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Consolidated Financial Results for the Six Months Ended September 30, 2026 [Under IFRS]



MEMBERSHIP

October 29, 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 to file semi-annual securities report: November 13, 2026

Scheduled date of commencing dividend payments: December 7, 2026

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, 2026 (April 1, 2026 to September 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	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2026	330,652	16.2	26,068	41.2	23,163	25.0	27,302	38.9	19,631	40.0	18,262	41.2
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

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
Six months ended	Million yen	%	Yen	Yen
September 30, 2026	29,246	36.5	91.37	91.35
September 30, 2025	21,421	94.5	63.63	63.61

(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, 2026	949,674	537,593	495,199	52.1
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	—	28.00			
Fiscal year ending March 31, 2027 (Forecast)			—	28.00	56.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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
Full year	680,000	17.6	46,000	9.3	45,000	12.7	47,000	5.0	31,000	(4.9)	155.08

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (TOHOKU STEEL CO., LTD.)

(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, 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 September 30, 2026 17,318,588 shares

As of March 31, 2026 17,390,041 shares

3) Average number of shares during the period:

Six months ended September 30, 2026 199,872,928 shares

Six months ended September 30, 2025 203,328,436 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, 2026

The consolidated operating results of the Group for the six months ended September 30, 2026 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, 2026	330,652	26,068	23,163	27,302	18,262
Six months ended September 30, 2025	284,499	18,464	18,524	19,650	12,937
YoY change [%]	46,153 [16.2%]	7,603 [41.2%]	4,639 [25.0%]	7,652 [38.9%]	5,325 [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 six months ended September 30, 2026, revenue increased ¥46,153 million year on year to ¥330,652 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. Additionally, the addition to the scope of consolidation of Nippon Koshuha Steel Co., Ltd., which became a wholly-owned subsidiary in February 2026, and TOHOKU STEEL CO., LTD., acquired through a public tender offer in July 2026, contributed to the revenue growth. 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 at a high level 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 ¥7,603 million year on year to ¥26,068 million. Profit before tax increased by ¥7,652 million year on year to ¥27,302 million and profit attributable to owners of parent increased by ¥5,325 million year on year to ¥18,262 million.

Operating results by segment are as follows.

(Millions of yen)	Revenue			Operating profit		
	Six months ended September 30, 2025	Six months ended September 30, 2026	YoY change [%]	Six months ended September 30, 2025	Six months ended September 30, 2026	YoY change
Specialty Steel	99,979	120,033	20,053 [20.1%]	5,424	5,360	(63)
High Performance Materials and Magnetic Materials	96,794	121,233	24,438 [25.2%]	6,316	12,082	5,765
Parts for Automobile and Industrial Equipment	59,166	61,654	2,487 [4.2%]	3,601	5,879	2,278
Engineering	14,257	12,264	(1,992) [(14.0%)]	1,275	390	(885)
Trading and Service	14,300	15,466	1,165 [8.2%]	1,796	2,344	547

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 remained roughly at the previous year's level despite stagnant automobile-related demand. In this segment, revenue increased and profit decreased from the same period of the previous fiscal year due to the burden of the slide gap caused by the rise in steel scrap prices and crude oil prices, among other factors.

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, there was an increase in demand for semiconductor components and electric and electronic equipment, leading to higher revenue. In terms of magnetic products, there has been a continued strong 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 medical products. In addition to this result, the inclusion of TOHOKU STEEL CO., LTD., which was previously an equity-method affiliate, as a consolidated subsidiary from this quarter due to the public tender offer conducted this fiscal year, led to both revenue and profit increases in this segment compared to 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 and space-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, both revenue 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 Six Months Ended September 30, 2026

Total assets of the Group at the end of the six months ended September 30, 2026 increased by ¥93,293 million from the end of the previous fiscal year to ¥949,674 million, mainly because TOHOKU STEEL CO., LTD. was made a consolidated subsidiary. The main increases in total assets were ¥30,919 million in inventories, ¥20,771 million in other financial assets under non-current assets, ¥15,967 million in trade and other receivables and ¥15,698 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 six months ended September 30, 2026 increased by ¥24,135 million from the end of the previous fiscal year to ¥537,593 million. The main increases in equity were an increase of ¥13,291 million in retained earnings and an increase of ¥9,298 million in other components of equity.

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

- Retained earnings increased as a result of reporting ¥18,262 million in profit attributable to owners of the parent.
- Other components of equity increased mainly due to the rise in the market value of the equities held.

As a result, the ratio of equity attributable to owners of the parent to total assets as of the end of six months ended September 30, 2026 was 52.1%.

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

The future of the global economy is expected to remain uncertain due to geopolitical risks, including the situations in the Middle East and Ukraine, as well as tariff policies in the U.S., trade policies of various countries, and trends in export controls and industrial policies, including those in China. Such trends could affect the international supply chain, global production activities, and demand trends. It is also necessary to closely monitor the impacts of monetary policies in each country, exchange rate fluctuations, and inflation trends. The business environment surrounding the Group continues to be characterized by uncertainty. 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 and space-related products, valves for ships, and heavy electrical products are expected to remain strong, and considering the 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 cost, while maintaining a high level of production for high-performance materials such as stainless steel for semiconductor-related products, and open-die forgings, we will continue to ensure stable production and advance thorough cost-cutting efforts. In response to cost pressures such as labor costs and inflation, we will secure an appropriate margin by passing on appropriate price increases to our customers.

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 increase 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 full-year consolidated financial results, considering the robust order environment for high-performance products such as stainless steel for semiconductor-related products and open-die forgings, as well as the steady demand for industrial equipment, it is expected that the profit level will exceed the initial plan. Therefore, we have revised the figures for the full-year consolidated financial results forecast announced on May 15, 2026. Regarding the interim dividend, considering that the profit level for the six months ended September 30, 2026 exceeded the initial plan, we have increased the most recent dividend forecast by ¥4 per share, raising it from ¥24 to ¥28. Regarding the annual dividend forecast for the current fiscal year, we have revised it to ¥56 per share.

2. Condensed Semi-annual Consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and cash equivalents	63,072	69,681
Trade and other receivables	158,935	174,903
Contract assets	3,060	3,157
Inventories	211,501	242,420
Other financial assets	1,276	1,350
Other current assets	9,442	14,950
Total current assets	447,288	506,465
Non-current assets		
Property, plant and equipment	255,302	271,000
Right-of-use assets	6,379	6,351
Intangible assets	8,632	11,621
Investment property	4,258	8,197
Investments accounted for using equity method	22,622	13,339
Other financial assets	50,781	71,552
Retirement benefit asset	56,648	57,039
Deferred tax assets	3,276	3,046
Other non-current assets	1,190	1,060
Total non-current assets	409,091	443,208
Total assets	856,380	949,674

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	72,039	76,963
Contract liabilities	15,020	15,423
Bonds and borrowings	71,751	135,272
Lease liabilities	2,186	2,172
Other financial liabilities	1,900	13,505
Income taxes payable	6,192	9,505
Provisions	873	1,336
Other current liabilities	29,735	28,004
Total current liabilities	199,699	282,184
Non-current liabilities		
Bonds and borrowings	101,863	83,290
Lease liabilities	5,960	5,885
Other financial liabilities	648	2,395
Retirement benefit liability	13,559	13,841
Provisions	5,426	4,413
Deferred tax liabilities	13,661	16,999
Other non-current liabilities	2,102	3,069
Total non-current liabilities	143,223	129,895
Total liabilities	342,922	412,080
Equity		
Share capital	37,172	37,172
Capital surplus	31,882	31,852
Retained earnings	360,715	374,006
Treasury shares	(18,610)	(18,536)
Other components of equity	61,405	70,703
Total equity attributable to owners of parent	472,565	495,199
Non-controlling interests	40,892	42,394
Total equity	513,457	537,593
Total liabilities and equity	856,380	949,674

(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, 2025	Six Months Ended September 30, 2026
Revenue	284,499	330,652
Cost of sales	234,347	272,392
Gross profit	50,151	58,260
Selling, general and administrative expenses	31,468	34,161
Other income	77	2,046
Other expenses	296	76
Operating profit	18,464	26,068
Finance income	1,388	1,020
Finance costs	486	402
Share of profit of investments accounted for using equity method	282	615
Profit before tax	19,650	27,302
Income tax expense	5,631	7,671
Profit	14,018	19,631
Profit attributable to		
Owners of parent	12,937	18,262
Non-controlling interests	1,081	1,368
Profit	14,018	19,631
Earnings per share		
Basic earnings per share (Yen)	63.63	91.37
Diluted earnings per share (Yen)	63.61	91.35

Condensed Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six Months Ended September 30, 2025	Six Months Ended September 30, 2026
Profit	14,018	19,631
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	5,962	11,307
Remeasurements of defined benefit plans	128	(309)
Share of other comprehensive income of investments accounted for using equity method	117	44
Total of items that will not be reclassified to profit or loss	6,208	11,042
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,206	(1,389)
Cash flow hedges	(6)	—
Share of other comprehensive income of investments accounted for using equity method	(5)	(37)
Total of items that may be reclassified to profit or loss	1,194	(1,427)
Other comprehensive income	7,402	9,615
Comprehensive income	21,421	29,246
Comprehensive income attributable to		
Owners of parent	20,056	27,996
Non-controlling interests	1,364	1,249
Comprehensive income	21,421	29,246

(3) Condensed Semi-annual Consolidated Statement of Changes in Equity

For the Six Months Ended September 30, 2025

(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, 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

For the Six Months Ended September 30, 2026

(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, 2026	37,172	31,882	360,715	(18,610)	27,465	24,053
Profit	—	—	18,262	—	—	—
Other comprehensive income	—	—	—	—	11,339	(311)
Comprehensive income	—	—	18,262	—	11,339	(311)
Purchase of treasury shares	—	—	—	(1)	—	—
Disposal of treasury shares	—	—	—	0	—	—
Dividends	—	—	(5,406)	—	—	—
Share-based payment transactions	—	(30)	—	75	—	—
Obtaining of control of subsidiaries	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	(2)	0	—	(0)	2
Transfer from other components of equity to retained earnings	—	—	435	—	(435)	—
Other	—	2	—	0	—	—
Total transactions with owners	—	(30)	(4,971)	74	(435)	2
Balance as of September 30, 2026	37,172	31,852	374,006	(18,536)	38,370	23,744

	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, 2026	9,886	—	61,405	472,565	40,892	513,457
Profit	—	—	—	18,262	1,368	19,631
Other comprehensive income	(1,294)	—	9,733	9,733	(118)	9,615
Comprehensive income	(1,294)	—	9,733	27,996	1,249	29,246
Purchase of treasury shares	—	—	—	(1)	—	(1)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	—	(5,406)	(608)	(6,014)
Share-based payment transactions	—	—	—	45	—	45
Obtaining of control of subsidiaries	—	—	—	—	727	727
Changes in ownership interest in subsidiaries	(2)	—	(0)	(2)	118	115
Transfer from other components of equity to retained earnings	—	—	(435)	—	—	—
Other	—	—	—	2	15	17
Total transactions with owners	(2)	—	(435)	(5,362)	252	(5,110)
Balance as of September 30, 2026	8,589	—	70,703	495,199	42,394	537,593

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

(Millions of yen)

	Six Months Ended September 30, 2025	Six Months Ended September 30, 2026
Cash flows from operating activities		
Profit before tax	19,650	27,302
Depreciation and amortization	15,203	16,566
Impairment losses	296	—
Interest and dividend income	(1,238)	(1,077)
Interest expenses	759	1,118
Share of loss (profit) of investments accounted for using equity method	(282)	(615)
Loss (gain) on sale of fixed assets	(4)	(391)
Loss (gain) on step acquisition	—	(1,398)
Decrease (increase) in trade and other receivables	(3,561)	(14,246)
Decrease (increase) in inventories	4,124	(27,939)
Increase (decrease) in trade and other payables	(1,266)	5,637
Increase (decrease) in contract liabilities	11,388	241
Other	179	(8,457)
Subtotal	45,249	(3,259)
Interest received	186	262
Dividends received	1,085	800
Interest paid	(662)	(1,012)
Income taxes paid	(7,971)	(5,791)
Net cash provided by (used in) operating activities	37,888	(9,000)
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(25,410)	(27,890)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	51	635
Purchase of equity instruments	(11)	(13)
Proceeds from sale of equity instruments	0	17
Proceeds from sale of debt instruments	—	2,802
Proceeds from acquisition of subsidiaries	—	2,983
Other	16	(149)
Net cash provided by (used in) investing activities	(25,354)	(21,614)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,630)	11,751
Increase (decrease) in commercial papers	—	36,000
Proceeds from borrowings	27,952	6,870
Repayments of borrowings	(22,642)	(4,505)
Proceeds from issuance of bonds	—	9,948
Redemption of bonds	—	(15,000)
Repayments of lease liabilities	(1,080)	(1,277)
Purchase of treasury shares	(6,603)	(1)
Dividends paid	(5,361)	(5,406)
Dividends paid to non-controlling interests	(617)	(612)
Other	(146)	(20)
Net cash provided by (used in) financing activities	(15,129)	37,747
Effect of exchange rate changes on cash and cash equivalents	476	(522)
Net increase (decrease) in cash and cash equivalents	(2,119)	6,609
Cash and cash equivalents at beginning of period	61,218	63,072
Cash and cash equivalents at end of period	59,099	69,681

3. Supplementary briefing material

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

(Millions of yen,%)

	Actual			Forecast	
	2Q September 2025	2Q September 2026	YoY Change [% of Change]	Fiscal year ending March 31, 2027	YoY Change [% of Change]
Revenue	284,499	330,652	46,153 [16.2%]	680,000	101,870 [17.6%]
Operating profit	18,464	26,068	7,603 [41.2%]	46,000	3,918 [9.3%]
Adjusted operating profit *	18,524	23,163	4,639 [25.0%]	45,000	5,080 [12.7%]
Profit before tax	19,650	27,302	7,652 [38.9%]	47,000	2,243 [5.0%]
Profit attributable to owners of parent	12,937	18,262	5,325 [41.2%]	31,000	(1,605) [(4.9%)]
Sales volume of Specialty Steel (thou. tons)	504	531	27	1,063	38

* 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 2026	YoY Change	2Q September 2026	YoY Change	Fiscal year ending March 31,2027	YoY Change	Fiscal year ending March 31,2027	YoY Change
Specialty Steel	120,033	20,053	4,987	(613)	240,000	32,218	8,500	(2,802)
High Performance Materials and Magnetic Materials	121,233	24,438	9,930	4,240	256,000	56,246	20,200	6,811
Parts for Automobile and Industrial Equipment	61,654	2,487	5,708	1,460	129,000	11,062	11,300	1,934
Engineering	12,264	(1,992)	385	(850)	24,000	(2,625)	1,000	(1,743)
Trading and Service	15,466	1,165	2,140	441	31,000	4,968	4,000	893
Elimination of inter-segment	—	—	10	(39)	—	—	—	(11)
Total	330,652	46,153	23,163	4,639	680,000	101,870	45,000	5,080

(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. Sales price	71	1. Raw material and fuel cost	82	1. Sales price	215	1. Raw material and fuel cost	253
2. Sales volume	48	2. Fixed cost	19	2. Sales volume	94	2. Fixed cost	77
3. Sales mix change	29	3. Variable cost	7	3. Sales mix change	62	3. Variable cost	8
4. Newly included	7			4. Newly included	18		
Total (a)	155	Total (b)	108	Total (a)	389	Total (b)	338
		Change (a) - (b)	47			Change (a) - (b)	51

(Reference: Market condition)

		2Q September 2025	2Q September 2026	Fiscal year ended March 31, 2026	Fiscal year ending March 31, 2027
H2	(Thousands of yen/t)	34.1	45.9	35.7	45.5
Nickel (LME)	(One dollar/lb)	6.9	7.9	7.1	8.0
Exchange rate (TTM)	(yen/dollar)	146.0	159.4	150.8	157.2

(4) Condensed Statement of Financial Position

(Millions of yen)

Item	As of March 31, 2026	As of September 30, 2026	Change	Item	As of March 31, 2026	As of September 30, 2026	Change
Current assets	<u>447,288</u>	<u>506,465</u>	<u>59,176</u>	Liabilities	<u>342,922</u>	<u>412,080</u>	<u>69,158</u>
Cash and deposits	63,072	69,681	6,609	Trade payables	72,039	76,963	4,924
Trade receivables	158,935	174,903	15,967	Interest-bearing debt	181,761	226,621	44,859
Inventories	211,501	242,420	30,919	Other	89,120	108,494	19,373
Other	13,778	19,459	5,680				
Non-current assets	<u>409,091</u>	<u>443,208</u>	<u>34,116</u>	Equity	<u>513,457</u>	<u>537,593</u>	<u>24,135</u>
Property, plant and equipment	255,302	271,000	15,698	Equity attributable to owners of parent	472,565	495,199	22,633
Other	153,789	172,207	18,418	Non-controlling interests	40,892	42,394	1,501
Total assets	856,380	949,674	93,293	Total liabilities and equity	856,380	949,674	93,293

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

(Millions of yen)

	Fiscal year ended March 31, 2026		Fiscal year ending March 31, 2027		YoY change	
	First half	Full year	First half	Full year	First half	Full year
Capital expenditures	26,354	53,152	28,416	55,900	2,062	2,747
Depreciation and amortization	15,203	31,129	16,566	33,700	1,363	2,570

(Reference) Historical Financial Results

(Millions of yen)

(Millions of yen)

	J-GAAP		IFRS			
	Actual		Actual			Forecast
	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Fiscal year ending March 31, 2027
Net sales	578,564	Revenue	578,564	574,945	578,129	680,000
Operating income	46,986	Operating profit	42,250	39,408	42,081	46,000
Ordinary income	48,122	Profit before tax	45,068	42,653	44,756	47,000
Profit attributable to owners of parent	36,438	Profit attributable to owners of parent	30,555	28,314	32,605	31,000