

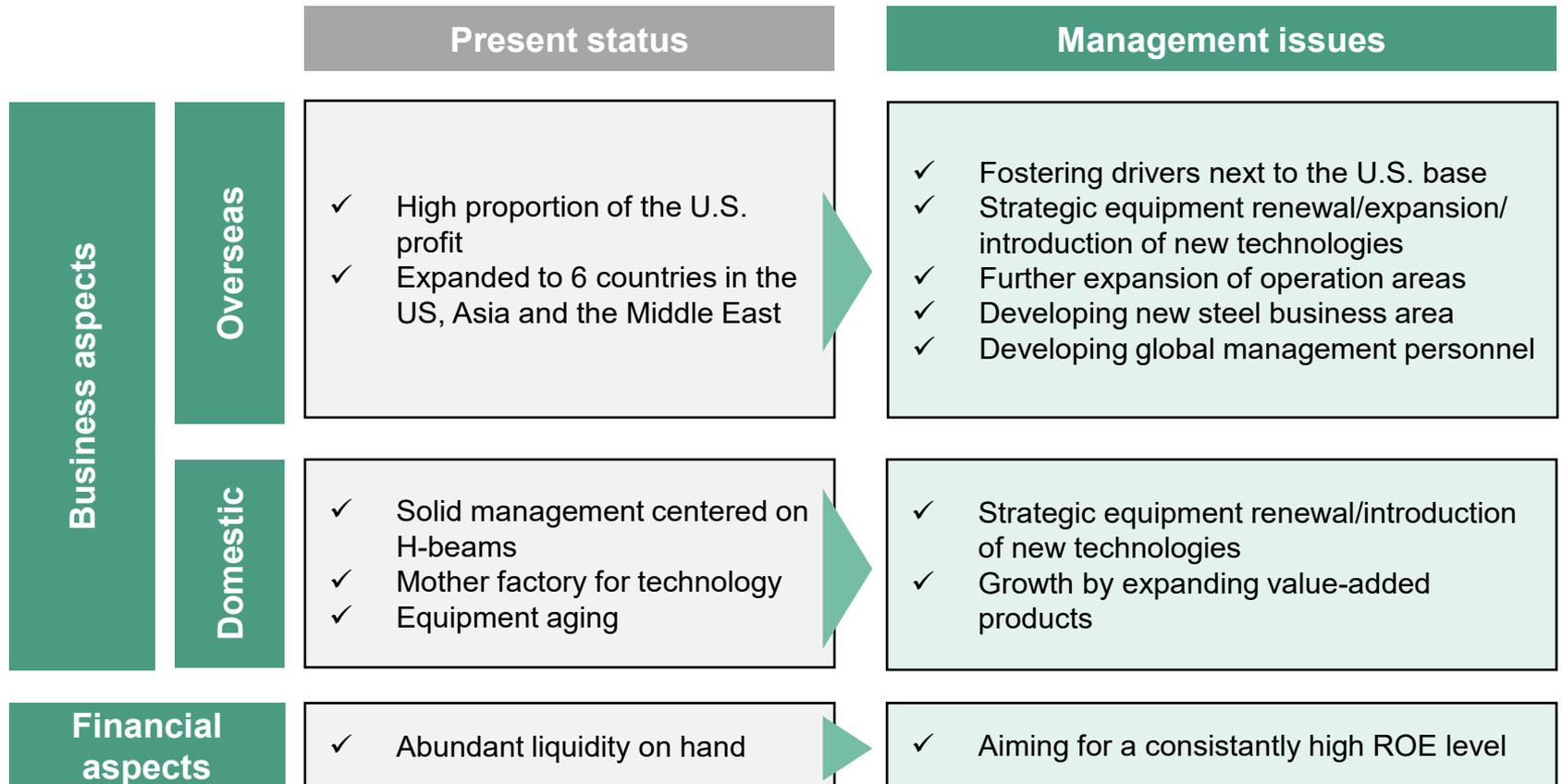
Medium- to Long-Term Business Outlook and Investment Strategy (Announced May 2022)

Progress Review

Management Challenge

(from FY2022/3 Financial Results Briefing Materials)

- The management challenge we face is to develop the second overseas source of earnings next to the U.S. base.
- Positioning ASEAN, where further growth is expected, as a priority region, we will nurture our second driver centering on our consolidated subsidiary, Siam Yamato. Meanwhile in Japan, we will focus on renewing equipment and strengthening our ability to disseminate technology to the overseas bases as a mother factory.
- By solving these, we aim for a consistently high ROE level.



Progress of Action Plan

Action plan

(1) Expansion of global sales volume

ASEAN structural steel 3 million ton capacity construction plan

1. Acquire a new base through M&A

2. Expansion of existing bases



Thailand (SYS)

Renewal of existing rolling lines
(To be mother factory for ASEAN expansion)



Vietnam (PY VINA)

Expansion of small and medium-size rolling line



Progress

Progress made toward ASEAN structural steel 3 million ton capacity

1. Secured a base in Indonesia which has the largest population in the region and where further growth is expected (details in the next page)

2. Optimal timing of investment being considered



The highest priority is implementation of DC (direct current) electric furnaces as part of environmental investment, and the timing to update the rolling line will be determined while monitoring conditions



The timing of investment will be determined while monitoring domestic demand trends

(2) Increased profitability by introduction of leading edge technology

- Reinforcement of competitiveness of Yamato Steel, the mother factory, and reinforcement of ability to disseminate technology



- Updating rolling line: To commence operation in mid-2026 (of which, update of straightener machine is progressing as planned and scheduled for completion in around June 2024)

(3) Developing highly skilled management personnel

- Proactive personnel exchanges among global bases
- Increase intra-Group personnel transfers



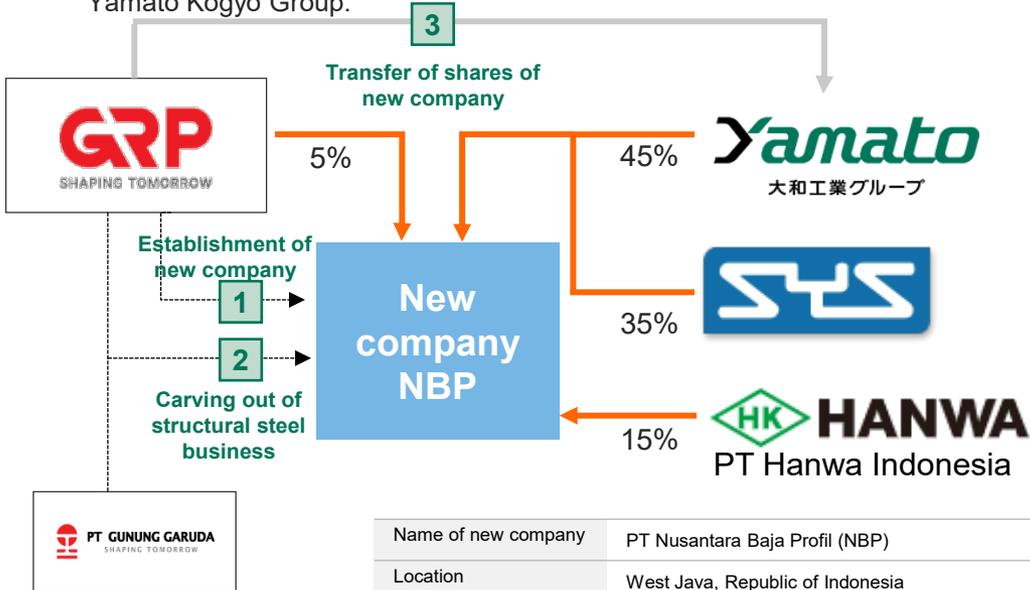
- Overall renewal of personnel system (April 2023)
- Acceleration of human resource development/exchange according to new personnel system

Overview of Indonesia Project

- The Company and its consolidated subsidiary SYS agreed to acquire 80% of the share of a new company (NBP) which succeeds through contribution in kind the structural steel business operated by GRP* and business real estate held by GRD* in Indonesia (acquisition value: approx. USD 340 million).
- A decision has been made to acquire a steel plant in Indonesia, which boasts the largest population in ASEAN. The plant will be the third base in the region, following SYS in Thailand and PY VINA in Vietnam. This will mark a significant step toward to the concrete realization of “ASEAN structural steel 3 million ton capacity construction plan.”
- With this investment the Group aims to achieve autonomous and sustainable growth as majority shareholder, and starts to promote a more aggressive business strategy.
- Date of share transfer: Scheduled for the April-June 2024

Overview

- ✓ GRP is a major privately operated steel manufacturer with experience operating in Indonesia for over 50 years, and has the largest share in the country’s structural steel market.
- ✓ GRP’s structural steel business will be spun off and transferred to the Yamato Kogyo Group.



The steel business real estate held by GRD, which is GRP’s shareholder, will be carved out.

Name of new company	PT Nusantara Baja Profil (NBP)
Location	West Java, Republic of Indonesia
Business details	Manufacture and sale of steel products
Annual production capacity (nominal)	Steel: 1,000,000 tons, Rolling: 900,000 tons

* GRP: PT Gunung Raja Paksi Tbk

* GRD: PT Gunung Garuda

M&A Synergies

- ✓ The electric furnace operation technology the Group has developed over many years, and the know-how on marketing, etc. accumulated in ASEAN by SYS will be brought in and additional strategic capital investment will be executed with the aim of capturing demand in the Indonesian structural steel market that is expected to grow significantly in future.
- ✓ SYS, which was established more than 30 years ago, will be positioned as the mother factory in the ASEAN region, and efforts will be made to maximize synergies between the three bases in ASEAN centering on SYS.
- ✓ Hanwa Co., Ltd., which operates a wide range of steel businesses in Indonesia will also have a 15% stake through its local subsidiary. We aim for the sustained growth of the business through collaboration with Hanwa.
- ✓ GRP will also continue involvement as a 5% shareholder. We will also coordinate with GRP.

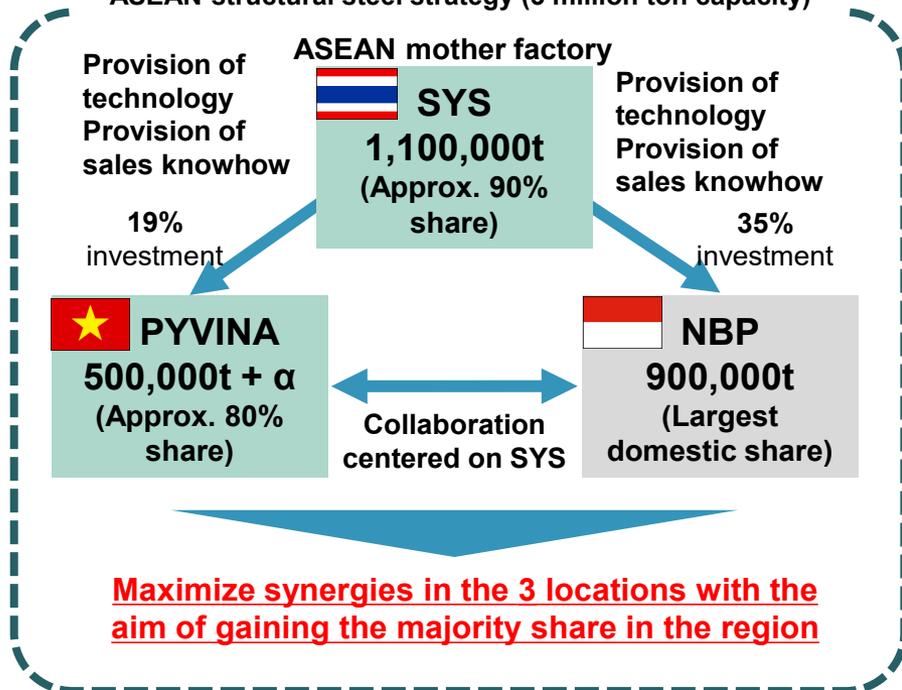


Overview of Indonesia Project

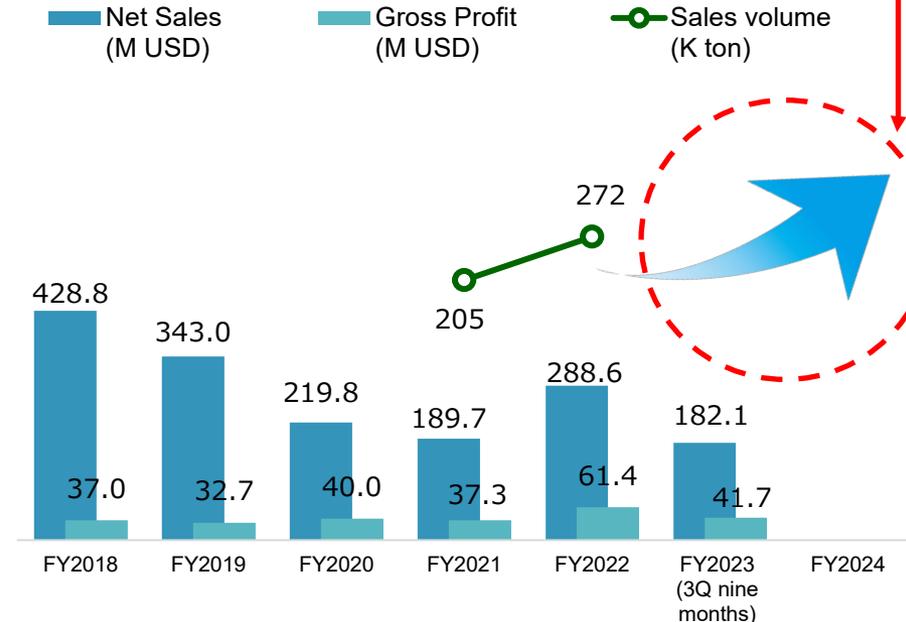
Future Initiatives Aimed at Expanding Revenue in the Indonesia Business

- ✓ Strengthening of coordination with SYS serving as the regional core of the ASEAN strategy (10-11 management executives and engineers to be dispatched from SYS)
- ✓ Injection of SYS marketing knowhow to capturing the growing Indonesian domestic market (e.g. using SYS products to complement steel types and sizes and strengthen the marketability of NBP products)
- ✓ Quickly increase the operating rate of the small-medium rolling line updated last year
- ✓ There are plans for additional investment aimed at increasing productivity and expanding product sizes of the medium-large rolling line.

ASEAN structural steel strategy (3 million ton capacity)



<Reference> Performance of GRP's Steel Bars Segment

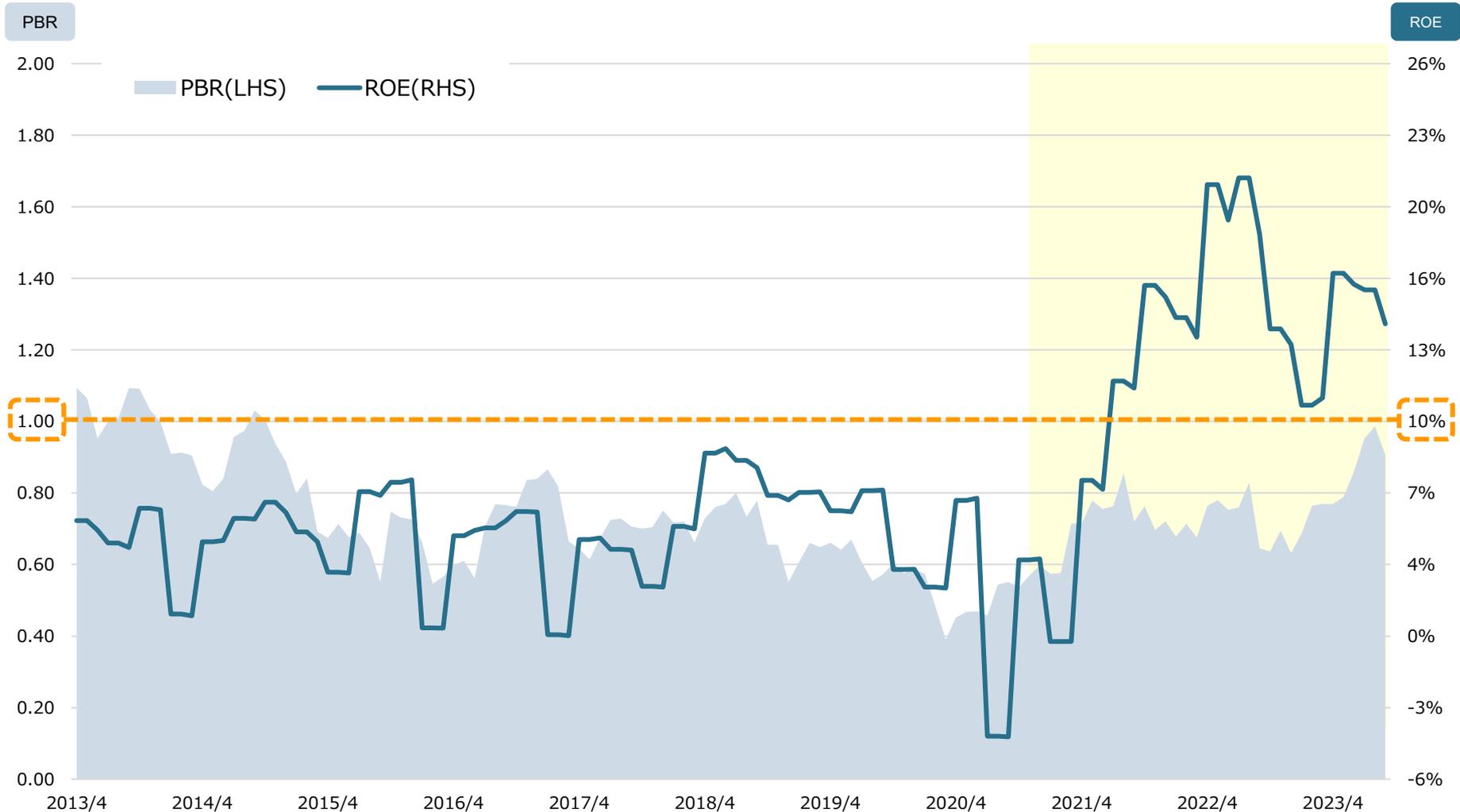


* Prepared by Yamato Kogyo based on GRP's Annual Report (Sales Volume only disclosed for FY 2021 and 2022)

* Products included in the Steel Bar Segment are H-Beam, Angle and Wide Flange

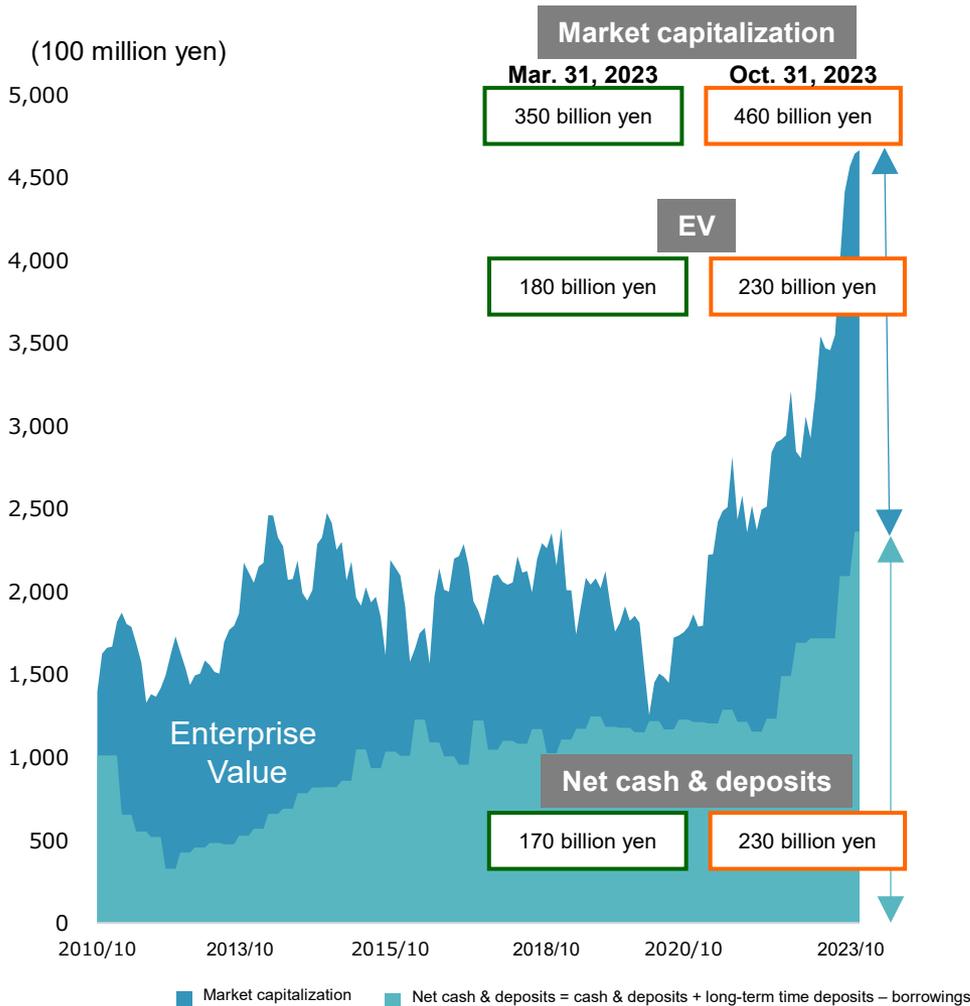
Key Performance Indicators - 1

ROE and PBR (evaluation from the market)

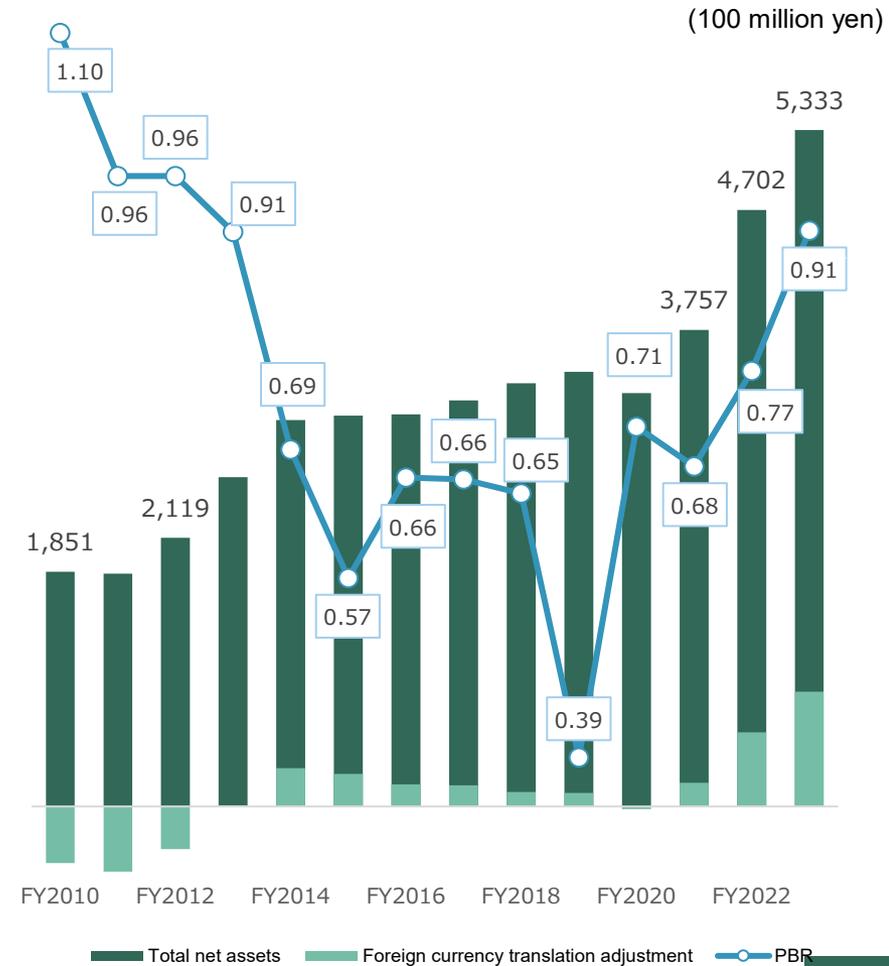


Key Performance Indicators - 2

Enterprise value (EV)



Net assets and PBR



Vision 2030

New Initiatives for Further Improvement of
Corporate Value

For Further Improvement of Corporate Value (Review)

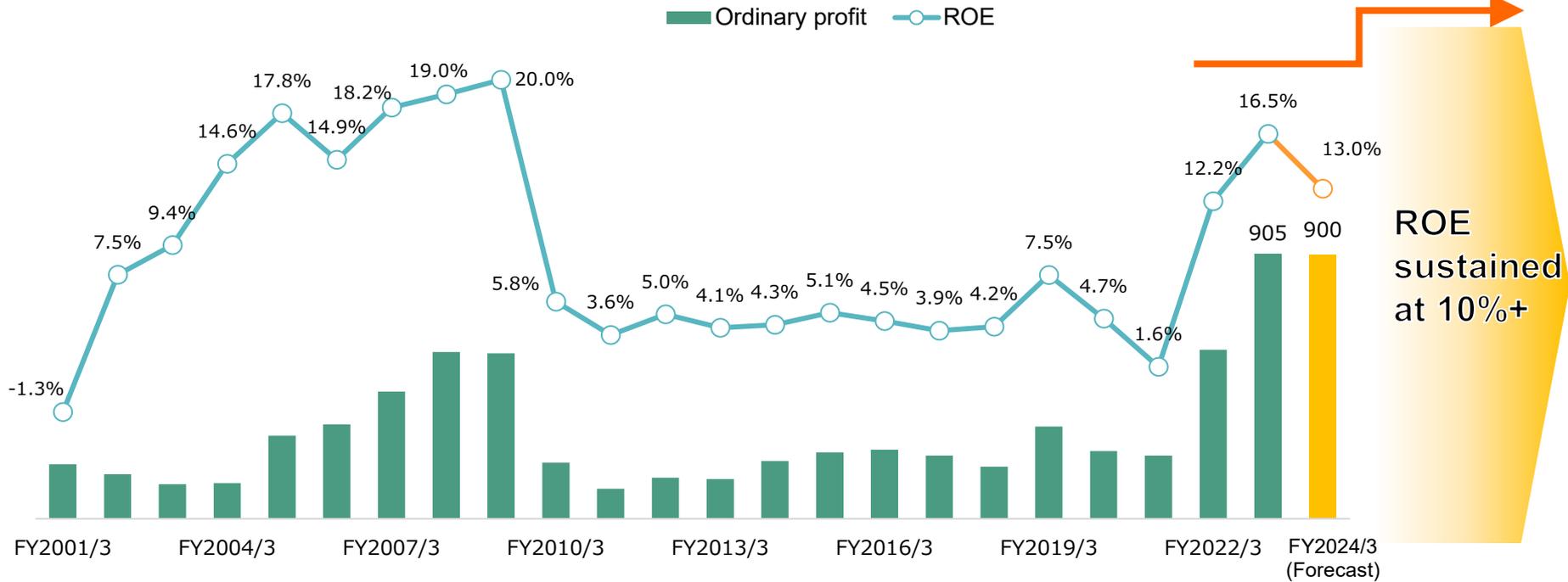
- Starting with the entry into the US in 1987, Yamato Kogyo has expanded business locations in Asia and the Middle East, building a global business model (JV Partner Strategy)
 - Overseas business has contributed to the expansion of earnings as the source of the majority of the entire company's ordinary profit
 - ASEAN business was established as the second earnings pillar following the US
- ➔ We aim for stable, high capital efficiency and sustainable growth for further progress

Focus shifted to ASEAN

New Initiatives to realize the Vision 2030

Expansion of global business operations centered on the US

Toward period of exponential growth



ROE sustained at 10%+

United States 1987
Thailand 1992
South Korea 2002

Bahrain 2009
Saudi Arabia 2011

Vietnam 2020
Indonesia 2024

Formulation of the Vision 2030

Business environment changes and management issues

Green

Countermeasures against climate change
Responsibility to realize a circular economy

Core business and new areas

Further growth of structural steel business
Full implementation of expansion of business areas

Strengths of the Yamato Kogyo Group

Global

Strong partnerships with the world's leading companies
Market development capability and securing business locations in growth regions

Technological capability

Unwavering inquisitiveness for technological improvement
Advanced operating knowhow and cutting-edge technology

Vision 2030

VISION (Established in 2019)

To be a global leading company with cutting-edge technology supporting world's infrastructure

New Initiatives to Realize the Vision 2030

Achieve and solidify a No.1 position as the global leader in structural steel (volume and profitability), and continue to embrace challenges in new business areas

Ongoing efforts to realize carbon neutrality and a circular economy

- Improvement of environmental superiority by electric furnace through accelerated introduction of green technology/energy
- Collaboration with companies owning the cutting-edge technology, joint R&D with universities

Strengthening of core structural steel business

- Expansion of sales in growing regions such as Asia
(Establishing new mills, strengthening competitiveness of existing mills)
- Maintaining and enhancing profitability through advanced operation know-how and cutting-edge technology

Growth investment in the structural steel business
200 billion yen (+ 80 billion yen over the original plan)
➔ Establishment of 8 million tons of structural steel production capacity

Entry into new steel, infrastructure and green business areas

- Expansion of product portfolio besides structural steel, strengthening of value chain, and acquisition of technology
- Active M&A in Japan and overseas

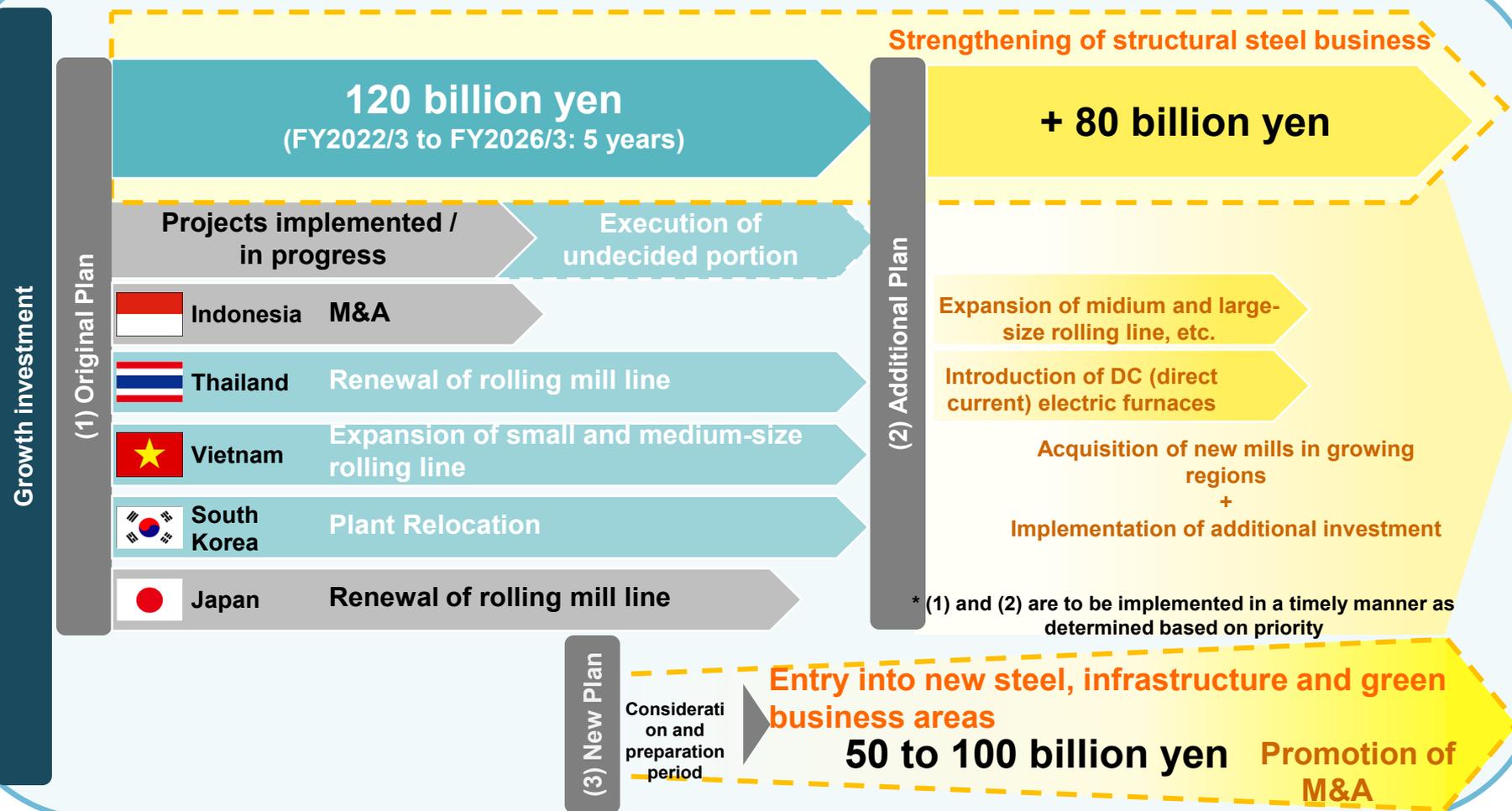
Growth investment in new business areas
50 to 100 billion yen
➔ New challenges

Development and securing of professional personnel carrying on new initiatives

Creation of new value and contribution to the realization of a rich society as a global company

Growth Investment Plan for the Vision 2030

Planned Investment total: 250 to 300 billion yen



- Progress of (1) Original Plan (announced in May 2021) is around 50% after two and half years. We will steadily execute the remainder.
- We will continue to expand growth investment and further enhance corporate value through: (2) Additional Plan (structural steel business) and (3) New Plan (new areas)

Strategic Cash Allocation for Enhancement of Corporate Value

Past 10 years (FY2012/3 to FY2023/3)

From FY 2024/3

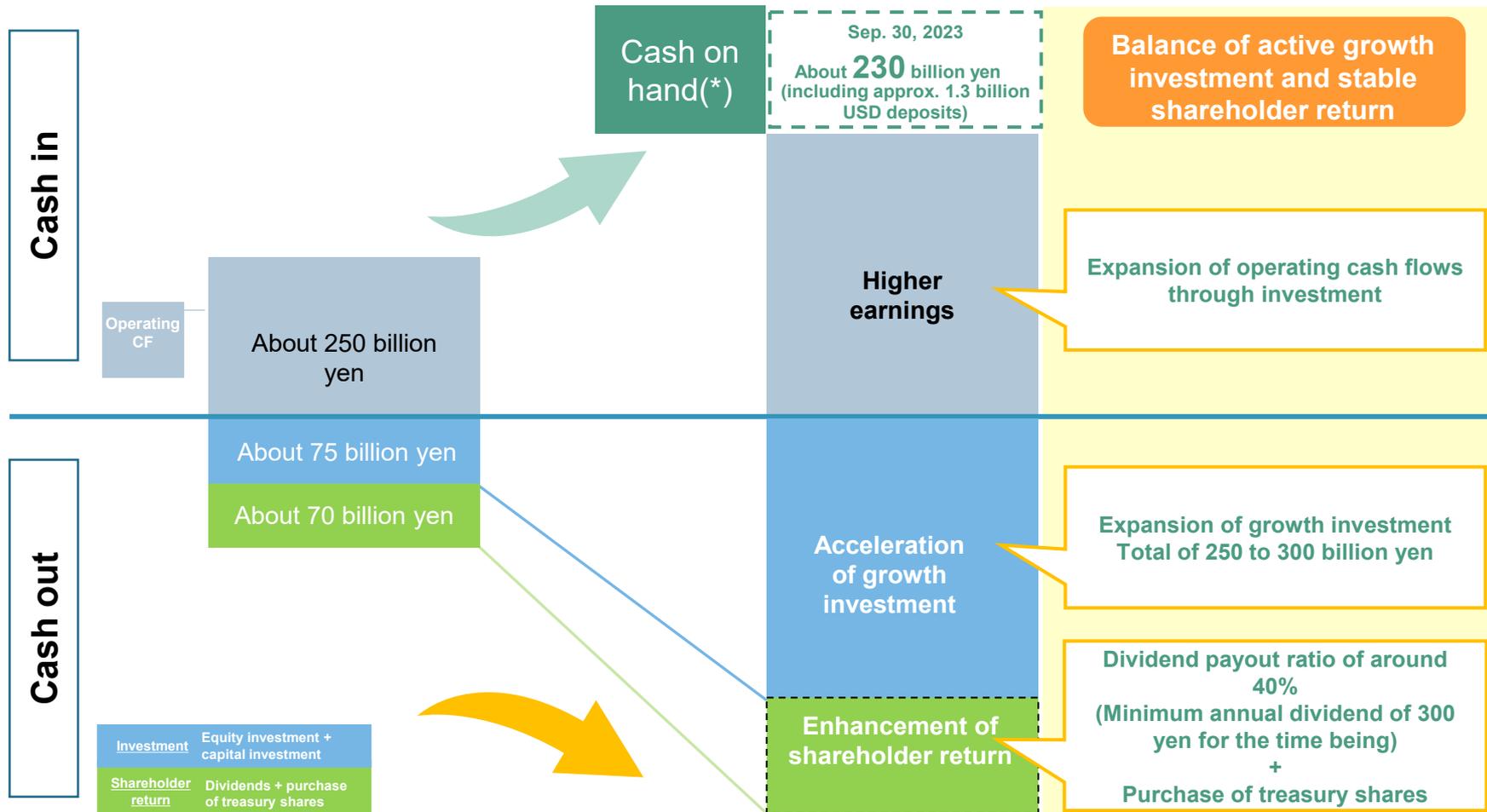
Strengthening of financial base



Enhancement of capital efficiency

Maintaining ROE of 10%+

2030
Realization of Vision 2030

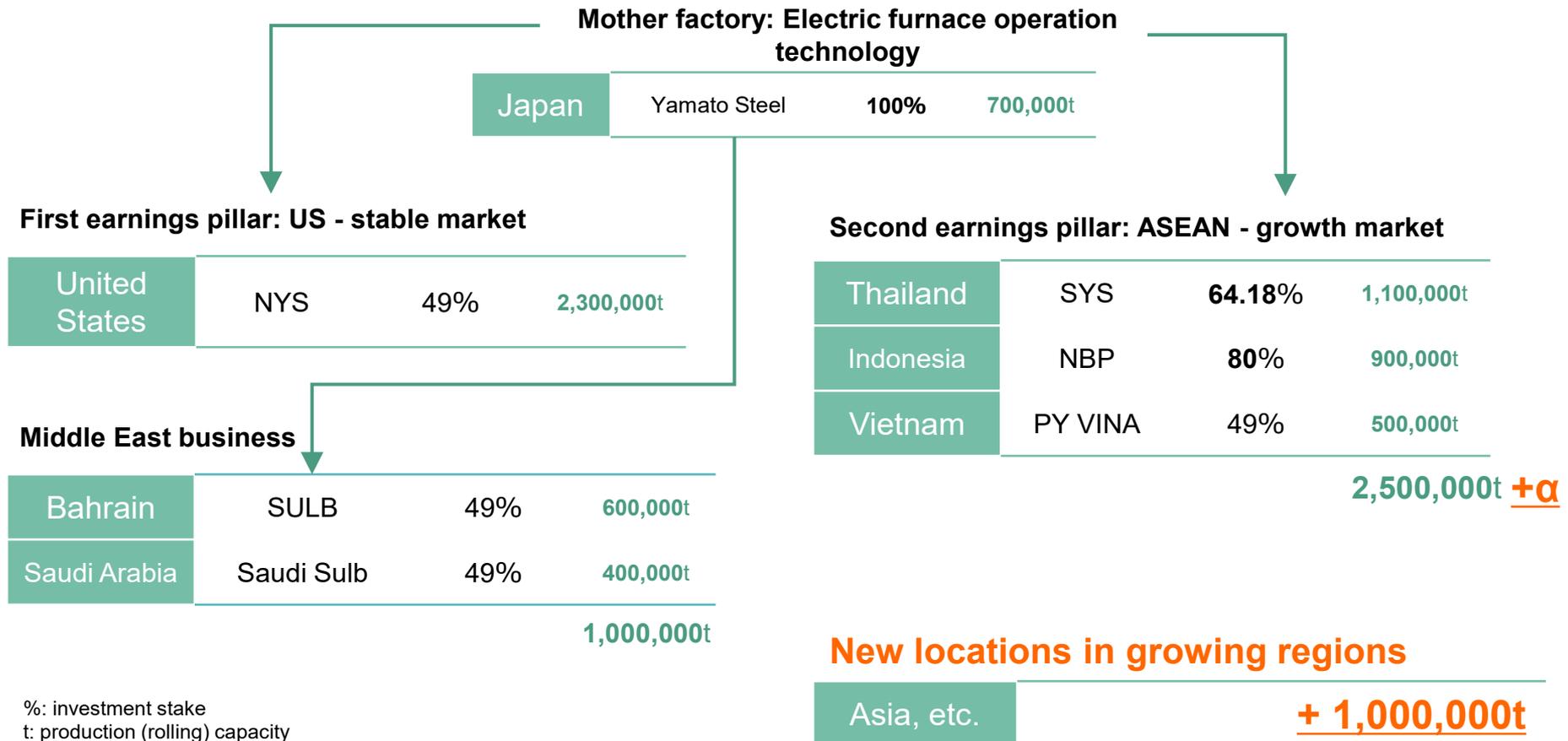


Acceleration of growth investment + enhancement of shareholder return

<Appendix> Road Map to 8 Million Tons of Structural Steel Production Capacity

Existing production capacity: **6.5 million tons** (including Indonesia)

+ **existing expansion plan and acquisition of new locations in growing regions** to realize **8 million ton capacity**



%: investment stake
 t: production (rolling) capacity