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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 9, 2023

Company name: MITSUBA Corporation

Stock exchange listing: Tokyo

Code number: 7280

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

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Scheduled date of filing quarterly securities report: August 9, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 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	%
Three months ended June 30, 2023	79,096	18.4	1,720	-	3,051	-	1,073	-
June 30, 2022	66,818	(4.2)	(1,940)	-	(552)	-	(1,467)	-

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 12,666 million [35.5%]
Three months ended June 30, 2022: ¥ 9,346 million [243.9%]

	Basic earnings per share	Diluted earnings per share
Three months ended June 30, 2023	Yen 20.66	Yen 12.67
June 30, 2022	(37.81)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of June 30, 2023	Millions of yen 342,000	Millions of yen 98,661	22.7%
March 31, 2023	328,452	86,958	20.3

(Reference) Equity: As of June 30, 2023: ¥ 77,463 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	-				
Fiscal year ending March 31, 2024 (Forecast)		0.00	-	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
Six months ending September 30, 2023	160,000	4.5	6,000	-	6,500	228.6	3,000	-	60.33
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 three months ended June 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):

June 30, 2023: 45,581,809 shares
March 31, 2023: 45,581,809 shares

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

June 30, 2023: 825,983 shares
March 31, 2023: 825,819 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 44,755,928 shares
Three months ended June 30, 2022: 44,756,177 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 post the materials on financial results on the Company’s website on August 9, 2023.

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	-				
Fiscal year ending March 31, 2024 (Forecast)		0.00	-	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 first quarter under review, while prices continued to rise, the global economy saw progress in the economic recovery with the abatement of COVID-19 infections, as well as improvement in the labor market. In addition, tensions remained in international trade due to Russia's invasion of Ukraine and the deterioration of U.S.-China relations. In Japan, although the recovery trend in consumption has continued, there remains a possibility that rising inflation concerns and rising prices will have an impact.

In the automotive industry, in which the Group operates, production and sales have been on a recovery trend in each country as the supply of semiconductors has gradually improved.

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".

As a result, the consolidated financial results for the consolidated cumulative first quarter under review are as follows: consolidated net sales were 79,096 million yen (up 18.4% year-on-year), with consolidated operating income of 1,720 million yen (consolidated operating loss of 1,940 million yen for the same period of the previous year), partly due to an increase amid the normalization of automotive production with the improved supply of semiconductors, and the effect of yen depreciation. 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 3,051 million yen (consolidated ordinary loss of 552 million yen for the same period of the previous year) and profit attributable to owners of parent was 1,073 million yen (loss attributable to owners of parent of 1,467 million yen for the same period of the previous year), due to foreign exchange gains of 1,202 million yen as a result of the yen depreciation.

Operating results by business segment are presented as follows.

In the Transportation equipment-related operations, net sales were 74,642 million yen (up 20.1% year-on-year), as mentioned above, with segment profit of 1,186 million yen (segment loss of 2,296 million yen for the same period of the previous year).

In the Information service operations, since system sales for local governments, the police and water companies, and in-vehicle embedded software development support business trended strongly, net sales were 3,874 million yen (up 7.0% year-on-year) and segment profit was 397 million yen (up 150.4% year-on-year).

In Other operations, overall segment sales were 1,277 million yen (down 26.4% year-on-year), and segment profit was 128 million yen (down 31.0% year-on-year), mainly because revenue decreased in supplies business.

(2) Explanation of Financial Position

i) Analysis of Financial Position

(Assets, Liabilities, and Net Assets)

At the end of the consolidated first quarter under review, total assets were 342,000 million yen (328,452 million yen at the end of the previous consolidated fiscal year), up 13,547 million yen. Current assets increased by 7,449 million yen to 205,638 million yen, and non-current assets increased by 6,098 million yen to 136,361 million yen.

The main reason for the increase in current assets was an increase of 6,982 million yen in cash and deposits, partly due to the yen depreciation. The main reasons for the increase in non-current assets were increases of 957 million yen in buildings and structures, 1,510 million yen in construction in progress, and 2,734 million yen in investment securities due to the fair valuation of shares held.

At the end of the consolidated first quarter under review, total liabilities were 243,338 million yen (241,493 million yen at the end of the previous consolidated fiscal year), up 1,844 million yen. Current liabilities increased by 17,558 million yen to 148,071 million yen, and non-current liabilities decreased by 15,713 million yen to 95,266 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 18,375 million yen in short-term borrowings. Non-current liabilities decreased due to a decrease of 17,490 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 first quarter under review, net assets totaled 98,661 million yen (86,958 million yen at the end of the previous consolidated fiscal year), up 11,702 million yen. This was mainly due to an increase of 8,521 million yen in foreign currency translation adjustment.

ii) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as “Cash”) for the consolidated first quarter under review were 81,039 million yen, an increase of 6,738 million yen from the end of the previous consolidated fiscal year. Cash flows are as follows:

(Cash flows from operating activities)

Cash provided by operating activities was 8,684 million yen (6,989 million yen for the same period of the previous year). The main reasons were profit before income taxes of 3,029 million yen, a decrease in trade receivables of 2,701 million yen, and a decrease in inventories of 3,115 million yen.

(Cash flows from investing activities)

Cash used by investing activities was 3,025 million yen (2,369 million yen for the same period of the previous year). This was caused mainly by purchase of property, plant and equipment of 2,838 million yen.

(Cash flows from financing activities)

Cash used by financing activities was 1,928 million yen (2,096 million yen for the same period of the previous year). This was primarily caused by repayments of long-term borrowings of 1,015 million yen, and dividends paid of 963 million yen (including dividends to non-controlling shareholders).

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

Regarding the consolidated earnings forecast for the fiscal year ending March 2024 (from April 1, 2023 to March 31, 2024), there is no change from the forecast published 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 June 30, 2023
Assets		
Current assets		
Cash and deposits	75,792	82,774
Notes and accounts receivable - trade, and contract assets	51,076	51,980
Merchandise and finished goods	12,148	12,468
Work in process	5,718	6,451
Raw materials and supplies	41,552	40,914
Other	11,932	11,080
Allowance for doubtful accounts	(30)	(32)
Total current assets	198,189	205,638
Non-current assets		
Property, plant and equipment		
Buildings and structures	82,654	85,748
Accumulated depreciation	(51,103)	(53,240)
Buildings and structures, net	31,551	32,508
Machinery, equipment and vehicles	175,558	183,176
Accumulated depreciation	(136,798)	(144,018)
Machinery, equipment and vehicles, net	38,759	39,157
Tools, furniture and fixtures	53,040	54,857
Accumulated depreciation	(48,499)	(50,321)
Tools, furniture and fixtures, net	4,541	4,536
Land	7,790	8,062
Leased assets	9,500	9,840
Accumulated depreciation	(4,744)	(5,016)
Leased assets, net	4,755	4,823
Construction in progress	6,283	7,793
Total property, plant and equipment	93,681	96,882
Intangible assets		
Software	978	892
Software in progress	10	4
Other	2,695	2,712
Total intangible assets	3,683	3,608
Investments and other assets		
Investment securities	15,713	18,448
Long-term loans receivable	2,496	2,634
Deferred tax assets	1,770	1,569
Long-term prepaid expenses	1,560	1,647
Retirement benefit asset	10,583	10,778
Other	773	792
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	32,897	35,870
Total non-current assets	130,262	136,361
Total assets	328,452	342,000

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,397	23,861
Short-term borrowings	75,801	94,177
Current portion of bonds payable	30	30
Accounts payable - other, and accrued expenses	18,874	14,176
Income taxes payable	2,365	1,791
Provision for bonuses	3,603	5,354
Provision for bonuses for directors (and other officers)	119	42
Provision for product warranties	1,524	923
Provision for settlement package	300	300
Provision for business restructuring	632	630
Other provisions	67	66
Other	6,797	6,718
Total current liabilities	130,513	148,071
Non-current liabilities		
Bonds payable	1,015	1,015
Long-term borrowings	93,571	76,080
Long-term accounts payable - other	6	1
Deferred tax liabilities	7,432	8,772
Retirement benefit liability	2,911	3,217
Other	6,043	6,180
Total non-current liabilities	110,980	95,266
Total liabilities	241,493	243,338
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	26,370	25,770
Retained earnings	28,250	29,190
Treasury shares	(603)	(603)
Total shareholders' equity	59,017	59,356
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	738	2,470
Foreign currency translation adjustment	10,301	18,822
Remeasurements of defined benefit plans	(3,288)	(3,186)
Total accumulated other comprehensive income	7,751	18,106
Non-controlling interests	20,189	21,198
Total net assets	86,958	98,661
Total liabilities and net assets	328,452	342,000

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	66,818	79,096
Cost of sales	60,238	70,044
Gross profit	6,580	9,051
Selling, general and administrative expenses	8,520	7,331
Operating profit (loss)	(1,940)	1,720
Non-operating income		
Interest income	206	403
Dividend income	224	269
Share of profit of entities accounted for using equity method	63	126
Foreign exchange gains	1,324	1,202
Other	365	279
Total non-operating income	2,185	2,281
Non-operating expenses		
Interest expenses	467	569
Other	330	381
Total non-operating expenses	797	950
Ordinary profit (loss)	(552)	3,051
Extraordinary income		
Gain on sale of non-current assets	22	2
Other	4	1
Total extraordinary income	27	4
Extraordinary losses		
Loss on retirement of non-current assets	4	19
Business restructuring expenses	14	-
Provision for business restructuring	17	-
Other	8	5
Total extraordinary losses	44	25
Profit (loss) before income taxes	(570)	3,029
Income taxes	735	1,478
Profit (loss)	(1,305)	1,551
Profit attributable to non-controlling interests	162	477
Profit (loss) attributable to owners of parent	(1,467)	1,073

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

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit (loss)	(1,305)	1,551
Other comprehensive income		
Valuation difference on available-for-sale securities	(214)	1,742
Foreign currency translation adjustment	10,618	9,207
Remeasurements of defined benefit plans, net of tax	29	104
Share of other comprehensive income of entities accounted for using equity method	217	60
Total other comprehensive income	10,651	11,114
Comprehensive income	9,346	12,666
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,181	11,429
Comprehensive income attributable to non-controlling interests	1,164	1,237

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(570)	3,029
Depreciation	4,158	4,028
Interest and dividend income	(430)	(672)
Interest expenses	467	569
Share of loss (profit) of entities accounted for using equity method	(63)	(126)
Loss (gain) on sale of property, plant and equipment	(18)	(0)
Decrease (increase) in trade receivables	8,709	2,701
Decrease (increase) in inventories	(1,139)	3,115
Increase (decrease) in trade payables	(5,323)	793
Other, net	2,505	(3,616)
Subtotal	8,296	9,822
Interest and dividends received	475	711
Interest paid	(403)	(487)
Income taxes paid	(1,378)	(1,362)
Net cash provided by (used in) operating activities	6,989	8,684
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,108)	(2,838)
Proceeds from sale of property, plant and equipment	39	25
Purchase of investment securities	(16)	(16)
Proceeds from sale of investment securities	-	37
Loan advances	(369)	(387)
Proceeds from collection of loans receivable	370	353
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(262)	-
Other, net	(23)	(201)
Net cash provided by (used in) investing activities	(2,369)	(3,025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	86	-
Proceeds from long-term borrowings	-	635
Repayments of long-term borrowings	(1,201)	(1,015)
Dividends paid	(1,035)	(734)
Dividends paid to non-controlling interests	(356)	(228)
Proceeds from sale and leaseback transactions	1,042	32
Other, net	(631)	(616)
Net cash provided by (used in) financing activities	(2,096)	(1,928)
Effect of exchange rate change on cash and cash equivalents	2,906	3,007
Net increase (decrease) in cash and cash equivalents	5,430	6,738
Cash and cash equivalents at beginning of period	73,267	74,301
Cash and cash equivalents at end of period	78,697	81,039

(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 first 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 three months ended June 30, 2022 (April 1, 2022 - June 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	61,958	3,474	1,384	66,818	—	66,818
Inter-segment sales or transfers	187	146	350	684	(684)	—
Total	62,146	3,620	1,735	67,503	(684)	66,818
Segment profit/loss	(2,296)	158	186	(1,951)	11	(1,940)

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 three months ended June 30, 2023 (April 1, 2023 - June 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	74,517	3,487	1,090	79,096	—	79,096
Inter-segment sales or transfers	124	386	186	697	(697)	—
Total	74,642	3,874	1,277	79,794	(697)	79,096
Segment profit	1,186	397	128	1,711	8	1,720

Notes:

1. The 8 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 three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)

(Millions of yen)

	Reportable segment			Total
	Transportation Equipment-Related Operations	Information Service Operations	Other Operations	
Japan	15,752	3,474	1,384	20,612
The Americas	15,729	—	—	15,729
Europe	5,243	—	—	5,243
Asia	14,430	—	—	14,430
China	10,802	—	—	10,802
Revenue from contracts with customers	61,958	3,474	1,384	66,818
Other revenue	—	—	—	—
Sales to outside customers	61,958	3,474	1,384	66,818

For the three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(Millions of yen)

	Reportable segment			Total
	Transportation Equipment-Related Operations	Information Service Operations	Other Operations	
Japan	19,286	3,487	1,090	23,865
The Americas	20,052	—	—	20,052
Europe	6,430	—	—	6,430
Asia	17,523	—	—	17,523
China	11,224	—	—	11,224
Revenue from contracts with customers	74,517	3,487	1,090	79,096
Other revenue	—	—	—	—
Sales to outside customers	74,517	3,487	1,090	79,096