

# Fiscal Year Ending March 2025 Interim Results (Apr. 1 – Sep. 30/2024)

October 30, 2024



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# FY2024 Interim Results (April to September 2024)

# Overview of FY2024 Interim Results (Apr. 1 – Sep. 30/2024)

- ☑ Compared to the previous year, sales of structural steel declined due to a decline in production by Japanese automakers, while sales of open-die forgings increased due to strong orders and shipments. Stainless steel also recovered, and therefore operating profit increased year on year.
- ☑ Compared to the initial forecast, underlying operating profit declined due to cost increase caused by a temporary rise in the nickel market and a deterioration in intensity due to decrease in production. Difference from the forecast widened partly due to one-time loss at a Chinese magnetic subsidiary that is in the process of liquidation.

(thousand tons, ¥100 mil.)

	Results for 1H of FY 2023			Results for 1H of FY 2024 (IFRS)			y/y	Differences from the forecast on May 10
	1Q	2Q	Total	1Q	2Q	Total		
Sales Volume of Specialty Steel	266	263	529	262	257	519	-10	-7
Revenue	1,419	1,453	2,872	1,421	1,413	2,834	-38	-66
Operating Profit	87	90	177	101	82	183	6	-37
(Underlying Operating Profit)*	(86)	(102)	(188)	(106)	(86)	(192)	(4)	(-13)
Profit Before Tax	99	91	190	114	82	196	6	-34
Profit attributable to owners of parent	65	53	118	68	54	122	4	-28

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

# Revenue & Operating Profit by Segment

(Y/Y and Differences from the Forecast)

(¥100 million)

	FY 2023 Results		FY 2024 Results					
	First Half		1Q		2Q		First Half	
	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit
Specialty Steel	1,086	63	534	33	521	28	1,055	61
High-Performance Materials and Magnetic Materials	1,023	50	497	30	504	21	1,001	51
Parts for Automobiles and Industrial Equipment	511	32	272	28	265	21	537	49
Engineering	110	10	46	2	60	6	106	8
Trading and Service	142	22	72	8	63	6	135	14
<b>Total</b>	<b>2,872</b>	<b>177</b>	<b>1,421</b>	<b>101</b>	<b>1,413</b>	<b>82</b>	<b>2,834</b>	<b>183</b>
<b>(On Underlying Basis)*</b>		<b>(188)</b>		<b>(106)</b>		<b>(86)</b>		<b>(192)</b>

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

Sales volume of steel (non-consolidated)	<b>529</b>	<b>262</b>	<b>257</b>	<b>519</b>
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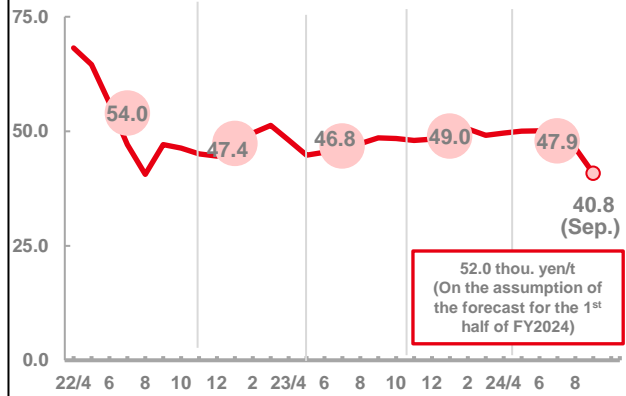
y/y		Differences from the forecast announced on May 10	
Revenue	Operating Profit	Revenue	Operating Profit
-31	-2	-45	6
-22	1	1	-44
26	17	-13	-1
-4	-2	6	3
-7	-8	-15	-1
<b>-38</b>	<b>6</b>	<b>-66</b>	<b>-37</b>
	<b>(4)</b>		<b>(-13)</b>

(thou. tons)

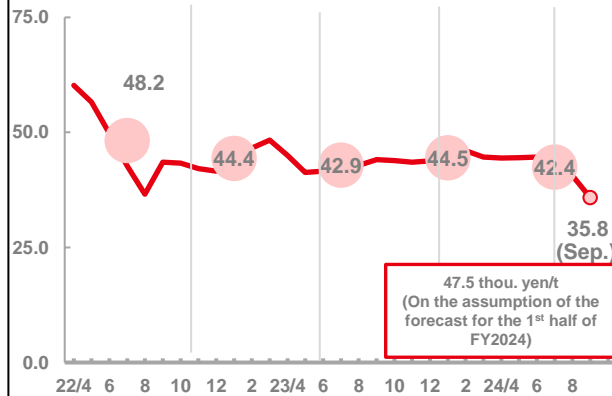
<b>-10</b>	<b>-7</b>
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# Raw Materials Prices

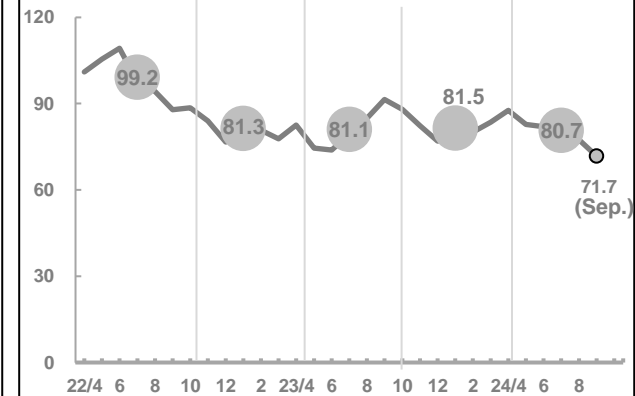
### Factory bundle (1000 yen/ton)



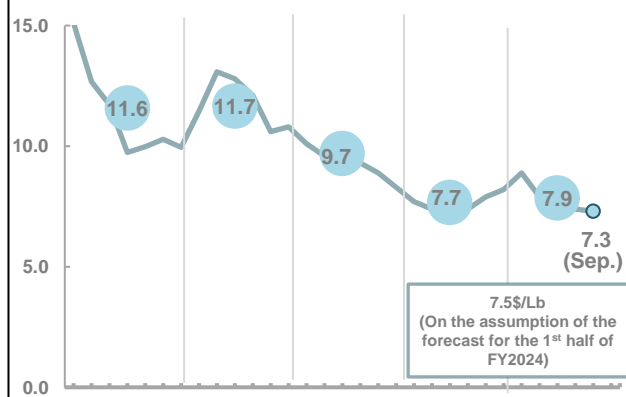
### H2 (1000 yen/ton)



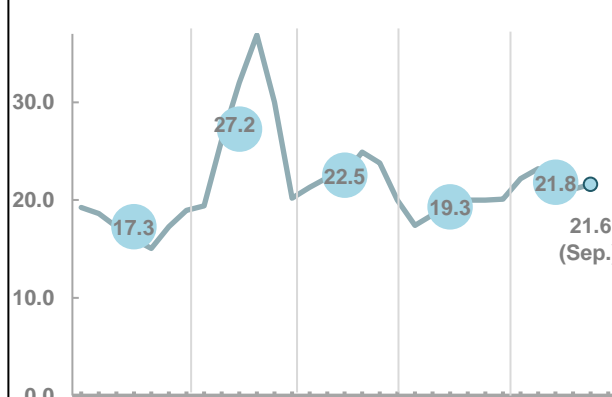
### Dubai crude oil (\$/B)



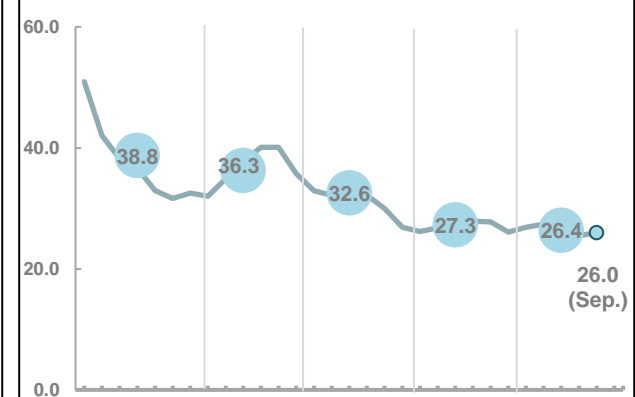
### NI (\$/Lb)



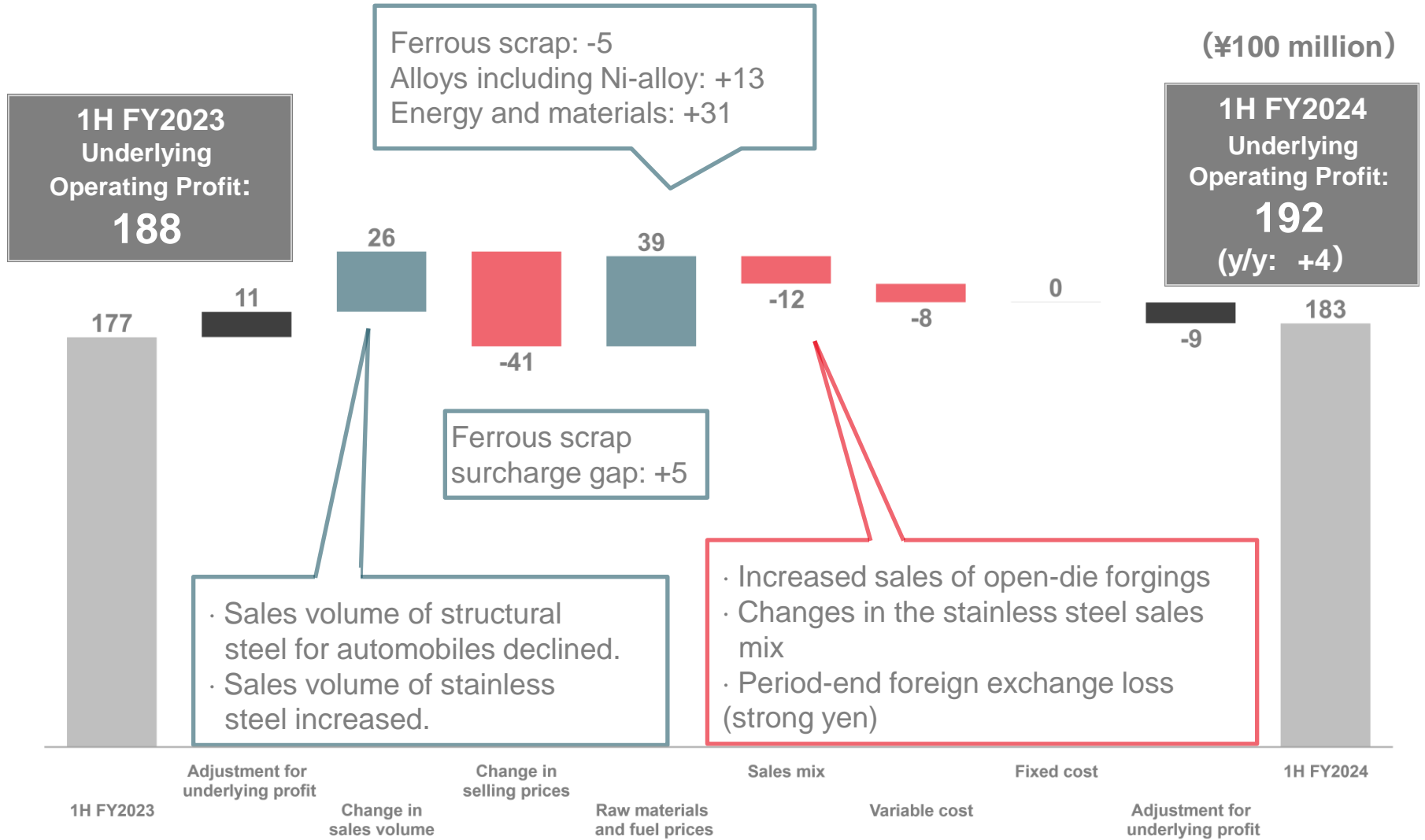
### Mo (\$/Lb)



### V (\$/Kg)



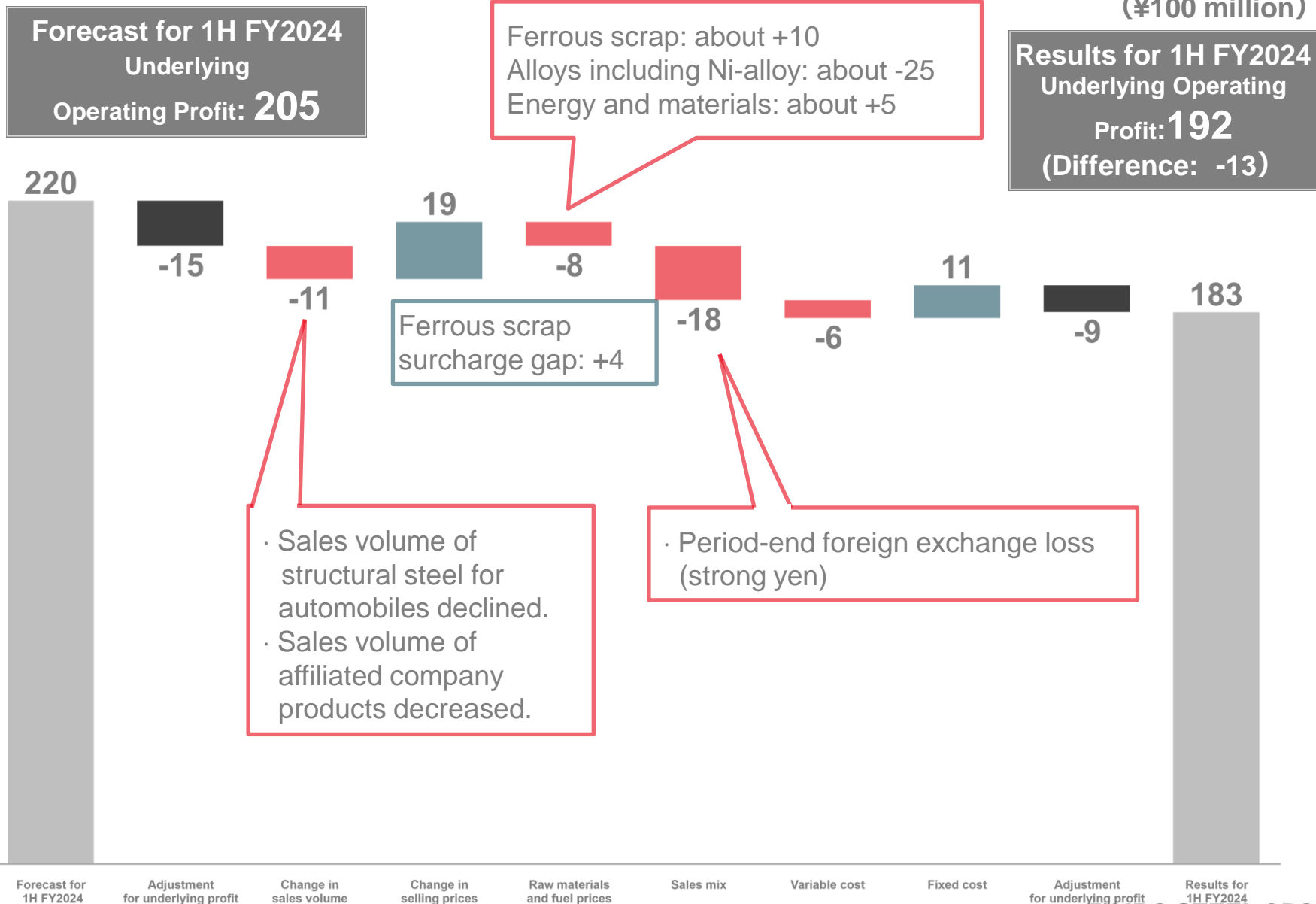
# ■ Changes in Operating Profit for the First Half of FY2024 (Y/Y)



# Changes in Operating Profit for the First Half of FY2024

(Differences from the Forecast Announced on May 10)

(¥100 million)



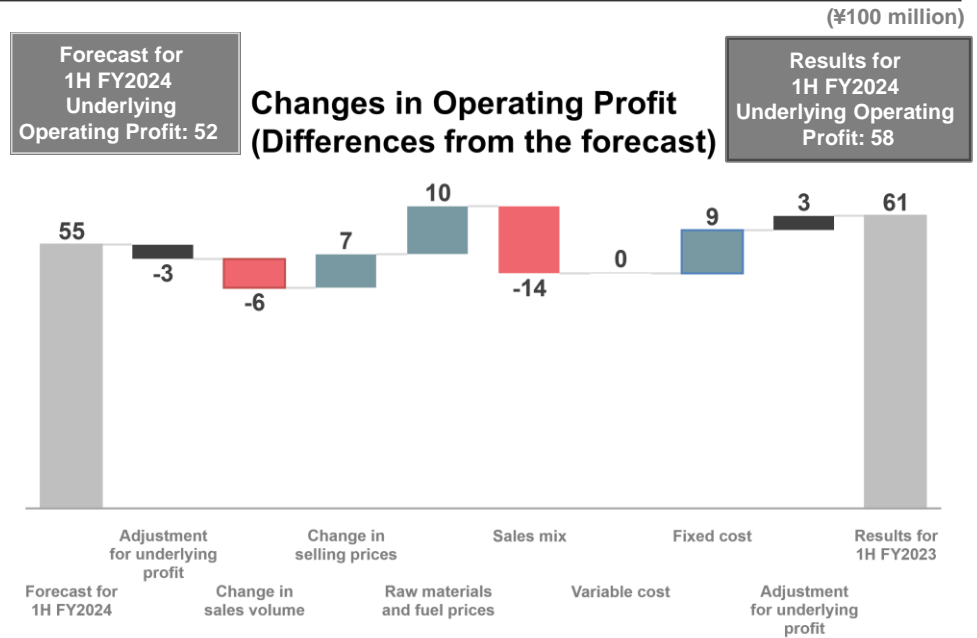
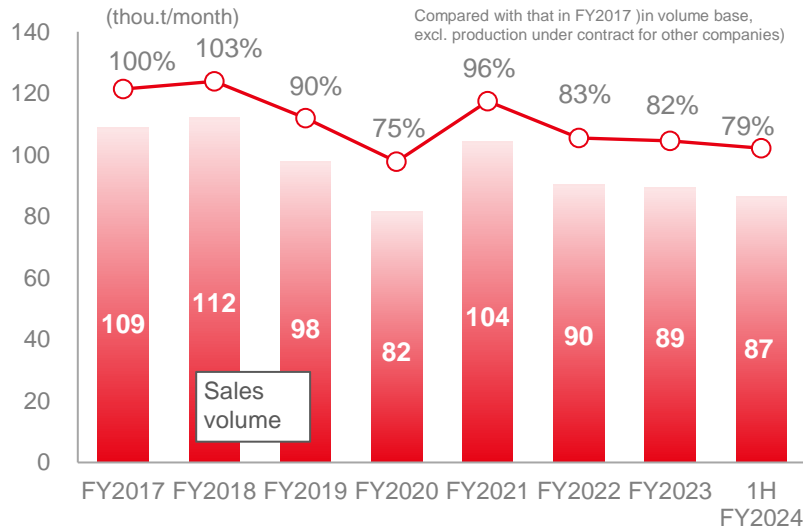


# Overview of Specialty Steel

(¥100 million)				
	1H FY2023	1H FY2024	y/y	Difference from May 10 forecast
Revenue	1,086	1,055	-31	-45
Operating Profit	63	61	-2	6
<b>Underlying Operating Profit*</b>	<b>56</b>	<b>58</b>	<b>2</b>	<b>6</b>
Slide Gap	1	6	5	4

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

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



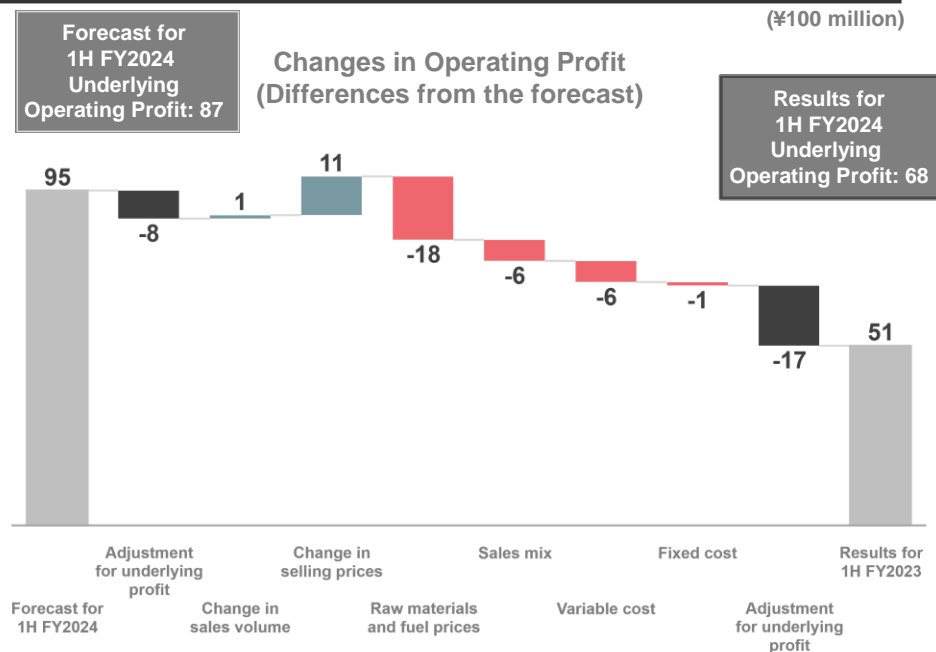
## POINT

- ✓ Sales volume fell more than expected due to a decline in automobile production of Japanese OEMs in China.
- ✓ As ferrous scrap prices were lower than anticipated, underlying operating profit exceeded the initial forecast.

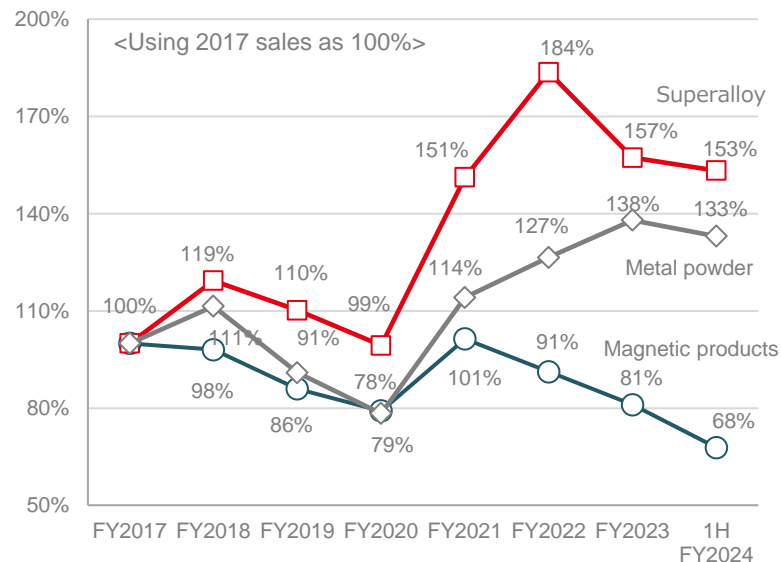
# Overview of High-Performance and Magnetic Materials

	(¥100 million)			
	1H FY2023	1H FY2024	y/y	Difference from May 10 forecast
Revenue	1,023	1,001	-22	1
Operating Profit	50	51	1	-44
Underlying Operating Profit*	71	68	-3	-19

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



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



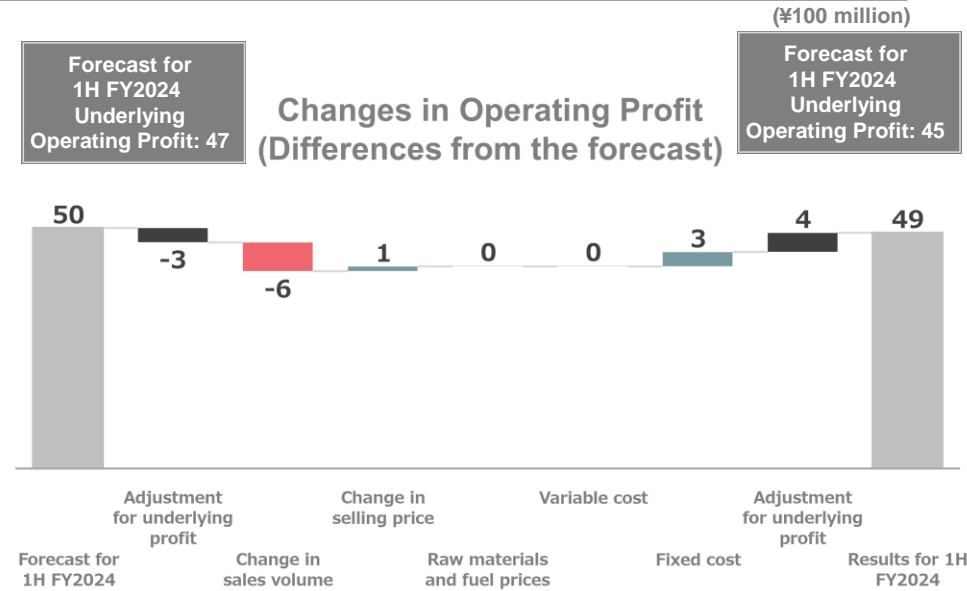
## POINT

- ✓ Stainless steel sales volume recovered in line with initial forecasts due to strong demand for data center HDDs.
- ✓ Profits fell short of initial plans due to a temporary rise in the nickel market, resulting in higher costs, and lower profits at the magnet production subsidiary.

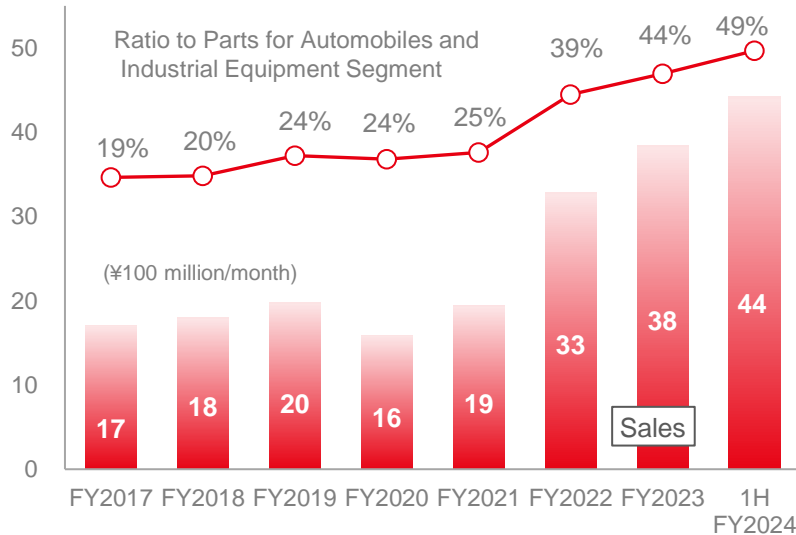
# Overview of Parts for Automobiles and Industrial Equipment

	¥100 million			
	1H FY2023	1H FY2024	y/y	Difference from May 10 forecast
Revenue	511	537	26	-13
Operating Profit	32	49	17	-1
Underlying Operating Profit*	30	45	15	-2

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



## <Sales of open-die forgings>



## POINT

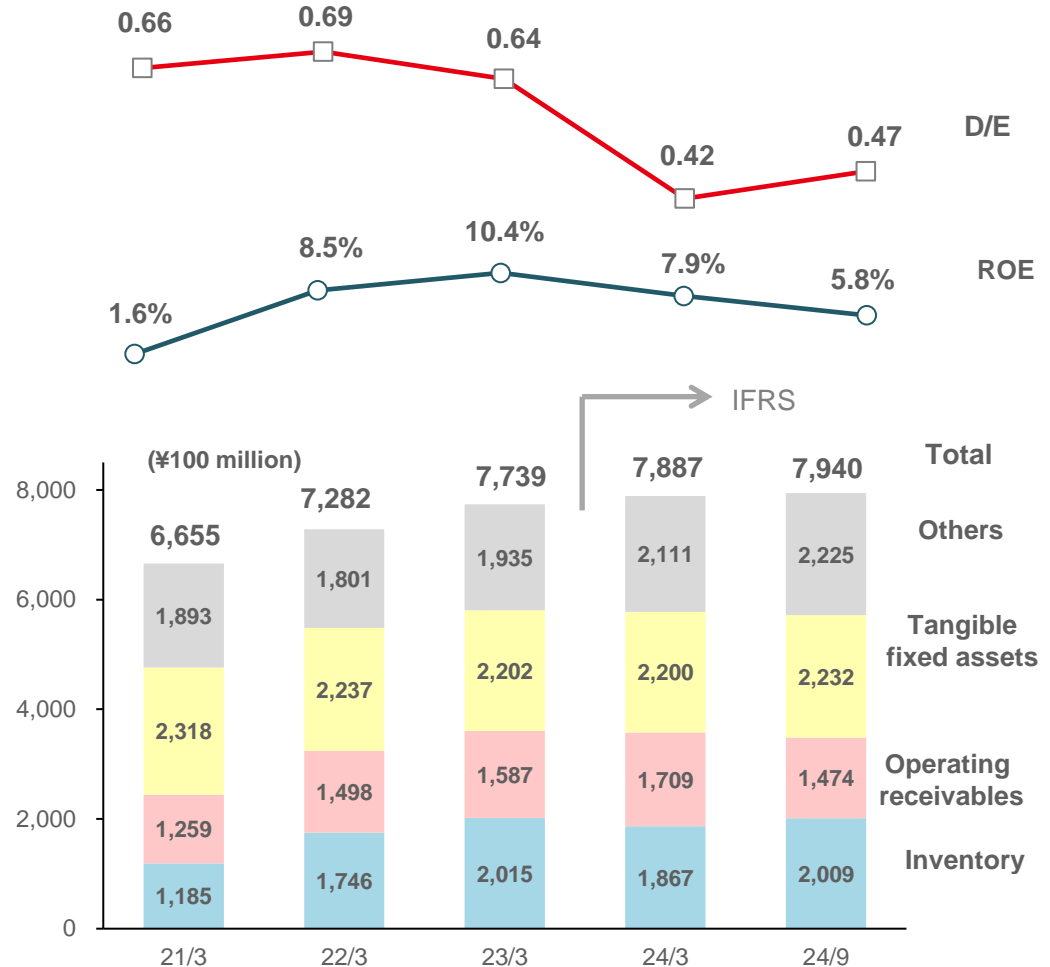
- ✓ Open-die forgings achieved profit growth as planned, thanks to strong demand for products in aircraft, heavy electric machinery, and off-shore drilling industries.
- ✓ We aim to achieve further growth by steadily implementing the strategic investments announced in the mid-term management plan.
- ✓ Automotive parts of our affiliated company decreased in sales volume and the profit fell short of target.

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

- ✓ Interest-bearing debt increased due to tax payments corresponding to the gain on sales of assets recorded in the previous fiscal year.
- ✓ We aim to improve asset efficiency by reducing inventories through efficient production and effectively utilizing our assets.

(¥100 million)

	24/3	24/9	Difference
Current assets	4,154	4,207	53
Cash instruments	460	593	133
Operating receivables	1,709	1,474	-235
Inventory	1,867	2,009	142
Fixed assets	3,733	3,733	0
Tangible fixed assets	2,200	2,232	32
Investment securities	798	764	-34
<b>Total of assets</b>	<b>7,887</b>	<b>7,940</b>	<b>53</b>
Liabilities	3,314	3,318	4
Interest bearing debt	1,762	1,982	220
Net assets	4,573	4,622	49
Shareholders equity	4,186	4,231	45
Non-controlling interest	387	391	4
<b>Total of liabilities and net assets</b>	<b>7,887</b>	<b>7,940</b>	<b>53</b>

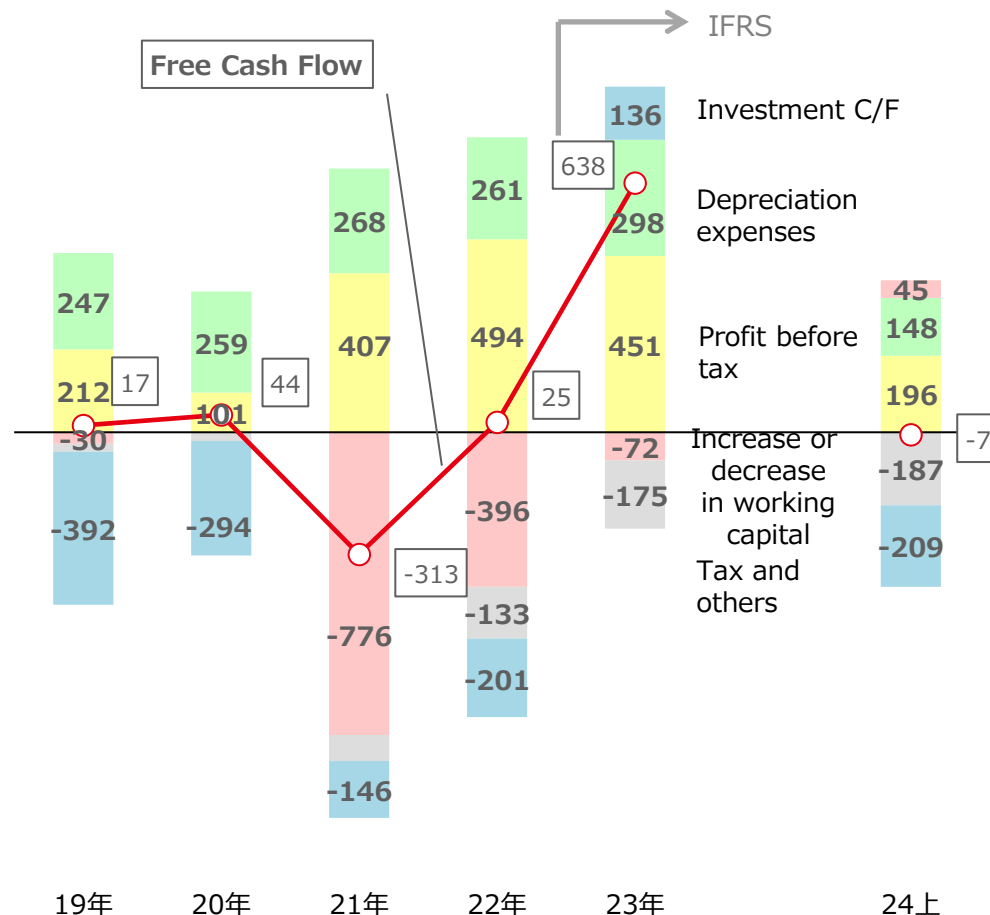


# Cash Flow

- ✓ Operating C/F remained at a high level as working capital ceased to increase.
- ✓ The operating C/F obtained will be used for strategic investment in order to grow in the future.

(¥100 million)

		FY2023		FY2024	
		First half	Annual results	First half	
Operating C/F	Profit before tax	190	451	196	
	Depreciation expenses	149	298	148	
	Increase or decrease in working capital	Accounts receivable	-113	-125	234
		Accounts payable	-3	-16	-46
		Inventory	8	69	-143
			-108	-72	45
	Tax and others	-100	-175	-187	
		131	502	202	
Investment C/F	Capital investment	-153	-324	-202	
	Others	3	460	-7	
		-150	136	-209	
Free cash flow		-19	638	-7	



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# Outlook for FY2024 (April 2024 to March 2025)

## Perspectives on the current business environment

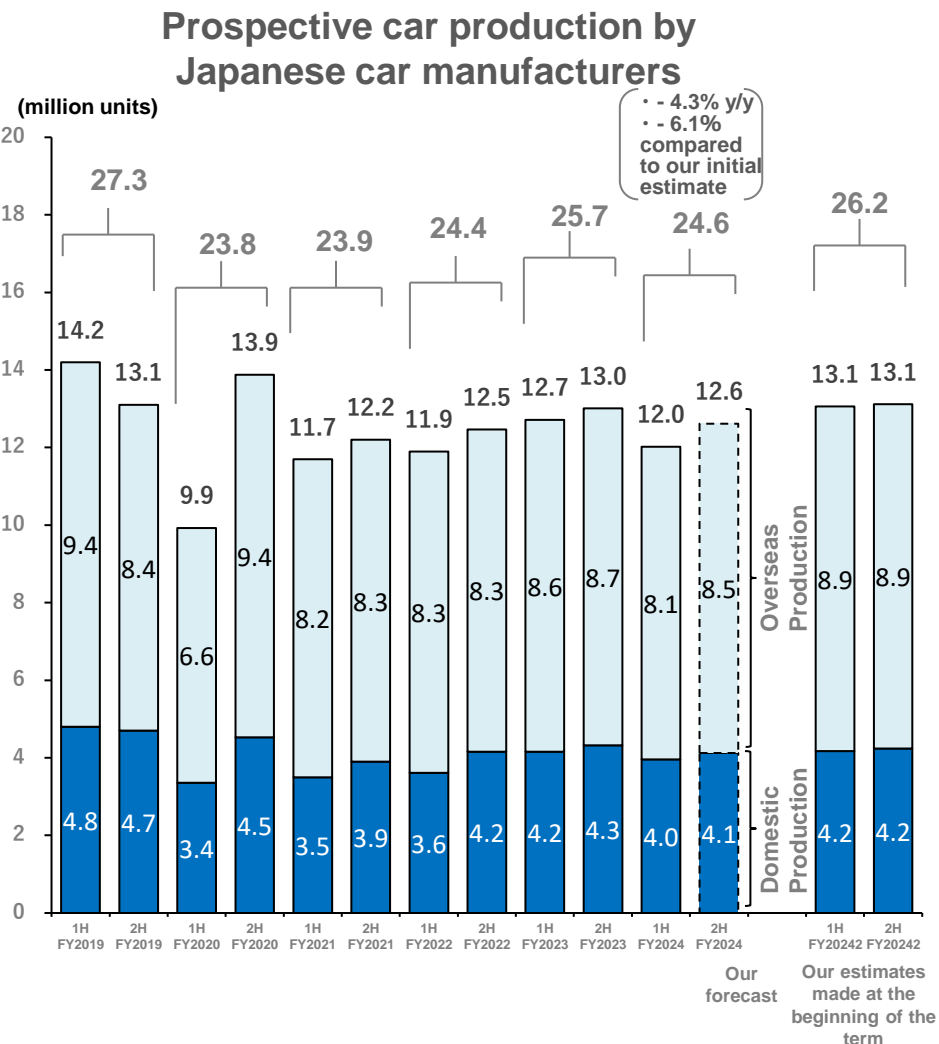
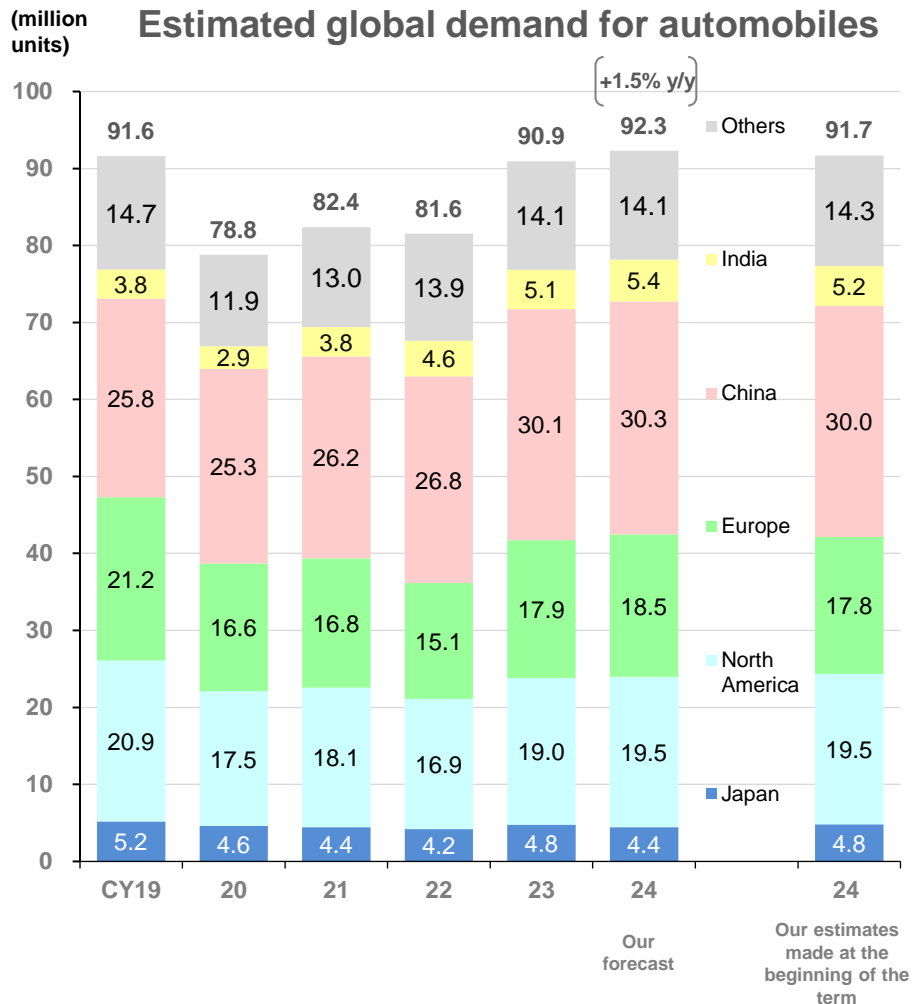
- Automotive manufacturing is expected to fall below the previous year's level for the full year due to the impact of unauthorized certification by Japanese automakers in the first half of the fiscal year and the shift to the Chinese BEVs.  
As for semiconductor and industrial machinery, which had been expected to recover from the adjustment phase, we will also take a close look at the progress of inventory adjustments and changes in actual demand, although there are signs of recovery compared to the previous year.
- The business environment has uncertainties, such as changes in the financial environment of each country and the impacts of exchange rate fluctuations, changes in trade policies in the United States and their effects on the economies of each country, and geopolitical risks from the Middle East region.

## Basic management policy

- We strive to reduce cost steadily, improve labor productivity, and implement our strategies on selling prices amid inflation and rising wage pressure (labor and freight costs).
- We conduct business operations in a flexible manner in response to changes in the business environment. In addition, we continue to implement measures to improve cash flow, such as appropriate inventory management amid soaring prices.
- We implement capital investment in a timely manner and carry out medium-to long-term business portfolio reforms while assessing the timing of the increase in demand for growth market products and ensuring upward resilience.

# ■ Outlook for Major Markets <Automobile-Related Demand>

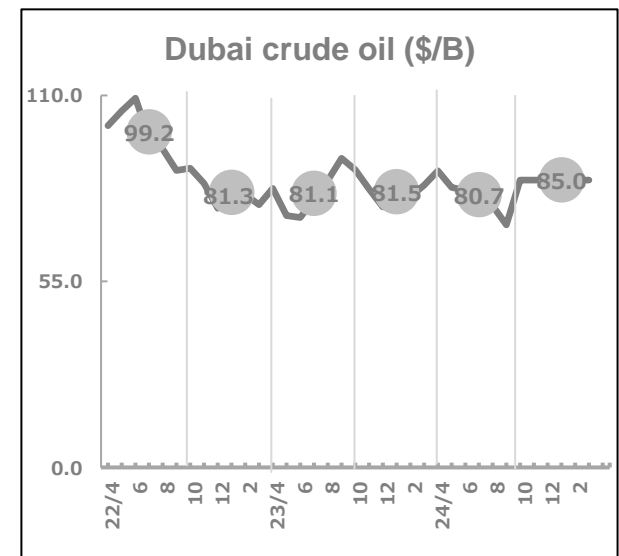
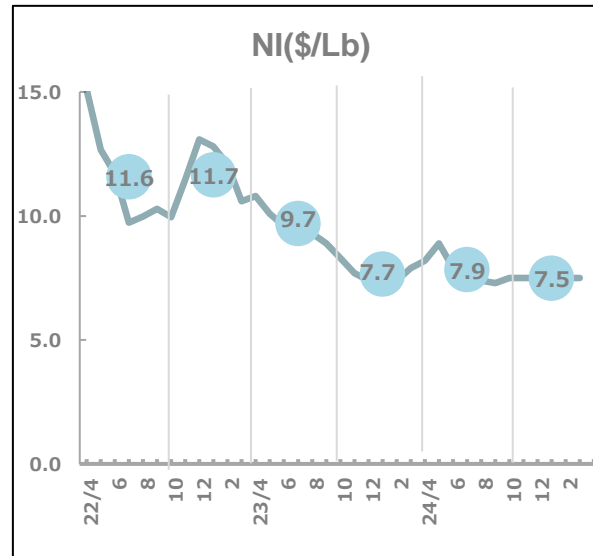
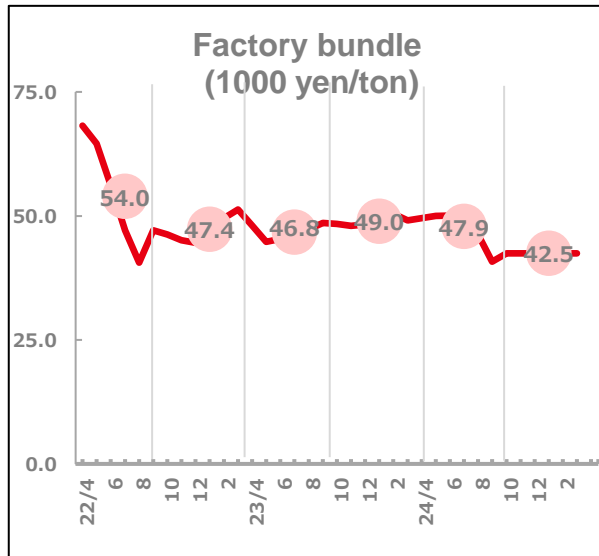
✓ Although the global demand is solid, Japanese production is expected to decline significantly compared to initial expectations due to unauthorized certification by Japanese automakers and the impact of sluggish sales in China. A slight recovery is expected from 1H FY2024 to 2H FY2024.





# Profit-Planning Premises for FY2024 (Market Trends)

			FY2023 results	1H of FY2024 results	Premises of FY2024 2H's plan	
					Differences from May 10 forecast	
Ferrous scrap	H2	¥thou./t	43.7	42.4	36.5	-11.0
	Factory bundle		47.9	47.9	42.5	-9.5
Nickel	LME	\$/Lb	8.7	7.9	7.5	±0.0
Crude oil	Dubai	\$/B	81.3	80.7	85.0	±0.0
Exchange rate	TTM	yen/\$	144.6	152.6	150.0	±0.0



# Consolidated Earnings Outlook for FY2024

- ✓ Steel sales volume declined from the previous year due to reduced production of automobiles, while open-die forgings continued to perform well. Excluding the sale of real estate for rent in the previous fiscal year, underlying operating profit is expected to increase from the previous fiscal year.
- ✓ Initial forecasts assumed that the volume of stainless steel would increase in the 2H of FY 2024 but it is expected to remain unchanged from the level of the 1H of FY2024. Profit is expected to be lower than plan in part due to the impact of a decline in automobiles. Sales of open-die forgings will continue to be strong.

(thou.tons, ¥100 million)

	FY2023 results (IFRS)			FY2024 forecast (IFRS)			y/y	Difference from May 10 forecast
	1H	2H	Total	1H	2H	Total		
Sales Volume of Specialty Steel	529	543	1,072	519	516	1,035	-37	-45
Revenue	2,872	2,914	5,786	2,834	2,966	5,800	14	-200
Operating Profit	177	246	423	183	217	400	-23	-80
(Underlying Operating Profit)*	(188)	(221)	(409)	(192)	(225)	(417)	(8)	(-55)
Profit Before Tax	190	261	451	196	229	425	-26	-75
Profit attributable to owners of parent	118	188	306	122	158	280	-26	-50

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

# Revenue & Operating Profit by Segment (Y/Y and Differences from the Forecast)

(¥100 million)

	FY2023 Results		FY2024 Forecast					
	Full year		1H		2H		Full Year	
	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit
Specialty Steel	2,187	137	1,055	61	1,085	64	2,140	125
High-Performance Materials and Magnetic	2,024	103	1,001	51	1,039	79	2,040	130
Parts for Automobiles and Industrial Equipment	1,050	57	537	49	583	56	1,120	105
Engineering	231	22	106	8	114	7	220	15
Trading and Service	294	104	135	14	145	11	280	25
<b>Total</b>	<b>5,786</b>	<b>423</b>	<b>2,834</b>	<b>183</b>	<b>2,966</b>	<b>217</b>	<b>5,800</b>	<b>400</b>
<b>(Underlying Operating Profit)*</b>		<b>(409)</b>		<b>(192)</b>		<b>(225)</b>		<b>(417)</b>

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

y/y		Differences from May 20 forecast	
Revenue	Operating Profit	Revenue	Operating Profit
-47	-12	-110	0
16	27	-60	-75
70	48	-30	-5
-11	-7	20	0
-14	-79	-20	0
<b>14</b>	<b>-23</b>	<b>-200</b>	<b>-80</b>
	<b>(8)</b>		<b>(-55)</b>

(thou. tons)

Sales Volume of Specialty Steel (Non-consolidated)	<b>1,072</b>	<b>519</b>	<b>516</b>	<b>1,035</b>
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	<b>-37</b>	<b>-45</b>
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# Changes in Operating Profit for FY2024 (Y/Y)

(¥100 million)

**FY2023 Underlying Operating Profit: 409**

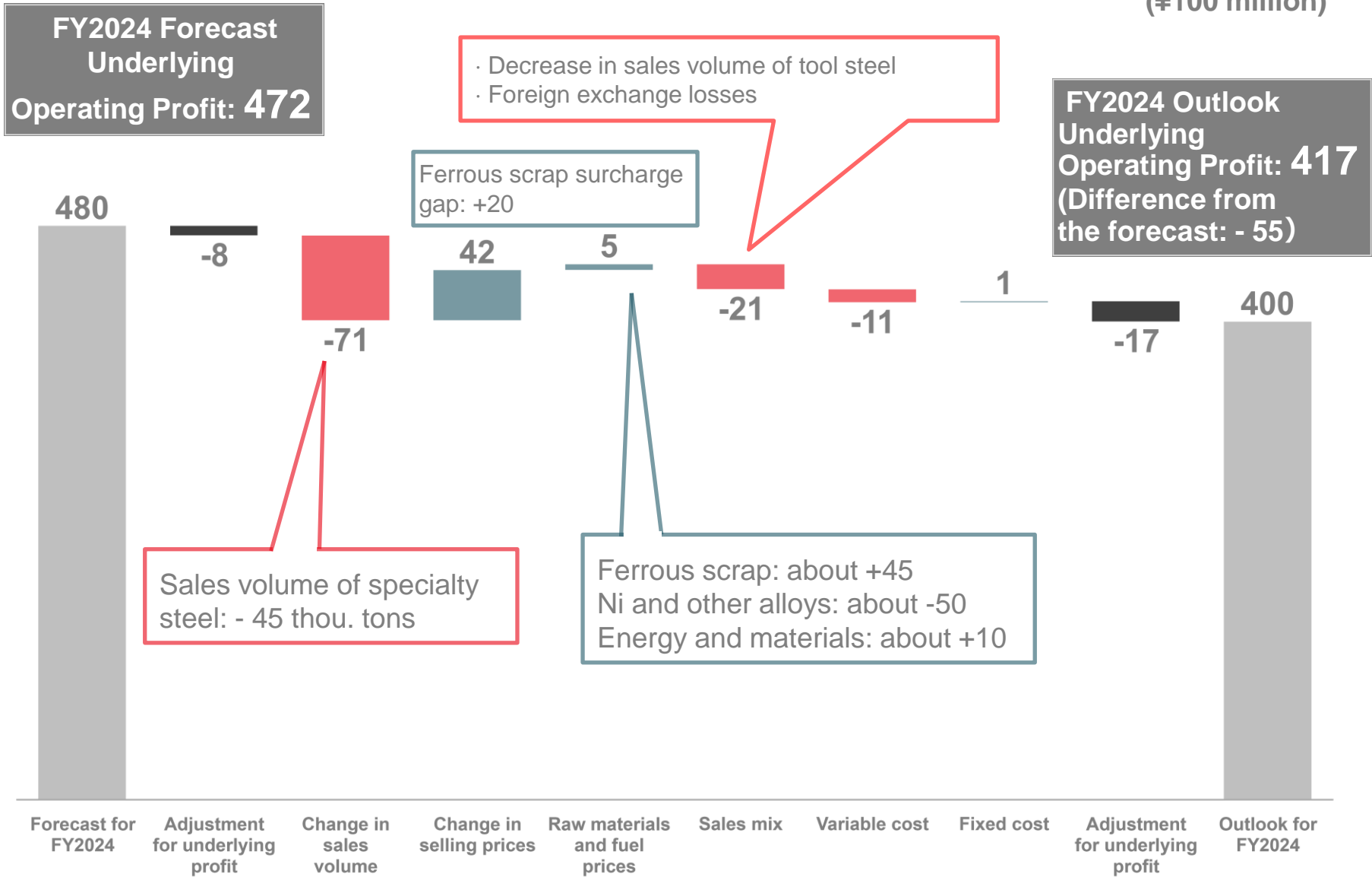
**FY2024 Underlying Operating Profit: 417**  
(y/y: +8)



# Changes in Operating Profit for FY2024

## (Differences from the Forecast Announced on May 10)

(¥100 million)



# Overview by Segment

## Specialty Steel

(¥100 million)

	FY2023 Full-year	FY2024			y/y	Differences from May 10 forecast
		1H	2H	Full-year		
Revenue	2,187	1,055	1,085	2,140	-47	-110
Operating profit	137	61	64	125	-12	0
Underlying Operating Profit*	134	58	68	126	-8	-1
Slide Gap	5	6	24	30	25	20

✓ Sales volume declined, mainly for automobiles. Tool steel also saw a decline in profits due to a delay in the recovery in automobile-related business.

✓ Due to the decline in the ferrous scrap market prices, the sliding gap has a positive impact on profits, and decline in profits for this fiscal year is expected to be limited.

## High-Performance Materials and Magnetic Materials

(¥100 million)

	FY2023 Full-year	FY2024			y/y	Differences from May 10 forecast
		1H	2H	Full-year		
Revenue	2,024	1,001	1,039	2,040	16	-60
Operating Profit	103	51	79	130	27	-75
Underlying Operating Profit*	147	68	77	145	-2	-49

✓ Underlying operating profit is expected to decline compared to the initial plan due to a delay in the expected recovery in the sales volume of stainless steel.

✓ Difference from the forecast widened partly due to one-time loss at a Chinese magnetic subsidiary that is in the process of liquidation.

## Parts for Automobiles and Industrial Equipment

(¥100 million)

	FY2023 Full-year	FY2024			y/y	Differences from May 10 forecast
		1H	2H	Full-year		
Revenue	1,050	537	583	1,120	70	-30
Operating Profit	57	49	56	105	48	-5
Underlying Operating Profit*	77	45	61	106	29	-5

✓ Open-die forgings business is expected to continue to perform well. We secure profits by ensuring production and shipments.

✓ Sales of engine valves are expected to be lower than the initial plan.

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

# Dividend per Share

	FY2023		FY2024 (Forecast)	
	Interim	Year-end	Interim	Year-end
Operating Profit (¥100 million)	177	423	183	400
Net Profit *1 (¥100 million)	118	306	122	280
Dividend per Share (¥/Share) *2	20.0	46.0 (End of term 26.0)	21.0	47.0 (End of term 26.0)
Payout Ratio (%)	36.3	32.1	36.8	35.8

## Dividend payout ratio excluding one-off effects (\*3)

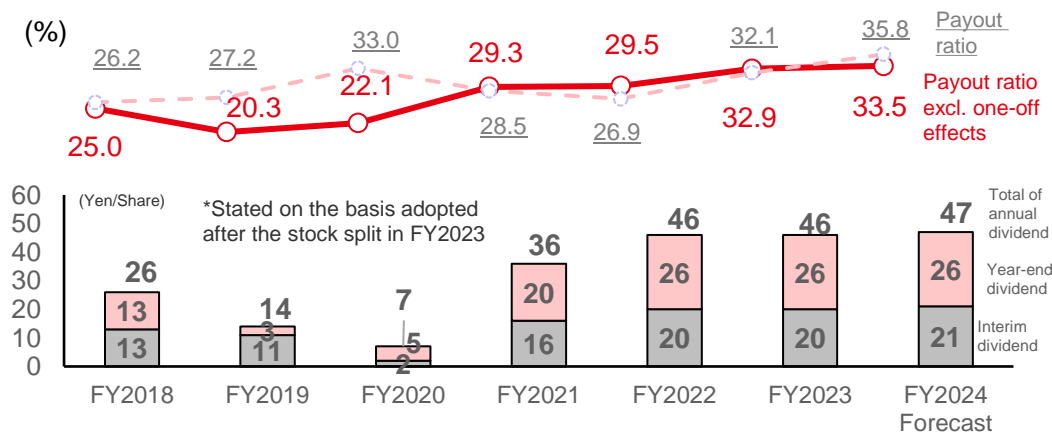
Dividend payout ratio (%)	29.8	32.9	31.0	33.5
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\*1 Profit attributable to owners of parent

\*2 We conducted a five-for-one common stock split with an effective date of January 1, 2024.

Dividends per share for fiscal 2023 are amounts assuming the stock split was implemented at the beginning of the fiscal year.

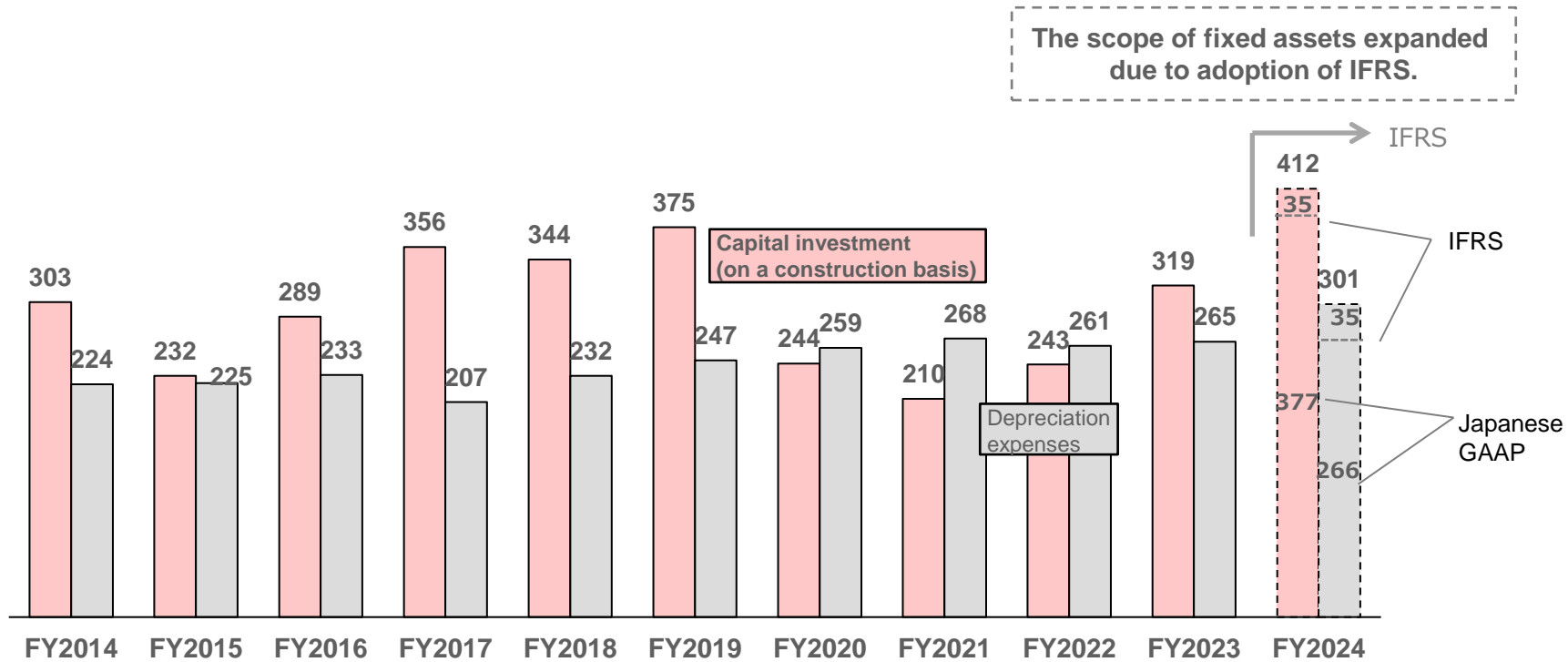
\*3 Excluding items that qualify as extraordinary gains or losses (gains on sales of fixed assets, losses on liquidation of subsidiaries and affiliates, impairment losses on fixed assets, etc.) (after tax)



- Taking into account our current financial situation, future strategic investments, investments in carbon neutrality, we aim for a dividend payout ratio (excluding one-off factors) of 30% or more.

# Capital Investments

- ✔ In addition to strategically investing in growth markets and new fields that contribute to earnings growth, and investing in productivity improvements, we make investment to reduce CO<sub>2</sub>.
- ✔ In FY2024, we are planning to launch strategy equipment such as two vacuum-remelting furnaces (VAR) for high-performance stainless steel and superalloy.



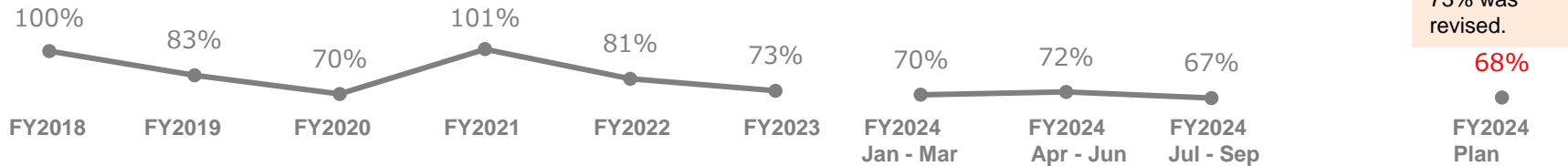


# Topics

# Demand Trends for Industrial Equipment

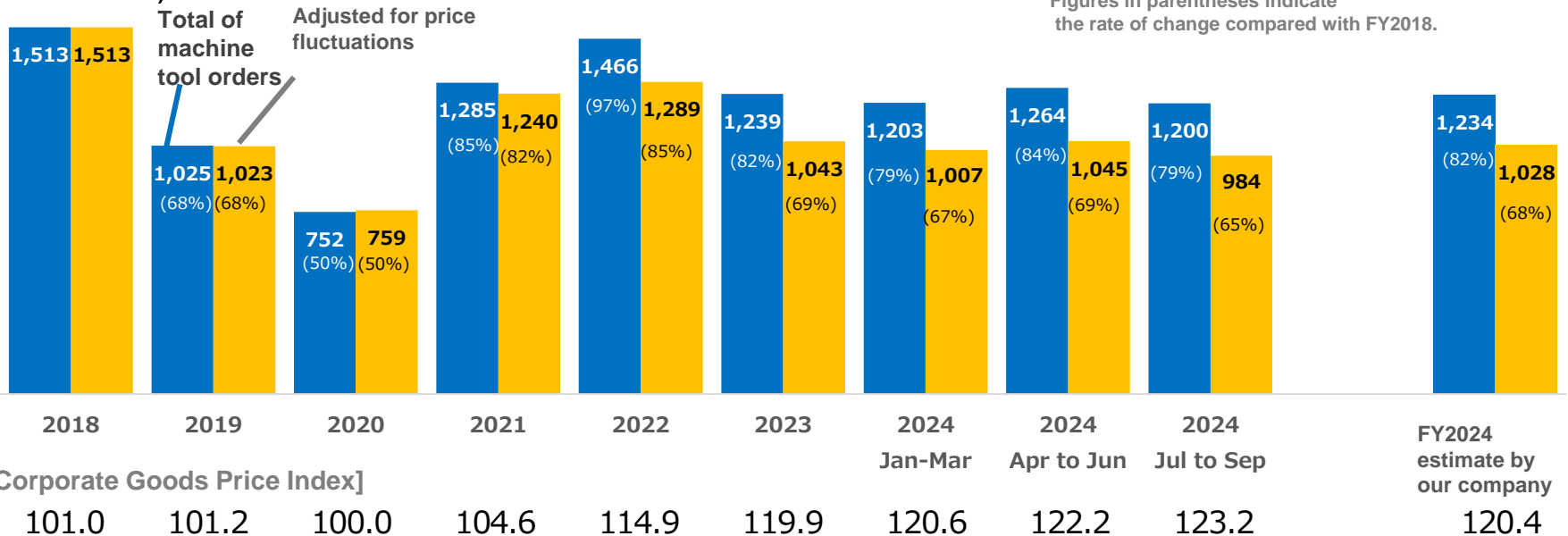
- ✓ Demand for structural steel for industrial equipment is about 70% of the FY2018 level.
- ✓ In the first half of FY2024, the pace of the recovery in demand was slow, although orders were generally in line with the announced figures.
- ✓ The level of orders in the second half is expected to be slightly lower than that of the first half.

## 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.

Corporate Goods Price Index: Bank of Japan "Corporate Goods Price Index (2020 Base)"

# Demand Trends for Stainless Steel

	1H of FY2024	Outlook for 2H of FY2024
<b>For automobiles and industrial equipment</b>	<p><b>Higher than initial plan</b> Sales for automobiles were affected by the decline in production by Japanese automakers, but sales for HDD data-center were strong.</p>	<p><b>The pace of recovery is expected to be slow compared to the initial plan.</b> Although the recovery in demand had been factored into the outlook for second half of the year, the level for industrial equipment is expected to be slightly lower than the first half.</p>
<b>For semiconductor manufacturing equipment</b>	<p><b>Almost in line with initial plan</b> Demand bottomed out in the second half of FY2023. Some users increased their inventories, which lead to gradual recovery.</p>	<p><b>Recovery is expected to be slightly delayed compared to initial plan.</b> Recovery is slightly delayed due to supply chain inventory adjustments. Full-scale recovery is expected from FY2025 onward.</p>

Fig. Changes in the number of orders for our stainless products, excluding for semiconductor manufacturing equipment (Orders in FY2018=100)

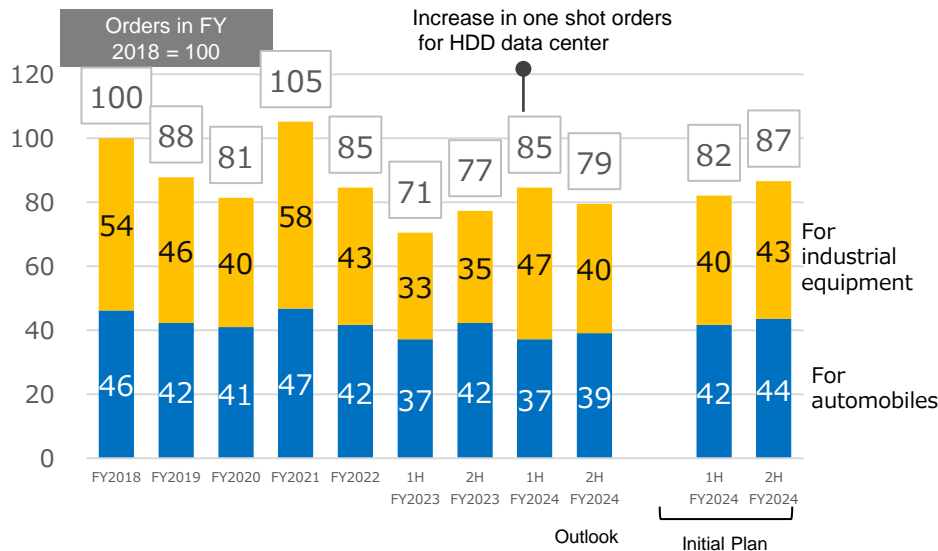
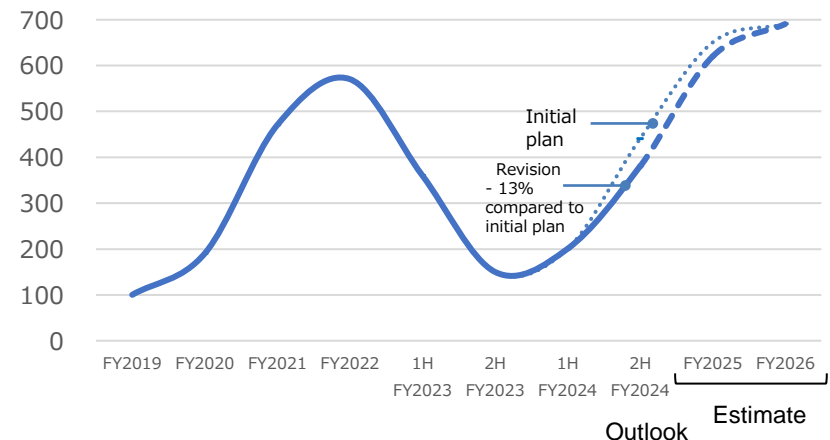


Fig. Estimated sales of materials for semiconductor manufacturing equipment (Sales in FY2019 = 100)

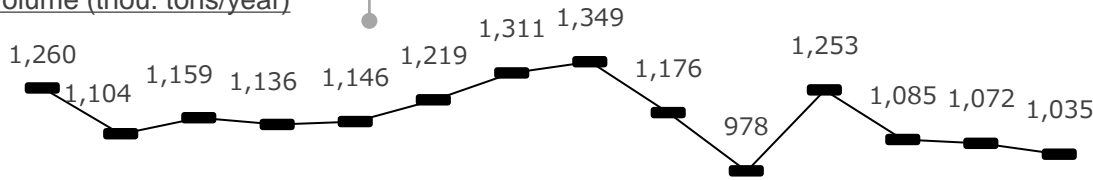
We aim at a 50% global share of stainless bar and wire sales for semiconductor manufacturing equipment by FY2026 by capturing future demand and sales expansion.



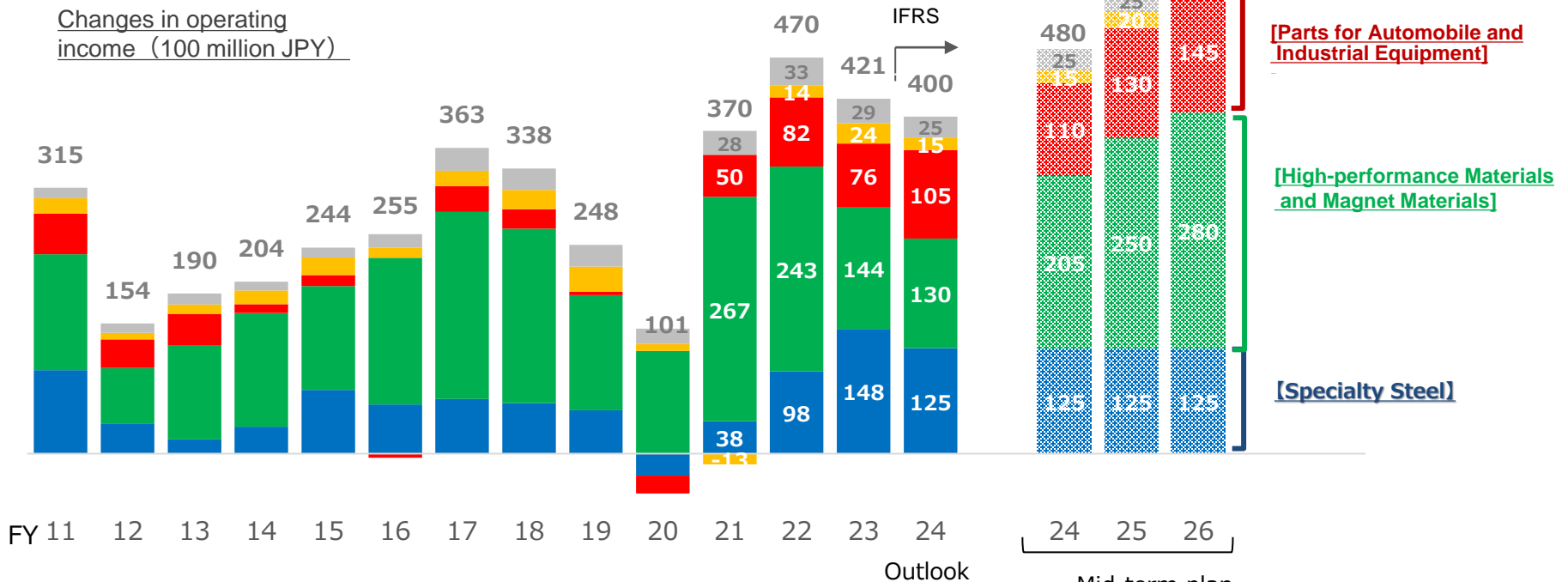
# Operating Profit Progress by Segment

- ✓ Despite the impact of production cutbacks by Japanese automakers and a decline in demand related to industrial equipment, the Specialty Steel segment secured the profit level set in the mid-term plan.
- ✓ In the High-performance Materials and Magnetic Materials segment, the profit level is expected to increase after the next fiscal year due to decline in sales volume and one-time loss in the Magnetic Materials business. Full-fledged recovery in demand for materials for semiconductor manufacturing equipment will be delayed to FY2025.
- ✓ Going forward, we will expand our open-die forgings business, especially superalloy, and raise the profit level of the Parts for the Automobile and Industrial Equipment segment.

Specialty steel sales volume (thou. tons/year)



Changes in operating income (100 million JPY)



# Strategic Investments in Fast-Growing Areas



We are making strategic capital investment in growing business, including superalloy, high-performance stainless, titanium products, and magnetic products. Our plan is to increase operating profit of 11 billion JPY and 16 billion JPY in FY2025 and FY 2026, respectively by making strategic investment during our 2026 mid-term plan.

	Capital investment	Equipment images
<p><b>Superalloy manufacturing process transformation project</b> <b>Superalloy</b></p>	<p>■ <b>Install a large radial forging machine, increase capacity for VIM furnaces, install two VAR furnaces, expansion of heat-treating and machining capacity</b> Certificate acquisition for superalloy for airplane, oil &amp; gas drilling, Production capacity expansion for open-die forgings Amount of investment: 30 billion JPY Installation being progressed toward the project's completion by FY2027</p>	
<p><b>Enhance the VAR (Vacuum Arc Remelting) furnace</b> <b>High-performance stainless steel, Superalloys</b></p>	<p>■ <b>Install two VAR furnaces at Chita Second Plant</b> Enhance production capacity expansion of stainless steel and superalloy for semiconductor production equipment Production capacity: 20% improvement Amount of Investment: 5.2 billion JPY (incl. ancillary equipment) Start of operation: End of FY2024</p>	
<p><b>Enhance the VAR (Vacuum Arc Remelting) Furnace</b> <b>Titanium products (for medical use)</b></p>	<p>Enhance production capacity expansion, responding to increasing titanium product orders ■ <b>Install two VAR furnaces for titanium at Chita Second Plant</b> (Installation of the 2<sup>nd</sup> furnace was approved in April 2024.) Amount of investment: 4.1 billion JPY (incl. ancillary equipment) Start of operation: 1<sup>st</sup> furnace: May 2025, 2<sup>nd</sup> furnace: July 2026</p>	<p>Titanium product inspection equipment “<b>Ultrasonic testing machine</b>” was added in January 2024. (Hoshizaki Plant)</p>
<p><b>Improve manufacturing process for difficult-to-machine wire materials</b> <b>Superalloys, Titanium products</b></p>	<p>■ <b>Enhance the rolling line at Hoshizaki Plant</b> Improve our competitiveness of difficult-to-machine wire materials such as superalloy and titanium products Amount of investment: 0.2 billion JPY Start of operation: November 2024</p>	
<p><b>Enhance magnet production capacity</b> <b>Hot deform magnet</b></p>	<p>■ <b>Install magnet production lines for EV drive motors</b> Amount of Investment: 1.5 billion JPY Responding to demand increase from FY2026 onward</p>	

# Our approach to ESG

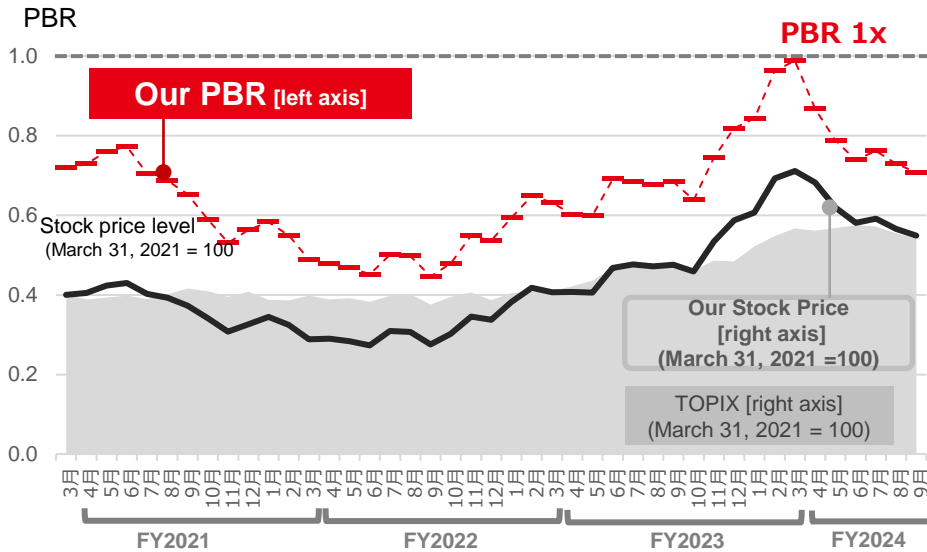
- ✓ We published our Integrated Report in September 2024, which contains mid-to long-term efforts toward improving corporate value.

URL: <https://www.daido.co.jp/common/pdf/pages/sustainability/data/2024.pdf>

<p><b>E</b></p> <p><b>Global environmental protection (Business activities) (Product supply)</b></p>	<ul style="list-style-type: none"> <li>➤ <b>Reducing CO<sub>2</sub> emissions</b> [Target: 50% reduction by 2030 and attainment of carbon neutrality by 2050] ➔ We reduced CO<sub>2</sub> emissions by 20% in FY2023 compared to FY 2013 by conserving energy and using CO<sub>2</sub> free electricity.</li> <li>➤ <b>We obtained the environmental label “SuMPO EPD” for structural bars and wires manufactured at Chita Plant.</b> We strengthen dialogue with customers by obtaining third-party certification for CO<sub>2</sub> emissions, etc.</li> <li>➤ <b>We participated in the industry-academia-government collaboration promotion project for the expansion of the use of recycled materials in automobile recycling.</b> “Technology Demonstration of Arteriovenous Integrated Process for ELV Automatic Precision Dismantling as a Starting Point” (ELV: End of Life Vehicle, horizontal recycling: A recycling system where used products are recycled into the same products)</li> </ul>
<p><b>S</b></p> <p><b>Social responsibility and contributions to human well-being</b></p>	<ul style="list-style-type: none"> <li>➤ <b>Efforts on human capital (Establishment of an internal working group)</b> Visualization of engagement score and the establishment of its utilization scheme, improvement of job satisfaction, promotion activities for invigorating organization</li> <li>➤ <b>Efforts on human rights (Establishment of an internal working group)</b> We became a member of Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in May 2024. We conducted a survey and education for our employees to identify, avoid, and mitigate human rights risks.</li> <li>➤ <b>ESG activities in our supply chain</b> ➔ Dialogue with our supply chain partners: we will continue to share efforts on carbon neutrality and BCP at DSP(Daido Supplier Partnership) meeting and conduct CSR questionnaires.</li> </ul>
<p><b>G</b></p> <p><b>Enhancement of sound corporate governance</b></p>	<ul style="list-style-type: none"> <li>➤ <b>Reduce cross-shareholdings</b> We sold cross-shareholdings of 35.8 billion yen in FY2023 and consider reducing in FY2024.</li> <li>➤ <b>Efforts on anti-corruption (Establishment of an internal working group)</b> ➔ We conducted an interview-based risk identification of group companies located in countries with high risk in the corruption recognition index. We prepared guidelines and conducted education.</li> </ul>

# Aiming at Improving Capital Efficiency

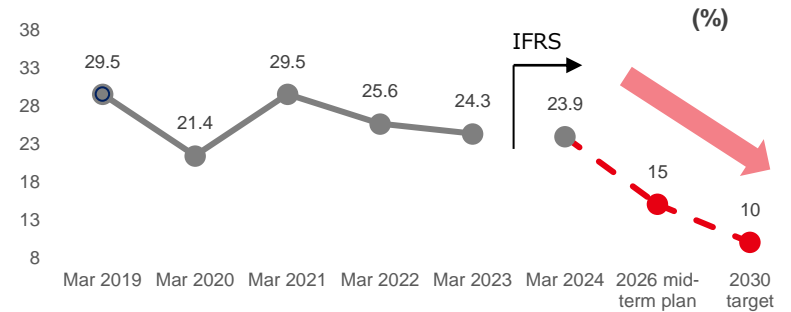
☑ In order to achieve a PBR of 1x or higher, we will promote management aimed at improving capital efficiency by improving ROE, effectively utilizing owned assets, and strengthening shareholder returns.



## Effective use of owned assets [Sales of cross-shareholdings]

Ratio of cross-shareholdings to net assets

- By FY2026: 15%
- By FY 2030: about 10%
- By FY 2024: 20% or lower



Improving capital efficiency

ROE 9% or more

- ▶ Transforming business portfolio
  - Increase sales of products for growing markets
  - Promote R&D to constantly produce new products that will lead to advanced businesses
  - Optimize production allocation

- ▶ Enhancing management resilience
  - Maximize the value of human capital
  - Replace and/or make effective use of company-held assets
  - Production process reform
  - Promote C/F management

ROE 9% or more

- ▶ Enhancing information dissemination
  - Expand IR/PR/SR activities
  - Strengthen information dissemination
  - Promote communication with stakeholders

- ▶ Promoting ESG activities
  - Improve corporate value (grow profits) by visualizing the achievements in ESG problem solving

PER improvement

- ▶ Maintaining stable shareholder returns
  - Strive to strengthen shareholder returns while taking into account progress in cash allocation during the 2026 mid-term

Shareholder return  
Dividend payout ratio: 30% or more

Constantly maintain PBR at 1x or higher

Enhance corporate value

# Fact Book



# Fact Book: Financial Highlights

Consolidated						(¥1 million)						
	Japanese GAAP ←					IFRS	Japanese GAAP ←					→ IFRS
	20/3	21/3	22/3	23/3	24/3		19/9	20/9	21/9	22/9	23/9	24/9
Net sales, Revenue	490,421	412,722	529,667	578,564	578,564		252,476	179,490	255,224	281,857	287,235	283,439
Operating profit	24,768	10,070	36,982	46,986	42,250		13,711	▲3,531	19,156	23,225	17,695	18,258
Ordinary income	24,298	12,642	39,200	48,122	—		13,711	▲2,112	20,556	24,092	—	—
Profit before tax	21,170	10,065	40,746	49,363	45,068		17,485	▲2,073	20,132	23,686	18,973	19,608
Profit attributable to owners of parent	10,987	4,516	26,894	36,438	30,555		11,257	▲2,318	12,840	18,294	11,757	12,152
R&D expenses	6,002	4,722	5,785	6,255	6,567		2,896	2,185	2,694	3,092	3,095	3,223
Capital investment (construction)	37,529	24,448	21,027	24,284	36,910		22,092	13,955	10,172	11,077	15,409	18,363
Depreciation	24,662	25,912	26,797	26,054	29,764		12,022	12,794	13,469	12,988	14,923	14,832
Finance account balance	1,297	806	1,326	1,544	1,936		656	459	693	828	965	1,085
Total assets	625,899	665,506	728,187	773,851	788,734		651,112	621,997	686,373	757,206	793,722	794,051
Equity	273,561	303,143	329,713	368,718	418,562		293,276	276,815	315,674	343,043	382,345	423,102
Interest-bearing debt	193,881	198,812	229,090	236,761	176,235		185,536	207,302	210,608	250,076	232,610	198,193
Payroll number	13,436	13,109	12,605	12,422	11,941		13,775	13,474	12,838	12,668	12,096	12,162
ROA(%)	3.8	2.0	5.6	6.4	5.8		4.2	▲0.7	6.1	6.5	4.8	5.0
ROE(%)	3.9	1.6	8.5	10.4	7.9		7.8	▲1.7	8.3	10.9	6.4	5.8
Consolidated subsidiary number	65	66	62	63	64		65	68	65	62	64	64
(Equity method affiliate number is excluded from the above.)	( 9)	( 9)	( 8)	( 8)	( 8)		( 9)	( 9)	( 9)	( 8)	( 8)	( 8)
Ratio of the consolidated to the non-consolidated												
Net sales, Revenue	1.6	1.7	1.5	1.5	1.5							
Operating profit	1.5	2.0	1.9	1.6	1.6							
Net income	1.0	0.7	1.2	1.3	0.6							

\*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

Consolidate		(¥1 million)					
<New segment(April 2012->		Japanese GAAP ←					IFRS
		19/3	20/3	21/3	22/3	23/3	24/3
Specialty Steel	Revenue	2,078	1,817	1,458	1,978	2,148	2,187
	Operating Profit	60	52	▲ 26	38	98	137
High-Performance Materials & Magnetic Materials	Revenue	1,846	1,674	1,494	1,976	2,197	2,024
	Operating Profit	207	136	122	267	243	103
Parts for Automobile & Industrial Equipment	Revenue	1,099	973	808	925	1,012	1,050
	Operating Profit	23	4	▲ 21	50	82	57
Engineering	Revenue	275	266	202	182	190	231
	Operating Profit	23	30	8	▲ 13	14	22
Trading and Service	Revenue	135	174	165	236	239	294
	Operating Profit	25	26	18	28	33	104
Total	Revenue	5,433	4,904	4,127	5,297	5,786	5,786
	Operating Profit	338	248	101	370	470	423

		Japanese GAAP←						→ IFRS				(¥1 million)
		19/4-9	19/10-3	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
Specialty Steel	Revenue	971	846	598	860	932	1,046	1,028	1,120	1,086	1,101	1,055
	Operating Profit	32	20	▲ 30	4	15	23	42	56	63	74	61
High-Performance Materials & Magnetic Materials	Revenue	847	827	648	846	948	1,028	1,096	1,101	1,023	1,001	1,001
	Operating Profit	70	66	22	100	139	128	134	109	50	53	51
Parts for Automobile & Industrial Equipment	Revenue	499	474	361	447	465	460	495	517	511	539	537
	Operating Profit	6	▲ 2	▲ 41	20	31	19	34	48	32	25	49
Engineering	Revenue	124	142	103	99	87	95	83	107	110	121	106
	Operating Profit	15	15	5	3	▲ 7	▲ 6	4	10	10	12	8
Trading and Service	Revenue	84	90	85	80	120	116	117	122	142	152	135
	Operating Profit	14	12	9	9	14	14	18	15	22	82	14
Total	Revenue	2,525	2,379	1,795	2,332	2,552	2,745	2,819	2,967	2,872	2,914	2,834
	Operating Profit	137	111	▲ 35	136	192	178	232	238	177	246	183

## **(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.**