

# Consolidated Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP]



January 31, 2022

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: February 14, 2022

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 Nine Months Ended December 31, 2021 (April 1, 2021 to December 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	%
Nine months ended December 31, 2021	390,499	36.0	28,914	—	31,174	659.9	22,203	—
December 31, 2020	287,127	(23.1)	1,861	(91.1)	4,102	(80.8)	1,623	(89.9)

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥25,769 million [63.6%]

Nine months ended December 31, 2020: ¥15,755 million [(5.9%)]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Nine months ended	Yen	Yen
December 31, 2021	520.87	—
December 31, 2020	38.08	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2021	710,492	359,247	45.3
As of March 31, 2021	665,506	339,353	45.6

(Reference) Shareholders' equity: As of December 31, 2021 : ¥321,920 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	—	80.00	—	—	—
Fiscal year ending March 31, 2022 (Forecast)	—	—	—	100.00	180.00

(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	530,000	28.4	35,000	247.6	37,000	192.7	26,000	475.6	609.94

(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):

December 31, 2021 43,448,769 shares

March 31, 2021 43,448,769 shares

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

December 31, 2021 822,029 shares

March 31, 2021 821,449 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021 42,627,056 shares

Nine months ended December 31, 2020 42,628,064 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 Nine Months Ended December 31, 2021

## (1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	3Q December 2021	YoY Change [% of Change]	3Q December 2021	YoY Change
Specialty Steel	144,915	45,869 [46.3%]	2,163	4,259
High Performance Materials and Magnetic Materials	146,011	42,541 [41.1%]	21,089	15,443
Parts for Automobile and Industrial Equipment	69,437	11,410 [19.7%]	4,323	7,765
Engineering	13,044	(1,675) [(11.4%)]	(962)	(1,428)
Trading and Service	17,091	5,226 [44.1%]	2,321	1,033
Adjustment	—	—	(20)	(19)
<b>Total</b>	<b>390,499</b>	<b>103,372</b> <b>[36.0%]</b>	<b>28,914</b>	<b>27,053</b>

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

(Millions of yen, %)

	3Q December 2021	YoY Change [% of Change]
Net sales	390,499	103,372 [36.0%]
Operating income	28,914	27,053 [—%]
Non-operating income and expenses	2,259	17
Ordinary income	31,174	27,071 [659.9%]
Extraordinary income and losses	2,706	2,587
Income before income taxes	33,881	29,659
Income taxes	9,448	7,437
Profit attributable to non-controlling interests	2,229	1,642
Profit attributable to owners of parent	22,203	20,579 [—%]

(Sales volume of Specialty Steel 951 thou. tons, increasing 298 thou. tons vs FY2020-3Q)

## (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	295	1. Raw material and fuel cost	348
2. Sales price	207	2. Fixed cost	38
3. Sales mix change	94		
4. Variable cost	51		
5. Change of financial periods	9		
<b>Total (a)</b>	<b>656</b>	<b>Total (b)</b>	<b>386</b>
		<b>Change (a) – (b)</b>	<b>270</b>

(Reference: Market condition)

	3Q December 2020	3Q December 2021
H2 (Thousands of yen/t)	21.0	46.3
Nickel (LME) (One dollar/lb)	6.4	8.5
Exchange rate (TTM) (yen/dollar)	107.1	112.1

## (4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2021	As of December 31, 2021	Change	Item	As of March 31, 2021	As of December 31, 2021	Change
Current assets	<u>319,364</u>	<u>374,067</u>	<u>54,702</u>	Liabilities	<u>326,152</u>	<u>351,244</u>	<u>25,091</u>
Cash and deposits	67,314	59,688	(7,626)	Trade payables	65,589	61,516	(4,072)
Trade receivables	125,918	144,861	18,943	Interest-bearing debt	198,812	225,998	27,185
Inventories	118,532	159,873	41,341	Other	61,750	63,729	1,978
Other	7,599	9,644	2,045	Net assets	<u>339,353</u>	<u>359,247</u>	<u>19,893</u>
Non-current assets	<u>346,142</u>	<u>336,424</u>	<u>(9,717)</u>	Shareholders' equity	280,297	298,171	17,874
Property, plant and equipment	231,846	225,281	(6,565)	Accumulated other comprehensive income	22,846	23,749	902
Intangible assets	2,721	3,280	559	Non-controlling interests	36,210	37,326	1,116
Investments and other assets	111,574	107,862	(3,711)	Total liabilities and net assets	<u>665,506</u>	<u>710,492</u>	<u>44,985</u>
<b>Total assets</b>	<b>665,506</b>	<b>710,492</b>	<b>44,985</b>				

(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	198,000	52,157 [35.8%]	2,900	5,532
High Performance Materials and Magnetic Materials	198,500	49,079 [32.8%]	26,100	13,927
Parts for Automobile and Industrial Equipment	94,400	13,649 [16.9%]	4,600	6,709
Engineering	18,600	(1,605) [(7.9%)]	(1,300)	(2,158)
Trading and Service	20,500	3,995 [24.2%]	2,700	913
Adjustment	—	—	—	4
Total	530,000	117,277 [28.4%]	35,000	24,929

(Sales volume of Specialty Steel 1,266 thou. tons, increasing 288 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	285	1. Raw material and fuel cost	506
2. Sales price	336	2. Fixed cost	51
3. Sales mix change	123	3. Non-operating income or loss	6
4. Variable cost	53		
5. Change of financial periods	9		
Total (a)	806	Total (b)	563
		Change (a) – (b)	243

(6) Financial results forecast

(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2022	YoY Change [% of Change]
Net sales	530,000	117,277 [28.4%]
Operating income	35,000	24,929 [247.6%]
Ordinary income	37,000	24,357 [192.7%]
Profit attributable to owners of parent	26,000	21,483 [475.6%]

(Reference: Market condition)

	Fiscal year ended March 31, 2021	Forecast for fiscal year ending March 31, 2022
H2 (Thousands of yen/t)	24.9	46.6
Nickel (LME) (One dollar/lb)	6.8	8.7
Exchange rate (TTM) (yen/dollar)	107.1	112.3

(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	530,000
Operating income	36,218	33,815	24,768	10,070	35,000
Ordinary income	36,130	34,343	24,298	12,642	37,000
Profit attributable to owners of parent	23,920	21,182	10,987	4,516	26,000