

**Consolidated Financial Results
for the Six Months Ended September 30, 2025
(Under Japanese GAAP)**



November 10, 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	
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Scheduled date to file semi-annual securities report:	November 10, 2025	
Scheduled date to commence dividend payments:	December 1, 2025	
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 six months ended September 30, 2025 (from April 1 to September 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	
Six months ended September 30, 2025	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	1,181,447	(5.4)	62,565	(19.5)	57,663	(18.7)	62,830	11.0
September 30, 2024	1,248,556	(0.4)	77,705	(15.7)	70,960	(22.5)	56,583	(29.6)

Note: Comprehensive income For the six months ended September 30, 2025: 42,965 million yen [(40.9)%]

For the six months ended September 30, 2024: 72,652 million yen [(42.5)%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2025	Yen 159.49	Yen —
September 30, 2024	143.35	—

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
As of September 30, 2025	Millions of yen 2,842,896	Millions of yen 1,252,349	% 41.6
March 31, 2025	2,891,053	1,237,059	40.2

Reference: Equity capital As of September 30, 2025: 1,182,362 million yen

As of March 31, 2025: 1,161,797 million yen

2. Cash dividends

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
Fiscal year ended March 31, 2025	Yen —	Yen 45.00	Yen —	Yen 55.00	Yen 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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	2,465,000	(3.5)	130,000	(18.1)	110,000	(30.0)	100,000	(16.8)	253.75

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 Half 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 semi-annual 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 September 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 September 30, 2025	2,690,438 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)

Six months ended September 30, 2025	393,932,127 shares
Six months ended September 30, 2024	394,716,400 shares

*** Semi-annual consolidated financial results are exempt from review conducted by certified public accountants or an audit firm.**

*** Explanation on the Appropriate Use of Performance Forecasts 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 First Half 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 Six Months Ended September 30, 2025

The overview of the consolidated operating results is provided in the "Financial Results for the First Half 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 half of fiscal 2025 decreased by 48.1 billion yen to 2,842.8 billion yen compared to the end of fiscal 2024 mainly due to a decrease in notes and accounts receivable-trade and contract assets resulting from collection of trade receivables. Liabilities decreased by 63.4 billion yen to 1,590.5 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 15.2 billion yen to 1,252.3 billion yen compared to the end of fiscal 2024 due to the recording of semi-annual profit attributable to owners of parent among other factors. As a result, the equity-to-asset ratio at the end of the first half of fiscal 2025 was 41.6%, up 1.4 percentage points from the end of fiscal 2024.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

ASSETS	FY2024 Ended March 31, 2025	FY2025 1H Ended September 30, 2025
Current assets		
Cash and deposits	220,122	228,984
Notes and accounts receivable - trade, and contract assets	404,433	372,480
Merchandise and finished goods	265,939	262,862
Work in process	172,738	179,840
Raw materials and supplies	283,426	271,743
Other	75,030	70,176
Allowance for doubtful accounts	(5,435)	(5,144)
Total current assets	1,416,256	1,380,942
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	286,849	286,293
Machinery, equipment and vehicles, net	535,498	518,047
Land	166,797	165,893
Other, net	57,982	65,160
Total property, plant and equipment	1,047,127	1,035,395
Intangible assets		
	50,170	53,168
Investments and other assets		
Investment securities	214,144	207,878
Other	185,353	186,490
Allowance for doubtful accounts	(21,998)	(20,979)
Total investments and other assets	377,498	373,389
Total non-current assets	1,474,796	1,461,953
Total assets	2,891,053	2,842,896

LIABILITIES	FY2024 Ended March 31, 2025	FY2025 1H Ended September 30, 2025
Current liabilities		
Notes and accounts payable - trade	365,655	364,306
Short-term borrowings	190,327	202,101
Current portion of bonds payable	35,000	10,000
Lease liabilities	31,846	28,121
Income taxes payable	10,630	11,315
Provisions	55,551	60,746
Other	225,540	234,867
Total current liabilities	914,551	911,457
Non-current liabilities		
Bonds payable	130,000	120,000
Long-term borrowings	479,192	421,689
Lease liabilities	19,966	19,317
Retirement benefit liability	58,187	60,973
Provisions	17,673	16,214
Other	34,422	40,894
Total non-current liabilities	739,441	679,089
Total liabilities	1,653,993	1,590,547
NET ASSETS		
Shareholders' equity		
Share capital	250,930	250,930
Capital surplus	119,861	121,875
Retained earnings	632,946	673,991
Treasury shares	(2,010)	(4,348)
Total shareholders' equity	1,001,727	1,042,449
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,885	46,012
Deferred gains or losses on hedges	(743)	1,107
Revaluation reserve for land	4,958	4,959
Foreign currency translation adjustment	69,485	50,070
Remeasurements of defined benefit plans	38,483	37,762
Total accumulated other comprehensive income	160,069	139,913
Non-controlling interests	75,262	69,986
Total net assets	1,237,059	1,252,349
Total liabilities and net assets	2,891,053	2,842,896

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

Consolidated Statements of Income

	(In millions of yen)	
	FY2024 1H Ended September 30, 2024	FY2025 1H Ended September 30, 2025
Net sales	1,248,556	1,181,447
Cost of sales	1,041,856	984,708
Gross profit	<u>206,700</u>	<u>196,738</u>
Selling, general and administrative expenses	128,995	134,173
Operating profit	<u>77,705</u>	<u>62,565</u>
Non-operating income		
Interest income	1,336	1,284
Dividend income	2,871	3,259
Seconded employees' reimbursement	1,508	1,974
Share of profit of entities accounted for using equity method	9,172	7,541
Other	3,632	5,851
Total non-operating income	<u>18,521</u>	<u>19,910</u>
Non-operating expenses		
Interest expenses	6,804	6,833
Seconded employees' salaries	4,919	5,500
Other	13,541	12,479
Total non-operating expenses	<u>25,266</u>	<u>24,812</u>
Ordinary profit	<u>70,960</u>	<u>57,663</u>
Extraordinary income		
Gain on sale of investment securities	—	15,474
Gain on sale of non-current assets	5,373	6,678
Total extraordinary income	<u>5,373</u>	<u>22,152</u>
Extraordinary losses		
Provision for loss on sale of shares of subsidiaries and associates	—	4,185
Total extraordinary losses	<u>—</u>	<u>4,185</u>
Profit before income taxes	<u>76,334</u>	<u>75,630</u>
Income taxes	18,393	11,312
Profit	<u>57,941</u>	<u>64,317</u>
Profit attributable to non-controlling interests	1,357	1,487
Profit attributable to owners of parent	<u>56,583</u>	<u>62,830</u>

Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2024 1H Ended September 30, 2024	FY2025 1H Ended September 30, 2025
Profit	57,941	64,317
Other comprehensive income		
Valuation difference on available-for-sale securities	(21,216)	(2,612)
Deferred gains or losses on hedges	2,821	1,853
Foreign currency translation adjustment	34,888	(19,036)
Remeasurements of defined benefit plans, net of tax	(763)	(643)
Share of other comprehensive income of entities accounted for using equity method	(1,018)	(914)
Total other comprehensive income	14,711	(21,352)
Comprehensive income	72,652	42,965
Comprehensive income attributable to		
Owners of parent	69,600	42,673
Non-controlling interests	3,052	291

(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 half 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 semi-annual 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 semi-annual 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 Semi-Annual Consolidated Financial Statements

Regarding Calculation of Income Tax Expenses

Income tax expenses are calculated by applying a reasonably estimated effective tax rate to the semi-annual 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 half 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 September 30, 2024	FY2025 Ended September 30, 2025
Sales to outside customers:	Steel & Aluminum	541,724	488,429
	Advanced Materials	146,850	147,875
	Welding	46,594	45,793
	Machinery	114,242	122,158
	Engineering	64,449	73,189
	Construction Machinery	197,392	188,026
	Electric Power	133,608	113,422
	Other	2,956	1,682
	Adjustment	739	868
	Total	1,248,556	1,181,447
Intersegment sales:	Steel & Aluminum	18,767	17,622
	Advanced Materials	6,052	6,433
	Welding	271	319
	Machinery	5,856	6,844
	Engineering	855	753
	Construction Machinery	128	45
	Electric Power	—	—
	Other	758	882
	Adjustment	(32,690)	(32,901)
	Total	—	—
Total sales:	Steel & Aluminum	560,491	506,052
	Advanced Materials	152,902	154,309
	Welding	46,865	46,113
	Machinery	120,098	129,003
	Engineering	65,305	73,943
	Construction Machinery	197,521	188,071
	Electric Power	133,608	113,422
	Other	3,714	2,564
	Adjustment	(31,950)	(32,032)
	Total	1,248,556	1,181,447
Ordinary profit (loss):	Steel & Aluminum	14,450	6,598
	Advanced Materials	2,343	880
	Welding	2,144	2,018
	Machinery	12,303	18,637
	Engineering	4,674	2,997
	Construction Machinery	6,104	3,618
	Electric Power	29,297	23,536
	Other	2,011	1,345
	Adjustment	(2,368)	(1,968)
	Total	70,960	57,663

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 September 30, 2024 and 2025 are as follows:

	(In millions of yen)	
	FY2024 Ended September 30, 2024	FY2025 Ended September 30, 2025
Consolidated profit (loss)*	7,142	(3,520)
Other adjustments	(9,511)	1,552
Total	<u>(2,368)</u>	<u>(1,968)</u>

* 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 semi-annual consolidated statements of income.

Notes on Significant Fluctuations in the Amount of Shareholders' Equity

The balance of treasury shares at the end of the first half of fiscal 2025 increased by 2,338 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