

Financial Results for Fiscal 2023 and Forecast for Fiscal 2024

May 9, 2024
Kobe Steel, Ltd.

KOBELCO

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1. Summary of Financial Results and Forecast

Summary of Financial Results for Fiscal 2023

Year on year

- **Ordinary profit increased by 54.0 billion yen year-on-year to 160.9 billion yen (ROIC 6.7%)**, partly due to improvements in steel metal spreads, non-steel sales, and procurement prices, as well as temporary gains from the start of operation of the Kobe Power Plant No. 4 unit and time lags in fuel cost adjustments, etc., despite a decrease in sales volumes of steel products and aluminum rolled products, a decline in inventory valuation gains, and a fall of compensation income in the construction machinery business.
- During the fiscal year under review, **the Company recorded a loss of 42.0 billion yen in the aluminum business, which is experiencing a decline in profitability** (Details on pages 10 to 12, Aluminum rolled products: Ordinary loss of 14.6 billion yen, extraordinary loss of 9.2 billion yen, Aluminum advanced materials: Extraordinary loss of 18.0 billion yen). **Profit attributable to owners of parent increased by 36.9 billion yen year-on-year to 109.5 billion yen**, partly due to gains on transfer of non-current assets.

Compared to the previous forecast

- **Ordinary profit increased by 10.9 billion yen from the previous forecast of 150.0 billion yen**, partly due to the improvement of steel metal spreads and increased temporary gains in the electric power business, despite the loss recorded in the aluminum rolled product business.

Summary of Forecast for Fiscal 2024

Year on year

- In terms of the business environment, we expect **the production of automobiles to be similar to fiscal 2023, the IT and semiconductor sectors to enter a recovery phase, and the construction and civil engineering sectors to recover moderately from the second half**. In addition, **significant cost increases in labor and logistics costs** are projected for non-primary raw materials.
- **Ordinary profit** is expected to decrease to **about 150.0 billion yen (ROIC of about 6.5%)** due to factors such as a decline in the temporary gains from changes in electricity selling prices and increased cost centered on fixed costs, despite the growth factors such as the **completion of refurbishment of a steel plate finishing rolling mill**, an increase in sales volumes of aluminum rolled products and advanced materials **mainly in the IT and semiconductor sectors**, and the **gradual resolution of the engine certification problem** in the construction machinery business.
- **Profit attributable to owners of parent is expected to increase year-on-year to about 120.0 billion yen.**

(Billions of yen)

	FY2022 Actual	FY2023 Forecast (Previous)	FY2023 Actual	FY2024 Forecast	Change		
					Full Year ③ - ①	Full Year ③ - ②	Full Year ④ - ③
	①	②	③	④			
Net Sales	2,472.5	2,560.0	2,543.1	2,660.0	70.6	(16.9)	116.9
Operating Profit (Loss)	86.3	165.0	186.6	165.0	100.2	21.6	(21.6)
Steel & Aluminum	41.9	25.5	16.1 ^{*2}	40.0	(25.8)	(9.4)	23.9
Advanced Materials	0.9	2.0	3.2	6.0	2.2	1.2	2.8
Welding	2.8	4.0	4.9	4.5	2.0	0.9	(0.4)
Machinery ^{*1}	15.7	27.5	29.6	28.5	13.8	2.1	(1.1)
Engineering	4.1	8.0	12.4	11.0	8.2	4.4	(1.4)
Construction Machinery	12.3	7.5	9.1	14.0	(3.2)	1.6	4.9
Electric Power	24.5	80.0	85.7	46.5	61.2	5.7	(39.2)
Other Businesses ^{*1}	4.8	4.0	4.8	4.5	(0.0)	0.8	(0.3)
Adjustment	(0.7)	(8.5)	(5.1)	(5.0)	(4.4)	3.4	0.1
Ordinary Profit (Loss)	106.8	150.0	160.9	150.0	54.0	10.9	(10.9)
Excluding Inventory Valuation	82.8	144.5	156.4	138.5	73.6	11.9	(17.9)
Extraordinary Income (Losses)	(8.7)	27.8	1.3 ^{*2*3}	-	10.1	(26.5)	(1.3)
Profit (Loss) Attributable to Owners of Parent	72.5	120.0	109.5	120.0	36.9	(10.5)	10.5

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

*2 Impairment losses on non-current assets, and a loss resulting from the restructuring of the automotive aluminum panel business (Details on P10-12).

*3 Gain on transfer of fixed assets in subsidiaries.

Automobile production

- While **domestic sales are expected to increase due to remaining backlog orders, overseas sales are expected to be similar to fiscal 2023.**

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

Listed below are estimated changes in automobile production volume by Japanese automobile manufacturers (including overseas production), compared to the average in fiscal 2019.

	FY2022	FY2023 Forecast (Previous)			FY2023 Actual			FY2024 Forecast		
	Actual	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Change	(14%)	(7%)	(6%)	(6%)	(7%)	(8%)	(8%)	(7%)	(5%)	(6%)

IT and semiconductors

- Recovery** is expected for both disk materials and semiconductor manufacturing equipment.

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

Shipbuilding

- The number of ships built is expected to be **similar to fiscal 2023** due to higher costs and labor shortages, while the amount of construction work on hand is high.

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

Aircraft

- Along with the recovery in global passenger demand following the end of the COVID-19 pandemic, demand is expected to **remain steady** due to an increase in the number of new aircraft built and old aircraft replaced.

*Affected units : Titanium, and aluminum castings and forgings

Beverage cans

- Expected to be **similar to fiscal 2023.**

*Affected units : Aluminum rolled products

Construction and civil engineering

- Expected to **slightly increase** compared to fiscal 2023 as **demand recovers gradually in the second half of fiscal 2024**, despite continuing higher costs and labor shortages.

*Affected units : Steel products and welding

Iron ore: The price for fiscal 2024 1Q has been settled at \$121.

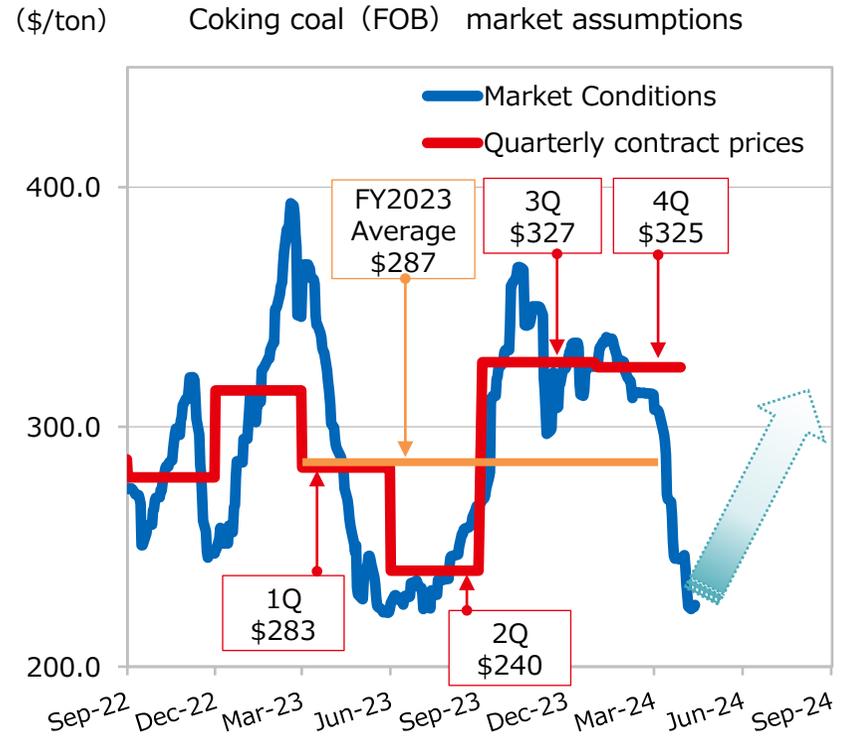
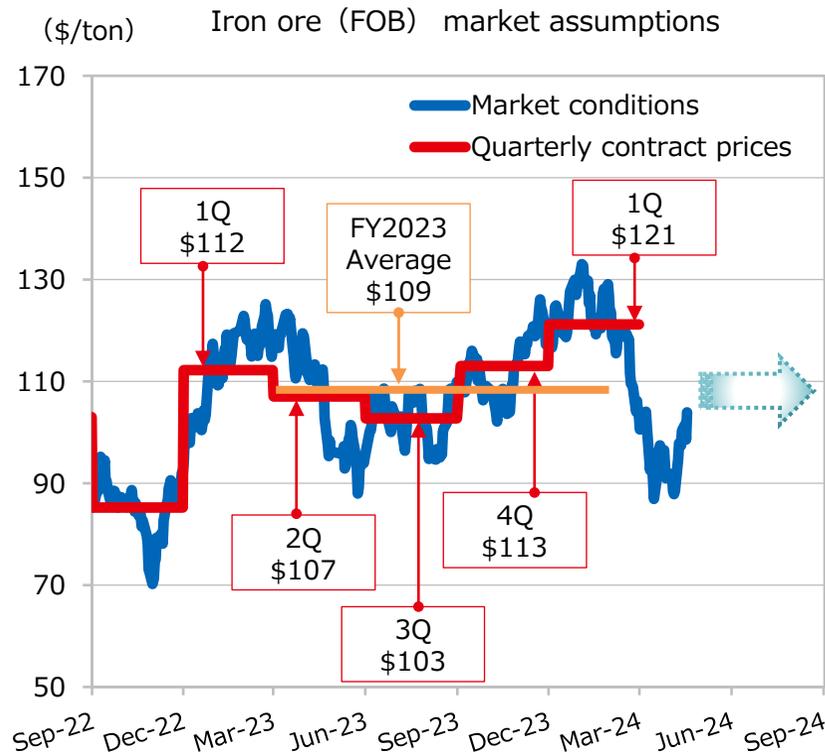
The price level for fiscal 2024 2Q onward is assumed to be similar to the fiscal 2023 average.

Coking coal: Assumptions for FY 2024 1Q prices are based on the market decline since March.

The price level for fiscal 2024 2Q onward is assumed to increase compared to 1Q.

Thermal coal: The price has been in the \$110-130 range since January. The same level is assumed for fiscal 2024.

Raw material market conditions



2. Financial Results for Fiscal 2023

FY2022 : Net sales of 2,472.5 billion yen →

FY2023 : Net sales of 2,543.1 billion yen (Up 70.6 billion yen year on year)

- Net sales increased due to progress in selling price improvements in the materials businesses and construction machinery business, progress of projects ordered 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 : Ordinary profit of 106.8 billion yen →

FY2023 : Ordinary profit of 160.9 billion yen (Up 54.0 billion yen year on year)

- Ordinary profit increased due to an improvement in steel metal spreads and temporary gains from changes in electricity selling prices, despite a decline in inventory valuation gains in the steel products and aluminum rolled products, as well as a fall in compensation income for the engine certification problem in the construction machinery business.

(Billions of yen)

	FY2022 Actual			FY2023 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	1,169.6	1,302.8	2,472.5	1,253.8	1,289.3	2,543.1	70.6
Operating Profit (Loss)	19.7	66.5	86.3	92.1	94.4	186.6	100.2
Ordinary Profit (Loss)	41.8	65.0	106.8	91.6	69.3	160.9	54.0
Excluding Inventory Valuation	19.3	63.5	82.8	96.1	60.3	156.4	73.6
Extraordinary Income (Losses)	(2.6)	(6.1)	(8.7)	27.7	(26.3)	1.3*	10.1
Profit (Loss) Attributable to Owners of Parent	28.0	44.5	72.5	80.3	29.2	109.5	36.9

*Details of Extraordinary Income

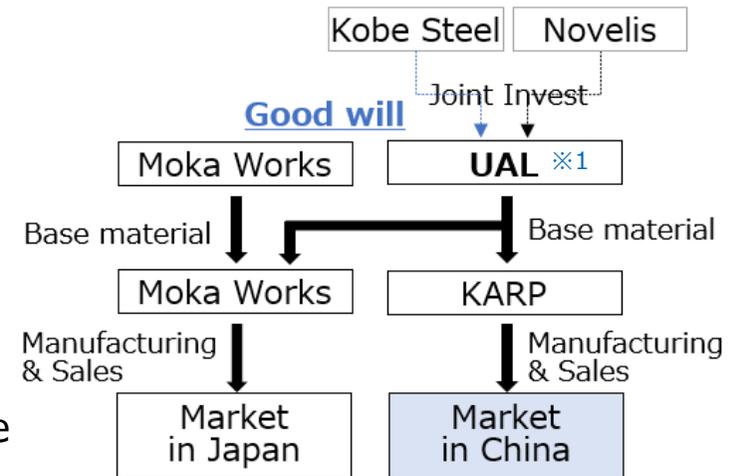
Gain on sale of fixed assets	29.3	Gain on transfer of fixed assets in subsidiaries.
Loss on impairment	(18.7)	Impairment losses on non-current assets (Details on P12).
Provision for loss on joint venture agreement	(9.2)	A loss resulting from the restructuring of the automotive aluminum panel business (Details on P10-11).
Total extraordinary income	1.3	

■ Losses from Restructuring the Automotive Aluminum Panel Business

• Kobe Steel’s wholly owned subsidiary Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd. (KARP), which manufactures and sells aluminum sheets for automotive panels in Tianjin, China, has conducted a preliminary study on the establishment of a joint venture company for the manufacture and sale of aluminum panels, together with Baowu Aluminum Technology Co., Ltd. (BAT), a Chinese company that is majority-owned by China Baowu Steel Group Corp., Ltd., the largest steel producer in China, and the two companies agreed to proceed with a detailed feasibility study (Reference: [Press release on February 26, 2024](#)).

- In promoting the aluminum panel business, **Kobe Steel acquired shares in Ulsan Aluminum Ltd. (UAL)*1, an equity-method affiliate, as a supplier of aluminum base materials**, and has developed a stable supply capacity in Japan and the Asian region in cooperation with Moka Works and KARP.
- As part of the **restructuring of the aluminum panel business** triggered by the agreement with BAT, our Company will gradually shift the source of its base material supply for the Chinese market to BAT. However, because customer approval of materials will take some time, UAL will continue supplying base materials for the time being.
- We will consider ways to utilize UAL’s expected surplus supply capacity in the future.

Current trade structure



※1 Joint venture for manufacturing rolled aluminum sheet with Novelis Korea LTD., a 100% subsidiary of Novelis Inc (Reference: [Press release on May 10, 2017](#)).

A loss of 23.9 billion yen was recorded in fiscal 2023 as follows, according to the policy for the restructuring of the aluminum panel business.

① **Loss on write-down of investment in UAL – Loss of 14.6 billion yen** (Ordinary loss : Loss on equity valued investment)

- Loss was recorded because it was determined that **there were signs of impairment in the amount equivalent to goodwill** as a result of the aluminum panel business restructuring.

② **Provision for “fixed cost equivalents” of UAL’s spare capacity – Loss of 9.2 billion yen** (Extraordinary loss : Provision for loss on joint venture agreement)

- The joint venture agreement provides that **our Company will acquire a certain supply capacity and bear fixed costs equivalent to that capacity.**
- **We will make provisions for the “fixed cost equivalents” that correspond to UAL’s excess supply capacity,** which is expected to occur gradually.

Restructuring schedule for panel business

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 and beyond
Restructuring of automotive panel business in China		Joint invest with BAT	Switching the base material supply to BAT		
			Study on utilization of UAL surplus		

■ Details of impairment loss on non-current assets in Aluminum advanced materials

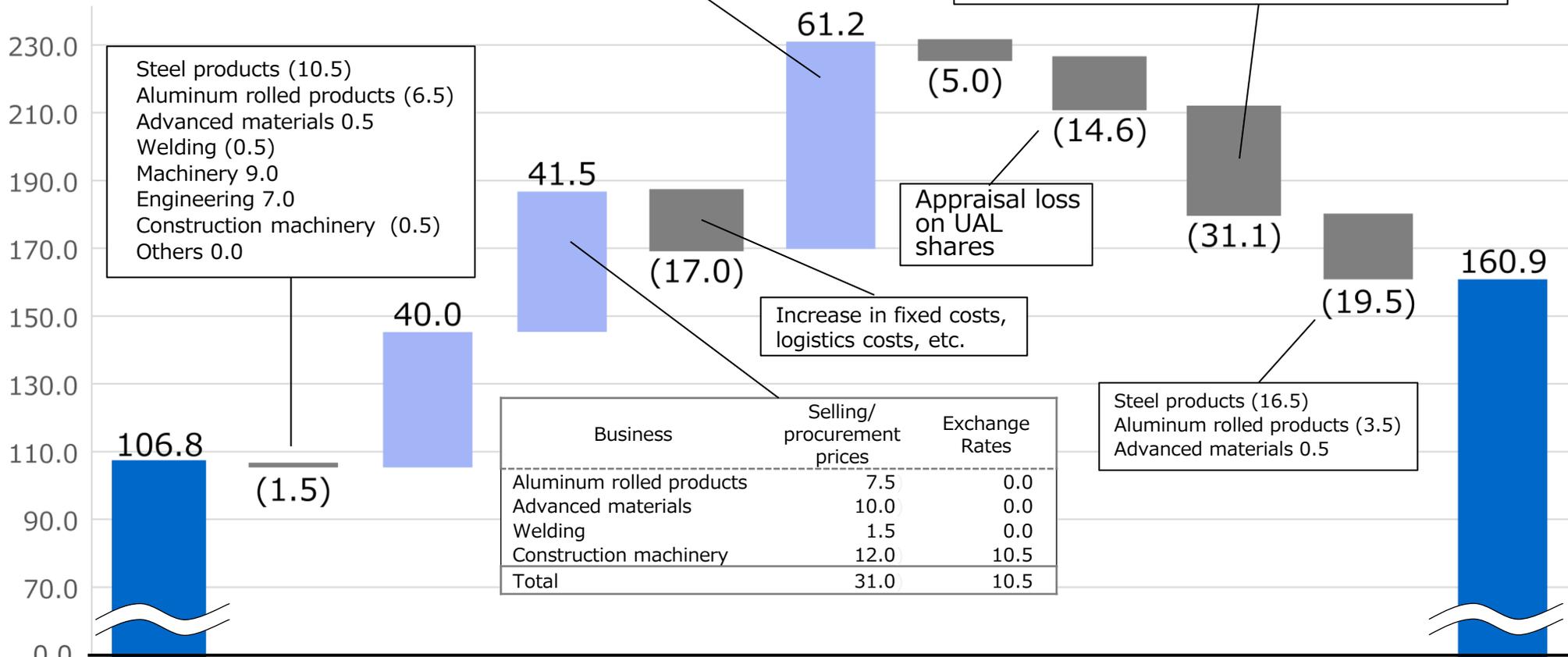
- In the aluminum suspension business (the U.S.), **productivity continued to fall below expectations.**
- In the aluminum extrusion business (Japan and the U.S.), **orders decreased primarily in the automotive sector.**
- The Company recorded impairment losses on non-current assets in the aluminum suspension and extrusion businesses in fiscal 2023, due to **a decline in profitability in these businesses.** We will promote **business structure reforms by improving transaction conditions and shifting to an optimal production structure, while continuing to improve our earnings base through expanding sales, etc.**

Details of impairment loss on non-current assets (Billions of yen)

Item		Amount
Aluminum suspension manufacturing assets	U.S.	(6.7)
Aluminum extrusion manufacturing assets	Japan	(6.5)
	U.S.	(4.8)
Other		(0.7)
Total		(18.7)

**Aluminum advanced materials
 Total impairment loss:
 18.0 billion yen**

(Billions of yen)



FY 2022	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 & affiliates	Panel related loss	Others	Inventory valuation	FY 2023
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Inventory valuation includes the effect from the average method and the lower-of-cost-or-market method.

Net Sales				Ordinary Profit (Loss)			
	(Billions of yen)				(Billions of yen)		
	FY2022 Actual	FY2023 Actual	Change		FY2022 Actual	FY2023 Actual	Change
	①	②	②-①		③	④	④-③
Steel & Aluminum	1,105.1	1,082.7	(22.4)	Steel & Aluminum	41.9	16.1	(25.8)
Advanced Materials	277.7	298.1	20.3	Advanced Materials	0.9	3.2	2.2
Welding	88.4	93.5	5.0	Welding	2.8	4.9	2.0
Machinery	203.4 [*]	234.5	31.0	Machinery	15.7 [*]	29.6	13.8
Engineering	145.2	170.6	25.4	Engineering	4.1	12.4	8.2
Construction Machinery	381.7	404.0	22.2	Construction Machinery	12.3	9.1	(3.2)
Electric Power	324.3	315.9	(8.4)	Electric Power	24.5	85.7	61.2
Other Businesses	10.9 [*]	10.8	(0.1)	Other Businesses	4.8 [*]	4.8	(0.0)
Adjustment	(64.6)	(67.1)	(2.5)	Adjustment	(0.7)	(5.1)	(4.4)
Total	2,472.5	2,543.1	70.6	Total	106.8	160.9	54.0

* Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other Businesses 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 Actual			Change ②-①
		1H	2H	①	1H	2H	②	
Steel products	Net Sales	438.3	471.3	909.7	452.4	439.2	891.6	(18.0)
	Ordinary Profit (Loss)	21.0	27.9	49.0	25.9	13.3	39.2	(9.7)
	Excluding Inventory Valuation	6.0	27.4	33.5	32.4	7.8	40.2	6.7
Aluminum rolled products	Net Sales	98.1	97.2	195.4	96.5	94.5	191.1	(4.3)
	Ordinary Profit (Loss)	1.2	(8.3)	(7.0)	(5.1)	(17.9)	(23.1)	(16.0)
	Excluding Inventory Valuation*	(4.2)	(8.3)	(12.5)	(6.1)	(18.9)	(25.1)	(12.6)
Total	Net Sales	536.5	568.6	1,105.1	548.9	533.7	1,082.7	(22.4)
	Ordinary Profit (Loss)	22.3	19.6	41.9	20.7	(4.6)	16.1	(25.8)
	Excluding Inventory Valuation	1.8	19.1	21.0	26.2	(11.1)	15.1	(5.9)

* Aluminum rolled products : Ordinary profit (loss) excluding inventory valuation and losses due to the restructuring of automotive aluminum panel business (Details on P10-11)

Ordinary Profit (Loss) (Excluding inventory valuation and panel-related loss)	(4.2)	(8.3)	(12.5)	(6.1)	(4.3)	(10.5)	+2.0
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Steel products

FY2022 : Net sales of 909.7 billion yen →

FY2023 : Net sales of 891.6 billion yen (Down 18.0 billion yen year on year)

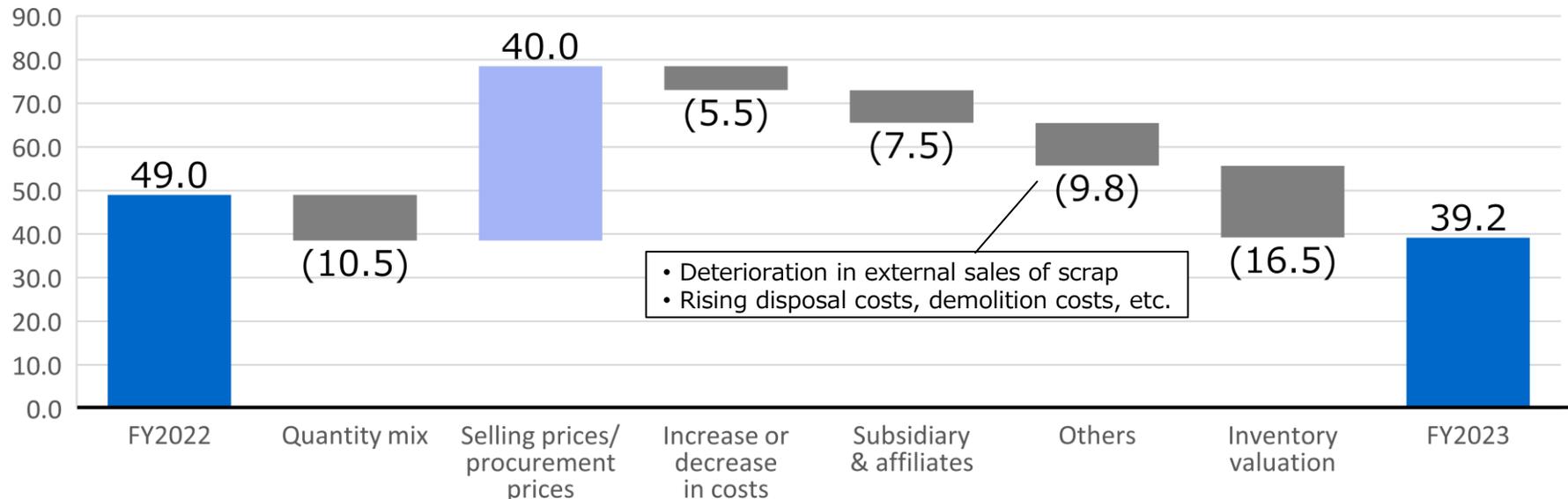
FY2022 : Ordinary loss of 49.0 billion yen →

FY2023 : Ordinary loss of 39.2 billion yen (Down 9.7 billion yen year on year)

- Crude steel production: 5.97 million tons (Down 0.21 million tons year on year)
- Sales volume: 4.69 million tons (Down 0.28 million tons year on year)
 - Despite an increase in sales volume in the automotive sector along with demand recovery, overall sales volume declined due to the refurbishment of a steel plate finishing rolling mill
- Selling price: 142,700 yen/ton (Up 2,600 yen/ton year on year)
- Factors affecting profit and loss
 - Decrease in sales volume (partly due to the refurbishment of a steel plate finishing rolling mill)
 - Improvement in metal spreads (along with progress in selling price improvements and a decline in coking coal prices)
 - Deteriorating business performance of U.S. affiliates
 - Decrease in inventory valuation gains

Related data on P48-49

(Billions of yen)



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

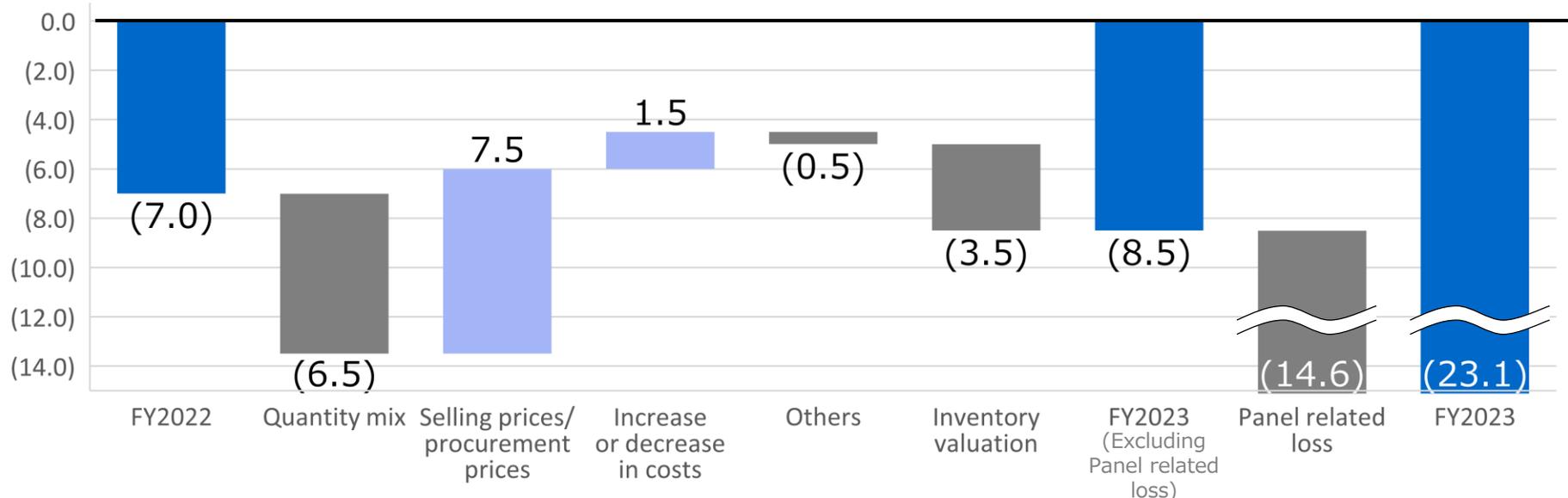
Aluminum
rolled
products

FY2022 3Q : Net sales of 195.4 billion yen →
FY2023 3Q : Net sales of 191.1 billion yen (Down 4.3 billion yen year on year)
FY2022 3Q : Ordinary loss of 7.0 billion yen →
FY2023 3Q : Ordinary loss of 23.1 billion yen (Down 16.0 billion yen year on year)

- Sales volume: 314,000 tons (Down 23,000 tons year on year)
 - Beverage cans : Decreased due to lower demand for beverages can stock supplied by our company
 - Automobiles: Remained at a similar level year on year
 - IT and semiconductors: Decreased significantly due to a decline in demand for aluminum plates for semiconductor manufacturing equipment and disk materials for data centers, which are in a supply-demand adjustment phase
- Factors affecting profit and loss
 - Decrease in sales volume
 - Progress in passing on higher procurement costs to selling prices
 - Decrease in inventory valuation gains
 - Losses due to the restructuring of the automotive aluminum panel business (Details on P10-11)

(Billions of yen)

Related data on P48-49



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

	FY2022 Actual			FY2023 Actual			(Billions of yen)
	1H	2H	①	1H	2H	②	Change ②-①
Net Sales	133.1	144.6	277.7	141.8	156.2	298.1	20.3
Ordinary Profit (Loss)	1.4	(0.5)	0.9	(0.0)	3.2	3.2	2.2
Excluding Inventory Valuation	(0.5)	(1.5)	(2.1)	(1.0)	0.7	(0.3)	1.8

(Billions of yen)

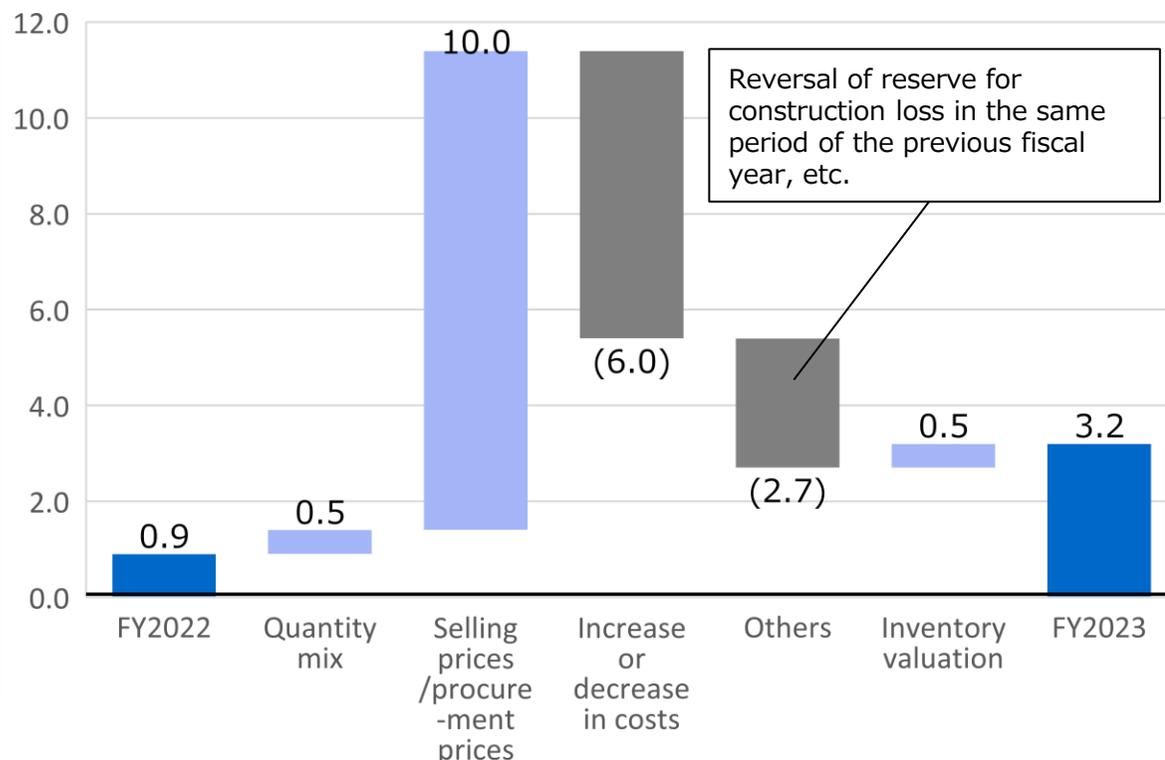
[Related data on P48-49](#)

■ Sales volume

- Increased in steel castings and forgings due to strong demand in the shipbuilding sector
- Increased in aluminum extrusions and suspensions due to recovery in demand in the automotive sectors
- Decreased in copper rolled products and aluminum castings and forgings due to declining demand in the IT and semiconductor sectors

■ Factors affecting profit and loss

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



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

(Billions of yen)

	FY2022 Actual			FY2023 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	42.1	46.2	88.4	46.4	47.0	93.5	5.0
Ordinary Profit (Loss)	0.8	1.9	2.8	1.5	3.3	4.9	2.0

[Related data on P48](#)

■ Sales volume

- Domestic: Remained at a similar level year on year
- Overseas: Decreased due to a slow demand recovery in Southeast Asia and a decrease in demand in the Japanese automotive sector and the construction machinery sector in China

■ Factors affecting profit and loss

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

(Billions of yen)

	FY2022 Actual *			FY2023 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	92.7	110.6	203.4	103.2	131.2	234.5	31.0
Ordinary Profit (Loss)	5.0	10.7	15.7	10.3	19.2	29.6	13.8
Orders	119.4	146.4	265.9	115.8	157.9	273.7	7.8
Backlog of Orders			214.7			251.8	37.1

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

■ Orders

- Increased mainly in the petrochemical and energy sectors, resulting in a record high.

■ Factors affecting profit and loss

- Increase in sales due to strong orders and service contracts in fiscal 2022
- Improvement in order profitability due to solid demand

(Billions of yen)

	FY2022 Actual			FY2023 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	61.1	84.0	145.2	75.1	95.4	170.6	25.4
Ordinary Profit (Loss)	0.9	3.2	4.1	6.2	6.2	12.4	8.2
Orders	77.2	80.2	157.5	122.4	91.8	214.3	56.7
Backlog of Orders			371.1			433.6	62.5

■ Orders

- Increased due to orders for large-scale overseas projects in the DRI-related business and strong orders in the waste treatment-related business

■ Factors affecting profit and loss

- Changes in the project mix centered on the DRI-related business and waste treatment-related business

	FY2022 Actual			FY2023 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	183.7	197.9	381.7	192.6	211.4	404.0	22.2
Ordinary Profit (Loss)	10.0	2.3	12.3	5.0	4.0	9.1	(3.2)

(Billions of yen)

[Related data on P48](#)

■ Unit Sales

[Hydraulic excavator]

- Decreased in China due to weak demand
- Decreased in Europe due to the engine certification problem
- Increased in North America, etc.

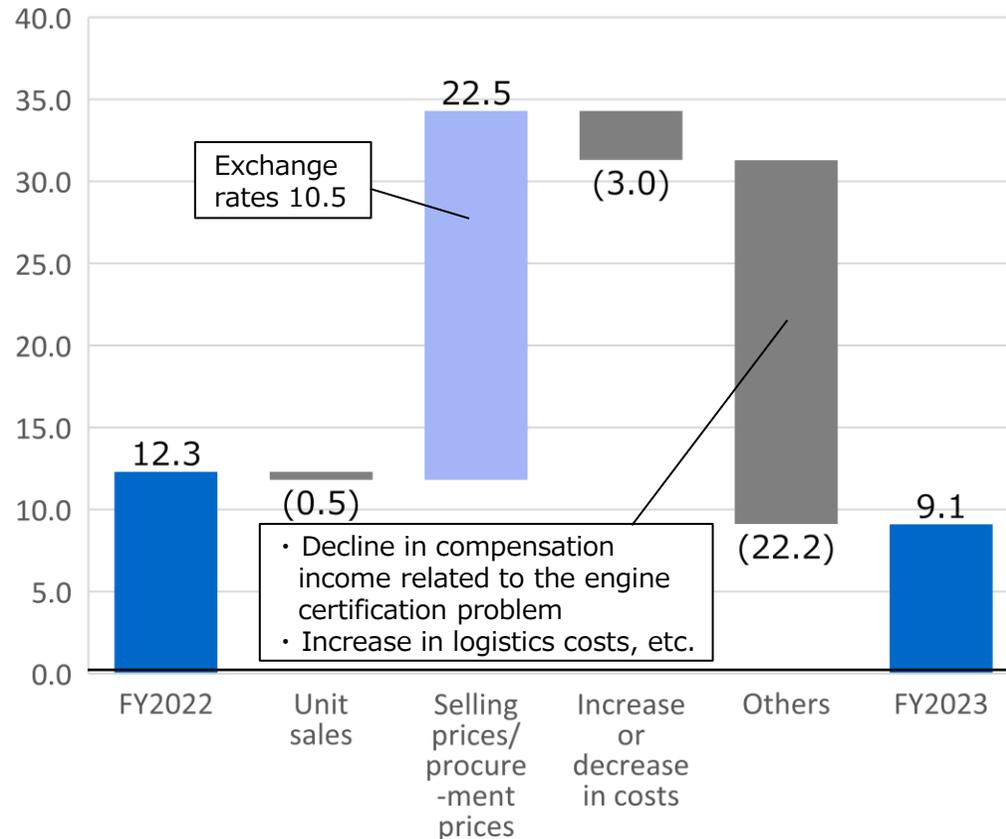
[Crawler crane]

- Decreased in Europe due to the engine certification problem
- Increased in North America, etc.

■ Factors affecting profit and loss

- Progress in selling price improvements
- Improvement in export profitability due to a weaker yen against the dollar and the euro
- Decline in compensation income related to the engine certification problem

(Billions of yen)



(Billions of yen)

	FY2022 Actual			FY2023 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	147.5	176.8	324.3	172.7	143.1	315.9	(8.4)
Ordinary Profit (Loss)	(1.3)	25.9	24.5	47.4	38.3	85.7	61.2

■ Sales volume

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

■ Unit selling price

- Year-over-year decline due to fluctuations in thermal coal prices

■ Factors affecting profit and loss

- Start of operation of the Kobe Power Plant No. 4 unit
- Improved effect of time lags in fuel cost adjustments at the Kobe Power Plant No. 3 and 4 units
- Effect of temporary gains from changes in electricity selling prices at the Kobe Power Plant No.1 to 4 units

Related data on P54

(Billions of yen)

Main factors that affect profit and loss	FY2022	FY2023	Full Year
	Actual①	Actual②	②-①
Time lags in fuel cost adjustments (No.3 & 4 units) <ul style="list-style-type: none"> • Inevitably occur as coal prices rise and fall (Refer to trade statistics 3–5 months ago.) • Gains and losses in profits are offset in the long run. 	0.0 1H (10.0) 2H 10.0	22.0 1H 16.0 2H 6.0	22.0 1H 26.0 2H (4.0)
Effect from temporary gains/losses from changes in electricity selling prices (No.1 to 4 units)—Differences between trade statistics and our Company purchase prices <ul style="list-style-type: none"> • Although our basic policy is to purchase coal based on a contract with no future price differences anticipated, irregularities may occur due to external factors. 	(5.0) 1H (5.0) 2H –	20.0 1H 8.0 2H 12.0	25.0 1H 13.0 2H 12.0

3. Forecast for Fiscal 2024

FY2023 Actual : Net sales of 2,543.1 billion yen →

FY2024 Forecast : Net sales of 2,660.0 billion yen (Up 116.9 billion yen)

- Increase in sales volume of steel products due to the completion of refurbishment of a steel plate finishing rolling mill, increase in sales volume of aluminum rolled products and advanced materials mainly in the IT and semiconductor sectors, and increase in sales volume of construction machinery due to the gradual resolution of the engine certification problem
- Decline in sales in the electric power business, due to fluctuations in coal market prices

FY2023 Actual : Ordinary profit of 160.9 billion yen →

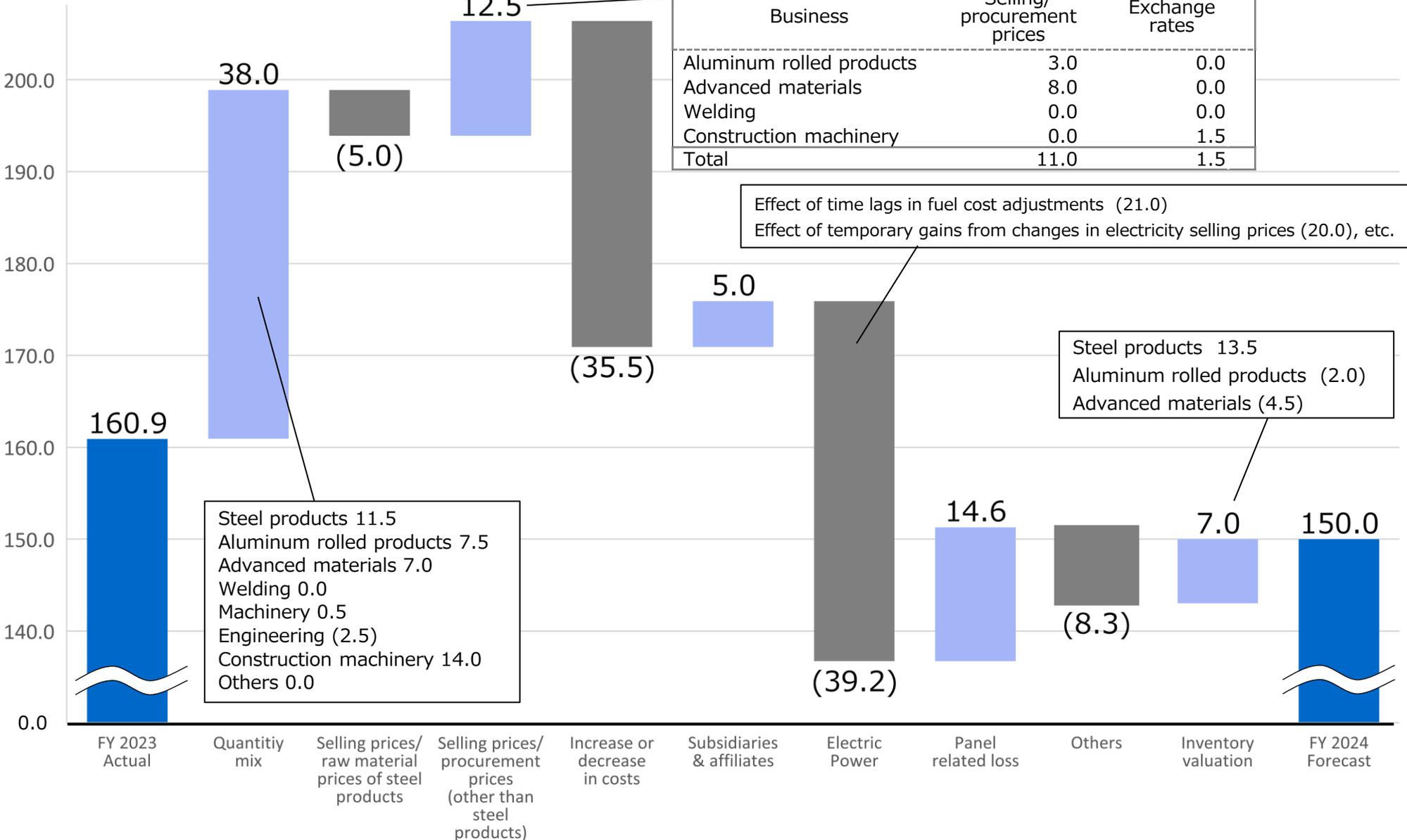
FY2024 Forecast : Ordinary profit of 150.0 billion yen (Down 10.9 billion yen)

- Decrease in sales volume
- Increase in costs, centered on fixed costs, and a promotion of selling price improvements responding to increasing costs
- Fall of temporary gains of electric power
- Differences in losses due to the restructuring of the automotive aluminum panel business

(Billions of yen)

	FY2023 Actual			FY2024 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	1,253.8	1,289.3	2,543.1	1,300.0	1,360.0	2,660.0	116.9
Operating Profit (Loss)	92.1	94.4	186.6	70.0	95.0	165.0	(21.6)
Ordinary Profit (Loss)	91.6	69.3	160.9	65.0	85.0	150.0	(10.9)
Excluding Inventory Valuation	96.1	60.3	156.4	60.0	78.5	138.5	(17.9)
Extraordinary Income (Losses)	27.7	(26.3)	1.3	–	–	–	(1.3)
Profit (Loss) Attributable to Owners of Parent	80.3	29.2	109.5	55.0	65.0	120.0	10.5

(Billions of yen)



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

Net Sales

(Billions of yen)

	FY2023 Actual ①	FY2024 Forecast			Change ②-①
		1H	2H	②	
Steel & Aluminum	1,082.7	566.0	591.0	1,157.0	74.3
Advanced Materials	298.1	159.0	171.0	330.0	31.9
Welding	93.5	48.0	53.0	101.0	7.5
Machinery	234.5	130.0	135.0	265.0	30.5
Engineering	170.6	83.0	106.0	189.0	18.4
Construction Machinery	404.0	217.0	218.0	435.0	31.0
Electric Power	315.9	122.0	116.0	238.0	(77.9)
Other Businesses	10.8	4.0	7.0	11.0	0.2
Adjustment	(67.1)	(29.0)	(37.0)	(66.0)	1.1
Total	2,543.1	1,300.0	1,360.0	2,660.0	116.9

Ordinary Profit (Loss)

(Billions of yen)

	FY2023 Actual	FY2024 Forecast			Change ②-①
	①	1H	2H	②	
Steel & Aluminum	16.1	19.5	20.5	40.0	23.9
Advanced Materials	3.2	(0.5)	6.5	6.0	2.8
Welding	4.9	2.0	2.5	4.5	(0.4)
Machinery	29.6	12.0	16.5	28.5	(1.1)
Engineering	12.4	6.0	5.0	11.0	(1.4)
Construction Machinery	9.1	3.0	11.0	14.0	4.9
Electric Power	85.7	24.0	22.5	46.5	(39.2)
Other Businesses	4.8	2.0	2.5	4.5	(0.3)
Adjustment	(5.1)	(3.0)	(2.0)	(5.0)	0.1
Total	160.9	65.0	85.0	150.0	(10.9)

(Billions of yen)

		FY2023 Actual			FY2024 Forecast			Change
		1H	2H	①	1H	2H	②	②-①
Steel products	Net Sales	452.4	439.2	891.6	465.0	484.0	949.0	57.4
	Ordinary Profit (Loss)	25.9	13.3	39.2	21.5	18.0	39.5	0.3
	Excluding Inventory Valuation	32.4	7.8	40.2	16.0	11.0	27.0	(13.2)
Aluminum rolled products	Net Sales	96.5	94.5	191.1	101.0	107.0	208.0	16.9
	Ordinary Profit (Loss) *	(5.1)	(17.9)	(23.1)	(2.0)	2.5	0.5	23.6
	Excluding Inventory Valuation	(6.1)	(18.9)	(25.1)	(2.0)	2.5	0.5	25.6
Total	Net Sales	548.9	533.7	1,082.7	566.0	591.0	1,157.0	74.3
	Ordinary Profit (Loss)	20.7	(4.6)	16.1	19.5	20.5	40.0	23.9
	Excluding Inventory Valuation	26.2	(11.1)	15.1	14.0	13.5	27.5	12.4

* Aluminum rolled products : Ordinary profit (loss) excluding inventory valuation and losses due to the restructuring of the automotive aluminum panel business (Details on P10-11)

Ordinary Profit (Loss) (Excluding inventory valuation and panel related loss)	(6.1)	(4.3)	(10.5)	(2.0)	2.5	0.5	11.0
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Steel Products

FY2023 Actual : Net sales of 891.6 billion yen →

FY2024 Forecast : Net sales of 949.0 billion yen (Up 57.4 billion yen)

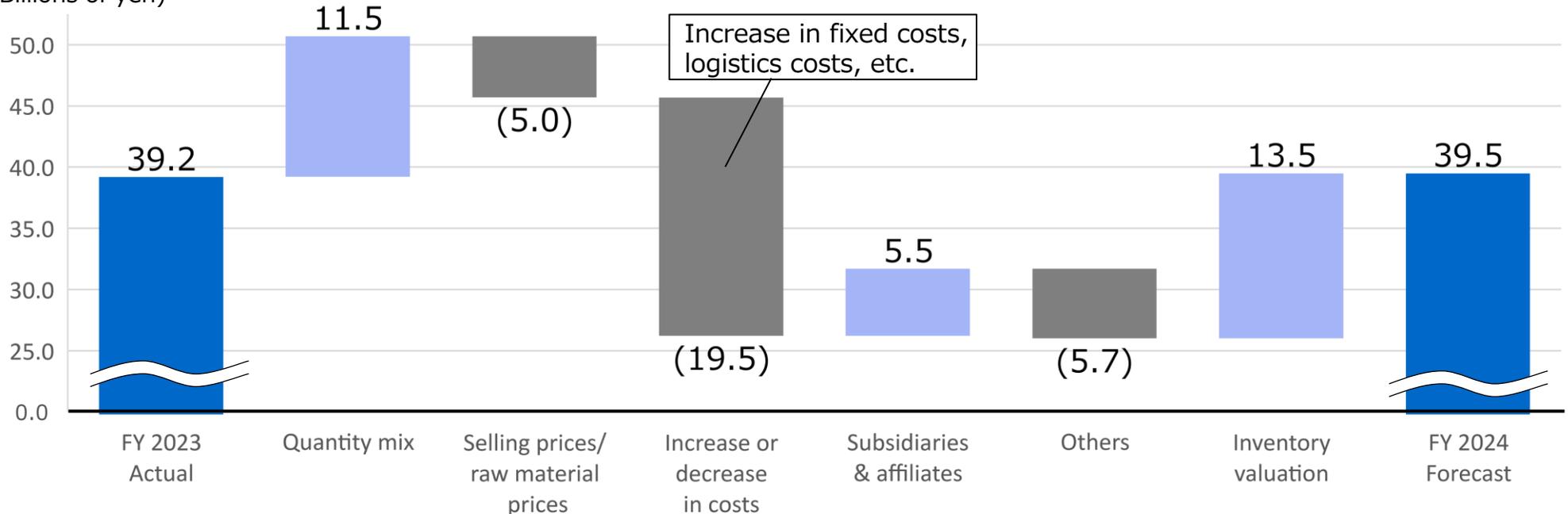
FY2023 Actual : Ordinary profit of 39.2 billion yen →

FY2023 Forecast : Ordinary profit of 39.5 billion yen (Up 0.3 billion yen)

- Crude steel production: Approx. 6.00 million tons (Similar to fiscal 2023)
- Sales volume: Approx. 4.80 million tons (Up 0.10 million tons)
 - Sales volume expected to increase due to the recovery of production with the completion of refurbishment of a steel plate finishing rolling mill
- Factors affecting profit and loss
 - Increase in sales volume
 - Cost increases, driven by rising labor, materials, logistics and other costs, and a promotion of passing on increasing costs to selling prices
 - Recording of inventory valuation gains

[Related data on P48-49](#)

(Billions of yen)



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

Aluminum
rolled
products

FY2023 Actual : Net sales of 191.1 billion yen →

FY2024 Forecast : Net sales of 208.0 billion yen (Up 16.9 billion yen)

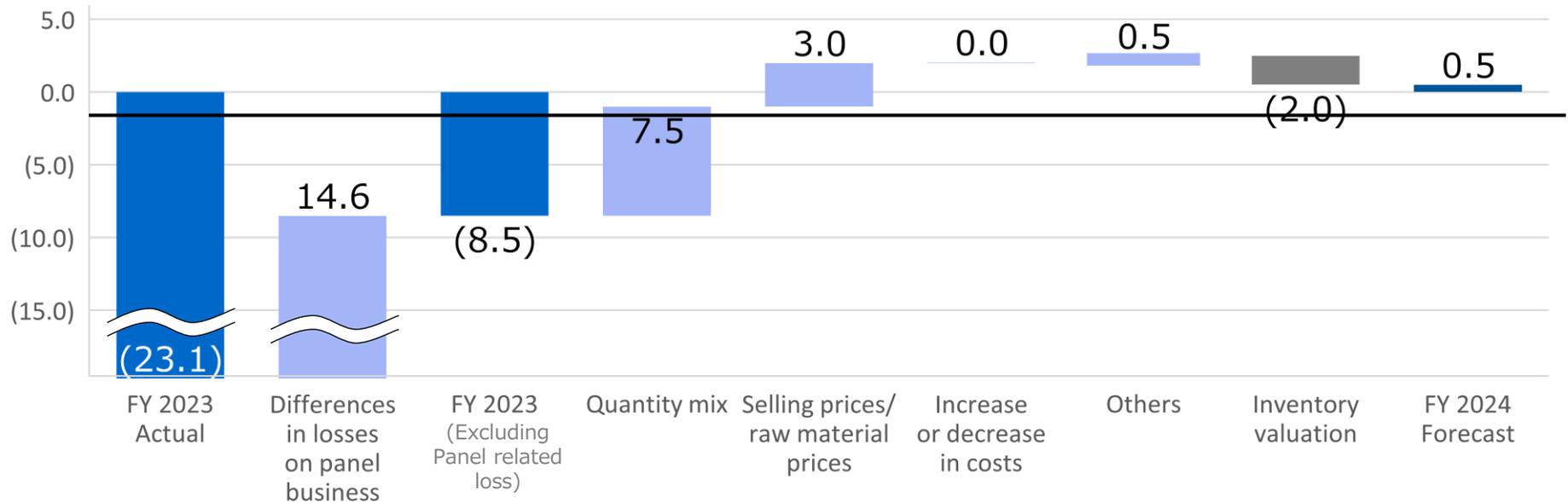
FY2023 Actual : Ordinary loss of 23.1 billion yen →

FY2024 Forecast : Ordinary profit of 0.5 billion yen (Up 23.6 billion yen)

- Sales volume: Approx. 350,000 tons (Up 40,000 tons)
 - For beverage can materials : Increase due to expanded sales
 - For automobiles : Similar to fiscal 2023
 - For IT and semiconductors : Increase since the supply-demand adjustment phase ends
- Factors affecting profit and loss
 - Increase in sales volume
 - Progress in passing on higher procurement costs to selling prices
 - Differences in losses due to the restructuring of the automotive aluminum panel business

Related data on P48-49

(Billions of yen)



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

(Billions of yen)

	FY2023 Actual			FY2024 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	141.8	156.2	298.1	159.0	171.0	330.0	31.9
Ordinary Profit (Loss)	(0.0)	3.2	3.2	(0.5)	6.5	6.0	2.8
Excluding Inventory Valuation	(1.0)	0.7	(0.3)	0.0	7.0	7.0	7.3

(Billions of yen)

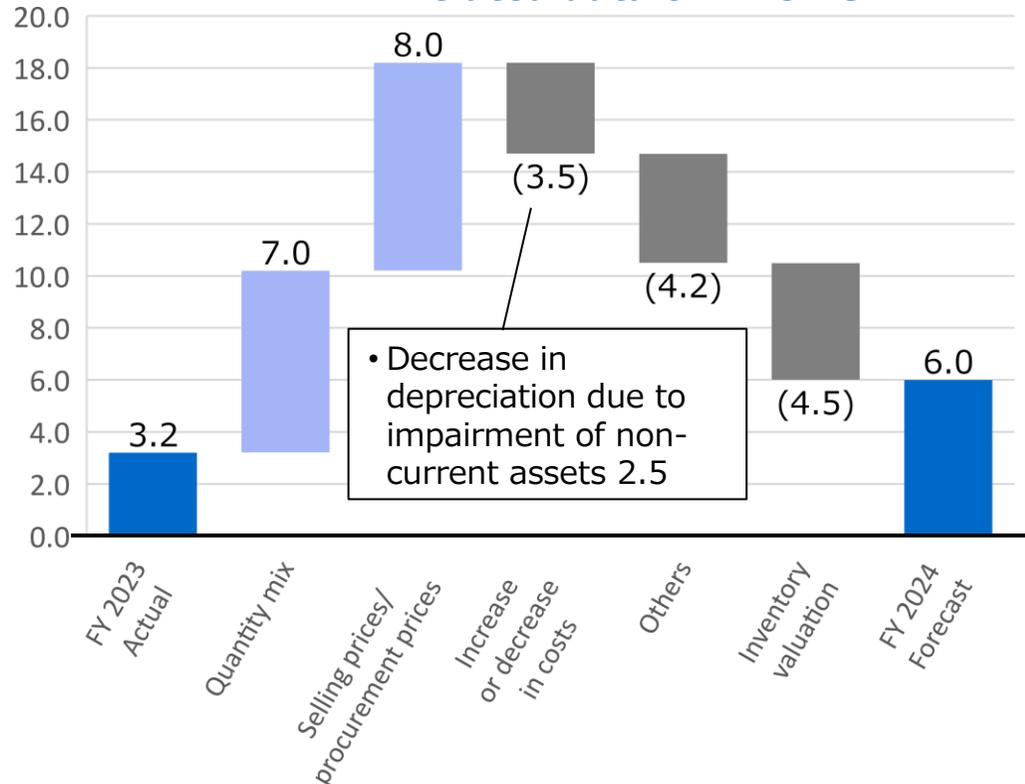
Related data on P48-49

■ Sales volume

- Increase in copper rolled products and aluminum casting due to recovery in demand in the IT and semiconductor sectors
- Increase in aluminum extrusions and suspensions due to strong demand in the automotive sector

■ Factors affecting profit and loss

- Increase in sales volume
- Progress in passing on higher procurement costs to selling prices



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

(Billions of yen)

	FY2023 Actual			FY2024 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	46.4	47.0	93.5	48.0	53.0	101.0	7.5
Ordinary Profit	1.5	3.3	4.9	2.0	2.5	4.5	(0.4)

[Related data on P48](#)

■ Sales volume

- Domestic : Similar to fiscal 2023
- Overseas : Increase due to recovery of demand in Southeast Asia

■ Factors affecting profit and loss

- Increase in sales volume
- Increase in costs, centered on fixed costs

(Billions of yen)

	FY2023 Actual			FY2024 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	103.2	131.2	234.5	130.0	135.0	265.0	30.5
Ordinary Profit	10.3	19.2	29.6	12.0	16.5	28.5	(1.1)
Orders	115.8	157.9	273.7	approx. 125.0	approx. 115.0	approx. 240.0	approx. (35.0)

■ Orders

- Expected to continue to remain at a high level, while a slight decrease is expected compared to fiscal 2023, which saw orders for large-scale projects.

■ Factors affecting profit and loss

- Increase in costs, centered on fixed costs

(Billions of yen)

	FY2023 Actual			FY2024 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	75.1	95.4	170.6	83.0	106.0	189.0	18.4
Ordinary Profit	6.2	6.2	12.4	6.0	5.0	11.0	(1.4)
Orders	122.4	91.8	214.3	approx. 120.0	approx. 60.0	approx. 180.0	approx. (35.0)

■ Orders

- Expected to decrease compared to fiscal 2023, which saw orders for large-scale projects in the waste treatment-related business, while orders for overseas projects are expected in the DRI-related business.

■ Factors affecting profit and loss

- Changes in the project mix

(Billions of yen)

	FY2023 Actual			FY2024 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	192.6	211.4	404.0	217.0	218.0	435.0	31.0
Ordinary Profit	5.0	4.0	9.1	3.0	11.0	14.0	4.9

Related data on P48

(Billions of yen)

■ Unit Sales

[Hydraulic excavator]

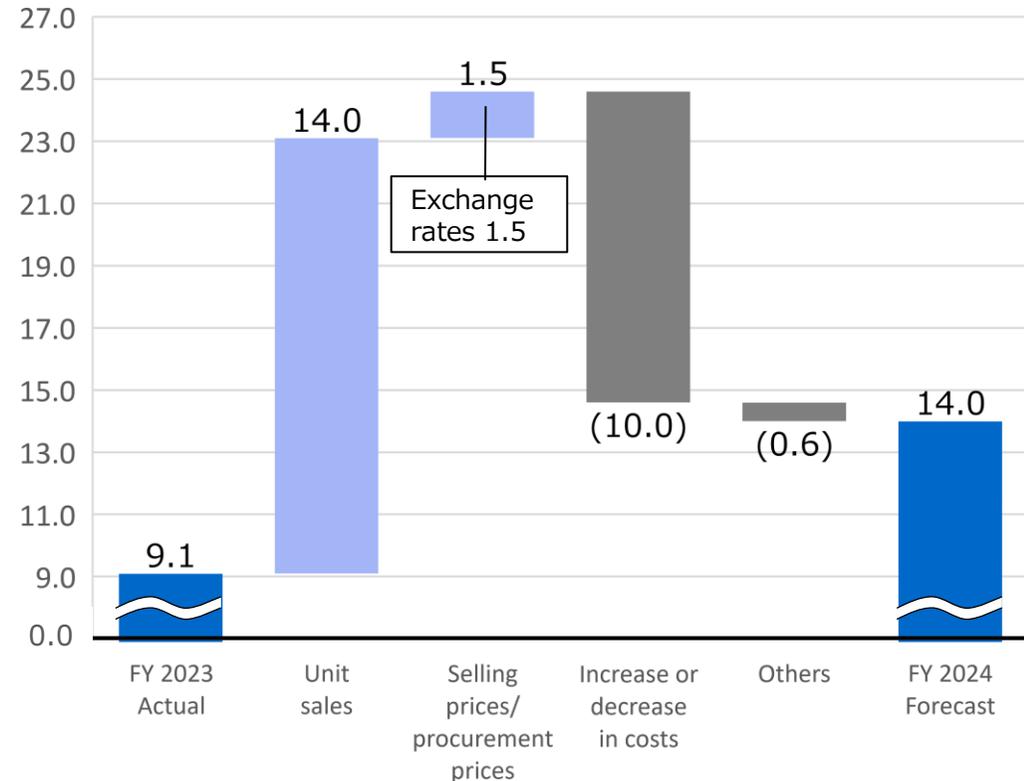
- Increase due to gradual resolution of engine certification problems in Europe

[Crawler Crane]

- Increase due to gradual resolution of engine certification problems in Europe and North America.

■ Factors affecting profit and loss

- Increase in unit sales
- Increase in costs, centered on fixed costs



(Billions of yen)

	FY2023 Actual			FY2024 Forecast			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	172.7	143.1	315.9	122.0	116.0	238.0	(77.9)
Ordinary Profit	47.4	38.3	85.7	24.0	22.5	46.5	(39.2)

[Related data on P54](#)

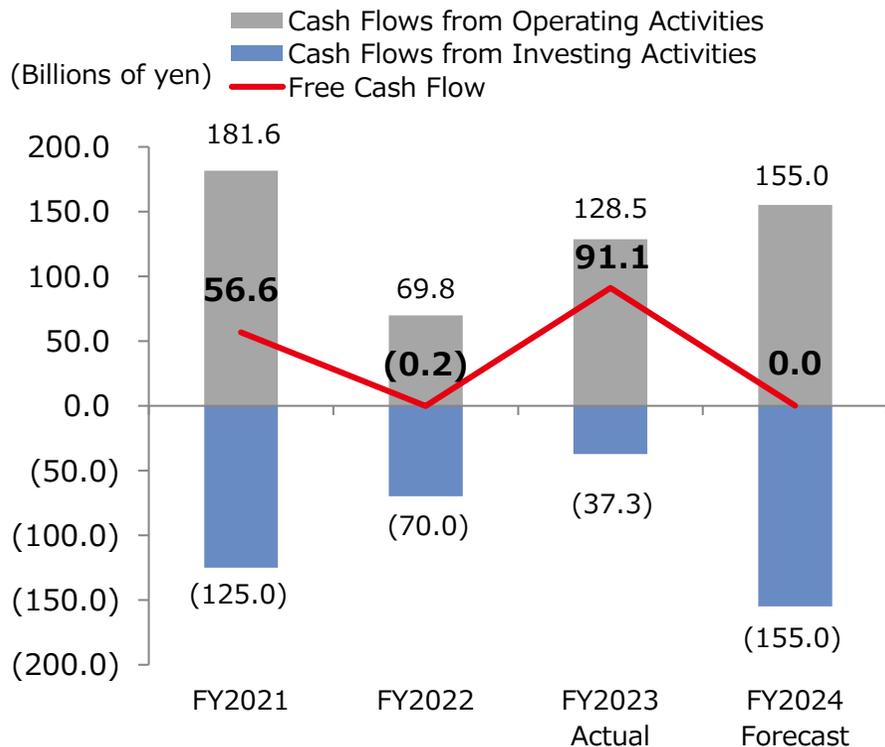
- Sales volume : Similar to fiscal 2023
- Unit price : Decline due to fluctuations in the coal market
- Factors affecting profit and loss
 - Decrease in the effect of temporary gains from time lags in fuel cost adjustments at the Kobe Power Plant No. 3 and 4 units
 - Fall of temporary gains from changes in electricity selling prices at the Kobe Power Plant No. 1 to 4 units

(Billions of yen)

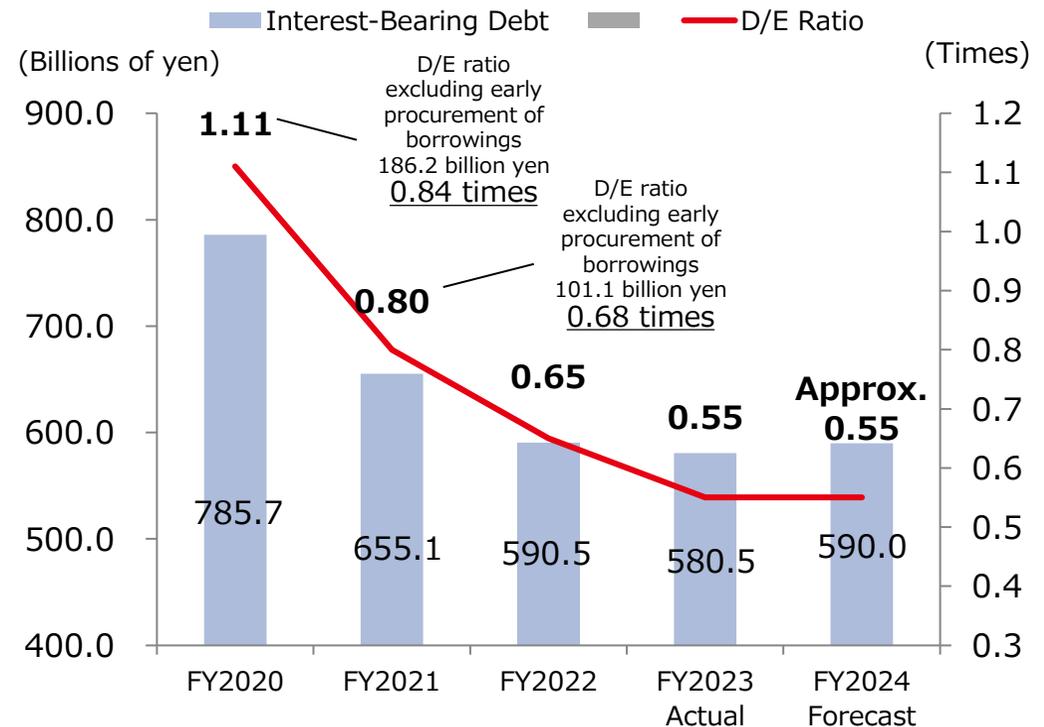
Main factors that affect profit and loss	FY 2023	FY 2024	Difference
	Actual①	Forecast②	②-①
Time lags in fuel cost adjustments (No.3 & 4 units)	22.0	1.0	(21.0)
Effect from temporary gains/losses from changes in electricity selling prices (No.1 to 4 units)	20.0	0.0	(20.0)

- FY2023 Actual
 - **Free cash flow was 91.1 billion yen** due to stable business performance and asset sales. **D/E ratio was 0.55 times** due to the reduction of interest-bearing debt, achieving the Medium-Term Management Plan's target of 0.7 times or less.
- FY2024 Forecast
 - Under the Medium-Term Management Plan (fiscal 2021-2023), we carefully selected new capital investments and loans. As we work to further strengthen our earnings base, **we expect investment cash flow to reach approximately 150.0 billion yen, the same level as operating cash flow.**
 - We will continue to further our ROIC management and strengthen the management of invested capital, including the optimization of working capital, and strengthen our financial base to withstand the risk of business performance fluctuations and future large-scale investments.

Free Cash Flow



Interest-Bearing Debt & D/E Ratio



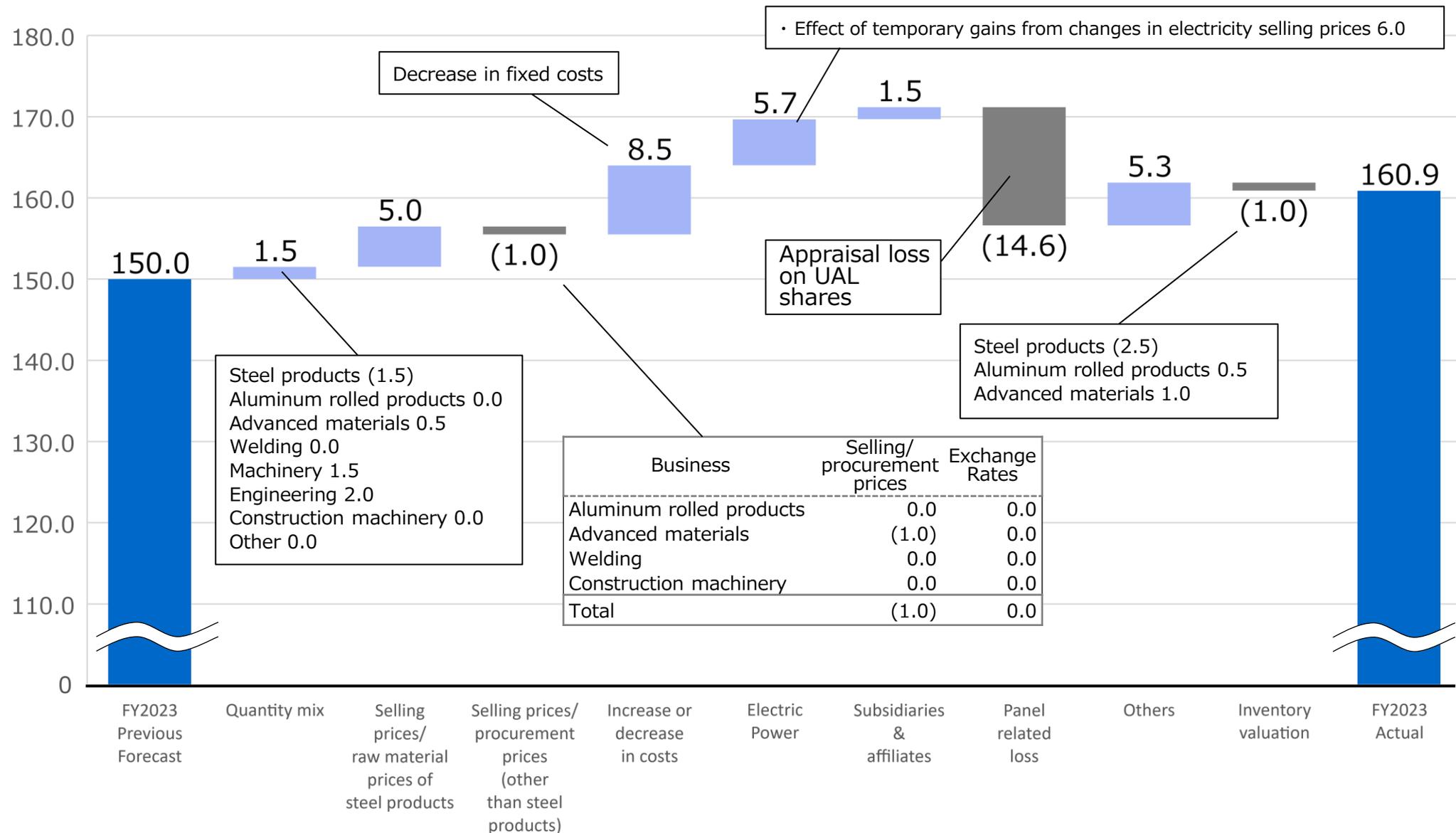
Note: Project finance is not included in free cash flow and D/E ratio.

- 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 has been changed to approximately 30% of consolidated profit attributable to owners of parent in fiscal 2023.
- Under this policy, the year-end dividend for fiscal 2023 will be 45 yen (annual total: 90 yen) per share.
- For fiscal 2024, the Board of Directors today resolved a policy declaring an interim dividend of 45 yen and a year-end dividend of 45 yen (annual total: 90 yen) per share.

	FY2023			FY2024 (Policy)		
	Interim	Year-end		Interim	Year-end	
Dividends per share in yen	45	45	90	45	45	90
Dividend payout ratio			32.4%			29.6%

4. Reference Information

(Billions of yen)



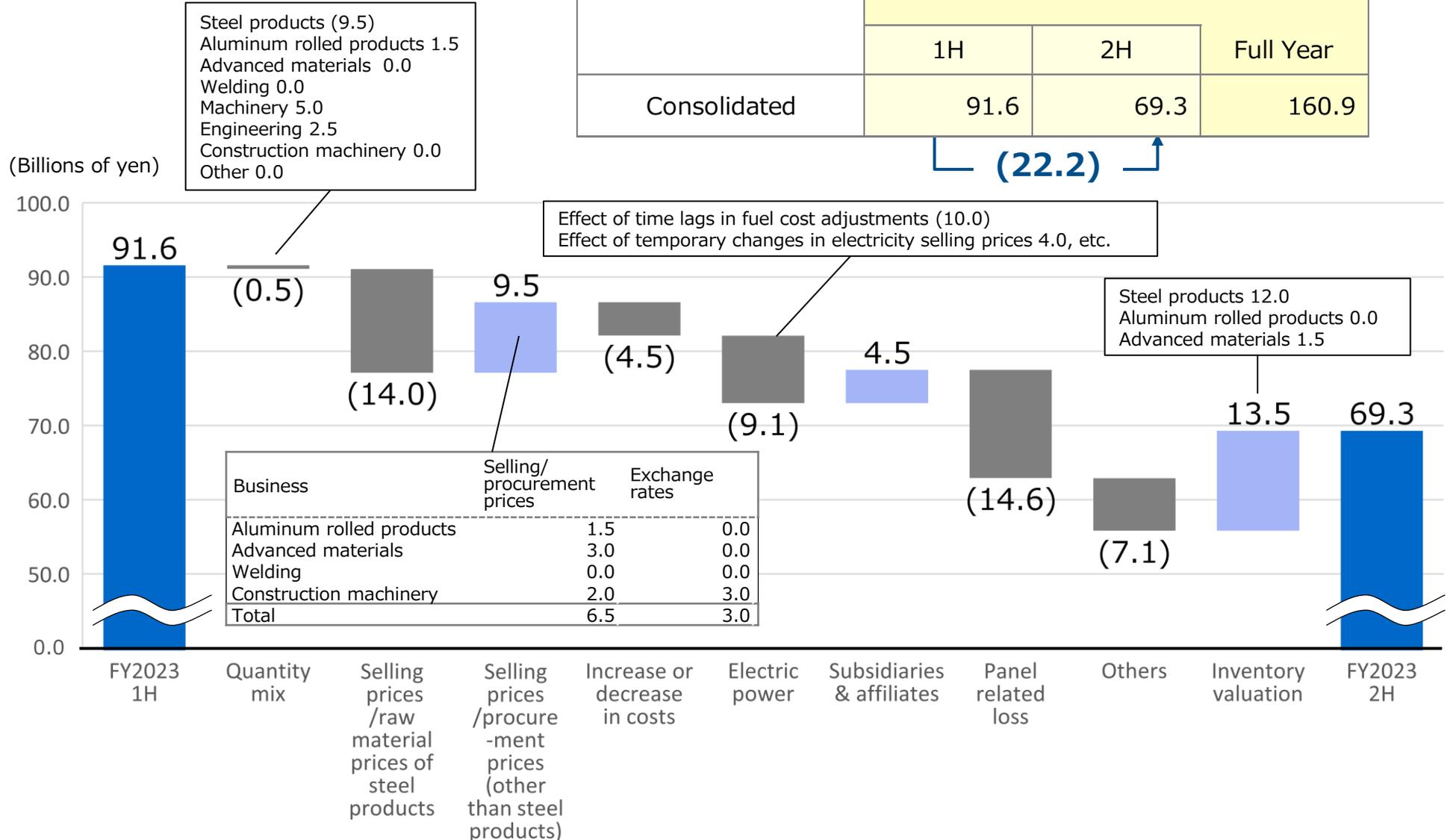
Inventory valuation includes the effect from the average method and the lower-of-cost-or-market method.

Ordinary Profit (Loss)

(Billions of yen)

	FY2023 Actual		
	1H	2H	Full Year
Consolidated	91.6	69.3	160.9

(22.2)



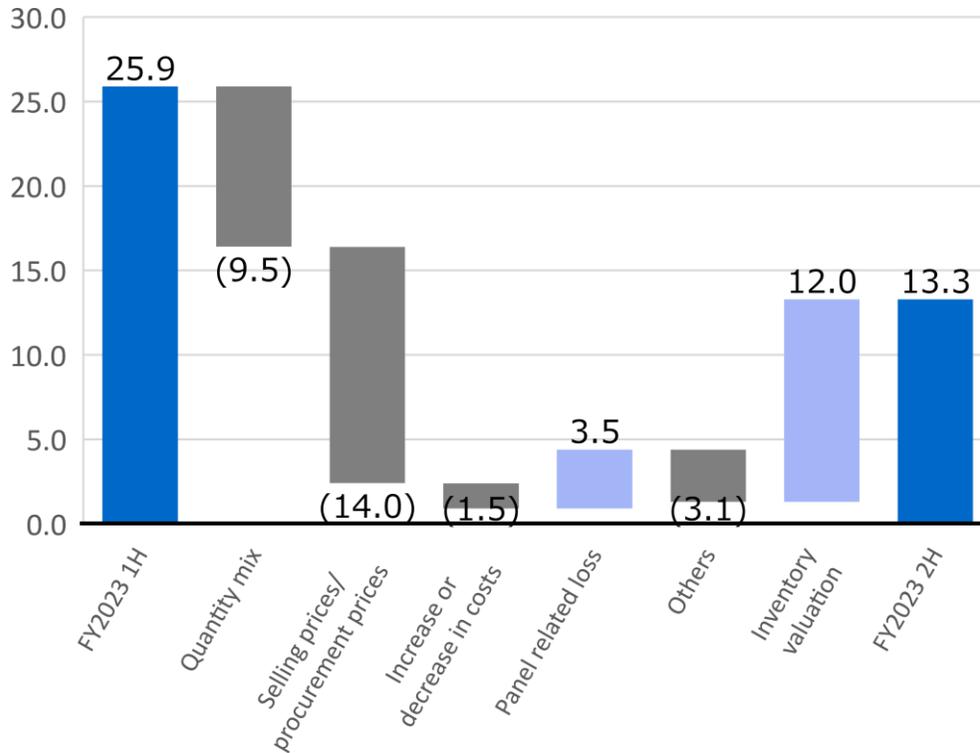
Inventory valuation includes the effect from the average method and the lower-of-cost-or-market method.

Ordinary Profit (Loss) (Billions of yen)

	FY2023 Actual		
	1H	2H	Full Year
Steel products	25.9	13.3	39.2

(12.6)

(Billions of yen)

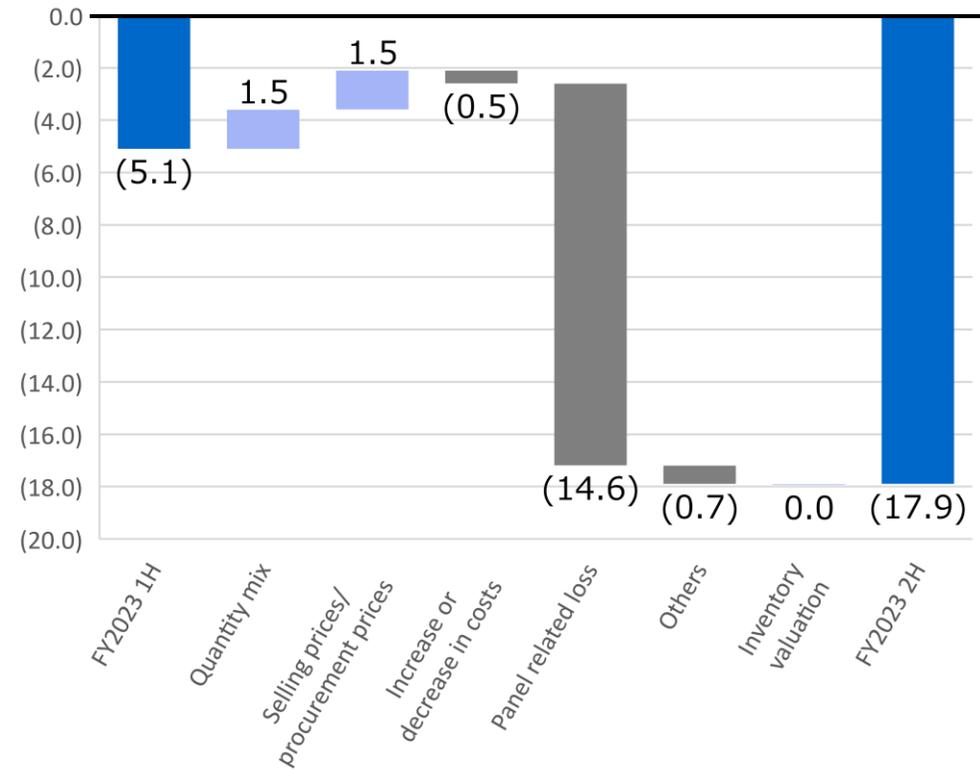


Ordinary Profit (Loss) (Billions of yen)

	FY2023 Actual		
	1H	2H	Full Year
Aluminum rolled products	(5.1)	(17.9)	(23.1)

(12.8)

(Billions of yen)



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

Ordinary Profit (Loss) (Billions of yen)

	FY2023 Actual		
	1H	2H	Full Year
Advanced Materials	(0.0)	3.2	3.2

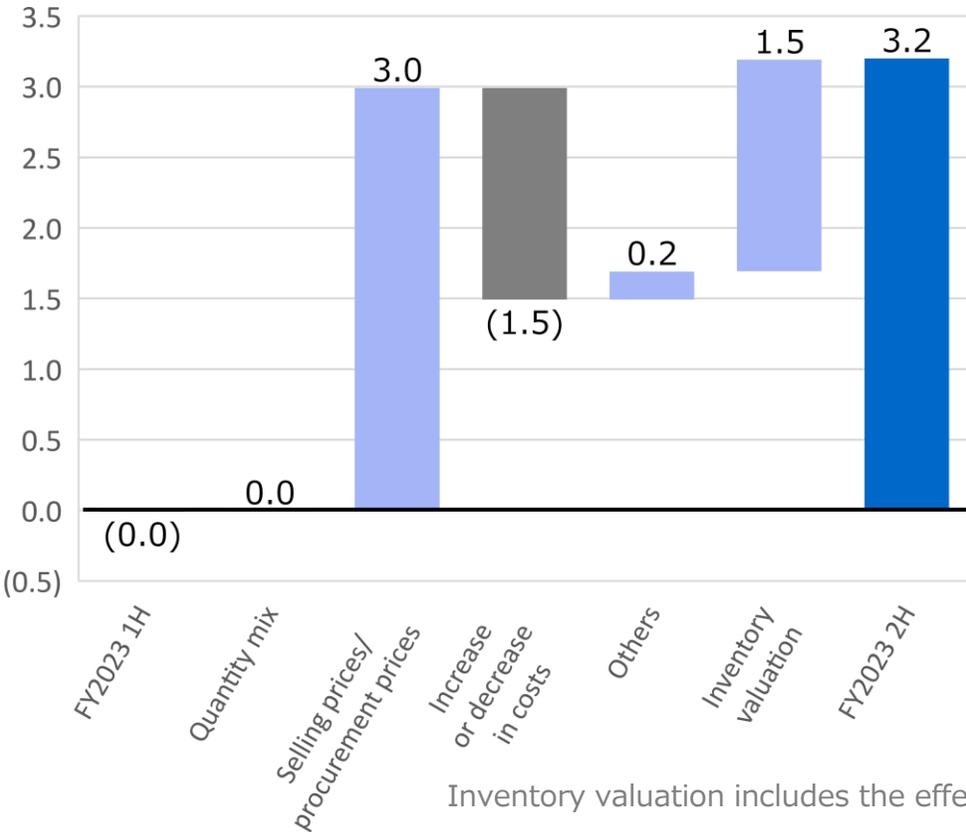
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Ordinary Profit (Loss) (Billions of yen)

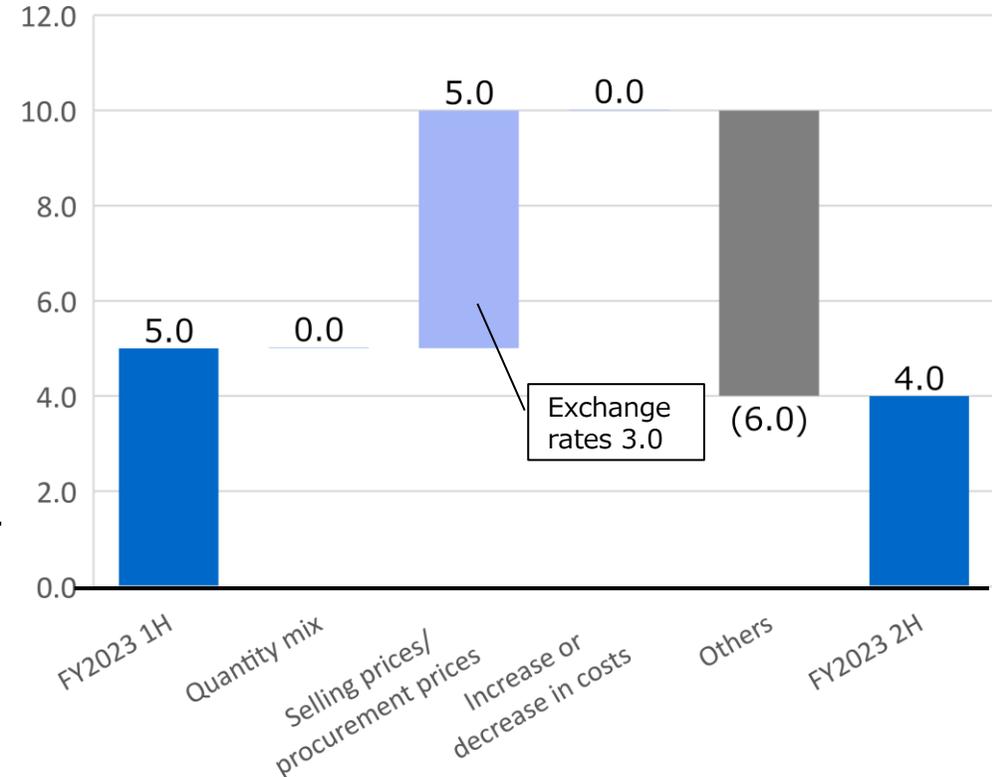
	FY2023 Actual		
	1H	2H	Full Year
Construction Machinery	5.0	4.0	9.1

(1.0)

(Billions of yen)



(Billions of yen)



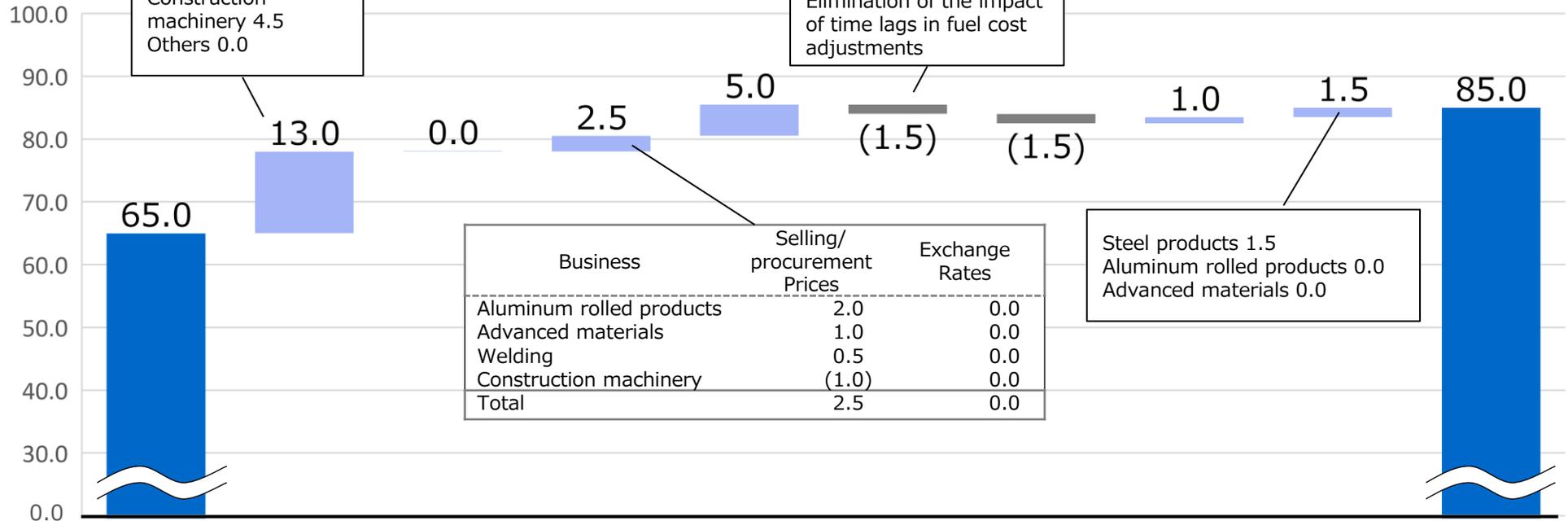
Inventory valuation includes the effect from the average method and the lower-of-cost-or-market method.

Ordinary Profit (Loss)

(Billions of yen)

	FY2024 Forecast		
	1H	2H	Full Year
Consolidated	65.0	85.0	150.0

(Billions of yen)



Steel products (0.5)
Aluminum rolled products 2.5
Advanced materials 3.0
Welding 0.5
Machinery 3.5
Engineering (0.5)
Construction machinery 4.5
Others 0.0

20.0
Elimination of the impact of time lags in fuel cost adjustments

Business	Selling/procurement Prices	Exchange Rates
Aluminum rolled products	2.0	0.0
Advanced materials	1.0	0.0
Welding	0.5	0.0
Construction machinery	(1.0)	0.0
Total	2.5	0.0

Steel products 1.5
Aluminum rolled products 0.0
Advanced materials 0.0

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

Ordinary Profit (Loss) (Billions of yen)

	FY2024 Forecast		
	1H	2H	Full Year
Steel products	21.5	18.0	39.5

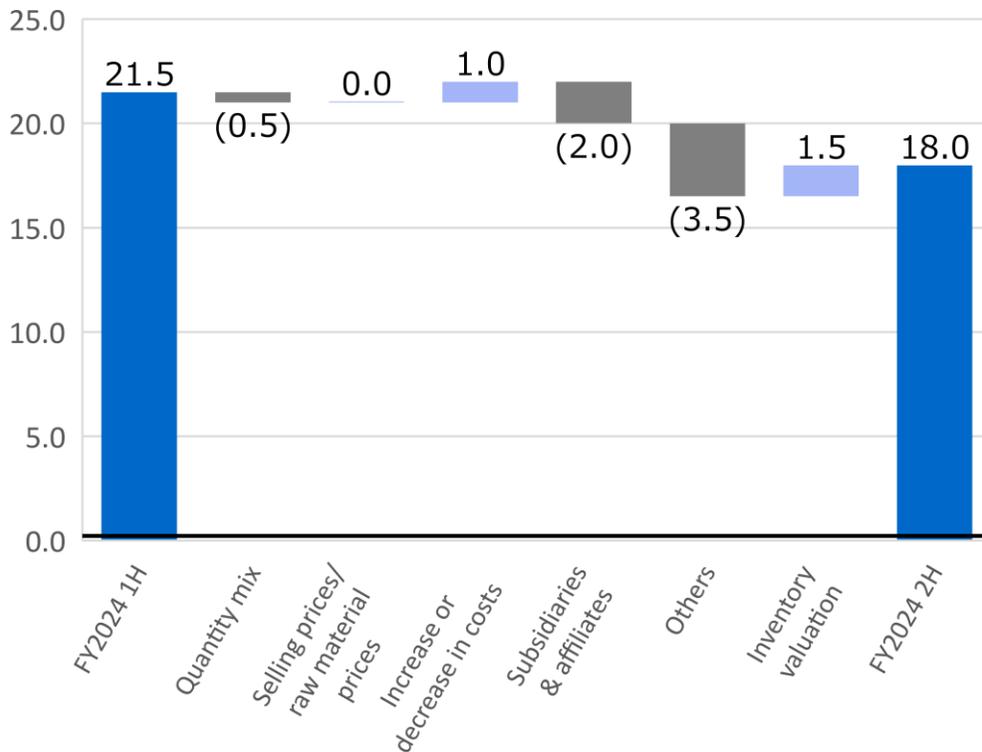
(3.5)

Ordinary Profit (Loss) (Billions of yen)

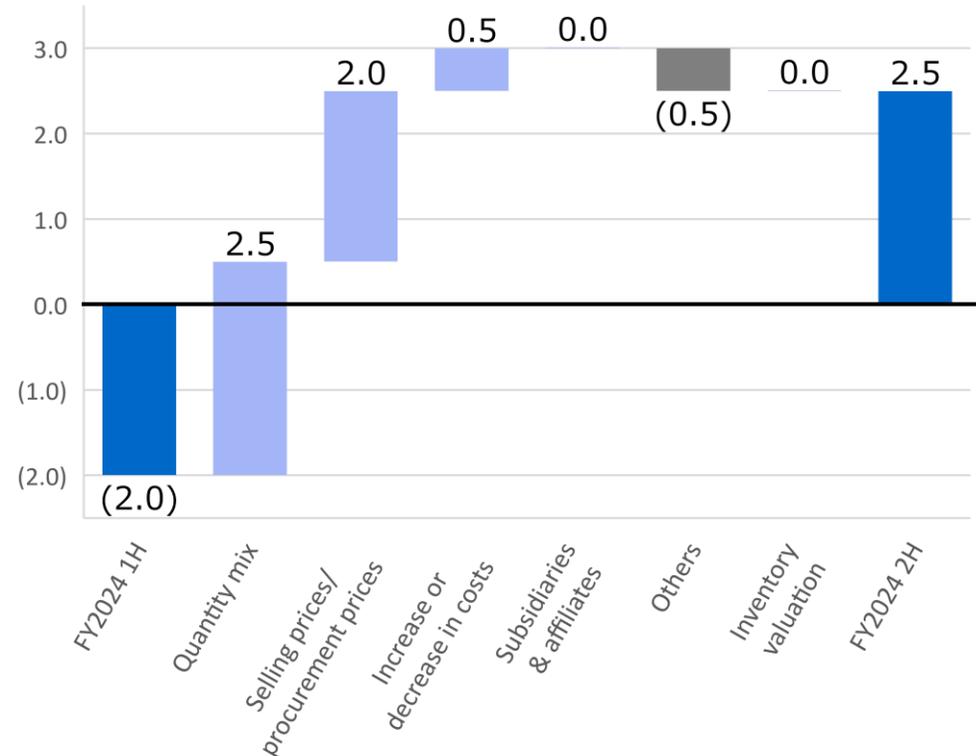
	FY2024 Forecast		
	1H	2H	Full Year
Aluminum rolled products	△2.0	2.5	0.5

4.5

(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)

	FY2024 Forecast		
	1H	2H	Full Year
Advanced Materials	△0.5	6.5	6.0

7.0

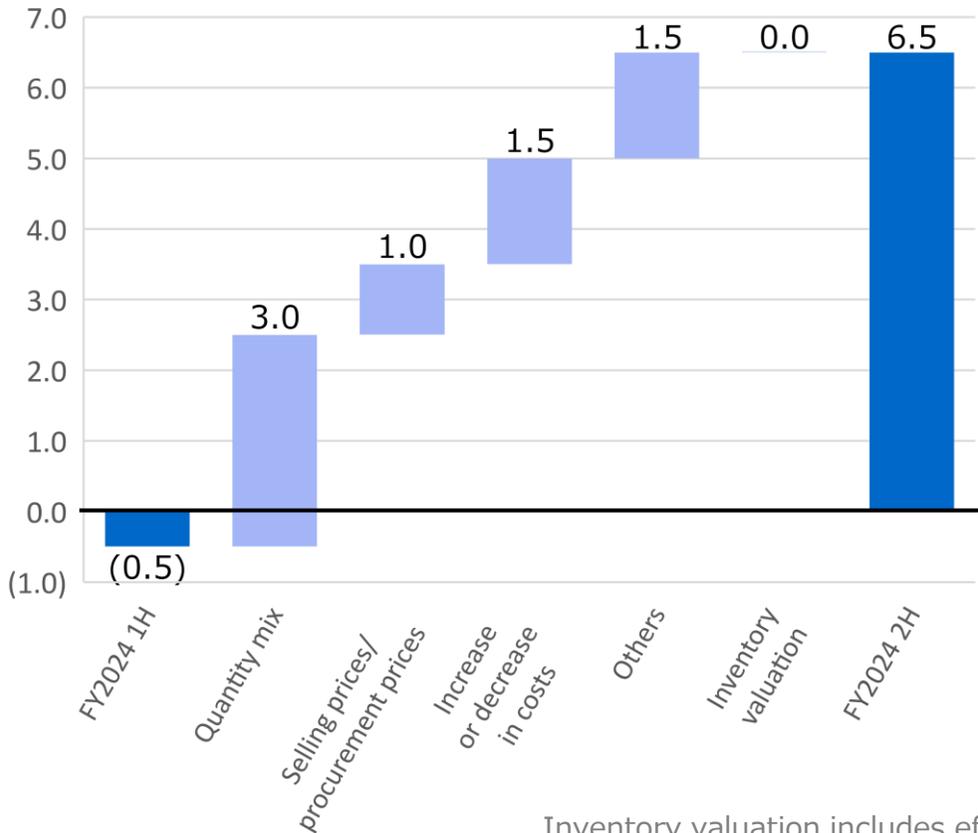
Ordinary Profit (Loss)

(Billions of yen)

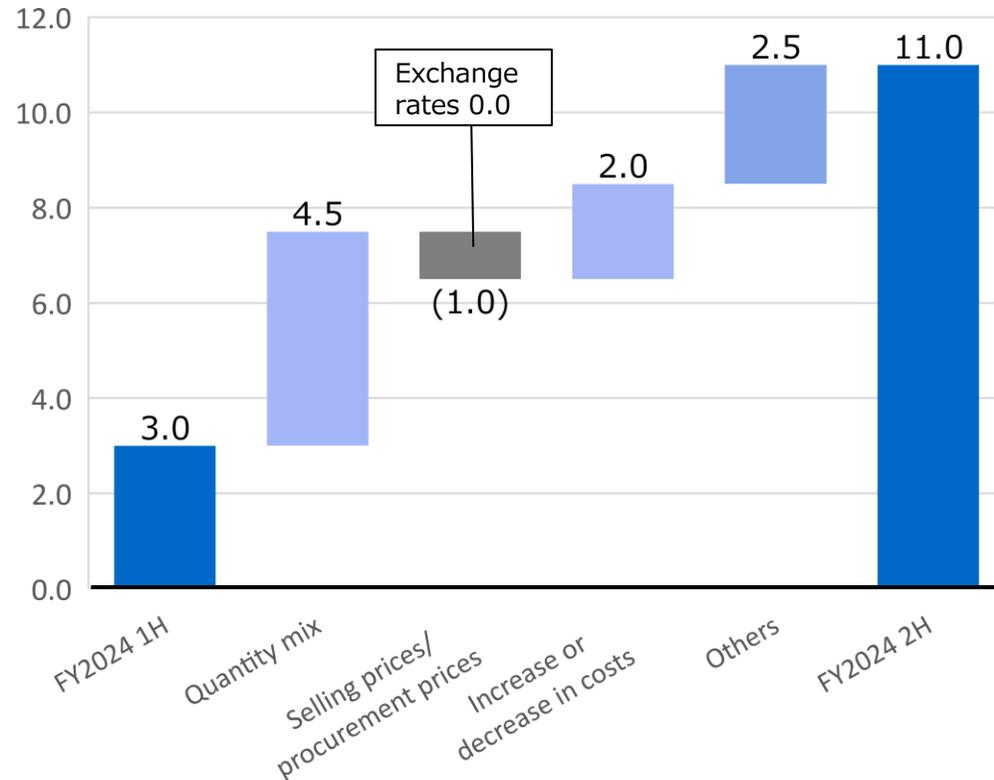
	FY2024 Forecast		
	1H	2H	Full Year
Construction Machinery	3.0	11.0	14.0

8.0

(Billions of yen)



(Billions of yen)



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

	FY2022 Actual			FY2023 Actual			FY2024 Forecast		
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Crude steel production*1 (Millions of tons)	3.15	3.04	6.19	3.09	2.88	5.97	approx.3.00	approx.3.00	approx.6.00
Sales volume of steel products*2 (Millions of tons)	2.50	2.48	4.98	2.47	2.23	4.69	approx.2.40	approx.2.40	approx.4.80
Domestic	1.92	1.93	3.85	1.92	1.74	3.66			
Exports	0.58	0.55	1.13	0.54	0.49	1.04			
Average steel selling price (Thousands of yen/ton)	134.5	145.7	140.1	140.4	145.4	142.7			
Export ratio (value basis)	23.4%	21.8%	22.6%	20.9%	22.5%	21.7%			
Aluminum rolled products*3 (Thousands of tons)	170	167	337	161	154	314	approx.170	approx.180	approx.350
Domestic	119	113	232	116	107	223			
Exports	51	55	105	45	47	91			
Aluminum extrusions*3 (Thousands of tons)	17	17	34	18	20	37	approx.21	approx.22	approx.42
Domestic	14	13	27	13	15	29			
Exports	4	4	8	4	5	9			
Copper rolled products*2 (Thousands of tons)	27	27	54	24	27	52	approx.29	approx.31	approx.60
Welding materials*3 (Thousands of tons)	125	123	248	122	120	242	approx.120	approx.130	approx.250
Domestic	52	54	105	53	52	105			
Exports	74	69	143	69	67	136			
Hydraulic excavators*4 (Thousands of units)	11.9	12.7	24.6	11.7	12.4	24.1	approx.12.5	approx.14.0	approx.26.5
Domestic	3.4	4.2	7.6	3.4	4.7	8.1			
Exports	8.5	8.5	17.0	8.3	7.6	15.9			
Crawler cranes*3 (Units)	145	144	289	132	183	315	approx.180	approx.190	approx.370

*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		FY2022 Actual			FY2023 Actual				
		1H	2H	Full Year	1H	3Q	4Q	2H	Full Year
	Iron ore	5.0	(7.0)	(2.0)	2.5	(0.5)	1.5	1.0	3.5
	Coal	(3.0)	0.5	(2.5)	(2.0)	2.5	0.0	2.5	0.5
	Carry over	2.0	(6.5)	(4.5)	0.5	2.0	1.5	3.5	4.0

	Average method	16.5	1.5	18.0	(7.0)	3.0	3.0	6.0	(1.0)
	Lower-of-cost-or-market method	(1.5)	(1.0)	(2.5)	0.5	0.0	(0.5)	(0.5)	0.0
	Inventory valuation	15.0	0.5	15.5	(6.5)	3.0	2.5	5.5	(1.0)

Aluminum rolled products		FY2022 Actual			FY2023 Actual				
		1H	2H	Full Year	1H	3Q	4Q	2H	Full Year
	Average method	5.5	1.0	6.5	0.5	1.0	0.0	1.0	1.5
	Lower-of-cost-or-market method	0.0	(1.0)	(1.0)	0.5	0.0	0.0	0.0	0.5
	Inventory valuation	5.5	0.0	5.5	1.0	1.0	0.0	1.0	2.0

Advanced Materials		FY2022 Actual			FY2023 Actual				
		1H	2H	Full Year	1H	3Q	4Q	2H	Full Year
	Average method	2.5	0.5	3.0	1.0	1.0	1.5	2.5	3.5
	Lower-of-cost-or-market method	(0.5)	0.5	0.0	0.0	0.0	0.0	0.0	0.0
	Inventory valuation	2.0	1.0	3.0	1.0	1.0	1.5	2.5	3.5

(Billions of yen)

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Cash flows from operating activities	21.4	210.0	181.6	69.8	128.5	150.0
Cash flows from investing activities	(133.4)	(81.9)	(125.0)	(70.0)	(37.3)	(150.0)
Free cash flow (excluding project financing)	(112.0)	128.1	56.6	(0.2)	91.1	0.0
Free cash flow (including project financing)	(191.9)	52.9	7.2	22.4	151.5	0.0
Cash and deposits (excluding project financing)	134.9	301.8	243.2	145.4	188.7	150.0
Cash and deposits (including project financing)	145.6	317.3	260.5	203.3	278.7	205.0

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Capital investment (accrual basis)	239.8	185.0	108.1	97.3	105.2	115.0
Capital investment (payment basis)	245.3	173.2	156.4	98.9	94.8	125.0
Depreciation	105.3	100.8	105.1	112.5	119.0	125.0

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Profit (loss) per share	(187.55) yen	64.05 yen	160.23 yen	183.80 yen	277.38 yen	303.83 yen
Outside debt	906.6 billion yen	987.8 billion yen	908.4 billion yen	861.8 billion yen	823.4 billion yen	805.0 billion yen
Outside debt excluding debt from IPP project financing	784.4 billion yen	785.7 billion yen	655.1 billion yen	590.5 billion yen	580.5 billion yen	590.0 billion yen
D/E ratio *1	^{*2} 1.19 times	^{*3} 1.11 times	^{*4} 0.80 times	0.65 times	0.55 times	approx.0.55 times
ROS *5	(0.4)%	0.9%	4.5%	4.3%	6.3%	5.6%
ROA *6	(0.3)%	0.6%	3.5%	3.8%	5.6%	5.1%
ROE *7	(9.7)%	3.4%	7.9%	8.4%	11.1%	10.8%
ROIC *8	0.9%	1.1%	4.7%	4.9%	6.7%	approx. 6.5%

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

*2: Includes early procurement of borrowings for fiscal 2019 (62.1 billion yen)
D/E ratio 1.10 times (excluding early procurement of borrowings)

*3: Includes early procurement of borrowings for fiscal 2020 (186.2 billion yen)
D/E ratio 0.84 times (excluding early procurement of borrowings)

*4: Includes early procurement of borrowings for fiscal 2021 (101.1 billion yen)
D/E ratio 0.68 times (excluding early procurement of borrowings)

*5: ROS: Ordinary Profit (Loss) / Net Sales

*6: ROA: Ordinary Profit (Loss) / Total assets

*7: ROE: Profit (Loss) Attributable to Owners of Parent/
Stockholders' equity

*8: ROIC: After-tax operating income / invested capital

	FY2022 Actual			FY2023 Actual			FY2024 Forecast
	1H	2H	Full Year	1H	2H	Full Year	Full Year
1 U.S. dollar to yen	135.3	136.7	136.0	142.6	148.0	145.3	145.0
1 Chinese yuan to yen	19.9	19.5	19.7	19.9	20.5	20.2	20.0
1 euro to yen	139.1	144.1	141.6	154.8	160.6	157.7	155.0

[Analysis of exchange rate sensitivity]

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

Steel products: approx. (0.5) billion yen

(Impact of dollar balance: (1.5) billion yen. Inventory valuation, cost pass-through to selling price, etc.: 1.0 billion yen)

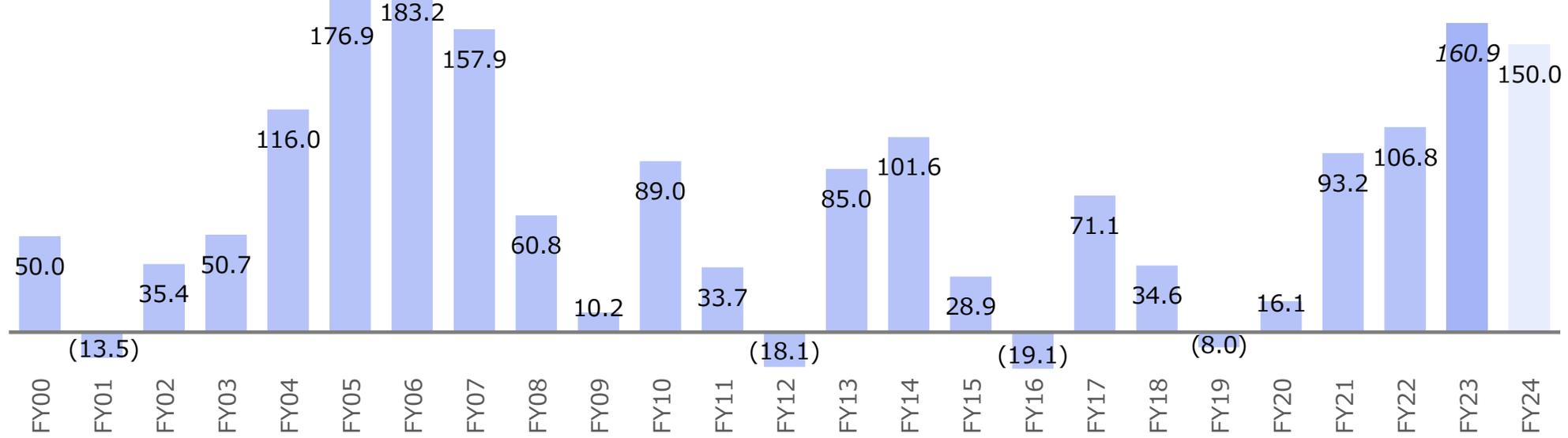
Construction machinery: approx. 0.3 billion yen (Impact of dollar balance: 0.3 billion yen)

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

Construction machinery: approx. 0.3 billion yen

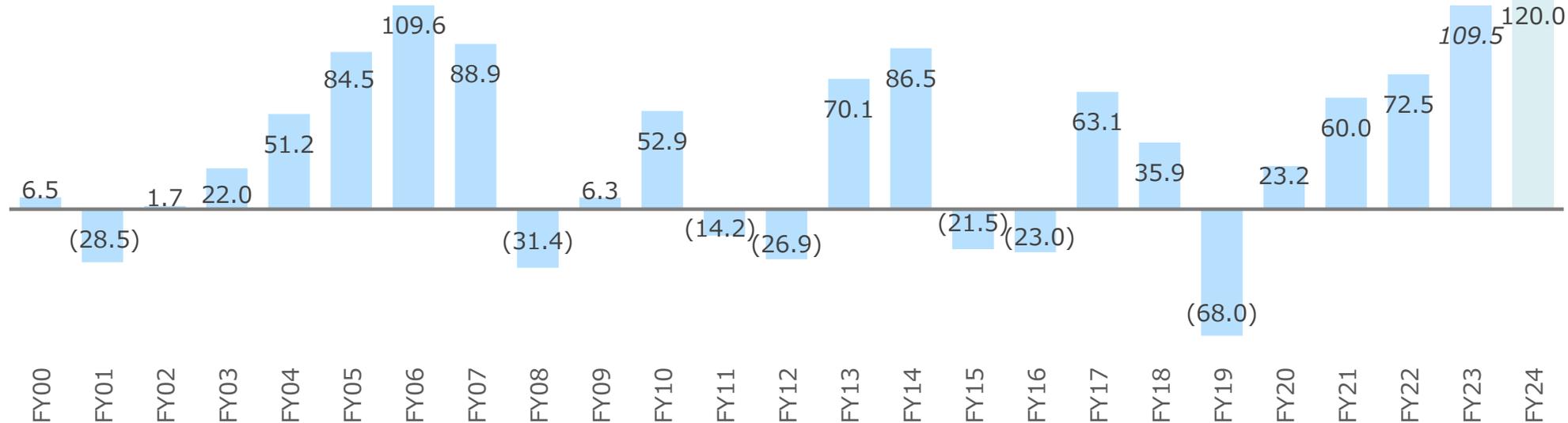
Ordinary Profit (Loss)

(Billions of yen)



Profit (Loss) Attributable to Owners of Parent

(Billions of yen)

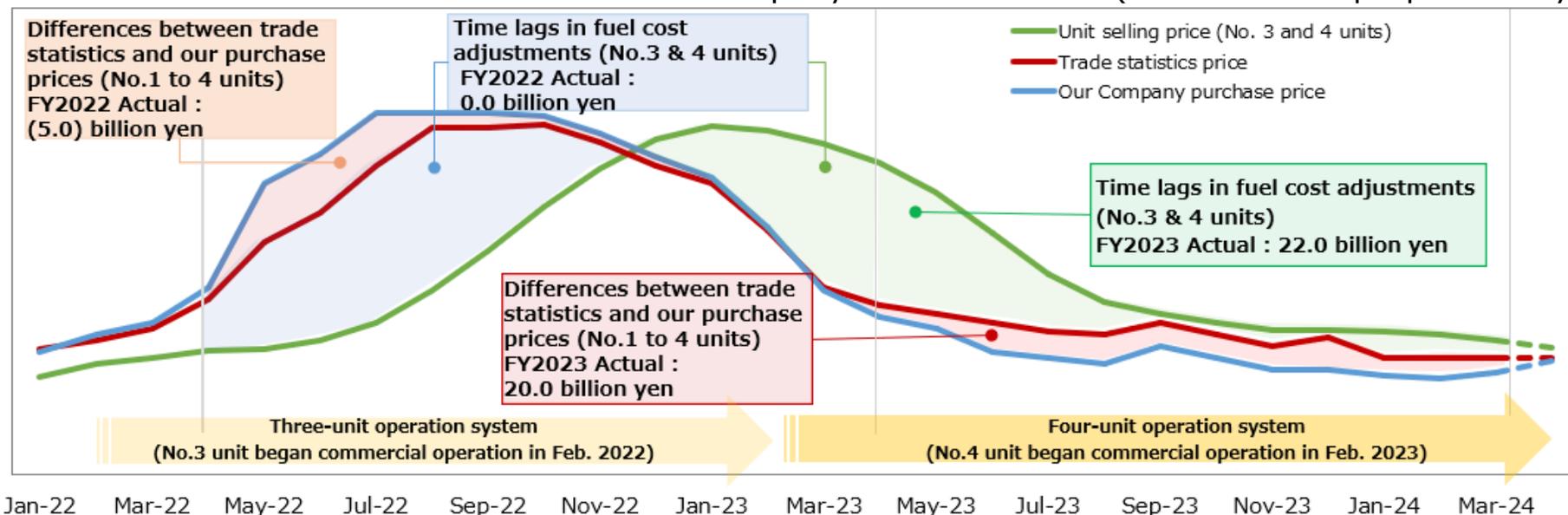


KOBELCO Fuel Cost Adjustments in Kobe Power Plant (No. 1 to 4 units) P54

Our Company's coal-fired power subsidiaries receive **the electricity rate**, equivalent to the fuel cost, which 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.** (Billions of yen)

Main factors that affect profit and loss	FY2022	FY2023		Full year	Full year
	Actual①	Previous②	Actual③	③-①	③-②
Time lags in fuel cost adjustments (No.3 & 4 units) <ul style="list-style-type: none"> Inevitably occur as coal prices rise and fall. (Refer to trade statistics 3–5 months ago.) Gains and losses in profits are offset in the long run. 	0.0 1H (10.0) 2H 10.0	22.0 1H 16.0 2H 6.0	22.0 1H 16.0 2H 6.0	22.0 1H 26.0 2H (4.0)	- 1H - 2H -
Effect from temporary gains/losses from changes in electricity selling prices (No.1 to 4 units)—Differences between trade statistics and our Company purchase prices <ul style="list-style-type: none"> Although our basic policy is to purchase coal based on a contract with no future price differences anticipated, irregularities may occur due to external factors. 	(5.0) 1H (5.0) 2H -	14.0 1H 8.0 2H 6.0	20.0 1H 8.0 2H 12.0	25.0 1H 13.0 2H 12.0	6.0 1H - 2H 6.0

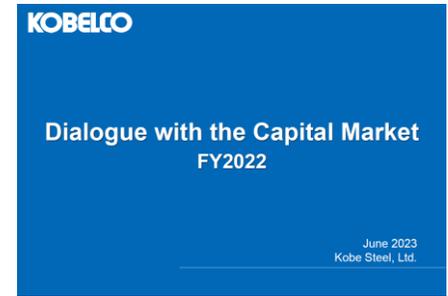
Trends in Coal Trade Statistics Prices and Our Company Purchase Prices (for illustrative purposes only)



Dialogue with the Capital Market

Our Company is actively engaged in dialogue with capital markets to achieve sustainable growth and increase corporate value over the medium to long term. The details of our dialogue are disclosed on our corporate website.

[capital_markets_22_e.pdf \(kobelco.co.jp\)](https://www.kobelco.co.jp/capital_markets_22_e.pdf)



External Evaluations (Listed below are only major ones)

◆ **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)

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

◆ **CDP**
(From Dec. 2020)



Awarded "A-" in the climate change category for the fourth consecutive year

◆ **Awards for Excellence in Corporate Disclosure**



2023 Award for Excellence in Corporate Disclosure

— Industries —



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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>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