



NAKAYAMA STEEL WORKS, LTD.

FY2024 Financial Results Briefing Materials

May 13, 2025

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1. FY2024 Financial Results

Key points for financial statements

➤ FY2024 Results

- ✓ Net sales of 169.3 billion yen and ordinary profit of 8.1 billion yen(decrease in sales and profit year-on-year)
- ✓ Sluggish domestic demand (delays in construction projects due to labor shortages and material costs, and the impact of overproduction in China)
- ✓ Strong impact on iron stocks (impact of lower number of contracts and slabs stockpiling of existing electric arc furnace works)
- ✓ The impact on fixed costs (labor costs and depreciation and amortization costs associated with wage increases)
- ✓ Increase in freight costs (increase in freight unit cost due to the Japanese 2024 problem)

➤ FY2025 Forecasts

- ✓ Net sales of 157.5 billion yen and ordinary profit of 7 billion yen (decrease in sales and profit year-on-year)
- ✓ Domestic demand remains weak and stagnant
(increasing protectionism in various countries, excessive production in China, labor shortages, and high price of materials, etc.)
- ✓ The impact on iron stocks is expected to eliminate
- ✓ The impact on fixed costs (labor costs and depreciation and amortization costs associated with wage increases, in addition to revision of basic electricity rates, etc.)

FY2024 financial results

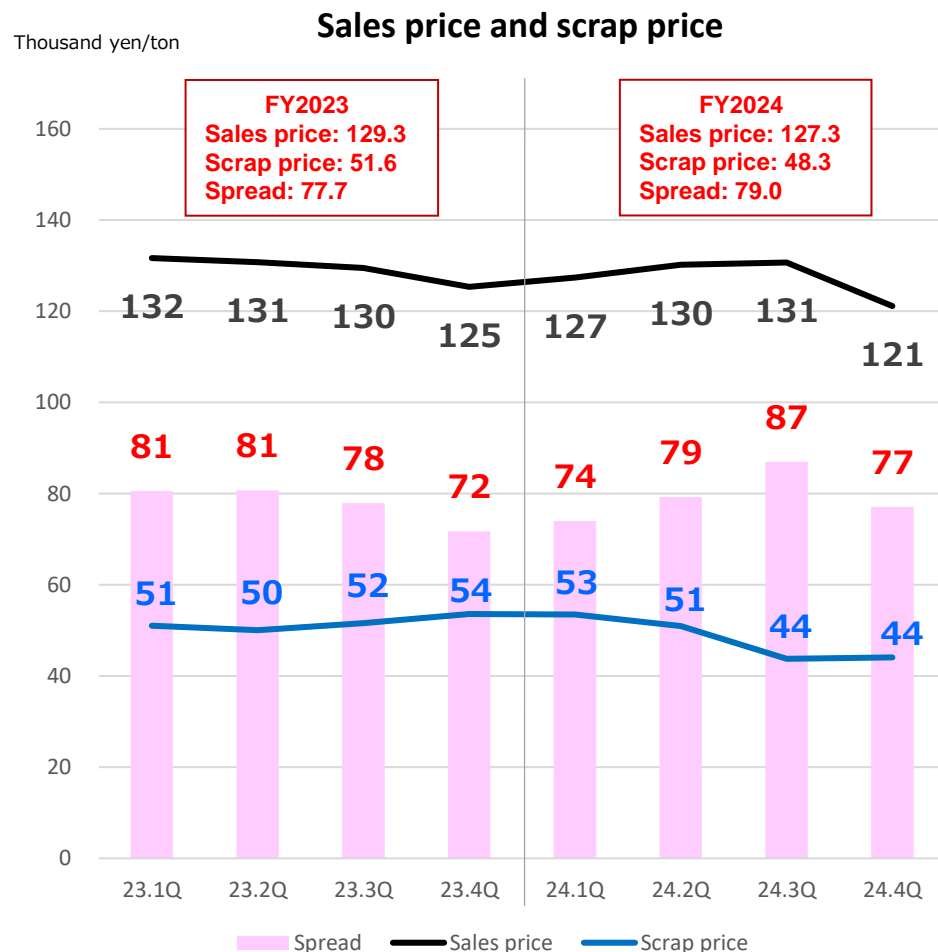
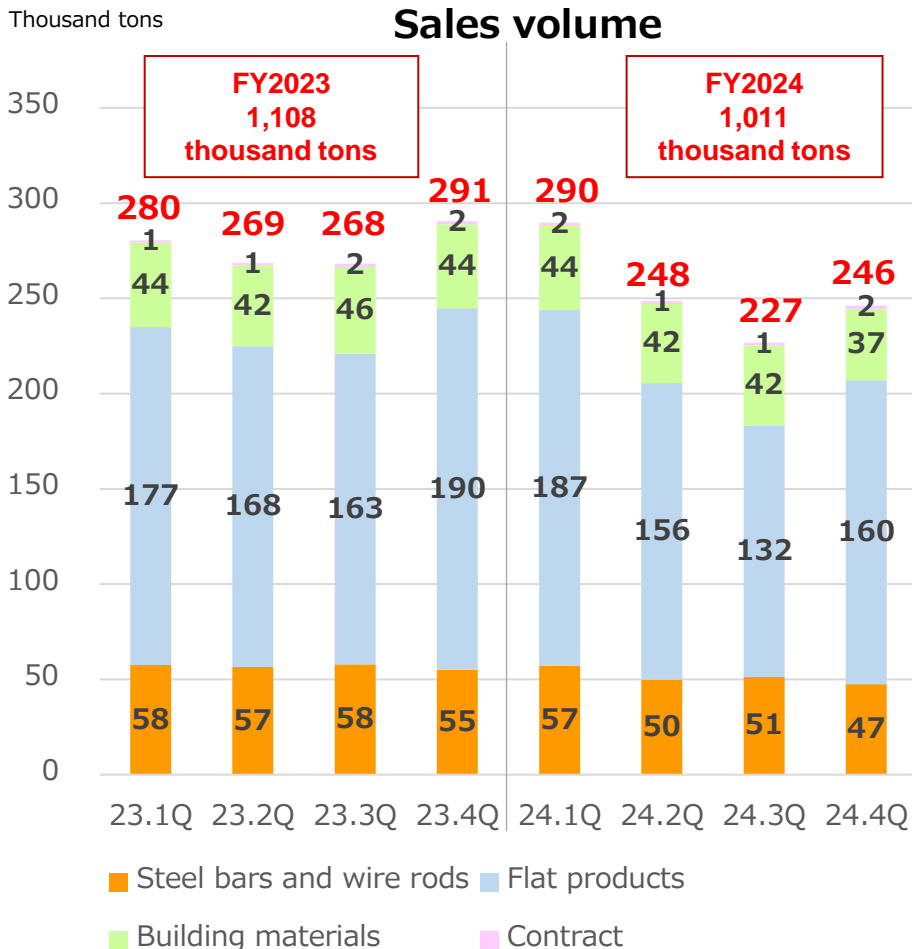
- Net sales decreased by 15.1 billion yen or 8.2% year-on-year due to a decrease in steel products sales volume and a decline in steel products sales price.
- Ordinary profit decreased by 4.1 billion yen or 33.7% year-on-year.
- The annual dividend is expected to be 40 yen per share as announced.

(Billions of yen)

| | FY2023 | | | FY2024 | | | | Y-o-Y ②-① | Compare with published amount ②-③ |
|--------------------|--------|--------|------------|--------|--------|---------------|----------------------------|--------------|--|
| | H1 | H2 | Total ① | H1 | H2 | Total ② | Published on Feb.6 ③ | | |
| Net sales | 92.9 | 91.6 | 184.4 | 89.5 | 79.8 | 169.3 | 172.0 | (15.1) | (2.7) |
| Operating profit | 6.6 | 5.8 | 12.3 | 4.8 | 3.7 | 8.4 | 8.1 | (3.9) | 0.3 |
| Ordinary profit | 6.5 | 5.7 | 12.2 | 4.7 | 3.4 | 8.1 | 7.5 | (4.1) | 0.6 |
| ROS | 7.0% | 6.2% | 6.6% | 5.2% | 4.3% | 4.8% | 4.4% | (1.8%) | 0.4% |
| Net profit | 4.4 | 4.5 | 8.9 | 3.2 | 2.5 | 5.7 | 5.5 | (3.2) | 0.2 |
| Dividend per share | 19 yen | 31 yen | 50 yen | 18 yen | 22 yen | 40 yen | 40 yen | (10yen) | 0 |

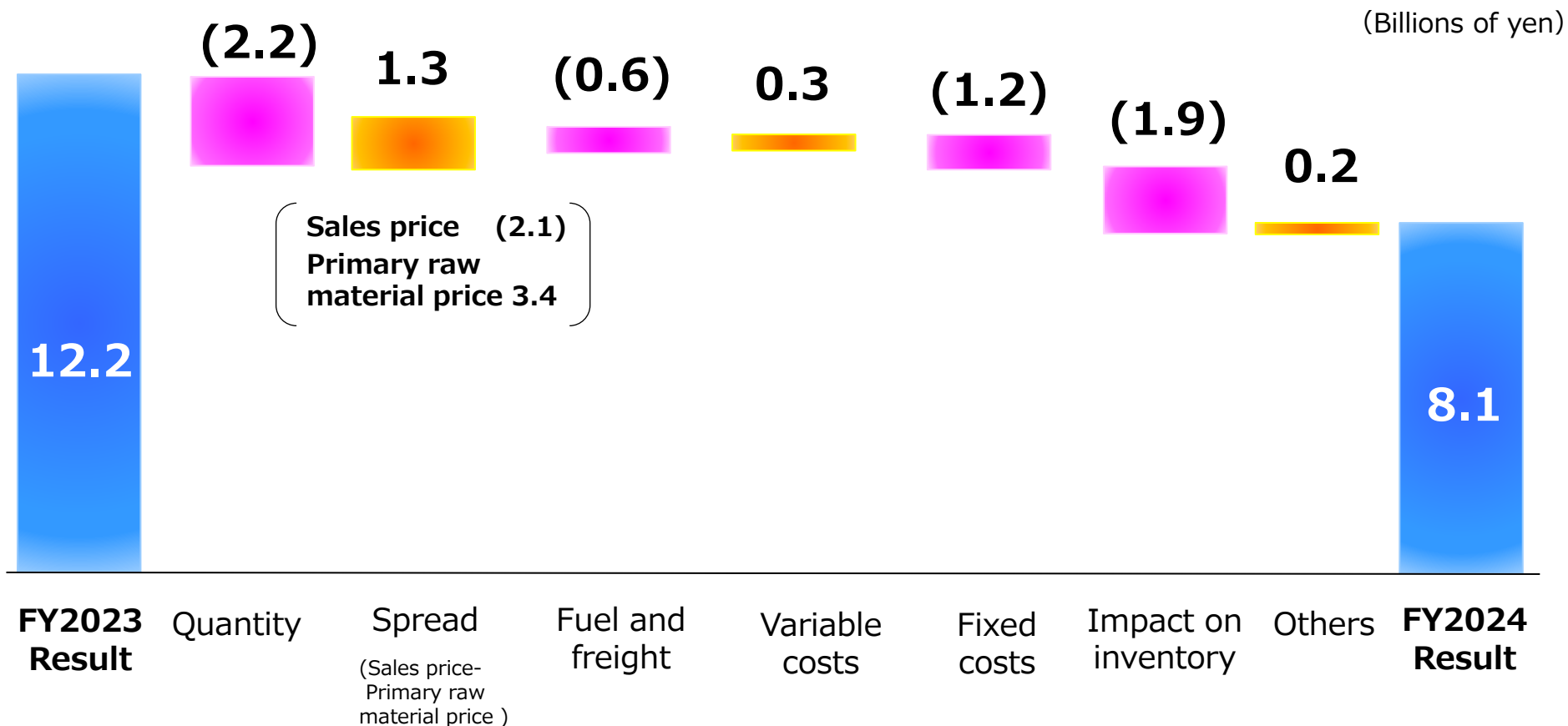
FY2024 results (sales volume, metal spread)

- Sales volume of steel products decreased year-on-year for both flat and steel bars and wire rod products due to sluggish demand.
- The spread improved due to a decline in scrap price despite the sales price of steel products declined year-on-year.



Analysis of changes in ordinary profit—FY2023 vs. FY2024

- Both spread and plant costs improved due to the fall in primary material price exceeding the fall in steel sales price.
- In addition to a decrease in sales volume, there was an increase in fixed costs such as labor costs and depreciation and amortization costs , an increase in freight costs, and a valuation loss on inventory.



Balance sheets and cash flows

Balance sheets

| Item | 24/3 | 25/3 | Y-o-Y |
|--|--------------|--------------|--------------|
| Cash and deposits | 16.5 | 15.3 | (1.1) |
| Accounts receivable *1 | 47.1 | 42.3 | (4.8) |
| Inventories | 32.0 | 34.0 | 2.0 |
| Others | 0.9 | 0.9 | (0.0) |
| Current assets | 96.5 | 92.5 | (3.9) |
| Property, plant and equipment / Intangible | 47.6 | 48.8 | 1.2 |
| Investments and other assets | 8.0 | 7.9 | (0.2) |
| Non-current assets | 55.6 | 56.6 | 1.0 |
| Total assets | 152.1 | 149.1 | (2.9) |

*1 including electronically recorded monetary claims

Net interest-bearing debt (6.9) (6.3) 0.6

| Item | 24/3 | 25/3 | Y-o-Y |
|---|--------------|--------------|--------------|
| Trade payables *2 | 20.1 | 16.9 | (3.2) |
| Interest-bearing debt | 9.6 | 9.1 | (0.6) |
| Deferred tax liabilities | 4.4 | 4.2 | (0.2) |
| Provisions | 4.3 | 4.7 | 0.4 |
| Others | 9.1 | 7.5 | (1.6) |
| Liabilities | 47.5 | 42.3 | (5.2) |
| Shareholders' equity | 100.0 | 103.1 | 3.1 |
| Other comprehensive income | 4.5 | 3.7 | (0.8) |
| Net assets | 104.6 | 106.8 | 2.3 |
| Total liabilities and net assets | 152.1 | 149.1 | (2.9) |

*2 including electronically recorded obligations

Equity ratio 68.7% 71.6% 2.9pt

ROE 8.8% 5.4% (3.4pt)
(Medium-Term Management Plan's target: 7.0%)

Cash flows

(Billions of yen)

| | FY2024 | |
|---|--------------|-----------|
| Profit before income taxes | 8.2 | 11.1 |
| Depreciation | 2.9 | |
| Change in working capital | (0.4) | |
| Income taxes paid | (3.1) | |
| Others | (0.2) | |
| Cash flows from operating activities | 7.3 | FC/F +2.6 |
| Purchase of non-current assets | (4.5) | |
| M & A (acquisition of investment securities) | (0.2) | |
| Others | (0.1) | |
| Cash flows from investing activities | (4.7) | |
| Change in interest-bearing debt | (0.6) | |
| Dividends paid | (2.6) | |
| Others | (0.6) | |
| Cash flows from financing activities | (3.8) | |
| Total cash flows | (1.1) | |
| Cash and deposits at beginning of period | 16.5 | |
| Cash and deposits at end of period | 15.3 | |

2. FY2025

Earnings and Dividend Forecasts

FY2025 earnings and dividend forecasts

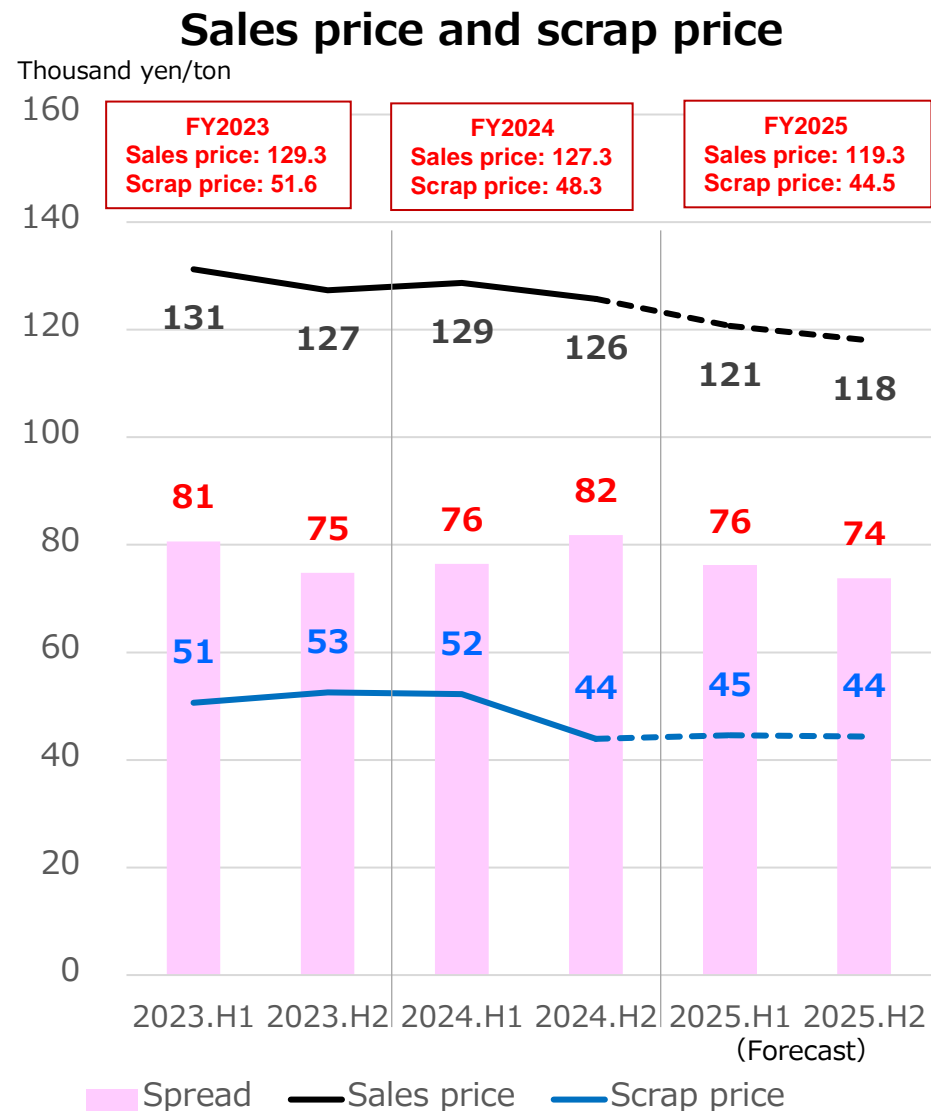
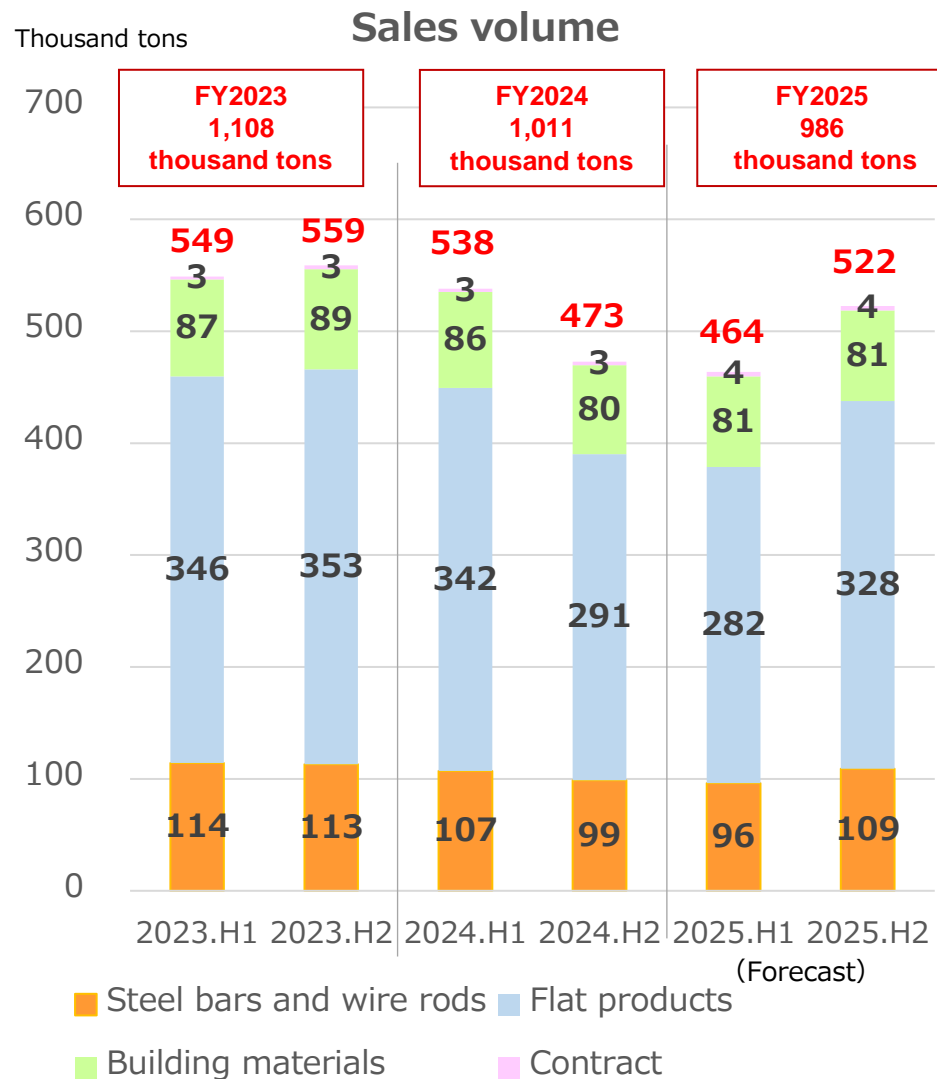
- Net sales is anticipated to decrease by 11.8 billion yen year-on-year due to a decrease in steel sales volume and a decline in steel sales price.
- Ordinary profit is expected to decrease by 1.1 billion yen year-on-year.
- Dividend is expected to be 24 yen per share, 16 yen lower than the previous year.

(Billions of yen)

| Earnings | FY 2024 | | | FY 2025 | | | Y-o-Y |
|-------------------|--------------|--------------|------------|----------------|----------------|--------------|--------|
| | H1 Result | H2 Result | Total ① | H1 Forecast | H2 Forecast | Total ② | |
| Net sales | 89.5 | 79.8 | 169.3 | 76.5 | 81.0 | 157.5 | (11.8) |
| Operating income | 4.8 | 3.7 | 8.4 | 2.9 | 4.4 | 7.3 | (1.1) |
| Ordinary profit | 4.7 | 3.4 | 8.1 | 2.7 | 4.3 | 7.0 | (1.1) |
| ROS | 5.2% | 4.3% | 4.8% | 3.5% | 5.3% | 4.4% | (0.4%) |
| Net income | 3.2 | 2.5 | 5.7 | 1.5 | 2.7 | 4.2 | (1.5) |

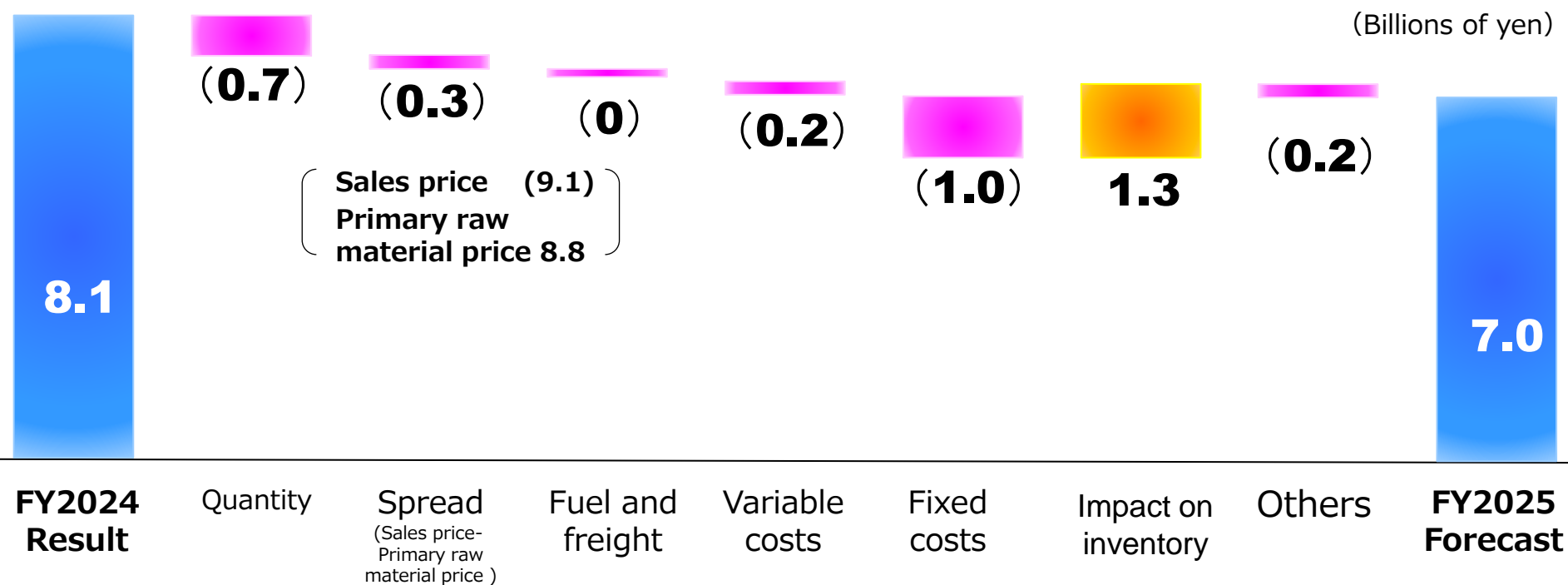
| | | | | | | | |
|------------------|-------|-------|-------|------|-------|--------------|---------|
| Dividends | 18yen | 22yen | 40yen | 8yen | 16yen | 24yen | (16yen) |
|------------------|-------|-------|-------|------|-------|--------------|---------|

FY2025 earnings forecast—prerequisites



Analysis of changes in ordinary profit—FY2024 vs. FY2025

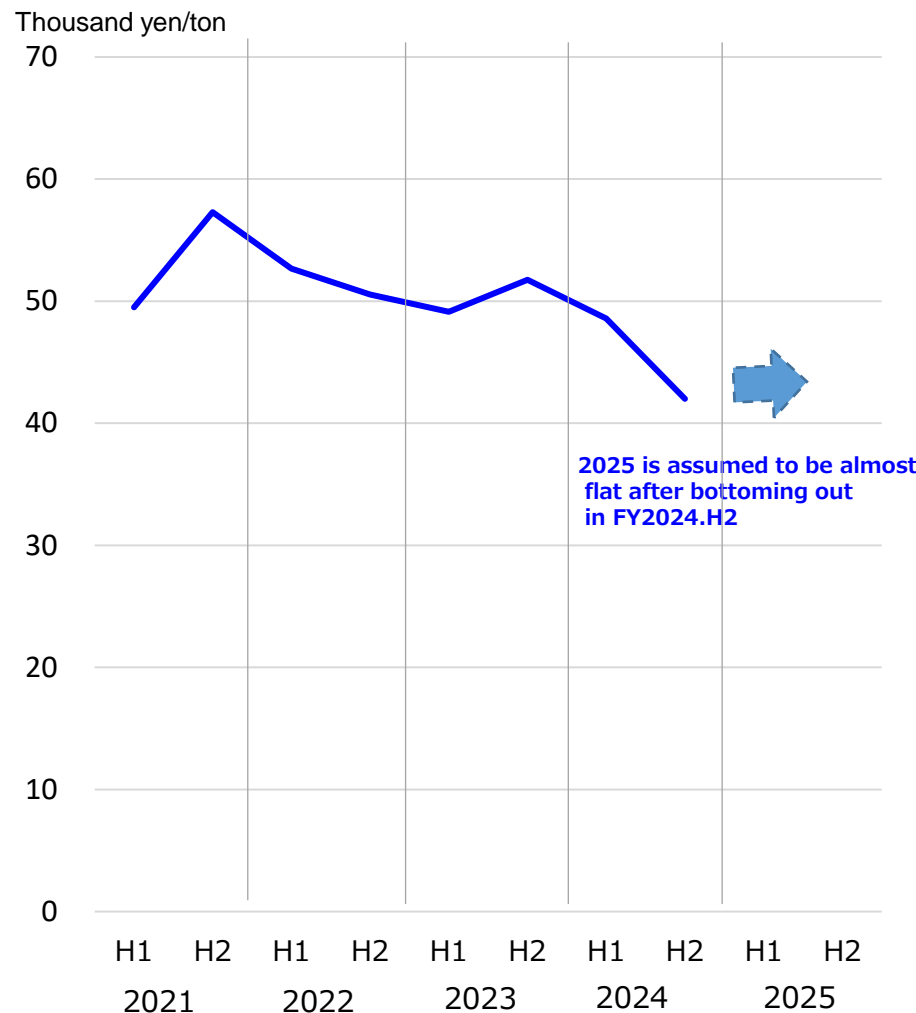
- Sales volume of steel products is expected to decrease in the first half due to the restrained purchasing due to the anticipation of a low price. In the second half, although cargo movements are expected to recover, demand is not expected to recover significantly, and sales volume is expected to decrease for the full year.
- Price of primary raw materials is expected to fall, but spread is expected to worsen as falling steel sales price outweigh it.
- Labor costs are expected to increase due to improved compensation, depreciation and amortization costs are expected to increase due to capital investment, and fixed costs are expected to increase due to revision of basic electricity rates, etc.



Changes in primary raw material price

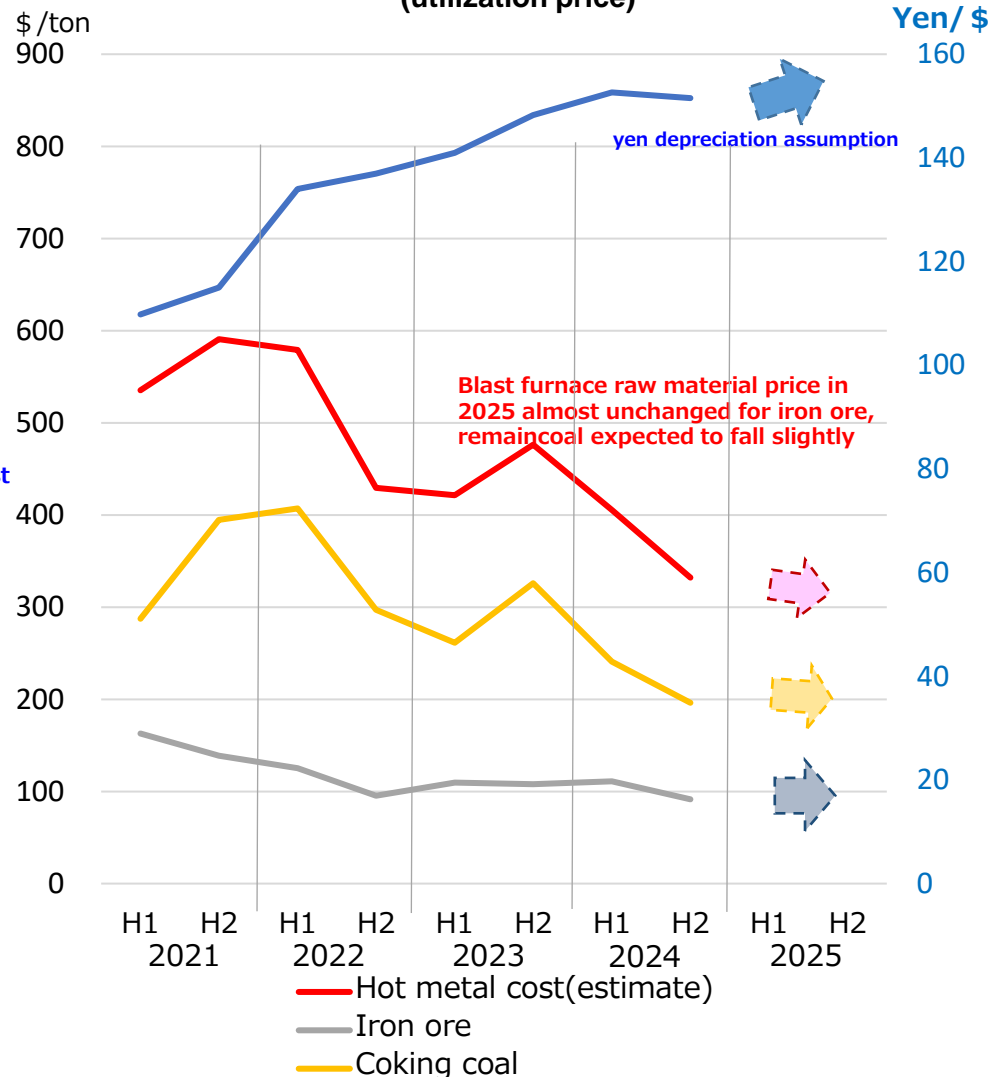
—Market condition for scraps and blast furnace raw materials

Scrap (H2) price history



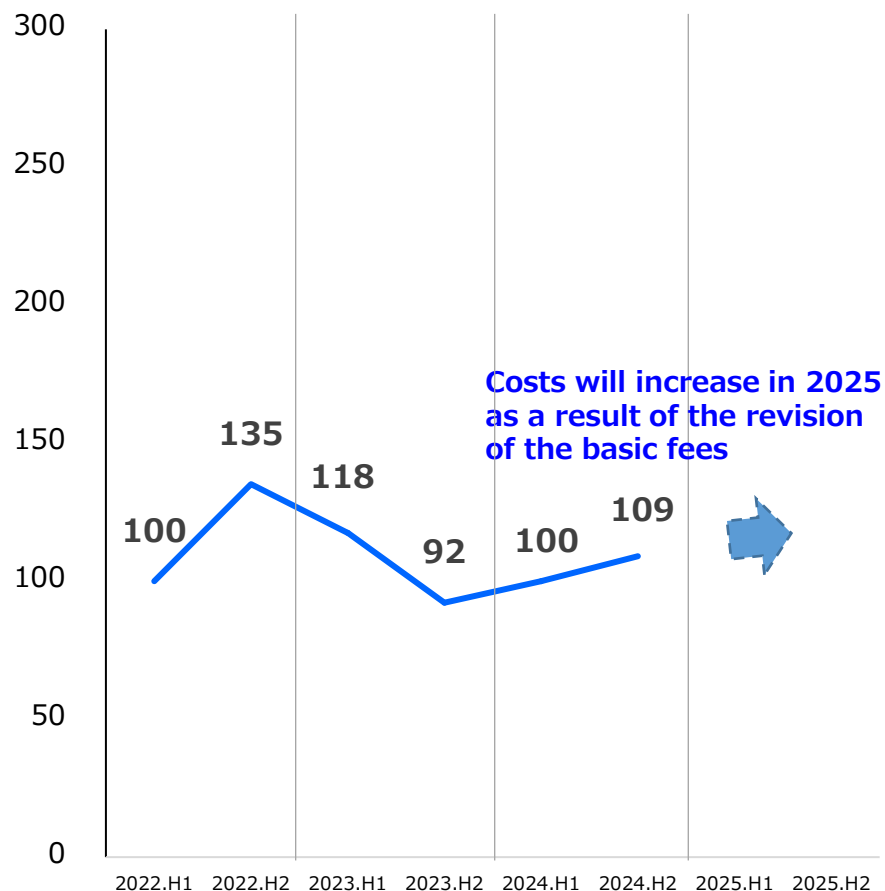
(Source: Nikkan Shikyo Tsushinsha Co., Ltd.)

History of blast furnace raw material price (utilization price)

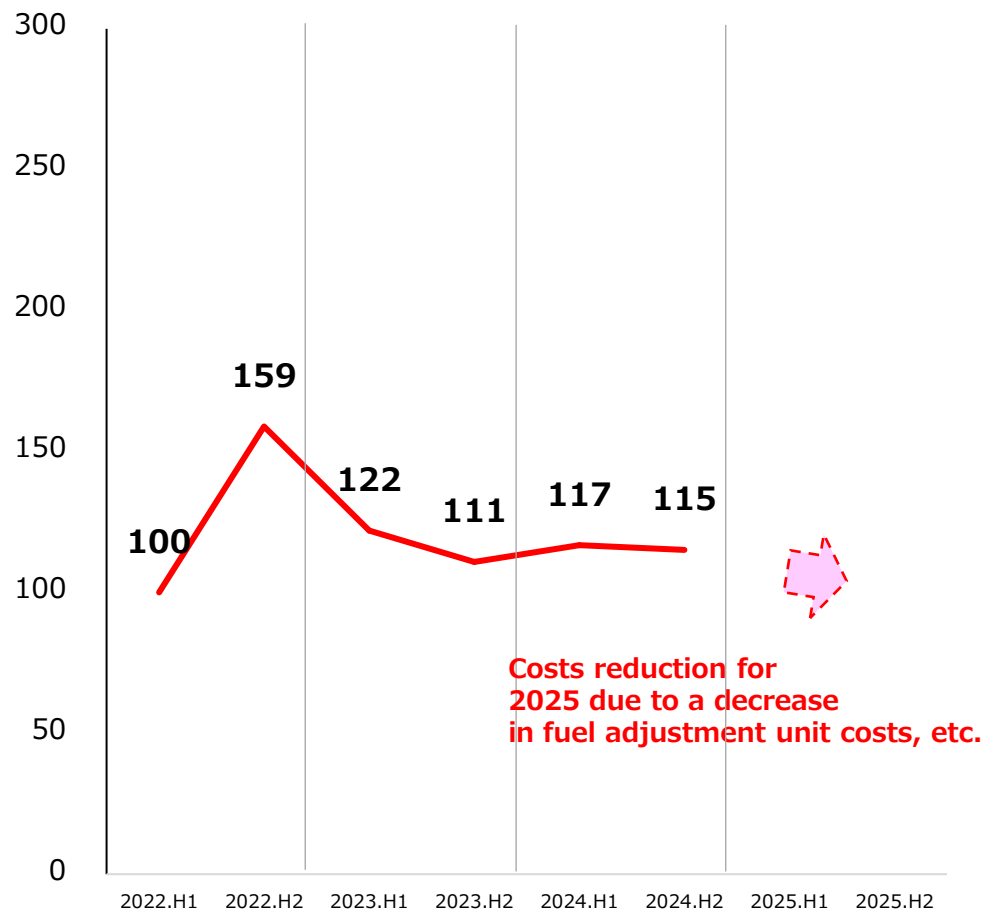


Changes in energy price

Unit price of electricity (2022.H1 = 100)



Unit price of gas (2022.H1 = 100)

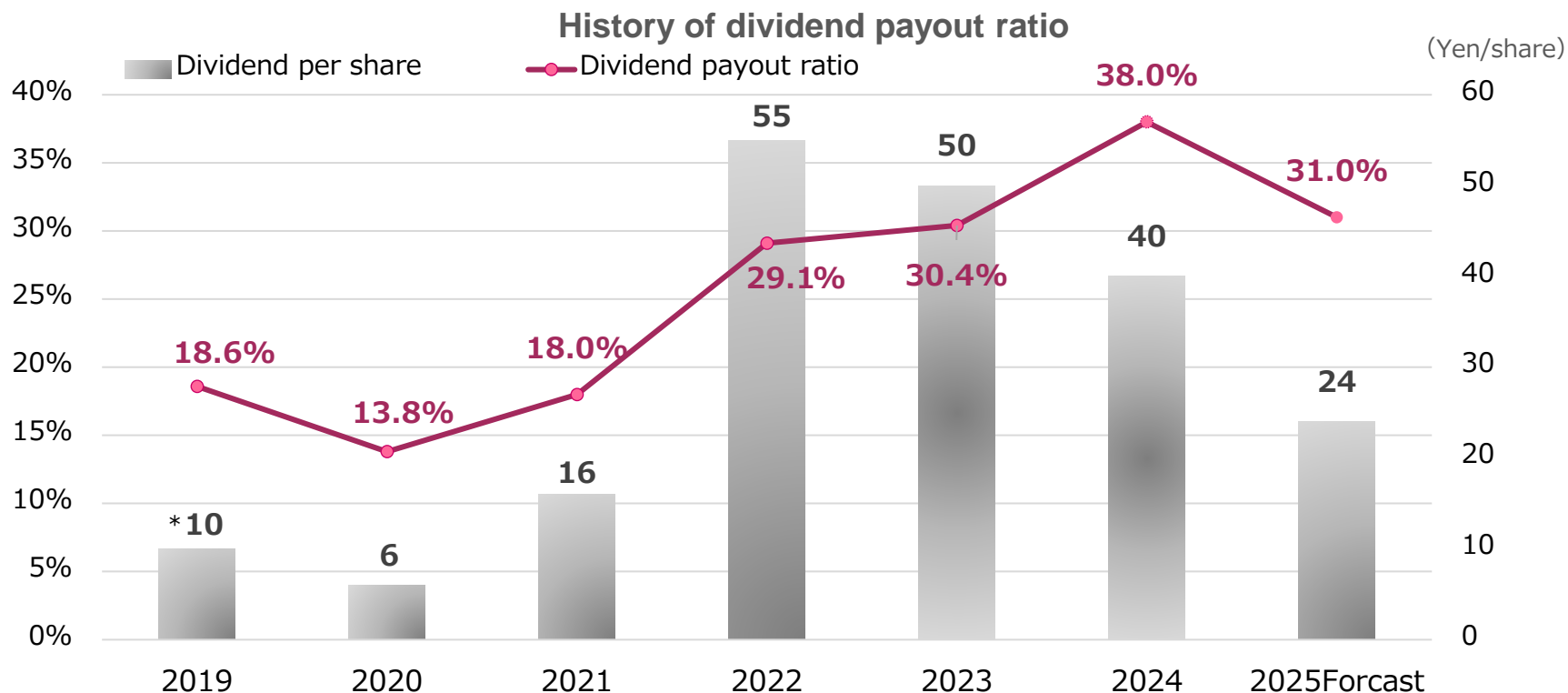


Dividend policy

Shareholder Return Policy and Dividend Target

Our basic policy for allocation of profits is to realize stable dividends, while securing internal reserves necessary to enhance our management base and financial position as well as to prepare for future business development.

In addition, the previous Medium-Term Management Plan sets a target consolidated payout ratio for FY2024 of 30%. For FY2025, we plan to pay an annual dividend of 24 yen per share, a decrease of 16 yen from the previous fiscal year.



* Including the commemorative dividend of 2 yen/share

History of stock price and capital efficiency

History of the Company's stock price



ROE, shareholders' equity cost and equity

