Fiscal Year Ending March 2027
1st Quarter Results
(Apr. 1 – Jun. 30, 2026)

July 28, 2026

大同特殊鋼株式会社

■ Overview of the FY2026 1st Quarter Results

- Revenue and profit increased year-on-year in Q1 of FY2026.
- Adjusted operating profit increased due to recovery in orders for industrial equipment and increased orders for semiconductor-related products.
- Profit level exceeded expectations compared to the figures announced on May 15 due to higher-than-expected sales volume of specialty steel.

[Progress ratio against the FY2026 forecast]
Operating profit: 33%, Adjusted operating profit: 29%

(thousand tons, ¥100 mil.)

	FY2025 First Quarter	FY2026 First Quarter	y/y
Sales Volume of Specialty Steel	253	269	16
Revenue	1,424	1,635	211
Operating Profit	87	131	44
Adjusted Operating Profit*	92	115	23
Profit Before Tax	97	143	46
Profit Attributable to Owners of Parent	64	91	27

*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

■ Revenue, Operating Profit, and Adjusted Operating Profit by Segment

(¥100 mil.)

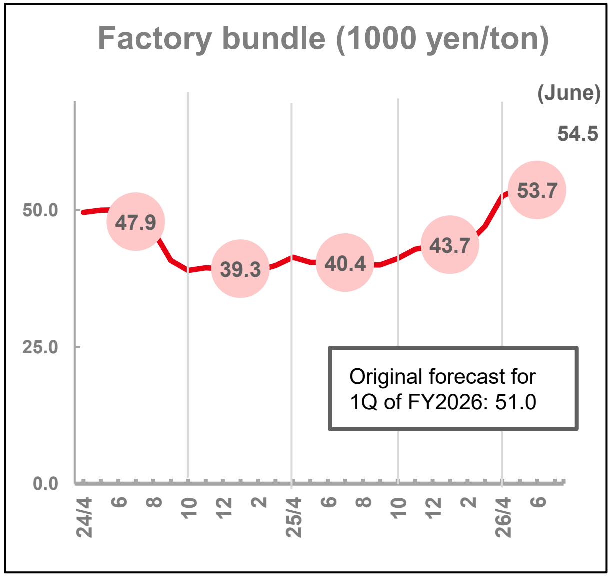
	FY2025 First Quarter			FY2026 First Quarter			y/y		
	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)
Specialty Steel	512	26	29	594	32	29	82	6	0
High-Performance Materials and Magnetic Materials	483	31	26	580	58	48	97	27	22
Parts for Automobiles and Industrial Equipment	293	14	22	316	29	27	23	15	5
Engineering	68	7	7	73	2	2	5	-5	-5
Trading and Service	68	9	8	72	10	9	4	1	1
Total	1,424	87	92	1,635	131	115	211	44	23

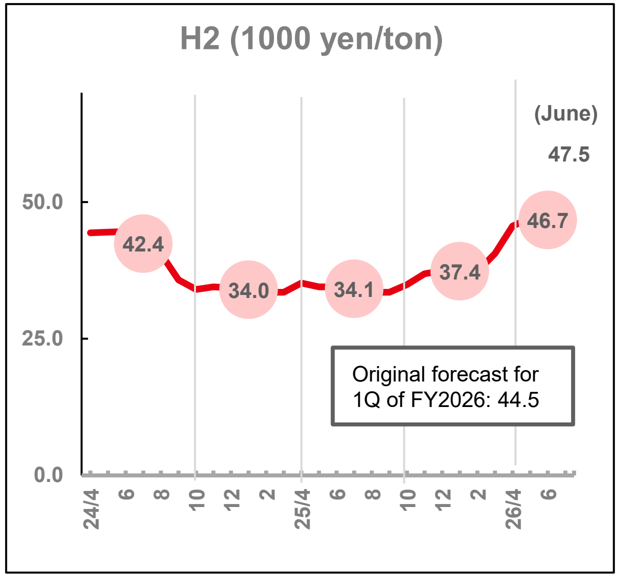
*Adjusted for items that correspond to extraordinary gains/losses, foreign exchange gains/losses, inventory valuation gains/losses, provision for environmental expenses, fixed asset tax (leveling), and provision for paid leave

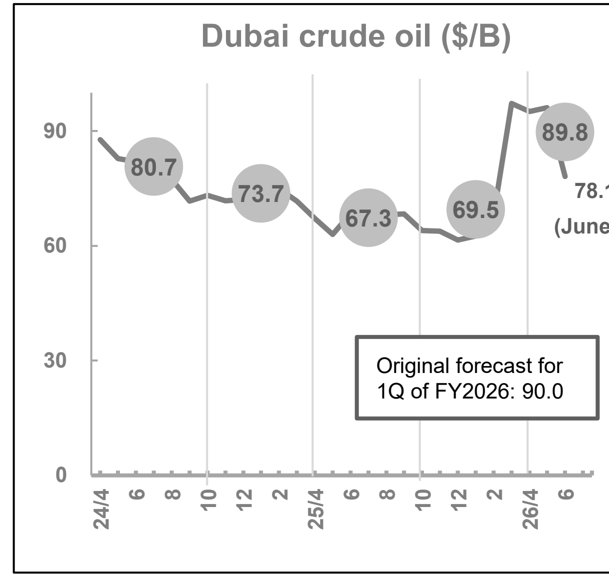
(thousand tons)

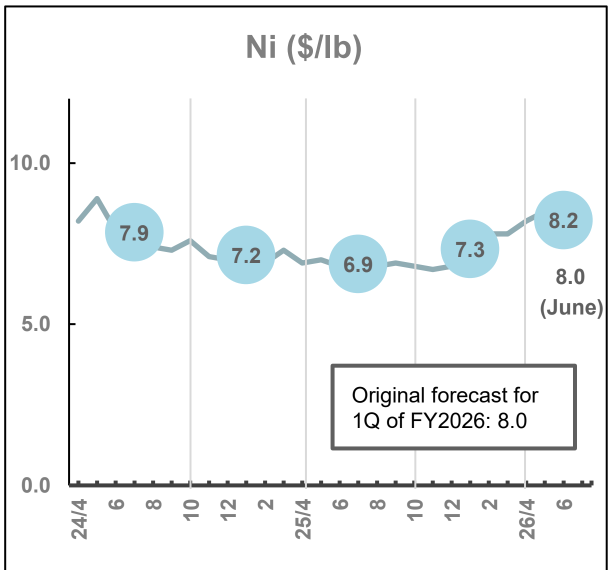
	FY2025 First Quarter	FY2026 First Quarter	y/y
Sales Volume of Specialty Steel (Non-consolidated)	253	269	16

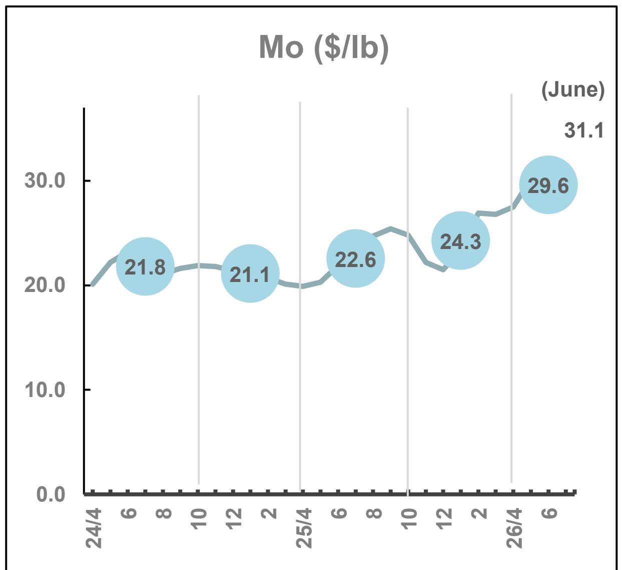
■ Raw Materials Prices

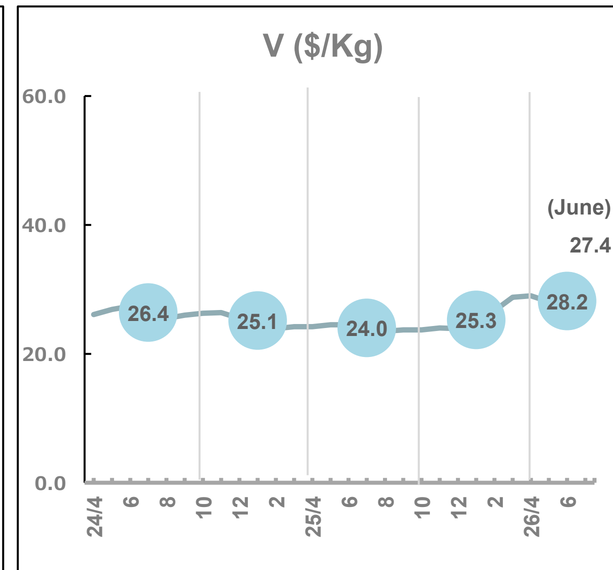




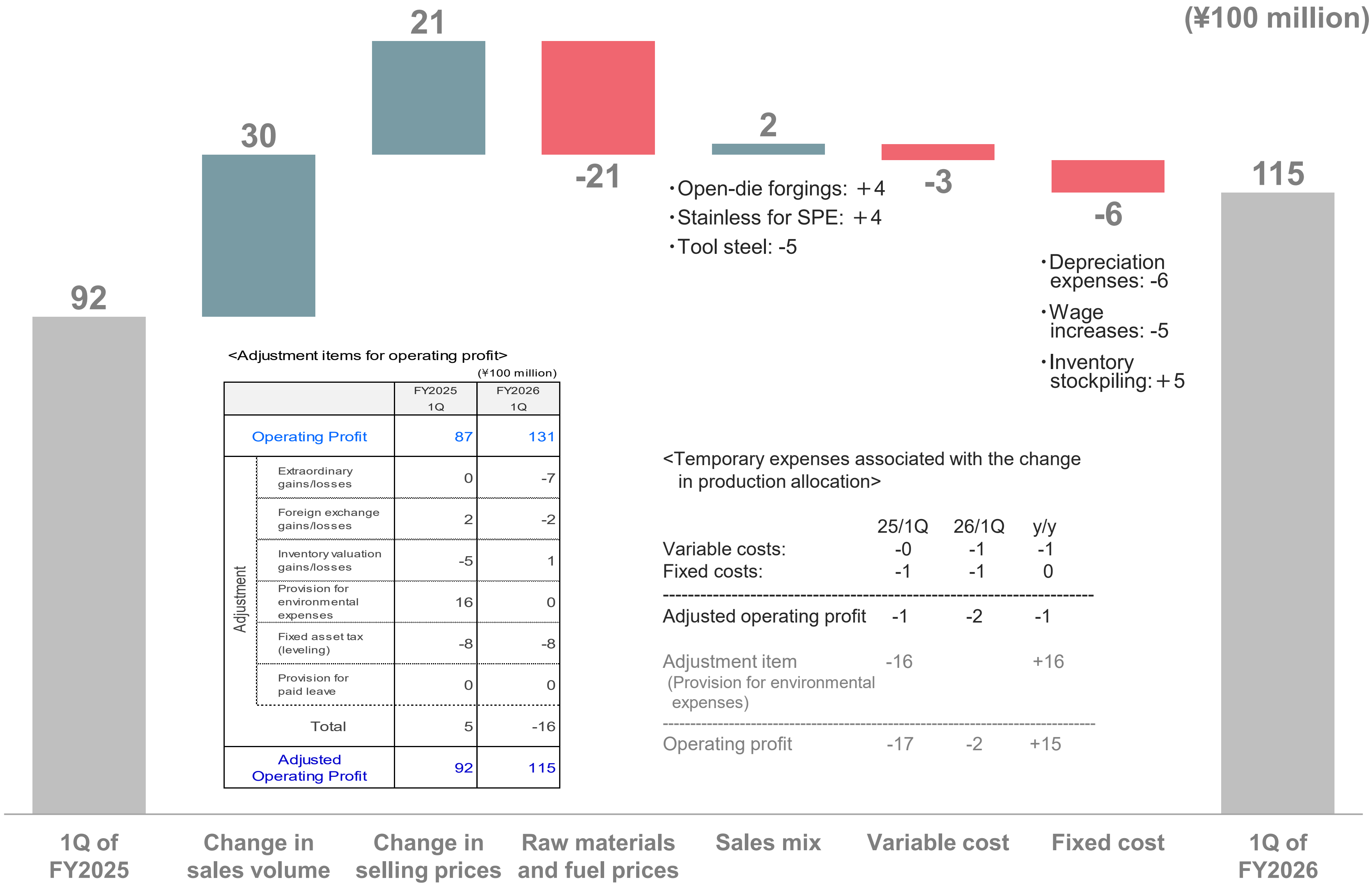








■ 1Q of FY2026 Changes in Adjusted Operating Profit (y/y)



<Adjustment items for operating profit>

(¥100 million)

		FY2025 1Q	FY2026 1Q
Operating Profit		87	131
Adjustment	Extraordinary gains/losses	0	-7
	Foreign exchange gains/losses	2	-2
	Inventory valuation gains/losses	-5	1
	Provision for environmental expenses	16	0
	Fixed asset tax (leveling)	-8	-8
	Provision for paid leave	0	0
Total		5	-16
Adjusted Operating Profit		92	115

<Temporary expenses associated with the change in production allocation>

	25/1Q	26/1Q	y/y
Variable costs:	-0	-1	-1
Fixed costs:	-1	-1	0
Adjusted operating profit	-1	-2	-1
Adjustment item (Provision for environmental expenses)	-16		+16
Operating profit	-17	-2	+15

DAIDO STEEL CO., LTD.
DAIDO STEEL GROUP
Beyond the Special

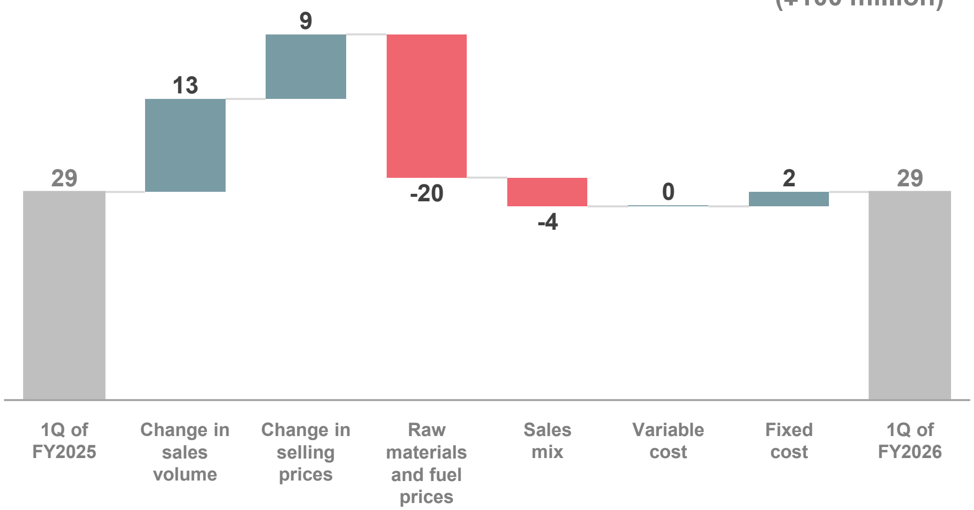
■ Overview of Specialty Steel

(¥100 million)

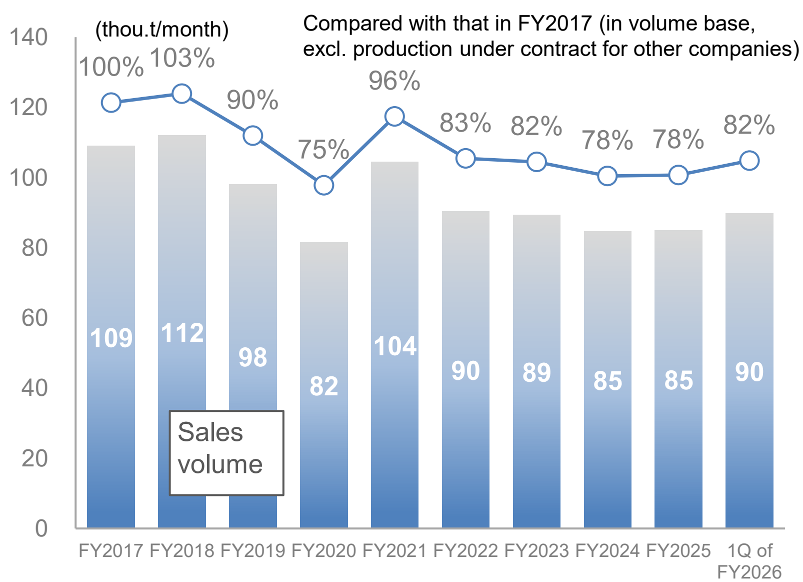
	FY2025 1Q a	FY2026 1Q b	y/y b-a
Revenue	512	594	82
Operating Profit	26	32	6
Adjusted Operating Profit*	29	29	0
Surcharge Gap	2	-5	-7

*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

Changes in Adjusted Operating Profit (y/y)



<Sales Volume of Specialty Steel (non-consolidated)>



POINT

- Sales volume of specialty steel increased due to recovery in demand for industrial equipment-related products.
- Adjusted operating profit remained at the same level as the previous year due to the impact of surcharge gap.

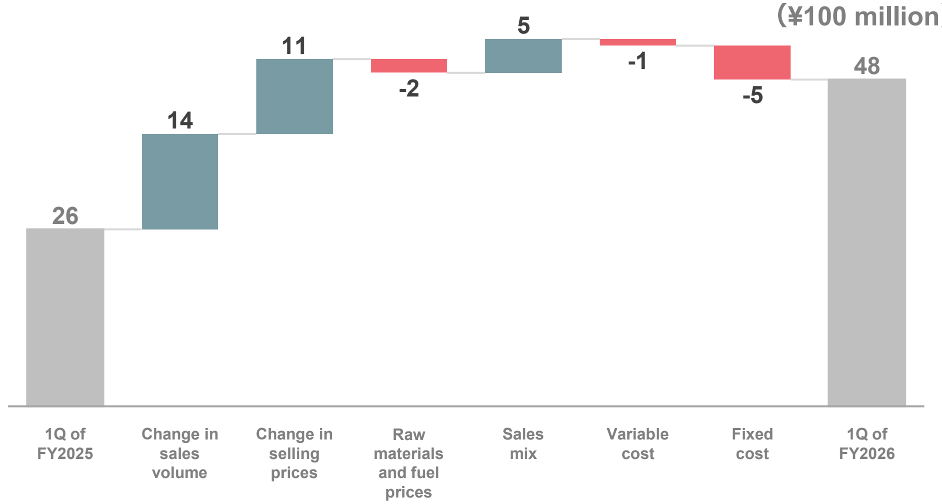
■ Overview of High-Performance Materials and Magnetic Materials

(¥100 million)

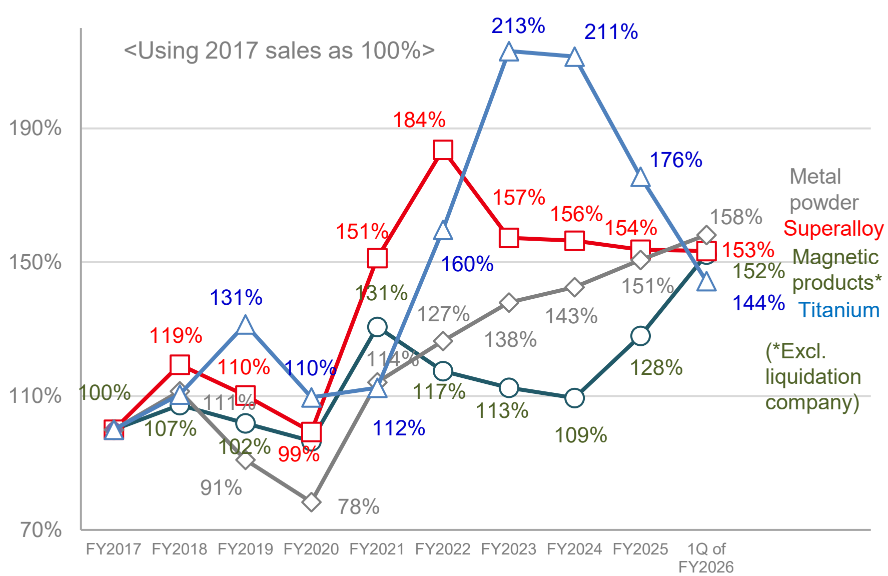
	FY2025 1Q a	FY2026 1Q b	y/y b-a
Revenue	483	580	97
Operating Profit	31	58	27
Adjusted Operating Profit*	26	48	22

*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

Changes in Adjusted Operating Profit (y/y)



<Revenue of superalloy, magnetic products, metal powder, and titanium>



POINT

- Adjusted operating profit increased significantly due to increased orders related to semiconductors and the effect of expanded sales to plants.
- As for magnetic products, demand for heavy rare earth-free magnets continued to increase due to China's strengthened export restrictions on heavy rare earths (Dy, Tb*).

*Dy: Dysprosium, Tb: Terbium

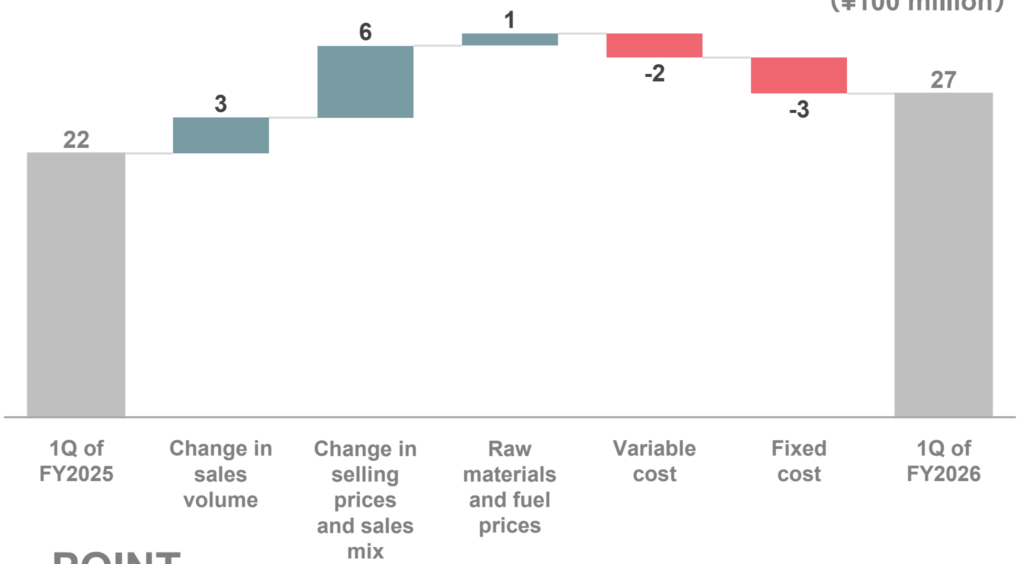
■ Overview of Parts for Automobiles and Industrial Equipment

(¥100 million)

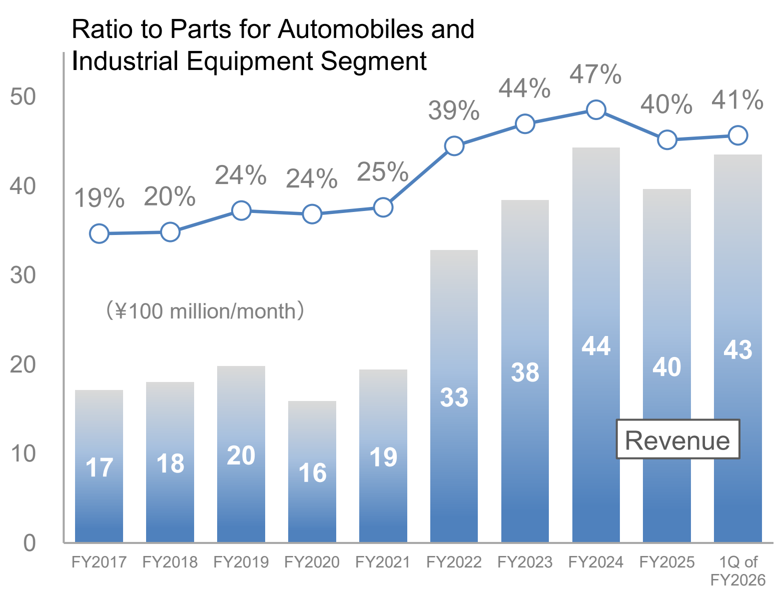
	FY2025 1Q a	FY2026 1Q b	y/y b-a
Revenue	293	316	23
Operating Profit	14	29	15
Adjusted Operating Profit*	22	27	5

*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

Changes in Adjusted Operating Profit (y/y)



<Revenue of open-die forgings>



POINT

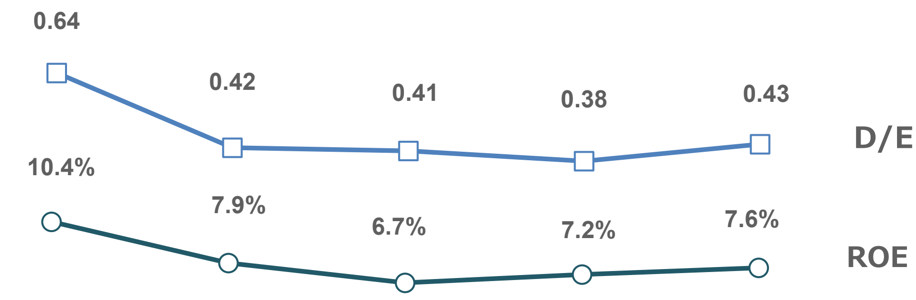
- Orders for open-die forgings remained solid.
  - Aircraft, heavy electric machinery: Orders significantly increased.
  - Marine valves: Orders continued at high levels.
  - Semiconductors: Orders have surged.
  - Drilling: Orders are recovering, and we will monitor the future trends.
- Orders for engine valves for North America continued to be strong.

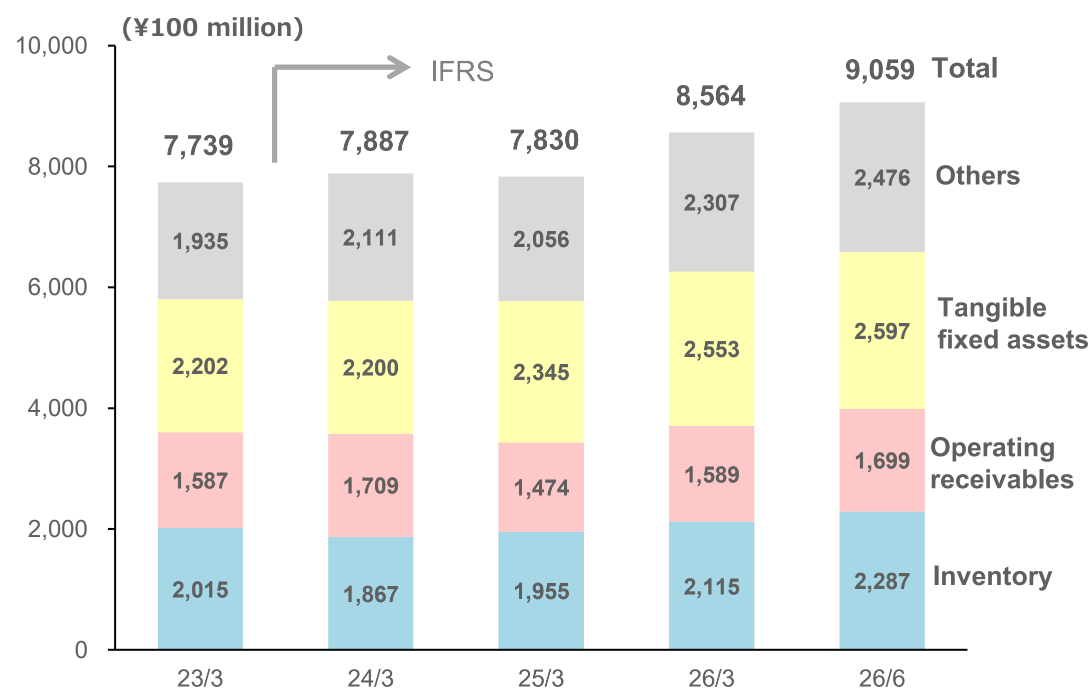
Reference Material

■ Total Asset, ROE, and D/E Ratio

(¥100 million)

	25/3	26/3	26/6
Current assets	4,170	4,473	4,802
Cash instruments	612	631	665
Operating receivables	1,474	1,589	1,699
Inventory	1,955	2,115	2,287
Others	129	138	151
Fixed assets	3,660	4,091	4,256
Tangible fixed assets	2,345	2,553	2,597
Investment securities	524	485	599
Retirement benefit asset	344	566	569
Others	447	487	491
Total of assets	7,830	8,564	9,059
Liabilities	3,138	3,429	3,806
Interest bearing debt	1,768	1,818	2,076
Others	1,370	1,611	1,730
Net assets	4,692	5,135	5,253
Total equity attributable to owners of parent	4,293	4,726	4,842
Non-controlling interest	398	409	411
Total of liabilities and net assets	7,830	8,564	9,059





■ Revenue, Operating Profit, and Adjusted Operating Profit by Segment

(¥100 mil.)

	FY2025												FY2026		
	1Q			2Q			3Q			4Q			1Q		
	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)	Revenue	Operating Profit	Adjusted Operating Profit (*)
Specialty Steel	512	26	29	488	29	27	530	37	34	548	42	23	594	32	29
High-Performance Materials and Magnetic Materials	483	31	26	485	32	31	511	46	40	519	40	37	580	58	48
Parts for Automobiles and Industrial Equipment	293	14	22	299	22	21	298	28	23	289	18	28	316	29	27
Engineering	68	7	7	74	6	5	61	7	7	63	6	8	73	2	2
Trading and Service	68	9	8	75	9	9	57	9	8	60	3	6	72	10	9
Total	1,424	87	92	1,421	98	93	1,457	127	112	1,479	109	102	1,635	131	115

*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

	FY2025 1Q	FY2025 2Q	FY2025 3Q	FY2025 4Q	FY2026 1Q
Sales Volume of Specialty Steel (Non-consolidated)	253	251	267	254	269

■ Changes in Adjustment Item for Operating Profit

(¥100 million)

		FY2025				FY2026
		1Q	2Q	3Q	4Q	1Q
Operating Profit		87	98	127	109	131
Adjustment	Extraordinary gains/losses	0	3	0	-49	-7
	Foreign exchange gains/losses	2	-3	-7	-2	-2
	Inventory valuation gains/losses	-5	0	-1	-1	1
	Provision for environmental expenses	16	2	0	9	0
	Fixed asset tax (leveling)	-8	-7	-7	23	-8
	Provision for paid leave	0	0	0	13	0
	Total	5	-5	-15	-7	-16
Adjusted Operating Profit		92	93	112	102	115

■ Changes in Adjustment Items for Operating Profit by Segment

Specialty Steel

(¥100 million)

		FY2025				FY2026
		1Q	2Q	3Q	4Q	1Q
Operating profit		26	29	37	42	32
Adjustment	Extraordinary gains/losses	0	0	0	-33	0
	Foreign exchange gains/losses	0	-1	-1	0	0
	Inventory valuation gains/losses	0	1	0	0	0
	Provision for environmental expenses	5	0	0	4	0
	Fixed asset tax (leveling)	-2	-2	-2	6	-3
	Provision for paid leave	0	0	0	4	0
	Total	3	-2	-3	-19	-3
Adjusted Operating Profit		29	27	34	23	29

High-Performance Materials and Magnetic Materials

(¥100 million)

		FY2025				FY2026
		1Q	2Q	3Q	4Q	1Q
Operating profit		31	32	46	40	58
Adjustment	Extraordinary gains/losses	0	2	0	-18	-7
	Foreign exchange gains/losses	1	-1	-2	0	0
	Inventory valuation gains/losses	-5	0	-1	-1	0
	Provision for environmental expenses	2	0	0	4	0
	Fixed asset tax (leveling)	-3	-2	-3	8	-3
	Provision for paid leave	0	0	0	4	0
	Total	-5	-1	-6	-3	-10
Adjusted Operating Profit		26	31	40	37	48

Parts for Automobiles and Industrial Equipment

(¥100 million)

		FY2025				FY2026
		1Q	2Q	3Q	4Q	1Q
Operating profit		14	22	28	18	29
Adjustment	Extraordinary gains/losses	0	1	0	0	0
	Foreign exchange gains/losses	1	-1	-2	-2	-1
	Inventory valuation gains/losses	0	0	-1	0	1
	Provision for environmental expenses	9	1	0	3	0
	Fixed asset tax (leveling)	-2	-2	-2	6	-2
	Provision for paid leave	0	0	0	3	0
	Total	8	-1	-5	10	-2
Adjusted Operating Profit		22	21	23	28	27

Engineering

(¥100 million)

		FY2025				FY2026
		1Q	2Q	3Q	4Q	1Q
Operating profit		7	6	7	6	2
Adjustment	Extraordinary gains/losses	0	0	0	0	0
	Foreign exchange gains/losses	0	0	0	0	0
	Inventory valuation gains/losses	0	0	0	0	0
	Provision for environmental expenses	0	0	0	0	0
	Fixed asset tax (leveling)	0	-1	0	1	0
	Provision for paid leave	0	0	0	1	0
	Total	0	-1	0	2	0
Adjusted Operating Profit		7	5	7	8	2

■ Changes in Adjusted Operating Profit by Segment

(¥100 million)

	FY2025				FY2026
	1Q	2Q	3Q	4Q	1Q
Specialty Steel	29	27	34	23	29
High-Performance Materials and Magnetic Materials	26	31	40	37	48
Parts for Automobiles and Industrial Equipment	22	21	23	28	27
Engineering	7	5	7	8	2
Trading and Service	8	9	8	6	9
Total	**92**	**93**	**112**	**102**	**115**

(Note)

Figures such as the business forecasts described in this document are based on specific assumptions which are predictable under the present state.

However, changes in circumstances could lead to different business outcomes, so a total reliance on this data as decision criterion is not recommended.

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