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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

August 6, 2025

Company name: Nakayama Steel Works, Ltd.

Listing: Tokyo Stock Exchange

Securities code: 5408

URL: <https://www.nakayama-steel.co.jp/>

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results

(Percentages indicate 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, 2025	38,897	(18.4)	1,787	(31.1)	1,774	(30.9)	1,082	(36.3)
June 30, 2024	47,682	0.5	2,593	(31.3)	2,568	(32.9)	1,699	(41.1)

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ 1,185 million [(30.0) %]

Three months ended June 30, 2024: ¥ 1,693 million [(45.1) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	19.98	-
June 30, 2024	31.38	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	148,852	106,803	71.8
March 31, 2025	149,148	106,810	71.6

(Reference) Equity: As of June 30, 2025: ¥ 106,803 million

As of March 31, 2025: ¥ 106,810 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	18.00	-	22.00	40.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		8.00	-	16.00	24.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026(April 1, 2025 to March 31, 2026)

(Percentages indicate 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
Six months ending September 30, 2025	76,500	(14.6)	2,900	(39.4)	2,700	(42.5)	1,500	(53.3)	27.69
Full year	157,500	(7.0)	7,300	(13.5)	7,000	(13.8)	4,200	(26.3)	77.53

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2025: 63,079,256 shares

March 31, 2025: 63,079,256 shares

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

June 30, 2025: 8,904,088 shares

March 31, 2025: 8,903,954 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2025: 54,175,271 shares

Three months ended June 30, 2024: 54,157,398 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements contained in this document have been prepared based on information available as of the date of publication and are subject to various uncertainties. Actual results may differ materially from these forecasts due to a few factors. For the assumptions underlying these forecasts, please refer to "(3) Explanation of Consolidated Financial Results Forecast and Other Outlook Information" on page 2 of the attached document.

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1 . Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results for the Three Months Ended Jun.30,2025

During the three months ended Jun.30,2025 under review, the Japanese economy has been recovering moderately, with firms' appetite for business fixed investment remaining firm. However, regarding domestic demand, although employment conditions improved and nominal wages increased, economic growth remained flat due to rising prices weighing on private consumption. Furthermore, potential impacts from U.S. tariff policies remain a concern, warranting continued close monitoring.

In the steel industry, the Group's core business, domestic demand has remained low due to the continued impact of construction delays caused by high material prices and labor shortages in the construction industry and the lack of growth in the manufacturing industry. In addition, the persistent high level of steel imports from China has exerted downward pressure on steel sales prices. Amid this challenging business environment, the Group has been steadily advancing initiatives based on its long-term plan to achieve the "Nakayama Steel Works Group 2030 Long-Term Vision," including capacity enhancement work for the existing electric arc furnace with a monthly production capacity of 50,000 tons and the progression of environmental assessment procedures related to new electric arc furnace investments.

As a result, the consolidated financial results for the three months ended Jun.30,2025 were net sales of 38,897 million yen (a decrease of 8,784 million yen year-on-year), operating profit of 1,787 million yen (a decrease of 806 million yen year-on-year), ordinary profit of 1,774 million yen (a decrease of 794 million yen year-on-year), and profit attributable to owners of parent of 1,082 million yen (a decrease of 616 million yen year-on-year).

The results of each segment during the three months ended Jun.30,2025 are as follows.

In the steel business, profit decreased due to a decrease in steel material sales volume and an increase in fixed costs, but on the other hand, we made efforts to maintain steel material sales prices amid the downward trend, and the spread improved due to the decline in main raw material prices, and the decline in profit narrowed. As a result, the net sales were 38,287 million yen (a decrease of 8,799 million yen year-on-year) and the ordinary profit was 1,622 million yen (a decrease of 772 million yen year-on-year).

In the engineering business, the net sales were 407 million yen (a decrease of 10 million yen year-on-year) and the ordinary loss was 2 million yen (a decrease of 22 million yen year-on-year) mainly due to a decrease in sales in the marine business.

In the real estate business, the net sales were 365 million yen (an increase of 1 million yen year-on-year) and ordinary profit was 177 million yen (a decrease of 10 million yen year-on-year) as stable revenues were secured mainly from rental income.

(2) Explanation of Financial Position for the Three Months Ended Jun.30,2025

Total assets at the end of the first quarter of FY2025 under review were 148,852 million yen, a decrease of 295 million yen from the end of the previous fiscal year. This was mainly due to a decrease in inventories (merchandise and finished goods, work in process, raw materials and supplies), despite notes and accounts receivable-trade and contract assets, electronically recorded monetary claims-operating and property, plant and equipment increased.

Liabilities were 42,048 million yen, a decrease of 288 million yen from the end of the previous fiscal year.

This was mainly due to a decrease in notes and accounts payable-trade and provision for bonuses, despite electronically recorded obligations – operating and accounts payable – other increased.

Net assets were 106,803 million yen, a decrease of 6 million yen from the end of the previous fiscal year. This was mainly due to the recording of the profit attributable to owners of parent and the distribution of surplus.

(3) Explanation of Consolidated Financial Results Forecast and Other Outlook Information

The consolidated earnings forecast for the fiscal year ending Mar.2026 has not changed from the figures announced on May 9, 2025.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	15,346	15,475
Notes and accounts receivable - trade, and contract assets	33,420	33,850
Electronically recorded monetary claims - operating	8,909	9,716
Merchandise and finished goods	17,187	15,254
Work in process	4,900	5,170
Raw materials and supplies	11,876	11,409
Other	919	737
Allowance for doubtful accounts	(34)	(49)
Total current assets	92,524	91,564
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,917	7,872
Machinery and equipment, net	16,622	16,385
Land	22,611	22,611
Other, net	1,136	1,972
Total property, plant and equipment	48,288	48,842
Intangible assets	470	449
Investments and other assets		
Investment securities	3,193	3,352
Guarantee deposits	1,764	1,764
Other	2,935	2,908
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	7,864	7,996
Total non-current assets	56,623	57,288
Total assets	149,148	148,852

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,345	12,822
Electronically recorded obligations - operating	2,757	3,801
Short-term borrowings	2,546	2,541
Accounts payable - other	2,788	3,246
Accrued expenses	1,739	1,792
Income taxes payable	883	677
Provision for bonuses	1,028	478
Provision for environmental measures	17	11
Provision for decommissioning and removal	231	-
Other	600	1,376
Total current liabilities	26,941	26,749
Non-current liabilities		
Long-term borrowings	6,515	6,383
Deferred tax liabilities	3,183	3,237
Deferred tax liabilities for land revaluation	1,030	1,030
Provision for environmental measures	5	5
Provision for decommissioning and removal	187	187
Provision for loss on business of subsidiaries and associates	893	893
Retirement benefit liability	2,314	2,310
Other	1,265	1,249
Total non-current liabilities	15,396	15,299
Total liabilities	42,337	42,048
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,857	7,857
Retained earnings	75,936	75,827
Treasury shares	(773)	(773)
Total shareholders' equity	103,065	102,956
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	928	1,034
Revaluation reserve for land	2,359	2,359
Remeasurements of defined benefit plans	456	452
Total accumulated other comprehensive income	3,744	3,846
Total net assets	106,810	106,803
Total liabilities and net assets	149,148	148,852

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	47,682	38,897
Cost of sales	41,683	33,773
Gross profit	5,998	5,124
Selling, general and administrative expenses		
Selling expenses	1,460	1,321
General and administrative expenses	1,944	2,015
Total selling, general and administrative expenses	3,404	3,336
Operating profit	2,593	1,787
Non-operating income		
Interest income	11	10
Dividend income	46	51
Share of profit of entities accounted for using equity method	22	23
Other	24	28
Total non-operating income	105	113
Non-operating expenses		
Interest expenses	47	52
Rental expenses	33	33
Other	49	40
Total non-operating expenses	130	126
Ordinary profit	2,568	1,774
Extraordinary income		
Gain on sale of non-current assets	0	5
Total extraordinary income	0	5
Extraordinary losses		
Loss on retirement of non-current assets	7	96
Total extraordinary losses	7	96
Profit before income taxes	2,561	1,682
Income taxes	861	599
Profit	1,699	1,082
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,699	1,082

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	1,699	1,082
Other comprehensive income		
Valuation difference on available-for-sale securities	6	106
Deferred gains or losses on hedges	(0)	-
Remeasurements of defined benefit plans, net of tax	(12)	(4)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(6)	102
Comprehensive income	1,693	1,185
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,693	1,185
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to the Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Application of Specific Accounting Treatments for Preparing Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Regarding the tax expenses, the company has reasonably estimated the effective tax rate on profit before income taxes for the consolidated fiscal year including the first quarter of FY2025 after the application of tax effect accounting, which is calculated by multiplying the profit before income taxes by said estimated effective tax rate. However, in cases where calculating tax expenses using the said estimated effective tax rate would significantly lack rationality, the statutory effective tax rate is applied instead.

(Notes to Statements of Cash Flows)

Quarterly consolidated statement of cash flows has not been prepared for the three months ended Jun.30, 2025. Depreciation and amortization (including amortization related to intangible assets) for the three months ended Jun.30, 2025, and the same period of the previous fiscal year are as follows.

	For the three months ended Jun.30,2024	For the three months ended Jun.30,2025
Depreciation and amortization	696 million yen	757 million yen

(Segment Information, etc.)

【Segment Information】

I For the three months ended Jun.30,2024

1. Information on the amounts of net sales, profit or loss by reportable segments and decomposition information of income

	Reportable segments				Adjustments	(Millions of yen) Amounts recorded on consolidated statement of income
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts customers	47,009	416	—	47,425	—	47,425
Other revenue	—	—	256	256	—	256
Sales to external customers	47,009	416	256	47,682	—	47,682
Inter-segment sales or transfers	76	2	107	185	(185)	—
Total	47,086	418	363	47,868	(185)	47,682
Segment profit (loss) (Ordinary profit or loss)	2,394	19	188	2,602	(33)	2,568

2. The differences between the total amount of profit or loss in the reportable segments and the amounts recorded on the quarterly consolidated statement of income, and the main contents of such differences (matters related to adjustments for differences)

(Millions of yen)	
Profit or loss	Amount
Total reportable segments	2,602
Elimination of intersegment sales	(0)
Corporate non-operating profit (loss) (Note)	(33)
Ordinary profit in the quarterly consolidated statement of income	2,568

(Note) Corporate non-operating profit (loss) are primarily the difference between non-operating profit and non-operating loss not attributable to reportable segments.

II The three months ended Jun.30,2025

1. Information on the amounts of net sales, profit or loss by reportable segments and decomposition information of income

	Reportable segments				Adjustments	Amounts recorded on consolidated statements of income
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts customers	38,257	390	—	38,648	—	38,648
Other revenue	—	—	248	248	—	248
Sales to external customers	38,257	390	248	38,897	—	38,897
Inter-segment sales or transfers	29	16	116	162	(162)	—
Total	38,287	407	365	39,059	(162)	38,897
Segment profit (loss) (Ordinary profit or loss)	1,622	(2)	177	1,796	(22)	1,774

2. The differences between the total amount of profit or loss in the reportable segments and the amounts recorded on the quarterly consolidated statement of income, and the main contents of such differences (matters related to adjustments for differences)

(Millions of yen)	
Profit or loss	Amount
Total reportable segments	1,796
Elimination of intersegment sales	(0)
Corporate non-operating profit (loss) (Note)	(22)
Ordinary profit in the quarterly consolidated statement of income	1,774

(Note) Corporate non-operating profit (loss) are primarily the difference between non-operating profit and non-operating loss not attributable to reportable segments.