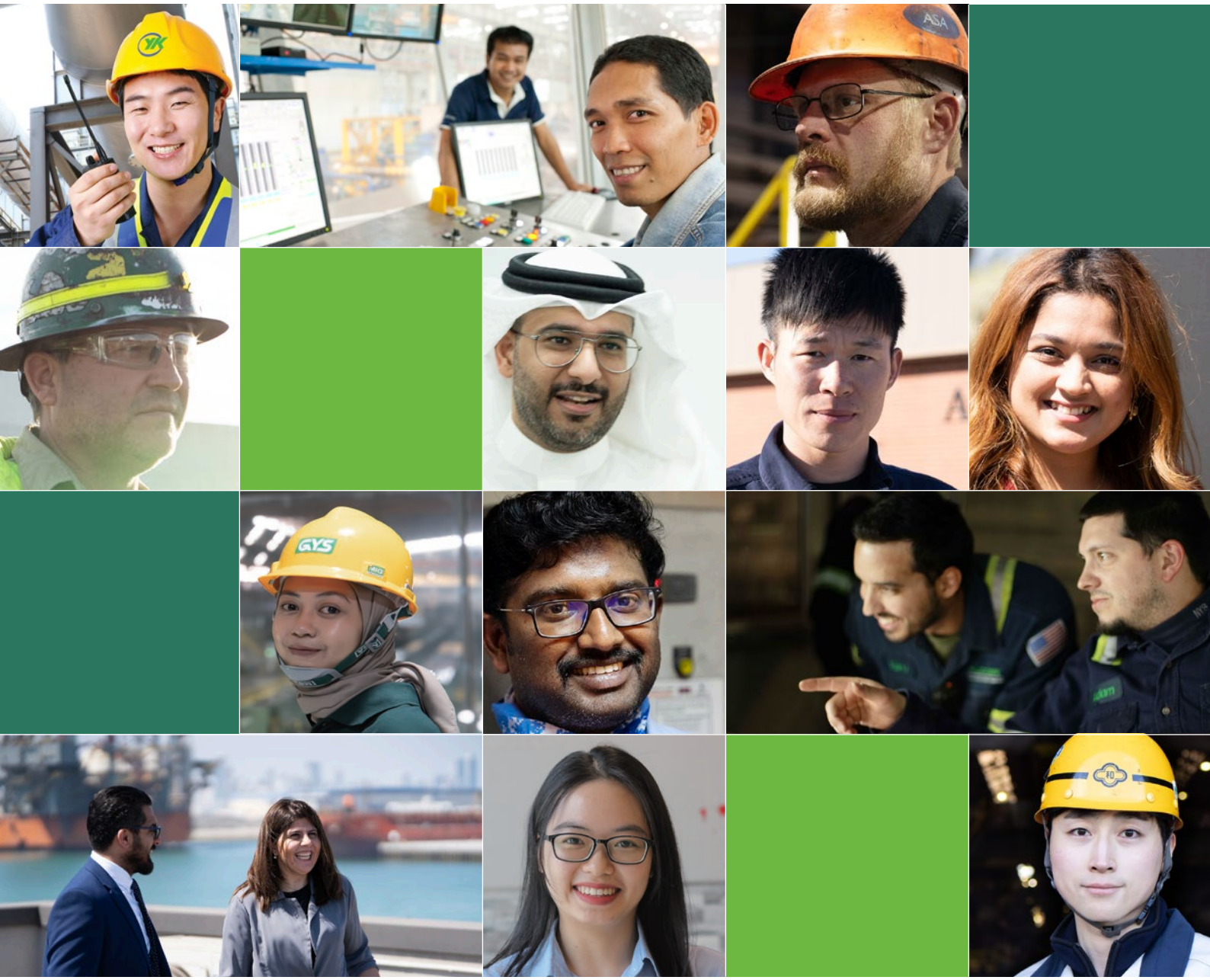
Yamato

Integrated Report

2024

Our Steel, Your Future



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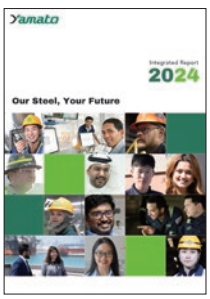
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On the cover page

The Group conducts its business not only in Japan, but all across the world in regions such as North America, the ASEAN, East Asia, and the Middle East. Featuring images of Group employees working with pride in locations around the world for the sake of the Group's mission of "Our Steel, Your Future," the cover page expresses our desire to support people's future by developing and expanding our global steel business.



Editorial policy

Editorial policy
This document is edited as an integrated report of financial and non-financial information primarily intended for our stakeholders and includes an overall picture of the Group's medium- to long-term value creation, business performance, and sustainability information.

Disclaimer
Forward-looking statements such as earnings forecasts in this report are based on information currently available to the Group and certain assumptions deemed reasonable, and are not intended to guarantee that the Group will achieve them. Actual business results may differ substantially from these forecasts due to a variety of factors.

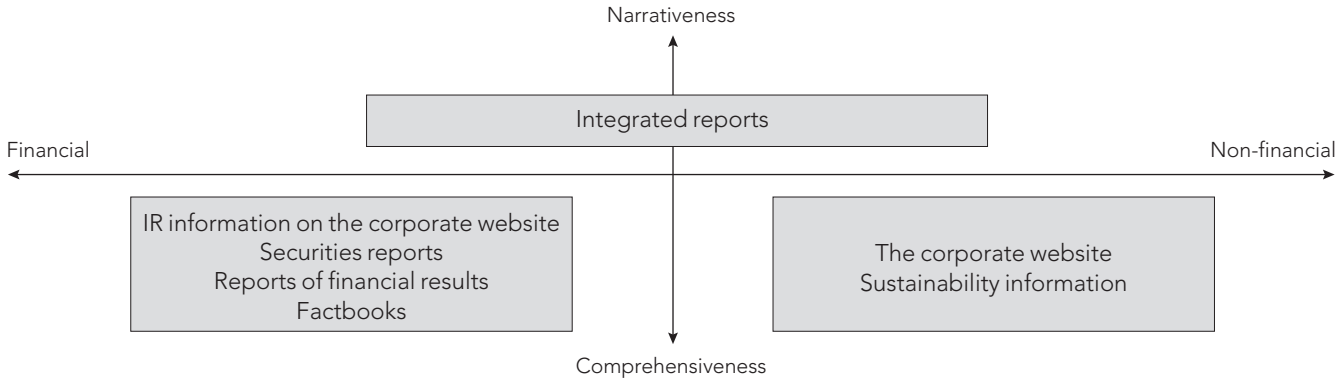
Caution
Total values and breakdowns in the tables and graphs in this report may appear to be incongruous due to the rounding of fractions.

Period covered by the report
April 1, 2023 to March 31, 2024
Some more recent information from 2024 is also included in the report.

Reference guidelines
- Integrated Reporting Framework by the IFRS Foundation
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation by Japan's Ministry of Economy, Trade and Industry
- The GRI Standards by the GRI

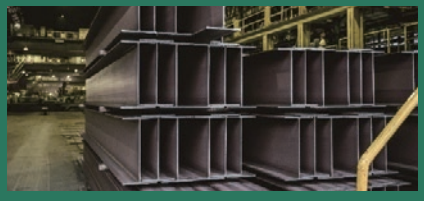
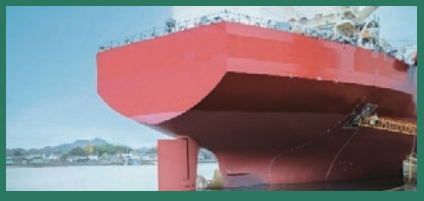
Reporting period (fiscal year)
The Company, its domestic subsidiaries, and associates: From April to the following March
Overseas subsidiaries and associates: From January to December

Stance on information disclosure



Highlights of corporate information (as of March 31, 2024)

The Group is a global company originating in Himeji, Japan with business operations around the world.
Group employees come together as one to build a system that handles everything from the local manufacture to sale of steel products, and are engaged in manufacturing to support the world's social infrastructure.


Established
1944

Total volume sold by the Group*1
5.76 million tons

Operating profit margin
10.6%

Ordinary profit
¥99.2 billion

No. of employees (consolidated)
1,414

ROE
14.5%

Capital adequacy ratio
85.9%

Overseas ratio*2 (based on ordinary profit)
75.2%

*1 Calculated with the total sales volume of Group companies defined as 100%. Includes semi-finished goods, direct reduced iron (DRI) and intra-Group transactions.
*2 The ratio of the total ordinary profit from overseas locations to total ordinary profit of the entire Group.

The ideas and corporate philosophy that have been with us since our founding

Our founding spirit

In November 1944, our Himeji-born founder Asaji Inoue established Yamato Kogyo Co., Ltd. in Mikunino-mura, Shikama-gun, Hyogo Prefecture (now part of the city of Himeji) as a subcontract factory for Kawanishi Aircraft Co. The Second World War ended soon afterward, and amid the chaos of the postwar period, he launched a business manufacturing and repairing trackwork parts, before moving into the steel business. He developed a system that integrated the full range of operations from steel-making to rolling mill, laying the foundations for the Company's development into an electric furnace structural steel manufacturer.

Asaji Inoue took the aphorism of The Five Principles of Water as his personal motto.

The Five Principles of Water

1. Water moves itself and others.
2. Water never stops, always seeking a way forward.
3. When water encounters an obstacle, its power is multiplied a hundredfold.
4. Water cleanses itself and the impurities of others, accepting both good and evil.
5. Water fills the oceans, then evaporates to become vapor. It rises to form clouds, then falls in the form of hard, translucent hail. Through it all, it never loses its essence.

Keep the Company moving under our own strength, ever advancing, ever onwards, and when encountering an obstacle, turn it around and use its energy to grow even stronger. To act this way—like water—has been our basic stance. It is the spiritual backbone that has nurtured the development of our Company.

We have another important precept: Put others before yourself. Even during the time of great material shortages after the Second World War, Asaji Inoue worked tirelessly to provide wages for his employees, going as far as to use his personal savings to rebuild the Company when the 1965 recession hit.

Yamato Kogyo has inherited his strength of will that refused to give in to hardship and his caring spirit that always placed itself in the shoes of others, incorporating them into the corporate philosophy that continues to uphold the Company to this day.



Founder Asaji Inoue

Making great advances as a global company

One cannot talk about Yamato Kogyo's growth thus far without discussing our expansion into global markets, starting with our entry into the United States. At the time, the Japanese steel market was a closed structure, shackled by the established order and practices laid down by the giant manufacturers that had come before. Against the backdrop of export restrictions imposed by trade disputes, Yamato Kogyo expanded overseas in search of freer, more transparent markets.



Current Chairman Hiroyuki Inoue

Current Chairman Hiroyuki Inoue, who has led the Company's overseas expansion, has grown our overseas operations by building relationships of trust with local partners without ever deviating from our basic approach of "joint ventures first." With a thorough commitment to basing our actions on what is best for the joint venture company, we have left local management to our partners, while we as Yamato Kogyo have focused on frontline operations and technical capabilities as a manufacturing company, providing our manufacturing technology without hesitation.

By offering our "Himeji manufacturing" technology, we contribute to the development of the social infrastructure necessary for the development and prosperity of the countries and regions in which we operate, and we do so in a way that is rooted in the local community. This is how we support the development of each country and region, as well as the present and future of the people who live there. Based on these strong aspirations, we at Yamato Kogyo hope to grow together with our partners and local communities through our global business development.

Underlying our global expansion and further advances are our spirit of fairness and our pride as a manufacturing company. The Yamato Kogyo Group owes its growth to acting with fairness and integrity toward all stakeholders, regardless of country or region, and to working tirelessly as professionals in the steel and track industries. We will continue to develop as a company that always stays abreast of changes in the world, persistently giving our greatest efforts and remaining ever humble.



The Yamato Kogyo headquarters seen from above

Supporting the future as a leading steel company

As a material that supports all manner of social infrastructure, including bridges, buildings, ships, and railroads, steel is deeply involved in the lives of people around the world. Not only is it easy to process, it also has a cost advantage compared to other materials.

Our Group has been involved in steel-related manufacturing since our founding, and our mission is to contribute to the development of both the international community and prosperous local communities through our steel businesses. We believe that developing and expanding our global steel business—with safety at the heart of everything we do—while never forgetting our origins as a manufacturing company will allow us to continue supporting people's daily lives and the future.

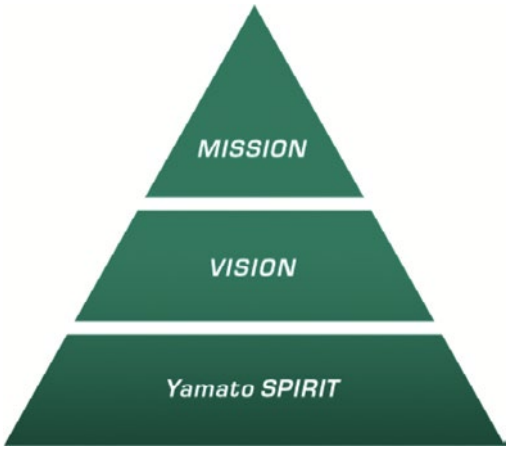
With the pioneering spirit that has moved us from our beginnings, we will continue to take on new challenges so that we may become a leading steel company, moving into the next era with our mission of "Our Steel, Your Future" ever before us.



Garuda Yamato Steel closing ceremony (From left to right)

Executive Committee Member of Gunung Raja Paksi	Kimin Tanoto
President Director of Garuda Yamato Steel	Tony Taniwan
Representative Director and President of Yamato Kogyo	Mikio Kobayashi
Managing Director of Siam Yamato Steel	Jaydsada Plungmanee
Director and Chairman of Hanwa	Yasumichi Kato

Corporate philosophy



MISSION

Our Steel, Your Future

Creating more value for an even richer society.

VISION

To be a global leading company with cutting-edge technology supporting world's infrastructure.

Yamato SPIRIT - We are

Pride	committed to be professionals of Steel and Trackwork business.
Manufacturing	committed to deliver world class products with the highest safety standards in mind.
Global	committed to be successful anywhere in the world.
Harmony	committed to be "One Team" beyond nationality, race, age or gender.
Fairness	committed to be honest and maintain the highest level of ethical standards.
Challenge	committed to challenge the future with no fear of failure.



The history of Yamato Kogyo

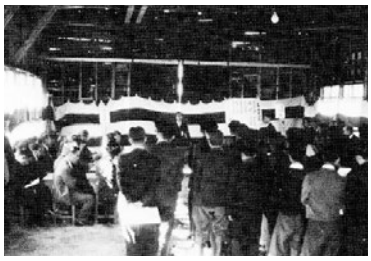
From 1944
Beginnings

Amid the chaos surrounding the end of the Second World War and the postwar period, Yamato Kogyo shifted its business to trackwork parts, laying the foundation for Yamato to be known as having a specialty in turnout switch.

1944
With capital of ¥198,000, Asaji Inoue established Yamato Kogyo Co., Ltd. in Mikunino-mura, Shikama-gun, Hyogo Prefecture (now part of the city of Himeji) as Kawanishi Aircraft Co.'s subcontract factory for the Himeji area, with him as the company's representative.

1945
As the Second World War drew to a close, the company pivoted to the production and repair of trackwork parts for Japan National Railways and private railway companies.

1949
Ichikawa Plant completed.



1951
Secured a contract to export railroad turnouts to Thailand and exported turnouts for the first time.



From 1956
Transforming into a manufacturing company with an integrated steel-making and rolling mill

Seeking to develop our business centered on trackwork parts, we built an electric furnace and a rolling mill, thereby developing our own unique strengths as a manufacturer of trackwork parts and building a foundation for promoting business diversification. We then entered the H-beam market by introducing universal mills, marking a major step forward for growth.

1956
Electric furnace became operational.

1958
Commenced production of cast steel products at Nibuno Plant.



1960
Completed construction of a rolling mill at Nibuno Plant, making Yamato Kogyo the only integrated manufacturer of trackwork parts in Japan capable of rolling materials such as tie plates and joint plates.

1961
Operation of a 40-ton electric furnace began at the newly built Aboshi Plant.

1962
Company stock listed on the First Section of the Tokyo and Osaka Stock Exchange.

1966
Nibuno Plant and Ichikawa Plant relocated and consolidated at the company headquarters (Aboshi Plant).



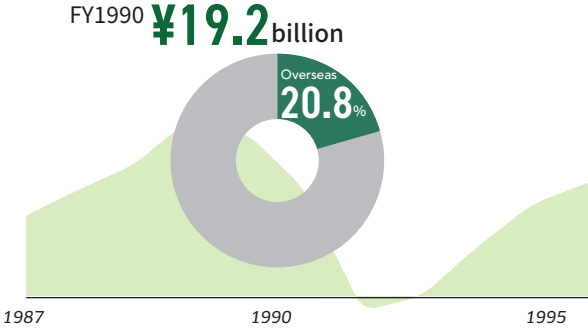
1969
Newly established the Heavy-duty Machining Department.



1975
Universal mill became operational.



Consolidated ordinary profit over time and overseas ratio*1



*1 The ratio of the total ordinary profit from overseas locations to total ordinary profit of the entire Group

From 1987

Taking a leap as a pioneer of global expansion

As trade tensions between Japan and the United States intensified, Yamato Kogyo decided to expand overseas in pursuit of a freer and more transparent market, ahead of other companies in the Japanese steel industry. By welcoming leading companies in growth markets as our partners, we have opened up markets overseas, supporting the infrastructure of each country and region through our distinctive approach to development that combines Yamato Kogyo's manufacturing technologies with the management know-how of our partners. We have constructed a system that integrates the full range of operations from manufacturing to sales at each of our locations, and we continue to grow sustainably.

1987

Established Nucor-Yamato Steel (NYS) in partnership with Nucor, which is among the most profitable electric furnace manufacturers in the United States.



(Front row from left to right)
Hiroyuki Inoue, then-Representative Director and President of Yamato Kogyo
Ken Iverson, then-Chairman of Nucor

1989

Established Arkansas Steel Associates (ASA) in the United States, in partnership with Sumitomo Corporation.

1991

Four-strand combination beam blank/bloom type continuous casting machines became operational.

1992

Established Siam Yamato Steel (SYS) with the Siam Cement Group, the biggest ethnic conglomerate in Thailand, Mitsui & Co. and Sumitomo Corporation as partners.



1996

130-ton direct current electric furnace became operational.

2002

The trackwork parts business was spun off, and Yamato Trackwork System was established.

Established Yamato Korea Steel (currently YK Steel [YKS]) in South Korea.

2003

The steel and heavy industrial processed goods businesses were spun off, and Yamato Steel was established. Yamato Kogyo was converted to a holding company.

2009

Established United Steel Company (SULB) (currently SULB Company) in Bahrain, in partnership with Foulath.



2011

Established United SULB Company (Saudi Sulb) in Saudi Arabia.

2020

Established Posco Yamato Vina Steel (PY VINA) in Vietnam in partnership with Posco, the biggest steel producer in South Korea.



2020

In order to enhance its competitiveness in the South Korean bar steel industry, Yamato Kogyo partnered with Daehan Steel, a company well-versed in the South Korean steel industry, and made YKS a joint venture company.

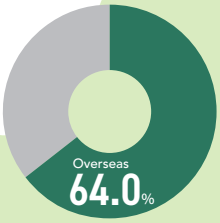
2024

Established Garuda Yamato Steel (GYS) in partnership with Hanwa, which has a broad range of steel businesses in Indonesia, and Gunung Raja Paksi, a major private electric furnace steel producer with over 50 years' operating experience in Indonesia.

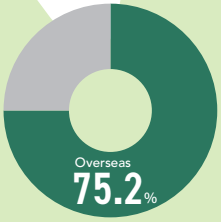


(From left to right)
Tony Taniwan, Executive Committee Member of Gunung Raja Paksi and President Director of GYS
Mikio Kobayashi, Representative Director and President of Yamato Kogyo

FY2005 **¥32.2** billion



FY2023 **¥99.2** billion

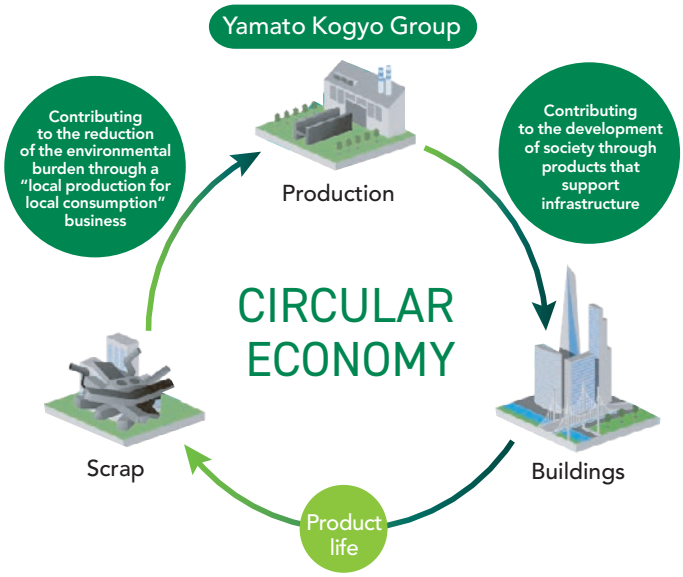


The strengths of the Yamato Kogyo Group

Strength 1: Environmentally friendly steel production

Achieving a circular economy of steel

- Low CO_2 emissions through electric furnaces
- A resource-recycling business model
- More efficient energy use



The Group uses electric furnaces to produce steel products. The electric furnace method is a method of steelmaking in which the main raw material, ferrous scrap, is melted by electric arc heat. In general, compared to the blast furnace method, which uses iron ore and coke as raw materials, the electric furnace method emits about one quarter of the CO_2 produced in the manufacturing process, making it a manufacturing method with a lower environmental impact.

The electric furnace steel production method achieves a circular economy through resource recycling by recycling ferrous scrap that has reached the end of its lifespan to be reborn as a new steel product. In addition, the raw material, ferrous scrap, is mainly collected from local regions, and sales can also be made to local regions, contributing to the development of the country and the region as a "local production for local consumption" business.

Our Group is working to improve the efficiency of energy use, for example by introducing equipment that uses the high-temperature gas generated by electric furnaces to preheat the scrap that will be melted next. As global decarbonization gathers momentum, we will continue to actively promote energy and resource conservation and contribute to environmentally friendly manufacturing.

Yamato Kogyo Group products support social infrastructure

Rivers and ports: Sheet piles

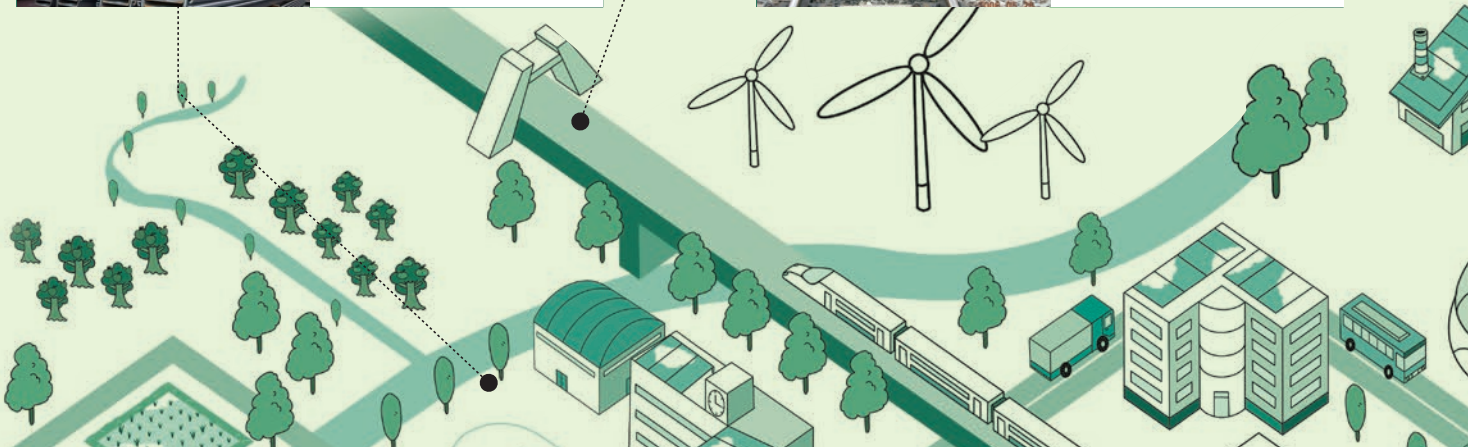


Sheet piles are steel products used to stabilize the ground and prevent flooding. We contribute to the safety of river areas and work sites in public works projects.

Railroads: Turnouts



Turnouts determine the direction of trains entering and exiting a station and are therefore an essential part of the railroad system. We will implement a leading-edge production system to contribute to the speed, safety, and comfort of rail transportation.



Strength 2: Global expansion

Building the future with partners in growing countries

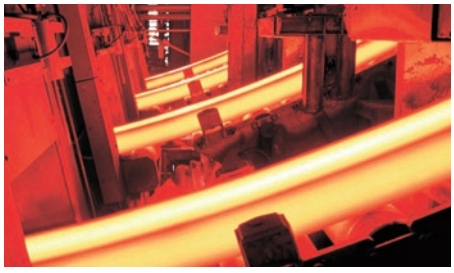


- Expansion of bases in growth regions
- Trusting relationships with partners
- Leading the Group as a "growth driver"

Starting with our move into the United States in 1987, we have continued to expand our business overseas. We have established strong relationships of trust with partners who have local management and market know-how, and who have a presence in markets characterized by robust demand and countries with growth potential in infrastructure investment. In addition to contributing to the growth of each of these countries, we are taking in revenues as the fruit of that growth.

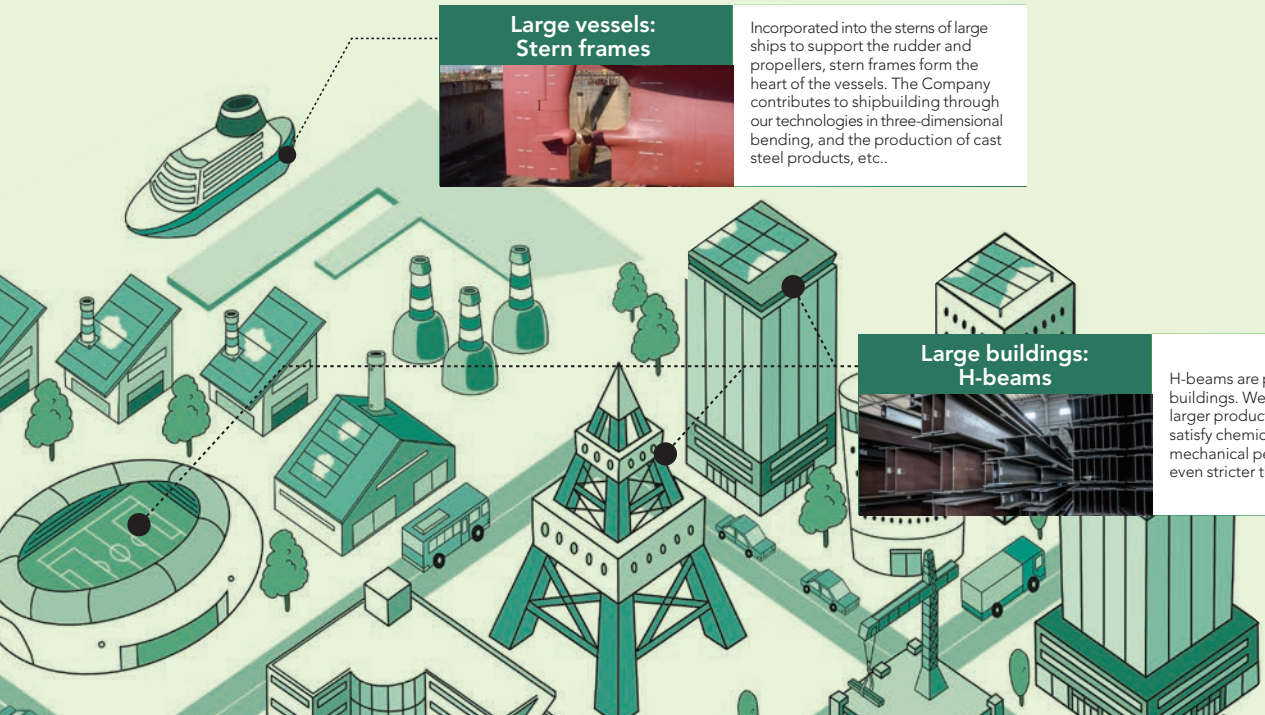
Strength 3: Technical capability

Supporting steel production with Japanese and global technology



- In Japan: Operational technology for structural steel
- Overseas: Adoption of cutting-edge technologies
- Horizontal development within the Group

We support global steel manufacturing by transferring operational technologies developed in Japan to our overseas Group companies and fusing them with local characteristics. In addition to our advanced operational know-how, we have adopted cutting-edge technologies at our overseas bases and by horizontally deploying this technology and information throughout the Group, we are maintaining a high level of technological capability and translating it into results.



Large vessels: Stern frames

Incorporated into the sterns of large ships to support the rudder and propellers, stern frames form the heart of the vessels. The Company contributes to shipbuilding through our technologies in three-dimensional bending, and the production of cast steel products, etc..

Large buildings: H-beams

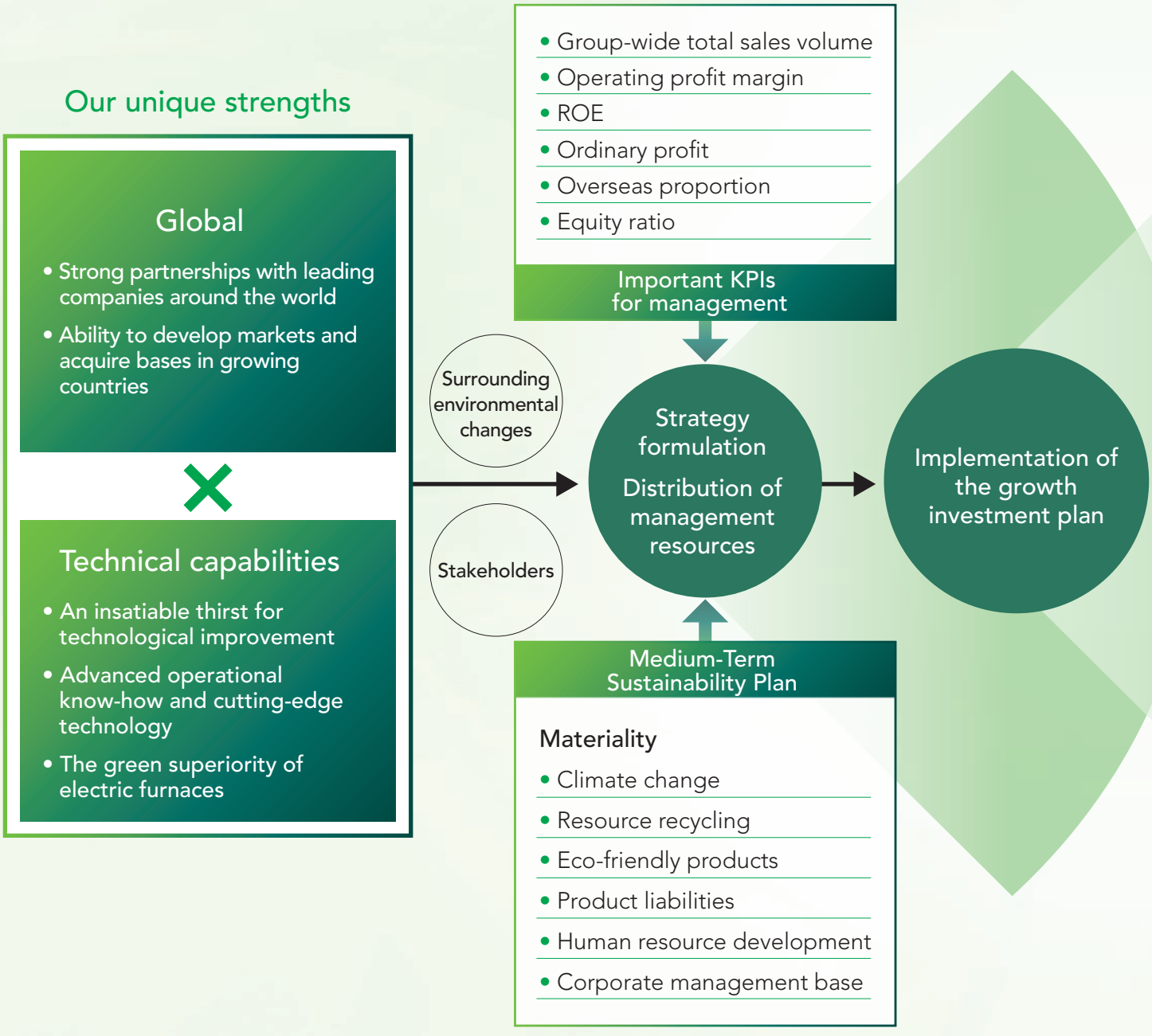
H-beams are primarily used in large buildings. We also deal in even larger products and products that satisfy chemical composition and mechanical performance standards even stricter than JIS.

Value creation process

Our Steel, Your Future

Creating more value for an even richer society

Vision 2030 is based on the Group's unique strengths, considering the external environment. Steel supports the world's infrastructure, and as a manufacturer of steel, we aim to create new value and a sustainable society while delivering sustainable growth.



VISION

To be a global leading company with cutting-edge technology supporting world's infrastructure

Vision 2030

A company that continues to embrace challenges in new business areas as it achieves and secures its position as the global leader (volume x profitability) in structural steel

Ongoing efforts to realize carbon neutrality and a circular economy

- Improvement of environmental superiority by electric furnaces through the accelerated introduction of green technology and energy
- Collaboration with companies owning cutting-edge technologies, joint R&D with universities

Strengthening of core structural steel business

See P. 21 for details

- Expansion of sales in growing regions such as Asia
- Maintaining and enhancing profitability through advanced operational know-how and cutting-edge technology

Entry into new steel, infrastructure and green business areas

See P. 22 for details

- Expansion of product portfolio besides structural steel, strengthening of the value chain, and acquisition of technology
- Aggressive M&A in Japan and overseas

Development and securing of professional personnel carrying on new initiatives

See P. 45 for details

Message from the President



The desire to challenge ourselves is part of our DNA

We will tap into that ambition as we set our sights on further raising our corporate value

Basic approach and philosophy

Clearly distinguishing between the things we must change for the future, and the things we must not touch

In November 2019, on the occasion of the 75th anniversary of its founding, Yamato Kogyo consolidated and reorganized the framework of its corporate philosophy in order to establish a unified set of values for the Group to cherish and set a common direction for the future. The new philosophical framework is made up of our corporate philosophy (MISSION), our vision for the future (VISION), and the values and code of conduct necessary to put our philosophy into practice (Yamato SPIRIT). Internally, we abbreviate these with the acronym MVY.

In order to formulate the MVY, we organized a team of employees selected from among the young and mid-career employees who will carry us into the future. I asked the team members to clearly distinguish between what should be changed and what should remain untouched. We must have the courage to reform what needs to be modified in line with the changing times, while holding firm to the founding spirit and corporate culture that must be protected. That is the essence of our MVY.

Among the things that we must not change, I believe that the most important is the readiness to take on challenges. For example, our overseas business currently accounts for roughly 70%–80% of Yamato Kogyo's ordinary profit. However, when we first entered the North American market 37 years ago, we were told by those around us that it was a hopeless enterprise. We encountered many difficulties and problems when entering other markets as well. It is only because we refused to give up and kept on challenging ourselves that we occupy our current position. I am immensely proud of the way we responded to these challenges, and I believe that the importance of this spirit will only increase as our Group continues to grow.

Taking on the challenge of creating medium- to long-term value

Vision 2030: A common language for the Group

In November 2023, the Group formulated Vision 2030 as a clear statement of the specific corporate image that we should aim for in the medium- to long-term, as well as the growth strategy for achieving this, in light of changes in the business environment, our strengths, and the issues facing management.

Among the most important global developments of recent years is the unavoidable imperative for all industries to respond to climate change and work toward carbon neutrality. Although these trends present hurdles for us to

overcome, I also see them giving a boost to our Group's competitive advantage in the steel industry, as we operate an electric furnace business with low CO_2 emissions.

Meanwhile, our structural steel business, which is currently our core business, is producing the expected results in both the mature markets of North America and Japan and the emerging markets of ASEAN and the Middle East. However, given the current situation in the markets of Europe, Africa, and Central and South America, I believe that the opportunities to acquire new locations in those regions are limited. In other words, in the global structural steel market before us, we are in the process of securing bases in the countries and regions we deem important, and that is making it difficult to achieve sustainable growth using conventional methods alone.

Recognizing this situation, we have held various discussions, ultimately reaching the conclusion that we are prepared to take on the challenge of entering into a new business to follow on from the structural steel business. We formulated Vision 2030 as a common language to communicate this commitment to our employees, partners, and all other stakeholders.

To attempt a foray into new businesses or use new technologies is, of course, not without its own risks. However, if the fear of risk holds us captive within our current boundaries, then the only future we face is one of diminishment. I believe that now is the time for us to awaken the fearlessly enterprising Yamato SPIRIT ingrained in the DNA of Yamato Kogyo, and to enter a new stage of business development aimed at the future we want to achieve.

Sustainability management

Promoting sustainability management that contributes to solving social problems

As the head of our management team, I place importance on adopting an approach to sustainability management that pursues the expansion of corporate profits while demonstrating consideration for environmental, social, and economic sustainability. At the same time, I believe that in order to be a sustainable company, the businesses we develop must contribute to solving social issues.

Within the manufacturing sector, the steelmaking industry is generally one of the heaviest emitters of CO_2. However, the electric furnace business being developed by the Group is distinguished by its low environmental impact, emitting less than a quarter of the CO_2 compared to blast furnace steelmaking. Going forward, we will keep contributing to the achievement of carbon neutrality and the development of a circular economy by further improving energy efficiency in production through technological innovation, as well as actively promoting initiatives such as expanding the use of renewable energy and reducing waste.

In terms of sustainability management, I also recognize the importance of corporate governance as a mechanism for making just and timely decisions that take into account the positions of various stakeholders, including employees, customers, shareholders, and investors. As the Company's top executive, I am focused on my duties, and as the Chairman of the Board of Directors, I strive to make decisions quickly while ensuring highly transparent management. The business of our Group, in particular, is built on global expansion, and in order to promote a dynamic growth strategy while managing each region's risks and opportunities, I believe that it is essential to further strengthen our relationships with good joint venture partners, such as Nucor in the United States and the Siam Cement Group in Thailand, and that the effectiveness of the Board of Directors of each Group company is essential for governance.

Message to stakeholders

As we look to the future, all employees must continue to work together to face the challenges that lie ahead

Living, as we do, in this age of high uncertainty characterized by the acronym VUCA (volatility, uncertainty, complexity, and ambiguity), it is important to keep a constant, close eye on changes in the market environment and advances in technology so that we may identify the direction we should be heading in and develop appropriate strategies to achieve our vision for the future. I believe that in order to achieve sustainable growth, it is essential for all employees to take the initiative in promoting the strategy as something that concerns them personally and to work together to achieve results. The greatest mission of management is to create such an organization and culture.

Looking ahead, the Yamato Kogyo Group will maintain its pioneering spirit, and by encouraging the growth of both people and organizations, we will create new value for society and work to achieve the vision we have set out for ourselves. We would like to ask all of our stakeholders to continue to expect great things from our Group in the future, and to offer your understanding and support.



Mikio Kobayashi
Representative Director, President
Yamato Kogyo Co., Ltd.

Message from the Managing Executive Officer in charge of Finance and Accounting Department and Risk Management Department



FY2023 financial performance – an overview

Ordinary profit and profit achieve record highs for the third year running

Net sales decreased to ¥163,479 million (down 9.4% year-on-year) in FY2023, due to lower sales volume resulting from a global decline in steel demand and market conditions caused by a number of factors such as a slowdown in the Chinese economy. Despite the decrease in sales volume, operating profit increased by 2.8% year-on-year to ¥17,282 million, owing to continuous efforts to maintain metal margins and reduce costs at all locations. The ongoing depreciation of the yen and high interest rates in the United States also helped to push ordinary profit and profit attributable to owners of parent to record highs for the third consecutive year, at ¥99,223 million (up 9.6% year-on-year) and ¥70,018 million (up 7.2% year-on-year), respectively.

With interest-bearing debt remaining at zero as of the end of FY2023, and the capital adequacy ratio at 85.9%, the Company's financial soundness are being maintained at a high level. Our financial assets increased by ¥78.1 billion from the end of the previous fiscal year to ¥263.3 billion, as a result of our recent strong performance and the depreciation of the yen. In terms of cash flow, free cash flow increased by ¥32.7 billion year-on-year to ¥80.8 billion, on the back of a sustained increase in operating cash flow from overseas businesses, including the United States.

Future investment strategy

¥250–300 billion growth investment to achieve Vision 2030

With regard to cash allocation, we will use the cash acquired through our business activities as a resource and allocate it appropriately to areas that contribute to improving corporate value from a medium- to long-term perspective, such as strategic capability enhancement of existing facilities, M&A investment, and investment in the exploration and development of new businesses, while also working to further expand the return of profits to our shareholders.

As for investing in existing businesses, we plan to make growth investments totaling roughly ¥200 billion by 2030 to acquire new overseas bases centered on the ASEAN region and other nations in the Asian region that are expected to grow, and to adopt the latest technologies with the aim of achieving the target set out in Vision 2030 of an "8 million ton global production capacity for structural steel." Regarding our overseas bases, in May 2024, we entered into an agreement with PT Gunung Raja Paksi Tbk, which holds the largest share in Indonesia, to establish a subsidiary there, investing approximately ¥50 billion with the aim of acquiring a production and sales base in Indonesia. On the domestic front, we are investing approximately ¥40 billion in Yamato Steel, the Group's mother factory, to introduce cutting-edge rolling equipment and promote digital transformation (DX). We also plan to upgrade the reheating furnace to make it compatible with carbon-free fuels.

Although we have no specific initiatives to disclose at this time regarding our entry into new business areas, we will proactively pursue the acquisition of technology,

expansion in horizontal and vertical directions that will lead to the enrichment of product groups that follow on from structural steel both in Japan and overseas, and the strengthening of our value chain. Our policy is to make aggressive use of M&A to expand into new fields, and we plan to invest ¥50–¥100 billion over the next six years for these ends as well. Taking on new challenges always involves some risk, but we will carefully assess investment opportunities from a medium- to long-term perspective and steadily move forward with commercialization by making the necessary upfront investments.

Our approach to financial management

Emphasizing both profitability and capital efficiency

Being in charge of finance at the Company, I also attach importance to profitability and efficiency as expressed by ROE. ROE has been rising rapidly since FY2021 due to factors such as increased earnings from the Company's U.S. operations. It remained at a high level of 14.5% in FY2023. We will continue our efforts to maintain an ROE that exceeds the cost of capital, aiming for a baseline of 10% or more. Product market conditions and raw material prices are volatile in this industry, but we will steadily implement the strategies for strengthening the structural steel business and entering into new business areas—as set out in Vision 2030—and thereby build a structure that can consistently achieve a high ROE. By doing so, we hope to establish a reputation in the investment market as a capital-efficient company, thus further increasing our corporate value.

Our approach to shareholder returns

Aiming to provide continuous and stable shareholder dividends

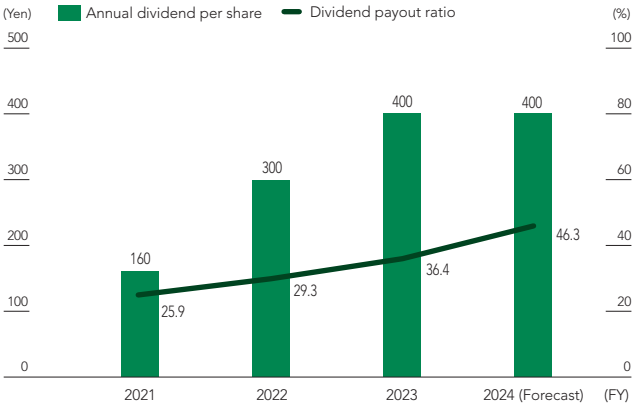
The Group considers the return of profits to shareholders to be one of its top management priorities. Our basic policy on shareholder dividends is to distribute profits in line with business performance. In addition to aiming for our benchmark of a 40% consolidated payout ratio, we strive to offer continuous and stable dividends as we determine the dividend amounts each term. In October 2023, we announced that we would be increasing the minimum dividend per share from ¥50 to ¥300 for the foreseeable future.

Considering that we achieved record-high profits for the third consecutive year in FY2023, we distributed an additional special dividend of ¥100 per share, for a total annual dividend of ¥400 per share.

As we will be celebrating the 80th anniversary of the Company's founding in FY2024, we plan to issue a commemorative dividend of ¥100 in addition to the regular dividend of ¥300, making a yearly total of ¥400 per share, as a token of our appreciation for your continued support.

As for the acquisition of treasury shares, the Board of Directors and the Management Committee always keep it under consideration as one of the measures to return profits to shareholders. We plan to continue buying back treasury shares in a flexible manner, taking into account the business environment and earnings forecasts, while maintaining financial soundness and monitoring the share price level, including the PBR.

Dividends and dividend payout ratio



Message to stakeholders

Focusing on further enhancing IR activities

As the officer responsible for finance at the Company, I recognize that deepening communication with the investment market is also an important mission. For several years now, the Group has positioned the strengthening of IR activities as a priority issue. In order for more people to learn about the Group's growth strategy and specific initiatives in depth, we are working to expand the sharing of information on the Internet and flesh out our disclosure materials, while also making efforts to increase opportunities for dialogue.

Compared to three years ago, we have tripled the number of individual meetings to roughly 100. As a new initiative in FY2023 we also held small meetings for institutional investors and participated in conferences. In the future, we are considering holding overseas financial roadshows. The Board of Directors and Management Committee regularly receive reports on the valuable opinions we receive through such dialogue and discuss them in earnest.

Going forward, we will continue to enrich our IR activities and work to deepen mutual understanding with all of our stakeholders.

Message from the Managing Executive Officer in charge of General Affairs Department, HR Department, IT Department, and Sustainability Management Department



Basic approach and philosophy

To create an organization that motivates and enables people to continuously take on new challenges

Without even bringing up the term "human capital management," we know that it is human resources that support the sustainable growth of a company. This is because the development of human resources creates added value, and the sum of the added value created becomes the source of corporate growth. Companies are constantly faced with the question of how to secure and develop talent with room for growth.

The most important way to solve this issue is to create an organization and environment that properly rewards employees who take on challenges. I believe that by fostering a culture that welcomes challenges, we can create a virtuous cycle in which employees are motivated to develop their own abilities. In order to achieve this, I see it as my responsibility and mission as the executive officer in charge to work for reform without setting any sacred boundaries, while keeping a bird's-eye view of our entire Group.

Pursuing Vision 2030

Establishing three categories to enhance human resources development

Our Group is expanding its business operations in search of growth opportunities overseas. We have established and are enhancing three categories of human resources that will be effective anywhere in the world, as expressed in our Yamato SPIRIT: high-level management personnel, global personnel, and high-level professional personnel.

Young to mid-career high-level management personnel are trained according to a special curriculum to acquire the knowledge and skills necessary to assume future management responsibilities. We will train them systematically, including through job rotations to foster their ability to look at management from multiple perspectives.

Global personnel will be key to the Group's growth, and will require generalist skills such as basic knowledge of production and operations, accounting, taxation, and legal matters, in order to conduct operations with a small number of elite employees.

Regarding high-level professional personnel, we are considering our own training programs for them. We are also placing an emphasis on enhancing the recruitment of mid-career personnel to breathe new life into the organization.

Issues and progress in human resources investment

Working rapidly to develop a system that enables diverse work styles

Throughout its long history thus far, Yamato Kogyo has emphasized tradition, demanding stability and certainty of management. However, in today's rapidly changing and unpredictable world, maintaining the status quo harbors the risk of decline. The reform of the human resource system implemented in April 2023 was both a statement of the HR Department's determination to take the initiative in undertaking new challenges and a message to employees that the Company is undergoing a period of major transitions. It is an ongoing issue to support human capital management through such efforts, and we will continue to take steps toward further improvement while working to

ensure the dissemination of the new system.

One of the concrete achievements is the promotion of diverse work styles. The implementation of new measures to make it easier for all employees to work—such as the introduction of flextime, the expansion of the number of employees eligible for reduced working hours, and the reduction of working hours beyond statutory requirements for employees requiring child care or nursing care—has had the positive impact of reducing long working hours throughout the organization.

Nevertheless, there are still many challenges ahead. In terms of female participation in the workplace, we will work with the awareness that we must change all aspects of the Company, including raising awareness among employees and promoting female managers who can serve as professional role models. In health management, we will promote not only the health of our employees, but also work to create a system that allows their families to work in a state of good mental and physical health.

Sustainability initiatives

The Group working as one to achieve carbon neutrality by 2050

The Yamato Kogyo Group positions sustainability as a top management priority and has identified climate change, resource recycling, eco-friendly products, product liabilities, human resource development, and the corporate management base as materialities at the core of its sustainability initiatives. Especially in terms of responding to climate change, the Company has been one step ahead of other electric furnace steel producers through measures such as adopting scrap preheating equipment and increasing the efficiency of energy use. We recognize that expectations for future developments are high.

Against this backdrop, we have positioned the challenge of achieving carbon neutrality as an important theme. In 2023, we formulated the Domestic 2030/2050 Environmental Vision, which aims to reduce CO_2 emissions by 46% by 2030 compared to FY2013 levels. We are on track to achieve our targets for 2030.

Going forward, we expect to include Indonesia in the scope of greenhouse gas calculations in addition to Thailand through a consolidated subsidiary, thereby enabling us to address climate change from an even broader perspective.

In addition to addressing environmental issues, the Group is also actively promoting initiatives to enhance the sustainability of the regions in which it operates, including those overseas, through community development and educational support. In order to remain a company that contributes to a sustainable society, we will continue our efforts to contribute to the resolution of social issues as a unified group.

Corporate governance

Accelerating discussions to improve management and administrative functions

As the person in charge of governance, I will describe three current issues regarding the enhancement of corporate governance.

Starting with the composition of the Board of Directors, although some might say that it is generally appropriate in terms of evaluating its effectiveness, one cannot say it is adequate from the perspective of balancing the skills of the directors or securing gender diversity. The Nomination Committee is discussing what the Board of Directors wants to be and how it should look like in the future.

Second, we must also address the ballooning of the supervisory and administrative functions of management. In order to speed up management decision-making, we have clearly demarcated the executive and supervisory functions and established the Management Committee as a forum for the open and frank exchange of opinions. We will continue exploring what an appropriate management system should look like, while maintaining the speed and openness of decision-making that is one of Yamato Kogyo's strengths.

Finally, we have collaboration with Group companies overseas. We can hone our strengths as a global manufacturer by creating synergies, especially in terms of sharing knowledge and experience related to technology, engineering and the digital transformation (DX) that companies are working on individually, with companies inside and outside the Group. We will work to develop a mindset and framework to actively learn from each other's best practices under appropriate information management, not only with respect to technology, but also regarding a wide range of overall management issues.

We share these issues with our management team, maintaining and strengthening our effective governance system as we move forward as the global leader in structural steel.

Message to stakeholders

A company where every employee can develop their potential and continue to work with pride

Companies today face an increasingly demanding business environment amid an era that demands more change than ever before. Creating an organization that can change continuously is only possible with human resources that continuously challenge themselves. We will work to improve upon and further develop our personnel system and reform our organizational culture so that our employees can make the most of their potential. Together, we want to grow a company where employees have hope for the future and feel fulfilled as they exercise their abilities to the fullest.

Message from the Managing Executive Officer in charge of Global Business Department



Our basic approach

Building relationships of trust with excellent partners and aiming for sustainable growth

Yamato Kogyo's global development hinges on strong partnerships with trusted local partners.

Our greatest strength lies in the way that we work together with excellent partners who are well versed in the local culture and market, with Yamato Kogyo providing full technical support while leaving the management of these companies in the hands of talented local staff. This approach is ideal for ensuring long-term competitiveness, considering that the electric furnace industry is essentially a regional business, and has been a cornerstone of our development to date.

We have built relationships of trust in many places, starting with our partnership with Nucor in the United States in 1987. Respecting the autonomy of each joint venture company while continuing to steer them toward growth is one of Yamato Kogyo's key missions. My role is to further enhance our global business and achieve sustainable growth.

Pursuing Vision 2030

Keeping M&As in mind as we further enhance the foundations of our global business

Vision 2030 set forth two key strategies to achieve its aim of further enhancing corporate value. Over the course of promoting these strategies, the following views and issues have emerged.

Regarding the first strategy of "strengthening our core structural steel business," we were among the first companies in our industry to turn our attention overseas, and since the mid-1980s we have held firm to our strategy of focusing on regions where few manufacturers have the technology to produce structural steel so that we can gain a firm grip on the local market and gain market share.

With the completion of the M&A in Indonesia at the end of May 2024, we now have bases in three countries in the ASEAN region—the other two being Thailand and Vietnam—signifying significant progress toward securing the second pillar of our business after the United States. By maximizing the synergies created by the three ASEAN bases and cementing our position as the market leader in the ASEAN region, we believe we can secure roughly 30% of the global structural steel market, excluding the Chinese market.

The Group currently has operations in the United States, Thailand, South Korea, Bahrain, Saudi Arabia, Vietnam, and Indonesia, and we believe that we are approximately in the areas where demand is expected to grow. In this sense, our global expansion strategy has reached a turning point, and we believe that in addition to growing organically in regions where we already have a presence, it will be important to improve the quality of individual companies by introducing advanced operational know-how and cutting-edge technologies.

Another major issue is that the structural steel market in the regions where we are developing our business is reaching the point of saturation, or, in other words, a state of completion. Although the market itself is not expected to see much growth, we believe that there is a positive aspect in that new opportunities can be created through

M&A and other means to incorporate the production bases of existing companies in the regions we have entered. In addition, in a market with a tight steel scrap supply and increasingly intense price competition, we will work to maintain prices and high metal margins in order to preserve a balance between supply and demand in the market, while contributing to increased corporate value.

Focusing the Group's collective strength to expand our business portfolio

Entering new steel, infrastructure and green business areas

Our second strategy of "entering new steel, infrastructure and green business areas" is important from the perspective of expanding our business portfolio, with themes such as expanding our product lineup beyond structural steel, strengthening the value chain, and acquiring new technologies.

The idea behind entering new steel and infrastructure areas is to develop our business horizontally and vertically. Horizontal expansion refers to exploring the possibilities of expanding into other products used in the fields of construction and public works besides structural steel, such as plates and structural steel pipes used in buildings, bridges, and various other structures. Vertical expansion refers to establishing new business pillars in the value chain, from raw material procurement and energy to processing. In these fields, it is necessary to acquire advanced technologies and expertise, and I believe it is important for the further growth of our Group to seek partnerships not only with existing partners, but also with companies and start-ups with which we have had no previous relationship.

Although new investments always carry risk, we will marshal the combined efforts of the Group to continue pressing forward with this challenge, while carefully assessing and controlling the quality and quantity of such risks.

Expanding into green areas is something that should be considered not only by the steel industry, but by everyone in the world. With a discerning eye, we will explore areas where our technologies can be utilized. For example, as new steelmaking technologies and other carbon-neutral technologies are developed, we will continue to make efforts to save energy at existing electric furnace facilities, while at the same time examining the feasibility of implementing innovative technologies and planning up-front investments. On the other hand, there are some things that should not be changed. The importance of the structural steel business, which has been our core business for many years, remains unchanged. As we expand into new business areas, we will work to maximize earnings while leveraging our strengths of "excellent partners," "global development capabilities," and "advanced technical capabilities" that we have developed through the structural steel business.

Development of eco-friendly products

Contributing to the sustainable development of natural and forest resources

In April 2024, Yamato Steel began marketing its +Green™ brand of eco-friendly steel products. These are environmentally friendly products that take advantage of carbon credits and renewable energy certificates.

The carbon credits and renewable energy certificates used are limited to those derived from forests and biomass in Japan and are intended to contribute to the sustainable development of Japan's natural and forest resources by circulating funds to those working to preserve Japan's forests.

Going forward, in addition to selling such eco-friendly products, I believe it is also one of our missions as a steel producer to facilitate the popularization of green steel, which is an issue for the global industry, and contribute to the sustainable development of forest resources in Japan while holding a continuous dialogue with customers.

Message to stakeholders

Continuing to challenge

The Yamato Kogyo Group has been expanding its business globally, with the structural steel business as its core business. The importance of this business has remained unchanged, and we will continue to take on new challenges based on this solid revenue foundation. Furthermore, the Group is actively involved in making economic as well as social contributions in each of the regions in which it operates. We will grow together with local communities and build a sustainable future together through donations and infrastructure development.

As the Global Business Department, we will focus on human resource development to achieve sustainable growth in Japan and around the world by pushing forward with strategies based on our Vision 2030. We will work together with our stakeholders to make further strides toward sustainable growth.

Striving for Vision 2030



Background and overview to the formulation of Vision 2030

A growth strategy based on an awareness of the issues

We recognize that our mission as a global company within this society is to create new value and contribute to the realization of a prosperous society. In November 2023, we formulated Vision 2030 as a new initiative to further enhance our corporate value.

In order to achieve our vision of "a company that continues to embrace challenges in new business areas as it achieves and secures its position as the global leader in structural steel," we have set down "strengthening of core structural steel business" and "entry into new steel, infrastructure and green business areas" as our key strategies. Underpinning these two key strategies is our guiding principle for Vision 2030, namely, to make "ongoing efforts to realize carbon neutrality and a circular economy." Alongside making investments to expand our profits, we are also actively making investments to support our strategies and achieve our mission.

Moreover, human resources are the most important factor in enabling us to achieve Vision 2030. Our Group will proactively address the development and enhancement of professional human resources to support new challenges as one of our highest priorities.

		Current status		Management issues
Business aspects	Overseas	• Centered on the U.S. business • Deployed in seven countries across North America, Asia, and the Middle East	▶	• Development of a pillar to follow on from the U.S. • Strategic renewal and expansion of facilities, introduction of new technologies • Further expansion of regions of deployment • Expansion of the steel business domain • Development of global management personnel
	Domestic	• Sound management centered on H-beams • The mother factory of technology • Aging equipment	▶	• Strategic renewal of facilities and introduction of new technologies • Growth through the enhancement of value-added products
Financial aspects		• Sufficient liquidity on hand	▶	• Aiming for a consistently high ROE

Roadmap to achieve targets

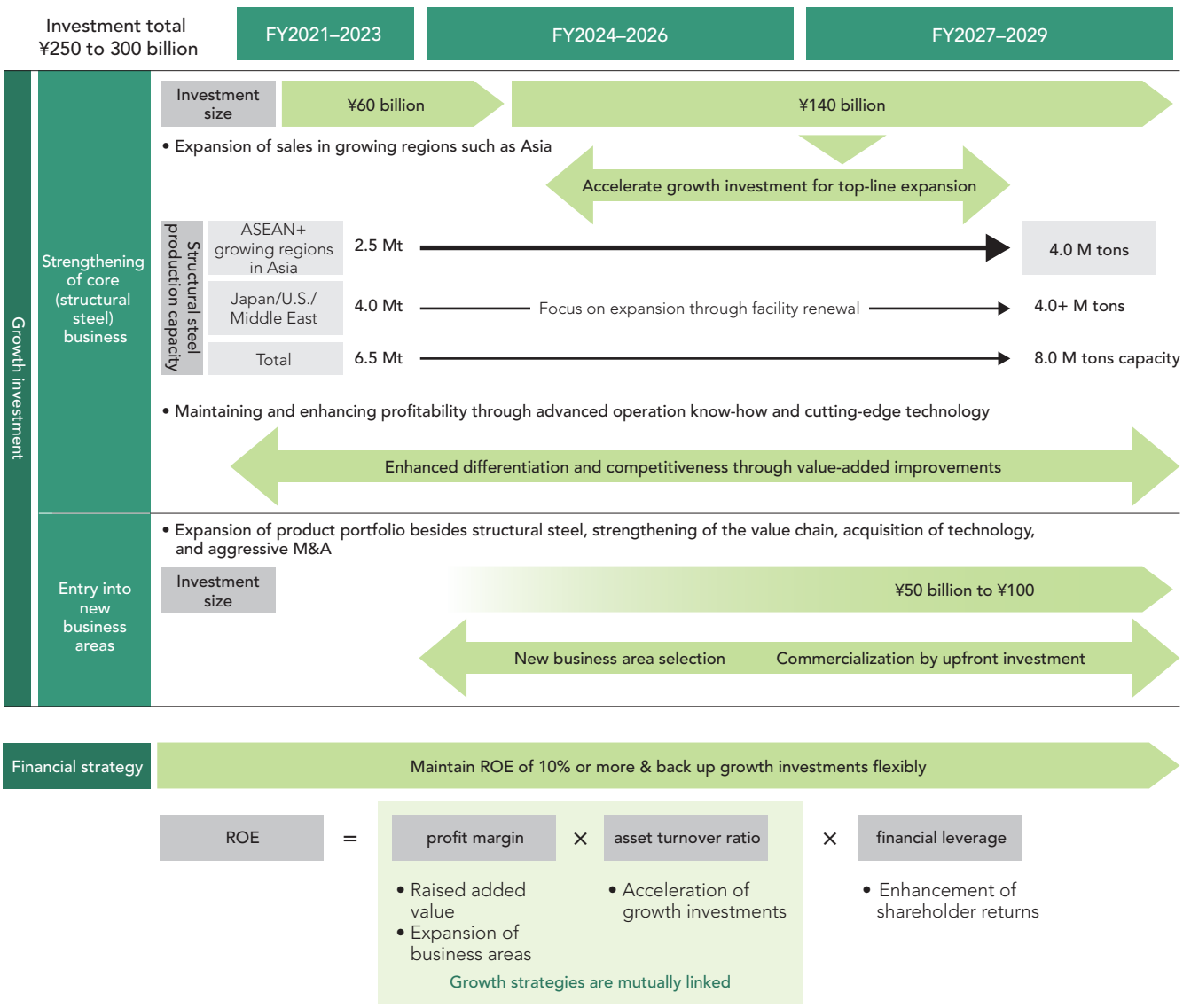
Investment plan

We are planning total growth investments of ¥250–300 billion, with ¥200 billion earmarked for "strengthening the core (structural steel) business." Our aim is to establish a structure with a production capacity of 8 million tons of structural steel, of which about half (4 million tons) will be located in ASEAN and growing regions in Asia. To date, our investments have amounted to a total of approximately ¥60 billion, including ¥10 billion as part of our strategic investment in Japan and ¥50 billion for M&A in Indonesia.

In terms of our "entry into new business areas," we will be taking on the challenge of acquiring new technologies as we expand horizontally and vertically, domestically and internationally, increasing our product range and strengthening our value chain, and we will aggressively pursue M&A opportunities with the aim of investing between ¥50–100 billion in growth. This will be a new and major challenge for our Group, so although we will carefully assess our investment targets, we will take a medium- to long-term perspective in capturing investment opportunities and steadily commercialize our business through the implementation of forward-looking investments, and keep stakeholders informed of concrete progress as appropriate.

Regarding our financial strategy, we seek to maintain a target ROE of 10% or more, and we will improve profitability and capital efficiency so that we can flexibly back up growth investments.

Roadmap to achieve 2030



Striving for Vision 2030

Strengthening the core structural steel business

Maintaining and improving the base capabilities of growing markets with the aim of building an 8-million-ton structural steel production capacity

Vision 2030 positions the structural steel business at the core of our Group's business as a global steel manufacturer. We will further improve both our volume and profitability, securing a high market share in the structural steel market in every region where we already have a presence and exporting to regions where we do not yet have a presence, as well as work together with our Group companies so that we can cover all regions except the Chinese market. Through these efforts we will achieve growth that both we and others recognize as making us the leading global structural steel company.

To this end, we are working to increase our structural steel production capacity from the current 6.5 million tons to 8 million tons by strengthening our existing bases and acquiring new bases in growing regions. Specifically, we are planning to strengthen our existing locations in ASEAN and acquire new locations with a capacity of 1 million tons and we hope to establish a system with a capacity of 4 million tons, which is about half of the 8 million tons, located in ASEAN and other growing regions in Asia.

Progress of the plan in Japan

See P. 25 for details

Yamato Steel, the Group's mother factory, is pushing forward with large-scale strategic investments to improve its own competitiveness, aiming to achieve higher profitability and carbon neutrality, as well as to further strengthen its ability to provide technical and operational guidance to and communicate with our overseas bases.

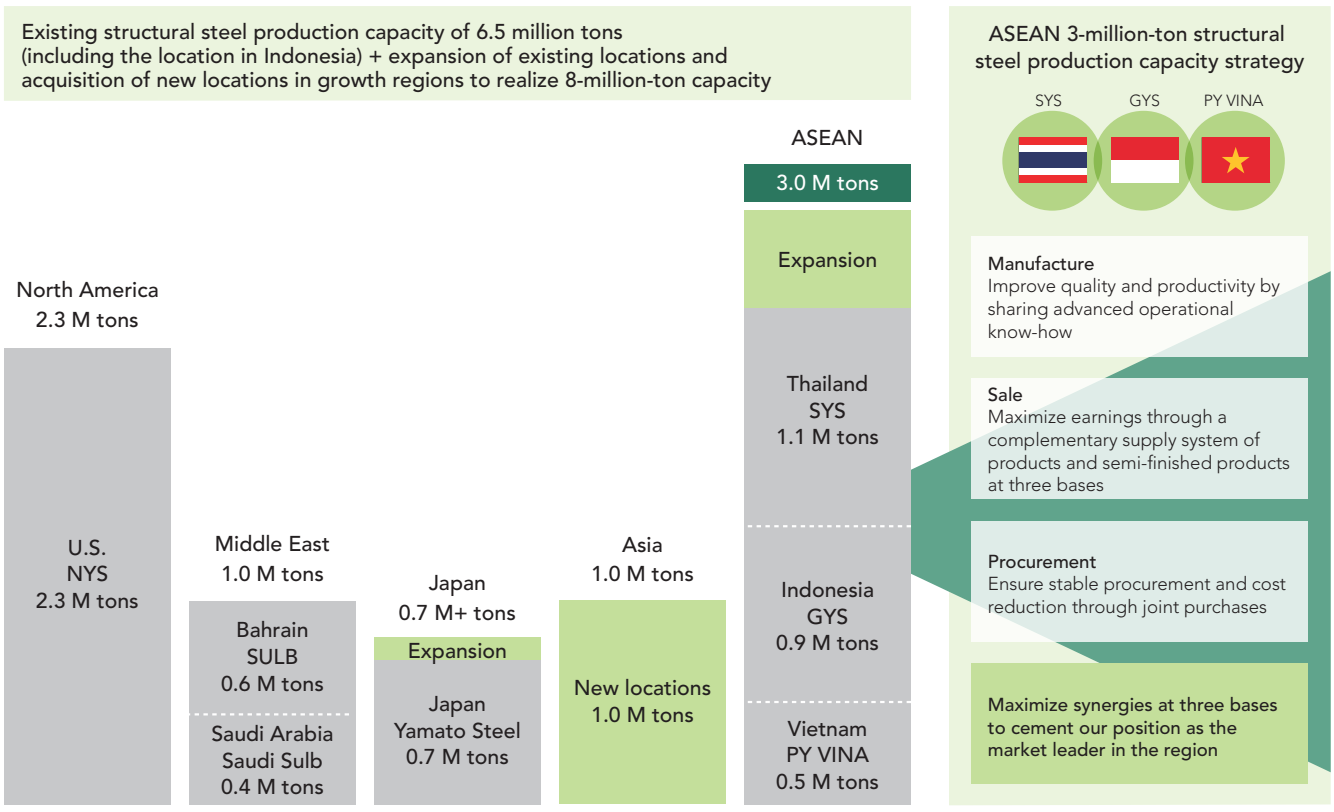
The scale of investment is approximately ¥40 billion, of which around ¥30 billion will be used for projects related to rolling lines. When the full range of upgrades has been completed, production capacity is expected to have increased by 20%.

Progress of the plan in Indonesia

See P. 30 for details

In May 2024, we acquired 80% of the shares in a structural steel company operated by a major Indonesian steel manufacturer. The investment is worth approximately ¥50 billion, and it will provide the foundation for the ASEAN 3-million-ton capacity structure, an important strategy for our Group.

In order to maximize future earnings, we will secure our position as a market leader in the region by focusing on expanding our market share and profits in the Indonesian market, which is growing due to economic growth, population growth, and the relocation of the capital city, as we maximize the synergies in manufacturing, sales, and procurement at our three ASEAN locations.



Entry into new steel, infrastructure and green business areas

Capitalize on the strengths of our core business to create new value

Our Group challenges itself to create new high-value-added businesses by leveraging the strengths and resources of Yamato Kogyo's core businesses (global reach, technological prowess, networking ability, and green superiority of electric furnaces). In order to propel this approach forward, we have adopted the three basic stances of partner strategy, global expansion, and affinity with the core (structural steel) business. Furthermore, rather than choosing business areas that are entirely unknown to us, we are selecting areas that have a connection with structural steel and contribute materially to reducing the impact on infrastructure and the environment. By doing so, we hope to lower the investment risks and increase returns. In terms of the direction of our short-term considerations, we will focus on horizontal development centered on structural steel, strengthening the value chain of the structural steel business, and implementing a green strategy aimed at carbon neutrality and future commercialization. Based on this approach, by taking on the challenge of creating a high-value-added business alongside our structural steel business, it will lead to the further enhancement of our corporate value.

Promoting horizontal and vertical development with structural steel at the core

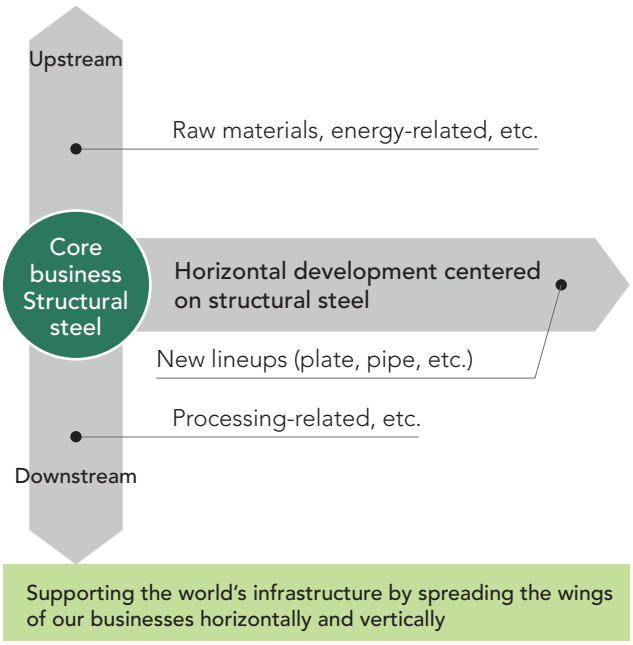
Regarding horizontal development, we will consider expanding our lineup to include products such as steel plate and steel pipe, which are in the same construction and civil engineering fields as structural steel, with a focus on regions where demand is expected to grow in the future. In terms of vertical development, we will consider various measures where we can strengthen the value chain of our structural steel business (e.g., prioritizing upstream areas such as raw materials and energy and downstream areas including processing). Furthermore, we will consider various other measures for both horizontal and vertical development, such as M&A and collaboration with startups.

Our green strategy aimed at carbon neutrality and future commercialization

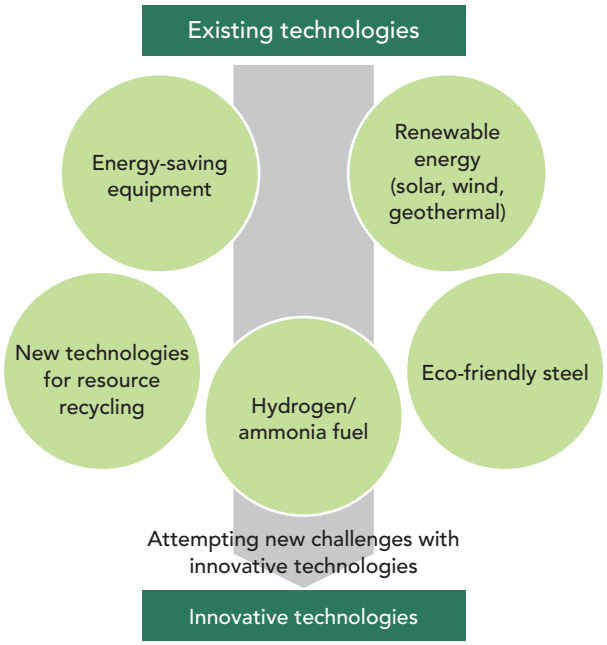
Recognizing the global climate change issue as a new growth opportunity for the Group, we examine the feasibility of future implementation of not only existing technologies but also innovative technologies that have many issues to be solved from various perspectives, and plan to make upfront investments with a view to commercialization over the medium to long term. We will start by promoting collaboration with startups possessing cutting-edge technologies, using our January 2024 investment in the fund managed by Emerald Technology Ventures of Switzerland as a foothold.

Proposed development of new businesses

Horizontal and vertical development



Green strategy



Our locations

Our overseas expansion is characterized by joint ventures run in partnership with excellent companies that are intimately familiar with local business practices and markets. When penetrating into new markets, we carefully select partner companies based on an analysis of risks and opportunities. Our partners focus on management support, while the Group focuses on technical support. By clarifying each other's respective roles, we have built a strong relationship of trust with our partners. Going forward, we will keep on contributing to the development of industry around the world as a global company with a passion for manufacturing.

Regional deployment

1. Country/location 2. Joint venture partner 3. Main products
4. Long steel production capacity (rolling capacity) 5. Year founded
(Note) The pie chart shows the Group's investment ratio.



United SULB Company (Saudi Sulb) LLC

1. Saudi Arabia (Jubail)
2. Foulath
3. Structural steel
4. 0.4 million tons
5. 2011

SULB Company BSC (c)

1. Bahrain (Manama)
2. Foulath
3. Structural steel
4. 0.6 million tons
5. 2009

Siam Yamato Steel Co., Ltd.

1. Thailand (Bangkok)
2. Siam Cement Group, Mitsui & Co., Sumitomo Corp.
3. Structural steel
4. 1.1 million tons
5. 1992

PT Garuda Yamato Steel

1. Indonesia (West Java)
2. Hanwa Indonesia Gunung Raja Paksi
3. Structural steel
4. 0.9 million tons
5. 2024



Posco Yamato Vina Steel Joint Stock Company

1. Vietnam (Phú Mỹ, Bà Ria–Vũng Tàu Province)
2. Posco
3. Structural steel
4. 0.5 million tons
5. 2020



Equity-method affiliate 49%

YK Steel Corporation

1. South Korea (Saha District, Busan Metropolitan City)
2. Daehan Steel
3. Bar steel (rebar)
4. 0.85 million tons
5. 2002



Equity-method affiliate 30%

Arkansas Steel Associates LLC

1. United States (Newport, Arkansas)
2. Sumitomo Corp.
3. Tie plates
4. –
5. 1989

Equity-method affiliate 50%

Nucor-Yamato Steel Company

1. United States (Blytheville, Arkansas)
2. Nucor
3. Structural steel
4. 2.3 million tons
5. 1987

Equity-method affiliate 49%

Yamato Steel Co., Ltd.

1. Japan (Himeji, Hyogo Prefecture)
2. –
3. Structural steel
4. 0.7 million tons
5. 2003



Consolidated subsidiary 100%

Yamato Trackwork System Co., Ltd

1. Japan (Himeji, Hyogo Prefecture)
2. –
3. Trackwork materials
4. –
5. 2002



Consolidated subsidiary 100%

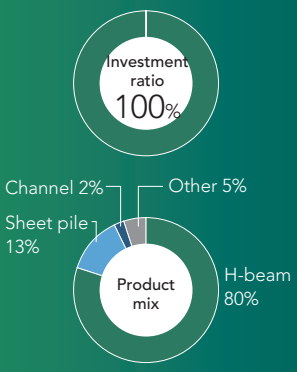
Japan

Japan

Since being spun off as a separate company in 2003, Yamato Steel has been manufacturing steel products, cast steel products, machined parts, and fabricated products, with a focus on structural steel products. It plays the role of the mother factory for the Group.

Yamato Trackwork System maintains an integrated production system for railway trackwork products, covering everything from the materials to processing. It is Yamato Kogyo's original business, and the technical skills, quality and experience of the company are highly regarded both in Japan and overseas.

Yamato Steel



Yamato Trackwork System



Main products (Yamato Trackwork System)

- Turnouts
- Special turnouts
- Adhesion isolation rails
- Anti-derailing/ deviation guards
- Expansion joints
- Tie plates
- Products developed by the Company

Pursuing Vision 2030

Improving our position in Japan by expanding production capacity and product range

Yamato Steel is planning to renew the rolling line (straightener, rolling mill, reheating furnace), and with the current number of staff, it aims to achieve a production capacity of 840,000 tons, for a 20% increase in production.

Although domestic demand for structural steel continues to decline, the Company will work to make the investments profitable by capturing demand for large-size H-beams and sheet piles, which were previously the domain of blast furnaces before they started to withdraw from those product lines. At present, we are mainly selling H-beams to fabricators in the construction industry, as well as to general contractors and leasing companies in the public works sector, with project-related sales accounting for 80% and stockiest sales accounting for 20%. With an aim of raising the project-related sales ratio and expanding sales of sheet piles, we are working to build a solid position in Japan.

In addition, we are planning to install a solar power generation system (PPA) and a bio-coke business, as we actively work to reduce CO_2 emissions.

FY2023 recap and FY2024 outlook

Record profits secured through enhanced sales and cost pass-through

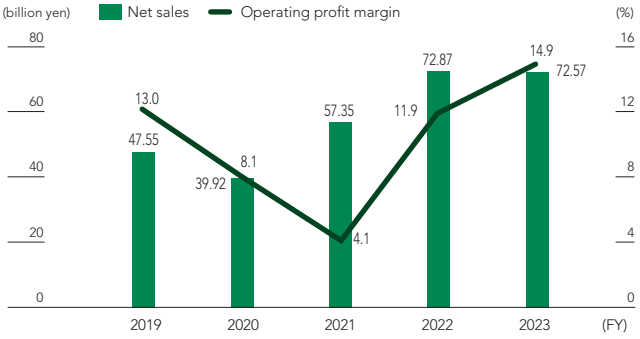
Although Yamato Steel was unable to increase production in FY2023 due to the impact of preliminary work for the straightener renewal, it was able to secure almost the same volume as the previous year and minimize the decline in prices, enabling the company to secure the highest profit ever.

We expect a decrease in demand to become apparent in FY2024 due to rolling stoppages for the straightener renewal, a significant increase in electricity prices, rising distribution costs, and restrictions on working hours in the construction industry. The price of steel scrap is expected to remain high due to the impact of the weak yen, and although we expect profits to decline due in part to a decrease in volume and rising costs, we will work to secure sales volume by accommodating short delivery times and raising sale prices, thereby building up profits.

Crude steel production and sales volume

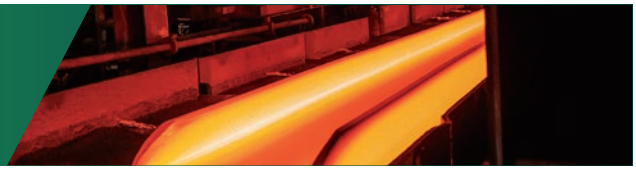


Net sales and operating profit margin



(Note) All of the graphs show the figures for Yamato Steel.

Yamato Steel Co., Ltd.



Message from the President



Yasuhiko Yamauchi
Representative Director, President

As the Yamato Kogyo Group's mother factory, we are focusing on meeting domestic demand and taking orders for projects involving H-beams. In order to continue leading our overseas locations, we are updating our facilities with the latest rolling equipment as we strive to develop human resources who can work overseas and establish new operating technologies that incorporate digital transformation (DX) and AI.

We are also making efforts to further improve product quality, reduce our CO_2 emissions and other environmental impacts, and prevent operational problems before they occur. We are also proactively engaging in joint research with universities.

Initiatives aimed at realizing Vision 2030

Sales of eco-friendly steel (+Green™) (April 2024)
Steel products with environmental added value whose GHG emissions have been offset by carbon credits and biomass-based renewable energy certificates.

Establishment of bio-coke business (construction scheduled for completion in the first half of FY2025)
Coke made from coal is used as a secondary material in electric furnaces. We will adopt equipment to produce raw materials from biomass to substitute for the coke and work to commercialize the business.

Renewal of rolling straightener and mills (construction scheduled for completion in the second half of FY2027)
Renewal of straightener in rolling line and adoption of cutting-edge rolling machine incorporating DX.

Renewal of reheating furnace (planned for the second half of FY2029)
Plans to renew reheating furnace to incorporate burners that use carbon-free fuels such as hydrogen and ammonia.

Yamato Trackwork System Co., Ltd.



Message from the President



Motoyoshi Maruyama
Representative Director, President

Rail infrastructure is indispensable to society, and we continue to make the products that support its safe and stable operation. Within this industry, we have pioneered the adoption of automated processing machines, and we are producing high-precision products at high efficiency through unmanned, labor-saving production. In FY2023, we adopted a backbone system that centrally manages everything from order receipt to design, production, quality assurance, and shipping, thereby enhancing our production system. We will continue to develop the new products that the times demand, with our design and development capabilities that respond to society's needs and our sophisticated production technology backed by experience.

Collaboration with the startup Man-Machine Synergy Effectors

The infrastructure sector faces multiple urgent issues, such as an aging workforce, workforce shortages, and the need to eliminate excessive labor. In October 2022, we therefore launched a collaboration with Man-Machine Synergy Effectors, which states that its mission is to "free the world from suffering due to physical labor."

Forays into new business areas

As we look to expand our business into product segments that require more advanced processing technology, we are considering expanding the range of applications for our 4,000-ton hydraulic forging press, making use of the expertise we have gained through the use of automated processing machines.



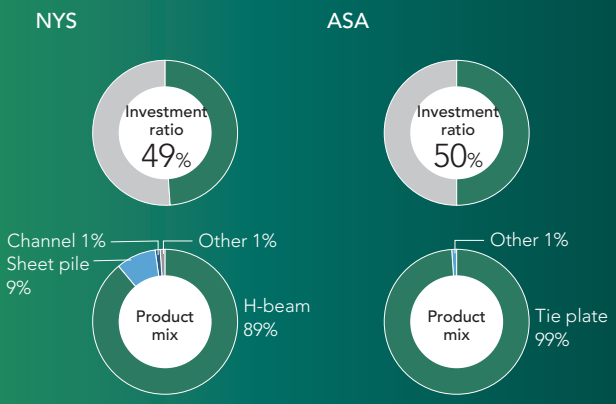
4,000-ton hydraulic forging press

North America

North America

In 1987, we established Nucor-Yamato Steel Company (NYS), combining the Group's expertise in H-beam manufacturing with Nucor's understanding of the United States steel industry. Ever since, NYS has exhibited steady growth in the North American market, which continuously generates substantial demand.

In 1989, the Group also invested in Arkansas Steel Associates, LLC (ASA), solidifying our position as a market leader in the manufacture and sale of tie plates and other railroad track accessories.



FY2023 recap

Secure high profits through robust construction demand

Demand for structural steel remained firm, particularly for large-scale construction projects for semiconductor and electric vehicle production plants. Although intensifying competition from competitors and imports dampened the growth of sales volumes in some sizes, we maintained high metal margins through our strategy of prioritizing sale prices, achieving one of our highest profit levels ever, second only to the previous year, when we recorded a record high. A key strength of NYS is its product lineup, which includes large sizes that competitors are unable to produce. We were able to leverage this advantage to the fullest extent and achieved excellent results.

FY2024 outlook

Concentrating efforts on expanding the domestic market share

Due to the ongoing construction of factories to accommodate the reshoring of semiconductor plants to the United States, as well as investment in data centers and other next-generation infrastructure, we expect orders for large-size H-beams and sheet piles to remain stable. On the other hand, imports are increasing, and depending on the outcome of the U.S. presidential election, competition with other companies may further intensify.

In order to overcome the competition, NYS is reviewing its sales strategy and making renewed efforts to increase its sales volume, thereby expanding its share of the domestic market. Having strategically lowered the prices of some of its products, NYS expects to secure stable earnings, albeit at lower metal margins and thus lower profits—than last year.

Message from NYS

Building solid relationships over more than 35 years of doing business

When I reflect on the strengths of our partnership, what comes to mind are words such as trust, open communication, and collaboration, all of which are in line with Yamato Kogyo's "joint ventures first" philosophy.



Zach Moon
Nucor-Yamato Steel Company General Manager/ Nucor Vice President

We have grown since the initial establishment of the joint venture, from a melt shop with a single rolling mill that could produce 0.6 million or 0.7 million tons per year, to a much larger facility with two furnaces, two casters, and two rolling mills that can produce over 2.3 million tons of steel products per year. This growth was made possible by our shareholders' trust and confidence in us, as well as their investments in our operations and team.

We have a remarkable history of building exceptionally positive relationships over the course of our work together. Nucor places great value on this partnership, and Yamato Kogyo feels the same way.

NYS topics

World-leading technical capabilities underpinning high profitability

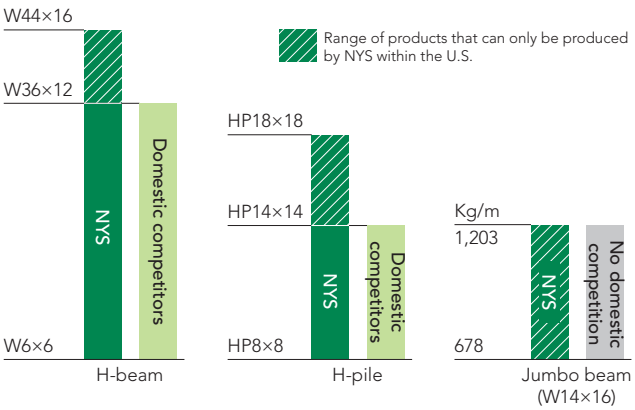
NYS is demonstrating its initiative through aggressive capital investment and improvements in production efficiency, developing new high-value-added products, expanding the production of large-size products, and reducing its carbon footprint.

Its launch of the AEOS™ (Agile, Efficient, Optimized, and Sustainable) brand of high-strength, high-weldability products serves as one example of the way it is expanding its product lineup. AEOS can reduce total steel consumption by up to 25% compared to existing products, and since it does not require preheating prior to welding, construction time and worker man-hours can be reduced, making it an environmentally friendly product. In addition, we are expanding our production of large-size products that only a handful of companies worldwide can produce. NYS products have received high acclaim in recent years, and we have grown our sales volume.

Going forward, we refuse to be satisfied with the status quo. As a leader in the United States steel industry, we will continue to contribute to society by improving customer satisfaction and reducing our environmental impact.



NYS size chart



ASA topics

The first United States electric furnace steel producer to achieve zero Scope 2 emissions

ASA signed an agreement with the electric utility company, Entergy Arkansas, to use its new Go ZERO (zero emissions resource options) scheme. As a result, it became the first electric furnace steel producer in the United States to achieve zero Scope 2 emissions by switching to carbon-free sources for 100% of its power consumption from 2024.

North American freight railroad companies, ASA's major customers, have announced their greenhouse gas emission targets for 2030, setting Scope 3 emission reductions as one of their long-term goals in addition to Scope 1 and Scope 2. Through its 100% carbon-free initiatives, ASA will contribute to the reduction of Scope 3 emissions for each of its business partners, moving us all closer to a carbon-neutral society.



Entergy solar power plant

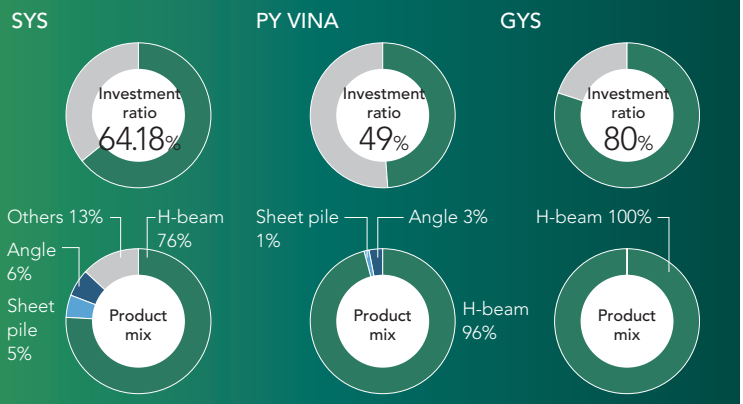


ASA plant in Arkansas, U.S.

ASEAN

ASEAN

In addition to Siam Yamato Steel Co., Ltd. (SYS) in Thailand and Posco Yamato Vina Steel Joint Stock Company (PY VINA) in Vietnam, we have now established PT Garuda Yamato Steel (GYS) in Indonesia. Our Vision 2030 establishes ASEAN as the most important region for our structural steel strategy, and we will maximize the synergy among our three bases to expand our market share in the ASEAN market and contribute to the development of the region's infrastructure.



(Note) The product mix at GYS since its establishment shows the actual results from June to August 2024

Pursuing Vision 2030

Capturing the growing demand for structural steel and contributing to infrastructure development in ASEAN countries

Looking around the world, there is enormous potential for growth in Asia. The ASEAN region in particular is expected to exhibit growing demand for steel as countries in the region continue to grow their economies and develop their infrastructure.

In order for the Group's products to contribute to the development of the ASEAN region, we will establish a system that can respond promptly to local needs and strengthen our presence in the ASEAN market.

Having positioned SYS as the mother factory for the ASEAN region, we aim to maximize the synergies (manufacturing, sales, technology, procurement, and administration) among our three ASEAN bases, basing our efforts on the experience and know-how accumulated over the past 30 years as we grow our ASEAN business into the Group's second earnings pillar after the United States.

SYS FY2023 recap and FY2024 outlook

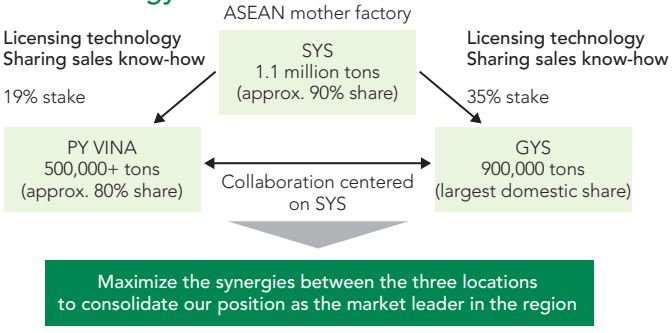
Secure revenues by developing and expanding sales of high-value-added products

Domestic demand and market conditions for structural steel in Thailand showed a modest recovery in FY2023. On the other hand, the environment is becoming increasingly competitive with the rising influx of low-priced Chinese materials into the ASEAN market, including Thailand. Sales volumes decreased at SYS as a result, but the company secured a certain level of profit by adopting measures such as focusing on the market for public works projects, where there is less competition with steel from China.

Although the Thai economy continues to expand at a modest pace in FY2024, we expect a year-on-year decline in profits due to reduced metal margins caused by the intensifying competitive environment.

In order to distinguish our products from the Chinese imports, we will focus on expanding sales of high-strength materials and the solution field (products whose added value is enhanced through processing), where there is less competition, in order to strengthen our earnings base.

Framework for ASEAN 3-million-ton structural steel strategy



SYS crude steel production and sales volume



SYS topics

Leadership as the ASEAN mother factory

Founded in 1992, SYS has accumulated expertise in operations and management, and has developed excellent human resources over the course of its thirty-year history. The company has seconded more than a dozen of its employees to PT Garuda Yamato Steel (GYS), which became a consolidated subsidiary of the Group at the end of May 2024, to support the GYS plant in securing stable operations and raising profits. SYS plays a leading role in the planning and execution of business strategies in ASEAN locations, including at PY VINA.

Furthermore, in July 2023, SYS became the first Thai steel manufacturer to obtain an Environmental Product Declaration (EPD). It will continue to contribute to the creation of a sustainable society through the development and sale of environmentally friendly products. In the same fiscal year, the company completed the installation of solar panels on the roof of its factory and is currently preparing to install floating solar panels on a nearby reservoir. Through these activities, SYS is proactively engaged in the use of renewable energy sources.



Solar panels installed on the roof of the SYS plant

GYS topics

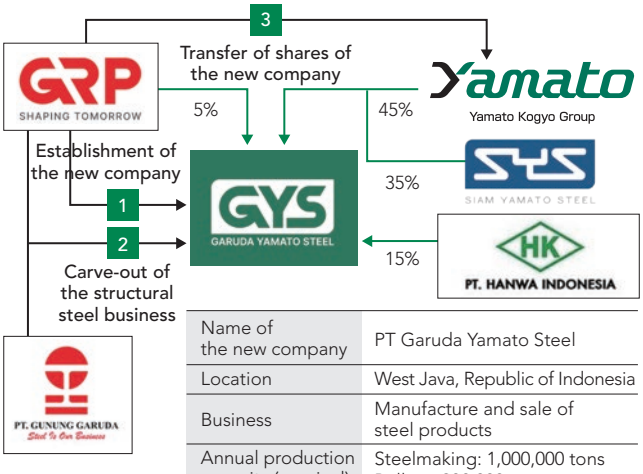
Established in Indonesia: the third ASEAN location

With the aim of developing the structure to produce three million tons of structural steel in the ASEAN region, the Group secured its third ASEAN location by acquiring the structural steel business of PT Gunung Raja Paksi Tbk (GRP), which has over fifty years' experience operating in Indonesia. The Group acquired 80% of the shares of the newly established PT Garuda Yamato Steel (GYS) at the end of May 2024 and made it a consolidated subsidiary.

As the largest shareholder, the Group is taking steps to promote a more aggressive business strategy for the autonomous and sustainable growth of GYS. Hanwa which runs a steel business in Indonesia and possesses a strong sales network, also has a 15% stake in GYS through a local subsidiary. Furthermore, GRP retains a 5% stake in GYS. The new shareholders, including the Group's consolidated subsidiary SYS, will work together to contribute to the development of the Indonesian economy, while aiming for the sustainable growth of GYS.

Indonesia boasts the largest population among ASEAN countries. GYS will therefore closely monitor the trends of rising demand for structural steel to accommodate large-scale infrastructure development, including the relocation of the capital. In addition, the Group is working to further strengthen its brand in the Indonesian structural steel market, launching the Seismic brand in July 2024 as the first brand to promote earthquake resistance in an otherwise earthquake-prone Indonesia. Moreover, the Group is also enhancing profitability by injecting SYS's operational know-how into GYS, thereby increasing productivity and mill utilization rates.

GYS Structure



Name of the new company	PT Garuda Yamato Steel
Location	West Java, Republic of Indonesia
Business	Manufacture and sale of steel products
Annual production capacity (nominal)	Steelmaking: 1,000,000 tons Rolling: 900,000 tons



PT Garuda Yamato Steel

ASEAN, East Asia, and the Middle East

PY VINA FY2023 recap and FY2024 outlook

Vietnamese domestic market en route to recovery, focus on export expansion

Although the construction market bottomed out in FY2023, demand for steel remained soft. In addition, as in Thailand, competition from Chinese goods adversely affected domestic sales volume growth, but higher sales volume from expanded exports resulted in a year-on-year increase in profit.

Market conditions in the construction and manufacturing sectors remain sluggish in FY2024 due to rising interest rates and other factors. With uncertainty surrounding the timing of a full recovery in domestic demand for steel in Vietnam, the company will continue its focus on expanding exports, particularly to South Korea and Australia. Accordingly, the company is developing angle steel and other new products, as well as obtaining certifications for steel standards in various countries.

By maintaining its selling prices, developing new products, strengthening relationships with customers, and improving productivity to reduce costs, PY VINA will strengthen its competitiveness by maximizing domestic and export sales volume.

PY VINA topics

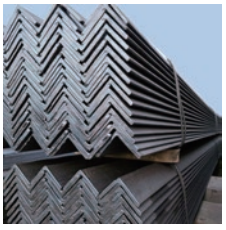
Helping to solve the problems of power infrastructure and the environment

As power demand increases in Vietnam, PY VINA is contributing to the development of power infrastructure by supplying the angle steel used in electricity transmission towers. Moreover, in order to expand exports to developed countries, in June 2023 the company became the first Vietnamese steel manufacturer to obtain an EPD, and is now promoting sales to Europe, Australia, and other regions with a high demand for environmentally friendly products.

As domestic and international customers become increasingly aware of the need to preserve the environment, PY VINA is leading the way in the Vietnamese steel industry.



EPD logo



Angle steel

South Korea

From its establishment in 2002 until 2020, YK Steel Corporation (YKS) operated as a consolidated subsidiary of the Group. In order to strengthen its competitiveness, YKS welcomed Daehan Steel as a strategic partner with expertise in the bar steel (rebar) industry and now operates as a joint venture between the two companies.

YKS





Bar steel 100%

FY2023 recap and FY2024 outlook

Overcoming headwinds in the business environment to remain in the black

The combined drop in real estate prices and rise in interest rates in FY2023 depressed construction demand and significantly worsened the bar steel market. YKS' strategy of holding firm to its sale prices bore fruit, allowing the company to maintain a certain level of profit even in this extremely tough environment.

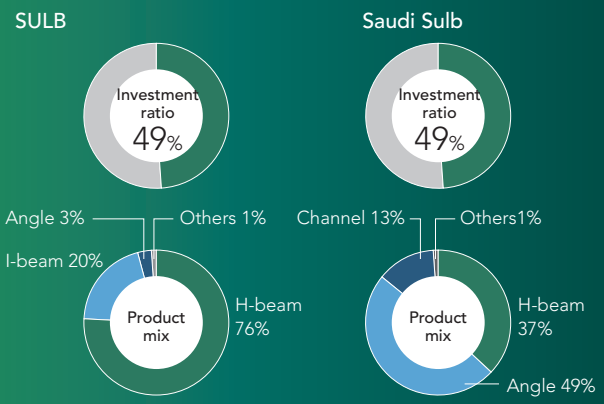
South Korea's GDP is expected to improve in FY2024, driven by the semiconductor industry and other factors, but the construction industry remains stagnant, and a recovery in demand for bar steel is expected to take some time. YKS also forecasts a year-on-year decrease in profit, but is working to ensure profitability by further reducing costs, improving productivity and enhancing its revenue base.



Bar steel produced by YKS

The Middle East

SULB Company BSC (c) (SULB) is a joint venture company with a production plant integrating everything from direct reduction to steelmaking and rolling. Having partnered with Foulath, a holding company owned by Gulf Investment Corporation (GIC), which was established with equal funding from the governments of the six Gulf countries, it is mainly engaged in the manufacture and sale of H-beams. In 2011, the Company collaborated with Foulath through a special purpose company to acquire the assets of a Saudi manufacturer of small and medium-sized structural steel products to form United SULB Company (Saudi Sulb) LLC. "Sulb" is Arabic for "iron."



FY2023 recap

A year that brought results through the integration of production and sales

Supported by strong demand for infrastructure sector, demand for structural steel in the Middle East remained strong, allowing us to steadily accumulate orders in the local market. We also leveraged our production capability that boasts conformity with a wide variety of international standards and a broad product range to aggressively approach export markets and achieved strong sales. On the manufacturing side, the plant maintained stable operations and continued to operate at full capacity for the entire year, demonstrating the results of our integrated production and sales efforts.

While the earnings were lower than the previous fiscal year owing to the weakened selling prices due to the decline in the steel scrap market and the influx of low-priced Chinese steel, overall, SULB achieved favorable results.

FY2024 outlook

Ensuring stable earnings by maintaining high utilization rates

Although we need to remain cautious about uncertainties such as the competition arising from the influx of Chinese imports and the growing tension in the Middle East, demand for structural steel for construction projects, mainly in Saudi Arabia and the UAE, remains firm, and we expect the mill utilization rate to remain high as in the previous fiscal year.

In FY2024, we expect to secure stable profits, although we anticipate a year-on-year reduction in revenues due to the temporary shutdown of production lines for periodic maintenance.

In Saudi Arabia, the government-led NEOM project to build a city of the future is underway, and as a local structural steel mill, we aim to expand sales by responding to strong demand and customer needs.

Middle East region topics

The only Group company to use DRI as a raw material for steelmaking

One of the crucial aspects to consider when expanding overseas is how to secure raw materials for steelmaking. The Middle East region generates only minimal quantities of steel scrap, so it is common to produce direct reduced iron (DRI) using inexpensive and abundant natural gas, which is then melted in an electric furnace to produce the final product.

When entering the Middle East, the Group took on the challenge of DRI production and steelmaking using DRI for the first time and has now established a stable production system after more than 10 years of on-the-ground experience since the initiation of DRI production in 2013. Yamato Kogyo engineers provided on-site operational support and acquired knowledge for DRI technology and expertise.

Today, the construction of solar power generation facilities is accelerating, especially in Saudi Arabia. Since these facilities could eventually become a source of green hydrogen using renewable energy, we will explore the possibility of introducing new methods of steelmaking using next-generation technologies, such as hydrogen reduction, in the future.



Future city NEOM project
(Current plan for THE LINE: a linear city with a total length of 170 km, width of 200 m and height of 500 m)

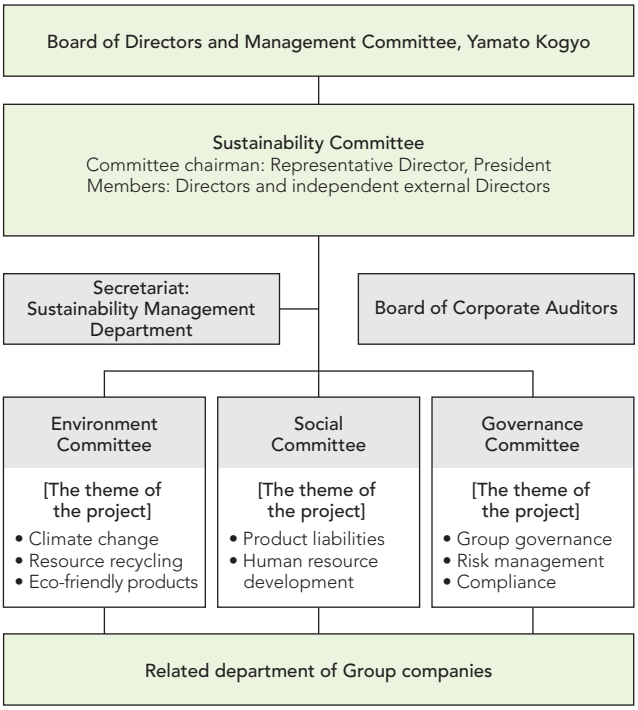
Sustainability management

Sustainability promotion structure

In August 2020, our Group established the CSR Committee (currently the Sustainability Committee), which is chaired by the Representative Director and President and consists of directors, including independent external directors, as Sustainability Committee members.

Under the Sustainability Committee, the environmental, social, and governance subcommittees are specifically promoting our Group's sustainability initiatives, focusing on the themes outlined in the Medium-Term Sustainability Plan and actively promoting responses to risks and opportunities to support sustainable growth. In addition, we have established the Sustainability Committee Operating Rules to facilitate deliberations and decisions, and have established a secretariat to ensure a system for managing the status of sustainability activities. The Sustainability Committee met three times in FY2023.

Sustainability promotion structure



Sustainability Policy

Under the mission of "Our Steel, Your Future," Yamato Kogyo Group aims to create more value for an even richer society through our steel business. Based on this philosophy, we regard sustainability initiatives as an important management issue. We will support the development of each country and region and the future of its people, thereby contributing to the realization of a sustainable society through our business activities.

Identification of materiality and promotion of initiatives

To achieve sustainability management that balances the realization of a sustainable society with the sustainable growth and enhancement of the corporate value of our Group, we have identified themes that we consider highly important for our Group and stakeholders as materiality. Since materiality is an issue that should be prioritized as a medium- to long-term risk or opportunity, we incorporate it into our management strategy and Medium-Term Sustainability Plan and put this policy into practice through our business activities.

Our sustainability management

We define sustainability management as the "sustainable growth of a company while maintaining the environment and society, which are the foundation of our business" and are committed to the following points.

1. **To continue to be demanded by the market over the long term**
   We will maintain and improve our competitiveness and realize a sustainable society by fully assessing the market and business environment and responding promptly and appropriately based on future projections.
2. **To maintain supply (raw materials, human resources, and intellectual property) over the long term**
   We will practice a circular economy through our recycling business, which utilizes steel scrap as a resource and revives it as new steel products.
   We will develop human resources so that our professionals with a diverse range of skillsets can work as "One Team" beyond race, age, or gender, and sustainably create high-added-value products and services.
   As professionals in the Steel and Trackwork business, we will further advance our manufacturing technologies in these businesses to solve social and environmental issues and create economic value.
3. **To be trusted by society**
   We will provide world-class products and services with the highest safety standards in mind.
   We will be honest and maintain the highest level of ethical standards.

Identifying materiality

Believing in the importance of identifying issues that should be prioritized by our Group, we employed the process described below in FY2021 to identify materiality (top-priority issues) in the areas of Environment and Society, while positioning Governance as the foundation of our corporate management.

Materiality identification process

STEP 1 Understanding the issues

Based on ISO 26000, an international standard for social responsibility, we confirmed the current status of the Group's sustainability activities and identified issues on a short-term and medium- to long-term time scale.

STEP 2 Prioritization

The content identified in STEP 1 was comprehensively evaluated and key issues were prioritized based on the two axes: "importance to stakeholders" and"importance to the Group" from the perspective of risks and opportunities.

STEP 3 Validity check

After organizing the results of STEP 2, we asked two experts to confirm the validity of the most important material issues.

STEP 4 Identify materiality & develop a medium-term sustainability plan

The Sustainability Committee, chaired by the Representative Director and President, deliberated on the materiality confirmed in STEP 3 and approved it.

In addition, we discussed the mid-term goals and plans for each of them and established the Medium-Term Sustainability Plan.

Internal understanding and penetration

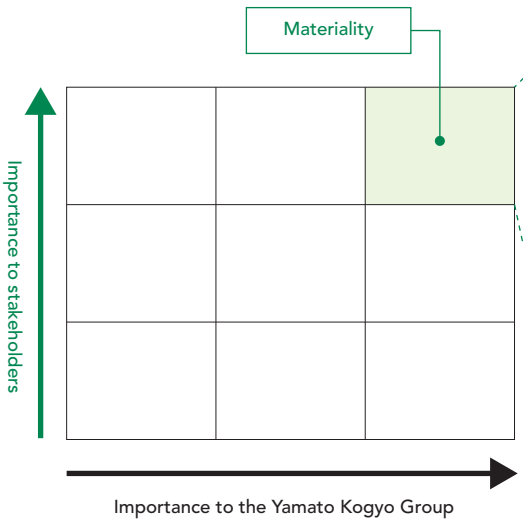
To foster awareness and enlightenment of social contribution, we provide training for employees on sustainability in general, including social contribution, through the establishment of a methodical education system, and we have posted the Employee Code of Conduct on our intranet so that employees can always check whether the standards for their behavior are appropriate.

To promote understanding of sustainability, we provide training opportunities for management and supervisors by inviting external lecturers and participating in external seminars as necessary. We also provide awareness-raising activities through in-house newsletters and a video message from the President.



An internal training session

Identified materiality



	Materiality	Item
Environment	Climate change	Response to climate change risks
		Reduction of greenhouse gas (GHG) emissions
		Efficient energy use
		Use of renewable energy
	Resource recycling	Cyclic use of resources
	Eco-friendly products	Development of eco-friendly products and services
Society	Product liabilities	Ensuring product quality
		Strengthening of disclosure to and communication with customers
	Human resource development	Human resource development
Governance	Corporate management base	Governance
		Compliance

About the identified materiality, we have set medium-term goals targeting FY2025, as well as short-term annual targets to achieve these goals. Based on this plan, we will implement the PDCA cycle and promote the plan, as well as deepen the plan through deliberations by the Sustainability Committee.

	Materiality	Item	Corresponding SDGs	Risks/opportunities for our Group	Vision	FY2025 Medium-term targets*1
Environment	Climate change	Response to climate change risks		Opportunities • If CO_2 emissions are reflected in taxes, prices, etc., electric furnace products, which emit less CO_2 at the manufacturing stage than blast furnace products, could become more competitive than blast furnace products. Risks • The cost of raw materials, energy (such as electricity), water, etc., could rise or supplies could become unreliable. • Fuel prices could soar due to carbon pricing, etc., resulting in higher costs.	We will take measures towards a carbon-neutral society in 2050 by introducing innovative decarbonization technologies, promoting energy conservation and using renewable energy in sectors where this is feasible.	• We will disclose to the market the potential financial impact of transitional and physical risks relating to climate change in the period to FY2025.
		Reduction of greenhouse gas (GHG) emissions				• We will reduce CO_2 emissions by 38% from the FY2013 level.*2 *3
		Efficient energy use				• We will reduce CO_2 emission intensity by 20% from the FY2013 level.*2 *3
		Use of renewable energy				• We will introduce renewable energy in specified business areas by FY2025.
	Resource recycling	Cyclic use of resources		Opportunities • Because electric furnaces produce iron using scrap iron as a raw material, we can improve our competitiveness by emphasizing, to the public, our recycling activities and cyclic use of resources. • By increasing the waste to reuse ratio, we can achieve a higher level of resource recycling. Risks • If there are fewer buyers for waste products, it will become impossible to reuse waste, resulting in a lower recycling ratio.	By enhancing and expanding systems that facilitate efficient recycling of scrap iron, we will contribute to the creation of a circular economy and realization of a sustainable society.	• We will take up the challenge of reducing general waste emissions to zero. • We will improve our industrial waste recycling ratio by 5%.
	Eco-friendly products	Development of eco-friendly products and services		Opportunities • If CO_2 emissions are reflected in taxes, prices, etc, we will gain a competitive advantage. (Clients would be more likely to choose electric furnace products, which have lower CO_2 emissions and lower prices.)	We will develop products and technologies that help to reduce CO_2 emissions and the environmental burden facing society as a whole.	• We will contribute to the reduction of CO_2 emissions by society as a whole by promoting the use of environmentally certified products and supplying products with low CO_2 emissions.
Social	Product liabilities	Ensuring product quality		Risks • Issues with product quality could have a major negative impact. • We could be exposed to reputational risk due to late deliveries by outsourcees or quality problems.	We will remain aware of our responsibility to support social infrastructure through our iron and steel products, heavy engineering, and rail products' business. We will prioritize the provision of safe, dependable, high-quality, high-added-value products and services.	• We will reduce the number of complaints by 25% from the FY2020 level. • As a company that plays an important role in rail and sea transportation, we will maintain the most thorough quality control and continue efforts to reduce serious accidents for which we are liable to zero.
		Strengthening of disclosure to and communication with customers		Opportunities • By improving customer satisfaction, we can increase the likelihood that customers will choose our products. Risks • By disclosing product information only to the customers (as/when we are required to), the market may view this as selective disclosure and it may cause us loss of opportunities and reputational riks.	We will heed the voices of our customers and the public, offer added value, and work toward continual improvement.	• We will clarify the needs and expectations of interested parties and work to improve customer satisfaction.
	Human resource development	Human resource development		Opportunities • By recruiting human resources with a diverse range of skillsets, we will be able to create high-added-value products and services. Risks • Business expansion could lead to labor shortages without commensurate recruitment. • Competition to recruit talented people is escalating.	We will enhance the loyalty of our employees by focusing on sustainability. We will evolve as a company capable of success in a global arena by rotating our workforce to achieve diverse skills and advanced technological skills and flexible planning capabilities needed to realize our corporate philosophy (MISSION, VISION, Yamato Spirit) throughout our entire group.	• We will facilitate the training of our global talent through open communication and regular training updates within the Group, and by carrying out job transfers between Group companies as well as developing various career paths across groups. • We will globally roll out our steel-making technology through the introduction of the latest facilities and operational experience, thereby raising technological capabilities and driving DX across the entire group.
Governance	Corporate management base	Governance		Opportunities • By continually improving corporate governance, we can create a flexible and resilient management structure. • The dissemination of our corporate philosophy (MISSION, VISION, Yamato Spirit) fosters awareness of governance and leads to improved engagement and performance. Risks • We could lose the trust of the public and our business partners in the event of a lack of governance awareness and compliance violations.	We aim to maintain our position as a company trusted by the general public, strengthen our corporate governance, and become a sustainable company capable of responding with resilience to climate change and other major environmental threats.	• We will continually implement corporate governance reforms. • We will disseminate our corporate philosophy across the entire group. • We will build a sustainability management structure for the entire group.
		Compliance		Risks • As our business expands globally, our approach to regulatory compliance and response to ethical issues will determine whether we are likely to experience suspensions of operations or serious impairment to the reputation of our brand. • Compliance violations or lack of appropriate compliance awareness could damage our reputation with the market and our business partners.		• There will be no serious regulatory breaches.

*1: Unless otherwise stated, descriptions under these items target iron and steel products business that would have the greatest impact on Yamato Kogyo Group.
*2: To conform with the Japanese government's reduction targets, we use FY2013 as the base year.

	FY2023 Annual targets*1	FY2023 initiatives and achievements*1
	• We will consider the calculation of potential impact and disclosure of risk response costs if carbon pricing is introduced according to TCFD recommendations.	Disclosure based on TCFD recommendations • Disclose to the CDP the potential impact of carbon pricing, as well as the capital investment costs needed to address climate-related risks and opportunities.
	• Collaboration with specialized companies to capture the status of next-generation industrial furnace development using CO_2-free fuels (hydrogen, ammonia, etc.) and CO_2- free fuel supply chain expansion. • Reinforce group collaboration to figure out and disclose CO_2 emissions for the consolidated scope, including overseas sites.	Collaboration on CO_2-free fuels • Commence a joint research with Osaka University on the material impacts of ammonia combustion. • Gathered information on the development status of combustion burners using CO_2-free fuels. Understanding of CO_2 emissions in the consolidated scope • Scope 1 and Scope 2 have disclosed CO_2 emissions of consolidated subsidiaries including overseas sites.
	• Same as above	• Same as above
	• Continue to study the introduction of renewable energy to offices, warehouses, etc.	Study on introduction of renewable energy • Installation of SVC (Static Var Compensator - used to prevent voltage flicker, etc.). • The decision to install 3MW-scale solar power generation equipment and system.
	• Continue to conduct environmental education on waste and recycling, and consider specific actions to reduce general waste. • Continue to search for new customers to sell valuable resources and consider more efficient processing capacity to further reduce waste.	Environmental education • During Environment Month, sustainability management and environmental management departments will conduct education on waste disposal and recycling for department managers and responsible personnel from collaborating companies. This aims to reinforce awareness that achieving zero emissions for general waste is a priority issue for the Group. Zero emissions of general waste • The Environmental Management Division of Yamato Kogyo Group will conduct environmental education for recruits and career employees, enriching content on waste disposal and recycling to instill environmental awareness. • Promoted classification of general waste and utilization of recycled fuels such as plastics. Reduction of industrial waste • Promoted waste reduction by implementing intermediate treatment of industrial waste and converting it into recyclable products (4.3% improvement from FY2020).
	• Continue our consideration with other industries regarding the possibility of converting waste into valuable resources. • Continue to implement marketing activities designed to raise awareness of environmental certification.*4	Consideration of the possibility of waste utilization for valuable resources • Conducted PR activities for public offices and various private industries to supply public works projects. Raising awareness of environmental certification • Implemented environmental certification through external seminars featuring guest speakers. • Implemented PR activities to promote our initiatives primarily to general contractors and developers. Technological development that contribute to overall societal reduction in CO_2 emissions • Decision to invest in manufacturing facilities for bio-coke, an alternative to coal coke (Initiatives by industryacademia consortium). Development of eco-friendly products • Development of products that contribute to the reduction of environmental burden by utilizing carbon credits and renewable energy certificates.
	• The reduction in the production of blast furnace manufacturers is expected to lead to a further increase in the ratio of large-size products sold to properties. We will focus on improving the quality of large-size products and maintaining quality control standards.	Number of complaints • Number of complaints improved by 26% (compared to FY2020). Despite an increased sales ratio of large-scale products with high manufacturing complexity, claims due to production processes (including significant defects) have decreased. Serious liability accidents • Maintained zero serious liability accidents of in rail and sea transportation.
	• Continue to improve customer satisfaction by strengthening our quality assurance system, guidance, and education, especially in quality improvement of large products, while continuing activities based on the ISO9001 quality management system.	Improvement of customer satisfaction • The results for quality-related items in the customer satisfaction survey improved from the previous year as the Quality Control Section strengthened the quality improvement and quality assurance system, guidance, and education.
	• To establish effective human resource strategies and implement human resource development, interviews with employees will also be conducted to establish, disseminate, and improve new personnel, wage, evaluation, and training systems. • Aim to strengthen the organization to respond to the accelerated global expansion of the business by expanding the global human resources development program and hiring more career personnel. • Create educational opportunities for young employees by strengthening personnel exchange/technological training with overseas Group companies, introducing the latest equipment in Japan, and participating in DX promotion projects.	System development and introduction • Implementation, operation, and review of the new HR management system. • Implementation of a new HR management system engagement survey, and reflection on measures. • Planning and implementation of various systems related to work styles, such as the flextime system and liberalization of dress code. • Planning and implementation of various benefit programs such as a cafeteria plan. Strengthening our organization • Yamato Kogyo Group recruited 48 mid-career recruits and 9 new graduates in FY2023 (22 mid-career recruits and 9 new graduates in FY2022). Creating educational opportunities • Expansion and implementation of various educational programs, such as position-specific education, education by purpose, language learning, etc. • Participation of young employees in projects for equipment renewal and DX promotion in manufacturing divisions.
	• Develop and implement a plan to address issues identified from the results of evaluations of the effectiveness of the Board of Directors. • Implement measures to ensure that the new personnel system takes root and permeates the company's operations. • Establish a new organization dedicated to risk management to enhance risk management.	Evaluation of the effectiveness of the board of directors • The following measures will be implemented to enhance discussions at the Board of Directors and the supplementary management meetings. - Enhancement of strategic discussions: formulation of the "Vision 2030." - Thorough implementation of early provision of documents (sent one week in advance). - Continued to explain agenda contents to directors who do not attend the Management Committee. Utilization of non-financial capital • Discussed the following themes and decided on a policy for the utilization of non-financial capital to support sustainable growth at the Management Committee: - Specific measures to improve employee engagement in human capital management, based on the results of a survey of all domestic employees. - Specific measures to utilize clean energy after the installation of SVCs (Static Var Compensator - used to prevent voltage flicker, etc.) at Yamato Steel. Reflecting the views of shareholders and investors in management • Based on the opinions received through more than 100 IR meetings with investors and market participants, we report them to the Management Committee quarterly to discuss how they should be reflected in the management and to organize our direction. Enhancement of risk management • Established of Risk Management Department as of July 1, 2023, and promoted the following initiatives to enhance risk management. - Discussed and organized the relationship with Bad News First and Business Crisis Management Regulations and decided to strengthen risk management activities to address potential risks and prevent the occurrence of risks. - Established basic policies and regulations as a foundation for the implementation of group-wide risk management activities.
	• Strengthen and continuously implement compliance education in in-house training programs of Group companies. • In addition to existing programs such as position-based training, enhance training related to various laws and regulations.	Reinforcement and continuation of compliance education • Compliance e-mail magazines are issued to domestic and overseas Group companies to educate employees (issued monthly). • Invited outside lecturers to conduct compliance training for new group employees and career hires. • Invited outside lecturers to conduct compliance training for first-time supervisors. Enhancement of training on laws and regulations • Considered information management rules and internal operation improvement plans to prevent insider trading (Financial Instruments and Exchange Act), and planned regular training programs starting in the next fiscal year. • Conducted training on economic security (Unfair competition prevention act) by police officials for directors and employees.

*3: Scope 1 and 2 total. Because the electric furnace business is characterized by heavy use of electric power, it would be significantly impacted by any change in the generation mix of electric power companies.
*4: EcoLeaf and Carbon Footprint of Products certification.

Environmental management

Basic concept

The Yamato Kogyo Group has established company-wide targets and a promotion system to address environmental issues. In addition, Yamato Steel and Yamato Trackwork System have acquired and are operating the ISO 14001 environmental management system, an international standard, to continuously improve environmental management.

Structure

We have established an Environmental subcommittee under the Sustainability Committee chaired by the Representative Director and President of Yamato Kogyo to set environmental targets, check the status of achievement, and improve the environmental performance of the entire Group.

In particular, issues that are important to management, such as climate change, are discussed at the Management Committee and further reported to the Board of Directors. The Board of Directors discusses and supervises the reported environmental issues.

Pollution prevention

Preservation of the water environment

The Group endeavors to minimize the amount of wastewater discharged without wasting precious water resources by filtering and recycling industrial water. In addition, we take thorough measures to deal with the risk of oil spillage into public waters (rivers, etc.).

Total wastewater volume and pH (FY2023 results)

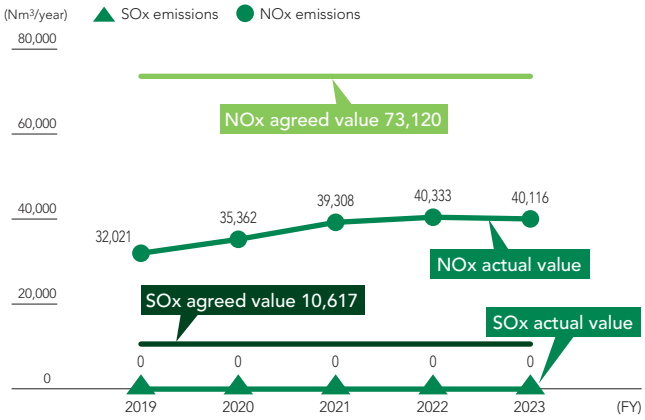
Total wastewater volume*1 (m³/day)	Annual average value per day	1,650
	Maximum value per day throughout the year	2,002
Hydrogen ion concentration (pH)	Minimum value per day throughout the year	6.8
	Maximum value per day throughout the year	8.2

*1 Drainage destination: Nishi Shioiri River; receiving destination: Ibo River (industrial water)

Prevention of air pollution

We have been striving to prevent air pollution by introducing energy-saving equipment and converting to different fuels, etc. Sulfur oxide (SOx) emissions have not only been below the value agreed with the city of Himeji for the past five years but have also remained at zero. Furthermore, nitrogen oxide (NOx) emissions have remained below the agreed value.

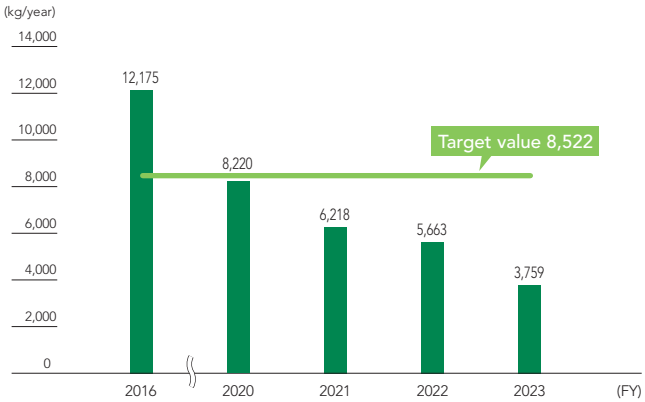
SOx and NOx emissions



Appropriate management of chemical substances

The chemical substances released by our Group are properly managed following the Law of Pollutant Release and Transfer Register, SDS*2, and other related laws and regulations. In addition to complying with the regulatory values, we are also working to reduce them.

Emissions of volatile organic compounds (VOCs)*3



*2 SDS (Safety Data Sheet): A safety data sheet containing information on the properties and handling precautions of chemical substances. Based on the legislation in other countries, businesses that handle chemical substances designated by government ordinances are required to provide SDS when conducting business transactions with other businesses.

*3 The above data covers the volatile organic compounds (VOCs) related to our Group from among the chemical substances defined as VOCs by the Enforcement Order of the PRTR Act.

Climate change

Basic concept

Since our Group is engaged in businesses that consume a large amount of energy during manufacturing, there is a risk that various regulations and systems (carbon pricing, etc.) associated with the Paris Agreement, etc. will lead to higher costs for energy and raw materials. The occurrence of natural disasters due to extreme weather phenomena in recent years will lead to risks such as the instability of business continuity and supply. On the other hand, the growing awareness of climate change among society and customers provides an opportunity for our low-carbon, resource-recycling steel products to gain a competitive advantage.

Domestic 2030/2050 Environmental Vision

We recognize that addressing climate change is one of the most important themes, and we have established the Environmental Vision as shown in the figure below to reduce CO_2 emissions by 38% by 2025 and 46% by 2030 compared to FY2013 levels, ultimately reaching carbon neutrality by 2050.

To achieve carbon neutrality, we will promote energy conservation and consider renewable energy, alternative materials (e.g., bio-coke), and CCUS (carbon capture, utilization, and storage).

Response to TCFD recommendations

In April 2022, the Yamato Kogyo Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The following are the disclosures related to climate change based on the TCFD recommendations that the Board of Directors approved in April 2022 in light of the impact of climate change on our business.

Climate change-related governance structure

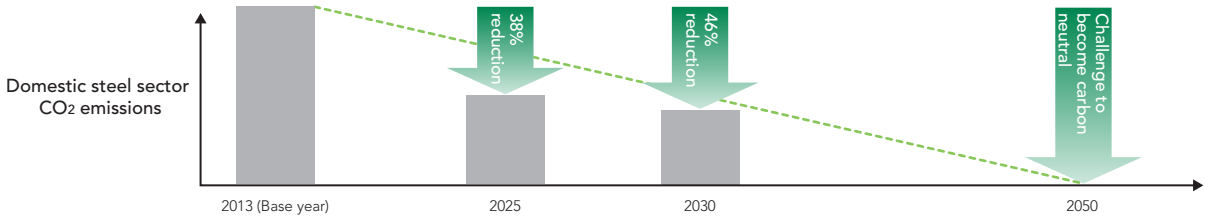
The Environment Committee of the Sustainability Committee meets regularly*4 to discuss matters related to climate change issues. These are reported to the Yamato Kogyo Board of Directors on a case-by-case basis.

When considering business plans and annual budgets, the Board of Directors makes decisions based on the impact of climate change on business management, including risks and opportunities. It also checks and supervises the targets and progress regarding climate change, which the Sustainability Committee has designated as materiality of the Medium-Term Sustainability Plan.

The Sustainability Committee is chaired by the Representative Director and President of Yamato Kogyo, and the Environment Committee is led by the General Manager of Sustainability Management Department.

*4 Normally held once or twice a year, three times in FY2023.

Domestic 2030/2050 Environmental Vision



(1) Improving energy efficiency	Improvement of various basic units (rolling and steelmaking yield / energy consumption, etc.)
(2) Introduction of decarbonization technologies / advancement of existing technologies	Review and upgrade existing technologies Conversion to hydrogen/ammonia fuel
(3) Utilization of renewable energy	SVC introduction Consider introduction of renewable energy sources (e.g., solar power)
(4) Reduction of carbon material usage	Consideration of production and use of alternative materials (e.g., bio-coke)
(5) Carbon offset	CCUS, use of credits, and other resources that contribute to community revitalization

(Note 1) Scope 1: Considers planned implementation, including innovative technological development and infrastructure improvements that are compatible with our facilities.
(Note 2) Scope 2: Considering the effect of the improvement of power coefficients and the increase in the ratio of nuclear power, renewable energy, etc. by electric power companies.
(Note 3) Although limited to domestic steel operations, steel operations account for approximately 98.6% of energy consumption at domestic facilities.

Risk management related to climate change

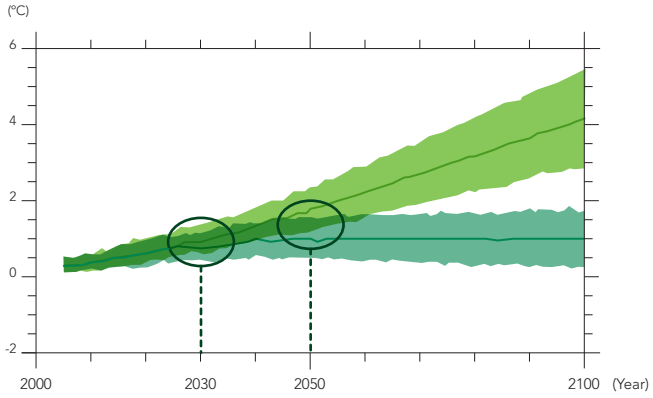
Our Group classified climate-related risks in its operations into migration risks and physical risks following the TCFD recommendations, and further assessed the risks by examining their materiality in consideration of short, medium, and long-term time horizons and relevant laws and regulations. The risk assessment was determined after review and discussion at a Management Committee meeting attended by directors and corporate auditors.

Climate change related strategies

Assumptions for scenario analysis

In our scenario analysis, we examined two scenarios: a 2°C scenario, which is a low-carbon transition scenario, and a 4°C scenario, which projects higher warming outcomes and more significant physical impacts. In light of the Paris Agreement's goal of "pursuing efforts to limit the increase in global average temperature to 1.5°C above pre-industrial levels," we will continue to study transition scenarios toward the 1.5°C goals.

Global average surface temperature change (relative to 1986–2005 average)



Defined as a 4°C scenario

4°C scenario
The 3.2–5.4°C increase from the Industrial Revolution if global warming countermeasures are not taken beyond the current level

The scenario above 2°C
If global warming measures beyond the current level are not taken, the temperature will rise 2.7–4.0°C above the level during the Industrial Revolution

2°C scenario
The 0.9–2.3°C increase from the Industrial Revolution level if severe measures are taken

(Source) Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)

Scope of scenario analysis

The scenario analysis is based on the Japanese government's greenhouse gas reduction targets (46% reduction by FY2030 and carbon neutrality by FY2050) and is conducted over a medium- to long-term time horizon to 2050. The scope of analysis is established as follows.

(1) Japan (domestic)
(2) Risks and opportunities associated with climate change that are likely to impact our business
(3) Potential climate change impacts across the value chain

The analysis at this time is as shown in the table on page 40.

Opportunity initiatives

We expect that our customers in the construction and transportation industries will increase their procurement of products that contribute to low carbon emissions. Against this backdrop, our Group has been working to expand its market through industry-leading initiatives. For example, we have been quick to expand globally within the steel industry by leveraging our strengths, improving our technological capabilities in collaboration with Group companies overseas and to work on energy efficiency. We have also taken steps such as becoming the first company in the Japanese steel industry to obtain two types of environmental certifications, EcoLeaf and Carbon Footprint of Products. Furthermore, we are taking steps to acquire environmental certifications at our overseas bases as well.

We will continue to contribute to the reduction of CO_2 emissions by rationalizing production through the renewal of rolling equipment and automation of operations in stages.



Photovoltaic power generation equipment installed at Siam Yamato Steel Co., Ltd.

Climate change-related scenario analysis

Factor		Impact on Yamato Kogyo Group	Responding to risks / Opportunities / Impact
2°C scenario			
Factor (1) **Increasing demand for products that promote customer/society's effort in decarbonization and climate change** The competitive environment will change as responses to climate change expand throughout the value chain and low environmental impact products and companies that tackle environmental issues are selected Infrastructure construction for disaster prevention and mitigation will proceed slowly	[Opportunity] Expansion of competitive advantage	• Increasing demand for low-carbon and recycling-oriented steel products due to the introduction of various regulations and systems for mitigating climate change and increased social awareness • Improved competitive environment and increased market share as competitors reduce production or withdraw from the market	• Steadily capturing demand for recycled steel in Japan, which is expected to increase due to the growing superiority of recyclable products that contribute to a low-carbon society
	[Opportunity] Market expansion	• Diversification of the supply chain to strengthen the raw material procurement network • Increase in demand for our products as our customers recognize our resilience to climate change • Expanding construction demand for disaster preparedness	• Expand sales of products with environmental certifications (EcoLeaf and Carbon Footprint of Products certification) that contribute to climate change mitigation and energy conservation • Expand sales of products for disaster prevention and mitigation, such as sheet piles used for river/harbor revetments and poling
Factor (2) **Carbon pricing** Various costs such as retail electricity prices will increase due to policies and regulations (carbon pricing) **Factor (3)** **Shift of blast furnaces to electric furnaces** The shift of blast furnace makers to electric furnaces will affect the procurement of raw materials, sub-materials, and energy	[Risk] Increase in operating costs	• Rising energy costs • Increased capital investment costs due to climate change countermeasures • Tightness of raw materials and sub-materials supply	• Consideration of procurement decentralization • Reduction of raw materials and sub-materials consumption and cost through optimization of scrap mix • Negotiate with customers on price increase • Promote energy conservation through automation of manufacturing processes and introduction of energy-saving equipment • Considering investment in renewable energy, including M&A
Factor (4) **Increasing social demands** Increasing social demand for CO_2 reductions will be driving a shift in materials and production processes toward low-carbon/decarbonization	[Risk] Conversion of materials and production processes	• Transformation of materials and production processes toward low-carbon/decarbonization • Obsolescence of our existing technology due to the development of innovative new materials in the decarbonization process • Demand for minimization of energy consumption and use of renewable energy sources in product manufacturing • Delays in introducing equipment for newly developed low-cost ammonia and new energy sources • Increased costs for the purchase of green certificates, etc., when electric power companies are unable to meet the requirements and obligations for renewable energy-derived electricity due to our business model that depends on electric power companies	• Reduction of electricity and fuel consumption rate • Promote investment in energy-saving and low-carbon technologies • Continued consideration of introducing renewable energy to offices, warehouses, etc.
	[Opportunity] Management efficiency	• Increase production capacity and reduce manufacturing and transportation costs by shifting to more efficient production and sales processes • Our low-carbonization will be accelerated according to electric power companies' zero-carbonization by 2050, which brings an increase in investors, product sales, and the recruitment of excellent human resources due to improved corporate reputation and image	• Introduction of efficient production processes to reduce labor and improve quality and yield, such as large-scale renewal of rolling lines, automation of equipment, and promotion of DX • Consider transportation conversion from trucks to ships or rail containers with less environmental impact
4°C scenario			
Factor (5) **Intensification of natural disasters** Physical risks (flooding, property damage) at our sites and sales/procurement logistics network will become apparent Prevention and response will increase costs Heat stress during work reduces productivity and regulations will be tightened in response	[Risk] Delays or stoppages in operations due to abnormal weather	• Suspension of operations due to the breakdown of production facilities, paralysis of sales and procurement logistics networks, etc., caused by natural disasters such as torrential rains and large typhoons • Increased flood countermeasure costs, supply chain restructuring costs, and insurance premiums • Consideration and increased costs to prevent heat stroke risk among workers on site due to rising temperatures, etc. • Ensure employee safety due to frequent wind and flood damage from large typhoons, heavy rain, etc.	• Ongoing implementation of natural disaster countermeasures • Purchase insurance (implemented) and review contracts considering intensification disasters • Conduct physical risk assessments at our plants • Establish global group-wide procurement system in preparation for a disaster when production or procurement of raw-material and sub-materials become difficult due to the disruption of the supply chain • Improvement of the working environment at plants by installing wall ventilation structures, adopting air-conditioned clothing, and improving operator rooms (air-conditioning and refrigerators have been installed)
Factor (6) **National resilience** Disaster prevention and mitigation plans will be revised and government-led disaster response to infrastructure, etc., will spread	[Opportunity] Market expansion	• Expanding construction demand for disaster preparedness	• Expand sales of products for disaster prevention and mitigation, such as steel sheet piles used for river/harbor revetments and poling

Risk initiatives

A large amount of electric power is indispensable for our group's business. We recognize that future trends in energy policy and laws and regulations will have a significant impact on our operating costs if retail electricity prices increase. Against the backdrop of growing social demands for further decarbonization in the future, we believe that the following past, present, and future initiatives of our group will lead to risk reduction.

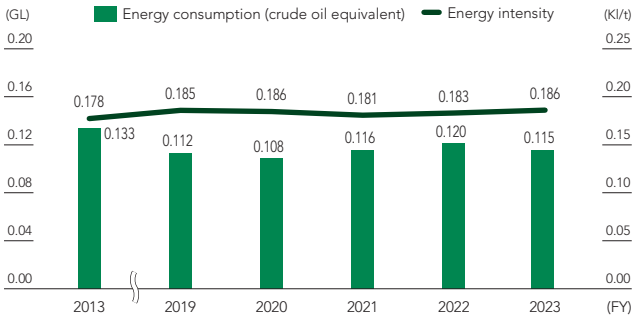
- Low NOx regenerative burner installed (since 2001)
- Fuel conversion to LNG (since 2006)
- Establishment of low-temperature operation technology for reheating furnace (since 2013)
- Use of LEDs in plant facilities (since 2018)
- Introduction of single-stage preheater (SSP) (since 2019)
- Establishment of dynamic control technology by introducing exhaust gas analyzers (since 2021)
- Use of renewable energy



Single-stage furnace top scrap preheater (SSP)

As a result of these efforts, energy consumption in FY2023 was 0.115 GL and energy intensity was 0.186 kL/t-crude steel production.

Energy consumption and intensity

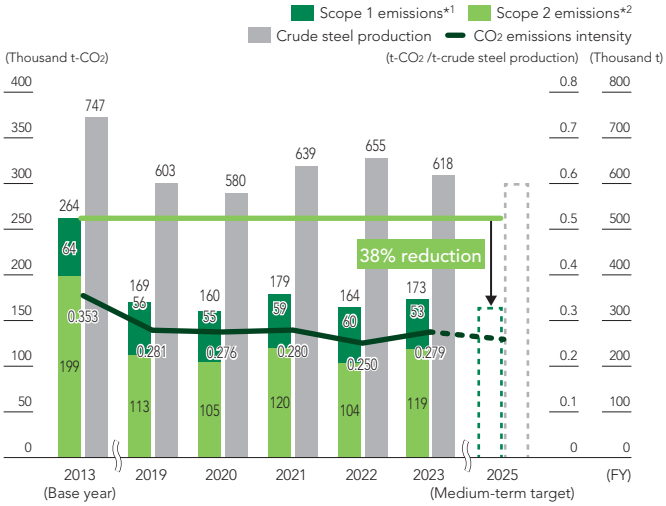


(Note 1) The data covers Yamato Steel.

Indicators and targets

We set medium-term and annual targets as climate change-related indicators and targets in the Medium-Term Sustainability Plan, and the Sustainability Committee monitors and verifies progress and reports to the Board of Directors. The emissions reduction target has been set to a target of 38% reduction from the 2013 level for Scope 1 and 2, targeting 2025, taking into consideration the characteristics of our group's business, past initiatives, and future social trends.

CO_2 emissions and CO_2 emission intensity



*1 Direct emissions from in-house fuel use and industrial processes
*2 Indirect emissions from the use of electricity and heat purchased by the company
(Note 2) The data covers Yamato Steel. Because the electric furnace is a heavy user of electric power, we are significantly impacted by any change in the generation mix of electric power companies.
(Note 3) Calculated based on the calculation method prescribed in METI's "Act on Rationalization of Energy Use and Shift to Non-fossil Energy" (the Energy Saving Law).

Greenhouse gas (GHG) emissions of the Yamato Kogyo Group

Scope 1 and 2 GHG emissions (FY2023 results) (thousand t-CO_2e)

	Scope 1	Scope 2	Scope 1 and 2
Steel business (Japan)	100.51	119.37	219.88
Trackwork system business	0.05	1.36	1.41
Other	0.81	0.32	1.13
Total domestic sites	101.38	121.05	222.43
Steel business (Thailand)	127.61	212.45	340.06
Total	228.99	333.50	562.49

(Note 4) The data covers Yamato Kogyo, Yamato Steel, Yamato Trackwork System, Yamato Shoji, Matsubara Techno, and SYS. Accounting periods are in accordance with the accounting periods of the individual companies.
(Note 5) Calculations for Yamato Kogyo and its domestic subsidiaries have been made based on the Energy Saving Law and using coefficients stipulated by the Act on Promotion of Global Warming Countermeasures. Calculations for SYS have been made based on coefficients and calculation methods provided by the Thailand Greenhouse Gas Management Organization (TGO).
(Note 6) SYS has a higher emissions volume than Japanese steel companies due to factors such as its higher production volume and larger emission coefficient.

Scope 3 GHG emissions*3 by category (FY2023 results) (thousand t-CO_2e)

Category	Emissions
Category 1 (Purchased goods and services)	156.85
Category 2 (Capital goods)	8.32
Category 3 (Fuel- and energy-related activities (not included in scope 1 or scope 2))	35.26
Category 4 (Upstream transportation and distribution)	17.52
Category 5 (Waste generated in operations)	1.19
Category 6 (Business travel)	0.05
Category 7 (Employee commuting)	0.17
Category 12 (End-of-life treatment of sold products)	0.89
Total	220.26

*3 Indirect emissions in the Company's own supply chain other than Scope 1 or 2
(Note 7) The data covers Yamato Steel.
(Note 8) Calculated based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.6)," "Database of emissions unit values for Greenhouse Gas Emissions Throughout the Supply Chain (ver 3.4)," "LCA database IDEA Ver 2.3 (for calculating greenhouse gas emissions in the supply chain)" and Yamato Kogyo's own "GHG emissions calculation manual."

External evaluations and third-party verification

Acquisition of environmental certification

All of our consolidated subsidiaries, both in Japan and overseas, have acquired ISO 14001 certification, an international certification for environmental management systems, and undergo periodic renewal audits. In addition, the Environmental Control Section conducts internal audits once a year, and the Representative Director and President and auditors conduct management reviews twice a year, to improve the management level.

ISO 14001 certified factory scope

- Yamato Steel,
  Yamato Trackwork System, Siam Yamato Steel

ISO 14001 audit results

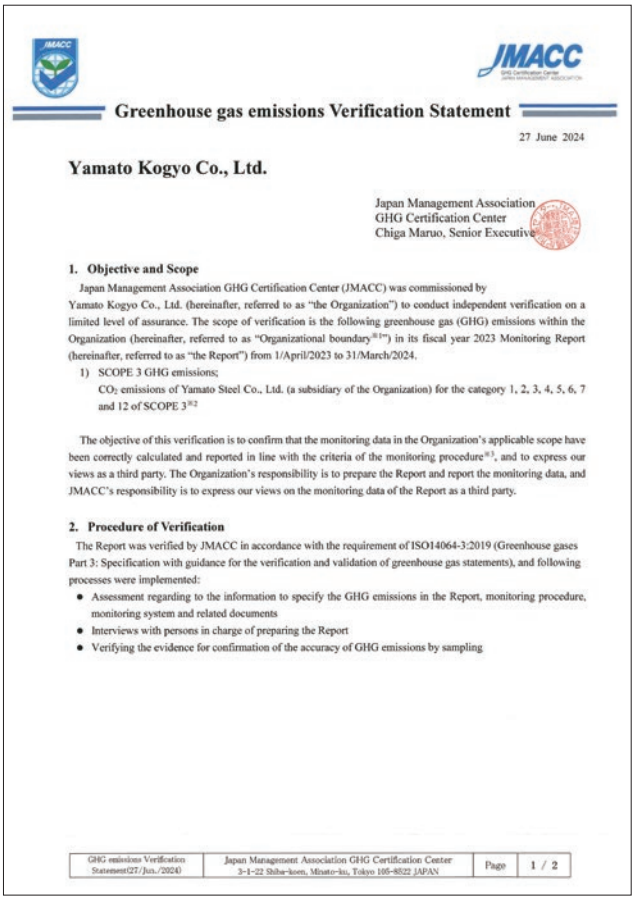
- Yamato Steel, 2023 Surveillance audit
  – certification registration maintained.
- Yamato Trackwork System, 2023 Renewal audit
  – certification renewed.
- Siam Yamato Steel, 2023 Surveillance audit
  – certification registration maintained.

Compliance audit results

- On-site water sampling of factory wastewater by Himeji City Environment Policy Office (Feb. 2024)
  Conducted per Article 26 of the Himeji City Pollution Prevention Ordinance. All results (regular items) are below legal standard values.
- On-site inspection by Himeji City Industrial Waste Management Division conducted (Dec. 2023)
  Conducted per Article 19, Paragraph 1 of the Act on Waste Management and Public Cleansing.

Third-party verification of GHG emissions

For the purposes of accurately calculating emissions of the entire supply chain, quantitatively understanding the environmental impact and disclosing highly reliable and transparent data to stakeholders, Yamato Steel underwent verification of its Scope 3 emissions by the GHG Certification Center of the Japan Management Association in June 2024 and obtained a third-party verification report.



JMACC

Greenhouse gas emissions Verification Statement

27 June 2024

Yamato Kogyo Co., Ltd.

Japan Management Association
GHG Certification Center
Chiga Maruo, Senior Executive

1. Objective and Scope

Japan Management Association GHG Certification Center (JMACC) was commissioned by Yamato Kogyo Co., Ltd. (hereinafter, referred to as "the Organization") to conduct independent verification on a limited level of assurance. The scope of verification is the following greenhouse gas (GHG) emissions within the Organization (hereinafter, referred to as "Organizational boundary[※1]") in its fiscal year 2023 Monitoring Report (hereinafter, referred to as "the Report") from 1/April/2023 to 31/March/2024.

1) SCOPE 3 GHG emissions;
   CO_2 emissions of Yamato Steel Co., Ltd. (a subsidiary of the Organization) for the category 1, 2, 3, 4, 5, 6, 7 and 12 of SCOPE 3[※2]

The objective of this verification is to confirm that the monitoring data in the Organization's applicable scope have been correctly calculated and reported in line with the criteria of the monitoring procedure[※3], and to express our views as a third party. The Organization's responsibility is to prepare the Report and report the monitoring data, and JMACC's responsibility is to express our views on the monitoring data of the Report as a third party.

2. Procedure of Verification

The Report was verified by JMACC in accordance with the requirement of ISO14064-3:2019 (Greenhouse gases Part 3: Specification with guidance for the verification and validation of greenhouse gas statements), and following processes were implemented:

- Assessment regarding to the information to specify the GHG emissions in the Report, monitoring procedure, monitoring system and related documents
- Interviews with persons in charge of preparing the Report
- Verifying the evidence for confirmation of the accuracy of GHG emissions by sampling

Verification report on greenhouse gas emissions
https://www.yamatokogyo.co.jp/en/pdf/20240627.pdf

Resource recycling

Basic concept

Boasting a global recycling rate of over 90%, iron is a material with exceptional recyclability, said to be recyclable "indefinitely." By establishing a complete (closed-loop) recycling system, our Group aims to make the most of these characteristics, thereby reducing the volume of natural resources mined and the amount of energy consumed.

We will contribute to the arrival of a sustainable society by enhancing and expanding systems that facilitate efficient recycling of steel scrap and creating a circular economy.

The challenge to achieve zero waste (zero emissions)

In the manufacturing process, we use steel scrap as the main raw material and turn waste materials such as slag,*1 dust,*2 scale*3 into usable resources. In particular, some of the slag undergoes in-house processing such as crushing and aging before being sold to recycling companies as valuable resources.

In FY2023, we promoted waste reduction by implementing intermediate treatment of industrial waste and converting it into recyclable products, improving the recycling rate by 4.3% compared to FY2020. We are steadily working toward our medium-term target of a 5% increase in the industrial waste recycling rate.

About the management of slag and slag products, we are striving for the proper management of steel slag products by preparing and complying with a management manual following the "Guidelines for the Management of Iron and Steel Slag Products" established by the Nippon Slag Association.

Eco-friendly products

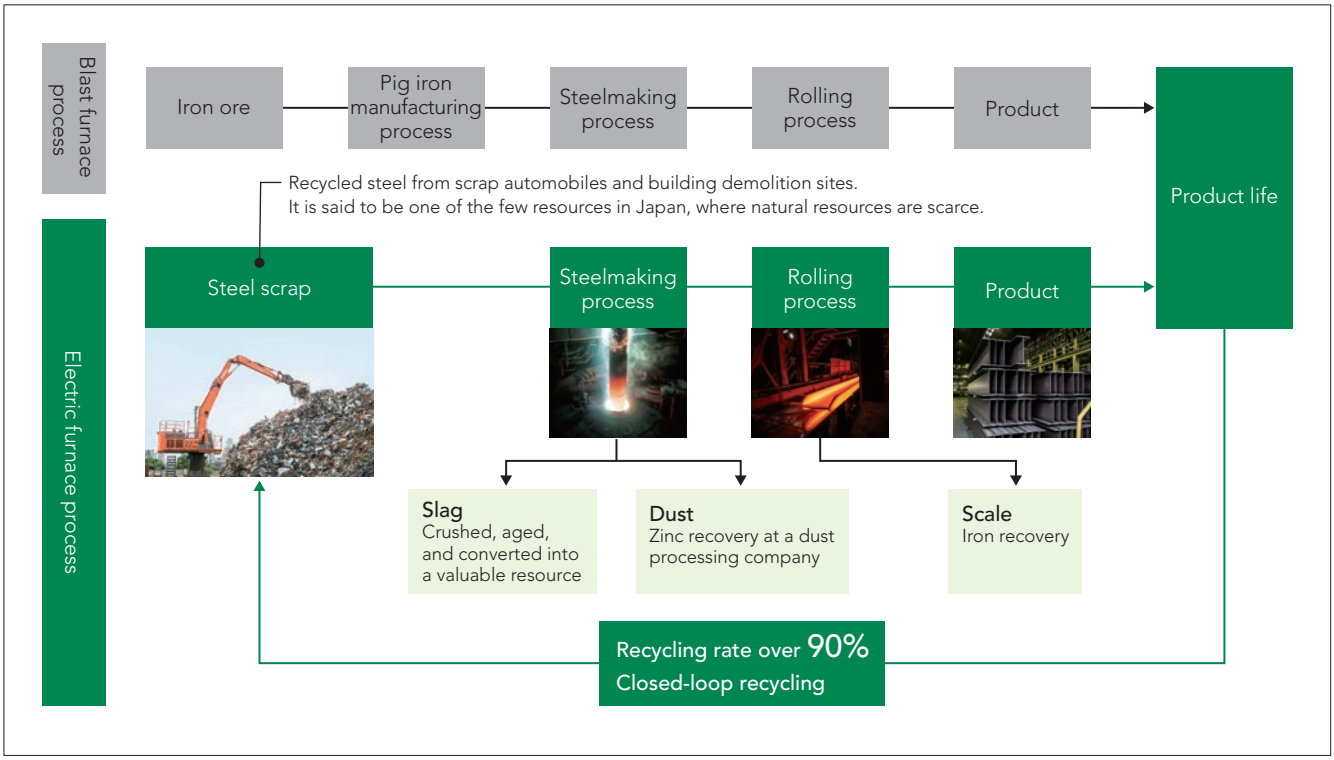
Basic concept

In addition to reducing the environmental impact of our business activities, we also aim to reduce the impact of our products throughout their entire life cycle, including when they are used and recycled at our customers' sites, by promoting the development of eco-friendly products.

Eco-friendly steel brand +Green™

In April 2024, Yamato Steel launched and commenced sales of the +Green brand of eco-friendly steel products, which offset greenhouse gases (GHG) such as the CO_2 generated during the product lifecycle (Cradle to Gate) with environmental value.

Closed-loop recycling of Iron



*1 A substance formed by the melting and separation of certain components in the steelmaking process *2 A fine powder produced during the steelmaking process
*3 An oxidized film that forms on steel materials during the rolling process

What +Green has to offer

Implementing measures such as adoption of energy-saving technologies and fuel conversion, Yamato Steel has been making efforts to reduce GHG for over half a century. As a result, we have reduced our GHG emissions per product to one of the lowest levels in Japan. In addition, while some emissions currently remain difficult to reduce, to offset those emissions, our +Green steel products use the environmental value of forest-derived carbon credits and renewable energy certificates from power generated with biomass. All of Yamato Steel's steel products are available as +Green products.

The values that +Green aims for

In addition to removing the CO_2 generated by our daily lives and economic activities from the atmosphere, forests also play an important role in conserving water resources and preserving biodiversity. However, in recent years, due to factors such as shortages of funding and manpower, an increasing number of forests are becoming difficult to manage in the same ways as before.

With +Green customers can purchase environmental value that is limited to that derived from Japanese forests and biomass. By recirculating funds for forest conservation in Japan in this way, it contributes to the sustainable development of natural and forest resources. Hand in hand with our customers who have purchased +Green products, we aim to support the sustainable development of forests beyond the framework of the value chain as we create sustainable steel with the help of natural and forest resources.

Obtaining eco-label certification

Yamato Steel has acquired two types of environmental declaration certification, the EcoLeaf, and the Carbon Footprint of Products (CFP), from the Sustainable Management Promotion Organization, for six of its products*4 including H-beams. Yamato Steel is the first company in the steel industry in Japan to acquire these two types of certifications.

EcoLeaf

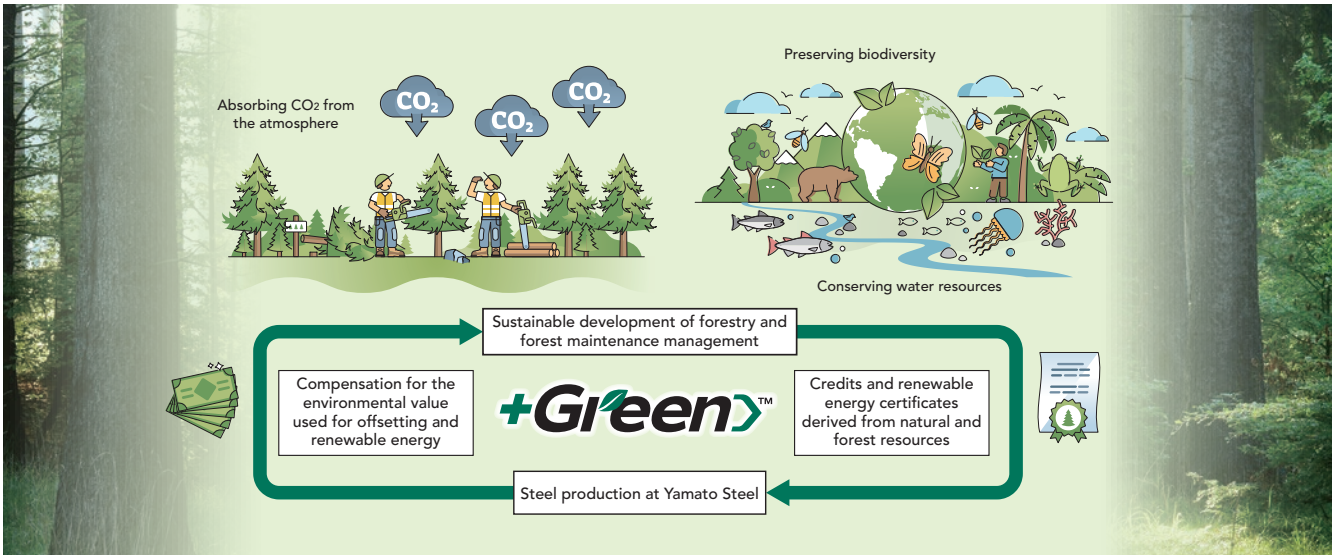
The EcoLeaf environmental label is a certification program that uses a Life Cycle Assessment (LCA) method to calculate and disclose the quantitative environmental information of products through life cycle stages from the extraction of resources to manufacturing, distribution, use, discarding, and recycling. It complies with ISO 14025 standards and is referred to as a Type III environmental declaration (EPD).

Carbon Footprint of Products

Carbon Footprint of Products (CFP) is an initiative designed to encourage both businesses and consumers to take action to reduce greenhouse gas emissions. With the aim of achieving a low-carbon society, it quantifies greenhouse gas emissions over the entire lifecycle of a product by converting them into CO_2 emissions.

*4 Certified products: H-Beams (incl. H-piles), I-Beams, channels, sheet piles, high-spec H-beams, and patterned H-beams, listed in Yamato Steel's product catalog.

The values that +Green aims for



Human resource development

Basic concept

Our Group is a global steel manufacturer with integrated operations ranging from electric furnace production to the manufacture and sale of steel products in eight countries around the world. We were one of the first steel manufacturers to expand our business globally and have thus paved the way for our growth. We are proud to be a manufacturing company and value the spirit of fairness, and we place importance on building fair relationships with markets, partners, business partners, and every employee, both in Japan and around the world.

Fostering advanced and diverse professional human resources

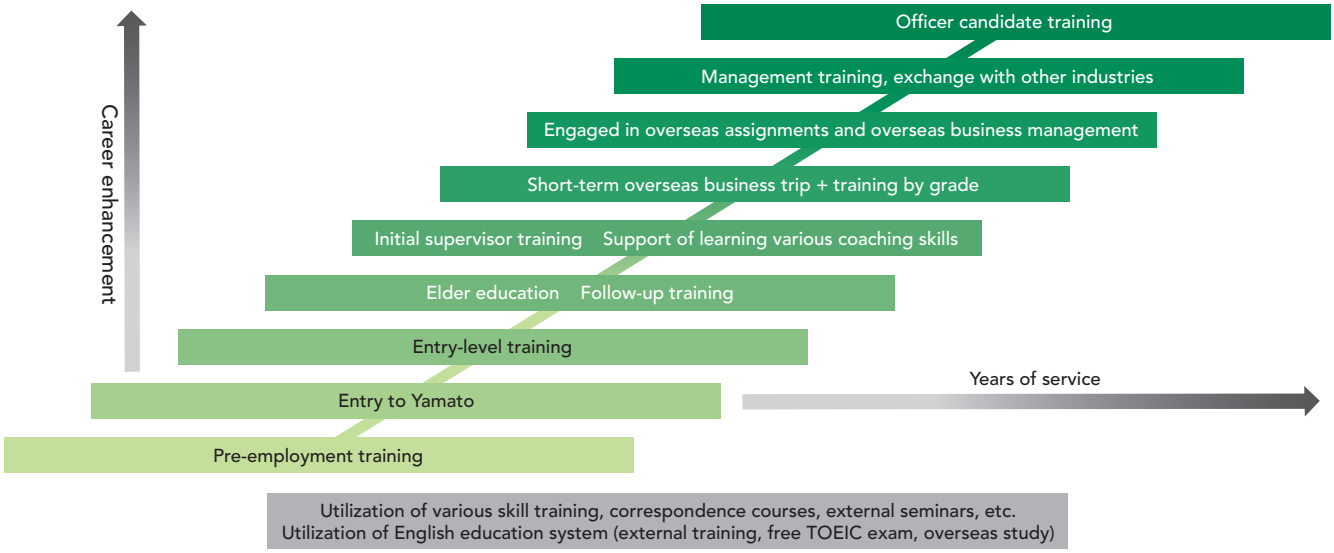
To develop professional human resources, the Company has established an education system that includes on-the-job training in actual operations and training by job level. As a complement to OJT, we have a variety of training programs to acquire various business and management skills, in addition to more advanced business knowledge and expertise.

In FY2022, we completely revised the grading system, evaluation system, wage system, education system, and other systems, and introduced a new personnel system in April 2023. The new personnel system is centered on the systematic development and increase in the number of high-level management personnel, high-level professional personnel, and global personnel expected to actively engage in overseas businesses. They must practice the Company's corporate philosophy, and we support them through the establishment of various training programs.

Fostering globally active talent

The Company has a variety of human resource development plans in place to expand our global business. We are working on initiatives such as training to support the development of skills according to the career stage of employees and increasing educational opportunities for young employees, such as short-term business trips to overseas Group companies.

Training and support programs for the development of global human resources



Pre-employment training	In the training for those who have been offered a job, we lecture them on the basics such as how to be prepared as a member of society and how to proceed with their work. In addition, support systems for learning English through correspondence courses and acquiring qualifications such as bookkeeping, TOEIC, and MOS are also available.
Entry-level training	For approximately three weeks, all new employees receive group training to deepen their understanding of the Yamato Kogyo Group and the steel industry. After being assigned to a company within the Group, training and education are provided according to each business.
Elder education	All new employees are assigned a senior employee who will act as an "elder" for one year to support them in everything from work to their new life. We provide feedback on the level of growth and provide guidance that is close to the new employee's growth. We also provide follow-up training and other support to help employees through the first year.
Follow-up training	In addition to regular group training after joining the company, we are working to enhance our training system in line with the career aspirations and aptitudes of each employee. For example, if you expect to be active overseas, we will train experts through a variety of educational opportunities, such as language schools, sending students to study abroad, and short-term assignments at overseas offices, as part of our global human resource development.

Training to improve the technical skills of the entire group

To improve the technological capabilities and promote DX (Digital Transformation) of the entire Group, we are sharing and developing information and know-how related to improvements in operations and facilities, new equipment, and technology among Group companies.

Once a year, engineers from each Group company gather for a technical conference to exchange information and share technologies with each other. By communicating with overseas engineers and stimulating each other to learn, we can maintain world-class technology and achieve high performance.



Diverse work styles

Basic concept

Creating a comfortable working environment and respecting diversity will help secure excellent human resources, which in turn will be a source of growth and competitiveness for the company.

The Yamato Kogyo Group's Employee Code of Conduct stipulates that the Company "shall always strive to maintain a healthy work environment, respect the human rights of each individual, and never engage in any conduct that could lead to discrimination." We believe that by promoting diverse work styles that are unique to each individual, employees can make the most of their abilities. To this end, we respect the human rights and diversity of individual employees, prohibit discrimination, and have established a variety of support systems and measures to enhance work-life balance.

Creating an environment for diverse work styles

The Company believes that creating an environment that allows for diverse work styles will contribute to increased productivity. We therefore started first by reviewing our personnel and organizational structure, and shifted our human resources, general affairs, and accounting from a company-based organization to a function-based organization in July 2021. By doing so, we are unifying measures and policies related to general affairs, human resources, and accounting across the entire Company, as well as driving the recruitment, training, and utilization of human resources and activating personnel exchanges among Group companies.

In addition, to improve QCD (quality, cost, delivery), reform work styles, digitize and visualize corporate resource information, and speed up management decision making, we are promoting the renewal of our core systems to carry out a drastic reform of operations with the cooperation of the entire company. On the manufacturing front, we are actively investing in the introduction of the latest digital technology and the development of human resources skilled at DX and are working to automate mill operations to save manpower, improve efficiency and stability, and enhance safety and product quality. In addition, the highly efficient groupware we adopted in November 2020 has proven itself useful for improving communication, strengthening organizational capabilities, and streamlining operations.

We introduced flextime in April 2024, as well as a system allowing employees to take their annual paid leave in hourly units. This has led to the creation of a workplace environment where employees can adapt their working styles to suit their individual circumstances, optimize their working hours, and work productively. At the same time, we have also implemented a more liberal dress code, making it easier for employees to express their individuality.

Initiatives in health and productivity management

Guided by the belief of "Safety First," Yamato Kogyo has consistently carried out health and safety activities in an effort to bring about a prosperous society through the combined efforts of all Group employees. We introduced Group Long-Term Disability (GLTD) income compensation insurance in January 2022, as well as insurance in case of affliction with the "three major illnesses" of heart disease, stroke, or cancer in April 2023 as essential schemes to provide our employees with a sense of security as they carry on with their work. We will also encourage initiatives to prevent lifestyle diseases such as metabolic syndrome, and work to maintain the physical and mental health of our employees and their families, creating an environment in which they can feel secure in their work.

Occupational safety & health

Basic concept

Recognizing that the occurrence of occupational accidents has a significant impact on the survival of a company, the entire group conducts business activities with respect for human life as the first priority. In particular, in our production divisions, we naturally place the highest priority on safety, and we are developing various occupational accident prevention activities to cultivate a sense of safety.

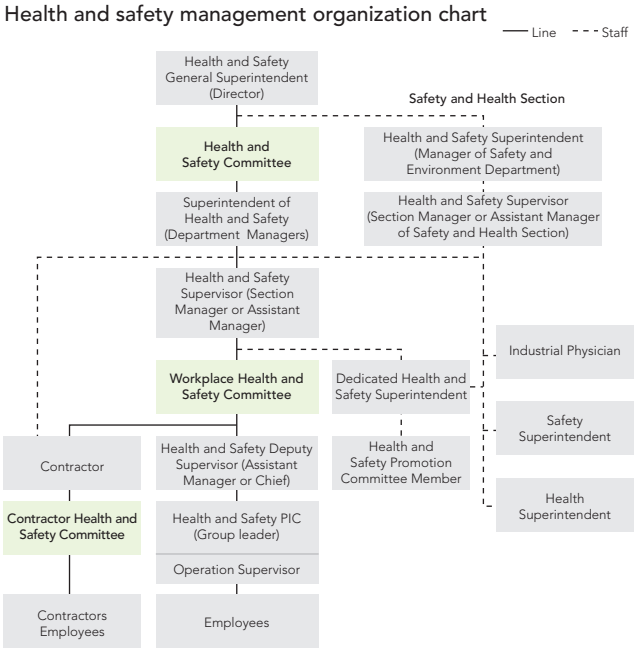
In addition, since the key to preventing industrial accidents is to develop safety-sensitive personnel, we invite outside instructors with high expertise in specific fields, such as labor and social security attorneys and occupational safety consultants, to conduct training and continually reinforce learning among our employees. These efforts also cover employees of contractors.

Prevention of occupational accidents

To eliminate occupational accidents, our Group has established a management organization system according to the Industrial Safety and Health Act. We also conduct risk assessments through various types of patrols and measurements to improve the working environment and prevent occupational accidents and illnesses among employees. In addition, a Health and Safety Promotion Committee made up of personnel from each department meets every other month to promote the implementation of voluntary safety measures through the horizontal deployment of initiatives and other activities. Furthermore, in 2022, we introduced a mechanism to collect suggestions for safety improvements from contractors. We will work to foster greater safety awareness, identify residual risks and implement adequate measures for their management, and ensure the implementation of risk reduction measures.

Concerning the prevention of overwork, we changed the attendance management system in April 2024 to improve compliance with labor regulations and accommodate diverse work styles. In addition, in order to protect the health of our employees, we are working to create a comfortable workplace by expanding the scope of health checkups and offering consultations with an industrial physician in cases of mental or physical difficulties.

Health and safety management organization chart



Activities to prevent occupational accidents

Hazard simulation training using virtual reality (VR)



We introduced VR-based hazard simulation equipment in 2017 and have been continuously adding to the available accident scenarios ever since. The hazard simulation equipment is available for use by all employees, including those from partner companies, and in FY2023 we made special efforts to encourage employees with less experience to train on the equipment.

Ensuring adequate lighting in production plants

As part of a two-year plan starting in FY2023, we are installing and expanding lighting in work areas, stairways, and passageways in our production facilities. Ensuring adequate lighting will improve the work environment and prevent workplace accidents.

Product liabilities

Basic concept

The products manufactured by the Yamato Kogyo Group support the social infrastructure that is indispensable to people's daily lives, such as buildings, ships, and railroad turnouts. Product defects and quality issues therefore have an outsized impact, and we will therefore work to enhance our quality control system in order to fulfill our social responsibility as a manufacturing company.

Quality Policy: The Fundamental Principles

Improvement of customer satisfaction	We ensure that our customers receive personal attention, understanding, and sensitivity when addressing their needs and concerns. Considering customers' feedback as a source for further improvement of quality, we aim to enhance customer satisfaction by providing new value and furthering advancement in this field.
Safety and reliability	We provide safe and reliable products and services throughout our entire value chains, such as raw material procurement, development, manufacturing, inspection, distribution, and sales.
Ensuring compliance	We maintain high ethical standards regarding the development and provision of products and services, comply with all applicable laws and conform to social norms.
Providing accurate information	We provide reliable and accurate information in response to our customers' requests.
Objective and transparent quality assurance	We operate and maintain a quality assurance system that incorporates applicable international standards.
Continuous improvement	We will continue to improve and advance our quality assurance system by (i) developing and acquiring technologies ahead of environmental changes, and (ii) fostering our human resources.

Ensuring product quality and safety

Yamato Steel's products are shipped based on the test results of each lot, and every product is assigned a serial number, ensuring traceability down to the manufacturing process.

Quality complaints received from customers are shared with the Quality Assurance Department and the relevant manufacturing department, with the applicable sales department acting as the point of contact, to track down the causes and make further improvements. The number of complaints in FY2023 improved by 26% compared to FY2020. We will focus on improving the quality of large products and strictly maintain quality control standards, as the sales ratio of large products to projects is expected to increase further with the downsizing of the production of blast furnace mills.

Introducing new equipment and changing systems to improve quality

- We have automated tension testing machines to improve the reliability of test data.
- We have automated the data management process from testing to reporting in order to thoroughly prevent human error and data falsification.
- We have obtained JIS certification for special dimension sizes that are not on the standard list of JIS dimensions.
- We have implemented risk management in the manufacturing process through monthly meetings of the Quality Control Committee and internal quality audits.



Riehle tension compression testing machine (2 MN capacity)

Appropriate product information disclosure/CS improvement

To guarantee product quality, Yamato Steel submits JIS and ISO certificates, as well as the inspection certificates related to JIS products, to customers. If requested by customers, we disclose the chemical composition of our products and provide the histograms of mechanical properties through our sales departments. In addition to promptly responding to monthly production size disclosures and requests for product shipments, we are also able to identify and flexibly respond to changes in customer requests and needs as received from the sales department and customer satisfaction surveys.

In FY2023, customer satisfaction with quality indicators improved from the previous year due to quality improvements and the enhancement of our quality assurance system, guidance, and education.

Supply chain management

Basic concept

The Yamato Kogyo Group believes that it is essential to give due consideration to the entire supply chain. To build a relationship of trust with society as a whole, including our business partners, and to achieve mutual growth, we have established the Yamato Kogyo Group Employee Code of Conduct and Basic Procurement Policy, which stipulate what employees should observe. We will promote not only compliance and fair and equitable transactions, but also a consideration for human rights and the environment, and information management.

In addition, we accept reports from our business partners and subcontractors through our Whistleblower Desk for early detection and correction of activities that violate laws and regulations and corporate ethics.

Executive officers (as of September 1, 2024)

Directors



Chairman

Hiroyuki Inoue

Years of office as Director: 50 years
Number of the company's shares owned: 7,561,001 shares

Mar. 1969	Joined Yamato Kogyo Co., Ltd.
Dec. 1973	Director, General Manager, Research & Planning Office of the Company
Jun. 1974	Managing Director of the Company
Jan. 1978	Representative Director, Senior Managing Director of the Company
Dec. 1981	Representative Director, President of the Company
Jun. 2017	Chairman of the Company (to present)



Representative Director, President

Mikio Kobayashi

Years of office as Director: 12 years
Number of the company's shares owned: 12,290 shares

Apr. 2008	Iron & Steel Products Divisional Operating Officer, Americas Business Unit, Mitsui & Co., Ltd.
Oct. 2009	General Manager, Iron & Steel Overseas Division, Mitsui & Co., Ltd.
Apr. 2012	General Manager, Business Development Department of the Company
Jun. 2012	Managing Director in charge of Business Development of the Company
Jun. 2017	Representative Director, President of the Company (to present)



Representative Director, Managing Executive Officer

Kazuhiro Tsukamoto

Years of office as Director: 7 years
Number of the company's shares owned: 4,184 shares

Apr. 2013	Director, Mitsui & Co. Europe and Chief Administrative Officer, EMEA (Europe, the Middle East and Africa) Business Unit, Mitsui & Co., Ltd.
Jul.2015	Managing Director, General Manager, Steel Plate & Pipe Business Unit, Mitsui & Co. Steel Ltd.
Jun. 2017	Managing Director in charge of Business Development Department of the Company
Jun. 2021	Director, Managing Executive Officer in charge of Overseas Business Unit of the Company
Jul. 2022	Director, Managing Executive Officer in charge of Overseas Business Unit and Sustainability Management Department of the Company
Mar. 2024	Director, Managing Executive Officer in charge of Global Business Department and Sustainability Management Department of the Company
Sep. 2024	Representative Director Managing Executive Officer in charge of General Affairs Department, HR Department, IT Department, and Sustainability Management Department of the Company (to present)



Director

Nobuo Oki

Years of office as Director: 0 years [New election]
Number of the company's shares owned: 1,100 shares

Apr. 1998	Joined Yamato Kogyo Co., Ltd.
Jul. 2020	General Manager, Melting Department, Yamato Steel Co., Ltd.
Jul. 2021	Executive Officer, General Manager, Melting Department, Yamato Steel Co., Ltd.
Jan. 2023	Chief Production Officer, Posco Yamato Vina Steel Joint Stock Company (to present)
Jun. 2024	Director of the Company (to present)

Directors



External Director

Kiyoshige Akamatsu

Years of office as Director: 8 years
Number of the company's shares owned: 3,000 shares

Jun. 2004	Director & Vice President, Asahi Industries Co., Ltd.
Apr. 2005	Representative Director & Vice President, Asahi Industries Co., Ltd.
Jan. 2006	President & Representative Director, Asahi Industries Co., Ltd.
Jun. 2015	Adviser, Asahi Industries Co., Ltd.
Jun. 2016	External Director, Yamato Kogyo Co., Ltd. (to present)



External Director

Kunitoshi Takeda

Years of office as Director: 5 years
Number of the company's shares owned: 500 shares

Jul. 2007	Director, Overseas Region Business, Bridgestone Corporation
Jun. 2008	Chairman and General Manager, Bridgestone (China) Investment Co., Ltd.
Mar. 2010	Vice President-Officer, Bridgestone Corporation and Chairman and General Manager, Bridgestone (China) Investment Co., Ltd.
Jul. 2011	Vice President-Officer in charge of Specialty Tire Business, Bridgestone Corporation
Sep. 2012	Vice President-Officer in charge of Overseas Region Tire Business and Director, Overseas Region Tire Business, Bridgestone Corporation
Jul. 2014	Vice President-Officer, Bridgestone Corporation and Director, COO, Bridgestone Asia Pacific Pte. Ltd.
Mar. 2015	Vice President-Officer, Bridgestone Corporation and Director, COO, Bridgestone South Africa (Pty) Ltd.
Jun. 2019	External Director, Yamato Kogyo Co., Ltd. (to present)



External Director

Motomu Takahashi

Years of office as Director: 3 years
Number of the company's shares owned: 600 shares

Apr. 2009	Managing Officer, Mitsui & Co., Ltd. and EVP, Mitsui & Co. (U.S.A.)
Apr. 2010	Managing Officer, Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co.
Apr. 2011	Executive Managing Officer, Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co.
Apr. 2014	Senior Executive Managing Officer, Mitsui & Co. and President & CEO, Mitsui & Co. (U.S.A.)
Apr. 2015	Executive Vice President, Mitsui & Co. and President & CEO, Mitsui & Co. (U.S.A.)
Jun. 2016	Representative Director, Executive Vice President, Mitsui & Co.
Apr. 2017	Member, APEC Business Advisory Council Japan
Jun. 2017	Counselor, Mitsui & Co., Ltd.
Jun. 2021	External Director, Yamato Kogyo Co., Ltd. (to present)



External Director

Pimjai Wangkiat

Years of office as Director: 2 years
Number of the company's shares owned: 0 shares

Jan. 2005	Deputy Corporate Director, Corporate Planning, The Siam Cement Public Company Limited
Jun. 2007	Corporate Director, Corporate Organization Development, The Siam Cement Public Company Limited
Jan. 2019	Corporate Director & Advisor, The Siam Cement Public Company Limited
Jun. 2022	External Director, Yamato Kogyo Co., Ltd. (to present)



Director

Damri Tunshevavong

Years of office as Director: 13 years

Number of the company's shares owned: 0 shares

Jan. 1999	Managing Director, Siam Yamato Steel Co., Ltd.
Jul. 2004	Executive Vice President, Cementhai Holding Co., Ltd.
Feb. 2005	Director, Siam Yamato Steel Co., Ltd. (to present)
Jul. 2005	President, Cementhai Holding Co., Ltd.
Jan. 2011	Advisor, The Siam Cement Public Co., Ltd.
Jun. 2011	Director, Yamato Kogyo Co., Ltd. (to present)
Jul. 2020	Director, SCG Ceramics Public Co., Ltd. (to present)



Director □

Takenosuke Yasufuku

Years of office as Director: 9 years

Number of the company's shares owned: 1,700 shares

Jun. 2007	Director, Vice President, KOBE SHU-SHIN-KAN BREWERIES, LTD.
Aug. 2011	Representative Director and President, KOBE SHU-SHIN-KAN BREWERIES, LTD. (to present)
Jun. 2015	Director, Yamato Kogyo Co., Ltd. (to present)

(Significant Concurrent Positions Outside the Company) Representative Director and President, KOBE SHUSHIN-KAN BREWERIES, LTD.

Auditors



Auditor (full-time)

Kengo Nakaya

Years of office as Audit & Supervisory Board Member: 4 years

Number of the company's shares owned: 3,000 shares

Apr. 1991	Joined Yamato Kogyo Co., Ltd.
Jul. 2010	General Manager, General Affairs Department of the Company
Jun. 2015	Director, General Manager, General Affairs Department of the Company
Dec.2015	Director in charge of Internal Control and Internal Audit, and General Manager, General Affairs Department of the Company
Jul. 2016	Director in charge of Internal Audit, General Manager, General Affairs Department of the Company
May 2019	Director, General Manager, General Affairs Department
Jun. 2020	Audit & Supervisory Board Member of the Company (to present)



External Auditor (full-time) □□

Shigeaki Katayama

Years of office as Auditor: 4 years

Number of the company's shares owned: 1,800 shares

Feb. 2003	Branch Manager of Milan Branch, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
Mar. 2004	General Manager, Market Business Operations Division, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
Jan. 2005	Senior General Manager, Business Operations Division, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
Apr. 2007	Senior General Manager, IT Systems Supervisory Division, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
Apr. 2008	Executive Officer, Senior General Manager, IT Systems Supervisory Division, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
Apr. 2011	Managing Executive Officer, General Manager, IT Headquarters, Mizuho Securities Co., Ltd.
Jun. 2014	Senior Managing Director, Nippon Securities Technology Co., Ltd.
Jun. 2015	External Auditor, IBJ Leasing Company, Ltd.
Jun. 2019	External Audit & Supervisory Board Member (full-time), Yamato Kogyo Co., Ltd. (to present)



External Auditor

Mikio Nakajo

Years of office as Director: 5 years

Number of the company's shares owned: 800 shares

Apr. 1998	Registered as attorney, joined Sawada Kikui Law Office (now Sawada Nakajo Mori Law Office)
Apr. 2005	Partner, Sawada Kikui Law Office (now Sawada Nakajo Mori Law Office)
Jun. 2010	External Corporate Auditor, Nishishiba Electric Co., Ltd.
Jun. 2011	Audit & Supervisory Board Member, GLORY Co., Ltd.
May 2019	Representative Partner, Sawada Nakajo Mori Law Office (to present)
Jun. 2019	External Audit & Supervisory Board Member, Yamato Kogyo Co., Ltd. (to present)
May 2020	External Director (Audit and Supervisory Committee Member), MORESCO Corporation (to present)
Apr. 2022	President, Hyogo Prefecture Bar Association

(Significant Concurrent Positions Outside the Company) Representative Partner, Sawada Nakajo Mori Law Office External Director (Audit and Supervisory Committee Member), MORESCO Corporation

(Note) The number of the Company's shares owned is as of end of April, 2024

□ Nomination Committee (■ indicates chairperson)

□ Remuneration Committee (■ indicates chairperson)

□ Sustainability Committee (■ indicates chairperson)

Corporate governance

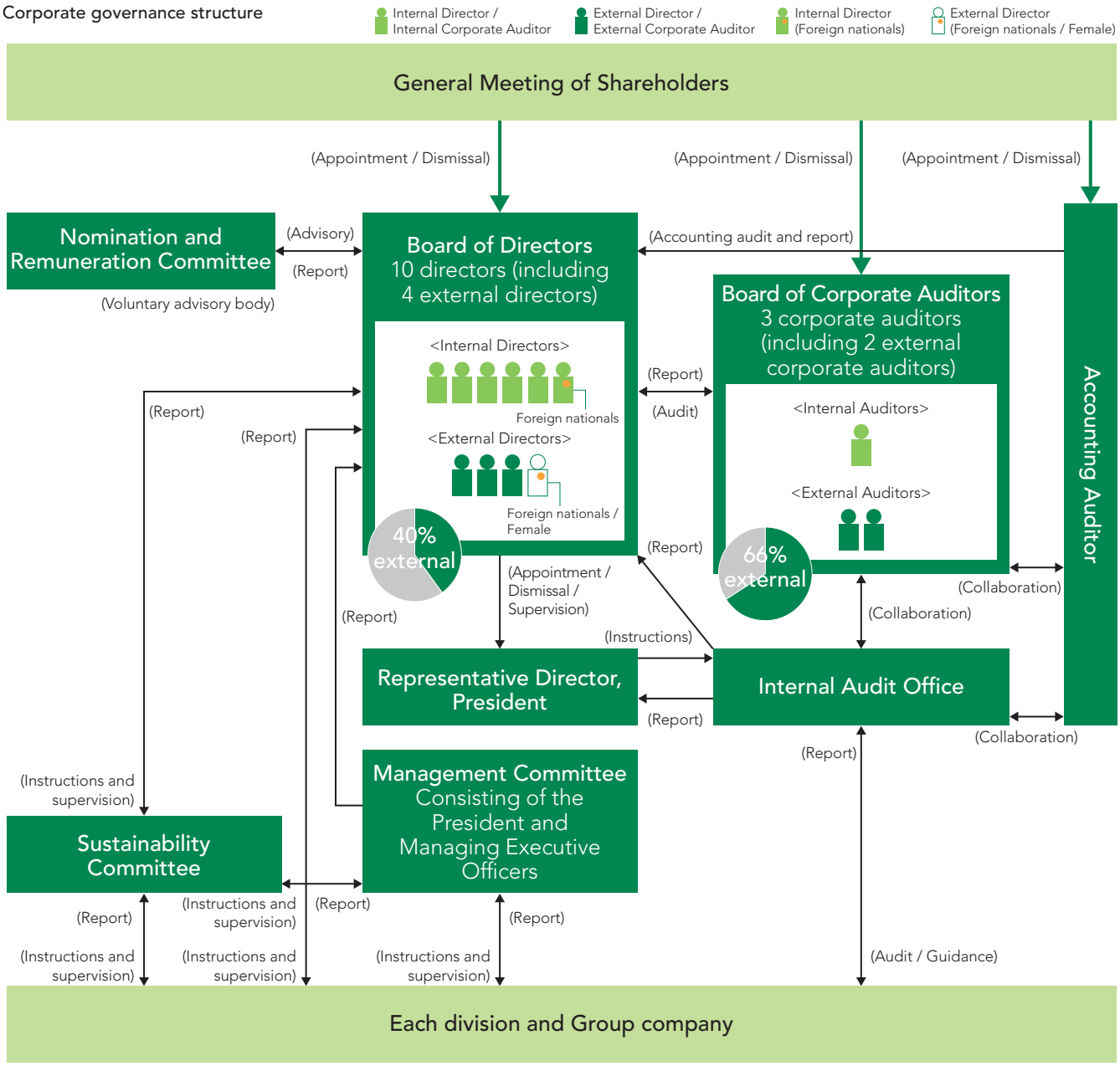
Basic concept

The Company recognizes that corporate governance is "to clarify the fairness, transparency, and legality of corporate decision-making and responsibility systems to shareholders and society" and regards it as an important management issue. To live up to the trust and expectations of all stakeholders, we are committed to the following basic policies:

Basic Policy of Corporate Governance

1. We will strive to respect the rights of shareholders and ensure their equality.
2. We will consider the interests of our stakeholders, including our shareholders, and strive for appropriate cooperation with them.
3. We will strive to ensure the appropriate disclosure and transparency of corporate information.
4. We will strive to appropriately execute the roles and responsibilities of the Board of Directors to ensure transparent, fair, prompt, and decisive decision-making.
5. We will strive to engage in constructive dialogue with shareholders who have investment policies that are consistent with the medium- and long-term interests of shareholders.

Corporate governance structure



Corporate governance structure

The Board of Directors, which includes four external directors, makes decisions on management policies, etc., and supervises the execution of business operations, and the Board of Corporate Auditors audits the execution of duties by directors. The Company has also established the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors to enhance corporate governance.

Board of Directors

The Board of Directors consists of 10 directors (four of whom are external directors), and holds regular meetings four times a year in principle, with extraordinary meetings held as necessary. The Board of Directors monitors and supervises the status of business execution by the directors by deliberating on matters stipulated in laws and ordinances, the Articles of Incorporation, and the Board of Directors Regulations, in addition to reports on business execution by the directors in charge, and by exchanging questions, proposals, and opinions among the directors. The Company's Articles of Incorporation stipulate that the Board of Directors may adopt resolutions based on written resolutions with the consent of all directors.

Board of Corporate Auditors

The Board of Corporate Auditors consists of three members: two full-time corporate auditors (one of whom is an external corporate auditor) and one part-time corporate auditor (an external corporate auditor). In cooperation with external directors and the Internal Audit Office, they audit the decision-making process of the Board of Directors and the status of business execution by directors.

Management Committee

It is attended by the President and Managing Executive Officers (and related directors, executive officers and corporate auditors, as necessary) and is responsible for decision-making on matters entrusted by the Board of Directors (excluding matters exclusively decided by the Board of Directors as stipulated in the Companies Act), as well as deliberating, deciding, and managing policies and plans for business execution. In addition to decision-making on matters entrusted by the Board of Directors (excluding matters exclusively decided by the Board of Directors as stipulated in the Companies Act), the Board of Directors deliberates, decides, and manages policies and plans for business execution.

Nomination Committee and Remuneration Committee

The Company has established the Nomination Committee and the Remuneration Committee as voluntary advisory bodies to the Board of Directors. The purpose of the Nomination Committee and the Remuneration Committee is to enhance the transparency and objectivity of the decision-making process of the Board of Directors for decisions on matters such as nomination and compensation and to strengthen corporate governance. The Committee consists of three external directors, one external corporate auditor, and one internal director selected by resolution of the Board of Directors, and is chaired by an external director.

Officers

The Company's Board of Directors consists of 10 directors, including four internal directors (including one foreign male and one foreign female), each with a wealth of knowledge and experience in corporate management and international business development, regardless of nationality, race, or gender, and we believe that the Board functions well as an effective Board of Directors.

The Board of Corporate Auditors consists of three corporate auditors, including two external corporate auditors. One of the corporate auditors has sufficient knowledge of finance and accounting, and one of the corporate auditors is an attorney at law with sufficient knowledge of legal matters.

Evaluating the effectiveness of the Board of Directors

Every year, we conduct surveys (questionnaires) from each director and the corporate auditor regarding the operation of the Board of Directors and other matters, and after deliberation by external directors, report to the Board of Directors that there are no problems with the operation of the Board of Directors and that its effectiveness is ensured.

The questionnaires to date have made recommendations on the composition of the Board of Directors, further enhancement of discussions on management policy (direction of growth strategy, etc.), and consideration of an incentive-based executive remuneration system, and we have implemented measures such as ensuring diversity of the Board of Directors, speeding up and enhancing discussions and decision making by dividing the functions of the Board of Directors and the Management Committee, formulation of Vision 2030 and introducing performance-linked compensation, including a stock-based remuneration system.

Based on the above questionnaire, we will continue to examine ways to enhance the effectiveness of the Board of Directors and further improve governance.

Ensuring transparency and objectivity of executive remuneration

The Company has established the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, to enhance the transparency and objectivity of the decision-making process of the Board of Directors for decisions on matters such as nomination and compensation, and strengthen corporate governance. The committee consists of three external directors, one external corporate auditor, and one internal director selected by resolution of the Board of Directors, and the committee is chaired by an external director.

The Company's policy regarding the determination of remuneration, etc. for directors (excluding non-executive directors and external directors) is as follows.

Policy for determining remuneration, etc. of directors

Remuneration of the Company's directors (excluding external directors and part-time directors) is paid at a fixed time every month as monthly remuneration made up of fixed portion of remuneration determined based on comprehensive consideration of the responsibility to supervise management of the Company in addition to the responsibility to contribute to Group management and position, etc., and the performance-linked portion of remuneration determined according to the level of achievement of performance targets and individual evaluations, etc. The total amount of remuneration of directors was specified as being up to ¥720 million per year at the 104th Ordinary General Meeting of Shareholders held on June 29, 2023. Furthermore, at the 102nd Ordinary General Meeting of Shareholders held on June 29, 2021, as part of the review of the officer remuneration system, a decision was made to pay remuneration for the granting of restricted shares to eligible directors for the purpose of providing the Company's Directors (excluding external directors and part-time directors) an incentive for the sustained enhancement of the Company's corporate value and further promoting the sharing of value with shareholders, and the total amount of monetary claims paid to eligible directors under the system is specified as being up to ¥100 million per year apart from the above remuneration limit. Remuneration for granting restricted shares is allocated at a fixed time every year. The amount of remuneration of individual directors is determined within the remuneration limit resolved by the General Meeting of Shareholders by the Representative Director, President delegated by the Board of Directors based on deliberation and

Directors and Corporate Auditors

	Current position at the Company	Chairman	Representative Director, President	Director, Managing Executive Officer	Director	Director	Director
	Name	Hiroyuki Inoue	Mikio Kobayashi	Kazuhiro Tsukamoto	Nobuo Oki	Damri Tunshevavong	Takenosuke Yasufuku
	Executive/non-executive	Executive	Executive	Executive	Executive	Non-executive	Non-executive
	Attributes	Male	Male	Male	Male	Male, foreign national	Male
	Independence						
Attendance in FY2023	Board of Directors	7/7 times	7/7 times ◎	7/7 times	– (newly appointed)	7/7 times	7/7 times
	Board of Corporate Auditors						
	Management Committee		13/13 times ◎	13/13 times			
	Nomination Committee and Remuneration Committee						
	Sustainability Committee		3/3 times ◎	3/3 times			3/3 times
Experience, knowledge, and expertise	General management	●	●	●		●	●
	International experience	●	●	●	●	●	●
	Technological development/ digital transformation (DX)	●			●		
	Business strategy/marketing	●	●	●		●	
	CSR/sustainability		●	●			●
	Finance & accounting/ business investment			●			
	Legal affairs/ risk management						●

recommendations of the Remuneration Committee.
The indicator for performance-linked remuneration is consolidated ordinary profit, etc. and the standard value is set based on the consolidated ordinary profit under the annual business plan, with a coefficient table being set with a minimum of 0 and a maximum of 2.0 according to annual performance. The coefficient is used as a multiplier for the standard amount of performance-linked remuneration for each position to calculate individual performance-linked remuneration every year.

The percentages of payment of fixed remuneration, performance-linked remuneration and restricted share-based remuneration vary depending on the fiscal year's performance and position, but are generally designed to be 50% fixed remuneration, 40% performance-linked remuneration and 10% restricted share-based remuneration.

A voluntary Remuneration Committee chaired by an external director has been established to ensure the transparency and objectivity of determination of remuneration of directors, and the Remuneration Committee conducts reviews of the officer remuneration system (such as reviews of remuneration levels, performance evaluation KPIs and standard values) with consideration for the management environment and general remuneration levels, and deliberates upon the remuneration of directors and makes recommendations to the Board of Directors based on consultation with the Board of Directors.

Remuneration payment ratio

Fixed remuneration	:	Performance-linked remuneration (including restricted share-based remuneration)	≒ 5:5
Determined based on comprehensive consideration of the responsibility to supervise management of the Company in addition to the responsibility to contribute to Group management and position, etc.		Coefficient table (0 to 2.0)* being set according to annual performance × The standard amount of performance-linked remuneration for each position *The standard value is set based on the consolidated ordinary profit under the annual business plan	

Fostering a sustainability mindset among directors

Our Group's major domestic companies provide opportunities for training by inviting external lecturers and participating in external seminars as necessary to help management and supervisory personnel acquire the necessary knowledge and develop a sustainability mindset.

External Director	External Director	External Director	External Director	Corporate Auditor	External Corporate Auditor	External Corporate Auditor
Kiyoshige Akamatsu	Kunitoshi Takeda	Motomu Takahashi	Pimjai Wangkiat	Kengo Nakaya	Shigeaki Katayama	Mikio Nakajo
Non-executive	Non-executive	Non-executive	Non-executive	Non-executive	Non-executive	Non-executive
Male	Male	Male	Female, foreign national	Male	Male	Male
Independent	Independent	Independent	Independent		Independent	Independent
7/7 times	7/7 times	7/7 times	7/7 times	7/7 times	7/7 times	7/7 times
				13/13 times	13/13 times ◎	13/13 times
9/9 times ◎	9/9 times	9/9 times			9/9 times	
3/3 times	3/3 times	2/3 times				
●	●	●	●		●	
●	●	●	●	●	●	
●	●	●	●		●	
		●				
●	●		●	●	●	
						●

◎ Indicates chairperson or committee chair

Compliance

Basic concept

Our Group considers fairness to be an important part of the Yamato SPIRIT (values and code of conduct). In addition to establishing our Employee Code of Conduct and adopting various policies in accordance with Japanese and international laws, we also provide ongoing compliance training and send out compliance newsletters by email to all employees to raise awareness of compliance-related issues and educate employees on how to report any violations. By thoroughly exercising legal compliance, we demonstrate our stance of maintaining honesty and the highest ethical standards. We take disciplinary action, including termination, against any employee found to have violated the Code of Conduct and/or our policies.

Internal reporting system

Our Group has established an internal whistleblower system based on the "Whistleblower Protection Regulations." All Group employees, including temporary and part-time employees engaged in business within the Group, as well as employees of subcontractors and suppliers, are eligible to use the system, which provides internal and external contact points that offer consultations and receive reports via telephone, e-mail, fax, in writing, and through personal consultation.

Upon receiving a report, the general manager of the Whistleblower Protection Office reports the details to the Representative Director and President and to the auditors. The Whistleblower Protection Office or an investigation team conducts an investigation to establish the facts of the report. Regardless of whether the content of the report is true or false, the investigation findings are reported to the general manager of the Whistleblower Protection Office, who promptly implements corrective measures and steps to prevent recurrence. The Office also reports the results of the investigation and subsequent measures to the Representative Director and President and the auditors. If a report is found to be based on truth, the Company takes disciplinary action against employees who participated in the problematic activity, in accordance with the Company's work regulations. In addition, we protect whistleblowers following the Whistleblower Protection Act to ensure that they are not disadvantaged.

Anti-Bribery and Corruption Policy

Given that we operate internationally and in many challenging environments, anti-bribery and anti-corruption practices are an essential component of our compliance program. Our Anti-Bribery & Corruption Guidelines outline the Group's commitment to comply with the U.S. Foreign Corrupt Practices Act (FCPA), the United Kingdom Bribery Act and applicable domestic and international anti-corruption standards in all business relationships. It is our policy that our directors, officers, employees, and third parties acting on our behalf are prohibited from offering or paying, whether directly or indirectly, any bribe to any employee, official, or agent of any government, commercial entity, or individual in connection with the business or activities of the Company. For the purposes of this policy, a bribe is any money, goods, services, or other thing of value offered or given with the intent to gain any improper advantage for the Company.

Furthermore, it is also our policy to base commercial decisions on commercially appropriate criteria. We cultivate constructive relationships with business partners, as well as organizations and individuals considering doing business with the Company. In many cultures, those constructive relationships may include incidental business gifts and entertainment. Directors, officers, employees, and third parties acting on behalf of the Company providing or receiving third party gifts and entertainment in their corporate capacities are expected to exercise good judgment and consider the nature of the gift or entertainment, its purpose, business context, applicable laws and social norms. Gifts and entertainment must not be intended to create an improper advantage for the Company. All expenditures for gifts and entertainment provided by the Company must be accurately recorded in the books and records of the Company.

Antitrust Policy

It is our Group's policy that directors, officers, and employees are expected to comply with the domestic and international antitrust and competition laws that are applicable to the Group's business. No director, officer, or employee should assume that the Group's interests ever require otherwise.

The Company's Antitrust Guidelines prohibit violations of the competition laws. We take strict action if any violations are committed.

Risk management

Basic concept

We at the Yamato Kogyo Group believe that by appropriately addressing the various risks surrounding our corporate activities from prevention to resolution, we can fulfill our social responsibilities and improve the level of trust. We prioritize risk management activities that focus on preventing potential risks while respecting the autonomy and initiative of each of our Group companies. In the event of an unforeseen situation, we basically adhere to the "BAD NEWS FIRST" policy to ensure that any inconvenient information is promptly communicated from the frontline. We believe that fostering an open corporate culture and taking prompt and appropriate action will lead to avoid risk and lay the foundation for trust in the Yamato Kogyo Group.

Risk management system

Establishment of the Risk Management Department

In July 2023, we established the Risk Management Department as an organization dedicated to risk management to enhance our response to cross-Group and other potential risks, as well as to further advance our risk management practices and accumulate know-how within the Group. As the cornerstone of our risk management system, we have introduced the Basic Policy on Risk Management, which focuses on addressing potential risks across all Group companies, regardless of their financial size.

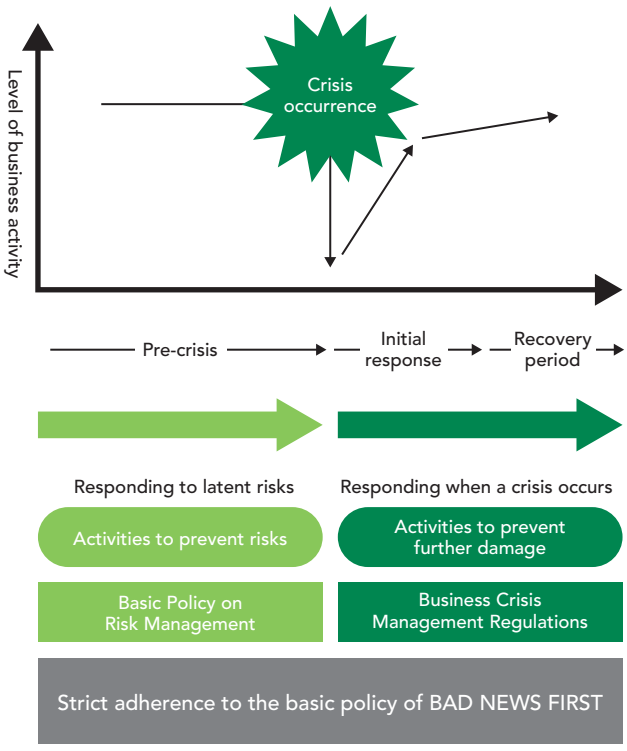
As a first-year measure following its new establishment in July 2023, the department conducted a survey of the actual situation regarding risk management activities and risk awareness at each Group company, identified risks, and evaluated them. From now on, it will focus its attention on material risks, support the implementation of each company's risk management plan, and conduct regular monitoring and reporting to the Yamato Kogyo Management Committee. In addition, it will be working to promote risk management activities within the Company and develop human resources.

Risk management system

Our Group's risk management system is built upon both this Basic Policy on Risk Management, which outlines fundamental measures and roles for promoting risk management activities, and the Business Crisis Management Regulations, which provide specific responses to be taken in unforeseen circumstances. By following these policies and regulations, we aim to prevent risks, minimize losses, and ensure quick recovery for each Group company in the event of a crisis. We have developed a globally integrated risk management system led by the Yamato Kogyo's Board of Directors. Part of the Board's role is to oversee the Group's overall risk management system. The executives and employees of each Group company engage in business activities with a careful eye on risks, focusing on identifying and assessing potential risks, appropriately responding to them, improving response measures, and monitoring the process.

In the event of an unforeseen situation, we will establish a task force headed by the representative director and president of each Group company. This task force will then organize an information communications team and an external advisory team, including legal counsel, to swiftly respond to the situation and establish a system to prevent and minimize the spread of damage.

Basic approach and actions from prevention to resolution



(Note) Prepared by the Company based on materials provided by Sompo Risk Management Inc.

10-year financial and non-financial summary

	FY2014	FY2015	FY2016	FY2017
Financial results				
Net sales (million yen)	187,451	150,978	142,136	176,073
Operating profit (million yen)	6,993	11,215	10,739	8,340
Equity in earnings (losses) of affiliates (million yen)	13,984	10,299	8,376	7,041
Ordinary profit (million yen)	22,663	23,585	21,519	17,828
Profit attributable to owners of parent (million yen)	13,377	12,994	11,319	12,238
EBITDA*1 (million yen)	28,130	28,285	25,046	21,827
Rate of return on equity (ROE) (%)	5.1	4.5	3.9	4.2
Capital expenditures*2 (million yen)	4,905	3,636	5,940	8,991
Depreciation and amortization (million yen)	6,749	6,412	5,572	6,087
Cash flows (million yen)				
Cash flows from operating activities	22,744	33,386	19,178	13,751
Cash flows from investing activities (excluding changes in time deposits)	(5,154)	(8,903)	(7,996)	(18,251)
Free cash flow*3	17,590	24,483	11,182	(4,500)
Cash flows from financing activities	(4,517)	(7,582)	(5,426)	(3,903)
Financial position (million yen)				
Net assets	304,622	308,068	309,198	320,073
Total assets	351,952	347,051	348,951	367,083
Financial assets*4	117,779	131,887	135,098	128,008
Non-financial				
No. of employees (consolidated)	1,771	1,643	1,670	1,731
CO_2 emissions (Scope 1+2)*5 (thousand t-CO_2)	234	232	241	247
CO_2 emissions (Scope 1)*5 (thousand t-CO_2)	58	57	59	61
CO_2 emissions (Scope 2)*5 (thousand t-CO_2)	176	175	182	186
CO_2 emissions intensity*5 (t-CO_2/t-crude steel production)	0.366	0.377	0.361	0.363

*1 EBITDA = operating profit + depreciation and amortization + amortization of goodwill + equity in earnings (losses) of affiliates
*2 Capital expenditures = the increase in property, plant and equipment, and intangible assets
*3 Free cash flows = cash flows from operating activities + cash flows from investment activities (excluding changes in time deposits)
*4 Financial assets = cash and deposits + securities + investment securities (excluding shares of subsidiaries and associates) + long-term deposits
*5 Scope of aggregation: Yamato Steel
Calculation method: Calculated based on the Act on Rationalization of Energy Use and Shift to Non-fossil Energy

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
201,299	181,964	136,025	150,029	180,438	163,479
9,272	11,333	10,018	13,290	16,813	17,282
17,069	7,744	8,521	40,348	66,258	65,268
31,469	23,125	21,569	57,646	90,494	99,223
22,793	14,762	4,984	39,917	65,317	70,018
33,194	26,341	25,209	59,429	89,191	89,141
7.5	4.7	1.6	12.2	16.5	14.5
10,702	9,780	6,464	3,606	5,423	8,550
6,494	7,085	6,568	5,687	6,017	6,487
24,393	26,105	27,042	11,457	52,654	80,915
(10,237)	(20,803)	(11,216)	(6,215)	(4,466)	(20)
14,156	5,302	15,826	5,241	48,188	80,894
(3,949)	(6,694)	(9,937)	(15,904)	(17,719)	(21,256)
333,692	342,606	325,797	375,686	470,211	554,941
384,068	383,025	359,788	414,928	515,000	608,783
135,735	130,558	132,314	135,583	185,226	263,331
1,776	1,791	1,378	1,395	1,398	1,414
224	169	160	179	164	173
64	56	55	59	60	53
160	113	105	120	104	119
0.327	0.281	0.276	0.280	0.250	0.279

Corporate profile and information for investors

Corporate profile

Company information (as of March 31, 2024)

Company name	Yamato Kogyo Co., Ltd.
Location of headquarters	380 Kibi, Otsu-ku, Himeji-shi, Hyogo 671-1192
Established	November 1944
Capital	¥7,996 million
Fiscal year	From April 1 to March 31 of the following year
Representative	Mikio Kobayashi
No. of employees	88 non-consolidated (1,414 consolidated)

Group companies (as of May 31, 2024)

Group companies in Japan

Yamato Steel Co., Ltd.
Yamato Trackwork System Co., Ltd.
Yamato Shoji Co., Ltd.
Kibi Co., Ltd.
Himeji Tekko Refine Co., Ltd.
Matsubara Techno Co., Ltd.

Group companies outside Japan

Nucor-Yamato Steel Company
Arkansas Steel Associates LLC
Siam Yamato Steel Co., Ltd.
YK Steel Corporation
SULB Company BSC (c)
United SULB Company (Saudi Sulb) LLC
Posco Yamato Vina Steel Joint Stock Company
PT Garuda Yamato Steel
+ five additional companies

Dividend policy

Shareholder return policy and dividends over time (as of June 26, 2024)

We consider investments in growth, contributions to stakeholders, and the return of profits to shareholders to be important management issues. We also aim to achieve sustainable growth and to increase corporate value over the medium to long term.

With regard to dividends, the Company's basic policy (revised in October 2023) is to distribute profits in accordance with performance, and the dividend amount is decided in such a way as to target a consolidated dividend payout ratio of around 40% every year. In addition, the Company endeavors to maintain a continuous and steady dividend, with a minimum annual amount of ¥300 per share for the time being. We will also acquire treasury stock as and when appropriate, after performing a comprehensive assessment of total shareholder returns that takes into account the business environment and other issues.

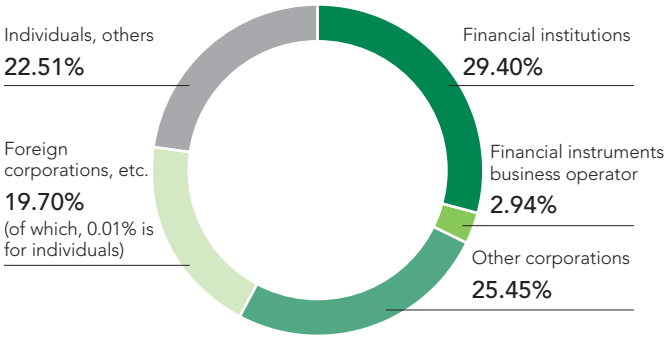
	FY2019	FY2020	FY2021	FY2022	FY2023
Interim dividend (yen)	50 (of which 10 was a commemorative dividend)	40	60	150	150
Year-end dividend (yen)	50 (of which 10 was a commemorative dividend)	40	100	150	250 (of which 100 was a special dividend)
Annual dividend (yen)	100 (of which 20 was a commemorative dividend)	80	160	300	400 (of which 100 was a special dividend)
Dividend payout ratio (%)	45.2	106.7	25.9	29.3	36.4

Status of shares

Overview of shares (as of March 31, 2024)

Share unit number	100 shares
Total number of authorized shares	171,257,770 shares
Total number of issued shares	65,000,000 shares
Number of shareholders	9,631
Listed stock exchange	Tokyo Stock Exchange Prime Market (Security code 5444)
Regular general meeting of shareholder	June
Transfer agent and share registrar and account management institution for special accounts	Sumitomo Mitsui Trust Bank, Limited

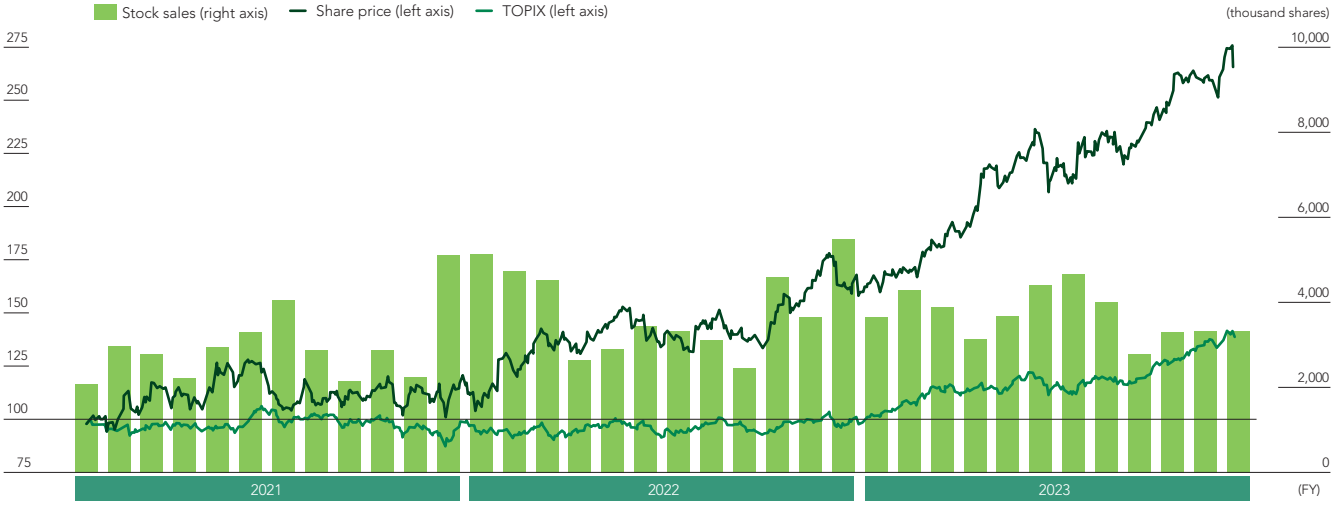
Share distribution by owner



Status of major shareholders (top 10, as of March 31, 2024)

1	The Master Trust Bank of Japan, Ltd. (Trust Account)	8,328 thousand shares
2	Hiroyuki Inoue	7,560 thousand shares
3	Inoue Real Estate Ltd.	4,592 thousand shares
4	Mitsui & Co., Ltd.	4,573 thousand shares
5	SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	2,837 thousand shares
6	Sumitomo Corporation	2,461 thousand shares
7	Custody Bank of Japan, Ltd. (Trust Account)	2,234 thousand shares
8	Kimiko Inoue	1,739 thousand shares
9	Mizuho Bank, Ltd.	1,675 thousand shares
10	CEP LUX - ORBIS SICAV (standing proxy: Citibank, N.A., Tokyo Branch)	1,338 thousand shares

Share price and trading volume over the past 3 years (as of March 31, 2024)



(Note) The Company's stock price and TOPIX are indexed with the closing price data as of April 1, 2021 as 100.

Our Steel, Your Future

Yamato

Yamato Kogyo Co.,Ltd.