

Financial Overview **for the Second Quarter of** **the Fiscal Year Ending** **March 31, 2025**

Kyoei Steel, Ltd.

(TSE Prime Market Code: 5440)

November, 2024

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- 2** Financial Reports for the Second Quarter of the Fiscal Year Ending March 31, 2025
- 3** Financial Forecast for Fiscal Year Ending March 31, 2025
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Financial Highlights

■ Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025

- Net sales increased but ordinary profit decreased from a year earlier, totaling 160.0 billion yen and 6.1 billion yen, respectively.
- Shipments totaled 1.52 million tons.
0.73 million tons Japan, 0.80 million tons overseas (up 0.06 million tons YoY)
- Net sales and operating profit in the Domestic Steel Business decreased year on year due to a decline in shipments. Operating losses in the Overseas Steel Business were reduced as the performance of the Vietnam base improved.

■ Revisions to Full-Year Financial Forecast for the Fiscal Year Ending March 31, 2025

- Full-year results: Net sales of 336.0 billion yen → 323.0 billion yen, ordinary profit of 18.0 billion yen → 15.0 billion yen
- Full-year shipments of 3.18 million tons
1.46 million tons Japan, 1.72 million tons overseas (up 0.11 million tons YoY)
- In the Domestic Steel Business, net sales and operating profit are expected to decrease year on year due to a decline in shipments, despite larger metal margins.
In the Overseas Steel Business, Vietnam bases are likely to improve, and the Canada base is expected to perform well. As a result, net sales are expected to increase, and operating losses will be reduced from the previous fiscal year.
- The annual dividend forecast remains unchanged at 90 yen per share (interim dividend of 30 yen per share and year-end dividend of 60 yen per share).

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Financial Results for the First-Half of the Fiscal Year Ending March 31, 2025 and Past Results **KYOEI STEEL**

- Net sales increased from the same period of the previous fiscal year, but profits decreased.
- Period: April 1, 2024 - September 30, 2024

	Unit	FY ended March 31, 2024		FY ending March 31, 2025			Previous forecast 1st half	Change	
		1st half	2nd half	1Q	2Q	1st half		vs. 1st half of previous fiscal year	vs. 1st half forecast
Net sales	Billions of yen	155.5	165.4	78.3	82.7	161.0	163.0	+5.5 +3.5%	▲2.0 ▲1.2%
Operating profit		9.9	11.1	3.1	2.8	5.9	6.0	▲4.0 ▲40.5%	▲0.1 ▲1.4%
Ordinart profit		10.0	11.0	3.9	2.3	6.1	6.5	▲3.9 ▲38.6%	▲0.4 ▲5.6%
Profit		7.9	6.0	2.6	2.4	5.1	5.0	▲2.8 ▲35.6%	+0.1 +1.3%

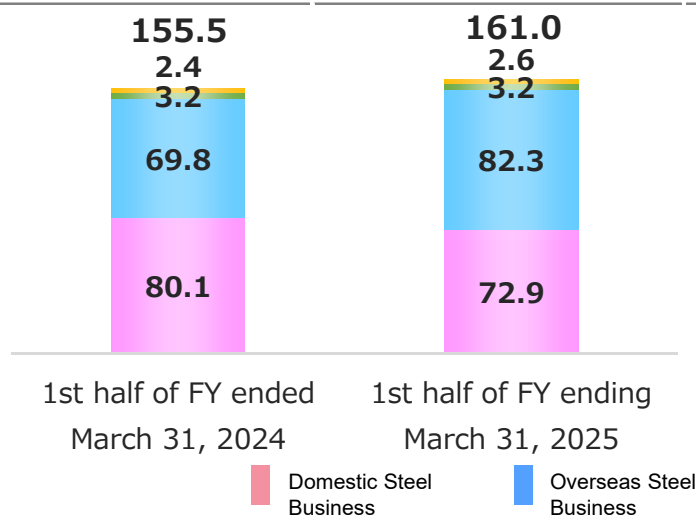
Summary of Financial Results by Segment

- Domestic Steel Business: Both net sales and operating profit fell year on year due to the reduction of production and shipments.
- Overseas Steel Business: Performance in Vietnam, which bottomed out in the first half of the previous fiscal year, improved, leading to an increase in net sales and a decrease in operating losses (the business moved into the black in the second quarter).
- Material Recycling Business: Net sales rose slightly year on year, but operating profit declined slightly due to a lower volume of medical waste treated.

Net sales

(billions of yen)

	FY ended March 31, 2024			FY ended March 31, 2025			Previous forecast
	1Q	2Q	1st half	1Q	2Q	1st half	1st half
Domestic Steel Business	41.8	38.4	80.1	38.2	34.7	72.9	76.0
Overseas Steel Business	32.0	37.8	69.8	37.1	45.2	82.3	80.5
Material Recycling	1.6	1.5	3.2	1.7	1.5	3.2	4.0
Other Businesses	1.2	1.2	2.4	1.3	1.3	2.6	2.5
Total	76.6	78.9	155.5	78.3	82.7	161.0	163.0

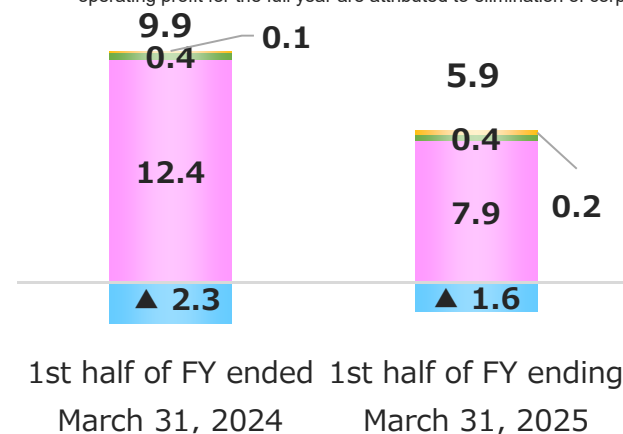


Operating profit

(billions of yen)

	FY ended March 31, 2024			FY ended March 31, 2025			Previous forecast
	1Q	2Q	1st half	1Q	2Q	1st half	1st half
Domestic Steel Business	6.2	6.2	12.4	4.7	3.2	7.9	7.7
Overseas Steel Business	▲ 1.3	▲ 1.0	▲ 2.3	▲ 1.8	0.2	▲ 1.6	▲ 1.7
Material Recycling	0.3	0.1	0.4	0.3	0.0	0.4	0.6
Other Businesses	0.0	▲ 0.0	0.0	0.1	0.1	0.2	0.2
Total	4.9	5.1	9.9	3.1	2.8	5.9	6.0

* The differences between the total operating profit for each business and operating profit for the full year are attributed to elimination of corporate costs.



Domestic Steel Business

Net sales: 72.9 billion yen
Operating profit: 7.9 billion yen

Year-on-year change: Both net sales and operating profit decreased.

- Both production and shipments declined from the previous year due to schedule delays and extended construction periods caused by labor shortages at construction sites and extreme heat.
- Metal margins narrowed only slightly compared to the first half of the previous fiscal year as we worked to maintain product prices despite slow cargo movements.

Overseas Steel Business

Net sales: 82.3 billion yen
Operating profit: -1.6 billion yen

Year-on-year change: Both net sales and operating profit increased.

- **Vietnam**
performance in Vietnam, which bottomed out in the first half of the previous fiscal year, improved, leading to an increase in net sales and a decrease in operating losses (the business moved into the black in the second quarter).

North America

While demand remained strong, the impact of high costs due to reduced production caused by aging facilities at the U.S. base and a steel leakage accident was significant

Material Recycling Business

Net sales: 3.2 billion yen
Operating profit: 0.4 billion yen

Year-on-year change: Net sales increased but operating profit decreased.

- Both net sales and operating profit remained flat from the same period in the previous year.
- Performance operational improvements were delayed due to intensifying price competition in medical waste treatment projects and increased treatment costs resulting from equipment malfunctions.

Other Businesses (Steel Peripheral Business)

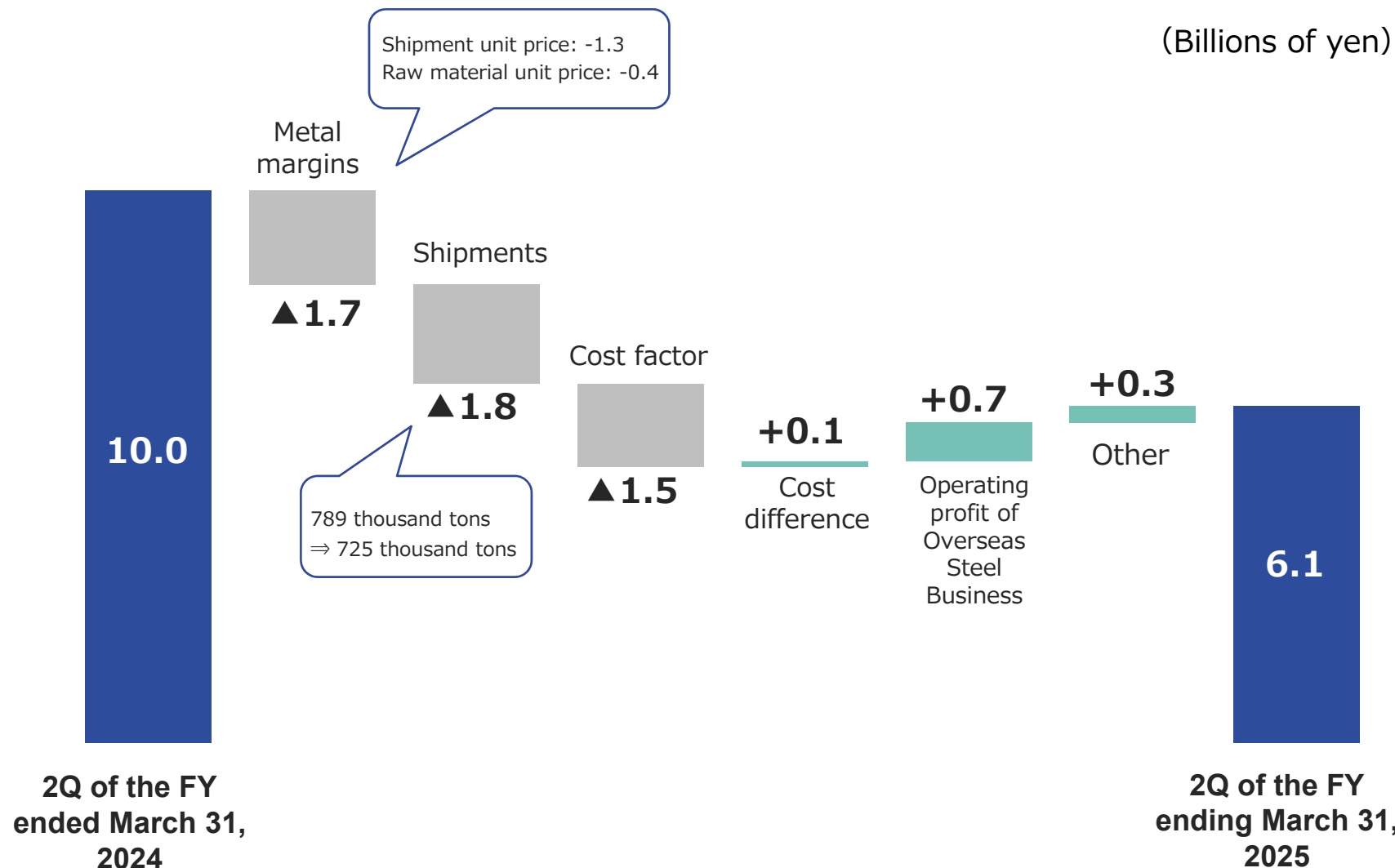
Net sales: 2.6 billion yen
Operating profit: 0.2 billion yen

Year-on-year change: Both net sales and operating profit increased.

- Domestic casting business:
Operating profit declined due to an increase in costs, including electricity expenses.
- Vietnam casting business:
Operating profit rose due to an increase in shipments and widening metal margins.
- Vietnam harbor operations business:
Operating profit rose due to an increase in the volume of imported scrap handled as VKS's production improved.

Factors for Changes in Ordinary Profit (Year-on-Year Comparison)

Factors that caused a decrease in ordinary profit by 3.9 billion yen from the year-earlier period



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Financial Forecast Revised

We have revised our net sales, operating profit, ordinary profit, and profit forecasts downward.

We plan to post extraordinary income (insurance claim income) in the second half.

The dividend forecast remains unchanged.

Figures forecast at
beginning of fiscal year

		FY ending March 31, 2025		
	Unit	1st half	2nd half	Full year
Net sales	Billions of yen	163.0	173.0	336.0
Operating profit		6.0	11.5	17.5
Ordinary profit		6.5	11.5	18.0
Profit		5.0	7.5	12.5

	Unit	1st half	2nd half	Full year
Dividend per share	yen	30	60	90

※Assumed exchange rate Full-year: 140 yen

Latest forecast figures

FY ending March 31, 2025			
1st half	2nd half	Full year	in percentage (vs. previous year)
161.0	162.0	323.0	(▲3.9%)
5.9	9.1	15.0	(▲14.3%)
6.1	8.9	15.0	(▲16.7%)
5.1	6.9	12.0	(▲4.0%)

1st half	2nd half	Full year	Dividend payout ratio
30	60	90	32.6%

※Assumed exchange rate 2H: 145 yen

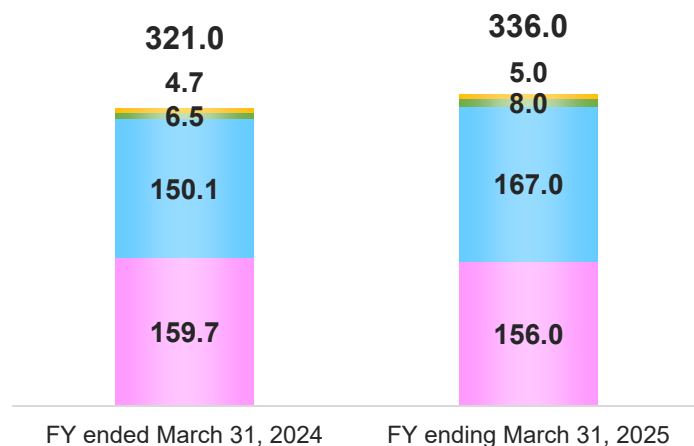
Forecast of Financial Results for Full Year by Segment

- The sales forecast for the Domestic Steel Business (second half) has been revised downward, but the profit forecast remains approximately unchanged from the previous forecast.
- The sales and profit forecasts for the Overseas Steel Business (second half) have been revised downward from the previous forecast. However, it is anticipated that the business will return to profitability.

Net sales

(billions of yen)

	FY ended March 31, 2024			FY ending March 31, 2025			Previous forecast Full year
	1st half	2nd half	Full year	1st half	2nd half	Full year	
Domestic Steel Business	80.1	79.6	159.7	72.9	71.1	144.0	156.0
Overseas Steel Business	69.8	80.3	150.1	82.3	83.7	166.0	167.0
Material Recycling	3.2	3.3	6.5	3.2	4.8	8.0	8.0
Other Businesses	2.4	2.3	4.7	2.6	2.4	5.0	5.0
Total	155.5	165.4	321.0	161.0	162.0	323.0	336.0

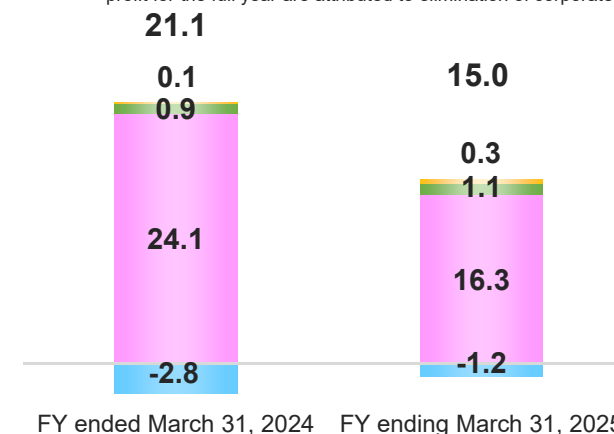


Operating profit

(billions of yen)

	FY ended March 31, 2024			FY ending March 31, 2025			Previous forecast Full year
	1st half	2nd half	Full year	1st half	2nd half	Full year	
Domestic Steel Business	12.4	11.7	24.1	7.9	8.4	16.3	16.4
Overseas Steel Business	▲ 2.3	▲ 0.5	▲ 2.8	▲ 1.6	0.4	▲ 1.2	0.9
Material Recycling	0.4	0.6	0.9	0.4	0.7	1.1	1.3
Other Businesses	0.0	0.1	0.1	0.2	0.1	0.3	0.3
Total	9.9	11.1	21.1	5.9	9.1	15.0	17.5

* Differences between the total operating profit for each business and operating profit for the full year are attributed to elimination of corporate costs.



Domestic Steel Business Overseas Steel Business Material Recycling Other Businesses

Domestic Steel Business

Net sales: 144.0 billion yen
Operating profit: 16.3 billion yen

Year-on-year change: Both net sales and operating profit are forecast to decrease.

- Shipments are expected to decline from the previous fiscal year.
- Metal margins are projected to widen compared to the previous fiscal year due to the significant decrease of raw material prices.

Overseas Steel Business - Vietnam

Net sales: 166.0 billion yen
Operating profit: -1.2 billion yen

Year-on-year change: Both net sales and operating profit are forecast to increase.

In South Vietnam base, shipments are forecast to rise from the previous fiscal year due to increased demand. It is expected that cost reduction and other factors will result in profitability for the full year. In North Vietnam base, shipments are anticipated to increase from the previous fiscal year. However, operating profit is likely to be negative for the full year due to the expected aggressive moves by a competitor

- North America

In the US, it is expected that the metal margin will be smaller due to the fall of market prices, and it is likely that a loss will be recorded in the second half.

In Canada, operating profit is expected to increase significantly in the second half, driven by a significant rise in shipments due to a recovery in demand and wider margins resulting from higher small-diameter rebar prices.

Material Recycling Business

Net sales: 8.0 billion yen

Operating profit: 1.1 billion yen

Year-on-year change: Both net sales and operating profit are forecast to increase.

- Aim to improve earnings in the second half by expanding the licensees for hard-to-handle waste and enhancing fluorocarbon fracture treatment.

Other Businesses (Steel Peripheral Business)

Net sales: 5.0 billion yen

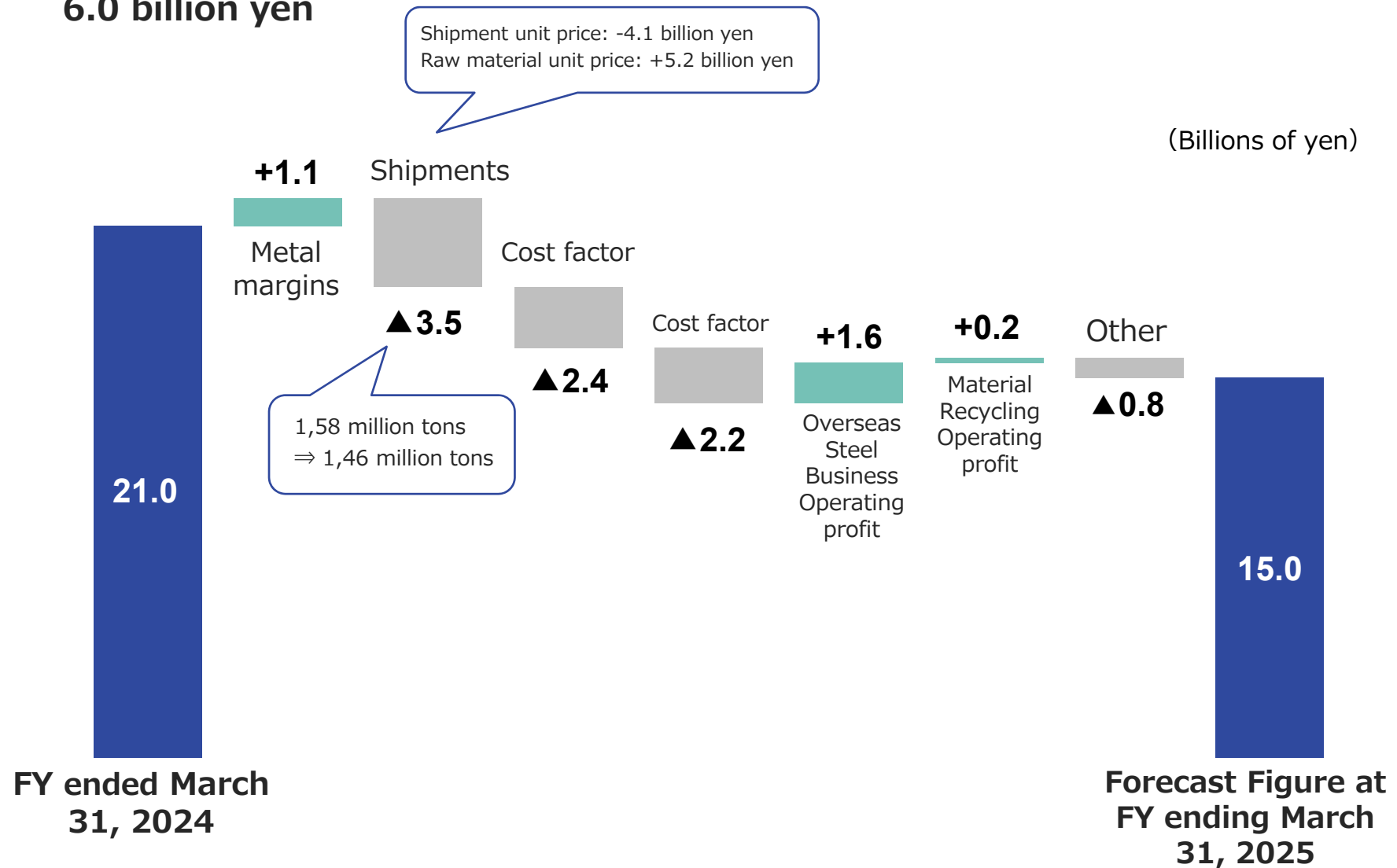
Operating profit: 0.3 billion yen

Year-on-year change: Both net sales and operating profit are forecast to increase.

- Domestic casting business: Continue to pass on increased costs to customers and lower manufacturing costs.
- Vietnam casting business: Plan to increase profits by focusing on maintaining product prices and acquiring new customers in Japan.
- Vietnam harbor operations business : Expect a full-year profit by making efforts to streamline port operations and reviewing sales lines.

Factors for Changes in Ordinary Profit (Year-on-Year Comparison)

Factors that are likely to cause ordinary profit for fiscal year ending March 31, 2025 to fall short of the figure forecast at the previous fiscal year by 6.0 billion yen



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Progress of the Medium-Term Business Plan

	FY ended March 31,2024	FY ended March 31,2025		FY ended March 31,2027
	Business Performance	Previous Announced Value	Current Announced	Final Year Goal
Net sales (Billions of yen)	321.0	336.0	323.0	380.0
Operating profit (Billions of yen)	21.0	18.0	15.0	25.0
Net Income (Billions of yen)	13.8	12.5	12.0	17.5
Product shipment volume (million tons)	3.07	3.24	3.18	4.00
(Domestic)	1.58	1.56	1.46	1.60
(Overseas)	1.49	1.69	1.72	2.40
ROE	7.4%	7.3%	6.0%	8% or higher
Dividend Payout Ratio	28.3%	31.0%	32.6%	30~35%
Capital Expenditures and Business Investments (Billions of yen)	11.5	-	-	-
		110/ 3 years		

Overview : Progress of the Medium-Term Business Plan

In the first year of the medium-term business plan, we will aim to adapt to changes in the environment and to achieve the targets in the plan in conditions that are more severe than had been expected.

■ Domestic Steel Business

Shipments dropped year on year, impacted by the 2024 Problem (a labor shortage and work style reforms in the construction and logistics sectors) and the delay and extension of construction due to extreme heat. However, we maintained high metal margins by earnestly conducting production matched to demand.

■ Vietnam Steel Business

Due to the increase in steel exports in association with the stagnant Chinese economy, the competitive environment was still adverse, but demand was trending toward a recovery and shipments grew. We continued cost cutting measures to reduce losses.

■ North America Steel Business

At the U.S. base, performance was weak as it took it a long time to stabilize its operations after the fire. In a short period of time, we implemented cost cutting measures and passed a resolution to build a new steelworks with an eye toward the future. Small-diameter rebar sales rose to a full-scale level at the Canada base, enabling profit to grow. Progress was achieved as forecast in its measures to extend yards to increase sales.

■ Strengthen the foundations that support growth

Branding activities, human capital investment and other initiatives advanced as projected.

Medium-Term Business Plan 2026: Priority Policies

Based on a review of the previous MTBP, analysis of our external/internal environment, etc., and in view of the “**management that takes into account capital costs and share prices**” called for by the Tokyo Stock Exchange, we have established the following six priority policies.

Initiatives aimed at supporting business growth (growth strategies)

Domestic Steel Business

Strengthen coordination among the four divisions in Japan and increase our presence in the Kanto region
(Strengthen the business foundations by implementing upstream and downstream strategies)

Overseas Steel Business

Strengthen profitability by shifting the weight of the global tripolar structure
(Strengthen the North American business and restructure the Vietnamese business)

Material Recycling Business

Increase our presence as a pioneer in electric furnace melting treatment

Strengthen the foundations that support growth

Intangible asset investments

ESG-oriented corporate management aimed at becoming a “100-year company”

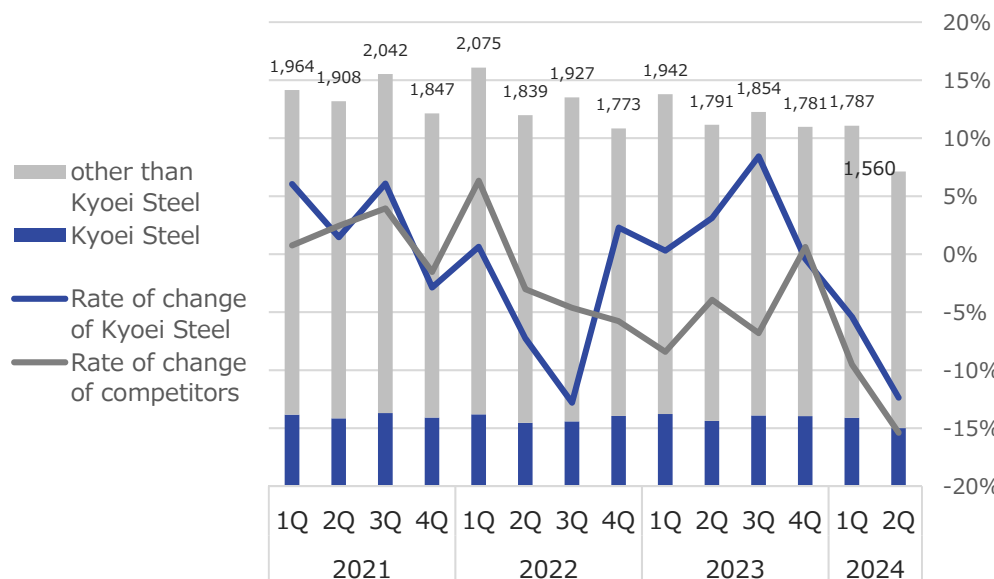
Strengthen the management base

Domestic Steel Business

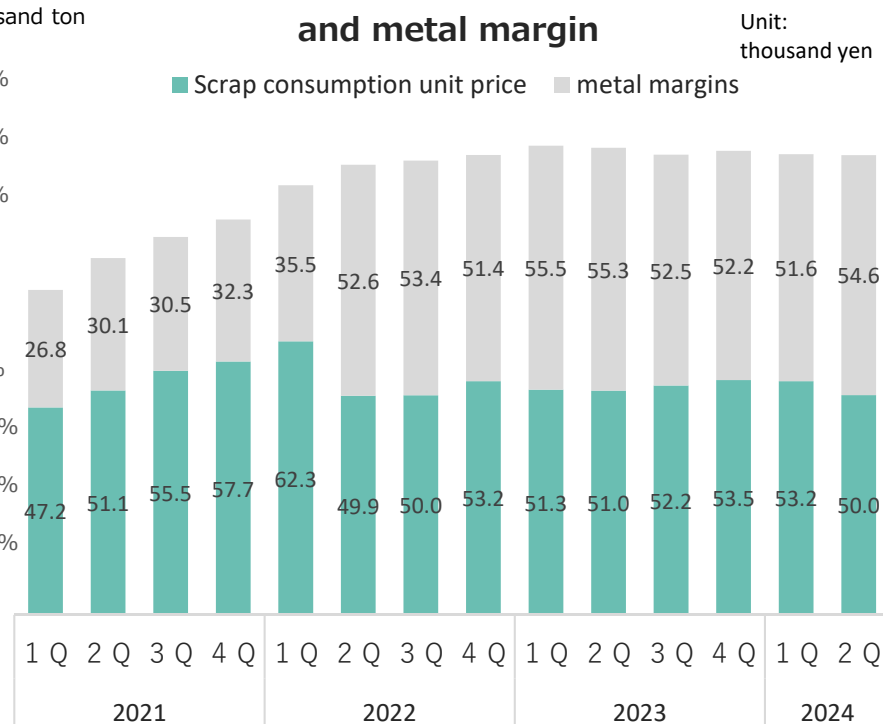
<State in the first year>

- Profit grew in line with the forecast.
- Shipments dropped year on year, impacted by the 2024 Problem (a labor shortage and work style reforms in the construction and logistics sectors) and the delay and extension of construction due to extreme heat. (YoY▲8.1% Small rebar production : YoY▲10.4%)
- we maintained high metal margins by earnestly conducting production matched to demand.

Nationwide Production Volume of Small Bars and Our Production Volume, YOY Change



Changes in Scrap consumption unit price and metal margin



18.0	17.6	17.7	18.4	17.2	17.1	16.7	19.6	18.4	18.1	18.9	19.5	19.0	18.5
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Kyoei Steel's share

※YoY changes

<Future Outlook and measures>

- ① we maintained high metal margins by earnestly conducting production matched to demand.
- ② Continue efforts to address the 2024 Problem in logistics (Increase delivery capacity)
 - Consider increasing and expanding relay points and constructing warehouses (Nagoya and Yamaguchi)
 - Response to driver shortage: Improve the working environment and conditions of group companies conducting transport operations
- ③ Upstream strategy (Increase scrap procurement capabilities)
 - Satellite yard established by a group company in Chita, Aichi (May 2024)
- ④ Improve the strategies for the Kanto region (Tokyo metropolitan area)
 - Reinforce the functions of the Kanto Division
 - Strengthen relationships between divisions in Japan and group companies

Upstream strategy



Satellite yard in Chita

the strategies for the Kanto region (Tokyo metropolitan area)



the Kanto Division



Kyoei Industrial
Atsugi Plant



Kyoei Industrial
Narita Plant

Current State of Overseas Steel Business

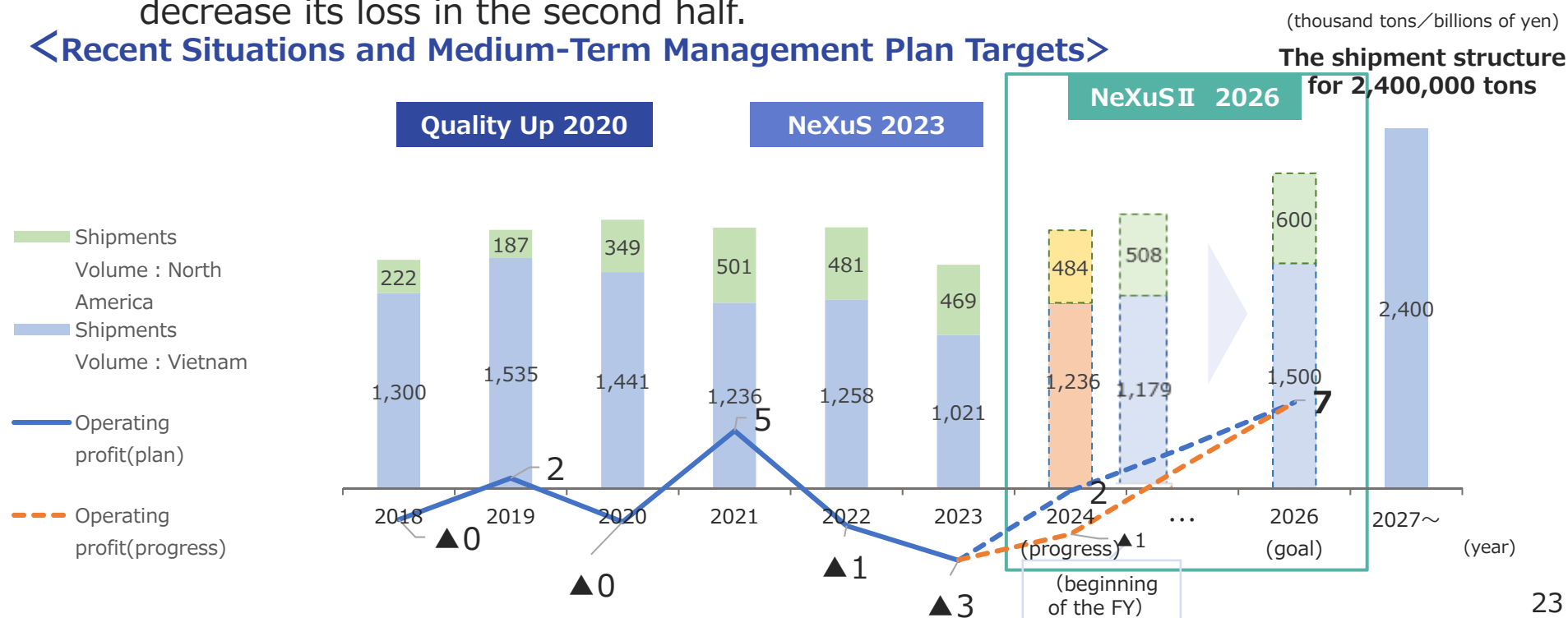
Causes of the failure to fulfill the targets for FY2023 and later

- ① Weakness of the Vietnam business due to political factors and structural factors
- ② Fire at Vinton Steel LLC in the United States

State in the first year

- ① Overall, the Vietnam business is showing signs of recovery, but the environment remains adverse in the north of the country.
- ② Alta Steel Inc.'s performance has been healthy and Vinton Steel LLC will decrease its loss in the second half.

<Recent Situations and Medium-Term Management Plan Targets>



VKS

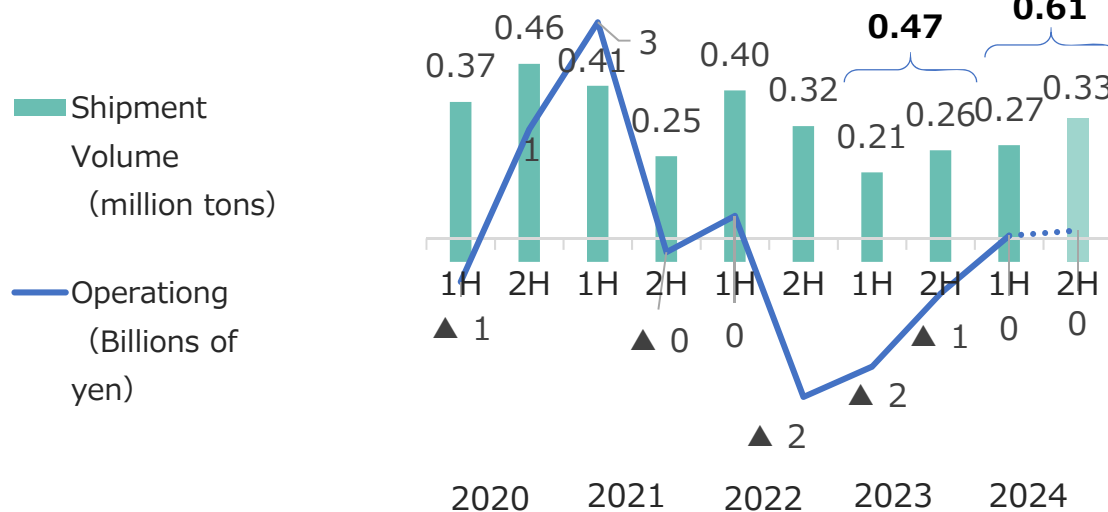
- Sales: In the past, nearly 100% of the products were shipped for housing applications. Now, shipments for projects and exports have been increased, making up around 40% of products. Shipments are expected to increase 29% year on year.
- Purchases: The project to improve operations is progressing. Container scrap was regularly procured to reduce market fluctuation risks.
- Manufacturing: Cost reduction measures are continuing.

⇒ Profitability was achieved in the first half. Full-year profitability is now in sight.

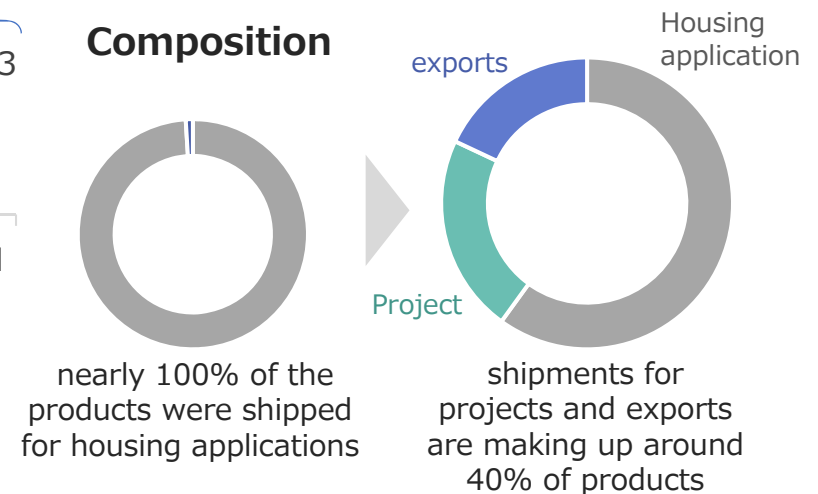


Seminars were organized for the cement association and others in Vietnam to advertise the quality of products.

VKS's Operating Profit and Shipments Volume Trends



Sales Composition



Overseas Steel Business : Current State of North Vietnam

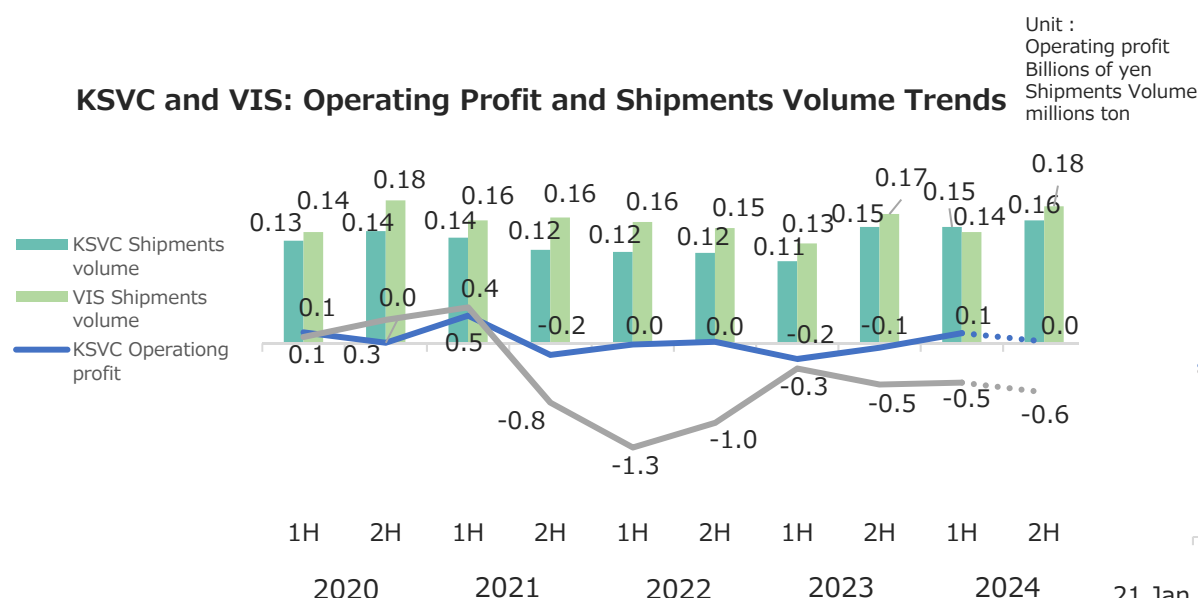
■ KSVC

- Sales:
Sales activities close to customers were firmly implemented.
- Management:
Operating profit is forecast to be positive for the full year, as the procurement of low-priced billets and low-inventory operations have been continued.

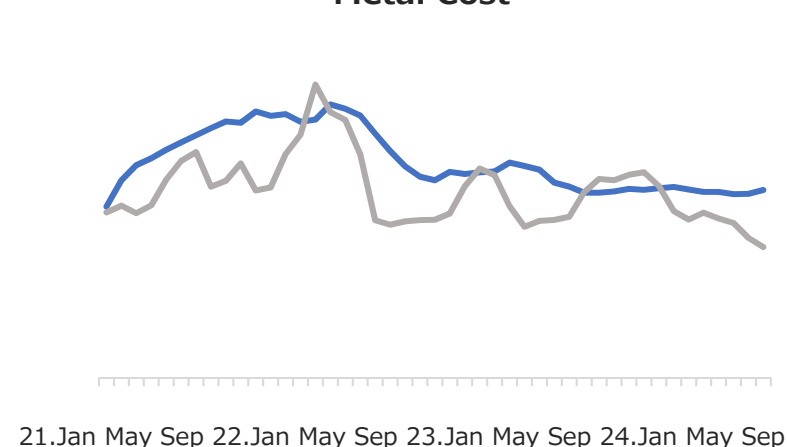
■ VIS

- Sales:
VIS faced difficulties due to the low-price offensive by blast furnace steelmakers in a market where blast furnace steelmakers are dominant, although shipments increased.
- Management: It is expected that the business environment in the north market will continue to be adverse for the foreseeable future.

KSVC and VIS: Operating Profit and Shipments Volume Trends



VIS Corporation: Trends in Scrap Consumption Unit Price and Hot Metal Cost



— steel scrap — hot metal cost

Vietnam: VIS Capital Investment Plan

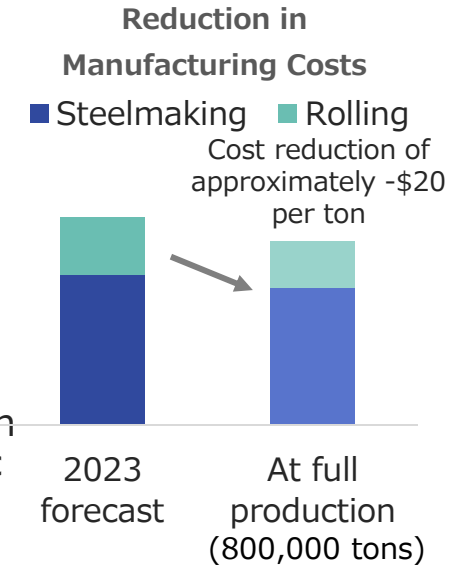
KYOEI STEEL

■ Description and concept

- Building a rolling line with the latest equipment in order to increase competitiveness through direct rolling production
- Production capacity: 500,000 tons/year

■ Background and purpose

- Bar steel demand in Vietnam is expected to be affected by the weak real estate market until the first half of 2024, but to recover to previous levels in and after 2025 owing to demand stimulation measures such as large public works.
- It is essential to realize a highly competitive mill in order to survive in northern Vietnam, where there are many competitors with different cost structures, such as mini blast furnaces and induction furnaces.

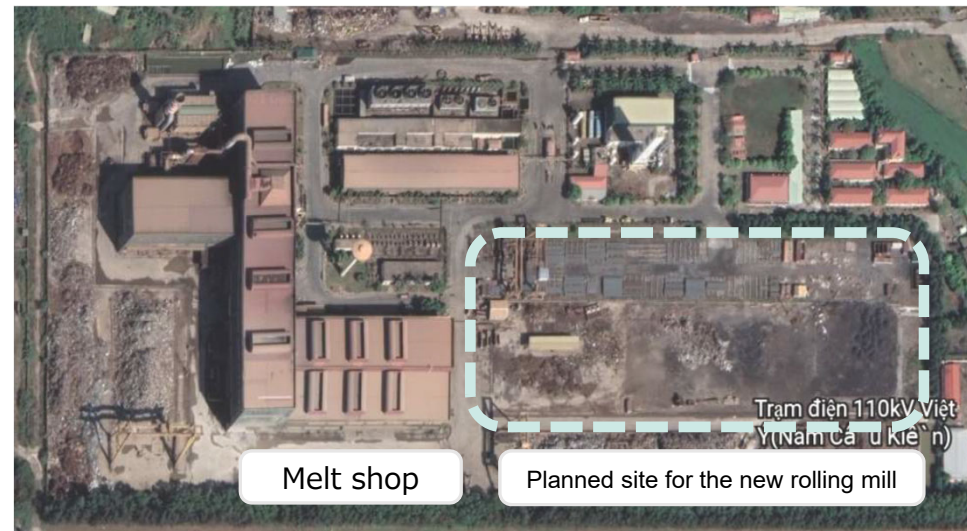


■ Amount

Total investment amount:
Approximately USD 80 million

■ Schedule

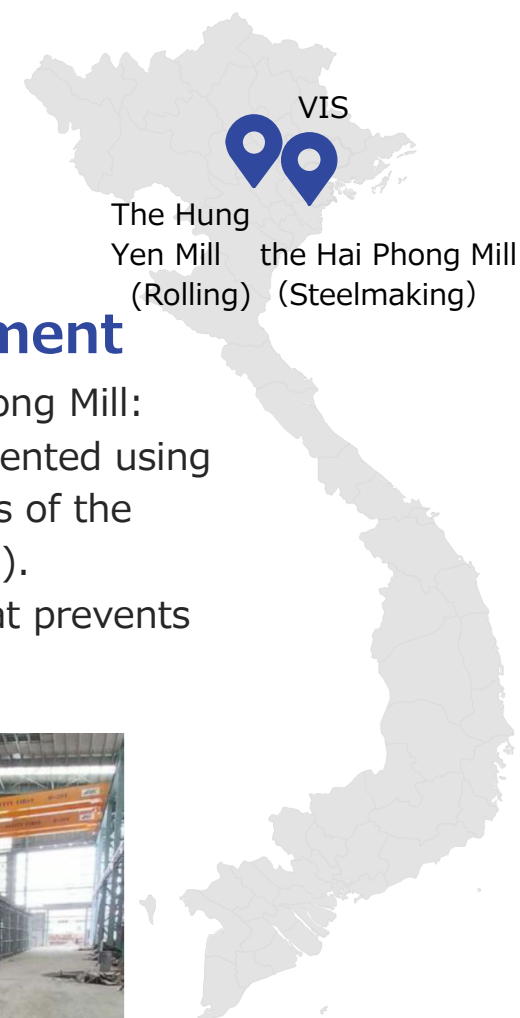
Start of construction work: Around November 2023
Start of operation: April 2025



Towards the Rebuilding of VIS

■ Progress of Capital Investment Plan

- There has been good progress in construction.
(Although a large typhoon hit the north of Vietnam in September, its adverse impact was minor.)
- Feb. 2025: Cold run to be started
- Apr. 2025: Hot run to be started



■ In view of the current business environment

- Partial revision to the production structure plan for the Hai Phong Mill:
An agile and flexible system of hybrid operation will be implemented using outsourced billets as appropriate with a close eye on the trends of the competition and the raw materials markets (scrap and iron ore).
- ⇒ Profitability will be achieved through an operation structure that prevents negative profit even if metal margins are at a record low.



The building is completed



Foundation of the frame near the cooling floor

Towards the Rebuilding of Vinton Steel

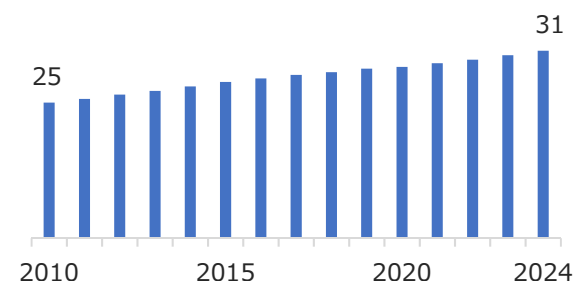
Vinton Steel

<View of the current business environment>

- The market and unit selling prices are declining slightly.
- Texas is a region where the population is increasing.
Strong demand for bar steel is expected in the future based on the demand mainly for infrastructure construction.

Population Trends in Texas

Unit: Million

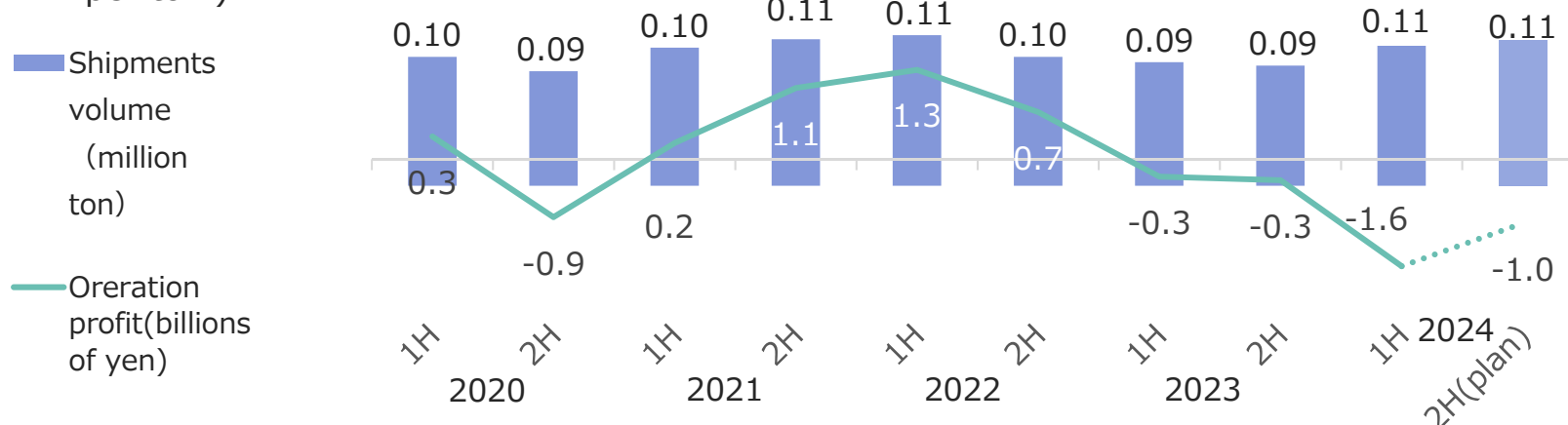


出典：World Population Review

<Future outlook and measures>

- Management: Costs will be firmly reduced in every way. Even with the existing mill, monthly profitability is expected in December this year.
- Sales: After the restructuring of sales channels, there is the potential to secure a sales volume of 20,000 tons per month. The steel products business for mines will be strengthened.
- Purchases: The structure for procuring scrap will be reviewed.
- Manufacturing: The Head Office's EN Office continues to support operations and implement the cost improvement action plan. (It is expected that costs will be reduced 40 U.S. dollars per ton.)

Vinton: Operating Profit and Shipments Volume Trends



〈Policy in the medium-term business plan〉

Implement a large investment (around 60 billion yen) to secure a 500,000 ton shipping capacity.



〈Partial change〉

Implement a plan to build a new steelworks using existing rolling lines (worth around 34.5 billion yen) to achieve stable production to ensure a 300,000 ton shipping capacity.

Reason for the change:

In view of the market conditions and the demand environment, the plan was changed to seek the steady expansion of sales using the existing sales channels. It was also changed to ensure the proper procurement of raw materials using the existing scrap factory.

<Capital Investment Plan>

■ Objective

- Addressing aging facilities and fundamentally stabilizing profits through productivity improvement.

■ Overview

- Capital Investment: New steelmaking plant, partial modification of existing rolling equipment
- Production Capacity: 300,000 net tons per year
- Total Investment: Approximately 230 million USD (approximately 34.5 billion yen at 150 yen/USD)
- Products: Rebar and wire rods for ball bearings

■ Schedule

- Detailed design: Currently underway
- Construction start: After December
- 2024 Start of operation: January 2027

Overseas Steel Business: Further Strengthening of the Canadian Base

■ Alta Steel

<Current demand environment>

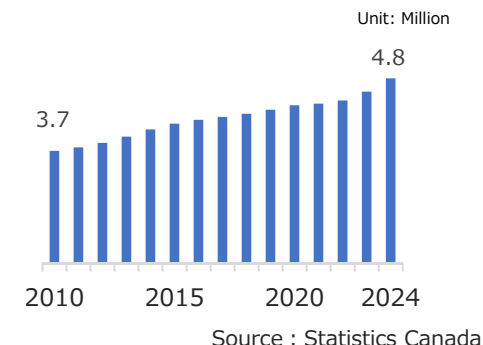
- In the first half, shipments fell slightly due to consumers' conservative purchases and the temporary closure of the mine.
- Alberta is an area where the population is increasing. Firm bar steel demand is anticipated in the future based on the demand mainly for infrastructure.

<Future outlook and measures>

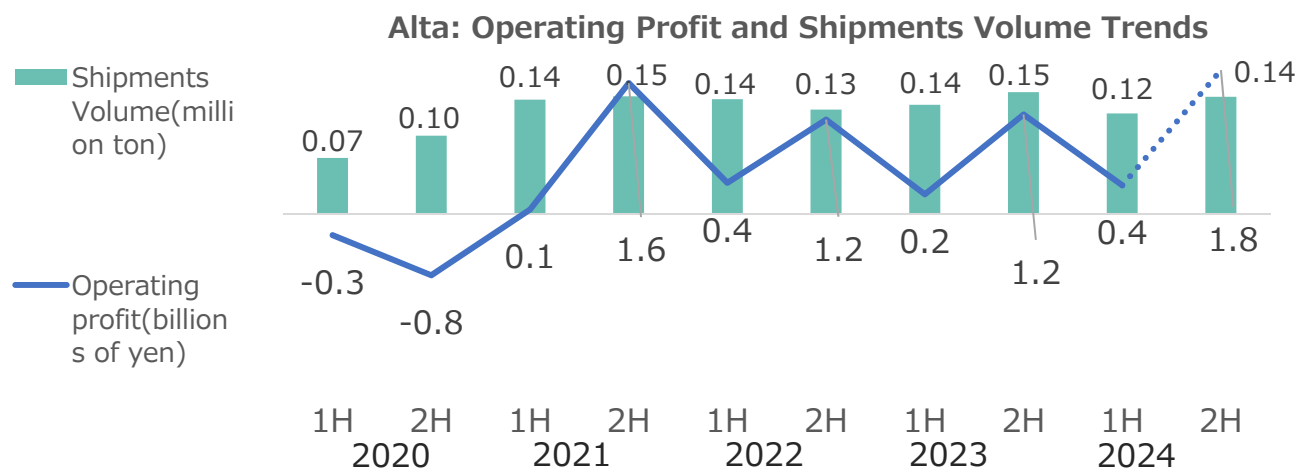
- Sales:
Commercial production of small-diameter rebars was fully scaled up.
It is expected that metal margins will expand due to extra prices and shipments will increase.
- Manufacturing :
The modification of the rolling facilities was completed.
Construction of a shipping yard to increase shipping capacity is scheduled to be complete next spring.

KYOEI STEEL

Population Trends in Alberta



Alta's small-diameter rebar



Shipping yard under construction

Overseas Steel Business: Future Outlook

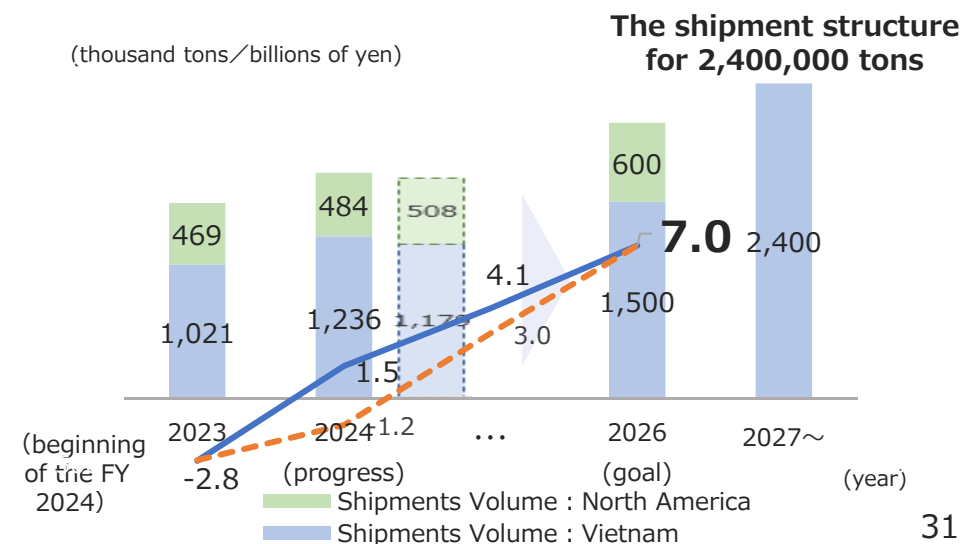
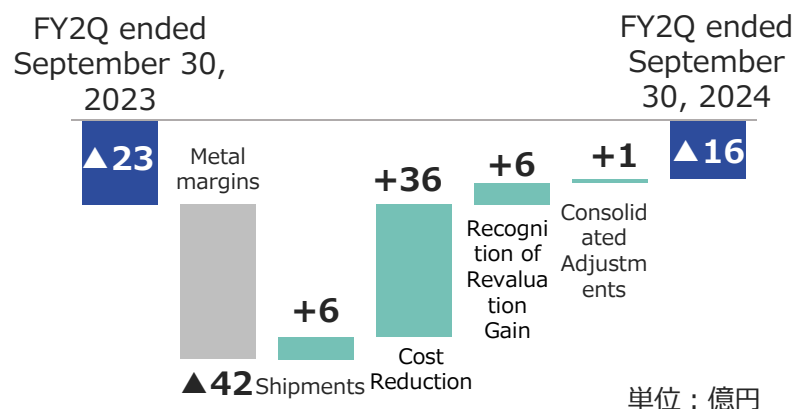
<Steady improvement in cost competitiveness>

- In both regions in the current interim period, the decline in profit due to the contraction of metal margins was offset by an increase in shipments and the reduction of manufacturing costs.

<Future Outlook">

- **Vietnam** : The demand decrease due to political factors is fading.
Given that the factors related to market structure are expected to remain for the foreseeable future, we will establish a low-cost manufacturing system that is not susceptible to external conditions.
- **North America** : The impact of the fire at the U.S. base is being eliminated as the sales and manufacturing measures are having a positive effect.
We will begin to strive to increase profit in the harvest phase in Canada and after the completion of the investment in renovations in the United States.

Factors Contributing to the Fluctuations in Overseas Segment Profit

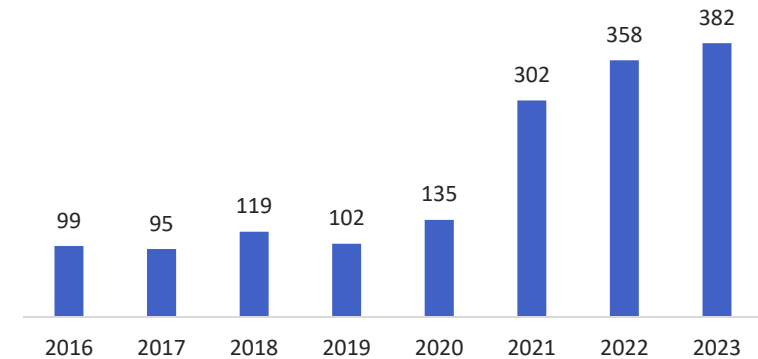


Current State of Material Recycle Business **KYOEI STEEL**

Trends in CFC Destruction (Our Company) Unit: Ton

<First-year situation and measures>

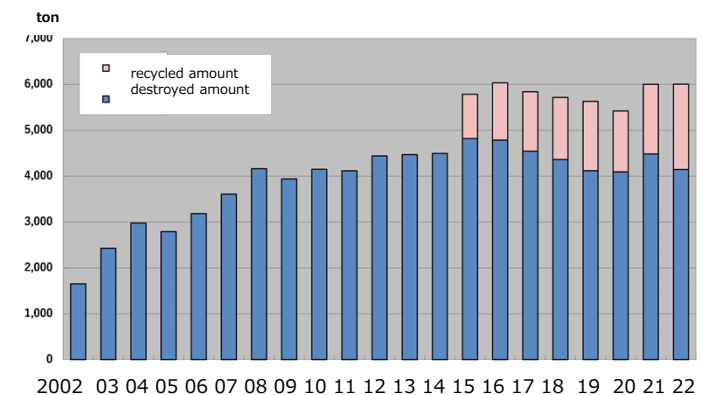
- In the first half, the business struggled amid the intensification of the competition in the treatment of medical waste.
- In the second half, profit is forecast to rally following the receiving of orders for difficult-to-treat waste treatment.



<Future outlook and measures>

- We will carry out sales activities that conform to the basics. (Advertising the social contribution nature of electric furnace melting treatment)
- We will work to receive more permits and licenses relating to difficult-to-treat waste (asbestos).
- To increase profit, we will step up our chlorofluorocarbon (CFC) destruction treatment, which has a high unit price for treatment.

Trends in CFC Destruction (Nationwide)



(Source: MOE)

CFC Treatment Equipment

1. Intangible asset investments

- Create an environment for recruiting and retaining diverse personnel and improve the education and training programs
- Renovate the office and welfare building of the Yamaguchi Division
- Implement internal and external branding activities based on Ethical Steel

2. ESG-oriented corporate management aimed at becoming a “100-year company”

- Accelerate the fuel shift (Yamaguchi and Kanto)
- Consider the installation of solar power generation systems (Nagoya and Kanto)
- Continue olive planting activities
- Participate in regional activities

3. Strengthen the management base

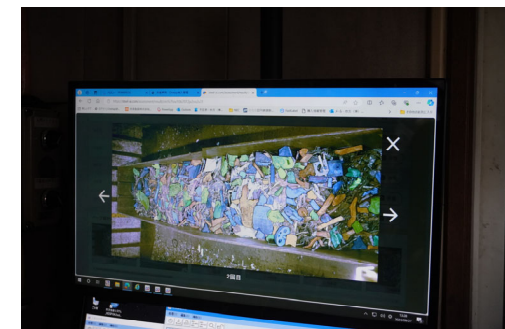
- Step up digital transformation (DX): Introduce AI-assisted scrap acceptance inspections and robotic process automation (RPA)
- Maintain a financial rating of A
- Equity-to-asset ratio: 54.9% \Rightarrow 57.6%
(As of March 31, 2024 \Rightarrow As of September 30, 2024)



New Office Building at Yamaguchi Division



Solar Panels at Yamaguchi Division



Screen for Scrap Inspection Using AI (Hirakata Division)

The objectives of the medium-term management plan and Our current position

Key points of the medium-term business plan for addressing these issues

A sharply increasing global population

A sharply increasing global population

Changes in the global environment due to global warming

Alteration of globalization

Technology advancing at an accelerating pace

Changes in political and economic circumstances

Key points of the medium-term business plan for addressing these issues

1

Establish a global tripolar structure to compensate for the decrease of demand in Japan

2

Strategy for the Tokyo metropolitan area in line with the concentration of the population in urban areas

3

Qualitative enhancement of the Material Recycling Business in response to the establishment of a resource-circulating society

Our current position

We have established our global tripolar structure. We will aim for the stable growth of profit.

We have implemented the merger with Kanto Steel Ltd. Specific initiatives will be determined in consideration of future demand trends.

In the brand strategy, we will advertise the added value of electric furnace treatment which contributes to recycling resources.

NeXuS

▶▶▶ Next Success

Aiming to become a successful company in the future

We are striving to transform ourselves from a company that has “contributed to the creation of social infrastructure across the world through steel manufacturing” into an “essential company” that will contribute to achieving development of society and harmony with global environment through the resource recycling business in the coming “circular economy society.”

Disclaimer

- This document has been prepared for the purpose of providing information on the Company's management strategies, and not for the purpose of soliciting the purchase or sale of securities issued by the Company.
- Information contained in this document includes forward-looking statements and financial forecasts on the Company. These statements and forecasts include potential risks and uncertainties and do not guarantee future earnings. It should be noted that earnings results may differ from forecasts due to changes in the business environment or for other reasons.
- It should also be noted that the Company may withdraw or change the whole or part of the information contained in this document without giving prior notice.
- Under no circumstance shall the Company be held liable for any loss or damage arising from the use of any information contained in this document.



Olive orchard near the Yamaguchi division
On October 9th, the second harvest was carried out.

Reference: Kyoei Steel Group's Bases in Japan

KYOEI STEEL



Yamaguchi Division

Rebar (all sizes), structural steel bar, small shapes (flat bar, I beam, equal angle bar)



Hirakata Division

Rebar (thin type) and round bar



Kyoei Industrial Co., Ltd.

Mechanical working of rebar, sales of steel products



Kyoei Material, Inc.

Gathering and processing of scrap



Yodoshi Corporation

Casting



Kyoei Mesona Inc.

Material recycling business



Kanto Division, Ltd.

Rebar (thin type)



Nagoya Division

Rebar (all sizes), threaded rebar, and high-tensile steel

Other bases in Japan

- Kyoei Recycling Co. Ltd.
- Kyoei Fabricated Steel Sales Corporation
- MSK Japan Co., Ltd.
- Nakayama Steel Products Co., Ltd. (Equity-method investee)



Reference 1

Reference: Kyoei Steel Group's Overseas Bases in Vietnam

KYOEI STEEL



1 **Vietnam-Italy Steel Joint Stock Company (VIS)**

Hung Yen Province, Vietnam

Business: Production and sale of steel products (rebar and wire rod)

Production capacity:

Steelmaking capacity of 450,000 tons/year and rolling capacity of 300,000 tons/year



2 **Kyoei Steel Vietnam Company Ltd. (KSVC)**

Ninh Binh Province, Vietnam

Business: Production and sale of steel products (rebar and wire rod)

Production capacity: Rolling capacity of 300,000 tons/year



3 **Vina Kyoei Steel Company Ltd. (VKS)**

Ba Ria-Vung Tau Province, Vietnam

Business: Production and sale of steel products (rebar, round bar, section steel, and wire rod)

Production capacity:

Steelmaking capacity of 500,000 tons/year and rolling capacity of 900,000 tons/year



4 **Thi Vai International Port Co., Ltd. (TVP)**

Ba Ria-Vung Tau Province, Vietnam

Business: Harbor operations



5 **Vina-Japan Engineering Ltd. (VJE)**

Hai Phong City, Vietnam

Business: Production and sale of pig iron casting products

Production capacity: 9,000 tons/year



Reference 2

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Reference: Kyoei Steel Group's Overseas Bases in North America

KYOEI STEEL



1 AltaSteel Inc.

State of Alberta, Canada

Business: Production and sale of steel products and processing and sale of scrap metal

Production capacity:

Steelmaking capacity of 300,000 tons/year and rolling capacity of 270,000 tons/year

Establishment: 2020 (founded in 1955)

AltaSteel Inc.
(State of Alberta)

1

Vinton Steel LLC
(State of Texas)

2



2 Vinton Steel LLC

State of Texas, the United States of America

Business: Production and sale of steel products (rebar, grinding ball)

Production capacity:

Steelmaking capacity of 250,000 tons/year, rolling capacity of 200,000 tons/year (rebar), and forging capacity of 50,000 tons/year (grinding ball)

Establishment: 1962

Reference 3