

Consolidated Financial Results
for the Six Months Ended September 30, 2024
[Under IFRS]



October 30, 2024

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 to file semi-annual securities report: November 14, 2024

Scheduled date of commencing dividend payments: December 5, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (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, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (cumulative)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating Profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2024	283,439	(1.3)	18,258	3.2	19,608	3.3	13,197	3.1	12,152	3.4	11,011	(65.0)
September 30, 2023	287,235	—	17,695	—	18,973	—	12,794	—	11,757	—	31,421	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	57.01	56.99
September 30, 2023	55.17	55.16

(Note) A 5-for-1 common stock split was conducted with an effective date of January 1, 2024. “Basic earnings per share” and “Diluted earnings per share” have been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of September 30, 2024	794,051	462,240	423,102	53.3
March 31, 2024	788,734	457,313	418,562	53.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	100.00	—	26.00	—
Fiscal year ending March 31, 2025	—	21.00	—	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	26.00	47.00

(Note)1 Revision to the forecast for dividends announced most recently: No

(Note)2 A 5-for-1 common stock split was conducted with an effective date of January 1, 2024. Due to the stock split, the total dividends for the year ended March 31, 2024 is not disclosed.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating Profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	580,000	0.2	40,000	(5.3)	42,500	(5.7)	28,000	(8.4)	131.36

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: No

(2) Changes in accounting policies, changes in accounting estimates

1) Changes in accounting policies required by IFRS: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

(3) Total number of issued shares (ordinary shares)

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

As of September 30, 2024 217,243,845 shares

As of March 31, 2024 217,243,845 shares

2) Number of treasury shares at the end of the period:

As of September 30, 2024 4,015,393 shares

As of March 31, 2024 4,120,540 shares

3) Average number of shares during the period:

Six months ended September 30, 2024 213,150,267 shares

Six months ended September 30, 2023 213,126,766 shares

(Note) A 5-for-1 common stock split was conducted with an effective date of January 1, 2024. "Average number of shares" has been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants 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.

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1. Condensed Semi-annual Consolidated Financial Statements

(1) Condensed Semi-annual Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	46,008	59,264
Trade and other receivables	170,907	147,374
Contract assets	2,803	4,960
Inventories	186,717	200,911
Other financial assets	1,986	1,874
Other current assets	7,011	6,356
Total current assets	415,434	420,741
Non-current assets		
Property, plant and equipment	220,030	223,208
Right-of-use assets	5,640	5,567
Intangible assets	4,958	5,751
Investment property	4,370	4,306
Investments accounted for using equity method	20,195	20,398
Other financial assets	81,699	78,362
Retirement benefit asset	30,826	31,305
Deferred tax assets	3,619	3,256
Other non-current assets	1,958	1,151
Total non-current assets	373,300	373,309
Total assets	788,734	794,051

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	72,275	62,864
Contract liabilities	1,999	2,770
Bonds and borrowings	49,698	83,483
Lease liabilities	1,681	1,689
Other financial liabilities	1,940	1,871
Income taxes payable	15,237	5,287
Provisions	368	1,175
Other current liabilities	27,456	23,697
Total current liabilities	170,658	182,840
Non-current liabilities		
Bonds and borrowings	121,390	109,616
Lease liabilities	3,464	3,403
Other financial liabilities	810	784
Retirement benefit liability	13,393	13,463
Provisions	3,399	3,485
Deferred tax liabilities	17,102	17,007
Other non-current liabilities	1,201	1,209
Total non-current liabilities	160,762	148,970
Total liabilities	331,420	331,810
Equity		
Share capital	37,172	37,172
Capital surplus	31,411	31,409
Retained earnings	312,243	318,862
Treasury shares	(3,674)	(3,579)
Other components of equity	41,410	39,238
Total equity attributable to owners of parent	418,562	423,102
Non-controlling interests	38,750	39,138
Total equity	457,313	462,240
Total liabilities and equity	788,734	794,051

(2) Condensed Semi-annual Consolidated Statement of Profit or Loss
and Condensed Semi-annual Consolidated Statement of Comprehensive Income
Condensed Semi-annual Consolidated Statement of Profit or Loss

(Millions of yen)

	Six Months Ended September 30, 2023	Six Months Ended September 30, 2024
Revenue	287,235	283,439
Cost of sales	239,462	231,582
Gross profit	47,773	51,856
Selling, general and administrative expenses	28,423	29,689
Other income	907	—
Other expenses	2,562	3,908
Operating profit	17,695	18,258
Finance income	1,554	1,591
Finance costs	589	506
Share of profit of investments accounted for using equity method	313	264
Profit before tax	18,973	19,608
Income tax expense	6,178	6,410
Profit	12,794	13,197
Profit attributable to		
Owners of parent	11,757	12,152
Non-controlling interests	1,037	1,045
Profit	12,794	13,197
Earnings per share		
Basic earnings per share (Yen)	55.17	57.01
Diluted earnings per share (Yen)	55.16	56.99

Condensed Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six Months Ended September 30, 2023	Six Months Ended September 30, 2024
Profit	12,794	13,197
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	13,898	(2,325)
Remeasurements of defined benefit plans	968	465
Share of other comprehensive income of investments accounted for using equity method	98	(38)
Total of items that will not be reclassified to profit or loss	<u>14,966</u>	<u>(1,898)</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	3,618	(298)
Cash flow hedges	(8)	(3)
Share of other comprehensive income of investments accounted for using equity method	50	15
Total of items that may be reclassified to profit or loss	<u>3,660</u>	<u>(287)</u>
Other comprehensive income	<u>18,626</u>	<u>(2,186)</u>
Comprehensive income	<u><u>31,421</u></u>	<u><u>11,011</u></u>
Comprehensive income attributable to		
Owners of parent	29,769	9,996
Non-controlling interests	1,651	1,015
Comprehensive income	<u><u>31,421</u></u>	<u><u>11,011</u></u>

(3) Condensed Semi-annual Consolidated Statement of Changes in Equity

For the Six Months Ended September 30, 2023

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of April 1, 2023	37,172	31,346	274,326	(3,668)	22,002	(4,881)
Profit	—	—	11,757	—	—	—
Other comprehensive income	—	—	—	—	13,994	961
Comprehensive income	—	—	11,757	—	13,994	961
Purchase of treasury shares	—	—	—	(4)	—	—
Disposal of treasury shares	—	—	—	—	—	—
Dividends	—	—	(5,542)	—	—	—
Share-based payment transactions	—	31	—	—	—	—
Changes in ownership interest in subsidiaries	—	(31)	—	—	(0)	1
Transfer from other components of equity to retained earnings	—	—	—	—	—	—
Other	—	—	(0)	—	0	—
Total transactions with owners	—	0	(5,543)	(4)	0	1
Balance as of September 30, 2023	37,172	31,346	280,541	(3,672)	35,996	(3,918)

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total Equity
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance as of April 1, 2023	1,803	20	18,944	358,122	36,644	394,767
Profit	—	—	—	11,757	1,037	12,794
Other comprehensive income	3,065	(8)	18,012	18,012	614	18,626
Comprehensive income	3,065	(8)	18,012	29,769	1,651	31,421
Purchase of treasury shares	—	—	—	(4)	—	(4)
Disposal of treasury shares	—	—	—	—	—	—
Dividends	—	—	—	(5,542)	(488)	(6,031)
Share-based payment transactions	—	—	—	31	—	31
Changes in ownership interest in subsidiaries	(1)	—	(0)	(31)	80	49
Transfer from other components of equity to retained earnings	—	—	—	—	—	—
Other	—	—	0	—	18	18
Total transactions with owners	(1)	—	0	(5,547)	(388)	(5,935)
Balance as of September 30, 2023	4,867	11	36,957	382,345	37,907	420,252

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of April 1, 2024	37,172	31,411	312,243	(3,674)	29,887	5,925
Profit	—	—	12,152	—	—	—
Other comprehensive income	—	—	—	—	(2,362)	461
Comprehensive income	—	—	12,152	—	(2,362)	461
Purchase of treasury shares	—	—	—	(1)	—	—
Disposal of treasury shares	—	0	—	0	—	—
Dividends	—	—	(5,555)	—	—	—
Share-based payment transactions	—	(42)	—	95	—	—
Changes in ownership interest in subsidiaries	—	46	—	—	(0)	1
Transfer from other components of equity to retained earnings	—	—	22	—	(22)	—
Other	—	(5)	—	—	—	—
Total transactions with owners	—	(1)	(5,533)	94	(22)	1
Balance as of September 30, 2024	37,172	31,409	318,862	(3,579)	27,502	6,388

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total Equity
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance as of April 1, 2024	5,585	11	41,410	418,562	38,750	457,313
Profit	—	—	—	12,152	1,045	13,197
Other comprehensive income	(251)	(3)	(2,156)	(2,156)	(30)	(2,186)
Comprehensive income	(251)	(3)	(2,156)	9,996	1,015	11,011
Purchase of treasury shares	—	—	—	(1)	—	(1)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	—	(5,555)	(512)	(6,068)
Share-based payment transactions	—	—	—	52	—	52
Changes in ownership interest in subsidiaries	4	—	6	52	(143)	(90)
Transfer from other components of equity to retained earnings	—	—	(22)	—	—	—
Other	—	—	—	(5)	28	23
Total transactions with owners	4	—	(15)	(5,456)	(627)	(6,084)
Balance as of September 30, 2024	5,338	7	39,238	423,102	39,138	462,240

(4) Condensed Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2023	Six Months Ended September 30, 2024
Cash flows from operating activities		
Profit before tax	18,973	19,608
Depreciation and amortization	14,923	14,832
Impairment losses	918	249
Interest and dividend income	(1,482)	(1,574)
Interest expenses	580	641
Share of loss (profit) of investments accounted for using equity method	(313)	(264)
Loss (gain) on sale of fixed assets	8	(27)
Decrease (increase) in trade and other receivables	(11,341)	23,400
Decrease (increase) in inventories	783	(14,262)
Increase (decrease) in trade and other payables	(259)	(4,587)
Other	(3,949)	(3,517)
Subtotal	18,840	34,499
Interest received	181	184
Dividends received	1,346	1,416
Interest paid	(578)	(632)
Income taxes paid	(6,693)	(15,278)
Net cash provided by (used in) operating activities	13,096	20,189
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(15,253)	(20,221)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	15	29
Purchase of equity instruments	(12)	(13)
Proceeds from sale of equity instruments	—	35
Other	292	(760)
Net cash provided by (used in) investing activities	(14,958)	(20,930)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,788	22,902
Increase (decrease) in commercial papers	—	11,000
Proceeds from borrowings	51,092	9,646
Repayments of borrowings	(61,032)	(21,882)
Repayments of lease liabilities	(1,013)	(1,016)
Dividends paid	(5,532)	(5,545)
Dividends paid to non-controlling interests	(429)	(515)
Other	41	(104)
Net cash provided by (used in) financing activities	(14,086)	14,484
Effect of exchange rate changes on cash and cash equivalents	1,628	(488)
Net increase (decrease) in cash and cash equivalents	(14,319)	13,255
Cash and cash equivalents at beginning of period	56,488	46,008
Cash and cash equivalents at end of period	42,169	59,264

Consolidated Financial Results for the Six Months Ended September 30, 2024

(1) Condensed Statement of Profit and Loss (cumulative)

(Millions of yen, %)

	Actual			Forecast	
	2Q September 2023	2Q September 2024	YoY Change [% of Change]	Fiscal year ending March 31,2025	YoY Change [% of Change]
Revenue	287,235	283,439	(3,796) [(1.3%)]	580,000	1,435 [0.2%]
Operating profit	17,695	18,258	563 [3.2%]	40,000	(2,250) [(5.3%)]
[Underlying operating profit] *	[18,750]	[19,152]	[402]	[41,700]	[824]
Profit before tax	18,973	19,608	634 [3.3%]	42,500	(2,568) [(5.7%)]
Profit attributable to owners of parent	11,757	12,152	394 [3.4%]	28,000	(2,555) [(8.4%)]
Sales volume of Specialty Steel (thou. tons)	529	519	(10)	1,035	(37)

* Adjusted for items that correspond to extraordinary gains/losses, inventory valuation gains/losses, provision for environmental expenses, and fixed asset tax (leveling)

(2) Revenue and Operating Profit by reportable segment

(Millions of yen, %)

	Actual				Forecast			
	Revenue		Operating Profit		Revenue		Operating Profit	
	2Q September 2024	YoY Change	2Q September 2024	YoY Change	Fiscal year ending March 31, 2025	YoY Change	Fiscal year ending March 31, 2025	YoY Change
Specialty Steel	105,478	(3,148)	6,112	(140)	214,000	(4,743)	12,500	(1,224)
High Performance Materials and Magnetic Materials	100,116	(2,229)	5,081	93	204,000	1,615	13,000	2,724
Parts for Automobile and Industrial Equipment	53,734	2,662	4,829	1,619	112,000	7,003	10,500	4,780
Engineering	10,587	(421)	809	(189)	22,000	(1,091)	1,500	(636)
Trading and Service	13,522	(659)	1,428	(796)	28,000	(1,347)	2,500	(7,869)
Adjustment	—	—	(2)	(23)	—	—	—	(26)
Total	283,439	(3,796)	18,258	563	580,000	1,435	40,000	(2,250)
[Underlying operating profit]			[19,152]	[402]			[41,700]	[824]

(3) Reasons for change in the amount of Underlying Operating Profit (YoY comparison)

(100 millions of yen)

(100 millions of yen)

Actual				Forecast			
Reasons for increase	Amount	Reasons for decrease	Amount	Reasons for increase	Amount	Reasons for decrease	Amount
1. Raw material and fuel cost	39	1. Sales price	41	1. Raw material and fuel cost	52	1. Fixed cost	45
2. Sales volume	26	2. Sales mix change	12	2. Sales volume	38	2. Sales price	39
		3. Variable cost	8	3. Sales mix change	10	3. Variable cost	8
Total (a)	65	Total (b)	61	Total (a)	100	Total (b)	92
		Change (a) - (b)	4			Change (a) - (b)	8

(Reference: Market condition)

		2Q September 2023	2Q September 2024	Fiscal year ended March 31, 2024	Forecast for fiscal year ending March 31,2025
H2	(Thousands of yen/t)	42.9	42.4	43.7	39.5
Nickel(LME)	(One dollar/lb)	9.7	7.9	8.7	7.7
Exchange rate(TTM)	(yen/dollar)	140.9	152.6	144.6	151.3

(4) Condensed Statement of Financial Position

(Millions of yen)

Item	As of March 31, 2024	As of September 30, 2024	Change	Item	As of March 31, 2024	As of September 30, 2024	Change
Current assets	415,434	420,741	5,307	Liabilities	331,420	331,810	389
Cash and deposits	46,008	59,264	13,255	Trade payables	72,275	62,864	(9,411)
Trade receivables	170,907	147,374	(23,532)	Interest-bearing debt	176,235	198,193	21,958
Inventories	186,717	200,911	14,193	Other	82,910	70,753	(12,156)
Other	11,800	13,192	1,391				
Non-current assets	373,300	373,309	9	Equity	457,313	462,240	4,927
Property, plant and equipment	220,030	223,208	3,177	Equity attributable to owners of parent	418,562	423,102	4,539
Other	153,269	150,101	(3,167)	Non-controlling interests	38,750	39,138	387
Total assets	788,734	794,051	5,317	Total liabilities and equity	788,734	794,051	5,317

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

(Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ending March 31, 2025		YoY change	
	First half	Full year	First half	Full year	First half	Full year
Capital expenditures	15,409	36,910	18,363	41,200	2,954	4,289
Depreciation and amortization	14,923	29,764	14,832	30,100	(90)	335

(Reference) Historical Financial Results

(Millions of yen)

	J-GAAP		
	Actual		
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	412,722	529,667	578,564
Operating income	10,070	36,982	46,986
Ordinary income	12,642	39,200	48,122
Profit attributable to owners of parent	4,516	26,894	36,438

(Millions of yen)

	IFRS	
	Actual	Forecast
	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025
Revenue	578,564	580,000
Operating profit	42,250	40,000
Profit before tax	45,068	42,500
Profit attributable to owners of parent	30,555	28,000