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February 5, 2026

Consolidated Financial Results for the Nine Months Ended December 31, 2025 (Under Japanese GAAP)



Company name: Nakayama Steel Works, Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 5408
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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 nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

(1) Consolidated operating results (cumulative)

(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	%
Nine months ended								
December 31, 2025	109,711	(15.4)	3,217	(52.0)	2,963	(55.2)	1,668	(63.2)
December 31, 2024	129,656	(6.2)	6,706	(29.4)	6,607	(29.8)	4,528	(30.6)

Note: Comprehensive income For the nine months ended December 31, 2025: ¥ 2,088 million [(51.2)%]
 For the nine months ended December 31, 2024: ¥ 4,281 million [(37.1)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2025	30.79	-
December 31, 2024	83.60	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2025	149,983	107,297	71.5
March 31, 2025	149,148	106,810	71.6

Reference: Equity

As of December 31, 2025: ¥ 107,297 million
 As of March 31, 2025: ¥ 106,810 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal 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	-	8.00	-		
Fiscal year ending March 31, 2026 (Forecast)				5.00	13.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2026 (from 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
Full year	148,000	(12.6)	4,200	(50.2)	4,000	(50.7)	2,300	(59.6)	42.42

Note: Revisions to the financial result forecast most recently announced: Yes

* 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
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2025	63,079,256 shares
As of March 31, 2025	63,079,256 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2025	8,863,762 shares
As of March 31, 2025	8,903,954 shares

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

Nine months ended December 31, 2025	54,197,755 shares
Nine months ended December 31, 2024	54,167,442 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 Nine Months Ended Dec.31,2025

During the nine months ended Dec.31,2025 under review, Japanese economy is expected to recover moderately in the future, but both domestic and external demand are currently lacking strength due to factors such as the downward pressure on personal consumption caused by rising prices and the persistently high purchase prices.

In the steel industry, the Group's core business, domestic demand has remained low due to the continued impact of construction delays and cutbacks caused by high material prices and labor shortages in the construction industry and the lack of growth in the manufacturing industry. In addition, the inflow of steel products from China remains at a high level, and as a result, steel product sales prices continue to trend downward. As for the Group, although the Company's electric arc furnace was forced to suspend operations due to the accident at Substation No. 5 on September 26, the Company continued to supply products to its suppliers by purchasing alternative iron sources. The electric arc furnace resumed operation on December 24 and has been operating smoothly since then. Despite this environment, the Group will continue to aim to establish a joint venture company in March 2026 for the purpose of owning new electric arc furnace, to realize the "Nakayama Steel Works Group 2030 Long-Term Vision."

As a result, the consolidated financial results for the nine months ended Dec.31,2025 were net sales of 109,711 million yen (a decrease of 19,945 million yen year-on-year), operating profit of 3,217 million yen (a decrease of 3,488 million yen year-on-year), ordinary profit of 2,963 million yen (a decrease of 3,644 million yen year-on-year), and profit attributable to owners of parent of 1,668 million yen (a decrease of 2,859 million yen year-on-year).

The results of each segment during the nine months ended Dec.31,2025 were as follows.

In the steel business, despite efforts to secure spreads amid pressure to adjust steel product sales prices, profit declined due to the impact of reduced production during the suspension of electric arc furnace operation due to the power substation accident, restoration costs, a decrease in steel product sales volume due to sluggish demand and shipment adjustments, and an increase in fixed costs. The impact of the suspension of electric arc furnace operation is a temporary factor for only this current consolidated fiscal year.

As a result, the net sales were 107,924 million yen (a decrease of 19,731 million yen year-on-year) and the ordinary profit was 2,693 million yen (a decrease of 3,468 million yen year-on-year).

In the engineering business, the net sales were 1,249 million yen (a decrease of 142 million yen year-on-year) and the ordinary profit was 21 million yen (an increase of 2 million yen year-on-year), mainly due to a decrease in sales in the marine business and cost reductions in the casting machine business.

In the real estate business, the net sales were 1,052 million yen (an increase of 10 million yen year-on-year) and the ordinary profit was 512 million yen (a decrease of 11 million yen year-on-year) as stable revenues were secured mainly from rental income.

(2) Explanation of Financial Position for the Nine Months Ended Dec.31,2025

Total assets at the end of the third quarter of FY2025 under review were 149,983 million yen, an increase of 835 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits, electronically recorded monetary claims - operating, machinery and equipment, and other tangible fixed assets, despite notes and accounts receivable - trade, and contract assets, merchandise and finished goods decreased.

Liabilities were 42,685million yen, an increase of 348 million yen from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable-trade and electronically recorded obligations - operating, despite accounts payable - other and income taxes payable decreased.

Net assets were 107,297 million yen, an increase of 487 million yen from the end of the previous fiscal year. This was mainly due to an increase in valuation difference on available-for-sale securities.

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

Regarding outlook for the future, the business environment is expected to remain severe due to uncertainty in overseas markets due to the sluggish Chinese economy, sluggish domestic steel demand, and the rising trend in steel scrap prices due to the impact of foreign exchange rates. Against this backdrop, the Group will increase steel product sales volume to recover from the impact of the suspension of the electric arc furnace operation and strive to maintain appropriate prices and secure spreads.

Based on the above, we anticipate consolidated net sales of 148 billion yen, operating income of 4.2 billion yen, ordinary income of 4 billion yen, and net income attributable to owners of parent of 2.3 billion yen for the fiscal year ending March 2026.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	15,346	23,794
Notes and accounts receivable - trade, and contract assets	33,420	27,771
Electronically recorded monetary claims - operating	8,909	10,228
Merchandise and finished goods	17,187	11,993
Work in process	4,900	5,032
Raw materials and supplies	11,876	11,291
Other	919	1,164
Allowance for doubtful accounts	(34)	(43)
Total current assets	92,524	91,233
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,917	7,884
Machinery and equipment, net	16,622	17,416
Land	22,611	22,613
Other, net	1,136	2,063
Total property, plant and equipment	48,288	49,978
Intangible assets	470	399
Investments and other assets		
Investment securities	3,193	3,840
Guarantee deposits	1,764	1,766
Other	2,935	2,794
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	7,864	8,373
Total non-current assets	56,623	58,750
Total assets	149,148	149,983

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,345	15,589
Electronically recorded obligations - operating	2,757	3,348
Short-term borrowings	2,546	2,525
Accounts payable - other	2,788	2,047
Accrued expenses	1,739	1,892
Income taxes payable	883	67
Provision for bonuses	1,028	461
Provision for environmental measures	17	0
Provision for decommissioning and removal	231	-
Other	600	1,432
Total current liabilities	26,941	27,365
Non-current liabilities		
Long-term borrowings	6,515	6,125
Deferred tax liabilities	3,183	3,397
Deferred tax liabilities for land revaluation	1,030	1,030
Provision for environmental measures	5	7
Provision for decommissioning and removal	187	187
Provision for loss on business of subsidiaries and associates	893	893
Retirement benefit liability	2,314	2,327
Other	1,265	1,350
Total non-current liabilities	15,396	15,320
Total liabilities	42,337	42,685
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,857	7,879
Retained earnings	75,936	75,979
Treasury shares	(773)	(769)
Total shareholders' equity	103,065	103,133
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	928	1,359
Deferred gains or losses on hedges	-	0
Revaluation reserve for land	2,359	2,359
Remeasurements of defined benefit plans	456	444
Total accumulated other comprehensive income	3,744	4,163
Total net assets	106,810	107,297
Total liabilities and net assets	149,148	149,983

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
For the Nine-Month Period

(Millions of yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Net sales	129,656	109,711
Cost of sales	112,761	96,331
Gross profit	16,895	13,379
Selling, general and administrative expenses		
Selling expenses	4,301	3,979
General and administrative expenses	5,887	6,182
Total selling, general and administrative expenses	10,189	10,162
Operating profit	6,706	3,217
Non-operating income		
Interest income	38	33
Dividend income	92	90
Share of profit of entities accounted for using equity method	43	31
Other	110	166
Total non-operating income	285	322
Non-operating expenses		
Interest expenses	125	142
Other	258	434
Total non-operating expenses	384	576
Ordinary profit	6,607	2,963
Extraordinary income		
Gain on sales of scraps	-	51
Gain on sale of non-current assets	2	13
Total extraordinary income	2	65
Extraordinary losses		
Loss on retirement of non-current assets	84	509
Other	4	0
Total extraordinary losses	89	509
Profit before income taxes	6,521	2,519
Income taxes	1,993	850
Profit	4,528	1,668
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	4,528	1,668

Quarterly Consolidated Statement of Comprehensive Income
For the Nine-Month Period

(Millions of yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Profit	4,528	1,668
Other comprehensive income		
Valuation difference on available-for-sale securities	(209)	431
Deferred gains or losses on hedges	0	0
Remeasurements of defined benefit plans, net of tax	(37)	(12)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(247)	419
Comprehensive income	4,281	2,088
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,281	2,088
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 third 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 nine months ended Dec.31, 2025. Depreciation and amortization (including amortization related to intangible assets) for the nine months ended Dec.31, 2025, and the same period of the previous fiscal year were as follows.

	For the nine months ended Dec.31,2024	For the nine months ended Dec.31,2025
Depreciation and amortization	2,139million yen	2,340million yen

(Segment Information, etc.)

【Segment Information】

I For the nine months ended Dec.31,2024

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

(Millions of yen)

	Reportable segments				Adjustments	Amounts recorded on consolidated statement of income
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts customers	127,533	1,381	—	128,914	—	128,914
Other revenue	—	—	741	741	—	741
Sales to external customers	127,533	1,381	741	129,656	—	129,656
Inter-segment sales or transfers	122	11	300	433	(433)	—
Total	127,655	1,392	1,042	130,090	(433)	129,656
Segment profit (Ordinary profit)	6,162	19	524	6,706	(99)	6,607

2. The differences between the total amounts 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	6,706
Elimination of intersegment sales	4
Corporate non-operating profit (loss) (Note)	(103)
Ordinary profit in the quarterly consolidated statement of income	6,607

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

II For the nine months ended Dec.31,2025

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

(Millions of yen)

	Reportable segments				Adjustments	Amounts recorded on consolidated statement of income
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts customers	107,752	1,224	—	108,977	—	108,977
Other revenue	—	—	733	733	—	733
Sales to external customers	107,752	1,224	733	109,711	—	109,711
Inter-segment sales or transfers	171	24	319	515	(515)	—
Total	107,924	1,249	1,052	110,227	(515)	109,711
Segment profit (Ordinary profit)	2,693	21	512	3,228	(265)	2,963

2. The differences between the total amounts 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	3,228
Elimination of intersegment sales	0
Corporate non-operating profit (loss) (Note)	(266)
Ordinary profit in the quarterly consolidated statement of income	2,963

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