



(This document is a summary English translation of the original Japanese document. If there are any discrepancies between this document and the original Japanese document, the original Japanese document prevails.)

28 November 2023

To Whom It May Concern,

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| Company name: | Kobe Steel, Ltd. |
| Representative: | Mitsugu Yamaguchi President, CEO, and Representative Director |
| Stock listing: | TSE Prime |
| Code number: | 5406 |
| Contact: | Norimasa Sasaki General Manager, Administration and CSR Dept. |
| Telephone: | +81-3-5729-6010 |

Announcement Regarding Issuance of Zero Coupon Convertible Bonds Due 2028 and Zero Coupon Convertible Bonds Due 2030

Kobe Steel, Ltd. (the “Company”) hereby announces that it has resolved at its Board of Directors meeting held on 28 November 2023 to issue Zero Coupon Convertible Bonds (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) due 2028 (the “Bonds with Stock Acquisition Rights due 2028”) and Zero Coupon Convertible Bonds (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) due 2030 (the “Bonds with Stock Acquisition Rights due 2030”); together with the Bonds with Stock Acquisition Rights due 2028, the “Bonds with Stock Acquisition Rights”), as follows:

【Background and Purpose of Issuance of the Bonds with Stock Acquisition Rights】

In order to realise “a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives,” the Company has been continuously contributing to the development of society by creating new values based on the knowledge and technology it has cultivated in a wide range of business fields, including steel & aluminum, advanced materials, welding, machinery, engineering, construction machinery and electric power, and by solving challenges facing its customers and society.

With such purpose in mind, the Company began the KOBELCO Group Medium-Term Management Plan (FY2021 – FY2023), announced in May 2021, giving top priority to (1) “Establishing a stable earnings base” and (2) “Taking on the challenge of realising carbon neutrality”.

The Company has determined that in order to realise the Company’s growth strategies and carbon neutrality strategies, it is necessary to diversify its financing methods and achieve low-cost financing as well as to further strengthen its financial base to support these strategies. Therefore, the Company has resolved to issue the Bonds with Stock Acquisition Rights that carry Zero coupons and so will contribute to reducing procurement costs.

【Use of Proceeds】

The net proceeds from the issue of the Bonds with Stock Acquisition Rights are estimated to amount to approximately ¥50 billion, and are expected to be used by the Company, as follows:

- (1) Approximately ¥20 billion by the end of March 2027, as part of investments related to taking on the challenge of realising carbon neutrality, primarily in the Steel business and the Electric Power business; and
- (2) Approximately ¥30 billion by the end of March 2025, as part of the repayment of borrowings.

【Issuance of the “Bonds with Stock Acquisition Rights due 2028”】

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| Description of the Bonds: | ¥25,000,000,000 in aggregate principal amount of Zero Coupon Convertible Bonds due 2028 (bonds with stock acquisition rights, <i>tenkanshasaigata shinkabu yoyakuken-tsuki shasai</i>) |
| Issue Price: | 100.0% |
| Closing Date: | 14 December 2023 |
| Coupon: | 0% |
| Redemption at Maturity: | 100.0% |
| Listing of the Bonds (expected): | Singapore Exchange (SGX) |

【Issuance of the “Bonds with Stock Acquisition Rights due 2030”】

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|----------------------------------|---|
| Description of the Bonds: | ¥25,000,000,000 in aggregate principal amount of Zero Coupon Convertible Bonds due 2030 (bonds with stock acquisition rights, <i>tenkanshasaigata shinkabu yoyakuken-tsuki shasai</i>) |
| Issue Price: | 100.0% |
| Closing Date: | 14 December 2023 |
| Coupon: | 0% |
| Redemption at Maturity: | 100.0% |
| Listing of the Bonds (expected): | Singapore Exchange (SGX) |

Note: This communication has been prepared for the sole purpose of publicly announcing the issuance of the Bonds with Stock Acquisition Rights and does not contain or constitute an offer of securities for sale, or solicitation of an offer to purchase securities, in the United States, Japan or any other jurisdiction where such an offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended (the "Securities Act") or an exemption from registration. The securities referred to herein have not been and will not be registered under the Securities Act.