

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)



August 7, 2025

Company name: Kobe Steel, Ltd.
 Listing: Tokyo Stock Exchange / Nagoya Stock Exchange
 Securities code: 5406
 URL: <https://www.kobelco.co.jp/english/>
 Representative: Yoshihiko Katsukawa, President, CEO and Representative Director
 Inquires: General Administration and CSR Department
 Telephone: +81 (0) 3 5739-6010
 Scheduled date to commence dividend payments: ---
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(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	%
Three months ended June 30, 2025	569,056	(3.7)	31,305	0.7	28,759	(17.9)	38,637	60.7
June 30, 2024	590,733	(1.3)	31,072	(8.7)	35,045	(2.4)	24,044	(5.5)

Note: Comprehensive income For the three months ended June 30, 2025: 9,731 million yen [(65.0)%]
 For the three months ended June 30, 2024: 27,801 million yen [(11.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	98.03	—
June 30, 2024	60.90	—

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

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of June 30, 2025	2,819,775	1,218,495	40.8
March 31, 2025	2,891,053	1,237,059	40.2

Reference: Equity capital As of June 30, 2025: 1,149,643 million yen
 As of March 31, 2025: 1,161,797 million yen

2. Cash dividends

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	45.00	—	55.00	100.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		40.00	—	40.00	80.00

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

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First-half	1,210,000	(3.1)	60,000	(22.8)	50,000	(29.5)	55,000	(2.8)	139.70
Full year	2,480,000	(2.9)	130,000	(18.1)	110,000	(30.0)	100,000	(16.8)	253.99

Note: Revision to the consolidated forecast for fiscal 2025 most recently announced: Yes

Please refer to the IR briefing material "Financial Results for the First Quarter of Fiscal 2025 and Forecast for the Full Fiscal Year" announced today.

***Notes**

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: Yes
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2025	396,345,963 shares
As of March 31, 2025	396,345,963 shares

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

As of June 30, 2025	3,232,605 shares
As of March 31, 2025	1,331,320 shares

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

Three months ended June 30, 2025	394,140,806 shares
Three months ended June 30, 2024	394,757,536 shares

*** Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None**

*** Explanation on the Appropriate Use of the Forecast and Other Special Notes**

(Explanation of the appropriate use of performance forecasts)

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.

For preconditions on the forecast and other related factors, please refer to the IR briefing material "Financial Results for the First Quarter of Fiscal 2025 and Forecast for the Full Fiscal Year"

Index of Attached Documents

1. Overview of Operating Results and Other Items	2
(1) Consolidated Operating Results for the Three Months Ended June 30, 2025	2
(2) Financial Condition	2
2. Consolidated Financial Statements	3
(1) Consolidated Balance Sheets	3
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	5
(3) Notes to Consolidated Financial Statements	7
Notes on Changes in Accounting Policies	7
Notes on Accounting Treatment Specific to the Preparation of Quarterly Cosolidated Financial Statements	7
Notes on Segment Information	8
Notes on Significant Fluctuations in the Amount of Shareholders' Equity	10
Notes on Premise of a Going Concern	10
Notes on Consolidated Statements of Cash Flows	10

1. Overview of Operating Results and Other Items

(1) Consolidated Operating Results for the Three Months Ended June 30, 2025

The overview of the consolidated operating results is provided in the "Financial Results for the First Quarter of Fiscal 2025 and Forecast for the Full Fiscal Year" made available today on our Company's official website (<https://www.kobelco.co.jp/english/>).

(2) Financial Condition

On a consolidated basis, total assets at the end of the first quarter of fiscal 2025 decreased by 71.2 billion yen to 2,819.7 billion yen compared to the end of fiscal 2024, primarily due to a decrease in cash and deposits resulting from the payment of dividends.

Liabilities decreased by 52.7 billion yen to 1,601.2 billion yen compared to the end of fiscal 2024, mainly due to a decrease in notes payable and accounts payable. Net assets decreased by 18.5 billion yen to 1,218.4 billion yen compared to the end of fiscal 2024, as the recording of quarterly profit attributable to owners of parent was offset by decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment. As a result, the equity-to-asset ratio at the end of the first quarter of fiscal 2025 was 40.8%, up 0.6 percentage points from the end of fiscal 2024.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

ASSETS

Current assets

	FY2024 Ended March 31, 2025	FY2025 1Q Ended June 30, 2025
Cash and deposits	220,122	175,606
Notes and accounts receivable - trade, and contract assets	404,433	414,424
Merchandise and finished goods	265,939	257,156
Work in process	172,738	178,963
Raw materials and supplies	283,426	273,554
Other	75,030	73,190
Allowance for doubtful accounts	(5,435)	(4,278)
Total current assets	1,416,256	1,368,617

Non-current assets

Property, plant and equipment

Buildings and structures, net	286,849	283,689
Machinery, equipment and vehicles, net	535,498	525,026
Land	166,797	165,833
Other, net	57,982	62,838
Total property, plant and equipment	1,047,127	1,037,386

Intangible assets

	50,170	51,432
--	--------	--------

Investments and other assets

Investment securities	214,144	190,192
Other	185,353	193,167
Allowance for doubtful accounts	(21,998)	(21,021)
Total investments and other assets	377,498	362,338

Total non-current assets	1,474,796	1,451,157
--------------------------	-----------	-----------

Total assets

	2,891,053	2,819,775
--	-----------	-----------

LIABILITIES**Current liabilities**

	FY2024 Ended March 31, 2025	FY2025 1Q Ended June 30, 2025
Notes and accounts payable - trade	365,655	325,913
Short-term borrowings	190,327	188,747
Commercial papers	—	27,000
Current portion of bonds payable	35,000	20,000
Lease liabilities	31,846	30,284
Income taxes payable	10,630	9,000
Provisions	55,551	45,009
Other	225,540	241,074
Total current liabilities	914,551	887,030

Non-current liabilities

Bonds payable	130,000	120,000
Long-term borrowings	479,192	462,698
Lease liabilities	19,966	18,795
Retirement benefit liability	58,187	59,819
Provisions	17,673	17,413
Other	34,422	35,522
Total non-current liabilities	739,441	714,249

Total liabilities

1,653,993	1,601,279
-----------	-----------

NET ASSETS**Shareholders' equity**

Share capital	250,930	250,930
Capital surplus	119,861	121,861
Retained earnings	632,946	649,799
Treasury shares	(2,010)	(5,126)
Total shareholders' equity	1,001,727	1,017,464

Accumulated other comprehensive income

Valuation difference on available-for-sale securities	47,885	34,716
Deferred gains or losses on hedges	(743)	(1,055)
Revaluation reserve for land	4,958	4,959
Foreign currency translation adjustment	69,485	55,302
Remeasurements of defined benefit plans	38,483	38,255
Total accumulated other comprehensive income	160,069	132,178

Non-controlling interests

75,262	68,852
--------	--------

Total net assets

1,237,059	1,218,495
-----------	-----------

Total liabilities and net assets

2,891,053	2,819,775
-----------	-----------

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

Consolidated Statements of Income

	(In millions of yen)	
	FY2024 1Q Ended June 30, 2024	FY2025 1Q Ended June 30, 2025
Net sales	590,733	569,056
Cost of sales	494,864	471,605
Gross profit	95,868	97,451
Selling, general and administrative expenses	64,795	66,146
Operating profit	31,072	31,305
Non-operating income		
Interest income	653	658
Dividend income	2,644	2,808
Seconded employees' reimbursement	796	1,065
Share of profit of entities accounted for using equity method	4,533	3,717
Foreign exchange gains	3,081	—
Other	1,836	3,430
Total non-operating income	13,546	11,681
Non-operating expenses		
Interest expenses	3,344	3,440
Seconded employees' salaries	2,421	2,703
Foreign exchange losses	—	1,410
Other	3,806	6,672
Total non-operating expenses	9,573	14,226
Ordinary profit	35,045	28,759
Extraordinary income		
Gain on sale of investment securities	—	14,417
Gain on sale of non-current assets	—	6,196
Total extraordinary income	—	20,613
Extraordinary losses		
Provision for loss on sale of shares of subsidiaries and associates	—	3,876
Total extraordinary losses	—	3,876
Profit before income taxes	35,045	45,496
Income taxes	10,350	6,702
Profit	24,694	38,794
Profit attributable to non-controlling interests	650	156
Profit attributable to owners of parent	24,044	38,637

Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2024 1Q Ended June 30, 2024	FY2025 1Q Ended June 30, 2025
Profit	24,694	38,794
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,242)	(13,382)
Deferred gains or losses on hedges	229	(307)
Foreign currency translation adjustment	8,731	(15,165)
Remeasurements of defined benefit plans, net of tax	(391)	(118)
Share of other comprehensive income of entities accounted for using equity method	779	(88)
Total other comprehensive income	3,106	(29,062)
Comprehensive income	27,801	9,731
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,619	10,746
Comprehensive income attributable to non-controlling interests	1,182	(1,015)

(3) Notes to Consolidated Financial Statements

Notes on Changes in Accounting Policies

Change in Method of Calculating Income Taxes

Starting with the financial statements for the the first quarter of the fiscal year ending March 31, 2026, we have changed our income tax calculation method from the previous principle-based one with the aim of further streamlining the quarterly financial closing process. Under the new method, we reasonably estimate the annual effective tax rate after applying deferred tax accounting to the consolidated profit before income taxes for the fiscal year and calculate income tax expenses by applying this estimated tax rate to the quarterly profit before income taxes. We have not retroactively implemented this change due to its minor impact.

Notes on Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements

Regarding Calculation of Income tax expenses

Income tax expenses are calculated by applying a reasonably estimated effective tax rate to the quarterly profit before income taxes. The effective tax rate is determined by applying deferred tax accounting to the profit before income taxes to the consolidated profit for the fiscal year, including the first quarter under review. However, if applying the estimated effective tax rate to calculate income tax expenses results in a significantly unreasonable outcome, the statutory effective tax rate is used instead.

Notes on Segment Information

Information about Sales, Profit (Loss), Assets and Other Items of Reportable Segments

		(In millions of yen)	
		FY2024 Ended June 30, 2024	FY2025 Ended June 30, 2025
Sales to outside customers:	Steel & Aluminum	263,285	249,067
	Advanced Materials	72,971	72,664
	Welding	22,982	22,520
	Machinery	55,235	62,313
	Engineering	27,365	32,055
	Construction Machinery	92,840	83,523
	Electric Power	54,628	45,861
	Other	1,185	1,024
	Adjustment	238	24
	Total	590,733	569,056
Intersegment sales:	Steel & Aluminum	9,446	8,753
	Advanced Materials	3,166	3,301
	Welding	160	131
	Machinery	2,782	3,885
	Engineering	376	302
	Construction Machinery	103	25
	Electric Power	—	—
	Other	411	441
	Adjustment	(16,447)	(16,841)
	Total	—	—
Total sales:	Steel & Aluminum	272,731	257,821
	Advanced Materials	76,137	75,966
	Welding	23,142	22,651
	Machinery	58,018	66,199
	Engineering	27,741	32,357
	Construction Machinery	92,944	83,548
	Electric Power	54,628	45,861
	Other	1,596	1,466
	Adjustment	(16,209)	(16,816)
	Total	590,733	569,056
Ordinary profit (loss):	Steel & Aluminum	10,889	5,488
	Advanced Materials	1,064	73
	Welding	1,035	919
	Machinery	6,259	10,509
	Engineering	1,446	1,173
	Construction Machinery	1,700	1,208
	Electric Power	12,023	8,574
	Other	1,204	283
	Adjustment	(578)	527
	Total	35,045	28,759

Notes:

1. "Other" segment refers to a business segment outside the reportable segments. It includes operating companies managed by the head office.

2. Adjustments as of June 30, 2024 and 2025 are as follows:

	(In millions of yen)	
	FY2024	FY2025
	Ended June 30, 2024	Ended June 30, 2025
Consolidated profit (loss)*	10,766	478
Other adjustments	(11,345)	49
Total	(578)	527

* Consolidated profit (loss) mainly consists of finance-related gains and losses not attributable to reportable segments.

3. Segment profit (loss) is adjusted for ordinary profit in the quarterly consolidated statements of income.

Notes on Significant Fluctuations in the Amount of Shareholders' Equity

Based on the resolution of the Board of Directors meeting held on May 12, 2025, the Company acquired 1,900,000 treasury shares. As a result, treasury shares increased by 3,116 million yen, including the difference resulting from the purchase of odd-lot shares, during the cumulative first quarter of fiscal 2025, bringing the balance of treasury shares to 5,126 million yen at the end of the first quarter of fiscal 2025.

Notes on Premise of a Going Concern

None

Notes on Consolidated Statements of Cash Flows

The quarterly consolidated cash flow statement for the cumulative first quarter of fiscal 2025 is not provided. The following are the depreciation (including the amortization of intangible assets excluding goodwill) and amortization of goodwill for the cumulative first quarter of fiscal 2024 and fiscal 2025.

	(In millions of yen)	
	FY2024	FY2025
	Ended June 30, 2024	Ended June 30, 2025
Depreciation	29,633	30,049
Amortization of goodwill	154	111