

24Medium-term Management Plan

May 9, 2024 (Thursday)

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1.21 Medium-term review

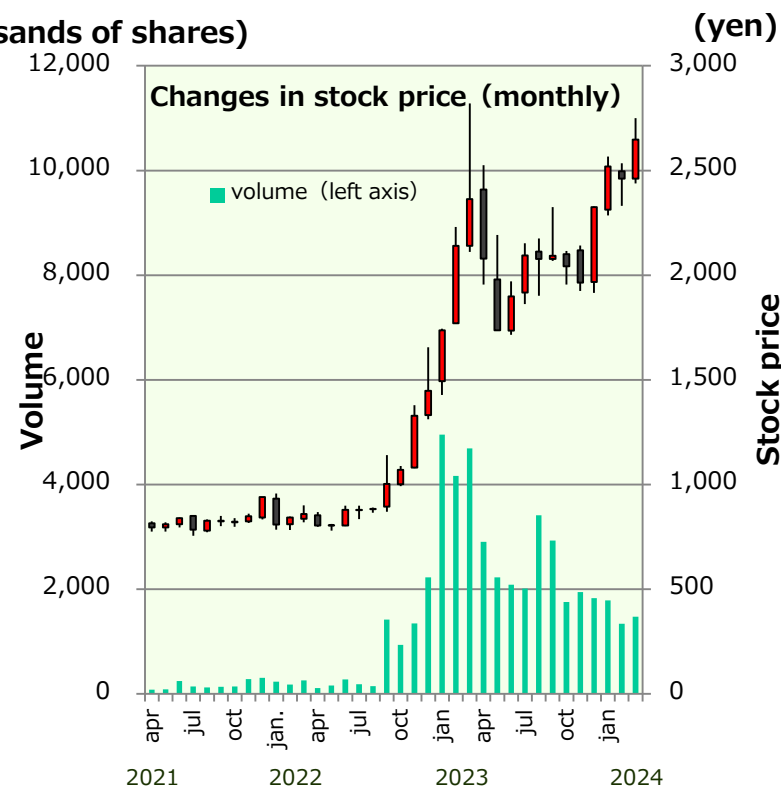
【 1.21Medium-term review】

In the 21Medium-term (FY21~23) ,the company was listed on the Tokyo Stock Exchange(TSE) Prime

- Lower sales volume than 21Mid-term goal due to construction of new electric arc furnace(EAF), Metal spread expansion leads to higher profit. Leverage dividend payout ratio to 35%.
- Substantial rise in share price and increase in trading volume resulting from TSE listing.
- Trends toward carbon-free goal accelerate climate action in Japan
- Started construction of a new EAF (completed in 2024 autumn).
Prepare to increase production and reduce carbon footprint significantly (electricity consumption rate : -15%)

	Target	'21	'22	'23
Consolidated ordinary profit (billions of yen)	4.0	5.5	12.3	10.2
Steel products sales volume (Thousands tons)	700	620	580	520
Dividend payout ratio (%)	30	31	33	35

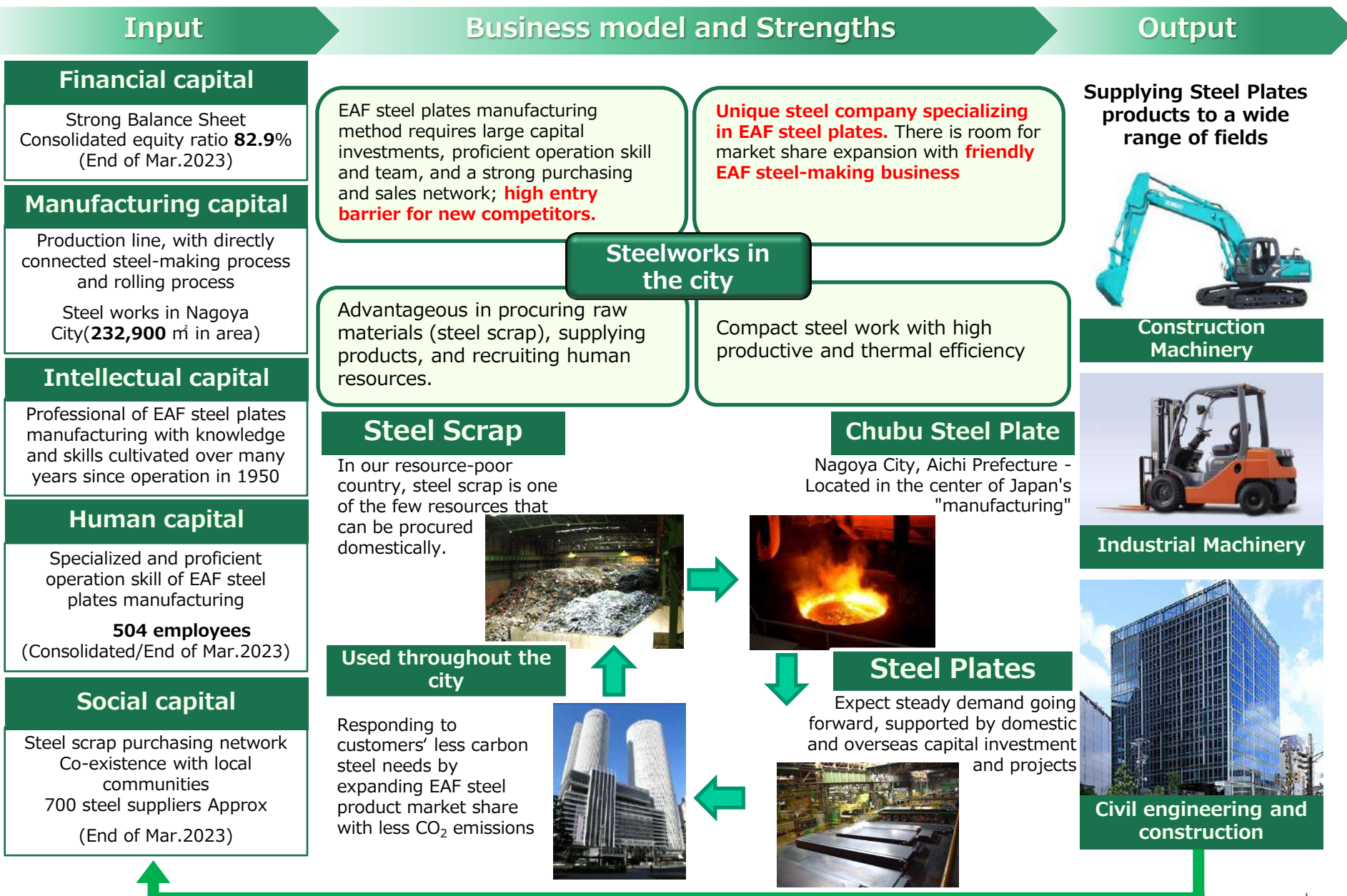
(Thousands of shares)



※Outlined areas are overachieved

2. Our Business Model

[2.Our business model]



3. External environment and current analysis

① Demand trends

Domestic demand

- Decrease in domestic population
- Maturation of domestic manufacturing industry



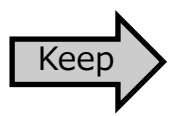
Difficult to expect significant growth

Demand by field



Civil engineering

Demand will increase due to increase in budget related to national resilience, maintenance and renewal of aging infrastructure.



Industrial machinery

Stable domestic economy leads to constant demand for the time being.



Ship

Demand decreased resulting from withdrawal of heavy industry businesses due to shipbuilding company reorganization and rise of South Korea and China.

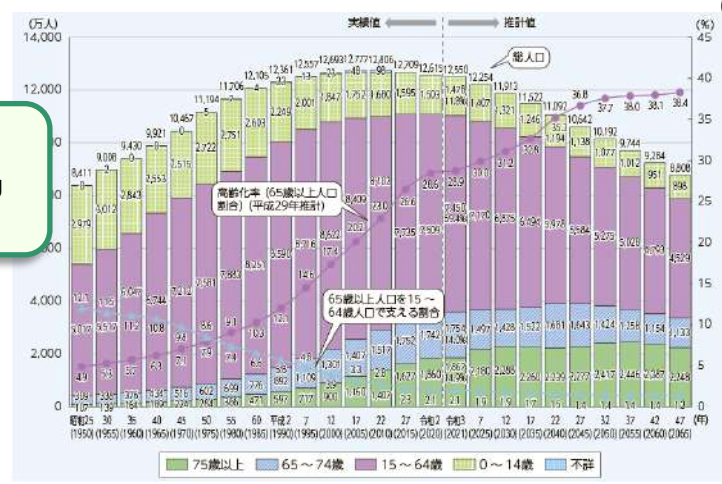
Architecture

There are certain needs mainly for large projects. Demand for EAF steel product contributed to CO₂ reduction is expected to increase.

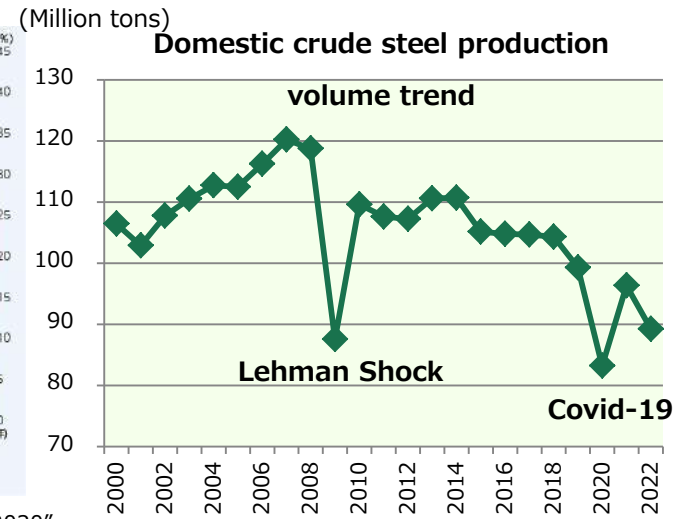
Export

Despite of decreasing demand due to change from local to overseas production, there is demand for steel plates needed for offshore wind power generation construction

Domestic demographic trend and estimates



Source : Cabinet Office (2022) "White Paper on the Aging Society 2020"

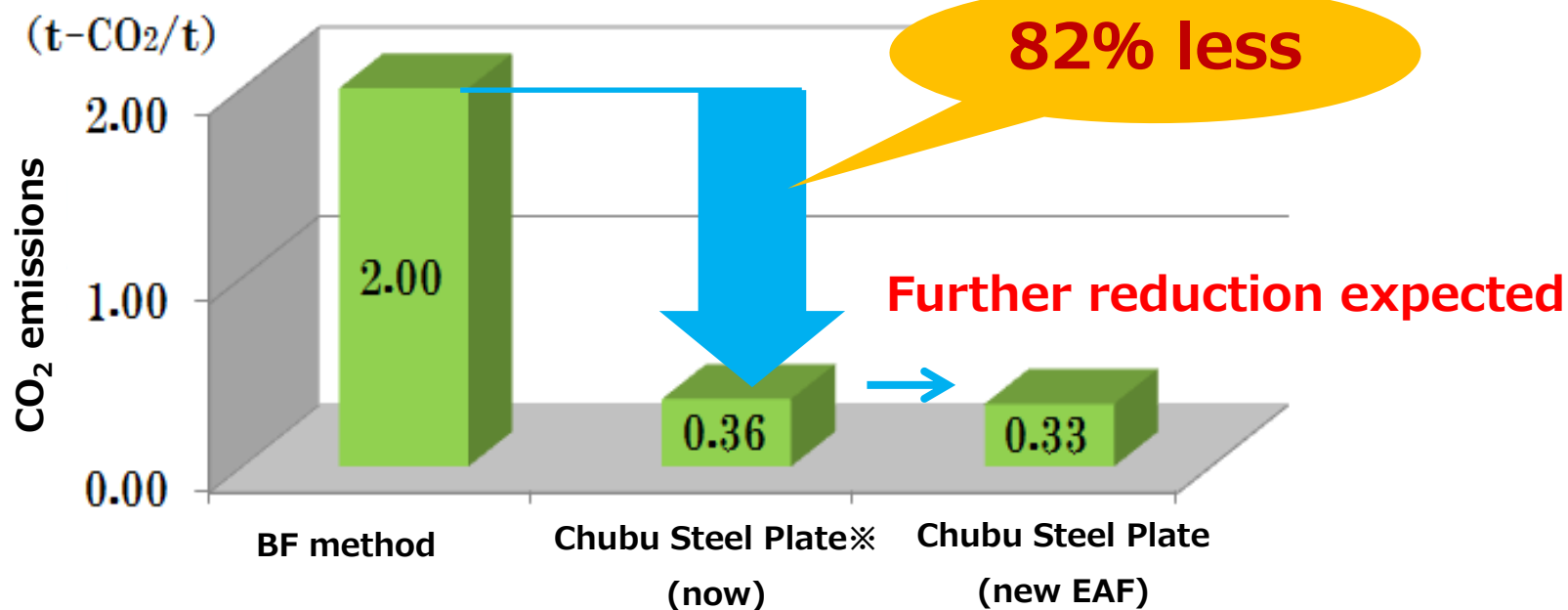


Source : Japan Iron and Steel Federation

②CO₂ emissions

CO₂ emissions from producing 1 ton of crude steel

- EAF steelmaking, no need for iron making process, contributes to less CO₂ emissions.
- In general, CO₂ emissions from EAF steelmaking is 1/4 of emissions from Blast furnace(BF) steelmaking. The company's CO₂ emissions is 1/5 of emissions from BF steelmaking.



※Our present CO₂ emissions are calculated by dividing the total of Scope 1 and 2 by the amount of crude steel.

③ Competitors/Imported materials

BF

- Consolidated manufacturing bases resulting from decreased demand for shipbuilding and reduced exports due to local production for local consumption
- CO₂Emissions issue

EAF/imported steel materials

- Production volume of domestic EAF steel plates company is limited.
- Imported steel materials currently do not pose a threat to the domestic market.
➢ However, if the yen appreciates in the future, it may become a source of market turbulence.

Our action in the med-term 2024

- Expanding market share mainly in building materials
- Targeting eastern Japan where consolidation is progressing

- Strengthen cost competitiveness by efforts such as increasing production ensure sufficient profit margin to enhance business foundation
➢ Promote total cost reduction including transportation cost, by taking advantage of manufacturing location

④ Domestic steel plates demand and supply outlook

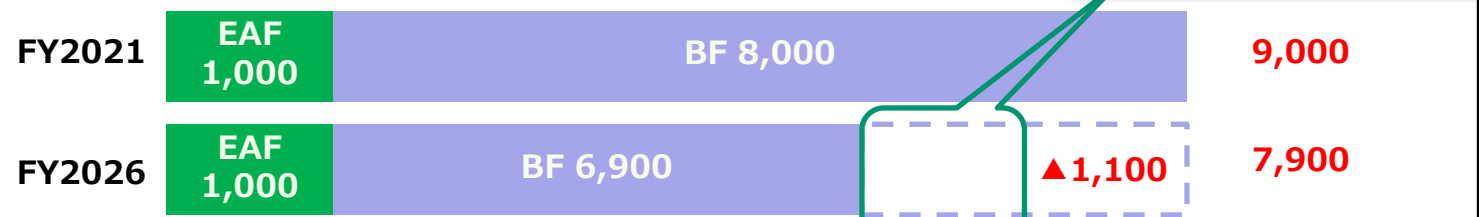
The demand for steel plates supply is expected to increase due to the move to consolidate BF equipment.

Steel plates demand and supply forecast for FY2026

Demand and supply of steel plates in FY2026
(Compared to FY2021, based on our assumption, unit: thousand tons)

The supply-demand gap is expected to widen, and demand for EAF steel plates with low CO₂ emissions is expected to increase in particular.

Supply



Demand



	FY2021	FY2026 target	Increase/Decrease
Our steel plates sales volume (Thousand tons)	550	700	+150

	Ship	Civil engineering and construction	Others	Total
FY2021	2,400	1,600	5,000	9,000
FY2026	1,600	2,000	5,000	8,600
Increase/Decrease	▲800	+400	0	▲400

Source : Created by Chubu Steel Plate based on Japan Iron and Steel Federation data, etc.

4. Corporate Value Enhancement and KPI

① Initiatives to improve corporate value

Initiatives to improve corporate value

■ The company was listed in TSE Prime Market in December 2022(Double listing with NSE).
 > Stock prices rose with an increase in trading volume
 ■ In March 2023, TSE requested listed companies to “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.”
 > Specifically, there are two points: ① Action to Implement Management that is Conscious of Cost of Capital and Stock Price, and ② disclosure regarding the status of dialogue with shareholders, etc.
 ■ Our company explained ① and ② above at the company briefing session in May 2023. Specifically, we explained that we will proceed with various measures with the goals listed on the right.

Our actions; explained in May 2023 briefing session

- Numerical values are set based on TSE guidelines.
- ◆ R O E ⇒ Stably exceed 8%
- ◆ P / B ⇒ Aiming for more than 1x
- The specific action plan is as follows

	Direct	Indi rect	IR compatible	Influence on stock price
1) Growth strategy	· Clarify future growth strategy			
2) Equity spread expansion	· Work on both ROE and cost of equity (*)			
3) ESG response, etc.	· Addressing non-profitability issues such as decarbonization efforts and human capital			
4) Dividend policy	· Considering the ample capital situation, pay attention to stable dividends in addition to flexible dividends according to business performance.			
5) Improving name recognition	(Not well-known on the stock market as it was just listed on the TSE and is B2B)			

※Cost of equity = $\beta \times (R_m - R_f) + R_f$

B: The magnitude of fluctuations in our stock price relative to the stock market

R_f : Risk free rate (Calculated from government bond yields, etc.)

R_m : Stock market expected value (TOPIX, etc.)

Continue to implement the same approach from FY2024 onwards (Review ROE and P/B)

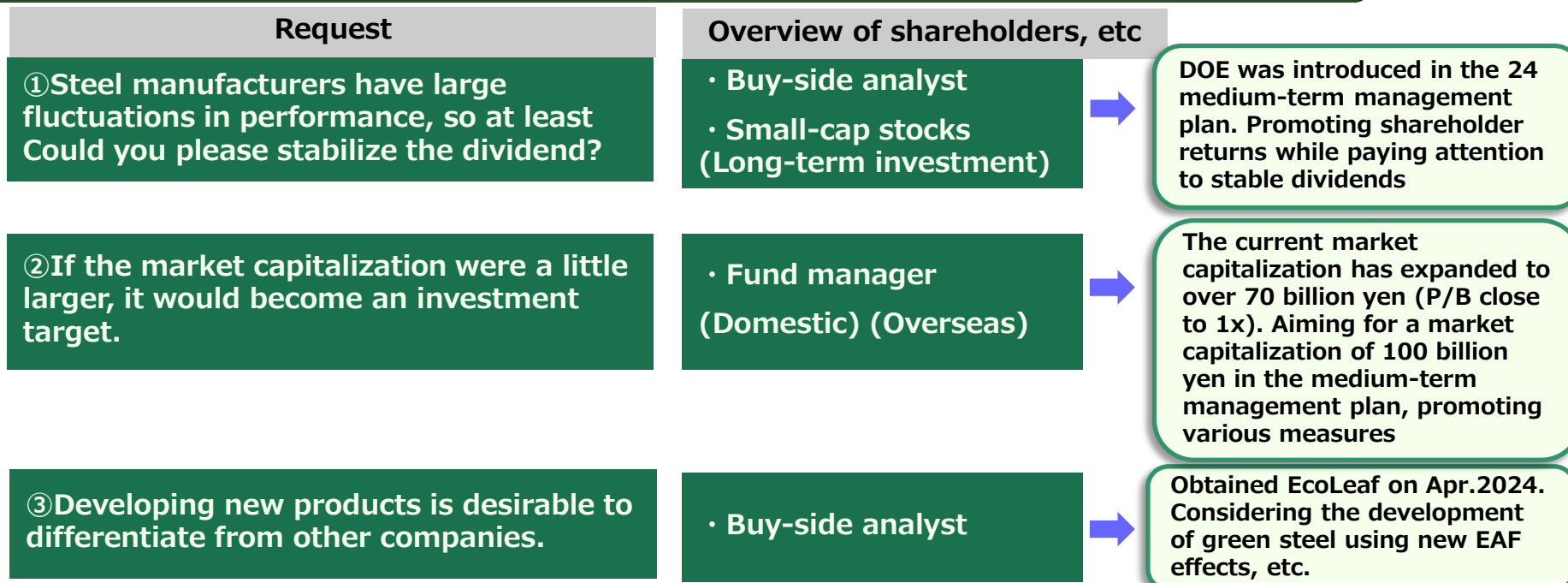
② Dialogue with shareholders

Status of communication with shareholders, etc. in 2023

	Number of times	Corresponding person	Operation method
Company information session	4times	President and Director	Changed from twice a year before listing on the TSE to quarterly Conducted online on the next business day of financial results announcement
Individual interviews, etc.	80times	Director, etc.	Individually conducted in person or over the phone/online

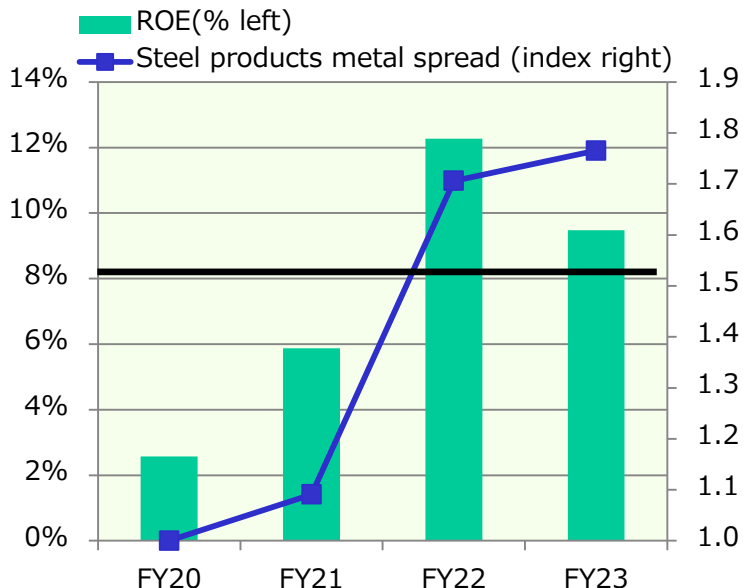
➤ The breakdown of individual interviews was 18 with sell-side analysts and 62 with

Requests and responses from shareholders, etc.

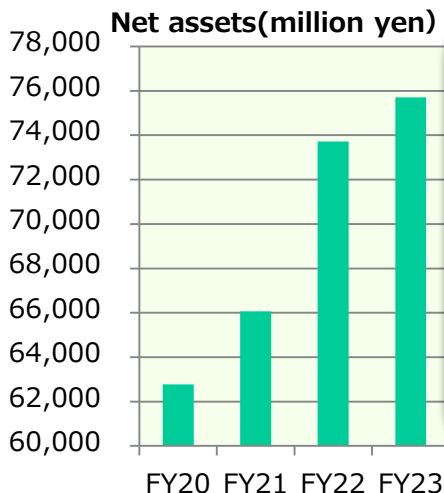


③ ROE and P/B

ROE trends



※Metal spread is indexed with FY20 as 1

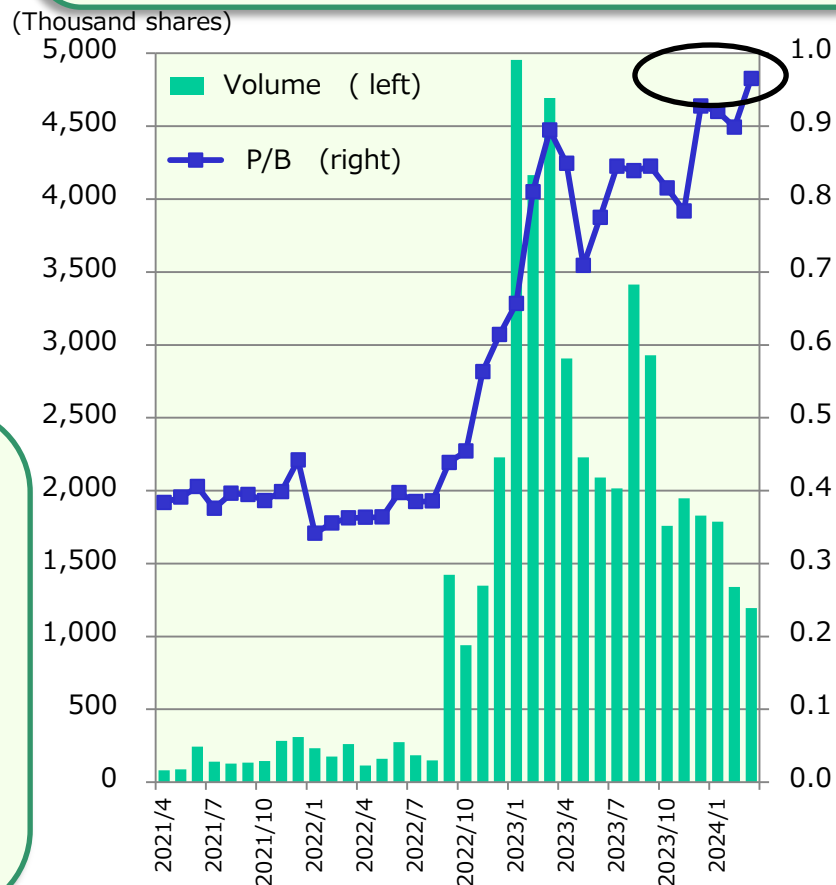


■ ROE has remained low until now, but has risen to over 8% in recent years due to the expansion of metal spreads.

On the other hand, capital accumulation is progressing, and future issues include securing metal spreads and controlling capital.

Trends in P/B and trading volume

■ After listing on the TSE, P/B has increased to around 0.9 times. However, in order for the stock price to increase significantly by more than 1x, we recognize that it is necessary to implement the measures listed and further influence the stock market.



④ Capital cost control

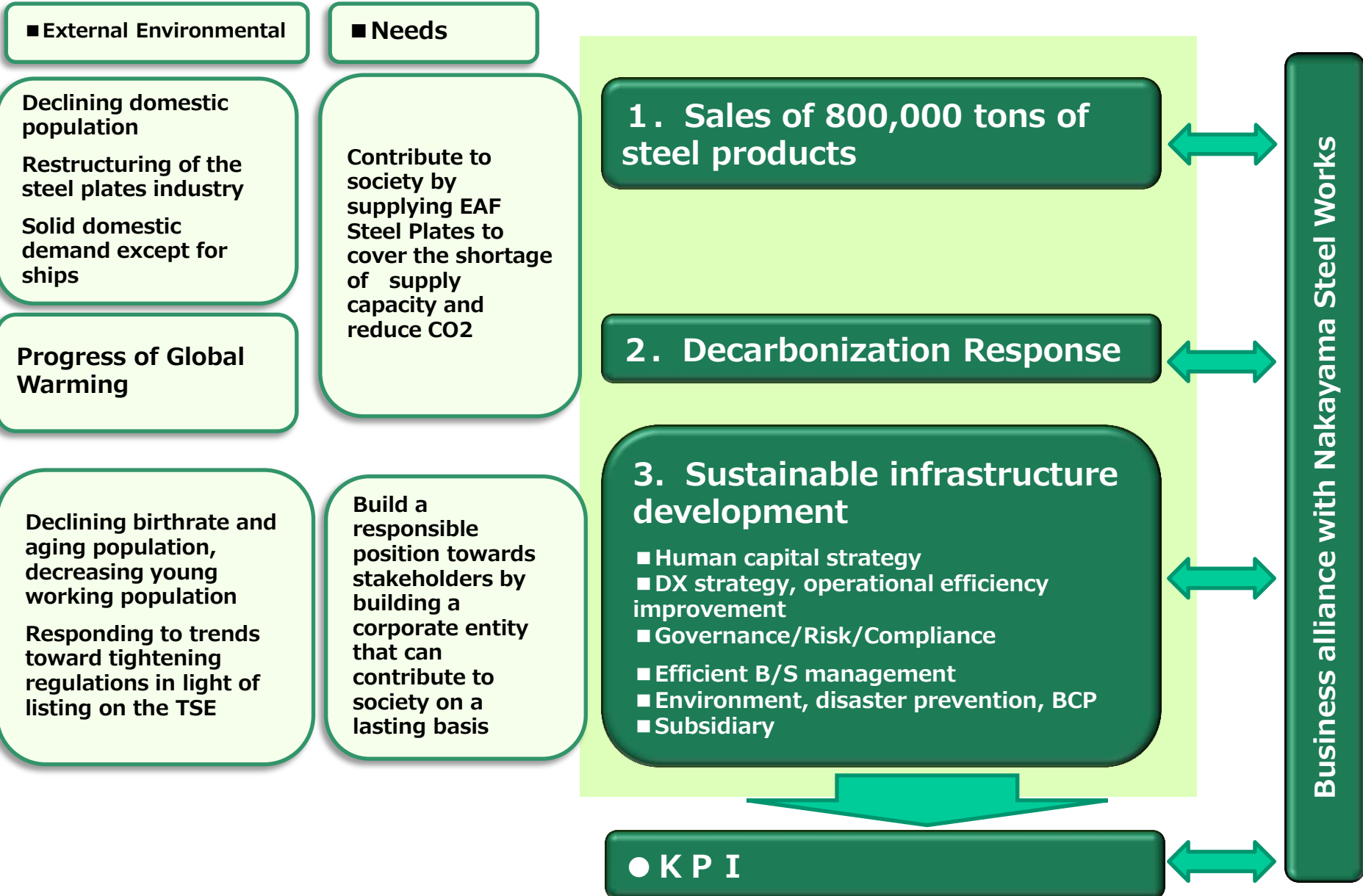
Capital cost control

- There has long been a view that manufacturers of EAF must be cautious when making investments because their performance tends to fluctuate due to price fluctuations in raw materials and materials (scrap, electricity, etc.).
- Therefore, in order to reduce the cost of capital (Suppress β), we recognize that it is necessary to take measures including ① Minimize fluctuations in performance due to the external environment as much as possible, ② strengthen disclosure to prevent surprises, and ③ suppress fluctuations in dividends due to fluctuations in business performance.
- The specific measures are as follows.

Target	Method	Specific measures
Suppress β	Appropriate sales price setting (①)	<ul style="list-style-type: none"> ➢ Build relationships with customers that allow price fluctuations in scrap, electricity, freight, etc. to be reflected promptly in sales prices.
	Reduce fluctuations in performance due to scrap price fluctuations (①)	<ul style="list-style-type: none"> ➢ Expansion of scrap yard and enhancement of scrap acceptance system ➢ Effective use of product inventory and slabs
	Partial fixation of electricity prices (①)	<ul style="list-style-type: none"> ➢ Power prices for off-site PPAs are mainly fixed for 20 years (regular prices fluctuate monthly)
	Strengthen disclosure and prevent surprises (②)	<ul style="list-style-type: none"> ➢ Continued to hold company briefing sessions four times a year and set the briefing session on the business day following the announcement of financial results.
	Stabilization of dividends (③)	<ul style="list-style-type: none"> ➢ DOE introduce from FY24

5. 24Medium-term outline

① Overall picture of the mid-2024 period



② 24Mid-term KPIs

24 Medium-term Plan Market capitalization goal: Aim for 100 billion yen

Main KPI

index	Numerical goal
Steel product sales volume	800,000tons (Plate+ Slab)
Amount of capital investment (strategic investment)	12 billion yen (Based on budget acquisition)
ROE	10%
Consolidated ordinary profits	15 billion yen
Shareholder return	DOE3.5%
Value added labor productivity(※)	40million yen (FY2023 about 33million yen)

(※) Value-added labor productivity is calculated as "(ordinary profit + depreciation + personnel costs) ÷ number of employees"

③ Shareholder return

Shareholder return

[Dividend policy of 24 mid-term management plan]

- **DOE3.5% or more**
- Provide stable shareholder returns without being affected by fluctuations in business performance
- Annual dividend for FY2024 is expected to **be around 101 yen/share**
- Consider implementing share buybacks in situations such as when business performance improves.

※DOE: Dividends/Consolidated Stockholders' Equity

A system that "commits to stable dividends without being influenced by a single year's performance" and "gradually increases the next year's dividend amount" when shareholder equity accumulates.

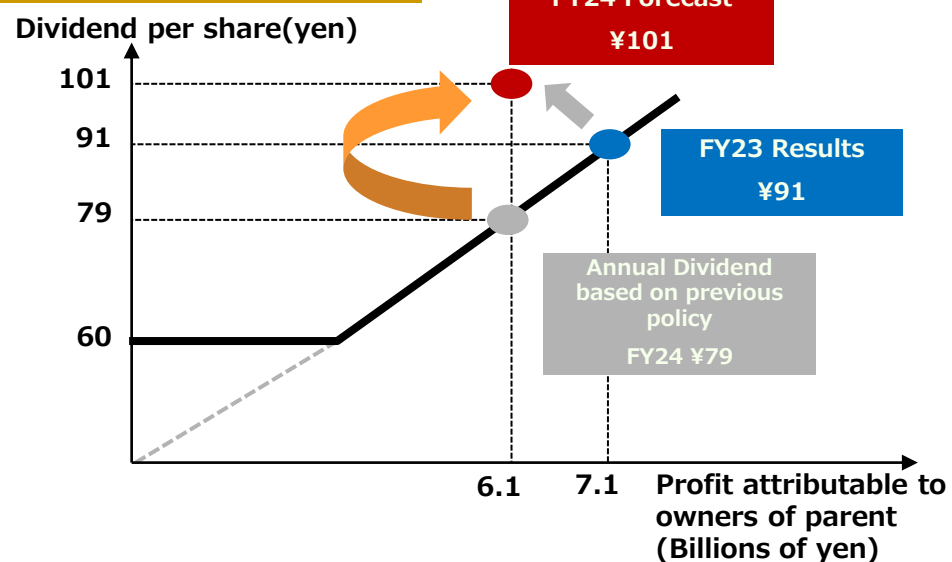
Dividend policy of 21 mid-term management plan]

- **Dividend payout ratio 30%**

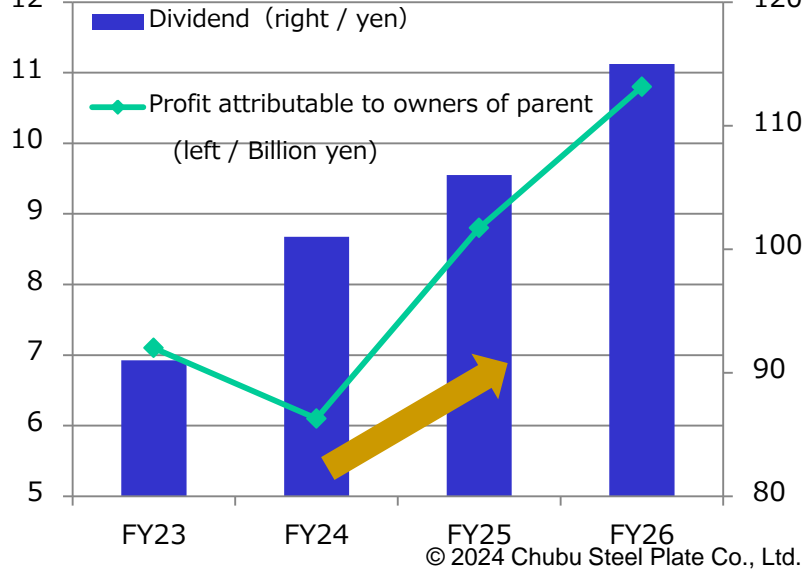
⇒From FY2023, the policy has changed so as to strengthen shareholder returns and realize stable dividends: "Dividend payout ratio of 35% or 60 yen/share, whichever higher"

■ **In the medium term of 2024, we will focus more on stable dividends and higher shareholder returns.** The company plans to respond to requests from shareholders by doing so. (The expected dividend for FY2024 is 101 yen, which is approximately 44% when converted to a payout ratio.)

Current dividend policy



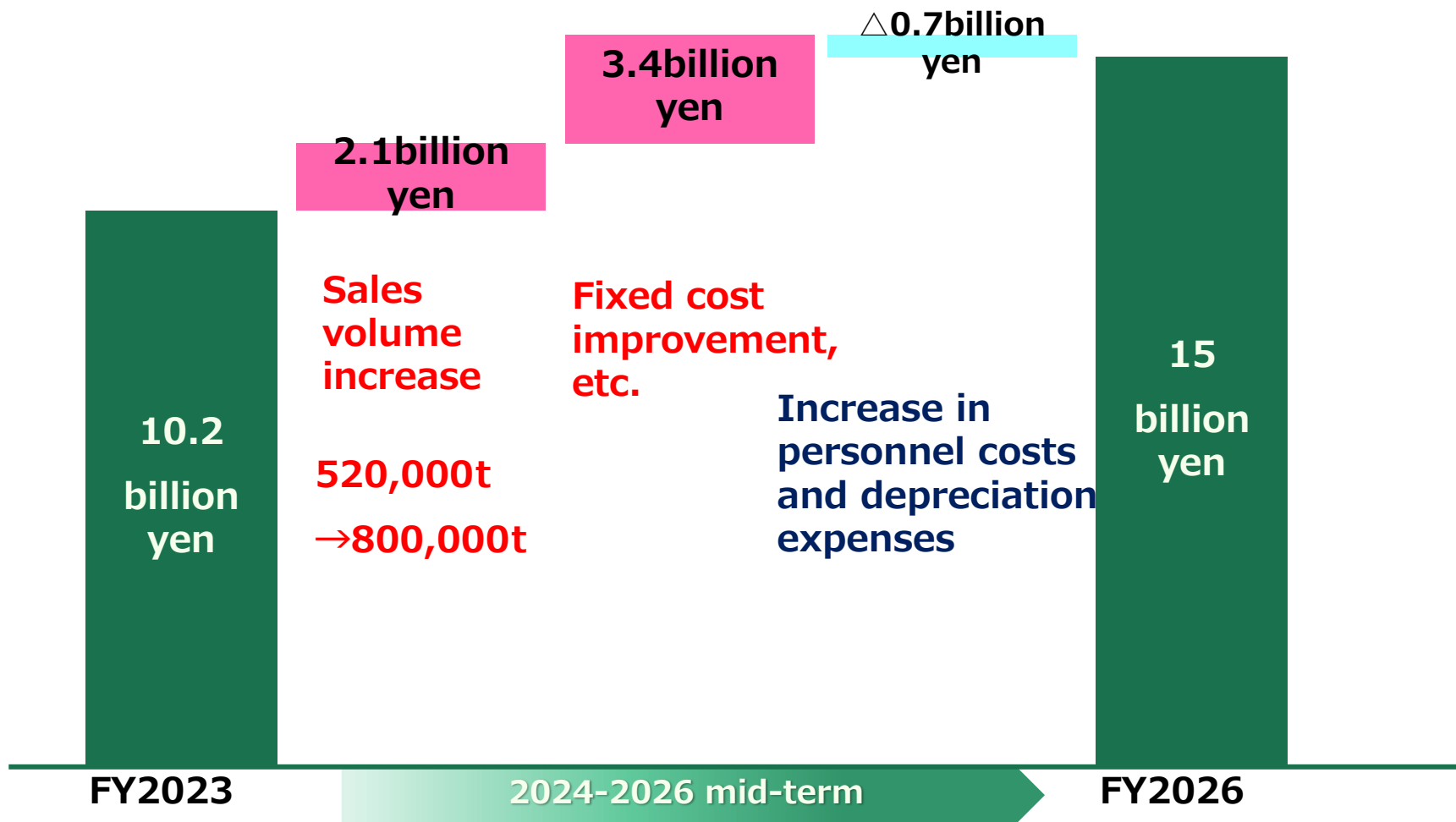
Dividend image based on expected profits



④ Consolidated ordinary profit

Consolidated ordinary profit

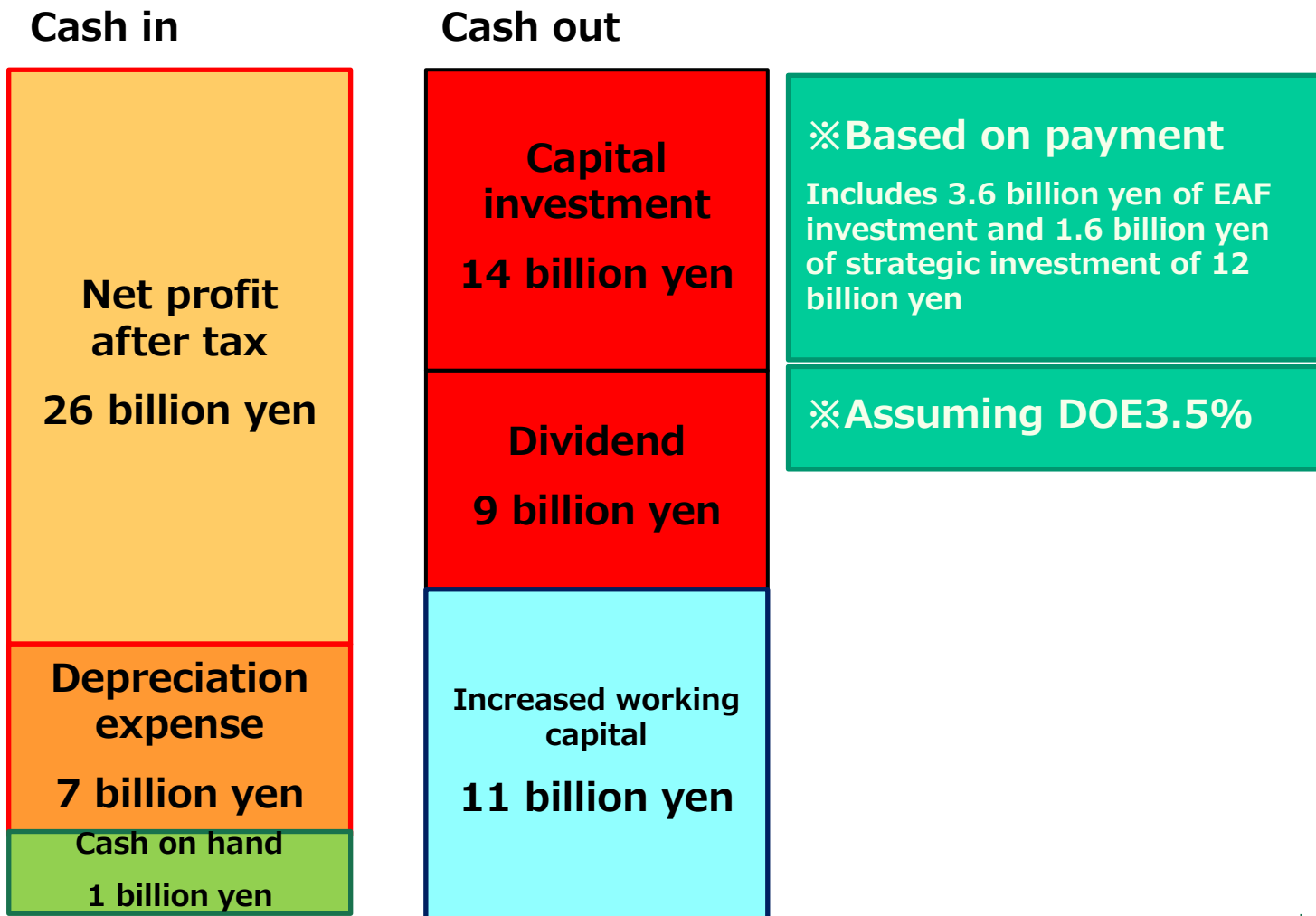
Aiming for consolidated ordinary profit of 15 billion yen in FY2026



⑤ 24 Medium-term cash flow

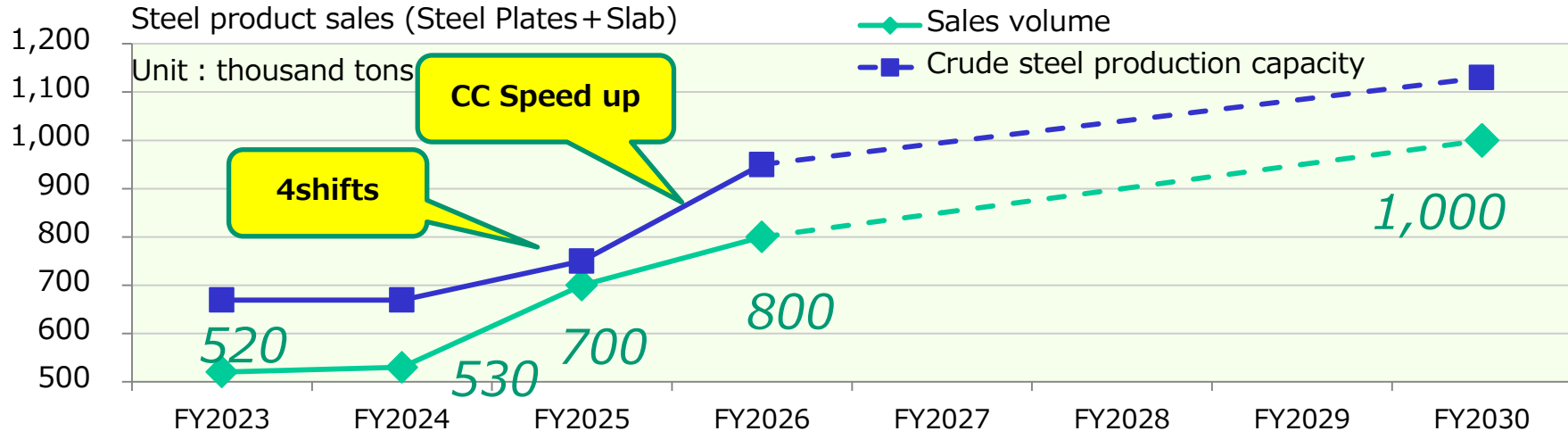
24 Medium-term cash flow

Utilize abundant funds for capital investment and dividends

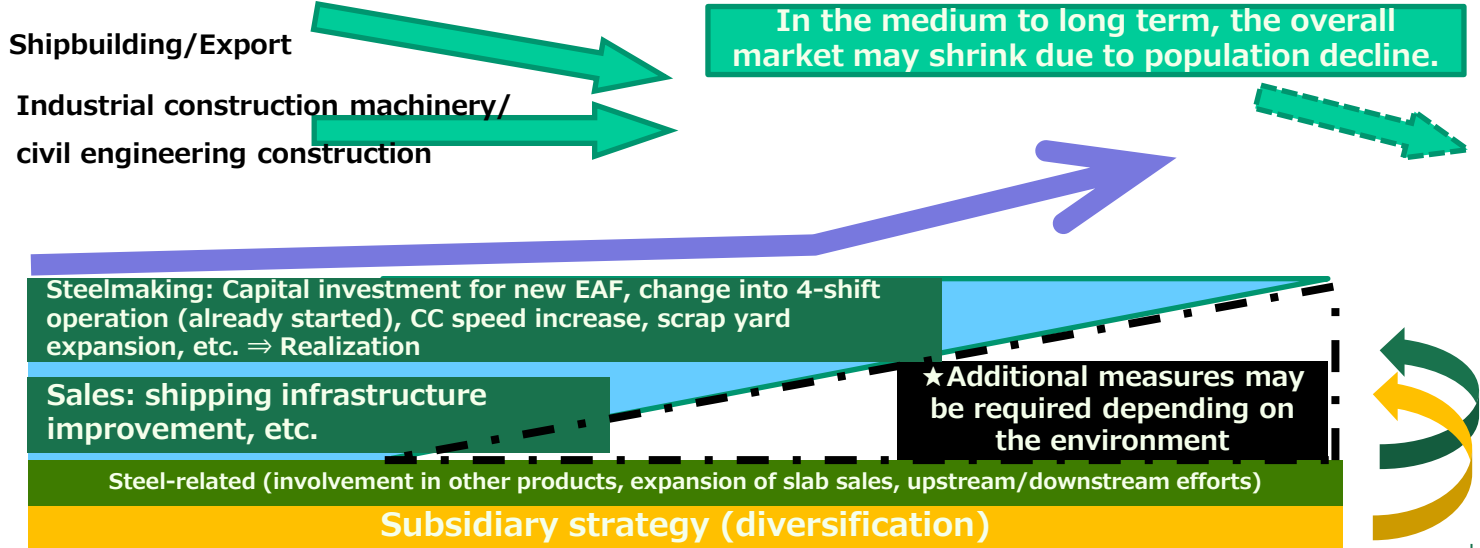


① Long-term growth plan

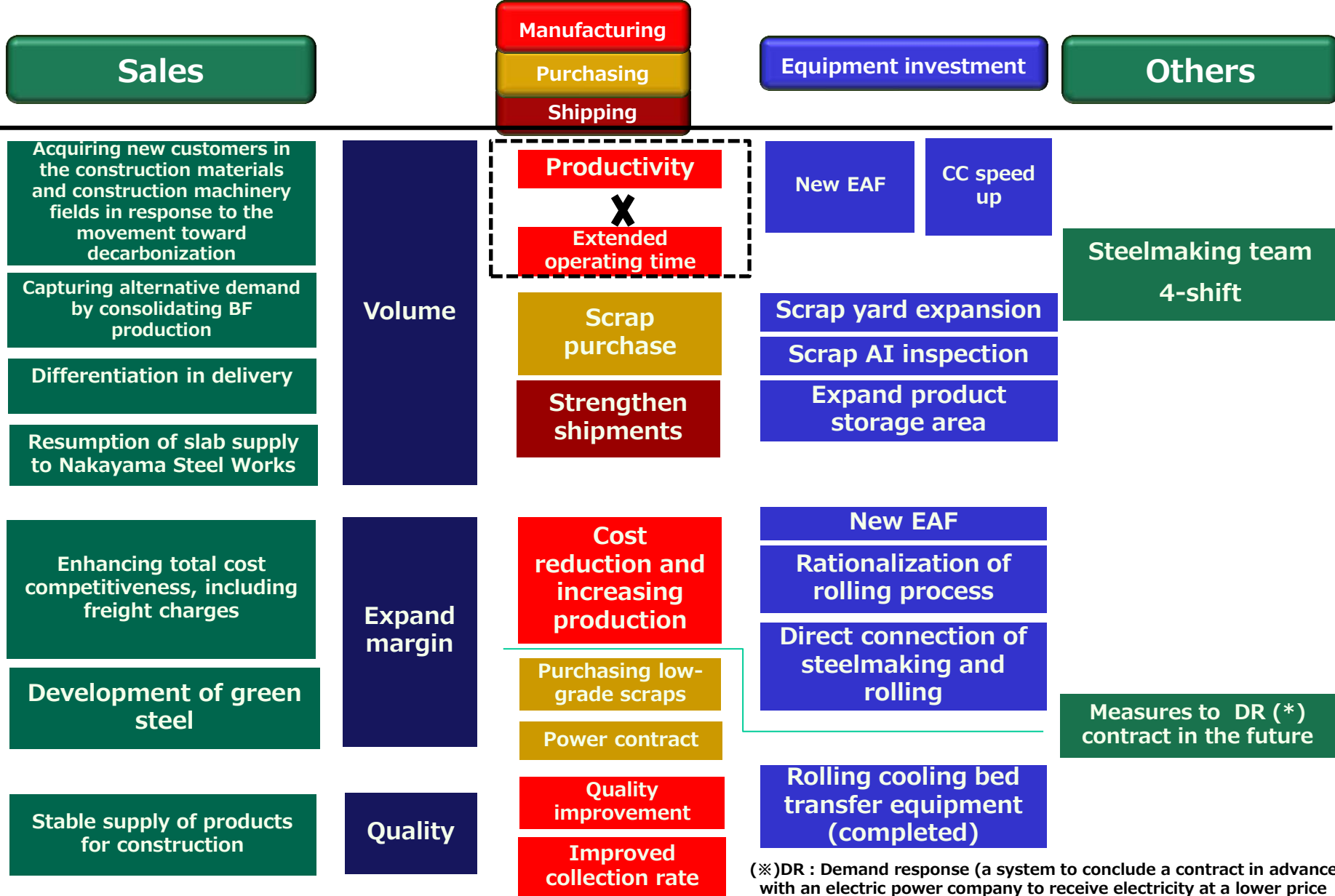
Anticipating a further increase in demand for EAF materials in 2030, we will invest in new EAF, realize 4 shifts operation, and invest equipment in the med-term period of 2024, and set goal as sales of 800,000 tons of steel product sales.



- Steel Plates market**
- Decarbonizing needs**
- Growth strategies**



② Overall business strategy for med-2024

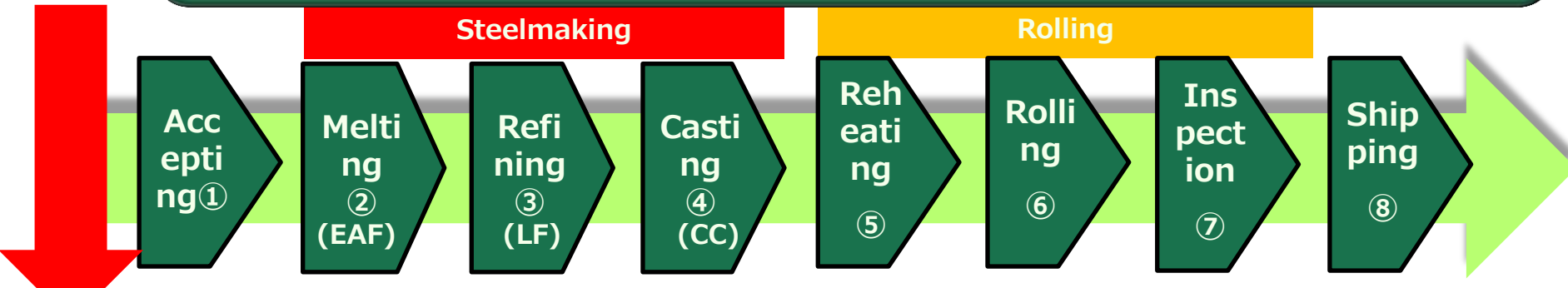


(※)DR : Demand response (a system to conclude a contract in advance with an electric power company to receive electricity at a lower price than usual during times when there is surplus electricity)

① Equipment investment plan

Increasing investment to maximize productivity improvement of new EAF.
Strategic investment for 2024 medium term is planned to be around **12 billion yen**
 (8 billion yen for the new electric furnace + 300t crane in 2021 med-term)

'21~'23



'24~'26

① Scrap yard expansion **3 billion yen**
 ②③④ 4shifts (Steelmaking)
 ④ CC ability improvement **3 billion yen**
 ④⑤ Direct connection of steelmaking and rolling **1 billion yen**
 ⑦ Rationalization of rolling process **3 billion yen**
 ⑧ Product yard expansion **2 billion yen**

2024~26 Investment Items	Total Budget (billion yen)	Budget plan per year (billion yen)			Purpose	Investment effect
		FY24	FY25	FY26		
Scrap yard expansion	3	3	-	-	Expansion of production	Securing production opportunities by securing inventory
CC ability improvement	3	1	1	1		Increasing production by improving productivity (CC) to 180 ton/hr
4 shifts(3 times rotation) (steelmaking team)	-	-	★	-		Extending operating hours by changing from 2 times rotation to 3 times rotation in steelmaking team
Product yard expansion	2	1.1	0.5	0.4	Improving shipping capacity	Improving turnover rate by expanding storage area
Direct connection of steelmaking and rolling	1	1	-	-	Decarbonization, cost reduction	Reducing fuel consumption by increasing heating furnace charging temperature
Rationalization of rolling process	3	1.2	0.5	1.3	Cost reduction	Labor saving through automation
Total	12	7.3	2	2.7		

② Multiple electricity contracts

Multiple electricity contracts

- Strengthen competitiveness by reducing costs
- Promote CO₂ reduction
- Reform work style through daytime operations

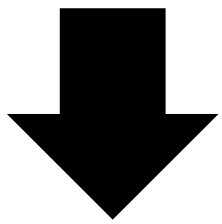
Our company

Power company

now

- Electricity contract that secures the required amount according to operation plan
- One contract

- Mainstay is thermal power generation, etc.
- Based on power supply and demand, electricity prices are uniformly operated: weekday afternoons: expensive, weekday nights, weekends, holidays: cheap.



24Medium-turm

FY24 New EAF construction completed

FY25 Steelmaking 4 shift ⇒ Weekday daytime operations will start

PPA contract, Purchasing clean energy

Arrival point

- Operation that **flexibly shifts operating hours** while monitoring power demand
 - Also considering support for DR (demand response)
- **Multiple contracts** that include direct purchase of renewable energy and purchase of CO₂-free electricity.

(Assumption)

- Reduction in weekday daytime electricity prices due to spread of renewable energy
- Change to electricity price system affected by time of day and season
- DR implementation

① Supply of electric furnace plate according to demand

Supplying EAF steel plates that meet customer needs

- There are concerns that total domestic demand will shrink due to a decline in shipbuilding demand, but even more so, the shrinking domestic steel plates production capacity is causing a supply-demand gap. We will capture this and supply our materials to many customers.
 - Securing alternative demand due to reduction in domestic steel plates production capacity
 - Serving carbon-free needs mainly in building materials
 - Secure margins by increasing production and reducing sales costs by taking advantage of geographical advantage



【Strategy】

- Utilize information from trading companies. Capture decarbonization needs and capture demand
- With the 2024 problem in mind, we will take into account the total cost including freight, and aim to capture demand by leveraging regional advantages.

- Required products
 - Stable supply of construction products
 - Processed products
 - Green steel

Supply slabs for Nakayama Steel Works

Accurately understand the needs of the other party by leveraging the alliance effect

② Expanding demand for EAF materials in the construction field

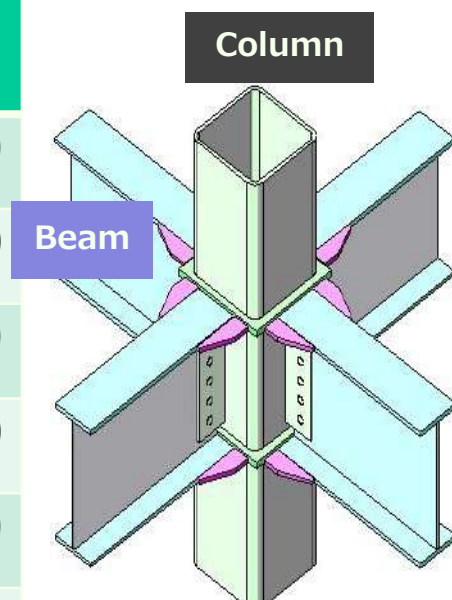
■ Progress in building materials sales

Our steel materials are used for columns and beams in office buildings and factories.

- A field in which our company previously had an extremely low share
- We supply products that meet the needs of owners, builders (general contractors), and designers.

[Some of the orders received in 2023] ★ Owner ★ Builder ★ Designer

Case	District	Designated person	Situation	Purpose	Expected order quantity (t)
A	Shikoku	★ Builder ★ Designer	Completion	C B	500
B	Kanagawa	★ Designer	Ongoing	C B	1,200
C	Tokyo	★ Owner	Completion	C	300
D	Tokyo	★ Owner ★ Builder ★ Designer	Ongoing	C B	1,500
E	Osaka	★ Builder ★ Designer	Ongoing	B	900
F	Hyogo	★ Builder ★ Designer	Ongoing	C B	2,300
Total					6,700

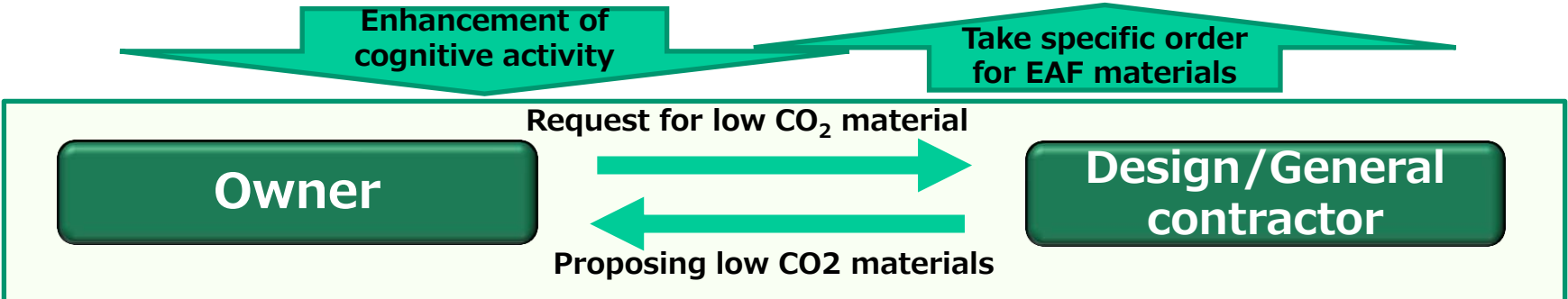
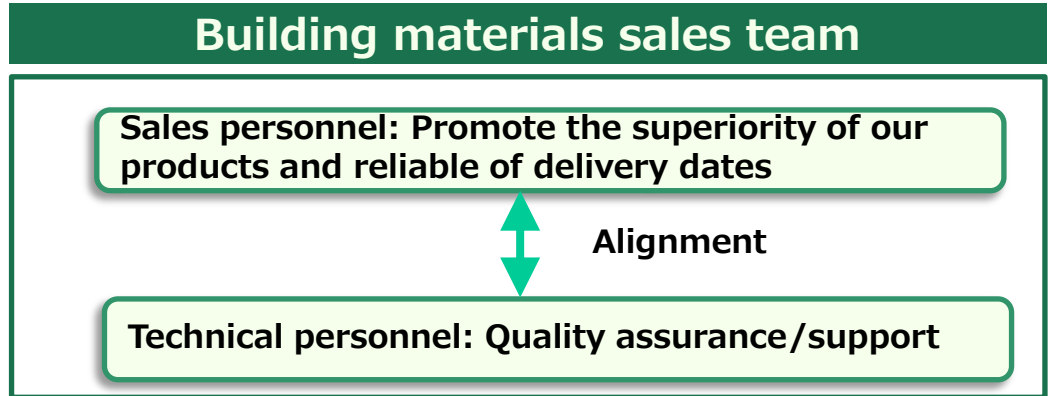


③ Building a system for growth fields

Building materials sales team

Established a team consisting of sales and technical personnel

Purpose: Strengthen sales capabilities to owners, design offices, general contractors, and fabricators in response to structural reform of BF and impact from active climate actions over society toward carbon-free goal.
Established: October 1, 2023



④ Strengthen ability to meet delivery deadlines

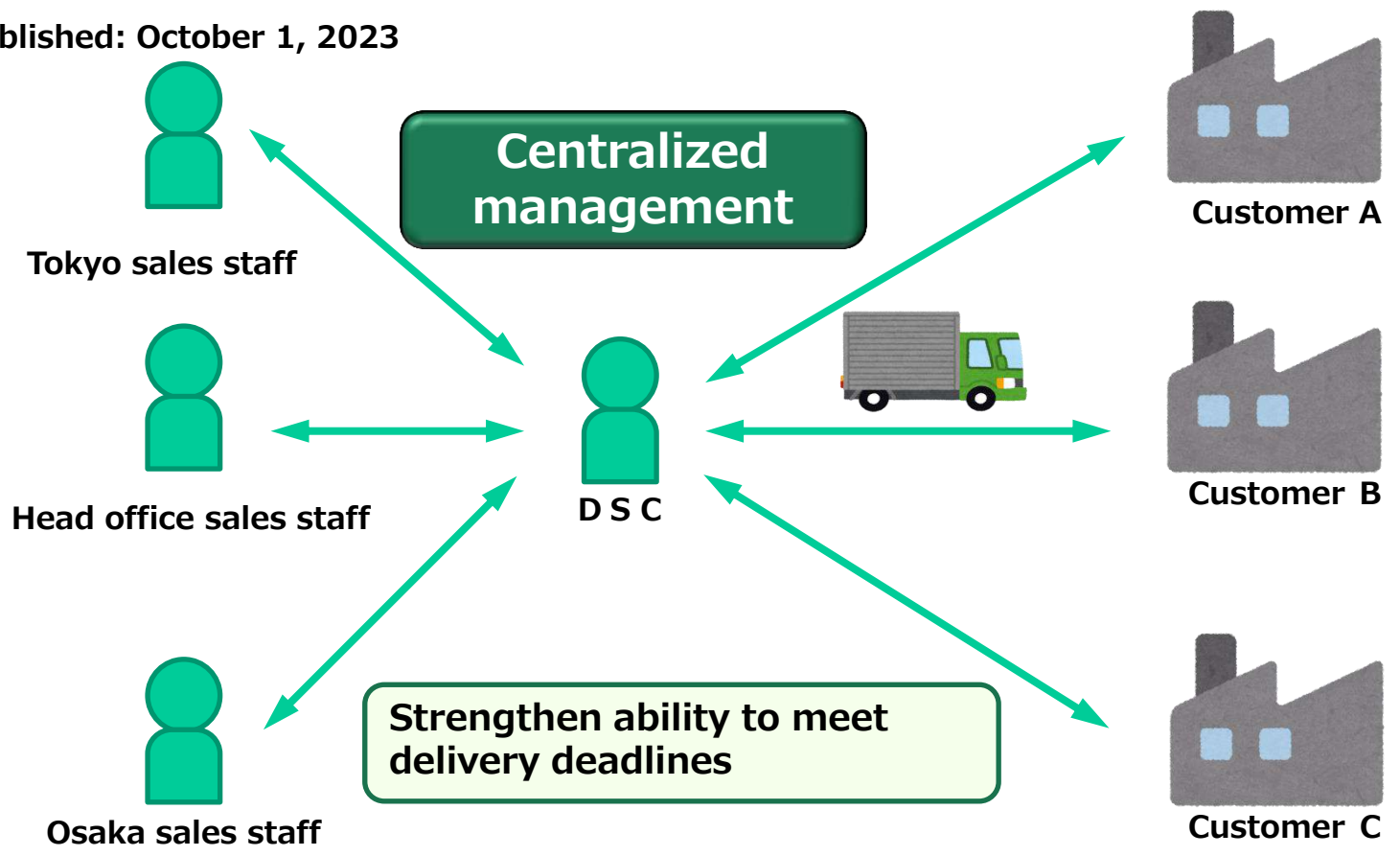
Unified management of delivery date management operations

■ Launched "Delivery Support Center"

Purpose: Respond quickly to customer delivery requests as sales volume is expected to increase.

Providing enough time for sales staff to respond to customers

Established: October 1, 2023



① Dealing with collection of steel scrap

Strengthen scrap acceptance system by taking advantage of location conditions

- Scrap inspection system using AI > Shortened inspection time
- Scrap yard crane addition > Improving acceptance turnover rate
- Expansion of product types handled with new EAF
 - > We also accept a wide range of lower grade scraps.
- Scrap yard expansion > Outdoor storage capacity: 10,000 tons → 30,000 tons by building

Our company is located between the scrap generation site and Nagoya Port. By securing scrap destined for export, it is possible to secure the amount necessary for increased production.

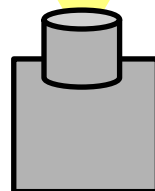
The area around Nagoya is Japan's largest source of scrap.



② Introduction of scrap inspection system using AI

Improving scrap accepting process by introducing AI inspection

- Reduction of variation by performing inspection based on uniform standards using AI
- As multiple receiving ports are monitored in the receiving inspection room, the workload is reduced and the receiving turnover rate is improved.
- By constantly monitoring impurities and contraindicated substances, it serves as a great deterrent to companies attempting fraud.

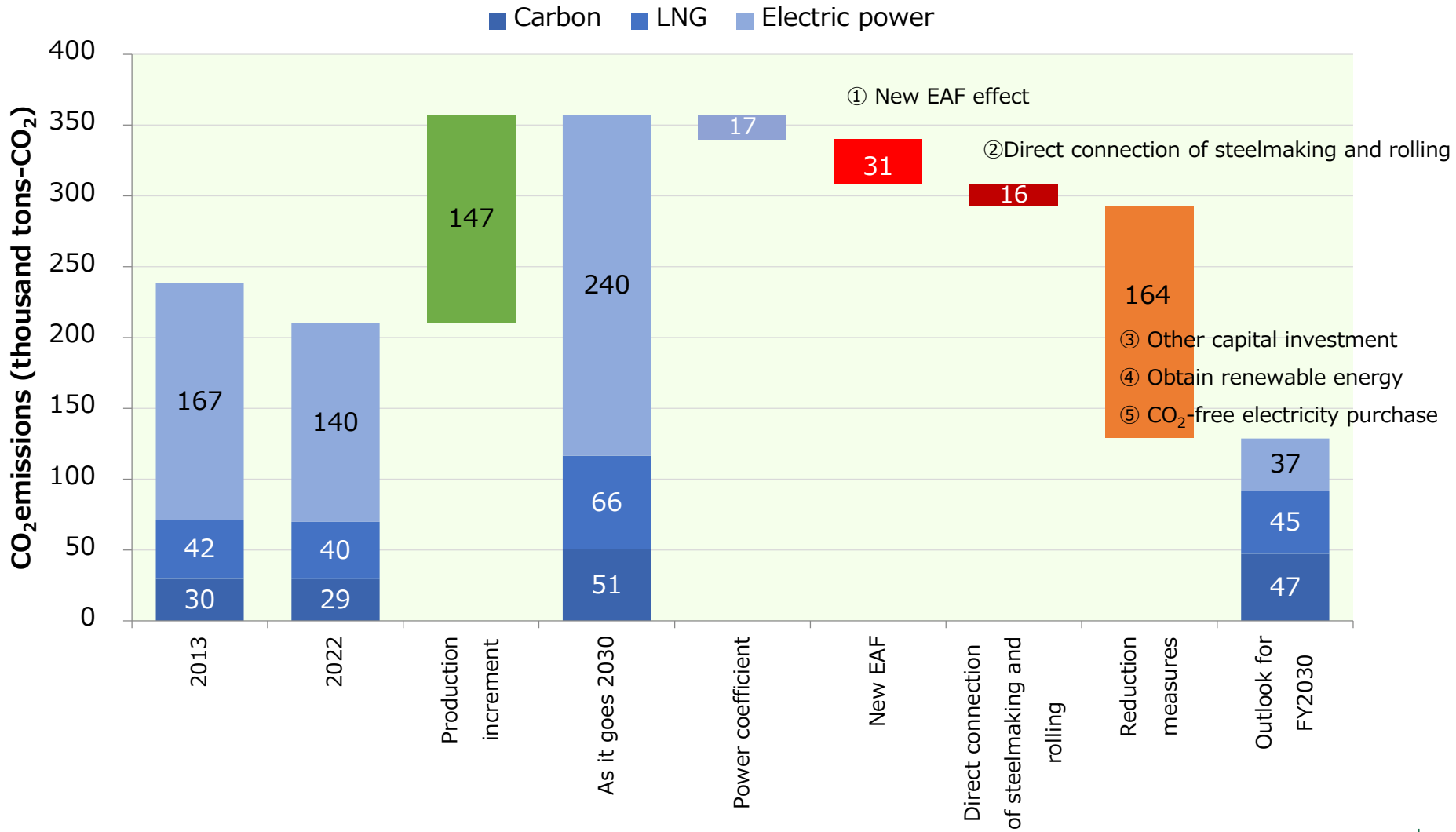


Install cameras and inspect system using AI

① Roadmap for reducing CO₂ emissions

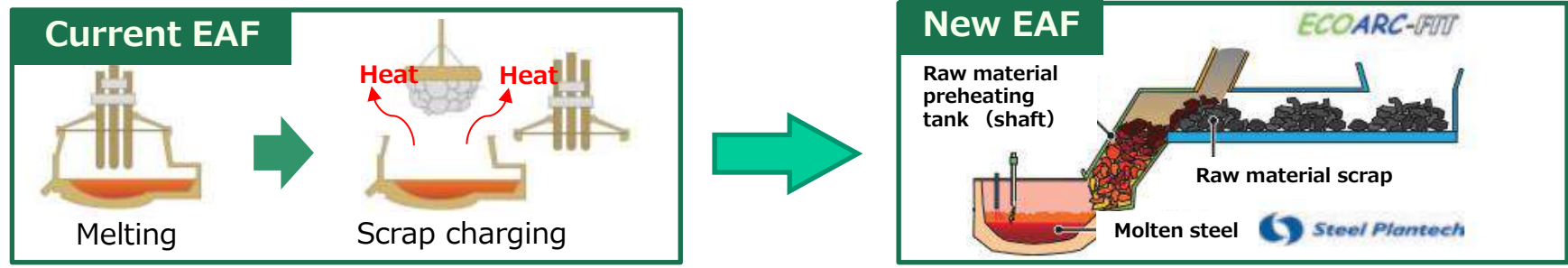
**Estimated CO₂ emissions of our company
(With FY2030 estimated sales of 1 million tons)**

Calculated with 900,000 tons of steel plates + 100,000 tons of slabs
 Power coefficient: 0.388 → 0.360 (kg-CO₂/kWh)
 New EAF effect: From budget plan
 Direct connection of steelmaking and rolling: Rolling heating furnace fuel -30%



② Promoting energy-saving equipment investment

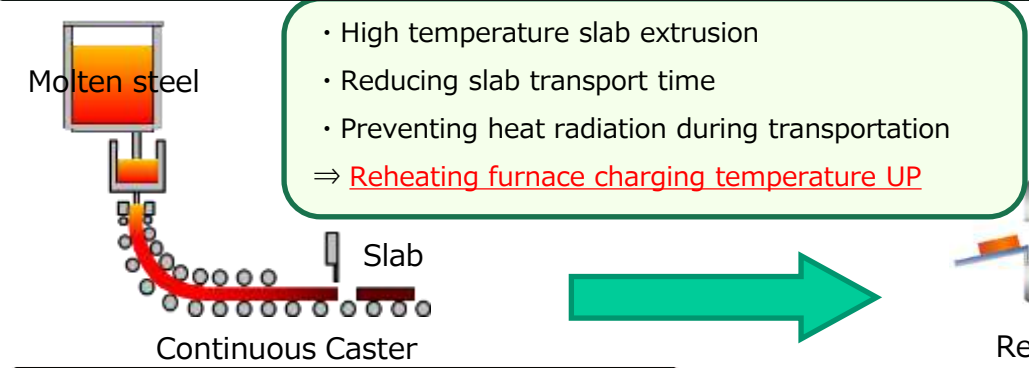
New EAF effect



- Reduce heat radiation by charging from the side without opening or closing the furnace lid.
- Scrap preheating using exhausted gas
- Increased power efficiency through flat bus operation

Melting power – 15%
→ The company CO₂ emissions – 7%

Direct connection of steelmaking and rolling



- High temperature slab extrusion
 - Reducing slab transport time
 - Preventing heat radiation during transportation
- ⇒ Reheating furnace charging temperature UP

CO₂ reduction by reducing fuel usage in heating furnaces (assumed to be – 30%)
→ The company CO₂ emissions – 4%

Other capital investment

- Setting an internal carbon price
 - Calculate the effect of reducing CO₂ emissions by 1 ton as a cost benefit of 8,500 yen

③ Obtaining renewable energy

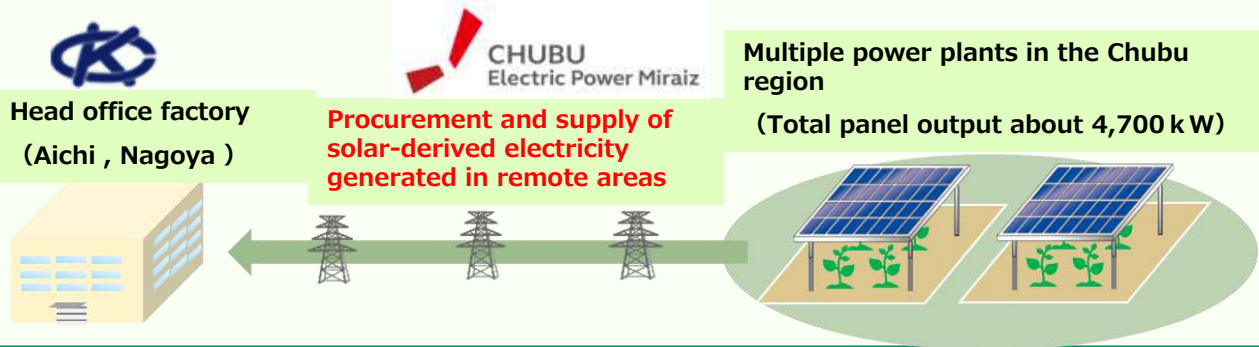
Introduction of off-site PPA (*)

(※) PPA : A system in which a business operator opens a solar power plant and supplies electricity to contracted customers.

- Installed a power plant outside our sites and procured renewable energy
- 【The goal】 Panel capacity 10MW scale
(Equivalent to 13,000MWh/year)
CO₂ emissions equivalent: 5,000 tons/year (converted with an emission factor of 0.388kg-CO₂/kWh)

Introduction of off-site PPA services using agricultural solar power plants, etc.

Chubu Electric Power Miraiz has agreed to introduce a PPA service in which we will use electricity procured from multiple solar power plants in the Chubu region. (May 2024)

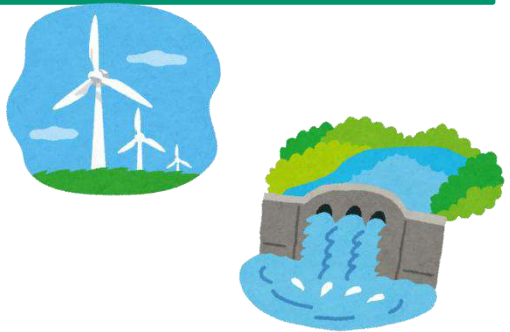


Overview

Location	Chubu region
Panel capacity	4.7MW
Estimated power generation amount	5,145MWh/year
Estimated CO ₂ reduction amount	2,400t/year

Purchasing CO₂-free electricity

- Purchase the shortfall from the power company
- ① Electricity with non-fossil certificates, such as hydropower and solar power, procured by electric power companies
- ② Electricity with non-fossil certificates obtained on the market
- ③ Consider purchasing while checking PPA installation trends



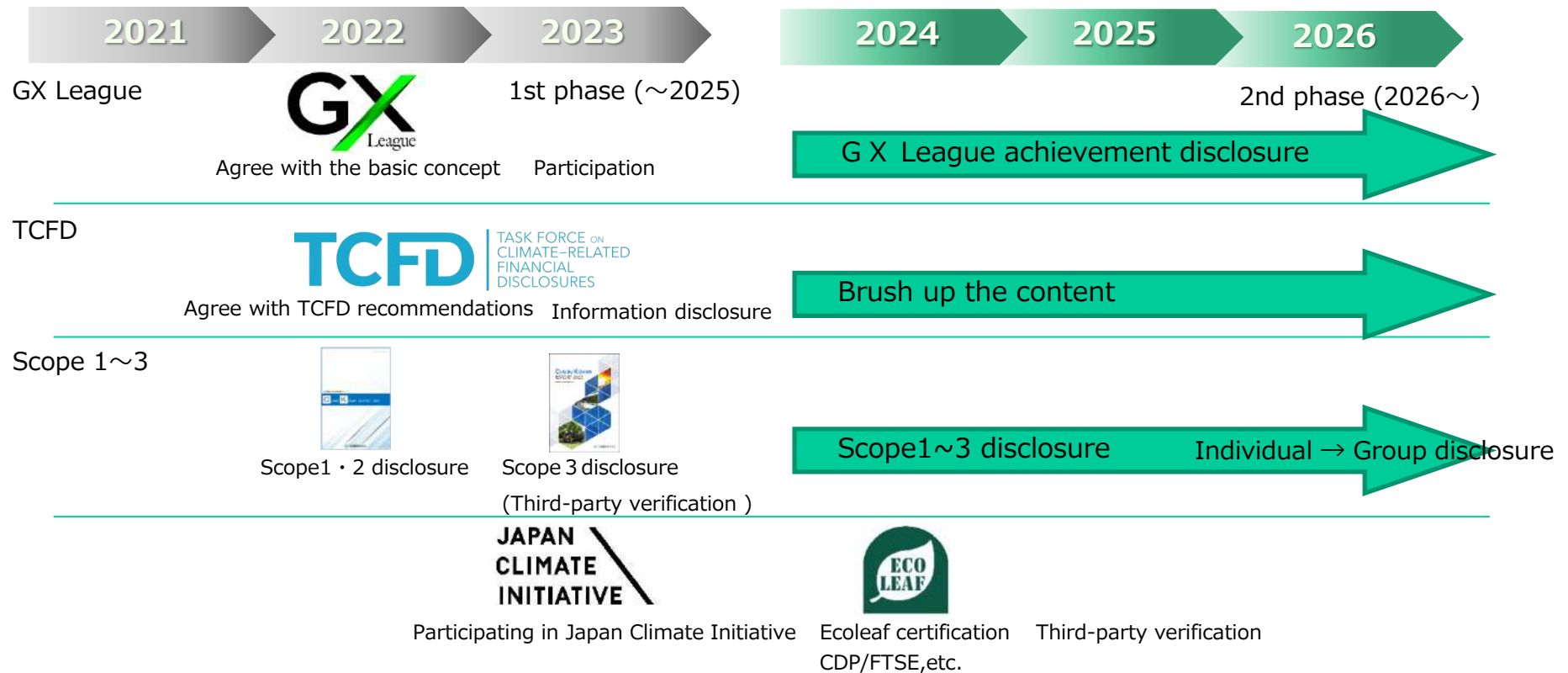
④ Disclosure regarding CO₂ emissions

For the 21mid-term, we have started disclosing the total amount and third-party verified figures. 【24Medium-term】

- In addition to total volume disclosure like Scope 1~3, consider disclosing individual products in line with LCA
- We are considering disclosing the total amount not only for the company itself but also for the group including subsidiaries.

'21mid-term management plan

' 24mid-term management plan



※ CDP : An international environmental NGO (formerly Carbon Disclosure Project) established (2000: UK) for the purpose of disclosing environmental information such as corporate emissions.
 ※ FTSE : A company that develops, calculates, and manages stock indexes and provides financial data services (established through joint investment by the Financial Times and the London Stock Exchange)

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⑤ Obtained EcoLeaf certification

Obtained Ecoleaf

April 2024: Acquired EcoLeaf for our product "steel plate"

First certification for EAF steel plates



JR-AJ-24030E

About Ecoleaf certification:
 (Type III Environmental Declaration (EPD))
 Environmental labeling system (based on ISO14025) operated by the Sustainability Promotion Organization (General Incorporated Association).
 Disclosure of quantitative environmental data and CO₂ emissions of products obtained using LCA (life cycle assessment*) method

※LCA (Life Cycle Assessment) : Environmental assessment over the life of a product, from resource extraction to disposal and recycling

EcoLeaf
 Type III Environmental Declaration (EPD)
 Registration number : JR-AJ-24030E

Japan EPD Program by SuMPO
 Sustainable Management Promotion Organization
 14-8, Uchikanda 1-chome, Chiyoda-ku, Tokyo Japan
<https://ecoleaf-label.jp/>

中部鋼板株式会社
 Chubu Steel Plate Co.,Ltd.

Steel plate



Functional unit
 1t

System boundary
 final products intermediate products
 Production Stage (Raw material supply, Transport to factory, Manufacturing) and Indirect effect

Main specifications of the product
 Production sites:Head office (Nagoya)
 Main standards:Standards for products used in fields such as building structures,machinery, civil engineering,shipbuilding,etc.
 Type:Steel Plate

Company Information
 Chubu Steel Plate Co.,Ltd.
<https://www.chubukohan.co.jp/>

Registration#	JR-AJ-24030E
PCR number	PA-180000-AJ-06
PCR name	Steel products for construction
Publication date	4/26/2024
Verification date	4/22/2024
Verification method	Product-by-product
Verification#	JV-AJ-24030
Expiration date	4/21/2029
PCR review was conducted by:	
Approval date	5/10/2023
PCR review	Yasunari Matsuno
	Chiba University
Third party verifier*	
	Shinichi Inoue
Independent verification of data & declaration in accordance with ISO14025 and ISO21930	
	<input type="checkbox"/> internal <input checked="" type="checkbox"/> external

*Auditor's name is stated if system certification has been performed.

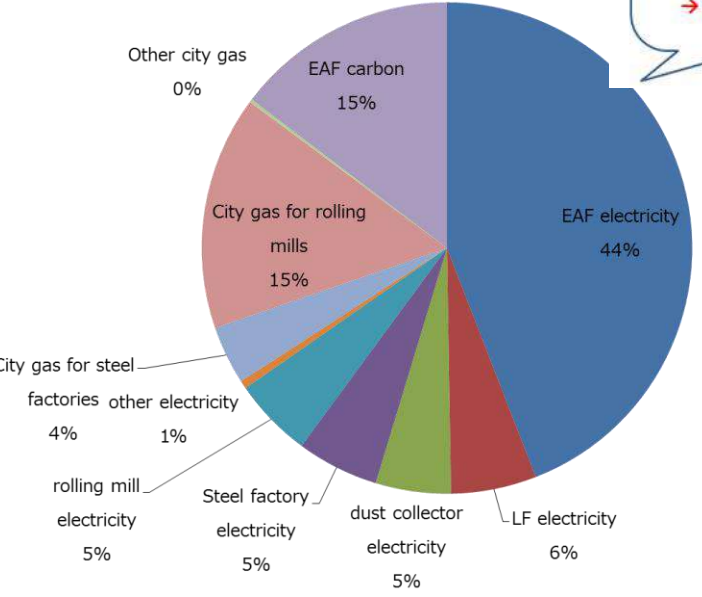
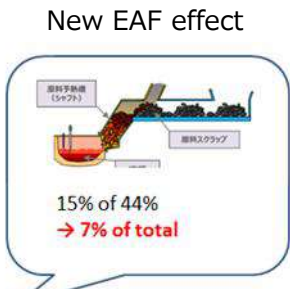
Registration number : JR-AJ-24030E

⑥ Green steel development

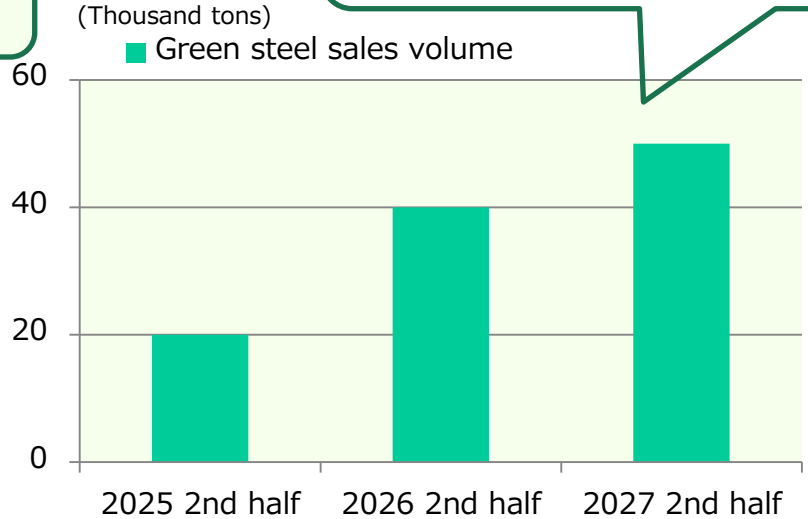
Considering the development of green steel utilizing new EAF, etc.

Estimated sales volume (new EAF effect)

CO₂ reduction with the new EAF is approximately 7% of the company's total
 > Can be sold according to the previous year's production volume



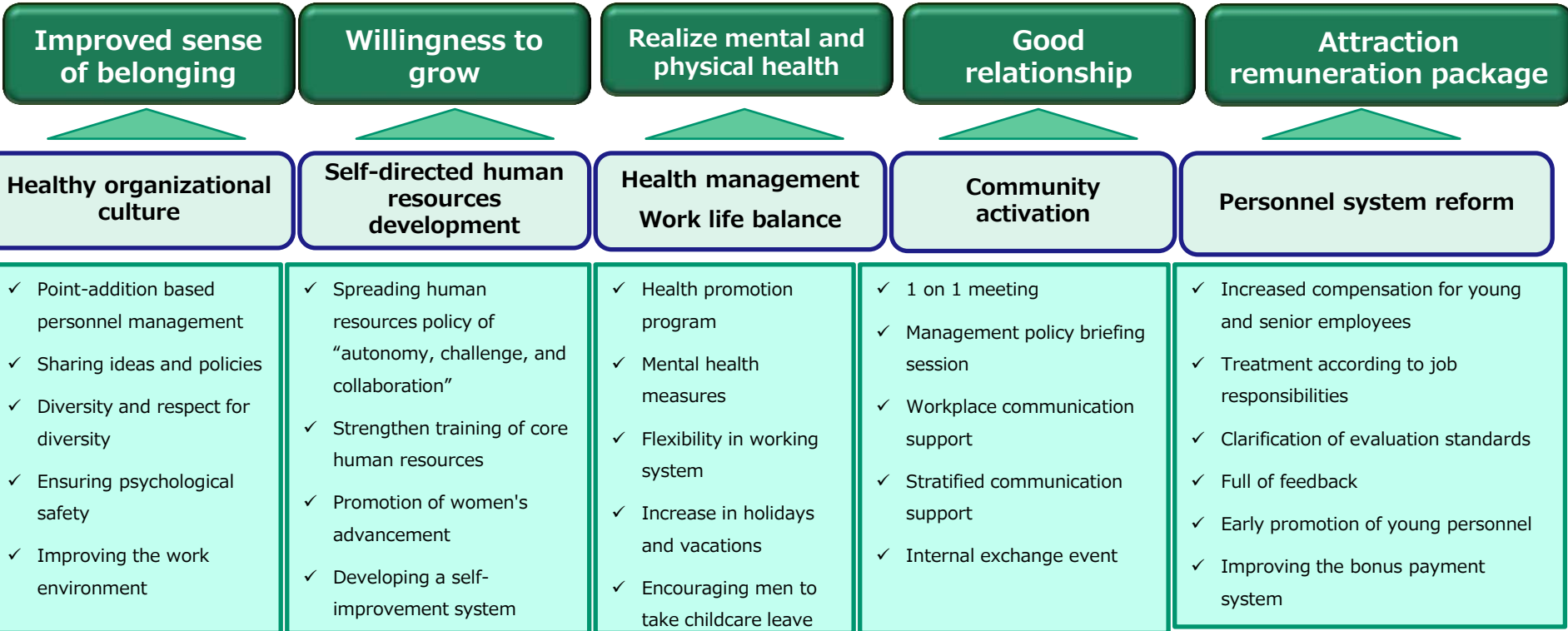
※ Production can be increased by reducing CO₂ using methods other than EAF, such as solar power generation.



	2024		2025	
	1st half	2nd half	1st half	2nd half
Ecoleaf certification	●			
Third party certification	←→			
New EAF operation		●	←→ Accumulation of CO ₂ reduction	
CO ₂ reduction certification			←→	
Green steel sales				★

① Human capital strategy

Accelerate the enhancement of corporate value by increasing **value-added labor productivity** by improving the vitality and job satisfaction of employees, leading to further human capital investment.



Continuous improvement by verifying the effectiveness of measures through engagement surveys

Maximizing value-added labor productivity (※)

(※) Value-added labor productivity is calculated as "(ordinary profit + depreciation + personnel costs) ÷ number of employees"

② DX strategy, operational efficiency improvement

21 mid-term management plan

24 mid-term management plan

FACTORY

- Operate at night on weekday and 24 hours during weekends and holidays.
- Daytime hours on weekdays will be used for repairs and partial recovery operations.

- Started 4-shift steelmaking from April 2025. Can operate 24 hours a day
- Repair time is limited and preventive maintenance is required ahead of schedule.
- Mechanize and systemize some operations (rolling process, scrap inspection, etc.) and shift personnel to maintenance work.
- Actively utilize AI, cameras, etc. for maintenance and inspection

Office

- Promoting labor savings and paperless technology through the use of RPA, etc. and systemization

- Promoting further labor savings through the use of AI

System infrastructure

- Contract with a security specialist company to deal with cyber attacks
- Contract with external data center. Expanding backup servers and distributing data storage in remote locations
- Building an in-house education infrastructure (system)

- Promote further efficiency mainly in manufacturing equipment, taking into consideration decarbonization (energy saving) perspective.

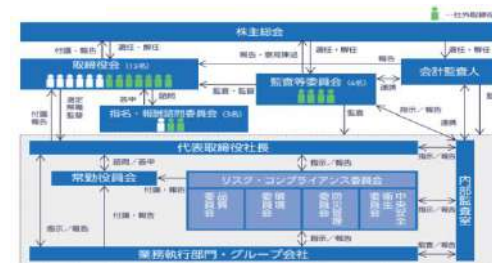
③ Governance / Risk / Compliance

Governance

- **Board of Directors:** More than half are External board members to ensure transparency (Female also appointed)
- **Standing committee of Board of Directors:** Performs comprehensive coordination of activities over business division and management control over overall business.
- **Audit and Supervisory Committee:** All members are External board members to ensure transparency
 - Work with the Internal Audit Office collaboratively to improve effectiveness and efficiency
- **Nomination/Remuneration Advisory Committee:** Deliberates policies regarding nomination of director candidates and amount of remuneration

Risk

- **Risk and Compliance Committee held twice/year**
 - Identify company-wide issues and report on improvement status
- **Climate change risk**
 - Discuss at the Environment Committee and report to the Board of Directors
- **Cyber security**
 - Measures against information leakage due to unauthorized intrusion → Constant monitoring by specialized companies
 - Data preservation and recovery measures → In addition to off-site storage, backup to remote data centers



Corporate governance system diagram

Compliance

- **Establishment of a whistle-blowing system for all group employees, with an internal point of contact (internal audit office) and an external point of contact (lawyer)**
- **Compliance education and awareness activities:** Conduct internal compliance training by job position and workplace

Internal distribution of scandal cases as “compliance news”

④ Efficient B/S management

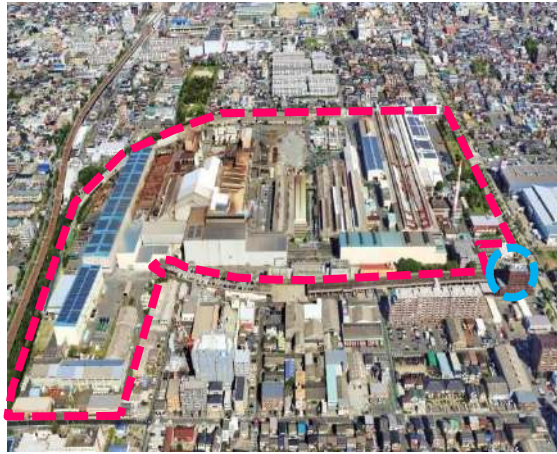
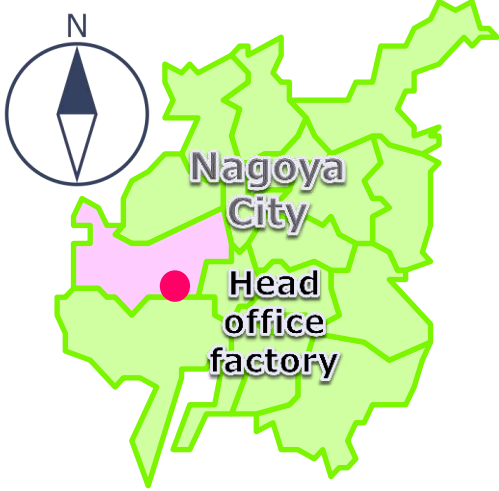
Effectively utilize surplus funds for capital investment, etc.

- Consolidated equity ratio is 82% (as of the end of March 2024), with no debt and strong financial structure
- With the normalization of the Bank of Japan's monetary policy, we expect a situation in the future where there will be more benefits for the investment side than for the procurement side (Available funds: approximately 20 billion yen in total)
- On the other hand, in order to promote growth strategies, it is necessary to actively allocate cash to capital investments that are expected to yield higher returns.
- Also, when considering capital efficiency, it is important to strengthen dividend policy and control net assets.
- The scale of strategic stocks is limited to around 6% of net assets, including unrealized gains. We will continue to hold these assets after carefully examining their necessity and profitability.

As of March 31, 2024 【Consolidated】 (Billions of yen)

Assets	Current assets	61.2	Liabilities	16.0
	Cash and deposits	13.5	Current liabilities	14.9
	Notes and accounts receivable - trade, etc.	27.0	Notes and accounts payable - trade	8.0
	Securities	6.9	Non-current liabilities	1.0
	Inventory	13.6	Net assets	77.4
	Non-current assets	32.2	Shareholders' equity	75.1
	Property, plant and equipment	21.3	Valuation difference on available-for-sale securities	2.1
	Buildings and structures, net	6.4	Non-controlling interests	0.6
	Machinery, vehicles and fixtures, net	11.6		
	Land	2.1		
	Intangible assets	0.2		
	Investments and other assets	10.6		
	Strategic stocks	4.7		
	Other securities	4.9		
Total assets		93.5	Total liabilities and net assets	93.5

⑤ Environment, disaster prevention, BCP



■ “Steelworks in the city” located in a residential area of Nagoya City
 ➢ Soundproofing, vibration countermeasures, etc. are even more important.

■ Located in the zero meter zone, there is a risk of Nankai Trough earthquakes.



■ Building a foundation to support increasing production

- Operation of new EAF with closed type and excellent soundproofing (Autumn 2024)
- Bringing outdoor scrap yard indoors
- Implementation of seismic repairs (First Steel Processing Building)
- Planned repair of steel manufacturing and rolling mills
- Liquefaction mitigation measures at power receiving stations
- Remote backup of system data
- Waste treatment such as slag and dust
 - Continuation of 100% reuse
- Responding to the year 2024 problem
 - Introduction of vehicle management system
 - Reducing waiting time by adding unloading cranes
 - Organizing on-site logistics

⑥ Subsidiary (overview)

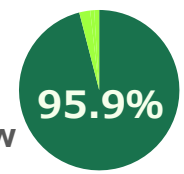
FY2023 sales composition ratio

Steel related business

あついで未来を創ります
 中部鋼板株式会社
 シケー商事株式会社



Manufacture and sale of steel plates
 Steel plate processing
 Purchase and sale of steel raw materials and products

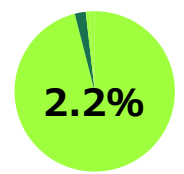


engineering business


 明德産業株式会社
MEITOKU ENGINEERING CO.,LTD.

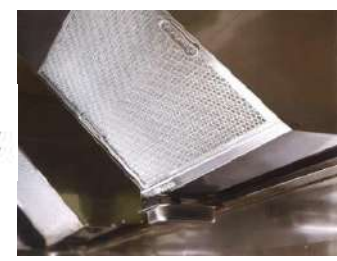


Design, manufacture, installation, and maintenance of production equipment, mainly steel equipment.

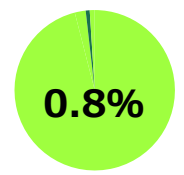


rental business

 シケークリーンアド株式会社



Kitchen grease filter rental
 Production of advertising signs

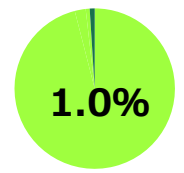


Logistics business

シケー物流株式会社



Hazardous materials warehouse business
 Loading and transportation of steel plates



⑥ Subsidiary (strategy)

Meitoku engineering

- Participation in large-scale construction project at Chubu Steel Plate
- Improving marginal profit rate
- Chubu Steel Plate Maintenance Work Support

CK Corporation

- Understand the expected roles in new EAF construction and the operations with 800,000 ton sales volume(Changes in scrap purchasing brands, role in sales expansion)
- Expand sales from transactions outside the group

CK Clean Ad

- Initiatives to reduce costs in the kitchen equipment rental business
- Improving profitability of sign advertising business

CK-Logistics

- Handling of hazardous materials warehouses under deregulation
- Participation in improving product storage and shipping efficiency
- Establishing an efficient transportation method for the 24-year problem

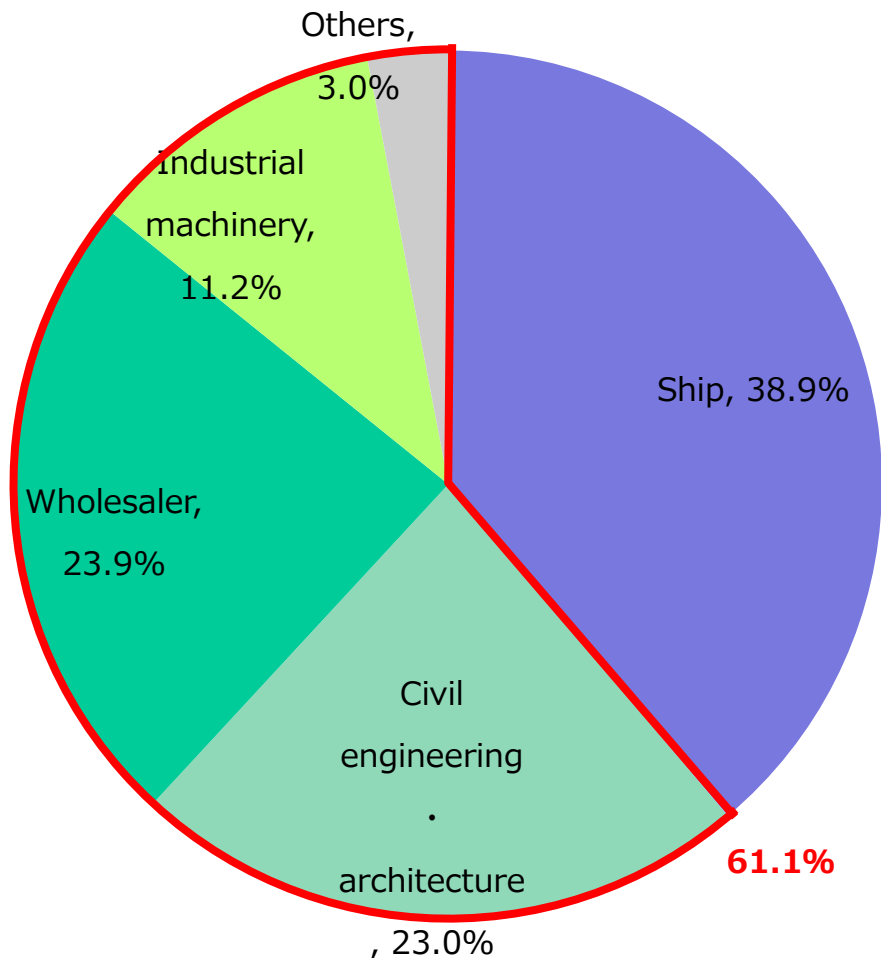
Common Items

- Maximize profits of each company
- Strengthening corporate governance
 - Strengthening credit management
 - Remote storage of backup data
 - Strengthening preventive measures against information leaks
 - Review policy of investigation for preventing anti-social forces
- Human capital management initiatives
 - Strengthening recruitment capabilities
 - Improving retention rate
- M&A consideration

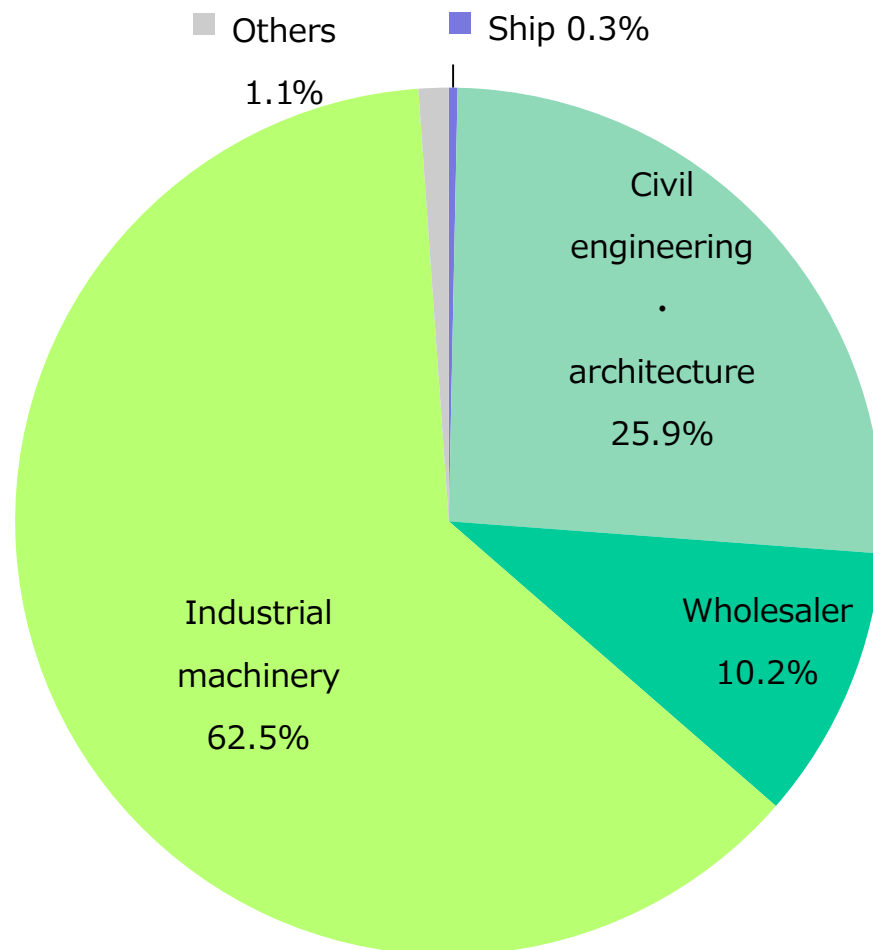
end

Domestic steel plates demand by application

Domestic demand (FY2022)



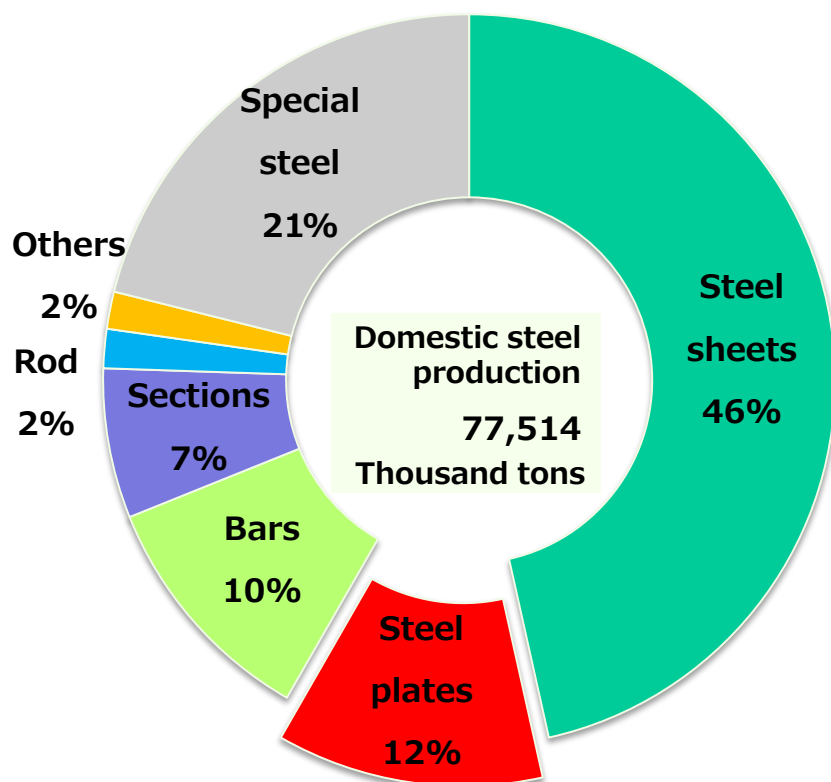
FY2022 Our steel plates Orders by field



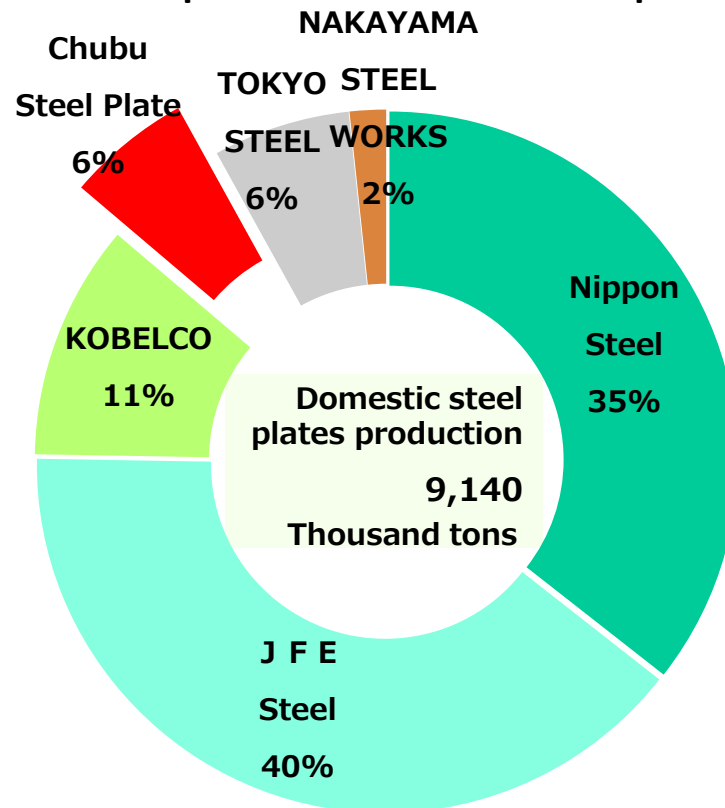
Based on end customer interviews, exports are limited

FY2022 results

Production volume by steel types



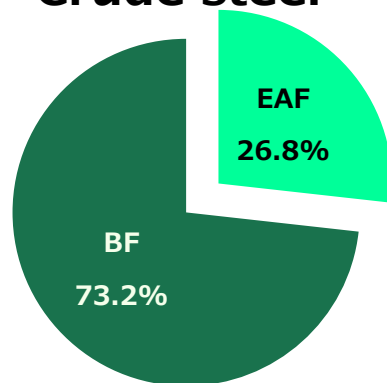
Domestic production share of steel plates



Domestic ordinary steel production results

FY2022 results

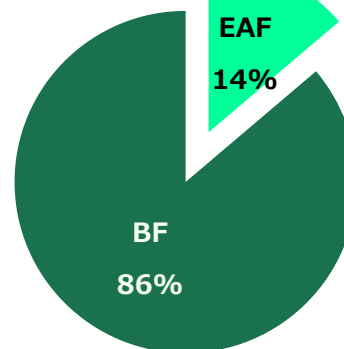
Crude steel



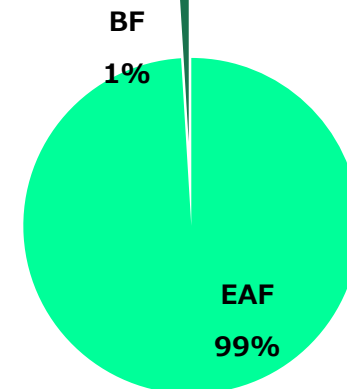
Steel types



Steel plates

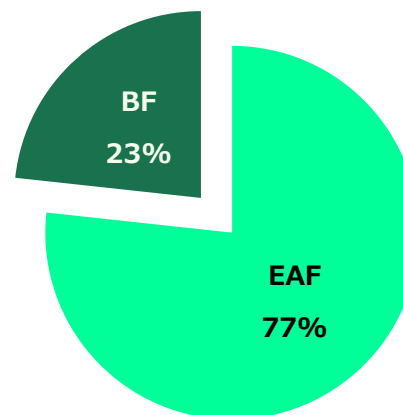


Bars

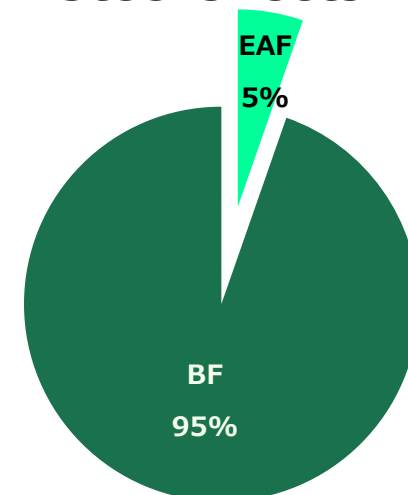


For steel plates, the ratio of BF is high, and there is plenty of room for EAF to expand their share.

Sections



Steel sheets

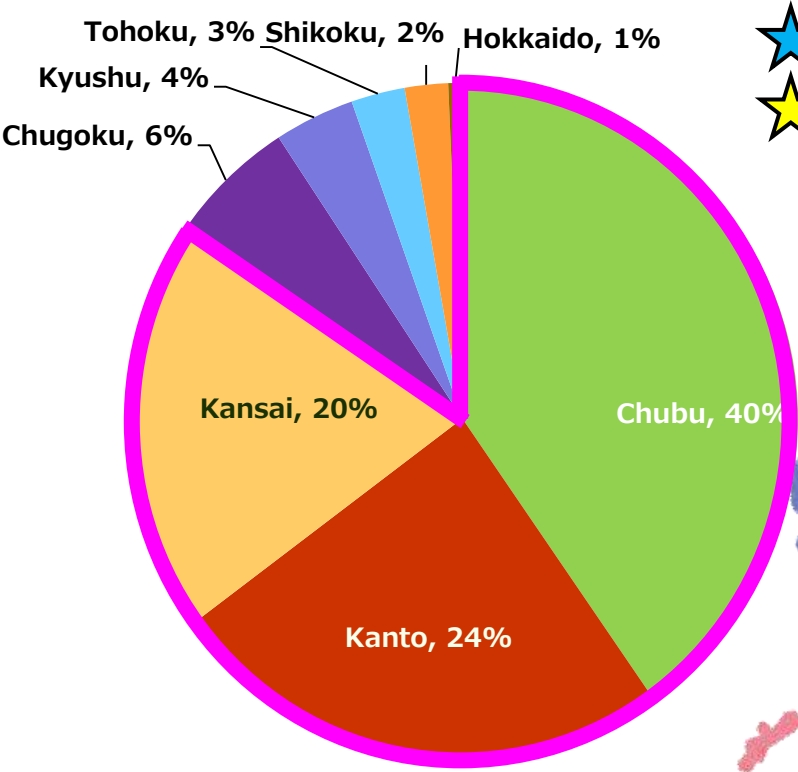


Shipping status by region

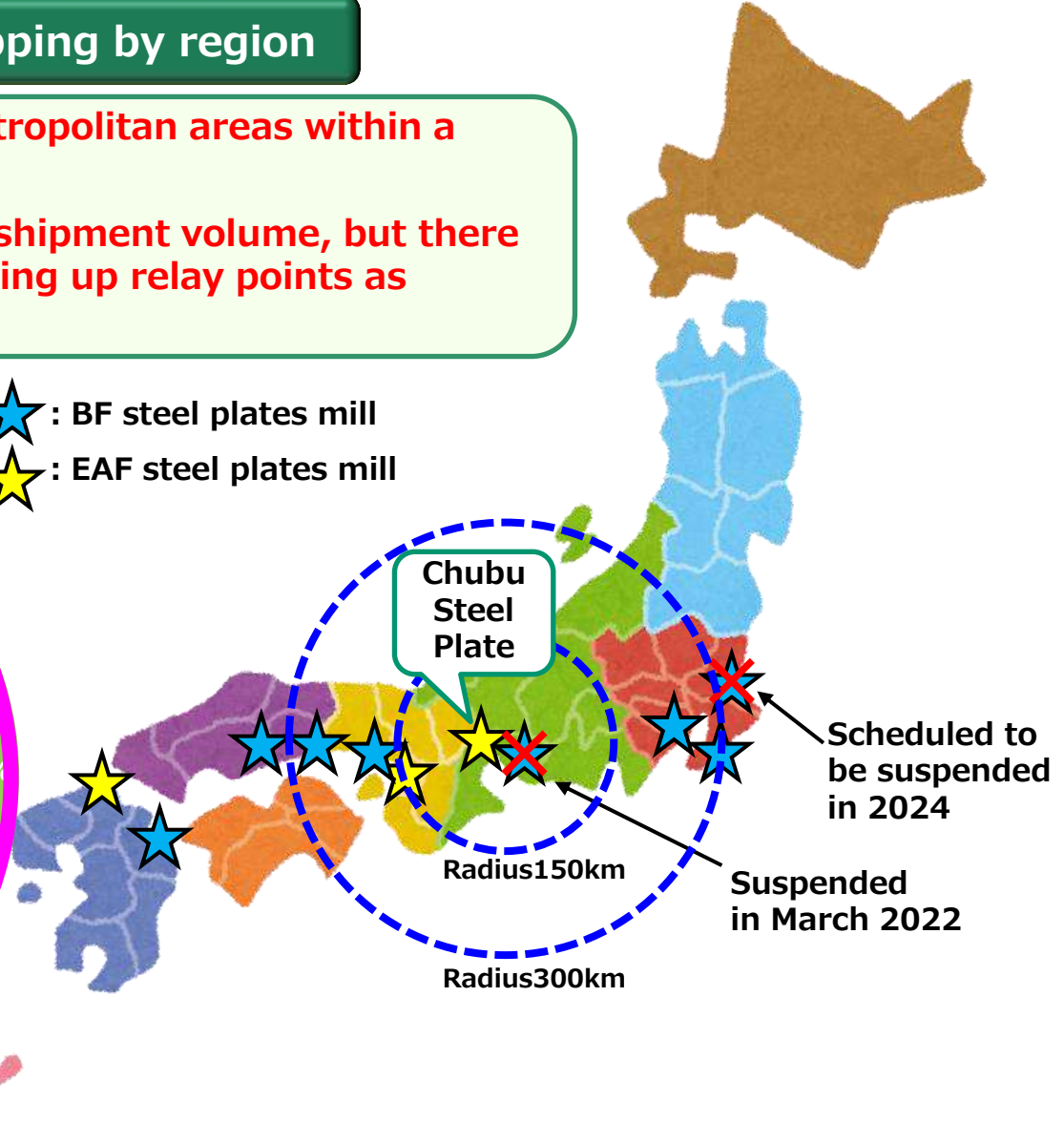
FY2022 Our steel plates Shipping by region

84% of shipments are in three metropolitan areas within a 300km radius of our company

➤ **This is possible with the current shipment volume, but there will be issues such as need for setting up relay points as production increases in the future**



★ : BF steel plates mill
★ : EAF steel plates mill

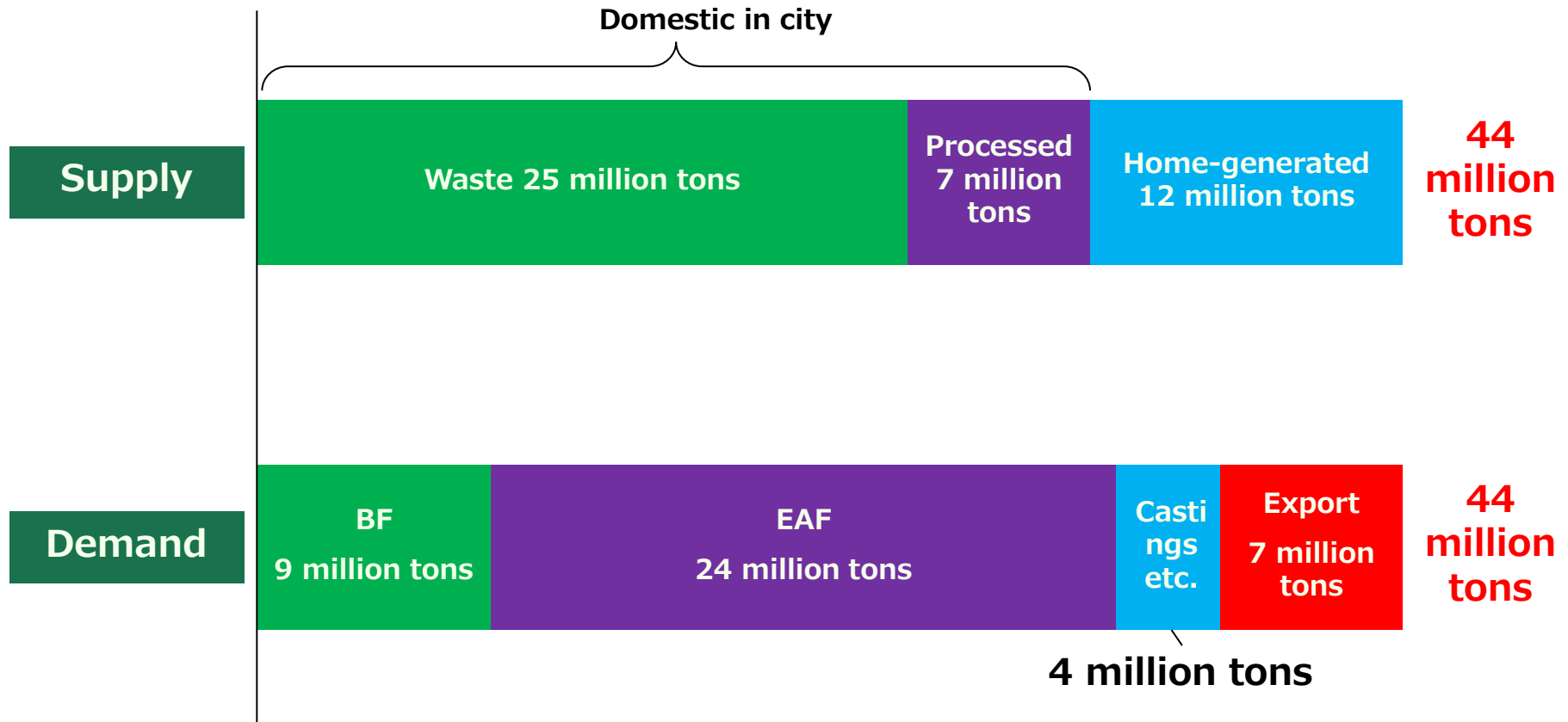


Source : Created Chubu Steel Plate based on Japan Iron and Steel Federation data, etc.

Steel scrap supply and demand

Japan is a steel scrap exporter

FY2022 results



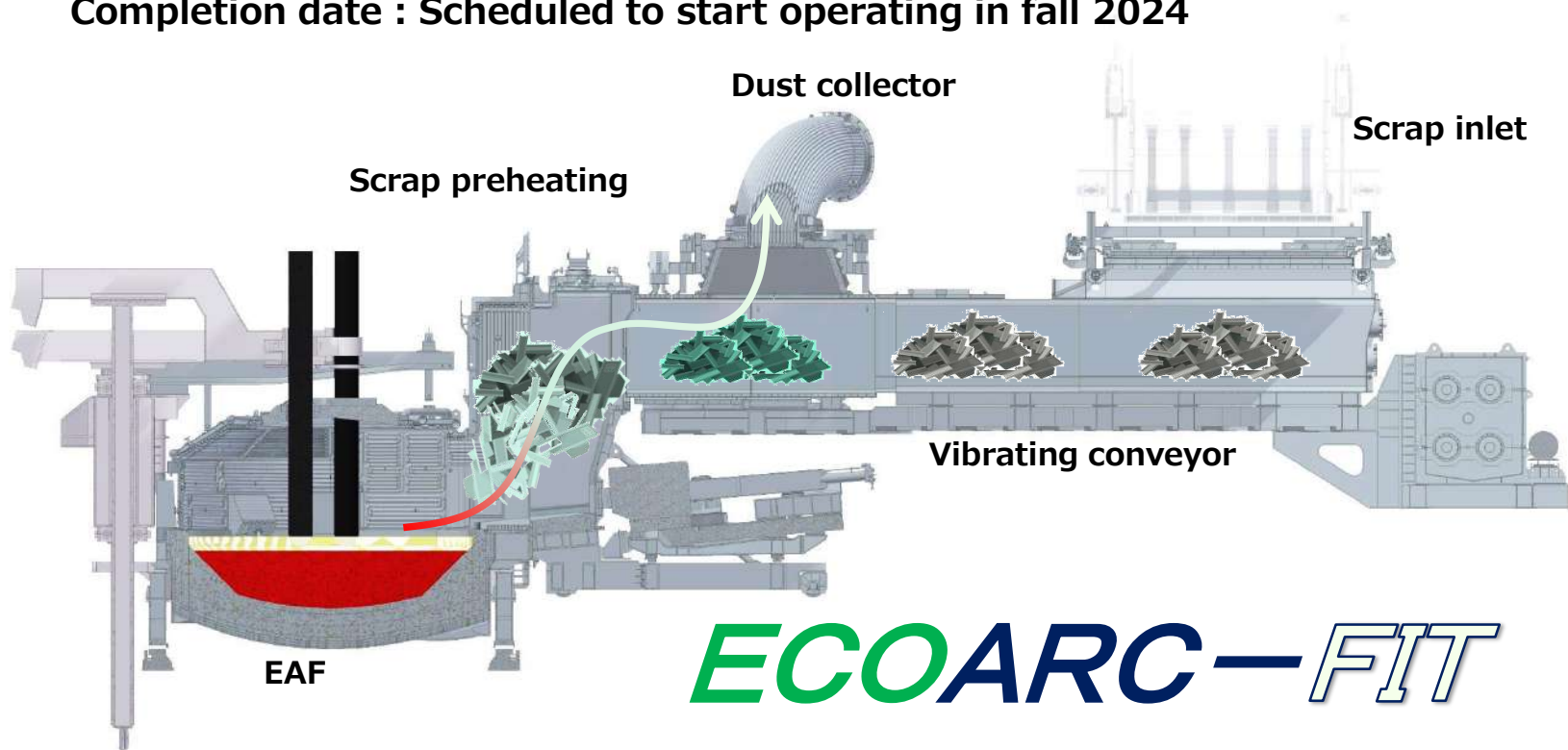
Source : Calculated by Chubu Steel Plate from data from the Ministry of Economy, Trade and Industry and the Ministry of Finance.

New EAF

Purpose : Improve productivity, environmental performance, and work environment with new electric furnace

Investment amount : 8 billion yen

Completion date : Scheduled to start operating in fall 2024



Electricity intensity 15% decrease

Noise 10% decrease, Dust 20% decrease

Scrap yard expansion

Purpose : Keeping enough inventory leading to more production

Investment amount : 3 billion yen

Completion date : From 2026 onwards

*The number is the process number on page 24 of the main text.

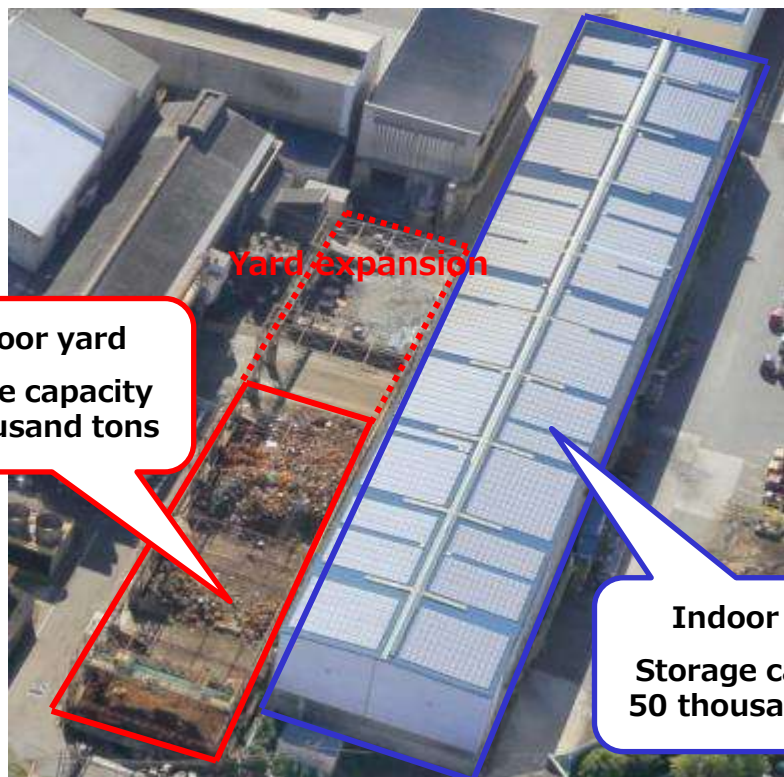
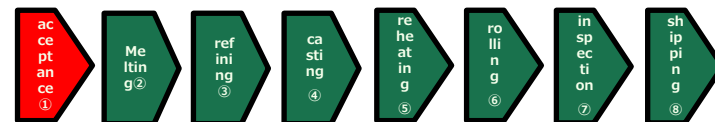
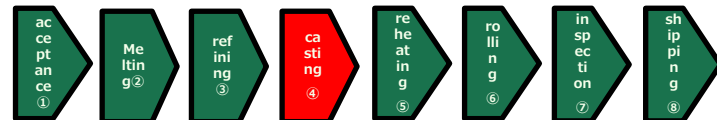


Photo scrap yard

- Addition of existing indoor yard crane
Improving the efficiency of receiving work
Objective : Truck turnaround time within 2 hours
- Expansion of outdoor yard and building indoor yard
Expansion of storage capacity
(10⇒30 thousand tons)
Reducing noise generation by moving indoors

CC※ production capacity increase

*The number is the process number on page 24 of the main text.

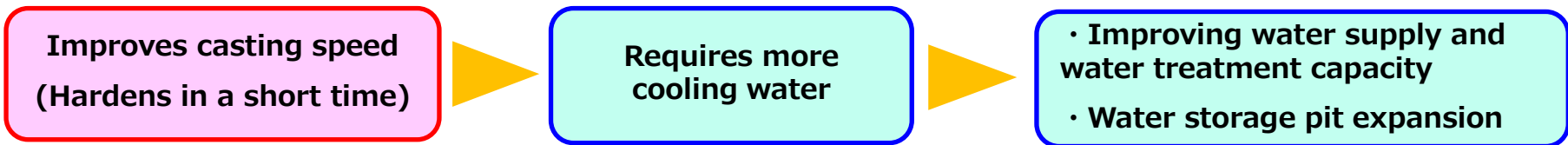


Purpose : Increase production capacity by improving cooling capacity

Investment amount : 3 billion yen

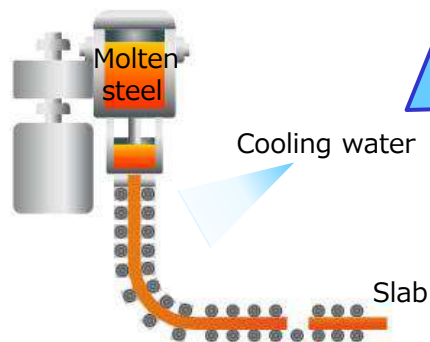
Completion date : Sequentially from 2024 onwards

※ Process of cooling and solidifying molten steel (casting process)



CC Facility

(Cooling of molten steel)



Reuse

Increase supply capacity

Water pump

Cooling equipment

Water treatment/water storage pit

Collect cooling water

Send to water treatment/storage equipment for cooling, etc., and reuse.

■ Increase cooling water supply capacity

- Water storage pit expansion
- Water pump capacity increase
- Improved water treatment capacity (cooling)

➢ Cooling water supply capacity increased by 20%

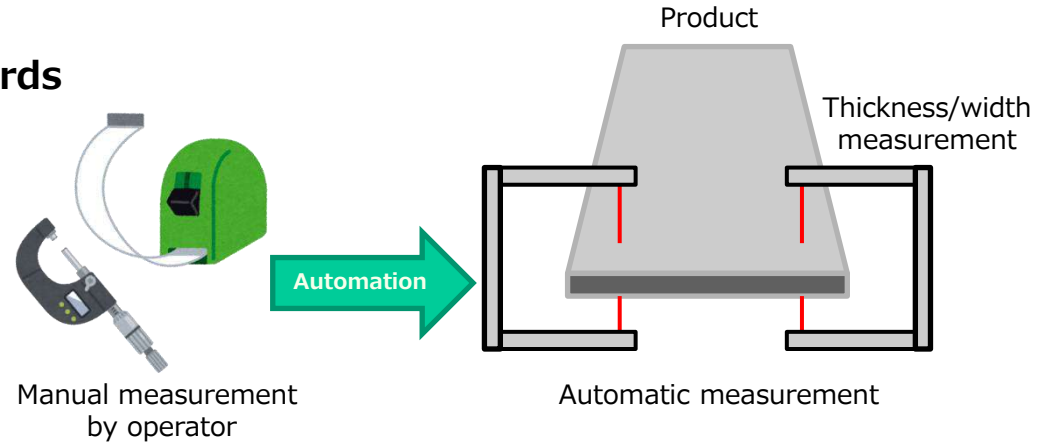
Rationalization of rolling process

Purpose : Labor saving

Investment amount : 3 billion yen

Completion date : From 2025 onwards

- **Automation of inspection process**
 - Automation of thickness, width, and flatness measurements



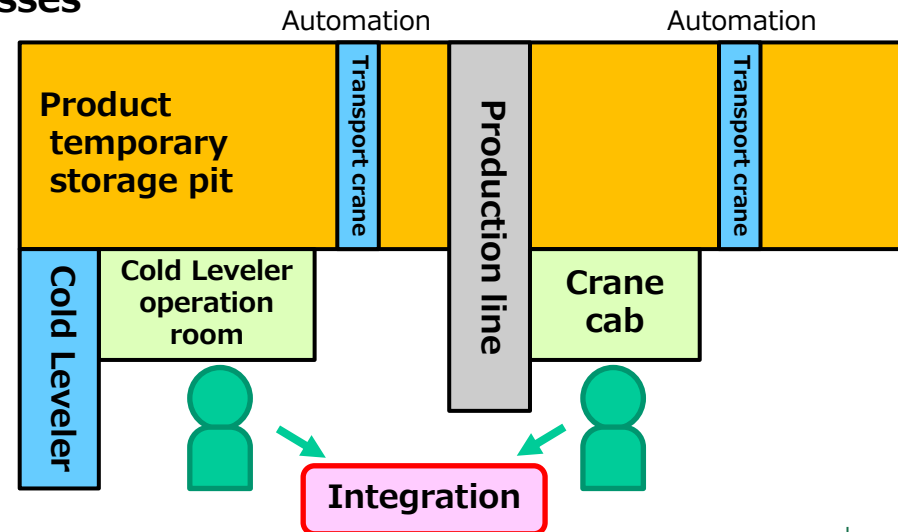
- **Automation of product management processes**

○Automation of product transport cranes

○Remote control of cold leveler from crane operation room



Cold Leveler



*The number is the process number on page 24 of the main text.

