Consolidated Financial Results for the Six Months Ended September 30, 2026 (Under Japanese GAAP)

November 10, 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
Inquiries:	General Administration and CSR Department
Telephone:	+81 (0) 3 5739-6010
Scheduled date to file semi-annual securities report:	November 10, 2026
Scheduled date to commence dividend payments:	December 1, 2026
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, 2026 (from April 1 to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	1,259,810	6.6	60,992	(2.5)	57,253	(0.7)	42,540	(32.3)
September 30, 2025	1,181,447	(5.4)	62,565	(19.5)	57,663	(18.7)	62,830	11.0

Note: Comprehensive income For the six months ended September 30, 2026: 61,239 million yen [42.5%]
For the six months ended September 30, 2025: 42,965 million yen [(40.9)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	107.55	—
September 30, 2025	159.49	—

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	%
September 30, 2026	2,900,720	1,372,867	45.6
March 31, 2026	2,865,184	1,330,453	44.0

Reference: Equity capital As of September 30, 2026: 1,321,439 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 ended March 31, 2027	—	40.00			
Fiscal year ended March 31, 2027 (Forecast)			—	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
Full year	2,750,000	12.9	165,000	27.0	135,000	11.3	105,000	12.0	264.67

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

Please refer to the IR briefing material "Financial Results for the First Half 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 semi-annual 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 September 30, 2026	399,485,471 shares
As of March 31, 2026	396,345,963 shares

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

As of September 30, 2026	1,390,695 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)

Six months ended September 30, 2026	395,520,659 shares
Six months ended September 30, 2025	393,932,127 shares

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

Explanation on the Appropriate Use of Performance Forecasts 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 …… 2
(1) Consolidated Operating Results for the Six Months Ended September 30, 2026 …… 2
(2) Financial Condition …… 2
2. Consolidated Financial Statements …… 3
(1) Consolidated Balance Sheets …… 3
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income …… 5
(3) Notes to Consolidated Financial Statements …… 7
Notes on Accounting Treatment Specific to the Preparation of Semi-annual Consolidated Financial Statements …… 7
Notes on Segment Information …… 8
Notes on Significant Fluctuations in the Amount of Shareholders' Equity …… 9
Notes on Premise of a Going Concern …… 9

1. Overview of Operating Results and Other Items

(1) Consolidated Operating Results for the Six Months Ended September 30, 2026

The overview of the consolidated operating results is provided in the "Financial Results for the First Half of Fiscal 2026 and Forecast for the Full Fiscal Year" released 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 2026 increased by 35.5 billion yen to 2,900.7 billion yen compared to the end of fiscal 2025, mainly due to an increase in inventories resulting from rising raw material market prices. Liabilities decreased by 6.8 billion yen to 1,527.8 billion yen compared to the end of fiscal 2025, primarily due to the repayment of borrowings, despite increases in accounts payable resulting from rising raw material market prices, as well as the issuance of commercial paper and bonds. Net assets increased by 42.4 billion yen to 1,372.8 billion yen compared to the end of fiscal 2025 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 2026 was 45.6%, up 1.5 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 1H Ended September 30, 2026
Current assets		
Cash and deposits	189,233	178,063
Notes and accounts receivable - trade, and contract assets	432,683	393,930
Merchandise and finished goods	256,049	285,071
Work in process	169,624	193,358
Raw materials and supplies	264,552	286,178
Other	79,432	76,915
Allowance for doubtful accounts	(5,102)	(3,344)
Total current assets	1,386,473	1,410,174
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	276,047	279,741
Machinery, equipment and vehicles, net	504,752	494,272
Land	164,364	163,094
Other, net	75,736	81,774
Total property, plant and equipment	1,020,901	1,018,883
Intangible assets	57,680	61,577
Investments and other assets		
Investment securities	215,448	223,558
Other	207,198	214,249
Allowance for doubtful accounts	(22,517)	(27,723)
Total investments and other assets	400,129	410,085
Total non-current assets	1,478,711	1,490,545
Total assets	2,865,184	2,900,720

	FY2025 Ended March 31, 2026	FY2026 1H Ended September 30, 2026
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	363,837	386,752
Short-term borrowings	143,700	137,809
Commercial papers	26,000	48,000
Current portion of bonds payable	10,000	—
Lease liabilities	6,005	5,032
Income taxes payable	11,866	16,338
Provisions	54,945	57,120
Other	234,498	221,881
Total current liabilities	850,853	872,936
Non-current liabilities		
Bonds payable	135,000	166,000
Long-term borrowings	428,373	378,088
Lease liabilities	20,838	20,877
Retirement benefit liability	45,067	45,406
Provisions	15,092	11,358
Other	39,506	33,185
Total non-current liabilities	683,877	654,916
Total liabilities	1,534,731	1,527,853
NET ASSETS		
Shareholders' equity		
Share capital	250,930	250,930
Capital surplus	123,920	141,934
Retained earnings	689,112	716,010
Treasury shares	(1,288)	(2,253)
Total shareholders' equity	1,062,674	1,106,622
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48,959	50,564
Deferred gains or losses on hedges	4,534	7,990
Revaluation reserve for land	4,959	4,959
Foreign currency translation adjustment	74,870	87,483
Remeasurements of defined benefit plans	65,325	63,818
Total accumulated other comprehensive income	198,650	214,817
Non-controlling interests	69,128	51,427
Total net assets	1,330,453	1,372,867
Total liabilities and net assets	2,865,184	2,900,720

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

Consolidated Statements of Income

(In millions of yen)

	FY2025 1H Ended September 30, 2025	FY2026 1H Ended September 30, 2026
Net sales	1,181,447	1,259,810
Cost of sales	984,708	1,049,366
Gross profit	196,738	210,443
Selling, general and administrative expenses	134,173	149,451
Operating profit	62,565	60,992
Non-operating income		
Interest income	1,284	1,410
Dividend income	3,259	2,164
Seconded employees' reimbursement	1,974	2,122
Share of profit of entities accounted for using equity method	7,541	9,114
Foreign exchange gains	66	―
Other	5,784	5,977
Total non-operating income	19,910	20,790
Non-operating expenses		
Interest expenses	6,833	6,245
Seconded employees' salaries	5,500	5,193
Foreign exchange losses	―	2,296
Other	12,479	10,793
Total non-operating expenses	24,812	24,528
Ordinary profit	57,663	57,253
Extraordinary income		
Gain on sale of non-current assets	6,678	2,812
Gain on sale of investment securities	15,474	―
Total extraordinary income	22,152	2,812
Extraordinary losses		
Provision for loss on sale of shares of subsidiaries and associates	4,185	―
Total extraordinary losses	4,185	―
Profit before income taxes	75,630	60,065
Income taxes	11,312	15,562
Profit	64,317	44,503
Profit attributable to non-controlling interests	1,487	1,962
Profit attributable to owners of parent	62,830	42,540

Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2025 1H Ended September 30, 2025	FY2026 1H Ended September 30, 2026
Profit	64,317	44,503
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,612)	1,061
Deferred gains or losses on hedges	1,853	3,467
Foreign currency translation adjustment	(19,036)	9,153
Remeasurements of defined benefit plans, net of tax	(643)	(1,459)
Share of other comprehensive income of entities accounted for using equity method	(914)	4,512
Total other comprehensive income	(21,352)	16,735
Comprehensive income	42,965	61,239
Comprehensive income attributable to		
Owners of parent	42,673	58,707
Non-controlling interests	291	2,531

(3) Notes to Consolidated Financial Statements

Notes on Accounting Treatment Specific to the Preparation of Semi-Annual Consolidated Financial Statements

Regarding Calculation of Income Tax Expenses

Income tax expenses are calculated by applying a reasonably estimated effective tax rate to the semi-annual 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 half 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 September 30, 2025	FY2026 Ended September 30, 2026
Sales to outside customers:	Steel & Aluminum	488,429	492,375
	Advanced Materials	147,875	192,168
	Welding	45,793	51,787
	Machinery	122,158	122,726
	Engineering	73,189	81,819
	Construction Machinery	188,026	202,445
	Electric Power	113,422	114,478
	Other	1,682	1,658
	Adjustment	868	351
	Total	1,181,447	1,259,810
Intersegment sales:	Steel & Aluminum	17,622	17,600
	Advanced Materials	6,433	3,373
	Welding	319	594
	Machinery	6,844	6,249
	Engineering	753	912
	Construction Machinery	45	95
	Electric Power	—	—
	Other	882	859
	Adjustment	(32,901)	(29,684)
	Total	—	—
Total sales:	Steel & Aluminum	506,052	509,975
	Advanced Materials	154,309	195,541
	Welding	46,113	52,381
	Machinery	129,003	128,975
	Engineering	73,943	82,732
	Construction Machinery	188,071	202,541
	Electric Power	113,422	114,478
	Other	2,564	2,517
	Adjustment	(32,032)	(29,333)
	Total	1,181,447	1,259,810
Ordinary profit (loss):	Steel & Aluminum	6,598	1,460
	Advanced Materials	880	12,130
	Welding	2,018	4,883
	Machinery	18,637	13,975
	Engineering	2,997	7,590
	Construction Machinery	3,618	4,439
	Electric Power	23,536	14,277
	Other	1,345	2,883
	Adjustment	(1,968)	(4,386)
	Total	57,663	57,253

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, 2025 and 2026 are as follows:

(In millions of yen)

	FY2025 Ended September 30, 2025	FY2026 Ended September 30, 2026
Consolidated profit (loss)*	(3,520)	(3,755)
Other adjustments	1,552	(630)
Total	(1,968)	(4,386)

* 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

The balance of capital surplus at the end of the first half of fiscal 2026 increased by 18,013 million yen compared to the end of fiscal 2025. The main reason for this increase was the share exchange conducted on September 1, 2026, whereby Kobelco Wire Company, Ltd. became a wholly owned subsidiary of Kobe Steel.

Notes on Premise of a Going Concern

None