

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2024
[Japanese GAAP]



MEMBERSHIP
May 10, 2024

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: Tetsuya Shimizu, President and Representative Executive Director

Contact: Takashi Nagai, General Manager, General Affairs Department

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Scheduled date of ordinary general shareholders' meeting: June 26, 2024

Scheduled date of filing annual securities report: June 26, 2024

Scheduled date of commencing dividend payments: June 27, 2024

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, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024 | 581,287 | 0.5 | 42,113 | (10.4) | 45,031 | (6.4) | 49,759 | 36.6 |
| March 31, 2023 | 578,564 | 9.2 | 46,986 | 27.1 | 48,122 | 22.8 | 36,438 | 35.5 |

(Note) Comprehensive income: Year ended March 31, 2024: ¥72,907 million [46.2%]

Year ended March 31, 2023: ¥49,885 million [46.0%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary income to total assets | Operating income to net sales |
|----------------|--------------------------|----------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| March 31, 2024 | 233.47 | — | 12.5 | 5.8 | 7.2 |
| March 31, 2023 | 170.97 | — | 10.4 | 6.4 | 8.1 |

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2024: ¥581 million

Year ended March 31, 2023: ¥458 million

(Note) A 5-for-1 common stock split was conducted with an effective date of January 1, 2024. "Basic earnings per share" has been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|----------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| March 31, 2024 | 787,517 | 467,687 | 54.4 | 2,009.91 |
| March 31, 2023 | 773,851 | 405,479 | 47.6 | 1,730.03 |

(Reference) Shareholders' equity: As of March 31, 2024 : ¥428,359 million

As of March 31, 2023 : ¥368,718million

(Note) A 5-for-1 common stock split was conducted with an effective date of January 1, 2024. "Net assets per share" has been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

(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, 2024 | 58,657 | 16,777 | (71,810) | 62,264 |
| March 31, 2023 | 22,634 | (20,084) | (2,668) | 56,488 |

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, 2023 | — | 100.00 | — | 130.00 | 230.00 | 9,806 | 26.9 | 2.8 |
| March 31, 2024 | — | 100.00 | — | 26.00 | — | 9,829 | 19.7 | 2.5 |
| Fiscal year ending March 31, 2025 (Forecast) | — | 21.00 | — | 26.00 | 47.00 | | 30.4 | |

(Note) A 5-for-1 common stock split was conducted with an effective date of January 1, 2024. Due to the stock split, the total dividends for the year ending March 31, 2024 is not disclosed.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

| | Revenue | | Operating income | | Profit before tax | | Profit attributable to owners of parent | | Basic earnings per share |
|------------|-------------|---|------------------|---|-------------------|---|---|---|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 290,000 | — | 22,000 | — | 23,000 | — | 15,000 | — | 70.38 |
| Full year | 600,000 | — | 48,000 | — | 50,000 | — | 33,000 | — | 154.84 |

(Note) Since the Group has decided to voluntarily apply International Financial Reporting Standards (IFRS) for the consolidated financial statements in its Annual Securities Report effective from the fiscal year ended March 31, 2024, “Consolidated financial results forecast for the fiscal year ending March 31, 2025” is based on figures after applying “IFRS”. Therefore, forecast changes from the amounts reported in the year ended March 31, 2024, when Japanese generally accepted accounting principles (GAAP) were applied, are not disclosed.

* 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, 2024 | 217,243,845 shares |
| March 31, 2023 | 217,243,845 shares |
 - 2) Total number of treasury shares at the end of the period:

| | |
|----------------|------------------|
| March 31, 2024 | 4,120,540 shares |
| March 31, 2023 | 4,115,640 shares |
 - 3) Average number of shares during the period:

| | |
|----------------------------------|--------------------|
| Fiscal year ended March 31, 2024 | 213,125,393 shares |
| Fiscal year ended March 31, 2023 | 213,131,375 shares |

(Note) A 5-for-1 common stock split was conducted with an effective date of January 1, 2024. “Total number of issued shares”, “Total number of treasury shares” and “Average number of shares” have been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024 | 386,646 | (2.3) | 26,313 | (9.0) | 42,497 | 18.2 | 50,893 | 81.3 |
| March 31, 2023 | 395,607 | 15.1 | 28,918 | 49.4 | 35,961 | 48.3 | 28,073 | 30.3 |

| | Basic earnings per share | | Diluted earnings per share | |
|----------------|--------------------------|-----|----------------------------|-----|
| | Yen | Yen | Yen | Yen |
| March 31, 2024 | 238.73 | — | — | — |
| March 31, 2023 | 131.68 | — | — | — |

(Note) A 5-for-1 common stock split was conducted with an effective date of January 1, 2024. “Basic earnings per share” has been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|----------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| March 31, 2024 | 537,383 | 294,949 | 54.9 | 1,383.54 |
| March 31, 2023 | 536,412 | 250,286 | 46.7 | 1,174.01 |

(Reference) Shareholders' equity: As of March 31, 2024 : ¥294,949million

As of March 31, 2023 : ¥250,286million

(Note) A 5-for-1 common stock split was conducted with an effective date of January 1, 2024. “Net assets per share” has been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

* 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, 2024

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

| | Net sales | | Operating income | |
|---|----------------------------------|--------------------------|----------------------------------|------------|
| | Fiscal year ended March 31, 2024 | YoY Change [% of Change] | Fiscal year ended March 31, 2024 | YoY Change |
| Specialty Steel | 219,021 | 4,250 [2.0%] | 14,797 | 5,026 |
| High Performance Materials and Magnetic Materials | 202,832 | (16,891) [(7.7%)] | 14,432 | (9,854) |
| Parts for Automobile and Industrial Equipment | 105,633 | 4,401 [4.3%] | 7,539 | (678) |
| Engineering | 23,117 | 4,161 [22.0%] | 2,424 | 999 |
| Trading and Service | 30,681 | 6,799 [28.5%] | 2,900 | (393) |
| Adjustment | — | — | 19 | 27 |
| Total | 581,287 | 2,722 [0.5%] | 42,113 | (4,872) |

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

(Millions of yen, %)

| | Fiscal year ended March 31, 2024 | YoY Change [% of Change] |
|--|----------------------------------|--------------------------|
| Net sales | 581,287 | 2,722 [0.5%] |
| Operating income | 42,113 | (4,872) [(10.4%)] |
| Non-operating income and expenses | 2,917 | 1,781 |
| Ordinary income | 45,031 | (3,091) [(6.4%)] |
| Extraordinary income and losses | 28,529 | 27,288 |
| Income before income taxes | 73,560 | 24,197 |
| Income taxes | 21,238 | 10,371 |
| Profit attributable to non-controlling interests | 2,562 | 504 |
| Profit attributable to owners of parent | 49,759 | 13,320 [36.6%] |

(Sales volume of Specialty Steel 1,072 thou. tons, decreasing 13 thou. tons vs FY2022)

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

(100 millions of yen)

| Reasons for increase | Amount | Reasons for decrease | Amount |
|-------------------------------|--------|----------------------|--------|
| 1. Sales price | 93 | 1. Sales volume | 108 |
| 2. Raw material and fuel cost | 30 | 2. Fixed cost | 33 |
| | | 3. Variable cost | 17 |
| | | 4. Sales mix change | 14 |
| Total (a) | 123 | Total (b) | 172 |
| | | Change (a) – (b) | (49) |

(Reference: Market condition)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|----------------------------------|----------------------------------|----------------------------------|
| H2 (Thousands of yen/t) | 46.3 | 43.7 |
| Nickel (LME) (One dollar/lb) | 11.6 | 8.7 |
| Exchange rate (TTM) (yen/dollar) | 135.5 | 144.6 |

(4) Condensed balance sheet

(Millions of yen)

| Item | As of March 31, 2023 | As of March 31, 2024 | Change | Item | As of March 31, 2023 | As of March 31, 2024 | Change |
|-------------------------------|----------------------|----------------------|---------|--|----------------------|----------------------|----------|
| Current assets | 428,118 | 425,455 | (2,663) | Liabilities | 368,372 | 319,830 | (48,541) |
| Cash and deposits | 58,224 | 64,206 | 5,982 | Trade payables | 60,080 | 55,094 | (4,986) |
| Trade receivables | 158,653 | 155,525 | (3,128) | Interest-bearing debt | 236,761 | 176,933 | (59,827) |
| Inventories | 201,523 | 198,040 | (3,483) | Other | 71,530 | 87,802 | 16,271 |
| Other | 9,716 | 7,682 | (2,033) | Net assets | 405,479 | 467,687 | 62,207 |
| Non-current assets | 345,733 | 362,062 | 16,329 | Shareholders' equity | 331,089 | 371,003 | 39,913 |
| Property, plant and equipment | 220,248 | 219,113 | (1,134) | Accumulated other comprehensive income | 37,628 | 57,355 | 19,726 |
| Intangible assets | 4,530 | 5,013 | 482 | Non-controlling interests | 36,760 | 39,327 | 2,567 |
| Investments and other assets | 120,954 | 137,935 | 16,981 | Total liabilities and net assets | 773,851 | 787,517 | 13,666 |
| Total assets | 773,851 | 787,517 | 13,666 | | | | |

(5) Revenue and operating income forecast by reportable segment(IFRS)

(Millions of yen, %)

| | Revenue | | Operating income | |
|---|--|--------------------------|--|--------------|
| | Forecast for fiscal year ending March 31, 2025 | YoY Change [% of Change] | Forecast for fiscal year ending March 31, 2025 | YoY Change |
| Specialty Steel | 225,000 | 5,978 [2.7%] | 12,500 | (2,297) |
| High Performance Materials and Magnetic Materials | 210,000 | 7,167 [3.5%] | 20,500 | 6,067 |
| Parts for Automobile and Industrial Equipment | 115,000 | 9,366 [8.9%] | 11,000 | 3,460 |
| Engineering | 20,000 | (3,117) [(13.5%)] | 1,500 | (924) |
| Trading and Service | 30,000 | (681) [(2.2%)] | 2,500 | (400) |
| Adjustment | — | — | — | (19) |
| Total | 600,000 | 18,712 [3.2%] | 48,000 | 5,886 |

(Sales volume of Specialty Steel 1,080 thou. tons, increasing 8 thou. tons vs FY2023)

(Note)YoY represent differences from the results of the previous fiscal year under Japanese GAAP

(6) Financial results forecast(IFRS)

(Millions of yen, %)

| | Forecast for fiscal year ending March 31, 2025 | YoY change [% of Change] |
|---|--|--------------------------|
| Revenue | 600,000 | 18,712 [3.2%] |
| Operating income | 48,000 | 5,886 [14.0%] |
| Profit before tax | 50,000 | (23,560) [(32.0%)] |
| Profit attributable to owners of parent | 33,000 | (16,759) [(33.7%)] |

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

(100 millions of yen)

(Reference: Market condition)

| Reasons for increase | Amount | Reasons for decrease | Amount | | Fiscal year ended March 31, 2024 | Forecast for fiscal year ending March 31, 2025 | |
|-------------------------------|------------|----------------------------|------------|--|----------------------------------|--|-------|
| 1. Sales volume | 114 | 1. Sales price | 84 | | | | |
| 2. Sales mix change | 52 | 2. Fixed cost | 48 | | | | |
| 3. Raw material and fuel cost | 45 | | | | | | |
| Total (a) | 211 | Total (b) | 132 | | | | |
| | | Change (c)=(a)-(b) | 79 | | H2 (Thousands of yen/t) | 43.7 | 47.5 |
| | | Impact of IFRS changes (d) | 20 | | Nickel (LME) (One dollar/lb) | 8.7 | 7.5 |
| | | YoY Change (c) - (d) | 59 | | Exchange rate (TTM) (yen/dollar) | 144.6 | 150.0 |

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

(Millions of yen)

| | Japanese GAAP | | | IFRS |
|-------------------------------|----------------------------------|----------------------------------|--------|--|
| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 | Change | Forecast for fiscal year ending March 31, 2025 |
| Capital expenditures | 24,284 | 31,927 | 7,643 | 42,400 |
| Depreciation and amortization | 26,054 | 26,508 | 454 | 30,100 |

(Note)The scope of fixed assets expanded due to a change in accounting standards.

(Reference) Historical Financial Results

(Millions of yen)

| | Actual results | | | | IFRS's Forecast for fiscal year ending March 31, 2025 | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---|---------|
| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 | | |
| Net sales | 412,722 | 529,667 | 578,564 | 581,287 | Revenue | 600,000 |
| Operating income | 10,070 | 36,982 | 46,986 | 42,113 | Operating income | 48,000 |
| Ordinary income | 12,642 | 39,200 | 48,122 | 45,031 | Profit before tax | 50,000 |
| Profit attributable to owners of parent | 4,516 | 26,894 | 36,438 | 49,759 | Profit attributable to owners of parent | 33,000 |