

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)
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(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)

ASSETS	FY2022 Ended March 31, 2023	FY2023—9 months Ended December 31, 2023
Current Assets		
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	1,415,987	1,514,354
Non-current assets		
Property, plant and equipment		
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	1,066,035	1,052,653
Intangible assets	37,579	39,563
Investments and other assets		
Investment securities	204,627	227,957
Other	170,808	164,137
Allowance for doubtful accounts	(20,287)	(22,390)
Total investments and other assets	355,148	369,704
Total non-current assets	1,458,764	1,461,921
Total assets	2,874,751	2,976,275

LIABILITIES**Current liabilities**

	FY2022 Ended March 31, 2023	FY2023 —9 months Ended December 31, 2023
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
Total current liabilities	1,049,803	1,024,526

Non-current liabilities

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
Total non-current liabilities	847,295	840,919

Total liabilities

	1,897,098	1,865,446
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NET ASSETS**Shareholders' equity**

Share capital	250,930	250,930
Capital surplus	116,430	116,307
Retained earnings	472,757	549,127
Treasury shares	(1,879)	(1,843)
Total shareholders' equity	838,238	914,520

Accumulated other comprehensive income

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
Total accumulated other comprehensive income	75,717	124,658

Non-controlling interests

	63,696	71,649
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Total net assets

	977,653	1,110,829
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Total liabilities and net assets

	2,874,751	2,976,275
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Consolidated Statements of Income

(In millions of yen)

	FY2022— 9 months Ended December 31, 2022	FY2023— 9 months Ended December 31, 2023
Net sales	1,784,638	1,873,707
Cost of sales	1,557,065	1,551,888
Gross profit	227,573	321,819
Selling, general and administrative expenses	173,758	183,579
Operating profit	53,815	138,239
Non-operating income		
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
Non-operating expenses		
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
Ordinary profit	74,852	133,926
Extraordinary income		
Gain on sale of non-current assets	—	27,804
Total extraordinary income	—	27,804
Extraordinary losses		
Impairment losses	4,296	—
Loss on liquidation of business	3,498	—
Total extraordinary losses	7,795	—
Profit before income taxes	67,057	161,730
Income Taxes		
Income taxes - current	13,669	37,924
Income taxes - deferred	3,826	7,701
Total income taxes	17,495	45,625
Profit	49,561	116,104
Profit attributable to non-controlling interests	2,051	6,377
Profit attributable to owners of parent	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
Profit	49,561	116,104
Other comprehensive income		
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
Comprehensive income	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