

Fiscal Year Ending March 2026 Interim Results (Apr. 1 – Sep. 30/2025)

October 30, 2025



FY2025 Interim Results (April to September 2025)

■ Overview of FY2025 Interim Results (Apr. 1 – Sep. 30/2025)

- In the first half of FY2025, sales and profits increased from the previous year.
- Adjusted operating profit decreased year on year due to a decrease in sales volume, etc.
- Profits increased compared with the forecast as of May 8 due to increased demand for open-die forgings for diesel engine exhaust valves for ships and yen depreciation, etc.
- Temporary expenses associated with the change in production allocation were ¥2.3 billion as planned.

	FY2024			FY2025			(thousand tons, ¥100 mil.)	
	1Q	2Q	1H	1Q	2Q	1H	y/y	Differences from the forecast on 8 May
Sales Volume of Specialty Steel	262	257	519	253	251	504	-15	4
Revenue	1,421	1,413	2,834	1,424	1,421	2,845	11	95
Operating Profit	101	82	183	87	98	185	2	60
Adjusted Operating Profit*	98	109	207	92	93	185	-22	51
Profit Before Tax	114	82	196	97	100	197	1	67
Profit Attributable to Owners of Parent	68	54	122	64	65	129	7	49

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

■ Revenue, Operating Profit, and Adjusted Operating Profit by Segment

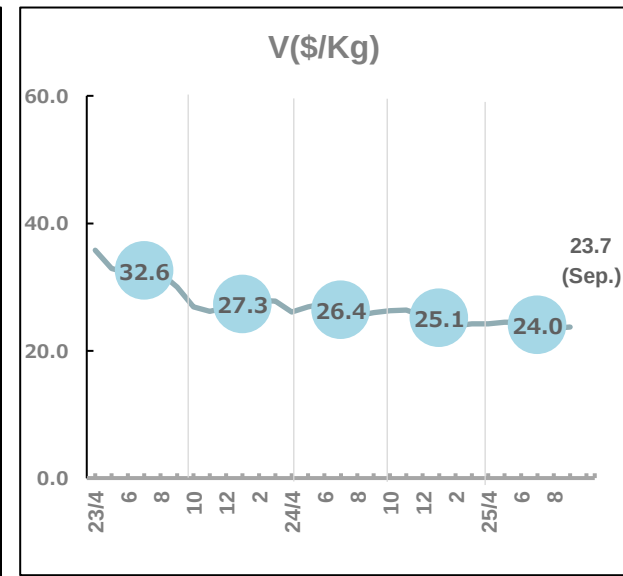
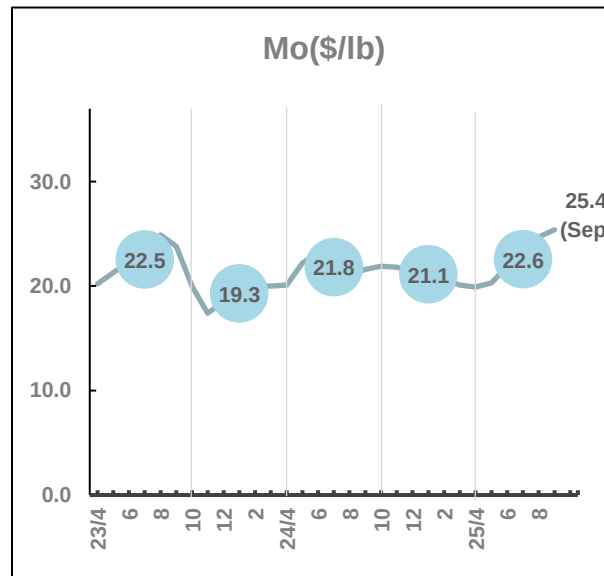
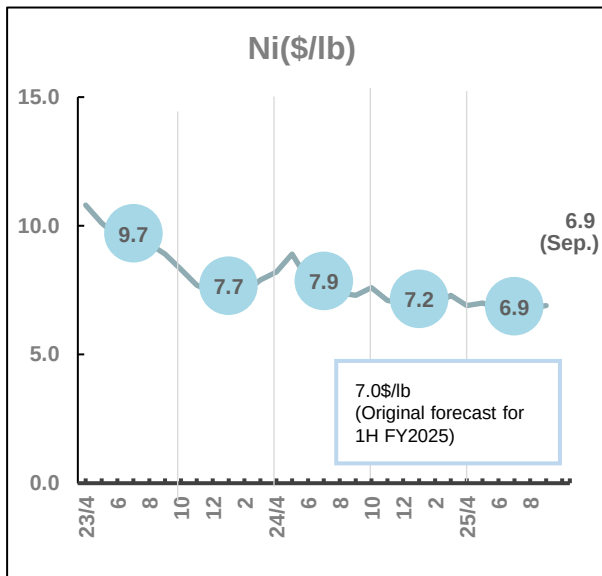
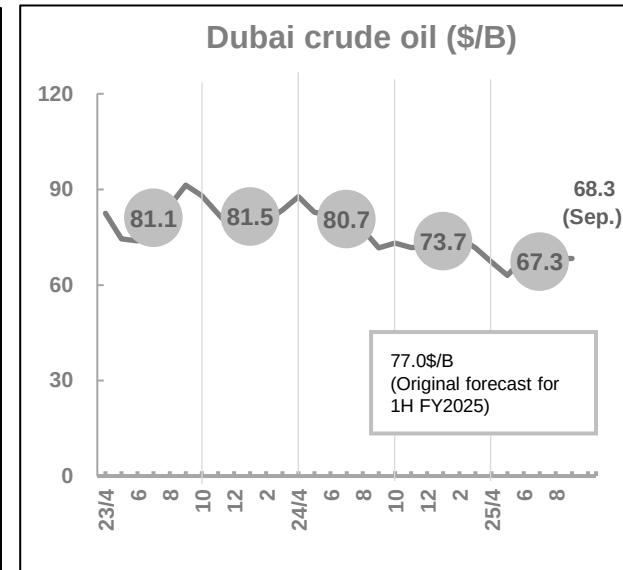
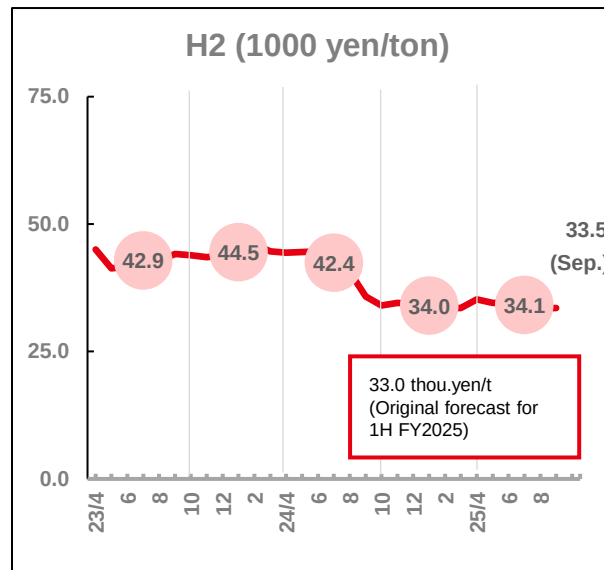
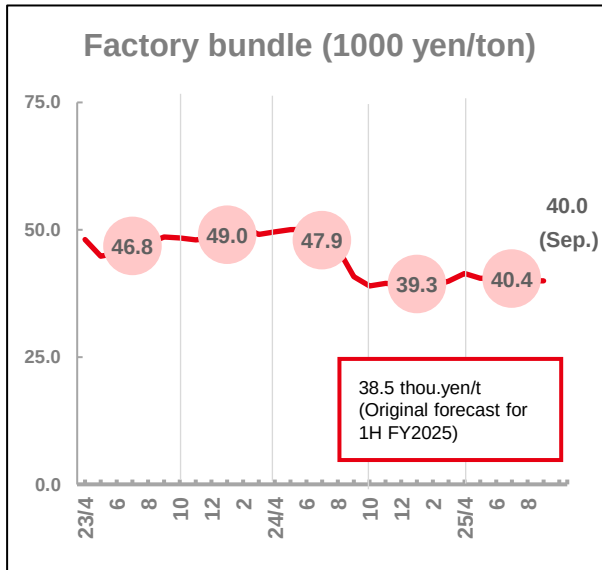
(¥100 mil.)

	FY2025									y/y			Differences from the forecast on May 8		
	1Q			2Q			First Half								
	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)
Specialty Steel	512	26	29	488	29	27	1,000	55	56	-55	-6	-7	10	25	22
High-Performance Materials and Magnetic Materials	483	31	26	485	32	31	968	63	57	-33	12	-16	8	8	4
Parts for Automobiles and Industrial Equipment	293	14	22	299	22	21	592	36	43	55	-13	-6	52	16	15
Engineering	68	7	7	74	6	5	142	13	12	36	5	4	22	8	7
Trading and Service	68	9	8	75	9	9	143	18	17	8	4	3	3	3	3
Total	1,424	87	92	1,421	98	93	2,845	185	185	11	2	-22	95	60	51

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

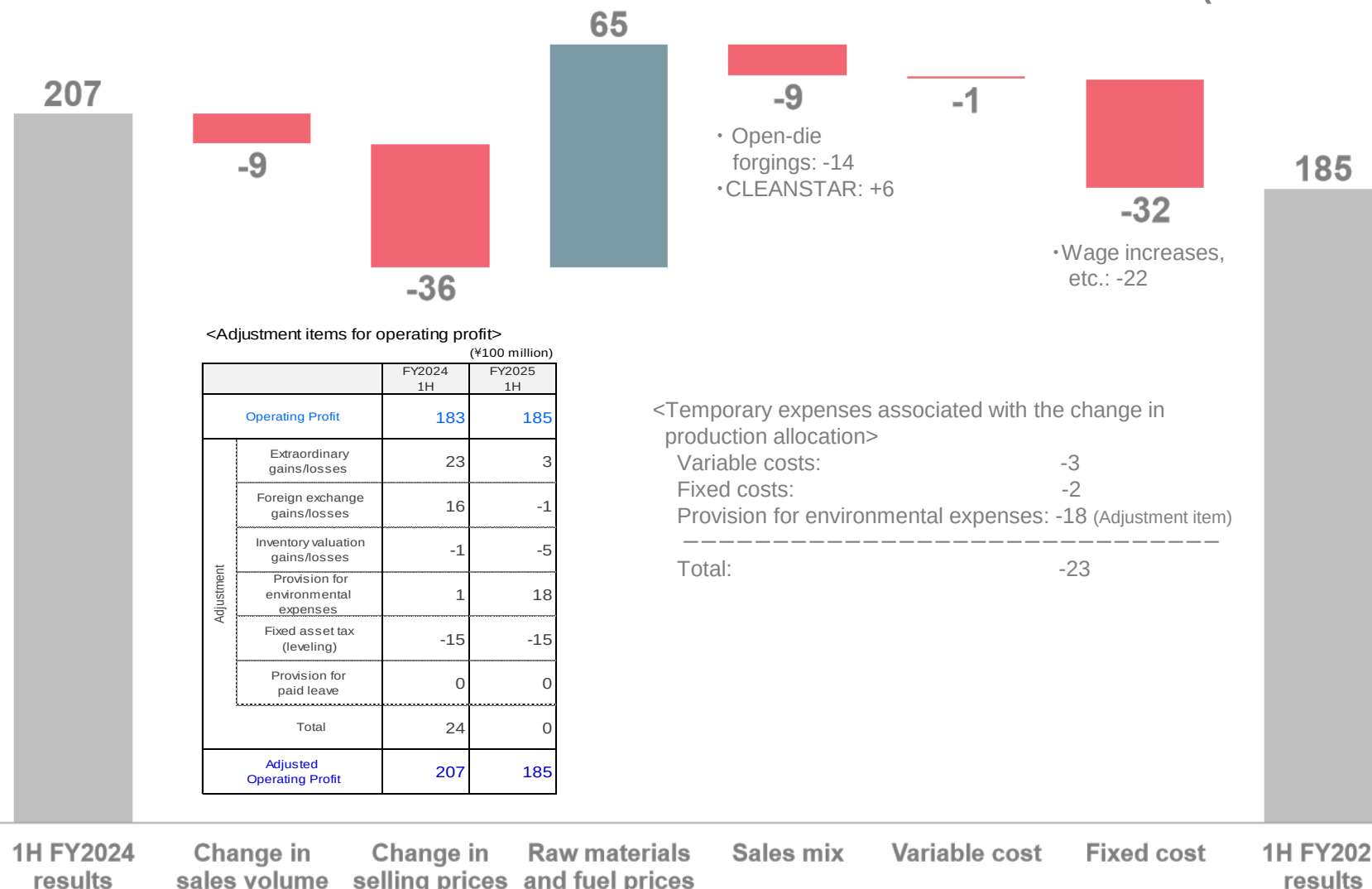
Sales Volume of Specialty Steel (Non-consolidated)	253	251	504	-15	4
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Raw Materials Prices

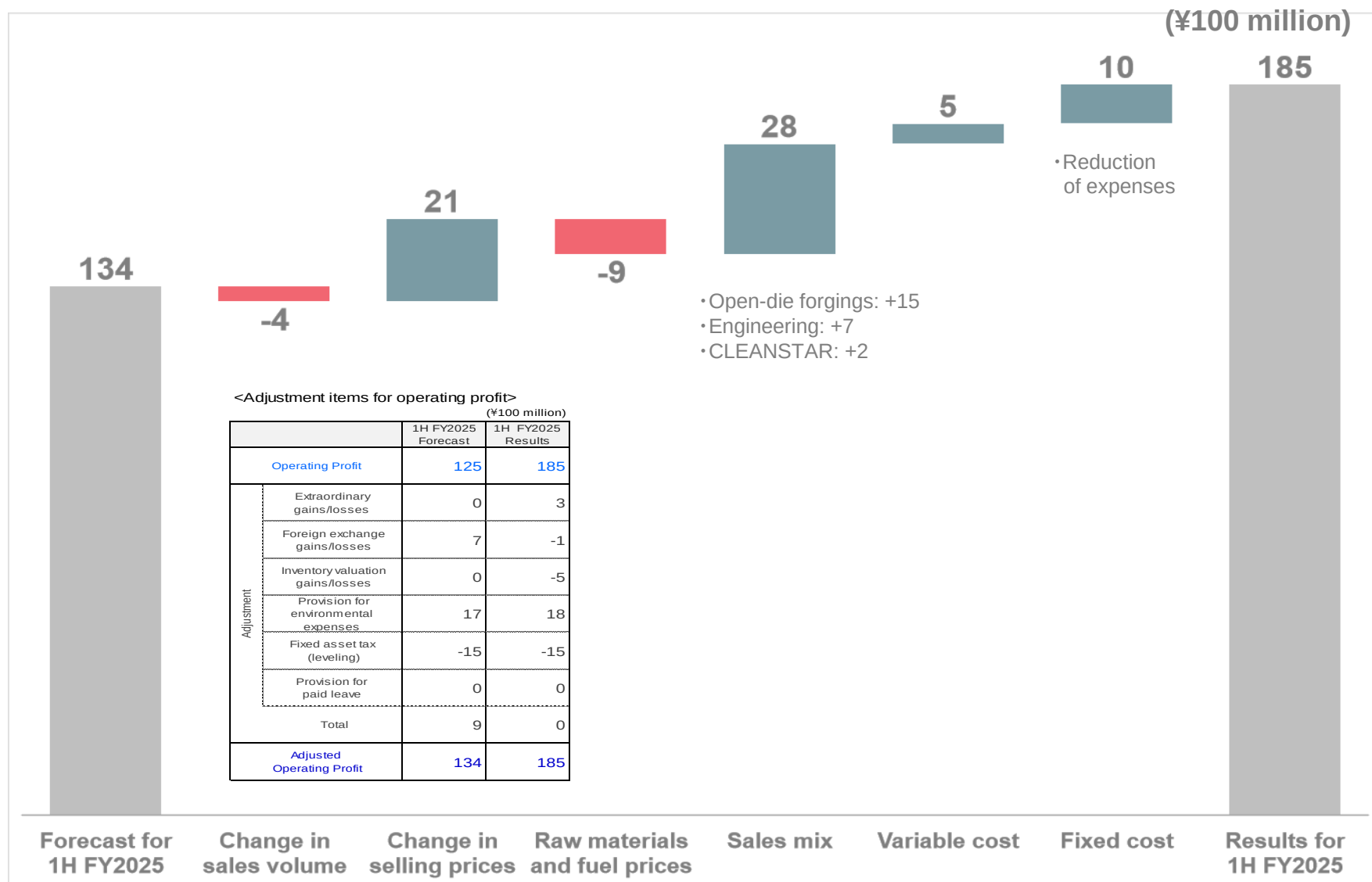


■ Changes in Adjusted Operating Profit for the First Half of FY2025 (y/y)

(¥100 million)



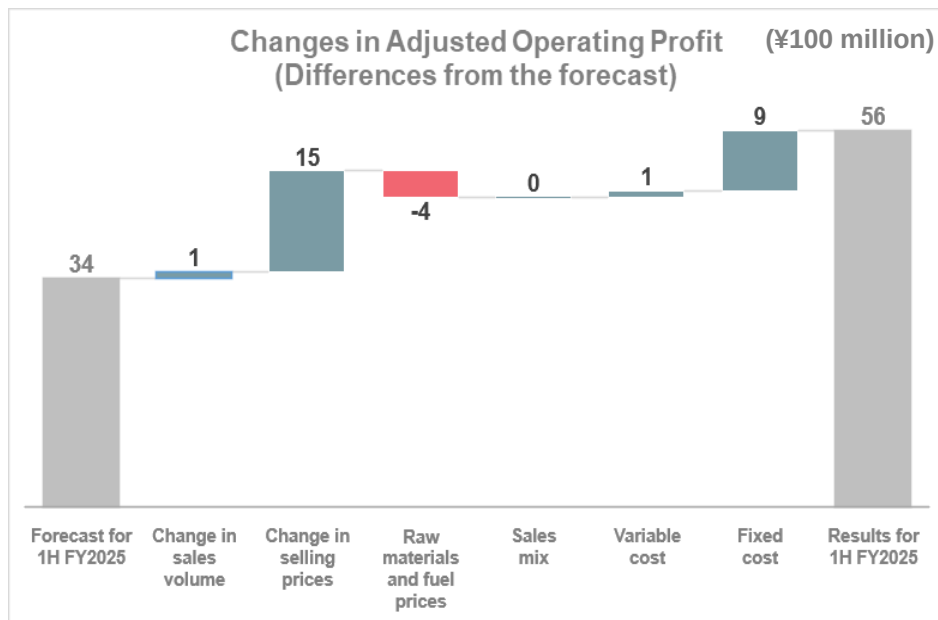
■ Changes in Adjusted Operating Profit for the First Half of FY2025 (Differences from the Forecast Announced on May 8)



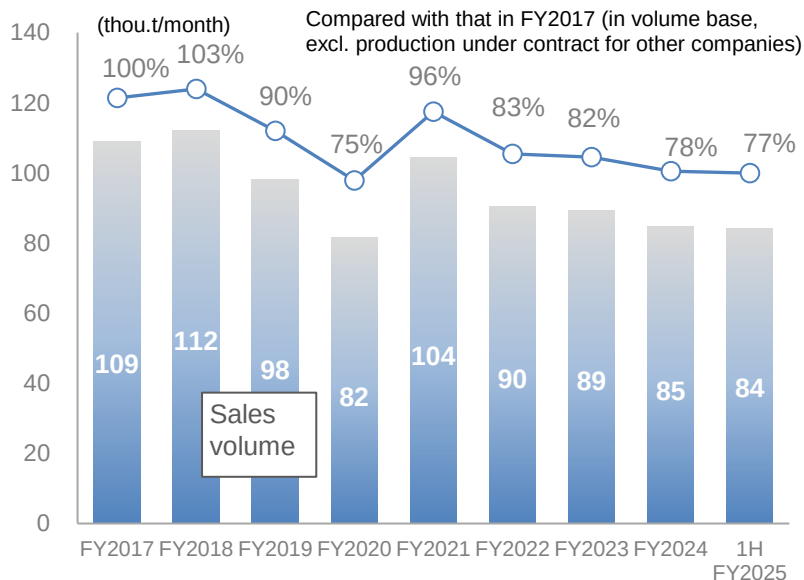
Overview of Specialty Steel

	FY2024 1H	FY2025 1H	y/y	(¥100 million) Difference from May 8 forecast
Revenue	1,055	1,000	-55	10
Operating Profit	61	55	-6	25
Adjusted Operating Profit*	63	56	-7	22
Surcharge Gap	6	5	-1	1

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



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



POINT

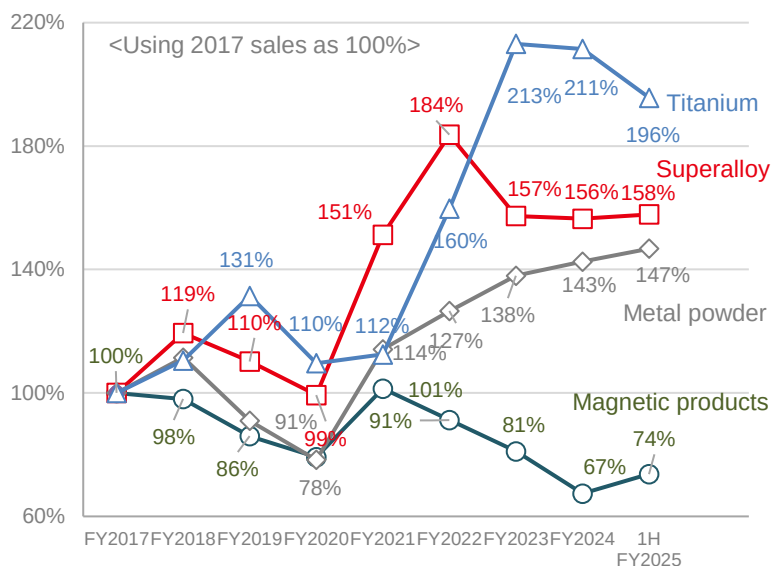
- Fixed costs were reduced by cutting down expenses.
- Yen depreciation also contributed to the increase in profits.
- Sales price strategies were implemented in response to the rising costs.

Overview of High-Performance and Magnetic Materials

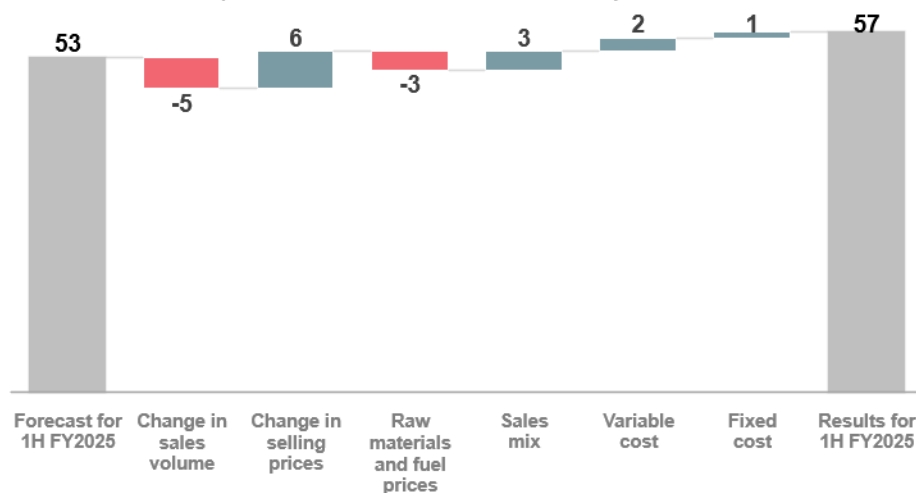
	FY2024 1H	FY2025 1H	y/y	Difference from May 8 forecast
Revenue	1,001	968	-33	8
Operating Profit	51	63	12	8
Adjusted Operating Profit*	73	57	-16	4

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

<Revenue of superalloy, magnetic products, metal powder, and titanium>



Changes in Adjusted Operating Profit (Differences from the forecast) (¥100 million)



POINT

- As for magnetic products, demand for heavy rare earth-free magnets increased due to the tightening of export restrictions on heavy rare earths (Dy and Tb*) in China

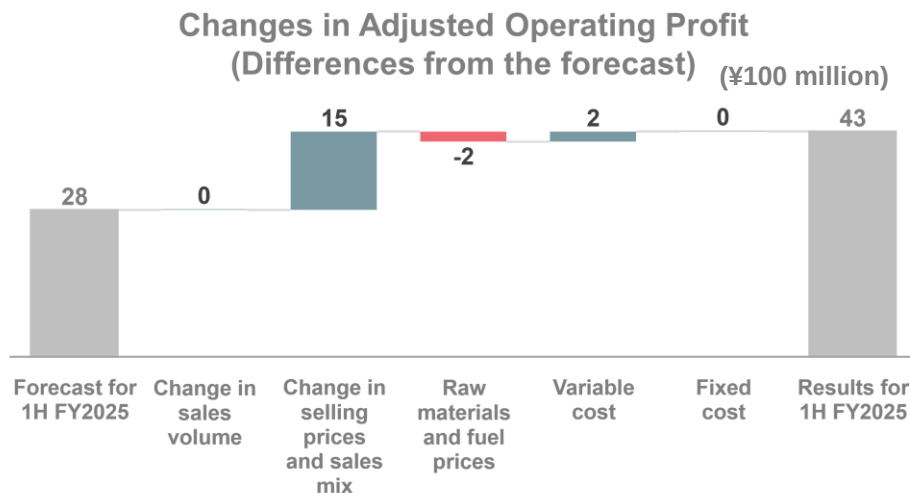
*Dy: Dysprosium, Tb: Terbium

- As the recovery in demand for industrial equipment has been at a standstill, the sales volume decreased compared to the forecast.

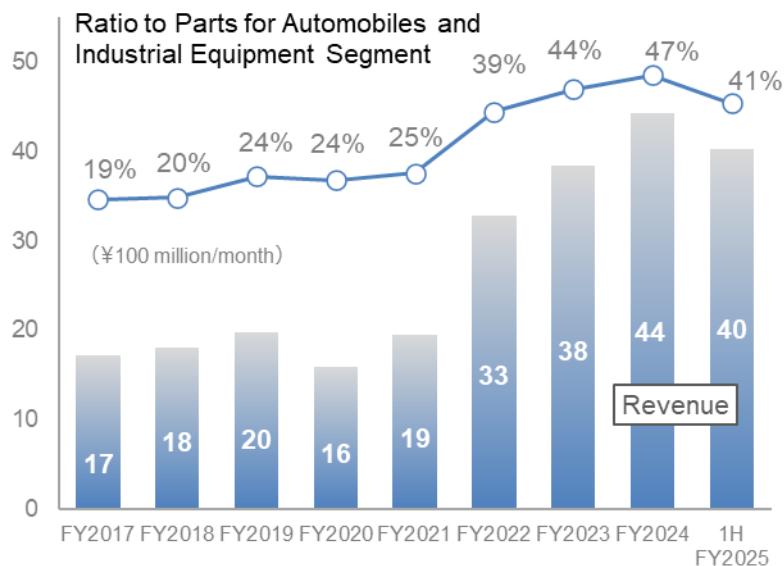
Overview of Parts for Automobiles and Industrial Equipment

	FY2024 1H	FY2025 1H	y/y	(¥100 million) Difference from May 8 forecast
Revenue	537	592	55	52
Operating Profit	49	36	-13	16
Adjusted Operating Profit*	49	43	-6	15

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



<Revenue of open-die forgings>



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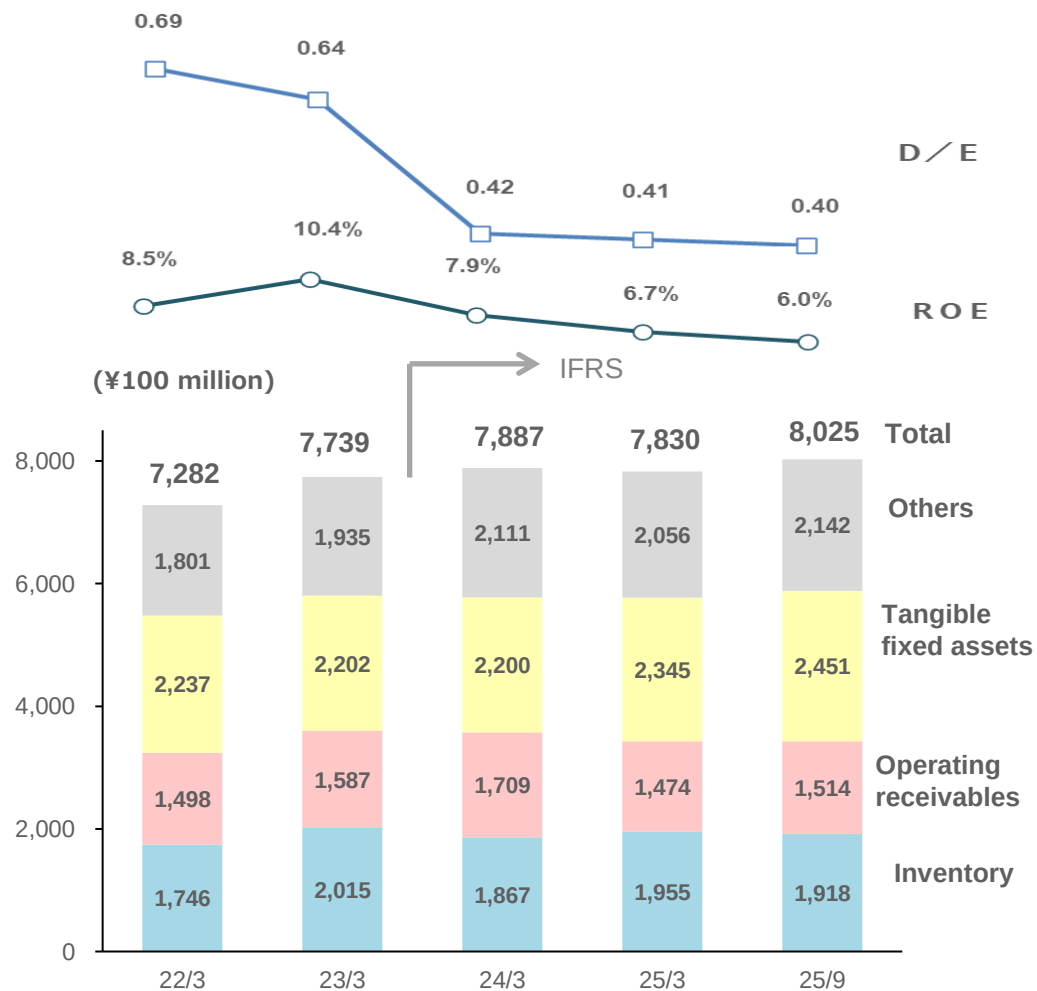
- Demand for open-die forgings for diesel engine exhaust valves for ships exceeded expectations and profits increased compared to forecasts.
- Aircraft-related orders have been recovering.
- Order adjustments related to oil and gas drilling have continued due to the sluggish crude oil market.
- Demand for engine valves is solid in North America.

■ Total Assets, ROE, and the D/E Ratio

- Tangible fixed assets increased as we have made progress in strategic investment in growth market areas.
- We acquired treasury stock to improve capital efficiency in July 2025 (acquisition amount: 6.6 billion yen).

(¥100 million)

	25/3	25/9	Difference
Current assets	4,170	4,156	-14
Cash instruments	612	591	-21
Operating receivables	1,474	1,514	40
Inventory	1,955	1,918	-37
Fixed assets	3,660	3,869	209
Tangible fixed assets	2,345	2,451	106
Investment securities	524	612	88
Total of assets	7,830	8,025	195
Liabilities	3,138	3,246	108
Interest bearing debt	1,768	1,757	-11
Net assets	4,692	4,779	87
Total equity attributable to owners of parent	4,293	4,374	81
Non-controlling interest	398	405	7
Total of liabilities and net assets	7,830	8,025	195

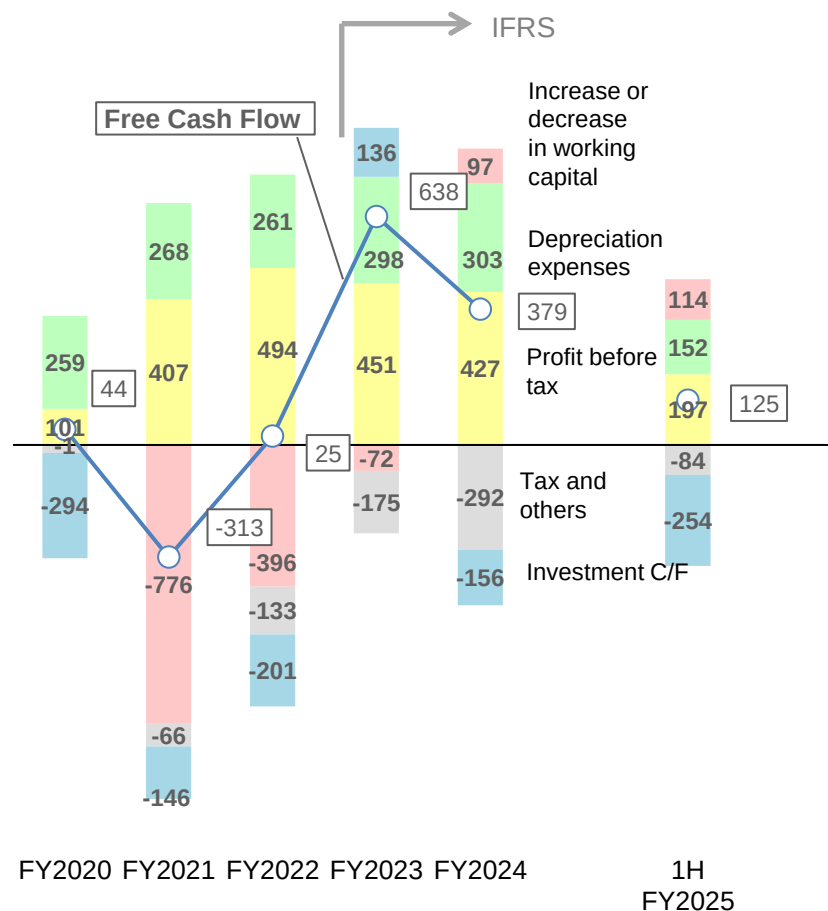


■ Cash Flow

- Operating CF remained high due to the same level of profits as the previous year and stable changes in working capital.
- The operating CF obtained will be used for portfolio reforms while strictly selecting investment projects.

(¥100 million)

		FY2024		FY2025
		1H	Full-year	1H
Operating C/F	Profit before tax	196	427	197
	Depreciation expenses	148	303	152
	Increase or decrease in working capital			
	Accounts receivable	234	236	86
	Accounts payable	-46	-55	-13
	Inventory	-143	-84	41
		45	97	114
	Tax and others	-187	-292	-84
		202	535	379
Investment C/F	Capital investment	-202	-416	-254
	Others	-7	260	0
		-209	-156	-254
Free cash flow		-7	379	125



Outlook for FY2025 (April 2025 to March 2026)

■ Business Environment Assumptions and Basic Policy for 2H of FY2025

■ Business environment assumptions

- Automobile production: Estimated car production by Japanese manufacturers in the second half of FY2025: 12.6 million units
(1H of FY2025: 12.3 million units)
- Demand for industrial equipment : Demand will not recover significantly from the first half of FY2025 and remain at the same level as in the first half.
- Specialty steel sales volume: 2H of FY2025: 503 thou. tons/half year
(1H of FY2025: 504 thou. tons/half year)
- Exchange rate: JPY 145/USD

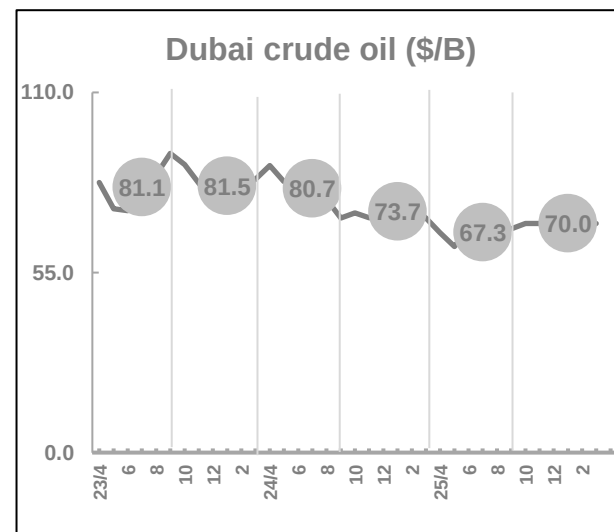
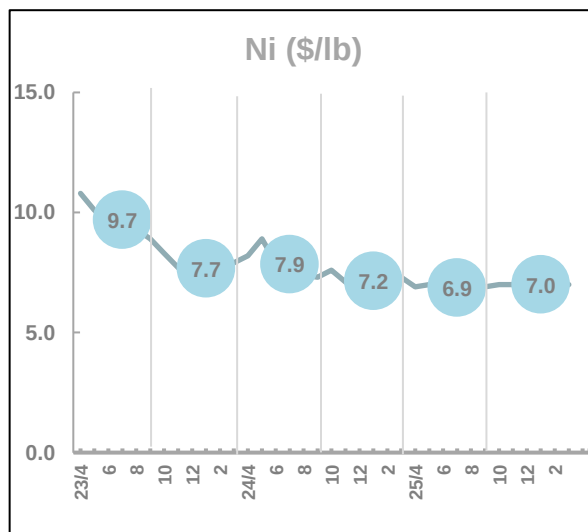
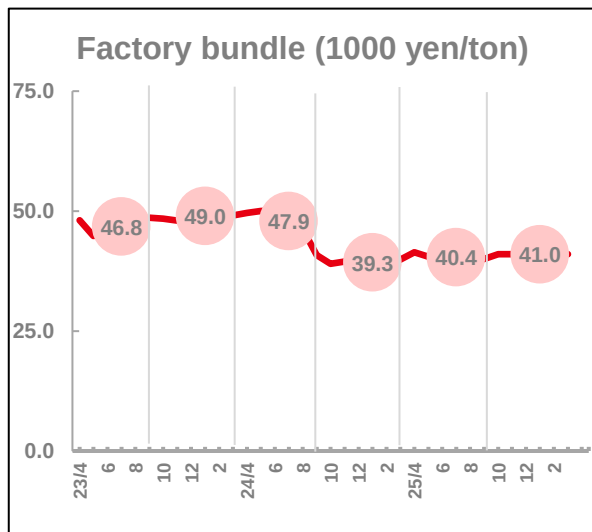
■ Basic policy

While implementing the mid-term plan, including transforming our business portfolio, we will take drastic actions such as reducing costs in response to the changing business environment.

Sales/Prices	■ Take actions to expand sales for fast-growing markets ■ Implement pricing strategies in response to increases in labor costs, outsourcing costs, freight costs, and material prices
Costs	■ Careful budgeting of expenses, mainly overhead costs ■ Improve production system in response to changes in order volume ■ Increase labor productivity (accelerate the use of DX)
Investments	■ No change to the level of strategic investment, Strictly select investment projects for maintenance and renewal

■ Profit-Planning Premises for FY2025 (Market Trends)

			FY2024 results	1H of FY2025 results	Premises of FY2025 2H's plan	Premises of FY2025 plan	
							y/y
Ferrous scrap	H2	¥thou./t	38.2	34.1	34.0	34.1	-4.1
	Factory bundle		43.6	40.4	41.0	40.7	-2.9
Nickel	LME	\$/lb	7.5	6.9	7.0	7.0	-0.5
Crude oil	Dubai	\$/B	77.2	67.3	70.0	68.7	-8.5
Exchange rate	TTM	yen/\$	152.6	146.0	145.0	145.5	-7.1



■ Consolidated Earnings Outlook for FY2025

- Revenue and profits are projected to decline year on year due to weak sales volume.
- Demand for open-die forgings for oil and gas drilling products is expected to decrease year on year due to the stagnant crude oil market.
- Temporary environmental expenses associated with the change in production allocation are expected to be ¥3.3 billion.

(thousand tons, ¥100 mil.)

	FY2024			FY2025			y/y
	1H	2H	Total	1H	2H	Total	
Sales Volume of Specialty Steel	519	496	1,015	504	503	1,007	-8
Revenue	2,834	2,915	5,749	2,845	2,805	5,650	-99
Operating Profit	183	211	394	185	145	330	-64
Adjusted Operating Profit*	207	233	440	185	168	353	-87
Profit Before Tax	196	231	427	197	148	345	-82
Profit Attributable to Owners of Parent	122	161	283	129	106	235	-48

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

■ Revenue, Operating Profit, and Adjusted Operating Profit by Segment

(¥100 mil.)

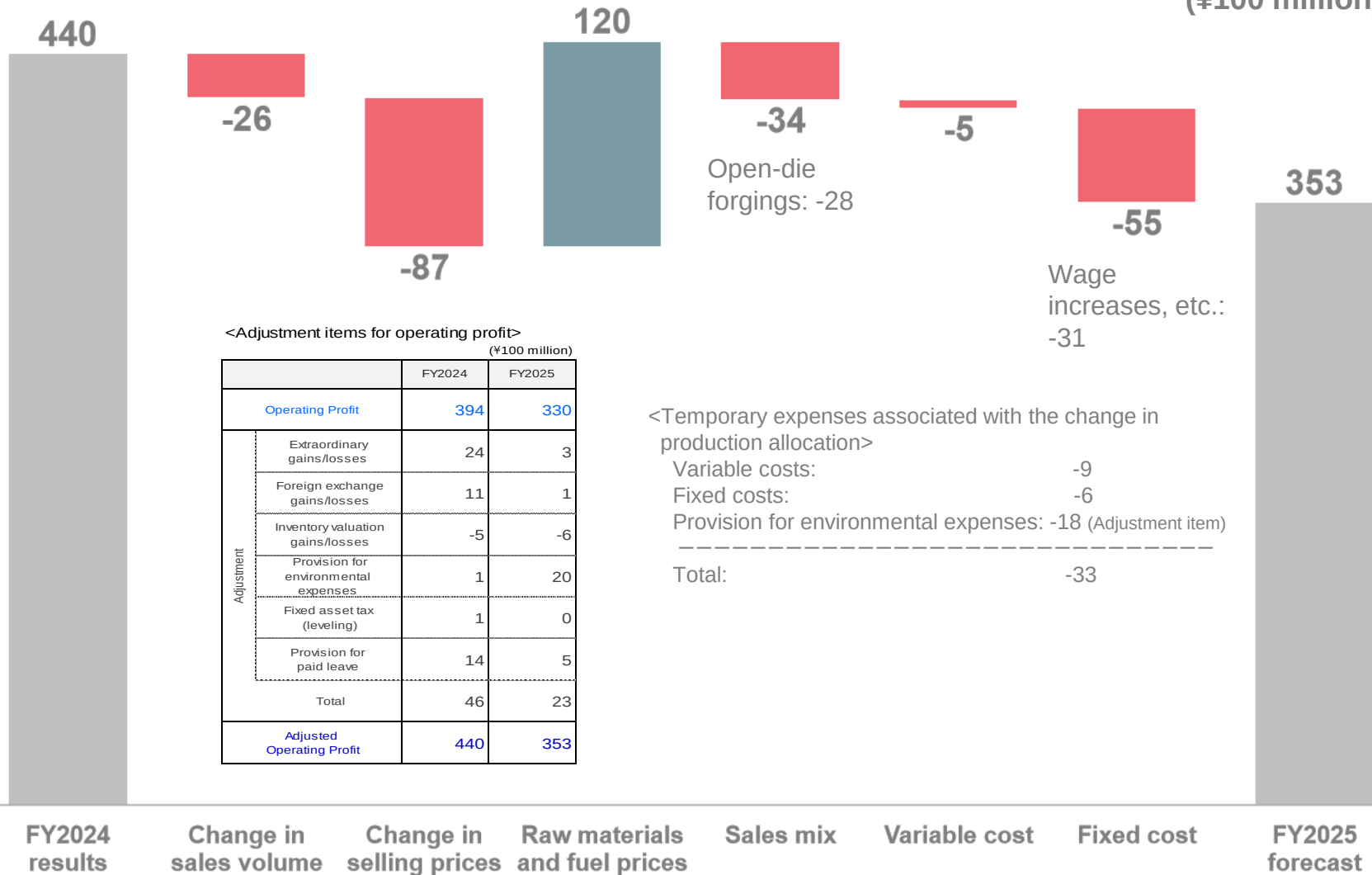
	FY2025 Forecast									y/y		
	1H			2H			Full-year					
	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)
Specialty Steel	1,000	55	56	1,000	30	38	2,000	85	94	-101	-36	-37
High-Performance Materials and Magnetic Materials	968	63	57	987	62	68	1,955	125	125	-54	15	-13
Parts for Automobiles and Industrial Equipment	592	36	43	533	29	35	1,125	65	78	-5	-48	-41
Engineering	142	13	12	143	12	14	285	25	26	44	3	3
Trading and Service	143	18	17	142	12	13	285	30	30	17	2	1
Total	2,845	185	185	2,805	145	168	5,650	330	353	-99	-64	-87

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

Sales Volume of Specialty Steel (Non-consolidated)	504	503	1,007	-8
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■ Changes in Adjusted Operating Profit for FY2025 (y/y)

(¥100 million)



Overview by Segment

Specialty Steel

(¥100 million)

	FY2024	FY2025			y/y
	Full-year	1H	2H	Full-year	
Revenue	2,101	1,000	1,000	2,000	-101
Operating profit	121	55	30	85	-36
Adjusted Operating Profit*	131	56	38	94	-37
Surcharge Gap	26	5	0	5	-21

■ Automobile-related orders will remain low. The recovery for industrial equipment is expected to be slow.

■ We will continue to implement sales price strategies to secure appropriate margins.

High-Performance Materials and Magnetic Materials

(¥100 million)

	FY2024	FY2025			y/y
	Full-year	1H	2H	Full-year	
Revenue	2,009	968	987	1,955	-54
Operating profit	110	63	62	125	15
Adjusted Operating Profit*	138	57	68	125	-13

■ A full-fledged demand recovery for semiconductor production equipment is expected to start from FY2026 onward.

■ Demand for heavy rare earth-free magnets will continue to grow.

Parts for Automobiles and Industrial Equipment

(¥100 million)

	FY2024	FY2025			y/y
	Full-year	1H	2H	Full-year	
Revenue	1,130	592	533	1,125	-5
Operating profit	113	36	29	65	-48
Adjusted Operating Profit*	119	43	35	78	-41

■ While aircraft-related orders are recovering, orders for oil and gas drilling products will remain weak due to the sluggish crude oil market.

■ Demand for diesel engine exhaust valves for ships and heavy electric machinery will remain strong.

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

Dividend per Share

FY2025 interim dividend: 22 ¥/share, ¥6 up from the previous forecast of ¥16
FY2025 full-year dividend forecast: 49 ¥/share; ¥2 up from the FY2024 results of ¥47

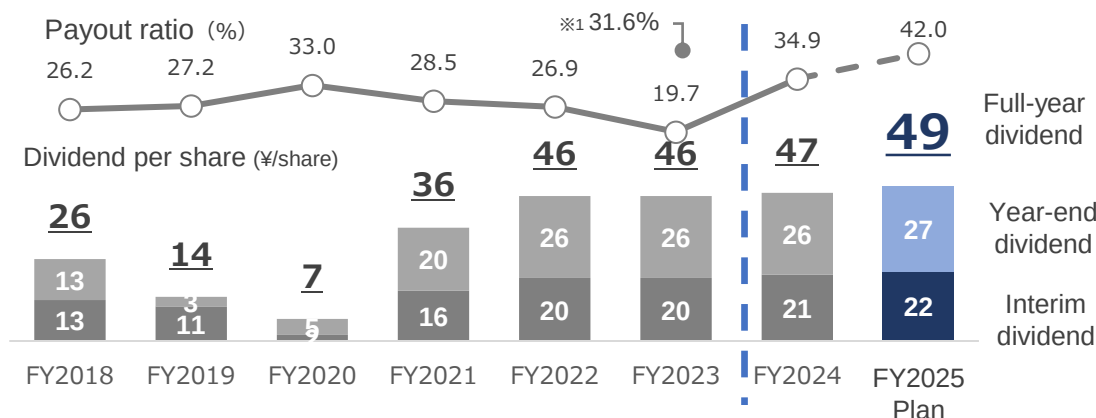
	FY2024		FY2025 (Forecast)		Latest forecast (May 8)	
	Interim	Full-year	Interim	Full-year	Interim	Full-year
Operating Profit (¥100 mil.)	183	394	185	330	125	—
Net Profit*1 (¥100 million)	122	283	129	235	80	—
Dividend per Share (¥/Share)	21.0	47.0 (Year-end 26.0)	22.0	49.0 (Year-end 27.0)	16.0	To be determined
Payout Ratio (%)	36.8	34.9	34.6	42.0	41.2	—

Dividend payout ratio excluding one-off effects (*2)

Payout Ratio (%)	31.0	32.4	34.0	41.6	41.2	—
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*1 Profit attributable to owners of parent

*2 Excluding items that qualify as extraordinary gains or losses (gains on sales of fixed assets, losses on liquidation of subsidiaries and affiliates, impairment losses on fixed assets, etc.) (after tax)



Shareholder Return Policy

- Consolidated dividend payout ratio: 30% or more
However, we **set the lower limit of DOE at 2.5%***.
- We consider **acquiring treasury stock**, based on the progress of optimizing cash allocation.

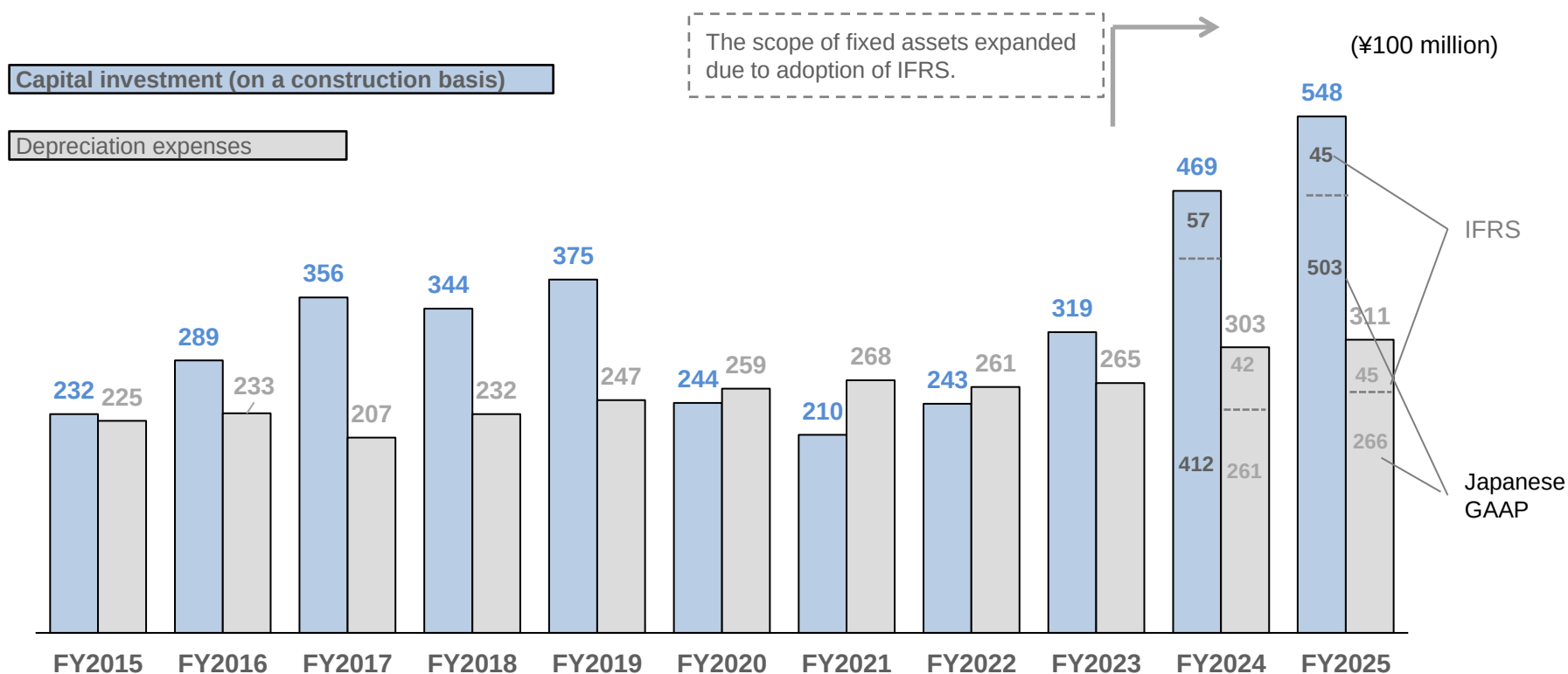
*Shareholders' equity: Equity attributable to owners of the parent excluding other components of equity
 DOE: Dividend payment ÷ Shareholders' equity (as of the end of the previous fiscal year)

*1: Payout ratio excl. one-off effects:

The payout ratio against profit excluding gains on sales of securities and fixed assets, losses on liquidation of subsidiaries and affiliates, and impairment losses on fixed assets (after tax)

■ Capital Investments

- We strive to make strategic investments in fast-growing markets that will lead to an increase in earnings.
- We are going to launch new equipment successively as part of the Superalloy Manufacturing Process Transformation Project.



Fiscal Years 2024-2026 Redesign of Mid-Term Management Plan

October 30, 2025



■ Redesign of 2026 Mid-Term Management Plan

- **Orders have been decreasing** at a faster pace **than anticipated** due to a decline in automobile-related demand, which is a major source of demand, and sluggish domestic production activity in the industrial equipment-related sector. Furthermore, **uncertainty remains high**, including the U.S. tariff policy and the slowdown in the domestic economy in China.
- In light of these **changes in the external environment**, we have determined that it is **necessary** to review and **revise** our targets set in the management plan.
- We have revised **operating profit for FY2026**. On the other hand, we have formulated a **new shareholder return policy** by **introducing a lower limit of DOE** in order to stabilize dividend payments.
- However, there are no changes to our **action policies that are aimed for the future growth**. We will steadily proceed with our “Transforming business portfolio” and expand sales of our high-performance materials.

■ Changes in Business Environment (compared with original plan)

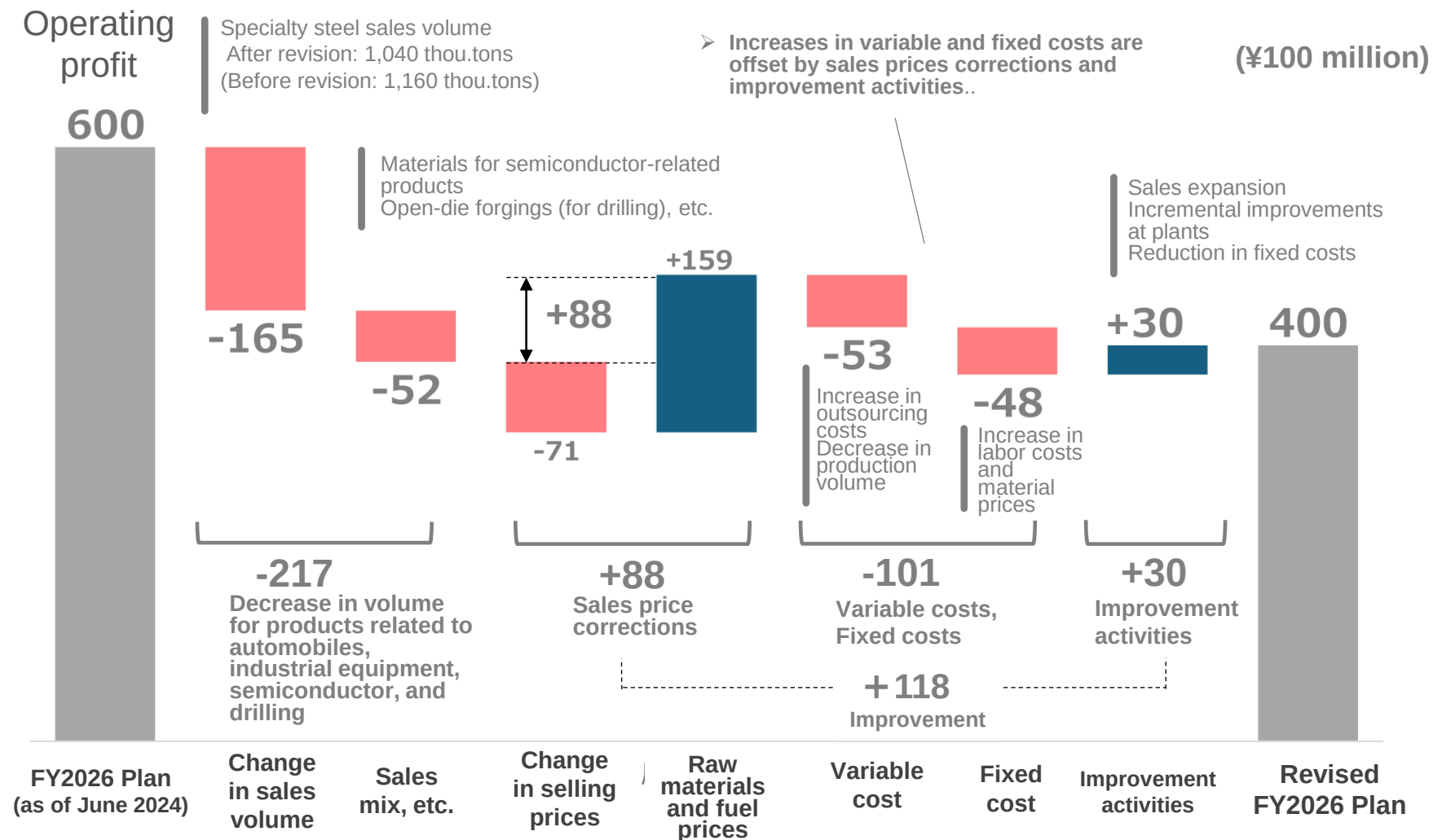
- Orders in existing businesses, such as those for **automobiles and industrial equipment**, significantly declined compared with the time when the mid-term management plan was formulated.
- In addition, the **semiconductor production equipment and oil drilling** industries, which were expected to grow, are in an **adjustment phase** in the short term.

Automobiles	✓ Global automobile sales are generally in line with the mid-term forecast due to a slight increase supported by market growth in China, despite the downward pressure on demand mainly in the U.S. due to the impact of tariffs. ✓ On the other hand, Japanese automobile sales were negative except for Toyota. ✓ In addition, due to the increase in sales of Chinese BEVs in ASEAN as well as China, the Japanese makers' market share has been shrinking.	Changes in orders for structural steel for automobiles <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Initial plan (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr><td>FY18</td><td>100</td><td>100</td></tr> <tr><td>FY19</td><td>91</td><td>91</td></tr> <tr><td>FY20</td><td>75</td><td>75</td></tr> <tr><td>FY21</td><td>88</td><td>88</td></tr> <tr><td>FY22</td><td>79</td><td>79</td></tr> <tr><td>FY23</td><td>87</td><td>87</td></tr> <tr><td>FY24</td><td>79</td><td>79</td></tr> <tr><td>FY25</td><td>77</td><td>77</td></tr> <tr><td>FY26</td><td>90</td><td>78</td></tr> </tbody> </table>	Fiscal Year	Initial plan (%)	Actual (%)	FY18	100	100	FY19	91	91	FY20	75	75	FY21	88	88	FY22	79	79	FY23	87	87	FY24	79	79	FY25	77	77	FY26	90	78
Fiscal Year	Initial plan (%)	Actual (%)																														
FY18	100	100																														
FY19	91	91																														
FY20	75	75																														
FY21	88	88																														
FY22	79	79																														
FY23	87	87																														
FY24	79	79																														
FY25	77	77																														
FY26	90	78																														
Industrial equipment	✓ Demand for both machine tools and construction equipment is gradually recovering but remains at a standstill after peaking in FY2021. ✓ While Japanese makers are transforming their business strategies to prioritize quality over quantity, Chinese makers have been becoming dominant over Japanese makers in the industrial robotic equipment market in China. ✓ Demand for construction equipment in the U.S. is on the decline due to the impact of tariffs.	Changes in orders for structural steel for industrial equipment <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Initial plan (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr><td>FY18</td><td>100</td><td>100</td></tr> <tr><td>FY19</td><td>83</td><td>83</td></tr> <tr><td>FY20</td><td>70</td><td>70</td></tr> <tr><td>FY21</td><td>101</td><td>101</td></tr> <tr><td>FY22</td><td>81</td><td>81</td></tr> <tr><td>FY23</td><td>73</td><td>73</td></tr> <tr><td>FY24</td><td>67</td><td>67</td></tr> <tr><td>FY25</td><td>67</td><td>67</td></tr> <tr><td>FY26</td><td>82</td><td>69</td></tr> </tbody> </table>	Fiscal Year	Initial plan (%)	Actual (%)	FY18	100	100	FY19	83	83	FY20	70	70	FY21	101	101	FY22	81	81	FY23	73	73	FY24	67	67	FY25	67	67	FY26	82	69
Fiscal Year	Initial plan (%)	Actual (%)																														
FY18	100	100																														
FY19	83	83																														
FY20	70	70																														
FY21	101	101																														
FY22	81	81																														
FY23	73	73																														
FY24	67	67																														
FY25	67	67																														
FY26	82	69																														
Semiconductor production equipment	✓ Due to a combination of several factors, including the poor performance of major manufacturers, a decline in demand for products other than those for AI, and the Trump tariff, manufacturers are cautious about investing and are now temporarily in an adjustment phase. ✓ However, from FY2026 onward, stable growth is anticipated in the mid-to long-term, driven mainly by increased capital investment in the U.S.	Changes in orders for semiconductor production equipment <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Initial plan (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr><td>FY18</td><td>100</td><td>100</td></tr> <tr><td>FY19</td><td>39</td><td>39</td></tr> <tr><td>FY20</td><td>75</td><td>75</td></tr> <tr><td>FY21</td><td>183</td><td>183</td></tr> <tr><td>FY22</td><td>221</td><td>221</td></tr> <tr><td>FY23</td><td>100</td><td>100</td></tr> <tr><td>FY24</td><td>93</td><td>93</td></tr> <tr><td>FY25</td><td>100</td><td>100</td></tr> <tr><td>FY26</td><td>270</td><td>114</td></tr> </tbody> </table>	Fiscal Year	Initial plan (%)	Actual (%)	FY18	100	100	FY19	39	39	FY20	75	75	FY21	183	183	FY22	221	221	FY23	100	100	FY24	93	93	FY25	100	100	FY26	270	114
Fiscal Year	Initial plan (%)	Actual (%)																														
FY18	100	100																														
FY19	39	39																														
FY20	75	75																														
FY21	183	183																														
FY22	221	221																														
FY23	100	100																														
FY24	93	93																														
FY25	100	100																														
FY26	270	114																														
Others	✓ Demand for ships continues to be strong and aircraft-related demand started to recover from FY2025. However, the oil and gas drilling-related industry remains in a challenging position. ✓ Demand for heavy electric machinery for power plants is solid. Inventory adjustments for healthcare products will continue and the demand recovery is expected to start from FY 2026 onward.																															

■ Changes in Operating Profit (compared with original plan)

Revision of Operating Profit for FY2026: 60 billion JPY ⇒ 40 billion JPY

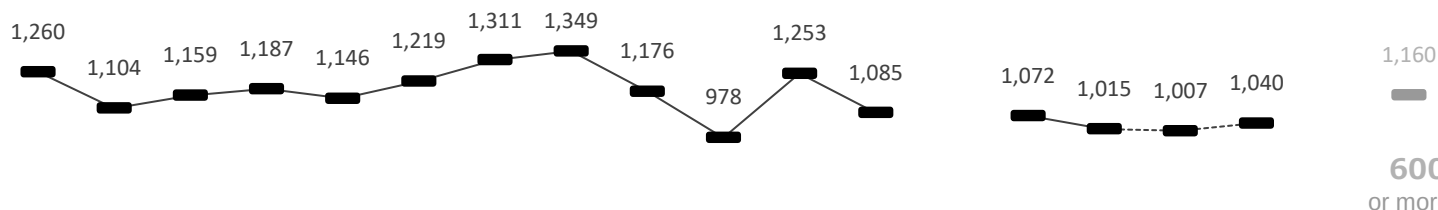
The revision has been made to reflect weak demand for automobiles and industrial equipment and delayed demand recovery for semiconductors.



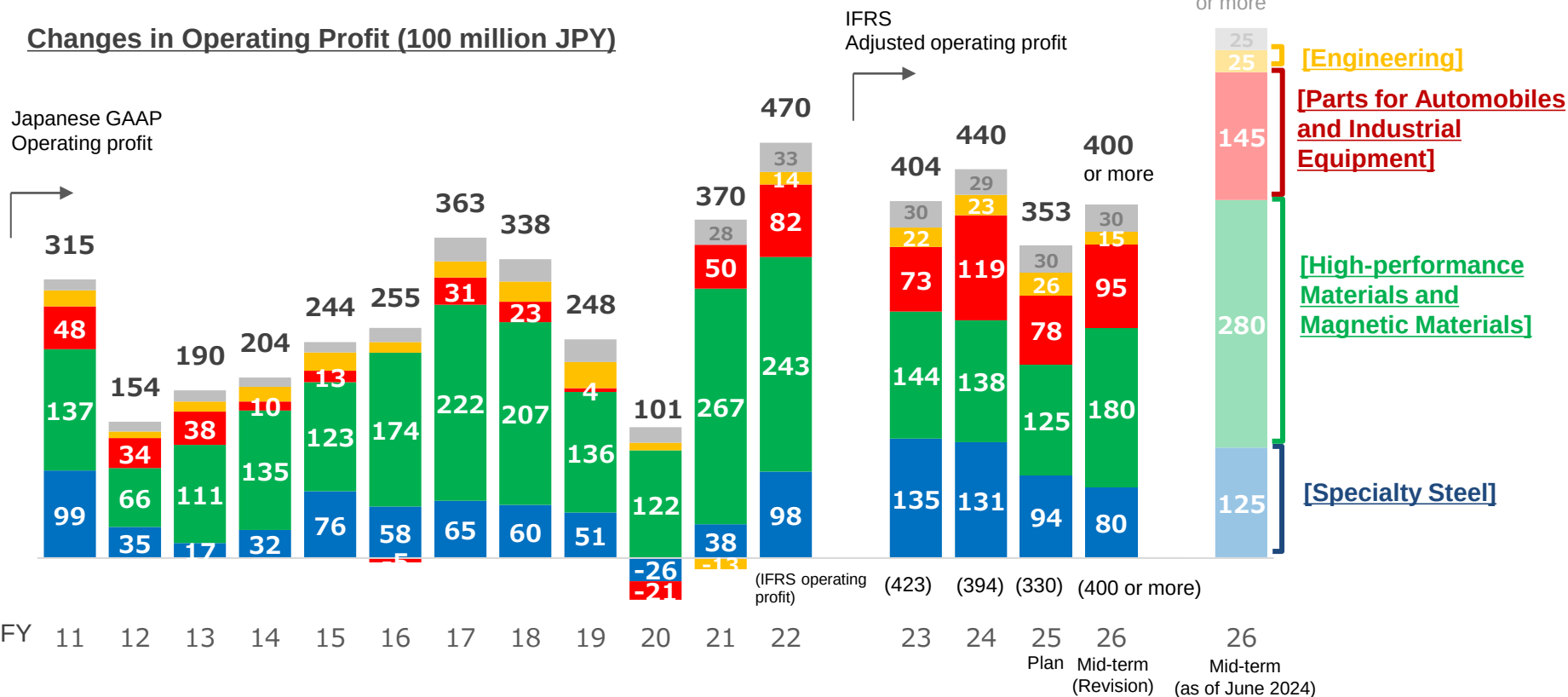
■ Changes in Operating Profit

- While specialty steel sales volume has been declining since FY2021, we have maintained solid profits by implementing our portfolio reforms and revising sales prices.

Specialty Steel Sales Volume (thou. tons/year)



Changes in Operating Profit (100 million JPY)



■ Revision of 2026 Mid-Term Management Targets

- By revising operating profit, other targets in the management plan have been revised.
- We continue to improve capital efficiency and enhance shareholder returns while maintaining the balance between profit, investment and financial soundness.

	Initial FY2026 Plan Fiscal year ending March 2027	Revised FY2026 Plan Fiscal year ending March 2027	
Operating profit	60 billion JPY or more	40 billion JPY or more	Maintaining the balance between profits, investment and financial soundness
Amount invested (3-year total on approval basis)	<u>Total (FY24-FY26)</u> 150 billion JPY	<u>Total (FY24-FY26)</u> 140 billion JPY	
D/E ratio	about 0.5	about 0.5	
Return on equity ROE	9% or more	7% or more	Setting the lower limit of DOE, Acquisition of treasury stock
Return to shareholders	<u>Dividend payout ratio:</u> 30% or more	<u>Dividend payout ratio:</u> 30% or more	

■ Enhancement of Shareholder Returns, Changes in Dividends

- We **set the lower limit of DOE 2.5%** with the aim of stabilizing shareholder returns.
- We also consider **acquiring treasury stock**, based on the progress of optimizing cash allocation.

Previous shareholder return policy

- Consolidated dividend payout ratio: 30% or more
- Considering enhancement of shareholder returns based on the progress of optimizing cash allocation

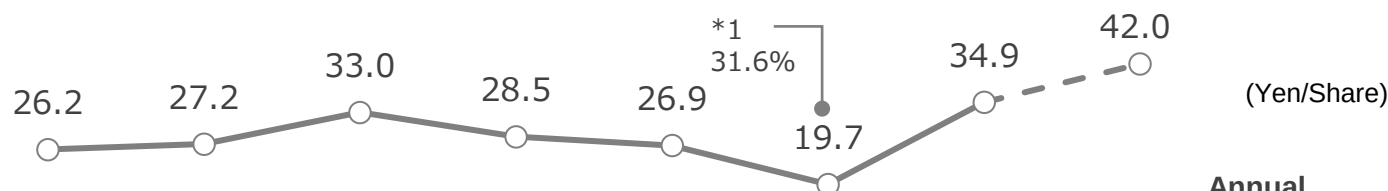
New shareholder return policy

- Consolidated dividend payout ratio: 30% or more
However, the lower limit of DOE is set at 2.5%*.
- Share buybacks are also taken into consideration, based on the progress of optimizing cash allocation.

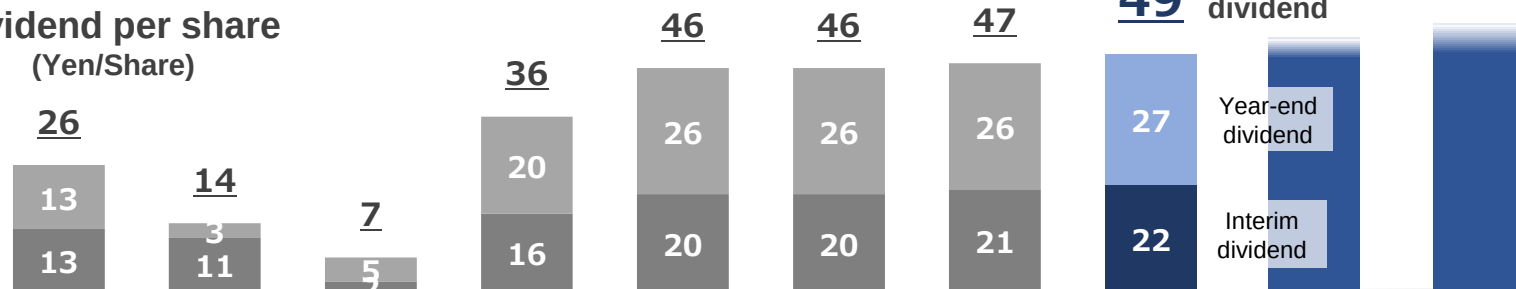
*Shareholders' equity: Equity attributable to owners of the parent excluding other components of equity
DOE: Dividend payment ÷ Shareholders' equity (as of the end of the previous fiscal year)

Payout ratio (%)

Total payout ratio:
64.9%



Dividend per share (Yen/Share)



*1: Payout ratio excl. one-off effects:

The payout ratio against profit excluding gains on sales of securities and fixed assets, losses on liquidation of subsidiaries and affiliates, and impairment losses on fixed assets (after tax)

FY2023

buyback
amount

FY2024

8.5 billion
JPY (Nov.)

FY2025
plan

6.6 billion
JPY (Jul.)

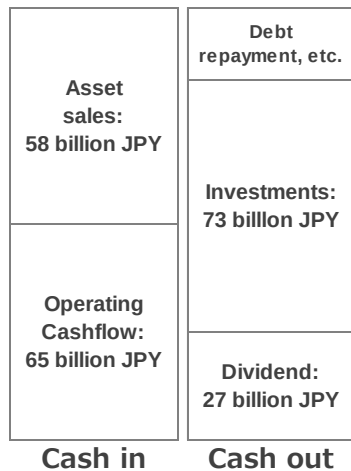
FY2026

FY2027

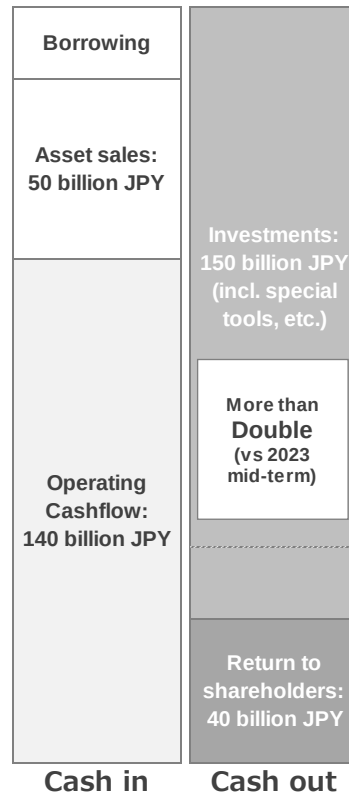
Cash Allocation

- Cash in: We will consider selling assets while operating CF is expected to decrease compared to the mid-term plan.
- Cash out: The level of strategic investment remains unchanged, and we strictly select maintenance and renewal projects that we will implement. We aim to enhance shareholder returns.

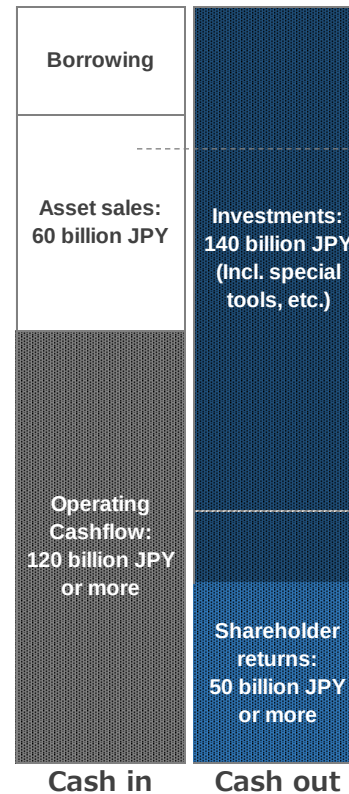
2023 mid-term results
(3-year total, Japan GAAP)



2026 mid-term plan
announced in May 2024
(3-year total, IFRS)



Revised
2026 mid-term plan
(3-year total, IFRS)



Strategic investment in fast-growing market products
Investment in rationalization and energy conservation

<Strategic Investments>

- Superalloy Mfg. Process Transformation Project
- High-performance stainless steel, etc.
- **No change to the level of strategic investment**
- **Reduction of maintenance and renewal investment compared to initial mid-term plan**

Promoting asset sales

- **Liquidating cross-shareholdings and non-core assets (real estate, etc.)**
- Cross-shareholdings reduction plan

	FY2024 Results	FY2026 Plan	FY2030 Target
Equity ratio	17.7%	15% or more	10%

Enhancing management resilience

- Investing in human capital
- Promotion of DX

Shareholder returns

- Consolidated dividend payout ratio: 30% or more.
- The lower limit of DOE is set at 2.5%.
- Acquiring treasury stock

■ Earnings Growth through Business Portfolio Transformation

Expansion of business scale linked to the market growth

Market growth rate:

Achieve sustainable growth

Our “Vision for 2030”

Engineering

- Strengthen our ability to develop new types of environmental equipment
- Enhance our retrofit business

Parts for automobiles and industrial equipment

- Deepen our co-creation relationships with the aerospace industry
- Promote the acquisition of certifications from customers

High-performance materials and magnetic materials

- Expand our product lineup in fast-growing markets
- Increase our market share of materials for semiconductor production equipment

Specialty steel

- Deepen our co-creation relationships with the auto industry
- Lower the break-even point at each plant

[Scale expansion business]

- Open-die forgings

↑ High

Parts for automobiles and industrial equipment
FY2030

High-performance materials and magnetic materials
FY2030

Engineering
FY2030

[Scale expansion business]

- Environmental equipment (industrial furnaces, etc.)

[Advanced business]

- Neodymium magnets
- LiB anode materials
- Semi-magnetic materials
- Superalloy strip and powder
- Titanium alloys

[High profitability business]

- Stainless steel for semiconductor production equipment

ROS

→ High

[Baseline business]

- Specialty steel
- Tool steel

Specialty steel

FY2030

FY2024

FY2030



Circle size :
Operating profit



Circle size :
Operating profit

[Measures for transforming our business portfolio]

- Sales expansion for fast-growing markets
- Early realization of effects of strategic investments
 - Execution of Superalloy Manufacturing Process Transformation Project, and other strategic investments
- Implementation of M&A strategy (leveraging Nippon Koshuha Steel as a force for growth)
- Promotion of structural reforms (optimization of personnel allocation, etc.)
- Fixed cost reduction and improvement of labor productivity

Generate stable operating cash flow

Achieve dominant market presence

*Retrofit: improving existing equipment by incorporating the latest technology in it, CN: Carbon neutral, CE: Circular economy, LiB anode material: Anode material for lithium-ion batteries

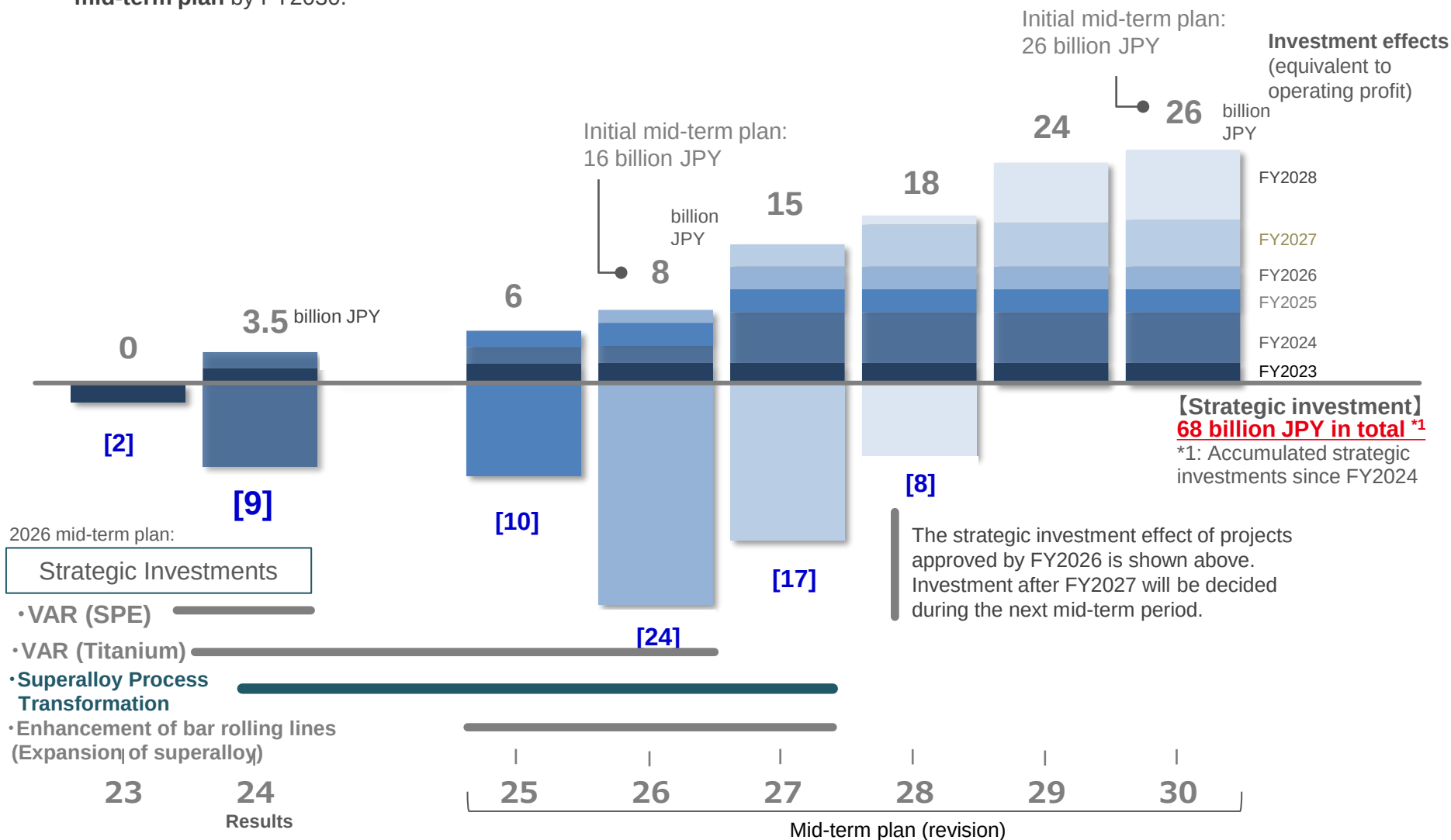
Strategic Investments in Fast-Growing Areas

- Approvals for large-scale strategic investments in the 2026 mid-term plan, including those in superalloy, titanium products, and magnetic products, were mostly completed.

	Capital investment	Equipment images
Parts for Automobiles and Industrial Equipment	Superalloy Mfg. Process Transforming Project Superalloy ■ <u>Install a large radial forging machine, increase capacity for VIM furnaces, install two VAR furnaces, expansion of heat-treating and machining capacity</u> Certificate acquisition for superalloy for airplane, oil & gas drilling, Production capacity expansion for open-die forgings Amount of investment: 36 billion JPY Installation being progressed toward the project's completion by FY2027 Under steady progress	 Large radial forging machine (Scheduled for completion in FY2027)
	Bar rolling line Superalloy ■ <u>Enhance the bar rolling line at Hoshizaki Plant</u> Enhance rolling capacity for superalloy Amount of investment: 3.6 billion JPY Start of operation: March 2027 Under steady progress	 Bar rolling line at Hoshizaki Plant
High-Performance Materials and Magnetic Materials	VAR furnace High-performance stainless steel, Superalloy ■ <u>Install two VAR furnaces at Chita Second Plant</u> Enhance production capacity of stainless steel and superalloy for semiconductor production equipment Production capacity: 20% improvement Amount of investment: 5.2 billion JPY (incl. ancillary equipment) In operation Feb. 2025	 VAR (Vacuum Arc Melting) furnace at Chita Second Plant
	Bar rolling line Stainless steel (Large round bars) ■ <u>Install large round bar rolling lines at Chita Plant</u> Expand the product range of steel bar rolling lines, for stainless steel, etc. Amount of investment: 1.2 billion JPY Start of operation: August 2027 New	 Blooming line at Chita Plant
	VAR furnace Titanium products (for medical use) ■ <u>Install two VAR furnaces for titanium at Chita Second Plant</u> Enhance production capacity, in response to increasing titanium product orders Amount of investment: 4.1 billion JPY (incl. ancillary equipment) Start of operation; 1st furnace: October 2025, 2nd furnace August 2026 The 1st furnace in operation	 Ti-15Mo low elastic modulus titanium alloy for medical use Manufacturing technology development and market launch were implemented.
	Magnet production lines Hot-deformed magnets ■ <u>Install magnet production lines for xEV drive motors</u> Enhance production capacity, in response to strong demand for xEVs We plan to make capital investment of about 5 billion JPY in total by FY2030 Amount of investment: 1.5 billion JPY (Step 1) Start of operation: April 2026 Under installation	Heavy rare earth-free magnets with special orientation 

■ Effect of Strategic Investments on Profits (Progress)

- We have revised the timing of a demand recovery for high-performance materials for semiconductor production equipment as well as the timing of an order increase in oil and gas drilling products, which we had projected in the 2026 mid-term plan.
- By completing the Superalloy Manufacturing Process Transformation Project, we are planning to **achieve results on par with our initial mid-term plan** by FY2030.



※VAR: Vacuum arc remelting furnace, SPE: Semiconductor production equipment

■ Our Vision and Management Targets

- While we have revised our targets initially set in the 2026 management plan in response to the rapidly changing business environment, we will **maintain our Vision and our management and action policies for achieving the targets.**

Our Vision for 2030

We will pursue high-performance materials, create benefits for customers and contribute to the realization of a sustainable society

2026
Mid-Term

Management Policy

We will view the coming changes in socioeconomic and industrial conditions as opportunities for business growth and transformation of our business portfolio and achieve sustainable profit growth in new business domains (customers, value proposition, and approach)

Action Policy

Transforming business portfolio, Enhancing management resilience, Advancing ESG management

Management
targets to
pursue

**Operating profit:
60 billion JPY
or more**

- Transforming business portfolio (Sales expansion for fast-growing markets)
- Early return on strategic investment (superalloy project, etc.)
- Implementing M&A strategy (leveraging Nippon Koshuha Steel as a force for growth)
- Structural reforms (optimizing personnel allocation, etc.)
- Reducing fixed costs, improving labor productivity

**ROE
9% or more**

- Accelerating sales of assets (cross-shareholdings, real estate, etc)
- Stabilizing shareholder returns (introducing the lower limit of DOE)
- Controlling shareholders' equity (acquiring treasury stock)

**PBR
1.0 or more**

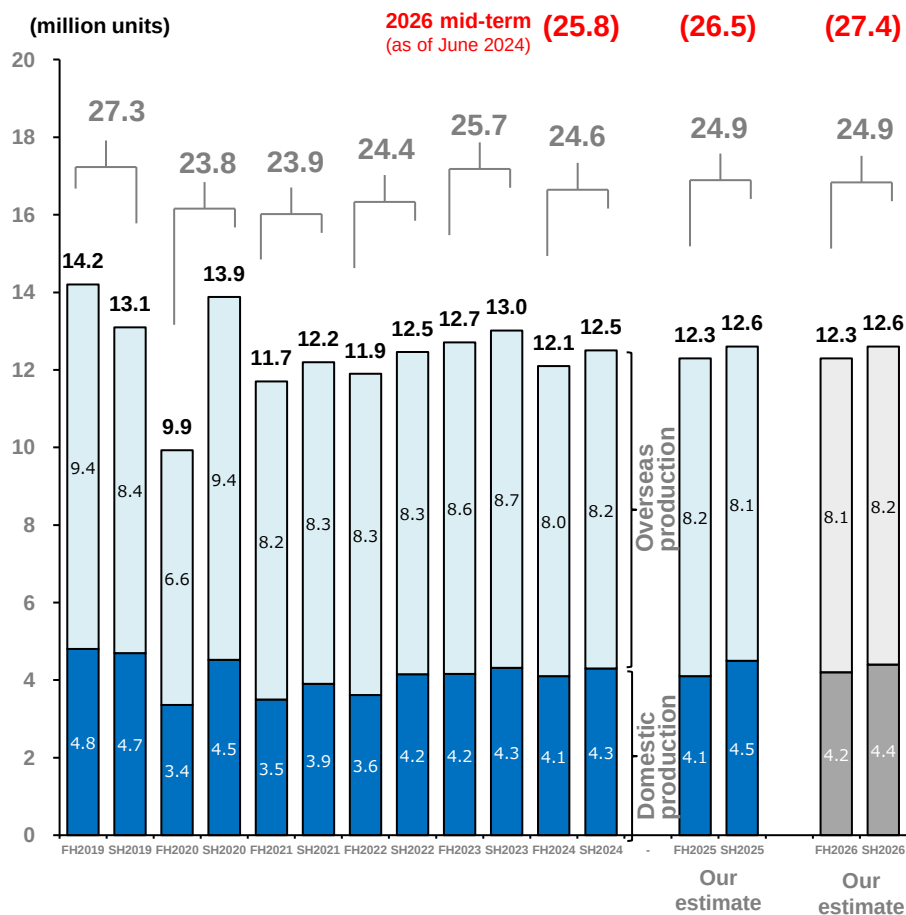
- Advancing sustainability management
- Strengthening corporate governance
- Enhancing communication with stakeholders (increasing contacts with domestic and foreign investors)

Reference Material

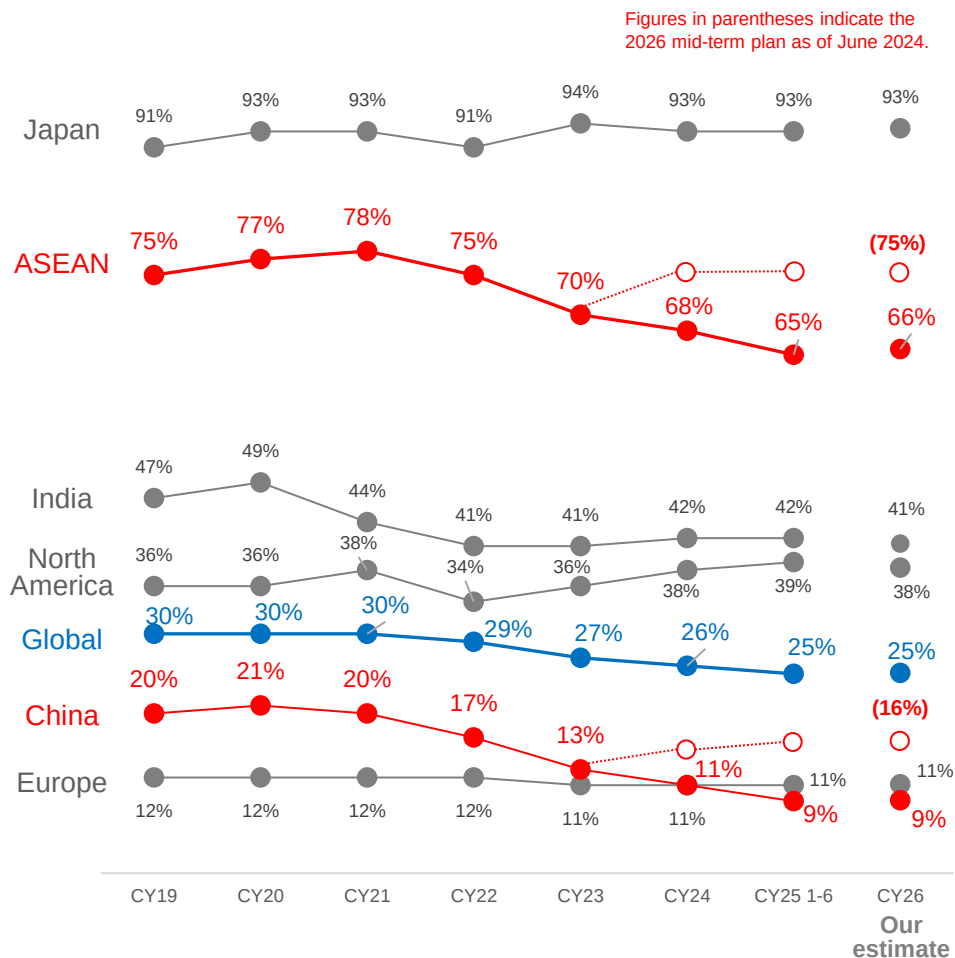
■ Outlook for Major Markets <Automobile-Related Demand>

- Japanese automakers production for FY2025 will remain at the same level as in FY2024. In FY2026, this production level is anticipated to continue.
- The Japanese automakers' market share in China, ASEAN, etc. is declining from CY2023 to CY2025.

Prospective car production by Japanese OEMs



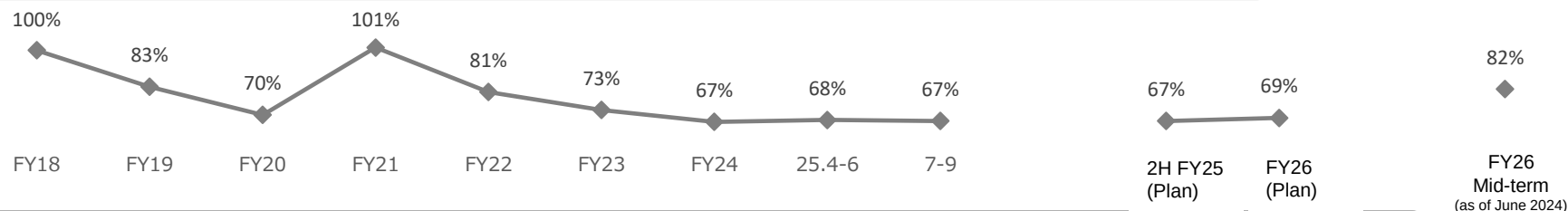
Japanese OEMs market share by regions



■ Demand Trends for Industrial Equipment

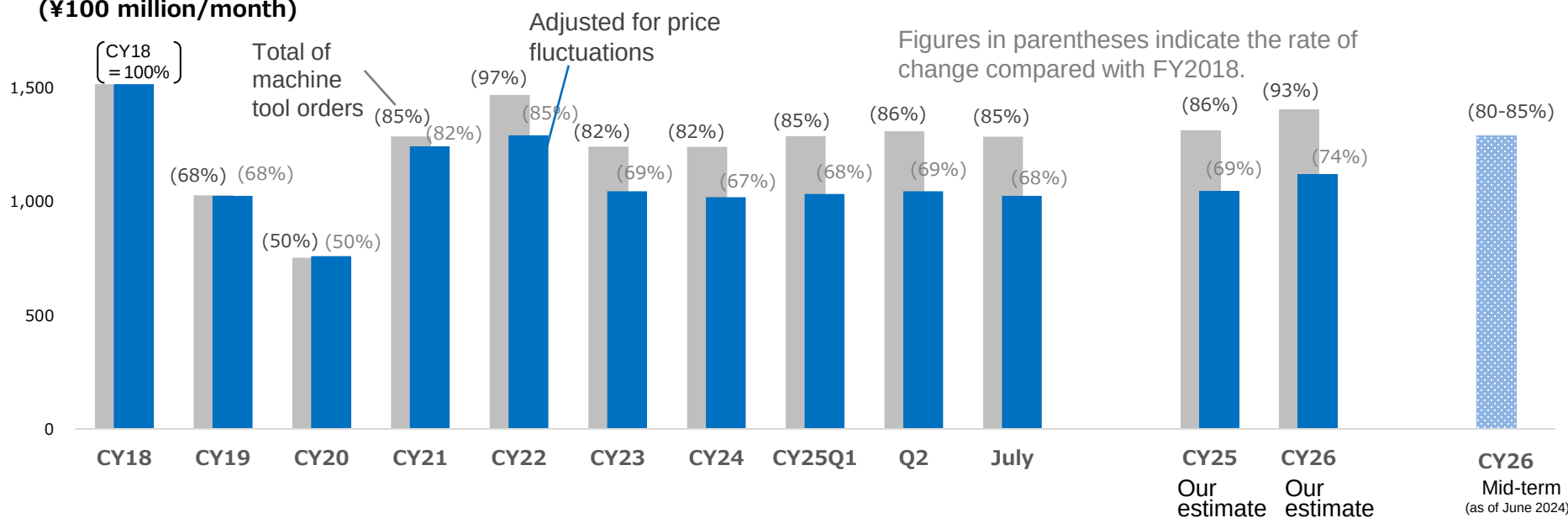
- Demand for industrial equipment (structural steel) is sluggish due to increased local procurement and the emergence of Chinese manufacturers.
- The same demand level is expected to continue in the second half of FY2025 and onwards.

Changes in orders for structural steel for industrial equipment (FY2018=100)



[Machine tool orders: Japan Machine Tool Builders' Association "Machine Tool Statistics"]

(¥100 million/month)



Machine tool orders: made from "Machine Tool Statistics" of Japan Machine Tool Builders' Association
Adjusted for price fluctuations: calculated by incorporating Bank of Japan "Corporate Goods Price Index (2020 Base)" into total machine tool orders

■ Demand Trends for Stainless Steel

	2H FY2025	FY2026
For automobiles and industrial equipment, etc.	<u>Demand will increase compared to 1H FY2025</u> Demand for HDD is expected to remain steady as in the first half. The number of orders received will increase in the second half of FY2025 as the result of sales expansion activities for power plants, etc. Automobile demand will remain unchanged.	<u>We will continuously make efforts to secure sales volume</u> We will continue sales expansion activities and strive to expand demand for high-performance materials while the sales volume for automobiles and industrial equipment is not anticipated to recover significantly.
For semiconductor manufacturing equipment	<u>Demand is expected to fall below the level of the first half of FY2025</u> Demand was gradually recovering until the first half of FY2025. In the second half of FY2025, temporary adjustments are expected due to production cuts by major semiconductor production equipment manufacturers.	<u>Demand recovery is expected to start from the second half of FY2026</u> Inventory adjustments by customers will continue until the first half of FY2026. Demand recovery is expected to start from the second half of FY2026.

Fig. Changes in the number of orders for our stainless products, excluding for semiconductor manufacturing equipment (Orders in FY 2018 = 100)

Orders in FY2018 = 100

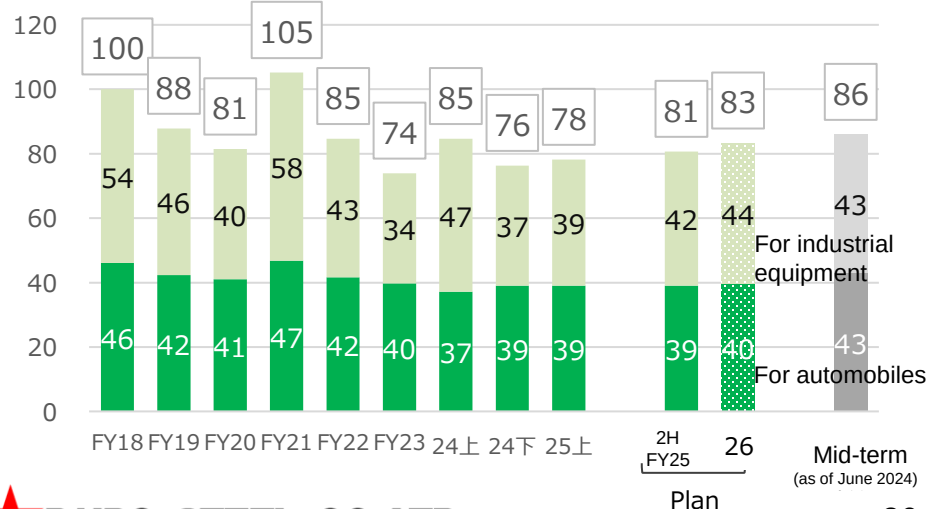
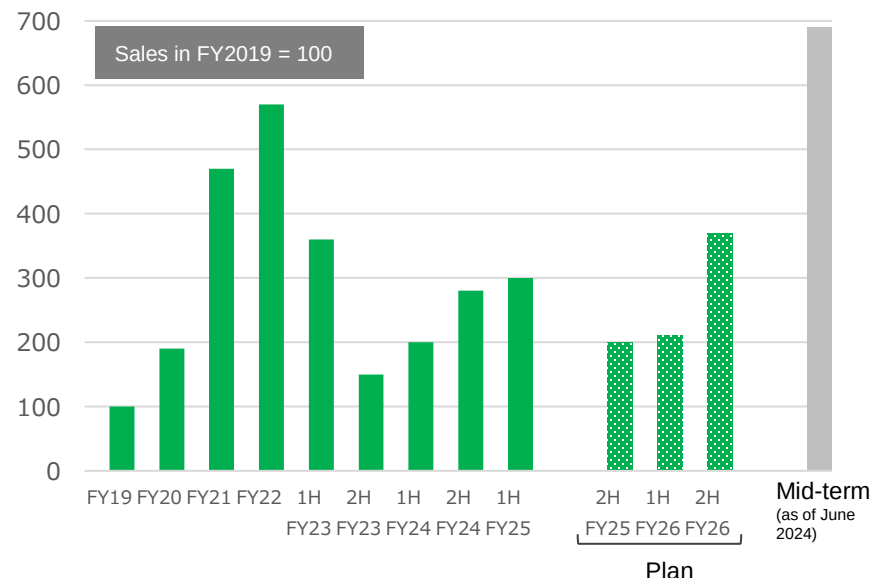


Fig. Estimated sales of materials for semiconductor manufacturing equipment (Sales in FY2019 = 100)



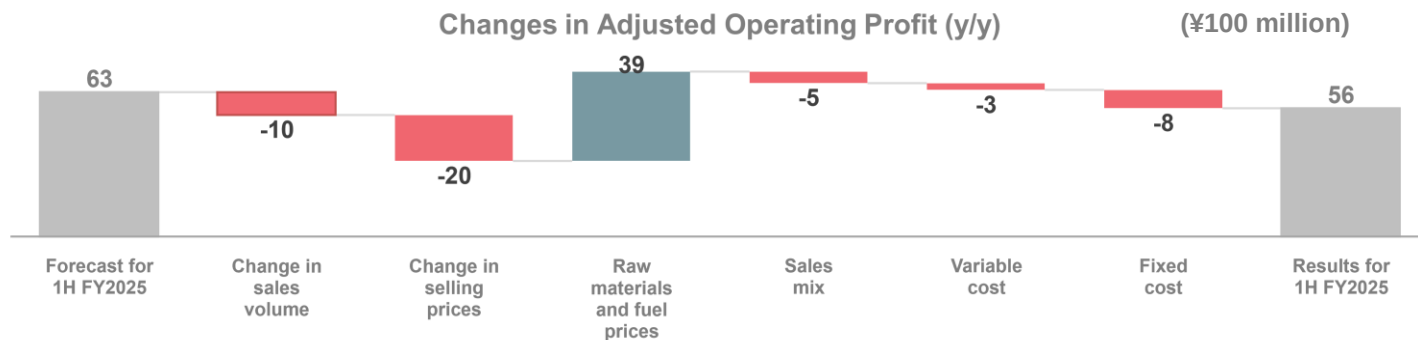
■ Improvement of Corporate Value by Enhancing ESG Management

- We aim to advance sustainability management, focused on the global environment protection, and strive to strengthen human capital management and corporate governance.

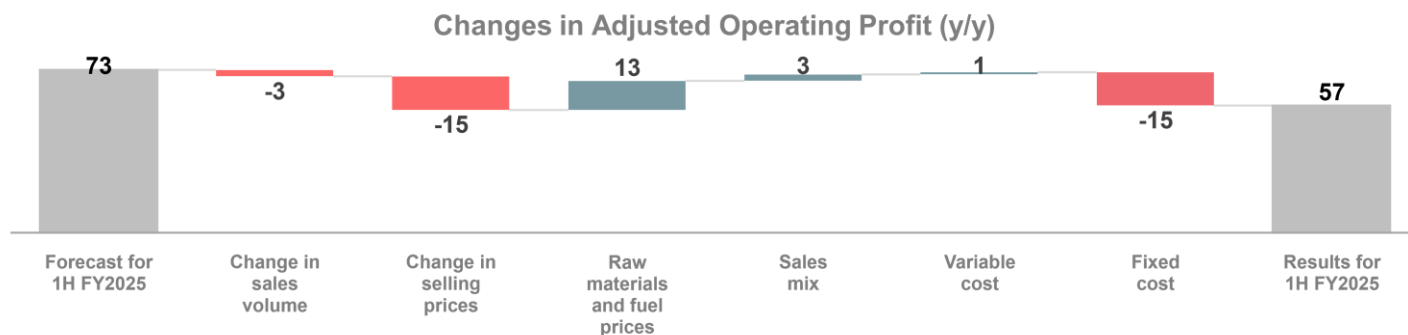
	Activity Results and Plans
E Global environmental protection (Business activities) (Product supply)	➤ Reducing CO₂ emissions [Target: 50% reduction by 2030 and attainment of carbon neutrality by 2050] CO₂ emissions were reduced by 30% in FY2024 compared to FY2013 by conserving energy and using CO₂ free electricity. ➤ Producing the “Daido Green Steel” brand • We participated in the Non-integrated Steel Producers' Association's working group on environmentally-friendly Electric Arc Furnace Steel. ➤ Working on biodiversity • We disclosed information based on the Taskforce on Nature-related Financial Disclosures (TNFD) framework. • We conducted an eco-monitoring survey to evaluate our company-owned forest conservation and regeneration activities on Lake Kutcharo, Hokkaido. ➤ Expanding sales of products that contribute to sustainability (Growth market products: clean energy, CASE, semiconductors, etc.) • Our engineering products were selected as the products to be subsidized under the energy-saving investment promotion program (Twelve products incl. electric arc furnaces with rotating drives (STARQ)). ➤ We acquired the highest rating in CDP 2024 Supplier Engagement Assessment (SEA). We were selected as a Supplier Engagement Leader for the first time. ➤ We were awarded the Gold Prize at the 2025 Aichi Environmental Awards.
S Social responsibility and contributions to human well-being	➤ We were certified as a Health and Productivity Management Outstanding Organization (White 100) for the second consecutive year (2024, 2025). ➤ Improvement of engagement (communication with employees) • 78.5% of our employees responded in a survey that their workplace was the place where they can work with piece of mind, in comfort, and with motivation in 2024. • We will implement various measures to achieve 80% in FY2026, including having dialogues between our President and employees from October 2025. ➤ Strengthening Human Rights Respect Activities • Human rights due diligence was expanded to our group companies. • Daido Steel Group Procurement Policy for supply chain management was formulated. • We become a member of Japan Center for Engagement and Remedy on Business and Human Rights (JaCER).
G Enhancement of sound corporate governance	➤ Reduction of cross-shareholdings and recognition of current status and significance of holding listed subsidiaries The Code of Conduct Guidebook for employees was revised. • Local language versions (English, Chinese, and Vietnamese) were distributed to major overseas group companies. • We created a video “Purpose & Mission” to disseminate our philosophy.

■ Changes in Adjusted Operating Profit for 1H of FY2025 by Segment (y/y)

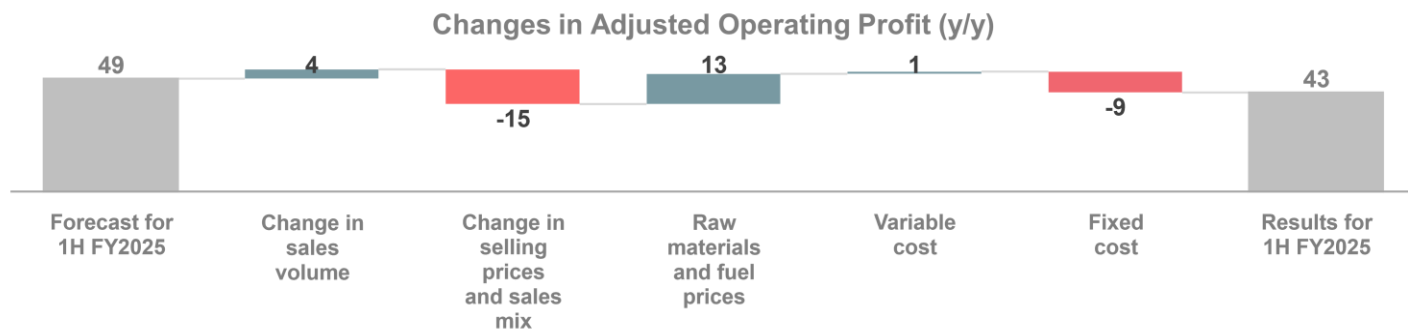
Specialty Steel



High-Performance Materials and Magnetic Materials



Parts for Automobiles and Industrial Equipment



■ Changes in Adjustment Items for Operating Profit

(¥100 million)

		FY 2024					FY 2025				
		1Q	2Q	1H	2H	Total	1Q	2Q	1H	2H Forecast	Total Forecast
Operating Profit		101	82	183	211	394	87	98	185	145	330
Adjustment	Extraordinary gains/losses	20	3	23	1	24	0	3	3	0	3
	Foreign exchange gains/losses	-8	24	16	-5	11	2	-3	-1	2	1
	Inventory valuation gains/losses	-8	7	-1	-4	-5	-5	0	-5	-1	-6
	Provision for environmental expenses	0	1	1	0	1	16	2	18	2	20
	Fixed asset tax (leveling)	-7	-8	-15	16	1	-8	-7	-15	15	0
	Provision for paid leave	0	0	0	14	14	0	0	0	5	5
Total		-3	27	24	22	46	5	-5	0	23	23
Adjusted Operating Profit		98	109	207	233	440	92	93	185	168	353

Changes in Adjustment Items for Operating Profit by Segment

Specialty Steel

(¥100 million)

	FY2024					FY2025				
	1Q	2Q	1H	2H	Full-year	1Q	2Q	1H	2H Forecast	Full-year Forecast
Operating profit	33	28	61	60	121	26	29	55	30	85
Adjustment	Extraordinary gains/losses	0	0	0	0	0	0	0	0	0
	Foreign exchange gains/losses	-2	7	5	-2	3	0	-1	-1	2
	Inventory valuation gains/losses	1	0	1	0	1	0	1	-1	0
	Provision for environmental expenses	0	0	0	1	1	5	0	5	1
	Fixed asset tax (leveling)	-2	-2	-4	3	-1	-2	-2	-4	4
	Provision for paid leave	0	0	0	6	6	0	0	0	2
Total	-3	5	2	8	10	3	-2	1	8	9
Adjusted Operating Profit	30	33	63	68	131	29	27	56	38	94

High-Performance Materials and Magnetic Materials

(¥100 million)

	FY2024					FY2025				
	1Q	2Q	1H	2H	Full-year	1Q	2Q	1H	2H Forecast	Full-year Forecast
Operating profit	30	21	51	59	110	31	32	63	62	125
Adjustment	Extraordinary gains/losses	20	3	23	0	23	0	2	2	0
	Foreign exchange gains/losses	-3	8	5	-2	3	1	-1	0	0
	Inventory valuation gains/losses	-8	7	-1	-3	-4	-5	0	-5	-1
	Provision for environmental expenses	0	0	0	1	1	2	0	2	1
	Fixed asset tax (leveling)	-3	-2	-5	6	1	-3	-2	-5	5
	Provision for paid leave	0	0	0	4	4	0	0	0	1
Total	6	16	22	6	28	-5	-1	-6	6	0
Adjusted Operating Profit	36	37	73	65	138	26	31	57	68	125

Parts for Automobiles and Industrial Equipment

(¥100 million)

	FY2024					FY2025				
	1Q	2Q	1H	2H	Full-year	1Q	2Q	1H	2H Forecast	Full-year Forecast
Operating profit	28	21	49	64	113	14	22	36	29	65
Adjustment	Extraordinary gains/losses	0	0	0	0	0	1	1	0	1
	Foreign exchange gains/losses	-3	6	3	1	4	1	-1	0	0
	Inventory valuation gains/losses	0	1	1	-3	-2	0	0	0	0
	Provision for environmental expenses	0	0	0	0	0	9	1	10	1
	Fixed asset tax (leveling)	-2	-2	-4	4	0	-2	-2	-4	4
	Provision for paid leave	0	0	0	4	4	0	0	0	1
Total	-5	5	0	6	6	8	-1	7	6	13
Adjusted Operating Profit	23	26	49	70	119	22	21	43	35	78

Engineering

(¥100 million)

	FY2024					FY2025				
	1Q	2Q	1H	2H	Full-year	1Q	2Q	1H	2H Forecast	Full-year Forecast
Operating profit	2	6	8	14	22	7	6	13	12	25
Adjustment	Extraordinary gains/losses	0	0	0	0	0	0	0	0	0
	Foreign exchange gains/losses	0	0	0	0	0	0	0	0	0
	Inventory valuation gains/losses	0	0	0	0	0	0	0	0	0
	Provision for environmental expenses	0	0	0	0	0	0	0	0	0
	Fixed asset tax (leveling)	0	0	0	0	0	-1	-1	1	0
	Provision for paid leave	0	0	0	1	1	0	0	0	1
Total	0	0	0	1	1	0	-1	-1	2	1
Adjusted Operating Profit	2	6	8	15	23	7	5	12	14	26

■ Changes in Adjusted Operating Profit by Segment

(¥100 million)

	FY2024					FY2025				
	1Q	2Q	1H	2H	Full-year	1Q	2Q	1H	2H Forecast	Full-year Forecast
Specialty Steel	30	33	63	68	131	29	27	56	38	94
High-Performance Materials and Magnetic Materials	36	37	73	65	138	26	31	57	68	125
Parts for Automobiles and Industrial Equipment	23	26	49	70	119	22	21	43	35	78
Engineering	2	6	8	15	23	7	5	12	14	26
Trading and Service	7	7	14	15	29	8	9	17	13	30
Total	98	109	207	233	440	92	93	185	168	353

■ Fact Book: Financial Highlights

Consolidated						(¥1 million)					
Japanese GAAP ← → IFRS						Japanese GAAP ← → IFRS					
	21/3	22/3	23/3	24/3	25/3	20/9	21/9	22/9	23/9	24/9	25/9
Net sales, Revenue	412,722	529,667	578,564	578,564	574,945	179,490	255,224	281,857	287,235	283,439	284,499
Operating profit	10,070	36,982	46,986	42,250	39,408	▲3,531	19,156	23,225	17,695	18,258	18,464
Ordinary income	12,642	39,200	48,122	—	—	▲2,112	20,556	24,092	—	—	—
Profit before tax	10,065	40,746	49,363	45,068	42,653	▲2,073	20,132	23,686	18,973	19,608	19,650
Profit attributable to owners of parent	4,516	26,894	36,438	30,555	28,314	▲2,318	12,840	18,294	11,757	12,152	12,937
R&D expenses	4,722	5,785	6,255	6,567	6,596	2,185	2,694	3,092	3,095	3,223	3,246
Capital investment (planned)	12,500	25,500	34,900	34,300	68,300	7,500	13,150	9,000	9,000	42,000	12,000
Capital investment (construction)	24,448	21,027	24,284	36,910	46,858	13,955	10,172	11,077	15,409	18,363	26,354
Depreciation	25,912	26,797	26,054	29,764	30,265	12,794	13,469	12,988	14,923	14,832	15,203
Finance account balance	806	1,326	1,544	1,936	2,026	459	693	828	965	1,085	902
Total assets	665,506	728,187	773,851	788,734	782,974	621,997	686,373	757,206	793,722	794,051	802,544
Equity	303,143	329,713	368,718	418,562	429,278	276,815	315,674	343,043	382,345	423,102	437,407
Interest-bearing debt	198,812	229,090	236,761	176,235	176,848	207,302	210,608	250,076	232,610	198,193	175,717
Payroll number	13,109	12,605	12,422	11,941	12,054	13,474	12,838	12,668	12,096	12,162	12,155
ROA(%)	2.0	5.6	6.4	5.8	5.4	▲0.7	6.1	6.5	4.8	5.0	5.0
ROE(%)	1.6	8.5	10.4	7.9	6.7	▲1.7	8.3	10.9	6.4	5.8	6.0
Consolidated subsidiary number	66	62	63	64	63	68	65	62	64	64	63
(Equity method affiliate number is excluded from the above.)	(9)	(8)	(8)	(8)	(8)	(9)	(9)	(8)	(8)	(8)	(8)

*Long-term prepaid expenses are not included in the depreciation.

*Net income belongs to stockholders of parent company under Japanese GAAP.

Net income belongs to owners of parent company under IFRS.

■ Fact Book: Revenue & Operating Profit by Segment

Consolidated

<New segment (From April in 2012)>

		Japanese GAAP ←				IFRS (¥100 million)	
		20/3	21/3	22/3	23/3	24/3	25/3
Specialty Steel	Revenue	1,817	1,458	1,978	2,148	2,187	2,101
	Operating Profit	52	▲ 26	38	98	137	121
High-Performance Materials & Magnetic Materials	Revenue	1,674	1,494	1,976	2,197	2,024	2,009
	Operating Profit	136	122	267	243	103	110
Parts for Automobiles & Industrial Equipment	Revenue	973	808	925	1,012	1,050	1,130
	Operating Profit	4	▲ 21	50	82	57	113
Engineering	Revenue	266	202	182	190	231	241
	Operating Profit	30	8	▲ 13	14	22	22
Trading and Service	Revenue	174	165	236	239	294	268
	Operating Profit	26	18	28	33	104	28
Total	Revenue	4,904	4,127	5,297	5,786	5,786	5,749
	Operating Profit	248	101	370	470	423	394

		Japanese GAAP ←						→ IFRS (¥100 million)				
		20/4-9	20/10-3	21/4-9	21/10-3	22/4-9	22/10-3	23/4-9	23/10-3	24/4-9	24/10-3	25/4-9
Specialty Steel	Revenue	598	860	932	1,046	1,028	1,120	1,086	1,101	1,055	1,046	1,000
	Operating Profit	▲ 30	4	15	23	42	56	63	74	61	60	55
High-Performance Materials & Magnetic Materials	Revenue	648	846	948	1,028	1,096	1,101	1,023	1,001	1,001	1,008	968
	Operating Profit	22	100	139	128	134	109	50	53	51	59	63
Parts for Automobiles & Industrial Equipment	Revenue	361	447	465	460	495	517	511	539	537	593	592
	Operating Profit	▲ 41	20	31	19	34	48	32	25	49	64	36
Engineering	Revenue	103	99	87	95	83	107	110	121	106	135	142
	Operating Profit	5	3	▲ 7	▲ 6	4	10	10	12	8	14	13
Trading and Service	Revenue	85	80	120	116	117	122	142	152	135	133	143
	Operating Profit	9	9	14	14	18	15	22	82	14	14	18
Total	Revenue	1,795	2,332	2,552	2,745	2,819	2,967	2,872	2,914	2,834	2,915	2,845
	Operating Profit	▲ 35	136	192	178	232	238	177	246	183	211	185

(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 a total reliance on this data as decision criterion is not recommended.

Also predicted figures can be changed in the future without prior notice. All use of this document is at the volition and discretion of the users. Please be aware that our company shall not assume any responsibility for the results of using the information in this document.