

Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]



October 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/>

Representative: Takeshi Ishiguro, President and Representative Executive Director

Contact: Hideo Suzuki, General Manager, General Affairs Department

Phone: +81-52-963-7501

Scheduled date of filing quarterly securities report: November 12, 2021

Scheduled date of commencing dividend payments: December 6, 2021

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 Six Months Ended September 30, 2021 (April 1, 2021 to September 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	%
Six months ended September 30, 2021	255,224	42.2	19,156	—	20,556	—	12,840	—
September 30, 2020	179,490	(28.9)	(3,531)	—	(2,112)	—	(2,318)	—

(Note) Comprehensive income: Six months ended September 30, 2021: ¥15,294 million [277.9%]

Six months ended September 30, 2020: ¥4,046 million [(48.5%)]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Six months ended	Yen	Yen
September 30, 2021	301.22	—
September 30, 2020	(54.39)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2021	686,373	352,599	46.0
As of March 31, 2021	665,506	339,353	45.6

(Reference) Shareholders' equity: As of September 30, 2021 : ¥315,674 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
Fiscal year ended March 31, 2021	Yen	Yen	Yen	Yen	Yen
Fiscal year ending March 31, 2021	—	10.00	—	25.00	35.00
Fiscal year ending March 31, 2022 (Forecast)	—	80.00	—	80.00	160.00

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

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
Full year	520,000	26.0	31,000	207.8	33,000	161.0	22,000	387.1	516.10

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

*** 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):

September 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:

September 30, 2021 821,845 shares

March 31, 2021 821,449 shares

3) Average number of shares during the period:

Six months ended September 30, 2021 42,627,149 shares

Six months ended September 30, 2020 42,628,168 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 Six Months Ended September 30, 2021

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	2Q September 2021	YoY Change [% of Change]	2Q September 2021	YoY Change
Specialty Steel	93,168	33,333 [55.7%]	1,441	4,426
High Performance Materials and Magnetic Materials	94,756	29,949 [46.2%]	13,921	11,745
Parts for Automobile and Industrial Equipment	46,521	10,470 [29.0%]	3,127	7,223
Engineering	8,732	(1,532) [(14.9%)]	(709)	(1,199)
Trading and Service	12,047	3,513 [41.2%]	1,387	510
Adjustment	—	—	(11)	(18)
Total	255,224	75,734 [42.2%]	19,156	22,688

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

(Millions of yen, %)

	2Q September 2021	YoY Change [% of Change]
Net sales	255,224	75,734 [42.2%]
Operating income	19,156	22,688 [—%]
Non-operating income and expenses	1,400	(18)
Ordinary income	20,556	22,669 [—%]
Extraordinary income and losses	(424)	(463)
Income before income taxes	20,132	22,206
Income taxes	5,643	5,492
Profit attributable to non-controlling interests	1,648	1,554
Profit attributable to owners of parent	12,840	15,158 [—%]

(Sales volume of Specialty Steel 634 thou. tons, increasing 256 thou. tons vs FY2020-2Q)

(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	241	1. Raw material and fuel cost	188
2. Sales price	93	2. Fixed cost	24
3. Sales mix change	55		
4. Variable cost	41		
5. Change of financial periods	9		
Total (a)	439	Total (b)	212
		Change (a) – (b)	227

(Reference: Market condition)

	2Q September 2020	2Q September 2021
H2 (Thousands of yen/t)	17.9	44.0
Nickel (LME) (One dollar/lb)	6.0	8.3
Exchange rate (TTM) (yen/dollar)	107.9	110.8

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2021	As of September 30, 2021	Change	Item	As of March 31, 2021	As of September 30, 2021	Change
Current assets	<u>319,364</u>	<u>343,668</u>	<u>24,303</u>	Liabilities	<u>326,152</u>	<u>333,774</u>	<u>7,621</u>
Cash and deposits	67,314	57,262	(10,052)	Trade payables	65,589	60,694	(4,894)
Trade receivables	125,918	134,899	8,981	Interest-bearing debt	198,812	210,608	11,795
Inventories	118,532	144,108	25,575	Other	61,750	62,471	720
Other	7,599	7,398	(200)	Net assets	<u>339,353</u>	<u>352,599</u>	<u>13,245</u>
Non-current assets	<u>346,142</u>	<u>342,705</u>	<u>(3,436)</u>	Shareholders' equity	280,297	292,220	11,923
Property, plant and equipment	231,846	228,596	(3,249)	Accumulated other comprehensive income	22,846	23,454	608
Intangible assets	2,721	3,000	279	Non-controlling interests	36,210	36,924	713
Investments and other assets	111,574	111,108	(465)	Total liabilities and net assets	<u>665,506</u>	<u>686,373</u>	<u>20,866</u>
Total assets	665,506	686,373	20,866				

(5) Net sales and operating income forecast by reportable segment
(Millions of yen, %)

	Net sales		Operating income	
	Forecast for fiscal year ending March 31, 2022	YoY Change [% of Change]	Forecast for fiscal year ending March 31, 2022	YoY Change
Specialty Steel	195,000	49,157 [33.7%]	2,900	5,532
High Performance Materials and Magnetic Materials	192,000	42,579 [28.5%]	23,200	11,027
Parts for Automobile and Industrial Equipment	94,000	13,249 [16.4%]	3,800	5,909
Engineering	18,500	(1,705) [(8.4%)]	(1,500)	(2,358)
Trading and Service	20,500	3,995 [24.2%]	2,600	813
Adjustment	—	—	—	4
Total	520,000	107,277 [26.0%]	31,000	20,929

(Sales volume of Specialty Steel 1,262 thou. tons, increasing 284 thou. tons vs FY2020)

(7) Forecasted 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	263	1. Raw material and fuel cost	511
2. Sales price	356	2. Fixed cost	57
3. Sales mix change	101	3. Non-operating income or loss	5
4. Variable cost	48		
5. Change of financial periods	9		
Total (a)	777	Total (b)	573
		Change (a) – (b)	204

(6) Financial results forecast
(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2022	YoY Change [% of Change]
Net sales	520,000	107,277 [26.0%]
Operating income	31,000	20,929 [207.8%]
Ordinary income	33,000	20,357 [161.0%]
Profit attributable to owners of parent	22,000	17,483 [387.1%]

(Reference: Market condition)

	Fiscal year ended March 31, 2021	Forecast for fiscal year ending March 31, 2022
H2 (Thousands of yen/t)	24.9	49.0
Nickel (LME) (One dollar/lb)	6.8	8.7
Exchange rate (TTM) (yen/dollar)	107.1	112.9

(8) Amount of capital expenditures (based on completion of construction) and depreciation and amortization
(Millions of yen)

	Fiscal year ended March 31, 2021		Fiscal year ending March 31, 2022		YoY change	
	First half	Full year	First half	Full year (Forecast)	First half	Full year
Capital expenditures	13,955	24,448	10,172	19,700	(3,782)	(4,748)
Depreciation and amortization	12,794	25,912	13,469	26,600	674	687

(Reference) Historical Financial Results

	Actual results				Forecast for fiscal year ending March 31, 2022
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
Net sales	505,219	543,255	490,421	412,722	520,000
Operating income	36,218	33,815	24,768	10,070	31,000
Ordinary income	36,130	34,343	24,298	12,642	33,000
Profit attributable to owners of parent	23,920	21,182	10,987	4,516	22,000