

March 14, 2022  
 Mitsui High-tec, Inc.

**Notice on Adoption of a New Medium-Term Management Plan**

Mitsui High-tec, Inc. (“the Company”) announces that a Board of Directors meeting held on March 14, 2022 adopted a new medium-term management plan for three years from the fiscal year ending January 31, 2023 and passed a resolution on the plan. Details are as follows.

**1. Background to the adoption of a new medium-term management plan**

Based on the current situation and anticipated business environment over the medium and long terms, the Company decided to review the medium-term management plan (in which it aims to achieve net sales of 150 billion yen and an operating profit margin of 5% in the fiscal year ending January 31, 2024) adopted in January 2019.

Under the new medium-term management plan, the Company will focus its management on **achieving business growth, striking a balance between expansion and stabilization**, taking a long-term perspective, and will contribute to creating a sustainable society and creating new value.

**2. Period of the new medium-term business plan**

Three years from the fiscal year ending January 31, 2023 to the fiscal year ending January 31, 2025

**3. Policies of the new medium-term management plan**

- (1) Developing business, focusing on ultra-precision machining technology
- (2) Expanding supplies of products that will contribute to resource conservation and energy saving
- (3) Developing a global supply system to meet customer needs

**4. Financial goals**

Net sales and operating profit targets

(million yen)

	Result in year ended Jan. 2022	Target in year ending Jan. 2025	Percentage change
<b>Net sales</b>	<b>139,429</b>	<b>230,000</b>	<b>+65.0%</b>
<b>Operating profit</b>	<b>14,959</b>	<b>30,000</b>	<b>+100.5%</b>
<b>Operating profit margin</b>	<b>10.7%</b>	<b>13.0%</b>	<b>+2.3pts</b>

Total capital expenditure in the three years

68.0 billion yen

- (1) Striving to increase production capacity according to trends in demand from customers in four major regions worldwide
- (2) Continuing to invest primarily in major growth fields: the electric parts business and electronics parts business

**5. Shareholder return policy**

In comprehensive consideration of the expansion of investment for business growth and dividend increases, the Company will use DOE (dividends on equity) in the three years covered by the new medium-term management plan to measure continuing stability in the ratio of dividends to equity and will set a standard for DOC of 3.0% or more.

超精密加工でしあわせな未来を



**Mitsui  
High-tec  
Inc.**

March 14, 2022

Mitsui High-tec, Inc. (Securities Code: 6966)

# New Medium-Term Management Plan



**Ultra-precision technology to shape tomorrow**

## To the Next Phase of Growth

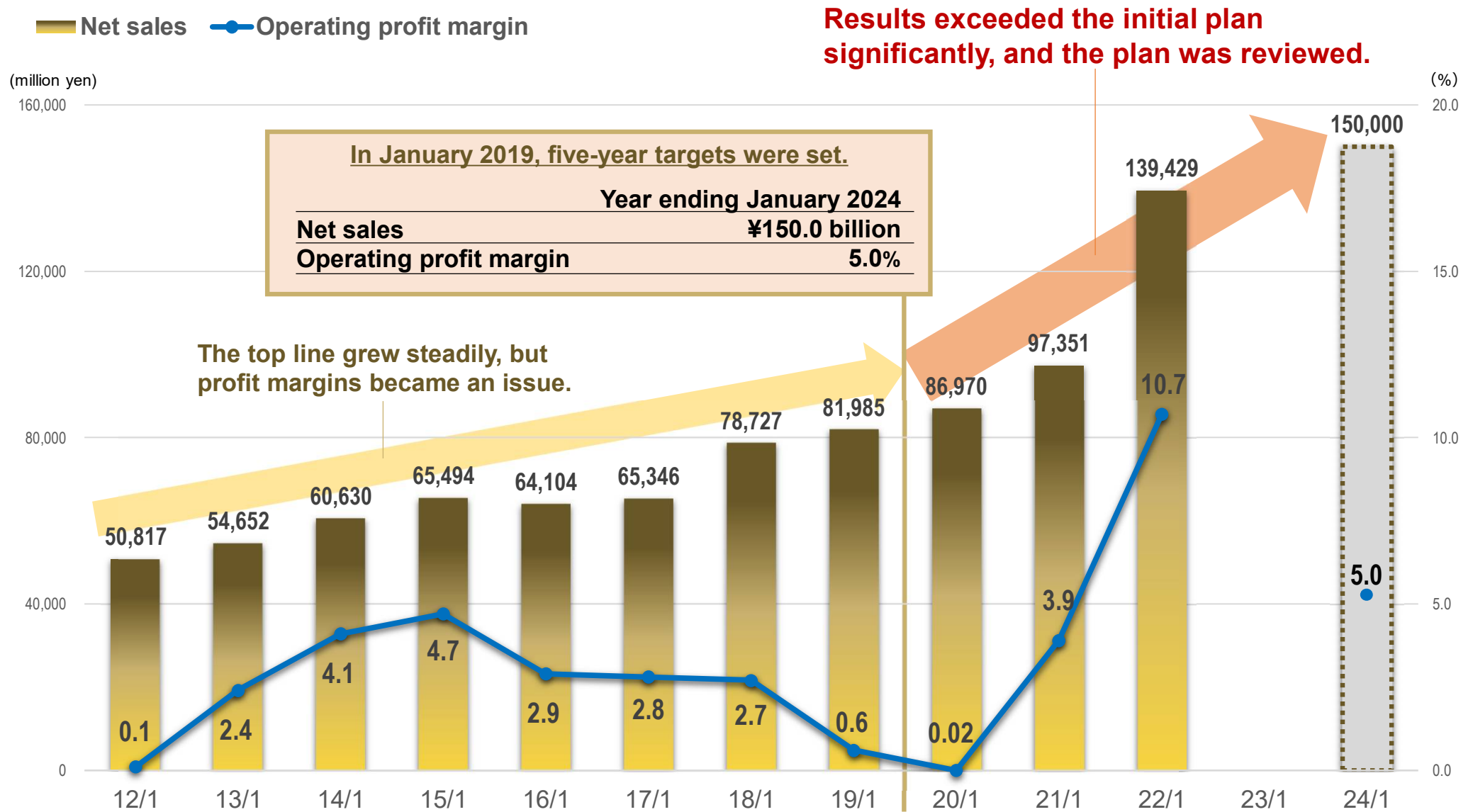
Considering the current situation and the mega trend over the medium to long term, the Company has reviewed the medium-term management plan that was adopted in January 2019 and has developed a new medium-term management plan for the three years from the fiscal year ending January 31, 2023.

Under the new medium-term management plan, the Company will operate its business from a long-term perspective to achieve growth, striking a balance between expansion and stabilization, and will contribute to creating a sustainable society and creating new value.



# Background of the New Medium-Term Management Plan

# Reviewing the Results



Results rose sharply, reflecting accelerating increases in electric vehicles and strong demand for semiconductors.

(million yen)

	2021/1	2022/1	YoY change	YoY percentage change
Net sales	<b>97,351</b>	<b>139,429</b>	+42,078	43.2%
Operating profit	<b>3,790</b>	<b>14,959</b>	+11,169	294.7%
Ordinary profit	<b>3,907</b>	<b>15,672</b>	+11,764	301.1%
Operating profit margin	<b>3.9%</b>	<b>10.7%</b>	+6.8pts	

- ▶ **Electrical parts business** Responded to increasing demand for electric vehicle motor cores for driving and power generation use.
- ▶ **Electronic parts business** Responded to strong demand for semiconductors, primarily those for vehicles.
- ▶ **Tooling business** Responded to demand for molds for vehicle motor cores
- ▶ **Machinery business** The business was sluggish as the surface grinding machine market gradually recovered.

# Business Environments (Mega Trends)

## To create a carbon-neutral society

- Responses to global warming are changing from constraints on economic growth and costs to growth opportunities.
- Corporate initiatives integrated with policy measures to develop new technologies and develop new market are accelerating globally.

## From an information society to an age with a high-level evolution in information technology

- Expansion of devices and applications that use semiconductors  
5G, the IoT, big data, AI, the cloud, the blockchain, edge computing, the metaverse, automatic driving, etc.
- Building advanced digital infrastructures to be converged with virtual space

The two main target business fields of the Company's two main businesses are related to two major global trends.

# Fields growing rapidly in the long term

## Automobile

Long-term outlook

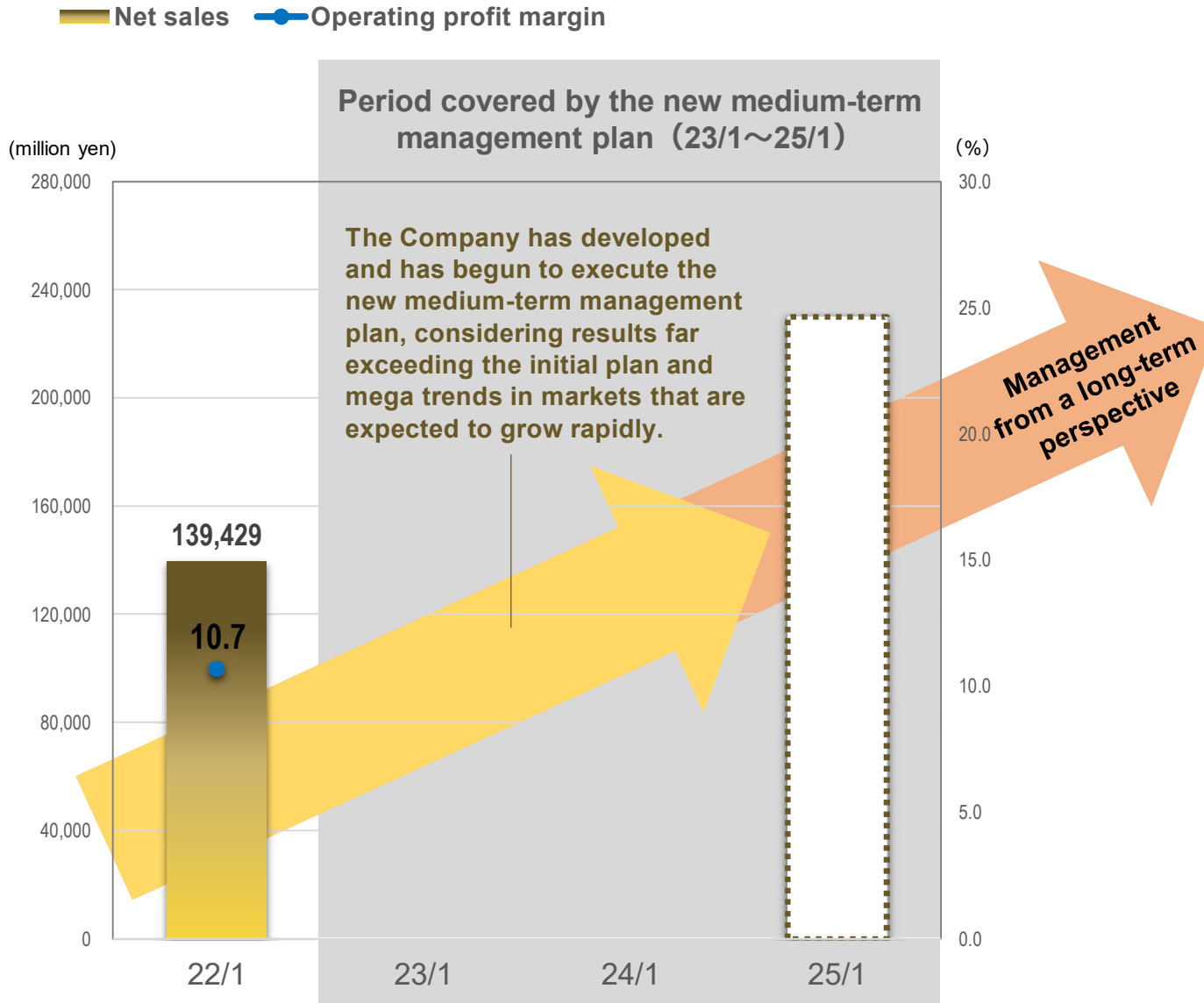
Investments to develop hybrid vehicles and electric vehicles, which are replacing gasoline-fueled vehicles, including investments being made by players from different industries, are increasing rapidly.

## Semiconductor

Long-term outlook

Demand for semiconductors remains strong in the long term in every society and industry amid incessant innovation.

# Adoption of the New Medium-Term Management Plan



**Ultra-precision technology to shape tomorrow**



**Goals**

- Developing business, focusing on ultra-precision machining technology
- Expanding supplies of products that will contribute to resource conservation and energy saving
- Developing a global supply system to meet customer needs





# Overview of the New Medium-Term Management Plan

## [Corporate principles]

- ✓ **provide products which people in the world need;**
- ✓ **support all our associates by promoting each other's prosperity; and**
- ✓ **build an ideal and humane workplace based on the spirit of equality.**



## [Slogan]

**Ultra-precision technology to shape tomorrow**

As a manufacturer that develops products, the Group will provide value that meets the needs of society, taking advantage of its ultra-precision machining technology, to contribute to resource conservation and energy saving and to creating a "happy future," when people will live a more convenient, more enhanced, and more secure life.

**1**

**Developing business, focusing on ultra-precision machining technology**

**2**

**Expanding supplies of products that will contribute to resource conservation and energy saving**

**3**

**Developing a global supply system to meet customer needs**

# Policy 1: Developing business, focusing on ultra-precision machining technology

Provide stable supplies of high quality products based on ultra-precision technology and provide value sought after by customers and society

Providing value sought after by customers and society

High quality, stable supply

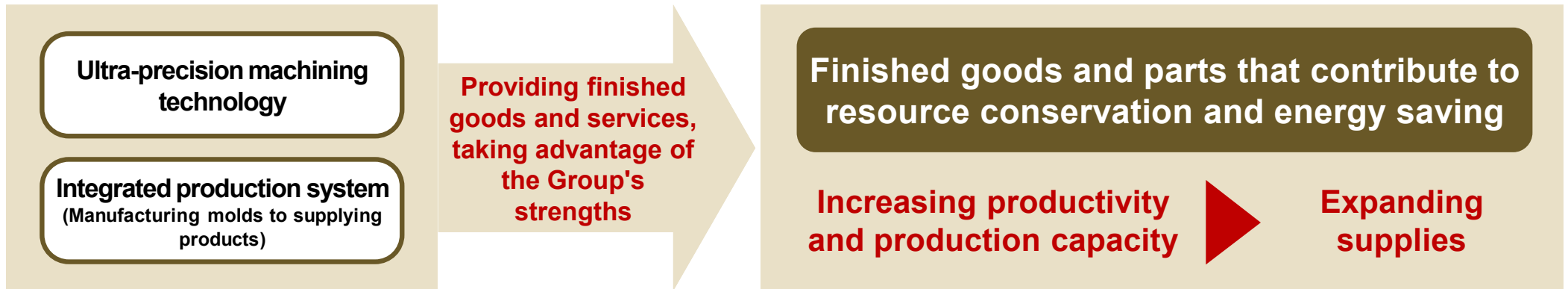
Ultra-precision machining technology



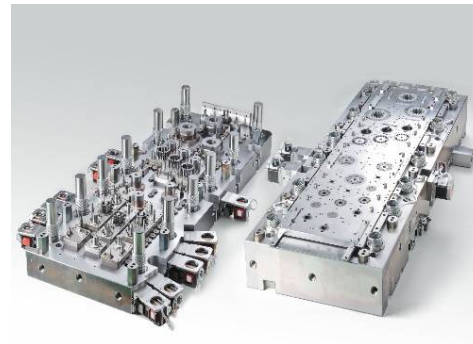
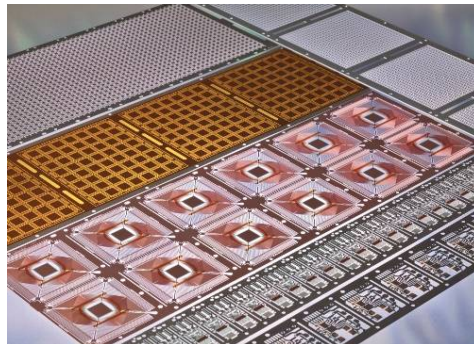
## Policy 2: Expanding supplies of products that contribute to resource conservation and energy saving

Expand supplies of products that meet customer needs and contribute to resource conservation and energy saving, particularly decarbonization, based on ultra-precision machining technology.

Continually make improvements to reduce the use of materials to conserve resources and save energy in manufacturing processes and develop technologies.



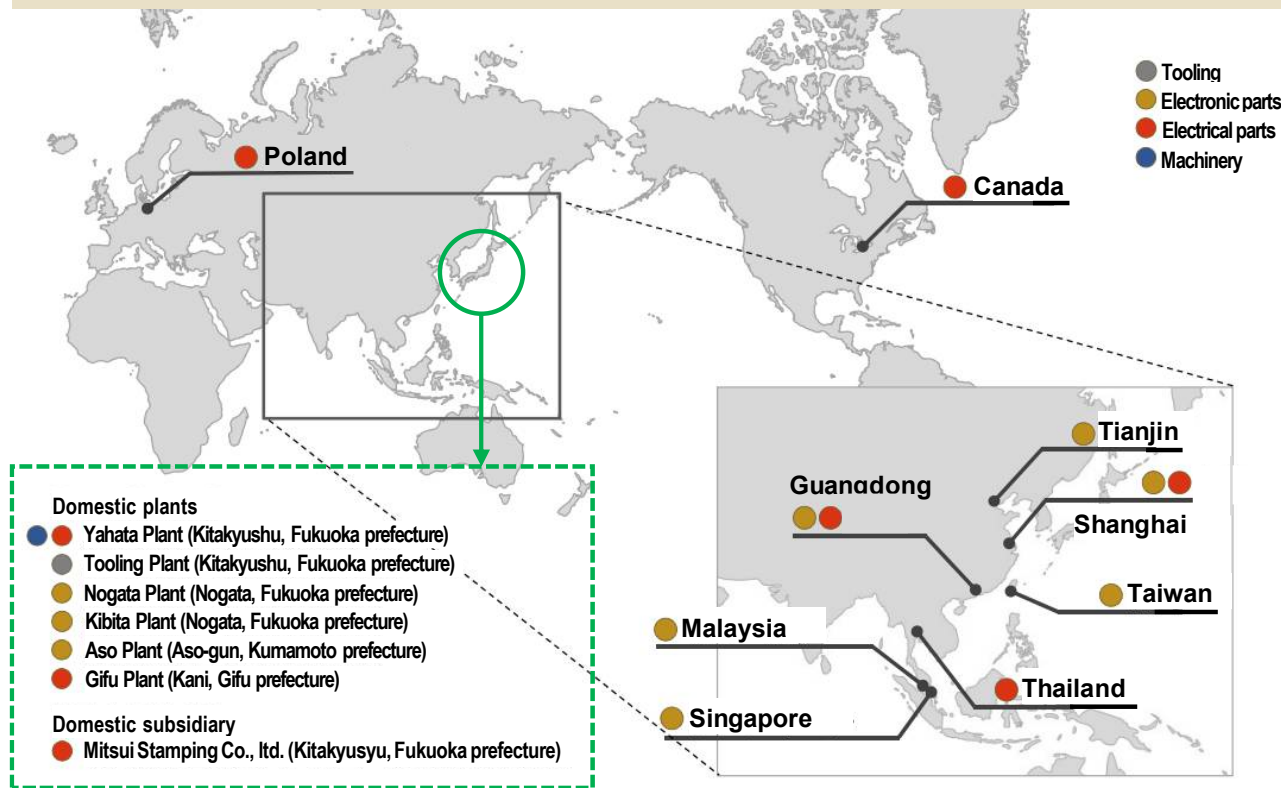
### ■ Finished goods, parts



# Policy 3: Developing a Global Supply System to Meet Customer Needs

Strengthen the Group's global supply structure to respond promptly and appropriately to the needs of global companies, including those in the auto industry and semiconductor industry.

**16 production bases worldwide (9 overseas bases and 7 domestic bases)**



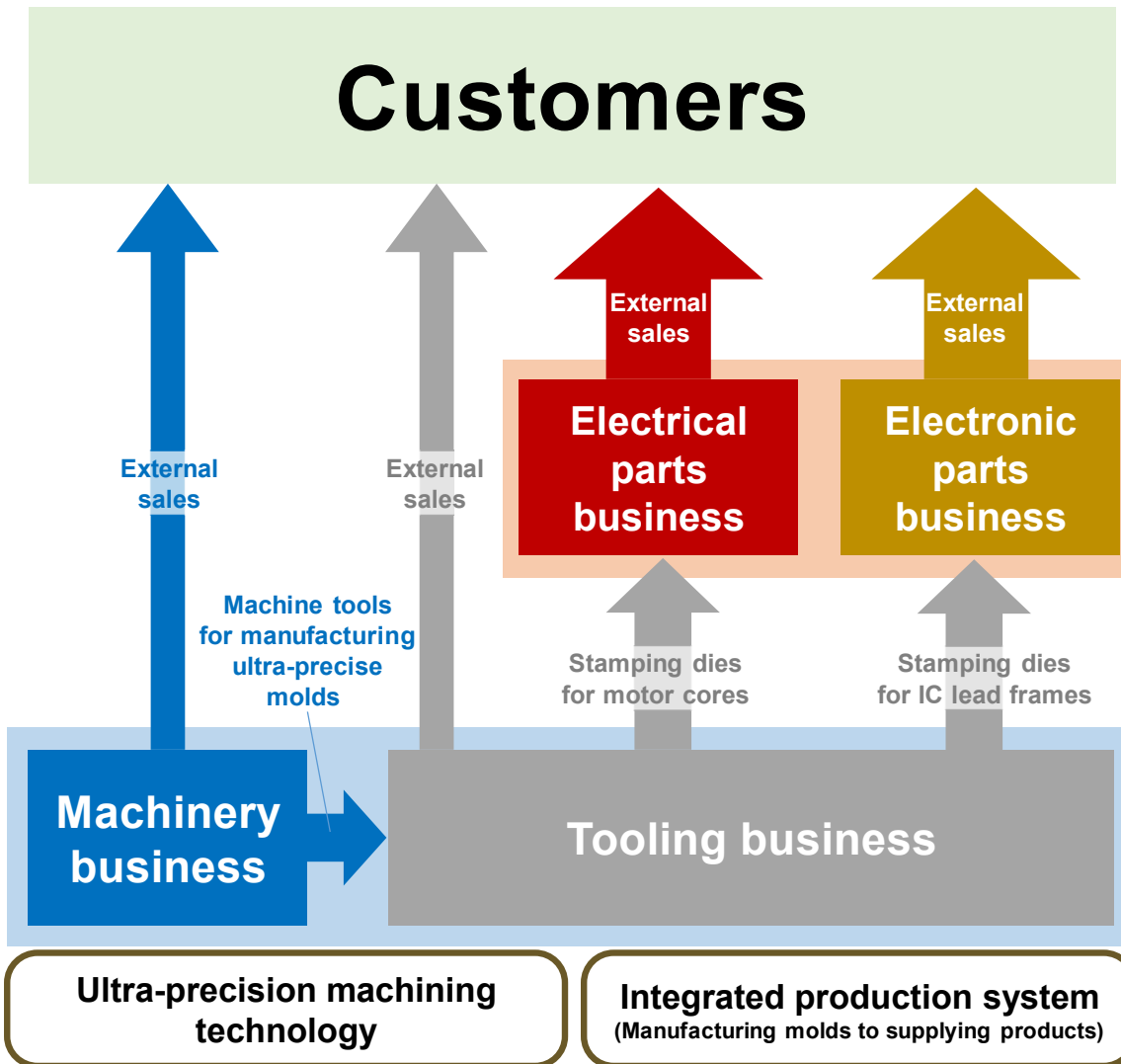
## Electrical parts business

Stable supply in four major regions (Japan, China, North America, and Europe) to respond to customer needs

## Electronic parts business

Producing in optimal regions to respond to customer needs, taking advantage of globalization

■ The Group's business portfolio and the positions of businesses



**Positions of electrical parts business and electronic parts business**

### Priority businesses

For some time to come, the Group will strive to maximize the growth and profitability of the electronic parts business and the electrical parts business.

Electrical parts business	=	Expanding growth business
Electronic parts business	=	Stable growth business

**Positions of the tooling business and the machinery business**

### Base businesses

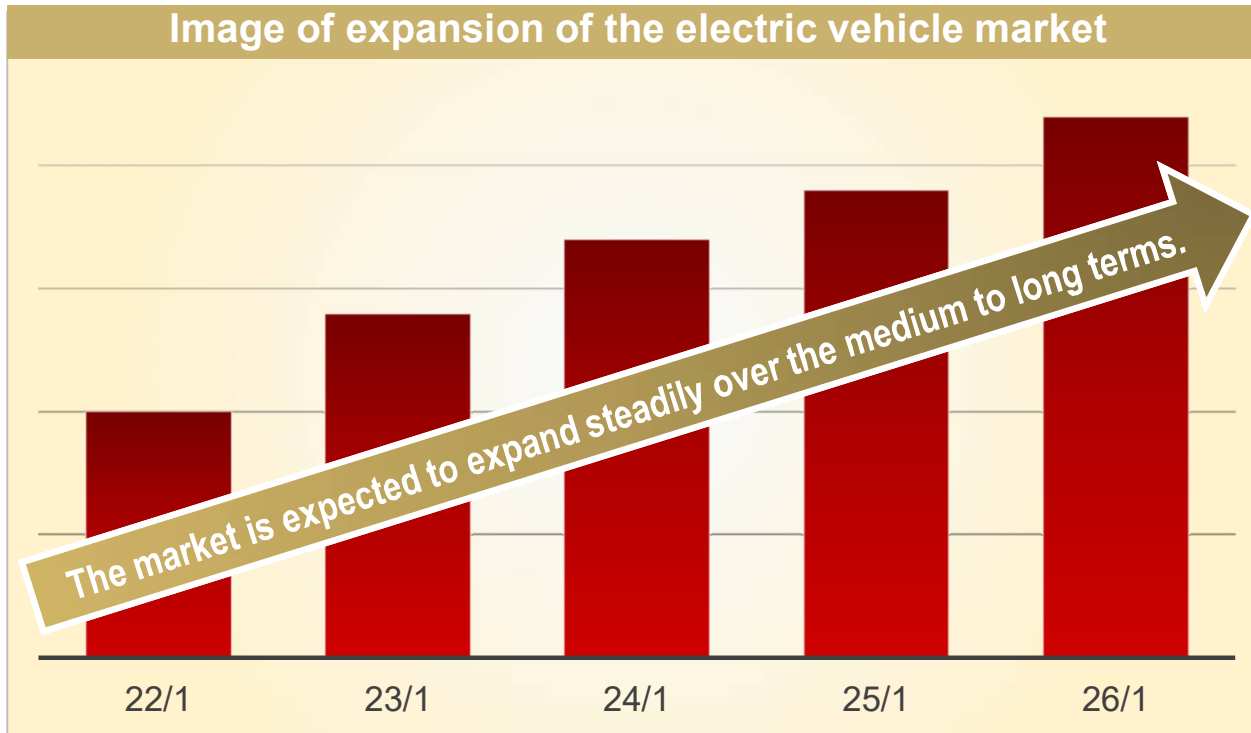
In the two businesses, the Group sells products to outside customers. Meanwhile, the Group positions them as base businesses to maximize the growth and profitability of the electrical parts business and the electronic parts business and adopts strategies that emphasize the sophistication of technologies.

# Business Policy 1: Strategy for Electrical Parts Business

Position of the business

Expanding growth business

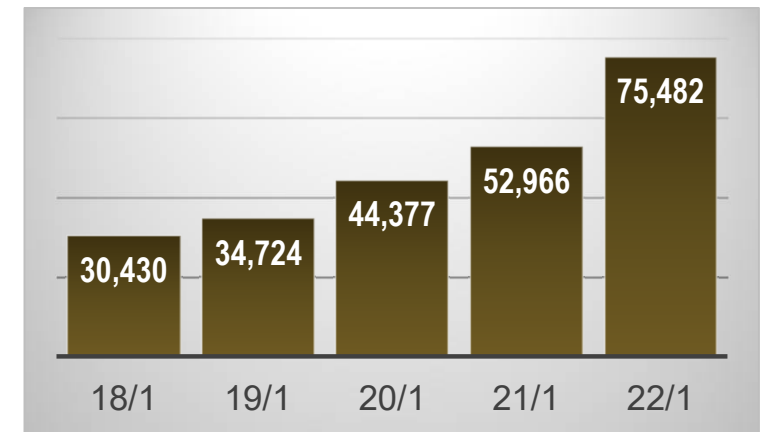
In response to expanding demand for electric automobiles, the Group will expand business and earnings based on a production structure that has bases in four major regions.



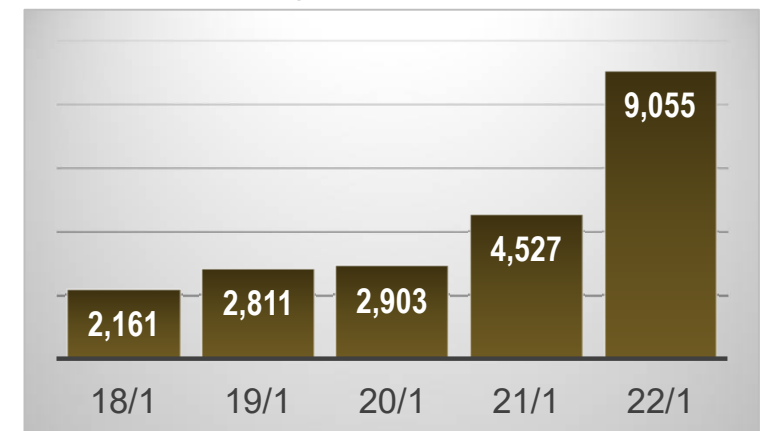
## Basic policy

- ▶ Providing the stable supply of uniformly high quality products

■ Trends in net sales in the business (million yen)



■ Trends in operating profit in the business (million yen)





# Business Policy 2: Strategy for Electronic Parts Business

Position of the business

Stable growth business

The Group will focus on growth fields in the semiconductor market to increase productivity and earnings.

## Major growth fields in the semiconductor market

Business environment for semiconductors  
**ICT investment is expanding in all industries**

## Expanding uses of and demand for semiconductors

Information, communication devices, 5G

Automobiles

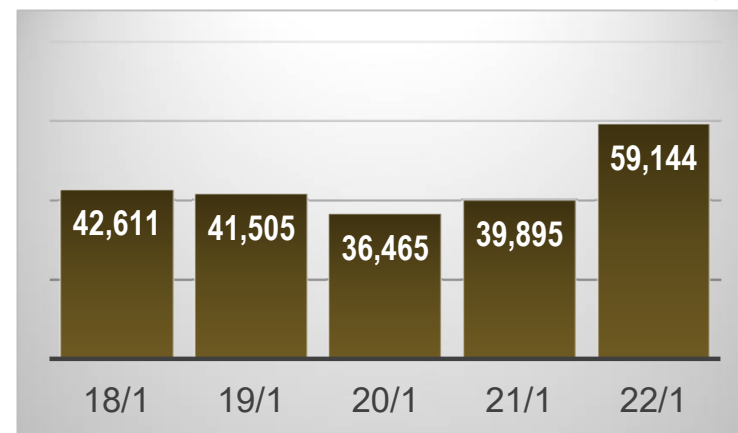
New digital infrastructures

• • • , etc.

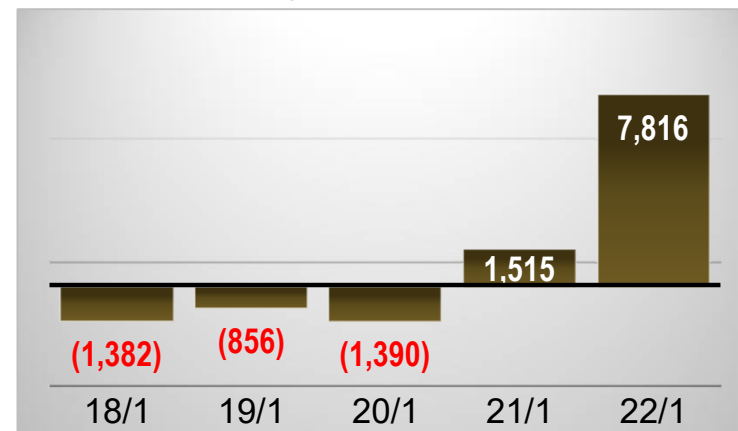
## Basic policy

- ▶ Establishing a competitive advantage by achieving high quality and high productivity
- ▶ Responding to customer needs, taking advantage of a strong global supply network

■ Trends in net sales in the business (million yen)



■ Trends in operating profit in the business (million yen)

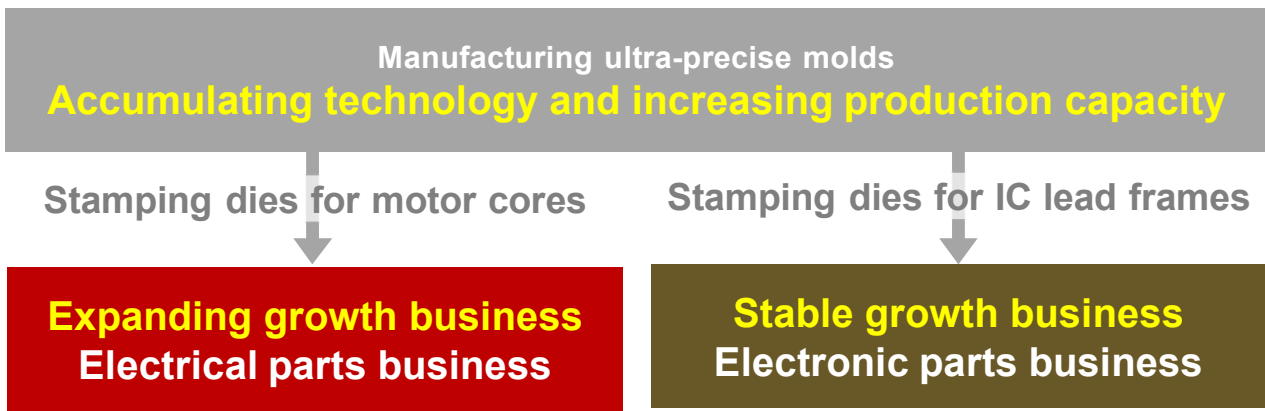


# Business Policy 3: Strategies for Tooling Business and Machinery Business



- Underpin the maximum growth and profitability of the priority businesses.
- Institute a strategy that emphasizes the sophistication of technology rather than external sales.

Sophistication of machine tools, which is indispensable for ultra-precision machining



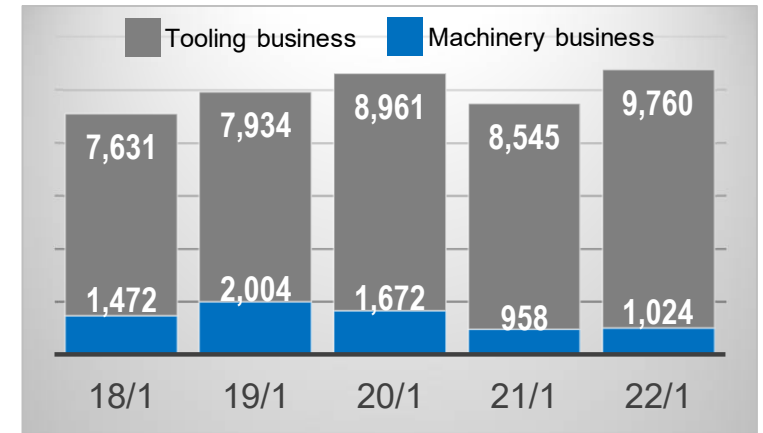
### Major initiatives in tooling business

- ▶ Achieving high quality in molds together with high productivity, taking advantage of an abundance of mold engineers and Mitsui's unique mold technology

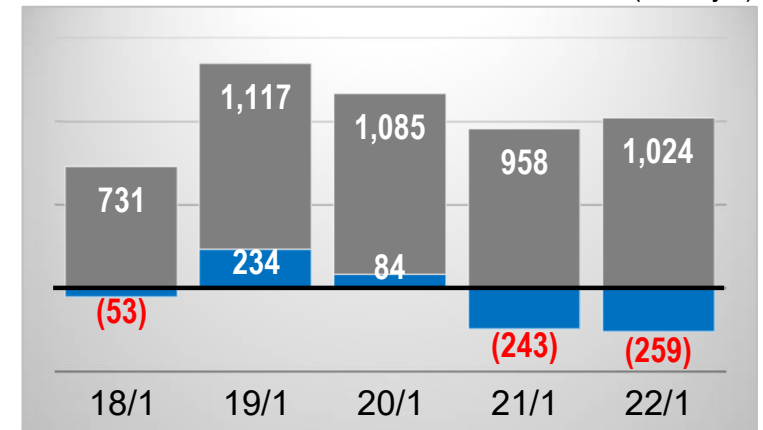
### Major initiatives in machinery business

- ▶ Developing models that will promote labor saving and automation in ultra-precise machining
- ▶ Developing and proposing grinding machines that are not limited to surface grinding machines

Trends in net sales in two base businesses (million yen)



Trends in operating profit in two base businesses (million yen)



## Net sales and operating profit targets

(million yen)

	Result in year ended Jan. 2022	Target in year ending Jan. 2025	Percentage change
Net sales	139,429	230,000	65.0%
Operating profit	14,959	30,000	100.5%
Operating profit margin	10.7%	13.0%	+2.3 pts

## Capital expenditure for the three years

¥68.0 billion

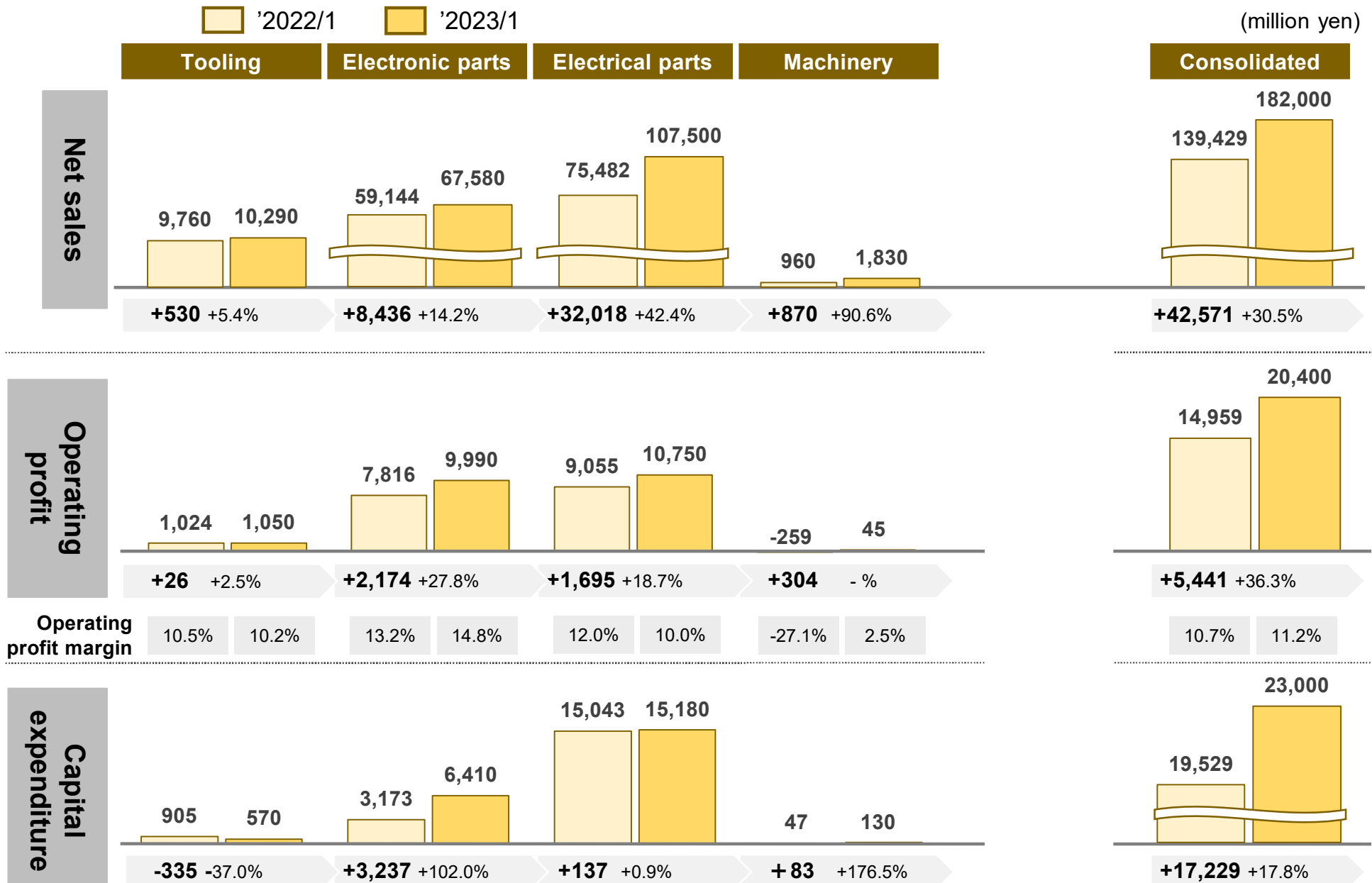
- (1) Striving to increase production capacity according to trends in demand from customers in four major regions in the world
- (2) Continuing to invest primarily in major growth fields: the electric parts business and electronics parts business

## Consolidated Results Forecast for Year Ending January 2023

	2022/1	2023/1	Change	Percentage change
<b>Net sales</b>	139,429	182,000	+42,570	+30.5%
<b>Operating profit</b>	14,959	20,400	+5,440	+36.4%
Operating profit margin	10.7%	11.2%	+0.5pts	
<b>Ordinary profit</b>	15,672	20,500	+4,827	+30.8%
<b>Profit</b>	11,778	15,000	+3,221	+27.3%
Profit margin	8.4%	8.2%	-0.2pts	
Depreciation	8,603	11,000	+2,396	+27.9%
EBITDA	23,563	31,400	+7,836	+33.3%
Average rates during the period	USD 110.73	110.0 yen		

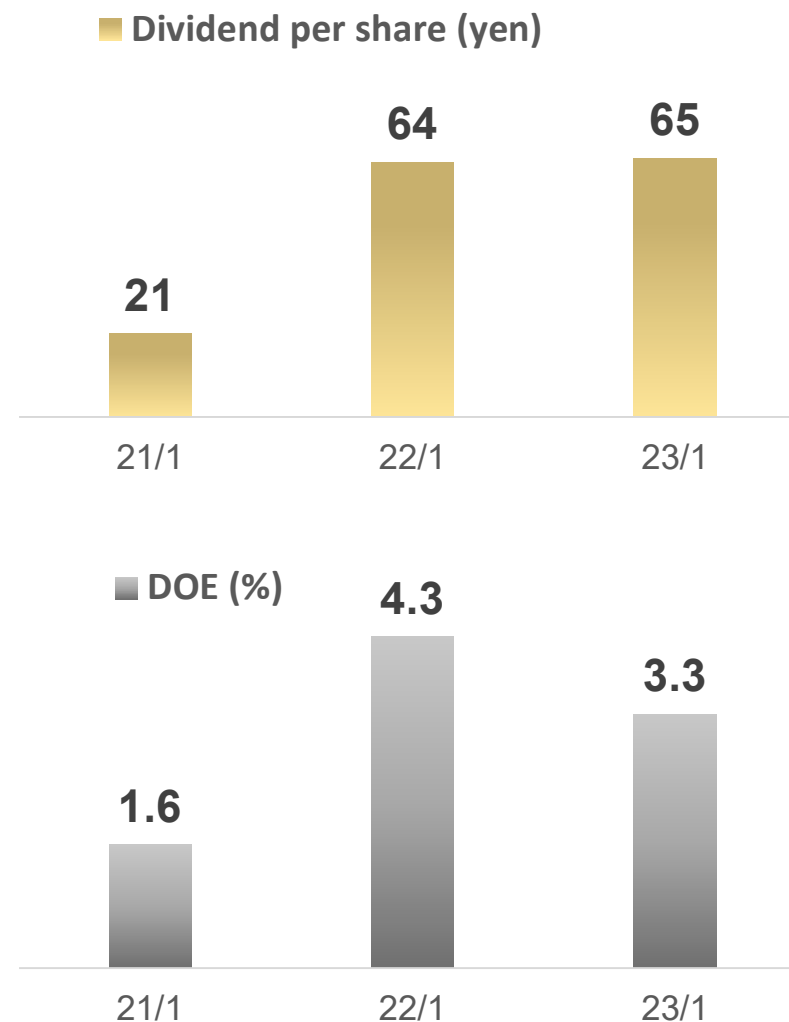
- ▶ **Electrical parts business** Demand for electric vehicle motor cores for driving and power generation use will expand.
- ▶ **Electronic parts business** Demand for semiconductors, particularly semiconductors for automobiles, will remain strong.
- ▶ **Tooling business** Will respond to demand in the electrical parts business and the electronic parts business.
- ▶ **Machinery business** Will receive new orders resulting from demand related to automation and labor saving.

# Consolidated Results Forecast for Year Ending January 2023



## Shareholder Return Policy

- Comprehensively consider increasing investment to strengthen competitiveness and seize growth opportunities and making consistent dividends in the three years from the fiscal year ending January 31, 2023 to the fiscal year ending January 31, 2025.
- Use DOE (dividends on equity) to measure the consistency of dividend payments in the three years covered by the new medium-term management plan because the dividend payout ratio changes significantly due to profit each fiscal year
- Aim to achieve a DOE of 3.0% or more. Dividends per share will be 65 yen for the fiscal year ending January 31, 2023.



## The Group's top priority

# Help create a sustainable society through business activities

### Continued efforts to reduce the environmental impact

- Supplying parts for environmentally friendly electric cars
- Developing products that reduce environmental impacts
- Reducing CO<sub>2</sub> emissions and resource consumption during production
- Reducing waste
- Promoting recycling, etc.

### Activities to fulfill our responsibility to all stakeholders

- Providing shareholders and investors with information to build long-term trust with them
- Getting involved in local communities
- Promoting diversity and inclusion
- Providing technology, quality and service that exceed customers' expectations
- Building relationships with business connections to grow together, etc.

Established the Corporate Sustainability Department in 2022 to enhance sustainability and governance.

**Will promote sustainability in business activities.**