

# Financial Results for Fiscal 2022 and Forecast for Fiscal 2023

May 11, 2023  
Kobe Steel, Ltd.

**KOBELCO**

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# 1. Summary of Financial Results and Forecast

## Summary of Financial Results for Fiscal 2022

### Year on year

- Ordinary profit increased by **13.6 billion yen to 106.8 billion yen (ROIC: 4.9%)** due to a **significant improvement in steel metal spreads** and the start of operation of the Kobe Power Plant No.3 unit in the electric power business, despite negative factors such as **a decline in sales volume in the materials businesses** due to a decline in automobile production, **a decrease in unit sales of construction machinery** due to a decline in overall demand in China and the engine certification problem, **deterioration in margins for aluminum flat rolled products** due to rises in energy prices and other procurement costs, cost increases centered on fixed costs, and a decline in inventory valuation gains.

### Compared to the previous forecast

- Ordinary profit was **higher than previously forecast (92.0 billion yen)** due to selling price improvements in steel products, elimination of the impact of time lags in fuel cost adjustments in the electric power business, associated with the decline in the market price of thermal coal, and differences in assumptions on incurred costs, etc.

## Summary of Forecast for Fiscal 2023

### Year on year

- The business environment forecast assumes a **slight increase in automobile** production and a **recovery in the IT and semiconductor sectors from the second half of the year**, with **prices of main raw materials for steel and energy remaining at a similar level to fiscal 2022**. (Assumptions on thermal coal prices are based on recent market conditions.)
- **Steel metal spreads are expected to improve throughout fiscal 2023 as a result of the Company's price improvement efforts** implemented in fiscal 2022. The Company **plans to steadily resolve the remaining gap between the increased costs and selling prices for aluminum flat rolled products, advanced materials, welding and construction machinery**.
- **Ordinary profit is expected to increase, compared to fiscal 2022, to 130.0 billion yen (ROIC: approx. 6.0%)**, due to **sales expansion of aluminum flat rolled products and advanced materials, increased unit sales of construction machinery** along with progress in resolving the engine certification problem, **increased sales in the machinery and engineering businesses**, and **the start of operation of the Kobe Power Plant No.4 unit** and **gains due to time lags in fuel cost adjustments in the electric power business**, in addition to the aforementioned **selling price improvements**, despite an increase in fixed costs along with **rising labor costs and prices**, and decreases in compensation income related to the engine certification problem and inventory valuation gains.

(Billions of yen)

	FY2021 Actual	FY2022 Forecast (Previous)	FY2022 Actual	FY2023 Forecast	Change		
					Full Year ③ – ①	Full Year ③ – ②	Full Year ④ – ③
	①	②	③	④	③ – ①	③ – ②	④ – ③
Net Sales	2,082.5	2,490.0	2,472.5	2,680.0	389.9	(17.5)	207.5
Operating Profit (Loss)	87.6	67.0	86.3	150.0	(1.2)	19.3	63.7
Steel & Aluminum	37.5	39.0	41.9	35.0	4.4	2.9	(6.9)
Advanced Materials	5.1	0.5	0.9	6.0	(4.2)	0.4	5.1
Welding	2.7	2.5	2.8	4.0	0.0	0.3	1.2
Machinery	12.5	15.0	<sup>*3</sup> (15.7) 14.3	19.0	1.7	(0.7)	<sup>*3</sup> 3.3
Engineering	7.7	3.0	4.1	8.0	(3.5)	1.1	3.9
Construction Machinery	12.0	9.0	12.3	10.0	0.2	3.3	(2.3)
Electric Power	13.2	18.0	24.5	55.0	11.3	6.5	30.5
Other Businesses	7.0	6.0	<sup>*3</sup> (4.8) 6.3	4.0	(0.7)	0.3	<sup>*3</sup> (0.8)
Adjustment	(4.9)	(1.0)	(0.7)	(11.0)	4.2	0.3	(10.3)
Ordinary Profit (Loss)	93.2	<b>92.0</b>	<b>106.8</b>	<b>130.0</b>	13.6	14.8	23.2
Excluding Inventory Valuation	42.2	65.5	82.8	130.0	40.6	17.3	47.2
Extraordinary Income (Losses)	(9.2)	<sup>*1</sup> (7.7)	<sup>*2</sup> (8.7)	–	0.4	(1.0)	8.7
Profit (Loss) Attributable to Owners of Parent	60.0	<b>62.0</b>	<b>72.5</b>	<b>100.0</b>	12.4	10.5	27.5

\*1 Loss on transfer of shares in the copper tube business

\*2 Compensation for retirees due to the integration of production facilities in China in the construction machinery business, impairment loss for Kobelco Construction Machinery (China) Co., Ltd., etc.

\*3 Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other segment, has come under the Machinery segment. According to this change, [the results for fiscal 2022 have been recalculated as shown in parentheses.](#)

Automobile production

- While semiconductor supply shortages are assumed to ease at the end of 2023, automobile production is expected to increase only slightly from fiscal 2022 due to a decline in demand resulting from accelerating inflation, etc.

\*Affected units : Steel products, aluminum flat rolled products, aluminum suspensions, aluminum extrusions, copper flat rolled products, steel powder, and welding

Estimated automobile production volume by Japanese automotive manufacturers (including overseas production)

\* Compared to the average in fiscal 2019

	FY2021	FY2022 Forecast (Previous)			FY2022 Actual			FY2023 Forecast		
		1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Change	(12%)	(15%)	(9%)	(12%)	(15%)	(12%)	(14%)	(14%)	(8%)	(11%)

IT and Semiconductors

- Full-scale recovery is expected in the second half of fiscal 2023 or later in the sectors of disk materials for data centers and lead frame materials for PCs and smartphones, which are in an adjustment phase due to temporary stagnation in demand.

\*Affected units : Aluminum flat rolled products, aluminum castings and forgings, and copper flat rolled products

Shipbuilding

- Demand is expected to remain strong over the medium to long term due to the replacement of aging ships with environmentally friendly ships. The volume of shipbuilding to be completed in fiscal 2023 is expected to remain at a similar level to fiscal 2022, while labor shortages are becoming more evident.

\*Affected units : Steel products, steel castings and forgings, and welding

Aircraft

- Demand is on a recovery track and is expected to grow steadily over the medium to long term.

\*Affected units : Titanium, and aluminum castings and forgings

Beverage cans

- Demand is expected to recover and remain strong as the movement of people increases.

\*Affected units : Aluminum flat rolled products

Construction and civil engineering

- As redevelopment projects come into full swing, demand for steel frames is growing steadily and is expected to increase slightly compared to fiscal 2022.

\*Affected units : Steel products and welding

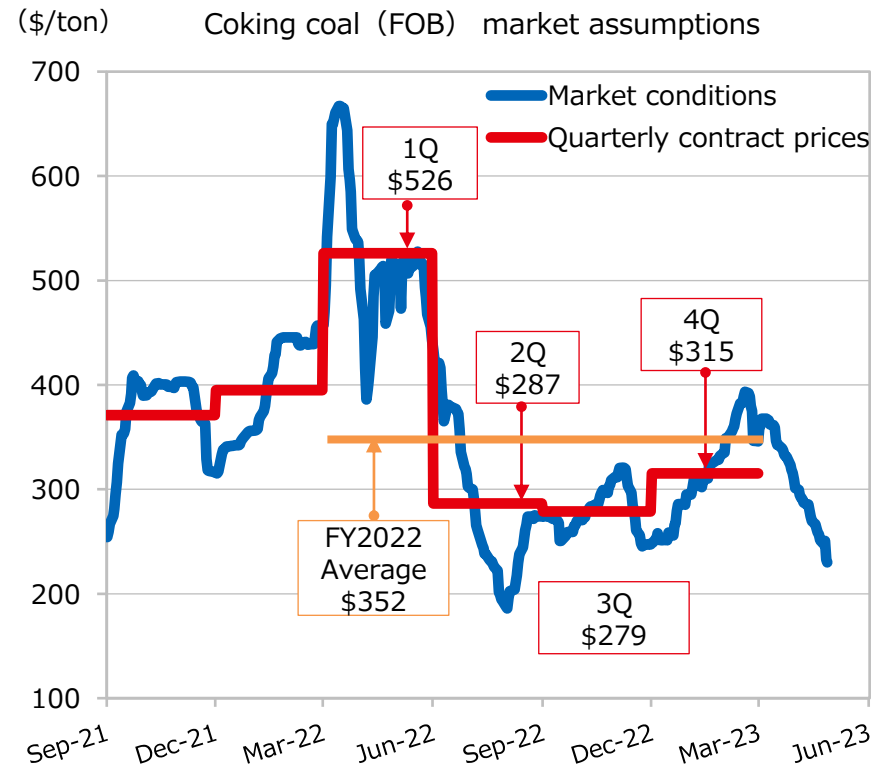
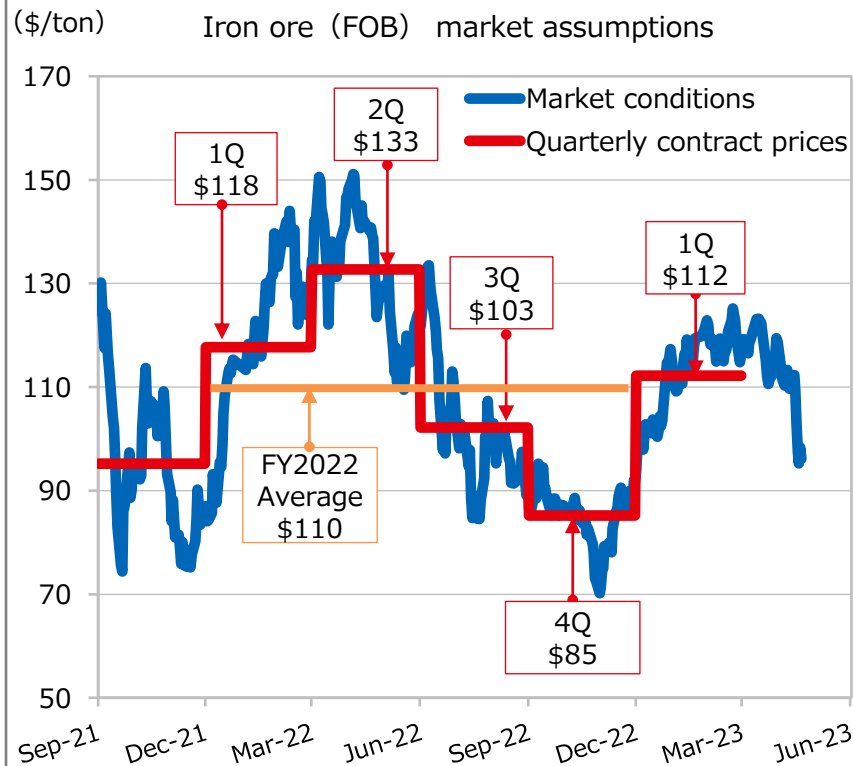
Iron ore: The price for fiscal 2023 1Q has been settled at \$112.

The price level for fiscal 2023 2Q onward is assumed to be **similar to the fiscal 2022 average** (similar to the fiscal 2023 1Q level).

Coking coal: The price level for fiscal 2023 is assumed to be **similar to the fiscal 2022 average**.

Thermal coal: The soaring market price since the end of January has been on a downward trend and stood at around \$170–200 in April.

Assumptions on the price level for fiscal 2023 are based on the market conditions as of April.



Iron ore  
Coking coal  
Thermal coal

## 2. Financial Results for Fiscal 2022



**FY2021 : Net sales of 2,082.5 billion yen →**

**FY2022 : Net sales of 2,472.5 billion yen (Up 389.9 billion yen year on year)**

- Despite a decline in sales volume, sales increased due to selling price improvements and an increase in the unit selling price of electricity associated with a sharp rise in the market price of thermal coal in the electric power business.

**FY2021 : Ordinary profit of 93.2 billion yen →**

**FY2022 : Ordinary profit of 106.8 billion yen (Up 13.6 billion yen year on year)**

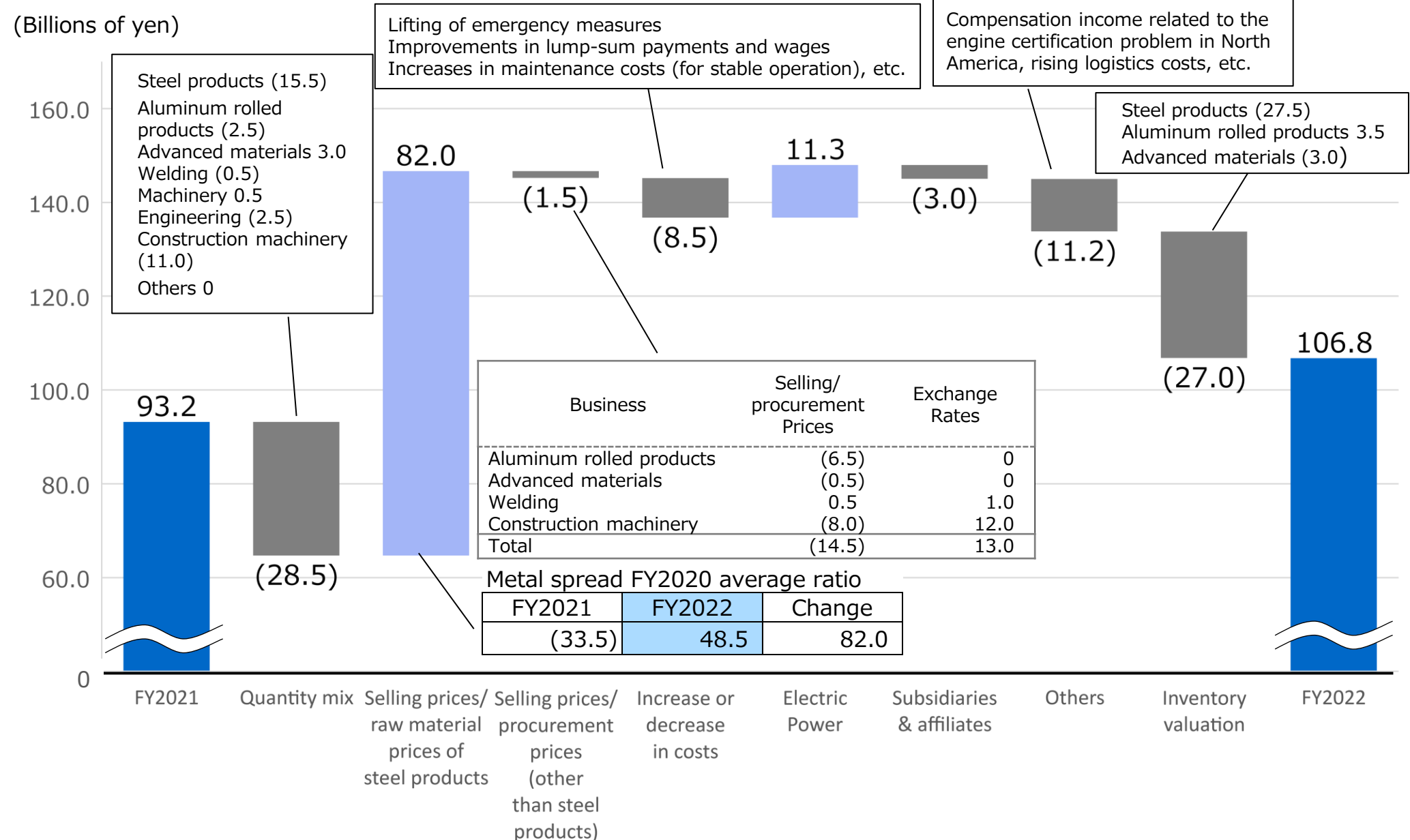
- Profit increased due to a significant improvement in steel metal spreads and the start of operation of the Kobe Power Plant No.3 unit, despite negative factors such as lower sales volumes, worsening margins for aluminum flat rolled products, cost increases centered on fixed costs, a decline in inventory valuation gains, etc.

	FY2021 Actual			FY2022 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	972.1	1,110.3	2,082.5	1,169.6	1,302.8	2,472.5	389.9
Operating Profit (Loss)	46.8	40.8	87.6	19.7	66.5	86.3	(1.2)
Ordinary Profit (Loss)	44.3	48.8	93.2	41.8	65.0	106.8	13.6
Excluding Inventory Valuation	19.3	22.8	42.2	19.3	63.5	82.8	40.6
Extraordinary Income (Losses)	—	(9.2)	(9.2)	(2.6)	(6.1)	(8.7)*	0.4
Profit (Loss) Attributable to Owners of Parent	34.5	25.5	60.0	28.0	44.5	72.5	12.4

(Billions of yen)

\* Breakdown of Extraordinary Income (Losses) in Fiscal 2022

Item	Amount	Reason
Impairment loss	(4.4)	Kobelco Construction Machinery (China) Co., Ltd., etc.
Loss on liquidation of business	(4.3)	Compensation for retirees due to the integration of production facilities in China in the construction machinery business, etc.
Extraordinary Income (Losses)	(8.7)	



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

### Net Sales

(Billions of yen)

	FY2021 Actual	FY2022 Actual	Change
	①	②	②-①
Steel & Aluminum	914.9	1,105.1	190.2
Advanced Materials	333.2	277.7	(55.4)
Welding	76.9	88.4	11.5
Machinery	166.8	186.9	20.0
Engineering	135.6	145.2	9.5
Construction Machinery	371.6	381.7	10.1
Electric Power	109.8	324.3	214.5
Other Businesses	28.8	27.5	(1.2)
Adjustment	(55.3)	(64.6)	(9.3)
<b>Total</b>	<b>2,082.5</b>	<b>2,472.5</b>	<b>389.9</b>

### Ordinary Profit (Loss)

(Billions of yen)

	FY2021 Actual	FY2022 Actual	Change
	③	④	④-③
Steel & Aluminum	37.5	41.9	4.4
Advanced Materials	5.1	0.9	(4.2)
Welding	2.7	2.8	0.0
Machinery	12.5	14.3	1.7
Engineering	7.7	4.1	(3.5)
Construction Machinery	12.0	12.3	0.2
Electric Power	13.2	24.5	11.3
Other Businesses	7.0	6.3	(0.7)
Adjustment	(4.9)	(0.7)	4.2
<b>Total</b>	<b>93.2</b>	<b>106.8</b>	<b>13.6</b>

(Billions of yen)

		FY2021 Actual			FY2022 Actual			Change ②-①
		1H	2H	①	1H	2H	②	
Steel products	Net Sales	346.5	404.4	751.0	438.3	471.3	909.7	158.6
	Ordinary Profit (Loss)	12.4	22.2	34.6	21.0	27.9	49.0	14.4
	Excluding Inventory Valuation	(9.5)	1.2	(8.4)	6.0	27.4	33.5	41.9
Aluminum rolled products	Net Sales	80.7	83.0	163.8	98.1	97.2	195.4	31.6
	Ordinary Profit (Loss)	2.4	0.4	2.8	1.2	(8.3)	(7.0)	(9.9)
	Excluding Inventory Valuation	2.4	(1.6)	0.8	(4.2)	(8.3)	(12.5)	(13.3)
Total	Net Sales	427.3	487.5	914.9	536.5	568.6	1,105.1	190.2
	Ordinary Profit (Loss)	14.8	22.6	37.5	22.3	19.6	41.9	4.4
	Excluding Inventory Valuation	(7.1)	(0.4)	(7.6)	1.8	19.1	21.0	28.6

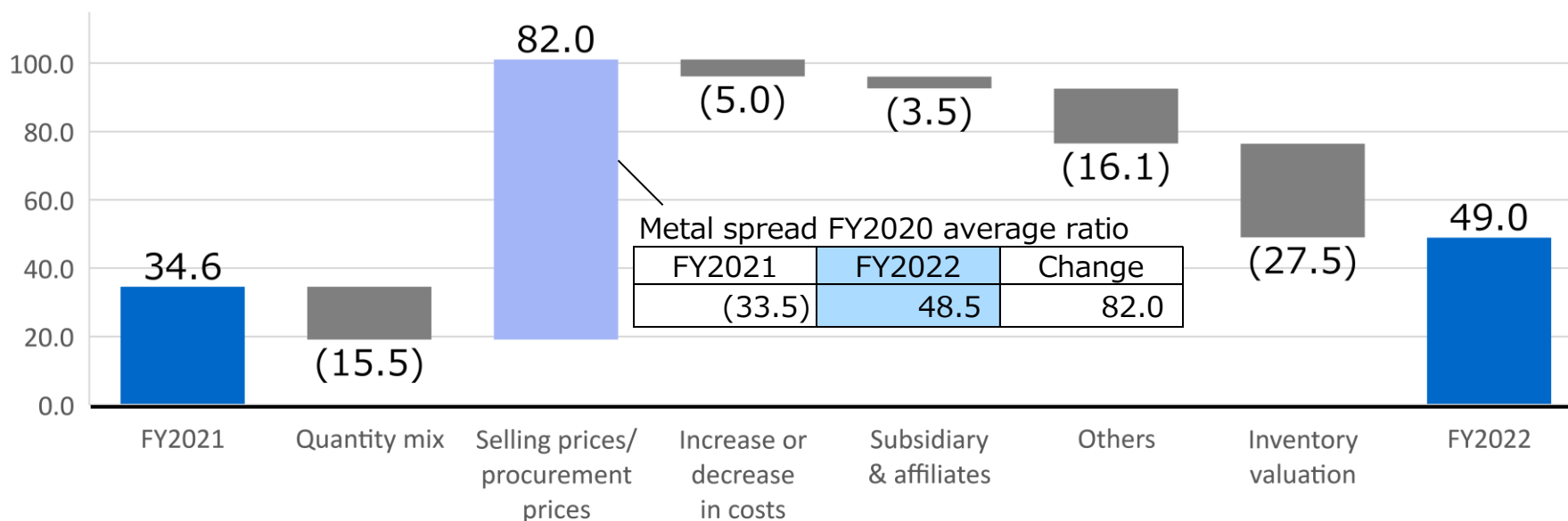
Steel products

FY2021 : Net sales of 751.0 billion yen →  
FY2022 : Net sales of 909.7 billion yen (Up 158.6 billion yen year on year)  
FY2021 : Ordinary profit of 34.6 billion yen →  
FY2022 : Ordinary profit of 49.0 billion yen (Up 14.4 billion yen year on year)

- Crude steel production: 6.19 million tons (Down 0.40 million tons year on year)
- Sales volume: 4.98 million tons (Down 0.29 million tons year on year)
  - Decrease in sales volume due to a decline in automobile production
- Selling price: 140,100 yen/ton (Up 34,500 yen/ton year on year)
- Factors affecting profit and loss
  - Improvements in metal spreads year on year due to selling price improvements
  - Decrease in sales volume
  - Cost increases centered on fixed costs, such as labor costs
  - Decrease in inventory valuation gains

(Billions of yen)

Related data on P46-47



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

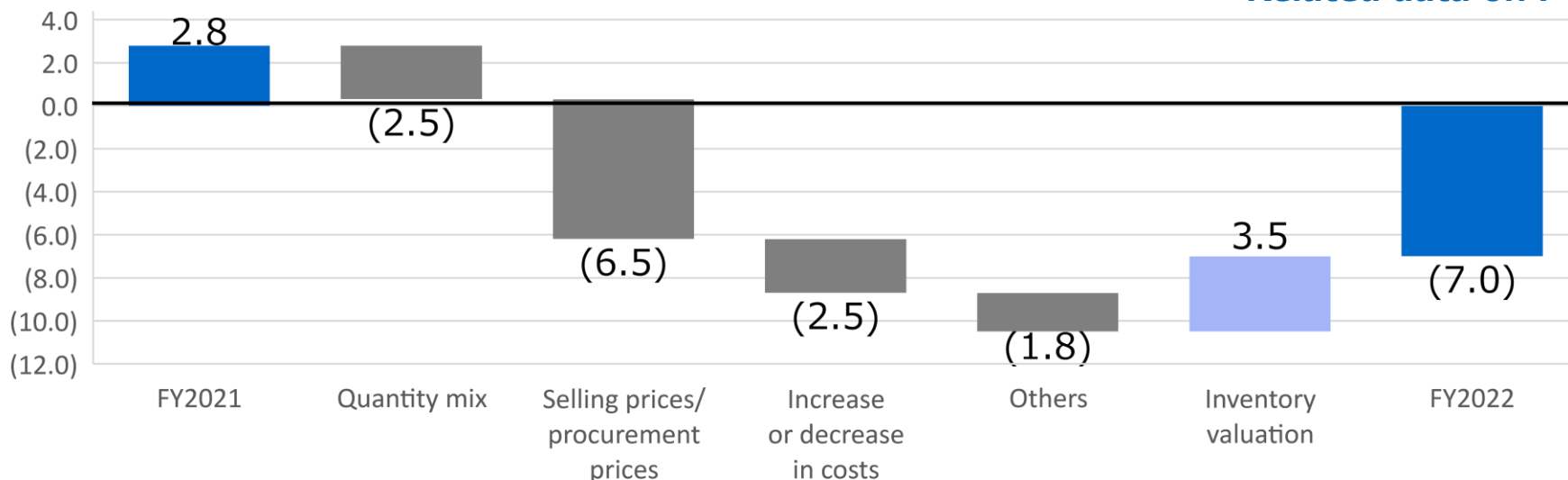
Aluminum rolled products

FY2021 : Net sales of 163.8 billion yen →  
FY2022 : Net sales of 195.4 billion yen (Up 31.6 billion yen year on year)  
FY2021 : Ordinary profit of 2.8 billion yen→  
FY2022 : Ordinary loss of 7.0 billion yen (Down 9.9 billion yen year on year)

- Sales volume: 337,000 tons (Down 6,000 tons year on year)
  - Beverage cans : Decreased due to lower demand for beverage cans
  - Automobiles: Increased due to sales expansion despite a decrease in demand affected by automobile production cuts
  - IT and semiconductors: Increased in aluminum plates for semiconductor manufacturing equipment; Decreased in disk materials for data centers due to lower demand
- Factors affecting profit and loss
  - Decrease in sales volume
  - Delay in passing on rising energy prices and other procurement costs to selling prices
  - Increase in inventory valuation gains due to rising aluminum ingot market prices

(Billions of yen)

[Related data on P46-47](#)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

(Billions of yen)

	FY2021 Actual			FY2022 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	153.2	180.0	333.2	133.1	144.6	277.7	(55.4)
Ordinary Profit (Loss)	5.2	(0.1)	5.1	1.4	(0.5)	0.9	(4.2)
Excluding Inventory Valuation	2.2	(3.1)	(0.9)	(0.5)	(1.5)	(2.1)	(1.2)

[Related data on P46-47](#)

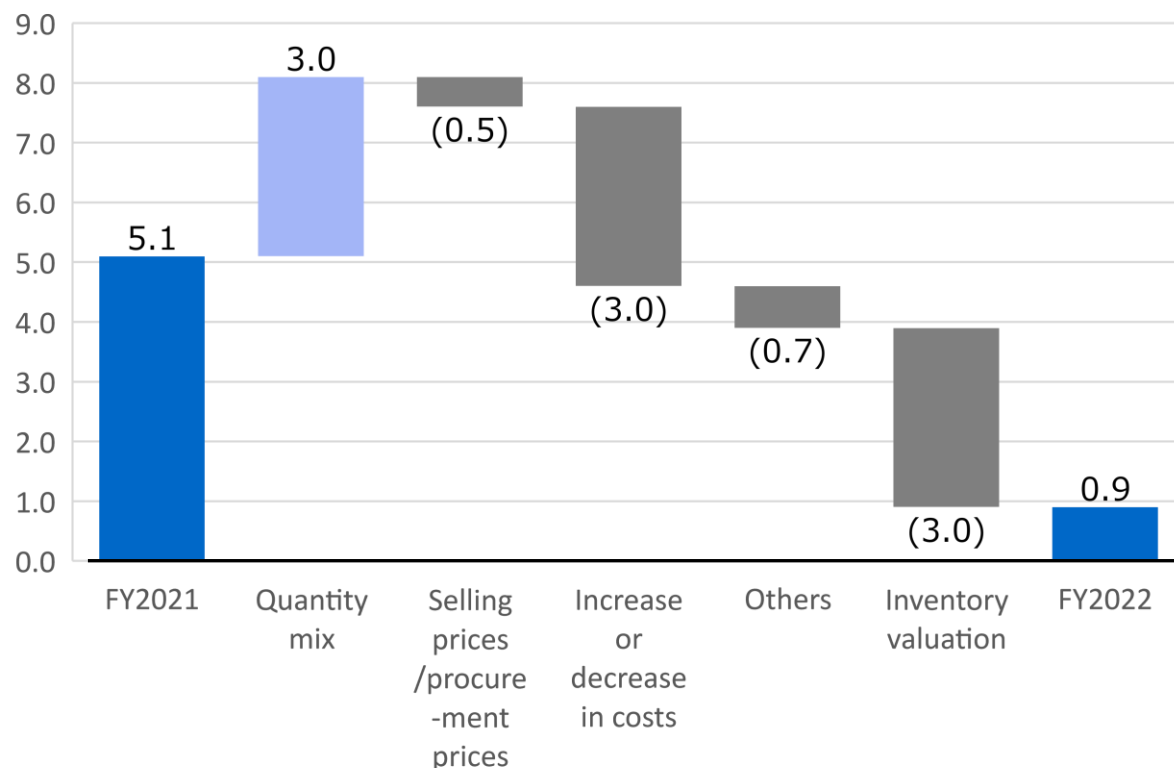
■ Sales volume

- Increased in steel castings & forgings due to increased demand in the shipbuilding sector
- Increased in titanium due to demand recovery in the general industrial sector
- Decreased in aluminum extrusions, copper flat rolled products, and steel powder due to a demand decline in the automotive sector

■ Factors affecting profit and loss

- Increase in sales volumes of steel castings & forgings and titanium
- Selling prices of steel castings & forgings, titanium and steel powder improved.
- Delay in passing on higher procurement costs to selling prices for aluminum extrusions, suspensions and copper flat rolled products
- Cost increases centered on fixed costs, such as labor costs
- Decline in inventory valuation gains (affected by the transfer of the copper tube business)

(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

(Billions of yen)

	FY2021 Actual			FY2022 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	38.0	38.8	76.9	42.1	46.2	88.4	11.5
Ordinary Profit (Loss)	2.0	0.7	2.7	0.8	1.9	2.8	0.0

[Related data on P46](#)
**■ Sales volume**

Domestic: Remained at a similar level to fiscal 2021

Overseas: Decreased due to lower demand, particularly in Southeast Asia

**■ Factors affecting profit and loss**

- Progress in passing on increased procurement costs to selling prices
- Decrease in sales volume



(Billions of yen)

	FY2021 Actual			FY2022 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	79.7	87.1	166.8	86.2	100.6	186.9	20.0
Ordinary Profit (Loss)	4.2	8.3	12.5	5.2	9.0	14.3	1.7
Orders	89.5	117.0	206.6	111.4	137.8	249.3	42.6
Backlog of Orders			157.0			214.7	57.7

■ Orders

- Orders rose to a record high driven by strong demand in the petrochemical and energy sectors, etc.

■ Factors affecting profit and loss

- Increase in net sales
- Improved order profitability due to strong demand

(Billions of yen)

	FY2021 Actual			FY2022 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	55.6	79.9	135.6	61.1	84.0	145.2	9.5
Ordinary Profit (Loss)	4.3	3.3	7.7	0.9	3.2	4.1	(3.5)
Orders	73.5	134.9	208.5	77.2	80.2	157.5	(50.9)
Backlog of Orders			343.0			371.1	28.0

## ■ Orders

- Decreased compared to fiscal 2021 that saw an increase in orders with orders for large projects in the DRI-related business and waste treatment-related business

## ■ Factors affecting profit and loss

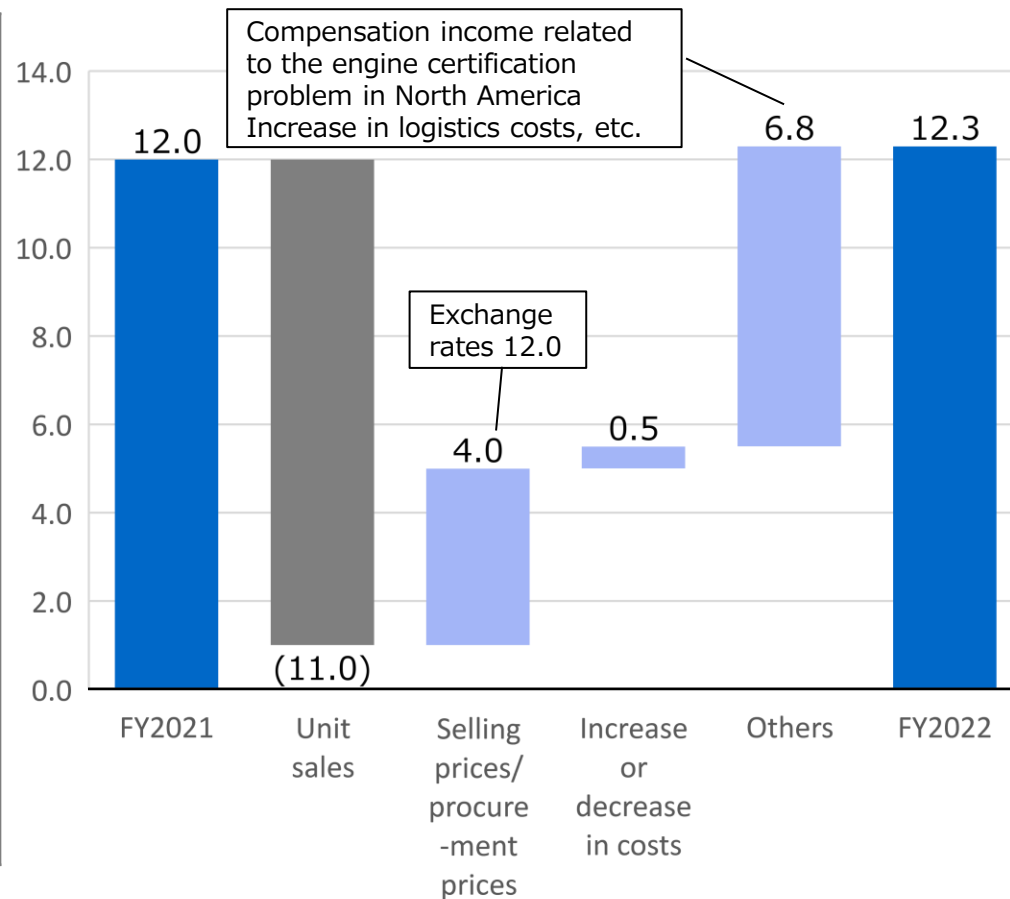
- Changes in the project composition mainly in the DRI-related business (temporary impact of Russia-related projects, etc.)

(Billions of yen)

	FY2021 Actual			FY2022 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	194.0	177.6	371.6	183.7	197.9	381.7	10.1
Ordinary Profit (Loss)	8.4	3.6	12.0	10.0	2.3	12.3	0.2

[Related data on P46](#)

- Unit Sales**
  - Hydraulic excavator
    - Declined in China, where demand decreased due to flagging infrastructure investment
    - Decreased in Japan, Europe and North America affected by shortages of procured parts
  - Crawler crane
    - Declined in North America due to the engine certification problem
- Factors affecting profit and loss**
  - Decrease in unit sales
  - Delay in passing on increased procurement costs of steel and other materials to selling prices
  - Improvement in export profitability due to a weaker yen against the dollar and the euro
  - Increased compensation income related to the engine certification problem in North America



(Billions of yen)

	FY2021 Actual			FY2022 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	37.5	72.3	109.8	147.5	176.8	324.3	214.5
Ordinary Profit (Loss)	5.7	7.5	13.2	(1.3)	25.9	24.5	11.3

■ Sales volume

- Increased with the start of operation of the Kobe Power Plant No. 3 unit (started in February 2022) and No. 4 unit (started in February 2023)

■ Unit selling price

- Rising thermal coal prices

■ Factors affecting profit and loss

- Start of operation of the Kobe Power Plant No. 3 and No. 4 units
- Coal prices in the national trade statistics, an index of the selling prices of electricity generated by the Kobe Power Plant, remaining at a lower level than the Company's coal procurement prices (due to temporary factors)

### 3. Forecast for Fiscal 2023

**FY2022 Actual : Net sales of 2,472.5 billion yen →**

**FY2023 Forecast : Net sales of 2,680.0 billion yen (Up 207.5 billion yen)**

- Sales are expected to increase due to selling price improvements, increased sales volume in aluminum flat rolled products, advanced materials, and construction machinery, progress on existing orders in the machinery and engineering businesses, and the start of operation of the Kobe Power Plant No. 4 unit in the electric power business.

**FY2022 Actual : Ordinary profit of 106.8 billion yen →**

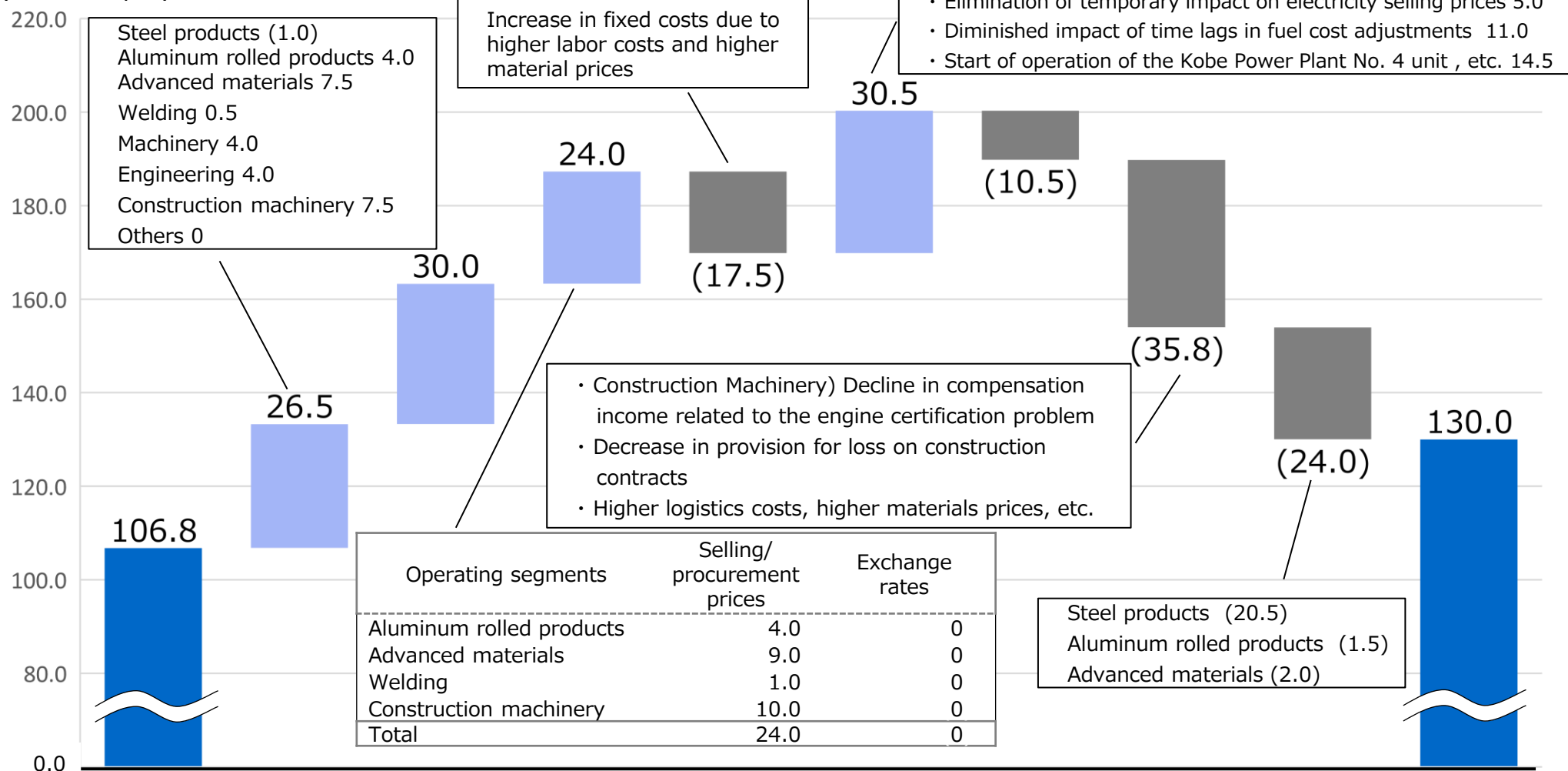
**FY2023 Forecast : Ordinary profit of 130.0 billion yen (Up 23.2 billion yen)**

- Improvements in steel metal spreads throughout fiscal 2023 (as a result of the Company's improvement efforts implemented in fiscal 2022, etc.)
- Progress in the effort of passing on higher procurement costs to selling prices for aluminum plates, advanced materials, welding and construction machinery
- Increase in sales volume of aluminum flat rolled products, advanced materials and construction machinery
- Increase in net sales in the machinery and engineering businesses
- Start of operation of the Kobe Power Plant No. 4 unit, elimination of the temporary impact on electricity selling prices, and the diminished impact of time lags in fuel cost adjustments in the electric power business
- Cost increases centered on fixed costs, decline in compensation income related to the engine certification problem, and a decrease in inventory valuation gains

(Billions of yen)

	FY2022 Actual			FY2023 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	1,169.6	1,302.8	2,472.5	1,320.0	1,360.0	2,680.0	207.5
Operating Profit (Loss)	19.7	66.5	86.3	55.0	95.0	150.0	63.7
Ordinary Profit (Loss)	41.8	65.0	106.8	45.0	85.0	130.0	23.2
Excluding Inventory Valuation	19.3	63.5	82.8	49.0	81.0	130.0	47.2
Extraordinary Income (Losses)	(2.6)	(6.1)	(8.7)	–	–	–	8.7
Profit (Loss) Attributable to Owners of Parent	28.0	44.5	72.5	40.0	60.0	100.0	27.5

(Billions of yen)



FY2022 Actual	Quantity mix	Selling prices/ raw material prices of steel products	Selling prices/ procurement prices (other than steel products)	Increase or decrease in costs	Electric power	Subsidiaries & affiliate method	Others	Inventory valuation	FY2023 Forecast
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Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

## Net Sales

(Billions of yen)

	FY2022 Actual			FY2023 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Steel & Aluminum	536.5	568.6	1,105.1	560.0	565.0	1,125.0	19.9
Advanced Materials	133.1	144.6	277.7	162.0	170.0	332.0	54.3
Welding	42.1	46.2	88.4	45.0	47.0	92.0	3.6
Machinery *	92.7	110.6	203.4	113.0	135.0	248.0	44.6
Engineering	61.1	84.0	145.2	78.0	90.0	168.0	22.8
Construction Machinery	183.7	197.9	381.7	219.0	230.0	449.0	67.3
Electric Power	147.5	176.8	324.3	170.0	148.0	318.0	(6.3)
Other Businesses *	4.2	6.6	10.9	5.0	8.0	13.0	2.1
Adjustment	(31.7)	(32.8)	(64.6)	(32.0)	(33.0)	(65.0)	(0.4)
<b>Total</b>	<b>1,169.6</b>	<b>1,302.8</b>	<b>2,472.5</b>	<b>1,320.0</b>	<b>1,360.0</b>	<b>2,680.0</b>	<b>207.5</b>

\* Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other segment, has come under the Machinery segment. According to this change, the results for fiscal 2022 have been recalculated.



## Ordinary Profit (Loss)

(Billions of yen)

	FY2022 Actual			FY2023 Forecast			Change
	1H	2H	①	1H	2H	②	②-①
Steel & Aluminum	22.3	19.6	41.9	2.0	33.0	35.0	(6.9)
Advanced Materials	1.4	(0.5)	0.9	1.5	4.5	6.0	5.1
Welding	0.8	1.9	2.8	1.5	2.5	4.0	1.2
Machinery *	5.0	10.7	15.7	6.5	12.5	19.0	3.3
Engineering	0.9	3.2	4.1	1.0	7.0	8.0	3.9
Construction Machinery	10.0	2.3	12.3	1.0	9.0	10.0	(2.3)
Electric Power	(1.3)	25.9	24.5	32.0	23.0	55.0	30.5
Other Businesses *	2.4	2.4	4.8	2.5	1.5	4.0	(0.8)
Adjustment	0.1	(0.8)	(0.7)	(3.0)	(8.0)	(11.0)	(10.3)
<b>Total</b>	<b>41.8</b>	<b>65.0</b>	<b>106.8</b>	<b>45.0</b>	<b>85.0</b>	<b>130.0</b>	<b>23.2</b>

\* Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other segment, has come under the Machinery segment. According to this change, the results for fiscal 2022 have been recalculated.

(Billions of yen)

		FY2022 Actual			FY2023 Forecast			Change ②-①
		1H	2H	①	1H	2H	②	
Steel products	Net Sales	438.3	471.3	909.7	463.0	457.0	920.0	10.3
	Ordinary Profit (Loss)	21.0	27.9	49.0	5.0	29.0	34.0	(15.0)
	Excluding Inventory Valuation	6.0	27.4	33.5	12.0	27.0	39.0	5.5
Aluminum rolled products	Net Sales	98.1	97.2	195.4	97.0	106.0	203.0	7.6
	Ordinary Profit (Loss)	1.2	(8.3)	(7.0)	(3.0)	4.0	1.0	8.0
	Excluding Inventory Valuation	(4.2)	(8.3)	(12.5)	(5.0)	2.0	(3.0)	9.5
Total	Net Sales	536.5	568.6	1,105.1	560.0	565.0	1,125.0	19.9
	Ordinary Profit (Loss)	22.3	19.6	41.9	2.0	33.0	35.0	(6.9)
	Excluding Inventory Valuation	1.8	19.1	21.0	7.0	29.0	36.0	15.0

## Steel Products

FY2022 Actual : Net sales of 909.7 billion yen →

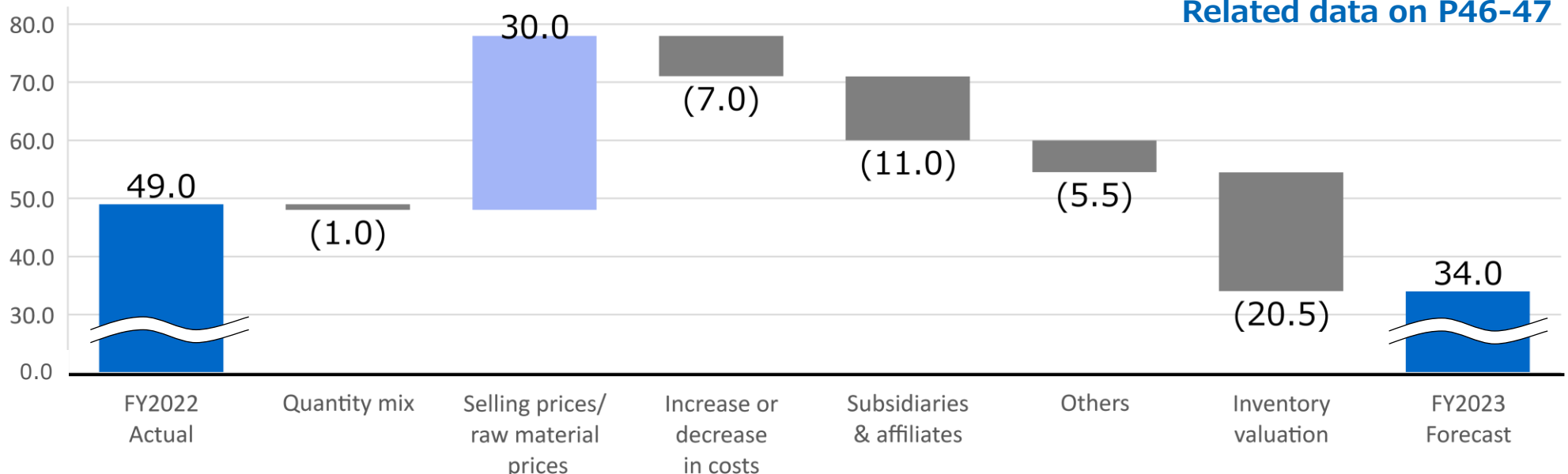
FY2023 Forecast : Net sales of 920.0 billion yen (Up 10.3 billion yen)

FY2022 Actual : Ordinary profit of 49.0 billion yen →

FY2023 Forecast : Ordinary profit of 34.0 billion yen (Down 15.0 billion yen)

- Crude steel production: Approx. 6.20 million tons (similar to the fiscal 2022 level)
- Sales volume: Approx. 5.00 million tons (similar to the fiscal 2022 level)
  - Sales volume is expected to remain at a level similar to fiscal 2022 due to the impact of equipment upgrades in downstream processes, etc. despite a partial recovery in demand expected in the automotive sector.
- Factors affecting profit and loss
  - Improvements in steel metal spreads throughout fiscal 2023 (as a result of the Company's improvement efforts implemented in fiscal 2022, etc.)
  - Cost increases centered on fixed costs (due to higher labor costs, higher material prices, and the efforts to ensure stable operation)
  - Deterioration in the performance of U.S. affiliates
  - Decrease in inventory valuation gains

(Billions of yen)



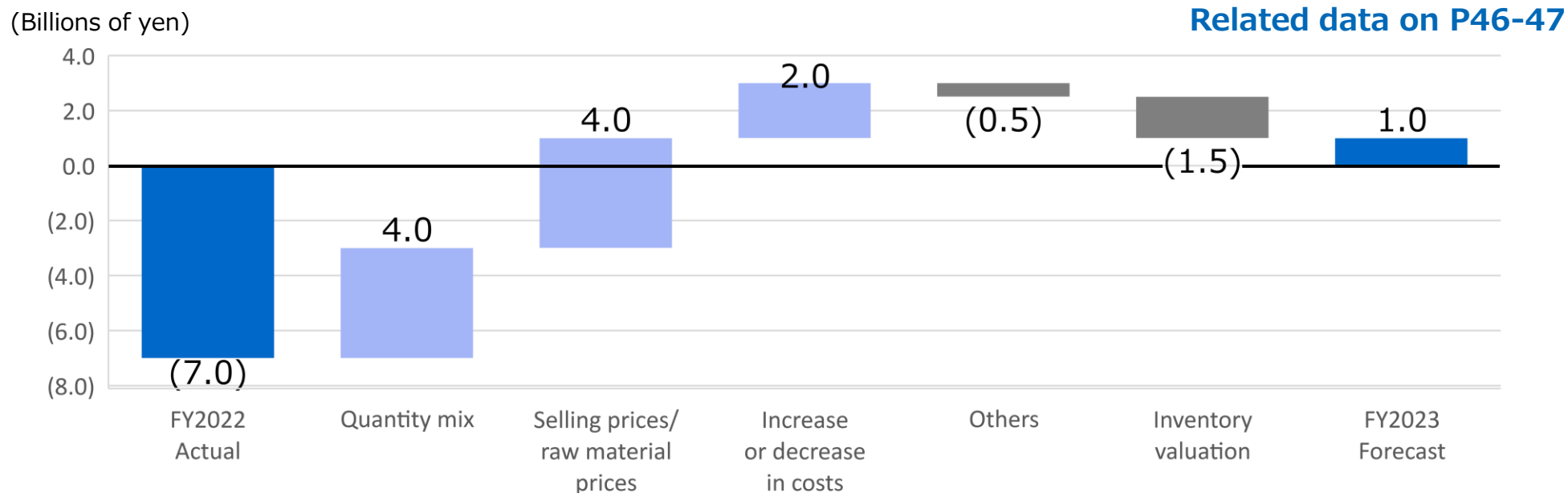
[Related data on P46-47](#)

Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

FY2022 Actual : Net sales of 195.4 billion yen →  
FY2023 Forecast : Net sales of 203.0 billion yen (Up 7.6 billion yen)  
FY2022 Actual : Ordinary loss of 7.0 billion yen →  
FY2023 Forecast : Ordinary profit of 1.0 billion yen (Up 8.0 billion yen)

- Sales volume: Approx. 370,000 tons (Up 30,000 tons)
  - For beverage can materials : Increase due to recovery of demand and sales expansion
  - For automobiles : Increase mainly due to increased demand and sales of overseas panel materials
  - For IT and semiconductors : Decrease in aluminum plates for semiconductor manufacturing equipment due to inventory adjustments; Increase in disk materials for data centers in anticipation of a gradual recovery in demand as the second half of fiscal 2023 approaches
- Factors affecting profit and loss
  - Increase in sales volume
  - Progress in passing on higher procurement costs to selling prices and price improvement (margin improvement) efforts
  - Cost reductions through energy conservation and rationalization
  - Decrease in inventory valuation gains

Aluminum  
rolled  
products



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

(Billions of yen)

	FY2022 Actual			FY2023 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	133.1	144.6	277.7	162.0	170.0	332.0	54.3
Ordinary Profit (Loss)	1.4	(0.5)	0.9	1.5	4.5	6.0	5.1
Excluding Inventory Valuation	(0.5)	(1.5)	(2.1)	0.5	4.5	5.0	7.1

Related data on P46-47

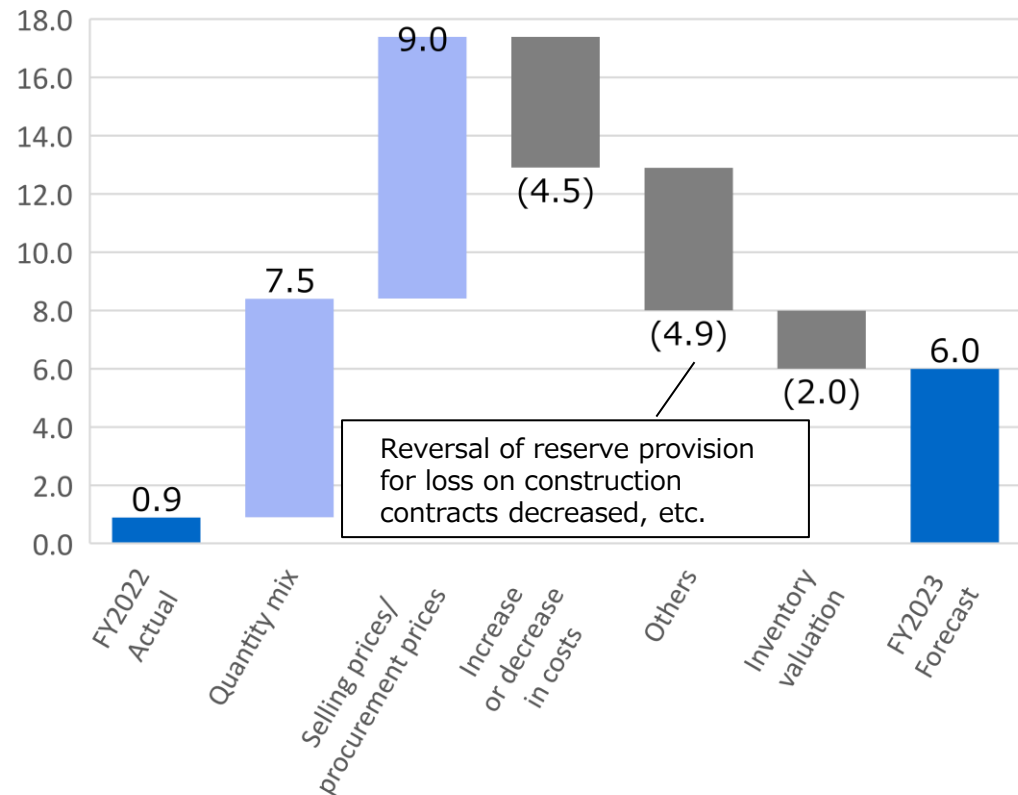
■ Sales volume

- Increase in aluminum extrusions, suspensions, copper flat rolled products and steel powder due to a partial recovery in demand in the automotive sector
- Increase in aluminum extrusions and suspensions due to the start of mass production for existing orders in the automotive sector
- Remain steady in steel castings and forgings and titanium

■ Factors affecting profit and loss

- Increase in sales volume
- Progress in passing on higher procurement costs to selling prices and price improvement (margin improvement) efforts
- Cost increases centered on fixed costs
- Decrease in inventory valuation gains

(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

(Billions of yen)

	FY2022 Actual			FY2023 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	42.1	46.2	88.4	45.0	47.0	92.0	3.6
Ordinary Profit (Loss)	0.8	1.9	2.8	1.5	2.5	4.0	1.2

[Related data on P46](#)
**■ Sales volume**

Domestic: Similar to the fiscal 2022 level

Overseas: Increase due to recovery in demand in Southeast Asia

**■ Factors affecting profit and loss**

- Progress in passing on higher procurement costs to selling prices
- Increase in sales volume
- Cost increases centered on fixed costs

(Billions of yen)

	FY2022 Actual *			FY2023 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	92.7	110.6	203.4	113.0	135.0	248.0	44.6
Ordinary Profit (Loss)	5.0	10.7	15.7	6.5	12.5	19.0	3.3
Orders	119.4	146.4	265.9	approx. 130.0	approx. 125.0	approx. 255.0	approx. (10.0)

\* Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other segment, has come under the Machinery segment. According to this change, the results for fiscal 2022 have been recalculated.

■ Orders

- Remain at a high level, despite a decline from the record high in fiscal 2022

■ Factors affecting profit and loss

- Difference in progress of existing orders for projects (increase in net sales)
- Improved order profitability driven by strong demand

(Billions of yen)

	FY2022 Actual			FY2023 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	61.1	84.0	145.2	78.0	90.0	168.0	22.8
Ordinary Profit (Loss)	0.9	3.2	4.1	1.0	7.0	8.0	3.9
Orders	77.2	80.2	157.5	approx. 95.0	approx. 90.0	approx. 185.0	approx. 30.0

■ Orders

- Increase with orders for multiple projects in the DRI-related business

■ Factors affecting profit and loss

- Changes in the project composition mainly in the DRI-related business (elimination of the temporary impact of Russia-related projects, etc.)



(Billions of yen)

	FY2022 Actual			FY2023 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	183.7	197.9	381.7	219.0	230.0	449.0	67.3
Ordinary Profit (Loss)	10.0	2.3	12.3	1.0	9.0	10.0	(2.3)

### Related data on P46

#### ■ Unit Sales

[Hydraulic excavator]

- Increase in North America, Europe, and Japan due to progress in resolving the engine certification problem (development and market launch of alternative models, etc.) and the mitigated impact of shortages of procured parts
- Remain weak in China as in fiscal 2021

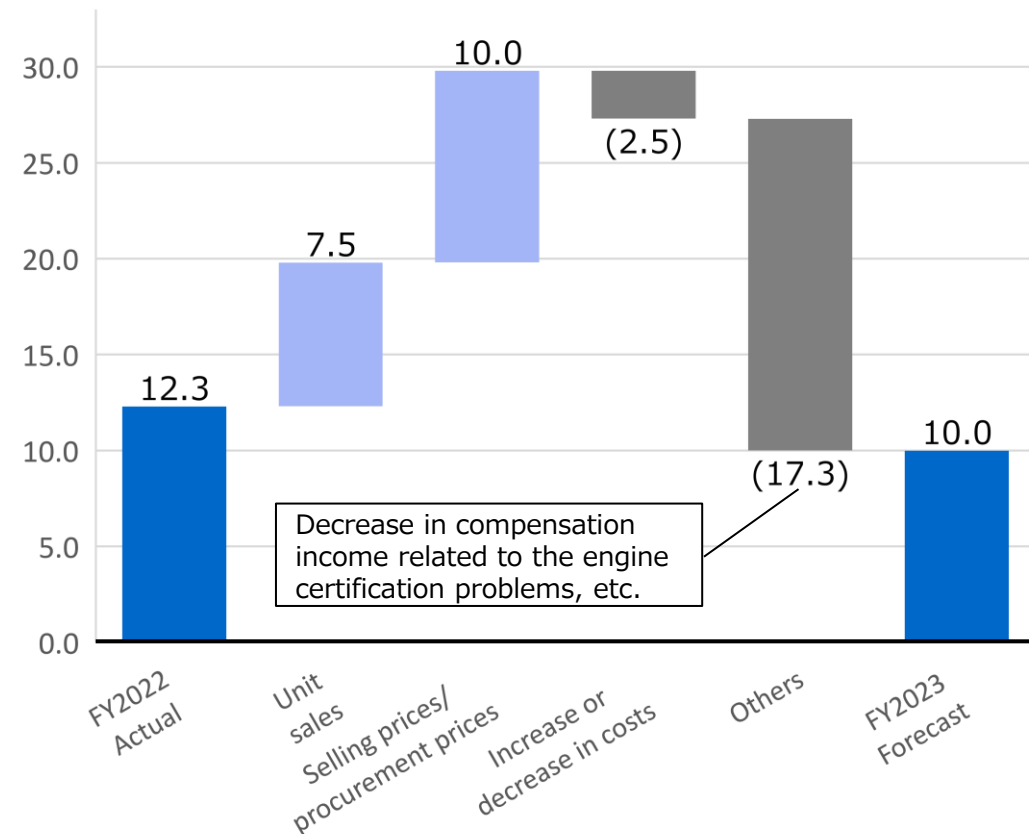
[Crawler Crane]

- Increase mainly in North America due to progress in resolving the engine certification problem

#### ■ Factors affecting profit and loss

- Increase in unit sales
- Progress in passing on higher procurement costs to selling prices
- Cost increases centered on fixed costs
- Decrease in compensation income related to the engine certification problem

(Billions of yen)



(Billions of yen)

	FY2022 Actual			FY2023 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	147.5	176.8	324.3	170.0	148.0	318.0	(6.3)
Ordinary Profit (Loss)	(1.3)	25.9	24.5	32.0	23.0	55.0	30.5

■ Sales volume

- Increase due to the start of operation of the Kobe Power Plant No. 4 unit (started operation in February 2023)

■ Unit price

- Decline based on thermal coal market assumptions

■ Factors affecting profit and loss

- Start of operation of Kobe Power Plant No. 4 Unit
- Elimination of temporary factors that affect selling prices at the Kobe Power Plant No. 1 to No. 4 units
- Diminished impact of time lags in fuel cost adjustment at the Kobe Power Plant No.3 and No.4 units

- Kobe Steel determines dividends taking its financial condition, business performance, future capital needs and other factors into overall consideration with the aim of paying dividends on a continuous and steady basis in principle. The target dividend payout ratio is 15 to 25% of consolidated profit attributable to owners of parent.
- The Board of Directors has resolved to pay a year-end dividend of 25 yen (40 yen annually) per share for fiscal 2022 (announced on February 9).

	FY2021			FY2022		
	Interim	Year-end		Interim	Year-end	
Dividends per share in yen	10	30	40	15	25	40
Dividend payout ratio			25.0%			21.8%

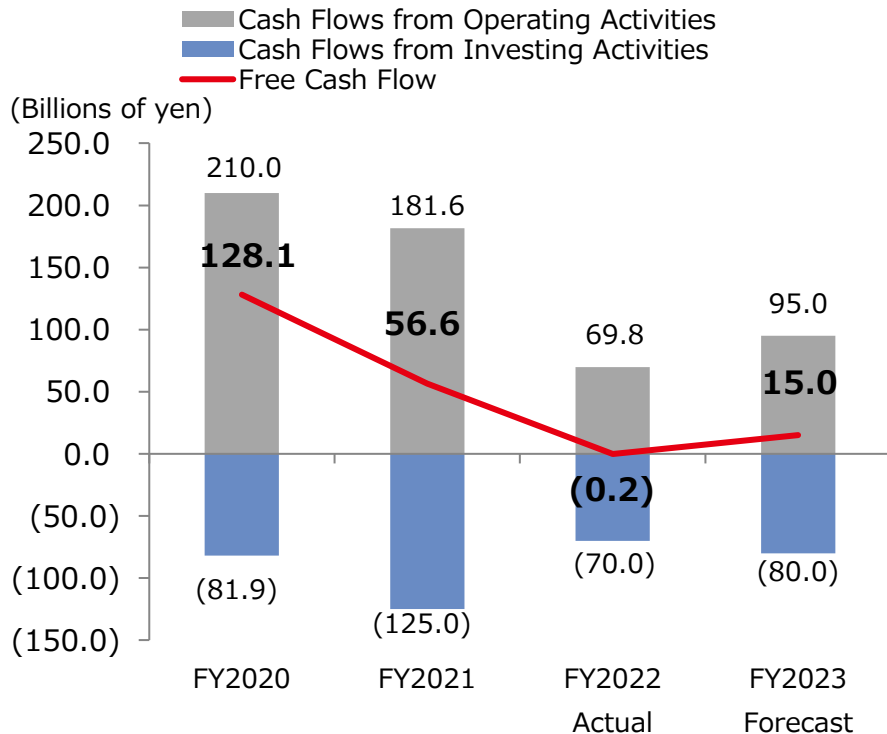
■ FY2022 Actual

- Although free cash flow **deteriorated** due to a decline in sales volume and an **increase in working capital associated** with rising raw material prices, the **D/E ratio improved to 0.65 times and remained at 0.7 times** or less as targeted in the Medium-Term Management Plan.

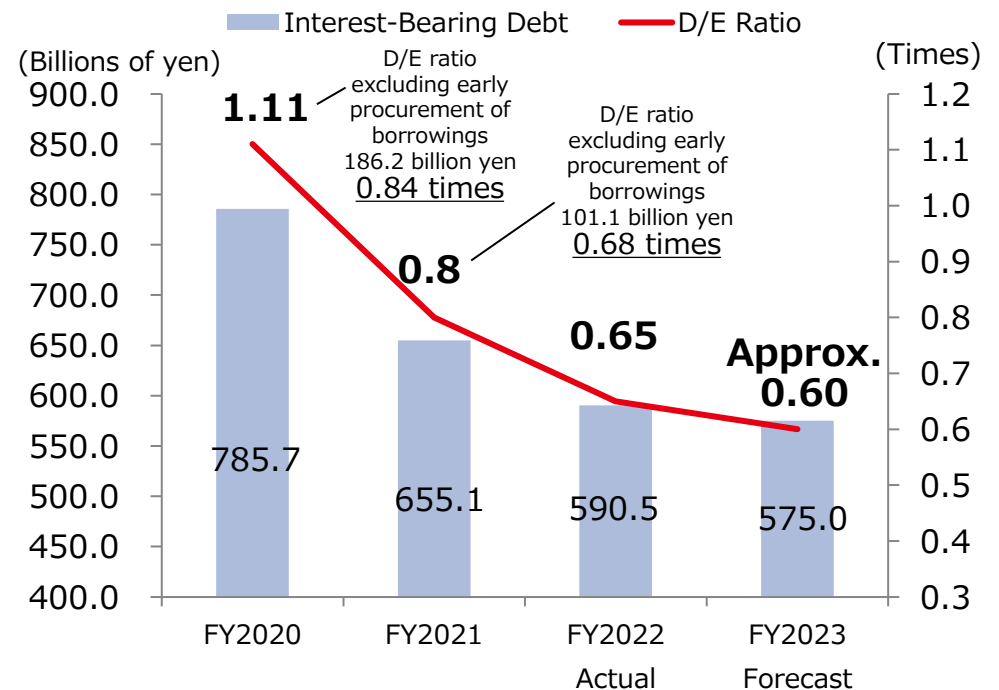
■ FY2023 Forecast

- Although free cash flow is expected to remain at a low level due to **the increase in working capital resulting from the increase in orders** in the machinery and engineering businesses and **the high level of working capital** along with the rise in prices of raw and other materials, we will continue to strengthen the management of invested capital through setting key KPIs in ROIC management and work on **the improvement of working capital.**

## Free Cash Flow



## Interest-Bearing Debt & D/E Ratio



Note: Project finance is not included in free cash flow and D/E ratio.

## 4. Reference Information

## ■ Changes from the Previous Forecast

### Ordinary Profit

- Improvement in steel metal spreads due to progress in selling price improvement
- Elimination of the impact of time lags in fuel cost adjustments on the electric power business, along with a decline in thermal coal market prices
- Differences in assumptions on incurred costs

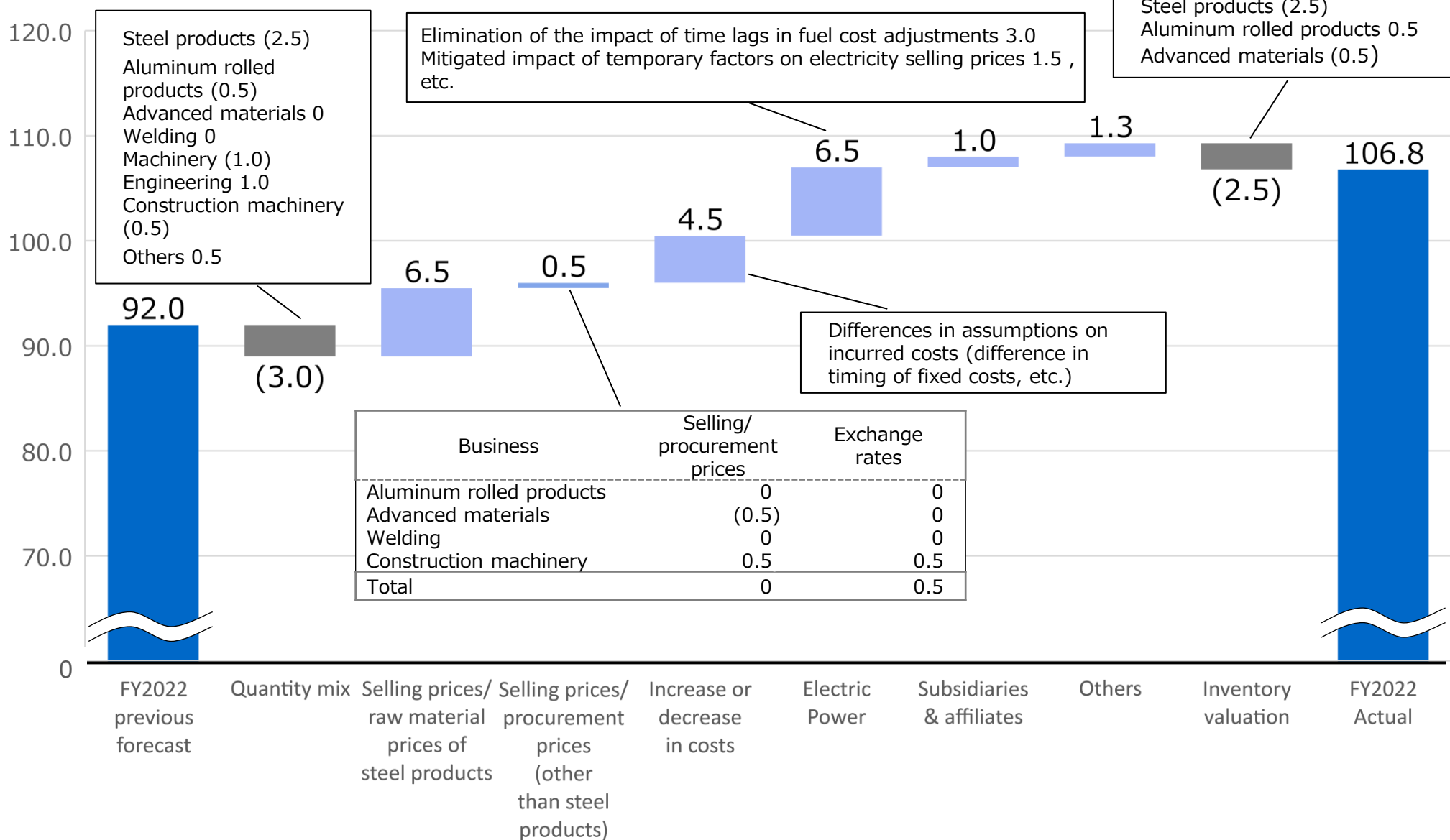
### Profit Attributable to Owners of Parent

- Increase in ordinary profit

(Billions of yen)

	FY2022		Change ②-①
	Previous Forecast ①	Actual ②	
Net Sales	2,490.0	2,472.5	(17.5)
Operating Profit (Loss)	67.0	86.3	19.3
Ordinary Profit (Loss)	92.0	106.8	14.8
Excluding Inventory Valuation	65.5	82.8	17.3
Extraordinary Income (Losses)	(7.7)	(8.7)	(1.0)
Profit (Loss) Attributable to Owners of Parent	62.0	72.5	10.5

(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.





Ordinary Profit (Loss) (Billions of yen)

	FY2022 Actual		
	1H	2H	Full Year
Steel products	21.0	27.9	49.0

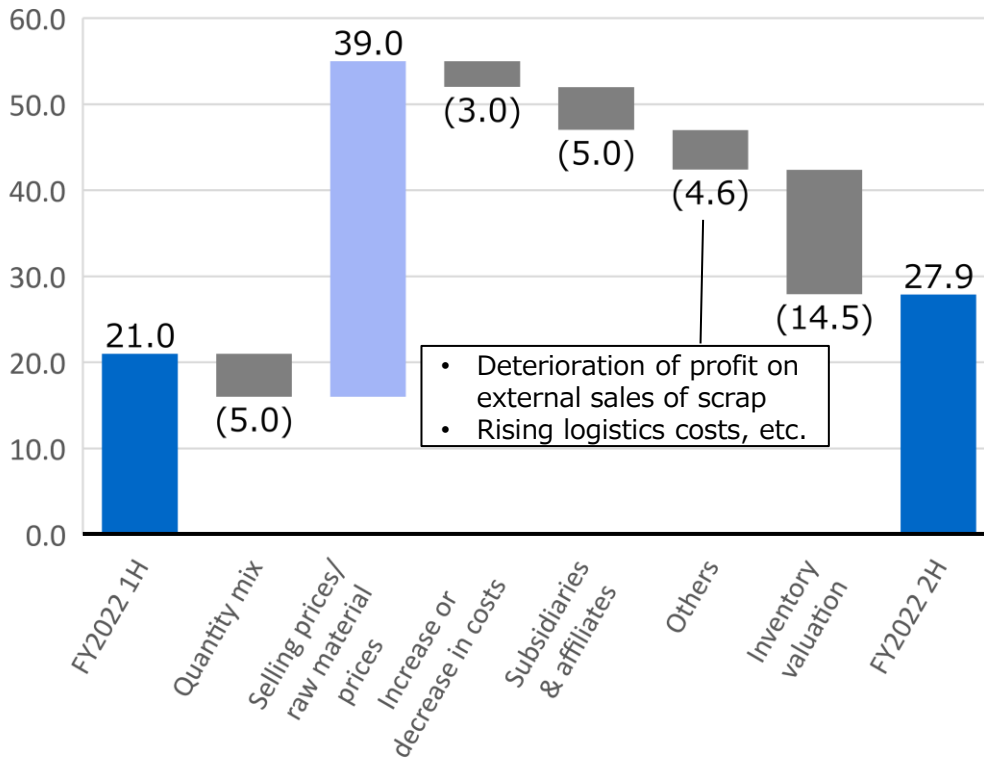
6.9

Ordinary Profit (Loss) (Billions of yen)

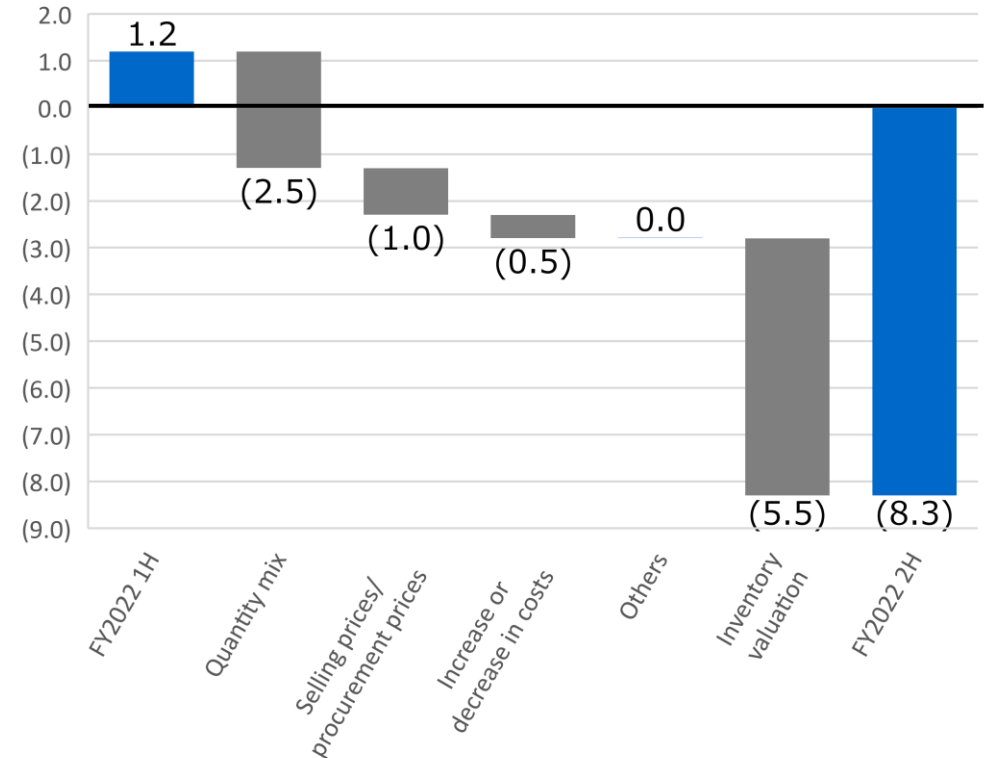
	FY2022 Actual		
	1H	2H	Full Year
Aluminum rolled products	1.2	(8.3)	(7.0)

(9.5)

(Billions of yen)



(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

Ordinary Profit (Loss) (Billions of yen)

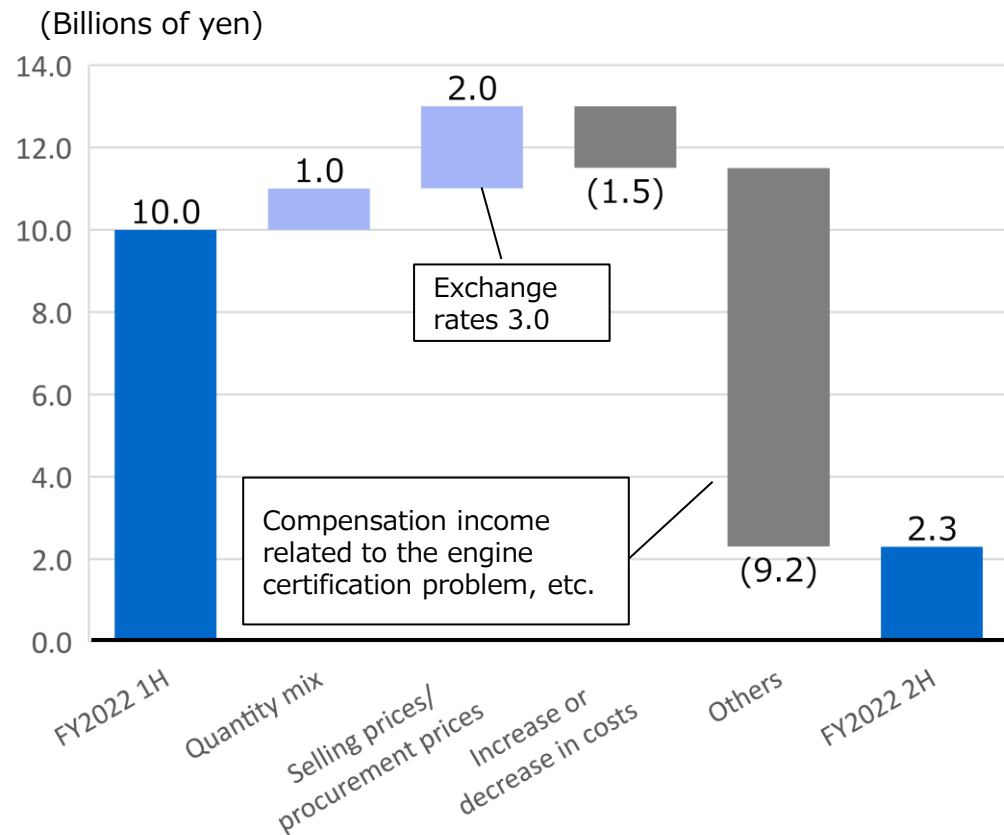
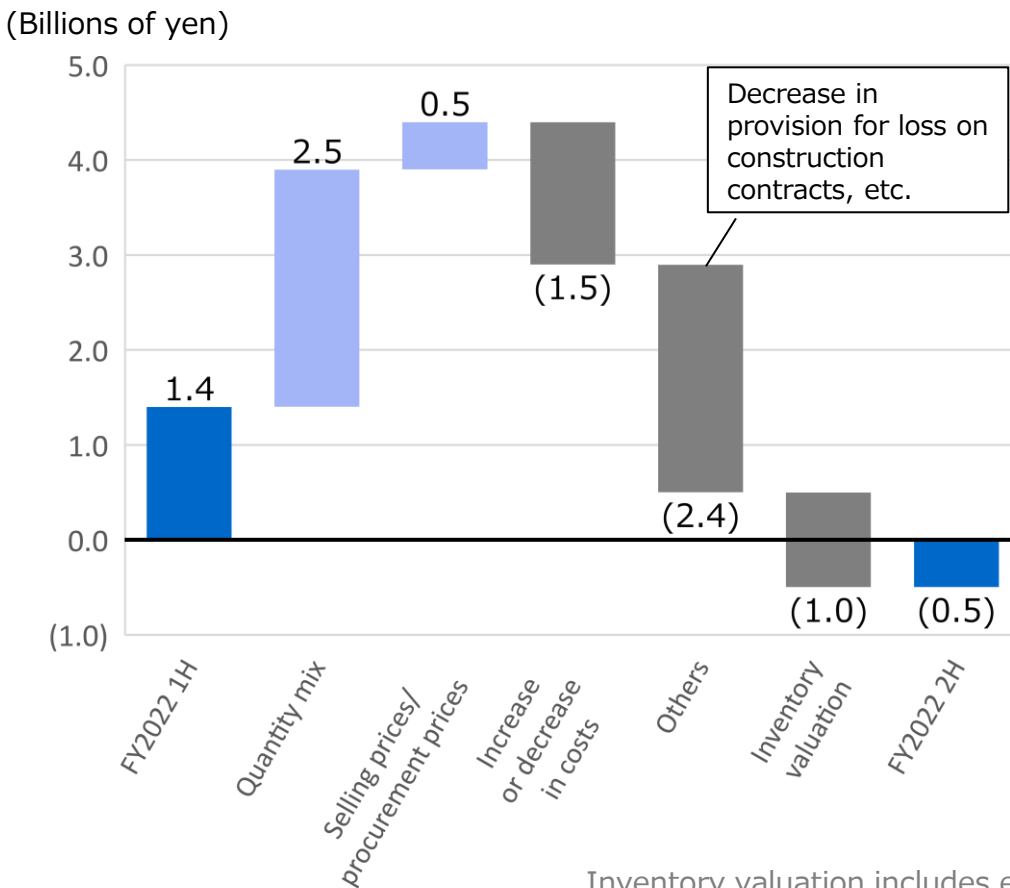
	FY2022 Actual		
	1H	2H	Full Year
Advanced Materials	1.4	(0.5)	0.9

└ (1.9) ┘

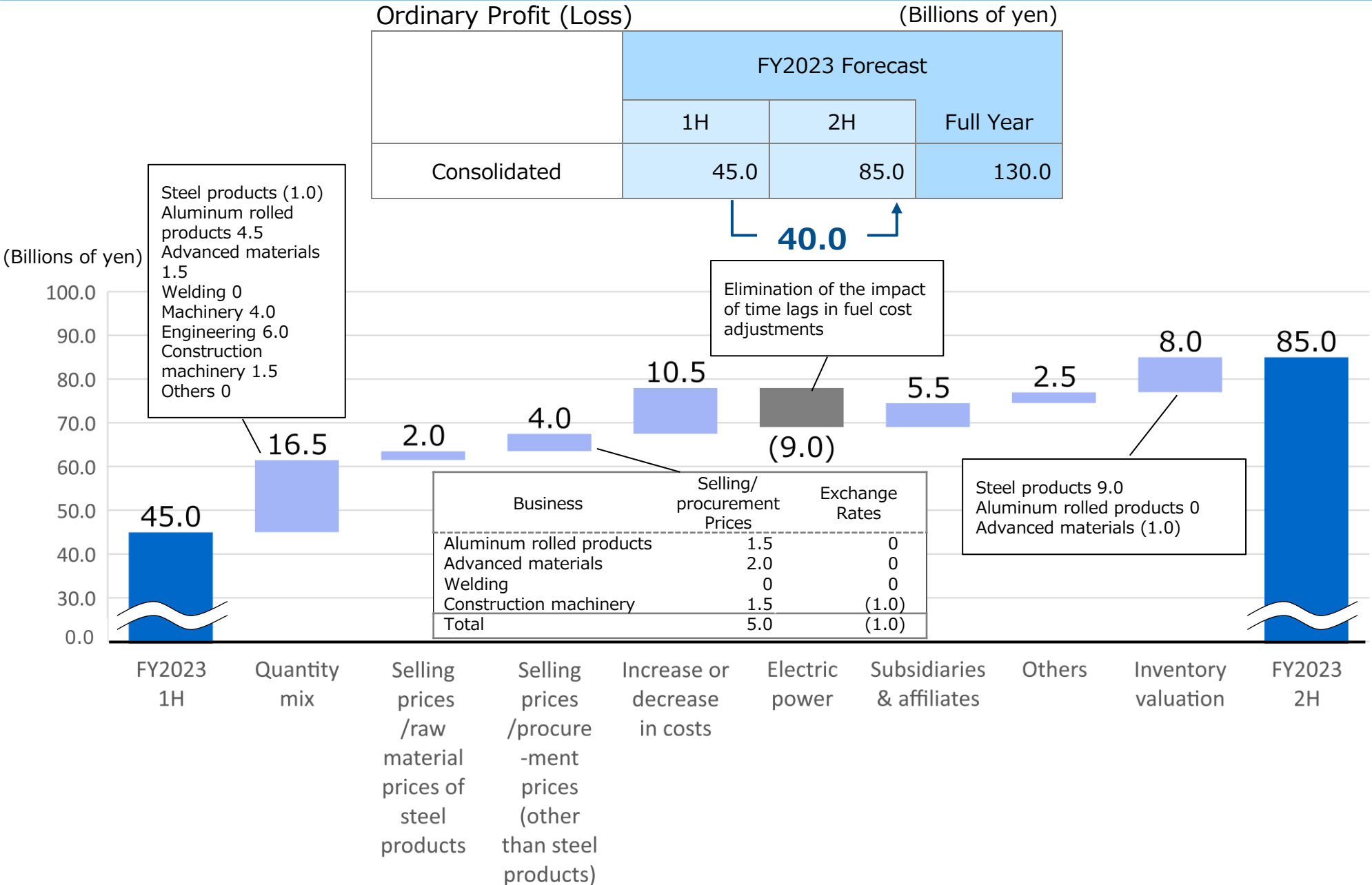
Ordinary Profit (Loss) (Billions of yen)

	FY2022 Actual		
	1H	2H	Full Year
Construction Machinery	10.0	2.3	12.3

└ (7.7) ┘



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.



Ordinary Profit (Loss) (Billions of yen)

	FY2023 Forecast		
	1H	2H	Full Year
Steel products	5.0	29.0	34.0

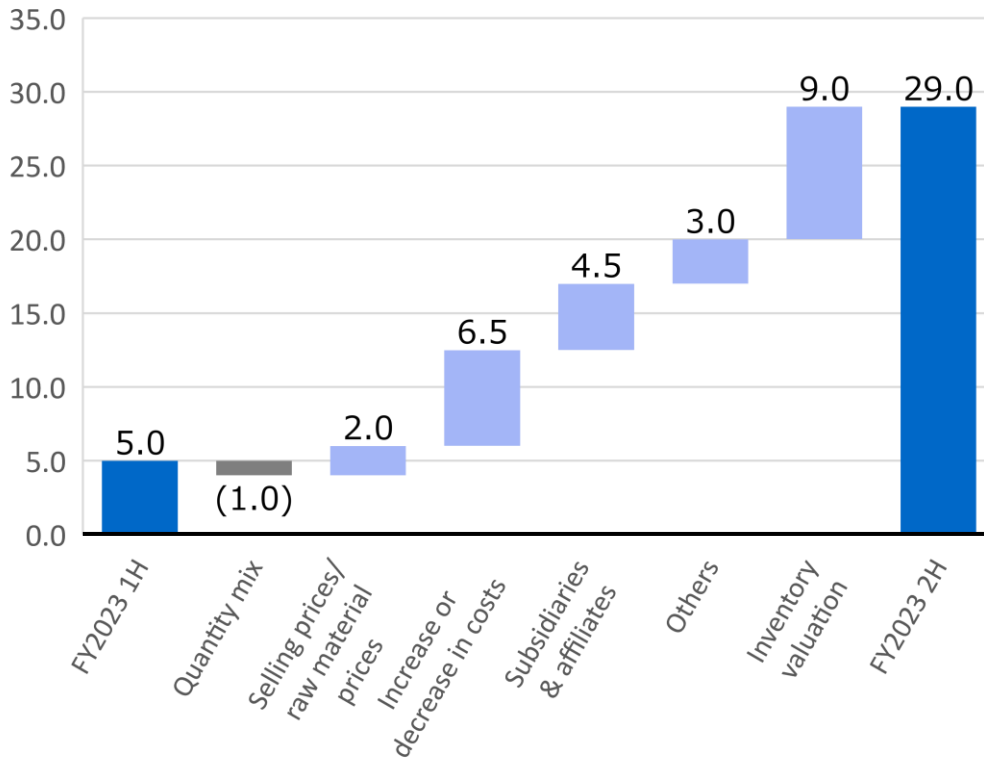
└─ 24.0 ─┘

Ordinary Profit (Loss) (Billions of yen)

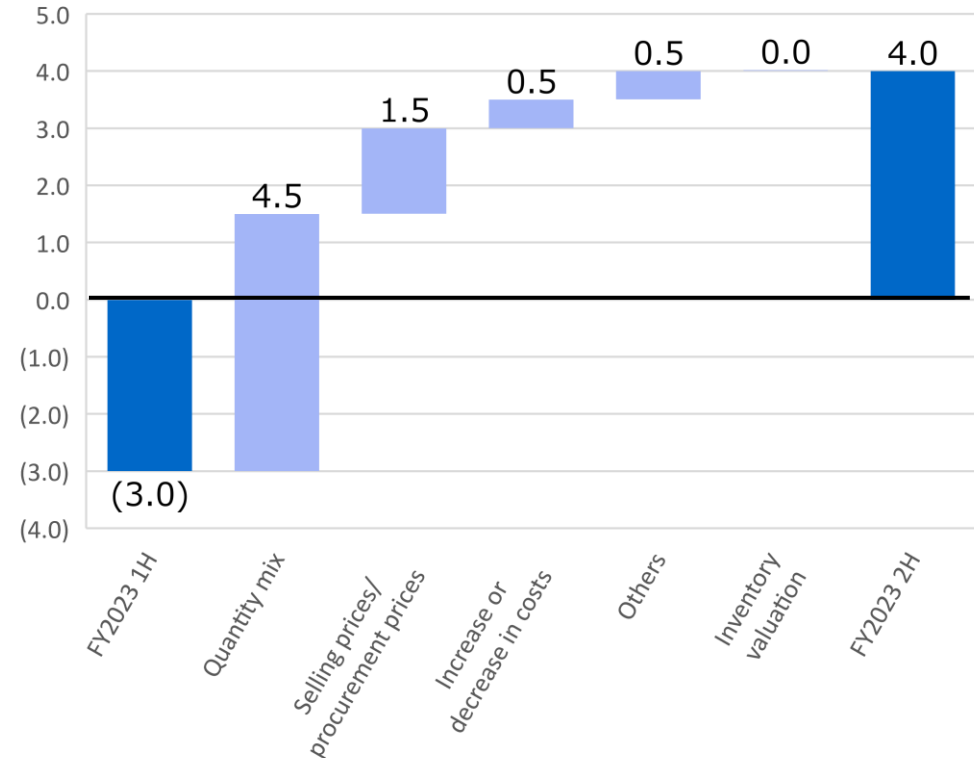
	FY2023 Forecast		
	1H	2H	Full Year
Aluminum rolled products	△3.0	4.0	1.0

└─ 7.0 ─┘

(Billions of yen)



(Billions of yen)



Ordinary Profit (Loss) (Billions of yen)

	FY2023 Forecast		
	1H	2H	Full Year
Advanced Materials	1.5	4.5	6.0

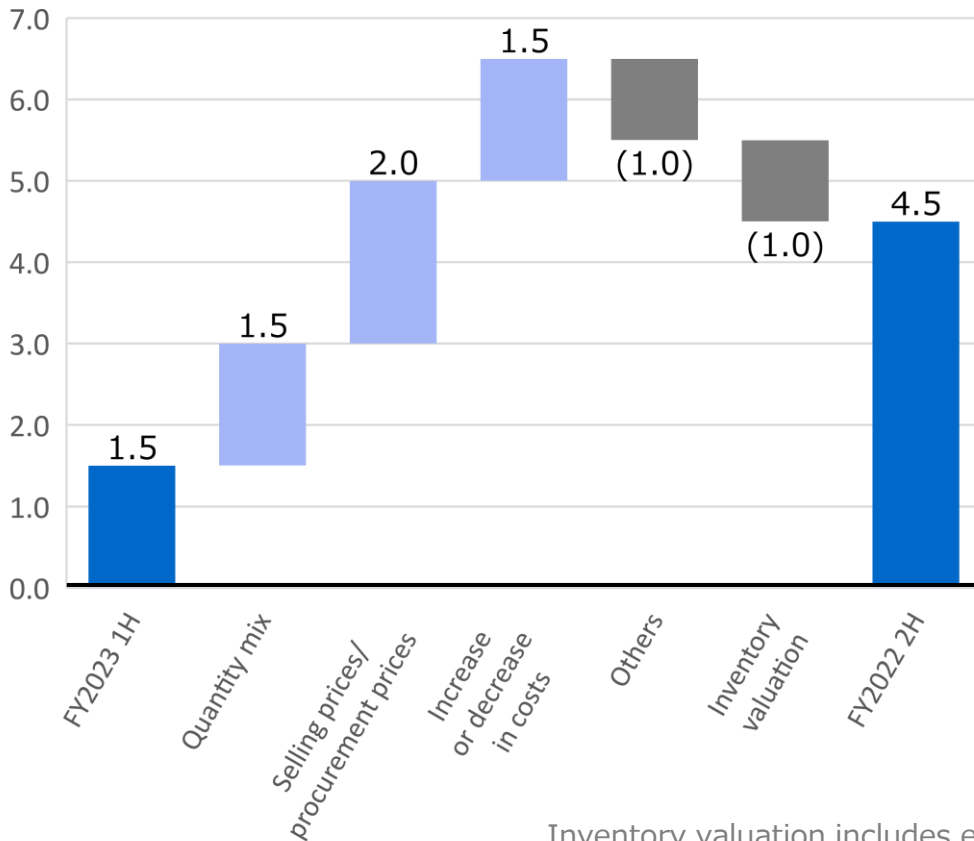
3.0

Ordinary Profit (Loss) (Billions of yen)

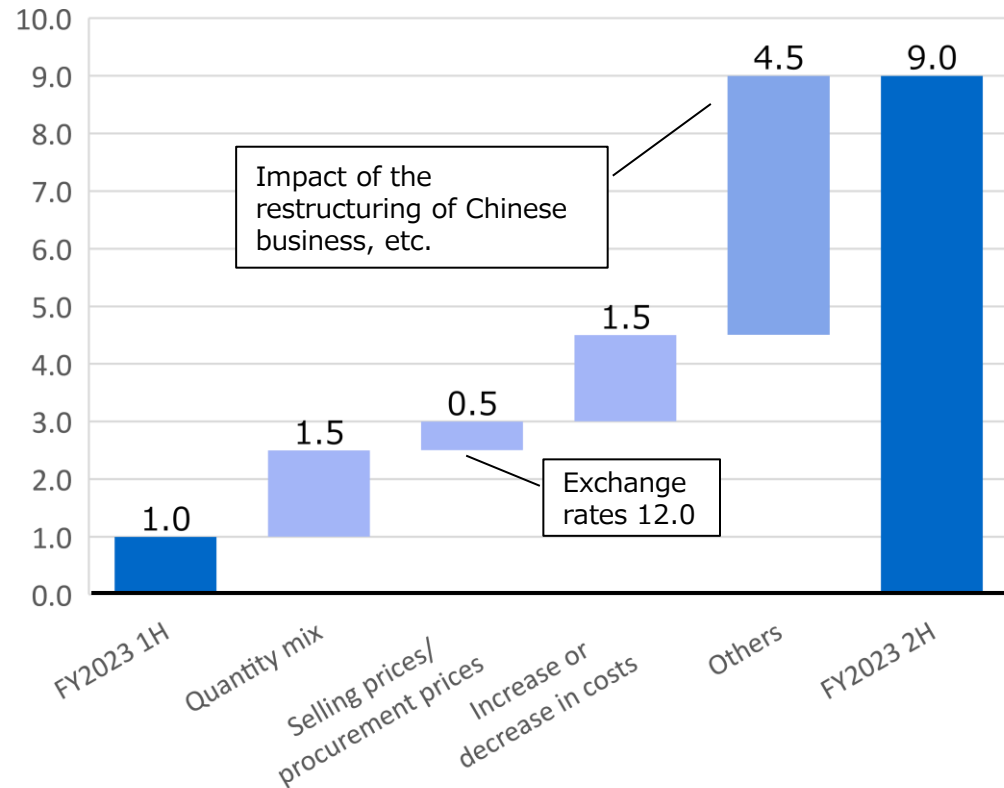
	FY2023 Forecast		
	1H	2H	Full Year
Construction Machinery	1.0	9.0	10.0

8.0

(Billions of yen)



(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

	FY2021 Actual			FY2022 Actual			FY2023 Forecast		
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Crude steel production*1 (Millions of tons)	3.35	3.24	6.59	3.15	3.04	6.19	approx.3.20	approx.3.00	approx.6.20
Sales volume of steel products*2 (Millions of tons)	2.68	2.59	5.27	2.50	2.48	4.98	approx.2.50	approx.2.50	approx.5.00
Domestic	2.03	1.97	3.99	1.92	1.93	3.85			
Exports	0.66	0.62	1.28	0.58	0.55	1.13			
Average steel selling price (Thousands of yen/ton)	95.5	116.1	105.6	134.5	145.7	140.1			
Export ratio (value basis)	24.9%	23.6%	24.2%	23.4%	21.8%	22.6%			
Aluminum rolled products*3 (Thousands of tons)	179	164	343	170	167	337	approx.180	approx.190	approx.370
Domestic	134	117	250	119	113	232			
Exports	45	47	93	51	55	105			
Aluminum extrusions*3 (Thousands of tons)	19	17	36	17	17	34	approx.20	approx.24	approx.44
Domestic	16	14	30	14	13	27			
Exports	3	3	6	4	4	8			
Copper rolled products*2 (Thousands of tons)	29	31	60	27	27	54	approx.30	approx.32	approx.62
Welding materials*3 (Thousands of tons)	133	125	258	125	123	248	approx.125	approx.130	approx.255
Domestic	53	54	108	52	54	105			
Exports	80	70	150	74	69	143			
Hydraulic excavators*4 (Thousands of units)	14.2	13.9	28.1	11.9	12.7	24.6	approx.13.5	approx.14.5	approx.28.0
Domestic	3.5	4.4	7.9	3.4	4.2	7.6			
Exports	10.7	9.5	20.2	8.5	8.5	17.0			
Crawler cranes*3 (Units)	143	178	321	145	144	289	approx.160	approx.170	approx.330

\*1 Includes production volume through electric arc furnaces at Takasago Works

\*2 Non-consolidated basis

\*3 Consolidated basis

\*4 Consolidated basis (including mini-excavators)

(Billions of yen)

Steel products		FY2021 Actual			FY2022 Actual				
		1H	2H	Full Year	1H	3Q	4Q	2H	Full Year
	Iron ore	6.0	(8.5)	(2.5)	5.0	(4.5)	(2.5)	(7.0)	(2.0)
	Coal	3.5	8.0	11.5	(3.0)	0.0	0.5	0.5	(2.5)
	<b>Carry over</b>	<b>9.5</b>	<b>(0.5)</b>	<b>9.0</b>	<b>2.0</b>	<b>(4.5)</b>	<b>(2.0)</b>	<b>(6.5)</b>	<b>(4.5)</b>

	Average method	22.0	21.0	43.0	16.5	9.0	(7.5)	1.5	18.0
	Lower-of-cost-or-market method	0.0	0.0	0.0	(1.5)	(1.5)	0.5	(1.0)	(2.5)
	<b>Inventory valuation</b>	<b>22.0</b>	<b>21.0</b>	<b>43.0</b>	<b>15.0</b>	<b>7.5</b>	<b>(7.0)</b>	<b>0.5</b>	<b>15.5</b>

Aluminum rolled products		FY2021 Actual			FY2022 Actual				
		1H	2H	Full Year	1H	3Q	4Q	2H	Full Year
	Average method	0.0	2.0	2.0	5.5	0.0	1.0	1.0	6.5
	Lower-of-cost-or-market method	0.0	0.0	0.0	0.0	0.0	(1.0)	(1.0)	(1.0)
	<b>Inventory valuation</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>	<b>5.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.5</b>

Advanced Materials		FY2021 Actual			FY2022 Actual				
		1H	2H	Full Year	1H	3Q	4Q	2H	Full Year
	Average method	3.0	3.0	6.0	2.5	0.5	0.0	0.5	3.0
	Lower-of-cost-or-market method	0.0	0.0	0.0	(0.5)	0.0	0.5	0.5	0.0
	<b>Inventory valuation</b>	<b>3.0</b>	<b>3.0</b>	<b>6.0</b>	<b>2.0</b>	<b>0.5</b>	<b>0.5</b>	<b>1.0</b>	<b>3.0</b>

(Billions of yen)

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
Cash flows from operating activities	72.3	21.4	210.0	181.6	69.8	95.0
Cash flows from investing activities	(10.9)	(133.4)	(81.9)	(125.0)	(70.0)	(80.0)
Free cash flow (excluding project financing)	61.4	(112.0)	128.1	56.6	(0.2)	15.0
Free cash flow (including project financing)	38.5	(191.9)	52.9	7.2	22.4	65.0
Cash and deposits (excluding project financing)	192.6	134.9	301.8	243.2	145.4	110.0

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
Capital investment (accrual basis)	133.4	239.8	185.0	108.1	97.3	135.0
Capital investment (payment basis)	132.4	245.3	173.2	156.4	98.9	110.0
Depreciation	102.5	105.3	100.8	105.1	112.5	120.0



	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
Profit (loss) per share	99.20 yen	(187.55) yen	64.05 yen	160.23 yen	183.80 yen	253.21 yen
Outside debt	760.3 billion yen	906.6 billion yen	987.8 billion yen	908.4 billion yen	861.8 billion yen	820.0 billion yen
Outside debt excluding debt from IPP project financing	724.2 billion yen	784.4 billion yen	785.7 billion yen	655.1 billion yen	590.5 billion yen	575.0 billion yen
D/E ratio *1	*2 0.98 times	*3 1.19 times	*4 1.11 times	*5 0.80 times	0.65 times	approx.0.60 times
ROS *6	1.8%	(0.4)%	0.9%	4.5%	4.3%	4.9%
ROA *7	1.5%	(0.3)%	0.6%	3.5%	3.8%	4.5%
ROE *8	4.8%	(9.7)%	3.4%	7.9%	8.4%	10.5%
ROIC *9	2.8%	0.9%	1.1%	4.7%	4.9%	6.0%

- \*1: D/E ratio: Debt (excluding IPP project finance) / Stockholders' equity
- \*2: Includes early procurement of borrowings for fiscal 2018 (92.1 billion yen)  
D/E ratio 0.85 times (excluding early procurement of borrowings)
- \*3: Includes early procurement of borrowings for fiscal 2019 (62.1 billion yen)  
D/E ratio 1.10 times (excluding early procurement of borrowings)
- \*4: Includes early procurement of borrowings for fiscal 2020 (186.2 billion yen)  
D/E ratio 0.84 times (excluding early procurement of borrowings)
- \*5: Includes early procurement of borrowings for fiscal 2021 (101.1 billion yen)  
D/E ratio 0.68 times (excluding early procurement of borrowings)

- \*6: ROS: Ordinary Profit (Loss) / Net Sales
- \*7: ROA: Ordinary Profit (Loss) / Total assets
- \*8: ROE: Profit (Loss) Attributable to Owners of the Parent / Stockholders' equity
- \*9: ROIC: After-tax operating income / invested capital

	FY2021 Actual			FY2022 Actual			FY2023 Forecast
	1H	2H	Full Year	1H	2H	Full Year	Full Year
1 U.S. dollar to yen	109.8	115.0	112.4	135.3	136.7	136.0	130.0
1 Chinese yuan to yen	17.0	18.0	17.5	19.9	19.5	19.7	19.0
1 euro to yen	130.9	130.2	130.6	139.1	144.1	141.6	140.0

#### Analysis of exchange rate sensitivity

Impact of the 1 yen depreciation against the U.S. dollar on future business performance

Steel products: approx. (1.3) billion yen

(Impact of dollar balance: (1.8) billion yen, inventory valuation, cost pass-through to selling price, etc.: +0.5 billion yen)

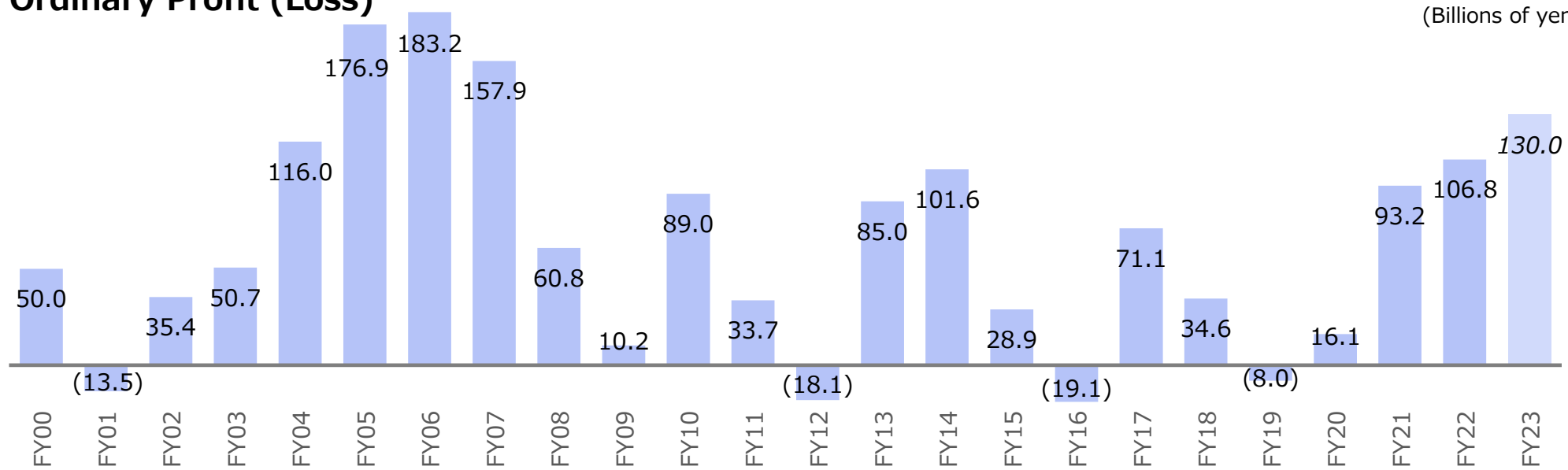
Construction machinery: approx. 0.3 billion yen

Impact of the 1 yen depreciation against the euro on future business performance

Construction machinery: approx. 0.3 billion yen

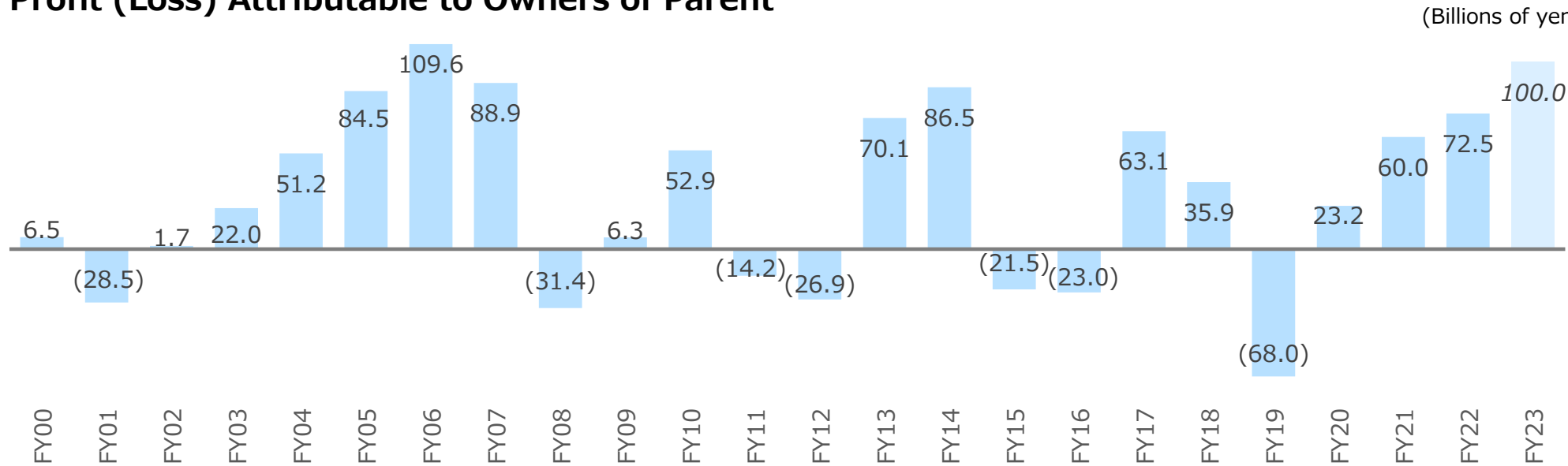
## Ordinary Profit (Loss)

(Billions of yen)



## Profit (Loss) Attributable to Owners of Parent

(Billions of yen)



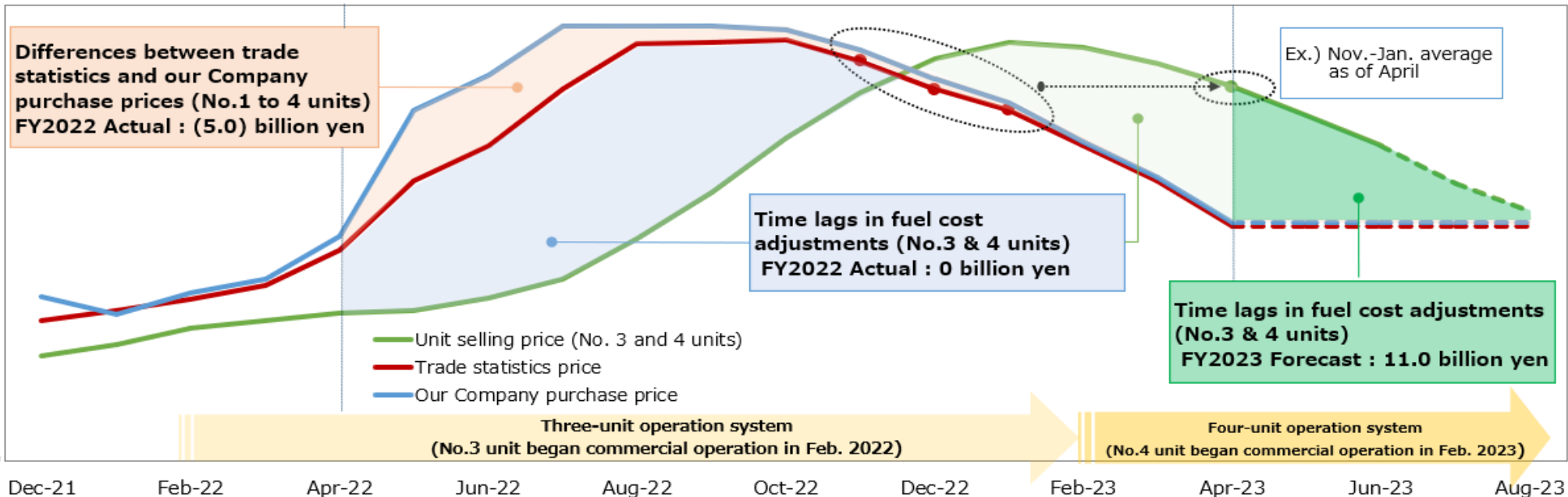
- **The electricity rate**, which is equivalent to the fuel cost received by our Company's coal-fired power subsidiaries (hereinafter collectively called "our Company"), is calculated based on **the fuel cost set at the time of contract and adjusted with changes in coal prices in the import trade statistics (national average) from the time of contract.**
- In fiscal 2022, **losses occurred** because the unit selling price of electricity in our Company was kept low due to the downward pressure on trade statistics prices, **affected by temporary factors** that are assumed to be associated with fixed-price contracts for some stocks at other power companies (the difference in value widened due to the subsequent surge in market conditions) and the time lag between coal purchase and delivery. **For the Kobe Power Plant No. 3 and No. 4 units, which refer to trade statistics from 3 to 5 months ago, a loss was expected due to time lags in fuel cost adjustments, but it has largely been eliminated along with declining coal market prices since February.**

**FY2022 Actual : (5.0) billion yen—with losses due to temporary factors**

- In fiscal 2023, **gains are expected due to the elimination of the temporary factors and time lags in fuel cost adjustments at the Kobe Power Plant No. 3 and No. 4 units, along with the decline in thermal coal market prices.**

**FY2023 Forecast: 11.0 billion yen—with gains due to time lags in fuel cost adjustments**

Trends in Coal Trade Statistics Prices and Our Company Purchase Prices (for illustrative purposes only)



◆ **FTSE4Good Index Series**  
(From Jun. 2021)



FTSE4Good

◆ **FTSE Blossom Japan Sector Relative Index**  
(From Mar. 2022)



FTSE Blossom  
Japan Sector  
Relative Index

◆ **FTSE Blossom Japan Index**  
(From Jun. 2021)



FTSE Blossom  
Japan

◆ **MSCI JAPAN ESG SELECT LEADERS INDEX\***  
(From Jun. 2022)

2022 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

◆ **MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) \***  
(From Dec. 2022)

2022 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

◆ **CDP**  
(From Dec. 2020)



Awarded “A-” in the climate change category for the third consecutive year

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<h2>KOBELCO's View of the Future</h2>	<p>Our view of a society and future to be attained as we carry out KOBELCO's mission</p> <p><b>We envision a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.</b></p>
<h2>KOBELCO's Mission</h2>	<p>Our mission and the social significance of the KOBELCO Group that we must fulfill</p> <p><b>Our mission is to provide solutions to the needs of society, by making the best use of the talents of our employees and our technologies.</b></p>
<h2>Core Values of KOBELCO</h2>	<p>The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group</p> <ol style="list-style-type: none"> <li><b>1. We provide technologies, products and services that win the trust and confidence of our customers we serve and the society in which we live.</b></li> <li><b>2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment.</b></li> <li><b>3. Through continuous and innovative changes, we create new values for the society of which we are a member.</b></li> </ol>
<h2>Six Pledges of KOBELCO</h2>	<p>Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter</p> <ol style="list-style-type: none"> <li><b>1. Uphold the Highest Sense of Ethics and Professionalism</b></li> <li><b>2. Contribute to the Society by Providing Superior Products and Services</b> <a href="#">Quality Charter</a></li> <li><b>3. Establish a Comfortable but Challenging Work Environment</b></li> <li><b>4. Live in Harmony with the Local Community</b></li> <li><b>5. Contribute to a Sustainable Environment</b></li> <li><b>6. Respect Each Stakeholder</b></li> </ol>

# Cautionary Statement

- **Certain statements in this presentation contain forward-looking statements concerning forecasts, assertions, prospects, intentions and strategies. The decisions and assumptions leading to these statements are based on information currently available to Kobe Steel. Due to possible changes in decisions and assumptions, future business operation, and internal and external conditions, actual results may differ materially from the projected forward-looking statements. Kobe Steel is not obligated to revise the forward-looking contents of this presentation.**
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  - Political situation and trade and other regulations
  - Changes in currency exchange rates
  - Availability and market conditions of raw materials
  - Products and services of competing companies, pricing policy, alliances, and business development including M&As
  - Strategy changes of alliance partners