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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Under IFRS]



Company name: Daido Steel Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Code number: 5471

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

Representative: Tetsuya Shimizu, President and Representative Executive Director

Contact: Takashi Nagai, General Manager, General Affairs Department

Phone: +81-52-963-7501

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 Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 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	%
Three months ended June 30, 2025	142,352	0.2	8,658	(14.0)	9,165	(6.0)	9,721	(14.9)	6,920	(6.7)	6,416	(5.3)
June 30, 2024	142,094	0.1	10,067	15.2	9,752	21.9	11,425	14.8	7,420	4.8	6,776	3.8

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
Three months ended June 30, 2025	8,945	(15.7)	31.18	31.16
June 30, 2024	10,616	(42.1)	31.80	31.78

(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
As of	Million yen	Million yen	Million yen	%
June 30, 2025	791,382	471,994	432,491	54.7
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	—				
Fiscal year ending March 31, 2026 (Forecast)		16.00	—	—	—

(Note) 1 Revision to the forecast for dividends announced most recently: No

(Note) 2 The dividend forecasts for the year-end as of the Fiscal year ending March 31, 2026 are undecided.

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
First half	275,000	(3.0)	12,500	(31.5)	13,400	(35.3)	13,000	(33.7)	8,000	(34.2)	38.87
Full year	—	—	—	—	—	—	—	—	—	—	—

(Note) 1 Revision to the financial results forecast announced most recently: No

(Note) 2 The forecast for the Fiscal year ending March 31, 2026 will be disclosed as soon as it is possible to estimate reasonable calculations.

*** 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 June 30, 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 June 30, 2025 11,415,261 shares

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

3) Average number of shares during the period:

Three months ended June 30, 2025 205,828,650 shares

Three months ended June 30, 2024 213,123,139 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.

Table of Contents of the Attachments

<u>1. Overview of Operating Results and others</u>	2
(1) Overview of Operating Results for the Three Months Ended June 30, 2025	2
(2) Overview of Financial Position for the Three Months Ended June 30, 2025	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements	3
<u>2. Condensed Quarterly Consolidated Financial Statements</u>	4
(1) Condensed Quarterly Consolidated Statement of Financial Position	4
(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income	6
Condensed Quarterly Consolidated Statement of Profit or Loss	6
Condensed Quarterly Consolidated Statement of Comprehensive Income	7
<u>3. Supplementary briefing material</u>	8

1. Overview of Operating Results and others

(1) Overview of Operating Results for the Three Months Ended June 30, 2025

The consolidated operating results of the Group for the three months ended June 30, 2025 are as follows.

(Millions of yen)	Revenue	Operating profit	Adjusted operating profit	Profit before tax	Profit attributable to owners of parent
Three months ended June 30, 2025	142,352	8,658	9,165	9,721	6,416
Three months ended June 30, 2024	142,094	10,067	9,752	11,425	6,776
YoY change [%]	258 [0.2%]	(1,408) [(14.0%)]	(587) [(6.0%)]	(1,703) [(14.9%)]	(360) [(5.3%)]

(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 three months ended June 30, 2025, revenue increased ¥258 million year on year to ¥142,352 million, due mainly to an increase in orders for automobile-related parts, such as engine valve parts. 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 temporarily weakening at times, remained mostly stable. The prices of crude oil and LNG, despite being somewhat sluggish reflecting concerns over an economic slowdown, showed signs of rising at one point, triggered by supply concerns due to escalating tension 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 ¥1,736 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 ¥1,408 million year on year to ¥8,658 million. Profit before tax decreased by ¥1,703 million year on year to ¥9,721 million and profit attributable to owners of parent decreased by ¥360 million year on year to ¥6,416 million.

Operating results by segment are as follows.

(Millions of yen)	Revenue			Operating Profit		
	Three months ended June 30, 2024	Three months ended June 30, 2025	YoY change [%]	Three months ended June 30, 2024	Three months ended June 30, 2025	YoY change [%]
Specialty Steel	53,427	51,216	(2,211) [(4.1%)]	3,319	2,596	(723)
High Performance Materials and Magnetic Materials	49,694	48,302	(1,392) [(2.8%)]	2,962	3,057	95
Parts for Automobile and Industrial Equipment	27,196	29,299	2,102 [7.7%]	2,800	1,446	(1,353)
Engineering	4,616	6,815	2,199 [47.6%]	240	680	440
Trading and Service	7,159	6,719	(439) [(6.1%)]	754	851	97

Specialty Steel

Sales volume of structural steel declined due to waning demand resulting from poor automobile-related sales as well as the sluggish demand for industrial equipment. 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). Sales volume of superalloys for automobiles increased. 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. 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 increased from the same period of the previous fiscal year, operating profit decreased, as a result of incurring one-time expenses in conjunction with the 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 Three Months Ended June 30, 2025

Total assets of the Group at the end of the three months ended June 30, 2025 increased by ¥8,407 million from the end of the previous fiscal year to ¥791,382 million. The main increases in total assets were ¥3,494 million in other financial assets under non-current assets, and ¥2,797 million in property, plant and equipment.

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

- Other financial assets under non-current assets increased mainly due to the rise in the market value of the equities held.
- 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 three months ended June 30, 2025 increased by ¥2,850 million from the end of the previous fiscal year to ¥471,994 million. The main increases in equity were ¥2,054 million in other components of equity and ¥1,053 million in retained earnings.

The main factors for the increase in equity were as follows:

- Other components of equity increased mainly due to the rise in the market value of the equities held.
- Retained earnings increased as a result of reporting ¥6,416 million in profit attributable to owners of parent.

As a result, the ratio of equity attributable to owners of parent to total assets as of the end of three months ended June 30, 2025 was 54.7%.

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

As for the future outlook, the U.S. trade policies and the reactions of each country carry the risk of putting downward pressure on the global economy. Changes in trade policies could have a wide range of impacts on various aspects of global economic activities, including changes in personal consumption due to fluctuating prices, impacts on production and sales strategies in corporate activities, the risk of the international supply chain being disrupted, and changes in monetary 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, also, continuing inventory adjustments among certain users are expected to extend to the latter half of FY2025.

In such a climate, 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 adaptably 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 growing markets, among other efforts.

As for the consolidated financial results for the first half of the fiscal year ending March 31, 2026, in the absence of any major deviations, no revision has been made to the previously announced (on May 8, 2025) consolidated financial results forecast. Furthermore, due to the difficulty of predicting the impact of the U.S. trade policies at present, the full-year forecast will be announced as soon as it becomes possible to do so.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and cash equivalents	61,218	62,287
Trade and other receivables	147,433	148,023
Contract assets	5,419	5,515
Inventories	195,483	194,981
Other financial assets	939	1,045
Other current assets	6,505	6,754
Total current assets	416,999	418,608
Non-current assets		
Property, plant and equipment	234,469	237,267
Right-of-use assets	6,362	6,453
Intangible assets	6,559	6,794
Investment property	4,224	4,293
Investments accounted for using equity method	21,154	21,254
Other financial assets	54,454	57,949
Retirement benefit asset	34,392	34,563
Deferred tax assets	3,227	3,053
Other non-current assets	1,129	1,145
Total non-current assets	365,975	372,774
Total assets	782,974	791,382

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	67,998	66,984
Contract liabilities	2,619	1,899
Bonds and borrowings	72,203	54,029
Lease liabilities	1,933	1,893
Other financial liabilities	1,716	1,769
Income taxes payable	7,936	1,583
Provisions	554	729
Other current liabilities	27,296	33,632
Total current liabilities	182,259	162,522
Non-current liabilities		
Bonds and borrowings	98,633	120,297
Lease liabilities	4,077	4,213
Other financial liabilities	747	743
Retirement benefit liability	12,103	12,181
Provisions	3,411	4,505
Deferred tax liabilities	11,355	13,676
Other non-current liabilities	1,242	1,247
Total non-current liabilities	131,571	156,865
Total liabilities	313,830	319,388
Equity		
Share capital	37,172	37,172
Capital surplus	31,438	31,544
Retained earnings	332,888	333,941
Treasury shares	(12,078)	(12,078)
Other components of equity	39,857	41,912
Total equity attributable to owners of parent	429,278	432,491
Non-controlling interests	39,865	39,502
Total equity	469,144	471,994
Total liabilities and equity	782,974	791,382

(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)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025
Revenue	142,094	142,352
Cost of sales	115,949	117,664
Gross profit	26,144	24,688
Selling, general and administrative expenses	14,855	15,849
Other income	794	—
Other expenses	2,016	180
Operating profit	10,067	8,658
Finance income	1,440	1,129
Finance costs	231	208
Share of profit of investments accounted for using equity method	147	142
Profit before tax	11,425	9,721
Income tax expense	4,004	2,801
Profit	7,420	6,920
Profit attributable to		
Owners of parent	6,776	6,416
Non-controlling interests	644	503
Profit	7,420	6,920
Earnings per share		
Basic earnings per share (Yen)	31.80	31.18
Diluted earnings per share (Yen)	31.78	31.16

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025
Profit	7,420	6,920
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(92)	2,361
Remeasurements of defined benefit plans	296	49
Share of other comprehensive income of investments accounted for using equity method	31	10
Total of items that will not be reclassified to profit or loss	235	2,420
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,925	(383)
Cash flow hedges	(0)	(5)
Share of other comprehensive income of investments accounted for using equity method	36	(5)
Total of items that may be reclassified to profit or loss	2,960	(395)
Other comprehensive income	3,196	2,025
Comprehensive income	10,616	8,945
Comprehensive income attributable to		
Owners of parent	9,421	8,468
Non-controlling interests	1,195	477
Comprehensive income	10,616	8,945

3. Supplementary briefing material

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

(Millions of yen)

	Actual			Forecast (Disclosed on May 8, 2025)	
	1Q June 2024	1Q June 2025	YoY Change [% of Change]	2Q September 2025	YoY Change [% of Change]
Revenue	142,094	142,352	258 [0.2%]	275,000	(8,439) [(3.0%)]
Operating profit	10,067	8,658	(1,408) [(14.0%)]	12,500	(5,758) [(31.5%)]
Adjusted operating profit *	9,752	9,165	(587) [(6.0%)]	13,400	(7,319) [(35.3%)]
Profit before tax	11,425	9,721	(1,703) [(14.9%)]	13,000	(6,608) [(33.7%)]
Profit attributable to owners of parent	6,776	6,416	(360) [(5.3%)]	8,000	(4,152) [(34.2%)]
Sales volume of Specialty Steel (thou. tons)	262	253	(9)	500	(19)

* 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 (Disclosed on May 8, 2025)			
	Revenue		Adjusted operating profit		Revenue		Adjusted operating profit	
	1Q June 2025	YoY Change	1Q June 2025	YoY Change	2Q September 2025	YoY Change	2Q September 2025	YoY Change
Specialty Steel	51,216	(2,211)	2,853	(84)	99,000	(6,478)	3,400	(2,887)
High Performance Materials and Magnetic Materials	48,302	(1,392)	2,568	(1,045)	96,000	(4,116)	5,300	(2,026)
Parts for Automobile and Industrial Equipment	29,299	2,102	2,226	(108)	54,000	265	2,800	(2,115)
Engineering	6,815	2,199	664	462	12,000	1,412	500	(313)
Trading and Service	6,719	(439)	826	152	14,000	477	1,400	23
Elimination of inter-segment	—	—	25	36	—	—	—	2
Total	142,352	258	9,165	(587)	275,000	(8,439)	13,400	(7,319)

(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	27	1. Fixed cost	20
2. Sales mix change	6	2. Sales price	12
3. Variable cost	1	3. Sales volume	8
Total (a)	34	Total (b)	40
		Change (a) - (b)	(6)

(Reference: Market condition)

		1Q June 2024	1Q June 2025
H2	(Thousands of yen/t)	44.5	34.7
Nickel(LME)	(One dollar/lb)	8.3	6.9
Exchange rate(TTM)	(yen/dollar)	155.9	144.6

(4) Condensed Statement of Financial Position

(Millions of yen)

Item	As of March 31, 2025	As of June 30, 2025	Change	Item	As of March 31, 2025	As of June 30, 2025	Change
Current assets	<u>416,999</u>	<u>418,608</u>	<u>1,608</u>	Liabilities	<u>313,830</u>	<u>319,388</u>	<u>5,557</u>
Cash and deposits	61,218	62,287	1,068	Trade payables	67,998	66,984	(1,013)
Trade receivables	147,433	148,023	589	Interest-bearing debt	176,848	180,433	3,584
Inventories	195,483	194,981	(501)	Other	68,984	71,970	2,986
Other	12,863	13,315	452				
Non-current assets	<u>365,975</u>	<u>372,774</u>	<u>6,799</u>	Equity	<u>469,144</u>	<u>471,994</u>	<u>2,850</u>
Property, plant and equipment	234,469	237,267	2,797	Equity attributable to owners of parent	429,278	432,491	3,213
Other	131,505	135,506	4,001	Non-controlling interests	39,865	39,502	(363)
Total assets	782,974	791,382	8,407	Total liabilities and equity	782,974	791,382	8,407