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**Consolidated Financial Results
for the Six Months Ended September 30, 2025
(Under Japanese GAAP)**



November 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 file semi-annual securities report: November 13, 2025

Scheduled date to commence dividend payments: December 1, 2025

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 six months ended September 30, 2025 (from April 1, 2025 to September 30, 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	%
Six months ended								
September 30, 2025	76,602	(14.4)	3,019	(36.9)	2,932	(37.6)	1,713	(46.7)
September 30, 2024	89,533	(3.6)	4,783	(27.1)	4,699	(28.0)	3,215	(26.8)

Note: Comprehensive income

For the six months ended September 30, 2025: ¥ 1,976 million [(32.7)%]

For the six months ended September 30, 2024: ¥ 2,936 million [(38.4)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2025	31.62	-
September 30, 2024	59.36	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of			%
September 30, 2025	Millions of yen 149,531	Millions of yen 107,619	72.0
March 31, 2025	149,148	106,810	71.6

Reference: Equity

As of September 30, 2025: ¥ 107,619 million

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

2. Dividends

	Annual dividends per share				
	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	-	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	151,000	(10.8)	4,200	(50.2)	4,000	(50.7)	2,300	(59.6)	42.42

Note: Revisions to the financial result forecast most recently announced: None

* Notes

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

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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)

As of September 30, 2025	63,079,256 shares
As of March 31, 2025	63,079,256 shares

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

As of September 30, 2025	8,863,669 shares
As of March 31, 2025	8,903,954 shares

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

Six months ended September 30, 2025	54,188,863 shares
Six months ended September 30, 2024	54,163,455 shares

* Semi-annual financial results reports are exempt from review 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 " (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 Semi-annual Financial Results

(1) Explanation of Operating Results for the Six Months Ended Sep.30,2025

During the six months ended Sep.30,2025 under review, Japanese economy lacked strength due to factors such as the downward pressure on private consumption caused by rising prices, continued high purchase prices, and a decline in external demand caused by the U.S. tariff policy, despite firm corporate capital investment intentions.

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, inflow of steel materials from China remains at a high level, and sales prices of steel materials have continued to decline due to the impact. Despite these circumstances, the Group is aiming to establish a joint venture in March 2026 for the purpose of owning the new electric arc furnace to realize the "Nakayama Steel Group 2030 Long-Term Vision."

As a result, the consolidated financial results for the six months ended Sep.30,2025 were net sales of 76,602 million yen (a decrease of 12,931 million yen year-on-year), operating profit of 3,019 million yen (a decrease of 1,764 million yen year-on-year), ordinary profit of 2,932 million yen (a decrease of 1,766 million yen year-on-year), and semi-annual profit attributable to owners of parent was 1,713 million yen (a decrease of 1,501 million yen year-on-year).

The results of each segment during the six months ended Sep.30,2025 were as follows.

In the steel business, the Company made efforts to maintain spreads amid the pressure to adjust steel product selling prices due to falling market conditions, but profit decreased due to a decrease in steel product sales volume, an increase in fixed costs, and one-time expenses related to environmental assessments.

As a result, the net sales were 75,382 million yen (a decrease of 12,804 million yen year-on-year) and the ordinary profit was 2,641 million yen (a decrease of 1,724 million yen year-on-year).

In the engineering business, the net sales were 830 million yen (a decrease of 137 million yen year-on-year) and the ordinary profit was 17 million yen (a decrease of 36 million yen year-on-year), mainly due to a decrease in sales in the Marine Division.

In the real estate business, the net sales were 708 million yen (an increase of 0 million yen year-on-year) and the ordinary profit was 346 million yen (a decrease of 16 million yen year-on-year) as stable revenues were secured mainly from rental income.

(2) Explanation of Financial Position for the Six Months Ended Sep.30,2025

Total assets at the end of the first half of FY2025 under review were 149,531 million yen (149,148 million yen at the end of the previous consolidated fiscal year), an increase of 382 million yen. This was mainly due to an increase in cash and deposits, machinery and equipment, while inventories (merchandise and finished goods, work in process, raw materials and supplies) decreased.

Liabilities were 41,911 million yen (42,337 million yen at the end of the previous fiscal year), a decrease of 426 million yen. This was mainly due to a decrease in notes and accounts payable-trade, despite increases in electronically recorded obligations - operating, accounts payable-other, and income taxes payable.

Net assets were 107,619 million yen (106,810 million yen at the end of the previous fiscal year), an increase of 809 million yen. This was mainly due to the recording of semi-annual profit attributable to owners of parent and distribution of surplus.

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

The consolidated financial results forecast for the fiscal year ending March 2026 has been revised from the forecast announced on May 9, 2025, based on recent business performance trends. For details, please refer to "Notice Concerning Revision of Consolidated Financial Results Forecast and Dividend Forecast" announced on October 31, 2025.

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	15,346	20,797
Notes and accounts receivable - trade, and contract assets	33,420	32,102
Electronically recorded monetary claims - operating	8,909	9,728
Merchandise and finished goods	17,187	13,780
Work in process	4,900	4,836
Raw materials and supplies	11,876	9,303
Other	919	665
Allowance for doubtful accounts	(34)	(42)
Total current assets	<u>92,524</u>	<u>91,172</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,917	7,920
Machinery and equipment, net	16,622	17,710
Land	22,611	22,613
Other, net	1,136	1,501
Total property, plant and equipment	<u>48,288</u>	<u>49,745</u>
Intangible assets	470	430
Investments and other assets		
Investment securities	3,193	3,594
Guarantee deposits	1,764	1,766
Other	2,935	2,850
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	<u>7,864</u>	<u>8,182</u>
Total non-current assets	<u>56,623</u>	<u>58,358</u>
Total assets	<u>149,148</u>	<u>149,531</u>

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,345	12,315
Electronically recorded obligations - operating	2,757	3,341
Short-term borrowings	2,546	2,536
Accounts payable - other	2,788	3,497
Accrued expenses	1,739	1,595
Income taxes payable	883	1,009
Provision for bonuses	1,028	1,054
Provision for environmental measures	17	7
Provision for decommissioning and removal	231	-
Other	600	1,242
Total current liabilities	26,941	26,600
Non-current liabilities		
Long-term borrowings	6,515	6,250
Deferred tax liabilities	3,183	3,310
Deferred tax liabilities for land revaluation	1,030	1,030
Provision for environmental measures	5	4
Provision for decommissioning and removal	187	187
Provision for loss on business of subsidiaries and associates	893	893
Retirement benefit liability	2,314	2,324
Other	1,265	1,308
Total non-current liabilities	15,396	15,311
Total liabilities	42,337	41,911
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,857	7,879
Retained earnings	75,936	76,458
Treasury shares	(773)	(769)
Total shareholders' equity	103,065	103,612
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	928	1,199
Revaluation reserve for land	2,359	2,359
Remeasurements of defined benefit plans	456	448
Total accumulated other comprehensive income	3,744	4,007
Total net assets	106,810	107,619
Total liabilities and net assets	149,148	149,531

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net sales	89,533	76,602
Cost of sales	77,951	66,715
Gross profit	11,581	9,887
Selling, general and administrative expenses		
Selling expenses	2,913	2,729
General and administrative expenses	3,884	4,138
Total selling, general and administrative expenses	6,798	6,867
Operating profit	4,783	3,019
Non-operating income		
Interest income	26	22
Dividend income	49	53
Share of profit of entities accounted for using equity method	28	22
Rental income from real estate	37	35
Other	30	18
Total non-operating income	173	152
Non-operating expenses		
Interest expenses	86	96
Rental expenses	67	67
Other	103	74
Total non-operating expenses	257	238
Ordinary profit	4,699	2,932
Extraordinary income		
Gain on sales of scraps	-	46
Gain on sale of non-current assets	0	7
Total extraordinary income	0	54
Extraordinary losses		
Loss on retirement of non-current assets	20	404
Other	-	0
Total extraordinary losses	20	405
Profit before income taxes	4,679	2,582
Income taxes	1,464	868
Profit	3,215	1,713
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	3,215	1,713

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Profit	3,215	1,713
Other comprehensive income		
Valuation difference on available-for-sale securities	(253)	270
Deferred gains or losses on hedges	(0)	-
Remeasurements of defined benefit plans, net of tax	(24)	(8)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(278)	262
Comprehensive income	2,936	1,976
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,936	1,976
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to the Semi-annual Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Application of Specific Accounting Treatments for Preparing Semi-annual 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 half 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.

(Segment Information, etc.)

【Segment Information】

I For the six months ended Sep.30,2024

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 semi-annual consolidated statement of income
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts customers	88,072	959	—	89,032	—	89,032
Other revenue	—	—	501	501	—	501
Sales to external customers	88,072	959	501	89,533	—	89,533
Inter-segment sales or transfers	114	8	207	329	(329)	—
Total	88,186	967	708	89,862	(329)	89,533
Segment profit (Ordinary profit)	4,365	53	363	4,782	(82)	4,699

2. The differences between the total amount of profit or loss in the reportable segments and the amounts recorded on the semi-annual 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	4,782
Elimination of intersegment sales	2
Corporate non-operating profit (loss) (Note)	(84)
Ordinary profit in the semi-annual consolidated statement of income	4,699

(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 six months ended Sep.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 semi-annual consolidated statements of income
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts customers	75,297	811	—	76,109	—	76,109
Other revenue	—	—	492	492	—	492
Sales to external customers	75,297	811	492	76,602	—	76,602
Inter-segment sales or transfers	84	18	215	318	(318)	—
Total	75,382	830	708	76,920	(318)	76,602
Segment profit (Ordinary profit)	2,641	17	346	3,004	(72)	2,932

2. The differences between the total amount of profit or loss in the reportable segments and the amounts recorded on the semi-annual 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	3,004
Elimination of intersegment sales	(0)
Corporate non-operating profit (loss) (Note)	(72)
Ordinary profit in the semi-annual consolidated statement of income	2,932

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

3. Others

(Reference Information)

(Non-consolidated) Breakdown of Net Sales

(Millions of yen)

		FY2024	FY2025	Fluctuation
		H1 ①	H1 ②	Y-o-Y (②-①)
Steel materials		69, 251	56, 256	(12, 994)
Sales volume	Thousand tons	538. 1	466. 4	(71. 7)
Unit Sales Price	Thousand yen/ton	128. 7	120. 6	(8. 1)
Others		1, 960	1, 829	(131)
Total		71, 212	58, 086	(13, 126)
(of which Exports)		1, 879	931	(947)