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March 30, 2026

Company name: Daido Steel Co., Ltd.
Representative: Tetsuya Shimizu, President and Representative
Executive Director
(Securities code: 5471; Prime Market of Tokyo Stock Exchange,
Premier Market of Nagoya Stock Exchange)
Contact: Takashi Nagai, General Manager, General
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Notice Concerning Absorption-Type Merger (Simplified Merger and Short-Form Merger) of a Consolidated Subsidiary

Daido Steel Co., Ltd. (the "Company") hereby announces that, at the Board of Directors meeting held today, it resolved to conduct an absorption-type merger with its fully-owned subsidiary, Daido IT Solutions Co., Ltd. ("DITS"), effective January 1, 2027.

Please note that, as this merger is an absorption-type merger with the Company's fully-owned subsidiary, certain disclosure items and details have been omitted.

1. Purpose of the merger

With a view to strengthening its business competitiveness over the medium- to long-term, the Company is leveraging digital technology to promote operational reforms and digital transformation (DX). Further acceleration of DX requires the Company to bring together personnel with both operational and IT expertise from across the organization and to establish a framework capable of seamlessly advancing the entire process from planning and decision-making through implementation. To this end, the Company has decided to absorb DITS in order to strengthen its IT strategy planning capabilities and develop and maximize the potential of its human resources, while also accelerating operational process reforms and pursuing more sophisticated approaches to IT investment.

2. Summary of the merger

(1) Timetable of the merger

Date of resolution at the Board of Directors meeting	March 30, 2026
Date of conclusion of the merger agreement	March 30, 2026
Commencement date (Effective date)	January 1, 2027 (scheduled)

Note: As the merger qualifies as a simplified merger as prescribed in Article 796, Paragraph 2 of the Companies Act with respect to the Company, and as a short-form merger as prescribed in Article 784, Paragraph 1 of the same Act with respect to DITS, the merger will be carried out without either party holding a general meeting of shareholders to obtain approval of the merger agreement.

(2) Form of the merger

The merger will be conducted as an absorption-type merger, with the Company as the surviving company and DITS as the disappearing company.

(3) Details of allotment related to the merger

As DITS is a fully-owned subsidiary of the Company, no shares or any other form of consideration will be allotted as a result of the merger.

(4) Handling of share acquisition rights and bonds with share acquisition rights of the disappearing company

Not applicable

3. Overview of companies involved in the merger (as of March 31, 2025)

Name	Daido Steel Co., Ltd.	Daido IT Solutions Co., Ltd.
Location	1-10, Higashisakura 1-chome, Higashi-ku, Nagoya	1-10, Higashisakura 1-chome, Higashi-ku, Nagoya
Representative	Tetsuya Shimizu, President and Representative Executive Director	Ryuzo Yamada, President and Representative Executive Director
Description of business	Manufacture and sale, engineering, and trading and service of specialty steel, high-performance and magnetic materials, and parts for automobiles and industrial equipment	Contract-based planning, design, maintenance, and operation of information and telecommunications systems, and the development and sale of software, etc.
Share capital	¥37,172 million	¥45 million
Date of establishment	February 1, 1950	April 3, 2000
Number of issued shares	217,243,845 shares	17,061 shares
Fiscal year-end	March 31	March 31
Major shareholders and ownership ratios	The Master Trust Bank of Japan, Ltd. (Trust Account): 9.83% Custody Bank of Japan, Ltd. (Trust Account): 6.57% NIPPON STEEL CORPORATION: 5.26% Meiji Yasuda Life Insurance Company: 5.03% Mizuho Bank, Ltd.: 3.82%	Daido Steel Co., Ltd.: 100%

Operating results and financial positions for the most recent fiscal year (fiscal year ended March 31, 2025)

Daido Steel Co., Ltd. (Consolidated, IFRS)		Daido IT Solutions Co., Ltd. (Non-consolidated, Japanese GAAP)	
Equity attributable to owners of parent	¥429,278 million	Net assets	¥935 million
Total assets	¥782,974 million	Total assets	¥3,381 million
Equity attributable to owners of parent per share	¥2,085.61	Net assets per share	¥54,847.24
Revenue	¥574,945 million	Net sales	¥6,473 million
Operating profit	¥39,408 million	Operating income	¥282 million
Profit before tax	¥42,653 million	Ordinary income	¥294 million
Profit attributable to owners of parent	¥28,314 million	Net income	¥309 million
Basic earnings per share	¥134.57	Earnings per share	¥18,148.02

4. Status after the merger

There will be no changes to the company name, location, name and title of the representative, description of business, common stock, or fiscal year-end of the Company, the company surviving the absorption-type merger.

5. Future outlook

As this is a merger with the Company's fully-owned subsidiary, its impact on the Company's consolidated business results is expected to be immaterial. Should any matters requiring disclosure arise in the future, they will be promptly disclosed.