

Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



October 30, 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/>

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Scheduled date of filing quarterly securities report: November 14, 2023

Scheduled date of commencing dividend payments: December 5, 2023

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, 2023 (April 1, 2023 to September 30, 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	%
Six months ended September 30, 2023	288,594	2.4	19,003	(18.2)	21,083	(12.5)	11,465	(37.3)
September 30, 2022	281,857	10.4	23,225	21.2	24,092	17.2	18,294	42.5

(Note) Comprehensive income: Six months ended September 30, 2023: ¥29,318 million [52.3%]

Six months ended September 30, 2022: ¥19,251 million [25.9%]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Six months ended	Yen	Yen
September 30, 2023	268.99	—
September 30, 2022	429.18	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2023	794,523	428,817	49.2
As of March 31, 2023	773,851	405,479	47.6

(Reference) Shareholders' equity: As of September 30, 2023 : ¥390,894 million

As of March 31, 2023 : ¥368,718 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, 2023	—	100.00	—	130.00	230.00
Fiscal year ending March 31, 2024	—	100.00			
Fiscal year ending March 31, 2024 (Forecast)			—	26.00	—

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

A 5-for-1 common stock split for ordinary shares of the company is planned to be conducted with an effective date of January 1, 2024. Concerning the (forecast) year-end dividend per share for the fiscal year ending March 31, 2024, the dividend amount based on the number of shares after the stock split is shown, and the total full-year dividend is stated as“-”. Based on the number of shares prior to the stock split, the (forecast) year-end dividend for the fiscal year March 31,2024 is ¥130.00 for a full-year dividend of ¥230.00 per share.

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
Full year	600,000	3.7	47,000	0.0	48,500	0.8	32,000	(12.2)	150.14

(Note) Revision to the financial results forecast announced most recently: No

Based on the number of shares prior to the stock split, earnings per share are expected to be ¥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) 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

(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, 2023 43,448,769 shares

March 31, 2023 43,448,769 shares

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

September 30, 2023 823,836 shares

March 31, 2023 823,128 shares

3) Average number of shares during the period:

Six months ended September 30, 2023 42,625,353 shares

Six months ended September 30, 2022 42,626,523 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, 2023

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	2Q September 2023	YoY Change [% of Change]	2Q September 2023	YoY Change
Specialty Steel	108,904	6,164 [6.0%]	6,322	2,099
High Performance Materials and Magnetic Materials	102,609	(6,957) [(6.3%)]	7,066	(6,371)
Parts for Automobile and Industrial Equipment	51,402	1,916 [3.9%]	2,576	(785)
Engineering	11,014	2,677 [32.1%]	1,066	653
Trading and Service	14,662	2,935 [25.0%]	1,951	135
Adjustment	—	—	20	47
Total	288,594	6,736 [2.4%]	19,003	(4,221)

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

(Millions of yen, %)

	2Q September 2023	YoY Change [% of Change]
Net sales	288,594	6,736 [2.4%]
Operating income	19,003	(4,221) [(18.2%)]
Non-operating income and expenses	2,080	1,212
Ordinary income	21,083	(3,009) [(12.5%)]
Extraordinary income and losses	(2,680)	(2,274)
Income before income taxes	18,403	(5,283)
Income taxes	5,941	1,715
Profit attributable to non-controlling interests	996	(169)
Profit attributable to owners of parent	11,465	(6,828) [(37.3%)]

(Sales volume of Specialty Steel 529 thou. tons, decreasing 11 thou. tons vs FY2022-2Q)

(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	128	1. Sales volume	84
2. Non-operating income or loss	12	2. Raw material and fuel cost	40
		3. Fixed cost	28
		4. Variable cost	12
		5. Sales mix change	6
Total (a)	140	Total (b)	170
		Change (a) – (b)	(30)

(Reference: Market condition)

	2Q September 2022	2Q September 2023
H2 (Thousands of yen/t)	48.2	42.9
Nickel (LME) (One dollar/lb)	11.6	9.7
Exchange rate (TTM) (yen/dollar)	134.0	140.9

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2023	As of September 30, 2023	Change	Item	As of March 31, 2023	As of September 30, 2023	Change
Current assets	<u>428,118</u>	<u>428,066</u>	<u>(52)</u>	Liabilities	<u>368,372</u>	<u>365,706</u>	<u>(2,666)</u>
Cash and deposits	58,224	61,037	2,813	Trade payables	60,080	57,087	(2,993)
Trade receivables	158,653	155,275	(3,378)	Interest-bearing debt	236,761	234,558	(2,202)
Inventories	201,523	203,104	1,580	Other	71,530	74,060	2,530
Other	9,716	8,648	(1,068)	Net assets	<u>405,479</u>	<u>428,817</u>	<u>23,337</u>
Non-current assets	<u>345,733</u>	<u>366,457</u>	<u>20,724</u>	Shareholders' equity	331,089	336,985	5,895
Property, plant and equipment	220,248	220,341	93	Accumulated other comprehensive income	37,628	53,909	16,280
Intangible assets	4,530	4,662	132	Non-controlling interests	36,760	37,922	1,161
Investments and other assets	120,954	141,452	20,498	Total liabilities and net assets	<u>773,851</u>	<u>794,523</u>	<u>20,671</u>
Total assets	773,851	794,523	20,671				

(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	227,000	12,229 [5.7%]	13,500	3,728
High Performance Materials and Magnetic Materials	210,000	(9,724) [(4.4%)]	19,000	(5,286)
Parts for Automobile and Industrial Equipment	114,000	12,767 [12.6%]	10,000	1,782
Engineering	23,000	4,043 [21.3%]	1,500	74
Trading and Service	26,000	2,118 [8.9%]	3,000	(293)
Adjustment	—	—	—	8
Total	600,000	21,435 [3.7%]	47,000	13

(Sales volume of Specialty Steel 1,076 thou. tons, decreasing 9 thou. tons vs FY2022)

(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 price	97	1. Sales volume	76
2. Raw material and fuel cost	38	2. Fixed cost	44
3. Non-operating income or loss	4	3. Variable cost	11
		4. Sales mix change	4
Total (a)	139	Total (b)	135
		Change (a) – (b)	4

(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%)]

(Reference: Market condition)

	Fiscal year ended March 31, 2023	Forecast for fiscal year ending March 31, 2024
H2 (Thousands of yen/t)	46.3	43.5
Nickel (LME) (One dollar/lb)	11.6	9.9
Exchange rate (TTM) (yen/dollar)	135.5	143.0

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

	Fiscal year ended March 31, 2023		Fiscal year ending March 31, 2024		YoY change	
	First half	Full year	First half	Full year (Forecast)	First half	Full year
Capital expenditures	11,077	24,284	12,808	28,800	1,730	4,515
Depreciation and amortization	12,988	26,054	13,182	26,400	193	345

(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