

Consolidated Financial Results
for the Nine Months Ended December 31, 2025
(Under Japanese GAAP)



February 6, 2026

Company name: Kobe Steel, Ltd.
 Listing: Tokyo Stock Exchange / Nagoya Stock Exchange
 Securities code: 5406
 URL: <https://www.kobelco.co.jp/english/>
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 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 nine months ended December 31, 2025 (from April 1 to December 31, 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	%
Nine months ended								
December 31, 2025	1,778,073	(5.6)	94,442	(24.2)	89,514	(32.6)	84,332	(27.8)
December 31, 2024	1,884,054	0.6	124,531	(9.9)	132,873	(0.8)	116,845	6.5

Note: Comprehensive income For the nine months ended December 31, 2025: 89,188 million yen [(20.1)%]
 For the nine months ended December 31, 2024: 111,636 million yen [(30.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2025	214.11	—
December 31, 2024	296.15	—

Notes:

- In the fiscal year ended March 31, 2025, the Company finalized the provisional accounting related to the business combination. The figures for the third quarter of that fiscal year reflect the results of this finalization.
- 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
	Millions of yen	Millions of yen	%
As of			
December 31, 2025	2,888,203	1,282,759	41.9
March 31, 2025	2,891,053	1,237,059	40.2

Reference: Equity capital As of December 31, 2025: 1,210,373 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 ended					
March 31, 2026	—	40.00	—		
Fiscal year ended					
March 31, 2026 (Forecast)				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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,440,000	(4.5)	130,000	(18.1)	110,000	(30.0)	100,000	(16.8)	253.74

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

Please refer to the IR briefing material "Financial Results for the Cumulative Third 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

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|--|------|
| (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 December 31, 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 December 31, 2025	2,651,729 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)

Nine months ended December 31, 2025	393,859,098 shares
Nine months ended December 31, 2024	394,539,914 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

(Disclaimer regarding forward-looking statements)

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 Cumulative Third Quarter of Fiscal 2025 and Forecast for the Full Fiscal Year."

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1. Overview of Operating Results and Other Items

(1) Consolidated Operating Results for the Nine Months Ended December 31, 2025

The overview of the consolidated operating results is provided in the "Financial Results for the Cumulative Third 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 third quarter of fiscal 2025 were 2,888.2 billion yen, remaining roughly at the same level as at the end of fiscal 2024. Liabilities decreased by 48.5 billion yen to 1,605.4 billion yen compared to the end of fiscal 2024 mainly due to the redemption of bonds payable and the repayment of borrowings. Net assets increased by 45.6 billion yen to 1,282.7 billion yen compared to the end of fiscal 2024 due to the recording of quarterly profit attributable to owners of parent, among other factors. As a result, the equity-to-asset ratio at the end of the third quarter of fiscal 2025 was 41.9%, up 1.7 percentage points from the end of fiscal 2024.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

ASSETS	FY2024	FY2025 3Q
	Ended March 31, 2025	Ended December 31, 2025
Current assets		
Cash and deposits	220,122	221,635
Notes and accounts receivable - trade, and contract assets	404,433	402,043
Merchandise and finished goods	265,939	261,579
Work in process	172,738	191,224
Raw materials and supplies	283,426	266,700
Other	75,030	76,433
Allowance for doubtful accounts	(5,435)	(5,476)
Total current assets	<u>1,416,256</u>	<u>1,414,142</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	286,849	284,456
Machinery, equipment and vehicles, net	535,498	509,254
Land	166,797	166,128
Other, net	57,982	70,785
Total property, plant and equipment	<u>1,047,127</u>	<u>1,030,624</u>
Intangible assets	50,170	56,156
Investments and other assets		
Investment securities	214,144	222,279
Other	185,353	186,422
Allowance for doubtful accounts	(21,998)	(21,420)
Total investments and other assets	<u>377,498</u>	<u>387,280</u>
 Total non-current assets	 <u>1,474,796</u>	 <u>1,474,061</u>
Total assets	<u>2,891,053</u>	<u>2,888,203</u>

LIABILITIES	FY2024 Ended March 31, 2025	FY2025 3Q Ended December 31, 2025
Current liabilities		
Notes and accounts payable - trade	365,655	369,558
Short-term borrowings	190,327	173,149
Commercial papers	—	48,000
Current portion of bonds payable	35,000	10,000
Lease liabilities	31,846	5,194
Income taxes payable	10,630	8,200
Provisions	55,551	44,116
Other	225,540	243,864
Total current liabilities	914,551	902,083
Non-current liabilities		
Bonds payable	130,000	120,000
Long-term borrowings	479,192	453,766
Lease liabilities	19,966	19,467
Retirement benefit liability	58,187	53,942
Provisions	17,673	16,152
Other	34,422	40,031
Total non-current liabilities	739,441	703,360
Total liabilities	1,653,993	1,605,443
NET ASSETS		
Shareholders' equity		
Share capital	250,930	250,930
Capital surplus	119,861	121,896
Retained earnings	632,946	679,726
Treasury shares	(2,010)	(4,324)
Total shareholders' equity	1,001,727	1,048,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,885	54,235
Deferred gains or losses on hedges	(743)	2,844
Revaluation reserve for land	4,958	4,959
Foreign currency translation adjustment	69,485	55,822
Remeasurements of defined benefit plans	38,483	44,282
Total accumulated other comprehensive income	160,069	162,145
Non-controlling interests	75,262	72,386
Total net assets	1,237,059	1,282,759
Total liabilities and net assets	2,891,053	2,888,203

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

Consolidated Statements of Income

(In millions of yen)

	FY2024 3Q	FY2025 3Q
	Ended December 31, 2024	Ended December 31, 2025
Net sales	1,884,054	1,778,073
Cost of sales	1,564,962	1,482,015
Gross profit	319,091	296,057
Selling, general and administrative expenses	194,560	201,615
Operating profit	124,531	94,442
Non-operating income		
Interest income	1,920	2,265
Dividend income	4,826	4,991
Seconded employees' reimbursement	2,454	3,030
Share of profit of entities accounted for using equity method	11,110	10,444
Other	19,303	11,213
Total non-operating income	39,615	31,945
Non-operating expenses		
Interest expenses	10,296	9,975
Seconded employees' salaries	7,226	7,984
Other	13,749	18,912
Total non-operating expenses	31,272	36,872
Ordinary profit	132,873	89,514
Extraordinary income		
Gain on sale of investment securities	—	15,775
Gain on sale of non-current assets	5,414	6,751
Gain on bargain purchase	16,708	—
Gain on step acquisitions	313	—
Total extraordinary income	22,436	22,527
Extraordinary losses		
Provision for loss on sale of shares of subsidiaries and associates	—	4,354
Total extraordinary losses	—	4,354
Profit before income taxes	155,310	107,687
Income taxes	35,784	20,344
Profit	119,526	87,342
Profit attributable to non-controlling interests	2,680	3,010
Profit attributable to owners of parent	116,845	84,332

Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2024 3Q Ended December 31, 2024	FY2025 3Q Ended December 31, 2025
Profit	119,526	87,342
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,855)	5,031
Deferred gains or losses on hedges	1,926	3,606
Foreign currency translation adjustment	4,595	(13,951)
Remeasurements of defined benefit plans, net of tax	(1,042)	5,844
Share of other comprehensive income of entities accounted for using equity method	(1,513)	1,315
Total other comprehensive income	(7,889)	1,845
Comprehensive income	111,636	89,188
Comprehensive income attributable to		
Owners of parent	108,012	86,407
Non-controlling interests	3,624	2,781

(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 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 third 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

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

(In millions of yen)

		FY2024	FY2025
		Ended December 31, 2024	Ended December 31, 2025
Sales to outside customers:	Steel & Aluminum	817,268	725,352
	Advanced Materials	224,276	228,272
	Welding	69,442	70,077
	Machinery	171,857	184,091
	Engineering	110,043	121,510
	Construction Machinery	293,795	287,149
	Electric Power	190,885	157,551
	Other	5,473	3,001
	Adjustment	1,011	1,066
	Total	1,884,054	1,778,073
Intersegment sales:	Steel & Aluminum	28,519	26,501
	Advanced Materials	9,436	9,511
	Welding	458	567
	Machinery	8,969	9,712
	Engineering	1,230	1,564
	Construction Machinery	159	61
	Electric Power	—	—
	Other	1,082	1,310
	Adjustment	(49,856)	(49,228)
	Total	—	—
Total sales:	Steel & Aluminum	845,787	751,853
	Advanced Materials	233,712	237,783
	Welding	69,900	70,644
	Machinery	180,826	193,803
	Engineering	111,274	123,075
	Construction Machinery	293,955	287,211
	Electric Power	190,885	157,551
	Other	6,556	4,311
	Adjustment	(48,845)	(48,161)
	Total	1,884,054	1,778,073
Ordinary profit (loss):	Steel & Aluminum	26,417	9,660
	Advanced Materials	7,674	1,369
	Welding	3,179	3,570
	Machinery	21,872	29,825
	Engineering	13,969	9,196
	Construction Machinery	21,600	6,951
	Electric Power	38,183	29,934
	Other	3,241	2,532
	Adjustment	(3,263)	(3,526)
	Total	132,873	89,514

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 December 31, 2024 and 2025 are as follows:

	(In millions of yen)	
	FY2024	FY2025
	Ended December 31, 2024	Ended December 31, 2025
Consolidated profit (loss)*	6,260	(5,164)
Other adjustments	(9,524)	1,638
Total	(3,263)	(3,526)

* 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.

2. Information about Impairment Loss of Non-Current Assets or Goodwill of Reportable Segments

(A significant gain on bargain purchase)

In the consolidated cumulative third quarter of fiscal 2024 (ended December 31, 2024), the Company recognized a gain on bargain purchase of 16,708 million yen as consolidated extraordinary income associated with the acquisition of additional shares of Kansai Coke and Chemicals Co., Ltd., which resulted in the company becoming a subsidiary in the Steel & Aluminum segment.

The amount of the gain on bargain purchase reflects the finalization of the provisional accounting related to the business combination.

Notes on Significant Fluctuations in the Amount of Shareholders' Equity

The balance of treasury shares at the end of the third quarter of fiscal 2025 increased by 2,314 million yen compared to the end of fiscal 2024. It is mainly due to the acquisition of treasury shares based on the resolution of the Board of Directors meeting held on May 12, 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 third 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 third quarter of fiscal 2024 and fiscal 2025.

	(In millions of yen)	
	FY2024	FY2025
	Ended December 31, 2024	Ended December 31, 2025
Depreciation	90,545	92,123
Amortization of goodwill	441	331

Notes on Business Combination

In the consolidated cumulative third quarter of fiscal 2024, the Company provisionally measured and recognized a gain on bargain purchase of 2,674 million yen related to the acquisition of additional shares of Kansai Coke and Chemicals Co., Ltd. on October 31, 2024, which resulted in the company becoming a subsidiary.

The accounting treatment was finalized at the end of fiscal 2024, resulting in a revised gain on bargain purchase of 16,708 million yen. This revision is reflected in the comparative information included in the quarterly consolidated financial statements for the cumulative third quarter of fiscal 2025.

As a result of the revision, extraordinary income for the consolidated cumulative third quarter of fiscal 2024 increased by 14,033 million yen, with income before income taxes, profit, and profit attributable to owners of parent each increasing by the same amount.