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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



August 10, 2023

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 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 6167
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 Scheduled date of filing quarterly securities report: August 10, 2023
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on quarterly financial results: Not available
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2023	4,107	(1.6)	290	(9.8)	331	(9.3)	237	(1.6)
June 30, 2022	4,175	3.3	322	5.2	365	12.0	241	1.5

(Note) Comprehensive income: Three months ended June 30, 2023: ¥279 million [(10.0)%]
 Three months ended June 30, 2022: ¥310 million [0.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	11.95	–
June 30, 2022	12.17	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	25,891	20,037	77.4
As of March 31, 2023	26,253	20,392	77.7

(Reference) Equity: As of June 30, 2023: ¥20,037 million
 As of March 31, 2023: ¥20,392 million

2. Cash Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen –	Yen 0.00	Yen –	Yen 32.00	Yen 32.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		0.00	–	22.00	22.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	8,600	2.8	470	(18.7)	510	(22.9)	370	(18.6)	18.65
Full year	17,800	3.6	1,170	1.7	1,230	0.4	890	(31.1)	44.87

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly included: – () Excluded: – ()

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revisions to accounting standards and other regulations: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(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, 2023: 20,000,000 shares

March 31, 2023: 20,000,000 shares

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

June 30, 2023: 164,998 shares

March 31, 2023: 164,998 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

Three months ended June 30, 2023: 19,835,002 shares

Three months ended June 30, 2022: 19,800,895 shares

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The financial results forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions that are deemed reasonable as of the date of publication of this document. Therefore,

these statements do not constitute a guarantee that the Company will achieve these forecasts or other forward-looking statements. For the assumptions underlying the forecasts herein and cautionary notes on the use of these financial results forecasts, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Forward-Looking Information, including Consolidated Earnings Forecasts” on page 3.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The Japanese economy during the three months ended June 30, 2023 experienced growing progress toward a normalization of activities as symbolized by the fact that the legal status of COVID-19 was downgraded to “Class 5,” and saw signs of recovery of consumer spending and capital investment. However, the economic outlook remained uncertain due to factors such as a continued surge in resource and other prices impacted by the prolonged situation in Ukraine and the effects of global financial tightening.

Amid this environment, the Group has laid out a fiscal year goal of “innovation (be brave and daring),” striving to achieve higher quality, lower cost, shorter delivery time, and excellent service.

The Group has formulated the medium-term management plan for three years from FY2021 (the fiscal year ended March 31, 2022), and, during FY2023 (the fiscal year ending March 31, 2024), the third year of the plan, has also been implementing the following measures aiming at converting to a robust corporate structure and building a foundation for medium- to long-term growth:

1. Productivity improvement / Business efficiency improvement
2. Respond to next-generation vehicles / Sales expansion
3. Creation of new growth engines
4. Strengthening of overseas business

For carbide tools, although slumping demand from some semiconductor-related sectors due primarily to changes in market conditions resulted in sluggish sales of related tools, sales of grooved rolls for overseas markets and some dies for steel pipes (plugs) were strong. As a result, net sales were ¥1,191 million (up 11.5% year on year).

Carbide molds saw favorable sales of molds for optical elements. Although sales of molds for automotive batteries were firm along with the electrification of automotive vehicles, sales for molds for automotive parts were sluggish partly impacted by inventory adjustment of the parts manufacturers, and as a result, net sales were ¥983 million (down 3.3% year on year).

For other carbide products, sales of materials for China were lackluster due to a continued slowdown in the economy since the zero-Covid policy was implemented, although sales of related molds remained steady due to the continued expansion in demand from some semiconductor-related sectors. As a result, net sales were ¥944 million (down 12.1% year on year).

In non-carbide products, as a result of sluggish sales of drawn steel pipes, net sales were ¥987 million (down 2.8% year on year), despite solid sales of some of steel molds for automotive parts and KF2 alloy for kneading tools.

As a result, net sales for the three months ended June 30, 2023 totaled ¥4,107 million (down 1.6% year on year). On the profit front, operating profit was ¥290 million (down 9.8% year on year), ordinary profit was ¥331 million (down 9.3% year on year), and profit attributable to owners of parent was ¥237 million (down 1.6% year on year).

Segment information has been omitted because the Group is comprised of a single business segment, the wear-resistant tool-related business.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the three months ended June 30, 2023 decreased by ¥361 million to ¥25,891 million (¥26,253 million at the end of the previous fiscal year). Current assets decreased by ¥429 million to ¥15,295 million (¥15,724 million at the end of the previous fiscal year). This is primarily attributable to decreases of ¥286 million in cash and deposits and ¥156 million in notes and accounts receivable - trade. Non-current assets increased by ¥67 million to ¥10,595 million (¥10,528 million at the end of the previous fiscal year). This is mainly attributable to an increase of ¥149 million in buildings and structures, net, despite a decrease of ¥113 million in construction in progress.

(Liabilities)

Total liabilities at the end of the three months ended June 30, 2023 decreased by ¥6 million to ¥5,853 million (¥5,860 million at the end of the previous fiscal year). Current liabilities decreased by ¥9 million to ¥4,187 million (¥4,197 million at the end of the previous fiscal year). This is mainly attributable to a decrease of ¥240 million in accrued expenses, despite increases of ¥66 million in advances received included in other, current liabilities and ¥150 million in provision for bonuses. Non-current liabilities increased by ¥3 million to ¥1,665 million (¥1,662 million at the end of the previous fiscal year).

(Net assets)

Total net assets at the end of the three months ended June 30, 2023 decreased by ¥355 million to ¥20,037 million (¥20,392 million at the end of the previous fiscal year). This is mainly attributable to an increase of ¥237 million in retained earnings due to the recording of profit attributable to owners of parent, offset by a decrease of ¥634 million in retained earnings due to dividends of surplus.

(3) Explanation of Forward-Looking Information, including Consolidated Earnings Forecasts

There is no revision to the earnings forecasts for the first half and full year announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023” dated May 15, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	6,572	6,285
Notes and accounts receivable - trade	3,110	2,953
Electronically recorded monetary claims - operating	1,387	1,429
Securities	1,000	1,000
Merchandise and finished goods	201	307
Work in process	1,741	1,704
Raw materials and supplies	1,521	1,466
Other	193	152
Allowance for doubtful accounts	(2)	(2)
Total current assets	15,724	15,295
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,598	3,748
Machinery, equipment and vehicles, net	2,013	1,944
Tools, furniture and fixtures, net	226	247
Land	2,713	2,719
Construction in progress	1,173	1,059
Total property, plant and equipment	9,724	9,719
Intangible assets		
Other	85	145
Total intangible assets	85	145
Investments and other assets		
Investment securities	279	295
Long-term loans receivable	10	8
Deferred tax assets	382	382
Other	46	44
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	718	730
Total non-current assets	10,528	10,595
Total assets	26,253	25,891

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,013	1,884
Short-term borrowings	33	34
Lease liabilities	16	16
Accounts payable - other	586	709
Accrued expenses	667	427
Income taxes payable	132	103
Provision for bonuses	209	360
Provision for bonuses for directors (and other officers)	39	-
Other	498	651
Total current liabilities	4,197	4,187
Non-current liabilities		
Lease liabilities	38	35
Deferred tax liabilities	10	12
Provision for retirement benefits for directors (and other officers)	2	2
Retirement benefit liability	1,610	1,615
Other	0	0
Total non-current liabilities	1,662	1,665
Total liabilities	5,860	5,853
Net assets		
Shareholders' equity		
Share capital	164	164
Capital surplus	1	1
Retained earnings	19,821	19,423
Treasury shares	(107)	(107)
Total shareholders' equity	19,879	19,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	120	132
Foreign currency translation adjustment	338	369
Remeasurements of defined benefit plans	53	54
Total accumulated other comprehensive income	513	555
Total net assets	20,392	20,037
Total liabilities and net assets	26,253	25,891

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
(For the three months ended June 30)

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	4,175	4,107
Cost of sales	3,073	2,983
Gross profit	1,102	1,124
Selling, general and administrative expenses	779	833
Operating profit	322	290
Non-operating income		
Interest income	1	2
Dividend income	3	4
Rental income	6	6
Foreign exchange gains	30	20
Subsidy income	3	5
Other	0	4
Total non-operating income	47	43
Non-operating expenses		
Interest expenses	4	0
Donations	–	1
Other	0	0
Total non-operating expenses	4	2
Ordinary profit	365	331
Extraordinary income		
Gain on sale of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	18	0
Impairment losses	1	–
Total extraordinary losses	19	0
Profit before income taxes	346	330
Income taxes	105	93
Profit	241	237
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	241	237

Quarterly Consolidated Statements of Comprehensive Income

(For the three months ended June 30)

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	241	237
Other comprehensive income		
Valuation difference on available-for-sale securities	(16)	11
Foreign currency translation adjustment	88	30
Remeasurements of defined benefit plans, net of tax	(2)	0
Total other comprehensive income	69	42
Comprehensive income	310	279
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	310	279
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

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

There is no relevant information.

(Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements)

For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(Calculation of tax expense)

The Company has adopted the method of calculating tax expenses based on a rational estimate of the effective tax rate, determined after applying tax effect accounting on profit before income taxes for the consolidated fiscal year including the three months ended June 30, 2023, and multiplying the quarterly profit before income taxes with said estimate of the effective tax rate.