

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

July 31, 2023

Company name: YAMATO KOGYO CO.,LTD.

Stock exchange listing: Tokyo

Code number: 5444

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

Representative: Mikio Kobayashi

President

Contact: Yoshikazu Kotera

Managing Executive Officer

Phone: +81-79-273-1061

Scheduled date of filing quarterly securities report: August 10, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

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, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	42,527	(9.5)	4,115	(2.5)	25,400	9.6	18,311	1.5
June 30, 2022	46,992	43.2	4,221	161.1	23,174	179.1	18,039	226.0

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 24,033 million [(37.9)%]
Three months ended June 30, 2022: ¥ 38,708 million [87.9%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	287.48	-
June 30, 2022	283.25	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	531,649	483,352	85.4
March 31, 2023	515,000	470,211	85.6

(Reference) Equity: As of June 30, 2023: ¥ 454,019 million
As of March 31, 2023: ¥ 440,622 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen	Yen	Yen	Yen	Yen
Fiscal year ending March 31, 2023	-	150.00	-	150.00	300.00
Fiscal year ending March 31, 2024(Forecast)	-	150.00	-	150.00	300.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	79,500	(16.1)	7,500	(20.4)	47,000	(8.5)	33,000	(12.9)	518.08
Full year	154,000	(14.7)	13,000	(22.7)	82,000	(9.4)	58,000	(11.2)	910.56

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023

(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: No

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, 2023: 65,000,000 shares

March 31, 2023: 65,000,000 shares

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

June 30, 2023: 1,303,052 shares

March 31, 2023: 1,302,901 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 63,696,988 shares

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

Appendix
Table of Contents

1. Qualitative Information on Quarterly Results	2
(1) Overview of Operating Results.....	2
(2) Overview of Financial Position.....	3
(3) Overview of Consolidated Earnings Forecasts and Other Forward-Looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheets.....	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	8
(3) Quarterly Consolidated Statement of Cash Flows	10
(4) Notes to Quarterly Consolidated Financial Statements	11
(Notes on Going Concern Assumptions).....	11
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	11
(Application of Special Accounting Treatment for the Preparation of Quarterly Consolidated Financial Statements)	11
(Additional Information).....	11
(Segment Information, etc.).....	12
(Significant Subsequent Events).....	12

1. Qualitative Information on Quarterly Results

(1) Overview of Operating Results

During the first three months of the consolidated fiscal year under review, in the business environment in which the Group operated, although favorable movements were seen in steel demand and market conditions due to a sense of expectation in a recovery in steel demand caused by the resumption of economic activity in China, the outlook remains uncertain because the recovery of the Chinese economy lacked strength and the volume of steel exports from China is high. Demand for the H-beams, the Group's main products, and other products used in civil engineering and construction has been lackluster overall, but results were generally steady amid weak scrap prices due to striving to maintain a high metal margin and reduce costs in each of the Group's locations.

In Japan, although structural steel demand for large construction projects and civil engineering was steady, shipments for small and medium construction projects were low. At Yamato Steel, with blast furnace manufacturers concentrating on products such as steel sheet/plate, we made efforts through integration of manufacturing and sales to acquire new customers and strengthen production and sales of large-sized products, in addition to striving to maintain high sale prices such as revising size extras for the mainstay product of H-beams for projects. Operating profit increased significantly year on year due to the metal margin improving with domestic scrap market conditions falling in response to softening of international scrap prices.

Results for the period from January 2023 to March 2023 for our quarterly 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 under review.

In the Thai consolidated subsidiary, Siam Yamato Steel Co., Ltd. (SYS), there were signs of recovery in demand for structural steel in Thailand centered on infrastructure investments, but it has not returned to the previous level, and in the ASEAN market, sales volume decreased significantly year on year due to the harsh competitive environment with Chinese manufacturers and others continuing since the second half of last year. Operating profit decreased year on year despite the metal margin being maintained at a high level due in part to the fall in scrap prices.

Although distributor demand was low in Nucor-Yamato Steel Company (NYS), the equity-method affiliate in the US, due to concerns about the economic outlook, but structural steel demand centered on large factory construction projects such as semiconductor and EV-related factories is solid, and supply and demand generally continued to be tight, and the metal margin was maintained at a high level. High earnings at the same level as the same period of the previous year were secured.

At SULB Company BSC (c) (SULB), the equity-method affiliate in the Middle East, economic conditions within the GCC region are recovering since the high oil prices of last year, and full production is continuing. Although market conditions were seen to soften due to the impact of the inflow of Chinese products at the start of the year, the market has recovered due to tightening of supply and demand since the earthquake in Turkey, and profit increased year on year.

At our equity-method affiliate in Vietnam, Posco Yamato Vina Steel Joint Stock Company (PY VINA), although there were signs of recovery in the steel market after the Lunar New Year holiday and structural steel demand is gradually increasing, market inventory levels remain high, and a full recovery has not been reached. Profit increased slightly year on year.

At our equity-method affiliate in South Korea, YK Steel Corporation (YKS), demand for rebar fell due to the impact of inflation and rising interest rates, and sales volume decreased significantly. In terms of earnings, profit decreased year on year despite efforts to maintain sale prices and ensuring a high metal margin amid falling scrap prices.

In relation to Korean steel companies including YKS being ordered to pay penalties by the Korea Fair Trade Commission in the previous consolidated fiscal year, a local government filed a civil suit demanding compensation for damages from the steel companies in April 2023, and due to YKS and the consolidated subsidiary, Yamato Korea Holdings Co., Ltd. (YKH) also receiving a complaint (for approximately 11.8 billion won), the Group recorded a projected loss of ¥1,456 million (negative ¥482 million in equity in earnings of affiliates and ¥973 million in provision for loss on litigation (extraordinary losses)) in the first three months of the fiscal year ending March 31, 2024. YKS and YKH intend to submit a written answer in rebuttal. For the details, please refer to "2. Quarterly Consolidated Financial Statements and Notes (4) Notes to Quarterly Consolidated Financial Statements (Additional Information)."

As a result of the above, consolidated net sales for the first three months in the current consolidated fiscal year decreased by ¥4,464 million year on year to ¥42,527 million. Consolidated operating profit decreased by ¥105 million year on year to ¥4,115 million, while ordinary profit rose ¥2,225 million to ¥25,400 million, and profit attributable to owners of parent rose ¥271 million to ¥18,311 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 current fiscal year under review ran from January to March 2023)

133.45 yen/U.S. dollar, 3.93 yen/baht, 9.56 won/yen

Average foreign 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 2022)

117.81 yen/ U.S. dollar, 3.56 yen/baht, 10.23 won/yen

(2) Overview of Financial Position

(i) Changes in financial position

At the end of the first quarter of the current consolidated fiscal year, total assets were ¥531,649 million, an increase of ¥16,649 million over the end of the previous fiscal year. Total liabilities were ¥48,297 million, an increase of ¥3,508 million over the end of the previous fiscal year.

Also, at the end of the first quarter of the current consolidated fiscal year, total net assets rose ¥13,140 million over the end of the previous fiscal year to ¥483,352 million. The main factors behind this were an increase due to profit attributable to owners of parent and a decline caused by dividend payments.

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 current fiscal year under review was March 31, 2023)

133.54 yen/U.S. dollar, 3.91 yen/baht, 9.76 won/yen

(For all domestic companies, the end of the first quarter of the current fiscal year under review was June 30, 2023)

144.99 yen/U.S. dollar.

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, 2022)

132.70 yen/U.S. dollar, 3.82 yen/baht, 9.55 won/yen

(For all domestic companies, the end of the previous fiscal year was March 31, 2023)

133.54 yen/U.S. dollar.

(ii) Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities was ¥46,431 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 used in investing activities was ¥4,709 million, due mainly to payments into time deposits.

(Cash flows from financing activities)

Net cash used in financing activities was ¥10,003 million, due mainly to dividends paid.

Taking into account the effect of exchange rate changes on cash and cash equivalents of ¥1,392 million, cash and cash equivalents at the end of the first quarter of the current consolidated fiscal year increased ¥33,110 million over the end of the previous fiscal year, to ¥166,969 million.

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

With regard to the future outlook, there was a sense of expectation that steel demand would recover due to the resumption of economic activity in China, but the economic recovery in China has lacked momentum, and there continue to be concerns for a slump in the global economy such as the worldwide protraction of inflation and confrontation between the United States and China. Demand for the H-beams, the Group's main products, and other products used in civil engineering and construction lacks momentum overall, and although we will continue to endeavor to secure the same level of total sales volume including semi-finished products, the level of total sales volume for the Group is expected to be below the previously forecast level. Meanwhile, the prices for scrap that constitutes the main raw material of our business are weakening, and we expect profit levels exceeding the previous forecast by striving to maintain a high metal margin and reduce costs in each of our locations.

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.

Based on the above, primarily because of the effect of the weak yen and results in Japan and the equity-method affiliate in the US being expected to be better than the previous forecast, we have made upward revisions to our profit forecast for the six months ending September 30, 2023 with net sales of ¥79,500 million (down ¥2,500 million from the previous forecast), operating profit of ¥7,500 million (up ¥2,000 million from the previous forecast), ordinary profit of ¥47,000 million (up ¥8,000 million from the previous forecast), and profit attributable to owners of parent of ¥33,000 million (up ¥5,000 million from the previous forecast), and also our forecast for the fiscal year ending March 31, 2024 with net sales of ¥154,000 million (down ¥6,000 million from the previous forecast), operating profit of ¥13,000 million (up ¥3,500 million from the previous forecast), ordinary profit of ¥82,000 million (up ¥14,000 million from the previous forecast), and profit attributable to owners of parent of ¥58,000 million (up ¥10,000 million from the previous forecast).

See the "Notice Concerning Revision of Results Forecasts" announced today for details.

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

- Japan

Structural steel demand is expected to continue to be steady centering on redevelopment projects and large-scale construction projects such as semiconductor factories and logistics facilities, and demand in civil engineering projects is also forecast to remain steady, with sales volume expected to be on par with the previous forecast (including decreased production and sales volume associated with the planned implementation of the renewal work on rolling facilities). Prices for structural steel are expected to be higher than initially anticipated due to the continued tightening of supply and demand in Japan, while those for steel sheet/plate tend to soften due to the impact of international market conditions. Furthermore, although scrap prices and energy prices are high, they are expected to be lower than initially anticipated, and sales and profit are forecast to be higher than the previous forecast, with profit increasing year on year.

- Thailand

Although the economy in Thailand is picking up due to factors such as a recovery in tourism, there are concerns about delay in infrastructure investment due to political disruption after the general election. Distributors continue to be cautious about increasing inventory, and demand is sluggish. Furthermore, the competitive environment with Chinese manufacturers and others is becoming increasingly harsh in the export market, and sales volume is expected to decrease both domestically and for exports. Meanwhile, the metal margin is expected to be maintained at a high level due to scrap prices falling more than sale prices. While sales are forecast to be below the previous forecast, profit will be on par with the previous forecast, decreasing year on year.

- United States

Although there is uncertainty due to inflation, the US economy is steady, construction demand such as for semiconductors, EVs and renewable energy-related is solid, and supply and demand continue to be tight. Structural steel market prices are expected to be in a comparatively high range, although not as high as the previous year. As a result, profit is forecast to be higher than the previous forecast, decreasing year on year.

- Middle East

The financial condition of Middle Eastern countries has improved due to high oil prices since last year, and

construction demand such as infrastructure investment is also recovering. Although there is some uncertainty, structural steel market prices have not fallen as much as anticipated and full production is expected to continue. As a result, profit is forecast to be slightly higher than the previous forecast, decreasing year on year.

- Vietnam

The slow recovery of the real estate market has had a knock-on effect, slowing the pace of recovery in demand for structural steel. Domestic structural steel market conditions are being affected by the slump in market conditions in China, but scrap prices have also fallen, and results are forecast to be on par with the previous forecast, increasing year on year.

- South Korea

The real estate market remains weak due to the impact of monetary tightening, and demand for rebar has deteriorated. Efforts are being made to improve profitability through cost reductions, but profit is forecast to be lower than the previous forecast, decreasing year on year, due to a decrease in sales volume and falling sale prices.

Please note that for the January-December 2023 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)

135.77 yen/U.S. dollar, 3.90 yen/baht, and 9.64 won/yen.

We applied the following exchange rates for translating the year-end (meaning the end of December 2023 for overseas subsidiaries and affiliates and the end of March 2024 for domestic subsidiaries and affiliates) assets and liabilities of each subsidiary and affiliate:

(End of period rates for overseas subsidiaries and affiliates)

135.00 yen/U.S. dollar, 3.84 yen/baht, and 9.73 won/yen.

(End of period rates for domestic subsidiaries and affiliates)

128.00 yen/U.S. dollar.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	162,422	199,951
Notes and accounts receivable - trade	28,231	30,522
Securities	19	-
Merchandise and finished goods	18,324	18,590
Work in process	652	864
Raw materials and supplies	20,855	20,566
Other	7,760	4,799
Allowance for doubtful accounts	(22)	(24)
Total current assets	238,243	275,271
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,593	11,560
Machinery, equipment and vehicles, net	27,669	27,867
Land	18,884	18,736
Construction in progress	2,782	2,905
Other, net	2,462	2,483
Total property, plant and equipment	63,392	63,552
Intangible assets		
Goodwill	707	682
Other	1,130	1,224
Total intangible assets	1,838	1,906
Investments and other assets		
Investment securities	73,173	77,646
Investments in capital	102,143	74,409
Long-term loans receivable from subsidiaries and associates	25,144	27,281
Long-term time deposits	9,462	9,559
Retirement benefit asset	895	896
Other	1,007	1,427
Allowance for doubtful accounts	(301)	(301)
Total investments and other assets	211,526	190,919
Total non-current assets	276,756	256,378
Total assets	515,000	531,649

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,592	10,038
Income taxes payable	3,036	3,521
Provision for bonuses	752	491
Other	7,117	8,995
Total current liabilities	21,498	23,047
Non-current liabilities		
Deferred tax liabilities	17,269	18,154
Retirement benefit liability	2,050	2,135
Other	3,969	4,958
Total non-current liabilities	23,289	25,249
Total liabilities	44,788	48,297
Net assets		
Shareholders' equity		
Share capital	7,996	7,996
Capital surplus	15	15
Retained earnings	370,233	379,023
Treasury shares	(1,380)	(1,380)
Total shareholders' equity	376,865	385,654
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,473	7,623
Foreign currency translation adjustment	58,456	60,913
Remeasurements of defined benefit plans	(172)	(171)
Total accumulated other comprehensive income	63,757	68,365
Non-controlling interests	29,588	29,332
Total net assets	470,211	483,352
Total liabilities and net assets	515,000	531,649

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

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	46,992	42,527
Cost of sales	39,074	34,788
Gross profit	7,918	7,739
Selling, general and administrative expenses		
Packing and transportation costs	1,716	1,462
Salaries and allowances	414	474
Provision for bonuses	210	128
Retirement benefit expenses	2	66
Other	1,353	1,490
Total selling, general and administrative expenses	3,697	3,623
Operating profit	4,221	4,115
Non-operating income		
Interest income	196	2,147
Dividend income	235	234
Equity in earnings of affiliates	15,154	16,085
Foreign exchange gains	3,176	2,699
Other	259	163
Total non-operating income	19,022	21,330
Non-operating expenses		
Interest expenses	20	22
Loss on valuation of derivatives	19	-
Loss on disaster	22	16
Other	6	5
Total non-operating expenses	69	45
Ordinary profit	23,174	25,400
Extraordinary income		
Gain on sale of non-current assets	0	-
Gain on sale of investment securities	-	5
Total extraordinary income	0	5
Extraordinary losses		
Provision for loss on litigation	-	973
Other	0	59
Total extraordinary losses	0	1,033
Profit before income taxes	23,175	24,372
Income taxes - current	4,668	5,698
Income taxes - refund	(1,400)	-
Income taxes - deferred	786	(83)
Total income taxes	4,054	5,614
Profit	19,120	18,757
Profit attributable to non-controlling interests	1,080	446
Profit attributable to owners of parent	18,039	18,311

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

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	19,120	18,757
Other comprehensive income		
Valuation difference on available-for-sale securities	(478)	2,154
Foreign currency translation adjustment	12,665	2,320
Remeasurements of defined benefit plans, net of tax	2	1
Share of other comprehensive income of entities accounted for using equity method	7,398	798
Total other comprehensive income	19,587	5,275
Comprehensive income	38,708	24,033
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	35,724	22,919
Comprehensive income attributable to non-controlling interests	2,983	1,113

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	23,175	24,372
Depreciation	1,410	1,544
Interest and dividend income	(431)	(2,382)
Interest expenses	20	22
Equity in (earnings) losses of affiliates	(15,154)	(16,085)
Decrease (increase) in trade receivables	(5,398)	(2,135)
Decrease (increase) in inventories	(912)	364
Increase (decrease) in trade payables	285	(627)
Other, net	(2,087)	(2,175)
Subtotal	907	2,898
Interest and dividends received	25,262	46,279
Income taxes paid	(956)	(2,747)
Net cash provided by (used in) operating activities	25,213	46,431
Cash flows from investing activities		
Payments into time deposits	(12)	(4,041)
Proceeds from withdrawal of time deposits	1,379	-
Purchase of property, plant and equipment	(945)	(1,333)
Other, net	(73)	665
Net cash provided by (used in) investing activities	347	(4,709)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid	(5,771)	(8,608)
Dividends paid to non-controlling interests	(1,188)	(1,369)
Other, net	(19)	(24)
Net cash provided by (used in) financing activities	(6,980)	(10,003)
Effect of exchange rate change on cash and cash equivalents	6,681	1,392
Net increase (decrease) in cash and cash equivalents	25,261	33,110
Cash and cash equivalents at beginning of period	95,467	133,859
Cash and cash equivalents at end of period	120,729	166,969

(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, 2024, excluding certain subsidiaries, and multiplying profit before income tax by the estimated effective tax rate.

(Additional Information)

(Filing of litigation against Korean affiliate)

During the previous fiscal year, Korean steel companies including our equity-method affiliate YK Steel Corporation (YKS) were ordered to pay penalties by the Korea Fair Trade Commission for violations of Korea's monopoly regulations and fair-trade laws in tenders for annual fixed price agreements for rebar ordered by the Korean Public Procurement Service. YKS paid the penalty (approximately 23.6 billion won) and recorded a loss, but is following administrative appeal proceedings due to disagreement with the findings.

In relation to this matter, a local government filed a civil suit demanding compensation for damages from the steel companies in April 2023, and due to YKS and the consolidated subsidiary, Yamato Korea Holdings Co., Ltd. (YKH) also receiving a complaint (approximately 11.8 billion won), the Group recorded a projected loss of ¥1,456 million (negative ¥482 million in equity in earnings of affiliates and ¥973 million in provision for loss on litigation (extraordinary losses)) in the first three months of the fiscal year ending March 31, 2024. YKS and YKH intend to submit a written answer in rebuttal.

(Segment Information, etc.)

I. 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 (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Steel (Japan)	Steel (Thailand)	Trackwork 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)	—
Total	18,550	26,552	1,388	46,492	668	47,160	(167)	46,992
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 (loss) 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.

II. Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

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

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Steel (Japan)	Steel (Thailand)	Trackwork materials	Sub total				
Net sales								
(1) Sales to customers	18,974	21,035	1,587	41,596	930	42,527	—	42,527
(2) Inter-segment sales and transfers	126	—	—	126	—	126	(126)	—
Total	19,100	21,035	1,587	41,723	930	42,654	(126)	42,527
Segment profit	2,991	1,678	184	4,853	25	4,879	(763)	4,115

(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 ¥ (763) 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 statements of income.

(Significant Subsequent Events)

Not applicable.