

Financial Results for the First Quarter of Fiscal 2022 and Forecast for the Full Fiscal Year

August 9, 2022
Kobe Steel, Ltd.

KOBELCO

1. Summary of Financial Results and Forecast
2. Financial Results for the First Quarter of Fiscal 2022
3. Forecast for Fiscal 2022
4. Reference Information

1. Summary of Financial Results and Forecast

Summary of Financial Results for the First Quarter of FY 2022

(Year on year)

- **The production volume of automobiles, a major demand sector, decreased year on year** due to the impact of semiconductor shortages and supply chain disruptions caused by the lockdown in Shanghai. **Sales volume decreased mainly in the steel products** and in the construction machinery business, which was affected by a decrease in overall demand in China.
- While coking coal prices rose sharply, **steel metal spreads remained at the same level as the same period of the previous fiscal year** due to improvement in sales prices. **Margins in the aluminum rolled products and in the construction machinery business deteriorated year on year** due to a sharp rise in energy prices, which became apparent from 2H of the previous fiscal year, and **a delay in passing on rising prices of various materials, such as steel, to sales prices.**
- On the other hand, **ordinary income increased by 5.9 billion yen year on year to 29.9 billion yen** due to factors such as an increase in inventory valuation gains and compensation income related to the engine certification problem in North America in the construction machinery business.

Summary of Revisions to FY 2022 Full-Year Earnings Forecasts

(Compared to the previous forecast)

- **Steel metal spreads are expected to remain at the same level** as the previous forecast. However, compared to the previous forecast, we anticipate **a decline in sales volume in the materials and construction machinery businesses** along with **a delay in passing on increased procurement costs to sales prices** in business segments other than steel.
- The FY2022 full-year earnings forecast anticipates **an ordinary income of 80.0 billion yen, with no change from the previous forecast**, owing to an increase in inventory valuation gains, etc., but **the outlook remains uncertain** due to factors such as significant fluctuations in raw material prices and unpredictable automobile production trends. Going forward, we will steadily implement **measures to improve earnings, including improving sales prices.**

(Billions of yen)

| | FY2021 Actual | | FY2022 Forecast (Previous) | FY2022 Forecast (Current) | | Change | | |
|--|---------------|-----------|----------------------------|---------------------------|-------------|--------|-----------|-----------|
| | 1Q | Full Year | | 1Q Actual | Full Year | 1Q | Full Year | Full Year |
| | ① | ② | | ④ | ⑤ | ④ - ① | ⑤ - ② | ⑤ - ③ |
| Net Sales | 463.2 | 2,082.5 | 2,370.0 | 542.8 | 2,510.0 | 79.5 | 427.5 | 140.0 |
| Operating Income (Loss) | 24.8 | 87.6 | 80.0 | 8.0 | 75.0 | (16.7) | (12.6) | (5.0) |
| Steel & Aluminum | 12.0 | 37.5 | 35.0 | 13.4 | 35.0 | 1.4 | (2.5) | - |
| Advanced Materials | 3.5 | 5.1 | 4.0 | 2.1 | 1.5 | (1.3) | (3.6) | (2.5) |
| Welding | 0.8 | 2.7 | 3.0 | 0.2 | 2.0 | (0.5) | (0.7) | (1.0) |
| Machinery | 1.4 | 12.5 | 11.5 | 1.5 | 12.5 | 0.1 | (0.0) | 1.0 |
| Engineering | 1.8 | 7.7 | 2.5 | 0.9 | 2.5 | (0.8) | (5.2) | - |
| Construction Machinery | 3.7 | 12.0 | 6.0 | 9.2 | 7.5 | 5.5 | (4.5) | 1.5 |
| Electric Power | 1.0 | 13.2 | 28.0 | 0.0 | 23.0 | (0.9) | 9.8 | (5.0) |
| Other Businesses | 0.2 | 7.0 | 4.0 | 1.3 | 4.5 | 1.1 | (2.5) | 0.5 |
| Adjustment | (0.7) | (4.9) | (14.0) | 0.8 | (8.5) | 1.6 | (3.6) | 5.5 |
| Ordinary Income (Loss) | 23.9 | 93.2 | 80.0 | 29.9 | 80.0 | 5.9 | (13.2) | - |
| Excluding Inventory Valuation | 6.4 | 42.2 | 76.0 | 7.9 | 55.5 | 1.4 | 13.3 | (20.5) |
| Extraordinary Income (Loss) | - | (9.2)* | - | - | - | - | 9.2 | - |
| Net Income (Loss) Attributable to Owners of the Parent | 18.9 | 60.0 | 60.0 | 21.0 | 60.0 | 2.1 | (0.0) | - |

*Loss on transfer of shares in the copper tube business

| Segment | Summary (Changes from the previous forecast) |
|---|---|
| <p>Materials businesses</p> <ul style="list-style-type: none"> • Iron & steel • Aluminum rolled products • Advanced materials • Welding | <ul style="list-style-type: none"> ■ Automobile production is expected to decline from the previous forecast due to the impact of semiconductor shortages and supply chain disruptions caused by the lockdown in Shanghai. Our company sales volume is also expected to decline. ■ While steel raw materials market prices rose sharply in 1Q of the year, the markets for both iron ore and coking coal have recently turned downward due to weak demand in China. ■ In the steel products, despite significant increases in raw material costs in 1Q, metal spreads are expected to remain at the same level as the previous forecast as the increasing costs have been steadily passed on to sales prices. ■ We anticipate rises in procurement prices in the aluminum rolled products and in the advanced materials business due to soaring energy prices, such as crude oil and LNG, and the yen's depreciation, along with a delay in passing on the rising costs to sales prices. |
| <p>Machinery/Engineering</p> | <ul style="list-style-type: none"> ■ Demand is expected to remain strong. Orders for machinery are expected to be the same level as the previous fiscal year, which saw the largest volume of orders ever recorded. ■ In the engineering business, demand for MIDREX® plants remains strong. |
| <p>Construction Machinery</p> | <ul style="list-style-type: none"> ■ Unit sales are expected to be lower than the previous forecast due to a delay in parts procurement caused by the lockdown in Shanghai, a decline in infrastructure investment in China, and the growing presence of Chinese capital manufactures. ■ Earnings are expected to improve due to the weaker yen, while procurement costs of various materials, such as steel, are expected to rise further. |
| <p>Electric Power</p> | <ul style="list-style-type: none"> ■ Thermal coal prices have skyrocketed due to an embargo on Russian coal mainly in Europe. ■ Earnings are expected to deteriorate from the previous forecast due to the time required for fuel cost pass-through at the No. 3 unit of the Kobe Power Plant. |

Automobile production

Compared to the previous forecast, automobile production is expected to decrease due to further production cuts mainly in the 1H. A full-fledged recovery in automobile production is expected to be pushed back to the 4Q of fiscal 2022.

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

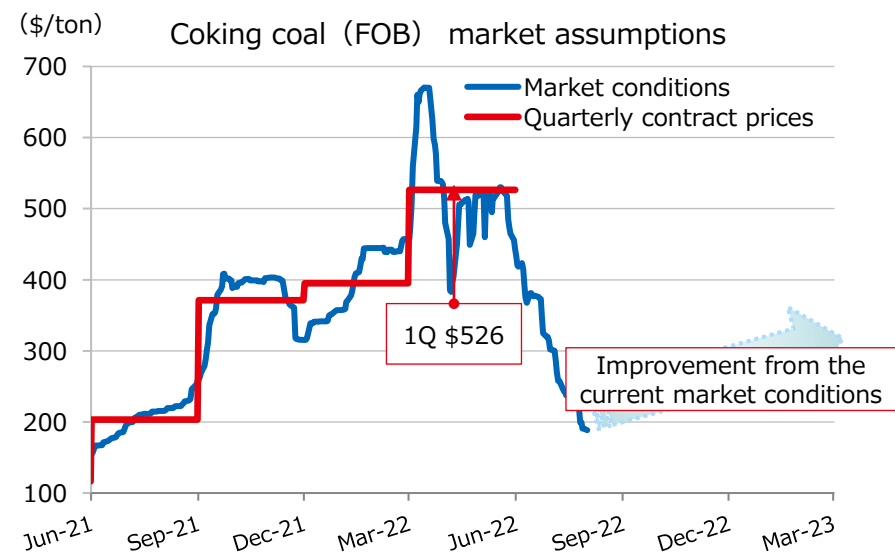
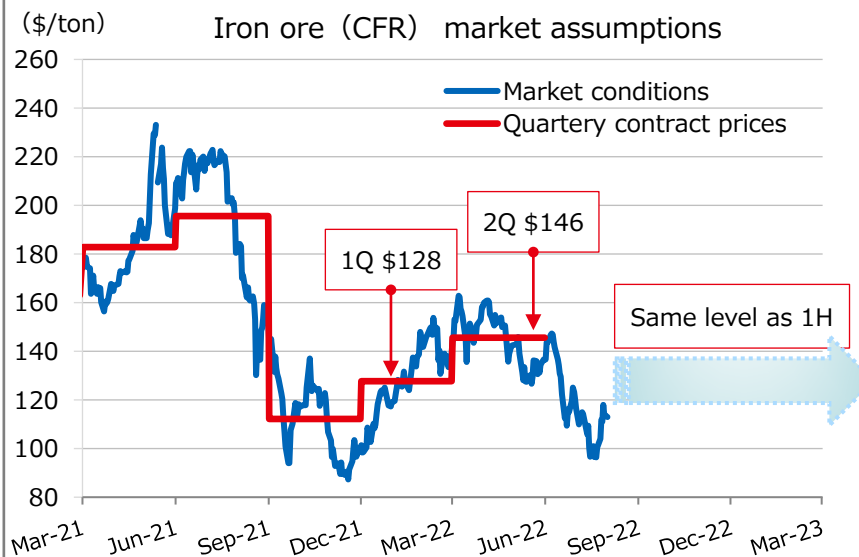
Estimated production volume of Japanese automobile manufacturers (including overseas production)

*Compared to the average in FY 2019

| | FY2021 | FY2022 Forecast (Previous) | | | | | FY2022 Forecast (Current) | | | | |
|--------|--------|----------------------------|------|-----|-----|-----------|---------------------------|-------|------|-----|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Full Year | 1Q | 2Q | 3Q | 4Q | Full Year |
| Change | (12%) | (11%) | (4%) | +5% | +5% | (1%) | (22%) | (11%) | (4%) | +5% | (8%) |

Iron ore Coking coal

Iron ore : FY2022 1H prices have been settled at \$146. Prices in 2H are assumed to be roughly the same as 1H.
Coking coal : Prices in 1Q have been settled at \$526. Prices in 2Q fall sharply on plunge in global steel demand.
Prices in 2H are expected to reflect a certain degree of improvement from the current market conditions.



2. Financial Results for the First Quarter of Fiscal 2022

Net Sales: 542.8 billion yen (Up 79.5 billion yen year on year)

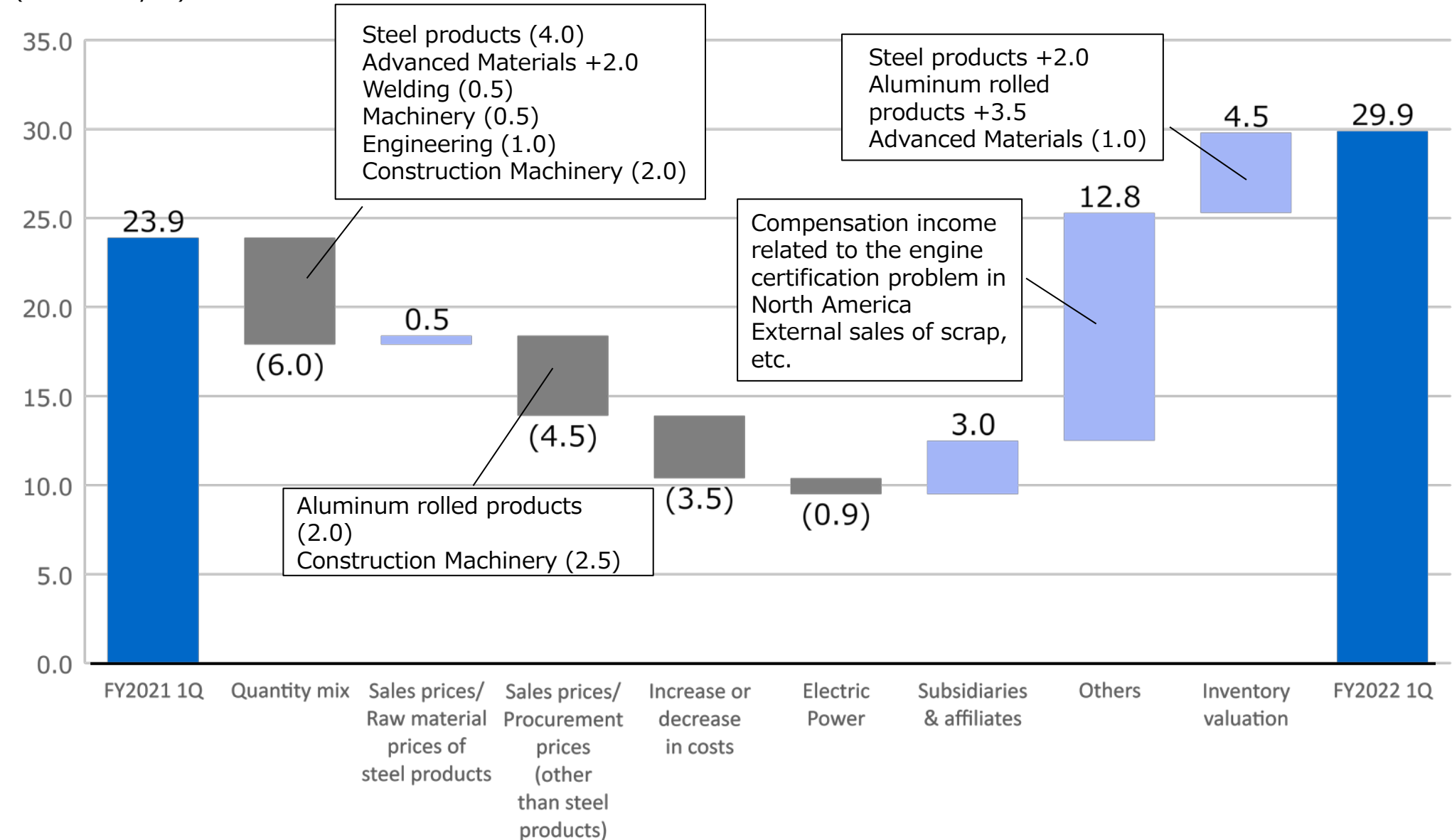
- Net sales increased due to factors such as improvement in sales prices and the rise in unit prices of electric power along with the rise in coal prices in the electric power business, despite a decrease in sales volume in the materials businesses affected by the automobile production cuts and in the construction machinery business affected by weakening demand in China.

Ordinary Income : 29.9 billion yen (Up 5.9 billion yen year on year)

- Ordinary income increased due to an increase in inventory valuation gains and compensation income related to the engine certification problem in North America in the construction machinery business, despite a decrease in sales volume, deterioration in margins in the aluminum rolled products and in the construction machinery business and cost increases centered on fixed cost.

| | (Billions of yen) | | |
|---|-------------------|----------------|---------------|
| | FY2021 1Q ① | FY2022 1Q ② | Change ②-① |
| Net Sales | 463.2 | 542.8 | 79.5 |
| Operating Income (Loss) | 24.8 | 8.0 | (16.7) |
| Ordinary Income (Loss) | 23.9 | 29.9 | 5.9 |
| Excluding Inventory Valuation | 6.4 | 7.9 | 1.4 |
| Extraordinary Income (Loss) | - | - | - |
| Net Income (Loss) Attributable to Owners of the Parent | 18.9 | 21.0 | 2.1 |

(Billions of yen)



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

Net Sales

(Billions of yen)

| | FY2021 1Q ① | FY2022 1Q ② | Change ②-① |
|------------------------|----------------|----------------|---------------|
| Steel & Aluminum | 206.4 | 258.7 | 52.3 |
| Advanced Materials | 74.8 | 65.7 | (9.0) |
| Welding | 19.1 | 20.5 | 1.4 |
| Machinery | 35.0 | 35.7 | 0.7 |
| Engineering | 24.6 | 28.7 | 4.0 |
| Construction Machinery | 93.5 | 86.9 | (6.6) |
| Electric Power | 15.8 | 57.2 | 41.3 |
| Other Businesses | 4.7 | 4.6 | (0.0) |
| Adjustment | (11.1) | (15.6) | (4.5) |
| Total | 463.2 | 542.8 | 79.5 |

Ordinary Income (Loss)

(Billions of yen)

| | FY2021 1Q ③ | FY2022 1Q ④ | Change ④-③ |
|------------------------|----------------|----------------|---------------|
| Steel & Aluminum | 12.0 | 13.4 | 1.4 |
| Advanced Materials | 3.5 | 2.1 | (1.3) |
| Welding | 0.8 | 0.2 | (0.5) |
| Machinery | 1.4 | 1.5 | 0.1 |
| Engineering | 1.8 | 0.9 | (0.8) |
| Construction Machinery | 3.7 | 9.2 | 5.5 |
| Electric Power | 1.0 | 0.0 | (0.9) |
| Other Businesses | 0.2 | 1.3 | 1.1 |
| Adjustment | (0.7) | 0.8 | 1.6 |
| Total | 23.9 | 29.9 | 5.9 |

(Billions of yen)

| | | FY2021 1Q | FY2022 1Q | Change |
|--------------------------|-------------------------------|-----------|-----------|--------|
| | | ① | ② | ②-① |
| Steel products | Net Sales | 167.5 | 210.3 | 42.7 |
| | Ordinary Income (Loss) | 9.8 | 9.7 | (0.1) |
| | Excluding Inventory Valuation | (4.1) | (6.2) | (2.1) |
| Aluminum rolled products | Net Sales | 38.8 | 48.4 | 9.6 |
| | Ordinary Income (Loss) | 2.2 | 3.7 | 1.5 |
| | Excluding Inventory Valuation | 1.7 | (0.2) | (1.9) |
| Total | Net Sales | 206.4 | 258.7 | 52.3 |
| | Ordinary Income (Loss) | 12.0 | 13.4 | 1.4 |
| | Excluding Inventory Valuation | (2.4) | (6.5) | (4.0) |

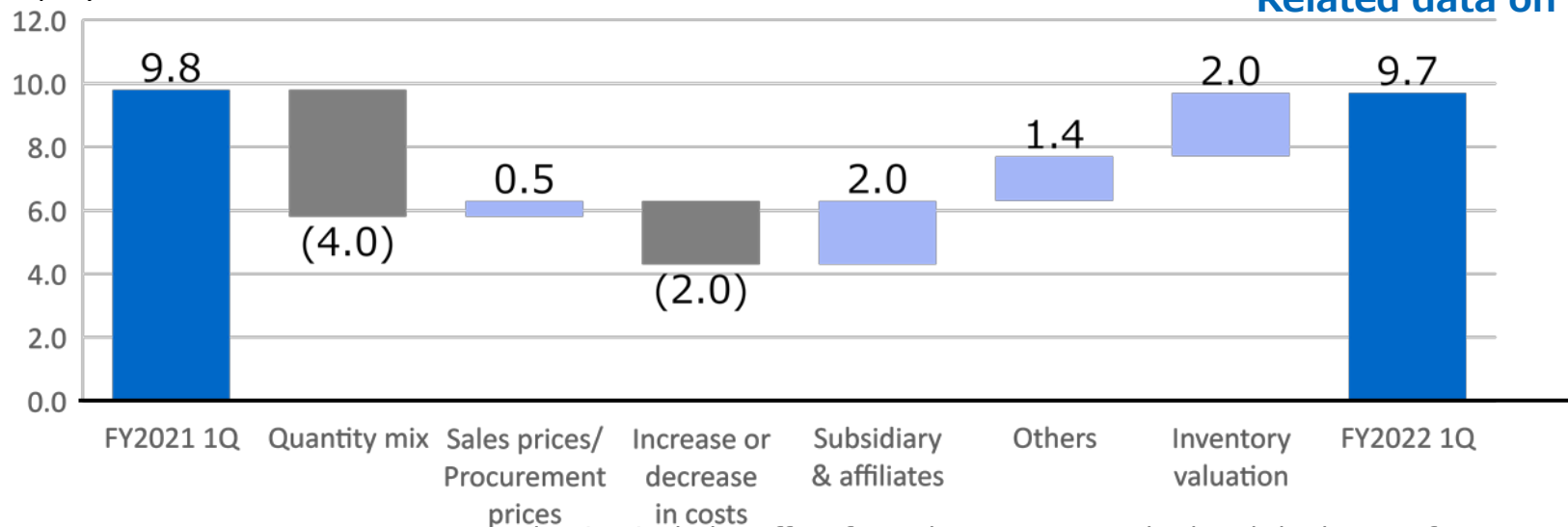
Steel products

FY2021 1Q : Net sales of 167.5 billion yen →
FY2022 1Q : Net sales of 210.3 billion yen (Up 42.7 billion yen year on year)
FY2021 1Q : Ordinary Income of 9.8 billion yen →
FY2022 1Q : Ordinary Income of 9.7 billion yen (Down 0.1 billion yen year on year)

- Crude steel production: 1.59 million tons (Down 0.07 million tons year on year)
- Sales volume: 1.26 million tons (Down 0.10 million tons year on year)
 - Decrease in sales volume due to a decrease in automobile production
- Sales price: 126,500 yen/ton (Up 35,800 yen/ton year on year)
- Factors affecting profit and loss
 - Decrease in sales volume
 - Metal spreads remained unchanged year on year due to improvement in sales prices despite rising coal prices.
 - Cost increases centered on fixed costs, such as labor costs
 - Improvement in earnings of U.S. Group Companies
 - Improvement in inventory valuation gains due to rising raw material prices

(Billions of yen)

[Related data on P43-44](#)



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

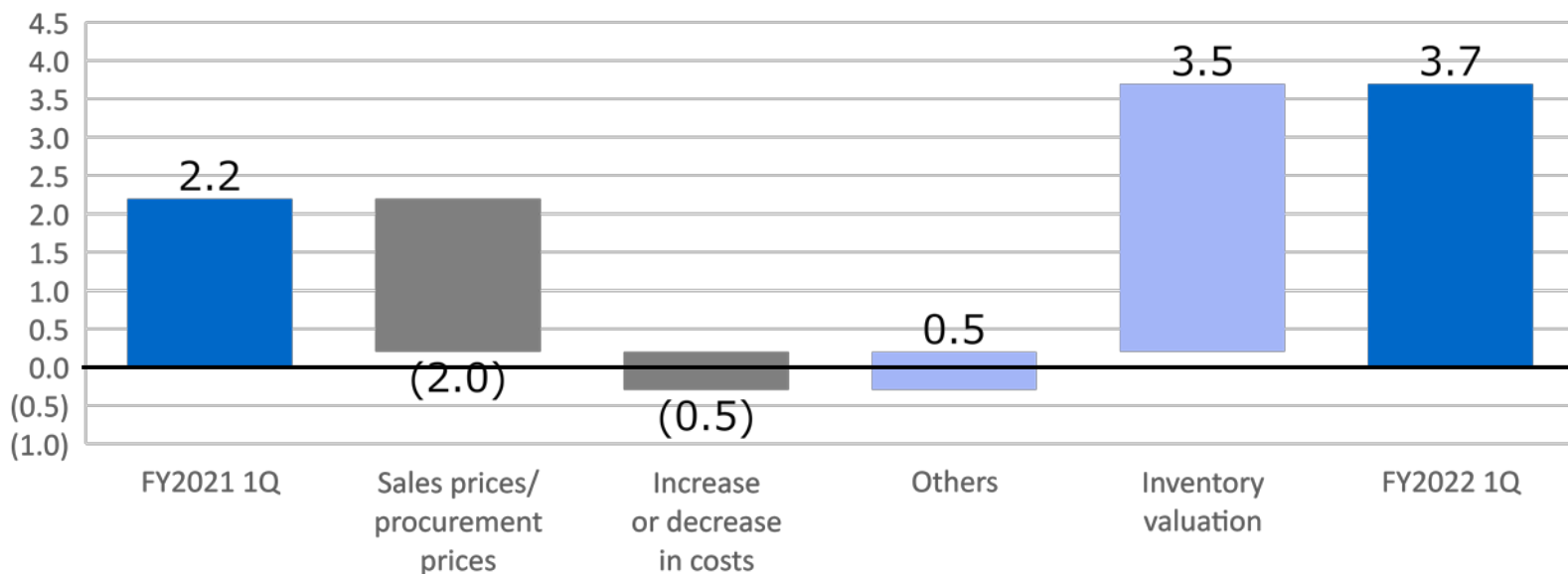
Aluminum rolled products

FY2021 1Q : Net sales of 38.8 billion yen →
FY2022 1Q : Net sales of 48.4 billion yen (Up 9.6 billion yen year on year)
FY2021 1Q : Ordinary Income of 2.2 billion yen →
FY2022 1Q : Ordinary Income of 3.7 billion yen (Up 1.5 billion yen year on year)

- Sales volume: 86 thousand tons (Down 2 thousand tons year on year)
 - Automobiles: Decreased due to a decrease in demand caused by automobile production cuts, despite an increase in sales volume due to expansion of sales.
 - IT and semiconductors: Remained strong mainly in the semiconductor manufacturing equipment sector
- Factors affecting profit and loss
 - Delay in passing on the increase in procurement costs caused by the rise and energy prices to sales prices
 - Improvement in inventory valuation gains due to the rise in the aluminum market prices

Related data on P43-44

(Billions of yen)



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

| | FY2021 1Q ① | FY2022 1Q ② | (Billions of yen) Change ②-① |
|-------------------------------|----------------|----------------|------------------------------------|
| Net Sales | 74.8 | 65.7 | (9.0) |
| Ordinary Income (Loss) | 3.5 | 2.1 | (1.3) |
| Excluding Inventory Valuation | 0.5 | 0.1 | (0.3) |

Related data on P43-44

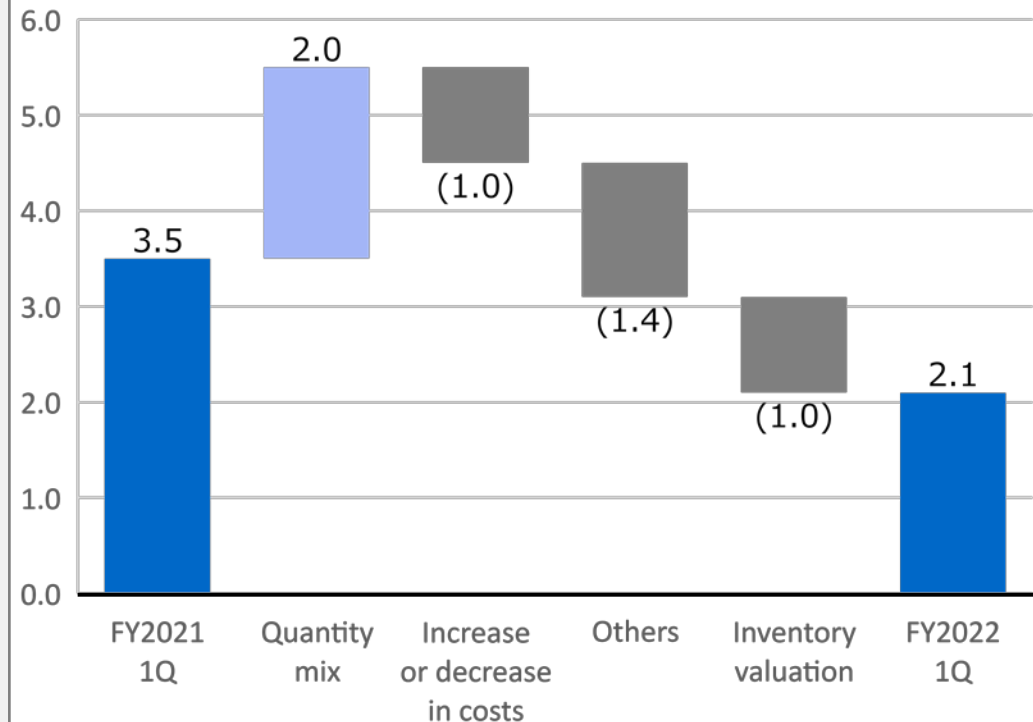
■ Sales volume

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

■ Factors affecting profit and loss

- Increase in sales volume of steel casting & forging and titanium
- Cost increases centered on fixed costs, such as labor costs
- Decline in inventory valuation gains (impact of the sale of the copper tube business)

(Billions of yen)



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

| | FY2021 1Q ① | FY2022 1Q ② | (Billions of yen) Change ②-① |
|------------------------|----------------|----------------|------------------------------------|
| Net Sales | 19.1 | 20.5 | 1.4 |
| Ordinary Income (Loss) | 0.8 | 0.2 | (0.5) |

[Related data on P43](#)

■ Sales volume

- Decreased in both domestic and overseas sales due to automobile production cuts in Japan and China.

■ Factors affecting profit and loss

- Decrease in sales volume

| | FY2021 1Q ① | FY2022 1Q ② | (Billions of yen) Change ②-① |
|------------------------|-------------------|----------------|------------------------------------|
| Net Sales | 35.0 | 35.7 | 0.7 |
| Ordinary Income (Loss) | 1.4 | 1.5 | 0.1 |
| Orders | 43.1 [*] | 53.1 | 10.0 |

* Previously, orders received by Kobe Steel, Ltd. and its major consolidated subsidiaries were counted. From the 2Q of the previous fiscal year, the Company changed the method to count the orders received by the Company and all of its consolidated subsidiaries. Accordingly, orders for the previous fiscal year have been recalculated.

■ Orders

- Increased in both industrial machinery and rotating machinery owing to strong demand in the petrochemicals and energy sectors

■ Factors affecting profit and loss

- Changes in the project composition

(Billions of yen)

| | FY2021 1Q ① | FY2022 1Q ② | Change ②-① |
|------------------------|----------------|----------------|---------------|
| Net Sales | 24.6 | 28.7 | 4.0 |
| Ordinary Income (Loss) | 1.8 | 0.9 | (0.8) |
| Orders | 53.3 | 44.6 | (8.7) |

■ Orders

- Decreased compared to the same period of the previous year, which recorded orders for overseas projects in the direct reduced iron business and multiple projects in the waste treatment-related business

■ Factors affecting profit and loss

- Changes in the project composition

| | FY2021 1Q ① | FY2022 1Q ② | (Billions of yen) Change ②-① |
|------------------------|----------------|----------------|------------------------------------|
| Net Sales | 93.5 | 86.9 | (6.6) |
| Ordinary Income (Loss) | 3.7 | 9.2 | 5.5 |

Related data on P43

■ Unit Sales

[Hydraulic excavator]

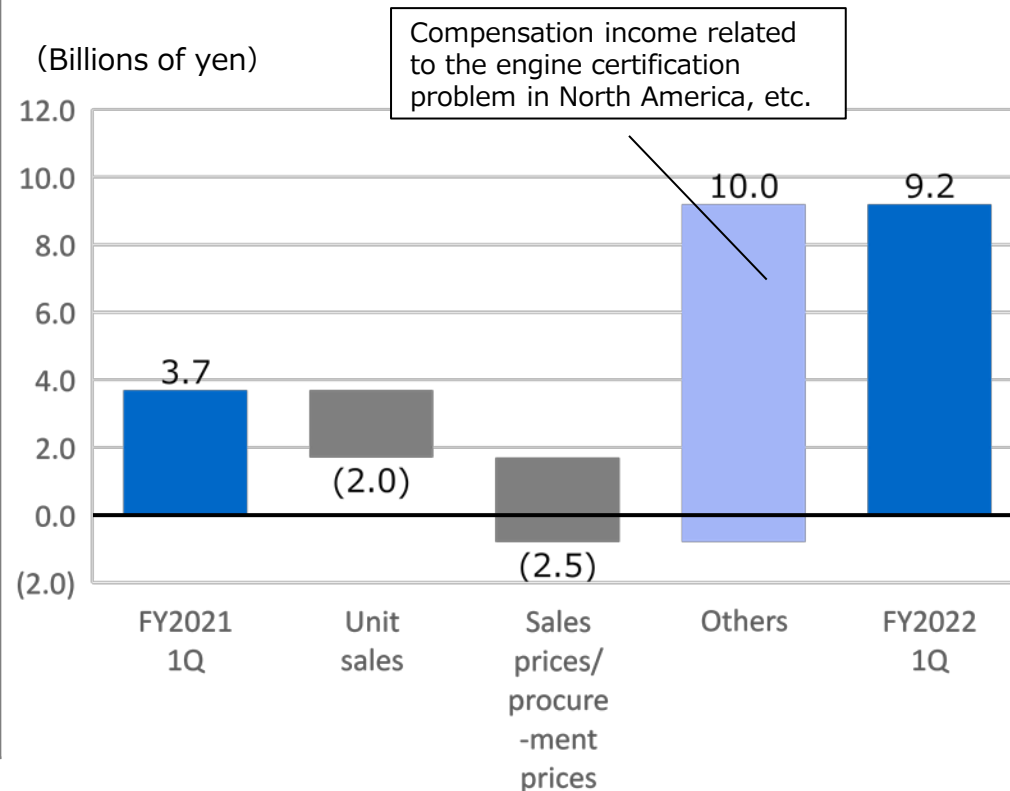
- Decreased in China affected by weakened demand due to a decline in infrastructure investment and in Japan affected by shortages of procured parts due to the lockdown in Shanghai

[Crawler crane]

- Increased in Japan, the Middle East, Australia and other countries where demand is strong

■ Factors affecting profit and loss

- Decrease in unit sales of hydraulic excavator
- Delay in passing on increased procurement prices of various materials, such as steel, to sales prices
- Compensation income related to the engine certification problem in North America



(Billions of yen)

| | FY2021 1Q ① | FY2022 1Q ② | Change ②-① |
|------------------------|----------------|----------------|---------------|
| Net Sales | 15.8 | 57.2 | 41.3 |
| Ordinary Income (Loss) | 1.0 | 0.0 | (0.9) |

■ Sales volume

- Increased due to the start of operations of the No. 3 unit of the Kobe Power Plant (started operation in February 2022)

■ Unit price

- Rose along with soaring thermal coal prices

■ Factors affecting profit and loss

- Start of operations of the No. 3 unit of the Kobe Power Plant
- Time required for fuel cost pass-through at the No. 3 unit of the Kobe Power Plant

3. Forecast for Fiscal 2022

Net sales: FY2022 Previous: 2,370.0 billion yen → FY2022 Current: 2,510.0 billion yen (Up 140.0 billion yen)

- Anticipate an increase in net sales due to cost pass-through to sales prices, despite further increases in raw material and procurement prices and the yen's depreciation.
- Anticipate a significant increase in sales in the electric power business due to a rise in unit sales price of electricity along with rising thermal coal prices.

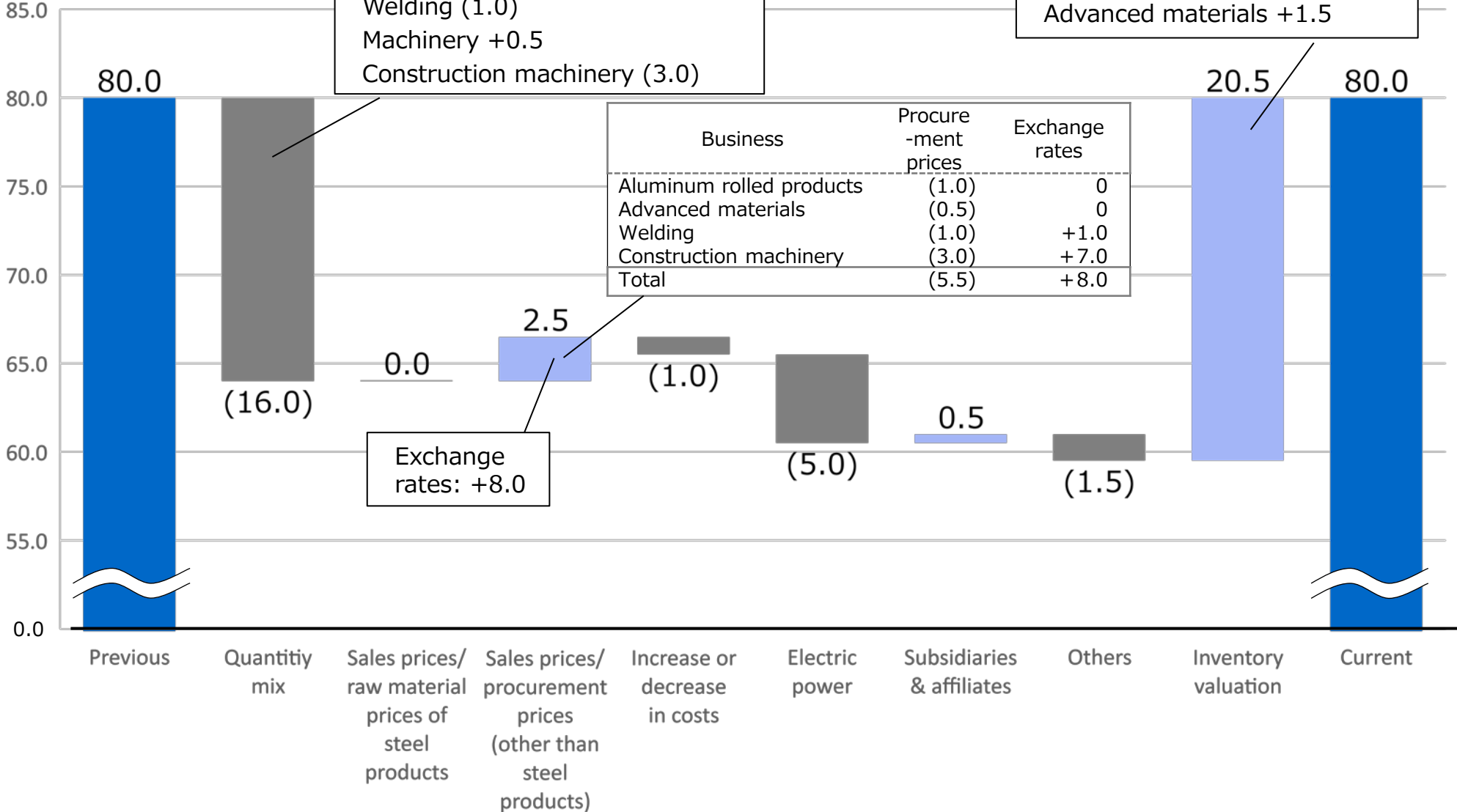
Ordinary income: FY2022 Previous: 80.0 billion yen → FY2022 Current: 80.0 billion yen (with no change)

- Anticipate a decrease in sales volume mainly in the materials business due to factors such as slow demand recovery in the automotive sector.
- Anticipate an increase in inventory valuation gains due to rising raw material prices and the yen's depreciation.

(Billions of yen)

| | FY2021 Actual | | | FY2022 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change ②-① |
|--|---------------|---------|---------|----------------------------|---------|---------|---------------------------|---------|---------|---------------|
| | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | |
| Net Sales | 972.1 | 1,110.3 | 2,082.5 | 1,160.0 | 1,210.0 | 2,370.0 | 1,170.0 | 1,340.0 | 2,510.0 | 140.0 |
| Operating Income (Loss) | 46.8 | 40.8 | 87.6 | 25.0 | 55.0 | 80.0 | 19.0 | 56.0 | 75.0 | (5.0) |
| Ordinary Income (Loss) | 44.3 | 48.8 | 93.2 | 35.0 | 45.0 | 80.0 | 32.0 | 48.0 | 80.0 | – |
| Excluding Inventory Valuation | 19.3 | 22.8 | 42.2 | 32.5 | 43.5 | 76.0 | 11.0 | 44.5 | 55.5 | (20.5) |
| Extraordinary Income (Loss) | – | (9.2) | (9.2) | – | – | – | – | – | – | – |
| Net Income (Loss) Attributable to Owners of the Parent | 34.5 | 25.5 | 60.0 | 30.0 | 30.0 | 60.0 | 25.0 | 35.0 | 60.0 | – |

(Billions of yen)



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

Net Sales

(Billions of yen)

| | FY2021 Actual | | | FY2022 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change |
|------------------------|---------------|----------------|----------------|----------------------------|----------------|----------------|---------------------------|----------------|----------------|--------------|
| | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | ②-① |
| Steel & Aluminum | 427.3 | 487.5 | 914.9 | 530.0 | 560.0 | 1,090.0 | 532.0 | 598.0 | 1,130.0 | 40.0 |
| Advanced Materials | 153.2 | 180.0 | 333.2 | 140.0 | 145.0 | 285.0 | 140.0 | 160.0 | 300.0 | 15.0 |
| Welding | 38.0 | 38.8 | 76.9 | 41.0 | 43.0 | 84.0 | 41.0 | 45.0 | 86.0 | 2.0 |
| Machinery | 79.7 | 87.1 | 166.8 | 95.0 | 96.0 | 191.0 | 88.0 | 104.0 | 192.0 | 1.0 |
| Engineering | 55.6 | 79.9 | 135.6 | 67.0 | 85.0 | 152.0 | 66.0 | 90.0 | 156.0 | 4.0 |
| Construction Machinery | 194.0 | 177.6 | 371.6 | 198.0 | 192.0 | 390.0 | 185.0 | 211.0 | 396.0 | 6.0 |
| Electric Power | 37.5 | 72.3 | 109.8 | 107.0 | 105.0 | 212.0 | 143.0 | 146.0 | 289.0 | 77.0 |
| Other Businesses | 11.4 | 17.4 | 28.8 | 11.0 | 16.0 | 27.0 | 11.0 | 17.0 | 28.0 | 1.0 |
| Adjustment | (24.8) | (30.4) | (55.3) | (29.0) | (32.0) | (61.0) | (36.0) | (31.0) | (67.0) | (6.0) |
| Total | 972.1 | 1,110.3 | 2,082.5 | 1,160.0 | 1,210.0 | 2,370.0 | 1,170.0 | 1,340.0 | 2,510.0 | 140.0 |

Ordinary Income (Loss)

(Billions of yen)

| | FY2021 Actual | | | FY2022 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change |
|------------------------|---------------|-------------|-------------|----------------------------|-------------|-------------|---------------------------|-------------|-------------|----------|
| | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | ②-① |
| Steel & Aluminum | 14.8 | 22.6 | 37.5 | 13.0 | 22.0 | 35.0 | 13.0 | 22.0 | 35.0 | – |
| Advanced Materials | 5.2 | (0.1) | 5.1 | 1.5 | 2.5 | 4.0 | 1.0 | 0.5 | 1.5 | (2.5) |
| Welding | 2.0 | 0.7 | 2.7 | 1.0 | 2.0 | 3.0 | 0.5 | 1.5 | 2.0 | (1.0) |
| Machinery | 4.2 | 8.3 | 12.5 | 4.5 | 7.0 | 11.5 | 3.5 | 9.0 | 12.5 | 1.0 |
| Engineering | 4.3 | 3.3 | 7.7 | 0.5 | 2.0 | 2.5 | 0.0 | 2.5 | 2.5 | – |
| Construction Machinery | 8.4 | 3.6 | 12.0 | 6.0 | 0.0 | 6.0 | 7.0 | 0.5 | 7.5 | 1.5 |
| Electric Power | 5.7 | 7.5 | 13.2 | 13.5 | 14.5 | 28.0 | 6.0 | 17.0 | 23.0 | (5.0) |
| Other Businesses | 1.1 | 5.9 | 7.0 | 1.0 | 3.0 | 4.0 | 1.0 | 3.5 | 4.5 | 0.5 |
| Adjustment | (1.7) | (3.1) | (4.9) | (6.0) | (8.0) | (14.0) | 0.0 | (8.5) | (8.5) | 5.5 |
| Total | 44.3 | 48.8 | 93.2 | 35.0 | 45.0 | 80.0 | 32.0 | 48.0 | 80.0 | – |

(Billions of yen)

| | | FY2021 Actual | | | FY2022 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change |
|--------------------------|-------------------------------|---------------|-------|-------|----------------------------|-------|---------|---------------------------|-------|---------|--------|
| | | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | ②-① |
| Steel products | Net Sales | 346.5 | 404.4 | 751.0 | 435.0 | 465.0 | 900.0 | 438.0 | 500.0 | 938.0 | 38.0 |
| | Ordinary Income (Loss) | 12.4 | 22.2 | 34.6 | 11.0 | 20.0 | 31.0 | 10.0 | 21.0 | 31.0 | – |
| | Excluding Inventory Valuation | (9.5) | 1.2 | (8.4) | 12.0 | 18.5 | 30.5 | (3.0) | 17.5 | 14.5 | (16.0) |
| Aluminum rolled products | Net Sales | 80.7 | 83.0 | 163.8 | 95.0 | 95.0 | 190.0 | 94.0 | 98.0 | 192.0 | 2.0 |
| | Ordinary Income (Loss) | 2.4 | 0.4 | 2.8 | 2.0 | 2.0 | 4.0 | 3.0 | 1.0 | 4.0 | – |
| | Excluding Inventory Valuation | 2.4 | (1.6) | 0.8 | (1.0) | 1.5 | 0.5 | (2.5) | 0.0 | (2.5) | (3.0) |
| Total | Net Sales | 427.3 | 487.5 | 914.9 | 530.0 | 560.0 | 1,090.0 | 532.0 | 598.0 | 1,130.0 | 40.0 |
| | Ordinary Income (Loss) | 14.8 | 22.6 | 37.5 | 13.0 | 22.0 | 35.0 | 13.0 | 22.0 | 35.0 | – |
| | Excluding Inventory Valuation | (7.1) | (0.4) | (7.6) | 11.0 | 20.0 | 31.0 | (5.5) | 17.5 | 12.0 | (19.0) |

Steel products

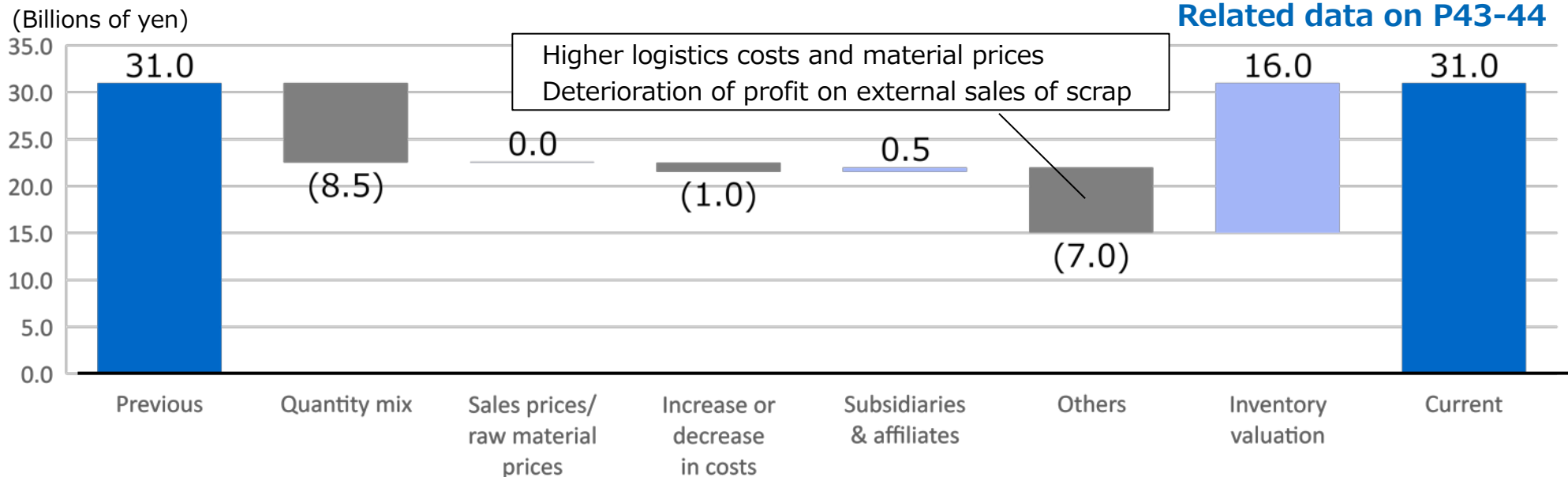
FY2022 Previous: Net sales of 900.0 billion yen →

FY2022 Current: Net sales of 938.0 billion yen (Up 38.0 billion yen)

FY2022 Previous: Ordinary Income of 31.0 billion yen →

FY2022 Current: Ordinary Income of 31.0 billion yen (with no change)

- Crude steel production : Approx. 6.50 million tons (Down 0.2 million tons)
- Sales volume : Approx. 5.30 million tons (Down 0.10 million tons)
 - Anticipate a decrease in sales volume due to slow demand recovery in the automotive sector
- Factors affecting profit and loss
 - Decrease in sales volume
 - Metal spreads remains at the same level as the previous forecast
 - Higher logistics costs and material prices
 - Improvement in inventory valuation gains due to rising raw material prices and a weaker yen



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

Aluminum
rolled
products

FY2022 Previous: Net sales of 190.0 billion yen →

FY2022 Current: Net sales of 192.0 billion yen (Up 2.0 billion yen)

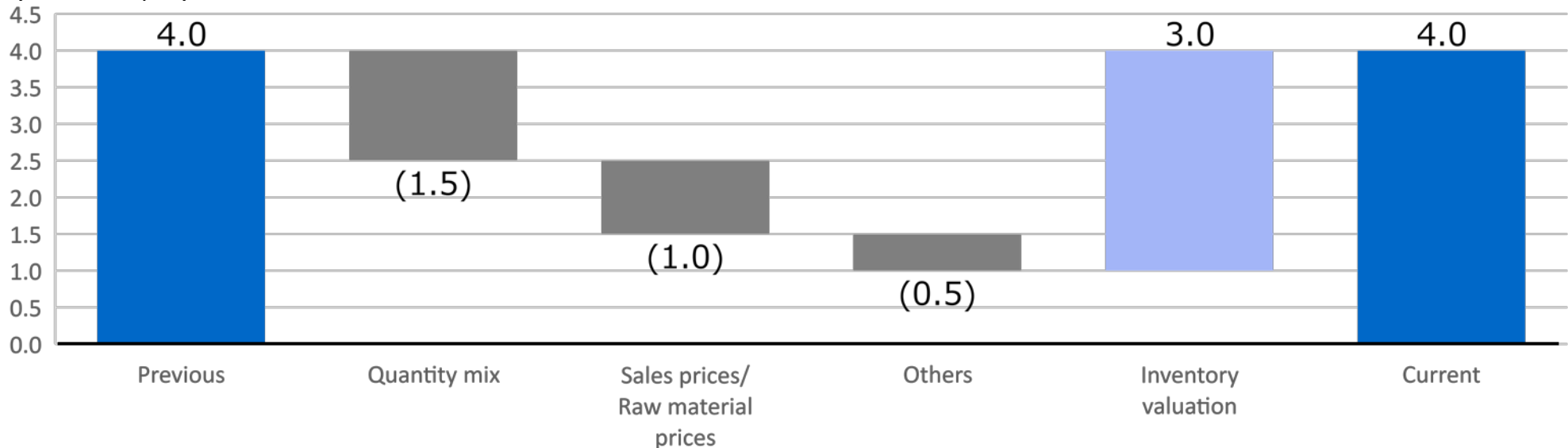
FY2022 Previous: Ordinary Income of 4.0 billion yen →

FY2022 Current: Ordinary Income of 4.0 billion yen (with no change)

- Sales volume: Approx. 370 thousand tons (Down 10 thousand tons)
 - Demand remains strong in the beverage can, IT and semiconductor sectors
 - Anticipate a decrease in sales volume in the automotive sector due to a slow demand recovery
- Factors affecting profit and loss
 - Decrease in sales volume
 - Delay in passing on rises in energy prices to sales prices
 - Improvement in inventory valuation gains due to a weaker yen

(Billions of yen)

Related data on P43-44



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

(Billions of yen)

| | FY2021 Actual | | | FY2022 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change ②-① |
|-------------------------------|---------------|-------|-------|----------------------------|-------|-------|---------------------------|-------|-------|---------------|
| | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | |
| Net Sales | 153.2 | 180.0 | 333.2 | 140.0 | 145.0 | 285.0 | 140.0 | 160.0 | 300.0 | 15.0 |
| Ordinary Income (Loss) | 5.2 | (0.1) | 5.1 | 1.5 | 2.5 | 4.0 | 1.0 | 0.5 | 1.5 | (2.5) |
| Excluding Inventory Valuation | 2.2 | (3.1) | (0.9) | 1.0 | 3.0 | 4.0 | (1.5) | 1.5 | 0.0 | (4.0) |

FY2022 Previous:

Ordinary Income of 4.0 billion yen →

FY2022 Current:

Ordinary Income of 1.5 billion yen

(Down 2.5 billion yen)

■ Sales volume

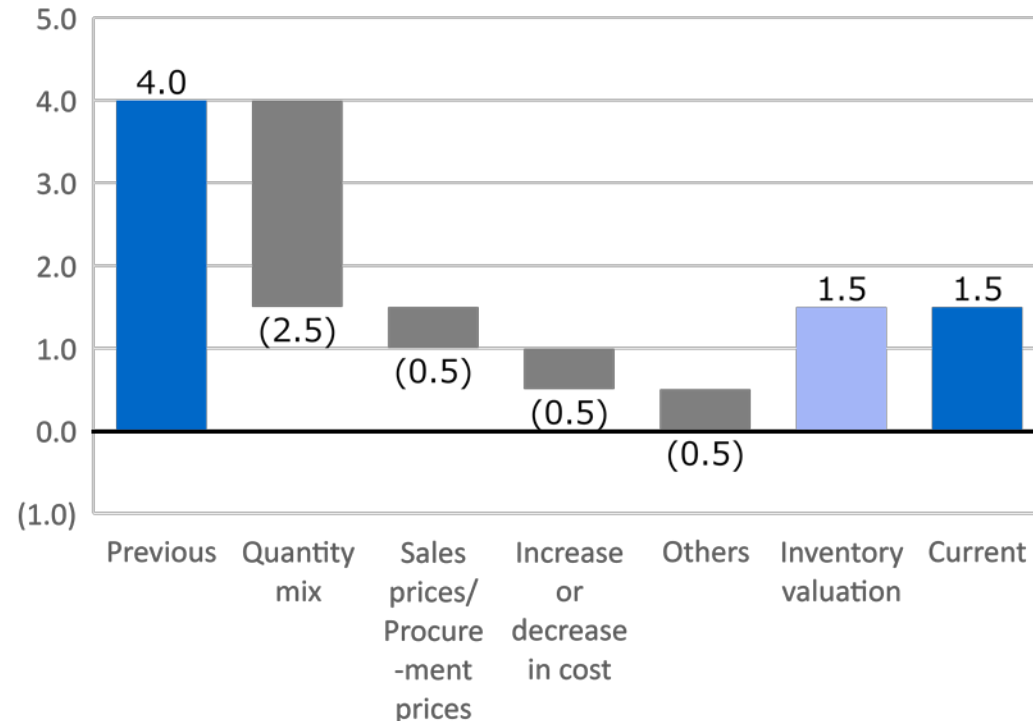
- Anticipate a decrease in sales volume of suspensions, aluminum extrusions, and steel powder, due to slow demand recovery

■ Factors affecting profit and loss

- Decrease in sales volume
- Delay in passing on rises in energy prices to sales prices
- Improvement in inventory valuation due to rising copper market prices

Related data on P43-44

(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 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change ②-① |
|------------------------|---------------|------|------|----------------------------|------|------|---------------------------|------|------|---------------|
| | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | |
| Net Sales | 38.0 | 38.8 | 76.9 | 41.0 | 43.0 | 84.0 | 41.0 | 45.0 | 86.0 | 2.0 |
| Ordinary Income (Loss) | 2.0 | 0.7 | 2.7 | 1.0 | 2.0 | 3.0 | 0.5 | 1.5 | 2.0 | (1.0) |

Related data on P43

FY2022 Previous: Ordinary Income of 3.0 billion yen →

FY2022 Current: Ordinary Income of 2.0 billion yen (Down 1.0 billion yen)

■ Sales volume

- Anticipate a decline in both domestic and overseas sales due to slow demand recovery in the automotive sector in Japan and China

■ Factors affecting profit and loss

- Decrease in sales volume

(Billions of yen)

| | FY2021 Actual | | | FY2022 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change ②-① |
|------------------------|---------------|-------|-------|----------------------------|-----------------|------------------|---------------------------|-----------------|------------------|-----------------|
| | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | |
| Net Sales | 79.7 | 87.1 | 166.8 | 95.0 | 96.0 | 191.0 | 88.0 | 104.0 | 192.0 | 1.0 |
| Ordinary Income (Loss) | 4.2 | 8.3 | 12.5 | 4.5 | 7.0 | 11.5 | 3.5 | 9.0 | 12.5 | 1.0 |
| Orders | 89.5 | 117.0 | 206.6 | approx. 95.0 | approx. 90.0 | approx. 185.0 | approx. 110.0 | approx. 95.0 | approx. 205.0 | approx. 20.0 |

FY2022 Previous: Ordinary Income of 11.5 billion yen →

FY2022 Current: Ordinary Income of 12.5 billion yen (Up 1.0 billion yen)

■ Orders

- Anticipate orders to increase and reach the same level as FY2021 at around 205.0 billion yen, owing to strong demand in the petrochemical sector

■ Factors affecting profit and loss

- Improvement in project profitability due to improvement in the order environment

(Billions of yen)

| | FY2021 Actual | | | FY2022 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change ②-① |
|------------------------|---------------|-------|-------|----------------------------|-----------------|------------------|---------------------------|-----------------|------------------|---------------|
| | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | |
| Net Sales | 55.6 | 79.9 | 135.6 | 67.0 | 85.0 | 152.0 | 66.0 | 90.0 | 156.0 | 4.0 |
| Ordinary Income (Loss) | 4.3 | 3.3 | 7.7 | 0.5 | 2.0 | 2.5 | 0.0 | 2.5 | 2.5 | – |
| Orders | 73.5 | 134.9 | 208.5 | approx. 65.0 | approx. 85.0 | approx. 150.0 | approx. 65.0 | approx. 85.0 | approx. 150.0 | – |

FY2022 Previous: Ordinary Income of 2.5 billion yen →

FY2022 Current: Ordinary Income of 2.5 billion yen (with no change)

- Orders … Remain unchanged
 - Anticipate orders to reach around 150.0 billion yen owing to robust infrastructure investment mainly in the water treatment-related business
- Factors affecting profit and loss
 - Remain unchanged

(Billions of yen)

| | FY2021 Actual | | | FY2022 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change ②-① |
|------------------------|---------------|-------|-------|----------------------------|-------|-------|---------------------------|-------|-------|---------------|
| | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | |
| Net Sales | 194.0 | 177.6 | 371.6 | 198.0 | 192.0 | 390.0 | 185.0 | 211.0 | 396.0 | 6.0 |
| Ordinary Income (Loss) | 8.4 | 3.6 | 12.0 | 6.0 | 0.0 | 6.0 | 7.0 | 0.5 | 7.5 | 1.5 |

Related data on P44

FY2022 Previous: Ordinary Income of 6.0 billion yen →
FY2022 Current: Ordinary Income of 7.5 billion yen
(Up 1.5 billion yen)

■ Unit Sales

[Hydraulic excavator]

- Anticipate a decrease from the previous forecast due to a further decline in infrastructure investment in China and intensified competition

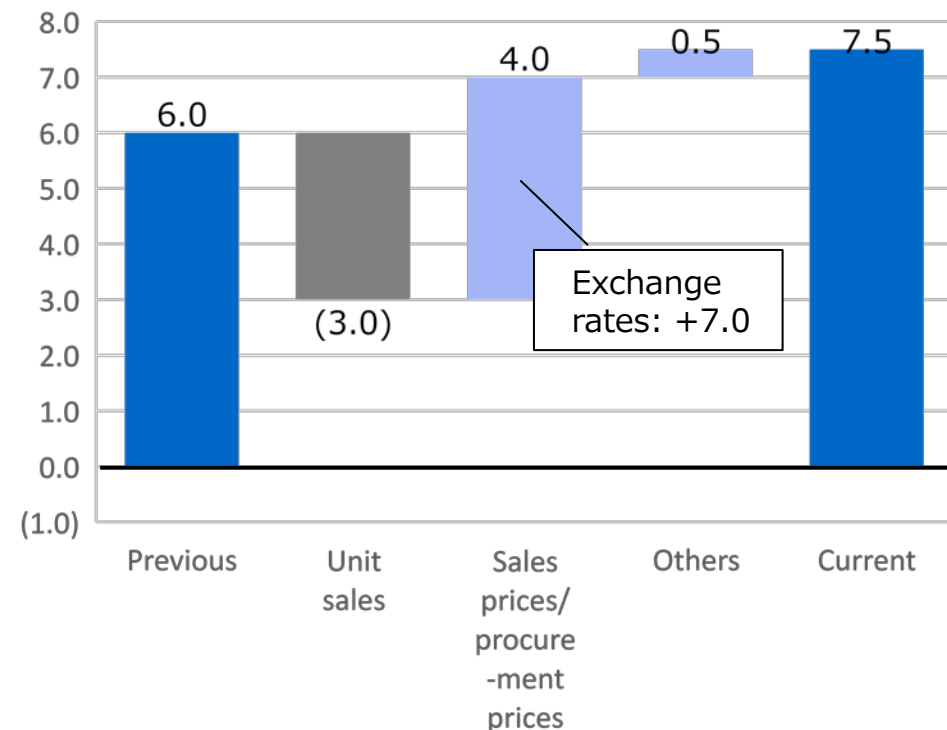
[Crawler crane]

- Anticipate an increase from the previous forecast due to an increase in orders for individual projects in India

■ Factors affecting profit and loss

- Decline in unit sales of hydraulic excavators
- Delay in passing on rises in procurement prices to sales prices
- Profitability improvement due to a weaker yen against the dollar and euro

(Billions of yen)



(Billions of yen)

| | FY2021 Actual | | | FY2022 Forecast (Previous) | | | FY2022 Forecast (Current) | | | Change ②-① |
|------------------------|---------------|------|-------|----------------------------|-------|-------|---------------------------|-------|-------|---------------|
| | 1H | 2H | | 1H | 2H | ① | 1H | 2H | ② | |
| Net Sales | 37.5 | 72.3 | 109.8 | 107.0 | 105.0 | 212.0 | 143.0 | 146.0 | 289.0 | 77.0 |
| Ordinary Income (Loss) | 5.7 | 7.5 | 13.2 | 13.5 | 14.5 | 28.0 | 6.0 | 17.0 | 23.0 | (5.0) |

FY2022 Previous: Ordinary Income of 28.0 billion yen→

FY2022 Current: Ordinary Income of 23.0 billion yen (Down 5.0 billion yen)

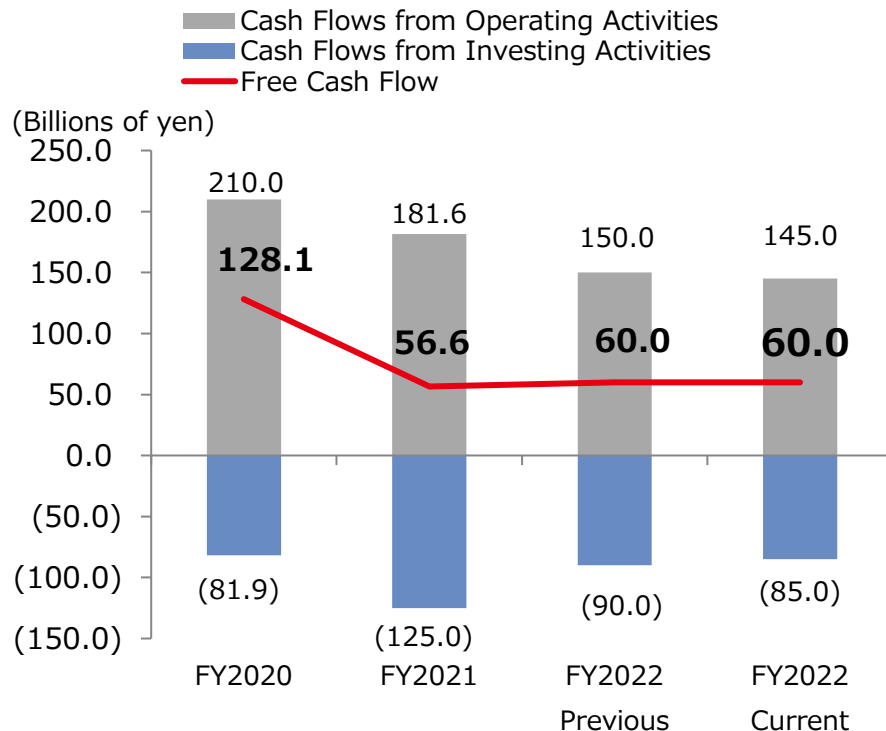
- Sales volume … Remain unchanged
- Unit price… Anticipate an increase
 - Increase owing to higher thermal coal prices
- Factors affecting profit and loss
 - Time required for fuel cost pass-through at the No. 3 unit of the Kobe Power Plant

- 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 net income attributable to owners of the parent.
- Under this policy, the Board of Directors resolved today to pay an interim dividend of 15 yen per share for the current fiscal year.

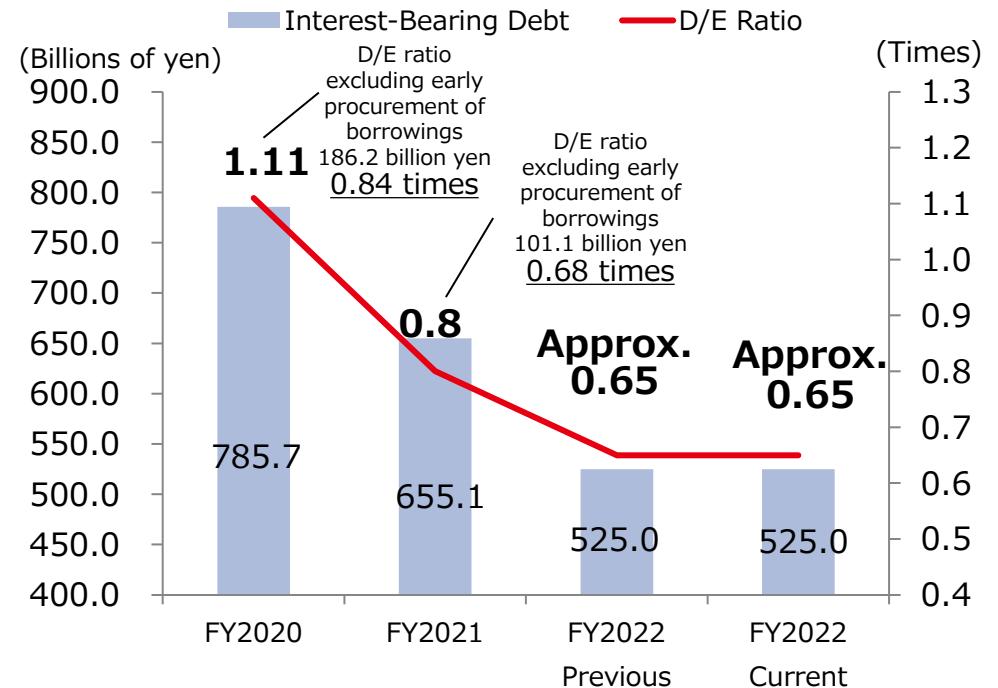
| | FY2021 | | | FY2022 | | |
|----------------------------|---------|----------|-------|---------|--------------|--------------|
| | Interim | Year-end | | Interim | Year-end | |
| Dividends per share in yen | 10 | 30 | 40 | 15 | Undetermined | Undetermined |
| Dividend payout ratio | | | 25.0% | |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

- In fiscal 2022, Kobe Steel has been monitoring the trends in sales/orders and the status of price pass-through in the Steel & Aluminum, Advanced Materials, and Construction Machinery businesses, surveyed by the head office on a monthly basis. These indicators will have a particularly large impact on business performance and cash flow. Along with this, the Company's business divisions have identified **important KPIs in their ROIC management with the aim of enhancing cash flow management** through the enhancement of progress management, including the management of capital invested.
- While the outlook for the future remains uncertain, we will further strengthen our progress management as outlined above. **We will steadily maintain and improve financial discipline** as we continue to carefully select new investment projects.

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

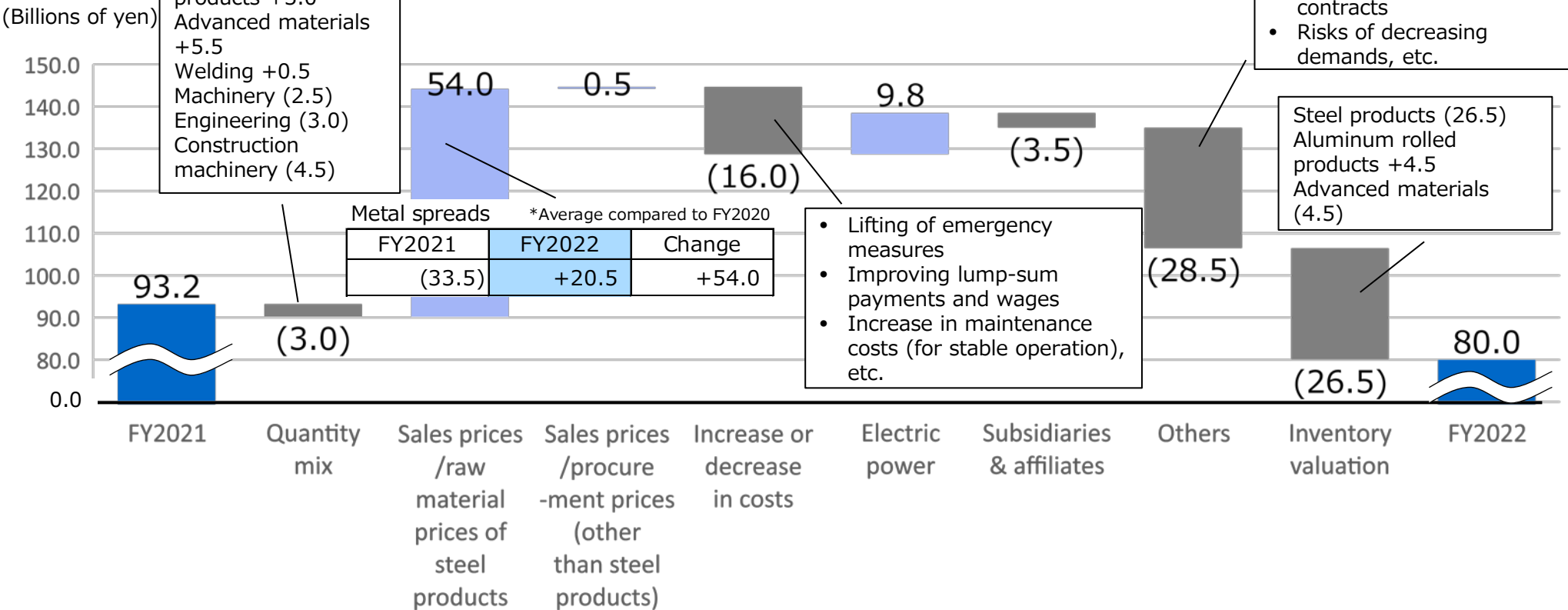
| Ordinary Income (Loss) | (Billions of yen) | | | |
|------------------------|----------------------------|-----------------|------|-----------|
| | FY2021 Actual Full Year | FY2022 Forecast | | |
| | | 1H | 2H | Full Year |
| Consolidated | 93.2 | 32.0 | 48.0 | 80.0 |

(13.2)

- Rising procurement prices
- Advanced materials)
- Decrease in provision for loss on construction contracts
- Risks of decreasing demands, etc.

- Steel products (2.0)
- Aluminum rolled products +3.0
- Advanced materials +5.5
- Welding +0.5
- Machinery (2.5)
- Engineering (3.0)
- Construction machinery (4.5)

- Steel products (26.5)
- Aluminum rolled products +4.5
- Advanced materials (4.5)



*Average compared to FY2020

| | FY2021 | FY2022 | Change |
|---------------|--------|--------|--------|
| Metal spreads | (33.5) | +20.5 | +54.0 |

- Lifting of emergency measures
- Improving lump-sum payments and wages
- Increase in maintenance costs (for stable operation), etc.

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

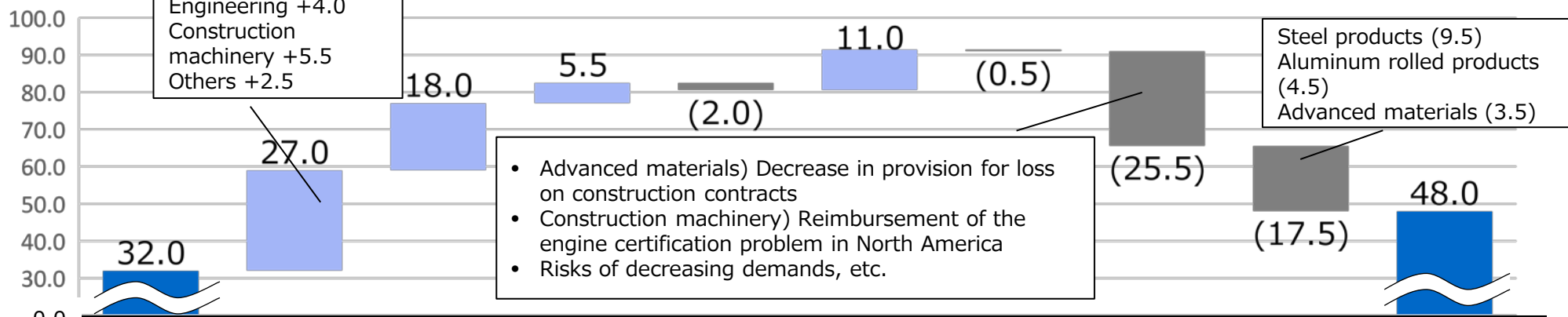
Ordinary Income (Loss) (Billions of yen)

| | FY2022 Forecast | | |
|--------------|-----------------|------|-----------|
| | 1H | 2H | Full Year |
| Consolidated | 32.0 | 48.0 | 80.0 |

- Steel products +6.5
- Aluminum rolled products +1.0
- Advanced materials +4.0
- Welding +0.5
- Machinery +3.0
- Engineering +4.0
- Construction machinery +5.5
- Others +2.5

+16.0

(Billions of yen)



- Steel products (9.5)
- Aluminum rolled products (4.5)
- Advanced materials (3.5)

- Advanced materials) Decrease in provision for loss on construction contracts
- Construction machinery) Reimbursement of the engine certification problem in North America
- Risks of decreasing demands, etc.

FY2022 1H Quantity mix Sales prices /raw material prices of steel products Sales prices /procurement prices (other than steel products) Increase or decrease in costs Electric power Subsidiaries & affiliates Others Inventory valuation FY2022 2H

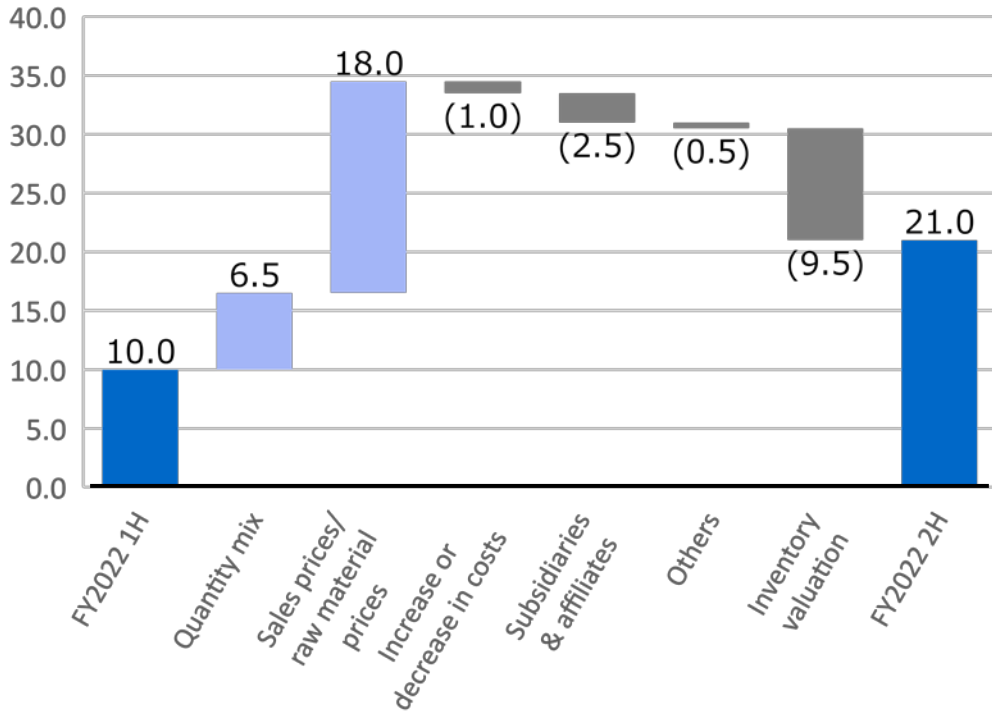
Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

Ordinary Income (Loss) (Billions of yen)

| | FY2022 Forecast | | |
|----------------|-----------------|------|-----------|
| | 1H | 2H | Full Year |
| Steel products | 10.0 | 21.0 | 31.0 |

+11.0

(Billions of yen)

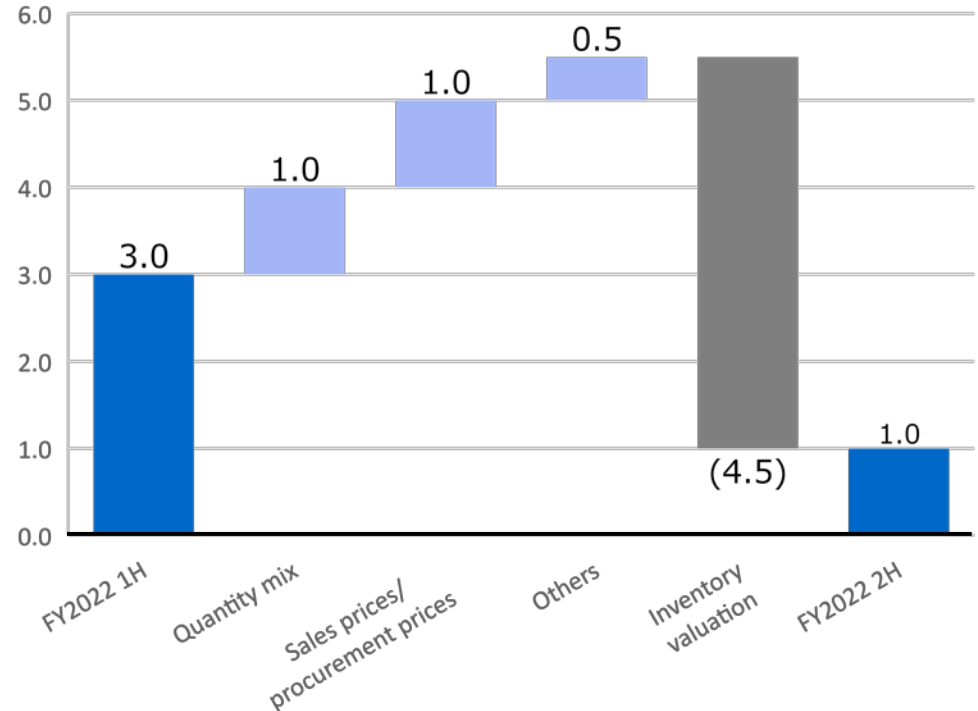


Ordinary Income (Loss) (Billions of yen)

| | FY2022 Forecast | | |
|--------------------------|-----------------|-----|-----------|
| | 1H | 2H | Full Year |
| Aluminum rolled products | 3.0 | 1.0 | 4.0 |

(2.0)

(Billions of yen)



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

Ordinary Income (Loss) (Billions of yen)

| | FY2022 Forecast | | |
|--------------------|-----------------|-----|-----------|
| | 1H | 2H | Full Year |
| Advanced Materials | 1.0 | 0.5 | 1.5 |

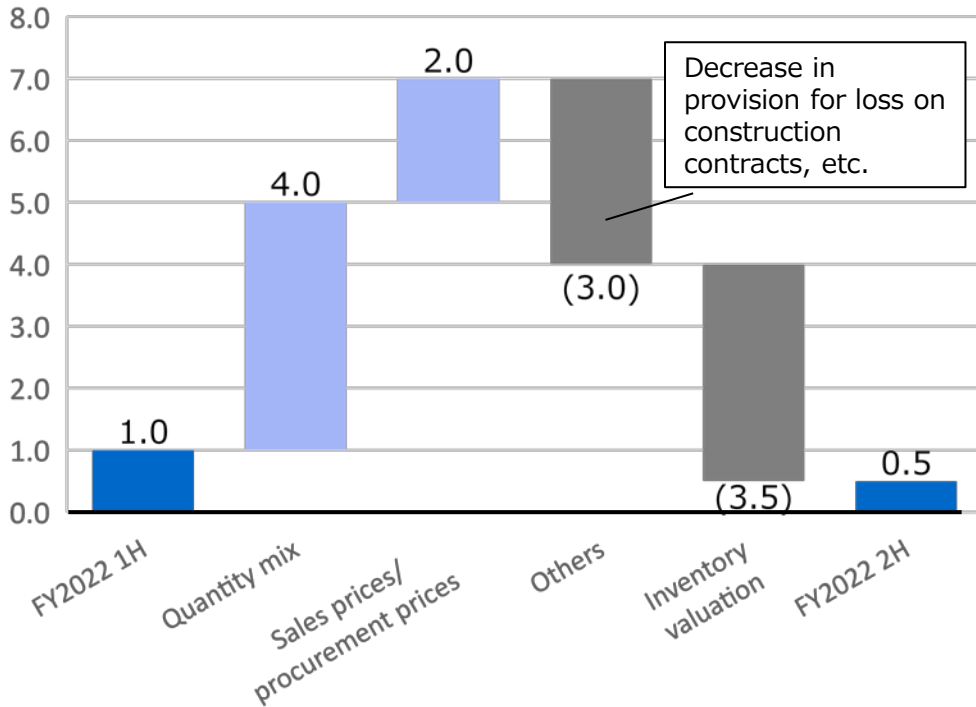
(0.5)

Ordinary Income (Loss) (Billions of yen)

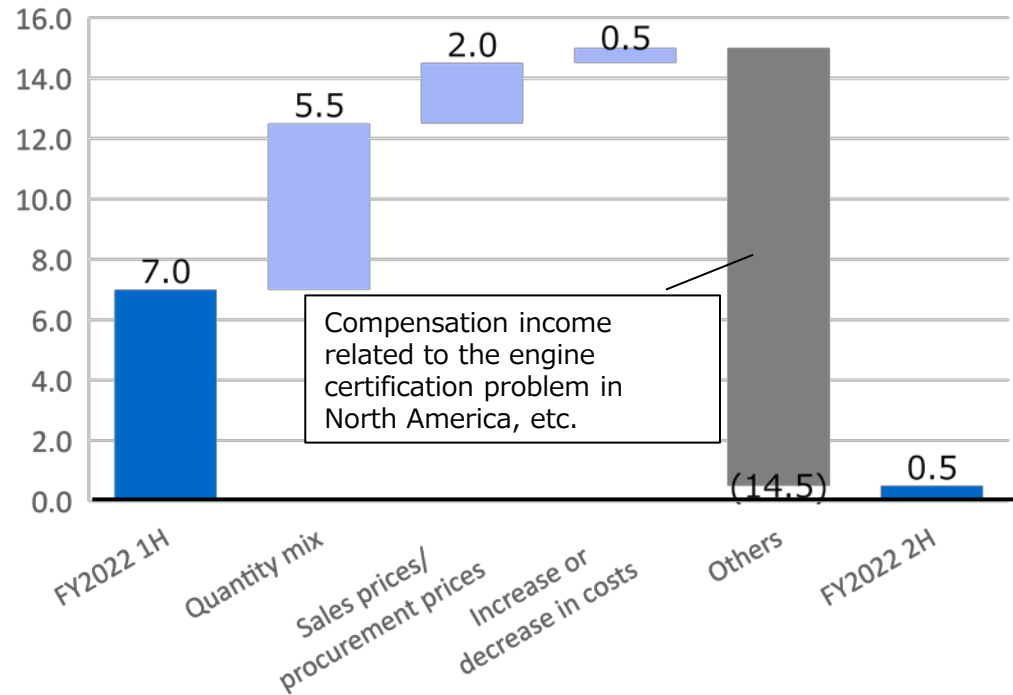
| | FY2022 Forecast | | |
|------------------------|-----------------|-----|-----------|
| | 1H | 2H | Full Year |
| Construction Machinery | 7.0 | 0.5 | 7.5 |

(6.5)

(Billions of yen)



(Billions of yen)

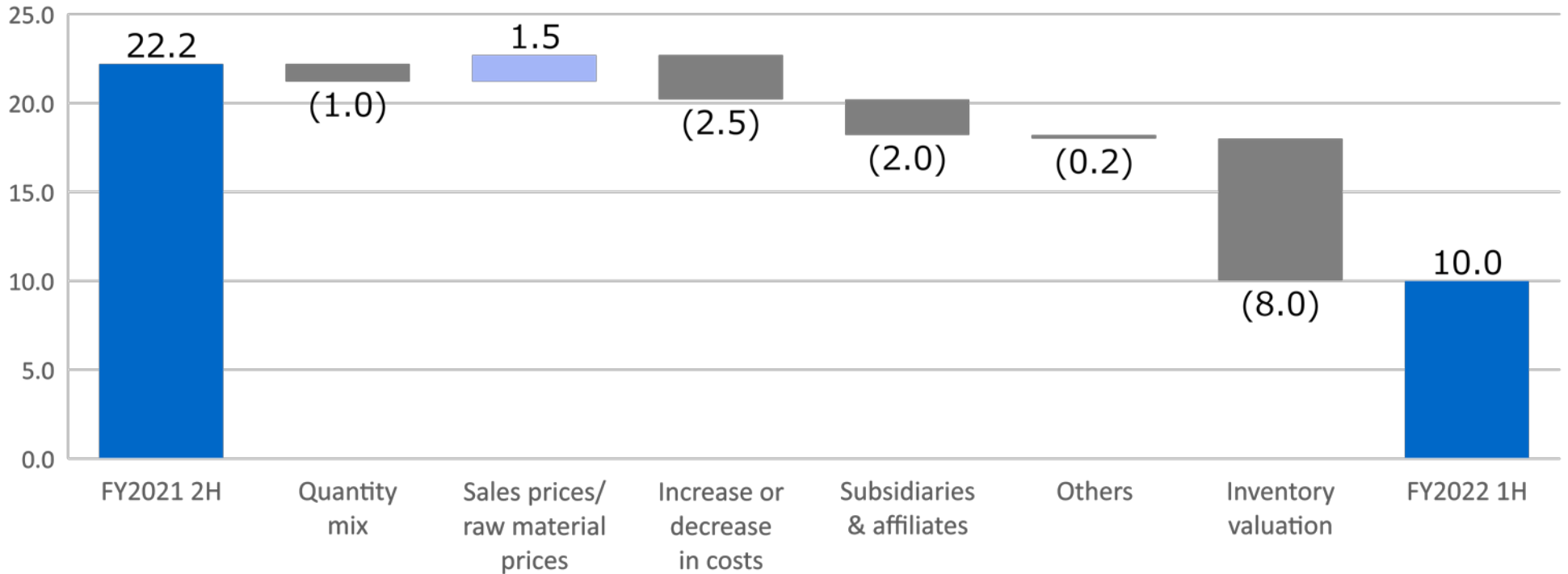


(Billions of yen)

| | FY2021 Actual | | | FY2022 Forecast | | |
|----------------|---------------|------|-----------|-----------------|------|-----------|
| | 1H | 2H | Full Year | 1H | 2H | Full Year |
| Steel products | 12.4 | 22.2 | 34.6 | 10.0 | 21.0 | 31.0 |

(12.2)

(Billions of yen)



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

| | FY2021 Actual | | | FY2022 Forecast (Previous) | | FY2022 Forecast (Current) | | |
|---|---------------|--------|-----------|----------------------------|---------------|---------------------------|---------------|---------------|
| | 1Q | 1H | Full Year | 1H | Full Year | 1Q | 1H | Full Year |
| Crude steel production*1 (Millions of tons) | 1.66 | 3.35 | 6.59 | approx.3.40 | approx.6.70 | 1.59 | approx.3.20 | approx.6.50 |
| Sales volume of steel products*2 (Millions of tons) | 1.36 | 2.68 | 5.27 | approx.2.70 | approx.5.40 | 1.26 | approx.2.60 | approx.5.30 |
| (Domestic) | (1.02) | (2.03) | (3.99) | (approx.2.10) | (approx.4.20) | (0.97) | (approx.2.00) | (approx.4.10) |
| (Exports) | (0.34) | (0.66) | (1.28) | (approx.0.60) | (approx.1.20) | (0.30) | (approx.0.60) | (approx.1.20) |
| Average steel selling price (Thousands of yen/ton) | 90.7 | 95.5 | 105.6 | | | 126.5 | | |
| Export ratio (value basis) | 25.5% | 24.9% | 24.2% | | | 24.1% | | |
| Aluminum rolled products*3 (Thousands of tons) | 88 | 179 | 343 | approx.190 | approx.380 | 86 | approx.180 | approx.370 |
| (Domestic) | (66) | (134) | (250) | (approx.140) | (approx.270) | (62) | (approx.130) | (approx.255) |
| (Overseas) | (22) | (45) | (93) | (approx.50) | (approx.110) | (24) | (approx.50) | (approx.115) |
| Aluminum extrusions*3 (Thousands of tons) | 10 | 19 | 36 | approx.21 | approx.42 | 9 | approx.18 | approx.38 |
| (Domestic) | (8) | (16) | (30) | (approx.16) | (approx.32) | (7) | (approx.14) | (approx.29) |
| (Overseas) | (2) | (3) | (6) | (approx.5) | (approx.10) | (2) | (approx.4) | (approx.9) |
| Copper rolled products*2 (Thousands of tons) | 15 | 29 | 60 | approx.31 | approx.62 | 13 | approx.29 | approx.62 |
| Welding materials*3 (Thousands of tons) | 68 | 133 | 258 | approx.135 | approx.275 | 64 | approx.125 | approx.260 |
| (Domestic) | (28) | (53) | (108) | (approx.55) | (approx.110) | (26) | (approx.50) | (approx.105) |
| (Overseas) | (40) | (80) | (150) | (approx.80) | (approx.165) | (38) | (approx.75) | (approx.155) |
| Hydraulic excavator*4 (Thousands of units) | 6.8 | 14.2 | 28.1 | approx.15.0 | approx.30.0 | 5.7 | approx.13.0 | approx.26.5 |
| (Domestic) | (1.5) | (3.5) | (7.9) | (approx.4.0) | (approx.8.0) | (1.4) | (approx.4.0) | (approx.8.0) |
| (Overseas) | (5.3) | (10.7) | (20.2) | (approx.11.0) | (approx.22.0) | (4.3) | (approx.9.0) | (approx.18.5) |
| Crawler cranes*3 (Millions of tons) | 56 | 143 | 321 | approx.180 | approx.365 | 76 | approx.170 | approx.375 |

*1 Includes production volume of electric furnaces at the Takasago Works.

*2 Non-consolidated basis

*3 Consolidated basis

*4 Consolidated basis (including mini shovels)

(Billions of yen)

| Steel products | | FY2021 Actual | | | | FY2022 Forecast | | | |
|----------------|-------------------|---------------|------------|--------------|------------|-----------------|------------|------------|------------|
| | | 1Q | 1H | 2H | Full Year | 1Q | 1H | 2H | Full Year |
| | Iron ore | 4.5 | 6.0 | (8.5) | (2.5) | 3.0 | 5.0 | (2.5) | 2.5 |
| | Coal | (0.5) | 3.5 | 8.0 | 11.5 | 3.5 | (2.5) | 3.0 | 0.5 |
| | Carry Over | 4.0 | 9.5 | (0.5) | 9.0 | 6.5 | 2.5 | 0.5 | 3.0 |

| | | | | | | | | | |
|--|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|
| | Average method | 14.0 | 22.0 | 21.0 | 43.0 | 18.0 | 13.0 | 3.5 | 16.5 |
| | Lower-of-cost-or-market method | 0.0 | 0.0 | 0.0 | 0.0 | (2.0) | 0.0 | 0.0 | 0.0 |
| | Inventory Valuation | 14.0 | 22.0 | 21.0 | 43.0 | 16.0 | 13.0 | 3.5 | 16.5 |

| Aluminum rolled products | | FY2021 Actual | | | | FY2022 Forecast | | | |
|--------------------------|--------------------------------|---------------|------------|------------|------------|-----------------|------------|------------|------------|
| | | 1Q | 1H | 2H | Full Year | 1Q | 1H | 2H | Full Year |
| | Average method | 0.5 | 0.0 | 2.0 | 2.0 | 4.0 | 5.5 | 1.0 | 6.5 |
| | Lower-of-cost-or-market method | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Inventory Valuation | 0.5 | 0.0 | 2.0 | 2.0 | 4.0 | 5.5 | 1.0 | 6.5 |

| Advanced Materials | | FY2021 Actual | | | | FY2022 Forecast | | | |
|--------------------|--------------------------------|---------------|------------|------------|------------|-----------------|------------|--------------|------------|
| | | 1Q | 1H | 2H | Full Year | 1Q | 1H | 2H | Full Year |
| | Average method | 3.0 | 3.0 | 3.0 | 6.0 | 2.5 | 2.5 | (1.0) | 1.5 |
| | Lower-of-cost-or-market method | 0.0 | 0.0 | 0.0 | 0.0 | (0.5) | 0.0 | 0.0 | 0.0 |
| | Inventory Valuation | 3.0 | 3.0 | 3.0 | 6.0 | 2.0 | 2.5 | (1.0) | 1.5 |

(Billions of yen)

| | FY2018 Actual | FY2019 Actual | FY2020 Actual | FY2021 Actual | FY2022 Forecast (Previous) | FY2022 Forecast (Current) |
|--|------------------|------------------|------------------|------------------|----------------------------------|---------------------------------|
| Cash Flows from Operating Activities | 72.3 | 21.4 | 210.0 | 181.6 | 150.0 | 145.0 |
| Cash Flows from Investing Activities | (10.9) | (133.4) | (81.9) | (125.0) | (90.0) | (85.0) |
| Free Cash Flow (excluding project financing) | 61.4 | (112.0) | 128.1 | 56.6 | 60.0 | 60.0 |
| Free Cash Flow (including project financing) | 38.5 | (191.9) | 52.9 | 7.2 | 70.0 | 70.0 |
| Cash and Deposits (excluding project financing) | 192.6 | 134.9 | 301.8 | 243.2 | 140.0 | 140.0 |
| | | | | | | |
| | FY2018 Actual | FY2019 Actual | FY2020 Actual | FY2021 Actual | FY2022 Forecast (Previous) | FY2022 Forecast (Current) |
| Capital Investment (accrual basis) | 133.4 | 239.8 | 185.0 | 108.1 | 120.0 | 115.0 |
| Capital Investment (payment basis) | 132.4 | 245.3 | 173.2 | 156.4 | 110.0 | 105.0 |
| Depreciation | 102.5 | 105.3 | 100.8 | 105.1 | 120.0 | 120.0 |

| | FY2018 Actual | FY2019 Actual | FY2020 Actual | FY2021 Actual | FY2022 Forecast (Previous) | FY2022 Forecast (Current) |
|---|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|------------------------------|
| Net Income (Loss) per Share | 99.20 yen | (187.55) yen | 64.05 yen | 160.23 yen | 152.07 yen | 152.07 yen |
| Outside Debt | 760.3 billion yen | 906.6 billion yen | 987.8 billion yen | 908.4 billion yen | 795.0 billion yen | 795.0 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 | 525.0 billion yen | 525.0 billion yen |
| D/E Ratio *1 | 0.98 times ^{*2} | 1.19 times ^{*3} | 1.11 times ^{*4} | 0.80 times ^{*5} | approx.0.65 times | approx.0.65 times |
| ROS *6 | 1.8% | (0.4)% | 0.9% | 4.5% | 3.4% | 3.2% |
| ROA *7 | 1.5% | (0.3)% | 0.6% | 3.5% | 2.9% | 2.9% |
| ROE *8 | 4.8% | (9.7)% | 3.4% | 7.9% | 7.2% | 7.1% |
| ROIC*9 | 2.8% | 0.9% | 1.1% | 4.7% | 3.9% | 4.0% |

*1: D/E ratio: Debt (excluding IPP project finance) / Stockholders' Equity

*2: Includes early procurement of borrowings for FY2018 (92.1 billion yen)
D/E Ratio 0.85 times (excluding early procurement of borrowings)

*3: Includes early procurement of borrowings for FY2019 (62.1 billion yen)
D/E Ratio 1.10 times (excluding early procurement of borrowings)

*4: Includes early procurement of borrowings for FY2020 (186.2 billion yen)
D/E Ratio 0.84 times (excluding early procurement of borrowings)

*5: Includes early procurement of borrowings for FY2021 (101.1 billion yen)
D/E Ratio 0.68 times (excluding early procurement of borrowings)

*6: ROS: Ordinary Income / Net Sales

*7: ROA: Ordinary Income / Total Assets

*8: ROE: Net Income Attributable to Owners of
the Parent / Stockholders' Equity

*9: ROIC: After-Tax Operating Income / Invested Capital

| | FY2021 Actual | | | | FY2022 Forecast (Previous) | FY2022 Forecast (Current) | | |
|-----------------------|---------------|-------|-------|-----------|----------------------------|---------------------------|-------|-----------|
| | 1Q | 1H | 2H | Full Year | Full Year | 1Q | 2-4Q | Full Year |
| 1 U.S. dollar to yen | 109.5 | 109.8 | 115.0 | 112.4 | 120.0 | 129.6 | 135.0 | 133.7 |
| 1 Chinese yuan to yen | 17.0 | 17.0 | 18.0 | 17.5 | 19.0 | 19.6 | 19.0 | 19.2 |
| 1 Euro to yen | 132.0 | 130.9 | 130.2 | 130.6 | 135.0 | 138.1 | 135.0 | 135.8 |

Analysis of exchange rate sensitivity

Impact of the 1 yen depreciation against the U.S. dollar on future business performance (FY2022 2-4Q)

Steel products: approx. (0.6) billion yen

(Impact of dollar balance: (1.6) billion yen, inventory valuation, cost pass-through to sales price, etc.: +0.4 billion yen)

Construction machinery: approx. +0.3 billion yen

Impact of the 1 yen depreciation against the Euro on future business performance (FY2022 2-4Q)

Construction machinery: +0.3 billion yen

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



FTSE4Good

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



FTSE Blossom
Japan Sector
Relative Index

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



FTSE Blossom
Japan

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

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

◆ **CDP**
(From Dec. 2020)



Awarded “A-” in the climate change
and water security categories

◆ **Platinum Kurumin Certification**
(From 2019)



*THE INCLUSION OF KOBELCO, LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KOBELCO, LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

| | |
|---------------------------------------|---|
| <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>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.</p> |
| <h2>KOBELCO's Mission</h2> | <p>Our mission and the social significance of the KOBELCO Group that we must fulfill</p> <p>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.</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"> 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. 2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment. 3. Through continuous and innovative changes, we create new values for the society of which we are a member. |
| <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"> 1. Uphold the Highest Sense of Ethics and Professionalism 2. Contribute to the Society by Providing Superior Products and Services Quality Charter 3. Establish a Comfortable but Challenging Work Environment 4. Live in Harmony with the Local Community 5. Contribute to a Sustainable Environment 6. Respect Each Stakeholder |

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.**
- **Uncertain and variable factors include, but are not limited to:**
 - Changes in economic outlook, demand and market conditions
 - 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