

2Q Results for the Fiscal Year 2024
Ending March 31, 2025

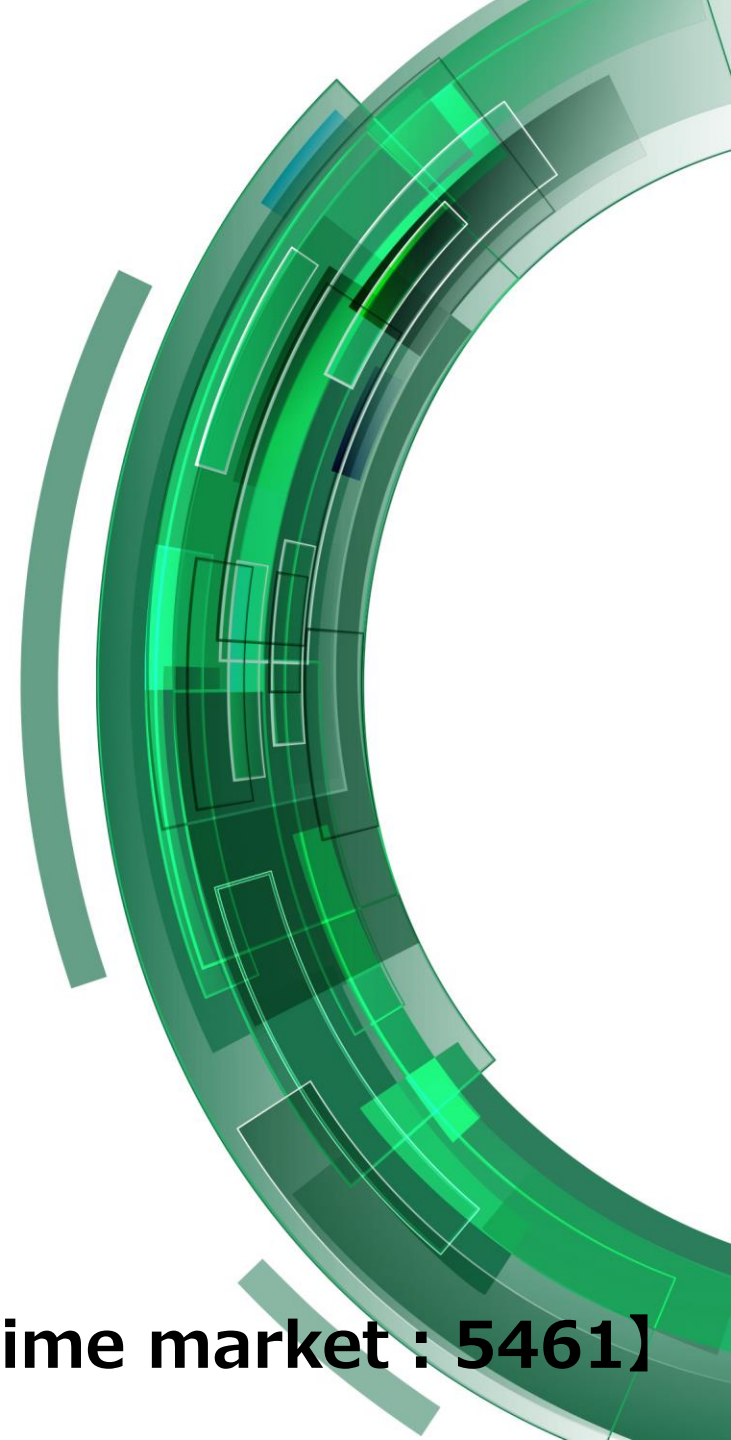
Financial Results B r i e f i n g

October 31, 2024 (Thursday)

あついで未来を創ります



中部鋼板株式会社【TSE prime market : 5461】



Consolidated Financial Results for the Six Months Ended September 30, 2024	3
Consolidated Financial Forecast for Fiscal Year Ending March 31,2025	16
Topics	29

【Notice Regarding the Handling of This figure】

This figure is not a disclosure figure under the Financial Instruments and Exchange Act, and it does not guarantee the accuracy or completeness of the information.

Furthermore, the future plans and forecast values included in this figure are based on information available at the time of the presentation and contain uncertain elements.

Therefore, please refrain from making investment decisions based solely on this figure. Our company does not assume any responsibility for any damages resulting from the use of this figure.

- The consolidated financial result in the second quarter decrease in both sales and profit compared to the previously announced forecasts on May 8,2024
- The full-year financial results forecasts for the current fiscal year has been revised downward compared to the previously announced forecasts
- Dividend per share will be maintained as per the previously announced forecasts

Consolidated Financial Results for the Six Months Ended September 30, 2024

Second quarter results compared to previous fiscal year

The financial result in the second quarter decrease in both sales and profit compared to the previous fiscal year.

Reasons for
Decrease in sales

Impacted by decreased sales volume and lower sales prices.

Reasons for
Decrease in Profit

Although energy prices fell, sales volumes decreased and spreads reduced.

(JPY Million)	Six months ended September 30, 2023	Six months ended September 30, 2024	Changes Vs FY2023	
			Increase/Decrease Change	%
Net sales	32,709	30,531	-2,177	-6.7%
Operating profit	4,425	3,629	-795	-18.0%
Ordinary profit	4,363	3,549	-814	-18.7%
Profit attributable to owners of parent	3,044	2,501	-542	-17.8%
Sales volume (Thousand tons)	243	235	-7	-3.0%

Second quarter results compared to previously announced forecasts

Second quarter results showed lower revenue and profits compared to previously announced forecasts.

Reasons for
Decrease in sales

Decreasing sales volume and increasing sales prices since the beginning of the fiscal year.

Reasons for
Decrease in Profit

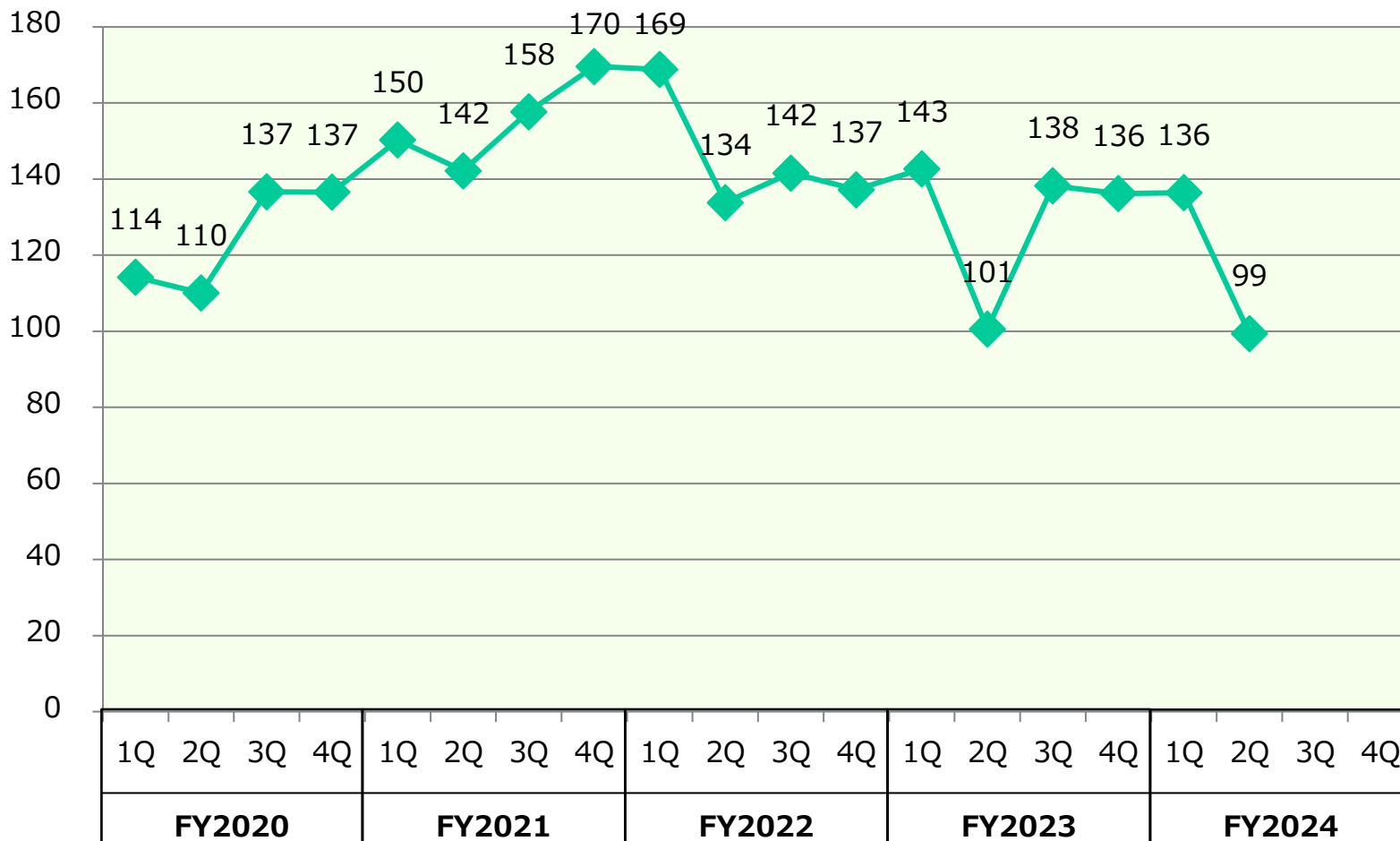
Decreasing sales volume, narrowing spreads and rising energy costs.

(JPY Million)	Six months ended September 30, 2024		Change Vs Forecast	
	Previously announced forecasts	Results	Increase/Decrease Change	%
Net sales	31,100	30,531	- 568	- 1.8%
Operating profit	4,100	3,629	- 470	- 11.5%
Ordinary profit	4,100	3,549	- 550	- 13.4%
Extraordinary income	0	105	+105	-
Profit attributable to owners of parent	2,700	2,501	- 198	- 7.3%
Sales volume (Thousand tons)	244	236	- 8	- 3.3%

Steel Product Sales Volume Trends

Steel Product Sales Volume Trends

(Thousand tons)



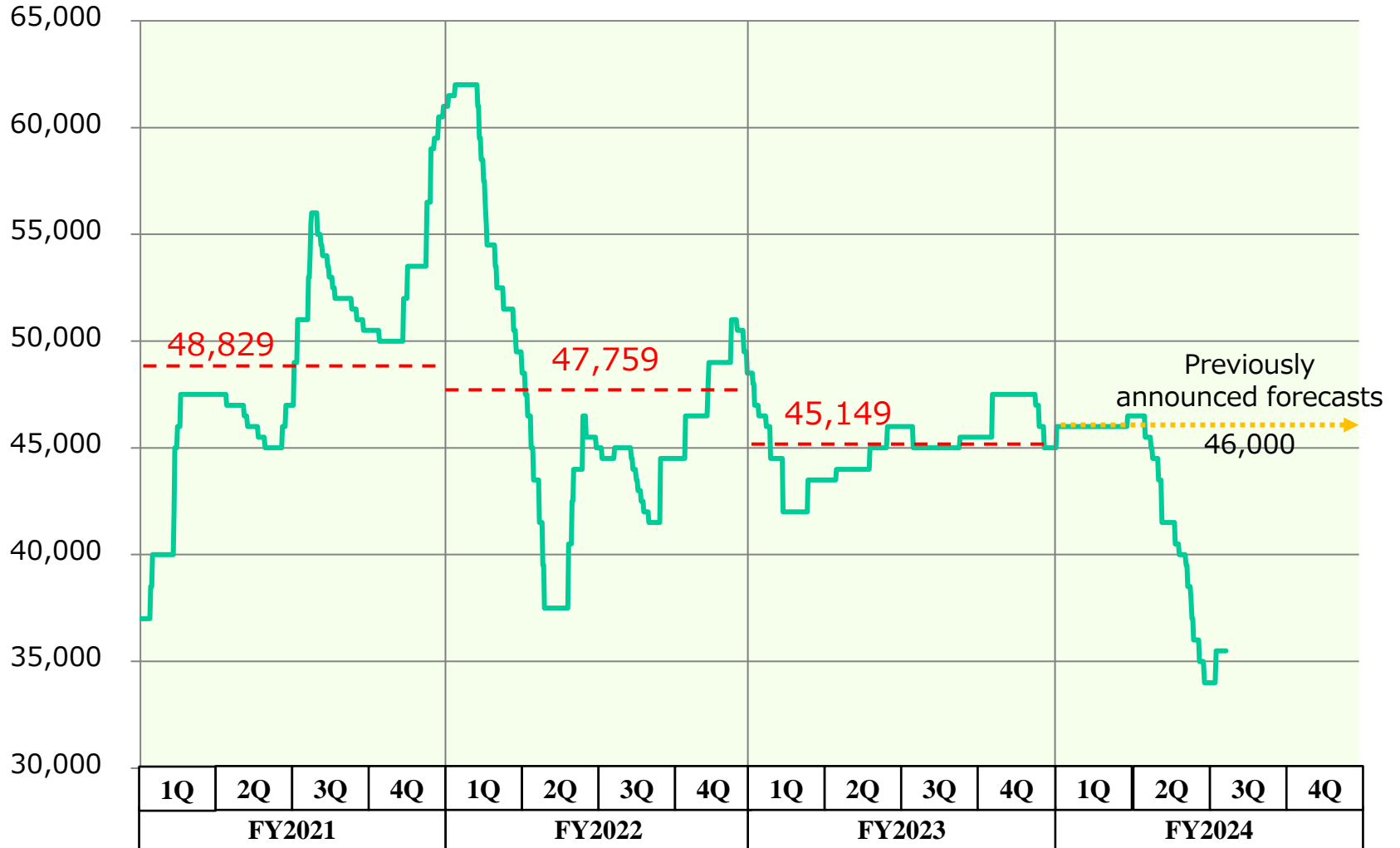
* The company's steel product sales volume(including external slabs sales)

Steel Scrap Prices Trends

(Yen/ton)

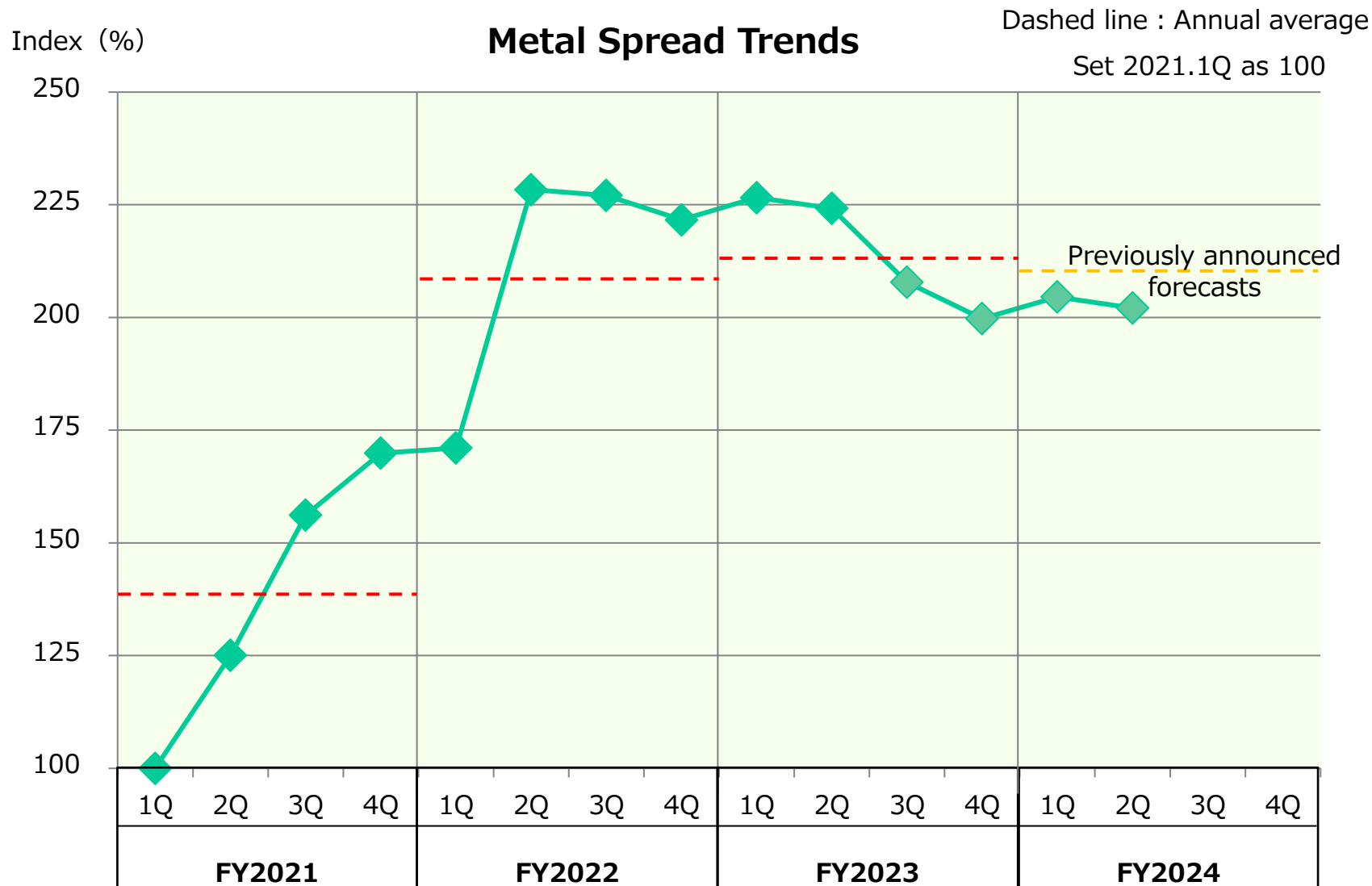
H2 Scrap Price Trends

Dashed line : Annual average



* Purchase price for H2

Metal Spread Trends

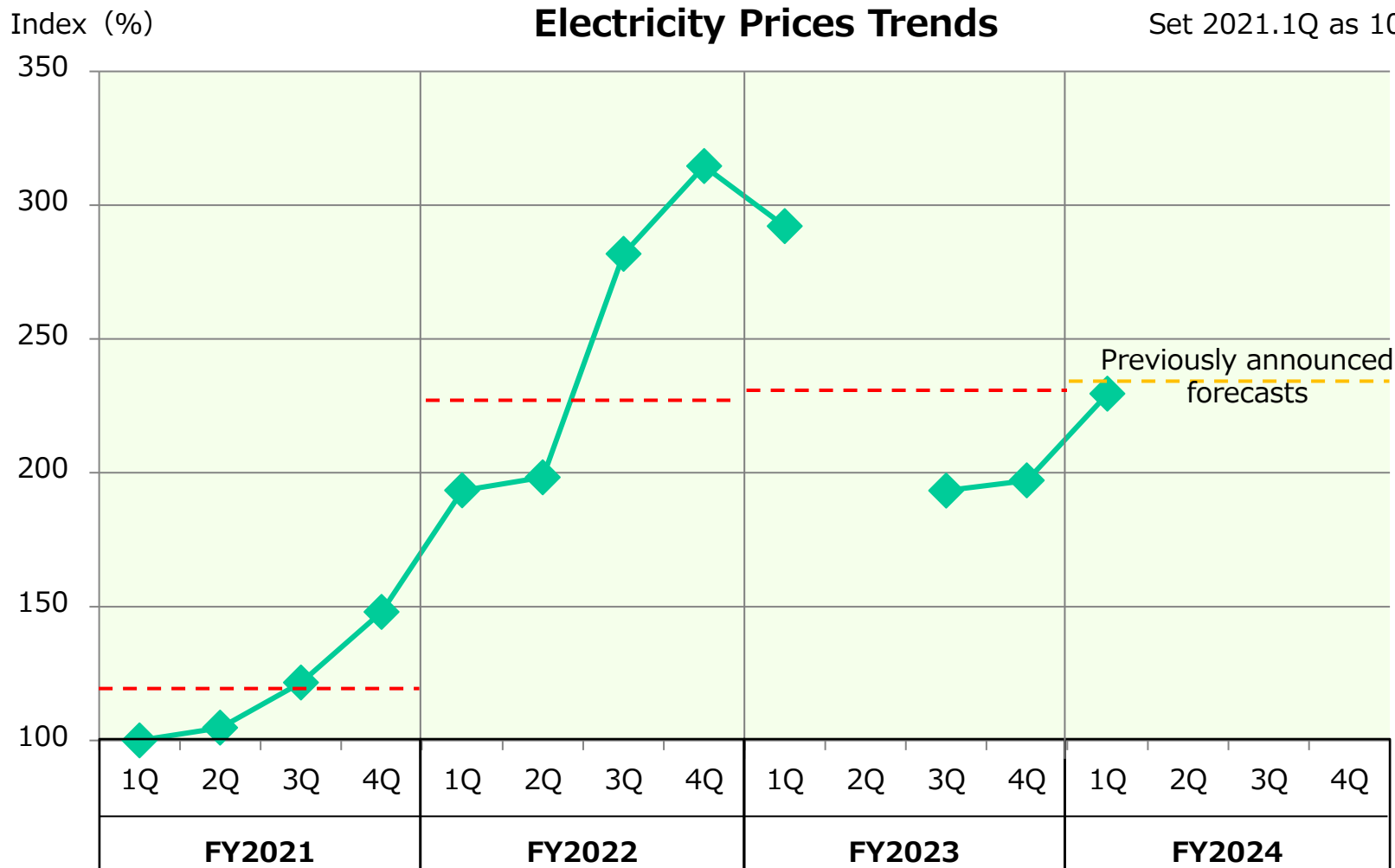


* The spread between sales price of steel products and raw material payment price

Electricity Prices Trends

Dashed line : Annual average

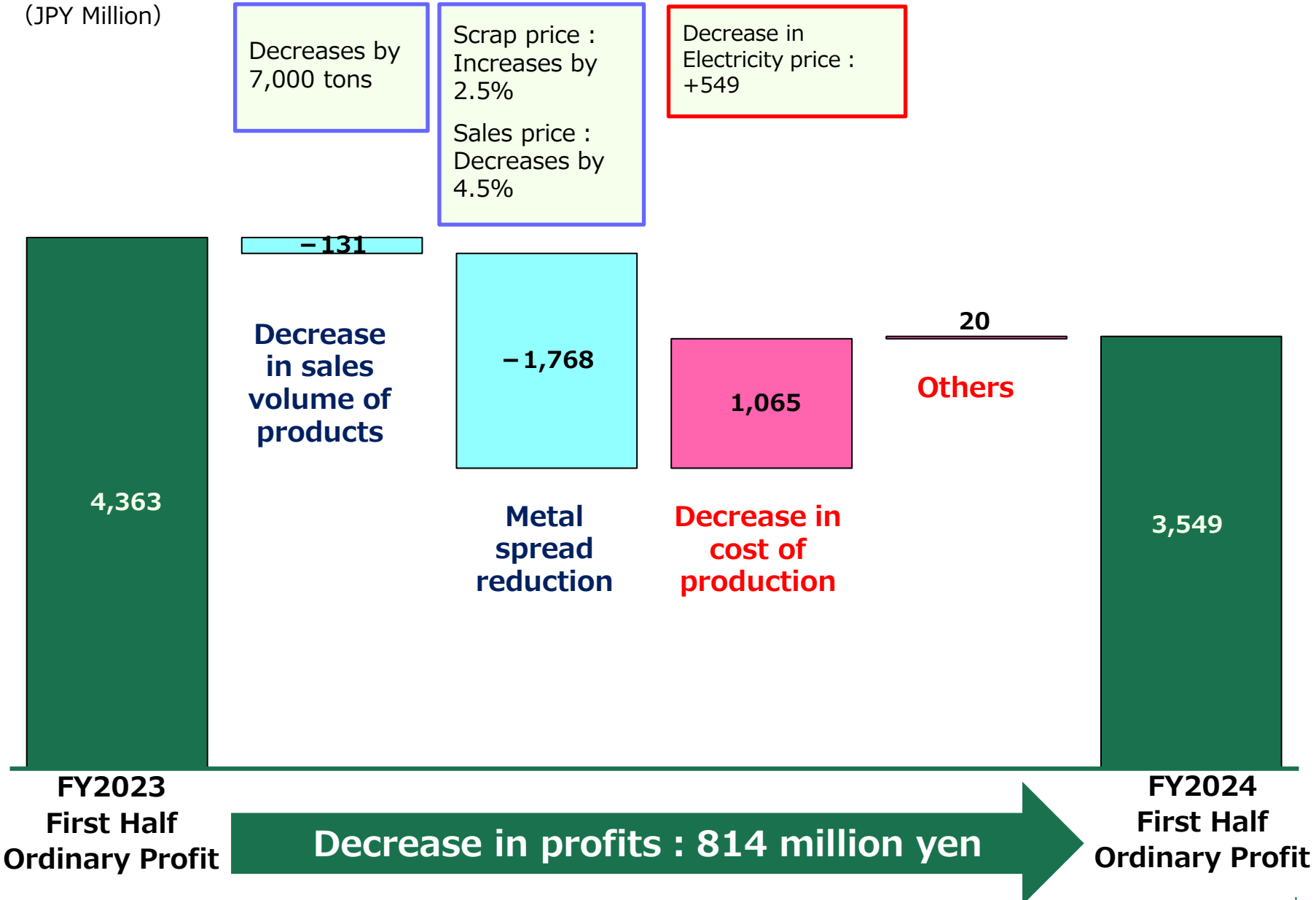
Set 2021.1Q as 100



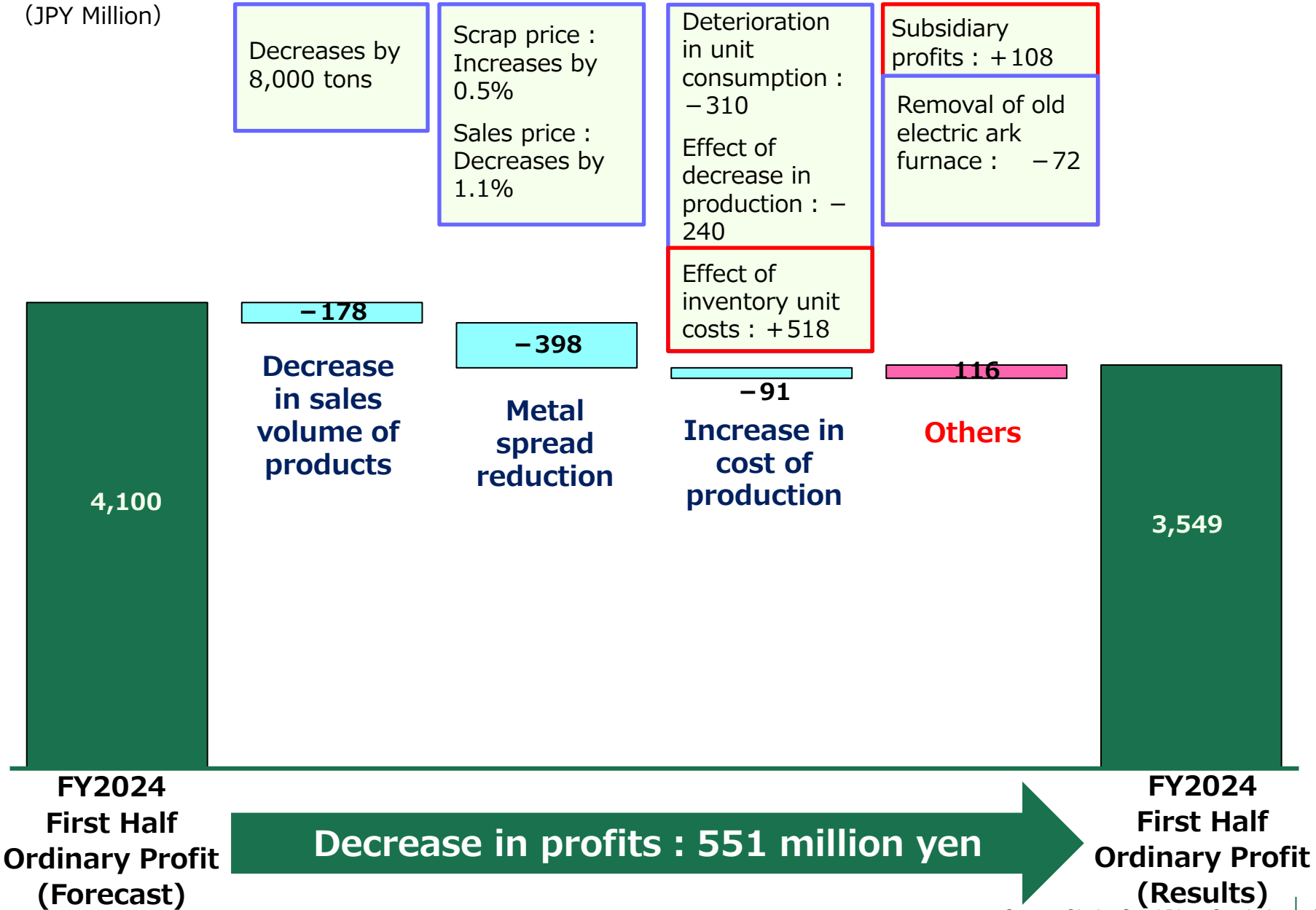
* 2Q of FY2023 and 2024 are deleted due to being outliers due to suspension

* Our electricity purchase price

Factors for changes in Ordinary Profit(vs. FY23 First Half)

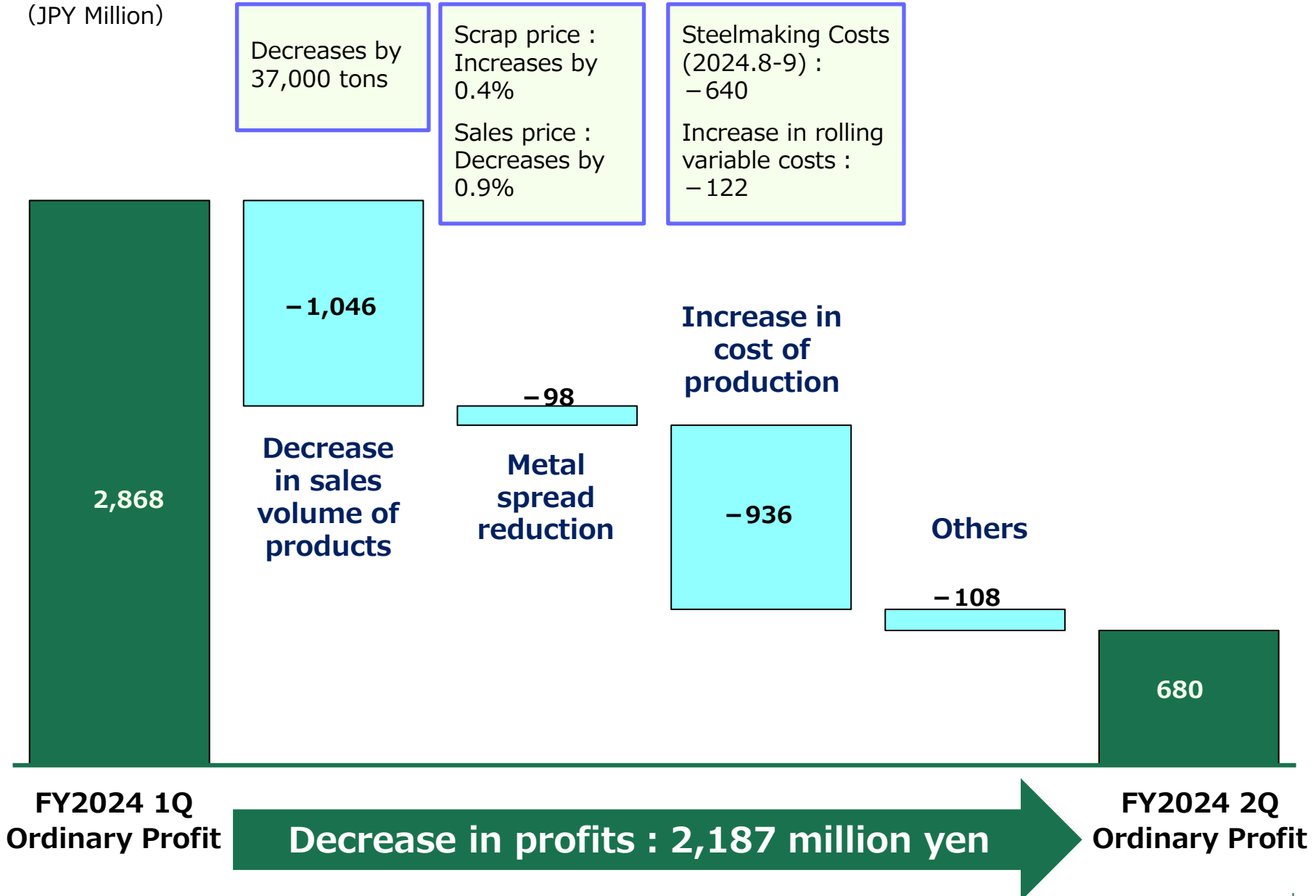


Factors for changes in Ordinary Profit(vs. forecast)



Factors for changes in Ordinary Profit(1Q vs. 2Q)

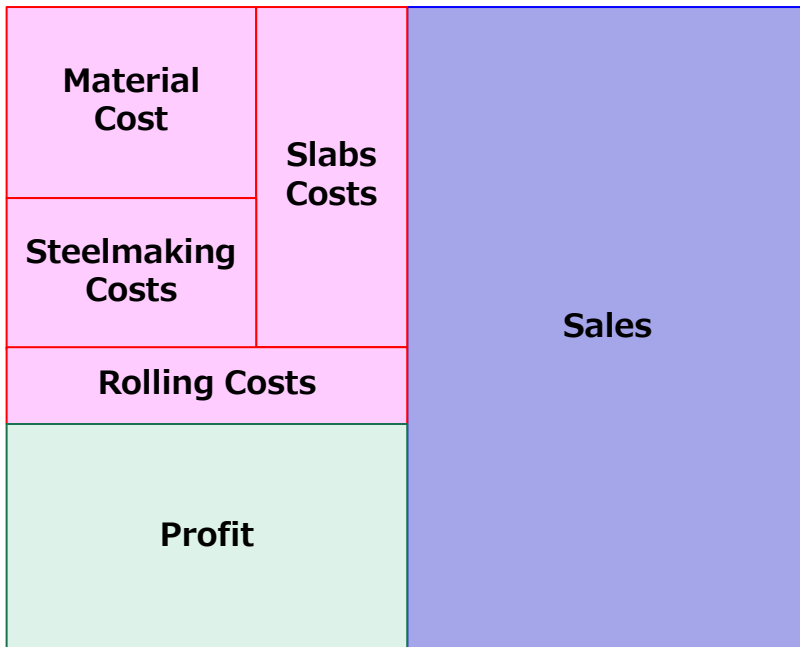
(JPY Million)



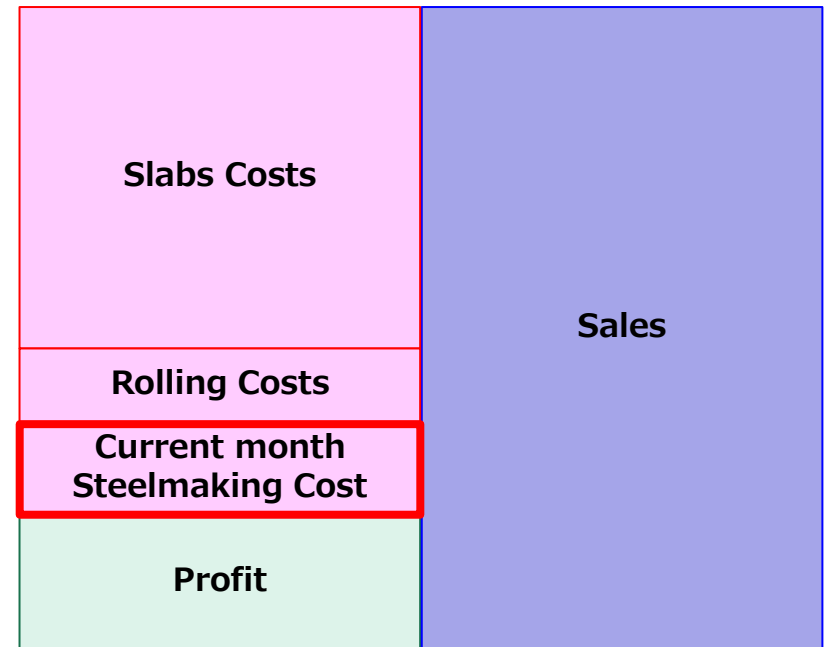
Cost Accounting

In August, September, and October, when steel making plant are closed, the cost of steelmaking for that month is added to the cost of sales.

First Half						Second Half					
Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
steady state Cost Accounting				Unsteady state Cost Accounting		steady state Cost Accounting					



steady state Cost Accounting
(Apr.~Jul. , Nov. onwards)



Unsteady state Cost Accounting
(Aug.~Oct.)

※For October 2024, the cost for 28 days is added to the steelmaking cost for that month.

Results by segment

(JPY Million)

	Six months ended September 30, 2023		Six months ended September 30, 2024		Increase/Decrease	
	Net sales to external customers	Operating profit	Net sales to external customers	Operating profit	Net sales to external customers	Operating profit
Steel related business	31,304	4,244	29,104	3,414	-2,199	-830
Rental business	337	32	373	33	+35	+0
Logistics business	287	100	293	103	+5	+2
Engineering business	779	17	760	49	-18	+31
Inter-segment eliminations	-	28	-	29	-	+0
Consolidated total	32,709	4,425	30,531	3,629	-2,177	-795

Semi-annual Consolidated Financial Statements

Semi-annual Consolidated Balance Sheets

		As of March 31, 2024	As of September 30, 2024	(JPY Million) Increase /Decrease
Assets	Cash and deposits	13,516	12,494	-1,022
	Trade receivables	27,083	16,554	-10,528
	Securities	6,998	13,644	+6,645
	Inventory	13,575	11,099	-2,476
	Property, plant and equipment	21,382	22,899	+1,517
	Others	10,992	10,516	-476
	Total assets	93,548	87,208	-6,340
Liabilities	Notes and accounts payable - trade	8,071	3,337	-4,733
	Non-current liabilities	1,063	881	-181
	Others	6,918	5,029	-1,889
	Total liabilities	16,053	9,248	-6,804
Net assets	Shareholders' equity	74,444	75,315	+870
	Others	3,049	2,644	-405
	Total net assets	77,494	77,959	+464
Total liabilities and net assets		93,548	87,208	-6,340

Consolidated Financial Forecast for Fiscal Year Ending March 31, 2025

FY2024 Financial Forecast compared to previous fiscal year

The revised full-year financial forecast shows lower sales and profits compared to the previous fiscal year.

Reasons for
Decrease in Sales

Falling sales prices and declining sales volumes.

Reasons for
Decrease in Profit

Decrease in sales volume, impact of production cuts and burden of inventory costs at the end of the first half.

(JPY Million)	FY2023	FY2024 【Revised forecast】	Changes Vs FY2023	
			Increase/Decrease Changes	%
Net sales	67,785	60,800	-6,985	-10.3%
Operating profit	10,425	6,200	-4,225	-40.5%
Ordinary profit	10,228	6,100	-4,128	-40.4%
Income taxes	3,095	1,700		
			Tax Credit 267	
Profit attributable to owners of parent	7,133	4,400	-2,733	-38.3%
Basic earnings per share (yen)	259.34	162.48	-96.86	-37.3%
Annual dividends (yen)	91	101	-	-
Sales volume (thousand tons)	518	492	-26	-5.0%

FY2024 Financial Forecast compared to previously announced forecasts

The revised full-year financial forecast is for lower sales and profits compared to previously announced forecasts.

Reasons for
Decrease in Sales

Falling sales prices and declining sales volumes.

Reasons for
Decrease in Profit

Decrease in sales volume, impact of production cuts and burden of inventory costs at the end of the first half.


(JPY Million)	FY2024		Changes Vs Previously announced forecasts	
	Previously announced forecasts	Revised forecast	Increase/Decrease Changes	%
Net sales	68,000	60,800	-7,200	-10.6%
Operating profit	9,500	6,200	-3,300	-34.7%
Ordinary profit	9,100	6,100	-3,000	-33.0%
Income taxes	2,900	1,700		
Profit attributable to owners of parent	6,100	4,400	-1,700	-27.9%
Basic earnings per share (yen)	225.30	162.48	-62.82	-27.9%
Annual dividends(yen)	101	101	-	-
Sales volume(thousand tons)	530	492	-38	-7.2%

Tax Credit 267

FY2024 Quarterly consolidated forecast

【First Half】 1Q results were in line with previously announced forecasts. In 2Q, profit decreased due to a decrease in sales volume due to a shortage of stockpiled materials and an increase in costs.

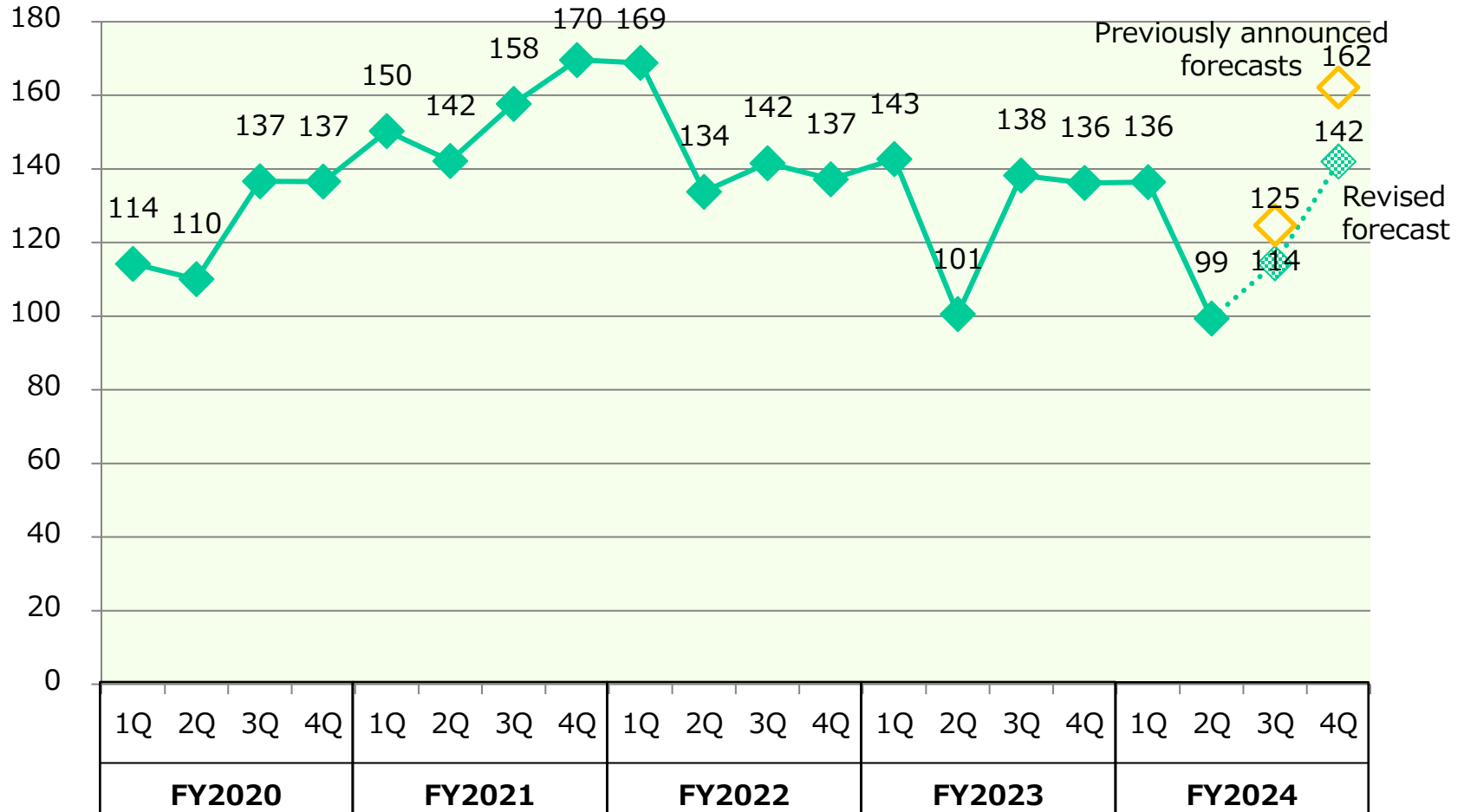
【Second Half】 Profit decreased due to the decrease in sales volume (decrease in production volume) and lower sales prices. In 3Q, the impact of the loss on retirement of electric arc furnaces will disappear, but the impact of the inventory burden at the end of September will also put pressure on profits.

		FY2024				
		1Q	2Q	3Q	4Q	Full year
Net sales	(JPY Million) Previously announced forecasts	16,900	14,200	16,100	20,700	68,000
	Results/ Revised forecast	17,487	13,043	14,000	16,200	60,800
Ordinary profit	Previously announced forecasts	2,900	1,100	1,500	3,500	9,100
	Results/ Revised forecast	2,868	680	600	1,900	6,100
Sales volume (thousand tons)	Previously announced forecasts	130	110	120	160	530
	Results/ Revised forecast	140	100	110	140	490
EAF renewal work schedule			7/22	10/29start		
						

Steel Product Sales Volume Trends

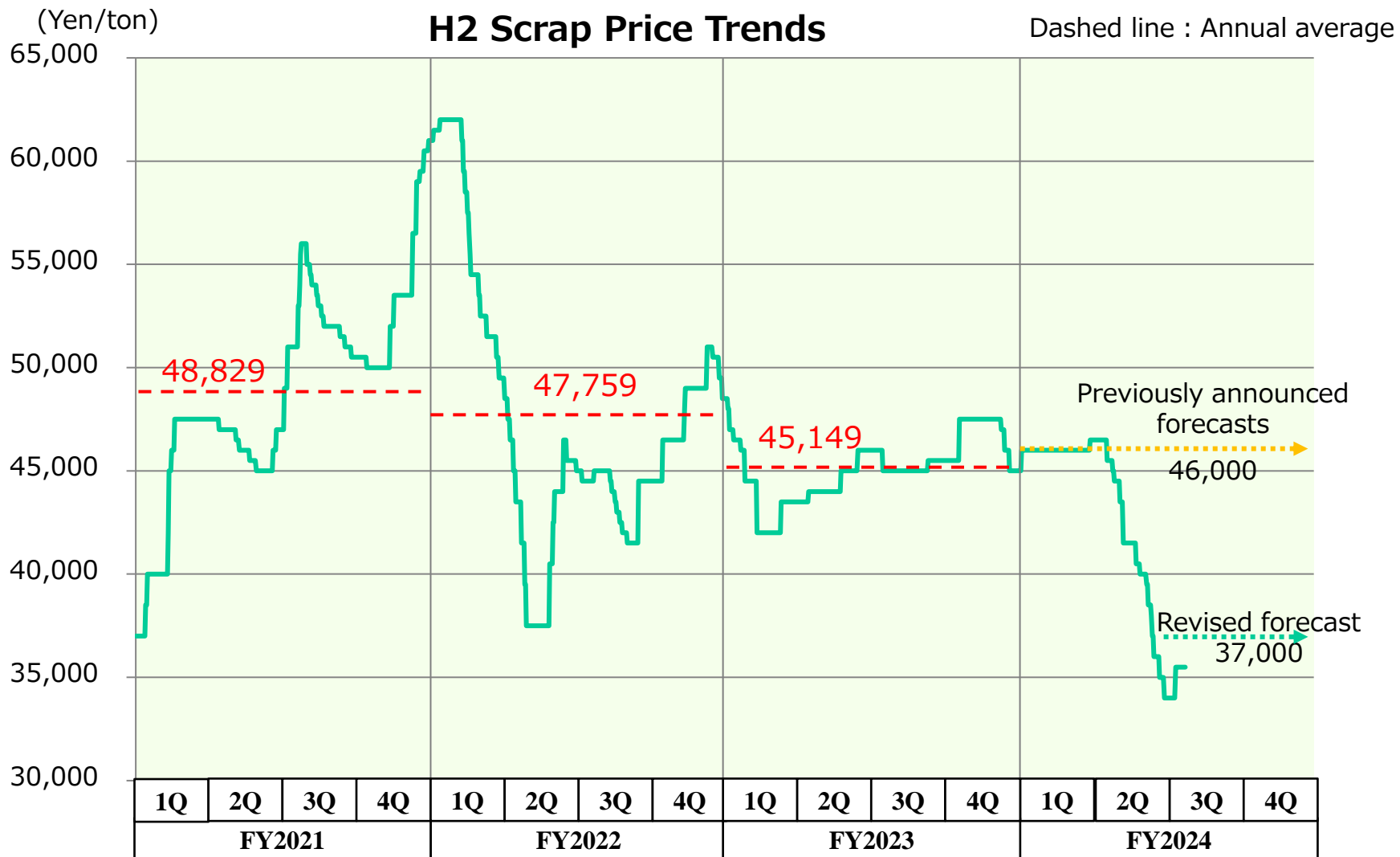
Steel Product Sales Volume Trends

(Thousand tons)



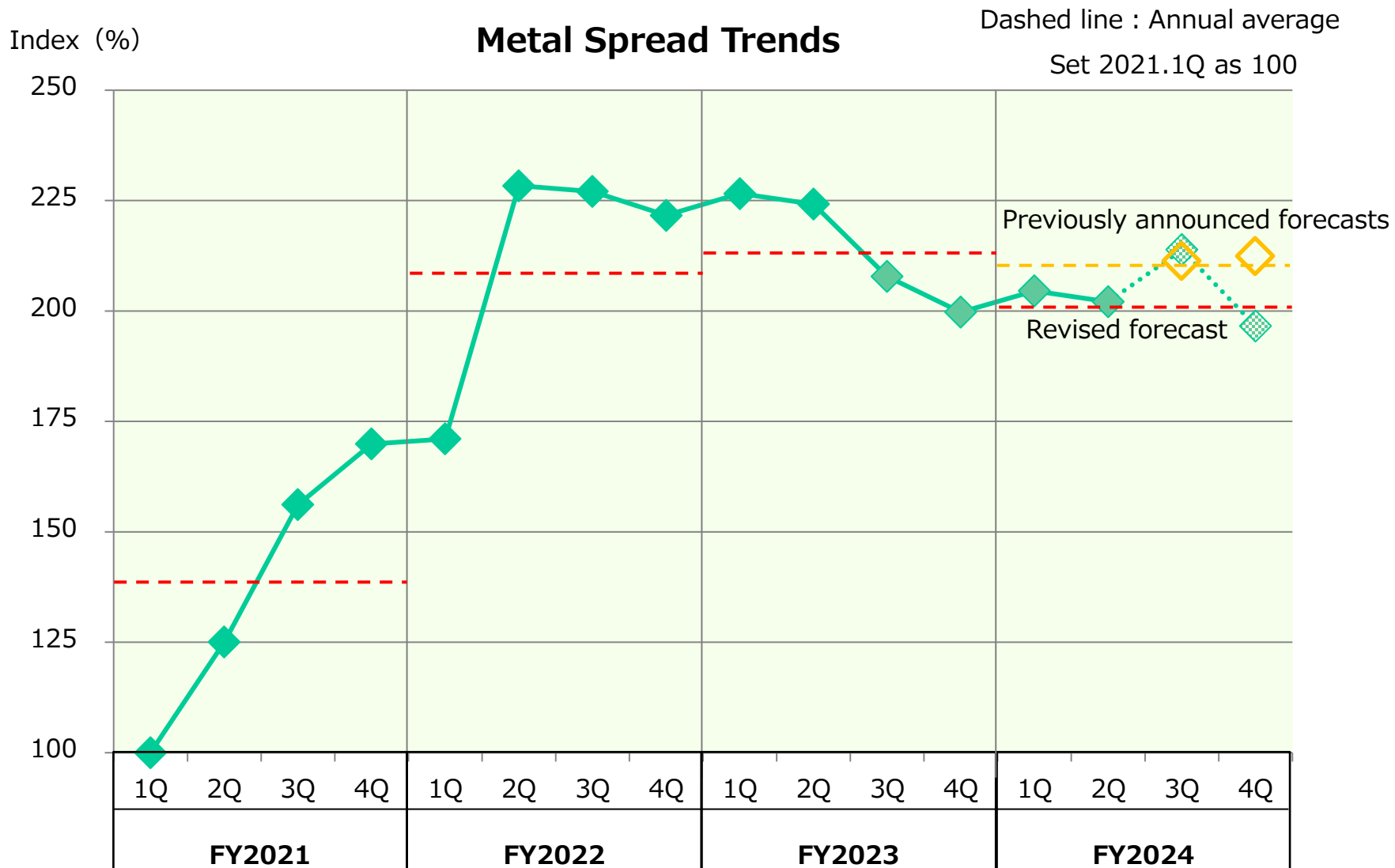
* The company's steel product sales volume(including external slabs sales)

Steel Scrap Prices Trends



* Purchase price for H2

Metal Spread Trends

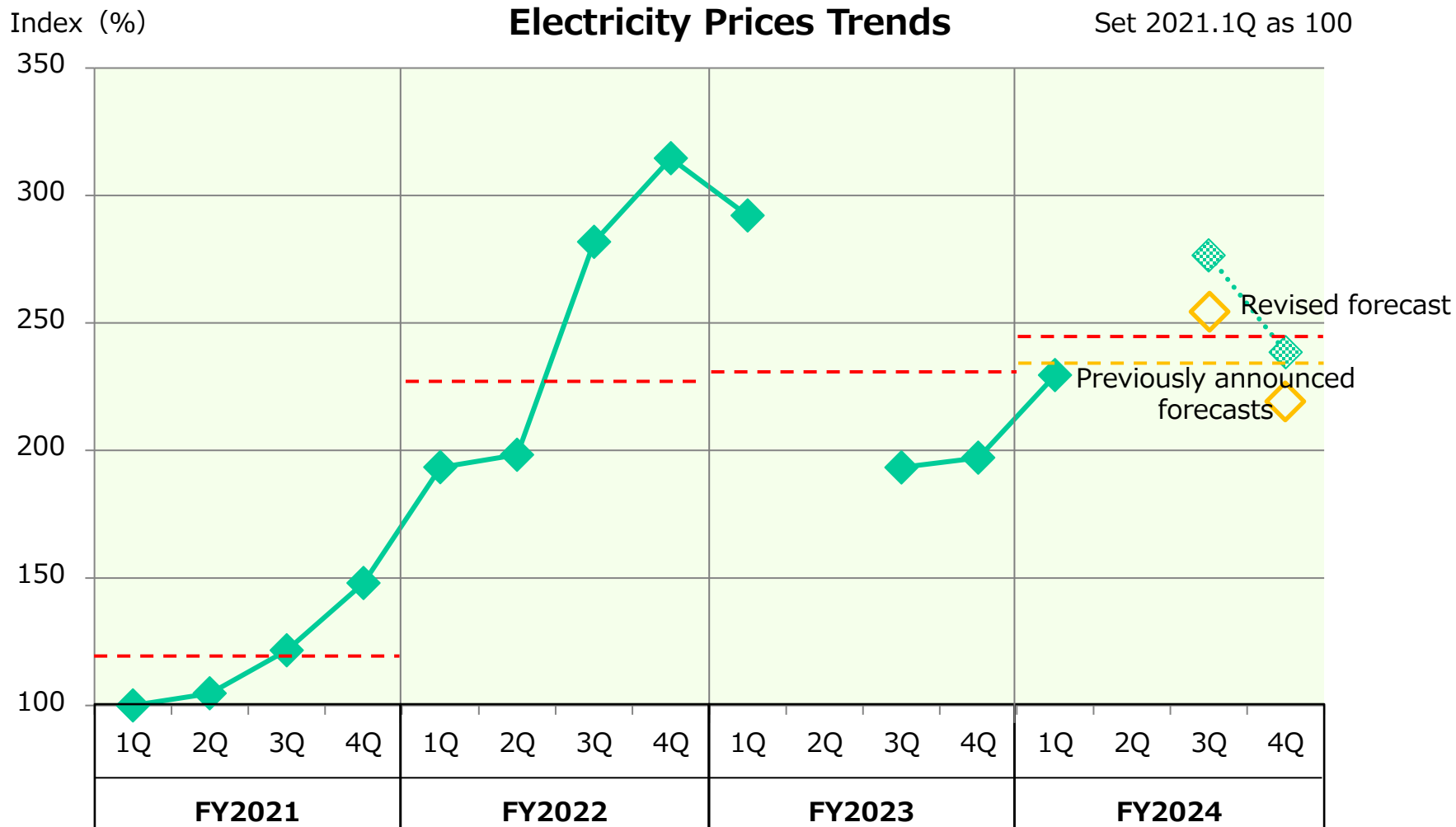


* The spread between sales price of steel products and raw material payment price

Electricity Prices Trends

Dashed line : Annual average

Set 2021.1Q as 100



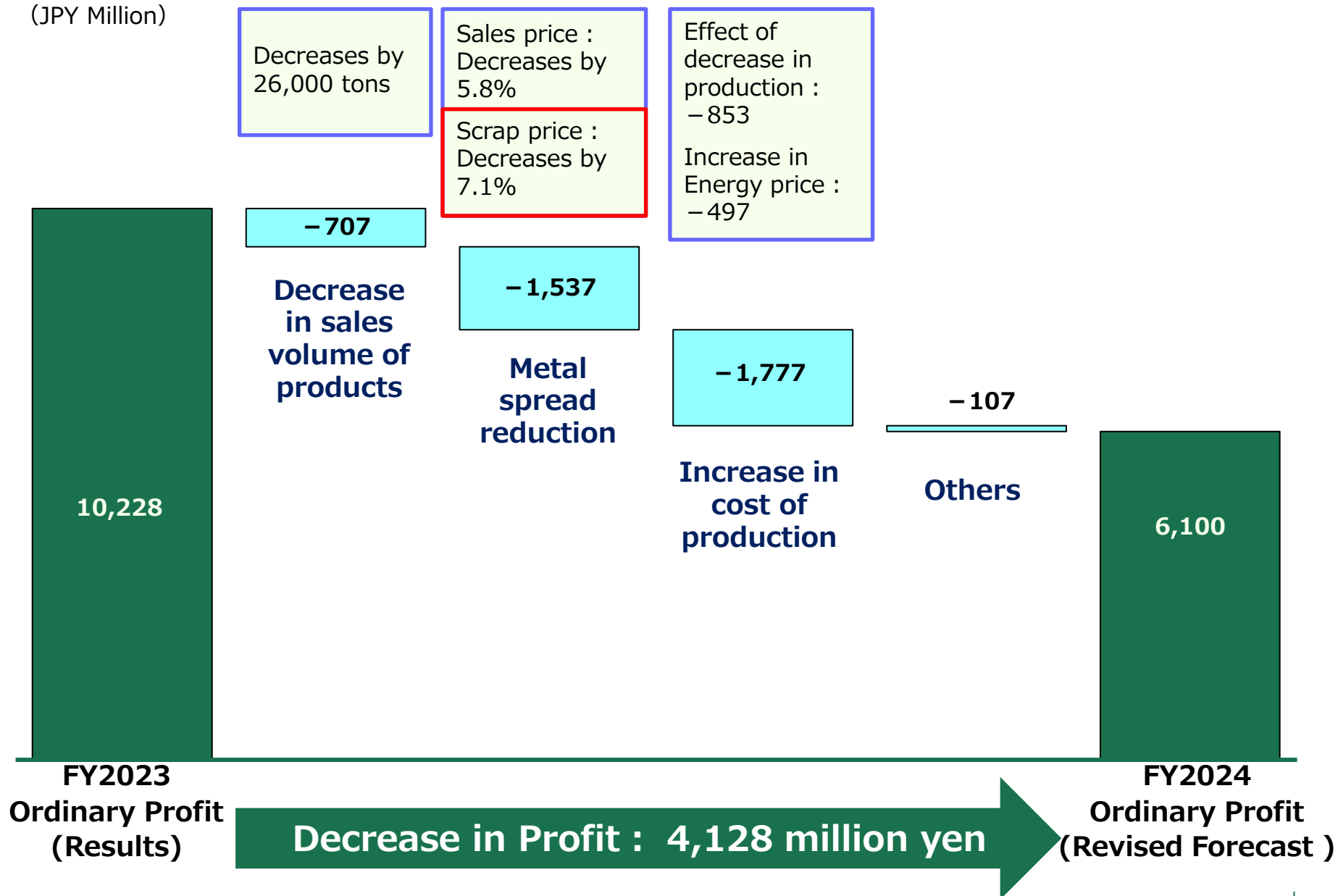
* 2Q of FY2023 and 2024 are deleted due to being outliers due to suspension

* FY2024 3Q is affected by one-month suspension

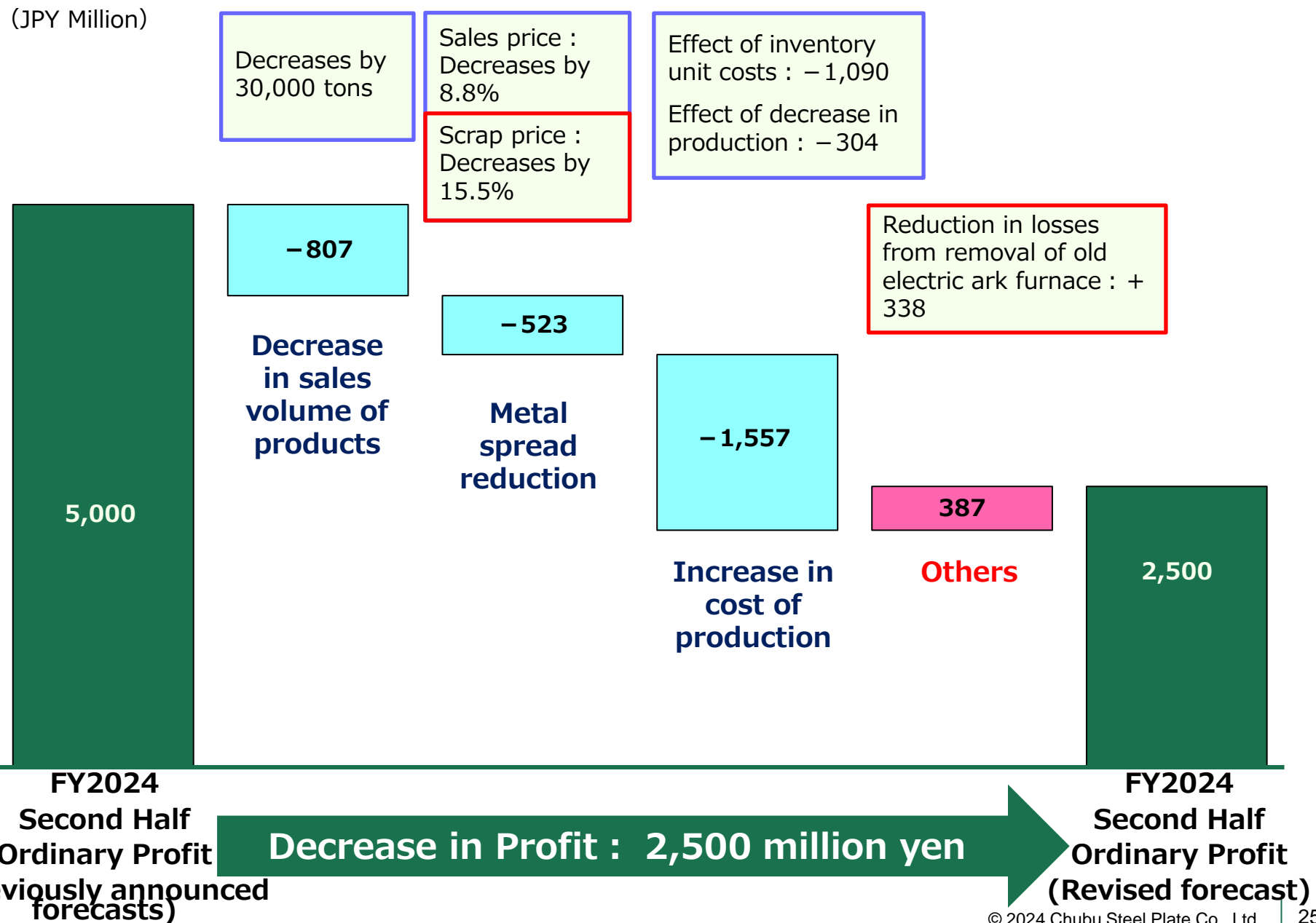
* Our electricity purchase price

Factors for changes in Ordinary Profit guidance(Y/Y)

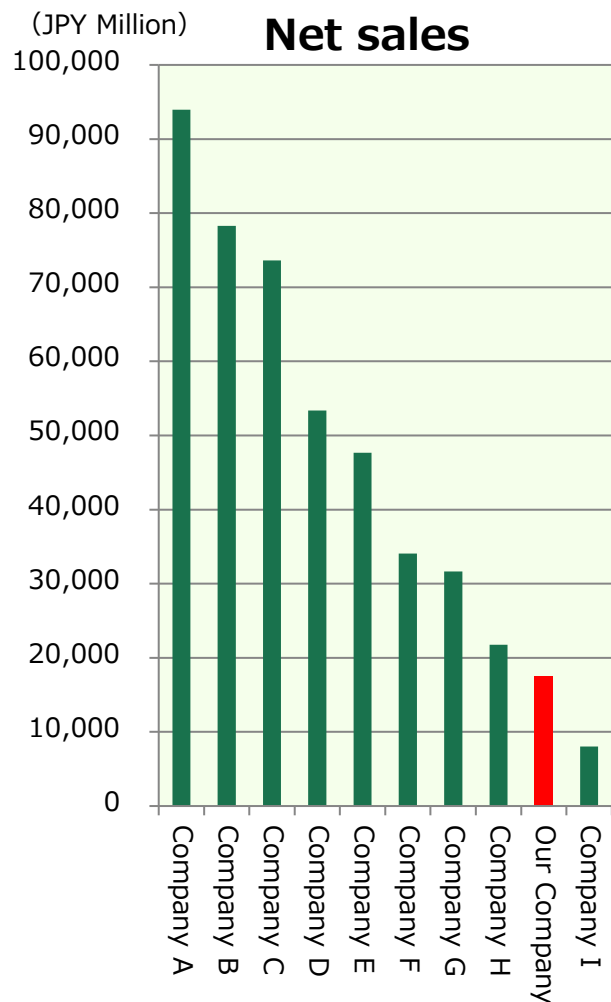
(JPY Million)



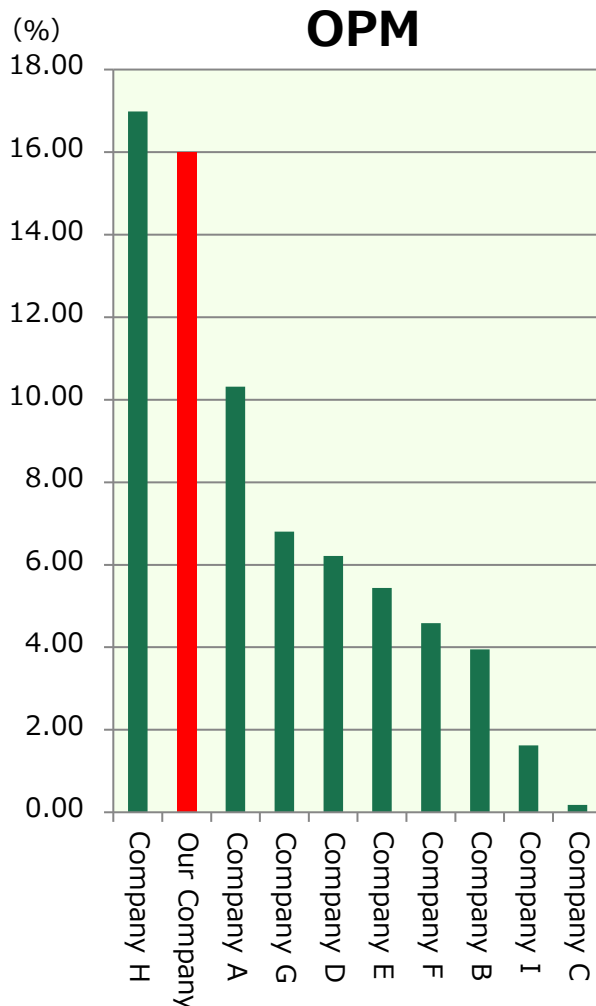
Factors for changes in Ordinary Profit (vs. Second Half Previously announced forecasts)



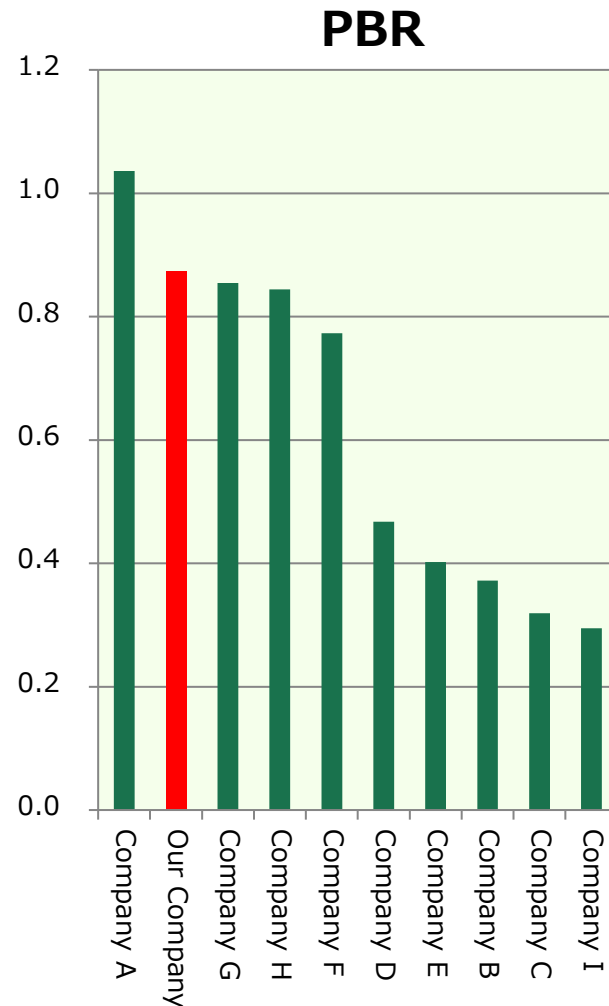
Comparison with other EAF companies(FY2024.1Q)



* Based on FY2024.1Q results



* Based on FY2024.1Q results



* As of the end of September '24

Although sales are low, OPM and PBR are both ranked high.

FY2024 Dividend policy

Dividend policy

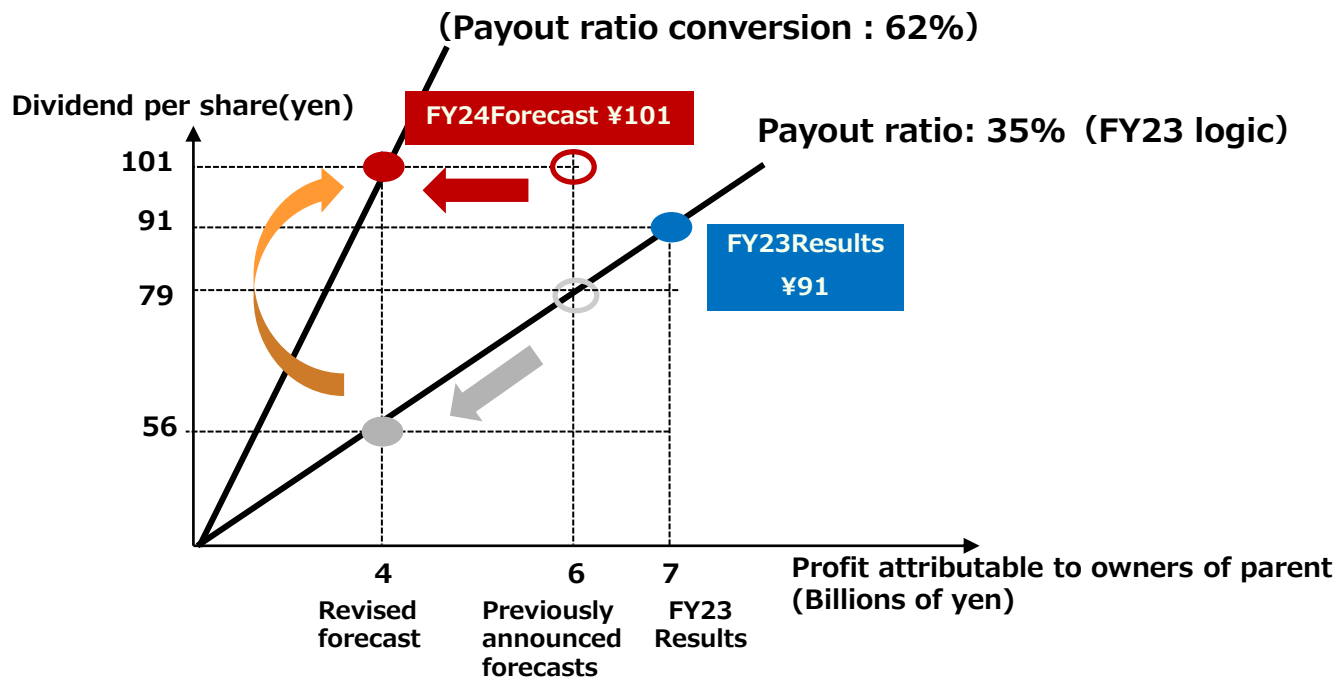
[Dividend policy in FY2024]

DOE3.5%

* Annual dividend for FY24 is expected to be around **101 yen/share.**
(END of 2Q:50 yen/share, Year-end:51 yen/share)



Interim dividend of 50 yen will be paid as planned

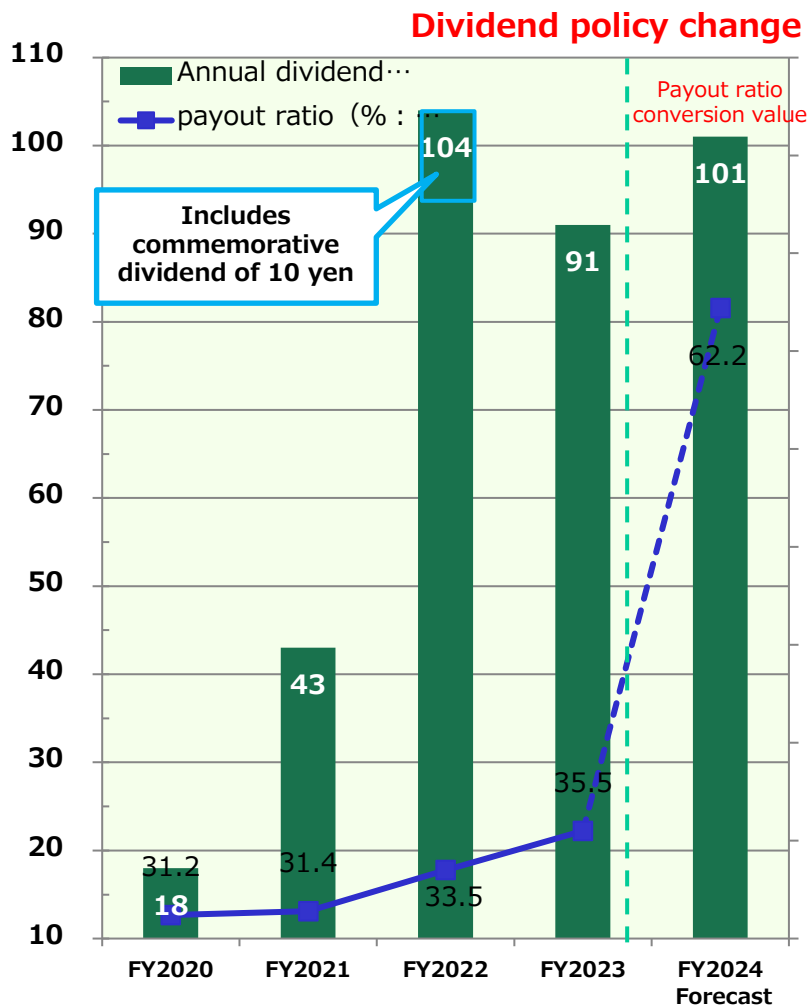


> DOE = Total annual dividend amount ÷ ((Equity capital beginning of period + Equity capital end of period) / 2)

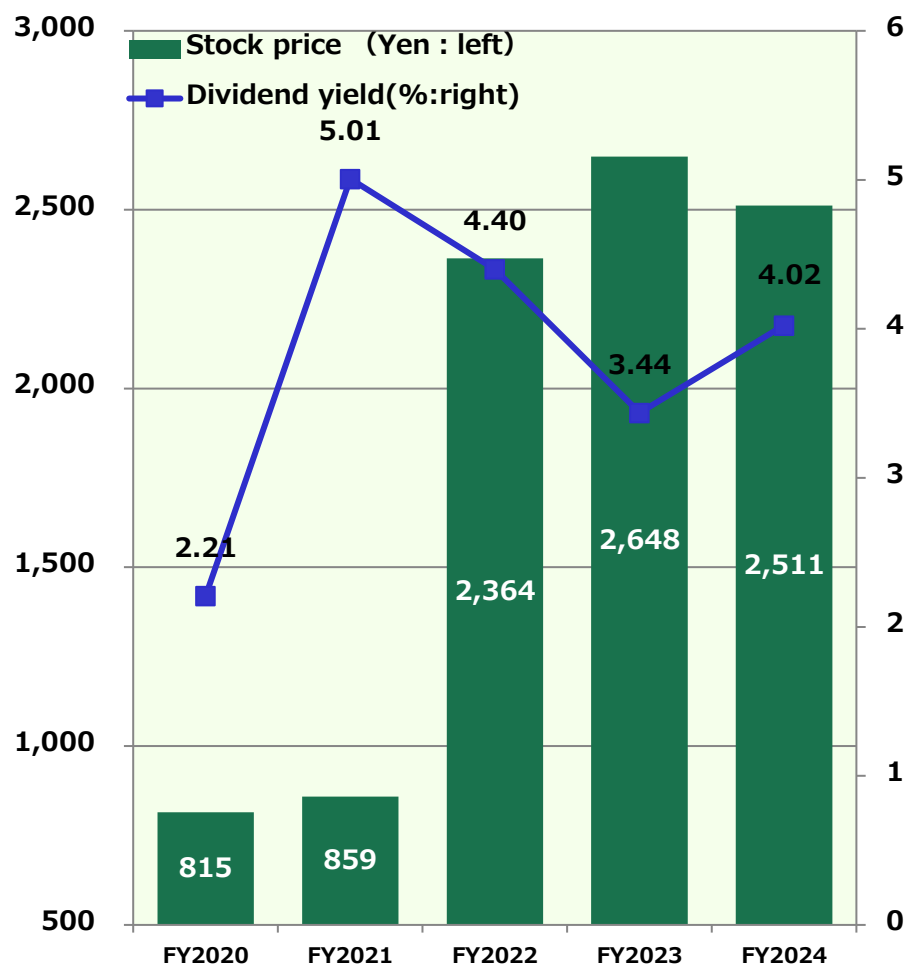
Equity capital = Net assets - Non-controlling interests

FY2024 Dividend forecast

Dividend and payout ratio



Stock price and Dividend yield



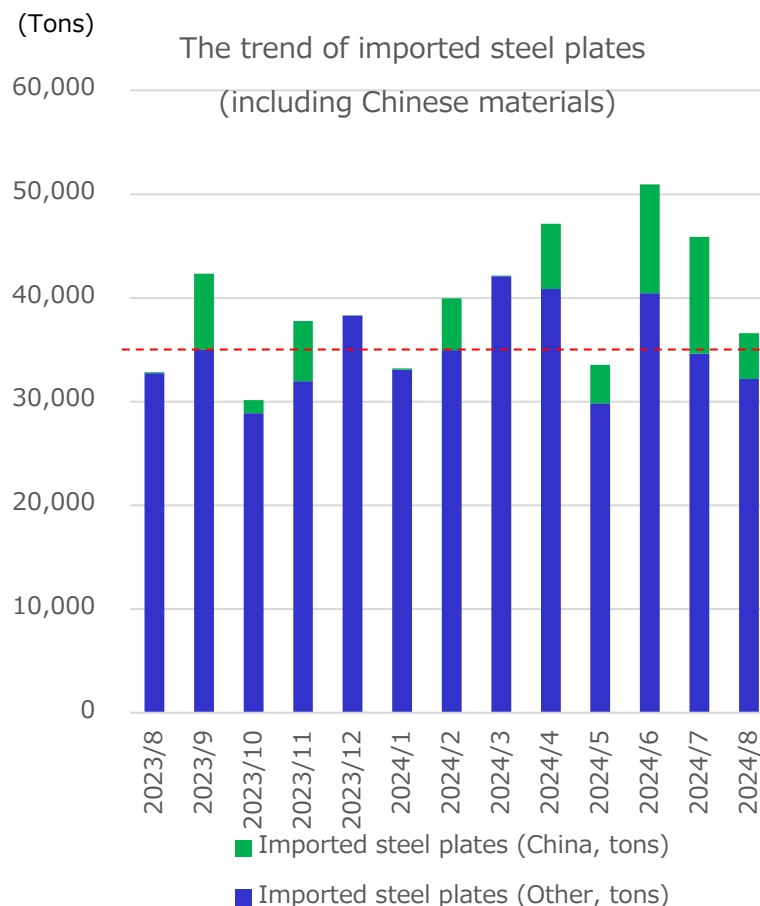
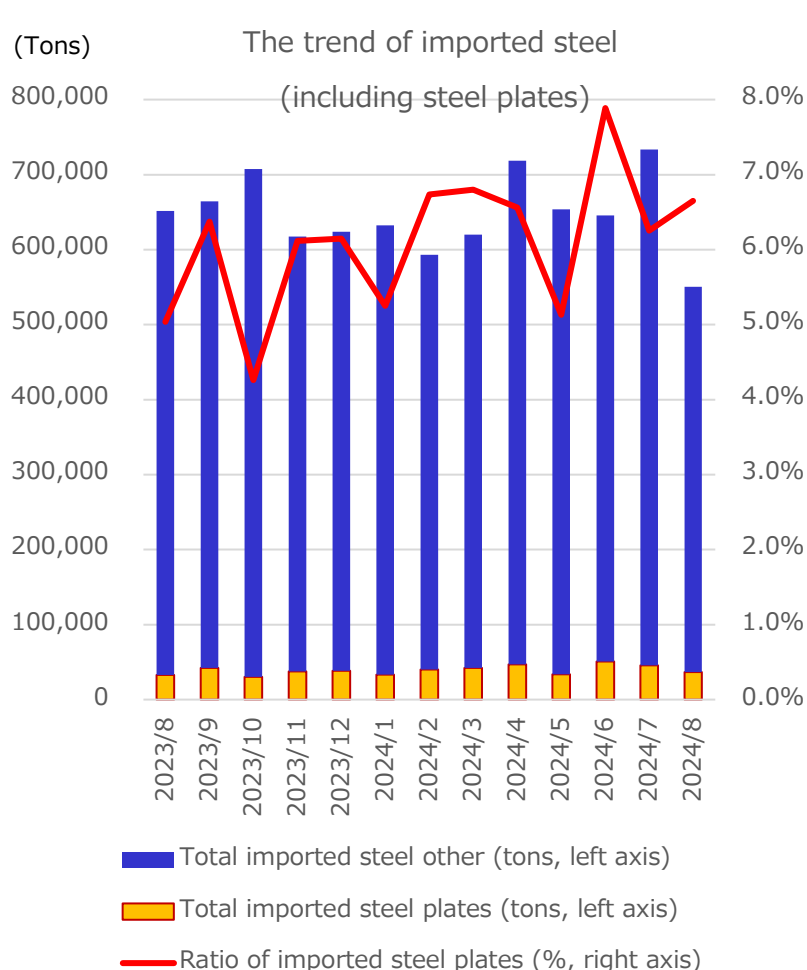
*FY 2024 : as of the end of September 2024
Other FY : as of the end of each fiscal year (end of March)

Topics

Trends in Imported Steel Materials

■ Due to the economic slowdown in China, overproduced steel products are flowing into the domestic market in Japan.

➢ On the other hand, the import scale of steel plates is originally small, and the inflow from China remains limited.



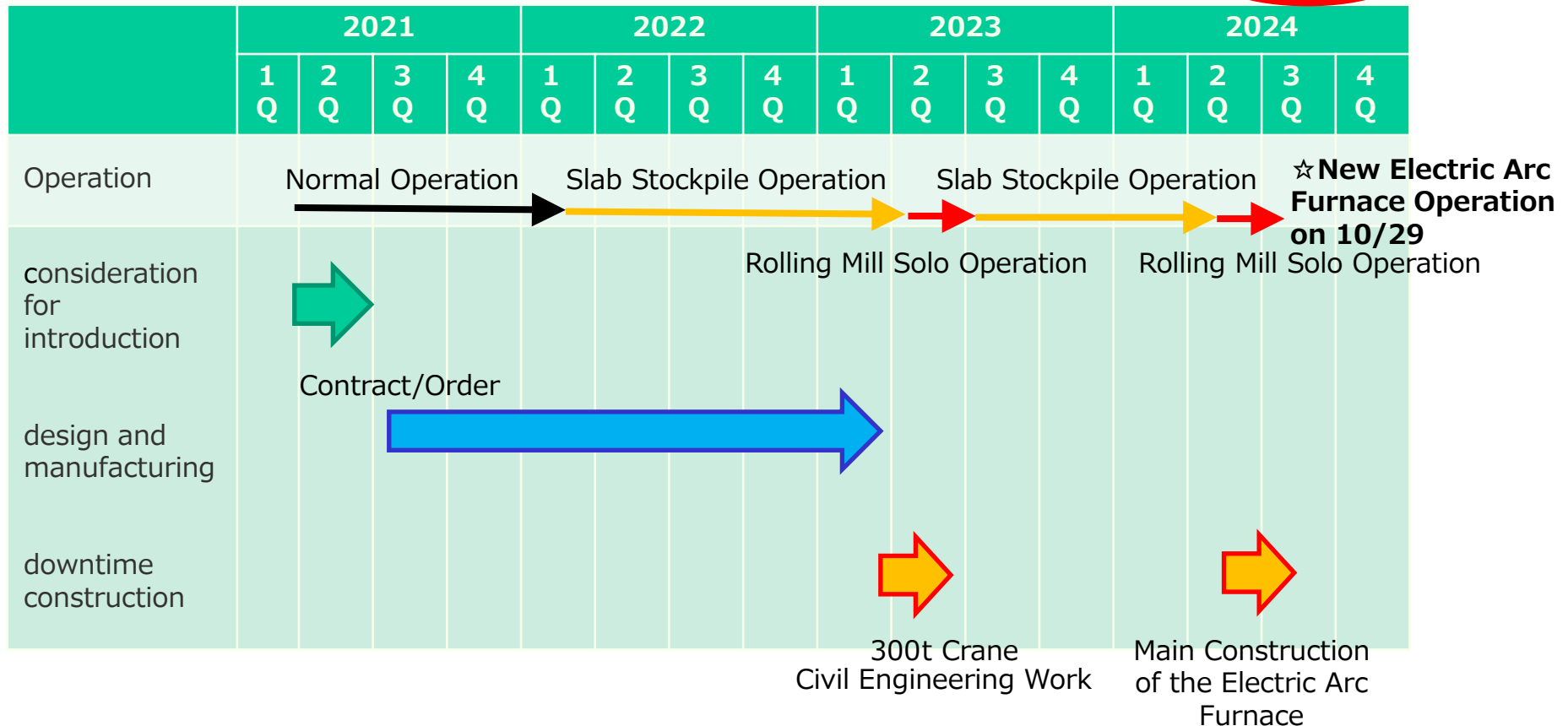
Dashed line: Average

Construction Schedule for the New Electric Arc Furnace

The installation of the new Electric Arc Furnace was successfully completed, and it started normal operation on 10/29

Schedule

Current Status



① Removal of Old Electric Arc Furnace

Photo: Removed
Old Electric Arc
Furnace



Photo: Site After
Removal



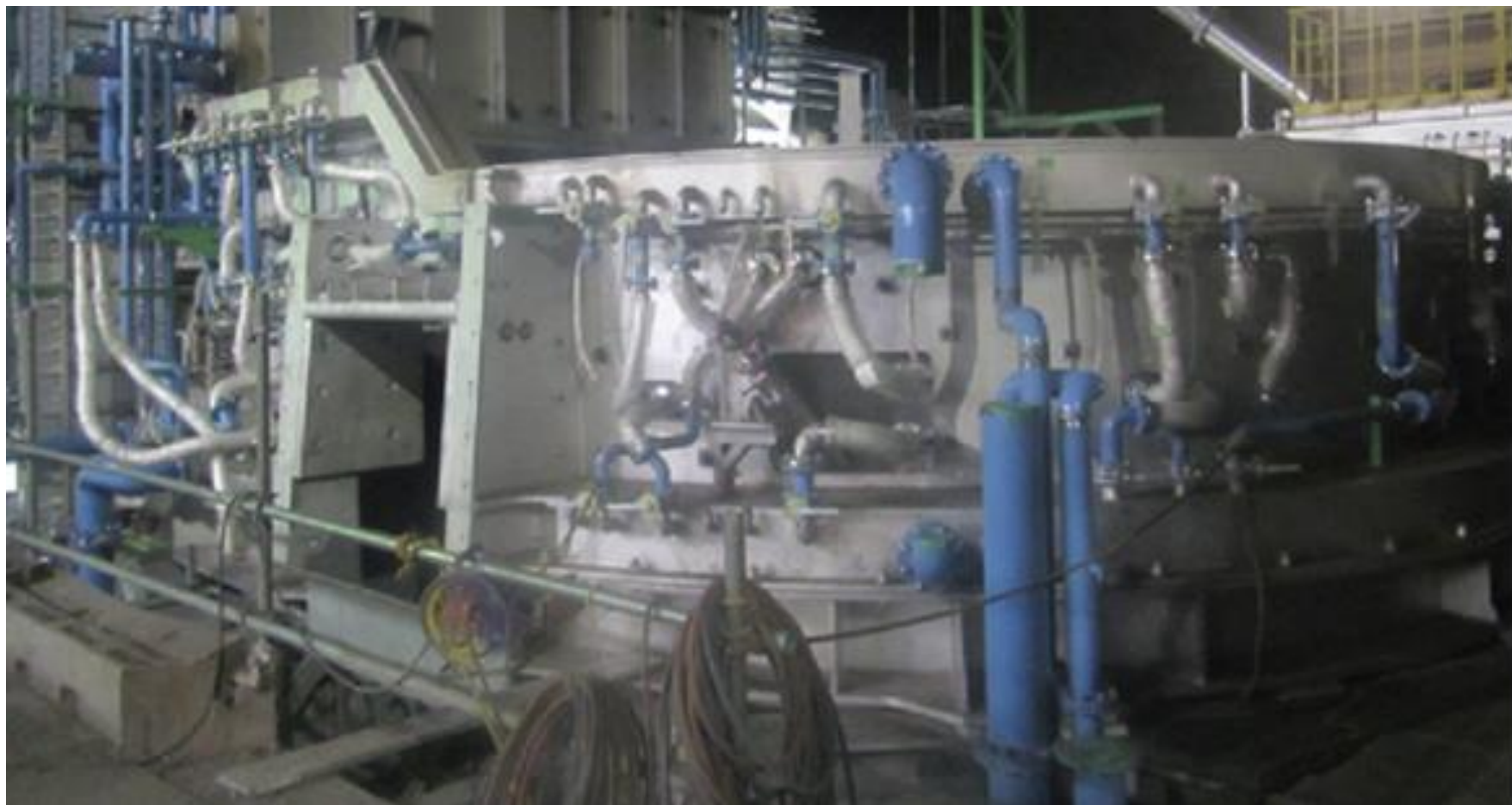


Photo: New Electric Arc Furnace

③ Installation of Peripheral Equipment

Photo: Scrap Loading Crane



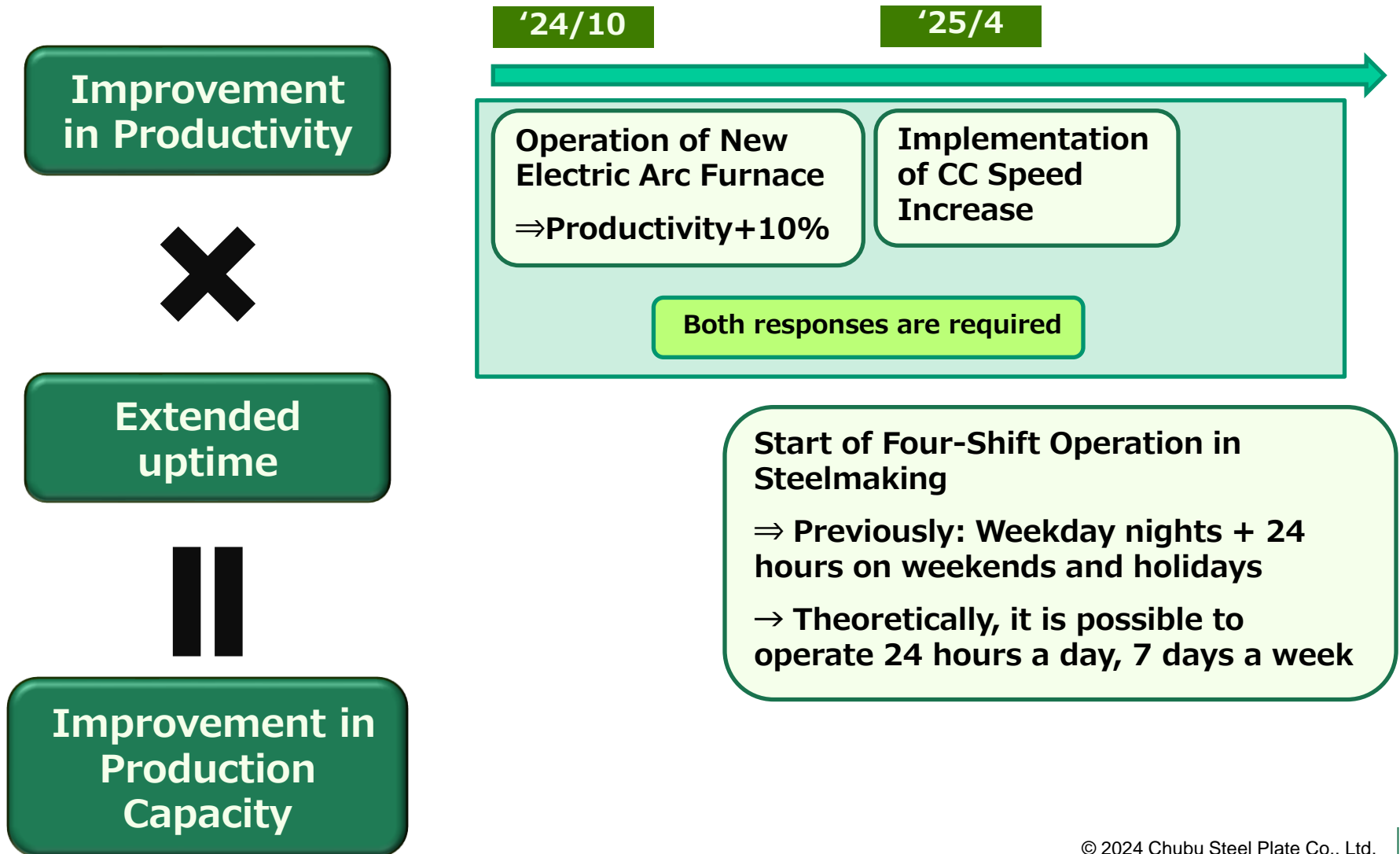
Photo: Scrap Transport Cart



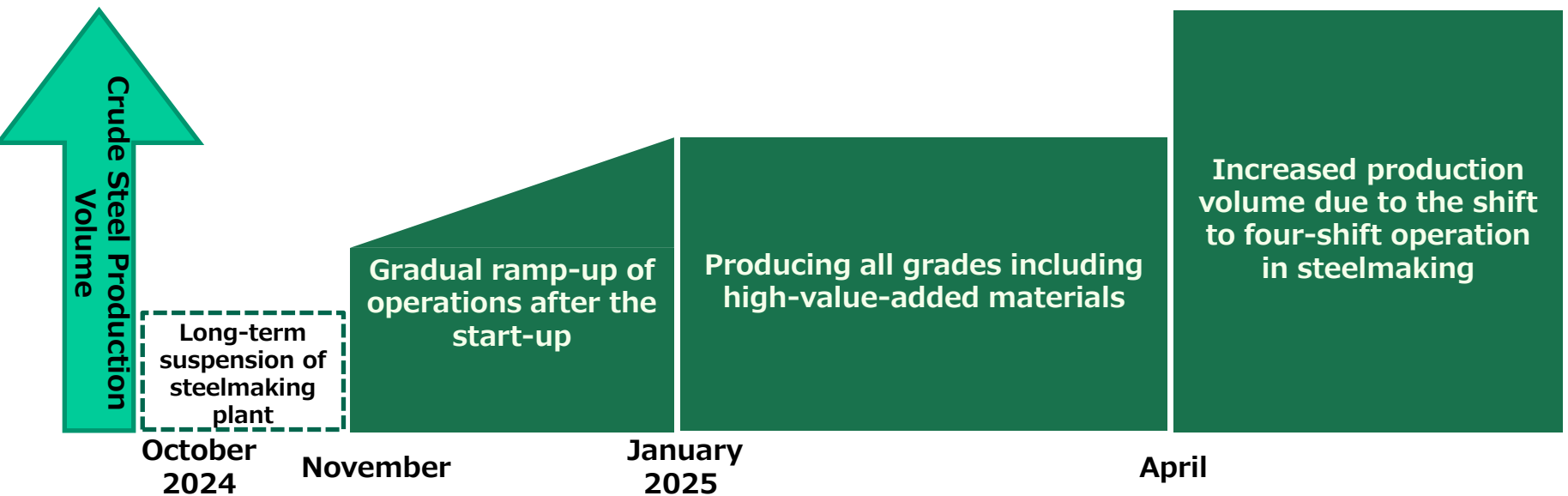
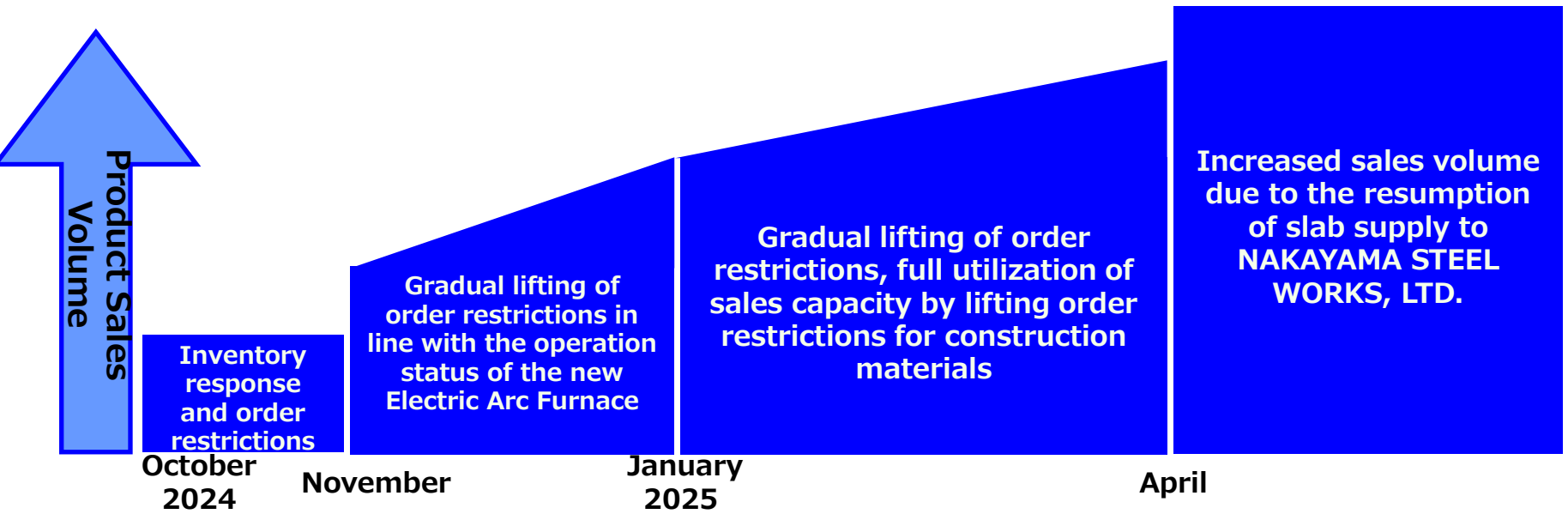
Increase in Production Capacity with the Introduction of a New Electric Arc Furnace

- New Electric Arc Furnace operational from 10/29

➤ Various adjustments to be made, aiming for full operation in Q4



Manufacturing and Sales after the New Electric Arc Furnace Operation



Publication of the Integrated Report

- **Efforts to Address Climate Change**
 - Initiatives for Climate Change
 - Information Disclosure in Line with TCFD Recommendations
 - Commitment to Carbon Neutrality
- **Efforts to Reduce Environmental Impact**
 - Environmental Policy
 - Environmental Management
 - Environmental Control
 - Recycling (Contribution to a Circular Economy)
- **Initiatives Related to Human Capital**
 - Overview of Human Capital Initiatives
 - Efforts to Realize the Fundamental Concepts of Talent Management
- **Efforts in Occupational Health and Safety and Disaster Prevention**
 - Occupational Health and Safety
 - Business Continuity Planning (BCP) Initiatives
- **Contribution to Society through Local Communities, Customers, and Business Partners**
 - Coexistence with Local Communities
 - Engagement with Customers
 - Quality Assurance
 - Engagement with Suppliers
- **Governance**
 - Fundamental Concepts
 - Effectiveness Evaluation of the Board of Directors
 - Executive Compensation
 - Compliance initiatives and Development of Risk Management Systems



Published on the Website: September 3, 2024

Agreement on the Introduction of PPA Services

Introduction of Off-Site PPA (Note)

(Note) PPA: A system where operators establish solar power plants and supply electricity to contracted consumers.

- Establishing a power generation facility outside our premises to procure renewable energy

【 Target 】 Power generation capacity of 10 MW scale

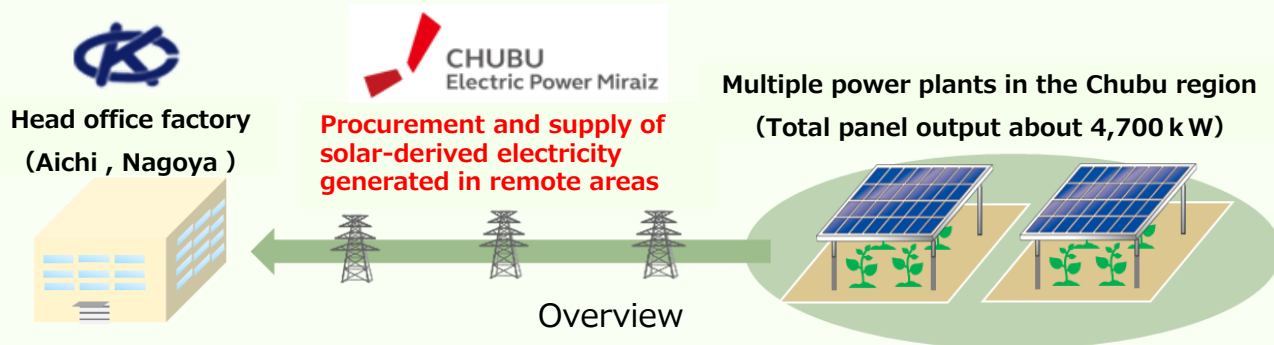
(Equivalent to 13,000 MWh/year)

CO2 emissions equivalent to 5,000 tons/year (calculated using an emission factor of 0.388 kg-CO2/kWh)

Introduction of off-site PPA services using agricultural solar power plants, etc.

We have signed a purchase agreement (PPA) with Chubu Electric Power Miraiz Company, Incorporated to purchase electricity generated from a solar power plant in the Chubu region.

(Contract to be executed in June 2024. Supply to start from August 1 as the first phase, with subsequent operations planned thereafter.)



Location	Chubu region
Panel capacity	4.7MW
Estimated power generation amount	5,145MWh/year
Estimated CO ₂ reduction amount	2,400t/year

Current Status

Currently operational at 7 locations

Power generation: 1,231 MWh/year

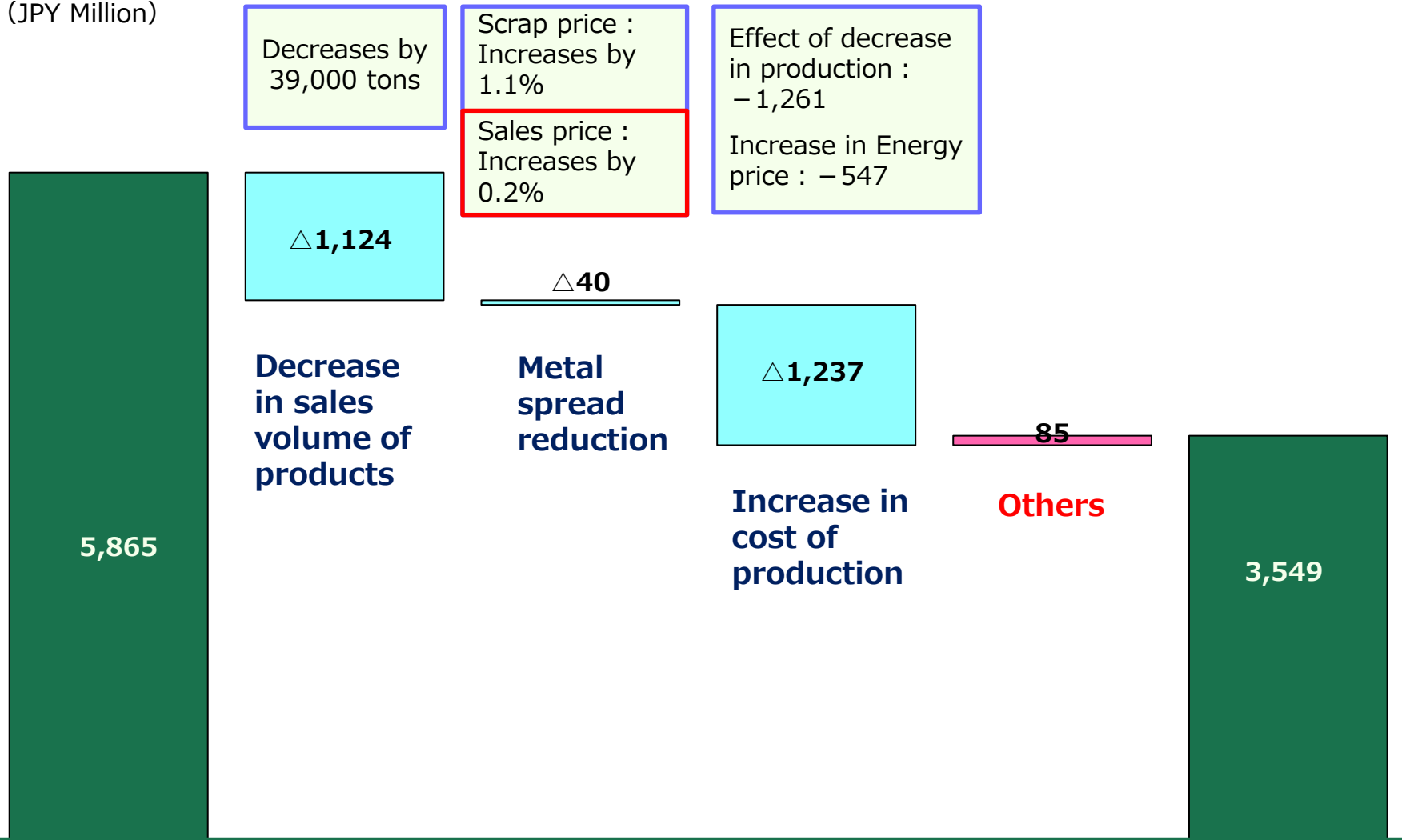
Achieved 24% of the plan



Reference materials

Factors for changes in Ordinary Profit (FY23 Second Half vs. FY24 First Half, Consolidated)

(JPY Million)



FY2023 Second Half
Ordinary Profit

Decrease in profits : 2,316 million yen

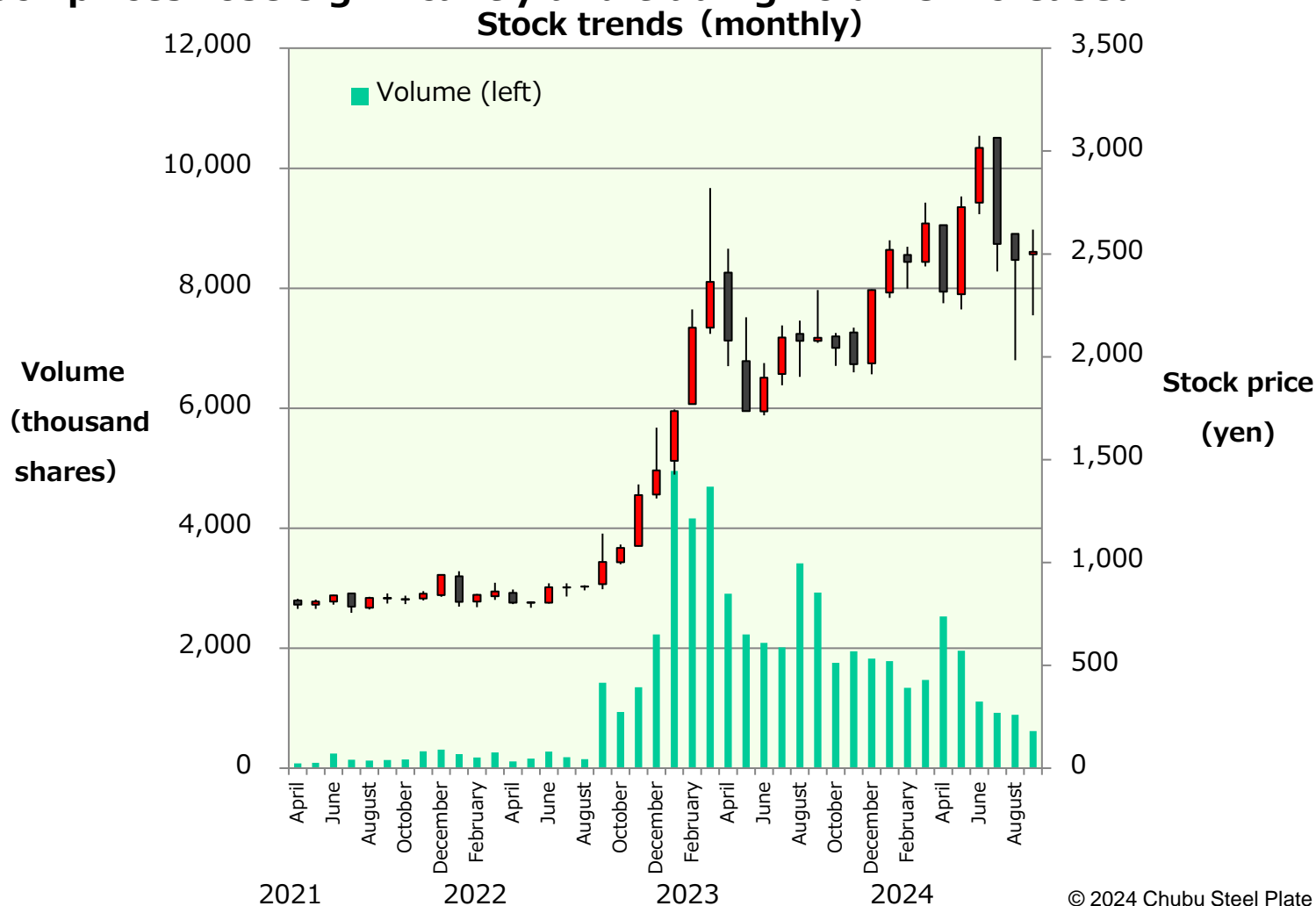
FY2024 First half
Ordinary Profit

Stock price trends

■ Our company listed on the Tokyo Stock Exchange **Prime Market** on December 28, 2022.

Double listing on Nagoya Stock Exchange (Premier Market)

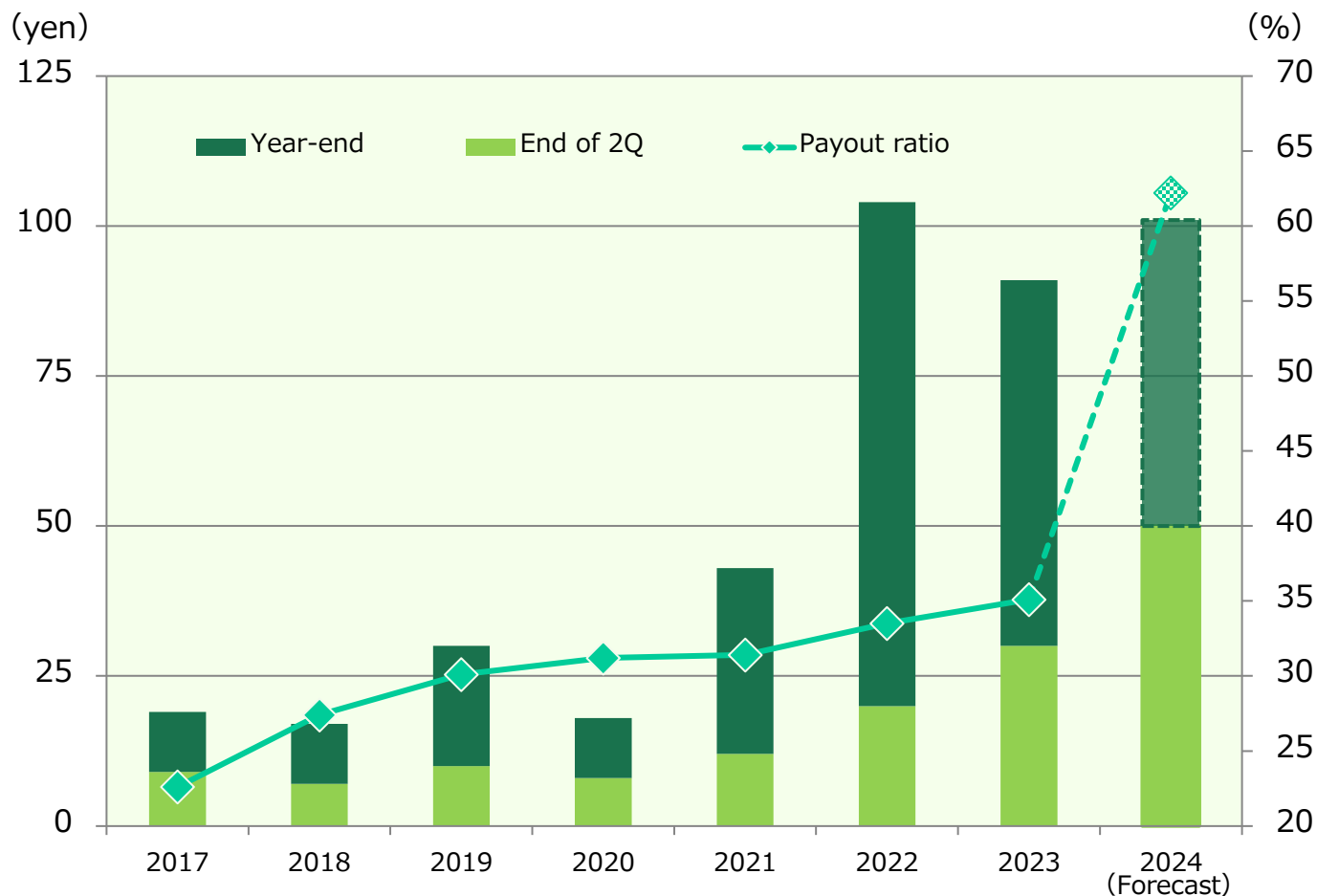
➤ Stock prices rose significantly and trading volume increased



Quarterly result trends

JPY Million	FY2021		FY2022				FY2023				FY2024	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	17,718	20,037	21,095	18,201	18,768	18,254	19,036	13,673	17,728	17,346	17,487	13,043
Cost of sales	14,137	16,147	17,110	13,863	13,771	13,747	14,234	11,519	13,212	13,102	13,296	11,069
Gross profit	3,580	3,890	3,985	4,337	4,997	4,507	4,802	2,153	4,516	4,244	4,191	1,974
selling, general and administrative expenses	1,396	1,401	1,433	1,311	1,405	1,416	1,403	1,127	1,391	1,368	1,390	1,145
Operating profit	2,183	2,489	2,552	3,026	3,592	3,090	3,398	1,026	3,124	2,875	2,800	828
Non-operating income and expenses	57	7	65	△13	34	△19	72	△133	△16	△118	67	△147
Ordinary profit	2,241	2,497	2,618	3,012	3,626	3,071	3,470	893	3,108	2,756	2,868	680
Profit attributable to owners of parent	1,558	1,727	1,794	2,086	2,493	2,202	2,445	598	2,123	1,965	2,044	457

Dividends/dividend payout ratio trends



Dividends (left)	19	17	※1 30	18	43	※2 104	91	(101)
Payout ratio (right)	22.6	27.4	30.1	31.2	31.4	33.5	35.1	(62.2)

※1 Includes 70th anniversary commemorative dividend of 2 yen

※2 Includes 10 yen commemorative dividend for listing on TSE Prime Market

Thank you for your
attention

