

Fiscal Year Ending March 2026

1st Quarter Results

(Apr. 1 – Jun. 30, 2025)

July 28, 2025



大同特殊鋼株式会社

■ Overview of the FY2025 1st Quarter Results

- Profits decreased year-on-year mainly due to a decrease in sales volume of specialty steel for automobiles and industrial equipment.
- Temporary costs associated with the change in production allocation were 1.7 billion yen as planned.
- Compared to the forecast announced on May 8 (1H FY2025), sales volume of specialty steel was higher and the yen depreciated.

Operating profit: 8.7 billion yen; 70% progress (Forecast in May: 12.5 billion yen)

Adjusted operating profit: 9.2 billion yen; 69% progress (Forecast in May: 13.4 billion yen)

	FY2024 First Quarter	FY2025 First Quarter	(thousand tons, ¥100 mil.) y/y
Sales Volume of Specialty Steel	262	253	-9
Revenue	1,421	1,424	3
Operating Profit	101	87	-14
Adjusted Operating Profit*	98	92	-6
Profit Before Tax	114	97	-17
Profit Attributable to Owners of Parent	68	64	-4

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

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

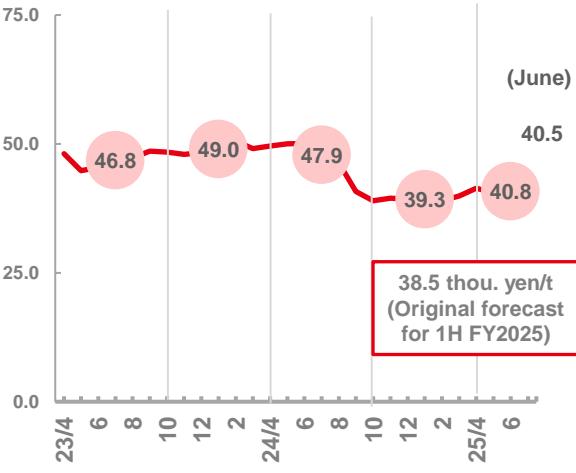
	FY2024			FY2025			y/y		
	First Quarter			First Quarter			Revenue	Operating Profit	Adjusted Operating Profit (*)
	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)			
	534	33	30	512	26	29	-22	-7	-1
Specialty Steel	534	33	30	512	26	29	-22	-7	-1
High-Performance Materials and Magnetic Materials	497	30	36	483	31	26	-14	1	-10
Parts for Automobiles and Industrial Equipment	272	28	23	293	14	22	21	-14	-1
Engineering	46	2	2	68	7	7	22	5	5
Trading and Service	72	8	7	68	9	8	-4	1	1
Total	1,421	101	98	1,424	87	92	3	-14	-6

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

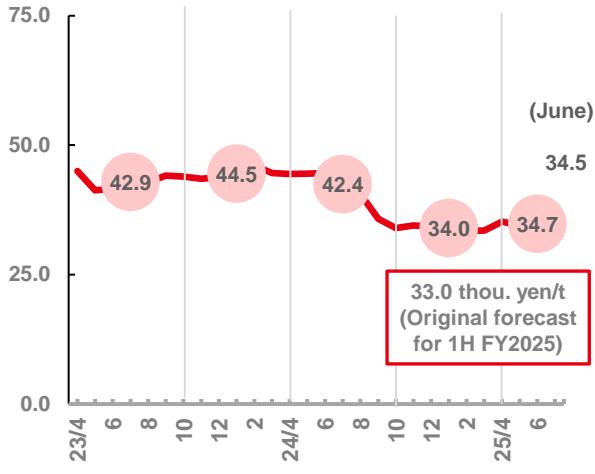
Sales Volume of Specialty Steel (Non-consolidated)	262	253	-9
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■ Raw Materials Prices

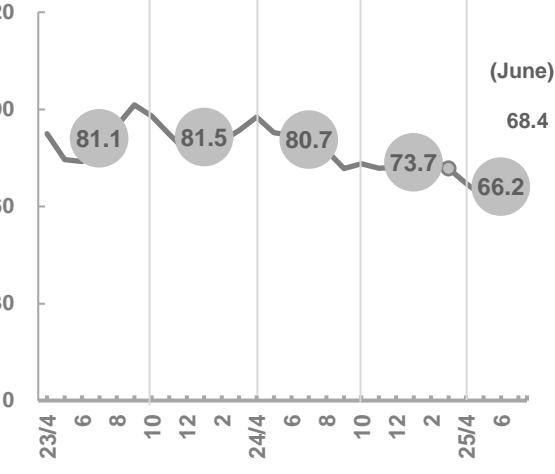
Factory bundle (1000 yen/ton)



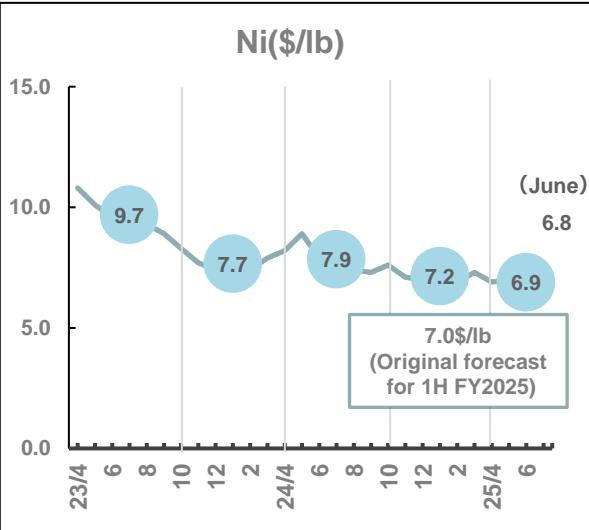
H2 (1000 yen/ton)



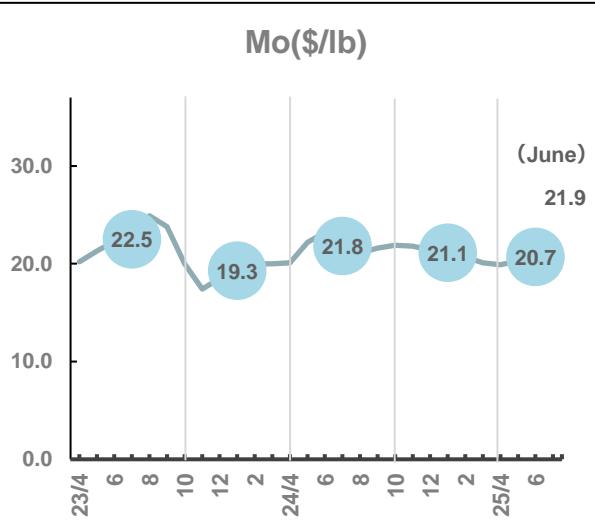
Dubai crude oil (\$/B)



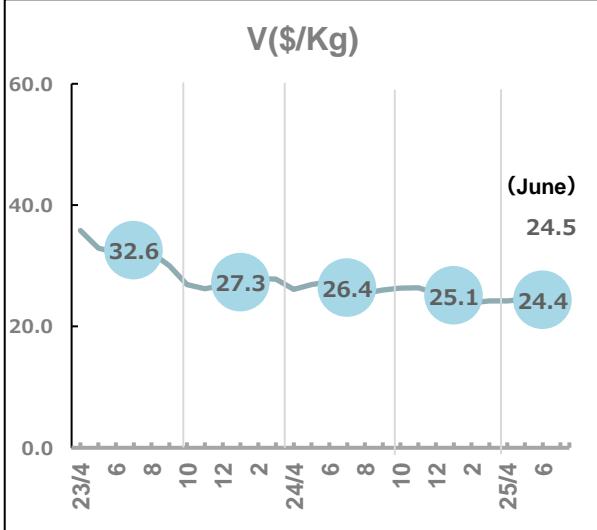
Ni(\$/lb)



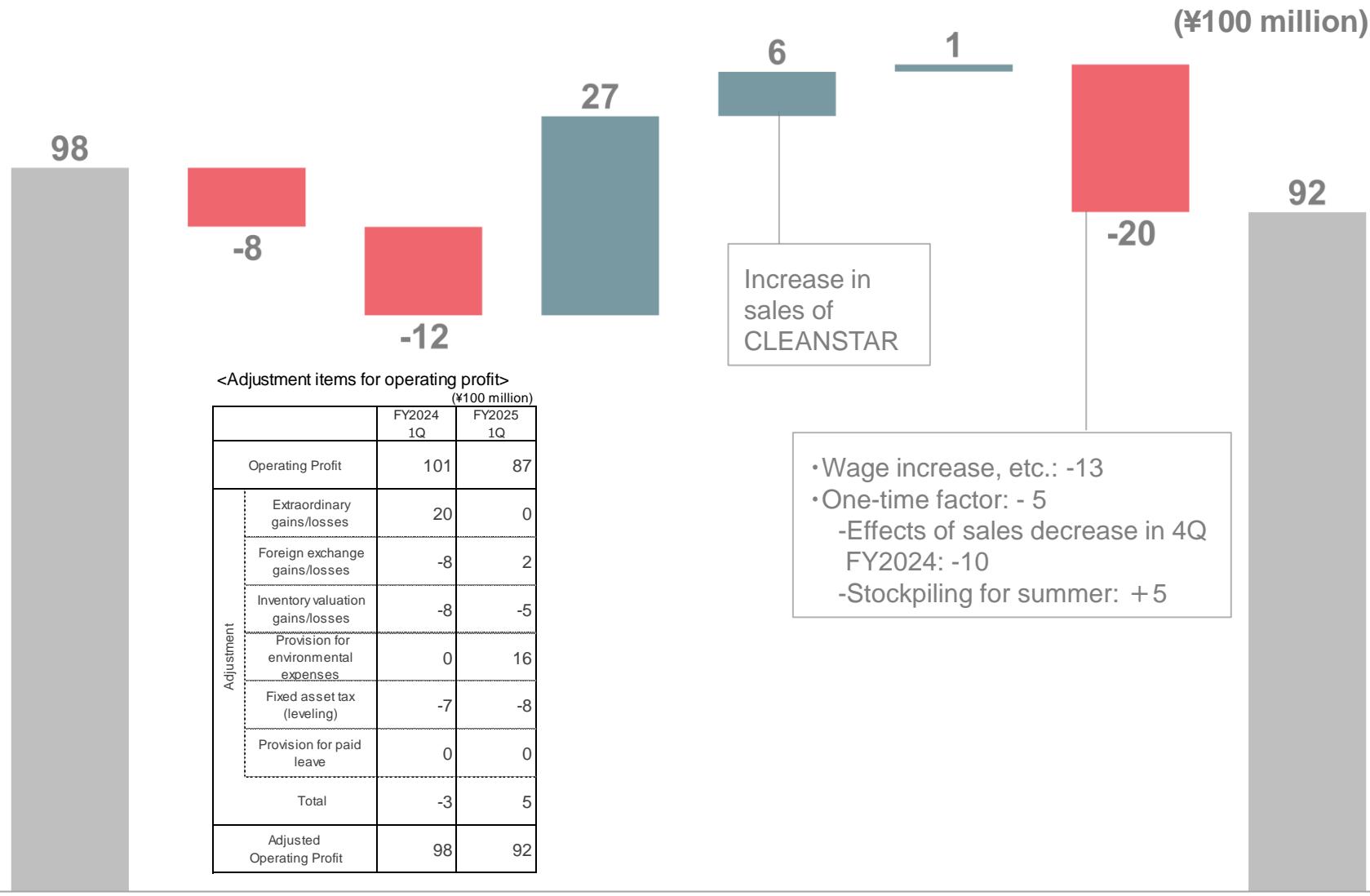
Mo(\$/lb)



V(\$/Kg)



■ 1Q of FY2025 Changes in Adjusted Operating Profit (y/y)



1Q of FY2024

Change in sales volume

Change in selling prices

Raw materials and fuel prices

Sales mix

Variable cost

Fixed cost

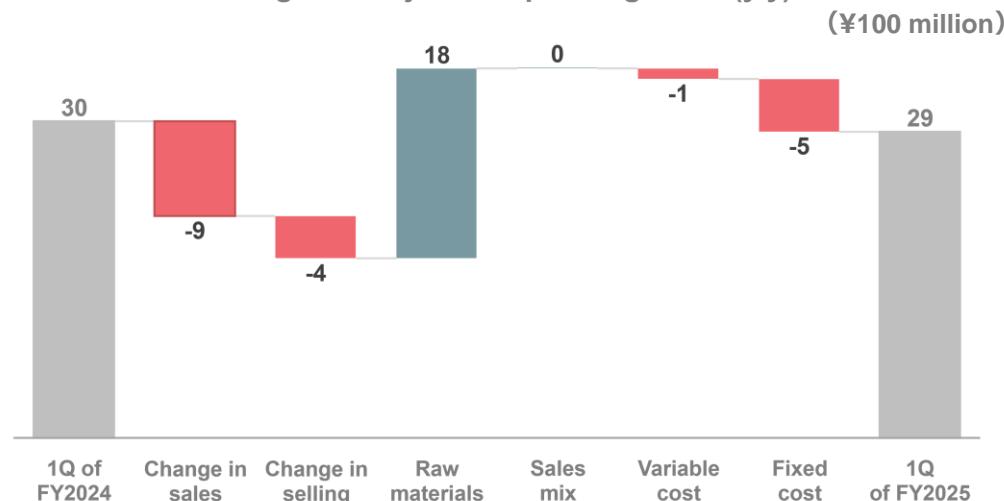
1Q of FY2025

■ Overview of Specialty Steel

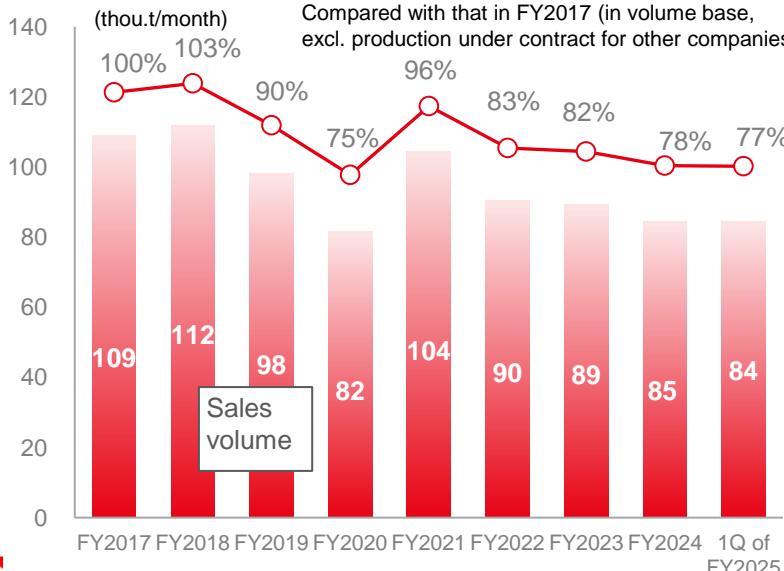
	FY2024 1Q a	FY2025 1Q b	(¥100 million) y/y b-a
Revenue	534	512	-22
Operating Profit	33	26	-7
Adjusted Operating Profit*	30	29	-1
Surcharge Gap	3	2	-1

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

Changes in Adjusted Operating Profit (y/y)



<Sales Volume of Specialty Steel (non-consolidated)>



POINT

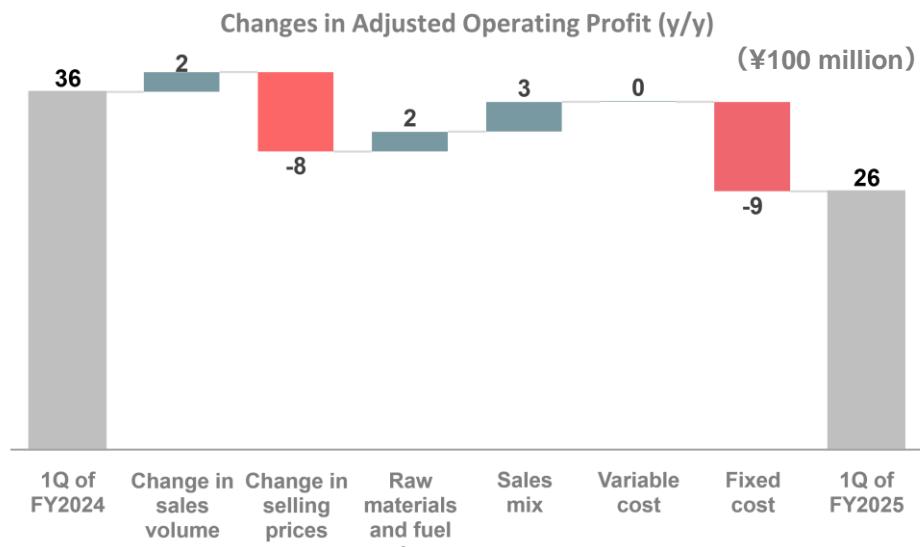
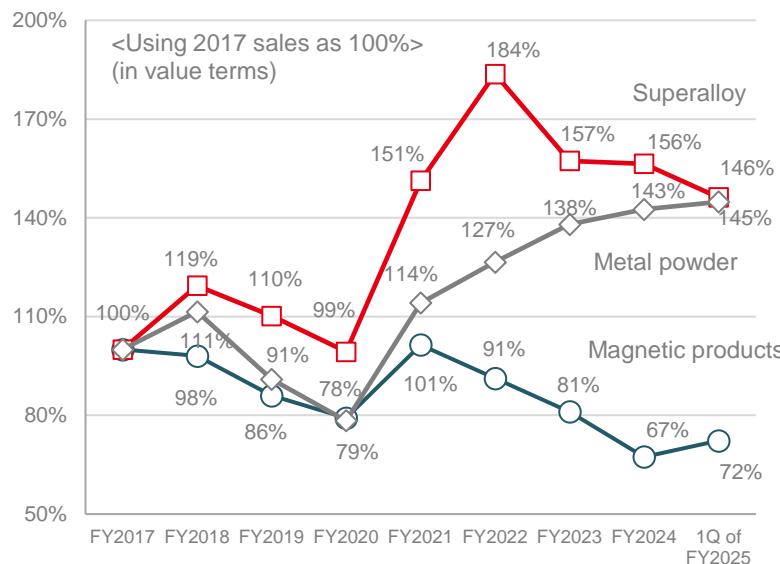
- Sales volume of special steel for automobiles decreased as sales at Japanese automakers declined.
- Profits were on par with the previous fiscal year as sales prices were revised in response to cost increases including price hikes and outsourcing costs.

■ Overview of High-Performance Materials and Magnetic Materials

	FY2024 1Q a	FY2025 1Q b	(¥100 million) y/y b-a
Revenue	497	483	-14
Operating Profit	30	31	1
Adjusted Operating Profit*	36	26	-10

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

<Revenue of superalloy, magnetic products and metal power>



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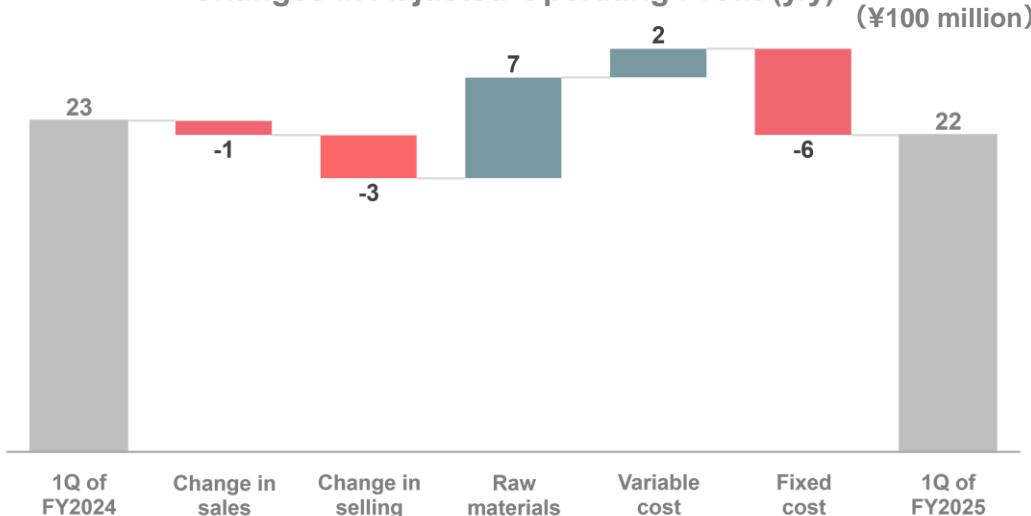
- Profits decreased mainly due to an increase in fixed cost burden resulting from a decline in structural steel volume.
- Sales mix was positive as demand for semiconductor production equipment is gradually recovering.
- As for magnetic products, demand for heavy rare earth-free magnets increased due to the tightening of export restrictions on heavy rare earths such as Dy (Dysprosium) and Tb (Terbium) in China.

■ Overview of Parts for Automobiles and Industrial Equipment

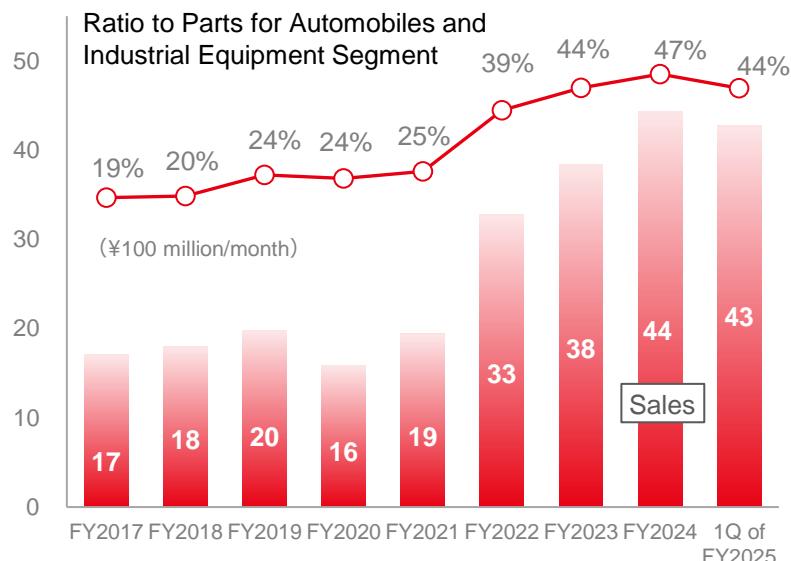
	FY2024 1Q a	FY2025 1Q b	(¥100 million) y/y b-a
Revenue	272	293	21
Operating Profit	28	14	-14
Adjusted Operating Profit*	23	22	-1

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

Changes in Adjusted Operating Profit (y/y)



<Revenue of open-die forgings>

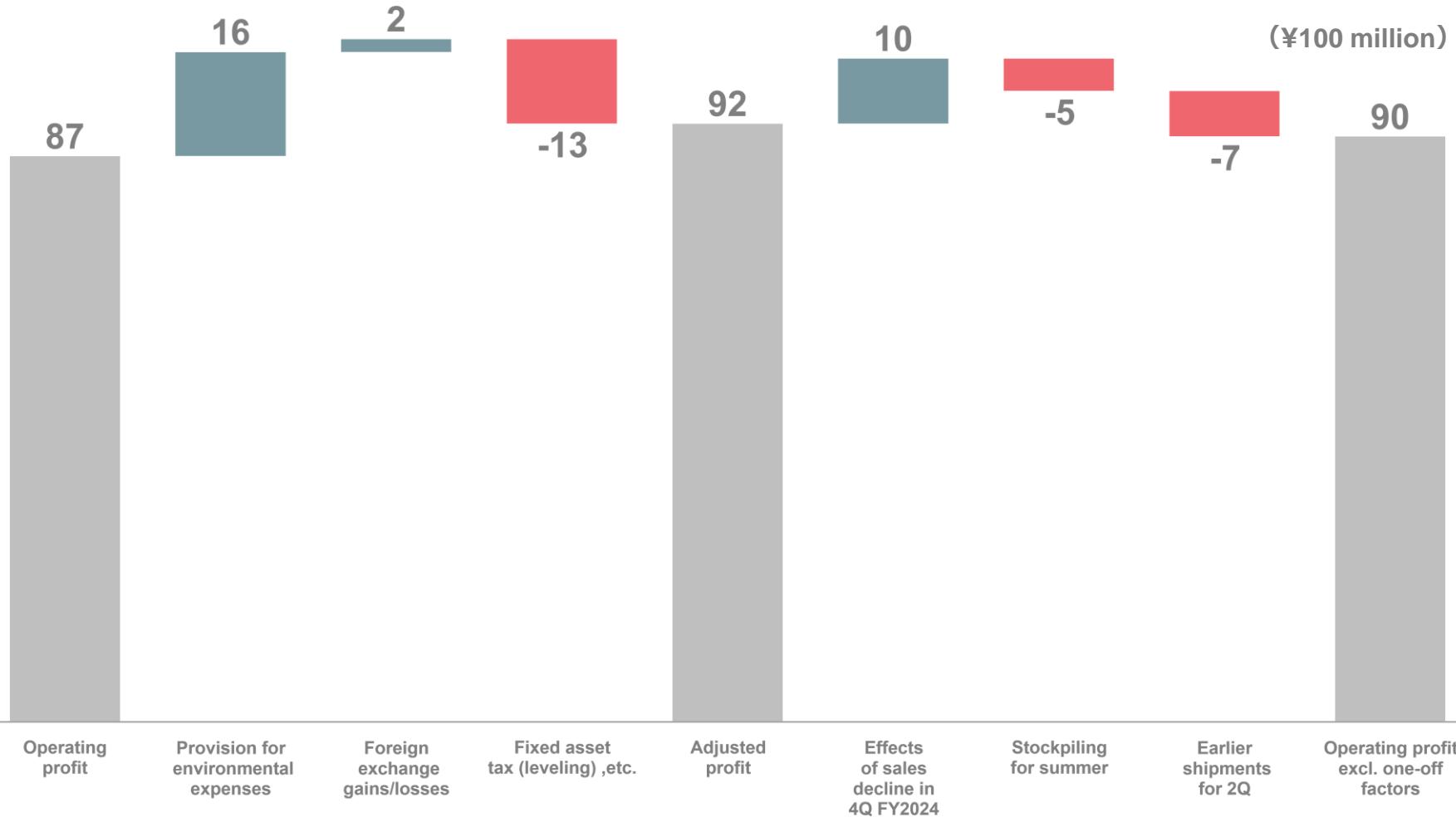


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- In open-die forgings, orders for aircraft and drilling related products decreased, but demand for diesel engine exhaust valves for ships and demand for heavy electric machinery was strong.
- Profits were on par with the previous year as demand in North America, etc. for engine valves increased at affiliated companies.

■ One-time Factors in the 1Q of FY2025

- One-time factors in the first quarter of FY2025 were as follows.



Reference Material

■ Changes in Adjustment Items for Operating Profit

		FY 2024				FY 2025
		1Q	2Q	3Q	4Q	1Q
Operating Profit		101	82	158	53	87
Adjustment	Extraordinary gains/losses	20	3	1	0	0
	Foreign exchange gains/losses	-8	24	-14	9	2
	Inventory valuation gains/losses	-8	7	-5	1	-5
	Provision for environmental expenses	0	1	0	0	16
	Fixed asset tax (leveling)	-7	-8	-7	23	-8
	Provision for paid leave	0	0	0	14	0
Total		-3	27	-25	47	5
Adjusted Operating Profit		98	109	133	100	92

■ Changes in Adjustment Items for Operating Profit by Segment

		Specialty Steel				
		(\$100 million)				
		FY2024				
		1 Q	2 Q	3 Q	4 Q	1 Q
Adjustment	Operating profit	33	28	51	9	26
	Extraordinary gains/losses	0	0	0	0	0
	Foreign exchange gains/losses	-2	7	-5	3	0
	Inventory valuation gains/losses	1	0	0	0	0
	Provision for environmental expenses	0	0	0	1	5
	Fixed asset tax (leveling)	-2	-2	-2	5	-2
	Provision for paid leave	0	0	0	6	0
Total		-3	5	-7	15	3
Adjusted Operating Profit		30	33	44	24	29

		High-Performance Materials and Magnetic Materials				
		(\$100 million)				
		FY2024				
		1 Q	2 Q	3 Q	4 Q	1 Q
Adjustment	Operating profit	30	21	55	4	31
	Extraordinary gains/losses	20	3	0	0	0
	Foreign exchange gains/losses	-3	8	-5	3	1
	Inventory valuation gains/losses	-8	7	-3	0	-5
	Provision for environmental expenses	0	0	0	1	2
	Fixed asset tax (leveling)	-3	-2	-3	9	-3
	Provision for paid leave	0	0	0	4	0
Total		6	16	-11	17	-5
Adjusted Operating Profit		36	37	44	21	26

		Parts for Automobiles and Industrial Equipment				
		(\$100 million)				
		FY2024				
		1 Q	2 Q	3 Q	4 Q	1 Q
Adjustment	Operating profit	28	21	39	25	14
	Extraordinary gains/losses	0	0	0	0	0
	Foreign exchange gains/losses	-3	6	-2	3	1
	Inventory valuation gains/losses	0	1	-1	-2	0
	Provision for environmental expenses	0	0	0	0	9
	Fixed asset tax (leveling)	-2	-2	-2	6	-2
	Provision for paid leave	0	0	0	4	0
Total		-5	5	-5	11	8
Adjusted Operating Profit		23	26	34	36	22

		Engineering				
		(\$100 million)				
		FY2024				
		1 Q	2 Q	3 Q	4 Q	1 Q
Adjustment	Operating profit	2	6	5	9	7
	Extraordinary gains/losses	0	0	0	0	0
	Foreign exchange gains/losses	0	0	-1	1	0
	Inventory valuation gains/losses	0	0	0	0	0
	Provision for environmental expenses	0	0	0	0	0
	Fixed asset tax (leveling)	0	0	0	0	0
	Provision for paid leave	0	0	0	1	0
Total		0	0	-1	2	0
Adjusted Operating Profit		2	6	4	11	7

■ Changes in Adjusted Operating Profit by Segment

	FY2024					(¥100 million)
	1 Q	2 Q	3 Q	4Q	1Q	
Specialty Steel	30	33	44	24	29	
High-Performance Materials and Magnetic Materials	36	37	44	21	26	
Parts for Automobiles and Industrial Equipment	23	26	34	36	22	
Engineering	2	6	4	11	7	
Trading and Service	7	7	7	8	8	
Total	98	109	133	100	92	