

# Fiscal Year Ending March 2025 Financial Results Briefing

May 8, 2025



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# **Financial Results for FY2024 (April 2024 – March 2025)**

# Financial Results Overview for FY2024

- ✓ Operating profit decreased from the previous fiscal year due to the recording of a gain on sale of real estate (¥7.2 billion) in the previous fiscal year. Adjusted operating profit increased due to increased demand for open-die forgings.
- ✓ Compared to forecasts, sales volume of specialty steel fell below expectations, which lead to a decline in profits. However, adjusted operating profit excluding temporary factors contributing to decreasing profit (accrued vacation payable: - ¥1.4 billion) increased.

(thousand tons, ¥100 mil.)

	FY2023 Results (IFRS)			FY2024 Results (IFRS)			y/y	Deviations from the forecast (on Oct. 30)
	First Half	Second Half	Total	First Half	Second Half	Total		
Sales Volume of Specialty Steel	529	543	1,072	519	496	1,015	-57	-20
Revenue	2,872	2,914	5,786	2,834	2,915	5,749	-37	-51
Operating Profit	177	246	423	183	211	394	-29	-6
(Adjusted Operating Profit)*	(179)	(225)	(404)	(207)	(233)	(440)	(36)	(7)
Profit Before Tax	190	261	451	196	231	427	-24	2
Profit attributable to owners of parent	118	188	306	122	161	283	-23	3

\*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 from operating profit

# ■ Revenue & Operating Profit by Segment

(y/y and deviations from the forecast)

(¥100 million)

	FY 2023 Results		FY 2024 Results						y/y		Deviations from the forecast on Oct. 30	
	Full-year		First Half		Second Half		Full-year					
	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit
Specialty Steel	2,187	137	1,055	61	1,046	60	2,101	121	-86	-16	-39	-4
High-Performance Materials and Magnetic Materials	2,024	103	1,001	51	1,008	59	2,009	110	-15	7	-31	-20
Parts for Automobiles and Industrial Equipment	1,050	57	537	49	593	64	1,130	113	80	56	10	8
Engineering	231	22	106	8	135	14	241	22	10	0	21	7
Trading and Service	294	104	135	14	133	14	268	28	-26	-76	-12	3
Total	5,786	423	2,834	183	2,915	211	5,749	394	-37	-29	-51	-6
(Adjusted Operating Profit)*		(404)		(207)		(233)		(440)		(36)		(7)

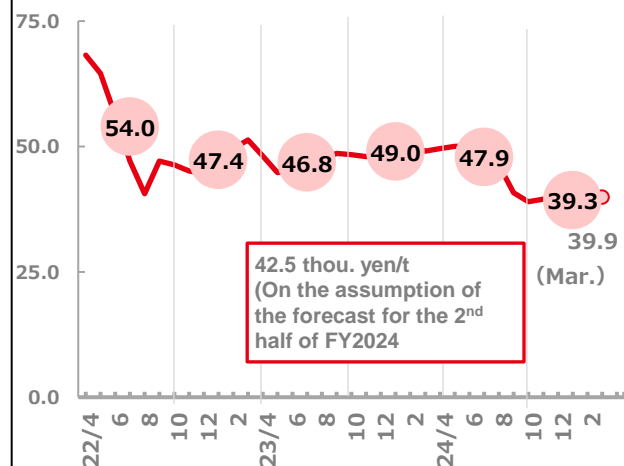
\*Adjusted for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, fixed asset tax (leveling), and provision for paid leave from operating profit

(thou.tons)

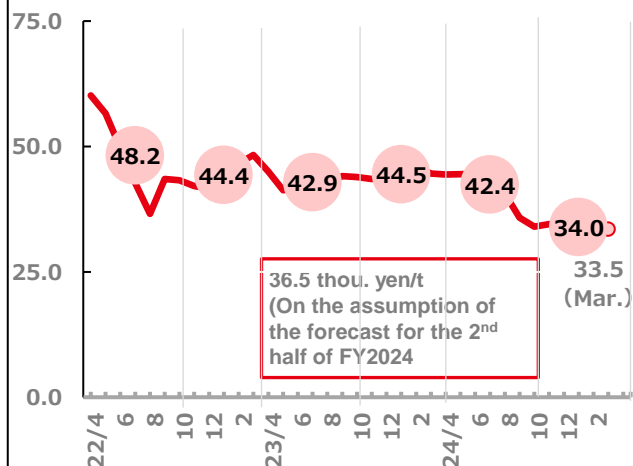
Sales Volume of Specialty Steel (non-consolidated)	1,072	519	496	1,015	-57	-20
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# Raw Materials Prices

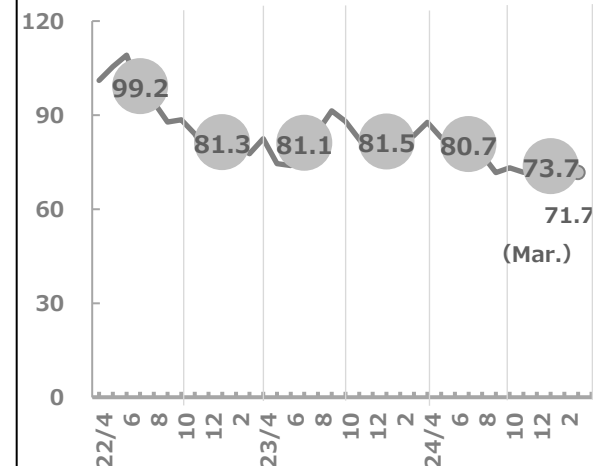
Factory bundle (1000 yen/ton)



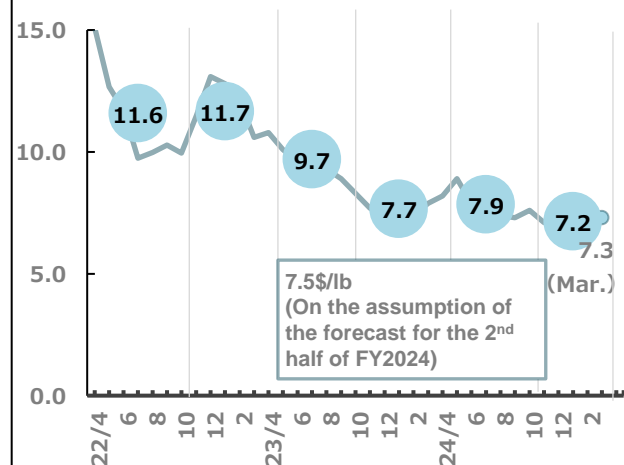
H2 (1000 yen/ton)



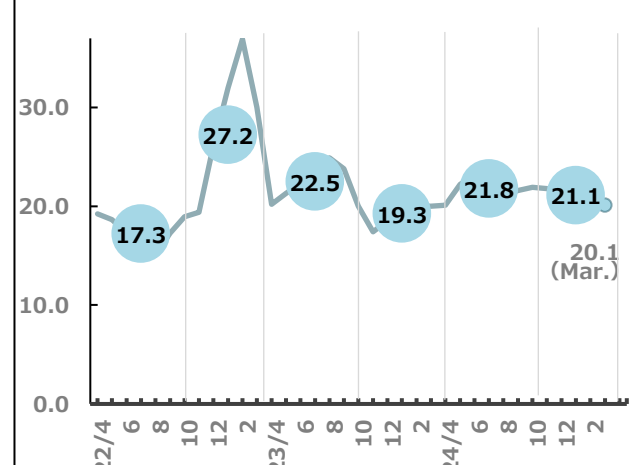
Dubai crude oil (\$/B)



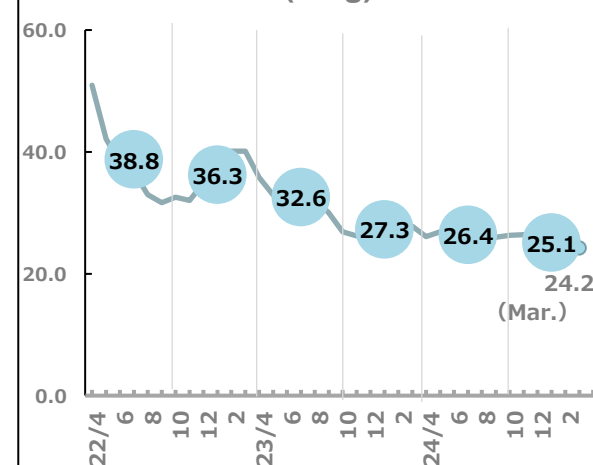
Ni (\$/lb)



Mo (\$/lb)

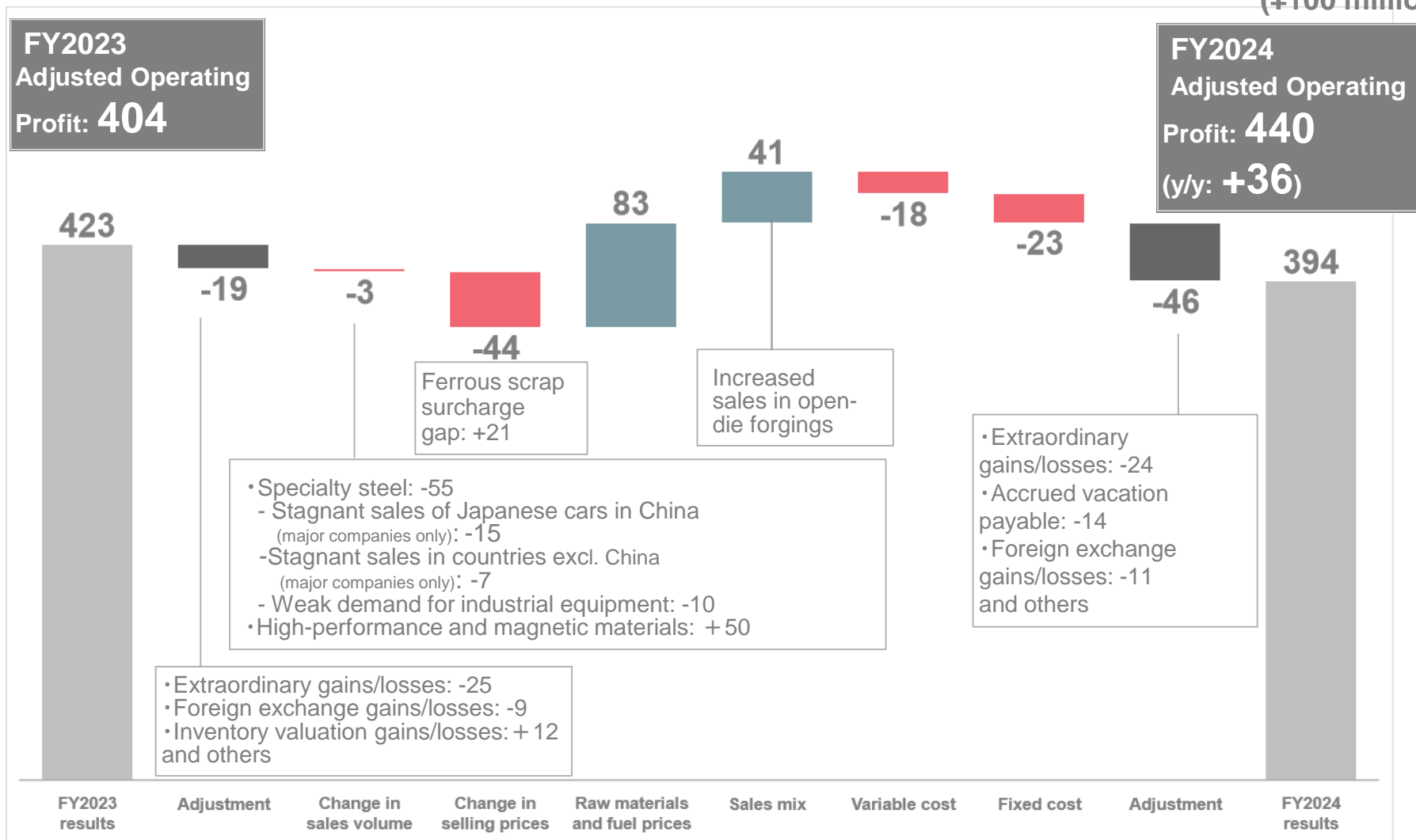


V (\$/Kg)



# ■ Changes in Operating Profit in FY2024 (y/y)

(¥100 million)

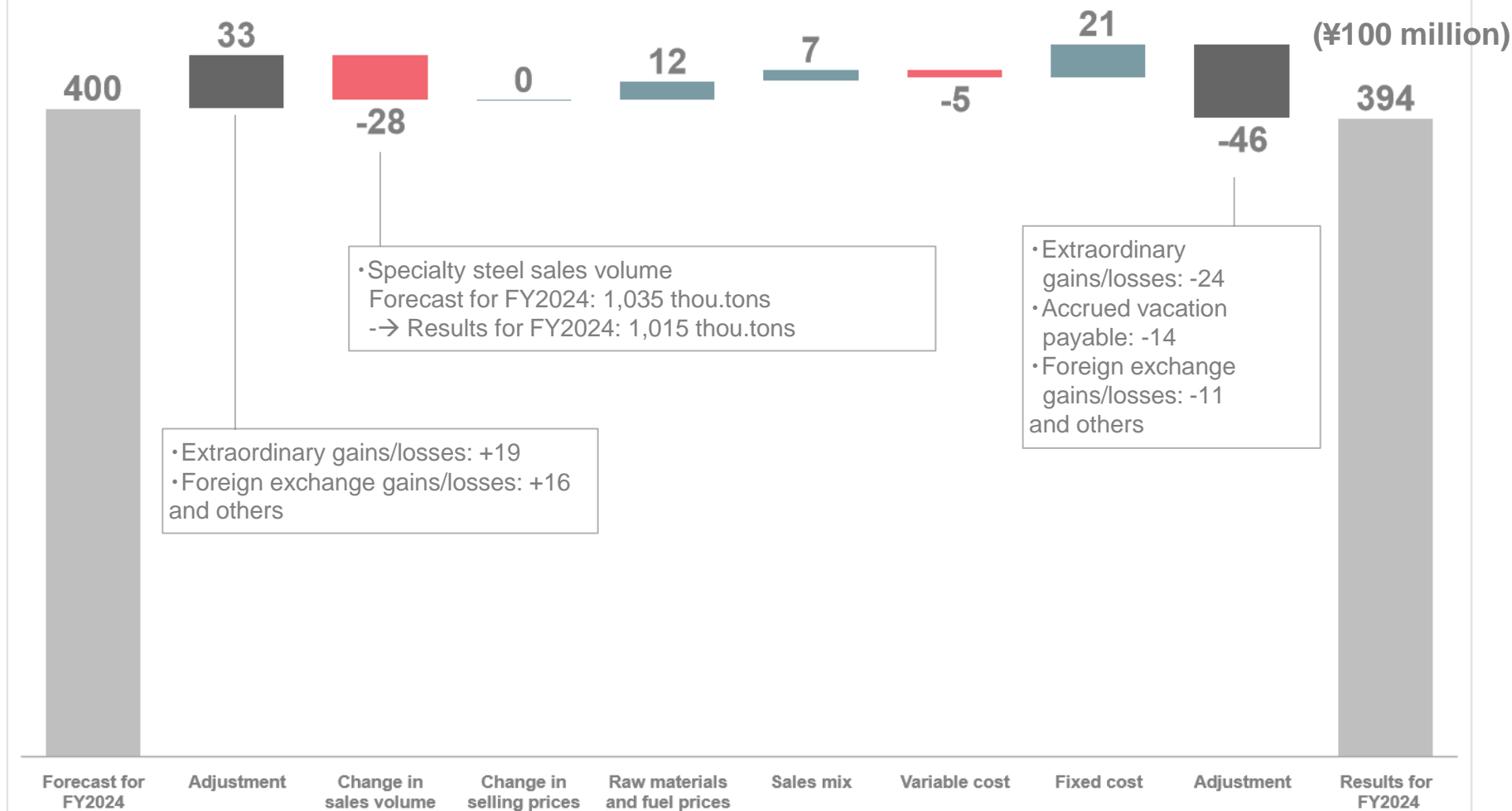


# ■ Changes in Operating Profit in FY2024

(Difference from the forecast)

Forecast for FY2024  
Adjusted Operating  
Profit:433

Results for FY2024  
Adjusted Operating  
Profit:440  
(Difference from  
the forecast: +7)

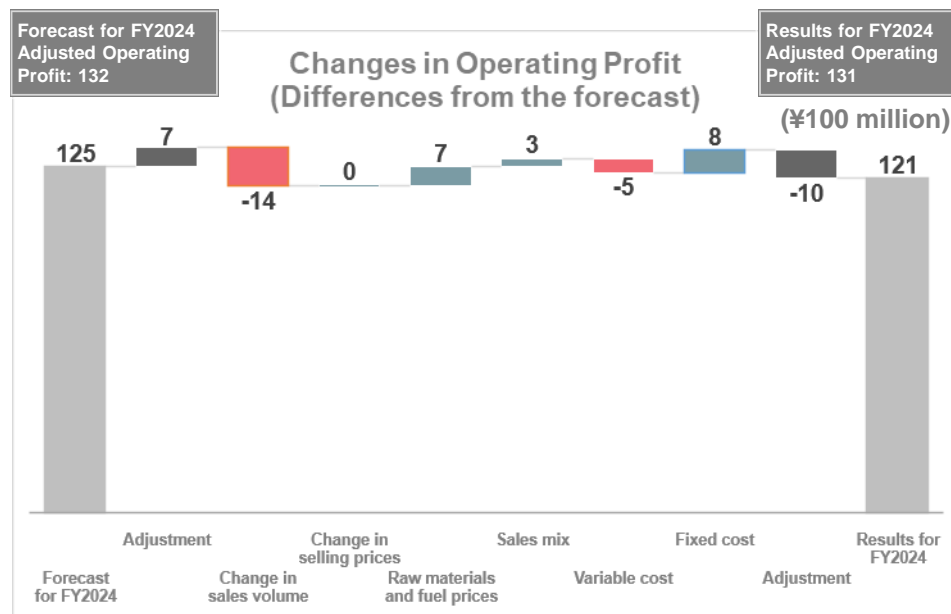
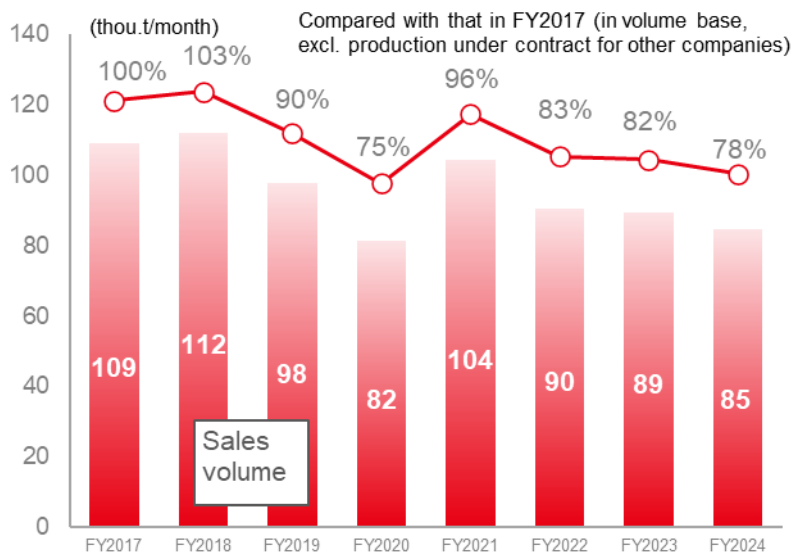


# Overview of Specialty Steel

	FY2023	Forecast for FY2024	FY2024	(¥100 million)	
	a	b	c	y/y c-a	Differences from the forecast c-b
Revenue	2,187	2,140	2,101	-86	-39
Operating Profit	137	125	121	-16	-4
Adjusted Operating Profit*	135	132	131	-4	-1
Surcharge Gap	5	30	26	21	-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 from operating profit

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



## POINT

- ☑ Sales volume decreased due to a decline in automobile production of Japanese OEMs in China and sluggish sales for industrial equipment.
- ☑ Profits were on par with the forecast, partly due to the stable ferrous scrap market.

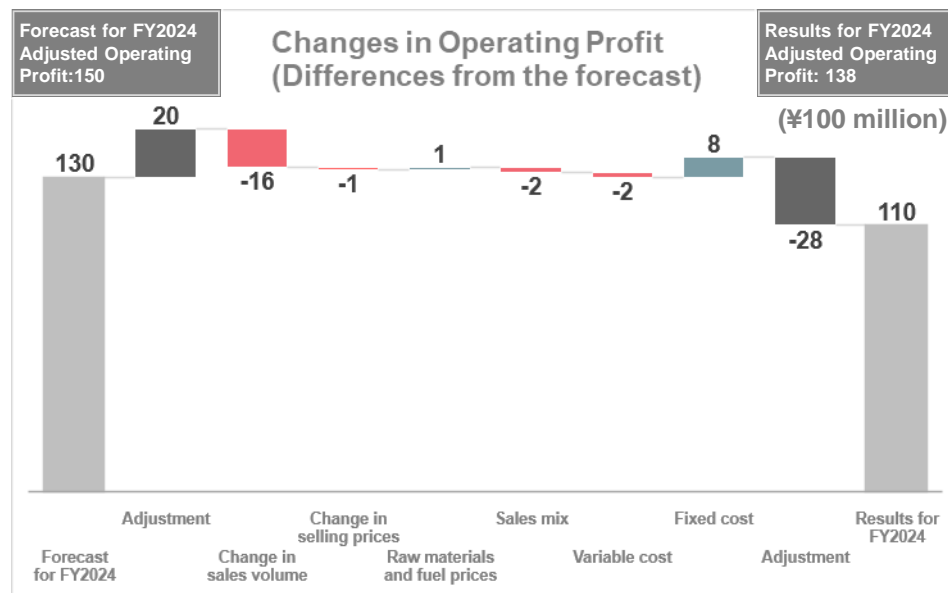
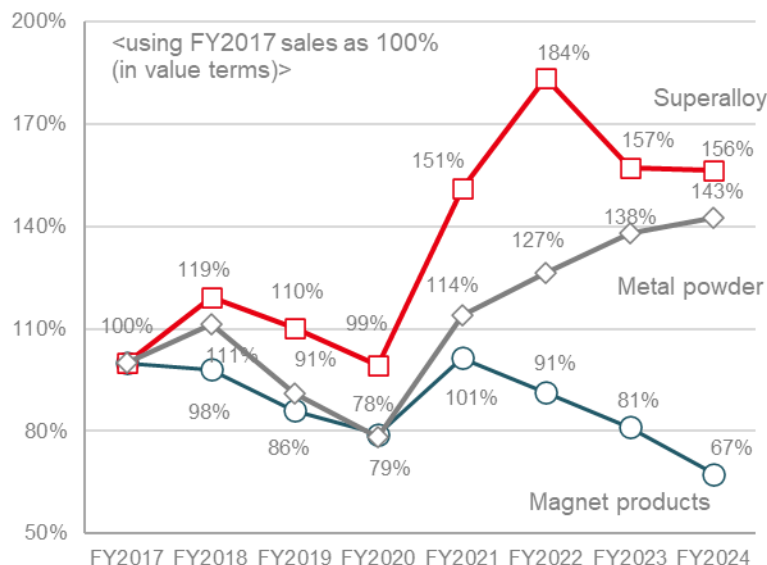


# Overview of High-Performance and Magnetic Materials

	FY2023	Forecast for FY2024	FY2024	y/y	Differences from the forecast
	a	b	c	c-a	c-b
Revenue	2,024	2,040	2,009	-15	-31
Operating Profit	103	130	110	7	-20
Adjusted Operating Profit*	144	150	138	-6	-12

\*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 from operating profit

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



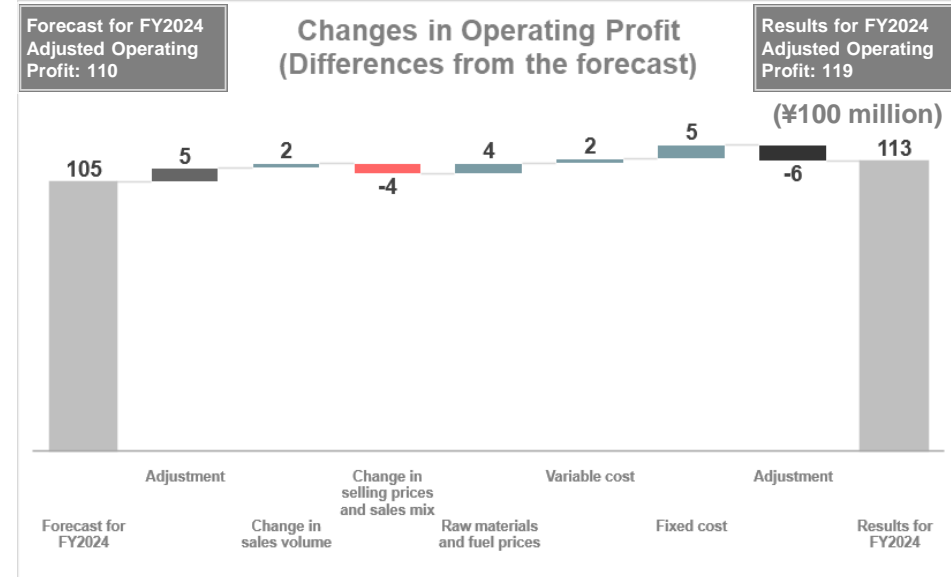
## POINT

- While stainless steel demand was on a recovery track, profit was weaker than expected.
- While a full-fledged recovery for semiconductor production equipment had been anticipated in 4Q, the sales mix was slightly negative due to a delayed recovery.

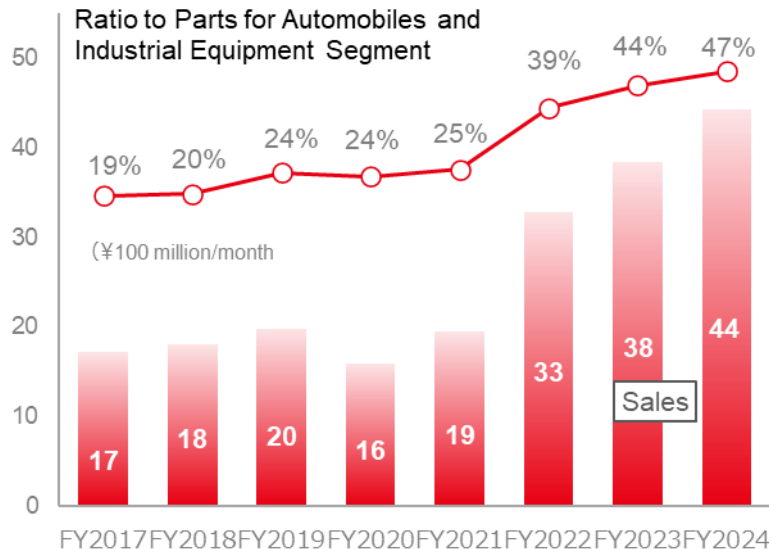
# Overview of Parts for Automobiles and Industrial Equipment

	FY2023	Forecast for FY2024	FY2024	y/y	Differences from the forecast
	a	b	c	c-a	c-b
Revenue	1,050	1,120	1,130	80	10
Operating Profit	57	105	113	56	8
Adjusted Operating Profit*	73	110	119	46	9

\*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 from operating profit



## <Revenue of open-die forgings>



## POINT

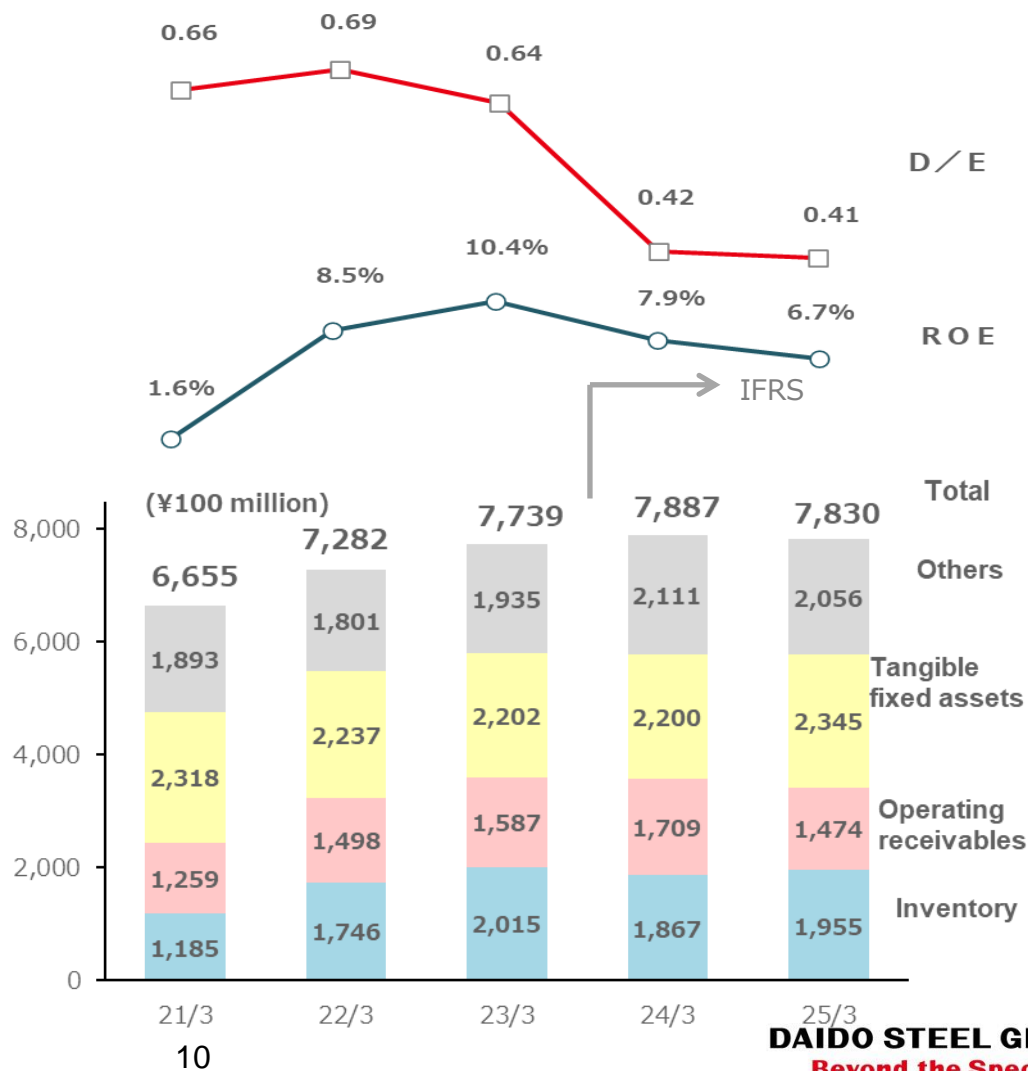
- ✓ Open-die forgings achieved profit growth as planned by capturing demands in aircraft, heavy electric machinery, and off-shore drilling industries.
- ✓ Due to strong demand for engine valves in North America, etc., increased sales at affiliated companies led to the growth in profits.

# ■ Total Asset, Interest-Bearing Debt, D/E Ratio

- ✓ We improved capital efficiency by selling cross-shareholdings and acquiring treasury stock.
- ✓ We will continue to improve asset efficiency by reducing inventories through efficient production and effectively utilizing our assets.

(¥100 million)

	24/3	25/3	Difference
<b>Current assets</b>	<b>4,154</b>	<b>4,170</b>	<b>16</b>
Cash instruments	460	612	152
Operating receivables	1,709	1,474	-235
Inventory	1,867	1,955	88
<b>Fixed assets</b>	<b>3,733</b>	<b>3,660</b>	<b>-73</b>
Tangible fixed assets	2,200	2,345	145
Investment securities	798	524	-274
<b>Total of assets</b>	<b>7,887</b>	<b>7,830</b>	<b>-57</b>
<b>Liabilities</b>	<b>3,314</b>	<b>3,138</b>	<b>-176</b>
Interest bearing debt	1,762	1,768	6
<b>Net assets</b>	<b>4,573</b>	<b>4,692</b>	<b>119</b>
Total equity attributable to owners of parent	4,186	4,293	107
Non-controlling interest	387	398	11
<b>Total of liabilities and net assets</b>	<b>7,887</b>	<b>7,830</b>	<b>-57</b>

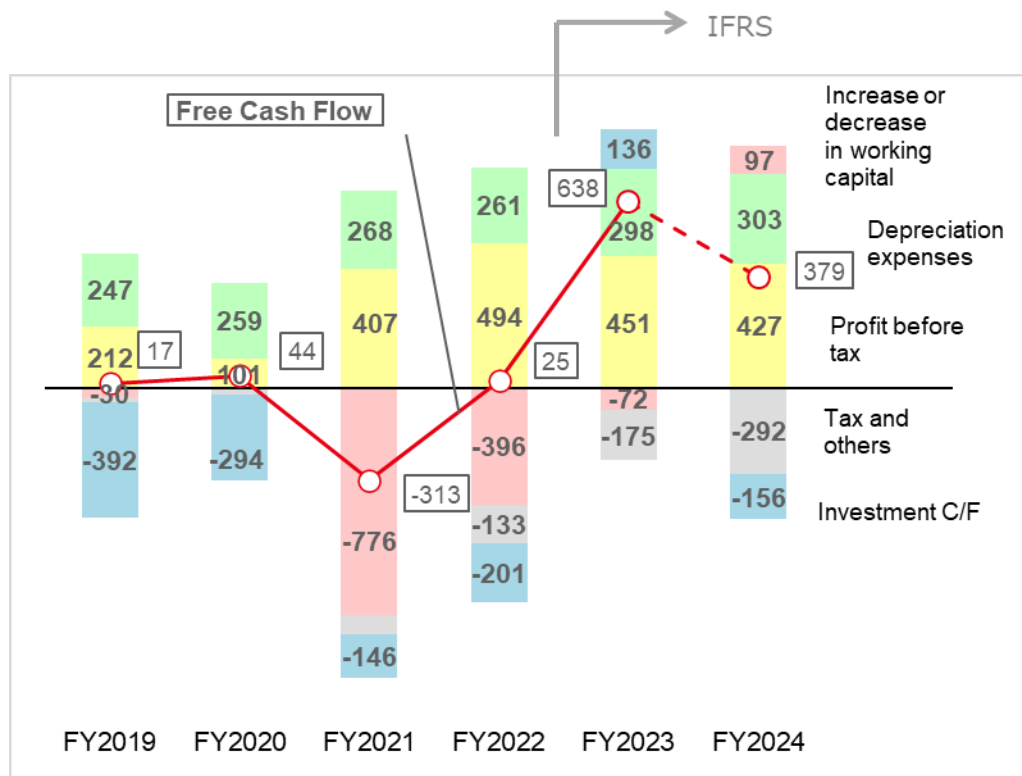


# ■ Cash Flow

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

(¥100 million)

		FY2023	FY2024
Operating C/F	Profit before tax	451	427
	Depreciation expenses	298	303
	Increase or decrease in working capital	Accounts receivables	-125
		Accounts payable	-55
		Inventory	69
			-84
		-72	97
Tax and others		-175	-292
		502	535
Investment C/F	Capital investment	-324	-416
	Others	460	260
		136	-156
Free cash flow		638	379



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# **Outlook for 1H of FY2025**

## **(April 2025 to September 2025)**

# ■ Earnings Forecast

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## ■ Earnings forecast

- Since there are many uncertainties, such as impact of the U.S. tariff policy on the global economy, and exchange rate fluctuations, we only announce the forecast for **the first half of FY 2025**.
- The forecast for the second half of FY2025 has not been determined and will be promptly disclosed as soon as forecasting becomes possible.
- We will redesign our medium-term management plan when the economic outlook becomes clearer.

## ■ External environmental assumptions

- Automobile production: Estimated car production by Japanese manufacturers in the first half of FY2025: 12.3 million units  
(Results for 1H of FY2024: 12.1 million units, 2H of FY2024: 12.6 million units)
- Demand for industrial equipment: The forecast assumes that the demand will not recover significantly from the second half of FY2024.
- Specialty steel sales volume: 1H of FY2025: 500 thou. tons/half-year  
(Results for 1H of FY2024: 519 thou. tons, 2H of FY 2024: 496 thou. tons)
- Exchange rate: JPY 140/USD

# ■ Basic Policy for FY2025

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

## Sales/ Prices

- Take actions to expand sales for fast-growing markets
- Implement pricing strategies to respond to increases in material prices, outsourcing costs, freight costs, and labor costs

## Costs

- Careful budgeting of expenses, mainly overhead costs
- Improve production system in response to changes in order volume
- Increase labor productivity (accelerating the use of DX)

## Investments

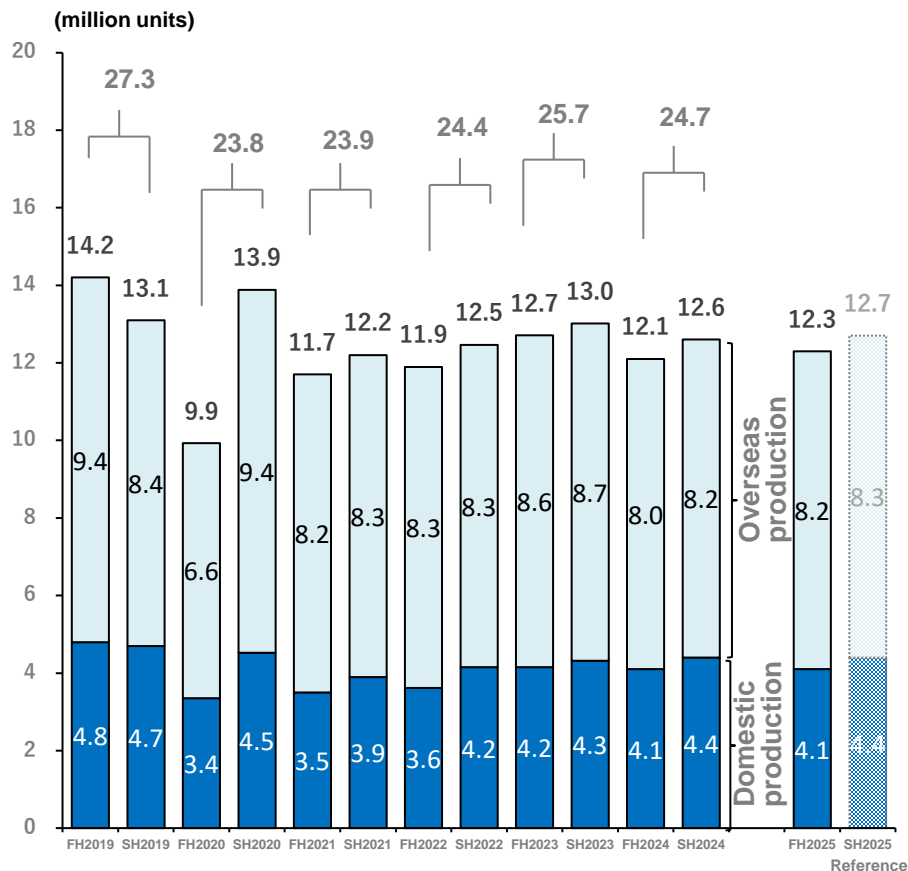
- While promoting investments in portfolio transformation, we will carefully select investment projects considering the effects.

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

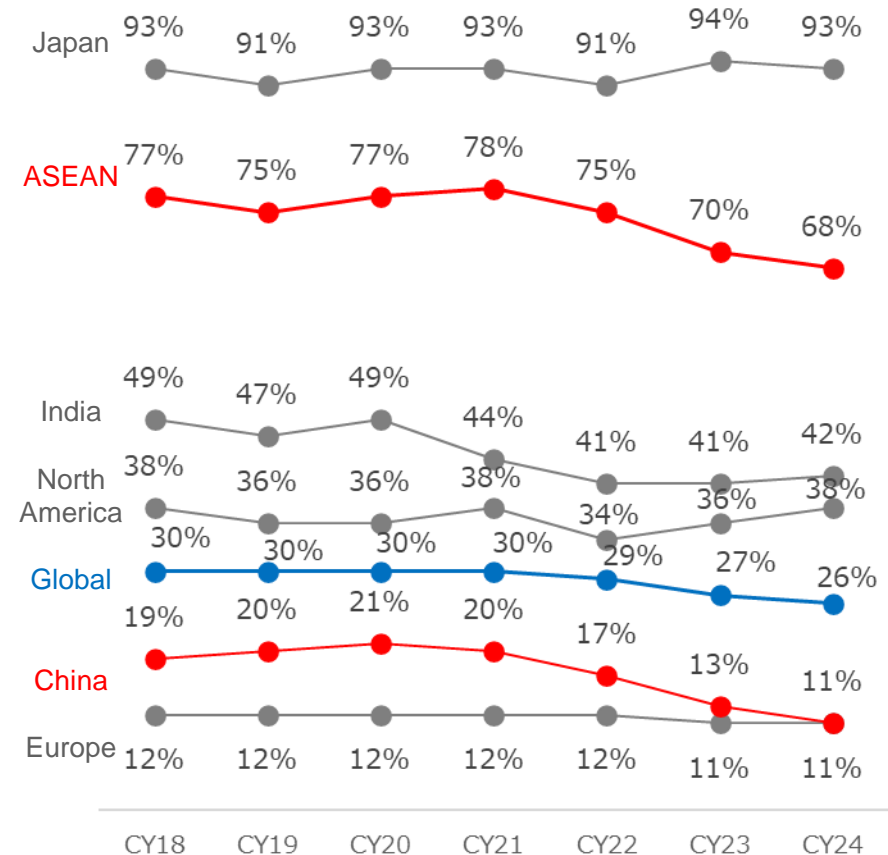
The values shown as reference in the graph exclude the effects of the U.S. trade policy.

- ✓ Japanese automakers production of 1<sup>st</sup> Half of FY2025 will remain at the same level as in FY2024.
- ✓ Japanese automakers' market share in China, ASEAN, etc. is not expected to grow.

## <Prospective car production by Japanese OEMs>



## <Japanese OEMs market share by region>

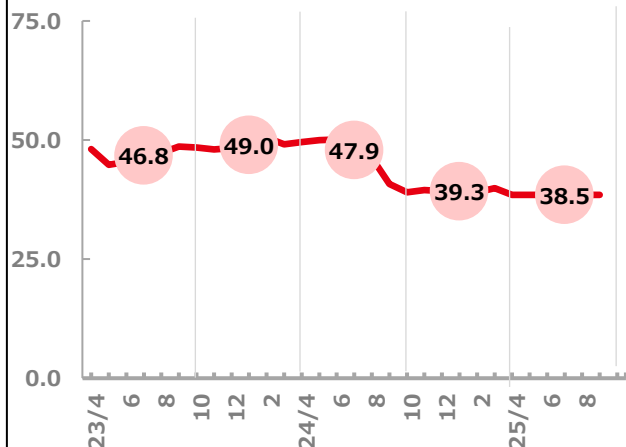




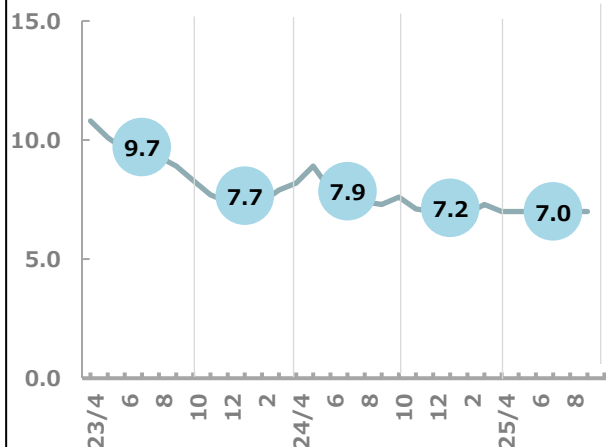
# ■ Profit-Planning Premises for 1H of FY2025 (Market Trends)

			FY2023 results	1H of FY2024 results	2H of FY2024 results	Premises for FY2025 1H's plan		
							y/y	h/h
Ferrous scrap	H2	¥thou./t	43.7	42.4	34.0	33.0	-9.4	-1.0
	Factory bundle		47.9	47.9	39.3	38.5	-9.4	-0.8
Nickel	LME	\$/lb	8.7	7.9	7.2	7.0	-0.9	-0.2
Crude oil	Dubai	\$/B	81.3	80.7	73.7	77.0	-3.7	3.3
Exchange rate	TTM	yen/\$	144.6	152.6	152.5	140.0	-12.6	-12.5

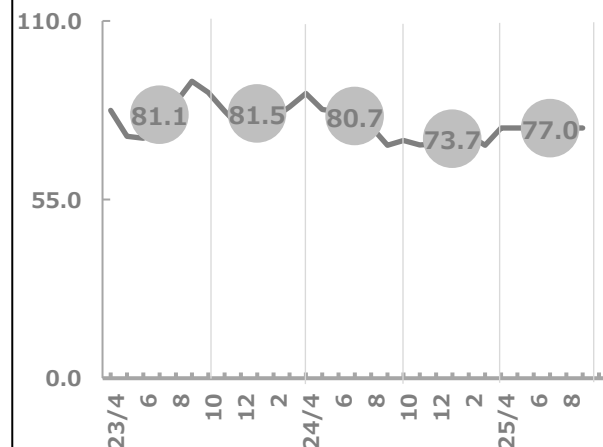
Factory bundle (1000 yen/ton)



Ni (\$/lb)



Dubai crude oil (\$/B)



# ■ Consolidated Earnings Outlook for 1H of FY2025

- ✓ Specialty steel sales volume will decline from the previous year due to a weak demand for automobiles and industrial equipment.
- ✓ Profits for open-die forgings will be low because of a decrease in production at Boeing and drilling related order adjustments due to U.S. policy uncertainties under the new administration.
- ✓ Temporary environmental costs associated with optimizing production allocation (2.4 billion yen) are incorporated into the forecast.

	FY2024			FY2025	y/y
	1H	2H	Total	1H	
Sales Volume of Specialty Steel	519	496	1,015	500	-19
Revenue	2,834	2,915	5,749	2,750	-84
Operating Profit	183	211	394	125	-58
(Adjusted Operating Profit)*	(207)	(233)	(440)	(134)	(-73)
Profit Before Tax	196	231	427	130	-66
Profit attributable to owners of parent	122	161	283	80	-42

\*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 from operating profit

# ■ Revenue & Operating Profit by Segment (y/y)

(¥100 million)

	FY2024 Results						FY2025 Forecast		y/y	
	1H		2H		Full -year		1H			
	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit	Revenue	Operating Profit
Specialty Steel	1,055	61	1,046	60	2,101	121	990	30	-65	-31
High-Performance Materials and Magnetic Materials	1,001	51	1,008	59	2,009	110	960	55	-41	4
Parts for Automobiles and Industrial Equipment	537	49	593	64	1,130	113	540	20	3	-29
Engineering	106	8	135	14	241	22	120	5	14	-3
Trading and Service	135	14	133	14	268	28	140	15	5	1
Total	2,834	183	2,915	211	5,749	394	2,750	125	-84	-58
(Adjusted Operating Profit)*		(207)		(233)		(440)		(134)		(73)

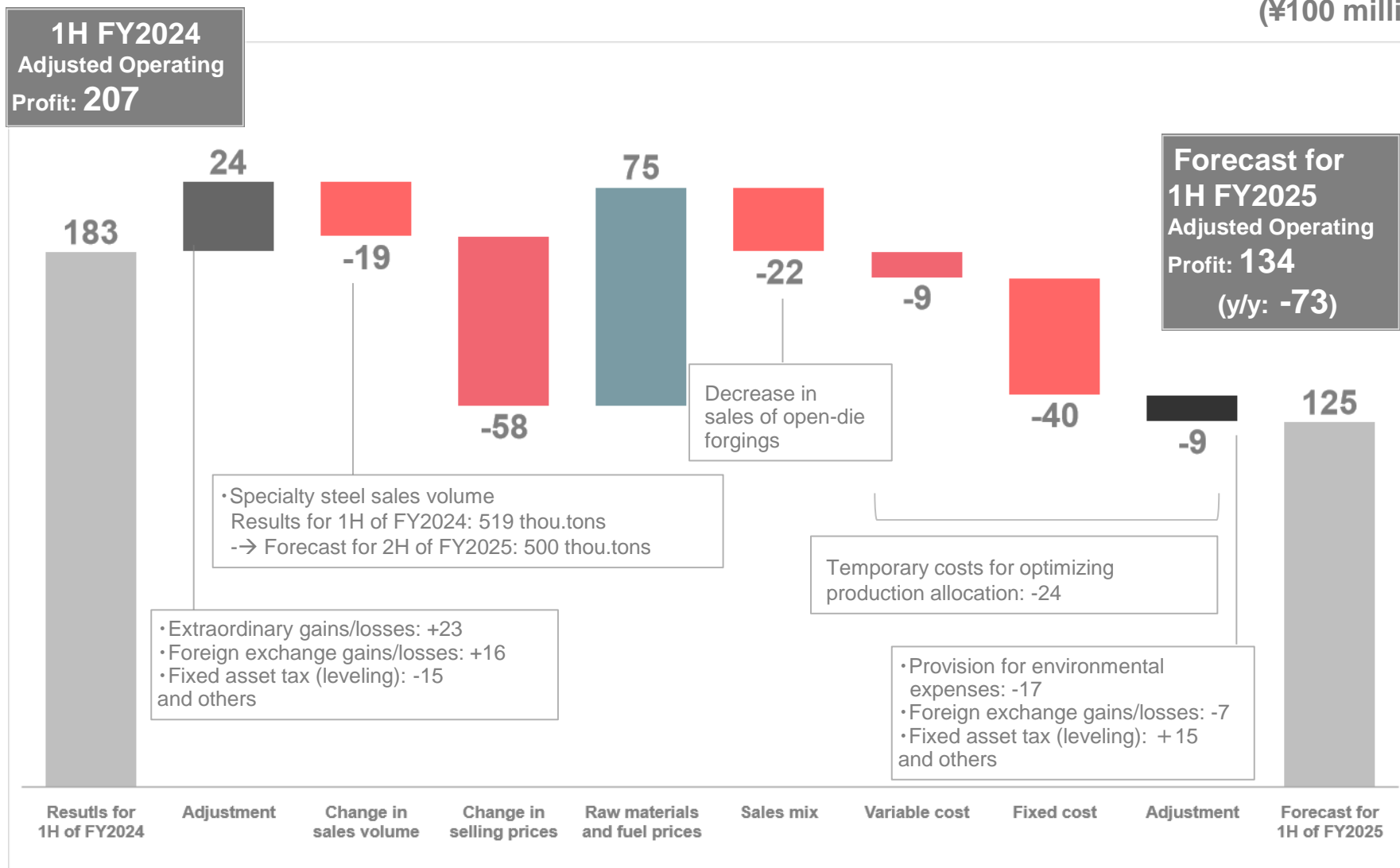
\*Adjusted for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, fixed asset tax (leveling), and provision for paid leave from operating profit

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Sales Volume of Specialty Steel (non-consolidated)	519	496	1,015	500	-19
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# ■ Changes in Operating Profit for 1H of FY2025 (y/y)

(¥100 million)



# Overview by Segment

## Specialty Steel

(¥100 million)

	FY2024			FY2025	y/y
	1H	2H	Full-year	1H	
Revenue	1,055	1,046	2,101	990	-65
Operating profit	61	60	121	30	-31
Adjusted Operating Profit*	63	68	131	34	-29
Surcharge Gap	6	20	26	4	-2



Automobile-related orders are expected to be weak due to a decrease in the market share of Japanese automakers in China, etc. A recovery in sales for industrial equipment will also stagnate.



Profits will decline from the previous year due to a decrease in sales volume and an increase in fixed costs.

## High-Performance Materials and Magnetic Materials

(¥100 million)

	FY2024			FY2025	y/y
	1H	2H	Full-year	1H	
Revenue	1,001	1,008	2,009	960	-41
Operating profit	51	59	110	55	4
Adjusted Operating Profit*	73	65	138	53	-20



Profits will decrease from the previous year due to an increase in fixed costs.



Demand for products for semiconductor production equipment will continue to recover.

## Parts for Automobiles and Industrial Equipment

(¥100 million)

	FY2024			FY2025	y/y
	1H	2H	Full-year	1H	
Revenue	537	593	1,130	540	3
Operating profit	49	64	113	20	-29
Adjusted Operating Profit*	49	70	119	28	-21



Drilling related products will be affected by order adjustments due to US policy uncertainties under the new administration.



Profits will decrease from the previous year due to a decline in production at Boeing.

\*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 from operating profit

# Dividend per Share

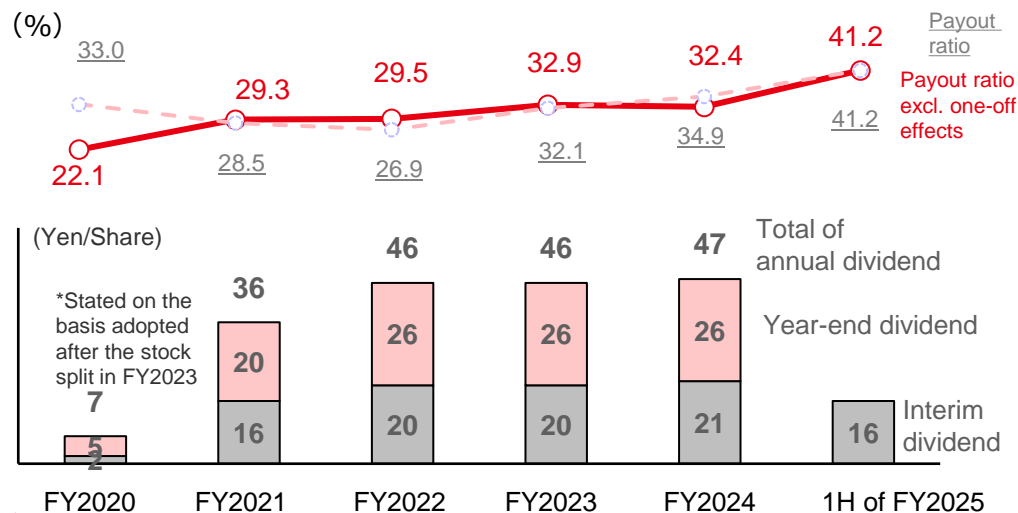
	FY2024		FY2025 (Forecast)
	Interim	Year-end	Interim
Operating Profit (¥100 million)	183	394	125
Net Profit*1 (¥100 million)	122	283	80
Dividend per Share (¥/Share)	21.0	47.0 (End of term 26.0)	16.0
Payout Ratio (%)	36.8	34.9	41.2

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

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

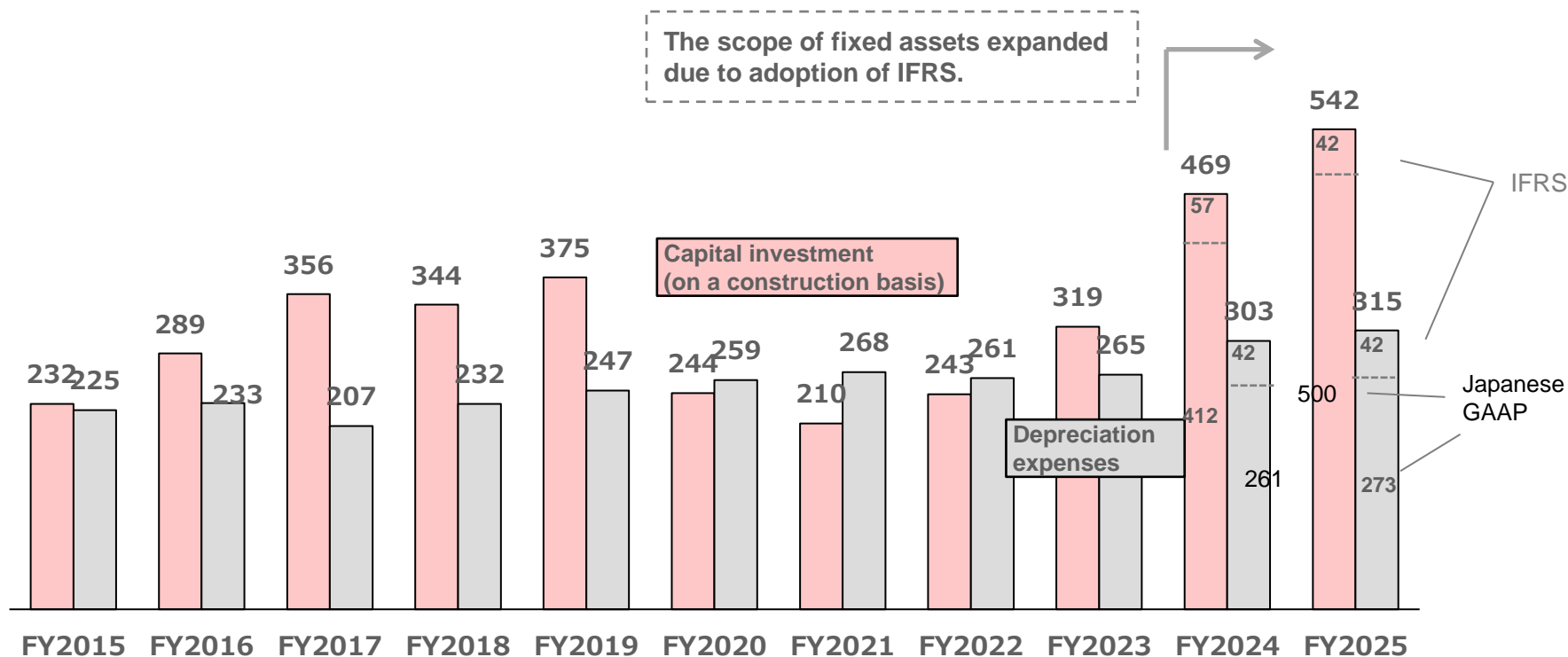
\*2 Excluding items that qualify as extraordinary gains or losses (gains on sales of fixed assets, losses on liquidation of subsidiaries and affiliates, impairment losses on fixed assets, etc.) (after tax)



We will aim for a dividend payout ratio of 30% or more, excluding one-time earnings effects, taking into account the current financial situation, future strategic investments, carbon neutral investments, and other factors.

# ■ Capital Investments

- ☑ We strive to make strategic investments in fast-growing markets that will contribute To increase in earnings. We will carefully select investment projects considering the current situation.
- ☑ In May 2025, we are scheduled to start up a vacuum re-melting furnace (VAR) for titanium. From the second half of FY2025 to FY2026, we will launch new equipment successively as part of the Superalloy Manufacturing Process Transformation Project.



# Topics

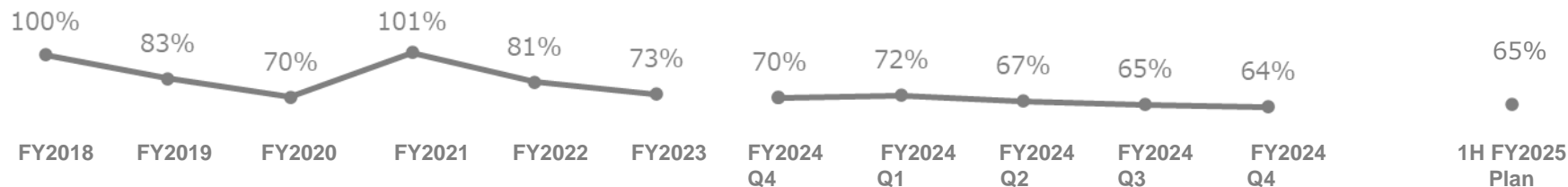


# ■ Demand Trends for Industrial Equipment

The values shown as reference in the graph are our estimates that exclude the effects of the U.S. trade policy.

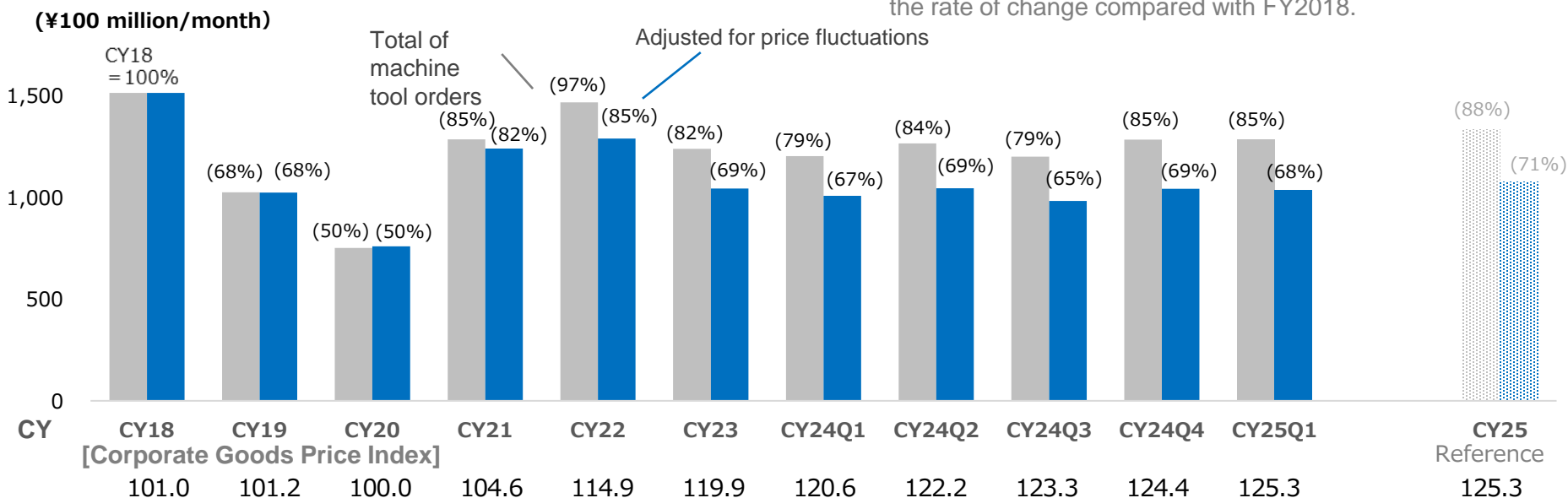
- ✓ Demand for our industrial equipment (structural steel) is less than 70% of the FY2018 level.
- ✓ Domestic production is sluggish due to local procurement and the rise of Chinese manufacturers.
- ✓ In the first half of FY2025, a significant volume recovery will not be expected, and the demand will remain at the same level as in FY2024.

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



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

Figures in parentheses indicate the rate of change compared with FY2018.



# ■ Demand Trends for Stainless Steel

The values shown as reference in the graph are our estimates that exclude the effects of the U.S. trade policy.

	2H of FY2024	Outlook for 1H of FY2025
<b>For automobiles and industrial equipment</b>	<b><u>Demand was slightly lower than our initial plan.</u></b> Demand for stainless steel was lower than planned despite the recovery trend.	<b><u>In 1H of FY2025, demand will slightly increase compared with 2H of FY2024.</u></b> Demands for automobiles and industrial equipment are expected to remain at the same level as in the 2H of FY2024. Demand for HDDs for data centers is projected to slightly increase in volume.
<b>For semiconductor manufacturing equipment</b>	<b><u>Demand was roughly in line with our plan.</u></b> Demand was in line with the forecast announced in October 2024. Demand was on a recovery track.	<b><u>An upward trend in demand will continue.</u></b> While an upward trend will continue, demand is not expected to be strong enough for sales volume to increase significantly.

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

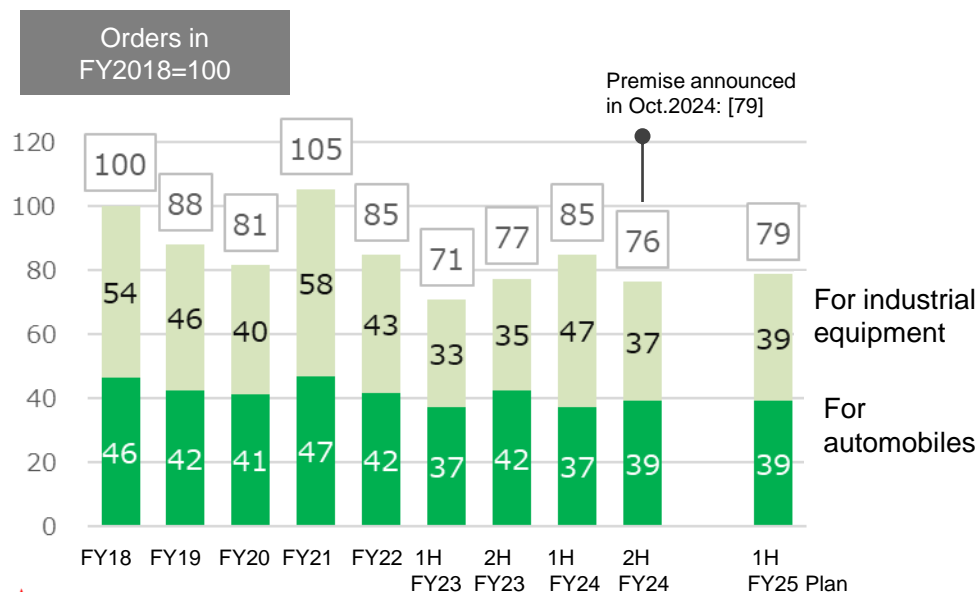
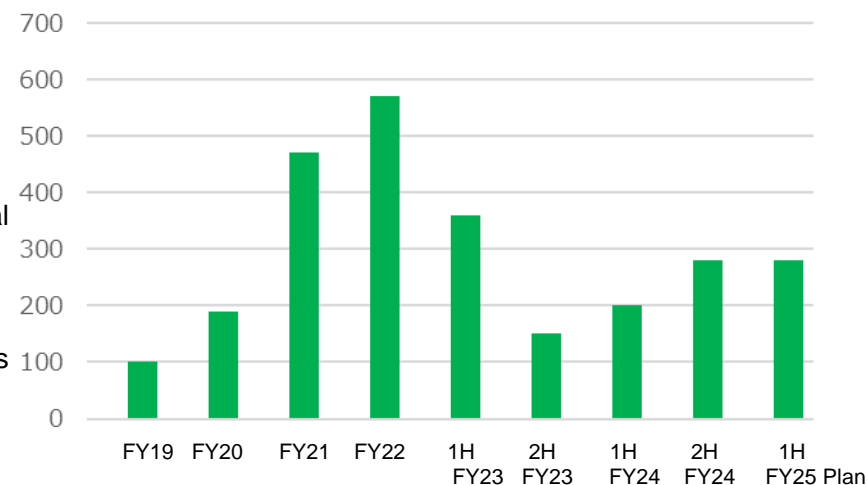
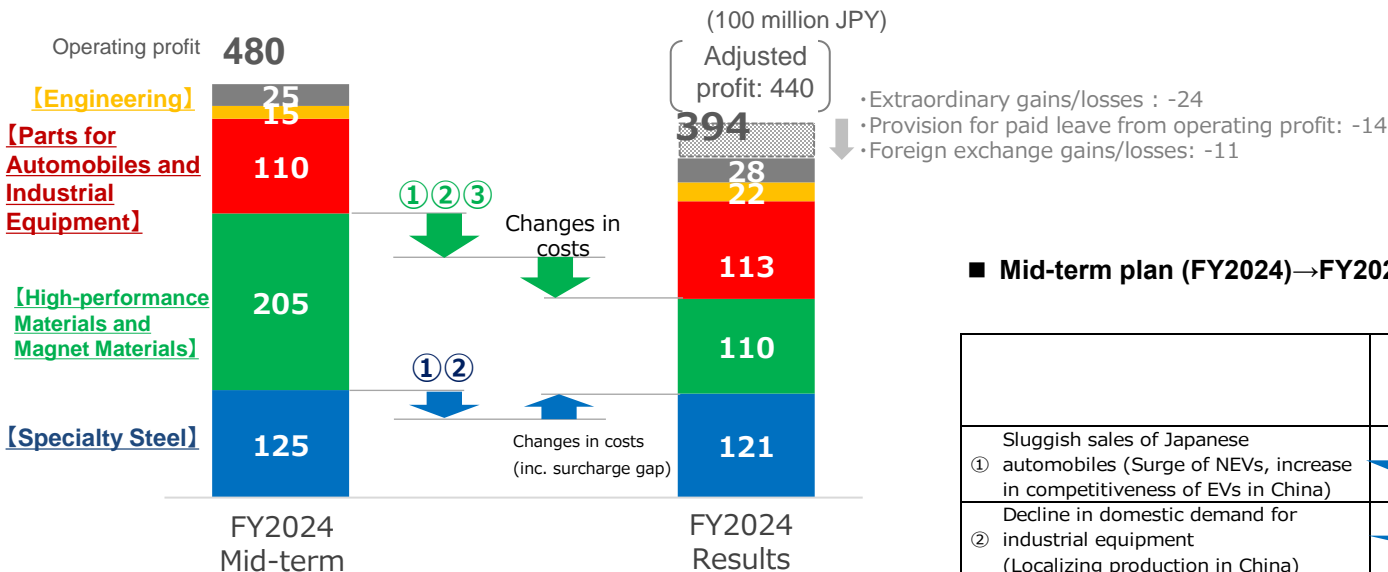


Fig. Estimated sales of materials for semiconductor manufacturing equipment (Sales in FY2019 = 100)



# Changes in Operating Profit

- ✓ In FY2024, profits were down due to the weak demand for Japanese automobiles and industrial equipment.
- ✓ In 1H of FY2025, a decrease in production at Boeing and the drilling application will affect the sales of open-die forgings. Thus, these effects are incorporated into the forecast.

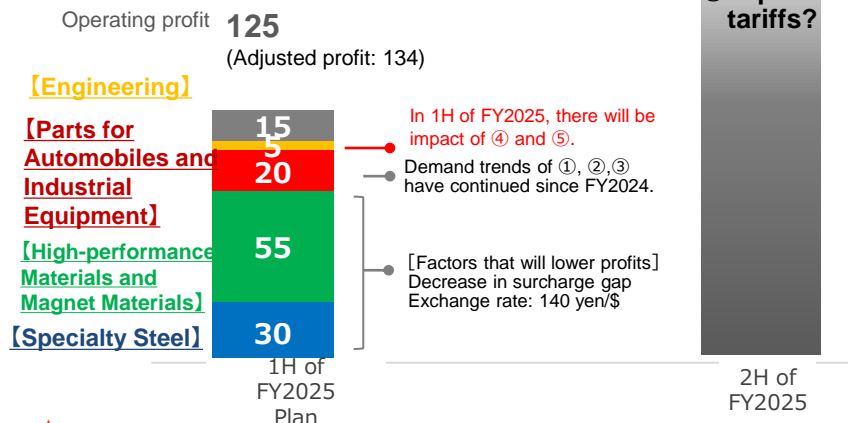


## Mid-term plan (FY2024)→FY2024 Results: Impact on operating profit

	Specialty Steel	High-performance Materials and Magnet Materials	Parts for Automobile and Industrial Equipment
Sluggish sales of Japanese automobiles (Surge of NEVs, increase in competitiveness of EVs in China)	Big	Big	Small
Decline in domestic demand for industrial equipment (Localizing production in China)	Medium	Big	—
Delayed recovery for electric and electronics, and semiconductors	—	Medium	—

## 1H of FY2025

## 2H of FY2025



## FY2024 results → FY2025: Impact on operating profit

	Specialty Steel	High-performance Materials and Magnet Materials	Parts for Automobiles and Industrial Equipment
④ Decline in production at Boeing	—	—	Medium
⑤ US policies (offshore drilling, etc.)	—	—	Big
⑥ Tariffs on steel, auto parts, and reciprocal tariffs	Uncertain	Uncertain	Uncertain

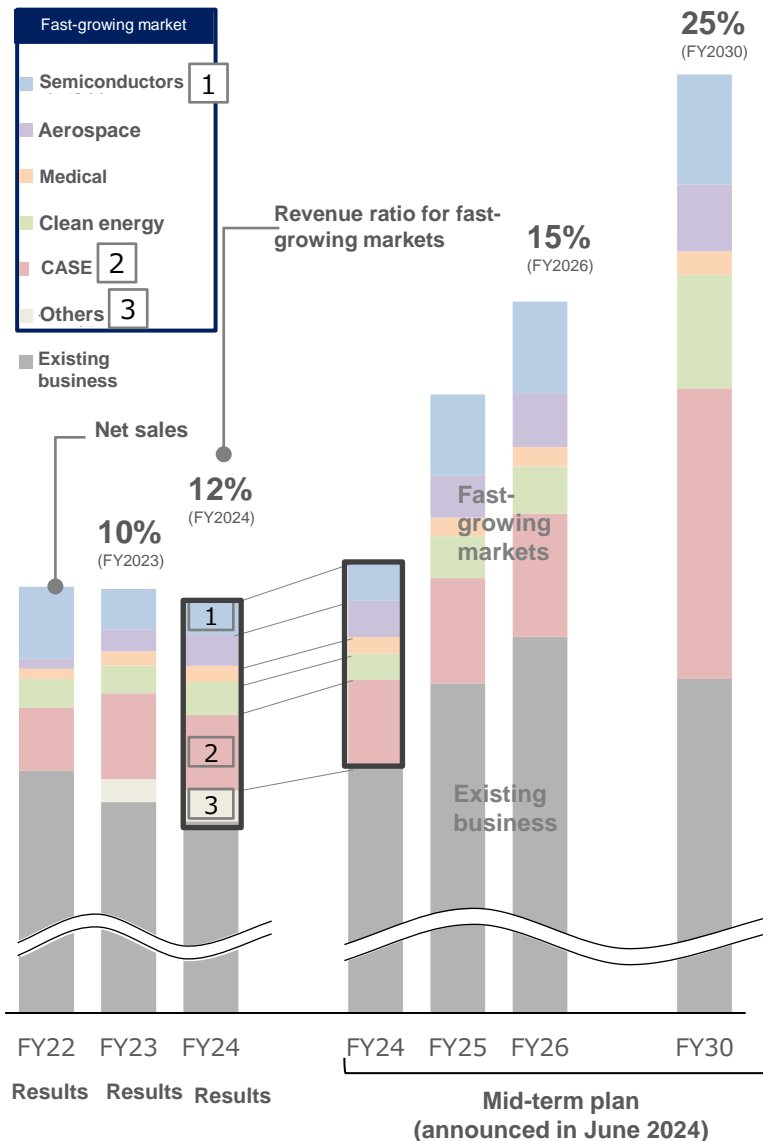
# ■ Actions in response to US tariff policy

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- ✓ Capturing demand for products certified by U.S. companies in the Asian market
  - ➡ Utilize and reinforce our bases in Singapore
- ✓ Capturing demand for auto parts exported to the U.S.
  - ➡ Utilize our forging group company in the U.S. (Ohio Star Forge Co.)
- ✓ Replacing the U.S.-made high-performance materials used in East Asian countries such as China
  - ➡ Utilize our group company in China (Daido Steel Materials Technology Shanghai Co., Ltd.)
- ✓ Accelerating market development for heavy rare earth (Dy, Tb) free hot-deformed magnet
  - ➡ Enhance marketing strategies

# Sales Expansion of Fast-growing Markets

## Revenue ratio for fast-growing markets (consolidated)



## [Deviations from the mid-term plan in FY2024]

- Semiconductors**  
Demand recovery for semiconductor production equipment was delayed. We are striving to prepare for demand recovery.
- CASE**  
Sales slowed down due to a downward trend for EVs across the world.
- Others (Vessel and defense applications)**  
Products for vessels and defense applications were added to the fast-growing markets. We aim to increase sales.

## [Overview of FY2024 by fast-growing market]

Semiconductors	VAR furnaces were installed, expecting a demand recovery for semiconductor production equipment from FY2025 onward. New steel grades and evaluation technology were developed to increase sales from new overseas customers.
Aerospace	Sales of open-die forgings for aircraft rose steadily.
Medical	Sales of titanium products for medical applications increased steadily. Manufacturing techniques for Ti-15Mo (low elastic modulus titanium alloy for medical use) was developed and it was launched into the market.
Clean energy	Sales of energy-saving products such as STARQ (electric arc furnaces with rotating drives) were strong. We strived to implement a plan to supply materials for SMRs (small modular reactors).
CASE	Sales of soft magnetic powder for reactors were solid. Production lines are under construction to expand sales of magnet for electric vehicle drive motors.
Others	Products for vessel and defense applications were added to growth market products.

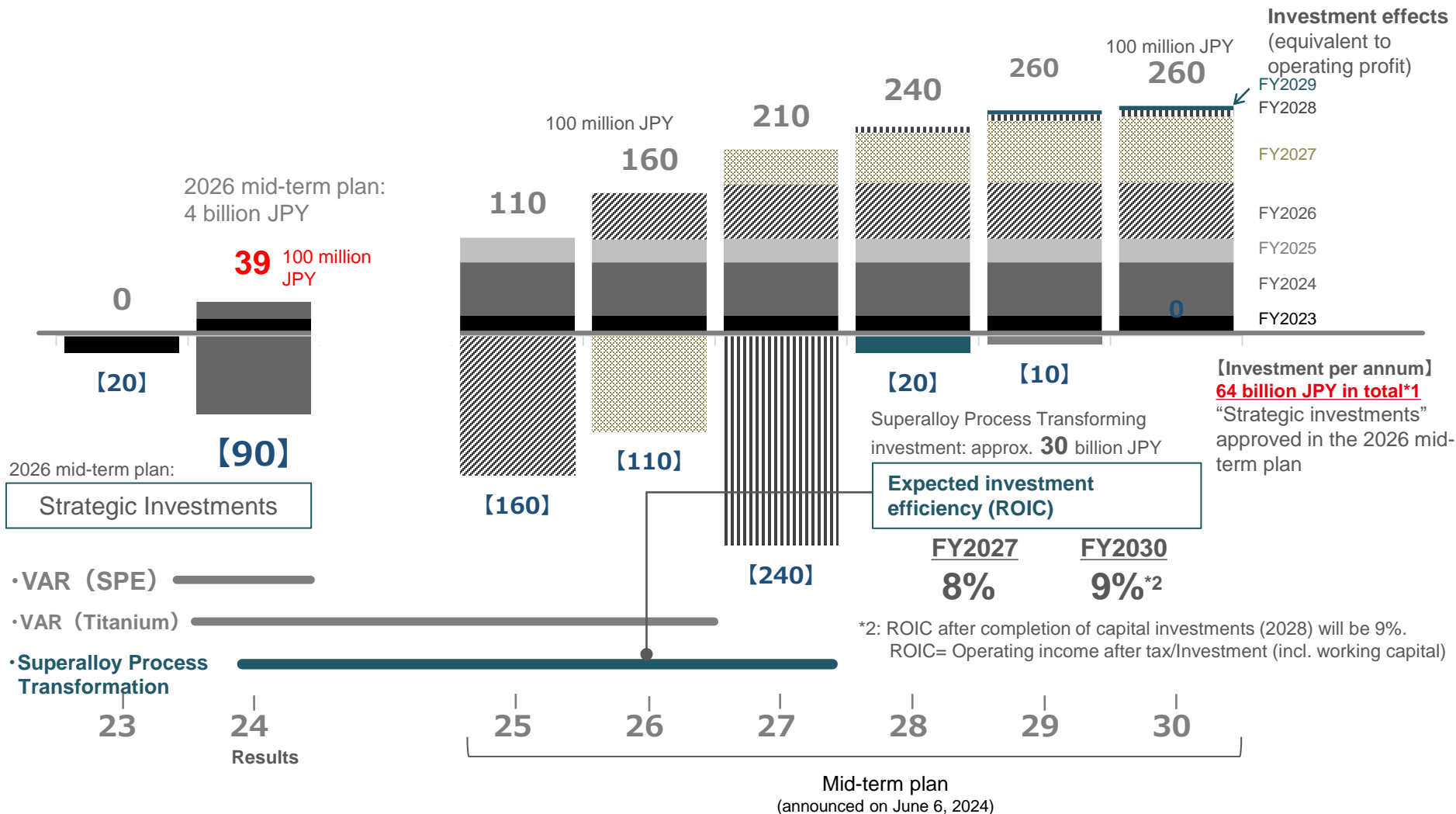
# ■ Strategic Investments in Fast-Growing Areas

- ✓ We are making strategic capital investment in growing businesses, including superalloy, titanium products, and magnetic products.

	Capital investment	Equipment images
Parts for automobiles and industrial equipment	<p><b>Superalloy manufacturing process transforming project</b> <b>Superalloy</b></p> <p>■ <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 &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>Under steady progress</p>	
	<p><b>Enhance the bar rolling line</b> <b>Superalloy</b></p> <p>■ <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</p> <p>New</p>	
High-Performance Materials and Magnetic Materials	<p><b>Enhance the VAR (Vacuum Arc Remelting) furnace</b> <b>High-performance stainless steel, Superalloy</b></p> <p>■ <u>Install two VAR furnaces at Chita Second Plant</u>            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)</p> <p>Operation started in February 2025</p>	
	<p><b>Improve manufacturing process for difficult-to-machine wire materials</b> <b>Superalloy, Titanium products</b></p> <p>■ <u>Enhance the rolling line at Hoshizaki Plant</u>            Improve our competitiveness of difficult-to-machine wire materials such as superalloy and titanium products            Amount of investment: 0.2 billion JPY</p> <p>Operation started in November 2024</p>	
	<p><b>Enhance the VAR (Vacuum Arc Remelting) furnace</b> <b>Titanium products (for medical use)</b></p> <p>Enhance production capacity, responding to increasing titanium product orders            ■ <u>Install two VAR furnaces for titanium at Chita Second Plant</u>            (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>The 1<sup>st</sup> furnace is about to start operation.</p>	<p>Titanium product inspection equipment            “Ultrasonic testing machine” was added in January 2024.            (Hoshizaki Plant)</p>
	<p><b>Enhance magnet production capacity</b> <b>Hot deform magnet</b></p> <p>■ <u>Install magnet production lines for EV drive motors</u>            Amount of Investment: 1.5 billion JPY            Responding to demand increase from FY2026 onward</p>	

# ■ Effect of Strategic Investments on Profits (Progress)

- ✓ In FY2024, the investment effect was on par with the medium-term plan.
- ✓ We will reform our portfolio, including completing the Superalloy Manufacturing Process Transformation Project that generates investment effects in FY2026 and onward.



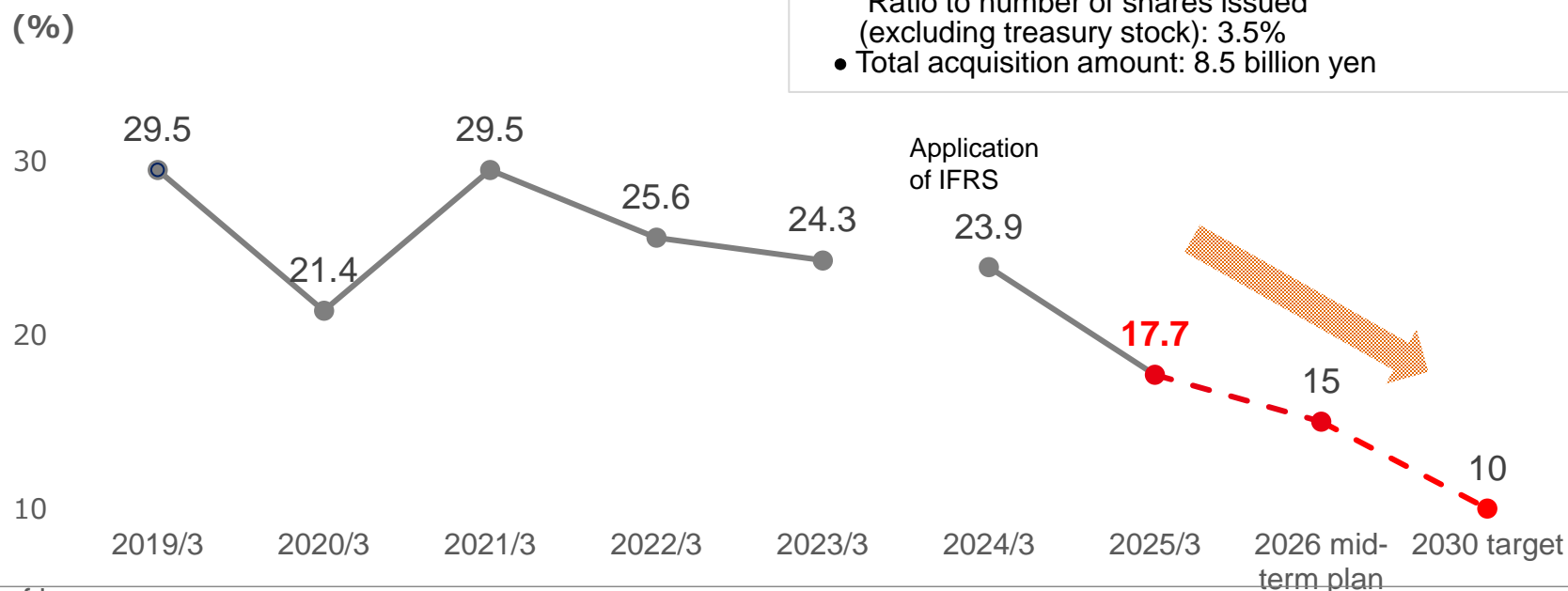
※SUS: Stainless steel, VAR: Vacuum arc remelting furnace, SPE: Semiconductor production equipment, LiB anode: Anode material for lithium-ion batteries



# ■ Effective Use of Assts Held (Reduction of Cross-shareholdings)

- ☑ We sold six cross-shareholdings worth 24.1 billion JPY in FY2024. The ratio of cross-shareholdings to net assets as of the end of March 2025 declined to 17.7%.
- ☑ We aim to reduce the ratio to 15% by FY2026 and 10% by FY 2030, respectively.
- ☑ In November 2024, we acquired treasury stock. We will continue to improve capital efficiency.

## Cross-shareholdings as a percentage of net assets



## ■ Acquisition of treasury stock (November 28, 2024)

- Acquisition of treasury stock in November 2024
- Number of shares acquired: 7,398,900 shares
- Ratio to number of shares issued (excluding treasury stock): 3.5%
- Total acquisition amount: 8.5 billion yen

Number of issues (Listed stocks)	41	42	39	34	28	24	22	
Balance (100 million JPY)	937	661	1,000	933	989	1,093	830	
Net assets* (100 million JPY)	3,181	3,091	3,394	3,650	4,055	4,573	4,691	






\*"Total equity" under IFRS



# ■ Our approach to ESG

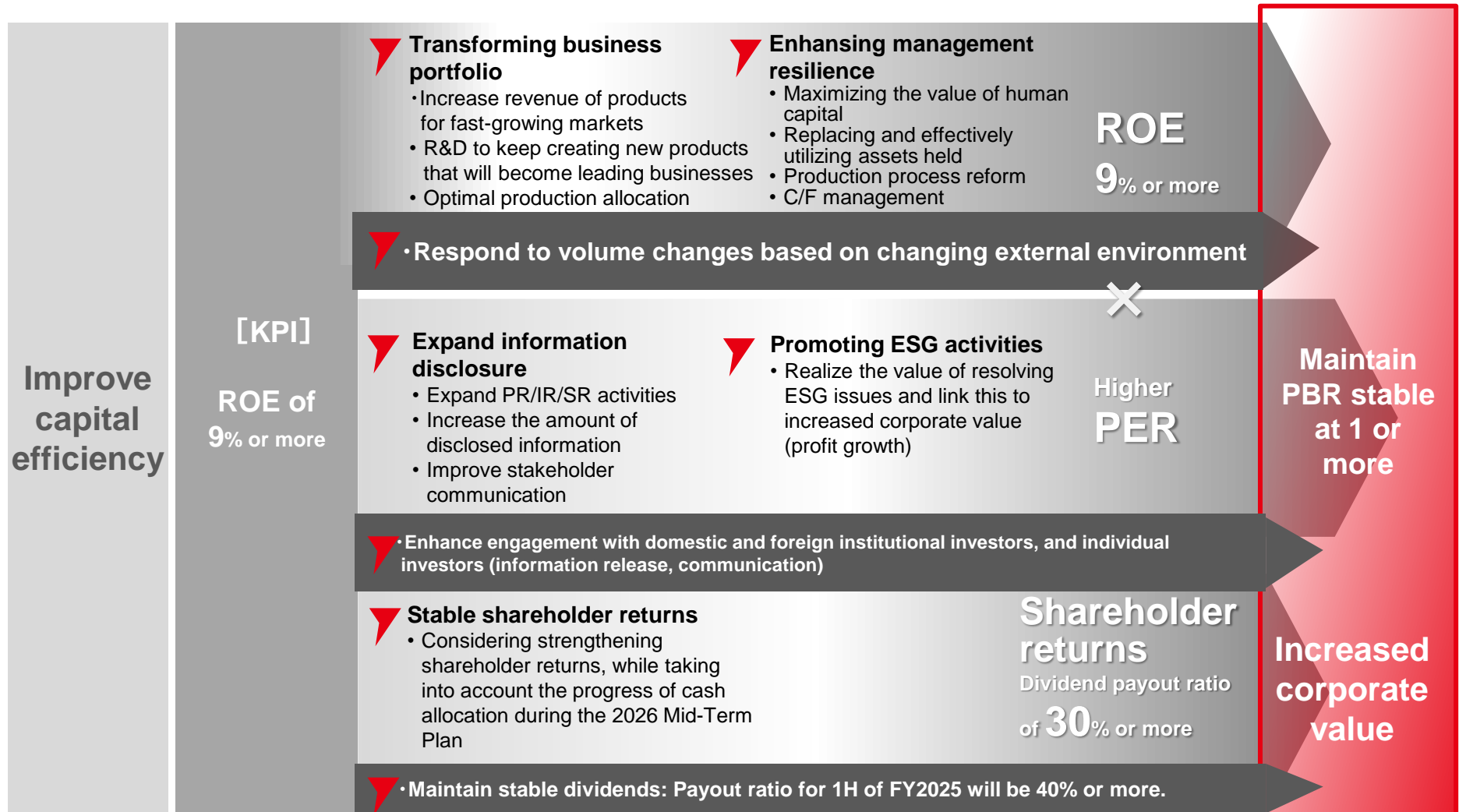
<p><b>E</b></p> <p><b>Global environmental protection</b> (Business activities) (Product supply)</p>	<ul style="list-style-type: none"> <li>➤ <b>Reducing CO<sub>2</sub> emissions</b> [Target: 50% reduction by 2030 and attainment of carbon neutrality by 2050] → CO<sub>2</sub> emissions are expected to decrease by 27% in FY2024 compared to FY 2013 by conserving energy and using CO<sub>2</sub> free electricity. <b>Chita Second Plant: We will make Chita Second Plant carbon neutral with virtually zero CO<sub>2</sub> emissions.</b></li> <li>➤ <b>Producing “Green Steel” brands</b> We participated in the Non-integrated Steel Producers’ Association’s working group on environmentally-friendly Electric Arc Furnace Steel (FY2024)</li> <li>➤ <b>We disclosed Information based on the Taskforce on Nature-related Financial Disclosures (TNFD) framework.</b></li> <li>➤ <b>We were awarded the Gold Prize at the 2025 Aichi Environmental Awards.</b></li> <li>➤ <b>Our engineering products were selected as the products to be subsidized under the energy-saving investment promotion program.</b> (12 products incl. electric arc furnaces with rotating drives (STARQ))</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>Certified as a Health and Productivity Management Outstanding Organization (White 500) for the second consecutive year (2024, 2025).</b> We were recognized as a Health and Productivity Management Outstanding Organization (Large Enterprise Category) for the eighth consecutive year. This was the sixth times we were certified as a White 500 (top 500 companies).</li> <li>➤ <b>Visualization of and setting a target for an engagement score</b> 78.5% of our employees responded in a survey that their workplace was the place where they can work with peace of mind, in comfort, and with motivation. We will aim to raise the ratio to 80% by implementing measures, including increasing communication with management, improving work life balance, and carrying out activities to boost employees’ motivation.</li> <li>➤ <b>Supply chain management: we established the Daido Group Procurement Policy</b> Three pillars for our group’s procurement policy: “Fair and impartial transactions,” “Compliance with laws and regulations,” “Protection of the global environment”</li> <li>➤ We implemented human rights DD and disclosed a human rights risk map.</li> </ul>
<p><b>G</b></p> <p><b>Enhancement of sound corporate governance</b></p>	<ul style="list-style-type: none"> <li>➤ <b>Reduction of cross-shareholdings</b> We sold cross-shareholdings worth 24.1 billion JPY in FY2024 (cross-shareholdings/ consolidated net assets: 17.7%). We will continue to consider reduction.</li> <li>➤ <b>Renewal of the Code of Conduct Guidebook for employees</b> Local language versions (English, Chinese, and Vietnamese) were distributed to major overseas group companies. We created a video “Purpose &amp; Mission” to disseminate our philosophy.</li> </ul>

# External Evaluations

 <p><b>CDP</b></p> <p>In February 2025, we were recognized for our efforts in climate change [A-] and water security [A-].</p>	 <p><b>MSCI</b></p> <p>In 2024, we received an “A” on the MSCI ESG Rating.</p>
 <p><b>S&amp;P/JPX</b> カーボン エフィシエント 指数</p> <p><b>S&amp;P/JPX</b> Carbon Efficiency Index</p> <p>Ever since 2018, we have been selected as one of the constituents of the S&amp;P/JPX Carbon Efficiency Index.</p>	<p><b>2024 CONSTITUENT MSCI日本株 ESGセレクト・リーダーズ指数</b></p> <p><b>MSCI Japan ESG Select Leaders Index</b></p> <p>We have been included among the constituents of the Index since January 2024.</p>
 <p><b>FTSE Blossom Japan Sector Relative Index</b></p> <p><b>FTSE Blossom Japan Sector Relative Index</b></p> <p>We have been selected as one of the constituents of the FTSE Blossom Japan Sector Relative Index.</p>	<p><b>2024 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)</b></p> <p><b>MSCI Japan Women's Empowerment Index (WIN) MSCI Japan Women's Empowerment Index (Select)</b></p> <p>We have been included among the MSCI Japan Women's Empowerment Index constituents (WIN &amp; Select) since June 2024.</p>
 <p><b>健康経営優良法人</b> KENKO Investment for Health 大規模法人部門 ホワイト500</p>	<p><b>Certified to be a Health &amp; Productivity Management Outstanding Organization (White 500)</b></p> <p>In 2025, we were certified as a Health and Productivity Management Outstanding Organization (White 500) for the second consecutive year (the sixth time overall).</p>

# ■ Steps toward Improving Capital Efficiency

- ✓ We will redesign our 2026 mid-term management plan, including measures to improve capital efficiency, once the U.S. tariff policy becomes stable.



# Reference Material

# ■ Changes in Adjustment Items for Operating Profit

(¥100 million)

		FY 2023					FY 2024					FY 2025
		1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H
<b>Operating Profit</b>		<b>177</b>	<b>204</b>	<b>42</b>	<b>246</b>	<b>423</b>	<b>183</b>	<b>158</b>	<b>53</b>	<b>211</b>	<b>394</b>	<b>125</b>
	Extraordinary gains/losses	25	-65	15	-50	-25	23	1	0	1	24	0
	Foreign exchange gains/losses	-9	7	-7	0	-9	16	-14	9	-5	11	7
	Inventory valuation gains/losses	0	9	3	12	12	-1	-5	1	-4	-5	0
	Provision for environmental expenses	0	0	0	0	0	1	0	0	0	1	17
	Fixed asset tax (leveling)	-14	-7	20	13	-1	-15	-7	23	16	1	-15
	Accrued vacation payable	0	0	4	4	4	0	0	14	14	14	0
<b>Adjustment Total</b>		<b>2</b>	<b>-56</b>	<b>35</b>	<b>-21</b>	<b>-19</b>	<b>24</b>	<b>-25</b>	<b>47</b>	<b>22</b>	<b>46</b>	<b>9</b>
<b>Adjusted Operating Profit</b>		<b>179</b>	<b>148</b>	<b>77</b>	<b>225</b>	<b>404</b>	<b>207</b>	<b>133</b>	<b>100</b>	<b>233</b>	<b>440</b>	<b>134</b>

# Changes in Adjustment Items for Operating Profit by Segment

## Specialty Steel

(¥100 million)

	FY2023					FY2024					FY2025
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H
Operating profit	63	60	14	74	137	61	51	9	60	121	30
Adjustment	Extraordinary gains/losses	0	0	-1	-1	0	0	0	0	0	0
	Foreign exchange gains/losses	-1	2	0	2	5	-5	3	-2	3	3
	Inventory valuation gains/losses	-3	0	0	0	1	0	0	0	1	1
	Provision for environmental expenses	0	0	0	0	0	0	1	1	1	4
	Fixed asset tax (leveling)	-4	-2	6	4	-4	-2	5	3	-1	-4
	Provision for paid leave from operating profit	0	0	1	1	0	0	6	6	6	0
Total	-8	0	6	6	-2	2	-7	15	8	10	4
Adjusted Operating Profit	55	60	20	80	135	63	44	24	68	131	34

## High-Performance and Magnetic Materials

(¥100 million)

	FY2023					FY2024					FY2025
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H
Operating profit	50	34	19	53	103	51	55	4	59	110	55
Adjustment	Extraordinary gains/losses	26	6	0	6	23	0	0	0	23	0
	Foreign exchange gains/losses	-3	2	-3	-1	5	-5	3	-2	3	2
	Inventory valuation gains/losses	1	9	2	11	-1	-3	0	-3	-4	-1
	Provision for environmental expenses	0	0	0	0	0	0	1	1	1	2
	Fixed asset tax (leveling)	-6	-2	8	6	-5	-3	9	6	1	-5
	Provision for paid leave from operating profit	0	0	1	1	0	0	4	4	4	0
Total	18	15	8	23	41	22	-11	17	6	28	-2
Adjusted Operating Profit	68	49	27	76	144	73	44	21	65	138	53

## Parts for Automobiles and Industrial Equipment

(¥100 million)

	FY2023					FY2024					FY2025
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H
Operating profit	32	22	3	25	57	49	39	25	64	113	20
Adjustment	Extraordinary gains/losses	0	2	15	17	0	0	0	0	0	0
	Foreign exchange gains/losses	-4	2	-3	-1	3	-2	3	1	4	2
	Inventory valuation gains/losses	1	0	1	1	1	-1	-2	-3	-2	0
	Provision for environmental expenses	0	0	0	0	0	0	0	0	0	10
	Fixed asset tax (leveling)	-3	-2	6	4	-4	-2	6	4	0	-4
	Provision for paid leave from operating profit	0	0	1	1	0	0	4	4	4	0
Total	-6	2	20	22	16	0	-5	11	6	6	8
Adjusted Operating Profit	26	24	23	47	73	49	34	36	70	119	28

## Engineering

(¥100 million)

	FY2023					FY2024					FY2025
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H
Operating profit	10	7	5	12	22	8	5	9	14	22	5
Adjustment	Extraordinary gains/losses	0	0	0	0	0	0	0	0	0	0
	Foreign exchange gains/losses	0	0	0	0	0	-1	1	0	0	0
	Inventory valuation gains/losses	0	0	0	0	0	0	0	0	0	0
	Provision for environmental expenses	0	0	0	0	0	0	0	0	0	0
	Fixed asset tax (leveling)	0	0	0	0	0	0	0	0	0	0
	Provision for paid leave from operating profit	0	-1	1	0	0	0	1	1	1	0
Total	0	-1	1	0	0	0	-1	2	1	1	0
Adjusted Operating Profit	10	6	6	12	22	8	4	11	15	23	5

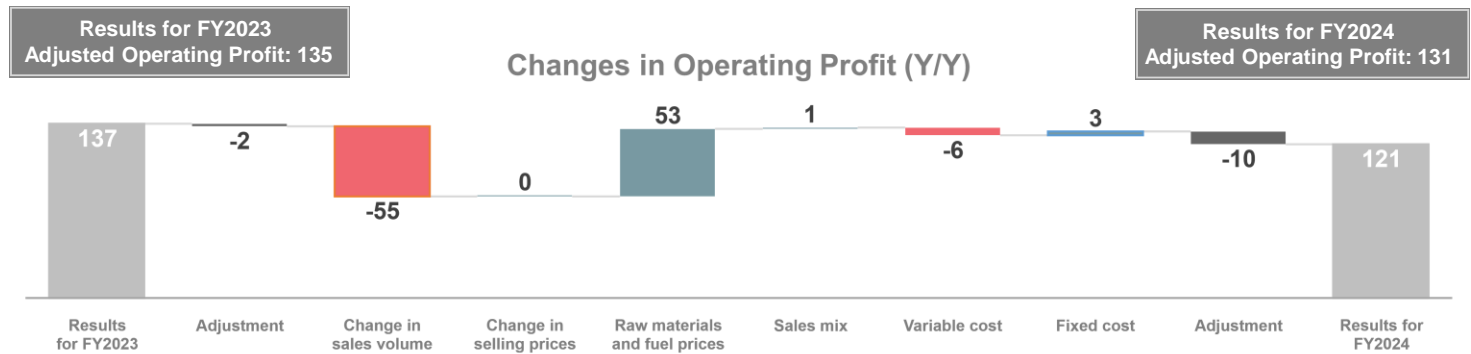
# ■ Changes in Adjusted Operating Profit by Segment

(¥100 million)

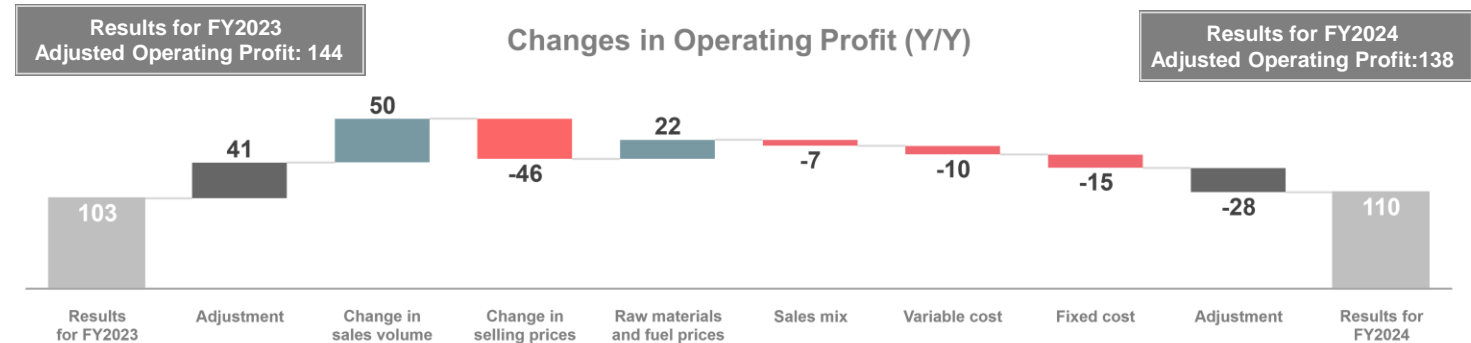
	FY2023					FY2024					FY2025
	1H	3Q	4Q	2H	Total	1H	3Q	4Q	2H	Total	1H
Specialty Steel	55	60	20	80	135	63	44	24	68	131	34
High-Performance and Magnetic Materials	68	49	27	76	144	73	44	21	65	138	53
Parts for Automobiles and Industrial Equipment	26	24	23	47	73	49	34	36	70	119	28
Engineering	10	6	6	12	22	8	4	11	15	23	5
Trading and Service	20	9	1	10	30	14	7	8	15	29	14
<b>Total</b>	<b>179</b>	<b>148</b>	<b>77</b>	<b>225</b>	<b>404</b>	<b>207</b>	<b>133</b>	<b>100</b>	<b>233</b>	<b>440</b>	<b>134</b>

# Changes in FY2024 Operating Profit by Segment (Y/Y)

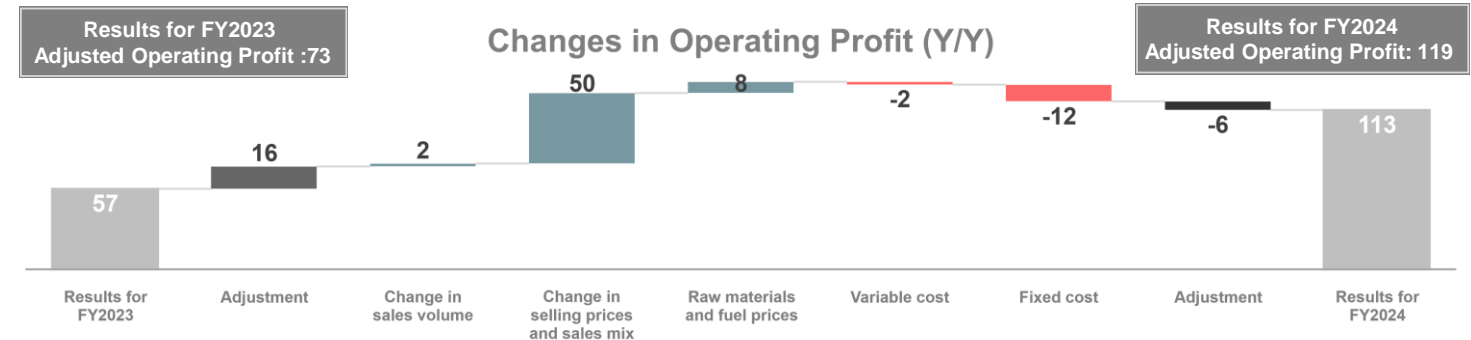
## Specialty Steel



## High-Performance Materials and Magnetic Materials



## Parts for Automobiles and Industrial Equipment





# Fact Book

# ■ 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
Net sales, Revenue	412,722	529,667	578,564	578,564	574,945		179,490	255,224	281,857	287,235	283,439
Operating profit	10,070	36,982	46,986	42,250	39,408		▲3,531	19,156	23,225	17,695	18,258
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
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
R&D expenses	4,722	5,785	6,255	6,567	6,596		2,185	2,694	3,092	3,095	3,223
Capital investment (planned)	12,500	25,500	34,900	34,300	68,300		7,500	13,150	9,000	9,000	42,000
Capital investment (construction)	24,448	21,027	24,284	36,910	46,858		13,955	10,172	11,077	15,409	18,363
Depreciation	25,912	26,797	26,054	29,764	30,265		12,794	13,469	12,988	14,923	14,832
Finance account balance	806	1,326	1,544	1,936	2,026		459	693	828	965	1,085
Total assets	665,506	728,187	773,851	788,734	782,974		621,997	686,373	757,206	793,722	794,051
Equity	303,143	329,713	368,718	418,562	429,278		276,815	315,674	343,043	382,345	423,102
Interest-bearing debt	198,812	229,090	236,761	176,235	176,848		207,302	210,608	250,076	232,610	198,193
Payroll number	13,109	12,605	12,422	11,941	12,054		13,474	12,838	12,668	12,096	12,162
ROA(%)	2.0	5.6	6.4	5.8	5.4		▲0.7	6.1	6.5	4.8	5.0
ROE(%)	1.6	8.5	10.4	7.9	6.7		▲1.7	8.3	10.9	6.4	5.8
Consolidated subsidiary number	66	62	63	64	63		68	65	62	64	64
(Equity method affiliate number is excluded from the above.)	( 9)	( 8)	( 8)	( 8)	( 8)		( 9)	( 9)	( 8)	( 8)	( 8)
Ratio of the consolidated to the non-consolidated											
Net sales, Revenue	1.7	1.5	1.5	1.5	1.5						
Operating profit	2.0	1.9	1.6	1.6	1.3						
Net income	0.7	1.2	1.3	0.6	0.8						

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

## **(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.**