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Consolidated Financial Results for the Term Ended March 31, 2024 (Under Japanese GAAP)

May 15, 2024

Company name: Onoken Co., Ltd.
 Listing: Tokyo Stock Exchange, Fukuoka Stock Exchange
 Securities code: 7414
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 Scheduled date for Annual Meeting of Shareholders: June 21, 2024
 Scheduled date to commence dividend payments: June 24, 2024
 Scheduled filing date for Annual Securities Report: June 24, 2024
 Preparation of supplementary materials on annual financial results: Yes
 Holding of annual financial results briefing: Yes (for institutional investors, to be held on the internet)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the term ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024 | 281,933 | 7.3 | 8,219 | (15.6) | 8,342 | (16.2) | 5,761 | (18.0) |
| Fiscal year ended March 31, 2023 | 262,653 | 17.9 | 9,735 | (17.2) | 9,950 | (16.9) | 7,023 | (13.8) |

Note: Comprehensive income
 Term ended March 31, 2024: ¥6,585 million [(6.1%)]
 Term ended March 31, 2023: ¥7,013 million [(15.9%)]

| | Current net profit per share for the term | Diluted net profit per share for the term | Net profit margin on equity capital | Ordinary profit ratio on total assets | Operating profit ratio on net sales |
|----------------------------------|---|---|-------------------------------------|---------------------------------------|-------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2024 | 229.93 | 223.61 | 6.3 | 4.2 | 2.9 |
| Fiscal year ended March 31, 2023 | 298.93 | 272.81 | 8.2 | 5.5 | 3.7 |

Note: In the term ended March 31, 2024, a provisional accounting process regarding trust combinations was finalized and each figure related to the term ended March 31, 2023, where provisional figures were used, has been adjusted to reflect the contents of the change.

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|----------------------------------|-----------------|-----------------|-----------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Fiscal year ended March 31, 2024 | 208,502 | 95,550 | 45.4 | 3,716.79 |
| Fiscal year ended March 31, 2023 | 188,689 | 90,321 | 47.5 | 3,584.41 |

Reference: Equity
 As of March 31, 2024: 94,732 million yen
 As of March 31, 2023: 89,621 million yen

Note: In the term ended March 31, 2024, a provisional accounting process regarding trust combinations was finalized and each figure related to the term ended March 31, 2023, where provisional figures were used, has been adjusted to reflect the contents of the change.

change.

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Balance of cash and cash equivalents as of the end of term |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended March 31, 2024 | 15,942 | (20,778) | 8,662 | 6,440 |
| Fiscal year ended March 31, 2023 | (4,395) | 309 | 4,600 | 2,613 |

Note: In the term ended March 31, 2024, a provisional accounting process regarding trust combinations was finalized and each figure related to the term ended March 31, 2023, where provisional figures were used, has been adjusted to reflect the contents of the change.

2. Cash dividends

| | Annual dividends per share | | | | | Total amount of dividends | Payout ratio (Consolidated) | Net assets payout ratio (Consolidated) |
|--|----------------------------|--------------------|-------------------|-----------------|-------|---------------------------|-----------------------------|--|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended March 31, 2023 | - | 46.00 | - | 44.00 | 90.00 | 2,175 | 30.1 | 2.5 |
| Fiscal year ended March 31, 2024 | - | 36.00 | - | 33.00 | 69.00 | 1,742 | 30.0 | 1.9 |
| Fiscal year ending March 31, 2025 (forecast) | - | 34.00 | - | 35.00 | 69.00 | | 30.1 | |

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated financial results forecast for fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes for the full year and quarterly increase/decrease for each quarter.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Current net profit per share for the term |
|--------------------------|-----------------|-----|------------------|-------|-----------------|-------|---|-------|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| First half (accumulated) | 147,100 | 4.8 | 4,100 | (2.9) | 4,200 | (3.4) | 2,800 | (5.7) | 109.85 |
| Full year | 302,000 | 7.1 | 8,500 | 3.4 | 8,600 | 3.1 | 5,800 | 0.7 | 227.55 |

* Notes

(1) Changes in important subsidiaries during the term (changes accompanying the change in the extent of consolidation): None

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

(3) Number of issued stock (common shares)

(i) Total number of issued stocks at the end of the period (including treasury shares)

| | |
|----------------------|-------------------|
| As of March 31, 2024 | 25,715,186 shares |
| As of March 31, 2023 | 25,254,114 shares |

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

| | |
|----------------------|----------------|
| As of March 31, 2024 | 227,346 shares |
| As of March 31, 2023 | 250,986 shares |

(iii) Average number of shares outstanding at the end of the period

| | |
|----------------------------------|------------|
| Fiscal year ended March 31, 2024 | 25,054,969 |
| Fiscal year ended March 31, 2023 | 23,494,927 |

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for term ended March 2024 (April 1, 2023, to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|----------------------------------|-----------------|------|------------------|--------|-----------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended March 31, 2024 | 248,199 | 5.3 | 6,530 | (14.2) | 6,635 | (15.6) | 4,760 | (17.7) |
| Fiscal year ended March 31, 2023 | 235,676 | 16.3 | 7,611 | (14.5) | 7,865 | (13.7) | 5,784 | (12.3) |

| | Current net profit per share for the term | Diluted net profit per share for the term |
|----------------------------------|---|---|
| | Yen | Yen |
| Fiscal year ended March 31, 2024 | 189.98 | 184.75 |
| Fiscal year ended March 31, 2023 | 246.21 | 224.69 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|----------------------------------|-----------------|-----------------|-----------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Fiscal year ended March 31, 2024 | 189,874 | 84,966 | 44.7 | 3,333.59 |
| Fiscal year ended March 31, 2023 | 172,173 | 80,983 | 47.0 | 3,238.91 |

Reference: Equity

Fiscal year ended March 31, 2024 84,966 million yen

Fiscal year ended March 31, 2023 80,983 million yen

2. Non-consolidated financial results forecast for term ending March 2025 (April 1, 2024, to March 31, 2025)

(Percentages indicate year-on-year changes for the full year and quarterly increase/decrease for each quarter.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | | Current net profit per share for the term |
|--------------------------|-----------------|-----|------------------|--------|-----------------|--------|-----------------|--------|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| First half (accumulated) | 127,900 | 1.8 | 2,900 | (13.8) | 3,000 | (13.7) | 2,100 | (16.2) | 83.81 |
| Full year | (3) | 5.7 | 6,000 | (8.1) | 6,200 | (6.6) | 4,300 | (9.7) | 171.62 |

* The financial results report is exempt from an audit conducted by certified public accountants or an audit corporation

* Proper use of earnings forecasts, and other special matters

Forward-looking statements such as earnings forecasts contained in this material are based on information available to the Company, as well as certain assumptions that the Company judges to be reasonable, and are not intended to be a promise that the Company will achieve them. Furthermore, actual results may differ significantly depending on various factors. For conditions underlying the financial results forecast and cautions concerning the use of the financial results forecast, please see “(4) Future outlook” in “1. Overview of Operating Results” on page 3 of the Attachment.

○ Table of Contents of Attachment

| | |
|--|----|
| 1. Overview of Operating Results, etc..... | 2 |
| (1) Overview of operating results for the current period | 2 |
| (2) Overview of Financial Position for the Current Term..... | 3 |
| (3) Overview of Cash Flows for the Current Term..... | 3 |
| (4) Future outlook..... | 3 |
| 2. Basic concept concerning the adoption of accounting standards..... | 4 |
| 3. Consolidated Financial Statements and Significant Notes Thereto | 5 |
| (1) Consolidated Balance Sheet..... | 5 |
| (2) Consolidated statement of income and consolidated statement of comprehensive income..... | 7 |
| (Consolidated statement of income)..... | 7 |
| (Consolidated Statement of Comprehensive Income)..... | 8 |
| (3) Consolidated statement of changes in equity | 9 |
| (4) Consolidated statement of cash flows | 11 |
| (5) Notes to Consolidated Financial Statements | 13 |
| (Notes on assumptions of going concern)..... | 13 |
| (Changes in accounting policy) | 13 |
| (Changes in important subsidiaries during the current consolidated fiscal year) | 13 |
| (Segment information, etc.) | 14 |
| (Per share information)..... | 19 |
| (Omission of disclosure)..... | 19 |
| 4. Other | 20 |

1. Overview of Operating Results, etc.

(1) Overview of operating results for the current period

Japan's economy during the current fiscal year under review remained uncertain with the rise of inflation and substantial depreciation of the yen due to changes in overseas conditions, such as Russia's invasion of Ukraine and China's unstable economy. However, signs indicating a gradual increase in economic activities are beginning to be noticed, supported by the Government's economic measures to promote wage increases, the recovery of inbound demand, and others.

In the steel and construction materials distribution industry to which the Group belongs to, domestic demand trends, as a whole, remained almost at the same level as the previous fiscal year, without extreme slumps, although there were variances depending on the type and category of business and the region. In addition, the market for steel products, supported by domestic manufacturers, has remained strong, and is expected to remain largely at the current level due to international market conditions and the domestic supply and demand situation.

In the Company's group, for the iron and steel sales business, although the steel products sales business has remained healthy, demand has lacked an upsurge, and we have struggled to maintain the selling price due to increased sales competition. Under such environment, we have actively made progress in strengthening our processing facilities at each base to improve added value, have increased efforts to coordinate the inventory among the bases, and tried to make efficient use of processing facilities. Our aim is to reduce logistics costs and make efficient use of our inventory, in an effort to increase our sales and profits. In July 2023, we turned Onoken Steel Co., Ltd. (formally, Koei Kozai Co., Ltd., trade name changed to current name, Head Office: Hiroshima) into our subsidiary, to strengthen our sales in the Chugoku region and to utilize it as our coil center for our operations in Western Japan.

We faced difficult times in the construction materials sales business and the construction contracting business, with sales for the construction industry, our main customers, suffering from a significant increase in building costs. This was brought on by soaring building material costs and personnel expenses, and has resulted in delayed construction starts and cancellation of plans for small and medium-sized hotels and commercial facilities, especially in regional cities. However, large-scale projects such as commercial buildings for redevelopment projects and distribution warehouses were steady and orders in the construction contracting business for steel frame construction, etc., remained steady.

In terms of sales, while demand for iron and steel products remained stagnant, by strengthening coordination among the bases and promoting a system that enables a quick response to customer needs, our sales volume has increased. While being able to maintain our unit sales prices at a high level, coupled with a steady performance in the construction contracting business, our consolidated net sales for the current term were 281,933 million yen (year on year increase of 7.3%).

In terms of profit and loss, although profit has increased in the construction contracting business, the margin rate decreased in the iron and steel sales business, centered on stock merchandise sales. There was also an increase in sales and general accounting expenses mainly due to an increase in freight costs, personnel expenses and depreciation. As a result, operating profit was 8,219 million yen (YoY -15.6%), ordinary profit came to 8,342 million yen (YoY -16.2%) and profit attributable to owners of parent was 5,761 million yen (YoY -18.0%).

Regarding the corporate trust with Yamasa Co., Ltd., conducted in November 2022, provisional accounting had been applied in the consolidated accounting for the previous fiscal year. This has been finalized in the accounting for this consolidated fiscal year, and the figures after the finalization of the provisional accounting are used YoY comparison and analysis.

Results by segment are as follows:

(i) Kyushu and Chugoku region

Net sales have increased due to unit prices for sales remaining high for the iron and steel sales business and with an increase in the construction contracting business, resulting in higher revenue. As for profit and loss, although profits increased in the construction contracting business, they decreased in the iron and steel sales business due to a stagnant sales quantity and fall in margin rate for products shipped out from the inventory, further accelerated by an increase in SGA expenses, resulting in a decrease in profits. As a result, net sales to outside customers amounted to 151,095 million yen (YoY +3.0%), and segment profit was 4,252 million yen (YoY -18.2%).

(ii) Kansai and Chukyo region

In terms of net sales, although a fall was seen for the construction contracting business, unit sales price in the iron and steel sales business remained high and coupled with growth in sales quantity, resulted in increased revenue. As for profit and loss, a decrease in the construction contracting business and fall in margin rate for the iron and steel sales business caused by a shipment of inventory, coupled with an increase in SGA expenses, resulted in a decrease in profit. As a result, net sales to outside customers were 73,111

million yen (YoY +15.1%) with a segment profit of 1,573 million yen (YoY -8.0%).

(iii) Kanto and Tohoku region

Net sales have increased compared with the previous term with unit sales prices remaining high in the iron and steel sales business, with growth, especially in the sales quantity of steel plates and increase in the construction contracting business. As for profit and loss, although higher profit was recorded due to an increase in sales quantity in the iron and steel sales business and increase in sales at the construction contracting business, this was offset by a large increase in SGA expenses, resulting in a large drop in profit. As a result, net sales to outside customers were 57,726 million yen (YoY +10.1%) with a segment profit of 2,404 million yen (YoY -12.8%).

(2) Overview of Financial Position for the Current Term

(Assets)

Assets increased 19,813 million yen from the end of the previous fiscal year to 208,502 million yen. The main factors were 2,330 million yen in notes receivable-trade, 2,150 million yen in accounts receivable-trade, 3,347 million yen in merchandise and finished goods, a decrease of 1,567 million yen in current assets, etc., 3,716 million yen in cash and deposits, 6,525 million yen in electronically recorded monetary claims-operating, 3,443 million yen in land and 12,752 million yen in construction in progress.

(Liabilities)

Liabilities grew 14,584 million yen from the end of previous fiscal year to 112,952 million yen. The main factors were a 6,350 million yen decrease in short-term borrowings, but an increase of 1,238 million yen in income taxes payable, 1,268 million yen in current liabilities, etc., and 16,992 million yen in long-term borrowings.

(Net assets)

Net assets increased 5,228 million yen from the end of previous fiscal year to 95,550 million yen. The main factor was an increase of 3,759 million yen in retained earnings.

(3) Overview of Cash Flows for the Current Term

Cash and cash equivalents (hereinafter "Funds") at the end of the current fiscal year increased 3,826 million yen from the end of previous fiscal year to 6,440 million yen.

The status of each cash flow and their factors for the current fiscal year are as follows:

(Cash flows from operating activities)

Funds acquired as the result of operating activities in the previous fiscal year was 15,942 million yen (4,395 million yen was used in the previous consolidated fiscal year). This was mainly due to an increase of 2,029 million yen in trade receivables and 1,556 million yen in income taxes paid, against a profit before adjustment of taxes, etc., of 8,369 million yen and depreciation of 2,893 million yen, increase of 1,383 yen in accounts payable, a 4,139 million yen decrease in inventories, and a 1,615 million yen decrease in other current assets.

(Cash flows from investing activities)

As the result of our investing activities, funds used were 20,778 million yen (309 million yen was acquired in the previous consolidated fiscal year). This was mainly due to an expenditure of 18,200 million yen in purchase of property, plant, and equipment, 1,497 million yen in the purchase of shares of subsidiaries resulting in change in the scope of consolidation, and an expenditure of 1,095 million yen for loans made to affiliates.

(Cash flows from financing activities)

As the result of our financing activities, funds acquired were 8,662 million yen (4,600 million yen was acquired in the previous consolidated fiscal year). This was mainly from income of 17,614 million yen from proceeds from long-term borrowings but was offset by a net reduction of 6,700 million yen in short-term borrowings, and 2,011 million yen in payment of dividends.

(4) Future outlook

As for the future outlook, although rapid fluctuations in overseas conditions will have a large negative impact on Japan's domestic economy, including foreign exchange rates, we expect the perception regarding the state of the economy to gradually improve, owing to various economic measures by the government and an increase in inbound demand.

This being the case, although opaqueness still remains in the environment surrounding the Company group, we expect to see a gradual recovery in demand, focused on urban areas. However, large regional disparities will still remain, and coupled with a rise in management costs, the gap in profitability among companies will widen.

In the iron and steel sales business, in a state where steel product market conditions remain buoyant, led by domestic manufacturers, but there is a delay in demand recovery and regional disparities still remain large, finding ways to secure profits has become a big issue due to intensifying competition.

In addition, while redevelopment of commercial facilities in urban areas and construction of large-scale distribution facilities will continue in the construction materials sales business and the construction contracting business, there is no stopping the rise in construction costs, and coupled with delays in new small to medium-sized project orders, the outlook for future sales activities is opaque.

Under such circumstances, we at the Company group plan to fully make use of the integrated power held by our three divisions consisting of Iron and Steel, Construction Materials, and Contract Construction. Together with the strengthened sales and inventory system, this will allow us to flexibly respond to fluctuations in demand, while making full use of the network among our bases. We will also carry out capital investment constantly to improve our added value with the aim of becoming more resistant to changes in the steel market. We will also look at strengthening sales through M&A, to further our community-based management to provide more precise responses.

As a result, in the full-term forecast for the term ending March 31, 2025, we expect to reach net sales of 302,000 million yen (YoY +7.1%), with ordinary profit of 8,600 million yen (YoY +3.1%), and 5,800 million yen in profit attributable to owners of parent (YoY of +0.7%)

Furthermore, the above-mentioned earnings forecasts are based on information available as of the release date of this briefing, and actual results may differ from the expected numbers due to various factors from now.

2. Basic concept concerning the adoption of accounting standards

The Company group has adopted Japanese GAAP to ensure comparisons can be made with other companies in the same trade in Japan.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

| | Fiscal year ended March 31, 2023 (As of March 31, 2023) | Fiscal year ended March 31, 2024 (AS of March 31, 2024) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,975 | 6,692 |
| Notes receivable - trade | 18,094 | 15,763 |
| Electronically recorded monetary claims - operating | 20,064 | 26,589 |
| Accounts receivable - trade | 43,605 | 41,455 |
| Contract assets | 635 | 1,304 |
| Merchandise and finished goods | 31,563 | 28,215 |
| Raw materials and supplies | 3,491 | 3,561 |
| Other | 6,396 | 4,828 |
| Allowance for doubtful accounts | (120) | (137) |
| Total current assets | 126,706 | 128,274 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 38,021 | 38,933 |
| Accumulated depreciation | (16,097) | (17,477) |
| Buildings and structures (net amount) | 21,924 | 21,455 |
| Machinery, equipment and vehicles | 14,599 | 16,849 |
| Accumulated depreciation | (9,335) | (11,232) |
| Machinery, equipment and vehicles (net amount) | 5,264 | 5,617 |
| Land | 30,723 | 34,167 |
| Other | 717 | 774 |
| Accumulated depreciation | (506) | (582) |
| Other (net amount) | 211 | 192 |
| Construction in progress | 11 | 12,764 |
| Total property, plant and equipment | 58,135 | 74,196 |
| Intangible assets | | |
| Goodwill | 218 | 290 |
| Other | 318 | 377 |
| Total intangible assets | 537 | 667 |
| Investments and other assets | | |
| Investment securities | 2,066 | 3,056 |
| Long-term loans receivable | 21 | 20 |
| Long-term loans receivable from employees | 24 | 25 |
| Deferred tax assets | 646 | 577 |
| Other | 1,273 | 1,800 |
| Allowance for doubtful accounts | (721) | (117) |
| Total investments and other assets | 3,309 | 5,363 |
| Total non-current assets | 61,982 | 80,227 |
| Total assets | 188,689 | 208,502 |

(Millions of yen)

| | Fiscal year ended March 31, 2023 (As of March 31, 2023) | Fiscal year ended March 31, 2024 (AS of March 31, 2024) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 31,177 | 31,400 |
| Electronically recorded obligations - operating | 21,781 | 22,542 |
| Short-term borrowings | 35,200 | 28,850 |
| Current portion of long-term borrowings | 52 | 434 |
| Current portion of bonds payable | - | 370 |
| Income taxes payable | 398 | 1,637 |
| Contract liabilities | 199 | 686 |
| Provision for bonuses | 1,453 | 1,423 |
| Provision for loss on construction contracts | 8 | - |
| Other | 4,823 | 6,091 |
| Total current liabilities | 95,094 | 93,437 |
| Non-current liabilities | | |
| Bonds payable | 981 | - |
| Long-term borrowings | 118 | 17,110 |
| Provision for retirement benefits for directors (and other officers) | 6 | 9 |
| Retirement benefit liability | 1,101 | 1,333 |
| Asset retirement obligations | 171 | 173 |
| Other | 893 | 886 |
| Total non-current liabilities | 3,273 | 19,514 |
| Total liabilities | 98,367 | 112,952 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 6,537 | 6,842 |
| Capital surplus | 6,498 | 6,809 |
| Retained earnings | 76,797 | 80,557 |
| Treasury shares | (341) | (309) |
| Total shareholders' equity | 89,492 | 93,900 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 257 | 856 |
| Deferred gains or losses on hedges | (2) | 5 |
| Re-measurements of defined benefit plans | (125) | (29) |
| Total accumulated other comprehensive income | 129 | 832 |
| Non-controlling interests | 700 | 817 |
| Total net assets | 90,321 | 95,550 |
| Total liabilities and net assets | 188,689 | 208,502 |

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Millions of yen)

| | fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) | Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024) |
|---|--|--|
| Net sales | 262,653 | 281,933 |
| Cost of sales | 236,566 | 255,193 |
| Gross profit | 26,086 | 26,740 |
| Selling, general and administrative expenses | 16,350 | 18,520 |
| Operating profit | 9,735 | 8,219 |
| Non-operating income | | |
| Interest income | 7 | 5 |
| Dividend income | 28 | 45 |
| Purchase discounts | 16 | 15 |
| Early settlement discount charge | 30 | 29 |
| Rental income from buildings | 78 | 82 |
| Gain on sale of investment securities | 29 | 42 |
| Subsidy income | 41 | 82 |
| Other | 50 | 49 |
| Total non-operating income | 284 | 353 |
| Non-operating expenses | | |
| Interest expenses | 31 | 46 |
| Loss on sale of investment securities | 8 | - |
| Loss on retirement of non-current assets | 2 | 1 |
| Loss on tax-purpose reduction entry of non-current assets | - | 72 |
| Commission expenses | - | 83 |
| Other | 27 | 27 |
| Total non-operating expenses | 69 | 230 |
| Ordinary profit | 9,950 | 8,342 |
| Extraordinary income | | |
| Gain on sale of non-current assets | - | 26 |
| Total extraordinary income | - | 26 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 4 | - |
| Total extraordinary losses | 4 | - |
| Profit before income taxes, etc. | 9,946 | 8,369 |
| Income taxes - current | 2,487 | 2,768 |
| Income taxes - deferred | 310 | (281) |
| Total income taxes | 2,797 | 2,487 |
| Profit | 7,148 | 5,882 |
| Profit attributable to non-controlling interests | 125 | 121 |
| Profit attributable to owners of parent | 7,023 | 5,761 |

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

| | Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) | Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024) |
|--|--|--|
| Profit | 7,148 | 5,882 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 35 | 599 |
| Deferred gains or losses on hedges | (44) | 8 |
| Re-measurements of defined benefit plans, net of tax | (125) | 95 |
| Total other comprehensive income | (135) | 703 |
| Comprehensive income | 7,013 | 6,585 |
| (Profit attributable to) | | |
| Comprehensive income attributable to owners of parent | 6,893 | 6,457 |
| Comprehensive income attributable to non-controlling interests | 119 | 128 |

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of current term | 5,462 | 5,422 | 71,854 | (377) | 82,362 |
| Changes during period | | | | | |
| Issuance of new shares | 1,075 | 1,075 | | | 2,150 |
| Dividends of surplus | | | (2,079) | | (2,079) |
| Profit attributable to owners of parent | | | 7,023 | | 7,023 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 0 | | 35 | 36 |
| Net changes in items other than shareholders' equity (net amount) | | | | | |
| Total changes during period | 1,075 | 1,075 | 4,943 | 35 | 7,130 |
| Balance at the end of the current term | 6,537 | 6,498 | 76,797 | (341) | 89,492 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|--|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Re-measurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at the beginning of current term | 221 | 41 | 0 | 264 | 648 | 83,275 |
| Changes during period | | | | | | |
| Issuance of new shares | | | | | | 2,150 |
| Dividends of surplus | | | | | | (2,079) |
| Profit attributable to owners of parent | | | | | | 7,023 |
| Purchase of treasury shares | | | | | | (0) |
| Disposal of treasury shares | | | | | | 36 |
| Net changes in items other than shareholders' equity (net amount) | 35 | (44) | (125) | (135) | 51 | (83) |
| Total changes during period | 35 | (44) | (125) | (135) | 51 | 7,046 |
| Balance at the end of the current term | 257 | (2) | (125) | 129 | 700 | 90,321 |

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of current term | 6,537 | 6,498 | 76,797 | (341) | 89,492 |
| Changes during period | | | | | |
| Issuance of new shares | 305 | 305 | | | 610 |
| Dividends of surplus | | | (2,001) | | (2,001) |
| Profit attributable to owners of parent | | | 5,761 | | 5,761 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 5 | | 32 | 38 |
| Net changes in items other than shareholders' equity (net amount) | | | | | |
| Total changes during period | 305 | 310 | 3,759 | 32 | 4,408 |
| Balance at the end of the current term | 6,842 | 6,809 | 80,557 | (309) | 93,900 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|--|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Re-measurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at the beginning of current term | 257 | (2) | (125) | 129 | 700 | 90,321 |
| Changes during period | | | | | | |
| Issuance of new shares | | | | | | 610 |
| Dividends of surplus | | | | | | (2,001) |
| Profit attributable to owners of parent | | | | | | 5,761 |
| Purchase of treasury shares | | | | | | (0) |
| Disposal of treasury shares | | | | | | 38 |
| Net changes in items other than shareholders' equity (net amount) | 599 | 8 | 95 | 703 | 116 | 820 |
| Total changes during period | 599 | 8 | 95 | 703 | 116 | 5,228 |
| Balance at the end of the current term | 856 | 5 | (29) | 832 | 817 | 95,550 |

(4) Consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) | Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes, etc. | 9,946 | 8,369 |
| Depreciation | 2,828 | 2,893 |
| Amortization of goodwill | 9 | 43 |
| Amortization of intangible assets | 63 | 75 |
| Amortization of long-term prepaid expenses | 7 | 7 |
| Increase (decrease) in provision for bonuses | (606) | (46) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (40) | 3 |
| Increase (decrease) in provision for loss on construction contracts | (20) | (8) |
| Increase (decrease) in allowance for doubtful accounts | 61 | (605) |
| Increase (decrease) in retirement benefit liability | 119 | 69 |
| Interest and dividend income | (35) | (51) |
| Insurance claim income | (9) | - |
| Surrender value of insurance policies | (63) | - |
| Loss (gain) on redemption of bonds | (3) | (0) |
| Interest expenses | 31 | 46 |
| Subsidy income | - | (82) |
| Loss (gain) on sale of investment securities | (20) | (42) |
| Loss (gain) on valuation of investment securities | 4 | - |
| Loss (gain) on sale of property, plant and equipment | 4 | (26) |
| Loss on retirement of property, plant and equipment | 2 | 1 |
| Loss on tax-purpose reduction entry of non-current assets | - | 72 |
| Decrease (increase) in trade receivables | (10,327) | (2,029) |
| Decrease (increase) in inventories | (4,886) | 4,146 |
| Decrease (increase) in other current assets | (3,330) | 1,615 |
| Increase (decrease) in trade payables | 5,212 | 1,383 |
| Increase (decrease) in accrued consumption taxes | 561 | 624 |
| Increase (decrease) in other current liabilities | 1,420 | 614 |
| Decrease (increase) in other non-current assets | (71) | (15) |
| Increase (decrease) in other non-current liabilities | 5 | (6) |
| Other | 59 | 361 |
| Subtotal | 922 | 17,411 |
| Interest and dividends received | 33 | 50 |
| Proceeds from insurance income | 9 | - |
| Surrender value of insurance policies received | 63 | - |
| Interest paid | (31) | (46) |
| Subsidies received | - | 82 |
| Income taxes paid | (5,392) | (1,556) |
| Cash flows from operating activities | (4,395) | 15,942 |

(Millions of yen)

| | Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) | Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024) |
|--|--|--|
| Cash flows from investing activities | | |
| Proceeds from withdrawal of time deposits | 4,240 | 110 |
| Purchase of property, plant and equipment | (3,820) | (18,200) |
| Payments for retirement of property, plant and equipment | (0) | - |
| Proceeds from sale of property, plant and equipment | - | 32 |
| Purchase of investment securities | (2) | (4) |
| Proceeds from sale of investment securities | 68 | 73 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (67) | (1,497) |
| Purchase of shares of subsidiaries and associates | (240) | (142) |
| Purchase of intangible assets | (59) | (90) |
| Purchase of insurance funds | (0) | - |
| Proceeds from cancellation of insurance funds | 180 | - |
| Loan advances to subsidiaries and associates | - | (1,095) |
| Long-term loan advances to employees | (15) | (19) |
| Proceeds from collection of long-term loans receivable from employees | 16 | 20 |
| Decrease (increase) in investments and other assets | 11 | 35 |
| Cash flows from investing activities | 309 | (20,778) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 7,640 | (6,700) |
| Repayments of long-term borrowings | (942) | (239) |
| Proceeds from long-term borrowings | - | 17,614 |
| Purchase of treasury shares | (0) | (0) |
| Dividends paid | (2,097) | (2,011) |
| Cash flows from financing activities | 4,600 | 8,662 |
| Net increase (decrease) in cash and cash equivalents | 513 | 3,826 |
| Balance of cash and cash equivalents as of the beginning of fiscal year | 2,099 | 2,613 |
| Balance of cash and cash equivalents as of the end of fiscal year | 2,613 | 6,440 |

(5) Notes to Consolidated Financial Statements

(Notes on assumptions of going concern)

Not applicable.

(Changes in accounting policy)

Not applicable.

(Changes in important subsidiaries during the current consolidated fiscal year)

Not applicable.

Although this does not fall under “Changes in important subsidiaries,” the Company has acquired shares of Onoken Steel Ltd. (trade name changed from former Koei Kozai Co., Ltd.) during the second quarter of the consolidated accounting period, and has included the acquired company in its scope of consolidation.

(Segment information, etc.)

[Segment information]

1. Overview of Reporting Segments

The Company's reporting segments are subject to periodic review by the Board of Directors in order to determine the allocation of management resources. Being elements that form the Company, separate financial information can be obtained for each reporting segment.

The Company is engaged in the steel and building products sales business, and the construction contracting business in various parts of Japan. Each regional base formulates a comprehensive strategy to carry out its business activities.

Therefore, the Company is formed by regional segments based on a sales structure with "Kyushu and Chugoku," "Kansai and Chukyo," and "Kanto and Tohoku" as the three reporting segments.

2. Method of calculating net sales, profit or loss, assets, liabilities, and other items for each reporting segment

The method of accounting for each reporting business segment is the same as indicated in "Important matters that form the basis of the preparation of consolidated financial statements."

Profits for each reporting segments are numbers based on operating profit (before amortization of goodwill).

Internal revenues and transfers between segments are based on prevailing market prices.

3. Information concerning the amount of net sales, profit or loss, assets, liabilities, and other items for each reporting segment and breakdown of information on revenues

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Kyushu and Chugoku | Kansai and Chukyo | Kanto and Tohoku | Total |
|---|--------------------|-------------------|------------------|---------|
| Net sales | | | | |
| Steel and building products sales business | | | | |
| Steel plates, etc. | 26,721 | 33,155 | 14,245 | 74,123 |
| Steel bars, etc. | 38,184 | 22,843 | 28,496 | 89,524 |
| Round bars | 29,803 | 1,314 | 4,836 | 35,954 |
| Wire rods, etc. | 1,131 | 1,544 | 59 | 2,735 |
| Construction equipment | 15,719 | 813 | 412 | 16,945 |
| Construction contracting business | 34,774 | 3,804 | 4,260 | 42,838 |
| Other | 116 | - | - | 116 |
| Revenue from contracts with customers | 146,452 | 63,475 | 52,310 | 262,238 |
| Other revenues | 294 | 22 | 98 | 415 |
| Net sales to external customers | 146,747 | 63,497 | 52,408 | 262,653 |
| Internal net sales or transfers between segments | 581 | 2,249 | 531 | 3,362 |
| Total | 147,328 | 65,746 | 52,940 | 266,016 |
| Segment profit | 5,200 | 1,710 | 2,757 | 9,668 |
| Segment assets | 85,137 | 54,238 | 45,883 | 185,258 |
| Other items | | | | |
| Depreciation | 904 | 1,382 | 512 | 2,798 |
| Increase in property, plant and equipment and intangible assets | 2,447 | 1,323 | 874 | 4,645 |

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Kyushu and Chugoku | Kansai and Chukyo | Kanto and Tohoku | Total |
|---|--------------------|-------------------|------------------|---------|
| Net sales | | | | |
| Steel and building products sales business | | | | |
| Steel plates, etc. | 26,370 | 36,544 | 16,188 | 79,103 |
| Steel bars, etc. | 35,436 | 25,218 | 27,980 | 88,635 |
| Round bars | 30,033 | 1,776 | 5,253 | 37,064 |
| Wire rods, etc. | 1,179 | 1,310 | 36 | 2,526 |
| Construction equipment | 15,629 | 3,214 | 101 | 18,945 |
| Construction contracting business | 42,042 | 5,024 | 8,066 | 55,133 |
| Other | 111 | - | - | 111 |
| Revenue from contracts with customers | 150,803 | 73,089 | 57,627 | 281,519 |
| Other revenues | 292 | 22 | 98 | 413 |
| Net sales to external customers | 151,095 | 73,111 | 57,726 | 281,933 |
| Internal net sales or transfers between segments | 1,690 | 3,823 | 479 | 5,992 |
| Total | 152,785 | 76,935 | 58,205 | 287,926 |
| Segment profit | 4,252 | 1,573 | 2,404 | 8,230 |
| Segment assets | 94,185 | 55,395 | 52,599 | 202,180 |
| Other items | | | | |
| Depreciation | 1,074 | 1,334 | 491 | 2,900 |
| Increase in property, plant and equipment and intangible assets | 7,504 | 948 | 10,053 | 18,506 |

4. Difference between the Total Amount of Reporting Segments and Amount Recorded in Consolidated Financial Statement and Main Contents of the Said Difference

(Millions of yen)

| Profit | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|----------------------------------|----------------------------------|
| Total Reporting Segments | 9,668 | 8,230 |
| Erasure of inter-segment business transactions | 4 | 7 |
| Amount of adjustment of inventories | 73 | 56 |
| Amount of amortization of goodwill | (9) | (43) |
| Amount of amortization of customer-related assets | (1) | (16) |
| Operating profit in consolidated financial statements | 9,735 | 8,219 |

Note: In the term ended March 31, 2024, a provisional accounting process regarding trust combinations was finalized and each figure related to the term ended March 31, 2023, where provisional figures were used, has been adjusted to reflect the contents of the change.

(Millions of yen)

| Assets | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|----------------------------------|----------------------------------|
| Total Reporting Segments | 185,258 | 202,180 |
| Erasure of inter-segment business transactions | (7,045) | (11,246) |
| Amount of adjustment of inventories | (114) | (57) |
| Corporate assets (note) | 10,590 | 17,626 |
| Total assets in consolidated financial statements | 188,689 | 208,502 |

Note: Corporate assets consist mainly of cash and deposits of the Company and assets, etc. related to the administrative divisions.

(Millions of yen)

| Other items | Total Reporting Segments | | Other | | Adjustments | | Amount reported in consolidated financial statements | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--|----------------------------------|
| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
| Depreciation | 2,798 | 2,900 | - | - | 98 | 68 | 2,891 | 2,968 |
| Increase in property, plant and equipment and intangible assets | 4,645 | 18,506 | - | - | 17 | 17 | 4,662 | 18,523 |

Note: Adjustments for depreciation; and adjustments for increase in property, plant, and equipment and intangible assets are related to corporate assets.

[Related information]

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

1. Information on each item of finished goods and services

(Millions of yen)

| | Steel and building products sales | Construction contracting | Real estate rental, etc. | Total |
|---------------------------------|-----------------------------------|--------------------------|--------------------------|---------|
| Net sales to external customers | 219,283 | 42,838 | 531 | 262,653 |

2. Information of each region

(1) Net sales

A description is omitted as net sales to external customers in Japan exceed 90% of those on the consolidated statement of income.

(2) Property, plant and equipment

A description is omitted as the amount of property, plant, and equipment located in Japan exceeds 90% of the amount of property, plant, and equipment on the consolidated balance sheet.

3. Information on each important customer: Not applicable

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information on each item of finished goods and services

(Millions of yen)

| | Steel and building products sales | Construction contracting | Real estate rental, etc. | Total |
|---------------------------------|-----------------------------------|--------------------------|--------------------------|---------|
| Net sales to external customers | 226,274 | 55,133 | 525 | 281,933 |

2. Information of each region

(1) Net sales

A description is omitted as net sales to external customers in Japan exceed 90% of those on the consolidated statement of income.

(2) Property, plant and equipment

A description is omitted as the amount of property, plant, and equipment located in Japan exceeds 90% of the amount of property, plant, and equipment on the consolidated balance sheet.

3. Information on each major customer

Not applicable.

[Information regarding impairment losses of non-current assets for each segment]

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

[Information regarding the amount of amortization and unamortized balance of goodwill for each reporting segment]

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Kyushu and Chugoku | Kansai and Chukyo | Kanto and Tohoku | Company-wide, erasures | Total |
|--|--------------------|-------------------|------------------|------------------------|-------|
| Amortized amount for current term | - | - | - | 9 | 9 |
| Balance at the end of the current term | - | - | - | 218 | 218 |

Note: The amount of “Company-wide, erasures” indicates the amortized amount and unamortized balance of goodwill not distributed to each reporting segment.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Kyushu and Chugoku | Kansai and Chukyo | Kanto and Tohoku | Company-wide, erasures | Total |
|--|--------------------|-------------------|------------------|------------------------|-------|
| Amortized amount for current term | - | - | - | 43 | 43 |
| Balance at the end of the current term | - | - | - | 290 | 290 |

Note: The amount of “Company-wide, erasures” indicates the amortized amount and unamortized balance of goodwill not distributed to each reporting segment.

[Information regarding gain on bargain purchase for each reporting segment]

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

| | Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) | Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024) |
|---|--|--|
| Net assets per share | 3,584.41 yen | 3,716.79 yen |
| Current net profit per share for the term | 298.93 yen | 229.93 yen |
| Diluted net profit per share for the term | 272.81 yen | 223.61 yen |

Note: 1. In the term ended March 31, 2024, a provisional accounting process regarding trust combinations was finalized and each figure related to the term ended March 31, 2023, where provisional figures were used, has been adjusted to reflect the contents of the change.

2. The basis for calculating net income per share and diluted net income per share is as follows:

| | Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) | Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024) |
|--|--|--|
| Current net profit per share for the term | | |
| Profit attributable to owners of parent (millions of yen) | 7,023 | 5,761 |
| Amount not attributable to common shareholders (millions of yen) | - | - |
| Profit attributable to owners of parent related to common stock (millions of yen) | 7,023 | 5,761 |
| Average number of shares during the term (thousand shares) | 23,494 | 25,054 |
| Diluted net profit per share for the term | | |
| Adjustment of profit attributable to owners of parent (millions of yen) | (2) | (0) |
| (of which, interest expenses (after deduction of tax equivalent amount)) (millions of yen) | [(2)] | [(0)] |
| Increase in number of common stocks (thousand stock) | 2,240 | 705 |
| (of which, convertible-bond type bonds with share acquisition rights (thousand shares)) | [2,240] | [705] |
| Summary of diluted shares that were not included in the calculation of diluted profit per share, as they have no dilution effects. | - | - |

(Omission of disclosure)

Disclosure of notes for consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows has been omitted as the necessity of disclosure in the financial results report is not considered to be large.

Disclosure of notes for lease transactions, financial instruments, securities, derivatives, retirement benefits, tax effect accounting, asset retirement obligations, rental and other real estate, and related party information has been omitted as the necessity of their disclosure is not considered to be large.

4. Other

Changes in officers

(i) Changes to representative directors

Not applicable.

(ii) Changes to other directors

- New director candidates (excluding those who are candidates for Audit and Supervisory Committee members)

Director: Kazuhiro Harada (currently, senior analyst, Frontier Management Inc.)

Note: Kazuhiro Harada is a candidate for Outside Director

- New director candidate (for Audit and Supervisory Committee member)

Director (Audit and Supervisory Committee member) Yoshiko Miyamoto (currently General Manager of Internal Audit Office)

- Retiring director (Audit and Supervisory Committee member)

Director (Audit and Supervisory Committee member) Tomohiro Yamagami

(iii) Scheduled date of appointment and retirement

June 21, 2024