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January 30, 2026

**Consolidated Financial Results for
the Third Quarter of the Fiscal Year Ending March 31, 2026 (Fiscal Year 2026)
(Nine Months Ended December 31, 2025)
<Under Japanese GAAP>**

Company name: Kyoei Steel, Ltd. Stock exchange listed: Tokyo
Stock code: 5440 URL: <https://www.kyoeisteel.co.jp/en/>
Representative: Shogo Sakamoto, President and Representative Director
Inquiries: Akinori Masuda, Executive Officer and General Manager of Corporate Planning Dept.
Tel: +81-6-6346-5221 (from overseas)
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 Third Quarter (from April 1, 2025 to December 31, 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	%
Nine months ended December 31, 2025	232,698	(3.2)	13,442	38.6	12,659	28.0	7,943	(13.1)
Nine months ended December 31, 2024	240,399	1.2	9,698	(34.2)	9,892	(33.4)	9,135	(21.0)

Note: Comprehensive income

Nine months ended December 31, 2025: 6,447 million yen [(16.2)%]

Nine months ended December 31, 2024: 7,695 million yen [(52.1)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2025	182.76	—
Nine months ended December 31, 2024	210.20	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2025	354,685	211,635	57.8
As of March 31, 2025	352,828	209,157	57.5

Reference: Equity

As of December 31, 2025: 205,173 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
Fiscal Year 2025	Yen —	Yen 30.00	Yen —	Yen 60.00	Yen 90.00
Fiscal Year 2026	—	30.00	—	60.00	90.00
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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	317,000	(1.8)	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 December 31, 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 December 31, 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)

Nine months ended December 31, 2025	43,458,943 shares
Nine months ended December 31, 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 nine months of the fiscal year ending March 31, 2026, the global economy generally performed well despite the impact of U.S. trade policies and geopolitical risks. The Japanese economy continued its moderate recovery trend, but the risk of an economic downturn due to the impact of U.S. trade policies and rising prices remains a concern. Amid these circumstances, consolidated net sales of the Kyoei Steel Group in the first nine months of the fiscal year ending March 31, 2026, decreased by 7,701 million yen (3.2%) year on year to 232,698 million yen, consolidated operating profit increased by 3,744 million yen (38.6%) year on year to 13,442 million yen, consolidated ordinary profit increased by 2,767 million yen (28.0%) year on year to 12,659 million yen, and profit attributable to owners of parent decreased by 1,192 million yen (13.1%) year on year to 7,943 million yen.

Results by business segment are as follows.

1) Domestic Steel Business

Domestic demand for steel products remained sluggish due to scattered delays and lengthening of construction periods and sporadic revisions of plans caused by labor shortages at construction and distribution sites and rising material prices, despite escaping the effect of extreme temperatures in the summer. In this environment, product shipments in the first nine months of the fiscal year ending March 31, 2026 decreased by 47,000 tons year on year to 1,044,000 tons. Regarding the price of steel scrap, a raw material, while the price per ton fell 5,800 yen (11.9%) year on year, the price in Japan has been on an upward trend since the third quarter of the current fiscal year due to higher export prices resulting from the weak yen. On the other hand, product sales prices fell 8,200 yen (7.9%) year on year, and the sales margin (the difference between the sales price of the product and the purchase price of raw materials) decreased by 2,400 yen (4.4%) year on year, despite our efforts to maintain or raise the prices amid sluggish demand.

As a result, segment net sales decreased by 13,343 million yen (12.3%) year on year to 95,247 million yen and operating profit decreased by 3,108 million yen (24.7%) year on year to 9,484 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.

Although the competitive environment remained severe, our operations in Vietnam continued to post an operating profit at all bases for the nine months ended September 30, 2025, amid continued high demand for steel driven by government-led infrastructure investment.

In North America, operations at the U.S. base began to improve due to factors such as technical assistance from Japan, and as for the performance, the operating deficit narrowed significantly compared to the same period of the previous fiscal year, due to strong demand. The Canadian base focused on sales of high-margin products such as small-diameter rebar, and profit increased compared to the same period of the previous fiscal year.

As a result, segment net sales increased by 6,331 million yen (5.1%) year on year to 129,706 million yen, and operating profit improved by 7,017 million yen (compared with an operating loss of 2,617 million yen in the same period of the previous fiscal year) to 4,400 million yen.

3) Material Recycling Business

For this business segment, net sales decreased by 503 million yen (10.6%) year on year to 4,263 million yen and operating profit decreased by 374 million yen (69.5%) year on year to 164 million yen amid continued fierce competition in the medical waste treatment business, despite a slight recovery as a result of acquiring projects for difficult-to-treat waste, etc.

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 (5.1%) year on year to 3,482 million yen and operating profit increased by 26 million yen (8.3%) year on year to 332 million yen.

(2) Overview of Financial Position for the Current Period

Assets

Current assets decreased by 172 million yen, or 0.1%, from the end of the previous fiscal year to 211,125 million yen. This was attributable mainly to increases of 6,739 million yen in electronically recorded monetary claims - operating, 5,000 million yen in securities, and 1,751 million yen in other under current assets, and decreases of 11,889 million yen in cash and deposits, 2,195 million yen in merchandise and finished goods, and 241 million yen in notes receivable - trade.

Non-current assets increased by 2,029 million yen, or 1.4%, from the end of the previous fiscal year to 143,560 million yen. This was attributable mainly to increases of 5,584 million yen in machinery, equipment and vehicles, 1,246 million yen in buildings and structures, and 643 million yen in investment securities, despite decreases of 4,792 million yen in other, net under property, plant and equipment and 571 million yen in deferred tax assets.

As a result, total assets increased by 1,857 million yen, or 0.5%, from the end of the previous fiscal year to 354,685 million yen.

Liabilities

Current liabilities increased by 3,002 million yen, or 2.9%, from the end of the previous fiscal year to 106,261 million yen. This was attributable mainly to increases of 10,000 million yen in current portion of bonds payable, 3,088 million yen in electronically recorded obligations - operating, and 2,504 million yen in notes and accounts payable - trade, and decreases of 7,819 million yen in short-term borrowings, 2,687 million yen in other under current liabilities, and 2,410 million yen in income taxes payable.

Non-current liabilities decreased by 3,623 million yen, or 9.0%, from the end of the previous fiscal year to 36,788 million yen. This was attributable mainly to a decrease of 3,435 million yen in long-term borrowings.

As a result, total liabilities decreased by 621 million yen, or 0.4%, from the end of the previous fiscal year to 143,050 million yen.

Net assets

Net assets increased by 2,478 million yen, or 1.2%, from the end of the previous fiscal year to 211,635 million yen. This was attributable mainly to the recording of profit attributable to owners of parent of 7,943 million yen, an increase of 431 million yen in valuation difference on available-for-sale securities, and decreases of 3,911 million yen due to dividends of retained earnings and 2,037 million yen in foreign currency translation adjustment.

As a result, equity-to-asset ratio increased from 57.5% at the end of the previous fiscal year to 57.8%.

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

For the domestic steel business in the fourth quarter of the current fiscal year, the situation continues to be severe, as it is difficult to expect an increase in demand for steel construction materials while steel scrap prices continue an upward trend due to the impact of factors such as foreign exchange rates. However, we expect to secure profit as expected by maintaining or raising product prices and reducing costs.

The overseas steel business is expected to perform generally as planned. In Vietnam, strong demand continues, centered around infrastructure projects, and both North and South Vietnam are expected to post results in line with plans. Also in North America, the business environment is favorable, and as for the U.S. base, although it remains in the red for the full year, we expect to secure profit in the second half of the year. The Canadian base is expected to deliver solid performance.

In the material recycling business, we will continue to focus on acquiring projects for difficult-to-treat waste such as asbestos, aiming for a recovery in profit.

In light of the current situation, we have revised our full-year forecasts announced in the “Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2026” on October 31, 2025, as follows. The dividend forecast remains unchanged.

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
Previous forecast (A)	Millions of yen 323,000	Millions of yen 17,000	Millions of yen 16,000	Millions of yen 10,500	Yen 241.61
Revised forecast (B)	317,000	17,000	16,000	10,500	241.61
Change (B-A)	(6,000)	—	—	—	
Change (%)	(1.9)	—	—	—	
(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 December 31, 2025
Assets		
Current assets		
Cash and deposits	64,495	52,606
Notes receivable - trade	257	17
Accounts receivable - trade	53,371	53,387
Electronically recorded monetary claims - operating	18,011	24,750
Securities	–	5,000
Merchandise and finished goods	37,361	35,166
Raw materials and supplies	31,220	31,856
Other	7,025	8,775
Allowance for doubtful accounts	(442)	(431)
Total current assets	<u>211,297</u>	<u>211,125</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,501	22,747
Machinery, equipment and vehicles, net	38,365	43,949
Land	32,161	32,575
Other, net	17,712	12,920
Total property, plant and equipment	<u>109,738</u>	<u>112,190</u>
Intangible assets		
Goodwill	702	601
Other	2,379	2,295
Total intangible assets	<u>3,081</u>	<u>2,896</u>
Investments and other assets		
Investment securities	17,526	18,170
Long-term loans receivable	150	13
Retirement benefit asset	6,133	6,292
Deferred tax assets	2,889	2,318
Other	2,050	1,716
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	<u>28,712</u>	<u>28,474</u>
Total non-current assets	<u>141,531</u>	<u>143,560</u>
Total assets	<u>352,828</u>	<u>354,685</u>

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,374	23,878
Electronically recorded obligations - operating	5,538	8,626
Short-term borrowings	50,369	42,550
Current portion of long-term borrowings	5,128	5,006
Current portion of bonds payable	—	10,000
Income taxes payable	3,267	857
Provision for bonuses	1,059	1,506
Other	16,525	13,838
Total current liabilities	103,259	106,261
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	18,053	14,617
Deferred tax liabilities	4,246	4,274
Deferred tax liabilities for land revaluation	2,463	2,463
Retirement benefit liability	3,996	3,908
Other	1,653	1,525
Total non-current liabilities	40,411	36,788
Total liabilities	143,671	143,050
Net assets		
Shareholders' equity		
Share capital	18,516	18,516
Capital surplus	19,621	19,595
Retained earnings	142,043	146,053
Treasury shares	(1,700)	(1,700)
Total shareholders' equity	178,479	182,463
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,171	3,602
Deferred gains or losses on hedges	120	41
Revaluation reserve for land	4,498	4,520
Foreign currency translation adjustment	12,541	10,505
Remeasurements of defined benefit plans	4,179	4,043
Total accumulated other comprehensive income	24,509	22,710
Non-controlling interests	6,169	6,462
Total net assets	209,157	211,635
Total liabilities and net assets	352,828	354,685

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

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net sales	240,399	232,698
Cost of sales	213,428	202,422
Gross profit	26,970	30,276
Selling, general and administrative expenses	17,272	16,834
Operating profit	9,698	13,442
Non-operating income		
Interest income	698	558
Dividend income	332	315
Share of profit of entities accounted for using equity method	869	237
Other	501	551
Total non-operating income	2,400	1,661
Non-operating expenses		
Interest expenses	2,051	1,841
Foreign exchange losses	60	455
Other	95	148
Total non-operating expenses	2,206	2,444
Ordinary profit	9,892	12,659
Extraordinary income		
Gain on sale and retirement of non-current assets	32	91
Insurance claim income	2,760	13
Subsidy income	714	–
Total extraordinary income	3,505	104
Extraordinary losses		
Loss on sale and retirement of non-current assets	184	211
Loss on accident	66	–
Impairment losses	–	146
Loss on abandonment of goods	–	61
Other	10	3
Total extraordinary losses	260	421
Profit before income taxes	13,137	12,342
Income taxes	4,243	3,524
Profit	8,894	8,818
Profit (loss) attributable to non-controlling interests	(241)	875
Profit attributable to owners of parent	9,135	7,943

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Profit	8,894	8,818
Other comprehensive income		
Valuation difference on available-for-sale securities	(824)	431
Deferred gains or losses on hedges	(73)	(81)
Foreign currency translation adjustment	(194)	(2,585)
Remeasurements of defined benefit plans, net of tax	(109)	(136)
Total other comprehensive income	<u>(1,199)</u>	<u>(2,371)</u>
Comprehensive income	7,695	6,447
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,963	6,123
Comprehensive income attributable to non-controlling interests	(268)	324

(3) Notes to Quarterly Consolidated Financial Statements

Notes on Segment and Other Information

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

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

	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	108,590	123,375	4,766	236,731	3,668	–	240,399
Sales to external customers	108,590	123,375	4,766	236,731	3,668	–	240,399
Inter-segment sales and transfers	2	78	778	859	781	(1,640)	–
Total	108,592	123,454	5,544	237,590	4,449	(1,640)	240,399
Segment profit (loss)	12,592	(2,617)	538	10,514	307	(1,122)	9,698

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 (1,122) million yen to “segment profit (loss)” includes 84 million yen in eliminations for intersegment transactions and (1,207) 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 nine months of the fiscal year ending March 31, 2026 (from April 1, 2025 to December 31, 2025)

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

	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	95,247	129,706	4,263	229,216	3,482	–	232,698
Sales to external customers	95,247	129,706	4,263	229,216	3,482	–	232,698
Inter-segment sales and transfers	4	48	368	421	610	(1,031)	–
Total	95,251	129,754	4,631	229,637	4,092	(1,031)	232,698
Segment profit	9,484	4,400	164	14,049	332	(939)	13,442

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 (939) million yen to “segment profit” includes 27 million yen in eliminations for intersegment transactions and (965) 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

In the domestic steel business, the impairment losses related to non-current assets of 146 million yen were recorded in accordance with the decision to sell warehouse equipment for the nine months ended December 31, 2025.

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 nine months ended December 31, 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2024 and 2025 are as follows.

	Nine months ended December 31, 2024	Nine months ended December 31, 2025	(Millions of yen)
Depreciation	6,482	5,837	
Amortization of goodwill	87	82	