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May 8, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



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 of annual general meeting of shareholders: June 25, 2026

Scheduled date to commence dividend payments: June 26, 2026

Scheduled date to file annual securities report: June 24, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	%
Fiscal year ended March 31, 2026	148,306	(12.4)	4,911	(41.8)	4,806	(40.8)	2,462	(56.8)
March 31, 2025	169,329	(8.2)	8,436	(31.6)	8,119	(33.7)	5,695	(36.0)

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 3,940 million [(19.5) %]
For the fiscal year ended March 31, 2025: ¥ 4,894 million [(50.5) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	45.44	-	2.3	3.2	3.3
March 31, 2025	105.14	-	5.4	5.4	5.0

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2026: ¥ 47 million

For the fiscal year ended March 31, 2025: ¥ 185 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	152,371	109,149	71.6	2,013.26
March 31, 2025	149,148	106,810	71.6	1,971.57

Reference: Equity

As of March 31, 2026: ¥ 109,149 million

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	15,274	(4,850)	(2,524)	23,225
March 31, 2025	7,346	(4,683)	(3,804)	15,326

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	18.00	-	22.00	40.00	2,167	38.0	2.1
Fiscal year ended March 31, 2026	-	8.00	-	6.00	14.00	759	30.8	0.7
Fiscal year ending March 31, 2027 (Forecast)	-	13.00	-	7.00	20.00		31.0	

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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, 2026	76,000	(0.8)	1,200	(60.3)	0	(100.0)	2,400	40.1	44.27
Full year	157,000	5.9	3,400	(30.8)	2,000	(58.4)	3,500	42.1	64.56

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2026	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 March 31, 2026	8,863,805 shares
As of March 31, 2025	8,903,954 shares

- (iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	54,202,112 shares
Fiscal Year ended March 31, 2025	54,169,390 shares

[Reference] Overview of non-consolidated financial results**1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	112,777	(14.9)	3,882	(44.2)	4,004	(41.0)	2,028	(58.2)
March 31, 2025	132,509	(9.9)	6,951	(36.2)	6,786	(38.1)	4,847	(40.3)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	37.42	-
March 31, 2025	89.49	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	133,490	94,307	70.6	1,739.50
March 31, 2025	131,439	93,399	71.1	1,724.02

Reference: Equity

As of March 31, 2026: ¥ 94,307 million

As of March 31, 2025: ¥ 93,399 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* 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 " (4) Outlook for the Future" on page 4 of the attached document.

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1. Summary of Operating Results

(1) Summary of Operating Results for the Fiscal Year Ended March 31, 2026 (FY2025)

During the consolidated fiscal year ended March 31, 2026, the Japanese economy lacked strength in both domestic and international demand due to uncertainty about the outlook for the global economy against the backdrop of tariff issues and heightened geopolitical risks, in addition to downward pressure on consumption caused by rising prices and various supply constraints, and persistently high purchase prices.

In the steel industry, the Group's core business, domestic demand remained sluggish overall, as the construction industry continued to experience delays in construction schedules due to rising material prices and labor shortages, as well as reductions in the scale of construction projects. In the manufacturing industry, domestic demand was also sluggish due to the impact of U.S. tariff and other factors. In addition, the steel market continued to decline due to the inflow of cheap imports from China. On the other hand, the price of steel scrap, the main raw material, remained at a high level, with a sharp rise in the latter half of the second half of the fiscal year, although it decreased from the previous year.

The Group was forced to suspend operation at its electric arc furnace due to the accident at Substation No. 5 on 26 September, resulting in a significant reduction in production to approximately 60% of the previous fiscal year. While the Company prioritized maintaining product supply to customers by procuring alternative iron sources, costs amounting to approximately 1.6 billion yen were incurred due to the cost of procuring external iron supplies, equipment restoration costs and a deterioration in unit costs. The operation has been proceeding smoothly since the resumption of activities on December 24.

Regarding "Long-term Plan and Investment in New Electric Arc Furnace to Realize the Nakayama Steel Works Group's Long-term Vision", the Company concluded a joint venture agreement with NIPPON STEEL CORPORATION on November 26, regarding the establishment of a joint venture company for the purpose of constructing and owning new electric arc furnace facilities and leasing them to the Company. In addition, the Company concluded a basic agreement with YODOKO, Ltd. regarding a business alliance with the aim of strengthening the collaborative relationship for the expansion of the application of electric arc furnace steel products, as announced in the "Notice Regarding the Conclusion of a Memorandum of Understanding for a Business Alliance with YODOKO, Ltd. " announced on December 12. Discussions are currently underway for the conclusion of this agreement.

As a result, the consolidated financial results for the fiscal year ended March 31, 2026 were net sales of 148,306 million yen (a decrease of 21,023 million yen year-on-year), operating profit of 4,911 million yen (a decrease of 3,525 million yen year-on-year), ordinary profit of 4,806 million yen (a decrease of 3,313 million yen year-on-year), and profit attributable to owners of parent of 2,462 million yen (a decrease of 3,232 million yen year-on-year).

The results of each segment for the fiscal year ended March 31, 2026 were as follows.

In the steel business, although the Company made effort to secure spreads amid pressure to adjust steel product sales prices, profit declined due to the impact of reduced production caused by the suspension of electric arc furnace operation following a substation accident, a decrease in steel product sales volume due to sluggish demand, and an increase in fixed costs.

As a result, the net sales were 145,860 million yen (a decrease of 20,786 million yen year-on-year) and the ordinary profit was 4,215 million yen (a decrease in profit of 3,609 million yen year-on-year).

In the engineering business, the net sales were 1,687 million yen (a decrease of 199 million yen year-on-year) and the ordinary loss was 20 million yen (a decrease in profit of 57 million yen year-on-year) mainly due to increased costs in the casting machine division, among other factors.

In the real estate business, the net sales were 1,395 million yen (an increase of 2 million yen year-on-year) and ordinary profit was 685 million yen (a decrease of 11 million yen year-on-year) as stable revenues were secured mainly from rental income.

(2) Summary of Financial Position for the Fiscal Year Ended March 31, 2026 (FY2025)

Total assets at the end of the fiscal year ended March 31, 2026 were 152,371 million yen, an decrease of 3,223 million yen year-on-year. This was mainly due to a decrease in inventories (merchandise and finished goods, work in progress, raw materials and supplies), offset by increases in cash and deposits, machinery and equipment, and retirement benefit assets.

Liabilities were 43,221 million yen, an increase of 883 million yen year-on-year. This was mainly due to a decrease in income taxes payable and an increase in notes and accounts payable-trade and deferred tax liabilities.

Net assets were 109,149 million yen, an increase of 2,339 million yen year-on-year. This was mainly due to the recording of the profit attributable to owners of parent and the distribution of surplus.

(3) Summary of Cash Flows for the Fiscal Year Ended March 31, 2026 (FY2025)

Cash and cash equivalents (hereinafter, "Funds") at the end of the fiscal year ended March 31, 2026 under review were 23,225 million yen, an increase of 7,899 million yen or 51.5% compared to FY2024. Cash flows for FY2025 and the factors were as follows.

Funds provided by operating activities were 15,274 million yen (compared to an inflow of 7,346 million yen in FY2024). This was mainly due to profit before income taxes and minority interests, depreciation and amortization, a decrease in accounts receivable (including electronically recorded monetary claims), an increase in trade payables (including electronically recorded obligations), a decrease in inventories and the payment of income taxes.

Funds used in investing activities were 4,850 million yen (compared to an outflow of 4,683 million yen in FY2024). This was mainly due to the purchase of property, plant and equipment.

Funds used in financing activities were 2,524 million yen (compared to an outflow of 3,804 million yen in FY2024). This was mainly due to payment of dividends and repayment of long-term borrowings.

(Reference) Trends in Cash Flows-Related Indicators

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Equity ratio (%)	61.9%	65.1%	68.7%	71.6%	71.6%
Equity ratio at market value (%)	16.8%	35.4%	33.8%	26.9%	21.8%
Ratio of interest-bearing liabilities to operating cash flows(years)	—	0.8	1.9	1.2	0.6
Interest coverage ratio (times)	—	62.6	36.6	43.4	80.0

(Notes) Equity ratio: Equity / Total assets

Equity ratio at market value: Market capitalization / Total assets

Ratio of interest-bearing liabilities to operating cash flows: Interest-bearing liabilities / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest paid

* Each indicator is calculated based on consolidated financial figures.

* Market capitalization is calculated by multiplying the number of shares issued and outstanding at the end of the fiscal year (excluding treasury shares) by the closing price per share at the end of the fiscal year.

* Operating cash flows are provided by operating activities recorded on the consolidated statements of cash flows.

Interest-bearing liabilities include all liabilities recorded on the consolidated balance sheets on which interest is paid. In addition, the interest paid is based on the interest expenses paid recorded on the consolidated statements of cash flows.

* Ratio of interest-bearing liabilities to operating cash flows and interest coverage ratio for the fiscal year ended March 31, 2022 were not presented due to negative operating cash flows.

(4) Outlook for the Future

Regarding the outlook going forward, it is expected that the severe business environment will continue, as the following concerns remain: in addition to sluggish domestic demand, competition with low-priced products against the backdrop of oversupply caused by the slowdown in the Chinese economy, steel scrap prices and various material costs that are currently skyrocketing, and soaring energy prices caused by the situation in the Middle East. While both sales prices and sales volumes are expected to improve due to the pass-through to steel product sales prices and the utilization of the newly established Kanto relay site, the price of main raw materials is expected to rise or remain high, the impact of the situation in the Middle East is expected to materialize, and it will take some time to pass the pass-through to steel product sales prices. In such circumstances, the Company will continue to improve costs based on stable electric arc furnace production.

The Company established "NN STEEL LLC" under a joint venture agreement with NIPPON STEEL CORPORATION on April 1, 2026. In the future, the Company will steadily implement the construction plan of the new electric arc furnace, and in order to expand the application of electric arc furnace products in anticipation of the start of operation of the new electric arc furnace, it will proceed with discussions toward the conclusion of a business alliance agreement with YODOKO, Ltd. thereby solidifying its foothold for the future.

In addition, as social demands for the realization of a carbon-neutral, recycling-based society grow, the Company will strive to further strengthen its business foundation by implementing various measures, such as expanding sales of high-value-added products that meet these needs and enhancing processing capabilities.

Based on the above circumstances, the Company forecasts the consolidated financial results for the fiscal year ending March 31, 2027, with net sales of 157,000 million yen, operating profit of 3,400 million yen, ordinary profit of 2,000 million yen, and profit attributable to owners of parent of 3,500 million yen.

(5) Basic Policy on Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2026 (FY2025), and the Fiscal Year Ending March 31, 2027 (FY2026)

The Company's basic policy for profit distribution is to realize stable dividends, while securing internal reserves necessary to enhance its management base and financial position as well as to prepare for future business development.

The year-end dividend for the current fiscal year will be revised from 5 yen per share announced on October 31, 2025 to 6 yen per share, as announced today in "Notice of Revisions to Dividends (Dividend Increase)". As a result, the annual dividend will be 14 yen per share, including the interim dividend of 8 yen per share already implemented.

Based on earnings forecasts for the fiscal year ending March 31, 2027, the Company plans to pay an annual dividend of 20 yen per share (interim dividend of 13 yen, year-end dividend of 7 yen).

2. Basic Approach to the Selection of Accounting Standards

Currently, the Group applies the Japanese Generally Accepted Accounting Principles (J-GAAP) to consolidated financial statements for purposes of ensure the periodic and inter-firm comparability of consolidated financial statements.

Regarding the application of International Financial Reporting Standards (IFRS), the Group will take appropriate measures in consideration of domestic and international circumstances.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	15,346	23,245
Notes and accounts receivable - trade, and contract assets	33,420	31,914
Electronically recorded monetary claims - operating	8,909	9,151
Merchandise and finished goods	17,187	11,596
Work in process	4,900	4,870
Raw materials and supplies	11,876	10,252
Other	919	1,032
Allowance for doubtful accounts	(34)	(41)
Total current assets	92,524	92,021
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,532	33,871
Accumulated depreciation	(25,615)	(26,017)
Buildings and structures, net	7,917	7,853
Machinery and equipment	92,589	94,697
Accumulated depreciation	(75,966)	(76,839)
Machinery and equipment, net	16,622	17,858
Vehicles	818	761
Accumulated depreciation	(736)	(682)
Vehicles, net	82	79
Tools, furniture and fixtures	4,436	4,571
Accumulated depreciation	(3,933)	(4,040)
Tools, furniture and fixtures, net	502	530
Land	22,611	22,613
Leased assets	351	583
Accumulated depreciation	(220)	(270)
Leased assets, net	131	313
Construction in progress	420	1,071
Total property, plant and equipment	48,288	50,321
Intangible assets		
Other	470	394
Total intangible assets	470	394
Investments and other assets		
Investment securities	3,193	3,988
Retirement benefit asset	1,798	2,808
Deferred tax assets	14	19
Guarantee deposits	1,764	1,775
Other	1,123	1,066
Allowance for doubtful accounts	(28)	(24)
Total investments and other assets	7,864	9,633
Total non-current assets	56,623	60,349
Total assets	149,148	152,371

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,345	15,398
Electronically recorded obligations - operating	2,757	3,018
Short-term borrowings	2,546	2,515
Accounts payable - other	2,788	2,745
Accrued expenses	1,739	1,575
Income taxes payable	883	167
Provision for bonuses	1,028	981
Provision for environmental measures	17	6
Provision for decommissioning and removal	231	280
Other	600	1,434
Total current liabilities	26,941	28,123
Non-current liabilities		
Long-term borrowings	6,515	6,000
Deferred tax liabilities	3,183	3,907
Deferred tax liabilities for land revaluation	1,030	1,030
Provision for environmental measures	5	-
Provision for decommissioning and removal	187	-
Provision for loss on business of subsidiaries and associates	893	893
Retirement benefit liability	2,314	1,938
Other	1,265	1,328
Total non-current liabilities	15,396	15,098
Total liabilities	42,337	43,221
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,857	7,879
Retained earnings	75,936	76,774
Treasury shares	(773)	(769)
Total shareholders' equity	103,065	103,928
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	928	1,465
Deferred gains or losses on hedges	-	0
Revaluation reserve for land	2,359	2,359
Remeasurements of defined benefit plans	456	1,396
Total accumulated other comprehensive income	3,744	5,221
Total net assets	106,810	109,149
Total liabilities and net assets	149,148	152,371

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	169,329	148,306
Cost of sales	147,249	129,769
Gross profit	22,080	18,537
Selling, general and administrative expenses		
Selling expenses	5,726	5,452
General and administrative expenses	7,917	8,173
Total selling, general and administrative expenses	13,643	13,625
Operating profit	8,436	4,911
Non-operating income		
Interest income	47	46
Dividend income	94	91
Share of profit of entities accounted for using equity method	185	47
Rental income from real estate	73	70
Other	78	126
Total non-operating income	479	382
Non-operating expenses		
Interest expenses	169	190
Rental expenses	134	134
Other	492	161
Total non-operating expenses	796	487
Ordinary profit	8,119	4,806
Extraordinary income		
Gain on sales of scraps	-	53
Gain on sale of non-current assets	4	17
Gain on sale of investment securities	586	-
Total extraordinary income	591	70
Extraordinary losses		
Accident related loss	-	*1 843
Loss on retirement of non-current assets	139	520
Provision for loss on business of subsidiaries and associates	265	-
Other	139	115
Total extraordinary losses	544	1,479
Profit before income taxes	8,167	3,397
Income taxes - current	2,420	898
Income taxes - deferred	50	35
Total income taxes	2,471	934
Profit	5,695	2,462
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	5,695	2,462

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	5,695	2,462
Other comprehensive income		
Valuation difference on available-for-sale securities	(637)	537
Deferred gains or losses on hedges	(0)	0
Revaluation reserve for land	(29)	-
Remeasurements of defined benefit plans, net of tax	(134)	939
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(801)	1,477
Comprehensive income	4,894	3,940
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,894	3,940
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,044	7,841	72,895	(774)	100,007
Changes during period					
Dividends of surplus			(2,654)		(2,654)
Profit attributable to owners of parent			5,695		5,695
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		15		1	17
Net changes in items other than shareholders' equity					
Total changes during period	-	15	3,041	1	3,058
Balance at end of period	20,044	7,857	75,936	(773)	103,065

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,565	0	2,389	591	4,545	104,553
Changes during period						
Dividends of surplus						(2,654)
Profit attributable to owners of parent						5,695
Purchase of treasury shares						(0)
Disposal of treasury shares						17
Net changes in items other than shareholders' equity	(637)	(0)	(29)	(134)	(801)	(801)
Total changes during period	(637)	(0)	(29)	(134)	(801)	2,257
Balance at end of period	928	-	2,359	456	3,744	106,810

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,044	7,857	75,936	(773)	103,065
Changes during period					
Dividends of surplus			(1,625)		(1,625)
Profit attributable to owners of parent			2,462		2,462
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		21		3	25
Net changes in items other than shareholders' equity					
Total changes during period	-	21	837	3	862
Balance at end of period	20,044	7,879	76,774	(769)	103,928

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	928	-	2,359	456	3,744	106,810
Changes during period						
Dividends of surplus						(1,625)
Profit attributable to owners of parent						2,462
Purchase of treasury shares						(0)
Disposal of treasury shares						25
Net changes in items other than shareholders' equity	537	0	-	939	1,477	1,477
Total changes during period	537	0	-	939	1,477	2,339
Balance at end of period	1,465	0	2,359	1,396	5,221	109,149

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	8,167	3,397
Depreciation	2,897	3,055
Increase (decrease) in allowance for doubtful accounts	(7)	2
Increase (decrease) in provision for bonuses	(45)	(47)
Increase (decrease) in retirement benefit liability	112	41
Decrease (increase) in retirement benefit asset	(78)	(55)
Increase (decrease) in provision for decommissioning and removal	122	(139)
Increase (decrease) in provision for environmental measures	(52)	(16)
Increase (decrease) in provision for loss on business of subsidiaries and associates	265	-
Interest and dividend income	(142)	(137)
Interest expenses	169	190
Accident related loss	-	843
Loss (gain) on sales of scraps	-	(53)
Loss on retirement of non-current assets	139	520
Loss (gain) on sale of property, plant and equipment	(0)	(16)
Decrease (increase) in trade receivables	4,773	1,262
Decrease (increase) in inventories	(1,970)	7,244
Increase (decrease) in trade payables	(3,219)	1,340
Decrease (Increase) In operating guarantee deposit	500	-
Other, net	(1,096)	679
Subtotal	10,533	18,112
Income taxes paid	(3,140)	(1,982)
Gain on sales of scraps	-	53
Payment of demolition and removal costs	(46)	(371)
Payments for accident related loss	-	(537)
Net cash provided by (used in) operating activities	7,346	15,274
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,389)	(5,082)
Proceeds from sale of property, plant and equipment	6	169
Purchase of investment securities	(370)	-
Proceeds from sale of investment securities	632	-
Interest and dividends received	198	155
Other, net	(761)	(92)
Net cash provided by (used in) investing activities	(4,683)	(4,850)
Cash flows from financing activities		
Proceeds from long-term borrowings	7,000	-
Repayments of long-term borrowings	(7,565)	(546)
Dividends paid	(2,647)	(1,627)
Interest paid	(169)	(190)
Other, net	(421)	(158)
Net cash provided by (used in) financing activities	(3,804)	(2,524)
Net increase (decrease) in cash and cash equivalents	(1,140)	7,899
Cash and cash equivalents at beginning of period	16,467	15,326
Cash and cash equivalents at end of period	15,326	23,225

(5) Notes to the Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Notes to the Consolidated Statements of Income)

* 1 Accident-related losses

The Fiscal Year Ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

Recovery costs associated with the electric arc furnace transmission circuit breaker trip accident that occurred at Substation No. 5 at the Company's Funamachi Plant and fixed costs associated with the electric arc furnace suspension period.

This loss was recorded as cost of sales and non-operating expenses in the third quarter of the current consolidated fiscal year but was recorded as an extraordinary loss because the cause of the accident was determined to be temporary.

The amount transferred to extraordinary losses because of this adjustment totals 843 million yen, comprising 596 million yen from cost of sales and 247 million yen from non-operating expenses.

(Significant of Subsequent Events)

(Establishment of Joint Venture Company)

The Company established a joint venture company with NIPPON STEEL CORPORATION on April 1, 2026. The joint venture company is a consolidated subsidiary of the Company.

For details, please refer to " (Progress of Disclosed Matters) Notice Concerning Establishment of Joint Venture Company " announced on April 1, 2026.

(Segment Information, etc.)

【Segment Information】

1. Summary of Reportable Segments

The Company's reportable segments provide access to financial information segregated by the Company's constituent units and are subject to periodic review by the Board of Directors to determine the allocation of management resources and to evaluate performance.

The Company is mainly engaged in the manufacture and sale of steel products, as well as engineering activities such as fish reefs, and the leasing and sale of real estate.

Accordingly, the Company is composed of segments by products and services, and has three reportable segments: the Steel Business, the Engineering Business, and the Real Estate Business.

The Steel Business manufactures and sells primary steel products, secondary processed products, and other products. The Engineering Business is engaged in the order receipt and sale of steel fish reefs, breeding reefs, rolls, valves, etc. The Real Estate Business is engaged in the leasing and selling of real estate holdings.

2. The method of calculating the amounts of net sales, profits or losses, assets and other items for each reportable segment

The reported treatments of accounting for business segments are generally the same as the accounting policies used to prepare the consolidated financial statements.

Inter-segment sales and transfers are based on prevailing market prices.

3. Information on the amounts of net sales, profits or losses, assets and other items, and breakdown of revenues by reportable segments

The Fiscal Year Ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments				Adjustments	Amounts recorded on consolidated financial statements
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts with customers	166,486	1,858	—	168,345	—	168,345
Other revenue	—	—	984	984	—	984
Sales to external customers	166,486	1,858	984	169,329	—	169,329
Inter-segment sales or transfers	160	28	408	596	(596)	—
Total	166,647	1,886	1,392	169,926	(596)	169,329
Segment profit (Ordinary profit)	7,824	36	696	8,557	(438)	8,119
Segment assets	134,237	2,167	10,427	146,832	2,315	149,148
Other items						
Depreciation and amortization	2,615	118	168	2,902	(4)	2,897
Interest income	47	—	4	52	(4)	47
Interest expense	159	14	—	173	(4)	169
Equity in profits of affiliates	185	—	—	185	—	185
Investments in equity-method affiliates	913	—	—	913	—	913
Increase in property, plant and equipment and intangible assets	3,838	117	212	4,168	(0)	4,167

The Fiscal Year Ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments				Adjustments	Amount recorded on consolidated financial statements
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts with customers	145,669	1,662	—	147,332	—	147,332
Other revenue	—	—	974	974	—	974
Sales to external customers	145,669	1,662	974	148,306	—	148,306
Inter-segment sales or transfers	190	24	420	636	△636	—
Total	145,860	1,687	1,395	148,943	△636	148,306
Segment profit /loss (Ordinary profit/loss)	4,215	△20	685	4,879	△73	4,806
Segment assets	136,564	2,136	10,525	149,226	3,144	152,371
Other items						
Depreciation and amortization	2,766	119	174	3,059	△4	3,055
Interest income	45	—	6	52	△5	46
Interest expense	175	21	—	196	△5	190
Equity in profits of affiliates	47	—	—	47	—	47
Investments in equity-method affiliates	943	—	—	943	—	943
Increase in property, plant and equipment and intangible assets	4,970	126	174	5,270	△5	5,265

(Note) Depreciation and amortization of 101 million yen recorded as "Accident-related losses" under extraordinary losses were excluded.

4. The differences between the total amount of reportable segments and the amounts recorded on the consolidated financial statements and the main contents of such differences (adjustments for differences)

Profit	The Fiscal Year Ended March 31, 2025 (Millions of yen)	The Fiscal Year Ended March 31, 2026 (Millions of yen)
Total reportable segments	8,557	4,879
Elimination of intersegment sales	(0)	(2)
Corporate non-operating profit /loss (Note)	(437)	(71)
Ordinary profit in the consolidated financial statements	8,119	4,806

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

Assets	The Fiscal Year Ended March 31, 2025 (Millions of yen)	The Fiscal Year Ended March 31, 2026 (Millions of yen)
Total reportable segments	146,832	149,226
Elimination of intersegment sales	(866)	(823)
Corporate assets (Note)	3,181	3,968
Total assets in the consolidated financial statements	149,148	152,371

(Note) Corporate assets primarily consist of long-term investment assets, such as investment securities, that are not attributable to the reportable segments.

(Earnings Per Share)

Net assets per share and the basis for calculation and basic earnings per share were as follows.

Items		The Fiscal Year Ended March 31, 2025	The Fiscal Year Ended March 31, 2026
(1) Net assets per share		1,971.57 yen	2,013.26 yen
(Basis for calculation)			
Total amount of net assets in the consolidated balance sheets	(Millions of yen)	106,810	109,149
Net assets attributable to common shares	(Millions of yen)	106,810	109,149
Main breakdown of differences	(Millions of yen)	—	—
Number of issued shares (common shares)	(Thousand shares)	63,079	63,079
Number of treasury shares (common shares)	(Thousand shares)	8,903	8,863
Number of common shares used in the calculation of net assets per share	(Thousand shares)	54,175	54,215

Items		The Fiscal Year Ended March 31, 2025	The Fiscal Year Ended March 31, 2026
(2) Basis earnings per share		105.14 yen	45.44 yen
(Basis for calculation)			
Profit attributable to owners of parent	(Millions of yen)	5,695	2,462
Amounts not attributable to common shareholders	(Millions of yen)	—	—
Profits attributable to owners of the parent on common shares	(Millions of yen)	5,695	2,462
Average number of shares (common shares)	(Thousand shares)	54,169	54,202

(Note) Diluted basic earnings per share are not stated because there were no dilutive shares.

4. Others

(Reference Information)

(Non-consolidated) Breakdown of Net Sales

(Millions of yen)

		FY2024			FY2025			Fluctuation
		H1 FY2024	H2 FY2024	Fiscal year total (①)	H1 FY2025	H2 FY2025	Fiscal year total (②)	Y-o-Y (②—①)
Steel materials		69,251	59,445	128,696	56,256	52,845	109,101	(19,594)
Sales volume	Thousand tons	538.1	472.8	1,011.0	466.4	452.2	918.6	(92.3)
Unit Sales Price	Thousand yen/ton	128.7	125.7	127.3	120.6	116.9	118.8	(8.5)
Others		1,960	1,852	3,812	1,829	1,846	3,675	(137)
Total		71,212	61,297	132,509	58,086	54,691	112,777	(19,731)
(of which Exports)		1,879	1,817	3,696	931	816	1,748	(1,948)