

Fiscal Year Ending March 2026 1st Quarter Results (Apr. 1 – Jun. 30, 2025)

July 28, 2025



■ 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

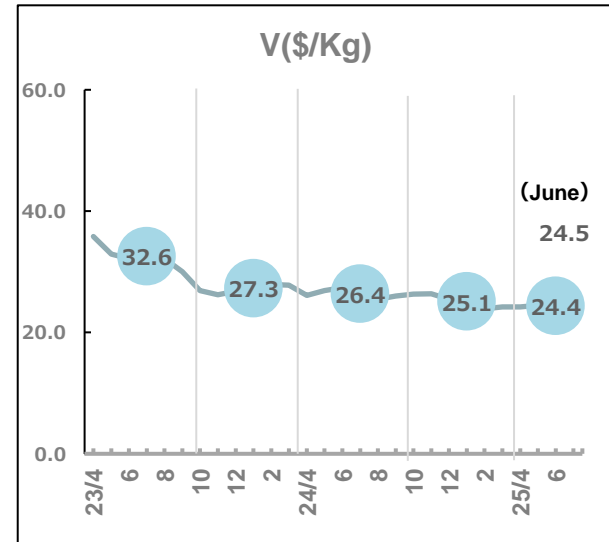
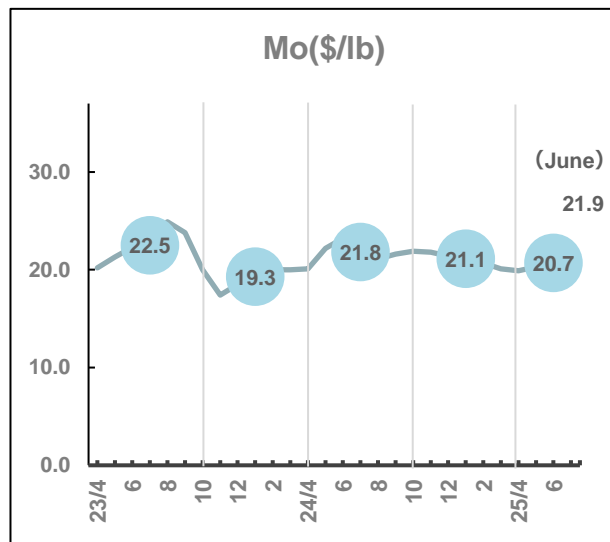
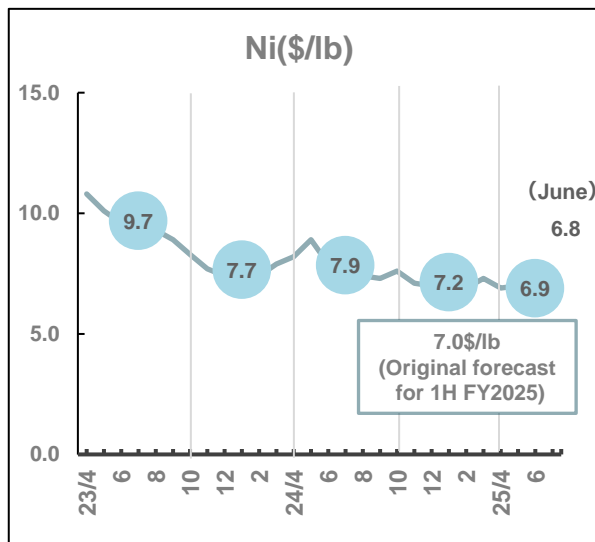
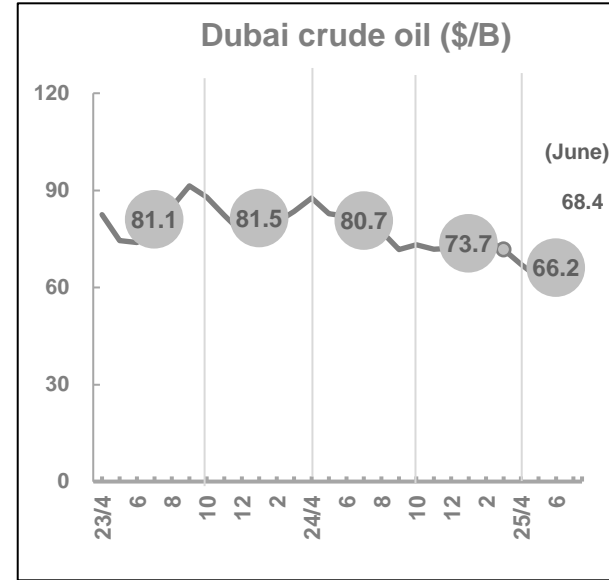
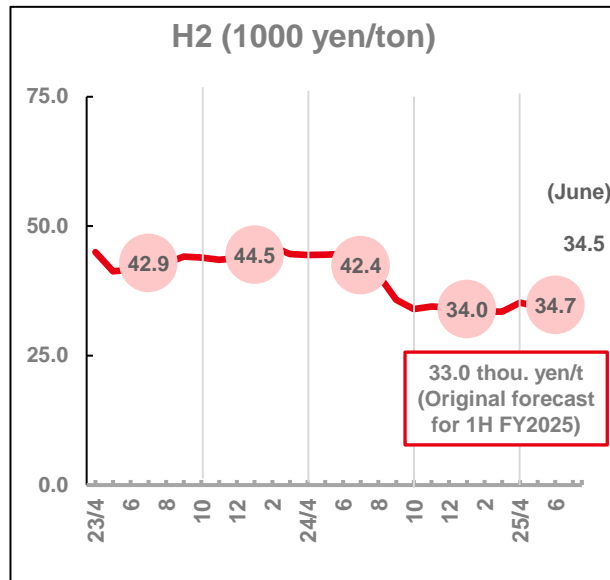
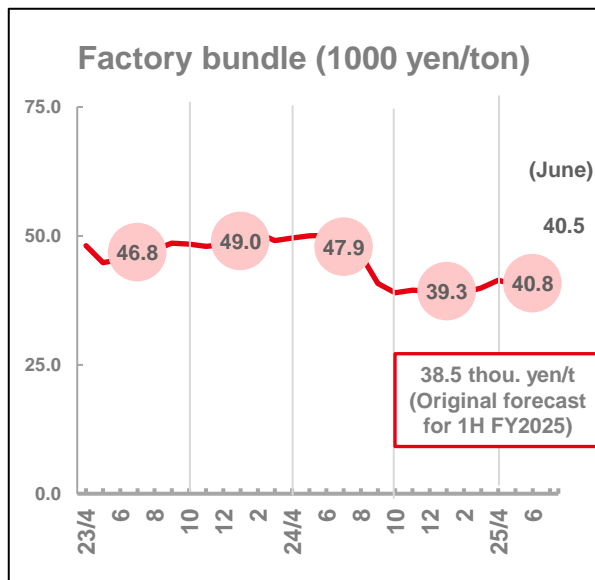
(¥100 mil.)

	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 (*)
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

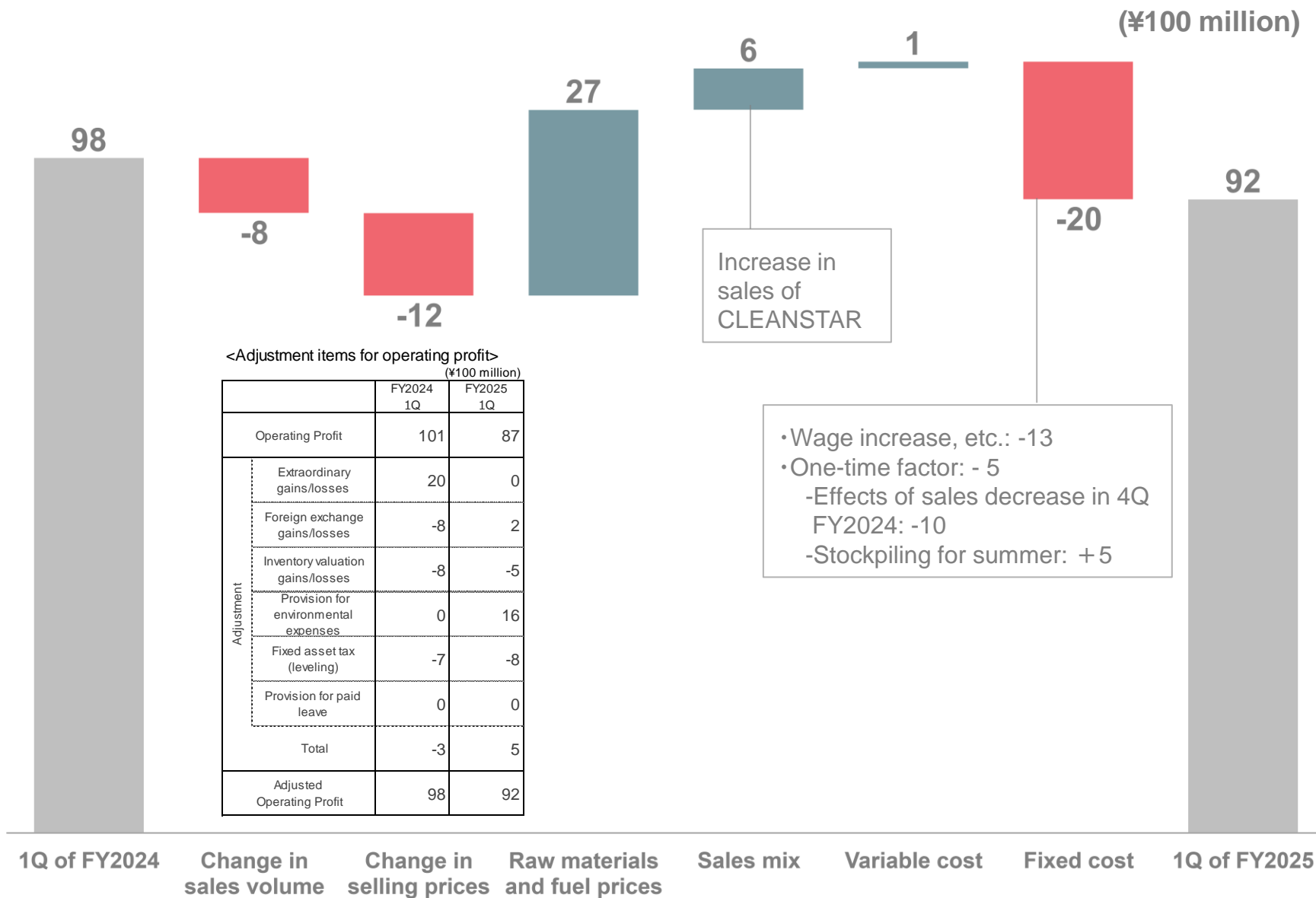
*Adjusted for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, fixed asset tax (leveling), and provision for paid leave

Sales Volume of Specialty Steel (Non-consolidated)	262	253	-9
--	-----	-----	----

Raw Materials Prices



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

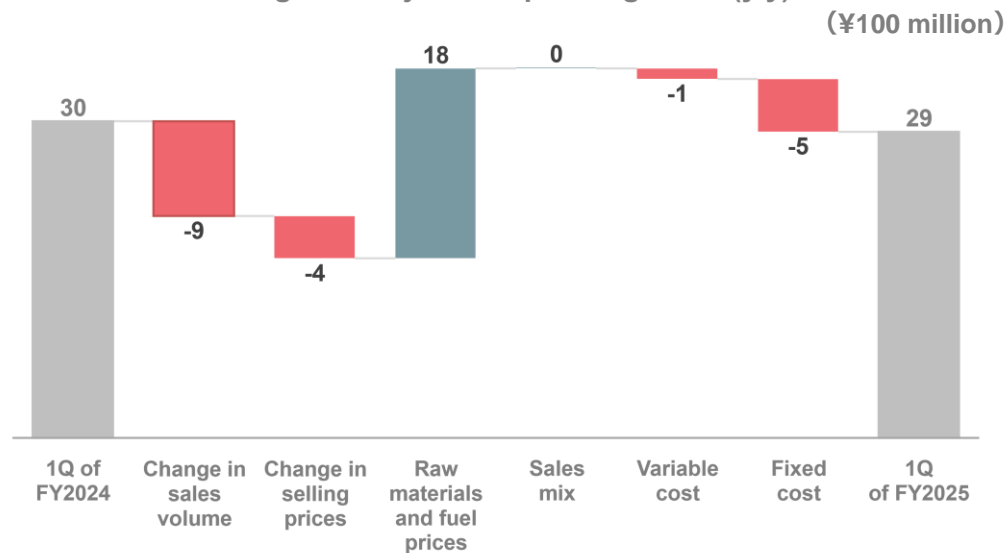


Overview of Specialty Steel

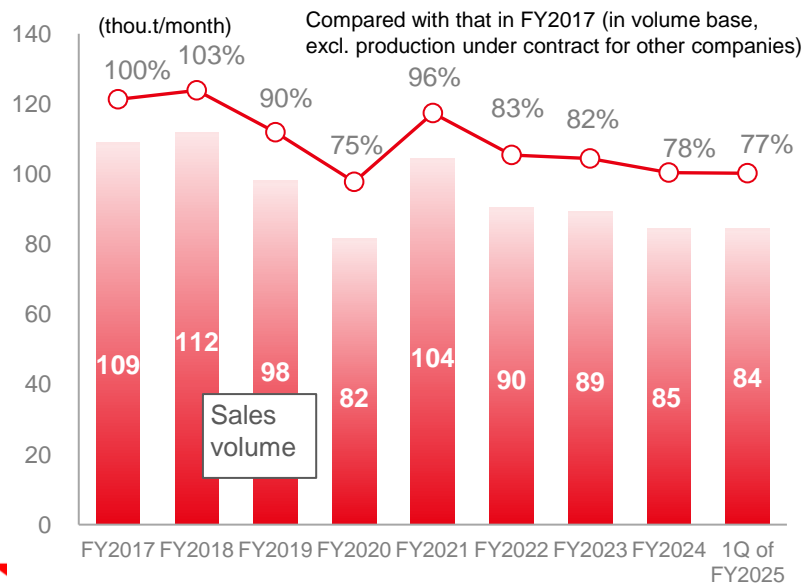
	FY2024 1Q a	FY2025 1Q b	y/y b-a
Revenue	534	512	-22
Operating Profit	33	26	-7
Adjusted Operating Profit*	30	29	-1
Surcharge Gap	3	2	-1

*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.

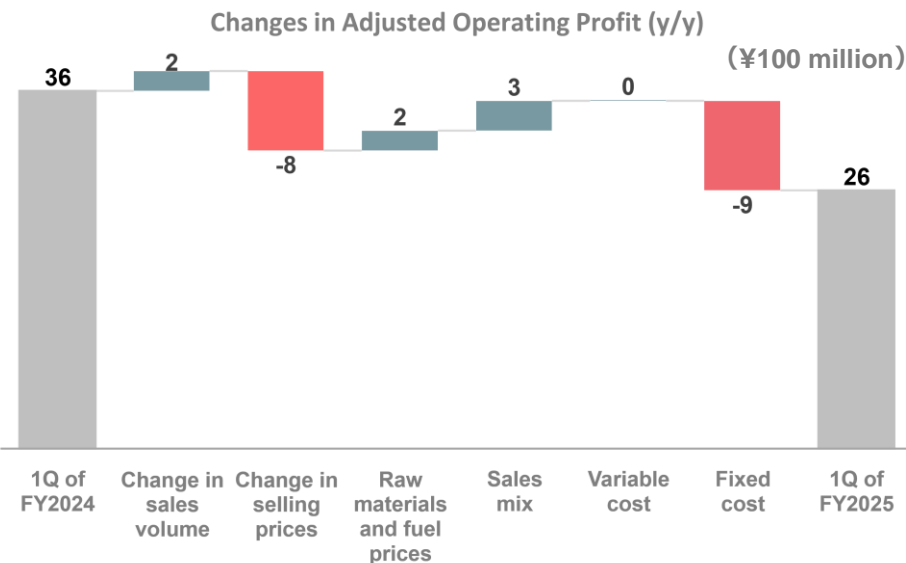
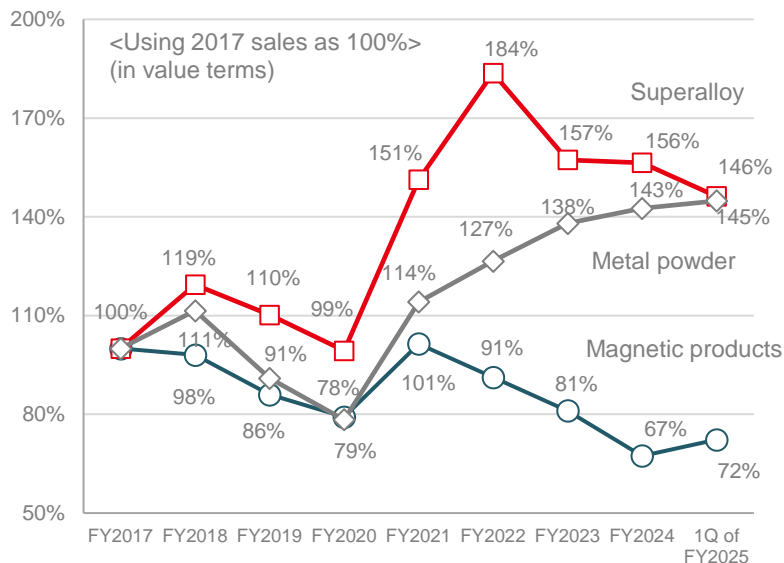
Overview of High-Performance Materials and Magnetic Materials

(¥100 million)

	FY2024 1Q a	FY2025 1Q b	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 powder>



POINT

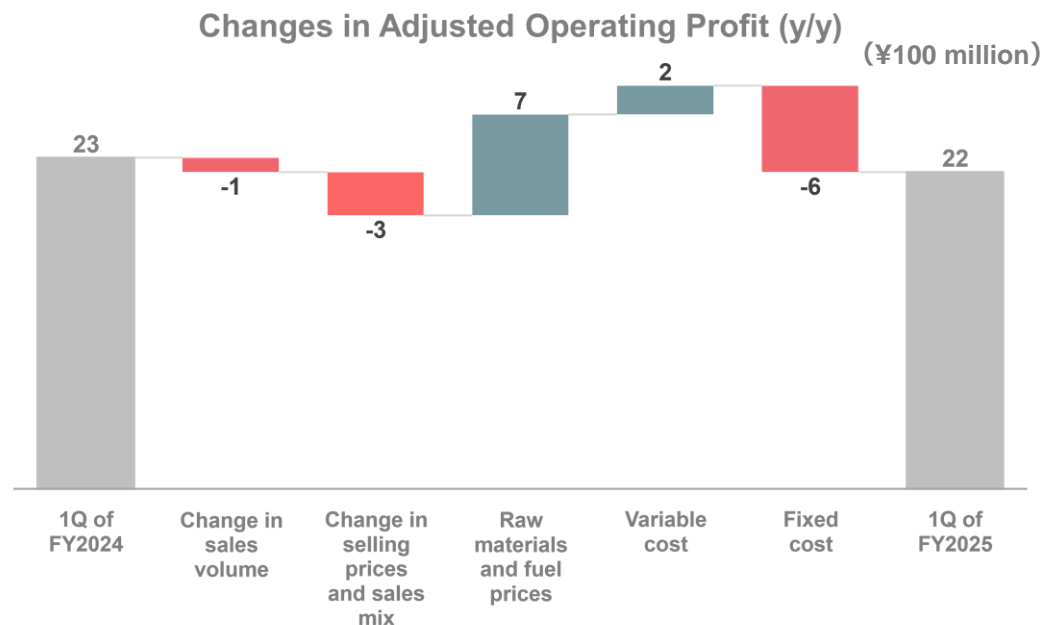
- ✓ Profits decreased mainly due to an increase in fixed cost burden resulting from a decline in structural steel volume.
- ✓ Sales mix was positive as demand for semiconductor production equipment is gradually recovering.
- ✓ As for magnetic products, demand for heavy rare earth-free magnets increased 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

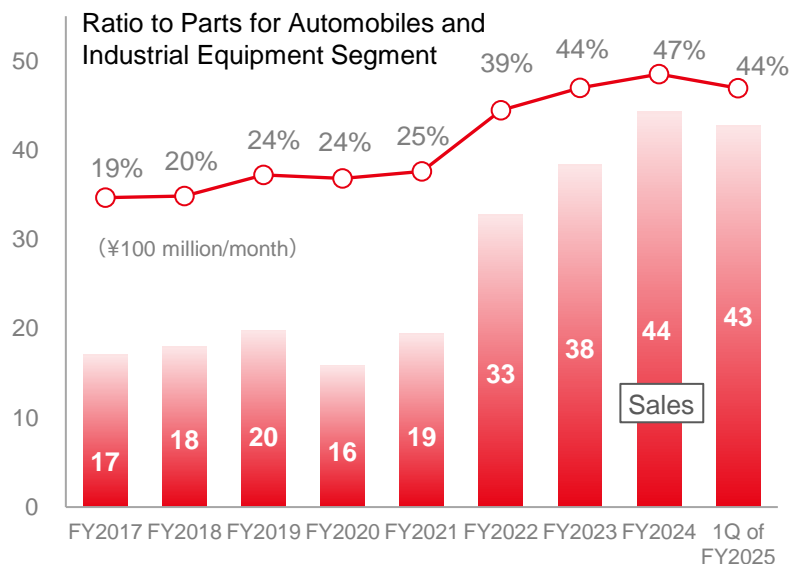
(¥100 million)

	FY2024 1Q a	FY2025 1Q b	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



<Revenue of open-die forgings>

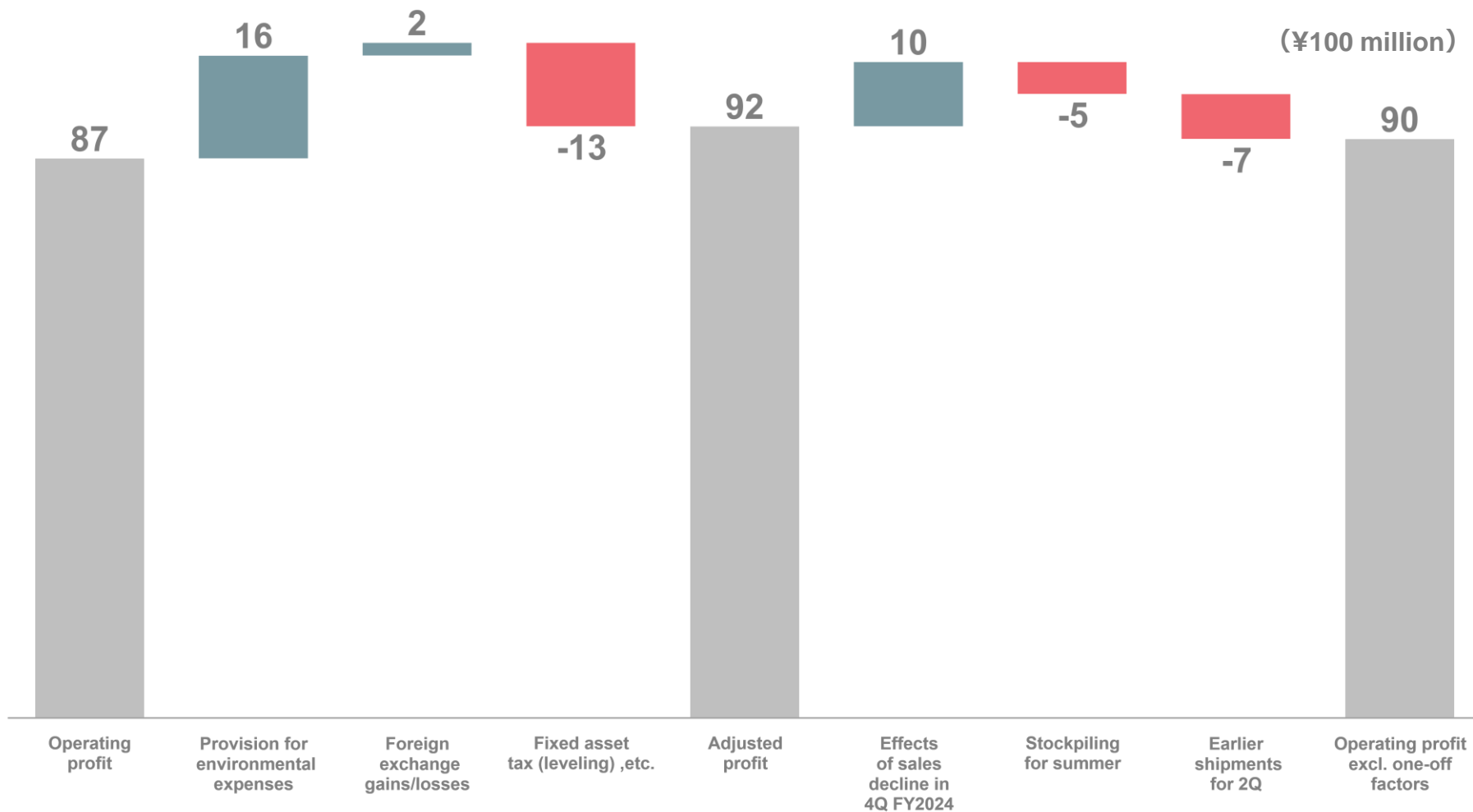


POINT

- ✓ 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

(¥100 million)

		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				FY2025
		1 Q	2 Q	3 Q	4Q	1 Q
Operating profit		33	28	51	9	26
Adjustment	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				FY2025
		1 Q	2 Q	3 Q	4Q	1 Q
Operating profit		30	21	55	4	31
Adjustment	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				FY2025
		1 Q	2 Q	3 Q	4Q	1 Q
Operating profit		28	21	39	25	14
Adjustment	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				FY2025
		1 Q	2 Q	3 Q	4Q	1 Q
Operating profit		2	6	5	9	7
Adjustment	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

(¥100 million)

	FY2024				FY2025
	1 Q	2 Q	3 Q	4 Q	1 Q
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