

# Financial Results for the First Quarter of Fiscal 2024 and Forecast for the Full Fiscal Year

August 7, 2024  
Kobe Steel, Ltd.

**KOBELCO**

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Note: Starting with this announcement, cash flow and other financial indicators have been calculated including project finance.

# Summary of Financial Results and Forecast



## Financial Results for the First Quarter of Fiscal 2024

		Year on year
Net Sales	590.7 billion yen	(7.9) billion yen
Ordinary Profit(Loss)	35.0 billion yen	(0.8) billion yen
Excluding Inventory Valuation	34.0 billion yen	(2.8) billion yen
Profit(Loss) Attributable to Owners of Parent	24.0 billion yen	(1.4) billion yen

## Fiscal 2024 Full-Year Earnings Forecast

		Compared to the previous forecast
Net Sales	2,660.0 billion yen	0.0 billion yen
Ordinary Profit(Loss)	150.0 billion yen	0.0 billion yen
Excluding Inventory Valuation	139.5 billion yen	1.0 billion yen
Profit(Loss) Attributable to Owners of Parent	120.0 billion yen	0.0 billion yen
Free Cash Flow	(40.0) billion yen	(40.0) billion yen

### Financial Indicators Fiscal 2024 Full-Year Earnings Forecast

- ROIC : approx. 6.5% (6.7% in FY2023)
- └ ROE : approx. 10.8% (11.1% in FY2023)
- Net assets ratio : approx. 40% (38.6% in FY2023)
- Gross D/E ratio : approx. 0.8 times (0.83 times in FY2023)

### Return to Shareholders

- Policy: Paying an interim dividend of 45 yen and an annual dividend of 90 yen per share (unchanged).

## Financial Results for the First Quarter of Fiscal 2024 (Year on year)

- **Materials businesses** made progress in cost pass-through to selling prices in the advanced materials segment and the welding segment, despite a deterioration in steel metal spreads due to a weaker yen and cost increases centered on fixed costs. **Machinery businesses** recorded an increase in sales of services for the energy and chemical sectors in the machinery segment. **Electric power business** was affected by reduced gains from time lags in fuel cost adjustments. Earnings remained at the same level year on year, with an ordinary profit of 35.0 billion yen and a quarterly profit attributable to owners of parent of 24.0 billion yen.

## Revisions to Fiscal 2024 Full-Year Earnings Forecast (Compared to the previous forecast)

- **Materials businesses** anticipate a decrease in sales and a deterioration in sales composition, affected by the worsening business conditions, particularly in the automotive sector. **Machinery businesses** anticipate a decline in sales volume in the construction machinery segment, but an increase in sales of services in the machinery segment. **Electric power business** anticipates earnings to remain at the previously forecast level. Earnings forecast remains unchanged with an ordinary profit of 150.0 billion yen and a profit attributable to owners of parent of 120.0 billion yen.
- While keeping a close eye on the business environment, we will continue our efforts to secure planned sales volumes and pass on increased costs to selling prices.
- Free cash flow is expected to be negative 40.0 billion yen due to an increase in working capital along with a decrease in sales volume in the advanced materials segment and the construction machinery segment. We will strengthen efforts to optimize working capital, such as reducing inventories, and improve cash flows from operating activities.

# Financial Results for the First Quarter of Fiscal 2024

	FY2023 Actual			FY2024 Forecast (Current)			Change ②－①
	1Q ①	1H	Full Year	1Q ②	1H	Full Year	
(Billions of yen)							
Net Sales	598.6	1,253.8	2,543.1	590.7	1,270.0	2,660.0	(7.9)
Operating Profit (Loss)	34.0	92.1	186.6	31.0	70.0	165.0	(2.9)
Ordinary Profit (Loss)	35.9	91.6	160.9	35.0	65.0	150.0	(0.8)
Excluding Inventory Valuation	36.9	96.1	156.4	34.0	61.5	139.5	(2.8)
Extraordinary Income (Losses)	—	27.7	1.3	—	—	—	—
Profit (Loss) Attributable to Owners of Parent	25.4	80.3	109.5	24.0	55.0	120.0	(1.4)

## Net Sales

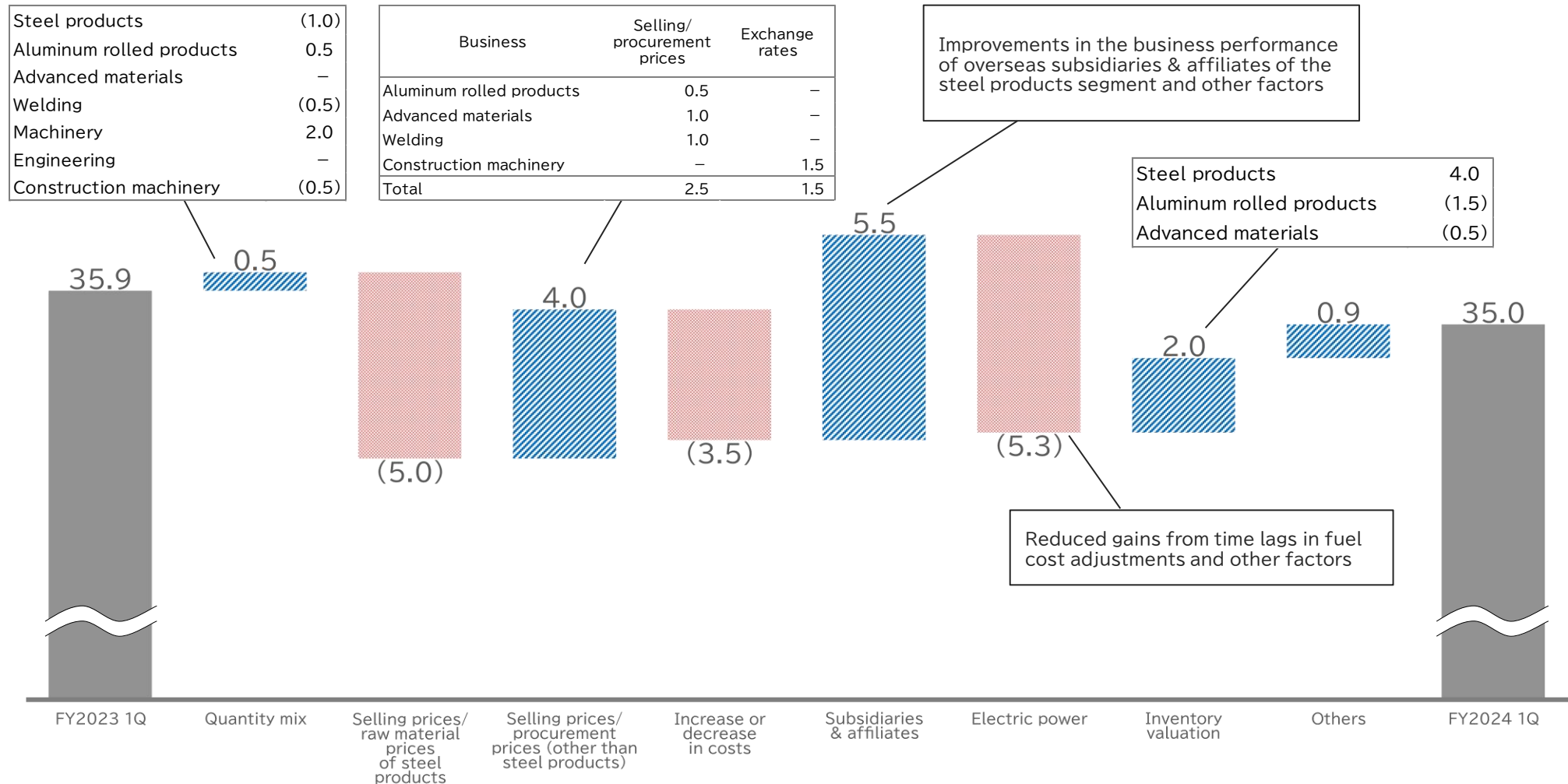
Net sales were flat year on year, due to factors such as fluctuations in thermal coal prices in the electric power segment, despite the progress in cost pass-through to selling prices, particularly in the advanced materials segment and the welding segment, and the steady increase in sales of services for the energy and chemical sectors in the machinery segment.

## Ordinary Profit (Loss)

Ordinary profit was roughly flat year on year due to an increase in sales of services for the energy and chemical sectors in the machinery segment, despite negative factors, such as a deterioration in steel metal spreads, cost increases centered on fixed costs and reduced gains from time lags in fuel cost adjustments in the electric power segment.

# Financial Results for the First Quarter of Fiscal 2024 : Analysis of Ordinary Profit (Loss) (Year on year)

(0.8) billion yen



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

# Financial Results for the First Quarter of Fiscal 2024 : Ordinary Profit (Loss) by Segment

	FY2023 1Q	FY2024 1Q	Change	
Steel Products	10.4	12.7	2.2	Up due to improvement in inventory valuation resulting from fluctuations in raw material prices, despite negative factors such as a deterioration in steel metal spreads due to a weaker yen and cost increases centered on fixed costs.
Excluding Inventory Valuation	13.9	12.2	(1.7)	
Aluminum Rolled Products	(1.9)	(1.8)	0.0	Roughly flat year on year due to a decline in inventory valuation gains, despite an increase in sales volume centered on disc materials and the progress in cost pass-through to selling prices.
Excluding Inventory Valuation	(3.4)	(1.8)	1.5	
Advanced Materials	0.8	1.0	0.1	Roughly flat year on year due to a decline in inventory valuation gains, despite the progress in cost pass-through to selling prices.
Excluding Inventory Valuation	(0.1)	0.5	0.6	
Welding	0.5	1.0	0.5	Up due to the progress in cost pass-through to selling prices, despite a decrease in sales volume, particularly in the automotive sector.
Machinery	4.3	6.2	1.9	Up due to an increase in sales of services, primarily in compressors, and progress in existing orders, despite cost increases centered on fixed costs.
Engineering	1.5	1.4	(0.0)	Roughly flat year on year.
Construction Machinery	1.4	1.7	0.2	Up due to improved export profitability driven by a weaker yen, despite a decrease in unit sales of hydraulic excavators and cost increases centered on fixed costs.
Electric Power	17.3	12.0	(5.3)	Down due to reduced gains from time lags in fuel cost adjustments.

# Forecast for Fiscal 2024

(Billions of yen)	FY2024 Forecast (Previous)			FY2024 Forecast (Current)			Change ②－①
	1H	2H	Full Year ①	1H	2H	Full Year ②	
Net Sales	1,300.0	1,360.0	2,660.0	1,270.0	1,390.0	2,660.0	—
Operating Profit (Loss)	70.0	95.0	165.0	70.0	95.0	165.0	—
Ordinary Profit (Loss)	65.0	85.0	150.0	65.0	85.0	150.0	—
Excluding Inventory Valuation	60.0	78.5	138.5	61.5	78.0	139.5	1.0
Extraordinary Income (Loss)	—	—	—	—	—	—	—
Profit (Loss) Attributable to Owners of Parent	55.0	65.0	120.0	55.0	65.0	120.0	—

## Net Sales

Net sales are expected to remain at the previously forecast level, due to the effect of a weaker yen on exchange rates, progress in cost pass-through to selling prices, and fluctuations in thermal coal prices in the electric power segment, among other factors, despite a decline in sales volume in the materials businesses and the construction machinery segment, affected by the deterioration of the business environment.

## Ordinary Profit (Loss)

Ordinary profit is expected to remain at the previously forecast level, due to the improvement of steel metal spreads and the progress in passing on increased costs to selling prices, despite a decline in sales volume.

# Forecast for Fiscal 2024 : Business Environment of Materials Businesses

Highlighted in blue are the business units affected by demand fluctuations.

## Automobile production

(Steel products, aluminum rolled products, aluminum extrusions, aluminum suspensions, copper rolled products, steel powder, and welding)

Domestic production is **expected to decrease from the previous forecast**, remaining at the fiscal 2023 level.

Overseas production is **expected to decrease from the previous forecast**, down from fiscal 2023, affected by Japanese automakers' declining market share in China and lower demand in Southeast Asia.

## IT and semiconductors

(Aluminum rolled products, aluminum castings and forgings, and copper rolled products)

Demand for HDD materials are **expected to increase from the previous forecast**, up from fiscal 2023, along with growing demand for data centers.

Demand for semiconductor materials are **expected to decrease from the previous forecast** due to slow demand recovery.

## Shipbuilding

(Steel products, steel castings and forgings, and welding)

Demand is **expected to be almost the same level as previously forecast**, remaining at the fiscal 2023 level, with continued labor shortages and rising material prices, despite a certain amount of construction work on hand retained.

## Aircraft

(Titanium, and aluminum castings and forgings)

Demand is **expected to be almost the same level as previously forecast**, as the trend of replacing aging aircraft and building new aircraft continues to expand.

## Beverage cans

(Aluminum rolled products)

Demand is **expected to be almost the same level as previously forecast**, remaining at the fiscal 2023 level.

## Construction and civil engineering

(Steel products and welding)

Demand is **expected to decrease from the previous forecast**, down from fiscal 2023, with continued labor shortages and rising material prices.

# Forecast for Fiscal 2024 : Business Environment of Machinery Businesses

## (Machinery)

### Energy and chemistry

Demand for machinery for the energy (such as LNG) and petrochemical sectors are **expected to remain firm**.

Demand for environment-related machinery is **expected to continue an upward trend**, driven by firm demand in Europe and the United States.

### General industry

Domestic demand is **expected to remain firm**.

Overseas demand is expected to be sluggish due to the slowdown in the Chinese market and stagnation in the Southeast Asian economy.

## (Hydraulic excavators)

### Japan

Demand is **expected to decrease from the previous forecast**, remaining at the fiscal 2023 level.

### China

Demand is **expected to decrease from the previous forecast**, down from fiscal 2023, due to a decrease in construction volume, impacted by the economic downturn.

### North America

Demand is **expected to be almost the same as previously forecast**, down from fiscal 2023.

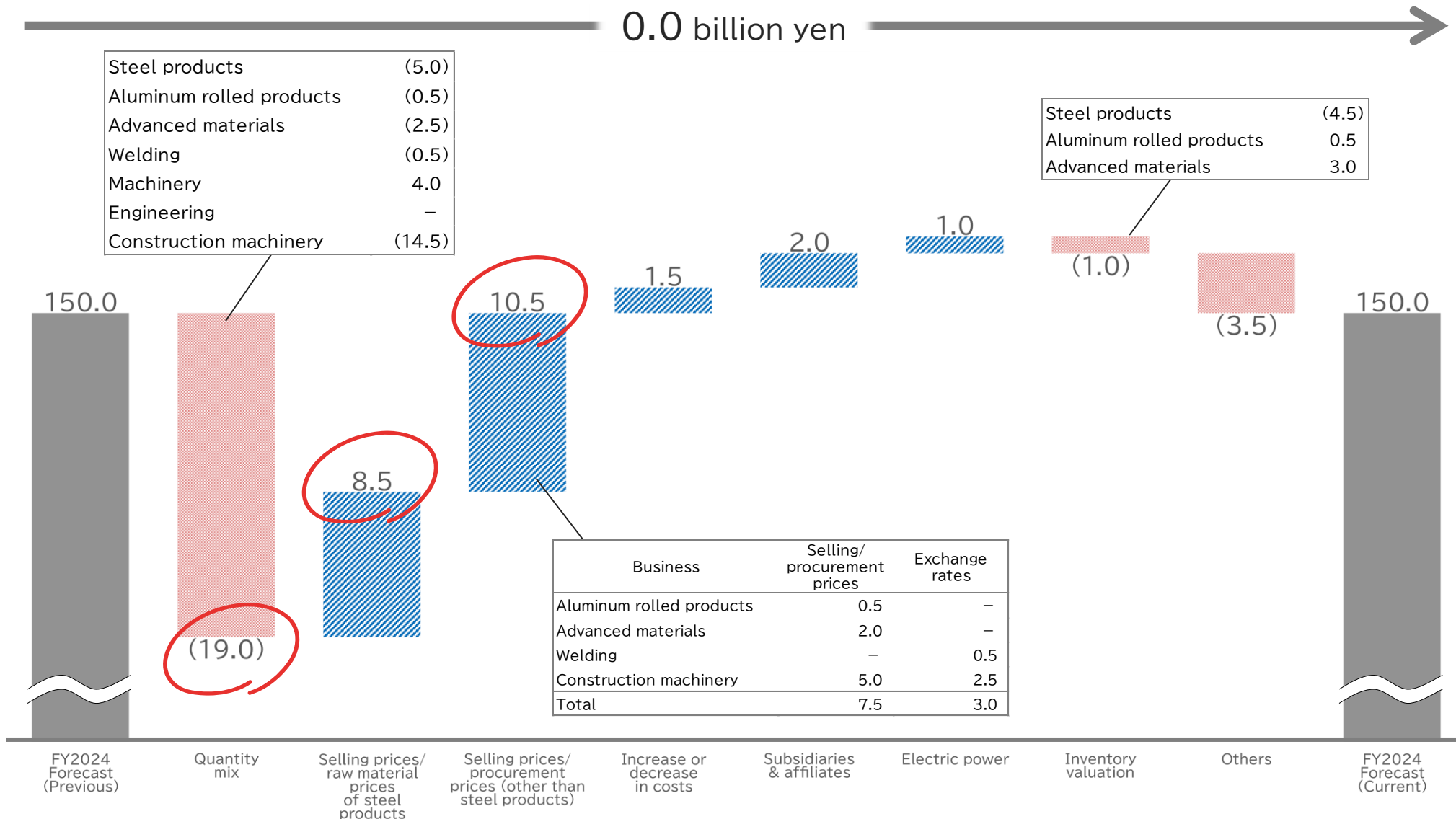
### Europe

Demand is **expected to decrease from the previous forecast**, down from fiscal 2023, due to the economic downturn.

### Southeast Asia

Demand is **expected to be almost the same as previously forecast**, down from fiscal 2023.

# Forecast for Fiscal 2024 : Analysis of Ordinary Profit (Loss) (Compared to the previous forecast)



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

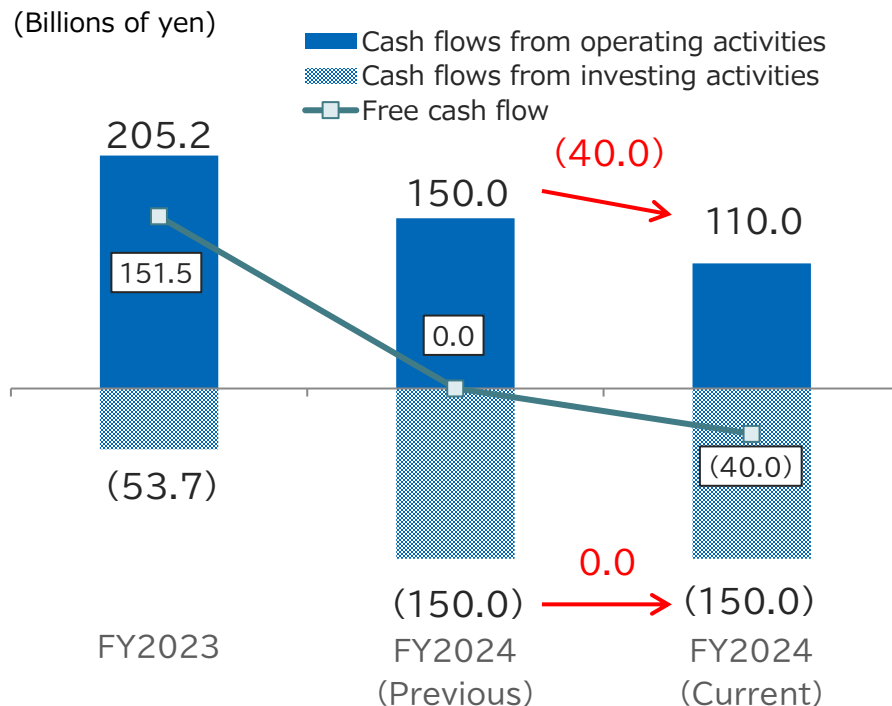
# Forecast for Fiscal 2024 : Ordinary Profit (Loss) by Segment

	FY2024 (Previous)	FY2024 (Current)	Change	
Steel Products	39.5	39.0	(0.5)	Almost the same level as previously forecast, due to a deterioration in the sales composition due to a decline in demand, particularly in the automotive sector, and cost increases centered on fixed costs, despite improvements in steel metal spreads.
Excluding Inventory Valuation	27.0	31.0	4.0	
Aluminum Rolled Products	0.5	1.0	0.5	Up from the previous forecast, due to price improvements and inventory valuation gains, despite a decrease in sales volume, particularly in the automotive and beverage cans sectors.
Excluding Inventory Valuation	0.5	0.5	—	
Advanced Materials	6.0	6.0	—	The same level as previously forecast, due to a decrease in sales volume, particularly in the automotive sector, despite positive factors such as progress in the cost pass-through and inventory valuation gains along with fluctuations in raw material market prices.
Excluding Inventory Valuation	7.0	4.0	(3.0)	
Welding	4.5	4.5	—	The same level as previously forecast, due to a decrease in sales volume, despite increased profit from foreign exchange gains.
Machinery	28.5	32.0	3.5	Up from the previous forecast, driven by strong orders from the energy and chemical sectors and improved profitability resulting from higher sales of service.
Engineering	11.0	11.0	—	The same level as previously forecast.
Construction Machinery	14.0	9.0	(5.0)	Down from the previous forecast, due to the deteriorating business environment in Europe and a decline in unit sales of hydraulic excavators affected by a slow recovery of the market share in North America, despite the progress in cost pass-through to selling prices and cost reductions.
Electric Power	46.5	47.5	1.0	Up from the previous forecast, due to an increase in gains from time lags in fuel cost adjustments.

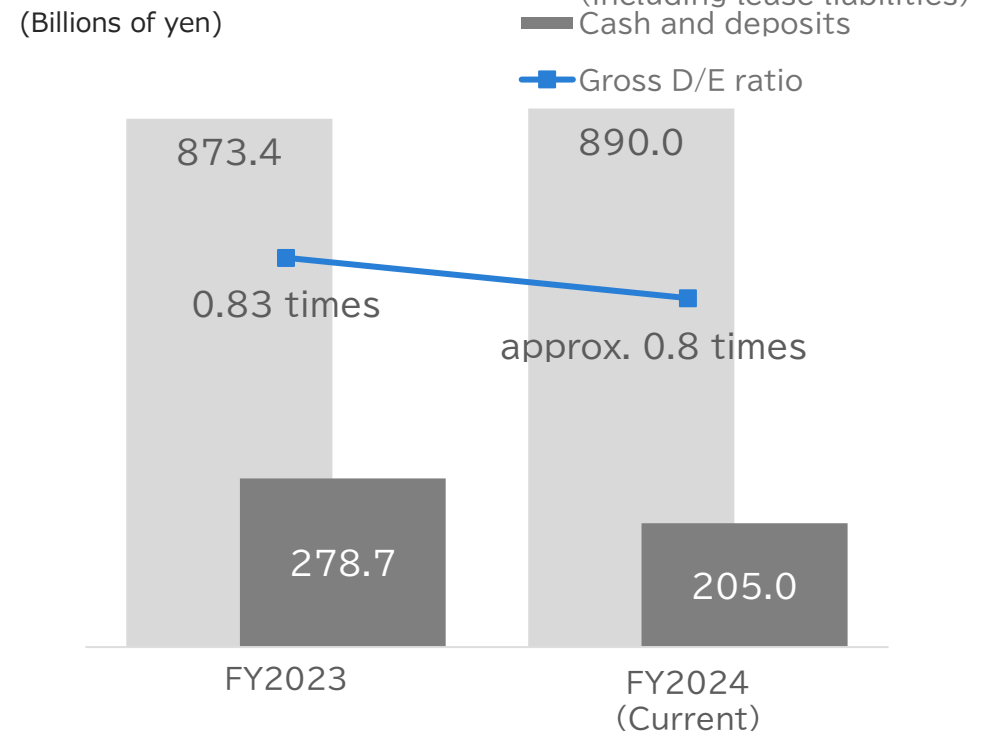
# Forecast for Fiscal 2024 : Cash Flow Status

- **Cash flows from operating activities** is expected to decrease by 40.0 billion yen from the previous forecast to **110.0 billion yen** due to an increase in inventories resulting from a decrease in sales volume in the advanced materials segment and the construction machinery segment. We will continue to work for improvement by implementing measures to optimize working capital such as reducing inventories.
- **Free cash flow is expected to be negative 40.0 billion yen.**

## Cash Flow



## Gross D/E ratio



The Company's policy of paying an interim dividend of 45 yen and an annual dividend of 90 yen per share, announced on May 9th, remains unchanged.

## Return policy

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.

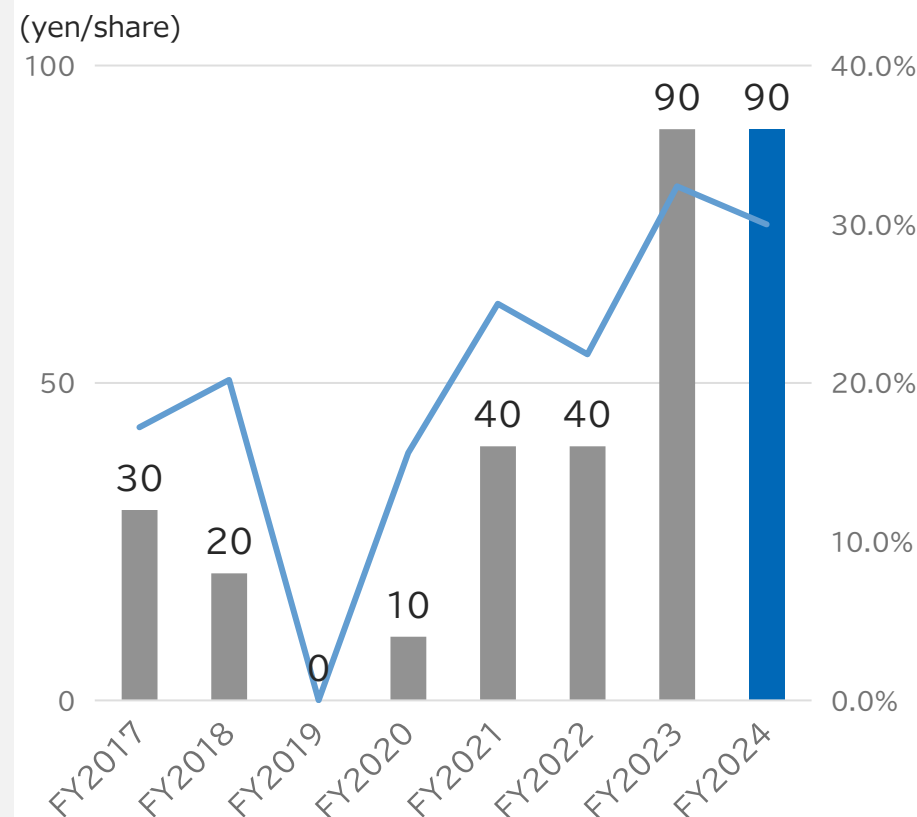
Medium-Term Management Plan (FY2024-2026)

**Dividend payout ratio : approx. 30%**

**Dividend (yen/share) and Dividend payout ratio (%)**

FY2023		FY2024 (Planned)	
Interim	Year-end	Interim	Year-end
45 yen	45 yen	45 yen	45 yen
90 yen		90 yen	
32.4%		29.6%	

## Dividend and Dividend payout ratio



## Segment Information

# Financial Results for the First Quarter of Fiscal 2024 and Forecast for Fiscal 2024



(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)				Change		Change
	1Q	Full Year	1H	2H	Full Year	1Q	1H	2H	Full Year	1Q	Full Year	Full Year
	①	②			③	④			⑤	④－①	⑤－②	⑤－③
Steel & Aluminum	268.4	1,082.7	566.0	591.0	1,157.0	272.7	561.0	595.0	1,156.0	4.2	73.2	(1.0)
Advanced Materials	69.2	298.1	159.0	171.0	330.0	76.1	160.0	182.0	342.0	6.8	43.8	12.0
Welding	22.9	93.5	48.0	53.0	101.0	23.1	48.0	52.0	100.0	0.1	6.4	(1.0)
Machinery	50.0	234.5	130.0	135.0	265.0	58.0	129.0	143.0	272.0	8.0	37.4	7.0
Engineering	34.9	170.6	83.0	106.0	189.0	27.7	72.0	111.0	183.0	(7.1)	12.3	(6.0)
Construction Machinery	88.3	404.0	217.0	218.0	435.0	92.9	195.0	205.0	400.0	4.5	(4.0)	(35.0)
Electric Power	78.1	315.9	122.0	116.0	238.0	54.6	134.0	126.0	260.0	(23.5)	(55.9)	22.0
Other Businesses	2.4	10.8	4.0	7.0	11.0	1.5	4.0	7.0	11.0	(0.8)	0.1	—
Adjustment	(15.8)	(67.1)	(29.0)	(37.0)	(66.0)	(16.2)	(33.0)	(31.0)	(64.0)	(0.3)	3.1	2.0
Net Sales	598.6	2,543.1	1,300.0	1,360.0	2,660.0	590.7	1,270.0	1,390.0	2,660.0	(7.9)	116.8	—
Operating Profit (Loss)	34.0	186.6	70.0	95.0	165.0	31.0	70.0	95.0	165.0	(2.9)	(21.6)	—
Steel & Aluminum	8.5	16.1	19.5	20.5	40.0	10.8	20.5	19.5	40.0	2.3	23.8	—
Advanced Materials	0.8	3.2	(0.5)	6.5	6.0	1.0	2.5	3.5	6.0	0.1	2.7	—
Welding	0.5	4.9	2.0	2.5	4.5	1.0	2.0	2.5	4.5	0.5	(0.4)	—
Machinery	4.3	29.6	12.0	16.5	28.5	6.2	13.5	18.5	32.0	1.9	2.3	3.5
Engineering	1.5	12.4	6.0	5.0	11.0	1.4	2.5	8.5	11.0	(0.0)	(1.4)	—
Construction Machinery	1.4	9.1	3.0	11.0	14.0	1.7	0.0	9.0	9.0	0.2	(0.1)	(5.0)
Electric Power	17.3	85.7	24.0	22.5	46.5	12.0	26.0	21.5	47.5	(5.3)	(38.2)	1.0
Other Businesses	1.3	4.8	2.0	2.5	4.5	1.2	2.0	2.5	4.5	(0.1)	(0.3)	—
Adjustment	0.0	(5.1)	(3.0)	(2.0)	(5.0)	(0.5)	(4.0)	(0.5)	(4.5)	(0.6)	0.6	0.5
Ordinary Profit (Loss)	35.9	160.9	65.0	85.0	150.0	35.0	65.0	85.0	150.0	(0.8)	(10.9)	—
Excluding Inventory Valuation	36.9	156.4	60.0	78.5	138.5	34.0	61.5	78.0	139.5	(2.8)	(16.9)	1.0
Extraordinary Income (Losses)	—	1.3	—	—	—	—	—	—	—	—	(1.3)	—
Profit (Loss) Attributable to Owners of Parent	25.4	109.5	55.0	65.0	120.0	24.0	55.0	65.0	120.0	(1.4)	10.4	—

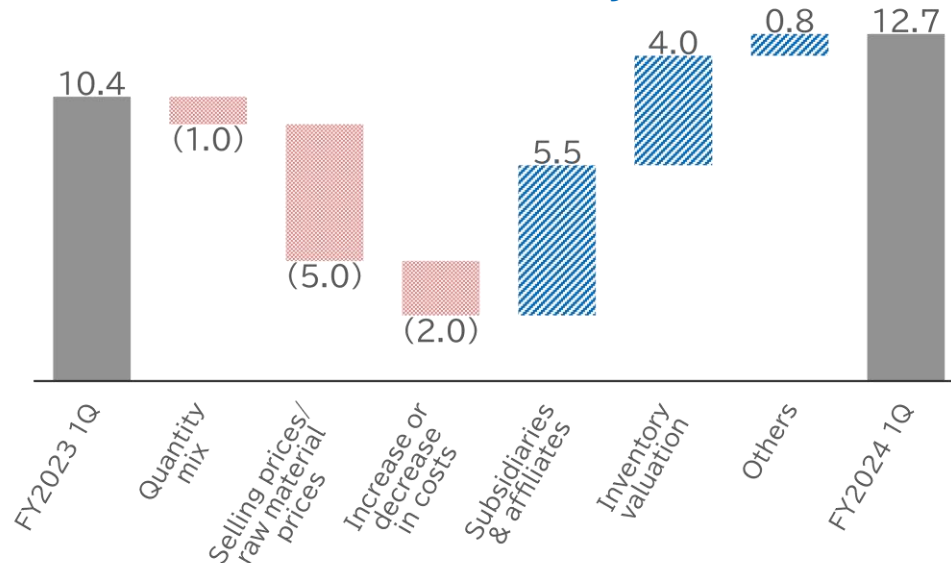
(Billions of yen)

		FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)				Change		Change	
		1Q	Full Year	1H	2H	Full Year	1Q	1H	2H	Full Year	1Q	Full Year	Full Year	
(Billions of yen)		①	②	③			④	⑤			④－①	⑤－②	⑤－③	
Net Sales		218.6	891.6	465.0	484.0	949.0	224.4	461.0	483.0	944.0	5.7	52.3	(5.0)	
Ordinary Profit (Loss)		10.4	39.2	21.5	18.0	39.5	12.7	22.5	16.5	39.0	2.2	(0.2)	(0.5)	
Excluding Inventory Valuation		13.9	40.2	16.0	11.0	27.0	12.2	20.5	10.5	31.0	(1.7)	(9.2)	4.0	
Crude steel production *1		(Millions of tons)	1.57	5.97	3.00	3.00	6.00	1.50	3.00	3.00	6.00	(0.07)	0.03	－
Sales volume of steel products *2		(Millions of tons)	1.19	4.69	2.40	2.40	4.80	1.15	2.40	2.40	4.80	(0.03)	0.11	－
Domestic			0.92	3.66			0.90				(0.02)			
Exports			0.27	1.04			0.26				(0.01)			
Export ratio (value basis)			21%	22%			23%				2%			
Average steel selling price		(Thousands of yen/ton)	139	143			147				7			

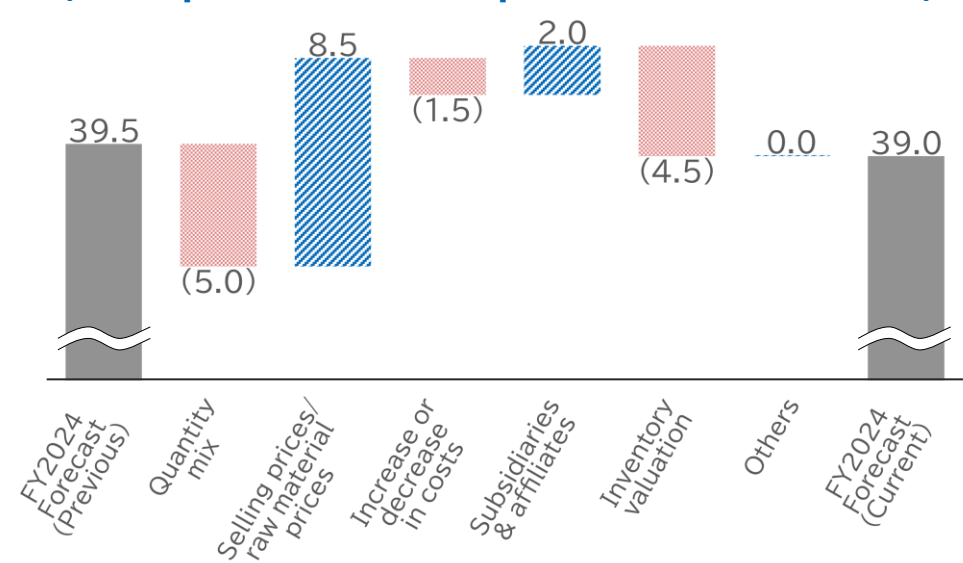
\*1 Includes production volume through electric arc furnaces at Takasago Works

\*2 Non-consolidated basis

## Financial Results for the First Quarter of Fiscal 2024 (Year on year)



## Forecast for Fiscal 2024 (Compared to the previous forecast)



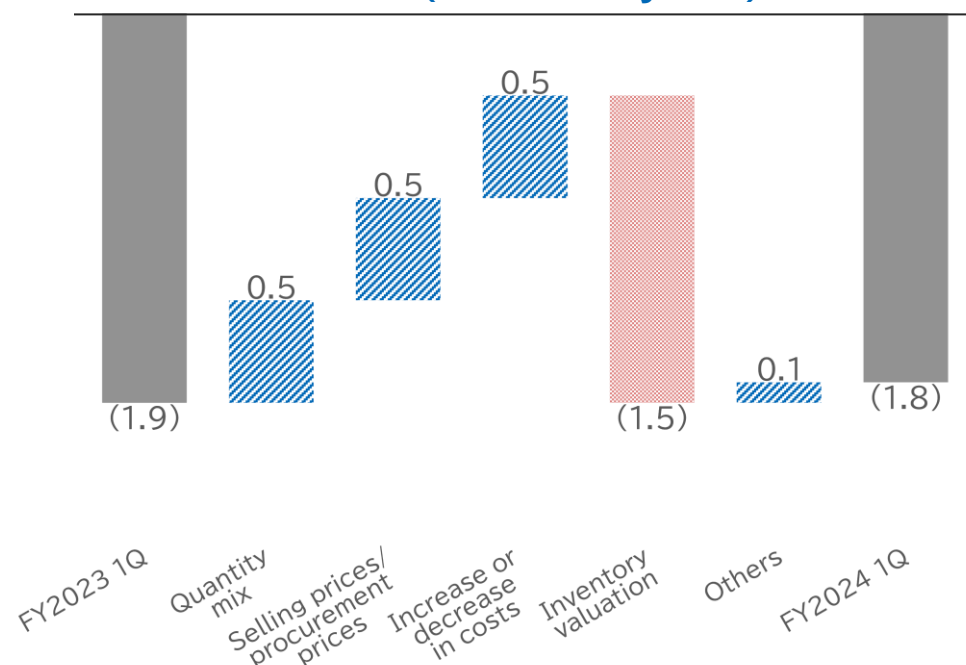
The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

# Aluminum Rolled Products

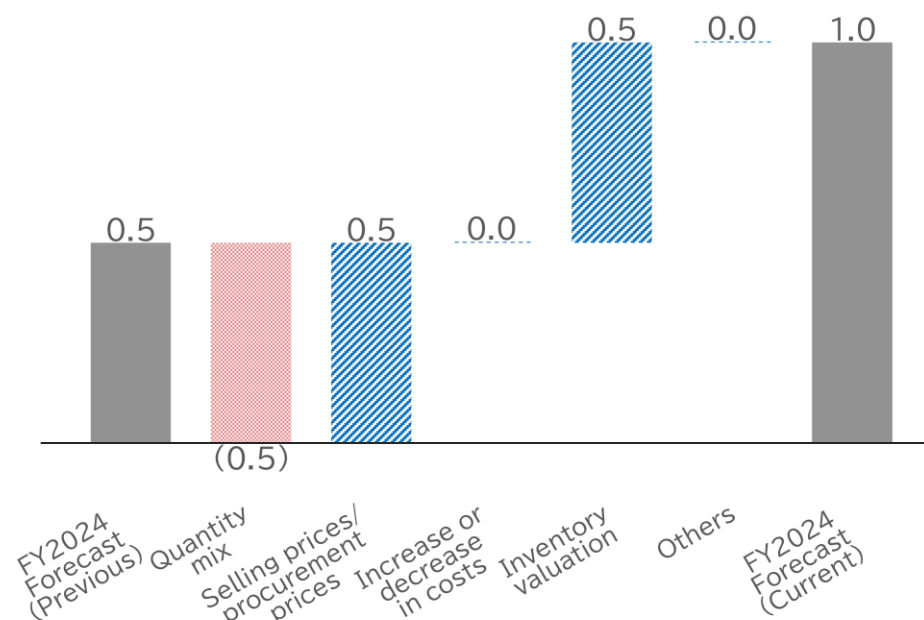
(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)				Change		Change
	1Q ①	Full Year ②	1H	2H	Full Year ③	1Q ④	1H	2H	Full Year ⑤	1Q ④-①	Full Year ⑤-②	Full Year ⑤-③
Net Sales	49.8	191.1	101.0	107.0	208.0	48.3	100.0	112.0	212.0	(1.4)	20.8	4.0
Ordinary Profit (Loss)	(1.9)	(23.1)	(2.0)	2.5	0.5	(1.8)	(2.0)	3.0	1.0	0.0	24.1	0.5
Excluding Inventory Valuation	(3.4)	(25.1)	(2.0)	2.5	0.5	(1.8)	(2.0)	2.5	0.5	1.5	25.6	-
Aluminum rolled products * (Thousands of tons)	84	314	170	180	350	78	170	170	340	(7)	26	(10)
Domestic	60	223				57				(4)		
Exports	24	91				21				(3)		

\* Consolidated basis

## Financial Results for the First Quarter of Fiscal 2024 (Year on year)



## Forecast for Fiscal 2024 (Compared to the previous forecast)



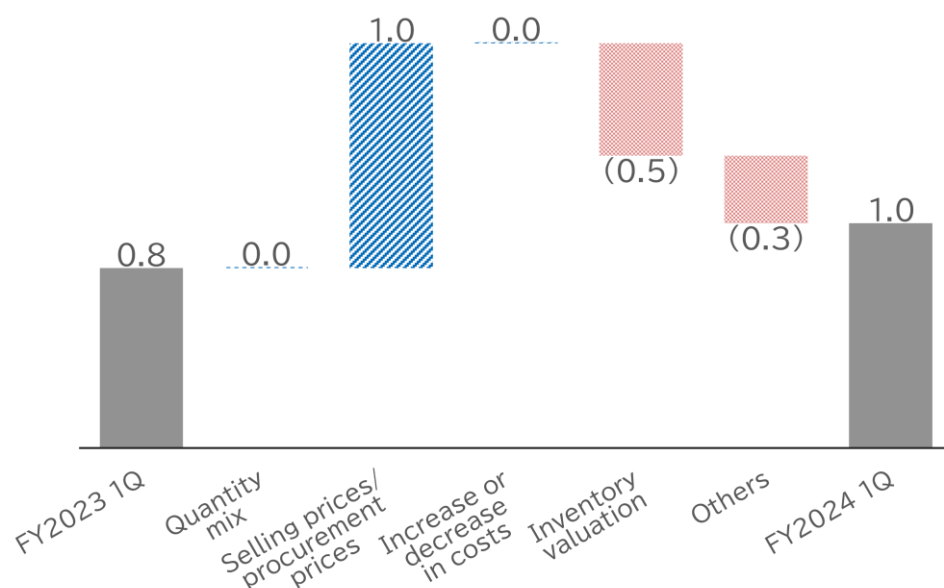
The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)				Change		Change
	1Q ①	Full Year ②	1H	2H	Full Year ③	1Q ④	1H	2H	Full Year ⑤	1Q ④-①	Full Year ⑤-②	Full Year ⑤-③
Net Sales	69.2	298.1	159.0	171.0	330.0	76.1	160.0	182.0	342.0	6.8	43.8	12.0
Ordinary Profit (Loss)	0.8	3.2	(0.5)	6.5	6.0	1.0	2.5	3.5	6.0	0.1	2.7	-
Excluding Inventory Valuation	(0.1)	(0.3)	0.0	7.0	7.0	0.5	1.0	3.0	4.0	0.6	4.3	(3.0)
Aluminum extrusions *1	(Thousands of tons)		21	22	42	10	19	20	39	1	2	(3)
Domestic	6	29				7				1		
Exports	2	9				2				0		
Copper rolled products *2	(Thousands of tons)		29	31	60	13	28	31	59	1	7	(1)

\*1 Consolidated basis

\*2 Non-consolidated basis

## Financial Results for the First Quarter of Fiscal 2024 (Year on year)



## Forecast for Fiscal 2024 (Compared to the previous forecast)



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)				Change		Change
	1Q ①	Full Year ②	1H	2H	Full Year ③	1Q ④	1H	2H	Full Year ⑤	1Q ④-①	Full Year ⑤-②	Full Year ⑤-③
Net Sales	22.9	93.5	48.0	53.0	101.0	23.1	48.0	52.0	100.0	0.1	6.4	(1.0)
Ordinary Profit (Loss)	0.5	4.9	2.0	2.5	4.5	1.0	2.0	2.5	4.5	0.5	(0.4)	-
Welding materials * (Thousands of tons)	61	242	120	130	250	57	115	120	235	(4)	(7)	(15)
Domestic	25	105				24				(1)		
Exports	36	136				33				(3)		

\* Consolidated basis

## Financial Results for the First Quarter of Fiscal 2024 (Year on year)

Sales Volume	Domestic : Decreased due to declining demand for automobiles and steel frames. Exports : Decreased due to economic slump in Southeast Asia.
Selling Prices	Increased due to progress in cost pass-through to selling prices.
Cost	Increased due to rising materials and equipment costs.
Others	—

## Forecast for Fiscal 2024 (Compared to the previous forecast)

Sales Volume	Domestic : Expected to remain at the previously forecast level. Exports : Expected to decrease due to declining demand mainly in China and Thailand.
Selling Prices	Expected to remain at the previously forecast level.
Cost	Expected to remain at the previously forecast level.
Others	—

(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)				Change		Change
	1Q ①	Full Year ②	1H	2H	Full Year ③	1Q ④	1H	2H	Full Year ⑤	1Q ④-①	Full Year ⑤-②	Full Year ⑤-③
Net Sales	50.0	234.5	130.0	135.0	265.0	58.0	129.0	143.0	272.0	8.0	37.4	7.0
Ordinary Profit (Loss)	4.3	29.6	12.0	16.5	28.5	6.2	13.5	18.5	32.0	1.9	2.3	3.5
Orders	51.4	273.7	125.0	115.0	240.0	60.6	130.0	130.0	260.0	9.2	(13.7)	20.0
Backlog of Orders	214.4	251.8				254.2				39.8		

## Financial Results for the First Quarter of Fiscal 2024 (Year on year)

### Orders

Increased due to strong demand in the energy and chemical sectors.

### Ordinary Profit (Loss)

Increased due to an increase in sales of services and progress in existing orders despite cost increases centered on fixed costs.

## Forecast for Fiscal 2024 (Compared to the previous forecast)

### Orders

Orders for industrial machinery, compressors, etc., are expected to increase due to continued strong demand in the energy and chemical sectors.

### Ordinary Profit (Loss)

Expected to increase mainly due to an increase in sales of services centered on compressors and progress in existing orders.

(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)				Change		Change
	1Q ①	Full Year ②	1H	2H	Full Year ③	1Q ④	1H	2H	Full Year ⑤	1Q ④-①	Full Year ⑤-②	Full Year ⑤-③
Net Sales	34.9	170.6	83.0	106.0	189.0	27.7	72.0	111.0	183.0	(7.1)	12.3	(6.0)
Ordinary Profit (Loss)	1.5	12.4	6.0	5.0	11.0	1.4	2.5	8.5	11.0	(0.0)	(1.4)	-
Orders	84.3	214.3	120.0	60.0	180.0	34.7	60.0	120.0	180.0	(49.6)	(34.3)	-
Backlog of Orders	432.6	433.6				448.1				15.5		

## Financial Results for the First Quarter of Fiscal 2024 (Year on year)

### Orders

Decreased compared to the same period of fiscal 2023 that recorded orders for large-scale projects in the DRI-related business and waste treatment-related business.

### Ordinary Profit (Loss)

Remained at the same level year on year, despite changes in the project composition.

## Forecast for Fiscal 2024 (Compared to the previous forecast)

### Orders

Expected to remain at the previously forecast level.

### Ordinary Profit (Loss)

Expected to remain at the previously forecast level.

# Construction Machinery



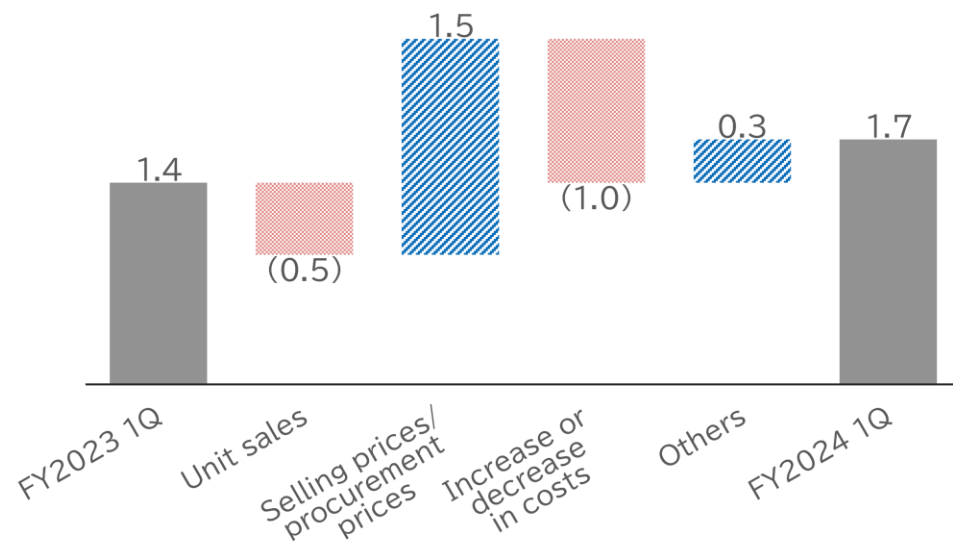
(Billions of yen)

	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)				Change		Change
	1Q ①	Full Year ②	1H	2H	Full Year ③	1Q ④	1H	2H	Full Year ⑤	1Q ④-①	Full Year ⑤-②	Full Year ⑤-③
Net Sales	88.3	404.0	217.0	218.0	435.0	92.9	195.0	205.0	400.0	4.5	(4.0)	(35.0)
Ordinary Profit (Loss)	1.4	9.1	3.0	11.0	14.0	1.7	0.0	9.0	9.0	0.2	(0.1)	(5.0)
Unit sales of hydraulic excavators *1 (Thousands of units)	5.6	24.1	12.5	14.0	26.5	4.6	11.5	14.0	25.5	(1.0)	1.4	(1.0)
Domestic	1.5	8.1				1.1				(0.4)		
Exports	4.1	15.9				3.5				(0.6)		
Unit sales of crawler cranes *2 (Units)	45	315	180	190	370	77	170	200	370	32	55	-

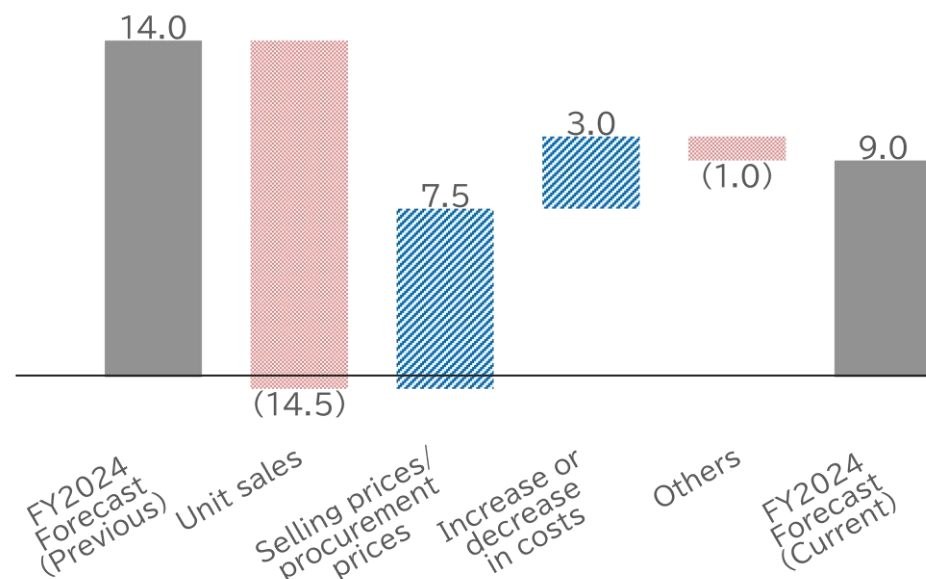
\*1 Consolidated basis (including mini-excavators)

\*2 Consolidated basis

## Financial Results for the First Quarter of Fiscal 2024 (Year on year)



## Forecast for Fiscal 2024 (Compared to the previous forecast)



(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)				Change		Change
	1Q ①	Full Year ②	1H	2H	Full Year ③	1Q ④	1H	2H	Full Year ⑤	1Q ④-①	Full Year ⑤-②	Full Year ⑤-③
Net Sales	78.1	315.9	122.0	116.0	238.0	54.6	134.0	126.0	260.0	(23.5)	(55.9)	22.0
Ordinary Profit (Loss)	17.3	85.7	24.0	22.5	46.5	12.0	26.0	21.5	47.5	(5.3)	(38.2)	1.0
Time lags in fuel cost adjustments	6.5	22.0	1.0	—	1.0	2.0	4.0	—	4.0	(4.5)	(18.0)	3.0
Effect of temporary gains/losses from changes in electricity selling prices	—	20.0	—	—	—	—	—	—	—	—	(20.0)	—

## Financial Results for the First Quarter of Fiscal 2024 (Year on year)

Sales Volume	Decreased year on year.
Unit Selling Price	Decreased due to fluctuations in coal prices.
Others	Ordinary profit decreased due to reduced gains from time lags in fuel cost adjustments, and other factors.

## Forecast for Fiscal 2024 (Compared to the previous forecast)

Sales Volume	Expected to remain at the previously forecast level.
Unit Selling Price	Expected to increase due to fluctuations in coal prices.
Others	Ordinary profit is expected to increase due to gains from time lags in fuel cost adjustments, and other factors.

# Reference Information

# Exchange Rate Assumption

	FY2023 Actual				FY2024 Forecast (Previous) Full Year	FY2024 Forecast (Current)		
	1Q	1H	2H	Full Year		1Q	2-4Q	Full Year
1 U.S. dollar to yen	136.5	142.6	148.0	145.3	145.0	158.2	155.0	155.8
1 Chinese yuan to yen	19.6	19.9	20.5	20.2	20.0	21.8	21.0	21.2
1 euro to yen	147.9	154.8	160.6	157.7	155.0	170.1	165.0	166.3

## [Analysis of exchange rate sensitivity]

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

Steel products: approx. (0.4) billion yen

(Impact of dollar balance: (1.0) billion yen

Inventory valuation, cost pass-through to selling prices, etc.: 0.6 billion yen)

Construction machinery: approx. 0.2 billion yen (Impact of dollar balance: 0.2 billion yen)

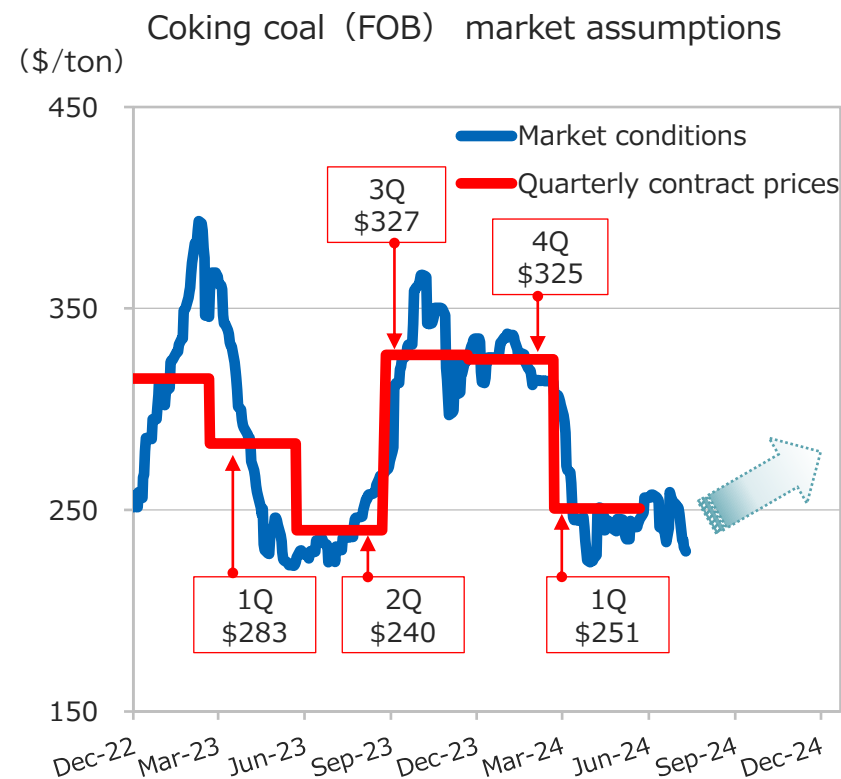
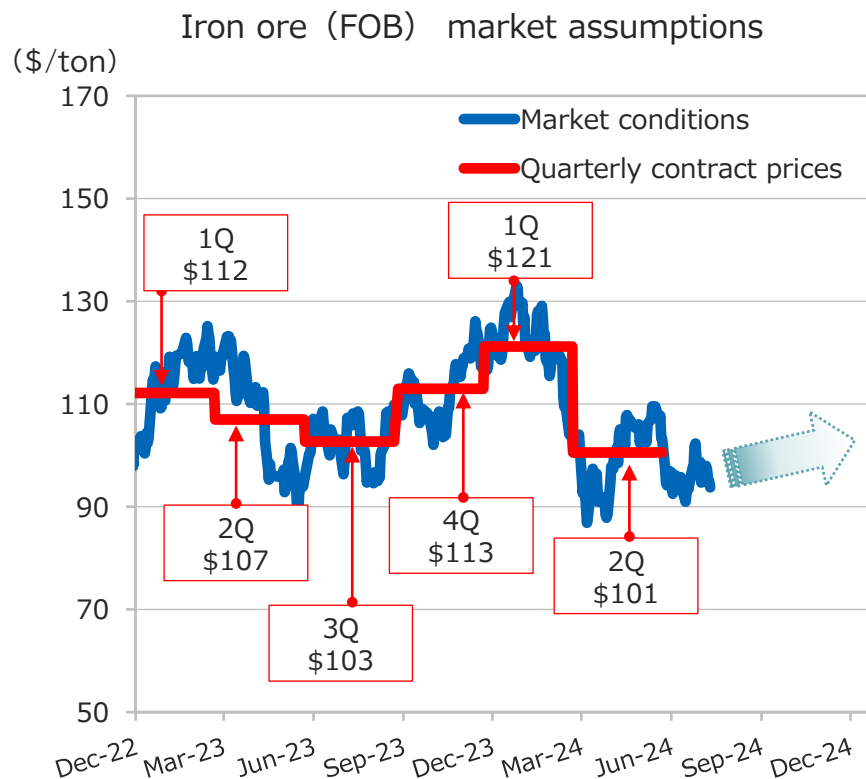
Impact of the 1 yen depreciation against the euro on future business performance

Construction machinery: approx. 0.1 billion yen

(Impact of euro balance: 0.1 billion yen)

# Raw Material Market Assumption

Iron ore	The price for 2Q has been settled at \$101. The price level for the second half is assumed to be <b>roughly the same as in the second half of fiscal 2023</b> .
Coking coal	The price for 1Q has been settled at \$251. The price for 2Q will be estimated based on the current market conditions. <b>Prices are expected to rise gradually over the second half of the year.</b>
Thermal coal	The price from April to June was around \$130-150. The price for 2Q and beyond is expected to <b>remain at the current level</b> .



# Inventory Valuation



(Billions of yen)

Steel Products	FY2023 Actual				FY2024 Forecast (Previous)			FY2024 Forecast (Current)			
	1Q	1H	2H	Full Year	1H	2H	Full Year	1Q	1H	2H	Full Year
Iron ore	3.5	2.5	1.0	3.5	(1.0)	0.0	(1.0)	1.5	(2.0)	1.0	(1.0)
Coal	(1.0)	(2.0)	2.5	0.5	1.0	0.0	1.0	(2.0)	(2.0)	1.5	(0.5)
<b>Carry over</b>	<b>2.5</b>	<b>0.5</b>	<b>3.5</b>	<b>4.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.5)</b>	<b>(4.0)</b>	<b>2.5</b>	<b>(1.5)</b>
Average method	(4.0)	(7.0)	6.0	(1.0)	5.5	7.0	12.5	0.5	2.0	6.0	8.0
Lower-of-cost-or-market method	0.5	0.5	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Inventory valuation</b>	<b>(3.5)</b>	<b>(6.5)</b>	<b>5.5</b>	<b>(1.0)</b>	<b>5.5</b>	<b>7.0</b>	<b>12.5</b>	<b>0.5</b>	<b>2.0</b>	<b>6.0</b>	<b>8.0</b>

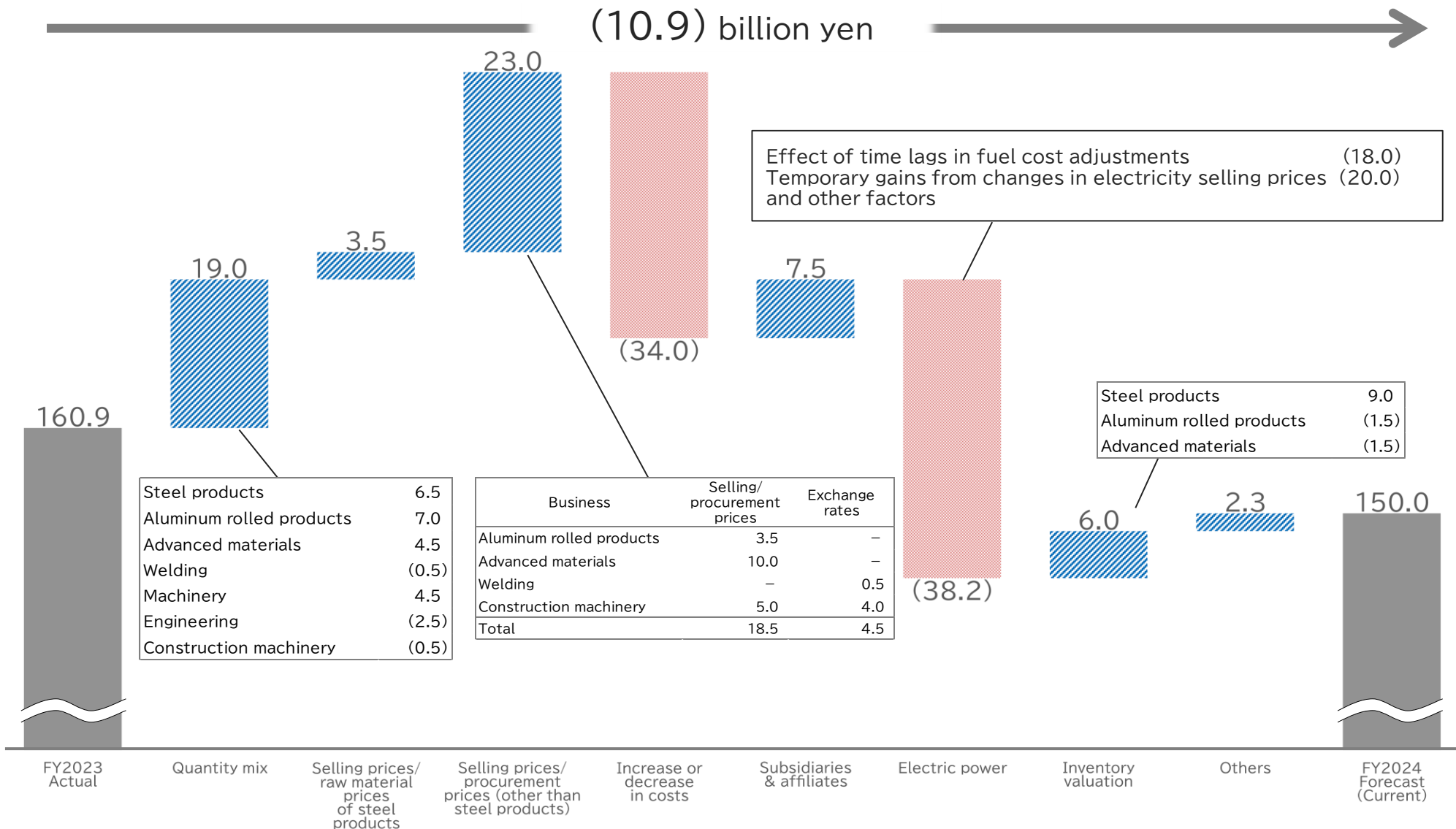
  

Aluminum Rolled Products	FY2023 Actual				FY2024 Forecast (Previous)			FY2024 Forecast (Current)			
	1Q	1H	2H	Full Year	1H	2H	Full Year	1Q	1H	2H	Full Year
Average method	1.5	0.5	1.0	1.5	0.0	0.0	0.0	(0.5)	1.5	0.5	2.0
Lower-of-cost-or-market method	0.0	0.5	0.0	0.5	0.0	0.0	0.0	0.5	(1.5)	0.0	(1.5)
<b>Inventory valuation</b>	<b>1.5</b>	<b>1.0</b>	<b>1.0</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>0.5</b>

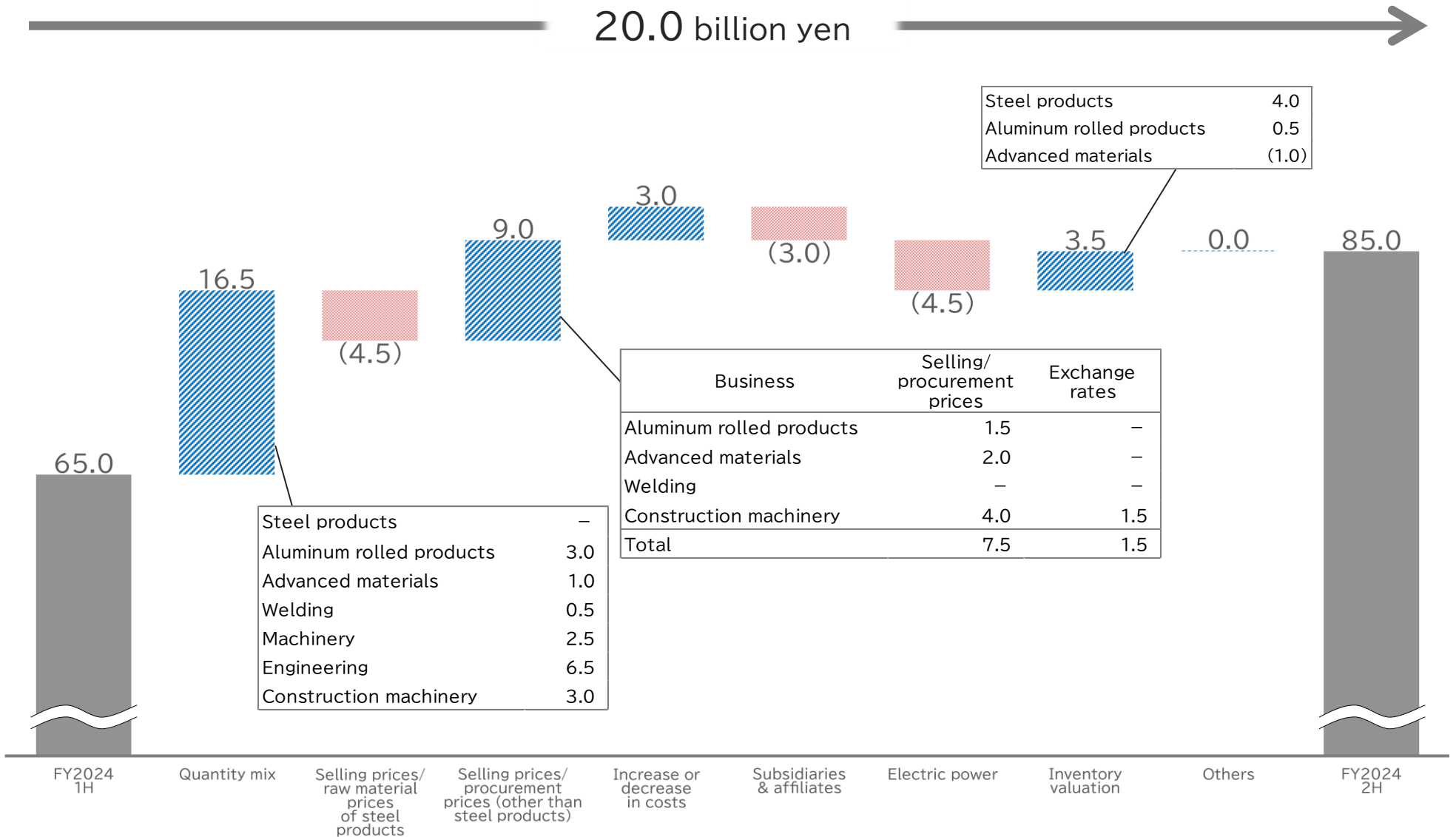
Advanced Materials	FY2023 Actual				FY2024 Forecast (Previous)			FY2024 Forecast (Current)			
	1Q	1H	2H	Full Year	1H	2H	Full Year	1Q	1H	2H	Full Year
Average method	1.0	1.0	2.5	3.5	0.0	0.0	0.0	1.0	2.0	0.0	2.0
Lower-of-cost-or-market method	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(1.0)	(0.5)	(0.5)	0.5	0.0
<b>Inventory valuation</b>	<b>1.0</b>	<b>1.0</b>	<b>2.5</b>	<b>3.5</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>(1.0)</b>	<b>0.5</b>	<b>1.5</b>	<b>0.5</b>	<b>2.0</b>

# Forecast for Fiscal 2024 : Analysis of Ordinary Profit (Loss) (Compared to FY2023 Actual)



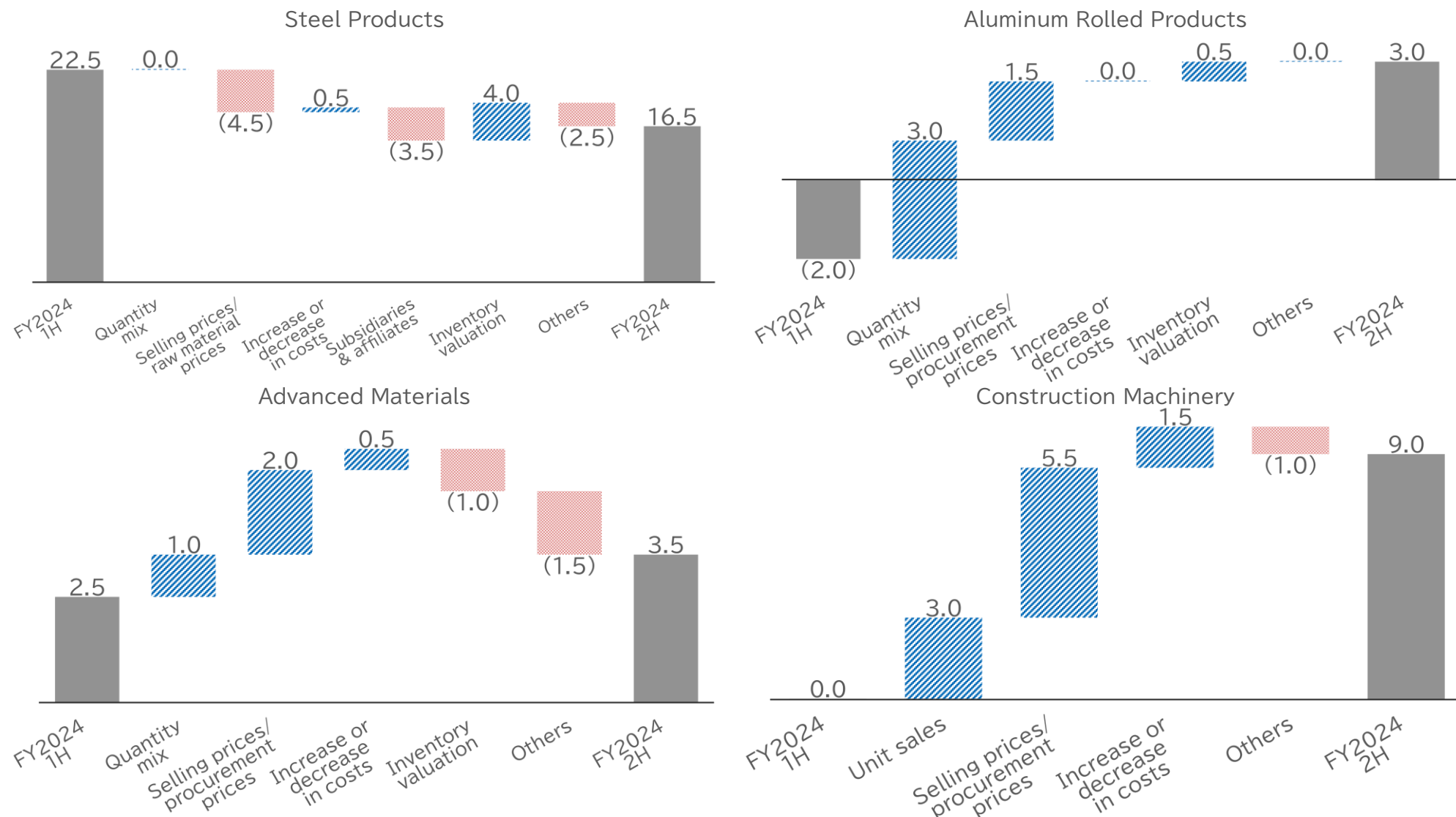
The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

# Forecast for Fiscal 2024 : Differences between the First Half and the Second Half



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

# Forecast for Fiscal 2024 : Differences between the First Half and the Second Half (Primary Segments)



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast (Previous)	FY2024 Forecast (Current)
Capital investment (accrual basis)	108.1 billion yen	97.3 billion yen	105.2 billion yen	115.0 billion yen	115.0 billion yen
Capital investment (payment basis)	156.4 billion yen	98.9 billion yen	94.8 billion yen	125.0 billion yen	125.0 billion yen
Depreciation	105.1 billion yen	112.5 billion yen	119.0 billion yen	125.0 billion yen	125.0 billion yen
Net assets ratio	32.0%	34.0%	38.6%		approx. 40%
Interest-bearing debt (including lease liabilities)	973.8 billion yen	917.2 billion yen	873.4 billion yen	850.0 billion yen	890.0 billion yen
Gross D/E ratio* <sup>1</sup>	1.19 times	1.00 times	0.83 times		approx. 0.8 times
Cash flows from operating activities	168.8 billion yen	119.6 billion yen	205.2 billion yen	150.0 billion yen	110.0 billion yen
Cash flows from investing activities	(161.5) billion yen	(97.2) billion yen	(53.7) billion yen	(150.0) billion yen	(150.0) billion yen
Free cash flow	7.2 billion yen	22.4 billion yen	151.5 billion yen	0.0 billion yen	(40.0) billion yen
Cash and deposits	260.5 billion yen	203.3 billion yen	278.7 billion yen	205.0 billion yen	205.0 billion yen
Profit (loss) per share	160.23 yen	183.80 yen	277.38 yen	303.83 yen	304.09 yen
ROE* <sup>2</sup>	7.9%	8.4%	11.1%	approx. 10.8%	approx. 10.8%
ROIC* <sup>3</sup>	4.7%	4.9%	6.7%	approx. 6.5%	approx. 6.5%

\*1 Gross D/E ratio : Interest-bearing debt divided by stockholders' equity

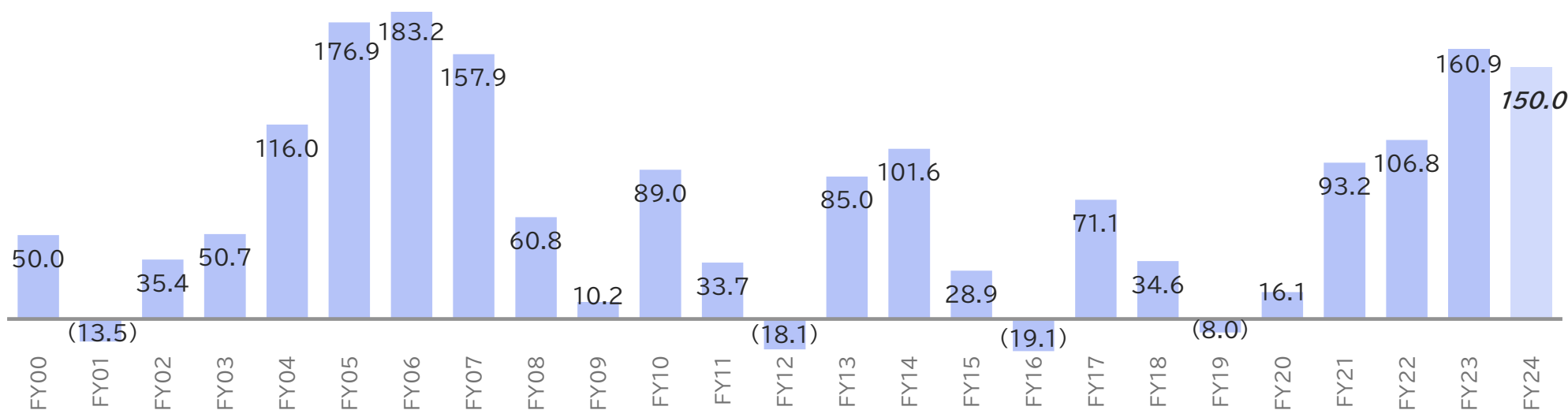
\*2 ROE : Profit (loss) attributable to owners of parent divided by stockholders' equity

\*3 ROIC : After-tax operating income divided by invested capital

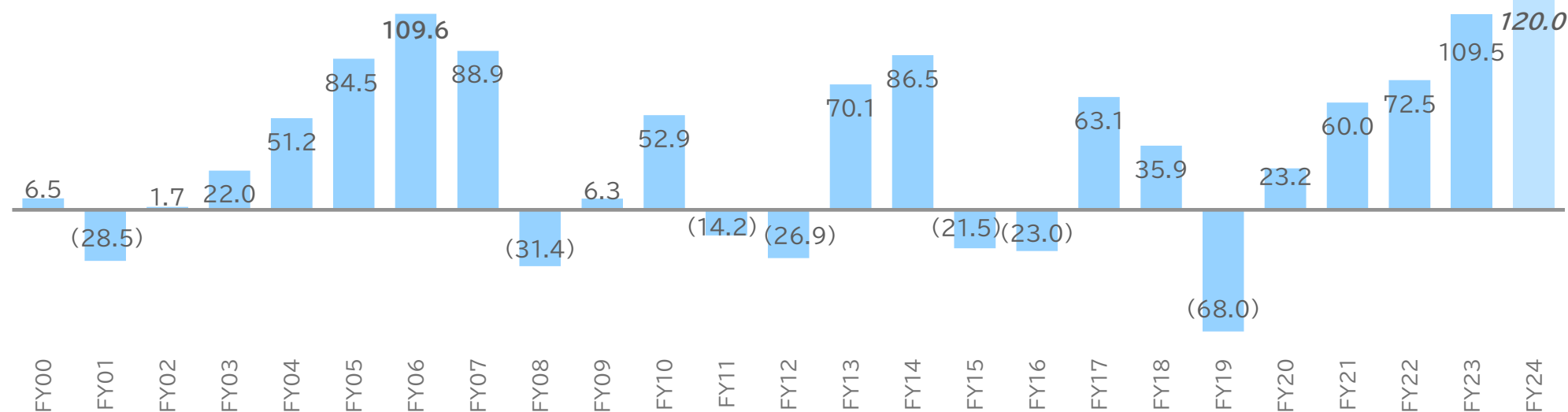
# Changes in Consolidated Financial Results

(Billions of yen)

## Ordinary Profit (Loss)



## Profit (Loss) Attributable to Owners of Parent



## 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.

**Dialogue with the Capital Market FY2023, announced in June 2024**

[https://www.kobelco.co.jp/english/about\\_kobelco/kobesteel/governance/files/capital\\_markets\\_23\\_e.pdf](https://www.kobelco.co.jp/english/about_kobelco/kobesteel/governance/files/capital_markets_23_e.pdf)



## External Evaluations (Listed below are only major ones)

- ◆ **FTSE4Good Index Series**  
(since Jun. 2021)



FTSE4Good

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



FTSE Blossom  
Japan Sector  
Relative Index

- ◆ **FTSE Blossom Japan Index**  
(since Jun. 2021)



FTSE Blossom  
Japan

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

2024 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

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

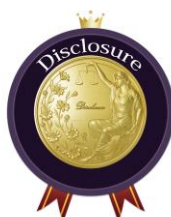
2024 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

- ◆ **CDP**  
(since 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 —

**SAAJ** The Securities Analysts  
Association of Japan

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

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  - Political situation and trade and other regulations
  - Changes in currency exchange rates
  - Availability and market conditions of raw materials
  - Products and services of competing companies, pricing policy, alliances, and business development including M&As
  - Strategy changes of alliance partners