

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)

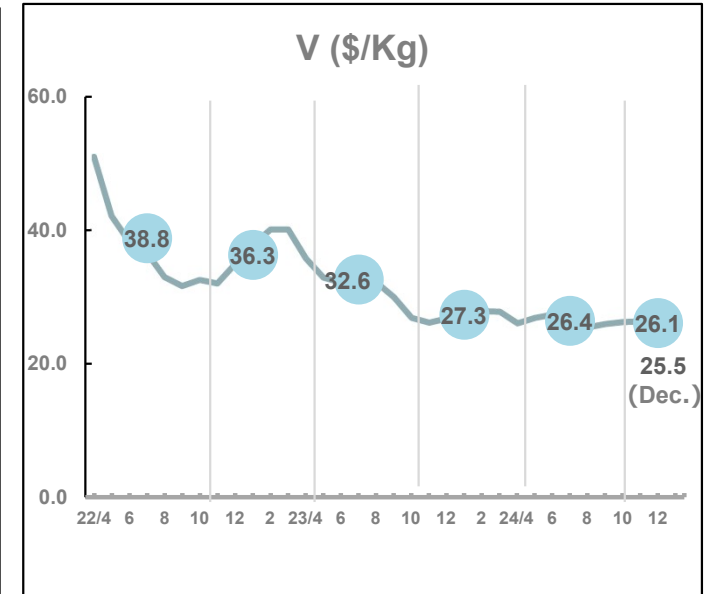
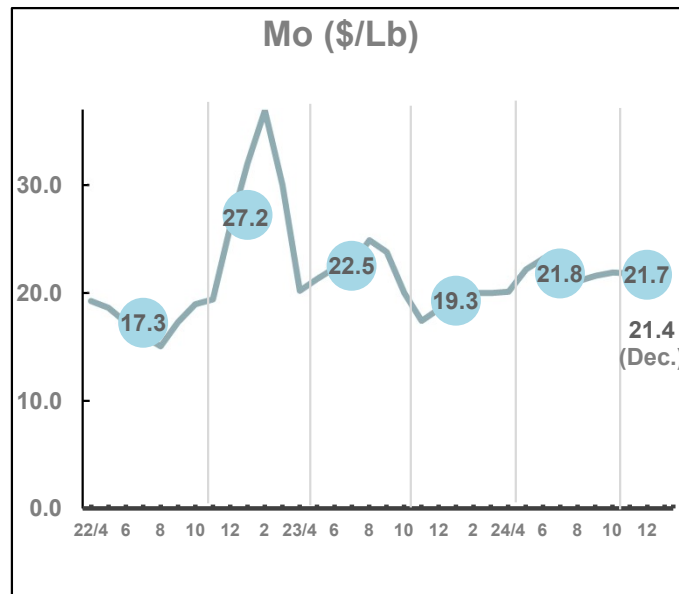
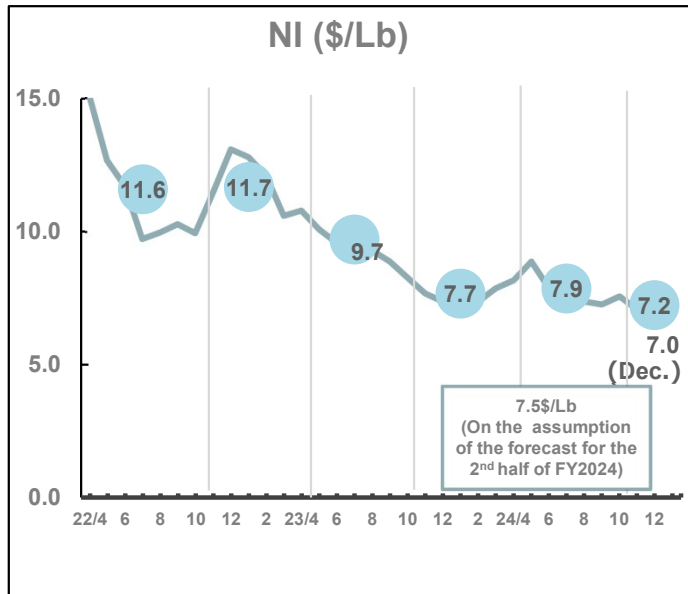
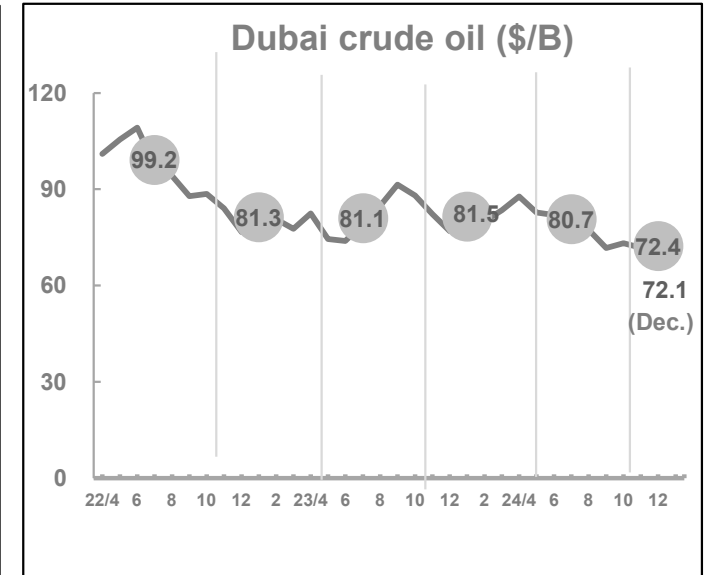
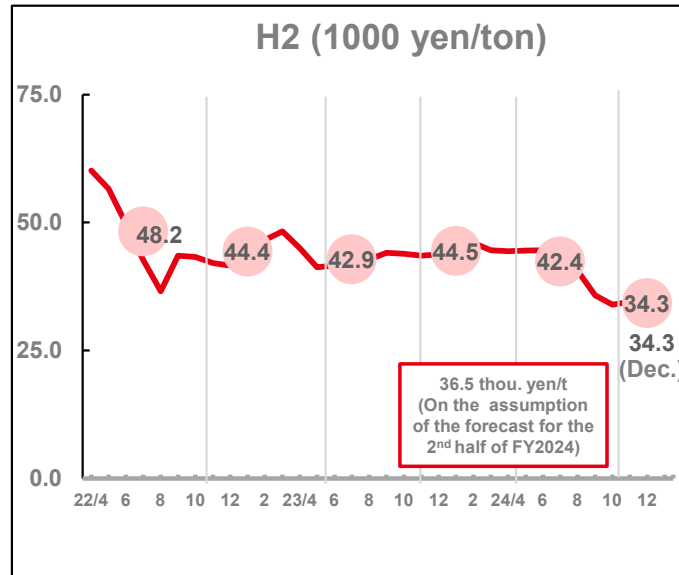
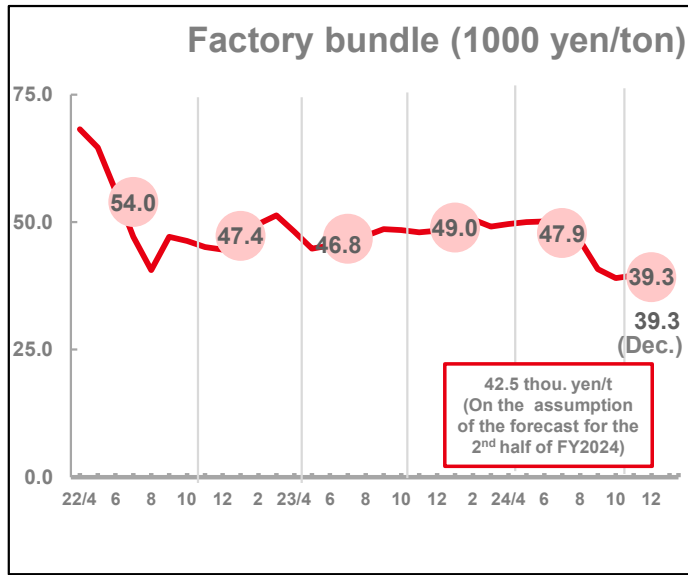
(¥100 million)

| | 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) |

*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)

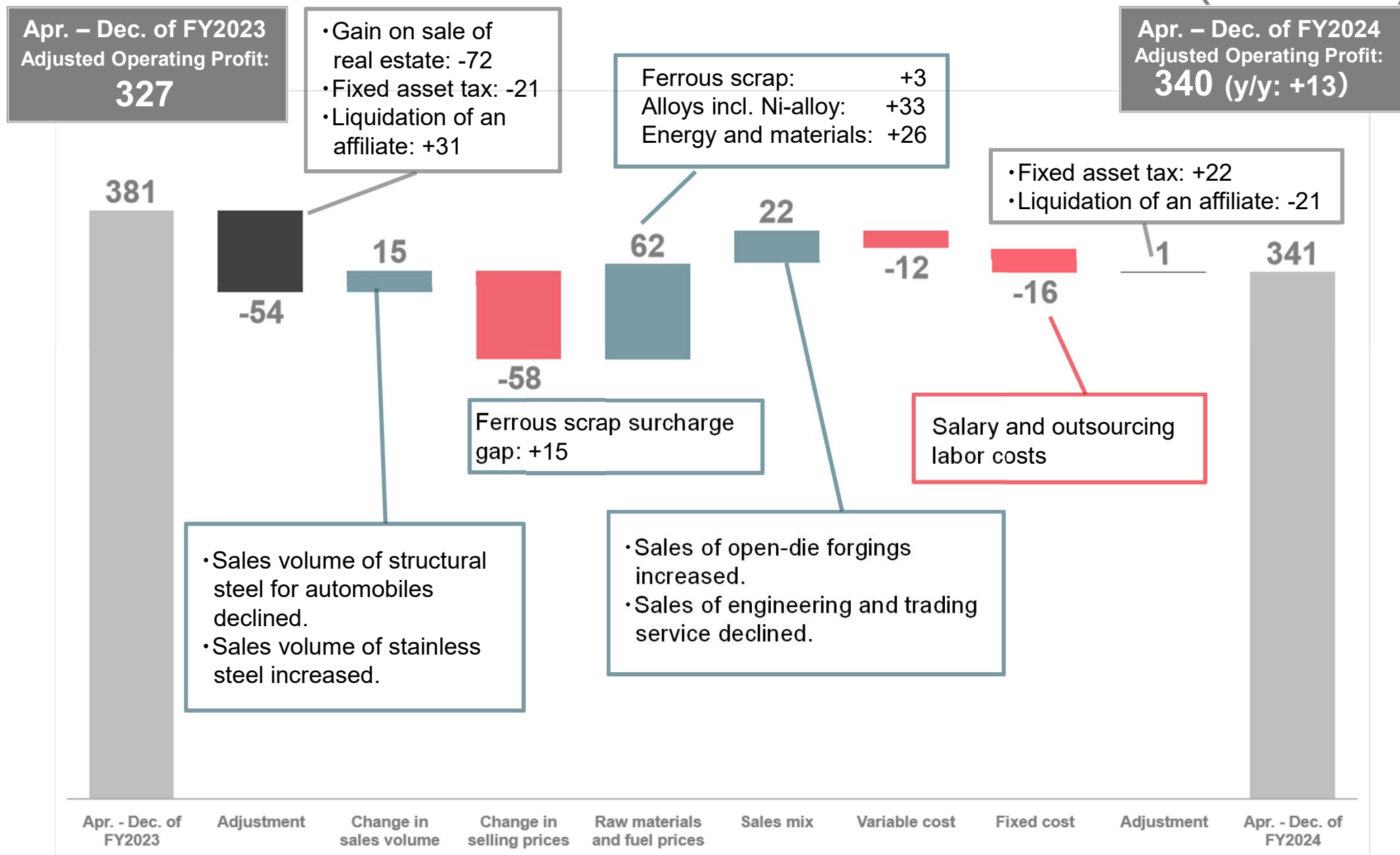
| Sales volume of steel (non-consolidated) | | | | | | | | | | | (thou.tons) | |
|--|-----|--|-----|--|-----|--|-----|--|-----|--|-------------|--|
| | 815 | | 262 | | 257 | | 263 | | 782 | | -33 | |

■ Raw Materials Prices



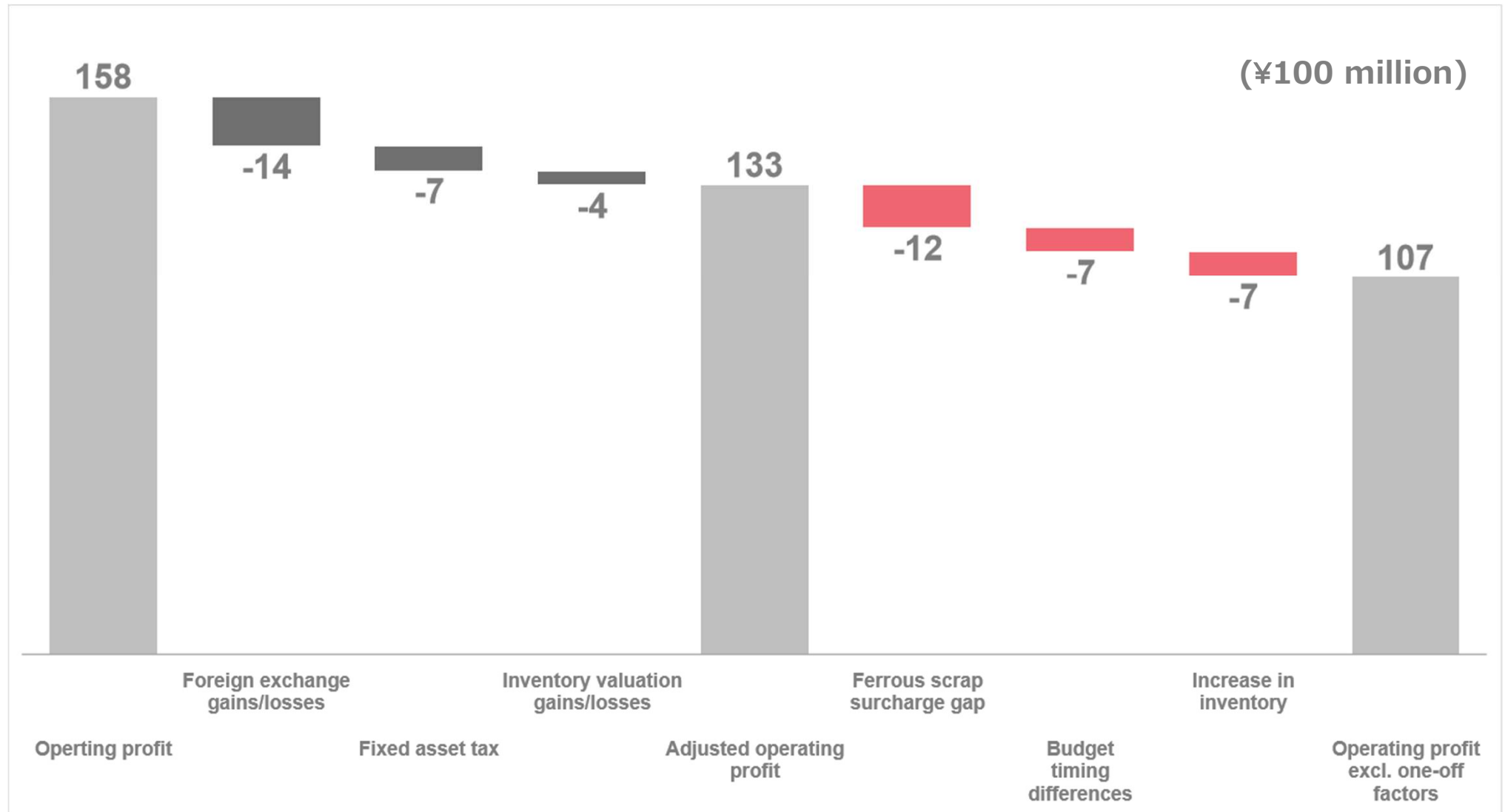
■ Changes in Operating Profit for the period from April to December of FY 2024 (y/y)

(¥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

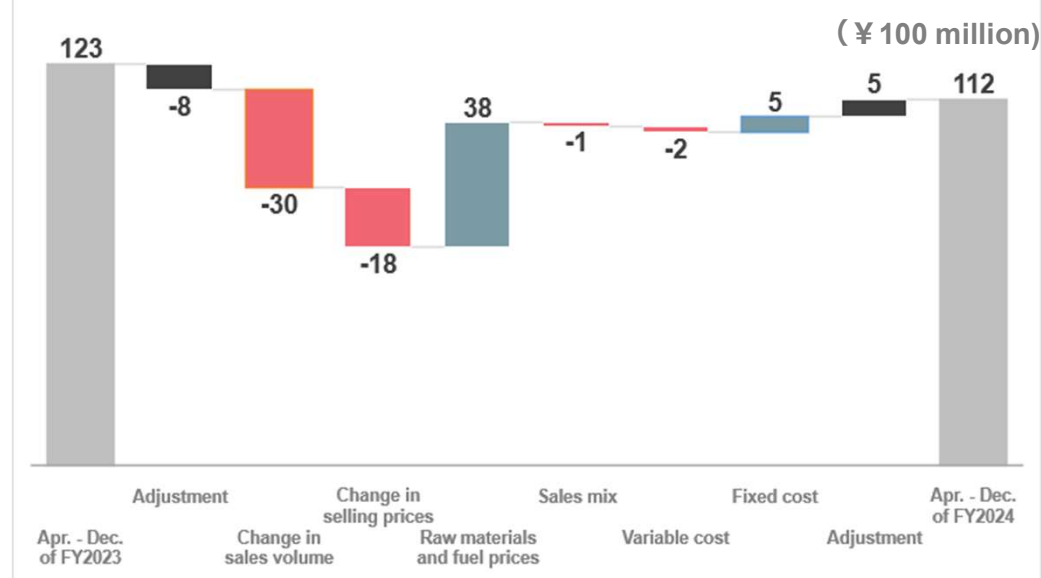
| | FY2023 | | FY2024 | | (¥100 million) | |
|----------------------------|--------|---------------------|--------|---------------------|----------------|---------------------|
| | 3rd Q | Total (Apr. - Dec.) | 3rd Q | Total (Apr. - Dec.) | 3rd Q | Total (Apr. - Dec.) |
| Revenue | 589 | 1,675 | 549 | 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)

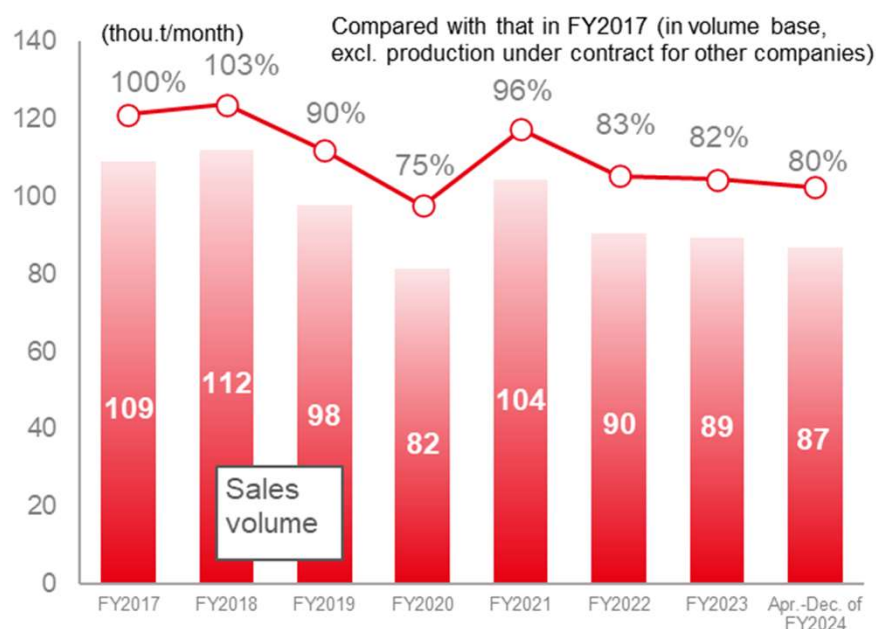
Apr - Dec of FY2023
Adjusted Operating
Profit:115

Changes in Operating Profit (y/y)

Apr - Dec of FY2024
Adjusted Operating
Profit:107



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



POINT

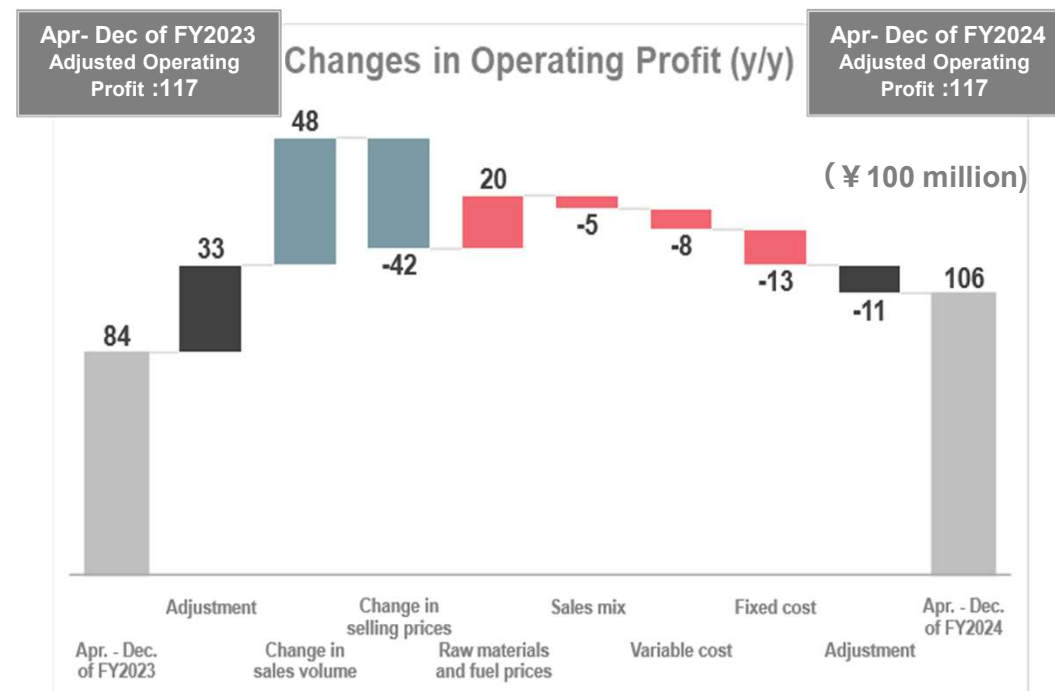
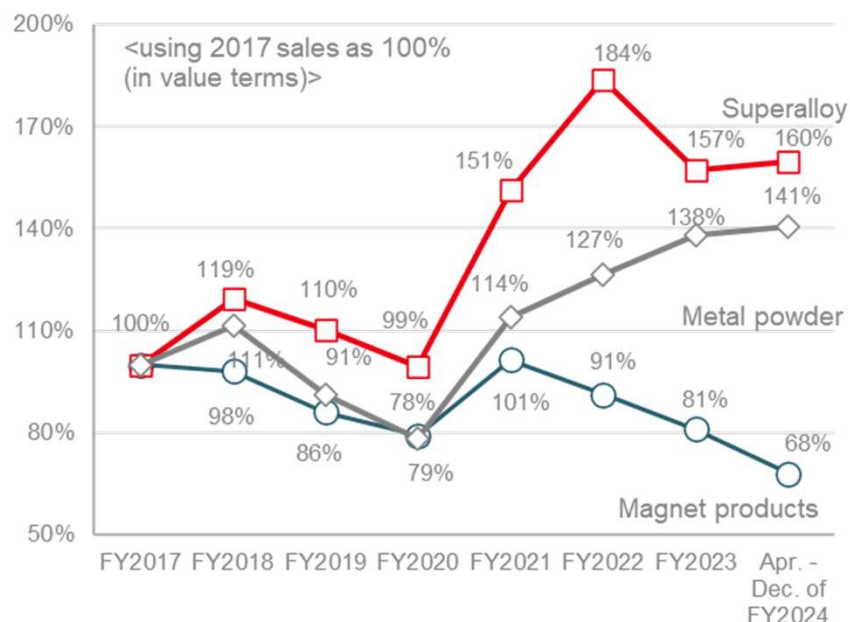
- ✓ Sales volume of structural steel decreased year on year due to a decline in automobile production of Japanese OEMs in China.
- ✓ Profit declined only slightly, partly due to ferrous scrap surcharge gap, and the effect of reducing fixed cost by increasing inventory in anticipation of rising unit price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



POINT

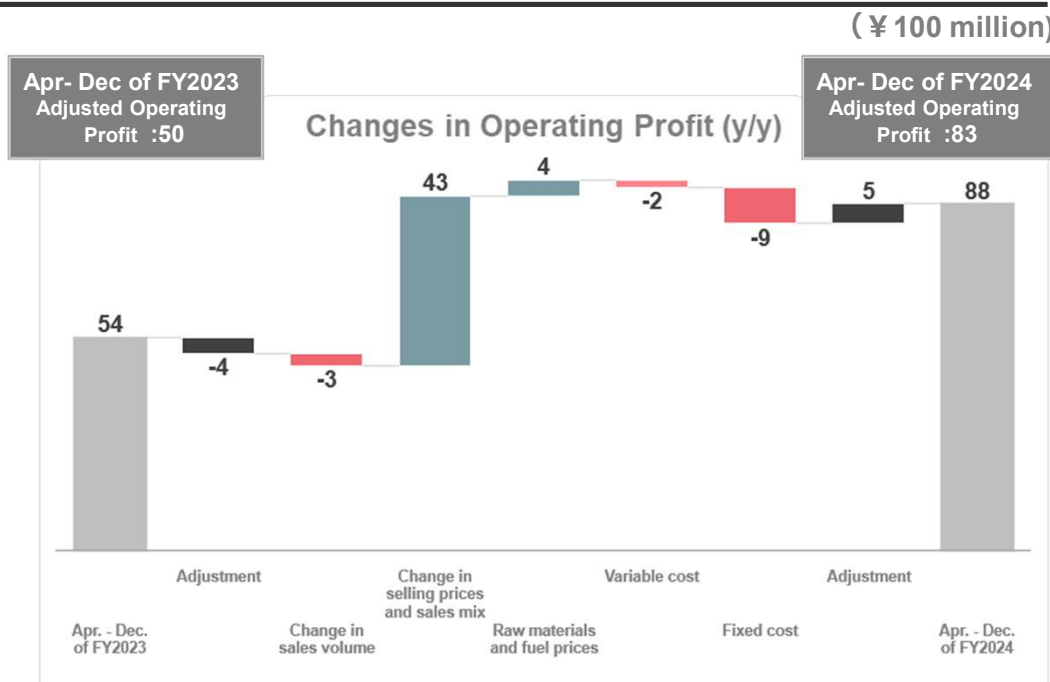
- ✓ Stainless steel sales volume increased due to a recovery in demand related to industrial machinery and a temporary increase in demand for HDD in the first half. Currently, sales for semiconductor production equipment are on a recovery track.
- ✓ Amid company-wide low steel production volume, the 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

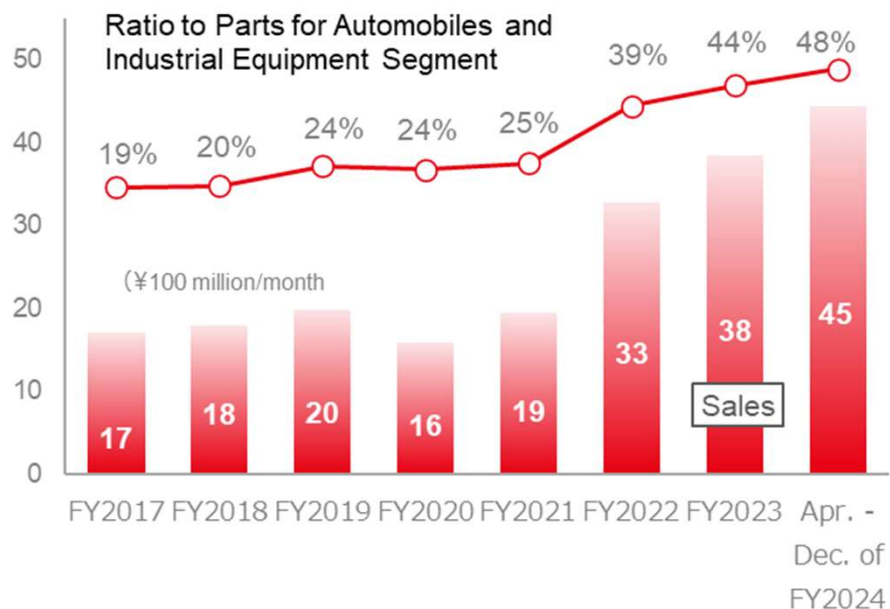
(¥100 million)

| | 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>



POINT

- ✓ 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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