

Fiscal Year ending March 2025 3rd Quarter Results (Apr. 1 – Dec. 31/2024)

January 31, 2025



Overview of FY2024 3rd Quarter Results (Apr. 1 – Dec. 31/2024)

- ✓ Operating profit declined year on year mainly because of a ¥7.2 billion gain on the sale of real estate for the same period of the previous year.
Adjusted operating profit increased year on year as sales of open-die forgings increased due to strong orders.
- ✓ For the 3rd quarter of FY 2024, temporary factors contributed to increase in profit, including foreign exchange gains and losses, the effect of reducing fixed by increasing inventory in anticipation of a surge in electricity prices in winter, and ferrous scrap surcharge gap.

(thousand tons, ¥100 mil.)

	3rd-quarter results for FY2023 (IFRS)			3rd -quarter results for FY2024 (IFRS)			y/y	
	First half	Oct. - Dec.	Total	First half	Oct. - Dec.	Total	Oct. - Dec.	Total
Sales Volume of Specialty Steel	529	286	815	519	263	782	-23	-33
Revenue	2,872	1,516	4,388	2,834	1,506	4,340	-10	-48
Operating Profit	177	204	381	183	158	341	-46	-40
(Adjusted Operating Profit)*	(179)	(148)	(327)	(207)	(133)	(340)	(-15)	(+13)
Profit Before Tax	190	216	406	196	171	367	-45	-39
Profit attributable to owners of parent	118	169	287	122	110	232	-59	-55

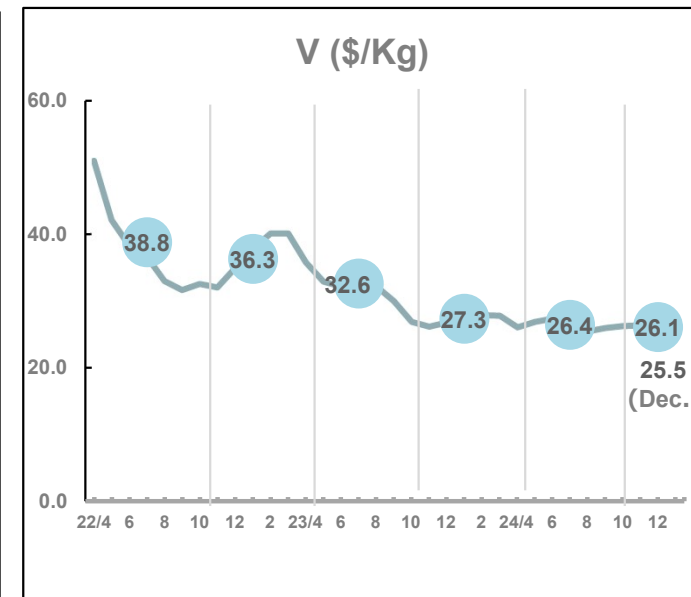
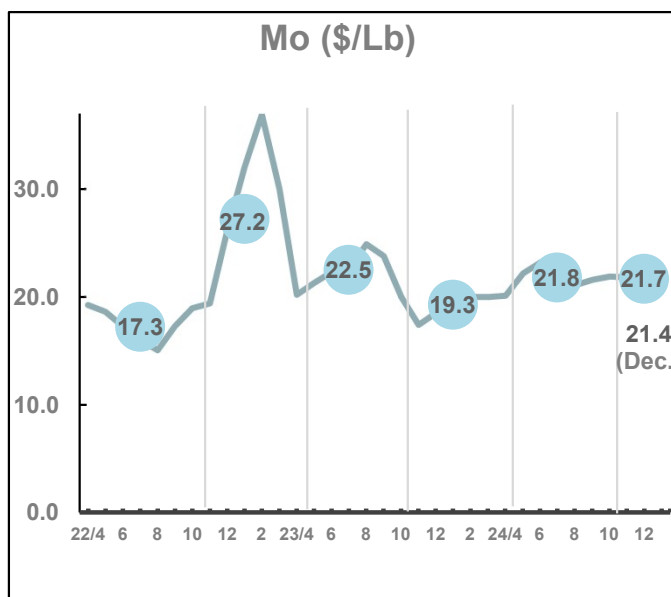
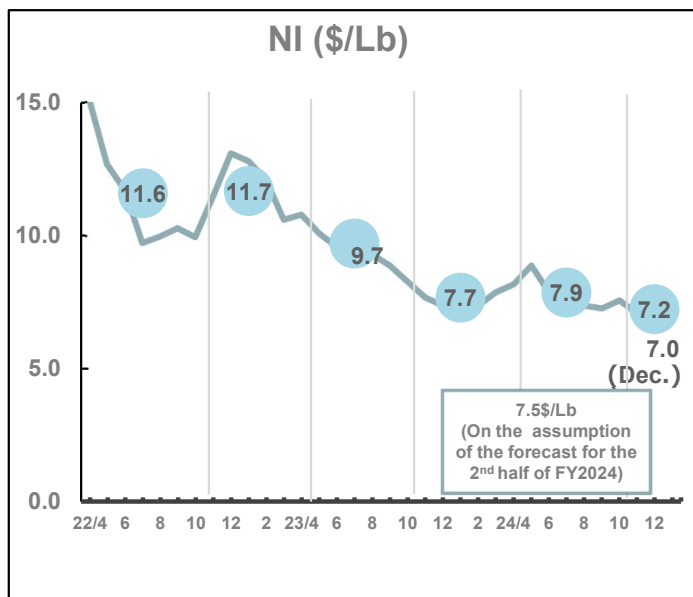
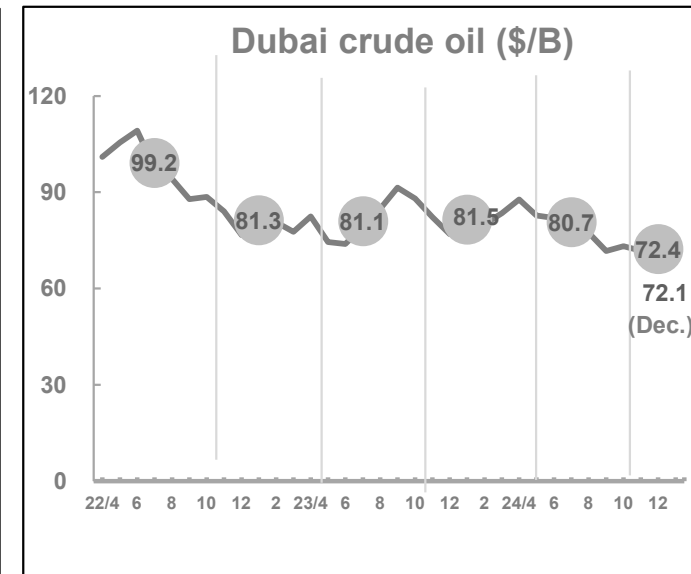
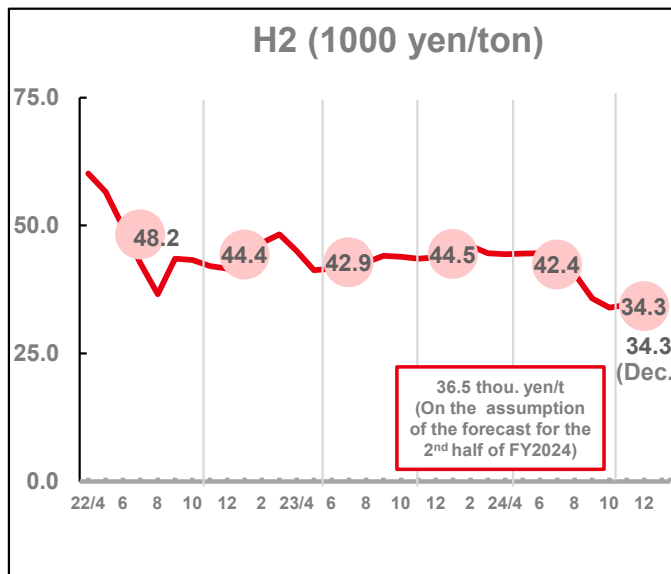
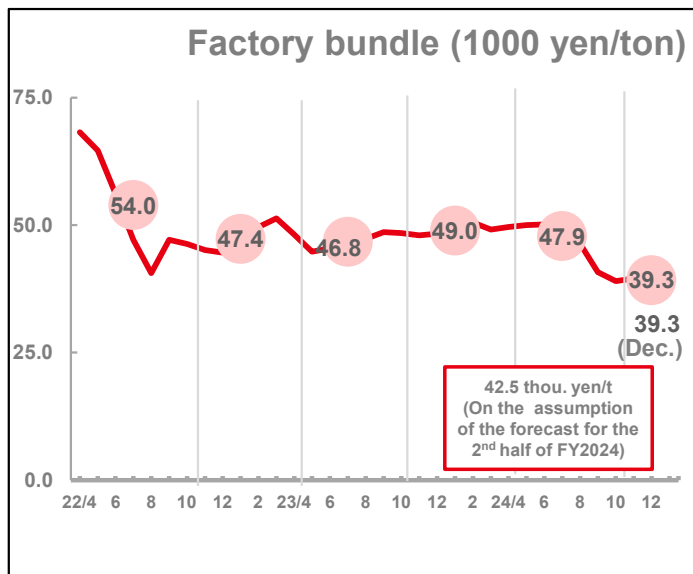
*Adjusted for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, and fixed asset tax (leveling)

■ Revenue & Operating Profit by Segment (Y/Y)

	FY 2023 Results		FY 2024 Results								y/y	
	3rd Quarter		1Q		2Q		3Q		3rd Quarter			
	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit
Specialty Steel	1,675	123	534	33	521	28	549	51	1,604	112	-71	-11
High-Performance Materials and Magnetic Materials	1,531	84	497	30	504	21	530	55	1,531	106	0	22
Parts for Automobiles and Industrial Equipment	786	54	272	28	265	21	301	39	838	88	52	34
Engineering	171	17	46	2	60	6	57	5	163	13	-8	-4
Trading and Service	225	103	72	8	63	6	69	8	204	22	-21	-81
Total	4,388	381	1,421	101	1,413	82	1,506	158	4,340	341	-48	-40
(Adjusted Operating Profit)*		(327)		(98)		(109)		(133)		(340)		(+13)
Sales volume of steel (non-consolidated)	815		262		257		263		782		(thou.tons) -33	

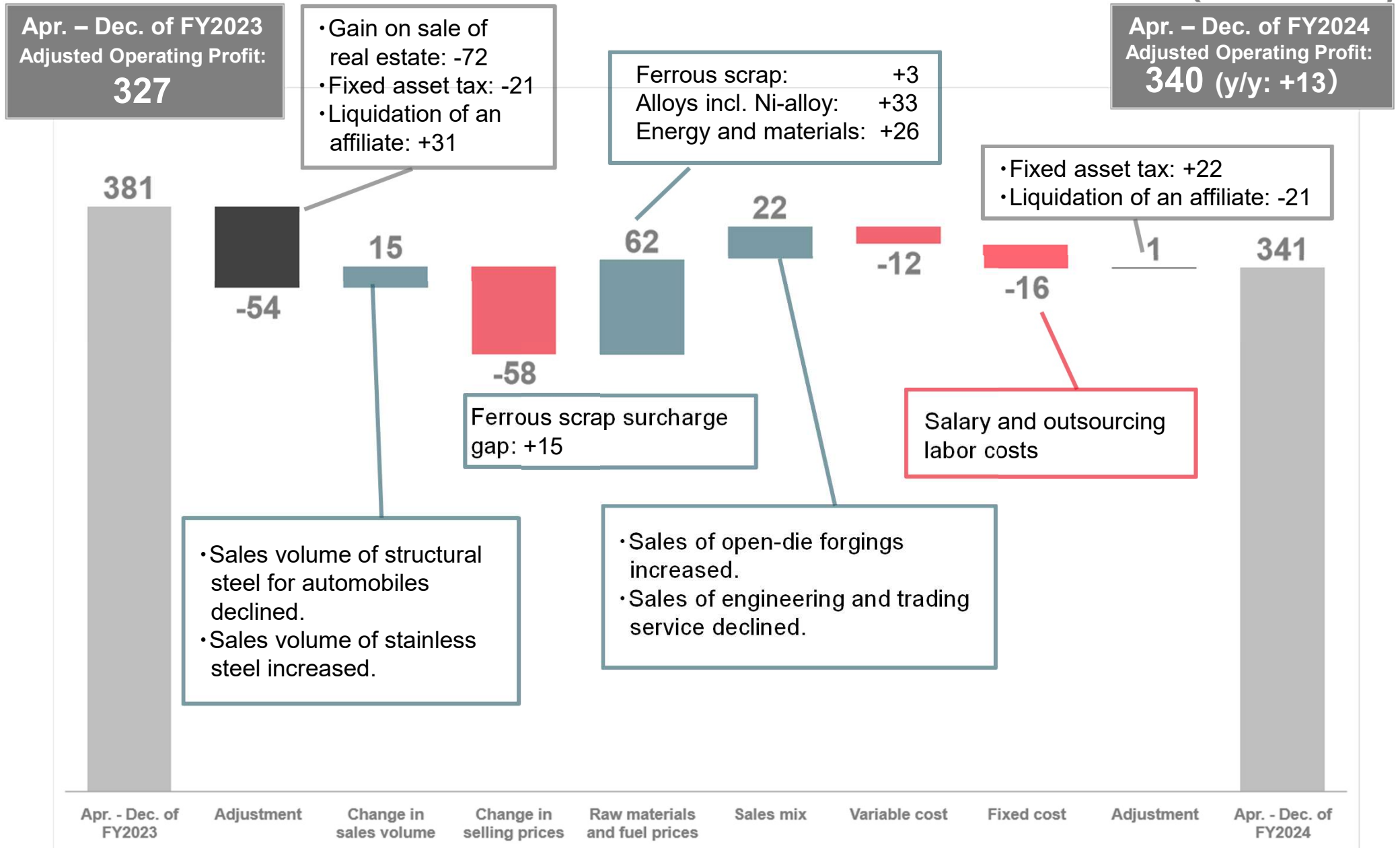
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Raw Materials Prices



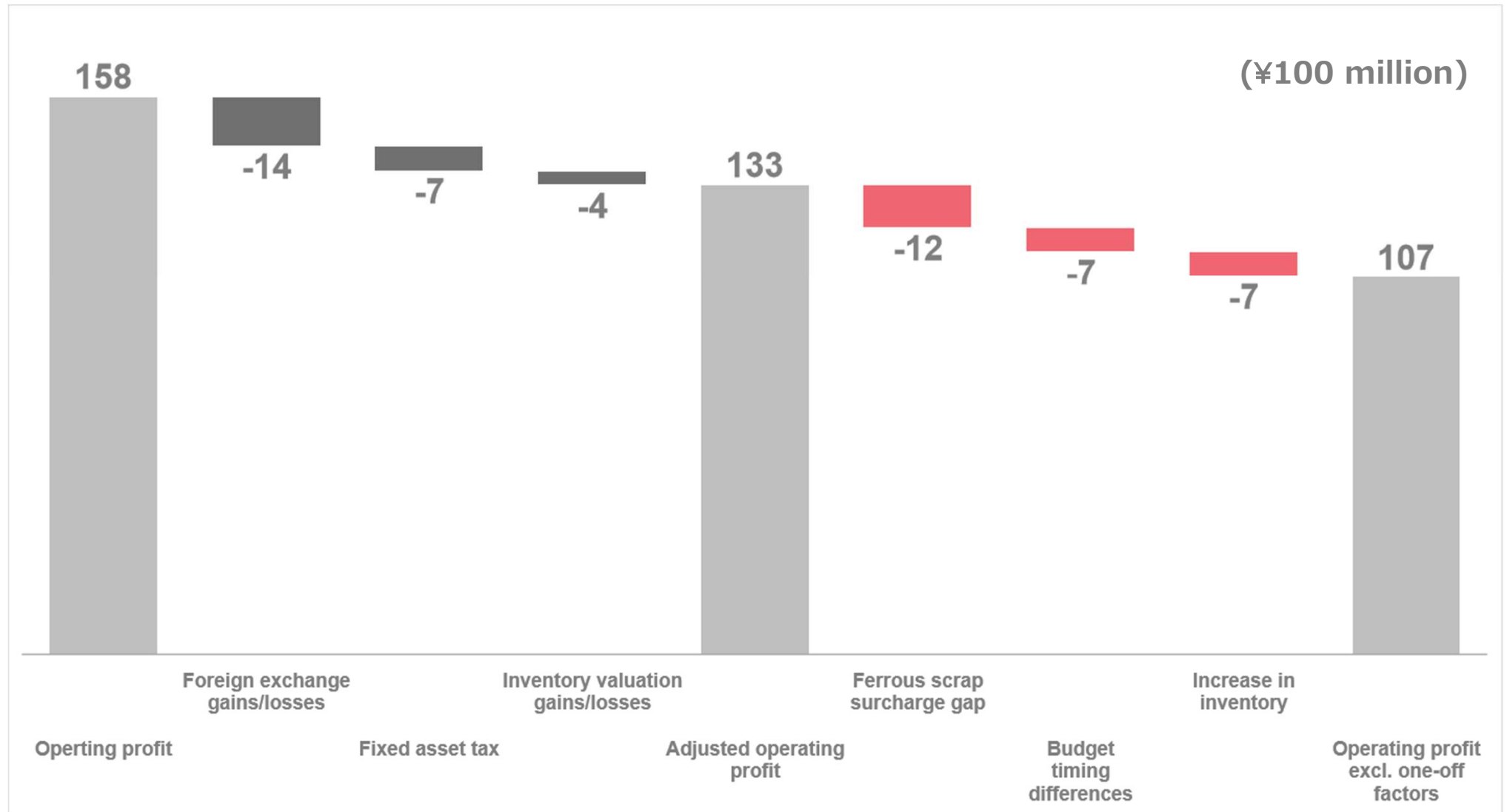
Changes in Operating Profit for the period from April to December of FY 2024 (y/y)

(¥100 million)



Effects of One-off Factors on Operating Profit for the period from October to December of FY 2024

- ✓ The one-off factors included in adjusted operating profit for the period from October to December of FY2024 are shown below.



Overview of Specialty Steel

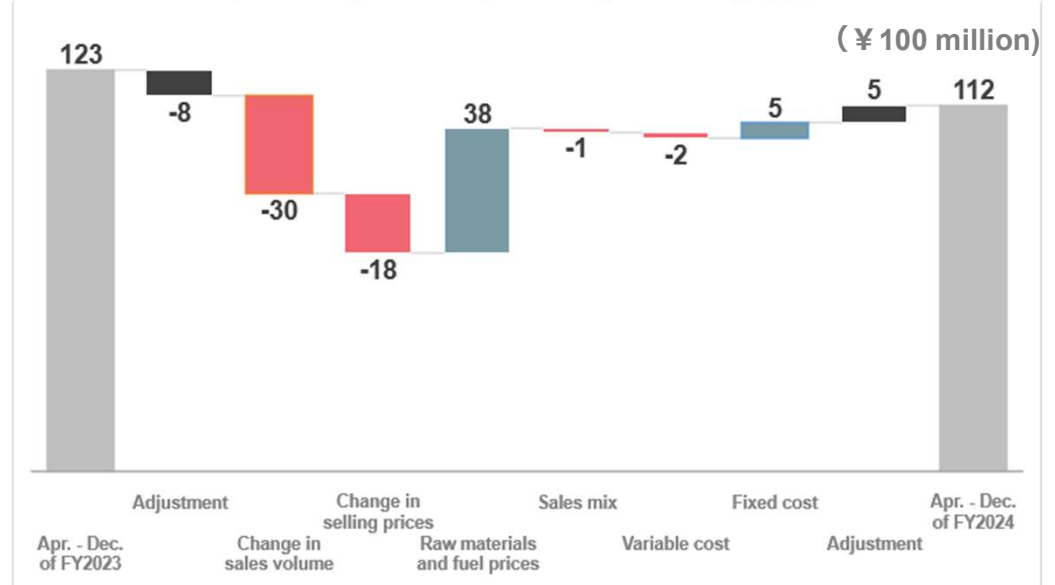
	FY2023		FY2024		y/y	
	3rd Q	Total (Apr. - Dec.)	3rd Q	Total (Apr. - Dec.)	3rd Q	Total (Apr. - Dec.)
	(¥100 million)					
Revenue	589	1,675	549	1,604	-40	-71
Operating Profit	60	123	51	112	-9	-11
Adjusted Operating Profit*	60	115	44	107	-16	-8
Surcharge Gap	2	3	12	18	10	15

*Adjusted for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, and fixed asset tax (leveling)

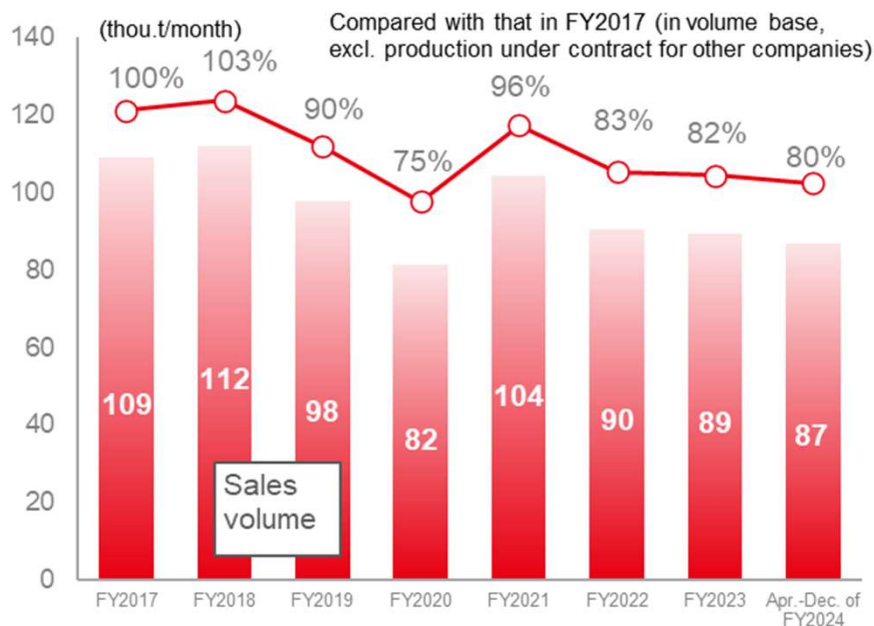
Apr - Dec of FY2023
Adjusted Operating Profit: 115

Apr - Dec of FY2024
Adjusted Operating Profit: 107

Changes in Operating Profit (y/y)



<Sales volume of specialty steel (non-consolidated)>



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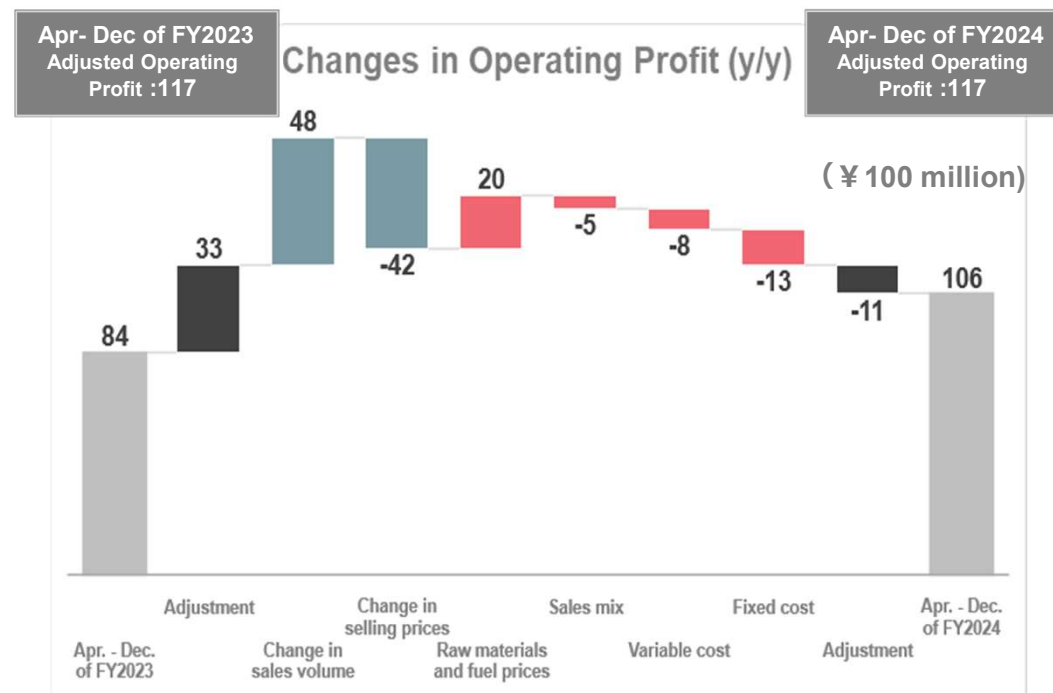
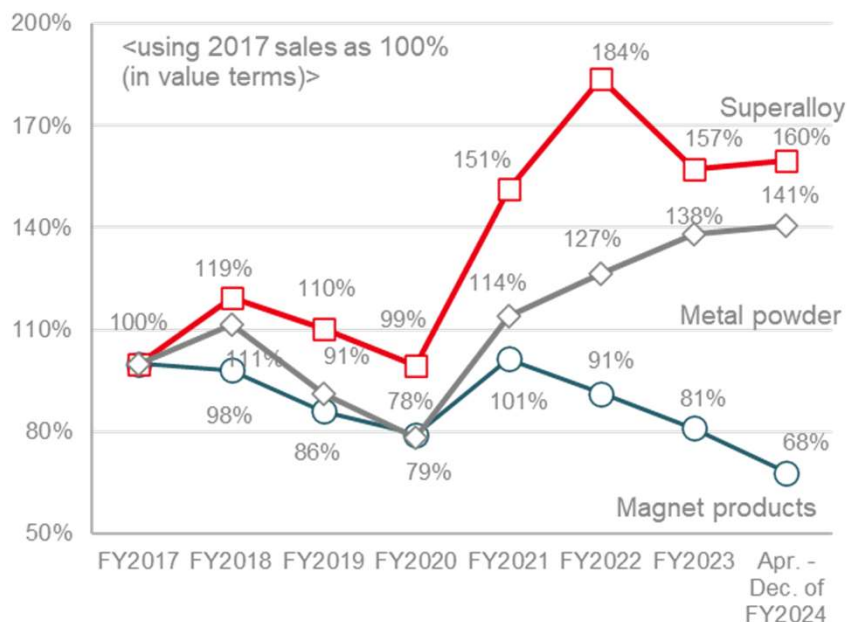
- ✓ Sales volume of structural steel decreased year on year due to a decline in automobile production of Japanese OEMs in China.
- ✓ Profit declined only slightly, partly due to ferrous scrap surcharge gap, and the effect of reducing fixed cost by increasing inventory in anticipation of rising unit price of electricity in winter.

Overview of High-Performance and Magnetic Materials

	FY2023		FY2024		y/y	
	3rd Q	Total (Apr. -Dec.)	3rd Q	Total (Apr. -Dec.)	3rd Q	Total (Apr. -Dec.)
	(¥100 million)					
Revenue	508	1,531	530	1,531	22	0
Operating Profit	34	84	55	106	21	22
Adjusted Operating Profit*	49	117	44	117	-5	0

*Adjusted for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, and fixed asset tax (leveling)

<Sales of superalloy, magnetic products and metal powder>



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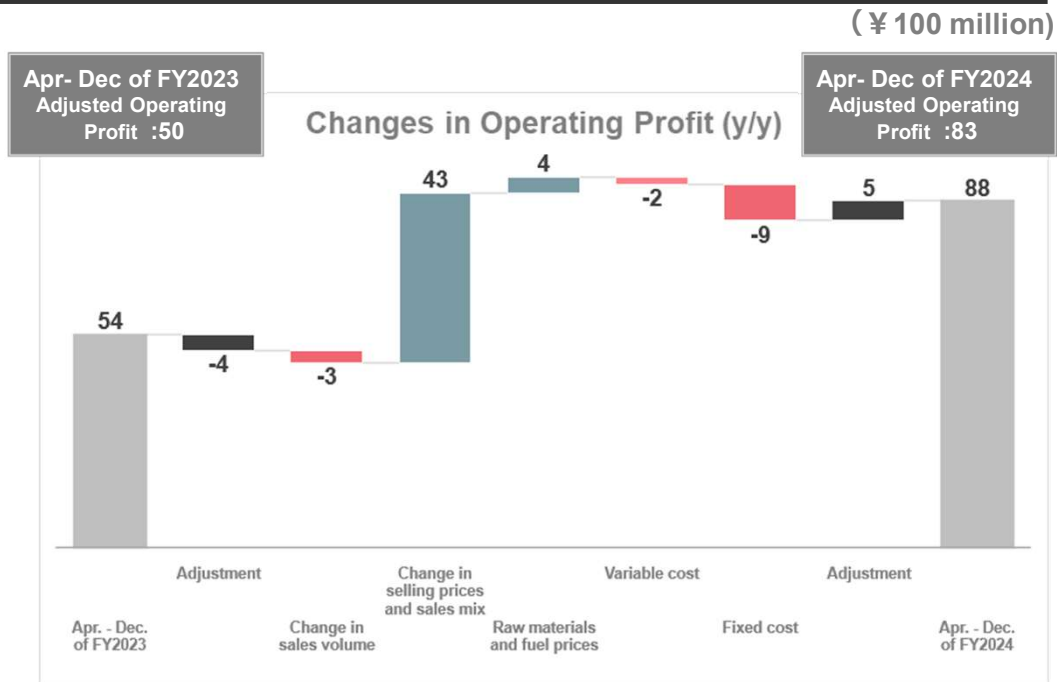
- ✓ Stainless steel sales volume increased due to a recovery in demand related to industrial machinery and a temporary increase in demand for HDD in the first half. Currently, sales for semiconductor production equipment are on a recovery track.
- ✓ Amid company-wide low steel production volume, the ratio of variable costs and fixed costs borne between segments increased compared to the previous year.
- ✓ Adjusted operating profit was on par with the previous year, due in part to the impact of superalloy surcharge gap caused by the decline in the nickel market.

Overview of Parts for Automobiles and Industrial Equipment

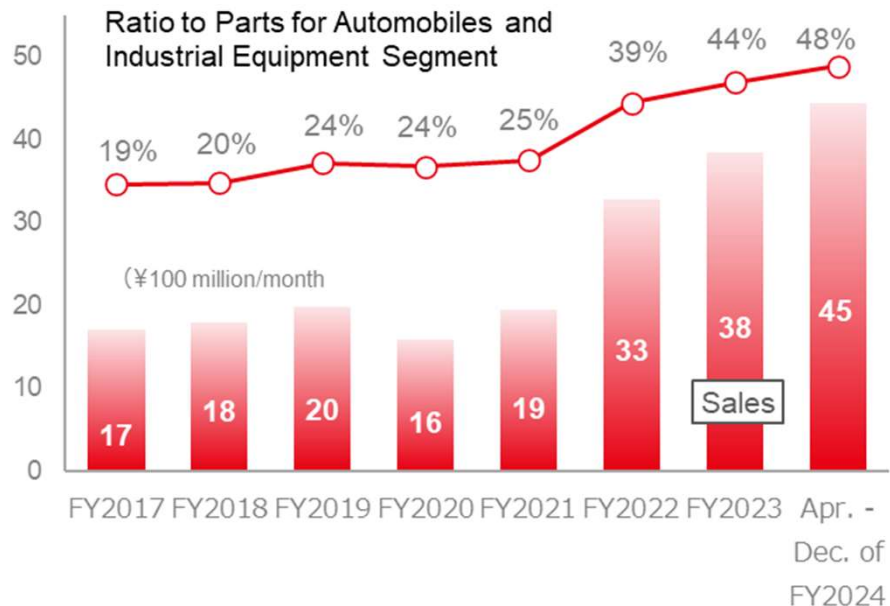
(¥100 million)

	FY2023		FY2024		y/y	
	3rd Q	Total (Apr. -Dec.)	3rd Q	Total (Apr. -Dec.)	3rd Q	Total (Apr. -Dec.)
Revenue	275	786	301	838	26	52
Operating Profit	22	54	39	88	17	34
Adjusted Operating Profit*	24	50	34	83	10	33

*Adjusted for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, and fixed asset tax (leveling)



<Sales of open-die forgings>



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- ✓ Open-die forgings achieved profit growth thanks to increased sales due to strong demand for products in aircraft, heavy electric machinery, and off-shore drilling industries.
- ✓ Profits for engine valves at affiliates also grew, because of increased demand in North America and other regions.

Reference Material

■ Changes in Adjustment Items for Operating Profit

(¥100 million)

	FY 2023					FY 2024			
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
Operating Profit	87	90	204	42	423	101	82	158	341
Extraordinary gains/losses	0	25	-65	15	-25	20	3	1	24
Foreign exchange gains/losses	-6	-3	7	-7	-9	-8	24	-14	2
Inventory valuation gains/losses	6	-6	9	3	12	-8	7	-5	-6
Provision for environmental expenses	0	0	0	0	0	0	1	0	1
Fixed asset tax (leveling)	-7	-7	-7	20	-1	-7	-8	-7	-22
Adjustment Total	-7	9	-56	31	-23	-3	27	-25	-1
Adjusted Operating Profit	80	99	148	73	400	98	109	133	340

(Note)

Figures such as the business forecasts described in this document are based on specific assumptions which are predictable under the present state.

However, changes in circumstances could lead to different business outcomes, so blind reliance on this data as decision criterion is not recommended.

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