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Consolidated Financial Results for the Three Months Ended June 30, 2026 [Under IFRS]

July 28, 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 Three Months Ended June 30, 2026 (April 1, 2026 to June 30, 2026)

(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	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2026	163,530	14.9	13,112	51.4	11,492	25.4	14,279	46.9	9,716	40.4	9,061	41.2
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)

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
Three months ended	Million yen	%	Yen	Yen
June 30, 2026	17,814	99.1	45.34	45.33
June 30, 2025	8,945	(15.7)	31.18	31.16

(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, 2026	905,876	525,311	484,157	53.4
March 31, 2026	856,380	513,457	472,565	55.2

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, 2026	—	22.00	—	27.00	49.00
Fiscal year ending March 31, 2027	—				
Fiscal year ending March 31, 2027 (Forecast)		24.00	—	28.00	52.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1,2026 to March 31, 2027)

(% 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	305,000	7.2	21,000	13.7	18,700	1.0	22,000	12.0	14,000	8.2	70.05
Full year	630,000	9.0	40,000	(4.9)	40,100	0.5	42,000	(6.2)	27,500	(15.7)	137.60

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

* 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, 2026	217,243,845 shares
As of March 31, 2026	217,243,845 shares

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

As of June 30, 2026	17,389,501 shares
As of March 31, 2026	17,390,041 shares

3) Average number of shares during the period:

Three months ended June 30, 2026	199,854,334 shares
Three months ended June 30, 2025	205,828,650 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 Three Months Ended June 30, 2026

The consolidated operating results of the Group for the three months ended June 30, 2026 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, 2026	163,530	13,112	11,492	14,279	9,061
Three months ended June 30, 2025	142,352	8,658	9,165	9,721	6,416
YoY change [%]	21,177 [14.9%]	4,454 [51.4%]	2,327 [25.4%]	4,557 [46.9%]	2,644 [41.2%]

(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, 2026, revenue increased by ¥21,177 million year on year to ¥163,530 million, as orders increased due to the recovery in demand for industrial equipment and the growing AI-related demand in the semiconductor sector, despite declining demand 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, surged starting in March 2026 and has remained high since then. Nickel prices also remained high compared to the previous fiscal year.

The prices of crude oil and LNG were affected by geopolitical risk, such as supply concerns, reflecting the 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, operating profit increased by ¥4,454 million year on year to ¥13,112 million. Profit before tax increased by ¥4,557 million year on year to ¥14,279 million and profit attributable to owners of parent increased by ¥2,644 million year on year to ¥9,061 million.

Operating results by segment are as follows.

(Millions of yen)	Revenue			Operating Profit		
	Three months ended June 30, 2025	Three months ended June 30, 2026	YoY change [%]	Three months ended June 30, 2025	Three months ended June 30, 2026	YoY change
Specialty Steel	51,216	59,403	8,187 [16.0%]	2,596	3,155	558
High Performance Materials and Magnetic Materials	48,302	58,043	9,740 [20.2%]	3,057	5,790	2,733
Parts for Automobile and Industrial Equipment	29,299	31,640	2,341 [8.0%]	1,446	2,879	1,432
Engineering	6,815	7,254	438 [6.4%]	680	229	(451)
Trading and Service	6,719	7,188	469 [7.0%]	851	1,054	202

Specialty Steel

Sales volume of structural steel increased as demand from industrial equipment-related customers showed signs of recovery, despite declining demand from Japanese automobile manufacturers among automobile-related customers. Sales volume of tool steel declined due to stagnant automobile-related demand. As a result, in this segment, both revenue and profit increased from the same period of the previous fiscal year.

High Performance Materials and Magnetic Materials

Orders for stainless steel increased from the same period of the previous fiscal year, as the effects of expanded sales to plants were felt, in addition to the increase in semiconductor-related demand. In terms of superalloys, demand for electric and electronic equipment 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, both revenue and profit increased from the same period of 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.

Demand for turbo parts in precision castings and die forgings was at levels comparable to the same period of the previous fiscal year. As for open-die forgings, demand for aircraft-related products remained robust and orders for valves for ships and heavy electrical products also remained at high levels. While there has been a surge in orders for semiconductor-related products, orders for drilling equipment are in the process of recovering. As a result, in this segment, both revenue and profit increased from the same period of the previous fiscal year.

Engineering

In this segment, revenue increased, and profit decreased from the same period of the previous fiscal year due to progress in the works of steel melting facilities and heat treatment furnaces, among others.

(2) Overview of Financial Position for the Three Months Ended June 30, 2026

Total assets of the Group at the end of the three months ended June 30, 2026 increased by ¥49,496 million from the end of the previous fiscal year to ¥905,876 million. The main increases in total assets were ¥17,226 million in inventories, ¥11,458 million in other financial assets under non-current assets, ¥10,958 million in trade and other receivables and ¥4,422 million in property, plant and equipment.

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

・Inventories and trade and other receivables increased due to rising raw material prices, increased production in response to robust demand, and higher sales.

・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, 2026 increased by ¥11,853 million from the end of the previous fiscal year to ¥525,311 million. The main increases in equity were increased of ¥7,857 million in other components of equity, increased of ¥3,717 million in retained earnings.

The main factors for the increases 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 ¥9,061 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, 2026 was 53.4％.

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

The situation in the Middle East, trade policies, including the tariff policies of the U.S., and China’s export restrictions are expected to have a wide range of effects. Such effects could heighten the risk of disrupting the international supply chain. These developments may also cause changes in personal consumption associated with fluctuating prices in each country and impact production and sales strategies in corporate activities. Moreover, the various effects of monetary policy and foreign exchange fluctuations on the global economy have also led to greater uncertainty. In addition, the current business climate is fraught with geopolitical risks such as the situation in Ukraine and the U.S.-China conflict over Taiwan.

Although demand from automobile-related customers, the major users of our products, has been declining mainly due to the contracting market share of Japanese automobile manufacturers in China, ASEAN, and other countries, the demand for industrial equipment is recovering. In terms of semiconductor-related products, orders are expected to surge, as users increase their inventory levels, in response to the growing demand for AI applications. As for open-die forgings, orders for aircraft-related products, valves for ships, and heavy electrical products are expected to remain strong, and considering the rapidly increasing demand for semiconductor-related open-die forgings, revenue from open-die forgings is expected to further increase going forward. Meanwhile, orders for drilling equipment are in the process of recovering; however, there is a possibility that the trend in demand will change with the fluctuations in crude oil prices, and we intend to closely monitor this trend.In terms of magnetic products, there has been an upswing in demand for the Company’s heavy rare-earth-free magnets, which do not contain, for example, dysprosium (Dy) and terbium (Tb), in conjunction with China’s stricter restrictions on heavy rare earth exports, and we expect this robust demand to continue.

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.

As for medium- to long-term initiatives, we will transform our business portfolio to increase the product lineup in growth markets and offer new value, including offering next-generation products to new customers. In terms of capital investments, in FY2024, to meet the demand for semiconductor-related products, we installed two VAR furnaces in Chita Second Plant (Chita, Aichi Prefecture), and we will address the current surge in orders for stainless steel for semiconductor manufacturing equipment.

For magnets for main and auxiliary motors and sensors, in April 2026, we installed a new magnet manufacturing line for EV drive motors to meet the growing demand for the Company's heavy rare-earth-free magnets. Currently, we are also looking ahead to future growth in demand for superalloys in such areas as aerospace and energy, and proceeding with large investments of around ¥36,000 million, under the banner of the "Superalloy Manufacturing Process Transforming Project."

Going forward, we will continue to drive the transformation of our business portfolio by closely examining the projected returns on our investments based on the changes in the external environment and executing investment projects that are expected to enhance our corporate value over the medium to long term.

As for the consolidated financial results for the fiscal year ending March 31, 2027, in the absence of any major deviations, no revision has been made to the previously announced (on May 15, 2026) consolidated financial results forecast.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and cash equivalents	63,072	66,467
Trade and other receivables	158,935	169,893
Contract assets	3,060	3,704
Inventories	211,501	228,728
Other financial assets	1,276	1,224
Other current assets	9,442	10,225
Total current assets	447,288	480,244
Non-current assets		
Property, plant and equipment	255,302	259,724
Right-of-use assets	6,379	6,295
Intangible assets	8,632	9,031
Investment property	4,258	4,228
Investments accounted for using equity method	22,622	23,130
Other financial assets	50,781	62,239
Retirement benefit asset	56,648	56,865
Deferred tax assets	3,276	3,012
Other non-current assets	1,190	1,103
Total non-current assets	409,091	425,632
Total assets	856,380	905,876

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	72,039	78,541
Contract liabilities	15,020	14,904
Bonds and borrowings	71,751	111,286
Lease liabilities	2,186	2,191
Other financial liabilities	1,900	1,854
Income taxes payable	6,192	5,257
Provisions	873	1,482
Other current liabilities	29,735	33,206
Total current liabilities	199,699	248,723
Non-current liabilities		
Bonds and borrowings	101,863	88,332
Lease liabilities	5,960	5,830
Other financial liabilities	648	640
Retirement benefit liability	13,559	13,491
Provisions	5,426	4,413
Deferred tax liabilities	13,661	16,544
Other non-current liabilities	2,102	2,587
Total non-current liabilities	143,223	131,840
Total liabilities	342,922	380,564
Equity		
Share capital	37,172	37,172
Capital surplus	31,882	31,899
Retained earnings	360,715	364,433
Treasury shares	(18,610)	(18,610)
Other components of equity	61,405	69,262
Total equity attributable to owners of parent	472,565	484,157
Non-controlling interests	40,892	41,154
Total equity	513,457	525,311
Total liabilities and equity	856,380	905,876

(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, 2025	Three Months Ended June 30, 2026
Revenue	142,352	163,530
Cost of sales	117,664	134,320
Gross profit	24,688	29,209
Selling, general and administrative expenses	15,849	17,145
Other income	—	1,048
Other expenses	180	—
Operating profit	8,658	13,112
Finance income	1,129	878
Finance costs	208	144
Share of profit of investments accounted for using equity method	142	432
Profit before tax	9,721	14,279
Income tax expense	2,801	4,563
Profit	6,920	9,716
Profit attributable to		
Owners of parent	6,416	9,061
Non-controlling interests	503	654
Profit	6,920	9,716
Earnings per share		
Basic earnings per share (Yen)	31.18	45.34
Diluted earnings per share (Yen)	31.16	45.33

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2026
Profit	6,920	9,716
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,361	7,795
Remeasurements of defined benefit plans	49	(153)
Share of other comprehensive income of investments accounted for using equity method	10	79
Total of items that will not be reclassified to profit or loss	2,420	7,721
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(383)	395
Cash flow hedges	(5)	—
Share of other comprehensive income of investments accounted for using equity method	(5)	(18)
Total of items that may be reclassified to profit or loss	(395)	376
Other comprehensive income	2,025	8,098
Comprehensive income	8,945	17,814
Comprehensive income attributable to		
Owners of parent	8,468	16,982
Non-controlling interests	477	832
Comprehensive income	8,945	17,814

(3) Notes to Condensed Quarterly Consolidated Financial Statements

Significant Subsequent Events

Making TOHOKU STEEL CO., LTD. a Consolidated Subsidiary

The Company, as announced on May 15, 2026, conducted a tender offer, as part of a series of transactions to make TOHOKU STEEL CO., LTD. (the “Target Company”) a wholly owned subsidiary, and acquired additional shares of the Target Company on July 6, 2026. As a result, the Company’s voting rights ownership ratio increased from 34.32% to 57.93%, and accordingly, the Target Company became a consolidated subsidiary of the Company.

Going forward, the Company plans to implement squeeze-out procedures with the aim of ensuring that the shareholders of the Target Company consist solely of the Company, the Hikari Tsushin Group, OKAYA & CO., LTD. and TYK CORPORATION. In addition, the Company has reached an agreement with the Hikari Tsushin Group, OKAYA & CO., LTD. and TYK CORPORATION regarding the acquisition of treasury shares by the Target Company. Through this series of transactions, the Company plans to make the Target Company a wholly owned subsidiary.

The Company has applied IFRS 3 Business Combinations. However, as the initial accounting of this business combination has not been completed at this time, detailed accounting information is not presented.

Overview of the business combination

1.Name and business description of the acquiree

Name of the acquiree: TOHOKU STEEL CO., LTD.

Business description: Manufacturing, processing and sale of various specialty steel products

2.Acquisition date

July 6, 2026

3.Ratio of voting rights after additional acquisition of shares

Before acquisition: 34.32%

After acquisition: 57.93%

4.Main reasons for the business combination

As specific synergies anticipated resulting from the Target Company becoming a consolidated subsidiary and the strengthening of the alliance between the two parties, the Company envisions (i) the joint development of EV-related and non-automobile products, (ii) the transfer of secondary processing of a portion of the Company’s products to the Target Company, (iii) the enhancement of manufacturing capabilities utilizing the Company’s expertise, and (iv) the increased sales of the Target Company’s products by leveraging the Company’s customer base in the automobile industry and the global network of trading companies, among others. These measures will enable the Company to strengthen its competitiveness and improve its profitability, and accordingly, this share acquisition is expected to be beneficial for enhancing the corporate value of both the Company and the Target Company.

5.Method of obtaining control over the acquiree

Acquisition of shares through cash consideration

6.Acquisition price

Cash: ¥7,873 million

3. Supplementary briefing material

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

(Millions of yen, %)

	Actual			Forecast (Disclosed on May 15, 2026)	
	1Q June 2025	1Q June 2026	YoY Change [% of Change]	Fiscal year ending March 31,2027	YoY Change [% of Change]
Revenue	142,352	163,530	21,177 [14.9%]	630,000	51,870 [9.0%]
Operating profit	8,658	13,112	4,454 [51.4%]	40,000	(2,081) [(4.9%)]
Adjusted operating profit *	9,165	11,492	2,327 [25.4%]	40,100	180 [0.5%]
Profit before tax	9,721	14,279	4,557 [46.9%]	42,000	(2,756) [(6.2%)]
Profit attributable to owners of parent	6,416	9,061	2,644 [41.2%]	27,500	(5,105) [(15.7%)]
Sales volume of Specialty Steel (thou. tons)	253	269	16	1,042	17

* 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 15, 2026)			
	Revenue		Adjusted operating profit		Revenue		Adjusted operating profit	
	1Q June 2026	YoY Change	1Q June 2026	YoY Change	Fiscal year ending March 31,2027	YoY Change	Fiscal year ending March 31,2027	YoY Change
Specialty Steel	59,403	8,187	2,927	74	230,000	22,218	8,300	(3,002)
High Performance Materials and Magnetic Materials	58,043	9,740	4,795	2,227	230,000	30,246	18,600	5,211
Parts for Automobile and Industrial Equipment	31,640	2,341	2,696	470	120,000	2,062	9,200	(166)
Engineering	7,254	438	145	(519)	23,000	(3,625)	1,000	(1,743)
Trading and Service	7,188	469	924	98	27,000	968	3,000	(107)
Elimination of inter-segment	—	—	3	(22)	—	—	—	(11)
Total	163,530	21,177	11,492	2,327	630,000	51,870	40,100	180

(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. Sales volume	30	1. Raw material and fuel cost	21
2. Sales price	21	2. Fixed cost	6
3. Sales mix change	2	3. Variable cost	3
Total (a)	53	Total (b)	30
		Change (a) - (b)	23

(Reference: Market condition)

		1Q June 2025	1Q June 2026
H2	(Thousands of yen/t)	34.7	46.7
Nickel (LME)	(One dollar/lb)	6.9	8.2
Exchange rate (TTM)	(yen/dollar)	144.6	160.5

(4) Condensed Statement of Financial Position

(Millions of yen)

Item	As of March 31, 2026	As of June 30, 2026	Change	Item	As of March 31, 2026	As of June 30, 2026	Change
Current assets	447,288	480,244	32,956	Liabilities	342,922	380,564	37,642
Cash and deposits	63,072	66,467	3,395	Trade payables	72,039	78,541	6,501
Trade receivables	158,935	169,893	10,958	Interest-bearing debt	181,761	207,640	25,878
Inventories	211,501	228,728	17,226	Other	89,120	94,382	5,261
Other	13,778	15,154	1,375				
Non-current assets	409,091	425,632	16,540	Equity	513,457	525,311	11,853
Property, plant and equipment	255,302	259,724	4,422	Equity attributable to owners of parent	472,565	484,157	11,592
Other	153,789	165,907	12,117	Non-controlling interests	40,892	41,154	261
Total assets	856,380	905,876	49,496	Total liabilities and equity	856,380	905,876	49,496