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KYOEI STEEL

October 30, 2026

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2027 (Fiscal Year 2027) (Six Months Ended September 30, 2026) <Under Japanese GAAP>

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Scheduled date of filing of semi-annual securities report: (Japanese version only): November 10, 2026
Scheduled date of payment of dividend: December 7, 2026
Preparation of supplementary materials for financial results: Yes

(Millions of yen with fractional amounts rounded off, unless otherwise noted)

1. Consolidated Financial Results for the Second Quarter (from April 1, 2026 to September 30, 2026) of Fiscal Year 2027

(1) Consolidated operating results (Percentages represent 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, 2026	177,703	14.9	6,112	(33.6)	5,929	(30.1)	3,262	(40.0)
Six months ended September 30, 2025	154,683	(3.9)	9,208	55.7	8,482	38.3	5,433	7.3

Note: Comprehensive income Six months ended September 30, 2026: 6,399 million yen [147.7%]
Six months ended September 30, 2025: 2,584 million yen [(72.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2026	75.05	–
Six months ended September 30, 2025	125.01	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2026	377,931	222,537	56.6
As of March 31, 2026	373,127	218,808	56.7

Reference: Equity As of September 30, 2026: 213,761 million yen
As of March 31, 2026: 211,661 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2026	–	30.00	–	60.00	90.00
Fiscal Year 2027	–	30.00			
Fiscal Year 2027 (Forecast)			–	40.00	70.00

Note: Revisions to the most recently announced dividend forecast: None

3. Forecasts of Consolidated Earnings for Fiscal Year 2027 (from April 1, 2026 to March 31, 2027)

(Percentages represent 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	362,000	14.9	9,500	(44.0)	9,000	(44.5)	4,800	(51.3)	110.45

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

*** Notes**

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

Newly added: None Excluded: None

(2) Application of special accounting methods for presenting semi- annual consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares)

As of September 30, 2026	44,898,730 shares
As of March 31, 2026	44,898,730 shares

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

As of September 30, 2026	1,439,869 shares
As of March 31, 2026	1,439,844 shares

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

Six months ended September 30, 2026	43,458,878 shares
Six months ended September 30, 2025	43,458,951 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on information available at the date of publication for this document and certain assumptions regarding factors that may influence future results at the date of publication. Actual results may vary significantly from these forecasts due to a wide range of factors. For a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to “1. Overview of Operating Results, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements” on page 4 of the attachments.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Current Period

In the first six months of the fiscal year ending March 31, 2027, the global economy continued its moderate growth despite the impact of geopolitical risks including the situation in the Middle East. While the Japanese economy continued its moderate recovery trend, mainly supported by improvements in employment and income environment and the effects of various policies, it is necessary to remain cautious about the potential impact of the situation in the Middle East, natural disasters, and fluctuations in financial and capital markets.

Consolidated net sales of the Kyoei Steel Group in the first six months of the fiscal year ending March 31, 2027, increased by 23,020 million yen (14.9%) year on year to 177,703 million yen, consolidated operating profit decreased by 3,096 million yen (33.6%) year on year to 6,112 million yen, consolidated ordinary profit decreased by 2,553 million yen (30.1%) year on year to 5,929 million yen, and profit attributable to owners of parent decreased by 2,171 million yen (40.0%) year on year to 3,262 million yen.

Results by business segment are as follows.

1) Domestic Steel Business

For this business segment, demand for steel materials remained weak as a result of factors such as labor shortages at construction and logistics sites and soaring material prices, as well as sluggish construction work caused by the intense summer heat. As a result, product shipments decreased by 30,000 tons (4.4%) year on year to 660,000 tons. Meanwhile, the price of steel scrap, a raw material, rose due to the weak yen and the situation in the Middle East, and has remained at a high level, increasing by 11,300 yen (26.6%). Although we worked on raising product shipment prices, it has become difficult to raise market prices further since the second quarter, and product shipment prices for the first six months of the current fiscal year have only increased by 1,100 yen (1.1%) year on year, while the sales margin (the difference between the product shipment price and the raw material price) decreased by 10,200 yen (18.9%) year on year.

As a result, segment net sales decreased by 1,655 million yen (2.6%) year on year to 62,090 million yen and operating profit decreased by 6,729 million yen (97.6%) year on year to 168 million yen.

2) Overseas Steel Business

Kyoei Steel operates steel businesses in Vietnam and North America (the United States and Canada), both of which have a fiscal year-end of December 31.

In Vietnam, strong demand for steel continued under the government’s policy of aiming for economic growth. Despite the continued challenging competitive environment, each of our bases saw a significant increase in both net sales and profits compared to the same period of the previous fiscal year, thanks to increased shipments driven by strong demand, cost reductions resulting from increased production, as well as the smooth operation of the new rolling mill completed in June last year at Vietnam Italy Steel JSC in northern Vietnam.

In North America, production volume decreased at the U.S. base due to operational difficulties in the second quarter, which led to increased production costs. However, favorable market conditions resulted in a smaller deficit compared to the same period of the previous fiscal year. The Canadian base posted profits at the same level as the same period of the previous fiscal year, supported by robust demand and a product mix that includes small-diameter rebar with high profit margins. Overall, North America experienced increased net sales and profits compared to the same period of the previous fiscal year.

As a result, segment net sales increased by 24,179 million yen (28.2%) year on year to 109,934 million yen and operating profit increased by 3,340 million yen (128.4%) year on year to 5,942 million yen.

3) Material Recycling Business

For this business segment, although the situation in the medical waste treatment field remains challenging, net sales increased by 428 million yen (15.6%) year on year to 3,179 million yen and operating profit increased by 386 million

yen (522.0%) year on year to 460 million yen, thanks to factors such as an increase in the volume of waste treatment contracts resulting from a review of sales policies and the acquisition of projects for difficult-to-treat waste, etc.

4) Others

This category includes harbor operations in Vietnam and the casting business in Japan and Vietnam. Segment net sales increased by 68 million yen (2.8%) year on year to 2,501 million yen and operating profit decreased by 23 million yen (8.1%) year on year to 265 million yen.

(2) Overview of Financial Position for the Current Period

Assets

Current assets decreased by 3,876 million yen, or 1.8%, from the end of the previous fiscal year to 217,181 million yen. This was attributable mainly to increases of 5,590 million yen in raw materials and supplies, 4,535 million yen in accounts receivable - trade, and 2,416 million yen in merchandise and finished goods, and decreases of 11,988 million yen in cash and deposits and 7,115 million yen in other under current assets.

Non-current assets increased by 8,680 million yen, or 5.7%, from the end of the previous fiscal year to 160,750 million yen. This was attributable mainly to increases of 8,812 million yen in other under property, plant and equipment, 567 million yen in investment securities, and 376 million yen in machinery, equipment and vehicles, despite decreases of 775 million yen in buildings and structures, 400 million yen in deferred tax assets and 169 million yen in other under intangible assets.

As a result, total assets increased by 4,804 million yen, or 1.3%, from the end of the previous fiscal year to 377,931 million yen.

Liabilities

Current liabilities increased by 2,707 million yen, or 2.6%, from the end of the previous fiscal year to 105,384 million yen. This was attributable mainly to increases of 13,286 million yen in short-term borrowings, 1,146 million yen in notes and accounts payable - trade, and 894 million yen in electronically recorded obligations - operating, and decreases of 10,000 million yen in current portion of bonds payable, 1,863 million yen in other under current liabilities, and 732 million yen in income taxes payable.

Non-current liabilities decreased by 1,632 million yen, or 3.2%, from the end of the previous fiscal year to 50,010 million yen. This was attributable mainly to an increase of 215 million yen in deferred tax liabilities and a decrease of 1,736 million yen in long-term borrowings.

As a result, total liabilities increased by 1,075 million yen, or 0.7%, from the end of the previous fiscal year to 155,394 million yen.

Net assets

Net assets increased by 3,729 million yen, or 1.7%, from the end of the previous fiscal year to 222,537 million yen. This was attributable mainly to the recording of profit attributable to owners of parent of 3,262 million yen, increases of 1,630 million yen in non-controlling interests and 1,134 million yen in foreign currency translation adjustment, despite decreases of 2,608 million yen due to dividends of retained earnings and 108 million yen in remeasurements of defined benefit plans.

As a result, equity-to-asset ratio decreased from 56.7% at the end of the previous fiscal year to 56.6%.

Cash flows

Cash and cash equivalents at the end of the first half of the current fiscal year increased by 5,369 million yen from the end of the previous fiscal year to 51,728 million yen. The cash flow components during the first half of the current fiscal year and the main reasons for changes are as follows.

(i) Cash flows from operating activities

Net cash used in operating activities was 4,121 million yen. Major components included profit before income taxes of 5,826 million yen, depreciation of 4,287 million yen, an increase of 5,720 million yen in trade receivables, an increase of 6,978 million yen in inventories, an increase of 1,796 million yen in trade payables, interest and dividends received of 841 million yen, interest paid of 1,402 million yen, and income taxes paid of 1,585 million yen.

(ii) Cash flows from investing activities

Net cash provided by investing activities was 5,000 million yen. Major components included proceeds from withdrawal of time deposits and other of 20,471 million yen, payments into time deposits and other of 3,962 million yen, and purchase of property, plant and equipment of 11,425 million yen.

(iii) Cash flows from financing activities

Net cash provided by financing activities was 4,319 million yen. Major components included a net increase of 12,079 million yen in short-term borrowings, proceeds from long-term borrowings of 7,699 million yen, and redemption of bonds of 10,000 million yen.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

For the domestic steel business, demand for construction steel materials is expected to remain weak in the third quarter of the current fiscal year and beyond (the second half of the fiscal year). Although product shipments are expected to recover compared to the first half of the fiscal year, they are still projected to fall below the plan. In addition, because steel scrap prices are expected to exceed expectations and the sales margin is projected to narrow compared to the plan, the performance of the domestic steel business is expected to fall below the previous forecast.

Regarding the overseas steel business, the business environment is favorable in both Vietnam and North America. While the Vietnamese and Canadian bases are generally performing as planned, the US base is expected to continue operating at a loss due to intermittent production disruptions caused by aging equipment. In addition, we anticipate challenging performance in the second half of the fiscal year, as we will be factoring in temporary losses, including an increase in depreciation expenses resulting from the shortening of the useful lives of the existing facilities. As a result, the overall performance of the overseas steel business is expected to fall below our previous forecast.

Based on the above, we have revised downward the earnings forecast that was announced in the “Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027” on July 31, 2026. The dividend forecast remains unchanged. For further details, please refer to the “Notice Concerning Revision to Full-Year Consolidated Financial Results Forecasts” released today.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	62,947	50,959
Notes receivable - trade	6	6
Accounts receivable - trade	49,833	54,368
Electronically recorded monetary claims - operating	16,228	17,946
Securities	6,000	7,000
Merchandise and finished goods	36,448	38,864
Raw materials and supplies	33,931	39,521
Other	16,241	9,126
Allowance for doubtful accounts	(576)	(608)
Total current assets	221,057	217,181
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,785	24,010
Machinery, equipment and vehicles, net	46,237	46,612
Land	33,005	33,017
Other, net	13,399	22,211
Total property, plant and equipment	117,426	125,851
Intangible assets		
Goodwill	613	553
Other	2,225	2,057
Total intangible assets	2,838	2,609
Investments and other assets		
Investment securities	17,644	18,211
Long-term loans receivable	1,311	1,396
Retirement benefit asset	8,613	8,835
Deferred tax assets	2,392	1,992
Other	2,213	2,255
Allowance for doubtful accounts	(368)	(400)
Total investments and other assets	31,806	32,290
Total non-current assets	152,070	160,750
Total assets	373,127	377,931

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,877	25,023
Electronically recorded obligations - operating	6,857	7,751
Short-term borrowings	40,955	54,240
Current portion of long-term borrowings	5,003	4,908
Current portion of bonds payable	10,000	–
Income taxes payable	1,172	440
Provision for bonuses	1,217	1,288
Other	13,597	11,734
Total current liabilities	102,677	105,384
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	28,670	26,934
Deferred tax liabilities	4,754	4,968
Deferred tax liabilities for land revaluation	2,463	2,465
Retirement benefit liability	4,286	4,297
Other	1,468	1,346
Total non-current liabilities	51,642	50,010
Total liabilities	154,319	155,394
Net assets		
Shareholders' equity		
Share capital	18,516	18,516
Capital surplus	19,595	19,595
Retained earnings	147,968	148,613
Treasury shares	(1,700)	(1,700)
Total shareholders' equity	184,378	185,023
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,335	3,716
Deferred gains or losses on hedges	31	69
Revaluation reserve for land	4,526	4,535
Foreign currency translation adjustment	13,825	14,959
Remeasurements of defined benefit plans	5,566	5,458
Total accumulated other comprehensive income	27,283	28,737
Non-controlling interests	7,147	8,777
Total net assets	218,808	222,537
Total liabilities and net assets	373,127	377,931

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

(Semi-annual Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	154,683	177,703
Cost of sales	134,328	159,923
Gross profit	20,355	17,781
Selling, general and administrative expenses	11,147	11,669
Operating profit	9,208	6,112
Non-operating income		
Interest income	405	519
Dividend income	193	159
Share of profit of entities accounted for using equity method	273	–
Foreign exchange gains	–	254
Other	468	337
Total non-operating income	1,340	1,270
Non-operating expenses		
Interest expenses	1,207	1,360
Share of loss of entities accounted for using equity method	–	34
Foreign exchange losses	804	–
Other	55	58
Total non-operating expenses	2,066	1,452
Ordinary profit	8,482	5,929
Extraordinary income		
Gain on sale and retirement of non-current assets	69	22
Insurance claim income	13	–
Total extraordinary income	82	22
Extraordinary losses		
Loss on sale and retirement of non-current assets	120	92
Provision of allowance for doubtful accounts for subsidiaries and associates	–	31
Loss on abandonment of goods	61	–
Other	2	2
Total extraordinary losses	182	125
Profit before income taxes	8,382	5,826
Income taxes	2,434	1,150
Profit	5,948	4,675
Profit attributable to non-controlling interests	515	1,414
Profit attributable to owners of parent	5,433	3,262

(Semi-annual Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit	5,948	4,675
Other comprehensive income		
Valuation difference on available-for-sale securities	225	381
Deferred gains or losses on hedges	(27)	37
Foreign currency translation adjustment	(3,407)	1,413
Remeasurements of defined benefit plans, net of tax	(155)	(108)
Total other comprehensive income	(3,364)	1,724
Comprehensive income	2,584	6,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,733	4,707
Comprehensive income attributable to non-controlling interests	(149)	1,692

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Profit before income taxes	8,382	5,826
Depreciation	3,794	4,287
Amortization of goodwill	55	60
Increase (decrease) in provisions	530	116
Increase (decrease) in retirement benefit liability	(126)	10
Share of loss (profit) of entities accounted for using equity method	(273)	34
Loss (gain) on sale and retirement of non-current assets	51	70
Insurance claim income	(13)	–
Loss on abandonment of goods	61	–
Interest and dividend income	(599)	(678)
Interest expenses	1,207	1,360
Decrease (increase) in trade receivables	2,027	(5,720)
Decrease (increase) in inventories	(132)	(6,978)
Increase (decrease) in trade payables	4,718	1,796
Increase (decrease) in accrued consumption taxes	(183)	(295)
Decrease (increase) in retirement benefit asset	(66)	(372)
Other, net	(1,539)	(1,490)
Subtotal	17,893	(1,975)
Interest and dividends received	763	841
Interest paid	(1,244)	(1,402)
Proceeds from insurance income	13	–
Income taxes refund (paid)	(3,293)	(1,585)
Net cash provided by (used in) operating activities	14,132	(4,121)
Cash flows from investing activities		
Payments into time deposits and other	(9,828)	(3,962)
Proceeds from withdrawal of time deposits and other	15,620	20,471
Purchase of securities	(4,000)	–
Purchase of investment securities	(4)	(35)
Payments into deposits	(0)	(1)
Loan advances	(206)	(5)
Proceeds from collection of loans receivable	62	83
Purchase of property, plant and equipment	(9,031)	(11,425)
Proceeds from sale of property, plant and equipment	65	16
Purchase of intangible assets	(60)	(103)
Other, net	(111)	(39)
Net cash provided by (used in) investing activities	(7,495)	5,000
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,384)	12,079
Proceeds from long-term borrowings	–	7,699
Repayments of long-term borrowings	(2,527)	(2,569)
Redemption of bonds	–	(10,000)
Dividends paid	(2,607)	(2,608)
Dividends paid to non-controlling interests	(57)	(63)
Other, net	(180)	(219)
Net cash provided by (used in) financing activities	(10,757)	4,319
Effect of exchange rate change on cash and cash equivalents	(179)	170
Net increase (decrease) in cash and cash equivalents	(4,298)	5,369
Cash and cash equivalents at beginning of period	38,052	46,359
Cash and cash equivalents at end of period	33,754	51,728

(4) Notes to Semi-annual Consolidated Financial Statements

Notes on Segment and Other Information

I. First six months of the fiscal year ended March 31, 2026 (from April 1, 2025 to September 30, 2025)

1. Information related to net sales and profit/loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Note 2)	Amounts shown on semi-annual consolidated statement of income (Note 3)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
Revenue from contracts with customers	63,745	85,755	2,750	152,251	2,432	–	154,683
Sales to external customers	63,745	85,755	2,750	152,251	2,432	–	154,683
Inter-segment sales and transfers	4	43	241	288	459	(747)	–
Total	63,749	85,798	2,992	152,539	2,891	(747)	154,683
Segment profit	6,897	2,601	74	9,572	288	(652)	9,208

Notes: 1. “Others” represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, castings and insurance agent businesses.

2. The adjustment of (652) million yen to “segment profit” includes 12 million yen in eliminations for intersegment transactions and (664) million yen in corporate costs that are not allocated to reportable segments. Corporate costs mainly include general and administration expenses of the Company’s head office that cannot be attributed to reportable segments.

3. “Segment profit” is adjusted to be consistent with operating profit shown on the semi-annual consolidated statement of income.

2. Information related to impairment losses of non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in the amount of goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First six months of the fiscal year ending March 31, 2027 (from April 1, 2026 to September 30, 2026)

1. Information related to net sales and profit/loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Note 2)	Amounts shown on semi-annual consolidated statement of income (Note 3)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
Revenue from contracts with customers	62,090	109,934	3,179	175,203	2,501	–	177,703
Sales to external customers	62,090	109,934	3,179	175,203	2,501	–	177,703
Inter-segment sales and transfers	27	45	233	306	439	(744)	–
Total	62,117	109,979	3,412	175,508	2,939	(744)	177,703
Segment profit	168	5,942	460	6,570	265	(723)	6,112

Notes: 1. “Others” represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, castings and insurance agent businesses.

2. The adjustment of (723) million yen to “segment profit” includes 6 million yen in eliminations for intersegment transactions and (728) million yen in corporate costs that are not allocated to reportable segments. Corporate costs mainly include general and administration expenses of the Company’s head office that cannot be attributed to reportable segments.

3. “Segment profit” is adjusted to be consistent with operating profit shown on the semi-annual consolidated statement of income.

2. Information related to impairment losses of non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in the amount of goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

Notes on Significant Changes in the Amount of Shareholders' Equity

Not applicable.

Notes on Going Concern Assumption

Not applicable.