

FY2024 / Business Results for the 1st Half of FY2024

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Note;

The performance forecasts and other forward-looking statements included in this report are based on the information that was available to The Japan Steel Works, Ltd. (the “Company”) and certain assumptions deemed to be reasonable at the time this report was prepared, and the actual results may differ significantly from these forecasts due to a variety of reasons.

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[PART I]

Results for the 1st Half of FY2024

Status of Orders Received, Sales and Profits

Orders received and Net sales decreased, while Profits increased.

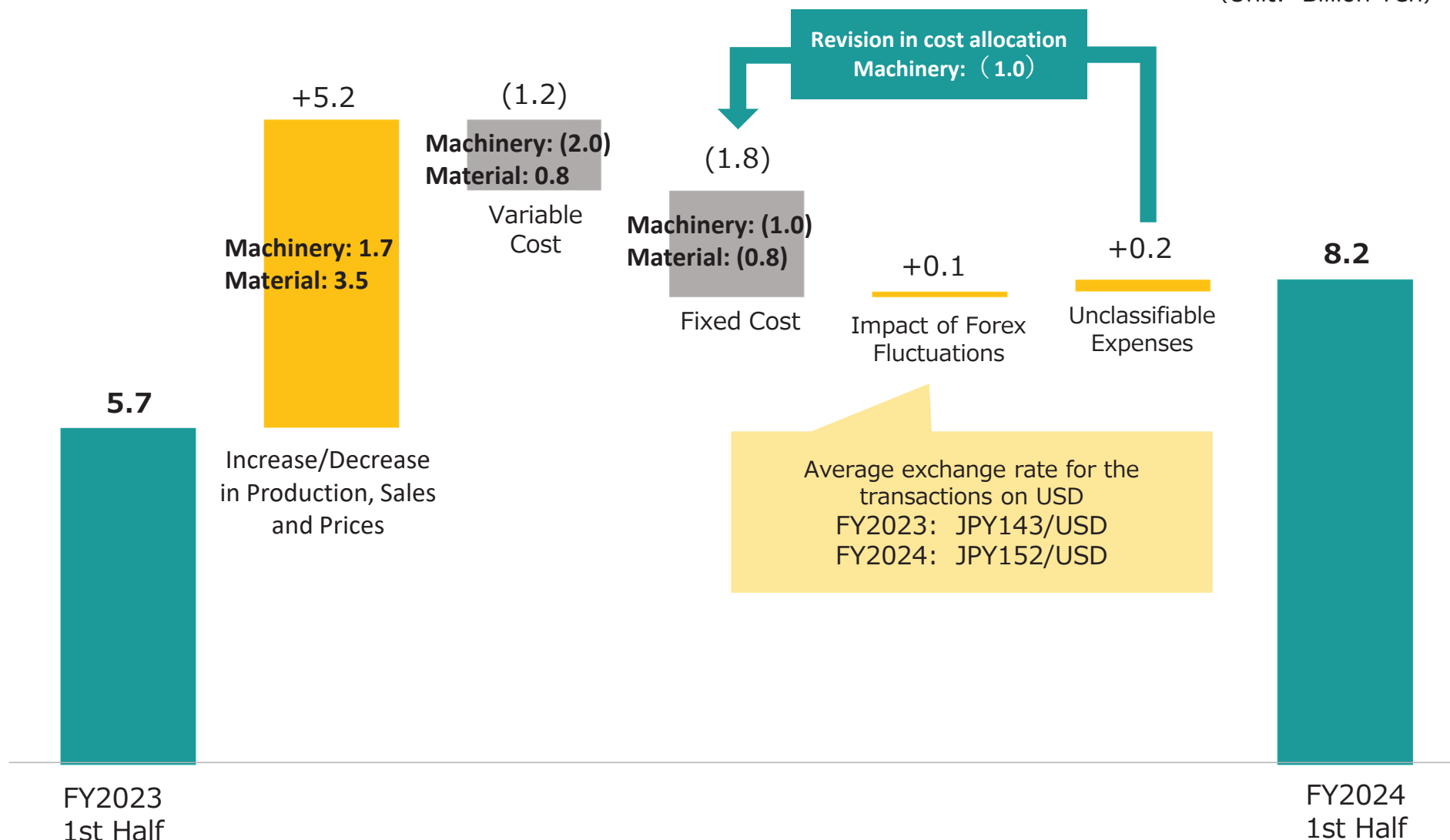
(Unit: Billion Yen)

	FY2023 1st Half (A)	FY2024 1st Half (B)	Year-on-Year Change (B) - (A)
Orders received	165.9	141.0	(24.9)
Net sales	110.1	108.2	(1.9)
Operating income (%)	5.7 5.2%	8.2 7.7%	2.5
Ordinary income	6.7	8.6	1.9
Profit	4.7	6.0	1.3
Profit per share (Yen)	64.73	81.65	16.92
Divident per share (Yen)	29.0	38.0	9.0

Analysis on Changes in Operating Income

Operating income increased by 2.5-billion-yen with the increase of sales and price improvement.

(Unit: Billion Yen)



Results by Segments

Industrial Machinery : Orders received and Net sales decreased, Operating income was affected by the revision in cost allocation.

Material and Engineering : Net sales and Operating income increased. Orders received decreased as a reaction to the large amount of the last year.

Industrial Machinery

(Unit: Billion Yen)

	FY2023 1st Half (A)	FY2024 1st Half (B)	Year-on-Year Change (B)-(A)
Orders received	130.4	117.3	(13.1)
Net sales	92.5	86.1	(6.4)
Operating income (%)	8.2 8.9%	6.9 8.0%	(1.3)

Material and Engineering

(Unit: Billion Yen)

	FY2023 1st Half (A)	FY2024 1st Half (B)	Year-on-Year Change (B)-(A)
Orders received	34.4	22.6	(11.8)
Net sales	16.6	21.0	4.4
Operating income (%)	0.5 3.3%	4.1 19.5%	3.6

Industrial Machinery Products Business

Orders received and Net sales of plastic production and processing machinery decreased due to the slow down in demand for EV.

	Net Sales / Operating Income			Orders Received		
	(Unit: Billion Yen)			(Unit: Billion Yen)		
	FY2023 1st Half (A)	FY2024 1st Half (B)	Year-on-Year Change (B)-(A)	FY2023 1st Half (C)	FY2024 1st Half (D)	Year-on-Year Change (D)-(C)
Plastic production and processing machinery	44.5	29.5	(15.0)	56.8	37.4	(19.4)
Molding machines	28.8	30.7	1.9	33.6	34.0	0.4
Defense equipment	9.8	11.3	1.5	25.0	31.8	6.8
Others	9.3	14.4	5.1	15.0	14.0	(1.0)
Total	92.5	86.1	(6.4)	130.4	117.3	(13.1)
Operating income	8.2	6.9	(1.3)			

Net Sales increased driven by the increase of Steel forgings and plates. Demand for Steel forgings and plates remain strong while the orders received declined as the reaction to the big order of Nuclear forgings of the last year.

Net Sales / Operating Income				Orders Received		
	(Unit: Billion Yen)			(Unit: Billion Yen)		
	FY2023 1st Half (A)	FY2024 1st Half (B)	Year-on-Year Change (B)-(A)	FY2023 1st Half (D)	FY2024 1st Half (E)	Year-on-Year Change (E)-(D)
Steel forgings and plates	13.0	16.9	3.9	30.0	18.8	(11.2)
Engineering, etc.	3.6	4.1	0.5	4.4	3.8	(0.6)
Total	16.6	21.0	4.4	34.4	22.6	(11.8)
Operating income	0.5	4.1	3.6			

[PART II]

Forecast for FY2024

FY2024 : Forecast for Orders Received, Sales and Profits

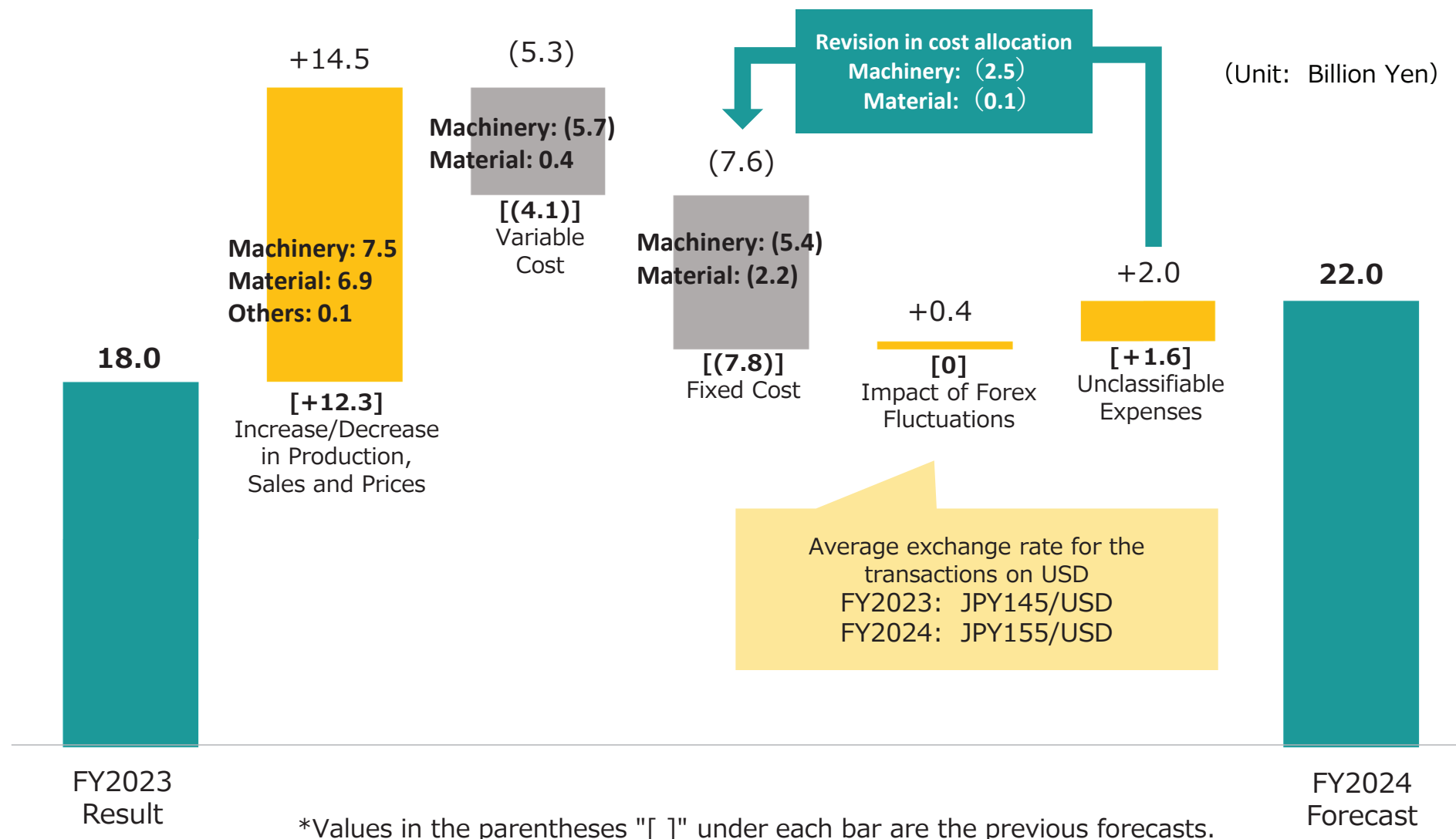
Forecast for Orders revised downward, while Net sales and Operating income will exceed the previous forecast.

(Unit: Billion Yen)

	FY2023 Result (A)	FY2024 Previous Forecast (B)	FY2024 Revised Forecast (C)	Year-on-Year Change (C)-(A)	Change from Previous Forecast (C)-(B)
Orders received	334.9	375.0	365.0	30.1	(10.0)
Net sales	252.5	265.0	270.0	17.5	5.0
Operating income (%)	18.0 7.1%	20.0 7.5%	22.0 8.1%	4.0	2.0
Ordinary income	19.9	20.5	22.5	2.6	2.0
Profit	14.2	15.5	16.0	1.8	0.5
Profit per share (yen)	194.02	210.61	217.38	23.36	6.77
Divident per share (yen)	59.0	74.0	76.0	17.0	2.0

Analysis on Changes in Operating Income

Operating income will increase by 4.0-billion-yen with the increase in production and sales and price improvement.



FY2024 : Forecast by Segments

Industrial Machinery: Orders received will fall short of the previous forecast, while Net sales will exceed it.

Material and Engineering: Net sales will fall short of the previous forecast, while Operating income will exceed it.

Industrial Machinery

(Unit: Billion Yen)

	FY2023 Result (A)	FY2024 Previous Forecast (B)	FY2024 Revised Forecast (C)	Year-on-Year Change (C)-(A)	Change from Previous Forecast (C)-(B)
Orders received	277.4	322.0	314.0	36.6	(8.0)
Net sales	208.3	210.0	218.5	10.2	8.5
Operating income (%)	20.4 9.8%	17.0 8.1%	17.0 7.8%	(3.4)	0.0

Material and Engineering

(Unit: Billion Yen)

	FY2023 Result (A)	FY2024 Previous Forecast (B)	FY2024 Revised Forecast (C)	Year-on-Year Change (C)-(A)	Change from Previous Forecast (C)-(B)
Orders received	55.3	49.5	48.0	(7.3)	(1.5)
Net sales	41.9	51.5	48.5	6.6	(3.0)
Operating income (%)	3.2 7.7%	6.9 13.4%	8.5 17.5%	5.3	1.6

FY2024 Forecast: Industrial Machinery Products Business

Plastic production and processing machinery: Forecast for Sales and orders revised downward due to stagnant demand for EV.

Molding machines, Defense equipment, Others: Forecast for the Orders and Sales will exceed Previous forecast.

Net Sales / Operating Income						Orders Received				
(Unit: Billion Yen)						(Unit: Billion Yen)				
	FY2023 Result (A)	FY2024 Previous Forecast (B)	FY2024 Revised Forecast (C)	Year-on-Year Change (C)-(A)	Change from Previous Forecast (C)-(B)	FY2023 Result (D)	FY2024 Previous Forecast (E)	FY2024 Revised Forecast (F)	Year-on-Year Change (F)-(D)	Change from Previous Forecast (F)-(E)
Plastic production and processing machinery	102.7	89.0	87.0	(15.7)	(2.0)	102.1	108.0	88.0	(14.1)	(20.0)
Molding machines	58.7	63.0	71.0	12.3	8.0	64.9	68.0	74.5	9.6	6.5
Defense equipment	24.1	29.0	31.5	7.4	2.5	70.5	113.0	114.5	44.0	1.5
Others	22.8	29.0	29.0	6.2	0.0	39.9	33.0	37.0	(2.9)	4.0
Total	208.3	210.0	218.5	10.2	8.5	277.4	322.0	314.0	36.6	(8.0)
Operating income	20.4	17.0	17.0	(3.4)	0.0					

FY2024 Forecast: Material and Engineering Business

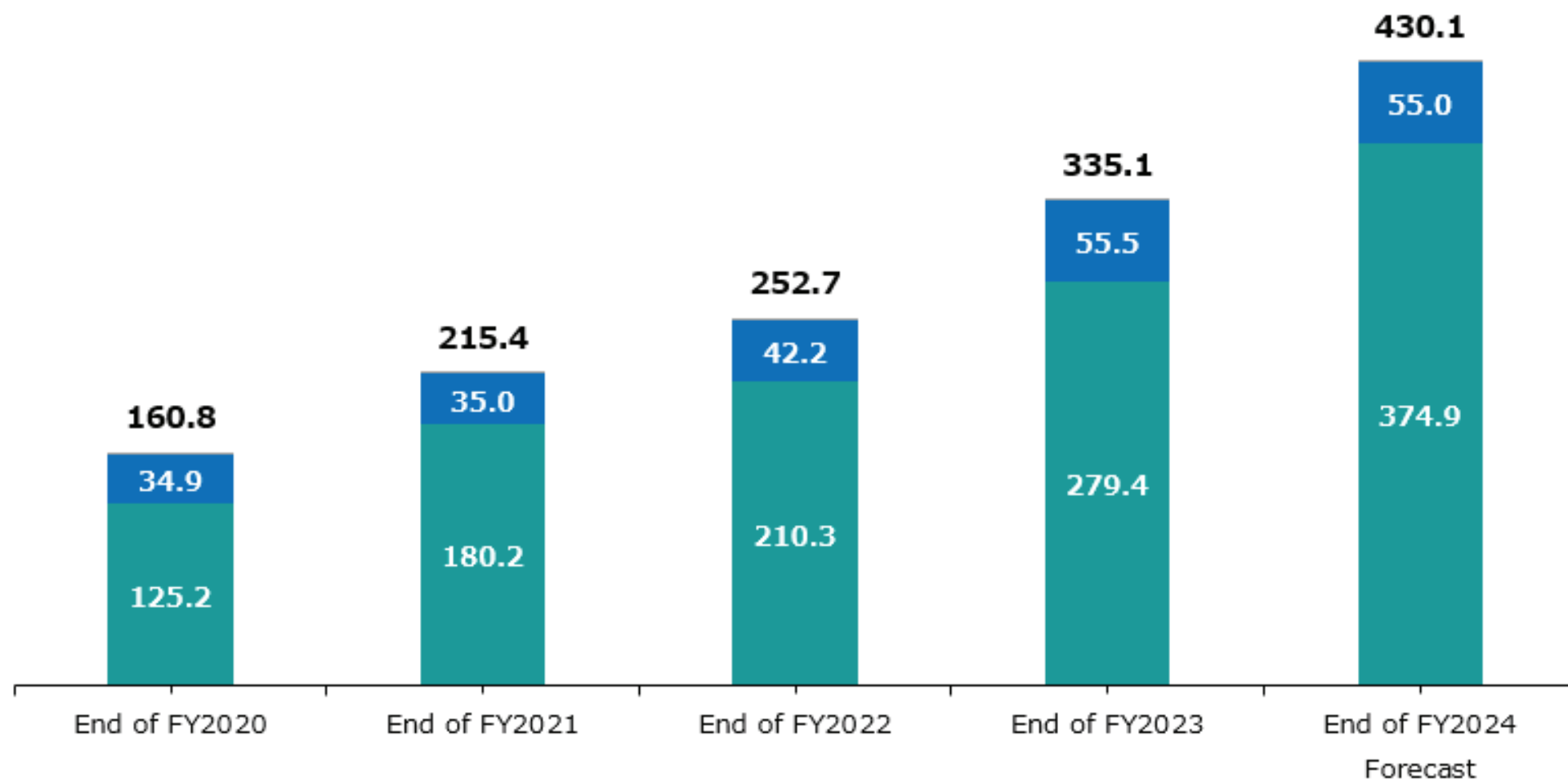
Orders for thermal and nuclear power products will exceed the previous forecast, while Engineering, etc. will fall short.

Net Sales / Operating Income						Orders Received				
(Unit: Billion Yen)						(Unit: Billion Yen)				
	FY2023 Result (A)	FY2024 Previous Forecast (B)	FY2024 Revised Forecast (C)	Year-on-Year Change (C)-(A)	Change from Previous Forecast (C)-(B)	FY2023 Result (D)	FY2024 Previous Forecast (E)	FY2024 Revised Forecast (F)	Year-on-Year Change (F)-(D)	Change from Previous Forecast (F)-(E)
Steel forgings and plates	33.0	42.2	40.2	7.2	(2.0)	47.7	39.5	42.0	(5.7)	2.5
Engineering, etc.	8.9	9.3	8.3	(0.6)	(1.0)	7.6	10.0	6.0	(1.6)	(4.0)
Total	41.9	51.5	48.5	6.6	(3.0)	55.3	49.5	48.0	(7.3)	(1.5)
Operating income	3.2	6.9	8.5	5.3	1.6					

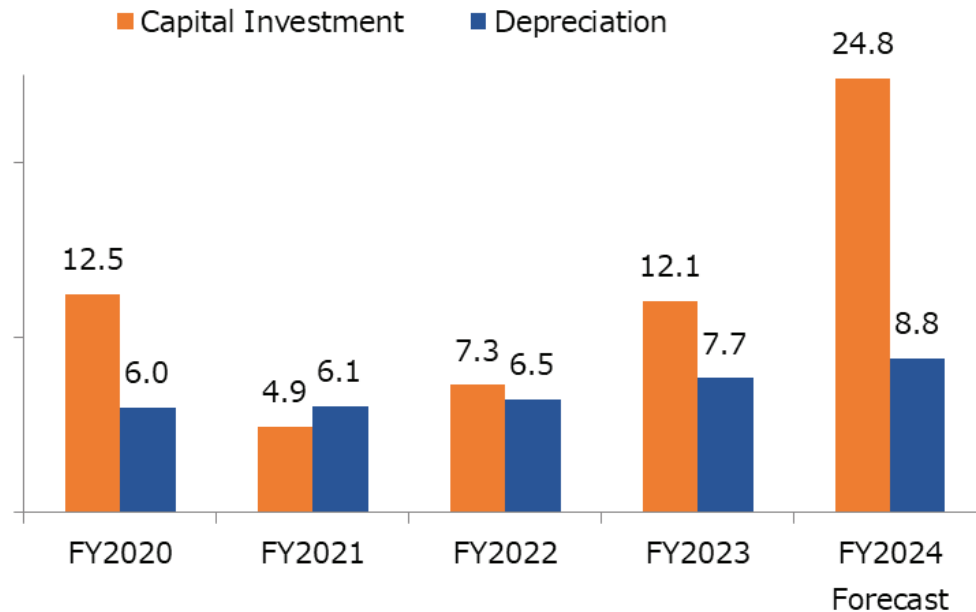
Changes in Order Backlog and Forecast by Segments

■ Industrial Machinery Products Business ■ Material and Engineering Business ■ Others

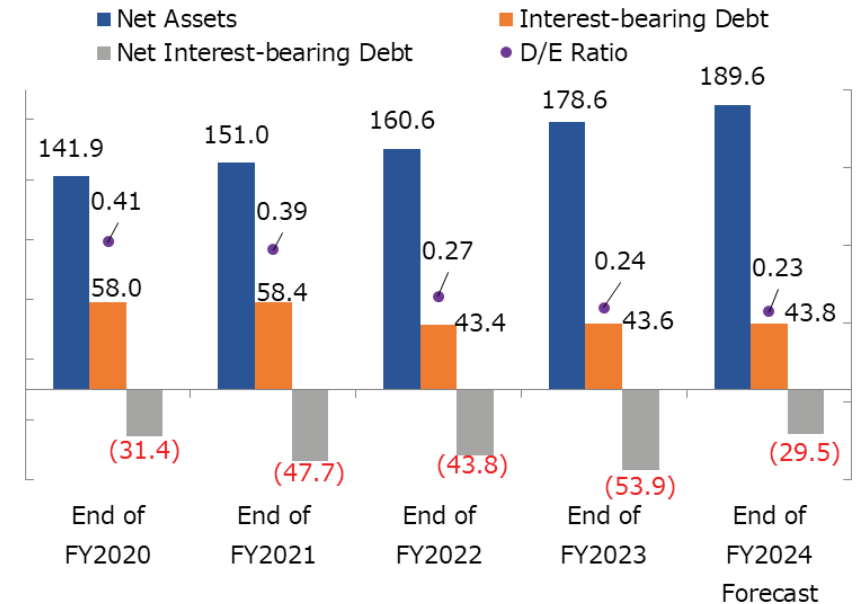
(Unit: Billion Yen)



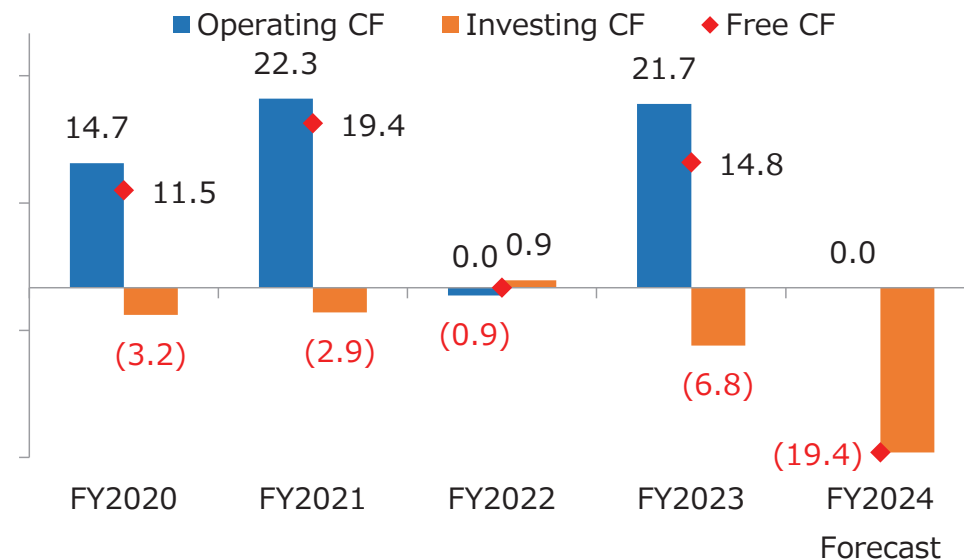
Status of Capital Investment and Depreciation



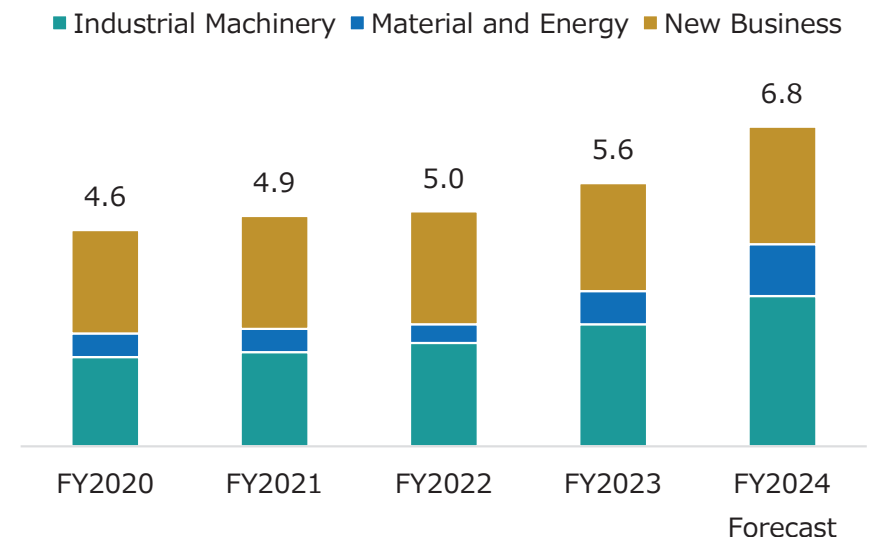
Financial Position (Unit: Billion Yen)



Status of Cash Flows



Status of R&D Expenses

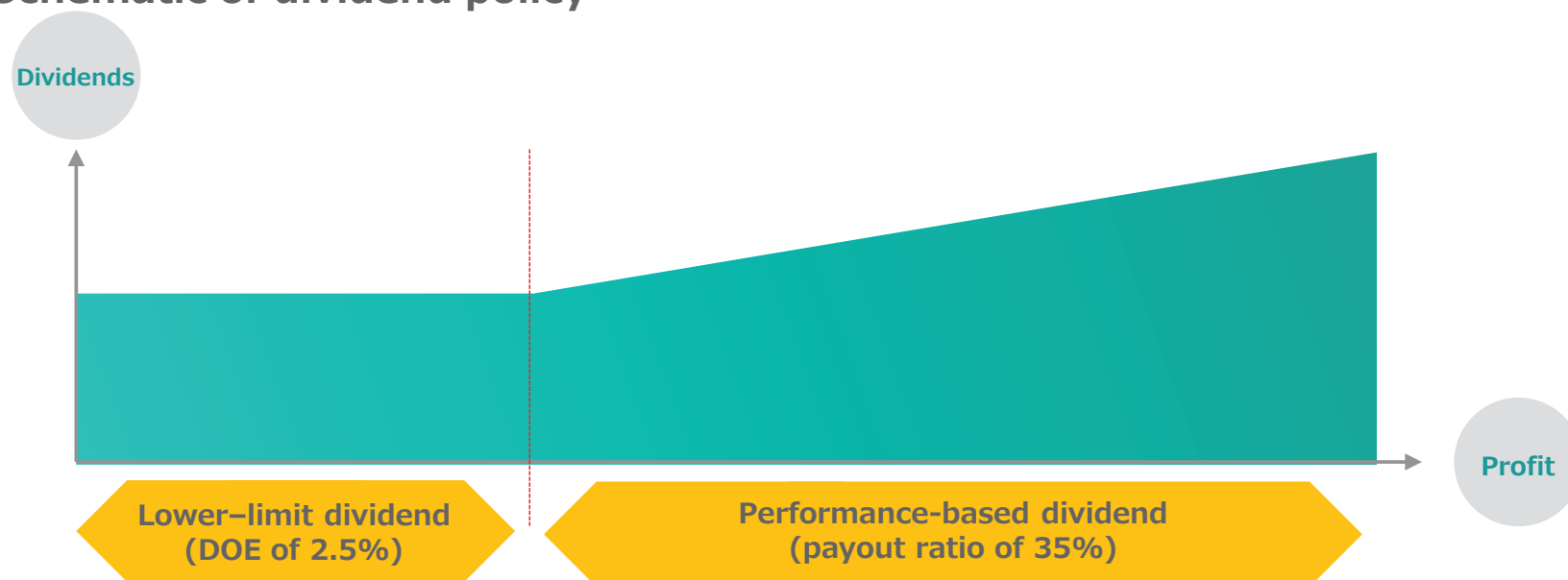


Dividend Policy of JGP2028 and the Results

Dividend Policy in the period of JGP2028, medium term management plan.

Paying dividends at a level that ensures dividend on equity (DOE) is 2.5% or higher while aiming for a consolidated dividend payout ratio of 35% or more.

■ Schematic of dividend policy










Results and forecast (Annual dividend forecast per share for FY2024 revised to 76 JPY, increased by 2 JPY.)

	FY2021	FY2022	FY2023	FY2024			
				Previous Forecast		Revised Forecast	
				1 st half	Full year	1 st half	Full year
Dividend per share (Yen)	57.0	58.0	59.0	37.0	74.0	38.0	76.0
Payout Ratio (consolidated)	30.1%	35.6%	30.4%	35.1%		35.0%	



[PART III]

Business Overview

Market Sentiment for the Main Product in the Industrial Machinery Products Business

Industrial Machinery Products Business	Business sentiment (Comparison with FY2023)	Economic conditions from the perspectives of order acquisition
Film and sheet manufacturing equipment		<ul style="list-style-type: none"> Automobile and battery manufacturers are re-studying their investment plans taking slow down of EV market into account.
Pelletizers		<ul style="list-style-type: none"> Demand in other areas than China is increasing and captured as orders, while China continues to be the main market.
Twin-screw extruders		<ul style="list-style-type: none"> Demand for high performance engineering plastic is increasing. Investment for the development of next-gen plastic, chemical recycling are increasing.
After-sales services		<ul style="list-style-type: none"> Enhancing and expanding service networks in India, the Middle East, etc. to ensure that the service demand of existing customers is captured.
Plastic Molding machines		<ul style="list-style-type: none"> Market is bottomed out, and recovery in investment demand is expected to accompany the model change of automobiles. Trend of switching from hydraulic to electric molding machines continues in European market.
Magnesium molding machines		<ul style="list-style-type: none"> Increasing need for lightweight car bodies due to the electrification leads to the trend toward the use of magnesium components continues.
FPD equipment		<ul style="list-style-type: none"> In addition to ELA systems for G8 display panels, application of laser annealing systems in power semiconductor production equipment is likely.

Market Sentiment for the Main Product in the Material and Engineering Business

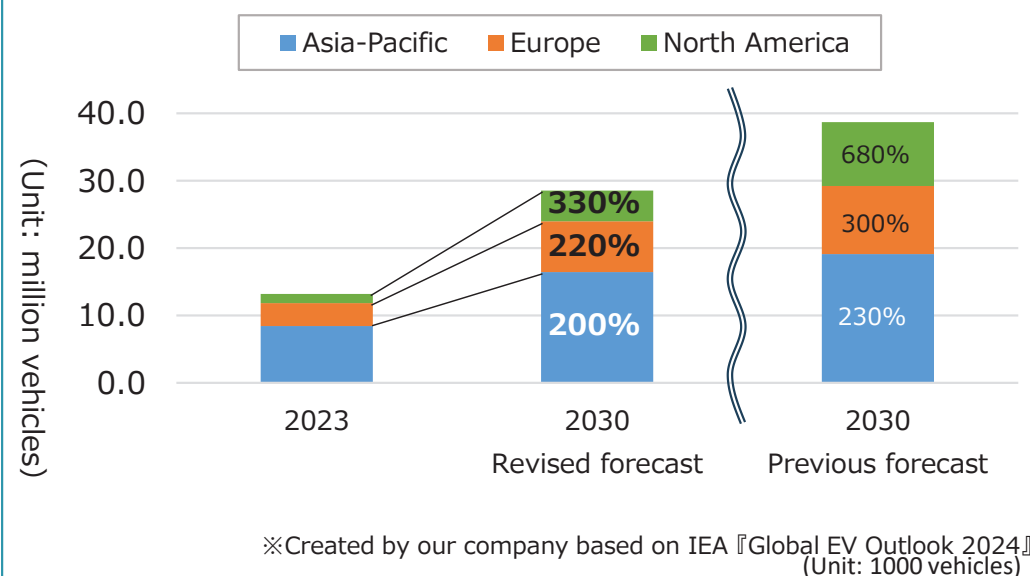
Material and Engineering Business	Business sentiment (Comparison with FY2023)	Economic conditions from the perspectives of order acquisition
Steel Forgings and Plates		<ul style="list-style-type: none"> ● Demand for steam turbine & generator rotor shafts keeps strong for both high-efficiency thermal power plants such as GTCC and replacement demand at existing nuclear power plants. ● Nuclear power products remain robust, buoyed by projects in Europe. ● Demand of large-sized steel forgings for offshore wind turbines remain strong.
Engineering, etc.		<ul style="list-style-type: none"> ● While actively receiving orders for external inspection work, action is being taken to keep up with rising demand in the industrial machinery products business segment.

Film and Sheet Manufacturing Equipment

Demand for EV batteries is forecast to rise in the medium to long term, but is currently stalled, so will continue efforts to strengthen product competitiveness and expand sales in promising new markets.

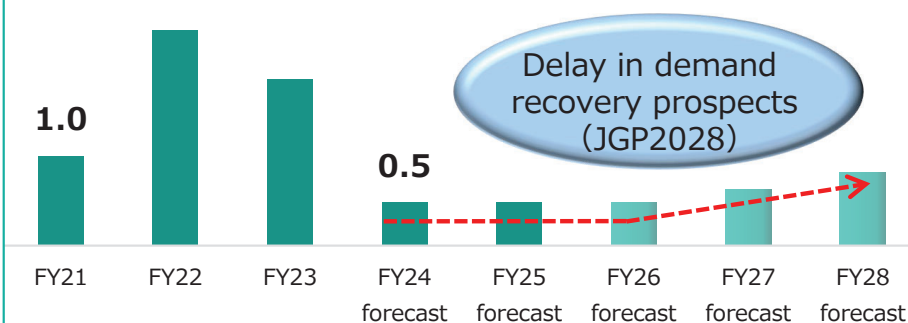
- In the US, Europe and China, the growth in the number of EVs sold is currently slackening and investment is in a correctional phase.
- In China, new investments are at a standstill, due to factors such as economic slowdown, excess supply, and hikes in American and European tariffs.
- In the US, efforts are underway to build supply chains within the region not reliant on China, but investment decisions are lagging.
- In Europe, the number of EVs sold is declining due to the economic recession and review of subsidy policies, and EV manufacturers are reviewing their production plans owing to the delay in full electrification and so.
- The medium to long-term growth trend in EVs is continuing, and signs of rising sales are seen in India. Film manufacturers are looking for the right timing for investment.

EV sales forecasts by region



Trends in Sales of Film & Sheet Manufacturing Equipment

(INDEX: FY21 = 1.0)



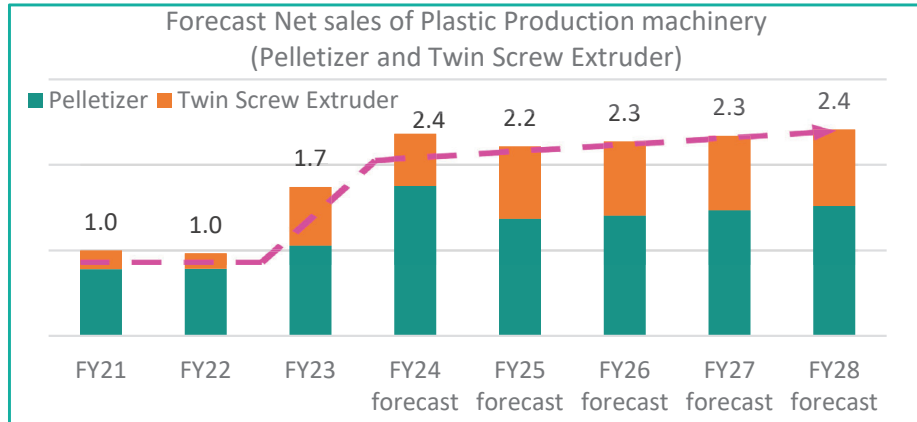
【Our Actions】

- Support existing customers improve productivity by offering machines with expanded width and higher speed.
- Expand sales to promising new markets.
- Strengthen sales expansion of film and sheet equipment and after-sales services for applications beyond separators, such as the ones for industrial use.

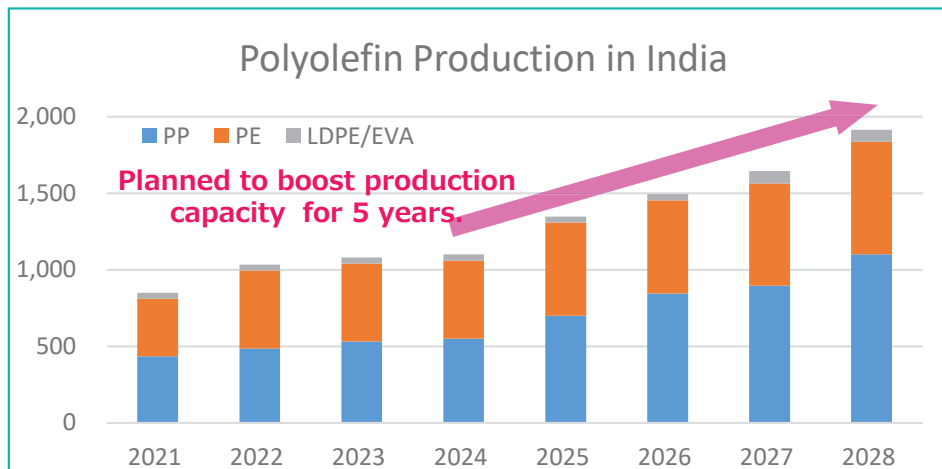
Plastic Production Machinery

Market grows in India, in addition to China.

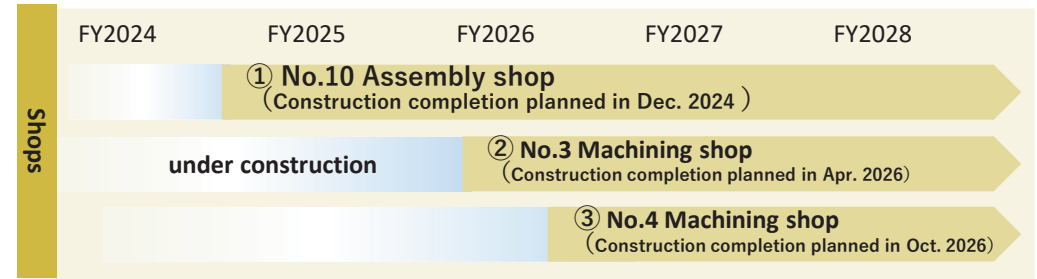
- There has been no change in increasing global demand for plastics in response to the growth of population and economy.



- In China, investments are continuing to enhance domestic production of plastic.
- Also, in India and other emerging markets, demand for plastic is rising, spurred by the growth of population and economy, and there have been efforts to shift to domestic production of raw materials.



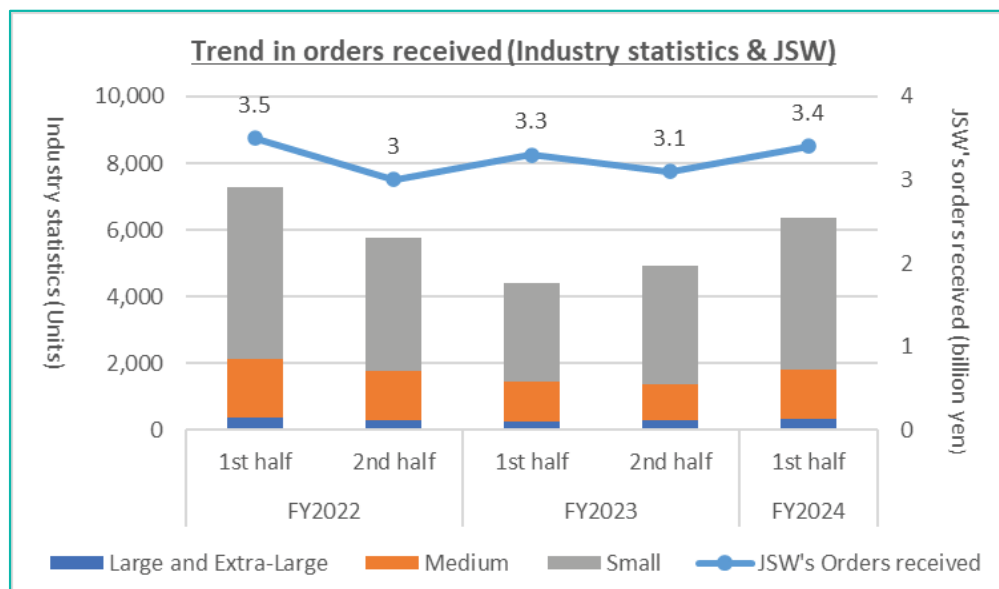
Steady progress of capital investment at Hiroshima Plant.



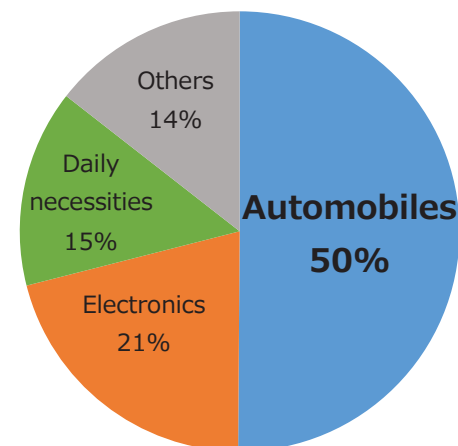
- Capital investments are progressing smoothly, and production capacity of larger cutting-edge machinery is being improved.
- Efforts are being made to further enhance in-house parts processing capabilities, strengthen product competitiveness, and improve profitability.

Molding machines: Prospects and Overview

■ Market has bottomed-out. Aim to expand sales in not only Europe, but also Southeast Asia, India, and elsewhere.



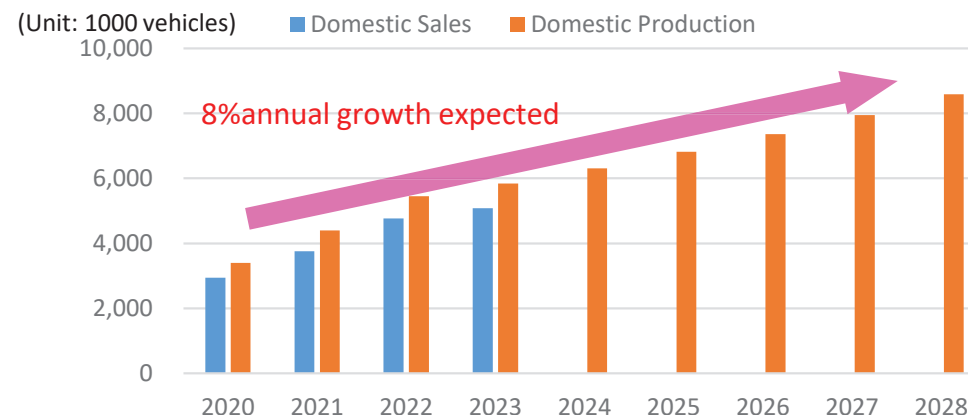
Percentage of our orders by application
(Order amount, FY2022-2024)



- The orders we receive have been relatively stable, as a result of capturing demand for medium- and large-sized machines.
- Automobile production is expected to recover. There is a demand resulting from model changes (hybrid vehicles, etc.) by Japanese automakers toward low carbonization. Parts manufacturers are also taking concrete steps toward capital investments.
- Although the European economy is floundering, strong demand for environmentally friendly and energy-saving solutions is driving a rise in customer inquiries. We are working to strengthen the production and sales systems of our overseas subsidiaries.

- Growth in the Indian market is anticipated in association with economic growth and a shift to advanced manufacturing.

Automobile Sales & Production in India



Policy trends in individual countries

各国の状況	
Japan	Concrete steps continue to be made toward restart of existing reactors and extension of their operation period, and toward construction of next-gen advanced light water reactors to replace conventional ones.
Europe	UK Up to 24 GW in new capacity is planned to be added by 2050. The government announced in May that the nationalized Wylfa power station would be the site of a large-scale nuclear power plant on par with Hinkley Point and Sizewell.
	France Plans to build six units of EPR-2 reactors, plus eight more units by 2050. Following the orders taken last year, discussions are underway on subsequent projects.
	Others Poland: Three units of AP1000 reactors are planned to be built aiming commercial operation from 2033 onward to end dependence on coal. Bulgaria: Construction of two AP1000 reactors is planned. Construction of SMRs, etc. is also being considered.
North America	A growing number of existing reactors in the US are getting licenses for extending their operation period to 80 years. Many SMR construction projects are planned, mainly in the US.
Asia	China New construction is progressing based on the plan to develop 70GW nuclear power generation capacity by 2025.
	Korea Extending the operating period of existing reactors, resuming the construction of two reactors. Seeking to promote the export of nuclear power plants (10 units by 2030).

- Projects in UK & France are progressing smoothly, and we will shift to production as orders come in.
- We received our first order for SMR nuclear forgings for a project in North America.
- With the issuing of the Declaration on the Tripling of Nuclear Power, strengthening of the supply chain is being recognized as a global challenge.

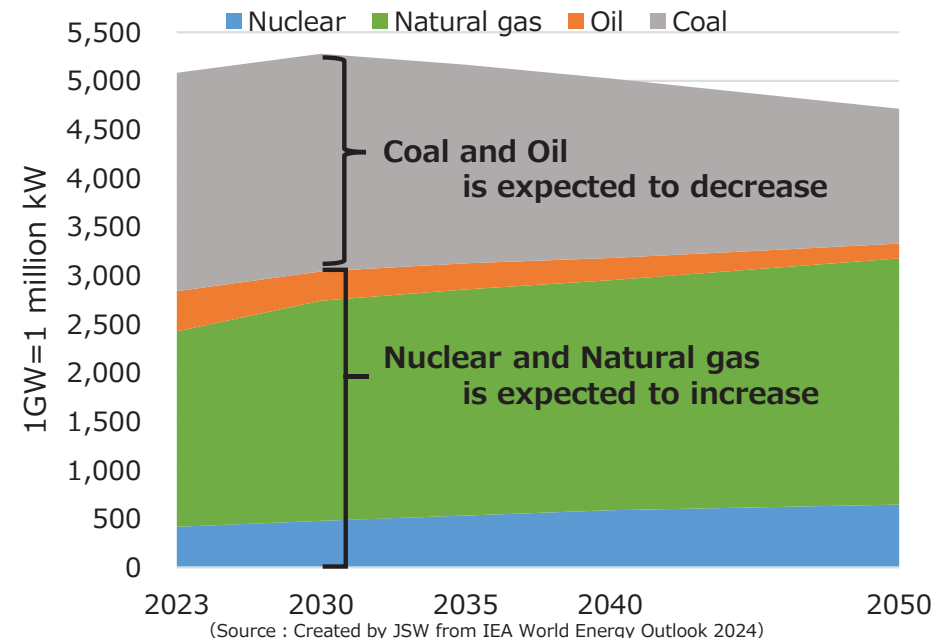
We gave a briefing at WNA's World Nuclear Symposium 2024 on how we are addressing growing demand. (London, UK, September 5, 2024)



Strong demand for electric power products (Steam turbine and generator components)

- Demand remains strong for rotor shafts for high-efficiency thermal power plants, including gas turbine combined cycle plants.
- Extension of operation license of existing nuclear power plants is pushing up demand for replacing components for steam turbines and generators.
- Investment in high-efficiency thermal power and nuclear power will likely continue over the long term as they stably supply low-carbon electricity needed to address growing power demand for data centers, particularly in America and Europe.

Outlook for installed power generation capacity by energy
(Stated policies scenario)



Reference Materials

Composition of Business Segments and Major Products

Business Segments	Industrial Machinery Products Business				Material and Engineering Business			Other Business
Organizations	Plastic Machinery B.D. / Injection Molding Machinery B.D. / Industrial Machinery B.D. / Ordnance Business H.Q.				Japan Steel Works M&E, Inc.			New Business Promotion H.Q.
Production Bases	<div>Hiroshima</div> <div>Yokohama</div> <div>Nagoya(Meiki)</div>				Muroran			
Products	<p>Plastic production and processing machinery</p> <ul style="list-style-type: none"> • Pelletizers • Film and sheet manufacturing equipment • Twin-screw extruders • After-sales services <p>Molding machines</p> <ul style="list-style-type: none"> • Plastic injection molding machines • Magnesium alloy injection molding machines • Blow molding machines • After-sales services <p>Other machinery</p> <ul style="list-style-type: none"> • Excimer laser annealing (ELA) systems • Defense equipment • Railway products • Hot press devices <p>Laminators</p> <ul style="list-style-type: none"> • Deposition systems • After-sales services 				<p>Steel castings and forgings</p> <ul style="list-style-type: none"> • Parts for Nuclear Reactor Pressure Vessels & Steam Generators • Rotor shafts • Turbine casings • Die steel • Steel rolls for steel mills <p>Clad steel products</p> <ul style="list-style-type: none"> • Clad steel plates <p>Engineering services</p> <ul style="list-style-type: none"> • Steel structure for plant and infrastructure • Non-destructive inspection and analytical inspection services • Steel pressure vessels for hydrogen storage and hydrogen storage tanks using hydrogen absorbing alloys 			<p>New Business</p> <ul style="list-style-type: none"> Photonics Composite materials Metal materials
Markets	Petrochemicals Industrial Machinery Automobiles IT Defense				Electric Power and Steel Oil and Natural Gas Natural Energy			New Business

Trends in Net Sales, Operating Income and Profit

(Unit: Billion Yen)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net Sales	220.1	217.5	198.0	213.7	238.7	252.5
Industrial Machinery Products Business	173.6	171.4	156.3	171.1	202.9	208.3
Plastic production and processing machinery	52.5	61.3	58.8	62.1	92.2	102.7
Molding machines	72.7	65.3	54.5	65.3	65.8	58.7
Defense equipment	-	-	-	-	23.8	24.1
Others	20.4	44.8	43.0	43.7	21.1	22.8
FPD equipment	16.4	-	-	-	-	-
Consolidated subsidiaries, etc.	11.6	-	-	-	-	-
Material and Engineering Business	41.2	42.8	38.5	40.0	33.9	41.9
Steel Forgings and Plates	-	19.6	19.9	25.4	24.9	33.0
Electric and nuclear power	12.5	-	-	-	-	-
Clad steel plates and pipes	13.0	12.8	10.5	6.0	-	-
Engineering, etc.	-	10.4	8.1	8.6	9.0	8.9
Others	9.5	-	-	-	-	-
Consolidated subsidiaries, etc.	6.2	-	-	-	-	-
Other Businesses	5.2	3.2	3.1	2.6	1.8	2.2
Operating Income	24.2	18.7	10.2	15.4	13.8	18.0
Industrial Machinery Products Business	23.5	19.2	13.9	17.7	18.9	20.4
Material and Engineering Business	2.6	2.7	1.8	1.3	(8)	3.2
Other Businesses	0.3	(0.4)	0.0	0.0	(4)	0.0
Profit	19.9	9.3	6.8	13.9	11.9	14.2

*Sub-segment changed in FY2020; Figures from FY2019 have been restated to reflect this change.

• Three companies (GM Engineering CO., Ltd, Nichiyu Machinery Co., Ltd and SM Platek Co., Ltd.), which had been treated as consolidate subsidiaries, were reclassified as the Plastic production and processing machinery.

• FPD equipment, Other products and Consolidated subsidiaries, etc. were reclassified as Other products in the Industrial Machinery Products Business.

• Pressure vessels for oil refineries out of steel castings and forgings in the Material and Engineering Business and wind power maintenance services out of the Other Business were reclassified as Engineering, etc. in the Material and Engineering Business.

Trends in Main Assets and Cash Flows

(Unit: Billion Yen)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total Assets	305.5	297.1	316.2	339.7	348.3	366.7
Net Assets	129.8	132.4	141.9	151.0	160.6	178.6
Net Assets per Share (yen) * * Since FY2016, amounts are after reserve-->reverse split of stocks	1,746.91	1,778.94	1,908.76	2,031.29	2,162.18	2,404.83
Equity Ratio (%)	42.0	44.0	44.4	44.0	45.7	48.3
Return on Equity (%)	16.3	7.2	5.1	9.6	7.8	8.5
Operating Cash Flow	1.1	18.9	14.7	22.3	(0.9)	21.7
Investing Cash Flow	(1.3)	(13.1)	(3.2)	(2.9)	0.9	(6.8)
Financing Cash Flow	(3.7)	(6.1)	2.7	(2.8)	(20.1)	(4.8)
Cash and Cash Equivalents at End of the Period	73.8	74.4	88.7	105.7	86.4	96.9

JSW Group

Purpose

What is the JSW Group's value?

Material Revolution,
Making the world sustainable and prosperous.

Vision

What will JSW Group aim for?

Benefiting all stakeholders by developing and implementing industrial machinery and new materials that solve social issues.

Value Creation Process

How can JSW Group provide value to realize the Vision?

JSW Group Core Competence

Melting, Mixing, and Solidifying **+** Machine Element and Precision Control

JSW Group will further refine its core competence, develop industrial machinery and new materials that solve social issues, and supply them to the world, thereby simultaneously creating social value and enhancing sustainable corporate value.

JSW 日本製鋼所