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July 31, 2025

**Consolidated Financial Results for
the First Quarter of the Fiscal Year Ending March 31, 2026 (Fiscal Year 2026)
(Three Months Ended June 30, 2025)
<Under Japanese GAAP>**

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 Stock code: 5440 URL: <https://www.kyoeisteel.co.jp/en/>
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 Scheduled date of payment of dividend: –
 Preparation of supplementary materials for financial results: Yes

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

**1. Consolidated Financial Results for the First Quarter (from April 1, 2025 to June 30, 2025)
of Fiscal Year 2026**

(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	%
Three months ended June 30, 2025	74,152	(5.3)	4,302	39.2	4,066	5.3	2,724	3.5
Three months ended June 30, 2024	78,290	2.2	3,091	(36.6)	3,863	(21.1)	2,632	(33.3)

Note: Comprehensive income Three months ended June 30, 2025: (369) million yen [–%]
 Three months ended June 30, 2024: 4,601 million yen [30.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	62.69	–
Three months ended June 30, 2024	60.57	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	341,791	206,180	58.6
As of March 31, 2025	352,828	209,157	57.5

Reference: Equity As of June 30, 2025: 200,371 million yen
 As of March 31, 2025: 202,988 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2025	–	30.00	–	60.00	90.00
Fiscal Year 2026	–				
Fiscal Year 2026 (Forecast)		30.00	–	60.00	90.00

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

3. Forecasts of Consolidated Earnings for Fiscal Year 2026 (from April 1, 2025 to March 31, 2026)

(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	154,000	(4.4)	8,000	35.2	7,500	22.3	4,800	(5.2)	110.45
Full year	323,000	0.0	17,000	10.9	16,000	1.6	10,500	(2.7)	241.61

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

* Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly added: None

Excluded: None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2025	44,898,730 shares
As of March 31, 2025	44,898,730 shares

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

As of June 30, 2025	1,439,755 shares
As of March 31, 2025	1,439,755 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	43,458,975 shares
Three months ended June 30, 2024	43,458,975 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or auditing firms: None

* 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 a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to “1. Overview of Operating Results, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements” on page 4 of the attachments.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Current Period

In the first three months of the fiscal year ending March 31, 2026, the Japanese economy is expected to recover gradually due to improvements in the employment and income environment and the effects of various policies, there are increasing downside risks to the economy due to the impact of U.S. trade policy and declining personal consumption caused by continuing rising prices. In the global economy, there are concerns about the impact of the U.S. trade policy and other factors, and the situation continues to require close monitoring of future trends. Amid these circumstances, consolidated net sales of the Kyoei Steel Group in the first three months of the fiscal year ending March 31, 2026, decreased by 4,139 million yen (5.3%) year on year to 74,152 million yen, consolidated operating profit increased by 1,210 million yen (39.2%) year on year to 4,302 million yen, consolidated ordinary profit increased by 203 million yen (5.3%) year on year to 4,066 million yen, and profit attributable to owners of parent increased by 92 million yen (3.5%) year on year to 2,724 million yen.

Results by business segment are as follows.

1) Domestic Steel Business

For this business segment, construction work was delayed or prolonged due to a shortage of labor at construction and logistics sites, which continued from the previous fiscal year, and higher construction costs caused by soaring prices of various materials. As a result of these factors, demand for steel products remained weak, and our product shipments fell 32,000 tons (8.5%) year on year to 347,000 tons. The price of steel scrap, a raw material, fell 10,100 yen (18.9%) year on year due to sluggish demand both in Japan and overseas, reflecting economic stagnation caused by the U.S. tariff measures. On the other hand, regarding product prices, efforts were made to maintain and increase prices in response to rising costs such as labor and transportation, while focusing on manufacturing and selling in line with demand. As a result, the decline in product prices was limited to 6,900 yen (6.5%), thereby increasing the sales margin (the difference between the sales price of the product and the purchase price of raw materials) by 3,200 yen (6.2%). However, due to decreases in production volume and product shipments, net sales fell 5,554 million yen (14.5%) year on year to 32,687 million yen, and operating profit declined 714 million yen (15.3%) year on year to 3,968 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, demand for steel recovered due to government-led infrastructure investment and active private investment, and shipments at all bases increased from the same period of the previous fiscal year. Although the competitive environment remained severe and product prices declined compared to the same period of the previous fiscal year, increased production and cost improvements through various initiatives resulted in a significant year-on-year improvement in business performance.

In North America, amid difficult prospects due to tariff measures imposed by the U.S. government, our U.S. bases remained in the red due to a decrease in shipment volume caused by customers' wait-and-see attitude and operational troubles, but the business performance significantly recovered compared to the same period of the previous fiscal year. The Canadian base did not see much impact from the tariff measures in the U.S., and earnings increased compared to the same period of the previous fiscal year due to product shipments on a par with the same period of the previous fiscal year and the effect of cost improvements.

As a result, segment net sales increased by 1,728 million yen (4.7%) year on year to 38,825 million yen, and operating profit increased by 2,386 million yen (compared with an operating loss of 1,794 million yen in the same period of the previous fiscal year) to 592 million yen.

3) Material Recycling Business

For this business segment, although we focused on acquiring high-margin waste treatment projects, net sales decreased by 309 million yen (18.7%) year on year to 1,343 million yen and operating profit decreased by 280 million yen (90.5%)

year on year to 30 million yen due to a decrease in waste treatment volume and higher treatment costs resulting from intensified competition.

4) Others

This category includes harbor operations in Vietnam and the casting business in Japan and Vietnam. Segment net sales decreased by 3 million yen (0.2%) year on year to 1,297 million yen and operating profit increased by 58 million yen (48.6%) year on year to 178 million yen.

(2) Overview of Financial Position for the Current Period

Assets

Current assets decreased by 7,181 million yen, or 3.4%, from the end of the previous fiscal year to 204,115 million yen. This was attributable mainly to increases of 3,000 million yen in securities, 387 million yen in merchandise and finished goods, and 554 million yen in other under current assets, and decreases of 5,723 million yen in cash and deposits, 2,574 million yen in accounts receivable - trade, and 2,348 million yen in raw materials and supplies.

Non-current assets decreased by 3,855 million yen, or 2.7%, from the end of the previous fiscal year to 137,676 million yen. This was attributable mainly to decreases of 762 million yen in buildings and structures, 1,829 million yen in machinery, equipment and vehicles, and 522 million yen in investment securities, despite an increase of 372 million yen in other, net under property, plant and equipment.

As a result, total assets decreased by 11,037 million yen, or 3.1%, from the end of the previous fiscal year to 341,791 million yen.

Liabilities

Current liabilities increased by 3,534 million yen, or 3.4%, from the end of the previous fiscal year to 106,793 million yen. This was attributable mainly to increases of 1,713 million yen in notes and accounts payable - trade, 2,736 million yen in electronically recorded obligations - operating, and 10,000 million yen in current portion of bonds payable, and decreases of 4,619 million yen in short-term borrowings, 1,803 million yen in income taxes payable, and 4,379 million yen in other under current liabilities.

Non-current liabilities decreased by 11,594 million yen, or 28.7%, from the end of the previous fiscal year to 28,818 million yen. This was attributable mainly to decreases of 10,000 million yen in bonds payable, 948 million yen in long-term borrowings, and 282 million yen in deferred tax liabilities.

As a result, total liabilities decreased by 8,060 million yen, or 5.6%, from the end of the previous fiscal year to 135,611 million yen.

Net assets

Net assets decreased by 2,976 million yen, or 1.4%, from the end of the previous fiscal year to 206,180 million yen. This was attributable mainly to the recording of profit attributable to owners of parent of 2,724 million yen, and decreases of 2,216 million yen in foreign currency translation adjustment, 359 million yen in non-controlling interests, and 2,608 million yen due to dividends of retained earnings.

As a result, equity-to-asset ratio increased from 57.5% at the end of the previous fiscal year to 58.6%.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

For the domestic steel business, we expect the demand for steel construction materials to remain weak in the second quarter of the fiscal year ending March 31, 2026 and beyond due to the impact of labor shortages at construction and logistics sites, and product shipments are expected to be lower than expected in both the first half and the full year. Although there are no factors seen to significantly increase the price of steel scrap, the cost impact will be significant due to the decrease in production volume, so the performance of the domestic steel business is forecasted to be lower than initial plan.

In the overseas steel business, in Vietnam, despite a difficult competitive environment, performance is expected to exceed initial plans due to an increase in shipment volume in both the northern and southern regions, amid a recovery in demand for steel construction materials. With regard to North America, although the first half performance will be difficult due to delays in addressing operational issues at the U.S. bases, we expect to approach break-even in the second half of the year. The Canadian base is expected to continue to perform well in a strong demand environment, and the overall overseas steel business is expected to exceed the initial plan.

However, the decline in the performance of the domestic steel business is not expected to be offset by the improvement in the performance of the overseas steel business. Therefore, we have revised our first-half and full-year forecasts announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Fiscal Year 2025)” on April 30, 2025, as follows.

1. Revision of consolidated forecast figures for the second quarter of the fiscal year ending March 31, 2026 (from April 1, 2025 to September 30, 2025)

	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
Previous forecast (A)	158,000	9,500	9,000	6,000	138.06
Revised forecast (B)	154,000	8,000	7,500	4,800	110.45
Change (B-A)	(4,000)	(1,500)	(1,500)	(1,200)	
Change (%)	(2.5)	(15.8)	(16.7)	(20.0)	
(Reference) Results for the second quarter of the fiscal year ended March 31, 2025	161,037	5,915	6,135	5,066	116.56

2. Revision of consolidated forecast figures for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

	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
Previous forecast (A)	340,000	19,000	18,000	12,000	276.12
Revised forecast (B)	323,000	17,000	16,000	10,500	241.61
Change (B-A)	(17,000)	(2,000)	(2,000)	(1,500)	
Change (%)	(5.0)	(10.5)	(11.1)	(12.5)	
(Reference) Results for the fiscal year ended March 31, 2025	322,849	15,332	15,745	10,791	248.30

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	64,495	58,771
Notes receivable - trade	257	108
Accounts receivable - trade	53,371	50,797
Electronically recorded monetary claims - operating	18,011	17,668
Securities	—	3,000
Merchandise and finished goods	37,361	37,748
Raw materials and supplies	31,220	28,871
Other	7,025	7,579
Allowance for doubtful accounts	(442)	(426)
Total current assets	211,297	204,115
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,501	20,738
Machinery, equipment and vehicles, net	38,365	36,536
Land	32,161	31,838
Other, net	17,712	18,084
Total property, plant and equipment	109,738	107,196
Intangible assets		
Goodwill	702	641
Other	2,379	2,247
Total intangible assets	3,081	2,888
Investments and other assets		
Investment securities	17,526	17,004
Long-term loans receivable	150	14
Retirement benefit asset	6,133	6,021
Deferred tax assets	2,889	2,756
Other	2,050	1,836
Allowance for doubtful accounts	(36)	(40)
Total investments and other assets	28,712	27,591
Total non-current assets	141,531	137,676
Total assets	352,828	341,791

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,374	23,088
Electronically recorded obligations - operating	5,538	8,274
Short-term borrowings	50,369	45,749
Current portion of long-term borrowings	5,128	5,066
Current portion of bonds payable	—	10,000
Income taxes payable	3,267	1,464
Provision for bonuses	1,059	1,005
Other	16,525	12,146
Total current liabilities	103,259	106,793
Non-current liabilities		
Bonds payable	10,000	—
Long-term borrowings	18,053	17,104
Deferred tax liabilities	4,246	3,965
Deferred tax liabilities for land revaluation	2,463	2,463
Retirement benefit liability	3,996	3,819
Other	1,653	1,466
Total non-current liabilities	40,411	28,818
Total liabilities	143,671	135,611
Net assets		
Shareholders' equity		
Share capital	18,516	18,516
Capital surplus	19,621	19,601
Retained earnings	142,043	142,160
Treasury shares	(1,700)	(1,700)
Total shareholders' equity	178,479	178,576
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,171	2,866
Deferred gains or losses on hedges	120	102
Revaluation reserve for land	4,498	4,498
Foreign currency translation adjustment	12,541	10,325
Remeasurements of defined benefit plans	4,179	4,003
Total accumulated other comprehensive income	24,509	21,795
Non-controlling interests	6,169	5,810
Total net assets	209,157	206,180
Total liabilities and net assets	352,828	341,791

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

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	78,290	74,152
Cost of sales	69,618	64,057
Gross profit	8,672	10,095
Selling, general and administrative expenses	5,581	5,793
Operating profit	3,091	4,302
Non-operating income		
Interest income	272	243
Dividend income	179	177
Share of profit of entities accounted for using equity method	357	199
Foreign exchange gains	476	—
Other	174	209
Total non-operating income	1,458	827
Non-operating expenses		
Interest expenses	662	619
Foreign exchange losses	—	413
Other	24	31
Total non-operating expenses	686	1,063
Ordinary profit	3,863	4,066
Extraordinary income		
Gain on sale and retirement of non-current assets	16	57
Insurance claim income	—	14
Total extraordinary income	16	71
Extraordinary losses		
Loss on sale and retirement of non-current assets	16	13
Other	0	0
Total extraordinary losses	16	13
Profit before income taxes	3,863	4,124
Income taxes	1,468	1,415
Profit	2,395	2,709
Loss attributable to non-controlling interests	(237)	(16)
Profit attributable to owners of parent	2,632	2,724

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	2,395	2,709
Other comprehensive income		
Valuation difference on available-for-sale securities	(238)	(304)
Deferred gains or losses on hedges	19	(19)
Foreign currency translation adjustment	2,334	(2,579)
Remeasurements of defined benefit plans, net of tax	91	(176)
Total other comprehensive income	2,207	(3,078)
Comprehensive income	4,601	(369)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,595	10
Comprehensive income attributable to non-controlling interests	7	(379)

(3) Notes to Quarterly Consolidated Financial Statements**Notes on Segment and Other Information**

I. First three months of the fiscal year ended March 31, 2025 (from April 1, 2024 to June 30, 2024)

1. Information related to net sales and profit/loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
Revenue from contracts with customers	38,241	37,097	1,653	76,991	1,300	—	78,290
Sales to external customers	38,241	37,097	1,653	76,991	1,300	—	78,290
Inter-segment sales and transfers	—	31	144	175	232	(407)	—
Total	38,241	37,128	1,797	77,165	1,532	(407)	78,290
Segment profit (loss)	4,682	(1,794)	309	3,198	120	(226)	3,091

- Notes:
1. “Others” represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, castings and insurance agent businesses.
 2. The adjustment of (226) million yen to “segment profit (loss)” includes 29 million yen in eliminations for intersegment transactions and (256) 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. “Segment profit (loss)” is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses of non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in the amount of goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First three months of the fiscal year ending March 31, 2026 (from April 1, 2025 to June 30, 2025)

1. Information related to net sales and profit/loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
Revenue from contracts with customers	32,687	38,825	1,343	72,855	1,297	—	74,152
Sales to external customers	32,687	38,825	1,343	72,855	1,297	—	74,152
Inter-segment sales and transfers	4	18	144	166	243	(409)	—
Total	32,691	38,843	1,487	73,021	1,540	(409)	74,152
Segment profit	3,968	592	30	4,589	178	(466)	4,302

- Notes:
1. “Others” represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, castings and insurance agent businesses.
 2. The adjustment of (466) million yen to “segment profit” includes 3 million yen in eliminations for intersegment transactions and (469) 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. “Segment profit” is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses of non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in the amount of goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

Notes on Significant Changes in the Amount of Shareholders' Equity

Not applicable.

Notes on Going Concern Assumption

Not applicable.

Notes on Quarterly Consolidated Statements of Cash Flows

Quarterly consolidated statements of cash flows are not prepared for the three months ended June 30, 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 and 2025 are as follows.

	(Millions of yen)	
	Three months ended June 30, 2024	Three months ended June 30, 2025
Depreciation	2,137	2,050
Amortization of goodwill	29	28