Financial Results for the First Quarter of Fiscal 2026 and Forecast for the Full Fiscal Year

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Kobe Steel, Ltd.

KOBELCO

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Summary

Financial Results for the First Quarter of Fiscal 2026

- Activity levels in key demand sectors were sluggish, remaining at a similar level year on year. Cost increases due to higher crude oil prices, triggered by the worsening situation in the Middle East, have become evident.
- **Ordinary profit decreased year on year to 22.6 billion yen.** While the impact of inventory valuation has improved, primarily due to increased aluminum and copper ingot prices, steel metal spreads have deteriorated.
- **Quarterly profit attributable to owners of parent also decreased year on year to 12.1 billion yen**, primarily due to the loss of gains on the sale of cross-shareholdings recorded in the same period of the previous fiscal year.

Forecast for Fiscal 2026

- From the second quarter onward, the demand environment is expected to remain sluggish, particularly in the automotive, construction, and civil engineering sectors.
- Although **the situation in the Middle East is** expected to gradually normalize from the second quarter onward, **an annual negative earnings impact of 12.0 billion yen (worsened by 2.0 billion yen from the previous forecast)** is projected, reflecting cost increases due to higher crude oil prices, among other factors.
- Despite the impact of the Middle East situation and a projected deterioration in steel metal spreads, **the forecasts for ordinary profit, profit attributable to owners of parent, and ROIC remain unchanged from the previous forecast at 120.0 billion yen, 100.0 billion yen, and approximately 5.5%**, respectively, primarily due to an increase in inventory valuation gains.
- The forecast for free cash flow has been revised downward to 0 billion yen, reflecting the deterioration in ordinary profit excluding inventory valuation.
- The net assets ratio and the D/E ratio are expected to remain at approximately 49% and 0.55 times, respectively, unchanged from the previous forecast.

Return to Shareholders

- The interim and annual dividends remain at 40 yen and 80 yen, respectively, as previously announced (dividend payout ratio: 31.7%).

Summary of Financial Results and Forecast

Financial Results for the First Quarter of Fiscal 2026

		Year on year
Net Sales	578.3 billion yen	9.2 billion yen
Ordinary Profit (Loss)	22.6 billion yen	(6.0) billion yen
Excluding Inventory Valuation	11.6 billion yen	(21.0) billion yen
Quarterly Profit (Loss) Attributable to Owners of Parent	12.1 billion yen	(26.4) billion yen

Fiscal 2026 Full-Year Earnings Forecast

		Year on year
Net Sales	2,690.0 billion yen	130.0 billion yen
Ordinary Profit (Loss)	120.0 billion yen	–
Excluding Inventory Valuation	99.5 billion yen	(16.0) billion yen
Profit (Loss) Attributable to Owners of Parent	100.0 billion yen	–

Financial Indicators Fiscal 2026 Full-Year Earnings Forecast

- ROIC : Approx. 5.5% (unchanged from the previously forecast)
- ROE : Approx. 7.5% (unchanged from the previously forecast)
- Net assets ratio : Approx. 49% (unchanged from the previously forecast)
- Gross D/E ratio : Approx. 0.55 times (unchanged from the previously forecast)

Return to Shareholders

- The Company's policy is to pay an interim dividend of 40 yen and an annual dividend of 80 yen per share (unchanged from the previously announced)

Impact of the Middle East Situation

- **A negative earnings impact of 5.5 billion yen became evident in the first quarter,** reflecting cost increases due to higher crude oil prices, among other factors.
- Although there are plans to pass on increased costs to selling prices from the second quarter onward, **an annual negative earnings impact of 12.0 billion yen is projected,** partly due to anticipated delays in implementing cost pass-through.

Potential Risks Identified and Current Estimate of Earnings Impact	Current 1Q	Current Full Year	Reference Previous forecast
Higher logistics costs, rising energy and other material prices, and delays in cost pass-through, resulting from elevated crude oil prices	(4.5)	(10.0)	(10.0)
Higher procurement costs for alternative raw materials in the aluminum businesses	—	(1.0)	(1.0)
Middle East-related sales declines and timing delays in the machinery businesses	(0.5)	(0.5)	(6.0)
Reduced supply of oil-related products and logistics disruptions, leading to constraints in our production and shipment	—	—	(α)
Emergence of negative impacts on the production and sales activities of customers and business partners	(0.5)	(0.5)	(α)
	(5.5)	(12.0)	(20.0)*

*The previous forecast factored in an earnings risk of 10.0 billion yen out of the estimated annual negative impact of 20.0 billion yen, assuming the situation would be resolved by the end of the first half.

Breakdown of Middle East-Related Earnings Impact by Segment

Steel Products: (6.0), Aluminum Rolled Products: (3.0), Advanced Materials: (2.0), Machinery: (0.5), Construction Machinery: (0.5)

Financial Results for the First Quarter of Fiscal 2026

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(Billions of yen)	FY2025 Actual 1Q ①	FY2025 Actual 1H	FY2025 Actual Full Year	FY2026 Forecast (Current) 1Q ②	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) Full Year	Change ②−①
Net Sales	**569.0**	1,181.4	**2,436.5**	**578.3**	1,300.0	**2,690.0**	9.2
Operating Profit (Loss)	**31.3**	62.5	**129.8**	**20.4**	65.0	**150.0**	(10.8)
Ordinary Profit (Loss)	**28.7**	57.6	**121.3**	**22.6**	50.0	**120.0**	(6.0)
Excluding Inventory Valuation	**32.7**	64.1	**125.8**	**11.6**	33.0	**99.5**	(21.0)
Extraordinary Income (Losses)	**16.7**	17.9	**(0.4)**	**2.7**	2.7	**10.0**	(14.0)
Profit (Loss) Attributable to Owners of Parent	**38.6**	62.8	**93.7**	**12.1**	35.0	**100.0**	(26.4)

Net Sales

Net sales remained roughly flat year on year, primarily due to the extended statutory inspection of the Kobe Power Plant Unit No. 3 unit in the electric power segment, despite higher selling prices in the materials businesses resulting from increased aluminum and copper ingot prices.

Ordinary Profit (Loss)

Despite an improvement in inventory valuation in the materials businesses resulting from increased aluminum and copper ingot prices, ordinary profit decreased year on year, primarily due to a deterioration in steel metal spreads.

Profit (Loss) Attributable to Owners of Parent

Profit attributable to owners of parent decreased year on year, due to a decrease in extraordinary income resulting from the loss of gains on the sale of cross-shareholdings and other assets recorded in the previous fiscal year.

Financial Results for the First Quarter of Fiscal 2026 : Analysis of Ordinary Profit (Loss)(Year on year)

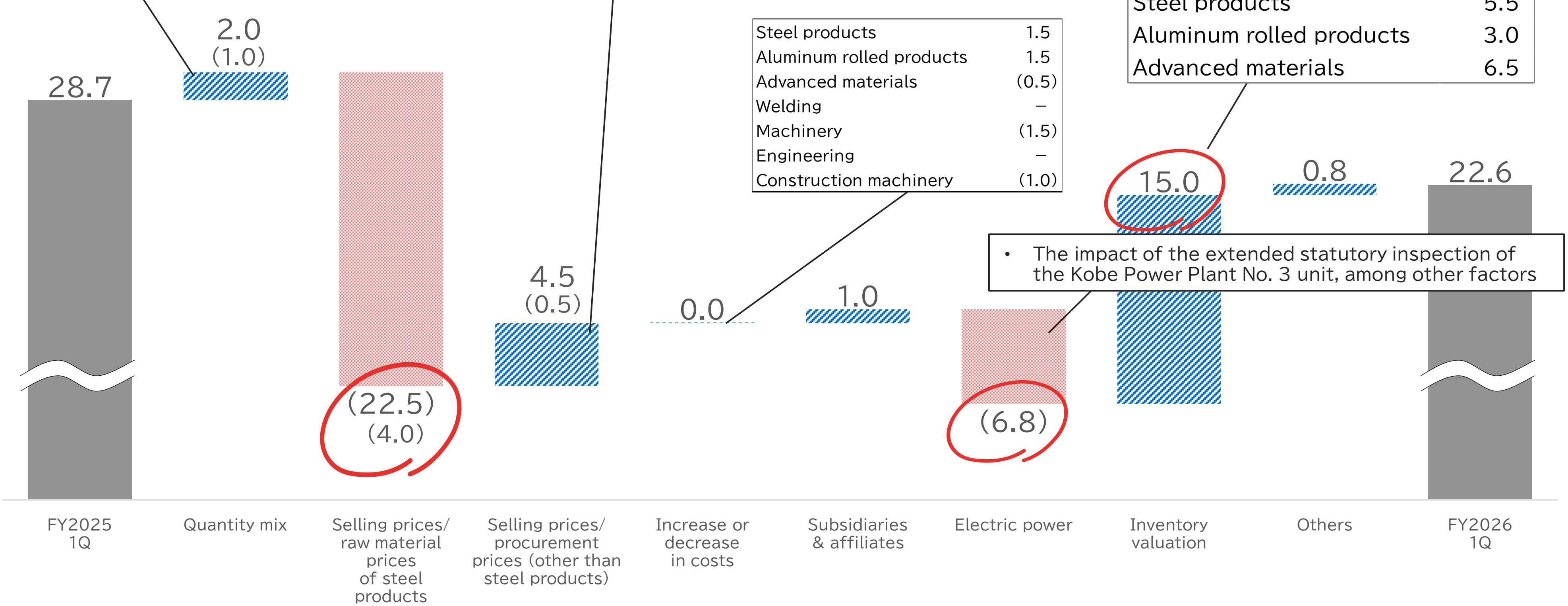
(6.0) billion yen

Steel products	(1.5)
Aluminum rolled products	0.5
Advanced materials	1.0
Welding	1.0
Machinery	(2.5)
Engineering	4.5
Construction machinery	(1.0)

Business	Selling/ procurement prices	Exchange rates
Aluminum rolled products	(0.5)	0.5
Advanced materials	1.0	–
Welding	0.5	–
Construction machinery	–	3.0
Total	1.0	3.5

<Impact of the Middle East Situation>

Quantity mix	(1.0)
Selling prices/ Procurement prices	(4.5)
Total	(5.5)



Steel products	1.5
Aluminum rolled products	1.5
Advanced materials	(0.5)
Welding	–
Machinery	(1.5)
Engineering	–
Construction machinery	(1.0)

Steel products	5.5
Aluminum rolled products	3.0
Advanced materials	6.5

- The impact of the extended statutory inspection of the Kobe Power Plant No. 3 unit, among other factors

*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 2026 : Ordinary Profit (Loss) by Segment

	FY2025 1Q	FY2026 1Q	Change	
Steel Products	6.0	(7.7)	(13.8)	Down primarily due to a deterioration in metal spreads resulting from higher raw material prices, despite an improvement in inventory valuation.
Excluding Inventory Valuation	10.5	(8.7)	(19.3)	
Aluminum Rolled Products	(0.5)	5.4	5.9	Up primarily due to a decrease in depreciation expenses resulting from fixed asset impairment and an increase in inventory valuation gains.
Excluding Inventory Valuation	(1.0)	1.9	2.9	
Advanced Materials	0.0	8.1	8.0	Up primarily due to an increase in sales volume for semiconductor manufacturing equipment and an improvement in inventory valuation.
Excluding Inventory Valuation	0.0	1.6	1.5	
Welding	0.9	2.3	1.4	Up primarily due to an increase in sales volume and the progress in cost pass-through.
Materials Businesses Total	**6.4**	**8.1**	**1.6**	
Machinery	10.5	6.2	(4.2)	Down primarily due to a decrease in sales for the energy and chemical sectors.
Engineering	1.1	6.0	4.8	Up primarily due to an increase in sales in the DRI-related business.
Construction Machinery	1.2	0.9	(0.2)	Down primarily due to higher procurement costs and a deterioration in the sales mix, despite gains from the weaker yen and the progress in cost pass-through.
Machinery Businesses Total	**12.8**	**13.2**	**0.3**	
Electric Power	8.5	1.6	(6.8)	Down primarily due to the extended statutory inspection period for the Kobe Power Plant No. 3 unit and the elimination of gains from changes in coal prices.

Fiscal 2026 : Assumption of Business Environment for 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) Demand in Japan is **expected to remain similar to the previous forecast**, while overseas demand is **expected to decrease from the previous forecast** due to Middle East-related factors and decreased sales by Japanese automakers in China.
IT and semiconductors	(Aluminum rolled products, aluminum castings and forgings, and copper rolled products) Demand for HDDs and semiconductor manufacturing equipment is **expected to remain similar to the previous forecast,** along with continued solid investment in data centers.
Shipbuilding	(Steel products, steel castings and forgings, and welding) Despite strong demand, demand is **expected to remain similar to the previous forecast**, affected by continued labor shortages and other factors.
Aircraft	(Titanium, and aluminum castings and forgings) Demand is **expected to remain similar to the previous forecast,** along with continued robust demand for aging aircraft replacement and new aircraft construction, among other factors.
Beverage cans	(Aluminum rolled products) Demand is **expected to remain similar to the previous forecast,** as sluggish demand continues amid rising prices and other factors.
Construction and civil engineering	(Steel products and welding) Demand is **expected to remain similar to the previous forecast,** primarily due to continued postponements of construction starts affected by labor shortages, escalating construction costs, and other factors.

Fiscal 2026 :
Assumption of Business Environment for Machinery Businesses

(Machinery)

Energy and chemistry	Demand is expected to remain similar to the previous forecast, as investment decisions continue to be deferred amid global economic uncertainty, including the situation in the Middle East.
General industry	Domestic demand is expected to remain steady. Overseas demand is expected to remain sluggish, as market conditions in China have yet to recover.

(Construction machinery—Hydraulic excavators)

Japan	Demand is **expected to remain similar to the previous forecast**, as sluggish demand continues due to labor shortages and rising prices.
China	Demand is **expected to exceed the previous forecast**, driven by government-led farmland reform policies.
North America	Demand is **expected to remain similar to the previous forecast**, supported by continued steady demand for construction.
Europe	Demand is **expected to fall below the previous forecast**, reflecting deteriorating business sentiment and diminishing investment appetite associated with the situation in the Middle East, among other factors.
Southeast Asia	Demand is **expected to fall below the previous forecast**, due to project delays associated with the situation in the Middle East, among other factors.

Forecast for Fiscal 2026

(Billions of yen)	FY2026 Forecast (Previous) 1H	2H	Full Year ①	FY2026 Forecast (Current) 1H	2H	Full Year ②	Change ②−①
Net Sales	1,240.0	1,320.0	**2,560.0**	1,300.0	1,390.0	**2,690.0**	130.0
Operating Profit (Loss)	60.0	90.0	**150.0**	65.0	85.0	**150.0**	–
Ordinary Profit (Loss)	45.0	75.0	**120.0**	50.0	70.0	**120.0**	–
Excluding Inventory Valuation	41.5	74.0	**115.5**	33.0	66.5	**99.5**	(16.0)
Extraordinary Income (Loss)	3.0	7.0	**10.0**	2.7	7.3	**10.0**	–
Profit (Loss) Attributable to Owners of Parent	35.0	65.0	**100.0**	35.0	65.0	**100.0**	–

Net Sales

Net sales are expected to exceed the previous forecast, due to higher selling prices in the materials businesses and the electric power business, resulting from increased raw material prices, among other factors.

Ordinary Profit (Loss)

Despite a deterioration in steel metal spreads and increased raw material and procurement costs, impacted by the Middle East situation, ordinary profit is expected to remain at a similar level to the previous forecast due to an increase in inventory valuation gains.

Profit (Loss) Attributable to Owners of Parent

Profit attributable to owners of parent is expected to remain unchanged from the previous forecast.

Forecast for Fiscal 2026 :
Analysis of Ordinary Profit (Loss) (Compared to the previous forecast)

0.0 billion yen

<Impact of the Middle East Situation>

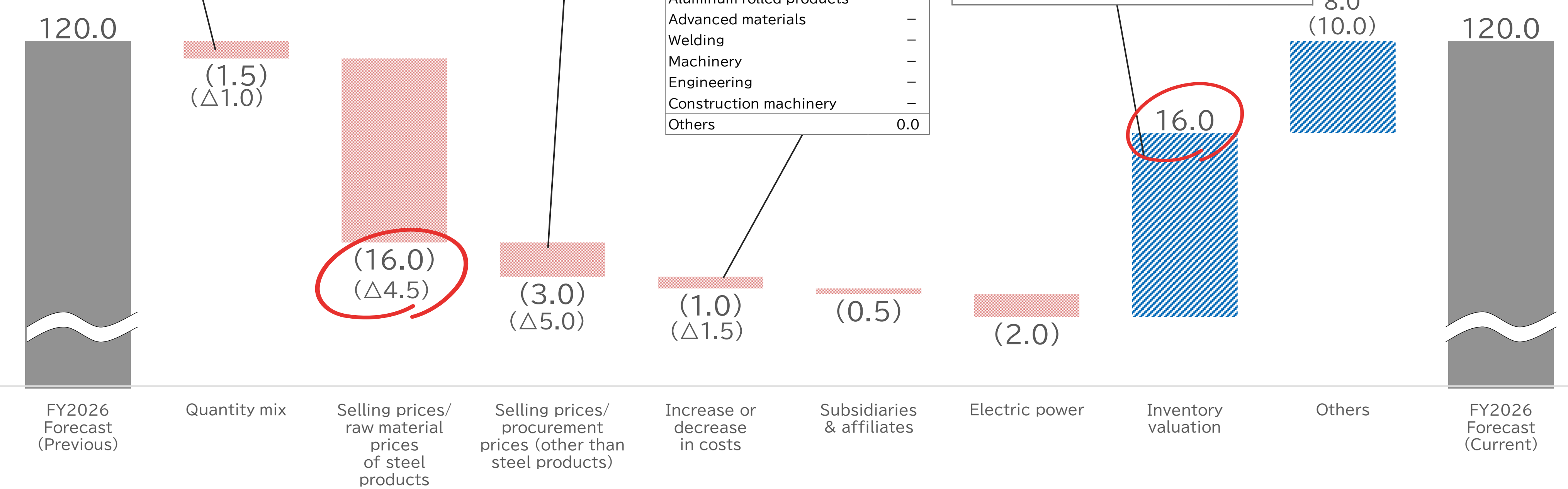
Quantity mix	(1.0)
Selling prices/ Procurement prices	(9.5)
Increase or decrease in costs	(1.5)
Others	10.0
Total	(2.0)

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

Business	Selling/ procurement prices	Exchange rates
Aluminum rolled products	(2.5)	–
Advanced materials	(2.0)	–
Welding	(0.5)	–
Construction machinery	(1.5)	3.5
Total	(6.5)	3.5

Steel products	(1.0)
Aluminum rolled products	–
Advanced materials	–
Welding	–
Machinery	–
Engineering	–
Construction machinery	–
Others	0.0

Steel products	10.0
Aluminum rolled products	3.0
Advanced materials	3.0



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

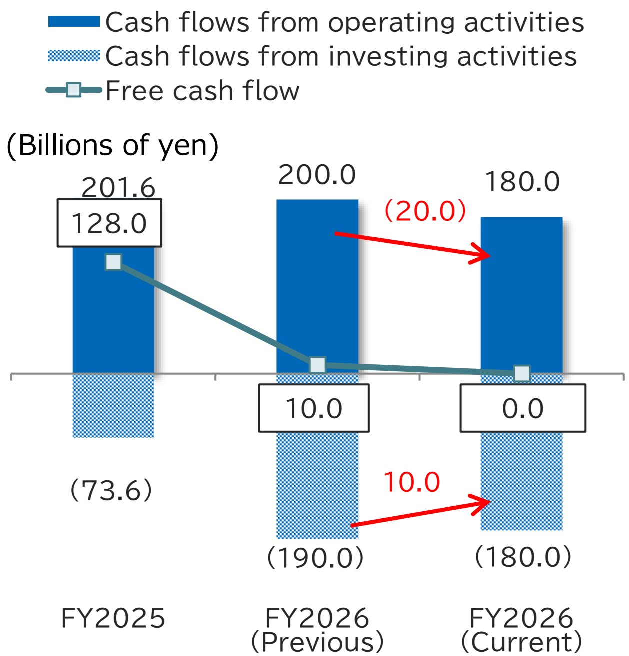
Forecast for Fiscal 2026 : Ordinary Profit (Loss) by Segment

	FY2026 Previous	FY2026 Current	Change	
Steel Products	19.5	14.0	(5.5)	Down primarily due to a deterioration in metal spreads caused by the impact of the Middle East situation and delays in cost pass-through, despite an increase in inventory valuation gains.
Excluding Inventory Valuation	17.5	2.0	(15.5)	
Aluminum Rolled Products	5.5	5.5	0.0	The same as previously forecast, despite an increase in inventory valuation gains, due to higher procurement costs resulting from the impact of the Middle East situation and other factors.
Excluding Inventory Valuation	4.0	1.0	(3.0)	
Advanced Materials	10.0	11.0	1.0	Up from the previous forecast, primarily due to an increase in inventory valuation gains, despite higher procurement costs resulting from the impact of the Middle East situation and other factors.
Excluding Inventory Valuation	9.0	7.0	(2.0)	
Welding	6.5	6.5	0.0	The same as previously forecast.
Materials Businesses Total	**41.5**	**37.0**	**(4.5)**	
Machinery	40.0	40.0	0.0	The same as previously forecast.
Engineering	11.5	11.5	0.0	The same as previously forecast.
Construction Machinery	16.0	16.0	0.0	The same as previously forecast, despite a deterioration in the sales mix, due to gains from the depreciation of the yen and other factors.
Machinery Businesses Total	**67.5**	**67.5**	**0.0**	
Electric Power	32.0	30.0	(2.0)	Down primarily due to the extended statutory inspection period for the Kobe Power Plant No. 3 unit.
Others Businesses and Adjustment	(21.0)	(14.5)	6.5	Reflecting the risk of the Middle East situation (¥10.0 billion in the previous forecast) in the earnings of each segment.

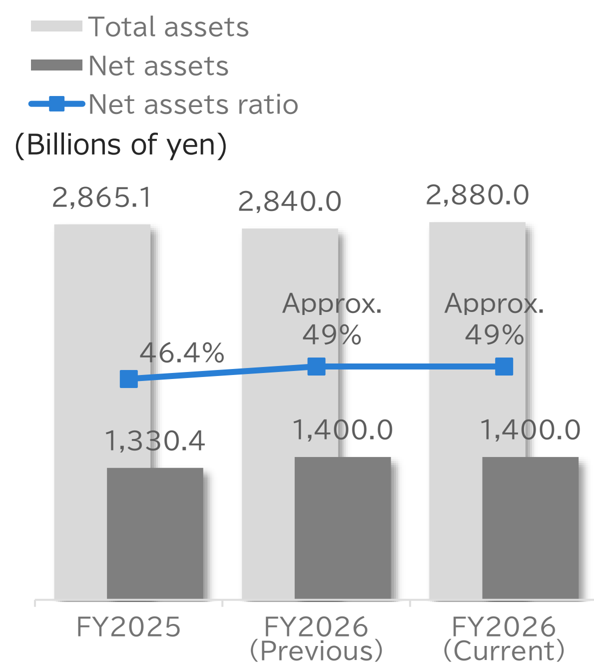
Cash Flow Status

- Cash flows from operating activities are expected to decrease by 20.0 billion yen from the previous forecast to 180.0 billion yen, primarily due to a deterioration in ordinary profit excluding inventory valuation. Free cash flow is expected to be approximately break-even.
- The balance of interest-bearing debt is expected to remain unchanged from the previous forecast. The net assets ratio and the D/E ratio are expected to be approx. 49% and 0.55 times, respectively.

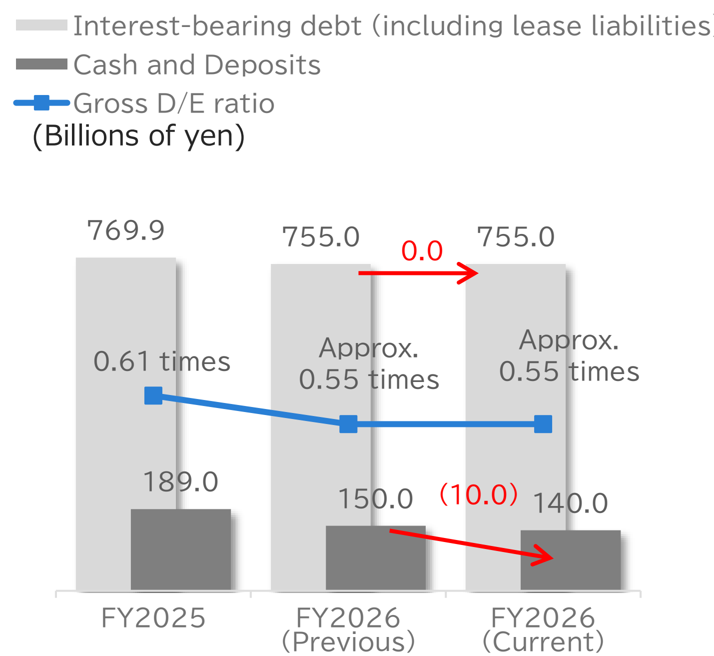
Cash flow



Net assets ratio



Gross D/E ratio



Return to Shareholders

The Company's policy of paying an interim dividend of 40 yen and an annual dividend of 80 yen per share remains unchanged from the previous announcement.

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.

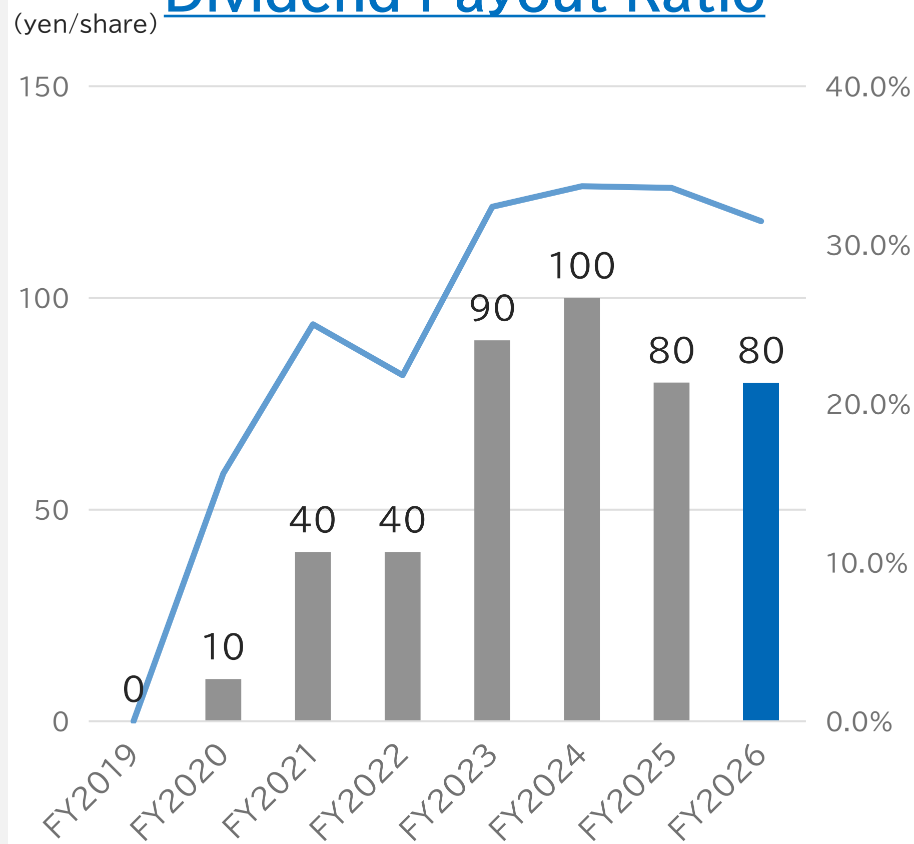
Medium-Term Management Plan (Fiscal 2024–2026)

Dividend payout ratio: approx. 30%

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

FY2025		FY2026(policy)	
Interim	Year-end	Interim	Year-end
40 yen	40 yen	40 yen	40 yen
80 yen		80 yen	
33.6%		31.7%	

Dividend and Dividend Payout Ratio



Segment Information

Financial Results for the First Quarter of Fiscal 2026 and Forecast for Fiscal 2026

KOBELCO

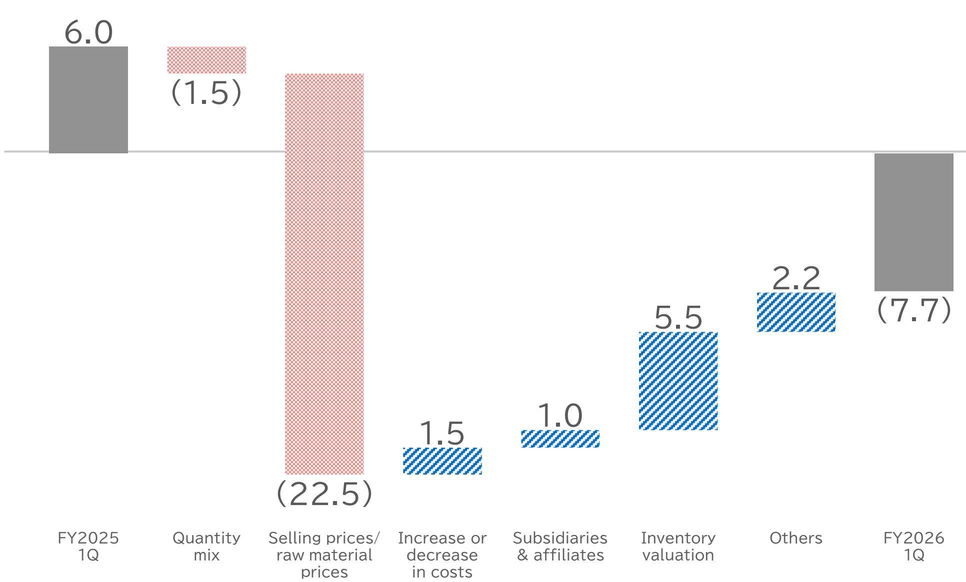
(Billions of yen)	FY2025 Actual 1Q ①	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1Q ④	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1Q ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Steel & Aluminum	257.8	**996.9**	499.0	523.0	**1,022.0**	**250.1**	513.0	540.0	**1,053.0**	(7.6)	56.0	31.0
Advanced Materials	75.9	**332.8**	174.0	185.0	**359.0**	**92.5**	190.0	195.0	**385.0**	16.5	52.1	26.0
Welding	22.6	**96.4**	49.0	51.0	**100.0**	**26.2**	51.0	52.0	**103.0**	3.6	6.5	3.0
Machinery	66.1	**282.7**	144.0	135.0	**279.0**	**59.7**	138.0	142.0	**280.0**	(6.4)	(2.7)	1.0
Engineering	32.3	**193.8**	88.0	108.0	**196.0**	**39.7**	86.0	115.0	**201.0**	7.3	7.1	5.0
Construction Machinery	83.5	**389.5**	206.0	223.0	**429.0**	**87.5**	214.5	237.5	**452.0**	3.9	62.4	23.0
Electric Power	45.8	**203.2**	107.0	112.0	**219.0**	**34.8**	112.0	121.0	**233.0**	(10.9)	29.7	14.0
Other Businesses	1.4	**5.8**	3.0	3.0	**6.0**	**1.3**	3.0	3.0	**6.0**	(0.0)	0.1	–
Adjustment	(16.8)	**(64.9)**	(30.0)	(20.0)	**(50.0)**	**(13.9)**	(7.5)	(15.5)	**(23.0)**	2.8	41.9	27.0
Net Sales	569.0	**2,436.5**	1,240.0	1,320.0	**2,560.0**	**578.3**	1,300.0	1,390.0	**2,690.0**	9.2	253.4	130.0
Operating Profit (Loss)	31.3	**129.8**	60.0	90.0	**150.0**	**20.4**	65.0	85.0	**150.0**	(10.8)	20.1	–
Steel & Aluminum	5.4	**2.8**	8.5	16.5	**25.0**	**(2.3)**	2.5	17.0	**19.5**	(7.8)	16.6	(5.5)
Advanced Materials	0.0	**8.7**	5.0	5.0	**10.0**	**8.1**	6.0	5.0	**11.0**	8.0	2.2	1.0
Welding	0.9	**5.8**	3.0	3.5	**6.5**	**2.3**	3.5	3.0	**6.5**	1.4	0.6	–
Machinery	10.5	**46.7**	18.5	21.5	**40.0**	**6.2**	18.0	22.0	**40.0**	(4.2)	(6.7)	–
Engineering	1.1	**12.6**	5.0	6.5	**11.5**	**6.0**	7.0	4.5	**11.5**	4.8	(1.1)	–
Construction Machinery	1.2	**12.3**	5.5	10.5	**16.0**	**0.9**	6.0	10.0	**16.0**	(0.2)	3.6	–
Electric Power	8.5	**34.7**	12.0	20.0	**32.0**	**1.6**	9.5	20.5	**30.0**	(6.8)	(4.7)	(2.0)
Other Businesses	0.2	**5.0**	2.5	2.5	**5.0**	**1.5**	2.5	2.5	**5.0**	1.2	(0.0)	–
Adjustment	0.5	**(7.6)**	(15.0)	(11.0)	**(26.0)**	**(1.8)**	(5.0)	(14.5)	**(19.5)**	(2.4)	(11.8)	6.5
Ordinary Profit (Loss)	28.7	**121.3**	45.0	75.0	**120.0**	**22.6**	50.0	70.0	**120.0**	(6.0)	(1.3)	–
Excluding Inventory Valuation	32.7	**125.8**	41.5	74.0	**115.5**	**11.6**	33.0	66.5	**99.5**	(21.0)	(26.3)	(16.0)
Extraordinary Income (Losses)	16.7	**(0.4)**	3.0	7.0	**10.0**	**2.7**	2.7	7.3	**10.0**	(14.0)	10.4	–
Profit (Loss) Attributable to Owners of Parent	38.6	**93.7**	35.0	65.0	**100.0**	**12.1**	35.0	65.0	**100.0**	(26.4)	6.2	–

Steel Products

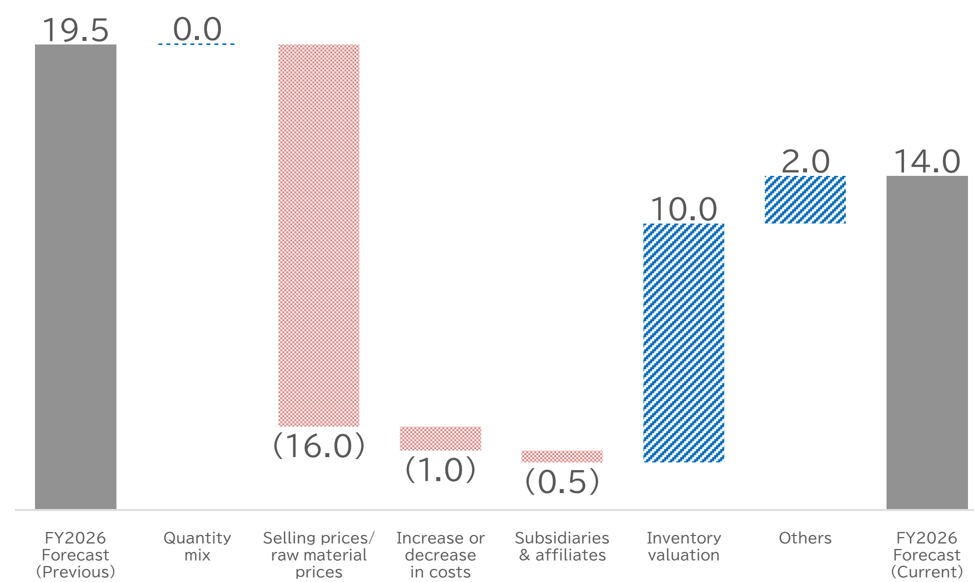
(Billions of yen)		FY2025 Actual 1Q ①	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1Q ④	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1Q ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales		212.0	822.2	402.0	421.0	823.0	199.5	412.0	438.0	850.0	(12.4)	27.7	27.0
Ordinary Profit (Loss)		6.0	3.8	6.5	13.0	19.5	(7.7)	(2.5)	16.5	14.0	(13.8)	10.1	(5.5)
Excluding Inventory Valuation		10.5	13.3	6.0	11.5	17.5	(8.7)	(12.0)	14.0	2.0	(19.3)	(11.3)	(15.5)
Crude steel production *1	(Millions of tons)	1.46	5.81	3.00	2.90	5.90	1.47	3.00	3.00	6.00	0.01	0.19	0.10
Sales volume of steel products *2	(Millions of tons)	1.15	4.63	2.35	2.35	4.70	1.14	2.40	2.40	4.80	(0.01)	0.17	0.10
Domestic		0.93	3.69				0.92				(0.01)		
Exports		0.23	0.94				0.22				(0.01)		
Export ratio (value basis)		20%	21%				20%				0%		
Average steel selling price	(Thousands of yen/ton)	138	133				133				(5)		

*1 Includes production volume through electric arc furnaces at Takasago Works
*2 Non-consolidated basis

Financial Results for the First Quarter of Fiscal 2026 (Year on year)



Forecast for Fiscal 2026 (Compared to the previous forecast)



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

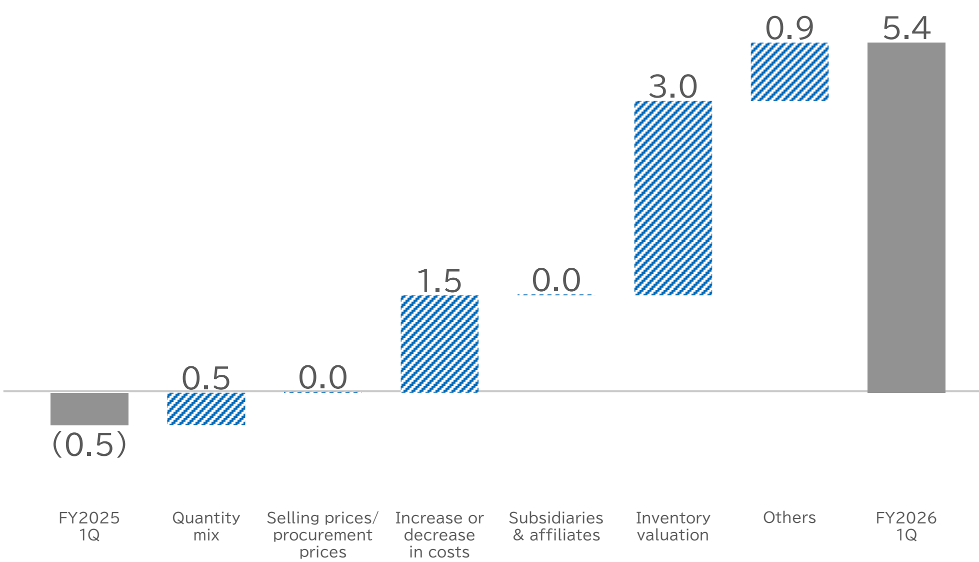
Aluminum Rolled Products

KOBELCO

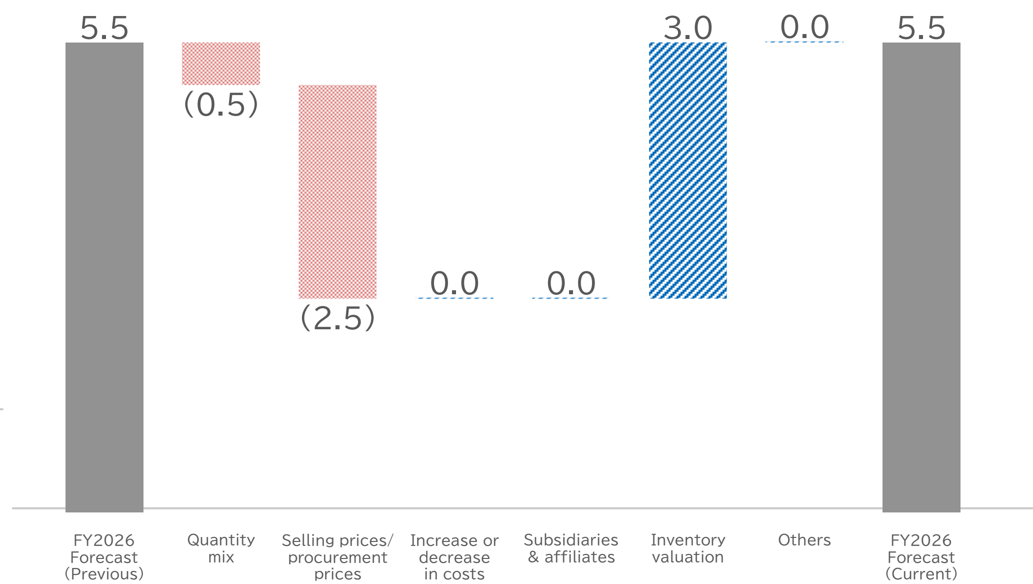
(Billions of yen)	FY2025 Actual 1Q ①	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1Q ④	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1Q ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales	45.7	174.6	97.0	102.0	199.0	50.6	101.0	102.0	203.0	4.8	28.3	4.0
Ordinary Profit (Loss)	(0.5)	(0.9)	2.0	3.5	5.5	5.4	5.0	0.5	5.5	5.9	6.4	–
Excluding Inventory Valuation	(1.0)	(3.4)	1.0	3.0	4.0	1.9	0.5	0.5	1.0	2.9	4.4	(3.0)
Sales volume of aluminum rolled products * (Thousands of tons)	70	263	140	145	285	71	140	145	285	1	22	–
Domestic	57	218				59				2		
Exports	12	45				12				(0)		

* Consolidated basis

Financial Results for the First Quarter of Fiscal 2026 (Year on year)



Forecast for Fiscal 2026 (Compared to the previous forecast)



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

Advanced Materials

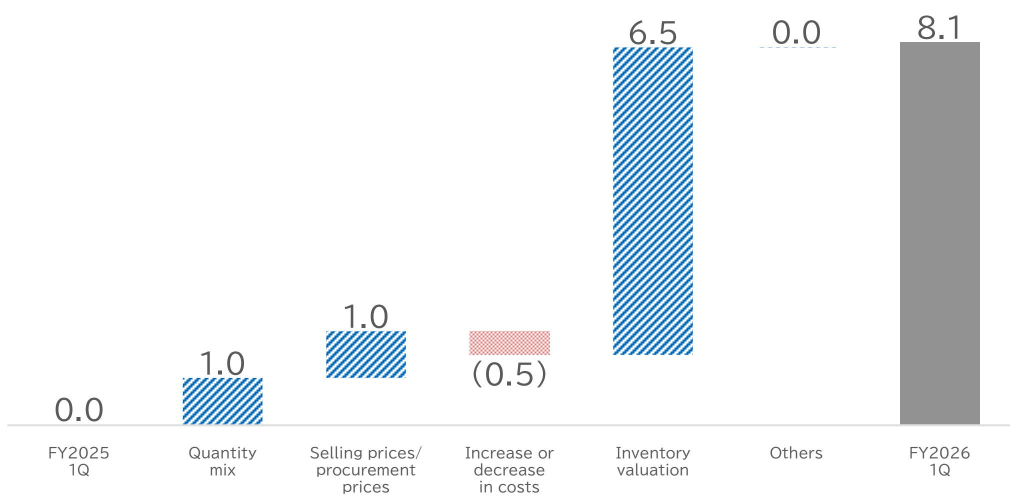
KOBELCO

(Billions of yen)		FY2025 Actual 1Q ①	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1Q ④	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1Q ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales		75.9	332.8	174.0	185.0	359.0	92.5	190.0	195.0	385.0	16.5	52.1	26.0
Ordinary Profit (Loss)		0.0	8.7	5.0	5.0	10.0	8.1	6.0	5.0	11.0	8.0	2.2	1.0
Excluding Inventory Valuation		0.0	6.2	3.0	6.0	9.0	1.6	3.0	4.0	7.0	1.5	0.8	(2.0)
Sales volume of aluminum extrusions*1	(Thousands of tons)	9	36	19	19	38	10	19	20	39	1	3	1
Domestic		7	28				7				1		
Exports		2	8				2				0		
Copper rolled products *2	(Thousands of tons)	13	54	29	30	59	13	28	32	60	1	6	1

*1 Consolidated basis

*2 Non-consolidated basis

Financial Results for the First Quarter of Fiscal 2026 (Year on year)



Forecast for Fiscal 2026 (Compared to the previous forecast)

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

Welding

KOBELCO

(Billions of yen)		FY2025 Actual 1Q ①	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1Q ④	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1Q ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales		22.6	96.4	49.0	51.0	100.0	26.2	51.0	52.0	103.0	3.6	6.5	3.0
Ordinary Profit (Loss)		0.9	5.8	3.0	3.5	6.5	2.3	3.5	3.0	6.5	1.4	0.6	–
Sales volume of welding materials*	(Thousands of tons)	56	227	115	120	235	60	120	115	235	4	8	–
Domestic		21	91				24				3		
Exports		35	136				35				0		

* Consolidated basis

Financial Results for the First Quarter of Fiscal 2026 (Year on year)

Sales Volume	Domestic : Increased due to a gradual recovery in demand. Export : Roughly flat year on year.
Selling Prices	Increased due to yen depreciation, among other factors.
Cost	Increased centered on procurement costs.

Forecast for Fiscal 2026 (Compared to the previous forecast)

Sales Volume	Expected to remain similar to the previous forecast in both domestic and export markets.
Selling Prices	Expected to increase due to yen depreciation, among other factors.
Cost	Expected to increase centered on procurement costs.

Machinery

(Billions of yen)	FY2025 Actual 1Q ①	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1Q ④	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1Q ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales	66.1	**282.7**	144.0	135.0	**279.0**	**59.7**	138.0	142.0	**280.0**	(6.4)	(2.7)	1.0
Ordinary Profit (Loss)	10.5	**46.7**	18.5	21.5	**40.0**	**6.2**	18.0	22.0	**40.0**	(4.2)	(6.7)	–
Orders	59.3	**270.1**	130.0	135.0	**265.0**	**59.0**	130.0	140.0	**270.0**	(0.3)	(0.1)	5.0
Backlog of Orders	238.9	**241.2**				**239.9**				1.0		

Financial Results for the First Quarter of Fiscal 2026 (Year on year)

Orders: Remained steady year on year.

Ordinary Profit (Loss): Decreased primarily due to a decrease in sales of machine units for the energy and chemical sectors, among other factors.

Forecast for Fiscal 2026 (Compared to the previous forecast)

Orders: Expected to remain at a similar level to the previously forecast.

Ordinary Profit (Loss): Expected to remain unchanged from the previous forecast.

Engineering

(Billions of yen)	FY2025 Actual 1Q ①	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1Q ④	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1Q ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales	32.3	193.8	88.0	108.0	196.0	39.7	86.0	115.0	201.0	7.3	7.1	5.0
Ordinary Profit (Loss)	1.1	12.6	5.0	6.5	11.5	6.0	7.0	4.5	11.5	4.8	(1.1)	–
Orders	64.9	132.1	145.0	90.0	235.0	84.5	170.0	65.0	235.0	19.5	102.8	–
Backlog of Orders	470.1	386.0				436.7				(33.4)		

Financial Results for the First Quarter of Fiscal 2026 (Year on year)

Orders	Increased primarily due to orders for large-scale projects in the waste treatment-related and water treatment-related businesses, among other factors.
Ordinary Profit (Loss)	Increased due to an increase in sales in the DRI-related business.

Forecast for Fiscal 2026 (Compared to the previous forecast)

Orders	Expected to remain unchanged from the previous forecast.
Ordinary Profit (Loss)	Expected to remain unchanged from the previous forecast.

Construction Machinery

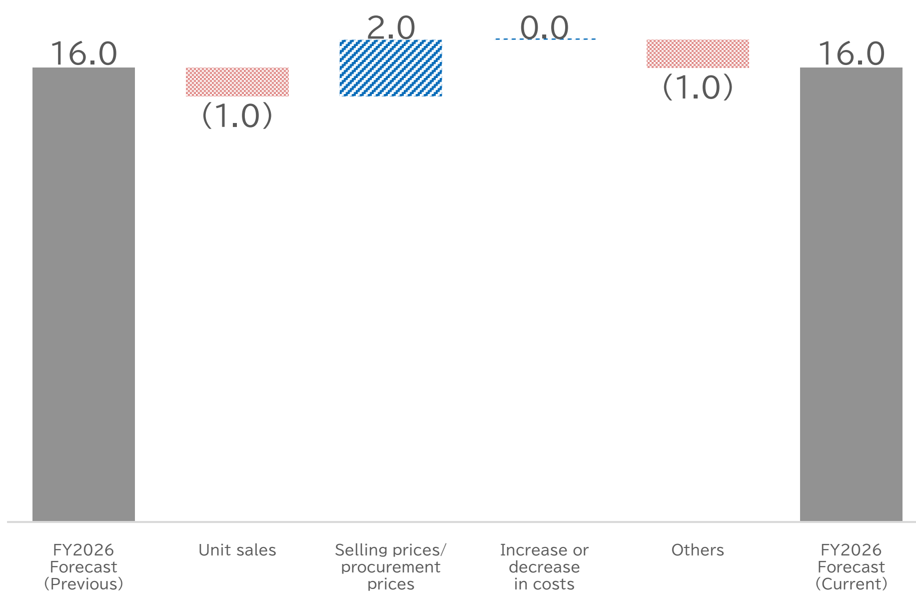
(Billions of yen)		FY2025 Actual 1Q ①	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1Q ④	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1Q ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales		83.5	389.5	206.0	223.0	429.0	87.5	214.5	237.5	452.0	3.9	62.4	23.0
Ordinary Profit (Loss)		1.2	12.3	5.5	10.5	16.0	0.9	6.0	10.0	16.0	(0.2)	3.6	–
Unit sales of hydraulic excavators *1	(Thousands of units)	4.5	21.0	10.5	11.5	22.0	4.5	10.5	11.5	22.0	(0.0)	1.0	–
Domestic		0.9	5.9				0.7				(0.2)		
Exports		3.6	15.1				3.7				0.2		
Unit sales of crawler cranes *2	(Units)	68	329	160	170	330	45	130	215	345	(23)	16	15

*1 Consolidated basis (including mini-excavators)

*2 Consolidated basis

Financial Results for the First Quarter of Fiscal 2026 (Year on year)

Forecast for Fiscal 2026 (Compared to the previous forecast)



Electric Power

KOBELCO

(Billions of yen)	FY2025 Actual 1Q ①	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1Q ④	FY2026 Forecast (Current) 1H	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1Q ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales	45.8	203.2	107.0	112.0	219.0	34.8	112.0	121.0	233.0	(10.9)	29.7	14.0
Ordinary Profit (Loss)	8.5	34.7	12.0	20.0	32.0	1.6	9.5	20.5	30.0	(6.8)	(4.7)	(2.0)
Time lags in fuel cost adjustments	1.0	1.0	–	–	–	0.0	0.0	–	0.0	(1.0)	(1.0)	–
Effect of temporary gains/losses from changes in electricity selling prices	–	3.0	–	–	–	–	–	–	–	–	(3.0)	–

Financial Results for the First Quarter of Fiscal 2026 (Year on year)

Sales Volume	Decreased primarily due to the extended statutory inspection of the Kobe Power Plant No. 3 unit and the increased statutory inspection days for the Kobe Power Plant No. 4 unit.
Unit Selling Price	Decreased due to fluctuations in coal prices.
Ordinary Profit (Loss)	Decreased primarily due to the extended statutory inspection period for the Kobe Power Plant No. 3 unit and the loss of gains from changes in coal prices.

Forecast for Fiscal 2026 (Compared to the previous forecast)

Sales Volume	Expected to decrease primarily due to the extended statutory inspection of the Kobe Power Plant No. 3 unit.
Unit Selling Price	Expected to increase due to fluctuations in coal prices.
Ordinary Profit (Loss)	Expected to decrease primarily due to the extended statutory inspection of the Kobe Power Plant No. 3 unit.

Reference Information

Exchange Rate Assumption

	FY2025 Actual				FY2026 Forecast (Previous)	FY2026 Forecast (Current)		
	1Q	1H	2H	Full Year	Full Year	1Q	2-4Q	Full Year
1 U.S. dollar to yen	143.8	146.1	156.2	151.1	150.0	160.7	155.0	156.4
1 Chinese yuan to yen	19.9	20.3	22.4	21.3	21.0	23.6	22.0	22.4
1 euro to yen	165.1	168.7	182.5	175.6	175.0	186.1	180.0	181.5

Analysis of Exchange Rate Sensitivity

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

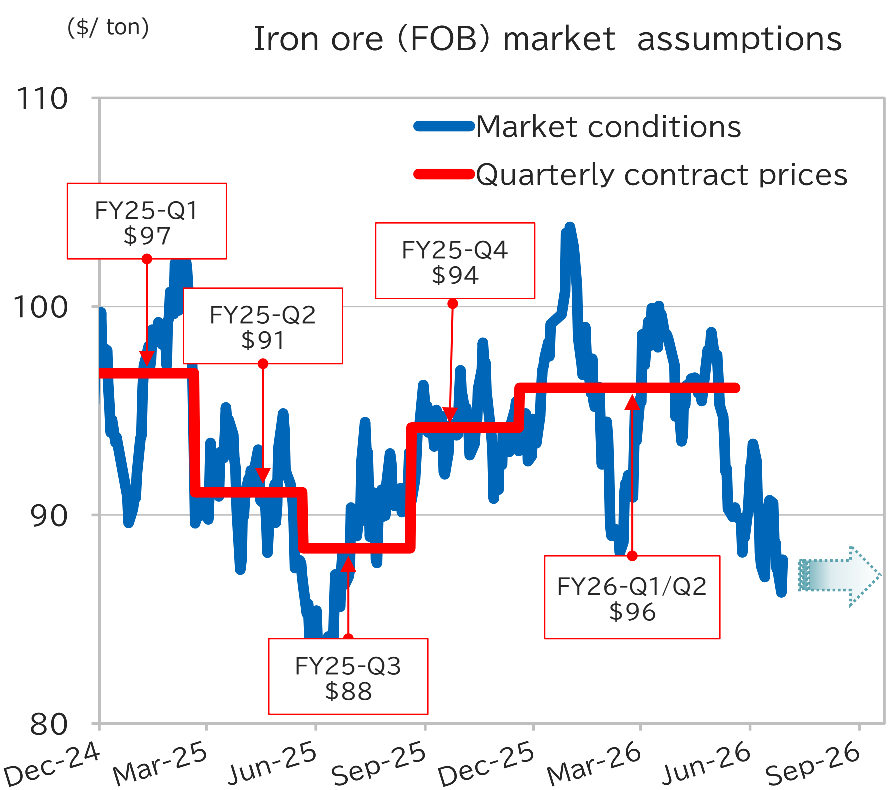
Steel products : Approx. (0.2) billion yen
(Impact of dollar balance: (0.7) billion yen
Inventory valuation, cost pass-through to selling prices, etc.: 0.5 billion yen)
Construction machinery : Approx. 0.2 billion yen (Impact of dollar balance)

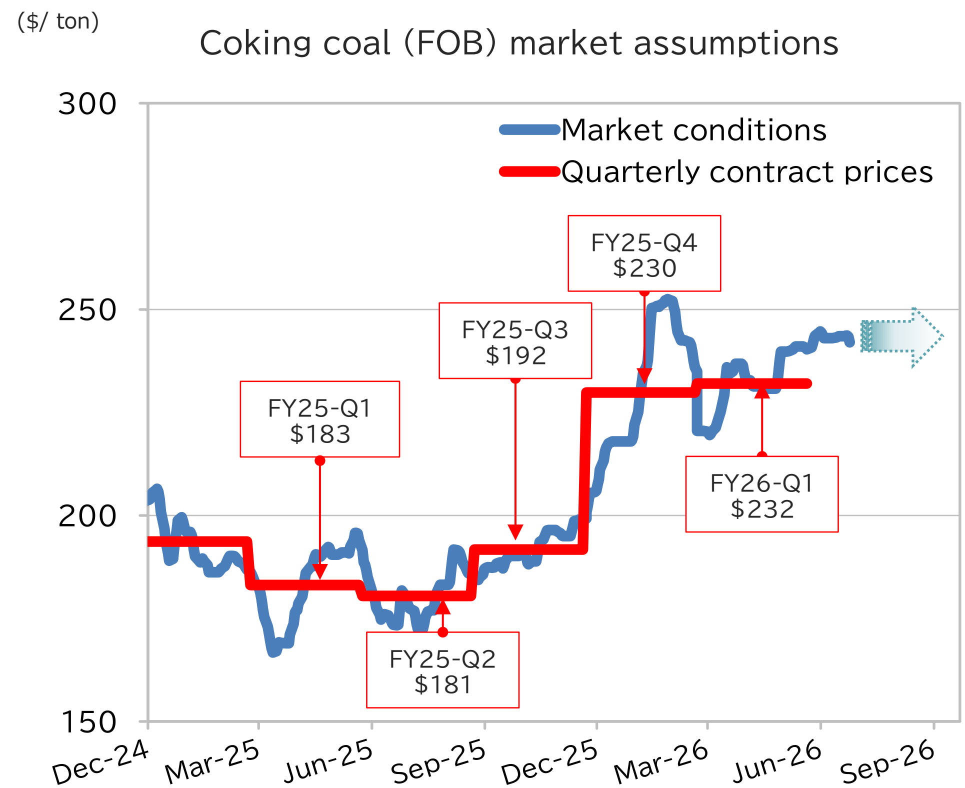
Impact of the 1 yen depreciation against the euro on future business performance
Construction machinery : Approx. 0.2 billion yen (Impact of euro balance)

Raw Material Market Assumption

KOBELCO

Iron ore	The price for fiscal 2026 2Q has been settled at \$96. The price level for the second half of fiscal 2026 onward is assumed to remain at the current level.
Coking coal	The price for fiscal 2026 1Q has been settled at \$232. The price level for fiscal 2026 2Q onward is assumed to remain at the current level.
Thermal coal	From April to June 2026, the price ranged from approximately \$130 to \$150. The price level for fiscal 2026 2Q onward is assumed to remain at the current level.





Inventory Valuation

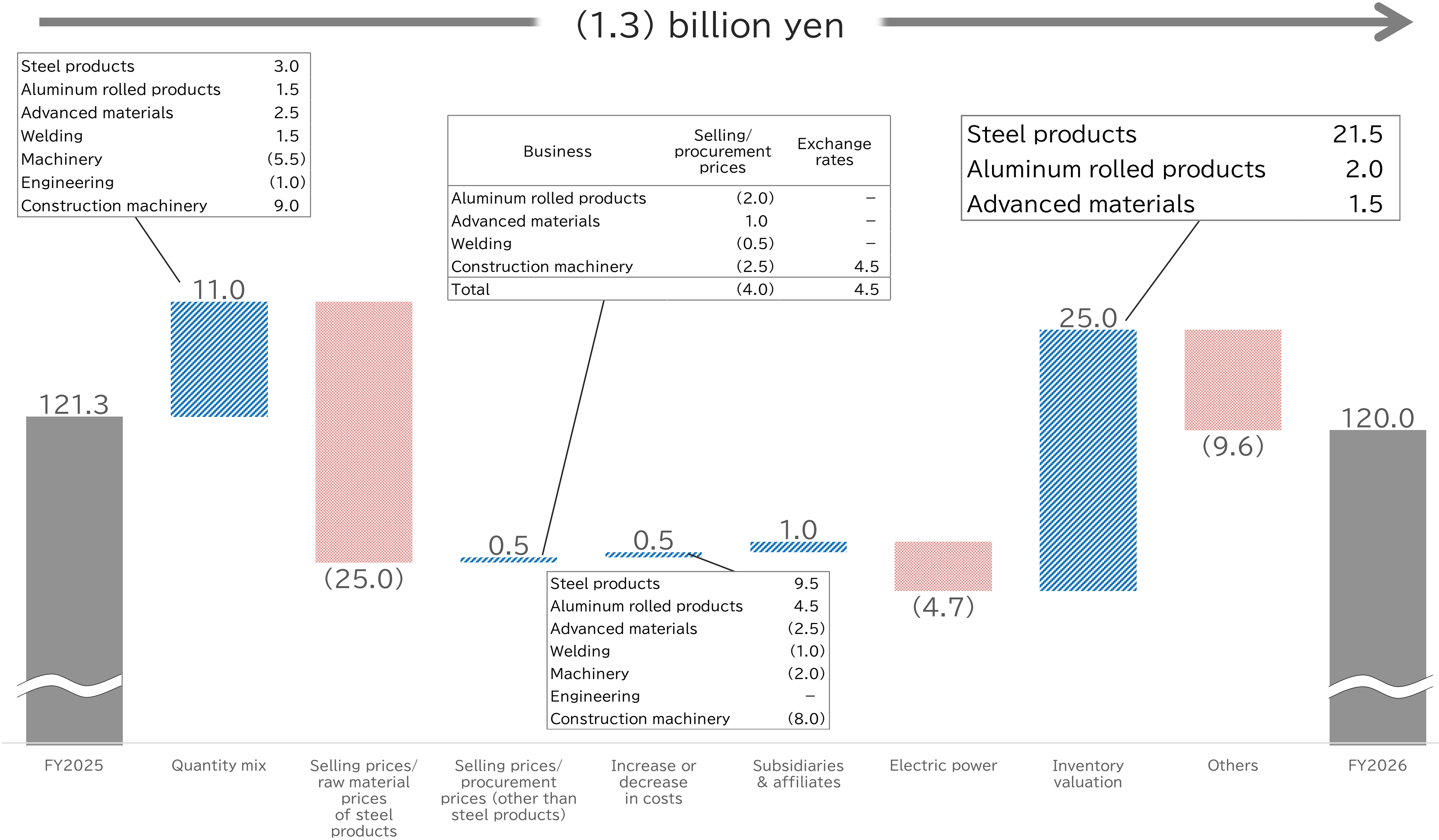
(Billions of yen)

Steel Products	FY2025 Actual				FY2026 Forecast (Previous)			FY2026 Forecast (Current)			
	1Q	1H	2H	Full Year	1H	2H	Full Year	1Q	1H	2H	Full Year
Iron ore	1.5	0.5	0.5	1.0	(0.5)	0.0	(0.5)	0.5	0.5	(2.0)	(1.5)
Coal	(0.5)	(0.5)	1.5	1.0	(0.5)	0.0	(0.5)	0.0	0.0	0.0	0.0
Carry over	**1.0**	**0.0**	**2.0**	**2.0**	**(1.0)**	**0.0**	**(1.0)**	**0.5**	**0.5**	**(2.0)**	**(1.5)**
Average method	(5.5)	(8.0)	(1.0)	(9.0)	(2.0)	0.5	(1.5)	7.0	7.0	2.0	9.0
Lower-of-cost-or-market method	1.0	0.0	(0.5)	(0.5)	2.5	1.0	3.5	(6.0)	2.5	0.5	3.0
Inventory valuation	**(4.5)**	**(8.0)**	**(1.5)**	**(9.5)**	**0.5**	**1.5**	**2.0**	**1.0**	**9.5**	**2.5**	**12.0**

Aluminum Rolled Products	FY2025 Actual				FY2026 Forecast (Previous)			FY2026 Forecast (Current)			
	1Q	1H	2H	Full Year	1H	2H	Full Year	1Q	1H	2H	Full Year
Average method	1.0	1.5	1.0	2.5	1.0	0.5	1.5	3.5	4.5	0.0	4.5
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
Inventory valuation	**0.5**	**1.0**	**1.5**	**2.5**	**1.0**	**0.5**	**1.5**	**3.5**	**4.5**	**0.0**	**4.5**

Advanced Materials	FY2025 Actual				FY2026 Forecast (Previous)			FY2026 Forecast (Current)			
	1Q	1H	2H	Full Year	1H	2H	Full Year	1Q	1H	2H	Full Year
Average method	1.0	2.0	1.5	3.5	3.0	(2.0)	1.0	7.0	3.0	1.0	4.0
Lower-of-cost-or-market method	(1.0)	(1.5)	0.5	(1.0)	(1.0)	1.0	0.0	(0.5)	0.0	0.0	0.0
Inventory valuation	**0.0**	**0.5**	**2.0**	**2.5**	**2.0**	**(1.0)**	**1.0**	**6.5**	**3.0**	**1.0**	**4.0**

Forecast for Fiscal 2026 : Analysis of Ordinary Profit (Loss) (Compared to fiscal 2025)



Steel products	3.0
Aluminum rolled products	1.5
Advanced materials	2.5
Welding	1.5
Machinery	(5.5)
Engineering	(1.0)
Construction machinery	9.0

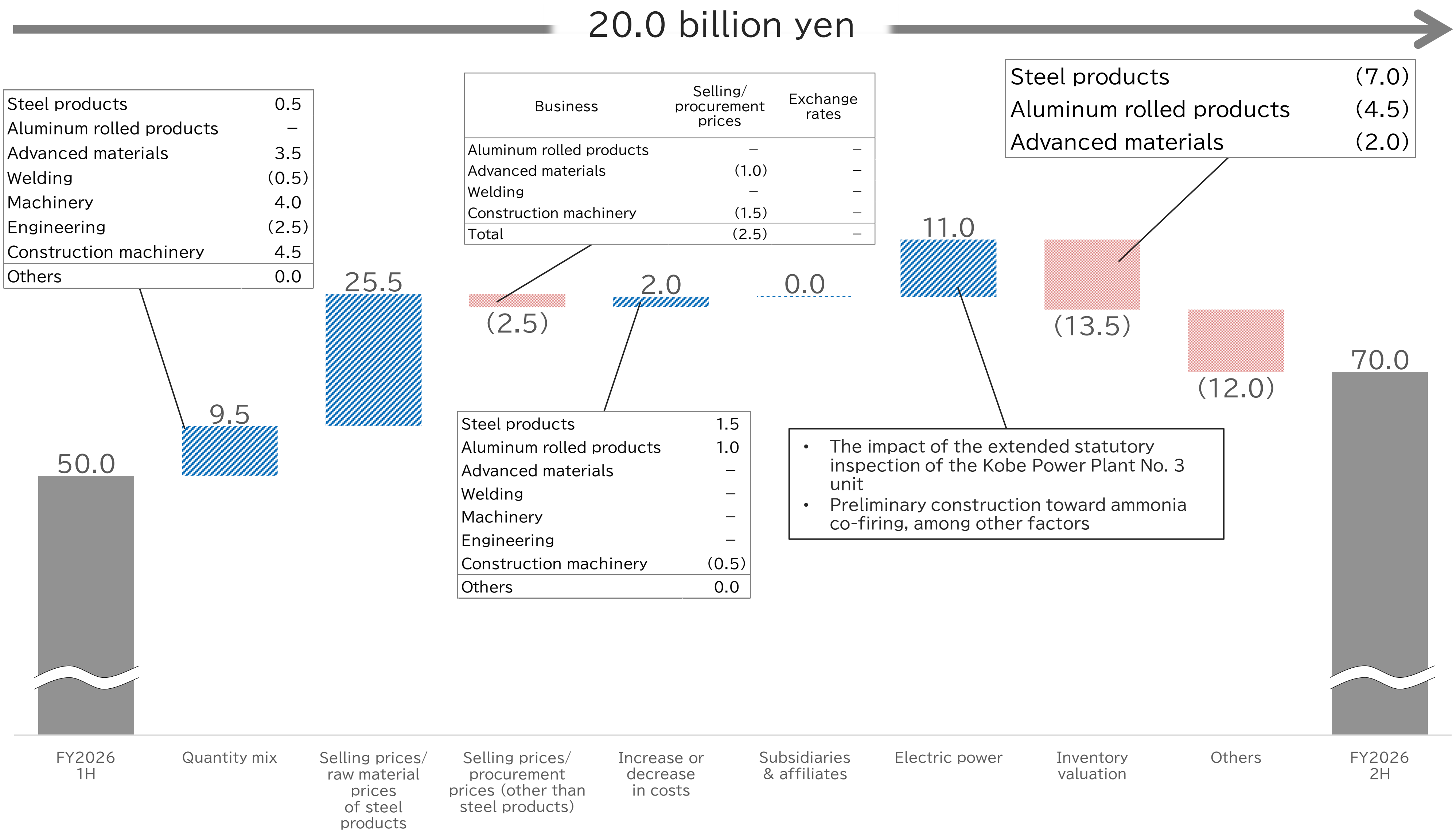
Business	Selling/ procurement prices	Exchange rates
Aluminum rolled products	(2.0)	–
Advanced materials	1.0	–
Welding	(0.5)	–
Construction machinery	(2.5)	4.5
Total	(4.0)	4.5

Steel products	9.5
Aluminum rolled products	4.5
Advanced materials	(2.5)
Welding	(1.0)
Machinery	(2.0)
Engineering	–
Construction machinery	(8.0)

Steel products	21.5
Aluminum rolled products	2.0
Advanced materials	1.5

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

Forecast for Fiscal 2026 : Breakdown of Differences Between the First and Second Half



Steel products	0.5
Aluminum rolled products	–
Advanced materials	3.5
Welding	(0.5)
Machinery	4.0
Engineering	(2.5)
Construction machinery	4.5
Others	0.0

Business	Selling/ procurement prices	Exchange rates
Aluminum rolled products	–	–
Advanced materials	(1.0)	–
Welding	–	–
Construction machinery	(1.5)	–
Total	(2.5)	–

Steel products	1.5
Aluminum rolled products	1.0
Advanced materials	–
Welding	–
Machinery	–
Engineering	–
Construction machinery	(0.5)
Others	0.0

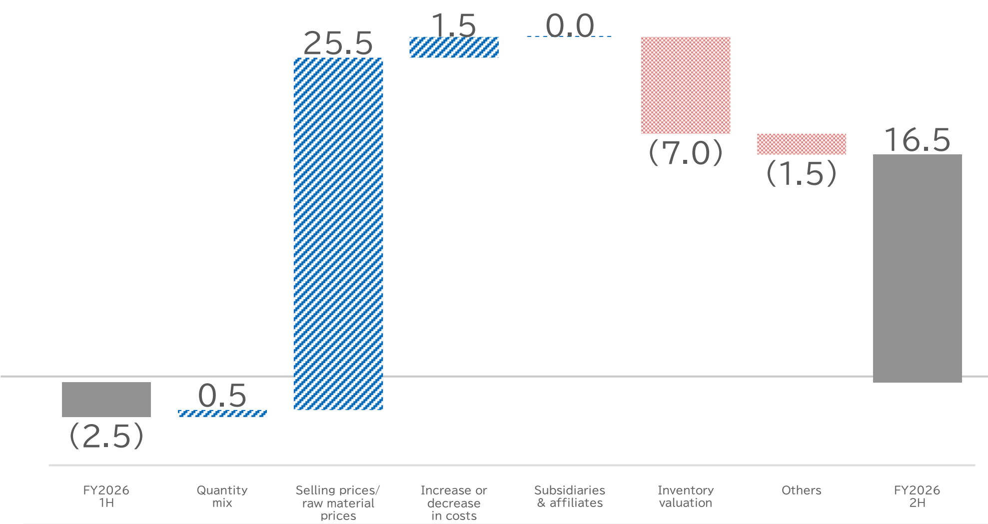
- The impact of the extended statutory inspection of the Kobe Power Plant No. 3 unit
- Preliminary construction toward ammonia co-firing, among other factors

Steel products	(7.0)
Aluminum rolled products	(4.5)
Advanced materials	(2.0)

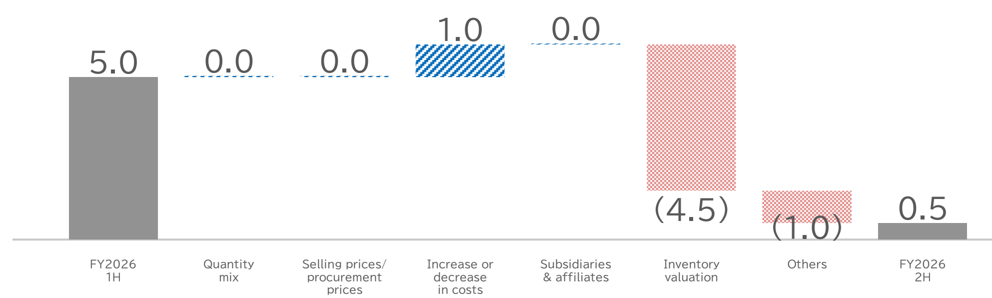
*The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

Breakdown of Differences between the First Half and the Second Half of Fiscal 2026 (Primary Segments)

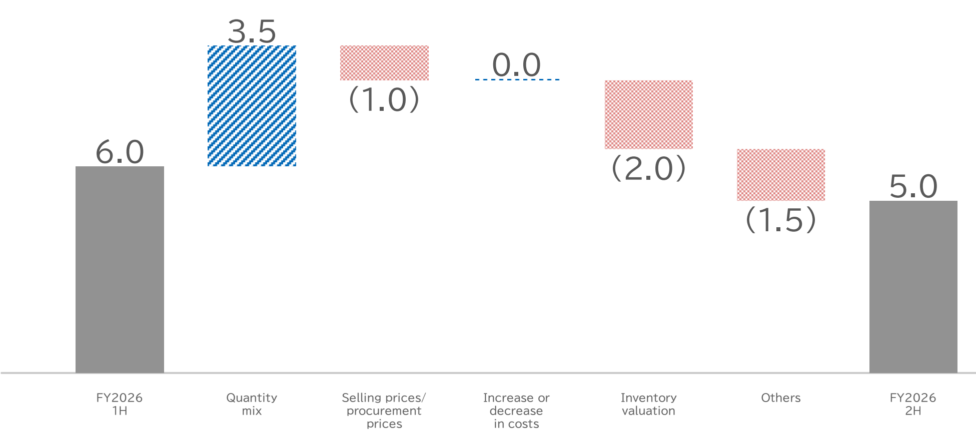
Steel Products



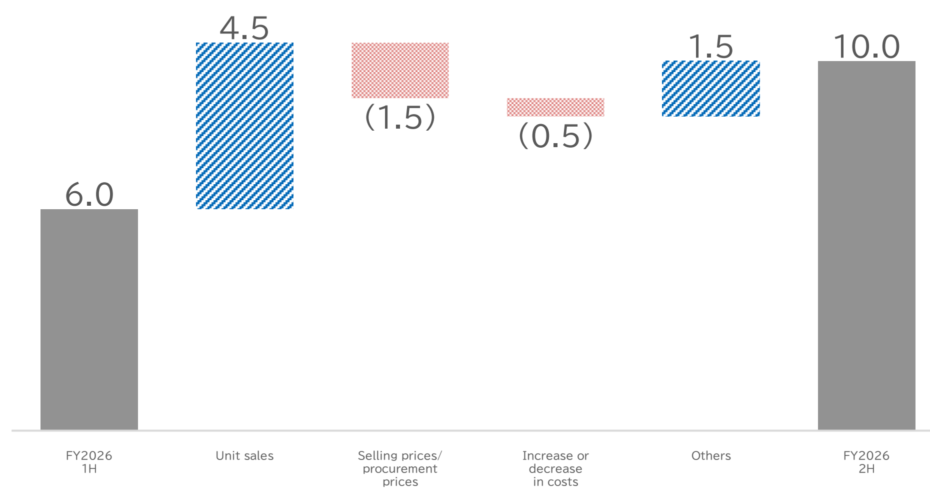
Aluminum Rolled Products



Advanced Materials



Construction Machinery



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

Indicators

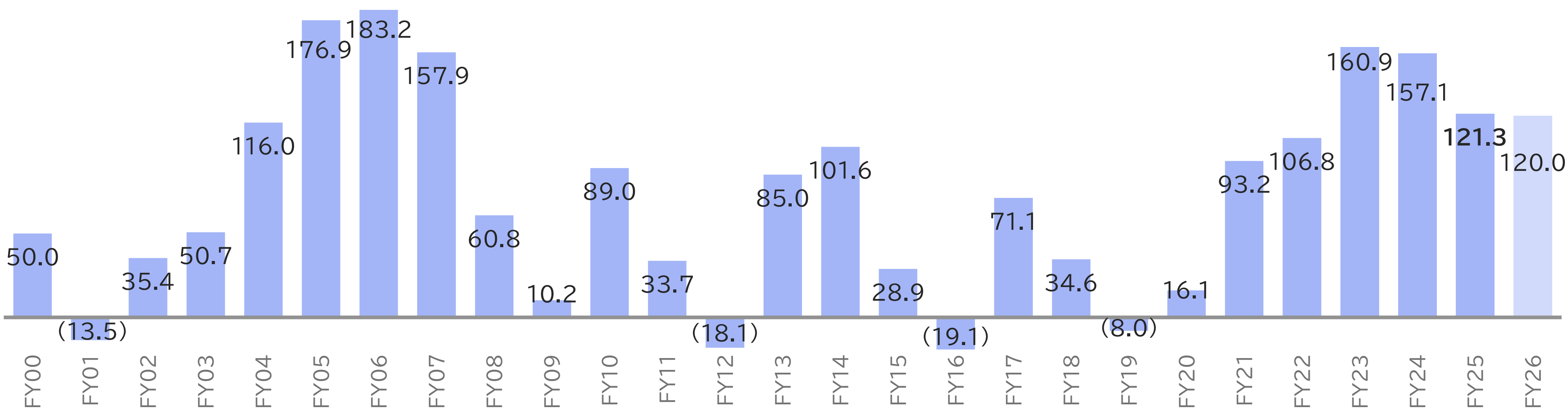
	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Forecast (Previous)	FY2026 Forecast (Current)
Capital investment (accrual basis)	105.2 billion yen	115.8 billion yen	128.5 billion yen	160.0 billion yen	**160.0 billion yen**
Capital investment (payment basis)	94.8 billion yen	113.2 billion yen	124.4 billion yen	170.0 billion yen	**165.0 billion yen**
Depreciation	119.0 billion yen	122.4 billion yen	123.9 billion yen	125.0 billion yen	**125.0 billion yen**
Net assets ratio	38.6%	42.8%	46.4%	approx. 49%	**approx. 49%**
Interest-bearing debt (including lease liabilities)	873.5 billion yen	886.3 billion yen	769.9 billion yen	755.0 billion yen	**755.0 billion yen**
Gross D/E ratio*1	0.83 times	0.76 times	0.61 times	approx. 0.55 times	approx. 0.55 times
Cash flows from operating activities	205.2 billion yen	148.2 billion yen	201.6 billion yen	200.0 billion yen	**180.0 billion yen**
Cash flows from investing activities	(53.7) billion yen	(113.8) billion yen	(73.6) billion yen	(190.0) billion yen	**(180.0) billion yen**
Free cash flow	151.5 billion yen	34.3 billion yen	128.0 billion yen	10.0 billion yen	**0.0 billion yen**
Cash and deposits	278.7 billion yen	219.8 billion yen	189.0 billion yen	150.0 billion yen	**140.0 billion yen**
Profit (loss) per share	277.38 yen	304.64 yen	237.80 yen	251.80 yen	**252.09 yen**
ROE*2	11.1%	10.8%	7.7%	approx. 7.5%	**approx. 7.5%**
ROIC*3	6.7%	6.9%	5.3%	approx. 5.5%	**approx. 5.5%**

*1 Gross D/E ratio : Interest bearing debt (including lease liabilities) divided by shareholders' equity
*2 ROE : Profit (loss) attributable to owners of parent divided by stockholders' equity
*3 ROIC : After tax operating income divided by invested capital

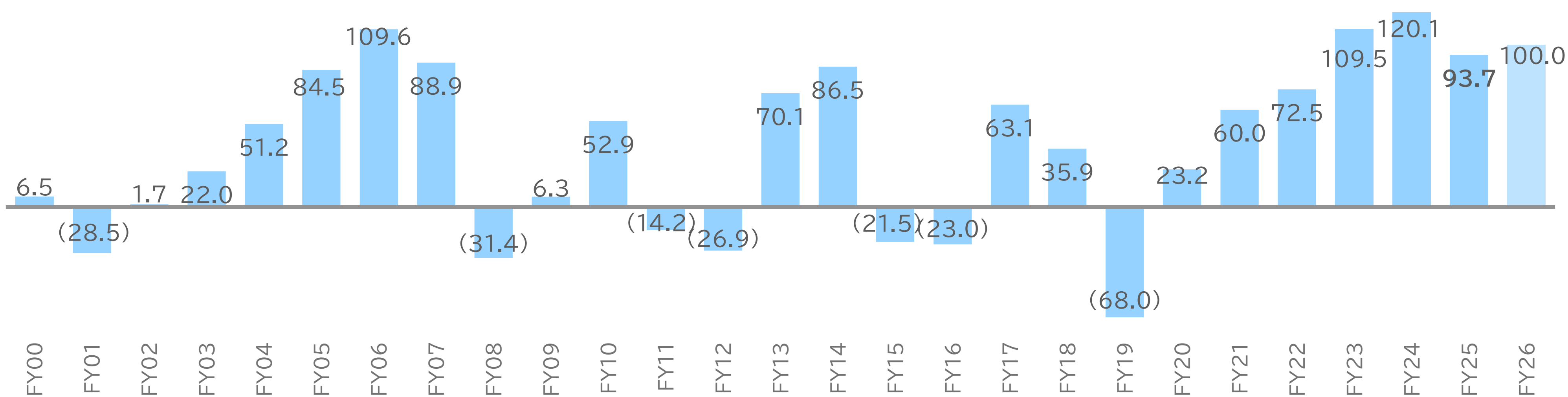
Consolidated Results

(Billions of yen)

Ordinary Profit (Loss)



Profit (Loss) Attributable to Owners of Parent



KOBELCO

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 FY 2025, announced in June 2026: capital markets 25 e.pdf

External Evaluations (Listed below are only major ones)

◆ FTSE4Good Index Series

FTSE4Good

◆ FTSE JPX Blossom Japan Sector Relative Index

FTSE JPX Blossom Japan Sector Relative Index

◆ FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Index

◆ CDP

Climate
CDP
A List
2025

Received an 'A' rating in the climate change category

◆ MSCI JAPAN ESG SELECT LEADERS INDEX*

2026 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

◆ MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)*

2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

◆ NIKKEI Integrated Report Award

NIKKEI Integrated Report Award 2025

Received the 'Excellence Award' for the first time

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Group Corporate Philosophy

KOBELCO

KOBELCO's View of the Future	Our view of a society and future to be attained as we carry out KOBELCO's mission **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.**
KOBELCO's Mission	Our mission and the social significance of the KOBELCO Group that we must fulfill **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.**
Core Values of KOBELCO	The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group 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.
Six Pledges of KOBELCO	Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter 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

Disclaimer Regarding Forward-Looking Statements

KOBELCO

- **This document contains forward-looking statements about the Company's forecasts, beliefs, expectations, aims, and strategies. These statements are based on the Company's judgements and assumptions using currently available information and may differ substantially from actual results due to uncertainties within its judgements and assumptions and a variety of factors that may change over time, such as future business operations and changes in internal and external circumstances. Kobe Steel assumes no responsibility for revising these statements or other contents in this presentation.**

- **Below is a list of factors of uncertainties and changes.**
  This includes, but is not limited to:
  - Changes in economic conditions, demand, and prices in major markets
  - Political situations and trade and other regulations in major markets
  - Fluctuations in foreign exchange rates
  - Availability and prices of raw materials
  - Products and services of competitors, price strategies, alliances, and other business developments such as M&As
  - Changes in strategies of the Company's alliance partners