

# Consolidated Financial Results for the Three Months Ended June 30, 2020 [Japanese GAAP]



July 28, 2020

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: August 14, 2020

Scheduled date of commencing dividend payments: —

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 Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(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	%
Three months ended June 30, 2020	88,789	(30.5)	(2,431)	—	(1,667)	—	(1,553)	—
June 30, 2019	127,721	(5.7)	6,365	(25.5)	6,527	(30.8)	9,488	67.6

(Note) Comprehensive income: Three months ended June 30, 2020: ¥2,447 million [(65.5%)]

Three months ended June 30, 2019: ¥7,096 million [285.0%]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Three months ended	Yen	Yen
June 30, 2020	(36.45)	—
June 30, 2019	222.58	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2020	650,765	310,462	42.3
As of March 31, 2020	625,899	309,136	43.7

(Reference) Shareholders' equity: As of June 30, 2020 : ¥275,335 million

As of March 31, 2020 : ¥273,561 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, 2020	—	55.00	—	15.00	70.00
Fiscal year ending March 31, 2021	—	—	—	—	—
Fiscal year ending March 31, 2021 (Forecast)	—	—	—	—	—

(Note) Revision to the forecast for dividends announced most recently: No

The dividend forecasts for the Fiscal year ending March 31, 2021 are undecided.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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	170,000	(32.7)	(7,000)	—	(6,000)	—	(3,000)	—	(70.38)
Full year	—	—	—	—	—	—	—	—	—

(Note) Revision to the financial results forecast announced most recently: Yes

The forecast for the Fiscal year ending March 31, 2021 will be disclosed when it is possible to make rational calculations in future.

#### \* 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):

June 30, 2020 43,448,769 shares

March 31, 2020 43,448,769 shares

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

June 30, 2020 820,531 shares

March 31, 2020 820,446 shares

3) Average number of shares during the period:

Three months ended June 30, 2020 42,628,254 shares

Three months ended June 30, 2019 42,629,424 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 Three Months Ended June 30, 2020

## (1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	1Q June 2020	YoY Change [% of Change]	1Q June 2020	YoY Change
Specialty Steel	28,807	(21,136) [(42.3%)]	(1,875)	(3,042)
High Performance Materials and Magnetic Materials	32,860	(9,990) [(23.3%)]	1,227	(2,340)
Parts for Automobile and Industrial Equipment	17,525	(7,461) [(29.9%)]	(2,431)	(2,822)
Engineering	4,027	(1,314) [(24.6%)]	156	(404)
Trading and Service	5,569	970 [21.1%]	481	(200)
Adjustment	—	—	9	12
<b>Total</b>	<b>88,789</b>	<b>(38,931)</b> <b>[(30.5%)]</b>	<b>(2,431)</b>	<b>(8,797)</b>

(Sales volume of Specialty Steel 174 thou. tons, decreasing 144 thou. tons vs FY2019-1Q)

## (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. Raw material and fuel cost	59	1. Sales volume	100
2. Fixed cost	30	2. Sales price	35
3. Non-operating income or loss	6	3. Sales mix change	32
		4. Variable cost	10
<b>Total (a)</b>	<b>95</b>	<b>Total (b)</b>	<b>177</b>
		<b>Change (a) – (b)</b>	<b>(82)</b>

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

(Millions of yen, %)

	1Q June 2020	YoY Change [% of Change]
Net sales	88,789	(38,931) [(30.5%)]
Operating income	(2,431)	(8,797) [—%]
Non-operating income and expenses	764	602
Ordinary income	(1,667)	(8,195) [—%]
Extraordinary income and losses	9	(7,431)
Income before income taxes	(1,657)	(15,626)
Income taxes	(112)	(4,415)
Profit attributable to non-controlling interests	8	(169)
Profit attributable to owners of parent	(1,553)	(11,042) [—%]

(Reference: Market condition)

	1Q June 2019	1Q June 2020
H2 (Thousands of yen/t)	25.9	16.1
Nickel (LME) (One dollar/lb)	5.6	5.5
Exchange rate (TTM) (yen/dollar)	110.9	108.6

## (4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2020	As of June 30, 2020	Change	Item	As of March 31, 2020	As of June 30, 2020	Change
Current assets	<u>310,641</u>	<u>327,548</u>	<u>16,906</u>	Liabilities	<u>316,763</u>	<u>340,302</u>	<u>23,538</u>
Cash and deposits	59,558	103,247	43,688	Trade payables	66,821	52,951	(13,870)
Trade receivables	118,281	95,422	(22,858)	Interest-bearing debt	193,881	226,849	32,967
Inventories	127,174	123,526	(3,647)	Other	56,060	60,502	4,441
Other	5,627	5,352	(275)	Net assets	<u>309,136</u>	<u>310,462</u>	<u>1,326</u>
Non-current assets	<u>315,257</u>	<u>323,216</u>	<u>7,958</u>	Shareholders' equity	276,101	273,797	(2,303)
Property, plant and equipment	237,492	239,185	1,693	Accumulated other comprehensive income	(2,539)	1,537	4,077
Intangible assets	1,619	2,015	395	Non-controlling interests	35,574	35,127	(446)
Investments and other assets	76,145	82,014	5,869	Total liabilities and net assets	625,899	650,765	24,865
<b>Total assets</b>	<b>625,899</b>	<b>650,765</b>	<b>24,865</b>				