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June 14, 2024

Consolidated Financial Results for the Three Months Ended April 30, 2024 (Under Japanese GAAP)

Company name: Mitsui High-tec, Inc.
 Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange
 Securities code: 6966
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 Scheduled date to file quarterly securities report: June 14, 2024
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the three months ended April 30, 2024 (from February 1, 2024 to April 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 30, 2024	50,431	11.4	3,971	3.9	6,462	42.4	4,777	48.7
April 30, 2023	45,265	5.8	3,823	(42.1)	4,537	(44.4)	3,213	(53.0)

Note: Comprehensive income For the three months ended April 30, 2024: ¥7,709 million [83.9%]
 For the three months ended April 30, 2023: ¥4,192 million [(52.8)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
April 30, 2024	130.71	—
April 30, 2023	87.91	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
April 30, 2024	212,371	102,922	48.3
January 31, 2024	195,696	96,993	49.4

Reference: Equity
 As of April 30, 2024: ¥102,574 million
 As of January 31, 2024: ¥96,633 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended January 31, 2024	Yen —	Yen 24.00	Yen —	Yen 48.00	Yen 72.00
Fiscal year ending January 31, 2025	—				
Fiscal year ending January 31, 2025 (Forecast)		28.00	—	12.00	—

- Notes: 1. Revisions to the forecast of cash dividends most recently announced: Yes
2. At a meeting of the Board of Directors held today, the Company passed a resolution to conduct a 5-for-1 stock split of common shares, with an effective date of August 1, 2024. Therefore, the forecast of the year-end dividend per share for the fiscal year ending January 31, 2025 shows the amount that takes into account the effect of the stock split. The forecast of the year-end dividend per share for the fiscal year ending January 31, 2025 without taking into account the stock split would be ¥60. For details, please refer to the “Notice Concerning Stock Split, Partial Amendments to the Articles of Incorporation in Connection with Stock Split and Revision of Dividend Forecast” (in Japanese only) released today.

3. Consolidated earnings forecasts for the fiscal year ending January 31, 2025 (from February 1, 2024 to January 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
Fiscal year ending January 31, 2025	237,000	21.0	21,000	15.9	20,000	(8.0)	14,000	(9.9)	76.61

- Notes: 1. Revisions to the forecast of financial results most recently announced: None
2. The Group has omitted the consolidated earnings forecasts for the six months ending July 31, 2024.
3. Basic earnings per share in the forecast for the fiscal year ending January 31, 2025 (full year) takes into account the effect of the stock split. Without taking into account the effect of the stock split, basic earnings per share in the forecast for the fiscal year ending January 31, 2025 (full year) would be ¥383.04.

*** Notes**

- (1) Changes in significant subsidiaries during the three months ended April 30, 2024 (changes in specified subsidiaries resulting in the change in scope of consolidation): 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
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of April 30, 2024	39,466,865 shares
As of January 31, 2024	39,466,865 shares

(ii) Number of treasury shares at the end of the period

As of April 30, 2024	2,916,742 shares
As of January 31, 2024	2,916,504 shares

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

Three months ended April 30, 2024	36,550,222 shares
Three months ended April 30, 2023	36,551,422 shares

Note: The Company introduced a Board Benefit Trust (BBT), and the number of treasury shares at the end of the period includes the shares of the Company held by the Board Benefit Trust (BBT) (55,700 shares as of April 30, 2024 and 55,700 shares as of January 31, 2024). Furthermore, treasury shares excluded for the calculation of the average number of shares outstanding during the period (cumulative from the beginning of the fiscal year) include the shares of the Company held by the Board Benefit Trust (BBT) (55,700 shares as of April 30, 2024 and 55,700 shares as of April 30, 2023).

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The above earnings forecasts are based on information currently available to the Company. These statements are not intended to be a guarantee that the forecasts will be achieved. Actual earnings results may differ from the forecasts due to various factors.

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1. Qualitative information on quarterly financial results

(1) Explanation of business results

The economic environment surrounding the Group during the three months ended April 30, 2024 was on a gradual recovery trend overall, but the outlook remained uncertain due to monetary tightening mainly in Europe and the U.S., unstable conditions in the Middle East, a deterioration in the Chinese economy and other factors.

With regard to the Group's major customers, in the automotive industry, electric vehicle-related demand remained strong. In the semiconductor industry, the overall recovery has been gradual, but there is a delay in the recovery of final demand for some semiconductors.

Under this business environment, with ultra-precise processing technology as its core, the Group sought to expand orders received for products and parts that contribute to resource and energy saving while strengthening its global supply system to respond to customer needs. Additionally, the entire Group worked to enhance productivity and to reduce costs.

As a result, net sales for the three months ended April 30, 2024 amounted to ¥50,431 million (up 11.4% year on year) and operating profit amounted to ¥3,971 million (up 3.9% year on year). Ordinary profit amounted to ¥6,462 million (up 42.4% year on year) and profit attributable to owners of parent amounted to ¥4,777 million (up 48.7% year on year) due mainly to an increase in foreign exchange gains for foreign currency denominated financial assets.

The demand trends remain unpredictable for both the automotive and semiconductor industry, but the entire Group will work together to continue increasing profit.

Operating results by segment are as follows.

Tooling and Machine Tools

In the Tooling and Machine Tools Business, due to a decline in orders received for tooling, net sales amounted to ¥2,635 million (down 10.8% year on year) and operating profit amounted to ¥68 million (down 77.7% year on year).

Electronic Parts

In the Electronic Parts Business, net sales amounted to ¥13,899 million (up 4.1% year on year) and operating profit amounted to ¥1,284 million (up 11.4% year on year) mainly due to yen depreciation, despite the delayed recovery in final demand for some semiconductors.

Electrical Parts

In the Electrical Parts Business, net sales amounted to ¥35,471 million (up 15.7% year on year) due to the response to firm demand for motor cores for drive and power generation applications for electric vehicles. However, operating profit amounted to ¥2,696 million (down 0.0% year on year) as a result of increases in various costs in response to upfront investment.

Net sales for the above segment are presented including ¥1,574 million in intersegment net sales or transfers.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of January 31, 2024	As of April 30, 2024
Assets		
Current assets		
Cash and deposits	39,248	46,803
Notes and accounts receivable - trade, and contract assets	29,452	29,438
Electronically recorded monetary claims - operating	3,782	3,901
Merchandise and finished goods	7,605	7,530
Work in process	2,989	2,863
Raw materials and supplies	3,662	4,189
Other	5,362	4,494
Allowance for doubtful accounts	(13)	(14)
Total current assets	92,089	99,208
Non-current assets		
Property, plant and equipment		
Buildings and structures	50,271	55,566
Accumulated depreciation	(26,938)	(27,708)
Buildings and structures, net	23,333	27,857
Machinery, equipment and vehicles	112,667	116,734
Accumulated depreciation	(64,367)	(67,433)
Machinery, equipment and vehicles, net	48,300	49,300
Tools, furniture and fixtures	26,551	27,634
Accumulated depreciation	(21,451)	(22,292)
Tools, furniture and fixtures, net	5,099	5,342
Land	7,408	8,197
Right-of-use assets	1,963	2,069
Accumulated depreciation	(1,283)	(1,372)
Right-of-use assets, net	679	697
Construction in progress	13,470	16,137
Total property, plant and equipment	98,290	107,531
Intangible assets	1,524	1,592
Investments and other assets		
Investment securities	1,451	1,663
Retirement benefit asset	870	954
Deferred tax assets	1,283	1,231
Other	186	188
Total investments and other assets	3,791	4,037
Total non-current assets	103,607	113,162
Total assets	195,696	212,371

(Millions of yen)

	As of January 31, 2024	As of April 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	21,000	20,558
Short-term borrowings	* 4,000	* –
Current portion of long-term borrowings	9,563	8,833
Income taxes payable	2,983	2,042
Provision for bonuses for directors (and other officers)	–	1
Lease liabilities	44	55
Other	9,140	10,759
Total current liabilities	46,733	42,251
Non-current liabilities		
Long-term borrowings	48,726	63,999
Retirement benefit liability	144	148
Provision for share awards for directors (and other officers)	42	50
Lease liabilities	145	144
Deferred tax liabilities	1,820	1,986
Long-term advances received	387	404
Long-term accounts payable - other	703	412
Other	–	50
Total non-current liabilities	51,970	67,196
Total liabilities	98,703	109,448
Net assets		
Shareholders' equity		
Share capital	16,403	16,403
Capital surplus	15,251	15,251
Retained earnings	60,631	63,651
Treasury shares	(3,655)	(3,657)
Total shareholders' equity	88,630	91,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	546	694
Deferred gains or losses on hedges	(3)	(147)
Foreign currency translation adjustment	7,601	10,506
Remeasurements of defined benefit plans	(141)	(128)
Total accumulated other comprehensive income	8,003	10,925
Non-controlling interests	359	348
Total net assets	96,993	102,922
Total liabilities and net assets	195,696	212,371

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended April 30, 2023	Three months ended April 30, 2024
Net sales	45,265	50,431
Cost of sales	37,910	42,404
Gross profit	7,354	8,027
Selling, general and administrative expenses	3,530	4,056
Operating profit	3,823	3,971
Non-operating income		
Interest income	74	248
Foreign exchange gains	614	2,275
Other	75	94
Total non-operating income	764	2,617
Non-operating expenses		
Interest expenses	39	65
Loss on sale and retirement of non-current assets	8	27
Other	2	32
Total non-operating expenses	50	126
Ordinary profit	4,537	6,462
Extraordinary income		
Subsidy income	92	69
Total extraordinary income	92	69
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	38	—
Total extraordinary losses	38	—
Profit before income taxes	4,591	6,532
Income taxes	1,360	1,745
Profit	3,230	4,787
Profit attributable to non-controlling interests	16	9
Profit attributable to owners of parent	3,213	4,777

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended April 30, 2023	Three months ended April 30, 2024
Profit	3,230	4,787
Other comprehensive income		
Valuation difference on available-for-sale securities	(40)	147
Deferred gains or losses on hedges	13	(144)
Foreign currency translation adjustment	973	2,904
Remeasurements of defined benefit plans, net of tax	16	13
Total other comprehensive income	962	2,921
Comprehensive income	4,192	7,709
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,176	7,699
Comprehensive income attributable to non-controlling interests	16	9

(3) Notes to quarterly consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes to quarterly consolidated balance sheet*** Overdraft agreement**

The Company has executed an overdraft agreement with transactional financial institutions in order to enhance funding stability.

Unused lines of credit based on the agreements as of April 30, 2024 are as follows:

	As of January 31, 2024	As of April 30, 2024
Total overdraft limit	¥12,000 million	¥12,000 million
Drawn balance	4,000	—
Available balance	8,000	12,000

Segment information

Three months ended April 30, 2023

Information on the amounts of net sales and profit or loss by reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Tooling and Machine Tools	Electronic Parts	Electrical Parts	Total	Adjustments (Note) 1	Amount recorded in the quarterly consolidated statement of income (Note) 2
Net sales						
Revenue from contracts with customers	1,256	13,355	30,653	45,265	—	45,265
Net sales to external customers	1,256	13,355	30,653	45,265	—	45,265
Intersegment net sales or transfers	1,698	0	—	1,698	(1,698)	—
Total	2,954	13,356	30,653	46,963	(1,698)	45,265
Segment profit	305	1,152	2,697	4,156	(332)	3,823

Notes: 1. Adjustment to segment profit of negative ¥332 million mainly consists of general and administrative expenses not attributable to the reportable segments.

2. Segment profit is adjusted to operating profit in the quarterly consolidated statement of income.

Three months ended April 30, 2024

Information on the amounts of net sales and profit or loss by reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Tooling and Machine Tools	Electronic Parts	Electrical Parts	Total	Adjustments (Note) 1	Amount recorded in the quarterly consolidated statement of income (Note) 2
Net sales						
Revenue from contracts with customers	1,060	13,899	35,471	50,431	—	50,431
Net sales to external customers	1,060	13,899	35,471	50,431	—	50,431
Intersegment net sales or transfers	1,574	—	—	1,574	(1,574)	—
Total	2,635	13,899	35,471	52,006	(1,574)	50,431
Segment profit	68	1,284	2,696	4,049	(78)	3,971

Notes: 1. Adjustment to segment profit of negative ¥78 million mainly consists of general and administrative expenses not attributable to the reportable segments.

2. Segment profit is adjusted to operating profit in the quarterly consolidated statement of income.

Notes when there are significant changes in amounts of shareholders' equity

Not applicable.

Significant events after the period

(Stock split and partial amendments to the Articles of Incorporation in connection with the stock split)

At a meeting of the Board of Directors held on June 14, 2024, the Company passed a resolution to conduct a stock split and partial amendment to the Articles of Incorporation in connection with the stock split.

1. Purpose of stock split

By reducing the trading unit of the Company's shares, the Company aims to increase share liquidity, create an environment in which many investors, including individual investors, can easily invest, and expand its investor base.

2. Overview of stock split

(1) Method of stock split

The Company will conduct a 1:5 share split of its common shares held by shareholders of record as of July 31, 2024 (Wednesday) whereby each share held by shareholders is split into five.

(2) Number of shares to be increased by the stock split:

Total number of issued shares before the stock split:	39,466,865 shares
Number of shares to be increased by this stock split:	157,867,460 shares
Total number of issued shares after the stock split:	197,334,325 shares
Total number of shares authorized to be issued after the stock split:	472,978,500 shares

(3) Schedule of the stock split

Public notice of record date:	Tuesday, July 16, 2024
Record date:	Wednesday, July 31, 2024
Effective date:	Thursday, August 1, 2024

(4) Effect on per share information

Per share information based on the assumption that the stock split was conducted at the beginning of the previous fiscal year is as follows.

	(Yen)	
	Three months ended April 30, 2023	Three months ended April 30, 2024
Basic earnings per share	17.58	26.14

3. Partial amendments to the Articles of Incorporation in connection with the stock split

(1) Reason for the amendments

In connection with this stock split, pursuant to the provisions of Article 184, paragraph (2) of the Companies Act, the total number of shares authorized to be issued stipulated in Article 6 of the Company's Articles of Incorporation will be amended effective August 1, 2024.

(2) Details of the amendment

The details of the amendment are as follows.

(Amended portions are underlined.)

Current Articles of Incorporation	After the amendment
Article 6 Total number of shares authorized to be issued The total number of shares authorized to be issued by the Company shall be <u>94,595,700 shares</u> .	Article 6 Total number of shares authorized to be issued The total number of shares authorized to be issued by the Company shall be <u>472,978,500 shares</u> .

(3) Schedule of the amendment

Date of resolution of the Board of Directors: Friday, June 14, 2024
Effective date: Thursday, August 1, 2024