Growth Market Products Business Briefing

Daido Steel Co., Ltd.

(Securities Code: 5471)

June 12, 2026

DAIDO STEEL CO., LTD.

DAIDO STEEL GROUP
Beyond the Special

Transforming Business Portfolio to Drive Profit Growth

"Daido Steel Group Management Philosophy"

We pursue the potential of materials to support our future.

Vision for 2030

We will pursue high-performance materials, create benefits for customers, and contribute to the realization of a sustainable society.

Basic action policies of the FY2026 Medium-Term Management Plan

1 Transforming business portfolio
- **Expand growth-market products** and drive further business growth
  ⇒ Allocate management resources to industries driven by breakthroughs in materials innovations

2 Enhancing management resilience
- Build human capital and organizational capabilities that support long-term business growth
- Promote manufacturing DX to transform our business foundation, including labor productivity and quality management systems

3 Advancing ESG management
- Visualize the value of ESG-related KPIs and link them to improved corporate value (PBR)
- Implement initiatives to maximize the value of human resources

Growth markets are defined as industries leading economic growth.

Daido Steel's growth market products refer to products in the following areas:

- Aerospace
- Clean Energy
- CASE (Electrification)
- Semiconductor Production Equipment
- Medical
- Others (Ships, etc.)

All six domains mentioned above are included among the 17 key strategic investment areas identified by the Cabinet Secretariat's Headquarters for Japan's Growth Strategy.

Transforming Business Portfolio to Drive Profit Growth

Scale up businesses in line with market growth.

Market growth rate

High

Achieving sustainable growth

Vision for 2030

Engineering
- Strengthen our ability to develop new types of environmental equipment
- Enhance our retrofitting business

Parts for automobile and industrial equipment
- Deepen our co-creation relationships with the aerospace industry
- Promote the acquisition of certifications from customers

High-performance materials and magnetic materials
- Expand our product lineup in growth markets
- Increase our market share of materials for semiconductor production equipment

Specialty steel
- Deepen our co-creation relationships with the automobile industry
- Lower the break-even point at each plant

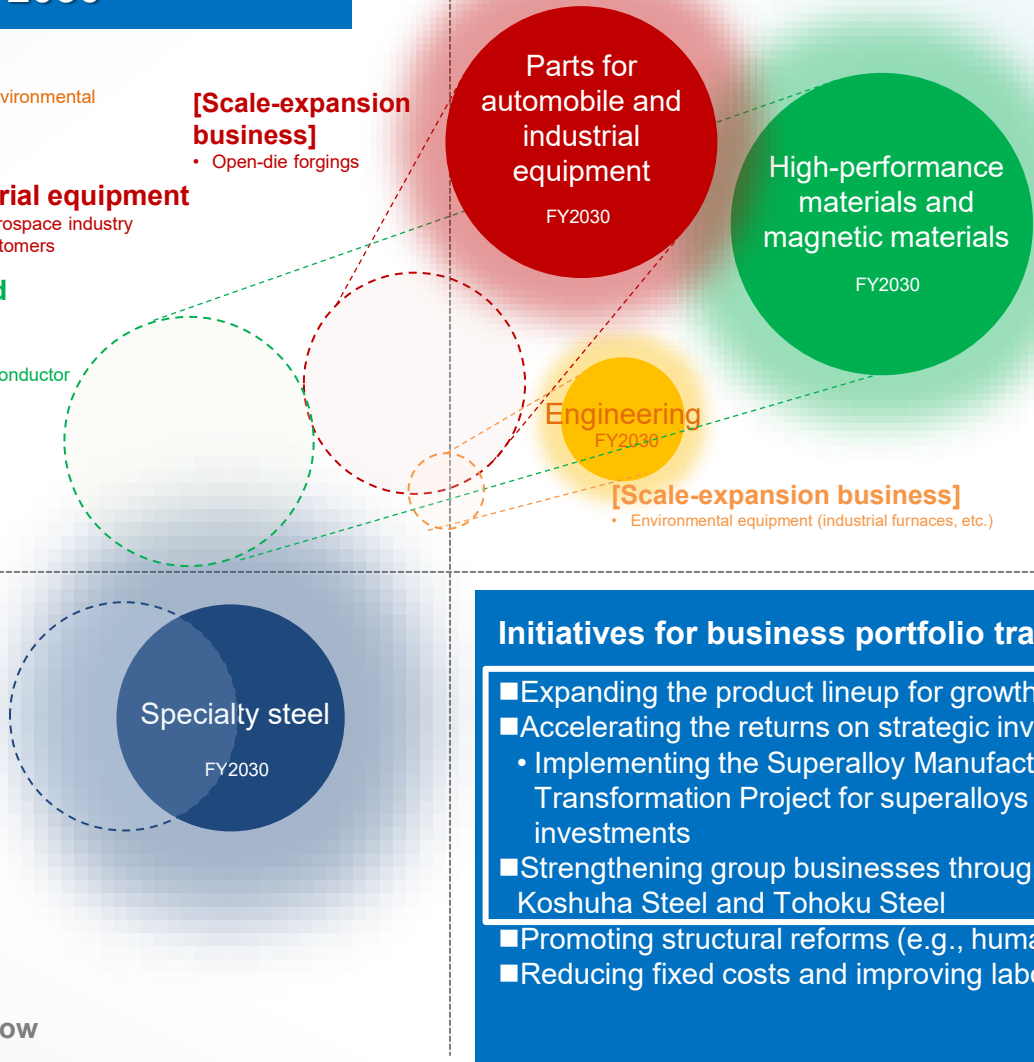
[Scale-expansion business]
- Open-die forgings

[Advanced business]
- Neodymium magnets
- LiB anode materials
- Soft magnetic materials
- Superalloy strip and powder
- Titanium alloys

[High-profitability business]
- Stainless steel for semiconductor production equipment

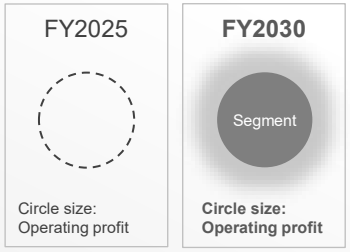
[Scale-expansion business]
- Environmental equipment (industrial furnaces, etc.)

[Baseline business]
- Specialty steel
- Tool steel



ROS

High



Generating stable operating cash flow

Initiatives for business portfolio transformation

- Expanding the product lineup for growth markets
- Accelerating the returns on strategic investments
  - Implementing the Superalloy Manufacturing Process Transformation Project for superalloys and driving strategic investments
- Strengthening group businesses through synergies with Nippon Koshuha Steel and Tohoku Steel
- Promoting structural reforms (e.g., human resource reallocation)
- Reducing fixed costs and improving labor productivity

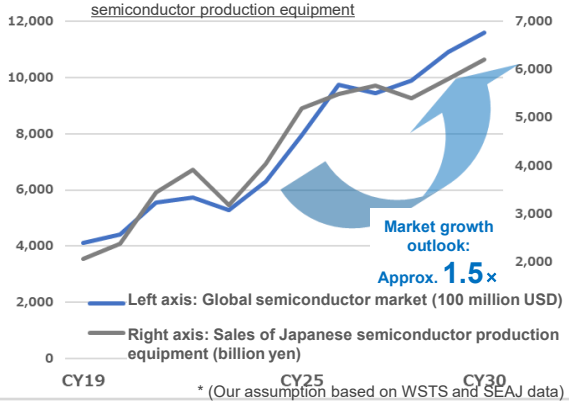
Retrofitting: Modifying existing equipment to incorporate the latest technologies CN: Carbon Neutral CE: Circular Economy LiB anode materials: Anode materials for lithium-ion batteries

■ Growth Markets – Industries driven by breakthroughs in materials innovation

Semiconductors

✓ The global semiconductor market and the market for Japan-made semiconductor production equipment are expected to expand to approximately 1.5 times their current levels.

Figure 1. Global semiconductor market and demand for Japan-made semiconductor production equipment

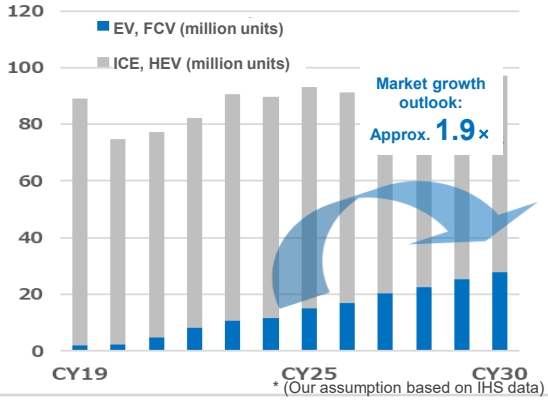


* (Our assumption based on WSTS and SEAJ data)

CASE

✓ The share of electric vehicles is projected to expand to 30% of all automobiles.
(FY2026 Mid-Term Plan announced June 2024: 50%)

Figure 2. Global automobile demand

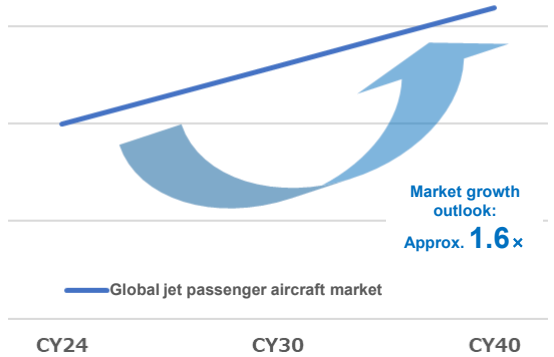


* (Our assumption based on IHS data)

Aerospace

✓ The market for passenger aircraft is expected to expand to approximately 1.6 times.

Figure 3. Global jet passenger aircraft market

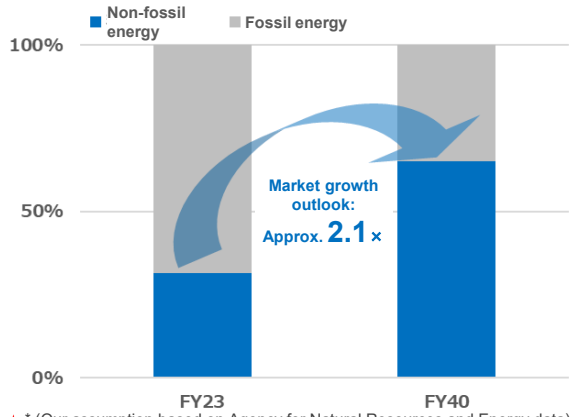


* (Our assumption based on data from the Japan Aircraft Development Corporation)

Clean Energy

✓ Renewable energy and nuclear power generation are expected to grow.

Figure 4. Japanese government targets for the power generation mix

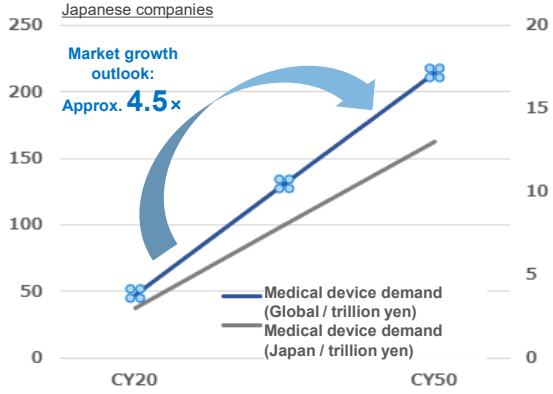


* (Our assumption based on Agency for Natural Resources and Energy data)

Medical

✓ The global medical device market is projected to exceed 200 trillion yen.

Figure 5. Global medical device market and market share captured by Japanese companies



* (Our assumption based on Cabinet Office and METI data)

Overseas Markets

✓ Japan's real GDP growth is expected to plateau.
Focus must shift to global growth markets.

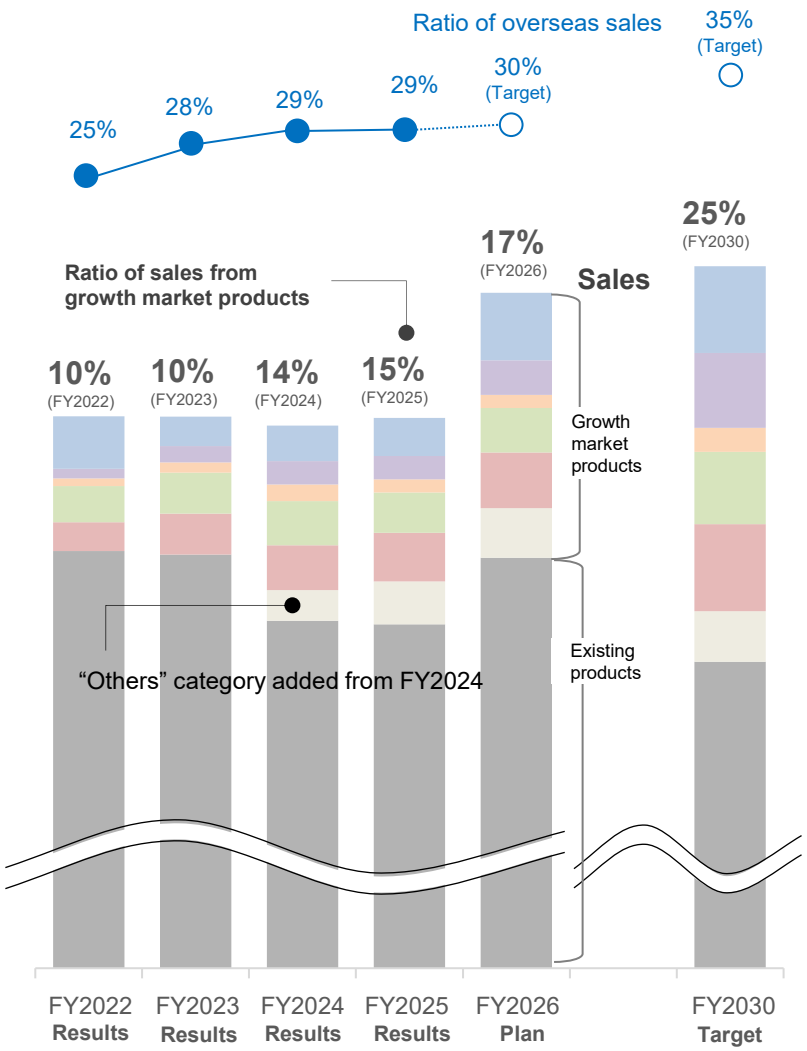
Figure 6. Real GDP growth rates (%)

	CY25	CY26	CY27	CY28	CY29	CY30	CY31
World	3.4	3.1	3.2	3.2	3.2	3.1	3.1
Japan	1.2	0.7	0.6	0.6	0.6	0.6	0.6
North America	2.1	2.3	2.1	2.0	2.0	1.9	1.8
Europe	1.4	1.1	1.2	1.2	1.2	1.1	1.1
China	5.0	4.4	4.0	3.8	3.7	3.5	3.3
India	7.6	6.5	6.5	6.5	6.5	6.5	6.5
ASEAN-5	4.5	4.1	4.4	4.4	4.3	4.3	4.3

* (Our assumption based on IMF data)

Expansion of Growth Market Products

Ratio of sales from growth market products (Consolidated)



Activity policies by growth market toward FY2030

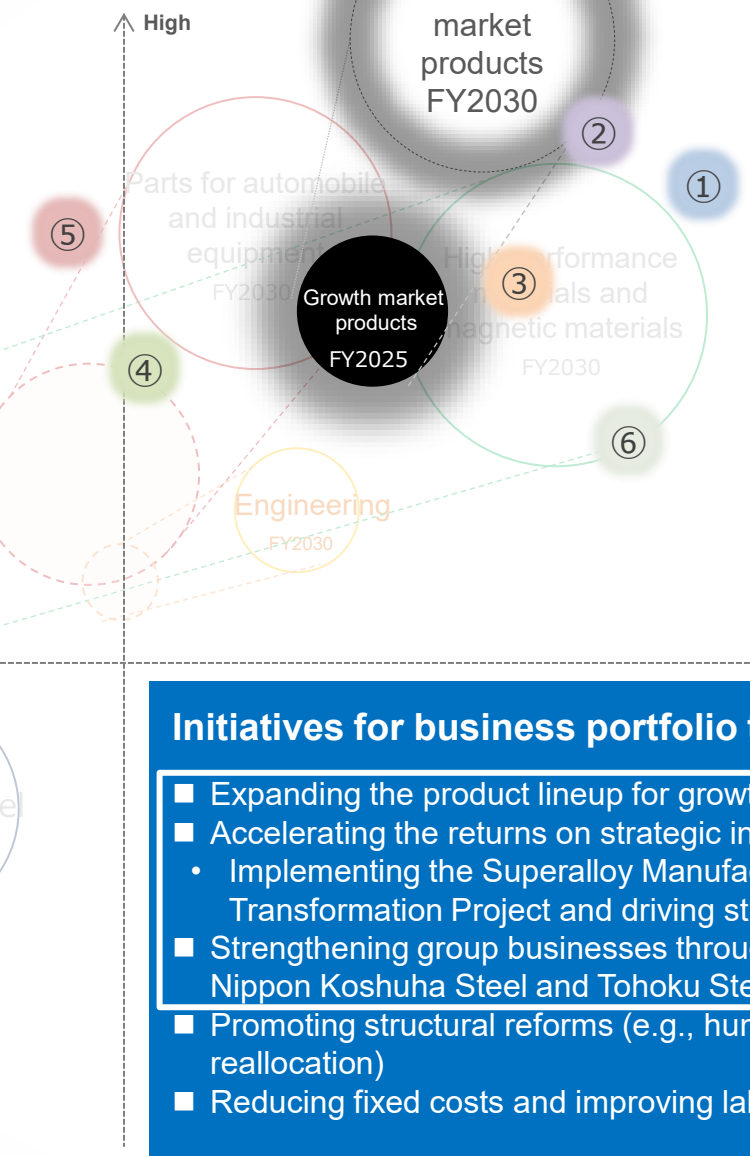
			Target segments
	Semi-conductors	Expand transactions with new overseas customers Introduce new VARs in anticipation of full-scale demand recovery	
	Aerospace	Expand manufacturing capacity and broaden manufacturable range through the Superalloy Manufacturing Process Transformation Project to capture additional demand	
	Medical	Secure overseas demand for titanium products Increase sales of Ti-15Mo (low-elastic-modulus titanium alloy for medical use)	
	Clean Energy	Expand our lineup of energy-saving products, including STARQ® (electric arc furnaces with rotating drives). Promote initiatives to encourage the adoption of our components in next-generation innovative reactors.	
	CASE	Sequentially construct new production lines for heavy-rare-earth-free magnets Increase sales of soft magnetic powder for electric vehicles	
	Others	Expand growth market products (from FY2024) to include products for shipbuilding, defense, and industrial robot applications.	
	Existing Products	Although domestic demand for automobile and industrial equipment parts is expected to decline, we will increase our domestic market share and capture overseas demand.	

Specialty steel
High-performance materials and magnetic materials
Parts for automobile and industrial equipment
Engineering

■ Contribution of Growth Market Product Sales to Profit

Scale up businesses in line with market growth.

Achieving sustainable growth



Engineering
- Strengthen our ability to develop new types of environmental equipment
- Enhance our retrofitting business

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- Deepen our co-creation relationships with the aerospace industry
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Specialty steel
- Deepen our co-creation relationships with the automobile industry
- Lower the break-even point at each plant

Growth market products (2025 Positioning)
- ①Semiconductors
- ②Aerospace
- ③Medical
- ④Clean Energy
- ⑤CASE
- ⑥Others

FY2025 — Circle size: Operating profit

FY2030 — Circle size: Operating profit

Generating stable operating cash flow

Initiatives for business portfolio transformation

- ■ Expanding the product lineup for growth markets
- ■ Accelerating the returns on strategic investments
  - Implementing the Superalloy Manufacturing Process Transformation Project and driving strategic investments
- ■ Strengthening group businesses through synergies with Nippon Koshuha Steel and Tohoku Steel
- ■ Promoting structural reforms (e.g., human resource reallocation)
- ■ Reducing fixed costs and improving labor productivity

Retrofitting: Modifying existing equipment to incorporate the latest technologies CN: Carbon Neutral CE: Circular Economy LiB anode materials: Anode materials for lithium-ion batteries

Examples of Products for Growth Markets by Segment

Semiconductors

Valves　MFC　Metal filters

Aerospace

Jet engine shafts

Medical

For medical use: Artificial bone, artificial joints, dental implants
For equipment: Energy devices, etc.

Titanium products

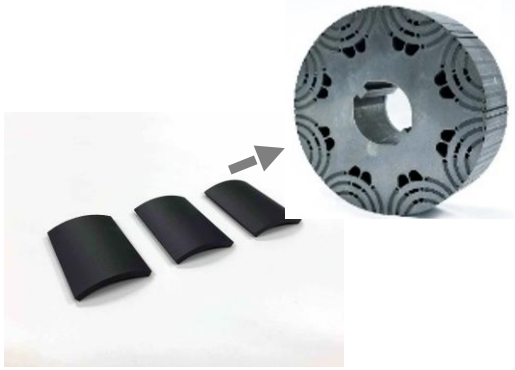
Clean Energy

Hydrogen embrittlement resistant steel

Growing material needs for hydrogen stations, hydrogen mobility, hydrogen production plants, hydrogen turbine power generation, etc.

CASE*

Magnets with a special magnetic field orientation that do not rely on heavy rare-earth materials



Others

Ship diesel engine valves

* CASE: Connected, Autonomous, Shared & Services, Electric

■ Ultra-Clean Stainless Steel for Semiconductor Production Equipment

Semiconductors

Features

- ✓ Ultra-clean stainless steel developed by Daido
- ✓ Superior corrosion resistance achieved through enhanced cleanliness and an optimized composition.
- ✓ Three grades available, differentiated by manufacturing processes tailored to applications and required properties

Steel grades	Main processes Primary melting / Secondary melting
CLEANSTAR-A	VIM / VAR
CLEANSTAR-B	AF / VAR
CLEANSTAR-C	AF / -

Main applications

- ✓ Used in front-end wafer fabrication equipment where corrosive gases are utilized (e.g., thin-film deposition and etching).
- ✓ Used as a material for valves, fittings, mass flow controllers, metal gas filters, and gas supply line pipes.

Stainless steel materials
(High-performance materials and magnetic materials)

Valves

Fittings

MFC

Metal filters

Open-die forgings
(Parts for automobile and industrial equipment)

Gas supply line pipes

Our strengths and growth strategy

- ✓ Developing new materials to meet future needs for higher corrosion resistance and improved workability
- ✓ Top-tier production capacity in Japan, competitive with U.S. peers; timely capital investments aligned with rising demand (including two VAR units operating at Chita Second Plant since Feb. 2025).
- ✓ Building co-creation relationships with component manufacturers (users) to secure overwhelming market share (over 40% global share)
- ✓ Developing new customers through Daido Group's overseas bases (North America, China, Europe)

■ Introduction of Material Development and Evaluation Technologies to Meet Market Needs

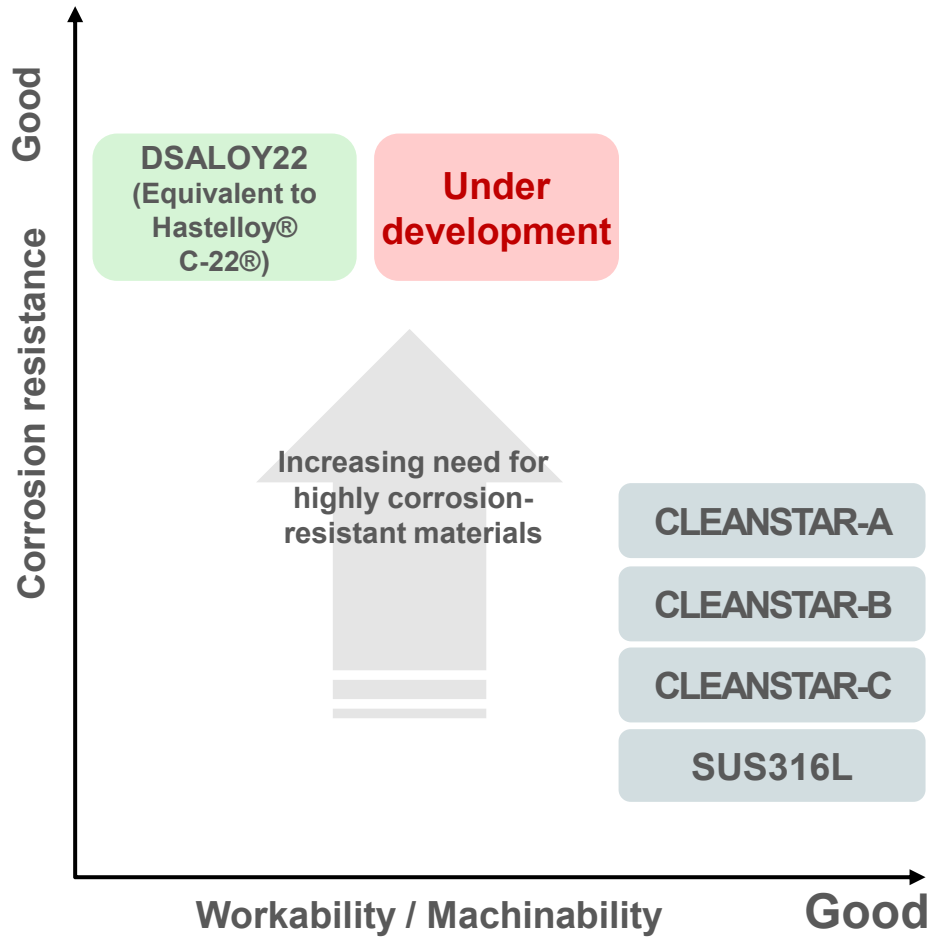
Semiconductors

- ✓ Due to the miniaturization and higher integration of semiconductor circuits, demand for materials with superior corrosion resistance is expected to increase.
- ✓ However, DSALOY22 (equivalent to Hastelloy® C-22®), which is currently used as a highly corrosion-resistant material, is higher in cost and offers limited workability.

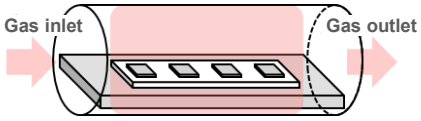
⇒ **We have independently developed a high-temperature gas corrosion testing system, enabling evaluations under conditions that more closely replicate actual operating environments.**

⇒ **Based on the insights gained, we are developing new materials that combine high corrosion resistance with excellent workability (scheduled for release in FY2026).**

* Hastelloy and C-22 are registered trademarks of Haynes International, Inc.



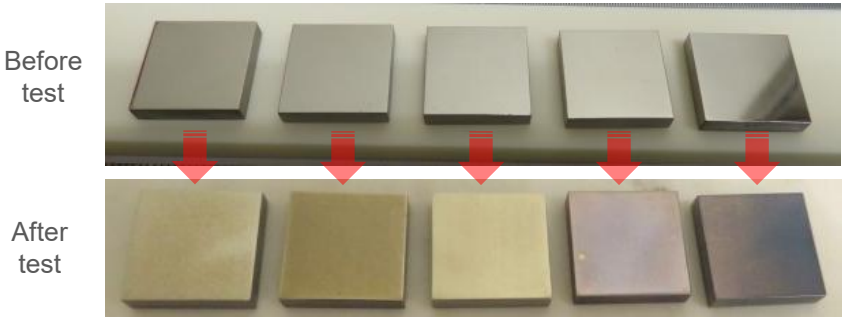
Reference: High-temperature gas corrosion testing system (Conceptual diagram)



- Multiple corrosive gases selectable
- Can be heated to arbitrary temperatures

High-temperature gas corrosion testing facility (Inside Chita Second Plant)

Reference: Differences in corrosion resistance by material (Specimen appearance)



Corrosive gas: HF

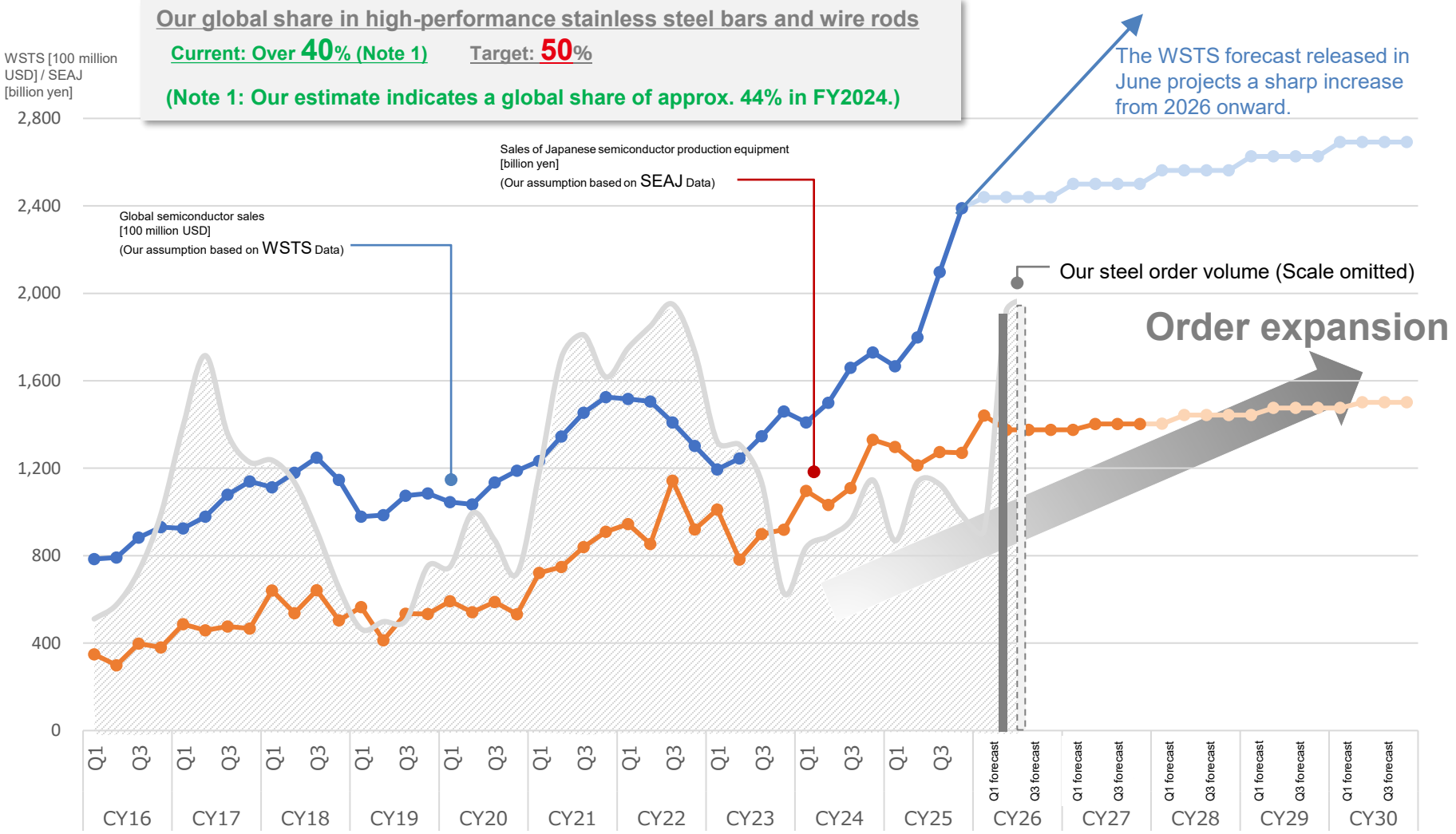
■ Semiconductor Demand Environment and Our Order Trends

- ✓ Demand for semiconductors and semiconductor production equipment is expected to grow from 2026 to 2030.
- ✓ Our order volume is also projected to increase in line with market expansion.

Our global share in high-performance stainless steel bars and wire rods

Current: Over 40% (Note 1) **Target: 50%**

(Note 1: Our estimate indicates a global share of approx. 44% in FY2024.)



* WSTS: World Semiconductor Trade Statistics
* SEAJ: Semiconductor Equipment Association of Japan

Overview of Aerospace Products

Key features

- ✓ Jet-engine shafts require a combination of lightweight properties, high strength, superior toughness, and heat resistance. Approved by leading global aircraft engine manufacturers, our shafts hold an **approximate 25%** global market share for engines powering aircraft with 100+ seats.
- ✓ We have established an integrated production system for our aerospace products, covering melting, forging, rolling, and rough machining, all backed by a rigorous quality control framework.
- ✓ The advanced technologies and expertise developed for the aerospace sector now drive innovation across our other business domains.

Main applications

Open-die forgings (Parts for automobile and industrial equipment)

Long shafts

Stub shafts

Discs

Superalloy bars

Strategic investments

- ✓ To ensure our long-term leadership in the aerospace industry, we are currently advancing a transformational project in superalloy production. We aim to become the first in Asia to achieve prime certification for nickel-based alloys used in large rotating components and turbopumps for aerospace engines.

We will expand melting capacity (VIM and VAR furnaces) and introduce a large radial forging machine to broaden our manufacturing range and capture new demand.
[Investment amount: 36 billion yen; completion scheduled for FY2027]

		FY2025	FY2026	FY2027
Shibukawa Plant	Expansion of VIM capacity	Installation	Commercial operation start: April 2026	
	Installation of a large radial forging machine		Installation	
	Introduction of new machining and inspection lines	Installation	Commercial operation	
Chita Second Plant	Addition of two VAR furnaces	Installation	Commercial operation start: February 2026	
	Introduction of new machining and inspection lines	Installation	Commercial operation start: April 2026	

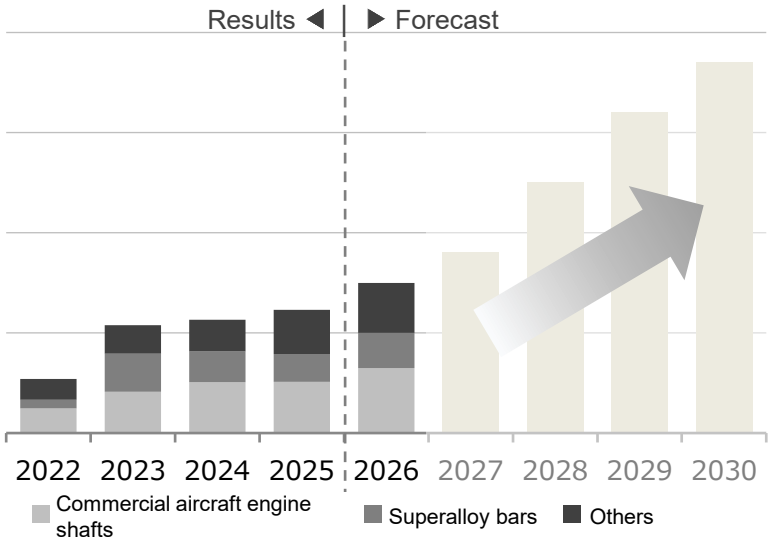
Large radial forging machine
(Scheduled for completion in FY2027)

Growth Strategy for Aerospace Products

Aerospace

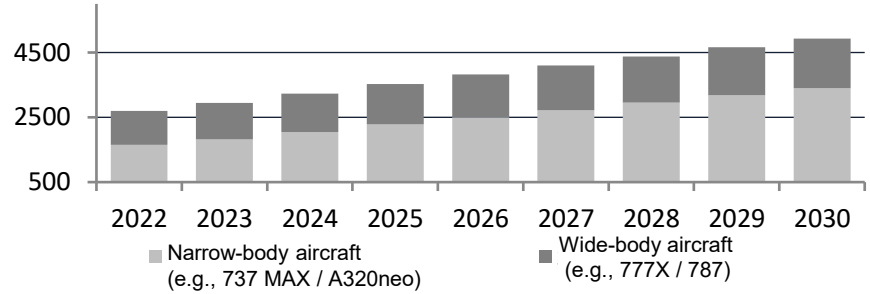
- Establishing a robust growth platform centered on superalloy and shaft products, driven by growing demand in commercial aircraft engines and space applications.
- Leveraging long-term contracts, global certifications, and highly specialized, irreplaceable material technologies, we aim to create sustainable value as a core player in the global supply chain.

Sales trend for aerospace products (Results + Forecast)

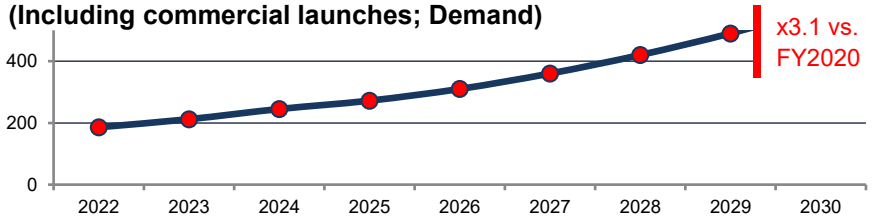


Commercial aircraft engine deliveries (Demand)

Industry-forecast-based estimation



Number of space launches (Including commercial launches; Demand)



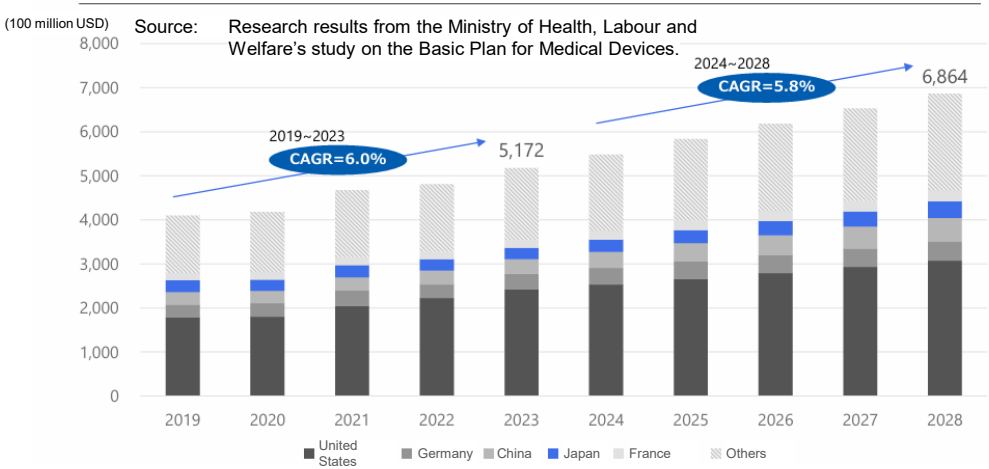
Space OEMs	Certification in progress for aerospace materials	Expansion to new users	Superalloys × Aerospace demand
Strengthening strategic partnerships with space OEMs. Enhancing our production capabilities to support rising space demand will directly fuel business growth.	Certification is underway for nickel-based alloys used in the rotating components of commercial aircraft engines. Upon completion, we will capture high-end demand and position ourselves as one of the world's leading certified suppliers of superalloys.	Expanding our engine-shaft business from wide-body to narrow-body aircraft. Entering the certification process for our superalloys for the world's best-selling engines. Aiming to supply superalloy products to global aircraft engine manufacturers by 2028.	Securing our position as a leading global supplier of engine shafts while creating sustainable, long-term value.

■ Titanium Materials for Medical Use

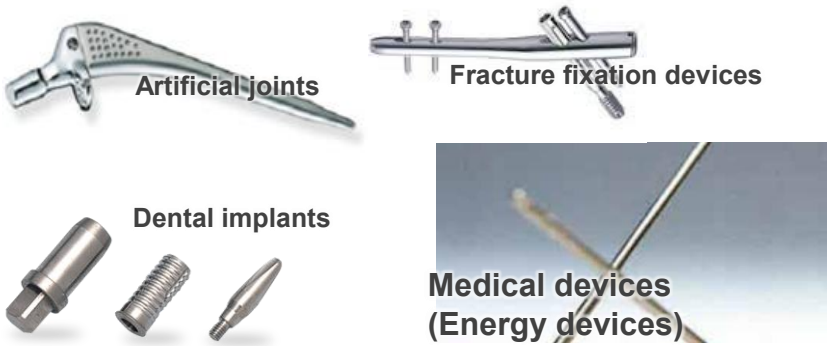
Medical

- ✓ The global medical device market is expanding at an annual rate of approximately 6%, a pace it is expected to sustain due to aging populations.
- ✓ Due to their excellent biocompatibility, high strength-to-weight ratio, and non-magnetic properties, titanium materials are widely used in implantable medical devices, including artificial joints and implants.

Global medical device market trends (2019–2028)



Main applications of our titanium materials for medical use



Our Strengths

☐	Manufacturing technology	• Our proprietary melting technologies (PPC furnace, LIF furnace) enable melting of high-melting-point metals. • High-precision temperature control and advanced manufacturing techniques allow us to efficiently roll difficult-to-process titanium alloys and perform complex secondary processing.
☐	Market position	• Over 80% domestic market share in titanium alloy bars and wire rods (our estimate).
☐	Quality assurance	• Our inspection and assurance system complies with AMS (Aerospace Material Specifications) standards.
☐	Supply chain	• Collaboration with overseas secondary processors and a global supply chain network.

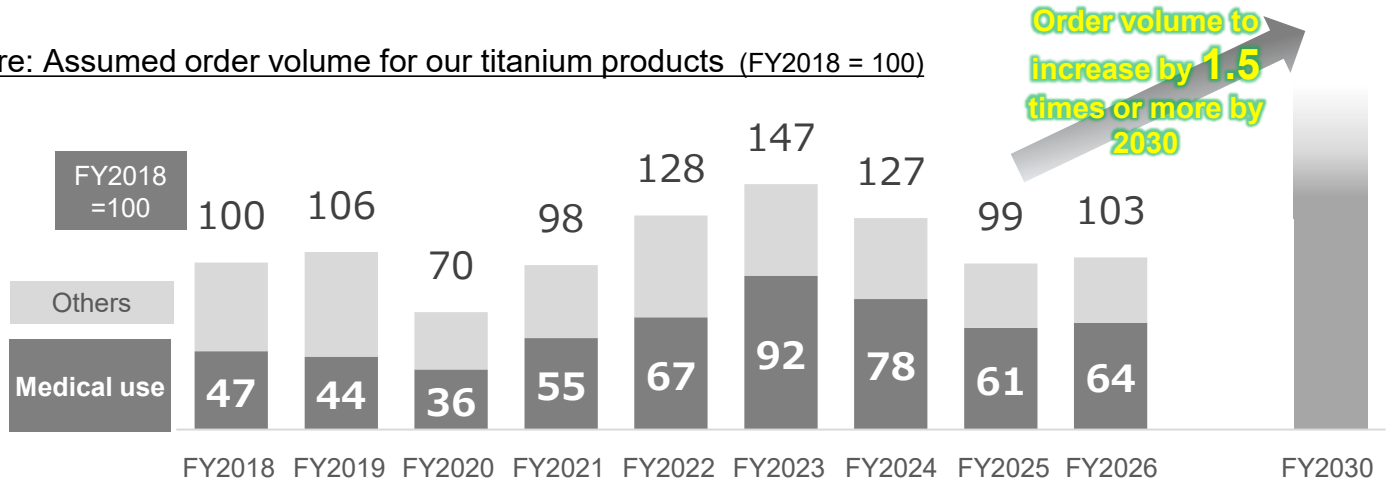
■ Titanium Materials for Medical Use

Medical

Business expansion

- ✓ Aiming for a 20% global market share in the future (currently approx. 10% according to our estimates)
- ✓ Strengthening production capacity through capital investment in secondary melting equipment (VAR furnaces) for titanium
  (One unit installed in Oct. 2025; one additional unit scheduled for installation in Aug. 2026)

Figure: Assumed order volume for our titanium products (FY2018 = 100)



A VAR furnace installed at Chita Second Plant

■ Magnets for surgical robots

- ✓ The joints of surgical robot arms require extremely high torque and highly precise motion.
- ✓ Our hot-deformed ring magnets enable smaller, lighter, and more powerful motors, making robots more compact overall.

Daido Electronics hot-deformed ring magnets

Surgical robot

* Heavy rare-earth (Dy, Tb) free

■ Expansion of the Engineering Business (Electric Arc Furnaces, Heat-Treatment Furnaces)

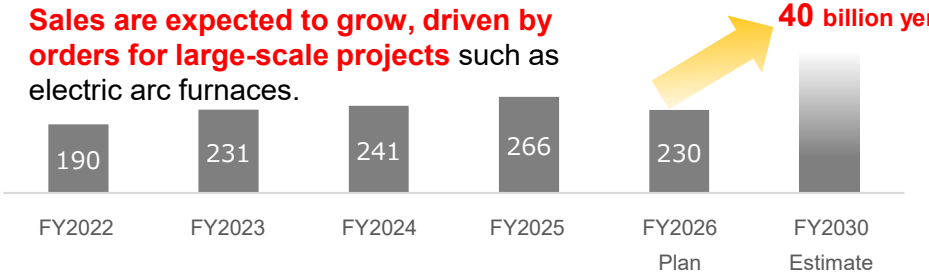
Clean Energy

- ✓ **Aiming for medium- to long-term business expansion driven by the growing need to achieve a decarbonized society.**
  Expanding orders for advanced low-CO_2 equipment, including electric arc furnaces (EAFs).
  → Capturing demand from blast-furnace steelmakers shifting to EAFs, as well as driving growth in the general EAF market.
- ✓ **Developing products from the user's perspective by integrating operational technology into equipment technology.**
- ✓ **Contributing to the achievement of a sustainable society by providing energy-saving equipment.**

[Details of our future business strategy]
Engineering Business Briefing: Scheduled for December 16, 2026, 16:00 (Online)

Engineering segment sales target (100 million yen)

Sales are expected to grow, driven by orders for large-scale projects such as electric arc furnaces.



Delivery record and market share of electric arc furnaces and refining furnaces (Our estimates)

■ Electric arc furnaces
- Delivery record: 241 units (since 1950)
- Top domestic market share (approx. one-third)

■ Ladle furnaces (LF)
- Delivery record: 73 units
- Top domestic LF market share (approx. two-thirds)

Delivery record and market share of heat-treatment furnaces (Our estimates)

■ Vacuum sintering furnaces
- Delivery record: 138 units
- Top domestic share for rare-earth magnet applications

■ Atmosphere annealing furnaces (STC Furnaces)
- Delivery record: 368 units
- Top domestic share for specialty-steel heat-treatment furnaces

FY2025 Supplementary Budget for Energy-Saving Investment Promotion and Demand Structure Transformation Support Program

12 of our products were selected for the "Advanced Equipment/Systems" category under "(I) Plant and Business-Site Type."

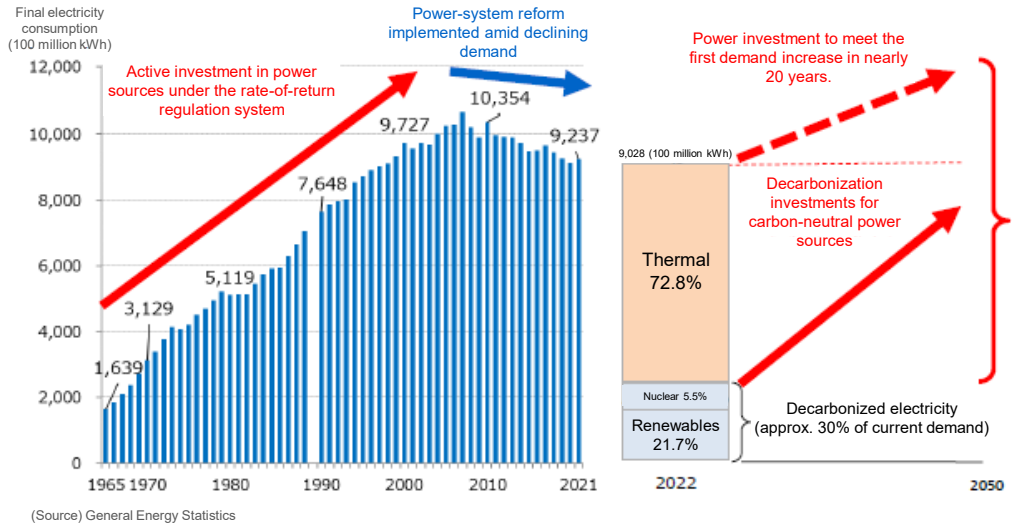
Product Group	No	Product Name
Steelmaking equipment	1	Electric arc furnace with rotating drives (STARQ®)
	2	Electric arc furnace equipped with scrap preheater in movable furnace top (with batch loading function)
	3	Environmentally friendly scrap preheater
	4	Meltdown determination system (E-adjust)
	5	Electric arc furnace direct dust collection controller
	6	High-efficiency control system for steelmaking plant building dust collection system
Heat-treatment equipment	7	Premium STC furnace (2nd generation)
	8	High-efficiency combustion system (DINCS)
	9	ModulTherm
	10	SyncroTherm
	11	Roller-hearth continuous vacuum heat-treatment furnace
	12	Roller-hearth ultra-high-temperature continuous heat-treatment furnace

■ Nuclear and Fusion Reactor Components: Advancing Low-CO_2 Power Generation

Clean Energy

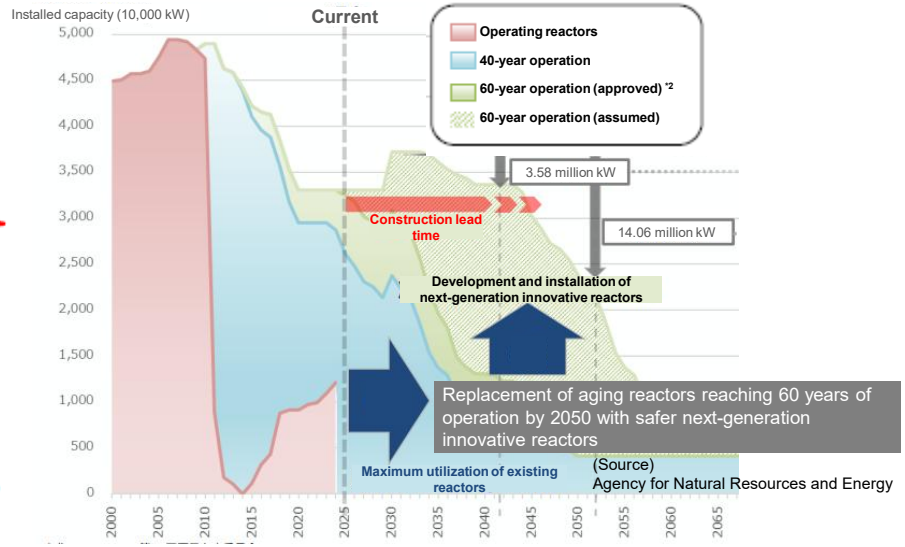
✓ To address the risks associated with dependence on fossil-fuel energy supply and the growing electricity demand driven by AI and data-center expansion, we contribute to the widespread adoption of low-CO_2 power generation through the supply of **materials for** next-generation innovative reactors such as **SMRs and fusion systems**.

■ Investment plans for reducing CO_2 emissions and meeting rising electricity demand



(Source) General Energy Statistics

■ Development of next-generation innovative reactors aimed at improving nuclear-power safety



SMR (Small Modular Reactor)

- First product order received in 2024
- Since materials with higher heat and corrosion resistance than those used in existing reactors are required, we are also developing the necessary manufacturing technologies.

Fusion power generation (ITER experimental reactor)

- Participating in the seven-nation joint project since 2021
- Our products are awaiting integration testing in the experimental reactor
  ⇒ Products handled by our company:
  TF coils, divertor, outer vertical target

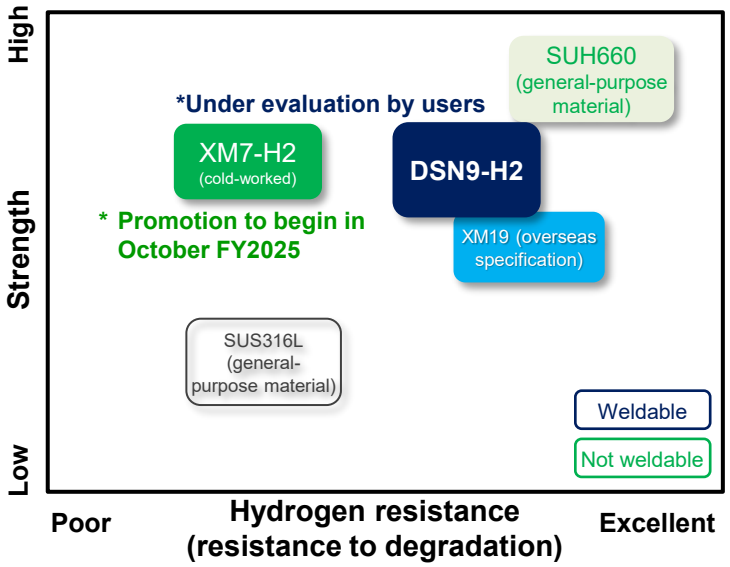
■ Development of Hydrogen-Resistant Materials (Hydrogen-Environment Evaluation, Materials Development)

Clean Energy

- ✓ The global shift toward a carbon-neutral society is increasing the demand for hydrogen-resistant materials used in **hydrogen stations, hydrogen mobility, hydrogen production plants, and hydrogen turbine power generation**.
- ✓ Metals can become brittle in hydrogen environments. To address this issue, we have introduced evaluation equipment that simulates real-world conditions and are promoting the **development of hydrogen-resistant materials capable of long-term use under hydrogen exposure**.

<Status of hydrogen-resistant material development>

- SUS316L is commonly used as a general-purpose material
- We have developed a high-strength grade, DSN9-H2, and are now introducing it to the market. (This material enables the design of thinner-walled piping.)
- Although there are some constraints in its manufacturing process, we have also developed a low-cost, Mo-free XM7-H2 and have begun marketing promotions for it.



[Figure] Positioning of hydrogen-resistant materials and Daido's proprietary materials

<Hydrogen embrittlement evaluation equipment>

① High-pressure hydrogen gas atmosphere machine for material testing
- Installed at HyTReC (Fukuoka Prefecture)
- Used for evaluating tensile and fatigue properties

* HyTReC: Hydrogen Energy Test and Research Center (Public Foundation)

External-pressure type

Internal-pressure type

② Electrolytic-charging hydrogen supply slow-strain-rate testing machine
- Evaluates elongation behavior under combined hydrogen and stress loading

Electrolytic-charging hydrogen supply slow-strain-rate testing machine

Overview of the Magnet Business

CASE

- ✓ We have developed and mass-produced heavy-rare-earth-free, hot-deformed magnets that do not rely on heavy rare earth elements (such as Dy and Tb), which are concentrated in specific countries.
- ✓ The stable supply of these products has made them critical for various electronic components, including those required for CASE applications.

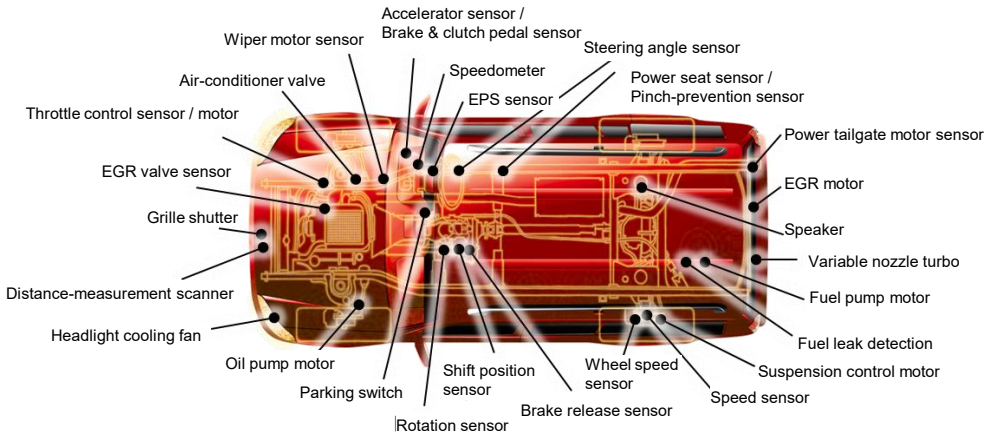
* Dy: Dysprosium Tb: Terbium

Features of heavy-rare-earth-free hot-deformed magnets

Features		Value
● **Ultrafine nanocrystalline structure**	Complete elimination of heavy rare earth elements (high heat resistance).	▶ Contributes to stable procurement
● **Crystal orientation through plastic deformation**	High flexibility in shape and magnetic orientation	▶ Contributes to higher motor efficiency
● **Magnet shape defined by die dimensions**	Net-shape forming (no post-machining required)	▶ Contributes to cost reduction High yield (approach that minimizes recycling from the start)

Main automotive applications

➢ **Sensors / Small actuators**



➢ **Motors**

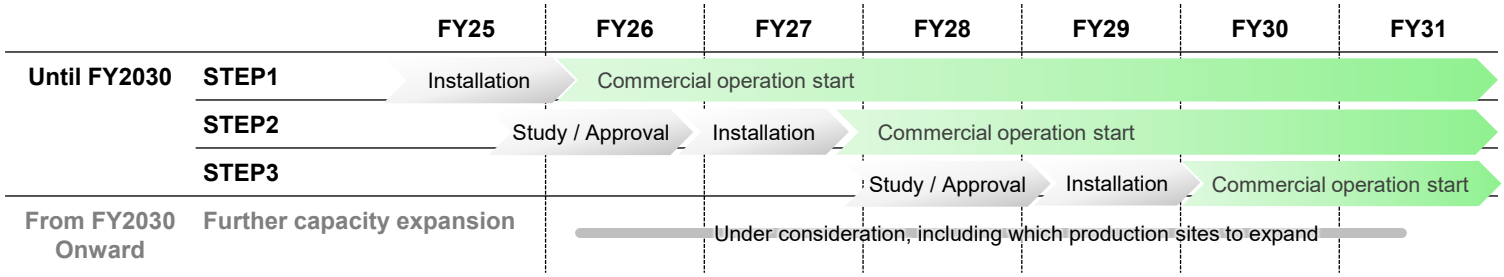
■ Expanding the Magnet Business

CASE

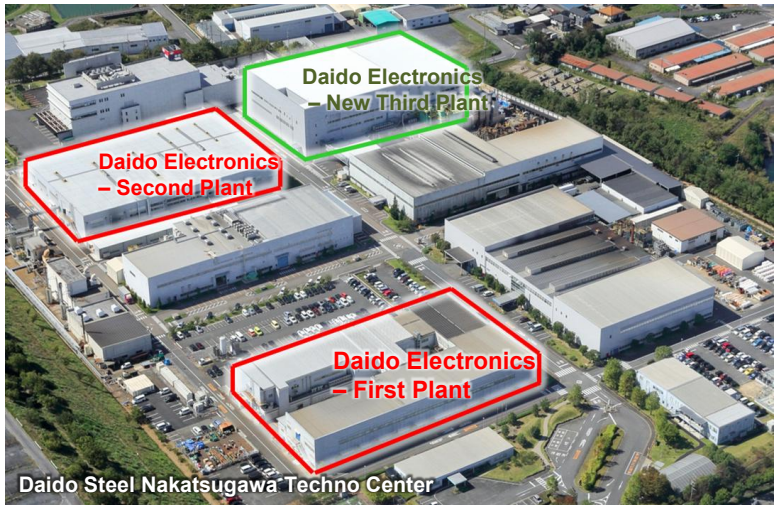
Investment strategy

- ✓ Construct a new plant in Japan to expand production capacity for heavy-rare-earth-free, hot-deformed magnets.
- ✓ Plan a capital investment of 5 billion yen by FY2030.
- ✓ Launch the STEP 1 production line (1.5 billion yen investment) in April 2026 for HEV traction motor magnets.

<Capital investment schedule>

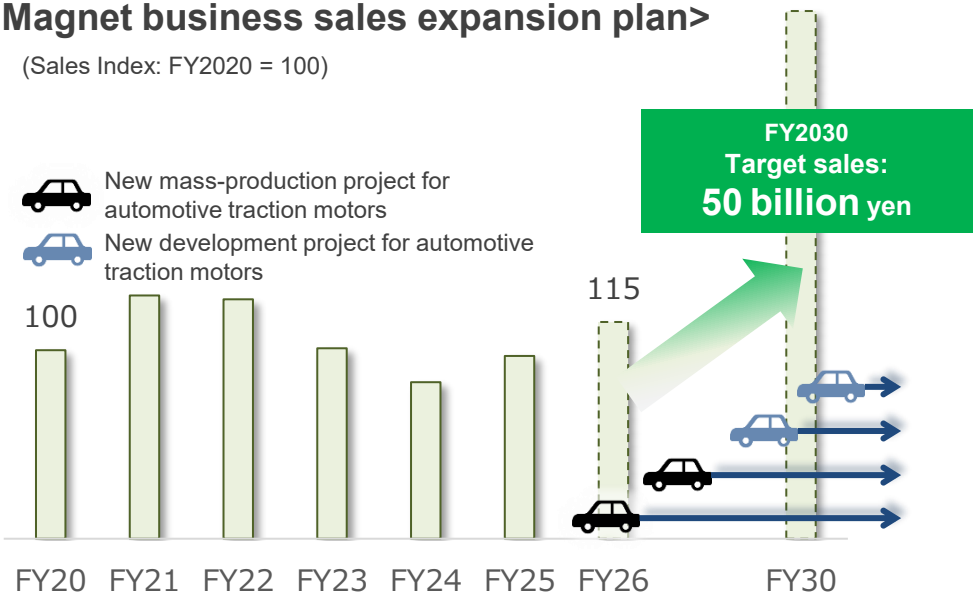


<New domestic plant>



<Magnet business sales expansion plan>

(Sales Index: FY2020 = 100)

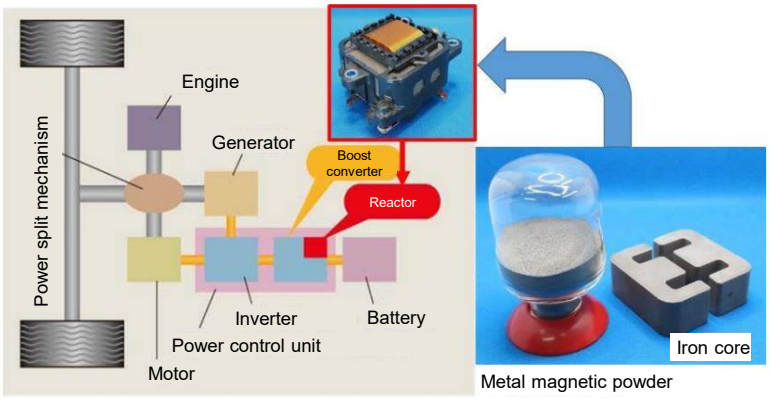


■ High-Performance Magnetic Metal Powder for Reactors

CASE

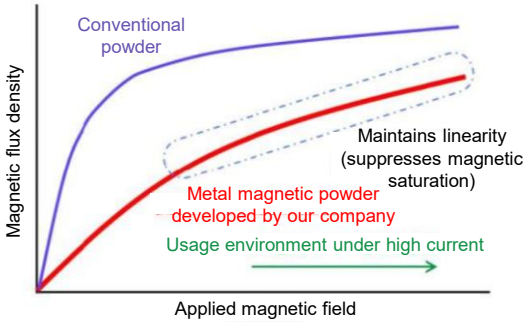
✓ Our high-quality soft magnetic powders help downsize electric vehicle reactors and reduce their production costs.

<Powertrain mechanism of hybrid vehicles and reactors >

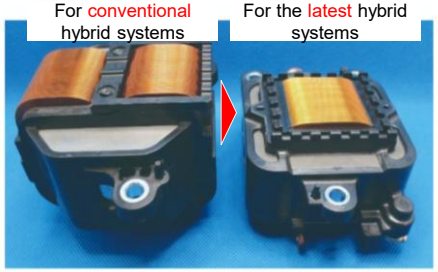


<Newly developed metal magnetic powder>

Our soft magnetic powder, highly purified through our proprietary gas atomization technology, features excellent magnetic properties. This led to its adoption as the core material for reactors in Toyota Motor Corporation's hybrid systems. By reducing magnetic loss compared to conventional reactors, we succeeded in shrinking the reactor volume by 30% while also contributing to lower manufacturing costs.



<Linearity of the magnetization curve of the developed metal magnetic powder>



<Reactors for hybrid systems>

■ Li-ion battery anode materials

✓ We are developing a new Si-alloy powder anode material capable of delivering more than five times the capacity of conventional graphite-based anode materials for lithium-ion batteries, which are widely used as power sources for electric vehicles and smartphones.

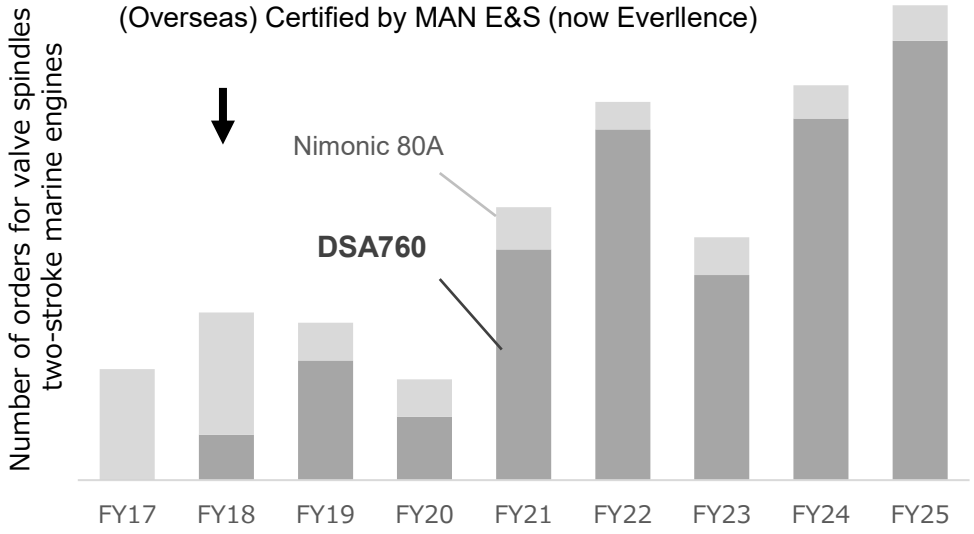
■ Growth Market Products (Others): Ship Diesel Engine Valves

- ✓ The rise in combustion temperatures resulting from stricter exhaust-gas regulations has brought the challenge of high-temperature corrosion to the forefront. **Our DSA760 alloy, which offers high hardness and excellent corrosion resistance, was certified for use in 2018 by MAN of Germany (now Everllence), the world's leading manufacturer of marine engines**.
- ✓ Engine valves made from our DSA760 alloy contribute to improving the performance of energy-efficient engines.
- ✓ Adoption of DSA760 alloy valves is expanding as a replacement for general-purpose Nimonic 80A valves. They are **also compatible with next-generation green fuels such as ammonia**, and stable long-term demand is expected.
- ✓ Our DSA760 alloy engine valves hold **approximately an 80% share of the global market** for medium- and large-size ship diesel engine valves.

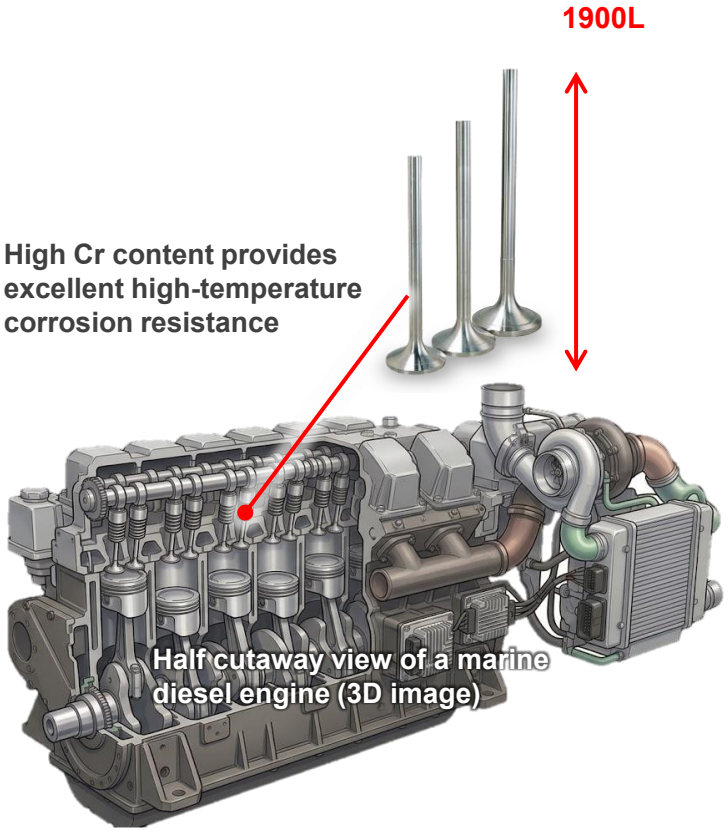
[Licenser certification]

April 2016
(Domestic) Certified by J-ENG

September 2018
(Overseas) Certified by MAN E&S (now Everllence)

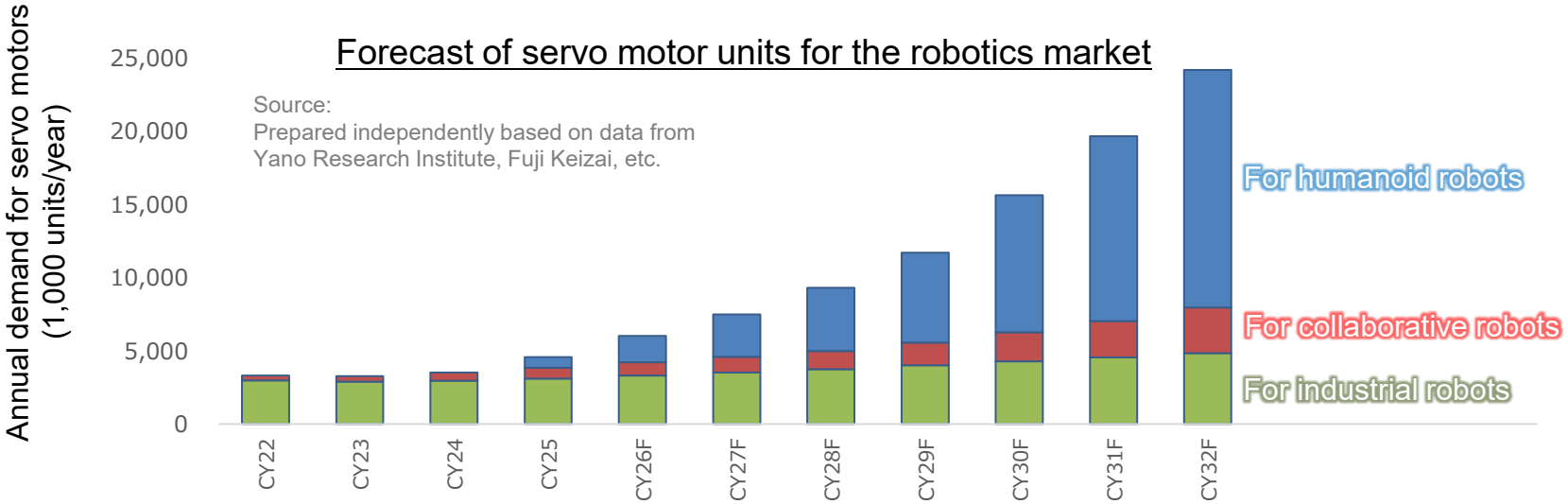


Order volume trends for DSA760 ship diesel engine valves



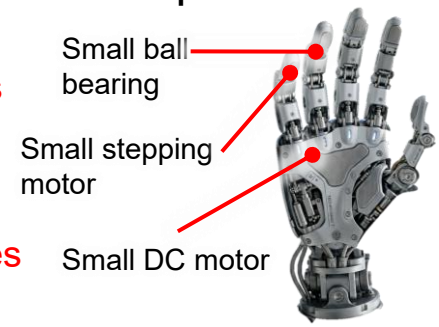
■ Growth Market Products (Others): Industrial Robots

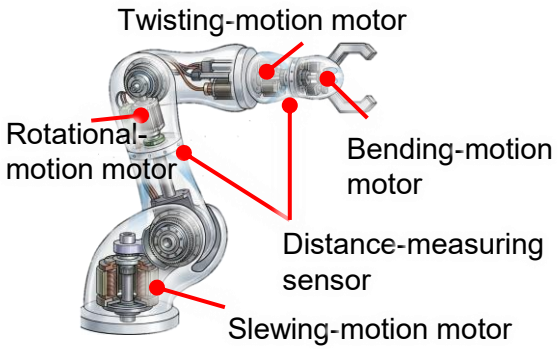
✓ The increasing adoption of collaborative and humanoid robots has significantly driven the demand for robot-grade servo motors and sensors.



<Representative target applications for our products>

- Small motors:
  Ultra-compact hot-deformed ring magnets
  * Heavy rare-earth (Dy, Tb) free
- Proximity/distance-measuring sensors:
  High-output point-light-source LED devices





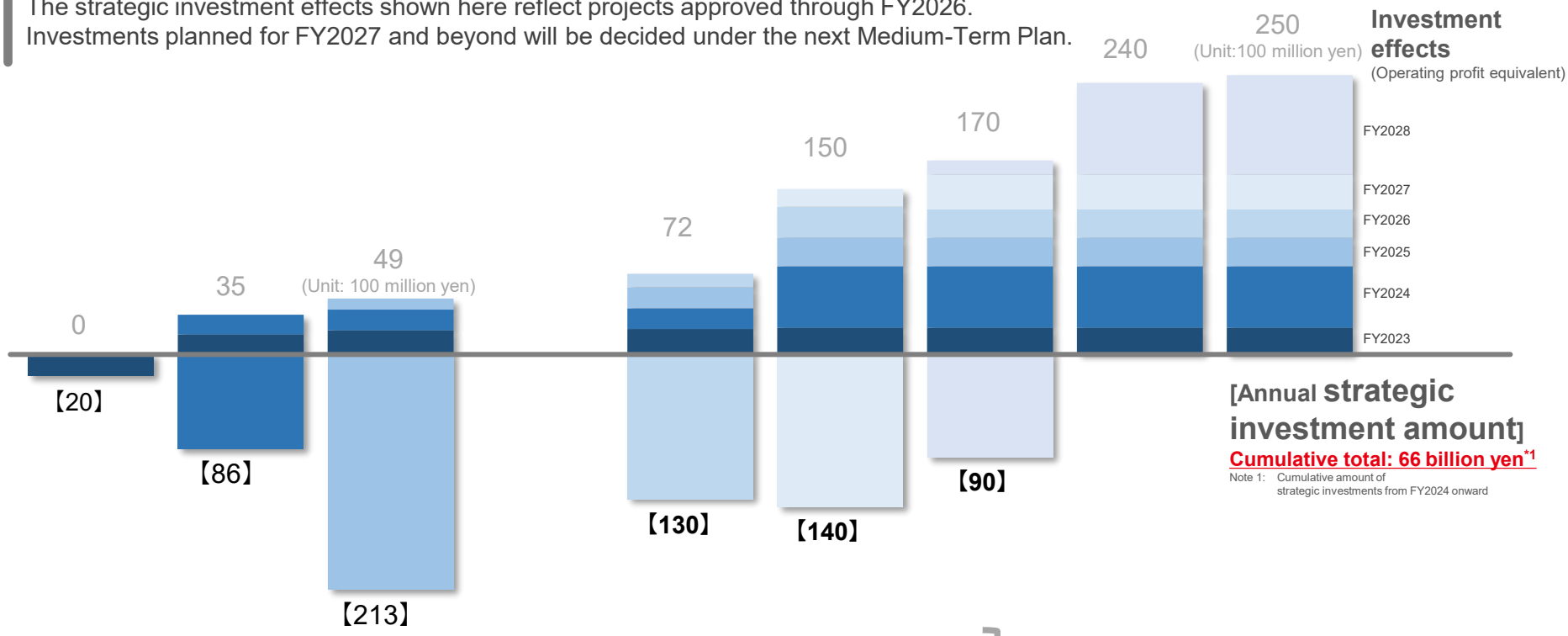
■ Strategic Investments in Growth Fields

✓ We have largely finalized our internal decisions on major strategic investments under the FY2026 Medium-Term Plan, covering superalloy, titanium, and magnet products.

		Capital Investment Overview	Equipment Images, etc.
Parts for automobile and industrial equipment	Aerospace Others (Ship diesel engine valves) **Superalloy Manufacturing Process Transformation Project** **Superalloy products**	■ **Large radial forging machine, expansion of VIM capacity, installation of two additional VAR furnaces, and expansion of heat-treatment and machining capacity** — Progressing smoothly Acquisition of aerospace and Oil & Gas alloy certifications, and expansion of open-die forging capacity Investment amount: 36 billion yen Equipment to be installed sequentially toward project completion in FY2027	 Large radial forging machine (Scheduled for completion in FY2027)
	Aerospace **Rolled bar production line** **Superalloy products**	■ **Strengthening of the steel bar rolling line at the Hoshizaki Plant** — Progressing smoothly Expansion of superalloy bar rolling capacity Investment amount: 3.6 billion yen Start of operation: March 2027	
High-performance materials and magnetic materials	Semiconductors **Expansion of vacuum arc remelting (VAR) furnaces** **High-performance stainless steel** **Superalloy products**	■ **Installation of two VAR furnaces at the Chita Second Plant** — In operation (since February 2025) Expanding production capacity of stainless steel for semiconductor production equipment and superalloy Production capacity: +20% Investment amount: 5.2 billion yen (including auxiliary equipment)	 Chita Second Plant Vacuum arc remelting (VAR) furnaces
	Rolled bar production line **Stainless steel (Large-diameter round bars)**	■ **Installation of a large-diameter steel bar rolling line at the Chita Plant** — Progressing smoothly Expanding the range of products that can be manufactured on the bar rolling line, including stainless steel Investment amount: 1.6 billion yen Start of operation: August 2027	
	Medical **Expansion of vacuum arc remelting (VAR) furnaces** **Titanium products (for medical use)**	■ **Installation of two VAR furnaces for titanium at the Chita Second Plant** — 1st unit in operation Expanding production capacity to meet strong demand for titanium products Investment amount: 4.1 billion yen (including auxiliary equipment) Start of operation: 1st unit: October 2025 / 2nd unit: August 2026	 Development and market launch of Ti-15Mo low-elastic-modulus titanium alloy for medical use
	CASE **Expansion of magnet manufacturing capacity** **Hot-deformed magnets**	■ **Installation of magnet production line for xEV drive motors** — Start of operation Responding to robust EV demand; total investment of approx. 5 billion yen planned by 2030 Investment amount: 1.5 billion yen (STEP 1) Start of operation: April 2026	 Heavy-rare-earth-free special-orientation magnets

■ Impact of Strategic Investments on Profit Growth (Progress)

The strategic investment effects shown here reflect projects approved through FY2026.
Investments planned for FY2027 and beyond will be decided under the next Medium-Term Plan.



- VAR (Titanium)
- **Superalloy manufacturing process transformation**
- Strengthening of steel bar rolling line (for increasing superalloy products)
- Strengthening of steel bar rolling line (for increasing stainless steel products)

Timing of **major strategic investments** under the FY2026 Medium-Term Management Plan

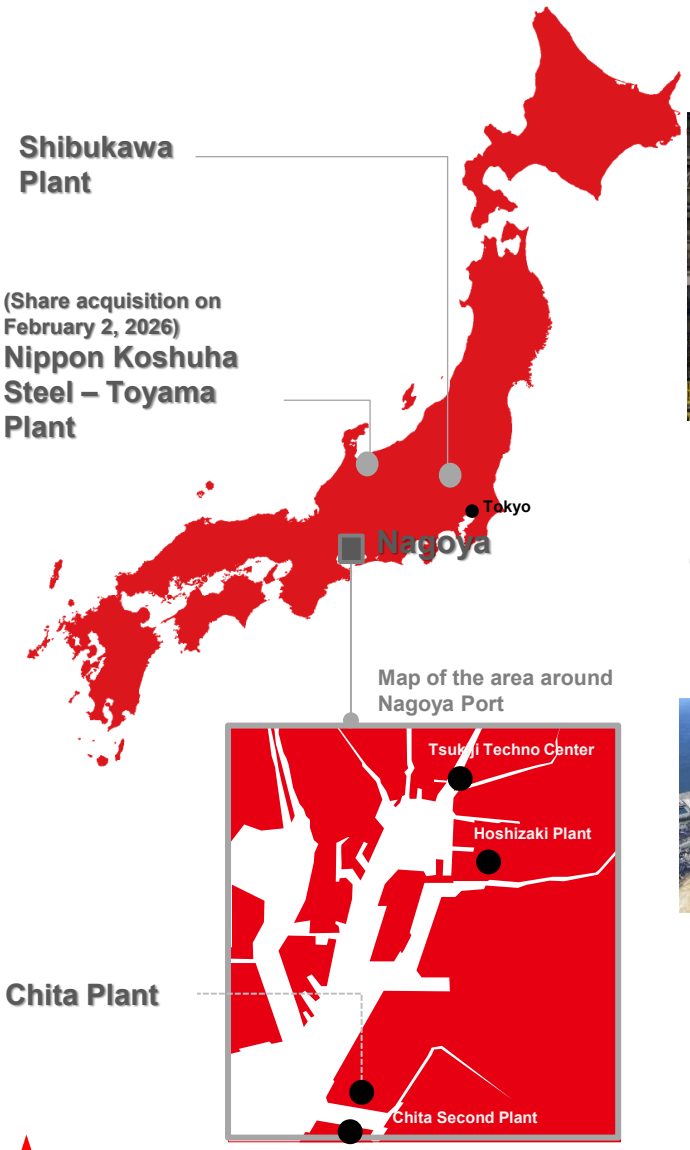
FY23 | FY24 Actual results | FY25 Actual results | FY26 | FY27 | FY28 | FY29 | FY30

Period covered by the next Medium-Term Plan and beyond

*VAR: Vacuum Arc Remelting Furnace

■ Acquisition of Shares of Nippon Koshuha Steel Co., Ltd.

✓ In February 2026, we acquired shares of Nippon Koshuha Steel, making it a wholly owned subsidiary.



Shibukawa Plant:

Open-die forging products plant

Melting equipment:
- 3 vacuum induction melting (VIM) furnaces
- 11 vacuum arc remelting (VAR) furnaces

Chita Plant

Integrated specialty steel manufacturing plant

Melting equipment:
- Four electric arc furnaces

(Share acquisition on February 2, 2026)

Nippon Koshuha Steel:

Manufacturing plant for tool steel, bearing steel, and stainless steel

(Small-lot production)
Melting equipment:
- Two electric arc furnaces (40 t and 10 t)
- Vacuum induction furnace (3 t)
- Vacuum arc remelting furnace VAR (7 t)

Chita Second Plant adjacent to the Chita Plant
Installation of two VAR furnaces (February 2025)

Production Allocation Strategy

- ✓ **Strengthen superalloy production capacity** at the Shibukawa Plant and **expand the high-performance material lineup** at the Hoshizaki and Chita Second Plants, while also **leveraging Nippon Koshuha Steel's production facilities**.
- ✓ The Chita Plant will enhance the cost competitiveness of existing products while shifting focus toward high-value-added products, such as stainless steel.

■ Superalloy manufacturing process transformation

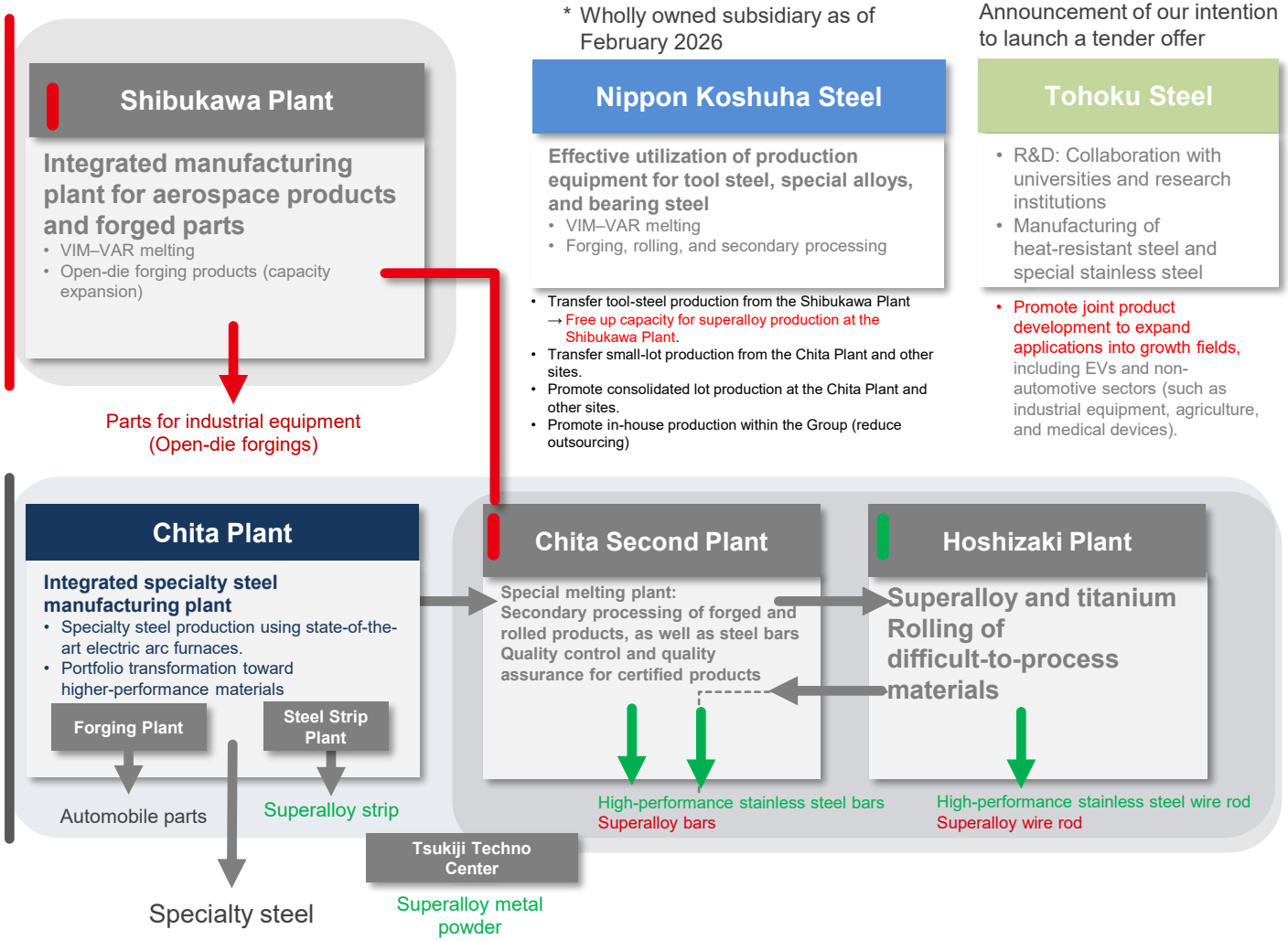
- Expansion of melting and open-die forging capacity for superalloy products in aerospace, power generation, ships, and oil & gas sectors.
- Shibukawa Plant: Strengthen superalloy manufacturing capacity through additional melting, forging, and heat-treatment equipment.
- Chita Second Plant: Transfer heat-treatment, machining, and inspection processes from the Shibukawa Plant.

■ High-performance stainless steel & titanium

- Install new VAR equipment at the Chita Second Plant.
- Expand rolling capacity for difficult-to-process materials such as superalloy and titanium at the Hoshizaki Plant.

■ Specialty steel

- Strengthen the cost competitiveness of existing products while shifting toward higher-value-added products such as stainless steel.
- Build a production system that can flexibly respond to changes in demand.
- Consider future optimization and allocation of secondary processing sites.



■ Vision and Management Targets

FY2030	"Vision for 2030"	We will pursue high-performance materials, create benefits for customers, and contribute to the realization of a sustainable society.
FY2026 Medium-Term	Management Policies	We will view the coming changes in socioeconomic and industrial conditions as opportunities for business growth and transformation of our business portfolio and achieve sustainable profit growth in new business domains (customers, value proposition, and approach).
	Basic Action Policies	"Transforming business portfolio," "enhancing management resilience," and "advancing ESG management"

Target management index

Operating Profit: 60 billion yen or more	■ Business portfolio transformation (expansion of growth market products) ■ Early realization of strategic investment effects (e.g., Superalloy Manufacturing Process Transformation Project) ■ M&A strategy (integration and utilization of Nippon Koshuha Steel) ■ Structural reforms (e.g., human resources allocation) ■ Reduction of fixed costs and improvement of labor productivity
ROE: 9% or higher	■ Promotion of asset sales (cross-shareholdings, real estate, etc.) ■ Stabilization of shareholder returns (introduction of a minimum DOE) ■ Shareholder equity control (share buybacks)
PBR: 1.0 or higher	■ Advancement of sustainability management ■ Governance improvements ■ Strengthening stakeholder communication (expanding engagement with domestic and overseas investors)

(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 a total reliance on this data as decision criterion is not recommended.

Also predicted figures can be changed in the future without prior notice. All use of this document is at the volition and discretion of the users. Please be aware that our company shall not assume any responsibility for the results of using the information in this document.