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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 9, 2025

Company name: Nakayama Steel Works, Ltd.

Listing: Tokyo Stock Exchange

Securities code: 5408

URL: <https://www.nakayama-steel.co.jp/>

Representative: Kazuaki Hakomori

,President

Inquiries: Yukio Morioka

,Executive Officer

Telephone: +81-6-6555-3027

Scheduled date of annual general meeting of shareholders: June 26, 2025

Scheduled date to commence dividend payments: June 27, 2025

Scheduled date to file annual securities report: June 25, 2025

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, 2025 (April 1, 2024 to March 31, 2025)

(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, 2025	169,329	(8.2)	8,436	(31.6)	8,119	(33.7)	5,695	(36.0)
March 31, 2024	184,445	(2.2)	12,327	(9.7)	12,244	(8.4)	8,904	(12.9)

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 4,894 million [(50.5) %]

Fiscal year ended March 31, 2024: ¥ 9,896 million [(4.5) %]

	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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	105.14	-	5.4	5.4	5.0
March 31, 2024	164.43	-	8.8	8.1	6.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ 185 million

Fiscal year ended March 31, 2024: ¥ 227 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	149,148	106,810	71.6	1,971.57
March 31, 2024	152,087	104,553	68.7	1,930.54

(Reference) Equity: As of March 31, 2025: ¥ 106,810 million

As of March 31, 2024: ¥ 104,553 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 the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	7,346	(4,683)	(3,804)	15,326
March 31, 2024	5,153	(2,300)	(3,141)	16,467

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	19.00	-	31.00	50.00	2,707	30.4	2.7
March 31, 2025	-	18.00	-	22.00	40.00	2,167	38.0	2.1
Fiscal year ending March 31, 2026 (Forecast)	-	8.00	-	16.00	24.00		31.0	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2025 :

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (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
Six months ending September 30, 2025	76,500	(14.6)	2,900	(39.4)	2,700	(42.5)	1,500	(53.3)	27.69
Full year	157,500	(7.0)	7,300	(13.5)	7,000	(13.8)	4,200	(26.3)	77.53

* Notes:

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

None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025: 63,079,256 shares

March 31, 2024: 63,079,256 shares

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

March 31, 2025: 8,903,954 shares

March 31, 2024: 8,921,772 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 54,169,390 shares

Fiscal Year ended March 31, 2024: 54,150,530 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	132,509	(9.9)	6,951	(36.2)	6,786	(38.1)	4,847	(40.3)
March 31, 2024	147,099	(1.7)	10,900	(10.1)	10,957	(8.3)	8,120	(68.2)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	89.49	-
March 31, 2024	149.97	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	131,439	93,399	71.1	1,724.02
March 31, 2024	132,887	91,879	69.1	1,696.52

(Reference) Equity: As of March 31, 2025: ¥ 93,399 million
As of March 31, 2024: ¥ 91,879 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 "1. Summary of Operating Results (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, 2025 (FY2024)

In the consolidated fiscal year ended March 31, 2025, the Japanese economy was on a recovery trend due to an increase in corporate capital investment and public demand, but the growth rate was almost flat due to sluggish private consumption caused by rising prices.

In the steel industry, the Group's core business, domestic demand for the construction and manufacturing industries remained low due to soaring material prices and delays in construction caused by labor shortages. In addition, sales volume and prices of the steel products declined due to the impact of the inflow of cheap imported materials. Furthermore, labor costs, logistics costs, and energy prices increased, resulting in an increasingly severe earnings environment.

As a result, the consolidated financial results for the fiscal year ended March 31, 2025 were net sales of 169,329 million yen (a decrease of 15,116 million yen year-on-year), operating profit of 8,436 million yen (a decrease of 3,890 million yen year-on-year), ordinary profit of 8,119 million yen (a decrease of 4,124 million yen year-on-year), and profit attributable to owners of parent of 5,695 million yen (a decrease of 3,208 million yen year-on-year).

The results of each segment for the fiscal year ended March 31, 2025 were as follows.

In the steel business, although manufacturing costs improved due to the resolution of facility troubles in the previous fiscal year and the continuation of stable operations, profit decreased due to a decrease in steel products sales volume and a decline in sales prices, as well as an increase in fixed costs and the impact of inventory. As a result, the net sales were 166,647 million yen (a decrease of 14,997 million yen year-on-year) and the ordinary profit was 7,824 million yen (a decrease of 3,928 million yen year-on-year).

In the engineering business, the net sales were 1,886 million yen (a decrease of 171 million yen year-on-year) and the ordinary profit was 36 million yen (a decrease of 37 million yen year-on-year) mainly due to a decrease in sales in the marine sector.

In the real estate business, the net sales were 1,392 million yen (a decrease of 45 million yen year-on-year) and ordinary profit was 696 million yen (a decrease of 9 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, 2025 (FY2024)

Total assets at the end of the fiscal year ended March 31, 2025 were 149,148 million yen, a decrease of 2,939 million yen year-on-year. This was mainly due to a decrease in cash and deposits, notes and accounts receivable - trade, and contract assets, and guarantee deposits, despite an increase in merchandise and finished goods, raw materials and supplies, machinery and equipment.

Liabilities were 42,337 million yen, a decrease of 5,197 million yen year-on-year. This was mainly due to a decrease in notes and accounts payable-trade and income taxes payable.

Net assets were 106,810 million yen, an increase of 2,257 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, 2025 (FY2024)

Cash and cash equivalents (hereinafter, "Funds") at the end of the fiscal year ended March 31, 2025 under review were 15,326 million yen, a decrease of 1,140 million yen or 6.9% compared to FY2023. Cash flows for the FY2024 and the factors were as follows.

Funds provided by operating activities were 7,346 million yen (compared to an inflow of 5,153 million yen in FY2023). This was mainly due to profit before income taxes and minority interests, depreciation and amortization, the decrease of accounts receivable (including electronically recorded monetary claims) and trade payables (including electronically recorded obligations), and the payment of income taxes.

Funds used in investing activities were 4,683 million yen (compared to an outflow of 2,300 million yen in FY2023). This was mainly due to the purchase of property, plant and equipment.

Funds used in financing activities was 3,804 million yen (compared to an outflow of 3,141 million yen in FY2023). This was mainly due to income from long-term borrowings, repayment of long-term borrowings, and payment of dividends.

(Reference) Trends in Cash Flows-Related Indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio (%)	68.6	61.9	65.1	68.7	71.6
Equity ratio at market value (%)	19.2	16.8	35.4	33.8	26.9
Ratio of interest-bearing liabilities to operating cash flows (years)	1.6	—	0.8	1.9	1.2
Interest coverage ratio (times)	47.1	—	62.6	36.6	43.4

(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

The outlook for the future is expected to become even more severe as uncertainty is extremely high due to international trade protection policies including U.S. tariffs and concerns over the expansion of low-priced imports of Chinese products, with costs such as labor and logistics rising, while the demand for small and medium-sized construction projects is not expected to recover due to a review of construction work due to labor shortages and rising material prices.

In such an environment, the Company will work toward the realization of the long-term plan, as shown in Attachment “Notice Concerning Investment in the New Electric Furnace and Long-Term Targets to Realize the Long-Term Vision of Nakayama Steel Works Group”, and will proceed with discussions toward the establishment of a joint venture and business alliance with Nippon Steel, as shown in Attachment “Notice Regarding the Establishment of a Joint Venture with NIPPON STEEL CORPORATION and the Conclusion of a Memorandum of Understanding for a Business Alliance”. Amid growing awareness of carbon neutrality, the Company will build a foundation by increasing the production capacity of the electric furnace and expanding the application of electric furnace materials, and steadily implement various measures, such as expanding sales of high-value-added products and increasing processing capacity, to improve profitability.

Based on the above circumstances, the Company forecast the consolidated financial results for the fiscal year ending March 31, 2026, with net sales of 157,500 million yen, operating profit of 7,300 million yen, ordinary profit of 7,000 million yen, and profit attributable to owners of parent of 4,200 million yen.

(5) Basic Policy on Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2025 (FY2024), and the Fiscal Year Ending March 31, 2026 (FY2025)

The Company’s basic policy for appropriation of surplus is to realize stable dividends, while securing internal reserves necessary to enhance our management base and financial position as well as to prepare for future business development.

As announced on February 6, 2025, the dividends for the fiscal year ended March 31, 2025 will be 22 yen per share. As a result, the annual dividend will be 40 yen per share, including the interim dividend of 18 yen per share already implemented.

Based on earnings forecasts for the fiscal year ending March 31, 2026, the Company plans to pay an annual dividend of 24 yen per share (interim dividend of 8 yen, year-end dividend of 16 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 Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	16,487	15,346
Notes and accounts receivable - trade, and contract assets	37,960	33,420
Electronically recorded monetary claims - operating	9,142	8,909
Merchandise and finished goods	16,074	17,187
Work in process	5,270	4,900
Raw materials and supplies	10,648	11,876
Other	929	919
Allowance for doubtful accounts	(40)	(34)
Total current assets	96,472	92,524
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,746	33,532
Accumulated depreciation	(25,140)	(25,615)
Buildings and structures, net	7,605	7,917
Machinery and equipment	90,147	92,589
Accumulated depreciation	(74,557)	(75,966)
Machinery and equipment, net	15,590	16,622
Vehicles	816	818
Accumulated depreciation	(791)	(736)
Vehicles, net	25	82
Tools, furniture and fixtures	4,233	4,436
Accumulated depreciation	(3,802)	(3,933)
Tools, furniture and fixtures, net	430	502
Land	22,603	22,611
Leased assets	355	351
Accumulated depreciation	(225)	(220)
Leased assets, net	130	131
Construction in progress	746	420
Total property, plant and equipment	47,132	48,288
Intangible assets		
Other	454	470
Total intangible assets	454	470
Investments and other assets		
Investment securities	3,607	3,193
Retirement benefit asset	1,917	1,798
Deferred tax assets	13	14
Guarantee deposits	2,367	1,764
Other	153	1,123
Allowance for doubtful accounts	(31)	(28)
Total investments and other assets	8,028	7,864
Total non-current assets	55,615	56,623
Total assets	152,087	149,148

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,742	14,345
Electronically recorded obligations - operating	1,654	2,757
Short-term borrowings	9,565	2,546
Accounts payable - other	3,042	2,788
Accrued expenses	1,987	1,739
Income taxes payable	1,629	883
Provision for bonuses	1,074	1,028
Provision for environmental measures	57	17
Provision for decommissioning and removal	109	231
Other	909	600
Total current liabilities	38,772	26,941
Non-current liabilities		
Long-term borrowings	62	6,515
Deferred tax liabilities	3,412	3,183
Deferred tax liabilities for land revaluation	1,001	1,030
Provision for environmental measures	19	5
Provision for decommissioning and removal	187	187
Provision for loss on business of subsidiaries and associates	627	893
Retirement benefit liability	2,214	2,314
Other	1,237	1,265
Total non-current liabilities	8,762	15,396
Total liabilities	47,534	42,337
Net assets		
Shareholders' equity		
Share capital	20,044	20,044
Capital surplus	7,841	7,857
Retained earnings	72,895	75,936
Treasury shares	(774)	(773)
Total shareholders' equity	100,007	103,065
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,565	928
Deferred gains or losses on hedges	0	-
Revaluation reserve for land	2,389	2,359
Remeasurements of defined benefit plans	591	456
Total accumulated other comprehensive income	4,545	3,744
Total net assets	104,553	106,810
Total liabilities and net assets	152,087	149,148

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	184,445	169,329
Cost of sales	159,288	147,249
Gross profit	25,157	22,080
Selling, general and administrative expenses		
Selling expenses	5,530	5,726
General and administrative expenses	7,299	7,917
Total selling, general and administrative expenses	12,830	13,643
Operating profit	12,327	8,436
Non-operating income		
Interest income	54	47
Dividend income	99	94
Share of profit of entities accounted for using equity method	227	185
Rental income from real estate	75	73
Other	107	78
Total non-operating income	564	479
Non-operating expenses		
Interest expenses	140	169
Commission for syndicated loans	1	289
Rental expenses	138	134
Other	367	202
Total non-operating expenses	647	796
Ordinary profit	12,244	8,119
Extraordinary income		
Gain on sale of investment securities	416	586
Reversal of provision for environmental measures	272	-
Gain on sales of scraps	189	-
Other	651	4
Total extraordinary income	1,529	591
Extraordinary losses		
Provision for loss on business of subsidiaries and associates	508	265
Loss on retirement of non-current assets	975	139
Provision for decommissioning and removal	-	134
Other	0	4
Total extraordinary losses	1,484	544
Profit before income taxes	12,289	8,167
Income taxes - current	3,422	2,420
Income taxes - deferred	(37)	50
Total income taxes	3,385	2,471
Profit	8,904	5,695
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	8,904	5,695

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	8,904	5,695
Other comprehensive income		
Valuation difference on available-for-sale securities	352	(637)
Deferred gains or losses on hedges	0	(0)
Revaluation reserve for land	-	(29)
Remeasurements of defined benefit plans, net of tax	640	(134)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	992	(801)
Comprehensive income	9,896	4,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,896	4,894
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,044	7,826	66,179	(775)	93,274
Changes during period					
Dividends of surplus			(2,219)		(2,219)
Reversal of revaluation reserve for land			32		32
Profit attributable to owners of parent			8,904		8,904
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	6,716	1	6,733
Balance at end of period	20,044	7,841	72,895	(774)	100,007

	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	1,213	0	2,421	(49)	3,585	96,859
Changes during period						
Dividends of surplus						(2,219)
Reversal of revaluation reserve for land						32
Profit attributable to owners of parent						8,904
Purchase of treasury shares						(0)
Disposal of treasury shares						17
Net changes in items other than shareholders' equity	352	0	(32)	640	960	960
Total changes during period	352	0	(32)	640	960	7,693
Balance at end of period	1,565	0	2,389	591	4,545	104,553

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)
Reversal of revaluation reserve for land					-
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)
Reversal of revaluation reserve for land						-
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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	12,289	8,167
Depreciation	2,622	2,897
Increase (decrease) in allowance for doubtful accounts	(27)	(7)
Increase (decrease) in provision for bonuses	(61)	(45)
Increase (decrease) in retirement benefit liability	(48)	112
Decrease (increase) in retirement benefit asset	(98)	(78)
Increase (decrease) in provision for decommissioning and removal	(107)	122
Increase (decrease) in provision for environmental measures	(394)	(52)
Increase (decrease) in provision for loss on business of subsidiaries and associates	508	265
Interest and dividend income	(154)	(142)
Interest expenses	140	169
Commission for syndicate loan	1	289
Loss (gain) on sales of scraps	(189)	-
Loss on retirement of non-current assets	975	139
Loss (gain) on sale of investment securities	(416)	(586)
Decrease (increase) in trade receivables	(1,722)	4,773
Decrease (increase) in inventories	2,809	(1,970)
Increase (decrease) in trade payables	(1,882)	(3,219)
Increase (decrease) in accrued consumption taxes	(1,589)	(612)
Decrease (Increase) In operating guarantee deposit	(1,000)	500
Other, net	(842)	(186)
Subtotal	10,812	10,533
Income taxes refund	8	-
Income taxes paid	(4,988)	(3,140)
Gain on sales of scraps	244	-
Payment of demolition and removal costs	(924)	(46)
Net cash provided by (used in) operating activities	5,153	7,346
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,806)	(4,389)
Purchase of investment securities	-	(370)
Proceeds from sale of investment securities	567	632
Interest and dividends received	204	198
Other, net	733	(755)
Net cash provided by (used in) investing activities	(2,300)	(4,683)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	7,000
Repayments of long-term borrowings	(621)	(7,565)
Redemption of bonds	(27)	-
Dividends paid	(2,217)	(2,647)
Commission for syndicate loan paid	(1)	(289)
Interest paid	(140)	(169)
Other, net	(133)	(131)
Net cash provided by (used in) financing activities	(3,141)	(3,804)

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net increase (decrease) in cash and cash equivalents	(288)	(1,140)
Cash and cash equivalents at beginning of period	16,755	16,467
Cash and cash equivalents at end of period	16,467	15,326

(5) Notes to the Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of “Accounting Standards for Current Income Taxes,” etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, issued on October 28, 2022; hereinafter, “2022 Revised Accounting Standard”.) from the beginning of the first quarter of FY2024.

Regarding the revision to the classification of income taxes(taxation on other comprehensive income), the Company has applied the transitional treatments prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, issued on October 28, 2022; hereinafter, “2022 Revised Guidance”).The impact of this change in accounting policy on the quarterly consolidated financial statements is negligible.

In addition, regarding the revision related to the review of the treatment in the consolidated financial statements in the case of deferral for tax purposes of gains and losses arising from the sale of shares of subsidiaries among consolidated companies, the Company has applied the 2022 Revised Guidance from the beginning of the first quarter of FY2024. This change in accounting policies has been applied retrospectively, and the quarterly consolidated financial statements for the same quarter of the previous fiscal year as well as the consolidated financial statements for the previous fiscal year have been retrospectively adjusted. This change has no impact on either the quarterly consolidated financial statements for the same quarter of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(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, 2024 (From April 1, 2023 to March 31, 2024)

(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	181,439	2,003	—	183,443	—	183,443
Other revenue	—	—	1,002	1,002	—	1,002
Sales to external customers	181,439	2,003	1,002	184,445	—	184,445
Inter-segment sales or transfers	204	54	435	695	(695)	—
Total	181,644	2,058	1,438	185,140	(695)	184,445
Segment profit /loss (Ordinary profit)	11,752	74	706	12,533	(288)	12,244
Segment assets	140,225	2,276	6,645	149,147	2,940	152,087
Other items						
Depreciation and amortization	2,353	97	167	2,618	3	2,622
Interest income	54	—	2	57	(2)	54
Interest expense	134	9	—	143	(2)	140
Equity in profits of affiliates	227	—	—	227	—	227
Investments in equity-method affiliates	785	—	—	785	—	785
Increase in property, plant and equipment and intangible assets	5,017	153	55	5,227	(3)	5,223

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

(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	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 /loss (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

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, 2024 (Millions of yen)	the Fiscal Year Ended March 31, 2025 (Millions of yen)
Total reportable segments	12,533	8,557
Elimination of intersegment sales	(9)	(0)
Corporate non-operating profit /loss (Note)	(279)	(437)
Ordinary profit in the consolidated financial statements	12,244	8,119

(Note) Corporate assets are mainly long-term investment assets (investment securities) not attributable to reportable segments.

Assets	the Fiscal Year Ended March 31, 2024 (Millions of yen)	the Fiscal Year Ended March 31, 2025 (Millions of yen)
Total reportable segments	149,147	146,832
Elimination of intersegment sales	(874)	(866)
Corporate assets (Note)	3,815	3,181
Total assets in the consolidated financial statements	152,087	149,148

(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, 2024	the Fiscal Year Ended March 31, 2025
(1) Net assets per share	1,930.54 yen	1,971.57 yen
(Basis for calculation)		
Total amount of net assets in the consolidated balance sheets (Millions of yen)	104,553	106,810
Net assets attributable on common shares (Millions of yen)	104,553	106,810
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)	8,921	8,903
Number of common shares used in the calculation of net assets per share (Thousand shares)	54,157	54,175

Items	the Fiscal Year Ended March 31, 2024	the Fiscal Year Ended March 31, 2025
(2) Basic earnings per share	164.43 yen	105.14 yen
(Basis for calculation)		
Profit attributable to owners of parent (Millions of yen)	8,904	5,695
Amounts not attributable to common shareholders (Millions of yen)	—	—

Items	the Fiscal Year Ended March 31, 2024	the Fiscal Year Ended March 31, 2025
Profit attributable to owners of the parent on common shares (Millions of yen)	8,904	5,695
Average number of shares (common shares) (Thousand shares)	54,150	54,169

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

(Significant Subsequent Events)

(Conclusion of Basic Agreement on Establishment of Joint Venture)

At a meeting of the Board of Directors held on May 9, 2025, the Company has resolved to conclude a basic agreement with NIPPON STEEL CORPORATION to establish a joint venture for the purpose of constructing and owning a new electric furnace and leasing it to the Company, and the basic agreement was concluded on the same day.

1 . Purpose and background of the establishment of the joint venture

The Company has announced "establish the electric furnace production system with a monthly capacity of 50,000 tons " and "detailed study of increasing the production capacity of the electric furnace " as key policies in the medium-term management plan, which began in fiscal year 2022. As CO₂ emissions are lower than those of blast furnaces, the demand for electric furnace steel slabs, which is a resource recycling process that recycles steel scrap into products, is increasing. Therefore, in this medium-term management plan, concrete measures to fundamentally increase electric furnace production capacity, including the construction of new electric furnaces, were repeatedly examined.

Against this background, the Company has been engaged in discussions with Nippon Steel to establish a joint venture with the aim of constructing and owning new electric furnace facility and leasing it to the Company.

2 . Overview of the joint venture

Name	Undecided
Location	1-1-66 Funamachi Taisho-ku, Osaka Japan
Job title and name of representative	Undecided
Description of business	Ownership and lease of a new electric furnace necessary for the manufacture of steel slabs
Investment amount (Note)	Approximately 50 billion yen
Conclusion of a joint venture agreement	September 2025 (scheduled)
Establishment of the joint venture	March 2026 (scheduled)
Investment ratio	NAKAYAMA STEEL WORKS, LTD.: 51 % 、 NIPPON STEEL CORPORATION: 49%

(Note)The Company plans to allocate capital expenditures mainly for the new electric furnace facility.

(Significant Capital Investment)

At a meeting of the Board of Directors held on May 9, 2025, the Company resolved to invest in the new electric furnace to realize the long-term vision.

1 . Purpose of capital investment

Based on the "Nakayama Steel Work Group 2030 Long-Term Vision" announced on May 10, 2022, the Company has decided to make this investment as a drastic measure to increase electric furnace production capacity in order to enhance group-wide efforts to increase added value and realize a carbon-neutral, recycling-oriented society.

In this investment, NIPPON STEEL CORPORATION and the Company will jointly establish a joint venture to construct a new electric furnace facility at the Company's Funamachi Plant, and the Company will lease the facility to operate the electric furnace.

2 . Overview of the Investment

Location	1-1-66 Funamachi Taisho-ku, Osaka Japan(the Company's Funamachi Plant)
Estimated production	1.2 million tons/year (electric furnace crude steel)
Time of start	August 2026 (scheduled)
Time of operation	2030 onward (scheduled)
Investment (Note)	Total amount of approximately 95 billion yen

(Note)Capital expenditures by the Company and the joint venture are combined.

4. Others

(Reference Information)

(Non-consolidated) Breakdown of Net Sales

(Millions of yen)

		FY2023			FY2024			Fluctuation
		1H FY2023	2H FY2023	Fiscal year total (①)	1H FY2024	2H FY2024	Fiscal year total (②)	Y-o-Y (②－①))
Steel materials		72,028	71,153	143,182	69,251	59,445	128,696	(14,485)
Sales volume	Thousand tons	548.9	558.8	1,107.7	538.1	472.8	1,011.0	(96.7)
Unit Sales Price	Thousand yen/ton	131.2	127.3	129.3	128.7	125.7	127.3	(2.0)
Others		1,917	2,000	3,917	1,960	1,852	3,812	(104)
Total		73,945	73,154	147,099	71,212	61,297	132,509	(14,590)
(of which Exports)		3,353	3,155	6,508	1,879	1,817	3,696	(2,811)