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March 14, 2023

Consolidated Financial Results for the Fiscal Year Ended January 31, 2023 (Under Japanese GAAP)

Company name: Mitsui High-tec, Inc.
Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange
Securities code: 6966
URL: https://www.mitsui-high-tec.com/ (in Japanese only)
Representative: Yasunari Mitsui, President and Representative Director
Inquiries: Kozo Mitsui, Executive Managing Director, and Senior General Manager of Corporate Planning & Strategy Unit and General Administration Unit
Telephone: +81-93-614-1111

Scheduled date of annual general meeting of shareholders: April 21, 2023
Scheduled date to commence dividend payments: April 14, 2023
Scheduled date to file annual securities report: April 24, 2023
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2023	174,615	25.2	22,586	51.0	22,669	44.6	17,581	49.3
January 31, 2022	139,429	43.2	14,959	294.7	15,672	301.1	11,778	354.3

Note: Comprehensive income For the fiscal year ended January 31, 2023: ¥21,208 million [45.2%]
For the fiscal year ended January 31, 2022: ¥14,606 million [566.4%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
January 31, 2023	480.99	–	24.9	15.4	12.9
January 31, 2022	322.24	–	21.7	13.6	10.7

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended January 31, 2023: ¥– million
For the fiscal year ended January 31, 2022: ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2023	159,803	80,607	50.3	2,197.10
January 31, 2022	134,036	61,383	45.6	1,672.06

Reference: Equity
As of January 31, 2023: ¥80,307 million
As of January 31, 2022: ¥61,118 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2023	22,082	(19,593)	(665)	33,883
January 31, 2022	18,129	(17,743)	12,469	31,140

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended January 31, 2022	–	9.00	–	55.00	64.00	2,339	19.9	4.3
Fiscal year ended January 31, 2023	–	21.00	–	44.00	65.00	2,379	13.5	3.4
Fiscal year ending January 31, 2024 (Forecast)	–	24.00	–	48.00	72.00		15.9	

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	205,000	17.4	22,600	0.1	22,400	(1.2)	16,600	(5.6)	454.15

Note: The Group has omitted the consolidated earnings forecasts for the six months ending July 31, 2023.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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

(3) Number of issued shares (common shares)

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

As of January 31, 2023	39,466,865 shares
As of January 31, 2022	39,466,865 shares

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

As of January 31, 2023	2,915,355 shares
As of January 31, 2022	2,914,411 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended January 31, 2023	36,551,958 shares
Fiscal year ended January 31, 2022	36,553,213 shares

Note: In the fiscal year ended January 31, 2023, the Company introduced a performance-linked and share-based remuneration plan called "Board Benefit Trust (BBT)." The Company's shares owned by the trust are included both in the number of treasury shares at the end of the period and in the number of treasury shares excluded when calculating the average number of shares outstanding during the period.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2023	113,921	15.2	13,320	30.1	15,591	32.5	12,543	49.1
January 31, 2022	98,926	39.7	10,235	443.2	11,764	348.9	8,414	298.9

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
January 31, 2023	343.17	–
January 31, 2022	230.21	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2023	128,202	59,218	46.2	1,620.15
January 31, 2022	111,720	48,422	43.3	1,324.75

Reference: Equity
As of January 31, 2023: ¥59,218 million
As of January 31, 2022: ¥48,422 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

  Caution regarding forward-looking statements and others

  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.

  For details, please refer to “1. Overview of operating results and others, (1) Analysis of business results, (iii) Forecast for the fiscal year ending January 31, 2024” on page 3.

Contents of attached materials

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1. Overview of operating results and others

(1) Analysis of business results

(i) Overview of the fiscal year ended January 31, 2023

The economic environment surrounding the Group in the fiscal year ended January 31, 2023 saw prolonged geopolitical risk in Europe, progressing global inflation, sharp fluctuations in the forex market from national monetary tightening policies, and a rapid deterioration in the Chinese economy, as the future remained uncertain.

With regard to the Group's major customers, in the automotive industry, despite continuous reduced production at various automotive companies due to the shortage of semiconductors, electric vehicle-related demand was firm. In the semiconductor industry, while demand was strong for semiconductors for automobiles, demand for semiconductors for information terminals declined, leading to continued deterioration in the overall market.

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.

In addition to these activities, extreme yen depreciation in the forex market led to net sales in the fiscal year ended January 31, 2023 of ¥174,615 million (up 25.2% year on year). In terms of profit, operating profit amounted to ¥22,586 million (up 51.0% year on year), ordinary profit amounted to ¥22,669 million (up 44.6% year on year) and profit attributable to owners of parent amounted to ¥17,581 million (up 49.3% year on year) mainly due to increased net sales from the Electrical Parts Business and Electronic Parts Business.

The demand environment remains unpredictable for both the automotive and semiconductor industry, but the entire Group will work together to increase profit.

Furthermore, from the beginning of the fiscal year ended January 31, 2023, the Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations, and for previous fiscal year comparisons, the Group has used figures for the fiscal year ended January 31, 2022 prior to the application of the accounting standard, etc. The details of the impact of the application of the Accounting Standard for Revenue Recognition, etc. on the operating results are provided in "4. Consolidated financial statements and significant notes thereto, (5) Notes to consolidated financial statements, Changes in accounting policies and Segment information, 2. Method for calculating amounts of net sales, profit or loss, assets, and other items by reportable segment."

(ii) Overview of segments

Operating results by segment are as follows.

Furthermore, from the fiscal year ended January 31, 2023, we changed the business segments listed as reportable segments, and comparisons and analysis of the fiscal year ended January 31, 2023 are based on the classifications following the changes. The details are provided in "4. Consolidated financial statements and significant notes thereto, (5) Notes to consolidated financial statements, Segment information, 2. Method for calculating amounts of net sales, profit or loss, assets, and other items by reportable segment."

Tooling and Machine Tools

The Tooling and Machine Tools Business responded to firm demand for the Electrical Parts Business and Electronic Parts Business. As a result, net sales amounted to ¥11,808 million (up 10.3% year on year). Operating profit amounted to ¥1,290 million (up 68.7% year on year) due to an increase in net sales.

Electronic Parts

The Electronic Parts Business responded to strong demand for semiconductors for automobiles, despite inventory adjustments due to reduced demand for semiconductors for information terminals. Additionally, due to efforts to improve profitability and extreme yen depreciation, net sales amounted to ¥70,041 million (up 18.4% year on year), and operating profit amounted to ¥12,222 million (up 56.4% 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 ¥100,184 million (up 32.7% year on year). Despite increases in various costs in response to upfront investment, operating profit amounted to ¥9,093 million (up 0.4% year on year) as a result of increased net sales.

Net sales for the above segment are presented including ¥7,418 million in intersegment net sales or transfers.

(iii) Forecast for the fiscal year ending January 31, 2024

We are currently in the midst of realizing a carbon neutral society and enhancing an information-oriented society. The “automotive field” and “semiconductor field,” which are the Company’s main business targets, are both included within this process. The trend of global environmental measures, including those in Japan, is rapidly progressing, and we believe that it will continue to do so over the long term.

Amid this type of environment, the Group will work to enhance productivity and expand the supply of products and parts that contribute to resource and energy saving, based on its ultra-precise processing technologies. Furthermore, the Group will use its strength of integrated production from tooling manufacturing to product supply, and differentiate itself from other companies.

The Group will analyze the business environment to respond to its change, and cooperate and work to demonstrate synergistic effects, including the characteristics and functions of each business and location, in order to establish a sound corporate structure.

Going forward, the Group will utilize a global supply structure to respond to customers’ needs with ultra-precise processing technology as its core, and continue to increase profit by enhancing productivity and reducing costs.

For the consolidated earnings forecast for the fiscal year ending January 31, 2024, the Group expects net sales of ¥205 billion (up 17.4% year on year), operating profit of ¥22.6 billion (up 0.1% year on year), ordinary profit of ¥22.4 billion (down 1.2% year on year), and profit attributable to owners of parent of ¥16.6 billion (down 5.6% year on year) through such efforts.

The activities of each segment will be as follows:

Tooling and Machine Tools

The Tooling and Machine Tools Business will respond to demands and changes in the market, such as the shift to resource and energy saving, and support the Electronic Parts Business and Electrical Parts Business, which are our focus businesses. The Group will continue to strengthen its technological capabilities, as well as to expand its production capacity through productivity enhancement and facility expansion and reinforcement.

Electronic Parts

In the semiconductor industry, demand for semiconductors for automobiles is on a growth trend. Although telecommunication-related demand has been noticeably sluggish since the second half of the fiscal year ended January 31, 2023, it is expected to recover from the second half of the next fiscal year. The Group considers that high demand for semiconductors will continue to stand firm due to the advancement in electrification of automobiles, the shift toward autonomous driving, etc. Thus, the Group will focus on growth fields by proposing solutions that meet customer needs and leveraging its global supply structure, and enhance profit by continuing to enhance productivity and reduce costs.

Electrical Parts

Orders are expected to be firm due to advancement in the electrification of automobiles. The Group will continue to promote business expansion using the production structure for the four main regions of Japan, North America, China, and Europe. Within this structure, the Group will work to increase orders for automotive motor cores and expand sales of motor cores for energy-saving appliances, leveraging its swift mass production in the integrated production structure through cooperation with the Tooling Business and its stable production and supply of products that meet customer quality demands.

(2) Analysis of financial position

(i) Assets, liabilities and net assets

Total assets as of January 31, 2023 amounted to ¥159,803 million, an increase of ¥25,767 million compared to the end of the previous fiscal year. This was mainly due to an increase in property, plant and equipment resulting from making upfront investments, etc. into growth fields, and increases in notes and accounts receivable - trade, and contract assets and inventories due to business scale expansion.

Total liabilities amounted to ¥79,196 million, an increase of ¥6,543 million compared to the end of the previous fiscal year, mainly due to an increase in accounts payable - trade.

Total net assets amounted to ¥80,607 million, an increase of ¥19,224 million compared to the end of the previous fiscal year.

(ii) Cash flows

Cash and cash equivalents (hereinafter “net cash”) as of January 31, 2023 amounted to ¥33,883 million, an increase of ¥2,742 million compared to the end of the previous fiscal year.

The respective cash flow positions for the fiscal year under review are as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥22,082 million (up ¥3,953 million year on year).

This was mainly due to an increase in net cash from profit before income taxes of ¥22,252 million and depreciation of non-cash items of ¥9,531 million, despite a decrease in net cash of ¥5,151 million resulting from income taxes paid.

Cash flows from investing activities

Net cash used in investing activities was ¥19,593 million (up ¥1,850 million year on year).

This was mainly due to purchase of property, plant and equipment of ¥21,431 million mainly for capital investment for new products and the strengthening of production capabilities in the Electrical Parts Business.

Cash flows from financing activities

Net cash used in financing activities was ¥665 million (compared to ¥12,469 million in net cash provided in the previous fiscal year).

This was mainly due to a decrease in net cash resulting from repayments of long-term borrowings of ¥7,330 million and dividends paid of ¥2,779 million, despite an increase in net cash resulting from proceeds from long-term borrowings of ¥9,500 million for the previously mentioned capital investment.

(Reference) Trends in cash flow indicators

	2019/1	2020/1	2021/1	2022/1	2023/1
Equity-to-asset ratio (%)	56.6	51.0	49.4	45.6	50.3
Equity-to-asset ratio based on market value (%)	40.5	67.7	155.5	227.2	155.1
Interest-bearing debt to cash flow ratio (annual)	3.9	5.1	3.9	2.7	2.3
Interest coverage ratio (times)	128	72	90	147	167

・ Equity-to-asset ratio: Equity/Total assets

・ Equity-to-asset ratio based on market value: Total market capitalization/Total assets

・ Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flow

・ Interest coverage ratio: Cash flow/Interest paid

Notes: 1. All figures are calculated based on consolidated financial data.

2. Total market capitalization is calculated by multiplying the closing share price on the final day of the fiscal year by the total number of issued shares on the same day (excluding treasury shares).

3. For the cash flow, the cash flows from operating activities are used.

4. Interest-bearing debts include all of those debts reported on the consolidated balance sheet on which interest is paid.

(3) Basic policy on distribution of profit and dividends for the fiscal year under review and next fiscal year

The Company recognizes that shareholder returns are an important management issue and, since it places the highest priority on expanding investments to strengthen competitiveness and acquire growth opportunities, the Company has adopted a basic policy for dividends of surplus that employs a shareholder return indicator of DOE (dividend on equity), which measures the continuous stability of dividends in relation to equity, and the Company aims for stable, continuous dividends with a target DOE of 3% or more while considering consolidated earnings, capital efficiency, and the dividend amount.

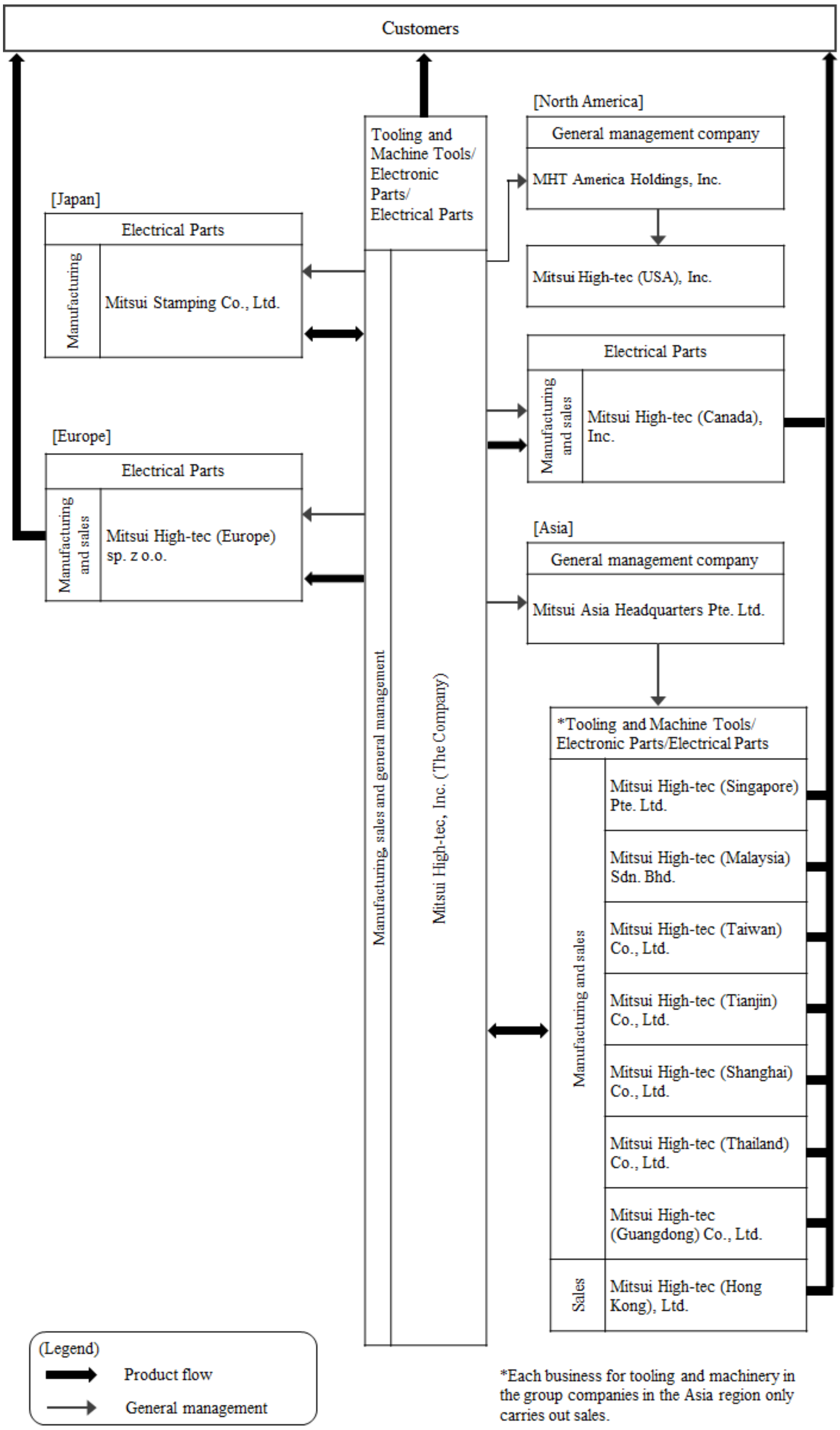
The Company distributes surplus twice annually in the form of an interim dividend and a year-end dividend. Based on Article 459 (1) of the Companies Act, the Company has established in its Articles of Incorporation that surplus may be distributed through a resolution by the Board of Directors without requiring a resolution by the General Meeting of Shareholders.

In terms of the year-end dividend for the fiscal year under review, on March 14, 2023, the Board of Directors resolved to pay a dividend of ¥44 per common share of the Company (total dividend payments: ¥1,610 million) with payments starting on April 14, 2023. As a result, combined with the interim dividend of ¥21, annual dividends totaled ¥65 per share, and DOE was 3.4%.

For the next fiscal year’s annual dividends, the Company is planning ¥72 per share and expects DOE of 3.0%.

2. Corporate group

The Group consists of the Company and 14 consolidated subsidiaries, and its major businesses are the manufacture and sale of tooling and machine tools, electronic parts, and electrical parts.
Mitsui Asia Headquarters Pte. Ltd. oversees the overall corporate management, fund management, etc. for the eight consolidated subsidiaries in the Asia region.
The business organization chart of the Company's corporate group is shown below.



Dormant consolidated subsidiary Mitsui High-tec (USA), Inc. and its general management company, consolidated subsidiary MHT America Holdings, Inc., were resolved to be dissolved and liquidated at each company's general meeting of shareholders held on January 31, 2023, and are currently under liquidation procedures.

3. Basic rationale for selection of accounting standards

The Group has prepared the consolidated financial statements in accordance with the generally accepted accounting principles in Japan (Japanese GAAP), giving consideration to the possibility of comparing the consolidated financial statements between terms.
The Group will continue to give careful consideration to the International Financial Reporting Standards (IFRS) after taking into account circumstances in and outside Japan.

4. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of January 31, 2022	As of January 31, 2023
Assets		
Current assets		
Cash and deposits	22,610	28,938
Notes and accounts receivable - trade	22,717	–
Notes and accounts receivable - trade, and contract assets	–	27,466
Electronically recorded monetary claims - operating	3,103	3,210
Securities	8,700	5,000
Merchandise and finished goods	5,862	8,105
Work in process	2,791	2,664
Raw materials and supplies	3,168	4,206
Other	3,482	5,564
Allowance for doubtful accounts	(18)	(17)
Total current assets	72,418	85,139
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,623	41,996
Accumulated depreciation	(25,354)	(25,588)
Buildings and structures, net	13,268	16,408
Machinery, equipment and vehicles	78,678	89,676
Accumulated depreciation	(51,206)	(57,140)
Machinery, equipment and vehicles, net	27,471	32,536
Tools, furniture and fixtures	25,828	24,464
Accumulated depreciation	(22,351)	(20,210)
Tools, furniture and fixtures, net	3,476	4,254
Land	7,402	6,688
Right of use assets	1,609	1,750
Accumulated depreciation	(983)	(1,123)
Right of use assets, net	625	626
Construction in progress	6,109	8,891
Total property, plant and equipment	58,353	69,405
Intangible assets	844	1,148
Investments and other assets		
Investment securities	1,160	1,130
Deferred tax assets	596	2,207
Retirement benefit asset	362	559
Other	300	212
Total investments and other assets	2,420	4,110
Total non-current assets	61,618	74,664
Total assets	134,036	159,803

(Millions of yen)

	As of January 31, 2022	As of January 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	13,470	16,272
Current portion of long-term borrowings	7,112	11,503
Provision for bonuses for directors (and other officers)	84	–
Income taxes payable	3,431	4,173
Lease liabilities	30	36
Other	6,069	5,349
Total current liabilities	30,198	37,334
Non-current liabilities		
Long-term borrowings	41,623	39,402
Retirement benefit liability	145	154
Provision for retirement benefits for directors (and other officers)	180	–
Provision for share awards for directors (and other officers)	–	85
Lease liabilities	118	104
Deferred tax liabilities	385	1,104
Long-term accounts payable - other	–	1,010
Total non-current liabilities	42,454	41,861
Total liabilities	72,653	79,196
Net assets		
Shareholders' equity		
Share capital	16,403	16,403
Capital surplus	14,661	15,251
Retained earnings	31,962	47,575
Treasury shares	(3,047)	(3,646)
Total shareholders' equity	59,980	75,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	333	323
Deferred gains or losses on hedges	(40)	(23)
Foreign currency translation adjustment	1,040	4,627
Remeasurements of defined benefit plans	(195)	(205)
Total accumulated other comprehensive income	1,137	4,722
Non-controlling interests	265	300
Total net assets	61,383	80,607
Total liabilities and net assets	134,036	159,803

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Millions of yen)

		Fiscal year ended January 31, 2022		Fiscal year ended January 31, 2023
Net sales		139,429		174,615
Cost of sales		112,970		138,674
Gross profit		26,458		35,941
Selling, general and administrative expenses		11,498		13,354
Operating profit		14,959		22,586
Non-operating income				
Interest income		49		157
Dividend income		35		35
Foreign exchange gains		803		156
Other		279		182
Total non-operating income		1,167		532
Non-operating expenses				
Interest expenses		123		133
Loss on sale and retirement of non-current assets		284		286
Other		47		30
Total non-operating expenses		454		449
Ordinary profit		15,672		22,669
Extraordinary income				
Subsidy income		186		380
Gain on sale of non-current assets		–	*1	1,336
Total extraordinary income		186		1,717
Extraordinary losses				
Loss on tax purpose reduction entry of non-current assets		45		283
Impairment losses	*2	385		–
Non-recurring loss		–	*3	377
Loss on revision of retirement benefit plan		–	*4	1,203
Loss on reversal of foreign currency translation adjustment		–		269
Total extraordinary losses		430		2,134
Profit before income taxes		15,428		22,252
Income taxes - current		3,681		5,864
Income taxes - deferred		(60)		(1,235)
Total income taxes		3,621		4,629
Profit		11,806		17,623
Profit attributable to non-controlling interests		27		42
Profit attributable to owners of parent		11,778		17,581

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Profit	11,806	17,623
Other comprehensive income		
Valuation difference on available-for-sale securities	146	(10)
Deferred gains or losses on hedges	(37)	17
Foreign currency translation adjustment	2,701	3,587
Remeasurements of defined benefit plans, net of tax	(10)	(9)
Total other comprehensive income	2,800	3,584
Comprehensive income	14,606	21,208
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,579	21,165
Comprehensive income attributable to non-controlling interests	27	42

(3) Consolidated statement of changes in equity

Fiscal year ended January 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,403	14,661	21,170	(3,036)	49,198
Cumulative effects of changes in accounting policies			–		–
Restated balance	16,403	14,661	21,170	(3,036)	49,198
Changes during period					
Dividends of surplus			(986)		(986)
Profit attributable to owners of parent			11,778		11,778
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		–		–	–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	10,792	(10)	10,781
Balance at end of period	16,403	14,661	31,962	(3,047)	59,980

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	187	(3)	(1,661)	(184)	(1,662)	246	47,782
Cumulative effects of changes in accounting policies							–
Restated balance	187	(3)	(1,661)	(184)	(1,662)	246	47,782
Changes during period							
Dividends of surplus							(986)
Profit attributable to owners of parent							11,778
Purchase of treasury shares							(10)
Disposal of treasury shares							–
Net changes in items other than shareholders' equity	146	(37)	2,701	(10)	2,800	18	2,819
Total changes during period	146	(37)	2,701	(10)	2,800	18	13,600
Balance at end of period	333	(40)	1,040	(195)	1,137	265	61,383

Fiscal year ended January 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,403	14,661	31,962	(3,047)	59,980
Cumulative effects of changes in accounting policies			811		811
Restated balance	16,403	14,661	32,773	(3,047)	60,791
Changes during period					
Dividends of surplus			(2,779)		(2,779)
Profit attributable to owners of parent			17,581		17,581
Purchase of treasury shares				(657)	(657)
Disposal of treasury shares		590		58	648
Net changes in items other than shareholders' equity					
Total changes during period		590	14,801	(598)	14,793
Balance at end of period	16,403	15,251	47,575	(3,646)	75,584

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	333	(40)	1,040	(195)	1,137	265	61,383
Cumulative effects of changes in accounting policies							811
Restated balance	333	(40)	1,040	(195)	1,137	265	62,194
Changes during period							
Dividends of surplus							(2,779)
Profit attributable to owners of parent							17,581
Purchase of treasury shares							(657)
Disposal of treasury shares							648
Net changes in items other than shareholders' equity	(10)	17	3,587	(9)	3,584	34	3,619
Total changes during period	(10)	17	3,587	(9)	3,584	34	18,412
Balance at end of period	323	(23)	4,627	(205)	4,722	300	80,607

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Cash flows from operating activities		
Profit before income taxes	15,428	22,252
Depreciation	8,603	9,531
Impairment losses	385	–
Increase (decrease) in provision for bonuses for directors (and other officers)	4	(84)
Increase/decrease in retirement benefit asset or liability	(143)	(214)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(32)	(180)
Increase (decrease) in provision for share awards for directors (and other officers)	–	86
Interest and dividend income	(85)	(193)
Interest expenses	123	133
Foreign exchange losses (gains)	(657)	(261)
Loss (gain) on sale and retirement of non-current assets	177	(1,053)
Decrease (increase) in trade receivables	(6,917)	(1,107)
Decrease (increase) in inventories	(2,783)	(2,651)
Increase (decrease) in trade payables	5,202	1,368
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	122	(8)
Loss on tax purpose reduction entry of non-current assets	45	283
Subsidy income	(186)	(380)
Loss on reversal of foreign currency translation adjustment	–	269
Other, net	(318)	(1,106)
Subtotal	18,967	26,683
Interest and dividends received	85	189
Interest paid	(137)	(120)
Income taxes paid	(1,147)	(5,151)
Income taxes refund	75	–
Subsidies received	286	480
Net cash provided by (used in) operating activities	18,129	22,082
Cash flows from investing activities		
Net decrease (increase) in time deposits	217	137
Purchase of property, plant and equipment	(17,760)	(21,431)
Proceeds from sale of property, plant and equipment	205	2,219
Purchase of intangible assets	(535)	(546)
Loan advances	(0)	(2)
Proceeds from collection of loans receivable	3	3
Other, net	127	24
Net cash provided by (used in) investing activities	(17,743)	(19,593)

(Millions of yen)

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	16,000	9,500
Repayments of long-term borrowings	(2,491)	(7,330)
Purchase of treasury shares	(10)	(8)
Dividends paid	(986)	(2,779)
Repayments of lease liabilities	(32)	(39)
Other, net	(8)	(7)
Net cash provided by (used in) financing activities	12,469	(665)
Effect of exchange rate change on cash and cash equivalents	912	919
Net increase (decrease) in cash and cash equivalents	13,767	2,742
Cash and cash equivalents at beginning of period	17,373	31,140
Cash and cash equivalents at end of period	31,140	33,883

(5) Notes to consolidated financial statements

Notes on premise of going concern

Not applicable.

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, Etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended January 31, 2023, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

As a result of the application, for product sales for which revenue was recognized mainly when products were shipped, the Company has changed to a method that recognizes revenue at the point that performance obligations are fulfilled when control of the product in question is transferred to the customer based on the contract terms for each customer. Furthermore, regarding certain paid on receipt transactions where raw materials are purchased from a customer, processed, and then sold to the same customer, previously the total amount of consideration including the purchase price of the raw materials was recognized as revenue, but the Company has changed to a method that recognizes revenue with the net amount of the consideration excluding the purchase price of the raw materials.

In domestic sales of goods or products where the alternative handling established in paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" is applied, where the time period between the time of shipping and the time that control of the goods or products in question is transferred to the customer is a normal amount of time, revenue is recognized at the time of shipping.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended January 31, 2023, was added to or subtracted from the opening balance of retained earnings of the fiscal year ended January 31, 2023, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts where recognitions of nearly all the revenue amounts for periods prior to the beginning of the fiscal year ended January 31, 2023 were subject to the previous treatment by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result of this change, net sales decreased ¥5,484 million, cost of sales decreased ¥6,768 million, and operating profit, ordinary profit, and profit before income taxes each increased ¥1,284 million for the fiscal year under review. In addition, retained earnings at the beginning of the fiscal year increased ¥811 million.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, "Notes and accounts receivable - trade" under "Current assets" of the consolidated balance sheet for the previous fiscal year has been included in "Notes and accounts receivable - trade, and contract assets" from the fiscal year ended January 31, 2023. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation. Furthermore, in accordance with the transitional treatment provided for in paragraph 89-3 of the Accounting Standard for Revenue Recognition, no information has been provided analyzing the revenue produced from contracts with customers associated with the previous fiscal year.

Application of Accounting Standard for Fair Value Measurement, Etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year ended January 31, 2023, and in accordance with the transitional treatment prescribed in paragraph 19 of the

Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the new accounting policies set forth in the Accounting Standard for Fair Value Measurement, etc. have been applied prospectively. This has no effect on consolidated financial statements.

Consolidated statement of income

*1 Gain on sale of non-current assets

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Land (core industrial park site in Ozu-machi, Kumamoto Prefecture)	¥– million	¥1,336 million

*2 Impairment losses

Fiscal year ended January 31, 2022

The Group recorded impairment losses on the following assets.

Used for	Location	Type of assets	Amount (Millions of yen)
Business assets	Yahatanishi-ku, Kitakyushu-shi	Machinery, equipment and vehicles	13
		Tools, furniture and fixtures	75
		Software	17
		Other	5
		Subtotal	112
Idle assets	Yahatanishi-ku, Kitakyushu-shi and others	Land	273
		Subtotal	273
		Total	385

The Group groups assets by business based on managerial accounting classifications, etc. for manufacturing equipment, and groups assets individually for idle assets.

With regard to business assets, for asset groups for which there are signs of impairment, the total undiscounted future cash flows from these asset groups are compared against the carrying value, and the carrying value for the asset group on which impairment losses should be recognized is reduced to the recoverable value. The recoverable value is measured at value in use and is assessed by discounting future cash flows at a rate of 9.1%.

Furthermore, idle assets are grouped by individual property, and the carrying value is reduced to the recoverable value. The recoverable value is measured at net realizable value and calculated based on the real estate appraisal value.

Fiscal year ended January 31, 2023

Not applicable.

*3 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.

*4 Loss on revision of retirement benefit plan

The Company and some of its consolidated subsidiaries revised their retirement benefit plan in the fiscal year ended January 31, 2023 and transitioned to a new plan on February 1, 2023. Past service costs produced through this revision have been recorded as extraordinary losses.

Segment information

1. Overview of reportable segments

The reportable segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the Company's Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Group drafts comprehensive strategies for Japan and overseas by business classification for products, and undertakes business activities.

Therefore, the Group is composed of product segments based on these business classifications. The three reportable segments are "Tooling and Machine Tools," "Electronic Parts," and "Electrical Parts." "Tooling and Machine Tools" manufactures and sells tooling for presses, surface grinders, etc. "Electronic Parts" manufactures and sells leadframes, etc. "Electrical Parts" manufactures and sells motor core products, etc.

In the fiscal year ended January 31, 2023, the Company has integrated the Tooling Business and the Machinery Business, the Group's core businesses which support the Electrical Parts Business and Electronic Parts Business, which are the Group's focus businesses, and changed the name to the Tooling and Machine Tools Business, aiming to achieve the new medium-term management plan, for which the fiscal year ended January 31, 2023 is the first year, with the goal of further utilizing the technologies of both core businesses in our focus businesses and reducing management costs.

Segment information for the previous fiscal year has been prepared and disclosed based on the reportable segment classifications following the changes.

2. Method for calculating amounts of net sales, profit or loss, assets, and other items by reportable segment

The accounting method for reportable operating segments is the same as the accounting method used to prepare consolidated financial statements.

Profits of the reportable segments are amounts based on operating profit.

Intersegment net sales and transfers are based on current market price.

As noted in the section, "Changes in accounting policies," due to the application of the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year ended January 31, 2023 and the changes to the accounting processing method related to revenue recognition, the measurement method for profits in the reportable segments has been similarly changed.

Due to these changes, compared to the previous method, in the fiscal year ended January 31, 2023 for the Tooling and Machine Tools Business, net sales increased by ¥595 million, and segment profit increased by ¥138 million. For the Electrical Parts Business, net sales decreased by ¥5,416 million, and segment profit increased by ¥829 million, while adjustment to segment profit increased by ¥316 million.

3. Information on the amounts of net sales, profit or loss, assets, and other items by reportable segment, and information on disaggregation of revenue

Fiscal year ended January 31, 2022

(Millions of yen)

	Reportable segment				Adjustments (Note) 1	Consolidated financial statement amounts (Note) 2
	Tooling and Machine Tools	Electronic Parts	Electrical Parts	Total		
Net sales						
Net sales to external customers	4,807	59,144	75,476	139,429	–	139,429
Intersegment net sales or transfers	5,893	–	5	5,899	(5,899)	–
Total	10,701	59,144	75,482	145,328	(5,899)	139,429
Segment profit	764	7,816	9,055	17,636	(2,676)	14,959
Segment assets	7,315	36,505	69,574	113,395	20,641	134,036
Others						
Depreciation	762	2,453	5,264	8,481	122	8,603
Impairment losses	112	–	–	112	273	385
Increase in property, plant and equipment and intangible assets	952	3,173	15,043	19,169	359	19,529

Notes: 1. Adjustments are as follows:

(1) Adjustment to segment profit of negative ¥2,676 million includes corporate expenses of negative ¥1,689 million, elimination of intersegment unrealized income, etc. Corporate expenses mainly consist of general and administrative expenses not attributable to the reportable segments.

(2) Adjustment to segment assets of ¥20,641 million is mainly corporate assets that are not allocated to segments.

(3) Adjustment to depreciation of ¥122 million is depreciation for corporate assets.

(4) Adjustment to increase in property, plant and equipment and intangible assets of ¥359 million is an increase in corporate assets.

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

Fiscal year ended January 31, 2023

(Millions of yen)

	Reportable segment				Adjustments (Note) 1	Consolidated financial statement amounts (Note) 2
	Tooling and Machine Tools	Electronic Parts	Electrical Parts	Total		
Net sales						
Revenue from contracts with customers	4,392	70,041	100,181	174,615	–	174,615
Net sales to external customers	4,392	70,041	100,181	174,615	–	174,615
Intersegment net sales or transfers	7,415	–	2	7,418	(7,418)	–
Total	11,808	70,041	100,184	182,034	(7,418)	174,615
Segment profit	1,290	12,222	9,093	22,605	(19)	22,586
Segment assets	7,116	37,000	95,757	139,874	19,929	159,803
Others						
Depreciation	754	3,066	5,512	9,333	198	9,531
Impairment losses	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	502	4,816	15,324	20,643	402	21,045

Notes: 1. Adjustments are as follows:

(1) Adjustment to segment profit of negative ¥19 million mainly consists of general and administrative expenses not attributable to the reportable segments.

(2) Adjustment to segment assets of ¥19,929 million is mainly corporate assets that are not allocated to segments.

(3) Adjustment to depreciation of ¥198 million is depreciation for corporate assets.

(4) Adjustment to increase in property, plant and equipment and intangible assets of ¥402 million is an increase in corporate assets.

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

Per share information

(Yen)

Fiscal year ended January 31, 2022		Fiscal year ended January 31, 2023	
Net assets per share	1,672.06	Net assets per share	2,197.10
Basic earnings per share	322.24	Basic earnings per share	480.99
Diluted earnings per share is not provided because there are no potential shares.		Diluted earnings per share is not provided because there are no potential shares.	

Notes: 1. In calculating the basic earnings per share for the fiscal year ended January 31, 2023, the Company's shares owned by the Board Benefit Trust (BBT) as its trust assets have been included in the treasury shares excluded when calculating the average number of shares outstanding during the period (55 thousand shares in the fiscal year ended January 31, 2023).

2. The basis for calculation of basic earnings per share is as follows:

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023
Profit attributable to owners of parent (Millions of yen)	11,778	17,581
Profit not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	11,778	17,581
Average number of outstanding common shares during the period (Thousands of shares)	36,553	36,551

Significant events after the period

Not applicable.