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November 5, 2026

Consolidated Financial Results for the Six Months Ended September 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/
Representative: Nobuhiko Naito , Representative Director and President
Inquiries: Tomonori Yamashita, , Deputy General Manager, Corporate Planning Department and Section Manager, Investor and Public Relations Office
Telephone: +81-6-6555-3027

Scheduled date to file semi-annual securities report: November 13, 2026
Scheduled date to commence dividend payments: December 1, 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 six months ended September 30, 2026 (from April 1, 2026 to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	75,225	(1.8)	910	(69.8)	(182)	-	2,176	27.1
September 30, 2025	76,602	(14.4)	3,019	(36.9)	2,932	(37.6)	1,713	(46.7)

Note: Comprehensive income For the six months ended September 30, 2026: ¥ 2,427 million [22.8%]
For the six months ended September 30, 2025: ¥ 1,976 million [(32.7) %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	40.15	-
September 30, 2025	31.62	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2026	153,030	111,272	72.7
March 31, 2026	152,371	109,149	71.6

Reference: Equity
As of September 30, 2026: ¥ 111,272 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	-	13.00			
Fiscal year ending March 31, 2027 (Forecast)			-	7.00	20.00

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

Note: Breakdown of the second quarter dividend for the fiscal year ending March 31, 2027 :

Commemorative dividend - yen

Special dividend - yen

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
Full year	155,000	4.5	3,100	(36.9)	1,600	(66.7)	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 semi-annual 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 September 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 September 30, 2026	8,829,052 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)

Six months ended September 30, 2026	54,227,138 shares
Six months ended September 30, 2025	54,188,863 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

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 3 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 on August 7, 2026.

○Index of Attached Documents

1. Qualitative Information on Semi-annual Financial Results 2
(1) Explanation of Operating Results for the Six Months Ended Sep.30,2026 2
(2) Explanation of Financial Position for the Six Months Ended Sep.30,2026 2
(3) Explanation of Consolidated Financial Results Forecast and Other Outlook Information 3
2. Semi-annual Consolidated Financial Statements and Primary Notes 4
(1) Semi-annual Consolidated Balance Sheet 4
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income 6
Semi-annual Consolidated Statement of Income 6
Semi-annual Consolidated Statement of Comprehensive Income 7
(3) Notes to the Semi-annual Consolidated Financial Statements 8
(Going Concern Assumption) 8
(Significant Changes in Shareholders' Equity) 8
(Application of Specific Accounting Treatments for Preparing Semi-annual Consolidated Financial Statements) 8
(Calculation of Tax Expenses) 8
(Significant Subsequent Events) 8
(Segment Information, etc.) 9
3.Others 11
（Reference Information） 11

1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results for the Six Months Ended Sep.30,2026

During the six months ended Sep.30,2026 under review, the Japanese economy remained uncertain due to continued price increases and persistently high geopolitical risks, mainly due to the turmoil in the Middle East, although corporate performance was generally firm as personal consumption showed resilience against the backdrop of improvement in the employment and income situation.

Under these circumstances, in the domestic steel industry surrounding the Group, while demand for construction machinery, industrial machinery and large-scale construction has shown some signs of recovery, demand for small- and medium-scale construction, which is the main market in the Company, has not shown any signs of recovery. While overall demand for steel products has been sluggish for a long time, raw material prices and energy costs have continued to rise, and the business environment has remained difficult.

In such an environment, the Group worked diligently to optimize sales prices and reduce costs, but as cost increases preceded price revisions, earnings were lower than expected. In addition, a fire occurred at the hot strip and plate mill of the Funamachi Plant on September 12, 2026, forcing the temporary suspension of operations at the plant. Although operations were continued with work-in-process inventory in the later stages, some production adjustments were subsequently made.

As a result, the consolidated financial results for the six months ended Sep.30,2026 were net sales of 75,225 million yen (a decrease of 1,376 million yen year-on-year), operating profit of 910 million yen (a decrease of 2,108 million yen year-on year), ordinary loss of 182 million yen (a decrease of 3,114 million yen year-on-year), and semi-annual profit attributable to owners of parent was 2,176 million yen (an increase of 463 million yen year-on-year).

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

In the steel business, sales volume increased due to upfront demand arising from expectations of higher prices following the announcement of price increases by each company. However, despite vigorous price increases for all types of steel products, these 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 a decline in supply and the depreciation of the yen against the backdrop of an increase in overseas demand, causing the spread to narrow. In addition, financial expenses associated with the construction of the new electric arc furnace and the impact of a fire at the hot strip and plate mill on reduced production resulted in a decrease in profit.

As a result, the net sales were 74,102 million yen (a decrease of 1,279 million yen year-on-year) and the ordinary profit was 615 million yen (a decrease of 2,025 million yen year-on-year).

In the engineering business, the net sales were 733 million yen (a decrease of 97 million yen year-on-year) and the ordinary profit was 49 million yen (a decrease of 66 million yen year-on-year), mainly due to cost increases in the casting machine division.

In the real estate business, the net sales were 734 million yen (an increase of 25 million yen year-on-year), and the ordinary profit was 346 million yen (a decrease of 0 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.30,2026

Total assets at the end of the first half of FY2026 under review were 153,030 million yen (152,371 million yen at the end of the previous consolidated fiscal year), an increase of 659 million yen. This was mainly due to an increase in inventories (merchandise and finished goods, work in process, raw materials and supplies) while cash and deposits and land decreased.

Liabilities were 41,758 million yen (43,221 million yen at the end of the previous fiscal year), a decrease of 1,463 million yen. This was mainly due to a decrease in short-term borrowings and accounts payable.

Net assets were 111,272 million yen (109,149 million yen at the end of the previous fiscal year), an increase of 2,122 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

Regarding the outlook going forward, it is expected that there will continue to be uncertain factors, such as trends in raw material prices and energy costs, as it is difficult to predict an early recovery in the demand environment. Although the Group has made some progress in passing on cost increases to sales prices while gaining an understanding of its customers, the Group is still in the process of doing so. In addition, the impact of the fire on the hot strip and plate mill on the business performance is also added, and net sales, operating profit, and ordinary profit are expected to be lower than the previously announced figures. On the other hand, net profit attributable to owners of parent is expected to be unchanged from the previously announced figures due to an increase in the amount of assets sold.

For the fiscal year ending March 2027, the Company forecasts net sales of 155 billion yen, operating profit of 3.1 billion yen, ordinary profit of 1.6 billion yen, and net profit attributable to owners of parent of 3.9 billion yen.

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	23,245	22,083
Notes and accounts receivable - trade, and contract assets	31,914	31,534
Electronically recorded monetary claims - operating	9,151	10,570
Merchandise and finished goods	11,596	16,090
Work in process	4,870	3,373
Raw materials and supplies	10,252	11,371
Other	1,032	1,363
Allowance for doubtful accounts	(41)	(37)
Total current assets	92,021	96,349
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,853	7,924
Machinery and equipment, net	17,858	17,308
Land	22,613	20,407
Other, net	1,995	2,384
Total property, plant and equipment	50,321	48,025
Intangible assets	394	529
Investments and other assets		
Investment securities	3,988	4,448
Other	5,669	3,700
Allowance for doubtful accounts	(24)	(22)
Total investments and other assets	9,633	8,125
Total non-current assets	60,349	56,680
Total assets	152,371	153,030

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,398	15,833
Electronically recorded obligations - operating	3,018	3,368
Short-term borrowings	2,515	2,000
Accounts payable - other	2,745	1,738
Accrued expenses	1,575	1,542
Income taxes payable	167	1,427
Provision for bonuses	981	996
Provision for environmental measures	6	0
Provision for decommissioning and removal	280	304
Other	1,434	505
Total current liabilities	28,123	27,718
Non-current liabilities		
Long-term borrowings	6,000	5,750
Deferred tax liabilities	3,907	4,021
Deferred tax liabilities for land revaluation	1,030	1,030
Provision for loss on business of subsidiaries and associates	893	-
Retirement benefit liability	1,938	2,015
Other	1,328	1,221
Total non-current liabilities	15,098	14,039
Total liabilities	43,221	41,758
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,879	7,897
Retained earnings	76,774	78,625
Treasury shares	(769)	(767)
Total shareholders' equity	103,928	105,800
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,465	1,784
Deferred gains or losses on hedges	0	(0)
Revaluation reserve for land	2,359	2,359
Remeasurements of defined benefit plans	1,396	1,327
Total accumulated other comprehensive income	5,221	5,471
Non-controlling interests	-	0
Total net assets	109,149	111,272
Total liabilities and net assets	152,371	153,030

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

Semi-annual Consolidated Statement of Income

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Net sales	76,602	75,225
Cost of sales	66,715	67,319
Gross profit	9,887	7,906
Selling, general and administrative expenses		
Selling expenses	2,729	2,925
General and administrative expenses	4,138	4,070
Total selling, general and administrative expenses	6,867	6,995
Operating profit	3,019	910
Non-operating income		
Interest income	22	29
Dividend income	53	66
Share of profit of entities accounted for using equity method	22	2
Rental income from real estate	35	34
Other	18	28
Total non-operating income	152	160
Non-operating expenses		
Commission for syndicated loans	-	934
Interest expenses	96	113
Other	141	205
Total non-operating expenses	238	1,253
Ordinary profit (loss)	2,932	(182)
Extraordinary income		
Gain on sale of non-current assets	7	3,675
Gain on sales of scraps	46	-
Other	-	39
Total extraordinary income	54	3,715
Extraordinary losses		
Loss on retirement of non-current assets	404	36
Provision for decommissioning and removal	-	24
Other	0	12
Total extraordinary losses	405	73
Profit before income taxes	2,582	3,459
Income taxes	868	1,282
Profit	1,713	2,176
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,713	2,176

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Profit	1,713	2,176
Other comprehensive income		
Valuation difference on available-for-sale securities	270	319
Deferred gains or losses on hedges	-	(0)
Remeasurements of defined benefit plans, net of tax	(8)	(69)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	262	250
Comprehensive income	1,976	2,427
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,976	2,427
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 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.

(Significant Subsequent Events)

(Issuance of New Shares through Third-Party Allotment, Disposal of Treasury Shares, and Changes in Major Shareholders and Other Affiliated Companies)

At a meeting of the Board of Directors held on August 7, 2026, the Company concluded a capital and business alliance agreement with Hanwa Co., Ltd. and YODOKO, Ltd., and resolved to issue new shares and dispose of treasury shares through third-party allotment to both companies. Although the capital and business alliance agreement was concluded as of the same date, payment from both allottees was completed as of October 2, 2026. In addition, as a result of the third-party allotment, the Company's major shareholders and other affiliated companies have changed.

For details, 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. " announced on August 7, 2026, and " Notice Concerning Completion of Payment for Issuance of New Shares and Disposal of Treasury Shares through Third-Party Allotment " announced on October 2, 2026.

(Segment Information, etc.)

【Segment Information】

I 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

(Millions of yen)

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

II For the six months ended Sep.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				Adjustments	Amount recorded on semi-annual consolidated statement of income
	Steel business	Engineering business	Real estate business	Total		
Net sales						
Revenue from contracts customers	74,040	728	—	74,768	—	74,768
Other revenue	—	—	457	457	—	457
Sales to external customers	74,040	728	457	75,225	—	75,225
Inter-segment sales or transfers	62	4	276	344	(344)	—
Total	74,102	733	734	75,570	(344)	75,225

Segment profit or loss (Ordinary profit or loss)	615	(49)	346	912	(1,094)	(182)

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	912
Elimination of intersegment sales	(41)
Corporate non-operating profit (loss) (Note)	(1,052)
Ordinary loss in the semi-annual consolidated statement of income	(182)

(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）

			FY2025 H1 ①	FY2026 H1 ②	Fluctuation Y-o-Y (②－①)
Steel materials			56,256	56,570	314
	Sales volume	Thousand tons	466.4	475.6	9.1
	Unit sales price	Thousand yen/ton	120.6	119.0	(1.7)
Others			1,829	1,753	(76)
Total			58,086	58,323	237
（of which Exports）			931	418	(513)