

Our Steel, Your Future



FY2024/3 Third Quarter Financial Results Briefing Materials


February 2024

Yamato Kogyo Co., Ltd.

TSE Prime (Securities code: 5444)

Abbreviations, Fiscal Years, Conversion Rates

● Abbreviations

	Thailand	SYS	Siam Yamato Steel Co., Ltd.	Consolidated subsidiary (fiscal year: Jan-Dec 2023)
	United States	NYS	Nucor-Yamato Steel Company	Equity-method affiliate (fiscal year: Jan-Dec 2023)
	United States	ASA	Arkansas Steel Associates, LLC	Equity-method affiliate (fiscal year: Jan-Dec 2023)
	Bahrain	SULB	Sulb Company BSC(c)	Equity-method affiliate (fiscal year: Jan-Dec 2023)
	Saudi Arabia	Saudi Sulb	United Sulb Company (Saudi Sulb) LLC	Equity-method affiliate (fiscal year: Jan-Dec 2023)
	Vietnam	PY VINA	POSCO YAMATO VINA STEEL JOINT STOCK COMPANY	Equity-method affiliate (fiscal year: Jan-Dec 2023)
	South Korea	YKS	YK Steel Corporation	Equity-method affiliate (fiscal year: Jan-Dec 2023)
	United States	YKA	Yamato Kogyo America, Inc.	Holding company
	United States	YHC	Yamato Holding Corporation	Holding company
	United States	YK(USA)	Yamato Kogyo (U.S.A.) Corporation	Holding company
	Bahrain	Bahrain Venture	United Steel Company ("Sulb") Bahrain Venture Co.W.L.L.	Holding company
	South Korea	YKH	Yamato Korea Holdings Co., Ltd.	Holding company

(Note) The fiscal year for the Company, domestic subsidiaries and domestic affiliates is from April 2023 to March 2024.

● Conversion rates

		Yen/Dollar			Yen/Baht			Won/Yen		
		Previous year's results	Previous forecast/results (October 31, 2023)	New forecast	Previous year's results	Previous forecast/results (October 31, 2023)	New forecast	Previous year's results	Previous forecast/results (October 31, 2023)	New forecast
Statements of Income	Jan-Sep average	129.48	-	139.56	3.71	-	4.02	9.80	-	9.32
	Fiscal year forecast	132.09	139.67	141.20	3.75	3.97	4.06	9.78	9.44	9.25
Balance Sheet	Jun. 30	136.69	144.99	-	3.87	4.06	-	9.46	9.05	-
	Sep. 30	144.81	149.58	-	3.87	4.09	-	9.91	8.99	-
	Dec. 31	132.70	140.00	141.82	3.82	3.81	4.13	9.55	9.65	9.09
	Mar. 31 forecast	133.54	135.00	135.00	-	-	-	-	-	-

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Financial Highlights: FY2024/3 3Q (Nine Months)

Business KPI

Group-wide
sales volume*

4.26 million tons
(-6.6% YoY)

H-beam
sales ratio**

67.1%
(-1.7pp YoY)

Overseas ratio
(Ordinary profit base)

75.0%
(-10.5pp YoY)

Capital
adequacy ratio

86.1%
(+0.5pp Ytd)

Financial KPI

Operating
profit margin

10.5%
(+0.7pp YoY)

Equity-method
earnings

48.8 billion yen
(-6.9% YoY)

Ordinary profit
margin

60.0%
(+7.7pp YoY)

ROE***

12.2%
(-1.7pp YoY)

* Simple sum of the sales volume of the group companies. Including semi-finished products, DRI, and intragroup transactions

** Ratio of H-beam sales to products excluding semi-finished products and DRI

*** Annualized



I FY2024/3 3Q Financial Results Overview

FY2024/3 3Q Financial Results Overview (Nine Months)

- Steel demand and market conditions softened globally due to factors such as the delay in the recovery of the Chinese economy. Structural steel demand for civil engineering and construction materials such as H-beams was generally low.
- Although competition with cheap Chinese material intensified in some locations, earnings were secured in all locations by continuing to maintain the metal margin and reduce costs.
- Ordinary profit was on par with the previous year at 73.3 billion yen. Equity-method earning decreased despite securing a high level of earnings mainly in the US business. The weak yen and rising interest rates in the US contributed.

(100 million yen)	FY2023/3 Q3 (nine months)	FY2024/3 Q3 Results	YoY	
			Change	Change (%)
Net sales	1,391	1,222	-169	-12.2%
Steel (Japan)	555	554	-1	-0.1%
Steel (Thailand)	761	589	-171	-22.5%
Trackwork Materials	47	54	7	16.3%
Operating profit	135	127	-8	-5.9%
Steel (Japan)	62	85	23	37.4%
Steel (Thailand)	92	59	-33	-35.9%
Trackwork Materials	1	6	5	260.3%
Ordinary profit	727	733	5	0.8%
Equity in earnings of affiliates	524	488	-36	-6.9%
Profit attributable to owners of parent	531	518	-12	-2.4%
Operating profit margin	9.8%	10.5%	0.7pp	-
Ordinary profit margin	52.3%	60.0%	7.7pp	-

FY2024/3 3Q Results Overview (Quarterly)

- Ordinary profit was 22.7 billion yen in 3Q. Although it decreased from 2Q, a high level was maintained.
- Sales were down and profits were up compared to a year earlier. Although Group-wide sales volume declined, earnings were secured by maintaining metal margin and reducing costs in each location. The weak yen and rising interest rates in the US was also a positive factor.

(100 million yen)	FY2023/3				FY2024/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	469	477	443	413	425	378	418	—
Steel (Japan)	183	179	192	173	189	175	189	—
Steel (Thailand)	265	274	221	212	210	175	203	—
Trackwork Materials	13	14	18	17	15	20	18	—
Operating profit	42	51	41	32	41	37	49	—
Steel (Japan)	9	22	30	24	29	26	29	—
Steel (Thailand)	38	35	17	15	16	16	25	—
Trackwork Materials	0	0	1	0	1	2	2	—
Ordinary profit	231	281	214	177	254	252	227	—
Equity in earnings of affiliates	151	199	174	137	160	171	156	—
Profit attributable to owners of parent	180	198	152	121	183	180	155	—
Operating profit margin	9.0%	10.9%	9.4%	7.8%	9.7%	9.9%	11.8%	—
Ordinary profit margin	49.3%	59.0%	48.3%	42.9%	59.7%	66.6%	54.3%	—

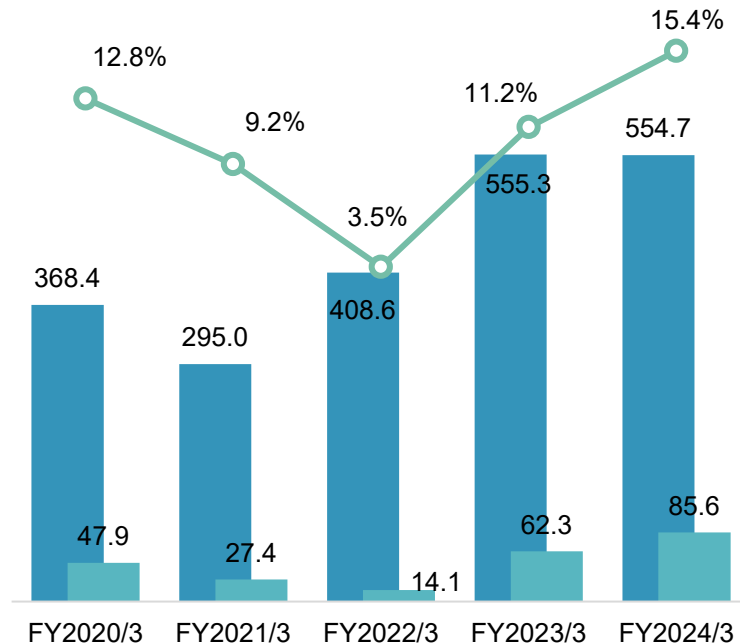
Results Overview by Segment (1) Steel (Japan)

- Structural steel demand for large-scale construction projects and civil engineering was steady. However, structural steel market conditions tapered off due to the impact of delays in construction periods caused by factors such as the labor shortage, and sluggish demand for small and medium-sized construction projects.
- Although sales volume decreased year on year, profit increased due to the improvement in metal margin resulting from the rise in selling prices.

Historical results: Q3 (nine months)

(100 million yen)

Net sales Operating profit Operating margin



Profit change factors

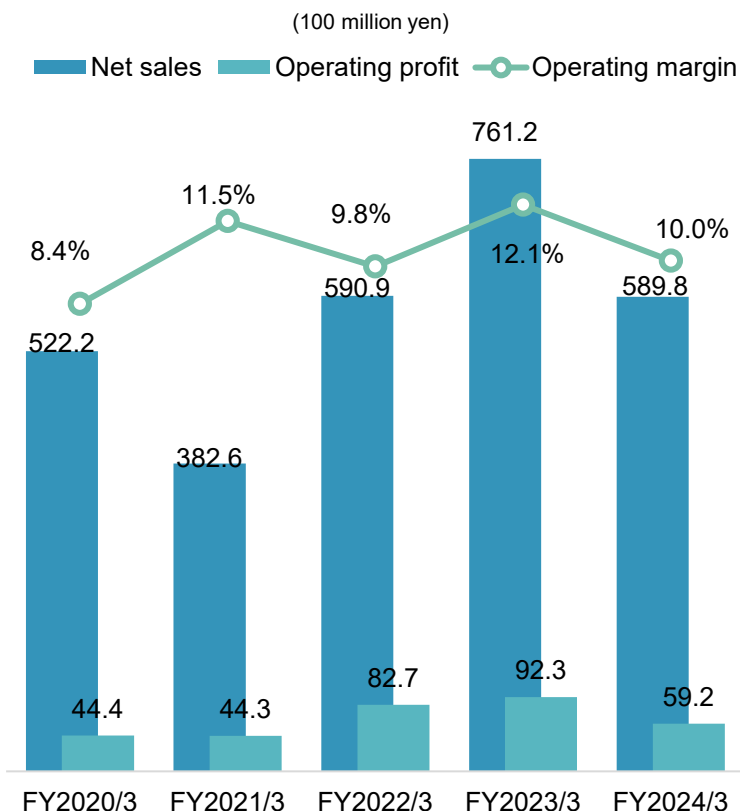
- Business environment
 - ✓ There continued to be solid demand for large projects such as urban redevelopment, logistics facilities and semiconductor plants.
 - ✓ Movement of goods for small and medium-sized construction projects continued to be sluggish due to the impact of the rise in construction material prices.
- Yamato Steel
 - ✓ Sales volume in the first three quarters decreased by 5.7% year on year to 415,000 tons due to the impact of planned implementation of the work to update rolling facilities from this summer.
 - ✓ In addition to seeking to strengthen production and sales of large sizes, we endeavored to secure orders for the mainstay H-beams and sheet pile and maintain high selling prices, resulting in high metal margin at 71,500 yen per ton in 3Q.

10K tons K ¥/ton	FY2023/3				FY2024/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales volume	15.3	14.1	14.6	13.0	14.2	13.0	14.3	
Metal margin	50.3	67.5	73.0	71.4	74.1	74.1	71.5	

Results Overview by Segment (2) Steel (Thailand)

- Although domestic demand saw movement in private sector projects and public work projects after the launch of the new government, intense competition with inexpensive Chinese products continued in the export market, resulting in a decrease in total sales volume.
- Although a high metal margin was maintained due to the decline in scrap prices, profit decreased due to a decline in sales volume.

Historical results: Q3 (nine months)



Profit change factors

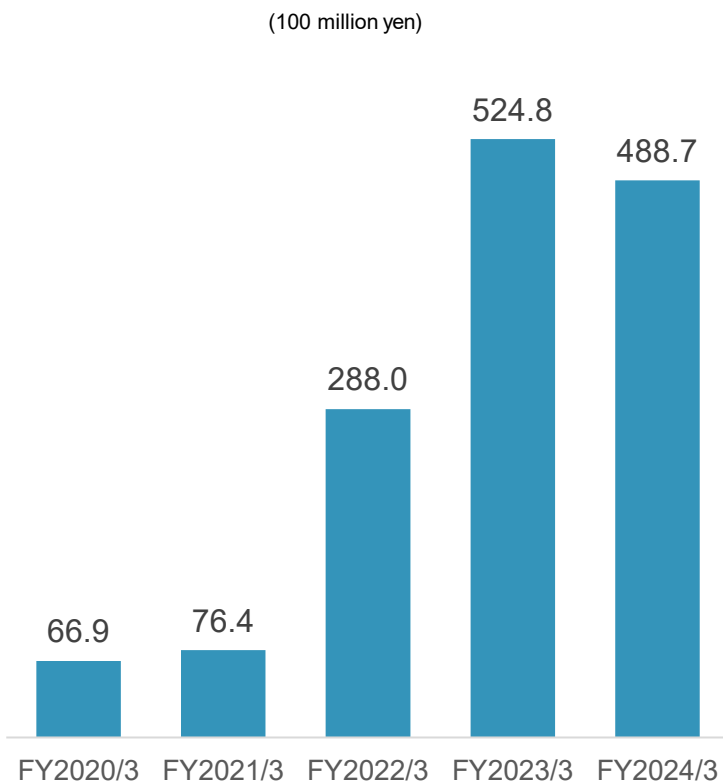
- Business environment
 - ✓ Stabilization of public administration due to the launch of the new government led to movement in private sector projects and public work projects, resulting in demand for structural steel appearing to bottom out.
 - ✓ In ASEAN, demand slumped due to the slowdown of the Chinese economy and the impact of inflation. The inflow of inexpensive Chinese products has increased, and market conditions have softened.
- Siam Yamato Steel (SYS)
 - ✓ Sales volume in the first three quarters decreased by 22.3% to 485,000 tons due to the decline in exports.
 - ✓ The metal margin was maintained at a high level due to efforts to maintain domestic selling prices even during declines in scrap prices.

(10K tons, K B/ton)	FY2023/3				FY2024/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales volume (Including semi-finished products)	23.5	21.5	17.3	17.1	17.5	14.3	16.7	
Metal margin	15.9	16.3	17.6	16.6	16.4	17.1	16.8	

Equity-Method Affiliates

- Equity-method earnings decreased 7% year on year to 48.8 billion yen. The weak yen also contributed, and although profit decrease, a high level of earnings was secured.
- By region, the US and Middle East businesses maintained strong performance despite profit decreasing year on year. Although the Vietnam and South Korea businesses secured a certain level of earnings, sales volume decreased due to a continued decline in demand

Historical equity in earnings of affiliates: Q3 (nine months)



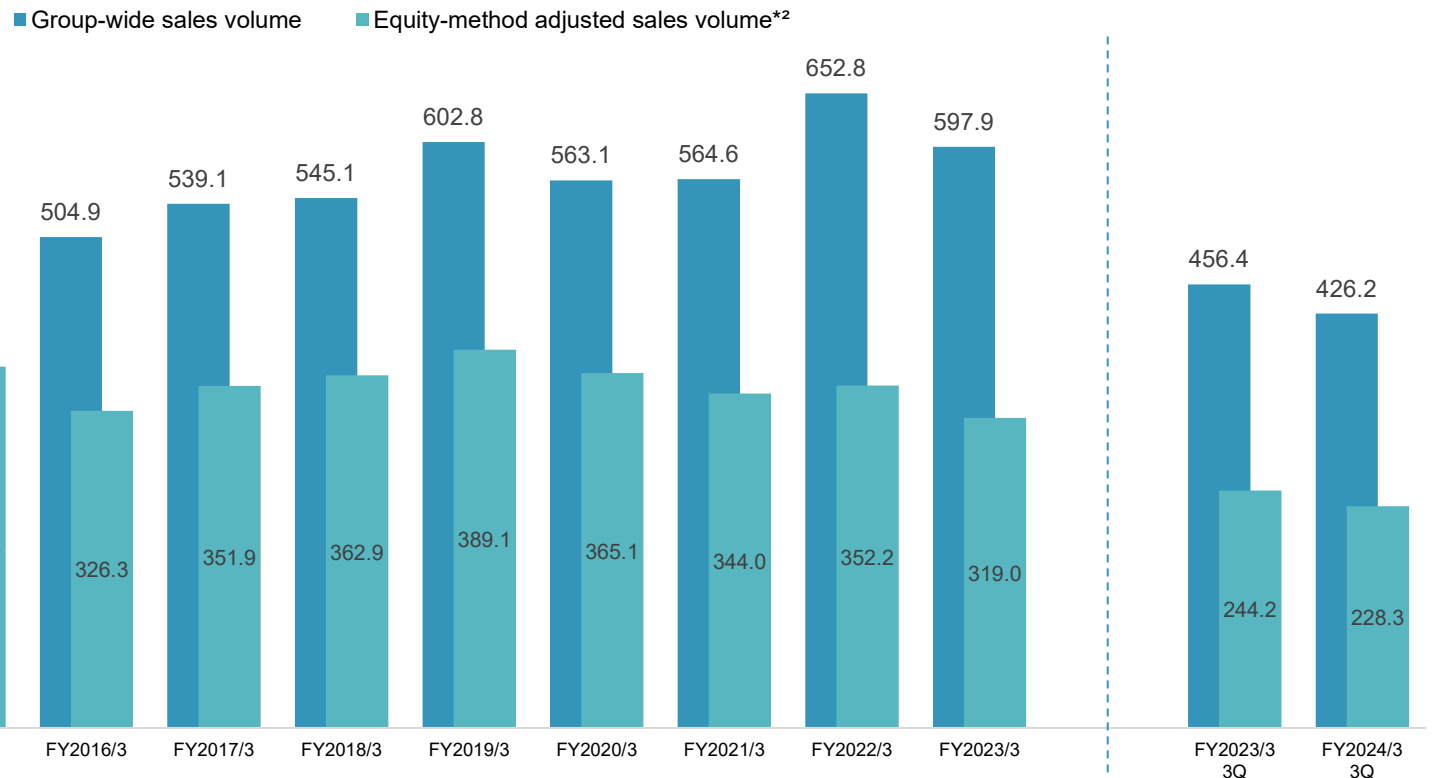
Profit change factors

- United States
 - ✓ Structural steel demand was solid primarily for large factory construction projects such as those related to semiconductors and EVs.
 - ✓ Distributors continued to reduce inventory due to uncertainty about the economy. Competition with rival companies and imported products increased for some sizes, and growth in sales volume was sluggish.
 - ✓ Although profit decreased due to the decrease in sales volume, a high metal margin was maintained, and high earnings were secured.
- Middle East
 - ✓ Due to high oil prices, construction activity has been recovering in the Middle East, and full production continued.
 - ✓ Selling prices have softened due to the impact of the inflow of cheap Chinese material since scrap prices reversed.
 - ✓ Although profit decreased compared to the same period in the previous year when selling prices remained in a high range due to the rise in scrap prices, a high level of earnings was secured.
- Asia
 - ✓ In Vietnam, the recovery in demand did not progress compared to our expectation, and growth in domestic sales volume was sluggish due to the impact of competition with construction materials made by processing Chinese steel sheets/plates. We endeavored to strengthen exports, and although the level of profit was not high, it increased year on year.
 - ✓ In South Korea, rebar demand deteriorated, and sales volume decreased significantly. There was a decline in scrap prices, and although a comparatively high metal margin was maintained, profit decreased year on year.

Historical Group-Wide Sales Volume

- Group-wide sales volume for the nine months decreased by 6.6% YoY to 4,262,000 tons

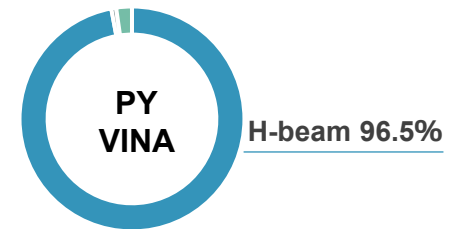
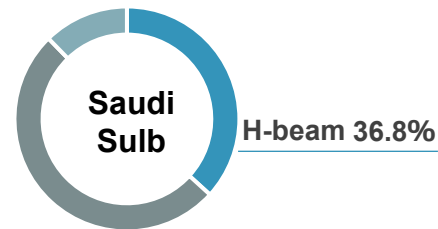
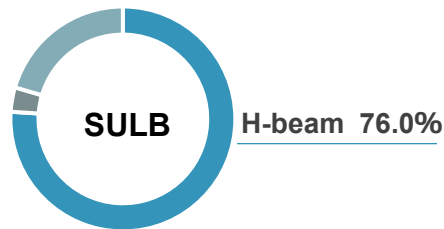
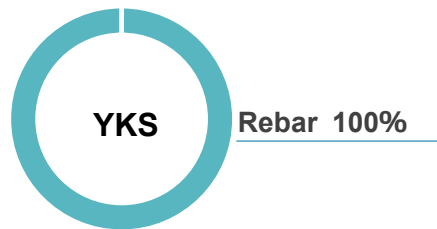
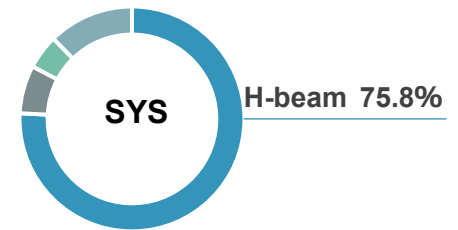
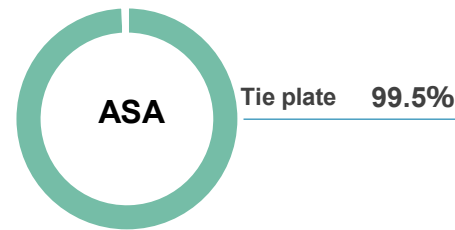
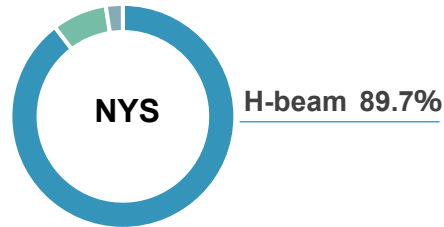
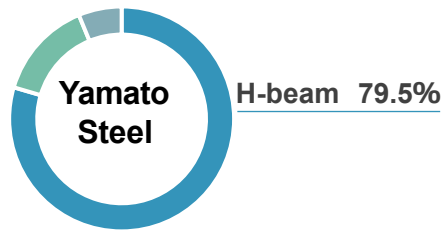
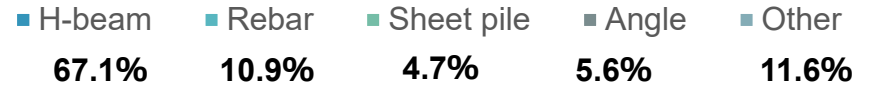
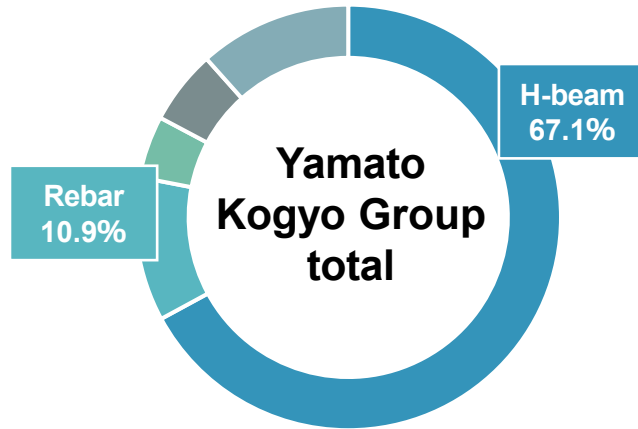
Historical group-wide sales volume*1 (10K MT)



*1 Includes semi-finished products, DRI, and intragroup transactions

*2 Calculated by multiplying each company's sales volume by the equity interest

Product Mix Results (Nine Months)



Balance Sheet

- Total assets and total liabilities and net assets increased mainly due to the solid results and the weaker yen.

(100 million yen)	FY2022/3	FY2023/3	FY2024/3 Q3	YoY Chg.
Current assets	1,677	2,382	3,077	695
Cash & deposits	997	1,624	2,300	676
Trade receivables	251	282	330	48
Inventory assets	398	398	383	-14
Non-current assets	2,472	2,767	2,962	195
Property, plant and equipment	597	633	663	29
Total Investments and other assets	1,858	2,115	2,280	165
Investment securities	562	731	902	171
(Shares of subsidiaries and associates)	(440)	(598)	(735)	(137)
Long-term time deposits	236	94	108	13
Total assets	4,149	5,150	6,040	890
Liabilities	392	447	529	82
Trade payables	110	105	111	5
Deferred tax liabilities	138	172	203	30
Net assets	3,756	4,702	5,510	808
Foreign currency translation adjustment	186	584	1,017	433
Non-controlling interests	253	295	310	14
Total liabilities and net assets	4,149	5,150	6,040	890
Capital adequacy ratio (%)	84.4	85.6	86.1	0.5
Net assets per share (yen)	5,501	6,917	8,162	1,245

Sufficient balance is maintained for strategic expansion of capacity of existing facilities and for flexible response to M&A opportunities/new business investments (Including approx. USD 1.2 billion in USD deposits)

Total Investments and other assets include below:

Shares of subsidiaries and associates: 73.5 billion yen

Investments in capital of subsidiaries and associates:
100.2 billion yen

Long-term loans receivable from subsidiaries and associates:
25.2 billion yen

Including an increase of 72.3 billion yen in financial assets* from the end of the prior period to 257.5 billion yen (impact of weak yen: +22.0 billion yen)

Zero interest-bearing debt

Includes the impact of a significant increase in the foreign currency translation adjustment (+43.3 billion yen year on year) caused by the progression of the weak yen

*Financial assets = cash and deposits + securities + investment securities (excluding shares of subsidiaries and associates) + long-term deposits

* Excerpt of only major items

Cash Flows

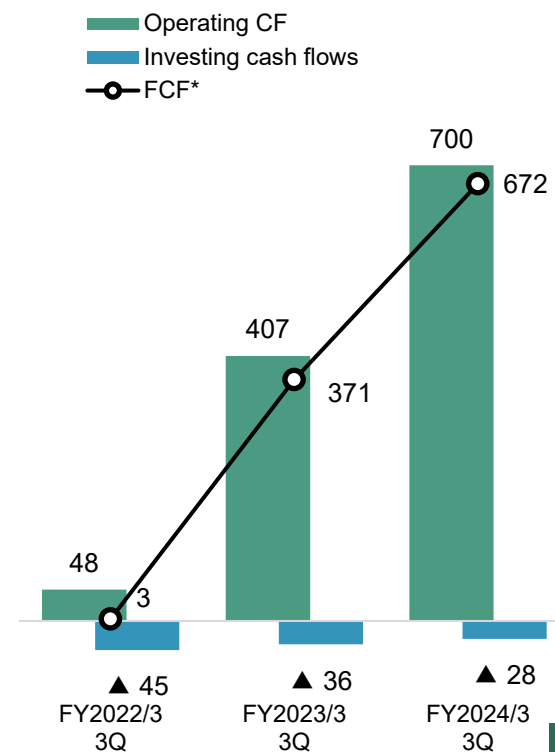
- FCF was up 30.0 billion yen YoY to 67.2 billion yen owing primarily to cash distribution from the strong US equity-method affiliates. The weak yen and rising interest rates in the US contributed.
- Investing cash flows was minus 2.8 billion yen mainly due to the purchase of property, plant and equipment.
- Financing cash flow was minus 20.3 billion yen (an increase in outflow of 3.5 billion yen YoY) after making expenditures such as returning profits to shareholders.

(100 million yen)	FY2022/3 3Q	FY2023/3 3Q	FY2024/3 3Q	YoY Change
Operating CF	48	407	700	293
Investing cash flows (excluding changes in long term time deposits)	-45	-36	-28	7
Purchase of property, plant and equipment	-26	-23	-38	-14
FCF*	3	371	672	300
Financing CF	-155	-168	-203	-35
Purchase of treasury shares	-68	-0	-1	-0
Dividends paid	-61	-149	-181	-31

*FCF is calculated as operating CF + investing CF (excluding changes in time deposits)

Historical free cash flow

(100 million yen)





II FY2024/3 Forecast

FY2024/3 Earnings Forecast

- There are many uncertain elements in the global economy such as the prolonged economic downturn in China, the protraction of the Ukraine situation, and heightened tensions in the Middle East, and the outlook remains uncertain.
- Steel demand for civil engineering and construction materials such as H-beams has lacked momentum overall, and Group-wide sales volume is decreasing.
- In addition to continuing to endeavor to maintain metal margin and reduce costs in each location, profit levels are expected to exceed the previous forecast due to the continuation of the weak yen.

(100 million yen)	FY2023/3	FY2024/3		YoY		Versus prev. forecast	
		Most recent forecast (2023/10/31)	New forecast (2024/1/31)	Change	Change (%)	Change	Change (%)
Net sales	1,804	1,570	1,630	-174	-9.7%	60	3.8%
Operating profit	168	140	160	-8	-4.8%	20	14.3%
Ordinary profit	905	900	945	40	4.4%	45	5.0%
Equity in earnings of affiliates	662	—	—	—	—	—	—
Profit attributable to owners of parent	653	630	665	11	1.8%	35	5.6%
Operating profit margin	9.3%	8.9%	9.8%	0.5pp	—	0.9pp	—
Ordinary profit margin	50.2%	57.3%	58.0%	7.8pp	—	0.7pp	—

Earnings Forecast by Segment

Consolidated subsidiaries

Steel (Japan)

- Demand in large-scale construction projects and civil engineering such as urban redevelopment, semiconductor plants and logistics facilities are expected to be strong.
- Causes for concern include delays in construction periods due to the severe labor shortage in the construction industry, and heightened costs due to the impact of the weak yen.
- The structural steel market conditions that had softened appear to be bottoming out.
- Results are forecast to be an increase in profit compared to the previous forecast (increased profit year on year).

Steel (Thailand)

- The domestic economy is recovering due to an increase in tourists, and structural steel demand and prices are recovering. Meanwhile, there is a trend of increasing inflow of cheap Chinese products.
- The challenging competitive environment with Chinese manufacturers, etc. continues in the export market.
- Results are forecast to be on par with the previous forecast (decrease in profit year on year).

Equity-method affiliates

United States

- Construction demand is steady, such as for projects related to semiconductors, EVs and renewable energy. Although distributors' inventory levels remain low, supply and demand generally remain tight.
- Although not as high as the previous year, structural steel prices are comparatively high.
- Results are forecast to be an increased profit compared to the previous forecast (decreased profit year on year).

Middle East

- Demand for structural steel in the Middle East is strong, centered on infrastructure investment, and production and sales volumes are steady.
- The structural steel market is softening due to the inflow of cheap Chinese products.
- Heightened tensions in the Middle East have not had an impact at this time.
- Results are forecast to be on par with the previous forecast (decrease in profit year on year).

Vietnam

- Although there are signs of a recovery in structural steel demand and sales volume is increasing, distributors are cautious of accumulating inventory due to uncertainty about the economic outlook.
- Market conditions are softening due to the impact of Chinese products.
- Results are forecast to be on par with the previous forecast (increased profit year on year).

South Korea

- The slump in the real estate market caused by the impact of monetary tightening is prolonged, and rebar demand is expected to decrease further going forward.
- Results are forecast to be on par with the previous forecast (decrease in profit year on year).

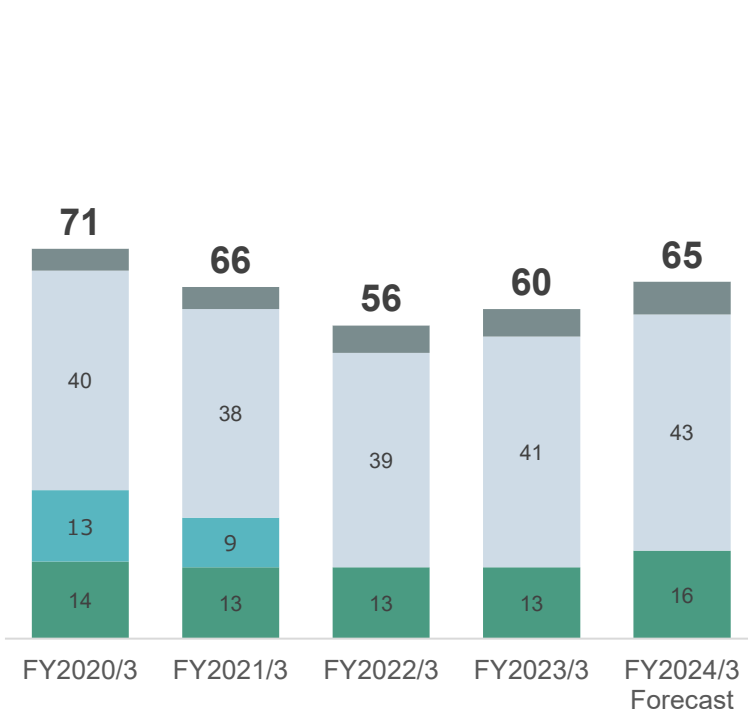
Depreciation & Capital Investment (Consolidated Subsidiaries)

- Capital investment for the entire group is expected to increase year on year.
- Strategic investment such as updating rolling line is progressing at Yamato Steel (including update of straightener machine scheduled for completion in around June 2024)
- Thailand/SYS will mainly update aging facilities and introduce labor-saving facilities.

Depreciation

(100 million yen)

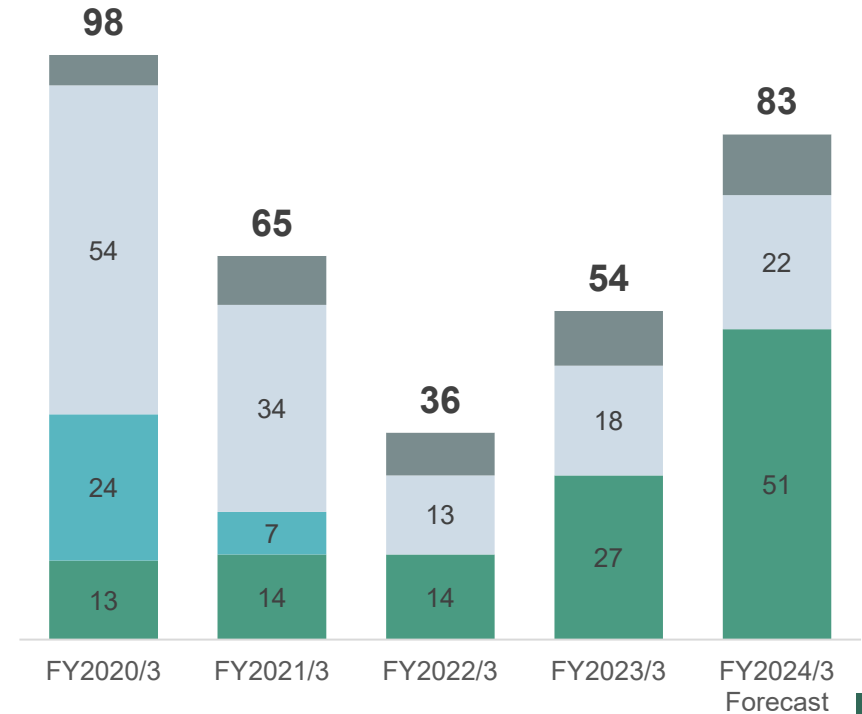
■ Japan ■ South Korea ■ Thailand ■ Other



Capital investment

(100 million yen)

■ Japan ■ South Korea ■ Thailand ■ Other





Shareholder Return

Shareholder Return: Dividends

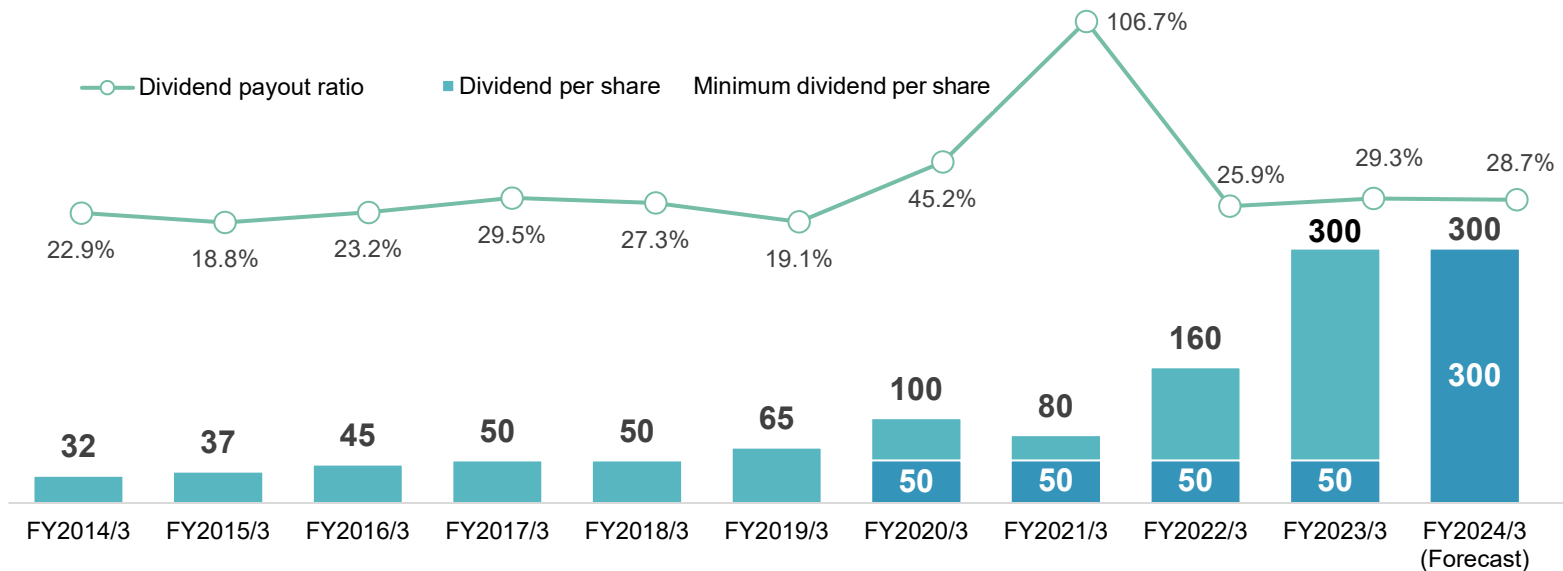
The annual dividend forecast for FY2024/3 remains unchanged at 300 yen

➤ **FY2024/3 annual dividend forecast : dividend per share**

* Actual figures for prior year shown in parentheses

Interim dividend	150 yen	(150 yen)
Year-end dividend (planned)	150 yen	(150 yen)
Annual dividend (planned)	300 yen	(300 yen)

Dividends (yen)



Disclaimers

- The forward-looking statements including forecasts presented in this document are based on information currently available to Yamato Kogyo Group and certain assumptions deemed to be reasonable and are not intended as a promise by the Company that they will be achieved.
- Actual business performance may differ significantly due to various factors.



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