

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2025
(Under Japanese GAAP)



May 12, 2025

Company name:	Kobe Steel, Ltd.
Listing:	Tokyo Stock Exchange / Nagoya Stock Exchange
Securities code:	5406
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Scheduled date of annual general meeting of shareholders:	June 19, 2025
Scheduled date to commence dividend payments:	June 3, 2025
Scheduled date to file annual securities report:	June 18, 2025
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (available only in Japanese)

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

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024–March 31, 2025)

(1) Consolidated operating results

(Percentage indicates year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	2,555,031	0.5	158,721	(15.0)	157,192	(2.3)	120,180	9.7
March 31, 2024	2,543,142	2.9	186,628	116.1	160,923	50.6	109,552	51.0

Note: Comprehensive income For the fiscal year ended March 31, 2025: 140,689 million yen [(21.6)%]
For the fiscal year ended March 31, 2024: 179,374 million yen [49.0%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Ratio of net income to equity (ROE)	Ratio of ordinary income to total assets (ROA)	Ratio of operating income to net sales (ROS)
	Yen	Yen	%	%	%
March 31, 2025	304.64	—	10.8	5.4	6.2
March 31, 2024	277.38	—	11.1	5.6	7.3

Reference: Equity in income of affiliates For the fiscal year ended March 31, 2025: 11,174 million yen
For the fiscal year ended March 31, 2024: (9,148) million yen

Note: Diluted profit per share is not presented because there are no dilutive securities.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2025	2,891,053	1,237,059	40.2	2,941.14
March 31, 2024	2,919,774	1,127,346	36.2	2,675.13

Reference: Equity capital As of March 31, 2025: 1,161,797 million yen
As of March 31, 2024: 1,056,562 million yen

(3) Consolidated cash flow

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	148,261	(113,873)	(96,227)	219,872
March 31, 2024	205,284	(53,724)	(81,213)	278,728

2. Cash dividends

	Cash dividends per share					Total amount of dividends	Dividend payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q	2Q	3Q	4Q	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	-	45.00	-	45.00	90.00	35,646	32.4	3.6
Fiscal year ended March 31, 2025	-	45.00	-	55.00	100.00	39,606	32.8	3.6
Fiscal year ended March 31, 2026 (Forecast)	-	40.00	-	40.00	80.00		31.6	

Dividends for Fiscal year ended March 31, 2026 are undetermined.

3. Consolidated earnings forecast for fiscal 2025 (April 1, 2025-March 31, 2026)

(Percentage indicates 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
First half	1,240,000	(0.7)	60,000	(22.8)	55,000	(22.5)	50,000	(11.6)	126.57
Full year	2,550,000	(0.2)	140,000	(11.8)	120,000	(23.7)	100,000	(16.8)	253.15

Note: For more information, please refer to the Financial Results for Fiscal 2024 and Forecast for Fiscal 2025, announced today.

Basic earnings per share does not reflect the impact of the "Notice on Determination of Matters Related to Repurchase of Treasury Shares" announced today. This has only a minor impact.

Notes

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

Newly included: One company (Kansai Coke & Chemicals Co., Ltd.)

Excluded: One company (Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd.)

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

- Changes in accounting policies due to revisions to accounting standards and other regulations:	None
- Changes in accounting policies due to other reasons:	None
- Changes in accounting estimates:	None
- Restatement:	None

(3) Number of issued shares (common shares)

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

As of March 31, 2025	396,345,963 shares
As of March 31, 2024	396,345,963 shares

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

As of March 31, 2025	1,331,320 shares
As of March 31, 2024	1,389,177 shares

(iii) Average number of shares outstanding during the period

As of March 31, 2025	394,488,793 shares
As of March 31, 2024	394,944,657 shares

Reference: Overview of non-consolidated operating results and earnings forecast

1. Non-consolidated operating results for fiscal 2024 (April 1, 2024-March 31, 2025)

(Percentage indicates year-on-year changes.)

Fiscal year ended	Net sales		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2025	1,375,958	3.7	109,169	25.0	103,721	58.3	262.27
March 31, 2024	1,326,810	(5.5)	87,307	44.2	65,531	18.9	165.59

2. Non-consolidated earnings forecast for fiscal 2025 (April 1, 2025-March 31, 2026)

(Percentage indicates year-on-year changes.)

Full year	Net sales		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	1,390,000	1.0	80,000	(26.7)	100,000	(3.6)	252.88

Explanation on the appropriate use of the forecast and other special notes

The above forecast is based on currently available information as of today.

Actual results may differ considerably due to various changeable conditions in the future.

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1. Overview of Operating Results and Other Items

(1) Overview of Operating Results

Fiscal 2024 Consolidated Operating Results

During fiscal 2024, the Japanese economy continued to recover primarily driven by personal consumption and corporate production activities due to improvements in wages and employment conditions, despite some signs of stagnation along with rising prices and weak global demand. Overseas economies showed mixed results: While the U.S. economy remained solid, backed by strong personal consumption, in the face of rising prices and financial tightening, the European economy showed a gradual recovery particularly in the service sector, despite the continued slump in the manufacturing and construction sectors. In China, the pace of economic recovery slowed due to a continued downturn in the real estate market, sluggish personal consumption, and other factors.

Under these circumstances, our Company has been working on enhancing earning power and pursuing growth as set forth in the Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026), while promoting the pass-through of rising costs to selling prices and striving to curb cost increases through self-help efforts.

As a result, fiscal 2024 consolidated net sales increased by 11.8 billion yen year on year to 2,555.0 billion yen. Operating profit decreased by 27.9 billion yen year on year to 158.7 billion yen due to factors such as cost increases centered on fixed costs, reduced gains from time lags in fuel cost adjustments and reduced temporary gains from changes in electricity selling prices (differences between the benchmark selling price of coal and our purchase price) in the electric power segment, despite the progress in price pass-through of rising costs in the steel & aluminum and advanced materials segments, as well as an increase in net sales due to the progress in existing orders in the machinery and engineering segments. Ordinary profit decreased by 3.7 billion yen year on year to 157.1 billion yen due to a decrease in operating profit, despite factors such as the elimination of an equity method investment loss arising from restructuring the automotive aluminum panel business, which was recorded in fiscal 2023, and an increase in compensation income related to the engine certification problem in Europe in the construction machinery segment. Profit attributable to owners of parent increased by 10.6 billion yen year on year to 120.1 billion yen due to factors such as a decrease in tax expenses, with an extraordinary loss of 16.1 billion yen resulting from impairment losses on non-current assets in the construction machinery and other segments, despite the recording of gain on bargain purchase arising from the acquisition of Kansai Coke & Chemicals Co., Ltd., turning it into a subsidiary.

The operating results for each business segment in fiscal 2024 are as follows.

Steel & Aluminum

(Steel)

Sales volume of steel products remained flat year on year due to factors such as an increase resulting from the completion of refurbishment of a steel plate finishing mill, despite a decrease in demand in the automotive sector. Selling prices were also flat year on year primarily due to a decline in raw material prices, despite the progress in price pass-through of rising costs. As a result, net sales increased by 2.6% year on year to 914.4 billion yen. Ordinary profit decreased by 14.9 billion yen year on year to 24.3 billion yen due to factors such as cost increases centered on fixed costs and a deterioration in the sales mix due to a decrease in sales volume in the automotive sector, despite an improvement in the performance of U.S. affiliated companies.

(Aluminum)

Sales volume of aluminum flat rolled products decreased year on year due to a decrease in demand in the automotive sector. Selling prices were higher than fiscal 2023 due to an increase in base metal prices. As a result, net sales increased by 5.6% year on year to 201.7 billion yen. Ordinary loss improved by 22.4 billion yen year on year to a loss of 0.6 billion yen due to factors such as an increase in sales volume in the hard disk drive sector and the elimination of an equity method investment loss arising from restructuring the automotive aluminum panel business, which was recorded in fiscal 2023.

Overall, the steel & aluminum segment saw an increase in net sales by 3.1% year on year to 1,116.1 billion yen, and ordinary profit increased by 7.5 billion yen year on year to 23.6 billion yen.

Advanced Materials

Sales volume of advanced materials increased year on year in the copper flat rolled products business, which saw an increase in demand in the automotive sector. On the other hand, sales volume of titanium decreased year on year due to a decline in demand in the general industrial sector in China. As a result, net sales increased by 6.4% year on year to 317.1 billion yen, and ordinary profit increased by 7.4 billion yen year on year to 10.7 billion yen due to progress in cost pass-through and other factors.

Welding

Sales volume of welding materials decreased year on year due to factors such as a decline in demand in the automotive and construction sectors, as well as a decrease in demand in Southeast Asia. Selling prices were higher than fiscal 2023 due to progress in cost pass-through and other factors. As a result, net sales remained at a similar level to fiscal 2023 at 93.9 billion yen, and ordinary profit increased by 0.3 billion yen year on year to 5.2 billion yen due to progress in cost pass-through and other factors, despite a decrease in sales volume.

Machinery

Orders in the machinery business segment decreased by 4.1% year on year to 262.5 billion yen due to the difference from fiscal 2023, which recorded orders for large-scale projects, despite strong demand centered on the energy and chemical sectors with an order backlog of 254.4 billion yen. Net sales increased by 13.1% year on year to 265.1 billion yen due to the progress in existing orders and an increase in service contracts, and ordinary profit increased by 2.9 billion yen year on year to 32.5 billion yen due to strong sales of machine units and services.

Engineering

Orders decreased by 23.1% to 164.7 billion yen, compared to fiscal 2023, which saw an increase in orders for several large projects in the waste treatment-related business, and order backlog was 441.9 billion yen. Based on the progress of existing orders and other factors, net sales increased by 2.5% year on year to 174.8 billion yen, and ordinary profit increased by 3.6 billion yen year on year to 16.1 billion yen.

Construction Machinery

Unit sales of hydraulic excavators decreased year on year primarily due to sluggish demand in North America and Europe, affected by high interest rates. On the other hand, unit sales of crawler cranes increased year on year due to the progress in resolving the engine certification problem, particularly in North America, among other factors. As a result, net sales decreased by 4.0% year on year to 388.0 billion yen, while ordinary profit increased by 9.6 billion yen year on year to 18.7 billion yen due to factors such as progress in cost pass-through and compensation income related to the engine certification problem, despite cost increases centered on fixed costs.

Electric Power

Sales volume of electricity decreased year on year. The unit selling price of electricity was lower than fiscal 2023 due to fluctuations in thermal coal prices. As a result, net sales decreased by 18.1% year on year to 258.8 billion yen, and ordinary profit decreased by 33.4 billion yen year on year to 52.3 billion yen due to factors such as reduced gains from time lags in fuel cost adjustments at the Kobe Power Plant No. 3 and 4 units and reduced temporary gains from changes in electricity selling prices at the Kobe Power Plant No. 1 to 4 units.

Other Businesses

Net sales decreased by 17.4% year on year to 8.9 billion yen, and ordinary profit decreased by 0.9 billion yen year on year to 3.8 billion yen.

Dividends for Fiscal 2024

Kobe Steel determines dividends taking its financial condition, business performance, future capital needs, and other factors into overall consideration with the aim of paying dividends on a continuous and steady basis in principle. Based on this policy, the year-end dividend for fiscal 2024 will be 55 yen per share (100 yen annually).

Outlook for Fiscal 2025

The Japanese economy is expected to continue its gradual recovery, driven by improvements in employment and income conditions, strong corporate earnings, and an increase in inbound demand. On the other hand, the global economy is expected to face increased uncertainty due to factors such as the continued slump in the Chinese economy, ongoing geopolitical risks, and the impact of U.S. trade policies, leading to a slow recovery.

Under these circumstances, the Company projects fiscal 2025 net sales of approximately 2,550.0 billion yen, operating profit of approximately 140.0 billion yen, ordinary profit of approximately 120.0 billion yen, and profit attributable to owners of parent of approximately 100.0 billion yen, anticipating reduced temporary gains in the electric power segment and a fall in compensation income recorded in fiscal 2024, despite an expected increase in sales volumes, particularly in the machinery and construction machinery segments.

It should be noted that the factor of the U.S. tariff policy is not included in the outlook for fiscal 2025 because its impact on our business performance remains uncertain, although it may have some impact on exports of our products and customers' products to the U.S., as well as production at our Group's U.S. bases.

Regarding the outlook for fiscal 2025, the Company assumes the status of each segment as follows.

Steel & Aluminum

(Steel)

Sales volume of steel products is expected to remain flat year on year. Despite the anticipated decline in raw material prices, we will continue to implement the pass-through of rising labor and logistics costs to selling prices. Net sales are expected to decrease, and ordinary profit is expected to decrease due to factors such as an increase in costs centered on fixed costs and an increase in disposal and demolition costs, despite the anticipated improvement in the sales mix.

(Aluminum)

Sales volume of aluminum flat rolled products is expected to increase year on year due to expansion of product sales in the beverage can stock sector. Net sales are expected to decrease due to the change of the status of Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd. from a subsidiary to an affiliate as a result of restructuring the automotive aluminum panel business. However, ordinary profit is expected to improve year on year due to efforts such as increasing sales volume and implementing the pass-through of rising costs to selling prices.

Advanced Materials

Sales volume of advanced materials is expected to increase year on year due to gradual demand recovery in the IT and semiconductor sectors, among other factors. Net sales are expected to increase due to an increase in sales volume and progress in cost pass-through, while ordinary profit is expected to decrease due to cost increases centered on fixed costs and the reduction in inventory valuation gains.

Welding

Sales volume of welding materials is increase year on year due to the recovery in overseas demand. Net sales and ordinary profit are expected to increase due to an increase in sales volume and progress in selling price improvements.

Machinery

Orders in the machinery business segment are expected to exceed fiscal 2024 due to continued strong demand centered on the energy and chemical sectors, among other factors. Net sales and ordinary profit are expected to increase due to an increase in service contracts, and other factors.

Engineering

Orders are expected to increase year on year primarily due to anticipated orders for several large overseas projects in the DRI-related business. Net sales are expected to increase due to differences in project progress in the DRI-related and water treatment-related businesses, while ordinary profit is expected to decrease due to changes in project composition and other factors.

Construction Machinery

Unit sales of hydraulic excavators are expected to increase year on year due to the recovery in demand in Europe and China and the gradual resolution of the engine certification problem in Europe. Unit sales of crawler cranes are expected to decrease primarily due to anticipated decline in demand in North America. Net sales are expected to increase, while ordinary profit is expected to decrease due to factors such as an increase in costs centered on fixed costs and a fall in compensation income related to the engine certification problem.

Electric Power

Sales volume of electricity is expected to decrease year on year due to increased regular inspection days, reducing operating days. The unit price of electricity is also expected to decrease year on year, according to thermal coal market price assumptions. Net sales and ordinary profit are expected to decrease due to factors such as reductions in gains from time lags in fuel cost adjustments for the Kobe Power Plant No. 3 and 4 units and in temporary gains from changes in electricity selling prices for the Kobe Power Plant No. 1 to 4 units, as well as increased regular inspection days.

(2) Financial Condition

The total assets at the end of fiscal 2024 decreased by 28.7 billion yen to 2,891.0 billion yen, compared to the end of fiscal 2023, due to a decrease in cash and deposits resulting from the payment of corporate taxes and dividends, among other factors. Liabilities decreased by 138.4 billion yen to 1,653.9 billion yen, compared to the end of the fiscal 2023, due to a decrease in notes payable and accounts payable and unpaid corporate taxes, among other factors. Net assets increased by 109.7 billion yen to 1,237.0 billion yen, compared to the end of fiscal 2023, due to the recording of profit attributable to owners of parent. As a result, the equity-to-asset ratio at the end of fiscal 2024 was 40.2%, up 4.0 points from the end of the fiscal 2023.

In addition, the cash flow from operating activities for fiscal 2024 was an income of 148.2 billion yen, while the cash flow from investing activities was an expenditure of 113.8 billion yen primarily due to expenditures, including the acquisition of property, plant, and equipment. As a result, the free cash flow was an income of 34.3 billion yen. The cash flow from financing activities was expenditure of 96.2 billion yen due to the repayment of borrowings.

The balance of interest-bearing debt at the end of fiscal 2024 increased by 12.8 billion yen to 886.3 billion yen compared to the end of the fiscal 2023.

Cash flow indicators are as follows:

	FY2020	FY2021	FY2022	FY2032	FY2024
Equity-to-asset ratio	27.5%	29.9%	31.8%	36.2%	40.2%
Equity-to-asset ratio at market price	10.6%	8.6%	14.5%	27.9%	23.7%
Ratio of cash flow to interest-bearing debt (years)	5.4	5.8	7.7	4.3	6.0
Interest coverage ratio (times)	16.6	12.5	9.0	14.0	10.7

Notes:

1. Each indicator is calculated from the consolidated financial figures.
2. Each indicator is calculated by the following formula:
Equity-to-asset ratio = Shareholders' equity / total assets
Equity-to-asset ratio at market price = Market capitalization / total assets
(Market capitalization was calculated by multiplying the share price at the end of term by the number of outstanding shares at the end of term.)
Ratio of cash flow to interest-bearing debt = outside debt / cash flows from operating activities
Interest coverage ratio = Cash flows from operating activities / interest payments
3. Beginning in fiscal 2024, lease obligations have been included in interest-bearing liabilities. Accordingly, the ratio of cash flow to interest-bearing debt for fiscal 2023 and earlier has been recalculated.

2. Basic Approach to the Selection of Accounting Standards

Kobe Steel Group adopts the Japanese accounting standards. We are examining the differences between the International Financial Reporting Standards (IFRS) and the Japanese accounting standards and studying the impact of the adoption of IFRS on the Group.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

ASSETS	FY2023 Ended March 31, 2024	FY2024 Ended March 31, 2025
Current Assets		
Cash and deposits	278,844	220,122
Notes receivable - trade	29,485	22,492
Accounts receivable - trade	343,663	346,900
Contract assets	37,077	35,039
Merchandise and finished goods	273,677	265,939
Work in process	160,420	172,738
Raw materials and supplies	276,552	283,426
Other	70,183	75,030
Allowance for doubtful accounts	(4,165)	(5,435)
Total current assets	1,465,737	1,416,256
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	282,093	286,849
Machinery, equipment and vehicles, net	558,045	535,498
Tools, furniture and fixtures, net	15,055	16,978
Land	136,138	166,797
Construction in progress	43,080	41,004
Total property, plant and equipment	1,034,413	1,047,127
Intangible assets		
Software	25,273	37,572
Other	14,003	12,597
Total intangible assets	39,276	50,170
Investments and other assets		
Investment securities	245,023	214,144
Long-term loans receivable	3,223	1,990
Deferred tax assets	36,282	48,040
Retirement benefit asset	22,263	27,147
Other	94,905	108,174
Allowance for doubtful accounts	(21,351)	(21,998)
Total investments and other assets	380,346	377,498
Total non-current assets	1,454,036	1,474,796
Total assets	2,919,774	2,891,053

LIABILITIES	FY2023 Ended March 31, 2024	FY2024 Ended March 31, 2025
Current liabilities		
Notes and accounts payable - trade	477,198	365,655
Short-term borrowings	165,943	190,327
Current portion of bonds payable	—	35,000
Lease liabilities	10,029	31,846
Accounts payable - other	65,119	50,553
Income taxes payable	43,133	10,630
Contract liabilities	67,502	75,541
Provision for bonuses	26,544	27,576
Provision for product warranties	18,209	20,527
Provision for loss on construction contracts	5,994	6,080
Provision for dismantlement related expenses	1,989	1,227
Provision for loss on joint venture agreement	—	138
Other	107,344	99,445
Total current liabilities	989,010	914,551
Non-current liabilities		
Bonds payable	115,000	130,000
Long-term borrowings	542,486	479,192
Lease liabilities	40,045	19,966
Deferred tax liabilities	3,674	11,245
Deferred tax liabilities for land revaluation	3,253	3,256
Retirement benefit liability	65,615	58,187
Provision for dismantlement related expenses	—	10,119
Provision for loss on joint venture agreement	9,245	7,553
Other	24,097	19,920
Total non-current liabilities	803,417	739,441
Total liabilities	1,792,427	1,653,993
NET ASSETS		
Shareholders' equity		
Share capital	250,930	250,930
Capital surplus	116,325	119,861
Retained earnings	548,951	632,946
Treasury shares	(1,847)	(2,010)
Total shareholders' equity	914,360	1,001,727
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70,610	47,885
Deferred gains or losses on hedges	(6,911)	(743)
Revaluation reserve for land	4,707	4,958
Foreign currency translation adjustment	45,950	69,485
Remeasurements of defined benefit plans	27,845	38,483
Total accumulated other comprehensive income	142,202	160,069
Non-controlling interests	70,784	75,262
Total net assets	1,127,346	1,237,059
Total liabilities and net assets	2,919,774	2,891,053

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(In millions of yen)

	FY2023	FY2024
	Ended March 31, 2024	Ended March 31, 2025
Net sales	2,543,142	2,555,031
Cost of sales	2,107,149	2,131,813
Gross profit	435,992	423,218
Selling, general and administrative expenses		
Transportation costs	63,447	62,275
Salaries and allowances	50,939	57,501
Research and development expenses	23,422	25,121
Other	111,554	119,598
Total selling, general and administrative expenses	249,364	264,496
Operating profit	186,628	158,721
Non-operating income		
Interest income	2,856	2,630
Dividend income	4,623	5,155
Seconded employees' reimbursement	2,963	3,211
Foreign exchange gains	5,220	—
Share of profit of entities accounted for using equity method	—	11,774
Compensation income	1,637	15,086
Other	13,236	12,365
Total non-operating income	30,538	50,223
Non-operating expenses		
Interest expenses	14,640	13,911
Seconded employees' salaries	9,151	9,731
Foreign exchange losses	—	4,080
Share of loss of entities accounted for using equity method	9,148	—
Dismantlement expenses	9,873	8,744
Other	13,430	15,283
Total non-operating expenses	56,243	51,752
Ordinary profit	160,923	157,192
Extraordinary income		
Gain on bargain purchase	—	16,708
Gain on sale of non-current assets	29,379	5,459
Gain on step acquisitions	—	313
Total extraordinary losses	29,379	22,481
Extraordinary losses		
Impairment losses	18,783	27,401
Dismantling and removal costs	—	11,180
Provision for loss on joint venture agreement	9,245	—
Total extraordinary losses	28,029	38,581
Profit before income taxes	162,274	141,091

	FY2023	FY2024
	Ended March 31, 2024	Ended March 31, 2025
Income taxes		
Income taxes - current	54,791	34,150
Income taxes - deferred	(9,000)	(13,858)
Total income taxes	45,790	20,292
Profit	116,483	120,799
Profit attributable to non-controlling interests	6,931	618
Profit attributable to owners of parent	109,552	120,180

Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2023 Ended March 31, 2024	FY2024 Ended March 31, 2025
Profit	116,483	120,799
Other comprehensive income		
Valuation difference on available-for-sale securities	33,143	(21,709)
Deferred gains or losses on hedges	172	6,165
Revaluation reserve for land	2,538	(92)
Foreign currency translation adjustment	12,502	25,697
Remeasurements of defined benefit plans, net of tax	9,123	10,900
Share of other comprehensive income of entities accounted for using equity method	5,411	(1,070)
Total other comprehensive income	62,890	19,890
Comprehensive Income	179,374	140,689
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	170,428	137,704
Comprehensive income attributable to non-controlling interests	8,945	2,985

(3) Consolidated Statements of Changes in Net Assets

FY2023 (April 1, 2023 – March 31, 2024)

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	250,930	116,430	472,757	(1,879)	838,238
Changes during period					
Dividends of surplus			(27,725)		(27,725)
Profit attributable to owners of parent			109,552		109,552
Purchase of treasury shares				(14)	(14)
Disposal of treasury shares			(0)	48	48
Change in ownership interest of parent due to transactions with non-controlling interests		(104)			(104)
Change of scope of consolidation and equity method			(4)		(4)
Change in treasury shares arising from change in equity in entities accounted for using equity method				(2)	(2)
Reversal of revaluation reserve for land			(5,628)		(5,628)
Net changes in items other than shareholders' equity					
Total changes during period	—	(104)	76,193	32	76,121
Balance at end of period	250,930	116,325	548,951	(1,847)	914,360

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	34,877	(7,082)	(3,400)	32,562	18,760	75,717	63,696	977,653
Changes during period								
Dividends of surplus								(27,725)
Profit attributable to owners of parent								109,552
Purchase of treasury shares								(14)
Disposal of treasury shares								48
Change in ownership interest of parent due to transactions with non-controlling interests								(104)
Change of scope of consolidation and equity method								(4)
Change in treasury shares arising from change in equity in entities accounted for using equity method								(2)
Reversal of revaluation reserve for land								(5,628)
Net changes in items other than shareholders' equity	35,732	171	8,107	13,387	9,084	66,484	7,087	73,572
Total changes during period	35,732	171	8,107	13,387	9,084	66,484	7,087	149,693
Balance at end of period	70,610	(6,911)	4,707	45,950	27,845	142,202	70,784	1,127,346

FY2024 (April 1, 2024—March 31, 2025)

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	250,930	116,325	548,951	(1,847)	914,360
Changes during period					
Dividends of surplus			(35,646)		(35,646)
Profit attributable to owners of parent			120,180		120,180
Purchase of treasury shares				(800)	(800)
Disposal of treasury shares			(0)	156	156
Change in ownership interest of parent due to transactions with non-controlling interests		3,407			3,407
Change of scope of consolidation and equity method			(196)		(196)
Change in shares of parent owned by subsidiaries, etc.		128		481	609
Reversal of revaluation reserve for land			(343)		(343)
Net changes in items other than shareholders' equity					
Total changes during period	—	3,536	83,994	(162)	87,367
Balance at end of period	250,930	119,861	632,946	(2,010)	1,001,727

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	70,610	(6,911)	4,707	45,950	27,845	142,202	70,784	1,127,346
Changes during period								
Dividends of surplus								(35,646)
Profit attributable to owners of parent								120,180
Purchase of treasury shares								(800)
Disposal of treasury shares								156
Change in ownership interest of parent due to transactions with non-controlling interests								3,407
Change of scope of consolidation and equity method								(196)
Change in shares of parent owned by subsidiaries, etc.								609
Reversal of revaluation reserve for land								(343)
Net changes in items other than shareholders' equity	(22,725)	6,167	251	23,534	10,638	17,866	4,478	22,345
Total changes during period	(22,725)	6,167	251	23,534	10,638	17,866	4,478	109,713
Balance at end of period	47,885	(743)	4,958	69,485	38,483	160,069	75,262	1,237,059

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	FY2023 Ended March 31, 2024	FY2024 Ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	162,274	141,091
Depreciation	119,084	122,439
Gain on bargain purchase	—	(16,708)
Loss (gain) on step acquisitions	—	(313)
Increase (decrease) in provision for dismantlement related expenses	530	9,357
Increase (decrease) in provision for loss on joint venture agreement	9,245	(1,553)
Increase (decrease) in retirement benefit liability	7,375	8,417
Interest and dividend income	(7,479)	(7,785)
Interest expenses	14,640	13,911
Loss (gain) on sale of investment securities	(2,940)	(2,429)
Share of loss (profit) of entities accounted for using equity method	9,148	(11,774)
Loss (gain) on sale of property, plant and equipment	(29,313)	(5,111)
Loss on retirement of property, plant and equipment	2,172	3,763
Impairment losses	18,783	27,401
Decrease (increase) in trade receivables	35,686	25,686
Net decrease (increase) in lease receivables and investments in leases	4,649	322
Decrease (increase) in inventories	1,116	(11,201)
Increase (decrease) in trade payables	(142,760)	(84,330)
Increase (decrease) in accrued consumption taxes	21,766	(12,719)
Decrease (increase) in accounts receivable-other	5,818	4,844
Increase (decrease) in deposits received	(8,111)	14,284
Other, net	5,938	(5,058)
Subtotal	227,622	212,534
Interest and dividends received	17,399	17,908
Interest paid	(14,617)	(13,872)
Income taxes paid	(25,120)	(68,309)
Net cash provided by (used in) operating activities	205,284	148,261
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(94,865)	(113,266)
Proceeds from sale of property, plant and equipment and intangible assets	34,964	4,898
Purchase of investment securities	(520)	(4,731)
Proceeds from sale of investment securities	4,249	2,289
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(7,352)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	187	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	637
Decrease (increase) in short-term loans receivable	28	(505)
Long-term loan advances	(799)	(178)
Proceeds from collection of long-term loans receivable	615	4,545
Other, net	2,415	(210)
Net cash provided by (used in) investing activities	(53,724)	(113,873)

	FY2023	FY2024
	Ended March 31, 2024	Ended March 31, 2025
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	8,080	(49,091)
Proceeds from long-term borrowings	15,600	73,735
Repayments of long-term borrowings	(137,035)	(126,101)
Proceeds from issuance of bonds	70,000	50,000
Redemption of bonds	(900)	—
Repayments of finance lease liabilities	(8,948)	(8,822)
Purchase of treasury shares	(14)	(801)
Dividends paid	(27,694)	(35,568)
Dividends paid to non-controlling interests	(1,288)	(2,546)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	112	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(2,647)
Purchase of interests in subsidiaries not resulting in change in scope of consolidation	(1,503)	—
Proceeds from disposal of treasury shares of subsidiaries	—	1,922
Other, net	2,378	3,693
Net cash provided by (used in) financing activities	(81,213)	(96,227)
Effect of exchange rate change on cash and cash equivalents	4,846	7,844
Net increase (decrease) in cash and cash equivalents	75,192	(53,995)
Cash and cash equivalents at beginning of period	203,394	278,728
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	141	(4,860)
Cash and cash equivalents at end of period	278,728	219,872

(5) Notes to Consolidated Financial Statements

Notes on Premise of a Going Concern

None

Notes on Change in Presentation Method

Consolidated Balance Sheets

Account item of “lease liabilities” under “current liabilities,” which was included in “other” in fiscal 2023, has been separately stated beginning in fiscal 2024 due to its increased financial importance. To reflect this change in presentation, the Company reclassified the consolidated financial statements for fiscal 2023. As a result, 117,373 million yen stated in “other” under “current liabilities” in the consolidated balance sheets for fiscal 2023 has been reclassified into 10,029 million yen in “lease liabilities” and 107,344 million yen in “other.”

Consolidated Statements of Income

Account item of “compensation income” under “non-operating income,” which was included in “other” in fiscal 2023, has been separately stated beginning in fiscal 2024 due to its increased financial importance. To reflect this change in presentation, the Company reclassified the consolidated financial statements for fiscal 2023. As a result, 14,874 million yen stated in “other” under “non-operating income” in the consolidated statements of income for fiscal 2023 has been reclassified into 1,637 million yen in “compensation income” and 13,236 million yen in “other.”

Consolidated Statements of Cash Flows

Account item of “increase (decrease) in accrued expenses” under “cash flows from operating activities,” which was presented separately in fiscal 2023, has been included in “other” beginning in fiscal 2024 due to its decreased financial importance.

Account item of “increase (decrease) in provision for dismantlement related expenses” under “cash flows from operating activities,” which was included in “other” in fiscal 2023, has been separately stated beginning in fiscal 2024 due to its increased financial importance. To reflect this change in presentation, the Company reclassified the consolidated financial statements for fiscal 2023. As a result, 3,832 million yen in “increase (decrease) in accrued expenses” and 2,635 million yen in “other” under “cash flows from operating activities” in the consolidated statements of cash flows for fiscal 2023 have been reclassified into 530 million yen in “increase (decrease) in provision for dismantlement related expenses” and 5,938 million yen in “other.”

Account item of “purchase of treasury shares” under “cash flows from financing activities,” which was included in “other” in fiscal 2023, has been separately stated beginning in fiscal 2024 due to its increased financial importance. To reflect this change in presentation, the Company reclassified the consolidated financial statements for fiscal 2023. As a result, 2,363 million yen stated in “other” under “cash flows from financing activities” in the consolidated statements of cash flows for fiscal 2023 has been reclassified into (14) million yen in “purchase of treasury shares” and 2,378 million yen in “other.”

Notes on Segment Information

1. Overview of Reportable Segments

Our Group's reportable segments are defined as components for which separate financial information is available and reviewed regularly by the Board of Directors to decide how to allocate management resources and to evaluate operating performance.

The Company has business units based on products and services (some of which are made by subsidiaries), and each business unit and subsidiary plans domestic and foreign global strategies to operate their businesses.

The Group has seven reportable segments based on the products and services provided by business units and subsidiaries: Steel & Aluminum, Advanced Materials, Welding, Machinery, Engineering, Construction Machinery, and Electric Power.

The main products and services of the reportable segments are as follows:

Steel & Aluminum

Wire rods and bars, steel sheets (hot-rolled, cold-rolled, surface treated), steel plates, aluminum flat-rolled products, and other (steel billets, foundry pig iron, pig iron for steelmaking, slag products)

Advanced Materials

Steel castings and forgings, aluminum-alloy and magnesium-alloy castings and forgings, titanium and titanium alloy, aluminum-alloy forgings and fabricated products, aluminum extrusions and fabricated products, copper rolled products, and steel powder

Welding

Welding materials (covered welding electrodes, wires for automatic and semi-automatic welding, fluxes), welding robots, welding machines, robotic welding systems, welding-related testing, analysis, and consulting

Machinery

Equipment for energy and chemical fields, equipment for nuclear power plants, tire and rubber machinery, plastic processing machinery, ultra-high-pressure presses, vapor deposition systems, metalworking machinery, various compressors, refrigeration compressors, heat pumps, various plants (steel rolling, nonferrous metals, etc.), various internal combustion engines, special alloys and other new materials (target materials, etc.), analysis and testing of material

Engineering

Various plants (direct reduction ironmaking, pelletizing, petrochemical, nuclear power-related, water treatment, waste treatment, etc.), urban transit systems, chemical and food processing equipment

Construction Machinery

Hydraulic excavators, mini excavators, environmental recycling machinery, crawler cranes, wheel cranes, remote operation system for heavy machinery, and crane construction planning support software

Electric Power

Electric power and heat supply

Others

High-pressure gas cylinder manufacturing, and general trading company

2. Methods Used to Calculate Sales, Profit (Loss), Assets and Other Items of Reportable Segments

Profit (loss) of each reportable segment is based on ordinary profit (loss). Intersegment sales prices are based on prices applicable to transactions with third parties.

Segment Information

(In millions of yen)

		FY2023 Ended March 31, 2024	FY2024 Ended March 31, 2025
Sales to outside customers:	Steel & Aluminum	1,045,675	1,078,015
	Advanced Materials	283,315	304,353
	Welding	92,691	93,222
	Machinery	222,694	251,644
	Engineering	168,732	172,389
	Construction Machinery	403,952	387,858
	Electric Power	315,950	258,807
	Other Businesses	8,910	7,439
	Adjustment	1,220	1,301
	Total	2,543,142	2,555,031
Intersegment sales:	Steel & Aluminum	37,047	38,145
	Advanced Materials	14,789	12,776
	Welding	838	689
	Machinery	11,821	13,512
	Engineering	1,911	2,459
	Construction Machinery	104	179
	Electric Power	—	—
	Other Businesses	1,894	1,488
	Adjustment	(68,406)	(69,251)
	Total	—	—
Total sales:	Steel & Aluminum	1,082,722	1,116,160
	Advanced Materials	298,105	317,129
	Welding	93,529	93,911
	Machinery	234,515	265,157
	Engineering	170,644	174,848
	Construction Machinery	404,056	388,038
	Electric Power	315,950	258,807
	Other Businesses	10,804	8,928
	Adjustment	(67,186)	(67,949)
	Total	2,543,142	2,555,031
Ordinary profit (loss):	Steel & Aluminum	16,151	23,658
	Advanced Materials	3,231	10,705
	Welding	4,906	5,242
	Machinery	29,629	32,580
	Engineering	12,433	16,100
	Construction Machinery	9,161	18,792
	Electric Power	85,760	52,310
	Other Businesses	4,812	3,827
	Adjustment	(5,163)	(6,023)
	Total	160,923	157,192

		FY2023 Ended March 31, 2024	FY2024 Ended March 31, 2025
Assets:	Steel & Aluminum	1,126,523	1,203,027
	Advanced Materials	241,520	279,094
	Welding	90,285	95,860
	Machinery	245,103	270,873
	Engineering	158,597	179,501
	Construction Machinery	417,770	387,658
	Electric Power	450,060	375,260
	Other Businesses	49,744	44,478
	Adjustment	140,167	55,297
	Total	2,919,774	2,891,053
Depreciation:	Steel & Aluminum	58,449	61,829
	Advanced Materials	10,709	8,775
	Welding	2,387	2,425
	Machinery	6,366	6,939
	Engineering	1,846	2,651
	Construction Machinery	12,245	12,443
	Electric Power	24,783	24,771
	Other Businesses	292	309
	Adjustment	2,003	2,293
	Total	119,084	122,439
Amortization of goodwill:	Steel & Aluminum	—	4
	Advanced Materials	—	—
	Welding	73	73
	Machinery	457	498
	Engineering	1	—
	Construction Machinery	—	—
	Electric Power	—	—
	Other Businesses	—	—
	Adjustment	(1)	—
	Total	530	575
Interest income	Steel & Aluminum	469	625
	Advanced Materials	69	87
	Welding	434	582
	Machinery	466	642
	Engineering	553	986
	Construction Machinery	2,316	1,559
	Electric Power	19	69
	Other Businesses	1	4
	Adjustment	(1,474)	(1,927)
	Total	2,856	2,630

		FY2023 Ended March 31, 2024	FY2024 Ended March 31, 2025
Interest expense:	Steel & Aluminum	4,890	4,729
	Advanced Materials	3,243	3,884
	Welding	41	40
	Machinery	656	583
	Engineering	81	122
	Construction Machinery	2,123	2,655
	Electric Power	6,483	5,544
	Other Businesses	65	63
	Adjustment	(2,946)	(3,712)
	Total	14,640	13,911
Equity in income (loss) of equity method companies:	Steel & Aluminum	(14,446)	8,233
	Advanced Materials	84	(28)
	Welding	(13)	26
	Machinery	118	283
	Engineering	845	(570)
	Construction Machinery	561	541
	Electric Power	—	—
	Other Businesses	4,310	3,867
	Adjustment	(609)	(579)
	Total	(9,148)	11,774
Investments in equity method companies:	Steel & Aluminum	91,532	89,231
	Advanced Materials	932	904
	Welding	1,326	1,340
	Machinery	1,065	1,315
	Engineering	3,143	6,156
	Construction Machinery	8,665	9,049
	Electric Power	—	—
	Other Businesses	30,282	31,340
	Adjustment	(3,352)	(6,201)
	Total	133,595	133,137
Capital expenditures:	Steel & Aluminum	52,948	57,264
	Advanced Materials	13,141	13,276
	Welding	1,896	2,274
	Machinery	10,270	8,591
	Engineering	3,404	3,161
	Construction Machinery	17,932	19,433
	Electric Power	2,155	2,450
	Other Businesses	384	295
	Adjustment	3,080	9,144
	Total	105,214	115,893

Notes:

1. “Other Businesses” includes business segments that are not part of the reportable segments and encompasses business companies under the head office.
2. Adjustments as of March 31, 2023 and 2024 are as follows:

Segment profit (loss)

	Millions of yen			
	2023		2024	
Companywide profit (loss)	¥	4,055	¥	(658)
Other adjustments		(9,219)		(5,365)
Total	¥	(5,163)	¥	(6,023)

Companywide profit (loss) is mainly financial profit or loss which is not allocated to reportable segments and other businesses.

Assets

	Millions of yen			
	2023		2024	
Companywide assets	¥	357,757	¥	307,631
Other adjustments		(217,590)		(252,334)
Total	¥	140,167	¥	55,297

Companywide assets are mainly investments in securities which are not allocated to reportable segments or other businesses.

Depreciation

Adjustment is related mainly to the assets of administrative departments which are not allocated to reportable segments or other businesses.

Interest income

Adjustment is related mainly to financial assets which are not allocated to reportable segments or other businesses, as well as intersegment transactions.

Interest expense

Adjustment is related mainly to financial liabilities which are not allocated to reportable segments or other businesses, as well as intersegment transactions.

Equity in income (loss) of equity method companies

Adjustment is related mainly to the income (loss) of affiliates which are not allocated to reportable segments or other businesses.

Investments in equity method companies

Adjustment is related mainly to intersegment transactions.

Capital expenditures

Adjustment is related mainly to the assets of administrative departments which are not allocated to reportable segments or other businesses.

Notes on Per Share Information

	Yen	Yen
	Net assets per share	Basic earnings per share
For the year ended March 31, 2025	2,941.14	304.64
For the year ended March 31, 2024	2,675.13	277.38

Notes:

- Diluted earnings per share is not presented because there are no potentially dilutive securities.
- The basis of calculating basic earnings per share is as follows.

	FY2023 Ended March 31, 2023	FY2024 Ended March 31, 2024
Profit attributable to owners of parent (Millions of yen)	109,552	120,180
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent related to common shares (Millions of yen)	109,552	120,180
Average number of common shares during the period (Thousand shares)	394,945	394,489
Overview of potential shares not included in the calculation of diluted earnings per share due to lack of dilutive effect	Zero Coupon Convertible Bonds due 2028, resolved at its Board of Directors meeting held on 28 November 2023 (10,179,153 common shares)	Zero Coupon Convertible Bonds due 2028, resolved at its Board of Directors meeting held on 28 November 2023 (10,685,130 common shares)
	Zero Coupon Convertible Bonds due 2030, resolved at its Board of Directors meeting held on 28 November 2023 (10,640,561 common shares)	Zero Coupon Convertible Bonds due 2030, resolved at its Board of Directors meeting held on 28 November 2023 (11,169,689 common shares)

- In calculating net assets per share and basic earnings per share, the shares held by the Board Benefit Trust (BBT), which are recorded as treasury shares in shareholders' equity, are included in the number of treasury shares that are excluded from the number of treasury shares at the end of the period and the average number of shares outstanding during the period. The number of excluded treasury shares at the end of fiscal 2024 in calculating net assets per share was 627,000 shares (336,000 shares in fiscal 2023), and the average number of excluded shares outstanding during fiscal 2024 in calculating basic earnings per share was 598,000 shares (353,000 shares in fiscal 2023).

Notes on Significant Subsequent Events

None