

# Financial Results for Fiscal 2024 and Forecast for Fiscal 2025

May 12, 2025  
Kobe Steel, Ltd.

The KOBELCO logo is displayed in white, bold, uppercase letters against a solid blue background. The letters are thick and blocky, with a slight gap between the 'K' and 'O', and between the 'L' and 'C'.

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## Financial Results for Fiscal 2024

- The Company ended fiscal 2024 with an ordinary profit of 157.1 billion yen, a record-high profit attributable to owners of parent of 120.1 billion yen, and an ROIC of 6.9%, in the face of a persistently challenging business environment.
- While cash flows from operating activities remained low due to an increase in working capital, free cash flow was positive 34.3 billion yen.
- Financial stability indicators steadily improved with a D/E ratio of 0.76 times and net assets ratio of 42.8%.

## Forecast for Fiscal 2025 \*The forecast does not include the impact of U.S. tariffs.

- The Company expects to **secure a certain profit level with an ordinary profit of 120.0 billion yen and a profit attributable to owners of parent of 100.0 billion yen**, backed by **the increased earnings in the machinery segment and stable earnings in the electric power segment**, despite a fall in temporary gains recorded in fiscal 2024, while the business environment is projected to remain similar to fiscal 2024.
- Free cash flow is expected to be positive 90.0 billion yen due to **improved working capital and steady implementation of asset-light strategies**.
- ROIC is expected to **remain at approx. 5%, falling short of the mid-term target of 6.0%**.

(Impact of U.S. Tariff Policy)

- ✓ The impact of the U.S. tariff policy on business performance is difficult to estimate at this point, although it may have some impact on exports of our Group's products in the materials and machinery businesses and our customers' products to the U.S., particularly in the automotive sector, as well as production at our Group's U.S. bases in various businesses.
- ✓ We will closely monitor the impact on the global economy and customer trends, as well as the impact on sales in the materials businesses and orders in the machinery businesses.

## Return to Shareholders

- Fiscal 2024: **Annual dividend of 100 yen** (payout ratio of 32.8%) —The policy has been decided, as previously announced.
- Fiscal 2025: **Annual dividend of 80 yen** (payout ratio of 31.6%)—The policy has been decided.

# Summary of Financial Results and Forecast



## Fiscal 2024 Financial Results

		Year on year
Net Sales	2,555.0 billion yen	11.8 billion yen
Ordinary Profit (Loss)	157.1 billion yen	(3.7) billion yen
Excluding Inventory Valuation	156.1 billion yen	(0.2) billion yen
Profit (Loss) Attributable to Owners of Parent	120.1 billion yen	10.6 billion yen
Free Cash Flow	34.3 billion yen	(117.1) billion yen
Financial Indicators	ROIC	6.9% 0.2%
	ROE	10.8% (0.3%)
	Net Assets ratio	42.8% 4.2%
	Gross D/E ratio	0.76 times (0.07 times)
Return to Shareholders	Year-end dividend: 55 yen per share, Annual dividend: 100 yen per share	

## Fiscal 2025 Earnings Forecast

		Year on Year
Net Sales	2,550.0 billion yen	(5.0) billion yen
Ordinary Profit (Loss)	120.0 billion yen	(37.1) billion yen
Excluding Inventory Valuation	121.5 billion yen	(34.6) billion yen
Profit (Loss) Attributable to Owners of Parent	100.0 billion yen	(20.1) billion yen
Free Cash Flow	90.0 billion yen	55.7 billion yen
Financial Indicators	ROIC	Approx. 5% (1.9%)
	ROE	Approx. 8% (2.8%)
	Net Assets ratio	Approx. 44% 1.2%
	Gross D/E ratio	Approx. 0.65 times (0.11 times)
Return to Shareholders	Interim and year-end dividend: 40 yen per share, Annual dividend: 80 yen per share	

# Fiscal 2024 Financial Results



	FY2023 Actual			FY2024 Actual			Change
	1H	2H	Full Year ①	1H	2H	Full Year ②	
(Billions of yen)							②－①
Net Sales	1,253.8	1,289.3	2,543.1	1,248.5	1,306.4	2,555.0	11.8
Operating Profit (Loss)	92.1	94.4	186.6	77.7	81.0	158.7	(27.9)
Ordinary Profit (Loss)	91.6	69.3	160.9	70.9	86.2	157.1	(3.7)
Excluding Inventory Valuation	96.1	60.3	156.4	66.9	89.2	156.1	(0.2)
Extraordinary Income (Losses)	27.7	(26.3)	1.3	5.3	(21.4)	(16.1)	(17.4)
Profit (Loss) Attributable to Owners of Parent	80.3	29.2	109.5	56.5	63.5	120.1	10.6

## Net Sales

Net sales were flat year on year primarily due to sales decline driven by falling thermal coal prices in the electric power segment and other factors, despite progress of cost pass-through in the materials businesses and increased sales centered on the energy and chemical sectors in the machinery segment.

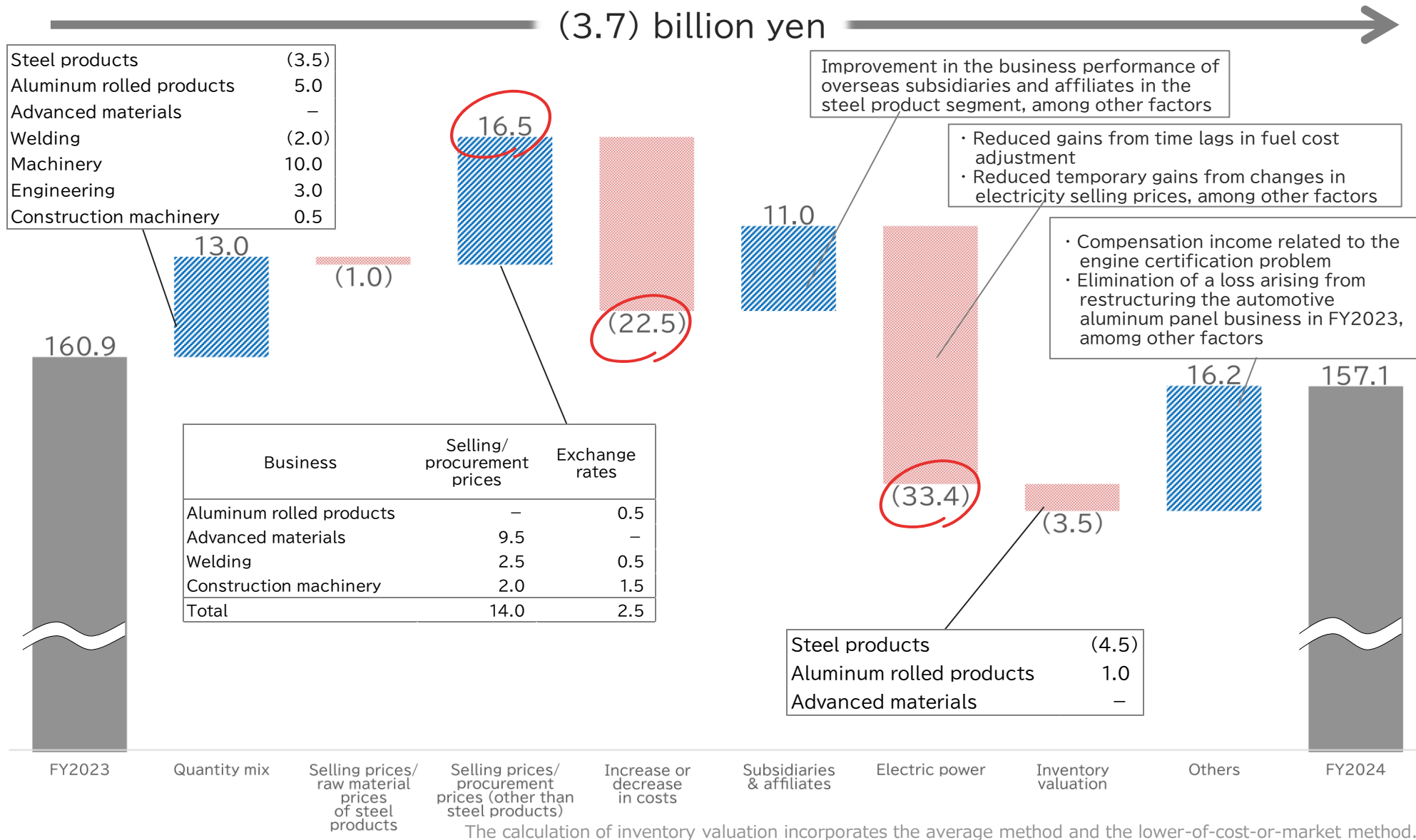
## Ordinary Profit (Loss)

Ordinary profit decreased due to cost increases centered on fixed costs, reduced temporary gains in the electric power segment, and other factors, despite progress of cost pass-through and increased sales in the machinery segment.

## Profit (Loss) Attributable to Owners of Parent

Profit attributable to owners of parent increased due to a temporary decrease in tax expenses and other factors, despite a decrease in profit before income taxes due to a deterioration in extraordinary income (losses).

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



# Fiscal 2024 Financial Results: Ordinary Profit (Loss) by Segment

	FY2023 Actual	FY2024 Actual	Change	
Steel Products	39.2	24.3	(14.9)	Down primarily due to a deterioration in the sales mix and cost increases centered on fixed costs such as labor and maintenance costs, despite improvements in the operating performance of overseas subsidiaries and affiliates.
Excluding Inventory Valuation	40.2	29.8	(10.4)	
Aluminum Rolled Products	(23.1)	(0.6)	22.4	Up primarily due to increased sales volume in disk materials and the elimination of a loss associated with the restructuring of the automotive aluminum panel business in fiscal 2023.
Excluding Inventory Valuation	(25.1)	(3.6)	21.5	
Advanced Materials	3.2	10.7	7.4	Up primarily due to increased sales volume in automotive materials and the progress in cost pass-through
Excluding Inventory Valuation	(0.3)	7.2	7.4	
Welding	4.9	5.2	0.3	Roughly flat year on year primarily due to the progress in cost pass-through, despite a decrease in sales volume, particularly in the construction and automotive sectors.
Machinery	29.6	32.5	2.9	Up primarily due to increased sales of machine units and services, particularly in the energy and chemical sectors.
Engineering	12.4	16.1	3.6	Up primarily due to changes in the project composition centered on the DRI-related business and water treatment-related business.
Construction Machinery	9.1	18.7	9.6	Up primarily due to the progress in cost pass-through and the recording of compensation income related to the engine certification problem, despite negative factors such as cost increases centered on fixed costs and a decrease in sales volume.
Electric Power	85.7	52.3	(33.4)	Down primarily due to reduced gains from time lags in fuel cost adjustments and reduced temporary gains from changes in electricity selling price.

# Fiscal 2024 Financial Results:

## Breakdown of Extraordinary Income (Losses)

- In fiscal 2024, the Company recorded an extraordinary loss of 16.1 billion yen due to the recording of “dismantlement-related expenses” and “impairment loss on non-current assets ” while there were factors that increased income such as “Gain on bargain purchase”.

### Breakdown of Extraordinary Income (Losses)

(Billions of yen)

	2023 Actual results	2024 Previous forecast	2024 Actual results	Description of items
Gain on bargain purchase, etc.	—	15.0	17.0	Gain arising from the difference in acquisition costs that fell below the fair value of net assets at the time of business combination when turing Kansai Coke and Chemicals Co., Ltd. into a consolidated subsidiary, among other factors.
Gain on sale of non-current assets	29.3	10.0	5.4	Gain on the transfer of land use rights at a Chinese subsidiary in the construction machinery segment, among other factors.
Impairment loss on non-current assets	(18.7)	—	(27.4)	Impairment losses associated with Kobelco Construction Machinery Co., Ltd., Nippon Koshuha Steel Co., Ltd., the steel powder business,etc.
Dismantlement-related expenses	—	(10.0)	(11.1)	Provision for dismantling of the aging Kakogawa Works No. 1 blast furnace (decommissioned) and other facilities to secure land for future carbon neutrality measures.
Provision for loss on joint venture agreement	(9.2)	—	—	
Extraordinary income (losses)	1.3	15.0	(16.1)	



# Fiscal 2024 Financial Results:

## Breakdown of Impairment Loss on Non-Current Assets



### Breakdown of Impairment Loss on Non-Current Assets (Total (27.4) billion yen)

#### Kobelco Construction Machinery Co.,Ltd.: (16.8) billion yen

- Kobelco Construction Machinery Co., Ltd. manufactures hydraulic excavators for the Japanese, U.S. and European markets. The company's business operations were affected by the engine certification problem that occurred between fiscal 2020 and 2022. Despite product relaunch efforts, profitability has not yet recovered due to declining demand in Japan and Europe.
- The company will work to strengthen its parts and maintenance/customer experience-oriented businesses, while enhancing its product lineup and sales structure. The company will also review its production system to reduce costs and respond flexibly to changes in demand.

#### Nippon Koshuha Steel Co.,Ltd.: (6.9) billion yen

- Profitability declined due to a decrease in sales volume, impacted by diminished demand in the automotive and other key sectors and increased labor costs and raw material and fuel prices.
- As announced today (May 12), we have decided to transfer the special steel business to Daido Steel Co., Ltd. to enhance the corporate value of Kobe Steel, Ltd. and Nippon Koshuha Steel Co., Ltd.

#### Assets for manufacturing steel powder: (2.5) billion yen

- Profitability declined due to a decrease in sales volume, impacted by factors such as a fall in Japanese automakers' production volume and diminished demand for steel powder products along with the rise of EVs.
- We are working to increase profitability by implementing sales expansion in Southeast Asian markets, further price improvements, and cost reductions through streamlining production systems, among other factors.

# Fiscal 2025 : Assumption of Business Environment for Materials Businesses

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

Automobile production	<p>(Steel products, aluminum rolled products, aluminum extrusions, aluminum suspensions, copper rolled products, steel powder, and welding)</p> <p>Domestic production is expected to be <b>roughly flat year on year</b> despite the elimination of backlogs of orders.</p> <p>Overseas production is expected to <b>decrease year on year</b> due to a decline in the sales share of Japanese automakers in China and sluggish demand in Southeast Asia.</p>
IT and semiconductors	<p>(Aluminum rolled products, aluminum castings and forgings, and copper rolled products)</p> <p>HDD demand is expected to <b>remain strong</b> with brisk investment in data centers.</p> <p>Semiconductor demand is expected to <b>recover moderately beginning in the second half of fiscal 2025</b>, as supply chain inventory adjustments come to a gradual end.</p>
Shipbuilding	<p>(Steel products, steel castings and forgings, and welding)</p> <p>Despite strong shipbuilding demand, demand for shipbuilding components is expected to be <b>roughly flat year on year</b>, affected by labor shortages and other factors.</p>
Aircraft	<p>(Titanium, and aluminum castings and forgings)</p> <p><b>Demand is expected to increase year on year</b> due to increasing replacement of old aircraft and new aircraft construction, among other factors.</p>
Beverage cans	<p>(Aluminum rolled products)</p> <p><b>Demand is expected to decrease year on year</b> due to declining population and demand for beer and other drinks.</p>
Construction and civil engineering	<p>(Steel products and welding)</p> <p>Demand is expected to be <b>roughly flat year on year</b>, affected by lingering labor shortages, while material prices are peaking out.</p>

# Fiscal 2025 : Assumption of Business Environment for Machinery Businesses

## (Machinery)

Energy and Chemistry	Demand for machinery in the energy and chemical/petrochemical industries is expected to <b>remain steady</b> . Environmental demand is expected to <b>maintain an upward trend over a long term</b> , while feasibility studies are increasingly implemented.
General industry	Domestic demand is expected to remain steady. Overseas demand is expected to remain sluggish, particularly in the Chinese and Southeast Asian markets.

## (Construction machinery—Hydraulic excavators)

Japan	Demand is expected to be <b>roughly flat year on year</b> due to lower demand for replacement, affected by rising prices of construction machinery, among other factors.
China	Demand is expected to <b>increase year on year</b> , driven by government economic stimulus measures, among other factors.
North America	Demand is expected to <b>decrease year on year</b> due to continued inflation, a decrease in house construction, among other factors.
Europe	Demand is expected to <b>increase year on year</b> due to recovery in demand, spurred by lower interest rates, among other factors.
Southeast Asia	Demand is expected to <b>increase year on year</b> due to recovery in demand in Indonesia and Thailand, among other factors.

# Forecast for Fiscal 2025

(Billions of yen)	FY2024 Actual			FY2025 Forecast			Change
	1H	2H	Full Year ①	1H	2H	Full Year ②	②－①
Net Sales	1,248.5	1,306.4	2,555.0	1,240.0	1,310.0	2,550.0	(5.0)
Operating Profit (Loss)	77.7	81.0	158.7	60.0	80.0	140.0	(18.7)
Ordinary Profit (Loss)	70.9	86.2	157.1	55.0	65.0	120.0	(37.1)
Excluding Inventory Valuation	66.9	89.2	156.1	57.0	64.5	121.5	(34.6)
Extraordinary Income (Losses)	5.3	(21.4)	(16.1)	20.0	(5.0)	15.0	31.1
Profit (Loss) Attributable to Owners of Parent	56.5	63.5	120.1	50.0	50.0	100.0	(20.1)

## Net Sales

Net sales are expected to be roughly flat year on year primarily due to the progress of existing orders in the machinery and engineering segments, despite lower unit selling prices affected by falling raw material prices in the steel segment and a decline in sales in the electric power segment.

## Ordinary Profit (Loss)

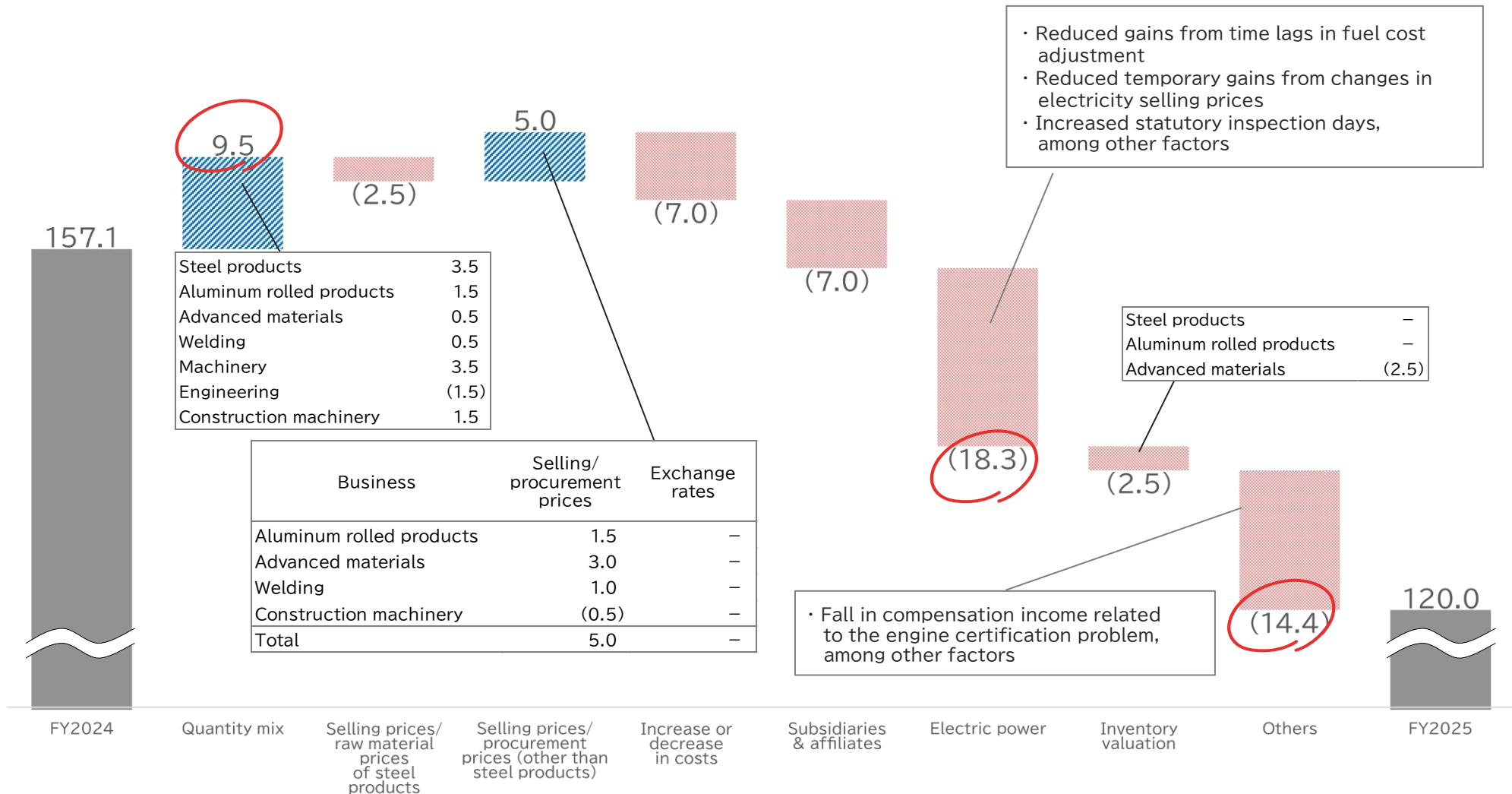
Ordinary profit is expected to decrease due to a fall in compensation income in the construction machinery segment and reduced gains from changes in thermal coal prices in the electric power segment, despite an anticipated increase in sales volume in the materials businesses and the construction machinery segment as well as in sales in the machinery segment.

## Profit (Loss) Attributable to Owners of Parent

Profit attributable to owners of parent is expected to decrease due to a decrease in ordinary profit and a rebound from the temporary decrease in tax expenses that occurred in the previous fiscal year, despite anticipated improvement in extraordinary income(losses) due to gains on asset sales, among other factors.

# Forecast for Fiscal 2025 : Analysis of Ordinary Profit (Loss) (Compared to fiscal 2024)

(37.1) billion yen



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

# Forecast for Fiscal 2025 : Ordinary Profit (Loss) by Segment

	FY2024 Actual	FY2025 Forecast	Change	
Steel Products	24.3	13.0	(11.3)	Down primarily due to cost increases centered on fixed costs, as well as increased disposal and dismantlement costs, despite an anticipated improvement in the sales mix.
Excluding Inventory Valuation	29.8	18.5	(11.3)	
Aluminum Rolled Products	(0.6)	0.0	0.6	Up primarily due to an anticipated increase in sales volume through sales expansion focused on the beverage can sector and progress in inflation cost pass-through.
Excluding Inventory Valuation	(3.6)	(3.0)	0.6	
Advanced Materials	10.7	8.0	(2.7)	Down primarily due to cost increases centered on fixed costs and reduced gains from inventory valuation despite an anticipated improvement in the selling prices.
Excluding Inventory Valuation	7.2	7.0	(0.2)	
Welding	5.2	5.5	0.2	Roughly flat year on year primarily due to cost increases centered on fixed costs despite an anticipated increase in overseas sales volume.
Machinery	32.5	40.0	7.4	Up primarily due to an increase in sales of services in the energy and chemical sectors and a fall in temporary cost recorded in fiscal 2024.
Engineering	16.1	12.0	(4.1)	Down primarily due to changes in the project composition centered on the DRI-related business and water treatment-related business.
Construction Machinery	18.7	9.5	(9.2)	Down primarily due to a fall in the compensation income related to the engine certification problem and cost increases centered on fixed costs, despite an anticipated increase in sales volume.
Electric Power	52.3	34.0	(18.3)	Down primarily due to reduced gains from time lags in fuel cost adjustments, reduced temporary gains from changes in electricity selling prices and increased statutory inspection days.

# Forecast for Fiscal 2025 : Breakdown of Extraordinary Income (Losses)

- Extraordinary income is expected to be approx.15.0 billion yen due to the implementation of asset-light strategies such as the sale of land and cross-shareholdings.

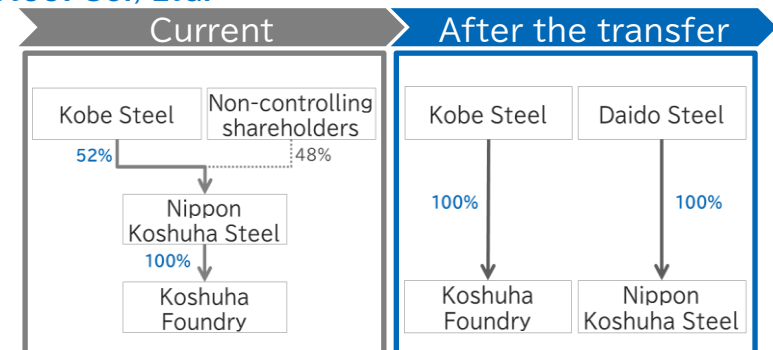
## Breakdown of Extraordinary Income (Losses)

(Billions of yen)

	2025 Forecast	Description of items
Gain on sale of non-current assets	7.0	<ul style="list-style-type: none"> <li>Expected gain on sale of overseas land (carried over from fiscal 2024)</li> </ul>
Gain/loss on sale of investment securities, etc.	8.0	<ul style="list-style-type: none"> <li>Gain on sale of shares in Nippon Steel Corporation (sold in April 2025)</li> <li>Expected loss on sale of shares arising from the transfer the special steel business of Nippon Koshuha Steel Co., Ltd.</li> </ul>
Extraordinary income (losses)	15.0	

### Overview of the Transfer of Special Steel Business of Nippon Koshuha Steel Co., Ltd.

- The Board of Directors at the board meeting held today decided to transfer the special steel business of Nippon Koshuha Steel Co., Ltd., a consolidated subsidiary of Kobe Steel, to Daido Steel Co., Ltd. (For details, please refer to the press release dated May 12.)
- For the transfer of the special steel business, Kobe Steel plans to make Nippon Koshuha Steel Co., Ltd. a wholly-owned subsidiary to sell its shares to Daido Steel Co., Ltd. This transaction is expected to result in a loss on sale of shares.





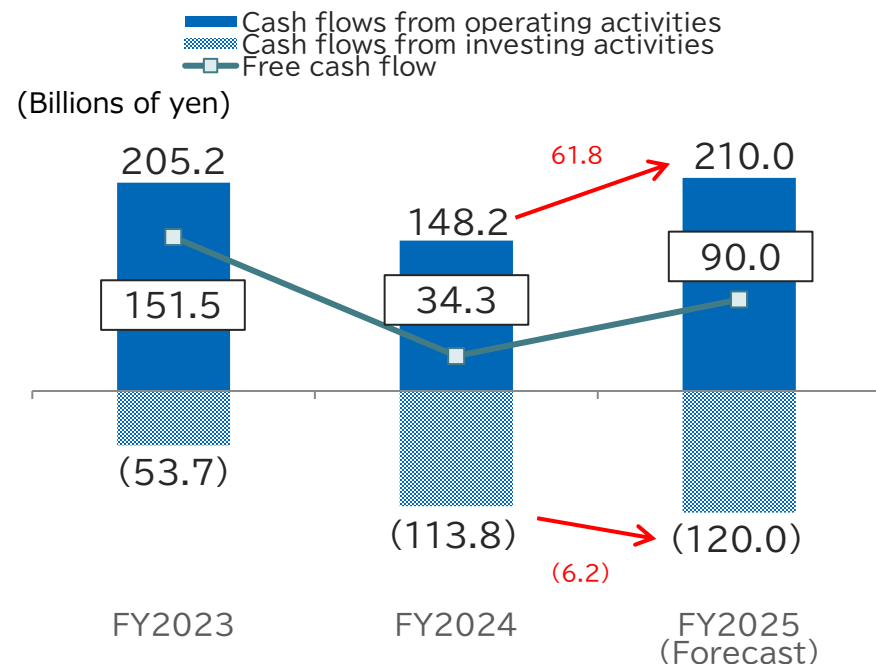
## Fiscal 2024

- Free cash flow was positive 34.3 billion yen due to low cash flows from operating activities resulting from an increase in working capital. The D/E ratio was 0.76 times due to an increase in equity capital.

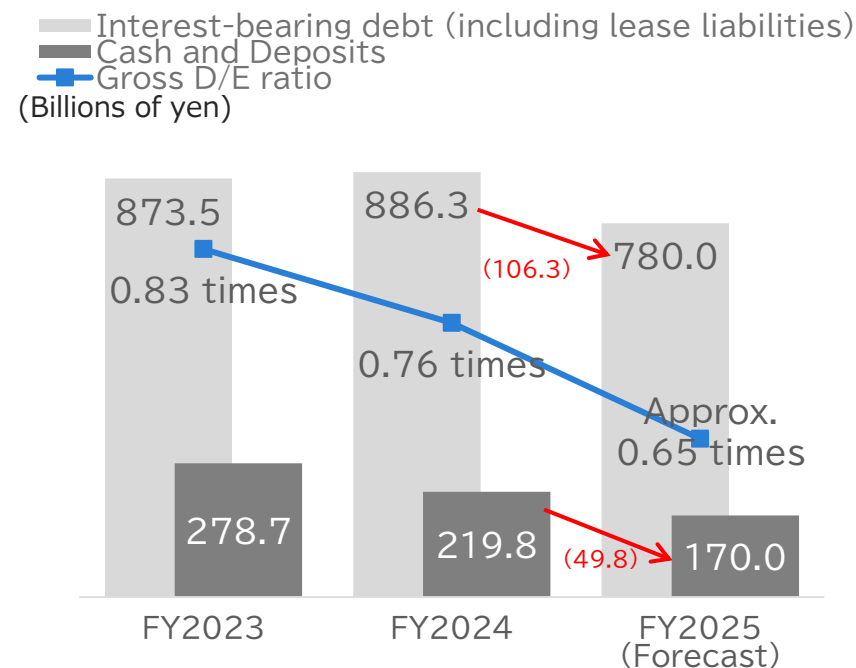
## Fiscal 2025

- Free cash flow and the D/E ratio are expected to be approx. 90.0 billion yen and approx. 0.65 times respectively, due to improved working capital and the implementation of asset-light strategies such as the sale of land and cross-shareholdings.

## Cash Flow



## Gross D/E ratio





The Board of Directors resolved a policy to pay the year-end dividend of 55 yen (annual total: 100 yen) per share for fiscal 2024, and an interim dividend of 40 yen and a year-end dividend of 40 yen (annual total: 80 yen) per share for fiscal 2025.

## 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.

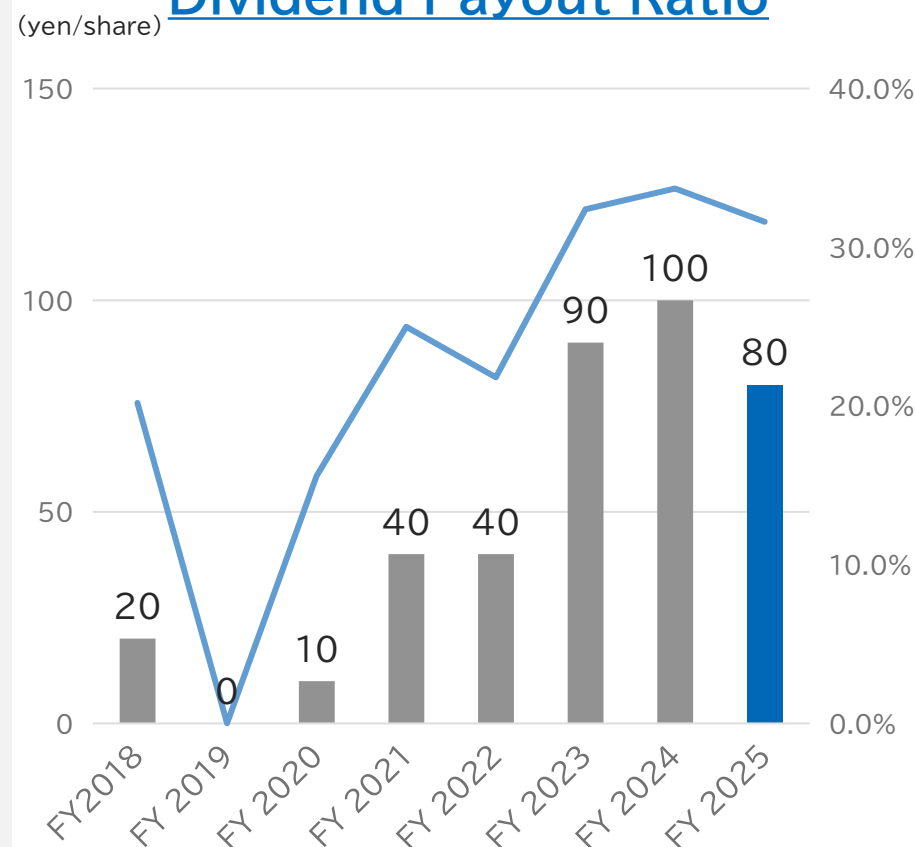
Medium-Term Management Plan (Fiscal 2024–2026)

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

**Dividend**(yen/share) and **Dividend Payout Ratio**(%)

FY2024		FY2025(policy)	
Interim	Year-end	Interim	Year-end
45 yen	55 yen	40 yen	40 yen
100 yen		80 yen	
32.8%		31.6%	

## Dividend and Dividend Payout Ratio



## Segment Information

# Financial Results for Fiscal 2024 and Forecast for Fiscal 2025



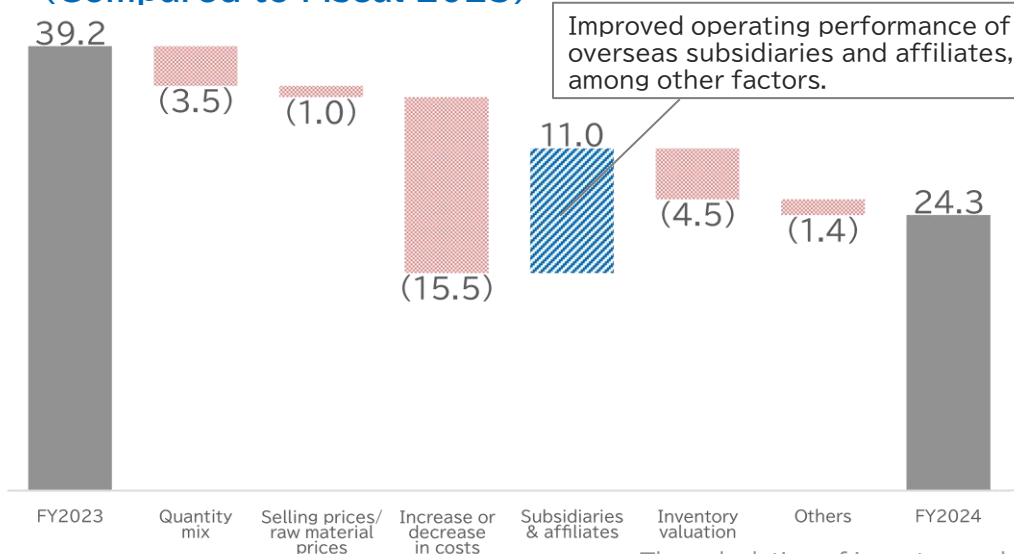
	FY2023 Actual			FY2024 Actual			FY2025 Forecast			Change	Change
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year	Full Year	Full Year
(Billions of yen)			①			②			③	②-①	③-②
Steel & Aluminum	548.9	533.7	1,082.7	560.4	555.6	1,116.1	517.0	533.0	1,050.0	33.4	(66.1)
Advanced Materials	141.8	156.2	298.1	152.9	164.2	317.1	169.0	179.0	348.0	19.0	30.8
Welding	46.4	47.0	93.5	46.8	47.0	93.9	47.0	50.0	97.0	0.3	3.0
Machinery	103.2	131.2	234.5	120.0	145.0	265.1	141.0	150.0	291.0	30.6	25.8
Engineering	75.1	95.4	170.6	65.3	109.5	174.8	85.0	110.0	195.0	4.2	20.1
Construction Machinery	192.6	211.4	404.0	197.5	190.5	388.0	197.0	203.0	400.0	(16.0)	11.9
Electric Power	172.7	143.1	315.9	133.6	125.1	258.8	120.0	110.0	230.0	(57.1)	(28.8)
Other Businesses	4.5	6.2	10.8	3.7	5.2	8.9	2.5	3.3	5.8	(1.8)	(3.1)
Adjustment	(31.9)	(35.2)	(67.1)	(31.9)	(35.9)	(67.9)	(38.5)	(28.3)	(66.8)	(0.7)	1.1
Net Sales	1,253.8	1,289.3	2,543.1	1,248.5	1,306.4	2,555.0	1,240.0	1,310.0	2,550.0	11.8	(5.0)
Operating Profit (Loss)	92.1	94.4	186.6	77.7	81.0	158.7	60.0	80.0	140.0	(27.9)	(18.7)
Steel & Aluminum	20.7	(4.6)	16.1	14.4	9.2	23.6	7.5	5.5	13.0	7.5	(10.6)
Advanced Materials	(0.0)	3.2	3.2	2.3	8.3	10.7	3.0	5.0	8.0	7.4	(2.7)
Welding	1.5	3.3	4.9	2.1	3.0	5.2	2.5	3.0	5.5	0.3	0.2
Machinery	10.3	19.2	29.6	12.3	20.2	32.5	18.5	21.5	40.0	2.9	7.4
Engineering	6.2	6.2	12.4	4.6	11.4	16.1	4.0	8.0	12.0	3.6	(4.1)
Construction Machinery	5.0	4.0	9.1	6.1	12.6	18.7	2.0	7.5	9.5	9.6	(9.2)
Electric Power	47.4	38.3	85.7	29.2	23.0	52.3	18.5	15.5	34.0	(33.4)	(18.3)
Other Businesses	1.7	3.0	4.8	2.0	1.8	3.8	2.0	2.5	4.5	(0.9)	0.6
Adjustment	(1.5)	(3.5)	(5.1)	(2.3)	(3.6)	(6.0)	(3.0)	(3.5)	(6.5)	(0.8)	(0.4)
Ordinary Profit (Loss)	91.6	69.3	160.9	70.9	86.2	157.1	55.0	65.0	120.0	(3.7)	(37.1)
Excluding Inventory Valuation	96.1	60.3	156.4	66.9	89.2	156.1	57.0	64.5	121.5	(0.2)	(34.6)
Extraordinary Income (Losses)	27.7	(26.3)	1.3	5.3	(21.4)	(16.1)	20.0	(5.0)	15.0	(17.4)	31.1
Profit (Loss) Attributable to Owners of Parent	80.3	29.2	109.5	56.5	63.5	120.1	50.0	50.0	100.0	10.6	(20.1)

# Steel Products

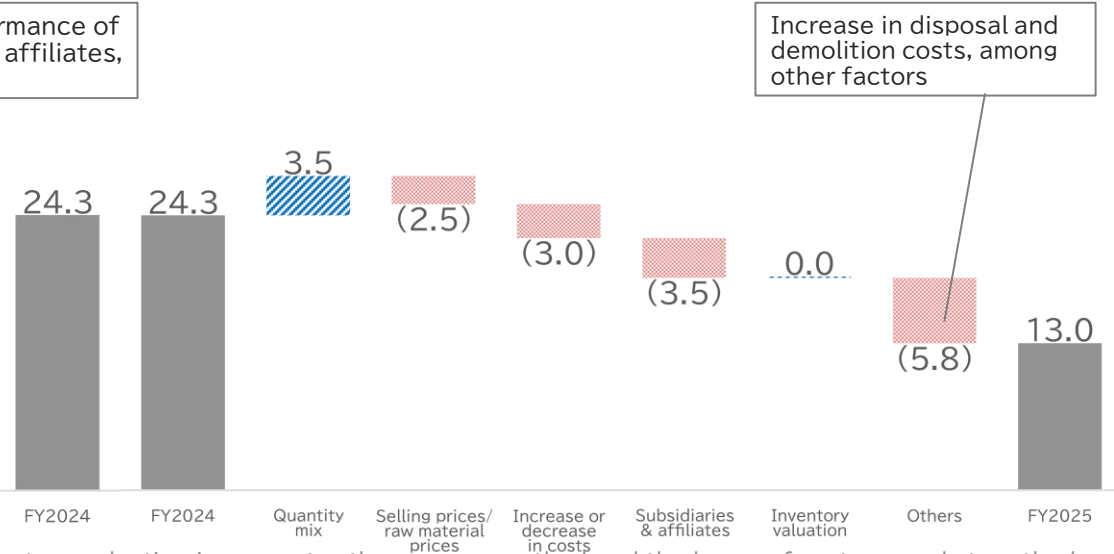


(Billions of yen)		FY2023 Actual			FY2024 Actual			FY2025 Forecast			Change	Change
		1H	2H	Full Year ①	1H	2H	Full Year ②	1H	2H	Full Year ③	Full Year ②－①	Full Year ③－②
Net Sales		452.4	439.2	891.6	461.6	452.8	914.4	426.0	439.0	865.0	22.8	(49.4)
Ordinary Profit (Loss)		25.9	13.3	39.2	18.8	5.5	24.3	8.5	4.5	13.0	(14.9)	(11.3)
Excluding Inventory Valuation		32.4	7.8	40.2	16.3	13.5	29.8	14.0	4.5	18.5	(10.4)	(11.3)
Crude steel production (Millions of tons)		3.09	2.88	5.97	3.01	2.95	5.96	2.95	2.95	5.90	(0.02)	(0.06)
Sales volume of steel products (Millions of tons)		2.47	2.23	4.69	2.34	2.38	4.72	2.35	2.35	4.70	0.03	(0.02)
Domestic		1.92	1.74	3.66	1.79	1.84	3.63				(0.03)	
Exports		0.54	0.49	1.04	0.55	0.54	1.09				0.05	
Export ratio (value basis)		21%	23%	22%	24%	22%	23%				0%	
Average steel selling price (Thousands of yen/ton)		140	145	143	148	140	144				1	

## Financial Results for Fiscal 2024 (Compared to Fiscal 2023)



## Forecast for Fiscal 2025 (Compared to Fiscal 2024)



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

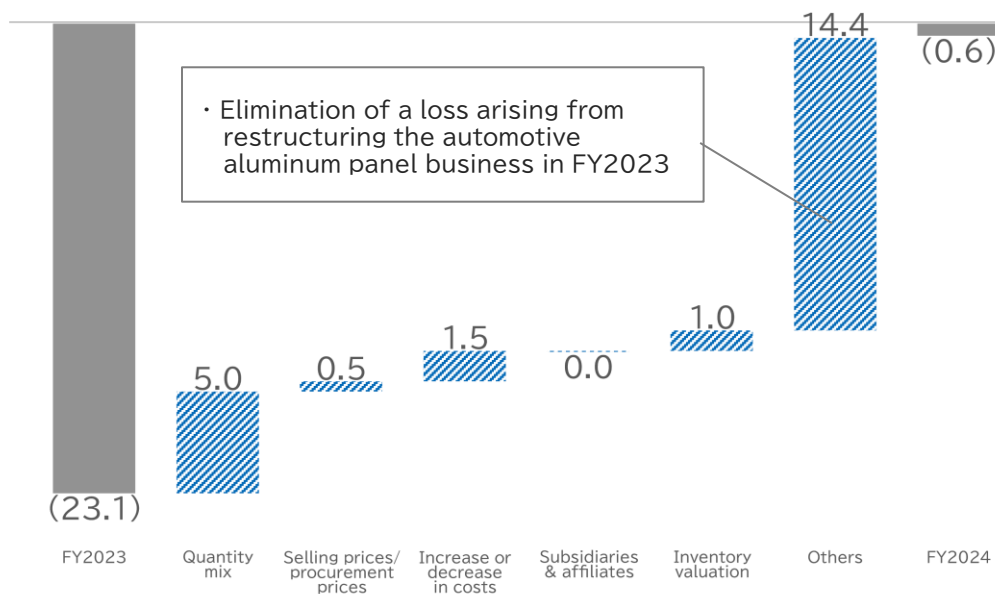
# Aluminum Rolled Products

(Billions of yen)

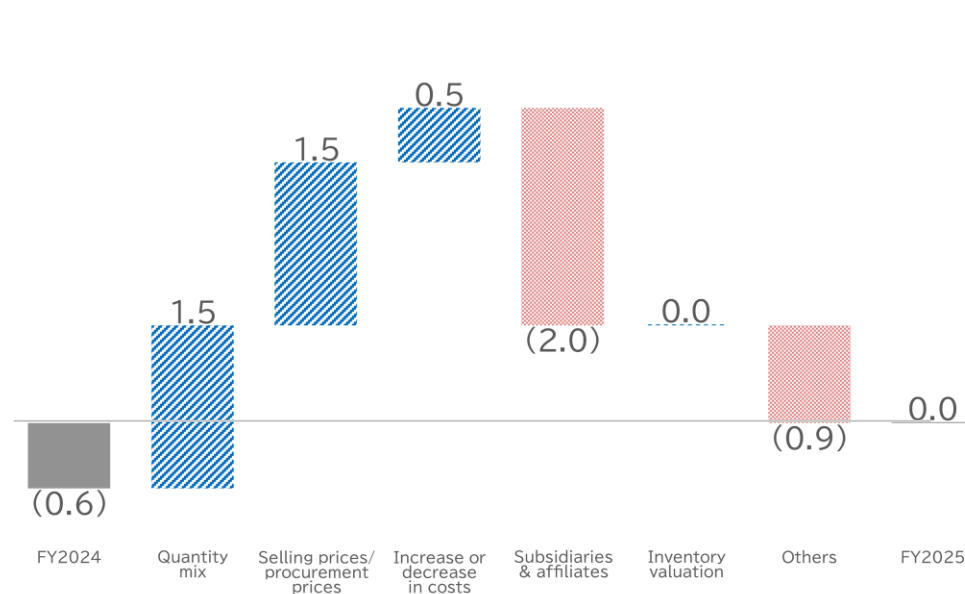
	FY2023 Actual			FY2024 Actual			FY2025 Forecast			Change	Change
	1H	2H	Full Year ①	1H	2H	Full Year ②	1H	2H	Full Year ③	Full Year ②-①	Full Year ③-②
Net Sales	96.5	94.5	191.1	98.8	102.8	201.7	91.0	94.0	185.0	10.6	(16.7)
Ordinary Profit (Loss)	(5.1)	(17.9)	(23.1)	(4.3)	3.6	(0.6)	(1.0)	1.0	0.0	22.4	0.6
Excluding Inventory Valuation	(6.1)	(18.9)	(25.1)	(4.3)	0.6	(3.6)	(2.5)	(0.5)	(3.0)	21.5	0.6
Sales volume of aluminum rolled products (Thousands of tons)	161	154	314	154	153	307	140	135	275	(7)	(32)
Domestic	116	107	223	110	109	219				(4)	
Exports	45	47	91	44	43	88				(3)	

\* From FY 2025, Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd. changed from a subsidiary to an affiliate (excluded from net sales and sales volume).

## Financial Results for Fiscal 2024 (Compared to Fiscal 2023)



## Forecast for Fiscal 2025 (Compared to Fiscal 2024)

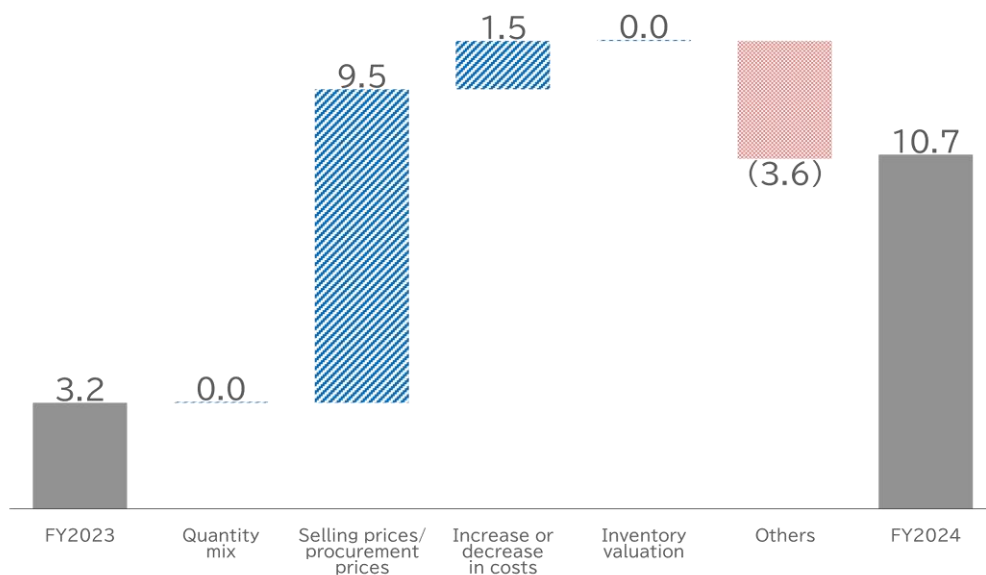


The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

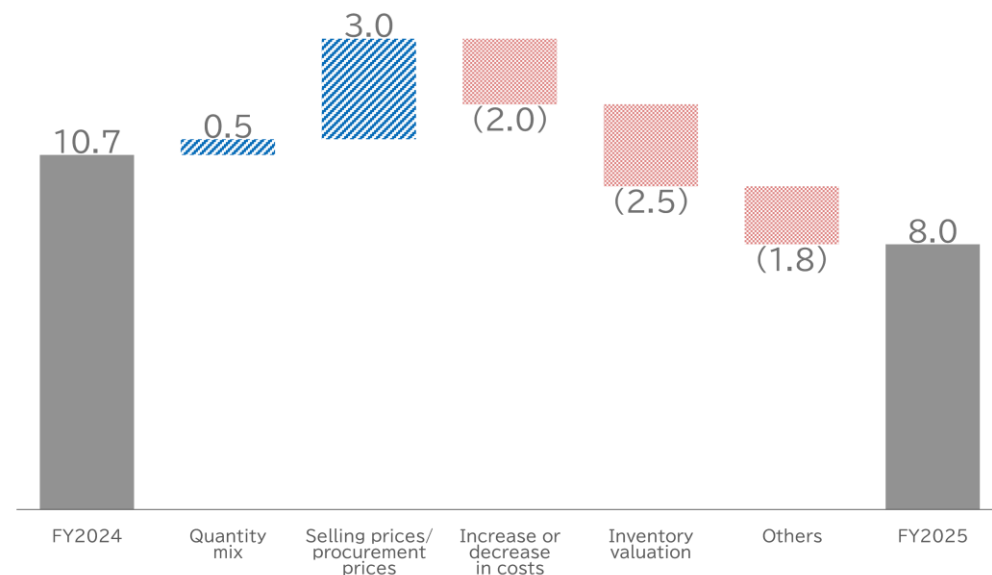
(Billions of yen)

	FY2023 Actual			FY2024 Actual			FY2025 Forecast			Change	Change
	1H	2H	Full Year ①	1H	2H	Full Year ②	1H	2H	Full Year ③	Full Year ②-①	Full Year ③-②
Net Sales	141.8	156.2	298.1	152.9	164.2	317.1	169.0	179.0	348.0	19.0	30.8
Ordinary Profit (Loss)	(0.0)	3.2	3.2	2.3	8.3	10.7	3.0	5.0	8.0	7.4	(2.7)
Excluding Inventory Valuation	(1.0)	0.7	(0.3)	0.8	6.3	7.2	1.0	6.0	7.0	7.4	(0.2)
Sales volume of aluminum extrusions (Thousands of tons)	18	20	37	19	19	38	19	20	39	1	1
Domestic	13	15	29	15	15	30				1	
Exports	4	5	9	4	4	8				(0)	
Sales volume of copper rolled products (Thousands of tons)	24	27	52	26	27	53	28	30	58	1	5

## Financial Results for Fiscal 2024 (Compared to Fiscal 2023)



## Forecast for Fiscal 2025 (Compared to Fiscal 2024)



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

		FY2023 Actual			FY2024 Actual			FY2025 Forecast			Change	Change
		1H	2H	Full Year ①	1H	2H	Full Year ②	1H	2H	Full Year ③	Full Year ②-①	Full Year ③-②
(Billions of yen)												
Net Sales		46.4	47.0	93.5	46.8	47.0	93.9	47.0	50.0	97.0	0.3	3.0
Ordinary Profit (Loss)		1.5	3.3	4.9	2.1	3.0	5.2	2.5	3.0	5.5	0.3	0.2
Sales volume of welding materials												
	(Thousands of tons)	122	120	242	112	115	227	110	120	230	(15)	3
Domestic		53	52	105	48	45	92				(13)	
Exports		69	67	136	64	70	134				(2)	

## Financial Results for Fiscal 2024 (Compared to Fiscal 2023)

Sales Volume	Domestic :	Decreased due to declining demand for construction and automobiles.
	Exports :	
		Decreased due to an economic downturn in Southeast Asia.

Selling Prices	Increased due to progress in cost pass-through, among other factors.
----------------	----------------------------------------------------------------------

Cost	Increased in materials, equipment, etc.
------	-----------------------------------------

## Forecast for Fiscal 2025 (Compared to Fiscal 2024)

Sales Volume	Domestic :	Expected to be roughly flat year on year.
	Exports :	
		Expected to increase due to demand recovery in Southeast Asia and other regions.

Selling Prices	Expected to increase due to progress in cost pass-through, among other factors.
----------------	---------------------------------------------------------------------------------

Cost	Expected to increase centered on fixed costs.
------	-----------------------------------------------

(Billions of yen)	FY2023 Actual			FY2024 Actual			FY2025 Forecast			Change	Change
	1H	2H	Full Year ①	1H	2H	Full Year ②	1H	2H	Full Year ③	Full Year ②-①	Full Year ③-②
Net Sales	103.2	131.2	234.5	120.0	145.0	265.1	141.0	150.0	291.0	30.6	25.8
Ordinary Profit (Loss)	10.3	19.2	29.6	12.3	20.2	32.5	18.5	21.5	40.0	2.9	7.4
Orders	115.8	157.9	273.7	119.3	143.2	262.5	140.0	140.0	280.0	(11.2)	17.4
Backlog of Orders			251.8			254.4				2.6	

## Financial Results for Fiscal 2024 (Compared to Fiscal 2023)

### Orders

Decreased due to a rebound from fiscal 2023 that saw an increase in orders for large-scale projects.

### Ordinary Profit (Loss)

Increased primarily due to an increase in sales of machine units and services, particularly in the energy and chemical sectors.

## Forecast for Fiscal 2025 (Compared to Fiscal 2024)

### Orders

Expected to increase in plastic processing machinery and other products due to steady demand in the energy and chemical sectors.

### Ordinary Profit (Loss)

Expected to increase primarily due to an increase in sales of services, particularly in the energy and chemical sectors and a fall in temporary cost recorded in fiscal 2024.



	FY2023 Actual			FY2024 Actual			FY2025 Forecast			Change	Change
(Billions of yen)	1H	2H	Full Year ①	1H	2H	Full Year ②	1H	2H	Full Year ③	Full Year ②-①	Full Year ③-②
Net Sales	75.1	95.4	170.6	65.3	109.5	174.8	85.0	110.0	195.0	4.2	20.1
Ordinary Profit (Loss)	6.2	6.2	12.4	4.6	11.4	16.1	4.0	8.0	12.0	3.6	(4.1)
Orders	122.4	91.8	214.3	59.5	105.2	164.7	95.0	100.0	195.0	(49.5)	30.2
Backlog of Orders			433.6			441.9				8.3	

## Financial Results for Fiscal 2024 (Compared to Fiscal 2023)

### Orders

Decreased from fiscal 2023 that saw an increase in orders for large-scale projects in the DRI-related business and waste treatment-related business.

### Ordinary Profit (Loss)

Increased due to changes in project composition.

## Forecast for Fiscal 2025 (Compared to Fiscal 2024)

### Orders

Expected to increase due to anticipated orders for large-scale overseas projects in the DRI-related business.

### Ordinary Profit (Loss)

Expected to increase due to changes in project composition.

# Construction Machinery

(Billions of yen)

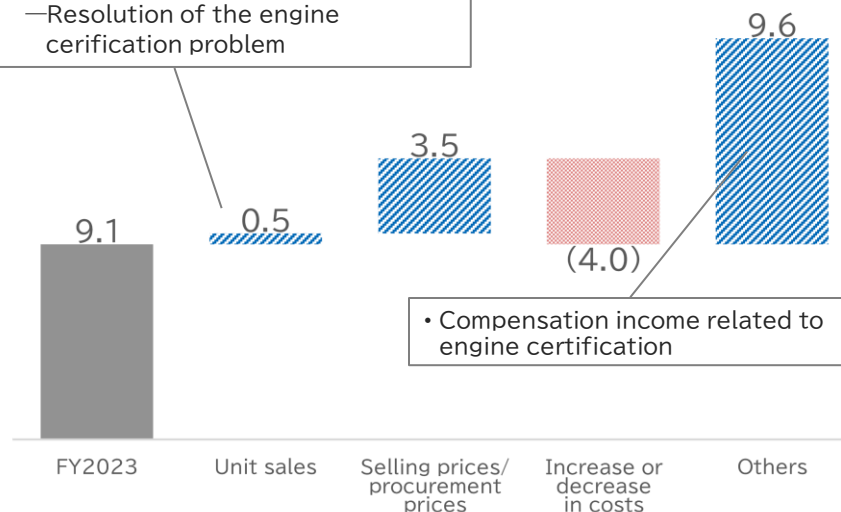
		FY2023 Actual			FY2024 Actual			FY2025 Forecast			Change	Change
		1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year	Full Year	Full Year
(Billions of yen)				①			②			③	②－①	③－②
Net Sales		192.6	211.4	404.0	197.5	190.5	388.0	197.0	203.0	400.0	(16.0)	11.9
Ordinary Profit (Loss)		5.0	4.0	9.1	6.1	12.6	18.7	2.0	7.5	9.5	9.6	(9.2)
Unit sales of hydraulic excavators *1	(Thousands of units)	12.0	12.6	24.6	10.4	9.9	20.3	10.5	11.5	22.0	(4.3)	1.7
Domestic		3.4	4.7	8.1	3.0	3.6	6.6				(1.5)	
Exports *2		8.6	7.8	16.5	7.4	6.3	13.7				(2.8)	
Unit sales of crawler cranes	(Units)	132	183	315	157	217	374	175	165	340	59	(34)

\*1 Consolidated basis (including mini-excavators)

\*2 The data have been retroactively revised from fiscal 2023 onward due to a change in the calculation method for unit sales of hydraulic excavators.

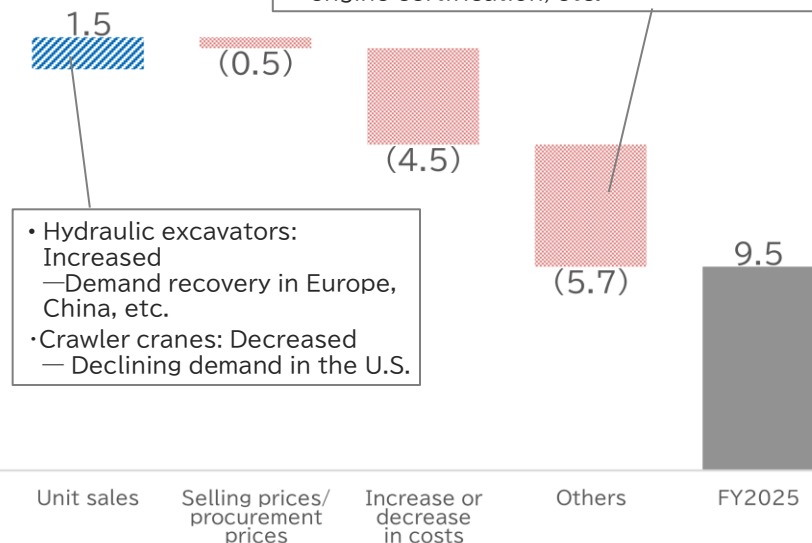
## Financial Results for Fiscal 2024 (Compared to Fiscal 2023)

- Hydraulic excavators: Decreased  
—Declining demand in Japan, Europe and the U.S.
- Crawler cranes: Increased  
—Resolution of the engine certification problem



## Forecast for Fiscal 2025 (Compared to Fiscal 2024)

- Loss of compensation income related to engine certification, etc.



(Billions of yen)

	FY2023 Actual			FY2024 Actual			FY2025 Forecast			Change	Change
	1H	2H	Full Year ①	1H	2H	Full Year ②	1H	2H	Full Year ③	Full Year ②-①	Full Year ③-②
Net Sales	172.7	143.1	315.9	133.6	125.1	258.8	120.0	110.0	230.0	(57.1)	(28.8)
Ordinary Profit (Loss)	47.4	38.3	85.7	29.2	23.0	52.3	18.5	15.5	34.0	(33.4)	(18.3)
Time lags in fuel cost adjustments	16.0	6.0	22.0	4.0	1.0	5.0	—	—	—	(17.0)	(5.0)
Effect of temporary gains/losses from changes in electricity selling prices	8.0	12.0	20.0	2.0	3.0	5.0	—	—	—	(15.0)	(5.0)

## Financial Results for Fiscal 2024 (Compared to Fiscal 2023)

**Sales Volume** Decreased due to increased statutory inspection days at the Kobe Power Plant.

**Unit Selling Price** Decreased due to fluctuations in coal prices.

**Ordinary Profit (Loss)** Decreased primarily due to reduced gains from time lags in fuel cost adjustments and temporary gains from changes in electricity selling prices.

## Forecast for Fiscal 2025 (Compared to Fiscal 2024)

**Sales Volume** Expected to decrease due to increased statutory inspections days at the Moka Power Plant and Kobe Power Plant No. 3 and 4 units.

**Unit Selling Price** Expected to decrease due to fluctuations in coal prices.

**Ordinary Profit (Loss)** Expected to decrease primarily due to reduced gains from time lags in fuel cost adjustments and temporary gains from changes in electricity selling prices and increased statutory inspection days.

## Reference Information

# Exchange Rate Assumption

	FY2023 Actual			FY2024 Actual			FY2025 Forecast
	1H	2H	Full Year	1H	2H	Full Year	Full Year
1 U.S. dollar to yen	142.6	148.0	<b>145.3</b>	152.4	152.7	<b>152.6</b>	<b>150.0</b>
1 Chinese yuan to yen	19.9	20.5	<b>20.2</b>	21.2	21.1	<b>21.1</b>	<b>21.0</b>
1 euro to yen	154.8	160.6	<b>157.7</b>	165.8	161.5	<b>163.7</b>	<b>160.0</b>

## [Analysis of exchange rate sensitivity]

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

Steel products : Approx. 0.4 billion yen

(Impact of dollar balance: 1.1 billion yen

Inventory valuation, cost pass-through to selling prices, etc.: (0.7) billion yen)

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

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

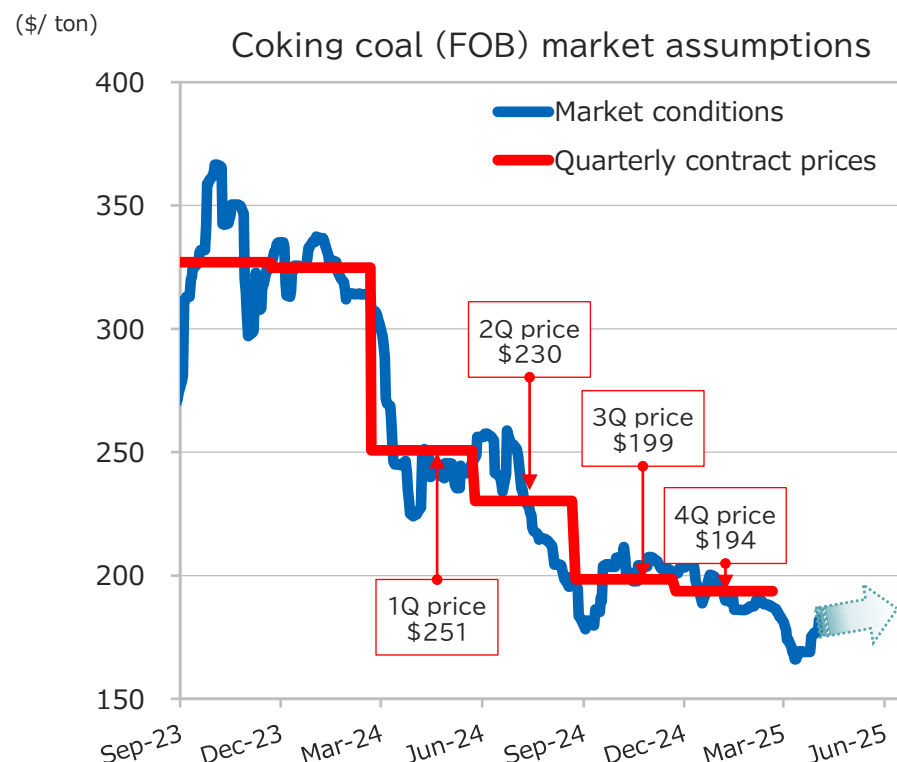
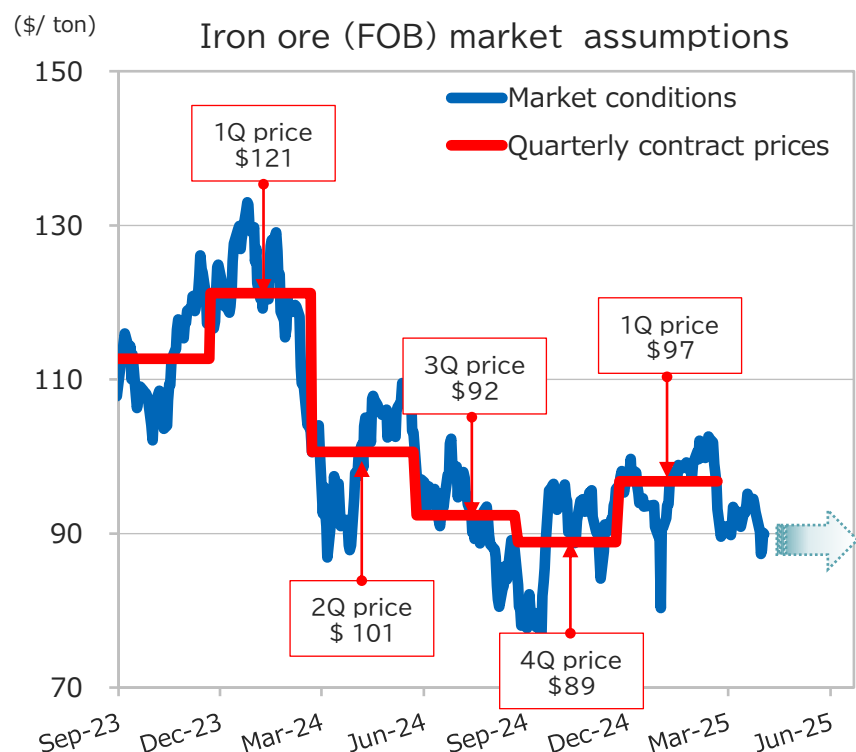
Construction machinery : Approx. (0.4) billion yen (Impact of euro balance)

# Raw Material Market Assumption

Iron ore The price for fiscal 2025 1Q has been settled at \$97.  
The price level for fiscal 2025 2Q onward is assumed to remain at the current level.

Coking coal The price for fiscal 2025 is assumed to be similar to the second half of fiscal 2024.

Thermal coal From January to March 2025, the price declined from \$120 to around \$100.  
The price for fiscal 2025 is assumed to be higher than the current level.



# Inventory Valuation

(Billions of yen)

Steel Products	FY2023 Actual			FY2024 Actual			FY2025 Forecast		
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Iron ore	2.5	1.0	3.5	(1.5)	(2.0)	(3.5)	0.0	0.0	0.0
Coal	(2.0)	2.5	0.5	(2.5)	(1.0)	(3.5)	0.0	0.0	0.0
Carry over	0.5	3.5	4.0	(4.0)	(3.0)	(7.0)	0.0	0.0	0.0
Average method	(7.0)	6.0	(1.0)	3.5	(7.0)	(3.5)	(4.0)	(1.0)	(5.0)
Lower-of-cost-or market method	0.5	(0.5)	0.0	(1.0)	(1.0)	(2.0)	(1.5)	1.0	(0.5)
Inventory valuation	(6.5)	5.5	(1.0)	2.5	(8.0)	(5.5)	(5.5)	0.0	(5.5)

Aluminum Rolled Products	FY2023 Actual			FY2024 Actual			FY2025 Forecast		
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Average method	0.5	1.0	1.5	(0.5)	3.0	2.5	1.5	1.5	3.0
Lower-of-cost-or market method	0.5	0.0	0.5	0.5	0.0	0.5	0.0	0.0	0.0
Inventory valuation	1.0	1.0	2.0	0.0	3.0	3.0	1.5	1.5	3.0

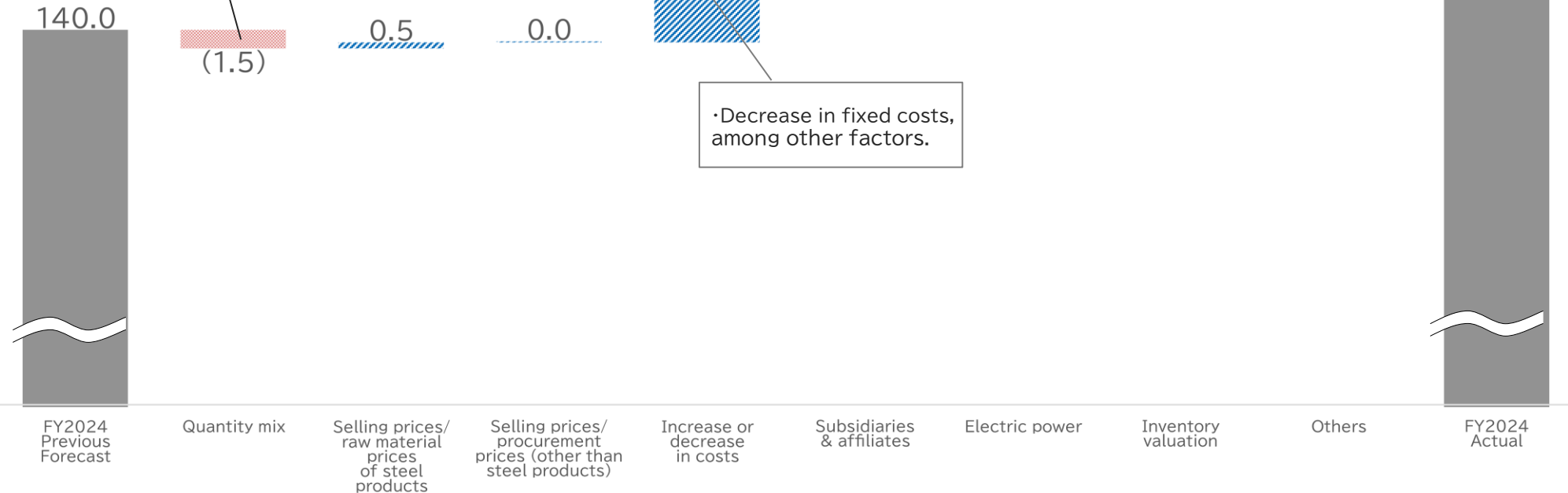
  

Advanced Materials	FY2023 Actual			FY2024 Actual			FY2025 Forecast		
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Average method	1.0	2.5	3.5	2.5	1.0	3.5	1.5	(1.0)	0.5
Lower-of-cost-or market method	0.0	0.0	0.0	(1.0)	1.0	0.0	0.5	0.0	0.5
Inventory valuation	1.0	2.5	3.5	1.5	2.0	3.5	2.0	(1.0)	1.0

# Analysis of Fiscal 2024 Ordinary Profit (Loss) (Compared to Previous Forecast)

17.1 billion yen

Steel products	(2.5)
Aluminum rolled products	—
Advanced materials	(0.5)
Welding	—
Machinery	—
Engineering	1.0
Construction machinery	0.5

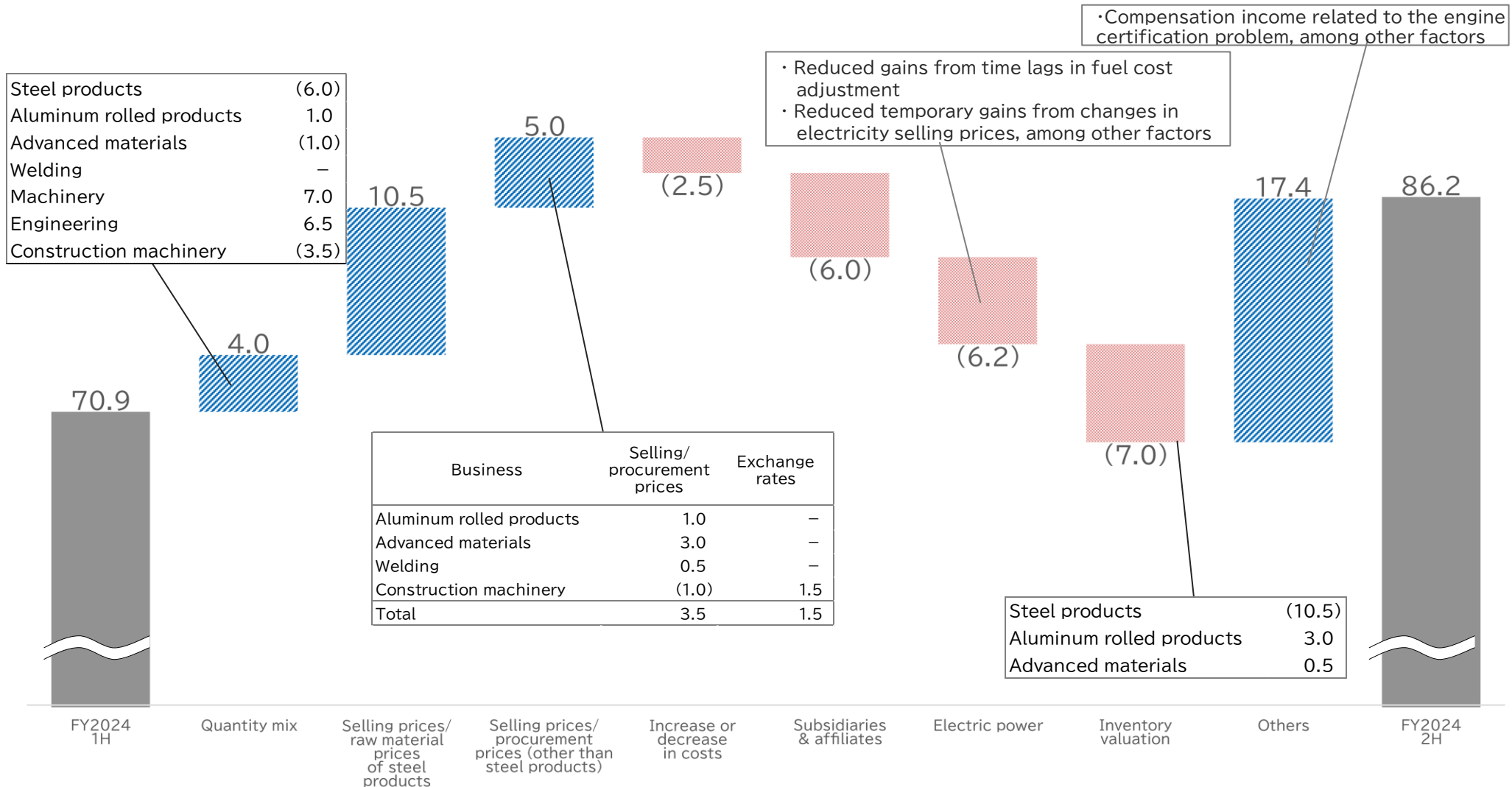


The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.



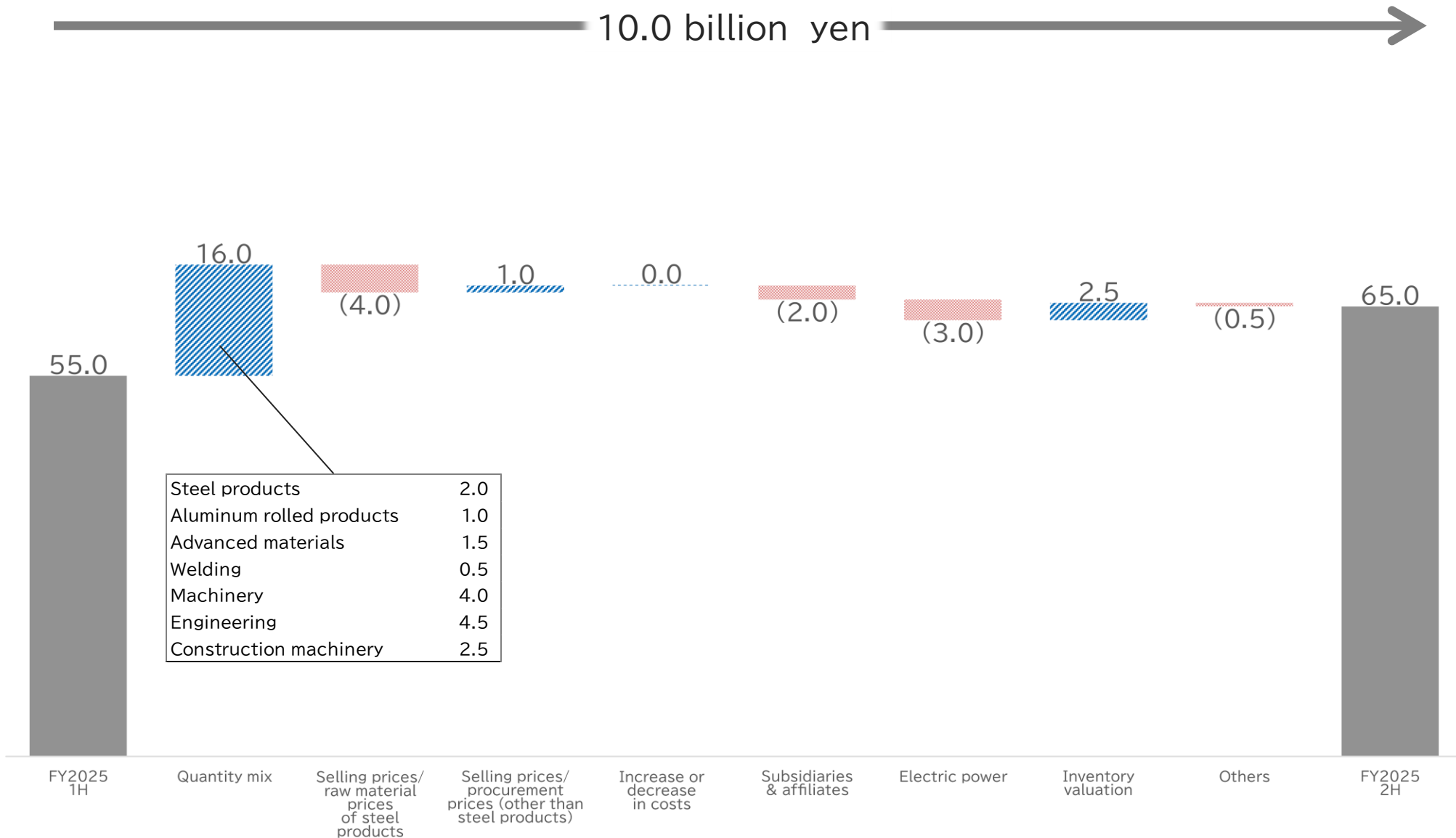
# Breakdown of Differences between the First Half and the Second Half of Fiscal 2024

15.3 billion yen



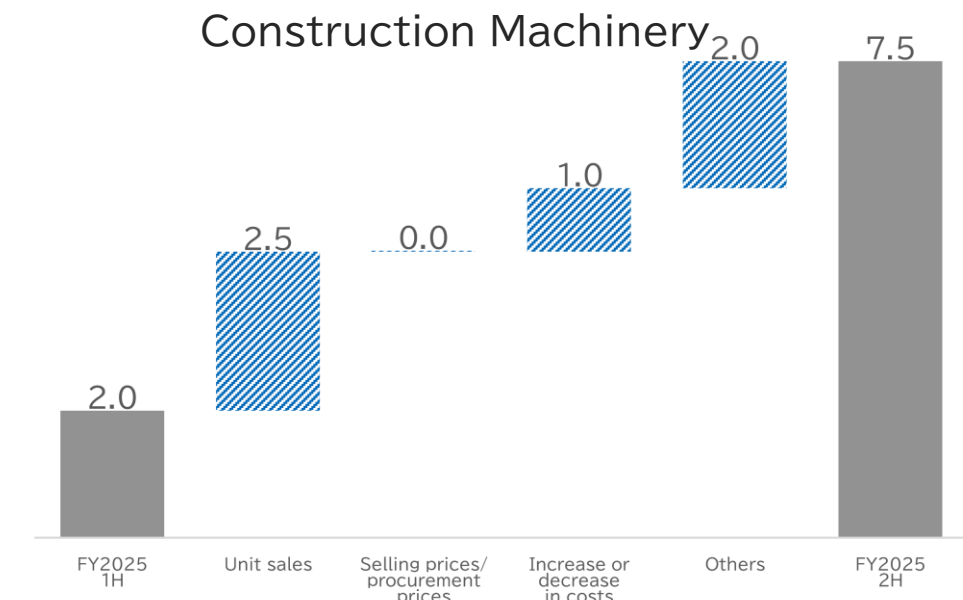
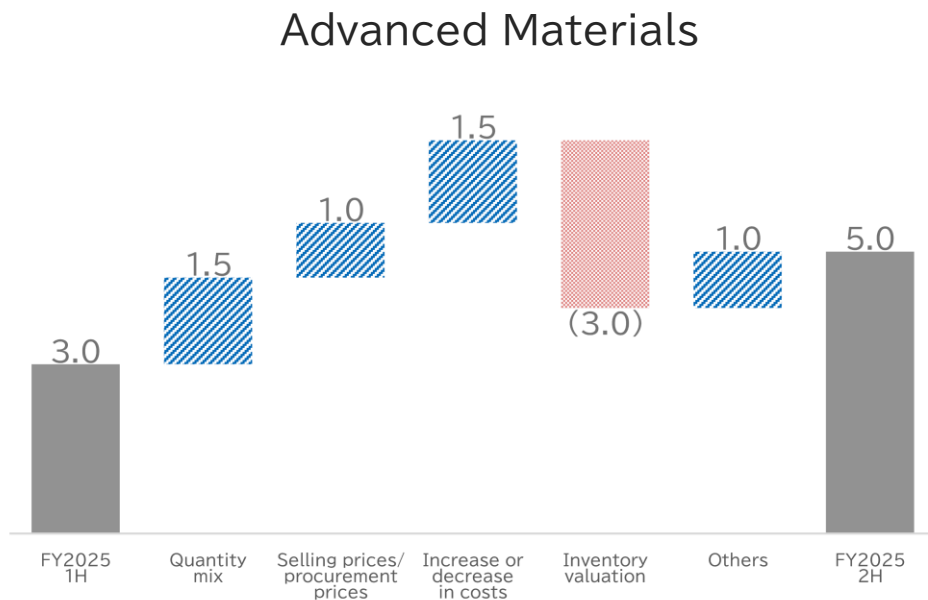
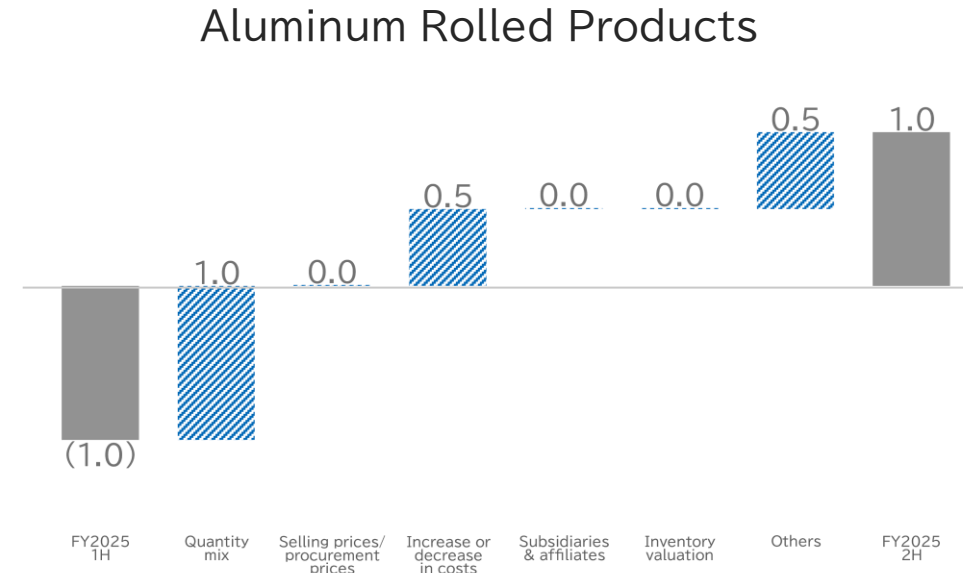
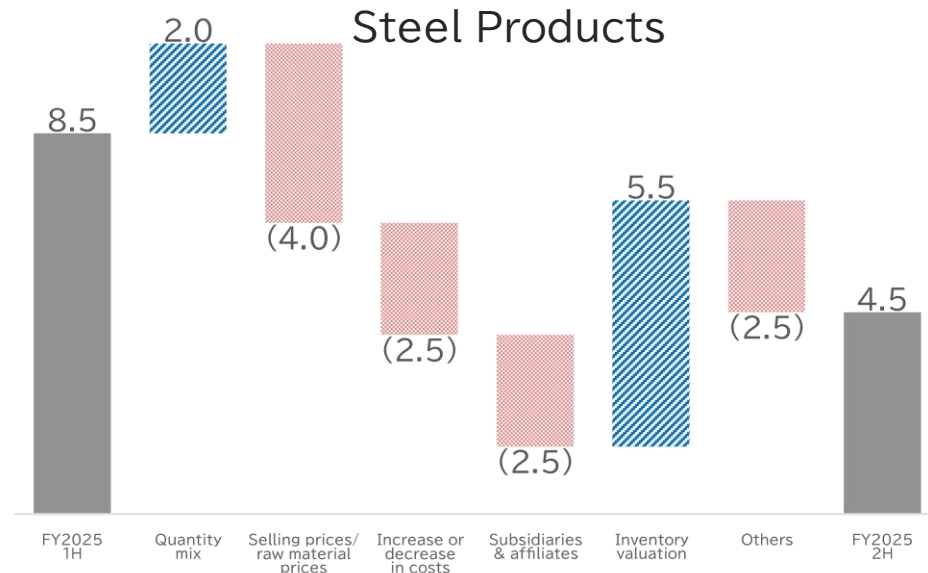
The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

# Breakdown of Differences between the First Half and the Second Half of Fiscal 2025



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

# Breakdown of Differences between the First Half and the Second Half of Fiscal 2025(Primary Segments)



	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast
Capital investment (accrual basis)	108.1 billion yen	97.3 billion yen	105.2 billion yen	115.8 billion yen	130.0 billion yen
Capital investment (payment basis)	156.4 billion yen	98.9 billion yen	94.8 billion yen	113.2 billion yen	150.0 billion yen
Depreciation	105.1 billion yen	112.5 billion yen	119.0 billion yen	122.4 billion yen	125.0 billion yen
Net assets ratio	32.0%	34.0%	38.6%	42.8%	approx. 44%
Interest-Bearing Debt (including lease liabilities)	973.8 billion yen	917.2 billion yen	873.5 billion yen	886.3 billion yen	780.0 billion yen
Gross D/E ratio *1	1.19 times	1.00 times	0.83 times	0.76 times	approx. 0.65 times
Cash Flows from Operating Activities	168.8 billion yen	119.6 billion yen	205.2 billion yen	148.2 billion yen	210.0 billion yen
Cash Flows from Investing Activities	(161.5) billion yen	(97.2) billion yen	(53.7) billion yen	(113.8) billion yen	(120.0) billion yen
Free Cash Flow	7.2 billion yen	22.4 billion yen	151.5 billion yen	34.3 billion yen	90.0 billion yen
Cash and deposits	260.5 billion yen	203.3 billion yen	278.7 billion yen	219.8 billion yen	170.0 billion yen
Profit (loss) per share *2	160.23 yen	183.80 yen	277.38 yen	304.64 yen	253.15 yen
ROE *3	7.9%	8.4%	11.1%	10.8%	approx. 8%
ROIC *4	4.7%	4.9%	6.7%	6.9%	approx. 5%

\*1 Gross D/E ratio : Interest bearing debt (including lease liabilities) divided by shareholders' equity

\*2 Profit (loss) per share : The average number of shares outstanding during fiscal 2025 is forecast based on the number of issued shares as of March 31, 2025. It does not reflect the impact of the repurchase of treasury shares, announced today (May 12).

\*3 ROE : Profit (loss) attributable to owners of parent divided by stockholders' equity

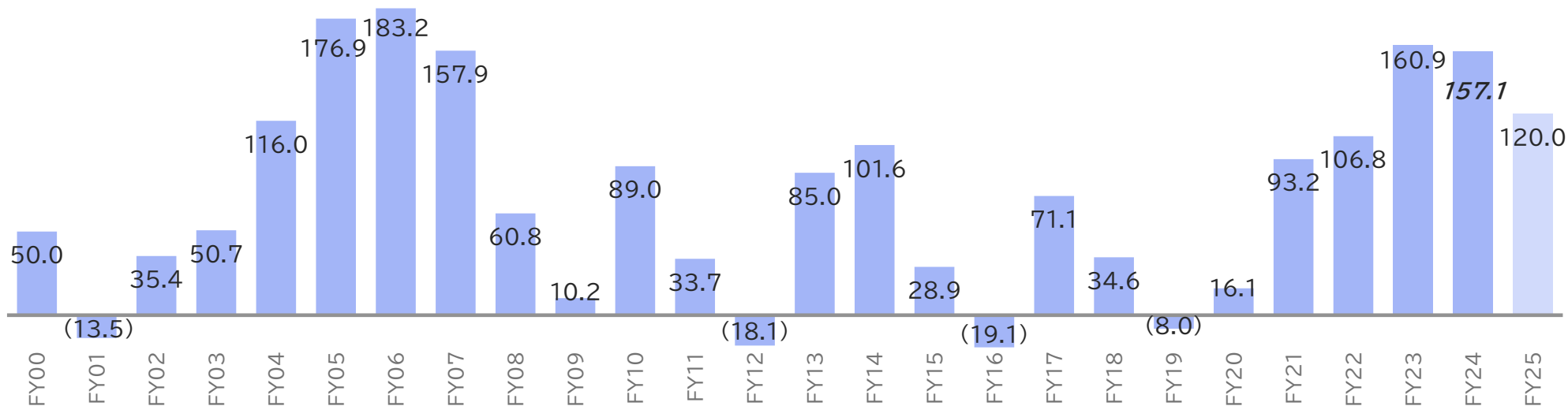
\*4 ROIC : After tax operating income divided by invested capital

# Consolidated Results

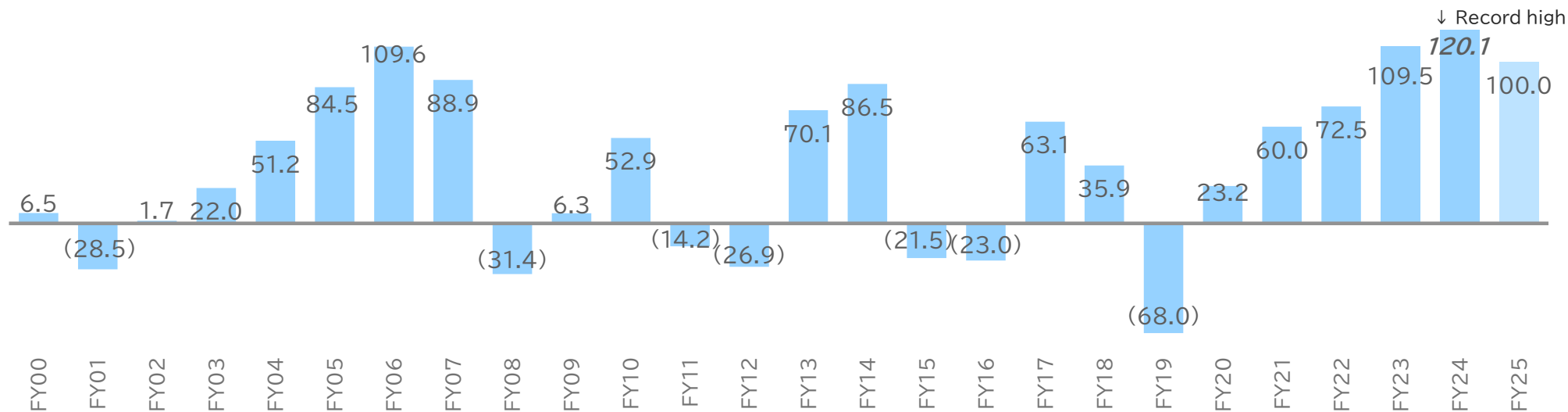


(Billions of yen)

## Ordinary Profit (Loss)



## Profit (Loss) Attributable to Owners of Parent

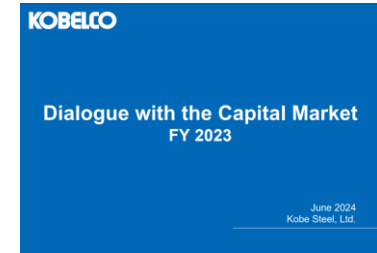


## Dialogue with the Capital Market

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)

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### ◆ DXStocks2025 (Apr. 2025)



Noteworthy  
DX Companies2025  
Digital Transformation

Selected for inclusion in  
Noteworthy DX Companies  
2025 under the Digital  
Transformation Stock  
Selection (DX Stocks) 2025  
for the first time



<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 <b>Quality Charter</b></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>

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