

# Financial Results for the First Quarter of Fiscal 2023 and Forecast for the Full Fiscal Year

August 8, 2023  
Kobe Steel, Ltd.

**KOBELCO**

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# 1. Summary of Financial Results and Forecast

## Summary of Financial Results for the First Quarter of Fiscal 2023

(Year on year)

- Despite a year-on-year increase in the production volume of automobiles, a major demand sector, along with **the easing semiconductor shortage, etc.**, sales volumes of steel products and aluminum rolled products decreased due to a **decline in demand in the IT and semiconductor sectors**, which are in a correction phase, and sluggish demand in the construction and civil engineering sectors.
- Ordinary profit increased by **5.9 billion yen to 35.9 billion yen** year on year, due to a **significant improvement in steel metal spreads, the start of operation of Kobe Power Plant No. 4 unit, and the improvement of the effect of time lags in fuel cost adjustments**, despite a decrease in sales volumes of steel products and aluminum rolled products, a decline in inventory valuation gains, and a decline in compensation income related to the engine certification problem in the construction machinery business.

## Summary of Revisions to Fiscal 2023 Full-Year Earnings Forecast

(Compared to the previous forecast)

- Compared to the previous forecast, the business environment is becoming more challenging in terms of demand, due to factors such as a **delay in demand recovery in the IT and semiconductor sectors** and a **decrease in Japanese automobile manufacturers' overseas production** along with the rise in China's EV sector, etc. On the other hand, procurement costs are expected to improve due to a decline in energy prices.
- **Ordinary profit is expected to increase by 15.0 billion yen from the previous forecast to around 145.0 billion yen (ROIC: 6.7%),** mainly due to steel metal spreads that are maintained/improved at a proper level, the **improvement in procurement costs and progress in selling price improvement** for aluminum rolled products, advanced materials, and construction machinery, and **the improvement of the effect of time lags in fuel cost adjustments along with a decline in thermal coal prices** in the electric power business, despite a **decrease in sales volumes in the materials businesses**.
- **Profit attributable to owners of parent is expected to increase by 20.0 billion yen from the previous forecast to a record high of about 120.0 billion yen** due to an increase in ordinary profit and gains on the transfer of fixed assets in subsidiaries.

(Billions of yen)

	FY2022 Actual		FY2023 Forecast (Previous)	FY2023 Forecast (Current)		Change		
	1Q ①	Full Year ②		1Q Actual ④	Full Year ⑤	1Q ④-①	Full Year ⑤-②	Full Year ⑤-③
Net Sales	542.8	2,472.5	2,680.0	598.6	2,590.0	55.8	117.5	(90.0)
Operating Profit (Loss)	8.0	86.3	150.0	34.0	165.0	25.9	78.7	15.0
Steel & Aluminum	13.4	41.9	35.0	8.5	33.0	(4.9)	(8.9)	(2.0)
Advanced Materials	2.1	0.9	6.0	0.8	3.5	(1.2)	2.6	(2.5)
Welding	0.2	2.8	4.0	0.5	4.0	0.2	1.2	-
Machinery	1.2 <sup>*1</sup>	15.7 <sup>*1</sup>	19.0	4.3	22.0	3.0	6.2	3.0
Engineering	0.9	4.1	8.0	1.5	8.0	0.5	3.9	-
Construction Machinery	9.2	12.3	10.0	1.4	13.0	(7.7)	0.7	3.0
Electric Power	0.0	24.5	55.0	17.3	66.0	17.3	41.5	11.0
Other Businesses	1.7 <sup>*1</sup>	4.8 <sup>*1</sup>	4.0	1.3	4.5	(0.3)	(0.3)	0.5
Adjustment	0.8	(0.7)	(11.0)	0.0	(9.0)	(0.8)	(8.3)	2.0
Ordinary Profit (Loss)	<b>29.9</b>	106.8	<b>130.0</b>	<b>35.9</b>	<b>145.0</b>	5.9	38.2	<b>15.0</b>
Excluding Inventory Valuation	7.9	82.8	130.0	36.9	146.0	28.9	63.2	16.0
Extraordinary Income (Losses)	-	(8.7)	16.0 <sup>*2</sup>	-	27.0 <sup>*2</sup>	-	35.7	11.0
Profit (Loss) Attributable to Owners of Parent	21.0	72.5	<b>100.0</b>	25.4	<b>120.0</b>	4.4	47.4	<b>20.0</b>

\*1 Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other Businesses segment, has come under the Machinery segment. According to this change, the results for fiscal 2022 have been recalculated.

\*2 Gain on transfer of fixed assets in subsidiaries. In the previous forecast, these figures were not disclosed, but profit attributable to owners of parent was estimated with a gain of transfer of fixed assets of 16 billion yen.

Automobile production

- While domestic production is expected to increase due to the easing semiconductor shortage, demand is expected to **increase only slightly compared to the previous forecast** due to a **decrease in overseas production by Japanese automobile manufacturers** along with the rise of China's EV sector.

\*Affected units : Steel products, aluminum rolled products, aluminum extrusions, aluminum suspensions, copper rolled products, steel powder, and welding

Estimated automobile production volume by Japanese automobile manufacturers (including overseas production)

\* Compared to the average in fiscal 2019

	FY2022 Actual				FY2023 Forecast (Previous)				FY2023 Forecast (Current)			
	1Q	2Q	2H	Full Year	1Q	2Q	2H	Full Year	1Q	2Q	2H	Full Year
Change	(22%)	(10%)	(12%)	(14%)	(14%)	(13%)	(8%)	(11%)	(14%)	(9%)	(7%)	(9%)

IT and semiconductors

- The previous forecast projected a full-scale recovery in the second half of fiscal 2023, but a **delay in demand recovery became apparent**. In particular, demand for **disk materials is expected to decrease significantly compared to the previous forecast** due to sluggish investment for data centers and prolonged customers' inventory adjustments.

\*Affected units : Aluminum rolled products, aluminum castings and forgings, and copper rolled products

Shipbuilding

- Similar to the previous forecast** (Medium- to long-term demand is expected to remain strong. In fiscal 2023, the amount of construction work completed is expected to remain at a similar level to fiscal 2022 despite labor shortages.)

\*Affected units : Steel products, steel castings and forgings, and welding

Aircraft

- Similar to the previous forecast** (Demand is on a recovery trend and is expected to grow steadily over the medium to long term.)

\*Affected units : Titanium, and aluminum castings and forgings

Beverage cans

- Similar to the previous forecast** (As the flow of people increases, demand is expected to recover and remain strong.)

\*Affected units : Aluminum rolled products

Construction and civil engineering

- Demand is expected to decrease compared to the previous forecast** as construction schedules continue to be pushed back due to labor shortages.

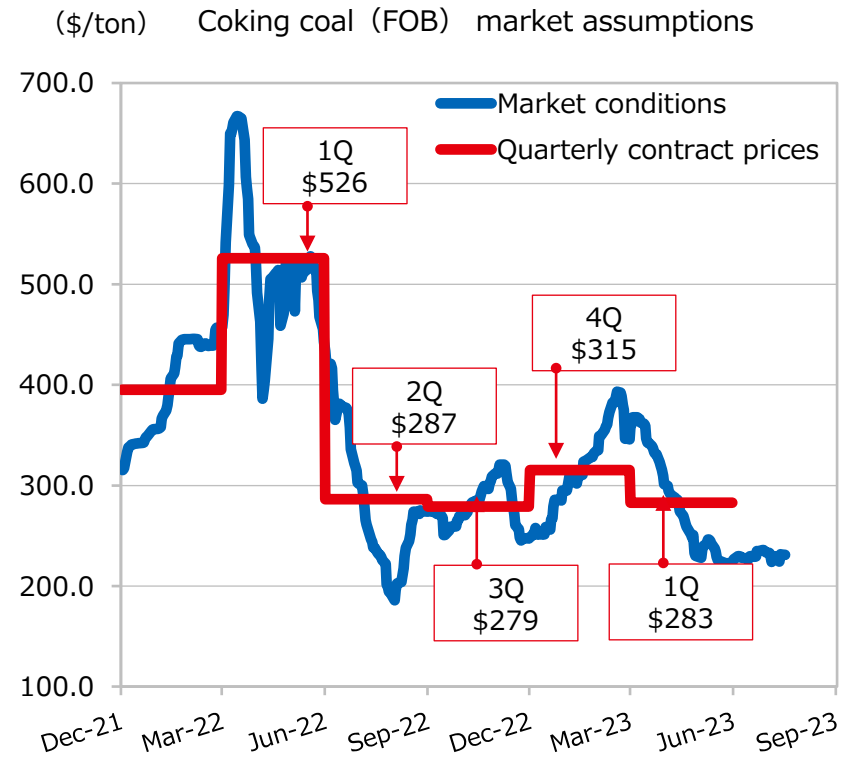
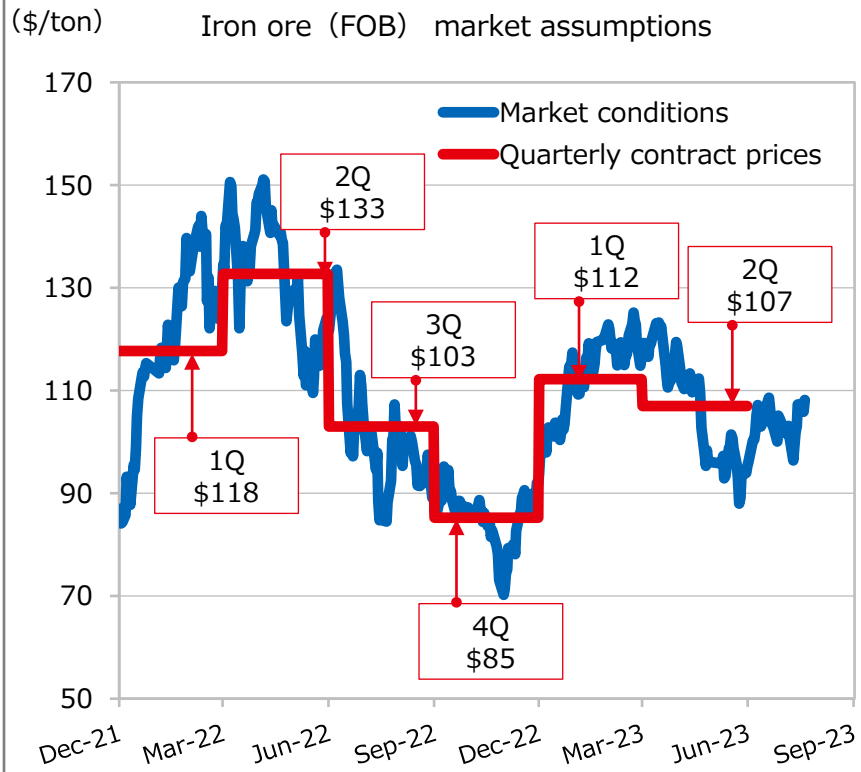
\*Affected units : Steel products and welding

Iron ore: The 2Q price has been settled at \$107. The 2H price is assumed to be **similar to 1H**.

Coking coal: The 1Q price has been settled at \$283. The 2Q price is assumed based on current market conditions, while the 2H price is assumed considering a **certain degree of reversal from the current market conditions**.

Thermal coal: Market prices were in the range of \$170–200 in April. Since May, **prices have been on a downward trend** and were in the range of \$120–140 in July. Market price assumptions for 2Q onwards are **based on the current market conditions**.

Raw material market conditions



- 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.
- **The target of dividend payout ratio was 15 to 25%** of consolidated profit attributable to owners of parent, but in order to further enhance the return of profits to shareholders, the Board of Directors today resolved to set **the target at approximately 30%** of consolidated profit attributable to owners of parent.
- In addition, the Board of Directors has resolved to set **the interim dividend at 45 yen per share** and **the year-end dividend at 45 yen per share** (90 yen annually) for fiscal 2023, taking into account the change in the dividend payout ratio.

	FY2022			FY2023		
	Interim	Year-end		Interim	Year-end	
Dividends per share in yen	15	25	40	45	45	90
Dividend payout ratio			21.8%			29.6%



## 2. Financial Results for the First Quarter of Fiscal 2023

**Net sales of 598.6 billion yen (Up 55.8 billion yen year on year)**

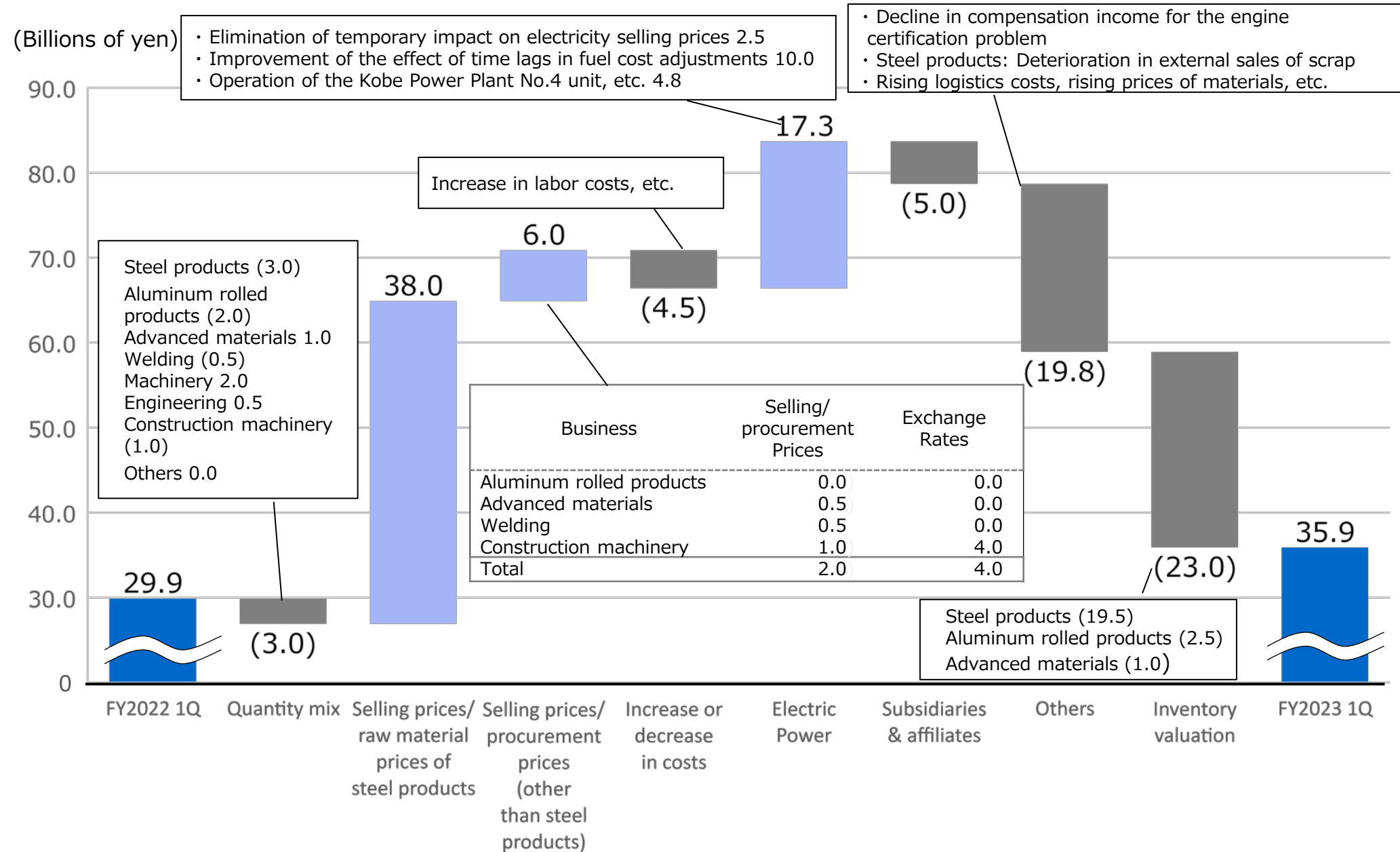
- Net sales increased due to selling price improvements in the materials and construction machinery businesses, progress of projects ordered in the machinery and engineering businesses, and the start of operation of the Kobe Power Plant No.4 unit in the electric power business.

**Ordinary profit of 35.9 billion yen (Up 5.9 billion yen year on year)**

- Ordinary profit increased due to a significant improvement in steel metal spreads (along with a decline in coking coal prices and progress in selling price improvements), an increase in net sales in the machinery business, the start of operation of Kobe Power Plant No. 4 unit, and the improvement of the effect of time lags in fuel cost adjustments, despite a decrease in sales volume of steel products and aluminum rolled products, a decline in inventory valuation gains, a decline in compensation income related to the engine certification problem in the construction machinery business.

(Billions of yen)

	FY2022 1Q ①	FY2023 1Q ②	Change ②-①
Net Sales	542.8	598.6	55.8
Operating Profit (Loss)	8.0	34.0	25.9
Ordinary Profit (Loss)	29.9	35.9	5.9
Excluding Inventory Valuation	7.9	36.9	28.9
Extraordinary Income (Losses)	–	–	–
Profit (Loss) Attributable to Owners of Parent	21.0	25.4	4.4



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

### Net Sales

(Billions of yen)

	FY2022 1Q	FY2023 1Q	Change
	①	②	②-①
Steel & Aluminum	258.7	268.4	9.6
Advanced Materials	65.7	69.2	3.4
Welding	20.5	22.9	2.3
Machinery *	38.5	50.0	11.4
Engineering	28.7	34.9	6.2
Construction Machinery	86.9	88.3	1.4
Electric Power	57.2	78.1	20.8
Other Businesses *	1.8	2.4	0.5
Adjustment	(15.6)	(15.8)	(0.1)
<b>Total</b>	<b>542.8</b>	<b>598.6</b>	<b>55.8</b>

### Ordinary Profit (Loss)

(Billions of yen)

	FY2022 1Q	FY2023 1Q	Change
	③	④	④-③
Steel & Aluminum	13.4	8.5	(4.9)
Advanced Materials	2.1	0.8	(1.2)
Welding	0.2	0.5	0.2
Machinery *	1.2	4.3	3.0
Engineering	0.9	1.5	0.5
Construction Machinery	9.2	1.4	(7.7)
Electric Power	0.0	17.3	17.3
Other Businesses *	1.7	1.3	(0.3)
Adjustment	0.8	0.0	(0.8)
<b>Total</b>	<b>29.9</b>	<b>35.9</b>	<b>5.9</b>

\* Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other Businesses segment, has come under the Machinery segment. According to this change, the results for fiscal 2022 have been recalculated.

(Billions of yen)

		FY2022 1Q	FY2023 1Q	Change
		①	②	②-①
Steel products	Net Sales	210.3	218.6	8.3
	Ordinary Profit (Loss)	9.7	10.4	0.7
	Excluding Inventory Valuation	(6.2)	13.9	20.2
Aluminum rolled products	Net Sales	48.4	49.8	1.3
	Ordinary Profit (Loss)	3.7	(1.9)	(5.6)
	Excluding Inventory Valuation	(0.2)	(3.4)	(3.1)
Total	Net Sales	258.7	268.4	9.6
	Ordinary Profit (Loss)	13.4	8.5	(4.9)
	Excluding Inventory Valuation	(6.5)	10.5	17.0

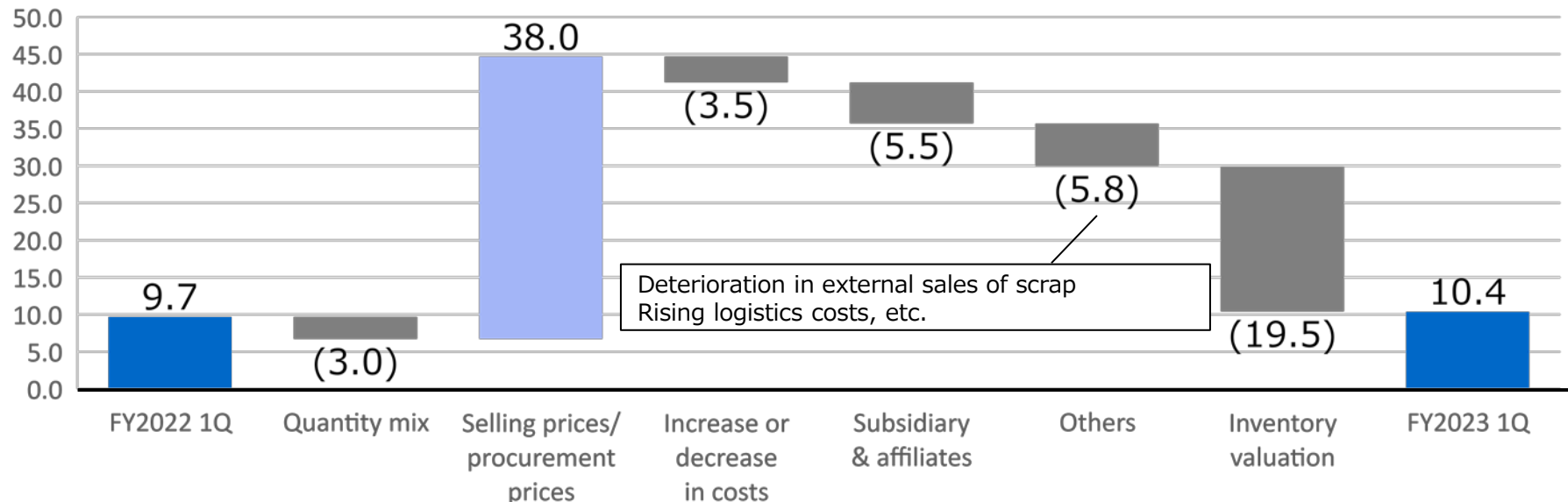
Steel products

FY2022 1Q : Net sales of 210.3 billion yen →  
FY2023 1Q : Net sales of 218.6 billion yen (Up 8.3 billion yen year on year)  
FY2022 1Q : Ordinary profit of 9.7 billion yen →  
FY2023 1Q : Ordinary profit of 10.4 billion yen (Up 0.7 billion yen year on year)

- Crude steel production: 1.57 million tons (Down 0.02 million tons year on year)
- Sales volume: 1.19 million tons (Down 0.07 million tons year on year)
  - Despite an increase in sales volume in the automotive sector along with demand recovery, overall sales volume decreased due to a decline in demand in other sectors.
- Selling price: 139,200 yen/ton (Up 12,700 yen/ton year on year)
- Factors affecting profit and loss
  - Decrease in sales volume
  - Improvement in steel metal spreads (along with a decline in coking coal prices and progress in improving sales prices)
  - Cost increases centered on fixed costs, such as labor costs
  - Deteriorating business performance of U.S. affiliates
  - Decrease in inventory valuation gains

(Billions of yen)

[Related data on P42-43](#)



Deterioration in external sales of scrap  
Rising logistics costs, etc.

Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

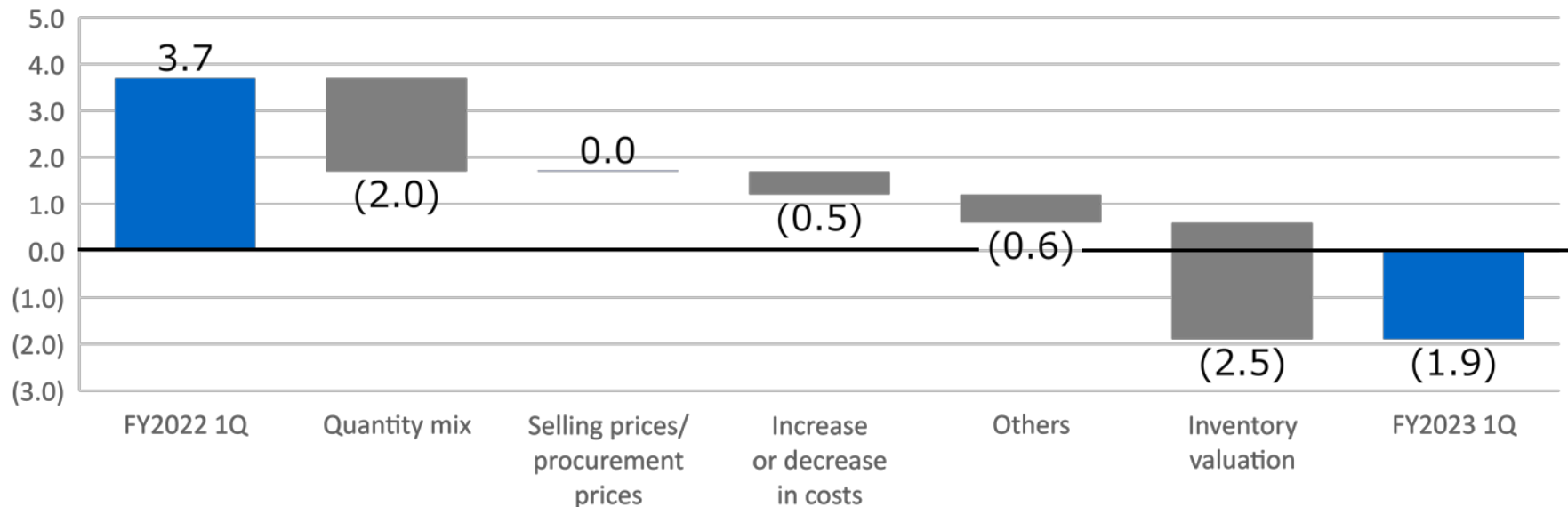
## Aluminum rolled products

FY2022 1Q : Net sales of 48.4 billion yen →  
FY2023 1Q : Net sales of 49.8 billion yen (Up 1.3 billion yen year on year)  
FY2022 1Q : Ordinary profit of 3.7 billion yen →  
FY2023 1Q : Ordinary loss of 1.9 billion yen (Down 5.6 billion yen year on year)

- Sales volume: 84,000 tons (Down 2,000 tons year on year)
  - Beverage cans : Remained at a similar level to the same period of the previous fiscal year
  - Automobiles: Increased along with growing demand for aluminum sheets for automotive panels
  - IT and semiconductors: Decreased significantly due to a decline in demand for aluminum plates for semiconductor manufacturing equipment and disk materials for data, which are in a correction phase
- Factors affecting profit and loss
  - Decrease in sales volume (affected by a decline in demand mainly in the IT and semiconductor sectors)
  - Cost increases centered on fixed costs, such as labor costs
  - Decrease in inventory valuation gains

[Related data on P42-43](#)

(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

	FY2022 1Q ①	FY2023 1Q ②	Change ②-①
Net Sales	65.7	69.2	3.4
Ordinary Profit (Loss)	2.1	0.8	(1.2)
Excluding Inventory Valuation	0.1	(0.1)	(0.2)

(Billions of yen)

### Related data on P42-43

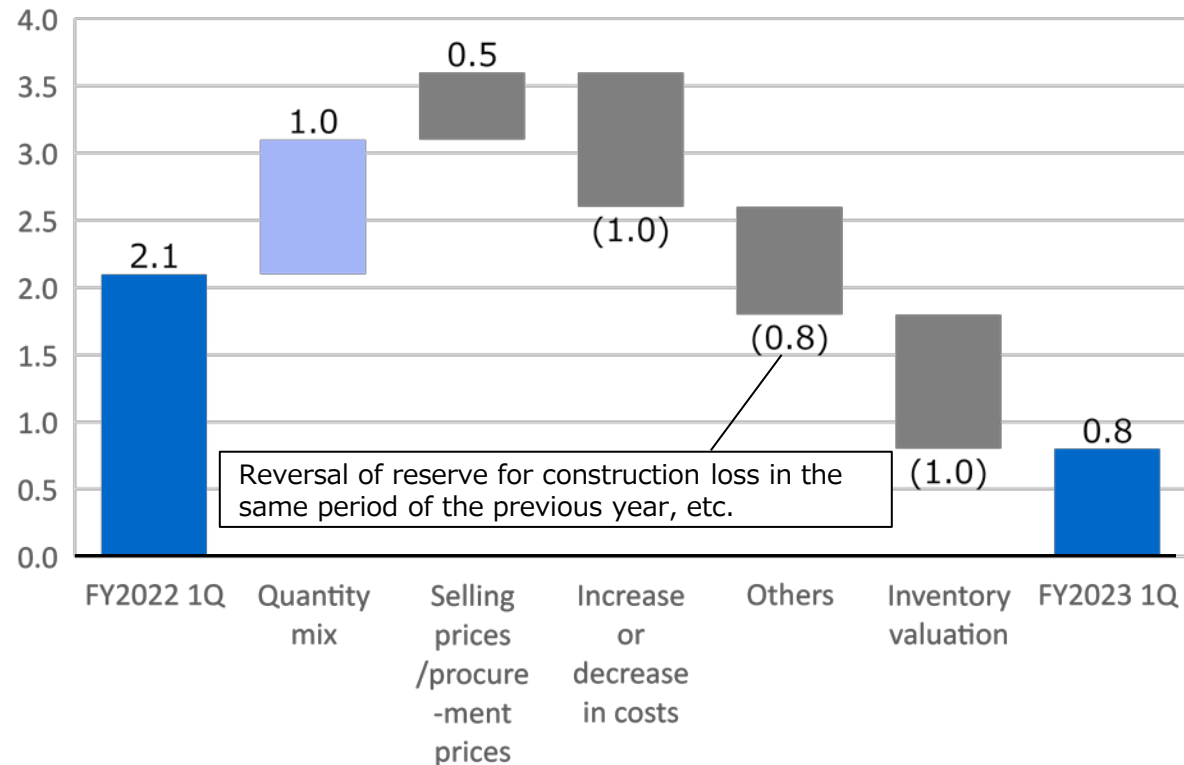
#### ■ Sales volume

- Increased in steel castings and forgings due to increased demand in the shipbuilding sector
- Increased in titanium due to demand recovery in the general industrial sector
- Increased in suspensions due to recovery in demand in the automotive sector
- Decreased in copper rolled products and aluminum castings and forgings due to declining demand in the IT and semiconductor sectors

#### ■ Factors affecting profit and loss

- Increase in sales volume
- Progress in passing on higher procurement costs to selling prices
- Cost increases centered on fixed costs, such as labor costs
- Decline in inventory valuation gains

(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.



(Billions of yen)

	FY2022 1Q ①	FY2023 1Q ②	Change ②-①
Net Sales	20.5	22.9	2.3
Ordinary Profit (Loss)	0.2	0.5	0.2

[Related data on P42](#)

■ Sales volume

Domestic: Remained at a similar level to the same period of the previous fiscal year  
 Overseas: Decreased due to a delay in demand recovery in Southeast Asia

■ Factors affecting profit and loss

- Progress in passing on increased procurement costs to selling prices
- Decrease in sales volume

(Billions of yen)

	FY2022 1Q <sup>*</sup>	FY2023 1Q	Change
	①	②	②-①
Net Sales	38.5	50.0	11.4
Ordinary Profit (Loss)	1.2	4.3	3.0
Orders	57.1	51.4	(5.7)

\* Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other Business segment, has come under the Machinery segment. According to this change, the results for fiscal 2022 have been recalculated.

■ Orders

- Remained strong in the petrochemical and energy sectors.
- Decreased compared to fiscal 2022 1Q that recorded orders for large-scale projects in plastic processing machinery.

■ Factors affecting profit and loss

- Increase in net sales
- Improved order profitability due to strong demand

(Billions of yen)

	FY2022 1Q ①	FY2023 1Q ②	Change ②-①
Net Sales	28.7	34.9	6.2
Ordinary Profit (Loss)	0.9	1.5	0.5
Orders	44.6	84.3	39.7

■ Orders

- Increased due to orders for large-scale overseas projects in the DRI-related business and strong orders in the waste treatment-related business

■ Factors affecting profit and loss

- Changes in the project composition mainly in the waste treatment-related business

(Billions of yen)

	FY2022 1Q ①	FY2023 1Q ②	Change ②-①
Net Sales	86.9	88.3	1.4
Ordinary Profit (Loss)	9.2	1.4	(7.7)

### Related data on P42

#### ■ Unit Sales

##### Hydraulic excavator

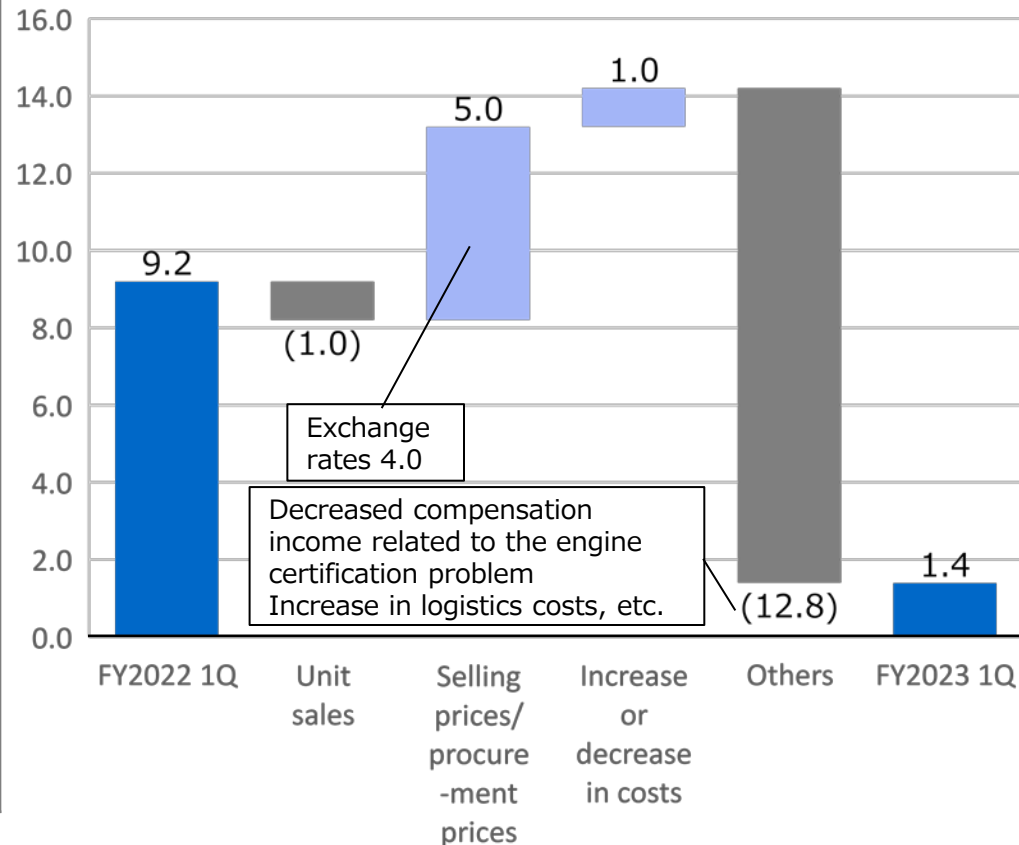
- Decreased slightly due to the engine certification problem in Europe, etc.

##### Crawler crane

- Decreased due to the engine certification problem in Europe, delays in production/shipping schedules, etc.

#### ■ Factors affecting profit and loss

- Decrease in unit sales
- Progress in passing on higher procurement costs to selling prices
- Improvement in export profitability due to a weaker yen against the dollar and the euro
- Decreased compensation income related to the engine certification problem



(Billions of yen)

	FY2022 1Q ①	FY2023 1Q ②	Change ②-①
Net Sales	57.2	78.1	20.8
Ordinary Profit (Loss)	0.0	17.3	17.3

■ Sales volume

- Increased with the start of operation of the Kobe Power Plant No. 4 unit (started in February 2023)

■ Unit selling price

- Unit selling price increased due to time lags in fuel cost adjustments despite a year-on-year decline in thermal coal prices.

■ Factors affecting profit and loss

- Start of operation of the Kobe Power Plant No. 4 unit
- Elimination of the temporary factors that affect electricity selling prices at the Kobe Power Plant No.1 to No.4 units
- Improvement of the effect of time lags in fuel cost adjustments at the Kobe Power Plant No.3 and No.4 units

### 3. Forecast for Fiscal 2023

**FY2023 Forecast (Previous) : Net sales of 2,680.0 billion yen →**

**FY2023 Forecast (Current) : Net sales of 2,590.0 billion yen (Down 90.0 billion yen)**

- Net sales are expected to decrease due to a decline in sales volume in the raw materials business and a decline in unit selling prices of electricity in the electric power business along with a decline in thermal coal prices.

**FY2023 Forecast (Previous) : Ordinary profit of 130.0 billion yen →**

**FY2023 Forecast (Current) : Ordinary profit of 145.0 billion yen (Up 15.0 billion yen)**

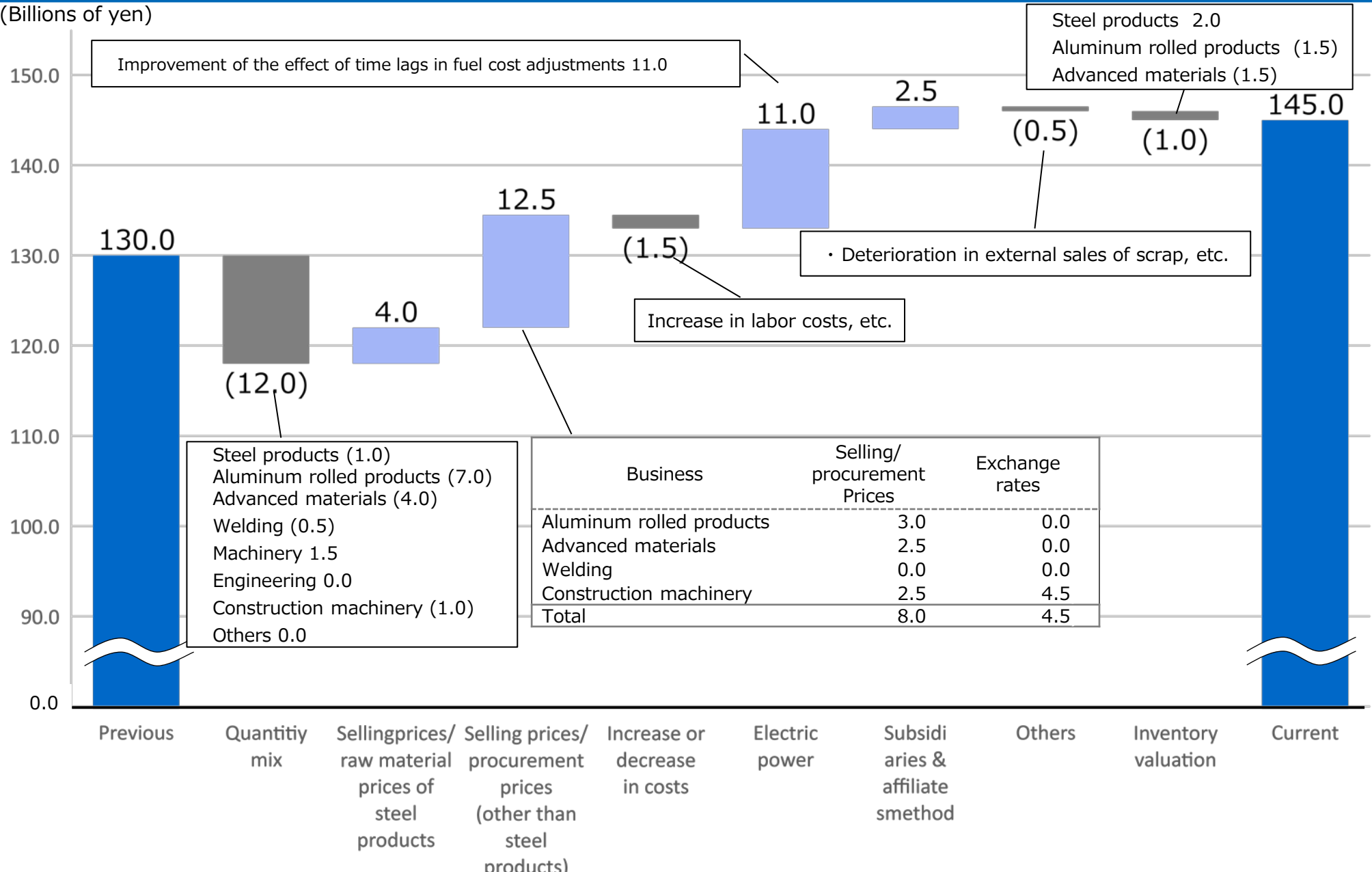
- Decrease in sales volume in the advanced materials business
- Steel metal spreads that are maintained/improved at a proper level
- Progress in improving procurement costs and selling prices in aluminum rolled products, advanced materials, and construction machinery
- Improvement in export profitability in construction machinery due to the yen's depreciation
- Improvement of the effect of time lags in fuel cost adjustments due to a decline in thermal coal prices in the electric power business

(Billions of yen)

	FY2022 Actual			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change ②-①
	1H	2H		1H	2H	①	1H	2H	②	
Net Sales	1,169.6	1,302.8	2,472.5	1,320.0	1,360.0	2,680.0	1,270.0	1,320.0	2,590.0	(90.0)
Operating Profit (Loss)	19.7	66.5	86.3	55.0	95.0	150.0	80.0	85.0	165.0	15.0
Ordinary Profit (Loss)	41.8	65.0	106.8	45.0	85.0	130.0	70.0	75.0	145.0	15.0
Excluding Inventory Valuation	19.3	63.5	82.8	49.0	81.0	130.0	71.0	75.0	146.0	16.0
Extraordinary Income (Losses)	(2.6)	(6.1)	(8.7)	16.0	–	16.0*	27.0	–	27.0*	11.0
Profit (Loss) Attributable to Owners of Parent	28.0	44.5	72.5	40.0	60.0	100.0	65.0	55.0	120.0	20.0

\* Gain on transfer of fixed assets in subsidiaries. In the previous forecast, these figures were not disclosed, but profit attributable to owners of parent was estimated with a gain of transfer of fixed assets of 16 billion yen.

(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.



## Net Sales

(Billions of yen)

	FY2022 Actual			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change ②-①
	1H	2H		1H	2H	①	1H	2H	②	
Steel & Aluminum	536.5	568.6	1,105.1	560.0	565.0	1,125.0	545.0	545.0	1,090.0	(35.0)
Advanced Materials	133.1	144.6	277.7	162.0	170.0	332.0	149.0	170.0	319.0	(13.0)
Welding	42.1	46.2	88.4	45.0	47.0	92.0	45.0	48.0	93.0	1.0
Machinery*	92.7	110.6	203.4	113.0	135.0	248.0	107.0	135.0	242.0	(6.0)
Engineering	61.1	84.0	145.2	78.0	90.0	168.0	78.0	92.0	170.0	2.0
Construction Machinery	183.7	197.9	381.7	219.0	230.0	449.0	205.0	230.0	435.0	(14.0)
Electric Power	147.5	176.8	324.3	170.0	148.0	318.0	161.0	124.0	285.0	(33.0)
Other Businesses*	4.2	6.6	10.9	5.0	8.0	13.0	5.0	7.0	12.0	(1.0)
Adjustment	(31.7)	(32.8)	(64.6)	(32.0)	(33.0)	(65.0)	(25.0)	(31.0)	(56.0)	9.0
<b>Total</b>	<b>1,169.6</b>	<b>1,302.8</b>	<b>2,472.5</b>	<b>1,320.0</b>	<b>1,360.0</b>	<b>2,680.0</b>	<b>1,270.0</b>	<b>1,320.0</b>	<b>2,590.0</b>	<b>(90.0)</b>

\* Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other Businesses segment, has come under the Machinery segment. According to this change, the results for fiscal 2022 have been recalculated.

**Ordinary Profit (Loss)**

(Billions of yen)

	FY2022 Actual			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change ②-①
	1H	2H		1H	2H	①	1H	2H	②	
Steel & Aluminum	22.3	19.6	41.9	2.0	33.0	35.0	11.0	22.0	33.0	(2.0)
Advanced Materials	1.4	(0.5)	0.9	1.5	4.5	6.0	(0.5)	4.0	3.5	(2.5)
Welding	0.8	1.9	2.8	1.5	2.5	4.0	1.5	2.5	4.0	–
Machinery*	5.0	10.7	15.7	6.5	12.5	19.0	8.0	14.0	22.0	3.0
Engineering	0.9	3.2	4.1	1.0	7.0	8.0	5.0	3.0	8.0	–
Construction Machinery	10.0	2.3	12.3	1.0	9.0	10.0	3.0	10.0	13.0	3.0
Electric Power	(1.3)	25.9	24.5	32.0	23.0	55.0	41.0	25.0	66.0	11.0
Other Businesses*	2.4	2.4	4.8	2.5	1.5	4.0	2.0	2.5	4.5	0.5
Adjustment	0.1	(0.8)	(0.7)	(3.0)	(8.0)	(11.0)	(1.0)	(8.0)	(9.0)	2.0
<b>Total</b>	<b>41.8</b>	<b>65.0</b>	<b>106.8</b>	<b>45.0</b>	<b>85.0</b>	<b>130.0</b>	<b>70.0</b>	<b>75.0</b>	<b>145.0</b>	<b>15.0</b>

\* Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other Businesses segment, has come under the Machinery segment. According to this change, the results for fiscal 2022 have been recalculated.

(Billions of yen)

		FY2022 Actual			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change
		1H	2H		1H	2H	①	1H	2H	②	②-①
Steel products	Net Sales	438.3	471.3	909.7	463.0	457.0	920.0	455.0	445.0	900.0	(20.0)
	Ordinary Profit (Loss)	21.0	27.9	49.0	5.0	29.0	34.0	16.0	20.0	36.0	2.0
	Excluding Inventory Valuation	6.0	27.4	33.5	12.0	27.0	39.0	18.5	20.5	39.0	–
Aluminum rolled products	Net Sales	98.1	97.2	195.4	97.0	106.0	203.0	90.0	97.0	187.0	(16.0)
	Ordinary Profit (Loss)	1.2	(8.3)	(7.0)	(3.0)	4.0	1.0	(5.0)	2.0	(3.0)	(4.0)
	Excluding Inventory Valuation	(4.2)	(8.3)	(12.5)	(5.0)	2.0	(3.0)	(6.0)	0.5	(5.5)	(2.5)
Total	Net Sales	536.5	568.6	1,105.1	560.0	565.0	1,125.0	545.0	545.0	1,090.0	(35.0)
	Ordinary Profit (Loss)	22.3	19.6	41.9	2.0	33.0	35.0	11.0	22.0	33.0	(2.0)
	Excluding Inventory Valuation	1.8	19.1	21.0	7.0	29.0	36.0	12.5	21.0	33.5	(2.5)

## Steel Products

FY2023 Forecast (Previous) : Net sales of 920.0 billion yen →

FY2023 Forecast (Current) : Net sales of 900.0 billion yen (Down 20.0 billion yen)

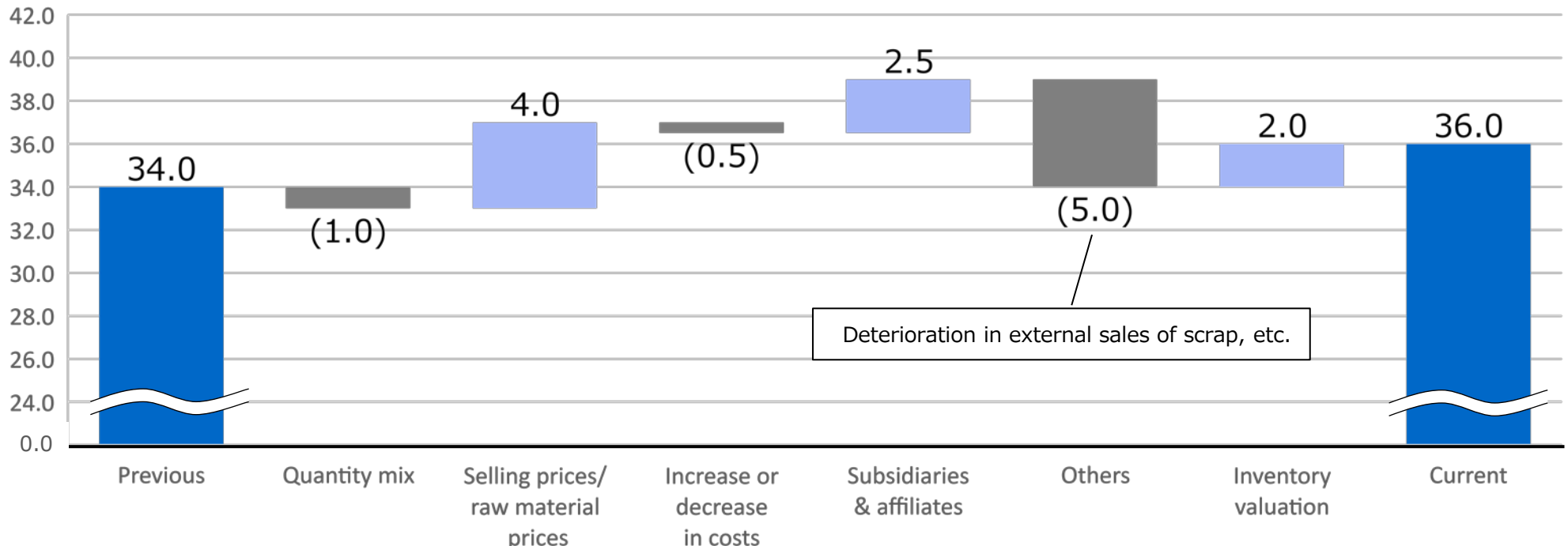
FY2023 Forecast (Previous) : Ordinary profit of 34.0 billion yen →

FY2023 Forecast (Current) : Ordinary profit of 36.0 billion yen (Up 2.0 billion yen)

- Crude steel production: Approx. 6.10 million tons (Down 0.10 million tons)
- Sales volume: Approx. 4.90 million tons (Down 0.10 million tons)
  - Despite an increase in sales volume projected in the automotive sector, overall sales volume is expected to decrease due to a decline in demand in other sectors.
- Factors affecting profit and loss
  - Decrease in sales volume
  - Improvement in steel metal spreads (Impact of the decline in coking coal prices in the first half, etc.)
  - Improvement in the business performance of U.S. affiliates

(Billions of yen)

[Related data on P42-43](#)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

Aluminum  
rolled  
products

[FY2023 Forecast \(Previous\) : Net sales of 203.0 billion yen →](#)

[FY2023 Forecast \(Current\) : Net sales of 187.0 billion yen \(Down 16.0 billion yen\)](#)

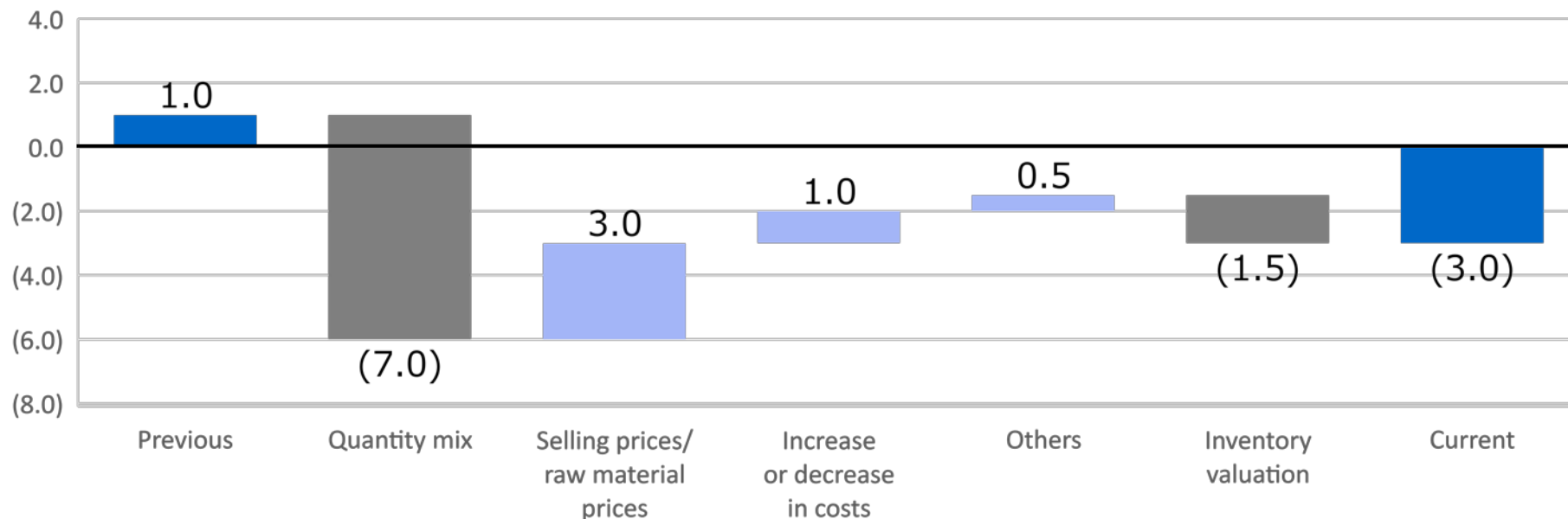
[FY2023 Forecast \(Previous\) : Ordinary profit of 1.0 billion yen →](#)

[FY2023 Forecast \(Current\) : Ordinary loss of 3.0 billion yen \(Down 4.0 billion yen\)](#)

- Sales volume: Approx. 350,000 tons (Down 20,000 tons)
  - For beverage can materials : Decrease due to lower demand for products for which our company has already received orders
  - For automobiles : Decrease due to lower demand for aluminum panel materials in China
  - For IT and semiconductors : Decrease in aluminum plates for semiconductor manufacturing equipment due to a delay in demand recovery. Decrease in disk materials for data centers due to prolonged inventory adjustment.
- Factors affecting profit and loss
  - Decrease in sales volume
  - Improvement in procurement costs (along with lower energy prices) and progress in selling price improvement
  - Cost reduction efforts through energy conservation and rationalization
  - Decrease in inventory valuation gains

(Billions of yen)

[Related data on P42-43](#)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

(Billions of yen)

	FY2022 Actual			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change ②-①
	1H	2H		1H	2H	①	1H	2H	②	
Net Sales	133.1	144.6	277.7	162.0	170.0	332.0	149.0	170.0	319.0	(13.0)
Ordinary Profit (Loss)	1.4	(0.5)	0.9	1.5	4.5	6.0	(0.5)	4.0	3.5	(2.5)
Excluding Inventory Valuation	(0.5)	(1.5)	(2.1)	0.5	4.5	5.0	(1.0)	5.0	4.0	(1.0)

■ Sales volume

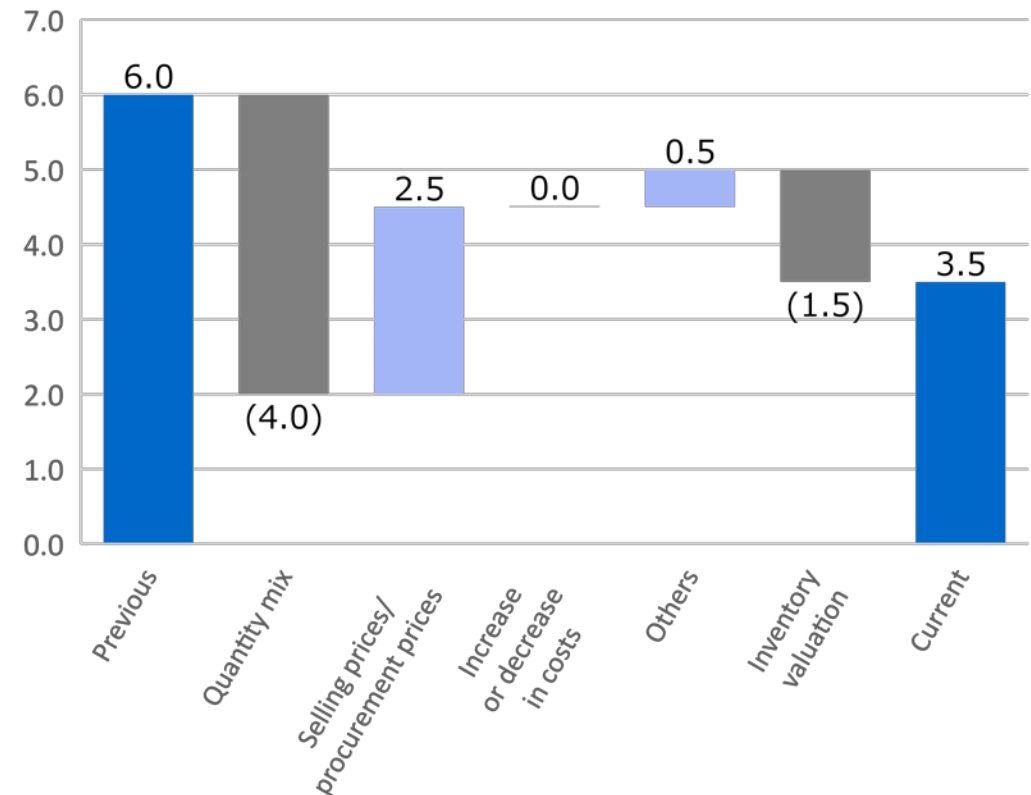
- Decrease in aluminum extrusions, suspensions, copper rolled products, and steel powder due to declining demand for Japanese cars in China and customers' inventory
- Decrease in copper rolled products and aluminum castings and forgings due to slow demand recovery in the IT and semiconductor sectors
- Remains strong in steel castings and forgings and titanium

■ Factors affecting profit and loss

- Decrease in sales volume
- Improvement in procurement costs (along with lower energy prices) and progress in selling price improvement
- Decrease in inventory valuation gains

(Billions of yen)

Related data on P42-43



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

(Billions of yen)

	FY2022 Actual			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change ②-①
	1H	2H		1H	2H	①	1H	2H	②	
Net Sales	42.1	46.2	88.4	45.0	47.0	92.0	45.0	48.0	93.0	1.0
Ordinary Profit (Loss)	0.8	1.9	2.8	1.5	2.5	4.0	1.5	2.5	4.0	–

[Related data on P42](#)

- Sales volume
  - Domestic: Similar to the previous forecast
  - Overseas: Decrease due to lower demand in China and Southeast Asia
- Factors affecting profit and loss
  - Similar to the previous forecast

(Billions of yen)

	FY2022 Actual *			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change ②-①
	1H	2H		1H	2H	①	1H	2H	②	
Net Sales	92.7	110.6	203.4	113.0	135.0	248.0	107.0	135.0	242.0	(6.0)
Ordinary Profit (Loss)	5.0	10.7	15.7	6.5	12.5	19.0	8.0	14.0	22.0	3.0
Orders	119.4	146.4	265.9	approx. 130.0	approx. 125.0	approx. 255.0	approx. 130.0	approx. 125.0	approx. 255.0	–

\* Beginning in fiscal 2023, Kobelco Research Institute, Inc., which was under the Other Businesses segment, has come under the Machinery segment. According to this change, the results for fiscal 2022 have been recalculated.

- Orders
  - Anticipates a high level of orders to continue
  
- Factors affecting profit and loss
  - Improvement in order profitability due to strong demand
  - Increase in service contracts



(Billions of yen)

	FY2022 Actual			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change ②-①
	1H	2H		1H	2H	①	1H	2H	②	
Net Sales	61.1	84.0	145.2	78.0	90.0	168.0	78.0	92.0	170.0	2.0
Ordinary Profit (Loss)	0.9	3.2	4.1	1.0	7.0	8.0	5.0	3.0	8.0	–
Orders	77.2	80.2	157.5	approx. 95.0	approx. 90.0	approx. 185.0	approx. 110.0	approx. 80.0	approx. 190.0	approx. 5.0

■ Orders

- Generally similar to the previous forecast, with orders for multiple projects expected in the DRI-related business

■ Factors affecting profit and loss

- Similar to the previous forecast

(Billions of yen)

	FY2022 Actual			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change ②-①
	1H	2H		1H	2H	①	1H	2H	②	
Net Sales	183.7	197.9	381.7	219.0	230.0	449.0	205.0	230.0	435.0	(14.0)
Ordinary Profit (Loss)	10.0	2.3	12.3	1.0	9.0	10.0	3.0	10.0	13.0	3.0

[Related data on P42](#)

■ Unit Sales

[Hydraulic excavator]

- Despite a slight increase in Japan, unit sales decrease in China due to lower demand and intensifying competition.

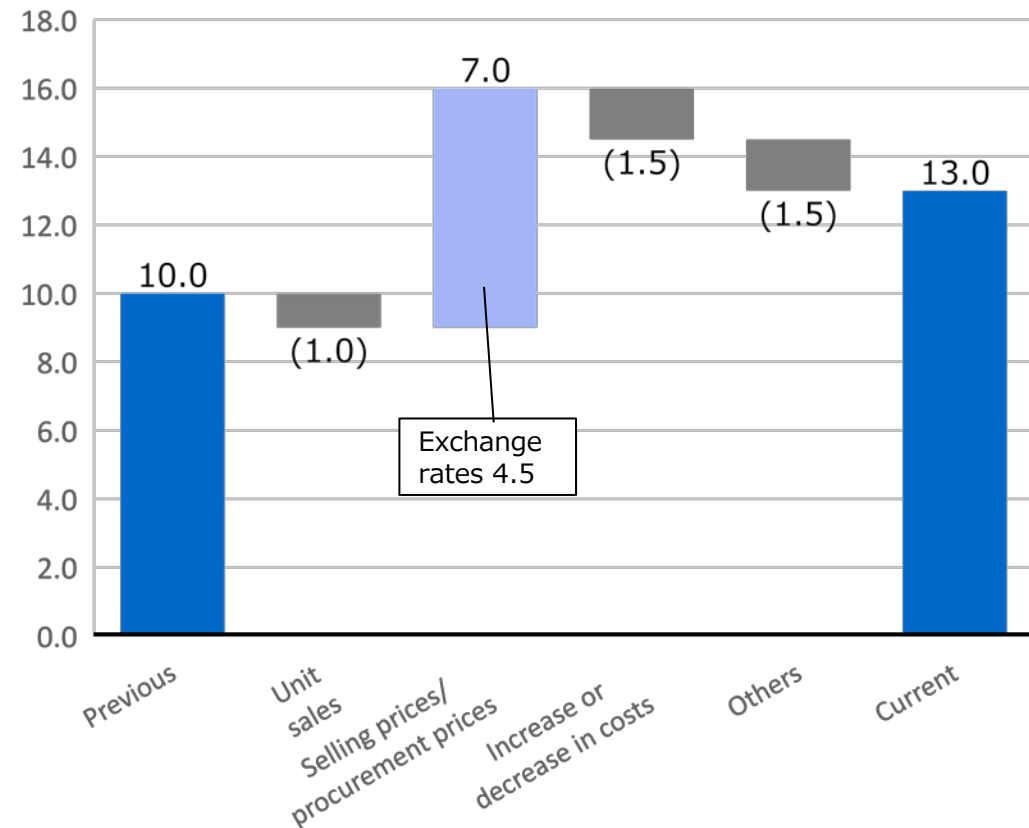
[Crawler Crane]

- Increase due to strong sales in Oceania

■ Factors affecting profit and loss

- Decrease in unit sales
- Improvement in procurement costs and progress in selling price improvement
- Improvement in export profitability due to the yen's depreciation
- Increase in costs, especially fixed costs such as labor costs

(Billions of yen)



(Billions of yen)

	FY2022 Actual			FY2023 Forecast (Previous)			FY2023 Forecast (Current)			Change ②-①
	1H	2H		1H	2H	①	1H	2H	②	
Net Sales	147.5	176.8	324.3	170.0	148.0	318.0	161.0	124.0	285.0	(33.0)
Ordinary Profit (Loss)	(1.3)	25.9	24.5	32.0	23.0	55.0	41.0	25.0	66.0	11.0

■ Sales volume

- Similar to the previous forecast

■ Unit price

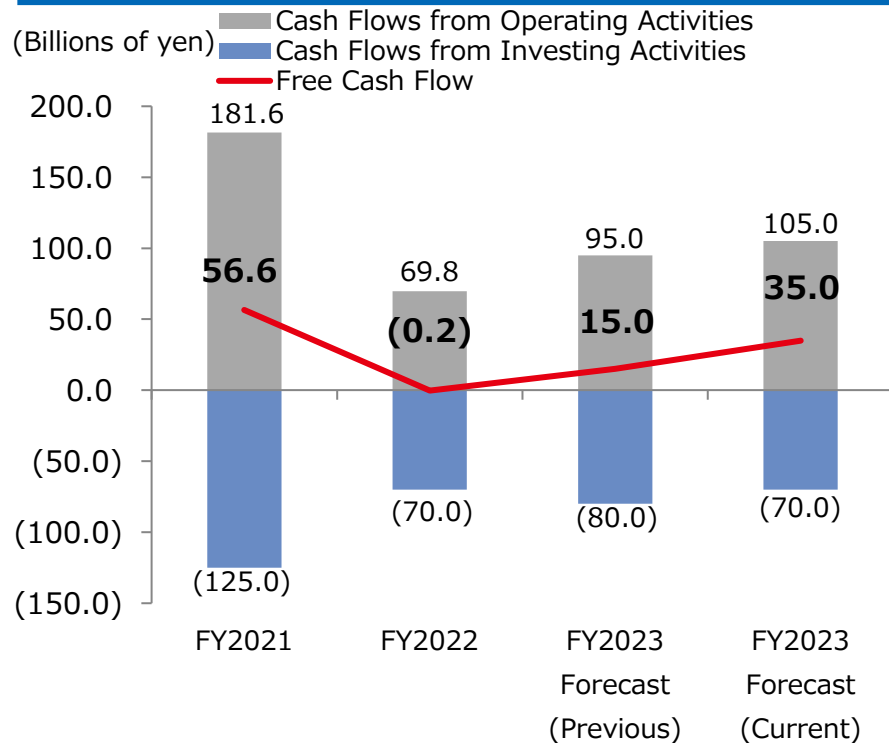
- Decline along with lower thermal coal prices

■ Factors affecting profit and loss

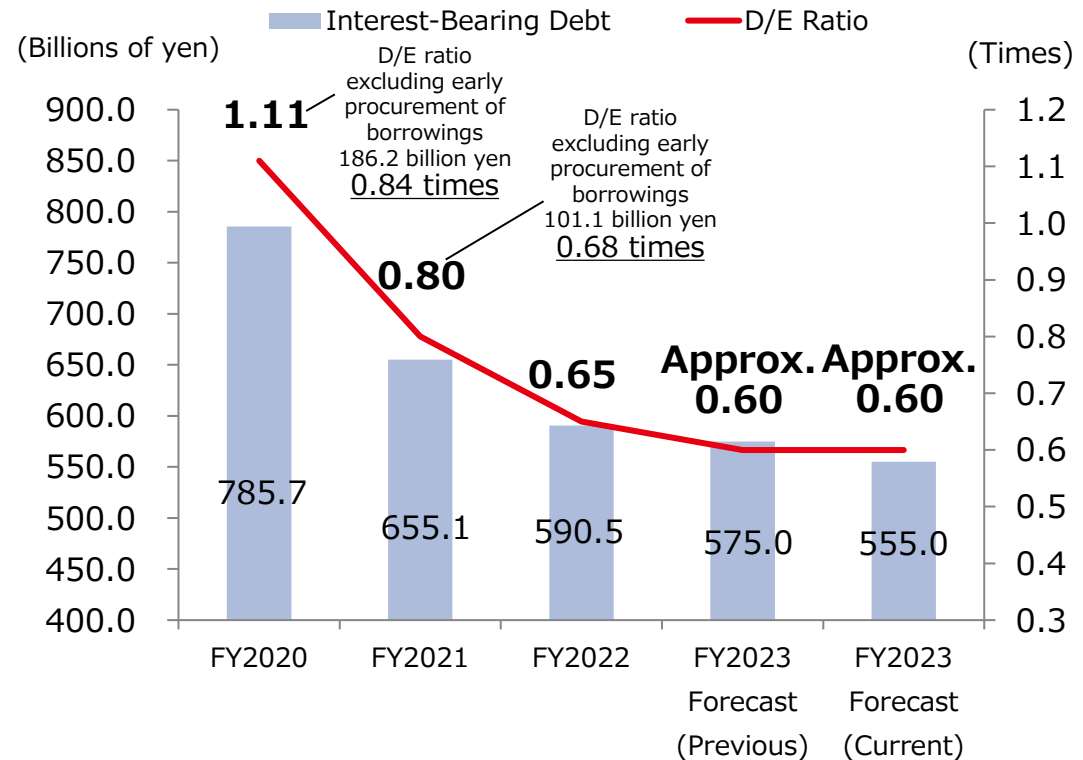
- Improvement of the effect of time lags in fuel cost adjustments at the Kobe Power Plant No. 3 and No. 4 units

- In fiscal 2023, operating cash flow is expected to remain at a low level as in fiscal 2022 due to the high level of inventory assets resulting from a **decrease in sales volume in the materials business** and an **increase in working capital resulting from an increase in orders received** in the machinery and engineering businesses. However, we will **continue to strengthen the management of invested capital through** setting key KPIs in ROIC management and work to **improve working capital**.
- We anticipate free cash flow to increase by 20.0 billion yen to 35.0 billion yen compared to the previous forecast, due in part to an increase in sales of fixed assets in subsidiaries.

## Free Cash Flow



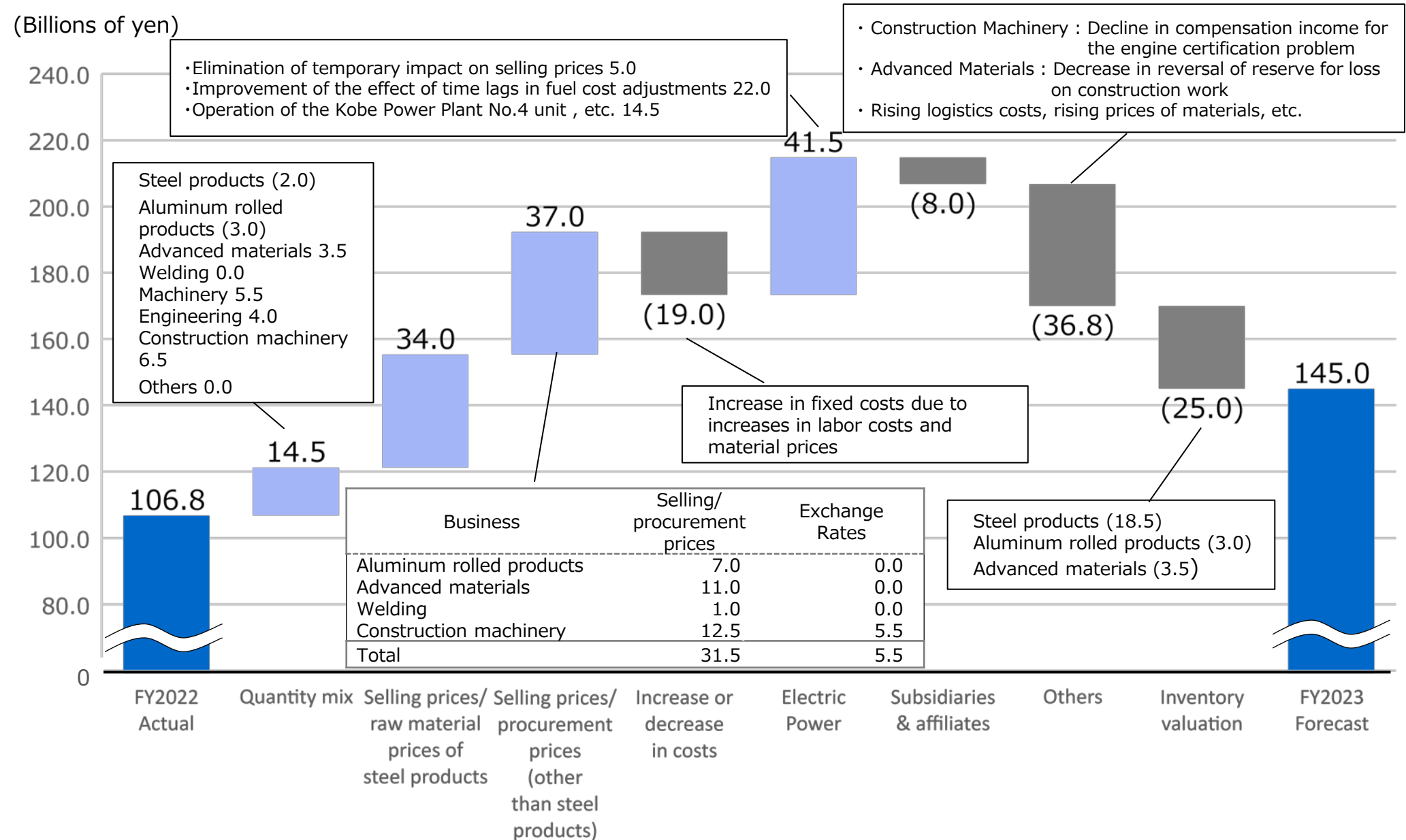
## Interest-Bearing Debt & D/E Ratio



Note: Project finance is not included in free cash flow and D/E ratio.

## 4. Reference Information

## Breakdown of Differences from the Fiscal 2022 Actual



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

## Ordinary Profit (Loss) (Billions of yen)

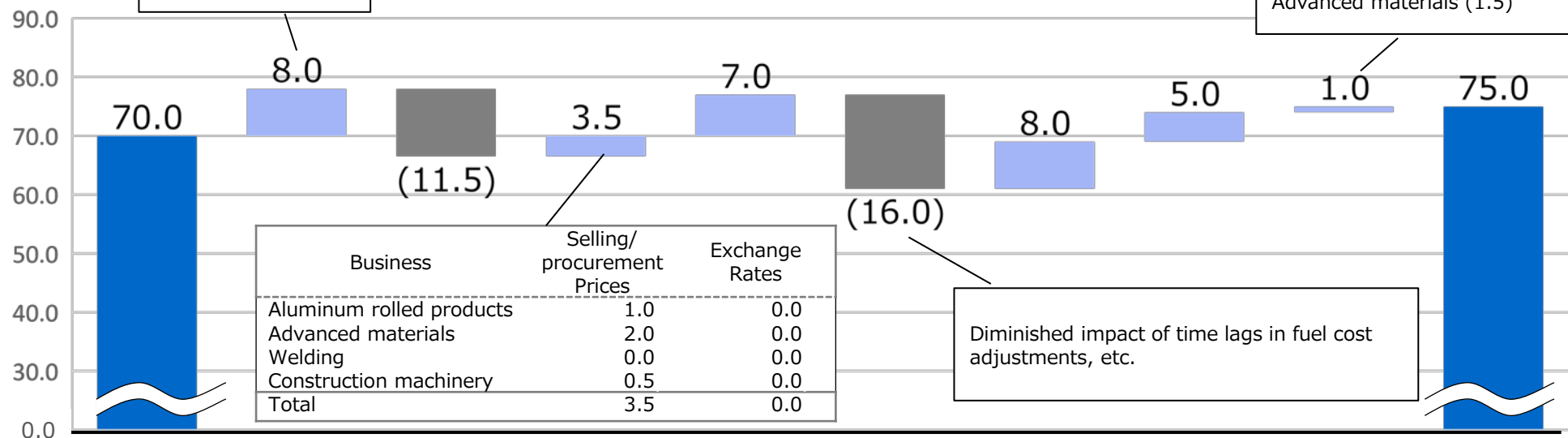
	FY2023 Forecast		
	1H	2H	Full Year
Consolidated	70.0	75.0	145.0

5.0

- Steel products (1.5)
- Aluminum rolled products 2.5
- Advanced materials 3.0
- Welding 0.5
- Machinery 4.0
- Engineering (2.0)
- Construction machinery 1.5
- Others 0.0

- Steel products 2.0
- Aluminum rolled products 0.5
- Advanced materials (1.5)

(Billions of yen)



Diminished impact of time lags in fuel cost adjustments, etc.

FY2023 1H    Quantity mix    Selling prices /raw material prices of steel products    Selling prices /procurement prices (other than steel products)    Increase or decrease in costs    Electric power    Subsidiaries & affiliates    Others    Inventory valuation    FY2023 2H

Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

Ordinary Profit (Loss) (Billions of yen)

	FY2023 Forecast		
	1H	2H	Full Year
Steel products	16.0	20.0	36.0

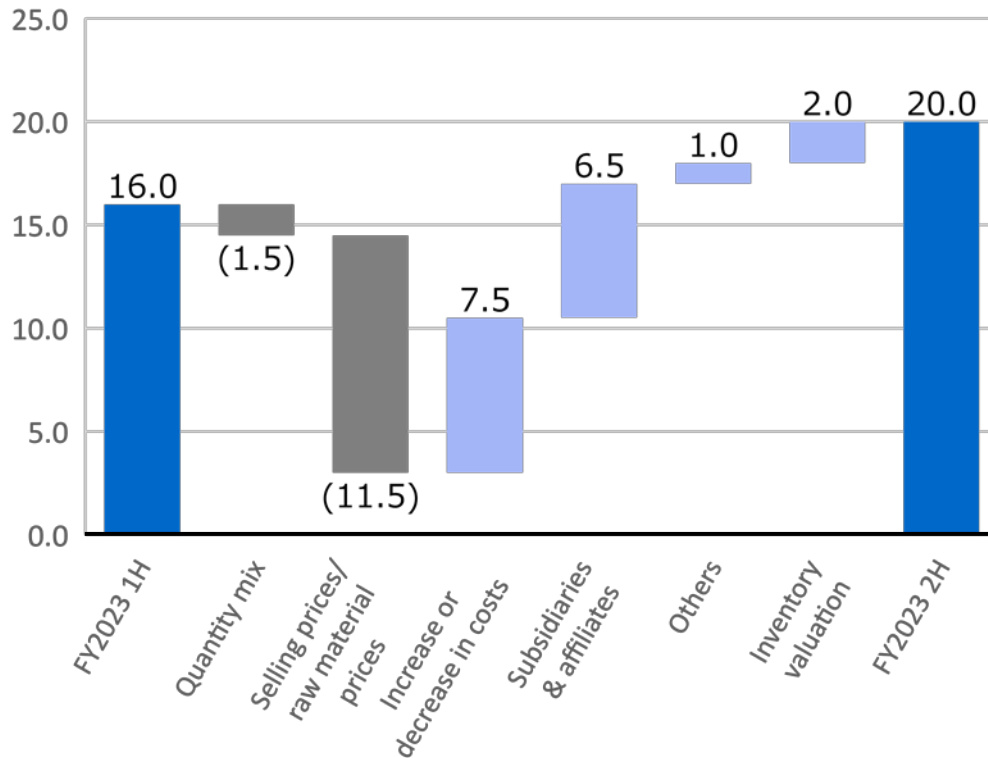
4.0

Ordinary Profit (Loss) (Billions of yen)

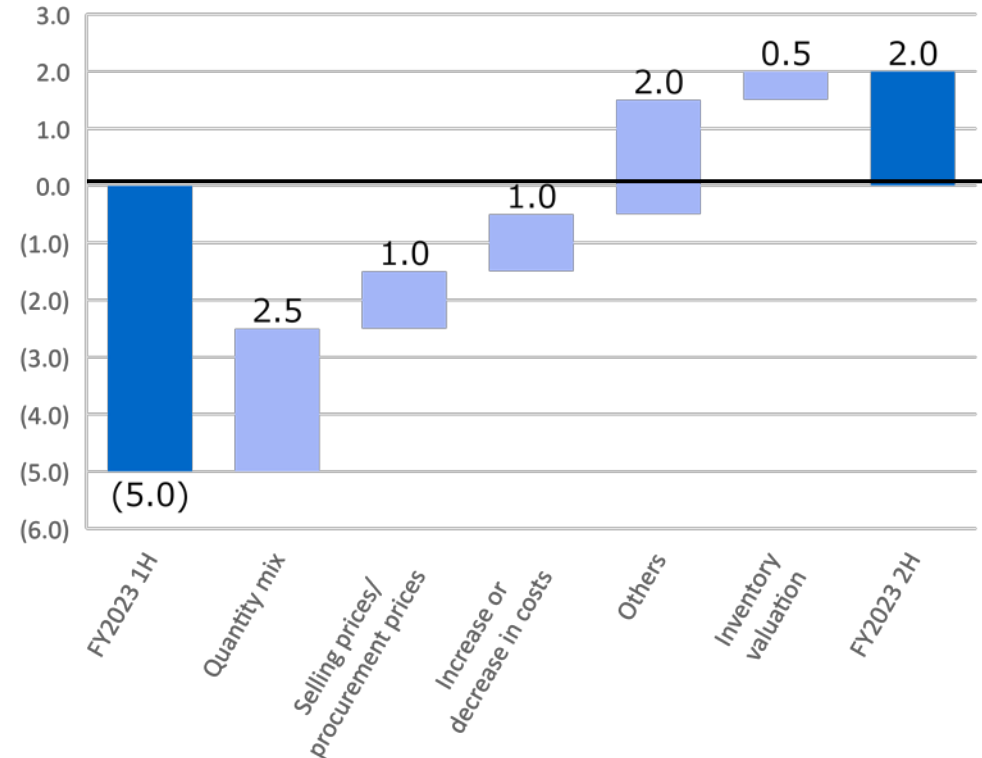
	FY2023 Forecast		
	1H	2H	Full Year
Aluminum rolled products	(5.0)	2.0	(3.0)

7.0

(Billions of yen)



(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.



Ordinary Profit (Loss) (Billions of yen)

	FY2023 Forecast		
	1H	2H	Full Year
Advanced Materials	(0.5)	4.0	3.5

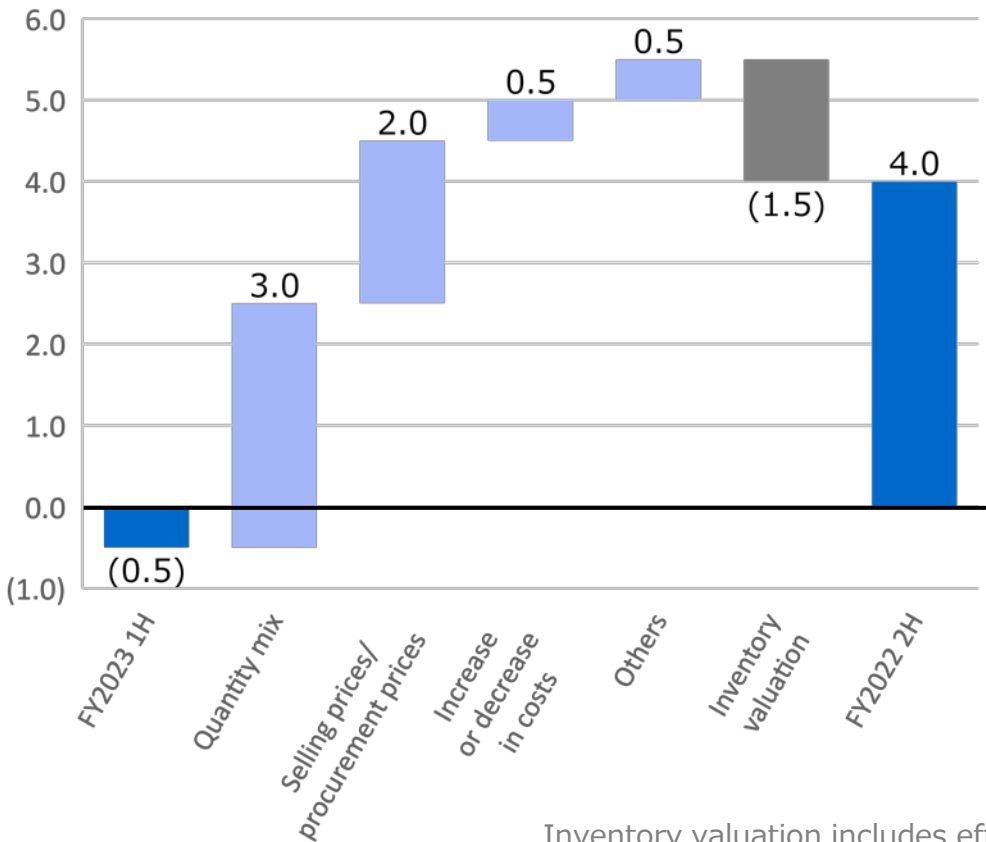
4.5

Ordinary Profit (Loss) (Billions of yen)

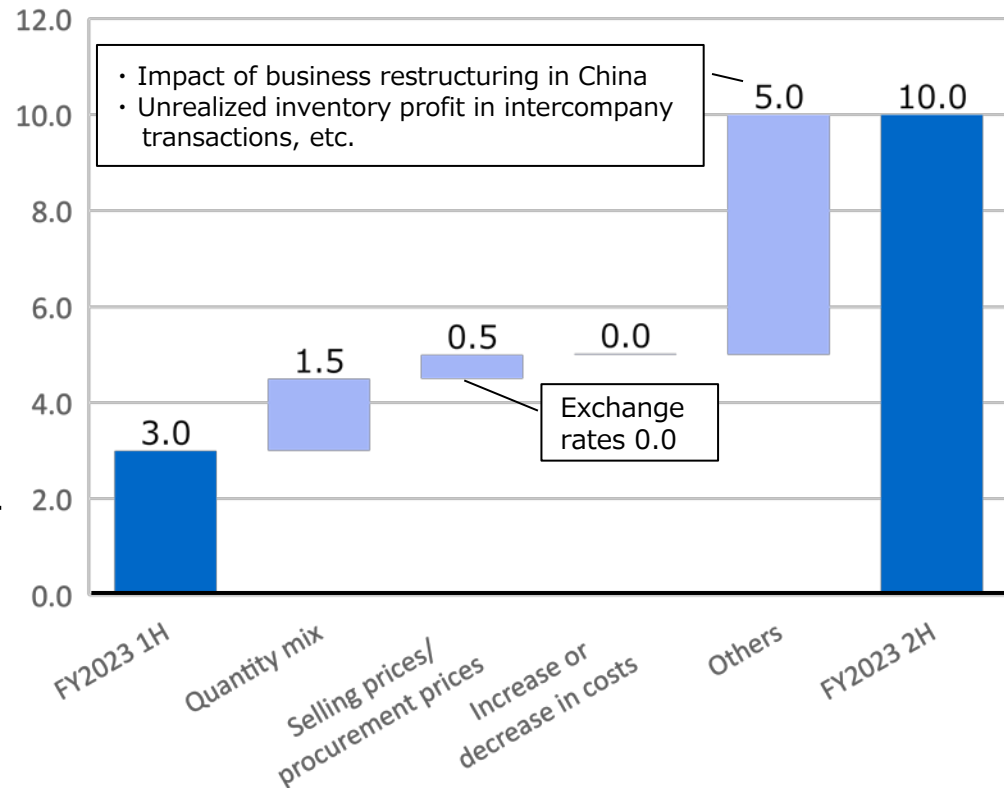
	FY2023 Forecast		
	1H	2H	Full Year
Construction Machinery	3.0	10.0	13.0

7.0

(Billions of yen)



(Billions of yen)



Inventory valuation includes effect from the average method and the lower-of-cost-or-market method.

	FY2022 Actual			FY2023 Forecast (Previous)		FY2023 Forecast (Current)		
	1Q	1H	Full Year	1H	Full Year	1Q	1H	Full Year
Crude steel production*1 (Millions of tons)	1.59	3.15	6.19	approx.3.20	approx.6.20	1.57	approx.3.10	approx.6.10
Sales volume of steel products*2 (Millions of tons)	1.26	2.50	4.98	approx.2.50	approx.5.00	1.19	approx.2.40	approx.4.90
Domestic	(0.97)	(1.92)	(3.85)	(approx.1.90)	(approx.3.75)	(0.92)	(approx.1.85)	(approx.3.70)
Exports	(0.30)	(0.58)	(1.13)	(approx.0.60)	(approx.1.25)	(0.27)	(approx.0.55)	(approx.1.20)
Average steel selling price (Thousands of yen/ton)	126.5	134.5	140.1			139.2		
Export ratio (value basis)	24.1%	23.4%	22.6%			21.1%		
Aluminum rolled products*3 (Thousands of tons)	86	170	337	approx.180	approx.370	84	approx.170	approx.350
Domestic	(62)	(119)	(232)	(approx.130)	(approx.260)	(60)	(approx.125)	(approx.255)
Exports	(24)	(51)	(105)	(approx.50)	(approx.110)	(24)	(approx.45)	(approx.95)
Aluminum extrusions*3 (Thousands of tons)	9	17	34	approx.20	approx.44	8	approx.18	approx.41
Domestic	(7)	(14)	(27)	(approx.14)	(approx.32)	(6)	(approx.14)	(approx.31)
Exports	(2)	(4)	(8)	(approx.6)	(approx.12)	(2)	(approx.4)	(approx.10)
Copper rolled products*2 (Thousands of tons)	13	27	54	approx.30	approx.62	12	approx.26.0	approx.58
Welding materials*3 (Thousands of tons)	64	125	248	approx.125	approx.255	61	approx.120	approx.245
Domestic	(26)	(52)	(105)	(approx.50)	(approx.105)	(25)	(approx.50)	(approx.105)
Exports	(38)	(74)	(143)	(approx.75)	(approx.150)	(36)	(approx.70)	(approx.140)
Hydraulic excavators*4 (Thousands of units)	5.7	11.9	24.6	approx.13.5	approx.28.0	5.6	approx.12.5	approx.27.0
Domestic	(1.4)	(3.4)	(7.6)	(approx.3.8)	(approx.8.5)	(1.5)	(approx.3.8)	(approx.8.5)
Exports	(4.3)	(8.5)	(17.0)	(approx.9.7)	(approx.19.5)	(4.1)	(approx.8.7)	(approx.18.5)
Crawler cranes*3 (Units)	76	145	289	approx.160	approx.330	45	approx.150	approx.340

\*1 Includes production volume through electric arc furnaces at Takasago Works

\*2 Non-consolidated basis

\*3 Consolidated basis

\*4 Consolidated basis (including mini-excavators)

(Billions of yen)

Steel products		FY2022 Actual				FY2023 Forecast			
		1Q	1H	2H	Full Year	1Q	1H	2H	Full Year
	Iron ore	3.0	5.0	(7.0)	(2.0)	3.5	2.5	0.0	2.5
	Coal	3.5	(3.0)	0.5	(2.5)	(1.0)	(2.0)	1.5	(0.5)
	<b>Carry over</b>	<b>6.5</b>	<b>2.0</b>	<b>(6.5)</b>	<b>(4.5)</b>	<b>2.5</b>	<b>0.5</b>	<b>1.5</b>	<b>2.0</b>

	Average method	18.0	16.5	1.5	18.0	(4.0)	(2.0)	(0.5)	(2.5)
	Lower-of-cost-or-market method	(2.0)	(1.5)	(1.0)	(2.5)	0.5	(0.5)	0.0	(0.5)
	<b>Inventory valuation</b>	<b>16.0</b>	<b>15.0</b>	<b>0.5</b>	<b>15.5</b>	<b>(3.5)</b>	<b>(2.5)</b>	<b>(0.5)</b>	<b>(3.0)</b>

Aluminum rolled products		FY2022 Actual				FY2023 Forecast			
		1Q	1H	2H	Full Year	1Q	1H	2H	Full Year
	Average method	4.0	5.5	1.0	6.5	1.5	0.0	1.5	1.5
	Lower-of-cost-or-market method	0.0	0.0	(1.0)	(1.0)	0.0	1.0	0.0	1.0
	<b>Inventory valuation</b>	<b>4.0</b>	<b>5.5</b>	<b>0.0</b>	<b>5.5</b>	<b>1.5</b>	<b>1.0</b>	<b>1.5</b>	<b>2.5</b>

Advanced Materials		FY2022 Actual				FY2023 Forecast			
		1Q	1H	2H	Full Year	1Q	1H	2H	Full Year
	Average method	2.5	2.5	0.5	3.0	1.0	0.5	(1.0)	(0.5)
	Lower-of-cost-or-market method	(0.5)	(0.5)	0.5	0.0	0.0	0.0	0.0	0.0
	<b>Inventory valuation</b>	<b>2.0</b>	<b>2.0</b>	<b>1.0</b>	<b>3.0</b>	<b>1.0</b>	<b>0.5</b>	<b>(1.0)</b>	<b>(0.5)</b>

(Billions of yen)

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast (Previous)	FY2023 Forecast (Current)
Cash flows from operating activities	21.4	210.0	181.6	69.8	95.0	105.0
Cash flows from investing activities	(133.4)	(81.9)	(125.0)	(70.0)	(80.0)	(70.0)
Free cash flow (excluding project financing)	(112.0)	128.1	56.6	(0.2)	15.0	35.0
Free cash flow (including project financing)	(191.9)	52.9	7.2	22.4	65.0	85.0
Cash and deposits (excluding project financing)	134.9	301.8	243.2	145.4	110.0	110.0

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast (Previous)	FY2023 Forecast (Current)
Capital investment (accrual basis)	239.8	185.0	108.1	97.3	135.0	135.0
Capital investment (payment basis)	245.3	173.2	156.4	98.9	110.0	110.0
Depreciation	105.3	100.8	105.1	112.5	120.0	120.0

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast (Previous)	FY2023 Forecast (Current)
Profit (loss) per share	(187.55) yen	64.05 yen	160.23 yen	183.80 yen	253.21 yen	303.86 yen
Outside debt	906.6 billion yen	987.8 billion yen	908.4 billion yen	861.8 billion yen	820.0 billion yen	800.0 billion yen
Outside debt excluding debt from IPP project financing	784.4 billion yen	785.7 billion yen	655.1 billion yen	590.5 billion yen	575.0 billion yen	555.0 billion yen
D/E ratio <sup>*1</sup>	<sup>*2</sup> 1.19 times	<sup>*3</sup> 1.11 times	<sup>*4</sup> 0.80 times	0.65 times	approx.0.60 times	approx.0.60 times
ROS <sup>*5</sup>	(0.4)%	0.9%	4.5%	4.3%	4.9%	5.6%
ROA <sup>*6</sup>	(0.3)%	0.6%	3.5%	3.8%	4.5%	5.0%
ROE <sup>*7</sup>	(9.7)%	3.4%	7.9%	8.4%	10.5%	12.5%
ROIC <sup>*8</sup>	0.9%	1.1%	4.7%	4.9%	6.0%	6.7%

\*1: D/E ratio: Debt (excluding IPP project finance) / Stockholders' equity

\*2: Includes early procurement of borrowings for fiscal 2019 (62.1 billion yen)  
D/E ratio 1.10 times (excluding early procurement of borrowings)

\*3: Includes early procurement of borrowings for fiscal 2020 (186.2 billion yen)  
D/E ratio 0.84 times (excluding early procurement of borrowings)

\*4: Includes early procurement of borrowings for fiscal 2021 (101.1 billion yen)  
D/E ratio 0.68 times (excluding early procurement of borrowings)

\*5: ROS: Ordinary Profit (Loss) / Net Sales

\*6: ROA: Ordinary Profit (Loss) / Total assets

\*7: ROE: Profit (Loss) Attributable to Owners of  
the Parent / Stockholders' equity

\*8: ROIC: After-tax operating income / invested capital

	FY2022 Actual				FY2023 Forecast (Previous)	FY2023 Forecast (Current)		
	1Q	1H	2H	Full Year	Full Year	1Q	2-4Q	Full Year
1 U.S. dollar to yen	129.6	135.3	136.7	136.0	130.0	136.5	135.0	135.4
1 Chinese yuan to yen	19.6	19.9	19.5	19.7	19.0	19.6	20.0	19.9
1 euro to yen	138.1	139.1	144.1	141.6	140.0	147.9	148.0	148.0

### Analysis of exchange rate sensitivity

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

Steel products: approx. (0.8) billion yen

(Impact of dollar balance: (1.2) billion yen, inventory valuation, cost pass-through to selling price, etc.: +a billion yen)

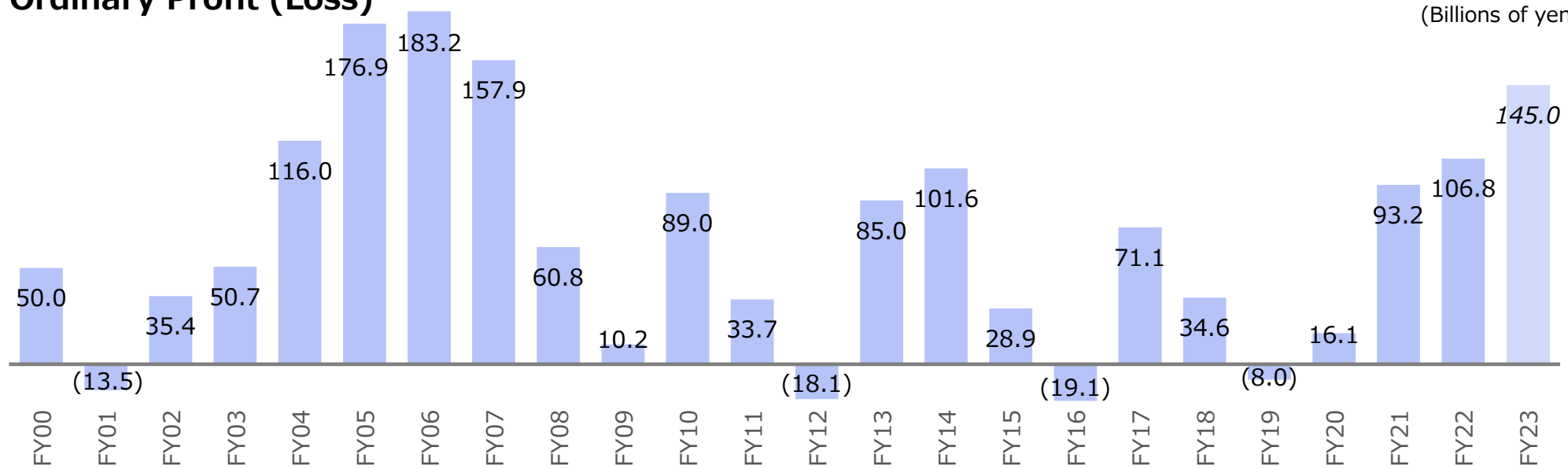
Construction machinery: approx. 0.3 billion yen

Impact of the 1 yen depreciation against the euro on future business performance

Construction machinery: approx. 0.3 billion yen

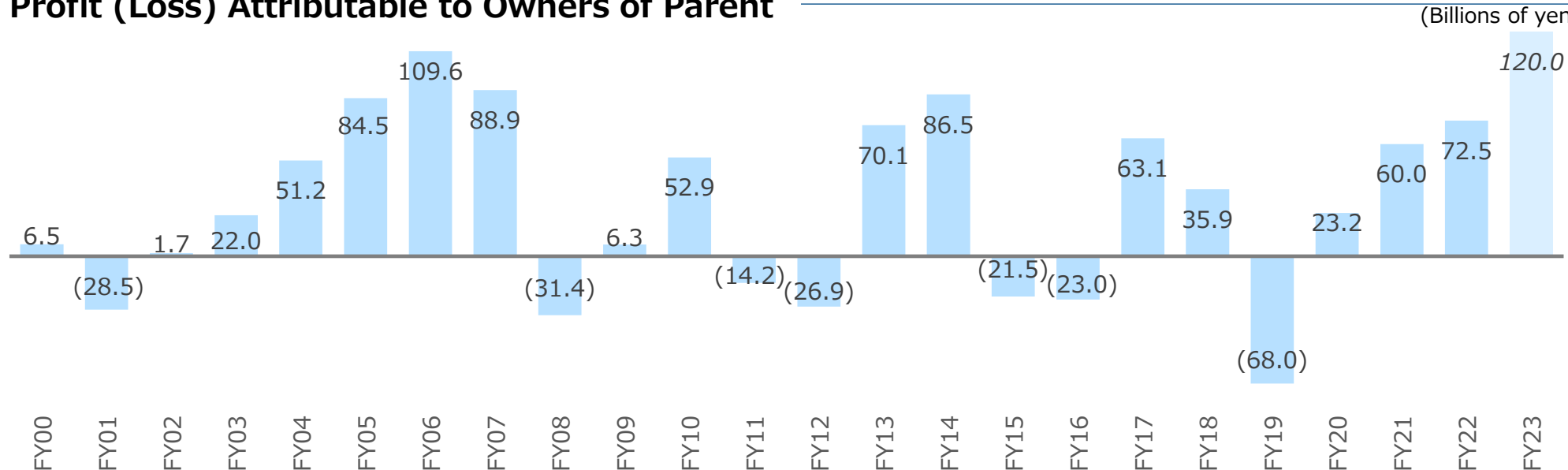
## Ordinary Profit (Loss)

(Billions of yen)



## Profit (Loss) Attributable to Owners of Parent

(Billions of yen)



- **The electricity rate**, which is equivalent to the fuel cost received by our Company's coal-fired power subsidiaries (hereinafter collectively called "our Company"), is calculated based on **the fuel cost set at the time of contract and adjusted with changes in coal prices in the import trade statistics (national average) from the time of contract.**

- In fiscal 2022, **losses occurred** because the unit selling price of electricity in our Company was kept low due to the downward pressure on trade statistics prices, **affected by temporary factors** that are assumed to be associated with fixed-price contracts for some stocks at other power companies (the difference in value widened due to the subsequent surge in market conditions) and the time lag between coal purchase and delivery.

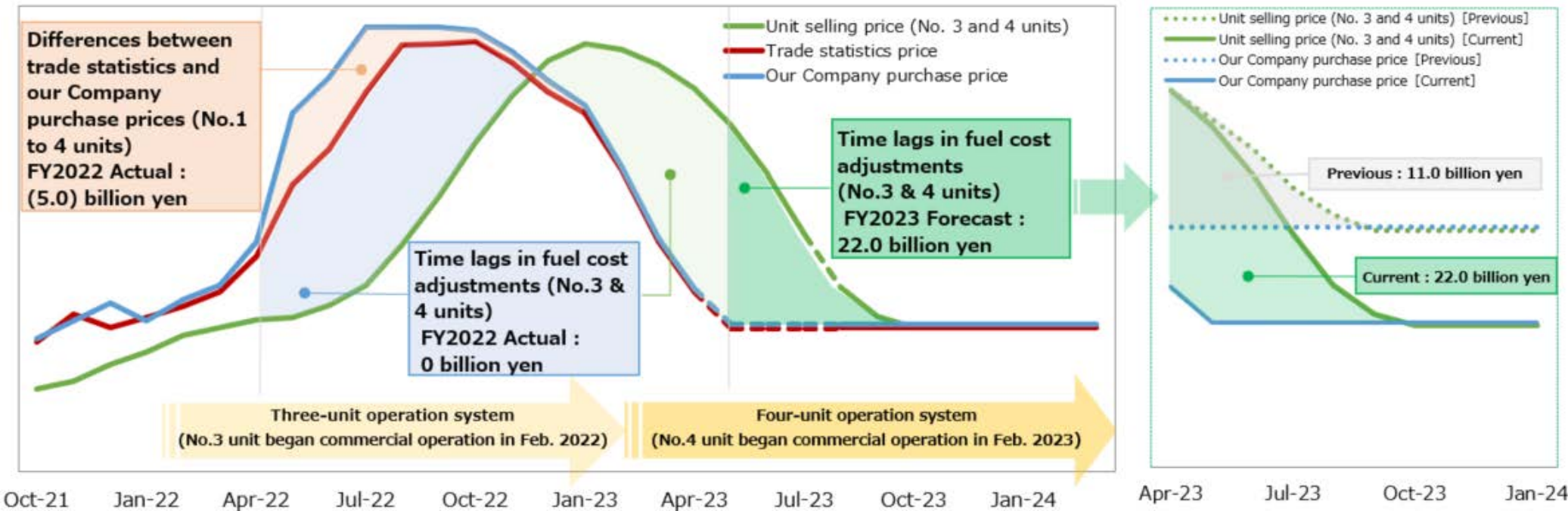
**FY2022 Actual : (5.0) billion yen—with losses due to temporary factors**

- In fiscal 2023, we expect **gains due to the elimination of the temporary factors and time lags in fuel cost adjustments** at the Kobe Power Plant No. 3 and No. 4 units, along with a decline in thermal coal market prices. Regarding the difference from the previous forecast, we expect an increase in gains due to time lags in fuel cost adjustments, along with a further decline in thermal coal market prices.

**FY2023 Forecast: 22.0 billion yen—with gains due to time lags in fuel cost adjustments (Up 11.0 billion yen)**

Trends in Coal Trade Statistics Prices and Our Company Purchase Prices (for illustrative purposes only)

Difference from the previous forecast (for illustrative purposes only)





◆ **FTSE4Good Index Series**  
(From Jun. 2021)



FTSE4Good

◆ **FTSE Blossom Japan Sector Relative Index**  
(From Mar. 2022)



FTSE Blossom  
Japan Sector  
Relative Index

◆ **FTSE Blossom Japan Index**  
(From Jun. 2021)



FTSE Blossom  
Japan

◆ **MSCI JAPAN ESG SELECT LEADERS INDEX\***  
(From Jun. 2022)

2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

◆ **MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) \***  
(From Dec. 2022)

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

◆ **CDP**  
(From Dec. 2020)



Awarded “A-” in the climate change category for the third consecutive year

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<h2>KOBELCO's View of the Future</h2>	<p>Our view of a society and future to be attained as we carry out KOBELCO's mission</p> <p><b>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.</b></p>
<h2>KOBELCO's Mission</h2>	<p>Our mission and the social significance of the KOBELCO Group that we must fulfill</p> <p><b>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.</b></p>
<h2>Core Values of KOBELCO</h2>	<p>The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group</p> <ol style="list-style-type: none"> <li><b>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.</b></li> <li><b>2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment.</b></li> <li><b>3. Through continuous and innovative changes, we create new values for the society of which we are a member.</b></li> </ol>
<h2>Six Pledges of KOBELCO</h2>	<p>Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter</p> <ol style="list-style-type: none"> <li><b>1. Uphold the Highest Sense of Ethics and Professionalism</b></li> <li><b>2. Contribute to the Society by Providing Superior Products and Services</b> <span style="background-color: #0056b3; color: white; padding: 2px;">Quality Charter</span></li> <li><b>3. Establish a Comfortable but Challenging Work Environment</b></li> <li><b>4. Live in Harmony with the Local Community</b></li> <li><b>5. Contribute to a Sustainable Environment</b></li> <li><b>6. Respect Each Stakeholder</b></li> </ol>

# Cautionary Statement

- **Certain statements in this presentation contain forward-looking statements concerning forecasts, assertions, prospects, intentions and strategies. The decisions and assumptions leading to these statements are based on information currently available to Kobe Steel. Due to possible changes in decisions and assumptions, future business operation, and internal and external conditions, actual results may differ materially from the projected forward-looking statements. Kobe Steel is not obligated to revise the forward-looking contents of this presentation.**
- **Uncertain and variable factors include, but are not limited to:**
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  - Political situation and trade and other regulations
  - Changes in currency exchange rates
  - Availability and market conditions of raw materials
  - Products and services of competing companies, pricing policy, alliances, and business development including M&As
  - Strategy changes of alliance partners