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October 31, 2025

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

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 Scheduled date of filing of semi-annual securities report: (Japanese version only) November 10, 2025
 Scheduled date of payment of dividend: December 5, 2025
 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 Second Quarter (from April 1, 2025 to September 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	%
Six months ended September 30, 2025	154,683	(3.9)	9,208	55.7	8,482	38.3	5,433	7.3
Six months ended September 30, 2024	161,037	3.5	5,915	(40.5)	6,135	(38.6)	5,066	(35.6)

Note: Comprehensive income Six months ended September 30, 2025: 2,584 million yen [(72.8)%]
 Six months ended September 30, 2024: 9,499 million yen [(22.3)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2025	125.01	—
Six months ended September 30, 2024	116.56	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	338,354	209,076	60.0
As of March 31, 2025	352,828	209,157	57.5

Reference: Equity As of September 30, 2025: 203,087 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	—	30.00			
Fiscal Year 2026 (Forecast)			—	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
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: None

* 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 semi-annual 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 September 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 September 30, 2025	1,439,803 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)

Six months ended September 30, 2025	43,458,951 shares
Six months ended September 30, 2024	43,458,975 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or auditing firms.

* 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 six months of the fiscal year ending March 31, 2026, the global economy performed well despite uncertainties in U.S. trade policies and the impact of geopolitical risks. Despite the partial impact of factors such as U.S. trade policies, the Japanese economy maintained a moderate recovery trend, supported by wage increases and capital investment. Amid these circumstances, consolidated net sales of the Kyoei Steel Group in the first six months of the fiscal year ending March 31, 2026, decreased by 6,353 million yen (3.9%) year on year to 154,683 million yen, consolidated operating profit increased by 3,293 million yen (55.7%) year on year to 9,208 million yen, consolidated ordinary profit increased by 2,347 million yen (38.3%) year on year to 8,482 million yen, and profit attributable to owners of parent increased by 367 million yen (7.3%) year on year to 5,433 million yen.

Results by business segment are as follows.

1) Domestic Steel Business

Domestic demand for steel products remained sluggish due to labor shortages at construction and distribution sites, delays and lengthening of construction periods caused by extreme temperatures in the summer, and scattered revisions of plans in response to rising material prices and other factors. In this environment, product shipments in the first six months of the fiscal year ending March 31, 2026 decreased by 35,000 tons year on year to 690,000 tons. While the price of steel scrap, a raw material, remained weak and the price per ton fell 9,200 yen (17.8%) year on year, we managed to limit the decrease in product sales prices by 8,100 yen (7.8%) year on year through ensuring production and sales were in line with demand, thereby increasing the sales margin (the difference between the sales price of the product and the purchase price of raw materials) by 1,000 yen (2.0%) year on year.

However, due to decreases in production volume and shipments, net sales fell 9,157 million yen (12.6%) year on year to 63,745 million yen, and operating profit declined 975 million yen (12.4%) year on year to 6,897 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 driven by government-led infrastructure investment, and product shipments at all bases increased from the same period of the previous fiscal year. Although the competitive environment remained severe, increased shipments and cost reductions helped our operations in Vietnam to post an operating profit at all bases.

In North America, the business environment was favorable in both the U.S. and Canada. Although it is taking time to resolve operational issues at the U.S. base due to aging facilities, the operating deficit narrowed by approximately 40% year on year. The Canadian base performed well under firm construction demand. The impact of U.S. tariff policies was limited.

As a result, segment net sales increased by 3,440 million yen (4.2%) year on year to 85,755 million yen, and operating profit increased by 4,192 million yen (compared with an operating loss of 1,590 million yen in the same period of the previous fiscal year) to 2,601 million yen.

3) Material Recycling Business

For this business segment, net sales decreased by 432 million yen (13.6%) year on year to 2,750 million yen and operating profit decreased by 283 million yen (79.3%) year on year to 74 million yen due to continued fierce competition in the medical waste treatment business and higher costs stemming from lower treatment volumes.

4) Others

This category includes harbor operations in Vietnam and the casting business in Japan and Vietnam. Segment net sales decreased by 204 million yen (7.7%) year on year to 2,432 million yen and operating profit increased by 83 million yen (40.6%) year on year to 288 million yen.

(2) Overview of Financial Position for the Current Period

Assets

Current assets decreased by 12,498 million yen, or 5.9%, from the end of the previous fiscal year to 198,798 million yen. This was attributable mainly to increases of 8,000 million yen in securities, 1,730 million yen in raw materials and supplies, and 1,142 million yen in other under current assets, and decreases of 14,473 million yen in cash and deposits, 3,444 million yen in accounts receivable - trade, and 4,726 million yen in merchandise and finished goods.

Non-current assets decreased by 1,976 million yen, or 1.4%, from the end of the previous fiscal year to 139,555 million yen. This was attributable mainly to decreases of 963 million yen in buildings and structures, 1,705 million yen in machinery, equipment and vehicles, and 472 million yen in deferred tax assets, despite an increase of 1,631 million yen in other, net under property, plant and equipment and 354 million yen in investment securities.

As a result, total assets decreased by 14,474 million yen, or 4.1%, from the end of the previous fiscal year to 338,354 million yen.

Liabilities

Current liabilities decreased by 990 million yen, or 1.0%, from the end of the previous fiscal year to 102,269 million yen. This was attributable mainly to increases of 2,336 million yen in notes and accounts payable - trade, 1,477 million yen in electronically recorded obligations - operating, and 10,000 million yen in current portion of bonds payable, and decreases of 10,009 million yen in short-term borrowings, 723 million yen in income taxes payable, and 4,511 million yen in other under current liabilities.

Non-current liabilities decreased by 13,403 million yen, or 33.2%, from the end of the previous fiscal year to 27,009 million yen. This was attributable mainly to decreases of 10,000 million yen in bonds payable, 2,898 million yen in long-term borrowings, and 218 million yen in deferred tax liabilities.

As a result, total liabilities decreased by 14,393 million yen, or 10.0%, from the end of the previous fiscal year to 129,278 million yen.

Net assets

Net assets decreased by 81 million yen, or 0.0%, from the end of the previous fiscal year to 209,076 million yen. This was attributable mainly to the recording of profit attributable to owners of parent of 5,433 million yen, an increase of 225 million yen in valuation difference on available-for-sale securities, and decreases of 2,745 million yen in foreign currency translation adjustment, 180 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 60.0%.

Cash flows

Cash and cash equivalents at the end of the first half of the current fiscal year decreased by 4,298 million yen from the end of the previous fiscal year to 33,754 million yen. The cash flow components during the first half of 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 14,132 million yen. Major components included profit before income taxes of 8,382 million yen, depreciation of 3,794 million yen, a decrease of 2,027 million yen in trade receivables, an increase of 4,718 million yen in trade payables, interest and dividends received of 763 million yen, interest paid of 1,244 million yen, and income taxes paid of 3,293 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities was 7,495 million yen. Major components included payments into time deposits and other of 9,828 million yen, proceeds from withdrawal of time deposits and other of 15,620 million yen, purchase of securities of 4,000 million yen and purchase of property, plant and equipment of 9,031 million yen.

(iii) Cash flows from financing activities

Net cash used in financing activities was 10,757 million yen. Major components included a net decrease of 5,384 million yen in short-term borrowings, repayments of long-term borrowings of 2,527 million yen, and dividends paid of 2,607 million yen.

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

For the domestic steel business in and after the third quarter of the current fiscal year (second half), demand for steel construction materials is expected to remain weak due to delays and revisions in construction work caused by labor shortages and soaring material prices. In addition, steel scrap prices are on an upward trend and are expected to remain higher than previously assumed, resulting in a slightly lower-than-planned forecast due to a narrowing of the sales margin.

On the other hand, the performance for the overseas steel business is expected to be higher than planned. In Vietnam, shipments are expected to increase as the new rolling line, which began full-scale operations at the northern base, is smoothly ramping up amid continued strong demand for steel products. The southern base is expected to secure shipment volume by acquiring project orders, on which it has been focusing instead of residential demand, which has been slow to recover, and by exporting products to neighboring countries. In North America, the U.S. base will strive for stable operations to capture current demand and aim to return to profitability in the second half of the fiscal year. Although there is a slight delay in progress at the Canadian base due to equipment trouble, solid performance is expected.

In the material recycling business, we expect conditions to remain difficult as in the first half of the fiscal year, and we will work to increase the number of projects for difficult-to-treat waste with high treatment unit prices and CFC gases, aiming for a recovery in business performance.

Based on the above, the full-year forecast remains unchanged from that announced in the “Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2026” on July 31, 2025. The dividend forecast remains unchanged.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	64,495	50,022
Notes receivable - trade	257	46
Accounts receivable - trade	53,371	49,926
Electronically recorded monetary claims - operating	18,011	17,451
Securities	—	8,000
Merchandise and finished goods	37,361	32,635
Raw materials and supplies	31,220	32,950
Other	7,025	8,167
Allowance for doubtful accounts	(442)	(398)
Total current assets	211,297	198,798
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,501	20,538
Machinery, equipment and vehicles, net	38,365	36,660
Land	32,161	32,024
Other, net	17,712	19,342
Total property, plant and equipment	109,738	108,563
Intangible assets		
Goodwill	702	622
Other	2,379	2,142
Total intangible assets	3,081	2,764
Investments and other assets		
Investment securities	17,526	17,880
Long-term loans receivable	150	15
Retirement benefit asset	6,133	6,149
Deferred tax assets	2,889	2,417
Other	2,050	1,803
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	28,712	28,229
Total non-current assets	141,531	139,555
Total assets	352,828	338,354

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,374	23,710
Electronically recorded obligations - operating	5,538	7,015
Short-term borrowings	50,369	40,360
Current portion of long-term borrowings	5,128	5,034
Current portion of bonds payable	–	10,000
Income taxes payable	3,267	2,544
Provision for bonuses	1,059	1,593
Other	16,525	12,014
Total current liabilities	103,259	102,269
Non-current liabilities		
Bonds payable	10,000	–
Long-term borrowings	18,053	15,154
Deferred tax liabilities	4,246	4,028
Deferred tax liabilities for land revaluation	2,463	2,463
Retirement benefit liability	3,996	3,870
Other	1,653	1,493
Total non-current liabilities	40,411	27,009
Total liabilities	143,671	129,278
Net assets		
Shareholders' equity		
Share capital	18,516	18,516
Capital surplus	19,621	19,595
Retained earnings	142,043	144,868
Treasury shares	(1,700)	(1,700)
Total shareholders' equity	178,479	181,279
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,171	3,395
Deferred gains or losses on hedges	120	95
Revaluation reserve for land	4,498	4,498
Foreign currency translation adjustment	12,541	9,797
Remeasurements of defined benefit plans	4,179	4,024
Total accumulated other comprehensive income	24,509	21,809
Non-controlling interests	6,169	5,989
Total net assets	209,157	209,076
Total liabilities and net assets	352,828	338,354

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income**(Semi-annual Consolidated Statements of Income)**

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Net sales	161,037	154,683
Cost of sales	143,551	134,328
Gross profit	17,486	20,355
Selling, general and administrative expenses	11,571	11,147
Operating profit	5,915	9,208
Non-operating income		
Interest income	509	405
Dividend income	200	193
Share of profit of entities accounted for using equity method	652	273
Other	367	468
Total non-operating income	1,729	1,340
Non-operating expenses		
Interest expenses	1,386	1,207
Foreign exchange losses	50	804
Other	73	55
Total non-operating expenses	1,509	2,066
Ordinary profit	6,135	8,482
Extraordinary income		
Gain on sale and retirement of non-current assets	27	69
Insurance claim income	819	13
Subsidy income	561	—
Total extraordinary income	1,407	82
Extraordinary losses		
Loss on sale and retirement of non-current assets	128	120
Loss on accident	66	—
Loss on abandonment of goods	—	61
Other	4	2
Total extraordinary losses	198	182
Profit before income taxes	7,344	8,382
Income taxes	2,283	2,434
Profit	5,061	5,948
Profit (loss) attributable to non-controlling interests	(5)	515
Profit attributable to owners of parent	5,066	5,433

(Semi-annual Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Profit	5,061	5,948
Other comprehensive income		
Valuation difference on available-for-sale securities	(908)	225
Deferred gains or losses on hedges	(4)	(27)
Foreign currency translation adjustment	5,141	(3,407)
Remeasurements of defined benefit plans, net of tax	209	(155)
Total other comprehensive income	4,439	(3,364)
Comprehensive income	9,499	2,584
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,999	2,733
Comprehensive income attributable to non-controlling interests	501	(149)

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	7,344	8,382
Depreciation	4,280	3,794
Amortization of goodwill	58	55
Increase (decrease) in provisions	862	530
Increase (decrease) in retirement benefit liability	366	(126)
Share of loss (profit) of entities accounted for using equity method	(652)	(273)
Loss (gain) on sale and retirement of non-current assets	101	51
Loss on accident	66	–
Loss on abandonment of goods	–	61
Insurance claim income	(819)	(13)
Interest and dividend income	(709)	(599)
Subsidy income	(561)	–
Interest expenses	1,386	1,207
Decrease (increase) in trade receivables	22,035	2,027
Decrease (increase) in inventories	(4,456)	(132)
Increase (decrease) in trade payables	(5,142)	4,718
Increase (decrease) in accrued consumption taxes	(1,373)	(183)
Decrease (increase) in retirement benefit asset	(489)	(66)
Other, net	(1,451)	(1,539)
Subtotal	20,846	17,893
Interest and dividends received	1,355	763
Interest paid	(1,643)	(1,244)
Payments associated with loss on accident	(58)	–
Proceeds from insurance income	819	13
Subsidies received	561	–
Income taxes refund (paid)	(6,872)	(3,293)
Net cash provided by (used in) operating activities	15,008	14,132
Cash flows from investing activities		
Payments into time deposits and other	(3,431)	(9,828)
Proceeds from withdrawal of time deposits and other	26,146	15,620
Purchase of securities	–	(4,000)
Purchase of investment securities	(24)	(4)
Loan advances	(154)	(206)
Proceeds from collection of loans receivable	39	62
Purchase of property, plant and equipment	(7,311)	(9,031)
Proceeds from sale of property, plant and equipment	21	65
Purchase of intangible assets	(79)	(60)
Other, net	(116)	(111)
Net cash provided by (used in) investing activities	15,091	(7,495)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,225)	(5,384)
Repayments of long-term borrowings	(2,193)	(2,527)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(632)	–
Dividends paid	(3,248)	(2,607)
Dividends paid to non-controlling interests	(98)	(57)
Other, net	(119)	(180)
Net cash provided by (used in) financing activities	(11,515)	(10,757)
Effect of exchange rate change on cash and cash equivalents	956	(179)
Net increase (decrease) in cash and cash equivalents	19,541	(4,298)
Cash and cash equivalents at beginning of period	26,094	38,052
Cash and cash equivalents at end of period	45,635	33,754

(4) Notes to Semi-annual Consolidated Financial Statements**Notes on Segment and Other Information**

I. First six months of the fiscal year ended March 31, 2025 (from April 1, 2024 to September 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 semi-annual consolidated statement of income (Note 3)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
Revenue from contracts with customers	72,902	82,315	3,183	158,400	2,636	—	161,037
Sales to external customers	72,902	82,315	3,183	158,400	2,636	—	161,037
Inter-segment sales and transfers	1	56	261	318	458	(776)	—
Total	72,903	82,372	3,444	158,718	3,095	(776)	161,037
Segment profit (loss)	7,872	(1,590)	357	6,638	205	(928)	5,915

- 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 (928) million yen to “segment profit (loss)” includes 31 million yen in eliminations for intersegment transactions and (959) 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 semi-annual 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 six months of the fiscal year ending March 31, 2026 (from April 1, 2025 to September 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 semi-annual consolidated statement of income (Note 3)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
Revenue from contracts with customers	63,745	85,755	2,750	152,251	2,432	—	154,683
Sales to external customers	63,745	85,755	2,750	152,251	2,432	—	154,683
Inter-segment sales and transfers	4	43	241	288	459	(747)	—
Total	63,749	85,798	2,992	152,539	2,891	(747)	154,683
Segment profit (loss)	6,897	2,601	74	9,572	288	(652)	9,208

- 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 (652) million yen to “segment profit (loss)” includes 12 million yen in eliminations for intersegment transactions and (664) 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 semi-annual 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 Material Subsequent EventsRegarding the issuance of bonds

The Company's Board of Directors passed a comprehensive resolution on October 21, 2025 regarding the issuance of domestic unsecured straight bonds. An overview of the resolution is as follows.

- | | | |
|-----|------------------------------|--|
| (1) | Total amount of issuance | Up to 10.0 billion yen (however, multiple issues within this range are not precluded) |
| (2) | Amount to be paid in | 100 yen per 100 yen of face value |
| (3) | Interest rate | 2.75% or less per year |
| (4) | Scheduled period of issuance | From November 1, 2025 to March 31, 2026
However, if an offering is made during this period, it shall be included even if the payment date is after this period. |
| (5) | Redemption date | Within 5 years |
| (6) | Redemption method | Lump-sum redemption upon maturity |
| (7) | Use of funds | Funds for redemption of bonds, equipment, investments and loans, working capital, and repayment of borrowings |
| (8) | Covenant | The bonds shall be subject to a "negative pledge clause." |
| (9) | Others | Decisions on the matters listed in each item of Article 676 of the Companies Act and all other matters necessary for the issuance of the bonds shall be made at the discretion of the Company's President and Representative Director within the scope of the above. |

Financing with industrial revenue bonds (IRBs)

Vinton Steel LLC, a consolidated subsidiary of the Company, executed a financing using the tax-exempt bond issue facility of the industrial revenue bonds (IRBs)*1 of the State of Texas in the United States.

Overview of industrial revenue bonds (IRBs)

- | | | |
|-----|------------------|--|
| (1) | Issue debenture | Industrial revenue bonds for the Vinton Steel Project with tax exemption by Mission Economic Development Corporation, Mission, Texas |
| (2) | Issue amount | 100 million U.S. dollars (approximately 15.0 billion yen) |
| (3) | Issue date | October 23, 2025 |
| (4) | Term of issue | 10 years |
| (5) | Interest rate | Floating interest rate (initial 2.65%) |
| (6) | Use of funds | Capital funds for the construction of a new steel mill and partial remodeling of rolling mill facilities |
| (7) | Bond underwriter | Jefferies LLC |

***1 Industrial Revenue Bond (IRB)**

An IRB is a tax-exempt bond issued by a local government to support private sector capital investment. Interest income received by bondholders is exempt from taxation, resulting in lower interest rates. This enables companies utilizing IRBs to raise funds at a lower cost.

Vinton Steel LLC has entered into a borrowing agreement with Mission Economic Development Corporation, Mission, Texas, to execute a loan in an amount equal to the IRB. For the issuance of the IRBs, the Company has received a letter of credit from Sumitomo Mitsui Banking Corporation, which has a high credit rating in the U.S., and the Company has provided a guarantee for the letter of credit.