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KYOEI STEEL

July 31, 2026

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027 (Fiscal Year 2027) (Three Months Ended June 30, 2026) <Under Japanese GAAP>

Company name: Kyoei Steel, Ltd. Stock exchange listed: Tokyo
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, 2026 to June 30, 2026) of Fiscal Year 2027

(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, 2026	87,118	17.5	3,404	(20.9)	3,406	(16.2)	1,939	(28.8)
Three months ended June 30, 2025	74,152	(5.3)	4,302	39.2	4,066	5.3	2,724	3.5

Note: Comprehensive income Three months ended June 30, 2026: 3,144 million yen [–%]
Three months ended June 30, 2025: (369) million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2026	44.61	–
Three months ended June 30, 2025	62.69	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2026	368,722	219,281	57.3
As of March 31, 2026	373,127	218,808	56.7

Reference: Equity As of June 30, 2026: 211,328 million yen
As of March 31, 2026: 211,661 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2026	–	30.00	–	60.00	90.00
Fiscal Year 2027	–				
Fiscal Year 2027 (Forecast)		30.00	–	40.00	70.00

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

3. Forecasts of Consolidated Earnings for Fiscal Year 2027 (from April 1, 2026 to March 31, 2027)

(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	179,000	15.7	6,500	(29.4)	6,000	(29.3)	3,300	(39.3)	75.93
Full year	362,000	14.9	15,500	(8.6)	14,000	(13.6)	8,400	(14.8)	193.29

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, 2026	44,898,730 shares
As of March 31, 2026	44,898,730 shares

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

As of June 30, 2026	1,439,844 shares
As of March 31, 2026	1,439,844 shares

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

Three months ended June 30, 2026	43,458,886 shares
Three months ended June 30, 2025	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.

Contents of Attachments

1. Overview of Operating Results

(1) Overview of Operating Results for the Current Period

During the first three months of the fiscal year ending March 31, 2027, the global economy remained uncertain due to factors such as the impacts of U.S. trade policies and geopolitical risks including the situation in the Middle East. While the Japanese economy is on a gradual recovery trend, mainly supported by improvements in employment and income environment and the effects of various policies, it remains necessary to continue paying close attention to trends in financial and capital markets.

Consolidated net sales of the Kyoei Steel Group in the first three months of the fiscal year ending March 31, 2027, increased by 12,966 million yen (17.5%) year on year to 87,118 million yen, consolidated operating profit decreased by 898 million yen (20.9%) year on year to 3,404 million yen, consolidated ordinary profit decreased by 661 million yen (16.2%) year on year to 3,406 million yen, and profit attributable to owners of parent decreased by 785 million yen (28.8%) year on year to 1,939 million yen.

Results by business segment are as follows.

1) Domestic Steel Business

For this business segment, demand for steel materials remained weak as a result of factors such as delays and lengthening of construction projects primarily caused by labor shortages at construction and logistics sites, and our product shipments decreased by 9,000 tons (2.7%) year on year to 337,000 tons. Meanwhile, the price of steel scrap, a raw material, rose by 11,200 yen (26.0%) due to the weak yen and fluctuations in the domestic market caused by the situation in the Middle East. Although we proactively announced price increases and raised product sales prices, due to the time required from contract signing to shipment, product sales prices fell 1,600 yen (1.6%) year on year in the first quarter of the current fiscal year, and the sales margin (the difference between the sales price of the product and the purchase price of raw materials) decreased by 12,800 yen (23.4%) year on year.

As a result, segment net sales decreased by 1,418 million yen (4.3%) year on year to 31,268 million yen and operating profit decreased by 3,680 million yen (92.7%) year on year to 288 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, strong demand for steel continued under the government's policy of aiming for economic growth. Even during the Lunar New Year period, which is typically a period of low demand, demand remained robust, and product shipments from each of our bases significantly exceeded those of the same period of the previous fiscal year. Although the competitive environment remained severe, each of our bases saw a significant increase in profit compared to the same period of the previous fiscal year, thanks to factors such as increased product sales prices driven by strong demand and cost reduction resulting from increased production.

In North America, while demand remained strong, the U.S. base experienced a decrease in shipments due to operational difficulties caused by aging equipment. However, market conditions were robust, resulting in a smaller deficit compared to the same period of the previous fiscal year. In the Canadian base, production and sales remained strong despite cost impacts from scheduled maintenance. As a result, the overall performance in North America was almost at the same level as the same period of the previous fiscal year.

As a result, segment net sales increased by 14,099 million yen (36.3%) year on year to 52,924 million yen and operating profit increased by 2,578 million yen (435.5%) year on year to 3,171 million yen.

3) Material Recycling Business

For this business segment, despite continued challenges in the medical waste treatment business, our performance significantly improved by focusing on acquiring high-margin waste treatment projects, including difficult-to-treat waste and fluorocarbons. As a result, segment net sales increased by 323 million yen (24.0%) year on year to 1,666 million yen and operating profit increased by 282 million yen (953.2%) year on year to 311 million yen.

4) Others

This category includes harbor operations in Vietnam and the casting business in Japan and Vietnam. Segment net sales decreased by 37 million yen (2.9%) year on year to 1,259 million yen and operating profit decreased by 38 million yen (21.5%) year on year to 140 million yen.

(2) Overview of Financial Position for the Current Period

Assets

Current assets decreased by 7,092 million yen, or 3.2%, from the end of the previous fiscal year to 213,966 million yen. This was attributable mainly to increases of 3,356 million yen in accounts receivable - trade, 2,072 million yen in raw materials and supplies, and 1,463 million yen in electronically recorded monetary claims - operating, and decreases of 14,253 million yen in cash and deposits and 1,990 million yen in other under current assets.

Non-current assets increased by 2,686 million yen, or 1.8%, from the end of the previous fiscal year to 154,756 million yen. This was attributable mainly to increases of 2,851 million yen in other under property, plant and equipment and 912 million yen in machinery, equipment and vehicles, despite decreases of 670 million yen in buildings and structures and 466 million yen in investment securities.

As a result, total assets decreased by 4,406 million yen, or 1.2%, from the end of the previous fiscal year to 368,722 million yen.

Liabilities

Current liabilities decreased by 4,710 million yen, or 4.6%, from the end of the previous fiscal year to 97,967 million yen. This was attributable mainly to increases of 5,111 million yen in notes and accounts payable - trade, 1,333 million yen in short-term borrowings, and 1,157 million yen in electronically recorded obligations - operating, and decreases of 10,000 million yen in current portion of bonds payable, 1,130 million yen in other under current liabilities, and 867 million yen in income taxes payable.

Non-current liabilities decreased by 168 million yen, or 0.3%, from the end of the previous fiscal year to 51,474 million yen. This was attributable mainly to an increase of 109 million yen in deferred tax liabilities and a decrease of 238 million yen in long-term borrowings.

As a result, total liabilities decreased by 4,878 million yen, or 3.2%, from the end of the previous fiscal year to 149,441 million yen.

Net assets

Net assets increased by 473 million yen, or 0.2%, from the end of the previous fiscal year to 219,281 million yen. This was attributable mainly to the recording of profit attributable to owners of parent of 1,939 million yen, increases of 806 million yen in non-controlling interests and 604 million yen in foreign currency translation adjustment, despite a decrease of 2,608 million yen due to dividends of retained earnings.

As a result, equity-to-asset ratio increased from 56.7% at the end of the previous fiscal year to 57.3%.

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

For the domestic steel business, although demand for construction steel materials is expected to remain weak in the second quarter of the current fiscal year, product shipments for the first six months of the current fiscal year are forecast to be generally as projected. However, with the sales margin expected to fall short of the forecasts and anticipated increases in costs such as energy cost due to the situation in the Middle East, the performance of the domestic steel business is expected to fall below initial plans.

On the other hand, regarding the overseas steel business, the business environment is favorable in both Vietnam and North America, and we expect performance to progress largely as planned.

Considering the above, the decline in the performance of the domestic steel business is not expected to be offset by 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, 2026 (Fiscal Year 2026)" on April 30, 2026, as follows.

1. Revision of consolidated forecast figures for the first six months of the fiscal year ending March 31, 2027 (from April 1, 2026 to September 30, 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)	177,000	7,000	6,000	3,900	89.74
Revised forecast (B)	179,000	6,500	6,000	3,300	75.93
Change (B-A)	2,000	(500)	–	(600)	
Change (%)	1.1	(7.1)	–	(15.4)	
(Reference) Results for the first six months of the fiscal year ended March 31, 2026	154,683	9,208	8,482	5,433	125.01

2. Revision of consolidated forecast figures for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

	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)	360,000	16,000	14,000	9,000	207.09
Revised forecast (B)	362,000	15,500	14,000	8,400	193.29
Change (B-A)	2,000	(500)	–	(600)	
Change (%)	0.6	(3.1)	–	(6.7)	
(Reference) Results for the fiscal year ended March 31, 2026	315,106	16,967	16,211	9,864	226.98

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	62,947	48,694
Notes receivable - trade	6	4
Accounts receivable - trade	49,833	53,189
Electronically recorded monetary claims - operating	16,228	17,691
Securities	6,000	7,000
Merchandise and finished goods	36,448	37,727
Raw materials and supplies	33,931	36,003
Other	16,241	14,252
Allowance for doubtful accounts	(576)	(593)
Total current assets	221,057	213,966
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,785	24,114
Machinery, equipment and vehicles, net	46,237	47,149
Land	33,005	33,041
Other, net	13,399	16,250
Total property, plant and equipment	117,426	120,555
Intangible assets		
Goodwill	613	586
Other	2,225	2,144
Total intangible assets	2,838	2,730
Investments and other assets		
Investment securities	17,644	17,178
Long-term loans receivable	1,311	1,394
Retirement benefit asset	8,613	8,797
Deferred tax assets	2,392	2,218
Other	2,213	2,253
Allowance for doubtful accounts	(368)	(369)
Total investments and other assets	31,806	31,470
Total non-current assets	152,070	154,756
Total assets	373,127	368,722

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,877	28,989
Electronically recorded obligations - operating	6,857	8,013
Short-term borrowings	40,955	42,288
Current portion of long-term borrowings	5,003	4,958
Current portion of bonds payable	10,000	–
Income taxes payable	1,172	305
Provision for bonuses	1,217	948
Other	13,597	12,466
Total current liabilities	102,677	97,967
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	28,670	28,432
Deferred tax liabilities	4,754	4,863
Deferred tax liabilities for land revaluation	2,463	2,465
Retirement benefit liability	4,286	4,314
Other	1,468	1,401
Total non-current liabilities	51,642	51,474
Total liabilities	154,319	149,441
Net assets		
Shareholders' equity		
Share capital	18,516	18,516
Capital surplus	19,595	19,595
Retained earnings	147,968	147,295
Treasury shares	(1,700)	(1,700)
Total shareholders' equity	184,378	183,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,335	3,067
Deferred gains or losses on hedges	31	65
Revaluation reserve for land	4,526	4,529
Foreign currency translation adjustment	13,825	14,429
Remeasurements of defined benefit plans	5,566	5,533
Total accumulated other comprehensive income	27,283	27,623
Non-controlling interests	7,147	7,953
Total net assets	218,808	219,281
Total liabilities and net assets	373,127	368,722

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales	74,152	87,118
Cost of sales	64,057	77,796
Gross profit	10,095	9,322
Selling, general and administrative expenses	5,793	5,918
Operating profit	4,302	3,404
Non-operating income		
Interest income	243	214
Dividend income	177	156
Share of profit of entities accounted for using equity method	199	–
Foreign exchange gains	–	204
Other	209	129
Total non-operating income	827	704
Non-operating expenses		
Interest expenses	619	650
Share of loss of entities accounted for using equity method	–	23
Foreign exchange losses	413	–
Other	31	28
Total non-operating expenses	1,063	702
Ordinary profit	4,066	3,406
Extraordinary income		
Gain on sale and retirement of non-current assets	57	8
Insurance claim income	14	–
Total extraordinary income	71	8
Extraordinary losses		
Loss on sale and retirement of non-current assets	13	22
Other	0	2
Total extraordinary losses	13	25
Profit before income taxes	4,124	3,389
Income taxes	1,415	738
Profit	2,709	2,650
Profit (loss) attributable to non-controlling interests	(16)	711
Profit attributable to owners of parent	2,724	1,939

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit	2,709	2,650
Other comprehensive income		
Valuation difference on available-for-sale securities	(304)	(268)
Deferred gains or losses on hedges	(19)	34
Foreign currency translation adjustment	(2,579)	761
Remeasurements of defined benefit plans, net of tax	(176)	(33)
Total other comprehensive income	(3,078)	494
Comprehensive income	(369)	3,144
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10	2,276
Comprehensive income attributable to non-controlling interests	(379)	868

(3) Notes to Quarterly Consolidated Financial Statements

Notes on Segment and Other Information

I. First three months of the fiscal year ended 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.

II. First three months of the fiscal year ending March 31, 2027 (from April 1, 2026 to June 30, 2026)

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	31,268	52,924	1,666	85,859	1,259	–	87,118
Sales to external customers	31,268	52,924	1,666	85,859	1,259	–	87,118
Inter-segment sales and transfers	7	4	122	133	217	(350)	–
Total	31,275	52,928	1,788	85,992	1,476	(350)	87,118
Segment profit	288	3,171	311	3,769	140	(505)	3,404

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 (505) million yen to “segment profit” includes 2 million yen in eliminations for intersegment transactions and (508) 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, 2026. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2025 and 2026 are as follows.

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Depreciation	2,050	2,144
Amortization of goodwill	28	30