

# Fiscal Year ending March 2024 3rd Quarter Results (Apr. 1 - Dec. 31/2023)

January 31, 2024



## ■ Overview of FY2023 3rd Quarter Results (Apr. 1 - Dec. 31/2023)

- Operating income decreased from the previous fiscal year due to a decline in orders received during the downturn phase of the semiconductor cycle and a drop in the shipment of high-performance materials caused by prolonged inventory adjustments.
- Operating income returned to the same level as during the same period in the previous year, because sales volumes are on the road to recovery, and raw materials and fuel prices remained stable during the current October-December period.
- The pace of the recovery of demand for automotive parts and high-performance materials must be monitored closely as we go forward.

(thousand tons, ¥100 million)

|   | 3rd-quarter results for FY2022 |             |       | 3rd-quarter results for FY2023 |             |       | y/y        |       |
|---|--------------------------------|-------------|-------|--------------------------------|-------------|-------|------------|-------|
|   | First half                     | Oct. - Dec. | Total | First half                     | Oct. - Dec. | Total | Oct.- Dec. | Total |
| Steel Sales Volume                      | 540                            | 296         | 836   | 529                            | 286         | 815   | -10        | -21   |
| Net Sales                               | 2,819                          | 1,528       | 4,347 | 2,886                          | 1,498       | 4,384 | -30        | 37    |
| Operating Income                        | 232                            | 145         | 377   | 190                            | 141         | 331   | -4         | -46   |
| Ordinary Income                         | 241                            | 150         | 391   | 211                            | 143         | 354   | -7         | -37   |
| Extraordinary Profit and Loss           | -4                             | -1          | -5    | -27                            | -6          | -33   | -5         | -28   |
| Corporate Tax and other Taxes           | -54                            | -50         | -104  | -69                            | -45         | -114  | 5          | -10   |
| Profit attributable to owners of parent | 183                            | 99          | 282   | 115                            | 92          | 207   | -7         | -75   |

# ■ Net Sales & Operating Income by Segment (y/y)

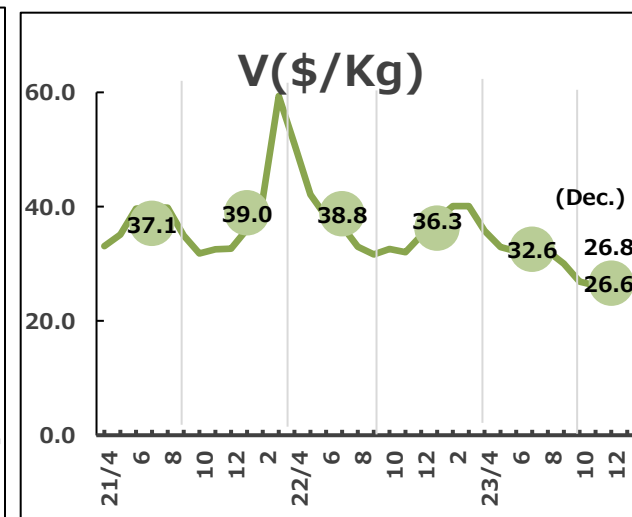
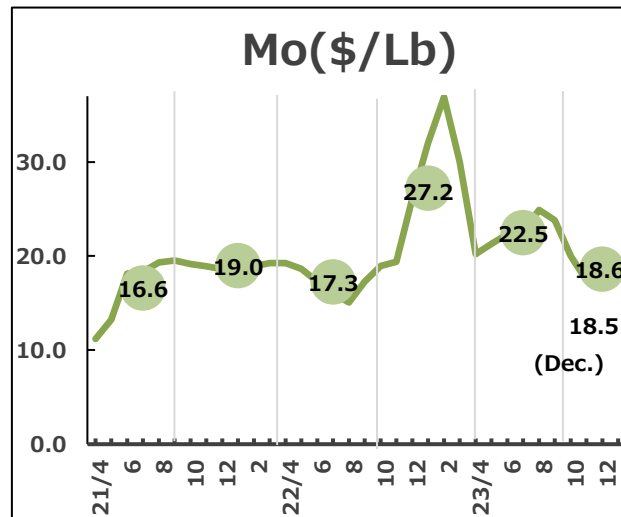
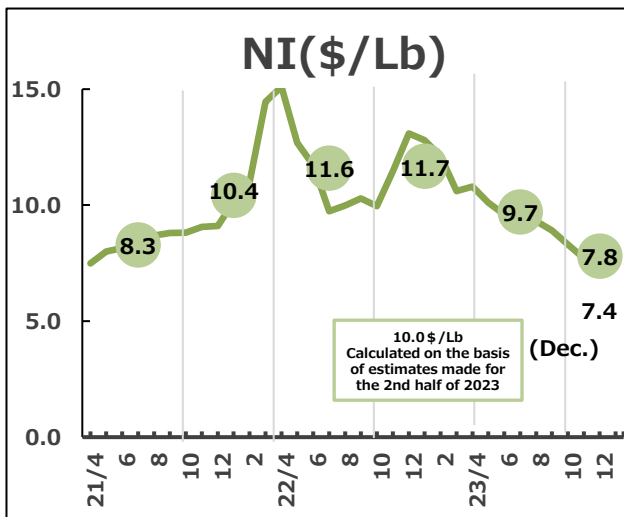
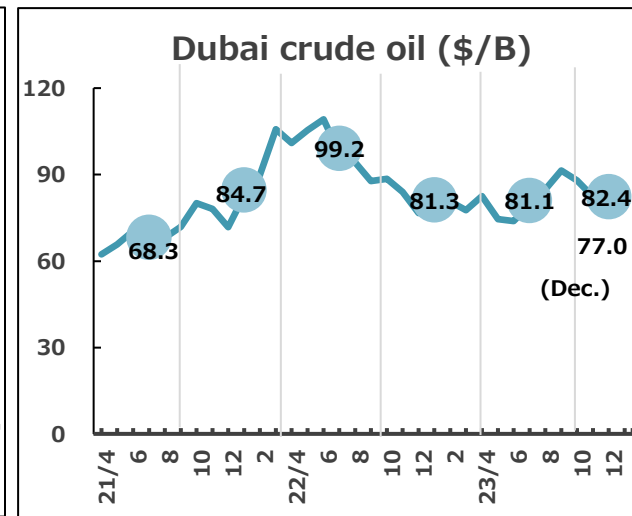
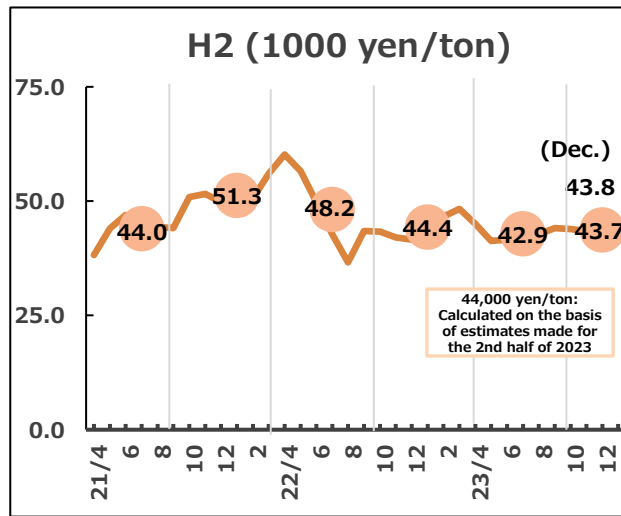
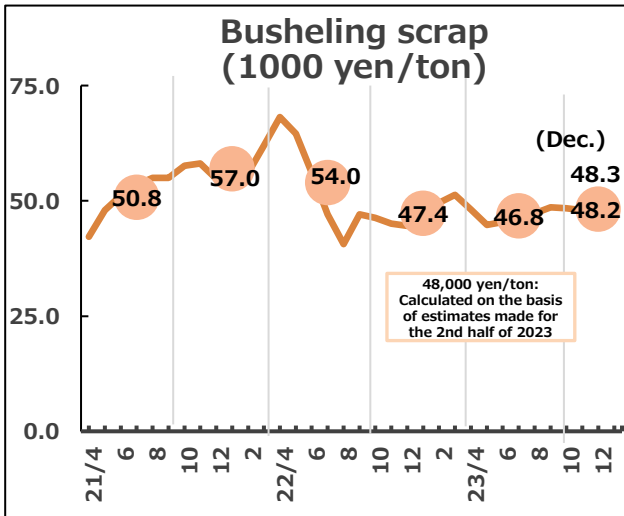
(¥100 million)

|   | FY 2022 Results |                  | FY 2023 Results |                  |              |                  |              |                  |              |                  | y/y       |                  |
|---|-----------------|------------------|-----------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|-----------|------------------|
|   | 3rd Quarter     |                  | 1 Q             |                  | 2 Q          |                  | 3 Q          |                  | 3rd Quarter  |                  |           |                  |
|   | Net Sales       | Operating Income | Net Sales       | Operating Income | Net Sales    | Operating Income | Net Sales    | Operating Income | Net Sales    | Operating Income | Net Sales | Operating Income |
| Specialty Steel                                   | 1,622           | 85               | 553             | 28               | 536          | 35               | 586          | 59               | 1,675        | 122              | 53        | 37               |
| High-performance Materials and Magnetic Materials | 1,673           | 201              | 513             | 33               | 513          | 38               | 505          | 41               | 1,531        | 112              | -142      | -89              |
| Parts for Automobile and Industrial Equipment     | 752             | 59               | 241             | 5                | 273          | 21               | 269          | 26               | 783          | 52               | 31        | -7               |
| Engineering                                       | 135             | 7                | 50              | 5                | 60           | 6                | 61           | 7                | 171          | 18               | 36        | 11               |
| Trading and Service                               | 165             | 25               | 62              | 9                | 85           | 10               | 77           | 8                | 224          | 27               | 59        | 2                |
| <b>Total</b>                                      | <b>4,347</b>    | <b>377</b>       | <b>1,419</b>    | <b>80</b>        | <b>1,467</b> | <b>110</b>       | <b>1,498</b> | <b>141</b>       | <b>4,384</b> | <b>331</b>       | <b>37</b> | <b>-46</b>       |

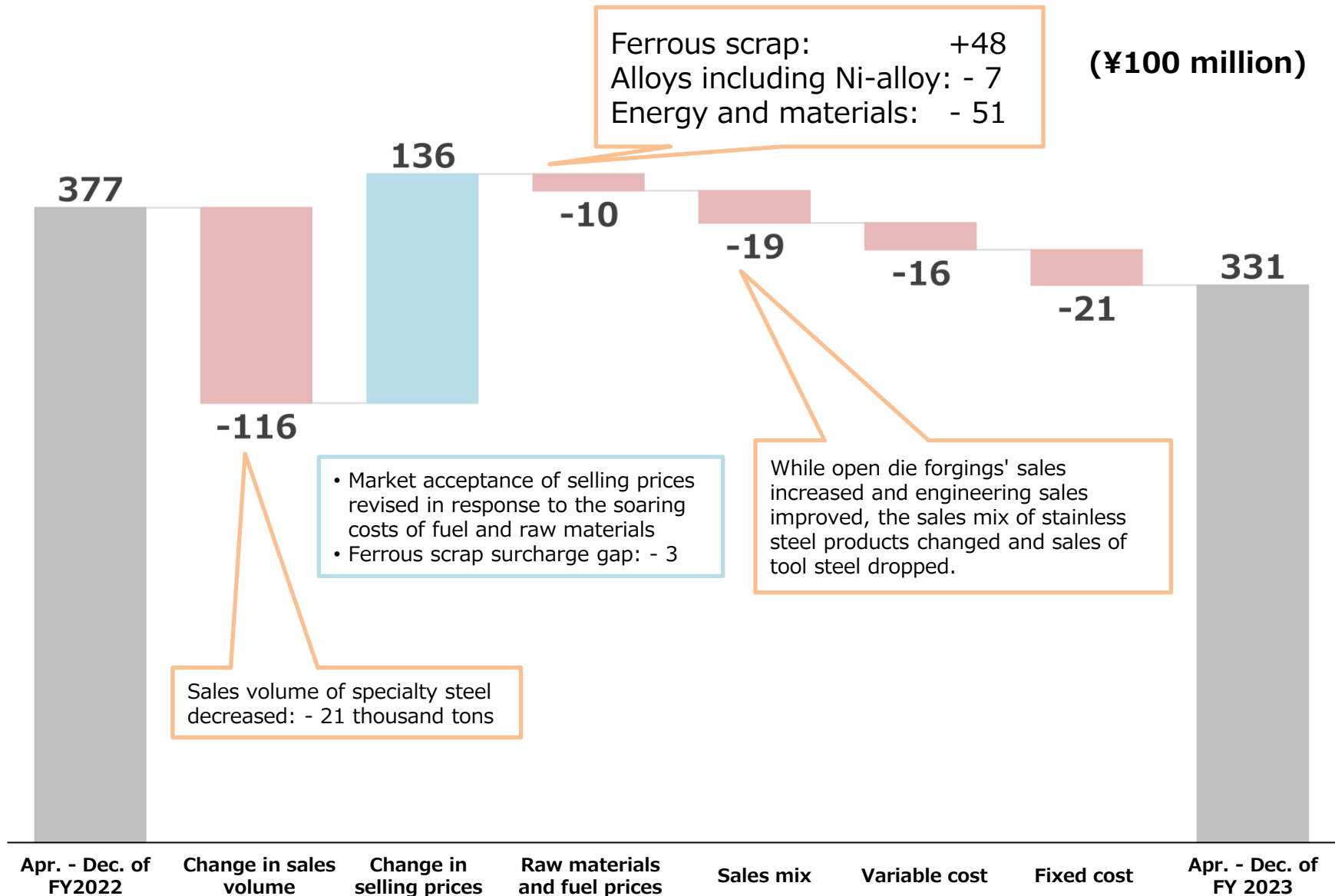
(thou. tons)

|  |     |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|-----|
| Sales Volume of steel (non-consolidated) | 836 | 266 | 263 | 286 | 815 | -21 |
|--|-----|-----|-----|-----|-----|-----|

# Raw Materials Prices

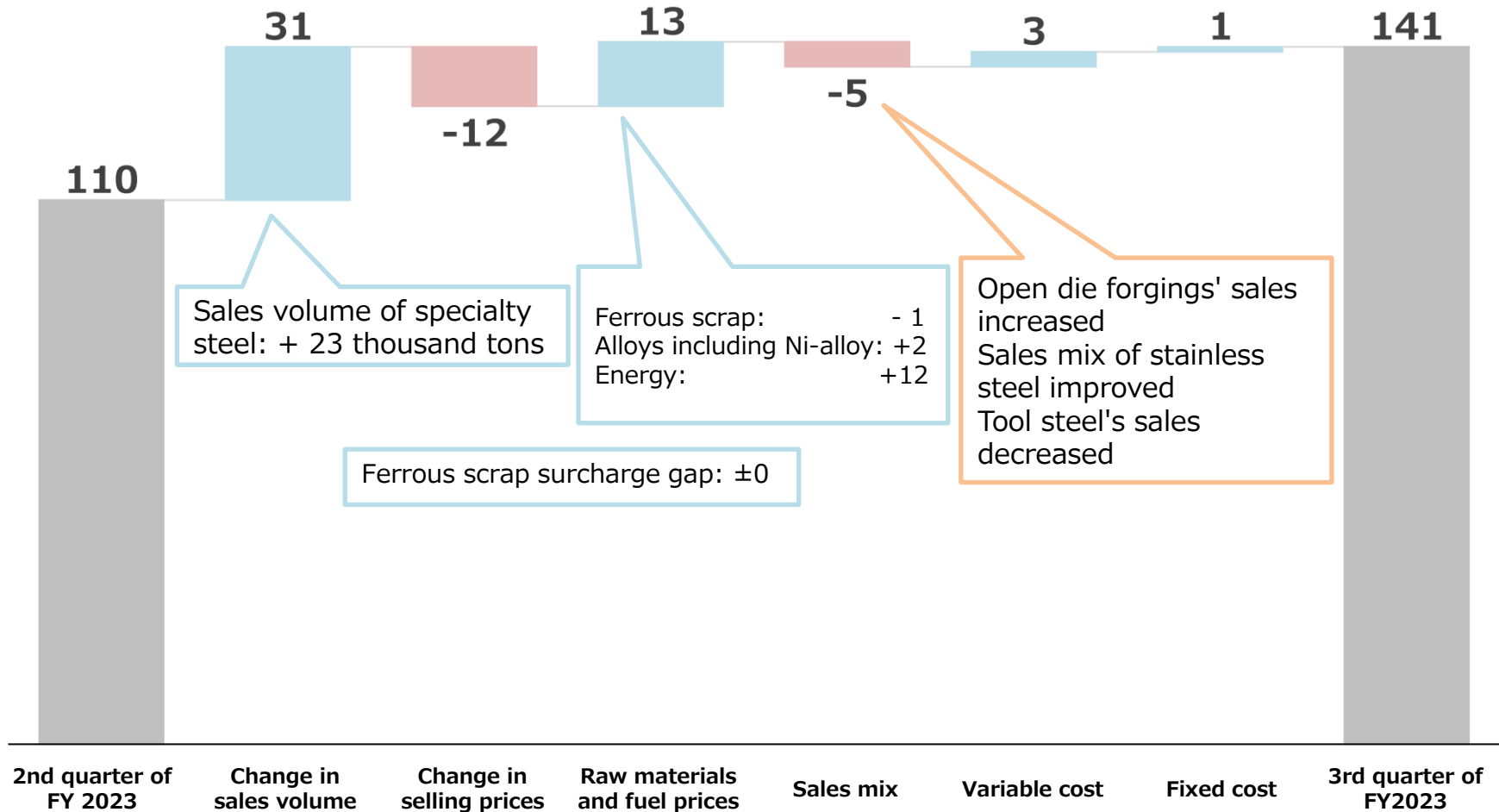


# Changes in Operating Income for the period from April to December of FY 2023 (y/y)



# Changes in Operating Income for the 3rd quarter of FY 2023 (difference from the 2nd quarter of FY2023)

(¥100 million)

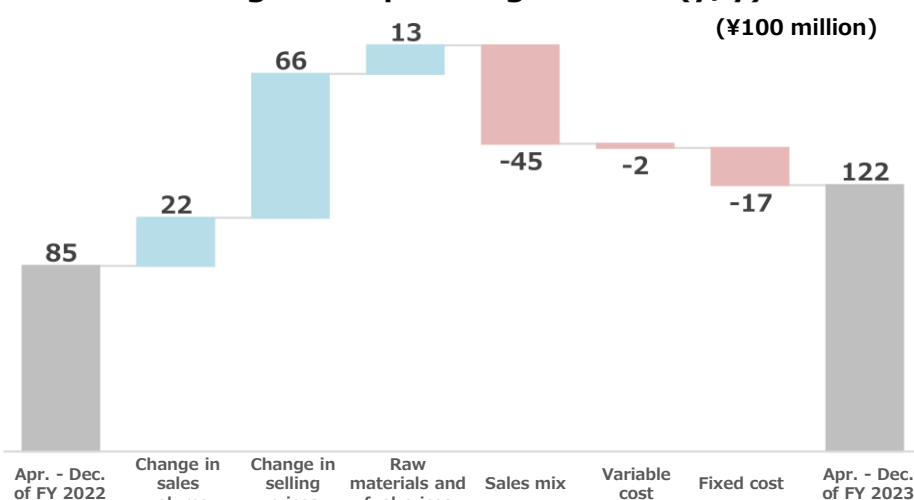


# Overview of Specialty Steel

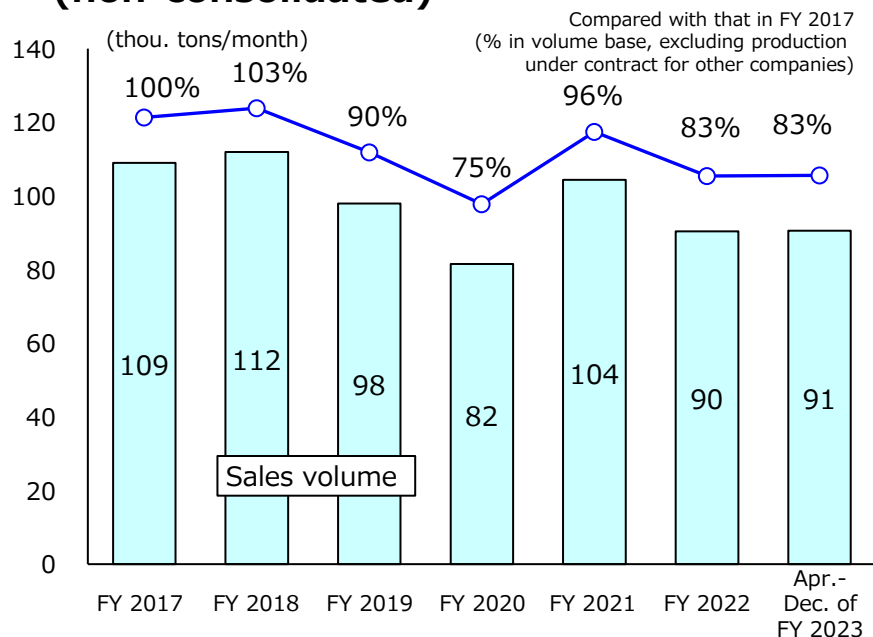
(¥100 million)

|                  | FY 2022 |                     | FY 2023 |                     | y/y   |                     |
|------------------|---------|---------------------|---------|---------------------|-------|---------------------|
|                  | 3rd Q   | Total (Apr. - Dec.) | 3rd Q   | Total (Apr. - Dec.) | 3rd Q | Total (Apr. - Dec.) |
|                  | a       | b                   | c       | d                   | c-a   | d-b                 |
| Net Sales        | 594     | 1,622               | 586     | 1,675               | -8    | 53                  |
| Operating Income | 43      | 85                  | 59      | 122                 | 16    | 37                  |
| Surcharge gap    | 7       | 6                   | 2       | 3                   | -5    | -3                  |

## Changes in Operating Income (y/y)



## Sales Volume of Specialty Steel (non-consolidated)



### POINT 1

While sales of automotive-related structural steel remained strong due to the easing of semiconductor supply constraints, inventory adjustments of tool steel continued.

### POINT 2

In addition to the market acceptance of revised selling prices that occurred in response to the rise in energy costs, energy cost rises eased off, thus making it possible for us to secure appropriate margins.

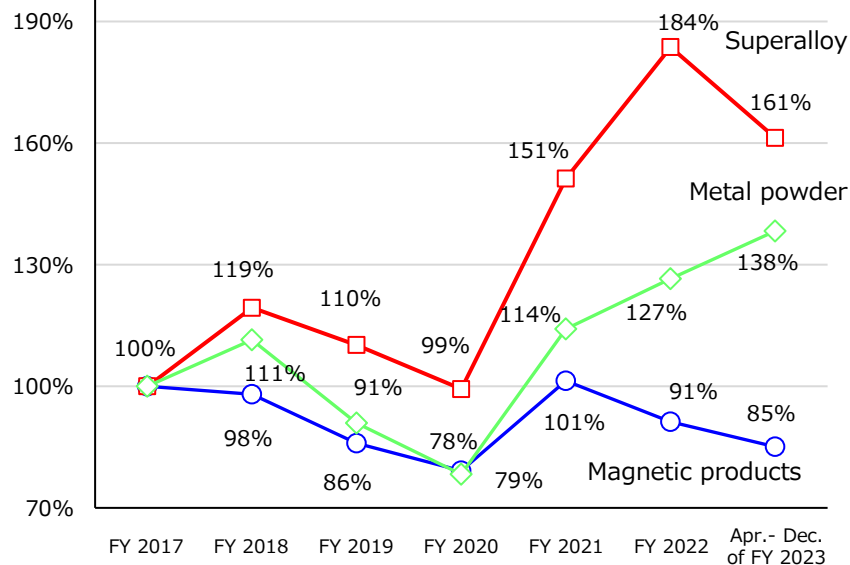
# Overview of High-Performance Materials and Magnetic Materials

(¥100 million)

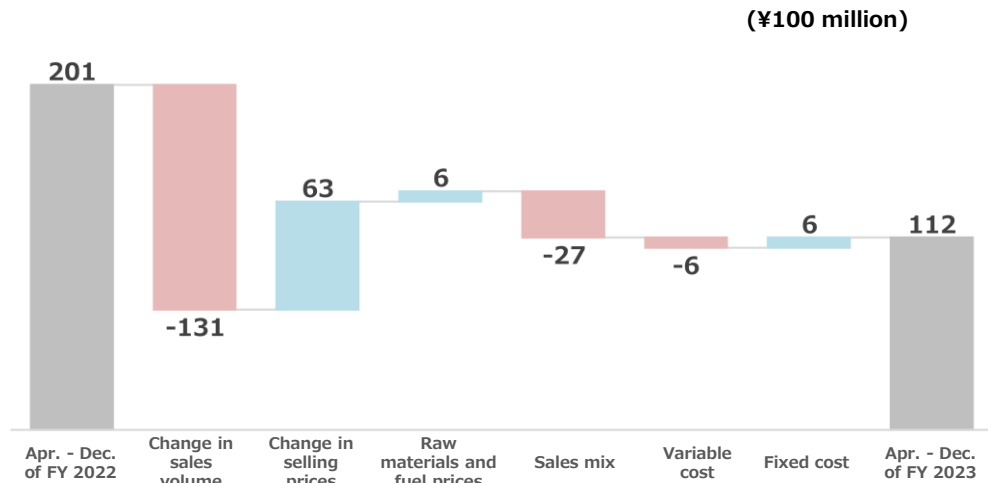
|                  | FY 2022 |                     | FY 2023 |                     | y/y   |                     |
|------------------|---------|---------------------|---------|---------------------|-------|---------------------|
|                  | 3rd Q   | Total (Apr. - Dec.) | 3rd Q   | Total (Apr. - Dec.) | 3rd Q | Total (Apr. - Dec.) |
|                  | a       | b                   | c       | d                   | c-a   | d-b                 |
| Net Sales        | 577     | 1,673               | 505     | 1,531               | -72   | -142                |
| Operating Income | 67      | 201                 | 41      | 112                 | -26   | -89                 |

## <Sales of superalloy, magnetic products and metal powder>

<using 2017 sales as 100% (in value terms)>



## Changes in Operating Income (y/y)



### POINT 1

Decreases in semiconductor-related orders and prolonged inventory adjustments led to a decline in shipment volumes, resulting in declines in operating income as compared with the previous year.

### POINT 2

Industrial machinery-related orders were sluggish, due to ongoing inventory adjustments in the supply chain.



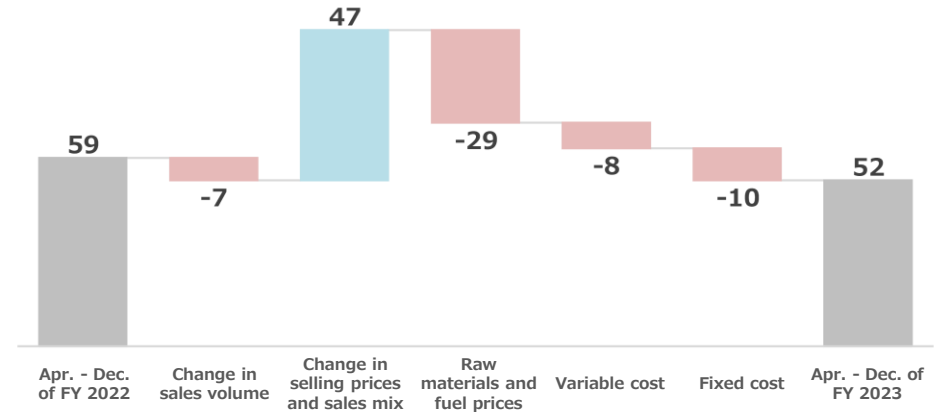
# Overview of Parts for Automobile and Industrial Equipment

(¥100 million)

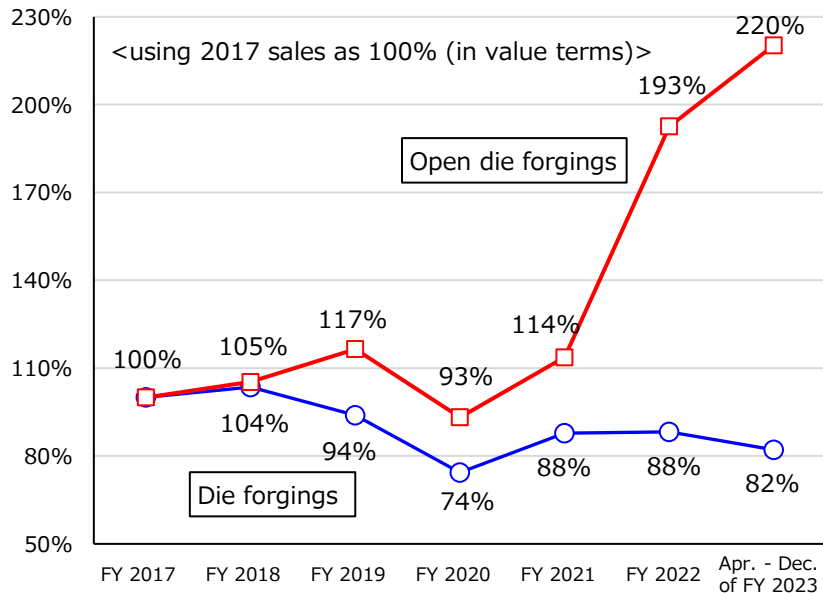
|                  | FY 2022 |                     | FY 2023 |                     | y/y   |                     |
|------------------|---------|---------------------|---------|---------------------|-------|---------------------|
|                  | 3rd Q   | Total (Apr. - Dec.) | 3rd Q   | Total (Apr. - Dec.) | 3rd Q | Total (Apr. - Dec.) |
|                  | a       | b                   | c       | d                   | c-a   | d-b                 |
| Net Sales        | 257     | 752                 | 269     | 783                 | 12    | 31                  |
| Operating Income | 25      | 59                  | 26      | 52                  | 1     | -7                  |

## Changes in Operating Income (y/y)

(¥100 million)



## <Sales of die forgings and open die forgings>



## POINT 1

Orders for open die forgings remained strong in energy- and aircraft-related fields, resulting in stabilization of operating income.

## POINT 2

Operating income declined YoY due to lower orders for cold-rolled steel strip and precision casting products.

## (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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