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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

April 30, 2025

Company name: YAMATO KOGYO CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 5444

URL: <https://www.yamatokogyo.co.jp>

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President

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Scheduled date of annual general meeting of shareholders: June 27, 2025

Scheduled date to commence dividend payments: June 30, 2025

Scheduled date to file annual securities report: June 30, 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 Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	168,268	2.9	11,493	(33.5)	54,402	(45.2)	31,833	(54.5)
March 31, 2024	163,479	(9.4)	17,282	2.8	99,223	9.6	70,018	7.2

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 78,966 million [(25.3) %]
Fiscal year ended March 31, 2024: ¥ 105,718 million [(5.6) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	502.51	-	5.9	8.6	6.8
March 31, 2024	1,099.15	-	14.5	17.7	10.6

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2025: ¥ 27,773 million
Fiscal year ended March 31, 2024: ¥ 65,268 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	657,481	602,940	84.8	8,946.06
March 31, 2024	608,783	554,941	85.9	8,207.69

(Reference) Equity: As of March 31, 2025: ¥ 557,572 million
As of March 31, 2024: ¥ 522,873 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	71,028	(85,679)	(42,987)	124,021
March 31, 2024	80,915	(33,292)	(21,256)	168,695

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	150.00	-	250.00	400.00	25,874	36.4	5.3
March 31, 2025	-	200.00	-	200.00	400.00	25,594	79.6	4.7
Fiscal year ending March 31, 2026 (Forecast)	-	200.00	-	200.00	400.00		62.3	

(Note) 1 The year-end dividend of 250 yen per share for the fiscal year ended March 31, 2024 included a special dividend of 100 yen per share.

2 The interim dividend for the second quarter and the year-end dividend for the fiscal year ending March 31, 2025 each include a commemorative dividend of 50 yen per share (annually 100 yen per share).

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (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
Six months ending September 30, 2025	80,000	2.1	2,000	(60.1)	27,500	(34.3)	20,000	(29.9)	320.89
Full year	164,000	(2.5)	6,000	(47.8)	56,000	2.9	40,000	25.7	641.79

* Notes:

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

Newly included: 1 (Company name: PT Garuda Yamato Steel)

Excluded: - (Company name:)

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

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

March 31, 2025: 65,000,000 shares

March 31, 2024: 65,000,000 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 2,673,900 shares

March 31, 2024: 1,294,676 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 63,349,095 shares

Fiscal Year ended March 31, 2024: 63,702,560 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Group and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Group. Actual business and other results may differ substantially due to various factors. Please refer to 1. Overview of Operating Results, etc., (3) Future Outlook on page 5 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the fiscal year ended March 31, 2025 (the fiscal year under review), the business environment surrounding the Group continued to deteriorate, affected by the protracted slump in domestic demand in China and intensifying competition with inexpensive Chinese products mainly in the ASEAN region. In addition to the global downturn in steel demand and the softening of structural steel market, the Group recorded a large amount of equity in losses of affiliates associated with impairment loss in the Middle East business, resulting in a substantial decrease in earnings year on year.

Meanwhile, we secured high earnings in our business in the U.S., which is a core source of profit, and our new business base in Indonesia has made a significant contribution to consolidated performance.

In Japan, demand for structural steel has been stagnant partly due to delays in construction schedule resulting from labor shortages in the industry and stubbornly high construction costs. Additionally, the increasing influx of inexpensive imported products from countries like China has further contributed to the prolonged softening of the steel market. At Yamato Steel Co., Ltd., amid electricity and logistics costs rising sharply, efforts were made to penetrate selling prices that incorporate higher costs, implement integrated production and sales operations to meet short delivery schedules, and secure orders by capturing demand in the civil engineering sector. However, maintaining prices and securing order volumes remained challenging. In terms of performance, both sales and profit decreased year on year, partly affected by production suspension for a little more than one month for the renewal of a straightener of the rolling line.

As a result, net sales of the Steel (Japan) segment decreased by ¥13,056 million year on year to ¥59,514 million, and segment profit (operating profit) decreased by ¥4,901 million to ¥5,961 million.

Results for the period from January through December 2024 of our consolidated subsidiary in Thailand and our equity-method affiliates in the U.S., Bahrain, Saudi Arabia, Vietnam, and South Korea have been reflected in our consolidated accounts for the fiscal year under review.

As announced in the “Notice Concerning the Completion of Acquisition of Shares of the Indonesian Company (to Make It a Subsidiary) and Change of Trade Name” dated May 31, 2024, PT Garuda Yamato Steel (GYS), our consolidated subsidiary in Indonesia whose fiscal year ends on December 31, has been included in the scope of consolidation from the end of the first quarter of the fiscal year under review, assuming that the deemed acquisition date was March 31, 2024. Therefore, financial results for the nine months from April to December has been incorporated in the consolidated financial results. Meanwhile, the costs associated with this share acquisition (approximately ¥1.1 billion) were recorded under selling, general and administrative expenses in the consolidated statement of income for the three months ended June 30, 2024.

At our Thai consolidated subsidiary Siam Yamato Steel Co., Ltd. (SYS), demand for structural steel remained sluggish due to delays in government budget execution and a wait-and-see stance on private-sector projects. Additionally, competition with low-priced Chinese products intensified. In exports markets as well, a challenging competitive environment persisted, particularly against Chinese manufacturers, leading to a decline in sales volume compared to the previous fiscal year. The structural steel market also remained soft in both domestic and export markets due to the influence of Chinese products, and metal margins deteriorated due to a decline in sales prices.

As a result, net sales of the Steel (Thailand) segment decreased by ¥11,294 million year on year to ¥69,115 million, and segment profit (operating profit) decreased by ¥3,491 million to ¥5,345 million.

At our Indonesian consolidated subsidiary GYS, demand for structural steel remained sluggish due to the temporary stagnation of government-led infrastructure investment and large-scale private-sector projects before the inauguration of a new government in October, 2024. On the other hand, factors such as trade barriers attributable to curtailed influx of inexpensive imported products have led to high prices in the structural steel market, allowing us to secure high metal margins.

As a result, the Steel (Indonesia) segment reported net sales of ¥27,966 million and segment profit (operating profit) of ¥3,787 million. Note that the segment profit includes expenses related to the reevaluation of inventory assets due to the allocation of acquisition costs associated with the business combination of GYS, amounting to ¥626 million, amortization of intangible assets of ¥186 million, and amortization of goodwill of ¥793 million. For further details, please refer to 3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Business Combinations).

At Nucor-Yamato Steel Company (NYS), our equity-method affiliate in the U.S., demand remained firm, particularly for large-scale construction projects related to semiconductors, electric vehicles, and data centers.

However, in the second half of the fiscal year, some distributors held back purchases ahead of the presidential election and the growth of sale volume slowed. Although structural steel market continued to be softening partly affected by imported products, metal margins remained high throughout the fiscal year, with a slight year-on-year decline. In terms of performance, stable high profitability was maintained, despite a year-on-year decrease in profit.

At SULB Company BSC (c) (SULB), our equity-method affiliate in the Middle East, structural steel demand in the Middle East, especially from infrastructure investments, remained solid, and production and sales volume remained at a high level. On the other hand, price competition with manufacturers in the region has been intensifying, affected by the influx of inexpensive Chinese products, and selling prices have continued to decline. In terms of performance, even excluding impairment losses, profit declined year on year.

At Posco Yamato Vina Steel Joint Stock Company (PY VINA), our equity-method affiliate in Vietnam, sales volume increased year on year resulting from capturing demand for power transmission towers in the first half of the fiscal year, though demand for structural steel was severely affected by typhoons in the second half. On the other hand, selling prices have significantly plunged due to intensifying competition with imported products, including construction materials processed using Chinese steel sheets/plates. As a result, PY VINA recorded a year-on-year decrease in profit.

At YK Steel Corporation (YKS), our equity-method affiliate in South Korea, sales continued to be sluggish as prolonged and worsened conditions in the construction and real estate industries led to a significant decline in demand for rebars. In terms of performance, a decrease in sales volume and a decline in sales prices led to a deterioration in metal margins, resulting in a decrease in profit year on year.

As a result of the above, net sales for the fiscal year under review were ¥168,268 million, an increase of ¥4,788 year on year. On the profit front, operating profit was ¥11,493 million, a decrease of ¥5,789 million, ordinary profit was ¥54,402 million, a decrease of ¥44,821 million (including impairment losses related to the Middle East business), and profit attributable to owners of parent was ¥31,833 million, a decrease of ¥38,184 million, all year on year.

Please note that the average exchange rates used in the preparation of consolidated financial statements, based on the financial statements of overseas subsidiaries and affiliates, are as follows:

(For all overseas companies excluding GYS, the fiscal year under review was from January to December 2024.)

¥152.27/U.S. dollar, ¥4.32/baht, and 8.96 won/yen

(For GYS, the fiscal year under review was from April to December 2024.)

¥153.07/U.S. dollar

Average exchange rates for the previous year are as follows:

(The fiscal year of all overseas companies was from January to December 2023.)

¥141.20/U.S. dollar, ¥4.06/baht, and 9.25 won/yen

(2) Overview of Financial Position

(i) Changes in financial position

At the end of the fiscal year under review, total assets were ¥657,481 million, an increase of ¥48,698 million from the end of the previous fiscal year. The main factor behind this was the consolidation of GYS as of the end of the first quarter of the current fiscal year.

Total liabilities were ¥54,540 million, an increase of ¥699 million from the end of the previous fiscal year.

Also, at the end of the fiscal year under review, total net assets increased by ¥47,998 million from the end of the previous fiscal year to ¥602,940 million. The main factors behind this were an increase due to profit attributable to owners of parent, and a decrease caused by dividend payments and an acquisition of treasury shares. Furthermore, the progression of yen depreciation led to an increase in the foreign currency translation adjustment.

Please note that the following exchange rates are used in preparation of financial statements for overseas subsidiaries and affiliates and the conversion of assets and liabilities of domestic companies at the end of the fiscal year under review.

(The end of the fiscal year of all overseas companies was December 31, 2024.)

¥158.17/U.S. dollar, ¥4.65/baht, and 9.29 won/yen

(The end of the fiscal year of all domestic companies was March 31, 2025.)

¥149.53/U.S. dollar

Also, exchange rates at the end of the previous fiscal year are as follows:

(The end of the fiscal year of all overseas companies was December 31, 2023.)

¥141.82/U.S. dollar, ¥4.13/baht, and 9.09 won/yen

(The end of the fiscal year of all domestic companies was March 31, 2024.)

¥151.40/U.S. dollar

(ii) Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities was ¥71,028million, due mainly to profit before income taxes, and cash distributions from the equity-method affiliate in the US.

(Cash flows from investing activities)

Net cash used in investing activities was ¥85,679 million, due mainly to the purchase of property, plant and equipment and the purchase of shares of subsidiaries resulting in change in scope of consolidation.

(Cash flows from financing activities)

Net cash used in financing activities was ¥42,987 million, due mainly to the purchase of treasury shares and dividends paid.

Taking into account the effect of exchange rate change on cash and cash equivalents of ¥12,964 million, cash and cash equivalents at the end of the fiscal year under review decreased ¥44,673 million from the end of the previous year to ¥124,021 million.

(3) Future Outlook

Looking ahead, amid heightened uncertainty in the global economy, China is expected to focus on measures to expand domestic demand as the U.S.-China trade friction intensifies. However, it is unlikely that a significant reduction in China's exports of low-priced steel products will materialize, and global slump in steel demand and the softening of steel market conditions are expected to continue. Demand for H-beams, the Group's main product, and other steel products used in civil engineering and construction is expected to remain generally lackluster, and intense price competition is projected to continue, with the exception of the U.S., which has implemented additional tariff measures. In response, at each of our locations, we will continue to implement measures against Chinese steel products, striving to secure sales volume, maintain metal margins, and lower costs.

Based on the above, our forecasts for the first half of the fiscal year ending March 31, 2026 are consolidated net sales of ¥80,000 million, operating profit of ¥2,000 million, ordinary profit of ¥27,500 million, and profit attributable to owners of parent of ¥20,000 million.

For the full year earnings, we forecast consolidated net sales of ¥164,000 million, operating profit of ¥6,000 million, ordinary profit of ¥56,000 million, and profit attributable to owners of parent of ¥40,000 million.

With regard to our Middle East Business, as stated in our announcement, "Notice regarding decision to withdraw from Middle East business", dated January 31, 2025, we are currently in the final stage of discussion prior to the signing of the share transfer agreement, having reached basic agreement on the key terms with Foulath, our JV partner in the Middle East.

Our current assumptions regarding business conditions in each country/region are as follows:

- Japan

Construction demand continues to stagnate due to a shortage of construction capacity in the industry and persistently high construction costs. While public works budgets for civil engineering projects have remained relatively stable, actual demand has decreased due to persistently high construction costs. Under these conditions, although steel scrap market is showing signs of weakening due to falling overseas prices and a stronger yen, it remains at a persistently high level. In addition to further increases in electricity costs, overall costs including higher depreciation expenses are expected to remain elevated, resulting in an increasingly challenging business environment. Regarding performance, we will strive to secure sales volume through short delivery times and expand sales of high-value-added products, but we expect a decrease in profit year on year.

Additionally, as announced in the release titled "JFE Steel and Yamato Kogyo to collaborate in Japan's section steel market" on March 25, 2025, we have officially commenced collaboration with the JFE Steel group in H-beams as of April this year.

- Thailand

The Thai economy is gradually recovering and the implementation of government budget has begun to gain momentum, leading to expectations for a rebound in demand for structural steel. On the other hand, China's growing influence on the Thai economy has increased uncertainty about the outlook. As competition with low-priced Chinese products intensifies in both the domestic Thai market and ASEAN export markets, we will work to strengthen our sales strategies to regain market share. However, we anticipate continued challenges in sales for the time being, and accordingly, we expect a year-on-year decrease in profit.

It should be noted that Thailand's Ministry of Commerce launched an anti-dumping (AD) investigation in November, 2024 concerning H-beams imported from China. The investigation is expected to take approximately one year to complete.

- Indonesia

Although the Indonesian economy has remained solid, the new administration has made free school meals a key policy initiative, leading to a revision of the budget and a reduction in infrastructure investment. Private projects such as data centers, power plants, and oil and gas-related facilities are beginning to move forward, but demand for structural steel remains sluggish. We are working to strengthen sales by launching the production and sales of earthquake-resistant construction steel materials. However, while structural steel prices remain at high levels, they are showing signs of softening. As a result, we expect a year-on-year decrease in profit on a full-year basis.

- United States

While there are concerns about the potential impact of reciprocal tariff measures under the new administration on the U.S. economy, stable demand is expected for large-size H-beams and sheet piles, driven by large-scale construction projects such as semiconductor plants, data centers, and stadiums, as well as infrastructure investments. With regard to performance, although there are some effects from preemptive imports ahead of the additional tariffs on steel products and rising steel scrap prices, we expect to maintain the high metal margins and deliver strong profitability comparable to the previous fiscal year.

- Vietnam

The economy in Vietnam is on a recovery trend, and with the government increasing its infrastructure investment budget, a rebound in demand for structural steel is anticipated. However, structural steel market conditions continue to soften due to the impact of imported products, including building materials processed from Chinese steel sheets/plates. Since March, provisional AD duties have been imposed on Chinese steel sheets/plates, and this is expected to lead to some improvement in the business environment, although uncertainties remain. With regard to performance, we are forecasting a year-on-year increase in profit.

- South Korea

Amid a prolonged economic slump and political instability, economic uncertainty in the South Korea has increased. The business environment is becoming increasingly challenging, despite our efforts to improve market conditions by adapting our production in line with demand. As for performance, we are expecting a year-on-year decline in profit.

Please note that, for the January–December 2025 period, revenues generated and costs incurred by our overseas subsidiaries and affiliates have been translated into Japanese yen based on the following exchange rates:

(Average rates for the period)

¥139.05/U.S. dollar, ¥4.10/baht, and 10.51 won/yen

The following exchange rates have been applied for translating the year-end (meaning the end of December 2025 for overseas subsidiaries and affiliates and the end of March 2026 for domestic subsidiaries and affiliates) assets and liabilities of each subsidiary and affiliate:

(End of period rates for all overseas subsidiaries and affiliates)

¥135.00/U.S. dollar, ¥3.98/baht, and 10.86 won/yen

(End of period rates for all domestic subsidiaries and affiliates)

¥135.00/U.S. dollar

(4) Dividend Policy and Dividends for the Current and Next Fiscal Years

We consider investments in growth, contributions to stakeholders, and the return of profit to shareholders to be important management issues, and aim to achieve sustainable growth and increases in corporate value over the medium to long term.

With regard to dividends, its basic policy is to distribute profit in accordance with performance. In addition to setting the dividend so as to target a consolidated dividend payout ratio of around 40% every year, the Company endeavors to maintain continuous and steady dividend payments, with a minimum annual amount of ¥300 per share for the time being.

We will also acquire treasury shares as and when appropriate, after performing a comprehensive assessment of total payout ratio and other issues in relation to the business environment.

Based on the policy above, we plan to pay a year-end dividend of ¥200 per share including the 80th anniversary commemorative dividend (consisting of an ordinary dividend of ¥150 and the commemorative dividend of ¥50 per share in total), in consideration of the business results for the fiscal year under review and in appreciation of the continued support of our shareholders. (Annual dividend will be ¥400 per share, consisting of an ordinary dividend of ¥300 and the commemorative dividend of ¥100.)

With regard to dividends for the next fiscal year, we plan to pay the interim dividend of ¥200 per share for the second quarter and the year-end dividend of ¥200 per share, representing an annual dividend of ¥400 per share (an ordinary dividend).

With regard to the acquisition of treasury shares, based on the resolution of the Board of Directors held on October 31, 2024 (with an upper limit of 3 million shares to be acquired, a maximum acquisition value of ¥25.5 billion, and an acquisition period from November 1, 2024 to October 31, 2025), we have acquired approximately 1.41 million shares (an acquisition value of approximately ¥11.0 billion) by March 31, 2025.

2. Basic Approach to Selection of Accounting Standards

The Group prepares consolidated financial statements in conformity with the generally accepted accounting principles in Japan (Japanese GAAP), taking into consideration comparability of consolidated financial statements over time and comparability among companies.

The Group will take into consideration the domestic and international situations for appropriate adoption of the IFRS in the future.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	237,223	224,968
Notes receivable - trade	112	0
Accounts receivable - trade	31,259	24,054
Merchandise and finished goods	17,904	24,530
Work in process	861	891
Raw materials and supplies	19,895	29,797
Other	4,218	5,893
Allowance for doubtful accounts	(26)	(21)
Total current assets	311,449	310,115
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,210	51,590
Accumulated depreciation	(26,638)	(30,265)
Buildings and structures, net	11,571	21,324
Machinery, equipment and vehicles	136,678	187,137
Accumulated depreciation	(109,101)	(131,345)
Machinery, equipment and vehicles, net	27,576	55,791
Tools, furniture and fixtures	2,629	3,380
Accumulated depreciation	(2,205)	(2,656)
Tools, furniture and fixtures, net	424	724
Land	19,655	29,882
Construction in progress	7,178	5,198
Other	2,695	2,920
Accumulated depreciation	(615)	(723)
Other, net	2,079	2,197
Total property, plant and equipment	68,486	115,119
Intangible assets		
Goodwill	605	13,895
Other	1,303	3,851
Total intangible assets	1,909	17,746
Investments and other assets		
Investment securities	91,426	74,427
Investments in capital	104,575	110,827
Long-term loans receivable from subsidiaries and associates	22,913	21,673
Long-term time deposits	6,037	-
Retirement benefit asset	1,375	1,513
Other	911	6,132
Allowance for doubtful accounts	(301)	(74)
Total investments and other assets	226,937	214,499
Total non-current assets	297,333	347,365
Total assets	608,783	657,481

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,851	10,197
Current portion of long-term borrowings	-	1,174
Accounts payable - other	4,694	3,761
Accrued expenses	2,982	3,394
Income taxes payable	4,057	2,190
Advances received	-	1,858
Provision for bonuses	789	862
Other	1,875	1,824
Total current liabilities	25,250	25,265
Non-current liabilities		
Long-term borrowings	-	782
Deferred tax liabilities	20,842	20,057
Retirement benefit liability	2,126	3,145
Other	5,621	5,290
Total non-current liabilities	28,591	29,275
Total liabilities	53,841	54,540
Net assets		
Shareholders' equity		
Share capital	7,996	7,996
Capital surplus	41	228
Retained earnings	421,207	424,470
Treasury shares	(1,354)	(12,326)
Total shareholders' equity	427,890	420,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,072	10,463
Foreign currency translation adjustment	83,678	126,419
Remeasurements of defined benefit plans	231	321
Total accumulated other comprehensive income	94,982	137,203
Non-controlling interests	32,068	45,367
Total net assets	554,941	602,940
Total liabilities and net assets	608,783	657,481

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	163,479	168,268
Cost of sales	131,678	138,740
Gross profit	31,800	29,527
Selling, general and administrative expenses		
Packing and transportation costs	5,557	5,220
Salaries and allowances	2,505	3,032
Provision for bonuses	189	226
Retirement benefit expenses	189	188
Depreciation	313	700
Taxes and dues	495	481
Subsidiary stock acquisition-related cost	-	1,181
Other	5,265	7,002
Total selling, general and administrative expenses	14,517	18,033
Operating profit	17,282	11,493
Non-operating income		
Interest income	11,814	12,207
Dividend income	494	613
Equity in earnings of affiliates	65,268	27,773
Foreign exchange gains	3,736	1,756
Other	785	1,229
Total non-operating income	82,099	43,580
Non-operating expenses		
Interest expenses	91	253
Loss on valuation of derivatives	-	209
Loss on disaster	16	35
Other	49	174
Total non-operating expenses	158	671
Ordinary profit	99,223	54,402
Extraordinary income		
Gain on sale of non-current assets	10	25
Gain on sale of investment securities	6	101
Total extraordinary income	16	126
Extraordinary losses		
Loss on retirement of non-current assets	315	499
Provision for loss on litigation	1,315	118
Value added taxes for prior periods	914	-
Other	164	26
Total extraordinary losses	2,710	645
Profit before income taxes	96,529	53,883
Income taxes - current	23,825	20,470
Income taxes - deferred	580	(578)
Total income taxes	24,405	19,892
Profit	72,123	33,991
Profit attributable to non-controlling interests	2,105	2,157
Profit attributable to owners of parent	70,018	31,833

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	72,123	33,991
Other comprehensive income		
Valuation difference on available-for-sale securities	5,605	(605)
Foreign currency translation adjustment	16,567	28,361
Remeasurements of defined benefit plans, net of tax	406	89
Share of other comprehensive income of entities accounted for using equity method	11,015	17,128
Total other comprehensive income	33,594	44,975
Comprehensive income	105,718	78,966
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	101,243	74,054
Comprehensive income attributable to non-controlling interests	4,474	4,911

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,996	15	370,233	(1,380)	376,865
Changes during period					
Dividends of surplus			(19,044)		(19,044)
Profit attributable to owners of parent			70,018		70,018
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					-
Disposal of treasury stock upon restricted stock compensation		26		26	52
Increase in consolidated subsidiaries - non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	26	50,973	25	51,024
Balance at end of period	7,996	41	421,207	(1,354)	427,890

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,473	58,456	(172)	63,757	29,588	470,211
Changes during period						
Dividends of surplus						(19,044)
Profit attributable to owners of parent						70,018
Purchase of treasury shares						(1)
Disposal of treasury shares						-
Disposal of treasury stock upon restricted stock compensation						52
Increase in consolidated subsidiaries - non-controlling interests						-
Net changes in items other than shareholders' equity	5,599	25,221	404	31,225	2,479	33,705
Total changes during period	5,599	25,221	404	31,225	2,479	84,730
Balance at end of period	11,072	83,678	231	94,982	32,068	554,941

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,996	41	421,207	(1,354)	427,890
Changes during period					
Dividends of surplus			(28,570)		(28,570)
Profit attributable to owners of parent			31,833		31,833
Purchase of treasury shares				(11,004)	(11,004)
Disposal of treasury shares		155		11	167
Disposal of treasury stock upon restricted stock compensation		31		21	52
Increase in consolidated subsidiaries - non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	186	3,263	(10,971)	(7,521)
Balance at end of period	7,996	228	424,470	(12,326)	420,369

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,072	83,678	231	94,982	32,068	554,941
Changes during period						
Dividends of surplus						(28,570)
Profit attributable to owners of parent						31,833
Purchase of treasury shares						(11,004)
Disposal of treasury shares						167
Disposal of treasury stock upon restricted stock compensation						52
Increase in consolidated subsidiaries - non-controlling interests					9,981	9,981
Net changes in items other than shareholders' equity	(609)	42,740	89	42,221	3,317	45,538
Total changes during period	(609)	42,740	89	42,221	13,299	47,998
Balance at end of period	10,463	126,419	321	137,203	45,367	602,940

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	96,529	53,883
Depreciation	6,487	9,348
Amortization of goodwill	102	895
Increase (decrease) in allowance for doubtful accounts	3	(234)
Increase (decrease) in provision for bonuses	36	72
Increase (decrease) in retirement benefit liability	130	93
Interest and dividend income	(12,308)	(12,820)
Interest expenses	91	253
Foreign exchange losses (gains)	(109)	(835)
Equity in (earnings) losses of affiliates	(65,268)	(27,773)
Loss (gain) on sale of non-current assets	(9)	(25)
Loss on retirement of non-current assets	315	499
Decrease (increase) in trade receivables	(2,609)	8,049
Decrease (increase) in inventories	3,030	633
Increase (decrease) in trade payables	14	(2,739)
Increase (decrease) in accounts payable - other	68	(2,055)
Other, net	(701)	(2,551)
Subtotal	25,803	24,693
Interest and dividends received	76,027	70,538
Interest paid	-	(166)
Income taxes paid	(20,915)	(24,037)
Net cash provided by (used in) operating activities	80,915	71,028
Cash flows from investing activities		
Payments into time deposits	(76,150)	(278,010)
Proceeds from withdrawal of time deposits	42,879	261,323
Proceeds from sale of securities	20	-
Purchase of property, plant and equipment	(6,341)	(16,434)
Proceeds from sale of property, plant and equipment	11	57
Purchase of intangible assets	(392)	(370)
Purchase of investment securities	(112)	(2,350)
Proceeds from sale of investment securities	1,230	106
Collection of loans receivable from subsidiaries and affiliates	5,562	771
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(50,918)
Other, net	1	146
Net cash provided by (used in) investing activities	(33,292)	(85,679)
Cash flows from financing activities		
Repayments of long-term borrowings	-	(1,834)
Purchase of treasury shares	(1)	(11,004)
Dividends paid	(19,022)	(28,549)
Dividends paid to non-controlling interests	(1,994)	(1,596)
Other, net	(238)	(2)
Net cash provided by (used in) financing activities	(21,256)	(42,987)
Effect of exchange rate change on cash and cash equivalents	8,469	12,964
Net increase (decrease) in cash and cash equivalents	34,836	(44,673)
Cash and cash equivalents at beginning of period	133,859	168,695
Cash and cash equivalents at end of period	168,695	124,021

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”), etc. have been applied from the beginning of the current fiscal year.

The amendment to categories in which current income taxes should be recorded (taxation on other comprehensive income) follows the transitional treatment prescribed in the proviso to paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso to (2) of paragraph 65-2 of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance 2022”). These changes in accounting policies have no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Guidance 2022 has been applied from the beginning of the current fiscal year. This change in accounting policies has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared reflecting the retrospective application. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(Additional Information)

(Recording of equity in losses of affiliates for Middle East business)

We have decided to withdraw from the Middle East business, and have therefore additionally recorded ¥25,429 million of equity in loss of affiliates, including impairment losses.

(Segment Information, etc.)

1. Overview of Reportable Segments

The reportable segments are those component units of the Company for which separate financial information is available, and are subject to regular scrutiny by the Board of Directors in order to determine allocation of management resources and to assess results.

The Group uses the domestic business and its mother factory as a base for developing overseas business activities that are characterized by local production and local consumption. It achieves this by establishing production and sales locations in markets with strong demand or in emerging countries in which growth in infrastructure investment is expected going forward. The steel operations that constitute the main business of the Company are managed by Yamato Steel Co., Ltd. in Japan, and by local subsidiary Siam Yamato Steel Co., Ltd. (Thailand) and PT Garuda Yamato Steel (Indonesia) overseas. Each has independent managements units, and they have formulated a comprehensive strategy for the country or region in relation to the products they handle, based on which they are developing their business activities.

Accordingly, the Group consists of four reportable segments categorized by business or region, with each based on a production and sales structure. They are “Steel (Japan),” “Steel (Thailand),” “Steel (Indonesia),” and “Trackwork materials.”

The main products and services for each reportable segment are as follows.

[Steel (Japan)]	H-beam, channel, I-beam, sheet pile, patterned H-beams, rolled steel for shipbuilding, cast steel products, structural components for ships, heavy-duty machining
[Steel (Thailand)]	H-beam, channel, I-beam, sheet pile
[Steel (Indonesia)]	H-beam, channel, Equal angle
[Trackwork materials]	Turnouts, expansion joints, NEW crossings, glued insulated joint rails, anti-derailing guards, tie plates, bolts

2. Methods of Measurement for the Amounts of Net Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

Accounting treatment of reportable segments is for the most part the same as the accounting treatment

used for the preparation of the consolidated financial statements.

Segment profit is stated on an operating profit basis.

Internal net sales and transfers are determined mainly with reference to market prices and manufacturing cost.

3. Information about the Amounts of Net Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

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

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Steel (Japan)	Steel (Thailand)	Trackwork materials	Subtotal				
Net sales								
(1) Sales to customers	72,570	80,409	7,554	160,535	2,943	163,479	—	163,479
(2) Inter-segment sales and transfers	559	—	—	559	—	559	(559)	—
Total	73,129	80,409	7,554	161,094	2,943	164,038	(559)	163,479
Segment profit	10,863	8,836	905	20,605	141	20,747	(3,464)	17,282
Segment assets	75,603	93,207	5,742	174,553	16,595	191,149	417,634	608,783
Other:								
Depreciation and amortization	1,493	4,398	361	6,253	86	6,340	147	6,487
Amortization of goodwill	—	—	—	—	102	102	—	102
Increase in property, plant and equipment and intangible assets	5,101	2,481	295	7,878	41	7,919	630	8,550

(Notes) 1. The “Other” category consists of business segments not included in reportable segments, and includes manufacture and sale of counterweights, transportation, medical waste treatment, and real estate leasing.

2. Reconciliations are as follows:

- (1) The reconciliations of segment profit included corporate general expenses of ¥ (3,464) million which were not allocated to the reportable segments. Corporate general expenses consist mainly of general expenses that are not attributable to the reportable segments.
- (2) The reconciliations of segment assets included corporate assets of ¥417,634 million which were not allocated to the reportable segments. Corporate assets consist mainly of assets of the filing company or the assets of the US headquarters company that are not attributable to the reportable segments.
- (3) The reconciliations of depreciation and amortization included corporate general expenses of ¥147 million not allocated to reportable segments.
- (4) The reconciliations of increases in property, plant and equipment, and intangible assets included corporate assets of ¥630 million not allocated to reportable segments.

3. Certain reconciliations were made between segment profit and operating profit in the consolidated statements of income.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments					Other (Note 1)	Total	Recon- ciliations (Note 2)	Consoli- dated (Note 3)
	Steel (Japan)	Steel (Thailand)	Steel (Indonesia)	Trackwork materials	Subtotal				
Net sales									
(1) Sales to customers	59,514	69,115	27,966	8,725	165,322	2,945	168,268	—	168,268
(2) Inter-segment sales and transfers	686	169	—	—	856	—	856	(856)	—
Total	60,201	69,284	27,966	8,725	166,178	2,945	169,124	(856)	168,268
Segment profit	5,961	5,345	3,787	1,430	16,524	297	16,822	(5,329)	11,493
Segment assets	69,905	76,298	77,100	9,778	233,082	22,716	255,798	401,682	657,481
Other:									
Depreciation and amortization	2,568	4,623	1,533	361	9,087	73	9,161	186	9,348
Amortization of goodwill	—	—	793	—	793	102	895	—	895
Increase in property, plant and equipment and intangible assets (Note 4)	9,956	3,364	305	486	14,112	59	14,171	2,125	16,296

(Notes) 1. The “Other” category consists of business segments not included in reportable segments, and includes manufacture and sale of counterweights, transportation, medical waste treatment, and real estate leasing.

2. Reconciliations are as follows:

- (1) The reconciliations of segment profit included corporate general expenses of ¥ (5,329) million which were not allocated to the reportable segments. Corporate general expenses consist mainly of general expenses that are not attributable to the reportable segments and include subsidiary stock acquisition-related cost.
- (2) The reconciliations of segment assets included corporate assets of ¥401,682 million which were not allocated to the reportable segments. Corporate assets consist mainly of assets of the filing company or the assets of the US headquarters company that are not attributable to the reportable segments.
- (3) The reconciliations of depreciation and amortization included corporate general expenses of ¥186million not allocated to reportable segments.
- (4) The reconciliations of increases in property, plant and equipment, and intangible assets included corporate assets of ¥2,125 million not allocated to reportable segments.

3. Certain reconciliations were made between segment profit and operating profit in the consolidated statements of income.

4. The increase in property, plant and equipment and intangible assets did not include the increase caused by new consolidation.

4. Changes in Reportable Segments

The Company and its subsidiary Siam Yamato Steel Co., Ltd. jointly acquired 80% of the shares of PT Nusantara Baja Profil (“NBP”) of Indonesia effective May 31, 2024. NBP changed its trade name to PT Garuda Yamato Steel (“GYS”) as of the same date.

As the Group consists of reportable segments categorized by business or region, with each based on a production and sales structure, we added “Steel (Indonesia)” as a new reportable segment.

Since GYS has been included in the scope of consolidation from the end of the first quarter, its financial results have been incorporated in the consolidated financial results from the second quarter (mid-term) of the consolidated fiscal year ending March 31, 2025.

5. Disclosure of Impairment Losses on Non-current Assets or Goodwill, etc. for Each Reportable Segment (Significant Change in Amount of Goodwill)

The “Steel (Indonesia)” segment recorded goodwill of ¥13,392 million.

(Business Combinations)

(Business Combination through Acquisition)

The Company and its consolidated subsidiary Siam Yamato Steel Company Limited (“SYS”) of Thailand, reached an agreement with PT Gunung Raja Paksi (“GRP”), a major private steel manufacturer listed on the Indonesia Stock Exchange and PT Gunung Garuda (“GRD”), to acquire 80% of the shares of PT Nusantara Baja Profil, the newly established company, which will take over the structural steel business operated by GRP as well as the business real estate held by GRD through contribution in kind. At a meeting of the Board of Directors held on August 8, 2023, it was resolved to conclude a share transfer agreement for the share acquisition of the newly established company, and the agreement was concluded on the same day. Acquisition of the shares was completed on May 31, 2024. For this reason, PT Nusantara Baja Profil changed its name to PT Garuda Yamato Steel as of the same date. Consequently, the Group’s investment ratio to the PT Garuda Yamato Steel after the share acquisition has totaled to 80.00%, 45.00% by the Company and 35.00% by SYS, and PT Garuda Yamato Steel became a consolidated subsidiary of the Company.

1. Overview of the business combination

(1) Name of the acquired company and details of its business

- (i) Name of the acquired company: PT Garuda Yamato Steel (formerly PT Nusantara Baja Profil)
- (ii) Description of business: Manufacture and sale of steel products

(2) Main reasons for the business combination

The Group upholds the mission of contributing to the development of international society and the realization of prosperous local communities through its global steel business, and is continuing to work towards achieving sustainable society, while also aiming for further growth.

Outside Japan, we have set ASEAN as a focus region for the future, where solid infrastructure investment and demand for steel materials can be expected. Accordingly, we opened a third base in the region following SYS in Thailand and POSCO YAMATO VINA STEEL JOINT STOCK COMPANY in Vietnam, to establish a supply system for 3 million tons of structural steel. Since then, we have been striving to make the base the second core of earning after the US business, as our business challenge.

GRP is a major private steel manufacturer with a track record of over 50 years of operation in Indonesia, which enjoys the largest population in ASEAN, as well as being a leading manufacturer with the largest share of the country’s structural steel market. GRP was listed on the Indonesia Stock Exchange in 2019 and is currently promoting various corporate reforms with an eye to the ESG perspective. Meanwhile, we were engaged in strategic discussions with GRP, aiming to maximize synergies with GRP’s corporate transformation. In this context, we reached an agreement after intensive discussions on the concept of splitting off the structural steel business of GRP to jointly acquire 80% of the shares of the newly established company by the Company and SYS. The Company aims to capture demand in the structural steel market in Indonesia, which will grow significantly in the future. We will achieve this by bringing to the newly established company our electric furnace operation technology we have developed over many years and various management know-how such as marketing that SYS has built up in the ASEAN region, as well as by strategically implementing additional capital investments.

We position SYS, with more than 30 years of history since its establishment, as the mother plant in the ASEAN region, and it will also be a co-investor in this project. The project aims to achieve autonomous and sustainable growth as a majority shareholder by utilizing the Group’s global assets, marking a step forward in the promotion of a more active business strategy. We pursue to contribute to the growth of the region while capturing the fruits of such growth as profits. To achieve this aim, we will continue to develop businesses for local production for local consumption in various areas where we operate, and maximize synergies among our three bases centered on SYS, particularly in the ASEAN region.

Hanwa Co., Ltd., a company that has been developing a wide range of steel business in Indonesia, also participated in this share transfer agreement by assuming 15% of the shares of the newly established company through its local subsidiary. Accordingly, we aim to achieve sustainable growth of this business in collaboration with Hanwa Co., Ltd. In addition, GRP will continue to be involved in the business as a 5% shareholder of the newly established company. Therefore, while working in cooperation with GRP, we seek to promote the smooth operation of the newly established company and coexistence with the surrounding local community.

(3) Date of business combination

May 31, 2024 (Deemed acquisition date: March 31, 2024)

(4) Legal form of business combination

Acquisition of shares in consideration of cash

- (5) Name of company after combination
PT Garuda Yamato Steel (formerly PT Nusantara Baja Profil)
- (6) Ratio of voting rights to be acquired
80% (including 35% held indirectly)
- (7) Main basis for determining the acquiring company
The shares were acquired in consideration of cash.
2. Period of the acquired company's results included in the consolidated financial statements
April 1, 2024 to December 31, 2024
3. Breakdown of acquisition cost of the acquired company and consideration by type
- | | | |
|-------------------------------|------|------------------------|
| Consideration for acquisition | Cash | <u>¥55,529 million</u> |
| Acquisition cost | | ¥55,529 million |
4. Breakdown and amount of major acquisition-related expenses
Advisory and other costs ¥1,181 million
5. Amount of assets accepted and liabilities assumed on the date of business combination and major breakdown thereof
- | | |
|--------------------------------|------------------------|
| Current assets | ¥19,034 million |
| <u>Non-current assets</u> | <u>¥42,591 million</u> |
| <u>Total assets</u> | <u>¥61,625 million</u> |
| Current liabilities | ¥7,894 million |
| <u>Non-current liabilities</u> | <u>¥3,824 million</u> |
| <u>Total liabilities</u> | <u>¥11,718 million</u> |
6. Amount, cause, amortization method and period of goodwill to be accrued
- (1) Amount of goodwill
¥13,603 million
The amount of goodwill had been accounted for provisionally until the third quarter of the current fiscal year. Based on the allocation of acquisition costs finalized by the end of the current fiscal year, the amount of goodwill has decreased by ¥1,915 million, mainly due to an increase of ¥2,449 million in customer-related intangible assets.
- (2) Cause
The goodwill was generated in consideration of excess profitability expected from the future development of the business.
- (3) Amortization method and period
The amount will be amortized in equal amounts over a period of 13 years.
7. Estimated amount and measurement method of the impact of the business combination on the consolidated statement of income for the current fiscal year, assuming that the business combination was completed at the beginning of the consolidated fiscal year
- | | |
|------------------|----------------|
| Net sales | ¥9,404 million |
| Operating profit | ¥1,495 million |

(Methods of Measurement for the Estimated Amount)

The estimated amount of impact is measured as the difference between the net sales and profit and loss information calculated assuming that the business combination was completed at the beginning of the consolidated fiscal year, and the net sales and profit and loss information on the consolidated statement of income of the acquiring company.

This note has not received audit certification.

(Per Share Information)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net assets per share	8,207.69 yen	8,946.06 yen
Basic earnings per share	1,099.15 yen	502.51 yen

(Notes) 1. Information on diluted earnings per share is omitted since there were no potentially dilutive shares outstanding.

2. The bases for calculation of basic earnings per share are as follows:

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent (millions of yen)	70,018	31,833
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (millions of yen)	70,018	31,833
Average number of common stock during the fiscal period (shares)	63,702,560	63,349,095

3. The bases for calculation of net assets per share is as follows.

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Total net assets (millions of yen)	554,941	602,940
Amount deducted from total net assets (millions of yen)	32,068	45,367
[Of which noncontrolling interests (millions of yen)]	[32,068]	[45,367]
Net assets associated with common shares at the end of the period (millions of yen)	522,873	557,572
Number of common shares used to calculate net assets per share at the end of the period (shares)	63,705,324	62,326,100

(Significant Subsequent Events)

Not applicable.