

Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



October 28, 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: November 14, 2022

Scheduled date of commencing dividend payments: December 5, 2022

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, 2022 (April 1, 2022 to September 30, 2022)

(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, 2022	281,857	10.4	23,225	21.2	24,092	17.2	18,294	42.5
September 30, 2021	255,224	42.2	19,156	—	20,556	—	12,840	—

(Note) Comprehensive income: Six months ended September 30, 2022: ¥19,251 million [25.9%]

Six months ended September 30, 2021: ¥15,294 million [277.9%]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Six months ended	Yen	Yen
September 30, 2022	429.18	—
September 30, 2021	301.22	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2022	757,206	379,499	45.3
As of March 31, 2022	728,187	365,004	45.3

(Reference) Shareholders' equity: As of September 30, 2022 : ¥343,043 million

As of March 31, 2022 : ¥329,713 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, 2022	—	80.00	—	100.00	180.00
Fiscal year ending March 31, 2023	—	100.00	—	—	—
Fiscal year ending March 31, 2023 (Forecast)	—	—	—	100.00	200.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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	570,000	7.6	45,000	21.7	46,000	17.3	34,000	26.4	797.63

(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: No

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 "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System"(ASBJ Practical Solution No.42, August 12,2021), effective from the beginning of the first quarter ended June 30, 2022.

(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, 2022 43,448,769 shares

March 31, 2022 43,448,769 shares

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

September 30, 2022 822,299 shares

March 31, 2022 822,129 shares

3) Average number of shares during the period:

Six months ended September 30, 2022 42,626,523 shares

Six months ended September 30, 2021 42,627,149 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, 2022

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	2Q September 2022	YoY Change [% of Change]	2Q September 2022	YoY Change
Specialty Steel	102,740	9,572 [10.3%]	4,223	2,781
High Performance Materials and Magnetic Materials	109,566	14,810 [15.6%]	13,437	(483)
Parts for Automobile and Industrial Equipment	49,485	2,964 [6.4%]	3,362	234
Engineering	8,336	(395) [(4.5%)]	412	1,122
Trading and Service	11,727	(319) [(2.7%)]	1,816	428
Adjustment	—	—	(26)	(15)
Total	281,857	26,632 [10.4%]	23,225	4,068

(Sales volume of Specialty Steel 540 thou. tons, decreasing 94 thou. tons vs FY2021-2Q)

(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 price	356	1. Raw material and fuel cost	334
2. Sales mix change	112	2. Sales volume	72
		3. Variable cost	7
		4. Fixed cost	6
		5. Change of financial periods (FY2021)	9
		6. Non-operating income or loss	5
Total (a)	468	Total (b)	433
		Change (a) – (b)	35

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2022	As of September 30, 2022	Change	Item	As of March 31, 2022	As of September 30, 2022	Change
Current assets	<u>391,686</u>	<u>425,708</u>	<u>34,021</u>	Liabilities	<u>363,183</u>	<u>377,707</u>	<u>14,524</u>
Cash and deposits	58,142	56,858	(1,283)	Trade payables	65,169	62,665	(2,504)
Trade receivables	149,848	158,190	8,341	Interest-bearing debt	229,090	250,076	20,985
Inventories	174,624	202,282	27,657	Other	68,922	64,965	(3,957)
Other	9,071	8,377	(693)	Net assets	<u>365,004</u>	<u>379,499</u>	<u>14,495</u>
Non-current assets	<u>336,500</u>	<u>331,498</u>	<u>(5,002)</u>	Shareholders' equity	303,179	317,210	14,030
Property, plant and equipment	223,701	222,011	(1,689)	Accumulated other comprehensive income	26,533	25,832	(700)
Intangible assets	3,776	4,206	429	Non-controlling interests	35,290	36,456	1,165
Investments and other assets	109,022	105,280	(3,742)	Total liabilities and net assets	728,187	757,206	29,019
Total assets	728,187	757,206	29,019				

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

(Millions of yen, %)

	2Q September 2022	YoY Change [% of Change]
Net sales	281,857	26,632 [10.4%]
Operating income	23,225	4,068 [21.2%]
Non-operating income and expenses	867	(532)
Ordinary income	24,092	3,536 [17.2%]
Extraordinary income and losses	(406)	18
Income before income taxes	23,686	3,554
Income taxes	4,225	(1,417)
Profit attributable to non-controlling interests	1,166	(482)
Profit attributable to owners of parent	18,294	5,454 [42.5%]

(Reference: Market condition)

	2Q September 2021	2Q September 2022
H2 (Thousands of yen/t)	44.0	48.2
Nickel (LME) (One dollar/lb)	8.3	11.6
Exchange rate (TTM) (yen/dollar)	110.8	134.0

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

	Net sales		Operating income	
	Forecast for fiscal year ending March 31, 2023	YoY Change [% of Change]	Forecast for fiscal year ending March 31, 2023	YoY Change
Specialty Steel	210,000	12,196 [6.2%]	8,000	4,172
High Performance Materials and Magnetic Materials	215,000	17,395 [8.8%]	24,000	(2,650)
Parts for Automobile and Industrial Equipment	105,000	12,495 [13.5%]	9,000	4,020
Engineering	18,000	(214) [(1.2%)]	1,000	2,277
Trading and Service	22,000	(1,540) [(6.5%)]	3,000	165
Adjustment	—	—	—	31
Total	570,000	40,332 [7.6%]	45,000	8,017

(Sales volume of Specialty Steel 1,090 thou. tons, decreasing 163 thou. tons vs FY2021)

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

Reasons for increase	Amount	Reasons for decrease	
		Amount	Amount
1. Sales price	649	1. Raw material and fuel cost	567
2. Sales mix change	197	2. Sales volume	149
		3. Variable cost	13
		4. Fixed cost	28
		5. Change of financial periods (FY2021)	9
		6. Non-operating income or loss	12
Total (a)	846	Total (b)	778
		Change (a) – (b)	68

(100 millions of yen)

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

	Forecast for fiscal year ending March 31, 2023	YoY Change [% of Change]
Net sales	570,000	40,332 [7.6%]
Operating income	45,000	8,017 [21.7%]
Ordinary income	46,000	6,799 [17.3%]
Profit attributable to owners of parent	34,000	7,105 [26.4%]

(Reference: Market condition)

	Fiscal year ended March 31, 2022	Forecast for fiscal year ending March 31, 2023
H2 (Thousands of yen/t)	47.6	48.1
Nickel (LME) (One dollar/lb)	9.3	11.3
Exchange rate (TTM) (yen/dollar)	113.4	137.0

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

	Fiscal year ended March 31, 2022		Fiscal year ending March 31, 2023		YoY change	
	First half	Full year	First half	Full year (Forecast)	First half	Full year
Capital expenditures	10,172	21,027	11,077	24,900	905	3,872
Depreciation and amortization	13,469	26,797	12,988	26,300	(480)	(497)

(Reference) Historical Financial Results

(Millions of yen)

	Actual results				Forecast for fiscal year ending March 31, 2023
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	
Net sales	543,255	490,421	412,722	529,667	570,000
Operating income	33,815	24,768	10,070	36,982	45,000
Ordinary income	34,343	24,298	12,642	39,200	46,000
Profit attributable to owners of parent	21,182	10,987	4,516	26,894	34,000