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Consolidated Financial Results for the Six Months Ended September 30, 2025 [Under IFRS]



October 30, 2025

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 to file semi-annual securities report: November 14, 2025

Scheduled date of commencing dividend payments: December 5, 2025

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 Six Months Ended September 30, 2025 (April 1, 2025 to September 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	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2025	284,499	0.4	18,464	1.1	18,524	(10.6)	19,650	0.2	14,018	6.2	12,937	6.5
September 30, 2024	283,439	(1.3)	18,258	3.2	20,719	15.9	19,608	3.3	13,197	3.1	12,152	3.4

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
Six months ended	Million yen	%	Yen	Yen
September 30, 2025	21,421	94.5	63.63	63.61
September 30, 2024	11,011	(65.0)	57.01	56.99

(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	%
September 30, 2025	802,544	477,987	437,407	54.5
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: Yes

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	565,000	(1.7)	33,000	(16.3)	35,300	(19.7)	34,500	(19.1)	23,500	(17.0)	116.57

(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 September 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 September 30, 2025 17,389,896 shares

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

3) Average number of shares during the period:

Six months ended September 30, 2025 203,328,436 shares

Six months ended September 30, 2024 213,150,267 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 Six Months Ended September 30, 2025

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

(Millions of yen)	Revenue	Operating profit	Adjusted operating profit	Profit before tax	Profit attributable to owners of parent
Six months ended September 30, 2025	284,499	18,464	18,524	19,650	12,937
Six months ended September 30, 2024	283,439	18,258	20,719	19,608	12,152
YoY change [%]	1,059 [0.4%]	205 [1.1%]	(2,195) [(10.6%)]	41 [0.2%]	785 [6.5%]

(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 six months ended September 30, 2025, revenue increased ¥1,059 million year on year to ¥284,499 million, due mainly to an increase in orders for automobile-related parts, such as engine valve parts. For details of revenue, please refer to the 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 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, despite factors including incurring one-time expenses of ¥2,323 million in conjunction with the changes in production allocation under the Superalloy Manufacturing Process Transforming Project in the current fiscal year, operating profit increased by ¥205 million year on year to ¥18,464 million. Profit before tax increased by ¥41 million year on year to ¥19,650 million and profit attributable to owners of parent increased by ¥785 million year on year to ¥12,937 million.

Operating results by segment are as follows.

(Millions of yen)	Revenue			Operating profit		
	Six months ended September 30, 2024	Six months ended September 30, 2025	YoY change [%]	Six months ended September 30, 2024	Six months ended September 30, 2025	YoY change
Specialty Steel	105,478	99,979	(5,498) [(5.2%)]	6,112	5,424	(688)
High Performance Materials and Magnetic Materials	100,116	96,794	(3,322) [(3.3%)]	5,081	6,316	1,235
Parts for Automobile and Industrial Equipment	53,734	59,166	5,432 [10.1%]	4,829	3,601	(1,227)
Engineering	10,587	14,257	3,669 [34.7%]	809	1,275	465
Trading and Service	13,522	14,300	777 [5.8%]	1,428	1,796	368

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. 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 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 Six Months Ended September 30, 2025

Total assets of the Group at the end of the six months ended September 30, 2025 increased by ¥19,569 million from the end of the previous fiscal year to ¥802,544 million. The main increases in total assets were ¥10,629 million in property, plant and equipment and ¥8,759 million in other financial assets under non-current assets.

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

- Property, plant and equipment increased due to strategic capital investments in fast-growing areas.
- Other financial assets under non-current assets increased mainly due to the rise in the market value of the equities held.

Additionally, equity of the Group, including non-controlling interests at the end of the six months ended September 30, 2025 increased by ¥8,843 million from the end of the previous fiscal year to ¥477,987 million. The main increases and decrease in equity were increase of ¥7,574 million in retained earnings, increase of ¥7,122 million in other components of equity and increase of ¥6,531 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 ¥12,937 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 six months ended September 30, 2025 was 54.5%.

(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 inventory adjustments have progressed among certain users, 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.

Furthermore, in response to the changes in the external environment, we have decided that a review and a “recalibration” of the “2026 Mid-Term Management Plan,” announced in June 2024, have become necessary, and we have been disclosing the details thereof, as they occur. As for the management targets for FY2026, we have been making recalibrations, such as amending the target for operating profit in FY2026 to “¥40 billion or more.” Additionally, to enhance shareholder returns and improve capital efficiency, we have newly set a minimum DOE (Dividend On Equity ratio) and formulated a shareholder return policy to ensure stable dividends. Consequently, in light of the changes in the shareholder return policy, the Company has decided to increase interim dividend by ¥6 from the previously forecast ¥16 per share to ¥22. The annual dividend forecast for the current fiscal year has also been revised to ¥49 per share.

<Previous shareholder return policy>

- The Company's basic policy is to provide stable profit returns to shareholders, targeting a consolidated dividend payout ratio of 30% or more.
- Considering enhancement of shareholder returns based on the progress of optimizing cash allocation.

<New shareholder return policy>

- The Company's basic policy is to maintain financial soundness, targeting a consolidated dividend payout ratio of 30% or more. However, the lower limit of DOE is set at 2.5%*.
- Share buybacks are also taken into consideration, based on the progress of optimizing cash allocation.

*Shareholders' equity: Equity attributable to owners of the parent excluding other components of equity

DOE: Dividend payment / Shareholders' equity as of the end of the previous fiscal year

The concept behind the “Vision for 2030” and the management policies and the basic action policies for its achievement will not change, and we will continue to pursue actions and business operations that aim to “Transforming business portfolio,” “Enhancing management resilience,” and “Advancing ESG management.

Although the full-year consolidated financial results had previously been left undetermined due to the difficulty of predicting the effects of various factors, including the indirect impact of U.S. tariffs, the Company has calculated the forecast reflecting the financial results of the six months ended September 30, 2025, the latest order trends, raw material and fuel prices, and other factors.

2. Condensed Semi-annual Consolidated Financial Statements

(1) Condensed Semi-annual Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and cash equivalents	61,218	59,099
Trade and other receivables	147,433	151,407
Contract assets	5,419	4,736
Inventories	195,483	191,755
Other financial assets	939	1,007
Other current assets	6,505	7,609
Total current assets	416,999	415,616
Non-current assets		
Property, plant and equipment	234,469	245,099
Right-of-use assets	6,362	6,389
Intangible assets	6,559	7,152
Investment property	4,224	4,270
Investments accounted for using equity method	21,154	21,499
Other financial assets	54,454	63,213
Retirement benefit asset	34,392	34,660
Deferred tax assets	3,227	3,253
Other non-current assets	1,129	1,388
Total non-current assets	365,975	386,927
Total assets	782,974	802,544

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	67,998	66,522
Contract liabilities	2,619	14,005
Bonds and borrowings	72,203	64,376
Lease liabilities	1,933	1,855
Other financial liabilities	1,716	1,781
Income taxes payable	7,936	5,548
Provisions	554	1,186
Other current liabilities	27,296	26,851
Total current liabilities	182,259	182,127
Non-current liabilities		
Bonds and borrowings	98,633	105,274
Lease liabilities	4,077	4,210
Other financial liabilities	747	733
Retirement benefit liability	12,103	12,297
Provisions	3,411	4,565
Deferred tax liabilities	11,355	14,100
Other non-current liabilities	1,242	1,245
Total non-current liabilities	131,571	142,428
Total liabilities	313,830	324,556
Equity		
Share capital	37,172	37,172
Capital surplus	31,438	31,403
Retained earnings	332,888	340,462
Treasury shares	(12,078)	(18,610)
Other components of equity	39,857	46,979
Total equity attributable to owners of parent	429,278	437,407
Non-controlling interests	39,865	40,580
Total equity	469,144	477,987
Total liabilities and equity	782,974	802,544

(2) Condensed Semi-annual Consolidated Statement of Profit or Loss
and Condensed Semi-annual Consolidated Statement of Comprehensive Income
Condensed Semi-annual Consolidated Statement of Profit or Loss

(Millions of yen)

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
Revenue	283,439	284,499
Cost of sales	231,582	234,347
Gross profit	51,856	50,151
Selling, general and administrative expenses	29,689	31,468
Other income	—	77
Other expenses	3,908	296
Operating profit	18,258	18,464
Finance income	1,591	1,388
Finance costs	506	486
Share of profit of investments accounted for using equity method	264	282
Profit before tax	19,608	19,650
Income tax expense	6,410	5,631
Profit	13,197	14,018
Profit attributable to		
Owners of parent	12,152	12,937
Non-controlling interests	1,045	1,081
Profit	13,197	14,018
Earnings per share		
Basic earnings per share (Yen)	57.01	63.63
Diluted earnings per share (Yen)	56.99	63.61

Condensed Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
Profit	13,197	14,018
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,325)	5,962
Remeasurements of defined benefit plans	465	128
Share of other comprehensive income of investments accounted for using equity method	(38)	117
Total of items that will not be reclassified to profit or loss	(1,898)	6,208
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(298)	1,206
Cash flow hedges	(3)	(6)
Share of other comprehensive income of investments accounted for using equity method	15	(5)
Total of items that may be reclassified to profit or loss	(287)	1,194
Other comprehensive income	(2,186)	7,402
Comprehensive income	11,011	21,421
Comprehensive income attributable to		
Owners of parent	9,996	20,056
Non-controlling interests	1,015	1,364
Comprehensive income	11,011	21,421

(3) Condensed Semi-annual Consolidated Statement of Changes in Equity
For the Six Months Ended September 30, 2024

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of April 1, 2024	37,172	31,411	312,243	(3,674)	29,887	5,925
Profit	—	—	12,152	—	—	—
Other comprehensive income	—	—	—	—	(2,362)	461
Comprehensive income	—	—	12,152	—	(2,362)	461
Purchase of treasury shares	—	—	—	(1)	—	—
Disposal of treasury shares	—	0	—	0	—	—
Dividends	—	—	(5,555)	—	—	—
Share-based payment transactions	—	(42)	—	95	—	—
Changes in ownership interest in subsidiaries	—	46	—	—	(0)	1
Transfer from other components of equity to retained earnings	—	—	22	—	(22)	—
Other	—	(5)	—	—	—	—
Total transactions with owners	—	(1)	(5,533)	94	(22)	1
Balance as of September 30, 2024	37,172	31,409	318,862	(3,579)	27,502	6,388

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total Equity
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance as of April 1, 2024	5,585	11	41,410	418,562	38,750	457,313
Profit	—	—	—	12,152	1,045	13,197
Other comprehensive income	(251)	(3)	(2,156)	(2,156)	(30)	(2,186)
Comprehensive income	(251)	(3)	(2,156)	9,996	1,015	11,011
Purchase of treasury shares	—	—	—	(1)	—	(1)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	—	(5,555)	(512)	(6,068)
Share-based payment transactions	—	—	—	52	—	52
Changes in ownership interest in subsidiaries	4	—	6	52	(143)	(90)
Transfer from other components of equity to retained earnings	—	—	(22)	—	—	—
Other	—	—	—	(5)	28	23
Total transactions with owners	4	—	(15)	(5,456)	(627)	(6,084)
Balance as of September 30, 2024	5,338	7	39,238	423,102	39,138	462,240

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of April 1, 2025	37,172	31,438	332,888	(12,078)	25,127	8,880
Profit	—	—	12,937	—	—	—
Other comprehensive income	—	—	—	—	6,074	125
Comprehensive income	—	—	12,937	—	6,074	125
Purchase of treasury shares	—	—	—	(6,603)	—	—
Disposal of treasury shares	—	(0)	—	0	—	—
Dividends	—	—	(5,363)	—	—	—
Share-based payment transactions	—	(29)	—	71	—	—
Changes in ownership interest in subsidiaries	—	15	0	—	(0)	2
Transfer from other components of equity to retained earnings	—	—	(0)	—	0	—
Other	—	(22)	—	—	—	—
Total transactions with owners	—	(35)	(5,363)	(6,531)	(0)	2
Balance as of September 30, 2025	37,172	31,403	340,462	(18,610)	31,202	9,008

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total Equity
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance as of April 1, 2025	5,841	7	39,857	429,278	39,865	469,144
Profit	—	—	—	12,937	1,081	14,018
Other comprehensive income	925	(6)	7,119	7,119	283	7,402
Comprehensive income	925	(6)	7,119	20,056	1,364	21,421
Purchase of treasury shares	—	—	—	(6,603)	—	(6,603)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	—	(5,363)	(622)	(5,985)
Share-based payment transactions	—	—	—	42	—	42
Changes in ownership interest in subsidiaries	0	—	2	18	(21)	(3)
Transfer from other components of equity to retained earnings	—	—	0	—	—	—
Other	—	—	—	(22)	(6)	(28)
Total transactions with owners	0	—	2	(11,928)	(649)	(12,577)
Balance as of September 30, 2025	6,767	1	46,979	437,407	40,580	477,987

(4) Condensed Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2025
Cash flows from operating activities		
Profit before tax	19,608	19,650
Depreciation and amortization	14,832	15,203
Impairment losses	249	296
Interest and dividend income	(1,574)	(1,238)
Interest expenses	641	759
Share of loss (profit) of investments accounted for using equity method	(264)	(282)
Loss (gain) on sale of fixed assets	(27)	(4)
Decrease (increase) in trade and other receivables	23,400	(3,561)
Decrease (increase) in inventories	(14,262)	4,124
Increase (decrease) in trade and other payables	(4,587)	(1,266)
Increase (decrease) in contract liabilities	642	11,388
Other	(4,160)	179
Subtotal	34,499	45,249
Interest received	184	186
Dividends received	1,416	1,085
Interest paid	(632)	(662)
Income taxes paid	(15,278)	(7,971)
Net cash provided by (used in) operating activities	20,189	37,888
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(20,221)	(25,410)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	29	51
Purchase of equity instruments	(13)	(11)
Proceeds from sale of equity instruments	35	0
Other	(760)	16
Net cash provided by (used in) investing activities	(20,930)	(25,354)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	22,902	(6,630)
Increase (decrease) in commercial papers	11,000	—
Proceeds from borrowings	9,646	27,952
Repayments of borrowings	(21,882)	(22,642)
Repayments of lease liabilities	(1,016)	(1,080)
Purchase of treasury shares	(1)	(6,603)
Dividends paid	(5,545)	(5,361)
Dividends paid to non-controlling interests	(515)	(617)
Other	(102)	(146)
Net cash provided by (used in) financing activities	14,484	(15,129)
Effect of exchange rate changes on cash and cash equivalents	(488)	476
Net increase (decrease) in cash and cash equivalents	13,255	(2,119)
Cash and cash equivalents at beginning of period	46,008	61,218
Cash and cash equivalents at end of period	59,264	59,099

3. Supplementary briefing material

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

(Millions of yen,%)

	Actual			Forecast	
	2Q September 2024	2Q September 2025	YoY Change [% of Change]	Fiscal year ending March 31, 2026	YoY Change [% of Change]
Revenue	283,439	284,499	1,059 [0.4%]	565,000	(9,945) [(1.7%)]
Operating profit	18,258	18,464	205 [1.1%]	33,000	(6,408) [(16.3%)]
Adjusted operating profit *	20,719	18,524	(2,195) [(10.6%)]	35,300	(8,653) [(19.7%)]
Profit before tax	19,608	19,650	41 [0.2%]	34,500	(8,153) [(19.1%)]
Profit attributable to owners of parent	12,152	12,937	785 [6.5%]	23,500	(4,814) [(17.0%)]
Sales volume of Specialty Steel (thou. tons)	519	504	(15)	1,007	(8)

* 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	
	2Q September 2025	YoY Change	2Q September 2025	YoY Change	Fiscal year ending March 31, 2026	YoY Change	Fiscal year ending March 31, 2026	YoY Change
Specialty Steel	99,979	(5,498)	5,600	(687)	200,000	(10,162)	9,400	(3,705)
High Performance Materials and Magnetic Materials	96,794	(3,322)	5,690	(1,636)	195,500	(5,363)	12,500	(1,261)
Parts for Automobile and Industrial Equipment	59,166	5,432	4,248	(667)	112,500	(531)	7,800	(4,077)
Engineering	14,257	3,669	1,235	422	28,500	4,432	2,600	257
Trading and Service	14,300	777	1,699	322	28,500	1,679	3,000	117
Elimination of inter-segment	—	—	49	52	—	—	—	17
Total	284,499	1,059	18,524	(2,195)	565,000	(9,945)	35,300	(8,653)

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

(100 millions of yen)

(100 millions of yen)

Actual				Forecast			
Reasons for increase	Amount	Reasons for decrease	Amount	Reasons for increase	Amount	Reasons for decrease	Amount
1. Raw material and fuel cost	65	1. Sales price	36	1. Raw material and fuel cost	120	1. Sales price	87
		2. Fixed cost	32			2. Fixed cost	55
		3. Sales volume	9			3. Sales mix change	34
		4. Sales mix change	9			4. Sales volume	26
		5. Variable cost	1			5. Variable cost	5
Total (a)	65	Total (b)	87	Total (a)	120	Total (b)	207
		Change (a) - (b)	(22)			Change (a) - (b)	(87)

(Reference: Market condition)

	2Q September 2024	2Q September 2025	Fiscal year ended March 31, 2025	Fiscal year ending March 31, 2026
H2 (Thousands of yen/t)	42.4	34.1	38.2	34.1
Nickel (LME) (One dollar/lb)	7.9	6.9	7.5	7.0
Exchange rate (TTM) (yen/dollar)	152.6	146.0	152.6	145.5

(4) Condensed Statement of Financial Position

(Millions of yen)

Item	As of March 31, 2025	As of September 30, 2025	Change	Item	As of March 31, 2025	As of September 30, 2025	Change
Current assets	<u>416,999</u>	<u>415,616</u>	<u>(1,383)</u>	Liabilities	<u>313,830</u>	<u>324,556</u>	<u>10,725</u>
Cash and deposits	61,218	59,099	(2,119)	Trade payables	67,998	66,522	(1,475)
Trade receivables	147,433	151,407	3,974	Interest-bearing debt	176,848	175,717	(1,131)
Inventories	195,483	191,755	(3,728)	Other	68,984	82,316	13,332
Other	12,863	13,353	490				
Non-current assets	<u>365,975</u>	<u>386,927</u>	<u>20,952</u>	Equity	<u>469,144</u>	<u>477,987</u>	<u>8,843</u>
Property, plant and equipment	234,469	245,099	10,629	Equity attributable to owners of parent	429,278	437,407	8,128
Other	131,505	141,828	10,322	Non-controlling interests	39,865	40,580	714
Total assets	782,974	802,544	19,569	Total liabilities and equity	782,974	802,544	19,569

(5) Amount of capital expenditures (based on completion of construction) and depreciation and amortization

(Millions of yen)

	Fiscal year ended March 31, 2025		Fiscal year ending March 31, 2026		YoY change	
	First half	Full year	First half	Full year	First half	Full year
Capital expenditures	18,363	46,858	26,354	54,800	7,990	7,941
Depreciation and amortization	14,832	30,265	15,203	31,100	370	834

(Reference) Historical Financial Results

(Millions of yen)

(Millions of yen)

	J-GAAP	
	Actual	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	529,667	578,564
Operating income	36,982	46,986
Ordinary income	39,200	48,122
Profit attributable to owners of parent	26,894	36,438

	IFRS		
	Actual		Forecast
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ending March 31, 2026
Revenue	578,564	574,945	565,000
Operating profit	42,250	39,408	33,000
Profit before tax	45,068	42,653	34,500
Profit attributable to owners of parent	30,555	28,314	23,500