

Fiscal Year ending March 2023 3rd Quarter Results (Apr. 1 – Dec. 31/2022)

January 30, 2023



FY2022

3rd Quarter Results

(Apr. 1 - Dec. 31/2022)



■ Overview of FY2022 3rd Quarter Results (Apr. 1 – Dec. 31/2022)

- The lingering reduction of production in the automotive sector resulted in a decrease of our products' overall sales volume during the 3rd quarter of FY2022. Some products related to semiconductors and electrical/electronic components are currently undergoing inventory adjustment.
- Net sales increased due to our efforts to revise the selling prices of our products in the face of the soaring costs of raw materials and energy.
- The sales mix improved substantially, including open die forgings and stainless steel products.

(thousand tons, ¥100 mil.)

	3rd-quarter results for FY 2021			3rd-quarter results for FY 2022			y/y	
	First half	Oct. – Dec.	Total	First half	Oct. – Dec.	Total	Oct. – Dec.	Total
Steel Sales Volume	634	317	951	540	296	836	-21	-115
Net Sales	2,552	1,353	3,905	2,819	1,528	4,347	175	442
Operating Income	192	97	289	232	145	377	48	88
Ordinary Income	206	106	312	241	150	391	44	79
Extraordinary Profit and Loss	▲ 4	31	27	▲ 4	▲ 1	▲ 5	-32	-32
Corporate Tax and Other Taxes	▲ 74	▲ 43	▲ 117	▲ 54	▲ 50	▲ 104	-7	13
Net income owed to parent company shareholders	128	94	222	183	99	282	5	60

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

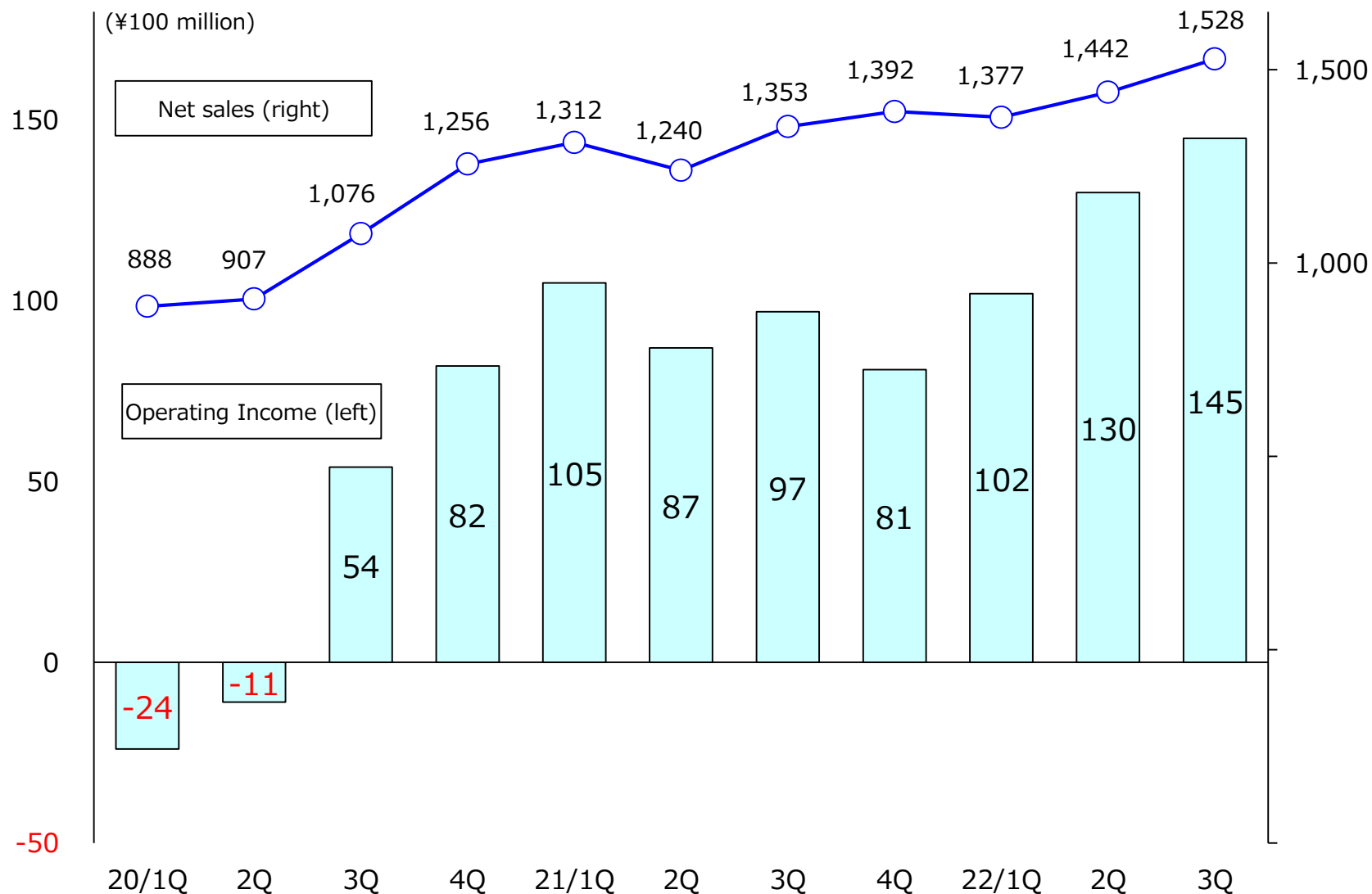
(¥100 million)

	FY 2021 Results		FY 2022 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	1,449	22	506	1	522	41	594	43	1,622	85	173	63
High-Performance Materials and Magnetic Materials	1,460	211	544	75	552	59	577	67	1,673	201	213	-10
Parts for Automobiles and Industrial Equipment	694	43	238	18	257	16	257	25	752	59	58	16
Engineering	131	▲ 10	38	▲ 1	45	5	52	3	135	7	4	17
Trading and Service	171	23	51	9	66	9	48	7	165	25	-6	2
Total	3,905	289	1,377	102	1,442	130	1,528	145	4,347	377	442	88

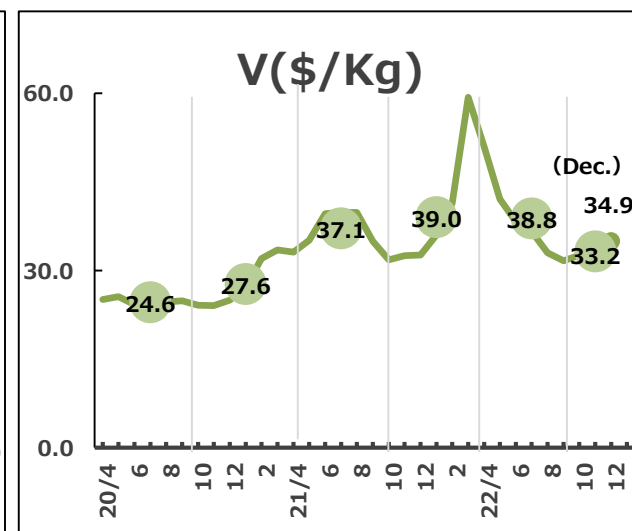
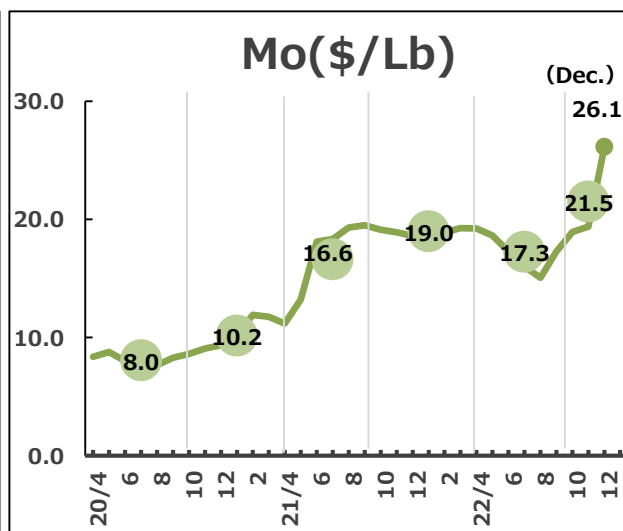
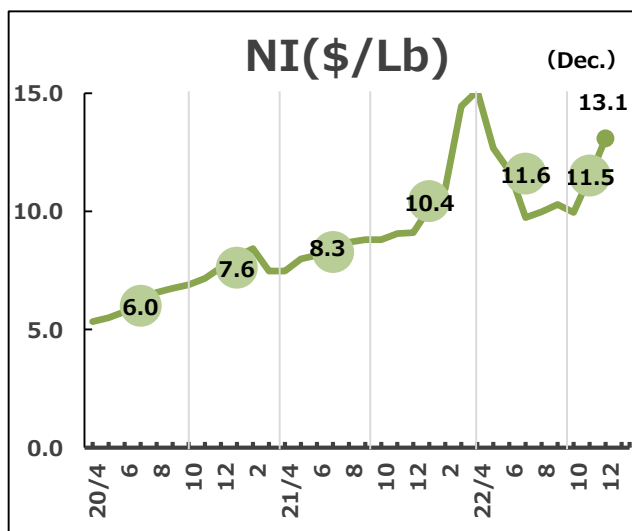
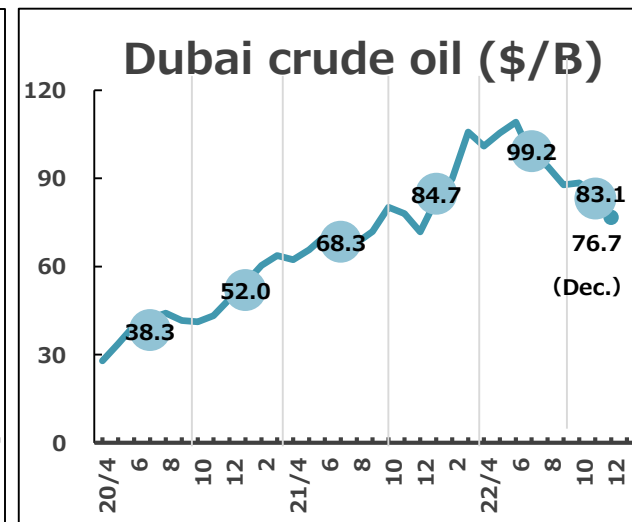
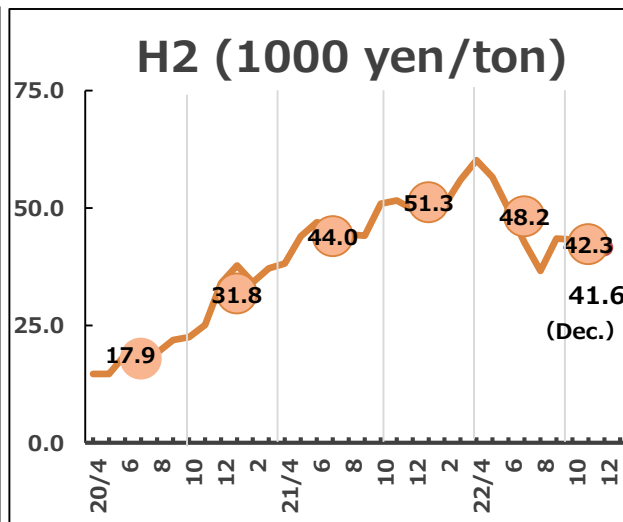
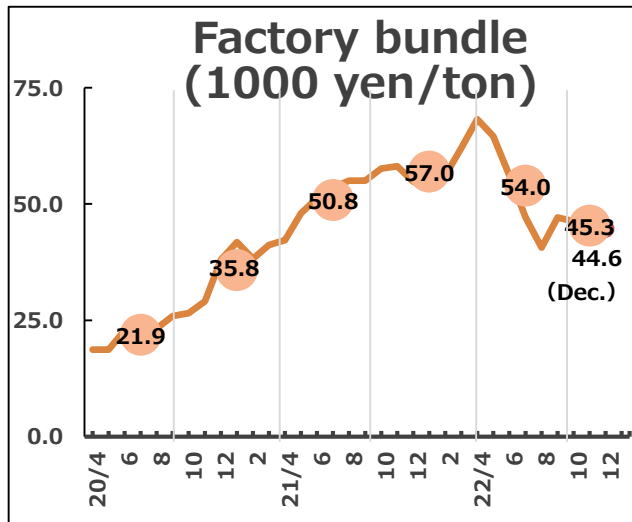
(thou. tons)

Sales volume of steel (non-consolidated)	951	280	260	296	836	-115
--	-----	-----	-----	-----	-----	------

Changes in Net Sales and Operating Income by Quarter

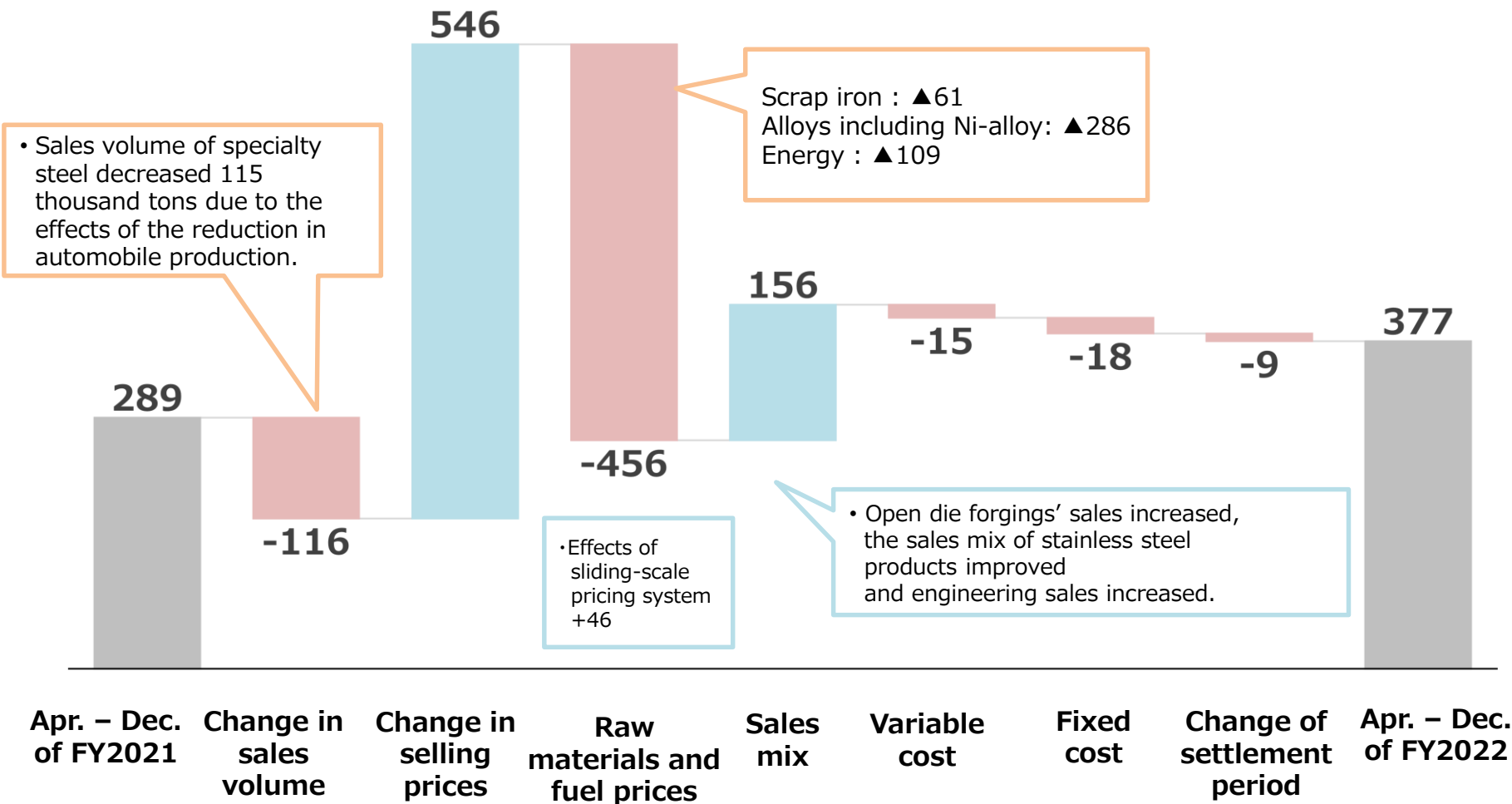


Raw Materials Prices



■ Changes in Operating Income for the period from April to December of FY2022 (y/y)

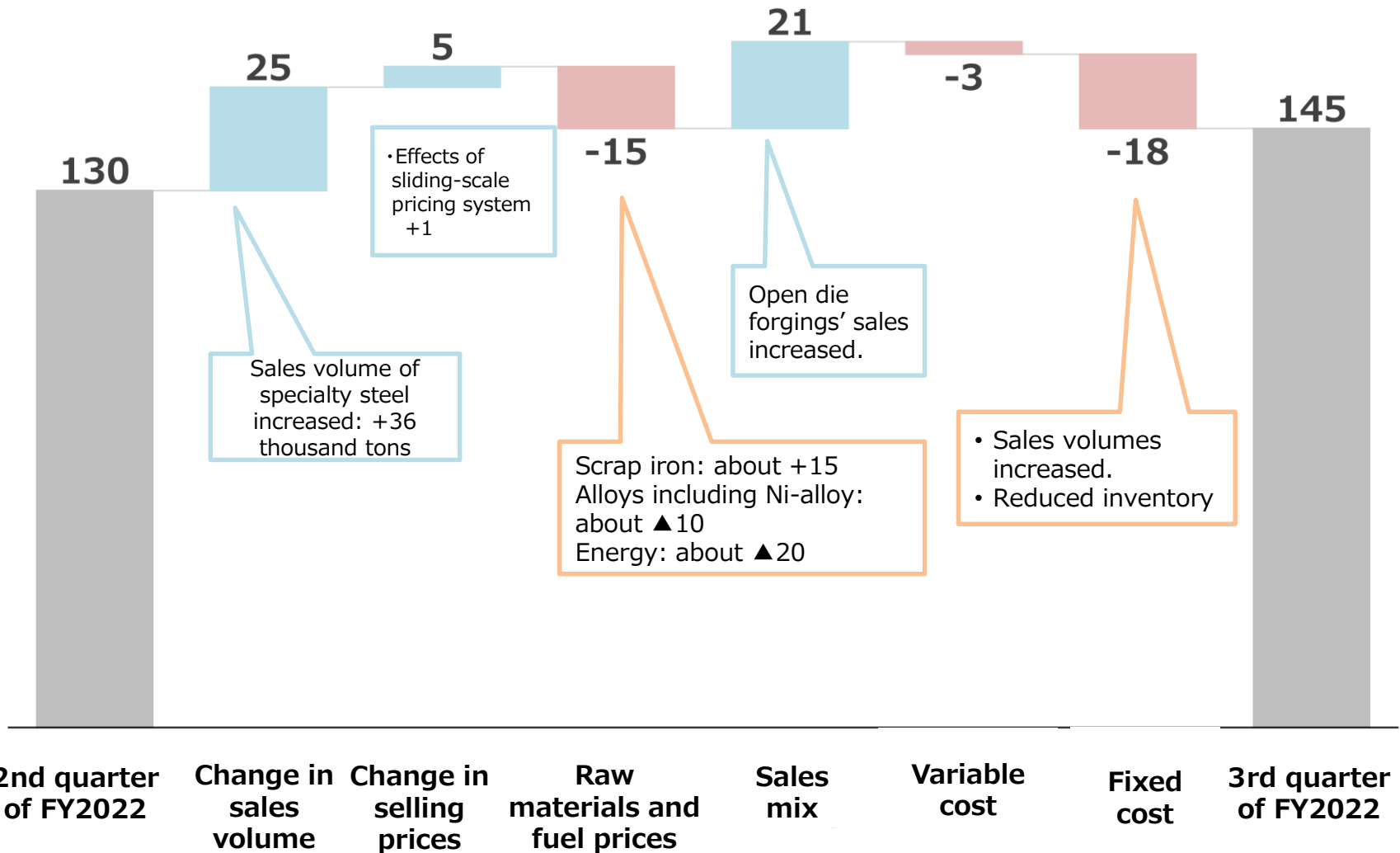
Changes in Operating Income (y/y) (¥100 million)



■ Changes in Operating Income for the 3rd Quarter of FY2022 (difference from the 2nd quarter of FY2022)

(¥100 million)

Changes in Operating Income (difference from the previous quarter)

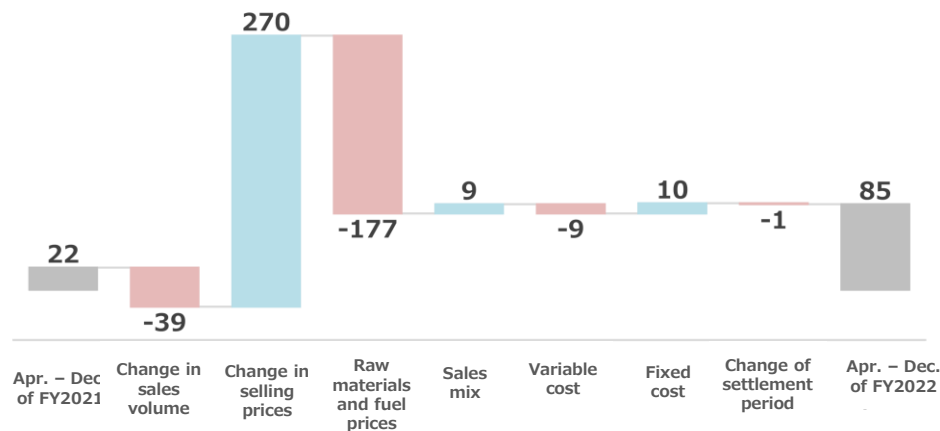


Specialty Steel Overview

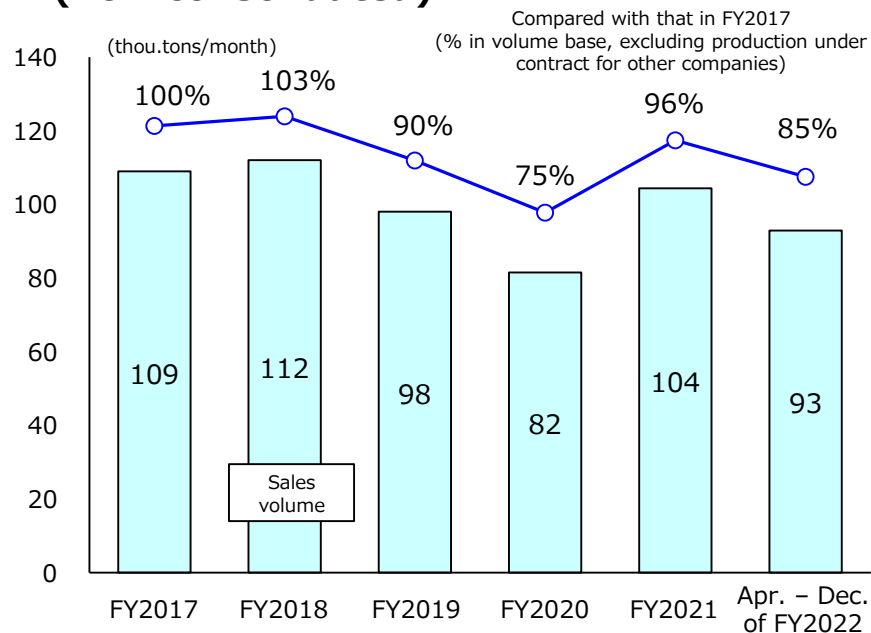
(¥100 million)

	FY2021		FY2022		y/y	
	3rd Q a	Total (Apr. - Dec.) b	3rd Q c	Total (Apr. - Dec.) d	3rd Q c-a	Total (Apr. - Dec.) d-b
Net Sales	517	1,449	594	1,622	77	173
Operating Income	7	22	43	85	36	63
Sliding-scale Pricing System	-7	-40	7	6	14	46

Changes in Operating Income (¥100 million)



Sales Volume of Specialty Steel (non-consolidated)



POINT 1

Specialty steel sales shrank, due to the continued reduction in automobile production, but operating income for the first three quarters of FY2022 reached 8.5 billion yen, thanks to the reduced impact of sliding-scale pricing for scrap iron and curtailed fixed costs.

POINT 2

Negotiations regarding raising base prices to compensate for increases in costs (such as energy) have progressed as planned.

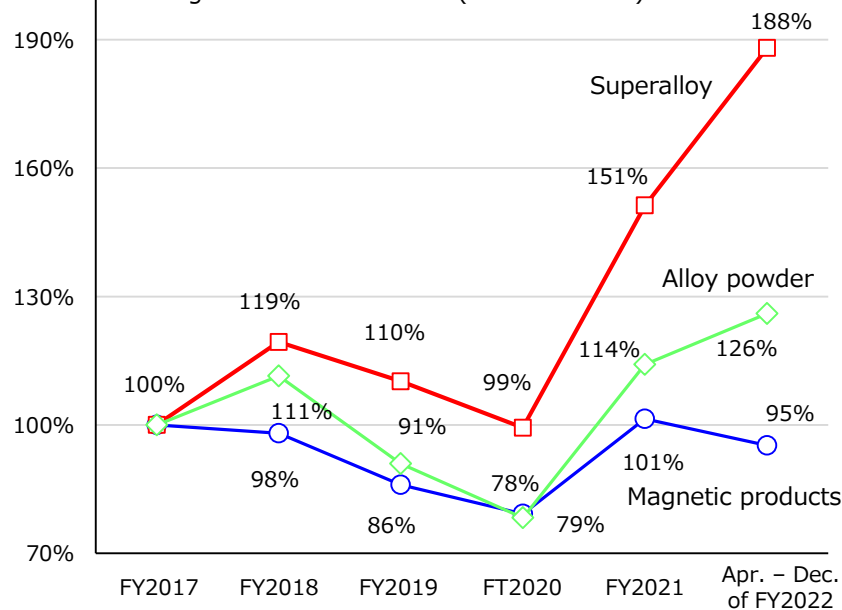
High-performance and Magnetic Materials Overview

(¥100 million)

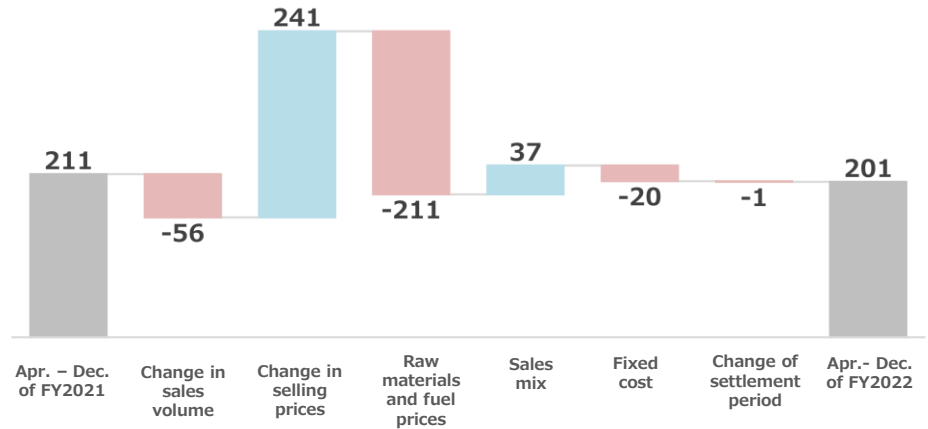
	FY2021		FY 2022		y/y	
	3rd Q a	Total (Apr. - Dec.) b	3rd Q c	Total (Apr. - Dec.) d	3rd Q c-a	Total (Apr. - Dec.) d-b
Net Sales	512	1,460	577	1,673	65	213
Operating Income	72	211	67	201	-5	-10

<Sales of superalloy, magnetic products and metal powder >

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



Changes in Operating Income (¥100 million)



POINT 1

Stainless steel shipment was sluggish due to weak demand for this product from the automotive industry and inventory adjustment currently under way among some customers.

POINT 2

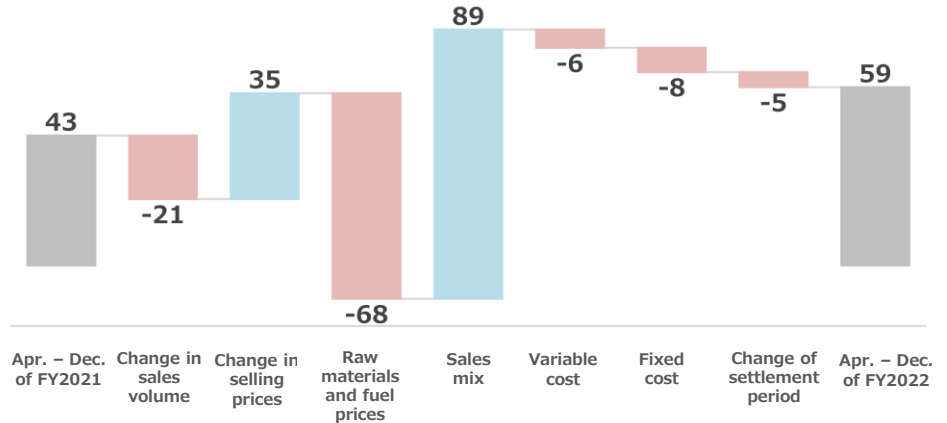
However, our sales mix improved due to an increase in the volume of products related to semiconductor manufacturing equipment and some other factors. The segment's operating income reached 20.1 billion yen because our price increases offset the increased production costs caused by soaring price of nickel.

Automotive Parts and Industrial Machine Parts Overview

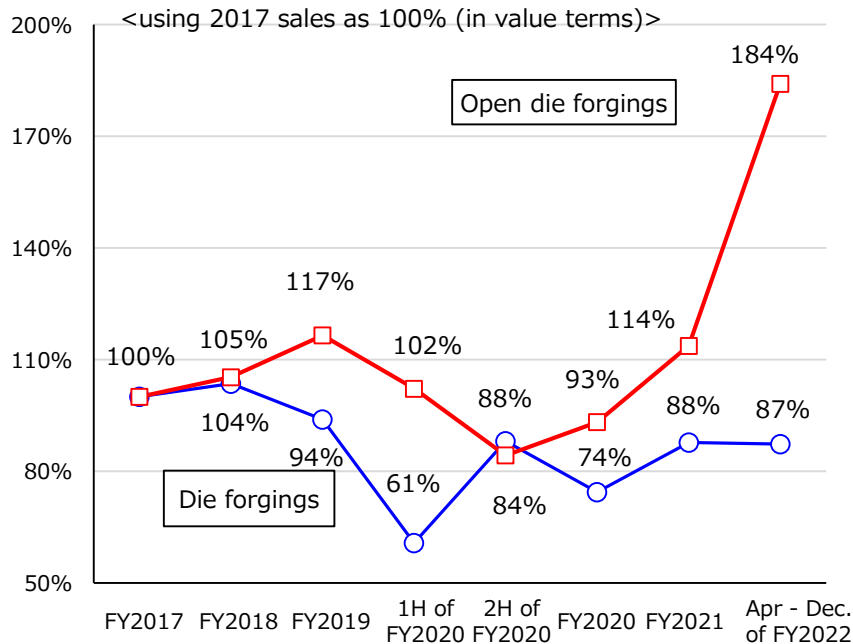
(¥100 million)

	FY2021		FY2022		y/y	
	3rd Q a	Total (Apr. - Dec.) b	3rd Q c	Total (Apr. - Dec.) d	3rd Q c-a	Total (Apr. - Dec.) d-b
Net Sales	229	694	257	752	28	58
Operating Income	12	43	25	59	13	16

Changes in Operating Income (¥100 million)



<Sales of die forgings and open die forgings>



POINT 1

The volume of automotive parts sales, such as for die forgings, went down but demand for open die forgings (for such things as energy- and environment protection-related products) remained strong. This resulted in an operating income of 5.9 billion yen for the first three quarters of FY2022.

POINT 2

Demand for open die forgings in the fields of heavy electric machinery and diesel engine exhaust valves for ships remained high. Aircraft-related demand also is on a trend toward recovery.

(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.

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 user. Please be aware that our company shall not assume any responsibility for the results of using the information in this document.