



NAKAYAMA STEEL WORKS, LTD.

Nakayama Steel Works Group's Long-Term Plan

~Toward a New Stage of Growth Based on the New Electric Arc Furnace Project~

May 13, 2025

Table of contents

- 1. Review of the Third Medium-Term Management Plan**
- 2. Recognition of the Present Status**
- 3. Long-Term Plan(FY2025~2033)**
 - 3-① Overview of the Long-Term Plan**
 - 3-② Target KPIs**
 - 3-③ New Electric Arc Furnace Project**
 - 3-④ Building a System for Achieving the Long-Term Plan**
 - 3-⑤ Financial Strategy**

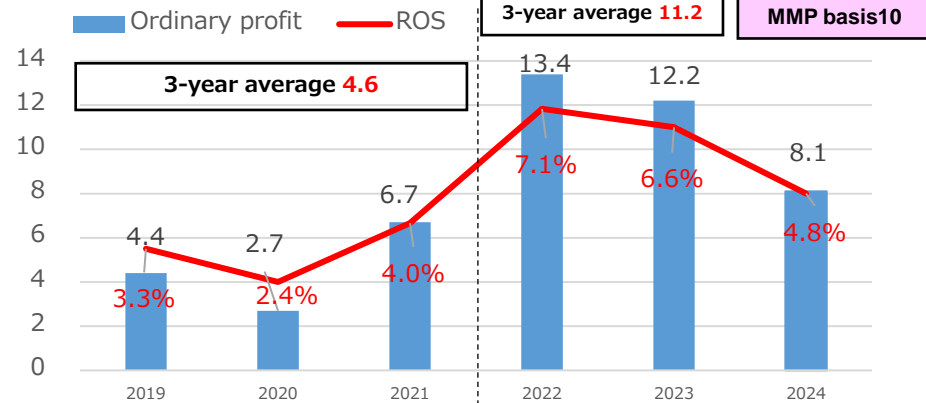
Appendix

1. Review of the Third Medium-Term Management Plan

Achievement of quantitative targets (consolidated)

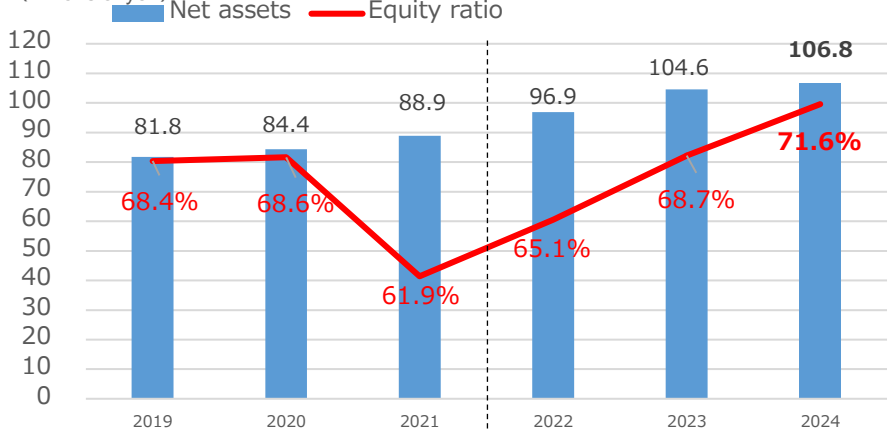
Ordinary profit and ROS

(Billions of yen)



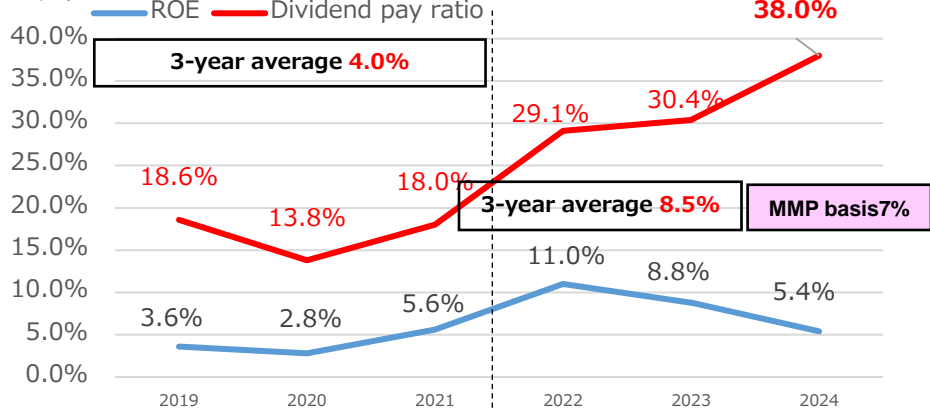
Net assets and Equity ratio

(Billions of yen)



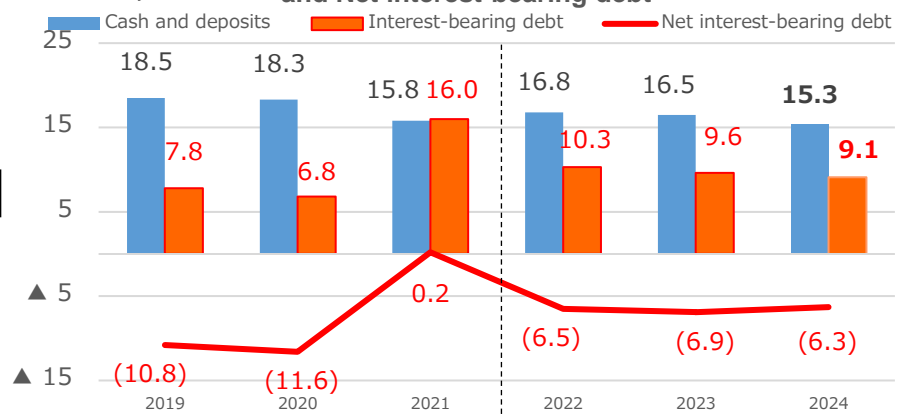
ROE and Dividend payout ratio

(%)



Cash and deposits, Interest-bearing debt and Net interest-bearing debt

(Billions of yen)



Net D/E ratio FY2024 Result (0.06)

MMP approximately 0.1

Review and evaluation of five priority policies

Priority Policies	Evaluation	Measures	Major Progresses
1) Pursue the unique quality of NAKAYAMA, and increase additional value across the Group to maximize consolidated earnings	<div> <div>◎</div> <div>△</div> <div>○</div> </div>	<p>Bolster the processing field in a group-wide effort</p> <p>Increase sales of high-value-added products and expand supply chain</p> <p>Reinforce and promote community-based sales activities</p>	<ul style="list-style-type: none"> • The policy measures proved effective in the building materials business merger, and completion of the relocation of Sansen Shearing's office • Expansion of sales of electric arc furnace materials (product development), for example, high corrosion resistance plating, low CO₂ materials, etc. • Nakayama Trading M & A (Kyushu) and launch of new transit sites (North Kanto Strategy)
2) Bolster efforts to achieve a carbon-neutral and recycling-oriented society	<div> <div>△</div> <div>○</div> <div>○</div> <div>◎</div> </div>	<p>Establish the electric arc furnace production system with a monthly capacity of 50,000 tons</p> <p>Undertake scraps collection measures and diversify iron sources</p> <p>Detailed study of increasing the production capacity of electric arc furnace</p> <p>Promote sustainability efforts</p>	<ul style="list-style-type: none"> • Improvement of operational indicators by responding to equipment accidents and optimizing scraps inventory • Start of scraps reservation system and construction of shipping collection system • New Steel Manufacturing Review Group continues detailed study • Participation in the GX League and the Environmentally Friendly Electric Arc Furnace Workgroup, acquisition of the A list in CDP(Climate Change), third-party verification of GHG, etc.
3) Promote partnership with Chubu Steel Plate Co., Ltd.	<div> <div>△</div> </div>	<p>Receive slabs supply from Chubu Steel Plate, and outsource steel plates production to Chubu Steel Plate</p>	<ul style="list-style-type: none"> • Delayed due in part to delay in start-up of new electric arc furnace

Review and evaluation of five priority policies

Priority Policies

Evaluation

Measures

Major Progresses

4) Enhance the management base



Promote replacement of the old production facilities with new ones, and demolition and removal of idle facilities



Accelerate digital transformation (DX)

- **Completed demolition of idle facilities as planned for utilization of the site**
- Introduction of workflow system, expansion of application of RPA system, trial of energy saving by AI utilization in production line, etc.

5) Strengthen our commitment to contribute to our stakeholders



Enhance corporate governance—transition to a company with an audit and supervisory committee
Execute stable returns to shareholders that properly reflect our performance, and enhance information disclosures



Improve work-life balance through work style reform

- **Transition to a company with audit and supervisory committee, promotion of female officers, introduction of stock compensation system and delegated executive officer system, etc.**
- Continued consolidated dividend payout ratio of 30% or more
- Enhancement of welfare facilities, achievement of the target paid leave income rate, continued certification as an “Certified Health & Productivity Management Outstanding Organization ” for 5 consecutive years, etc.

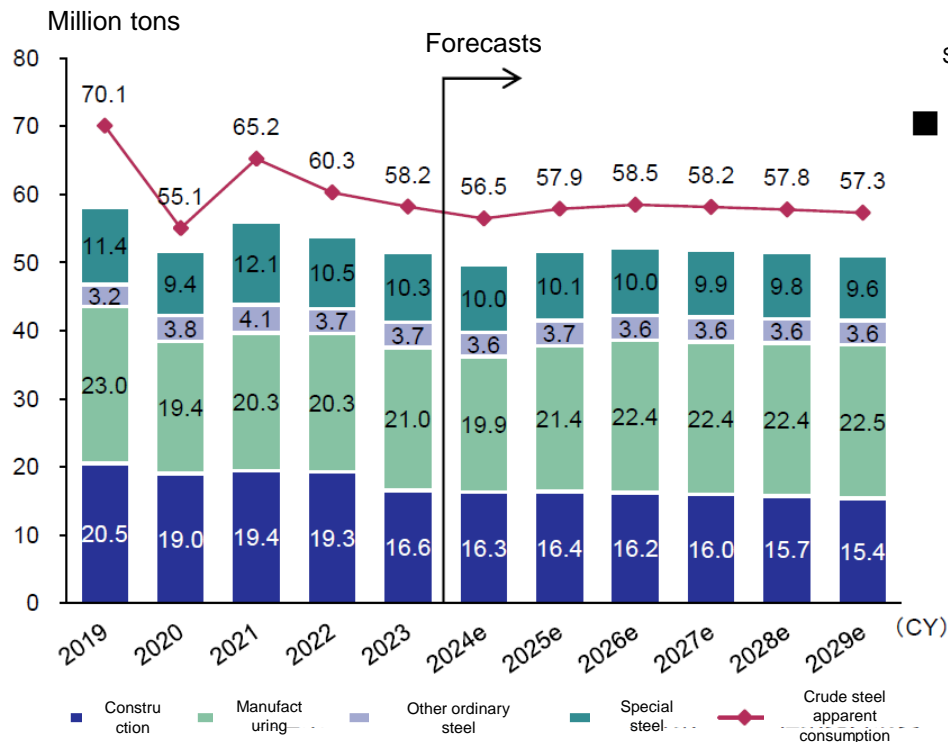
2. Recognition of the Present Status

Changes in our business environment—understanding the current situation①

Domestic steel demand

- In 2024, production of cars and industrial machinery fell and demand from the construction sector also shrank
- Overall domestic demand will remain flat toward 2029

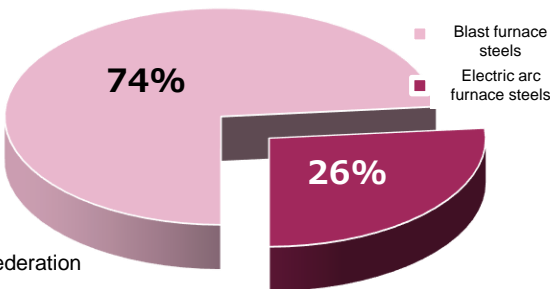
Medium-term outlook for domestic steel demand



Source: Compiled by the Mizuho Bank Industry Research Department based on "Monthly Report on Steel Statistics Report" by the Japan Iron and Steel Federation. Published in "Mizuho Industry Research No. 76: Medium-Term Outlook for Japanese Industry".

FY2023 national crude steel production ratio

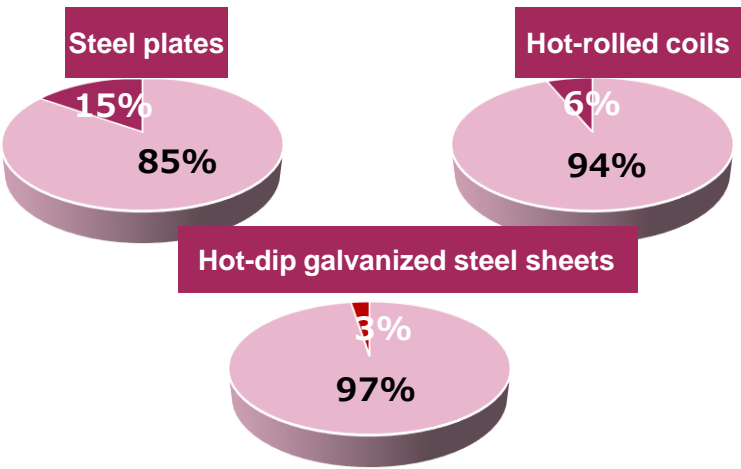
- Electric arc furnace accounts for approximately 1/4 of total production



Source: the Japan Iron and Steel Federation

Production ratio by variety

- In the steel industry, the proportion of blast furnace materials is high
- The Company expects that the proportion of electric arc furnace materials used will increase in the future



Source: Compiled by the Company from Japan Iron and Steel Federation "Production Results by Steel Plant"

Changes in our business environment—understanding the current situation②

Changes in our business environment

Consolidation of blast furnace manufacturers' production bases

Foreign exchange

Population decline
Ageing society

Trump's tariff policy

Reduce greenhouse gas emissions

Inflation

Slump in construction investment

Earnings opportunities

Domestic companies support the Japanese Strategic Energy Plan
Accelerate their efforts to achieve carbon neutrality

Electric Arc Furnace Process

Characteristics of the electric arc furnace process

CO₂ emissions for each ton of crude steel from an electric arc furnace are approximately a quarter of the one from a blast furnace
Increase in demand for electric arc furnace steel as part of the resource circulation process

Demand for electric arc furnace materials is expected to grow

Changes in our business environment—understanding the current situation③

■ Nakayama Steel Works Group's Four Strengths

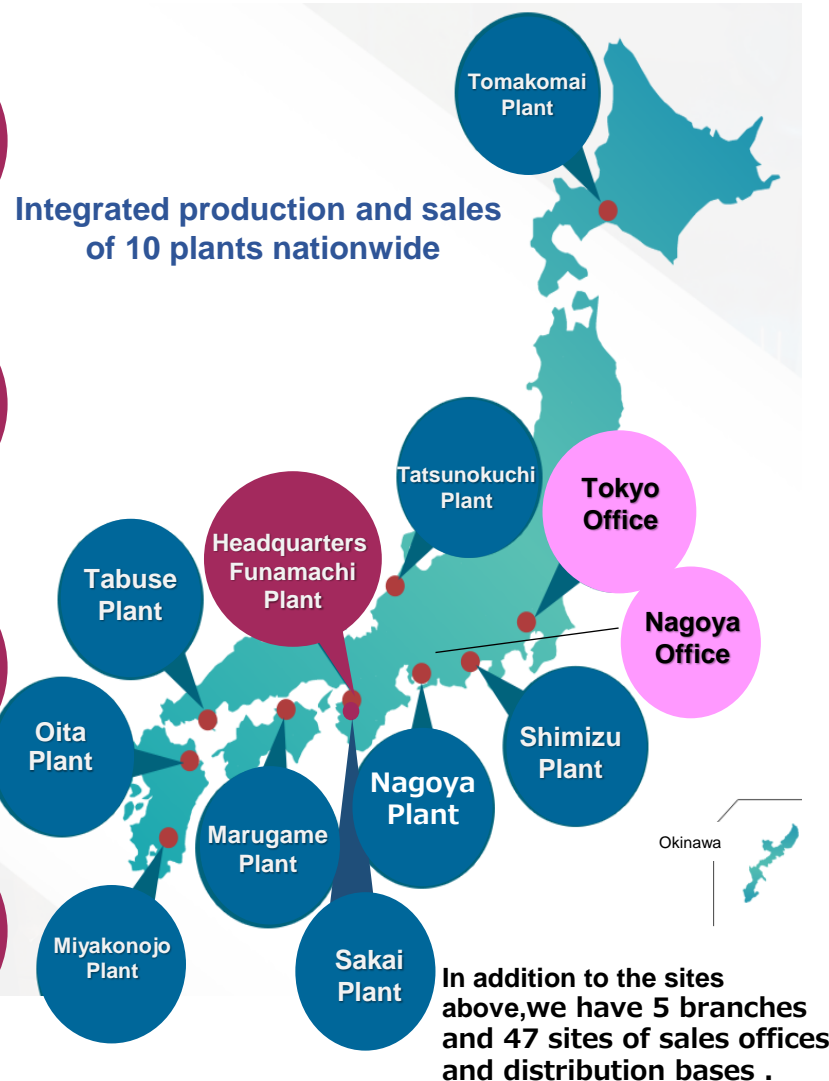
The Company is one of only three electric arc furnace steel manufacturers in Japan.

Community-based system with trading company and logistics functions

Top share of domestic market for checker plates and C-shaped steels

An electric arc furnace manufacturer with blast furnace and converter technology

NAKAYAMA STEEL WORKS's sites nationwide



3. Long-Term Plan(FY2025~2033)

3-① Overview of the Long-Term Plan

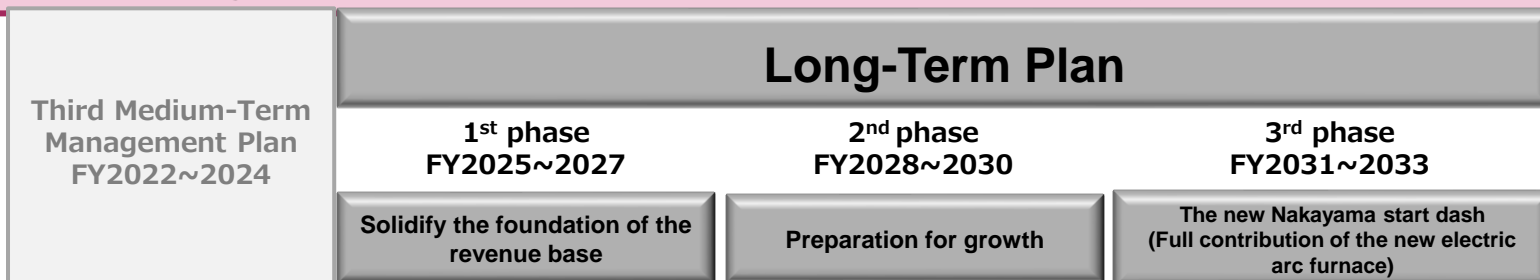
2033 Long-Term Plan

New formulation based on the 2030 Long-Term Vision

■ Slogan for achieving the 2033 Long-Term Plan

Toward a new stage of growth based on the new electric arc furnace project

- Establish a strong presence in the domestic electric arc furnace slabs
- Pursue the unique quality of NAKAYAMA in response to user needs in a recycling-oriented society
- Ignition of the three-stage rocket (Phase 1~ 3) for the start of the new Nakayama Steel Works



Reinventing the production system

Detailed study of increasing the production capacity
Electric arc furnace steel ratio increased

Increase production capacity of the existing electric arc furnace
Construction and operation of the new electric arc furnace
(construction started 2026.8 to 2030 years of operation)

Promotion of growth strategy through operation of new electric arc furnace

Strengthening sales strategy

Merger with Nakayama Mitsuboshi Steel Products
Construction of Sansen Shearing No. 2 Plant

Expanding and stabilizing profits by strengthening processing

Promotion of strategies to capture the needs of the electric arc furnace
Further enhancement of processing capacity

3-② Target KPIs

Long-Term Plan targets (FY 2030 and FY 2033)

Key KPIs (Financial)

	FY2024 Result		FY2030 Target		FY2033 Target
Ordinary profit	8.1 billion yen		10 billion yen or more		13 billion yen or more
EBITDA	11.3 billion yen	➤	22 billion yen or more	➤	26 billion yen or more
ROE	5.4%		5% or more		6% or more
Dividend payout ratio	38%		30% or more		30% or more*1

*1 Consider strengthening shareholder returns based on earnings and cash flows after completion of the new electric arc furnace

Long-Term Plan targets (FY 2030 and FY 2033)

Key KPIs (Non-Financial)

	FY2024 Result		FY2030 Target		FY2033 Target
CO ₂ emmissions (Scope1,2,3)	1,633 thousand tons ※FY2023 Result		1,158 thousand tons		
Percentage of female managers	14.3%	➤	30.0%	➤	33.0%
Rate of paid leave taken	82.8%		100%		100%
Number of industrial accidents	1		0		0

Priority policies in the Long-Term Plan

- 1) Contributing to the realization of a carbon-neutral, recycling-oriented society**
- 2) Improvement of earnings structure and reform of product portfolio**
- 3) Strengthening business partnerships**
- 4) Establishment of a system the operation of New Electric Arc Furnace**
- 5) Strengthening the management foundation**

3-③ New Electric Arc Furnace Project

Necessity of new electric arc furnace installation

■ Issues with the existing electric arc furnace

The building
over 50 years
old cannot be
renewed

It is impossible to
increase the furnace
volume due to the
building foundation
is weak

There is a width
constraint of the
continuous casting
machine



■ Company-wide issues

Reduction of CO₂
emissions

Expanding sales of
high-value-added
products

Low-profit
structure with
high-cost
purchased iron
sources



**Establishment of the new electric arc furnace is
an essential business strategy**

Investment in new electric arc furnace: scheme to establish a joint venture with Nippon Steel (strengthening business cooperation)

Scheme: Establish a new company with Nippon Steel and supply products to Nippon Steel

- ① Establish a company with steelmaking facilities, including electric arc furnace, at Nakayama's plant
- ② Nakayama Steel Works leases and operates steelmaking facilities
- ③ Supply to Nippon Steel some of slabs, hot rolled coils, etc. from Nakayama Steel Works

Future schedule (planned)

- Sep. 2025 Execution of the Joint venture agreement
- Mar. 2026 Establishment of new Joint venture
- 2030 or later Start of operation

Total investment: Approximately 95 billion yen

Investment: Approximately 50 billion yen

**Equity ratio : Nakayama Steel Works 51%,
Nippon Steel 49%**



**NAKAYAMA
STEEL WORKS, LTD.**

Investment 51%

Investment 49%

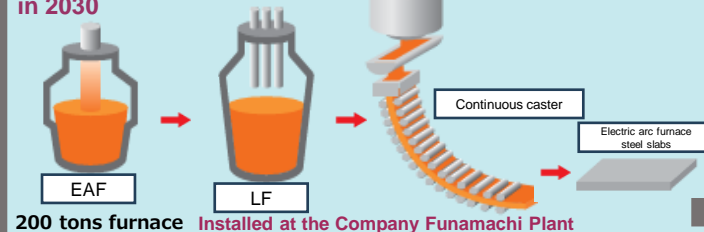


NIPPON STEEL

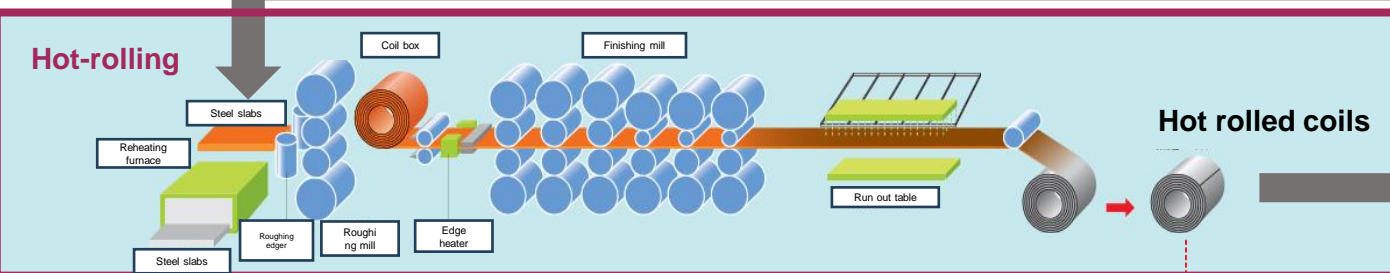
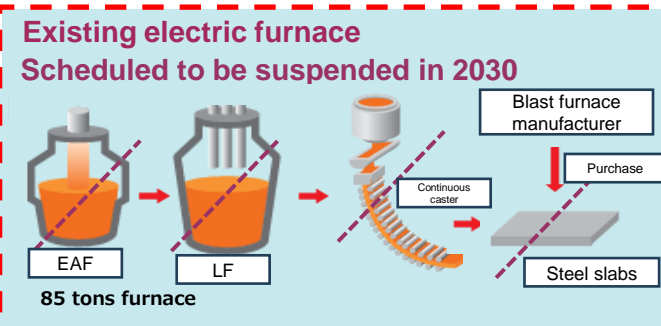
New joint venture

**Equipment
ownership**

**Scheduled for operation
in 2030**



Nakayama Steel Works will operate the new electric arc furnace to manufacture slabs



**Partial
supply**

Partial supply

Steel slabs

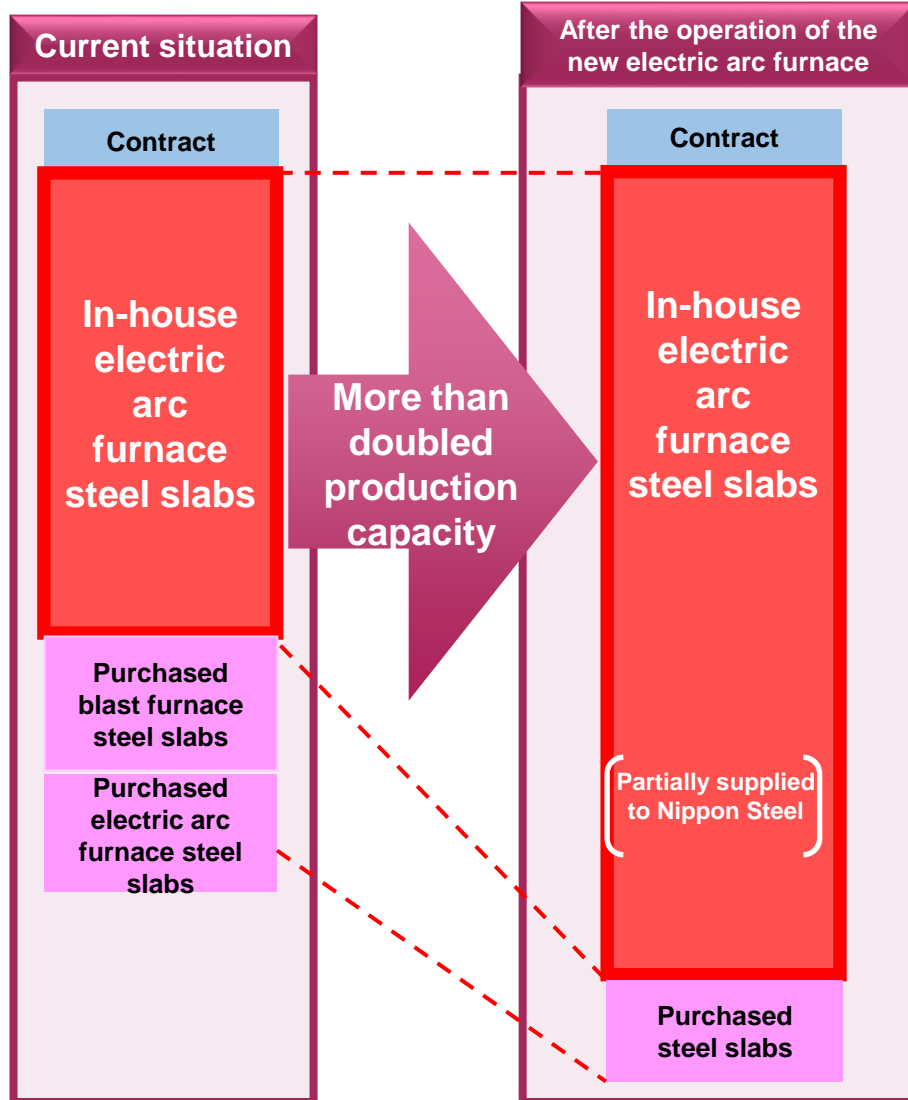
Hot rolled coils ect.



**NAKAYAMA
STEEL WORKS, LTD.**

Overview and objectives of the New Electric Arc Furnace Project

Changes in iron source composition of flat products



Establishment of a joint venture with Nippon Steel

◆ Aims of Nippon Steel

Expansion of product lineup of electric arc furnace materials

Utilizing the technology and infrastructure of Nakayama Steel Works

◆ Aims of Nakayama Steel Works

Stable production by increasing contract production

Capturing needs for electric arc furnace materials

Improving transport efficiency by using large quays

Securing stable earnings

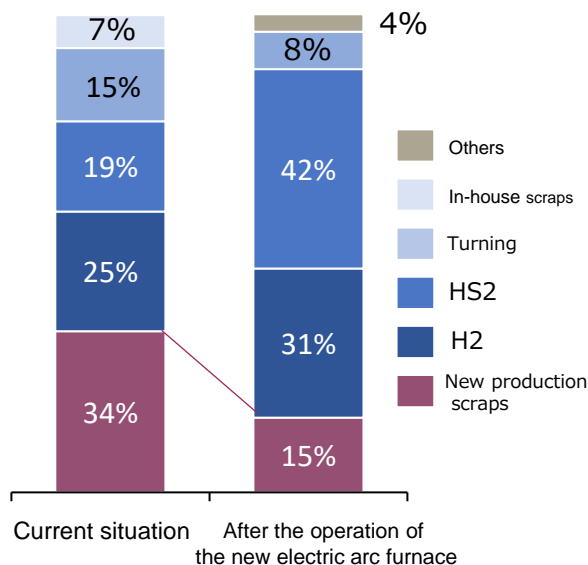
Win-win projects that meet the needs of both companies

Effect of introduction of new electric arc furnace equipment

Overview of new electric arc furnace equipment

※Photo is an image of the equipment.

Iron resource



Steelmaking



Iron scraps

- ◆ Change from current outdoor storage to indoor storage (planned) ⇒ **Prevention of quality deterioration**
- ◆ Direct delivery from scraps yard to electric arc furnace
- ◆ Collection by overland and sea from all over the country

Electric arc furnace, Continuous caster

- ◆ Scraps continuous loading **saves manpower** and exhaust gas preheating **increases energy savings by more than 10%**
- ◆ Expansion to 200 tons furnace ⇒ Reduced variation in ingredients ⇒ **To reduce the ratio of high-grade scraps**
- ◆ Steel slabs cast width extension (4 feet ⇒ 5 feet) ⇒ **Expanding sales mainly of steel plates**
- ◆ Produce steel slabs of the required size by changing the width during casting ⇒ **Significantly reduced steel slabs inventory**

Realization of slabs hot charge for hot rolling (Reduction of heating furnace costs and inventories)

Layout and construction schedule of the new electric arc furnace

Headquarters
Funamachi
Plant

New electric arc furnace plant
(old blast furnace and coke site)

Production
indicator

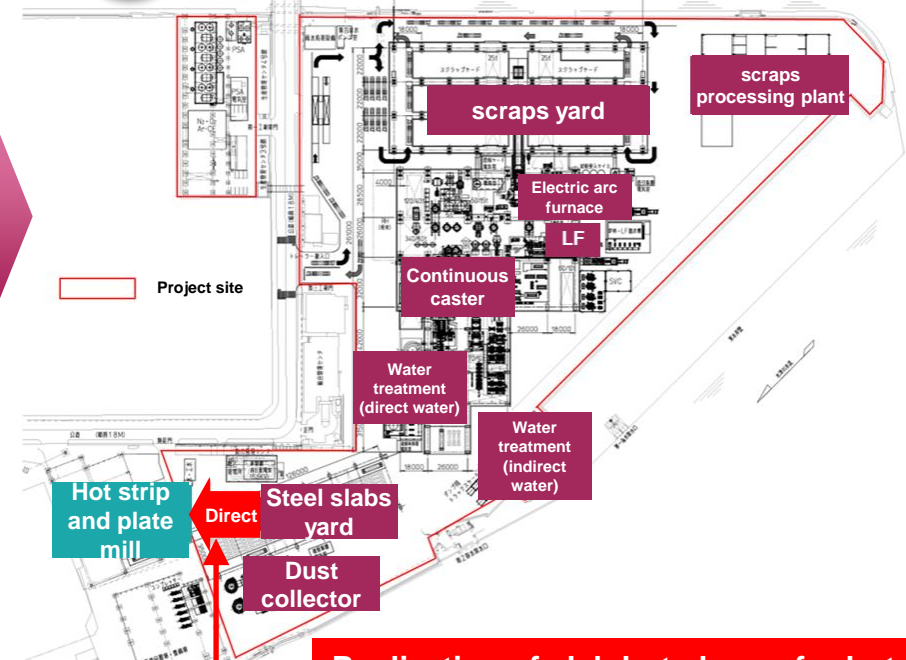
		Present	Future
Heat size	(ton/ch)	85	200



Current electric arc furnace plant

Construction
schedule

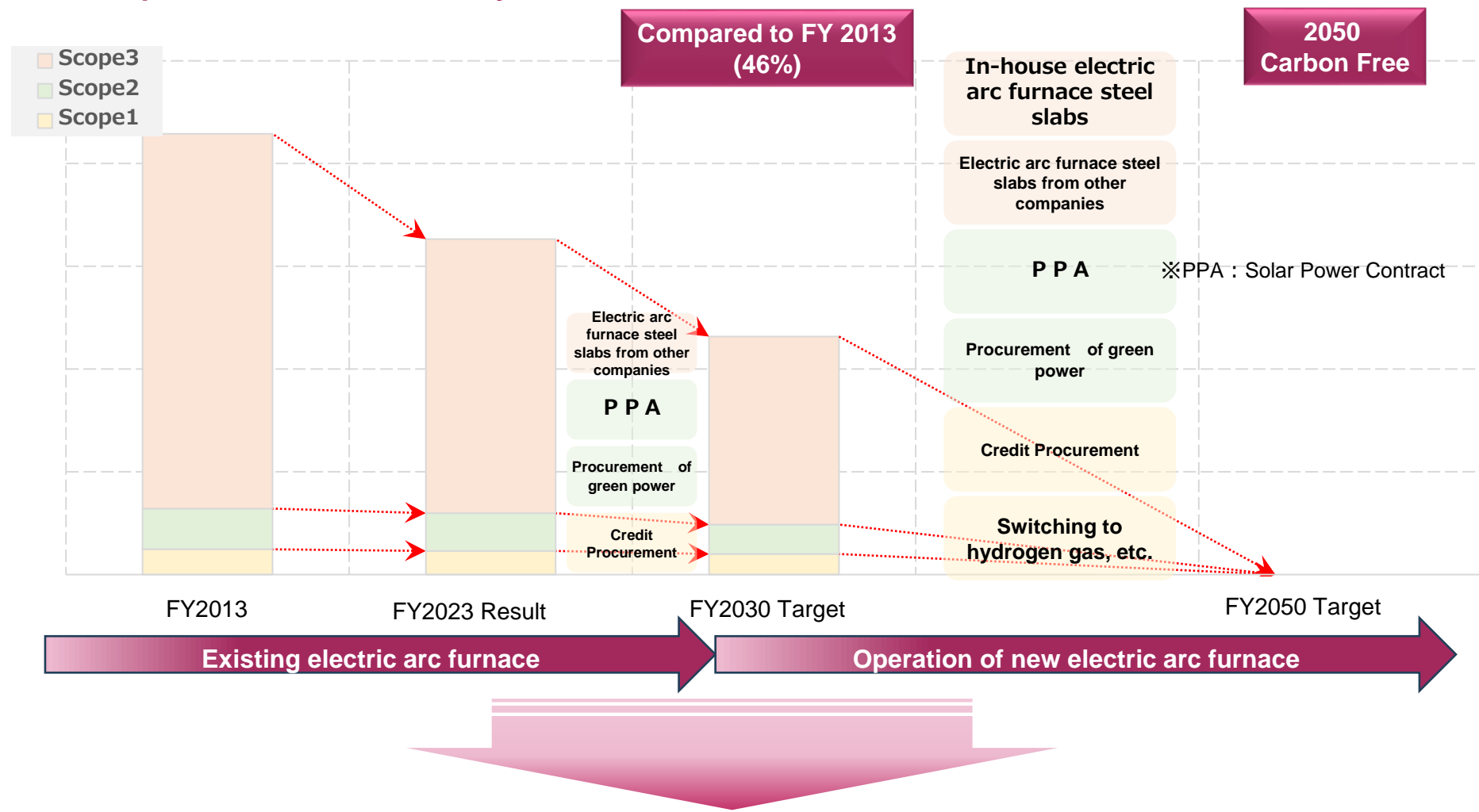
	2025	2026	2027~ 2029	2030
Milestone	★ Investment decision (5/9)	★ Start of construction	★ Completion	★ Establishment of operation
Environmental assessment	→			
Construction		→		
Operation			Commissioning	Full operation



Realization of slab hot charge for hot
rolling
(reduction of heating furnace costs and
inventories)

Efforts toward carbon neutrality and green steel products

Roadmap toward carbon neutrality



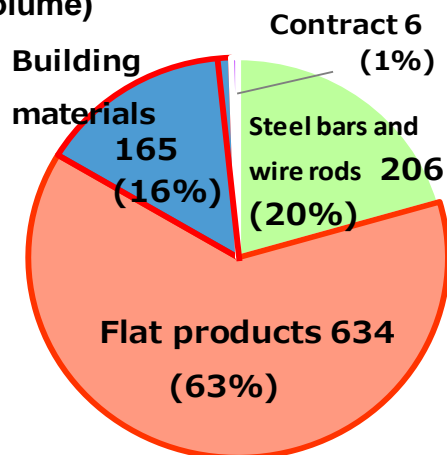
Advancing green steel products initiatives

Product strategy from the perspective of product portfolio

FY2024

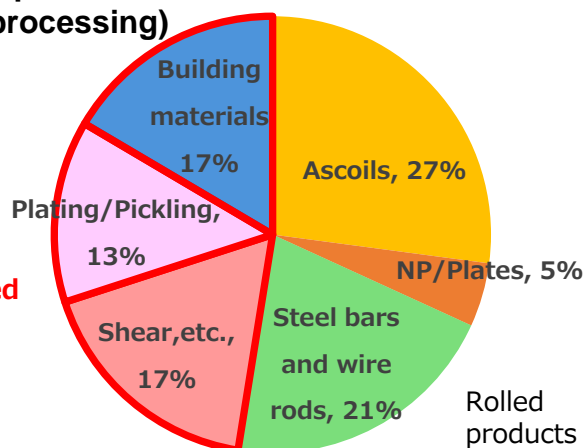
Product portfolio
(sales volume)

[Thousand tons]



Total sales volume: 1,011
() refers to ratio to product portfolio

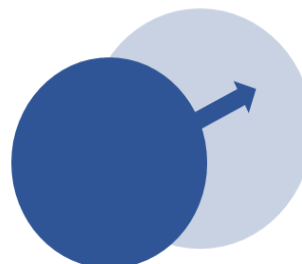
Product portfolio
(Rolling/processing)



Processed products

(Flat + building materials)

Secondary processing (steel plate processing: C-shaped steel and pipes)

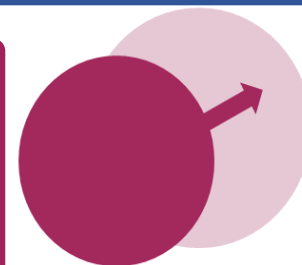


Enhance the processing field across the Group

- Merged Nakayama Mitsuboshi Steel Products, which traded C-shaped steel and pipes, on Apr. 1, 2022
- Created the Product Development Division to accelerate technology and product development
- Constructed Sansen Shearing No. 2 Plant (increased cutting and processing capacity for checker steel plates)

Expand the application of electric furnace materials

- Establish a production system with a monthly capacity of 50,000 tons
- Reduce the utilization rate of high-grade scraps, and improve per-units
- Enhance the partnership with Chubu Steel Plate
- Conduct a detailed study for fundamentally enhancing production capacity, including the construction of new electric furnaces



Flat (electric furnace materials)



- Transition to high-value-added products

Flat (purchased materials)

Bubble: Sales and earnings

Sales volume

3-④ Building a System for Achieving the Long-Term Plan

Strengthening sales capabilities to achieve a carbon-neutral and recycling-oriented society: expand sales and application of electric arc furnace materials

The Company is one of only three electric arc furnace steel manufacturers in Japan +
Accumulated experience and technology in blast furnaces and converters



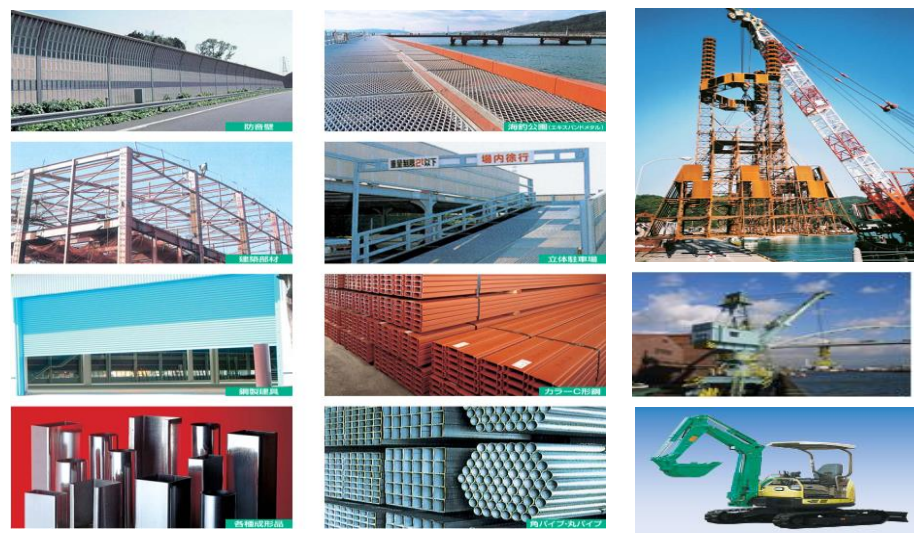
Technology and development capabilities to realize high-quality steel products and highly
functional products, which have been considered difficult for electric arc furnace



80% of the Company's electric arc furnace materials are used
in construction, civil engineering, and industrial machinery.

Existing business areas

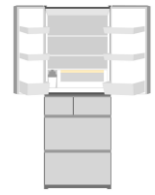
Construction, civil engineering, and industrial machinery



Expanding application to diverse fields
demanded by customers

New business areas(example.)

Home appliances and electrical components



Refrigerator
Washing machine
Air conditioner

Gas container



LP Gas container

Steel furniture and interior fittings



Locker

Automobile



Interior component

Some are already being evaluated by
manufacturers or are in the process of
commercialization.

Expansion of business area to northern Kanto

■ Establish a transit site for Hitachinaka Port in December 2025

Reasons for selection of Hitachinaka Port

- ◆ Enhanced highway network
(direct connection to Kita-Kanto Expressway and Ken-O Expressway)
- ◆ Available to replace land transportation from Kansai to Niigata area
- ◆ Available as an alternative location for Keihin Port
- ◆ Avoidance port and earthquake-resistant reinforced Quay for business continuity planning in case of disaster
- ◆ Aiming to acquire new customers by making it possible to manufacture 5-feet width and we will enter the northern Kanto area.

Comprehensive advantages

- ◆ Increased sales revenues at Nakayama Steel Works and Nakayama Trading
- ◆ Establishment of transportation system by Mitsuboshi Kaiun and reduction of land transportation costs
- ◆ Expectations for sales expansion in the future due to an increase in in-house iron sources
- ◆ Reduction of initial investment through lease agreements

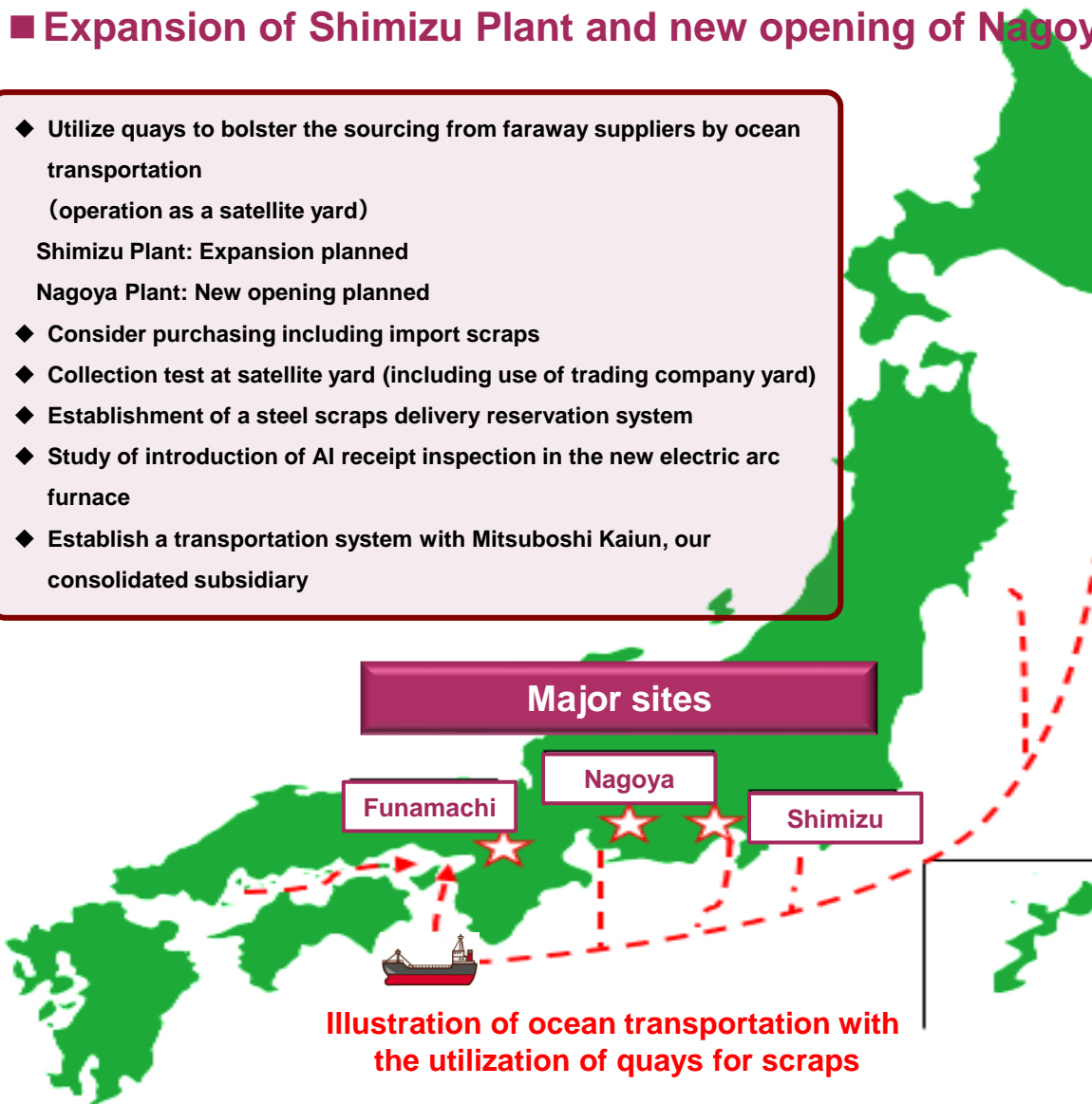
Location of Hitachinaka Port



Strengthening iron scraps procurement from a long-term perspective

■ Expansion of Shimizu Plant and new opening of Nagoya Plant

- ◆ Utilize quays to bolster the sourcing from faraway suppliers by ocean transportation
(operation as a satellite yard)
Shimizu Plant: Expansion planned
Nagoya Plant: New opening planned
- ◆ Consider purchasing including import scraps
- ◆ Collection test at satellite yard (including use of trading company yard)
- ◆ Establishment of a steel scraps delivery reservation system
- ◆ Study of introduction of AI receipt inspection in the new electric arc furnace
- ◆ Establish a transportation system with Mitsuboshi Kaiun, our consolidated subsidiary



Shimizu Plant

Iron scraps yard



Introduction of heavy machinery dedicated to iron scraps (2025.3)



Illustration of ocean transportation with the utilization of quays for scraps

Initiatives for strengthening human capital management and governance

Human capital management

1) Optimization of organization and institutional, business improvement

- ✓ Organization optimization (consolidation and establishment)
- ✓ Establishment of a division specializing in capacity development
- ✓ Human resource development in the field of DX and productivity improvement

2) Securing and developing diverse human resources

- ✓ Creating a long-term human resource map
- ✓ Talent management study
- ✓ Human resource development and training system restructuring
- ✓ Increased number of female and foreign employees

3) Improving well-being and engagement

- ✓ Study of engagement surveys
- ✓ Implementation of due diligence on human rights
- ✓ Continued promotion of health management

Strengthening of governance

1) Establishment of IR Public Relations Office

- ✓ Established at April 1, 2025
- ✓ Information dissemination to improve corporate value
- ✓ Promotion of the dialogue with stakeholders

2) Introduction of new executive officer institution

- ✓ June 26, 2025 - Introduction
- ✓ Separation of management supervision and business execution functions



2025

健康経営優良法人

KENKO Investment for Health

大規模法人部門

3-⑤ Financial Strategy

Financial strategy : capital allocation

Capital Allocations from FY2025 to FY2029 (up to the start-up of the new electric arc furnace)

Cash-in

Operating CF
approximately 53
billion yen

Nippon Steel equity investment
approximately 24.5 billion yen
(* investment in a joint
venture)

Bank borrowings
sales of assets, etc.

Cash-out

Investment in the new
electric furnace
Approximately 95 billion yen

(*Investment in new electric
furnace is the sum of capital
investment by the Company
and the joint venture)

Maintenance and renewal and
other growth investment
Approximately 35 billion yen

Shareholder returns
Approximately
10 billion yen

Investment in new electric arc furnace (growth investment)

- Contributing to the realization of a carbon-neutral, recycling-oriented society by expanding the use of electric arc furnace steel (reducing CO₂ emissions by 46% compared to FY2013)
- Introduction of the new electric arc furnace (1.2 million tons/year) with more than twice the production capacity of existing electric arc furnace
- Strengthen cost competitiveness by switching from external iron sources to in-house iron sources, saving energy, improving productivity, and optimizing plant layouts.
- Effects of supplying electric arc furnace steel slabs and hot rolled electric arc furnace products based on business alliance with Nippon Steel (improvement and stabilization of profitability)

Maintenance and renewal and other growth investment

- Prioritize investment related to stable and safe operations
- Income investment other than investment in the new electric arc furnace (construction of a 600,000 t/year system using existing electric arc furnace and strengthening of processing strategy (including consideration of M & A) until the start of operation of the new electric arc furnace)

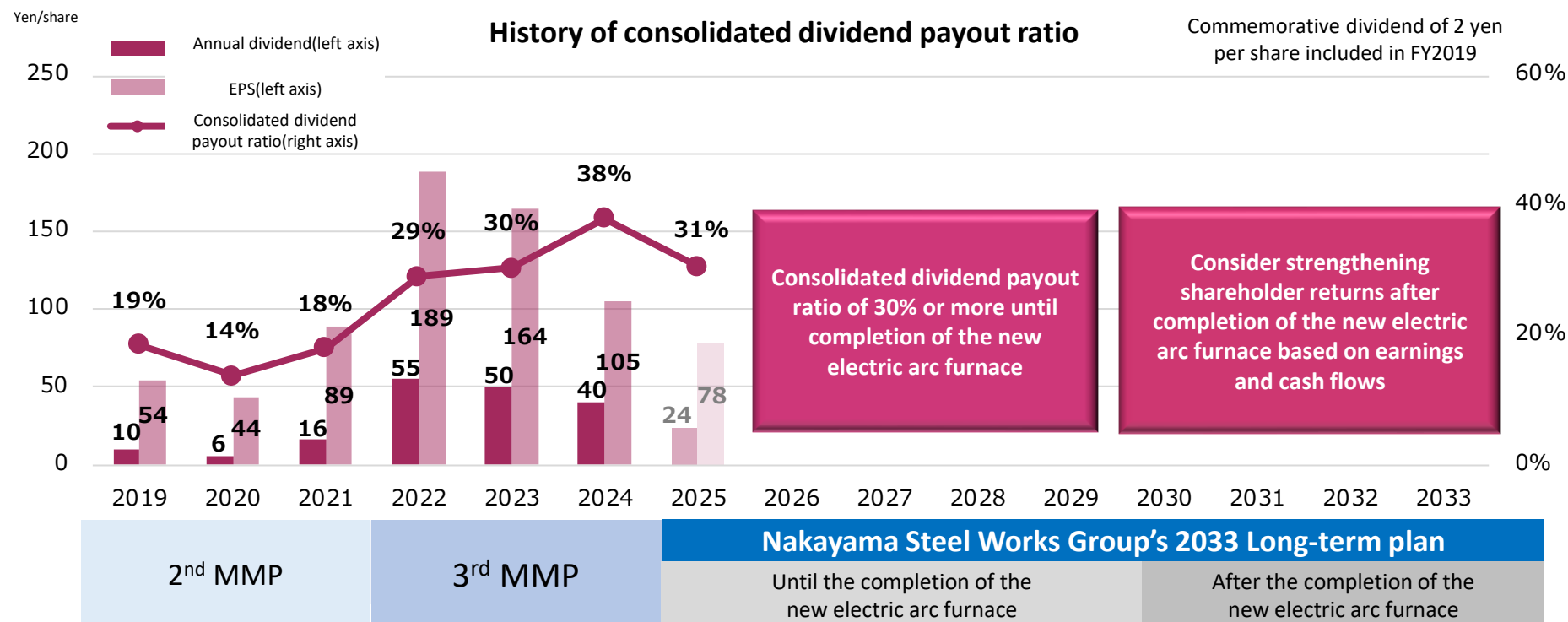
Shareholder returns

- Maintain stable dividends with a consolidated dividend payout ratio of 30% or higher as a guideline
- Consider strengthening shareholder returns based on earnings and cash flows after completion of the new electric arc furnace

Financial strategy: dividend policy

Shareholder return policy

- Maintain stable dividends with a consolidated dividend payout ratio of 30% or higher as a guideline
- Consider strengthening shareholder returns based on earnings and cash flows after completion of the new electric arc furnace



Practicing management conscious of cost of capital and stock price

Toward Improvement of PBR

ROE improvement

① Nakayama Steel Works Group's 2033 Long-Term Plan

FY2033 Targets

- Ordinary profit : 13 billion yen or more
- EBITDA : 26 billion yen or more
- ROE : 6.0% or more

② Effective use of assets

- Invest the proceeds from the funds for sale of one's real estate holding and stock in a new electric arc furnace

③ Growth strategy

- Promotion of Group-wide processing strategy
- Increase production capacity of the electric arc furnace as a medium- to long-term strategy

Market valuation improvement

① Promotion of ESG

- Decarbonization efforts, human capital management, and strengthening governance

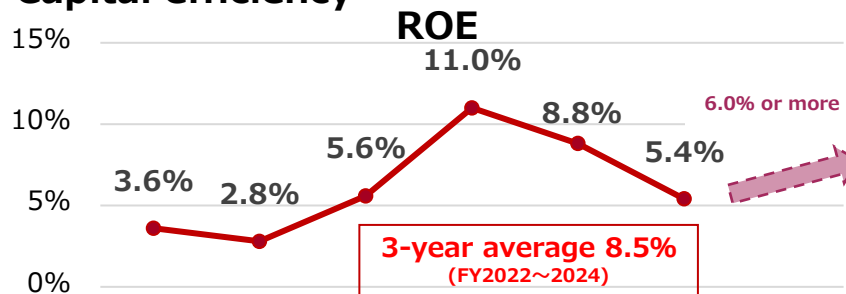
② Strengthening IR and other activities

- Development of IR system (establishment of IR Public Relations Office)— Enhance disclosure, strengthen information dissemination, and promote dialogue with investors

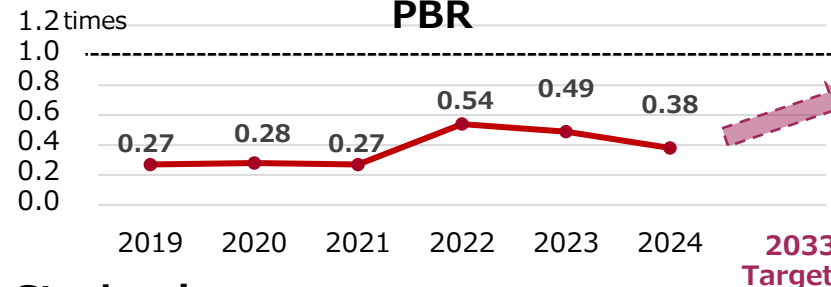
③ Dividend policy

- Maintain stable dividends with a consolidated dividend payout ratio of 30% or higher as a guideline
- Consider strengthening shareholder returns after completion of the new electric arc furnace based on earnings and cash flows

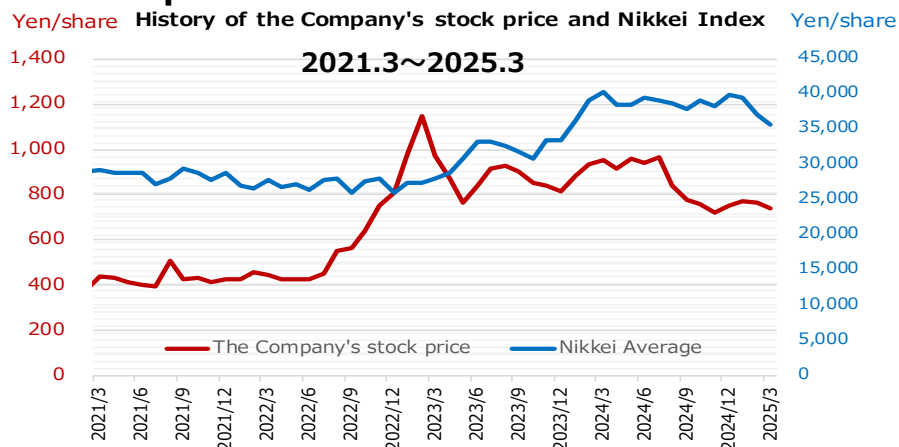
Capital efficiency



PBR



Stock price



Appendix

The Nakayama Steel Works Group 2030 long-term vision (our ideal state)

Corporate philosophy

The Nakayama Steel Works Group creates additional value for the economic society through fair competition and continues to be of service to society.

Group vision

The Nakayama Steel Works Group is a corporate group that has developed mainly in the steel business. We will remain committed to sharing our dreams for the future with our customers, developing high-value-added products that benefit our society, commercializing them, and providing our customers with a stable supply of products.

NAKAYAMA Group's strength

- The Group is based on an electric arc furnace manufacturer located in a coastal area of central Osaka, a major consumption area of steel products, making it easier to handle cargo
- The Group has a series of functions: steel products production, processing, sales, and logistics
- The Group has a nationwide sales network of steel products, molded products, processed products, and steel-related products with a meticulous sales style
- The Group owns advanced technologies and know-how for steel manufacturing, rolling, molding, and processing
- The Group companies conduct steel products production, molding, and processing in-house, making it possible to adjust production according to each customer's demand

To remain vital for the next 100 years and beyond,
we formulated our ideal state and corporate vision toward 2030 as a Long-term Vision

A company that strives to realize carbon neutrality

- Contribute to the reduction of environmental burden through iron recycling
- Aim to decarbonize the electricity we use



SUSTAINABLE DEVELOPMENT GOALS

A company that motivates its employees, and pursues their families' happiness

- Achieve zero accidents and zero disasters, and further enhance healthy corporate management
- Improve work-life balance



A company that contributes to society, and cooperates and thrives together with local communities

- Expand social contribution activities
- Strengthen partnerships with local communities at individual sites of the Group



A company that is chosen by customers and makes them happy

- Pursue the unique quality of NAKAYAMA
- Anticipate customer's demand, and promote proposal-based sales activities
- Ensure quality control, and strengthen trusting relationships with our customers



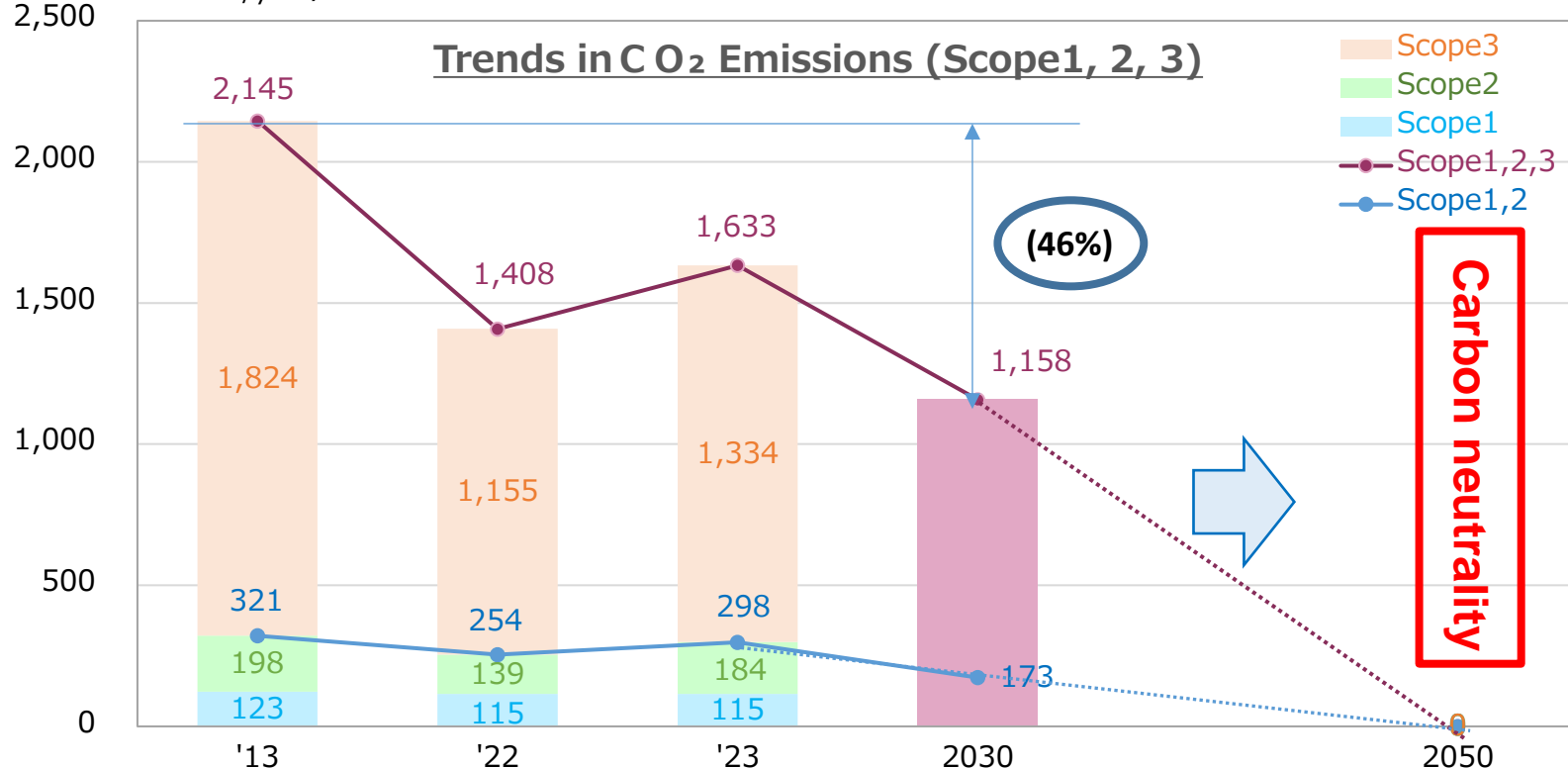
A company that is trusted by stakeholders and makes them happy

- Ensure and enhance corporate governance
- Enhance opportunities to have dialogues with stakeholders
- Provide stable profit returns through enhanced corporate value



➤ CO₂ Emission Reduction Achievements and Targets in the Whole Value Chain

(Thousand tons-CO₂/year)



※1 CO₂ emissions represent Scope1, 2, and Scope3 emissions for the Company's steel business, engineering business, and five Group companies.

※2 In calculating CO₂ emissions, the adjusted coefficient was applied to the electricity supplied from electric power companies, and "Emission intensity database version 3.4 for calculating an organization's greenhouse gas emissions through the supply chain" was applied to the emission intensity.

※3 The significant increase in FY2023 from the previous fiscal year was due to a 1.2~1.4 times increase in electric power company emission intensity in the Tokai, Kansai, and Kyushu regions under Scope2, resulting in a decrease in electricity consumption. In Scope3, CO₂ emissions also increased due to an increase in slabs purchases due to a problem at an electric arc furnace plant.

Bolster efforts to achieve a carbon-neutral and recycling-oriented society

Promote sustainability initiatives





Roadmap toward carbon neutrality by 2050

- Increase the ratio of production of electric furnace products, whose CO₂ emissions are a quarter of the ones of blast furnace products, to significantly reduce Scope 3's emissions
- Introduce energy-saving facilities, hot direct rolling, photovoltaic power generation, etc., aiming for a reduction of CO₂ emissions by 46% or more in 2030 from the 2013 level
- Application of new equipment technologies and new fuels to production facilities and vessels to further reduce fuel and electricity consumption. Introduction of renewable energy facilities and waste heat recovery power generation facilities.

		Target	Up to 2030	Up to 2040	Up to 2050
CO ₂ emissions reduction rate (Scopes 1, 2, and 3)			(46%)		Net zero
1	Increase in the ratio of in-house electric furnace steel products	Scope 3	Expand time of electric furnace operation (day and night operation)	Increase production capacity of electric furnaces	
2	Improvement of per-unit of fuels used	Scope 1	Shorten the track time from casting to rolling	Introduce hot direct rolling at the time of enhancement of electric furnaces	
				Transition from coal-based materials to bio-coke at the time of enhancement of electric furnace production capacity	
3	Improvement of per-unit of electricity used	Scope 2	Introduce energy-saving facilities and improve operations		Introduce new power system into electric furnaces
4	Utilization of new types of fuels (methanation, hydrogen), ammonia, etc.	Scope 1		Expand the use of new fuels for heating furnaces, melting furnaces, etc.	
				Conversion of fuels for vessels (the Group's companies)	
5	Introduction of renewable energy and exhaust heat recovery power generation facilities	Scope 2	Introduce photovoltaic power generation facilities and PPAs		Introduce energy-saving facilities and improve operations
6	Expanded utilization of renewable energy-based electricity	Scope 2	Expand utilization of renewable energy-based electricity		
7	Expanded procurement of low-carbon iron sources	Scope 3	Expand procurement of electric furnace iron sources, and lower carbon for blast furnace iron sources		
8	Carbon offsets	Scopes 1 and 2			Procurement of credits and others

Bolster efforts to achieve a carbon-neutral and recycling-oriented society

Promote sustainability initiatives

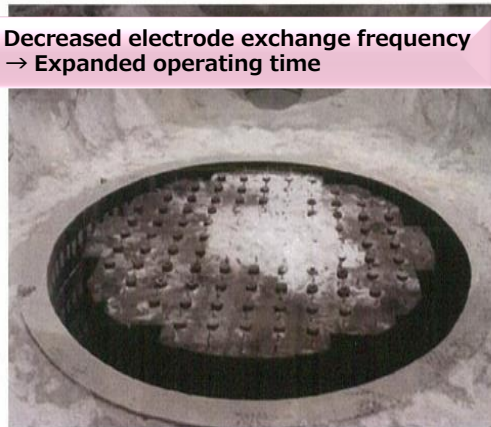
Website release date	Contents	
Jun. 30, 2022	Endorsed the “GX League Basic Concept” —Transitioned to “participation” for the GX League on May 15, 2023	
Nov. 01, 2022	Endorsed the “Task Force on Climate-related Financial Disclosures (TCFD)” recommendations	
Nov. 30, 2022	Posted “Nakayama Steel CSR Report 2022” on our website Disclosed information on our environmental initiatives —New information on our initiatives based on the TCFD recommendations	
Nov. 30, 2023	Posted “Nakayama Steel CSR Report 2023” on our website	
Jun. 26, 2024	The progress of our sustainability initiatives was described in the 130th Annual Securities Report	
Oct. 31, 2024	「Nakayama Steel Report 2024」 (Integrated Report) posted on our website	
Feb. 07, 2025	Earned the highest rating of "A" in the CDP2024 Climate Change Survey	

Main initiatives in 1stPhase ①

Establishment of an existing electric arc furnace system of 50,000 tons/month

Hearth electrode multi-pinning (from June 2025)

* Expected effect: Decreased electrode exchange frequency
→ Expanded operating time



Support for scraps collection

この日の予約状況

編集

	トレーラー	10t車	大型	大型ダンプ	台数
新断	30台	4台	2台	3台	39台
ダイコ	15台	0台	0台	0台	15台
ヘビー	12台	1台	0台	0台	13台
特H1	9台	0台	2台	1台	12台
HS層	11台	1台	0台	0台	12台
単体H1 (H1 T)	4台	0台	0台	0台	4台
シュレッダー	3台	1台	0台	0台	4台
長RBT, 線材SC	1台	0台	0台	0台	1台
合計台数	85台	7台	4台	4台	100/87台(115%)
推定数量	2,040t	77t	52t	52t	2,221t

* Expected effects: Appropriate scraps inventory and efficient receiving operations

Support for distant cargo satellite yard



* Expected effects: Reduction of hot-rolled furnace fuel and on-site transportation costs



* Expected effects: Stable procurement of scraps

Main initiatives in 1stPhase ②

Sales expansion of high-grade steel

Steel bars and wire rods : Development of SUP and SUM



Promotion of processing strategy

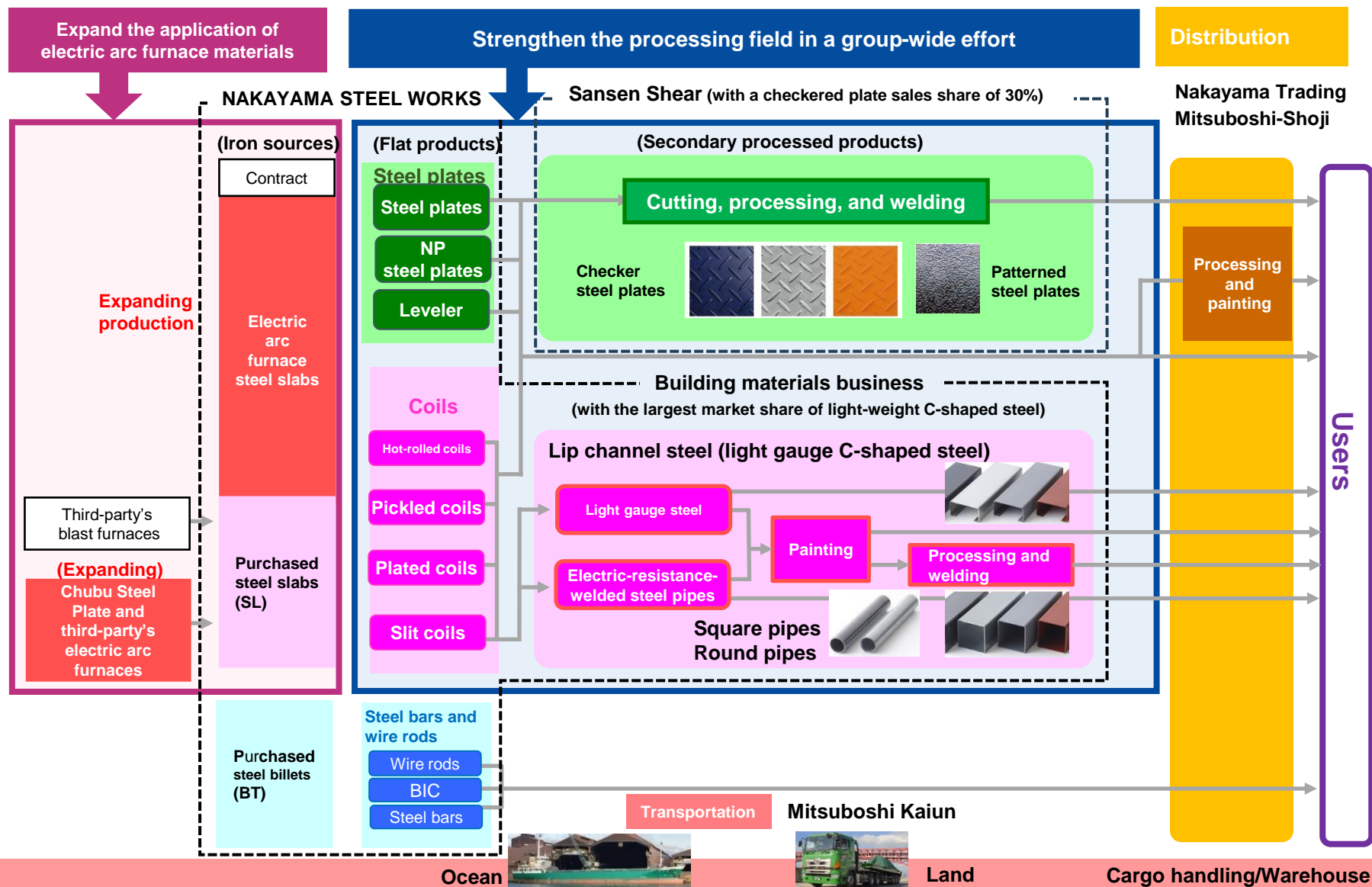
Expansion of scaffold pipe sales through light gauge steel special colors and group collaboration



Development of highly corrosion-resistant galvanized products



Pursue the unique quality of NAKAYAMA, increase additional value across the Group to maximize consolidated earnings, and expand the application of electric arc furnace materials



Merger with Nakayama Mitsuboshi Steel Products (building materials business)

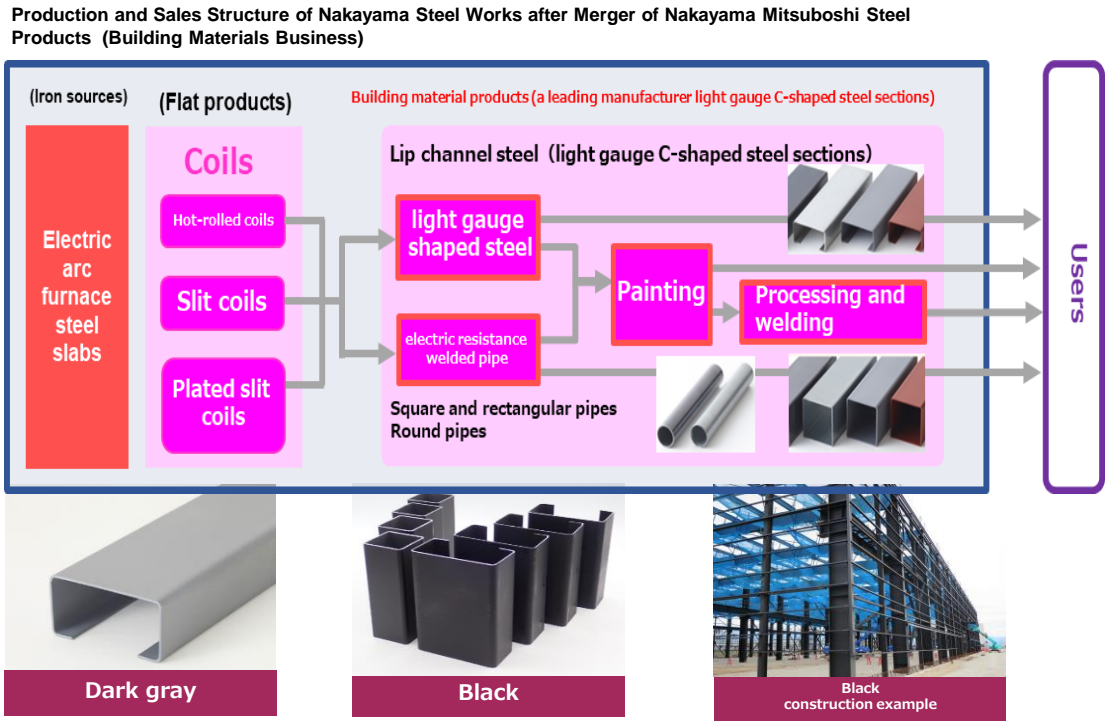
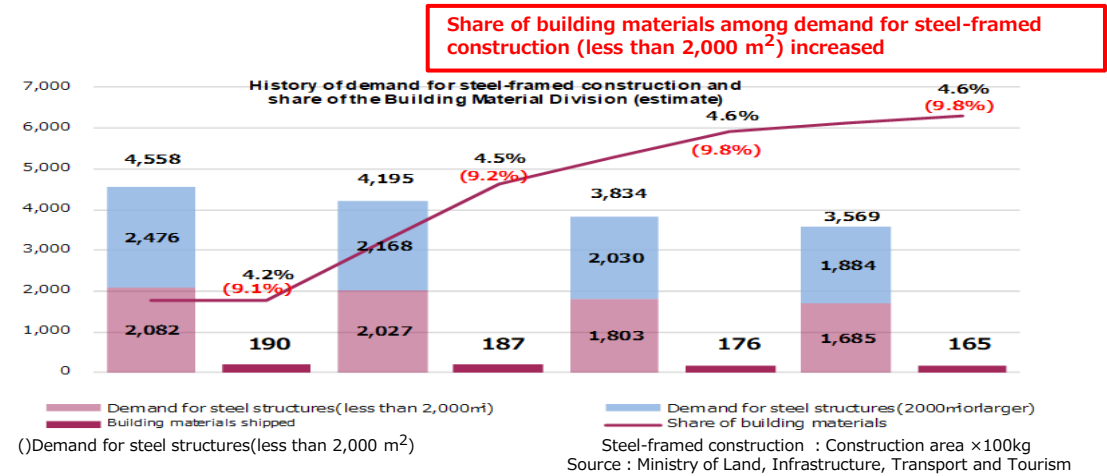
- ◆ Merged Nakayama Mitsuboshi Steel Products, a wholly-owned subsidiary in Apr. 2022
- ◆ Further accelerate implementation of the strategy for enhancing the processing field to drive efficient corporate management
- ◆ Expand the group synergy, aiming for enhanced comprehensive strength of the Group

Results of building materials business (Y-o-Y)

- Sales volume of building materials remained almost unchanged (although the share of building materials in steel-framed construction demand of less than 2000 M² increased).
- Profit decreased due to lower selling prices and increased costs

Current status of initiatives (effects of the merger and others)

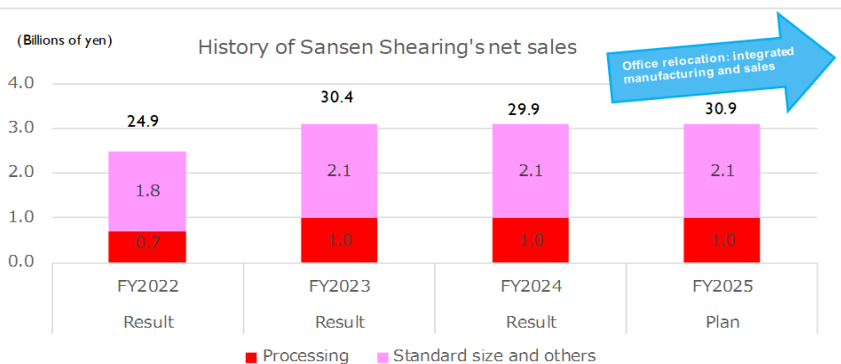
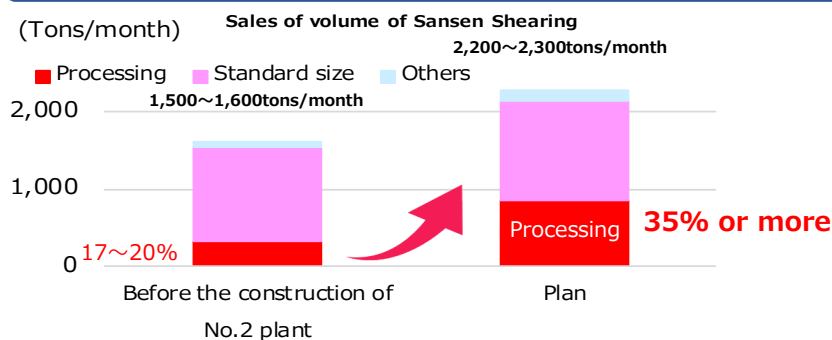
- Improve consistent yield by optimizing delivery of coils from the Headquarters Funamachi Plant to each plant of the Building Materials Division
- Enhance the management of integrated profitability of the Group
- Expand the application of electric arc furnace materials (Full-scale transition to low-CO₂ materials from October 2024)
- Reduce costs and inventory through the utilization of electric arc furnace materials
- Promote the application of electric arc furnace materials to high-functionality products by the Product Development Division
- Promoting the switch to a highly profitable value-added zone (dark gray color) and adding a new black color



Pursue the unique quality of NAKAYAMA and increase additional value across the Group to maximize consolidated earnings—strengthen the processing field in a group-wide effort and expand sales of high-value-added products

Construction of a new office in Sansen Shearing

- ◆ The head office of Sansen Shearing, our wholly owned subsidiary (relocated in December 2024), was built next to the factory on the premises of Nakayama Steel Works, where commercial production began in April 2023.
- ◆ Eliminate inefficiencies in management, sales, and manufacturing, and strengthen integrated manufacturing and sales .



Increase the Group's synergy

- Conduct contract cutting processing of Nakayama Steel Works' steel plates (NP steel plates) by the standard size—Improve cutting surface quality
- Collaborate with Nakayama Steel Works and its Group's trading companies to expand the sales network of checker plate processing

Transfer to new office completed

The integrated business system for manufacturing and sales was further strengthened and operational efficiency was improved. In addition, it was transformed into a system capable of expanding sales by improving customer satisfaction.

< Sansen Shearing New Head Office >



First floor area: 246.12 m² Second floor area: 240.00 m²
Total floor area: 486.12 m²

Equipment specification

- The new plant introduced a 12kw fiber laser cutter with a maximum cutting plate thickness of 28 mm, a 400A plasma cutter, a 10 F shearing machine, a press brake, and a groove processing machine, etc.

Pursue the unique quality of NAKAYAMA and increase additional value across the Group to maximize consolidated earnings—take advantage of production and processing sites to reinforce and promote community-based sales activities

Full-scale operation of Mitsuboshi-Shoji's in-house E-commerce (EC) website

- ◆ Launched in-house EC website “PRO Shizai-bin,” and began its full operation from Jul. 2023
- ◆ Currently provide the service across eastern Japan, aiming to expand nationwide in May. 2025

Nationwide general wholesale trading company for building materials



- 1 A long-established company that was incorporated in 1948
- 2 A trading company specialized in steel products, galvanized iron plates, wire rod products, and a variety of building materials
- 3 Handles as many as 40,000 items, ranging from civil engineering, construction, agriculture, to home improvement
- 4 Boasts sales sites with warehouses nationwide. Established an in-house delivery system that can immediately deliver medium-sized materials, which are difficult to deliver to hardware shops, tool shops, building material shops, and home improvement centers by parcel delivery services. Has a total of 29 sites nationwide including the Headquarters and sales office and 2 subsidiaries
- 5 Trading volume from the Nakayama Steel Works Group was approximately 67,000 tons (2024 results)
Strives to expand sales of the Group's products, as Mitsuboshi-Shoji often makes purchases from Nakayama Steel Works Group's customers

Delivery status

- 1 Of approximately 21,000 general hardware shops and others, Mitsuboshi-Shoji delivers items to approximately 3,000 shops
- 2 Of 4,900 home improvement centers of approximately 60 major companies, Mitsuboshi-Shoji delivers items to approximately 4,300 centers of 47 companies

**Crane truck:
mobile crane**



In-house EC website “PRO 資材便”

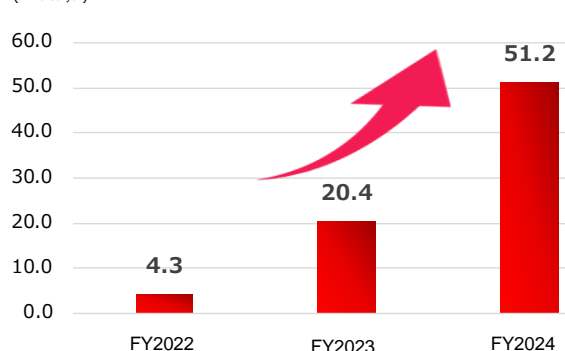
- Efforts to acquire new customers through an online shopping platform for building materials for professionals, mainly in the eastern Japan area
- Sells online approx. 1,000 items, including temporary enclosure steel plates, pipes, wire rod products, civil materials such as blue sheets, and scaffold-related materials
- Aims to handle 5,000 items in the future
- Aims to receive new orders such as on-site delivery via online sales
- Introducing crane trucks at each sales office, with an eye on on-site delivery of medium- to large-sized items
- Jun. 2024: Began operation in the Tokai area
- Sep. 2024: Scheduled to begin operation in the Kinki area
- Dec. 2024: Scheduled to begin operation in the Chugoku and Shikoku areas
- May. 2025: Scheduled to begin operation in the Kyushu area



<EC website>



Net sales of e-commerce sites



This document is not a disclosure document under the Financial Instruments and Exchange Act, and no guarantee is given with respect to the accuracy and completeness of the information contained herein. The forward-looking statements contained herein are based on information available at the time of preparation of the document and are subject to uncertainties. Therefore, please do not make investment decisions based solely on this document. NAKAYAMA STEEL WORKS has no responsibility for any loss or damage arising from the use of this document.