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Promoting Digital Transformation at Mitsubishi Steel (FY2025)

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1. Foreword

Mitsubishi Steel established a DX promotion project team in 2021 and since then has been working companywide on operational reforms involving the efficient use of data and digital technologies. To continue to grow into the future and to enhance our competitiveness while responding flexibly and promptly to the rapidly changing environment, it is essential that we make effective use of new digital technologies.

Over many years, we've rolled out businesses primarily in the fields of special steel, springs, formed and fabricated products, and machinery and equipment. The data and know-how accumulated in these businesses represent valuable company assets. We're moving forward with various initiatives to help identify solutions for various social problems, leveraging intangible assets and cutting-edge digital technologies to create new added value.

Our 2023 Mid-term Business Plan identifies the following four basic policies: ① Enhancing our earnings capabilities; ② Growing strategic businesses; ③ Investing in human resources; and ④ Sustainability management. Digital technologies will be essential to implementing this Plan based on the four policies. With management, workplaces, and systems joining forces across the board, we will energetically promote further DX initiatives and enhance corporate value to achieve our aspirations for 2030: Creating new added value.

May 2025 Keisuke Aoike Representative Director / Managing Executive Officer Chief Digital Officer



2. DX Strategies

1) Basic DX policy

We will advance structural reforms supported by data and digital technologies.

Enhancing the data analysis platform

 Developing an environment that enables data-driven analyses and forecasts through the establishment of a digital platform

Developing DX business HR

- Providing DX training and education for all employees, including management, mid-level personnel, and front-line workers
- Improving the ability of all employees to solve problems through data analysis

Business visualization

Building a database on manufacturing, quality, and craftsperson skills via Internet of Things (IoT) technologies
Refining integrated databases of management data and key performance indicators (KPIs) for production management

Strengthening information security measures

Securing a safe digital environment through compliance with the company regulations in light of risks of cyberattacks and data leaks

Business improvements

- Improving the efficiency and productivity of clerical tasks through the proactive use of RPA
 Improving business efficiency
- across the supply chain, including both customers and suppliers

We've been determined to develop platforms for DX implementation throughout 2023 to 2025 to prepare for the full-scale DX initiatives and implementation planned from 2026 and beyond.

2023	2024	2025	2026	2027	2028	2029	2030	
STEP 1 Platform development for DX implementation			STEP 2 Full-scale DX initiatives and implementation					
			Providing value to o	new added ur customers	 Transforming Creating network Transforming and climate 	ng business mode ew businesses ng the corporate e e	els culture	
Strengther basis of co	ning the ompetition	 Quality traceabili Developing new Transforming condistribution and I 	ty products mmercial ogistics • Refu • Strer • Utiliz	 Refurbishing legacy systems Strengthening information security measures Utilizing generative AI 				
Reforming operations improving manufactu	business and Iring	 Visualizing the store of management Reducing lead times (for customers) Visualizing plants 	tuation nes s • Accu and o • Impro- autor from • Deve	 Accumulating data on manufacturing, quality, and craftsperson skills Improving business efficiency through robotic process automation (RPA) and the introduction of software from external sources Developing DX business human resources 			r	

3) Organization for DX promotion

The DX Promotion Office was established under the Chief Digital Officer (CDO) to achieve corporate reforms based on a broad perspective that transcends the framework of business divisions. This Office is in charge of planning and configuring DX projects. We've assigned a DX promotion leader to each section and established an organizational structure that allows management to monitor the on-site progress of DX efforts and the precise and rapid communication of management perspectives to those stationed at work sites.



3. DX Cases

1) Development DX and plant DX

In addition to enhancing product competitiveness by speeding up and improving efficiency of development through DX, we reduce costs and eliminate the state of over-reliance on specific individuals through IoT-driven visualization and automation. We promote DX of a plant as a whole.



2) Sales DX

We expedite the planning of sales strategies through the introduction of SFA and CRM systems in the sales sections and consequent information visualization. We respond flexibly even to rapid market changes by establishing an environment that allows the integration of various data and speedy data analysis. These initiatives facilitate the early review and implementation of sales strategies, making it possible both to enhance earnings capabilities and venture into new markets.



3) Specific DX cases 1 and 2

Research & Development Center "Making a Database (DB) of Research Data"

Before DB introduction

- Experiment data was held by individuals.
- Inaccessibility of past beneficial experiment data and processes
- Folder hierarchy and structure differed from individual to individual.

After DB introduction

- Experiment data are shared among organizations.
- Information on past experiment data are retrieved and reused.
- Reporting work needs less labor due to eradicating the state of over-reliance on specific individuals.

Prospect

- Establishment of MI where accumulated data are fully used
- Acceleration of development due to reduced test iterations
- * MI refers to Materials Informatics.



Parts Sales Division "Automating Daily Sales Result Reporting"



Purposes

- ♦ Grasping current sales
- ♦ Grasping past sales (comparative analysis)
- Enabling all division members to grasp sales results

Before automation

- Results were managed individually within each Service Center.
- It required a large number of man-hours.
- It was impossible to grasp sales of the Division as a whole.

After automation

- RPA is used for centralized management in one location.
- Man-hour saving of 28 hours a month
- Elimination of human error

3) Specific DX cases (overseas) ③

JATIM TAMAN STEEL (local subsidiary in Indonesia) "Design and Implementation of Stock Management System for Purchased Items"

Before introduction



Extraction of problems

- Document-based stock management
- Slow, manual handling in the Procurement Department
- No real-time information on stock level available
- Time-consuming search for items carried in stock

and so on

Setting of development goals

- ① Faster issuance of receipts (registration)
- ② Real-time stock management
- ③ Making it possible to find items carried in stock faster
- ④ Reducing overtime work
- (5) Enabling earlier stock reporting to the Accounting Department

Software development



Improvements

The system and mobile phones are effectively used.

- The time from registration to the stocking of items was reduced to 11 min. from 44 min.
- The time from stock removal to registration was reduced to 14 min. from 37 min.





4) Exemplary cases from DX case presentation meetings

Exemplary DX cases are presented on a company-wide basis through DX case presentation meetings. We are striving to further promote and spread DX while moving forward with lateral sharing of exemplary cases.

Prize-winning projects from past DX case presentation meetings:

FY2023

Result	Section	Project name	Outline
Gold prize	Parts Sales Division	Sales Results by Service Center	Automating daily compilation and reporting of sales results
Gold prize	Sales Division Spring Sales 2G	Spring Sales Department: Generating Proposal for Consideration of Sales Price	Automating registration of proposals for consideration of sales price and written estimates
Bronze prize	Sales Division Kansai Sales 2G	Automated Data Entry Work for Orders Received	Automating from download of order data from a customer portal site to data entry into internal order management system, by RPA

FY2024

Result	Section	Project name	Outline
Gold prize	Steel Bar Division	Design and Implementation of Stock Management System in JATIM, Local Subsidiary in Indonesia	Improving the process of stock removal and stock management through introduction of digital tools and internal development of software
Silver prize	Quality Assurance Department, Chiba Works	Automating the Generation of Monthly Reports on Regular Inspection	Reducing the number of man-hours for transcribing data through RPA
Bronze prize	Research & Development Center	Microsoft 365 Use Case Making Use of a Share Point Portal Site	Advancing digital management, automation, sharing, and efficiency improvements based on Share Point to review conventional methods of operation and to promote and vitalize activities

5) DX promotion activities

In addition to various digital measures, establishing an appropriate environment and strengthening employee awareness of their leading role in implementing reforms driven by digital technologies are essential to enabling DX. Mitsubishi Steel is committed, through various initiatives, to fostering the spirit needed to promote DX to advance reforms.



We plan to take four key initiatives to create new added value.

Developing data analysis platforms We will proactively introduce IoT and digital tools and develop data analysis platforms to realize the visualization and speedy analysis of data.

Developing DX business HR We will foster the spirit needed to make effective use of data and digital technologies among all employees, and will train 150 employees to serve as DX business human resources by the end of FY2030.

Utilizing generative Al

We will streamline operations and completely irradicate the state of over-reliance on specific individuals through the proactive deployment of generative AI.

Strengthening information security measures

We are striving to strengthen information security through employee training and education, and have introduced the Security Operation Center (SOC).

<Aspirations for 2030>

We're seeking to change how we interact with customers, change on-site processes, and enhance customer satisfaction.

We're also seeking to coordinate all aspects of our business operations and to visualize management information to facilitate rapid management decisionmaking.

In cooperation with each section, we will enhance employee engagement and will build workplaces that raise job satisfaction.

1) Developing the data analysis platform

Data and a platform on which data is analyzed are essential for DX. We plan to integrate distributed data and to centralize management. The development of a data analysis platform will facilitate data-driven decision-making and accelerate company-wide reforms including those related to operational improvement and those related to management decision-making.



2) Developing DX business human resources

We provide various types of training to enhance the IT literacy of all employees. At the same time, we're focusing on developing core human resources capable of playing key roles in DX promotion. To inspire innovation, we plan to train 150 employees to serve as such core human resources and to position them in key company posts by the end of FY2030. This will involve providing specialized training to secure the human resources needed. Through these efforts, we will accelerate DX promotion and create new values.



Human resources capable of implementing measures to mitigate cybersecurity risks

150

Target for FY2030

67

3) Utilizing generative AI

Generative AI is expected to enhance productivity, improve operational efficiency, and be used in other applications across a broad range of fields. We provide licenses to employees who would like to use generative AI, thereby promoting operational efficiency and supporting the creation of new added value.



4) Strengthening information security measures

Infallible security measures are essential for DX. We've established a Basic Policy for Information Security and established robust management structures. We've established an Information Security Committee to prevent information leaks and data falsification and to enable rapid, effective incident response. Additionally, we comply with the security standards of the Japan Automobile Manufacturers Association and strive to strengthen awareness of security issues among employees through training and education and internal audits.



We've introduced the Security Operation Center (SOC), which makes it possible for us, via log analysis, to identify security incidents in their early stages. This enables a quick response, and strengthens information asset protection.

Security training and education

We provide security training and education, drills to prepare for targeted attack emails, and internal audits to enhance employee knowledge and awareness of security issues.

Ensuring global security

We've standardized the security environment for Group companies, including overseas subsidiaries. In this way, we ensure security for the Group on a global basis.





<Note on forward-looking statements>

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