

KOBELCO

Kobelco Group Medium-Term Management Plan (Fiscal 2024-2026)

May 20, 2024
Kobe Steel, Ltd.



- Under the previous Medium-Term Management Plan for fiscal 2021–2023, we achieved both the earnings and financial targets by implementing the initiatives as planned.
- As we anticipate unpredictable changes in the future business environment, we need to promote further "transformation" to realize our Group Corporate Philosophy.
- Our Medium-Term Management Plan for fiscal 2024–2026 is positioned as a critical phase in which we transform us into an appealing company while developing our Group into a business entity that drives innovation into the future.
- Trough initiatives aimed at "enhancing earning power and pursuing growth" and "taking on the challenge of realizing carbon neutrality" along with the initiatives to strengthen sustainability management, we will demonstrate our Group's uniqueness and increase corporate value while providing solutions to the needs of society.

Contents

- ✓ Review of the previous Medium-Term Management Plan (Fiscal 2021–2023)
- ✓ Introduction of the Medium-Term Management Plan (Fiscal 2024–2026)

To Realize Kobelco Group Corporate Philosophy

KOBELCO's View of the Future

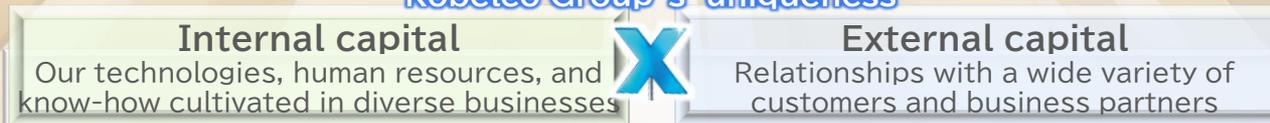
We envision a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.



Kobelco Group Materiality

Achieving financial and non-financial targets

“Kobelco Group's uniqueness”



Medium-Term Management Plan

Review of the Previous Medium-Term Management Plan (Fiscal 2021–2023)

Review of the Previous Medium-Term Management Plan Summary

	Fiscal 2023 Targets		Fiscal 2023 Results
Profitability indicator			
ROIC	5% or higher	▶	6.7%
Financial stability indicator			
D/E ratio	0.7 times or lower	▶	0.55 times
Shareholder return			
Dividend payout ratio	A raise to be considered	▶	Raised to approx. 30%

Billions of yen

Major financial indicators	FY2019	FY2020	FY2021	FY2022	FY2023
Ordinary profit (loss)	(8.0)	16.1	93.2	106.8	160.9
Profit (loss) attributable to owners of parent	(68.0)	23.2	60.0	72.5	109.5
ROIC	0.9%	1.1%	4.7%	4.9%	6.7%
ROE	(9.7%)	3.4%	7.9%	8.4%	11.1%

Steady progress in establishing a stable earnings base

Key measures	Evaluation	Status
Strengthening the earnings base of the steel business		<ul style="list-style-type: none"> ■ Profitability improved significantly by lowering the break-even point, although the product mix remains an issue.
Smooth startup and stable operation of new electric power projects		<ul style="list-style-type: none"> ■ The operation of the Kobe Power plant No. 3 and 4 units started as planned. ■ The new units have made a substantial contribution to establishing a stable earnings base.
Strategic investment in the materials businesses leading to earnings contribution		<ul style="list-style-type: none"> ■ Earnings contribution has yet to be achieved as planned. ■ Earnings in aluminum rolled products, extrusions, and suspensions remained sluggish.
Restructuring unprofitable businesses		<ul style="list-style-type: none"> ■ Achieved profitability in steel castings and forgings, titanium, and crane businesses, which were previously unprofitable.
Stabilizing earnings in the machinery business and responding to growing markets		<ul style="list-style-type: none"> ■ Orders and earnings increased in the machinery and engineering businesses. ■ Structural reforms are underway in the construction machinery business.

Priority Issue (2): Taking on the Challenge of Carbon Neutrality

Steady progress in taking on the challenge of realizing carbon neutrality

Reduction of CO₂ emissions in production processes

Steel products

✓ Clarify the details of the roadmaps to achieve carbon neutrality

Electric power

✓ Advance projects aligned to the roadmaps

- Develop the technology to charge an increased amount of HBI into the BF*
- Work on a double-track approach of utilizing the existing BF and introducing new EAF**

- Work on the co-firing of biomass fuels and ammonia
- Obtained funds from the Long-Term Decarbonization Power Source Auction

*BF: Blast furnace
**EAF: Electric arc furnace

Contribution to reduction of CO₂ emissions through technologies, products, and services

- Capturing growing demand for MIDREX[®] Process, environmental machinery products, etc., spurred by worldwide CO₂ reduction efforts
- Carrying out new projects, such as the hybrid-type hydrogen gas supply system and low-CO₂ iron metallics project, etc.
- Commercialized low-CO₂ blast furnace steel products and aluminum products using green aluminum.



Business portfolio and financial strategy

Business portfolio

Offensive: Capital and business alliance with Miura Co., Ltd. in the machinery business, strengthening the environmental business by making Kobelco Eco-Solutions Co., Ltd. a wholly owned subsidiary of Kobe Steel

Defensive: Sale of the copper tube business, consolidation of construction machinery production bases in China

Financial strategy

- Issuance of zero-coupon convertible bonds (bonds with stock acquisition rights) aimed at diversifying funding sources

Strengthening business foundations

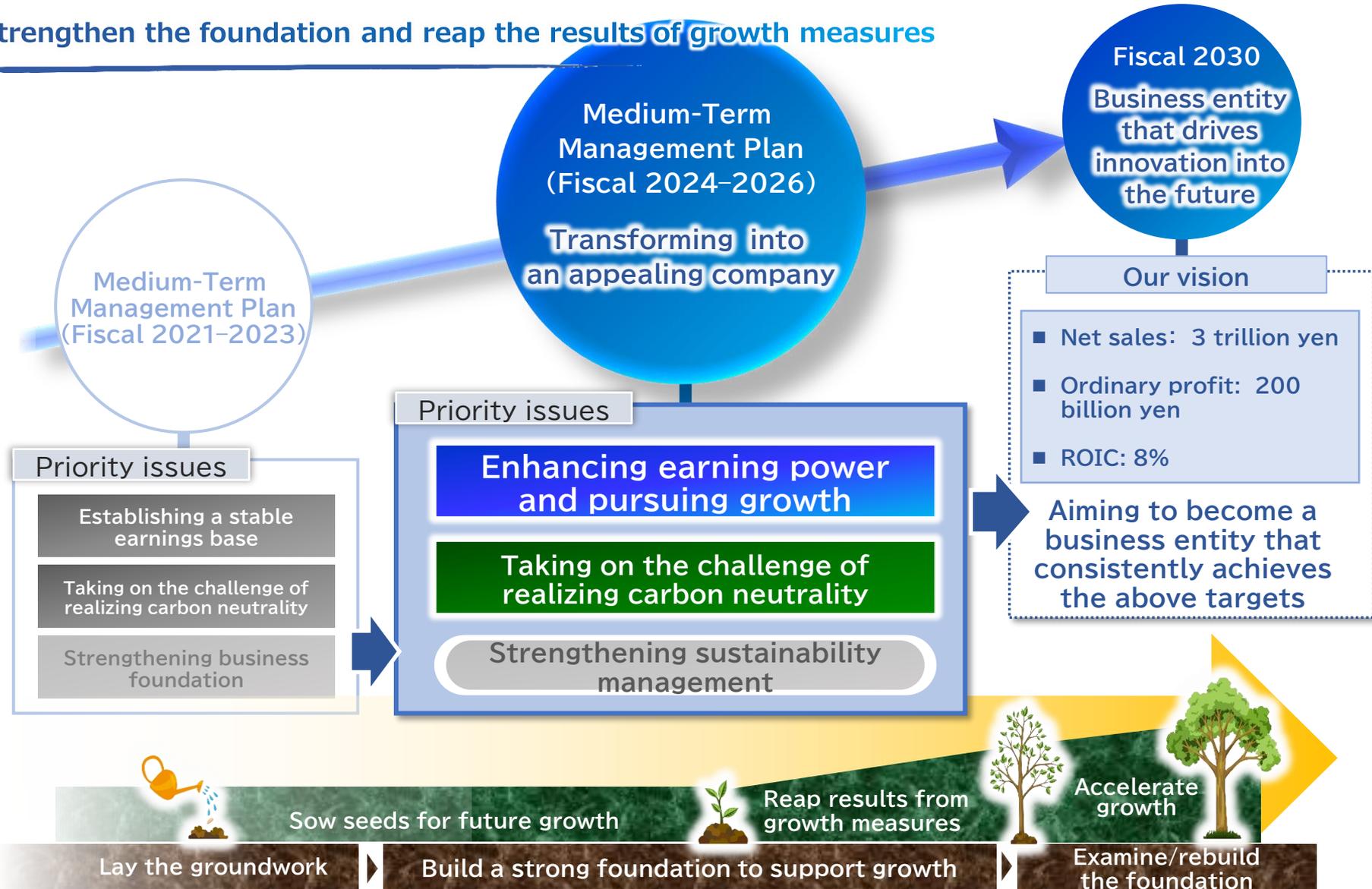
- **Review of management structures** (for strengthening corporate governance and the functions of the head office divisions)
 - **Promoting ESG and other initiatives** based on materiality indicators and targets
 - ✓ Promoting human resources strategy
 - ↳ Developing D&I initiatives, strengthening advertising and branding to address human resource shortages
 - ✓ Promoting initiatives to ensure safety, quality, and compliance
 - **Promoting measures to reduce the cost of capital** through appropriate and proactive information disclosure, etc.
- 

Medium-Term Management Plan (Fiscal 2024–2026)



Positioning of the Current Medium-Term Management Plan

Strengthen the foundation and reap the results of growth measures



Materials
businesses

Enhance earning power and improve profitability globally

Enhance earning power

Pursue growth

- Rebuilding the operation bases for the future business environment
 - ◆ Restructuring the aluminum rolled products and aluminum advanced materials businesses
 - ◆ Maintaining global competitiveness (of the steel and welding businesses)
- Enhancing ROIC management

Enhancing ROIC management and KPI management as base activities to further improve profitability
- Expanding sales of environmental and other products that meet the needs of society

Expanding sales of Kobenable® Steel and green aluminum, etc.
- Efforts to create new businesses

Creating new business opportunities and making the most of our technological assets with a view to the next medium-term management plan (starting in fiscal 2027)

Aiming to become a business entity that achieves an ROIC of 6-8%

Fiscal 2026

ROIC of 3-4%

Fiscal 2021-2023 average



Machinery businesses

Pursuing growth by seizing business opportunities in the changing business environment

Aiming to become a business entity that achieves an ROIC of 8–10%

Fiscal 2026

Pursue growth

Enhance earning power

- **Achieving growth by capturing new demand and widening business domains**
 - ◆ Acquiring new business opportunities such as energy transition
 - ◆ Developing customer experience-oriented business and solution business
- **Efforts to create new businesses**
Creating new business opportunities and making the most of our technological assets with a view to the next medium-term management plan (starting in fiscal 2027)
- **Optimizing global production and sales structures**
Strengthening production, sales, and service systems in target areas where we adopt an offensive strategy while studying optimal systems in areas where we adopt a defensive strategy
- **Enhancing ROIC-based management**
Enhancing ROIC management and KPI management as base activities to further improve profitability

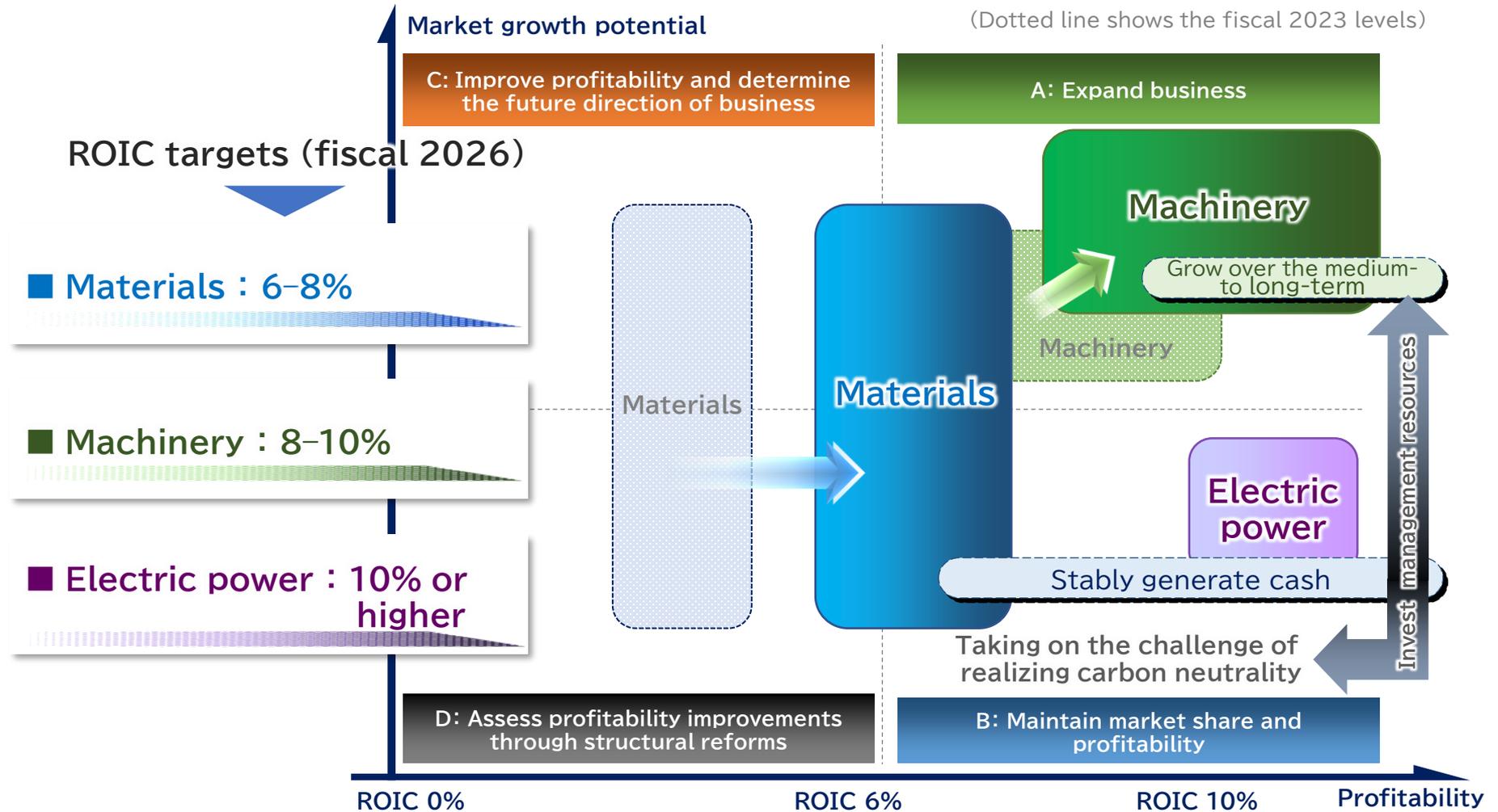
ROIC of 6–7%

Fiscal 2021-2023 average



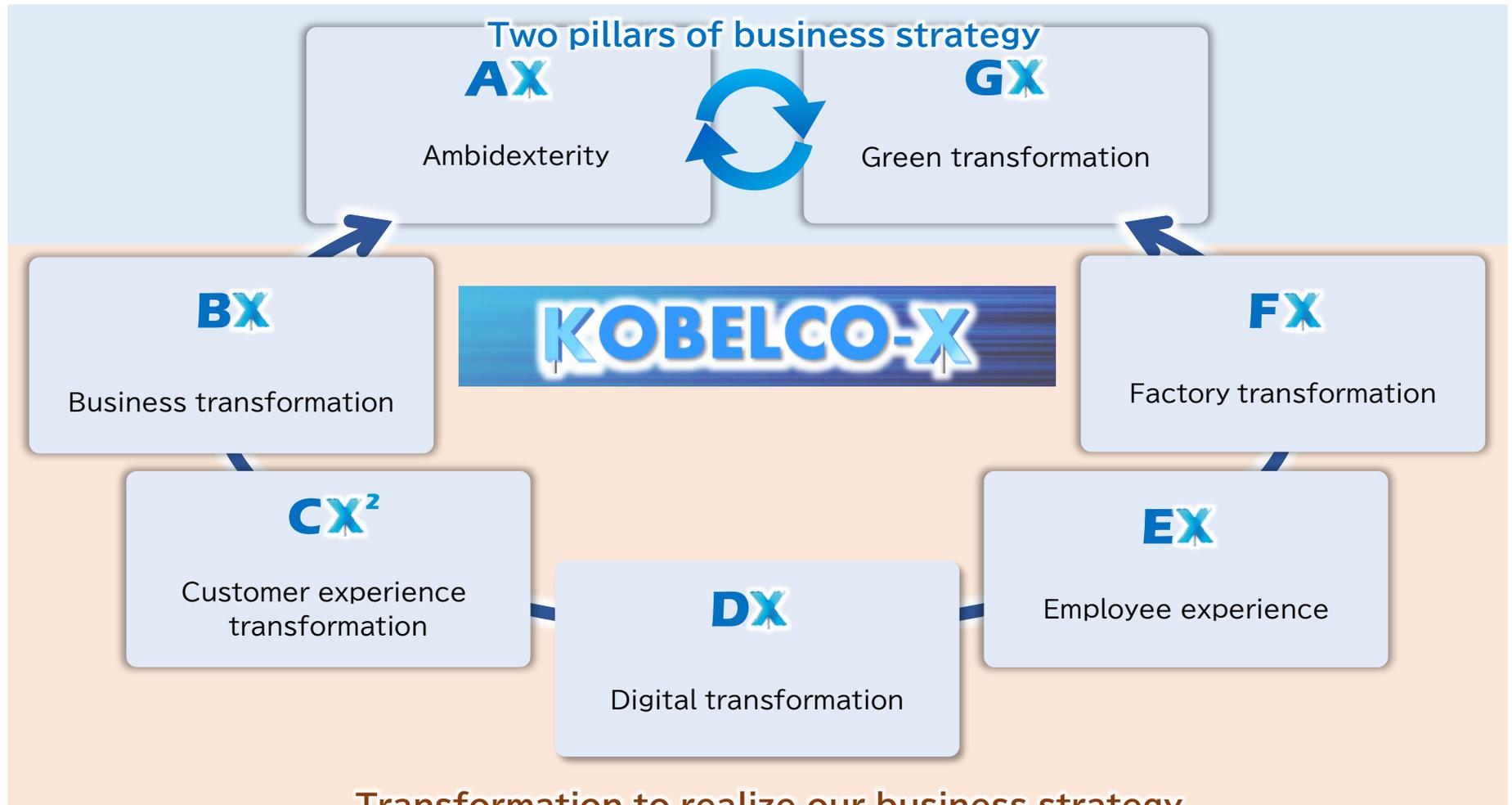
Business Portfolio Map

Achieve sustainable growth by investing management resources earned by each business in pursuing growth and taking on the challenge of carbon neutrality



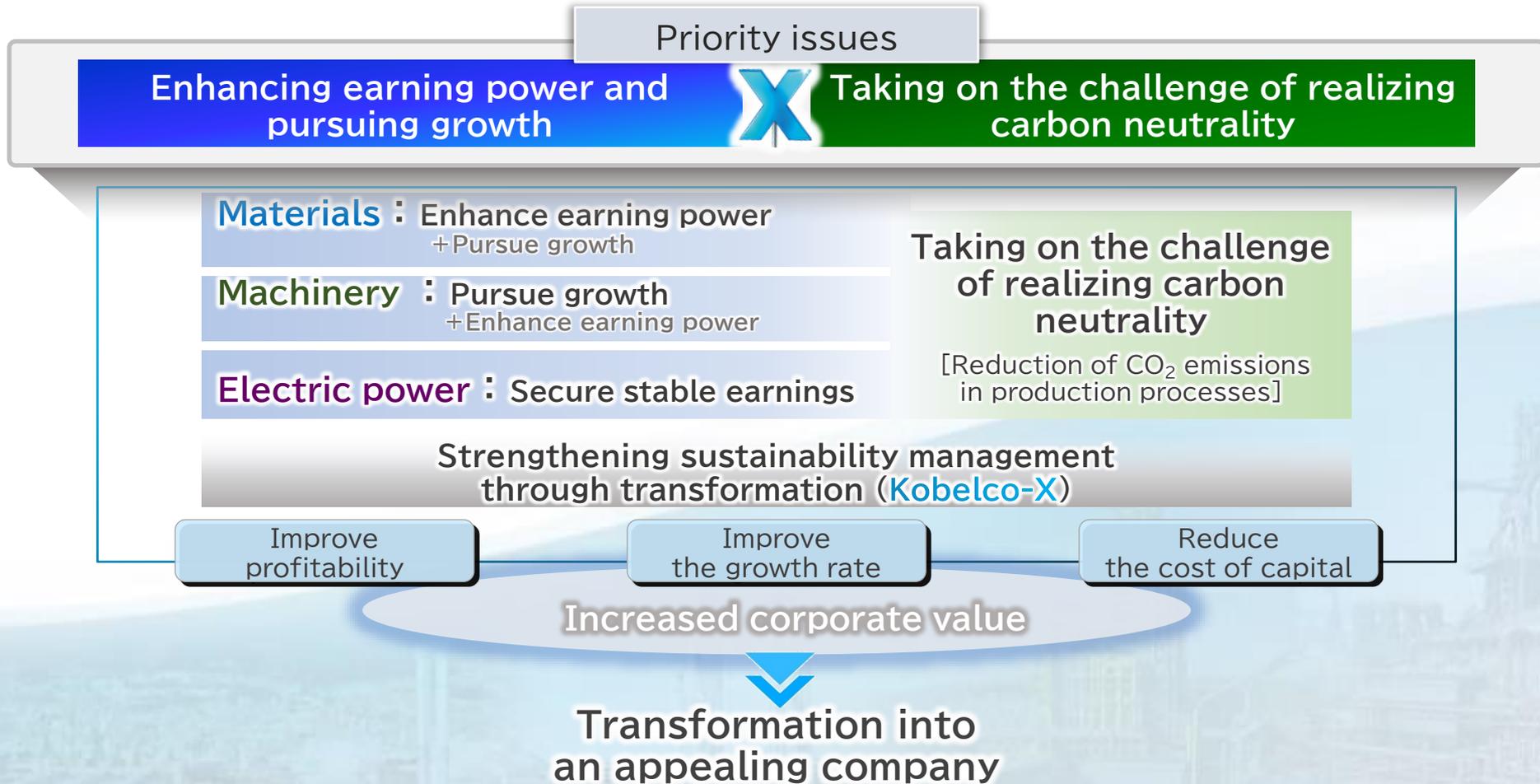
Our Group's Transformation Initiatives

Kobelco Group's unique seven transformation (X) initiatives to realize our business strategy



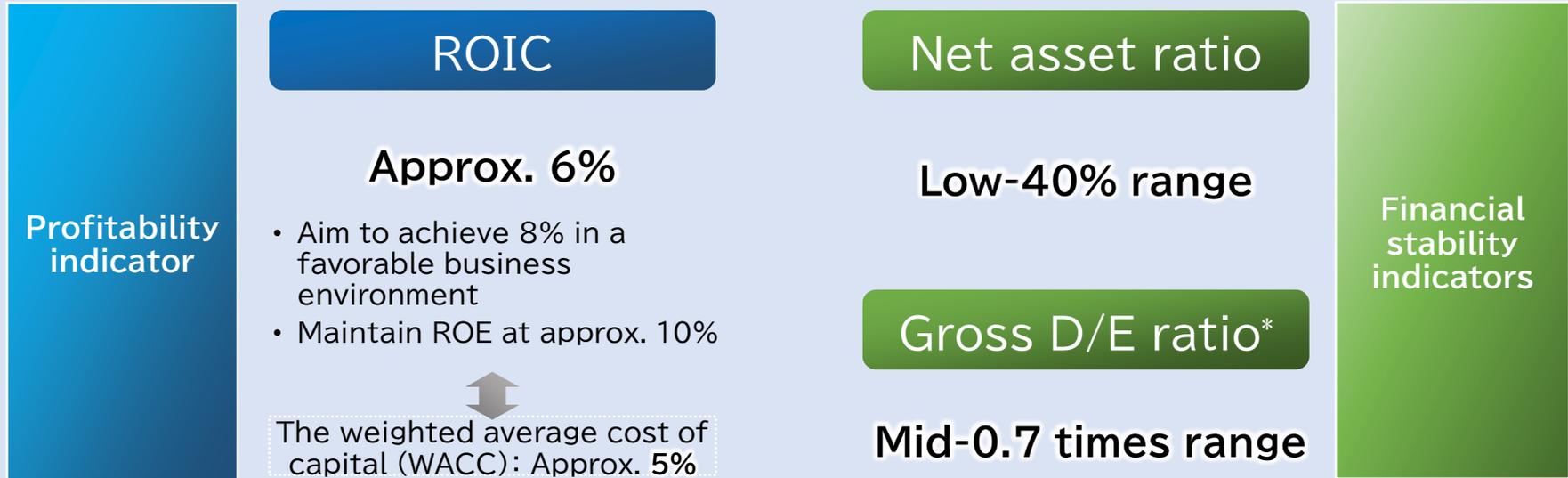
Basic Policy

Continue to take on the challenge of realizing carbon neutrality, while enhancing earning power and pursuing growth. Increase corporate value by strengthening sustainability management to transform us into an appealing company.



Financial Targets

Throughout the medium-term period, we will strive to earn returns that exceed the cost of capital and work to further strengthen the financial base in preparation for future strategy implementation.



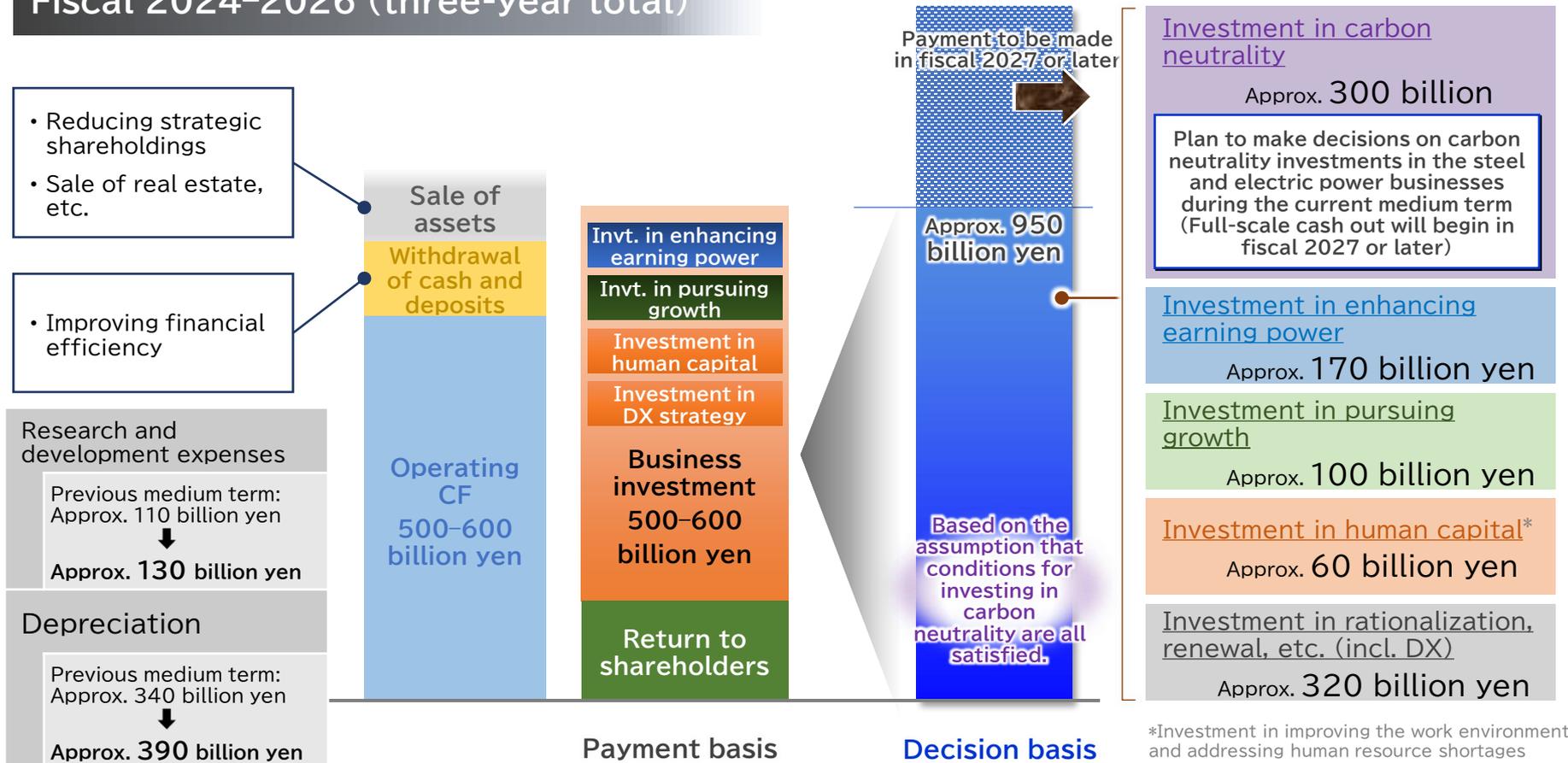
	FY2021	FY2022	FY2023	FY2021–2023 average	FY2024–2026 Medium-Term
ROIC	4.7%	4.9%	6.7%	5.4%	Approx. 6% (Aim to achieve 8%)
ROE	7.9%	8.4%	11.1%	9.1%	Approx. 10%
Net asset ratio	32.0%	34.0%	38.6%		Low-40% range
Gross D/E ratio	1.19	1.00	0.83		Mid-0.7 times range

* Since we have decided to manage all financial targets on a consolidated basis, the formula for calculating the gross D/E ratio will be changed as follows, beginning in the current medium-term period.
 Previous medium term: Interest-bearing debt excluding project finance divided by equity
 ⇒ Current medium term: Interest-bearing debt including project finance divided by equity

Concept of Cash Allocation

While investing in enhancing earning power and pursuing growth, we will work to maximize capital efficiency by selling assets, reducing cash and deposits, etc. in consideration of future capital needs.

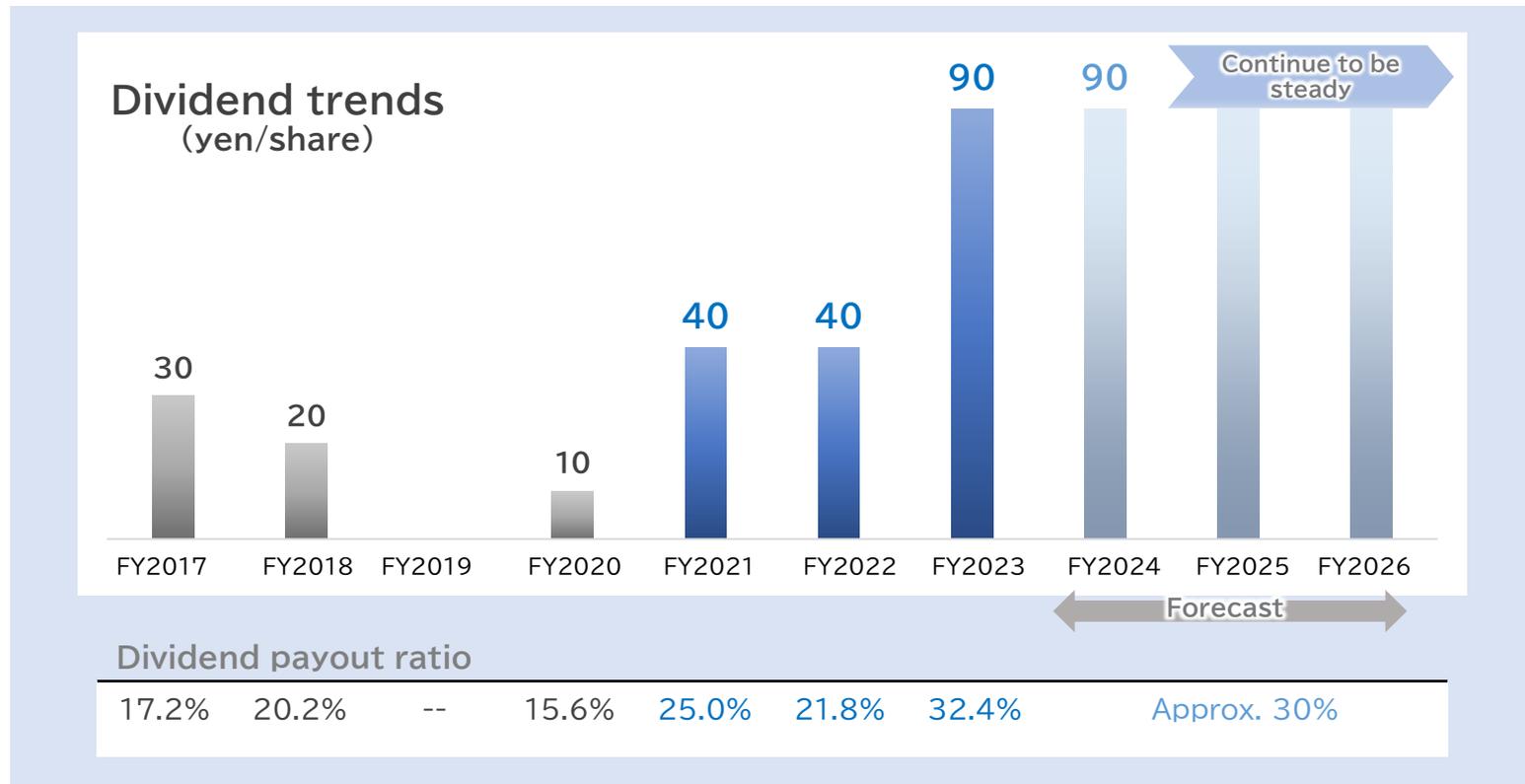
Fiscal 2024–2026 (three-year total)



Shareholder Return Policy

Aiming for medium- to long-term growth, we will continue to pay stable dividends while strengthening our financial base.

- Our Company determines dividends taking its financial condition, future capital needs, quarterly business performance, dividend payout ratio and other factors into overall consideration with the aim of paying dividends on a continuous and steady basis in principle.
- The target dividend payout ratio will continue to be approximately 30%, which was raised in fiscal 2023.



01 Enhancing earning power

(1) 【Materials】: Rebuilding the operation bases for the future business environment

- (1)-1: Restructuring the aluminum rolled products and aluminum advanced materials businesses
- (1)-2: Maintaining global competitiveness (of the steel and welding businesses)

02 Pursuing growth

(2) 【Machinery】: Achieving growth by capturing new demand in existing businesses and widening business domains

- (2)-1: Acquiring new business opportunities such as energy transition
- (2)-2: Developing customer experience-oriented business and solution business

03 Taking on the challenge of carbon neutrality

(3) 【Materials】 【Electric power】 : Reduction of CO₂ emissions in production processes

04 Strengthening sustainability management

(4) Strengthening sustainability management through transformation

- Kobelco-X boosts the efforts to enhance earning power and pursue growth, as well as take on the challenge of carbon neutrality.

01

Enhancing Earning Power

(Materials businesses)

(1) Rebuilding the Operation Bases for the Future Business Environment

(1)-1. [Materials] Restructuring the aluminum rolled products and aluminum advanced materials businesses

[Aluminum rolled products] Demand for disk materials and aluminum plates is decreasing due to sluggish demand for automotive panel materials and declining demand in the semiconductor sector.

[Aluminum advanced materials] Profits are declining due to decreasing sales volumes in the North American automotive sector, production problems, staff shortages, decreasing productivity, etc.

➔ While demand for aluminum materials for automobiles is expected to continue to increase due to the transition to electric vehicles (EVs), **it is necessary to reorganize the operation bases, including reviewing the strategy originally planned**, as the need for local production and local consumption expands along with the global trend toward carbon neutrality.

Aim to achieve profitability in both the aluminum rolled products and aluminum advanced materials businesses in fiscal 2024.

We will restructure the automotive panel business (aluminum rolled products) and North American business (aluminum advanced materials) while working to improve base earnings (volume increase, price improvement, and cost reduction).

	FY2023	FY2024	FY2025	FY2026	FY2027 and beyond
Aluminum rolled products Restructuring the automotive panel business		Establish JV with Baowu Aluminum Technology (BAT)	Expand sales through Chinese OEMs		
			Consider ways to utilize UAL's surplus supply capacity		
			Shift the source of base material supply to BAT		
Aluminum advanced materials Restructuring the North American operations	Improve prices and trading terms and conditions				
	Study and implement optimal business scale and production systems				

(1) Rebuilding the Operation Bases for the Future Business Environment

(1)-2. [Materials] Maintaining global competitiveness

Need to reorganize the entire business structure, including reviewing target regions and production systems in respective regions.

➔ Work to reorganize global operation bases

■ Regional megatrends and future strategic directions for the steel and welding businesses

	Japan	China	Asia	North America
Megatrends	Declining population and shrinking market High-value-added market	Geopolitical risks Growing market and local production/consumption	[Emerging countries] Growing population/markets, local production/consumption	[Advanced countries] High-value-added market, local production/consumption
Steel	● Optimize	● Examine	● Strengthen	● Strengthen
Welding	● Optimize	● Optimize	● Strengthen	● Strengthen

Along with the structural reforms of the aluminum rolled products and aluminum advanced materials, we will carry out area strategies according to regional megatrends in the steel and welding businesses.

02

Pursuing Growth (Machinery businesses)

Overall Picture of Pursuing Growth

Growth centered on machinery businesses

The machinery segment aims to become a business entity that achieves net sales of 1 trillion yen scale.

(Fiscal 2021–2023 average: 700 billion yen or more)

Approx. 100-billion-yen investment* in pursuing growth

Efforts to create new businesses

- (1) Generation of new business opportunities
- (2) Effective use of technological assets and intellectual property

Developing customer experience-oriented business and solution business

Construction machinery, welding, and other businesses

Acquiring new business opportunities such as energy transition, driven by the global trend toward carbon neutrality

Machinery and engineering businesses

Enhancing earning power

(Investments* in these areas total approx. 170 billion yen, including those in the materials businesses)

* Investment amounts are estimated on a decision basis.

(2)-1. [Machinery] Acquiring new business opportunities such as energy transition

We will work to create new businesses by strengthening sales of existing products and integrating our proprietary technologies, while making the most of the business expansion and new demand, driven by the trends of energy transition and resource circulation, as great business opportunities.

Global initiatives toward carbon neutrality are accelerating the growth of the energy transition sector.

H₂

Ammonia

CO₂*1

LNG

Renewable energy



*1 CCUS-related sector

Business expansion and new business development utilizing our proprietary technologies

Compressors

Heat exchangers and vaporizers

Plant engineering

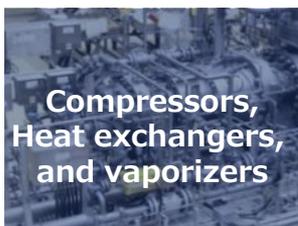
Direct reduced iron (DRI)

Environmental technologies

H₂ and ammonia (production, transport, storage, and use)

Low-CO₂ ironmaking

Water/waste treatment



Machinery



Construction machinery



Machinery Engineering
Advanced materials



Steel Engineering



Engineering



Engineering (Kobelco Eco-Solutions)

*2 HHOG=High-purity Hydrogen Oxygen Generator

(2)-1. [Machinery] Acquiring new business opportunities such as energy transition

We will aim for medium- to long-term earnings growth, focusing on the energy transition sector.

Machinery segment

Capturing new demand

Widening business domains



★ We will promote the creation and development of new businesses, including investing in strategic M & A, etc. while strengthening and expanding the parts and maintenance businesses, primarily by increasing/establishing overseas service bases.

Our vision for fiscal 2030

Net sales of 300 billion yen scale

(Fiscal 2021–2023 average: Approx. 200 billion yen)

(2)-1. [Machinery] Acquiring new business opportunities such as energy transition

We will aim for medium- to long-term earnings growth, focusing on the energy transition and resource circulation sectors.

Engineering segment

MIDREX® Process



Our vision for fiscal 2030

Net sales of 250 billion yen scale

(Fiscal 2021–2023 average: Approx. 150 billion yen)

● Low-CO₂ Iron Metallica Supply Project

- Plans are under consideration to produce 5 million tons of DRI per year through the MIDREX® process.

Contributing to the decarbonization of the steel industry in Japan and worldwide by supplying low-CO₂ iron metallica (HBI)

During the current medium-term

- Feasibility study of the project in Oman
➔ Make investment decisions

(2)-2. 【Machinery】 Developing customer experience-oriented business and solution business

Knowledge (information, technologies, and know-how) cultivated through our business activities



DX-related technologies



Developing customer experience-oriented business and solution business

Welding

Welding systems

Contributing to eliminating the need for skills and labor shortages by developing advanced welding systems and support systems for peripheral processes such as inspection processes and production management tools.

Construction machinery

K-DIVE®

K-DIVE®

Contributing to eliminating labor shortages in the construction industry by ensuring essential safety through remote control from a safe location, allowing for simultaneous operation of multiple machines, and facilitating skill learning.

Construction machinery

K-D2 PLANNER®

K-D2

Contributing to improving safety and productivity by adding functions that only construction equipment manufacturers can provide, such as crane boom deflection simulation.

Machinery × Engineering × Advanced materials

Hybrid-type hydrogen gas supply system

Hyb-H2

Helping customers reduce downtime and operation costs through remote monitoring of equipment, operation management systems, etc.

Our vision for fiscal 2030

Net sales of over 50 billion yen scale

(Fiscal 2021–2023 average: Approx. 7.0 billion yen)

03

Taking on the Challenge of Realizing Carbon Neutrality

Issues in reducing CO₂ emissions in our own production processes

CO₂ reduction in the ironmaking process

CO₂ reduction in the electric power business

CO₂ reduction at production bases, other than the above

Plan to make investment decisions of approximately 300 billion yen during the current medium term.

Promotion of energy savings

Use of electricity generated from renewable energy sources

Energy transition (electricity, H₂, etc.)

CO₂ reduction in the ironmaking process

① Charging an increased amount of HBI into BF

Work to achieve milestones toward 2030 by (a) charging an increased amount of HBI into the blast furnace, and (b) implementing various energy-saving measures that help reduce CO₂ emissions.

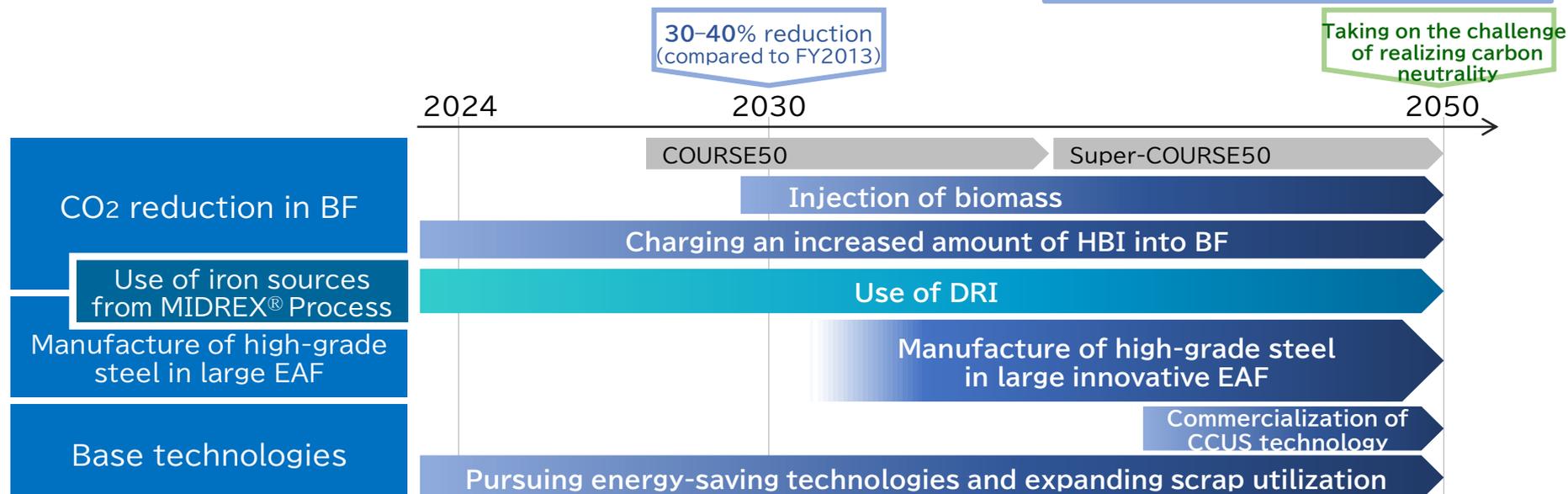
② Low-CO₂ iron metallics

To secure low-CO₂ iron metallics for increasing the amount of HBI charged into the BF, the Steel & Aluminum Business and the Engineering Business are collaborating for commercialization.

③ Introduction of large innovative EAF

Accelerate the study of the introduction of an EAF and make early decision on future steel making facilities, without limiting possibilities to the current two-unit blast furnace operation system.

The system under study is a large-scale innovative EAF that can melt DRI with high efficiency and produce high-grade steel.

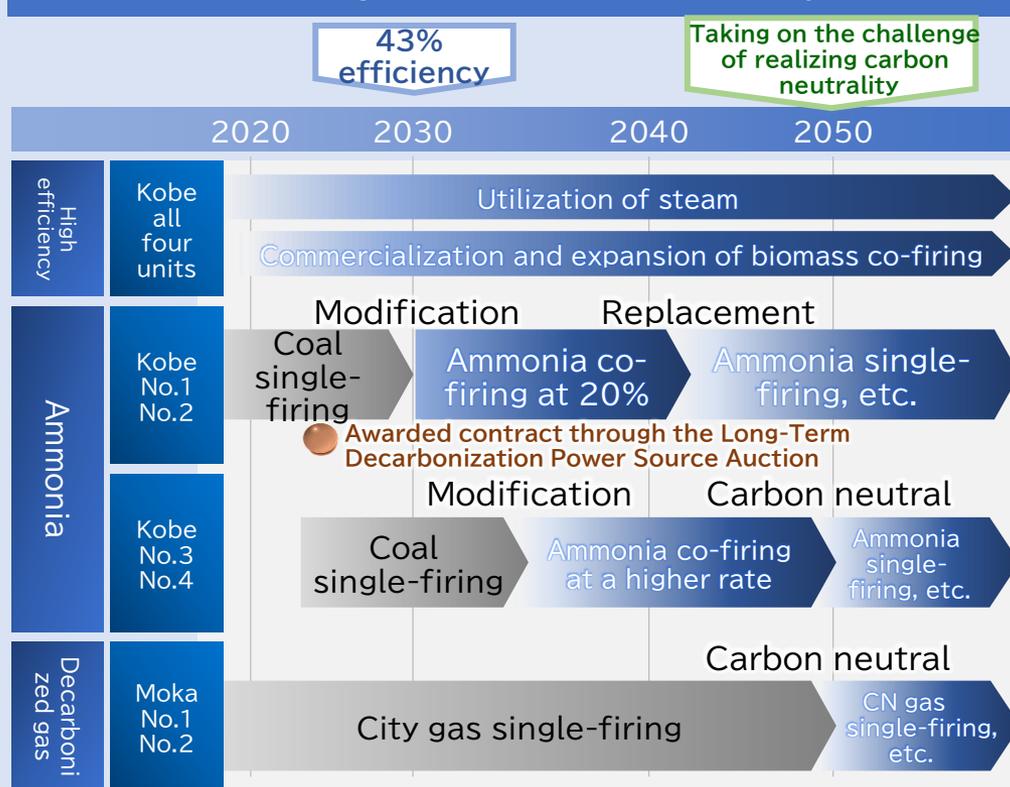


(3) CO₂ Reduction in Production Processes

CO₂ reduction in the electric power business

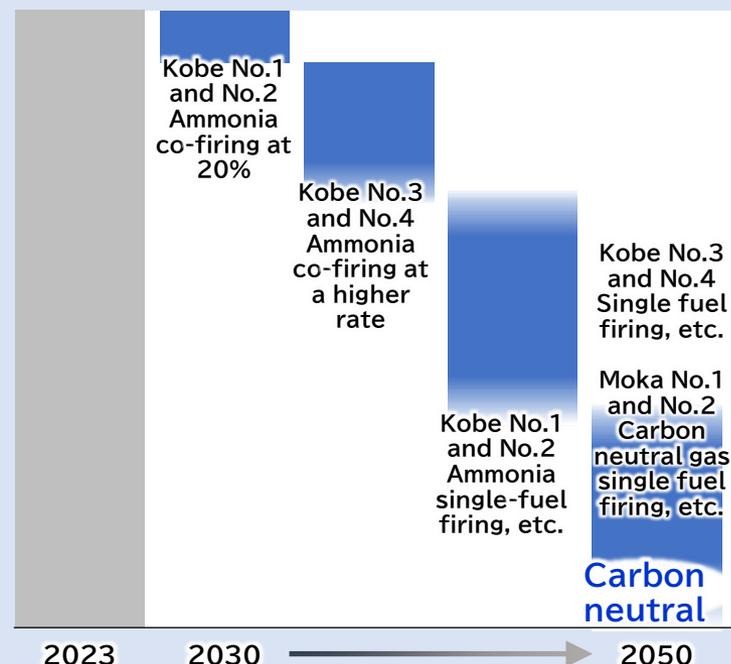
- **Kobe Power Plant:** Working on ① improving the efficiency of regional energy use by utilizing steam from power plants ② co-firing of biomass fuels (sewage sludge, food residue), and ③ ammonia co-firing and then, single-fuel firing
- **Moka Power Plant :** Working on maximum utilization of carbon neutral city gas, while continuing stable operation of low-CO₂ power generation using high-efficiency gas turbine combined cycle (GTCC).

Roadmap for carbon neutrality



Steps for carbon neutrality in line with the roadmap

★ Assuming the operating conditions are the same as in fiscal 2023



Further Increase of Products Contributing to Reduction of CO₂ Emissions

(The estimations below are for products whose contribution to CO₂ reduction is reasonably calculable.)

Revised 2030 target for CO₂ reduction contribution: **78 million tons**

Contribution to reduction of CO₂ emissions through technologies, products, and services

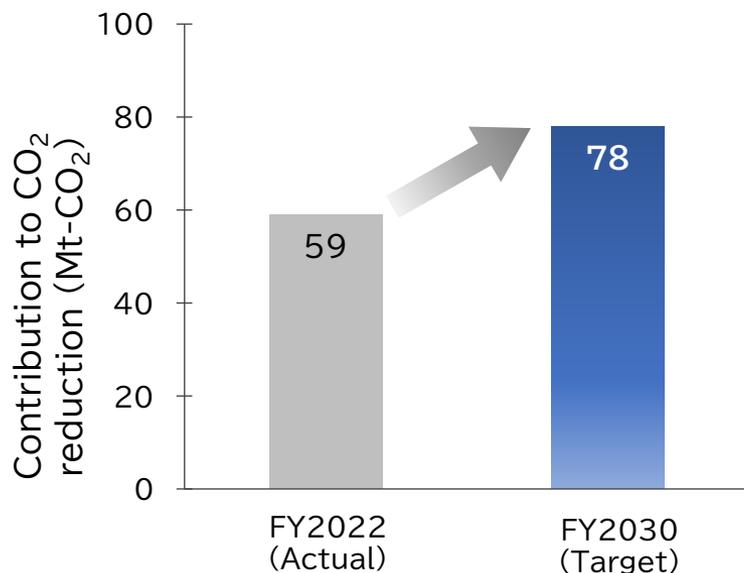
2030 target

~~61 million tons~~
→ **78 million tons**

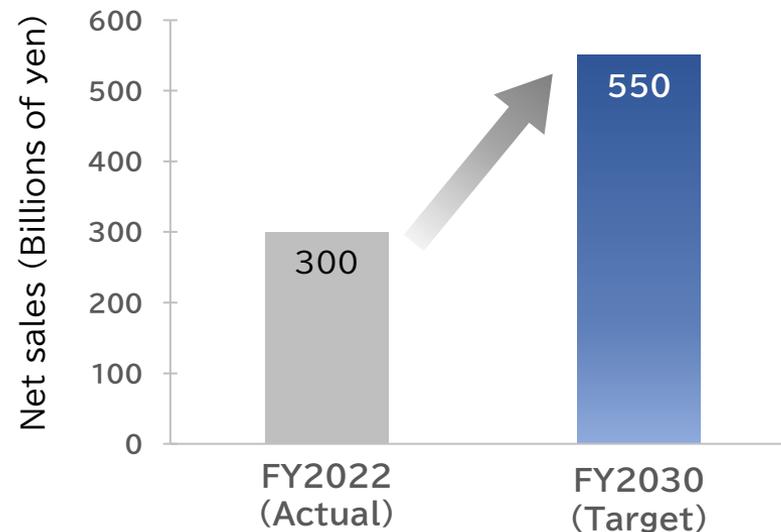
2050 vision

100 million tons or more

Contribution to reduction of CO₂ emissions*1



Net sales of products contributing to reduction of CO₂ emissions*2



*1: The annual figures show the total reduction contribution of products sold by the preceding fiscal year

*2: The annual figures show net sales of products that contribute to reduction of CO₂ emissions for the year

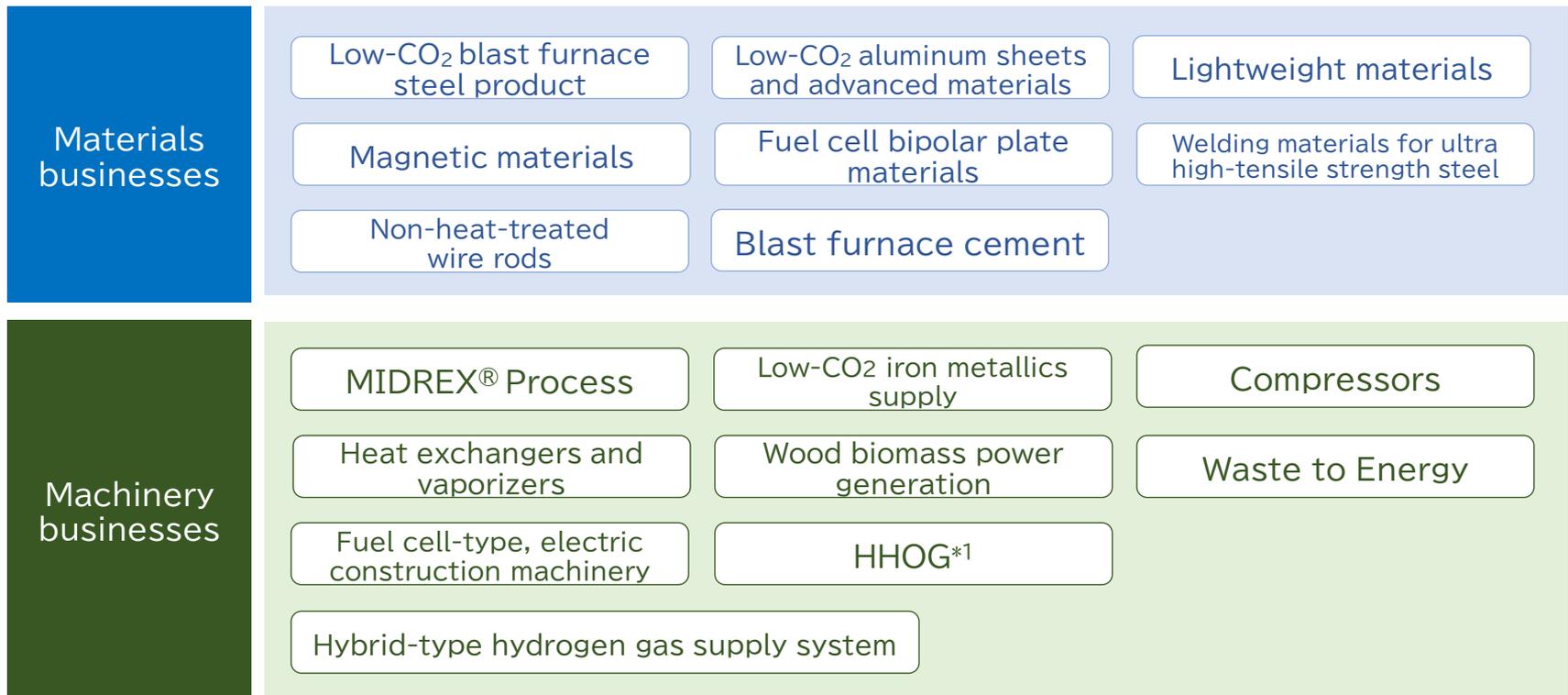
Contributing to CO₂ Reduction through Technologies, Products, and Services

(Carbon neutrality-related business opportunities, centered on the energy transition sector)

While working to reduce CO₂ emissions from our own production processes, we are promoting initiatives to contribute to reduction of CO₂ emissions through our technologies, products, and services as growth opportunities.

Contribution to reduction of CO₂ emissions through technologies, products, and services

(The following are key products, including those whose contribution to CO₂ reduction is not reasonably calculable.)



*1 HHOG=High-purity Hydrogen Oxygen Generator

04

Strengthening Sustainability Management

Strengthening sustainability management through transformation

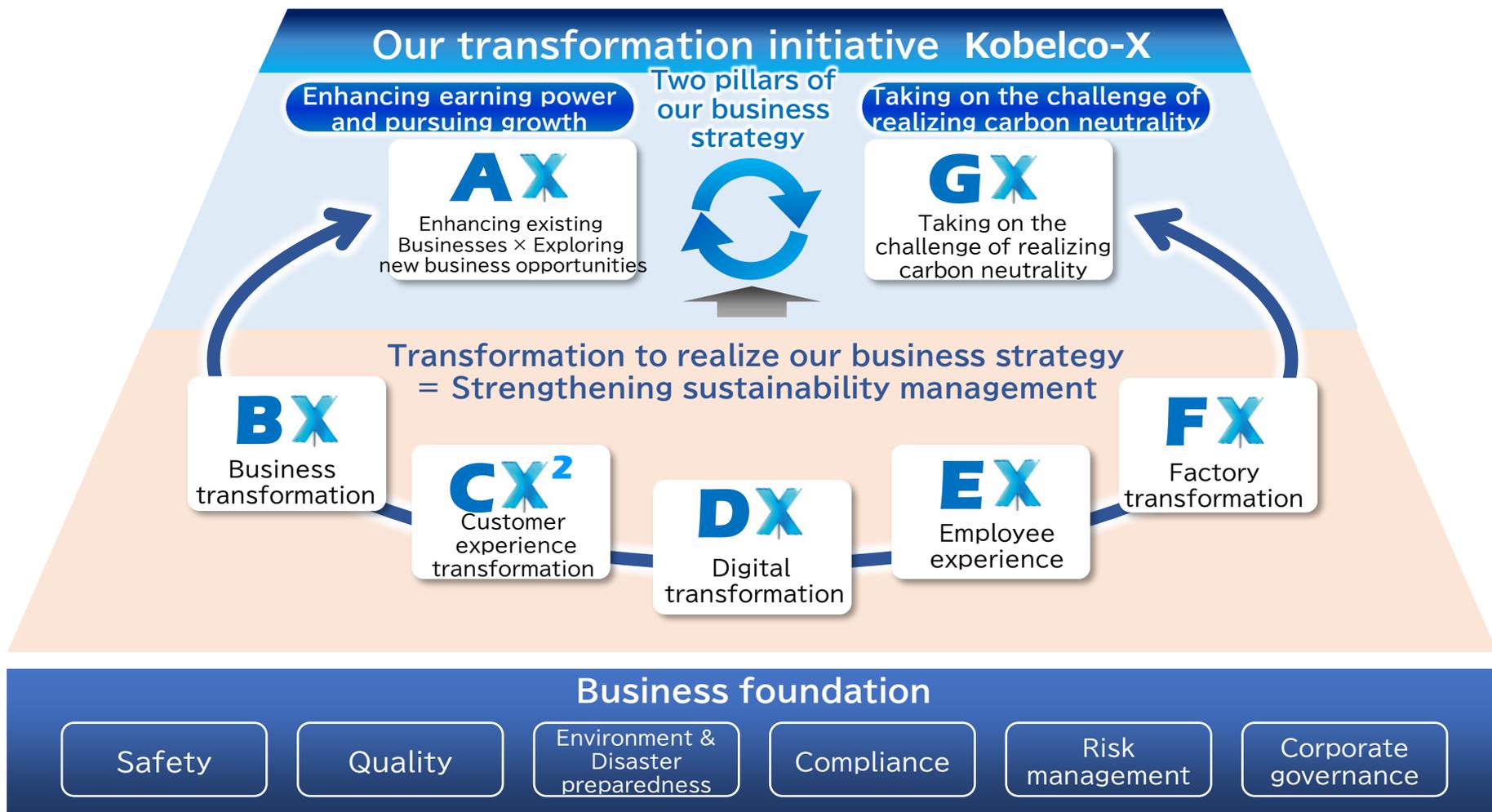
Kobelco-X aimed at enhancing earning power and pursuing growth as well as taking on the challenge of realizing carbon neutrality

Strengthening our business foundation, the cornerstone of our business activities

Safety, quality, compliance initiatives continue to be strengthened.

(4) Strengthening Sustainability Management through Transformation

Enhancing earning power and pursuing growth (AX) and taking on the challenge of realizing carbon neutrality (GX) —AX and GX are two wheels of our business strategy.
 Five other transformation initiatives BX, CX², DX, EX, FX are driving forces for realizing AX and GX.



(4) Strengthening Sustainability Management through Transformation



Promoting Active Participation of Diverse Human Resources



Maximize organizational output to fulfill the two priority issues of enhancing earning power and pursuing growth, and taking on the challenge of realizing carbon neutrality

We will continue to make the most of individuals' diverse qualities, the source of the Kobelco Group's uniqueness, and promote initiatives to enhance organizational diversity.

Diversity & Inclusion

Promote the development of female managers and leaders, organize D&I events, and promote the employment and active participation of people with disabilities

- ① Number of female managers: 100 (Fiscal 2026)
- ② Turnover of female employees at general technical positions with less than 5 years of service: 15% or lower (every year)



Hiring diverse human resources

Conduct recruitment-oriented PR activities, enhance recruiting events, and continue to focus on mid-career recruitment (referral recruitment)

- ① The ratio of placement to job opening: 100% (every year)
- ② Percentage of women in new graduate hires: 50% or higher for career-track administrative positions; 15% or higher for career-track technical positions, and 10% or higher for general technical positions (every year)

Advertisement on the pitcher's mound at Hanshin Koshien Stadium



© Hanshin Tigers



Promoting Active Participation of Diverse Human Resources

We will proceed with initiatives to encourage individuals’ growth and willingness to take on new challenges, as well as to create a work environment that allows employees to perform at their full potential by allocating management resources, particularly to improve the work environment and address human resource shortages.

Wage improvement

We will improve working conditions and invest in people for future growth.

- ① Basic wage: **30,000 yen increase per month** (Fiscal 2024)
- ② Increase in annual holidays, various allowances, etc. (Fiscal 2024)

Human resource development

We will provide an appropriate learning environment and ensuring the time to attend the course, according to everyone’s skills and lifestyle.

Average annual training hours per person
40 hours or more

Work environment improvement

We will implement planned renovation of aging dormitories, company housing, welfare facilities, education/training facilities, and offices of respective business locations.

Investment in improving the work environment and welfare facilities*
Approx. 45.0 billion yen

Response to human resource shortages

We will enhance branding and promote labor savings, automation, and transformation into smart factories.

Investment in labor savings and automation*
Approx. 15.0 billion yen

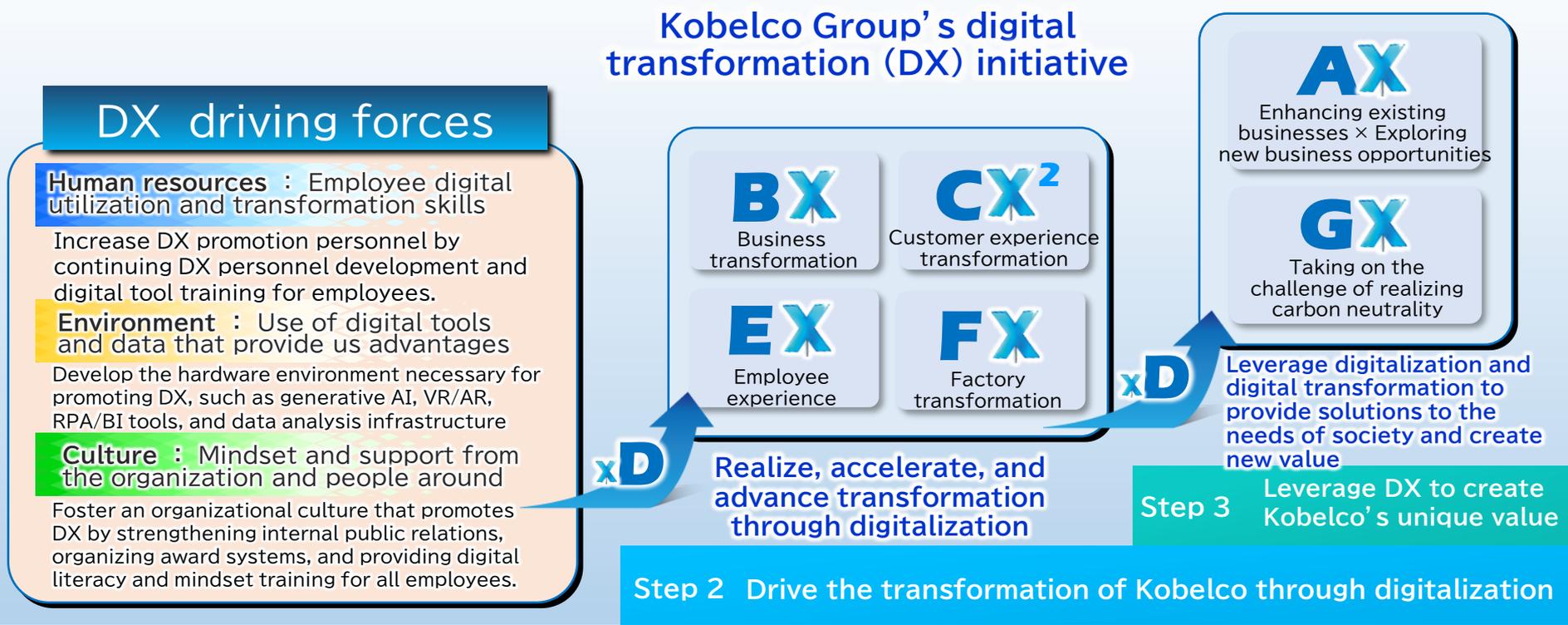
* Investment amounts are estimated on a decision-making basis, including some portions of expenses.

(4) Strengthening Sustainability Management through Transformation



Promoting Digital Transformation (DX)

By strengthening each element of human resources, work environment and organizational culture and increasing DX driving forces (Step 1), we will realize, accelerate, and advance transformation (Step 2), allowing us to provide solutions to the needs of society and create new value (Step 3).



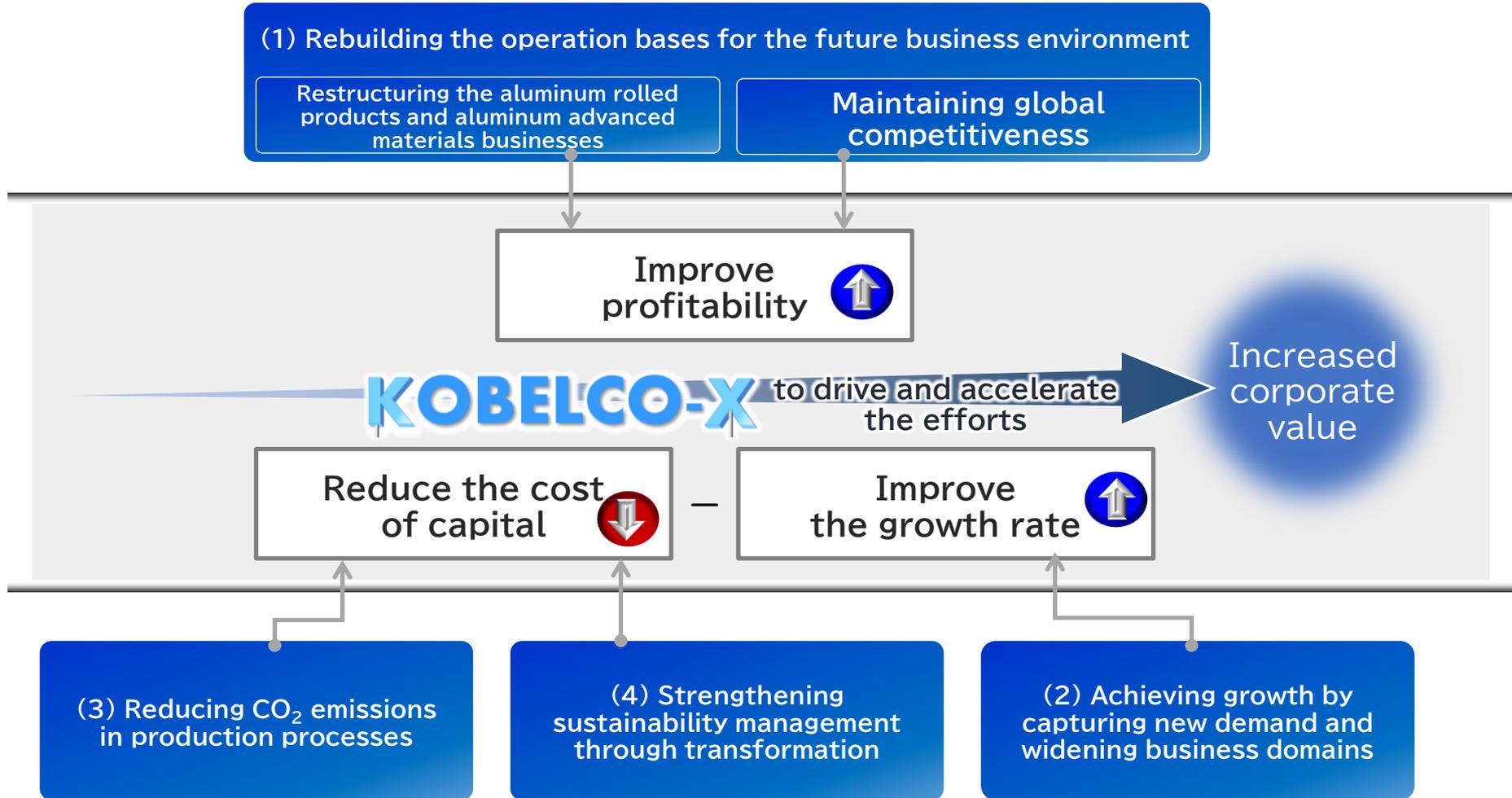
Step 1 Promote aggressive and bold digitization

Fiscal 2024–2026

Investment in DX strategy : Approx. 60.0 billion yen (Estimated on a decision-making basis)

Positioning of Key Measures

Increase corporate value through the implementation of key measures
 → Achieve proper market evaluation

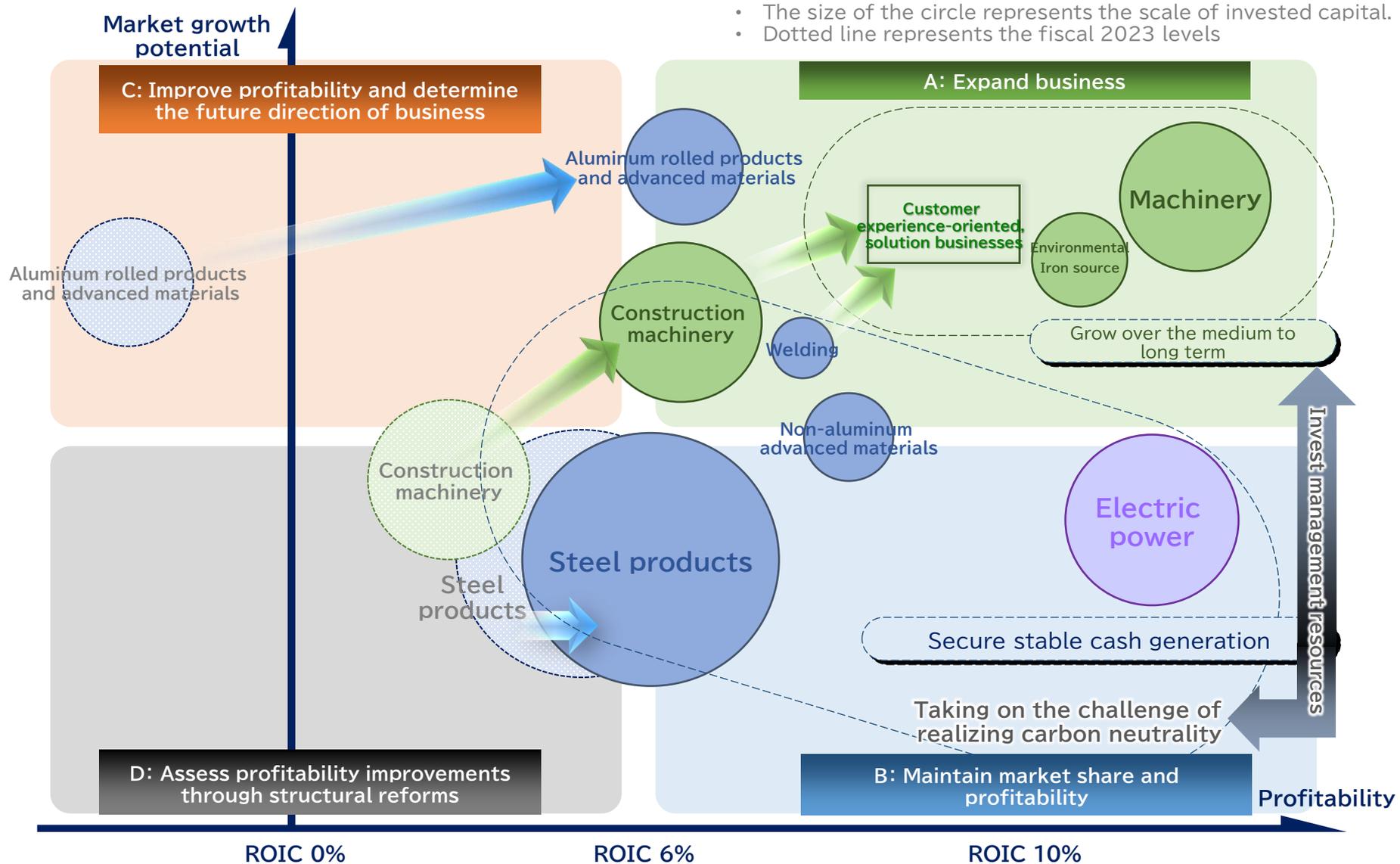


Our Company will celebrate its 120th anniversary in 2025.

We will move forward with our transformation initiatives in order to become an appealing company and be recognized as such by our diverse stakeholders, including customers, business partners, local communities, shareholders, investors, and Group employees.

Reference Materials

Reference: Business Portfolio by Segment



- The size of the circle represents the scale of invested capital.
- Dotted line represents the fiscal 2023 levels

Materiality

Monitoring indicators

Targets



Contributing to a green society



(1) Reduction of CO2 emissions in production processes

- 30-40% reduction (compared to FY2013 levels) in 2030
- Taking on the challenge of realizing carbon neutrality in 2050

(2) Contribution to reduction of CO2 emissions & net sales of related products

- 78.0 million tons in 2030
- 100 million tons or more in 2050
- Net sales of relevant products: ¥550 billion

(3) Reduction of CO2 emissions in the electric power business

- Increasing efficiency of coal-fired power plants to the USC level or higher in 2030
- Taking on the challenge of realizing carbon neutrality in 2050

(4) Water recycling rate

- Maintaining at 95% or higher

(5) Water pollutant (COD, TP) load in restricted areas

- COD : 474 tons/year or less
- Total phosphorus: 23 tons/year or less

(6) Disclosure based on the TNFD recommendations

—

(7) Continuous stable supply of electricity

—



Ensuring safety and security in community development and manufacturing



(8) Steel & Aluminum: Percentage of eco-friendly products in steel products

- 22% in FY2024
- 22% in FY2026→25% in FY2030

(9) Steel & Aluminum: Percentage of low-CO2 raw materials in aluminum rolled products, excluding materials designated and supplied by customers

- 86% in FY2024
- 90% in FY2026→100% in FY2030

(10) Machinery: Percentage of orders for environment-related machinery products (decarbonization, LNG)

- 23% in FY2024
- 25% in FY2030

(11) Construction Machinery: Total domestic unit sales of ICT construction machinery

- 600 units in FY2024
- 3,000 units in FY2026

(12) Welding: Percentage of welding solution products in sales

- 23% in FY2024
- 25% in FY2026



Providing solutions for the future connecting people and technology



(13) Employee awareness survey results on DX

- Start of survey and setting targets in FY2024
- Study based on the set targets in FY2026

(14) Number of ideas for new businesses

- 10 ideas/year (every year)

Materiality

Monitoring indicators

Targets



Promoting active participation of diverse human resources



(15) Percentage of women in new graduate hires for career-track positions

- 50% or higher for career-track administrative positions (every year)
- 15% or higher for career-track technical positions (every year)

(16) Percentage of women in new graduate hires for general technical positions and their turnover

- Percentage of women in new graduate hires: 10% or higher (every year)
- Turnover with less than 5 years of service: 15% or lower (every year)

(17) Number of female managers

- 100 female managers in FY2026

(18) Percentage of male employees taking paternity leave and special leave for childcare

- 100% (every year)

(19) Number of annual paid leave days taken

- Annual average 15 days/person (every year)

(20) Instilling the Group Corporate Philosophy

- 80% or higher positive response rate for relevant questions in employee awareness surveys (every year)

(21) Improving and expanding employee training

- 40 hours or more average annual training hours per person in FY2026

(22) Whistleblowing system usability

- 85% or higher positive response rate for relevant questions in compliance awareness surveys in FY2026

(23) Companies implementing human rights due diligence

- Approx. 330 companies in the supply chain
- 83 domestic and 41 overseas Group companies (The above figures show the cumulative number of companies for which due diligence will be implemented by the end of FY2026)

(24) Lost time injury frequency rate

- 0.10 or less

(25) Percentage of business sites certified under the Kobelco Group Quality Guidelines

- 100% in FY2025

(26) Kobelco TQM practical management program completion rate

- 100% of line managers in FY2025
- 100% of managers and eligible personnel of Group Companies in FY2027



Pursuing governance that supports sustainable growth



Group Corporate Philosophy

<p>KOBELCO's View of the Future</p>	<p>Our view of a society and future to be attained as we carry out KOBELCO's Mission</p> <p>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.</p>								
<p>KOBELCO's Mission</p>	<p>Our mission and the social significance of the Kobelco Group that we must fulfill</p> <p>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.</p>								
<p>Core Values of KOBELCO</p>	<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"> 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. 2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment. 3. Through continuous and innovative changes, we create new values for the society of which we are a member. 								
<p>Six Pledges of KOBELCO</p>	<p>Code of conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter</p> <table border="0"> <tr> <td>1. Uphold the Highest Sense of Ethics and Professionalism</td> <td>3. Establish a Comfortable but Challenging Work Environment</td> </tr> <tr> <td>2. Contribute to the Society by Providing Superior Products and Services</td> <td>4. Live in Harmony with the Local Community</td> </tr> <tr> <td></td> <td>5. Contribute to a Sustainable Environment</td> </tr> <tr> <td></td> <td>6. Respect Each Stakeholder</td> </tr> </table> <p>Quality Charter</p>	1. Uphold the Highest Sense of Ethics and Professionalism	3. Establish a Comfortable but Challenging Work Environment	2. Contribute to the Society by Providing Superior Products and Services	4. Live in Harmony with the Local Community		5. Contribute to a Sustainable Environment		6. Respect Each Stakeholder
1. Uphold the Highest Sense of Ethics and Professionalism	3. Establish a Comfortable but Challenging Work Environment								
2. Contribute to the Society by Providing Superior Products and Services	4. Live in Harmony with the Local Community								
	5. Contribute to a Sustainable Environment								
	6. Respect Each Stakeholder								

- ◆ 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:
 - Changes in economic outlook, demand and market conditions
 - 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

KOBELCO