

Daido Steel Co., Ltd.

Business Briefing on Growth Market Products

Q&A Session (Summary)

Date : June 12, 2026 (Friday)

Respondents: Tatsushi Iwata, Director, Managing Executive Officer

Kenichiro Saito, Executive Officer and General Manager, Corporate Planning Dept.

- Q. You state your goal is to achieve a 50% global share of stainless steel for semiconductor production equipment. Could you explain how you view the current trends and actions of your competitors?
- A. We note that certain European and U.S. stainless steel manufacturers for semiconductor production equipment plan to expand capacity, with some operations starting this fiscal year. Consequently, we remain highly alert to the competitive landscape. Because our own capacity expansion is already complete, we are ideally positioned to capture upside demand as the market expands and to meet the strong influx of inquiries we are currently receiving.
- Q. At the peak of sales volume for stainless steel used in semiconductor production equipment in FY2021–2022, the High-Performance Materials & Magnetic Materials segment generated operating profit of around 25 billion yen. If the sales volume of stainless steel for semiconductor production equipment increases from FY2026 onward, can we expect operating profit to recover to that level?
- A. In FY2021–2022, sales volumes of stainless steel for automobile and industrial equipment parts were also strong, making it difficult to attribute the segment’s operating profit solely to stainless steel for semiconductor production equipment. If the demand for this segment strengthens further, we believe an operating profit exceeding 20 billion yen is within reach. We plan to provide more concrete figures as our outlook becomes clearer.
- Q. Regarding the magnet business, you explained that the company aims for 50 billion yen in sales in FY2030 through investments in existing plants. If demand increases further and additional capacity becomes necessary, is there a possibility of greenfield investments?
- A. If our existing plants reach full production capacity for magnet products, we will consider investing in new sites, including overseas locations. We will continue to engage closely with customers to monitor demand trends and meet their needs.
- Q. You state that the ROS of growth market products is projected to increase toward 2030. Could you please share the assumptions underlying this forecast?
- A. We are currently making large-scale investments in products for the aerospace sector, expecting significant growth driven by increased sales upon project completion. For medical titanium products, one new VAR unit is already operational, and a second is scheduled to start soon. We anticipate that this production capacity expansion will boost sales and increase profits. As we continue to enter new markets, process improvements and enhanced technical proficiency will also contribute to higher profit margins.

- Q. Regarding the production allocation strategy, over what time frame do you expect synergy effects to materialize?
- A. Currently, our sales, production, and planning departments are collaborating with Nippon Koshuha Steel to develop a comprehensive plan. We aim to realize synergistic effects from FY2027 onward, with some benefits potentially emerging as early as the second half of FY2026. In particular, transferring tool steel production from the Shibukawa Plant to Nippon Koshuha Steel will free up capacity for open-die forgings at Shibukawa. This will enable us to further expand superalloy production for aerospace and other demanding applications, which we believe will generate significant value. As this initiative is a core pillar of our next medium-term business plan, we would like to request a little more time before presenting specific numerical targets.
- Q. You mention that a product with higher corrosion resistance than CLEANSTAR is under development. To what extent will it be differentiated from CLEANSTAR?
- A. We cannot disclose details at this stage, but we plan to release the product within FY2026. Upon its release, we intend to clearly communicate its features and advantages.
- Q. In the 2026 briefing materials for growth market products, the market share target for stainless steel used in semiconductor production equipment is set at 50%. Could you provide an update on the progress made since the January 2025 briefing, including any changes that have occurred since then?
- A. We are making steady progress in establishing business relations with a U.S. company with whom we had no prior transactions. On the other hand, due to the impact of U.S. steel tariffs, the expansion of orders has not yet reached our initial expectations. Nevertheless, we continue to work diligently toward achieving our 50% market share target, and it is essential that we maintain full readiness to respond when orders increase. Only a limited number of manufacturers can provide fully integrated production of stainless steel for semiconductor production equipment—from melting and casting to rolling and secondary processing. With the installation of the new VAR furnaces at the Chita Second Plant, we now have all the necessary production capabilities in place.
- Q. How do you view the future order trends for products related to semiconductor production equipment? Also, does the order outlook graph on page 9 include open-die forgings for semiconductor production equipment?
- A. The graph represents steel products and does not include open-die forgings. Orders for stainless steel used in semiconductor production equipment have been increasing rapidly since March. We would like to carefully assess whether this trend will remain stable. From a long-term perspective, we expect a gradual upward trajectory.
- Q. Regarding the “Sales Trend for Aerospace Products” graph on page 11, I would like to confirm one point. Each bar consists of three categories: commercial aircraft engine shafts, superalloy bars, and others. Which category includes space-related products?
- A. Space-related products are included in 'Superalloy Bars' and 'Others'. Please note that a larger portion is categorized under 'Others', while 'Superalloy Bars' includes only a part of them.
- Q. The semiconductor market is expected to continue experiencing cyclical corrections, and a rapid decline in demand for products used in semiconductor production equipment is also possible. Could you explain the company’s overall resilience to the risk of a sudden drop in semiconductor-related demand?
- A. It is difficult to offset a sudden drop in demand for products used in semiconductor production equipment with a single alternative product. While we have high expectations for products in growth markets, we are also gradually expanding our wider product lineup. Since our production facilities are shared across product

categories, a decline in the volume of stainless steel for semiconductor production equipment can be mitigated by producing superalloy open-die forgings using the same melting equipment. For secondary processing, superalloy rolled bars and titanium products can serve as substitutes. For areas that cannot be covered by these alternatives, we will manage operations by adjusting utilization rates across individual production lines. We intend to continue preparing various measures on the assumption that demand for stainless steel used in semiconductor production equipment will fluctuate to some extent.

- Q. At the product briefing for semiconductor production equipment held in January 2025, you explained that technological advancements in semiconductor production, such as Gate-All-Around (GAA) and 3D NAND, would lead to increased orders for Daido's corrosion-resistant steel. Have these factors been incorporated into the current forecast, and could they represent potential upside in sales?
- A. They have not been incorporated into our current forecasts. We expect that advances in these semiconductor production technologies will drive an expansion in our orders, and we plan to provide updates on these trends as they develop.

The figures in our plans contained in this document are based on certain assumptions that cannot be fully evaluated at the present time.

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