

Kobe Steel's Consolidated Financial Results for the First Quarter of Fiscal 2022 (April 1-June 30, 2022)

August 9, 2022

Company name: Kobe Steel, Ltd.
 Code number: 5406
 Stock exchanges listed: Tokyo and Nagoya, Japan
 Website: <https://www.kobelco.co.jp/english/>
 Representative: Mitsugu Yamaguchi, President, CEO and Representative Director
 Filing of quarterly report: August 9, 2022
 Dividend payments begin: ---
 Supplemental information available: Yes
 IR Briefing: Yes (available only in Japanese)
 Contact: General Administration and CSR Department
 Tel. +81 (0) 3 5739-6010

(Sums of less than 1 million yen are omitted.)

1. Consolidated results for the first quarter of FY2022 (April 1-June 30, 2022)

(1) Consolidated operating results

(The percentage indicates the change from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022 1Q	542,807	17.2	8,068	(67.5)	29,988	25.0	21,038	11.2
FY2021 1Q	463,243	23.8	24,822	—	23,990	—	18,919	—

Note: Comprehensive income FY2022 1Q: 32,875 million yen [(8.4)%]
 FY2021 1Q: 35,877 million yen [—%]

	Net income per share	Diluted net income per share
	Yen	Yen
FY2022 1Q	53.32	—
FY2021 1Q	52.16	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
FY2022 1Q	2,766,675	892,210	30.2
FY2021	2,728,745	872,346	29.9

Reference: Equity capital FY2022 1Q: 834,543 million yen FY2021: 815,326 million yen

2. Dividends

	Annual dividends				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	10.00	—	30.00	40.00
FY2022	—	—	—	—	—
FY2022 Forecast	—	15.00	—	—	—

Revision to the dividend forecast for FY2022 from the previous announcement: Yes

The dividend for the end of fiscal 2022 is undetermined.

For more information, please refer to the "Announcement on Revision to Dividend Forecast for Fiscal 2022, ending March 31, 2023" announced today.

3. Consolidated earnings forecast for FY2022 (April 1, 2022-March 31, 2023)

(The percentage indicates the change from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First-half	1,170,000	20.3	19,000	(59.4)	32,000	(27.8)	25,000	(27.6)	63.36
Full year	2,510,000	20.5	75,000	(14.4)	80,000	(14.2)	60,000	(0.1)	152.07

Revision to the consolidated forecast for FY2022 from the previous announcement: Yes

For more information, please refer to the IR briefing material "Financial Results for the First Quarter of Fiscal 2022 and Forecast for the Full Fiscal Year" announced today.

Notes

(1) Changes in the number of material subsidiaries in this fiscal year

(Changes in specified subsidiaries due to changes in scope of consolidation): No

(2) Adoption of specific accounting procedures for preparing the quarterly consolidated financial statements: No

(3) Changes in accounting policies, estimates and restatement on the preparation of consolidated financial statements

- Changes in accounting policies due to revised accounting standards: No

- Other changes: No

- Changes in accounting estimates: No

- Restatement: No

(4) Number of issued shares (common stock)

	FY2022 1Q	FY2021
Number of issued shares (including treasury stock)	396,345,963 shares	396,345,963 shares
Number of shares of treasury stock	1,800,060 shares	1,798,236 shares
Average number of shares (1Q)	394,546,987 shares	362,711,558 shares

Explanation on the Appropriate Use of the Forecast and Other Special Notes

The above forecast is based on currently available information as of today.

Actual results may differ considerably due to various changeable conditions in the future.

For preconditions on the forecast and other related factors, please refer to the IR briefing material "Financial Results for the First Quarter of Fiscal 2022 and Forecast for the Full Fiscal Year".

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

(In millions of yen)

ASSETS	FY2021 Ended March 31, 2022	FY2022 1Q Ended June 30, 2022
Current Assets		
Cash and deposits	243,502	169,466
Notes and accounts receivable, and contract assets	357,972	409,659
Securities	17,200	—
Merchandise and finished goods	209,417	243,018
Work-in-process	138,664	154,586
Raw materials and supplies	225,053	254,276
Other	99,760	95,012
Allowance for doubtful accounts	(4,256)	(4,564)
Total current assets	<u>1,287,314</u>	<u>1,321,456</u>
Fixed Assets		
Property, plant and equipment		
Buildings and structures	292,487	291,182
Machinery and equipment	528,904	521,121
Land	131,896	132,097
Other	106,909	108,979
Total property, plant and equipment	<u>1,060,197</u>	<u>1,053,381</u>
Intangible fixed assets	36,324	37,674
Investments and other assets		
Investments in securities	194,381	198,676
Other	169,934	176,250
Allowance for doubtful accounts	(19,408)	(20,763)
Total investment and other assets	<u>344,908</u>	<u>354,163</u>
 Total fixed assets	 <u>1,441,430</u>	 <u>1,445,218</u>
 Total assets	 <u>2,728,745</u>	 <u>2,766,675</u>

LIABILITIES	FY2021 Ended March 31, 2022	FY2022 1Q Ended June 30, 2022
Current liabilities		
Notes and accounts payable	539,267	585,917
Short-term borrowings	87,265	96,574
Current portion of bonds	25,150	975
Income and enterprise taxes payable	8,318	5,969
Provisions	52,791	39,482
Other	172,146	192,161
Total current liabilities	884,939	921,080
Long-term liabilities		
Bonds and notes	45,900	45,000
Long-term borrowings	750,126	734,776
Lease obligations	51,427	49,711
Net defined benefit liability	79,978	80,374
Provisions	3,051	2,984
Other	40,976	40,536
Total long-term liabilities	971,459	953,383
Total liabilities	1,856,399	1,874,464
NET ASSETS		
Stockholders' equity		
Common stock	250,930	250,930
Capital surplus	116,434	116,432
Retained earnings	418,033	427,180
Treasury stock	(2,261)	(2,262)
Total stockholders' equity	783,136	792,280
Accumulated other comprehensive income		
Unrealized gains or losses on securities, net of taxes	28,987	29,788
Unrealized gains or losses on hedging derivatives, net of taxes	(13,141)	(12,747)
Land revaluation differences, net of taxes	(3,400)	(3,400)
Foreign currency translation adjustments	16,054	24,698
Remeasurements of defined benefit plans, net of taxes	3,689	3,923
Total accumulated other comprehensive income	32,189	42,263
Non-controlling interests	57,019	57,667
Total net assets	872,346	892,210
Total liabilities and net assets	2,728,745	2,766,675

Consolidated Statements of Income

(In millions of yen)

	FY2021 1Q Ended June 30, 2021	FY2022 1Q Ended June 30, 2022
Net sales	463,243	542,807
Cost of sales	386,009	478,255
Gross profit	77,234	64,551
Selling, general and administrative expenses	52,411	56,482
Operating income	24,822	8,068
Non-operating income		
Interest income	450	359
Dividend income	1,281	2,586
Reimbursement of seconded employees' salaries	900	822
Equity in income of equity method companies	2,725	5,971
Foreign exchange gain	—	6,878
Compensation income	371	10,759
Other	2,829	2,588
Total non-operating income	8,557	29,965
Non-operating expenses		
Interest expense	3,223	3,118
Seconded employees' salaries	2,265	2,262
Foreign exchange loss	781	—
Other	3,120	2,666
Total non-operating expenses	9,390	8,046
Ordinary income	23,990	29,988
Income before income taxes and non-controlling interests	23,990	29,988
Income Taxes		
Current	2,840	3,953
Deferred	1,056	4,477
Total income taxes	3,897	8,431
Income before non-controlling interests	20,093	21,557
Net income attributable to non-controlling interests	1,173	518
Net income attributable to owners of the parent	18,919	21,038

Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2021 1Q Ended June 30, 2021	FY2022 1Q Ended June 30, 2022
Income before non-controlling interests	20,093	21,557
Other comprehensive income		
Unrealized gains or losses on securities, net of taxes	5,101	951
Unrealized gains or losses on hedging derivatives, net of taxes	(2,468)	337
Foreign currency translation adjustments	10,965	7,490
Remeasurements of defined benefit plans, net of taxes	1,517	215
Share of other comprehensive gains and losses related to equity method companies	668	2,323
Total other comprehensive income	15,784	11,318
Comprehensive Income	35,877	32,875
Breakdown of total comprehensive income attributed to:		
Stockholders of the parent interests	34,137	31,112
Non-controlling interests	1,740	1,763

Notes

Notes on the going concern assumption: None

Notes on substantial changes in the amount of stockholders' equity: None