JSW 日本製鋼所

FY2024 / Business Results for the Fiscal Year 2024 (Ended March 31, 2025)

May 20, 2025

Toshio Matsuo
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Note

The performance forecasts and other forward-looking statements included in this material 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 material was prepared, and the actual results may differ significantly from these forecasts due to a variety of reasons.

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Reference Materials:

Composition of the Business Segments and Main Products / Trends in Sales and Profit / Trends in Major Assets and Cash Flows /Corporate philosophy, starting with purpose

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[PART I]

Results for FY2024

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Status of Orders Received, Sales and Profits

Orders received and net sales decreased, while profit increased YoY

(Unit: Billion Yen)

	FY2023 Result (A)	FY2024 Previous forecast (as of Nov. 8, 2024) (B)	FY2024 **Result (C)**	Change from the previous year (C)-(A)	Change from the previous forecast (C)-(B)
Orders received	334.9	365.0	**310.2**	(24.7)	(54.8)
Net sales	252.5	270.0	**248.5**	(4.0)	(21.5)
Operating profit	18.0	22.0	**22.8**	4.8	0.8
(%)	7.1%	8.1%	**9.2%**	-	-
Ordinary profit	19.9	22.5	**23.4**	3.5	0.9
Profit attributable to owners of parent	14.2	16.0	**17.9**	3.7	1.9
Earnings per share (Yen)	194.02	217.38	**244.03**	50.01	26.65
Dividend per share (Yen)	59.0	76.0	**86.0**	27.0	10.0
EBITDA	25.7	-	**30.7**	5.0	-
(%)	10.2%	-	**12.4%**	-	-

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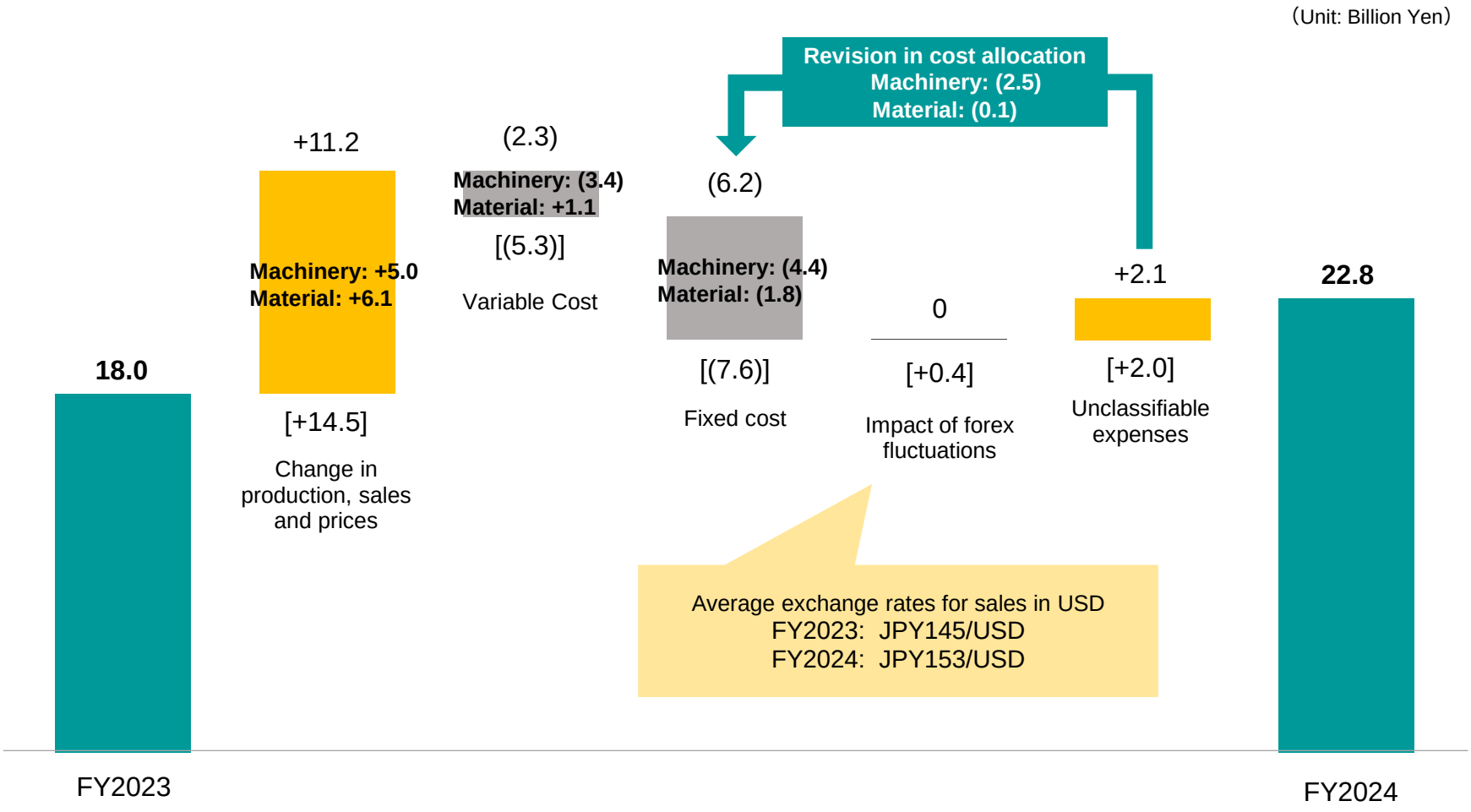
Analysis on Changes in Operating Profit

Operating profit increased by ¥4.8 billion due to the increase of production and price improvement



* Values in the parentheses "[ ]" are the previous forecasts.

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Industrial Machinery: Orders received, net sales, profit decreased YoY
Material and Engineering: Net sales and profit increased YoY

Industrial Machinery

(Unit: Billion Yen)

	FY2023 Result (A)	FY2024 Previous forecast (as of Nov. 8, 2024) (B)	FY2024 **Result (C)**	Change from the previous year (C)-(A)	Change from the previous forecast (C)-(B)
Orders received	277.4	314.0	**258.5**	(18.9)	(55.5)
Net sales	208.3	218.5	**199.0**	(9.3)	(19.5)
Operating profit	20.4	17.0	**17.5**	(2.9)	0.5
(%)	9.8%	7.8%	**8.8%**	-	-
EBITDA	24.7	-	**21.8**	(2.9)	-
(%)	11.9%	-	**11.0%**	-	-

Material and Engineering

	FY2023 Result (A)	FY2024 Previous forecast (as of Nov. 8, 2024) (B)	FY2024 **Result (C)**	Change from the previous year (C)-(A)	Change from the previous forecast (C)-(B)
Orders received	55.3	48.0	**49.3**	(6.0)	1.3
Net sales	41.9	48.5	**47.1**	5.2	(1.4)
Operating profit	3.2	8.5	**8.6**	5.4	0.1
(%)	7.7%	17.5%	**18.5%**	-	-
EBITDA	5.2	-	**10.9**	5.7	-
(%)	12.6%	-	**23.3%**	-	-

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Industrial Machinery Products Business

Molding machines and defense equipment grew YoY despite the slowdown of EVs etc. impacted plastic production and processing machinery
Profit decreased YoY due to the cost increase caused by the revision of cost allocation including head office expenses

(Unit: Billion Yen)

	Net Sales / Operating Income					Orders received				
	FY2023 Result (A)	FY2024 Previous forecast (as of Nov. 8, 2024) (B)	FY2024 **Result (C)**	Change from the previous year (C)-(A)	Change from the previous forecast (C)-(B)	FY2023 Result (D)	FY2024 Previous forecast (as of Nov. 8, 2024) (E)	FY2024 **Result (F)**	Change from the previous year (F)-(D)	Change from the previous forecast (F)-(E)
Plastic production and processing machinery	102.7	87.0	**72.2**	(30.5)	(14.8)	102.1	88.0	**51.4**	(50.7)	(36.6)
Molding machines	58.7	71.0	**66.9**	8.2	(4.1)	64.9	74.5	**65.7**	0.8	(8.8)
Defense equipment	24.1	31.5	**32.2**	8.1	0.7	70.5	114.5	**115.8**	45.3	1.3
Others	22.8	29.0	**27.7**	4.9	(1.3)	39.9	37.0	**25.6**	(14.3)	(11.4)
Total	208.3	218.5	**199.0**	(9.3)	(19.5)	277.4	314.0	**258.5**	(18.9)	(55.5)
Operating profit	20.4	17.0	**17.5**	(2.9)	0.5					

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Net sales and profit increased YoY driven by steel forgings and plates
Orders received decreased YoY due to the reactionary drop of large nuclear power project order from the previous year

(Unit: Billion Yen)

	Net Sales / Operating Income					Orders Received				
	FY2023 Result (A)	FY2024 Previous forecast (as of Nov. 8, 2024) (B)	FY2024 **Result (C)**	Change from the previous year (C)-(A)	Change from the previous forecast (C)-(B)	FY2023 Result (D)	FY2024 Previous forecast (as of Nov. 8, 2024) (E)	FY2024 **Result (F)**	Change from the previous year (F)-(D)	Change from the previous forecast (F)-(E)
Steel forgings and plates	33.0	40.2	**38.4**	5.4	(1.8)	47.7	42.0	**42.7**	(5.0)	0.7
Engineering, etc.	8.9	8.3	**8.7**	(0.2)	0.4	7.6	6.0	**6.6**	(1.0)	0.6
Total	41.9	48.5	**47.1**	5.2	(1.4)	55.3	48.0	**49.3**	(6.0)	1.3
Operating profit	3.2	8.5	**8.6**	5.4	0.1					

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[PART Ⅱ]

Forecasts for FY2025

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Impact of the U.S. tariff policy on net sales and profit for FY2025 is estimated to be minimal
Short-term impact, such as the suspension of capital investment decision due to the wait-and-see approach regarding the policies' developments, is reflected in the orders received for FY2025

Impact of the U.S. tariff policy by segment

Industrial Machinery	Direct impact on the competitive environment is expected to be minimal considering our competitors are mainly domestic and EU companies. However, a certain level of impact through FY2025 can be expected as suspension of capital investment was seen for plastic production and processing machinery in the 2nd half of FY2024.
Material and Engineering	No impact is expected.

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Forecast for Orders Received, Sales and Profits

YoY growth in net sales and profit are expected
Orders received is expected to decrease, but will remain around the same level as the previous year

(Unit: Billion Yen)

	FY2024 Result (A)	**FY2025 Forecast (B)**	Change from the previous year (B)-(A)
Orders received	310.2	**300.0**	(10.2)
Net sales	248.5	**290.0**	41.5
Operating profit	22.8	**24.5**	1.7
(%)	9.2%	**8.4%**	-
Ordinary profit	23.4	**24.5**	1.1
Profit attributable to owners of parent	17.9	**18.5**	0.6
Earnings per share (Yen)	244.03	**251.34**	7.31
Dividend per share (Yen)	86.0	**88.0**	2.0
EBITDA	30.7	**34.2**	3.5
(%)	12.4%	**11.8%**	-

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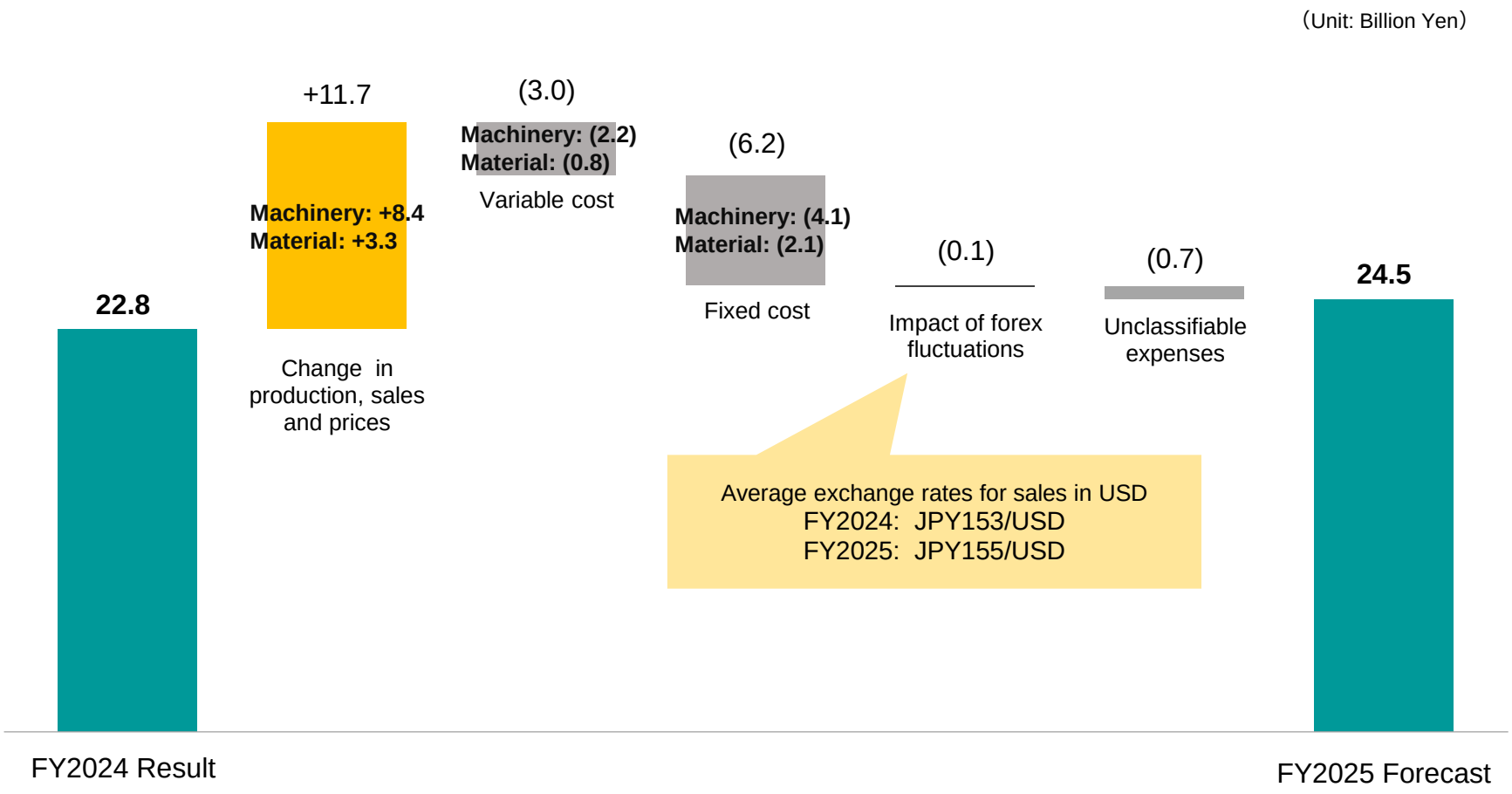
Analysis on Changes in Operating Profit

Operating profit is expected to increase by ¥1.7 billion due to the increase of production and sales and price improvement



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Both segments expect YoY growth in net sales and profit

Industrial Machinery

(Unit: Billion Yen)

	FY2024 Result (A)	FY2025 Forecast (B)	Change from the previous year (B)-(A)
Orders received	258.5	**240.5**	(18.0)
Net sales	199.0	**237.0**	38.0
Operating profit	17.5	**19.5**	2.0
(%)	8.8%	**8.2%**	-
EBITDA	21.8	**24.4**	2.6
(%)	11.0%	**10.3%**	-

Material and Engineering

	FY2024 Result (A)	FY2025 Forecast (B)	Change from the previous year (B)-(A)
Orders received	49.3	**55.5**	6.2
Net sales	47.1	**50.0**	2.9
Operating profit	8.6	**9.0**	0.4
(%)	18.5%	**18.0%**	-
EBITDA	10.9	**12.1**	1.2
(%)	23.3%	**24.4%**	-

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Net sales and profit are expected to grow YoY on the back of high demand
Orders received will remain at high level despite the reactionary drop of large-scale project in defense equipment

(Unit: Billion Yen)

	Net Sales / Operating Profit			Orders Received		
	FY2024 Result (A)	**FY2025 Forecast (B)**	Change from the previous year (B)-(A)	FY2024 Result (C)	**FY2025 Forecast (D)**	Change from the previous year (D)-(C)
Plastic prduction and processing machinery	72.2	**77.0**	4.8	51.4	**59.0**	7.6
Molding machine	66.9	**73.5**	6.6	65.7	**70.0**	4.3
Defense equipment	32.2	**44.5**	12.3	115.8	**83.0**	△ 32.8
Others	27.7	**42.0**	14.3	25.6	**28.5**	2.9
Total	199.0	**237.0**	38.0	258.5	**240.5**	△ 18.0
Operating income	17.5	**19.5**	2.0			

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Orders received, net sales and profit are expected to grow YoY due to the increase of thermal and nuclear power related products

(Unit: Billion Yen)

	Net Sales / Operating Profit			Orders Received		
	FY2024 Result (A)	**FY2025 Forecast (B)**	Change from the previous year (B)-(A)	FY2024 Result (C)	**FY2025 Forecast (D)**	Change from the previous year (D)-(C)
Steel forgings and plates (steel castings and forgings)	38.4	**43.0**	4.6	42.7	**51.0**	8.3
Engineering, etc.	8.7	**7.0**	(1.7)	6.6	**4.5**	(2.1)
Total	47.1	**50.0**	2.9	49.3	**55.5**	6.2
Operating profit	8.6	**9.0**	0.4			

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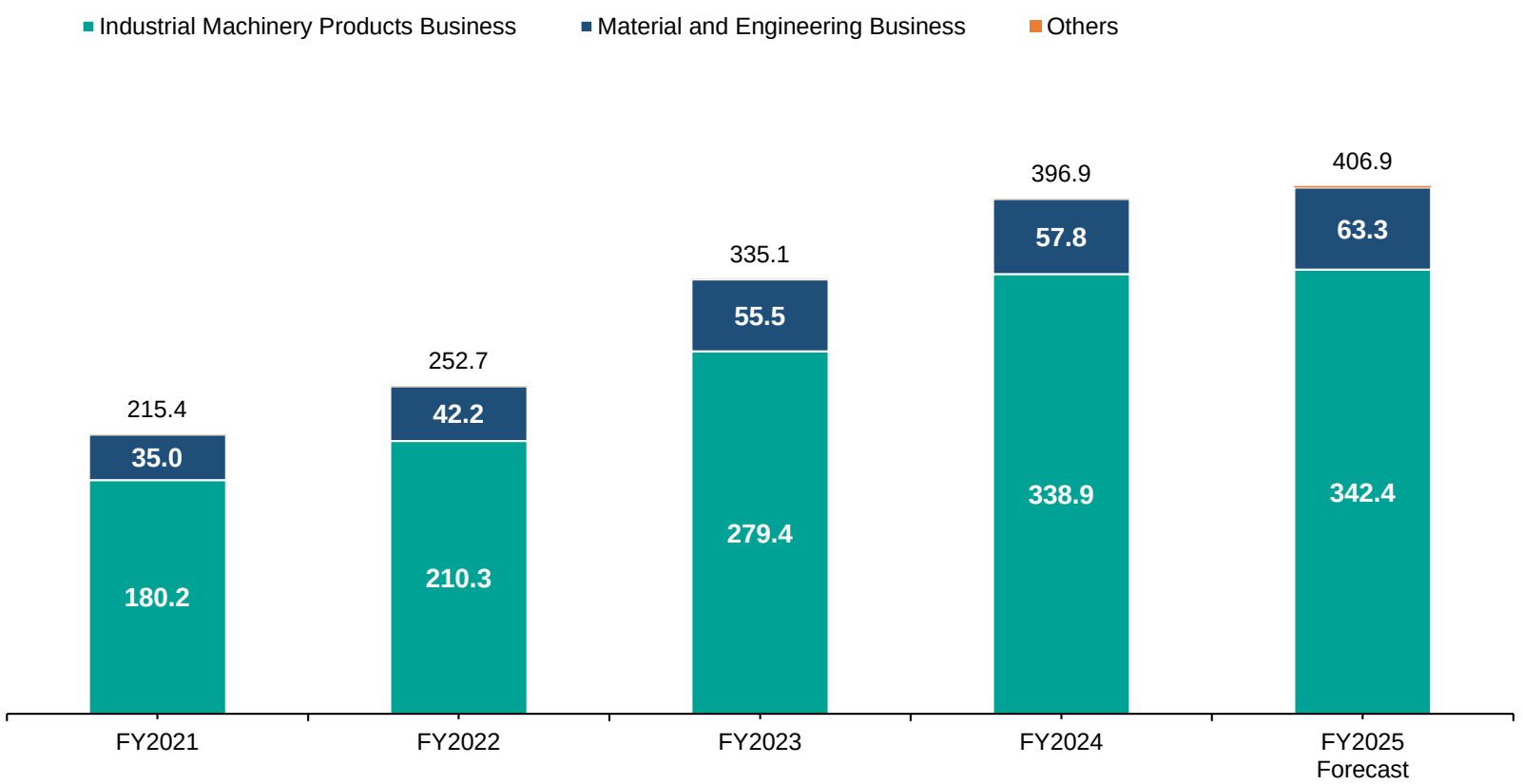
Changes in Order Backlog and Forecasts

(Unit: Billion Yen)



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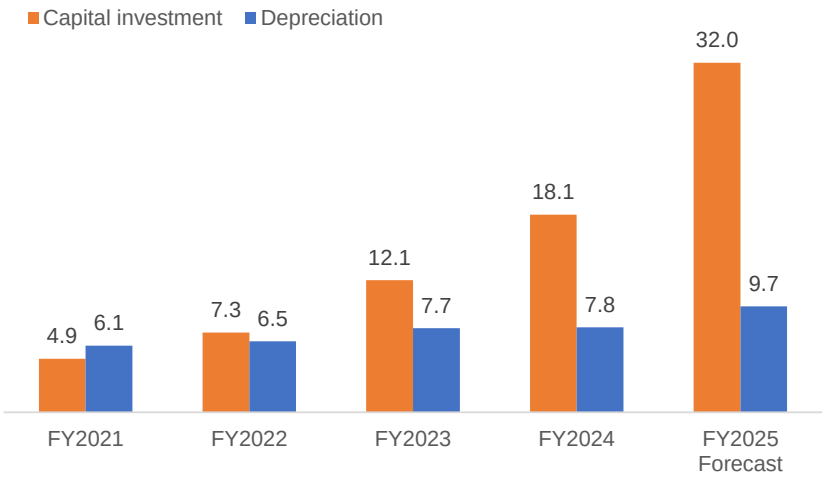
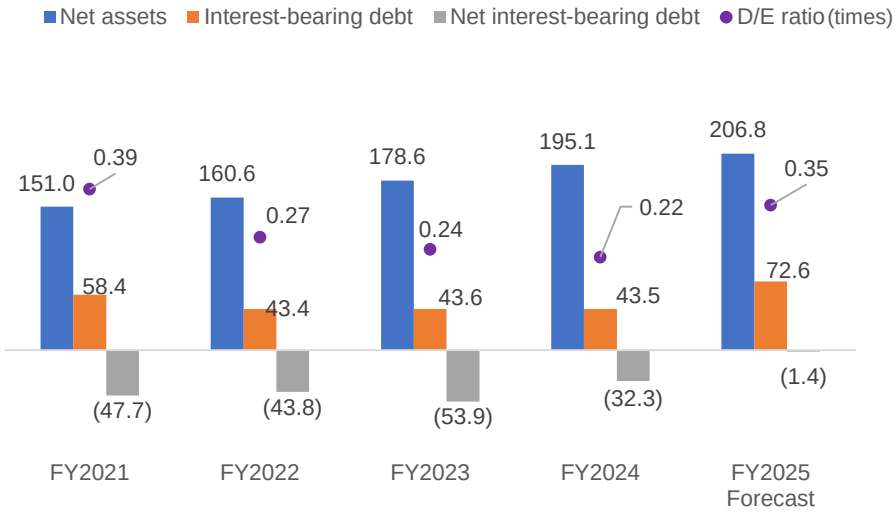
Status of Capital Investment and Depreciation, Cash Flows, Financial Position, and R&D Expenses

(Unit: Billion Yen)

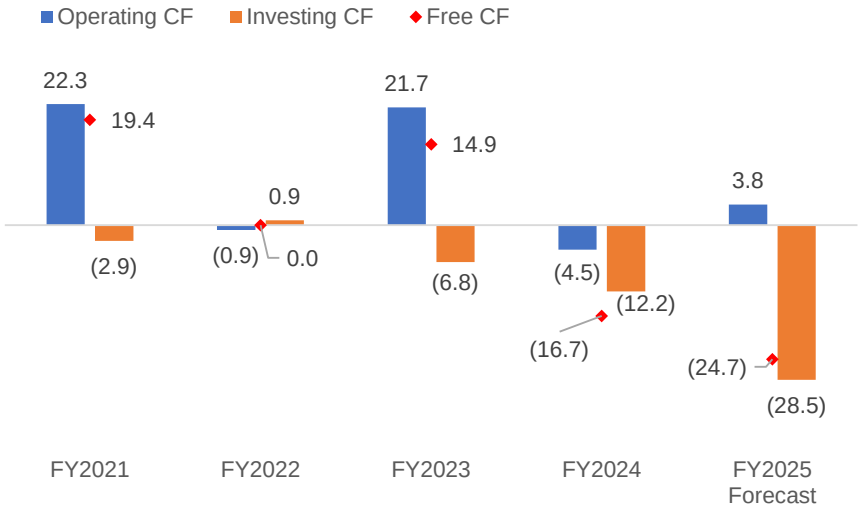
Status of Capital Investment and Depreciation



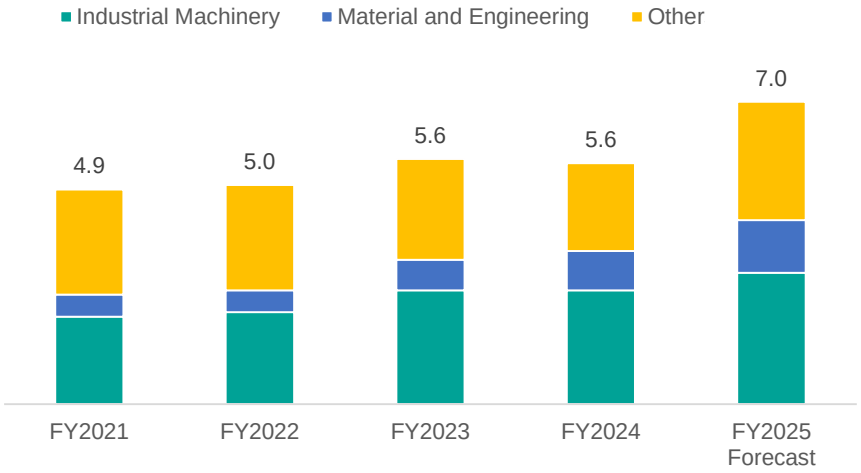
Financial Position



Status of Cash Flows



Status of R&D Expenses



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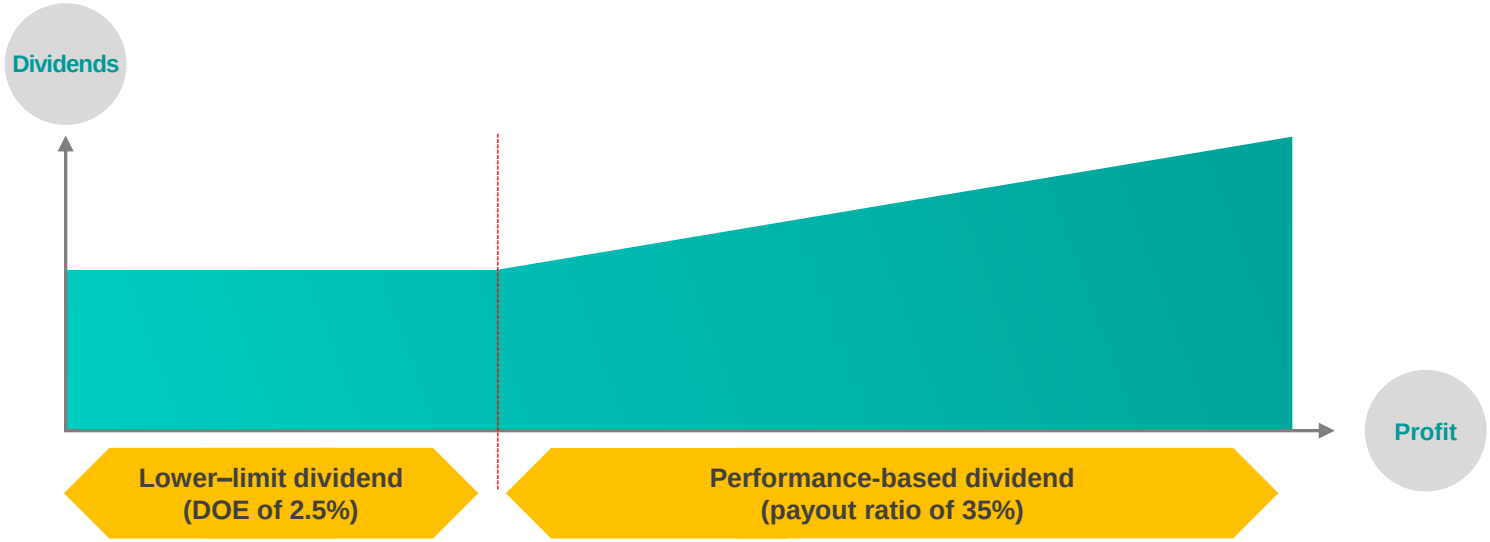
Dividend policy during the medium-term management plan JGP2028

The consolidated dividend payout ratio target is set as 35% or more, while ensuring a minimum dividend on equity (DOE) of 2.5%

■ Schematic of dividend policy



Results and forecast: Annual dividend for FY2024 is planned to be ¥86, an increase of ¥10 from the previous forecast. Annual dividend forecast for FY2025 is ¥88.

	FY2021	FY2022	FY2023	FY2024		FY2025 (Forecast)
				Previous forecast (As of Nov. 8, 2024)	Plan	
Dividend per share (Yen)	57.0	58.0	59.0	76.0	86.0	**88.0**
Payout ratio (consolidated)	30.1%	35.6%	30.4%	35.2%		**35.0%**

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[PART Ⅲ]

Progress of the Medium-term Management Plan JGP2028 and Business Overview

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Medium-term Management Plan JGP2028
– Progress of the 4 Basic Policies

Basic Policies	Actions in FY2024
① Sustainable improvement of value of existing businesses	○ No.10 Assembly Shop at the Hiroshima Plant has been completed, expanding production capacity of the plastic machinery products. Nos.3 and 4 Machining Shops are under construction to enhance the machining capacity and production efficiency for machinery parts. ○ Respond to the growing demand of defense equipment and expand production capacity by optimizing manufacturing locations. ○ Promote the global expansion by strengthening human resource of the local subsidiary and setting up an after-sales services plant for plastic machineries in partnership with a local company.
② Creating and nurturing new businesses	○ Promoted research and development activities with a focus on key investments to realize a Super-Smart Society. (R&D expenses during JGP2028 (plan): ¥41.0 billion, FY2024 result: ¥5.6 billion) ○ Plan to establish a new R&D base for developing innovative technologies and are currently selecting a suitable site.
③ Expanding investment in tangible assets, including investment in people	○ Advanced an organizational culture reform project and have established the JSW Group Guiding Principles for Action as a guideline for the employees' decisions and actions. ○ Utilized engagement survey to consider measures and quantitative indicators that contribute to the growth of diverse individuals and the maximization of the organizational outcomes. ○ Promoted women's empowerment through positive action. (Increasing the ratio of female managers and female assistant managers) ○ Achieved Digital Transformation Certification issued by the Ministry of Economy, Trade and Industry. ○ Developed an IoT solution, J-WiSe, that supports the smart factorization of our customers. (Such as J-WiSe AI Molding Navigator© which assists in preventing and improving molding defects for injection molding machines)
④ Strengthening corporate governance	○ Reviewed the officers' remuneration system to enhance incentive effectiveness for the improvement of the corporate value in the medium to long-term and to further promote shared interests with our shareholders. ○ Established the Risk Management Group within the Corporate Planning Office as a special organization to promote and oversee companywide risk management efforts. ○ Increased the diversity of Board of Directors and Audit & Supervisory Board. (Ratio of outside directors: 50%, outside audit and supervisory board member: 50%, female director: 20%, female audit and supervisory board member: 25%) ○ Reduced cross-shareholdings (ratio against consolidated net assets: 12.0%), aiming to reduce to below 10.0% by the end of Mar. 2026.

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Basic Policy ① Sustainable improvement of value of existing businesses
–Increase production capacity through capital investment and maintain and improve in-house production

Hiroshima Plant – Investment for enhancing production capacity and in-house production

- No.10 Assembly Shop commenced operation in Dec. 2024. Investment to enhance the assembly capacity for plastic machinery has completed.
- No.3 and 4 Machining Shop are under construction to enhance the machining capacity and production efficiency for machinery parts.
- Increase in-house production and improve profitability by boosting parts machining capacity, which leads to expand the after-sales services business.

Progress and forecast of the capital investment in Hiroshima Plant

	FY2024	FY2025		FY2026		FY2027		FY2028	
	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
No.10 Assembly Shop	Completed in Dec. 2024, under operation								
No.3 Machining Shop	Construction/equipment installation etc.			Scheduled to begin operation at the end of FY2025					
No.4 Machining Shop	Construction/equipment installation etc.					Scheduled to begin operation from FY2027 1H			

No.10 Assembly Shop which operation has commenced

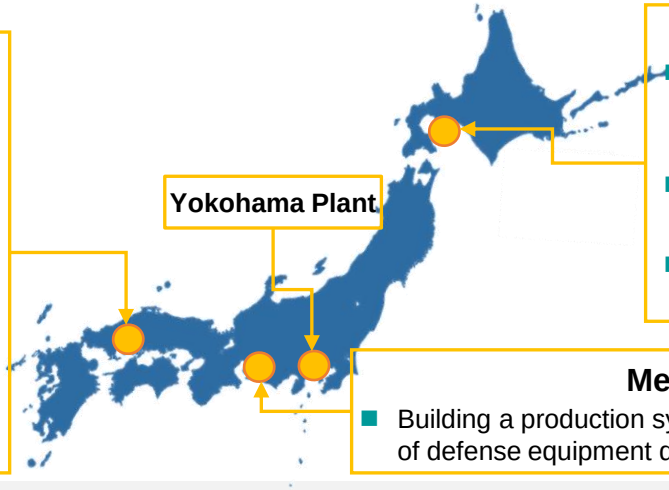
No.3 Machining Shop which is under construction

Defense equipment – Increase production capacity by optimizing manufacturing locations and mutual complementation

Hiroshima Plant

- As the final assembly plant for defense equipment, we are expanding production capacity to meet increasing demand.

Construction under progress for the expansion of the new assembly plant (left, architectural rendering)



Muroran Plant

- Respond to the increased demand of defense equipment, such as artilleries, as a material development and manufacturing plant.
- Preparing production system for the production of wheeled armored vehicles (AMV).
- Building new production lines to respond to the increased demand of missile canisters.

Meiki Plant

- Building a production system to prepare for the increase of defense equipment demand.

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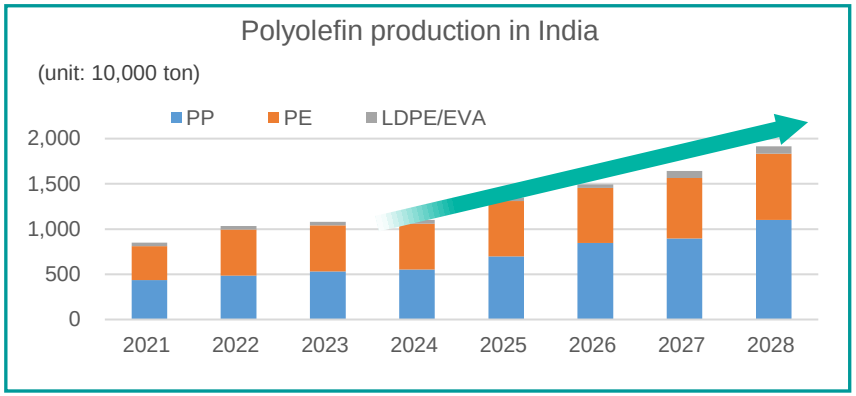
Basic Policy ① Sustainable improvement of value of existing businesses – Promote global expansion

Key regions – Response to the growing Indian market

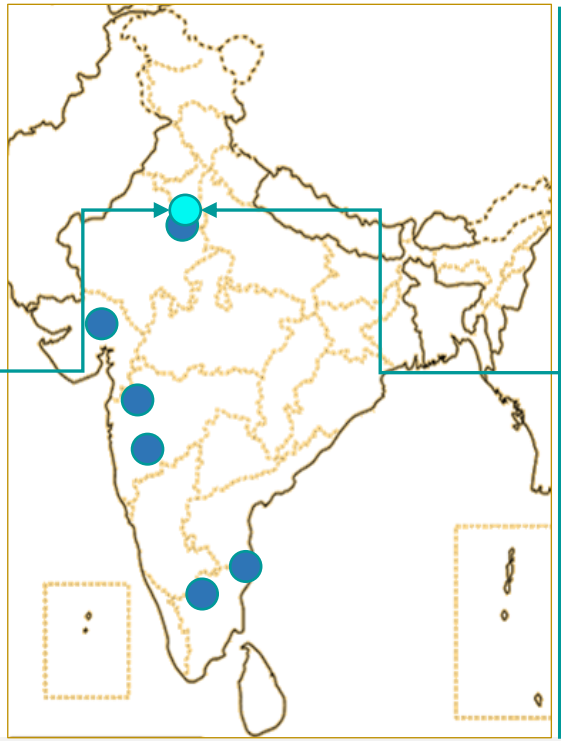
- Production capacity of polyolefin, which is highly import dependent, continues to expand amid the growing and advancing manufacturing industry lead by the Make in India policy.
- Demand for high-performance plastic is expected to grow in response to the investment plan for the increase of automobile production, and capital investment is expected to expand in related industries.

➡ **Increase of demand in the medium to long-term can be expected for our industrial machineries including pelletizers, twin-screw extruders, injection molding machines, etc.**



- We dispatched and increased plastic machinery and molding machine salesperson and engineers to our local subsidiary (Gurugram, Haryana). We will promote local hiring and strengthen the sales and service system.
- The Experience Centre is scheduled to open in the 1st half of 2025. It will display actual machines such as twin-screw extruders and injection molding machines as well as station engineers, aiming to raise presence of our industrial machinery products including press machines for printed circuit boards within India.

Experience Centre (architectural rendering)



- We set up an after-sales services plant in partnership with a local company in Dec. 2024, contributing to realize prompt dispatch of engineers and shortening of repair time.

After-sales services plant (established by UTT)

- Expand the injection molding machine service agent network. Aim to enhance our presence in the Indian market, including strengthening of our bases and setting up the Experience Centre.

● Injection molding machine sales/service agency

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Industrial Machinery Products Business
– Market sentiment for the main products

Industrial Machinery Products Business	Market sentiment (FY2024 comparison)	Economic conditions from the perspectives of order acquisition
Film and sheet manufacturing equipment		● Review of investment plans among automobile manufacturers and battery manufacturers can be seen as impact of the current slowdown of the EV demand growth and the U.S. tariff policy.
Pelletizers		● Capital investment in the Chinese market continues in anticipation of exports. However, concerns over short-term impact of each countries' policies, including reciprocal tariffs between the U.S. and China remain. Plans are moving forward mainly in the emerging countries such as India.
Twin-screw extruders		● Demand for medium and large size machines continues mainly in Asia. Inquiries regarding global standard machines increased. ● Future investment for the development of next-gen plastic and chemical recycling increased.
After-sales services		● Demand for after-sales services is increasing thanks to the expansion of delivery records. Strengthen and expand service network in the growing markets including India, the Middle East, and China, further strengthen relationships with existing customers and capture service demand steadily.
Plastic molding machines		● Although there is a wait-and-see trend over the impact of the U.S. tariff policy in the short-term, the market has bottomed out and is on a recovery trend. ● Demand in the emerging countries is growing and measures to capture demand needs strengthening.
Magnesium molding machines		● The adoption of magnesium components continues due to the increasing need for lightweight car bodies due to the electrification of automobiles.
Laser application equipment		● In addition to capturing demand for gen-8 compatible products for FPDs, expansion of laser annealing equipment applicable for power semiconductors can be expected.

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Material and Engineering Business
– Market sentiment for the main products

Material and Engineering Business	Market sentiment (FY2024 comparison)	Economic conditions from the perspectives of order acquisition
Steel forgings and plates		● Strong demand for rotor shafts for generators and steam turbines continues worldwide for both high-efficiency thermal power plants, such as GTCCs, and for nuclear power secondary system replacement project. High demand continues in Japan and overseas. ● Demand for nuclear primary system products remains robust, driven by European countries, while SMR projects are also expected.
Engineering, etc.		● Respond to the growing demand in the Industrial Machinery Products Business while actively receiving orders for external inspection works.

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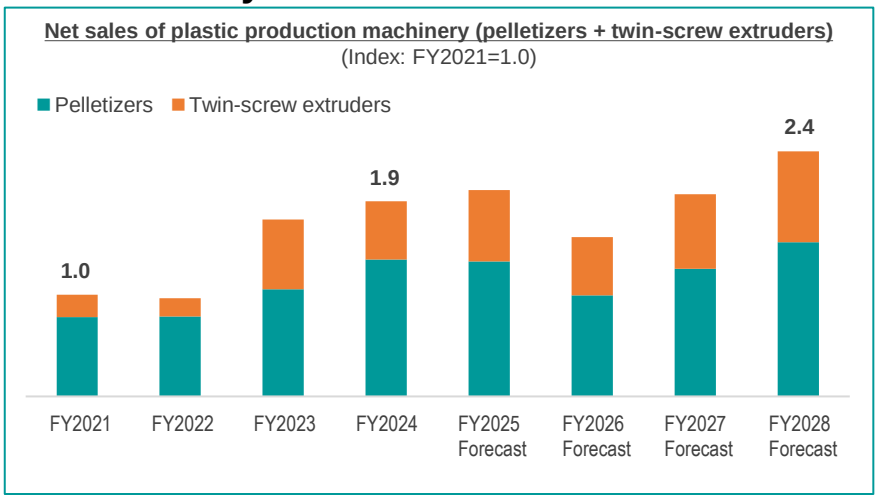
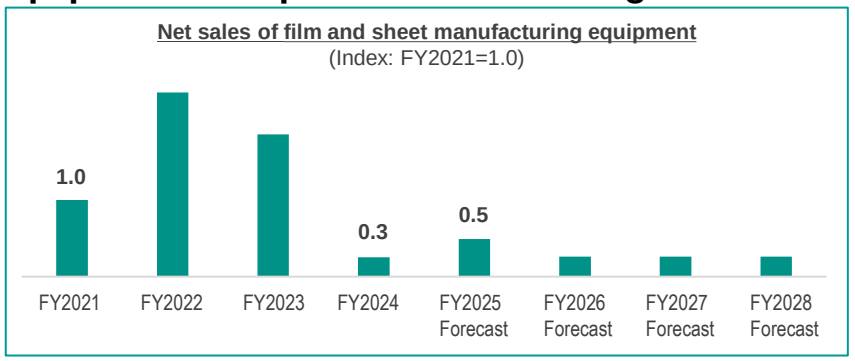
Plastic Production and Processing Machinery
– Accelerate growth through focused investments and expand the service business

Demand for plastic production machinery remains steady in the mid-term



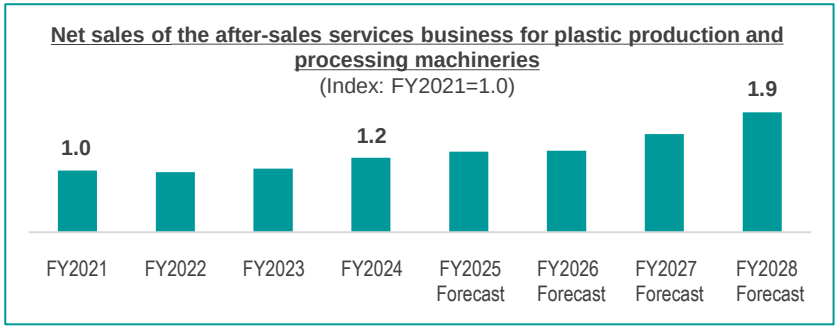
- Demand for pelletizers will continue to a certain extent due to investments in China aimed at domestic production of raw material and export growth. However, short-term impact of the U.S. tariff policy needs close monitoring.
- Demand for twin-screw extruders remains diverse, including the need for high durability of encapsulants for solar panels (POE) and automobile lightweighting, as well as for recycling purposes in response to the end-of-life vehicles regulation.
- Meanwhile, inquiries are increasing in emerging countries, including India, due to its' economic growth and industrial advancement. Demand growth is expected in the mid-term.

Demand for film and sheet manufacturing equipment for separators remains stagnate



- For battery separator films, we will contribute to enhancing our customers' productivity by improving production speed and widening the width of the products. Additionally, we will capture demand for other functional films, including those for capacitors and barrier packaging materials.

The after-sales services business will grow steadily



- Effectively capture the demand growth of after-sales services resulting from the increase of our delivery records by establishing Plastic Machinery Service Centre and expanding cooperation with local companies, etc.

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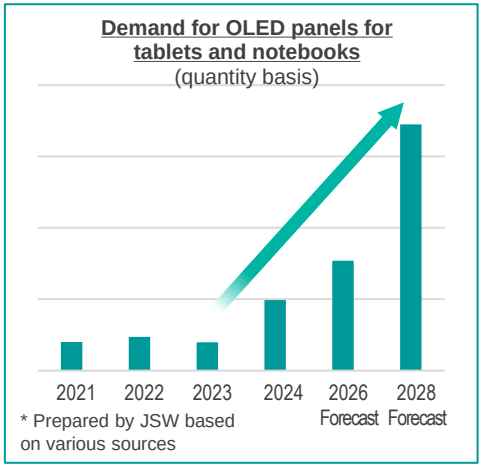
F-ELA equipment for FPDs

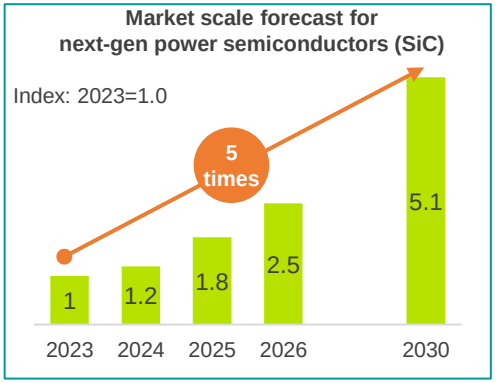
F-ELA equipment for gen-8 OLED panels

- We developed laser annealing equipment (F-ELA) compatible with float-type transfer system and delivered it to a Chinese panel manufacturer for use with gen-6 (G6) LCD panel. Thanks to its high productivity compared to existing machines, we received multiple orders for gen-8 (G8) OLED panels in FY2023 which are scheduled for delivery from Apr. 2025.
- Demand for OLED panels for IT equipment including tablets and notebooks, etc. is expected to grow more than triple in the next 5 years. Investment in G8 panels, which are cost competitive in panel production, is expected to continue at high level.



LA equipment for power semiconductors

Laser annealing equipment for semiconductors



- Developed and launched laser annealing equipment for heat treatment process of SiC substrates, the next-gen power semiconductors. Its productivity, which is more than twice the existing machines, was highly evaluated and we received multiple orders from major SiC device manufacturers, which will be delivered and launched in due course.
- Although the market is sluggish impacted by the stagnant EV market, technical discussions and evaluations of our LA equipment are underway with several device manufacturers.
- The SiC power semiconductor market is expected to grow about 5 times by 2030. We will capture the growing demand while expanding our service system.

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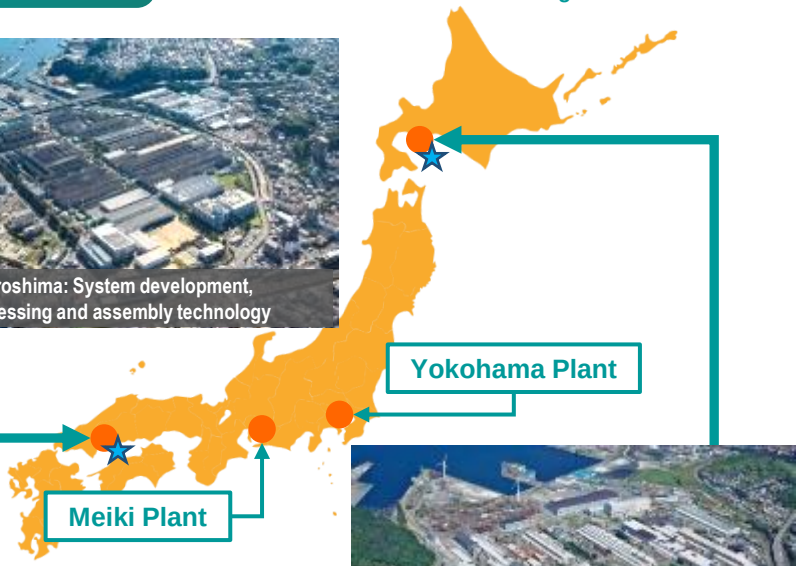
Outline of defense equipment business

- As the nation's only artillery manufacturer, we manufacture various artillery, including missile launchers and other products. Using the Hiroshima Plant as the final assembly plant, we supply sophisticated defense equipment leveraging the Muroran Plant's materials development and manufacturing technology.

Production Bases

Manufacture defense equipment, with Hiroshima and Muroran being the main production bases.
Other locations are also used according to the circumstances.

Hiroshima: System development, processing and assembly technology



Muroran: Materials development and manufacturing technology

★ Maintenance business bases for artillery and vehicles, etc. (overhauls, repairs, etc.)

Main Products

Deliver defense equipment to the Ministry of Defense and Japan Coast Guard.

Type 19
155mm Wheeled SPH

105mm Tank Gun
(Type16 MCV)
(Source: JGSDF website)

120mm Tank Gun
(Type10 MBT)
(Source: JGSDF website)

62 Caliber 5-inch
Naval Gun
(Source: JMSDF)

30mm
Automatic Cannon

Missile Canisters
(Photo: Type 12 SSM)
(Source: JGSDF website)

- In addition to the manufacture of defense equipment, the Hiroshima Plant and Muroran Plant also provides maintenance business for various artillery and vehicles, etc. (overhauls and repairs)

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Defense Equipment
– Prepare production system responding to the increasing demand

Outline of defense equipment business: Recent initiatives

- Next generation APC (Armored Personnel Carrier): Production system is being prepared steadily

  - Dec. 9, 2022: Patria's AMV was selected to replace Type-96 Wheeled APC (Japan Ministry of Defense)
  - Aug. 31, 2023: Licensing agreement was signed between JSW & Patria
  - 2024: Concluded the contract to deliver 26 AMVs
  - 2025: Concluded the contract to deliver 28 AMVs among others

Build a system to optimize manufacturing locations utilizing the Muroran Plant, including for the orders received in FY2024

Image of next generation APC (Armored Personnel Carrier)
(Source: MOD website)

- Handle development and prototype for future equipment

[Contracts signed]

- 2022 Prototype of future railgun (1): approx. ¥6.5 billion
  Miniaturization of power unit for future railgun (1): approx. ¥3.7 billion
- 2023 Prototype of future railgun (2): approx. ¥15.9 billion
- 2024 Development of future railgun (3): approx. ¥21.5 billion

**Development and prototype are progressing well,
and we will continue to utilize our knowledge and technology.**

Railgun prototype that was mounted onto test ship Asuka
(Source: Self Defense Fleet website)

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Thermal and Nuclear Power Products
– Invest in the renewal of aging core equipment and meet the growing demand of power generation equipment

Market trend of nuclear power products

		Trend by country
Japan		Cabinet Decision was made on the 7th Strategic Energy Plan in Feb. 2025. Based on the premise of ensuring safety, the plan accelerates the restart of nuclear power plant and the installation of next-gen innovative nuclear reactors.
EU	U.K.	New plan for a plant with maximum of 24GW by 2050. Scheduled to construct 4 units of EPRs for Hinkley Point C and Sizewell C. Further construction of similar sized power plants, including the nationalized Wylfa, are planned.
	France	Out of the 6 units of EPR-2 planned, on-site work for the first 2 began in Dec. 2024. We received orders for EPR-2 components for its subsequent projects in FY2024 following FY2023, making steady progress.
	Other	Poland: Planned to construct 3 units of AP1000 for operation in 2033 and after. Bulgaria: Planned to construct 2 units of AP1000
North America		Acquisition of 80-year operation license for existing nuclear power plants are increasing and demand for renewal of secondary system equipment continues. Constructions of new SMRs are also planned.
China		Active investment continues since 2022. Around 5-10 new units of power plant constructions per year are expected to be approved for construction through 2030.

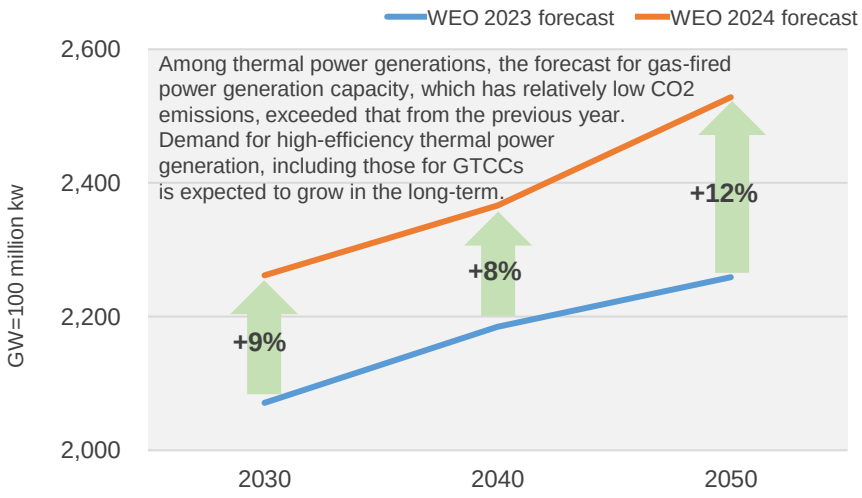
- The plan for large-scale nuclear reactor in the U.K. and France is progressing well. We received orders for components for its subsequent projects in FY2024 and will be starting manufacturing.
- Manufacture of components for the first SMR project we got the order in FY2024 is progressing well.
- Keep on exchanging information with our customers closely to respond to the growing demand in the medium to long-term.

Visit by Mr. Fontana, CEO of Framatome (Muroran Plant, Apr. 2025)

Demand for thermal power products (turbines and generator components) stays strong

- Demand for rotor shafts for high-efficiency thermal power generation, including those for GTCCs continues to be strong.
- Following the long-term demand growth of electricity, the importance of gas-fired power generation will increase as a stable power source with relatively low carbon emission which requires minimum time from investment decision to the start of operation, as well as a regulating power source for the introduction of renewable energy.

Capacity of natural gas-fired power plant (forecast)



* Stated Policies Scenario (STEPS), assumed none CCUS (carbon capture, utilization and storage)
Prepared by JSW based on IEA World Energy Outlook (WEO)

- The extension of operation license of existing nuclear power plants is pushing up the continuing demand for replacement of extra-large scale steam turbines and generators.

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Resolution of the Policy on an Absorption-Type Merger of Japan Steel Works M&E, Inc.

Profitability of the Material Business became unstable due to the decreased demand following the Great East Japan Earthquake

Establishment of Japan Steel Works M&E, Inc.

(Apr. 1, 2020)

- The aim was to achieve stable profitability in the Material Business.
- Integrated the Material Business division of JSW with the related companies that were functionally separated in the past to operate the Material Business as a unified entity.
- Promoted restructure of profit structure through production efficiency and review of product portfolio, etc.
- Build a stable profitability system while maintaining the business scale.

Resolved the policy on an absorption-type merger of Japan Steel Works M&E, Inc.

(Resolution at the Board of Directors meeting: Apr. 14, 2025, Merger target: Apr. 2026)

① Sustainable growth of the Material Business

- Ensure to respond to the further long-term increase in demand for thermal and nuclear power generation related components
  - ➡ Adapt to market changes and flexibly allocate company-wide management resources
  - ➡ Achieve stable acquisition of outstanding human resources

② Acceleration of the creation of synergies within the Group

- Respond to the expansion of the increase of defense equipment demand.
- Accelerate the technology development as well as the early social implementation of GaN etc.
  - ➡ Maximize corporate value of JSW as a whole through the creation of synergies with other businesses

③ Further strengthening of corporate governance

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Reference Materials

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Composition of Business Segments and Major Products

Business Segments	**Industrial Machinery Products Business**	**Material and Engineering Business**	**Other Businesses**
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	Hiroshima, Yokohama, Nagoya (Meiki)	Muroran	
Products	**Plastic production and processing machinery** ・Pelletizers ・Film and sheet manufacturing equipment ・Twin-screw extruders ・After-sales services **Molding machines** ・Plastic injection molding machines ・Magnesium alloy injection molding machines ・Blow molding machines ・After-sales services **Other machinery** ・Excimer laser annealing (ELA) systems ・Defense equipment ・Railway products ・Hot press devices ・Laminators ・Deposition systems ・After-sales services	**Steel castings and forgings** ・Parts for Nuclear Reactor Pressure Vessels & Steam Generators ・Rotor shafts ・Turbine casings ・Die steel ・Steel rolls for steel mills **Clad steel products** ・Clad steel plates **Engineering services** ・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	**New Business** Photonics Composite materials Metal materials
Markets	Petrochemicals / Industrial Machinery / Automobiles / IT / Defense	Electric Power and Steel / Oil and Natural Gas / Natural Energy	New Business

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Trends in Sales and Profit

(Unit: Billion Yen)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	217.5	198.0	213.7	238.7	252.5	248.5
Industrial Machinery Products Business	171.4	156.3	171.1	202.9	208.3	199.0
Plastic production and processing machinery	61.3	58.8	62.1	92.2	102.7	72.2
Molding machines	65.3	54.5	65.3	65.8	58.7	66.9
Defense equipment	-	-	-	23.8	24.1	32.2
Others	44.8	43.0	43.7	21.1	22.8	27.7
Material and Engineering Business	42.8	38.5	40.0	33.9	41.9	47.1
Steel Forgings and plates	19.6	19.9	25.4	24.9	33.0	38.4
Clad steel plates and pipes	12.8	10.5	6.0	-	-	-
Engineering, etc.	10.4	8.1	8.6	9.0	8.9	8.7
Other Businesses	3.2	3.1	2.6	1.8	2.2	2.4
Operating income	18.7	10.2	15.4	13.8	18.0	22.8
Industrial Machinery Products Business	19.2	13.9	17.7	18.9	20.4	17.5
Material and Engineering Business	2.7	1.8	1.3	(8)	3.2	8.6
Other Businesses	(0.4)	0.0	0.0	(4)	0.0	0.1
Profit attributable to owners of parent	9.3	6.8	13.9	11.9	14.2	17.9

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Trends in Main Assets and Cash Flows

(Unit: Billion Yen)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total Assets	297.1	316.2	339.7	348.3	366.7	398.1
Net Assets	132.4	141.9	151.0	160.6	178.6	195.1
Net Assets per Share (Yen) * * Since FY2016, amounts are after reserve -> reverse split of stocks	1,778.94	1,908.76	2,031.29	2,162.18	2,404.83	2,625.13
Equity Ratio (%)	44.0	44.4	44.0	45.7	48.3	48.5
Return on Equity (%)	7.2	5.1	9.6	7.8	8.5	9.7
Operating Cash Flow	18.9	14.7	22.3	(0.9)	21.7	(4.5)
Investing Cash Flow	(13.1)	(3.2)	(2.9)	0.9	(6.8)	(12.2)
Financing Cash Flow	(6.1)	2.7	(2.8)	(20.1)	(4.8)	(5.7)
Cash and Cash Equivalents at End of the Period	74.4	88.7	105.7	86.4	96.9	75.1

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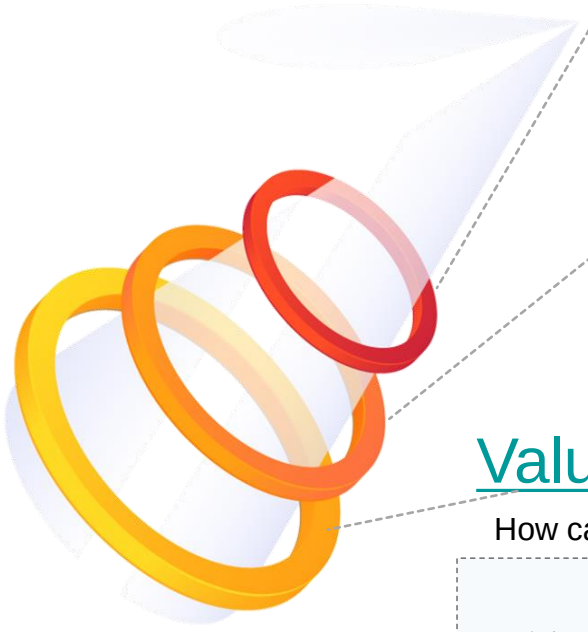
JSW Group



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.

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