

**KOBELCO**

# Dialogue with the Capital Market

## FY 2025

June 2026  
Kobe Steel, Ltd.

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1. Policy
2. Process to Link Dialogue with Capital Markets to Enhancing Corporate Value
3. Dialogue with the Capital Market  
(Framework and Engagement Overview)
4. Contents of the Dialogue and Internal Feedback
5. Initiatives Reflecting Capital Market Dialogue

- ◆ We position dialogue with the capital markets as a key management activity for enhancing corporate value, and, under the following policy and framework, we engage in constructive dialogue with shareholders and investors.

## **Fundamental Policy on Disclosure**

- We position disclosure as a key foundation for dialogue with the capital markets, and under the supervision of the Board of Directors, we strive to provide strategic, systematic, and easy-to-understand information.
- With respect to both financial and non-financial information, we proactively disclose information that contributes to sustainable medium- to long-term corporate value enhancement, including ESG-related information, through our corporate website, integrated report, and other channels.
- As a globally operating company, we are also committed to enhancing the quality and scope of our disclosures as well as expanding our English-language disclosures.
- In our information disclosure, we strictly comply with internal regulations regarding the management of confidential information and the prevention of insider trading, under the guidance of the relevant departments.

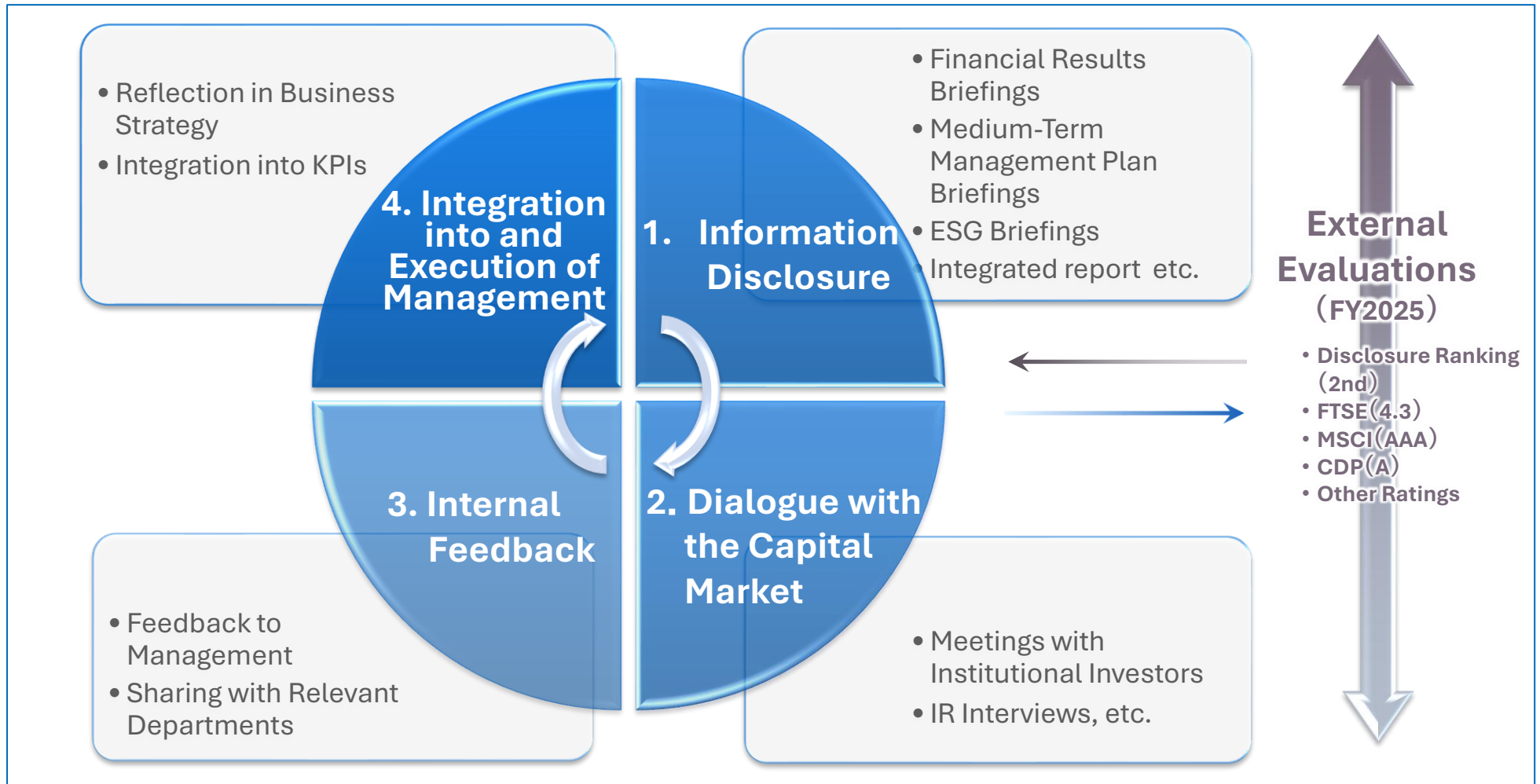
## **Framework for Dialogue with the Capital market**

- Dialogue with the capital market is overseen by directors, with the General Administration and CSR Department serving as the primary point of contact, and is conducted in close coordination with relevant departments.
- Depending on the content and counterparties of the dialogue, members of management or relevant departments provide explanations.
- We strive to enhance dialogue through financial results briefings and meetings with institutional investors.
- Important feedback obtained through dialogue with shareholders and investors is appropriately shared with management.

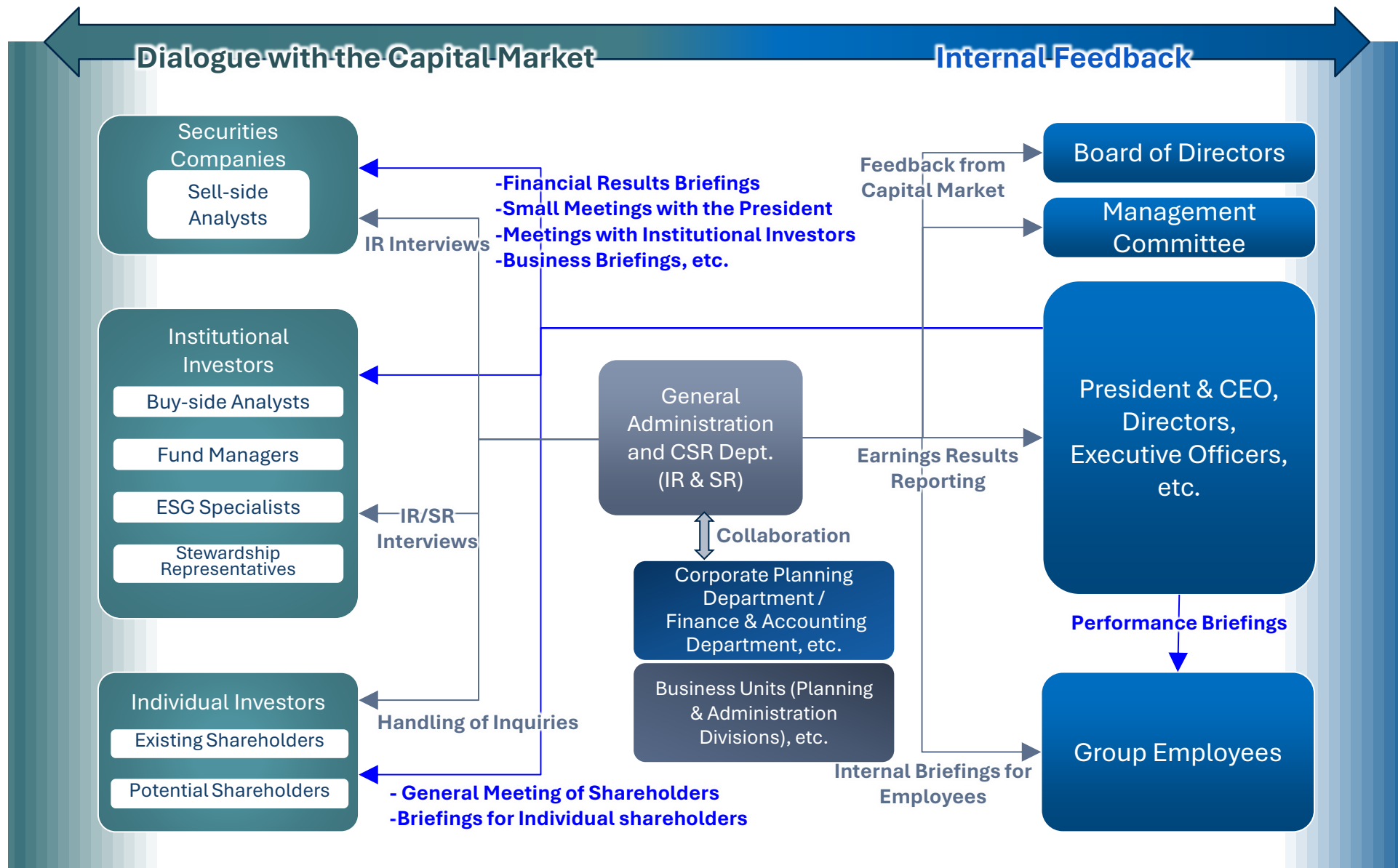
Note: The above is outlined in Kobe Steel's Basic Policy and Initiatives on Corporate Governance (VIII. System for Dialogue with the Capital Market), including the Fundamental Policy on Disclosure and the Framework for Dialogue with the Capital Market.

## 2. Process to Link Dialogue with Capital Markets to Enhancing Corporate Value **KOBELCO**

- ◆ We have established a cycle to share and analyze feedback obtained through dialogue with the capital markets and to utilize it for management decisions and the enhancement of initiatives.
- ◆ We will continuously update our activities, taking into account external evaluations as appropriate.



### 3. Dialogue with the Capital Market - Engagement Overview



### 3. Dialogue with the Capital Market - Framework

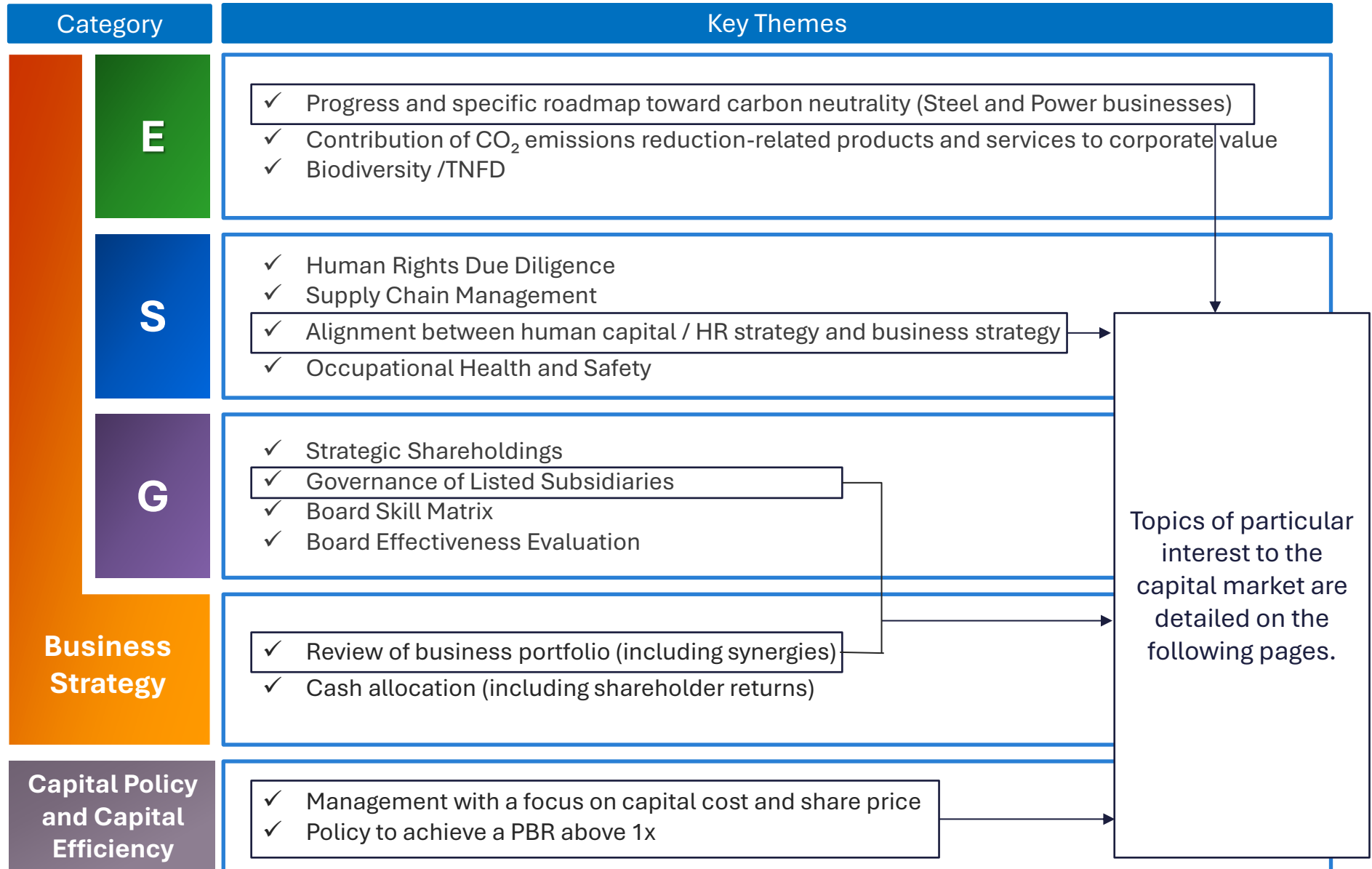
#### Dialogue with the Capital Market

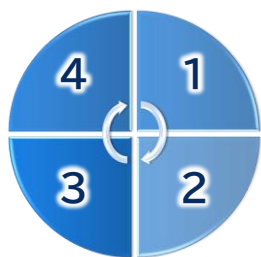
Contents	Company Responders (Positions are as at time of dialogue)	Number of Meetings (cumulative)		
		FY2023	FY2024	FY2025
Exchanges of opinions with institutional investors and securities analysts	President, CEO and Representative Director	11	10	11
Meetings with Institutional Investors (Overseas Investors)	President, CEO and Representative Director, Executive VP and Representative Director, Director & Executive Officer (Responsible for Corporate Planning Dept. and Finance and Accounting Dept.) ,etc.	39	68	62
(Domestic Investors)*Including ESG, Exercise of Voting Rights		(16)	(35)	(41)
IR Interviews		216	187	<b>247</b>
Financial Results Briefings	Director & Executive Officer , Executive Officer	4	4	4
Briefing on Progress of the Medium-Term Management Plan, ESG Briefing, Business Briefing	President, CEO and Representative Director, Executive VP and Representative Director, etc.	7	3	3
Plant Tours with institutional investors and Securities Analysts	Director & Executive Officer , Executive Officer, General Administration and CSR Dept	2	3	2
Briefings for individual shareholders	Executive VP and Representative Director, etc.	1	1	<b>2</b>
General Meeting of Shareholders	President, CEO and Representative Director, etc.	1	1	1

#### Internal Feedback

Contents	Feedback Provider	Recipients of Feedback	Number of Meetings		
			FY2023	FY2024	FY2025
Evaluation of Capital Market	General Administration and CSR Dept	Board Members, Management Committee Members, General Managers at Headquarters and Planning & Administration Heads of Business Units	2	2	2
Post-Earnings regular reporting		Board Members, Executive Officers, General Managers at Headquarters and Planning & Administration Heads of Business Units	4	4	4
Pre-Earnings regular reports		Selected Directors and Executive Officers, Corporate Planning Dept. and Finance & Accounting Dept.	4	4	4
Summary explanation of business results by executive		Employees and Labor Union	3	3	3

# 4. Contents of the Dialogue and Internal Feedback





Theme	Carbon Neutrality Initiatives
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<b>1.Information Disclosure</b>	Integrated Report, ESG Data Book, Briefings on progress of the Medium-Term Management Plan, etc.
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<b>2.Dialogue with the Capital Market</b>
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Key Interests of the Capital Market	<ul style="list-style-type: none"> <li>While the emissions reduction targets are understood, the prioritization of initiatives and their impact on earnings remain unclear.</li> <li>Request for clarification on the roadmap to achieving targets, including emissions reduction effects of each measure, required investments, and financial impact.</li> </ul>
Company Response	<ul style="list-style-type: none"> <li>In the steel business, a roadmap combining multiple measures such as the use of HBI and biomass is under consideration. As all measures entail higher costs, the extent to which the value of green steel is recognized by the market will be key to the financial impact.</li> <li>In the power business, ammonia co-firing is being advanced while utilizing long-term decarbonized power source auctions.</li> <li>The Company aims to advance a realistic transition while ensuring profitability.</li> </ul>

<b>3.Internal Feedback and Discussion</b>	<i>*Feedback: The focus on economic rationality is positively received; further clarification of measures and financial impact is required.</i>
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- Recognized that, while considering government targets, balancing alignment with business strategy and economic rationality is essential. Further development of a flexible carbon neutrality strategy is required alongside business portfolio review.
- For green steel, market development and cost-sharing frameworks are key issues. Continued consideration is needed regarding policy design and collaboration with customers and government.
- Further clarity is required regarding the roadmap toward the FY2030 targets.

<b>4.Implementation</b>
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- Measures and investment amounts for achieving FY2030 targets have been presented in the roadmap, including newly disclosed transition measures such as scrap melting furnaces (May 2026: Medium-Term Plan Progress Briefing / Carbon Neutrality Roadmap Briefing)



Theme	<b>Human Capital Management</b>
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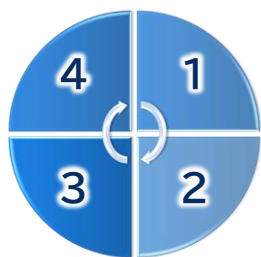
<b>1.Information Disclosure</b>	Integrated Report, ESG Data Book, Briefings on progress of the Medium-Term Management Plan, etc.
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## 2.Dialogue with the Capital Market

Key Interests of the Capital Market	<ul style="list-style-type: none"> <li>• How do human capital initiatives contribute to enhancing corporate value?</li> <li>• Is the allocation of human capital aligned with the growth strategy?</li> </ul>
Company Response	<ul style="list-style-type: none"> <li>• To achieve sustainable growth in corporate value, we are promoting initiatives to clarify the human resources and skills required, and to support our business strategy through talent development and allocation.</li> <li>• We are advancing human capital allocation in alignment with our growth strategy, although further sophistication remains a work in progress.</li> <li>• As part of these initiatives, we are promoting the expansion of the Career Trial Program under KOBELCO-X’s “EX” initiatives. In addition, from an engagement perspective, we have introduced a stock-based compensation plan for employees, resulting in the employee shareholding association participation rate increasing to 60%—approximately three times the previous level.</li> </ul>

<b>3.Internal Feedback and Discussion</b>	<p style="color: #0056b3;">*Feedback: It is important that individual initiatives are linked to business strategy and lead to improvements in corporate value</p> <ul style="list-style-type: none"> <li>• For human capital initiatives, it is important to promote the autonomous growth of employees—through support for qualifications, reskilling, and strengthening career ownership—and link this to corporate value enhancement.</li> <li>• We continue internal discussions on prioritizing investments in human capital aligned with growth strategies and promoting cross-organizational utilization of talent beyond business unit boundaries.</li> </ul>
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<b>4.Implementation</b>	<ul style="list-style-type: none"> <li>• Expanded disclosure on human capital in the Integrated Report and other materials, including disclosure of investment amounts in human capital and the introduction of stock-based compensation plans.</li> <li>• Further specification and rollout of talent strategies linked to growth strategies remain ongoing internal priorities.</li> </ul>
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**Theme** **Business Portfolio and Governance of Listed Subsidiaries**

**1.Information Disclosure** Integrated Report, ESG Data Book, Financial Results Briefings, Briefings on progress of the Medium-Term Management Plan, etc.

**2.Dialogue with the Capital Market**

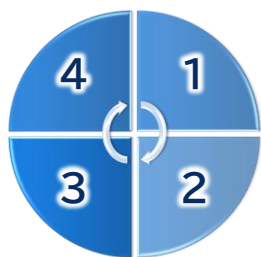
Key Interests of the Capital Market	<ul style="list-style-type: none"> <li>How will the Company address unprofitable businesses, such as aluminum sheet and aluminum extrusion operations?</li> <li>Are the respective businesses truly best owned by KOBELCO?</li> </ul>
Company Response	<ul style="list-style-type: none"> <li>From the perspectives of profitability and growth, the Business Portfolio Management Committee rigorously oversees the overall portfolio and individual business performance.</li> <li>We are advancing structural reforms and turnaround measures in underperforming businesses (including casting and forging steel and titanium), which have improved profitability. In the current medium-term plan, KAAP in North America is driving productivity improvements and cost reductions, targeting a return to profitability in FY2025,</li> <li>We continue to assess the optimal positioning of each business to enhance overall portfolio optimization.</li> </ul>

**3.Internal Feedback and Discussion** \*Feedback: Focus on initiatives for unprofitable businesses and the corresponding capital and cash allocation

- It is important to enhance corporate value across the entire portfolio by continuously reviewing the business portfolio in light of growth potential and changes in the business environment. Rather than evaluating only segment-level profitability, it is essential to determine each business’s positioning within the overall portfolio.
- Taking into account capital market concerns regarding unprofitable businesses, decisions should not be limited to simple downsizing or withdrawal, but should also consider the appropriate balance with resource allocation to growth businesses.

**4.Implementation**

- Based on company-wide ROIC targets, segment ROIC targets for Materials, Machinery, and Power have been set and disclosed.
- Continued execution of measures aimed at optimizing the portfolio, including the divestiture of Nippon Koshuha Steel’s operations and the full acquisition of Kobelco Wire Company as a wholly owned subsidiary.



<b>Theme</b>	<b>Capital Efficiency, Share Price, and PBR</b>
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<b>1.Information Disclosure</b>	Integrated Report, Briefings on progress of the Medium-Term Management Plan, etc.
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## 2.Dialogue with the Capital Market

Key Interests of the Capital Market	<ul style="list-style-type: none"> <li>How is Kobelco addressing a PBR below 1.0x?</li> <li>Greater specificity is required regarding the growth story to enhance valuation.</li> </ul>
Company Response	<ul style="list-style-type: none"> <li>We recognize concerns over earnings capacity due to past earnings volatility, as well as challenges in capital efficiency given our diversified business portfolio. While improvements in earnings power are underway—driven by the ramp-up of core businesses and clearer profit contributions from the Machinery segment—there remains room for further improvement. We also recognize the need to maximize capital efficiency through enhanced synergies across businesses.</li> <li>We are advancing more sophisticated management centered on ROIC and are currently working to further specify our growth initiatives within this framework.</li> </ul>

## 3.Internal Feedback and Discussion

\* Feedback: Stock market trends, views and evaluations of analysts and investors, and share price movements, etc.

- Rather than relying solely on short-term measures, it is important to clearly present an integrated view of growth strategy, investment policy, and business value—together with cash allocation—toward the next medium-term plan, which will lead to enhanced corporate value including improvement in PBR.
- Rather than simple peer comparisons, key discussion points include how to better articulate the diversity of our earnings structure, including Machinery and Power, and the growth potential derived from it.

## 4.Implementation

- Introduced ROIC as a management KPI to promote capital efficiency-focused management (since FY2021).
- Disclosed WACC and analyzed the gap between equity cost and market perceptions, along with measures to address it (since FY2023).
- We will further enhance these initiatives while refining medium- to long-term growth prospects, particularly in the Machinery segment.

# 5. Initiatives Reflecting Capital Market Dialogue

Continuously reflecting insights from capital market dialogue in management, capital policy, and business strategy

Category	Theme(Representative Examples)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Business Strategy	<b>E</b> Carbon Neutrality Initiatives					• set reduction targets and reduction contribution targets	• Upward revision of reduction contribution targets	• Study of Introducing a Scrap Melting Furnace
	<b>S</b> Human Capital				• Expansion of disclosure of Human Capital	• Disclosure of Investment in Human Capital	• Implementation of Employee Stock Ownership Plan	
	<b>G</b> Governance			• organized and disclosed skills matrix	• Executive Compensation: Incorporating ESG Factors into Individual Performance Evaluation	• Implementation of ESG indicators	• Revision of the Policy on Strategic Shareholdings and Its Disclosure	• Partial Revision
	Business Portfolio		Restructuring and Return to Profitability of Underperforming Businesses (Castings & Forgings, Titanium, etc.)	• Full Acquisition of Kobelco Eco-Solutions	Productivity Improvement and Profitability Turnaround at KAAP	• Divestiture of Nippon Koshuha Steel	• Full Acquisition of Kobelco Wire Company, Ltd.	
	Capital Policy and Capital Efficiency		• Implementation of ROIC indicator			• Disclosure of WACC		

## Moka Works & Power Plant Site Visit for Institutional Investors and Analysts

**Speakers:**

- Director & Executive Officer Kimoto
- Executive Officer Nakamori
- Iron & Steel/Aluminum*
- Head of Business Unit Miyazaki
- Executive Officer Arimura
- Power*
- Head of Business Unit Yoshitake



## Briefing on Progress of the Medium-Term Management Plan (FY2024–FY2026)

**Speakers:**

- President and CEO Katsukawa
- Executive Officer Yamaji
- Executive Officer Okusa



## KOBELCO Sustainability Day (IR Event for Media and Analysts)

**Speakers:**

President and CEO Katsukawa, Executive Vice President Nagara, Director & Executive Officer: Kimoto, Sakamoto, Miyaoka, etc.  
\*Positions are as of the time of the event.

**Theme:**

DX Strategy, R&D, and Tour of the Technical Research Center at Seishin



◆ **FTSE4Good Index Series**



FTSE4Good

◆ **FTSE JPX Blossom Japan Sector Relative Index**



**FTSE JPX Blossom Japan Sector Relative Index**

◆ **FTSE JPX Blossom Japan Index**



**FTSE JPX Blossom Japan Index**

◆ **CDP**



Received an 'A' rating in the climate change category

◆ **MSCI JAPAN ESG SELECT LEADERS INDEX\***

**2025** CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

◆ **MSCI JAPAN EMPOWERING WOMEN INDEX(WIN)\***

**2025** CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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◆ **NIKKEI Integrated Report Award**



Received the 'Excellence Award' for the first time

