

**Consolidated Financial Results for
the First Quarter of the Fiscal Year Ending March 31, 2025 (Fiscal Year 2025)
(Three Months Ended June 30, 2024)
<Under Japanese GAAP>**

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 Scheduled date of payment of dividend: –
 Preparation of supplementary materials for financial results: None

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

**1. Consolidated Financial Results for the First Quarter (from April 1, 2024 to June 30, 2024)
of Fiscal Year 2025**

(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, 2024	78,290	2.2	3,091	(36.6)	3,863	(21.1)	2,632	(33.3)
Three months ended June 30, 2023	76,625	(15.9)	4,876	61.0	4,894	48.2	3,944	92.5

Note: Comprehensive income Three months ended June 30, 2024: 4,601 million yen [30.7%]
 Three months ended June 30, 2023: 3,519 million yen [(40.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	60.57	–
Three months ended June 30, 2023	90.74	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	350,381	202,063	55.9
As of March 31, 2024	354,217	201,430	54.9

Reference: Equity As of June 30, 2024: 195,983 million yen
 As of March 31, 2024: 194,640 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2024	–	15.00	–	75.00	90.00
Fiscal Year 2025	–	–	–	–	–
Fiscal Year 2025 (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 2025 (from April 1, 2024 to March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	163,000	4.8	6,000	(39.6)	6,500	(35.0)	5,000	(36.4)	115.05
Full year	336,000	4.7	17,500	(16.9)	18,000	(14.4)	12,500	(9.6)	287.63

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

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

As of June 30, 2024	1,439,755 shares
As of March 31, 2024	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, 2024	43,458,975 shares
Three months ended June 30, 2023	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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements" on page 3 of the attachments.

Contents of Attachments

1. Overview of Operating Results	2
(1) Overview of Operating Results for the Current Period	2
(2) Overview of Financial Position for the Current Period	3
(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(Quarterly Consolidated Statements of Income)	7
(For the Three-month Period)	7
(Quarterly Consolidated Statements of Comprehensive Income)	8
(For the Three-month Period)	8
(3) Notes to Quarterly Consolidated Financial Statements	9
Notes on Segment and Other Information	9
Notes on Significant Changes in the Amount of Shareholders' Equity	11
Notes on Going Concern Assumption	11
Notes on Quarterly Consolidated Statements of Cash Flows	11

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, 2025, the Japanese economy was gradually recovering mainly due to the effects of various government policies amid an improving employment and income environment. On the other hand, the global economy continues to require close monitoring with respect to future trends, including the continuing high interest rate levels in the U.S. and Europe, the outlook for the Chinese economy, rising prices, the situation surrounding the Middle East region, and fluctuations in financial and capital markets.

Amid these circumstances, consolidated net sales of the Kyoei Steel Group in the first three months of the fiscal year ending March 31, 2025, increased by 1,665 million yen (2.2%) year on year to 78,290 million yen, consolidated operating profit decreased by 1,785 million yen (36.6%) year on year to 3,091 million yen, consolidated ordinary profit decreased by 1,031 million yen (21.1%) year on year to 3,863 million yen, and profit attributable to owners of parent decreased by 1,311 million yen (33.3%) year on year to 2,632 million yen.

Results by business segment are as follows.

1) Domestic Steel Business

For this business segment, demand remained weak mainly due to rising construction costs caused by soaring prices of various materials and prolonged or delayed construction caused by labor shortages, and the Group's product shipments decreased by 30,000 tons from the same period of the previous fiscal year to only 379,000 tons. In addition, the price of steel scrap, which is a raw material, increased by 1,900 yen (3.8%) year on year and remained at a high level due to the impact of a decrease in the amount of scrap generated and available as well as due to the depreciating yen. On the other hand, despite the Company's efforts to raise product sales prices in response to increases in personnel expenses, transportation costs and other costs, product sales prices fell by 1,900 yen (1.8%) year on year due to weakness in inquiries from customers, resulting in a decrease of 3,900 yen (7.0%) year on year in the sales margins (the difference between the sales price of the product and the purchase price of raw materials).

As a result, segment net sales decreased by 3,512 million yen (8.4%) year on year to 38,241 million yen and operating profit decreased by 1,528 million yen (24.6%) year on year to 4,682 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, the real estate recession continued, and although shipments from all bases increased from the same period of the previous fiscal year due to the government's measures to boost the economy since the fourth quarter of the previous fiscal year, the business recorded a loss due to narrowing sales margins as a result of intensifying competition.

In North America, despite strong construction demand, the performance was weak as the business was unable to achieve sufficient production and sales mainly due to manufacturing troubles caused by aging equipment.

As a result, segment net sales increased by 5,093 million yen (15.9%) to 37,097 million yen, and there was an operating loss of 1,794 million yen (compared with an operating loss of 1,321 million yen in the same period of the previous fiscal year).

3) Material Recycling Business

For this business segment, segment net sales increased by 18 million yen (1.1%) year on year to 1,653 million yen and operating profit increased by 46 million yen (17.5%) year on year to 309 million yen due to an increase in high-margin waste treatment projects.

4) Others

This category includes harbor operations in Vietnam and the casting business in Japan and Vietnam. Segment net sales increased by 67 million yen (5.4%) year on year to 1,300 million yen and operating profit increased by 99 million yen (466.6%) year on year to 120 million yen.

(2) Overview of Financial Position for the Current Period**Assets**

Current assets decreased by 6,313 million yen, or 2.9%, from the end of the previous fiscal year to 214,578 million yen. This was attributable mainly to increases of 6,086 million yen in merchandise and finished goods, 2,982 million yen in raw materials and supplies, and 1,234 million yen in other current assets, and decreases of 14,351 million yen in cash and deposits, 132 million yen in notes receivable - trade, 2,005 million yen in accounts receivable - trade, and 114 million yen in electronically recorded monetary claims - operating.

Non-current assets increased by 2,477 million yen, or 1.9%, from the end of the previous fiscal year to 135,803 million yen. This was attributable mainly to increases of 349 million yen in land, 2,105 million yen in other, net under property, plant and equipment, 197 million yen in retirement benefit asset, and 128 million yen in deferred tax assets, and decreases of 75 million yen in other under intangible assets, 354 million yen in investment securities.

As a result, total assets decreased by 3,836 million yen, or 1.1%, from the end of the previous fiscal year to 350,381 million yen.

Liabilities

Current liabilities decreased by 4,588 million yen, or 4.3%, from the end of the previous fiscal year to 103,338 million yen. This was attributable mainly to increases of 2,243 million yen in notes and accounts payable - trade, 374 million yen in electronically recorded obligations - operating, and 518 million yen in current portion of long-term borrowings, and decreases of 1,452 million yen in short-term borrowings, 5,529 million yen in income taxes payable and 816 million yen in other under current liabilities.

Non-current liabilities increased by 119 million yen, or 0.3%, from the end of the previous fiscal year to 44,981 million yen. This was attributable mainly to increases of 337 million yen in deferred tax liabilities and 183 million yen in retirement benefit liability, and a decrease of 389 million yen in long-term borrowings.

As a result, total liabilities decreased by 4,469 million yen, or 2.9%, from the end of the previous fiscal year to 148,318 million yen.

Net assets

Net assets increased by 633 million yen, or 0.3%, from the end of the previous fiscal year to 202,063 million yen. This was attributable mainly to the recording of profit attributable to owners of parent of 2,632 million yen, an increase of 2,090 million yen in foreign currency translation adjustment, and decreases of 238 million yen in valuation difference on available-for-sale securities, 710 million yen in non-controlling interests and 3,259 million yen due to dividends of retained earnings.

As a result, equity-to-asset ratio increased from 54.9% at the end of the previous fiscal year to 55.9%.

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

For the domestic steel business in the second quarter of the fiscal year ending March 31, 2025, we expect the demand for steel construction materials to remain weak following the first quarter mainly due to the impact of labor shortages at construction and logistics sites as a result of the 2024 problem and other factors. Shipments in the first half of the fiscal year are expected to be lower than the level anticipated at the beginning of the fiscal year and the performance of the domestic steel business is forecasted to be lower than originally planned.

In addition, for the performance in the third quarter of the fiscal year and beyond (the second half), the outlook remains unchanged as it is difficult to predict at this time.

Based on the above, we have revised downward our forecasts for the first six months and the full term of the fiscal year ending March 31, 2025, which was announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Fiscal Year 2024)” on April 30, 2024.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	57,638	43,286
Notes receivable - trade	630	498
Accounts receivable - trade	65,696	63,691
Electronically recorded monetary claims - operating	27,081	26,967
Merchandise and finished goods	36,817	42,903
Raw materials and supplies	28,188	31,171
Other	5,275	6,509
Allowance for doubtful accounts	(434)	(447)
Total current assets	220,891	214,578
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,541	21,629
Machinery, equipment and vehicles, net	39,563	39,553
Land	31,863	32,212
Other, net	8,481	10,586
Total property, plant and equipment	101,448	103,979
Intangible assets		
Goodwill	797	802
Other	2,976	2,901
Total intangible assets	3,773	3,703
Investments and other assets		
Investment securities	18,060	17,706
Long-term loans receivable	187	166
Retirement benefit asset	5,132	5,329
Deferred tax assets	2,648	2,776
Other	2,115	2,176
Allowance for doubtful accounts	(36)	(32)
Total investments and other assets	28,106	28,121
Total non-current assets	133,326	135,803
Total assets	354,217	350,381

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,279	24,522
Electronically recorded obligations - operating	2,941	3,315
Short-term borrowings	55,351	53,899
Current portion of long-term borrowings	4,776	5,294
Income taxes payable	7,029	1,500
Provision for bonuses	953	1,026
Other	14,597	13,781
Total current liabilities	107,925	103,338
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	22,612	22,223
Deferred tax liabilities	4,265	4,602
Deferred tax liabilities for land revaluation	2,394	2,394
Retirement benefit liability	4,074	4,257
Other	1,517	1,505
Total non-current liabilities	44,862	44,981
Total liabilities	152,787	148,318
Net assets		
Shareholders' equity		
Share capital	18,516	18,516
Capital surplus	19,636	19,644
Retained earnings	135,848	135,221
Treasury shares	(1,700)	(1,700)
Total shareholders' equity	172,300	171,680
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,994	3,756
Deferred gains or losses on hedges	114	132
Revaluation reserve for land	4,536	4,536
Foreign currency translation adjustment	10,162	12,252
Remeasurements of defined benefit plans	3,535	3,627
Total accumulated other comprehensive income	22,340	24,303
Non-controlling interests	6,790	6,079
Total net assets	201,430	202,063
Total liabilities and net assets	354,217	350,381

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statements of Income)****(For the Three-month Period)**

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	76,625	78,290
Cost of sales	66,739	69,618
Gross profit	9,885	8,672
Selling, general and administrative expenses	5,009	5,581
Operating profit	4,876	3,091
Non-operating income		
Interest income	246	272
Dividend income	211	179
Share of profit of entities accounted for using equity method	574	357
Foreign exchange gains	-	476
Other	100	174
Total non-operating income	1,131	1,458
Non-operating expenses		
Interest expenses	1,000	662
Foreign exchange losses	75	-
Other	39	24
Total non-operating expenses	1,113	686
Ordinary profit	4,894	3,863
Extraordinary income		
Gain on sale and retirement of non-current assets	9	16
Total extraordinary income	9	16
Extraordinary losses		
Loss on sale and retirement of non-current assets	21	16
Other	0	0
Total extraordinary losses	21	16
Profit before income taxes	4,882	3,863
Income taxes	1,735	1,468
Profit	3,147	2,395
Loss attributable to non-controlling interests	(797)	(237)
Profit attributable to owners of parent	3,944	2,632

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Three-month Period)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	3,147	2,395
Other comprehensive income		
Valuation difference on available-for-sale securities	183	(238)
Deferred gains or losses on hedges	(20)	19
Foreign currency translation adjustment	200	2,334
Remeasurements of defined benefit plans, net of tax	8	91
Total other comprehensive income	372	2,207
Comprehensive income	3,519	4,601
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,231	4,595
Comprehensive income attributable to non-controlling interests	(712)	7

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

I. First three months of the fiscal year ended March 31, 2024 (from April 1, 2023 to June 30, 2023)

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	41,753	32,004	1,635	75,392	1,233	–	76,625
Sales to external customers	41,753	32,004	1,635	75,392	1,233	–	76,625
Inter-segment sales and transfers	1	–	118	120	203	(323)	–
Total	41,755	32,004	1,753	75,512	1,436	(323)	76,625
Segment profit (loss)	6,210	(1,321)	263	5,153	21	(298)	4,876

- Notes:
1. “Others” represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, castings, civil engineering materials sales and insurance agent businesses.
 2. The adjustment of (298) million yen to “segment profit (loss)” includes 7 million yen in eliminations for intersegment transactions and (304) 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, 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.

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, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows.

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	2,339	2,137
Amortization of goodwill	25	29

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