

Vision 2030

New Initiatives for Further Improvement of Corporate Value

New Initiatives to Realize the Vision 2030

(announced in November 2023)

Vision 2030:

A company that achieves and solidifies its position as the global leader (volume and profitability) in structural steel, and continues 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 cutting-edge technologies, joint R&D with universities, etc.

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 technologies

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

Timeline Toward Realizing Vision 2030

Strengthening of core structural steel business

-  Established GYS (Indonesia)
-  Started strategic capital investment (related to rolling line)
Promoted collaborations to increase competitiveness (JFE Steel Group, Hyoki Kaiun)
-  Selected India as candidate for a new location, and started the review

Vision 2030

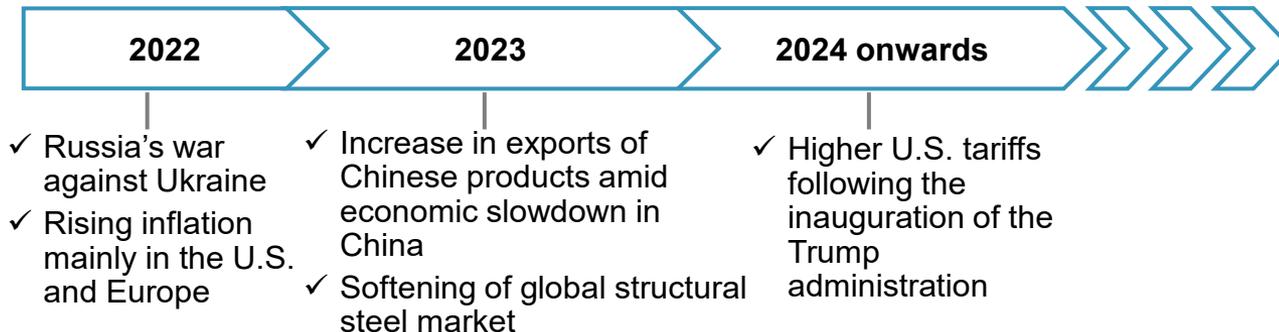
Announced Medium- to Long-Term Business Outlook, Investment Strategy and Cash Allocation Policy
(May 2022)

Formulated Vision 2030
(November 2023)

Entered new business areas

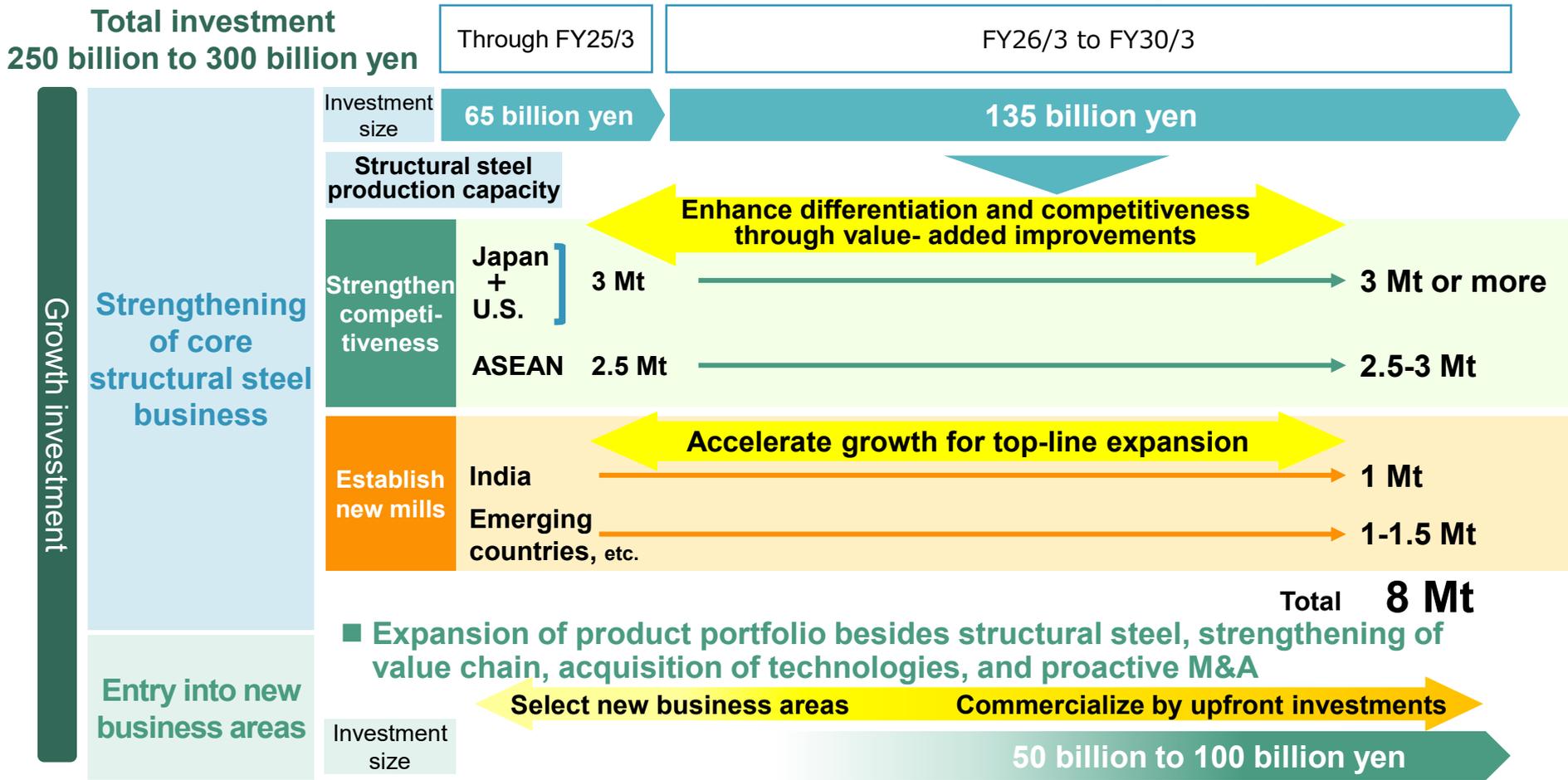
- Started exploring collaborations with start-ups through equity investment in Emerald of Switzerland
- Executed investment in Electra of the U.S.
(See p. 40 for details)

External environment (key topics)



Road Map to Achieve Vision 2030

- No change to the basic policy outlined in the road map to achieve Vision 2030.
- While having withdrawn from the Middle East, we are expanding production bases in India, emerging countries and other areas, and restructuring the business portfolio to achieve sustainable growth globally.



Financial strategy

Maintain ROE of 10% or more and support growth investment flexibly

New Investments to Strengthen Core Businesses

- Invest strategically to solidify our position as the global leader in the structural steel market with a share of approx. 30% in the global market (excluding China, which is outside our target).
- Promote organic growth at existing locations along with M&A for new locations.

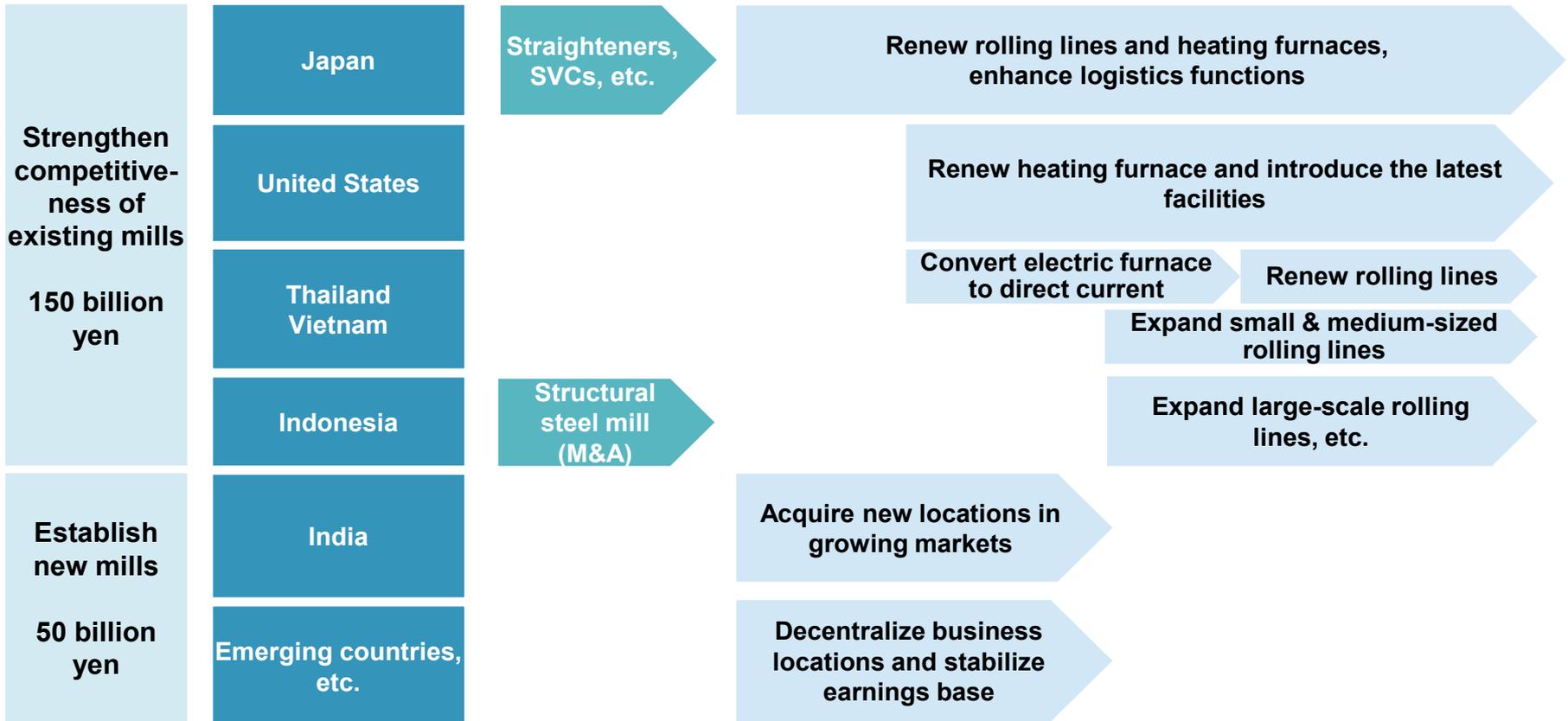
Investments to achieve
Vision 2030

65 billion yen

135 billion yen

Through
FY25/3

FY26/3 to FY30/3



Strengthening of Core Businesses – Existing Locations



Japan – Status of Implementation of Domestic Growth Strategy

1. Investment to increase production of existing facilities/rolling line: **Approx. 40 billion yen**

- Renewal of straighteners: Completed in June 2024 (approx. 5 billion yen)
- Renewal of rolling mills (introduction of DX): Scheduled to be operational in mid-2028
- Other automation installation works: Sequentially from FY2024 to FY2028
- Renewal of heating furnace (CN-compatible): Scheduled to be operational in mid-2030

*Amounts were revised to reflect rising prices, etc.

*Updated to reflect the latest project schedule.

(Approx. 35 billion yen)

⇒**Production capacity will increase by 20% after all renewals**

(Other expected effects: Expansion of production varieties, quality improvement, yield improvement, unit consumption reduction, labor saving)

2. Enhancement of competitiveness/Started planning a collaboration with the JFE Steel Group

•Improve corporate value through stable, sustainable growth:

Build a strong business foundation resistant to market fluctuations, and further increase corporate value.

•Respond quickly to the diversifying needs of customers:

Respond flexibly to changing customer demands and provide products and services that satisfy customers.

•Build an optimal production system:

Establish an efficient and effective production system that maximizes the assets and strengths of both groups.

3. Enhancement of logistics functions See next page for the details.

•Build own domestic coastal vessels: Scheduled to begin operations in mid-2025

•Strengthen collaboration with Hyoki Kaiun: Concluded capital and business alliance agreement (January 31, 2025)

<Purpose of the domestic strategy>

- Increase domestic competitiveness by improving production efficiency and quality through introduction of cutting-edge technologies and enhanced collaborative relationship, thereby increasing market share, further boosting profitability, and achieving carbon neutrality (CN)
- Strengthen the role as the mother factory to support global expansion

Strengthening of Core Businesses – Existing Locations



Japan – Enhancement of Logistics Functions

Concluded capital and business alliance agreement with HYOKI KAIUN KAISHA, LTD.
(Hyoki Kaiun): January 31, 2025

Enhance collaborative relationship with key strategic partner

Improve logistics efficiency

Stabilize raw materials procurement

Strengthen shipping operations

Yamato



HYOKI

Expand scale

Strengthen the management base

Hold 20% of voting rights
Dispatch 2 officers

[Strengthen collaboration with Hyoki Kaiun]

- **Outsourcing operations of own domestic coastal vessels:** Secure seafarers and ground clerks.
- **Addressing the labor shortage in land transportation:** Promote use of marine transportation.
- **Enhancing onsite operations arrangements:** Strengthen collaboration in preparation for 20% increase in production.

[Purpose of building and utilizing own domestic coastal vessels]

- Address the growing demand for marine transportation resulting from labor shortage in land transportation and a decline in domestic coastal vessels resulting from business closures
⇒ **Promote logistics efficiency through just-in-time vessel dispatch.**
- Address the growing demand for steel scrap in western Japan resulting from the shift from blast furnaces to electric arc furnaces, etc.
⇒ **Achieve efficient and stable procurement of scrap by utilizing vessels' return trips after delivery.**

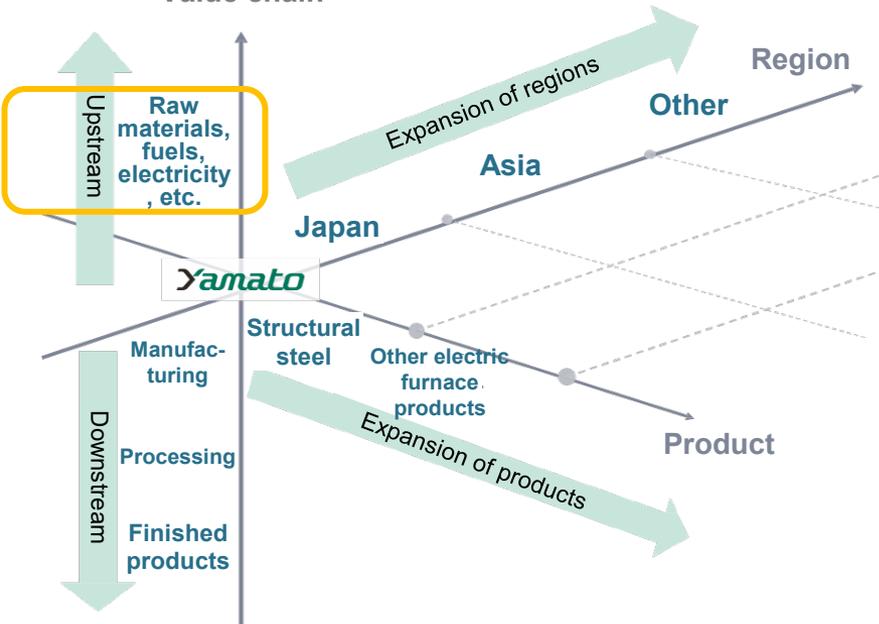
Entry into New Business Area of Steel, Infrastructure, and Green

- We continue various studies for expanding into peripheral areas from the core structural steel business, based on three axes of region, product, and value chain (upstream/downstream).
- Invested in Electra, a producer of clean iron. Electra is a U.S. start-up company founded in 2020, and owns electrowinning technology to produce 99% pure iron out of low-grade iron ore. Yamato Kogyo invested in Electra's second round of fundraising.

➤ Direction of new business areas

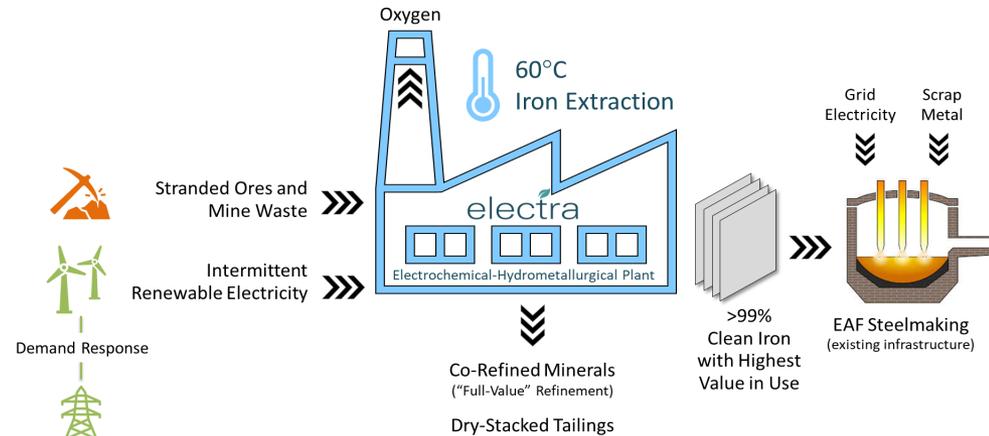
➤ Investment in a clean iron producer Electra

Value chain



- ✓ With the trend of shifting from blast furnaces to EAF in an effort for decarbonization, and amid risks of scrap supply shortages and price hikes, we aim to diversify metallics sources and optimize costs in the future by getting involved in the development of Electra's technology as a stakeholder.

- ✓ Nucor, our important partner, is an investor in Electra since its foundation. Taking this opportunity, we pursue collaborations with Nucor not only at Nucor-Yamato Steel (NYS) but also through Electra, thereby further strengthening and developing our partnership.



Strategic Cash Allocation for Enhancement of Corporate Value

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

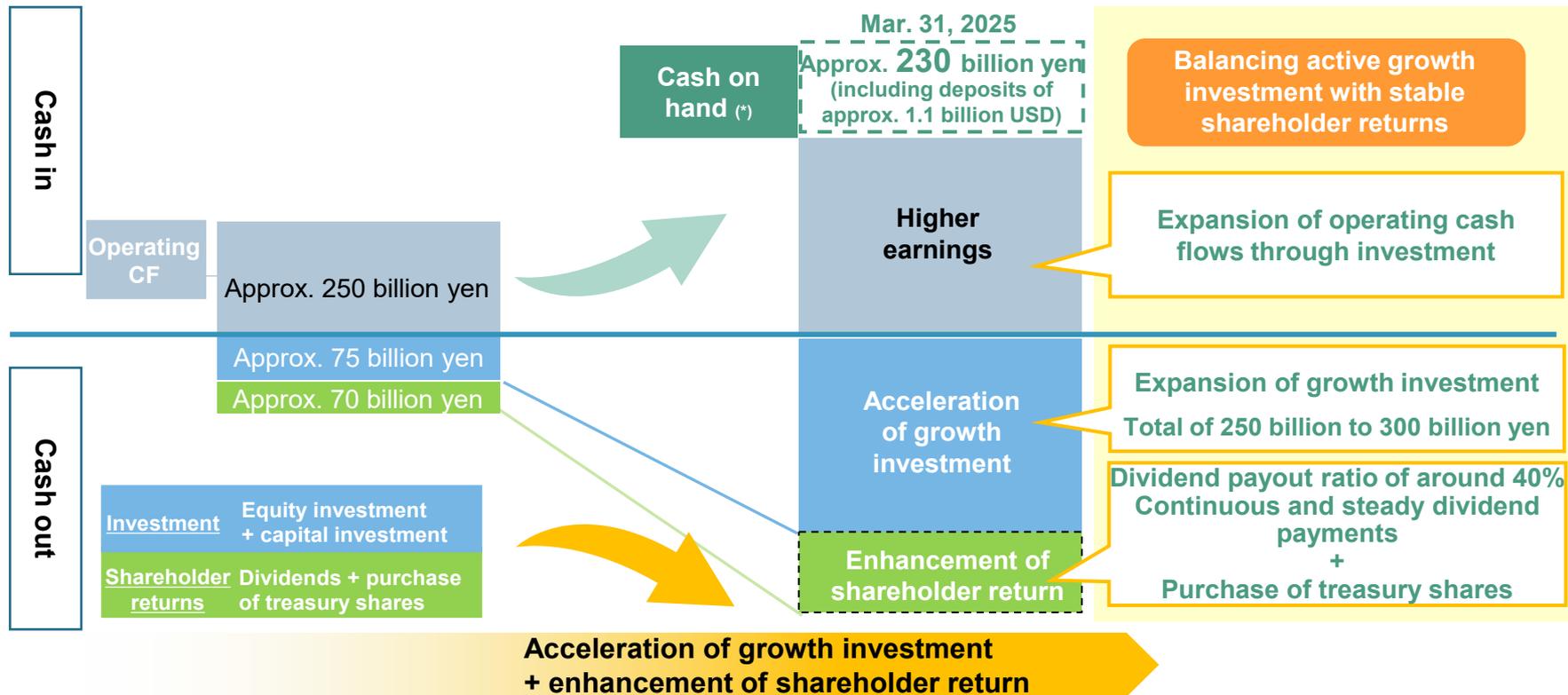
From FY2024/3

Strengthening of financial base

⇒ Enhancement of capital efficiency

Maintaining ROE of 10%+

Realization of Vision 2030



ROE

=

Profit margin

×

Asset turnover

×

Financial leverage

- Increase the value added
- Expand business areas

- Accelerate growth investment

- Enhance shareholder returns

Growth strategies are interlinked.