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Consolidated Financial Results for the Nine Months Ended December 31, 2025 [Under IFRS]



MEMBERSHIP

January 29, 2026

Company name: Daido Steel Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Code number: 5471

URL: <https://www.daido.co.jp/>

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Scheduled date of commencing dividend payments: —

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2025 (April 1, 2025 to December 31, 2025)

(1) Consolidated Operating Results (cumulative)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Adjusted operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended												
December 31, 2025	430,230	(0.9)	31,190	(8.5)	29,728	(12.7)	33,209	(9.4)	23,504	(5.9)	21,767	(6.1)
December 31, 2024	433,961	(1.1)	34,070	(10.6)	34,039	4.1	36,653	(9.7)	24,975	(17.5)	23,170	(19.4)

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
Nine months ended				
December 31, 2025	37,819	28.8	107.67	107.64
December 31, 2024	29,357	(34.5)	109.32	109.29

(Note) Adjusted operating profit has been calculated after making adjustments for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, fixed asset tax (leveling), and provision for paid leave from operating profit.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of				
December 31, 2025	815,257	489,379	448,346	55.0
March 31, 2025	782,974	469,144	429,278	54.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	21.00	—	26.00	47.00
Fiscal year ending March 31, 2026	—	22.00	—		
Fiscal year ending March 31, 2026 (Forecast)				27.00	49.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Adjusted operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	575,000	0.0	36,000	(8.6)	36,900	(16.0)	37,500	(12.1)	25,500	(9.9)	126.49

(Note) 1 Revision to the financial results forecast announced most recently: Yes

2 Daido Steel Co., Ltd. has acquired treasury shares based on the resolution of the Board of Directors held on July 28, 2025.

The impact of this acquisition has been reflected in the "Basic Earnings per Share" in the consolidated financial forecast.

* Notes:

(1) Significant changes in the scope of consolidation during the period: No

(2) Changes in accounting policies, changes in accounting estimates

1) Changes in accounting policies required by IFRS: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

(3) Total number of issued shares (ordinary shares)

1) Number of issued shares at the end of the period (including treasury shares):

As of December 31, 2025 217,243,845 shares

As of March 31, 2025 217,243,845 shares

2) Number of treasury shares at the end of the period:

As of December 31, 2025 17,390,211 shares

As of March 31, 2025 11,415,081 shares

3) Average number of shares during the period:

Nine months ended December 31, 2025 202,170,213 shares

Nine months ended December 31, 2024 211,943,113 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

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1. Overview of Operating Results and others

(1) Overview of Operating Results for the Nine Months Ended December 31, 2025

The consolidated operating results of the Group for the nine months ended December 31, 2025 are as follows.

(Millions of yen)	Revenue	Operating profit	Adjusted operating profit	Profit before tax	Profit attributable to owners of parent
Nine months ended December 31, 2025	430,230	31,190	29,728	33,209	21,767
Nine months ended December 31, 2024	433,961	34,070	34,039	36,653	23,170
YoY change [%]	(3,731) [(0.9%)]	(2,879) [(8.5%)]	(4,311) [(12.7%)]	(3,444) [(9.4%)]	(1,403) [(6.1%)]

(Note) Adjusted operating profit has been calculated after making adjustments for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, fixed asset tax (leveling), and provision for paid leave from operating profit.

In the nine months ended December 31, 2025, revenue decreased ¥3,731 million year on year to ¥430,230 million, due mainly to a decrease in orders from automobile-related customers, the major users of our products. For details of revenue, please refer to operating results by segment.

The price of scrap iron, the main raw material, maintained high levels. Nickel prices, while on a weakening trend, remained mostly stable. The prices of crude oil and LNG were affected by the slowdown in demand in countries such as China and geopolitical risks, including supply concerns due to escalating tensions in the Middle East. Fuel and material prices were generally high, and the Company continues to engage in thorough cost cuts and pass on rising costs to sales prices in an effort to secure an appropriate margin.

As a result, due to factors including incurring one-time expenses of ¥2,716 million in conjunction with the changes in production allocation under the Superalloy Manufacturing Process Transforming Project in the current fiscal year, operating profit decreased by ¥2,879 million year on year to ¥31,190 million. Profit before tax decreased by ¥3,444 million year on year to ¥33,209 million and profit attributable to owners of parent decreased by ¥1,403 million year on year to ¥21,767 million.

Operating results by segment are as follows.

(Millions of yen)	Revenue			Operating profit		
	Nine months ended December 31, 2024	Nine months ended December 31, 2025	YoY change [%]	Nine months ended December 31, 2024	Nine months ended December 31, 2025	YoY change
Specialty Steel	160,423	153,022	(7,401) [(4.6%)]	11,229	9,207	(2,022)
High Performance Materials and Magnetic Materials	153,084	147,922	(5,161) [(3.4%)]	10,596	10,890	293
Parts for Automobile and Industrial Equipment	83,749	88,974	5,224 [6.2%]	8,779	6,424	(2,355)
Engineering	16,273	20,263	3,990 [24.5%]	1,296	1,960	664
Trading and Service	20,430	20,046	(383) [(1.9%)]	2,190	2,672	482

Specialty Steel

Sales volume of structural steel declined due to the effects of poor automobile-related sales, among other factors, despite the demand for industrial equipment remaining at levels comparable to the previous year. Sales volume of tool steel also declined due to stagnant automobile-related demand. As a result, both revenue and profit declined from the same period of the previous fiscal year.

High Performance Materials and Magnetic Materials

Orders for stainless steel fell slightly below the levels of the previous year due to the ongoing slow recovery in demand for industrial equipment, despite an upward swing in demand for data-center HDDs (hard disk drives). Demand for superalloys for electric and electronic equipment decreased. In terms of magnetic products, there has been an increase in demand for the Company's heavy rare earth-free magnets, which do not contain, for example, dysprosium (Dy) and terbium (Tb), and a spike in

revenue, in conjunction with China's stricter restrictions on heavy rare earth exports. Revenue from titanium products decreased due to such factors as the continuing inventory adjustments for certain medical products. As a result, in this segment, operating profit increased from the same period of the previous fiscal year, having incurred liquidation expenses of the Chinese magnetic subsidiary in the previous fiscal year.

Parts for Automobile and Industrial Equipment

Revenue from engine valve parts increased due to growing demand in areas such as North America. As for precision castings, demand for turbo parts increased. Sales volume of die forgings decreased due to a decline in automobile- and truck-related demand. Although demand for valves for ships and heavy electrical products remained at a high level, revenue from open-die forgings decreased due to the effects of production cutbacks by Boeing in aircraft-related products, as well as inventory adjustments in drilling equipment, accompanying moves to assess policy trends, such as tariff policies. As a result, in this segment, while revenue from this segment increased year on year, operating profit decreased as a result of incurring one-time expenses in conjunction with changes in production allocation under the Superalloy Manufacturing Process Transforming Project.

Engineering

In this segment, both revenue and profit increased from the same period of the previous fiscal year due to increased sales of steel melting facilities and maintenance parts.

(2) Overview of Financial Position for the Nine Months Ended December 31, 2025

Total assets of the Group at the end of the nine months ended December 31, 2025 increased by ¥32,282 million from the end of the previous fiscal year to ¥815,257 million. The main increases in total assets were ¥21,367 million in trade and other receivables and ¥14,084 million in property, plant and equipment.

The main factors for the increase in total assets were as follows:

- Trade and other receivables increased due to the effects of the end of the nine months ended December 31, 2025 falling on a bank holiday and trade and other receivables being settled on the following business day.
- Property, plant and equipment increased due to strategic capital investments in fast-growing areas.

Additionally, equity of the Group, including non-controlling interests at the end of the nine months ended December 31, 2025 increased by ¥20,235 million from the end of the previous fiscal year to ¥489,379 million. The main increases and decrease in equity were increased of ¥16,988 million in retained earnings, increased of ¥8,348 million in other components of equity and increase of ¥6,532 million in treasury shares.

The main factors for the increases and decrease in equity were as follows:

- Retained earnings increased as a result of reporting ¥21,767 million in profit attributable to owners of parent.
- Other components of equity increased mainly due to the rise in the market value of the equities held.
- Treasury shares increased mainly due to the purchase of treasury shares.

As a result, the ratio of equity attributable to owners of parent to total assets as of the end of nine months ended December 31, 2025 was 55.0%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

As for the future outlook, the various policies, such as U.S. trade policies, could have a wide range of impact on global economic activities, including changes in personal consumption, production and sales strategies in corporate activities, and the international supply chain, as well as changes in interest rate policies and fluctuations in foreign exchange. In addition, the current business climate is fraught with geopolitical risks such as the situation in Ukraine and the Middle East.

Demand from automobile-related customers, the major users of our products, has been declining due to the stagnant sales of Japanese automobile manufacturers. Moreover, in industrial equipment, the production levels of Japanese manufacturers remain low, and the pace of recovery has slowed down. In terms of demand for semiconductor-related products, although an uptick in demand has been seen among certain users amid the ongoing inventory adjustments, such adjustments are expected to continue until the first half of FY2026. As for open-die forgings, while aircraft-related orders have recovered, inventory adjustments are expected to continue for drilling equipment, due to the effects of crude oil prices, among others. In terms of magnetic products, on the other hand, in conjunction with China's stricter restrictions on heavy rare earth exports, there has been a spike in demand for the Company's heavy rare earth-free magnets, which do not contain, for example, dysprosium (Dy) and terbium (Tb), and demand is expected to remain strong.

In terms of cost, we will continue to implement thorough cost cuts and to secure an appropriate margin by passing on appropriate price increases to our customers in response to cost pressures such as labor costs and inflation. Furthermore, as the sales volume of specialty steel, our foundation, falters, we will respond more adaptively to the changes in production volume by exploring

production structures that align with the changing volume and being more selective in choosing capital investment projects and work to expand our highly competitive products in fast-growing markets, among other efforts.

As for the full-year consolidated financial results, in light of factors including solid order levels despite scrap iron prices currently exceeding expectations, exchange rates continuing to trend toward a weaker yen, and the securing and maintaining of appropriate margins, which includes continuous cost reduction efforts, we have revised our forecast to revenue of ¥575,000 million, operating profit of ¥36,000 million, profit before tax of ¥37,500 million, and profit attributable to owners of parent of ¥25,500 million.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	61,218	56,641
Trade and other receivables	147,433	168,800
Contract assets	5,419	6,471
Inventories	195,483	193,386
Other financial assets	939	1,105
Other current assets	6,505	8,155
Total current assets	416,999	434,561
Non-current assets		
Property, plant and equipment	234,469	248,553
Right-of-use assets	6,362	6,195
Intangible assets	6,559	7,680
Investment property	4,224	4,239
Investments accounted for using equity method	21,154	21,838
Other financial assets	54,454	53,191
Retirement benefit asset	34,392	34,719
Deferred tax assets	3,227	3,026
Other non-current assets	1,129	1,251
Total non-current assets	365,975	380,696
Total assets	782,974	815,257

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	67,998	68,928
Contract liabilities	2,619	14,829
Bonds and borrowings	72,203	69,026
Lease liabilities	1,933	1,805
Other financial liabilities	1,716	1,919
Income taxes payable	7,936	1,984
Provisions	554	1,242
Other current liabilities	27,296	24,336
Total current liabilities	182,259	184,072
Non-current liabilities		
Bonds and borrowings	98,633	104,353
Lease liabilities	4,077	4,098
Other financial liabilities	747	801
Retirement benefit liability	12,103	12,448
Provisions	3,411	4,417
Deferred tax liabilities	11,355	14,449
Other non-current liabilities	1,242	1,235
Total non-current liabilities	131,571	141,805
Total liabilities	313,830	325,877
Equity		
Share capital	37,172	37,172
Capital surplus	31,438	31,702
Retained earnings	332,888	349,876
Treasury shares	(12,078)	(18,610)
Other components of equity	39,857	48,205
Total equity attributable to owners of parent	429,278	448,346
Non-controlling interests	39,865	41,033
Total equity	469,144	489,379
Total liabilities and equity	782,974	815,257

(2) Condensed Quarterly Consolidated Statement of Profit or Loss
and Condensed Quarterly Consolidated Statement of Comprehensive Income
Condensed Quarterly Consolidated Statement of Profit or Loss

(Millions of yen)

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2025
Revenue	433,961	430,230
Cost of sales	352,064	352,089
Gross profit	81,897	78,140
Selling, general and administrative expenses	45,232	47,408
Other income	—	757
Other expenses	2,594	298
Operating profit	34,070	31,190
Finance income	2,958	2,281
Finance costs	745	750
Share of profit of investments accounted for using equity method	370	487
Profit before tax	36,653	33,209
Income tax expense	11,678	9,704
Profit	24,975	23,504
Profit attributable to		
Owners of parent	23,170	21,767
Non-controlling interests	1,805	1,737
Profit	24,975	23,504
Earnings per share		
Basic earnings per share (Yen)	109.32	107.67
Diluted earnings per share (Yen)	109.29	107.64

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2025
Profit	24,975	23,504
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	868	8,922
Remeasurements of defined benefit plans	635	233
Share of other comprehensive income of investments accounted for using equity method	(22)	272
Total of items that will not be reclassified to profit or loss	1,482	9,427
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,870	4,876
Cash flow hedges	(2)	(7)
Share of other comprehensive income of investments accounted for using equity method	31	18
Total of items that may be reclassified to profit or loss	2,899	4,887
Other comprehensive income	4,382	14,314
Comprehensive income	29,357	37,819
Comprehensive income attributable to		
Owners of parent	26,996	35,113
Non-controlling interests	2,361	2,706
Comprehensive income	29,357	37,819

3. Supplementary briefing material

(1) Condensed Statement of Profit and Loss (cumulative)

(Millions of yen, %)

	Actual			Forecast	
	3Q December 2024	3Q December 2025	YoY Change [% of Change]	Fiscal year ending March 31, 2026	YoY Change [% of Change]
Revenue	433,961	430,230	(3,731) [(0.9%)]	575,000	54 [0.0%]
Operating profit	34,070	31,190	(2,879) [(8.5%)]	36,000	(3,408) [(8.6%)]
Adjusted operating profit *	34,039	29,728	(4,311) [(12.7%)]	36,900	(7,053) [(16.0%)]
Profit before tax	36,653	33,209	(3,444) [(9.4%)]	37,500	(5,153) [(12.1%)]
Profit attributable to owners of parent	23,170	21,767	(1,403) [(6.1%)]	25,500	(2,814) [(9.9%)]
Sales volume of Specialty Steel (thou. tons)	782	771	(11)	1,022	7

* Adjusted for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, fixed asset tax (leveling), and provision for paid leave from operating profit.

(2) Revenue and Adjusted operating Profit by reportable segment

(Millions of yen)

	Actual				Forecast			
	Revenue		Adjusted operating profit		Revenue		Adjusted operating profit	
	3Q December 2025	YoY Change	3Q December 2025	YoY Change	Fiscal year ending March 31, 2026	YoY Change	Fiscal year ending March 31, 2026	YoY Change
Specialty Steel	153,022	(7,401)	9,008	(1,751)	204,000	(6,162)	10,100	(3,005)
High Performance Materials and Magnetic Materials	147,922	(5,161)	9,715	(1,990)	197,000	(3,863)	12,400	(1,361)
Parts for Automobile and Industrial Equipment	88,974	5,224	6,622	(1,649)	119,000	5,968	8,500	(3,377)
Engineering	20,263	3,990	1,880	642	28,000	3,932	3,000	657
Trading and Service	20,046	(383)	2,466	380	27,000	179	2,900	17
Elimination of inter-segment	—	—	36	57	—	—	—	17
Total	430,230	(3,731)	29,728	(4,311)	575,000	54	36,900	(7,053)

(3) Reasons for change in the amount of Adjusted operating Profit (YoY comparison)

(100 millions of yen)

Actual			
Reasons for increase	Amount	Reasons for decrease	Amount
1. Raw material and fuel cost	100	1. Sales price	58
		2. Fixed cost	40
		3. Sales mix change	27
		4. Sales volume	16
		5. Variable cost	2
Total (a)	100	Total (b)	143
		Change (a) - (b)	(43)

(Reference: Market condition)

		3Q December 2024	3Q December 2025	Fiscal year ended March 31, 2025	Fiscal year ending March 31, 2026
H2	(Thousands of yen/t)	39.7	34.9	38.2	35.2
Nickel (LME)	(One dollar/lb)	7.7	6.8	7.5	6.8
Exchange rate (TTM)	(yen/dollar)	152.6	148.7	152.6	149.1

(4) Condensed Statement of Financial Position

(Millions of yen)

Item	As of March 31, 2025	As of December 31, 2025	Change	Item	As of March 31, 2025	As of December 31, 2025	Change
Current assets	<u>416,999</u>	<u>434,561</u>	<u>17,561</u>	Liabilities	<u>313,830</u>	<u>325,877</u>	<u>12,047</u>
Cash and deposits	61,218	56,641	(4,577)	Trade payables	67,998	68,928	930
Trade receivables	147,433	168,800	21,367	Interest-bearing debt	176,848	179,284	2,436
Inventories	195,483	193,386	(2,097)	Other	68,984	77,664	8,680
Other	12,863	15,732	2,868				
Non-current assets	<u>365,975</u>	<u>380,696</u>	<u>14,721</u>	Equity	<u>469,144</u>	<u>489,379</u>	<u>20,235</u>
Property, plant and equipment	234,469	248,553	14,084	Equity attributable to owners of parent	429,278	448,346	19,068
Other	131,505	132,142	637	Non-controlling interests	39,865	41,033	1,167
Total assets	782,974	815,257	32,282	Total liabilities and equity	782,974	815,257	32,282