million (up ¥3,500 million from previous forecast).

For the fiscal year ending March 31, 2023, we forecast consolidated net sales of ¥187,000 million (down ¥6,000 million from previous forecast), operating profit of ¥15,000 million (up ¥1,000 million from previous forecast), ordinary profit of ¥88,000 million (up ¥9,000 million from previous forecast), and profit attributable to owners of parent of ¥64,000 million (up ¥8,000 million from previous forecast).

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

#### - Japan

Amid forecasts for strong demand for structural steel centered on large construction projects, we are engaged in strengthening production and sales of large sizes, and sales volume is expected to increase compared to the previous forecast. Scrap prices have continued to decline since early May, but the outlook remains uncertain. Furthermore, ferroalloy prices, electricity prices, fuel expenses, and logistics costs are expected to rise further including the impact of the weak yen; therefore, vigilance is required going forward. However, both revenue and profits are expected to increase from the previous forecast due to metal margin improvement as a result of gradual transfer of costs to sale prices.

#### - Thailand

Although structural steel demand within Thailand is underpinned by large-scale public investment, construction activities are expected to slow down due to rising resource and energy prices. Furthermore, sales volume is expected to decrease from the previous forecast based on signs of Chinese and Korean manufacturers strengthening export pressure on the ASEAN market again, and conservative buying due to the scrap price downturn. Although the metal margin would be lower than in the second half of the previous fiscal year, it is expected to remain stable at a high level. However, revenue and profit are forecasted to decrease from the previous forecast due to the impacts such as rising costs caused by inflation.

#### - United States

Although there are concerns about a decline in demand toward the end of the year due to the impact of rapid monetary tightening and the uncertain outlook for the midterm elections in November, structural steel demand is steady because the impact of the Ukraine situation is limited and non-residential construction market demand remains steady. It would be necessary to monitor trends in structural steel market conditions as it is softening by being affected by falling scrap price. However, the metal margin and profits are expected to

increase from the previous forecast.

- Middle East

There is no change in the conditions requiring time for a full recovery in construction activity in the GCC region. However, sales prices of steel products and semi-finished products were high while scrap prices were rising globally and performance was strong due to distributors building inventory in fear of further price increase. Scrap prices have recently turned downward, but performance is expected to be kept around the level of the previous forecast by striving to maintain price and secure volume through the strengthening of sales.

- Vietnam

Structural steel demand gradually increased with the recovery of economic activity after COVID-19 restrictions were lifted, but the market environment appears to be deteriorating due to the impact of the slowdown of the Chinese economy. In addition, there have recently been signs of heightened inflationary pressure caused by high oil prices and the buyers are refraining from placing orders in expectation of product price fall as a result of falling scrap prices; therefore, the sales volume is expected to decrease from the previous forecast, with profit also decreasing from the previous forecast.

- South Korea

Although there is no change in the residential supply policy, concerns about inflation and tightening of monetary policy due to the impact of the Ukraine crisis are negative factors, and sales volume is expected to decrease from the previous forecast. Metal margin would increase due to falling scrap prices and stable earnings are expected to be secured, but profit is expected to decrease from the previous forecast.

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)

127.27 yen/U.S. dollar, 3.72 yen/baht, and 9.78 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)

130.00 yen/U.S. dollar, 3.77 yen/baht, and 9.64 won/yen.

(End of period rates for domestic subsidiaries and affiliates)

130.00 yen/U.S. dollar, 3.77 yen/baht, and 9.64 won/yen.

Quarterly Consolidated Financial Statements  
 Quarterly Consolidated Balance Sheets

(Million yen)

|   | As of March 31,2022 | As of June 30,2022 |
|---|---------------------|--------------------|
| <b>Assets</b>   |                     |                    |
| Current assets  |                     |                    |
| Cash and deposits   | 99,717              | 123,861            |
| Notes and accounts receivable - trade                       | 25,144              | 30,998             |
| Securities  | 20                  | 3                  |
| Merchandise and finished goods                              | 18,360              | 18,762             |
| Work in process   | 555                 | 560                |
| Raw materials and supplies                                  | 20,926              | 23,278             |
| Other   | 3,007               | 4,036              |
| Allowance for doubtful accounts                             | (22)                | (24)               |
| Total current assets  | 167,710             | 201,477            |
| Non-current assets  |                     |                    |
| Property, plant and equipment                               |                     |                    |
| Buildings and structures, net                               | 11,310              | 11,660             |
| Machinery, equipment and vehicles, net                      | 26,832              | 28,093             |
| Land  | 17,815              | 18,417             |
| Construction in progress                                    | 1,550               | 1,500              |
| Other, net  | 2,251               | 2,441              |
| Total property, plant and equipment                         | 59,761              | 62,113             |
| Intangible assets   |                     |                    |
| Goodwill  | 810                 | 784                |
| Other   | 822                 | 1,027              |
| Total intangible assets                                     | 1,632               | 1,812              |
| Investments and other assets                                |                     |                    |
| Investment securities                                       | 56,255              | 60,401             |
| Investments in capital                                      | 78,826              | 71,784             |
| Long-term loans receivable from subsidiaries and associates | 23,067              | 25,732             |
| Long-term time deposits                                     | 23,660              | 25,193             |
| Retirement benefit asset                                    | 917                 | 917                |
| Other   | 3,396               | 3,706              |
| Allowance for doubtful accounts                             | (301)               | (301)              |
| Total investments and other assets                          | 185,823             | 187,434            |
| Total non-current assets                                    | 247,217             | 251,360            |
| Total assets  | 414,928             | 452,837            |



(Million yen)

|   | As of March 31,2022 | As of June 30,2022 |
|---|---------------------|--------------------|
| <b>Liabilities</b>                                    |                     |                    |
| Current liabilities                                   |                     |                    |
| Notes and accounts payable - trade                    | 11,033              | 11,584             |
| Income taxes payable                                  | 1,908               | 5,199              |
| Provision for bonuses                                 | 744                 | 692                |
| Other   | 5,725               | 7,645              |
| Total current liabilities                             | 19,411              | 25,121             |
| Non-current liabilities                               |                     |                    |
| Deferred tax liabilities                              | 13,874              | 14,683             |
| Retirement benefit liability                          | 1,975               | 1,967              |
| Other   | 3,981               | 4,206              |
| Total non-current liabilities                         | 19,830              | 20,857             |
| <b>Total liabilities</b>                              | <b>39,242</b>       | <b>45,978</b>      |
| <b>Net assets</b>                                     |                     |                    |
| Shareholders' equity                                  |                     |                    |
| Share capital   | 7,996               | 7,996              |
| Retained earnings                                     | 320,784             | 332,477            |
| Treasury shares                                       | (1,412)             | (1,412)            |
| Total shareholders' equity                            | 327,369             | 339,061            |
| Accumulated other comprehensive income                |                     |                    |
| Valuation difference on available-for-sale securities | 4,490               | 4,013              |
| Foreign currency translation adjustment               | 18,649              | 36,809             |
| Remeasurements of defined benefit plans               | (157)               | (155)              |
| Total accumulated other comprehensive income          | 22,982              | 40,667             |
| Non-controlling interests                             | 25,335              | 27,129             |
| <b>Total net assets</b>                               | <b>375,686</b>      | <b>406,858</b>     |
| <b>Total liabilities and net assets</b>               | <b>414,928</b>      | <b>452,837</b>     |

Quarterly Consolidated Statements of Income and Comprehensive Income  
 Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

|  | For the three months<br>ended June 30,2021 | For the three months<br>ended June 30,2022 |
|--|--|--|
| Net sales  | 32,805                                     | 46,992                                     |
| Cost of sales                                      | 28,224                                     | 39,074                                     |
| Gross profit                                       | 4,580                                      | 7,918                                      |
| Selling, general and administrative expenses       |  |  |
| Packing and transportation costs                   | 1,265                                      | 1,716                                      |
| Salaries and allowances                            | 422  | 414  |
| Provision for bonuses                              | 110  | 210  |
| Retirement benefit expenses                        | (9)  | 2  |
| Other  | 1,174                                      | 1,353                                      |
| Total selling, general and administrative expenses | 2,963                                      | 3,697                                      |
| Operating profit                                   | 1,616                                      | 4,221                                      |
| Non-operating income                               |  |  |
| Interest income                                    | 117  | 196  |
| Dividend income                                    | 142  | 235  |
| Equity in earnings of affiliates                   | 6,253                                      | 15,154                                     |
| Foreign exchange gains                             | 87   | 3,176                                      |
| Other  | 198  | 259  |
| Total non-operating income                         | 6,798                                      | 19,022                                     |
| Non-operating expenses                             |  |  |
| Interest expenses                                  | 22   | 20   |
| Loss on valuation of derivatives                   | 76   | 19   |
| Loss on disaster                                   | -  | 22   |
| Other  | 13   | 6  |
| Total non-operating expenses                       | 111  | 69   |
| Ordinary profit                                    | 8,303                                      | 23,174                                     |
| Extraordinary income                               |  |  |
| Gain on sale of non-current assets                 | 0  | 0  |
| Total extraordinary income                         | 0  | 0  |
| Extraordinary losses                               |  |  |
| Loss on retirement of non-current assets           | 22   | 0  |
| Other  | 1  | -  |
| Total extraordinary losses                         | 23   | 0  |
| Profit before income taxes                         | 8,280                                      | 23,175                                     |
| Income taxes - current                             | 2,050                                      | 4,668                                      |
| Income taxes - refund                              | -  | (1,400)                                    |
| Income taxes - deferred                            | 147  | 786  |
| Total income taxes                                 | 2,198                                      | 4,054                                      |
| Profit   | 6,082                                      | 19,120                                     |
| Profit attributable to non-controlling interests   | 549  | 1,080                                      |
| Profit attributable to owners of parent            | 5,532                                      | 18,039                                     |

## Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

|  | For the three months<br>ended June 30,2021 | For the three months<br>ended June 30,2022 |
|--|--|--|
| Profit   | 6,082                                      | 19,120                                     |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                | (360)                                      | (478)                                      |
| Foreign currency translation adjustment  | 8,822                                      | 12,665                                     |
| Remeasurements of defined benefit plans, net of tax                                  | (1)  | 2  |
| Share of other comprehensive income of entities<br>accounted for using equity method | 6,058                                      | 7,398                                      |
| Total other comprehensive income   | 14,518                                     | 19,587                                     |
| Comprehensive income   | 20,600                                     | 38,708                                     |
| Comprehensive income attributable to   |  |  |
| Comprehensive income attributable to owners of<br>parent                             | 19,325                                     | 35,724                                     |
| Comprehensive income attributable to non-controlling<br>interests                    | 1,275                                      | 2,983                                      |

## Quarterly Consolidated Statements of Cash Flows

(Million yen)

|  | For the three months<br>ended June 30,2021 | For the three months<br>ended June 30,2022 |
|--|--|--|
| <b>Cash flows from operating activities</b>  |  |  |
| Profit before income taxes   | 8,280                                      | 23,175                                     |
| Depreciation   | 1,404                                      | 1,410                                      |
| Interest and dividend income   | (259)                                      | (431)                                      |
| Interest expenses  | 22   | 20   |
| Equity in (earnings) losses of affiliates  | (6,253)                                    | (15,154)                                   |
| Decrease (increase) in trade receivables   | (3,401)                                    | (5,398)                                    |
| Decrease (increase) in inventories   | (2,320)                                    | (912)                                      |
| Increase (decrease) in trade payables  | 2,147                                      | 285  |
| Other, net   | 266  | (2,087)                                    |
| Subtotal   | (113)                                      | 907  |
| Interest and dividends received  | 8,166                                      | 25,262                                     |
| Income taxes paid  | (456)                                      | (956)                                      |
| Net cash provided by (used in) operating activities  | 7,596                                      | 25,213                                     |
| <b>Cash flows from investing activities</b>  |  |  |
| Payments into time deposits  | (3,957)                                    | (12)                                       |
| Proceeds from withdrawal of time deposits  | 8,364                                      | 1,379                                      |
| Purchase of property, plant and equipment  | (956)                                      | (945)                                      |
| Payments for sale of shares of subsidiaries resulting in<br>change in scope of consolidation | (2,134)                                    | -  |
| Other, net   | (56)                                       | (73)                                       |
| Net cash provided by (used in) investing activities  | 1,258                                      | 347  |
| <b>Cash flows from financing activities</b>  |  |  |
| Purchase of treasury shares  | (2,317)                                    | (0)  |
| Dividends paid   | (2,384)                                    | (5,771)                                    |
| Dividends paid to non-controlling interests  | (1,240)                                    | (1,188)                                    |
| Other, net   | (20)                                       | (19)                                       |
| Net cash provided by (used in) financing activities  | (5,963)                                    | (6,980)                                    |
| Effect of exchange rate change on cash and cash<br>equivalents                               | 460  | 6,681                                      |
| Net increase (decrease) in cash and cash equivalents   | 3,352                                      | 25,261                                     |
| Cash and cash equivalents at beginning of period   | 19,163                                     | 95,467                                     |
| Cash and cash equivalents at end of period   | 22,515                                     | 120,729                                    |

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Application of Special Accounting Treatment for the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income tax for the fiscal year ending March 31, 2023, excluding certain subsidiaries, and multiplying profit before income tax by the estimated effective tax rate.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, issued on June 17, 2021) is applied from the beginning of the first three months of the fiscal year ending March 31, 2023, and the new accounting policies stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement are applied into the future in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This has no impact on the quarterly consolidated financial statements.

(Segment Information, etc.)

I. Three months ended June 30, 2021 (April 1, 2021 to June 30, 2021)

Information about Operating Revenues and Profit (Loss) for Each Reportable Segment

(Millions of yen)

|                                       | Reportable segment |                     |                        |               | Other<br>(Note 1) | Total         | Reconciliations<br>(Note 2) | Consolidated<br>(Note 3) |
|---------------------------------------|--------------------|---------------------|------------------------|---------------|-------------------|---------------|-----------------------------|--------------------------|
|                                       | Steel<br>(Japan)   | Steel<br>(Thailand) | Trackwork<br>materials | Sub total     |                   |               |                             |                          |
| Net sales                             |                    |                     |                        |               |                   |               |                             |                          |
| (1) Sales to customers                | 11,566             | 18,770              | 1,593                  | 31,930        | 874               | 32,805        | —                           | 32,805                   |
| (2) Inter-segment sales and transfers | 81                 | —                   | —                      | 81            | —                 | 81            | (81)                        | —                        |
| <b>Total</b>                          | <b>11,648</b>      | <b>18,770</b>       | <b>1,593</b>           | <b>32,012</b> | <b>874</b>        | <b>32,887</b> | <b>(81)</b>                 | <b>32,805</b>            |
| Segment profit                        | 158                | 1,826               | 131                    | 2,116         | 54                | 2,171         | (554)                       | 1,616                    |

- (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. The reconciliations of segment profit included corporate general expenses of ¥ (554) 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.  
3. Certain reconciliations were made between segment profit and operating profit in the quarterly consolidated statement of income.

II. Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

Information about Operating Revenues and Profit (Loss) for Each Reportable Segment

(Millions of yen)

|                                       | Reportable segment |                     |                        |               | Other<br>(Note 1) | Total         | Reconciliations<br>(Note 2) | Consolidated<br>(Note 3) |
|---------------------------------------|--------------------|---------------------|------------------------|---------------|-------------------|---------------|-----------------------------|--------------------------|
|                                       | Steel<br>(Japan)   | Steel<br>(Thailand) | Trackwork<br>materials | Sub total     |                   |               |                             |                          |
| Net sales                             |                    |                     |                        |               |                   |               |                             |                          |
| (1) Sales to customers                | 18,383             | 26,552              | 1,388                  | 46,324        | 668               | 46,992        | —                           | 46,992                   |
| (2) Inter-segment sales and transfers | 167                | —                   | —                      | 167           | —                 | 167           | (167)                       | —                        |
| <b>Total</b>                          | <b>18,550</b>      | <b>26,552</b>       | <b>1,388</b>           | <b>46,492</b> | <b>668</b>        | <b>47,160</b> | <b>(167)</b>                | <b>46,992</b>            |
| Segment profit (loss)                 | 969                | 3,885               | 13                     | 4,868         | (6)               | 4,861         | (640)                       | 4,221                    |

- (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. The reconciliations of segment profit included corporate general expenses of ¥ (640) 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.  
3. Certain reconciliations were made between segment profit (loss) and operating profit in the quarterly consolidated statements of income.

(Significant Subsequent Events)

Not applicable.