

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2023
[Japanese GAAP]



MEMBERSHIP
April 28, 2023

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 27, 2023

Scheduled date of filing annual securities report: June 27, 2023

Scheduled date of commencing dividend payments: June 28, 2023

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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	578,564	9.2	46,986	27.1	48,122	22.8	36,438	35.5
March 31, 2022	529,667	28.3	36,982	267.2	39,200	210.1	26,894	495.4

(Note) Comprehensive income: Year ended March 31, 2023: ¥49,885 million [46.0%]

Year ended March 31, 2022: ¥34,168 million [5.3%]

	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, 2023	854.83	—	10.4	6.4	8.1
March 31, 2022	630.94	—	8.5	5.6	7.0

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2023: ¥458 million

Year ended March 31, 2022: ¥621 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	773,851	405,479	47.6	8,650.15
March 31, 2022	728,187	365,004	45.3	7,734.92

(Reference) Shareholders' equity: As of March 31, 2023 : ¥368,718 million

As of March 31, 2022 : ¥329,713million

(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, 2023	22,634	(20,084)	(2,668)	56,488
March 31, 2022	(16,684)	(14,568)	19,402	55,644

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, 2022	—	80.00	—	100.00	180.00	7,675	28.5	2.4
March 31, 2023	—	100.00	—	130.00	230.00	9,806	26.9	2.8
Fiscal year ending March 31, 2024 (Forecast)	—	100.00	—	130.00	230.00		30.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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	290,000	2.9	19,000	(18.2)	20,000	(17.0)	13,000	(28.9)	304.98
Full year	600,000	3.7	47,000	0.0	48,500	0.8	32,000	(12.2)	750.72

* 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

(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 fiscal year ended March 31, 2023.

(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, 2023 43,448,769 shares

March 31, 2022 43,448,769 shares

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

March 31, 2023 823,128 shares

March 31, 2022 822,129 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023 42,626,275 shares

Fiscal year ended March 31, 2022 42,626,963 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	395,607	15.1	28,918	49.4	35,961	48.3	28,073	30.3
March 31, 2022	343,692	40.0	19,353	281.5	24,250	169.4	21,539	240.0

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
March 31, 2023	658.42	—	—	—
March 31, 2022	505.15	—	—	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	536,412	250,286	46.7	5,870.06
March 31, 2022	512,132	227,844	44.5	5,343.60

(Reference) Shareholders' equity: As of March 31, 2023 : ¥250,286million

As of March 31, 2022 : ¥227,844million

* 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, 2023

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	Fiscal year ended March 31, 2023	YoY Change [% of Change]	Fiscal year ended March 31, 2023	YoY Change
Specialty Steel	214,770	16,967 [8.6%]	9,771	5,943
High Performance Materials and Magnetic Materials	219,724	22,119 [11.2%]	24,286	(2,363)
Parts for Automobile and Industrial Equipment	101,232	8,727 [9.4%]	8,217	3,238
Engineering	18,956	741 [4.1%]	1,425	2,702
Trading and Service	23,881	341 [1.4%]	3,293	459
Adjustment	—	—	(8)	23
Total	578,564	48,897 [9.2%]	46,986	10,004

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

(Millions of yen, %)

	Fiscal year ended March 31, 2023	YoY Change [% of Change]
Net sales	578,564	48,897 [9.2%]
Operating income	46,986	10,004 [27.1%]
Non-operating income and expenses	1,135	(1,082)
Ordinary income	48,122	8,921 [22.8%]
Extraordinary income and losses	1,240	(304)
Income before income taxes	49,363	8,617
Income taxes	10,867	(253)
Profit attributable to non-controlling interests	2,057	(672)
Profit attributable to owners of parent	36,438	9,543 [35.5%]

(Sales volume of Specialty Steel 1,085 thou. tons, decreasing 168 thou. tons vs FY2021)

(3) 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
1. Sales price	707	1. Raw material and fuel cost	561
2. Sales mix change	200	2. Sales volume	191
		3. Fixed cost	28
		4. Variable cost	18
		5. Change of financial periods (FY2021)	9
		6. Non-operating income or loss	11
Total (a)	907	Total (b)	818
		Change (a) – (b)	89

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
H2 (Thousands of yen/t)	47.6	46.3
Nickel (LME) (One dollar/lb)	9.3	11.6
Exchange rate (TTM) (yen/dollar)	113.4	135.5

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2022	As of March 31, 2023	Change	Item	As of March 31, 2022	As of March 31, 2023	Change
Current assets	391,686	428,118	36,431	Liabilities	363,183	368,372	5,189
Cash and deposits	58,142	58,224	82	Trade payables	65,169	60,080	(5,088)
Trade receivables	149,848	158,653	8,805	Interest-bearing debt	229,090	236,761	7,670
Inventories	174,624	201,523	26,899	Other	68,922	71,530	2,607
Other	9,071	9,716	645	Net assets	365,004	405,479	40,474
Non-current assets	336,500	345,733	9,232	Shareholders' equity	303,179	331,089	27,909
Property, plant and equipment	223,701	220,248	(3,452)	Accumulated other comprehensive income	26,533	37,628	11,094
Intangible assets	3,776	4,530	753	Non-controlling interests	35,290	36,760	1,470
Investments and other assets	109,022	120,954	11,931	Total liabilities and net assets	728,187	773,851	45,664
Total assets	728,187	773,851	45,664				

(5) Net sales and operating income forecast by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	Forecast for fiscal year ending March 31, 2024	YoY Change [% of Change]	Forecast for fiscal year ending March 31, 2024	YoY Change
Specialty Steel	232,000	17,229 [8.0%]	13,500	3,728
High Performance Materials and Magnetic Materials	220,000	275 [0.1%]	21,500	(2,786)
Parts for Automobile and Industrial Equipment	106,000	4,767 [4.7%]	8,500	282
Engineering	19,000	43 [0.2%]	1,000	(425)
Trading and Service	23,000	(881) [(3.7%)]	2,500	(793)
Adjustment	—	—	—	8
Total	600,000	21,435 [3.7%]	47,000	13

(Sales volume of Specialty Steel 1,129 thou. tons, increasing 44 thou. tons vs FY2022)

(6) Financial results forecast

(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2024	YoY change [% of Change]
Net sales	600,000	21,435 [3.7%]
Operating income	47,000	13 [0.0%]
Ordinary income	48,500	377 [0.8%]
Profit attributable to owners of parent	32,000	(4,438) [(12.2%)]

(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
1. Sales price	140	1. Raw material and fuel cost	128
2. Sales volume	46	2. Fixed cost	54
3. Sales mix change	1	3. Variable cost	5
4. Non-operating income or loss	4		
Total (a)	191	Total (b)	187
		Change (a) – (b)	4

	Fiscal year ended March 31, 2023	Forecast for fiscal year ending March 31, 2024
H2 (Thousands of yen/t)	46.3	50.0
Nickel (LME) (One dollar/lb)	11.6	12.0
Exchange rate (TTM) (yen/dollar)	135.5	130.0

(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 ended March 31, 2023	Change	Forecast for fiscal year ending March 31, 2024	Change
	Capital expenditures	21,027	24,284	3,256	32,900
Depreciation and amortization	26,797	26,054	(743)	26,800	745

(Reference) Historical Financial Results

(Millions of yen)

	Actual results				Forecast for fiscal year ending March 31, 2024
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	
Net sales	490,421	412,722	529,667	578,564	600,000
Operating income	24,768	10,070	36,982	46,986	47,000
Ordinary income	24,298	12,642	39,200	48,122	48,500
Profit attributable to owners of parent	10,987	4,516	26,894	36,438	32,000