


Fiscal Year Ending March 2023 1st Quarter Results

July 29, 2022





FY2022 1st Quarter Results (Apr. 1 – Jun.30/2022)

■ Overview of the FY2022 1st Quarter Results

- The sales mix improved because our sales of semiconductor-related products and industrial machine parts were strong. This occurred in spite of an overall sales decrease due to reduced automobile production.
- We succeeded to some degree in passing continued increases in raw materials prices on in the selling prices of our products, and this enabled us to attain an operating income that was at roughly the same level as the previous year's.

(thou. t·¥100 million)

	FY2021 Results First Quarter	FY2022 Results First Quarter	Deviations from the same period a year earlier
Sales Volume of Specialty Steel	322	280	-42
Sales	1,312	1,377	65
Operating Income	105	102	-3
Ordinary Income	118	113	-5
Extraordinary Profit and Loss	-	-	-
Corporate Tax and Other Tax	▲ 42	▲ 14	28
Net income owned to parent company shareholders	76	99	23

Effects of the
introduction of the
Japanese Group
Relief system

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

(¥100 million)

	FY2021 Results		FY2022 Results	
	1st Quarter		1st Quarter	
	Sales	Operating Income	Sales	Operating Income
Specialty Steel	465	10	506	1
High-performance Materials and Magnetic Materials	479	71	544	75
Parts for Automobiles and Industrial Equipment	249	20	238	18
Engineering	37	▲ 4	38	▲ 1
Trading and Service	82	8	51	9
Total	1,312	105	1,377	102

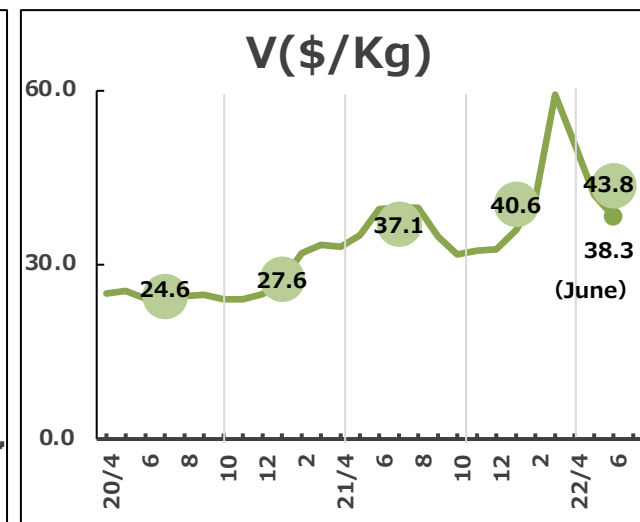
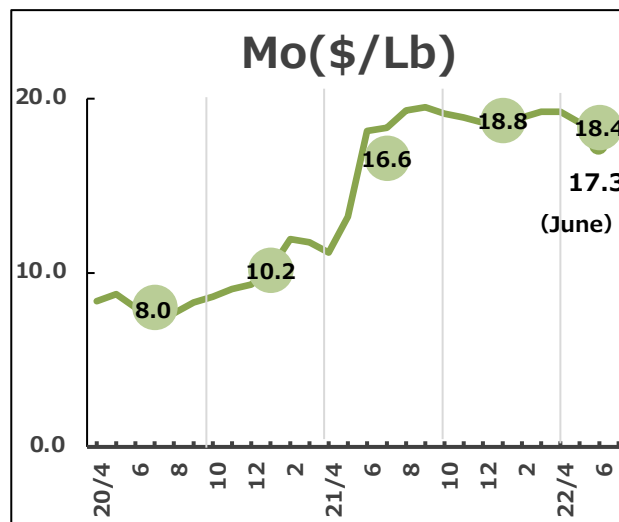
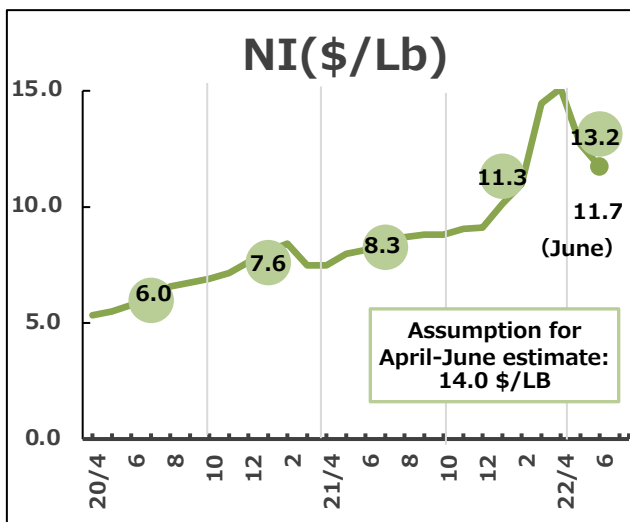
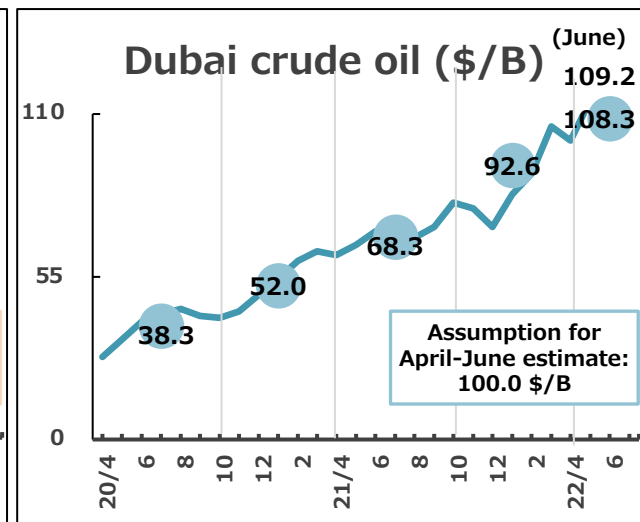
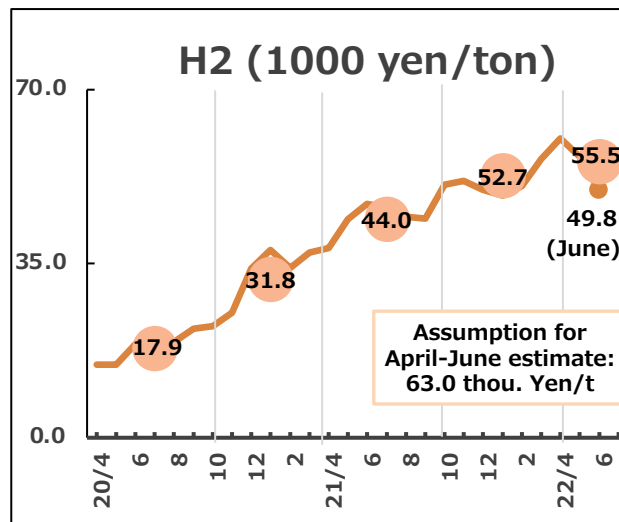
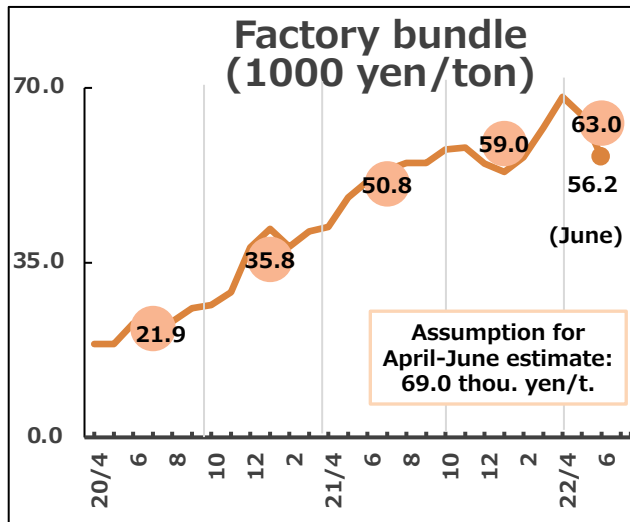
y/y		y/y (Excluding the effects of the change of settlement period in the previous term)	
Sales	Operating Income	Sales	Operating Income
41	-9	55	-8
65	4	91	5
-11	-2	28	3
1	3	1	3
-31	1	15	3
65	-3	190	6

(thou.t)

Sales Volume of Specialty Steel (non-consolidated)	322	280
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-42

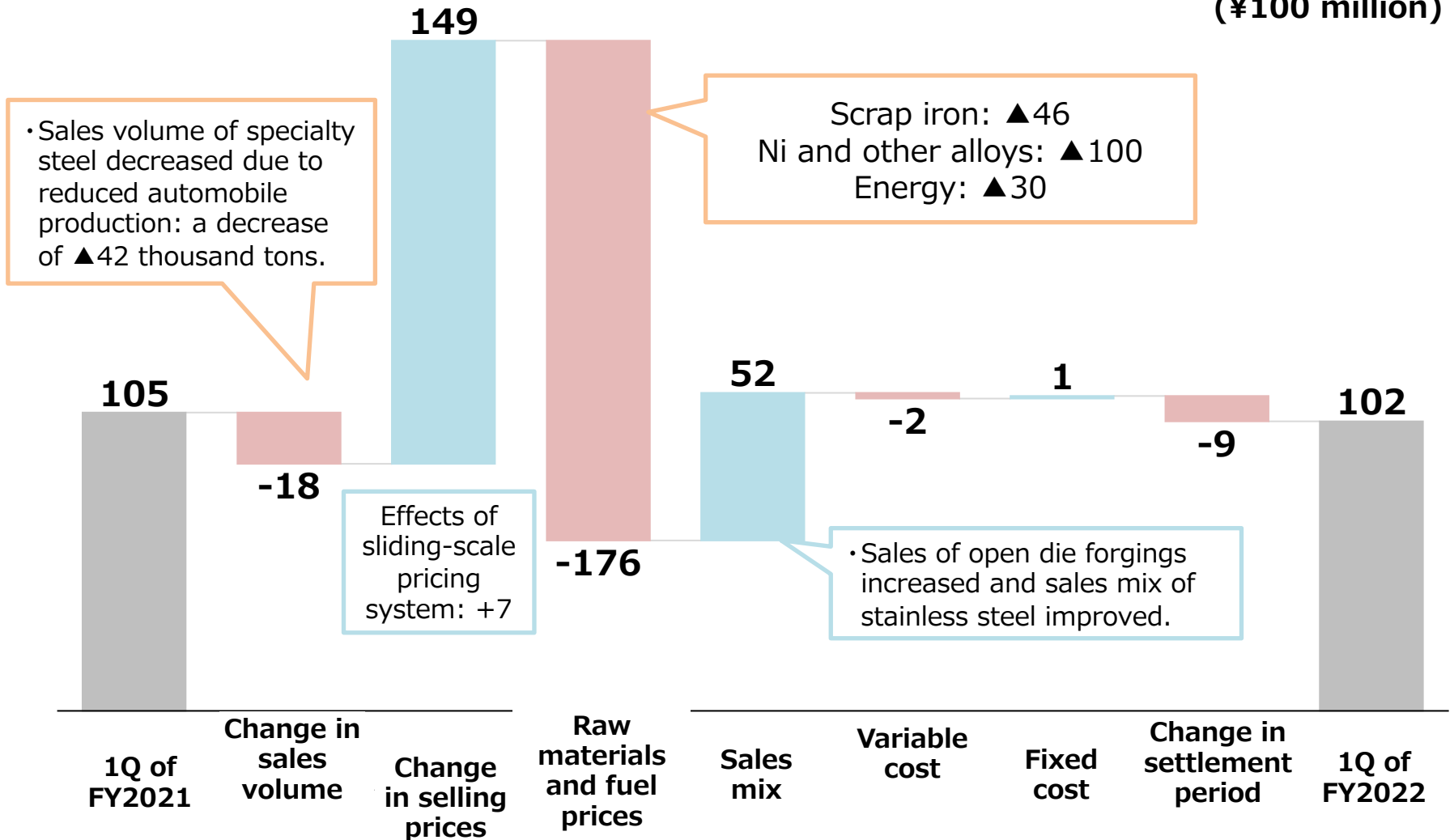
Raw Materials Prices



4-6/2022 Changes in Operating Income

Changes in Operating Income

(¥100 million)



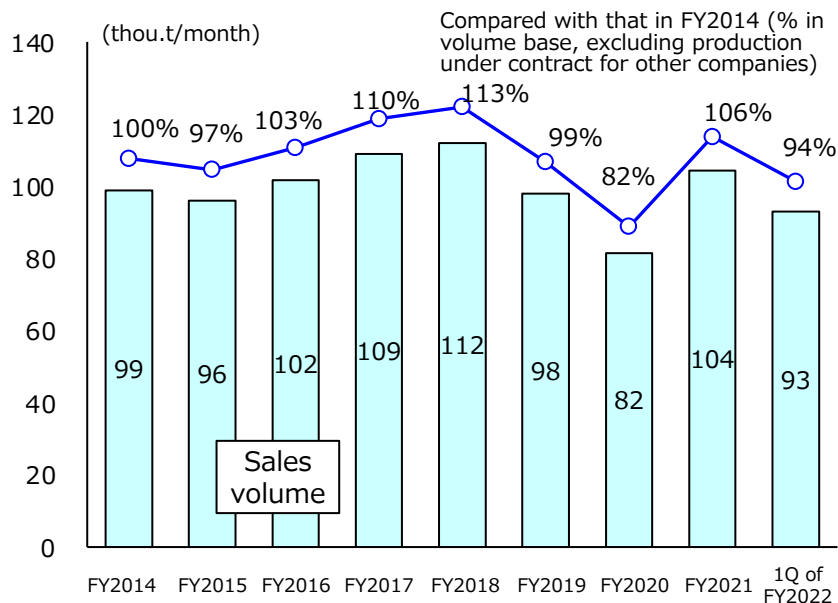
Specialty Steel Overview

(¥100 million)

	1Q of FY2021	1 Q of FY2022	y/y	
	a	b	b-a	
Sales	465	506	(+55)	41
Operating Income	10	1	(-8)	-9
Sliding-scale Pricing System	-14	-7		7

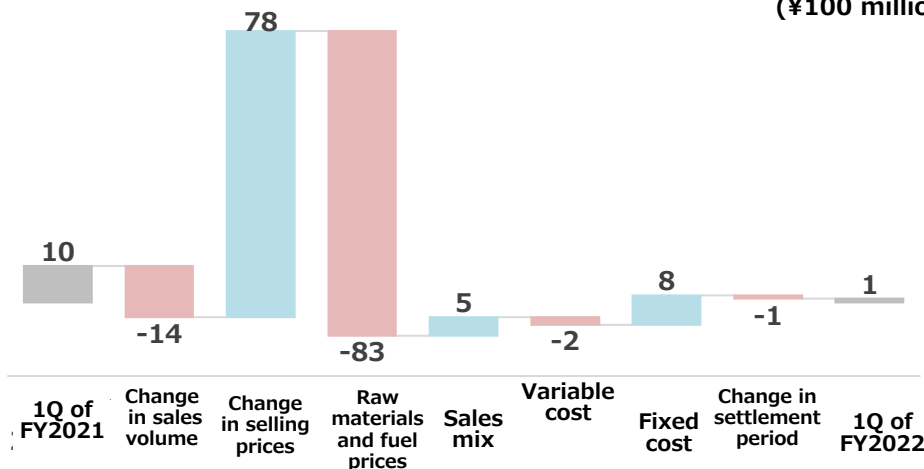
The figures in parentheses are those excluding the effects of the change of settlement period in the previous term.

Sales Volume of Specialty Steel (non-consolidated)



Changes in Operating Income

(¥100 million)



POINT 1

Although sales volume decreased due to the continued reduction in the production of automobiles, specialty steel for the first quarter obtained an operating income of 100 million yen, due to a lowering of the range of the sliding-scale pricing system for scrap iron, a positive sales mix at subsidiaries (attributable to the yen exchange rate), and reduced fixed costs.

POINT 2

Negotiations are in progress, as planned, regarding raising base prices to compensate for increases in costs, such as for energy.

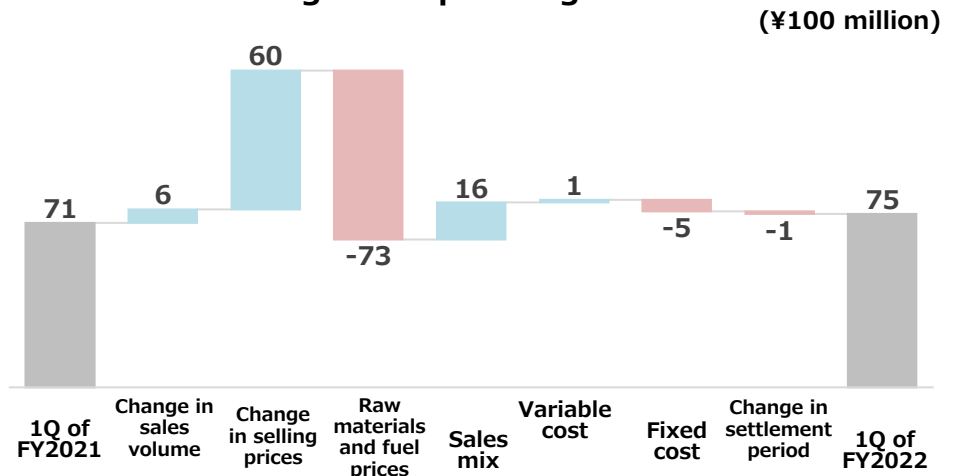
High-performance and Magnetic Materials Overview

(¥100 million)

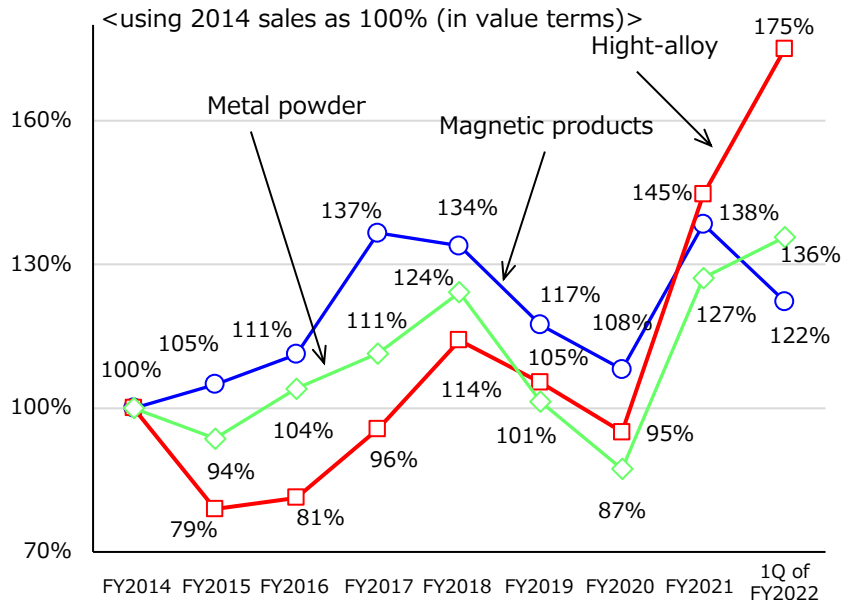
	1 Q of FY2021 a	1 Q of FY2022 b	y/y b-a
Sales	479	544	(+91) 65
Operating Income	71	75	(+5) 4

The figures in parentheses are those excluding the effects of the change of settlement period in the previous term.

Changes in Operating Income



<Sales of high-alloy, magnetic products and metal powder>



POINT 1

Stainless steel sales volume increased, mainly due to the recovery of demand for semiconductor-related products; meanwhile the sales mix of high-performance and magnetic materials improved, contributing to an increased operating income in this segment. In addition, the appreciation of inventories at subsidiaries also helped this segment to attain an operating income of 7.5 billion yen for the first quarter of FY2022.

POINT 2

Profitability showed a tendency toward improvement, because we succeeded to some degree in raising the selling prices of our products. However, the number of orders for stainless steel will be undergoing adjustments for a while because the future demand for nickel is anticipated to drop.

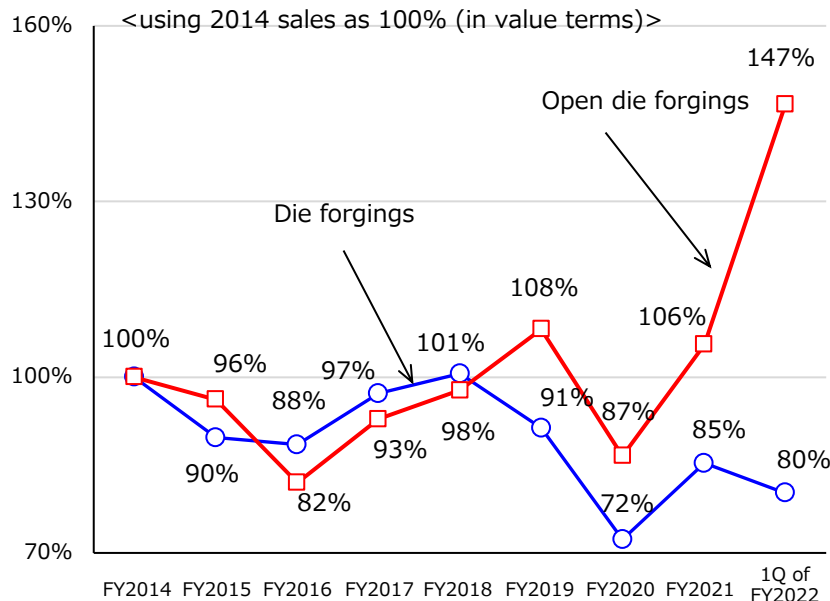
Automotive Parts and Industrial Machine Parts Overview

(¥100 million)

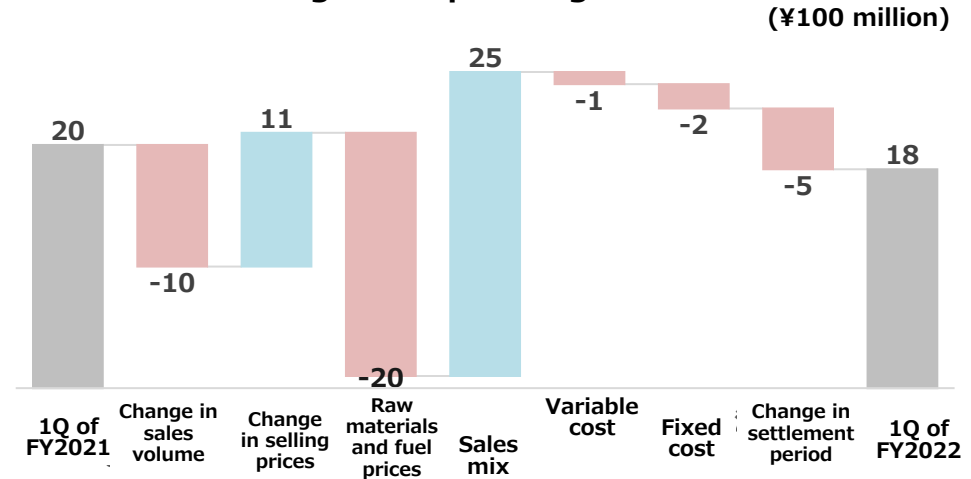
	1Q of FY2021 a	1Q of FY2022 b	y/y b-a	
Sales	249	238	(+28)	-11
Operating Income	20	18	(+3)	-2

The figures in parentheses are those excluding the effects of the change of settlement period in the previous term.

<Sales of die forgings and open die forgings>



Changes in Operating Income



POINT 1

The sales volume of automotive parts such as die forgings declined, but the demand for open die forgings such as semiconductor-related and energy-related products remained firm. The upshot is that this segment's operating income for the first quarter of FY2022 amounted to 1.8 billion yen.

POINT 2

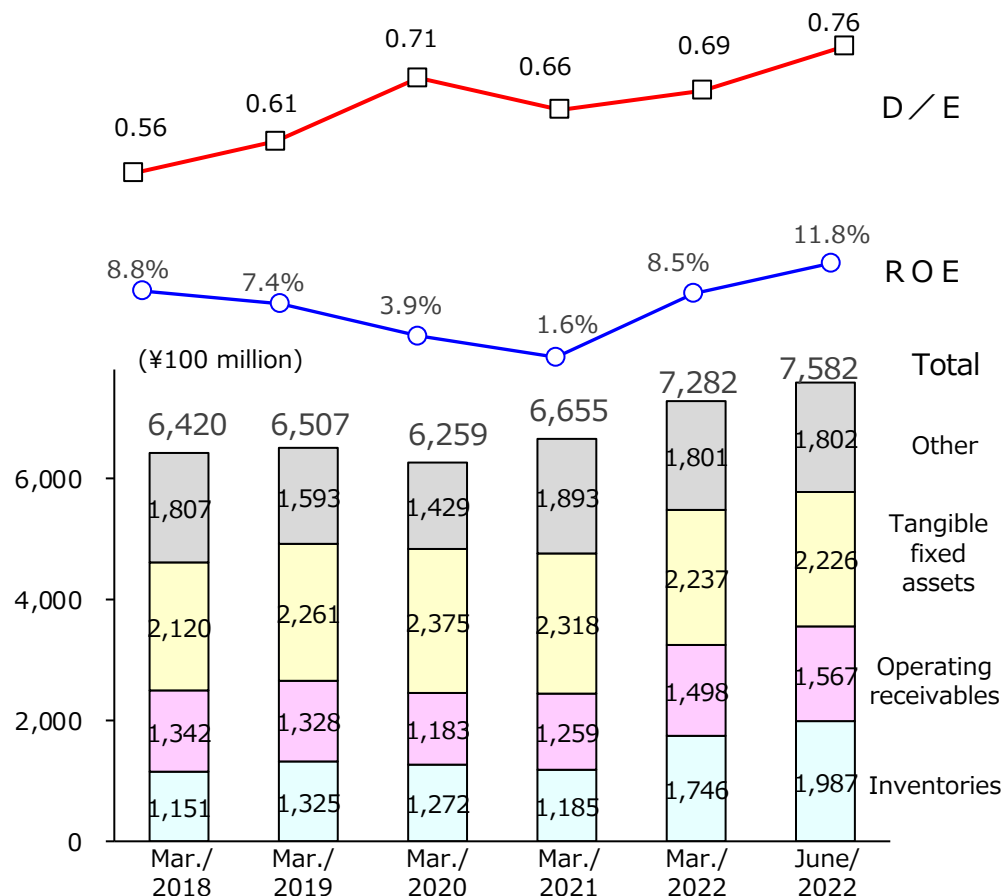
The number of orders for open die forgings will continue to be high for a while, due to the weak yen environment. We are going to aim at increasing operating income by maximizing production.

■ Total Assets, Interest-Bearing Debt, and D/E Ratio

- Total assets increased, mainly thanks to increased operating receivables and inventories, which rose due to the improved sales mix and steep rises in raw materials and energy prices.
- Our interest-bearing debt increased by about 26 billion yen because of the need to increase our working capital.

(¥100 million)

	Mar./2022	June/2022	Increase/ decrease
Cash and deposits	581	590	9
Inventory	1,746	1,987	241
Operating receivables	1,498	1,567	69
Other	92	96	4
Current assets	3,917	4,240	323
Tangible fixed assets	2,237	2,226	-11
Investment securities	865	835	-30
Other	263	281	18
Fixed assets	3,365	3,342	-23
Total of assets	7,282	7,582	300
Interest-bearing debt	2,291	2,550	259
Other	1,341	1,313	-28
Debt	3,632	3,863	231
Equity capital	3,032	3,088	56
Other accumulated comprehensive interest	265	270	5
Non-controlling interest	353	361	8
Net assets	3,650	3,719	69
Total of debt and net assets	7,282	7,582	300

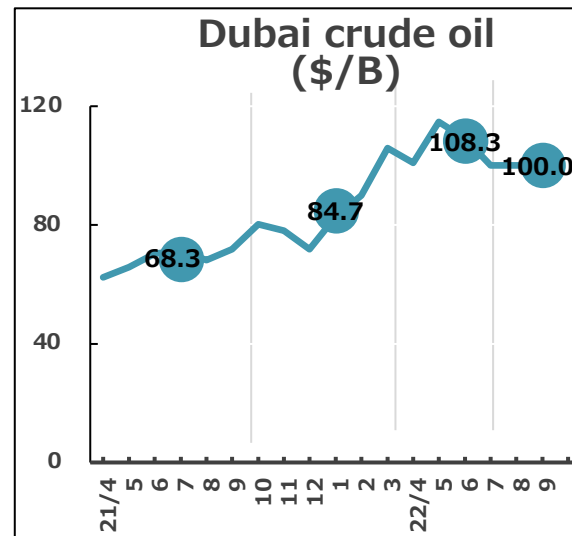
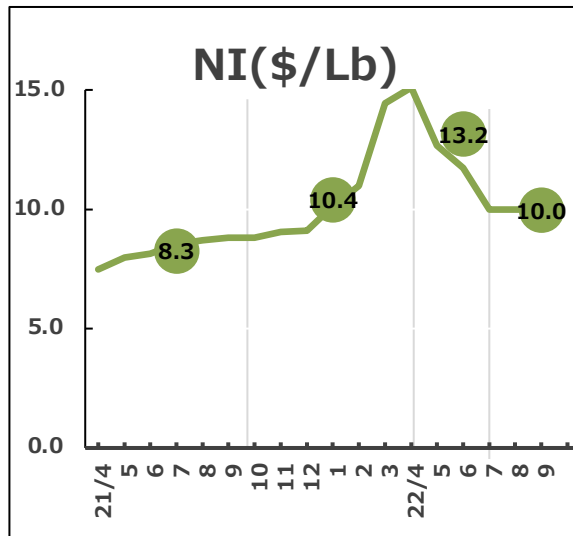
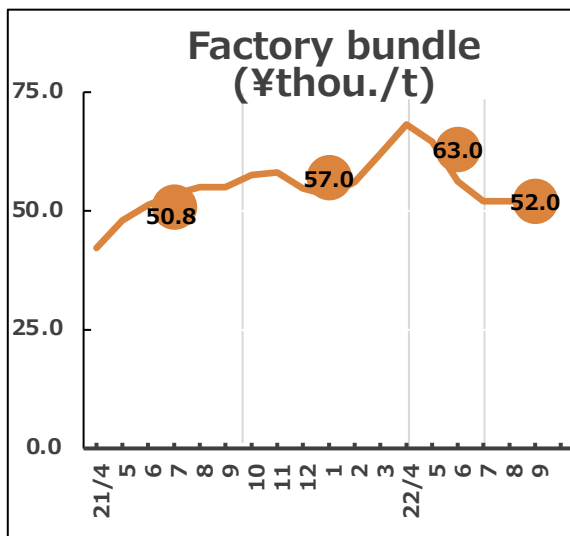


Outlook for the First Half of FY2022

(Apr.1 – Sept.30/2022)

Profit-Planning Premises for the First Half of FY2022 (Market Trends)

			FY2021 Results	Results of 1Q of FY	Profit-Planning Premises for 2Q of FY2022	
					Deviations from the initial forecast	
Scrap iron	H2 (Central scrap quotation)	¥thou./t	47.6	55.5	47.0	-14.0
	Factory bundle (Central scrap quotation)		53.9	63.0	52.0	-15.0
Nickel	LME	\$/Lb	9.3	13.2	10.0	-4.0
Crude oil	Dubai	\$/B	76.6	108.3	100.0	±0.0
Exchange rate	TTM	yen/\$	113.4	129.6	135.0	+15.0



■ Consolidated Earnings Outlook for the First Half of FY2022

- Scrap iron and nickel prices are remaining lower than the premises on which profits-planning was made at the onset. We will also be able to reduce overall costs including fixed costs as planned.
- Taking into the improvement in sales mix, we have corrected our earnings estimate for the first half of FY2022.

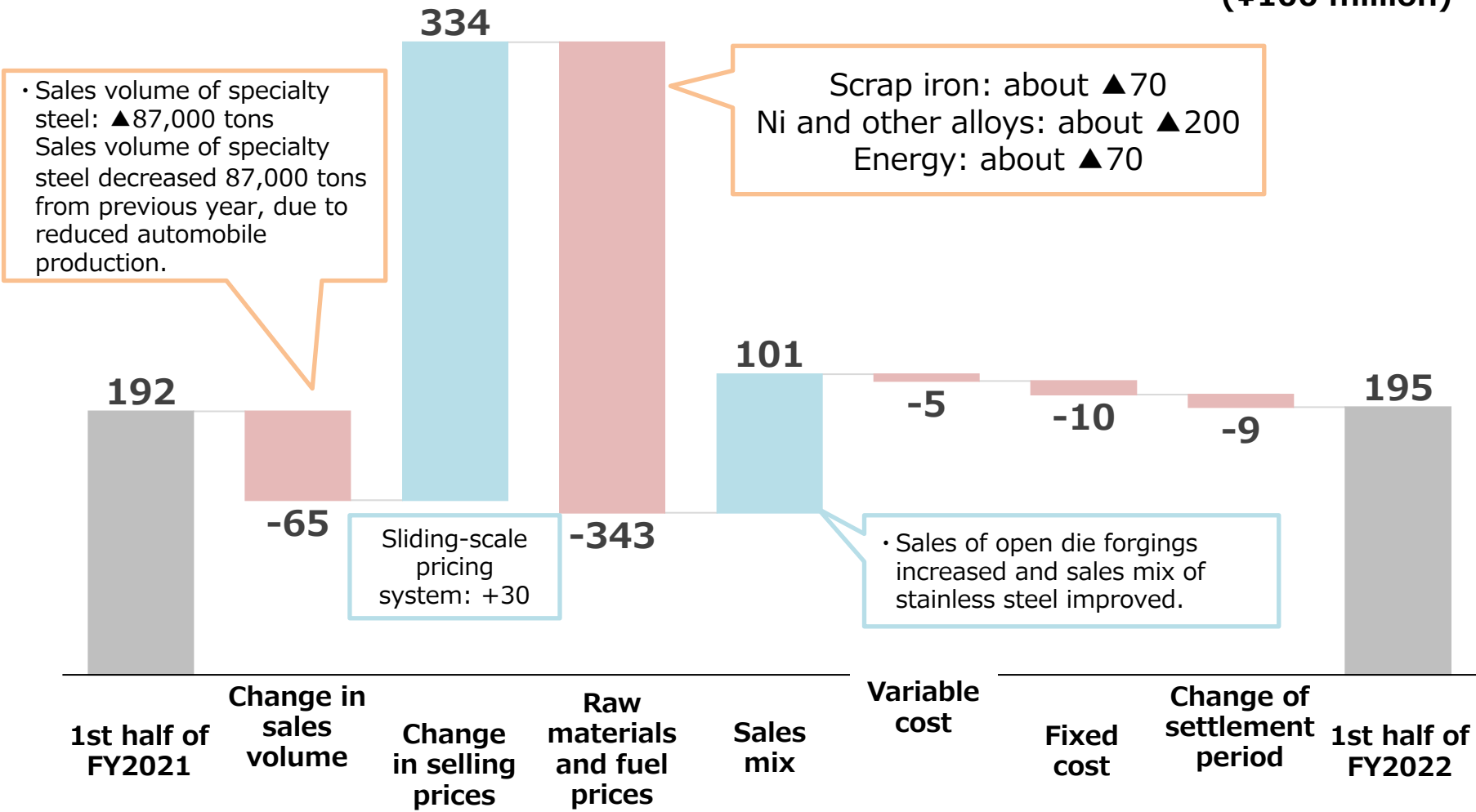
(thou. t·¥100 million)

	Results of the first half of FY2021			Outlook for the first half of FY2022			Compared with previous year	Deviations from the forecast
	1 Q	2 Q	Total	1 Q	2 Q	Total		
Sales Volume of Specialty Steel	322	312	634	280	267	547	-87	-40
Sales	1,312	1,240	2,552	1,377	1,423	2,800	248	0
Operating Income	105	87	192	102	93	195	3	80
Ordinary Income	118	88	206	113	87	200	-6	80
Extraordinary Profit and Loss	0	▲ 4	▲ 4	-	-	-	4	-
Corporate Tax and Other Taxes	▲ 42	▲ 32	▲ 74	▲ 14	▲ 31	▲ 45	29	-15
Net income owed to parent company shareholders	76	52	128	99	56	155	27	65

Changes in Operating Income for the First Half of FY2022 (y/y)

Changes in Operating Income (y/y)

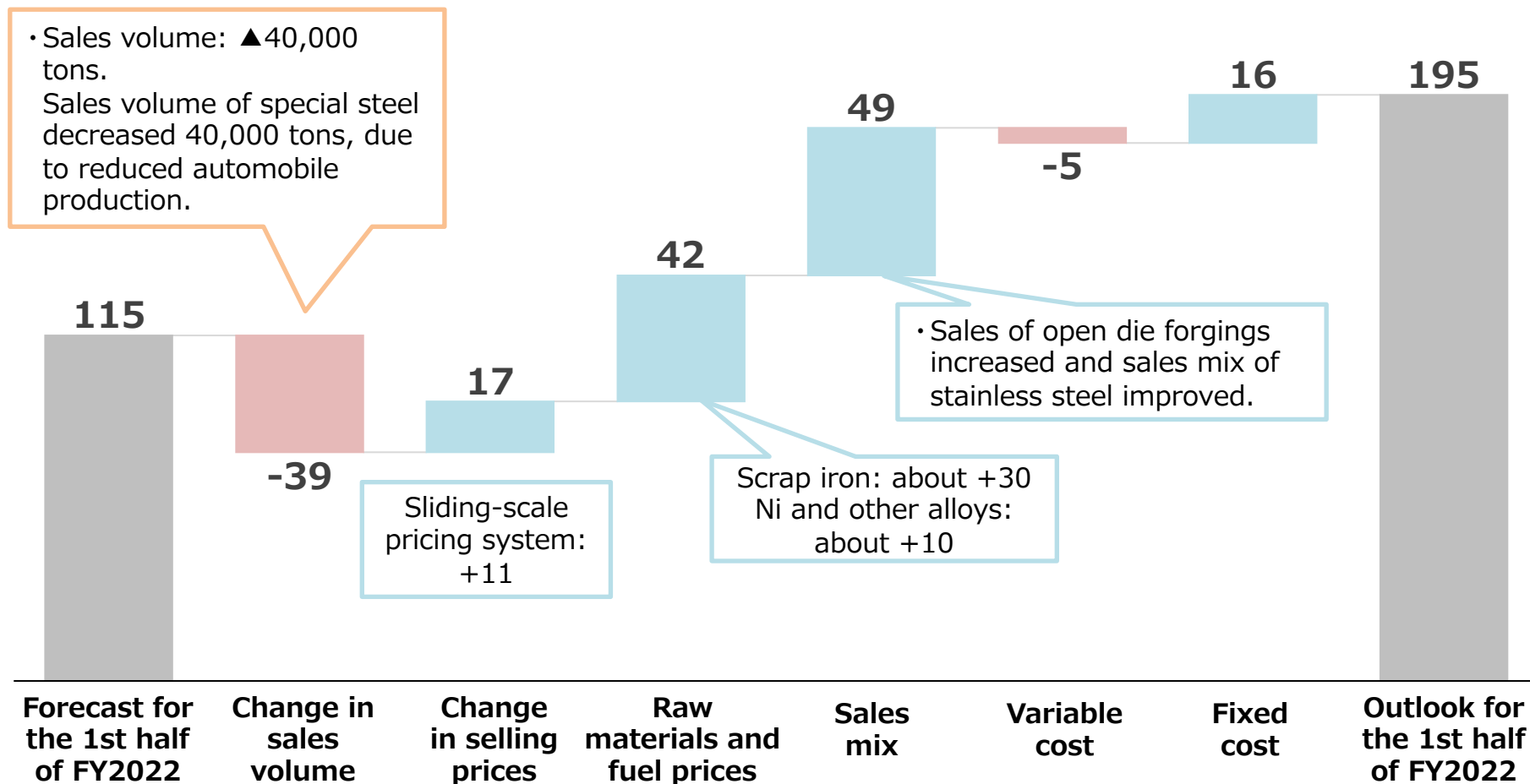
(¥100 million)



Changes in Operating Income for the First Half of FY2022 (Deviations from the forecast)

Changes in Operating Income (deviations from the forecast)

(¥100 million)



Net Sales & Operating Income by Segment (y/y and deviations from the forecast)

(¥100 million)

	FY2021 Results		Outlook for FY2022					
	1st Half		1 Q		2 Q		1st Half	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Specialty Steel	932	15	506	1	515	12	1,021	13
High-Performance Materials and Magnetic Materials	948	139	544	75	537	55	1,081	130
Parts for Automobile and Industrial Equipment	465	31	238	18	271	15	509	33
Engineering	87	▲ 7	38	▲ 1	49	3	87	2
Trading and Service	120	14	51	9	51	8	102	17
Total	2,552	192	1,377	102	1,423	93	2,800	195

Compared with previous year		Deviations from the forecast	
Sales	Operating Income	Sales	Operating Income
89	-2	1	38
133	-9	-19	10
44	2	9	23
0	9	-8	2
-18	3	17	7
248	3	0	80

(thou.t)

Sales Volume of Specialty Steel (non-consolidated)	634	280	267	547
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	-87	-40
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Overview by Segment (specialty steel, high-performance and magnetic materials, and automotive and industrial machine parts)

Specialty Steel

(¥100 million)

	1st half of FY2021	Forecast for the 1st half of FY2022	1st half of FY2022	y/y	Deviations from the forecast
	a	b	c	c-a	c-b
Sales	932	1,020	1,021	89	1
Operating Income	15	-25	13	-2	38
Sliding-Scale Pricing System	-33	-14	-3	30	11

POINT

- Our operating income improved due to the decline in scrap iron prices and reductions in overall costs, including fixed costs, as compared with the forecast.
- However, specialty steel sales volume were lower than planned, due to reduced automobile production.

High-Performance Materials and Magnetic Materials

(¥100 million)

	1st half of FY2021	Forecast for the 1st half of FY2022	1st half of FY2022	y/y	Deviations from the forecast
	a	b	c	c-a	c-b
Sales	948	1,100	1,081	133	-19
Operating Income	139	120	130	-9	10

POINT

- Operating income will be higher than the plan anticipated, due to the improved sales mix and profitability, in spite of a decrease in stainless steel sales volume.

Parts for Automobiles and Industrial Equipment

(¥100 million)

	1st half of FY2021	Forecast for the 1st half of FY2022	1st half of FY2022	y/y	Deviations from the forecast
	a	b	c	c-a	c-b
Sales	465	500	509	44	9
Operating Income	31	10	33	2	23

POINT

- Although sales volume decreased due to the effects of reduced automobile production, operating income topped the forecast substantially because the number of orders for open die forgings remained strong.

Consolidated Earnings Overview for FY2022

- We are not changing the previous forecast for consolidated earnings for FY2022, because increased energy costs, including those for electricity, are anticipated in the future and it is difficult to predict precisely the trends of number of orders and raw materials prices for the second half of FY2022.

(thou. t·¥100 million)

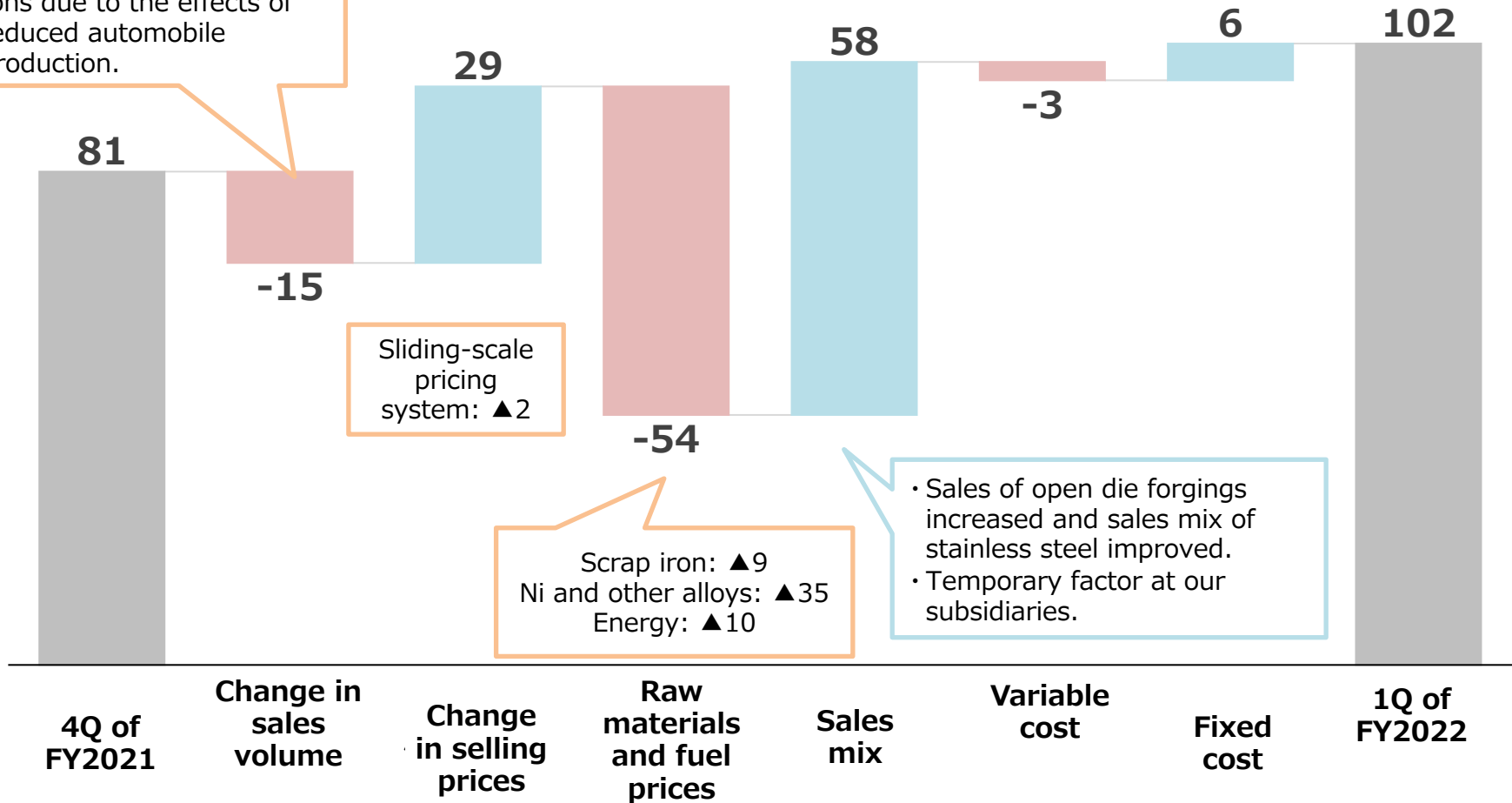
	FY2021 Results			Outlook for FY2022	
	1st half	2nd half	Total	1st half	Total
Sales Volume of Specialty Steel	634	619	1,253	547	1,227
Sales	2,552	2,745	5,297	2,800	6,000
Operating Income	192	178	370	195	340
Ordinary Income	206	186	392	200	350
Extraordinary Profit and Loss	▲ 4	19	15	-	-
Corporate Tax and Other Taxes	▲ 74	▲ 64	▲ 138	▲ 45	▲ 100
Net income owed to parent company shareholders.	128	141	269	155	250

Reference Materials

Changes in Operating Income for the First Quarter of FY2022 (Deviations from the preceding quarter)

Changes in Operating Income (Deviations from the preceding quarter)

(¥100 million)



Changes in Operating Income for the Second Quarter of FY2022 (Deviations from the preceding quarter)

Changes in Operating Income (deviations from the preceding quarter)

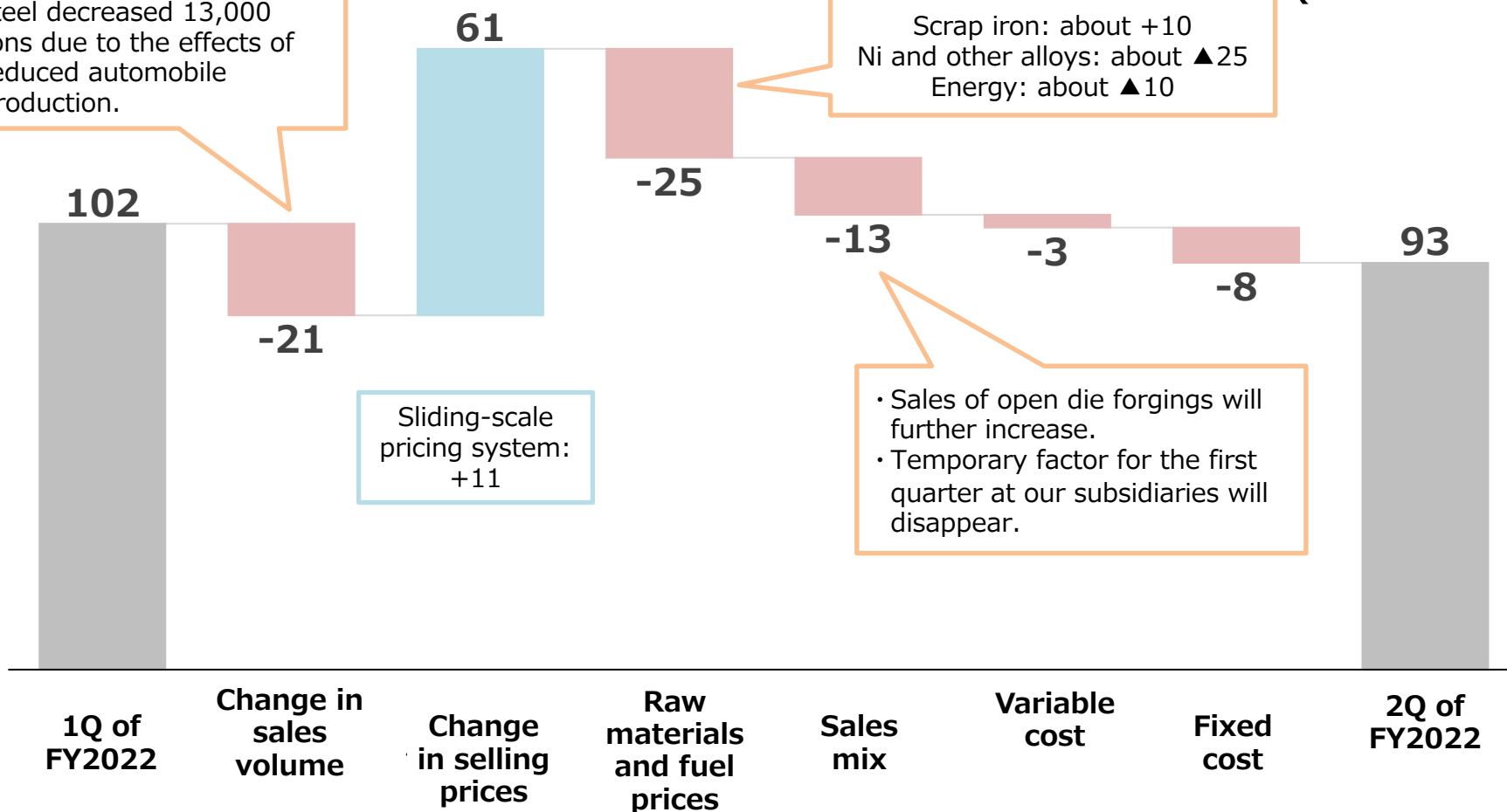
(¥100 million)

• Sales volume of specialty steel: ▲13,000 tons.
Sales volume of specialty steel decreased 13,000 tons due to the effects of reduced automobile production.

Scrap iron: about +10
Ni and other alloys: about ▲25
Energy: about ▲10

Sliding-scale pricing system: +11

• Sales of open die forgings will further increase.
• Temporary factor for the first quarter at our subsidiaries will disappear.



(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.

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