

## Kobe Steel's Consolidated Financial Results for the First Nine Months of Fiscal 2023 (April 1-December 31, 2023)

February 9, 2024

Company name: Kobe Steel, Ltd.  
 Code number: 5406  
 Stock exchanges listed: Tokyo and Nagoya, Japan  
 Website: <https://www.kobelco.co.jp/english/>  
 Representative: Mitsugu Yamaguchi, President, CEO and Representative Director  
 Filing of quarterly report: February 9, 2024  
 Dividend payments begin: ---  
 Supplemental information available: Yes  
 IR Briefing: Yes (available only in Japanese)  
 Contact: General Administration and CSR Department  
 Tel. +81 (0) 3 5739-6010

(Sums of less than 1 million yen are omitted.)

### 1. Consolidated results for the first nine months of fiscal 2023 (April 1-December 31, 2023)

#### (1) Consolidated operating results

(Percentage indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023 3Q	1,873,707	5.0	138,239	156.9	133,926	78.9	109,727	131.0
FY2022 3Q	1,784,638	20.2	53,815	(29.7)	74,852	(5.0)	47,510	(12.2)

Note: Comprehensive income FY2023 3Q: 161,333 million yen [59.6%]  
 FY2022 3Q: 101,113 million yen [28.5%]

	Profit per share	Diluted profit per share
	Yen	Yen
FY2023 3Q	277.83	—
FY2022 3Q	120.35	—

Notes:

Diluted profit per share for the first nine months of fiscal 2023 (April 1-December 31, 2023) is not presented because there are no dilutive shares. Diluted profit per share for the first nine months of fiscal 2022 (April 1-December 31, 2022) is not presented because there are no diluted shares.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
FY2023 3Q	2,976,275	1,110,829	34.9
FY2022	2,874,751	977,653	31.8

Reference: Equity capital FY2023 3Q: 1,039,179 million yen FY2022: 913,956 million yen

### 2. Dividends

	Annual dividends				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	15.00	—	25.00	40.00
FY2023	—	45.00	—	—	—
FY2023 Forecast	—	—	—	45.00	90.00

Revision to the dividend forecast for fiscal 2023 from the previous announcement: No

### 3. Consolidated earnings forecast for fiscal 2023 (April 1, 2023–March 31, 2024)

(Percentage indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,560,000	3.5	165,000	91.0	150,000	40.4	120,000	65.4	303.83

Revision to the consolidated forecast for fiscal 2023 from the previous announcement: Yes

For more information, please refer to the IR briefing material "Financial Results for the Cumulative Third Quarter of Fiscal 2023 and Forecast for the Full Fiscal Year" announced today.

#### Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries due to changes in scope of consolidation): No

(2) Adoption of specific accounting procedures for preparing the quarterly consolidated financial statements: No

(3) Changes in accounting policies, estimates and restatement on the preparation of consolidated financial statements

- Changes in accounting policies due to revised accounting standards: No

- Changes in accounting policies due to other reasons: No

- Changes in accounting estimates: No

- Restatement: No

(4) Number of issued shares (common shares)

	FY2023 3Q	FY2022
Number of issued shares (including treasury shares)	396,345,963 shares	396,345,963 shares
Number of treasury shares	1,387,340 shares	1,432,196 shares
Average number of shares (3Q)	394,940,844 shares	394,759,067 shares

#### **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.

For preconditions on the forecast and other related factors, please refer to the IR briefing material, "Financial Results for the Cumulative Third Quarter of Fiscal 2023 and Forecast for the Full Fiscal Year."

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Balance Sheets

(In millions of yen)

<b>ASSETS</b>	<b>FY2022</b> <b>Ended March 31, 2023</b>	<b>FY2023—9 months</b> <b>Ended December 31, 2023</b>
<b>Current Assets</b>		
Cash and deposits	203,520	316,626
Notes and accounts receivable - trade, and contract assets	428,571	388,738
Merchandise and finished goods	242,752	263,674
Work in process	167,485	182,661
Raw materials and supplies	290,419	283,638
Other	88,039	83,937
Allowance for doubtful accounts	(4,802)	(4,921)
Total current assets	<u>1,415,987</u>	<u>1,514,354</u>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	292,878	289,289
Machinery, equipment and vehicles, net	586,122	559,895
Land	135,518	136,718
Other, net	51,516	66,750
Total property, plant and equipment	<u>1,066,035</u>	<u>1,052,653</u>
<b>Intangible assets</b>	37,579	39,563
<b>Investments and other assets</b>		
Investment securities	204,627	227,957
Other	170,808	164,137
Allowance for doubtful accounts	(20,287)	(22,390)
Total investments and other assets	<u>355,148</u>	<u>369,704</u>
 Total non-current assets	 <u>1,458,764</u>	 <u>1,461,921</u>
 <b>Total assets</b>	 <u>2,874,751</u>	 <u>2,976,275</u>

<b>LIABILITIES</b>	<b>FY2022</b> Ended March 31, 2023	<b>FY2023 —9 months</b> Ended December 31, 2023
<b>Current liabilities</b>		
Notes and accounts payable - trade	605,709	560,381
Short-term borrowings	169,216	161,021
Current portion of bonds payable	900	—
Income taxes payable	13,140	26,000
Provisions	51,038	38,560
Other	209,798	238,562
<b>Total current liabilities</b>	<b>1,049,803</b>	<b>1,024,526</b>
<b>Non-current liabilities</b>		
Bonds payable	45,000	115,000
Long-term borrowings	646,697	573,579
Lease liabilities	45,240	40,293
Retirement benefit liability	71,376	77,876
Provisions	2,688	1,061
Other	36,292	33,109
<b>Total non-current liabilities</b>	<b>847,295</b>	<b>840,919</b>
<b>Total liabilities</b>	<b>1,897,098</b>	<b>1,865,446</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Share capital	250,930	250,930
Capital surplus	116,430	116,307
Retained earnings	472,757	549,127
Treasury shares	(1,879)	(1,843)
<b>Total shareholders' equity</b>	<b>838,238</b>	<b>914,520</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	34,877	48,179
Deferred gains or losses on hedges	(7,082)	(6,293)
Revaluation reserve for land	(3,400)	4,707
Foreign currency translation adjustment	32,562	59,554
Remeasurements of defined benefit plans	18,760	18,510
<b>Total accumulated other comprehensive income</b>	<b>75,717</b>	<b>124,658</b>
<b>Non-controlling interests</b>	<b>63,696</b>	<b>71,649</b>
<b>Total net assets</b>	<b>977,653</b>	<b>1,110,829</b>
<b>Total liabilities and net assets</b>	<b>2,874,751</b>	<b>2,976,275</b>

## Consolidated Statements of Income

(In millions of yen)

	FY2022 — 9 months Ended December 31, 2022	FY2023 — 9 months Ended December 31, 2023
<b>Net sales</b>	1,784,638	1,873,707
<b>Cost of sales</b>	1,557,065	1,551,888
<b>Gross profit</b>	227,573	321,819
<b>Selling, general and administrative expenses</b>	173,758	183,579
<b>Operating profit</b>	53,815	138,239
<b>Non-operating income</b>		
Interest income	1,188	1,971
Dividend income	4,282	4,482
Seconded employees' reimbursement	2,418	2,279
Share of profit of entities accounted for using equity method	10,452	3,935
Other	28,604	13,115
Total non-operating income	46,946	25,783
<b>Non-operating expenses</b>		
Interest expense	9,814	10,897
Seconded employees' salaries	7,068	6,736
Other	9,025	12,463
Total non-operating expenses	25,908	30,096
<b>Ordinary profit</b>	74,852	133,926
<b>Extraordinary income</b>		
Gain on sale of non-current assets	—	27,804
Total extraordinary income	—	27,804
<b>Extraordinary losses</b>		
Impairment losses	4,296	—
Loss on liquidation of business	3,498	—
Total extraordinary losses	7,795	—
<b>Profit before income taxes</b>	67,057	161,730
<b>Income Taxes</b>		
Income taxes - current	13,669	37,924
Income taxes - deferred	3,826	7,701
Total income taxes	17,495	45,625
<b>Profit</b>	49,561	116,104
<b>Profit attributable to non-controlling interests</b>	2,051	6,377
<b>Profit attributable to owners of parent</b>	47,510	109,727

## Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2022—9 months Ended December 31, 2022	FY2023—9 months Ended December 31, 2023
<b>Profit</b>	49,561	116,104
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,615	12,262
Deferred gains or losses on hedges	8,519	788
Revaluation reserve for land	—	2,538
Foreign currency translation adjustment	35,209	25,385
Remeasurements of defined benefit plans, net of taxes	762	(280)
Share of other comprehensive income of entities accounted for using equity method	2,445	4,534
Total other comprehensive income	51,552	45,228
<b>Comprehensive income</b>	101,113	161,333
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	96,919	153,060
Comprehensive income attributable to non-controlling interests	4,194	8,273

### Notes

Notes on the going concern assumption: None

Notes on substantial changes in the amount of stockholders' equity: None