

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)



November 7, 2024

Company name:	Kobe Steel, Ltd.
Listing:	Tokyo Stock Exchange / Nagoya Stock Exchange
Securities code:	5406
URL:	https://www.kobelco.co.jp/english/
Representative:	Yoshihiko Katsukawa, President, CEO and Representative Director
Inquires:	General Administration and CSR Department
Telephone:	+81 (0) 3 5739-6010
Scheduled date to commence dividend payments:	December 2, 2024
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	1,248,556	(0.4)	77,705	(15.7)	70,960	(22.5)	56,583	(29.6)
September 30, 2023	1,253,833	7.2	92,142	366.0	91,601	119.0	80,348	186.9

Note: Comprehensive income For the six months ended September 30, 2024: 72,652 million yen [(42.5)%]

For the six months ended September 30, 2023: 126,434 million yen [109.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	143.35	—
September 30, 2023	203.44	—

Note: Diluted earnings per share for the six months ended September 30, 2024 (from April 1 to September 30, 2024) is not presented because there are no potentially dilutive securities. Diluted earnings per share for the six months ended September 30, 2023 (from April 1 to September 30, 2023) is not presented because there are no dilutive securities.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	2,847,304	1,179,289	38.9
March 31, 2024	2,919,774	1,127,346	36.2

Reference: Equity capital As of September 30, 2024: 1,107,471 million yen

As of March 31, 2024: 1,056,562 million yen

2. Cash dividends

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	45.00	—	45.00	90.00
Fiscal year ended March 31, 2025	—	45.00			
Fiscal year ended March 31, 2025 (Forecast)			—	45.00	90.00

Note: Revision to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecast for fiscal 2024 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,600,000	2.2	140,000	(25.0)	130,000	(19.2)	120,000	9.5	304.03

Revision to the consolidated forecast for fiscal 2024 most recently announced: Yes

Please refer to the IR briefing material "Financial Results for the First Half of Fiscal 2024 and Forecast for the Full Fiscal Year" announced today.

*Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	396,345,963 shares
As of March 31, 2024	396,345,963 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2024	1,684,913 shares
As of March 31, 2024	1,389,177 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	394,716,400 shares
Six months ended September 30, 2023	394,932,892 shares

*** Semi-annual consolidated financial results are exempt from review conducted by certified public accountants or an audit firm.**

*** Explanation of the appropriate use of performance forecasts and other related items**

(Explanation of the appropriate use of performance forecasts)

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 Half of Fiscal 2024 and Forecast for the Full Fiscal Year"

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1. Overview of Operating Results and Other Items

(1) Consolidated Operating Results for the Six Months Ended September 30, 2024

The overview of the consolidated operating results is provided in the "Financial Results for the First Half of Fiscal 2024 and Forecast for the Full Fiscal Year" made available today on our Company's official website (<https://www.kobelco.co.jp/english/>).

(2) Financial Condition

On a consolidated basis, total assets at the end of the first half of fiscal 2024 decreased by 72.4 billion yen to 2,847.3 billion yen compared to the end of fiscal 2023 with a decrease in cash and deposits primarily due to payments of income taxes and cash dividends, as well as repayments of borrowings. Liabilities decreased by 124.4 billion yen to 1,668.0 billion yen compared to the end of fiscal 2023 due to a decrease in income taxes payable, borrowings, and notes and accounts payable-trade. Net assets increased by 51.9 billion yen to 1,179.2 billion yen compared to the end of fiscal 2023 due to the recording of semi-annual profit attributable to owners of parent, among other factors. As a result, the equity-to-asset ratio at the end of the first half of fiscal 2024 was 38.9%, up 2.7 percentage points from the end of fiscal 2023.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

ASSETS

Current Assets

	FY2023 Ended March 31, 2024	FY2024 1H Ended September 30, 2024
Cash and deposits	278,844	195,584
Notes and accounts receivable - trade, and contract assets	410,226	378,681
Merchandise and finished goods	273,677	302,078
Work in process	160,420	179,843
Raw materials and supplies	276,552	292,259
Other	70,183	67,576
Allowance for doubtful accounts	(4,165)	(4,538)
Total current assets	1,465,737	1,411,484

Non-current assets

Property, plant and equipment

Buildings and structures, net	282,093	282,898
Machinery, equipment and vehicles, net	558,045	544,292
Land	136,138	136,997
Other, net	58,135	56,572
Total property, plant and equipment	1,034,413	1,020,760

Intangible assets

	39,276	47,924
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Investments and other assets

Investments in securities	245,023	215,425
Other	156,674	174,926
Allowance for doubtful accounts	(21,351)	(23,216)
Total investment and other assets	380,346	367,135

Total non-current assets	1,454,036	1,435,820
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Total assets

	2,919,774	2,847,304
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LIABILITIES**Current liabilities**

	FY2023 Ended March 31, 2024	FY2024 1H Ended September 30, 2024
Notes and accounts payable - trade	477,198	432,498
Short-term borrowings	165,943	144,813
Current portion of bonds payable	—	35,000
Income taxes payable	43,133	15,923
Provisions	52,737	50,457
Other	249,996	231,776
Total current liabilities	989,010	910,468

Non-current liabilities

Bonds payable	115,000	100,000
Long-term borrowings	542,486	513,047
Lease liabilities	40,045	37,189
Retirement benefit liability	65,615	69,701
Provisions	9,245	9,171
Other	31,025	28,436
Total non-current liabilities	803,417	757,546

Total liabilities

1,792,427	1,668,015
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NET ASSETS**Shareholders' equity**

Share capital	250,930	250,930
Capital surplus	116,325	116,292
Retained earnings	548,951	587,516
Treasury shares	(1,847)	(2,486)
Total shareholders' equity	914,360	952,252

Accumulated other comprehensive income

Valuation difference on available-for-sale securities	70,610	48,051
Deferred gains or losses on hedges	(6,911)	(4,085)
Revaluation reserve for land	4,707	4,707
Foreign currency translation adjustment	45,950	79,410
Remeasurements of defined benefit plans	27,845	27,135
Total accumulated other comprehensive income	142,202	155,218

Non-controlling interests

70,784	71,817
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Total net assets

1,127,346	1,179,289
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Total liabilities and net assets

2,919,774	2,847,304
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(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(In millions of yen)

	FY2023 1H Ended September 30, 2023	FY2024 1H Ended September 30, 2024
Net sales	1,253,833	1,248,556
Cost of sales	1,039,446	1,041,856
Gross profit	214,387	206,700
Selling, general and administrative expenses	122,245	128,995
Operating profit	92,142	77,705
Non-operating income		
Interest income	1,169	1,336
Dividend income	2,631	2,871
Seconded employees' reimbursement	1,493	1,508
Share of profit of entities accounted for using equity method	1,324	9,172
Foreign exchange gains	4,600	—
Other	8,473	3,632
Total non-operating income	19,693	18,521
Non-operating expenses		
Interest expenses	7,234	6,804
Seconded employees' salaries	4,667	4,919
Foreign exchange losses	—	5,034
Other	8,331	8,507
Total non-operating expenses	20,233	25,266
Ordinary profit	91,601	70,960
Extraordinary income		
Gain on sale of non-current assets	27,717	5,373
Total extraordinary income	27,717	5,373
Profit before income taxes	119,319	76,334
Income Taxes		
Income taxes - current	29,903	14,343
Income taxes - deferred	3,404	4,049
Total income taxes	33,308	18,393
Profit	86,011	57,941
Profit attributable to non-controlling interests	5,663	1,357
Profit attributable to owners of parent	80,348	56,583

Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2023 1H Ended September 30, 2023	FY2024 1H Ended September 30, 2024
Profit	86,011	57,941
Other comprehensive income		
Valuation difference on available-for-sale securities	15,781	(21,216)
Deferred gains or losses on hedges	1,230	2,821
Revaluation reserve for land	2,538	—
Foreign currency translation adjustment	16,245	34,888
Remeasurements of defined benefit plans, net of tax	(68)	(763)
Share of other comprehensive income of entities accounted for using equity method	4,695	(1,018)
Total other comprehensive income	40,422	14,711
Comprehensive income	126,434	72,652
Comprehensive income attributed to		
Owners of parent	119,203	69,600
Non-controlling interests	7,230	3,052

(3) Notes to Consolidated Financial Statements**Notes on Segment Information**

Information about Sales, Profit (Loss), Assets and Other Items of Reportable Segments

(In millions of yen)

		FY2023	FY2024
		Ended September 30, 2023	Ended September 30, 2024
Sales to outside customers:	Steel & Aluminum	531,192	541,724
	Advanced Materials	134,991	146,850
	Welding	46,036	46,594
	Machinery	97,952	114,242
	Engineering	74,357	64,449
	Construction Machinery	192,603	197,392
	Electric Power	172,766	133,608
	Other	3,595	2,956
	Adjustment	338	739
	Total	1,253,833	1,248,556
Intersegment sales:	Steel & Aluminum	17,765	18,767
	Advanced Materials	6,901	6,052
	Welding	436	271
	Machinery	5,284	5,856
	Engineering	809	855
	Construction Machinery	46	128
	Electric Power	—	—
	Other	995	758
	Adjustment	(32,239)	(32,690)
	Total	—	—
Total sales:	Steel & Aluminum	548,957	560,491
	Advanced Materials	141,892	152,902
	Welding	46,472	46,865
	Machinery	103,236	120,098
	Engineering	75,167	65,305
	Construction Machinery	192,649	197,521
	Electric Power	172,766	133,608
	Other	4,591	3,714
	Adjustment	(31,900)	(31,950)
	Total	1,253,833	1,248,556
Ordinary profit (loss):	Steel & Aluminum	20,762	14,450
	Advanced Materials	(45)	2,343
	Welding	1,565	2,144
	Machinery	10,357	12,303
	Engineering	6,222	4,674
	Construction Machinery	5,080	6,104
	Electric Power	47,449	29,297
	Other	1,779	2,011
	Adjustment	(1,569)	(2,368)
	Total	91,601	70,960

Notes:

1. "Other" segment refers to a business segment outside the reportable segments. It includes operating companies managed by the head office.

2. Adjustments as of September 30, 2023 and 2024 are as follows:

	(In millions of yen)	
	FY2023	FY2024
	Ended September 30, 2023	Ended September 30, 2024
Consolidated profit (loss)*	5,816	7,142
Other adjustments	(7,386)	(9,511)
Total	(1,569)	(2,368)

* Consolidated profit (loss) mainly consists of finance-related gains and losses not attributable to reportable segments.

3. Segment profit (loss) is adjusted for ordinary profit in the semi-annual consolidated statements of income.

Notes on Significant Fluctuations in the Amount of Shareholders' Equity

None

Notes on Premise of a Going Concern

None