

DAIDO STEEL CO., LTD. (5471 JP)

POSITIVE IMPACT FROM SALES VOLUME GROWTH RECOVERY AND, PROMPT PRICE REVIEW WILL BECOME MORE APPARENT IN 2H

FY22 RESULTS

Daido Steel (5471 JP) reported FY22 (March year-end) results on 28 April 2023 with record operating profit [OP] of ¥46,986mil (+27.1% YoY) on sales of ¥578,564mil (+9.2% YoY). Raw material prices, especially that of steel scrap, remained lower than expected while Daido's own product prices were gradually raised towards the end of the fiscal year. FY22 sales were largely in line with company guidance of ¥570,000mil (+7.6% YoY), while OP overshot the guidance of ¥45,000mil (+21.7% YoY).

Increases in raw material and energy prices pushed up COGS by +8.8% YoY in FY22 to ¥476,224mil, however, GPM improved by +0.3ppt YoY thanks to price hikes. In 2H alone, OP expanded +33.3% YoY to ¥23,761mil, surpassing the company's original forecast of ¥21,775mil (+22.2% YoY). Factors behind the overshoot were 1) the larger-than-expected YoY decline in sales volumes (-¥4,200mil), 2) which was sufficiently offset by better-than-expected positive impact from price revisions (+¥5,800mil). Moreover, (3) in 2H alone, steel scrap prices remained approx. ¥2,000mil lower than the firm anticipated, which led to a +¥600mil positive impact from the energy and raw materials market in 2H OP.

FY22 sales volumes of steel products fell -13.4% YoY to 1,085,000 tonnes. Despite a temporary recovery in Q3, auto production still remained sluggish throughout FY22. At the same time, inventory adjustments in the electronics parts and semiconductor sector led to a decline in sales volume of stainless steel. However, thanks to Daido Steel's efforts to adjust its prices – to compensate for the higher energy and raw materials costs – FY22 sales expanded +9.2% YoY. The negative impact to FY22 OP from the fall in sales volumes (-¥19,100mil) and the sharp increase in costs (-¥56,100mil) were almost totally offset by price adjustments (+¥70,700mil).

Furthermore, the improvement in sales mix also contributed to the profit performance throughout FY22. In 2016, Daido Steel had identified that demand for open die forging would likely increase and invested accordingly. Benefits from this decision are now being realised. Increases in open die forging sales and an improved sales mix in stainless steel products added some +¥20,000mil to the rise in OP. As a result, FY22 OPM improved +1.1ppt YoY to 8.1%. In Q4 alone, the OPM was 6.5% (+0.7ppt YoY / -2.9ppt QoQ).

FY22 free cash flow was ¥2,500mil, versus -¥31,300mil in FY21, thanks to an improvement in operating cash flow. The rapid rise in prices of raw materials and energy was offset by improved profits and lower inventories (reduced by approx. ¥25,200mil). As a result, working capital spent was reduced from ¥77,600mil in FY21 to ¥39,600mil in FY22. This led to FY22 cash flow from operations (CFO) of ¥22,600mil, a significant improvement from -¥16,700mil in FY21.

EXECUTIVE SUMMARY

- Daido Steel (5471 JP) reported FY22 (March year-end) results on 28 April 2023 with record OP of ¥46,986mil (+27.1% YoY) on sales of ¥578,564mil (+9.2% YoY).
- Despite a -13.4% YoY decline in the sales volumes of steel products amid weak auto production, price hikes – to reflect the rapid surge in raw material and energy costs – led to FY22 sales rising +9.2% YoY.
- The improvement in the sales mix from sales of open die forging and high-performance stainless steel also boosted FY22's profitability.
- Daido Steel guides for FY23 1H OP of ¥19,000mil (-18.2% YoY) on sales of ¥290,000mil (+2.9% YoY), and full year FY23 OP of ¥47,000mil (flat) on sales of ¥600,000mil (+3.7% YoY).
- The flat forecast for FY23 OP is due to management not anticipating the one-off positive factors seen in FY22 – the FOREX impact on (1) the time lag between procurement costs and final selling prices for products in the Specialty Steel, High Performance & Magnetic Materials, Auto and Industrial Machinery segments, (2) hedging on a Group basis) and (3) nickel prices. While those factors will unlikely occur in FY23, higher sales volumes, as auto production recovers, and further price increases, including surcharges on energy prices and price hikes in tool steel, are expected to offset the lack of the aforementioned one-off positive factors.
- FY23 is the last year of the three-year medium-term management plan. The plan's OP target of more than ¥40,000mil was achieved in FY22. Growth in Daido Steel's strategic products, such as high-performance stainless steel and open die forging, led to a marked improvement in sales mix. As a result, ROE reached 10.4% in FY22, surpassing the medium-term target of 8%.
- The FY23 annual dividend will likely be ¥230/share (+0.0% YoY) which will produce a dividend pay-out ratio of 30.6% based on the current profit forecast.

Daido Steel (5471 JP): Earnings Results and Guidance Summary							
¥mil	FY21		FY22				FY vs. FYCE (%)
	1H	FY	1H	FY	YoY (%)	FYCE	
Steel Products Sales Volume (tonne)	634,000	1,253,000	540,000	1,085,000	-13.4	1,090,000	-0.5
Sales	255,224	529,667	281,857	578,564	9.2	570,000	1.5
COGS	209,209	437,556	230,921	476,224	8.8	N/A	N/A
COGS / Sales (%)	82.0	82.6	81.9	82.3	-0.3ppt	N/A	N/A
GP	46,015	92,111	50,935	102,340	11.1	N/A	N/A
GPM (%)	18.0	17.4	18.1	17.7	+0.3ppt	N/A	N/A
SG&A	26,858	55,128	27,710	55,353	0.4	N/A	N/A
SG&A / Sales (%)	10.5	10.4	9.8	9.6	-0.8ppt	N/A	N/A
OP	19,156	36,982	23,225	46,986	27.1	45,000	4.4
OPM (%)	7.5	7.0	8.2	8.1	+1.1ppt	7.9	+0.2ppt
RP	20,556	39,200	24,092	48,122	22.8	46,000	4.6
Extraordinary Profit / Loss	-424	1,546	-407	1,241	-19.7	N/A	N/A
Corporation Tax	-5,643	-11,120	-4,225	-10,867	N/A	N/A	N/A
NP*	12,840	26,894	18,294	36,438	35.5	34,000	7.2

Source: Nippon-IBR based on Daido Steel's earnings results presentation materials
* NP attributed to the parent's shareholders

FY22 EARNINGS BY SEGMENT

FY22 earnings for the major three segments are discussed below:

Specialty Steel Segment

[FY22 Sales ¥214,770mil (+8.6% YoY) / OP ¥9,771mil (+155.3% YoY) / OPM 4.5% (+2.6ppt)]

Special Steel FY22 OP surged +2.5x YoY to ¥9,771mil on sales of ¥214,770mil (+8.6% YoY). Although sales volumes declined -13.4% YoY to 1,085,000 tonnes, price adjustments to reflect the surge in energy costs and rising raw materials prices that are not subject to surcharge progressed faster than the firm's expectation towards the end of FY22.

FY22 OP improve +¥6,000mil YoY (+155.3% YoY) as Daido Steel successfully implemented price adjustments (+¥33,700mil), which offset the -¥21,100mil hit from (1) higher energy and raw material costs and (2) declines in sales volumes (-¥5,500mil). The slide gap of steel scrap in FY22 – the effect of which tends to have a time lag – improved by +¥5,900mil to +¥1,400mil, up from FY21's -¥4,500mil. Moreover, it has improved with each quarter throughout the year – FY22 Q1 to -¥700mil (-¥200mil QoQ) / Q2 to ¥600mil (+¥1,300mil QoQ) / Q3 to ¥700mil (+¥100mil QoQ) / Q4 to ¥800mil (+¥100mil QoQ).

High Performance Materials & Magnetic Materials Segment

[FY22 sales ¥219,724mil (+11.2% YoY) / OP ¥24,286mil (-8.9% YoY) / OPM 11.1% (-2.4ppt)]

The segment reported FY22 OP of ¥24,286mil (-8.9% YoY) on sales of ¥219,724mil (+11.2% YoY), resulting in the OPM contracting -2.4ppt YoY to 11.1%. The decline in segment OP was due to:

1. Lower sales volumes (-¥10,600mil) on the back of weak shipments of stainless steel to the auto industry and inventory adjustments by customers, such as hard-disc makers, and
2. Increases in fixed cost (-¥2,100mil), though they were partially offset by the improved sales mix (+¥3,800mil) on the back of strong demand from the SPE sector.
3. The hit from rising raw material costs (-¥25,800mil), such as nickel, however, was also able to be passed on in price hikes (+¥32,400mil).

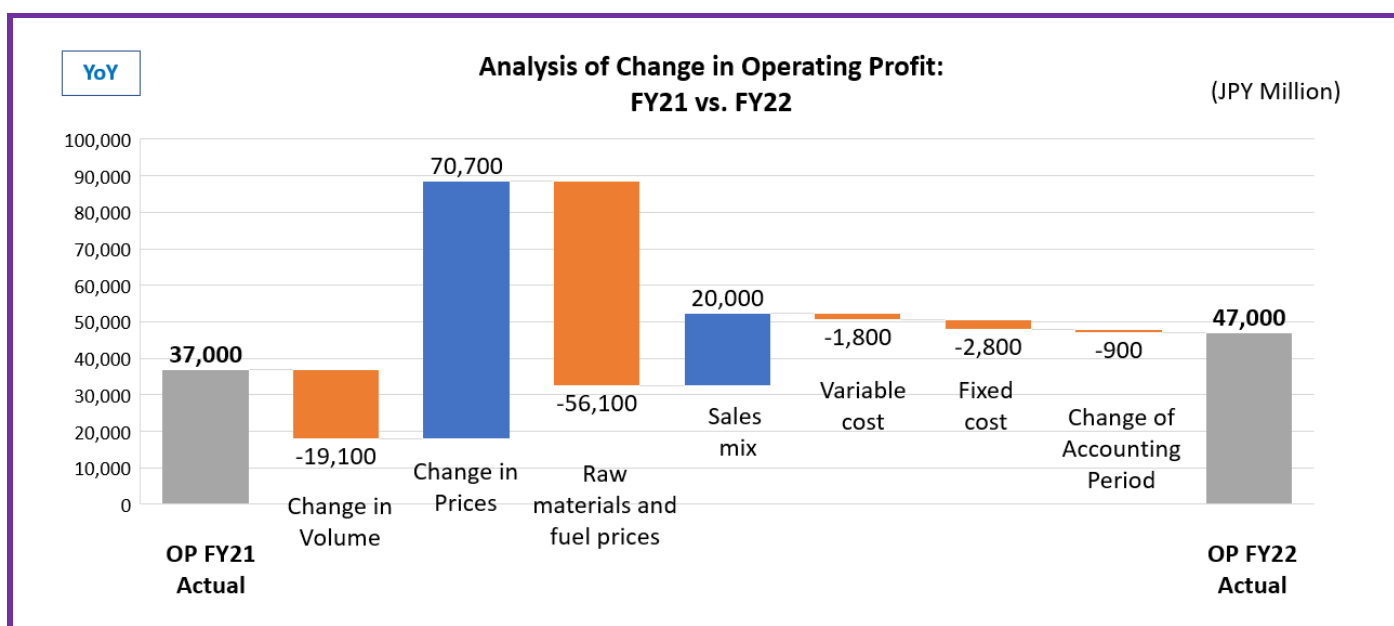
Parts for Automobile and Industrial Equipment Segment

[FY22 sales ¥101,232mil (+9.4% YoY) / OP ¥8,217mil (+65.0% YoY) / OPM 8.1% (+2.7ppt)]

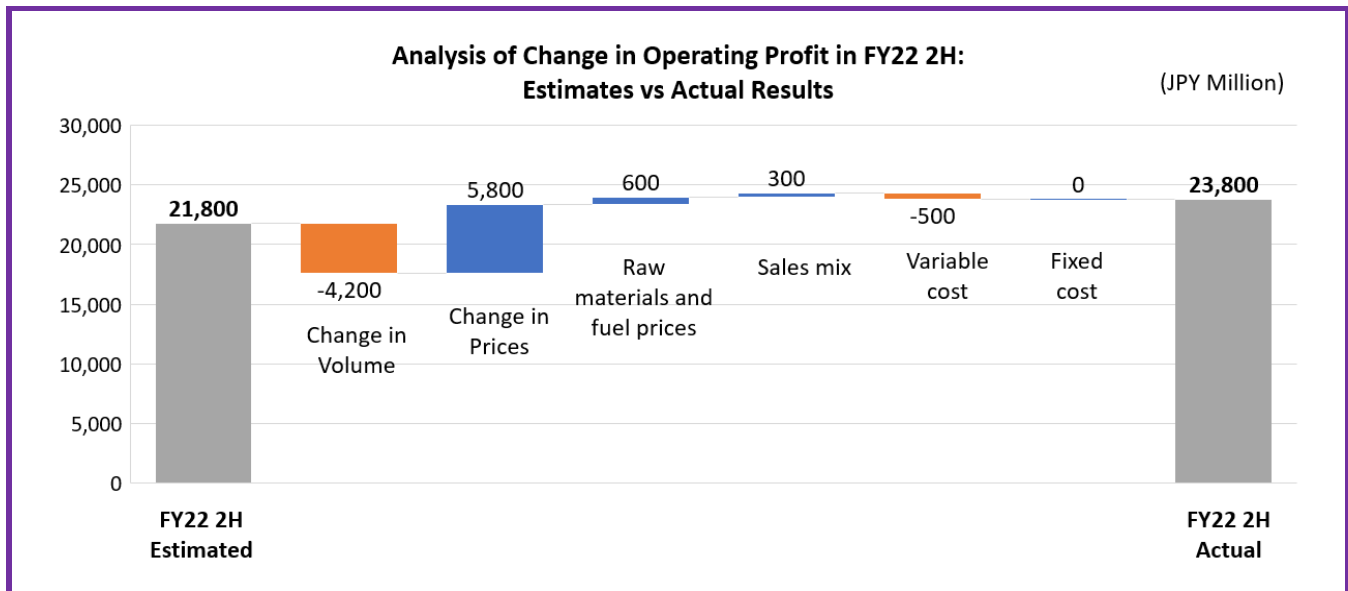
Parts for Automobile and Industrial Equipment reported FY22 OP of ¥8,217mil (+65.0% YoY) on sales of ¥101,232mil (+9.4% YoY). Although die forging sales volumes declined along with the reduction in auto parts production, there was solid demand for open die forging, especially overseas, from the energy and environment-related (e.g., engine valves in ships) industries. Demand from the aircraft industry also kicked in. As a result, the improvement in the sales mix added +¥17,700mil to FY22 segment OP (+¥3,200mil YoY), offsetting the negative impact from the surge in raw material and energy costs (-¥9,200mil) and the decline in sales volume (-¥3,000mil).

Daido Steel (5471JP): Sales, OP and OPM by Segment (semi-annually)								
(¥mil)		FY21			FY22			YoY (%)
		1H	2H	FY	1H	2H	FY	
Specialty Steel	Sales	93,168	104,635	197,803	102,740	112,030	214,770	8.6
	OP	1,441	2,386	3,827	4,223	5,548	9,771	155.3
	OPM (%)	1.5	2.3	1.9	4.1	5.0	4.5	+2.6ppt
High Performance Materials & Magnetic Materials	Sales	94,756	102,848	197,604	109,566	110,158	219,724	11.2
	OP	13,921	12,729	26,650	13,437	10,849	24,286	-8.9
	OPM (%)	14.7	12.4	13.5	12.3	9.8	11.1	-2.4ppt
Parts for Automobile and Industrial Equipment	Sales	46,521	45,983	92,504	49,485	51,747	101,232	9.4
	OP	3,127	1,852	4,979	3,362	4,855	8,217	65.0
	OPM (%)	6.7	4.0	5.4	6.8	9.4	8.1	+2.7ppt
Engineering	Sales	8,732	9,482	18,214	8,336	10,620	18,956	4.1
	OP	-709	-568	-1,277	412	1,013	1,425	n/a
	OPM (%)	N/A	N/A	N/A	4.9	9.5	7.5	n/a
Trading & Service	Sales	12,047	11,493	23,540	11,727	12,154	23,881	1.4
	OP	1,387	1,447	2,834	1,816	1,477	3,293	16.2
	OPM (%)	11.5	12.6	12.0	15.5	12.2	13.8	+1.8ppt
Total	Sales	255,224	274,443	529,667	281,857	296,707	578,564	9.2
	OP	19,156	17,826	36,982	23,225	23,761	46,986	27.1
	OPM (%)	7.5	6.5	7.0	8.2	8.0	8.1	+1.1ppt

Source: Nippon-IBR based on FY21 & FY22 Earnings Results Materials published by Daido Steel



Source: Nippon-IBR based on FY22 Earnings Results Materials published by Daido Steel



Source: Nippon-IBR based on FY22 Earnings Results Materials published by Daido Steel

FY23 OUTLOOK

Daido Steel guides for FY23 1H OP of ¥19,000mil (-18.2% YoY) on sales of ¥290,000mil (+2.9% YoY), and FY23 OP of ¥47,000mil (+0.0% YoY) on sales of ¥600,000mil (+3.7% YoY). FY23 annual dividend will stay at ¥230/share, or a payout ratio of 30.6%.

Although FY23 OP growth appears flat, the firm reckons one-off positive factors in FY22 – due to the time lag between procurement cost and selling price because of a rapid change in FOREX (of Specialty Steel, High Performance and Magnetic Materials, Auto and Industrial Machinery segments, and FOREX hedging impact on the Group basis) and Nickel prices – will unlikely occur in FY23. However, as auto production recovers and price hikes take hold, including surcharges on energy prices and for tool steel, sales volumes will increase enough to offset the lack of the aforementioned one-off factors.

Assumptions behind the company's estimates are as follows:

1. Specialty steel sales volumes will likely rise +4.0% YoY / +44,000 tonne to 1,129,000 tonnes, thanks to the recovery in auto production. On a semi-annual basis, the firm assumes 1H sales volume of 544,000 tonnes (+0.7% YoY / 0.2% HoH) and 2H sales volume of 585,000 tonnes (+7.3% YoY / +7.5% HoH).

The aforementioned sales volume forecast is based on Daido's own CY23 global auto production estimates of 25.1mil units (+3.3% YoY) – 1H 12.4mil units (+0.0% HoH) and 2H 12.7mil units (+2.4% HoH) – appears more conservative than OEM makers' own estimates which call for approx. 14.0mil units in the 2H.

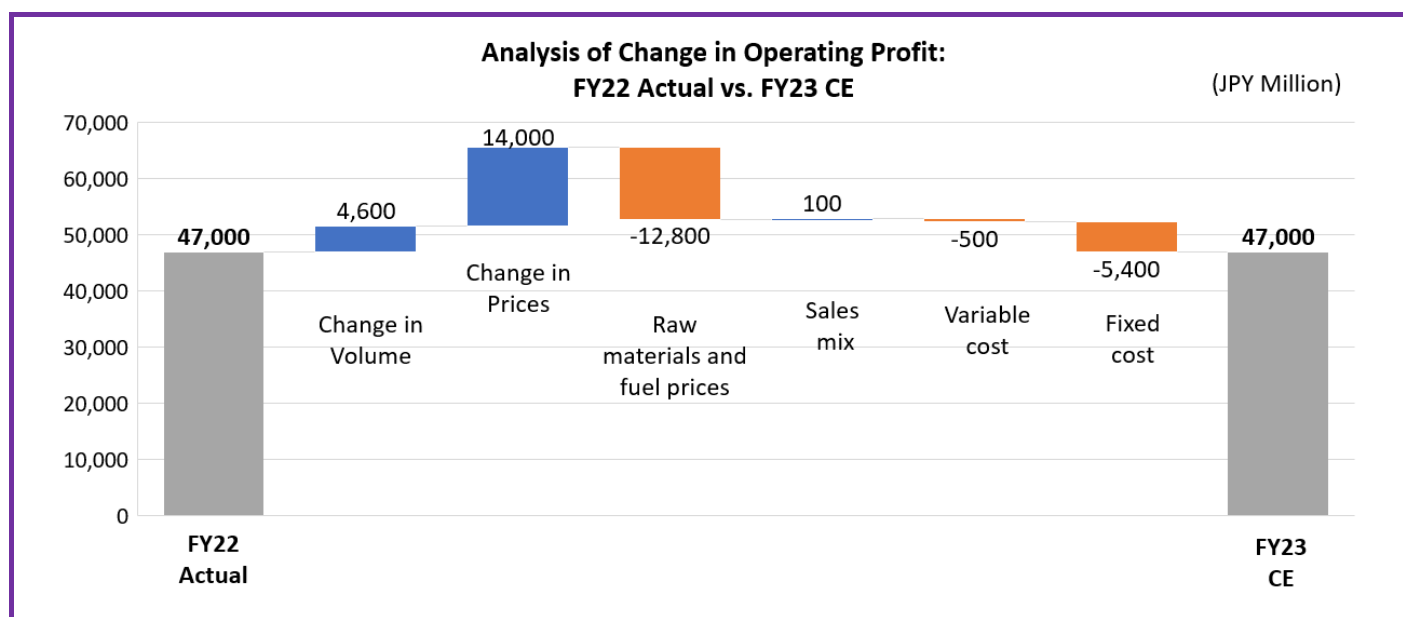
2. Surcharges on energy costs will become apparent from Q2 onwards due to a time lag of approx. 3~6 months from the price settlement with the firm's energy supplier, Chubu Electric. Daido expects a negative impact of -¥7,000mil from the rise in energy cost in FY23. Also, Daido assumes there is a negative (-¥6,000mil YoY) impact from a higher nickel price. These will be offset by increases in selling prices (+¥14,000mil).

Earnings Forecast									
(¥mil)	FY21			FY22			FY23 CE		
	1H	2H	FY	1H	2H	FY	1H CE	2H CE	FY CE
Steel Products Sales Volume (tonne)	634,000	619,000	1,253,000	540,000	545,000	1,085,000	544,000	585,000	1,129,000
Sales	255,224	274,443	529,667	281,857	296,707	578,564	290,000	310,000	600,000
OP	19,156	17,826	36,982	23,225	23,761	46,986	19,000	28,000	47,000
OPM (%)	7.5	6.5	7.0	8.2	8.0	8.1	6.6	9.0	7.8
RP	20,556	18,644	39,200	24,092	24,030	48,122	20,000	28,500	48,500
Extraordinary Profit / Loss	-424	1,970	1,546	-407	1,648	1,241	n/a	n/a	n/a
Corporation Tax	-5,643	-5,477	-11,120	-4,225	-6,642	-10,867	-7,000	-9,500	-16,500
NP*	12,840	14,054	26,894	18,294	18,144	36,438	13,000	19,000	32,000

Source: Nippon-IBR based on Daido Steel's earnings results presentation materials
* NP attributed to the parent's shareholders

Raw Materials Price Trend			FY20	FY21	FY22		FY23 (CE)
			Result	Result	Assumption	Result	Assumption
Scrap	H2	¥000/t	24.9	47.6	61.5	46.3	50.0
	Factory Bundle		28.9	53.9	66.5	50.7	53.0
Nickle	LME	\$/Lb	6.8	9.3	14.0	11.6	12.0
Crude Oil	Dubai Brent	\$/bbl.	45.8	76.6	100.0	90.3	85.0
FOREX	TTM	¥/\$	107.1	113.4	120.0	135.5	130.0

Source: Daido Steel FY22 Earnings Results Presentation



Source: Nippon-IBR based on FY22 Earnings Results Materials published by Daido Steel

FORECAST BY SEGMENT

FY23 earnings for Daido Steel's three major segments are as follows:

- Specialty Steel**

[FY23 sales ¥232,000 mil (+8.0% YoY) / OP ¥13,500mil (+38.2% YoY) / OPM 5.8% (+1.3ppt)]

Daido Steel guides for 1H segment OP of ¥5,000mil (+18.4% YoY) on sales of ¥112,000mil (+9.0% YoY) and 2H segment OP of ¥8,500mil (+53.2% YoY) on sales of ¥120,000mil (+7.1% YoY).

FY23 segment earnings forecast are based on the assumption that:

1. Sales volume to start increase on a YoY basis towards 2H, as global auto production volumes recover,
2. OPMs will be optimized as much as possible on the back of price adjustments to offset higher energy and raw materials costs, and
3. Tool steel prices in the 2H will be raised by approx. 5~15%. The slide gap will likely be -¥2,500mil YoY to -¥1,100mil (-¥900mil in 1H and -¥200mil in 2H), a fall back from positive impact in FY22 (+¥1,400mil).

- **High Performance Materials & Magnetic Materials**

[FY23 sales ¥220,000mil (+0.1% YoY) / OP ¥21,500mil (-11.5% YoY) / OPM 9.8% (-1.3ppt)]

The YoY decline in segment FY23 OP is based on expectations that inventory adjustment of stainless steel will likely continue until 2H as:

1. The weak auto production during FY22 is likely to still be suffering from high inventory levels of stainless steel throughout the entire supply chain, and
2. Demand for stainless steel used for SPEs will likely weaken as the silicon cycle tries to find a bottom.

The firm guides for 1H segment OP of ¥9,000mil (-33.0% YoY) on sales of ¥105,000mil (-4.2% YoY) and 2H OP of ¥12,500mil (+15.2% YoY) on sales of ¥115,000mil (+4.4% YoY).

- **Parts for Automobile and Industrial Equipment Segment**

[FY23 sales ¥106,000mil (+4.7% YoY) / OP ¥8,500mil (+3.4% YoY) / OPM 8.0% (-0.1ppt)]

The segment will likely enjoy solid growth in open die forging. Daido Steel guides for 1H segment OP of ¥3,000mil (-10.8% YoY) on sales of ¥52,000mil (+5.1% YoY) and 2H OP of ¥5,500mil (+13.3% YoY) on sales of ¥54,000mil (+4.4% YoY). As auto production increases in 2H, sales volume will likely improve thanks to sales increase in engine valves.

Daido Steel (5471JP): Sales, OP and OPM by Segment (semi-annually)											
¥mil		FY22				FY23CE					
		1H	2H	FY	YoY (%)	1H	YoY (%)	2H	YoY (%)	FY	YoY (%)
Specialty Steel	Sales	102,740	112,030	214,770	8.6	112,000	9.0	120,000	7.1	232,000	8.0
	OP	4,223	5,548	9,771	155.3	5,000	18.4	8,500	53.2	13,500	38.2
	OPM (%)	4.1	5.0	4.5	+2.6ppt	4.5	+0.4ppt	7.1	+2.1ppt	5.8	+1.3ppt
High Performance Materials & Magnetic Materials	Sales	109,566	110,158	219,724	11.2	105,000	-4.2	115,000	4.4	220,000	0.1
	OP	13,437	10,849	24,286	-8.9	9,000	-33.0	12,500	15.2	21,500	-11.5
	OPM (%)	12.3	9.8	11.1	-2.4ppt	8.6	-3.7ppt	10.9	+1.1ppt	9.8	-1.3ppt
Parts for Automobile and Industrial Equipment	Sales	49,485	51,747	101,232	9.4	52,000	5.1	54,000	4.4	106,000	4.7
	OP	3,362	4,855	8,217	65.0	3,000	-10.8	5,500	13.3	8,500	3.4
	OPM (%)	6.8	9.4	8.1	+2.7ppt	5.8	-1.0ppt	10.2	+0.8ppt	8.0	-0.1ppt
Engineering	Sales	8,336	10,620	18,956	4.1	9,000	8.0	10,000	-5.8	19,000	0.2
	OP	412	1,013	1,425	n/a	500	21.4	500	-50.6	1,000	-29.8
	OPM (%)	4.9	9.5	7.5	n/a	5.6	+0.7ppt	5.0	-4.5ppt	5.3	-2.2ppt
Trading & Service	Sales	11,727	12,154	23,881	1.4	12,000	2.3	11,000	-9.5	23,000	-3.7
	OP	1,816	1,477	3,293	16.2	1,500	-17.4	1,000	-32.3	2,500	-24.1
	OPM (%)	15.5	12.2	13.8	+1.8ppt	12.5	-3.0ppt	9.1	-3.1ppt	10.9	-2.9ppt
Total	Sales	281,857	296,707	578,564	9.2	290,000	2.9	310,000	4.5	600,000	3.7
	OP	23,225	23,761	46,986	27.1	19,000	-18.2	28,000	17.8	47,000	0.0
	OPM (%)	8.2	8.0	8.1	+1.1ppt	6.6	-1.6ppt	9.0	+1.0ppt	7.8	-0.3ppt

Source: Nippon-IBR based on FY21 & FY22 Earnings Results Materials published by Daido Steel

PROGRESS ON MEDIUM-TERM MANAGEMENT PLAN TARGETS

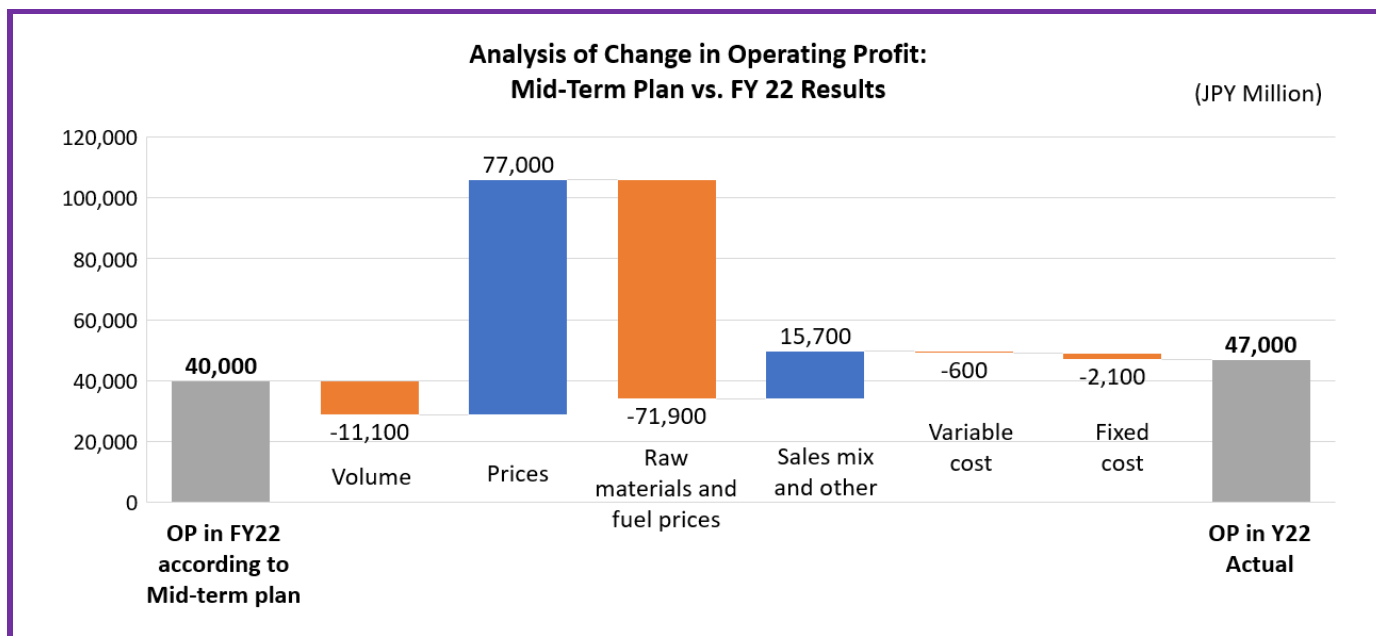
FY23 is the last year of the three-year medium-term management plan. Thanks to the firm's efforts to reduce fixed costs and adjust prices to meet surging input costs, the medium-term OP target of more than ¥40,000mil was achieved in FY22, despite a slowdown in steel products sales volumes. More importantly, growth in Daido Steel's strategic products, such as high-performance stainless steel and open die forging, delivered a marked improvement in sales mix. As a result, ROE reached 10.4% in FY22, surpassing the medium-term target of 8.0%.

On the other hand, the firm's aim to reduce its D/E ratio to 0.5x will likely not be met. With the ongoing surge in raw material and energy costs, Daido Steel's working capital contracted and cash flow from operations (CFO) was affected. To secure working capital, short-term debt increased in FY22. As a result, the D/E ratio will likely remain 0.65x in FY23, over the medium-term target level of 0.5x.

Daido Steel also committed to reducing its strategic holdings of investment securities, including shares contributed to the firm's employee pension trust, to less than 20% of net assets during the ongoing medium-term management plan. As of the end of FY22, strategic holdings of shares alone (excluding those contributed to the employee pension trust) were reduced to 17.7% of net assets of ¥405,479mil. Capital gain from the sale will be proactively invested on achieving carbon neutrality.

Medium-term Management Plan (FY21~FY23) Target				
	Target to achieve in FY23	FY22 Results	FY23 Forecast	Progress
OP (¥mil)	40,000	47,000	47,000	Achieved in FY22
ROE (%)	8.0	10.4	8.4	Achieved in FY22
D/E ratio (x)	0.5	0.64	0.65	Likely fall short of the target.
Investment (¥mil)	85,000	-	90,000	Strategically invest on growing businesses
Sales volume (tonne)	1.2mil	1.085mil	1.129mil	Likely fall short due to weak auto production

Source: Nippon-IBR based on Daido Steel's FY22 earnings results presentation



Source: Nippon-IBR based on FY22 Earnings Results Materials published by Daido Steel

CAPITAL ALLOCATION POLICY

Daido Steel has three major allocations for its capital: strategic investment for growth, including (1) CAPEX, (2) investments related to achieve a carbon neutral status and (3) dividend payments. The firm plans to finance CAPEX via cash flow, bank loans and the proceeds from the unwinding of some of its investment securities. Over the current medium-term plan, Daido plans to spend total of ¥90,000mil investment to achieve carbon neutrality. In FY23, the firm guides for CAPEX of ¥32,900mil which includes strategic investment including business portfolio restructuring, and cost and productivity improvement, carbon neutral-related investment and IT investment vs. depreciation cost of ¥26,800mil.

- CAPEX:** Daido Steel identifies 1) business portfolio restructuring, and 2) improvement in cost and production efficiency as strategic investment focus. For example, in FY23, the firm plans to dedicate approx ¥5,200mil in CAPEX on the second vacuum remelting furnaces (VAR) in the Chita Second Factory to enhance production capacity of high-performance stainless steel and high alloy used for SPEs, which Daido has approx 40% global market share. In FY22, the firm spent CAPEX of approx ¥24,300mil vs. depreciation cost of ¥26,100mil.
- Investment to achieve a carbon neutral status:** At the ESG presentation held on 19 December 2022, the firm announced a renewed initiative, *Daido Carbon Neutral Challenge 2030*, which aims to reduce Scope 1 & Scope 2 CO2 emissions by -50% by 2030 compared to emission volume of approx 1mil tonne in FY13 and to become carbon neutral by 2050 on a parent basis.
- Dividend policy:** The company currently does not have any shareholder return measures other than an annual cash dividend payout, at 30% of net profit. FY22 annual dividend was ¥230/share vs forecast of ¥200/share, which was revised due to better-than-expected profit level. FY23 dividend is currently guided for ¥230/share, which will generate 30.6% of FY23 profit forecast.

GENERAL DISCLAIMER AND COPYRIGHT

This report has been commissioned by Daido Steel Co., Ltd. (the Sponsor) and prepared and issued by Nippon Investment Bespoke Research UK Ltd (Nippon-IBR), in consideration of a fee payable by the Sponsor. Fees are paid on delivery of the report in cash without recourse. Nippon-IBR may seek additional fees for the provision of follow-up research reports and associated IR services for the Sponsor but does not get remunerated for any investment banking services. We never take payment in stock, options, or warrants for any of our services.

Accuracy of content: *All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however Nippon-IBR does not guarantee the accuracy or completeness of this report and has not sought for this information to be independently verified. Opinions contained in this report represent those of the Nippon-IBR analyst at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of their subject matter to be materially different from current expectations.*

Exclusion of Liability: *To the fullest extent allowed by law, Nippon-IBR shall not be liable for any direct, indirect, or consequential losses, loss of profits, damages, costs, or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.*

No personalised advice: *The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Nippon-IBR's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.*

Investment in securities mentioned: *Nippon-IBR has a restrictive policy relating to personal dealing and conflicts of interest. It does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees, and contractors of Nippon-IBR may have a position in any or related securities mentioned in this report, subject to its policies on personal dealing and conflicts of interest.*

Copyright: *Copyright 2023 Nippon Investment Bespoke Research UK Ltd.*

For further enquiry, please contact:

Nippon Investment Bespoke Research UK Ltd

118 Pall Mall

London SW1Y 5EA

TEL: +44 (0)20 7993 2583

Email : enquiries@nippon-ibr.com



Research Beyond Horizons
Japanese Equity Specialist

Nippon Investment Bespoke Research UK Ltd (formerly known as NIB Research UK Ltd.) is registered in England and Wales (9100028) and is authorised and regulated by the Financial Conduct Authority <FRN: 928332>.