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December 13, 2023

Consolidated Financial Results for the Nine Months Ended October 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange
 Securities code: 6966
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 Scheduled date to file quarterly securities report: December 13, 2023
 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 nine months ended October 31, 2023 (from February 1, 2023 to October 31, 2023)

(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, 2023	144,078	10.0	13,076	(29.3)	16,749	(21.0)	11,765	(30.6)
October 31, 2022	130,922	32.7	18,497	93.6	21,200	110.6	16,955	130.0

Note: Comprehensive income For the nine months ended October 31, 2023: ¥16,018 million [(30.2)%]
 For the nine months ended October 31, 2022: ¥22,962 million [145.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
October 31, 2023	321.89	–
October 31, 2022	463.86	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
October 31, 2023	193,043	94,118	48.6
January 31, 2023	159,803	80,607	50.3

Reference: Equity
 As of October 31, 2023: ¥93,774 million
 As of January 31, 2023: ¥80,307 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2023	–	21.00	–	44.00	65.00
Fiscal year ending January 31, 2024	–	24.00	–		
Fiscal year ending January 31, 2024 (Forecast)				48.00	72.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending January 31, 2024 (from February 1, 2023 to January 31, 2024)

(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, 2024	192,000	10.0	16,000	(29.2)	15,800	(30.3)	11,700	(33.5)	320.10

Note: Revisions to the forecast of financial results most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the nine months ended October 31, 2023 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Excluded company: 1 (MHT America Holdings, Inc.)

Note: For details, please refer to “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements, Changes in significant subsidiaries” on page 7.

- (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: Yes
 - (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, 2023	39,466,865 shares
As of January 31, 2023	39,466,865 shares

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

As of October 31, 2023	2,916,424 shares
As of January 31, 2023	2,915,355 shares

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

Nine months ended October 31, 2023	36,551,021 shares
Nine months ended October 31, 2022	36,552,076 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 October 31, 2023 and 55,700 shares as of January 31, 2023). 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 October 31, 2023 and 55,700 shares as of October 31, 2022).

- * 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 nine months ended October 31, 2023 remained uncertain due to the impact of prolonged geopolitical risks in Europe, global inflation, financial instability caused by policy rate hikes in a number of countries, 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 as production activities normalized with the easing of shortages in the supply of semiconductors for automobiles. On the other hand, in the semiconductor industry, difficult conditions continued mainly due to inventory adjustments accompanying sluggish final demand for semiconductors for consumer electronics and information terminals.

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 nine months ended October 31, 2023 amounted to ¥144,078 million (up 10.0% year on year). In terms of profit, operating profit amounted to ¥13,076 million (down 29.3% year on year) mainly due to decreased net sales from the Electronic Parts Business. In addition, ordinary profit amounted to ¥16,749 million (down 21.0% year on year) and profit attributable to owners of parent amounted to ¥11,765 million (down 30.6% year on year) due to an increase in foreign exchange gains for foreign currency denominated financial assets.

It is difficult to predict the future trend in demand for the semiconductor industry, but the entire Group will work together to continue increasing profit.

Operating results by segment are as follows.

Tooling and Machine Tools

The Tooling and Machine Tools Business responded to firm demand for the Electrical Parts Business. As a result, net sales amounted to ¥9,302 million (up 6.4% year on year) and operating profit amounted to ¥1,121 million (up 19.8% year on year).

Electronic Parts

In the Electronic Parts Business, difficult conditions continued mainly due to inventory adjustments accompanying sluggish final demand for semiconductors for consumer electronics and information terminals. As a result, net sales amounted to ¥42,720 million (down 21.7% year on year) and operating profit amounted to ¥4,344 million (down 57.9% year on year).

Electrical Parts

The Electrical Parts Business responded to firm demand for motor cores for drive and power generation applications for electric vehicles. As a result, net sales amounted to ¥97,310 million (up 33.2% year on year). Despite increases in various costs in response to upfront investment, operating profit amounted to ¥8,237 million (up 14.0% year on year) as a result of increased net sales.

Net sales for the above segment are presented including ¥5,253 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, 2023	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	28,938	44,053
Notes and accounts receivable - trade, and contract assets	27,466	30,066
Electronically recorded monetary claims - operating	3,210	3,884
Securities	5,000	5,000
Merchandise and finished goods	8,105	7,925
Work in process	2,664	2,843
Raw materials and supplies	4,206	3,818
Other	5,564	4,401
Allowance for doubtful accounts	(17)	(18)
Total current assets	85,139	101,974
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,996	44,230
Accumulated depreciation	(25,588)	(26,841)
Buildings and structures, net	16,408	17,389
Machinery, equipment and vehicles	89,676	106,150
Accumulated depreciation	(57,140)	(62,888)
Machinery, equipment and vehicles, net	32,536	43,262
Tools, furniture and fixtures	24,464	26,725
Accumulated depreciation	(20,210)	(21,404)
Tools, furniture and fixtures, net	4,254	5,320
Land	6,688	7,489
Right of use assets	1,750	1,922
Accumulated depreciation	(1,123)	(1,288)
Right of use assets, net	626	634
Construction in progress	8,891	11,909
Total property, plant and equipment	69,405	86,005
Intangible assets	1,148	1,343
Investments and other assets		
Investment securities	1,130	1,436
Deferred tax assets	2,207	1,281
Retirement benefit asset	559	813
Other	212	189
Total investments and other assets	4,110	3,720
Total non-current assets	74,664	91,069
Total assets	159,803	193,043

(Millions of yen)

	As of January 31, 2023	As of October 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	16,272	21,902
Current portion of long-term borrowings	11,503	9,563
Income taxes payable	4,173	2,089
Provision for bonuses for directors (and other officers)	–	65
Lease liabilities	36	38
Other	5,349	12,079
Total current liabilities	37,334	45,739
Non-current liabilities		
Long-term borrowings	39,402	50,092
Provision for share awards for directors (and other officers)	85	82
Retirement benefit liability	154	156
Lease liabilities	104	89
Long-term advances received	–	405
Long-term accounts payable - other	1,010	688
Deferred tax liabilities	1,104	1,670
Total non-current liabilities	41,861	53,185
Total liabilities	79,196	98,925
Net assets		
Shareholders' equity		
Share capital	16,403	16,403
Capital surplus	15,251	15,251
Retained earnings	47,575	56,851
Treasury shares	(3,646)	(3,655)
Total shareholders' equity	75,584	84,851
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	323	536
Deferred gains or losses on hedges	(23)	(8)
Foreign currency translation adjustment	4,627	8,550
Remeasurements of defined benefit plans	(205)	(156)
Total accumulated other comprehensive income	4,722	8,922
Non-controlling interests	300	344
Total net assets	80,607	94,118
Total liabilities and net assets	159,803	193,043

(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, 2022	Nine months ended October 31, 2023
Net sales	130,922	144,078
Cost of sales	102,431	120,228
Gross profit	28,490	23,850
Selling, general and administrative expenses	9,992	10,774
Operating profit	18,497	13,076
Non-operating income		
Interest income	90	329
Foreign exchange gains	2,738	3,612
Other	166	202
Total non-operating income	2,995	4,144
Non-operating expenses		
Interest expenses	98	126
Loss on sale and retirement of non-current assets	185	333
Other	8	11
Total non-operating expenses	292	471
Ordinary profit	21,200	16,749
Extraordinary income		
Subsidy income	203	104
Gain on sale of non-current assets	*1 1,336	-
Total extraordinary income	1,540	104
Extraordinary losses		
Non-recurring loss	*2 374	-
Loss on tax purpose reduction entry of non-current assets	107	45
Total extraordinary losses	482	45
Profit before income taxes	22,259	16,808
Income taxes	5,279	4,989
Profit	16,979	11,818
Profit attributable to non-controlling interests	24	53
Profit attributable to owners of parent	16,955	11,765

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended October 31, 2022	Nine months ended October 31, 2023
Profit	16,979	11,818
Other comprehensive income		
Valuation difference on available-for-sale securities	(39)	213
Deferred gains or losses on hedges	(207)	14
Foreign currency translation adjustment	6,187	3,923
Remeasurements of defined benefit plans, net of tax	41	49
Total other comprehensive income	5,982	4,200
Comprehensive income	22,962	16,018
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,937	15,965
Comprehensive income attributable to non-controlling interests	24	53

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

Not applicable.

Changes in significant subsidiaries

MHT America Holdings, Inc., which was a consolidated subsidiary, has been excluded from the scope of consolidation from the second quarter of the fiscal year ending January 31, 2024 due to the completion of liquidation.

Although it does not constitute a change in specified subsidiaries, Mitsui High-tec (USA), Inc., which was a consolidated subsidiary, has been excluded from the scope of consolidation due to the completion of liquidation.

In addition, Mitsui High-tec North America, Inc. and Mitsui High-tec Mexicana, S.A. DE C.V., which were newly established, have been included in the scope of consolidation from the third quarter of the fiscal year ending January 31, 2024.

Changes in accounting policies**Application of Implementation Guidance on Accounting Standard for Fair Value Measurement**

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year ending January 31, 2024, and in accordance with the transitional treatment prescribed in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement have been applied prospectively. This has no effect on quarterly consolidated financial statements.

Notes to quarterly consolidated statement of income***1 Gain on sale of non-current assets**

The gain on sale of non-current assets produced through the transfer of core industrial park site owned by the Company in Ozu-machi, Kumamoto Prefecture has been recorded as extraordinary income.

***2 Non-recurring loss**

At the Group’s overseas consolidated subsidiary Mitsui High-tec (Shanghai) Co., Ltd., the fixed expenses for the period in which the Chinese government requested that operations be suspended to prevent the spread of COVID-19 have been recorded as extraordinary losses.

Segment information

Nine months ended October 31, 2022

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	3,291	54,559	73,071	130,922	–	130,922
Net sales to external customers	3,291	54,559	73,071	130,922	–	130,922
Intersegment net sales or transfers	5,448	–	2	5,451	(5,451)	–
Total	8,740	54,559	73,074	136,374	(5,451)	130,922
Segment profit	935	10,316	7,224	18,476	20	18,497

Notes: 1. Adjustment to segment profit of ¥20 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, 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.

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

Not applicable.

Significant events after the period

Not applicable.