

Fiscal Year Ending March 2023 Financial Results Briefing

April 28, 2023



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Financial Results for FY2022 (April 2022 to March 2023)

Financial Results Overview for FY2022

- The lingering reduction in automobile production has decreased our products' overall sales volume during FY2022. Products related to semiconductors and electric/electronic components will undergo inventory adjustment towards the end of this fiscal year.
- Net sales increased, due to our efforts to revise the selling prices of our products in the face of the soaring costs of raw materials and energy. The sales mix also improved, including open die forgings and stainless steel.
- The revised product sales prices and our reshaped product portfolio helped achieve an all-time profits high.

	FY2021 Results			FY2022 Results			y/y	Deviations from the forecast (on October 28)
	First Half	Second Half	Total	First Half	Second Half	Total		
Sales Volume of Specialty Steel	634	619	1,253	540	545	1,085	-168	-5
Sales	2,552	2,745	5,297	2,819	2,967	5,786	489	86
Operating Income	192	178	370	232	238	470	100	20
Ordinary Income	206	186	392	241	240	481	89	21
Extraordinary Profit and Loss	▲ 4	19	15	▲ 4	16	12	-3	16
Corporate Tax	▲ 74	▲ 64	▲ 138	▲ 54	▲ 75	▲ 129	9	-13
Net income owed to parent company shareholders	128	141	269	183	181	364	95	24

(thou.t.¥100 million)

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

(¥100 million)

	FY2021 Results		FY2022 Results					
	Annual Results		First Half		Second Half		Annual Results	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Specialty Steel	1,978	38	1,028	42	1,120	56	2,148	98
High-performance Materials and Magnetic Materials	1,976	267	1,096	134	1,101	109	2,197	243
Parts for Automobile and Industrial Equipment	925	50	495	34	517	48	1,012	82
Engineering	182	▲ 13	83	4	107	10	190	14
Trading and Service	236	28	117	18	122	15	239	33
Total	5,297	370	2,819	232	2,967	238	5,786	470

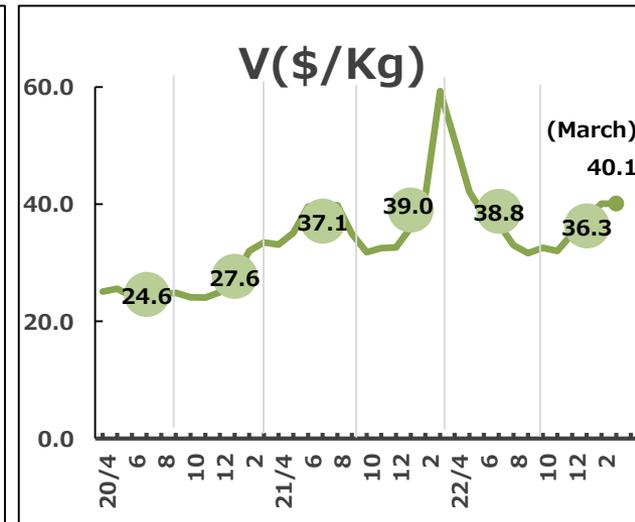
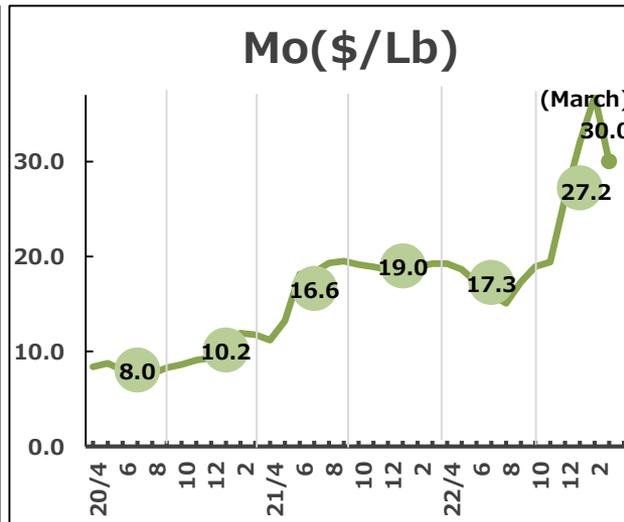
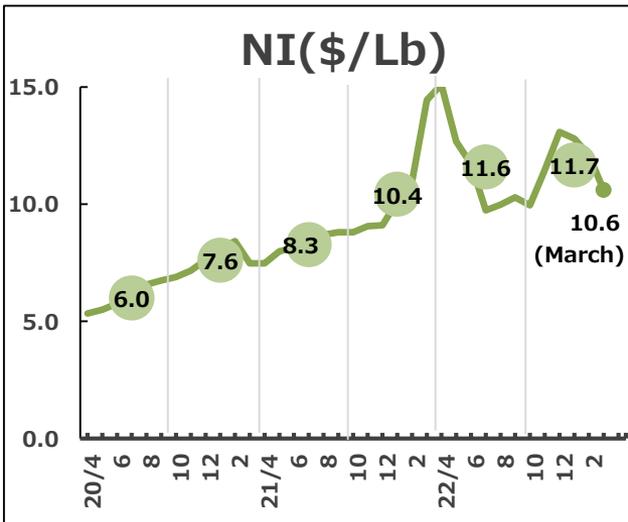
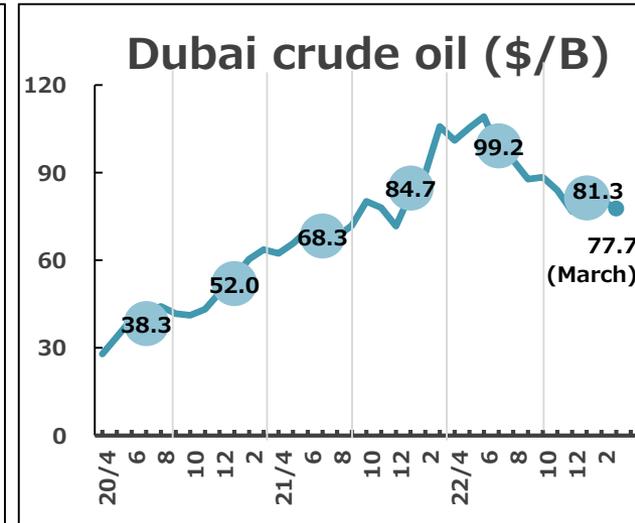
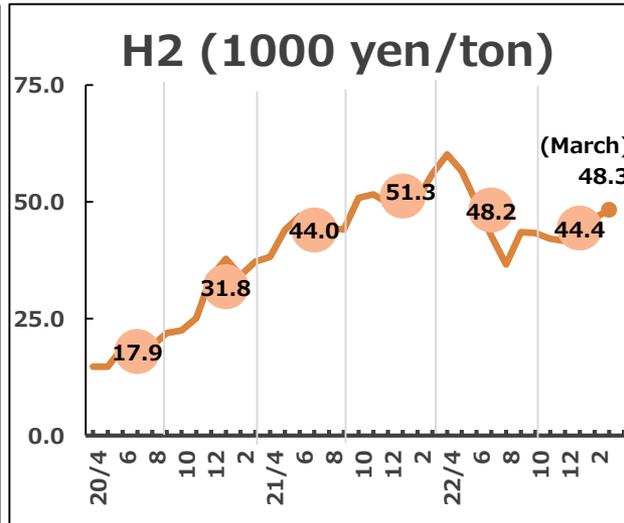
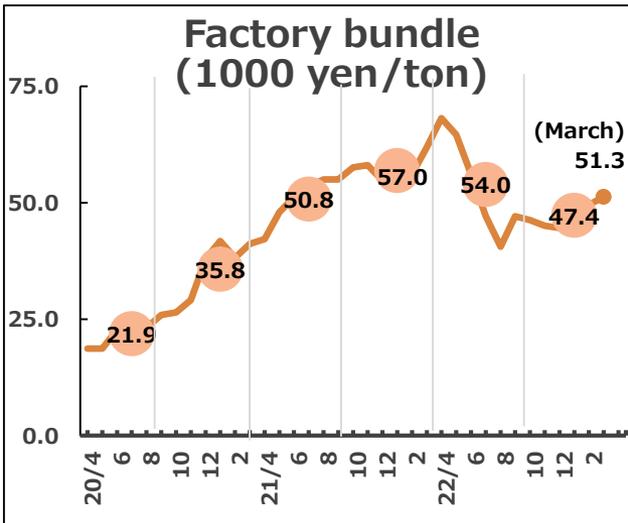
y/y		Deviations from the forecast on October 28	
Sales	Operating Income	Sales	Operating Income
170	60	48	18
221	-24	47	3
87	32	-38	-8
8	27	10	4
3	5	19	3
489	100	86	20

(thou. t)

Sales Volume of Specialty Steel (non-consolidated)	1,253	540	545	1,085
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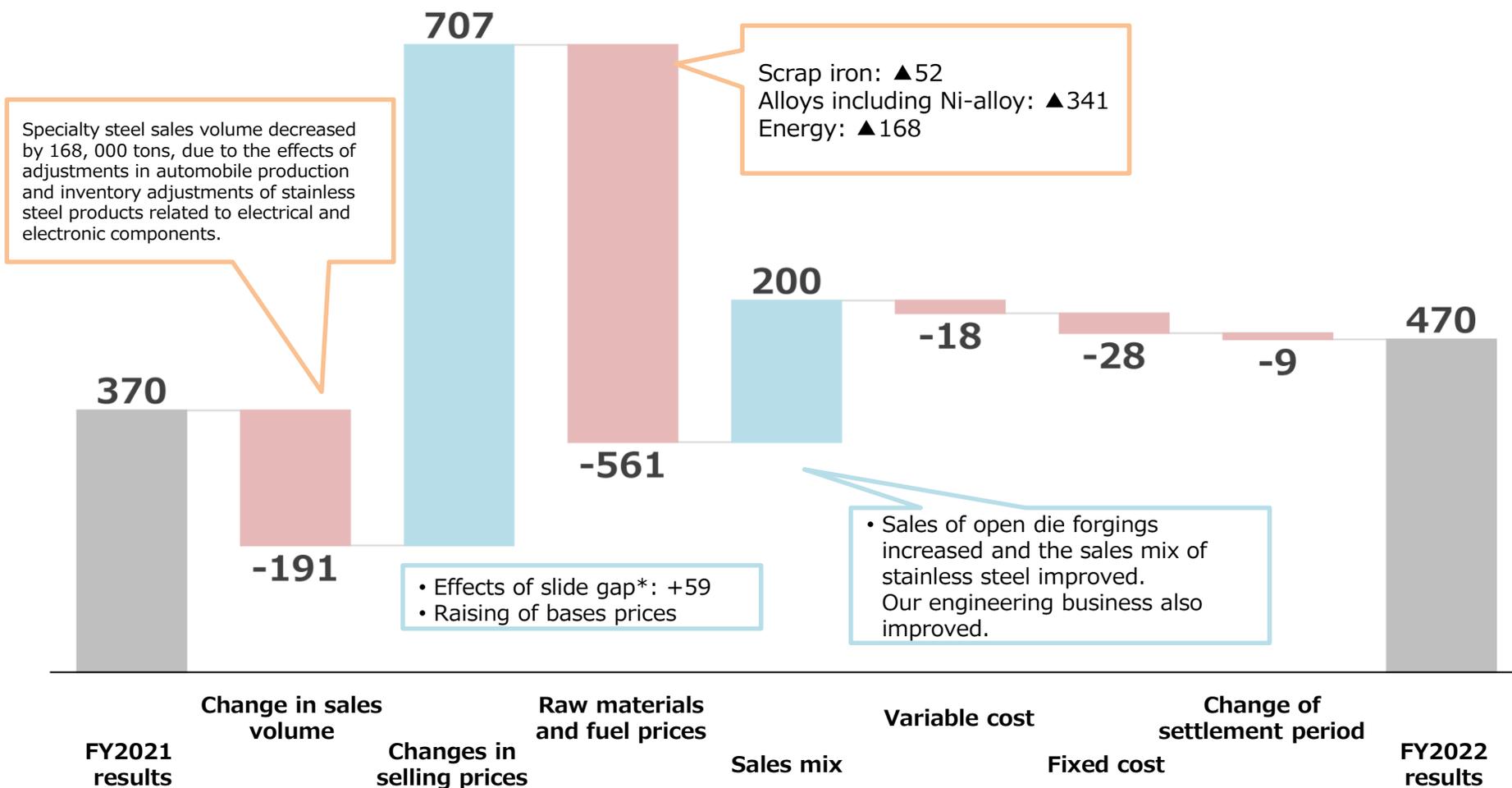
-168	-5
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Raw Materials Prices



Changes in Operating Income in FY2022 (y/y)

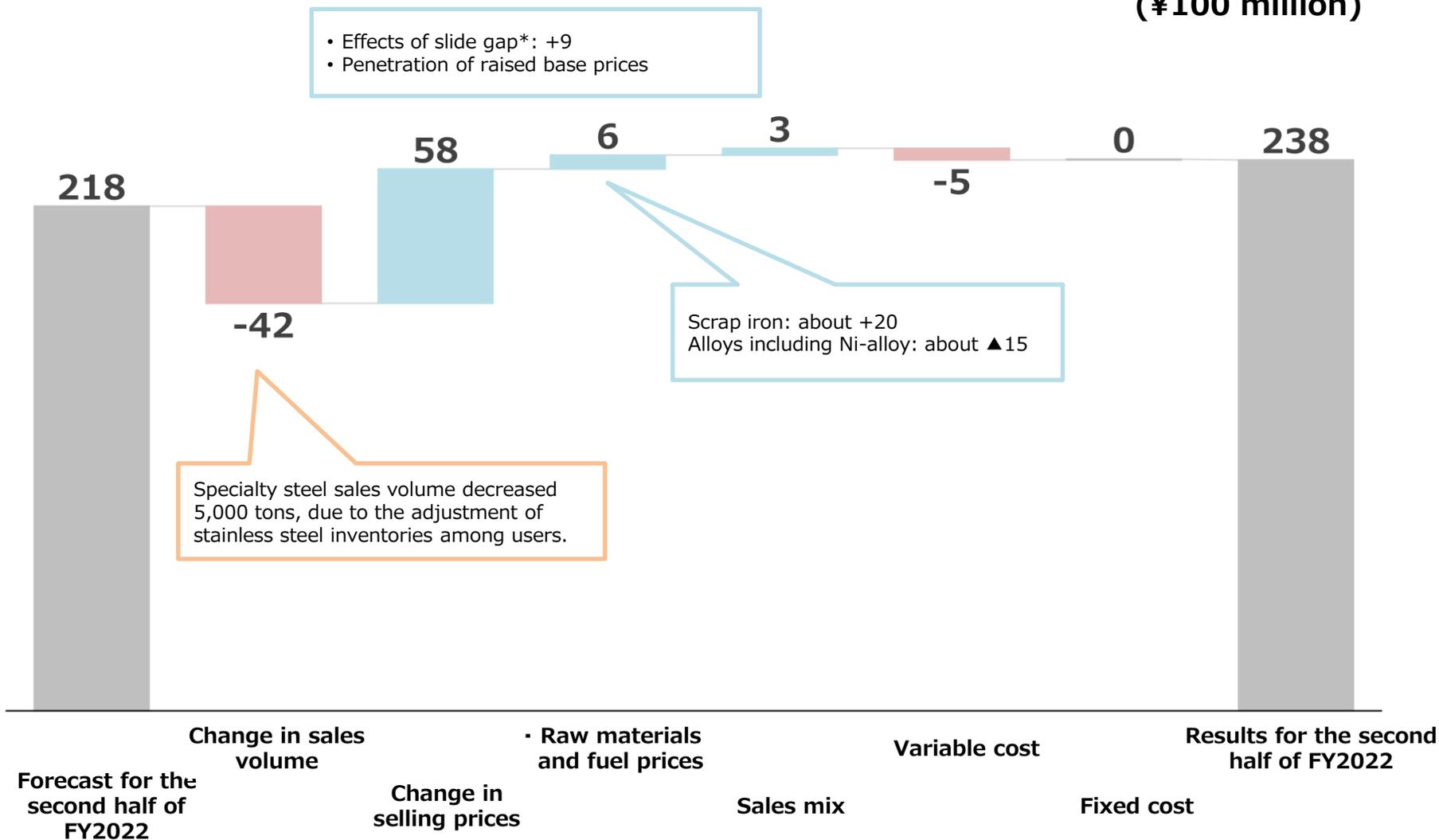
(¥100 million)



* slide gap : the time lag to get the price adjustment agreed with customers.

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

(¥100 million)



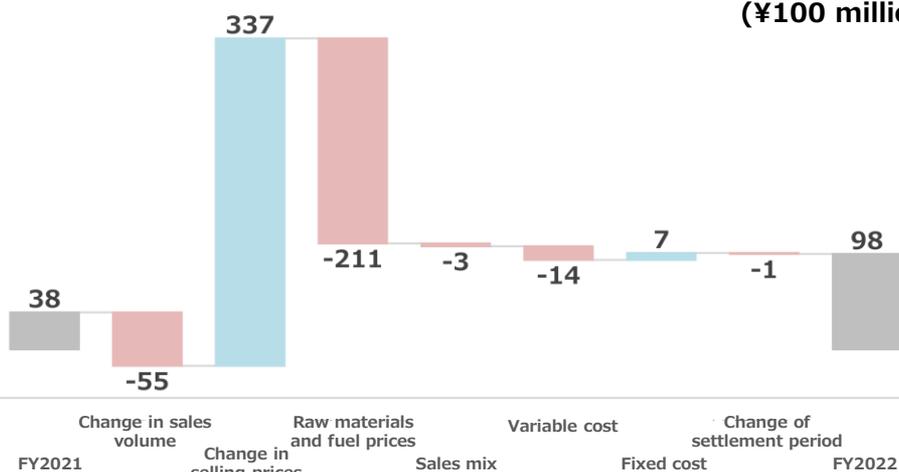
* slide gap : the time lag to get the price adjustment agreed with customers.

Specialty Steel Overview

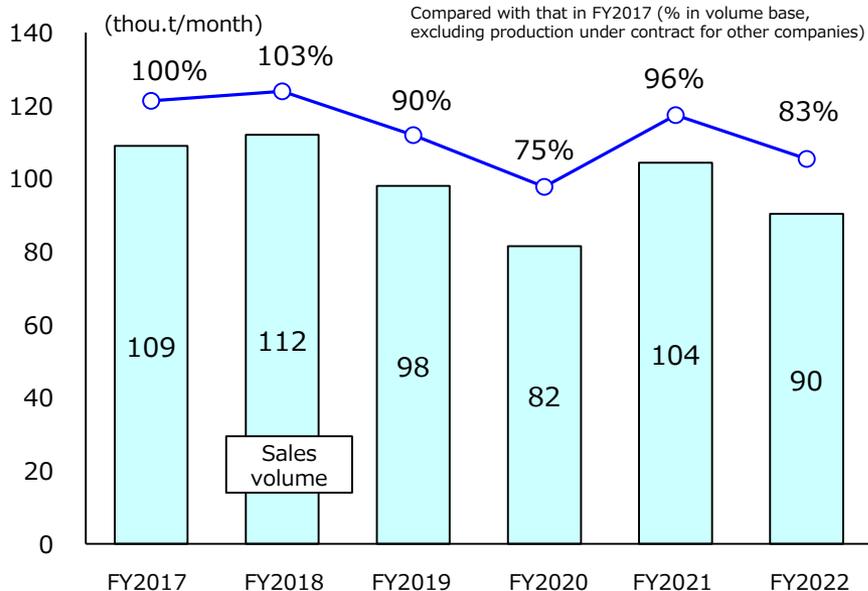
(¥100 million)

	FY2021	Forecast for FY2022	FY2022	y/y	Deviations from the forecast
	a	b	c	c-a	c-b
Sales	1,978	2,100	2,148	170	48
Operating Income	38	80	98	60	18
Slide gap	-45	5	14	59	9

Changes in Operating Income (y/y)
(¥100 million)



Sales Volume of Specialty Steel (non-consolidated)



POINT 1

Specialty steel sales volume shrank, due to the continued reduction in automobile production, but operating income reached 9.8 billion yen, thanks to the reduced impact of slide gap for scrap iron, which had had a negative effect on our profits in FY2021.

POINT 2

Our efforts, continued from FY2021, progressed to ensure appropriate margins by passing a step rise in energy and other costs on in the selling prices of our products.

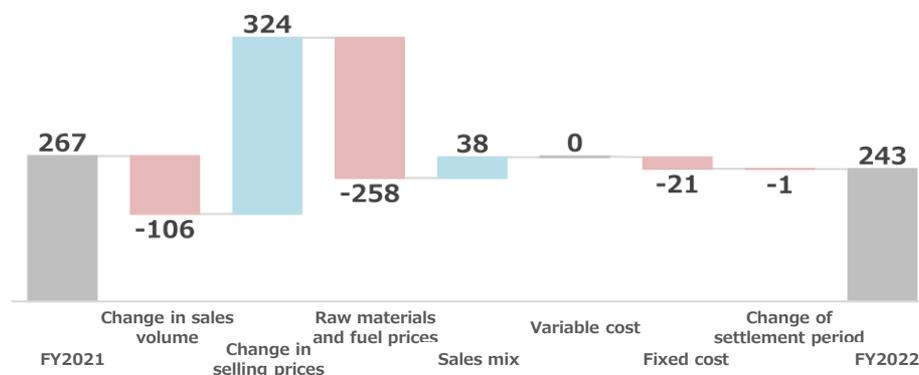
High-Performance and Magnetic Materials Overview

(¥100 million)

	FY2021	Forecast for FY2022	FY2022	y/y	Deviations from the forecast
	a	b	c	c-a	c-b
Sales	1,976	2,150	2,197	221	47
Operating Income	267	240	243	-24	3

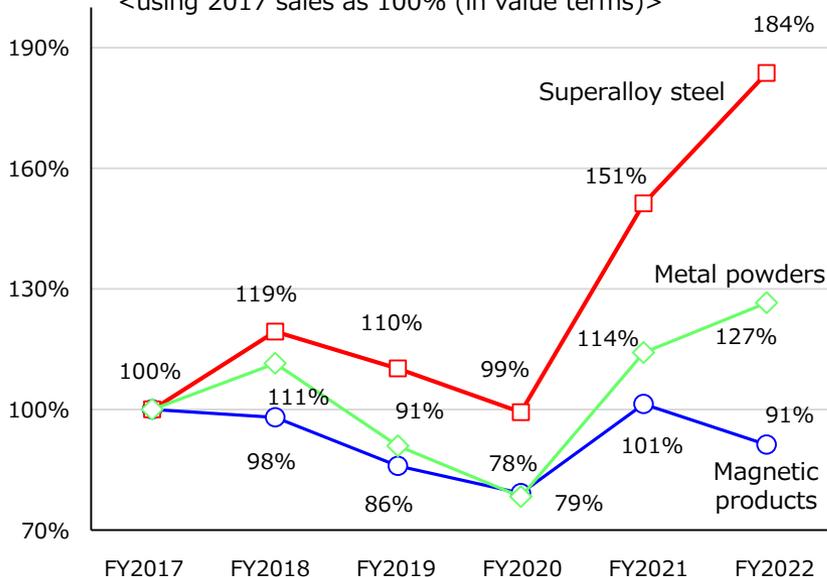
Changes in Operating Income

(¥100 million)



<Sales of superalloy steel, magnetic products and metal powders>

<using 2017 sales as 100% (in value terms)>



POINT 1

Stainless steel shipment was sluggish due to weak demand for this product from the automotive industry and inventory adjustments at the end of this fiscal year among some customers.

POINT 2

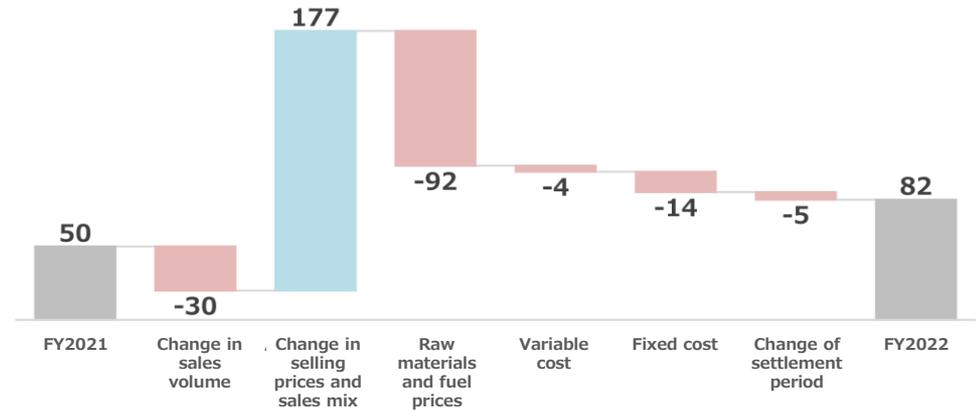
However, our sales mix improved due to an increase in the volume of products related to semiconductor manufacturing equipment and some other factors. The segment's operating income reached 24.3 billion yen because our price increases offset the increased production costs caused by the soaring price of nickel.

Automotive Parts and Industrial Machine Parts Overview

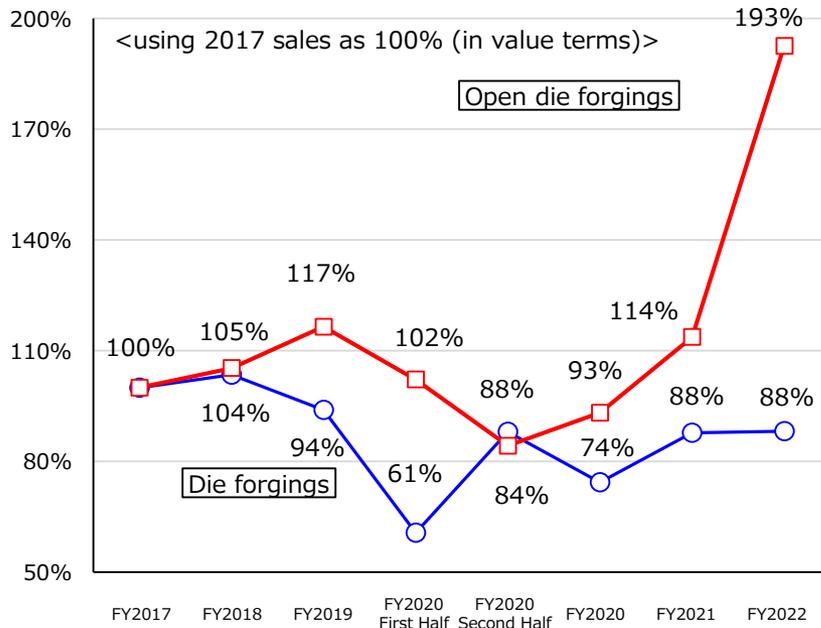
(¥100 million)

	FY2021	Forecast for FY2022	FY2022	y/y	Deviations from the forecast
	a	b	c	c-a	c-b
Sales	925	1,050	1,012	87	-38
Operating Income	50	90	82	32	-8

Changes in Operating Income (¥100 million)



<Sales of die forgings and open die forgings>



POINT 1

The volume of automotive parts sales, such as for die forgings, went down but demand for open die forgings (for such things as energy- and environment protection-related products) remained strong. This resulted in an operating income of 8.2 billion yen for FY2022.

POINT 2

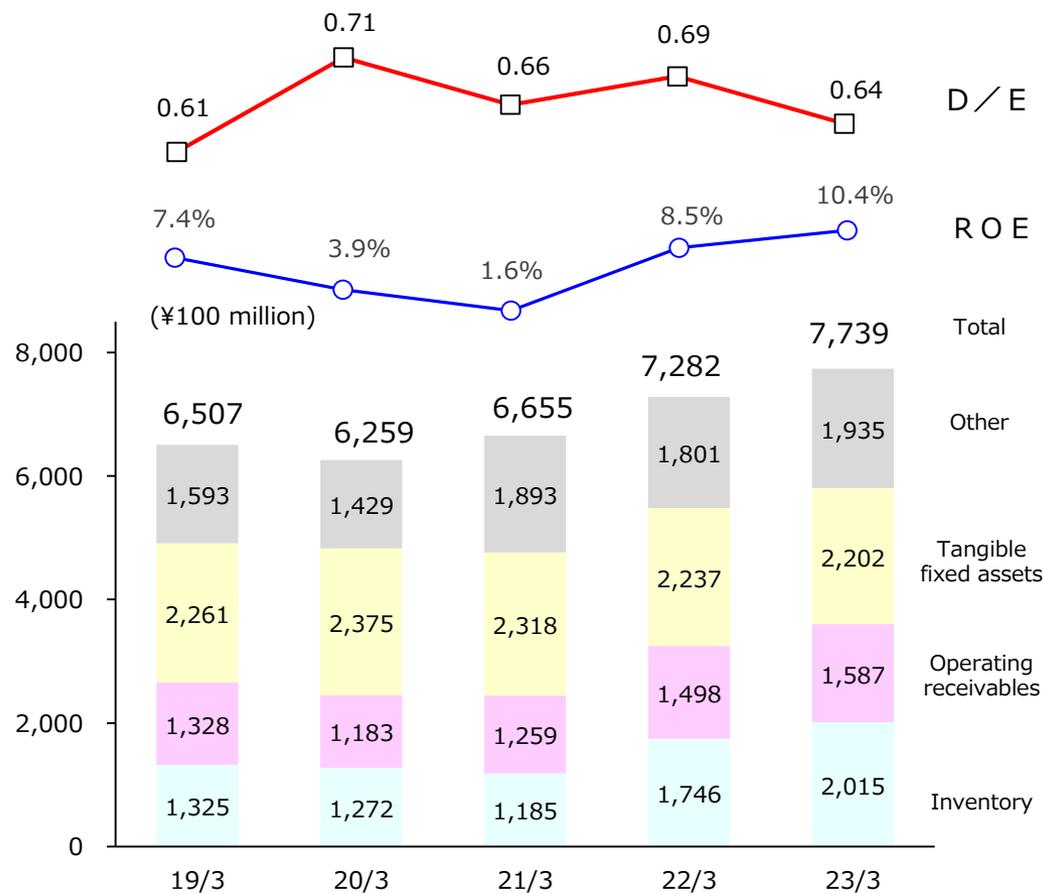
Demand for open die forgings in the fields of heavy electricity-generating machinery and diesel engine exhaust valves for ship remained high. Aircraft-related demand also recovered in the latter half of this fiscal year.

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

- Total assets increased, mainly due to the soaring prices of raw materials and energy, and increases in operating receivables and inventory caused by the growth of value-added products.
- We intend to improve the efficiency of our use of assets by increasing cash flow with measures such as reducing our inventory through efficient production.

(¥100 million)

	22/3	23/3	Compared with
			previous year
Current assets	3,917	4,281	364
Cash and deposits	581	582	1
Operating receivables	1,498	1,587	89
Inventory	1,746	2,015	269
Fixed assets	3,365	3,458	93
Tangible fixed assets	2,237	2,202	-35
Investment securities	865	903	38
Total of assets	7,282	7,739	457
Debt	3,632	3,684	52
Interest-bearing debt	2,291	2,368	77
Net assets	3,650	4,055	405
Equity capital	3,297	3,687	390
Non-controlling interest	353	368	15
Total of debt and net assets	7,282	7,739	457

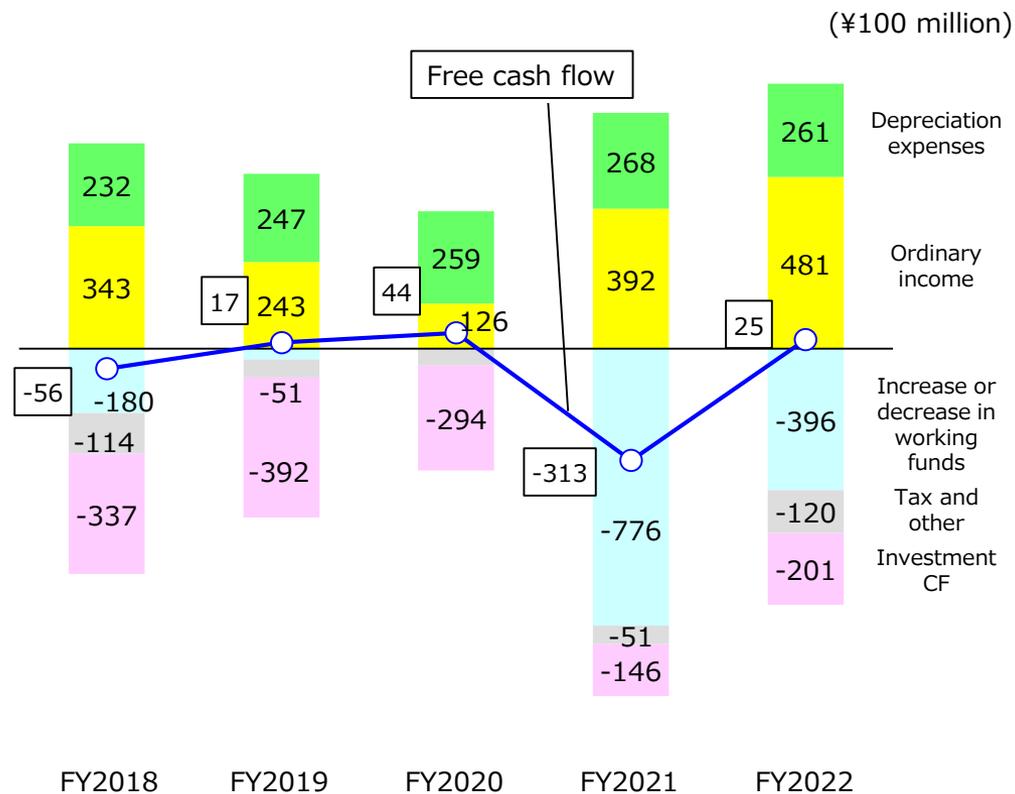


Cash Flow

- The need for working capital increased to cope with the soaring prices of raw materials and energy and the growth of demand for value-added products.
- We intend to ensure continued free cash flow through our efforts to improve our working capital position, such as by reliably delivering profits and reducing inventories.

(¥100 million)

		FY2021 Results	FY2022 Results	
Operating CF	Ordinary profit	392	481	
	Depreciation expenses	268	261	
	Increase or decrease in working funds	Accounts receivable	-239	-80
		Accounts payable	-28	-59
		Inventory	-509	-257
		-776	-396	
	Tax and other	-51	-120	
	-167	226		
Investment CF	Capital investment	-191	-215	
	Other	45	14	
	-146	-201		
Free cash flow		-313	25	





Outlook for FY2023 (April 2023 to March 2024)

■ FY2023 Plan Overview

Perspectives on the current business environment

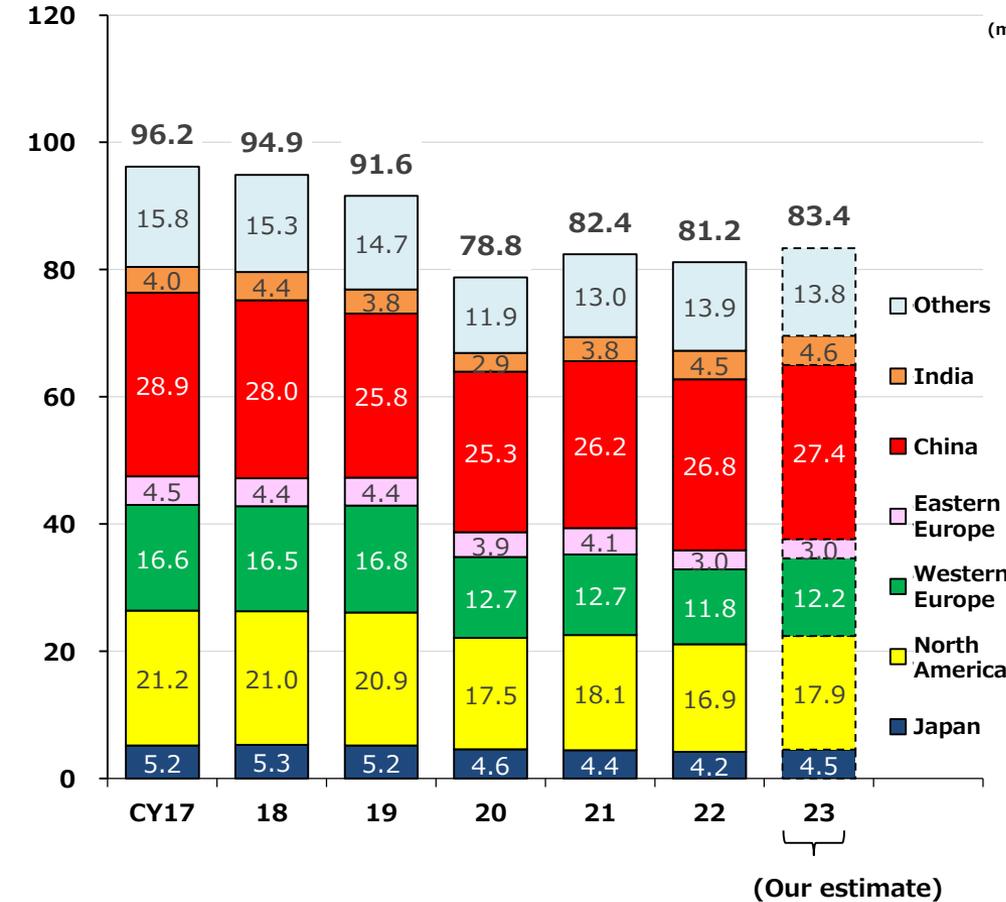
- ◆ There seem to be some concerns about the outlook for the global economy, such as the possibility of an economic slowdown or financial uncertainty in Europe and the U.S. where inflationary pressure still remains. It is anticipated that there is still a restricted supply of semiconductors, but all the same automobile production is expected to recover gradually toward the end of FY2023.
- ◆ However, there is a risk that raw materials prices might remain high or fluctuate widely within a high price range. Global economic conditions will present geopolitical risks, including the war in Ukraine, conflicts between Taiwan and China, or involving confrontation between the U.S. and China.

Our basic policy

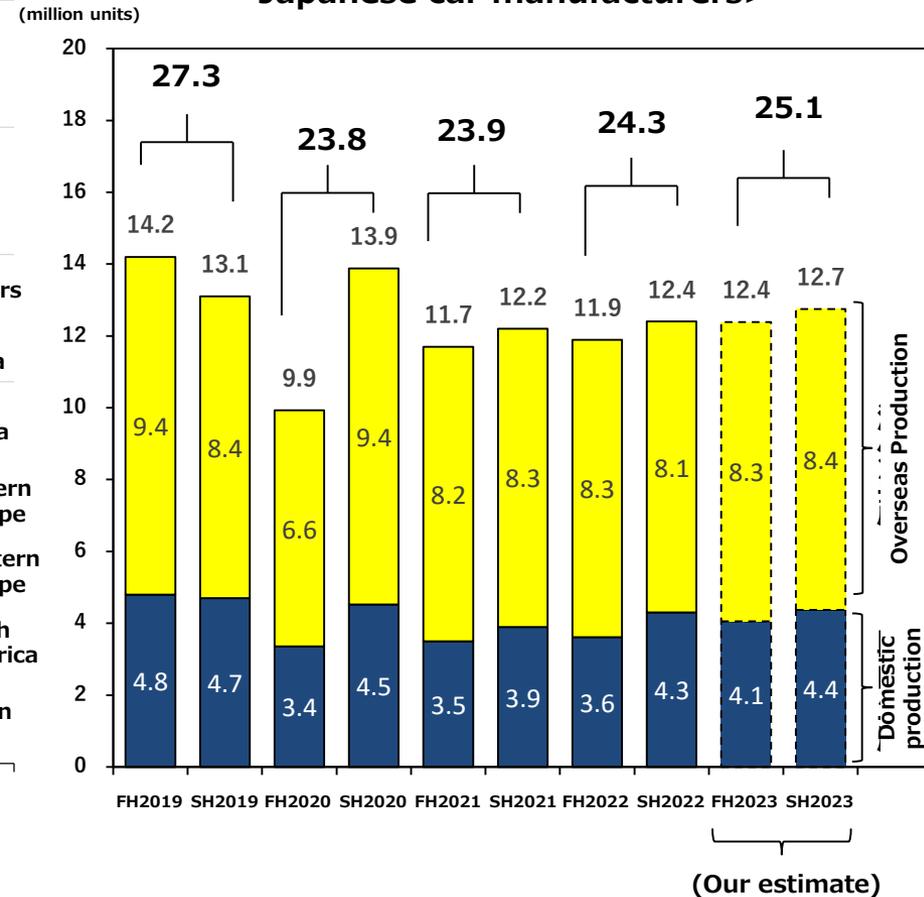
- To avoid negative effects on earnings caused by steep increases in the costs of raw materials, resources and energy, we will attempt to preserve **appropriate margins** by passing such cost increases on in the selling prices of our products.
- We intend to manage our business by responding nimbly to changes in the business environment. In addition, we hope to further improve our cash flow by such necessary measures as reducing our inventories and watching carefully for the approach of soaring prices.
- **We will keep promoting our portfolio reform** by taking advantage of the weak yen to capture overseas demand for those of our products that are enjoying strong sales overseas, including open die forgings (superalloy steel).
- We will also promote capital investment appropriately to increase production flexibility, spotting times when demand for our strategic products will grow.

■ Outlook for Major Markets <Automobile-Related Demand>

(million units) <Estimated global demand for automobiles>



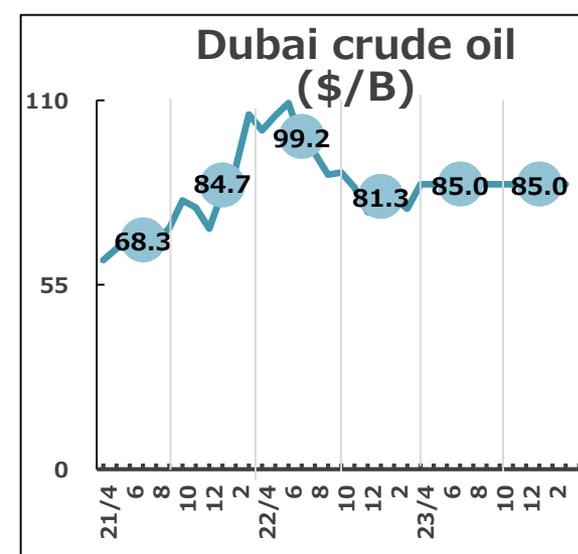
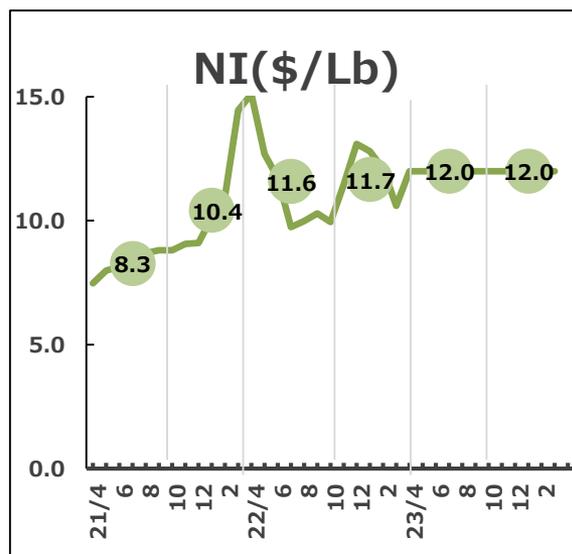
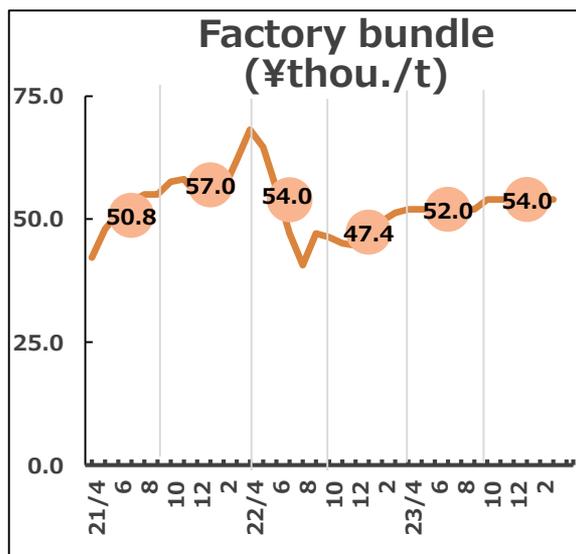
<Prospective car production by Japanese car manufacturers>



Demand will recover gradually towards the second half of FY2023, although it is anticipated that the global economy will slow down and there will continue to be a restricted supply of semiconductors.

Profit-Planning Premises for FY2023 (Market Trends)

			FY2021 results	FY2022 results	Premises for FY2023's plan	
						y/y
Scrap iron	H2 (Central scrap quotation)	¥thou./t	47.6	46.3	50.0	+3.7
	Factory bundle (Central scrap quotation)		53.9	50.7	53.0	+2.3
Nickel	LME	\$/ Lb	9.3	11.6	12.0	+0.4
Crude oil	Dubai	\$/ B	76.6	90.3	85.0	-5.3
Exchange rate	TTM	¥/\$	113.4	135.5	130.0	-5.5



Consolidated Earnings Outlook for FY2023

- Towards the latter half of FY2023, automobile production is expected to recover from the previous year.
We will make gains in both sales and earnings, thanks to the increases we've made by raising the selling prices of our products to compensate for soaring raw materials and fuel prices.

(thou.t.¥100 million)

	FY2022 results			FY2023 forecast			y/y
	First half	Second half	Total	First half	Second half	Total	
Sales Volume of Specialty Steel	540	545	1,085	544	585	1,129	44
Net Sales	2,819	2,967	5,786	2,900	3,100	6,000	214
Operating Income	232	238	470	190	280	470	0
Ordinary Income	241	240	481	200	285	485	4
Extraordinary Profit and Loss	▲ 4	16	12	-	-	-	-12
Corporate Tax and Other Taxes	▲ 54	▲ 75	▲ 129	▲ 70	▲ 95	▲ 165	-36
Net income owed to parent company shareholders	183	181	364	130	190	320	-44

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

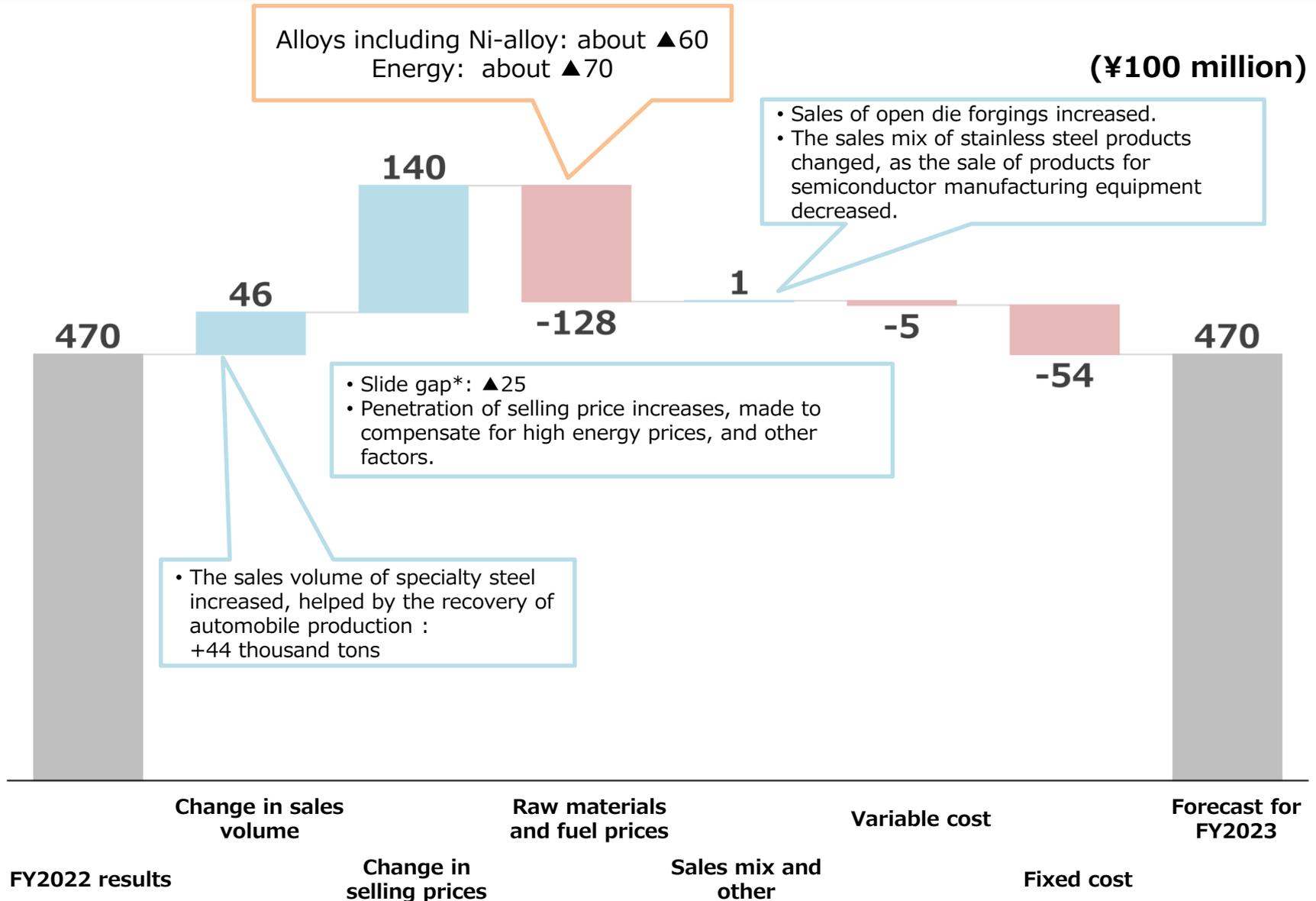
(¥100 million)

	FY2022 Results		FY2023 Forecast						y/y	
	Annual Results		First Half		Second Half		Annual Results		Sales	Operating Income
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income		
Specialty Steel	2,148	98	1,120	50	1,200	85	2,320	135	172	37
High-Performance Materials and Magnetic Materials	2,197	243	1,050	90	1,150	125	2,200	215	3	-28
Parts for Automobile and Industrial Equipment	1,012	82	520	30	540	55	1,060	85	48	3
Engineering	190	14	90	5	100	5	190	10	0	-4
Trading and Service	239	33	120	15	110	10	230	25	-9	-8
Total	5,786	470	2,900	190	3,100	280	6,000	470	214	0

(thou.t)

Sales Volume of Specialty Steel (non-consolidated)	1,085	544	585	1,129	44
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Changes in Operating Income for FY2023 (y/y)



FY2022 results

Change in selling prices

Sales mix and other

Fixed cost

* slide gap : the time lag to get the price adjustment agreed with customers.

Overview by Segment (specialty steel, high-performance and magnetic materials, and parts for automobile and industrial machinery)

Specialty Steel

(¥100 million)

	FY2022	FY2023			y/y
		First half	Second half	d	
	a	b	c	d	d-a
Sales	2,148	1,120	1,200	2,320	172
Operating Income	98	50	85	135	37
Slide gap	14	-9	-2	-11	-25

POINT

- Automobile production is expected to recover toward the latter half of FY2023, and so specialty steel sales should see an increase from the previous year.
- We expect to be able to preserve appropriate margins, thanks to our ability to raise the prices of our products to compensate for soaring energy costs.

High-performance Materials and Magnetic Materials

(¥100 million)

	FY2022	FY2023			y/y
		First half	Second half	d	
	a	b	c	d	d-a
Sales	2,197	1,050	1,150	2,200	3
Operating Income	243	90	125	215	-28

POINT

- Stainless steel users will continue to adjust inventories, at least until the first half of FY2023.
- Operating income in this segment will fall from the previous year, due to reduced stainless steel sales. Semiconductors-related products are also anticipated to experience sales reductions.

Parts for Automobiles and Industrial Equipment

(¥100 million)

	FY2022	FY2023			y/y
		First half	Second half	d	
	a	b	c	d	d-a
Sales	1,012	520	540	1,060	48
Operating Income	82	30	55	85	3

POINT

- The number of orders for open die forgings will remain solid, so operating income will also continue to be high.

Dividend per Share for FY2023

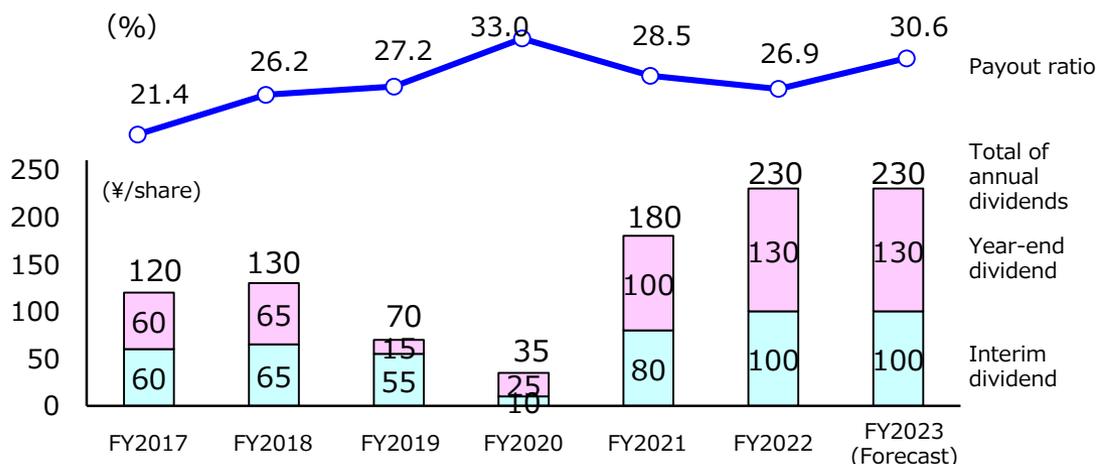
	FY2022		FY2023 (Forecast)	
	Interim	Year-end	Interim	Year-end
Ordinary Income (¥100 million)	241	481	200	485
Net Income (¥100 million) *1	183	364	130	320
Dividend per Share (¥/Share)	100.0	230.0 (End of term: 130.0)	100.0	230.0 (End of term: 130.0)
Payout Ratio (%)	23.3	26.9	32.8	30.6

*1 Net income owed to parent company shareholders

Dividend payout ratio excluding one-off factors (*2)

Dividend payout ratio (%)	26.6	29.5	32.8	30.6
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*2 Profits or losses due to the "Japanese Group Relief" system, capital gains on securities or fixed assets, and impairment losses on fixed assets are excluded.

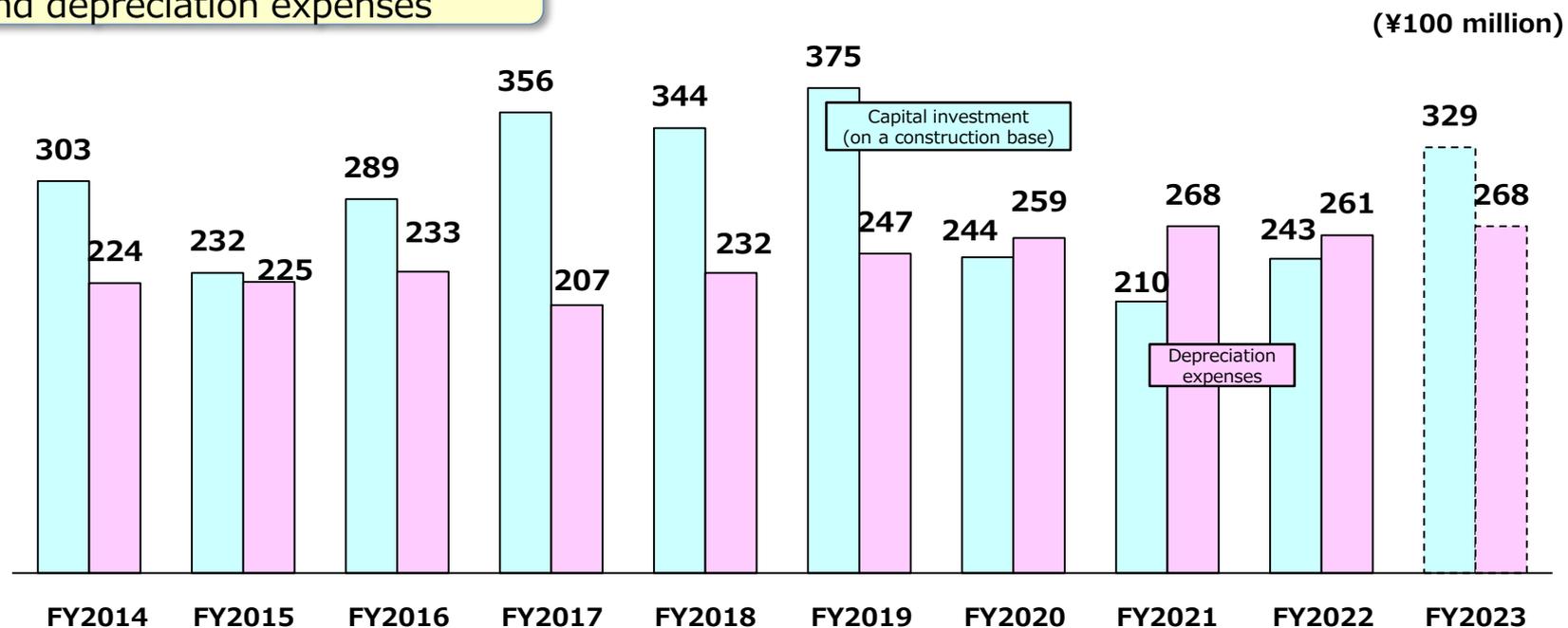


We plan to pay a total dividend of **230 yen a year**, taking into consideration our current financial condition, the amount of investment required to attain carbon neutrality in the future, and the effects of one-off factors on our earnings.

Capital Investments

- We are planning to make capital investments at high levels. These will include strategic investments (portfolio reform, cost reductions and productivity improvements), CO2 emissions reduction activities, and reorganization of our operational capacity.
- We will make investments in IT, focusing on enhancing our quality assurance system, reshaping employee work patterns, and beginning DX (digital transformation).

Changes in capital investment and depreciation expenses



Mid-term Management Plan Progress

- **Operating income and ROE attained the mid-term management targets in FY2022.**
- In the meantime, the use of working capital increased to meet the soaring prices of raw materials and energy, and operating cash flow deteriorated, thus increasing interest-bearing debts. We will probably be unable to attain our planned D/E ratio target.

	FY2023 mid-term targets	FY2022 results	FY2023 plan	Progress
Operating Income	Not less than 40 billion yen	47 billion yen	47 billion yen	The mid-term target was attained in FY2022
ROE (Return on Equity)	8.0%	10.4%	8.4%	The mid-term target was attained in FY2022
D/E ratio	0.5	0.64	0.65	An increase in interest-bearing debts made it impossible to attain the target.
3-year total of investment (on a settlement basis)	85 billion yen	–	90 billion yen	We are promoting strategic investments in fast-growing areas.
Specialty steel sales	1,200 thousand tons	1,850 thousand tons	1,129 thousand tons	Reduced demand for automobile-related products made it impossible to attain the target.

Changes in operating income from the mid-term management plan (FY2022 results)

(¥100 million)

Revision of the selling prices of our products to compensate for soaring raw materials and fuel prices. Our roll margins (processing charges) improved.

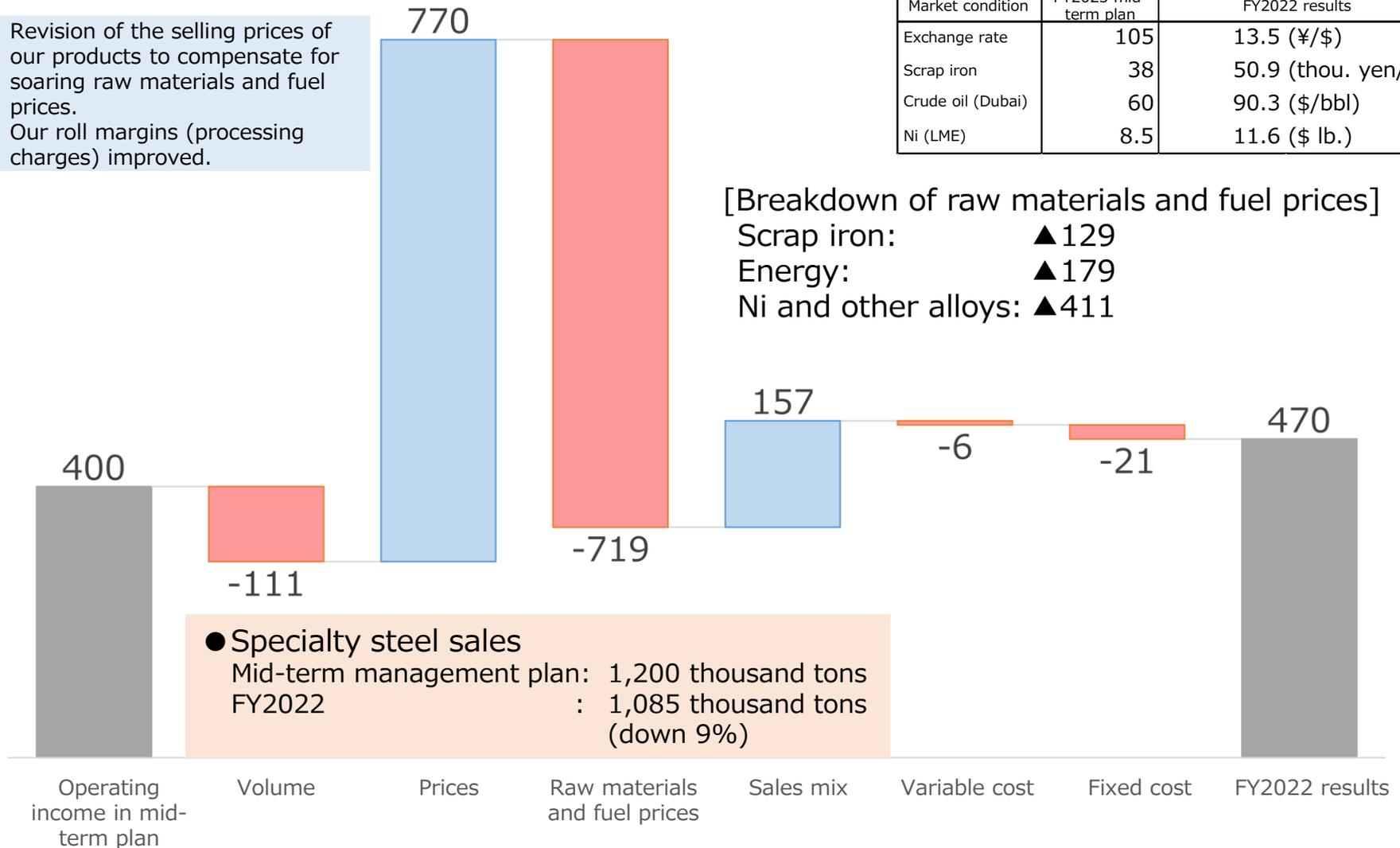
Market condition	FY2023 mid-term plan	FY2022 results
Exchange rate	105	13.5 (¥/\$)
Scrap iron	38	50.9 (thou. yen/t)
Crude oil (Dubai)	60	90.3 (\$/bbl)
Ni (LME)	8.5	11.6 (\$ lb.)

[Breakdown of raw materials and fuel prices]

Scrap iron: ▲129

Energy: ▲179

Ni and other alloys: ▲411



● Specialty steel sales

Mid-term management plan: 1,200 thousand tons
 FY2022 : 1,085 thousand tons
 (down 9%)

Topics

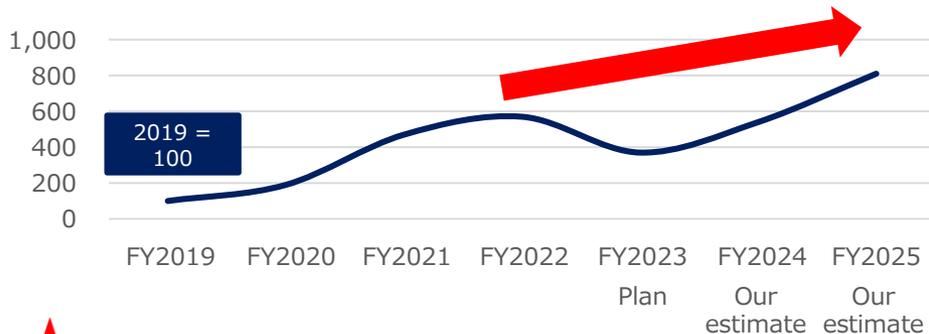
Prospects for Our Stainless Steel Business

	Order-receipt conditions	Outlook for recovery
Stainless steel for semiconductor manufacturing equipment	Sales volume decreased from the previous year due to the bottom of the so-called silicon cycle.	Expected to recover in FY2024.
Stainless steel for automobile parts	The inventory piled up in the industry's supply chain due to the 2022 automobile production decrease. Sales volume decreased from the previous year.	Inventory adjustment will continue into the first half of FY2023. Demand for stainless steel for automobile parts will fall in line with supply in the second half of FY2023 and thereafter, and sales volume is expected to follow a recovering trend.

[Semiconductor manufacturing equipment market]
Demand for semiconductors is estimated to **more than double** from 2020 to 2030, driven by heavy demand for semiconductors around the world.

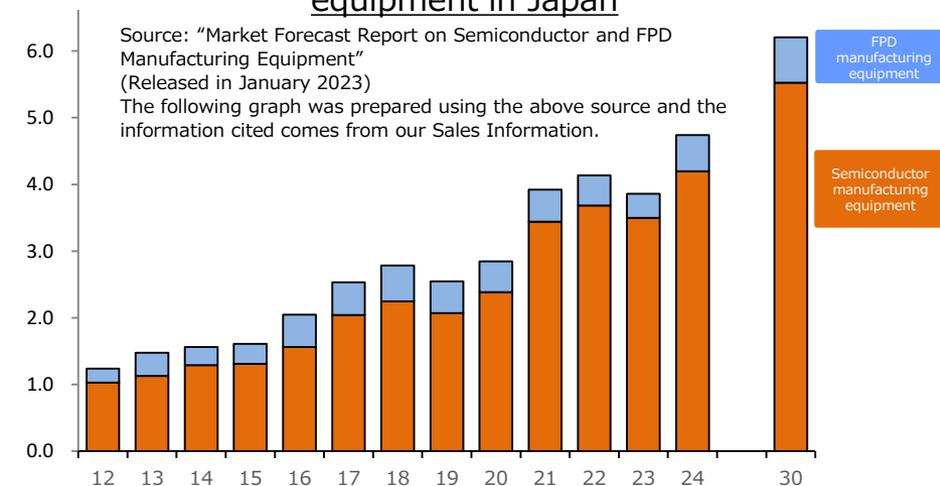
Our sales of stainless steel bars and wires for semiconductor manufacturing equipment are expected to **attain about 40% of the global market share in FY2023 (according to our estimate).**

Figure: Estimated sales volumes up to FY2025 (2019=100)



(¥trillion)

Figure: Market forecast for semiconductor manufacturing equipment in Japan



Source: "Market Forecast Report on Semiconductor and FPD Manufacturing Equipment" (Released in January 2023)

The following graph was prepared using the above source and the information cited comes from our Sales Information.

Large-Scale Strategic Investments in Fast-Growing Areas

To further promote our portfolio reform, we are making strategic capital investments in areas that are expected to grow rapidly, such as **high-performance stainless steel, superalloys, and titanium products.**

	Details of capital investments	Inside the plant
<p>Upgrade our capacity for the secondary processing of steel bars</p> <p>High-performance stainless steel</p>	<p>Add new machining equipment (Chita Second Plant): Our stainless steel machining capacity is to be increased by 15%. Amount of investment: about 1 billion yen Period during which the equipment start operating: It's in operation, as of April 2023.</p>	
<p>Enhance the VAR (vacuum arc remelting) furnace</p> <p>High-performance stainless steel Superalloys</p>	<p>Increase our capacity for manufacturing stainless steel for semiconductor manufacturing equipment and superalloy materials</p> <p>Install a VAR furnace in the Shibukawa Plant This will increase our manufacturing capability for such products by 10%. Amount of investment: about 800 million yen Period during which the equipment start operating: In July 2023. It is progressing as planned.</p> <p>Install two VAR furnaces in the Chita Second Plant This will increase our manufacturing capability for such products by 20%. Amount of investment: about 5.2 billion yen Period during which the equipment start operating: In the end of 2024.</p>	
<p>Enhance the VAR (vacuum arc remelting) furnace</p> <p>Titanium products (for medical use)</p>	<p>Increase our capacity for manufacturing titanium products to meet the increasing number of orders for such products</p> <p>Install a VAR furnace for titanium products in the Chita Second Plant Amount of investment: about 2.1 billion yen (including incidental equipment) Period during which the equipment starts operating: End of 2024</p>	<p>Titanium product inspection equipment [Ultrasonic testing machine] Scheduled to be installed in January 2024 (at the Hoshizaki Plant)</p>

■ Strengthening Our Business Organization: Business Selectivity and Resources Concentration

Especially since 2020, we have been practicing careful selectivity with regard to the businesses we take on and the concentration of our resources.

Specifically, we have strengthened our business organization by withdrawing from less profitable businesses while making judicious plant and equipment investments to cope with increasing demand.

	Concentration of resources	Selectivity regarding business pursuit
Tool steel business	<ul style="list-style-type: none"> ➤ Building a new tool steel factory in Vietnam is planned We intend to increase sales in Southeast Asia and meet growing demand. (The factory is scheduled to begin operation in the first half of FY2023.) ➤ Considering business expansion in India 	<ul style="list-style-type: none"> ➤ Withdrew from our metal mold business in Mexico in May 2021.
Die forging business	<ul style="list-style-type: none"> ➤ Focusing more on future high-speed precision forgings We plan to seize the strong demand for the forgings used for e-Axle parts resulting from progress toward automobile electrification. ➤ We purchased a metal mold business in the U.S. in March 2023. 	<ul style="list-style-type: none"> ➤ Stopped the production of some of the die forgings and housings* (in March 2023 and thereafter) * Die forgings produced in-house Housings, mainly axle cases for trucks
Precision casting business (Turbochargers, etc.)	<ul style="list-style-type: none"> ➤ We've shut down a production base in line with intentional reduction in the number of orders. (See column to the right.) We are considering using the site of the inactive factory to produce magnetic products for which demand is expected to grow. 	<ul style="list-style-type: none"> ➤ Intentionally accepted a reduced number of orders for unprofitable turbine housings in March 2020. ➤ Liquidated our subsidiary in China, which was engaged in the turbocharger parts processing business (October 2020).
Trading and service business	<ul style="list-style-type: none"> ➤ We purchased a Chinese distribution company from Timken Steel in July 2021. This purchase allowed us to expand our lineup of products, including superalloys and specialty stainless steel, taking advantage of a customer base containing non-Japanese and non-automobile-related product purchasers. 	<ul style="list-style-type: none"> ➤ Stopped operations at "Kisokomakogen Uyama Country Club" and "Kisokomakogen Kanko Hotel" (December 2020) .

■ Reducing the Number of Strategically-held Shares

- We reduced the number of strategically-held shares (**6 entities, worth 1.6 billion yen**) during FY2022.
- We plan to reduce the number of strategically-held shares still further, **including deemed holdings of equity securities, to lower the ratio of this type of shares to net assets to not more than 20%**, by the end of March FY2024. (Our strategically-held shares were reduced by about 18 billion yen as of the end of March FY2023.)

<The ratio of strategically-held shares to our net assets in value terms as of the end of March, 2023>

	Investment securities	Net assets	Ratio of strategically-held shares to net assets in value terms	Deviations from the previous year
Strategically-held shares only	71.8 billion yen	405.5 billion yen	17.7%	Down 1.1% points
Including deemed holdings of equity securities	98.9 billion yen	405,5 billion yen	24.3%	Down 1.3% points

- We will use the funds obtained by selling strategically-held shares to make aggressive **investments that help us attain carbon neutrality**.

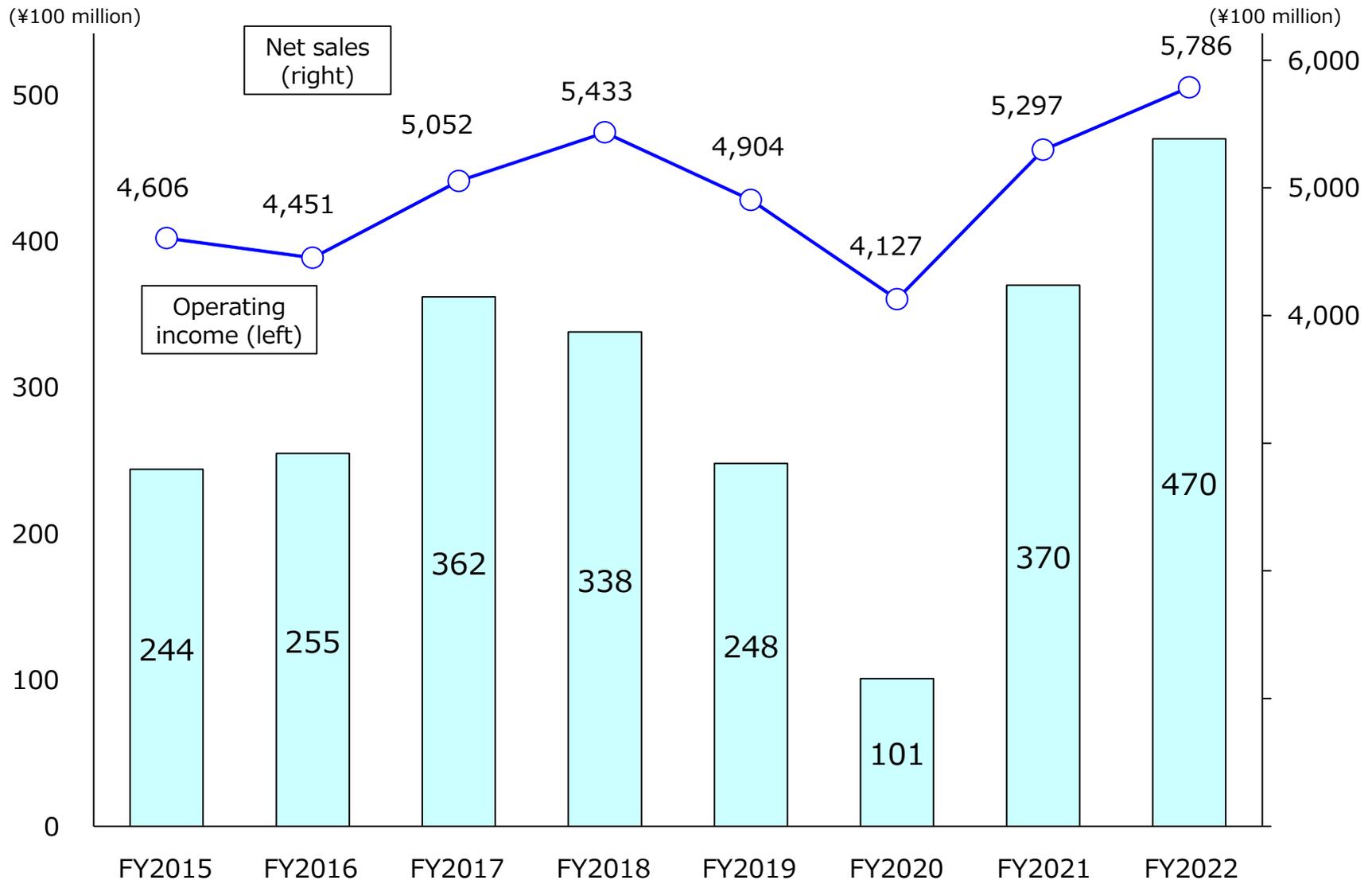
Our Approach to ESG

We are now conducting very active ESG promotion activities in pursuit of each of the following goals, with the ESG Management Department established in January 2023 playing the leading role. Details of our efforts to attain our ESG goals will be disclosed and explained in the Integrated Report (to be published in September) and ESG explanatory meetings (to be held in November or December).

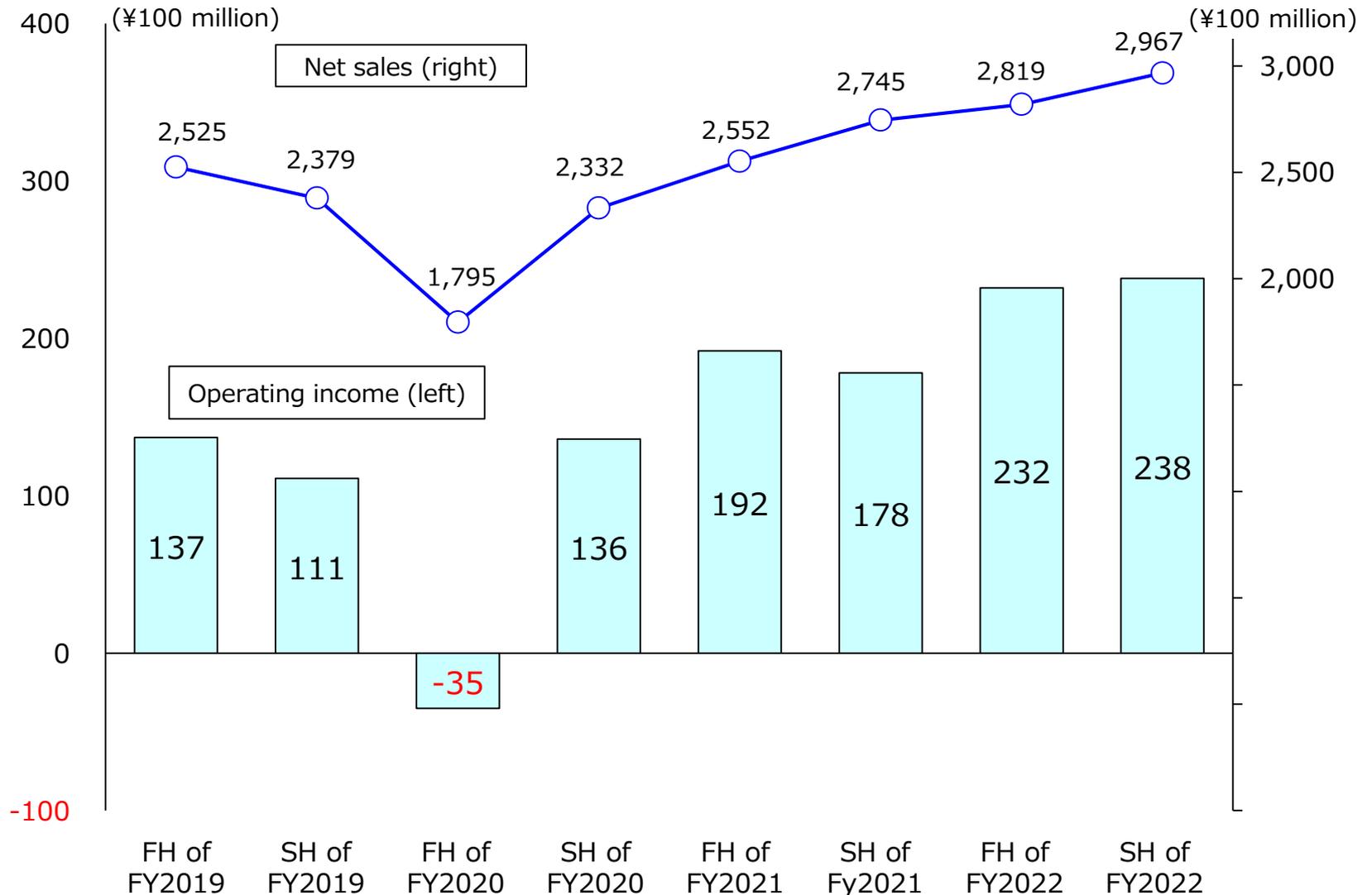
E	1. Preservation of the global environment (business activities)	<ul style="list-style-type: none"> ➤ Reducing CO₂ emissions (Target: 50% reduction by 2030 and attainment of carbon neutrality by 2050) ➔ We succeeded in <u>reducing CO₂ emissions by 21%</u> in FY2022, by conserving energy and using CO₂-free electricity. ➤ Participation in the GX League (April 2023).
	2. Preservation of the global environment (product supply)	<ul style="list-style-type: none"> ➤ Supplying products that respond flexibly to mobility innovations, such as <u>magnets and soft magnetic materials (metal powders and steel strip)</u> ➤ Developing new technology that contributes to the effective use of resources, such as an <u>ultra-high-temperature carbonization furnace</u>.
S	3. Responsibilities and contributions to society	<ul style="list-style-type: none"> ➤ Respect of human rights ➔ We announced the <u>Group's Basic Policy on Human Rights</u> in February 2023. In addition, we are pursuing our 2023 Human Rights Due Diligence activities to increase our employees' awareness of the importance of human rights. ➤ Human capital management ➔ We are now analyzing our current situation and planning to establish targets that will be incorporated in our next mid-term management plan. ➤ Promotion of ESG activities in our supply chain ➔ We conducted <u>an investigation to examine both the current CO₂ emissions data and the risk of human rights violations within our supply chain</u>, to capture background information to calculate the results of the risk alleviation measures we take in FY2023.
G	4. Strengthening governance	<ul style="list-style-type: none"> ➤ Communication with our stakeholders ➔ We will <u>enhance communication with our investors and shareholders</u> and reflect the results in our corporate governance system. ➤ Introduction of the stock compensation plan for directors (to be brought as a bill to the Regular General Meeting of Shareholders held in June 2023).

Reference Materials

Changes in Net Sales and Operating Income

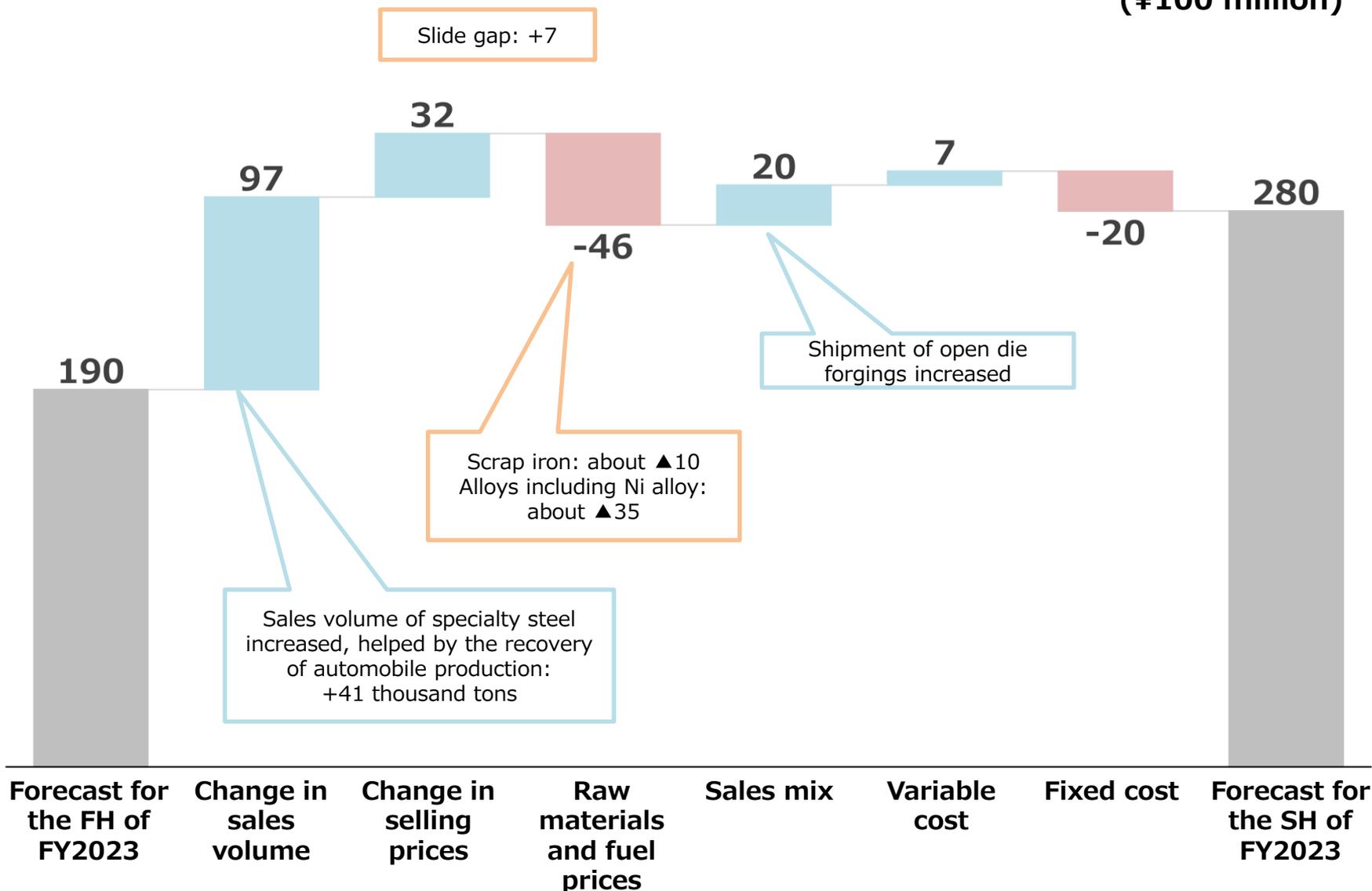


Changes in Net Sales and Operating Income (Quarterly)



Changes in Operating Income in the Second Half of FY2023 (Deviations from the first half)

(¥100 million)



Fact Book

Fact Book : Financial Highlight

Consolidation

(¥1 million)

	19/3	20/3	21/3	22/3	23/3	18/9	19/9	20/9	21/9	22/9
Net sales	543,255	490,421	412,722	529,667	578,564	269,643	252,476	179,490	255,224	281,857
Operating income	33,815	24,768	10,070	36,982	46,986	16,752	13,711	▲3,531	19,156	23,225
Ordinary income	34,343	24,298	12,642	39,200	48,122	17,569	13,711	▲2,112	20,556	24,092
Net income	21,182	10,987	4,516	26,894	36,438	10,759	11,257	▲2,318	12,840	18,294
R&D expenses	5,638	6,002	4,722	5,785	6,255	2,788	2,896	2,185	2,694	3,092
Capital investment (Plan)	37,200	25,300	12,500	25,500	34,900	18,800	15,100	7,500	13,150	9,000
Capital investment (Construction)	34,413	37,529	24,448	21,027	24,284	15,027	22,092	13,955	10,172	11,077
Depreciation	23,171	24,662	25,912	26,797	26,054	11,453	12,022	12,794	13,469	12,988
Financial account balance	1,606	1,297	806	1,326	1,544	584	656	459	693	828
Total assets	650,697	625,899	665,506	728,187	773,851	661,998	651,112	621,997	686,373	757,206
Equity	285,508	273,561	303,143	329,713	368,718	291,948	293,276	276,815	315,674	343,043
Interest-bearing debt	174,998	193,881	198,812	229,090	236,761	174,928	185,536	207,302	210,608	250,076
Payroll number	12,421	13,436	13,109	12,605	12,422	12,559	13,775	13,474	12,838	12,668
ROA(%)	5.3	3.8	2.0	5.6	6.4	5.4	4.2	▲0.7	6.1	6.5
ROE(%)	7.4	3.9	1.6	8.5	10.4	7.5	7.8	▲1.7	8.3	10.9
Consolidated subsidiary number (Equity method affiliate number is excluded from the above.)	38 (6)	65 (9)	66 (9)	62 (8)	63 (8)	38 (6)	65 (9)	68 (9)	65 (9)	62 (8)
Ratio of the consolidated to the non-consolidated										
Net sales	1.6	1.6	1.7	1.5	1.5					
Ordinary income	1.4	1.2	1.4	1.6	1.3					
Net income	1.3	1.0	0.7	1.2	1.3					

* Long-term prepaid expenses are not included in the depreciation. Net income after 2015 belongs to stockholders of parent company.

Fact Book: Net Sales & Operating Income by Segment

Consolidation

<New segment (From April in 2012)> (¥100 million)

		18/3	19/3	20/3	21/3	22/3	23/3
Specialty Steel	Net Sales	1,868	2,078	1,817	1,458	1,978	2,148
	Operating Income	65	60	52	▲ 26	38	98
High-Performance Materials & Magnetic Materials	Net Sales	1,708	1,846	1,674	1,494	1,976	2,197
	Operating Income	222	207	136	122	267	243
Parts for Automobile & Industrial Equipment	Net Sales	1,063	1,099	973	808	925	1,012
	Operating Income	30	23	4	▲ 21	50	82
Engineering	Net Sales	249	275	266	202	182	190
	Operating Income	18	23	30	8	▲ 13	14
Trading and Service	Net Sales	164	135	174	165	236	239
	Operating Income	27	25	26	18	28	33
Total	Net Sales	5,052	5,433	4,904	4,127	5,297	5,786
	Operating Income	362	338	248	101	370	470

(¥100 million)

		18/4-9	18/10-3	19/4-9	19/10-3	20/4-9	20/10-3	21/4-9	21/10-3	22/4-9	22/10-3
Specialty Steel	Net Sales	1,020	1,058	971	846	598	860	932	1,046	1,028	1,120
	Operating Income	21	39	32	20	▲ 30	4	15	23	42	56
High-Performance Materials & Magnetic Materials	Net Sales	927	919	847	827	648	846	948	1,028	1,096	1,101
	Operating Income	114	93	70	66	22	100	139	128	134	109
Parts for Automobile & Industrial Equipment	Net Sales	554	545	499	474	361	447	465	460	495	517
	Operating Income	11	12	6	▲ 2	▲ 41	20	31	19	34	48
Engineering	Net Sales	126	149	124	142	103	99	87	95	83	107
	Operating Income	8	15	15	15	5	3	▲ 7	▲ 6	4	10
Trading and Service	Net Sales	69	66	84	90	85	80	120	116	117	122
	Operating Income	14	11	14	12	9	9	14	14	18	15
Total	Net Sales	2,696	2,737	2,525	2,379	1,795	2,332	2,552	2,745	2,819	2,967
	Operating Income	168	170	137	111	▲ 35	136	192	178	232	238

(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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