

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

Company name:	Kyoei Steel, Ltd.	Stock exchange listed:	Tokyo
Stock code:	5440	URL:	<a href="https://www.kyoeisteel.co.jp/">https://www.kyoeisteel.co.jp/</a>
Representative:	Yasuyuki Hiroto, 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 filing of Semi-annual Securities Report: (Japanese version only):			November 11, 2024
Scheduled date of payment of dividend:			December 6, 2024
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 Second Quarter (from April 1, 2024 to September 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	%
Six months ended September 30, 2024	161,037	3.5	5,915	(40.5)	6,135	(38.6)	5,066	(35.6)
Six months ended September 30, 2023	155,538	(14.9)	9,941	63.4	9,996	54.2	7,861	93.8

Note: Comprehensive income Six months ended September 30, 2024: 9,499 million yen [(22.3)%]  
Six months ended September 30, 2023: 12,219 million yen [(3.4)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	116.56	—
Six months ended September 30, 2023	180.88	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	347,992	206,939	57.6
As of March 31, 2024	354,217	201,430	54.9

Reference: Equity As of September 30, 2024: 200,387 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	—	30.00	—	—	—
Fiscal Year 2025 (Forecast)	—	—	—	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
Full year	323,000	0.6	15,000	(28.8)	15,000	(28.7)	12,000	(13.2)	276.12

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 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, 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 September 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)

Six months ended September 30, 2024	43,458,975 shares
Six months ended September 30, 2023	43,458,975 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* 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 half of the fiscal year ending March 31, 2025, the global economy showed an overall recovery trend, despite downside risks such as continued inflation in Europe and the US and a stagnant real estate market in China. The Japanese economy also gradually recovered, due to factors such as inbound tourism demand and an improving employment and income environment, despite similar risks. Amid these circumstances, consolidated net sales of the Kyoei Steel Group in the first six months of the fiscal year ending March 31, 2025, increased by 5,498 million yen (3.5%) year on year to 161,037 million yen, consolidated operating profit decreased by 4,026 million yen (40.5%) year on year to 5,915 million yen, consolidated ordinary profit decreased by 3,861 million yen (38.6%) year on year to 6,135 million yen, and profit attributable to owners of parent decreased by 2,795 million yen (35.6%) year on year to 5,066 million yen. In addition, 1,380 million yen was recorded as extraordinary income for a portion of the insurance claims related to a fire that occurred at the U.S. base in August 2023 and a COVID-19 subsidy received at the Canadian base, and 66 million yen was recorded as extraordinary losses for accident-related losses due to equipment problems at a domestic base.

Results by business segment are as follows.

#### 1) Domestic Steel Business

For this business segment, although domestic construction demand maintained a level of stability due to corporate capital investment and public investment, performance was weak due the impact of rising prices of materials, labor shortages and working style reforms at construction and logistics sites, and delayed or prolonged construction periods due to extreme heat. As a result, product shipments in the first six months of the fiscal year ending March 31, 2025 decreased by 64,000 tons from the same period of the previous fiscal year to 725,000 tons. Although we worked to maintain product sales prices by focusing on production in line with demand, product sales prices fell by 1,800 yen (1.7%) year on year, while the price of steel scrap increased by 500 yen (1.0%) year on year, resulting in a decrease of 2,300 yen (4.2%) 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 7,230 million yen (9.0%) year on year to 72,902 million yen and operating profit decreased by 4,533 million yen (36.5%) year on year to 7,872 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, there were signs of a recovery in construction demand, which had been sluggish due to political factors, and shipment volumes increased. However, the competitive environment remained difficult due to a sluggish Chinese economy and its impact on steel exports, and although the deficit narrowed, an operating loss was recorded.

In North America, although the Canadian base continued to perform well due to strong demand for construction, the US base performed poorly as a result of factors such as the softening of market conditions and the time required to stabilize operations after a fire incident.

As a result, segment net sales increased by 12,496 million yen (17.9%) to 82,315 million yen, and there was an operating loss of 1,590 million yen (compared with an operating loss of 2,296 million yen in the same period of the previous fiscal year).

#### 3) Material Recycling Business

For this business segment, despite an increase in sales, profit decreased due to the impact of intensifying price competition with competitors in the medical waste treatment business and increased costs due to problems with treatment facilities. Segment net sales increased by 8 million yen (0.3%) year on year to 3,183 million yen and operating profit decreased by 19 million yen (4.9%) year on year to 357 million yen.

**4) Others**

This category includes harbor operations in Vietnam and the casting business in Japan and Vietnam. Segment net sales increased by 223 million yen (9.3%) year on year to 2,636 million yen and operating profit increased by 196 million yen (2337.7%) year on year to 205 million yen.

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

Current assets decreased by 12,564 million yen, or 5.7%, from the end of the previous fiscal year to 208,327 million yen. This was attributable mainly to increases of 5,226 million yen in merchandise and finished goods, 2,838 million yen in raw materials and supplies, and 809 million yen in other current assets, and decreases of 2,590 million yen in cash and deposits, 263 million yen in notes receivable - trade, 10,048 million yen in accounts receivable - trade, and 8,520 million yen in electronically recorded monetary claims - operating.

Non-current assets increased by 6,339 million yen, or 4.8%, from the end of the previous fiscal year to 139,665 million yen. This was attributable mainly to increases of 1,745 million yen in buildings and structures, 1,045 million yen in machinery, equipment and vehicles, 731 million yen in land, 3,089 million yen in other, net under property, plant and equipment, 422 million yen in retirement benefit asset, and 256 million yen in deferred tax assets, and decreases of 145 million yen in other under intangible assets and 1,017 million yen in investment securities.

As a result, total assets decreased by 6,225 million yen, or 1.8%, from the end of the previous fiscal year to 347,992 million yen.

**Liabilities**

Current liabilities decreased by 10,133 million yen, or 9.4%, from the end of the previous fiscal year to 97,793 million yen. This was attributable mainly to increases of 882 million yen in provision for bonuses and 480 million yen in current portion of long-term borrowings, and decreases of 3,990 million yen in notes and accounts payable - trade, 279 million yen in electronically recorded obligations - operating, 234 million yen in short-term borrowings, 4,411 million yen in income taxes payable and 2,581 million yen in other under current liabilities.

Non-current liabilities decreased by 1,602 million yen, or 3.6%, from the end of the previous fiscal year to 43,260 million yen. This was attributable mainly to an increase of 366 million yen in retirement benefit liability, and decreases of 1,884 million yen in long-term borrowings and 194 million yen in deferred tax liabilities.

As a result, total liabilities decreased by 11,734 million yen, or 7.7%, from the end of the previous fiscal year to 141,053 million yen.

**Net assets**

Net assets increased by 5,510 million yen, or 2.7%, from the end of the previous fiscal year to 206,939 million yen. This was attributable mainly to the recording of profit attributable to owners of parent of 5,066 million yen, increases of 4,635 million yen in foreign currency translation adjustment and 209 million yen in remeasurements of defined benefit plans, and decreases of 908 million yen in valuation difference on available-for-sale securities, 237 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 57.6%.

**Cash flows**

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased by 19,541 million yen from the end of the previous fiscal year to 45,635 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 15,008 million yen. Major components included profit before income taxes of 7,344 million yen, depreciation of 4,280 million yen, a decrease of 22,035 million yen in trade receivables, an increase

of 4,456 million yen in inventories, a decrease of 5,142 million yen in trade payables, a decrease of 1,373 million yen in accrued consumption taxes, interest paid of 1,643 million yen, and income taxes paid of 6,872 million yen.

**(ii) Cash flows from investing activities**

Net cash provided by investing activities was 15,091 million yen. Major components included payments into time deposits and other of 3,431 million yen, proceeds from withdrawal of time deposits and other of 26,146 million yen and purchase of property, plant and equipment of 7,311 million yen.

**(iii) Cash flows from financing activities**

Net cash used in financing activities was 11,515 million yen. Major components included a net decrease of 5,225 million yen in short-term borrowings, repayments of long-term borrowings of 2,193 million yen, and dividends paid of 3,248 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 factors such as delays in construction work caused by a shortage of labor at construction and logistics sites, which continued from the first half. On the other hand, the price of steel scrap, which is a raw material, is expected to remain below initial projections, and we expect that the increased sales margin will allow full-year performance to progress mostly as planned.

The overall performance for the overseas steel business is expected to be lower than planned. In Vietnam, although demand for steel products is on a recovery trend, we expect to continue to face a difficult situation in terms of profits due to the intensification of competition and the continued sluggishness in product market conditions caused by the impact of the real estate slump in China. However, in the southern bases, although performance is expected to fall below plan, there are prospects for returning to profitability thanks to a recovery in sales volumes and successful cost-cutting measures. In North America, demand is expected to remain strong. However, a return to profitability is seen as unlikely at the U.S. base, although efforts to improve performance are ongoing with cost reductions and other measures. The Canadian base is expected to perform well due to factors including an increase in shipments as a result of the recovery in market conditions and strong sales of small-diameter steel bars, which began full-scale sales this spring.

In addition, the remaining amount of insurance claims for a fire incident that occurred at the U.S. base is expected to be recorded as an extraordinary income.

Based on the above, we have revised downward our forecasts for the full term of the fiscal year ending March 31, 2025, which was announced in the “Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (Fiscal Year 2025)” on July 31, 2024. 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, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	57,638	55,047
Notes receivable - trade	630	368
Accounts receivable - trade	65,696	55,648
Electronically recorded monetary claims - operating	27,081	18,561
Merchandise and finished goods	36,817	42,042
Raw materials and supplies	28,188	31,026
Other	5,275	6,084
Allowance for doubtful accounts	(434)	(448)
<b>Total current assets</b>	<b>220,891</b>	<b>208,327</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,541	23,285
Machinery, equipment and vehicles, net	39,563	40,608
Land	31,863	32,594
Other, net	8,481	11,570
<b>Total property, plant and equipment</b>	<b>101,448</b>	<b>108,057</b>
Intangible assets		
Goodwill	797	812
Other	2,976	2,831
<b>Total intangible assets</b>	<b>3,773</b>	<b>3,643</b>
Investments and other assets		
Investment securities	18,060	17,042
Long-term loans receivable	187	167
Retirement benefit asset	5,132	5,554
Deferred tax assets	2,648	2,903
Other	2,115	2,335
Allowance for doubtful accounts	(36)	(36)
<b>Total investments and other assets</b>	<b>28,106</b>	<b>27,965</b>
<b>Total non-current assets</b>	<b>133,326</b>	<b>139,665</b>
<b>Total assets</b>	<b>354,217</b>	<b>347,992</b>

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	22,279	18,289
Electronically recorded obligations - operating	2,941	2,662
Short-term borrowings	55,351	55,118
Current portion of long-term borrowings	4,776	5,256
Income taxes payable	7,029	2,618
Provision for bonuses	953	1,834
Other	14,597	12,016
<b>Total current liabilities</b>	<b>107,925</b>	<b>97,793</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term borrowings	22,612	20,729
Deferred tax liabilities	4,265	4,070
Deferred tax liabilities for land revaluation	2,394	2,394
Retirement benefit liability	4,074	4,440
Other	1,517	1,628
<b>Total non-current liabilities</b>	<b>44,862</b>	<b>43,260</b>
<b>Total liabilities</b>	<b>152,787</b>	<b>141,053</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	18,516	18,516
Capital surplus	19,636	19,644
Retained earnings	135,848	137,654
Treasury shares	(1,700)	(1,700)
<b>Total shareholders' equity</b>	<b>172,300</b>	<b>174,113</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,994	3,086
Deferred gains or losses on hedges	114	110
Revaluation reserve for land	4,536	4,536
Foreign currency translation adjustment	10,162	14,797
Remeasurements of defined benefit plans	3,535	3,744
<b>Total accumulated other comprehensive income</b>	<b>22,340</b>	<b>26,274</b>
Non-controlling interests	6,790	6,553
<b>Total net assets</b>	<b>201,430</b>	<b>206,939</b>
<b>Total liabilities and net assets</b>	<b>354,217</b>	<b>347,992</b>



**(2) Semi-annual Consolidated Statements of Income and Comprehensive Income****(Semi-annual Consolidated Statements of Income)****(For the Six-month Period)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	155,538	161,037
Cost of sales	135,555	143,551
Gross profit	19,983	17,486
Selling, general and administrative expenses	10,042	11,571
Operating profit	9,941	5,915
Non-operating income		
Interest income	518	509
Dividend income	215	200
Share of profit of entities accounted for using equity method	1,188	652
Other	245	367
Total non-operating income	2,166	1,729
Non-operating expenses		
Interest expenses	1,937	1,386
Foreign exchange losses	106	50
Other	68	73
Total non-operating expenses	2,111	1,509
Ordinary profit	9,996	6,135
Extraordinary income		
Gain on sale and retirement of non-current assets	18	27
Insurance claim income	122	819
Subsidy income	–	561
Total extraordinary income	140	1,407
Extraordinary losses		
Loss on sale and retirement of non-current assets	118	128
Loss on accident	–	66
Other	2	4
Total extraordinary losses	120	198
Profit before income taxes	10,016	7,344
Income taxes	3,545	2,283
Profit	6,471	5,061
Loss attributable to non-controlling interests	(1,390)	(5)
Profit attributable to owners of parent	7,861	5,066

**(Semi-annual Consolidated Statements of Comprehensive Income)**  
**(For the Six-month Period)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	6,471	5,061
Other comprehensive income		
Valuation difference on available-for-sale securities	951	(908)
Deferred gains or losses on hedges	83	(4)
Foreign currency translation adjustment	4,417	5,141
Remeasurements of defined benefit plans, net of tax	296	209
Total other comprehensive income	5,748	4,439
Comprehensive income	12,219	9,499
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,838	8,999
Comprehensive income attributable to non-controlling interests	(619)	501

**(3) Semi-annual Consolidated Statements of Cash Flows**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,016	7,344
Depreciation	4,784	4,280
Amortization of goodwill	52	58
Increase (decrease) in provisions	712	862
Increase (decrease) in retirement benefit liability	373	366
Share of loss (profit) of entities accounted for using equity method	(1,188)	(652)
Loss (gain) on sale and retirement of non-current assets	100	101
Loss on accident	–	66
Insurance claim income	(122)	(819)
Interest and dividend income	(733)	(709)
Subsidy income	–	(561)
Interest expenses	1,937	1,386
Decrease (increase) in trade receivables	(12,180)	22,035
Decrease (increase) in inventories	5,347	(4,456)
Increase (decrease) in trade payables	4,843	(5,142)
Increase (decrease) in accrued consumption taxes	(968)	(1,373)
Decrease (increase) in retirement benefit asset	(552)	(489)
Other, net	(1,028)	(1,451)
Subtotal	11,392	20,846
Interest and dividends received	842	1,355
Interest paid	(2,086)	(1,643)
Payments associated with loss on accident	–	(58)
Proceeds from insurance income	416	819
Subsidies received	–	561
Income taxes refund (paid)	(1,684)	(6,872)
Net cash provided by (used in) operating activities	8,879	15,008
<b>Cash flows from investing activities</b>		
Payments into time deposits and other	(26,753)	(3,431)
Proceeds from withdrawal of time deposits and other	26,318	26,146
Purchase of investment securities	(3)	(24)
Loan advances	(303)	(154)
Proceeds from collection of loans receivable	56	39
Purchase of property, plant and equipment	(5,905)	(7,311)
Proceeds from sale of property, plant and equipment	12	21
Purchase of intangible assets	(142)	(79)
Other, net	(285)	(116)
Net cash provided by (used in) investing activities	(7,006)	15,091
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(7,836)	(5,225)
Repayments of long-term borrowings	(2,105)	(2,193)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(632)
Dividends paid	(2,824)	(3,248)
Dividends paid to non-controlling interests	(8)	(98)
Other, net	(110)	(119)
Net cash provided by (used in) financing activities	(12,883)	(11,515)
Effect of exchange rate change on cash and cash equivalents	843	956
Net increase (decrease) in cash and cash equivalents	(10,166)	19,541
Cash and cash equivalents at beginning of period	32,421	26,094
Cash and cash equivalents at end of period	22,254	45,635

**(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, 2024 (from April 1, 2023 to September 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 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	80,132	69,819	3,174	153,126	2,413	–	155,538
Sales to external customers	80,132	69,819	3,174	153,126	2,413	–	155,538
Inter-segment sales and transfers	1	–	234	235	388	(624)	–
Total	80,134	69,819	3,408	153,361	2,801	(624)	155,538
Segment profit (loss)	12,405	(2,296)	375	10,484	8	(552)	9,941

- 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 (552) million yen to “segment profit (loss)” includes 3 million yen in eliminations for intersegment transactions and (555) 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, 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.

**Notes on Significant Changes in the Amount of Shareholders' Equity**

Not applicable.

**Notes on Going Concern Assumption**

Not applicable.

*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.*