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December 12, 2024

Consolidated Financial Results for the Nine Months Ended October 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange
 Securities code: 6966
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated financial results for the nine months ended October 31, 2024 (from February 1, 2024 to October 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended October 31, 2024	158,208	9.8	11,465	(12.3)	12,976	(22.5)	9,346	(20.6)
October 31, 2023	144,078	10.0	13,076	(29.3)	16,749	(21.0)	11,765	(30.6)

Note: Comprehensive income For the nine months ended October 31, 2024: ¥10,237 million [(36.1)%]
 For the nine months ended October 31, 2023: ¥16,018 million [(30.2)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended October 31, 2024	51.15	—
October 31, 2023	64.38	—

Note: The Company conducted a 5-for-1 stock split of common shares with an effective date of August 1, 2024. Basic earnings per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
October 31, 2024	222,254	104,426	46.8
January 31, 2024	195,696	96,993	49.4

Reference: Equity
 As of October 31, 2024: ¥104,086 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	—	28.00	—		
Fiscal year ending January 31, 2025 (Forecast)				12.00	—

- Notes: 1. Revisions to the forecast of cash dividends most recently announced: None
2. 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 due to conducting a 5-for-1 stock split of common shares with an effective date of August 1, 2024. 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.

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	214,000	9.2	13,000	(28.3)	13,500	(37.9)	9,500	(38.9)	51.98

- Notes: 1. Revisions to the forecast of financial results most recently announced: None
2. 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 ¥259.92.

*** Notes**

- (1) Significant changes in scope of consolidation during the nine months ended October 31, 2024: 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 October 31, 2024	197,334,325 shares
As of January 31, 2024	197,334,325 shares

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

As of October 31, 2024	14,584,205 shares
As of January 31, 2024	14,582,520 shares

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

Nine months ended October 31, 2024	182,750,517 shares
Nine months ended October 31, 2023	182,755,103 shares

Notes: 1. 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) (277,500 shares as of October 31, 2024 and 278,500 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) (278,126 shares as of October 31, 2024 and 278,500 shares as of October 31, 2023).

2. The Company conducted a 5-for-1 stock split of common shares with an effective date of August 1, 2024. Total number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares outstanding during the period are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including consolidated earnings forecasts, contained in this document are based on information currently available to the Company. Actual earnings results may differ from the forecasts due to various factors.

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1. Overview of business results, etc.

(1) Overview of business results for the nine months ended October 31, 2024

The economic environment surrounding the Group during the nine months ended October 31, 2024 was on a gradual recovery trend overall, but the outlook remained uncertain, regarding changes in policies in the US following the results of the presidential election, the slowing pace of the Chinese economy, unstable conditions in the Middle East, 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, although final demand for semiconductors for generative AI, etc. was firm, recovery for semiconductors for automobiles and consumer electronics, etc. was lagging.

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, for the nine months ended October 31, 2024, net sales amounted to ¥158,208 million (up 9.8% year on year) and operating profit amounted to ¥11,465 million (down 12.3% year on year). Ordinary profit amounted to ¥12,976 million (down 22.5% year on year) mainly due to the impact of foreign exchange gains for foreign currency denominated financial assets, and profit attributable to owners of parent amounted to ¥9,346 million (down 20.6% year on year).

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 ¥7,391 million (down 20.5% year on year) and operating profit amounted to ¥137 million (down 87.8% year on year).

Electronic Parts

In the Electronic Parts Business, net sales amounted to ¥41,980 million (down 1.7% year on year) mainly due to a decline in orders received resulting from the delayed recovery in final demand for semiconductors, despite yen depreciation. Operating profit amounted to ¥3,108 million (down 28.4% year on year) mainly due to the impact of the timing of the price pass-on of soaring costs for main raw materials.

Electrical Parts

In the Electrical Parts Business, net sales amounted to ¥113,012 million (up 16.1% 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 ¥8,180 million (down 0.7% 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 ¥4,175 million in intersegment net sales or transfers.

(2) Overview of financial position for the nine months ended October 31, 2024

Total assets as of October 31, 2024 amounted to ¥222,254 million, an increase of ¥26,558 million compared to the end of the previous fiscal year. This was mainly due to increases in cash and deposits, notes and accounts receivable - trade, and contract assets, and property, plant and equipment.

Total liabilities amounted to ¥117,827 million, an increase of ¥19,124 million. This was mainly due to an increase in accounts payable - trade and taking on long-term borrowings.

Total net assets amounted to ¥104,426 million, an increase of ¥7,433 million. This was mainly due to the recording of profit attributable to owners of parent and an increase in foreign currency translation adjustment.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts are unchanged from the full-year consolidated earnings forecasts announced on September 10, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of January 31, 2024	As of October 31, 2024
Assets		
Current assets		
Cash and deposits	39,248	52,268
Notes and accounts receivable - trade, and contract assets	29,452	32,571
Electronically recorded monetary claims - operating	3,782	2,882
Merchandise and finished goods	7,605	8,648
Work in process	2,989	3,541
Raw materials and supplies	3,662	4,332
Other	5,362	5,339
Allowance for doubtful accounts	(13)	(14)
Total current assets	92,089	109,569
Non-current assets		
Property, plant and equipment		
Buildings and structures	50,271	55,589
Accumulated depreciation	(26,938)	(28,398)
Buildings and structures, net	23,333	27,190
Machinery, equipment and vehicles	112,667	120,962
Accumulated depreciation	(64,367)	(71,468)
Machinery, equipment and vehicles, net	48,300	49,494
Tools, furniture and fixtures	26,551	28,548
Accumulated depreciation	(21,451)	(23,341)
Tools, furniture and fixtures, net	5,099	5,207
Land	7,408	8,416
Right-of-use assets	1,963	2,044
Accumulated depreciation	(1,283)	(1,382)
Right-of-use assets, net	679	662
Construction in progress	13,470	16,708
Total property, plant and equipment	98,290	107,679
Intangible assets	1,524	1,588
Investments and other assets		
Investment securities	1,451	1,373
Retirement benefit asset	870	970
Deferred tax assets	1,283	892
Other	186	181
Total investments and other assets	3,791	3,417
Total non-current assets	103,607	112,685
Total assets	195,696	222,254

(Millions of yen)

	As of January 31, 2024	As of October 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	21,000	24,074
Short-term borrowings	* 4,000	—
Current portion of long-term borrowings	9,563	10,989
Income taxes payable	2,983	1,024
Provision for bonuses for directors (and other officers)	—	71
Lease liabilities	44	48
Other	9,140	10,950
Total current liabilities	46,733	47,159
Non-current liabilities		
Long-term borrowings	48,726	67,626
Retirement benefit liability	144	149
Provision for share awards for directors (and other officers)	42	—
Lease liabilities	145	121
Deferred tax liabilities	1,820	1,991
Long-term advances received	387	312
Long-term accounts payable - other	703	416
Other	—	50
Total non-current liabilities	51,970	70,668
Total liabilities	98,703	117,827
Net assets		
Shareholders' equity		
Share capital	16,403	16,403
Capital surplus	15,251	15,251
Retained earnings	60,631	67,195
Treasury shares	(3,655)	(3,657)
Total shareholders' equity	88,630	95,193
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	546	493
Deferred gains or losses on hedges	(3)	(77)
Foreign currency translation adjustment	7,601	8,578
Remeasurements of defined benefit plans	(141)	(102)
Total accumulated other comprehensive income	8,003	8,892
Non-controlling interests	359	340
Total net assets	96,993	104,426
Total liabilities and net assets	195,696	222,254

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

(Millions of yen)

	Nine months ended October 31, 2023	Nine months ended October 31, 2024
Net sales	144,078	158,208
Cost of sales	120,228	134,810
Gross profit	23,850	23,397
Selling, general and administrative expenses	10,774	11,932
Operating profit	13,076	11,465
Non-operating income		
Interest income	329	669
Foreign exchange gains	3,612	1,194
Other	202	241
Total non-operating income	4,144	2,105
Non-operating expenses		
Interest expenses	126	214
Loss on sale and retirement of non-current assets	333	303
Other	11	75
Total non-operating expenses	471	593
Ordinary profit	16,749	12,976
Extraordinary income		
Subsidy income	104	414
Total extraordinary income	104	414
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	45	179
Total extraordinary losses	45	179
Profit before income taxes	16,808	13,212
Income taxes	4,989	3,863
Profit	11,818	9,348
Profit attributable to non-controlling interests	53	1
Profit attributable to owners of parent	11,765	9,346

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended October 31, 2023	Nine months ended October 31, 2024
Profit	11,818	9,348
Other comprehensive income		
Valuation difference on available-for-sale securities	213	(53)
Deferred gains or losses on hedges	14	(73)
Foreign currency translation adjustment	3,923	977
Remeasurements of defined benefit plans, net of tax	49	39
Total other comprehensive income	4,200	889
Comprehensive income	16,018	10,237
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,965	10,236
Comprehensive income attributable to non-controlling interests	53	1

(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 October 31, 2024 are as follows:

	As of January 31, 2024	As of October 31, 2024
Total overdraft limit	¥12,000 million	¥15,600 million
Drawn balance	4,000	—
Available balance	8,000	15,600

Notes to quarterly consolidated statement of cash flows

The Company has not prepared quarterly consolidated statement of cash flows for the nine months ended October 31, 2024. In addition, the amounts of depreciation (including amortization related to intangible assets) for the first nine months of the current and previous fiscal years are as stated below.

	Nine months ended October 31, 2023	Nine months ended October 31, 2024
Depreciation	¥8,156 million	¥10,632 million

Notes on segment information, etc.

[Segment information]

Nine months ended October 31, 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	4,048	42,720	97,310	144,078	—	144,078
Net sales to external customers	4,048	42,720	97,310	144,078	—	144,078
Intersegment net sales or transfers	5,253	0	—	5,253	(5,253)	—
Total	9,302	42,720	97,310	149,332	(5,253)	144,078
Segment profit	1,121	4,344	8,237	13,703	(626)	13,076

Notes: 1. Adjustment to segment profit of negative ¥626 million is mainly internal income in intersegment transaction eliminations.

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

Nine months ended October 31, 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	3,216	41,980	113,012	158,208	—	158,208
Net sales to external customers	3,216	41,980	113,012	158,208	—	158,208
Intersegment net sales or transfers	4,175	—	—	4,175	(4,175)	—
Total	7,391	41,980	113,012	162,384	(4,175)	158,208
Segment profit	137	3,108	8,180	11,426	38	11,465

Notes: 1. Adjustment to segment profit of ¥38 million is mainly internal income in intersegment transaction eliminations.

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

Not applicable.