

Vision 2030

New Initiatives for Further Improvement of Corporate Value

New Initiatives to Realize the Vision 2030

Vision 2030:

A company that achieves 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

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

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

Road Map to Achieve Vision 2030

- Assess investment opportunities carefully but take a medium- to long-term perspective and respond to such opportunities proactively and boldly
- Back up growth investments with agile financial strategies leveraging a solid financial base

Investment total
250 to 300 billion yen

FY22/3 to FY24/3

FY25/3 to FY27/3

FY28/3 to FY30/3

Investment size

60 billion yen

140 billion yen

Strengthening of core structural steel business

- Expansion of sales in growing regions including Asia

Structural steel production capacity

ASEAN+ growing regions in Asia	2.5 Mt
Japan/US/Middle East	4.0 Mt
Total	6.5 Mt

Accelerate growth investment for top-line expansion

Focus on expansion through facility renewal

50%

4 Mt

4 Mt +α

8 Mt

capacity

- Maintaining and enhancing profitability through advanced operation know-how and cutting-edge technology

Enhanced differentiation and competitiveness through value-added improvements

- Expansion of product portfolio besides structural steel, strengthening of value chain, and acquisition of technology

Investment size

50 to 100 billion yen

New business area selection

Commercialization by upfront investment

Growth Investment

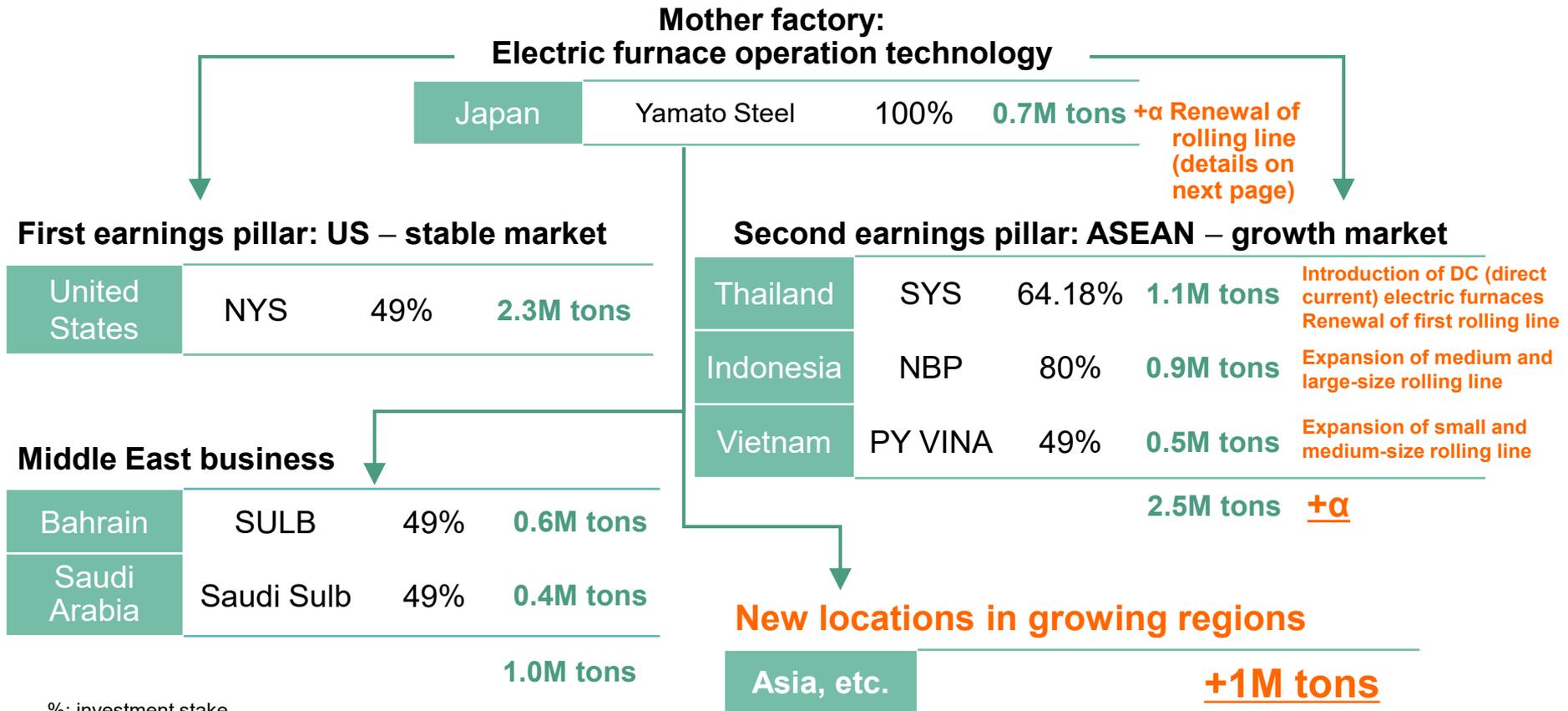
Entry into new business areas

Financial strategy

Maintain ROE of 10% or more & back up growth investments flexibly

<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 tons capacity**



#: investment stake
 t: production (rolling) capacity

Progress Highlight: Strengthening of Structural Steel Business (1)



Japan Outline of Strategic Investment of approx. 40 billion yen

◆ Rolling line-related: approx. 30 billion yen

- Renewal of straighteners: scheduled to be complete June 2024 (approx. 5 billion yen)
 - Renewal of rolling mills (introduction of DX): scheduled to be operational mid-2027
 - Automation installation works: sequentially from FY2024 to FY2027
 - Renewal of heating furnaces (CN-compatible): scheduled to be operational mid-2029
 - Introducing burners compatible with carbon-free fuel enables conversion to hydrogen/ammonia fuel
- } (approx. 25 billion yen)

⇒ Production capacity up 20% after all renewals

(Other expected effects: expansion of production varieties, quality improvement, yield improvement, unit requirement reduction, labor saving, etc.)

◆ Environment/rationalization-related: approx. 10 billion yen

- Renewal of SVCs: scheduled to be complete April 2024 (approx. 4 billion yen)
 - Installing static VAR compensators makes it possible to support renewable energy sources
- Commercialization of biocokes: scheduled to be operational mid-2025 (approx. 1.5 billion yen)
- Other investment in rationalization, etc.: sequentially from FY2023 to FY2027 (approx. 4.5 billion yen)

<Purpose of domestic strategic investment>

Aiming to increase domestic competitiveness by improving production efficiency and enhancing quality through the introduction of cutting-edge technologies, and to achieve higher profitability and carbon neutral, while strengthening the role of the mother factory to support global expansion.

Progress Highlight: Strengthening of Structural Steel Business (2)



Indonesia M&A brings 3 million tons capacity to ASEAN

M&A procedures progressed smoothly as planned.
Stock acquisition is scheduled for May31 (Day 1).

Investment total

Approx. **50** billion yen

Initiatives to maximize synergies

- **Manufacture:** Improve quality and productivity by sharing advanced operational know-how
 - **Sale:** Maximize earnings by supplying products and semi-finished products at three bases (Thailand, Indonesia, and Vietnam)
 - **Procurement:** Ensure stable procurement and cost reduction through joint purchases
- ⇒ Accelerate personnel exchange and collaboration through one-month business trips from Thailand/SYS and the like
- Continued preparations for the launch of a new company and operations

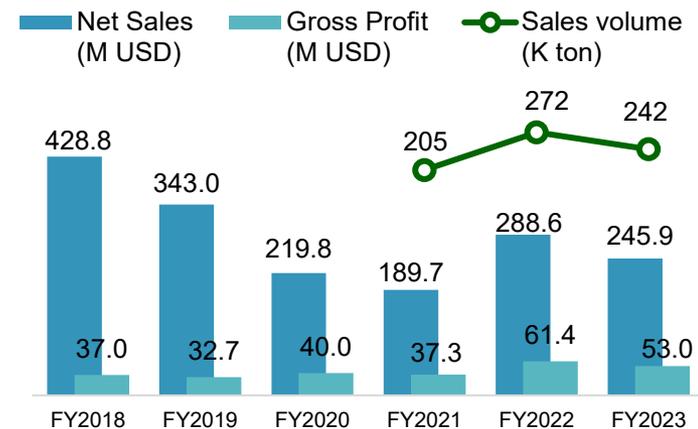
<Forecast of structural steel demand in Indonesia>

0.98 million tons in 2023 ➔ Increase to 1.25 million tons in 2028*

*The Company's analysis (excluding the impact of the capital relocation)

NBP (the new company in Indonesia) will focus on expanding its market share in the domestic market for the time being in order to capture the infrastructure demand associated with the relocation of the capital. The company will expand product sizes and improve facility operating rates.

<Reference> GRP's Steel Bars segment performance



* Prepared by Yamato Kogyo based on GRP's Annual Report

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

Progress Highlight: Entry Into New Business

Challenge to create new high-value-added businesses by leveraging the strengths and resources of Yamato Kogyo's core businesses

Core Business Strengths and Resources

Global expansion

- M&A and partnerships with top-tier companies to develop markets and secure locations in growth regions

Technological strength

- Proactive introduction of advanced operational know-how and cutting-edge technologies as a "monozukuri" (manufacturing) company

Networking ability

- Diverse business partners including energy, raw materials, trading companies, and product users in Japan and overseas

Green superiority of electric furnaces

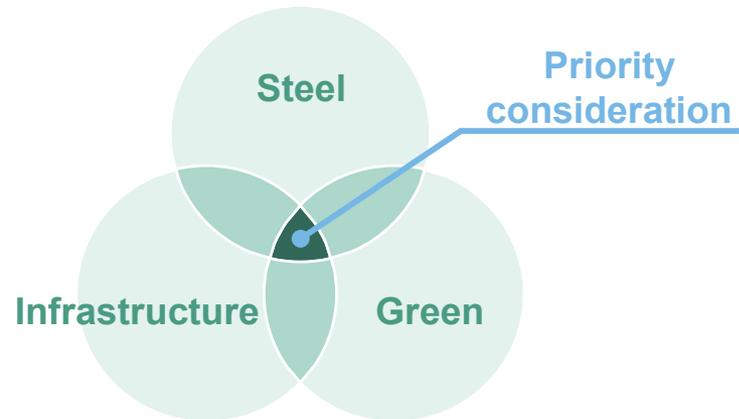
- Reduction of CO2 emissions through proactive introduction of energy-saving equipment
- Development of environmentally friendly products

Basic stance on expansion

Partner strategy

Global expansion

Affinity with core businesses



Directions for immediate consideration (example)

Expansion of product lines in the construction and civil engineering fields
<Horizontal development>

Strengthening of the value chain of the structural steel business
<Vertical development>

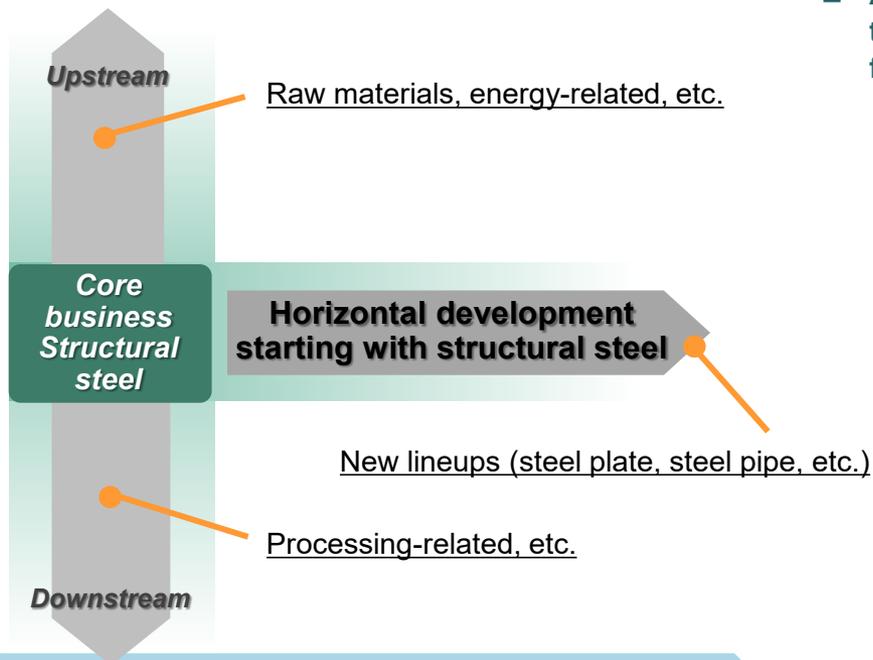
Green strategies for carbon neutrality and future commercialization

<Appendix>

New Business Development Concept Overview

Horizontal/vertical development

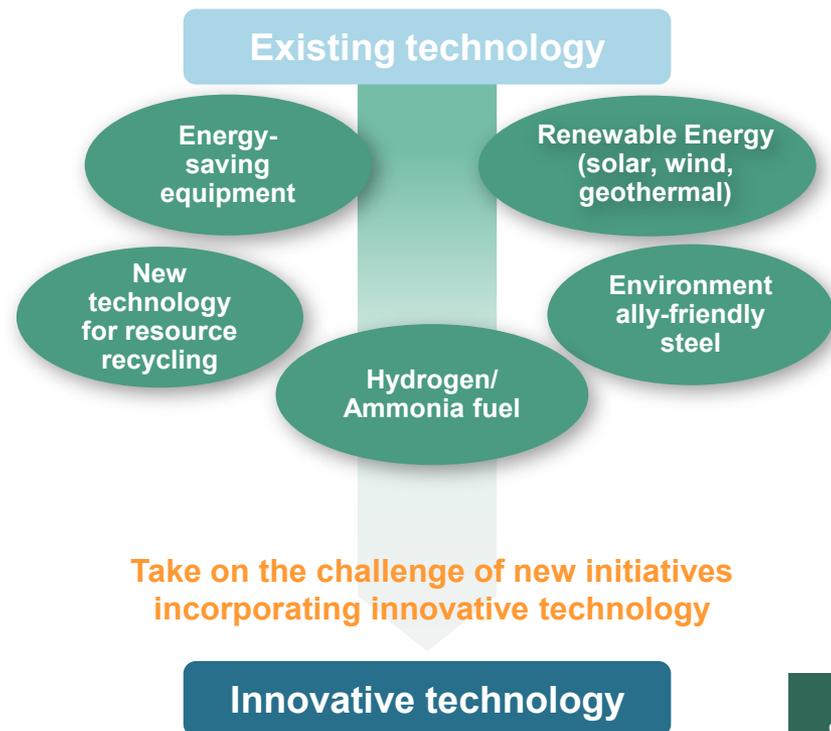
- Expand product lineups in the same construction and civil engineering fields as structural steel, place priority on areas where the value chain of the structural steel business can be strengthened, and take on the challenge of expanding business areas (consider various means, including M&A and collaboration with startups).



Supporting the world's infrastructure by expanding Yamato Kogyo's business wings horizontally and vertically

Green strategy

- Proactively pursue green strategies, recognizing the global climate change issue as a new growth opportunity
- Examine the feasibility of future implementation of not only existing technologies but also innovative technologies that have many issues to be solved from various perspectives, and plan to make upfront investments with a view to commercialization over the medium to long term.
- Accelerate collaboration with companies including startups that possess cutting-edge technologies with a foothold in the fund managed by Emerald of Switzerland (January 2024).



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%+

Realization of Vision 2030

