

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

January 31, 2025

Company name: Sanyo Special Steel Co., Ltd.

Listing: Tokyo

Securities code: 5481

URL: <https://www.sanyo-steel.co.jp/>

Representative: MIYAMOTO Katsuhiko

Inquiries: YANAGIMOTO Yutaka

Telephone: +81-79-235-6008

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

Representative Director and President

General Manager, Head of Accounting & Finance Department

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 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	%
Nine months ended								
December 31, 2024	247,038	(8.2)	3,763	(57.3)	3,174	(65.0)	1,240	(80.4)
December 31, 2023	268,962	(8.6)	8,820	(56.8)	9,077	(56.1)	6,315	(57.2)

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ 1,660 million [(90.0) %]
 Nine months ended December 31, 2023: ¥ 16,656 million [3.5%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	22.77	-
December 31, 2023	115.91	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	384,878	225,036	58.1
March 31, 2024	398,706	228,597	56.9

(Reference) Equity: As of December 31, 2024: ¥ 223,723 million

As of March 31, 2024: ¥ 226,667 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen	Yen	Yen	Yen	Yen
Fiscal year ending March 31, 2024	-	35.00	-	30.00	65.00
Fiscal year ending March 31, 2025 (Forecast)	-	20.00	-	0.00	20.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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	338,200	(4.4)	11,200	(1.5)	11,000	(9.2)	7,000	(22.7)	128.48

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

* Notes:

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

(2) Adoption of accounting treatment specific to the preparation of quarterly 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: None

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):

December 31, 2024: 54,507,307 shares

March 31, 2024: 54,507,307 shares

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

December 31, 2024: 24,970 shares

March 31, 2024: 23,478 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 54,483,093 shares

Nine months ended December 31, 2023: 54,484,854 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

Forecasts and other forward-looking statements are based on judgments made by the Companies in accordance with information currently available. Please be aware that there are various uncertainties inherent in forecasts, and actual results may differ from these forecasts.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	26,591	21,260
Notes and accounts receivable - trade, and contract assets	59,541	54,332
Electronically recorded monetary claims - operating	13,381	14,993
Merchandise and finished goods	29,862	27,133
Work in process	54,595	53,601
Raw materials and supplies	34,700	35,180
Income taxes refund receivable	390	2,698
Deposits paid to subsidiaries and associates	4,810	4,410
Other	4,996	4,490
Allowance for doubtful accounts	(435)	(409)
Total current assets	228,435	217,694
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	76,132	73,731
Other, net	47,354	50,491
Total property, plant and equipment	123,487	124,222
Intangible assets		
Goodwill	32,954	30,721
Other	4,029	4,148
Total intangible assets	36,984	34,869
Investments and other assets	9,799	8,091
Total non-current assets	170,271	167,184
Total assets	398,706	384,878
Liabilities		
Current liabilities		
Notes and accounts payable - trade	39,357	33,081
Short-term borrowings	54,295	37,488
Commercial papers	-	32,982
Current portion of bonds payable	10,000	-
Income taxes payable	4,440	301
Provision for bonuses	2,089	1,128
Provision for environmental measures	4	34
Other	26,506	21,362
Total current liabilities	136,694	126,378
Non-current liabilities		
Long-term borrowings	16,300	16,000
Provision for retirement benefits for directors (and other officers)	44	47
Provision for loss on guarantees	1	2
Provision for environmental measures	188	158
Retirement benefit liability	10,398	10,532
Other	6,482	6,721
Total non-current liabilities	33,415	33,463
Total liabilities	170,109	159,842

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	53,800	53,800
Capital surplus	48,827	46,904
Retained earnings	105,724	104,241
Treasury shares	(37)	(40)
Total shareholders' equity	208,315	204,905
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,915	968
Deferred gains or losses on hedges	(416)	241
Foreign currency translation adjustment	15,251	16,046
Remeasurements of defined benefit plans	1,602	1,561
Total accumulated other comprehensive income	18,351	18,817
Non-controlling interests	1,930	1,312
Total net assets	228,597	225,036
Total liabilities and net assets	398,706	384,878

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	268,962	247,038
Cost of sales	231,598	213,141
Gross profit	37,364	33,896
Selling, general and administrative expenses	28,543	30,132
Operating profit	8,820	3,763
Non-operating income		
Interest income	552	453
Dividend income	183	133
Power supply and demand adjustment cooperation fund	433	186
Income from supplying data	-	430
Other	976	623
Total non-operating income	2,146	1,827
Non-operating expenses		
Interest expenses	1,587	1,735
Other	301	681
Total non-operating expenses	1,889	2,417
Ordinary profit	9,077	3,174
Extraordinary income		
Gain on sale of investment securities	426	1,137
Gain on sale of non-current assets	30	40
Total extraordinary income	456	1,178
Extraordinary losses		
Expenses relating to business structure improvement	-	1,091
Loss on sale and retirement of non-current assets	222	316
Loss on liquidation of subsidiaries and associates	62	-
Total extraordinary losses	284	1,407
Profit before income taxes	9,250	2,944
Income taxes - current	3,307	1,439
Income taxes - deferred	(492)	313
Total income taxes	2,814	1,752
Profit	6,436	1,191
Profit (loss) attributable to non-controlling interests	120	(48)
Profit attributable to owners of parent	6,315	1,240

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	6,436	1,191
Other comprehensive income		
Valuation difference on available-for-sale securities	(93)	(946)
Deferred gains or losses on hedges	1,262	657
Foreign currency translation adjustment	9,748	797
Remeasurements of defined benefit plans	(697)	(40)
Total other comprehensive income	10,220	468
Comprehensive income	16,656	1,660
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,341	1,706
Comprehensive income attributable to non-controlling interests	315	(45)

Notes to Quarterly Consolidated Financial Statements

(Segment Information)

Information about reportable segment profit or loss

Segment information for the nine months ended December 31, 2023

(Millions of yen)

	Reportable segments				Other	Total	Adjustments	Quarterly Consolidated total
	Steel Products	Metal Powders	Formed and Fabricated Materials	Total				
Net sales								
Outside customers	251,149	4,031	13,708	268,889	72	268,962	—	268,962
Intersegment transactions	6,768	—	0	6,768	902	7,670	(7,670)	—
Total	257,917	4,031	13,708	275,658	975	276,633	(7,670)	268,962
Segment profit (loss)	8,477	704	(433)	8,748	22	8,771	49	8,820

1. The "Other" category is the information service segment not included in reportable segments.
2. Segment profit (loss) adjustments are intersegment eliminations.
3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statements of income.

Segment information for the nine months ended December 31, 2024

(Millions of yen)

	Reportable segments				Other	Total	Adjustments	Quarterly Consolidated total
	Steel Products	Metal Powders	Formed and Fabricated Materials	Total				
Net sales								
Outside customers	229,145	4,275	13,556	246,977	61	247,038	—	247,038
Intersegment transactions	5,941	—	—	5,941	1,180	7,122	(7,122)	—
Total	235,087	4,275	13,556	252,919	1,241	254,161	(7,122)	247,038
Segment profit (loss)	3,682	930	(893)	3,719	26	3,746	17	3,763

1. The "Other" category is the information service segment not included in reportable segments.
2. Segment profit (loss) adjustments are intersegment eliminations.
3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statements of income.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the third quarter of the current fiscal year.

Depreciation (including amortization relates to intangible assets excluding goodwill) and amortization of goodwill for the third quarter of the current fiscal year are as follows.

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	10,263	10,614
Amortization of goodwill	2,409	2,560

Consolidated Financial Results
for the Nine Months Ended December 31, 2024

1. Financial results and forecast

(Thousand tons, Billions of yen, %)

	FY2024/1~3Q	FY2023/1~3Q	Change	%	Forecast (*)
	(Result)	(Result)			FY2024
Net sales	247.0	269.0	(21.9)	(8.2)	338.2
(Sanyo)	122.7	139.3	(16.6)	(11.9)	165.9
(OVAKO)	100.1	106.9	(6.8)	(6.4)	137.0
(SSMI)	17.4	17.1	0.3	1.6	25.0
Operating profit	3.8	8.8	(5.1)	(57.3)	11.2
Ordinary profit	3.2	9.1	(5.9)	(65.0)	11.0
ROS	1.3	3.4	(2.1)		3.3
(Sanyo)	8.0	7.6	0.3	4.6	11.5
(OVAKO)	0.8	6.1	(5.3)	(87.5)	3.5
(SSMI)	0.6	0.5	0.1	24.2	1.0
(Amortization of goodwill)	(2.6)	(2.4)	(0.2)	—	(3.4)
Profit attributable to owners of parent	1.2	6.3	(5.1)	(80.4)	7.0
Sales volume	1,004	1,092	(88)	(8.1)	1,382
(Sanyo)	556	629	(73)	(11.7)	757
(OVAKO)	365	376	(11)	(3.0)	509
(SSMI)	83	86	(3)	(3.5)	116
Capital expenditure	12.0	14.9	(2.9)	(19.7)	17.5
Depreciation	10.6	10.3	0.4	3.4	15.0

(*) Major assumptions after January 2025 : Scrap iron 42,000 yen/t (H2 market price in Himeji area)

Crude oil (Dubai) 80\$/BL , Exchange rate 155 yen/US\$, 160 yen/€

(Reference) Net sales and profit (Quarterly)

(Billions of yen, %)

	FY2023					FY2024		
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q
Net sales	99.9	85.4	83.7	84.8	353.8	88.5	79.9	78.6
Operating profit	5.5	1.8	1.5	2.5	11.4	2.5	0.6	0.7
Ordinary profit	6.1	1.7	1.3	3.0	12.1	2.8	(0.2)	0.5
ROS	6.1	2.0	1.5	3.6	3.4	3.2	(0.2)	0.7
Profit attributable to owners of parent	4.3	0.9	1.1	2.7	9.1	2.0	(0.5)	(0.3)

2. Ordinary profit variance analysis (FY2023/1~3Q → FY2024/1~3Q)

(Billions of yen)

Reason for increase		Reason for decrease	
1. Raw material and fuel prices	4.2	1. Sales volume	3.0
2. Repair expenses	0.4	2. Other Materials, outsourcing, logistic costs, etc.	0.8
3. Variable cost reductions	0.3	3. Non-operating income or expenses (Sanyo)	0.7
4. Fixed cost	0.1	4. Sales price and product mix	0.2
		5. OVAKO's ordinary profit	5.3
		6. Consolidated affiliated companies, etc.	0.9
Total (A)	5.0	Total (B)	10.9
		Change (A) - (B)	(5.9)