

July 19, 2024

Company name: Kyoei Steel, Ltd.
Representative: Yasuyuki Hiroto, President and Representative Director
(Stock code: 5440, TSE Prime Market)
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Notice Regarding Plan for Capital Investment in U.S. Business Base

Kyoei Steel Ltd. (the "Company") announces that a meeting of the Board of Directors held on July 19, 2024 finalized the basic plan for capital investment in conjunction with the construction of a new steelmaking plant and partial modification of rolling mill equipment at Vinton Steel LLC, which is one of its businesses in the United States and a consolidated subsidiary (hereinafter called "Vinton Steel"). The outline of the plan is as follows.

1. Purpose of capital investment

In the NeXuS II 2026, a medium-term business plan covering the period from FY2025 through FY2027*¹, the Company set out the enhancement of profitability through a weight shift in the global tripolar structure as its highest priority. With this in mind, it has been working in particular on ways to realize the capital investment plan aimed at strengthening its North American business. In addition, with the aging of equipment becoming an issue at Vinton Steel, the Company has decided to proceed with the construction of a new steelmaking plant and partial modification of rolling mill equipment to address the aging of equipment and enhance the capacity of the facility. By doing so, it will improve productivity and facilitate significant cost savings and greater production and shipment volumes with a view toward improving and stabilizing profitability.

Going forward, efforts will be made for detailed design, while the details of the capital investment plan will be examined further.

*1 FY (Fiscal year) of the Company: from April 1 to March 31

2. Outline of the capital investment plan

- 1) Capital investment: steelmaking plant construction; partial modification of rolling mill equipment
- 2) Production capacity: 300,000 net tons annually
- 3) Total investment: about US\$230 million (about 34.5 billion yen, calculated at 150 yen to the dollar)
- 4) Items to be manufactured: Reinforcing steel bars and round bars for steel balls

3. Outline

- 1) Start date of construction work: December 2024
- 2) Start date of operation: January 2027

4. Overview of the relevant subsidiary

Corporate name: Vinton Steel LLC
Location: Texas, U.S.
Representative: Masahiro Kitada, President (Board Director & Executive Managing Officer of the Company)

Description of Business: Production and Sale of steel material (Reinforcing steel bars and round bars for steel balls)

Capital: US\$48 million

Year established: 1962 (Conversion to a subsidiary by the Company in 2016)

Investment ratio: KYOEI STEEL America LLC*² 100%

*² KYOEI STEEL America LLC is the U.S. steel business headquarters wholly owned by the Company.

5. Future outlook

The Company considers that the impact of this matter on the Group's consolidated financial results for the current fiscal year will be minor. Revisions to the financial results forecasts, if any, will be promptly disclosed.

End.