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## Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 8, 2023

Company name: MITSUBA Corporation

Stock exchange listing: Tokyo

Code number: 7280

URL: <https://www.mitsuba.co.jp/>

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, President and Representative Director

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Scheduled date of filing quarterly securities report: November 8, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for analysts)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	166,020	8.5	6,979	-	8,536	331.6	4,511	-
September 30, 2022	153,054	11.8	425	(87.8)	1,978	(43.3)	(953)	-

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 21,356 million [ 46.5%]  
Six months ended September 30, 2022: ¥ 14,581 million [ 439.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2023	Yen 94.10	Yen 53.25
September 30, 2022	(31.39)	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2023	Millions of yen 350,166	Millions of yen 106,882	% 24.4
March 31, 2023	328,452	86,958	20.3

(Reference) Equity: As of September 30, 2023: ¥ 85,308 million  
As of March 31, 2023: ¥ 66,768 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	3.00	3.00
Fiscal year ending March 31, 2024	-	0.00			
Fiscal year ending March 31, 2024 (Forecast)			-	3.00	3.00

(Note) Revision to the forecast for dividends announced most recently: No

“Dividends” above presents the status of dividends related to common stocks. Please refer to “Cash dividends of class stock,” mentioned later, for the status of dividends related to class stocks (unlisted) that have different rights from common stocks that the Company issues.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	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
Full year	322,000	0.8	15,000	123.2	15,000	148.0	8,000	574.9	165.34

(Note) Revision to the financial results forecast announced most recently: No

\* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

Note:For details, please refer to “(4) Notes to Quarterly Consolidated Financial Statements in 2. Quarterly Consolidated Financial Statements and Key Notes” on page 9 of the Attachments.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

September 30, 2023: 45,581,809 shares

March 31, 2023: 45,581,809 shares

2) Number of treasury shares at the end of the period:

September 30, 2023: 825,933 shares

March 31, 2023: 825,819 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 44,755,913 shares

Six months ended September 30, 2022: 44,756,153 shares

\* Quarterly financial results reports are exempt from audits conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Earnings forecasts and other forward-looking statements in this report are based on information currently available to the Company and certain assumptions that the Company deems reasonable. Therefore, actual results may differ materially due to a variety of factors.

Please refer to “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information in 1. Qualitative Information on Quarterly Financial Results for the Period under Review” on page 3 of the Attachments for cautionary notes regarding underlying assumptions for and the use of earnings forecasts.

(How to access the supplementary materials on financial results)

The Company plans to hold an online financial results briefing on November 17, 2023. The materials on financial results to be used at this briefing are scheduled to be posted on the Company’s website.

Cash dividends of class stock

The following is the breakdown of dividends per share related to class stocks that have different rights from common stocks.

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Class A stock	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	60,000.00	60,000.00
Fiscal year ending March 31, 2024	-	0.00			
Fiscal year ending March 31, 2024 (Forecast)			-	60,000.00	60,000.00

(Note) The number of issued Class A stocks above is 10,000 shares.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Business Results

In the consolidated cumulative second quarter under review, the growth rate of the global economy moderated mainly due to the impacts of Russia's continued invasion of Ukraine, high inflation and monetary tightening, and a slowdown in the Chinese economy. In Japan, the economy remained on a moderate recovery trend due to expansion in private investment and consumer spending, boosted by economic policies by the government such as countermeasures against rising prices.

In the automotive industry, in which the Group operates, automotive production picked up as the situation of semiconductor supply improved due to the production increase of semiconductor manufacturers and the production adjustment of automakers.

Under these circumstances, the Group has started a new Medium-Term Management Plan (FY2023-FY2027) from this fiscal year and has been promoting various measures to achieve the Plan, focusing on "Responding to Mobility Evolution," "Strengthening the Operating Foundation," and "Soundness of Financial Structure."

The consolidated financial results for the consolidated cumulative second quarter under review are as follows: Consolidated net sales were 166,020 million yen (up 8.5% year-on-year), with consolidated operating income of 6,979 million yen (consolidated operating income of 425 million yen for the same period of the previous year), partly due to the effect of exchange rate in addition to a sales increase against the background of a recovery in automotive production resulting from improvement in semiconductor supply. Both sales and profit increased year-on-year, as sales in Japan and the U.S. were on a recovery trend, and the Motorcycle Business in Asia continued to be strong, although sales of Japanese automakers remained slow in China. In addition, consolidated ordinary income was 8,536 million yen (up 331.6% year-on-year) and profit attributable to owners of parent was 4,511 million yen (loss attributable to owners of parent of 953 million yen for the same period of the previous year), due to foreign exchange gains of 1,306 million yen.

Operating results by business segment are presented as follows.

In the Transportation equipment-related operations, net sales were 156,462 million yen (up 8.7% year-on-year), as mentioned above, with segment profit of 5,946 million yen (segment loss of 409 million yen for the same period of the previous year).

In the Information service operations, since system sales for local governments, the police, and gas companies, and in-vehicle embedded software development support business and IT engineering service such as AMO service for manufacturing trended strongly, net sales were 8,383 million yen (up 8.4% year-on-year) and segment profit was 826 million yen (up 40.0% year-on-year).

In other operations, overall segment sales were 2,686 million yen (down 15.9% year-on-year), and segment profit was 199 million yen (down 14.8% year-on-year), mainly because revenue decreased in the supplies business.

### (2) Explanation of Financial Position

#### i) Analysis of Financial Position

##### (Assets, Liabilities, and Net Assets)

At the end of the consolidated second quarter under review, total assets were 350,166 million yen (328,452 million yen at the end of the previous consolidated fiscal year), an increase of 21,714 million yen. Current assets were 212,814 million yen, an increase of 14,624 million yen, and non-current assets increased by 7,089 million yen to 137,352 million yen.

The main reasons for the increase in current assets were an increase of 9,551 million yen in cash and deposits and an increase of 7,575 million yen in notes receivable - trade, accounts receivable - trade, and contract assets, partly due to the effect of exchange rate. The main reasons for the increase in non-current assets were increases of 1,236 million yen in buildings and structures, 894 million yen in construction in progress, and 4,643 million yen in investment securities due to the fair valuation of shares held.

At the end of the consolidated second quarter under review, liabilities totaled 243,283 million yen (241,493 million yen at the end of the previous consolidated fiscal year), an increase of 1,790 million yen. Current liabilities increased by 22,916 million yen to 153,429 million yen, and non-current liabilities decreased by 21,126 million yen to 89,854 million yen.

The increase in current liabilities was caused by an increase in long-term borrowings scheduled for repayment within one year due to the increase of 23,505 million yen in short-term borrowings. Non-current liabilities decreased due to a decrease of 23,351 million yen in long-term borrowings, which was caused by repayments to financial institutions and long-term borrowings scheduled for repayment within one year being transferred to short-term borrowings.

At the end of the consolidated second quarter under review, net assets totaled 106,882 million yen (86,958 million yen at the end of the previous consolidated fiscal year), an increase of 19,924 million yen. This was mainly due to an increase of 4,377 million yen in retained earnings and an increase of 11,314 million yen in foreign currency translation adjustment.

ii) Status of Cash Flows

At the end of the consolidated second quarter under review, cash and cash equivalents (hereinafter referred to as “Cash”) were 82,009 million yen, an increase of 7,707 million yen from the end of the previous consolidated fiscal year. The status of each cash flow is as below.

(Cash flows from operating activities)

Cash provided by operating activities was 14,000 million yen (7,517 million yen for the same period of the previous year). The main reasons are profit before income taxes of 8,243 million yen and a decrease of 5,879 million yen in inventories.

(Cash flows from investing activities)

Cash used by investing activities was 5,971 million yen (4,179 million yen for the same period of the previous year). This was caused mainly by purchase of property, plant and equipment of 4,749 million yen.

(Cash flows from financing activities)

Cash used by financing activities was 4,305 million yen (4,228 million yen for the same period of the previous year). This was primarily caused by net increase in short-term borrowings of 5,289 million yen, repayments of long-term borrowings of 7,533 million yen, and dividends paid of 1,432 million yen (including dividends to non-controlling shareholders).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Company has not revised its consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024), which was announced on May 10, 2023.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	75,792	85,343
Notes and accounts receivable - trade, and contract assets	51,076	58,651
Merchandise and finished goods	12,148	11,745
Work in process	5,718	6,398
Raw materials and supplies	41,552	39,721
Other	11,932	10,986
Allowance for doubtful accounts	(30)	(33)
Total current assets	198,189	212,814
Non-current assets		
Property, plant and equipment		
Buildings and structures	82,654	87,090
Accumulated depreciation	(51,103)	(54,303)
Buildings and structures, net	31,551	32,787
Machinery, equipment and vehicles	175,558	184,622
Accumulated depreciation	(136,798)	(146,152)
Machinery, equipment and vehicles, net	38,759	38,470
Tools, furniture and fixtures	53,040	55,925
Accumulated depreciation	(48,499)	(51,210)
Tools, furniture and fixtures, net	4,541	4,715
Land	7,790	8,141
Leased assets	9,500	9,572
Accumulated depreciation	(4,744)	(5,008)
Leased assets, net	4,755	4,564
Construction in progress	6,283	7,177
Total property, plant and equipment	93,681	95,856
Intangible assets		
Software	978	832
Software in progress	10	18
Other	2,695	2,676
Total intangible assets	3,683	3,527
Investments and other assets		
Investment securities	15,713	20,357
Long-term loans receivable	2,496	2,638
Deferred tax assets	1,770	1,562
Long-term prepaid expenses	1,560	1,649
Retirement benefit asset	10,583	10,973
Other	773	788
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	32,897	37,968
Total non-current assets	130,262	137,352
Total assets	328,452	350,166



(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,397	23,946
Short-term borrowings	75,801	99,306
Current portion of bonds payable	30	30
Accounts payable - other, and accrued expenses	18,874	14,889
Income taxes payable	2,365	2,414
Provision for bonuses	3,603	3,943
Provision for bonuses for directors (and other officers)	119	28
Provision for product warranties	1,524	873
Provision for settlement package	300	300
Provision for business restructuring	632	673
Other provisions	67	183
Other	6,797	6,838
<b>Total current liabilities</b>	<b>130,513</b>	<b>153,429</b>
Non-current liabilities		
Bonds payable	1,015	1,000
Long-term borrowings	93,571	70,220
Long-term accounts payable - other	6	1
Deferred tax liabilities	7,432	9,519
Retirement benefit liability	2,911	3,315
Other	6,043	5,797
<b>Total non-current liabilities</b>	<b>110,980</b>	<b>89,854</b>
<b>Total liabilities</b>	<b>241,493</b>	<b>243,283</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	26,370	25,770
Retained earnings	28,250	32,628
Treasury shares	(603)	(603)
<b>Total shareholders' equity</b>	<b>59,017</b>	<b>62,794</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	738	3,981
Foreign currency translation adjustment	10,301	21,615
Remeasurements of defined benefit plans	(3,288)	(3,084)
<b>Total accumulated other comprehensive income</b>	<b>7,751</b>	<b>22,513</b>
Non-controlling interests	20,189	21,574
<b>Total net assets</b>	<b>86,958</b>	<b>106,882</b>
<b>Total liabilities and net assets</b>	<b>328,452</b>	<b>350,166</b>

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	153,054	166,020
Cost of sales	135,846	143,885
Gross profit	17,207	22,135
Selling, general and administrative expenses	16,782	15,155
Operating profit	425	6,979
Non-operating income		
Interest income	432	827
Dividend income	228	273
Share of profit of entities accounted for using equity method	69	242
Foreign exchange gains	1,821	1,306
Other	537	605
Total non-operating income	3,089	3,256
Non-operating expenses		
Interest expenses	959	1,155
Other	577	543
Total non-operating expenses	1,536	1,699
Ordinary profit	1,978	8,536
Extraordinary income		
Gain on sale of non-current assets	39	13
Reversal of provision for product warranties	-	70
Other	4	8
Total extraordinary income	43	91
Extraordinary losses		
Impairment losses	-	52
Loss on retirement of non-current assets	50	99
Business restructuring expenses	122	121
Provision for business restructuring	-	100
Other	19	11
Total extraordinary losses	191	385
Profit before income taxes	1,829	8,243
Income taxes	1,936	2,741
Profit (loss)	(106)	5,501
Profit attributable to non-controlling interests	846	989
Profit (loss) attributable to owners of parent	(953)	4,511

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit (loss)	(106)	5,501
Other comprehensive income		
Valuation difference on available-for-sale securities	(750)	3,272
Foreign currency translation adjustment	14,987	12,189
Remeasurements of defined benefit plans, net of tax	59	208
Share of other comprehensive income of entities accounted for using equity method	391	185
Total other comprehensive income	14,688	15,855
Comprehensive income	14,581	21,356
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,437	19,273
Comprehensive income attributable to non-controlling interests	2,143	2,083

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,829	8,243
Depreciation	8,480	8,110
Interest and dividend income	(661)	(1,101)
Interest expenses	959	1,155
Share of loss (profit) of entities accounted for using equity method	(69)	(242)
Loss (gain) on sale of property, plant and equipment	(31)	(9)
Decrease (increase) in trade receivables	(2,182)	(2,527)
Decrease (increase) in inventories	3,018	5,879
Increase (decrease) in trade payables	(2,595)	(1,688)
Other, net	802	(1,789)
Subtotal	9,549	16,029
Interest and dividends received	700	1,132
Interest paid	(981)	(1,174)
Income taxes paid	(1,751)	(1,986)
Net cash provided by (used in) operating activities	7,517	14,000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,973)	(4,749)
Proceeds from sale of property, plant and equipment	76	78
Purchase of investment securities	(21)	(21)
Proceeds from sale of investment securities	13	596
Loan advances	(961)	(732)
Proceeds from collection of loans receivable	960	627
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(262)	-
Other, net	(11)	(1,768)
Net cash provided by (used in) investing activities	(4,179)	(5,971)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	-	5,289
Proceeds from long-term borrowings	-	635
Repayments of long-term borrowings	(2,382)	(7,533)
Redemption of bonds	(15)	(15)
Dividends paid	(1,035)	(734)
Dividends paid to non-controlling interests	(595)	(698)
Proceeds from sale and leaseback transactions	1,042	32
Other, net	(1,241)	(1,280)
Net cash provided by (used in) financing activities	(4,228)	(4,305)
Effect of exchange rate change on cash and cash equivalents	4,114	3,984
Net increase (decrease) in cash and cash equivalents	3,223	7,707
Cash and cash equivalents at beginning of period	73,267	74,301
Cash and cash equivalents at end of period	76,490	82,009

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to assumptions for going concerns)

There are no applicable matters.

(Notes to significant changes in shareholders' equity)

There are no applicable matters.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of income tax expenses)

The Company calculates income tax expenses by reasonably estimating the effective tax rate expected to be imposed on pretax profit for the consolidated fiscal year that includes the second quarter under review (after tax effect accounting) and then multiplying profit before income taxes by the effective tax rate thus estimated.

(Segment information, etc.)

[Segment information]

I. For the six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)

1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount reported on quarterly consolidated statements of income (Note 2)
	Transportation Equipment-Related Operations	Information Service Operations	Other Operations			
Net sales						
Sales to outside customers	143,574	6,891	2,587	153,054	—	153,054
Inter-segment sales or transfers	343	841	605	1,790	(1,790)	—
Total	143,918	7,733	3,193	154,844	(1,790)	153,054
Segment profit/loss	(409)	589	233	413	11	425

Notes:

1. The 11 million yen adjustment in segment profit/loss is an amount in elimination of inter-segment transactions.
2. Segment profit/loss is adjusted to be consistent with operating profit in the quarterly consolidated statements of income.

II. For the six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)

1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount reported on quarterly consolidated statements of income (Note 2)
	Transportation Equipment-Related Operations	Information Service Operations	Other Operations			
Net sales						
Sales to outside customers	156,182	7,593	2,245	166,020	—	166,020
Inter-segment sales or transfers	279	789	440	1,510	(1,510)	—
Total	156,462	8,383	2,686	167,531	(1,510)	166,020
Segment profit	5,946	826	199	6,972	7	6,979

Notes:

1. The 7 million yen adjustment in segment profit is an amount in elimination of inter-segment transactions.
2. Segment profit is adjusted to be consistent with operating profit in the quarterly consolidated statements of income.

(Matters related to revenue recognition)

Information on disaggregation of revenue from contracts with customers

For the six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(Millions of yen)

	Reportable segment			Total
	Transportation Equipment-Related Operations	Information Service Operations	Other Operations	
Japan	35,658	6,891	2,587	45,137
The Americas	34,482	—	—	34,482
Europe	10,517	—	—	10,517
Asia	33,288	—	—	33,288
China	29,627	—	—	29,627
Revenue from contracts with customers	143,574	6,891	2,587	153,054
Other revenue	—	—	—	—
Sales to outside customers	143,574	6,891	2,587	153,054

For the six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)

(Millions of yen)

	Reportable segment			Total
	Transportation Equipment-Related Operations	Information Service Operations	Other Operations	
Japan	41,626	7,593	2,245	51,464
The Americas	42,222	—	—	42,222
Europe	12,621	—	—	12,621
Asia	37,084	—	—	37,084
China	22,627	—	—	22,627
Revenue from contracts with customers	156,182	7,593	2,245	166,020
Other revenue	—	—	—	—
Sales to outside customers	156,182	7,593	2,245	166,020