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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

April 30, 2024

Company name: YAMATO KOGYO CO.,LTD.
 Stock exchange listing: Tokyo
 Code number: 5444
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 Scheduled date of Annual General Meeting of Shareholders: June 25, 2024
 Scheduled date of commencing dividend payments: June 26, 2024
 Scheduled date of filing annual securities report: June 26, 2024
 Availability of supplementary briefing material on annual financial results: Yes
 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, 2024 (April 1, 2023 to March 31, 2024)

(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	%
Fiscal year ended March 31, 2024	163,479	(9.4)	17,282	2.8	99,223	9.6	70,018	7.2
March 31, 2023	180,438	20.3	16,813	26.5	90,494	57.0	65,317	63.6

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 105,718 million [(5.6)%]
 Fiscal year ended March 31, 2023: ¥ 111,987 million [70.9%]

	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, 2024	1,099.15	-	14.5	17.7	10.6
March 31, 2023	1,025.49	-	16.5	19.5	9.3

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2024: ¥ 65,268 million
 Fiscal year ended March 31, 2023: ¥ 66,258 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	608,783	554,941	85.9	8,207.69
March 31, 2023	515,000	470,211	85.6	6,917.47

(Reference) Equity: As of March 31, 2024: ¥ 522,873 million
 As of March 31, 2023: ¥ 440,622 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	80,915	(33,292)	(21,256)	168,695
March 31, 2023	52,654	(10,346)	(17,719)	133,859

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	Millions of yen	%	%
March 31, 2023	-	150.00	-	150.00	300.00	19,403	29.3	4.8
March 31, 2024	-	150.00	-	250.00	400.00	25,874	36.4	5.3
Fiscal year ending March 31, 2025 (Forecast)	-	200.00	-	200.00	400.00		46.3	

(Note) The year-end dividend of 250 yen per share for the fiscal year ended March 31, 2024 includes a special dividend of 100 yen per share.

The interim dividend for the second quarter and the year-end dividend for the fiscal year ending March 31, 2025 (forecast) each include a commemorative dividend of 50 yen per share (annually 100 yen per share).

For details, refer to the “Notice Regarding Dividends of Surplus” released today (on April 30, 2024).

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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, 2024	83,000	3.3	4,500	(42.7)	37,500	(25.9)	26,500	(27.1)	415.98
Full year	182,000	11.3	11,000	(36.4)	77,000	(22.4)	55,000	(21.4)	863.35

* 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: No
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, 2024: 65,000,000 shares
March 31, 2023: 65,000,000 shares

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

March 31, 2024: 1,294,676 shares
March 31, 2023: 1,302,901 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 63,702,560 shares
Fiscal Year ended March 31, 2023: 63,694,549 shares

Appendix
Table of Contents

1. Overview of Operating Results, etc	2
(1) Overview of Operating Results	2
(2) Overview of Financial Position	4
(3) Future Outlook.....	5
(4) Dividend Policy and Dividends for the Current and Next Fiscal Years	7
2. Basic Approach to Selection of Accounting Standards	7
3. Consolidated Financial Statements and Notes	8
(1) Consolidated Balance Sheets.....	8
(2) Consolidated Statements of Income and Comprehensive Income	10
(3) Consolidated Statements of Changes in Net Assets.....	12
(4) Consolidated Statements of Cash Flows	14
(5) Notes to Consolidated Financial Statements	15
(Notes on Going Concern Assumptions).....	15
(Additional Information).....	15
(Segment Information, etc.).....	15
(Per Share Information)	18
(Significant Subsequent Events).....	18

1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the consolidated fiscal year ended March 31, 2024 (the fiscal year under review), the business environment surrounding the Group was affected by a global weakening of steel demand and market conditions, which were attributable to a number of factors such as a slowdown in the Chinese economy. Specifically, the demand for H-beams, the Group's main products, and other products used in civil engineering and construction lacked momentum overall, and the total sales volume of the Group was on a downward trend. As such, the business outlook remained uncertain due in part to intensified competition with inexpensive Chinese products at some locations. In these circumstances, we managed to secure earnings at all locations through a range of efforts, such as maintaining metal margin and reducing costs. The ongoing depreciation of the yen and high interest rates in the U.S. also helped boost the Group's performance.

In Japan, although structural steel demand from major construction projects for such as urban redevelopment and semiconductor factories as well as demand related to civil engineering works remained solid, construction delays became more prominent due in part to labor shortage; and demand for small and medium construction projects was sluggish in the face of persistently high construction costs. At Yamato Steel Co., Ltd., efforts were made through the integration of manufacturing and sales to strengthen production and sales of large-sized products and shorten delivery times to secure orders for and maintain selling prices of H-beams and sheet piles for major projects. Backed by the improved metal margin, the Group's performance improved with a year-on-year increase in profits, despite a decrease in sales volume primarily under the impact of planned implementation of the renewal work on rolling facilities.

Results for the period from January through December 2023 of our consolidated subsidiary in Thailand and our equity-method affiliates in the U.S., Bahrain, Saudi Arabia, Vietnam, and South Korea have been reflected in our consolidated accounts for the fiscal year under review.

At our Thai consolidated subsidiary Siam Yamato Steel Co., Ltd. (SYS), demand and market conditions for structural steel were on a moderate recovery trend, as the economy picked up and the politics stabilized in Thailand. Meanwhile, in the ASEAN market, total sales volume declined significantly from the same period last year as harsh competition with inexpensive Chinese products had continued since the second half of the previous fiscal year. As a result, SYS recorded a year-on-year decrease in profits due largely to the decrease in sales volume, even though the metal margin stayed high due in part to lower scrap prices.

Following a tax inspection by the Thai Revenue Department, SYS recorded ¥914 million for value-added tax for prior periods (extraordinary losses) during the fiscal year under review, but it has filed an objection.

At Nucor-Yamato Steel Company (NYS), our equity-method affiliate in the U.S., demand for structural steel mainly from large factory construction projects, such as semiconductor and EV-related factories, remained solid. Nevertheless, the growth of sales volume slowed. This is primarily because distributors refrained from purchases in the face of prolonged monetary tightening, and, as a result, the competition with rivaling companies and imported products intensified in some sizes. During the fiscal year under review, NYS continued to record a high level of revenues, despite a year-on-year decline in profits, as supply and demand generally remained tight and the structural steel prices stayed relatively high in the market, although the structural steel market conditions were not as strong as in the previous fiscal year.

At SULB Company BSC (c) (SULB), our equity-method affiliate in the Middle East, structural steel demand in the Middle East, especially from infrastructure investments, remained solid, underpinned by rising oil prices. In fact, production has continued at full capacity. Meanwhile, prices of products and semi-finished products temporarily remained high in the previous fiscal year due in part to soaring steel scrap market prices in the face of Russia's invasion of Ukraine. This fiscal year, however, the prices have softened since the steel scrap market declined and inexpensive products flowed into the market from China. In the fiscal year under review, SULB generally continued to perform strongly, although profits decreased year on year.

At Posco Yamato Vina Steel Joint Stock Company (PY VINA), our equity-method affiliate in Vietnam, we sought to maintain production and sales volumes by strengthening exports in the face of sluggish domestic sales volume growth, as the recovery in demand from infrastructure investments did not progress as expected and competition with construction materials processed using Chinese steel sheets/plates affected the volume growth. As a result, PY VINA recorded a slight year-on-year increase in profits.

At YK Steel Corporation (YKS), our equity-method affiliate in South Korea, the demand for rebar deteriorated due to the impact of inflation and rising interest rates. As a result, sales volume plummeted. Although the rebar market has increasingly softened, the metal margin remained relatively high as scrap

prices declined. However, YKS recorded a year-on-year decrease in profits.

In relation to the litigation filed against the Korean affiliates, the Group recorded a projected loss of ¥1,968 million (negative ¥652 million as equity in earnings of affiliates and ¥1,315 million provision for loss on litigation (extraordinary losses)) during the fiscal year under review, but the Korean affiliates have submitted a written answer in rebuttal. For details, please refer to “3. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial Statements (Additional Information).”

As a result of the above, net sales for the fiscal year under review were ¥163,479 million (a decrease of ¥16,958 million in comparison with the previous year). On the profit front, operating profit was ¥17,282 million (an increase of ¥469 million in comparison with the previous year), ordinary profit was ¥99,223 million (an increase of ¥8,729 million in comparison with the previous year), and profit attributable to owners of parent was ¥70,018 million (an increase of ¥4,700 million in comparison with the previous year). Ordinary profit and profit attributable to owners of parent marked new record highs for three consecutive years.

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

(The fiscal year of all overseas companies was from January to December 2023.)

141.20 yen/U.S. dollar, 4.06 yen/baht, and 9.25 won/yen

Average exchange rates for the previous year are as follows:

(The fiscal year of all overseas companies was from January to December 2022.)

132.09 yen/U.S. dollar, 3.75 yen/baht, and 9.78 won/yen

Results by segment are explained below.

- Steel (Japan)

Although structural steel demand from major construction projects for such as urban redevelopment and semiconductor factories as well as demand related to civil engineering works remained solid, construction delays became more prominent due in part to labor shortage; and demand for small and medium construction projects was sluggish in the face of persistently high construction costs. At Yamato Steel, efforts were made through integration of manufacturing and sales to strengthen production and sales of large-sized products and shorten delivery times to secure orders for and maintain selling prices of H-beams and sheet piles for major projects. Backed by improved metal margin, the Group's performance improved with a year-on-year increase in profit, despite a decrease in sales volume primarily under the impact of planned implementation of the renewal work on rolling facilities.

As a result, the segment reported net sales of ¥72,570 million (a decrease of ¥302 million in comparison with the previous year) and operating profit of ¥10,863 million (an increase of ¥2,161 million in comparison with the previous year).

- Steel (Thailand)

In Thailand, demand and market conditions for structural steel were on a moderate recovery trend, as the economy picked up and the politics stabilized in the country. Meanwhile, in the ASEAN market, total sales volume declined significantly from the same period last year as harsh competition with inexpensive Chinese products had continued since the second half of the previous fiscal year. As a result, SYS recorded a year-on-year decrease in profit due largely to the decrease in sales volume, even though the metal margin stayed high due in part to lower scrap prices.

As a result, the segment reported net sales of ¥80,409 million (a decrease of ¥16,921 in comparison with the previous year) and operating profit of ¥8,836 million (a decrease of ¥1,898 million in comparison with the previous year).

- Trackwork materials

The segment reported net sales of ¥7,554 million (an increase of ¥1,062 million in comparison with the previous year) and operating profit of ¥905 million (an increase of ¥655 million in comparison with the previous year).

- Other Businesses

Other Businesses segment reported net sales of ¥2,943 million (a decrease of ¥798 million in comparison with the previous year) and operating profit of ¥141 million (an increase of ¥12 million in comparison with the previous year).

(2) Overview of Financial Position

(i) Changes in financial position

At the end of the fiscal year under review, total assets were ¥608,783 million, an increase of ¥93,783 million from the end of the previous fiscal year.

Total liabilities were ¥53,841 million, an increase of ¥9,053 million from the end of the previous fiscal year.

Also, at the end of the fiscal year under review, total net assets rose ¥84,730 million from the end of the previous fiscal year to ¥554,941 million. The main factors behind this were an increase due to profit attributable to owners of parent, a decline caused by dividend payments, and a significant increase in foreign currency translation adjustment due to the weakening of the yen.

Please note that the following exchange rates are used in preparation of financial statements for overseas subsidiaries and affiliates and the conversion of assets and liabilities of domestic companies at the end of the fiscal year under review.

(The end of the fiscal year of all overseas companies was December 31, 2023.)

141.82 yen/U.S. dollar, 4.13 yen/baht, 9.09 won/yen.

(The end of the fiscal year of all domestic companies was March 31, 2024.)

151.40 yen/U.S. dollar.

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

(The end of the fiscal year of all overseas companies was December 31, 2022.)

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

(The end of the fiscal year of all domestic companies 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 ¥80,915 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 ¥33,292 million, due mainly to payments into time deposits and purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was ¥21,256 million, due mainly to dividends paid.

Taking into account the effect of exchange rate change on cash and cash equivalents of ¥8,469 million, cash and cash equivalents at the end of the fiscal year under review increased ¥34,836 million from the end of the previous year to ¥168,695 million.

(3) Future Outlook

While the economy in the United States has remained firm, the global economic outlook has become increasingly uncertain as we are faced with many concerns, including prolonged economic stagnation in China, lingering conflict in Ukraine, and heightened tension in the Middle East. In fact, our business environment has deteriorated as demand for the H-beams, the Group's main products, and other products used in civil engineering and construction has continued to lack momentum overall, and the volume of steel export from China has been on the rise. At each of our locations, we will implement measures against Chinese products and continuously endeavor to secure sales amount, maintain the metal margin, and lower costs.

Both the yen depreciation and the high US interest rates are expected to remain, which we believe will help drive the Group's earnings.

Based on the above, our forecasts for the first half of the fiscal year ending March 31, 2025 are consolidated net sales of ¥83,000 million, operating profit of ¥4,500 million, ordinary profit of ¥37,500 million, and profit attributable to owners of parent of ¥26,500 million.

For the full year earnings, we forecast consolidated net sales of ¥182,000 million, operating profit of ¥11,000 million, ordinary profit of ¥77,000 million, and profit attributable to owners of parent of ¥55,000 million.

Our current assumptions regarding business conditions in each country/region are as follows:

- Japan

While demand for major projects and demand related to civil engineering works is strong, demand for small and medium construction projects remains weak. In addition, construction delays due to the "2024 problem for the construction industry" could put a damper on demand.

Scrap prices remain at high levels due in part to the weak yen, while electricity and logistics costs are expected to soar. Also, with the planned renewal of straightener in rolling line, we plan to suspend production for a little more than a month during the first quarter, and as a result, will incur associated depreciation expenses, which we believe will drive down our profit. With regard to the Company's performance, we anticipate a year-on-year decrease in operating profit, although we will strive to secure around the same level of sales volume as the previous fiscal year by shortening the time to delivery and penetrate sales prices that reflect increases in costs.

- Thailand

The domestic economy in Thailand is susceptible to economic conditions in China and its pace of recovery has slowed down. In fact, while domestic structural steel demand lacks momentum with the delay in schedule for both private and public investment projects, the competition with inexpensive Chinese products has further intensified. Meanwhile, in the ASEAN market, the harsh competition with Chinese manufacturers and others will continue. We therefore anticipate a year-on-year decrease in operating profit due to decreases in sales prices and subsequent declines in margins.

- United States

Inflation is expected to decelerate moderately and the risk of a significant recession has diminished. However, it will take some more time before distributors are prepared to build up their inventories. While imports from countries other than China are on the rise, we expect to receive stable orders for large-sized H-beams and sheet piles, driven by the construction of factories as part of the efforts aimed at the return of manufacturing to the US, as well as government-led infrastructure investments. Nevertheless, we anticipate a year-on-year decrease in operating profit as the structural steel market has been softening, although we will continue to earn a high level of profit,

- Middle East

While the world economy shows signs of deceleration, oil prices have remained at high levels under the OPEC's policy to cut oil production. Despite such circumstances, the economy in the region has been slowing down. Demand for structural steel from construction and other projects in the region, especially in Saudi Arabia, is firm, but the future outlook remains uncertain as the market is softening with the inflow of inexpensive Chinese products and the heightened tensions in the Middle East. Under these circumstances, we anticipate a year-on-year decrease in operating profit, although we will continue to secure profitability and expect to earn stable profit.

- Vietnam

The economy in Vietnam is now in a recovery phase as the real estate industry is picking up. The country's economy, however, is highly dependent on the Chinese economy. We therefore believe that it will take some more time before the demand for structural steel fully recovers. In addition, competition with construction materials processed using Chinese steel sheets/plates has been intensifying further, which is a factor causing the market to soften. With regard to performance, we anticipate a year-on-year increase in operating profit as the sales volume is on the rise.

- South Korea

Demand for rebar is expected to decline further in the future as the real estate market has slumped due to monetary tightening and the construction industry recession has worsened due to higher materials costs. In addition, the business environment will be increasingly harsh as the rebar market remains on the downward trend. As such, we anticipate a significant year-on-year decline in operating profit, although we expect to secure a certain level of profit.

- Indonesia

As announced in the "Notice Regarding Acquisition of Shares in an Indonesian Corporation Involving Change in a Specified Subsidiary" dated August 8, 2023, the acquisition of shares in PT Nusantara Baja Profil (NBP) is scheduled to be completed at the end of May 2024. Our consolidated financial results for the fiscal year ending March 31, 2025 will reflect the nine-month financial results (including amortization of goodwill in the consolidated financial statements) of NBP whose fiscal year ends on December 31, assuming that the deemed acquisition date is March 31, 2024, consolidation will begin at the end of the first quarter of the consolidated fiscal year ending March 31, 2025, and the statements of income will be consolidated from the second quarter of the consolidated fiscal year ending March 31, 2025.

With respect to performance, we expect the company to secure a certain level of profit and contribute to our consolidated financial results.

Please note that for the January–December 2024 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)

142.47 yen/U.S. dollar, 3.92 yen/baht, and 9.42 won/yen.

We applied the following exchange rates for translating the year-end (meaning the end of December 2024 for overseas subsidiaries and affiliates and the end of March 2025 for domestic subsidiaries and affiliates) assets and liabilities of each subsidiary and affiliate:

(End of period rates for all overseas subsidiaries and affiliates)

140.00 yen/U.S. dollar, 3.84 yen/baht, and 9.60 won/yen

(End of period rates for all domestic subsidiaries and affiliates)

140.00 yen/U.S. dollar

(4) Dividend Policy and Dividends 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 40% every year, the Company endeavors to maintain continuous and steady dividend payments, with a minimum annual amount of 300 yen per share for the time being.

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

Based on the policy above, we plan to pay a year-end dividend of 250 yen per share including a special dividend of 100 yen per share (consisting of an ordinary dividend of 150 yen and a special dividend of 100 yen per share in total), in consideration of the business results for the fiscal year under review and in appreciation of the continued support of our shareholders. (Annual dividend will be 400 yen per share (consisting of an ordinary dividend of 300 yen and a special dividend of 100 yen).)

With regard to dividends for the next fiscal year, we plan to pay the interim dividend of 200 yen per share, including the 80th anniversary commemorative dividend of 100 yen per share, for the second quarter (consisting of an ordinary dividend of 150 yen and a commemorative dividend of 50 yen), and the year-end dividend of 200 yen per share (an ordinary dividend of 150 yen and a commemorative dividend of 50 yen), representing an annual dividend of 400 yen per share (consisting of an ordinary dividend of 300 yen and a commemorative dividend of 100 yen).

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.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	162,422	237,223
Notes receivable - trade	256	112
Accounts receivable - trade	27,974	31,259
Securities	19	-
Merchandise and finished goods	18,324	17,904
Work in process	652	861
Raw materials and supplies	20,855	19,895
Other	7,760	4,218
Allowance for doubtful accounts	(22)	(26)
Total current assets	238,243	311,449
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,231	38,210
Accumulated depreciation	(24,638)	(26,638)
Buildings and structures, net	11,593	11,571
Machinery, equipment and vehicles	128,420	136,678
Accumulated depreciation	(100,750)	(109,101)
Machinery, equipment and vehicles, net	27,669	27,576
Tools, furniture and fixtures	2,769	2,629
Accumulated depreciation	(2,384)	(2,205)
Tools, furniture and fixtures, net	384	424
Land	18,884	19,655
Construction in progress	2,782	7,178
Other	2,501	2,695
Accumulated depreciation	(424)	(615)
Other, net	2,077	2,079
Total property, plant and equipment	63,392	68,486
Intangible assets		
Goodwill	707	605
Other	1,130	1,303
Total intangible assets	1,838	1,909
Investments and other assets		
Investment securities	73,173	91,426
Investments in capital	102,143	104,575
Long-term loans receivable from subsidiaries and associates	25,144	22,913
Long-term time deposits	9,462	6,037
Retirement benefit asset	895	1,375
Other	1,007	911
Allowance for doubtful accounts	(301)	(301)
Total investments and other assets	211,526	226,937
Total non-current assets	276,756	297,333
Total assets	515,000	608,783

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,592	10,851
Accounts payable - other	2,929	4,694
Accrued expenses	2,550	2,982
Income taxes payable	3,036	4,057
Provision for bonuses	752	789
Other	1,637	1,875
Total current liabilities	21,498	25,250
Non-current liabilities		
Deferred tax liabilities	17,269	20,842
Retirement benefit liability	2,050	2,126
Other	3,969	5,621
Total non-current liabilities	23,289	28,591
Total liabilities	44,788	53,841
Net assets		
Shareholders' equity		
Share capital	7,996	7,996
Capital surplus	15	41
Retained earnings	370,233	421,207
Treasury shares	(1,380)	(1,354)
Total shareholders' equity	376,865	427,890
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,473	11,072
Foreign currency translation adjustment	58,456	83,678
Remeasurements of defined benefit plans	(172)	231
Total accumulated other comprehensive income	63,757	94,982
Non-controlling interests	29,588	32,068
Total net assets	470,211	554,941
Total liabilities and net assets	515,000	608,783

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	180,438	163,479
Cost of sales	148,755	131,678
Gross profit	31,682	31,800
Selling, general and administrative expenses		
Packing and transportation costs	6,659	5,557
Salaries and allowances	1,977	2,505
Provision for bonuses	510	189
Retirement benefit expenses	119	189
Depreciation	218	313
Taxes and dues	429	495
Other	4,953	5,265
Total selling, general and administrative expenses	14,869	14,517
Operating profit	16,813	17,282
Non-operating income		
Interest income	3,636	11,814
Dividend income	458	494
Equity in earnings of affiliates	66,258	65,268
Foreign exchange gains	2,558	3,736
Other	945	785
Total non-operating income	73,857	82,099
Non-operating expenses		
Interest expenses	86	91
Loss on disaster	43	16
Other	45	49
Total non-operating expenses	175	158
Ordinary profit	90,494	99,223
Extraordinary income		
Gain on sale of non-current assets	12	10
Gain on sale of investment securities	7	6
Total extraordinary income	19	16
Extraordinary losses		
Loss on retirement of non-current assets	64	315
Loss on fair-trade act	1,199	-
Provision for loss on litigation	-	1,315
Value added taxes for prior periods	-	914
Other	13	164
Total extraordinary losses	1,278	2,710
Profit before income taxes	89,235	96,529
Income taxes - current	20,185	23,825
Income taxes - refund	(1,570)	-
Income taxes - deferred	2,414	580
Total income taxes	21,030	24,405
Profit	68,205	72,123
Profit attributable to non-controlling interests	2,887	2,105
Profit attributable to owners of parent	65,317	70,018

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	68,205	72,123
Other comprehensive income		
Valuation difference on available-for-sale securities	980	5,605
Foreign currency translation adjustment	24,187	16,567
Remeasurements of defined benefit plans, net of tax	(16)	406
Share of other comprehensive income of entities accounted for using equity method	18,630	11,015
Total other comprehensive income	43,782	33,594
Comprehensive income	111,987	105,718
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	106,092	101,243
Comprehensive income attributable to non-controlling interests	5,894	4,474

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,996	-	320,784	(1,412)	327,369
Changes during period					
Dividends of surplus			(15,868)		(15,868)
Profit attributable to owners of parent			65,317		65,317
Purchase of treasury shares				(0)	(0)
Disposal of treasury stock upon restricted stock compensation		15		33	48
Net changes in items other than shareholders' equity					
Total changes during period	-	15	49,449	32	49,496
Balance at end of period	7,996	15	370,233	(1,380)	376,865

	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	4,490	18,649	(157)	22,982	25,335	375,686
Changes during period						
Dividends of surplus						(15,868)
Profit attributable to owners of parent						65,317
Purchase of treasury shares						(0)
Disposal of treasury stock upon restricted stock compensation						48
Net changes in items other than shareholders' equity	982	39,807	(15)	40,775	4,253	45,028
Total changes during period	982	39,807	(15)	40,775	4,253	94,525
Balance at end of period	5,473	58,456	(172)	63,757	29,588	470,211

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,996	15	370,233	(1,380)	376,865
Changes during period					
Dividends of surplus			(19,044)		(19,044)
Profit attributable to owners of parent			70,018		70,018
Purchase of treasury shares				(1)	(1)
Disposal of treasury stock upon restricted stock compensation		26		26	52
Net changes in items other than shareholders' equity					
Total changes during period	-	26	50,973	25	51,024
Balance at end of period	7,996	41	421,207	(1,354)	427,890

	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	5,473	58,456	(172)	63,757	29,588	470,211
Changes during period						
Dividends of surplus						(19,044)
Profit attributable to owners of parent						70,018
Purchase of treasury shares						(1)
Disposal of treasury stock upon restricted stock compensation						52
Net changes in items other than shareholders' equity	5,599	25,221	404	31,225	2,479	33,705
Total changes during period	5,599	25,221	404	31,225	2,479	84,730
Balance at end of period	11,072	83,678	231	94,982	32,068	554,941

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	89,235	96,529
Depreciation	6,017	6,487
Amortization of goodwill	102	102
Increase (decrease) in allowance for doubtful accounts	0	3
Increase (decrease) in provision for bonuses	8	36
Increase (decrease) in retirement benefit liability	(7)	130
Interest and dividend income	(4,095)	(12,308)
Interest expenses	86	91
Foreign exchange losses (gains)	(540)	(109)
Equity in (earnings) losses of affiliates	(66,258)	(65,268)
Loss (gain) on sale of non-current assets	(12)	(9)
Loss on retirement of non-current assets	64	315
Decrease (increase) in trade receivables	(2,524)	(2,609)
Decrease (increase) in inventories	2,819	3,030
Increase (decrease) in trade payables	(849)	14
Increase (decrease) in accounts payable - other	135	68
Other, net	(2,576)	(701)
Subtotal	21,606	25,803
Interest and dividends received	50,888	76,027
Income taxes paid	(19,839)	(20,915)
Net cash provided by (used in) operating activities	52,654	80,915
Cash flows from investing activities		
Payments into time deposits	(7,365)	(76,150)
Proceeds from withdrawal of time deposits	1,485	42,879
Purchase of securities	(4,000)	-
Proceeds from sale of securities	4,022	20
Purchase of property, plant and equipment	(3,866)	(6,341)
Proceeds from sale of property, plant and equipment	13	11
Purchase of intangible assets	(461)	(392)
Purchase of investment securities	(195)	(112)
Proceeds from sale of investment securities	724	1,230
Purchase of shares of subsidiaries and associates	(725)	-
Collection of loans receivable from subsidiaries and affiliates	-	5,562
Other, net	21	1
Net cash provided by (used in) investing activities	(10,346)	(33,292)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(1)
Dividends paid	(15,854)	(19,022)
Dividends paid to non-controlling interests	(1,641)	(1,994)
Other, net	(223)	(238)
Net cash provided by (used in) financing activities	(17,719)	(21,256)
Effect of exchange rate change on cash and cash equivalents	13,803	8,469
Net increase (decrease) in cash and cash equivalents	38,391	34,836
Cash and cash equivalents at beginning of period	95,467	133,859
Cash and cash equivalents at end of period	133,859	168,695

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(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 and other parties filed civil suits demanding compensation for damages from the steel companies in April and September 2023, and due to YKS and the consolidated subsidiary Yamato Korean Holdings Col, Ltd. (YKH) also receiving complaints (approximately 14.5 billion won), the Group recorded a projected loss of ¥1,968 million (negative ¥652 million in equity in earnings of affiliates and ¥1,315 million in provision for loss on litigation (extraordinary losses)) in the fiscal year ended March 31, 2024. YKS and YKH have submitted a written answer in rebuttal.

(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 managements 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.

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 the accounting treatment used for the 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, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Steel (Japan)	Steel (Thailand)	Trackwork materials	Subtotal				
Net sales								
(1) Sales to customers	72,873	97,331	6,491	176,696	3,742	180,438	–	180,438
(2) Inter-segment sales and transfers	513	–	–	513	–	513	(513)	–
Total	73,386	97,331	6,491	177,209	3,742	180,951	(513)	180,438
Segment profit	8,701	10,735	250	19,686	129	19,816	(3,003)	16,813
Segment assets	64,634	85,133	4,853	154,621	16,380	171,002	343,997	515,000
Other:								
Depreciation and amortization	1,338	4,166	309	5,815	88	5,903	113	6,017
Amortization of goodwill	–	–	–	–	102	102	–	102
Increase in property, plant and equipment and intangible assets	2,750	1,878	298	4,926	98	5,025	398	5,423

(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 ¥ (3,003) 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 ¥343,997 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 ¥113 million not allocated to reportable segments.
- (4) The adjustment to increases in property, plant and equipment, and intangible assets included corporate assets of ¥398 million not allocated to reportable segments.

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

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Steel (Japan)	Steel (Thailand)	Trackwork materials	Subtotal				
Net sales								
(1) Sales to customers	72,570	80,409	7,554	160,535	2,943	163,479	–	163,479
(2) Inter-segment sales and transfers	559	–	–	559	–	559	(559)	–
Total	73,129	80,409	7,554	161,094	2,943	164,038	(559)	163,479
Segment profit	10,863	8,836	905	20,605	141	20,747	(3,464)	17,282
Segment assets	75,603	93,207	5,742	174,553	16,595	191,149	417,634	608,783
Other:								
Depreciation and amortization	1,493	4,398	361	6,253	86	6,340	147	6,487
Amortization of goodwill	–	–	–	–	102	102	–	102
Increase in property, plant and equipment and intangible assets	5,101	2,481	295	7,878	41	7,919	630	8,550

- (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 ¥ (3,464) 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 ¥417,634 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 ¥147 million not allocated to reportable segments.
 - (4) The adjustment to increases in property, plant and equipment, and intangible assets included corporate assets of ¥630 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, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Net assets per share	6,917.47 yen	8,207.69 yen
Basic earnings per share	1,025.49 yen	1,099.15 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, 2023 (April 1, 2023 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (millions of yen)	65,317	70,018
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (millions of yen)	65,317	70,018
Average number of common stock during the fiscal period (shares)	63,694,549	63,702,560

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

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Total net assets (millions of yen)	470,211	554,941
Amount deducted from total net assets (millions of yen)	29,588	32,068
[Of which noncontrolling interests (millions of yen)]	[29,588]	[32,068]
Net assets associated with common shares at the end of the period (millions of yen)	440,622	522,873
Number of common shares used to calculate net assets per share at the end of the period (shares)	63,697,099	63,705,324

(Significant Subsequent Events)

Not applicable.