

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Fiscal Year 2024) <Under Japanese GAAP>

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 Scheduled date of the annual shareholders' meeting: June 25, 2024
 Scheduled date of payment of dividend: June 10, 2024
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 Preparation of supplementary materials for financial results: None

(Millions of yen with fractional amounts rounded off, unless otherwise noted)

1. Consolidated Financial Results for Fiscal Year 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	320,982	(9.8)	21,055	42.1	21,034	43.4	13,826	5.5
Fiscal year ended March 31, 2023	355,715	21.5	14,819	68.0	14,671	39.1	13,108	107.3

Note: Comprehensive income Fiscal year ended March 31, 2024: 14,740 million yen [(25.0)%]
Fiscal year ended March 31, 2023: 19,656 million yen [41.7%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	318.13	–	7.4	6.1	6.6
Fiscal year ended March 31, 2023	301.61	–	7.7	4.5	4.2

Reference: Equity in earnings (losses) of affiliates Fiscal year ended March 31, 2024: 1,961 million yen
Fiscal year ended March 31, 2023: 1,420 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	354,217	201,430	54.9	4,478.71
As of March 31, 2023	337,713	190,174	53.2	4,134.64

Reference: Equity As of March 31, 2024: 194,640 million yen
As of March 31, 2023: 179,687 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	24,290	(17,048)	(14,173)	26,094
Fiscal year ended March 31, 2023	19,259	(6,138)	(9,017)	32,421

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year 2023	–	15.00	–	65.00	80.00	3,477	26.5	2.0
Fiscal Year 2024	–	15.00	–	75.00	90.00	3,911	28.3	2.1
Fiscal Year 2025 (Forecast)	–	30.00	–	60.00	90.00		31.3	

Note: Revisions to the most recently announced dividend forecast: None

The year-end dividend for the fiscal year ended March 31, 2023, includes a commemorative dividend of 5 yen per share for the 75th anniversary of the foundation of the Company.

3. Forecasts of Consolidated Earnings for Fiscal Year 2025 (from April 1, 2024 to March 31, 2025)

(Percentages represent year-on-year changes)

	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
First half	164,000	5.4	7,500	(24.6)	7,500	(25.0)	5,000	(36.4)	115.05
Full year	337,000	5.0	19,000	(9.8)	19,000	(9.7)	12,500	(9.6)	287.63

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: None

Excluded: 1 company (KANTO STEEL LTD.)

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	44,898,730 shares
As of March 31, 2023	44,898,730 shares

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

As of March 31, 2024	1,439,755 shares
As of March 31, 2023	1,439,755 shares

3) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	43,458,975 shares
Fiscal year ended March 31, 2023	43,458,975 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for Fiscal Year 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	145,850	4.3	17,626	55.8	19,691	52.3	29,170	340.2
Fiscal year ended March 31, 2023	139,897	17.9	11,311	377.4	12,926	293.7	6,626	173.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2024	671.20	—
Fiscal year ended March 31, 2023	152.47	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	230,517	163,089	70.8	3,752.72
As of March 31, 2023	193,046	135,957	70.4	3,128.39

Reference: Equity

As of March 31, 2024: 163,089 million yen

As of March 31, 2023: 135,957 million yen

<Reasons for Differences between Non-consolidated Financial Results for Fiscal Years 2023 and 2024>

Amid weak product demand in the domestic steel business, the Company's core area of operations, the financial results for fiscal year 2024 exceeded those for fiscal year 2023 mainly because a widened gap between sales and purchase prices was achieved by broadly passing through the persistently high raw material prices and high costs to product prices. In addition, profit (gain on extinguishment of tie-in shares), as well as total assets and net assets increased because the Company merged with the consolidated subsidiary KANTO STEEL LTD. on March 31, 2024.

* Financial results reports are exempt from audit conducted by certified public accountants or an auditing corporation.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on information available at the date of publication for this document and certain assumptions regarding factors that may influence future results at the date of publication. Actual results may vary significantly from these forecasts due to a wide range of factors. For the underlying assumptions for forecasts, precautions concerning usage and other information, please refer to “1. Overview of Operating Results, (3) Future Outlook” on page 4 of the attachments.

Contents of Attachments

1. Overview of Operating Results	2
(1) Overview of Operating Results for the Current Fiscal Year	2
(2) Overview of Financial Position for the Current Fiscal Year	3
(3) Future Outlook	4
(4) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years	5
2. Basic Approach to the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Comprehensive Income	8
(Consolidated Statements of Income)	8
(Consolidated Statements of Comprehensive Income)	9
(3) Consolidated Statements of Changes in Equity	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
Notes on Going Concern Assumption	14
Segment and Other Information	14
Per Share Information	17
Material Subsequent Events	17

1. Overview of Operating Results

(1) Overview of Operating Results for the Current Fiscal Year

During the fiscal year ended March 31, 2024, the Japanese economy is gradually recovering due to the effects of various policies amid an improving employment and income environment. However, the outlook continues to require caution mainly due to rising prices and supply-side constraints resulting from the protracted situation in Russia and Ukraine, the situation surrounding the Middle East region, and fluctuations in financial and capital markets.

Amid these circumstances, consolidated net sales of the Kyoei Steel Group in the current fiscal year decreased by 34,733 million yen (9.8%) year on year to 320,982 million yen, consolidated operating profit increased by 6,236 million yen (42.1%) year on year to 21,055 million yen, consolidated ordinary profit increased by 6,363 million yen (43.4%) year on year to 21,034 million yen, and profit attributable to owners of parent increased by 718 million yen (5.5%) year on year to 13,826 million yen.

As previously announced on April 19, an extraordinary loss (impairment loss) of 4,945 million yen related to the consolidated subsidiary, VINA KYOEI STEEL COMPANY LIMITED was recorded during this fiscal year.

Results by business segment are as follows.

1) Domestic Steel Business

For this business segment, demand remained weak mainly due to rising construction costs caused by soaring construction material prices and construction delays caused by labor shortages, but the Group's product shipments increased by 37,000 tons year on year to 1,582,000 tons. In terms of profits, while product prices were 3,800 yen (3.8%) higher than the previous fiscal year as an increase in product prices prevailed in the market, the price of steel scrap, raw material, fell 2,100 yen (3.8%) year on year due to a decline in demand from China and other overseas countries, resulting in an increase of 5,900 yen (12.3%) in the sales margins (the difference between the sales price of the product and the purchase price of raw materials).

As a result, segment net sales increased by 6,141 million yen (4.0%) year on year to 159,722 million yen and operating profit increased by 9,345 million yen (63.5%) year on year to 24,062 million yen.

2) Overseas Steel Business

Kyoei Steel operates steel businesses in Vietnam and North America (the United States and Canada), both of which have a fiscal year-end of December 31.

In Vietnam, both the northern and southern bases posted losses for the full year amid a prolonged real estate recession. In the northern region, there were signs of recovery in the fourth quarter partly due to government-led infrastructure investment, but performance struggled partly due to competition for market share. In the southern region, demand for private housing remained sluggish, and the southern bases, which have mainly focused on residential applications, posted significant losses despite efforts to improve by cutting costs and to acquire project constructions.

In North America, the U.S. economy did not stall significantly due to various government support measures, and corporate capital investment and consumer spending both remained strong. Although demand for steel remained solid amid these circumstances, our bases in the U.S. were unable to achieve sufficient production and sales mainly due to the fire that occurred in the third quarter and manufacturing troubles caused by aging equipment, resulting in a loss. On the other hand, the performance in Canada remained strong, as measures to reduce manufacturing costs were successful in and after the third quarter amid firm demand, and the sales margins expanded due to the high level of product prices.

As a result, segment net sales decreased by 39,527 million yen (20.8%) year on year to 150,075 million yen, and there was an operating loss of 2,827 million yen (compared with an operating loss of 674 million yen in the previous fiscal year).

3) Material Recycling Business

Medical waste treatment projects significantly decreased following the shift of COVID-19 to category 5, and shipments were temporarily suspended due to large-scale regular maintenance works at the Yamaguchi Division, the largest

processing base of the Kyoei Steel Group. Accordingly, segment net sales decreased by 1,162 million yen (15.2%) year on year to 6,483 million yen and operating profit decreased by 705 million yen (43.1%) year on year to 933 million yen.

4) Others

This category includes harbor operations in Vietnam and the casting business in Japan and Vietnam. Segment net sales decreased by 185 million yen (3.8%) year on year to 4,702 million yen, and operating profit was 80 million yen (compared with an operating loss of 72 million yen in the previous fiscal year).

(2) Overview of Financial Position for the Current Fiscal Year

1) Assets, liabilities and net assets

(i) Assets

Current assets increased by 10,300 million yen, or 4.9%, from the end of the previous fiscal year to 220,891 million yen. This was attributable mainly to increases of 5,157 million yen in accounts receivable - trade, 6,988 million yen in electronically recorded monetary claims - operating, and 1,009 million yen in other under current assets, and decreases of 108 million yen in cash and deposits, 223 million yen in merchandise and finished goods, and 2,287 million yen in raw materials and supplies.

Non-current assets increased by 6,204 million yen, or 4.9%, from the end of the previous fiscal year to 133,326 million yen. This was attributable mainly to increases of 676 million yen in land, 3,729 million yen in construction in progress, 3,994 million yen in investment securities, 1,149 million yen in retirement benefit asset, 1,917 million yen in deferred tax assets, and 166 million yen in other under investments and other assets, and decreases of 3,214 million yen in buildings and structures, 1,749 million yen in machinery, equipment and vehicles, and 188 million yen in other under intangible assets.

As a result, total assets increased by 16,504 million yen, or 4.9%, from the end of the previous fiscal year to 354,217 million yen.

(ii) Liabilities

Current liabilities increased by 8,290 million yen, or 8.3%, from the end of the previous fiscal year to 107,925 million yen. This was attributable mainly to increases of 5,908 million yen in notes and accounts payable - trade, 318 million yen in electronically recorded obligations - operating, 541 million yen in current portion of long-term borrowings, and 5,424 million yen in income taxes payable, and decreases of 2,991 million yen in short-term borrowings and 897 million yen in other under current liabilities.

Non-current liabilities decreased by 3,043 million yen, or 6.4%, from the end of the previous fiscal year to 44,862 million yen. This was attributable mainly to increases of 628 million yen in deferred tax liabilities and 730 million yen in retirement benefit liability, and a decrease of 4,347 million yen in long-term borrowings.

As a result, total liabilities increased by 5,248 million yen, or 3.6%, from the end of the previous fiscal year to 152,787 million yen.

(iii) Net assets

Net assets increased by 11,256 million yen, or 5.9%, from the end of the previous fiscal year to 201,430 million yen. This was attributable mainly to the recording of profit attributable to owners of parent of 13,826 million yen, increases of 1,804 million yen in valuation difference on available-for-sale securities, 2,603 million yen in foreign currency translation adjustment, and 271 million yen in remeasurements of defined benefit plans, and decreases of 3,697 million yen in non-controlling interests and 3,477 million yen due to dividends of retained earnings.

As a result, net assets per share increased by 344.07 yen from the end of the previous fiscal year to 4,478.71 yen. Equity-to-asset ratio increased from 53.2% at the end of the previous fiscal year to 54.9%.

2) Cash flows

Cash and cash equivalents at the end of the current fiscal year decreased by 6,327 million yen from the end of the previous fiscal year to 26,094 million yen. The cash flow components during the current fiscal year and the main reasons for changes are as follows.

(i) Cash flows from operating activities

Net cash provided by operating activities was 24,290 million yen. Major components included profit before income taxes of 15,316 million yen, depreciation of 9,861 million yen, impairment losses of 4,980 million yen, an increase of 10,726 million yen in trade receivables, a decrease of 4,723 million yen in inventories, an increase of 5,874 million yen in trade payables, and interest paid of 3,504 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities was 17,048 million yen. Major components included payments into time deposits and other of 55,695 million yen, proceeds from withdrawal of time deposits and other of 49,868 million yen and purchase of property, plant and equipment of 10,435 million yen.

(iii) Cash flows from financing activities

Net cash used in financing activities was 14,173 million yen. Major components included a net decrease of 6,150 million yen in short-term borrowings, repayments of long-term borrowings of 4,305 million yen, and dividends paid of 3,476 million yen.

Trends in the Kyoei Steel Group's cash flow indicators and other indicators are shown below.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity-to-asset ratio	54.9%	54.7%	51.9%	53.2%	54.9%
Equity ratio based on market price	20.1%	25.6%	18.5%	20.7%	29.6%
Interest-bearing debt to cash flow ratio	217.8%	521.8%	—	523.9%	387.0%
Interest coverage ratio	17.3 times	11.2 times	—	8.1 times	6.9 times

Notes: 1. The following formulas are used to calculate each indicator.

- Equity-to-asset ratio: $\text{Equity} / \text{Total assets}$
- Equity ratio based on market price: $\text{Market capitalization} / \text{Total assets}$
- Interest-bearing debt to cash flow ratio: $\text{Interest-bearing debt} / \text{Operating cash flow}$
- Interest coverage ratio: $\text{Operating cash flow} / \text{Interest expense}$

2. All calculations are based on consolidated financial figures.

3. Market capitalization is calculated based on the number of shares outstanding excluding treasury shares.

4. For the fiscal year ended March 31, 2022, the interest-bearing debt to cash flow ratio and interest coverage ratio are not stated because operating cash flows were negative.

(3) Future Outlook

The outlook for the next fiscal year is as follows.

Domestic steel demand in both the residential and non-residential sectors is expected to remain at about the same level as in the previous fiscal year, although affected by rising construction costs. However, the market environment is expected to remain weak due to construction schedule delays caused by the 2024 problem in the construction industry (possible service disruptions due to new overtime rules for workers) since the previous fiscal year. The Kyoei Steel Group expects the product shipment volume to be almost on par with the results of the current fiscal year by strengthening of the delivery system and other factors. However, the domestic steel business is expected to see a decrease in profit compared to the current fiscal year as costs are expected to increase mainly due to the high price of steel scrap, rising costs of electricity and other energy costs, and responses to the 2024 problem in logistics.

With regard to the overseas steel business, the Kyoei Steel Group recognizes that the restructuring of the Vietnam business, in particular, is our top priority. With steel demand in the country stagnating due to the real estate recession and intense competition, both the northern and southern areas are expected to struggle. However, the three bases in the country will continue to strengthen their sales structure, reduce costs, and diversify raw material procurement, while the southern bases will work on restructuring by reducing the risk of fluctuations in business performance through low-stock operations with low production volume. With regard to North America, the U.S. business environment is expected to be challenging due to aging equipment and changes in the competitive situation in the surrounding areas. However, it will strive to improve its performance by investing in aging equipment while getting a boost from solid demand. On the other hand, the Canadian base is expected to see an increase in profit due to cost reductions and other factors as demand remains strong. As a result, the overall performance of the overseas steel business is expected to exceed the results of the current fiscal year.

As a result, for the next fiscal year, we project consolidated net sales of 337,000 million yen, consolidated operating profit of 19,000 million yen, consolidated ordinary profit of 19,000 million yen, and profit attributable to owners of parent of 12,500 million yen.

(4) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

We believe that increasing corporate value through our business activities is the best way to return profits to our shareholders. With regard to dividends, we will return an appropriate level of dividends to shareholders while securing the internal reserves necessary for business growth and strengthening the corporate structure from a long-term perspective. Specifically, the Company's basic policy is to pay a target "consolidated dividend payout ratio of 25% to 30% per year, with a minimum annual dividend per share of 30 yen."

Taking into account the business results for the current fiscal year, the year-end dividend for the current fiscal year is 75 yen per share, an increase of 10 yen from the amount announced on October 31, 2023. As a result, the annual dividend is 90 yen per share, including the interim dividend of 15 yen per share already paid.

The Company has revised its dividend policy and set a target consolidated dividend payout ratio of 30 to 35% (previously 25 to 30%).

Based on this policy, for the next fiscal year, we plan to pay an interim dividend of 30 yen per share and a year-end dividend of 60 yen per share, for an annual dividend of 90 yen per share.

2. Basic Approach to the Selection of Accounting Standards

The Kyoei Steel Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being, taking into consideration the comparability of consolidated financial statements from period to period and the comparability among companies, and we intend to adopt IFRS in an appropriate manner, taking into consideration various conditions in Japan and overseas.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	57,746	57,638
Notes receivable - trade	725	630
Accounts receivable - trade	60,539	65,696
Electronically recorded monetary claims - operating	20,092	27,081
Merchandise and finished goods	37,040	36,817
Raw materials and supplies	30,476	28,188
Other	4,266	5,275
Allowance for doubtful accounts	(293)	(434)
Total current assets	210,591	220,891
Non-current assets		
Property, plant and equipment		
Buildings and structures	64,082	65,640
Accumulated depreciation	(39,327)	(44,100)
Buildings and structures, net	24,754	21,541
Machinery, equipment and vehicles	160,946	169,019
Accumulated depreciation	(119,634)	(129,456)
Machinery, equipment and vehicles, net	41,312	39,563
Land	31,187	31,863
Construction in progress	3,108	6,837
Other	5,271	5,649
Accumulated depreciation	(3,438)	(4,005)
Other, net	1,833	1,644
Total property, plant and equipment	102,194	101,448
Intangible assets		
Goodwill	829	797
Other	3,164	2,976
Total intangible assets	3,993	3,773
Investments and other assets		
Investment securities	14,065	18,060
Long-term loans receivable	243	187
Retirement benefit asset	3,983	5,132
Deferred tax assets	731	2,648
Other	1,949	2,115
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	20,936	28,106
Total non-current assets	127,123	133,326
Total assets	337,713	354,217

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,370	22,279
Electronically recorded obligations - operating	2,623	2,941
Short-term borrowings	58,342	55,351
Current portion of long-term borrowings	4,235	4,776
Income taxes payable	1,604	7,029
Provision for bonuses	966	953
Other	15,494	14,597
Total current liabilities	99,635	107,925
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	26,960	22,612
Deferred tax liabilities	3,636	4,265
Deferred tax liabilities for land revaluation	2,394	2,394
Retirement benefit liability	3,344	4,074
Other	1,570	1,517
Total non-current liabilities	47,904	44,862
Total liabilities	147,539	152,787
Net assets		
Shareholders' equity		
Share capital	18,516	18,516
Capital surplus	19,716	19,636
Retained earnings	125,499	135,848
Treasury shares	(1,700)	(1,700)
Total shareholders' equity	162,030	172,300
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,190	3,994
Deferred gains or losses on hedges	109	114
Revaluation reserve for land	4,536	4,536
Foreign currency translation adjustment	7,559	10,162
Remeasurements of defined benefit plans	3,264	3,535
Total accumulated other comprehensive income	17,657	22,340
Non-controlling interests	10,487	6,790
Total net assets	190,174	201,430
Total liabilities and net assets	337,713	354,217

(2) Consolidated Statements of Income and Comprehensive Income**(Consolidated Statements of Income)**

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	355,715	320,982
Cost of sales	321,441	279,012
Gross profit	34,274	41,969
Selling, general and administrative expenses	19,455	20,915
Operating profit	14,819	21,055
Non-operating income		
Interest income	724	1,128
Dividend income	275	363
Share of profit of entities accounted for using equity method	1,420	1,961
Other	683	511
Total non-operating income	3,103	3,962
Non-operating expenses		
Interest expenses	2,584	3,582
Foreign exchange losses	472	235
Other	194	166
Total non-operating expenses	3,251	3,983
Ordinary profit	14,671	21,034
Extraordinary income		
Gain on sale and retirement of non-current assets	68	159
Gain on sale of investment securities	39	-
Insurance claim income	493	871
Subsidy income	7	-
Other	6	-
Total extraordinary income	613	1,030
Extraordinary losses		
Loss on sale and retirement of non-current assets	351	457
Loss on accident	232	1,241
Impairment losses	1,068	4,980
Other	4	71
Total extraordinary losses	1,654	6,748
Profit before income taxes	13,629	15,316
Income taxes - current	2,062	7,975
Income taxes - deferred	27	(2,313)
Total income taxes	2,089	5,662
Profit	11,540	9,653
Loss attributable to non-controlling interests	(1,567)	(4,172)
Profit attributable to owners of parent	13,108	13,826

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	11,540	9,653
Other comprehensive income		
Valuation difference on available-for-sale securities	1,346	1,804
Deferred gains or losses on hedges	312	2
Foreign currency translation adjustment	5,355	3,009
Remeasurements of defined benefit plans, net of tax	1,102	271
Total other comprehensive income	8,116	5,087
Comprehensive income	19,656	14,740
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,868	18,509
Comprehensive income attributable to non-controlling interests	(212)	(3,769)

(3) Consolidated Statements of Changes in Equity

FY2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,516	21,114	114,130	(1,700)	152,059
Changes during period					
Dividends of surplus			(1,738)		(1,738)
Profit attributable to owners of parent			13,108		13,108
Change in ownership interest of parent due to transactions with non-controlling interests		(1,398)			(1,398)
Net changes in items other than shareholders' equity					
Total changes during period	–	(1,398)	11,369	–	9,971
Balance at end of period	18,516	19,716	125,499	(1,700)	162,030

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	843	(186)	4,536	3,541	2,162	10,896	12,734	175,689
Changes during period								
Dividends of surplus								(1,738)
Profit attributable to owners of parent								13,108
Change in ownership interest of parent due to transactions with non-controlling interests								(1,398)
Net changes in items other than shareholders' equity	1,346	294	–	4,018	1,102	6,761	(2,247)	4,514
Total changes during period	1,346	294	–	4,018	1,102	6,761	(2,247)	14,485
Balance at end of period	2,190	109	4,536	7,559	3,264	17,657	10,487	190,174

FY2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,516	19,716	125,499	(1,700)	162,030
Changes during period					
Dividends of surplus			(3,477)		(3,477)
Profit attributable to owners of parent			13,826		13,826
Change in ownership interest of parent due to transactions with non-controlling interests		(80)			(80)
Net changes in items other than shareholders' equity					
Total changes during period	–	(80)	10,349	–	10,270
Balance at end of period	18,516	19,636	135,848	(1,700)	172,300

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,190	109	4,536	7,559	3,264	17,657	10,487	190,174
Changes during period								
Dividends of surplus								(3,477)
Profit attributable to owners of parent								13,826
Change in ownership interest of parent due to transactions with non-controlling interests								(80)
Net changes in items other than shareholders' equity	1,804	5	–	2,603	271	4,684	(3,697)	987
Total changes during period	1,804	5	–	2,603	271	4,684	(3,697)	11,256
Balance at end of period	3,994	114	4,536	10,162	3,535	22,340	6,790	201,430

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	13,629	15,316
Depreciation	9,770	9,861
Impairment losses	1,068	4,980
Amortization of goodwill	105	108
Increase (decrease) in provisions	(336)	118
Increase (decrease) in retirement benefit liability	(1,036)	726
Share of loss (profit) of entities accounted for using equity method	(1,420)	(1,961)
Loss (gain) on sale and retirement of non-current assets	283	298
Loss on accident	-	1,241
Insurance claim income	(493)	(871)
Subsidy income	(7)	-
Interest and dividend income	(1,000)	(1,490)
Interest expenses	2,584	3,582
Decrease (increase) in trade receivables	(11,071)	(10,726)
Decrease (increase) in inventories	5,399	4,723
Increase (decrease) in trade payables	(2,838)	5,874
Increase (decrease) in accrued consumption taxes	2,232	(456)
Decrease (increase) in retirement benefit asset	(319)	(542)
Other, net	3,607	(1,766)
Subtotal	20,158	29,015
Interest and dividends received	993	1,586
Interest paid	(2,389)	(3,504)
Payments associated with loss on accident	-	(1,241)
Proceeds from insurance income	199	1,164
Subsidies received	7	-
Income taxes refund (paid)	290	(2,730)
Net cash provided by (used in) operating activities	19,259	24,290
Cash flows from investing activities		
Payments into time deposits and other	(36,657)	(55,695)
Proceeds from withdrawal of time deposits and other	37,505	49,868
Purchase of investment securities	(5)	(6)
Proceeds from sale and redemption of investment securities	71	-
Payments of deposit	(0)	-
Proceeds from withdrawal deposit	2	0
Loan advances	(8)	(312)
Proceeds from collection of loans receivable	303	99
Purchase of property, plant and equipment	(6,602)	(10,435)
Proceeds from sale of property, plant and equipment	36	200
Purchase of intangible assets	(522)	(395)
Other, net	(260)	(372)
Net cash provided by (used in) investing activities	(6,138)	(17,048)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,686)	(6,150)
Proceeds from long-term borrowings	5,000	–
Repayments of long-term borrowings	(4,966)	(4,305)
Repayments of installment payables	(214)	(234)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,220)	–
Dividends paid	(1,738)	(3,476)
Dividends paid to non-controlling interests	(1,192)	(8)
Other, net	–	1
Net cash provided by (used in) financing activities	(9,017)	(14,173)
Effect of exchange rate change on cash and cash equivalents	1,107	604
Net increase (decrease) in cash and cash equivalents	5,211	(6,327)
Cash and cash equivalents at beginning of period	27,210	32,421
Cash and cash equivalents at end of period	32,421	26,094

(5) Notes to Consolidated Financial Statements

Notes on Going Concern Assumption

Not applicable.

Segment and Other Information

1. Overview of reportable segments

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the highest management decision-making body performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group consists of three business units: the Domestic Steel Business, Overseas Steel Business and Material Recycling Business. Each business unit determines its own comprehensive strategies and has devised for products and services in both domestic and overseas markets.

Consequently, the Group has three reportable business segments: the Domestic Steel Business, Overseas Steel Business and Material Recycling Business.

In the Domestic Steel Business, the Group manufactures and sells steel products, mainly for domestic building construction and civil engineering, and has a cargo transportation business. In the Overseas Steel Business, the Group manufactures and sells steel products, mainly for building construction and civil engineering overseas. In the Material Recycling Business, the Group performs intermediate and final processing of medical waste and industrial waste and has a recycled crushed stone business and other activities.

2. Calculation method for net sales, profit/loss, assets, and other items for each reportable segment

The accounting treatment methods for reportable business segments are in accordance with the accounting policies used to prepare the consolidated financial statements.

Earnings for reportable segments are operating profit.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit/loss and assets and other items for each reportable segment and information on disaggregation of revenue

FY2023 (from Apr. 1, 2022 to Mar. 31, 2023)

(Millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Notes 2, 3, 4, 5)	Amounts shown on the consolidated financial statements (Note 6)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
Revenue from contracts with customers	153,581	189,603	7,645	350,828	4,886	–	355,715
Sales to external customers	153,581	189,603	7,645	350,828	4,886	–	355,715
Inter-segment sales and transfers	8	767	371	1,146	1,052	(2,198)	–
Total	153,588	190,370	8,016	351,974	5,938	(2,198)	355,715
Segment profit (loss)	14,717	(674)	1,638	15,681	(72)	(791)	14,819
Segment assets	147,101	129,366	6,725	283,192	11,834	42,687	337,713
Other items							
Depreciation	3,659	5,090	191	8,940	452	378	9,770
Amortization of goodwill	–	105	–	105	–	–	105
Impairment losses	–	1,068	–	1,068	–	–	1,068
Increase in property, plant and equipment and intangible assets	4,086	4,629	109	8,824	90	419	9,332

- Notes:
1. “Others” represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, castings, civil engineering materials sales and insurance agent businesses.
 2. The adjustment of (791) million yen to “segment profit (loss)” includes 38 million yen in eliminations for inter-segment transactions and (829) million yen in corporate costs that are not allocated to reportable segments. Corporate costs mainly include general and administration expenses of the Company’s head office that cannot be attributed to reportable segments.
 3. The adjustment of 42,687 million yen to “segment assets” includes the Company’s excess funds (cash and deposits, and marketable securities), long-term investments (investment securities), and assets which belong to the administration department.
 4. The adjustment of 378 million yen to “depreciation” is related to the general and administrative operations of the Company’s head office that cannot be attributed to reportable segments.
 5. The adjustment of 419 million yen to an “increase in property, plant and equipment and intangible assets” is related to the general and administrative operations of the Company’s head office that cannot be attributed to reportable segments.
 6. “Segment profit (loss)” is adjusted to be consistent with operating profit shown on the consolidated financial statements.

FY2024 (from Apr. 1, 2023 to Mar. 31, 2024)

(Millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Notes 2, 3, 4, 5)	Amounts shown on the consolidated financial statements (Note 6)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
Revenue from contracts with customers	159,722	150,075	6,483	316,280	4,702	–	320,982
Sales to external customers	159,722	150,075	6,483	316,280	4,702	–	320,982
Inter-segment sales and transfers	1	–	524	526	925	(1,450)	–
Total	159,723	150,075	7,007	316,806	5,626	(1,450)	320,982
Segment profit (loss)	24,062	(2,827)	933	22,168	80	(1,193)	21,055
Segment assets	163,462	127,747	6,994	298,203	11,864	44,150	354,217
Other items							
Depreciation	3,702	5,038	240	8,980	500	380	9,861
Amortization of goodwill	–	108	–	108	–	–	108
Impairment losses	35	4,945	1	4,980	–	–	4,980
Increase in property, plant and equipment and intangible assets	4,993	5,486	536	11,016	179	305	11,499

- Notes:
1. “Others” represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, castings, civil engineering materials sales and insurance agent businesses.
 2. The adjustment of (1,193) million yen to “segment profit (loss)” includes 3 million yen in eliminations for inter-segment transactions and (1,196) million yen in corporate costs that are not allocated to reportable segments. Corporate costs mainly include general and administration expenses of the Company’s head office that cannot be attributed to reportable segments.
 3. The adjustment of 44,150 million yen to “segment assets” includes the Company’s excess funds (cash and deposits, and marketable securities), long-term investments (investment securities), and assets which belong to the administration department.
 4. The adjustment of 380 million yen to “depreciation” is related to the general and administrative operations of the Company’s head office that cannot be attributed to reportable segments.
 5. The adjustment of 305 million yen to an “increase in property, plant and equipment and intangible assets” is related to the general and administrative operations of the Company’s head office that cannot be attributed to reportable segments.
 6. “Segment profit (loss)” is adjusted to be consistent with operating profit shown on the consolidated financial statements.

Per Share Information

Items	FY2023 (from Apr. 1, 2022 to Mar. 31, 2023)	FY2024 (from Apr. 1, 2023 to Mar. 31, 2024)
Net assets per share	4,134.64 yen	4,478.71 yen
Basic earnings per share	301.61 yen	318.13 yen
	Diluted earnings per share is not presented since the Company has no outstanding dilutive securities.	Diluted earnings per share is not presented since the Company has no outstanding dilutive securities.

Notes: Basis for calculation is as follows.

1. Net assets per share

Items	FY2023 (as of Mar. 31, 2023)	FY2024 (as of Mar. 31, 2024)
Total net assets (Millions of yen)	190,174	201,430
Deduction on total net assets (Millions of yen)	(10,487)	(6,790)
[of which non-controlling interests (Millions of yen)]	[(10,487)]	[(6,790)]
Net assets applicable to common shares (Millions of yen)	179,687	194,640
Number of common shares outstanding (Thousand shares)	44,899	44,899
Number of treasury shares (Thousand shares)	1,440	1,440
Number of common shares at end of period used in calculation of net assets per share (Thousand shares)	43,459	43,459

2. Basic earnings per share

Items	FY2023 (from Apr. 1, 2022 to Mar. 31, 2023)	FY2024 (from Apr. 1, 2023 to Mar. 31, 2024)
Profit attributable to owners of parent (Millions of yen)	13,108	13,826
Amounts not available to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent applicable to common shares (Millions of yen)	13,108	13,826
Average number of common shares outstanding during the period (Thousand shares)	43,459	43,459

Material Subsequent Events

Not applicable.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.