

**Possessing an edge in magnesium die-casting manufacturing**

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**[5858 STG Sector : Nonferrous Metals]**

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar.2022	3,501	76.8	87	-	156	-	88	17.9	106.5	1,103.9	15.0
Mar.2023	4,684	33.8	196	2.2x	285	82.7	191	2.1x	231.5	1,493.0	25.0
Mar.2024 f	5,220	11.4	278	41.8	290	1.7	195	2.0	234.4	-	25.0

Note: Consolidated basis. Figures for the fiscal year ending March 2024 is the company's forecasts.

**Boasting a Highly Competitive Integrated Production System for Magnesium Parts**

STG specializes in using magnesium, the lightest among practical metals, and aluminum as raw materials in the manufacture and processing of parts for various industrial products. While the company's business only consists of a single segment of metal parts casting and processing, it has an edge, particularly in magnesium alloy processing. Additionally, STG is expanding overseas with manufacturing bases in Thailand, Malaysia and other countries. In the future, the company can expect growth in magnesium parts sales, particularly as the demand for lighter vehicles rises with the increasing shift toward EVs.

Magnesium, weighing approximately 60% of aluminum and about 1/3 that of titanium, is the lightest among practical metals and can be used to manufacture thinner and stronger products. However, it is prone to ignition. To address this characteristic of the metal, STG has developed a special wet dust collector to deal with the dust.

**Main Products and Main Customers**

STG's main products are lightweight metal parts used in automobiles, highly value-added cameras, surveillance cameras, projectors, printers, medical equipment and other applications. Demand for magnesium automobile dashboard panels is expected to increase in the future, especially as automobiles become lighter.

In terms of sales destinations, in fiscal year ended March 2022, CBC, which deals with mirrorless camera components, accounted for a high proportion of 23.6%. However, in fiscal year ended March 2023, sales were largely shared among three companies, with Sweden's AXIX Communications, which deals with surveillance cameras, Koshin Kogyo, which supplies die-cast parts to Seiko Epson and CBC, each accounting for about the same ratio. In the first three quarters of fiscal year ending March 2024, the sales ratio of Mitsubishi Electric, which has been increasing its automotive dashboard panels for European car makers, increased sharply to 12.9%. STG is said to have received orders from Mitsubishi Electric for all models of automotive meter panels, and high growth is expected to continue in the future.

## Financial Statements

Statement of income	Fiscal Year	Mar. 2022		Mar.2023		Three months to Dec.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		3,501	100.0	4,684	100.0	3,729	100.0
Cost of sales		2,716	77.6	3,658	78.1	2,961	79.4
Gross profit		785	22.4	1,026	21.9	767	20.6
Selling, general and administrative expenses		697	19.9	829	17.7	651	17.5
Operating profit		87	2.5	196	4.2	116	3.1
Non-operating income		108	-	129	-	44	-
Non-operating expenses		39	-	40	-	51	-
Ordinary profit		156	4.5	285	6.1	108	2.9
Profit before income taxes		134	3.8	276	5.9	99	2.7
Net profit		88	2.5	191	4.1	50	1.3

Balance sheet	Fiscal Year	Mar. 2022		Mar.2023		Dec.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		2,050	49.5	2,791	55.0	3,043	55.0
Cash and deposits		492	11.9	900	17.7	643	11.6
Accounts receivable-trade		758	18.3	946	18.6	912	16.5
Inventories		654	15.8	757	14.9	1,185	21.4
Non-current assets		2,090	50.5	2,286	45.0	2,489	45.0
Property, plant and equipment		1,653	39.9	1,890	37.2	2,071	37.4
Intangible assets		231	5.6	239	4.7	248	4.5
Investments and other assets		205	5.0	156	3.1	169	3.1
Total assets		4,140	100.0	5,078	100.0	5,533	100.0
Current liabilities		1,729	41.8	2,323	45.8	2,336	42.2
Accounts payable - trade		421	10.2	456	9.0	438	7.9
Short-term borrowings		766	18.5	973	19.2	1,103	19.9
Current portion of long-term borrowings.		302	7.3	516	10.2	382	6.9
Non-current liabilities		1,498	36.2	1,519	29.9	1,849	33.4
Long-term borrowings		1,443	34.9	1,287	24.4	1,491	27.0
Net assets		913	22.1	1,235	24.3	1,347	24.3
Owners' equity		913	22.1	1,235	24.3	1,346	24.3

Statement of cash flows	Fiscal Year	Mar. 2022	Mar.2023
		(mn yen)	(mn yen)
Cash flows from operating activities		-8	519
Depreciation		212	305
Cash flows from investing activities		-355	-233
Purchase of property, plant and equipment		-312	-277
Cash flows from financing activities		-217	85
Dividends paid		-12	-12
Net increase in cash and cash equivalents		-566	407
Cash and cash equivalents		492	900

Note: Consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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