

# Consolidated Financial Results for the Nine Months Ended December 31, 2020[Japanese GAAP]



January 29, 2021

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: February 12, 2021

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 Nine Months Ended December 31, 2020(April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	287,127	(23.1)	1,861	(91.1)	4,102	(80.8)	1,623	(89.9)
December 31, 2019	373,560	(9.2)	20,953	(19.3)	21,390	(20.4)	16,152	(3.5)

(Note) Comprehensive income: Nine months ended December 31, 2020: ¥15,755 million [(5.9%)]

Nine months ended December 31, 2019: ¥16,749 million [118.5%]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Nine months ended	Yen	Yen
December 31, 2020	38.08	—
December 31, 2019	378.90	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2020	633,967	323,189	45.4
As of March 31, 2020	625,899	309,136	43.7

(Reference) Shareholders' equity: As of December 31, 2020 : ¥287,531 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	—	10.00	—	—	—
Fiscal year ending March 31, 2021 (Forecast)	—	—	—	10.00	20.00

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

### 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
Full year	400,000	(18.4)	6,000	(75.8)	7,500	(69.1)	3,500	(68.1)	82.11

(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

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2020 43,448,769 shares

March 31, 2020 43,448,769 shares

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

December 31, 2020 821,253 shares

March 31, 2020 820,446 shares

3) Average number of shares during the period:

Nine months ended December 31, 2020 42,628,064 shares

Nine months ended December 31, 2019 42,629,153 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 Nine Months Ended December 31, 2020

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	3Q December 2020	YoY Change [% of Change]	3Q December 2020	YoY Change
Specialty Steel	99,045	(42,646) [(30.1%)]	(2,095)	(7,378)
High Performance Materials and Magnetic Materials	103,469	(22,622) [(17.9%)]	5,646	(4,854)
Parts for Automobile and Industrial Equipment	58,027	(16,090) [(21.7%)]	(3,441)	(3,967)
Engineering	14,719	(4,597) [(23.8%)]	466	(2,118)
Trading and Service	11,864	(474) [(3.8%)]	1,287	(774)
Adjustment	—	—	(1)	1
<b>Total</b>	<b>287,127</b>	<b>(86,433)</b> <b>[(23.1%)]</b>	<b>1,861</b>	<b>(19,092)</b>

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

(Millions of yen, %)

	3Q December 2020	YoY Change [% of Change]
Net sales	287,127	(86,433) [(23.1%)]
Operating income	1,861	(19,092) [(91.1%)]
Non-operating income and expenses	2,241	1,803
Ordinary income	4,102	(17,288) [(80.8%)]
Extraordinary income and losses	118	(3,888)
Income before income taxes	4,221	(21,176)
Income taxes	2,010	(6,322)
Profit attributable to non-controlling interests	587	(325)
Profit attributable to owners of parent	1,623	(14,528) [(89.9%)]

(Sales volume of Specialty Steel 653 thou. tons, decreasing 266 thou. tons vs FY2019-3Q)

(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	133	1. Sales volume	203
2. Fixed cost	71	2. Sales price	100
3. Non-operating income or loss	18	3. Sales mix change	78
		4. Variable cost	14
<b>Total (a)</b>	<b>222</b>	<b>Total (b)</b>	<b>395</b>
		<b>Change (a) – (b)</b>	<b>(173)</b>

(Reference: Market condition)

	3Q December 2019	3Q December 2020
H2 (Thousands of yen/t)	21.7	21.0
Nickel (LME) (One dollar/lb)	6.5	6.4
Exchange rate (TTM) (yen/dollar)	109.7	107.1

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2020	As of December 31, 2020	Change	Item	As of March 31, 2020	As of December 31, 2020	Change
Current assets	<u>310,641</u>	<u>301,648</u>	<u>(8,993)</u>	Liabilities	<u>316,763</u>	<u>310,778</u>	<u>(5,985)</u>
Cash and deposits	59,558	65,591	6,032	Trade payables	66,821	57,252	(9,568)
Trade receivables	118,281	109,919	(8,362)	Interest-bearing debt	193,881	199,422	5,540
Inventories	127,174	117,263	(9,910)	Other	56,060	54,103	(1,957)
Other	5,627	8,873	3,246	Net assets	<u>309,136</u>	<u>323,189</u>	<u>14,053</u>
Non-current assets	<u>315,257</u>	<u>332,319</u>	<u>17,061</u>	Shareholders' equity	276,101	276,546	444
Property, plant and equipment	237,492	235,258	(2,234)	Accumulated other comprehensive income	(2,539)	10,984	13,524
Intangible assets	1,619	2,339	720	Non-controlling interests	35,574	35,658	83
Investments and other assets	76,145	94,720	18,575	Total liabilities and net assets	<u>625,899</u>	<u>633,967</u>	<u>8,067</u>
<b>Total assets</b>	<b>625,899</b>	<b>633,967</b>	<b>8,067</b>				

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

(Millions of yen, %)

	Net sales		Operating income	
	Forecast for fiscal year ending March 31, 2021	YoY Change [% of Change]	Forecast for fiscal year ending March 31, 2021	YoY Change
Specialty Steel	139,400	(42,274) [(23.3%)]	(4,000)	(9,148)
High Performance Material and Magnetic Materials	145,000	(22,356) [(13.4%)]	10,500	(3,138)
Parts for Automobile and Industrial Equipment	80,900	(16,443) [(16.9%)]	(2,700)	(3,130)
Engineering	19,900	(6,683) [(25.1%)]	700	(2,260)
Trading and Service	14,800	(2,663) [(15.3%)]	1,500	(1,081)
Adjustment	—	—	—	(9)
Total	400,000	(90,421) [(18.4%)]	6,000	(18,768)

(Sales volume of Specialty Steel 956 thou. tons, decreasing 220 thou. tons vs FY2019)

## (6) Financial results forecast

(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2021	YoY Change [% of Change]
Net sales	400,000	(90,421) [(18.4%)]
Operating income	6,000	(18,768) [(75.8%)]
Ordinary income	7,500	(16,798) [(69.1%)]
Profit attributable to owners of parent	3,500	(7,487) [(68.1%)]

## (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. Raw material and fuel cost	121	1. Sales volume	184
2. Fixed cost	80	2. Sales price	109
3. Non-operating income or loss	20	3. Sales mix change	92
		4. Variable cost	4
Total (a)	221	Total (b)	389
		Change (a) – (b)	(168)

(Reference: Market condition)

	Fiscal year ended March 31, 2020	Forecast for fiscal year ending March 31, 2021
H2 (Thousands of yen/t)	20.6	25.4
Nickel (LME) (One dollar/lb)	6.3	6.8
Exchange rate (TTM) (yen/dollar)	109.7	106.6

## (Reference) Historical Financial Results

(Millions of yen)

	Actual results				Forecast for fiscal year ending March 31, 2021
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
Net sales	445,122	505,219	543,255	490,421	400,000
Operating income	25,513	36,218	33,815	24,768	6,000
Ordinary income	26,373	36,130	34,343	24,298	7,500
Profit attributable to owners of parent	16,386	23,920	21,182	10,987	3,500