

Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]



July 28, 2021

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 filing quarterly securities report: August 13, 2021

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (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, 2021 (April 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2021	131,239	47.8	10,505	—	11,824	—	7,628	—
June 30, 2020	88,789	(30.5)	(2,431)	—	(1,667)	—	(1,553)	—

(Note) Comprehensive income: Three months ended June 30, 2021: ¥10,641 million [334.8%]

Three months ended June 30, 2020: ¥2,447 million [(65.5%)]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Three months ended	Yen	Yen
June 30, 2021	178.95	—
June 30, 2020	(36.45)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2021	670,932	348,191	46.4
As of March 31, 2021	665,506	339,353	45.6

(Reference) Shareholders' equity: As of June 30, 2021 : ¥311,163 million

As of March 31, 2021 : ¥303,143 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	10.00	—	25.00	35.00
Fiscal year ending March 31, 2022	—	—	—	—	—
Fiscal year ending March 31, 2022 (Forecast)	—	75.00	—	75.00	150.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	255,000	42.1	18,000	—	18,500	—	11,500	—	269.78
Full year	500,000	21.1	35,000	247.6	36,000	184.8	23,500	420.3	551.29

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

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) The company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. effective from the beginning of the first quarter ended June 30, 2021.

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2021 43,448,769 shares

March 31, 2021 43,448,769 shares

2) Total number of treasury shares at the end of the period:

June 30, 2021 821,586 shares

March 31, 2021 821,449 shares

3) Average number of shares during the period:

Three months ended June 30, 2021 42,627,247 shares

Three months ended June 30, 2020 42,628,254 shares

* These quarterly financial results are outside the scope of quarterly review procedures by a certified public accountant 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.

Consolidated Financial Results for the Three Months Ended June 30, 2021

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	1Q June 2021	YoY Change [% of Change]	1Q June 2021	YoY Change
Specialty Steel	46,558	17,751 [61.6%]	1,013	2,889
High Performance Materials and Magnetic Materials	47,872	15,012 [45.7%]	7,141	5,913
Parts for Automobile and Industrial Equipment	24,900	7,375 [42.1%]	1,953	4,384
Engineering	3,724	(303) [(7.5%)]	(386)	(542)
Trading and Service	8,182	2,613 [46.9%]	778	296
Adjustment	—	—	5	(3)
Total	131,239	42,449 [47.8%]	10,505	12,937

(Sales volume of Specialty Steel 322 thou. tons, increasing 148 thou. tons vs FY2020-1Q)

(3) Reasons for change in the amount of ordinary income (YoY comparison)

(100 millions of yen)

Reasons for increase	Amount	Reasons for decrease	Amount
1. Sales volume	139	1. Raw material and fuel cost	74
2. Sales mix change	29	2. Fixed cost	17
3. Sales price	23		
4. Variable cost	20		
5. Change of financial periods	9		
6. Non-operating income or loss	6		
Total (a)	226	Total (b)	91
		Change (a) – (b)	135

(2) Condensed statement of profit and loss (cumulative)

(Millions of yen, %)

	1Q June 2021	YoY Change [% of Change]
Net sales	131,239	42,449 [47.8%]
Operating income	10,505	12,937 [—%]
Non-operating income and expenses	1,319	554
Ordinary income	11,824	13,492 [—%]
Extraordinary income and losses	—	(9)
Income before income taxes	11,824	13,482
Income taxes	3,218	3,331
Profit attributable to non-controlling interests	977	969
Profit attributable to owners of parent	7,628	9,182 [—%]

(Reference: Market condition)

	1Q June 2020	1Q June 2021
H2 (Thousands of yen/t)	16.1	43.1
Nickel (LME) (One dollar/lb)	5.5	7.9
Exchange rate (TTM) (yen/dollar)	108.6	110.5

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2021	As of June 30, 2021	Change	Item	As of March 31, 2021	As of June 30, 2021	Change
Current assets	<u>319,364</u>	<u>326,501</u>	<u>7,136</u>	Liabilities	<u>326,152</u>	<u>322,741</u>	<u>(3,411)</u>
Cash and deposits	67,314	60,770	(6,544)	Trade payables	65,589	64,397	(1,191)
Trade receivables	125,918	126,987	1,069	Interest-bearing debt	198,812	194,558	(4,254)
Inventories	118,532	132,458	13,925	Other	61,750	63,785	2,034
Other	7,599	6,284	(1,314)	Net assets	<u>339,353</u>	<u>348,191</u>	<u>8,837</u>
Non-current assets	<u>346,142</u>	<u>344,431</u>	<u>(1,710)</u>	Shareholders' equity	280,297	286,524	6,227
Property, plant and equipment	231,846	229,717	(2,129)	Accumulated other comprehensive income	22,846	24,638	1,792
Intangible assets	2,721	2,827	106	Non-controlling interests	36,210	37,028	817
Investments and other assets	111,574	111,886	311	Total liabilities and net assets	<u>665,506</u>	<u>670,932</u>	<u>5,425</u>
Total assets	665,506	670,932	5,425				