

# Announcement on consolidation of equity method affiliate

September 30, 2024

Kobe Steel, Ltd.

Kobe Steel, Ltd. announces that at its Board of Directors meeting held today, the Board adopted a resolution for Kobe Steel to acquire additional shares in its equity-method affiliate Kansai Coke & Chemicals Co., Ltd., turning it into a consolidated subsidiary.

## 1. Reason for the consolidation

Kansai Coke & Chemicals Co., Ltd. (then Amagasaki Coke Industry Co., Ltd.) was established in August 1956 through a joint venture of three companies; the former Mitsubishi Kasei Corporation (currently, Mitsubishi Chemical Corporation), Kobe Steel, and the former Amagasaki Steel Co., Ltd. (later absorbed into Kobe Steel). For nearly seven decades, Kansai Coke & Chemicals has contributed to the growth of the Japanese steel industry by providing coke for steelmaking, fuel gas, and other chemical products.

Kansai Coke & Chemicals operates a coke plant, located adjacent to Kobe Steel's Kakogawa Works, and supplies coke and other products to the Company. In order to further strengthen this relationship, Kobe Steel and Mitsubishi Chemical have agreed to change the shareholding ratio in Kansai Coke & Chemicals. With the consolidation of Kansai Coke & Chemicals, the Company will incorporate coke and fuel gas production, which are essential to the Company's core steelmaking business, into the Group and strengthen its integrated steel production system. Kobe Steel will leverage the strength of Kansai Coke & Chemicals' coke production technology, which achieves high quality, low cost, and eco-friendliness, while also maximizing synergies between the two companies.

## 2. Profile of company to be consolidated

(1)	Company name	Kansai Coke & Chemicals Co., Ltd.	
(2)	Domicile	1-2-6 Shioe, Amagasaki-shi, Hyogo, Japan	
(3)	Name of representative & title	President and Representative Director Masanori Tsujikawa	
(4)	Description of business	· Manufacture and sale of coke for steelmaking · Manufacture and sale of chemical products such as gas and coal tar	
(5)	Capital	6.0 billion yen (as of the end of March 2024)	
(6)	Incorporation	August 1, 1956	
(7)	Major shareholders & ratio of shareholding	51.0% by Mitsubishi Chemical Corporation: 24.0% by Kobe Steel, Ltd. 15.0% by Shinsho Corporation 10.0% by Osaka Gas Co., Ltd.	
(8)	Relationship between the listed company and the company concerned	Capital relationship	Kobe Steel holds 24.0% of shares of the company concerned.
		Personnel relationship	Three people from Kobe Steel serve as directors of the company concerned.
		Business relationship	While the company concerned receives a supply of coal from Kobe Steel, Kobe Steel purchases coke from the company concerned.

(9) Financial status and operating results of the company concerned for the past three fiscal years			
Accounting period	Ended March 2022	Ended March 2023	Ended March 2024
Net assets	15,344 million yen	16,283 million yen	17,517 million yen
Total assets	67,367 million yen	83,720 million yen	71,402 million yen
Net sales	97,632 million yen	153,038 million yen	131,519 million yen
Operating profit	1,067 million yen	1,227 million yen	852 million yen
Ordinary profit	1,788 million yen	1,700 million yen	1,567 million yen
Profit	1,467 million yen	1,337 million yen	1,211 million yen

### 3. Profile of party transferring shares

(1)	Company name	Mitsubishi Chemical Corporation	
(2)	Domicile	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	
(3)	Name of representative & title	Representative Director Yasuo Shimodaira Representative Director Nobuo Fukuda	
(4)	Description of business	Manufacture and sale of chemical products	
(5)	Capital	53,229 million yen (As of the end of March 2024)	
(6)	Incorporation	April 1, 2017	
(7)	Net assets	608,547 million yen (As of the end of March 2024)	
(8)	Total assets	1,541.985 billion yen (As of the end of March 2024)	
(9)	Major shareholders & ratio of shareholding	100.0% by Mitsubishi Chemical Group Corporation	
(10)	Relationship between the listed company and the company concerned	Capital relationship	Not applicable
		Personnel relationship	Not applicable
		Business relationship	Not applicable
		Relationship with related party	Not applicable

### 4. Number of shares to be purchased, purchase price, and status of shares held before and after purchase

(1)	Number of shares before purchase	2,880,000 shares (Ownership ratio of voting rights: 24.0%)
(2)	Number of shares to be purchased	6,120,000 shares
(3)	Purchase price	Kobe Steel and Mitsubishi Chemical Corporation have determined and agreed upon an appropriate price based on objective criteria. The specific purchase price will not be disclosed due to the confidentiality agreement with the counterparty from whom the Company will be purchasing the shares.
(4)	Number of shares after purchase	9,000,000 shares (Ownership ratio of voting rights: 75.0%)

### 5. Schedule

(1)	Date of Board of Directors resolution	September 30, 2024
(2)	Contract date	September 30, 2024
(3)	Execution date of share transfer	October 31, 2024 (planned)

## **6. Future Outlook**

The impact of the consolidation on Kobe Steel's consolidated results and financial position is currently under review. If any matters that require announcement arise, we will promptly make an announcement.

In addition, there is no impact on the Company's CO<sub>2</sub> emissions as a result of Kansai Coke & Chemicals becoming a consolidated subsidiary because the Company already included the emissions of Kansai Coke & Chemicals in its CO<sub>2</sub> emissions calculation, prior to the consolidation.