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NAKAYAMA STEEL WORKS, LTD.

August 7, 2026

Consolidated Financial Results for the Three Months Ended June 30, 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 to commence dividend payments: -
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 three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	38,296	(1.5)	639	(64.2)	610	(65.6)	1,912	76.6
June 30, 2025	38,897	(18.4)	1,787	(31.1)	1,774	(30.9)	1,082	(36.3)

Note: Comprehensive income For the three months ended June 30, 2026: ¥ 2,011 million [69.7%]
For the three months ended June 30, 2025: ¥ 1,185 million [(30.0)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	35.28	-
June 30, 2025	19.98	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	157,158	110,835	70.5
March 31, 2026	152,371	109,149	71.6

Reference: Equity
As of June 30, 2026: ¥ 110,835 million
As of March 31, 2026: ¥ 109,149 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, 2026	-	8.00	-	6.00	14.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		13.00	-	7.00	20.00

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

3. Consolidated financial result forecasts for the fiscal year ending March 31, 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	44.26
Full year	157,000	5.9	3,400	(30.8)	2,000	(58.4)	3,900	58.3	64.24

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 companies(NN STEEL LLC)

(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 June 30, 2026	63,079,256 shares
As of March 31, 2026	63,079,256 shares

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

As of June 30, 2026	8,863,936 shares
As of March 31, 2026	8,863,805 shares

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

Three months ended June 30, 2026	54,215,385 shares
Three months ended June 30, 2025	54,175,271 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

1.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.

2.The average number of shares during the period used to calculate basic earnings per share in the consolidated earnings forecast for the fiscal year ending March 2027 takes into account the impact of the issuance of new shares and the disposal of treasury shares in accordance with the "Notice Concerning Issuance of New Shares and Disposal of Treasury Shares through Third-Party Allotment, and Changes in Major Shareholder and Other Affiliates Associated with Conclusion of Capital and Business Alliance Hanwa Co., Ltd. and YODOKO, Ltd." announced today.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results for the Three Months Ended Jun.30,2026

During the three months ended Jun.30,2026 under review, Japanese economy was on a moderate recovery trend due to solid personal consumption. However, inflationary pressure is increasing due to uncertainty over foreign exchange trends and the situation in the Middle East, which warrants continued attention as a downside risk to the economy.

In the steel industry, the Group's core business, the demand environment for the construction industry remained severe due to rising material prices, lengthening construction periods due to labor shortages, and postponement or downsizing construction projects. In the manufacturing industry, domestic demand was generally sluggish as demand did not increase due to the impact of U.S. tariffs. In addition, the prices of steel scrap and other major raw materials and energy costs, which skyrocketed from the end of the previous fiscal year, remained at high levels caused by the turmoil in the Middle East and the impact of the weak yen.

As a result, the consolidated financial results for the three months ended Jun.30,2026 were net sales of 38,296million yen (a decrease of 600 million yen year-on-year), operating profit of 639 million yen (a decrease of 1,148 million yen year-on-year), ordinary profit of 610 million yen (a decrease of 1,163 million yen year-on-year), and profit attributable to owners of parent of 1,912 million yen (an increase of 829 million yen year-on-year).

The results of each segment during the three months ended Jun.30,2026 were as follows.

In the steel business, sales volume increased due to upfront demand arising from the expectations of higher prices following the announcement of price increases by each company. However, while the Company has continued its efforts to raise selling prices across all steel product categories, the price increases have not yet reached sufficient levels because demand is sluggish and they are still in the process of being realized. On the other hand, scrap prices soared due to the impact of the depreciation of the yen amid an increase in overseas demand and a decrease in generated volume, resulting in a deterioration in spreads and a decrease in profit.

As a result, the net sales were 37,686 million yen (a decrease of 600 million yen year-on-year) and the ordinary profit was 477 million yen (a decrease of 1,144 million yen year-on-year).

In the engineering business, the net sales were 414 million yen (an increase of 7 million yen year-on-year) and the ordinary loss was 13 million yen (a decrease of 10 million yen year-on-year) mainly due to increased costs in casting machine division.

In the real estate business, the net sales were 362 million yen (a decrease of 2 million yen year-on-year) and ordinary profit was 164 million yen (a decrease of 13 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.30,2026

Total assets at the end of the first quarter of FY2026 under review were 157,158 million yen, an increase of 4,787 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits, merchandise and finished goods, despite a decrease in land.

Liabilities were 46,322 million yen, an increase of 3,101 million yen from the end of the previous fiscal year. This was mainly due to notes and accounts payable – trade increased.

Net assets were 110,835 million yen, an increase of 1,686 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 Company has entered into capital and business alliance agreements with Hanwa Co., Ltd. and YODOKO, Ltd. as announced today in "Notice Concerning Issuance of New Shares and Disposal of Treasury Shares through Third-Party Allotment, and Changes in Major Shareholder and Other Affiliates Associated with Conclusion of Capital and Business Alliance Hanwa Co., Ltd. and YODOKO, Ltd." The purpose of this alliance is to further strengthen the strategic cooperation with each partner, thereby further ensuring the expansion of the application of electric arc furnace (hereinafter, "EAF") steel slabs and the completion of the new EAF construction project. Please refer to the notice above for details.

Regarding the outlook for the future, the business environment is expected to remain challenging as steel scrap prices are expected to remain high amid sluggish domestic steel demand and various costs are on an upward trend due to uncertainty surrounding the situation in the Middle East. Under such circumstances, the Group will strive to maintain fair prices and secure spreads with the understanding of its customers, while steadily consolidating its position for the future based on the capital and business alliance announced today.

Based on the above circumstances, with regard to the consolidated financial results forecast for the fiscal year ending March 2027, the Company has kept the previously announced figures unchanged for the second quarter (cumulative) and has revised profit attributable to owners of the parent to 3.9 billion yen for the full fiscal year, as gain on sales of fixed assets is expected to be recorded as extraordinary income.

2． Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	23,245	26,277
Notes and accounts receivable - trade, and contract assets	31,914	32,513
Electronically recorded monetary claims - operating	9,151	10,717
Merchandise and finished goods	11,596	13,759
Work in process	4,870	5,557
Raw materials and supplies	10,252	9,763
Other	1,032	1,229
Allowance for doubtful accounts	(41)	(35)
Total current assets	92,021	99,784
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,853	7,955
Machinery and equipment, net	17,858	17,572
Land	22,613	20,609
Other, net	1,995	2,093
Total property, plant and equipment	50,321	48,229
Intangible assets	394	362
Investments and other assets		
Investment securities	3,988	4,174
Other	5,669	4,630
Allowance for doubtful accounts	(24)	(22)
Total investments and other assets	9,633	8,782
Total non-current assets	60,349	57,374
Total assets	152,371	157,158

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,398	18,323
Electronically recorded obligations - operating	3,018	3,369
Short-term borrowings	2,515	2,508
Accounts payable - other	2,745	2,293
Accrued expenses	1,575	1,938
Income taxes payable	167	1,079
Provision for bonuses	981	460
Provision for environmental measures	6	6
Provision for decommissioning and removal	280	304
Other	1,434	1,019
Total current liabilities	28,123	31,303
Non-current liabilities		
Long-term borrowings	6,000	5,875
Deferred tax liabilities	3,907	4,028
Deferred tax liabilities for land revaluation	1,030	1,030
Provision for loss on business of subsidiaries and associates	893	853
Retirement benefit liability	1,938	1,981
Other	1,328	1,249
Total non-current liabilities	15,098	15,019
Total liabilities	43,221	46,322
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,879	7,879
Retained earnings	76,774	78,361
Treasury shares	(769)	(769)
Total shareholders' equity	103,928	105,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,465	1,598
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	2,359	2,359
Remeasurements of defined benefit plans	1,396	1,361
Total accumulated other comprehensive income	5,221	5,320
Non-controlling interests	-	0
Total net assets	109,149	110,835
Total liabilities and net assets	152,371	157,158

(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, 2025	For the three months ended June 30, 2026
Net sales	38,897	38,296
Cost of sales	33,773	34,166
Gross profit	5,124	4,129
Selling, general and administrative expenses		
Selling expenses	1,321	1,415
General and administrative expenses	2,015	2,075
Total selling, general and administrative expenses	3,336	3,490
Operating profit	1,787	639
Non-operating income		
Interest income	10	12
Dividend income	51	64
Share of profit of entities accounted for using equity method	23	1
Other	28	27
Total non-operating income	113	105
Non-operating expenses		
Interest expenses	52	58
Rental expenses	33	33
Other	40	42
Total non-operating expenses	126	134
Ordinary profit	1,774	610
Extraordinary income		
Gain on sale of non-current assets	5	2,374
Other	-	39
Total extraordinary income	5	2,414
Extraordinary losses		
Provision for decommissioning and removal	-	24
Loss on retirement of non-current assets	96	6
Other	-	0
Total extraordinary losses	96	31
Profit before income taxes	1,682	2,993
Income taxes	599	1,081
Profit	1,082	1,912
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,082	1,912

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

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Profit	1,082	1,912
Other comprehensive income		
Valuation difference on available-for-sale securities	106	133
Deferred gains or losses on hedges	-	0
Remeasurements of defined benefit plans, net of tax	(4)	(34)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	102	98
Comprehensive income	1,185	2,011
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,185	2,011
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 FY2026 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, 2026. Depreciation and amortization (including amortization related to intangible assets) for the three months ended Jun.30, 2026, and the same period of the previous fiscal year were as follows.

	For the three months ended Jun.30,2025	For the three months ended Jun.30,2026
Depreciation and amortization	757million yen	818million yen

(Significant Subsequent Events)

(Conclusion of capital and business alliance agreements, issuance of new shares and disposal of treasury shares through third party allotment)

At a meeting of the Board of Directors held today, the Company resolved to conclude a capital and business alliance agreement with Hanwa Co., Ltd. and YODOKO, Ltd. and to issue new shares and dispose of treasury shares through third-party allotment to both companies.

For more details on this matter, please refer to "Notice Concerning Issuance of New Shares and Disposal of Treasury Shares through Third-Party Allotment, and Changes in Major Shareholder and Other Affiliates Associated with Conclusion of Capital and Business Alliance Hanwa Co., Ltd. and YODOKO, Ltd." released today.

(Segment Information, etc.)

【Segment Information】

I　For 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

(Millions of yen)

	Reportable segments				Adjustment	Amount recorded on consolidated statement 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 or 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 amount 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) is primarily the difference between non-operating profit and non-operating loss not attributable to reportable segments.

II　The three months ended Jun.30,2026

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

information of income

(Millions of yen)

	Reportable segments				Adjustment	Amount recorded on consolidated statements of income
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts customers	37,640	414	—	38,055	—	38,055
Other revenue	—	—	240	240	—	240
Sales to external customers	37,640	414	240	38,296	—	38,296
Inter-segment sales or transfers	46	—	122	168	(168)	—
Total	37,686	414	362	38,464	(168)	38,296
Segment profit or loss (Ordinary profit or loss)	477	(13)	164	628	(17)	610

2. The differences between the total amount of profit or loss in the reportable segments and the amount 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	628
Elimination of intersegment sales	2
Corporate non-operating profit (loss) (Note)	(19)
Ordinary profit in the quarterly consolidated statement of income	610

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