

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2021
[Japanese GAAP]



MEMBERSHIP
April 30, 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

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Scheduled date of ordinary general shareholders' meeting: June 24, 2021

Scheduled date of filing annual securities report: June 24, 2021

Scheduled date of commencing dividend payments: June 25, 2021

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual 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 Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 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	%
March 31, 2021	412,722	(15.8)	10,070	(59.3)	12,642	(48.0)	4,516	(58.9)
March 31, 2020	490,421	(9.7)	24,768	(26.8)	24,298	(29.2)	10,987	(48.1)

(Note) Comprehensive income: Year ended March 31, 2021: ¥32,439 million [—%]

Year ended March 31, 2020: (¥8,886) million [—%]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
March 31, 2021	105.96	—	1.6	2.0	2.4
March 31, 2020	257.76	—	3.9	3.8	5.1

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2021: (¥189) million

Year ended March 31, 2020: ¥760 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2021	665,506	339,353	45.6	7,111.48
March 31, 2020	625,899	309,136	43.7	6,417.37

(Reference) Shareholders' equity: As of March 31, 2021 : ¥303,143 million

As of March 31, 2020 : ¥273,561million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
March 31, 2021	33,766	(29,395)	2,999	65,558
March 31, 2020	41,033	(39,326)	10,526	57,843

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	—	55.00	—	15.00	70.00	2,984	27.2	1.1
March 31, 2021	—	10.00	—	25.00	35.00	1,492	33.0	0.5
Fiscal year ending March 31, 2022 (Forecast)	—	75.00	—	75.00	150.00		27.2	

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

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - March 31, 2021 43,448,769 shares
 - March 31, 2020 43,448,769 shares
 - 2) Total number of treasury shares at the end of the period:
 - March 31, 2021 821,449 shares
 - March 31, 2020 820,446 shares
 - 3) Average number of shares during the period:
 - Fiscal year ended March 31, 2021 42,627,902 shares
 - Fiscal year ended March 31, 2020 42,628,998 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	245,504	(19.5)	5,073	(69.8)	9,001	(57.2)	6,335	(44.8)
March 31, 2020	304,819	(10.6)	16,792	(12.3)	21,049	(13.7)	11,483	(27.8)

	Net income per share		Diluted net income per share	
	Yen		Yen	
March 31, 2021	148.58		—	
March 31, 2020	269.31		—	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2021	472,864	215,387	45.5	5,051.36
March 31, 2020	434,175	189,484	43.6	4,443.78

(Reference) Shareholders' equity: As of March 31, 2021 : ¥215,387million

As of March 31, 2020 : ¥189,484million

* These financial results are outside the scope of audit process 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 Fiscal Year Ended March 31, 2021

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	Fiscal year ended March 31, 2021	YoY Change [% of Change]	Fiscal year ended March 31, 2021	YoY Change
Specialty Steel	145,842	(35,831) [(19.7%)]	(2,632)	(7,780)
High Performance Materials and Magnetic Materials	149,420	(17,936) [(10.7%)]	12,172	(1,465)
Parts for Automobile and Industrial Equipment	80,750	(16,593) [(17.0%)]	(2,109)	(2,540)
Engineering	20,205	(6,378) [(24.0%)]	858	(2,101)
Trading and Service	16,504	(959) [(5.5%)]	1,786	(794)
Adjustment	—	—	(4)	(14)
Total	412,722	(77,698) [(15.8%)]	10,070	(14,698)

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

(Millions of yen, %)

	Fiscal year ended March 31, 2021	YoY Change [% of Change]
Net sales	412,722	(77,698) [(15.8%)]
Operating income	10,070	(14,698) [(59.3%)]
Non-operating income and expenses	2,572	3,042
Ordinary income	12,642	(11,656) [(48.0%)]
Extraordinary income and losses	(2,576)	551
Income before income taxes	10,065	(11,104)
Income taxes	4,097	(4,997)
Profit attributable to non-controlling interests	1,451	364
Profit attributable to owners of parent	4,516	(6,471) [(58.9%)]

(Sales volume of Specialty Steel 978 thou. tons, decreasing 198 thou. tons vs FY2019)

(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. Raw material and fuel cost	120	1. Sales volume	162
2. Fixed cost	79	2. Sales price	107
3. Variable cost	2	3. Sales mix change	79
4. Non-operating income or loss	30		
Total (a)	231	Total (b)	348
		Change (a) – (b)	(117)

(Reference: Market condition)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
H2 (Thousands of yen/t)	20.6	24.9
Nickel (LME) (One dollar/lb)	6.3	6.8
Exchange rate (TTM) (yen/dollar)	109.7	107.1

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2020	As of March 31, 2021	Change	Item	As of March 31, 2020	As of March 31, 2021	Change
Current assets	<u>310,641</u>	<u>319,364</u>	<u>8,722</u>	Liabilities	<u>316,763</u>	<u>326,152</u>	<u>9,389</u>
Cash and deposits	59,558	67,314	7,756	Trade payables	66,821	65,589	(1,232)
Trade receivables	118,281	125,918	7,636	Interest-bearing debt	193,881	198,812	4,931
Inventories	127,174	118,532	(8,641)	Other	56,060	61,750	5,690
Other	5,627	7,599	1,971	Net assets	<u>309,136</u>	<u>339,353</u>	<u>30,217</u>
Non-current assets	<u>315,257</u>	<u>346,142</u>	<u>30,884</u>	Shareholders' equity	276,101	280,297	4,195
Property, plant and equipment	237,492	231,846	(5,646)	Accumulated other comprehensive income	(2,539)	22,846	25,386
Intangible assets	1,619	2,721	1,101	Non-controlling interests	35,574	36,210	636
Investments and other assets	76,145	111,574	35,429	Total liabilities and net assets	625,899	665,506	39,607
Total assets	625,899	665,506	39,607				

(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	182,000	36,157 [24.8%]	4,000	6,632
High Performance Materials and Magnetic Materials	182,000	32,579 [21.8%]	23,000	10,827
Parts for Automobile and Industrial Equipment	97,000	16,249 [20.1%]	5,500	7,609
Engineering	21,000	794 [3.9%]	0	(858)
Trading and Service	18,000	1,495 [9.1%]	2,500	713
Adjustment	—	—	—	4
Total	500,000	87,277 [21.1%]	35,000	24,929

(Sales volume of Specialty Steel 1,255 thou. tons, increasing 277 thou. tons vs FY2020)

(6) Financial results forecast

(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2022	YoY change [% of Change]
Net sales	500,000	87,277 [21.1%]
Operating income	35,000	24,929 [247.6%]
Ordinary income	36,000	23,357 [184.8%]
Profit attributable to owners of parent	23,500	18,983 [420.3%]

(7) Forecasted reasons for change in the amount of ordinary income (YoY comparison)

(100 millions of yen)

(Reference: Market condition)

Reasons for increase	Amount	Reasons for decrease	Amount		Fiscal year ended March 31, 2021	Forecast for fiscal year ending March 31, 2022
1. Sales volume	253	1. Raw material and fuel cost	264	H2 (Thousands of yen/t)	24.9	38.0
2. Sales price	162	2. Fixed cost	51	Nickel (LME) (One dollar/lb)	6.8	8.5
3. Sales mix change	91	3. Non-operating income or loss	15	Exchange rate (TTM) (yen/dollar)	107.1	105.0
4. Variable cost	49					
5. Change of financial periods	9					
Total (a)	564	Total (b)	330			
		Change (a) – (b)	234			

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change	Forecast for fiscal year ending March 31, 2022	Change
	Capital expenditures	37,529	24,448	(13,081)	20,000
Depreciation and amortization	24,662	25,912	1,249	26,700	787

(Reference) Historical Financial Results

(Millions of yen)

	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	500,000
Operating income	36,218	33,815	24,768	10,070	35,000
Ordinary income	36,130	34,343	24,298	12,642	36,000
Profit attributable to owners of parent	23,920	21,182	10,987	4,516	23,500