

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2022
[Japanese GAAP]



MEMBERSHIP
April 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/>

Representative: Takeshi Ishiguro, President and Representative Executive Director

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Scheduled date of ordinary general shareholders' meeting: June 24, 2022

Scheduled date of filing annual securities report: June 24, 2022

Scheduled date of commencing dividend payments: June 27, 2022

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, 2022 (April 1, 2021 to March 31, 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	%
March 31, 2022	529,667	28.3	36,982	267.2	39,200	210.1	26,894	495.4
March 31, 2021	412,722	(15.8)	10,070	(59.3)	12,642	(48.0)	4,516	(58.9)

(Note) Comprehensive income: Year ended March 31, 2022: ¥34,168 million [5.3%]

Year ended March 31, 2021: ¥32,439 million [—%]

	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, 2022	630.94	—	8.5	5.6	7.0
March 31, 2021	105.96	—	1.6	2.0	2.4

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2022: ¥621 million

Year ended March 31, 2021: (¥189) million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	728,187	365,004	45.3	7,734.92
March 31, 2021	665,506	339,353	45.6	7,111.48

(Reference) Shareholders' equity: As of March 31, 2022 : ¥329,713 million

As of March 31, 2021 : ¥303,143million

(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, 2022	(16,684)	(14,568)	19,402	55,644
March 31, 2021	33,766	(29,395)	2,999	65,558

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, 2021	—	10.00	—	25.00	35.00	1,492	33.0	0.5
March 31, 2022	—	80.00	—	100.00	180.00	7,675	28.5	2.4
Fiscal year ending March 31, 2023 (Forecast)	—	80.00	—	100.00	180.00		30.7	

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
First half	280,000	9.7	11,500	(40.0)	12,000	(41.6)	9,000	(29.9)	211.14
Full year	600,000	13.3	34,000	(8.1)	35,000	(10.7)	25,000	(7.0)	586.49

* 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: 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.

(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, 2022 43,448,769 shares

March 31, 2021 43,448,769 shares

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

March 31, 2022 822,129 shares

March 31, 2021 821,449 shares

3) Average number of shares during the period:

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

Fiscal year ended March 31, 2021 42,627,902 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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, 2022	343,692	40.0	19,353	281.5	24,250	169.4	21,539	240.0
March 31, 2021	245,504	(19.5)	5,073	(69.8)	9,001	(57.2)	6,335	(44.8)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
March 31, 2022	505.15	—	—	—
March 31, 2021	148.58	—	—	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	512,132	227,844	44.5	5,343.60
March 31, 2021	472,864	215,387	45.5	5,051.36

(Reference) Shareholders' equity: As of March 31, 2022 : ¥227,844million

As of March 31, 2021 : ¥215,387million

* 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, 2022

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	Fiscal year ended March 31, 2022	YoY Change [% of Change]	Fiscal year ended March 31, 2022	YoY Change
Specialty Steel	197,803	51,960 [35.6%]	3,827	6,460
High Performance Materials and Magnetic Materials	197,604	48,184 [32.2%]	26,650	14,477
Parts for Automobile and Industrial Equipment	92,504	11,754 [14.6%]	4,979	7,088
Engineering	18,214	(1,990) [(9.9%)]	(1,277)	(2,135)
Trading and Service	23,540	7,036 [42.6%]	2,834	1,048
Adjustment	—	—	(31)	(27)
Total	529,667	116,944 [28.3%]	36,982	26,912

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

(Millions of yen, %)

	Fiscal year ended March 31, 2022	YoY Change [% of Change]
Net sales	529,667	116,944 [28.3%]
Operating income	36,982	26,912 [267.2%]
Non-operating income and expenses	2,218	(353)
Ordinary income	39,200	26,558 [210.1%]
Extraordinary income and losses	1,545	4,121
Income before income taxes	40,746	30,680
Income taxes	11,120	7,023
Profit attributable to non-controlling interests	2,730	1,278
Profit attributable to owners of parent	26,894	22,378 [495.4%]

(Sales volume of Specialty Steel 1,253 thou. tons, increasing 275 thou. tons vs FY2020)

(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	354	1. Raw material and fuel cost	510
2. Sales volume	282	2. Fixed cost	47
3. Sales mix change	129	3. Non-operating income or loss	4
4. Variable cost	52		
5. Change of financial periods	10		
Total (a)	827	Total (b)	561
		Change (a) – (b)	266

(Reference: Market condition)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
H2 (Thousands of yen/t)	24.9	47.6
Nickel (LME) (One dollar/lb)	6.8	9.3
Exchange rate (TTM) (yen/dollar)	107.1	113.4

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2021	As of March 31, 2022	Change	Item	As of March 31, 2021	As of March 31, 2022	Change
Current assets	<u>319,364</u>	<u>391,686</u>	<u>72,321</u>	Liabilities	<u>326,152</u>	<u>363,183</u>	<u>37,030</u>
Cash and deposits	67,314	58,142	(9,172)	Trade payables	65,589	65,169	(419)
Trade receivables	125,918	149,848	23,930	Interest-bearing debt	198,812	229,090	30,278
Inventories	118,532	174,624	56,092	Other	61,750	68,922	7,171
Other	7,599	9,071	1,472	Net assets	<u>339,353</u>	<u>365,004</u>	<u>25,650</u>
Non-current assets	<u>346,142</u>	<u>336,500</u>	<u>(9,641)</u>	Shareholders' equity	280,297	303,179	22,882
Property, plant and equipment	231,846	223,701	(8,145)	Accumulated other comprehensive income	22,846	26,533	3,687
Intangible assets	2,721	3,776	1,055	Non-controlling interests	36,210	35,290	(919)
Investments and other assets	111,574	109,022	(2,551)	Total liabilities and net assets	665,506	728,187	62,680
Total assets	665,506	728,187	62,680				

(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	222,000	24,196 [12.2%]	1,000	(2,827)
High Performance Materials and Magnetic Materials	237,000	39,395 [19.9%]	25,500	(1,150)
Parts for Automobile and Industrial Equipment	103,000	10,495 [11.3%]	4,500	(479)
Engineering	20,500	2,285 [12.5%]	500	1,777
Trading and Service	17,500	(6,040) [(25.7%)]	2,500	(334)
Adjustment	—	—	—	31
Total	600,000	70,332 [13.3%]	34,000	(2,982)

(Sales volume of Specialty Steel 1,227 thou. tons, decreasing 26 thou. tons vs FY2021)

(6) Financial results forecast

(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2023	YoY change [% of Change]
Net sales	600,000	70,332 [13.3%]
Operating income	34,000	(2,982) [(8.1%)]
Ordinary income	35,000	(4,200) [(10.7%)]
Profit attributable to owners of parent	25,000	(1,894) [(7.0%)]

(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		Fiscal year ended March 31, 2022	Forecast for fiscal year ending March 31, 2023
1. Sales price	652	1. Raw material and fuel cost	727			
2. Sales mix change	103	2. Fixed cost	44			
3. Variable cost	6	3. Sales volume	11			
		4. Change of financial periods	10			
		5. Non-operating income or loss	11			
Total (a)	761	Total (b)	803			
		Change (a) – (b)	(42)			
				H2 (Thousands of yen/t)	47.6	61.5
				Nickel (LME) (One dollar/lb)	9.3	14.0
				Exchange rate (TTM) (yen/dollar)	113.4	120.0

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change	Forecast for fiscal year ending March 31, 2023	
					Change
Capital expenditures	24,448	21,027	(3,420)	24,600	3,572
Depreciation and amortization	25,912	26,797	884	26,200	(597)

(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	600,000
Operating income	33,815	24,768	10,070	36,982	34,000
Ordinary income	34,343	24,298	12,642	39,200	35,000
Profit attributable to owners of parent	21,182	10,987	4,516	26,894	25,000