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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

October 31, 2023

Company name: YAMATO KOGYO CO.,LTD.

Stock exchange listing: Tokyo

Code number: 5444

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President

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Managing Executive Officer

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Scheduled date of filing quarterly securities report: November 14, 2023

Scheduled date of commencing dividend payments: December 8, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 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	%
Six months ended September 30, 2023	80,373	(15.2)	7,854	(16.6)	50,621	(1.4)	36,342	(4.0)
September 30, 2022	94,773	40.0	9,417	150.8	51,361	143.2	37,875	155.2

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 73,972 million [(21.0)%]
Six months ended September 30, 2022: ¥ 93,661 million [222.8%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2023	Yen 570.53	Yen -
September 30, 2022	594.66	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2023	Millions of yen 581,830	Millions of yen 533,344	86.3
March 31, 2023	515,000	470,211	85.6

(Reference) Equity: As of September 30, 2023: ¥ 502,285 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 150.00	Yen -	Yen 150.00	Yen 300.00
Fiscal year ending March 31, 2024	-	150.00	-	150.00	300.00
Fiscal year ending March 31, 2024(Forecast)	-	-	-	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
Full year	157,000	(13.0)	14,000	(16.7)	90,000	(0.5)	63,000	(3.5)	988.93

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 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):

September 30, 2023: 65,000,000 shares

March 31, 2023: 65,000,000 shares

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

September 30, 2023: 1,294,619 shares

March 31, 2023: 1,302,901 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 63,699,771 shares

Six months ended September 30, 2022: 63,691,977 shares

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1. Qualitative Information on Quarterly Results

(1) Overview of Operating Results

During the six months ended September 30, 2023, the business environment surrounding the Group continued to be uncertain such as the impact of the inflow of inexpensive Chinese products in some locations amid a global trend of softening steel market conditions and demand due in part to the delayed recovery of the Chinese economy. Demand for the Group's main products, namely the H-beams and other products used in civil engineering and construction, is generally low, but efforts are being made to secure profit at each site by maintaining metal margin and reducing costs. The weak yen and rising US interest rates are the factors bolstering the Group's performance.

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 Co., Ltd., 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 year on year owing to improvement in the metal margin despite a decrease in sales volume due to the impact of planned implementation of the renewal work on rolling facilities.

Results for the period from January 2023 to June 2023 for our consolidated subsidiary in Thailand and our equity-method affiliates in the US, Bahrain, Saudi Arabia, Vietnam, and South Korea have been incorporated into the consolidated accounts for the six months ended September 30, 2023.

In the Thai consolidated subsidiary, Siam Yamato Steel Co., Ltd. (SYS), demand for structural steel in Thailand was low partially due to the impact of political disruption following the general election in May. In the ASEAN market, sales volume decreased significantly year on year due to the ongoing harsh competitive environment with the influx of inexpensive Chinese products since the second half of last year. Operating profit decreased year on year due to the large impact of the decrease in sales volume despite the metal margin being maintained at a high level due in part to the fall in scrap prices.

Although structural steel demand centered on large factory construction projects such as semiconductor and EV-related factories is solid in Nucor-Yamato Steel Company (NYS), the equity-method affiliate in the US, distributor demand was low due to concerns about the economic outlook brought about by monetary tightening, and competition with rival companies and imported products increased for some sizes. Although profits decreased year on year due to a decrease in sales volume, a certain degree of earnings continued to be secured by maintaining a high metal margin.

At SULB Company BSC (c) (SULB), the equity-method affiliate in the Middle East, economic conditions within the Middle East region are recovering since the high oil prices of last year, and full production is continuing. Meanwhile, although the sales prices of products and semi-finished products were in the high range in the same period of the previous year due to the increase in scrap prices caused by Russian invasion of Ukraine, they have softened by the impact of the influx of inexpensive Chinese products since the beginning of the year. With regard to performance, although we secured a high level of earnings, profits decreased year on year.

At our equity-method affiliate in Vietnam, Posco Yamato Vina Steel Joint Stock Company (PY VINA), the real estate recession has spread and the construction industry as a whole is in a slump, and as growth in domestic sales volume is slow also due to the impact of competition with construction materials made by processing Chinese steel sheet/plate, we are making efforts to strengthen exports. With regard to performance, although we secured a certain level of earnings, profits decreased 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 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 Korea Holdings Co., Ltd. (YKH) also receiving complaints

(for approximately 14.5 billion won), the Group recorded a projected loss of ¥1,876 million (negative ¥621 million in equity in earnings of affiliates and ¥1,254 million in provision for loss on litigation (extraordinary losses)) in the first six 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 six months in the current consolidated fiscal year decreased by ¥14,399 million year on year to ¥80,373 million. Consolidated operating profit decreased by ¥1,563 million year on year to ¥7,854 million, ordinary profit decreased by ¥740 million to ¥50,621 million, and profit attributable to owners of parent decreased by ¥1,532 million to ¥36,342 million.

Please note that the average foreign exchange rates for the first six months 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 six months of the fiscal year under review ran from January to June 2023)
136.54 yen/U.S. dollar, 3.97 yen/baht, 9.48 won/yen

Average foreign exchange rates for the first six months of the previous fiscal year were as follows:
(For all overseas companies, the first six months of the previous fiscal year ran from January to June 2022)
124.54 yen/ U.S. dollar, 3.67 yen/baht, 9.90 won/yen

(2) Overview of Financial Position

(i) Changes in financial position

At the end of the second quarter of the current consolidated fiscal year, total assets were ¥581,830 million, an increase of ¥66,830 million over the end of the previous fiscal year. Total liabilities were ¥48,486 million, an increase of ¥3,698 million over the end of the previous fiscal year.

Also, at the end of the second quarter of the current consolidated fiscal year, total net assets rose ¥63,132 million over the end of the previous fiscal year to ¥533,344 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 second 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 second quarter of the fiscal year under review was June 30, 2023)
144.99 yen/U.S. dollar, 4.06 yen/baht, 9.05 won/yen

(For all domestic companies, the end of the second quarter of the fiscal year under review was September 30, 2023)
149.58 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 ¥60,329 million, due mainly to profit before income taxes, and cash distributions from the equity-method affiliate in the US.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥6,838 million, due mainly to proceeds from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities was ¥11,067 million, due mainly to dividends paid.

Taking into account the effect of exchange rate changes on cash and cash equivalents of ¥14,291 million, cash and cash equivalents at the end of the second quarter of the current consolidated fiscal year increased ¥70,391 million over the end of the previous fiscal year, to ¥204,250 million.

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

With regard to the future outlook, there is a growing sense of the global economy slowing such as increased severity of the Chinese real estate recession and prolonged global inflation. In addition, the outlook is increasingly uncertain due to the protraction of the Ukraine situation and heightened tensions in the Middle East.

Although demand for the Group's main products, namely the H-beams and other products used in civil engineering and construction, lacks momentum overall and the Group's total sales volume is declining, we expect to achieve profits exceeding the previous forecast due to ongoing efforts to maintain metal margin and reduce costs in each of our locations, and the progression of the weak yen.

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

For the fiscal year ending March 31, 2024, we forecast consolidated net sales of ¥157,000 million (up ¥3,000 million from the previous forecast), operating profit of ¥14,000 million (up ¥1,000 million from the previous forecast), ordinary profit of ¥90,000 million (up ¥8,000 million from the previous forecast), and profit attributable to owners of parent of ¥63,000 million (up ¥5,000 million from the previous forecast).

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

- Japan

Although structural steel demand and civil engineering demand for major construction projects such as urban redevelopment, semiconductor factories and logistics facilities continues to be solid, there are concerns about the market environment receding such as delays in construction due to labor shortages, the decline in market conditions, and rising costs caused by the impact of the weak yen. However, we expect performance to be the same level as the previous forecast, with profit increasing year on year, due to continued efforts to strengthen production and sales of large sizes and maintain sales prices.

- Thailand

The economy in Thailand is picking up due to factors such as a recovery in tourism and structural steel demand is expected to recover due to factors such as the resumption of infrastructure investment after the establishment of the new government, contributing to domestic sales volume and sales unit prices being expected to exceed the previous forecast. In the export market, the competitive environment with Chinese manufacturers and others is becoming increasingly harsh, but profit is forecast to be higher than the previous forecast, decreasing year on year.

- United States

Although the US economy is steady amid ongoing high inflation and monetary tightening, the outlook is uncertain due to the impact of heightened tensions in the Middle East. As scrap prices decline, the supply and demand balance continues to be tight with construction demand being solid in areas such as semiconductors, EVs and renewable energy, and structural steel prices are expected to be in a comparatively high range, albeit not as high as the previous year. As a result, we forecast profits to be higher than the previous forecast, decreasing year on year.

- Middle East

Structural steel demand in the Middle East is solid, centering on infrastructure investment, and sales volume is expected to exceed the previous forecast. The outlook is uncertain due to an influx of inexpensive Chinese products and heightened tensions in the Middle East, but profit is forecast to be higher than the previous forecast, decreasing year on year.

- Vietnam

The pace of growth of the Vietnamese economy is slowing, and the recovery in demand due to infrastructure investment, etc. has not progressed as much as expected. As a result, sales volume is expected to be lower

than the previous forecast. Domestic structural steel market conditions are being affected by the slump in market conditions in China, but scrap prices have also fallen further, and results are forecast to be on par with the previous forecast, increasing year on year.

- South Korea

The slump in the real estate market due to the impact of monetary tightening has become prolonged, and demand for rebar has further 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 drop in sales volume.

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)

139.67 yen/U.S. dollar, 3.97 yen/baht, and 9.44 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)

140.00 yen/U.S. dollar, 3.81 yen/baht, and 9.65 won/yen.

(End of period rates for domestic subsidiaries and affiliates)

135.00 yen/U.S. dollar.

(Reference)

Assumptions of the previous forecast

(Average rates for the period)

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

(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.

Previous year's results

(Average rates for the period)

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

(End of period rates for overseas subsidiaries and affiliates)

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

(End of period rates for domestic subsidiaries and affiliates)

133.54 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	162,422	225,977
Notes and accounts receivable - trade	28,231	32,448
Securities	19	-
Merchandise and finished goods	18,324	16,932
Work in process	652	733
Raw materials and supplies	20,855	20,493
Other	7,760	4,790
Allowance for doubtful accounts	(22)	(27)
Total current assets	238,243	301,347
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,593	11,664
Machinery, equipment and vehicles, net	27,669	27,986
Land	18,884	19,640
Construction in progress	2,782	3,741
Other, net	2,462	2,556
Total property, plant and equipment	63,392	65,589
Intangible assets		
Goodwill	707	656
Other	1,130	1,241
Total intangible assets	1,838	1,898
Investments and other assets		
Investment securities	73,173	85,559
Investments in capital	102,143	87,417
Long-term loans receivable from subsidiaries and associates	25,144	28,137
Long-term time deposits	9,462	10,422
Retirement benefit asset	895	896
Other	1,007	862
Allowance for doubtful accounts	(301)	(301)
Total investments and other assets	211,526	212,995
Total non-current assets	276,756	280,483
Total assets	515,000	581,830

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,592	9,922
Income taxes payable	3,036	2,653
Provision for bonuses	752	956
Other	7,117	7,546
Total current liabilities	21,498	21,078
Non-current liabilities		
Deferred tax liabilities	17,269	19,774
Retirement benefit liability	2,050	2,188
Other	3,969	5,444
Total non-current liabilities	23,289	27,407
Total liabilities	44,788	48,486
Net assets		
Shareholders' equity		
Share capital	7,996	7,996
Capital surplus	15	41
Retained earnings	370,233	397,054
Treasury shares	(1,380)	(1,354)
Total shareholders' equity	376,865	403,738
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,473	8,209
Foreign currency translation adjustment	58,456	90,507
Remeasurements of defined benefit plans	(172)	(169)
Total accumulated other comprehensive income	63,757	98,547
Non-controlling interests	29,588	31,058
Total net assets	470,211	533,344
Total liabilities and net assets	515,000	581,830

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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	94,773	80,373
Cost of sales	77,639	65,495
Gross profit	17,134	14,877
Selling, general and administrative expenses		
Packing and transportation costs	3,464	2,728
Salaries and allowances	845	964
Provision for bonuses	423	251
Retirement benefit expenses	9	104
Other	2,973	2,974
Total selling, general and administrative expenses	7,716	7,023
Operating profit	9,417	7,854
Non-operating income		
Interest income	741	5,187
Dividend income	241	241
Equity in earnings of affiliates	35,065	33,187
Foreign exchange gains	5,541	3,961
Other	469	369
Total non-operating income	42,059	42,948
Non-operating expenses		
Interest expenses	42	45
Loss on valuation of derivatives	34	106
Loss on disaster	22	16
Other	15	12
Total non-operating expenses	115	181
Ordinary profit	51,361	50,621
Extraordinary income		
Gain on sale of non-current assets	2	-
Gain on sale of investment securities	-	6
Total extraordinary income	2	6
Extraordinary losses		
Provision of loss on fair-trade act	1,185	-
Provision for loss on litigation	-	1,254
Other	23	180
Total extraordinary losses	1,208	1,434
Profit before income taxes	50,156	49,192
Income taxes - current	9,869	11,048
Income taxes - refund	(1,480)	-
Income taxes - deferred	1,702	866
Total income taxes	10,090	11,915
Profit	40,065	37,276
Profit attributable to non-controlling interests	2,190	934
Profit attributable to owners of parent	37,875	36,342

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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	40,065	37,276
Other comprehensive income		
Valuation difference on available-for-sale securities	(136)	2,740
Foreign currency translation adjustment	31,067	20,395
Remeasurements of defined benefit plans, net of tax	4	3
Share of other comprehensive income of entities accounted for using equity method	22,659	13,556
Total other comprehensive income	53,595	36,695
Comprehensive income	93,661	73,972
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	88,014	71,132
Comprehensive income attributable to non-controlling interests	5,646	2,839

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	50,156	49,192
Depreciation	2,906	3,142
Interest and dividend income	(982)	(5,428)
Interest expenses	42	45
Equity in (earnings) losses of affiliates	(35,065)	(33,187)
Decrease (increase) in trade receivables	(3,809)	(3,812)
Decrease (increase) in inventories	(3,298)	3,098
Increase (decrease) in trade payables	(424)	(836)
Other, net	(2,616)	(26)
Subtotal	6,908	12,186
Interest and dividends received	35,255	58,038
Income taxes paid	(8,695)	(9,896)
Net cash provided by (used in) operating activities	33,468	60,329
Cash flows from investing activities		
Payments into time deposits	(1,428)	(9,929)
Proceeds from withdrawal of time deposits	1,422	18,330
Purchase of property, plant and equipment	(1,470)	(2,586)
Other, net	(447)	1,023
Net cash provided by (used in) investing activities	(1,924)	6,838
Cash flows from financing activities		
Purchase of treasury shares	(0)	(1)
Dividends paid	(6,340)	(9,509)
Dividends paid to non-controlling interests	(1,188)	(1,369)
Other, net	(172)	(187)
Net cash provided by (used in) financing activities	(7,702)	(11,067)
Effect of exchange rate change on cash and cash equivalents	19,070	14,291
Net increase (decrease) in cash and cash equivalents	42,912	70,391
Cash and cash equivalents at beginning of period	95,467	133,859
Cash and cash equivalents at end of period	138,379	204,250

(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 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 Korea Holdings Co., Ltd. (YKH) also receiving complaints (approximately 14.5 billion won), the Group recorded a projected loss of ¥1,876 million (negative ¥621 million in equity in earnings of affiliates and ¥1,254 million in provision for loss on litigation (extraordinary losses)) in the first six months of the fiscal year ending March 31, 2024. YKS and YKH intend to submit a written answer in rebuttal.

(Segment Information, etc.)

I. Six months ended September 30, 2022 (April 1, 2022 to September 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	36,299	54,026	2,857	93,183	1,589	94,773	—	94,773
(2) Inter-segment sales and transfers	210	—	—	210	—	210	(210)	—
Total	36,510	54,026	2,857	93,394	1,589	94,983	(210)	94,773
Segment profit	3,206	7,463	47	10,717	126	10,843	(1,425)	9,417

(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 ¥ (1,425) 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.

II. Six months ended September 30, 2023 (April 1, 2023 to September 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	36,507	38,616	3,629	78,753	1,620	80,373	—	80,373
(2) Inter-segment sales and transfers	236	—	—	236	—	236	(236)	—
Total	36,744	38,616	3,629	78,990	1,620	80,610	(236)	80,373
Segment profit	5,659	3,342	450	9,452	44	9,496	(1,642)	7,854

(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 ¥ (1,642) 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.