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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

October 30, 2024

Company name: Chubu Steel Plate Co.,Ltd.

Listing: Tokyo, Nagoya

Securities code: 5461

URL: <https://www.chubukohan.co.jp/en/>

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

Scheduled date to commence dividend payments: November 29, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

Representative Director and President

Director and General Manager of General Affairs Div.

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	30,531	(6.7)	3,629	(18.0)	3,549	(18.7)	2,501	(17.8)
September 30, 2023	32,709	(16.8)	4,425	(20.7)	4,363	(22.5)	3,044	(21.6)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 2,096 million [(38.7) %]
Six months ended September 30, 2023: ¥ 3,418 million [(11.7) %]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	92.40		-	
September 30, 2023	110.11		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2024	87,208		77,959		88.6	
March 31, 2024	93,548		77,494		82.1	

(Reference) Equity: As of September 30, 2024: ¥ 77,234 million
As of March 31, 2024: ¥ 76,796 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, 2024	-	30.00	-	61.00	91.00
Fiscal year ending March 31, 2025	-	50.00			
Fiscal year ending March 31, 2025 (Forecast)			-	51.00	101.00

(Note) Revision to the forecast for dividends announced most recently: None

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	60,800	(10.3)	6,200	(40.5)	6,100	(40.4)	4,400	(38.3)	162.48

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)
Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

September 30, 2024: 30,200,000 shares
March 31, 2024: 30,200,000 shares

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

September 30, 2024: 3,117,716 shares
March 31, 2024: 3,124,421 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 27,078,448 shares
Six months ended September 30, 2023: 27,648,372 shares

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

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including financial results forecast, in this document are based on information available to the Company at the time of this disclosure and on certain assumptions deemed reasonable by the Company. As such, actual results may differ from those indicated in these forward-looking statements due to various factors.

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1. Qualitative Information on Semi-annual Results

(1) Overview of Operating Results

During the six months ended September 30, 2024, domestic steel demand in Japan remained sluggish overall. Demand for industrial and construction machinery sector, which are our main customers, declined due to the slowdown in the Chinese economy, and demand for construction and civil engineering was also weak due to labor shortages and rising material and labor costs.

In this environment, our group has made steady efforts to implement various measures, including the construction of new electric arc furnace, based on the 24 Medium-Term Management Plan that started this fiscal year.

As a result, consolidated net sales for the six months ended September 30, 2024 decreased by 2,177 million yen year on year to 30,531 million yen, consolidated ordinary profit decreased by 814 million yen year on year to 3,549 million yen, and profit attributable to owners of parent decreased by 542 million yen year on year to 2,501 million yen.

Operating results by segment are as follows.

(Steel related business)

Regarding the steel related business, although production costs were lower than the same period of the previous fiscal year due to a decrease in electricity prices, both the sales price and sales volume of the main product, steel plates, fell below the same period of the previous fiscal year, due to a decline in demand and the impact of production stoppages related to the construction of new electric arc furnace.

As a result, net sales decreased by 2,199 million yen year on year to 29,104 million yen, segment profit (operating profit) decreased by 830 million yen year on year to 3,414 million yen.

(Rental business)

Regarding the rental business, due to an increase in the number of kitchen grease filter rentals and an increase in orders for kitchen equipment maintenance, net sales increased by 35 million yen year on year to 373 million yen, and segment profit (operating profit) increased by 0 million yen year on year to 33 million yen.

(Logistics business)

Regarding the logistics business, due to the continued high level of handling volume in hazardous materials warehouses, net sales increased by 5 million yen year on year to 293 million yen, and segment profit (operating profit) increased by 2 million yen year on year to 103 million yen.

(Engineering business)

Regarding the engineering business, due to steady accumulation of construction projects and continuous efforts to improve profitability, while net sales decreased by 18 million yen year on year to 760 million yen, segment profit (operating profit) increased by 31 million yen year on year to 49 million yen.

(2) Overview of Financial Position

① Assets, liabilities and net assets status

(Assets)

Current assets decreased by 7,377 million yen from the end of the previous fiscal year to 53,914 million yen. This was mainly due to decline in notes and accounts receivable-trade, electronically recorded monetary claims-operating, work in process, cash and deposits, while increase in securities.

Non-current assets increased by 1,037 million yen from the end of the previous fiscal year to 33,293 million yen. This was mainly due to increase in construction in progress, while decline in investment securities.

(Liabilities)

Current liabilities decreased by 6,622 million yen from the end of the previous fiscal year to 8,367 million yen. This was mainly due to reduction in notes and accounts payable-trade, income taxes payable.

Non-current liabilities decreased by 181 million yen from the end of the previous fiscal year to 881 million yen.

(Net assets)

Net assets increased by 464 million yen from the end of the previous fiscal year to 77,959 million yen. This was mainly due to increase in retained earnings, by recording profit attributable to owners of parent in the second quarter.

②Cash flows status

Cash and cash equivalents at end of period for the six months ended September 30,2024 increased by 8,974 million from the end of the previous year to 20,991 million yen. Status of each cash flows and factors of their changes were as follows.

(Cash flows from operating activities)

The cash flow from operating activities was a net inflow of 10,680 million yen (compared to 1,133 million yen in the same period of the previous fiscal year).

This was primarily due to revenues of 10,528 million yen from decrease in trade receivables, 3,654 million yen from profit before income taxes, 2,476 million yen from decrease in inventories, while expenditures of 4,733 million yen from the decrease in trade payable, and 1,867 million yen from income taxes paid.

(Cash flows from investing activities)

The cash flow from investing activities was a net outflow of 52 million yen (compared to 2,594 million yen in the same period of the previous fiscal year).

This was mainly due to expenditures of 3,288 from purchase of property, plant and equipment, 3,000 million yen from purchase of securities, 2,500 million yen from payments into time deposits, while revenues of 5,500 million yen from proceeds from withdrawal of time deposits, 4,176 million yen from proceeds from sale and redemption of short-term and long-term investment securities

(Cash flows from financing activities)

The cash flow from financing activities was a net outflow of 1,653 million yen (compared to 2,377 million yen in the same period of the previous fiscal year). This was mainly due to expenditures of 1,646 million yen from dividends paid.

(3) Overview of Consolidated Earnings Forecasts and Other Forward-Looking Statements

Regarding the performance forecast for the current fiscal year, we will revise the consolidated financial results forecast for the full year that was announced on May 8, 2024. For more details, please refer to the " Notice Concerning Revisions to Full-Year Financial Results Forecasts " published today, October 30, 2024.

Additionally, we plan to distribute a year-end dividend of 51 yen per share.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	13,516	12,494
Notes and accounts receivable - trade	22,109	13,328
Electronically recorded monetary claims - operating	4,973	3,226
Securities	6,998	13,644
Merchandise and finished goods	4,309	3,625
Work in process	5,903	4,310
Raw materials and supplies	3,362	3,163
Other	118	122
Allowance for doubtful accounts	(0)	(0)
Total current assets	61,292	53,914
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,457	6,343
Machinery, vehicles, tools, furniture and fixtures, net	11,662	11,832
Land	2,154	2,154
Construction in progress	1,104	2,566
Other, net	2	2
Total property, plant and equipment	21,382	22,899
Intangible assets	224	199
Investments and other assets		
Investment securities	9,629	9,220
Retirement benefit asset	424	386
Deferred tax assets	140	147
Other	458	444
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	10,649	10,195
Total non-current assets	32,256	33,293
Total assets	93,548	87,208

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,071	3,337
Accounts payable - other	3,291	2,610
Income taxes payable	1,944	1,146
Accrued consumption taxes	639	405
Provision for bonuses	609	580
Provision for bonuses for directors (and other officers)	15	4
Other	417	282
Total current liabilities	14,990	8,367
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	19	14
Retirement benefit liability	739	703
Deferred tax liabilities	133	-
Other	170	164
Total non-current liabilities	1,063	881
Total liabilities	16,053	9,248
Net assets		
Shareholders' equity		
Share capital	5,907	5,907
Capital surplus	4,713	4,727
Retained earnings	66,463	67,313
Treasury shares	(2,638)	(2,633)
Total shareholders' equity	74,444	75,315
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,114	1,693
Remeasurements of defined benefit plans	237	225
Total accumulated other comprehensive income	2,351	1,919
Non-controlling interests	698	725
Total net assets	77,494	77,959
Total liabilities and net assets	93,548	87,208

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	32,709	30,531
Cost of sales	25,753	24,365
Gross profit	6,955	6,165
Selling, general and administrative expenses		
Freight and incidental costs	1,305	1,281
Remuneration, salaries and allowances for directors (and other officers)	462	482
Provision for bonuses	182	190
Retirement benefit expenses	41	33
Other	539	548
Total selling, general and administrative expenses	2,530	2,536
Operating profit	4,425	3,629
Non-operating income		
Interest income	8	17
Dividend income	68	88
Rental income	36	36
Miscellaneous income	27	21
Total non-operating income	140	162
Non-operating expenses		
Interest expenses	3	4
Loss on disposal of non-current assets	182	224
Foreign exchange losses	0	-
Miscellaneous losses	15	13
Total non-operating expenses	201	242
Ordinary profit	4,363	3,549
Extraordinary income		
Gain on sale of investment securities	79	105
Total extraordinary income	79	105
Extraordinary losses		
Loss on sale of investment securities	0	-
Total extraordinary losses	0	-
Profit before income taxes	4,442	3,654
Income taxes	1,372	1,125
Profit	3,070	2,528
Profit attributable to non-controlling interests	26	26
Profit attributable to owners of parent	3,044	2,501

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	3,070	2,528
Other comprehensive income		
Valuation difference on available-for-sale securities	349	(420)
Remeasurements of defined benefit plans, net of tax	(1)	(11)
Total other comprehensive income	347	(432)
Comprehensive income	3,418	2,096
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,392	2,069
Comprehensive income attributable to non-controlling interests	26	26

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	4,442	3,654
Depreciation	1,075	1,004
Loss (gain) on sale of investment securities	(79)	(105)
Loss (gain) on disposal of non-current assets	182	224
Increase (decrease) in provisions	(4)	(46)
Increase (decrease) in retirement benefit liability	15	(47)
Interest and dividend income	(76)	(105)
Interest expenses	3	4
Decrease (increase) in trade receivables	(3,052)	10,528
Decrease (increase) in inventories	4,330	2,476
Increase (decrease) in trade payables	(2,910)	(4,733)
Increase (decrease) in accrued consumption taxes	(69)	(234)
Other, net	114	(179)
Subtotal	3,972	12,440
Interest and dividends received	77	104
Interest paid	(3)	(4)
Income taxes paid	(2,913)	(1,867)
Income taxes refund	-	6
Net cash provided by (used in) operating activities	1,133	10,680
Cash flows from investing activities		
Payments into time deposits	(3,500)	(2,500)
Proceeds from withdrawal of time deposits	7,500	5,500
Purchase of property, plant and equipment	(1,516)	(3,288)
Proceeds from sale of property, plant and equipment	0	55
Purchase of securities	(7,000)	(3,000)
Purchase of investment securities	(1,907)	(904)
Proceeds from sale and redemption of short-term and long-term investment securities	3,901	4,176
Other, net	(71)	(91)
Net cash provided by (used in) investing activities	(2,594)	(52)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,315)	(1,646)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(60)	(6)
Net cash provided by (used in) financing activities	(2,377)	(1,653)
Net increase (decrease) in cash and cash equivalents	(3,837)	8,974
Cash and cash equivalents at beginning of period	12,406	12,016
Cash and cash equivalents at end of period	8,568	20,991

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Six months ended September 30,2024 (from April 1,2024 to September 30,2024)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Six months ended September 30,2024 (from April 1,2024 to September 30,2024)

Not applicable

(Changes in Accounting Policies)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. have been applied from the beginning of the six months ended September 30, 2024.

The amendment to categories in which current income taxes should be recorded (taxation on other comprehensive income) follows the transitional treatment prescribed in the proviso to paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso to (2) of paragraph 65-2 of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred to as the "Revised Guidance 2022"). These changes in accounting policies have no impact on the semi-annual consolidated statements of income.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Guidance 2022 has been applied from the beginning of the six months ended September 30, 2024. This change in accounting policies has been applied retrospectively, and the semi-annual consolidated financial statements of income for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been prepared reflecting the retrospective application. This change in accounting policies has no impact on the semi-annual consolidated statements of income for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Segment Information, etc.)

【Segment information】

I. Six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)

1. Information related to net sales and profit/loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segment				Total
	Steel related business	Rental business	Logistics business	Engineering business	
Net sales					
Revenue from contracts with customers	31,304	337	287	779	32,709
Other revenue	—	—	—	—	—
(1) Sales to external customers	31,304	337	287	779	32,709
(2) Inter - segment sales and transfers	0	3	121	278	404
Total	31,304	341	409	1,058	33,114
Segment profit (loss)	4,244	32	100	17	4,396

2. Difference between the total amount of profit or loss for each reportable segment and the amount recorded in the Semi-annual Consolidated Statements of Income and the main details of the difference (information regarding difference adjustment)

	profit	Millions of yen
Total of reportable segment		4,396
Inter-segment eliminations		28
Operating profit of Semi-annual consolidated statements of income		4,425

II. Six months ended September 30, 2024 (April 1, 2024 – September 30, 2024)

1. Information related to net sales and profit/loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segment				Total
	Steel related business	Rental business	Logistics business	Engineering business	
Net sales					
Revenue from contracts with customers	29,104	373	293	760	30,531
Other revenue	—	—	—	—	—
(1) Sales to external customers	29,104	373	293	760	30,531
(2) Inter - segment sales and transfers	0	4	126	294	426
Total	29,104	378	420	1,055	30,958
Segment profit (loss)	3,414	33	103	49	3,599

2. Difference between the total amount of profit or loss for each reportable segment and the amount recorded in the semi-annual consolidated statements of income and the main details of the difference (information regarding difference adjustment)

<u>profit</u>	<u>Millions of yen</u>
Total of reportable segment	3,599
Inter-segment eliminations	29
<u>Operating profit of Semi-annual Consolidated Statements of Income</u>	<u>3,629</u>