Consolidated Financial Results
for the Three Months Ended June 30, 2026
(Under Japanese GAAP)

August 5, 2026

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
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Scheduled date to commence dividend payments:	---
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 three months ended June 30, 2026 (from April 1 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	578,349	1.6	20,412	(34.8)	22,663	(21.2)	12,199	(68.4)
June 30, 2025	569,056	(3.7)	31,305	0.7	28,759	(17.9)	38,637	60.7

Note: Comprehensive income For the three months ended June 30, 2026: 13,644 million yen [40.2%]
For the three months ended June 30, 2025: 9,731 million yen [(65.0)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	30.87	–
June 30, 2025	98.03	–

Note: Diluted earnings per share is not presented because there are no potentially dilutive securities.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	2,830,153	1,325,109	44.4
March 31, 2026	2,865,184	1,330,453	44.0

Reference: Equity capital As of June 30, 2026: 1,257,218 million yen
As of March 31, 2026: 1,261,325 million yen

2. Cash dividends

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	–	40.00	–	40.00	80.00
Fiscal year ending March 31, 2027	–				
Fiscal year ending March 31, 2027 (Forecast)		40.00	–	40.00	80.00

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

3. Consolidated earnings forecast for fiscal 2026 (from April 1, 2026 to March 31, 2027)

(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
First-half	1,300,000	10.0	65,000	3.9	50,000	(13.3)	35,000	(44.3)	88.49
Full year	2,690,000	10.4	150,000	15.5	120,000	(1.1)	100,000	6.7	252.09

Note: Revision to the consolidated forecast for fiscal 2026 most recently announced: Yes

For more information, please refer to the IR briefing material "Financial Results for the First Quarter of Fiscal 2026 and Forecast for the Full Fiscal Year" announced today.

Notes

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: None
Excluded: One company (Kobe Steel USA Holdings Inc.)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(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 June 30, 2026	396,345,963 shares
As of March 31, 2026	396,345,963 shares

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

As of June 30, 2026	1,440,289 shares
As of March 31, 2026	892,930 shares

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

Three months ended June 30, 2026	395,179,328 shares
Three months ended June 30, 2025	394,140,806 shares

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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.

Index of Attached Documents

1. Overview of Operating Results and Other Items

(1) Consolidated Operating Results for the Three Months Ended June 30, 2026

The overview of the consolidated operating results is provided in the "Financial Results for the First Quarter of Fiscal 2026 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 quarter of fiscal 2026 decreased by 35.0 billion yen to 2,830.1 billion yen compared to the end of fiscal 2025, primarily due to the collection of accounts receivable-trade. Liabilities decreased by 29.6 billion yen to 1,505.0 billion yen compared to the end of fiscal 2025, primarily due to the redemption of bonds payable and the repayment of borrowings. Net assets decreased by 5.3 billion yen to 1,325.1 billion yen compared to the end of fiscal 2025, as the recording of quarterly profit attributable to owners of parent was offset by the payment of dividends. As a result, the equity-to-asset ratio at the end of the first quarter of fiscal 2026 was 44.4%, up 0.4 percentage points from the end of fiscal 2025.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

ASSETS	FY2025 Ended March 31, 2026	FY2026 1Q Ended June 30, 2026
Current assets		
Cash and deposits	189,233	176,233
Notes and accounts receivable - trade, and contract assets	432,683	362,480
Merchandise and finished goods	256,049	270,763
Work in process	169,624	191,200
Raw materials and supplies	264,552	275,906
Other	79,432	82,092
Allowance for doubtful accounts	(5,102)	(5,374)
Total current assets	1,386,473	1,353,304
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	276,047	280,737
Machinery, equipment and vehicles, net	504,752	498,171
Land	164,364	163,147
Other, net	75,736	80,730
Total property, plant and equipment	1,020,901	1,022,786
Intangible assets	57,680	59,743
Investments and other assets		
Investment securities	215,448	210,994
Other	207,198	205,646
Allowance for doubtful accounts	(22,517)	(22,321)
Total investments and other assets	400,129	394,319
Total non-current assets	1,478,711	1,476,849
Total assets	2,865,184	2,830,153

LIABILITIES	FY2025 Ended March 31, 2026	FY2026 1Q Ended June 30, 2026
Current liabilities		
Notes and accounts payable - trade	363,837	373,906
Short-term borrowings	143,700	140,946
Commercial papers	26,000	20,000
Current portion of bonds payable	10,000	—
Lease liabilities	6,005	5,480
Income taxes payable	11,866	13,605
Provisions	54,945	40,377
Other	234,498	252,247
Total current liabilities	850,853	846,564
Non-current liabilities		
Bonds payable	135,000	135,000
Long-term borrowings	428,373	411,254
Lease liabilities	20,838	21,321
Retirement benefit liability	45,067	45,057
Provisions	15,092	13,407
Other	39,506	32,439
Total non-current liabilities	683,877	658,480
Total liabilities	1,534,731	1,505,044
NET ASSETS		
Shareholders' equity		
Share capital	250,930	250,930
Capital surplus	123,920	124,029
Retained earnings	689,112	685,472
Treasury shares	(1,288)	(2,311)
Total shareholders' equity	1,062,674	1,058,121
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48,959	45,302
Deferred gains or losses on hedges	4,534	5,532
Revaluation reserve for land	4,959	4,959
Foreign currency translation adjustment	74,870	78,518
Remeasurements of defined benefit plans	65,325	64,783
Total accumulated other comprehensive income	198,650	199,097
Non-controlling interests	69,128	67,891
Total net assets	1,330,453	1,325,109
Total liabilities and net assets	2,865,184	2,830,153

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(In millions of yen)

	FY2025 1Q Ended June 30, 2025	FY2026 1Q Ended June 30, 2026
Net sales	569,056	578,349
Cost of sales	471,605	486,220
Gross profit	97,451	92,129
Selling, general and administrative expenses	66,146	71,717
Operating profit	31,305	20,412
Non-operating income		
Interest income	658	710
Dividend income	2,808	2,085
Seconded employees' reimbursement	1,065	1,068
Share of profit of entities accounted for using equity method	3,717	5,048
Foreign exchange gains	—	266
Other	3,430	3,643
Total non-operating income	11,681	12,823
Non-operating expenses		
Interest expenses	3,440	3,074
Seconded employees' salaries	2,703	2,574
Foreign exchange losses	1,410	—
Dismantlement expenses	1,871	2,295
Other	4,800	2,628
Total non-operating expenses	14,226	10,573
Ordinary profit	28,759	22,663
Extraordinary income		
Gain on sale of non-current assets	6,196	2,706
Gain on sale of investment securities	14,417	—
Total extraordinary income	20,613	2,706
Extraordinary losses		
Provision for loss on sale of shares of subsidiaries and associates	3,876	—
Total extraordinary losses	3,876	—
Profit before income taxes	45,496	25,369
Income taxes	6,702	12,238
Profit	38,794	13,131
Profit attributable to non-controlling interests	156	932
Profit attributable to owners of parent	38,637	12,199

Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2025 1Q Ended June 30, 2025	FY2026 1Q Ended June 30, 2026
Profit	38,794	13,131
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,382)	(3,842)
Deferred gains or losses on hedges	(307)	999
Foreign currency translation adjustment	(15,165)	2,908
Remeasurements of defined benefit plans, net of tax	(118)	(491)
Share of other comprehensive income of entities accounted for using equity method	(88)	939
Total other comprehensive income	(29,062)	513
Comprehensive income	9,731	13,644
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,746	12,646
Comprehensive income attributable to non-controlling interests	(1,015)	998

(3) Notes to Consolidated Financial Statements

Notes on Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements

Calculation of Income Tax Expenses

Income tax expenses are calculated by applying a reasonably estimated effective tax rate to the quarterly profit before income taxes. The effective tax rate is determined by applying deferred tax accounting to the profit before income taxes to the consolidated profit for the fiscal year, including the first quarter under review. However, if applying the estimated effective tax rate to calculate income tax expenses results in a significantly unreasonable outcome, the statutory effective tax rate is used instead.

Notes on Segment Information

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

(In millions of yen)

		FY2025 Ended June 30, 2025	FY2026 Ended June 30, 2026
Sales to outside customers:	Steel & Aluminum	249,067	241,698
	Advanced Materials	72,664	90,907
	Welding	22,520	25,981
	Machinery	62,313	56,863
	Engineering	32,055	39,241
	Construction Machinery	83,523	87,498
	Electric Power	45,861	34,867
	Other	1,024	942
	Adjustment	24	347
	Total	569,056	578,349
Intersegment sales:	Steel & Aluminum	8,753	8,494
	Advanced Materials	3,301	1,643
	Welding	131	310
	Machinery	3,885	2,909
	Engineering	302	509
	Construction Machinery	25	19
	Electric Power	—	—
	Other	441	439
	Adjustment	(16,841)	(14,327)
	Total	—	—
Total sales:	Steel & Aluminum	257,821	250,192
	Advanced Materials	75,966	92,551
	Welding	22,651	26,292
	Machinery	66,199	59,772
	Engineering	32,357	39,751
	Construction Machinery	83,548	87,518
	Electric Power	45,861	34,867
	Other	1,466	1,382
	Adjustment	(16,816)	(13,979)
	Total	569,056	578,349
Ordinary profit (loss):	Steel & Aluminum	5,488	(2,337)
	Advanced Materials	73	8,105
	Welding	919	2,334
	Machinery	10,509	6,276
	Engineering	1,173	6,059
	Construction Machinery	1,208	916
	Electric Power	8,574	1,675
	Other	283	1,524
	Adjustment	527	(1,892)
	Total	28,759	22,663

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 June 30, 2025 and 2026 are as follows:

(In millions of yen)

	FY2025 Ended June 30, 2025	**FY2026 Ended June 30, 2026**
Consolidated profit (loss)*	478	(289)
Other adjustments	49	(1,602)
Total	527	(1,892)

* 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 quarterly consolidated statements of income.

Notes on Significant Fluctuations in the Amount of Shareholders' Equity

None

Notes on Premise of a Going Concern

None

Notes on Consolidated Statements of Cash Flows

The quarterly consolidated cash flow statement for the cumulative first quarter of fiscal 2026 is not provided. The following are the depreciation (including the amortization of intangible assets excluding goodwill) and amortization of goodwill for the cumulative first quarter of fiscal 2025 and fiscal 2026.

(In millions of yen)

	FY2025 Ended June 30, 2025	FY2026 Ended June 30, 2026
Depreciation	30,049	30,577
Amortization of goodwill	111	120