

# Fiscal Year ending March 2022 1<sup>st</sup> Quarter Results (Apr.1 – Jun.30/2021)

July 28, 2021



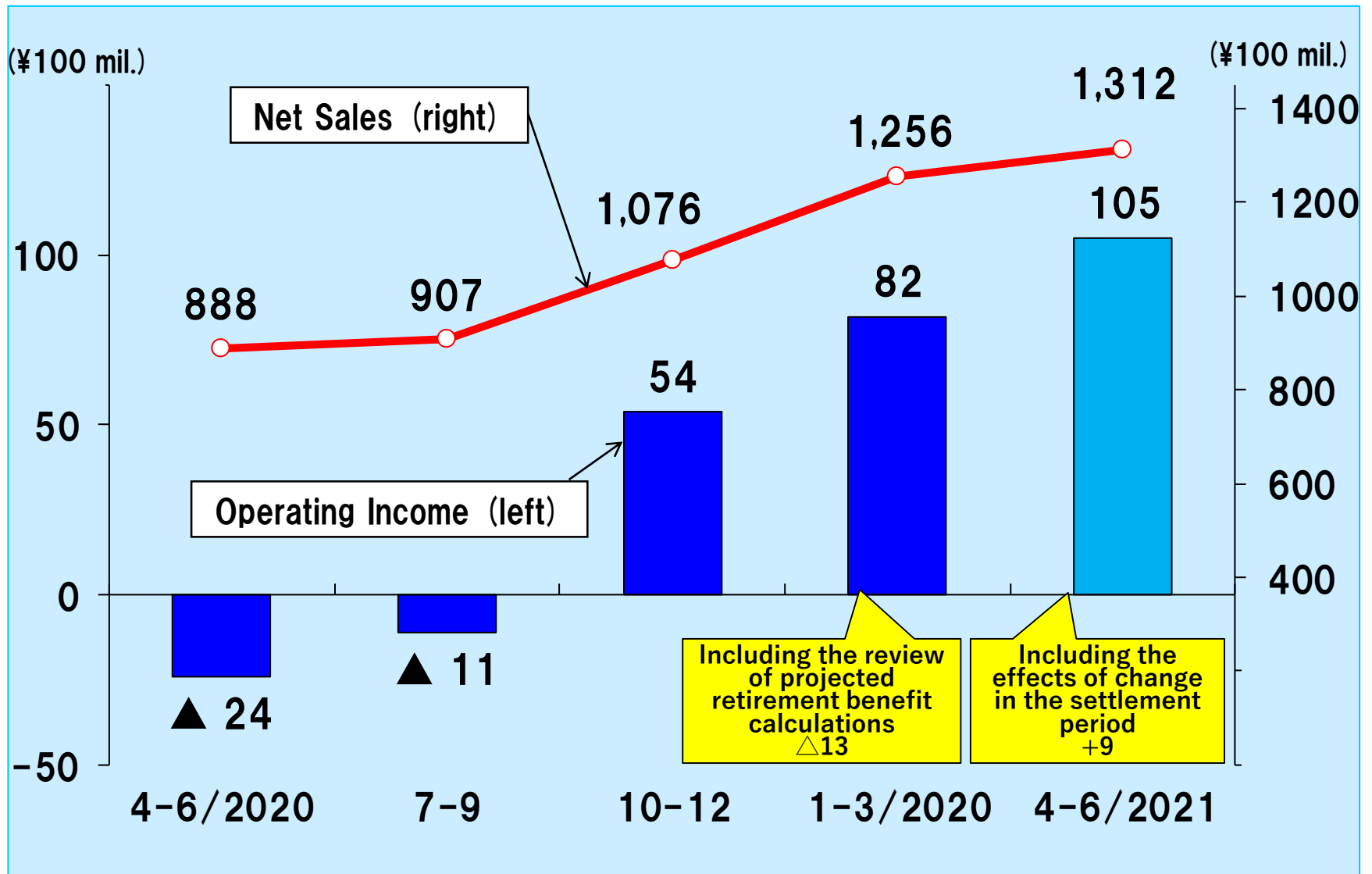
# Overview of the FY2021 1<sup>st</sup> quarter results

(¥100 mil.)	4- 6/ 2020	4-6/ 2021	y/y basis
Net sales	888	1,312	+424
Operating income	▲24	105	+129
Ordinary income	▲17	118	+135
Net income (*)	▲16	76	+92

\* Quarterly net income that is profit attributable to shareholders of the parent company.

- The first quarter results of the fiscal 2021 recovered from last year during which demand substantially decreased due to the economic downturn caused by COVID-19. Demand is strong, including that in the automobile industry. Our factories now continue to be in full operation.
- Sales volumes are expected to keep high in the future, despite the risk of scrap iron price increasing sharply.

# Net Sales & Operating Income (Quarterly)



# 4-6/2021 Changes in Operating Income (y/y)

(¥100 mil.)

4-6/2020 Operating Income		▲24	
Changes (y/y)	Raw materials/ Fuel price	-74	
	Sales volume		+139
	Sales price		+23
	Sales mix		+29
	Variable cost		+20
	Fixed cost	-17	
	Change of settlement period		+9
	Total	-91	+220
4-6/2021 Operating Income		105 (+129)	

## Breakdown of changes

### Raw materials and fuel price

- Costs of all items, including scrap iron, increased.

### Sales volume

- The number of sales volume in all product groups increased in associated with the recovery of production in the automobile industry.

### Sales price

- Selling prices went up due to the effects of scrap and alloy surcharges.
- Operating income decreased 1.5 billion yen due to the effects of the sliding scale pricing system.

### Sales mix

- Sales of tool steel recovered and those of semiconductor-related products increased.
- Severe market conditions continued for our engineering business.

### Fixed costs

- Costs increased due to production recovery. Cost-reduction efforts were continued.

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

(¥100 mil.)

		4-6/2020 Results (A)	4-6/2021 Results (B)	y/y basis (B) - (A)
Specialty Steel	Sales	288	465	177
	Operating income	▲ 19	10	29
High Performance Materials & Magnetic Materials	Sales	329	479	150
	Operating income	12	71	59
Parts for Automobile & Industrial Equipment	Sales	175	249	74
	Operating income	▲ 24	20	44
Engineering	Sales	40	37	-3
	Operating income	2	▲ 4	-6
Trading & Service	Sales	56	82	26
	Operating income	5	8	3
Total	Sales	888	1,312	424
	Operating income	▲ 24	105	129

Sales volume of specialty steel

174 thou. t

322 thou. t

148 thou. t

# Changes in Operating Income of Major Segments (y/y)

(¥100 mil.)

Segment			Specialty Steel	High-Performance Materials & Magnetic Materials	Parts for Automobile & Industrial Equipment	Engineering	
4-6/2020 Operating income			▲19	12	▲24	2	
Changes (y/y)	Operating Income/Loss	Raw material/Fuel price	-61	-11	-2		
		Sales volume		+58	+46	+35	
		Sales price		+14	+9		
		Sales mix		+23	+11	-6	
		Variable cost		+9	+8	+3	
		Fixed cost	-15	-5	+3		
		Change of settlement period		+1	+1	+5	
		Total	-76	+105	-16	+75	-2
4-6/2021 Operating income			10 (+29)	71 (+59)	20 (+44)	▲4 (-6)	

# Net Sales & Operating Income by Segment (Quarterly)

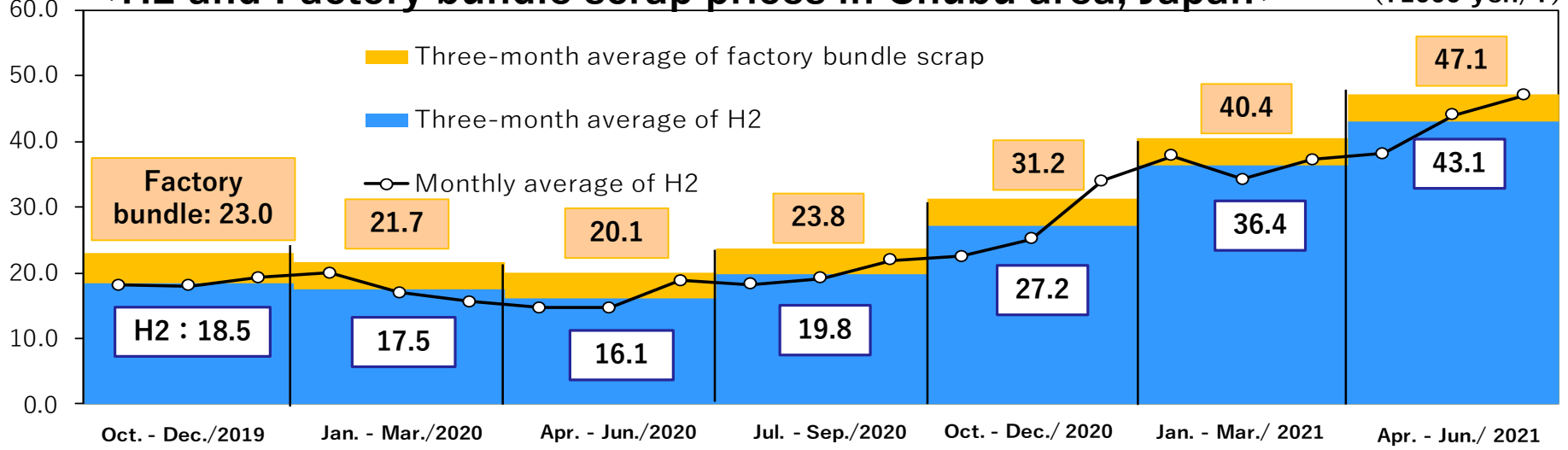
(¥100 mil.)

		FY 2020				FY 2021 1Q (Results)	Difference from preceding quarter
		1Q (Results)	2Q (Results)	3Q (Results)	4Q (Results)		
<b>Specialty Steel</b>	Net Sales	288	310	392	468	465	-3
	Operating Income	▲19	▲11	9	▲5	10	+15
<b>High-Performance Materials &amp; Magnetic Materials</b>	Net Sales	329	319	387	459	479	+20
	Operating Income	12	10	35	65	71	+6
<b>Parts for Automobile &amp; Industrial Equipment</b>	Net Sales	175	186	219	228	249	+21
	Operating Income	▲24	▲17	6	14	20	+6
<b>Engineering</b>	Net Sales	40	63	44	55	37	-18
	Operating Income	2	3	▲0	3	▲4	-7
<b>Trading &amp; Service</b>	Net Sales	56	29	34	46	82	+36
	Operating Income	5	4	4	5	8	+3
<b>Total</b>	Net Sales	888	907	1,076	1,256	1,312	+56
	Operating Income	▲24	▲11	54	82	105	+23
Sales volume of specialty steel		174 thou.t	204 thou.t	275 thou.t	325 thou.t	322 thou.t	-3 thou.t

# Market Trend of Raw Materials (Scrap Steel and Nickel)

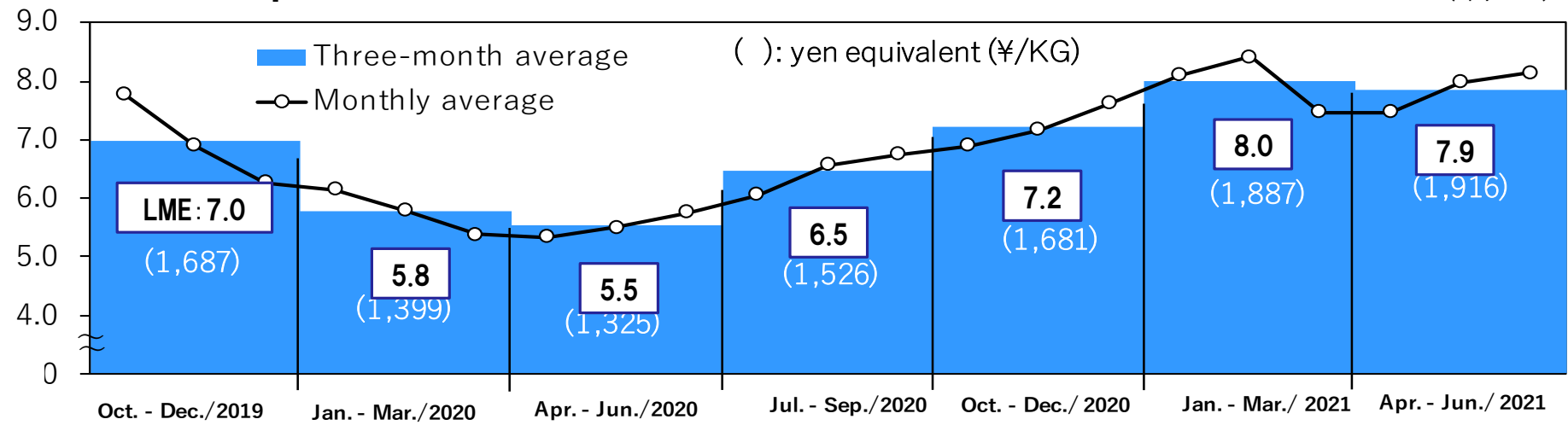
## < H2 and Factory bundle scrap prices in Chubu area, Japan >

(¥1000 yen/T)



## < Nickel price LME >

(\$/LB)





# 1Q/FY 2021 Market Trend

	UNIT	1Q/FY 2021 Premises of plan	1Q/FY 2021 Results (Difference)
<b>Scrap steel</b> Upper: H2 Lower: Factory bundle	¥thou./T	<b>38.0</b>	<b>43.1 (+5.1)</b>
		<b>42.0</b>	<b>47.1 (+5.1)</b>
<b>Nickel</b> (LME)	\$/LB	<b>8.5</b>	<b>7.9 (-0.6)</b>
<b>Crude oil</b> (Dubai)	\$/B	<b>60.0</b>	<b>66.2 (+6.2)</b>
<b>Exchange rate</b> (TTM)	¥/\$	<b>105.0</b>	<b>110.5 (+5.5)</b>

# 1Q/FY 2021 Ordinary Income and Net Income

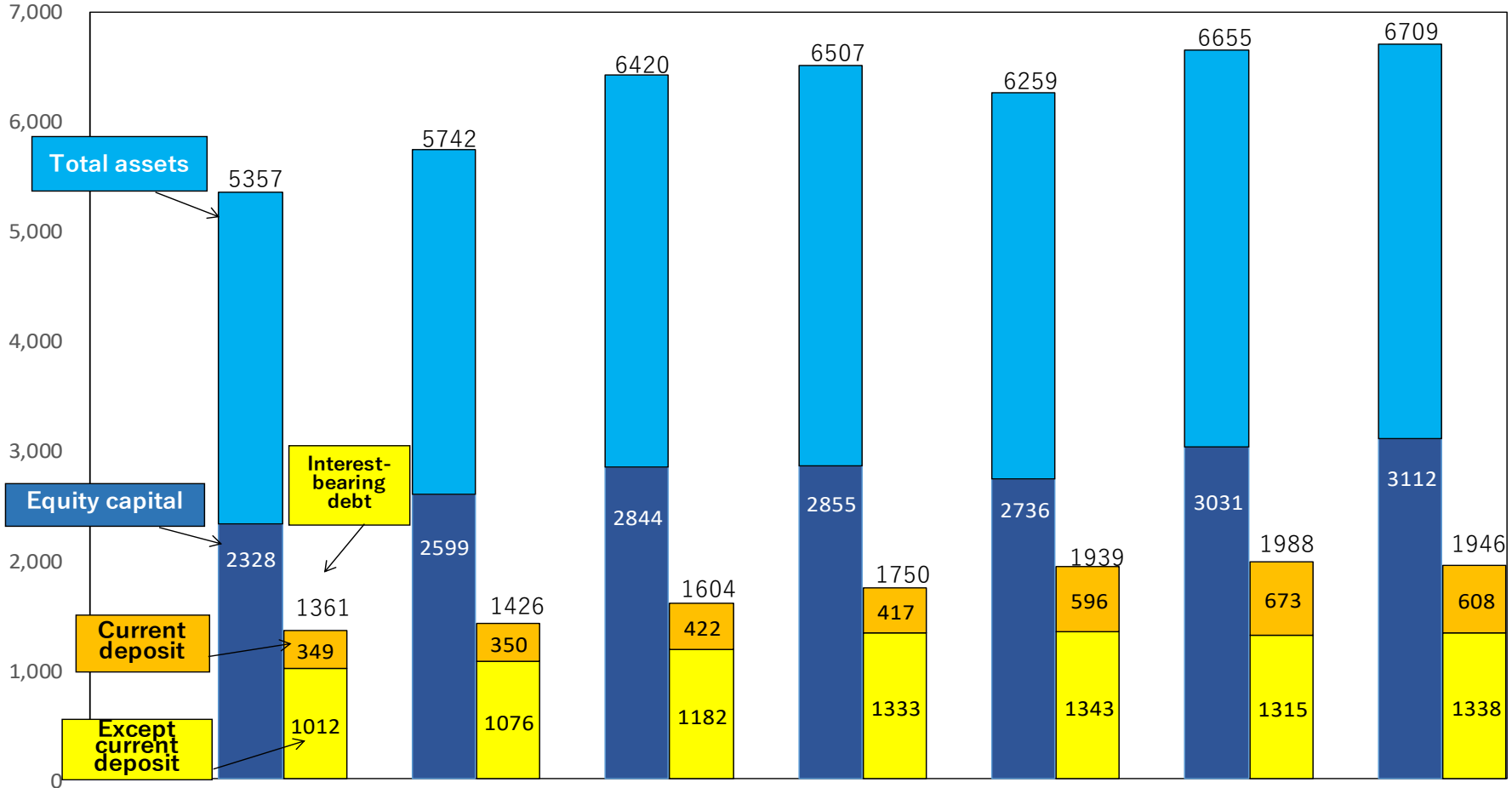
(¥100 mil.)

<b>FY 2021 1<sup>st</sup> quarter Operating income</b>	<b>105</b>
<b>Non-operating income / loss</b>	<b>13</b>
<b>Ordinary income</b>	<b>118</b>
<b>Extraordinary income / loss</b>	<b>0</b>
<b>Income taxes</b>	<b>▲42</b>
<b>FY 2021 1<sup>st</sup> quarter Net income (*)</b>	<b>76</b>

\* Quarterly net income that is profit attributable to shareholders of the parent company.

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

(¥100 million)



	16/3	17/3	18/3	19/3	20/3	21/3	21/6
ROA	4.5%	4.8%	5.9%	5.3%	3.8%	2.0%	7.1%
D/E	0.58	0.55	0.56	0.61	0.71	0.66	0.63

## (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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