

May 13, 2025

**Consolidated Financial Results
for the Year Ended March 31, 2025
(Based on Japanese GAAP)**

Company name: The Japan Steel Works, Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 5631
 URL: <https://www.jsw.co.jp/>
 Representative: Toshio Matsuo, Representative Director & President
 Inquiries: Hideo Nakanishi, Director, Executive Officer General Manager, General Affairs Department
 Telephone: +81-3-5745-2001
 Scheduled date of annual general meeting of shareholders: June 23, 2025
 Scheduled date to commence dividend payments: June 24, 2025
 Scheduled date to file annual securities report: June 20, 2025
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: Yes (For Securities Analysts and Institutional Investors)

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

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	248,556	(1.6)	22,824	26.7	23,495	17.8	17,961	25.8
March 31, 2024	252,501	5.8	18,014	30.1	19,945	33.3	14,278	19.2

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥21,464 million [(3.9)%]
 For the fiscal year ended March 31, 2024: ¥22,329 million [56.1%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2025	244.03	-	9.7	6.1	9.2
March 31, 2024	194.02	-	8.5	5.6	7.1

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2025: ¥16 million
 For the fiscal year ended March 31, 2024: ¥30 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2025	398,122	195,101	48.5	2,625.13
March 31, 2024	366,775	178,613	48.3	2,404.83

Reference: Equity
 As of March 31, 2025: ¥193,220 million
 As of March 31, 2024: ¥176,983 million

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	(4,567)	(12,272)	(5,723)	75,150
March 31, 2024	21,707	(6,841)	(4,899)	96,902

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	-	29.00	-	30.00	59.00	4,342	30.4	2.6
Fiscal year ended March 31, 2025	-	38.00	-	48.00	86.00	6,329	35.2	3.4
Fiscal year ending March 31, 2026 (Forecast)		44.00		44.00	88.00		35.0	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (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
Fiscal year ending March 31, 2026	290,000	16.7	24,500	7.3	24,500	4.3	18,500	3.0	251.34

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (3) Number of issued shares (common shares)

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

As of March 31, 2025	74,408,985 shares
As of March 31, 2024	74,399,910 shares

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

As of March 31, 2025	804,900 shares
As of March 31, 2024	804,752 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	73,601,588 shares
Fiscal year ended March 31, 2024	73,591,835 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	143,370	(10.7)	8,988	(10.4)	14,218	2.7	11,021	13.4
March 31, 2024	160,599	2.1	10,031	20.4	13,838	14.4	9,716	(18.7)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2025	149.75	-
March 31, 2024	132.04	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2025	299,839	145,694	48.6	1,979.43
March 31, 2024	277,705	138,905	50.0	1,887.42

Reference: Equity

As of March 31, 2025: ¥145,694 million

As of March 31, 2024: ¥138,905 million

* 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**

(Explanation of Appropriate Use of Forward-Looking Information)

Forward-looking statements, such as earnings forecasts, contained in this material are forecasts judged by the Company based on information available at the time of publication, and are not intended to be a promise by the Company to realize them. Actual financial results, etc. may differ substantially due to various factors. For the conditions on which earnings forecasts are predicated and precautions for using earnings forecasts, please refer to Appendix "1. Please refer to "Summary of Business Results (4) Future Outlook".

(Other special notes)

The Company plans to hold an earnings briefing for securities analysts and institutional investors on Tuesday, May 20, 2025. The financial results briefing materials used in the briefing are scheduled to be posted on the Company's website after 11 a.m. on the day of the meeting.

Table of contents - Attachments

1. Overview of operating results, etc.	2
(1) Overview of operating results for the fiscal year under review	2
(2) Overview of financial position for the fiscal year under review	3
(3) Overview of cash flows for the fiscal year under review	3
(4) Future outlook	4
(5) Basic policy on distribution of profits and dividends for the current and next fiscal years	5
2. Basic approach to selection of accounting standards	5
3. Consolidated financial statements and primary notes	6
(1) Consolidated balance sheets	6
(2) Consolidated statements of income and comprehensive income	8
Consolidated statements of income	8
Consolidated statements of comprehensive income	9
(3) Consolidated statements of changes in equity	10
(4) Consolidated statements of cash flows	12
(5) Notes to the consolidated financial statements	14
(Notes on going concern assumption)	14
(Notes on changes in accounting policies)	14
(Notes to consolidated balance sheet)	14
(Notes to consolidated statement of income)	14
(Notes on segment information, etc.)	15
(Notes on per share information)	17
(Notes on significant subsequent events)	17
4. Other	19
(1) Supplementary information	19
(2) Changes in officers	20

1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

Regarding the business environment surrounding The Japan Steel Works, Ltd. (the “Company”) and its subsidiaries (collectively, the “JSW Group”) during the fiscal year ended March 31, 2025 (the “fiscal year under review”), orders for Plastic production and processing machinery in the Industrial Machinery Products Business faced a severe situation due to such factors as stagnation in EV-related investments. However, there were signs of recovery in the market for molding machines, and demand for defense-related equipment increased under the government’s policy to strengthen national defense capabilities, resulting in steady performance overall. In the Material and Engineering Products Business, stable demand for steel forgings and plates continued, supported by rising energy-related investments driven by growing electricity demand. As a result, the overall order backlog at the end of the fiscal year reached a record-high level.

Amid these circumstances, the JSW group has formulated a vision for the fiscal year ending March 31, 2034, ten years in the future, centered around our Purpose. We aim to simultaneously achieve our sustainability target of “contributing to the realization of a sustainable and prosperous world through the development and implementation of industrial machinery and new materials that solve social issues” and our financial target of “growing into a corporate group with sales of ¥500 billion.” To that end, we have set interim goals for the fiscal year ending March 31, 2029, and launched the medium-term management plan, JGP2028, which outlines specific initiatives for resolving material issues and sustainably increasing corporate value. We have promoted business activities in alignment with this plan.

Regarding financial results for the JSW Group during the fiscal year under review, orders received totaled ¥310,295 million (down 7.4% year-on-year), due to declines in both the Industrial Machinery Products Business and Material and Engineering Products Business. Net sales were ¥248,556 million (down 1.6% year-on-year), due to a decline in the Industrial Machinery Products Business, despite an increase in the Material and Engineering Products Business. In terms of profit, partly due to increased net sales and production activity in the Steel and Engineering Products Business, operating profit was ¥22,824 million (up 26.7% year-on-year), ordinary profit was ¥23,495 million (up 17.8% year-on-year), and profit attributable to owners of parent was ¥17,961 million (up 25.8% year-on-year).

Financial results by segment are as follows.

Industrial machinery products business

Orders received were ¥258,542 million (down 6.8% year-on-year), net sales were ¥199,045 million (down 4.5% year-on-year), and operating profit was ¥17,576 million (down 13.9% year-on-year), partly due to a revision in cost allocation, including headquarters expenses.

(Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Change	
	Orders received	Net sales	Orders received	Net sales	Orders received	Net sales
Plastic production and processing machinery	102,188	102,747	51,458	72,299	(50,730)	(30,448)
Molding machines	64,962	58,727	65,748	66,950	786	8,222
Defense-related equipment	70,572	24,159	115,849	32,225	45,277	8,066
Other industrial machinery	39,694	22,732	25,486	27,570	(14,207)	4,837
Total	277,418	208,368	258,542	199,045	(18,875)	(9,322)
Operating profit		20,412		17,576		(2,835)

Material and engineering business

Orders received were ¥49,380 million (down 10.7% year-on-year), while net sales were ¥47,118 million (up 12.4% year-on-year) and operating profit was ¥8,699 million (up 169.6% year-on-year), partly due to an increase in orders for nuclear power generation-related products.

(Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Change	
	Orders received	Net sales	Orders received	Net sales	Orders received	Net sales
Steel forgings and plates	47,766	33,017	42,701	38,412	(5,065)	5,394
Engineering, etc.	7,539	8,894	6,678	8,706	(860)	(187)
Total	55,305	41,911	49,380	47,118	(5,925)	5,207
Operating profit		3,226		8,699		5,473

Other businesses

Orders received were ¥2,372 million, net sales were ¥2,391 million, and operating profit was ¥112 million.

(2) Overview of financial position for the fiscal year under review

Total assets at the end of the fiscal year under review were ¥398,122 million, an increase of ¥31,347 million compared to the end of the previous fiscal year. This was primarily due to an increase in current assets, including work in process, as well as an increase in non-current assets resulting from capital investment.

Total liabilities at the end of the fiscal year under review were ¥203,020 million, an increase of ¥14,859 million compared to the end of the previous fiscal year. This was primarily due to an increase in current liabilities such as contract liabilities.

Net assets at the end of the fiscal year under review were ¥195,101 million, an increase of ¥16,488 million compared to the end of the previous fiscal year. This was primarily due to an increase in retained earnings. The equity ratio stood at 48.5%, compared to 48.3% at the end of the previous fiscal year.

(3) Overview of cash flows for the fiscal year under review

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Cash flow from operating activities	14,712	22,325	(986)	21,707	(4,567)	(26,274)
Cash flow from investing activities	(3,243)	(2,976)	947	(6,841)	(12,272)	(5,431)
Cashflows from financing activities	2,767	(2,860)	(20,112)	(4,899)	(5,723)	(824)
Effect of exchange rate change on cash and cash equivalents	(46)	551	752	535	812	276
Net increase (decrease) in cash and cash equivalents	14,189	17,040	(19,399)	10,502	(21,751)	(32,253)
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	92	—	—	—	—	—
Cash and cash equivalents at end of period	88,759	105,799	86,400	96,902	75,150	(21,751)
Borrowings and bonds payable at end of period	56,878	57,493	42,547	42,476	42,212	(264)

The balance of cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review was ¥75,150 million, a decrease of ¥21,751 million from the end of the previous fiscal year.

The status and factors affecting cash flows from each activity during the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥4,567 million. This was primarily due to an increase in operating capital, despite posting profit before income taxes. Cash flows from operating activities in the previous fiscal year was an inflow of ¥21,707 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥12,272 million, primarily due to the purchase of property, plant and equipment and intangible assets. Cash flows from investing activities in the previous fiscal year was an outflow of ¥6,841 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥5,723 million, primarily due to the payment of dividends. Cash flows from financing activities in the previous fiscal year was an outflow of ¥4,899 million.

Trends in the JSW Group's cash flow-related indicators are as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity-to-asset ratio (%)	44.4	44.0	45.7	48.3	48.5
Equity-to-asset ratio based on fair value (%)	61.1	82.7	52.4	68.0	96.8
Cash flow to interest-bearing debt ratio (years)	4.0	2.6	—	2.0	—
Interest coverage ratio (times)	46.9	79.5	—	102.2	—

Equity-to-asset ratio: Shareholders' equity / Total assets

Equity-to-asset ratio based on fair value: Total market capitalization / Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debts / Cash flow

Interest coverage ratio: Cash flow / Interest paid

* The indicators were calculated using consolidated financial figures.

* The total market capitalization was calculated by multiplying the closing share price at the fiscal year end by the total number of shares issued (less treasury shares) at the fiscal year end.

* Cash flow figures are based on cash flows from operating activities as stated in the consolidated statement of cash flows. Interest-bearing debts include all liabilities recorded on the consolidated balance sheet for which interest is paid. Interest paid is based on the amount of interest paid reported in the consolidated statement of cash flows.

* The cash flow to interest-bearing debt ratio (years) and the interest coverage ratio (times) for the fiscal years ended March 31, 2023 and March 31, 2025 are omitted due to negative cash flows from operating activities.

(4) Future outlook

Regarding the business environment surrounding the JSW Group, we will continue to closely monitor potential impacts, such as restrained capital investment due to uncertainty around U.S. trade policies in the near term. Over the medium term, in the Industrial Machinery Products Business, we expect the performance of the defense-related equipment business to remain at a high level. Additionally, steady demand is expected for various plastic processing machinery, driven by the movement toward realizing a low-carbon society, improving energy efficiency, and establishing a plastic-resource-recycling-society. In the Material and Engineering Products Business, stable demand is expected for steel forgings and plates used in power generation equipment that will realize both a stable electricity supply and decarbonization in response to globally increasing power demand.

For the fiscal year ending March 31, 2026, we forecast orders received of ¥300.0 billion, net sales of ¥290.0 billion, operating profit of ¥24.5 billion, ordinary profit of ¥24.5 billion, and profit attributable to owners of parent of ¥18.5 billion.

(5) Basic policy on distribution of profits and dividends for the current and next fiscal years

The Company's basic policy on distribution of profits is to provide stable and continuous dividends while aiming to increase them over time. In addition, to enhance corporate and shareholder value, we are striving to secure stable earnings from existing businesses, invest in facilities and R&D to drive the growth of new businesses and products, and strengthen our financial position.

With regard to dividends, the Company's basic policy is to pay both an interim dividend and a year-end dividend each fiscal year, in accordance with financial results during the period as well as our responsibility to shareholders. The decision-making body for year-end dividends is the general meeting of shareholders, while interim dividends are determined by the Board of Directors.

During the period covered by our medium-term management plan, JGP2028, we aim to maintain a consolidated dividend payout ratio of 35% or more and to implement dividend payments with dividend on equity (DOE) of 2.5% or higher.

For the fiscal year ended March 31, 2025, we plan to pay a year-end dividend of ¥48 per share.

For the fiscal year ending March 31, 2026, we plan to pay an interim dividend of ¥44 per share and a year-end dividend of ¥44 per share, resulting in a total annual dividend of ¥88 per share.

2. Basic approach to selection of accounting standards

For the time being, the JSW Group will continue to adopt accounting practices generally accepted in Japan ("Japanese GAAP"). However, with regard to International Financial Reporting Standards ("IFRS"), we will closely monitor developments in the regulatory environment and respond appropriately as necessary.

3. Consolidated financial statements and primary notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	97,613	75,899
Notes receivable - trade	1,129	507
Electronically recorded monetary claims - operating	4,143	7,729
Accounts receivable - trade	59,718	59,891
Merchandise and finished goods	6,292	5,894
Work in process	81,293	113,654
Raw materials and supplies	9,988	10,980
Other	14,228	21,276
Allowance for doubtful accounts	(198)	(237)
Total current assets	274,209	295,595
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,927	26,427
Machinery, equipment and vehicles, net	12,085	13,533
Tools, furniture and fixtures, net	2,363	3,176
Land	6,628	8,089
Leased assets, net	931	1,059
Construction in progress	787	3,335
Total property, plant and equipment	46,723	55,622
Intangible assets		
Goodwill	80	-
Leased assets	13	10
Other	1,564	2,229
Total intangible assets	1,658	2,240
Investments and other assets		
Investment securities	25,276	24,629
Long-term loans receivable	300	356
Distressed receivables	225	219
Retirement benefit asset	5,787	6,171
Deferred tax assets	9,384	10,071
Other	3,529	3,528
Allowance for doubtful accounts	(322)	(313)
Total investments and other assets	44,182	44,664
Total non-current assets	92,565	102,527
Total assets	366,775	398,122

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,357	29,545
Electronically recorded obligations - operating	35,489	29,647
Short-term borrowings	12,360	12,473
Current portion of long-term borrowings	4,844	10,299
Lease liabilities	387	335
Income taxes payable	3,214	4,604
Contract liabilities	34,690	56,596
Provision for bonuses for directors (and other officers)	44	51
Provision for warranties for completed construction	52	286
Provision for loss on construction contracts	583	579
Provision for loss on wind power generator business	512	486
Provision for business restructure	1,498	1,455
Other	19,873	21,275
Total current liabilities	143,909	167,637
Non-current liabilities		
Long-term borrowings	25,272	19,440
Lease liabilities	771	980
Deferred tax liabilities	318	306
Provision for retirement benefits for directors (and other officers)	44	39
Retirement benefit liability	9,168	7,791
Long-term guarantee deposits	6,716	4,867
Asset retirement obligations	1,427	1,446
Other	532	511
Total non-current liabilities	44,251	35,383
Total liabilities	188,161	203,020
Net assets		
Shareholders' equity		
Share capital	19,818	19,837
Capital surplus	5,550	5,569
Retained earnings	141,103	154,059
Treasury shares	(2,316)	(2,317)
Total shareholders' equity	164,155	177,149
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,351	7,845
Deferred gains or losses on hedges	(644)	7
Foreign currency translation adjustment	1,919	3,117
Remeasurements of defined benefit plans	4,202	5,101
Total accumulated other comprehensive income	12,828	16,071
Non-controlling interests	1,629	1,881
Total net assets	178,613	195,101
Total liabilities and net assets	366,775	398,122

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	252,501	248,556
Cost of sales	195,688	187,562
Gross profit	56,813	60,993
Selling, general and administrative expenses		
Freight and packing costs	8,174	7,146
Sales commission	4,403	3,626
Other direct selling expenses	931	960
Personnel expenses	11,042	11,562
Retirement benefit expenses	277	293
Travel expenses	994	1,158
Research and development expenses	4,643	4,478
Other indirect selling, general and administrative expenses	8,331	8,943
Total selling, general and administrative expenses	38,799	38,169
Operating profit	18,014	22,824
Non-operating income		
Interest income	73	124
Dividend income	636	716
Foreign exchange gains	839	-
Gain on non-current assets rent	306	255
Share of profit of entities accounted for using equity method	30	16
Miscellaneous income	669	507
Total non-operating income	2,555	1,619
Non-operating expenses		
Interest expenses	212	274
Foreign exchange losses	-	277
Miscellaneous losses	412	396
Total non-operating expenses	624	948
Ordinary profit	19,945	23,495
Extraordinary income		
Gain on sale of non-current assets	1,092	272
Gain on sale of investment securities	644	1,170
Total extraordinary income	1,737	1,443
Extraordinary losses		
Loss on sale of non-current assets	13	227
Loss on retirement of non-current assets	566	807
Impairment losses	1,427	-
Loss on valuation of investment securities	-	6
Loss on sales of investments in capital	-	54
Loss on inappropriate conduct in quality inspections	473	535
Total extraordinary losses	2,480	1,631
Profit before income taxes	19,201	23,307
Income taxes - current	5,118	6,941
Income taxes - deferred	(365)	(1,787)
Total income taxes	4,752	5,153
Profit	14,449	18,153
Profit attributable to non-controlling interests	170	192
Profit attributable to owners of parent	14,278	17,961

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	14,449	18,153
Other comprehensive income		
Valuation difference on available-for-sale securities	4,394	493
Deferred gains or losses on hedges	(285)	652
Foreign currency translation adjustment	794	1,266
Remeasurements of defined benefit plans, net of tax	2,976	898
Total other comprehensive income	7,880	3,311
Comprehensive income	22,329	21,464
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,115	21,203
Comprehensive income attributable to non-controlling interests	214	260

(3) Consolidated statements of changes in equity

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	19,799	5,531	131,093	(2,315)	154,108
Issuance of new shares	18	18			37
Dividends of surplus			(4,268)		(4,268)
Profit attributable to owners of parent			14,278		14,278
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Transfer of loss on disposal of treasury shares		0	(0)		-
Net changes in items other than shareholders' equity					-
Total changes during period	18	18	10,010	(0)	10,046
Balance at end of period	19,818	5,550	141,103	(2,316)	164,155

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,956	(359)	1,168	1,225	4,991	1,536	160,636
Issuance of new shares					-		37
Dividends of surplus					-		(4,268)
Profit attributable to owners of parent					-		14,278
Purchase of treasury shares					-		(1)
Disposal of treasury shares					-		0
Transfer of loss on disposal of treasury shares					-		-
Net changes in items other than shareholders' equity	4,394	(285)	750	2,976	7,836	93	7,930
Total changes during period	4,394	(285)	750	2,976	7,836	93	17,977
Balance at end of period	7,351	(644)	1,919	4,202	12,828	1,629	178,613

Consolidated statements of changes in equity

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	19,818	5,550	141,103	(2,316)	164,155
Issuance of new shares	19	19			38
Dividends of surplus			(5,004)		(5,004)
Profit attributable to owners of parent			17,961		17,961
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		0	0
Transfer of loss on disposal of treasury shares					
Net changes in items other than shareholders' equity					-
Total changes during period	19	19	12,956	(0)	12,994
Balance at end of period	19,837	5,569	154,059	(2,317)	177,149

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,351	(644)	1,919	4,202	12,828	1,629	178,613
Issuance of new shares					-		38
Dividends of surplus					-		(5,004)
Profit attributable to owners of parent					-		17,961
Purchase of treasury shares					-		(1)
Disposal of treasury shares					-		0
Transfer of loss on disposal of treasury shares							
Net changes in items other than shareholders' equity	493	652	1,198	898	3,242	251	3,494
Total changes during period	493	652	1,198	898	3,242	251	16,488
Balance at end of period	7,845	7	3,117	5,101	16,071	1,881	195,101

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	19,201	23,307
Depreciation	7,743	7,895
Amortization of goodwill	161	80
Impairment losses	1,427	-
Interest and dividend income	(709)	(840)
Interest expenses	212	274
Share of loss (profit) of entities accounted for using equity method	(30)	(16)
Loss (gain) on valuation of investment securities	-	6
Loss (gain) on sale of investment securities	(644)	(1,170)
Loss (gain) on sales of investments in capital	-	54
Loss (gain) on sale of property, plant and equipment and intangible assets	(1,079)	(44)
Loss on retirement of property, plant and equipment and intangible assets	566	807
Decrease (increase) in trade receivables	8,366	17,244
Increase (decrease) in trade payables	(2,982)	(11,497)
Decrease (increase) in inventories	(6,230)	(32,276)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(149)	(2,517)
Increase (decrease) in retirement benefit liability	132	(70)
Decrease (increase) in retirement benefit asset	(339)	(363)
Increase (decrease) in provision for warranties for completed construction	(257)	233
Other, net	(592)	(899)
Subtotal	24,794	208
Interest and dividends received	708	860
Interest paid	(212)	(268)
Income taxes refund (paid)	(3,583)	(5,368)
Net cash provided by (used in) operating activities	21,707	(4,567)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(9,864)	(15,110)
Proceeds from sale of property, plant and equipment and intangible assets	1,802	658
Purchase of investment securities	(19)	(23)
Proceeds from sale of investment securities	1,320	2,612
Net decrease (increase) in time deposits	207	(27)
Payments for retirement of property, plant and equipment	(387)	(721)
Proceeds from sale of investments in capital	-	210
Proceeds from liquidation of subsidiaries and associates	-	69
Other, net	99	58
Net cash provided by (used in) investing activities	(6,841)	(12,272)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,455	113
Proceeds from long-term borrowings	1,000	4,500
Repayments of long-term borrowings	(2,525)	(4,876)
Dividends paid	(4,268)	(5,004)
Dividends paid to non-controlling interests	(120)	(9)
Repayments of finance lease liabilities	(439)	(446)
Net cash provided by (used in) financing activities	(4,899)	(5,723)
Effect of exchange rate change on cash and cash equivalents	535	812
Net increase (decrease) in cash and cash equivalents	10,502	(21,751)
Cash and cash equivalents at beginning of period	86,400	96,902
Cash and cash equivalents at end of period	96,902	75,150

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on changes in accounting policies)

(Application of accounting standard for current income taxes, etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 27; October 28, 2022; hereinafter, the “2022 Revised Accounting Standard”), and other standards from the beginning of the fiscal year ended March 31, 2025.

Previously, income taxes, including corporate, inhabitant, and enterprise taxes (collectively, “current income taxes”), were recorded under profit or loss based on amounts calculated in accordance with applicable laws and regulations. However, under the revised policy, current income taxes related to income are now allocated and recorded under profit or loss, shareholders’ equity, or other comprehensive income depending on the nature of the underlying transaction that gave rise to the taxes. In cases where current income taxes are recorded under accumulated other comprehensive income, the corresponding tax amounts are reclassified to profit or loss at the point in time when the underlying transaction that caused the tax liability is recorded in profit or loss. However, when the transaction subject to taxation relates to either shareholders’ equity or other comprehensive income in addition to profit or loss, and it is difficult to calculate the tax amount corresponding to shareholders’ equity or other comprehensive income, the tax amount is recorded under profit or loss.

This change in accounting policy was made according to the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard.

This change has no effect on the consolidated financial statements.

(Notes to consolidated balance sheet)

(Contingent liabilities)

In May 2022, an internal investigation revealed that inappropriate practices had been conducted during inspection required in the production process for some products manufactured by Japan Steel Works M&E, Inc. (“M&E”), a subsidiary of the Company. Specifically, some numerical data obtained in the inspection, which should have been evaluated against customer-specified requirements, were instead treated as falling within acceptable ranges based on related specifications. A subsequent investigation was conducted by a special investigation committee composed of external attorneys, and the Company received the committee’s report in November 2022.

Although this matter may have an impact on the future financial position and operating results, the potential impact cannot be reasonably estimated at this time. Accordingly, it has not been reflected in the consolidated financial statements for the fiscal year under review.

(Notes to consolidated statement of income)

(Loss on inappropriate conduct in quality inspections)

In May 2022, an internal investigation revealed that inappropriate practices (the “inappropriate conduct”) had been conducted during inspection required in the production process for some products manufactured by M&E. Specifically, some numerical data obtained in the inspection, which should have been evaluated against customer-specified requirements, were instead treated as falling within acceptable ranges based on related specifications.

In response to the discovery of this inappropriate conduct at M&E, the Company has not only reviewed the quality assurance framework of M&E but has also initiated a Group-wide verification of its quality control systems. Furthermore, a special investigation committee composed of external attorneys was established to conduct an investigation. Costs and expenses related to this matter have been recorded as a loss on inappropriate conduct in quality inspections.

Depending on the future developments of this incident, the Company may incur costs for compensating customers or other related expenses, which could affect the consolidated financial results. However, it is not currently possible to reasonably estimate the amount of that impact, and therefore, it has not been reflected in the consolidated financial statements for the fiscal year under review.

(Notes on segment information, etc.)

1. Overview of Reporting Segments

The Company's reporting segments are those of the Company's constituent units for which segregated financial information is available and is subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

We are developing our business as a comprehensive manufacturer of materials and machinery.

Accordingly, the Company has three reporting segments: Industrial Machinery Products Business, Material and Engineering Business, and Other Business.

The Industrial Machinery Products Business segment covers plastic production and processing machinery, molding machines, defense-related equipment, and other industrial machinery.

The Material and Engineering Business covers steel forgings and plates, engineering, and other businesses.

The Other Businesses include the film deposition business, crystal business, etc.

2. Method of calculating the amount of sales, profits or losses, assets and other items for each reporting segment

The accounting practices for the reported business segments are generally identical to the accounting policies employed to prepare the consolidated financial statements.

The profit of the reporting segment is operating income.

In addition, internal sales or transfers between segments are based on third-party transaction prices.

3. Information on the amount of sales, profits or losses, assets and other items for each reported segment, and information on the breakdown of revenues

The previous fiscal year (April 1, 2023 to March 31, 2024)

(in millions of yen)

	Reportable segments				Adjustment amount (Note)	Per consolidated financial statements
	Industrial Machinery Products	Material and Engineering Products	Other Businesses	Total		
Sales						
Plastic Production and processing machinery	102,747	-	-	102,747	-	102,747
Molding Machines	58,727	-	-	58,727	-	58,727
Defense-related equipment	24,159	-	-	24,159	-	24,159
Other Industrial Machinery	22,732	-	-	22,732	-	22,732
Steel Forgings and Plates	-	33,017	-	33,017	-	33,017
Engineering, etc.	-	8,894	-	8,894	-	8,894
other	-	-	2,221	2,221	-	2,221
Revenue generated from customer contracts	208,368	41,911	2,221	252,501	-	252,501
(1) Sales to external customers	208,368	41,911	2,221	252,501	-	252,501
(2) Internal sales or transfers between segments	1,468	7,885	1,894	11,248	(11,248)	-
Total	209,836	49,796	4,115	263,749	(11,248)	252,501
Segment profit (operating income)	20,412	3,226	63	23,701	(5,687)	18,014
Segment Assets	200,808	57,617	7,276	265,701	101,073	366,775
Other items						
Depreciation	4,321	2,072	1,045	7,439	304	7,743
Increase in property, plant and equipment and intangible assets	8,111	2,712	561	11,385	798	12,183

Note: 1 The adjustment to segment profit of (5,687) million yen includes corporate expenses that have not been allocated to each reporting segment and the amount of inventory adjustments related to inter-segment transactions.

2 The adjustment amount of 101,073 million yen in segment assets includes the offset of receivables and liabilities related to company-wide assets and inter-segment transactions that have not been allocated to each reporting segment.

3 The adjustment amount of 304 million yen for depreciation and amortization of other items is depreciation and amortization of company-wide assets. The adjustment for the increase in property, plant and equipment and intangible assets of 798 million yen is the increase in company-wide assets and the adjustment of fixed assets related to inter-segment transactions.

The current fiscal year (April 1, 2024 to March 31, 2025)

(in millions of yen)

	Reportable segments				Adjustment amount (Note)	Per consolidated financial statements
	Industrial Machinery Products	Steel and Engineering Products	Other Businesses	Total		
Sales						
Plastic Production and processing machinery	72,299	-	-	72,299	-	72,299
Molding Machines	66,950	-	-	66,950	-	66,950
Defense-related equipment	32,225	-	-	32,225	-	32,225
Other Industrial Machinery	27,570	-	-	27,570	-	27,570
Steel forging and Plates	-	38,412	-	38,412	-	38,412
Engineering, etc.	-	8,706	-	8,706	-	8,706
other	-	-	2,391	2,391	-	2,391
Revenue generated from customer contracts	199,045	47,118	2,391	248,556	-	248,556
(1) Sales to external customers	199,045	47,118	2,391	248,556	-	248,556
(2) Internal sales or transfers between segments	1,439	7,372	1,975	10,786	(10,786)	-
Total	200,484	54,491	4,367	259,342	(10,786)	248,556
Segment profit (operating income)	17,576	8,699	112	26,388	(3,564)	22,824
Segment Assets	242,694	64,152	6,827	313,674	84,448	398,122
Other items						
Depreciation	4,229	2,282	1,000	7,512	383	7,895
Increase in property, plant and equipment and intangible assets	12,502	4,547	508	17,558	591	18,150

Note: 1 The adjustment to segment profit of (3,564) million yen includes corporate expenses that have not been allocated to each reporting segment and the amount of inventory adjustments related to inter-segment transactions.

2 The adjustment amount of 84,448 million yen in segment assets includes the offset of receivables and liabilities related to company-wide assets and inter-segment transactions that have not been allocated to each reporting segment.

3 The adjustment amount of 383 million yen for depreciation and amortization of other items is depreciation and amortization of company-wide assets. The adjustment for the increase in property, plant and equipment and intangible assets of 591 million yen is the increase in company-wide assets and the adjustment of fixed assets related to inter-segment transactions.

(Notes on per share information)

	As of and for the fiscal year ended March 31, 2024	As of and for the fiscal year ended March 31, 2025
Net assets per share	2,404.83 yen	2,625.13 yen
Basic earnings per share	194.02 yen	244.03 yen

(Notes) 1. Diluted earnings per share are not shown because for there were no potential shares during the fiscal year under review

2. The basis for calculating basic earnings per share is as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
(1) Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	14,278	17,961
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (Millions of yen)	14,278	17,961
Average number of shares outstanding during the period (Shares)	73,591,835	73,601,588

(Notes on significant subsequent events)**(Large-scale borrowings)**

Based on a resolution of the Board of Directors made on January 17, 2025, the Company entered into a syndicated loan agreement on March 31, 2025, arranged by Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited as outlined below. The borrowing was executed on April 7, 2025.

Purpose of funds: Operating capital and repayment of existing borrowings

Lenders: Sumitomo Mitsui Banking Corporation and others

Borrowed amount: ¥25,000 million

Borrowing date: April 7, 2025

Repayment dates: April 8, 2030 (¥10,000 million)

April 7, 2032 (¥10,000 million)

April 9, 2035 (¥5,000 million)

Repayment method: Lump-sum repayment at maturity

Collateral: None

Financial covenants: (i) Total net assets in the consolidated balance sheet of the annual securities reports as of the end of the fiscal year ended March 31, 2025 and for each fiscal year-end thereafter are maintained at no less than 75% of the total net assets as reported in the consolidated balance sheet of the annual securities report as of the end of the fiscal year ended March 31, 2024.

(ii) No ordinary losses are recorded for two consecutive fiscal years in the consolidated statement of income of the annual securities reports for the fiscal year ended March 31, 2025 and for each fiscal year thereafter.

(Absorption-type merger of wholly owned subsidiary)

At a meeting of the Board of Directors held on April 14, 2025, the Company resolved to pursue a policy to conduct an absorption-type merger (the “Merger”) of Japan Steel Works M&E, Inc., a wholly owned subsidiary of the Company, effective April 1, 2026.

1. Overview of the business combination

(1) Names and business description of the companies involved in the combination

Company name: Japan Steel Works M&E, Inc. (“M&E”)

Description of business: manufacturing and sales of steel forgings and plates, and engineering business, etc.

(2) Date of conclusion of the merger agreement

January 2026 (scheduled)

(3) Effective date of the business combination

April 1, 2026 (scheduled)

(4) Legal form of the business combination

The merger will be an absorption-type merger, with the Company as the surviving company and M&E as the disappearing company.

(5) Name after the combination

The Japan Steel Works, Ltd.

(6) Other details regarding the transaction

(i) Purpose and current status of the reorganization implemented in April 2020

Following the significant deterioration in the business environment after the Great East Japan Earthquake in March 2011, the Group identified improving profitability as a key issue for the Material and Engineering Products Business (formerly the Steel and Energy Products Business), and in order to establish a stable profit-generating structure while maintaining the scale of this business, the Company performed reorganization in April 2020 centered on the Muroran Plant involving four former subsidiaries that had undergone functional spin off, and established M&E.

Since then, M&E has been reforming its earnings structure through initiatives such as reviewing its product portfolio with the aims of streamlining production via integrated business operations and enhancing profitability in the Material and Engineering Products Business, resulting in a significant improvement in the capital profitability of the Material and Engineering Products Business and the establishment of the stable profit-generating structure that was the objective of the reorganization.

(ii) Purpose of the Merger

- Sustainable growth of the Material and Engineering Products Business
- Acceleration of the creation of synergies within the Group
- Further strengthening of corporate governance

2. Overview of accounting treatment

The business combination will be accounted for as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

4. Other

(1) Supplementary information

Status of orders received, net sales, and order backlog

(i) Orders received

(Millions of yen)

Segment	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Industrial Machinery Products Business	277,418	258,542
Material and Engineering Products Business	55,305	49,380
Other Businesses	2,190	2,372
Total	334,914	310,295

(ii) Net sales

(Millions of yen)

Segment	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Industrial Machinery Products Business	208,368	199,045
Material and Engineering Products Business	41,911	47,118
Other Businesses	2,221	2,391
Total	252,501	248,556

(iii) Order backlog

(Millions of yen)

Segment	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Industrial Machinery Products Business	279,447	338,945
Material and Engineering Products Business	55,596	57,857
Other Businesses	123	104
Total	335,168	396,906

(2) Changes in officers (as of June 23, 2025)

[Directors]

Candidates for reappointment as director

Toshio Matsuo	(currently Representative Director & President)
Hiroki Kikuchi	(currently Representative Director & Executive Vice President, CFO, In charge of Export Control Administration, In charge of Finance & Accounting Department, In charge of Material and Engineering Products Business, General Manager, Corporate Planning Office)
Shigeki Inoue	(currently Director, Senior Managing Executive Officer, CTO, In charge of Quality Management, In charge of Intellectual Property Department, In charge of New Business Promotion Headquarters, General Manager, Quality Management Office, General Manager, Innovation Management Headquarters)
Hideo Nakanishi	(currently Director, Executive Officer, In charge of Export Control Administration, General Manager, General Affairs Department)
Yoshiyuki Nakanishi	(currently Outside Director)
Hisao Mitsui	(currently Outside Director)
Junko Kawamura	(currently Outside Director)
Yasuyuki Kuriki	(currently Outside Director)
Nobuko Mizumoto	(currently Outside Director)

New candidate for appointment as Director

Director, Senior Managing Executive Officer: Seiji Umamoto
(currently Senior Managing Executive Officer, CISO, In charge of Office of Information Technology & Office of Digital Transformation, In charge of Industrial Machinery Products Business [Plastic Machinery Business Division, Injection Molding Machine Business Division, Industrial Machinery Business Division], General Manager, Business Development Office)

Director to retire

Director: Motoyuki Shibata (to be appointed as Audit & Supervisory Board Member after retirement)

No changes will be made to the titles, responsibilities, or delegated duties of each director following the Annual General Meeting of Shareholders to be held on June 23, 2025.

[Audit & Supervisory Board Members]

New candidate for appointment as Audit & Supervisory Board Member

Audit & Supervisory Board Member (Full-Time): Motoyuki Shibata

Audit & Supervisory Board Member to retire

Audit & Supervisory Board Member (Full-Time): Hiroyuki Shimizu

[Substitute Audit & Supervisory Board Member]

Candidate for reappointment as substitute Audit & Supervisory Board Member

Aya Fujimatsu (currently substitute Audit & Supervisory Board Member)

[Officer headcount by gender and female ratio after change]

Eleven men and three women (percentage of female officers: 21.4%)