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(Securities code: 6966)

Ultra-precision technology to shape tomorrow



**Mitsui
High-tec
Inc.**

Mitsui High-tec Inc.

Financial Results for FY 2024/1

March 12, 2024

Save energy. Save earth. Save life.



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➤ Business report for FY 2024/1

Net sales JPY 195,881 million (up 12.2% or JPY 21,265 million YoY)

Operating profit JPY 18,119 million (down 19.8% or JPY 4,467 million YoY)

- Sales increased because of firm demand for motor cores for electric vehicles while profits decreased because of weaker demand for leadframe resulting from prolonged inventory adjustment of semiconductors.
- The Electrical parts business increased sales and profits because of the contribution of increased orders for existing products and the start of mass production of new products resulting from the production recovery of auto manufacturers due to the resolved shortage of semiconductors to be purchased.
- The Electronic parts business decreased sales and profits because of the effect of decreased orders resulting from prolonged inventory adjustment of semiconductors.

➤ Earnings forecast for FY 2025/1

- For FY 2025/1, the Company expects increasing sales and profits with net sales of JPY 237 billion and operating profit of JPY 21 billion as a result of increasing orders of motor cores and leadframes though it is necessary to closely watch developments in the sale of Japanese auto manufacturers in the Chinese market and the recovery of semiconductor market conditions.
- The Company will pay dividend of JPY 84 per share, up JPY 12, according to the shareholder return policy.
- The Company will keep an aggressive capital investment of JPY 36 billion mainly in the Electrical parts business in the background of expanding electric vehicle market.
- Net sales and operating profit have been downwardly revised in the financial goal of the medium-term business plan mainly due to changes in the business environment of the Electronic parts business.

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Financial results for FY 2024/1

■ Summary of financial results (cumulative total for 12 months)

[Unit: million yen]	Previous period (2022/2–2023/1)	Current period (2023/2–2024/1)	Increase or decrease	Increase or decrease rate
Net sales	174,615	195,881	+21,265	+12.2%
Operating profit	22,586	18,119	-4,467	-19.8%
Operating profit margin	12.9%	9.3%	-3.7 pts	
Ordinary profit	22,669	21,733	-935	-4.1%
Net profit *1	17,581	15,545	-2,036	-11.6%
Net profit margin	10.1%	7.9%	-2.1 pts	
Capital investment	21,045	37,562	+16,516	+78.5%
Depreciation	9,531	11,572	+2,040	+21.4%
EBITDA	32,118	29,691	-2,427	-7.6%
EBITDA margin	18.4%	15.2%	-3.2 pts	
Average rate for the period	Against USD JPY 132.73	JPY 141.91	Down JPY 9.18	

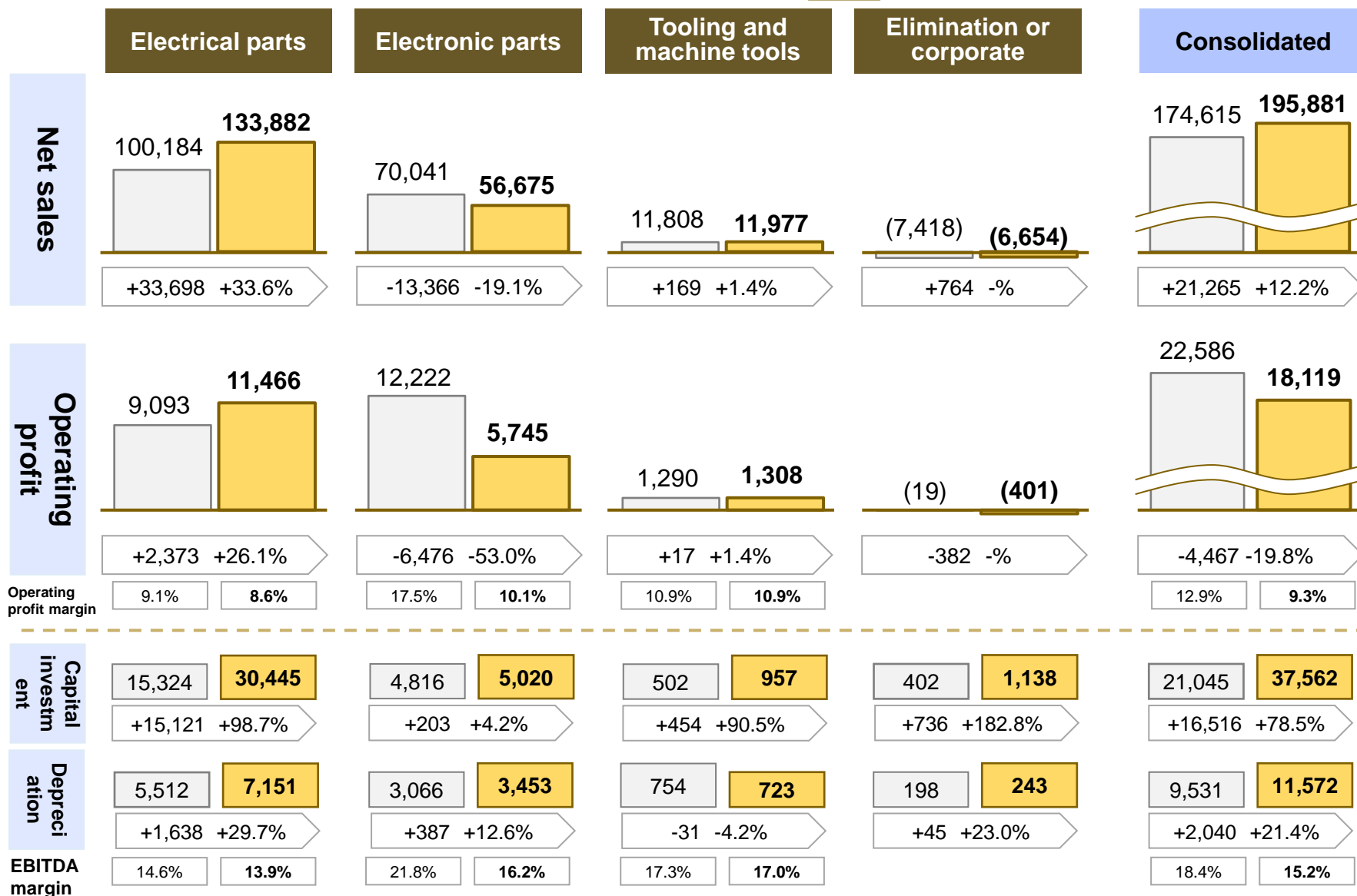
*1 Profit attributable to owners of parent

■ Net sales, operating profit, and capital investment by segment (cumulative total for 12 months)

[Unit: millions of yen]

Previous period (2022/2–2023/1)

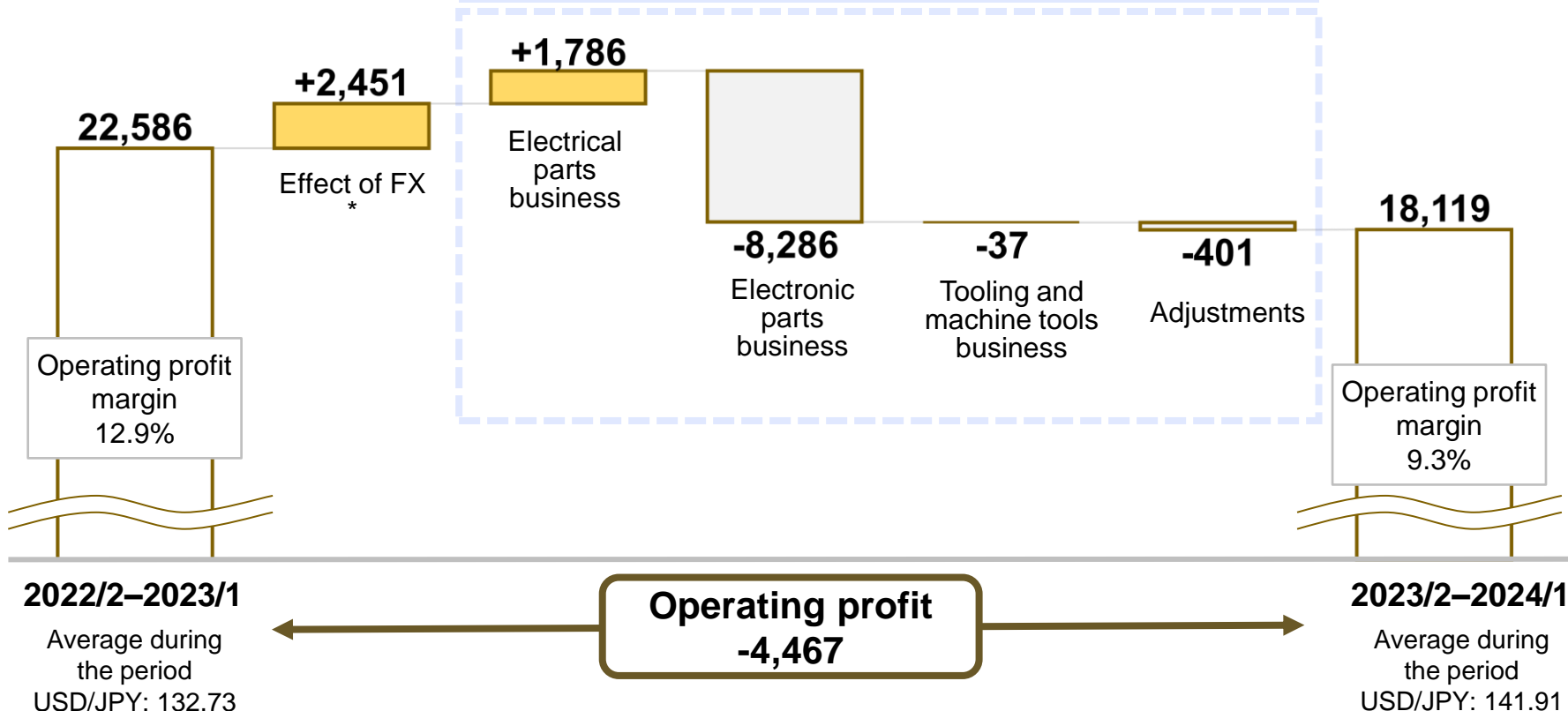
Current period (2023/2–2024/1)



Increase or decrease factors of consolidated operating profit (cumulative total for 12 months)

[Unit: million yen]

Increase or decrease in profits, excluding the effect of FX: -6,938



*** Effect of FX**

Electrical parts business	+586
Electronic parts business	+1,809
Tooling and machine tools business	+55


■ Summary of financial results (cumulative total for three months vs. the previous three months)

[Unit: million yen]		FY 2024/1 Q3 (2023/8–2023/10)	FY 2024/1 Q4 (2023/11–2024/1)	Increase or decrease	Increase or decrease rate
Net sales		50,464	51,802	+1,338	+2.7%
Operating profit		4,647	5,042	+394	+8.5%
Operating profit margin		9.2%	9.7%	+0.5pts	
Ordinary profit		6,009	4,984	-1,025	-17.1%
Net profit	*1	4,057	3,779	-277	-6.9%
Net profit margin		8.0%	7.3%	-0.7pts	
Capital investment		8,770	17,015	+8,244	+94.0%
Depreciation		2,928	3,415	+486	+16.6%
EBITDA		7,576	8,457	+881	+11.6%
EBITDA margin		15.0%	16.3%	+1.3pts	
Average rate for the period	Against USD	JPY 147.39	JPY 146.91	JPY strength of 0.48	

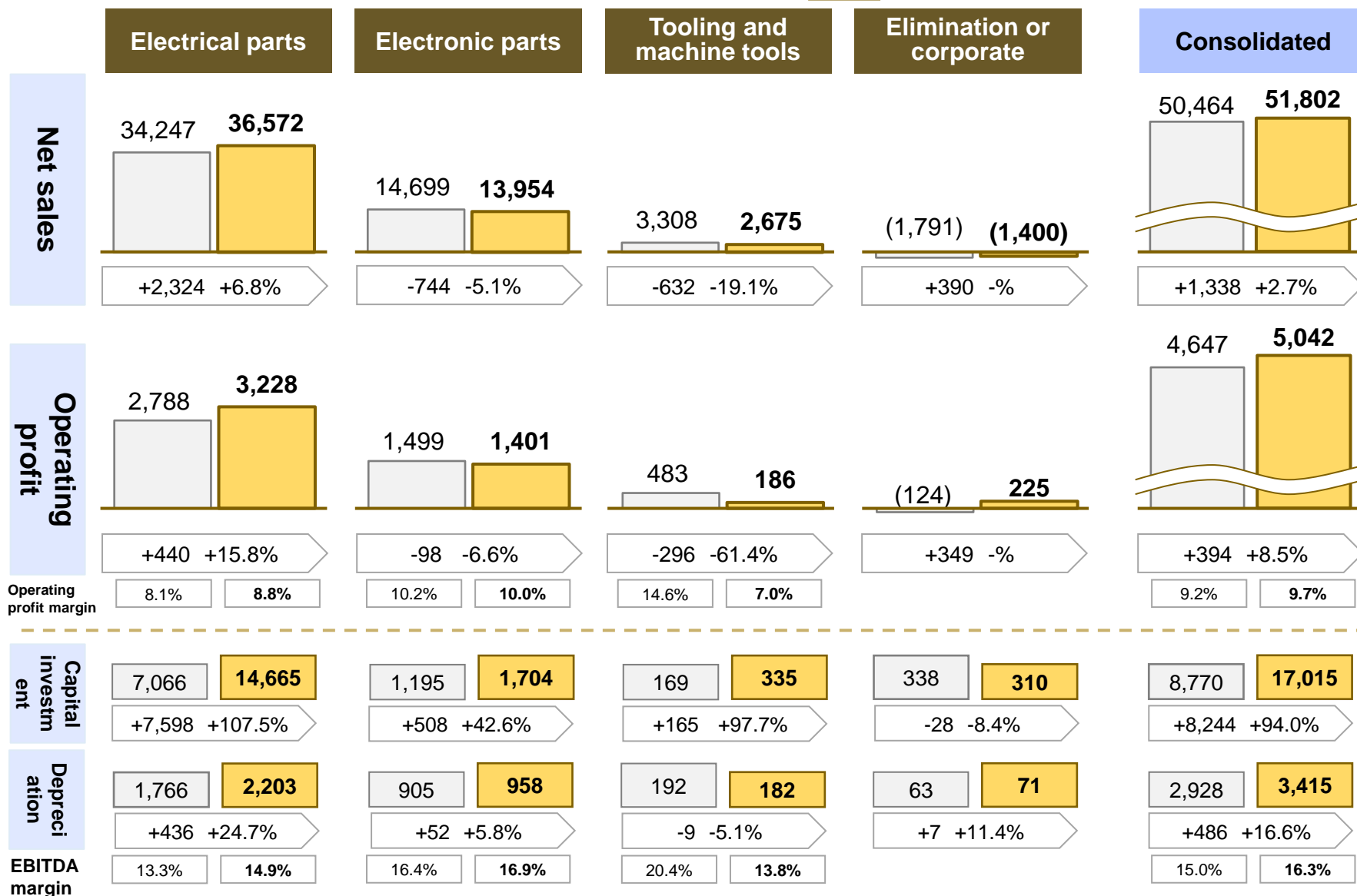
*1 Profit attributable to owners of parent

■ Net sales, operating profit, and capital investment by segment (cumulative total for three months vs. the previous three months)

[Unit: millions of yen]

 FY 2024/1 Q3 (2023/8–2023/10)

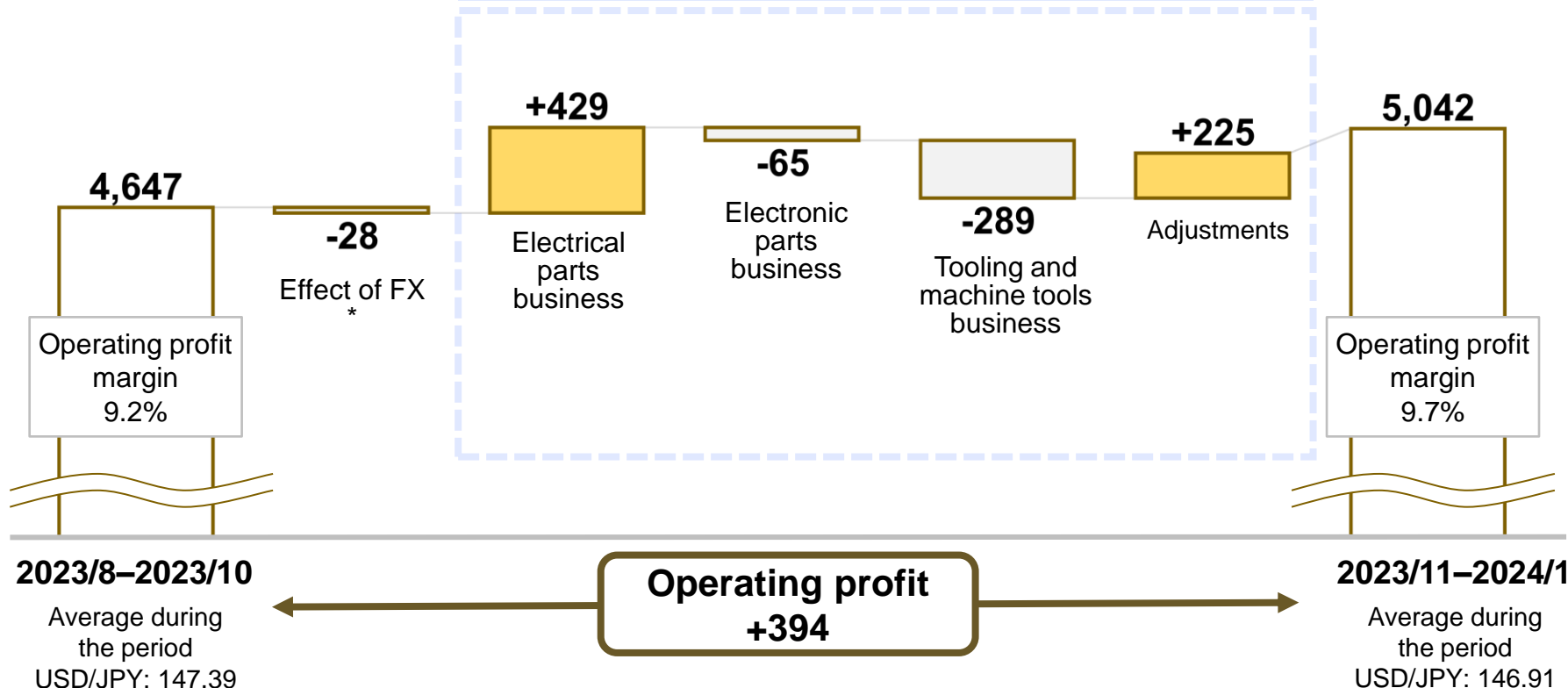
 FY 2024/1 Q4 (2023/11–2024/1)



■ Increase or decrease factors of consolidated operating profit (cumulative total for three months vs. the previous three months)

[Unit: million yen]

Increase or decrease in profits, excluding the effect of the FX: +300

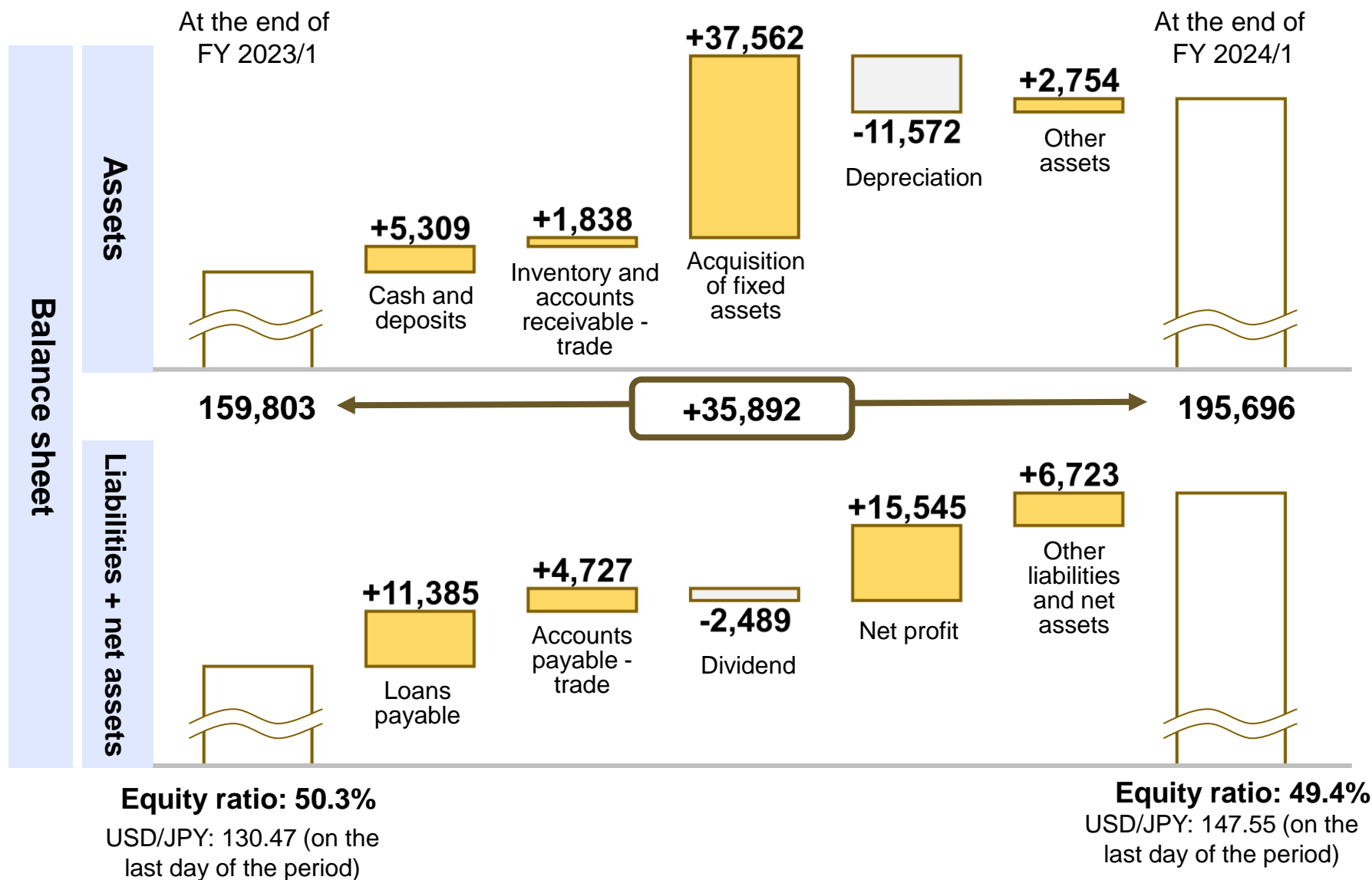


* Effect of FX

Electrical parts business	+10
Electronic parts business	-32
Tooling and machine tools business	-7

■ Consolidated balance sheet (YoY)

[Unit: million yen]

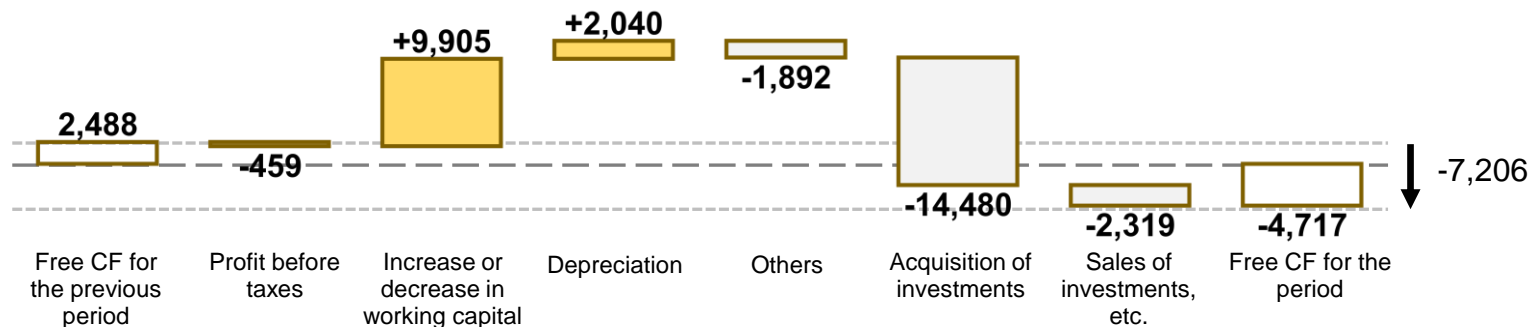


■ Consolidated cash flow (YoY)

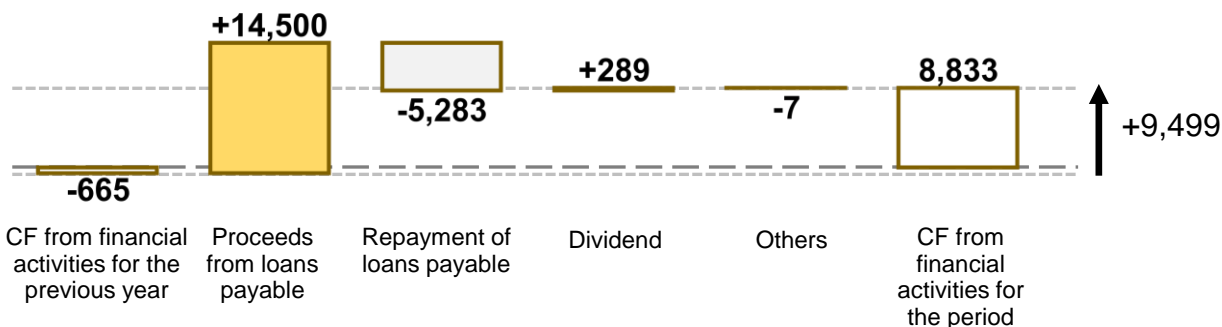
[Unit: million yen]

	Previous period (2022/2–2023/1)	Current period (2023/2–2024/1)	Increase or decrease
Cash flows from operating activities	22,082	31,676	+9,594
Cash flow from investment activities	-19,593	-36,394	-16,800
Free cash flow	2,488	-4,717	-7,206 ^{*1}
Cash flows from financing activities	-665	8,833	+9,499 ^{*2}
Increase or decrease in cash and cash equivalents	+1,822	+4,115	+2,292
Effect of exchange rate changes on cash and cash equivalents	+919	+1,193	+273
Closing balance of cash and cash equivalents	33,883	39,192	+5,308

*1 Increase or decrease in free CF



*2 Increase or decrease in CF from financial activities



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Progress of medium-term business plan

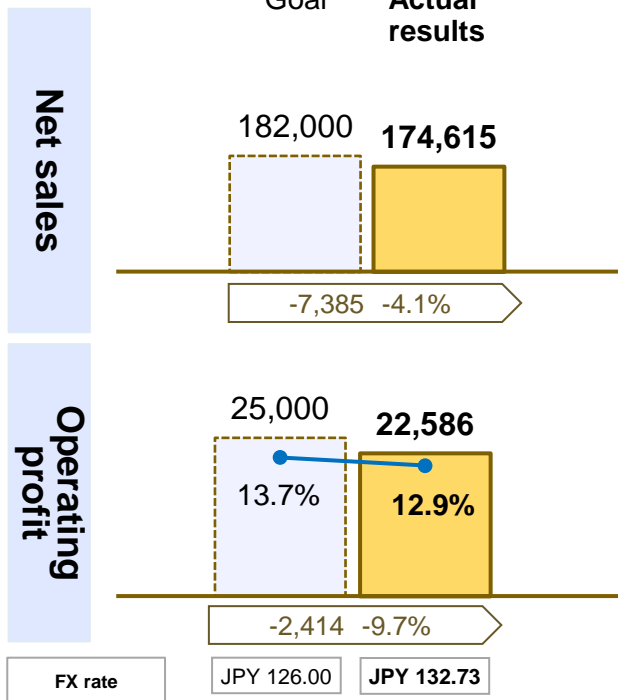
■ Actual results and financial goal of the medium-term business plan (FY 2023/1–FY 2025/1)

Policies

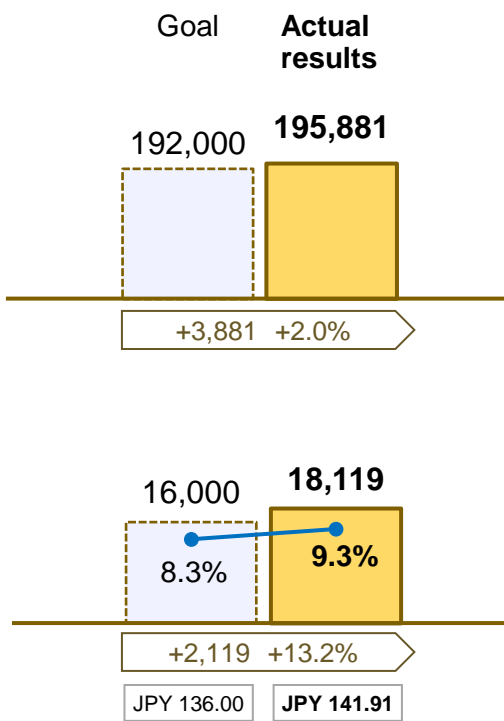
- Business promotion centering on ultra-precise processing technology
- Expand the supply of products and parts that contribute to resource and energy conservation
- Promotion of global supply system meeting customer needs

Full-year actual results

■ First year (FY 2023/1)



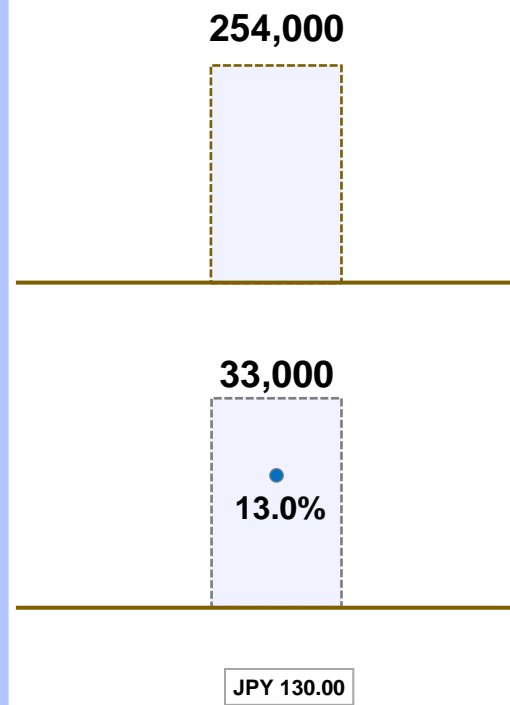
■ Second year (FY 2024/1)



● Operating profit margin [Unit: million yen]

Medium-term business plan financial goal

■ Third year (FY 2025/1)



Capital investment for three years

JPY 100 billion

■ Review for two years (FY 2023/1–FY 2024/1)

Major changes in business environment

Entire company

- Global inflation, monetary concern resulting from official rate hikes in countries, and the slowing Chinese economy

Electrical parts business

- A recovery of production in auto manufacturers
- Trend in sales of Japanese auto manufacturer in China

Electronic parts business

- Prolonged stock adjustment of semiconductor manufacturers

Our responses

[Electrical parts business] The Company increased production volume by starting the operation of new facilities in global sites and made planned up-front investments, including the decision for the new facility in Mexico.

[Electronic parts business] The Company promoted sales activities to obtain new demand, including that for power semiconductors, while implementing efforts for the future, including replacement of aged facilities by high-productive facilities.

		First year (FY 2023/1)				First year (FY 2024/2)			
		Goal	Actual results	Increase or decrease	Increase or decrease rate	Goal	Actual results	Increase or decrease	Increase or decrease rate
Electrical parts business	Net sales	106,000	100,184	-5,816	-5.5%	133,000	133,882	+882	+0.7%
	Operating profit	11,000	9,093	-1,907	-17.3%	10,500	11,466	+966	+9.2%
	Operating profit margin	10.4%	9.1%	-1.3 pts		7.9%	8.6%	+0.7 pts	
	Capital investment	15,180	15,324	+144	-1.0%	31,500	30,445	-1,055	-3.4%
Electronic parts business	Net sales	71,500	70,041	-1,459	-2.0%	57,000	56,675	-325	-0.6%
	Operating profit	13,000	12,222	-778	-6.0%	5,300	5,745	+445	+8.4%
	Operating profit margin	18.2%	17.5%	-0.7 pts		9.3%	10.1%	+0.8 pts	+8.6%
	Capital investment	6,410	4,816	-1,594	-24.9%	6,400	5,020	-1,380	-21.6%
Tooling and machine tools business	Net sales	12,250	11,808	-442	-3.6%	12,000	11,977	-23	-0.2%
	Operating profit	1,225	1,290	+65	+5.3%	1,100	1,308	+208	+18.9%
	Operating profit margin	10.0%	10.9%	+0.9 pts		9.2%	10.9%	+1.7 pts	+18.5%
	Capital investment	700	502	-198	-28.3%	1,200	957	-243	-20.3%

[Unit: million yen]

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Revisions to financial goal of the medium-term business plan (consolidated earnings forecast for FY 2025/1)

■ Revisions to financial goal of the medium-term business plan (consolidated earnings forecast for the next fiscal year)

Revisions

- **Downwardly revised net sales and operating profit** from the financial goal that was announced March 2023
- Capital investment **keeping active investment almost as planned**

Points of revisions

- Reflecting decreased demand from the initial forecast that was attributable to prolonged inventory adjustment of semiconductors in the Electronic parts business
- Reflecting the prospect that demand will remain firm as expected in relation to the expansion of the market of electric vehicles, including hybrid vehicles, and a trend in the sales of Japanese auto manufacturers in the Chinese market
- Capital investment reflecting a review of some contents of investment and timing gap

[Unit: million yen]

	Fiscal goal (Announced March 2023)	Revised goal (Announced March 2024)	Increase or decrease	Increase or decrease rate
Net sales	254,000	237,000	-17,000	-6.7%
Operating profit	33,000	21,000	-12,000	-36.4%
Operating profit margin	13.0%	8.9%	-4.1 pts	
Assumed FX rate (against USD)	JPY 130.00	JPY 142.00	JPY weakness of 12.00	
Capital investment (total for three years)	100,000	94,500	-5,500	

■ Revisions to financial goal of the medium-term business plan (by segment)

Revisions

Electrical parts business

The Company expects that demand for motor cores will remain firm due to expansion of the market for electric vehicles, including hybrid vehicles, and reflects a trend in the sales of Japanese auto manufacturers in the Chinese market and the weak trend of the home electronics market condition as negative factors.

Electronic parts business

The Company expects that demand will show a gradual recovery. Although the business was expected to achieve stable growth compared to FY 2023/1, the semiconductor market conditions remain weak partially because of the reaction to the COVID-19 crisis.

Tooling and machine tools business

The Company expects that the business will remain firm, driven by the firm Electrical parts business.

[Unit: million yen]		Our expectation (As of March 2023)	Revised goal (Announced March 2024)	Increase or decrease	Increase or decrease rate
Electrical parts business	Net sales	160,000	162,000	+2,000	+1.3%
	Operating profit	13,500	11,500	-2,000	-14.8%
	Operating profit margin	8.4%	7.1%	-1.3 pts	
	Capital investment (total for three years)	74,700	69,370	-5,330	-7.1%
Electronic parts business	Net sales	89,000	69,000	-20,000	-22.5%
	Operating profit	18,000	9,000	-9,000	-50.0%
	Operating profit margin	20.2%	13.0%	-7.2 pts	
	Capital investment (total for three years)	20,700	17,236	-3,464	-16.7%
Tooling and machine tools business	Net sales	13,000	13,500	+500	+3.8%
	Operating profit	1,500	1,500	±0	—
	Operating profit margin	11.5%	11.3%	-0.2 pts	
	Capital investment (total for three years)	3,100	2,960	-140	-4.5%

■ Consolidated earnings forecast for FY 2025/1 (consolidated)

[Unit: million yen]	Actual results for FY 2024/1 (2023/2–2024/1)	Forecast for FY 2025/1 (2024/2–2025/1)	Increase or decrease	Increase or decrease rate
Net sales	195,881	237,000	+41,119	+21.0%
Operating profit	18,119	21,000	+2,881	+15.9%
Operating profit margin	9.3%	8.9%	-0.5pts	
Ordinary profit	21,733	20,000	-1,733	-8.0%
Net profit *1	15,545	14,000	-1,545	-9.9%
Net profit margin	7.9%	6.0%	-1.9pts	
Capital investment	37,562	36,000	-1,562	-4.2%
Depreciation	11,572	16,600	+5,028	+43.4%
EBITDA	29,691	37,600	+7,909	+26.6%
EBITDA margin	15.2%	15.9%	+0.7pts	
Average rate for the period	Against USD JPY 141.91	JPY 142.00	Down JPY 0.09	

*1 Profit attributable to owners of parent

■ Consolidated earnings forecast for FY 2025/1 (by segment)

[Unit: million yen]

[Unit: million yen]		Actual results for FY 2024/1 (2023/2–2024/1)	Forecast for FY 2025/1 (2024/2–2025/1)	Increase or decrease	Increase or decrease rate
Electrical parts business	Net sales	133,882	162,000	+28,118	+21.0%
	Operating profit	11,466	11,500	+34	+0.3%
	Operating profit margin	8.6%	7.1%	-1.5 pts	
	Capital investment	30,445	23,600	-6,845	-22.5%
	Depreciation	7,151	10,400	+3,249	+45.4%
	EBITDA margin	13.9%	13.5%	-0.4 pts	
Electronic parts business	Net sales	56,675	69,000	+12,325	+21.7%
	Operating profit	5,745	9,000	+3,255	+56.7%
	Operating profit margin	10.1%	13.0%	+2.9 pts	
	Capital investment	5,020	7,400	+2,380	+47.4%
	Depreciation	3,453	4,400	+947	+27.4%
	EBITDA margin	16.2%	19.4%	+3.2 pts	
Tooling and machine tools business	Net sales	11,977	13,500	+1,523	+12.7%
	Operating profit	1,308	1,500	+192	+14.7%
	Operating profit margin	10.9%	11.3%	+0.4 pts	
	Capital investment	957	1,500	+543	+56.7%
	Depreciation	723	900	+177	+24.5%
	EBITDA margin	17.0%	17.9%	+0.9 pts	

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Shareholder return policy and dividend

Shareholder return policy and dividend

Shareholder return policy

- For three years from FY 2023/1 to FY 2025/1, the Company will increase investments for strengthening competitiveness and winning opportunities for growth and pay stable and continuous dividends.
- The Company will use DOE, implement shareholder return with the DOE goal of 3.0% or more, taking into account consolidated business results, capital efficiency and dividend amount.

Dividend for FY 2024/1

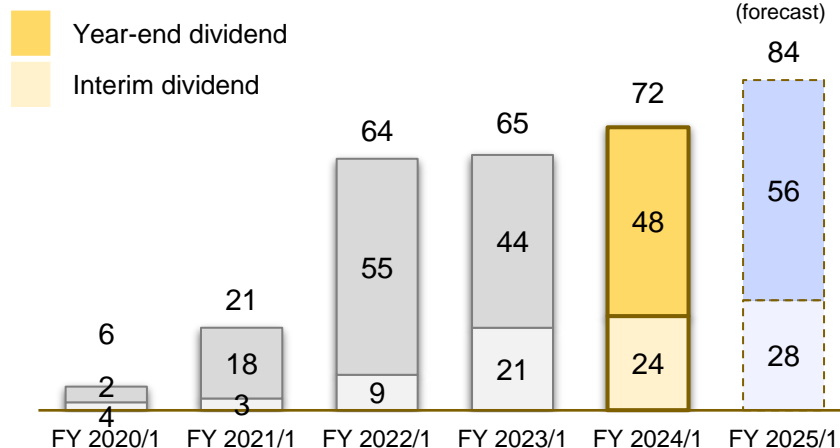
The annual dividend is as initially announced.

The dividend is JPY 72 per share for FY 2024/1.
(including the interim dividend paid of JPY 24 and year-end dividend of JPY 48)

Dividend forecast for FY 2025/1

The assumed dividend is JPY 84 per share for FY 2025/1.
(including the interim dividend of JPY 28 and year-end dividend of JPY 56)

Dividend [Unit: JPY]



Total dividend [Unit: million yen]

	FY 2020/1	FY 2021/1	FY 2022/1	FY 2023/1	FY 2024/1	FY 2025/1 (forecast)
Interim	73	109	328	768	878	1,025 *
Year-end	146	657	2,010	1,610	1,757	2,050 *
Annual	220	767	2,339	2,379	2,635	3,075 *
DOE	0.5%	1.6%	3.8%	3.4%	3.0%	3.0%

*Total dividend for FY 2025/1 (forecast) is based on the number of shares at the end of FY 2024/1.

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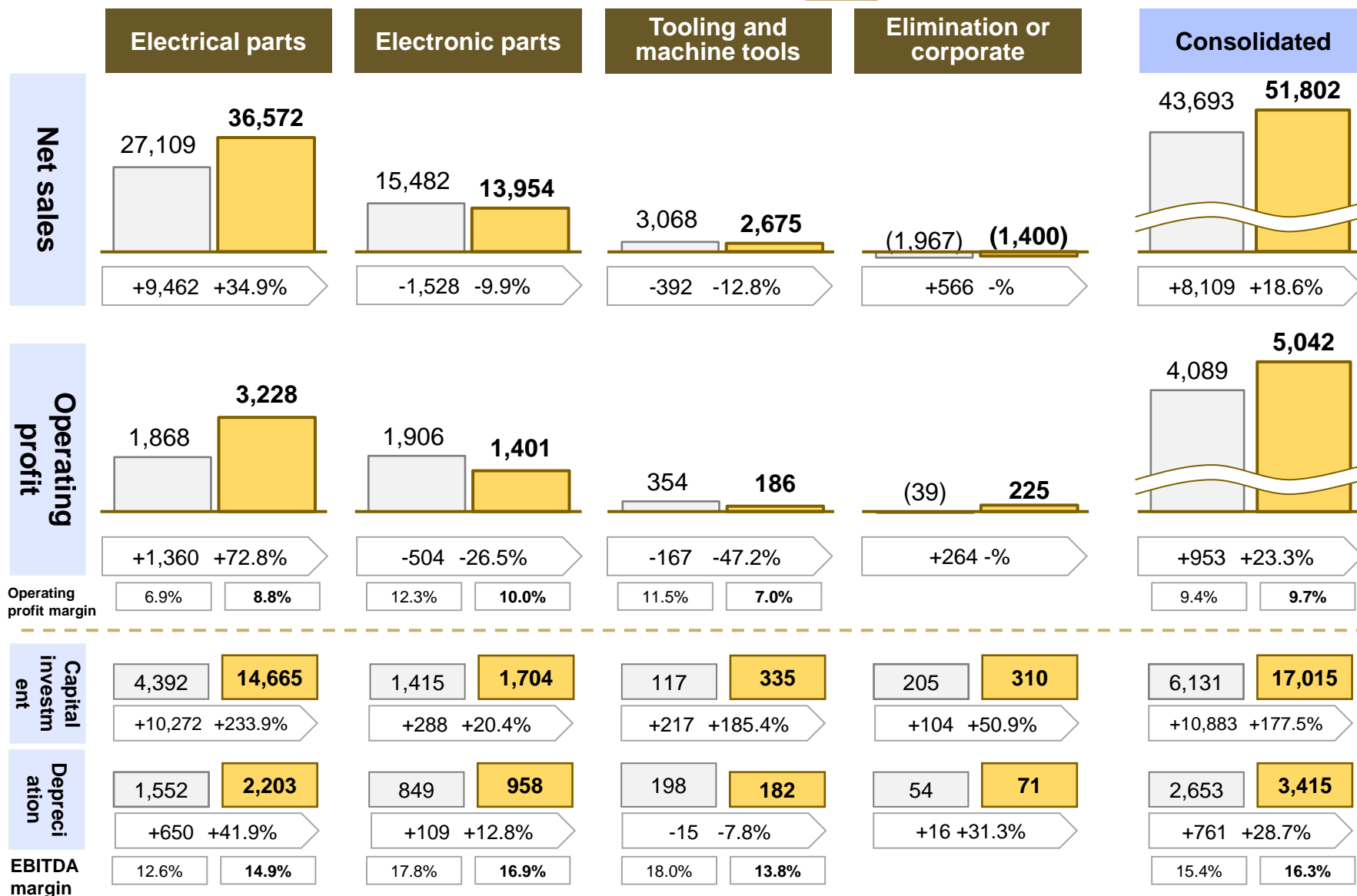
Reference materials

■ Net sales, operating profit, and capital investment by segment (cumulative total for three months, and YoY)

[Unit: millions of yen]

■ FY 2023/1 Q4 (2022/11–2023/1)

■ FY 2024/1 Q4 (2023/11–2024/1)



Financial highlights

[Unit: million yen]

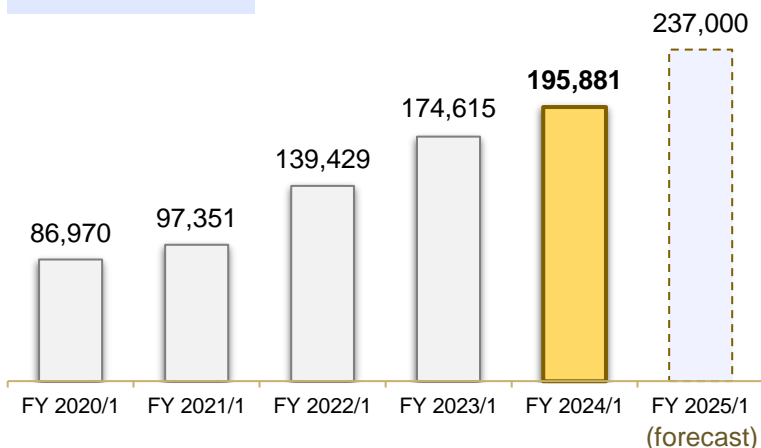
	FY 2020/1	FY 2021/1	FY 2022/1	FY 2023/1	FY 2024/1
Net sales	86,970	97,351	139,429	174,615	195,881
Operating profit	19	3,790	14,959	22,586	18,119
Net profit or loss	-624	2,592	11,778	17,581	15,545
Gross assets	89,507	96,256	134,036	159,803	195,696
Net assets	45,859	47,782	61,383	80,607	96,993
Net profit or loss per share	-16.86	70.92	322.24	480.99	425.30
Capital investment	10,510	11,925	19,529	21,045	37,562
Depreciation	7,155	7,578	8,603	9,531	11,572
Interest-bearing liabilities	33,408	35,381	48,885	51,046	62,476
Net interest-bearing liabilities	13,914	17,632	17,575	17,107	23,228
EBITDA	7,175	11,368	23,563	32,118	29,691
Equity ratio	51.0%	49.4%	45.6%	50.3%	49.4%
ROE	-1.3%	5.6%	21.7%	24.9%	17.6%
D/E ratio (multiple)	0.71	0.72	0.80	0.64	0.65
Net D/E ratio (multiple)	0.30	0.36	0.29	0.21	0.24

■ Trend in consolidated business results (fiscal year)

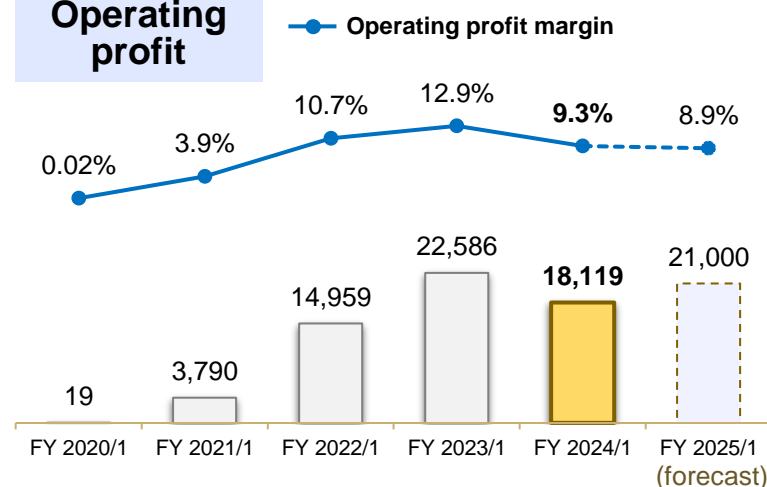
Consolidated

[Unit: million yen]

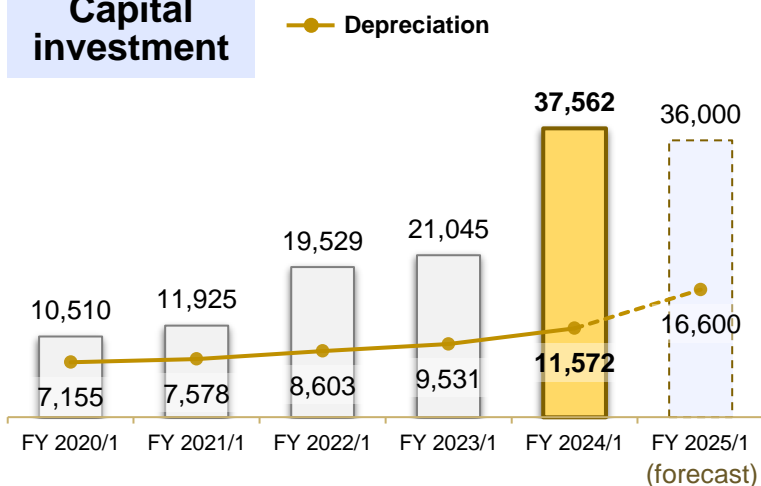
Net sales



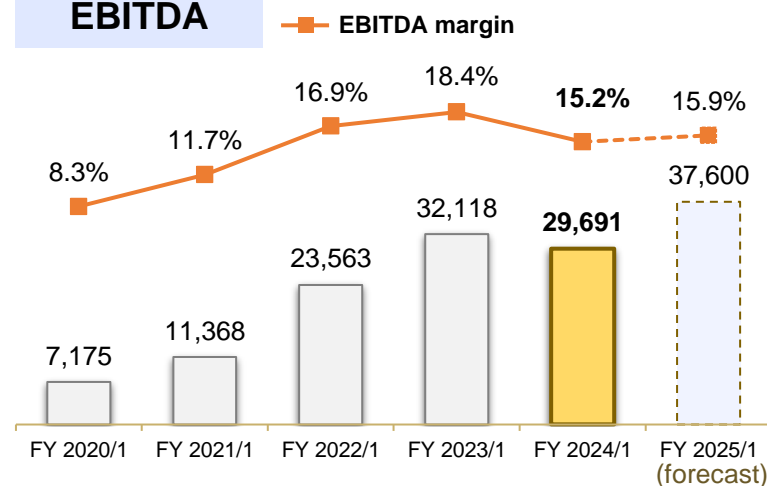
Operating profit



Capital investment



EBITDA

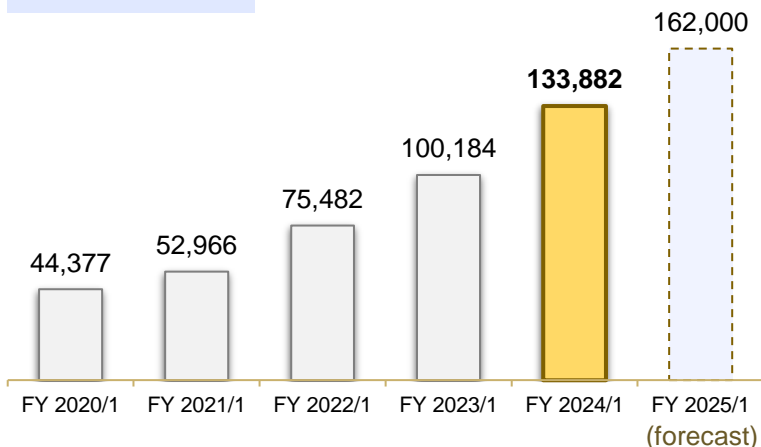


Trend in business results of the Electrical parts business (fiscal year)

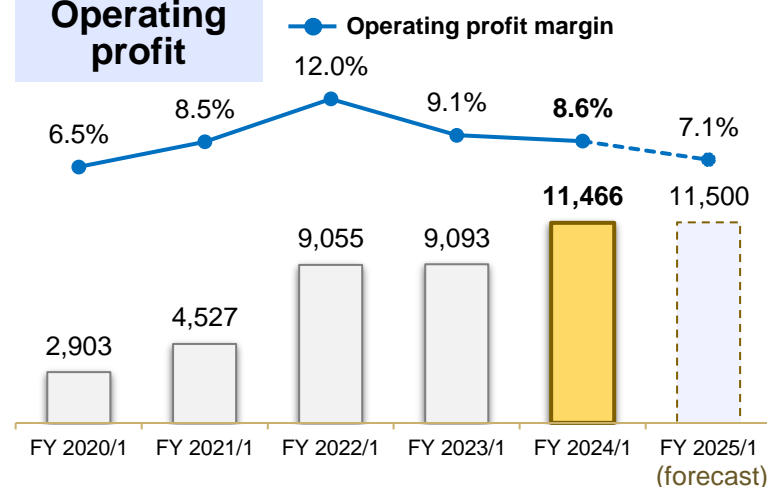
Electrical parts business

[Unit: million yen]

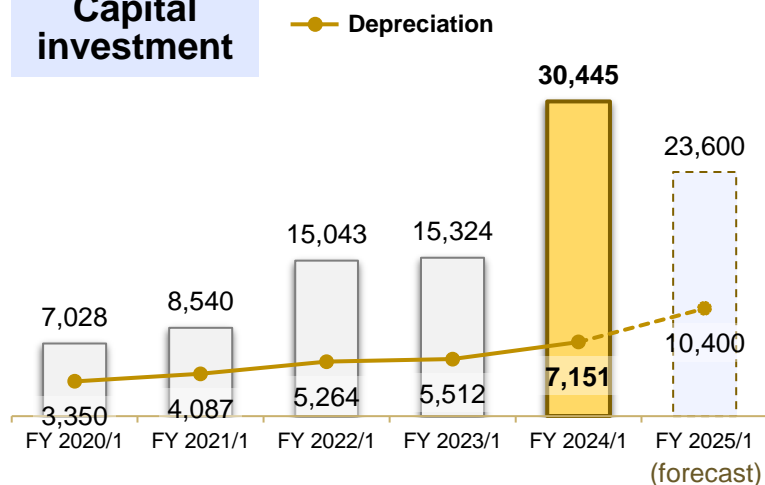
Net sales



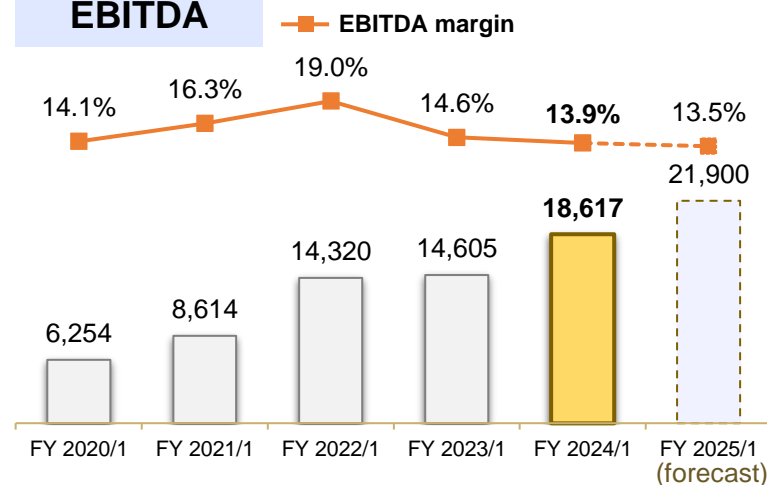
Operating profit



Capital investment



EBITDA

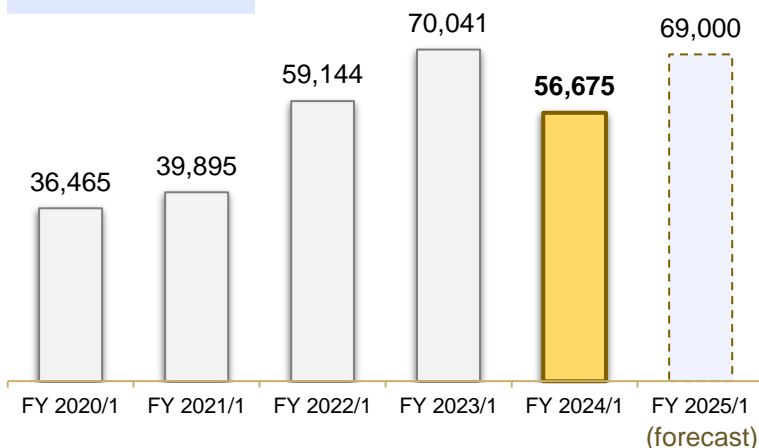


Trend in business results of the Electronic parts business (fiscal year)

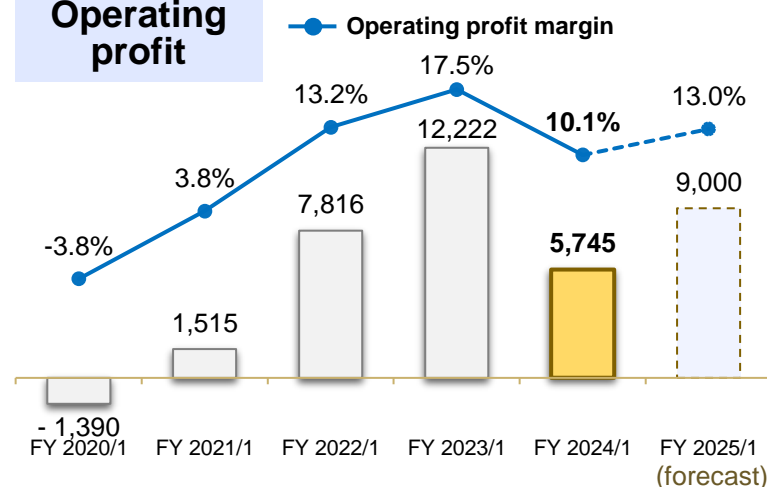
Electronic parts business

[Unit: million yen]

Net sales

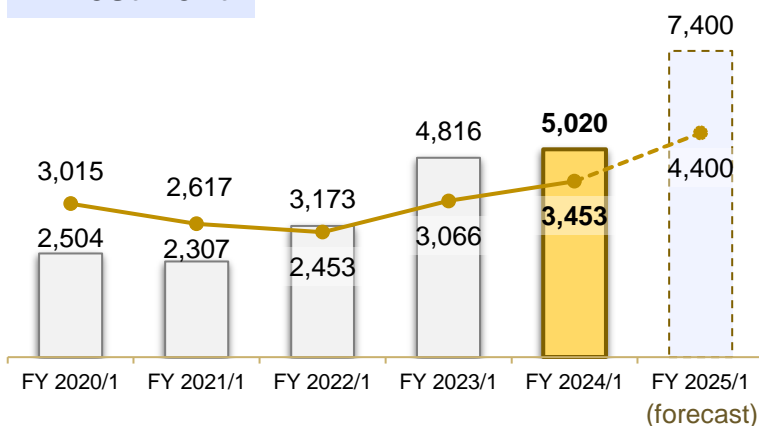


Operating profit



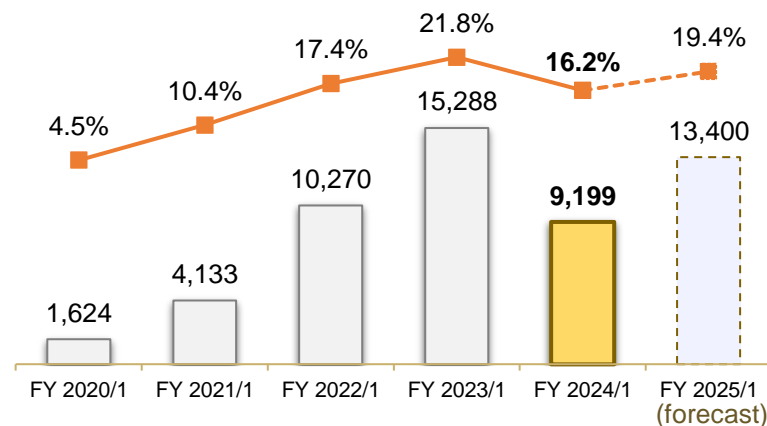
Capital investment

Depreciation



EBITDA

EBITDA margin

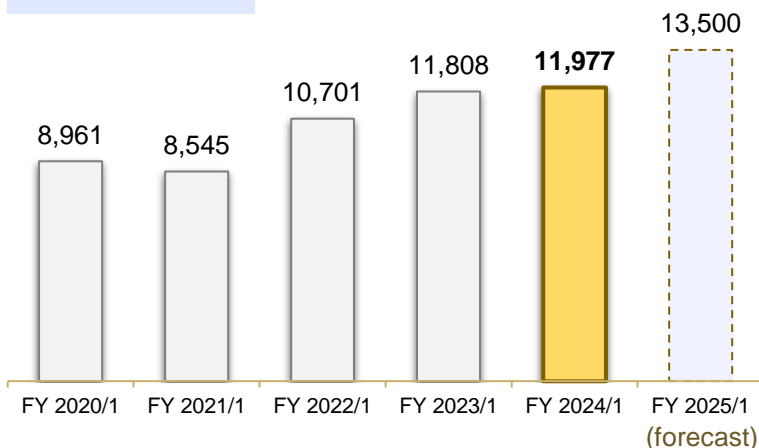


■ Tooling and machine tools business (fiscal year)

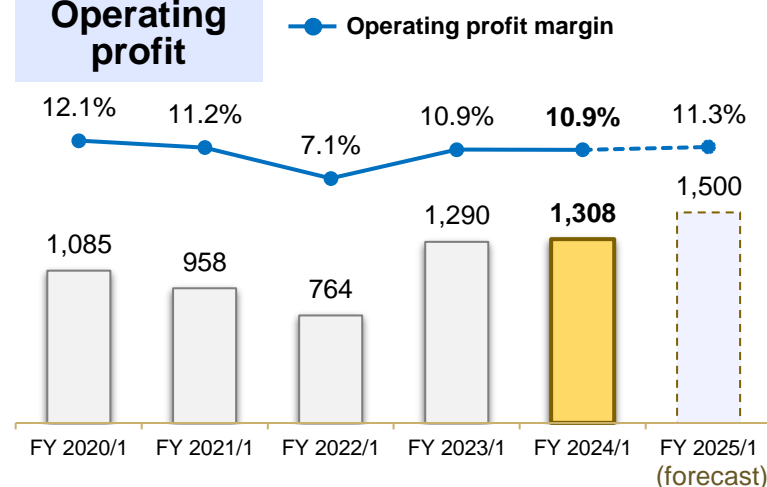
Tooling and machine tools business

[Unit: million yen]

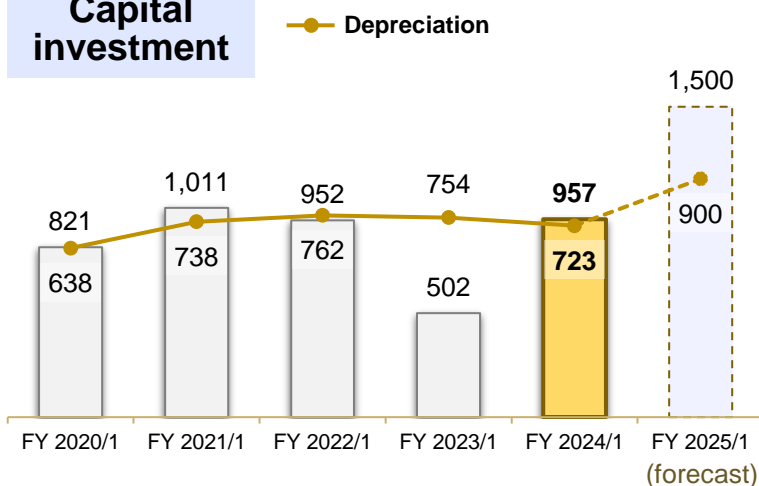
Net sales



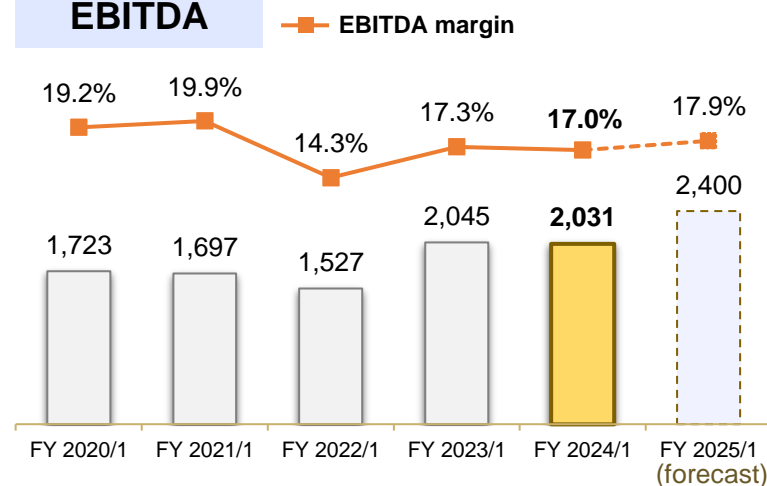
Operating profit



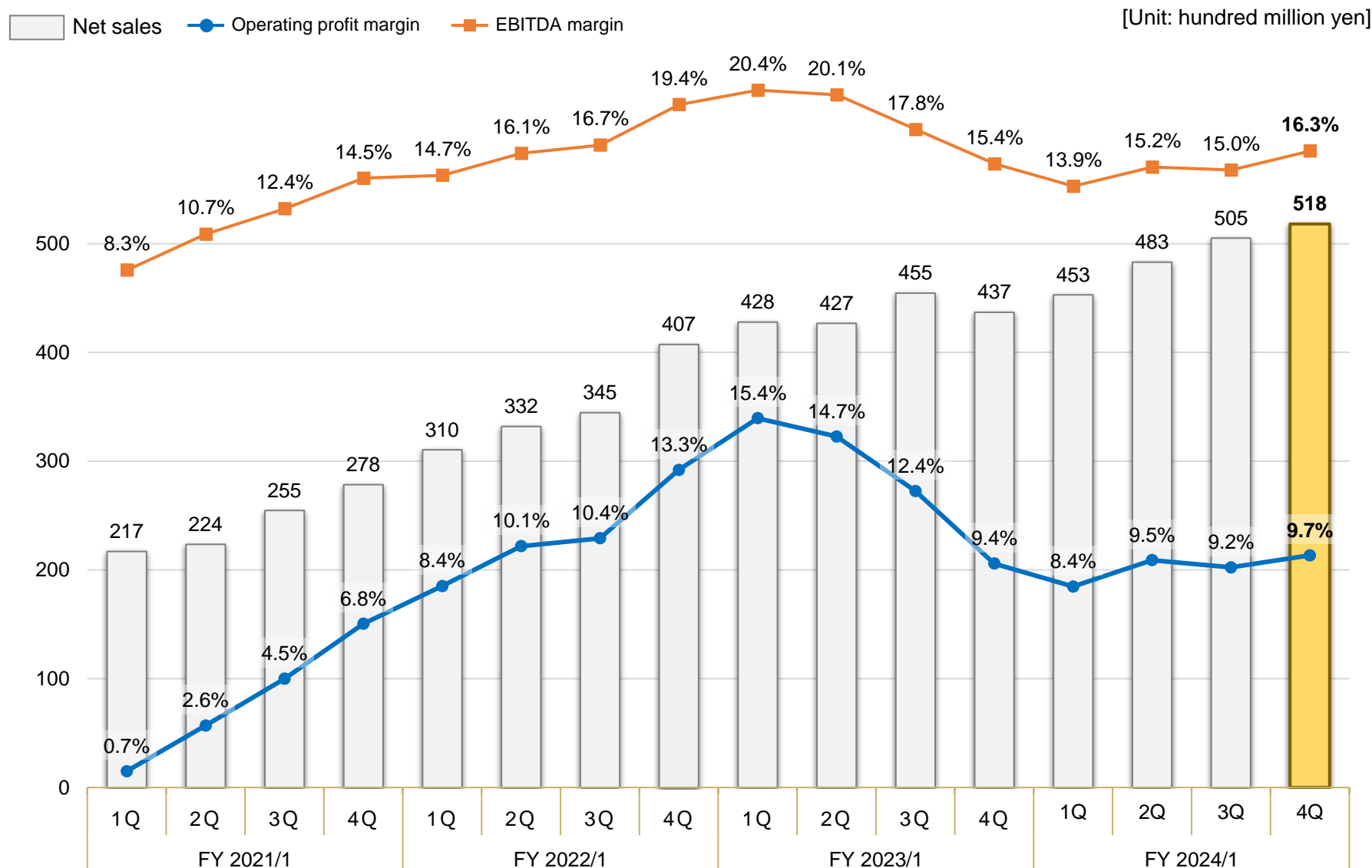
Capital investment



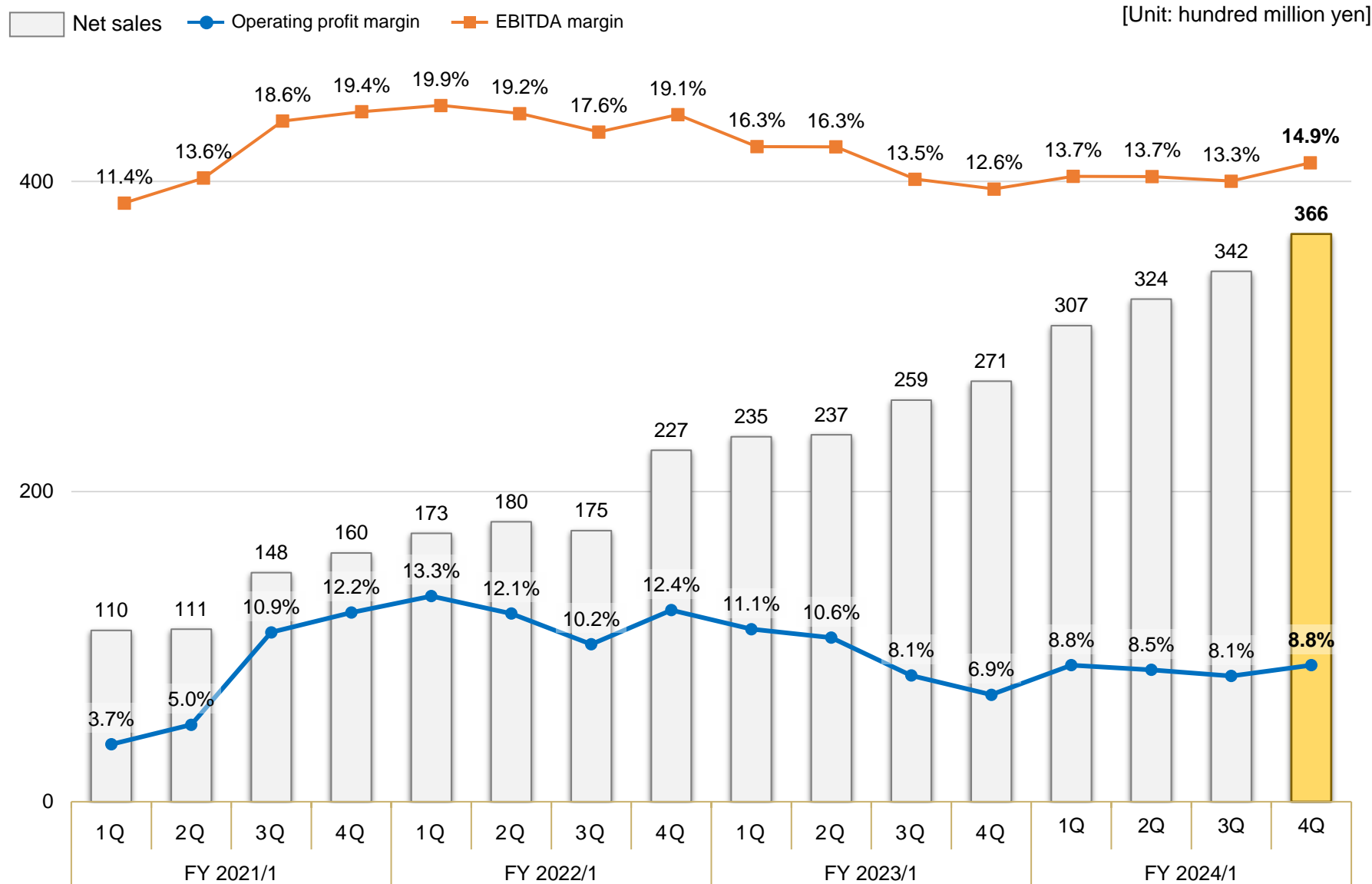
EBITDA



Trend in consolidated business results (by quarter)



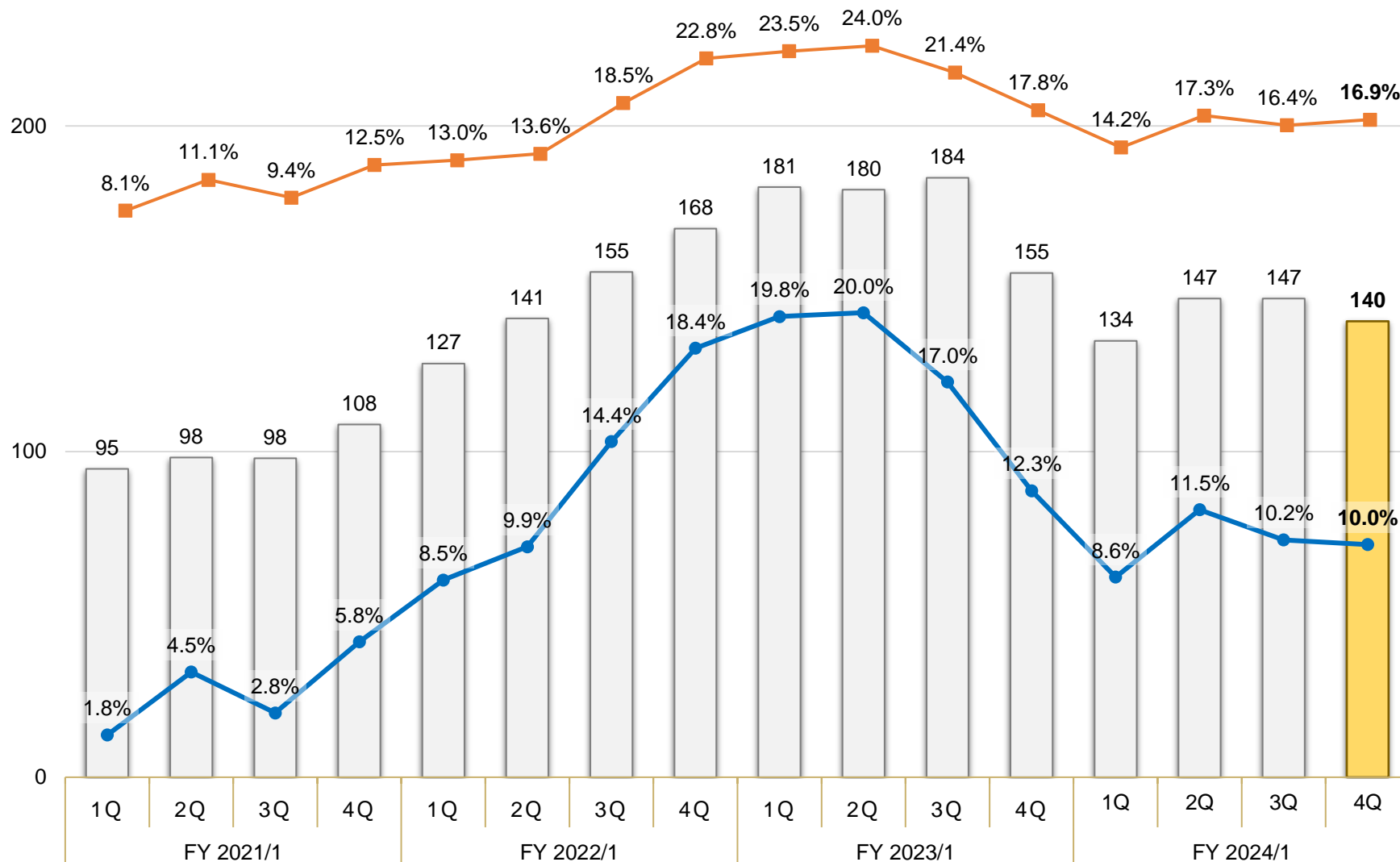
Trend in business results of Electrical parts business (by quarter)



Trend in business results of Electronic parts business (by quarter)

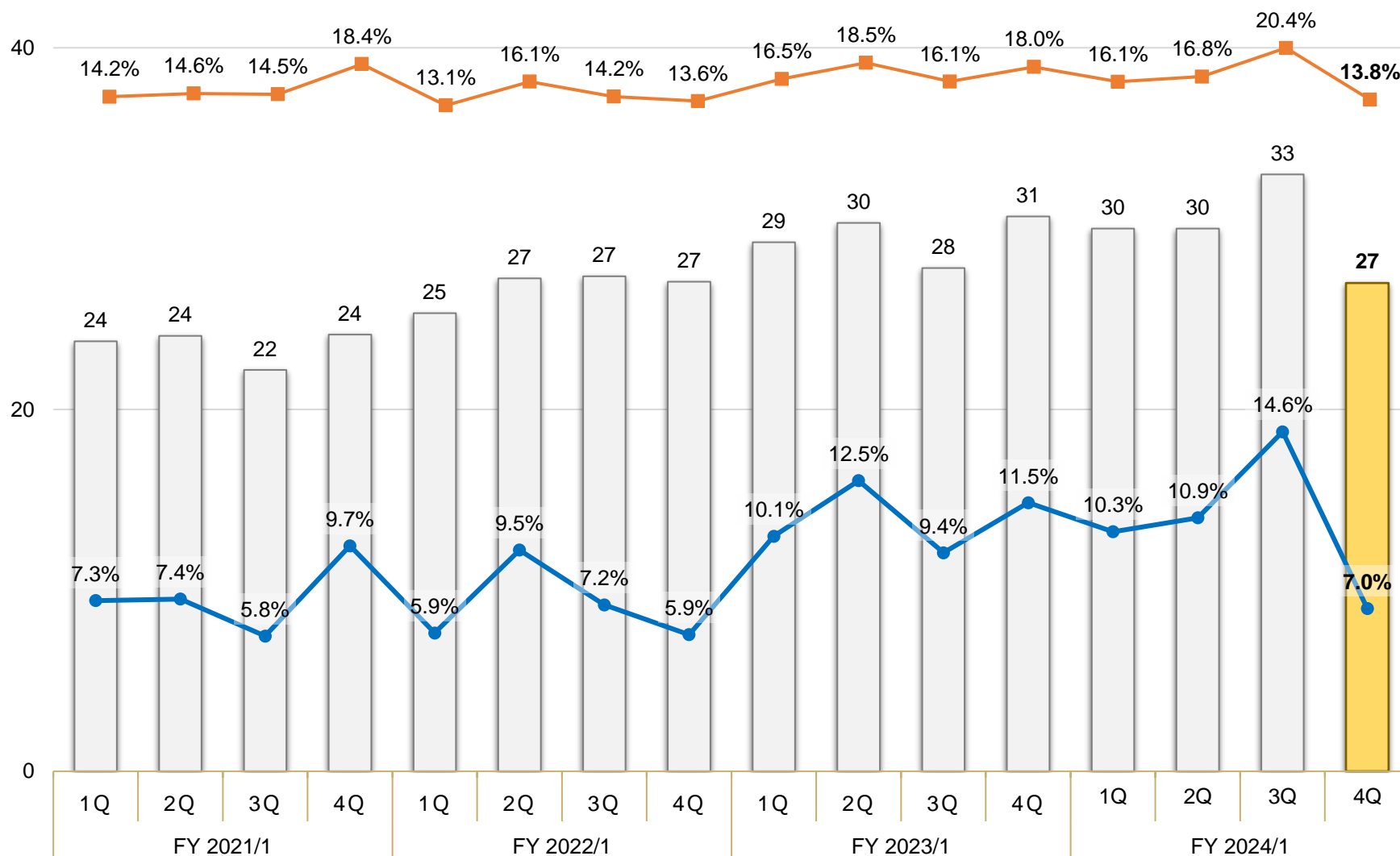
Net sales Operating profit margin EBITDA margin

[Unit: hundred million yen]



Trend in business results of Tooling and machine tools business (by quarter)

Net sales Operating profit margin EBITDA margin [Unit: hundred million yen]



Contact

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<Disclaimer>

Among the plans, future prospects, and strategies of the Company group stated herein, the information other than those concerning past or current facts represents prospects of future business results. They are determined on the basis of information available as of now. Therefore, please understand in advance that actual business results may differ from the prospects because of changes in a wide variety of risks and uncertainties and the economic environment.