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

November 10, 2026
Kobe Steel, Ltd.

KOBELCO

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Summary

Financial Results for the First Half of Fiscal 2026

- While demand in the semiconductor sector increased, activity in other key sectors was largely flat year on year. Rising crude oil and energy prices, driven by the situation in the Middle East, kept costs on the rise.
- **Ordinary profit stood at 57.2 billion yen, flat year on year**, as the deterioration in the steel metal spread driven by rising raw material market prices was offset by improved inventory valuation impacts from elevated prices of steel raw materials and aluminum and copper ingots. **Profit attributable to owners of parent decreased year on year to 42.5 billion yen**, mainly due to the absence of gains on the sale of cross-shareholdings recorded in the same period of the previous fiscal year.

Forecast for Fiscal 2026

- Demand conditions for the second half are expected to remain sluggish, particularly in the automotive and construction/civil engineering sectors.
- The impact of the situation in the Middle East is estimated at **negative 14.5 billion yen for the full fiscal year, a deterioration of 2.5 billion yen from the previous forecast**, due to increased costs from higher crude oil and energy prices.
- For the full fiscal year outlook, **ordinary profit excluding inventory valuation is expected to remain at a level similar to the previous forecast**. Meanwhile, **ordinary profit and profit attributable to owners of parent are expected to increase from the previous forecast to 135.0 billion yen and 105.0 billion yen**, respectively, due to higher inventory valuation gains. ROIC is expected to be approximately 6.0%.
- Free cash flow is expected to be 0 billion yen, while the net assets ratio and the D/E ratio are expected to be approximately 49% and 0.55 times, respectively, all remaining 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: 30.2%).

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Summary of Financial Results and Forecast

Financial Results for the First Half of Fiscal 2026

		Year on year
Net Sales	1,259.8 billion yen	78.3 billion yen
Ordinary Profit (Loss)	57.2 billion yen	(0.4) billion yen
Excluding Inventory Valuation	29.7 billion yen	(34.4) billion yen
Profit (Loss) Attributable to Owners of Parent	42.5 billion yen	(20.2) billion yen

Fiscal 2026 Full-Year Earnings Forecast

		Year on year
Net Sales	2,750.0 billion yen	60.0 billion yen
Ordinary Profit (Loss)	135.0 billion yen	15.0 billion yen
Excluding Inventory Valuation	101.5 billion yen	2.0 billion yen
Profit (Loss) Attributable to Owners of Parent	105.0 billion yen	5.0 billion yen

Financial Indicators Fiscal 2026 Full-Year Earnings Forecast	• ROIC	: Approx. 6.0%	(approx. 5.5% in the previous forecast)
	• ROE	: Approx. 8.0%	(approx. 7.5% in the previous forecast)
	• Net assets ratio	: Approx. 49%	(approx. 49% in the previous forecast)
	• 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)		

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Impact of the Middle East Situation

- A negative earnings impact of **9.5 billion yen became evident** in the first half, primarily due to cost increases associated with higher crude oil and energy prices.
- Due to delays in passing on increased costs to selling prices, **the earnings impact for the full year is estimated at negative 14.5 billion yen.**

Potential Risks Identified and Current Estimate of Earnings Impact

	Current			Reference
	1H	2H	Full Year	Previous forecast
Higher logistics costs, rising energy and other material prices, and delays in cost pass-through, resulting from elevated crude oil prices	(8.5)	(4.5)	(13.0)	(10.0)
Higher procurement costs for alternative raw materials in the aluminum businesses	—	(0.5)	(0.5)	(1.0)
Middle East-related sales declines and timing delays in the machinery businesses	(0.5)	—	(0.5)	(0.5)
Emergence of negative impacts on the production and sales activities of customers and business partners	(0.5)	—	(0.5)	(0.5)
	(9.5)	(5.0)	(14.5)	(12.0)

Breakdown of Full-Year Middle East-Related Earnings Impact by Segment

Steel Products: (6.5), Aluminum Rolled Products: (3.0), Advanced Materials: (2.0), Welding: (0.5), Machinery: (0.5), Construction Machinery: (2.0)

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Financial Results for the First Half of Fiscal 2026

(Billions of yen)	FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year	FY2026 Forecast (Current) 1H ②	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year	Change ②−①
Net Sales	1,181.4	1,255.1	2,436.5	1,259.8	1,490.1	2,750.0	78.3
Operating Profit (Loss)	62.5	67.3	129.8	60.9	104.0	165.0	(1.5)
Ordinary Profit (Loss)	57.6	63.6	121.3	57.2	77.7	135.0	(0.4)
Excluding Inventory Valuation	64.1	61.6	125.8	29.7	71.7	101.5	(34.4)
Extraordinary Income (Losses)	17.9	(18.4)	(0.4)	2.8	2.1	5.0	(15.1)
Profit (Loss) Attributable to Owners of Parent	62.8	30.8	93.7	42.5	62.4	105.0	(20.2)

Net Sales

Net sales increased year on year, mainly due to higher selling prices associated with higher market prices for aluminum and copper ingots.

Ordinary Profit (Loss)

Ordinary profit remained flat year on year, as the deterioration in the steel metal spread was offset by improved inventory valuation impacts, primarily due to increased aluminum and copper ingot prices.

Profit (Loss) Attributable to Owners of Parent

Profit decreased year on year due to a decrease in extraordinary income, primarily reflecting the absence of gains on the sale of cross-shareholdings.

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

(0.4) billion yen

[Impact of the Middle East Situation]

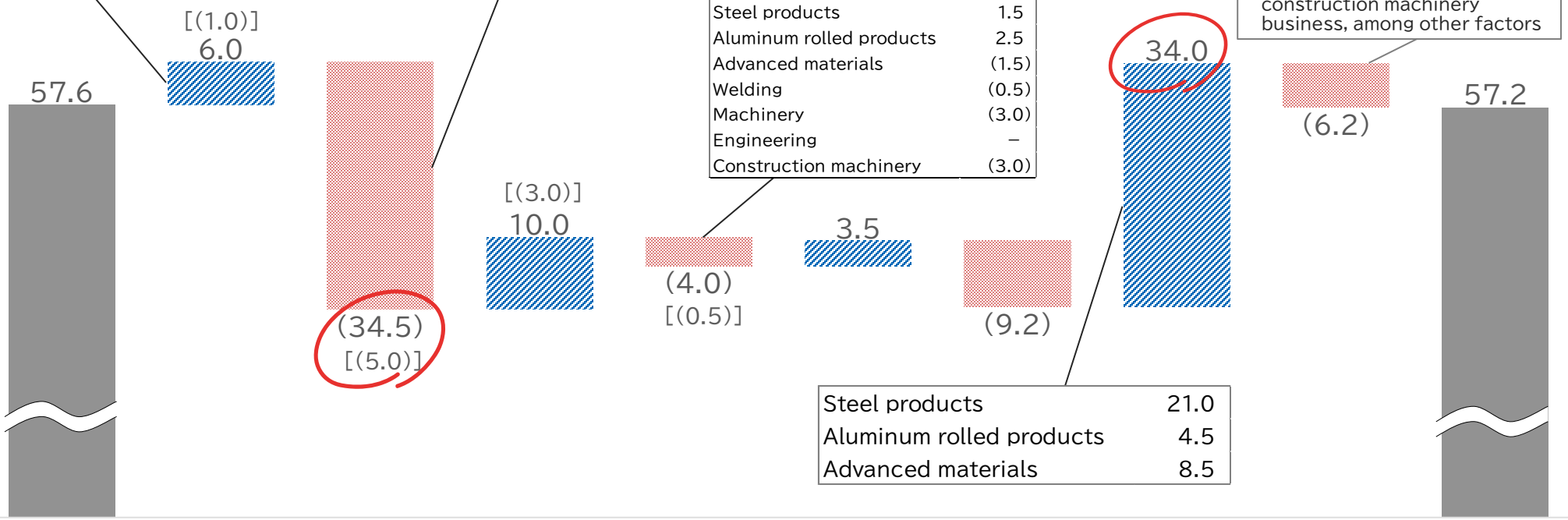
Quantity mix	(1.0)
Selling/procurement prices	(8.0)
Changes in cost	(0.5)
Total	(9.5)

Steel products	(1.5)
Aluminum rolled products	0.5
Advanced materials	3.0
Welding	1.0
Machinery	(2.0)
Engineering	4.5
Construction machinery	0.5

Business	Selling/ procurement prices	Exchange rates
Aluminum rolled products	(0.5)	–
Advanced materials	1.5	–
Welding	1.0	0.5
Construction machinery	1.5	6.0
Total	3.5	6.5

Steel products	1.5
Aluminum rolled products	2.5
Advanced materials	(1.5)
Welding	(0.5)
Machinery	(3.0)
Engineering	–
Construction machinery	(3.0)

Steel products	21.0
Aluminum rolled products	4.5
Advanced materials	8.5



• Increased allowance for doubtful accounts in the construction machinery business, among other factors

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

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Financial Results for the First Half of Fiscal 2026 : Ordinary Profit (Loss) by Segment

	FY2025 1H	FY2026 1H	Change	
Steel Products	8.5	(3.7)	(12.2)	Decreased due to the deterioration in the metal spread caused by higher raw material prices, despite improved inventory valuation impacts and other factors.
Excluding Inventory Valuation	16.5	(16.7)	(33.2)	
Aluminum Rolled Products	(1.9)	5.1	7.1	Increased due to lower depreciation expenses resulting from impairment losses on fixed assets and higher inventory valuation gains.
Excluding Inventory Valuation	(2.9)	(0.3)	2.6	
Advanced Materials	0.8	12.1	11.2	Increased due to higher sales volume for semiconductor manufacturing equipment and higher inventory valuation gains.
Excluding Inventory Valuation	0.3	3.1	2.7	
Welding	2.0	4.8	2.8	Increased due to higher sales volume and the weaker yen, among other factors.
Materials Businesses Total	**9.4**	**18.4**	**8.9**	
Machinery	18.6	13.9	(4.6)	Decreased due to lower sales in the energy and chemical sectors, among other factors.
Engineering	2.9	7.5	4.5	Increased due to higher sales in the direct reduced iron-related business.
Construction Machinery	3.6	4.4	0.8	Increased due to the weaker yen and progress in passing on higher costs to selling prices, despite higher fixed costs and increased allowance for doubtful accounts for a European distributor, among other factors.
Machinery Businesses Total	**25.2**	**26.0**	**0.7**	
Electric Power	23.5	14.2	(9.2)	Decreased due to the extension of the periodic inspection of the Kobe Power Plant No. 3 unit and the absence of gains from changes in coal prices, among other factors.

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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 decreased sales by Japanese automakers, particularly in China.
IT and semiconductors	(Aluminum rolled products, aluminum castings and forgings, and copper rolled products) Demand for HDDs is **expected to remain similar to the previous forecast**, supported by continued solid investment in data centers. Semiconductor-related demand is **expected to increase from the previous forecast** as demand continues to grow.
Shipbuilding	(Steel products, steel castings and forgings, and welding) Despite solid 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**, supported by 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** due to continued sluggish demand resulting from rising prices and other factors.
Construction and civil engineering	(Steel products and welding) Demand is expected **to remain similar to the previous forecast** due to continued delays in the start of construction and revisions to plans resulting from labor shortages and rising construction costs, among other factors.

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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 **fall below the previous forecast** due to continued sluggish demand resulting from labor shortages and rising prices.
China	Demand is expected to **remain similar to the previous forecast**, supported by the government-led agricultural land reform policy.
North America	Demand is expected to **exceed the previous forecast**, with construction demand remaining solid.
Europe	Demand is expected to **exceed the previous forecast** due to a gradual recovery amid easing inflationary pressures and other factors.
Southeast Asia	Demand is expected to **exceed the previous forecast** due to growing demand, particularly in Indonesia and Vietnam.

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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	1,300.0	1,390.0	**2,690.0**	1,259.8	1,490.1	**2,750.0**	60.0
Operating Profit (Loss)	65.0	85.0	**150.0**	60.9	104.0	**165.0**	15.0
Ordinary Profit (Loss)	50.0	70.0	**120.0**	57.2	77.7	**135.0**	15.0
Excluding Inventory Valuation	33.0	66.5	**99.5**	29.7	71.7	**101.5**	2.0
Extraordinary Income (Losses)	2.7	7.3	**10.0**	2.8	2.1	**5.0**	(5.0)
Profit (Loss) Attributable to Owners of Parent	35.0	65.0	**100.0**	42.5	62.4	**105.0**	5.0

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)

Ordinary profit is expected to exceed the previous forecast, mainly due to an increase in inventory valuation gains in the materials businesses associated with higher aluminum and copper ingot prices.

Profit (Loss) Attributable to Owners of Parent

Despite a decrease in extraordinary income due to delays in the liquidation of overseas subsidiaries and other factors, profit attributable to owners of parent is expected to exceed the previous forecast.

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

15.0 billion yen

[Impact of the Middle East Situation]

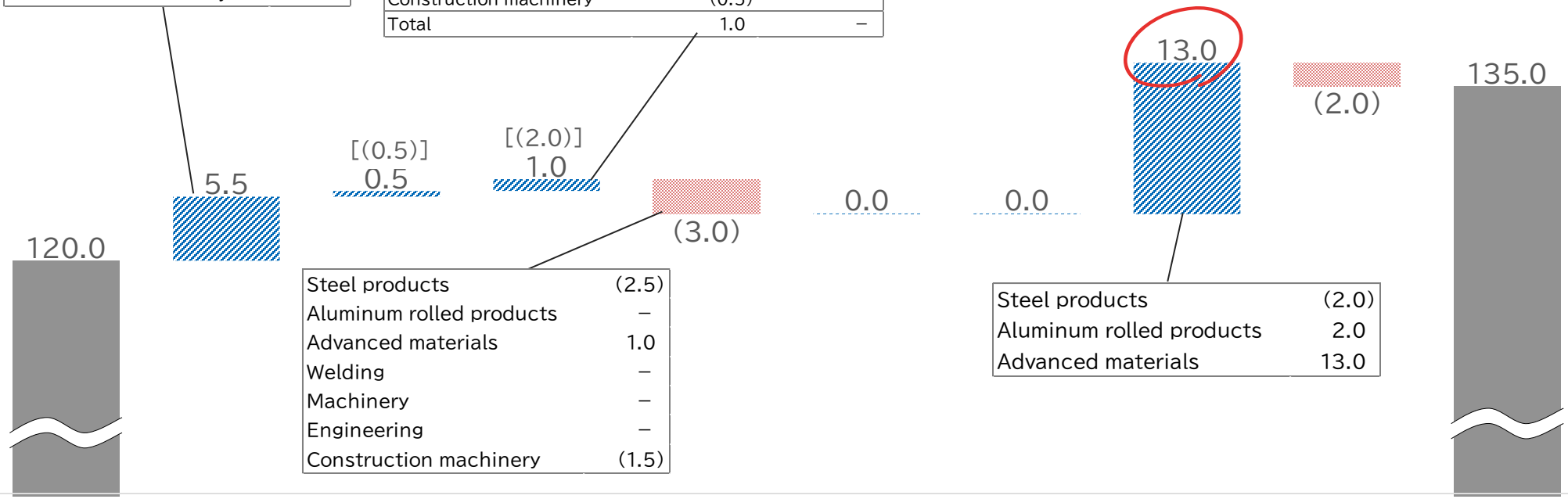
Quantity mix	0.0
Selling/procurement prices	(2.5)
Increase or decrease in costs	0.0
Total	(2.5)

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

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

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

Steel products	(2.0)
Aluminum rolled products	2.0
Advanced materials	13.0



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

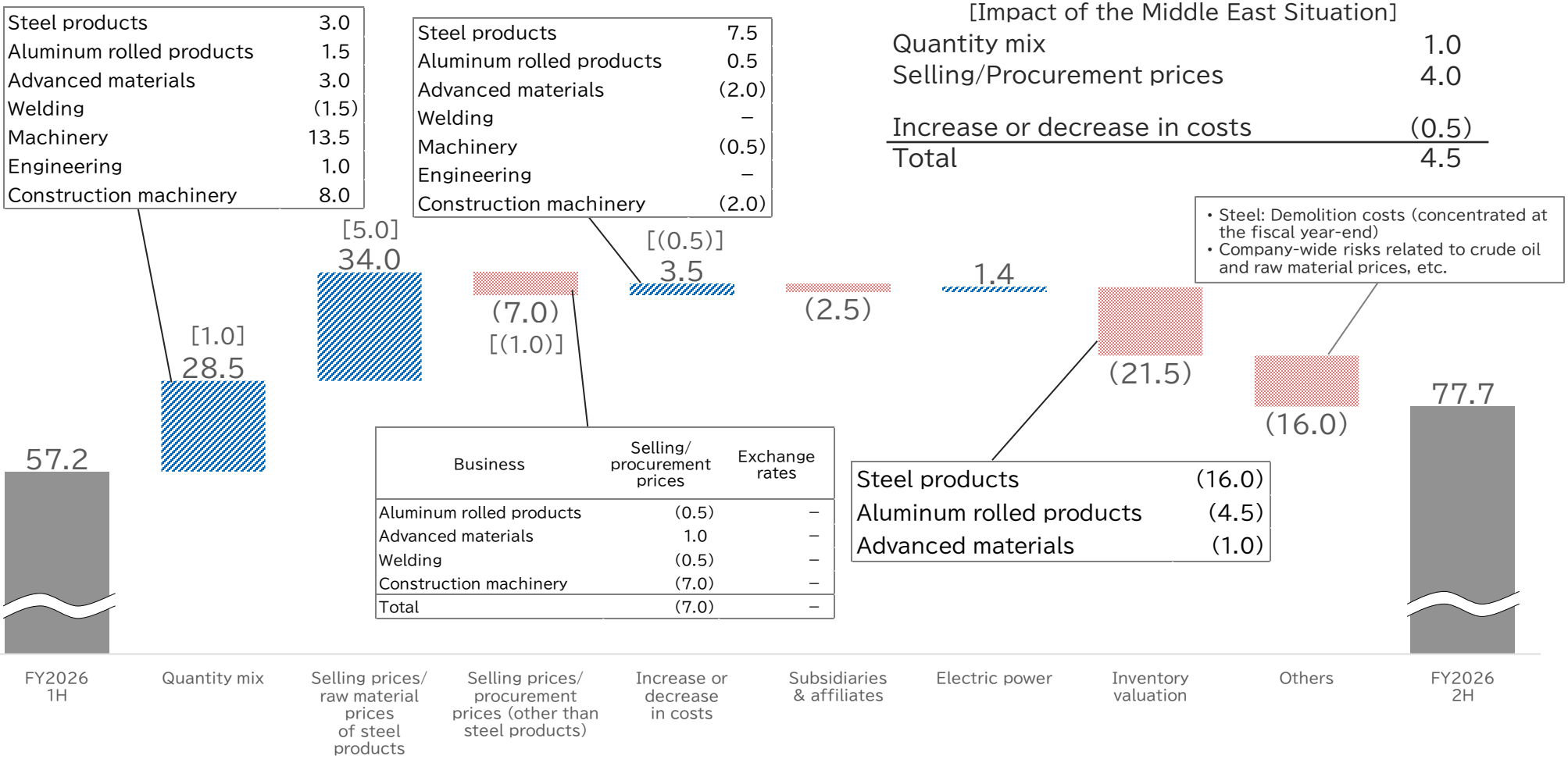
	FY2026 Previous	FY2026 Current	Change	
Steel Products	14.0	12.0	(2.0)	Decrease expected due to higher costs and lower inventory valuation gains.
Excluding Inventory Valuation	2.0	2.0	0.0	
Aluminum Rolled Products	5.5	7.5	2.0	Increase expected due to higher inventory valuation gains.
Excluding Inventory Valuation	1.0	1.0	0.0	
Advanced Materials	11.0	24.0	13.0	Increase expected due to higher inventory valuation gains.
Excluding Inventory Valuation	7.0	7.0	0.0	
Welding	6.5	7.5	1.0	Increase expected due to the weaker yen, among other factors.
Materials Businesses Total	**37.0**	**51.0**	**14.0**	
Machinery	40.0	40.0	0.0	The same as previously forecast.
Engineering	11.5	16.0	4.5	Increase expected due to improved profitability of individual projects, among other factors.
Construction Machinery	16.0	12.0	(4.0)	Decrease expected due to higher costs, primarily influenced by the Middle East situation, and increased allowance for doubtful accounts for a European distributor, among other factors.
Machinery Businesses Total	**67.5**	**68.0**	**0.5**	
Electric Power	30.0	30.0	0.0	The same as previously forecast.
Others Businesses and Adjustment	(14.5)	(14.0)	0.5	

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Forecast for Fiscal 2026 : Ordinary Profit (Loss)
Breakdown of Differences Between the First and Second Half

- Ordinary profit is expected to increase by 20.5 billion yen from the first half to the second half, mainly due to an improvement in the steel metal spread and increased sales in the Machinery Business, which are concentrated in the second half.

20.5 billion yen



Steel products	3.0
Aluminum rolled products	1.5
Advanced materials	3.0
Welding	(1.5)
Machinery	13.5
Engineering	1.0
Construction machinery	8.0

Steel products	7.5
Aluminum rolled products	0.5
Advanced materials	(2.0)
Welding	–
Machinery	(0.5)
Engineering	–
Construction machinery	(2.0)

[Impact of the Middle East Situation]

Quantity mix	1.0
Selling/Procurement prices	4.0
Increase or decrease in costs	(0.5)
Total	4.5

- Steel: Demolition costs (concentrated at the fiscal year-end)
- Company-wide risks related to crude oil and raw material prices, etc.

Business	Selling/ procurement prices	Exchange rates
Aluminum rolled products	(0.5)	–
Advanced materials	1.0	–
Welding	(0.5)	–
Construction machinery	(7.0)	–
Total	(7.0)	–

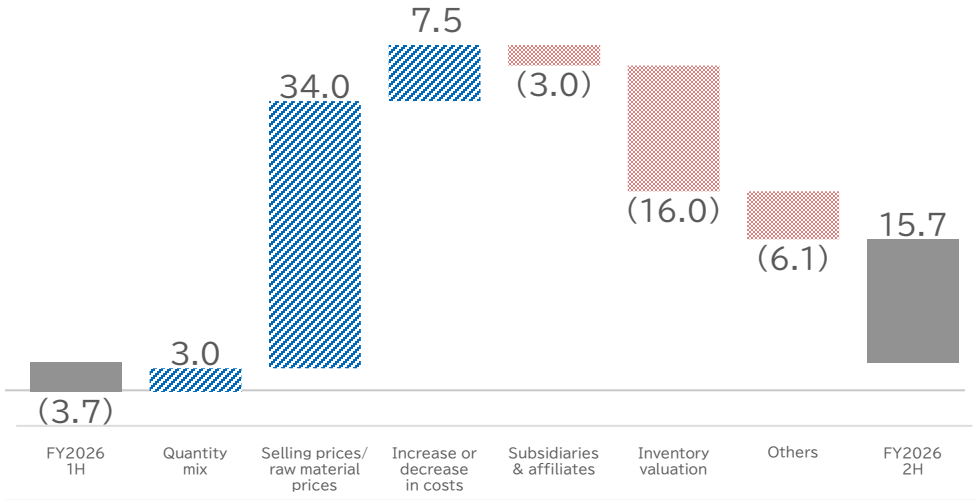
Steel products	(16.0)
Aluminum rolled products	(4.5)
Advanced materials	(1.0)

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

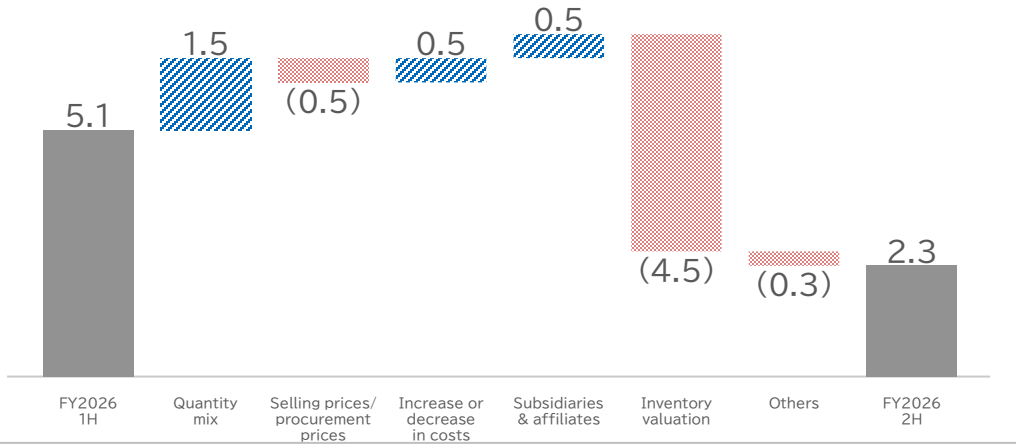
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Forecast for Fiscal 2026 : Ordinary Profit (Loss) Breakdown of Differences between the First Half and the Second Half of Fiscal 2026(Primary Segments)

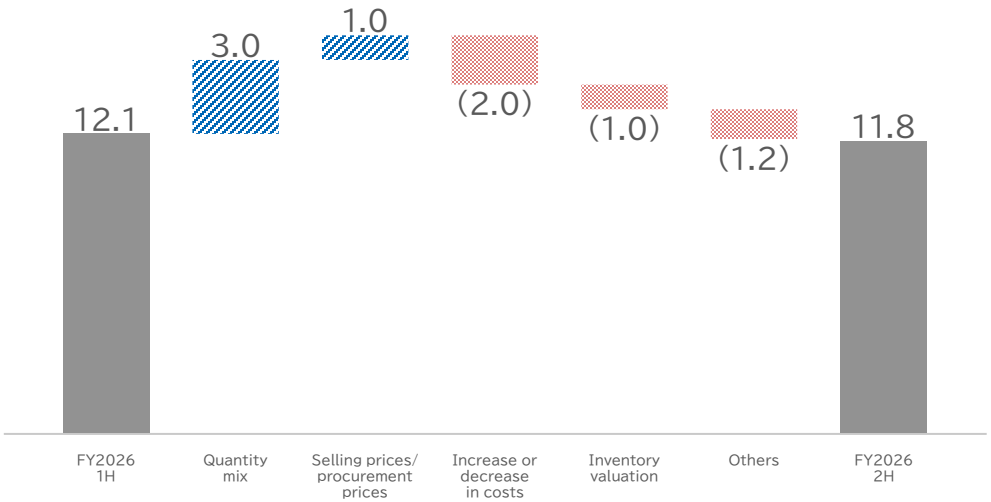
Steel Products



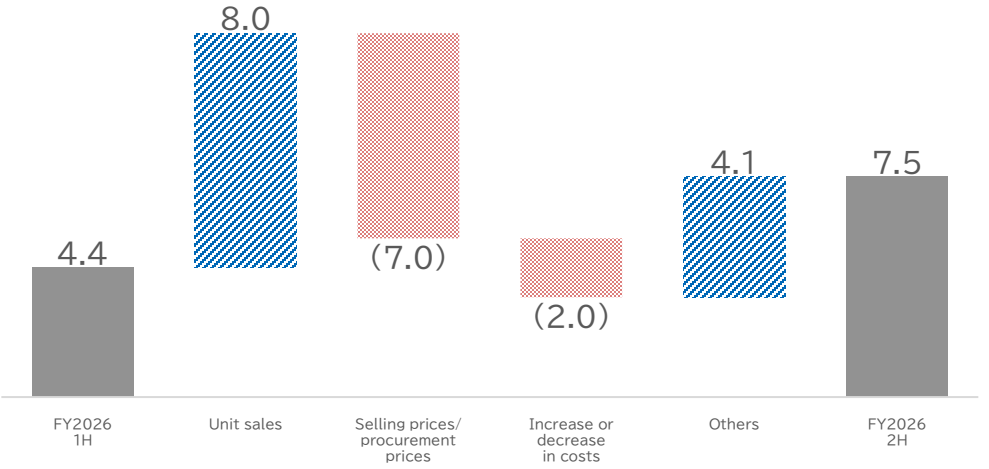
Aluminum Rolled Products



Advanced Materials



Construction Machinery



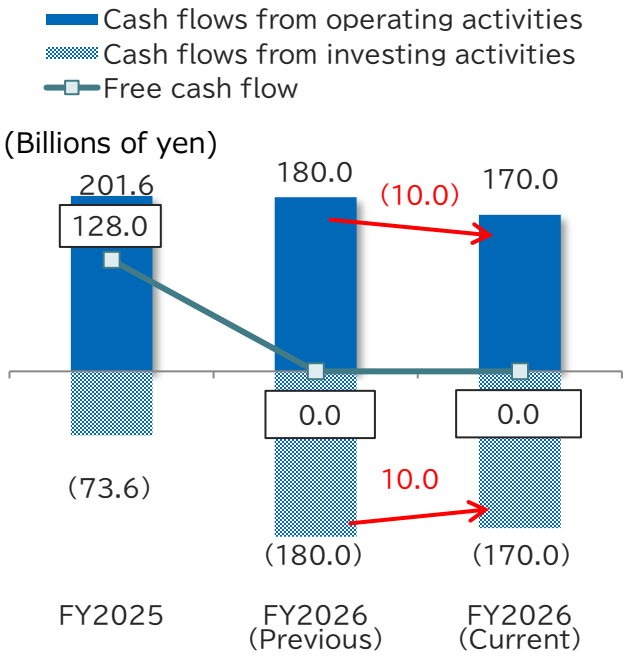
*The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

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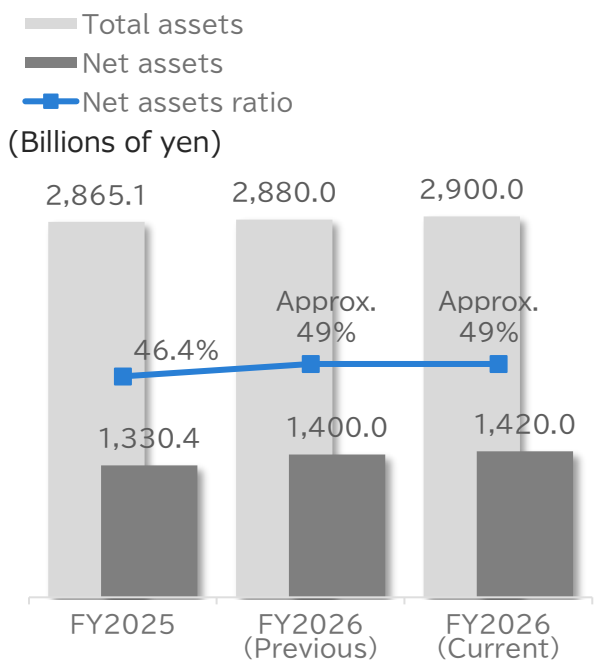
Cash Flow Status

- Operating cash flow is expected to decrease due to a delay in the timing of collections in the Machinery business and other factors. Investing cash flow is expected to improve due to a delay in the timing of payments for capital expenditures, and free cash flow is expected to remain unchanged from the previous forecast at 0 billion yen.
- The balance of interest-bearing debt is expected to be 755.0 billion yen, while the net assets ratio and the D/E ratio are expected to be approximately 49% and 0.55 times, respectively, all remaining unchanged from the previous forecast.

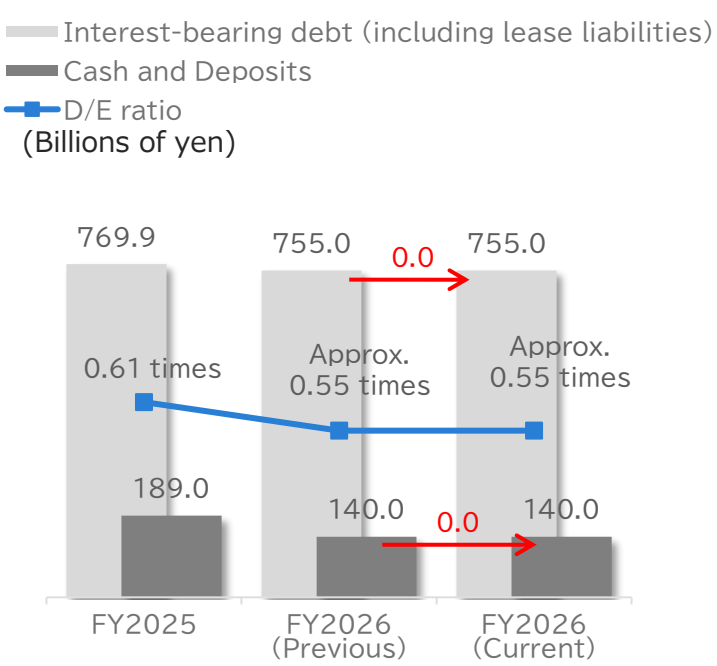
Cash Flow



Net Assets ratio



D/E ratio



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Return to Shareholders

The Company's policy of paying an interim dividend of 40 yen per share, as previously announced, has been approved, while its policy for the year-end dividend 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.

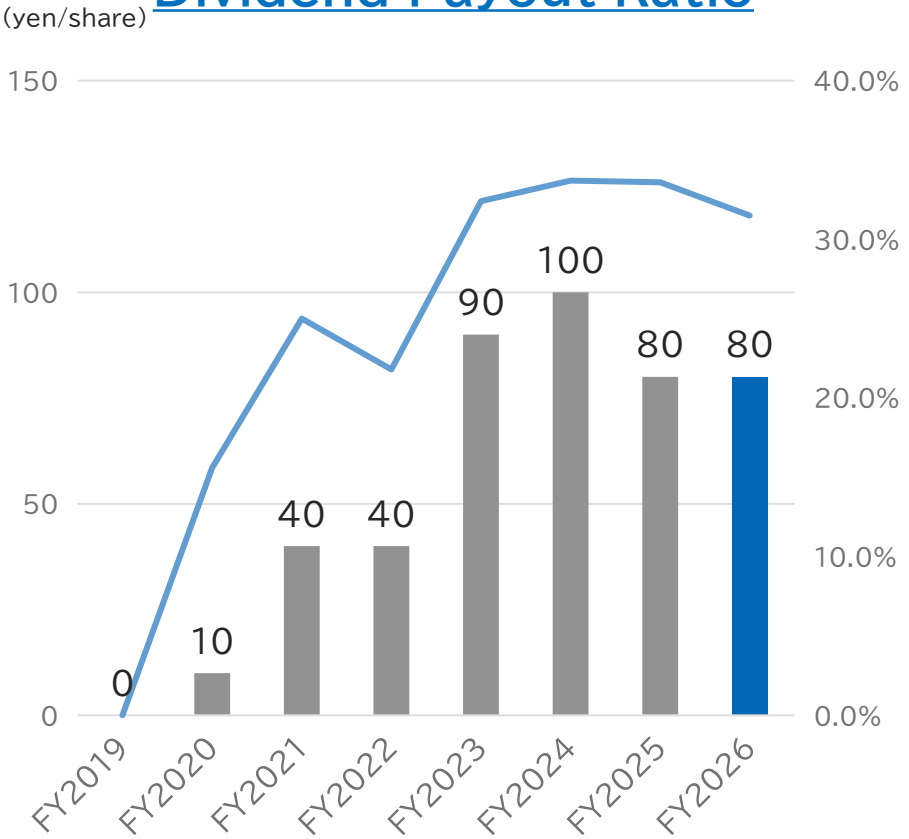
Medium-Term Management Plan (Fiscal 2024–2026)

Dividend payout ratio: approx. 30%

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

FY2025		FY2026	
Interim	Year-end	Interim (by resolution)	Year-end (by policy)
40 yen	40 yen	**40 yen**	**40 yen**
80 yen		**80 yen**	
33.6%		**30.2%**	

Dividend and Dividend Payout Ratio



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Segment Information

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

(Billions of yen)	FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1H ④	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1H ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Steel & Aluminum	506.0	490.8	**996.9**	513.0	540.0	**1,053.0**	**509.9**	568.0	**1,078.0**	3.9	81.0	25.0
Advanced Materials	154.3	178.5	**332.8**	190.0	195.0	**385.0**	**195.5**	229.4	**425.0**	41.2	92.1	40.0
Welding	46.1	50.3	**96.4**	51.0	52.0	**103.0**	**52.3**	52.6	**105.0**	6.2	8.5	2.0
Machinery	129.0	153.7	**282.7**	138.0	142.0	**280.0**	**128.9**	156.0	**285.0**	(0.0)	2.2	5.0
Engineering	73.9	119.9	**193.8**	86.0	115.0	**201.0**	**82.7**	117.2	**200.0**	8.7	6.1	(1.0)
Construction Machinery	188.0	201.4	**389.5**	214.5	237.5	**452.0**	**202.5**	246.4	**449.0**	14.4	59.4	(3.0)
Electric Power	113.4	89.7	**203.2**	112.0	121.0	**233.0**	**114.4**	130.5	**245.0**	1.0	41.7	12.0
Other Businesses	2.5	3.3	**5.8**	3.0	3.0	**6.0**	**2.5**	3.9	**6.5**	(0.0)	0.6	0.5
Adjustment	(32.0)	(32.9)	**(64.9)**	(7.5)	(15.5)	**(23.0)**	**(29.3)**	(14.1)	**(43.5)**	2.6	21.4	(20.5)
Net Sales	1,181.4	1,255.1	**2,436.5**	1,300.0	1,390.0	**2,690.0**	**1,259.8**	1,490.1	**2,750.0**	78.3	313.4	60.0
Operating Profit (Loss)	62.5	67.3	**129.8**	65.0	85.0	**150.0**	**60.9**	104.0	**165.0**	(1.5)	35.1	15.0
Steel & Aluminum	6.5	(3.7)	**2.8**	2.5	17.0	**19.5**	**1.4**	18.0	**19.5**	(5.1)	16.6	–
Advanced Materials	0.8	7.8	**8.7**	6.0	5.0	**11.0**	**12.1**	11.8	**24.0**	11.2	15.2	13.0
Welding	2.0	3.8	**5.8**	3.5	3.0	**6.5**	**4.8**	2.6	**7.5**	2.8	1.6	1.0
Machinery	18.6	28.0	**46.7**	18.0	22.0	**40.0**	**13.9**	26.0	**40.0**	(4.6)	(6.7)	–
Engineering	2.9	9.6	**12.6**	7.0	4.5	**11.5**	**7.5**	8.4	**16.0**	4.5	3.3	4.5
Construction Machinery	3.6	8.7	**12.3**	6.0	10.0	**16.0**	**4.4**	7.5	**12.0**	0.8	(0.3)	(4.0)
Electric Power	23.5	11.2	**34.7**	9.5	20.5	**30.0**	**14.2**	15.7	**30.0**	(9.2)	(4.7)	–
Other Businesses	1.3	3.7	**5.0**	2.5	2.5	**5.0**	**2.8**	2.6	**5.5**	1.5	0.4	0.5
Adjustment	(1.9)	(5.6)	**(7.6)**	(5.0)	(14.5)	**(19.5)**	**(4.3)**	(15.1)	**(19.5)**	(2.4)	(11.8)	–
Ordinary Profit (Loss)	57.6	63.6	**121.3**	50.0	70.0	**120.0**	**57.2**	77.7	**135.0**	(0.4)	13.6	15.0
Excluding Inventory Valuation	64.1	61.6	125.8	33.0	66.5	99.5	29.7	71.7	101.5	(34.4)	(24.3)	2.0
Extraordinary Income (Losses)	17.9	(18.4)	**(0.4)**	2.7	7.3	**10.0**	**2.8**	2.1	**5.0**	(15.1)	5.4	(5.0)
Profit (Loss) Attributable to Owners of Parent	62.8	30.8	**93.7**	35.0	65.0	**100.0**	**42.5**	62.4	**105.0**	(20.2)	11.2	5.0

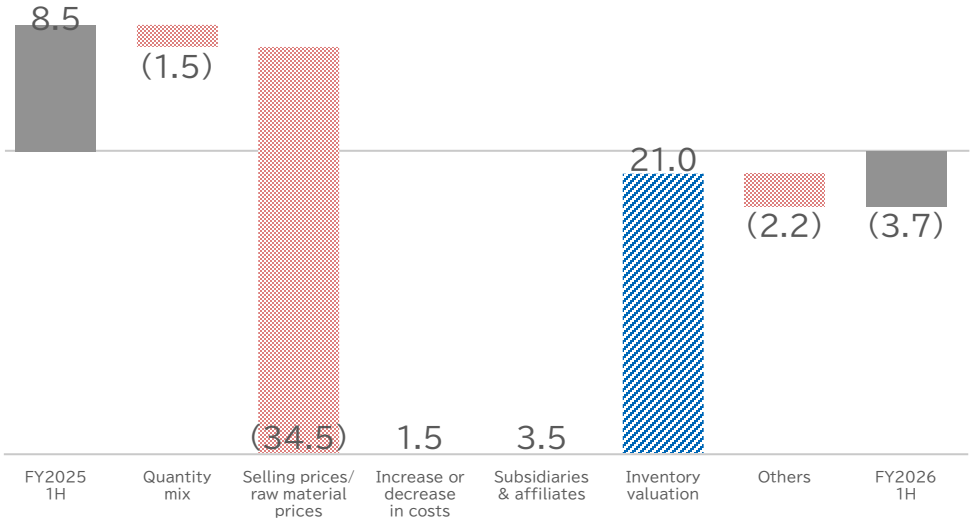
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Steel Products

(Billions of yen)		FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1H ④	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1H ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales		417.8	404.3	**822.2**	412.0	438.0	**850.0**	**409.6**	455.4	**865.0**	(8.2)	42.7	15.0
Ordinary Profit (Loss)		8.5	(4.6)	**3.8**	(2.5)	16.5	**14.0**	**(3.7)**	15.7	**12.0**	(12.2)	8.1	(2.0)
Excluding Inventory Valuation		16.5	(3.1)	**13.3**	(12.0)	14.0	**2.0**	**(16.7)**	18.7	**2.0**	(33.2)	(11.3)	–
Crude steel production*1	(Millions of tons)	2.93	2.88	**5.81**	3.00	3.00	**6.00**	**3.00**	3.00	**6.00**	0.07	0.19	–
Sales volume of steel products*2	(Millions of tons)	2.31	2.32	**4.63**	2.40	2.40	**4.80**	**2.29**	2.51	**4.80**	(0.02)	0.17	–
Domestic		1.85	1.84	**3.69**				**1.82**			(0.03)		
Exports		0.46	0.47	**0.94**				**0.47**			0.01		
Export ratio (value basis)		20%	21%	**21%**				**21%**			0%		
Average steel selling price	(Thousands of yen/ton)	135	131	**133**				**136**			1		

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

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



Forecast for Fiscal 2026 (Compared to the previous forecast)

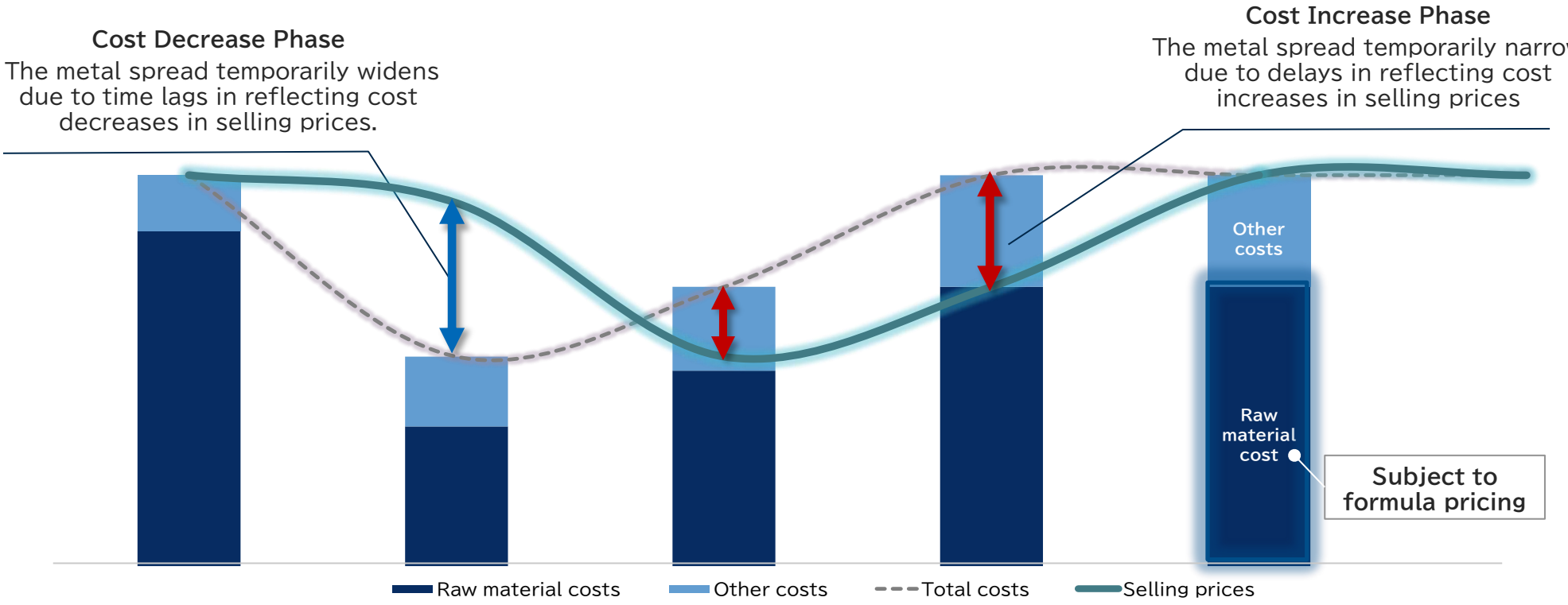


*The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

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Steel Cost Fluctuations and Their Reflection in Selling Prices

- **Prices of key raw materials, such as iron ore and coking coal, are determined by the quarterly average market prices.** Prices of other costs are subject to change depending on market conditions, geopolitical risks and other factors.
- While pricing formulas are in place to adjust selling prices of products under specific contracts when major raw material costs fluctuate, a time lag occurs before these adjustments take effect. Similarly, there is also a delay before other costs are reflected in selling prices.
- As a result, **the metal spread temporarily narrows when costs rise and temporarily widens when costs fall.**



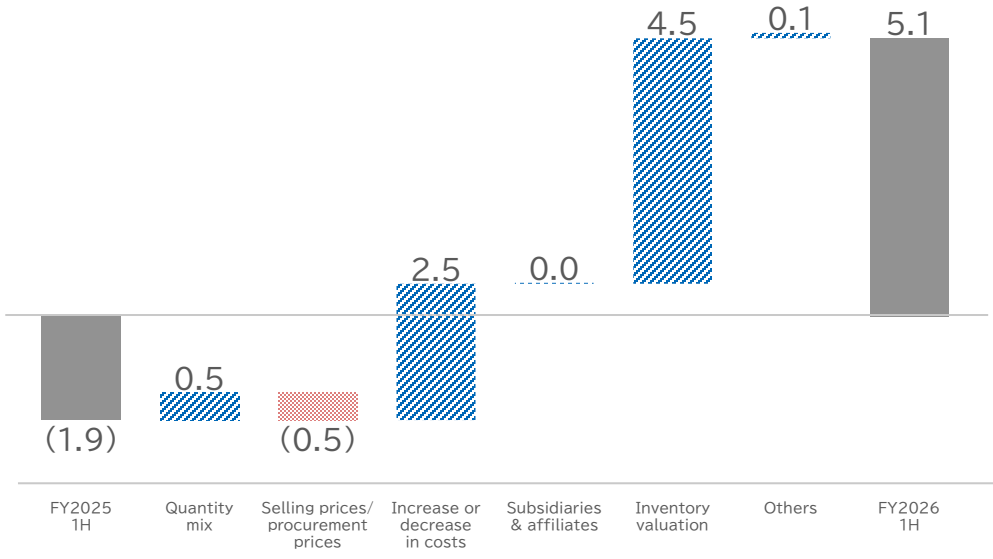
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Aluminum Rolled Products

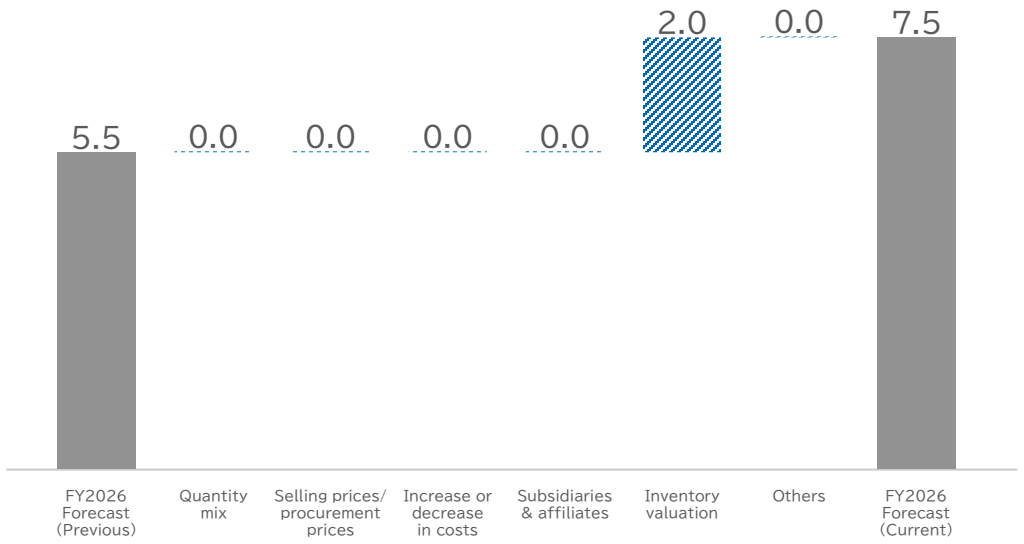
(Billions of yen)	FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1H ④	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1H ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales	88.1	86.4	**174.6**	101.0	102.0	**203.0**	**100.3**	112.6	**213.0**	12.1	38.3	10.0
Ordinary Profit (Loss)	(1.9)	0.9	**(0.9)**	5.0	0.5	**5.5**	**5.1**	2.3	**7.5**	7.1	8.4	2.0
Excluding Inventory Valuation	(2.9)	(0.6)	**(3.4)**	0.5	0.5	**1.0**	**(0.3)**	1.3	**1.0**	2.6	4.4	–
Sales volume of aluminum rolled products* (Thousands of tons)	135	128	**263**	140	145	**285**	**138**	147	**285**	3	22	–
Domestic	111	107	**218**				**116**			5		
Exports	23	21	**45**				**22**			(2)		

* Consolidated basis

Financial Results for the First Half 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.

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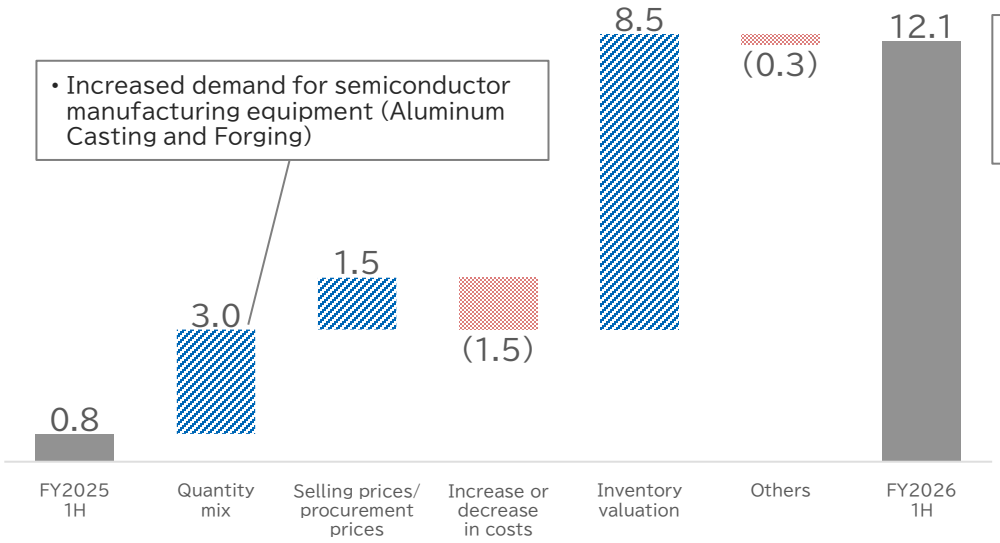
Advanced Materials

(Billions of yen)		FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1H ④	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1H ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales		154.3	178.5	**332.8**	190.0	195.0	**385.0**	**195.5**	229.4	**425.0**	41.2	92.1	40.0
Ordinary Profit (Loss)		0.8	7.8	**8.7**	6.0	5.0	**11.0**	**12.1**	11.8	**24.0**	11.2	15.2	13.0
Excluding Inventory Valuation		0.3	5.8	**6.2**	3.0	4.0	**7.0**	**3.1**	3.8	**7.0**	2.7	0.8	–
Sales volume of aluminum extrusions*1	(Thousands of tons)	17	19	**36**	19	20	**39**	**19**	20	**39**	2	3	–
Domestic		13	15	**28**				**15**			2		
Exports		4	4	**8**				**4**			0		
Sales volume of copper rolled products*2	(Thousands of tons)	25	29	**54**	28	32	**60**	**27**	33	**60**	2	6	–

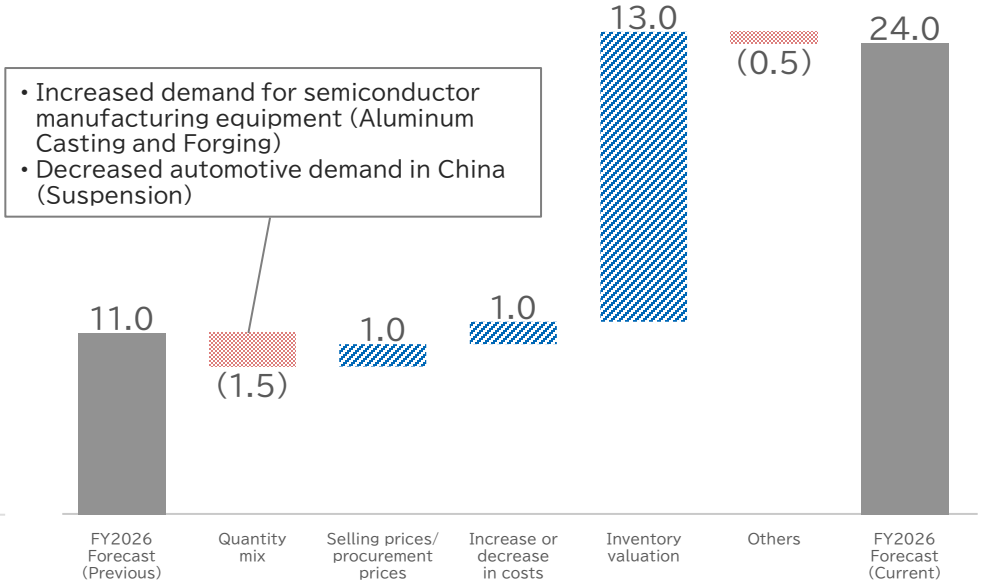
*1 Consolidated basis

*2 Non-consolidated basis

Financial Results for the First Half 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.

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Welding

(Billions of yen)		FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1H ④	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1H ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales		46.1	50.3	**96.4**	51.0	52.0	**103.0**	**52.3**	52.6	**105.0**	6.2	8.5	2.0
Ordinary Profit (Loss)		2.0	3.8	**5.8**	3.5	3.0	**6.5**	**4.8**	2.6	**7.5**	2.8	1.6	1.0
Sales volume of welding materials*	(Thousands of tons)	112	116	**227**	120	115	**235**	**118**	116	**235**	6	8	–
Domestic		45	46	**91**				**49**			4		
Exports		67	69	**136**				**69**			2		

* Consolidated basis

Financial Results for the First Half 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 unchanged from the previous forecast in both domestic and export markets.
Selling Prices	Expected to increase due to yen depreciation, among other factors.
Cost	Expected to remain unchanged from the previous forecast

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Machinery

(Billions of yen)	FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1H ④	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1H ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales	129.0	153.7	**282.7**	138.0	142.0	**280.0**	**128.9**	156.0	**285.0**	(0.0)	2.2	5.0
Ordinary Profit (Loss)	18.6	28.0	**46.7**	18.0	22.0	**40.0**	**13.9**	26.0	**40.0**	(4.6)	(6.7)	–
Orders	123.3	146.7	**270.1**	130.0	140.0	**270.0**	**120.6**	159.3	**280.0**	(2.7)	9.8	10.0
Backlog of Orders	238.5	241.2	**241.2**				**230.8**			(7.7)		

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

Orders

Decreased primarily due to changes in project timing

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 increase due to strong demand for isostatic pressing (IP) equipment, among other factors.

Ordinary Profit (Loss)

Expected to remain unchanged from the previous forecast.

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Engineering

(Billions of yen)	FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1H ④	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1H ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales	73.9	119.9	**193.8**	86.0	115.0	**201.0**	**82.7**	117.2	**200.0**	8.7	6.1	(1.0)
Ordinary Profit (Loss)	2.9	9.6	**12.6**	7.0	4.5	**11.5**	**7.5**	8.4	**16.0**	4.5	3.3	4.5
Orders	88.4	43.6	**132.1**	170.0	65.0	**235.0**	**177.4**	57.5	**235.0**	88.9	102.8	–
Backlog of Orders	445.0	386.0	**386.0**				**493.4**			48.4		

Financial Results for the First Half 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 increase due to improved profitability of individual projects, among other factors.

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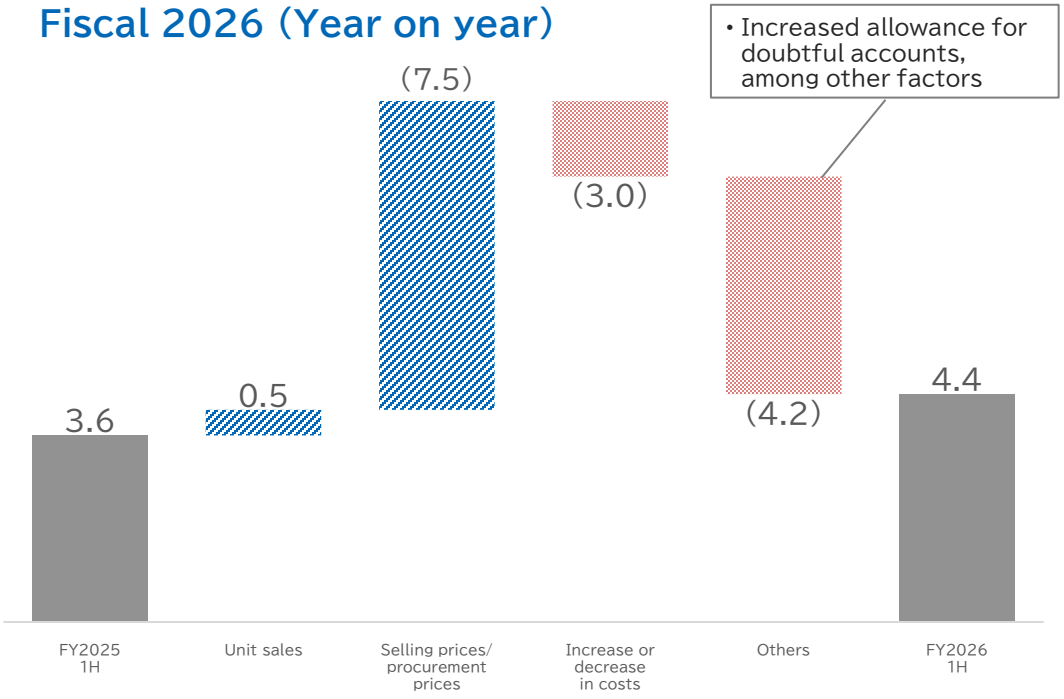
Construction Machinery

(Billions of yen)		FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1H ④	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1H ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales		188.0	201.4	**389.5**	214.5	237.5	**452.0**	**202.5**	246.4	**449.0**	14.4	59.4	(3.0)
Ordinary Profit (Loss)		3.6	8.7	**12.3**	6.0	10.0	**16.0**	**4.4**	7.5	**12.0**	0.8	(0.3)	(4.0)
Unit sales of hydraulic excavators*1	(Thousands of units)	10.3	10.6	**21.0**	10.5	11.5	**22.0**	**10.1**	11.9	**22.0**	(0.2)	1.0	–
Domestic		2.6	3.3	**5.9**				**2.2**			(0.4)		
Exports		7.8	7.3	**15.1**				**8.0**			0.2		
Unit sales of crawler cranes*2	(Units)	154	175	**329**	130	215	**345**	**119**	226	**345**	(35)	16	–

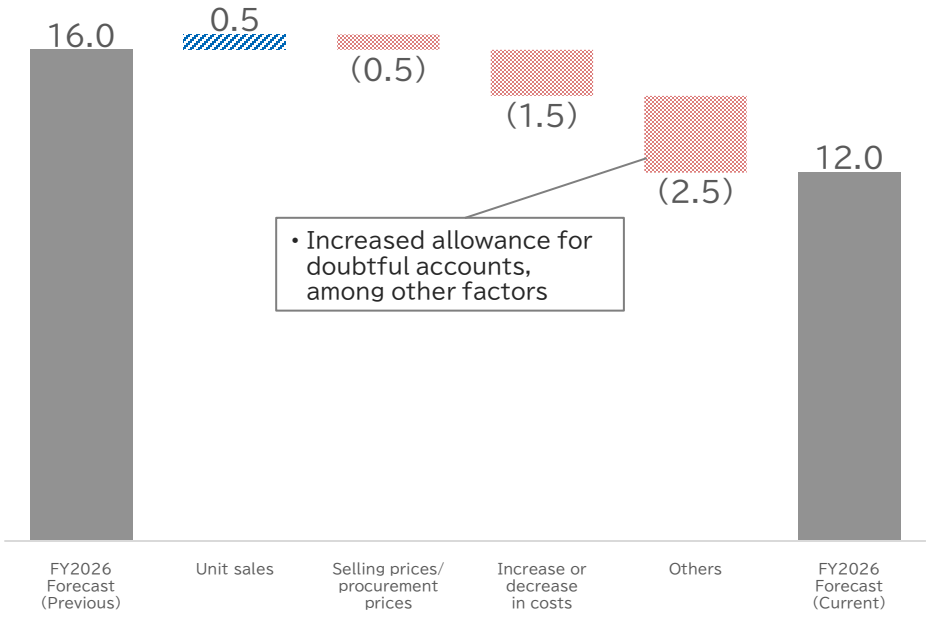
*1 Consolidated basis (including mini-excavators)

*2 Consolidated basis

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



Forecast for Fiscal 2026 (Compared to the previous forecast)



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Electric Power

(Billions of yen)	FY2025 Actual 1H ①	FY2025 Actual 2H	FY2025 Actual Full Year ②	FY2026 Forecast (Previous) 1H	FY2026 Forecast (Previous) 2H	FY2026 Forecast (Previous) Full Year ③	FY2026 Forecast (Current) 1H ④	FY2026 Forecast (Current) 2H	FY2026 Forecast (Current) Full Year ⑤	Change 1H ④−①	Change Full Year ⑤−②	Change Full Year ⑤−③
Net Sales	113.4	89.7	**203.2**	112.0	121.0	**233.0**	**114.4**	130.5	**245.0**	1.0	41.7	12.0
Ordinary Profit (Loss)	23.5	11.2	**34.7**	9.5	20.5	**30.0**	**14.2**	15.7	**30.0**	(9.2)	(4.7)	–
Time lags in fuel cost adjustments	1.0	0.0	**1.0**	–	–	–	–	–	–	(1.0)	(1.0)	–
Effect of temporary gains/losses from changes in electricity selling prices	1.0	2.0	**3.0**	–	–	–	–	–	–	(1.0)	(3.0)	–

Financial Results for the First Half 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	Increased 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 absence of gains from changes in coal prices.

Forecast for Fiscal 2026 (Compared to the previous forecast)

Sales Volume	Expected to remain unchanged from the previous forecast.
Unit Selling Price	Expected to increase due to fluctuations in coal prices.
Ordinary Profit (Loss)	Expected to remain unchanged from the previous forecast.

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Reference Information

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Exchange Rate Assumption

	FY2025 Actual			FY2026 Forecast (Previous)	FY2026 Forecast (Current)		
	1H	2H	Full Year	Full Year	1H	2H	Full Year
1 U.S. dollar to yen	146.1	156.2	151.1	156.4	**160.0**	155.0	157.5
1 Chinese yuan to yen	20.3	22.4	21.3	22.4	**23.6**	23.0	23.3
1 euro to yen	168.7	182.5	175.6	181.5	**184.6**	180.0	182.3

Analysis of Exchange Rate Sensitivity

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

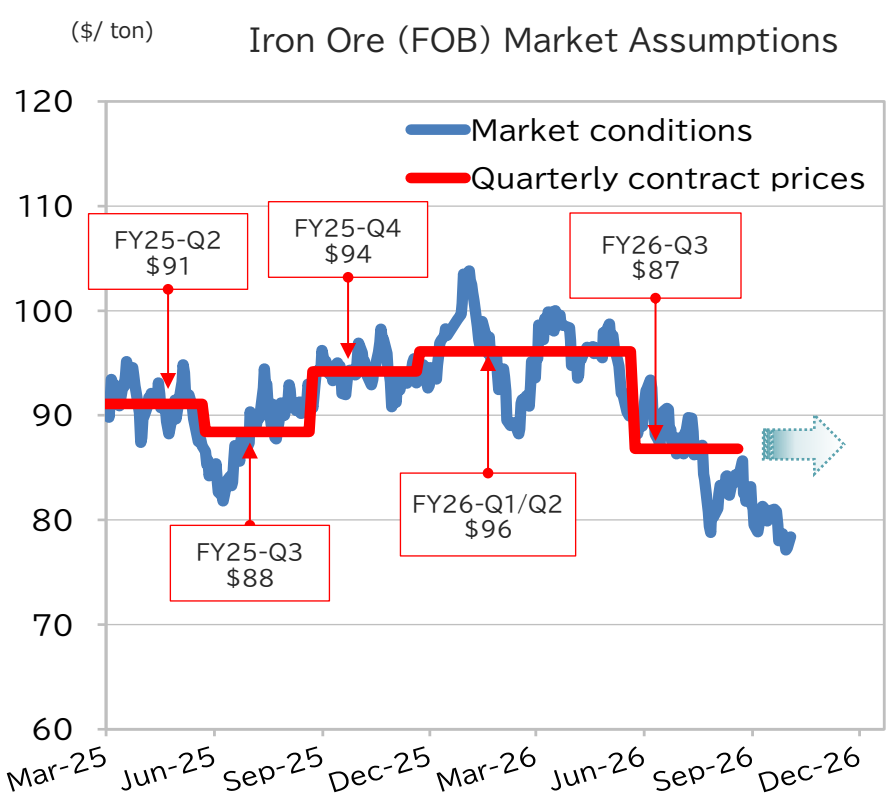
Steel products : Largely no impact
(Impact of dollar balance: (0.4) billion yen
Inventory valuation, cost pass-through to selling prices, etc.: 0.4 billion yen)
Construction machinery : Approx. 0.2 billion yen (Impact of dollar balance)

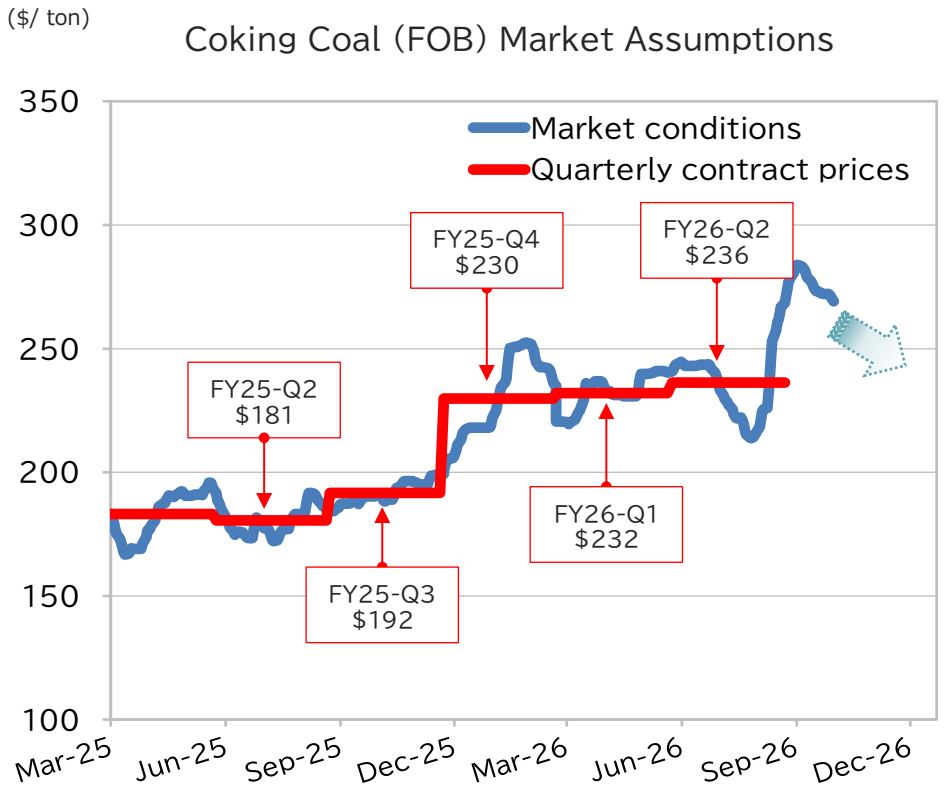
Impact of the 1 yen depreciation against the euro on future business performance
Construction machinery : Approx. 0.1 billion yen (Impact of euro balance)

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Raw Material Market Assumption

Iron ore	The price for the third quarter of fiscal 2026 has been settled at US$87. The price level for the fourth quarter is assumed to remain at the same level as the third quarter.
Coking coal	The price for the second quarter of fiscal 2026 has been settled at US$236. The price level for the second half of fiscal 2026 onward is assumed to remain at the same level as the second quarter.
Thermal coal	Market prices rose to US$130–150 from July to September 2026. The price level for the second half of fiscal 2026 onward is assumed to remain at the current level.





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Inventory Valuation

(Billions of yen)

Steel Products

	FY2025 Actual			FY2026 Forecast (Previous)			FY2026 Forecast (Current)		
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Iron ore	0.5	0.5	1.0	0.5	(2.0)	(1.5)	**0.5**	(2.0)	(1.5)
Coal	(0.5)	1.5	1.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Carry over	**0.0**	**2.0**	**2.0**	**0.5**	**(2.0)**	**(1.5)**	**0.5**	**(2.0)**	**(1.5)**
Average method	(8.0)	(1.0)	(9.0)	7.0	2.0	9.0	**10.5**	(3.5)	**7.0**
Lower-of-cost-or market method	0.0	(0.5)	(0.5)	2.5	0.5	3.0	**2.5**	0.5	**3.0**
Inventory valuation	**(8.0)**	**(1.5)**	**(9.5)**	**9.5**	**2.5**	**12.0**	**13.0**	**(3.0)**	**10.0**

Aluminum Rolled Products

	FY2025 Actual			FY2026 Forecast (Previous)			FY2026 Forecast (Current)		
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Average method	1.5	1.0	2.5	4.5	0.0	4.5	**5.5**	1.0	**6.5**
Lower-of-cost-or market method	(0.5)	0.5	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Inventory valuation	**1.0**	**1.5**	**2.5**	**4.5**	**0.0**	**4.5**	**5.5**	**1.0**	**6.5**

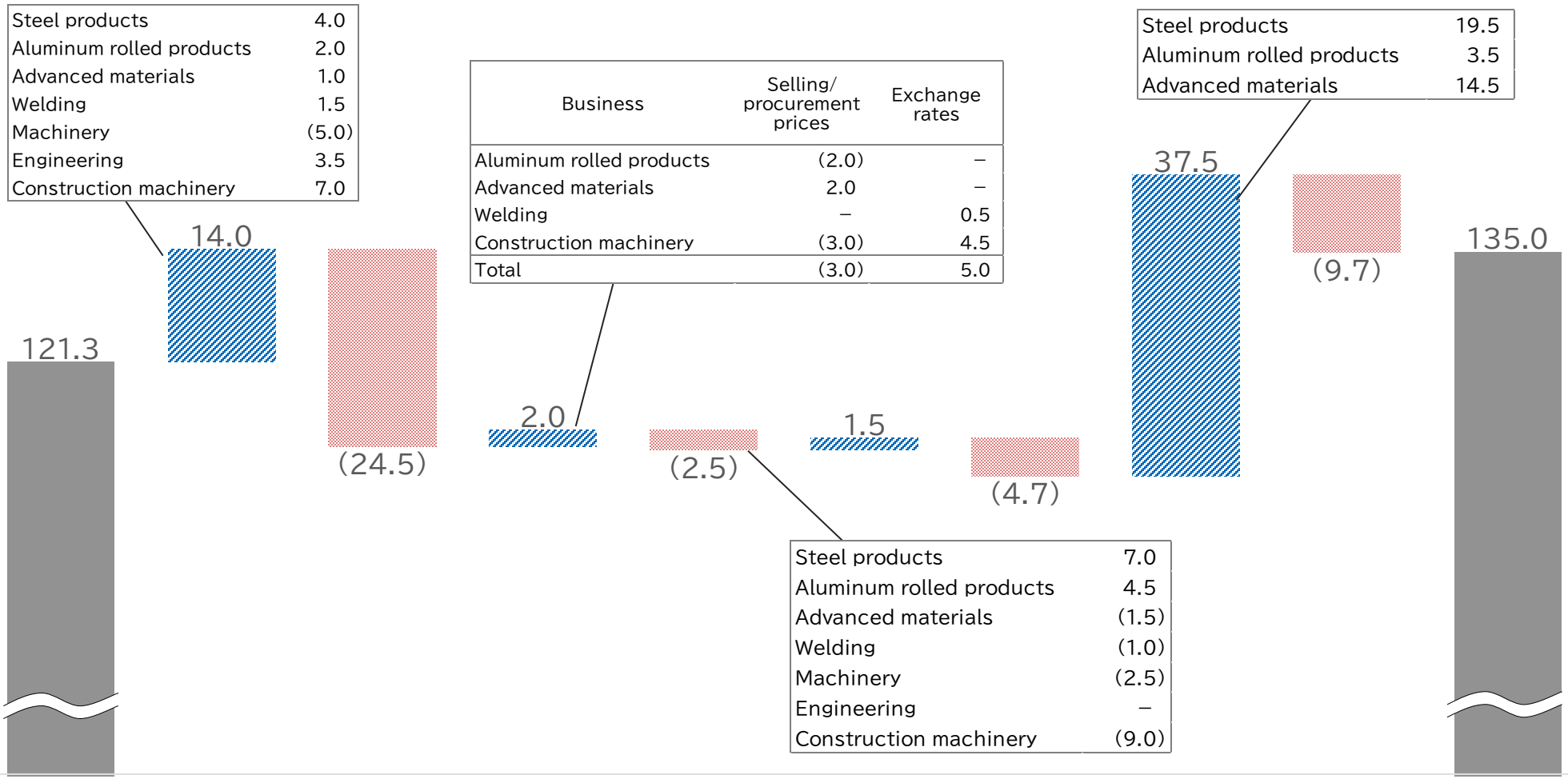
Advanced Materials

	FY2025 Actual			FY2026 Forecast (Previous)			FY2026 Forecast (Current)		
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Average method	2.0	1.5	3.5	3.0	1.0	4.0	**9.0**	7.0	**16.0**
Lower-of-cost-or market method	(1.5)	0.5	(1.0)	0.0	0.0	0.0	**0.0**	1.0	**1.0**
Inventory valuation	**0.5**	**2.0**	**2.5**	**3.0**	**1.0**	**4.0**	**9.0**	**8.0**	**17.0**

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

13.6 billion yen



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

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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	165.0 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**
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	180.0 billion yen	**170.0 billion yen**
Cash flows from investing activities	(53.7) billion yen	(113.8) billion yen	(73.6) billion yen	(180.0) billion yen	**(170.0) billion yen**
Free cash flow	151.5 billion yen	34.3 billion yen	128.0 billion yen	0.0 billion yen	**0.0 billion yen**
Cash and deposits	278.7 billion yen	219.8 billion yen	189.0 billion yen	140.0 billion yen	**140.0 billion yen**
Profit (loss) per share	277.38 yen	304.64 yen	237.80 yen	252.09 yen	**264.67 yen**
ROE*2	11.1%	10.8%	7.7%	approx. 7.5%	approx. 8.0%
ROIC*3	6.7%	6.9%	5.3%	approx. 5.5%	approx. 6.0%

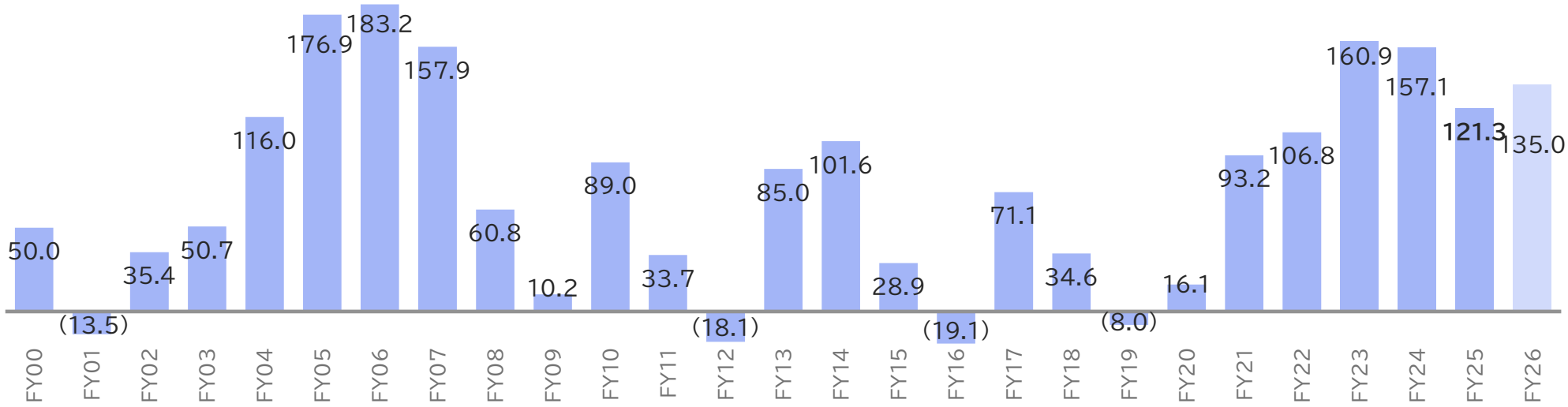
*1 D/E ratio : Interest bearing debt (including lease liabilities) divided by shareholders' equity
*2 ROE : Profit (loss) attributable to owners of parent divided by stockholders' equity
*3 ROIC : After tax operating income divided by invested capital

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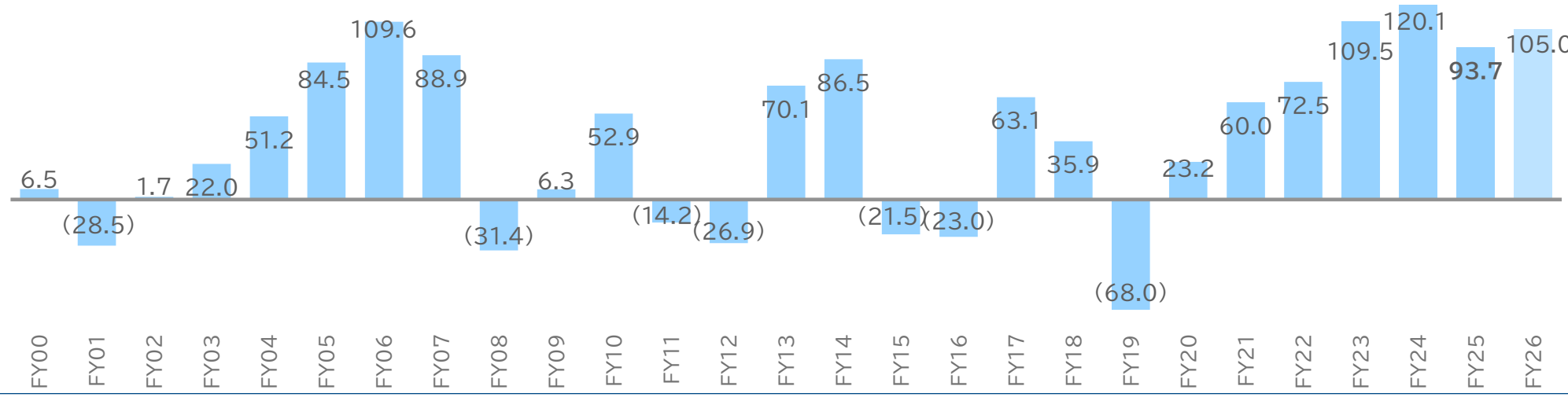
Consolidated Results

(Billions of yen)

Ordinary Profit (Loss)



Profit (Loss) Attributable to Owners of Parent



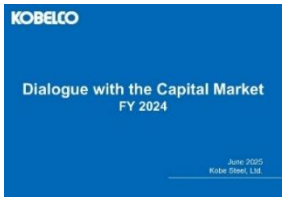
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Dialogue with the Capital Market and External Evaluations

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'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

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Disclaimer Regarding Forward-Looking Statements

- **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

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