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To Our Shareholders

Securities code: 5444

June 9, 2022

Mikio Kobayashi
Representative Director, President
Yamato Kogyo Co., Ltd.
380 Kibi, Otsu-ku, Himeji, Hyogo Pref.

Notice of the 103rd Ordinary General Meeting of Shareholders

We are pleased to invite you to attend the 103rd Ordinary General Meeting of Shareholders of Yamato Kogyo Co., Ltd. (hereinafter “the Company”), which will be held as described below.

Considering the recent conditions related to COVID-19, please consider using voting for the General Meeting in writing or via the Internet if possible from the perspective of preventing the spread of infection.

If you vote in writing or via the Internet, please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights by 5:00 p.m. on Tuesday, June 28, 2022 according to the instructions provided below.

1. Date and Time 10:00 a.m., Wednesday, June 29, 2022
2. Venue Yamato Kogyo Yamato Hall
380 Kibi, Otsu-ku, Himeji, Hyogo Pref.

3. Objectives

Matters to be reported

- (1) Report of the Business Report, Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the 103rd fiscal year (April 1, 2021 to March 31, 2022)
- (2) Report of the Non-consolidated Financial Statements for the 103rd fiscal year (April 1, 2021 to March 31, 2022)

Matters to be resolved

- | | |
|---------------|---|
| Proposal No.1 | Appropriation of Surplus |
| Proposal No.2 | Partial Amendments to the Articles of Incorporation |
| Proposal No.3 | Election of Three (3) Directors |
| Proposal No.4 | Revision of Amount of Remuneration of Outside Directors |

■ Information on Internet Disclosure

The following information is published on the Company’s website on the Internet based on laws and regulations and the provisions of Article 15 of the Company’s Articles of Incorporation, and therefore has not been included in the documents attached to this notice.

- “Notes to Consolidated Financial Statements” in (1) Consolidated Financial Statements
- “Notes to Non-consolidated Financial Statements” in (2) Non-consolidated Financial Statements

Therefore, the attachments to this notice are a part of the scope of the audits by the Audit & Supervisory Board and the Accounting Auditor when preparing audit reports.

- If any circumstances requiring the revision of the content of the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements arise by the day before the General Meeting of Shareholders, notification will be provided in writing by mail or on the Company’s website on the Internet.

The Company’s website: <http://www.yamatokogyo.co.jp/yamato/yamato1/investors/shm.html>

Reference Documents for the General Meeting of Shareholders Proposals and Reference Information

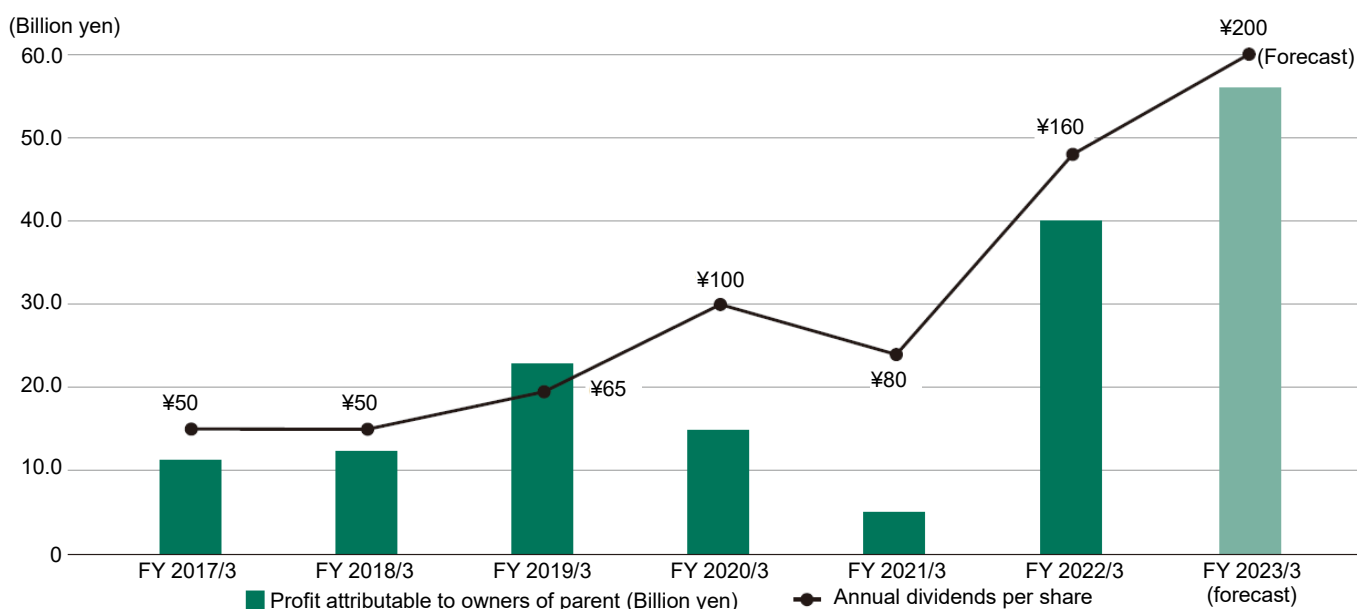
Proposal No. 1 Appropriation of Surplus

The year-end dividend for the fiscal year under review will be as follows, considering consolidated management performance of the Group inside and outside Japan, financial condition and future business expansion based on internal reserves.

Matters regarding year-end dividends

- (1) Type of dividend property Cash
- (2) Allotment of dividend property to shareholders and the total amount
¥100 per common share of Company stock
Total amount: ¥6,466,860,300
(The annual dividend totals ¥160 including an interim dividend of ¥60 per share)
- (3) Effective date of dividends of surplus
June 30, 2022

[Reference] Dividends per share



Proposal No. 2 Partial Amendments to the Articles of Incorporation

(1) Reasons for proposal

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

1. Article 15, Paragraph 1 of the proposed amendments will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
2. Article 15, Paragraph 2 of the proposed amendments will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
3. Since the provisions of Article 15 of the current Articles of Incorporation regarding internet disclosure of reference documents for the general meeting of shareholders, etc. will no longer be required, they will be deleted.
4. Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding their validity will be established.

(2) Details of amendments

The details of the changes are as below.

(The underlined section indicates the section that is to be changed.)

Current Articles of Incorporation	Proposed amendments
<u>Article 15</u> <u>(Internet Disclosure of Reference Documents, Etc.)</u> <u>The Company may disclose information to be stated or indicated in the reference documents for the general meeting of shareholders, non-consolidated financial statements, consolidated financial statements and business reports on the Internet pursuant to the provisions of the Order of the Ministry of Justice.</u>	(Delete)

Current Articles of Incorporation	Proposed amendments
(New)	<p><u>Article 15</u></p> <p><u>(Measures, Etc. for Providing Information in Electronic Format)</u></p> <p><u>1 When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2 Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>
(New)	<p><u>(Supplementary Provisions)</u></p> <p><u>1 The deletion of Article 15 (Internet Disclosure of Reference Documents, Etc.) of the pre-amended Articles of Incorporation and the new establishment of Article 15 (Measures, Etc. for Providing Information in Electronic Format) of the amended Articles of Incorporation shall come into effect from the date of enforcement of the amended provision prescribed in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement").</u></p> <p><u>2 Notwithstanding the provision of the preceding paragraph, Article 15 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u></p> <p><u>3 These supplementary provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or the date when three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal No. 3 Election of Three (3) Directors

The terms of office of Directors Mikio Kobayashi and Kiyoshige Akamatsu will expire upon the conclusion of the General Meeting. Therefore, the Company proposes the election of three Directors including one new Outside Director to further strengthen the corporate governance system.

The candidates for Director are as follows:

No.	Name (Age)		Current position in the Company	Years of office as Director	Attendance at Board of Directors meetings
1	Mikio Kobayashi (65)	[Reelection]	Representative Director, President	10 years	100% (6/6)
2	Kiyoshige Akamatsu (73)	[Reelection] [Outside]	Outside Director	6 years	100% (6/6)
3	Pimjai Wangkiat (58)	[New election] [Outside]	—	—	—

[New election] Candidate for New Election as Director
 [Reelection] Candidate for Reelection as Director
 [Outside] Candidate for Outside Director

- (Notes)
- The ages of the candidates are the ages as of the conclusion of the General Meeting.
 - There is no special interest between any of the candidates and the Company.
 - The term of office of Kiyoshige Akamatsu as an Outside Director of the Company will be six years as of the conclusion of the Ordinary General Meeting of Shareholders.
 - Kiyoshige Akamatsu and Pimjai Wangkiat are candidates for Outside Director. Kiyoshige Akamatsu has been designated as an independent officer in accordance with the provisions of Tokyo Stock Exchange, and will continue to be designated as an independent officer if his re-election is approved. Furthermore, Pimjai Wangkiat will be newly designated as an independent officer if her election is approved. The criteria for determining the independence of Outside Officers specified by the Company are stated on pages 16 and 17.
 - The Company has concluded agreements with Directors who are not Executive Directors limiting their liability for compensation of damages under Article 427, Paragraph 1 of the Companies Act, and the limit on liability of Directors pursuant to the agreements is the minimum liability amount specified under Article 425, Paragraph 1 of the same Act. If Kiyoshige Akamatsu is reelected, the Company plans to renew the agreement with him. Furthermore, the Company plans to conclude a similar agreement with Pimjai Wangkiat if her election is approved.
 - The Company has entered into a directors and officers liability insurance policy pursuant to Article 430-3, Paragraph 1 of the Companies Act with an insurance company and damages arising from being held liable for the execution of duties by the insured and being subject to claims seeking such liability are covered by the insurance policy, with the Company bearing the cost of all insurance premiums. However, damages, etc. caused by acts conducted while aware of a violation of laws and regulations are excluded from coverage to ensure the appropriateness of execution of duties of the insured is not impaired. All candidates for Director are included in the insured under the insurance policy. Furthermore, the policy will be renewed with the same content at the time of the next renewal.

No.	Name (Date of birth)	Career summary, position in the Company, responsibilities and significant concurrent positions outside the Company		
1	Mikio Kobayashi (February 5, 1957) (65 years of age) [Reelection]	Apr. 2008	Iron & Steel Products Divisional Operating Officer, Americas Business Unit, Mitsui & Co., Ltd.	Years of office as Director: 10 years
		Oct. 2009	General Manager, Iron & Steel Overseas Division, Mitsui & Co., Ltd.	Attendance at Board of Directors meetings: 100% (6/6)
		Apr. 2012	General Manager, Business Development Division, Mitsui & Co., Ltd.	
		Jun. 2012	Managing Director in charge of Business Development, Yamato Kogyo Co., Ltd.	Number of the Company's shares owned: 6,722 shares
		Jun. 2017	Representative Director, President, Yamato Kogyo Co., Ltd. (to present)	
<p>[Reasons for nomination as candidate for Director]</p> <p>Mikio Kobayashi was appointed as Representative Director, President of the Company in June 2017, and has utilized his extensive experience and knowledge obtained in Japan and overseas to date to lead the Group by exhibiting strong leadership at the core of management and appropriately making important decisions on the execution of business and management. The Company has determined that he is an appropriate person for the realization of sustained improvement of the Company's corporate value, and proposes his re-election as Director.</p>				

No.	Name (Date of birth)	Career summary, position in the Company, responsibilities and significant concurrent positions outside the Company		
2	Kiyoshige Akamatsu (August 26, 1948) (73 years of age) [Reelection] [Outside]	Jun. 2004	Director & Vice President, Asahi Industries Co., Ltd.	Years of office as Director: 6 years
		Apr. 2005	Representative Director & Vice President, Asahi Industries Co., Ltd.	Attendance at Board of Directors meetings: 100% (6/6)
		Jan. 2006	President & Representative Director, Asahi Industries Co., Ltd.	
		Jun. 2015	Adviser, Asahi Industries Co., Ltd.	Number of the Company's shares owned: 2,400 shares
		Jun. 2016	Outside Director, Yamato Kogyo Co., Ltd. (to present)	
<p>[Reasons for nomination as candidate for Director]</p> <p>Kiyoshige Akamatsu has extensive experience and a wide range of insight as a management executive and has appropriately supervised management as an Outside Director of the Company since June 2016. The Company proposes his re-election as Outside Director. In addition to supervising the Company's management in his role if elected as Outside Director, he is expected to provide advice to encourage the sustained growth and enhance medium- to long-term corporate value of the Company. The Company also plans to continue to delegate him as chair of the Nomination and Remuneration Committee.</p>				

No.	Name (Date of birth)	Career summary, position in the Company, responsibilities and significant concurrent positions outside the Company		
3	<p>Pimjai Wangkiat (December 29, 1963) (58 years of age) [New election] [Outside] [Female] [Non-Japanese]</p>	Jan. 2005	Deputy Director, Corporate Planning, The Siam Cement Public Company Limited	Number of the Company's shares owned: 0 shares
	Jun. 2007	Director, Corporate Organization Development, The Siam Cement Public Company Limited		
		Jan. 2019	Corporate Director & Advisor, The Siam Cement Public Company Limited	
<p>[Reasons for nomination as candidate for Director] Pimjai Wangkiat has been involved in corporate planning and business development at Siam Cement Group in Thailand for many years and has extensive experience and advanced insight as a management executive. The Company proposes her election as a new Outside Director. In addition to supervising the Company's management in her role if elected as Outside Director, she is expected to provide advice to encourage the sustained growth and enhance medium- to long-term corporate value of the Company.</p>				

[Reference] Structure of the Board of Directors and the Audit & Supervisory Board After the Approval of Proposal No. 3

If Proposal No. 3 is approved as proposed, the structure of the Board of Directors will be as follows in the meeting of the Board of Directors held after the conclusion of the Ordinary General Meeting of Shareholders.

The 11 Directors will include four Outside Directors (36%) and one woman (9%), and the five members of the Nomination and Remuneration Committee will include four Independent Officers (Directors and Audit & Supervisory Board Members) (80%).

	Name	Attributes	Positions and Committee Memberships, etc., to be Assumed	Age	Years in Office	Number of the Company's shares owned (as of Apr. 30, 2022)	Experience, Knowledge and Expertise
Board of Directors	Hiroyuki Inoue	Male Executive	Chairman	77	48 years	7,557,933 shares	General management Global experience Technology development/DX Business strategy/marketing
	Mikio Kobayashi	Male Executive	Representative Director, President Chair of CSR Committee	65	10 years	6,722 shares	General management Global experience Business strategy/marketing CSR/sustainability
	Katsumasa Kohata	Male Executive	Representative Director, Executive Vice President Chief Technology Officer (Steel Business) In charge of Technology Management Department	69	7 years	9,885 shares	General management Global experience Technology development/DX
	Kazuhiro Tsukamoto	Male Executive	Director, Managing Executive Officer In charge of Overseas Business Unit and Sustainability Management Promotion Office Member of CSR Committee	61	5 years	2,350 shares	General management Global experience Business strategy/marketing CSR/sustainability Finance & accounting/business investment
Board of Directors	Kazumi Yonezawa	Male Executive	Director, Managing Executive Officer In charge of Financial Accounting Department, General Affairs Department, Personnel Department and System Management Department Member of Nomination Committee Member of Remuneration Committee Member of CSR Committee	58	3 years	2,750 shares	Business strategy/marketing CSR/sustainability Finance & accounting/business investment Legal affairs/risk management
	Damri Tunshevavong	Male Non-Japanese Non-executive	Director	68	11 years	0 shares	General management Global experience Business strategy/marketing

	Takeosuke Yasufuku	Male Non-executive	Director Member of CSR Committee	48	7 years	1,400 shares	General management Global experience CSR/sustainability Legal affairs/risk management
	Kiyoshige Akamatsu	Male Non-executive Independent/ Outside	Outside Director Chair of Nomination Committee Chair of Remuneration Committee Member of CSR Committee	73	6 years	2,400 shares	General management Global experience Business strategy/marketing Finance & accounting/business investment
	Kunitoshi Takeda	Male Non-executive Independent/ Outside	Outside Director Member of Nomination Committee Member of Remuneration Committee Member of CSR Committee	66	3 years	300 shares	General management Global experience Business strategy/marketing Finance & accounting/business investment
	Motomu Takahashi	Male Non-executive Independent/ Outside	Outside Director Member of Nomination Committee Member of Remuneration Committee Member of CSR Committee	69	1 year	200 shares	General management Global experience Business strategy/marketing CSR/sustainability
	Pimjai Wangkiat	Female Non-Japanese Non-executive Independent/ Outside	Outside Director	58	0 years	0 shares	General management Global experience Business strategy/marketing Finance & accounting/business investment
Audit and Supervisory Board	Kengo Nakaya	Male Non-executive	Audit & Supervisory Board Member (full-time)	55	2 years	2,500 shares	Global experience Finance & accounting/business investment
	Shigeaki Katayama	Male Non-executive Independent/ Outside	Outside Audit & Supervisory Board Member(full-time) Member of Nomination Committee Member of Remuneration Committee	65	3 years	1,100 shares	General management Global experience Business strategy/marketing Finance & accounting/business investment
	Mikio Nakajo	Male Non-executive Independent/ Outside	Outside Audit & Supervisory Board Member	59	3 years	500 shares	Legal affairs/risk management

Proposal No. 4 Revision of Amount of Remuneration of Outside Directors

The amount of remuneration of the Company's Outside Directors was approved to be up to ¥50 million per year in the 102nd Ordinary General Meeting of Shareholders held on June 29, 2021. If Proposal No. 3 "Election of Three (3) Directors" is approved at the Ordinary General Meeting of Shareholders, the number of Outside Directors will increase from the three to four. Furthermore, considering the increase in roles and responsibilities of Outside Directors when strengthening corporate governance, changes in economic conditions and various other circumstances, the Company requests approval of revising the amount of remuneration of Outside Directors from ¥50 million per year to ¥70 million per year.

Note that the total amount of remuneration of Directors will not be changed from the current level of up to ¥470 million per year (including remuneration of Outside Directors).

Furthermore, there are currently ten Directors (including three Outside Directors) and there will be 11 Directors (including four Outside Directors) if Proposal No. 3 is approved.

The revised amount of remuneration of Outside Directors pursuant to this proposal was determined with comprehensive consideration for various circumstances such as the increase in the number of Outside Directors and the level of contribution. Therefore, the Company believes that the content of remuneration is reasonable.

[Reference] The Company's Criteria for Determining the Independence of Outside Officers

The Company has specified the criteria for determining the independence of Outside Directors and Outside Audit & Supervisory Board Members (collectively referred to as "Outside Officers" below) and candidates for Outside Officer as follows, and deems that they have independence and that there is no risk of a conflict of interest with general shareholders if none of the following items applies.

1. A person who is an executive (Note 1) of the Company or the Company's subsidiaries (collectively referred to as "the Group" below) or has been an executive of the Group in the past ten years (however, in the case of a person who was a non-executive Director, Audit & Supervisory Board Members or Accounting Advisor of the Group in the past ten years, the ten years before appointment to these positions)
2. A person for which the Group is a major transaction partner (Note 2), or an executive thereof
3. A person who is a major transaction partner of the Group (Note 3), or an executive thereof
4. A consultant, accounting expert or legal expert who has obtained a large sum of money or other property (Note 4) other than officer remuneration from the Group (if the person who obtained the property is an organization such as a corporation or an association, a person who belongs to said organization)
5. A person who belongs to an audit firm conducting statutory audits of the Group
6. A person who has received a donation or grant exceeding a certain amount (Note 5) from the Group (if the person who obtained the donation or grant is an organization such as a corporation or an association, an executive of said organization)
7. An executive of major financial institution or other large creditor (Note 6) that is essential for the Group's financing and is depended upon to a degree that it is irreplaceable, or the parent company or a subsidiary thereof
8. A major shareholder (Note 7) of the Company, or if the major shareholder is a corporation, an executive of the corporation
9. An executive of a company of which the Company is a major shareholder
10. An executive of a company that has accepted a director (regardless of whether full-time or part-time) from the Group, or the parent company or a subsidiary thereof
11. A person who has fallen under 2 through 10 above in the past three years
12. A close relative (Note 9) of a person who falls under 1 through 11 above (limited to persons in a significant position (Note 8))
13. Notwithstanding the provisions of the preceding items, a person otherwise found to have special grounds that could cause a conflict of interest with the Company

- (Notes)
1. An executive refers to an executive prescribed in Article 2, Paragraph 3, Item (vi) of the Regulations for Enforcement of the Companies Act, and includes not only executive directors but also employees. Audit & Supervisory Board Members are not included. Note that outside Audit & Supervisory Board Members include non-executive directors.
 2. A person for which the Group is a major transaction partner is a business partner group (meaning a corporate group made up of a direct business partner, the parent company and subsidiaries thereof, and subsidiaries of the parent company; the same applies below) providing products or services to the Group, for which the transaction amount in the most recent fiscal year exceeds 2% of the annual consolidated net sales of that group.
 3. A major transaction partner of the Group is a transaction partner group to which the Group provides products or services and the transaction amount for the most recent fiscal year exceeds 2% of the annual consolidated net sales of the Group.
 4. A large sum of money or other property refers to money or other economic benefit exceeding ¥10 million other than officer remuneration in the most recent fiscal year (if the person who obtained the property is an organization such as a corporation or an association, money or other property exceeding 2% of the total revenue of the organization in the most recent fiscal year).
 5. A donation or grant exceeding a certain amount refers to a donation or a grant exceeding the higher of either an average of ¥10 million per year for the three most recent fiscal years or 2% of the total revenue for the most recent fiscal year.
 6. A major financial institution or other large creditor refers to a financial institution or creditor from whom the total amount of borrowings or the total amount of credit in the most recent fiscal year exceeds 2% of the total consolidated assets of the Company.
 7. A major shareholder refers to a shareholder holding 10% or more of voting rights.
 8. Persons in a significant position refer to directors (excluding outside directors), executives, executive officers, employees in a senior management position of general manager or higher, in addition to certified public accountants who belong to an audit firm or an accounting firm, attorneys who belong to a law firm, officers such as councilors, directors and auditors who belong to incorporated foundations, incorporated associations, incorporated schools and other corporations, and other persons objectively and rationally deemed to have equivalent importance.
 9. A close relative refers to a spouse or a person within two degrees of kinship.

[Attachment] Business Report (from April 1, 2021 to March 31, 2022)

1. Status of the Group's Business

(1) Business progress and results

During the consolidated fiscal year under review, although the pace of the economic recovery varied by country and region, the business environment in which the Group operated was characterized by signs of improvement that indicated a normalization of economic activity, due to measures taken to suppress COVID-19 and to stimulate the economy.

With regard to scrap, our main raw material, reflecting circumstances of construction activities in each country and region, scrap prices have generally demonstrated upward trends while undergoing repeated price adjustments. Subsequently, the invasion of Ukraine by Russia caused widespread concern for supply shortages of steel products and raw materials, leading to a surge in scrap prices. Prices for iron ore were also volatile. After first trending upwards on tight supply of iron, mainly overseas, cuts to crude steel production in China and other developments caused prices to plunge over the summer before rebounding and moving upwards once again. In addition, we saw increasing upward pressure on costs other than main raw materials, such as rising prices for ferroalloys and fuel.

The extent of the recovery in demand for steel products for civil engineering and construction, such as the H-beams that are the main product of the Group varied by country and region. In China, measures to control exports and cuts to crude steel production led to constrained supply, and when combined with sustained high prices for scrap these factors resulted in firm product prices.

As a result of the above, net sales for the current consolidated fiscal year were ¥150,029 million (up 10.3% year on year). With regard to profit, operating profit was ¥13,290 million (up 32.7% year-on-year), ordinary profit was ¥57,646 million (up 167.3% year on year) and profit attributable to owners of parent was ¥39,917 million (up 700.8% year on year).

	Million yen	Year-on-year change
Net sales	150,029	up 10.3%
Operating profit	13,290	up 32.7%
Ordinary profit	57,646	up 167.3%
Profit attributable to owners of parent	39,917	up 700.8%

Results by segment during period under review are explained below.

Steel (Japan) Net sales 57,354 million yen +43.6% year on year

Major products	H-beam, channel, I-beam, sheet pile, patterned H-beams, rolled steel for shipbuilding, cast steel products, structural components for ships, heavy-duty machining
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In addition to surging prices for the scrap that constitutes the main raw material of our business, we entered a phase of cost increases before they can be transferred to our product prices for other items, with increases in ferroalloy prices, electricity charges, and fuel expenses. In terms of demand, although large construction projects were resilient, a lack of small to medium-sized construction projects prevented improvements in cargo movements and resulted in continued weakness in demand for H-beams and other products. At Yamato Steel, with blast furnace manufacturers concentrating on products such as steel sheet, our aggressive efforts to acquire new customers resulted in solid orders, and a year-on-year increase in sales volume. Due to the rise in selling prices, net sales also rose year on year. The impact of cost increases before they can be transferred to our product prices on operating profit was significant and resulted in a year-on-year decline, but to minimize the impact of soaring resource prices we applied our engineering abilities to cutting costs and bringing production of facilities in-house. In addition, we focused our efforts on raising selling prices and other measures aimed at a recovery in profitability, and succeeded in securing a certain level of profits.

As a result, sales were ¥57,354 million (an increase of ¥17,426 million in comparison with the previous year), and operating profit was ¥2,346 million (a decrease of ¥880 million in comparison with the previous year).

Steel (Thailand) Net sales 82,452 million yen +58.1% year on year

Major products	H-beam, channel, I-beam, sheet pile
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Large-scale domestic public investment drove demand for structural steel, but a resurgence in COVID-19 infections resulted in sluggish construction activity, which has affected Siam Yamato Steel Co., Ltd. In export markets, we saw a general slowdown in demand for structural steel caused by resurgences in COVID-19 infections, but pressure from Chinese exporters declined after the abolition of rebates on value-added export taxes and cuts to crude steel production in China. Combined with reductions in exports by South Korean manufacturers to the ASEAN market, this led to an easing of the competitive environment in the second half. Sales volume rose year on year due to efforts to increase our share of export markets. Despite increases in scrap prices pushing up costs, the contribution from the increase in sales volume in export markets and from higher structural steel prices resulted in operating profit rising year on year.

As a result, sales were ¥82,452 million (an increase of ¥30,315 million in comparison with the previous year), and operating profit was ¥12,724 million (an increase of ¥7,075 million in comparison with the previous year).

Trackwork Materials	Net sales 7,179 million yen	-10.8% year on year
Major products	Turnouts, expansion joints, NEW crossings, glued insulated joint rail, anti-derailing guards, tie plates, bolts	

Sales were ¥7,179 million (a decrease of ¥868 million in comparison with the previous year), and operating profit was ¥532 million (a decrease of ¥304 million in comparison with the previous year).

Other Businesses	Net sales 3,043 million yen	+47.6% year on year
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Sales were ¥3,043 million (an increase of ¥981 million in comparison with the previous year), and operating profit was ¥171 million (an increase of ¥147 million in comparison with the previous year).

Overview of Major Overseas Locations with Affiliates Accounted for by the Equity Method

(United States)

At Nucor-Yamato Steel Company, a full-fledged economic recovery and robust demand in non-residential construction led to strong demand for structural steel. Our equity-method affiliate took a proactive approach to capturing orders, resulting in a year-on-year increase in sales volume. Although some softening of prices was seen for steel products such as hot-rolled coil, we achieved increases in structural steel prices that exceeded the increases in scrap prices, and led to a continuation of the trend of improvement in metal margin. In terms of earnings, the increase in sales volume and the expansion in metal margin resulted in a significant increase in profit over the previous year.

(Bahrain)

At SULB Company BSC (c) ("SULB"), the global tightening of steel supply led to a reduction in pressure from imports from outside the GCC region, and there were other improvements in the market environment, such as the gradual permeation of price increases into the structural steel market, which took place against a backdrop of rising prices for raw materials, including scrap. On the other hand, the low oil prices of the recent past suggest that a full-fledged recovery of construction activity in the GCC region will require time, which has resulted in customers continuing to take a cautious approach to building inventory. Under these circumstances, SULB worked to strike a balance between profit-focused sales activity in the GCC structural steel market and exports of structural steel and sales of semi-finished products to secure a certain level of production volume. Cost-cutting initiatives also had an effect, including the reductions in logistics costs arising from the use of our own port facilities, which were completed at the end of September 2021. These contributed to year-on-year improvements in the bottom line, and the company posted a profit.

(Vietnam)

At Posco Yamato Vina Steel Joint Stock Company ("PY VINA"), the level of construction activity continued to fluctuate, with improvements following economic recovery turning to deterioration following resurgences in infections. Accordingly, we have not yet seen a full-fledged recovery in structural steel demand. Conversely, with raw material costs increasing, we bolstered initiatives to reduce costs through such measures as improving operation. In addition, we focused on hiking selling prices against the backdrop of the global rise in the steel material market and lower pressure from imports into Vietnam, which resulted in steady performance. Also in Vietnam, as a result of approaches to the authorities by PY VINA, an anti-dumping investigation into imported H-beams from Malaysia was begun in August 2020, with import duties of 10.64% (over five years) being imposed in August 2021. As a trade barrier to imported H-beams, we expect this to contribute to the stabilization of the domestic H-beam market in Vietnam.

(South Korea)

At YK Steel Corporation ("YKS"), an increase in residential construction led to an improvement in supply and demand conditions for rebar and an increase in selling prices, which resulted in strong earnings. Moreover, as disclosed in the "Consolidated Financial Results for the Three Months Ended June 30, 2021", in order to further improve profitability at YKS by strengthening cooperation in both manufacturing and sales with local joint venture partner Daehan Steel Co., Ltd., the partner has raised its investment ratio from 51% to 70%, and the investment ratio of the Group has changed from 49% to 30%. Accordingly, from the third quarter of the fiscal year ended March 31, 2022, 30% of the earnings of YKS are reflected in equity in earnings of affiliates at Yamato Kogyo.

(2) Issues to address

(Forecast for the Fiscal Year Ending March 31, 2023)

For the forecast for the fiscal year ending March 31, 2023, the Group expects comparatively stable demand and prices for steel products for civil engineering and construction, such as H-beams, which are the Group's major products. However, in addition to the impact of Russia's invasion of Ukraine and the renewed spread of COVID-19 on the global economy and rising resource prices, the Company will continue to monitor market trends due to uncertainty in the environment surrounding the Group's business such as cuts to crude steel production and trends in steel exports in China.

(Billion yen)

	Consolidated results of the fiscal year ended March 31, 2022	Consolidated forecast for the fiscal year ending March 31, 2023
Net sales	150.0	193.0
Operating profit	13.2	14.0
Ordinary profit	57.6	79.0
Profit attributable to owners of parent	39.9	56.0

(Management issues)

The Group will continue to engage in initiatives aimed at further business growth and the realization of a sustainable society to contribute to the advancement of global society and the realization of rich regional communities through a global steel business.

The Company intends to further stabilize, develop and expand overseas business that is a source of growth with the aim of further business growth. To achieve this, the Group will actively introduce the latest technologies and equipment in Yamato Steel, which is the mother factory of the Group, and not only by proceeding to improve safety, enhancing cost competitiveness, engaging in the improvement and stabilization of quality, and promoting the strengthening the foundation of the domestic business, but also by applying the know-how obtained through such efforts throughout the Group, we realize further development of overseas business. Furthermore, additional emphasis will be placed on the education and development of personnel for supporting this.

With the recognition that incorporation of the realization of social fairness, contributions to the community and consideration for the environment into management is the most basic CSR activity for a company for the realization of a sustainable society, the Group will contribute more to society through the provision of safe, high-quality products, conducting business activities with consideration for preservation of the environment as a key player in the circular economy. To further strengthen these initiatives from the perspectives of ESG (environment, social, governance), the Company has established the "CSR Committee" and formulated the "Medium-term CSR Plan" targeting FY2025. The Group is conducting activities from a medium-term perspective based on the six materiality themes of "1. Climate Change," "2. Resource recycling," "3. Eco-friendly products," "4. Product liabilities," "5. Human resource development" and "6. Corporate management base."

Of the six materiality themes, social interest has grown in "1. Climate change," resulting in our advocacy of the recommendations of the Task force on Financial Disclosure (TCFD). The Group will continue to actively engage in responses to climate change such as the reduction of CO2 emissions aimed at the realization of a decarbonized society.

(3) Status of capital investment

During the period under review, the Company conducted capital investment totaling ¥3,606 million centered on investment to maintain and renew steel and press molding equipment in the Steel Division.

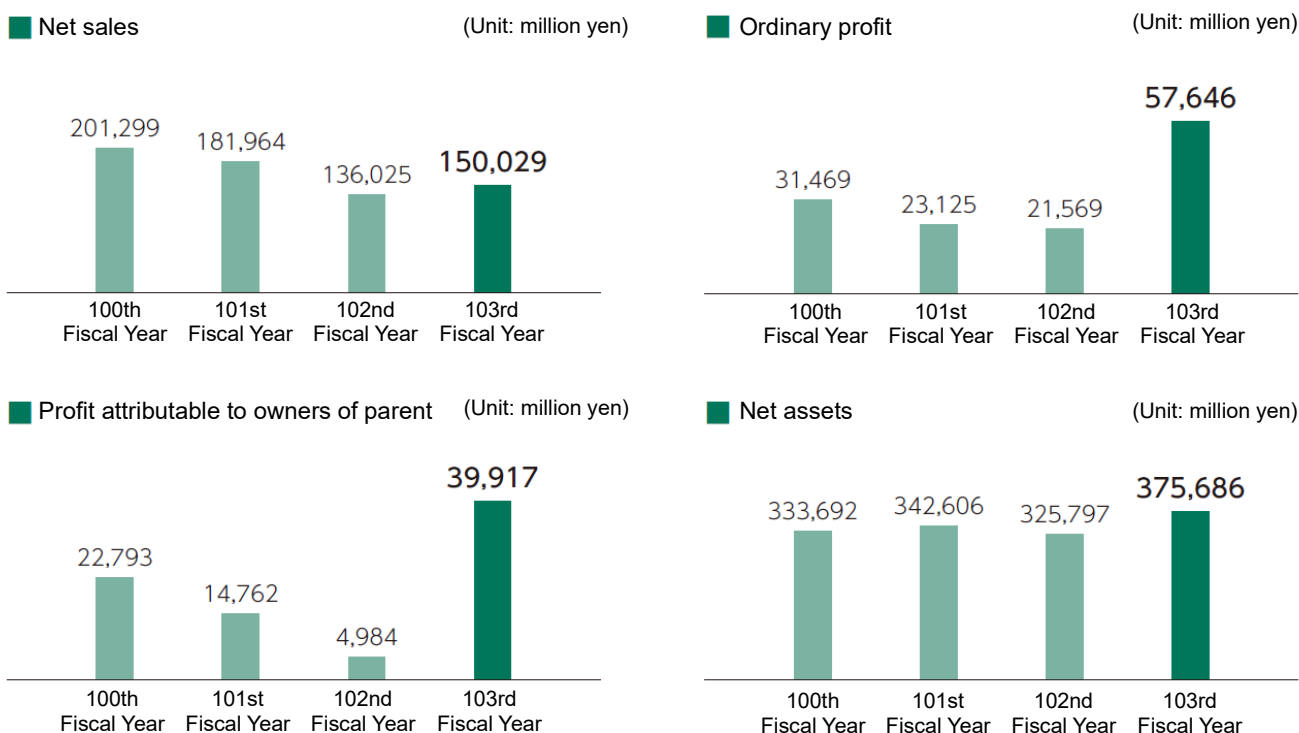
(4) Status of fund-raising

No financing through capital increases or the issuance of bonds took place during the period under review.

(5) Status of assets and profit/loss

Item	100th Fiscal Year (from April 1, 2018 to March 31, 2019)	101st Fiscal Year (from April 1, 2019 to March 31, 2020)	102nd Fiscal Year (from April 1, 2020 to March 31, 2021)	103rd Fiscal Year (from April 1, 2021 to March 31, 2022)
Net sales (Million yen)	201,299	181,964	136,025	150,029
Ordinary profit (Million yen)	31,469	23,125	21,569	57,646
Profit attributable to owners of parent (Million yen)	22,793	14,762	4,984	39,917
Basic earnings per share (Yen)	340.78	220.72	75.29	618.62
Total assets (Million yen)	384,068	383,025	359,788	414,928
Net assets (Million yen)	333,692	342,606	325,797	375,686

(Note) Earnings per share are calculated using the average number of shares issued during the period (excluding treasury shares).



2. Status of the Group (as of March 31, 2022)

(1) Major sales offices and factories

(The Company)

Name	Location of head office	Sales offices and factories
Yamato Kogyo Co., Ltd.	Himeji-shi, Hyogo	—

(Consolidated subsidiaries and affiliates accounted for by the equity method)

Name	Location of head office	Sales offices and factories
Yamato Steel Co., Ltd.	Himeji-shi, Hyogo	Tokyo Branch (Minato-ku, Tokyo) Osaka Branch (Nishi-ku, Osaka)
Yamato Trackwork System Co., Ltd.	Himeji-shi, Hyogo	Tokyo Branch (Minato-ku, Tokyo) Osaka Branch (Nishi-ku, Osaka) Kyushu Sales Office (Hakata-ku, Fukuoka-shi)
Yamato Shoji Co., Ltd.	Himeji-shi, Hyogo	—
Matsubara Techno Co., Ltd.	Kako-gun, Hyogo	—
Yamato Korea Holdings Co., Ltd.	South Korea	—
Yamato Kogyo America, Inc.	United States	—
Yamato Kogyo (U.S.A.) Corporation	United States	—
Yamato Holding Corporation	United States	—
Siam Yamato Steel Co., Ltd.	Thailand	—
Nucor-Yamato Steel Company	United States	—
Arkansas Steel Associates LLC	United States	—
SULB Company BSC (c)	Bahrain	—
United Steel Company (“Sulb”) Bahrain venture Co. W. L. L.	Bahrain	—
United SULB Company (“Saudi Sulb”) LLC	Saudi Arabia	—
Posco Yamato Vina Steel Joint Stock Company	Vietnam	—
YK Steel Corporation	South Korea	—

(2) Major lenders

Not applicable.

In order to enable stable, flexible and efficient financing for future demand for funding, the Company has concluded a specified commitment line contract (syndication type commitment line contract) with three financial institutions.

(3) Status of major subsidiaries and affiliates

(Subsidiaries)

Name	Share capital or investments in capital	The Company's percentage of voting rights (including indirect holdings)	Main businesses
Yamato Holding Corporation	USD 46,000	100.00%	Investment in joint venture Nucor-Yamato Steel Company (25.00%)
Yamato Kogyo (U.S.A.) Corporation	USD 14,000	100.00%	Investment in joint venture Nucor-Yamato Steel Company (24.00%) Investment in joint venture Arkansas Steel Associates LLC (50.00%) Investment in Yamato Korea Holdings Co., Ltd. (75.00%)
Yamato Kogyo America, Inc.	USD 13,000	100.00%	Management of Yamato Holding Corporation and Yamato Kogyo (U.S.A.) Corporation
Yamato Steel Co., Ltd.	¥450 million	100.00%	Business related to the manufacture and sale of steel products and heavy industry products
Yamato Trackwork System Co., Ltd.	¥310 million	100.00%	Businesses related to the manufacture and sale of trackwork materials
Yamato Korea Holdings Co., Ltd.	KRW 5,937 million	100.00%	Business related to leasing of real estate Investment in joint venture YK Steel Corporation (30.00%)
Siam Yamato Steel Co., Ltd.	THB 3,000 million	64.18%	Businesses related to the manufacture and sale of steel products
Yamato Shoji Co., Ltd.	¥38 million	81.82%	Business related to transportation, medical waste processing and leasing of real estate
Matsubara Techno Co., Ltd.	¥15 million	100.00%	Manufacture and sale of counterweights Design, manufacture, installation and sale of plant equipment

(Note) The figures in parentheses under "Main businesses" indicate the percentages of investment in the respective companies.

(Affiliates)

Name	Share capital or investments in capital	The Company's percentage of voting rights (including indirect holdings)	Main businesses
Nucor-Yamato Steel Company	USD 185 million	49.00%	Businesses related to the manufacture and sale of steel products
Arkansas Steel Associates LLC	USD 26 million	50.00%	Business related to the manufacture and sale of steel products and trackwork materials
SULB Company BSC (c)	USD 705 million	49.00%	Businesses related to the manufacture and sale of steel products
United Steel Company ("Sulb") Bahrain venture Co. W. L. L.	USD 75 million	49.00%	Investment in joint venture United SULB Company ("Saudi Sulb") LLC
United SULB Company ("Saudi Sulb") LLC	SAR 206 million	49.00%	Businesses related to the manufacture and sale of steel products
Posco Yamato Vina Steel Joint Stock Company	VND 8,345,225 million	49.00%	Businesses related to the manufacture and sale of steel products
YK Steel Corporation	KRW 5,475 million	30.00%	Businesses related to the manufacture and sale of steel products

(4) Status of employees

1) Status of employees of corporate group

Number of employees	Change from end of previous fiscal year
1,395	Increased by 17

(Note) The number of employees is the number of personnel employed and excludes temporary employees.

2) Status of employees of the Company

Number of employees	Change from end of previous fiscal year	Average age	Average years of service
68	Increased by 19	39.1	10.4 years

(Note) The number of employees is the number of personnel employed and excludes seconded employees.

3. Matters Regarding the Company's Shares (as of March 31, 2022)

(1) Total number of authorized shares: 171,257,770

(2) Total number of issued shares: 65,000,000 (including 331,397 treasury shares)

(Note) The total number of issued shares decreased by 2,670,000 due to the cancellation of treasury shares implemented on March 31, 2022.

(3) Number of shareholders: 3,778

(4) Status of major shareholders (top ten)

Shareholder name	Number of shares held	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,900,000	15.31%
Hiroyuki Inoue	7,557,000	11.69%
Inoue Real Estate Ltd.	4,592,000	7.10%
Mitsui & Co., Ltd.	4,573,000	7.07%
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	2,837,000	4.39%
Custody Bank of Japan, Ltd. (Trust Account)	2,608,000	4.03%
Sumitomo Corporation	2,461,000	3.81%
CEP LUX - ORBIS SICAV	2,267,000	3.51%
Kimiko Inoue	1,739,000	2.69%
Mizuho Bank, Ltd.	1,675,000	2.59%

(Note) The percentages of shares are calculated by excluding treasury shares.

(5) Status of shares granted to the Company's officers as consideration for the execution of duties in the fiscal year under review

The details of share-based remuneration granted during the fiscal year under review are as follows.

The Company has introduced a restricted share-based remuneration system for the Company's Directors other than Outside Directors and Part-time Directors for the purpose of sustained improvement of corporate value by increasing shared value with shareholders through the holding of shares.

	Number of shares	Number of recipients of shares
Directors (excluding Outside Directors and Part-time Directors)	6,529 shares	5

(Note) In addition to the above, 6,649 shares were granted to seven Directors and four Executive Officers of the Company's subsidiaries.

(6) Other matters related to shares

1) Purchase of treasury shares

The Company acquired 1,000,000 treasury shares for a total of ¥3,634,970,000 pursuant to a resolution in the meeting of the Board of Directors held on April 30, 2021.

Furthermore, the Company acquired 1,008,902 treasury shares for a total of ¥3,246,646,636 pursuant to a resolution in the meeting of the Board of Directors held on October 29, 2021.

2) Cancellation of treasury shares

The Company cancelled 2,670,000 treasury shares on March 31, 2022 pursuant to a written resolution of the Board of Directors dated March 23, 2022.

4. Matters Regarding Company Officers

(1) Status of company officers (as of March 31, 2022)

Name	Current position and responsibilities in the Company	Significant concurrent positions outside the Company
Hiroyuki Inoue	Chairman	
Mikio Kobayashi	Representative Director, President	
Katsumasa Kohata	Representative Director, Executive Vice President Executive Officer Chief Technology Officer (Steel Business) in charge of Technology Management Department	
Kazuhiro Tsukamoto	Director, Managing Executive Officer In charge of Overseas Business	
Kazumi Yonezawa	Director, Managing Executive Officer In charge of Financial Accounting Department, General Affairs Department, Personnel Department and System Management Department	
Damri Tunshevavong	Director	
Takenosuke Yasufuku	Director	Representative Director and President, KOBE SHU-SHIN-KAN BREWERIES, LTD.
Kiyoshige Akamatsu	Director	
Kunitoshi Takeda	Director	
Motomu Takahashi	Director	
Kengo Nakaya	Audit & Supervisory Board Member (full-time)	
Shigeaki Katayama	Audit & Supervisory Board Member (full-time)	
Mikio Nakajo	Audit & Supervisory Board Member (full-time)	Representative Partner, Sawada Nakajo Mori Law Office Outside Director (Audit and Supervisory Committee Member), MORESCO Corporation

- (Notes) 1. Directors Kiyoshige Akamatsu, Kunitoshi Takeda and Motomu Takahashi are Outside Directors specified under Article 2, Item (xv) of the Companies Act.
2. Audit & Supervisory Board Members Shigeaki Katayama and Mikio Nakajo are Outside Corporate Auditors specified under Article 2, Item (xvi) of the Companies Act.
3. Directors Kiyoshige Akamatsu, Kunitoshi Takeda and Motomu Takahashi, and Audit & Supervisory Board Members Shigeaki Katayama and Mikio Nakajo have been registered with the Tokyo Stock Exchange as independent officers.
4. Motomu Takahashi was newly elected as Director in the 102nd Ordinary General Meeting of Shareholders held on June 29, 2021.
5. Motoyoshi Maruyama retired due to the expiration of his term of office as Director upon the conclusion of the 102nd Ordinary General Meeting of Shareholders held on June 29, 2021.
6. Yasuhiko Yamauchi resigned as Director upon the conclusion of the 102nd Ordinary General Meeting of Shareholders held on June 29, 2021.
7. Audit & Supervisory Board Member Shigeaki Katayama has many years of experience in a financial institution, and has considerable knowledge related to finance and accounting.

(2) Overview of content of agreements limiting liability

The Company has entered into agreements limiting liability with Takenosuke Yasufuku, Kiyoshige Akamatsu, Kunitoshi Takeda, Motomu Takahashi, Kengo Nakaya, Shigeaki Katayama and Mikio Nakajo pursuant to Article 427, Paragraph 1 of the Companies Act. The limit on liability for compensation for damages pursuant to the agreements is the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act.

(3) Overview of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy pursuant to Article 430-3, Paragraph 1 of the Companies Act with an insurance company and damages arising from being held liable for the execution of duties by the insured and being subject to claims seeking such liability are covered by the insurance policy. However, damages, etc. caused by acts conducted while aware of a violation of laws and regulations are excluded from coverage to ensure the appropriateness of execution of duties of the insured is not impaired.

The insured under the insurance policy are the Directors, Audit & Supervisory Board Members and Executive Officers of the Company and certain subsidiaries, and the Company bears the cost of all insurance premiums.

(4) Remuneration, etc. for company officers

1) Total amount of remuneration, etc. of Directors and Audit & Supervisory Board Members

Type of officer	Total amount of remuneration, etc. (Million yen)	Total amount of remuneration, etc. by type (Million yen)			Number of recipients
		Base remuneration	Performance-linked remuneration, etc.	Non-financial remuneration, etc.	
Directors (Outside Directors)	404 (39)	321 (39)	65 (-)	18 (-)	12 (3)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	58 (34)	58 (34)	- (-)	- (-)	3 (2)

(Note) The above figures include one Director who retired and one Director who resigned upon the conclusion of the 102nd Ordinary General Meeting of Shareholders held on June 29, 2021.

2) Matters regarding resolutions of the General Meeting of Shareholders on remuneration, etc. of Directors and Audit & Supervisory Board Members

The amount of remuneration of the Company's Directors was approved to be up to ¥470 million per year (including up to ¥30 million per year for Outside Directors; not including employee wages for Directors who concurrently serve as employees) in the 98th Ordinary General Meeting of Shareholders held on June 29, 2017. The number of Directors as of the conclusion of the relevant General Meeting of Shareholders was 12 (including one Outside Director). Furthermore, the remuneration amount of Directors up to ¥470 million per year was made to include the remuneration amount of Outside Directors up to ¥50 million per year by resolution of the 102nd Ordinary General Meeting of Shareholders held on June 29, 2021. The number of Directors as of the conclusion of the relevant General Meeting of Shareholders was ten (including three Outside Directors).

Furthermore, the Company introduced a "restricted share-based remuneration system" at the 102nd Ordinary General Meeting of Shareholders held on June 29, 2021, which resolved to make the total amount of monetary claims paid to Directors pursuant to the system up to ¥100 million per year apart from the above remuneration limit. The number of Directors eligible for share-based remuneration as of the conclusion of the relevant General Meeting of Shareholders was five (excluding Outside Directors and Part-time Directors).

The amount of remuneration of Audit & Supervisory Board Member was resolved to be up to ¥75 million per year in the 98th Ordinary General Meeting of Shareholders held on June 29, 2017. The number of Audit & Supervisory Board Members as of the conclusion of the relevant General Meeting of Shareholders was three.

3) Matters concerning the policy on determining the remuneration, etc. of individual Directors

The policy on determination of the remuneration, etc. of individual Directors is specified as follows.

- Remuneration of the Company's Directors (excluding Outside Directors and Part-time Directors) is paid at a fixed time every month as monthly remuneration made up of fixed portion of remuneration determined based on comprehensive consideration of the responsibility to supervise management of the Company in addition to the responsibility to contribute to Group management and position, etc., and the performance-linked portion of remuneration determined according to the level of achievement of performance targets and individual evaluations, etc. The total amount of remuneration of Directors was specified as being up to ¥470 million per year at the 98th Ordinary General Meeting of Shareholders held on June 29, 2017. Furthermore, at the 102nd Ordinary General Meeting of Shareholders held on June 29, 2021, as part of the review of the officer remuneration system, a decision was made to pay remuneration for the granting of restricted shares to eligible Directors for the purpose of providing the Company's Directors (excluding Outside Directors and Part-time Directors) an incentive for the sustained enhancement of the Company's corporate value and further promoting the sharing of value with shareholders, and the total amount of monetary claims paid to eligible Directors under the system is specified as being up to ¥100 million per year apart from the remuneration limit of ¥470 million per year. Remuneration for granting restricted shares is allocated at a fixed time every year. The amount of remuneration of individual Directors is determined within the remuneration limit resolved by the General Meeting of Shareholders by the Representative Director, President delegated by the Board of Directors based on deliberation and recommendations of the Remuneration Committee.
- The indicator for performance-linked remuneration is consolidated ordinary profit, etc. and the standard value is set based on the consolidated ordinary profit under the annual business plan, with a coefficient table being set with a minimum of 0 and a maximum of 2.0 according to annual performance. The coefficient is used as a multiplier for the standard amount of performance-linked remuneration for each position to calculate individual performance-linked remuneration every year. (Reflected from remuneration for FY2022)
- The percentages of payment of fixed remuneration, performance-linked remuneration and restricted share-based remuneration vary depending on the fiscal year's performance and position, but are generally designed to be 50% fixed remuneration, 40% performance-linked remuneration and 10% restricted share-based remuneration. (Reflected from remuneration for FY2022)
- A voluntary Remuneration Committee chaired by an Outside Director has been established to ensure the transparency and objectivity of determination of remuneration of Directors, and the Remuneration Committee conducts reviews of the officer remuneration system (such as reviews of remuneration levels, performance evaluation KPIs and standard values) with consideration for the management environment and general remuneration levels, and deliberates upon the remuneration of Directors and makes recommendations to the Board of Directors based on consultation with the Board of Directors.

The policy on determination of remuneration, etc. is determined by the Board of Directors based on deliberation in the Remuneration Committee. When determining the details of remuneration, etc. of individual Directors for the fiscal year under review, the Remuneration Committee conducted multifaceted consideration of the original proposal including consistency of with the determination policy, and the Board of Directors respected these recommendations and found them to be in line with the determination policy.

4) Matters concerning performance-linked remuneration, etc.

The indicator for performance-linked remuneration is consolidated ordinary profit, etc. and the reason for choosing this indicator is to clarify responsibility to the Group's overall performance. The method of determining the amount of performance-linked remuneration is to set a standard value based on the average consolidated ordinary profit for the past five years, and set a coefficient table with a minimum of 0.0 and a maximum of 1.5 according to annual performance. This coefficient is used as a multiplier of the standard amount of performance-linked remuneration for each position to calculate individual performance-linked remuneration every year.

Furthermore, the standard value (coefficient 1.0) for the indicator for performance-linked remuneration (consolidated ordinary profit) is ¥20 billion to ¥22.5 billion, and the actual result in the fiscal year under review (using the figures for the fiscal year ended March 31, 2021) was ¥21.5 billion (coefficient 1.0).

Note that the indicator for performance-linked remuneration reflected from remuneration for FY2022 is consolidated ordinary profit, etc., and the standard value is set based on the consolidated ordinary profit under the annual business plan, with a coefficient table being set with a minimum of 0 and a maximum of 2.0 according to annual performance. The coefficient is used as a multiplier for the standard amount of performance-linked remuneration for each position to calculate individual performance-linked remuneration every year.

5) Matters concerning the delegation of determination of the remuneration, etc. of individual Directors
The determination of specific details of individual remuneration of Directors within the amount of remuneration, etc. resolved by the General Meeting of Shareholders is delegated to Representative Director, President Mikio Kobayashi by resolution of the Board of Directors. The reason for delegation to the Representative Director, President is because it was determined that he has the greatest knowledge of the Group such as the environment surrounding the Group and the management condition of the Group, and is capable of comprehensively determining the amounts of remuneration of officers. Steps have been taken to ensure authority is exercised appropriately without making arbitrary decisions due to decisions being made after deliberation by the voluntary Remuneration Committee chaired by an Outside Director.

(5) Matters regarding outside officers

1) Significant concurrent positions and relationships with entities where such positions are held
Audit & Supervisory Board Members Mikio Nakajo concurrently serves as Representative Partner of Sawada Nakajo Mori Law Office and an Outside Director who is an Audit and Supervisory Committee Member of MORESCO Corporation, but there are no significant transactions or special relationships with these.

2) Status of the main activities of outside officers

Item	Name	Status of main activities
Outside Director	Kiyoshige Akamatsu	He attended all six meetings of the Board of Directors held in the fiscal year under review, and made comments required for the deliberation of proposals. Furthermore, he provided advice, etc. for the enhancement of the Company's medium- to long-term corporate value, served as chair of the voluntary Nomination Committee and Remuneration Committee, and fulfilled the important role of supervising management from an independent and objective perspective.
	Kunitoshi Takeda	He attended all six meetings of the Board of Directors held in the fiscal year under review, and made comments required for the deliberation of proposals. Furthermore, he provided advice, etc. for the enhancement of the Company's medium- to long-term corporate value, served as a member of the voluntary Nomination Committee and Remuneration Committee, and fulfilled the important role of supervising management from an independent and objective perspective.
	Motomu Takahashi	He attended all four meetings of the Board of Directors held since his appointment as Outside Director, and made comments required for the deliberation of proposals. Furthermore, he provided advice, etc. for the enhancement of the Company's medium- to long-term corporate value, served as a member of the voluntary Nomination Committee and Remuneration Committee, and fulfilled the important role of supervising management from an independent and objective perspective.
Outside Audit & Supervisory Board Members	Shigeaki Katayama	He attended all six meetings of the Board of Directors held in the fiscal year under review, and made comments required for the deliberation of proposals. Similarly, he attended all 12 meetings of the Audit & Supervisory Board held in the fiscal year under review, exchanged opinions on audit results and conducted discussion of important matters related to auditing.
	Mikio Nakajo	He attended all six meetings of the Board of Directors held in the fiscal year under review, and made comments required for the deliberation of proposals. Similarly, he attended all 12 meetings of the Audit & Supervisory Board held in the fiscal year under review, exchanged opinions on audit results and conducted discussion of important matters related to auditing.

(Note) Six meetings of the Board of Directors and 12 meetings of the Audit & Supervisory Board were held in the fiscal year under review.

5. Matters Regarding the Accounting Auditor

(1) Name of accounting auditor

PricewaterhouseCoopers Aarata LLC

(2) Amount of remuneration, etc. for the fiscal year under review

(Thousand yen)

Amount of remuneration for services under Article 2, Paragraph 1 of the Certified Public Accountants Act	51,700
Amount of remuneration for services other than services under Article 2, Paragraph 1 of the Certified Public Accountants Act	378
Total amount of money or other economic benefits to be paid by the Company and the Company's subsidiaries	52,078

(Note) The audit agreement between the Company and the accounting auditor does not differentiate between the amount of remuneration for auditing under the Companies Act and the amount of remuneration for auditing pursuant to the Financial Instruments and Exchange Act. Therefore, the above amounts are stated as the totals for these.

(3) Details of non-auditing services

The details of non-auditing services for which subsidiaries of the Company pay remuneration to PricewaterhouseCoopers Aarata LLC are procedures agreed upon for applications for exemption pursuant to the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.

(4) Matters regarding audits of subsidiaries

The Company's subsidiaries located overseas are audited by certified public accountants or audit firms other than PricewaterhouseCoopers Aarata LLC.

(5) Consent on the amount of remuneration, etc. of the accounting auditor

The Audit & Supervisory Board has provided consent under Article 399, Paragraph 1 of the Companies Act for the remuneration, etc. of the accounting auditor as a result of comparing the audit plan and results for the previous fiscal year and confirming the audit time and remuneration, and verifying the appropriateness of the scheduled audit time and remuneration, etc. for the fiscal year under review based on the Practical Guideline on Coordination with Accounting Auditors published by Japan Audit & Supervisory Board Members Association.

(6) Policies for determination of dismissal or refusal of reelection of the accounting auditor

If it is found that there is an impediment to the appropriate execution of duties of the accounting auditor, the Audit & Supervisory Board determines the content of a proposal for the dismissal or refusal of reelection of the accounting auditor for the General Meeting of Shareholders.

If it is found that any of the items under Article 340, Paragraph 1 of the Companies Act applies to the accounting auditor, the Audit & Supervisory Board will dismiss the accounting auditor based on the consent of all Audit & Supervisory Board Members. In this case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board Members will report the dismissal of the accounting auditor and the reason of dismissal in the first General Meeting of Shareholders held after the dismissal.

6. Systems for Ensuring the Appropriateness of Operations and the Operating Status of Such Systems

[Systems for ensuring the appropriateness of operations]

- (1) System for ensuring the execution of duties by Directors is conducted in accordance with laws, regulations and the Articles of Incorporation, and efficiently
 - 1) Internal control systems such as compliance are established and improved to ensure operations are executed appropriately.
 - 2) Audit reports, audit plans and periodic reports on the status of audits are periodically received from the Audit & Supervisory Board Members, and an effort is made to ensure the appropriateness of execution of duties of Directors at the same time as working to strengthen communication among Directors by improving the Board of Directors.
 - 3) The Company assumes a resolute attitude toward antisocial forces that threaten the order of civic society and corporate activities, and firmly rejects all unreasonable pressure and demands.

- (2) System for retention and management of information on the execution of duties of Directors
Information and documents on the execution of duties of Directors are retained and managed appropriately, reliably and in a highly searchable state according to the storage media based on the Regulations on Management of Documents and Records, and kept in a viewable state for the retention period specified in the Regulations on Management of Documents and Records.

- (3) Regulations and other systems on managing the risk of losses
 - 1) The Company has specified the Management Crisis Management Regulations as the basis for the risk management system, and recognizes the risks specified in the Management Crisis Management Regulations as risks pertaining to the execution of the Company's operations, and is building a risk management system in accordance with these regulations.
 - 2) In the event of an unforeseen situation, a task force headed by the President will be established, and an information communication team and an external advisory team, including legal counsel, will be organized to swiftly respond to the situation and establish a system to prevent and minimize the spread of damage.

- (4) System for ensuring the efficient execution of duties by Directors
 - 1) In addition to regularly holding meetings of the Board of Directors as the basis for the system for ensuring the efficient execution of duties by Directors, irregular meetings are also held as needed, and important matters concerning the Company's management policies and management strategies are discussed in advance in the Management Committee made up of Directors with special titles, and decisions on execution are made based on these deliberations.
 - 2) The personnel responsible for execution of operations based on decisions of the Board of Directors, their respective responsibilities and details on execution procedures are specified in the Office Organization Regulations and the Regulations on Division of Duties.

- (5) System for ensuring execution of duties of employees in accordance with laws, regulations and the Articles of Incorporation
 - 1) The Yamato Kogyo Group Employee Code of Conduct has been stipulated as the basis for the compliance system. An Internal Audit Office has been established directly under the President to build, maintain and improve the internal control system.
 - 2) The Internal Audit Office receives reports on the results of internal audits (regular and irregular) by internal control committee members, and formulates relevant rules and guidelines and conducts training for the departments responsible in the Company and Group companies as needed.
 - 3) The Internal Audit Office promptly reports to the President and Audit & Supervisory Board Members when a serious legal violation or other important fact related to compliance is found in the Company or a Group company, and also makes reports in meetings of the Board of Directors.
 - 4) An internal whistleblower system is operated for the reporting of legal violations and other facts related to compliance based on the Whistleblower Protection Regulations and the Yamato Kogyo Group Employee Code of Conduct.
 - 5) The Internal Audit Office and Audit & Supervisory Board Members are able to state opinions when a problem is found with the operation of the Company's legal compliance system and internal whistleblower system.
 - 6) In order to ensure the reliability of financial reporting, the Company will establish, build and endeavor to make improvements to operational systems related to finance.

- (6) System for ensuring appropriateness of operations in the Group made up of the Company and its subsidiaries
 - 1) In order to ensure the appropriateness of operations in Group companies, regulations are

stipulated in each Group company based on the Yamato Kogyo Group Employee Code of Conduct serving as the code of conduct applicable to all Group companies.

With regard to corporate management, in order to conduct appropriate and efficient management in the Group, basic management policies are stipulated in each Group company, and management of subsidiaries is conducted based on the system for obtaining approval from and reporting to the Company in accordance with the Group Company Management Regulations, and monitoring is conducted as needed.

Directors report to the President and the Audit & Supervisory Board Members if a legal violation or other important fact related to compliance is found in a Group company.

- 2) If a legal violation or compliance problem is found due to the implementation of an audit of management of a subsidiary by an internal control committee member, the internal control committee member reports to the Internal Audit Office, and the Internal Audit Office promptly reports to the Audit & Supervisory Board Members. Furthermore, the Internal Audit Office and Audit & Supervisory Board Members may state opinions to subsidiaries on these reports, and also request the formulation of improvement measures.
 - 3) The Management Crisis Management Regulations have been established as the basis for the risk management system, and a risk management system in line with the regulations is built in coordination with Group companies.
- (7) System for employees assisting the duties of Audit & Supervisory Board Member and matters related to the independence of such employees from Directors
- 1) If an Audit & Supervisory Board Member requests the appointment of an employee to assist his or her duties, an employee of the Company is assigned as a Audit & Supervisory Board Member assistant.
 - 2) Audit & Supervisory Board Member assistants are under the control of each Audit & Supervisory Board Member, and the appointment, evaluation, transfer, etc. of Audit & Supervisory Board Member assistants are conducted with the consent of the Audit & Supervisory Board or a Full-time Audit & Supervisory Board Member specified by the Board of Corporate Auditors.
- (8) System for Directors and employees of the Company and Group companies reporting to the Company's Audit & Supervisory Board Members
- 1) The matters to be reported and timing of reports by Directors and employees of the Company and Group companies to the Audit & Supervisory Board Members are specified, and reports are made to Audit & Supervisory Board Members each time there is an important matter that has an impact on the Company's operations or performance.
Notwithstanding the foregoing information, Audit & Supervisory Board Members may request reports from Directors and employees as needed at any time.
 - 2) An appropriate system for reporting legal violations and other compliance problems to Audit & Supervisory Board Members is ensured by maintaining appropriate operation of the internal whistleblower system.
 - 3) Unfair treatment of Directors and employees of the Company and Group companies who report to Audit & Supervisory Board Members on the grounds of making the report is prohibited.
 - 4) When an Audit & Supervisory Board Member makes a request to the Company for advance payment of expenses, etc. with respect to the execution of their duties, this shall be discussed in the department responsible, and the expenses or debt shall be promptly processed unless it can be proven that the requested expense or debt is not required for the execution of the duties of the Audit & Supervisory Board Member.

[Overview of operating status of systems for ensuring the appropriateness of operations]

(1) Execution of duties of Directors

Pursuant to the Board of Directors Regulations and other internal rules, six meetings of the Board of Directors and 14 meetings of the Management Committee were held in the fiscal year under review to make decisions on matters stipulated in laws, regulations and the Articles of Incorporation and important matters related to the execution of operations, and to mutually supervise the execution of duties through communication among Directors.

(2) Compliance system

Compliance training is regularly conducted for Directors and employees to increase understanding and raise awareness of compliance. Furthermore, a contact (hotline) including external attorneys has been established for the internal whistleblower system, and whistleblower protection is explicitly stated in and operated in accordance with internal regulations.

(3) Risk management

The Company conducts appropriate management and is engaged in the mitigation and prevention of risks based on the provisions on risks in the Management Crisis Management Regulations, etc. Furthermore, drills based on the assumption of the occurrence of a disaster, etc. are regularly conducted.

(4) Corporate management of Group companies

With regard to corporate management of Group companies, efforts are made to ensure the appropriateness of Group companies' operations by having officers or employees of the Company concurrently serve as Directors or Audit & Supervisory Board Members of Group companies. Furthermore, important management information on Group companies is reported to the Company's Board of Directors as needed in accordance with the Group Company Management Regulations.

(5) Execution of duties of Audit & Supervisory Board Members

Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members conduct audits according to the audit plans specified by the Audit & Supervisory Board and also attend meetings of the Board of Directors, etc., and also conduct audits on the execution of duties by Directors and confirm the status of establishment and operation of internal controls by periodically exchanging opinions with Representative Directors and coordinating with the accounting auditor and Internal Audit Office.

(Note) The amounts stated in this Business Report are rounded down to the nearest unit represented.

Consolidated Financial Statements
Consolidated Balance Sheets (As of March 31, 2022)

(Unit: million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	167,710	Current liabilities	19,411
Cash and deposits	99,717	Notes and accounts payable - trade	11,033
Notes receivable - trade	129	Accounts payable - other	1,885
Accounts receivable - trade	25,015	Income taxes payable	1,908
Securities	20	Provision for bonuses	744
Merchandise and finished goods	18,360	Other	3,840
Work in process	555	Non-current liabilities	19,830
Raw materials and supplies	20,926	Deferred tax liabilities	13,874
Other	3,007	Retirement benefit liability	1,975
Allowance for doubtful accounts	(22)	Other	3,981
Non-current assets	247,217		
Property, plant and equipment	59,761		
Buildings and structures	11,310		
Machinery, equipment and vehicles	26,832		
Tools, furniture and fixtures	345		
Land	17,815		
Construction in progress	1,550		
Other	1,905		
Intangible assets	1,632		
Goodwill	810		
Other	822		
Investments and other assets	185,823		
Investment securities	56,255		
Investments in capital	78,826		
Long-term loans receivable from subsidiaries and associates	23,067		
Long-term time deposits	23,660		
Retirement benefit asset	917		
Other	3,396		
Allowance for doubtful accounts	(301)		
Total assets	414,928	Total liabilities	39,242
		Net assets	
		Shareholders' equity	327,369
		Share capital	7,996
		Retained earnings	320,784
		Treasury shares	(1,412)
		Accumulated other comprehensive income	22,982
		Valuation difference on available-for-sale securities	4,490
		Foreign currency translation adjustment	18,649
		Remeasurements of defined benefit plans	(157)
		Non-controlling interests	25,335
		Total net assets	375,686
		Total liabilities and net assets	414,928

Consolidated Statements of Income (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

Item	Amount	
Net sales		150,029
Cost of sales		123,788
Gross profit		26,241
Selling, general and administrative expenses		12,950
Operating profit		13,290
Non-operating income		
Interest income and dividend income	739	
Equity in earnings of affiliates	40,348	
Foreign exchange gains	2,773	
Other	776	44,637
Non-operating expenses		
Interest expenses	82	
Loss on investments in investment partnerships	19	
Loss on valuation of derivatives	26	
Provision of allowance for doubtful accounts	29	
Loss on disaster	50	
Other	73	282
Ordinary profit		57,646
Extraordinary income		
Gain on sale of non-current assets	1	
Gain on change in equity	2	
Gain on sale of shares of subsidiaries and associates	2	
Gain on sale of investment securities	1	8
Extraordinary losses		
Loss on sale of non-current assets	0	
Loss on retirement of non-current assets	31	
Provision of Loss on Fair-trade Act	248	
Other	1	281
Profit before income taxes		57,373
Income taxes - current	12,528	
Income taxes - deferred	1,130	13,659
Profit		43,714
Profit attributable to non-controlling interests		3,797
Profit attributable to owners of parent		39,917

Consolidated Statements of Changes in Net Assets (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2021	7,996	—	295,740	(2,966)	300,770
Change during the fiscal year					
Dividends of surplus			(6,487)		(6,487)
Profit attributable to owners of parent			39,917		39,917
Purchase of treasury shares				(6,881)	(6,881)
Disposal of treasury stock upon restricted stock compensation		9		40	50
Cancellation of treasury shares		(9)	(8,386)	8,395	—
Net changes in items other than shareholders' equity					
Total change during the fiscal year	—	—	25,044	1,554	26,598
Balance as of March 31, 2022	7,996	—	320,784	(1,412)	327,369

	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 as of April 1, 2021	3,566	(2,213)	(77)	1,275	23,750	325,797
Change during the fiscal year						
Dividends of surplus						(6,487)
Profit attributable to owners of parent						39,917
Purchase of treasury shares						(6,881)
Disposal of treasury stock upon restricted stock compensation						50
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	924	20,862	(80)	21,706	1,584	23,290
Total change during the fiscal year	924	20,862	(80)	21,706	1,584	49,889
Balance as of March 31, 2022	4,490	18,649	(157)	22,982	25,335	375,686

Non-consolidated Financial Statements
Balance Sheets (As of March 31, 2022)

(Unit: million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	2,365	Current liabilities	19,206
Cash and deposits	1,379	Short-term borrowings from subsidiaries and associates	18,410
Accounts receivable - trade	387	Accounts payable - other	27
Accounts receivable - other	411	Accrued expenses	205
Other	186	Income taxes payable	404
Allowance for doubtful accounts	(0)	Provision for bonuses	106
		Other	53
Non-current assets	116,675	Non-current liabilities	3,745
Property, plant and equipment	1,769	Long-term accounts payable - other	804
Buildings	389	Deferred tax liabilities	2,657
Structures	52	Retirement benefit liability	252
Machinery and equipment	9	Other	31
Vehicles	10	Total liabilities	22,952
Tools, furniture and fixtures	29	Net assets	
Land	1,226	Shareholders' equity	91,749
Construction in progress	15	Share capital	7,996
Other	36	Retained earnings	84,794
Intangible assets	124	Legal retained earnings	1,999
Investments and other assets	114,781	Other retained earnings	82,795
Investment securities	10,177	General reserve	26,090
Shares of subsidiaries and affiliates	78,807	Retained earnings brought forward	56,705
Long-term loans receivable from subsidiaries and associates	22,840	Treasury shares	(1,042)
Other	3,029	Valuation and translation adjustments	4,338
Allowance for doubtful accounts	(74)	Valuation difference on available-for-sale securities	4,338
Total assets	119,040	Total net assets	96,088
		Total liabilities and net assets	119,040

Non-consolidated Financial Statements
 Statements of Income (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

Item	Amount	
Operating income		22,609
Operating expenses		
Selling, general and administrative expenses		2,585
Operating profit		20,023
Non-operating income		
Interest income and dividend income	355	
Foreign exchange gains	2,440	
Other	17	2,813
Non-operating expenses		
Interest expenses	63	
Loss on investments in investment partnerships	19	
Other	32	115
Ordinary profit		22,722
Extraordinary income		
Gain on sale of investment securities	1	1
Extraordinary losses		
Loss on sale of investment securities	1	1
Profit before income taxes		22,722
Income taxes - current	601	
Income taxes - deferred	720	1,321
Profit		21,401

Statements of Changes in Net Assets (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity					
	Share capital	Capital surplus	Retained earnings			Total retained earnings
			Legal retained earnings	Other retained earnings		
				General reserve	Retained earnings brought forward	
Balance as of April 1, 2021	7,996	–	1,999	26,090	50,297	78,386
Change during the fiscal year						
Dividends of surplus					(6,607)	(6,607)
Profit					21,401	21,401
Purchase of treasury shares						
Disposal of treasury stock upon restricted stock compensation		9				
Cancellation of treasury shares		(9)			(8,386)	(8,386)
Net changes in items other than shareholders' equity						
Total change during the fiscal year	–	–	–	–	6,408	6,408
Balance as of March 31, 2022	7,996	–	1,999	26,090	56,705	84,794

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2021	(2,596)	83,787	3,422	3,422	87,209
Change during the fiscal year					
Dividends of surplus		(6,607)			(6,607)
Profit		21,401			21,401
Purchase of treasury shares	(6,881)	(6,881)			(6,881)
Disposal of treasury stock upon restricted stock compensation	40	50			50
Cancellation of treasury shares	8,395	–			–
Net changes in items other than shareholders' equity			916	916	916
Total change during the fiscal year	1,554	7,962	916	916	8,878
Balance as of March 31, 2022	(1,042)	91,749	4,338	4,338	96,088