

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Japanese Accounting Standards)

February 13, 2025

Name of Listed Company: Mitsubishi Materials Corporation Listing: Tokyo Stock Exchange
 Stock Code: 5711 URL: <https://www.mmc.co.jp/>
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 Scheduled date of start of dividend payment: -
 Supplementary materials for the financial results: Yes
 Investor conference for the financial results: Yes (For Institutional Investors)

(Amounts of less than one million yen are omitted)

1. Results of the Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

(1) Consolidated Results of Operations (Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The nine months ended December 31, 2024	1,483,695	37.2	32,296	109.6	56,847	30.2	49,173	99.9
The nine months ended December 31, 2023	1,081,585	-13.0	15,410	-59.4	43,651	74.9	24,600	—

(Note) Comprehensive income: The nine months ended December 31, 2024: ¥57,462 million (7.3%)
 The nine months ended December 31, 2023: ¥53,574 million (131.6%)

	Profit per share	Diluted profit per share
	Yen	Yen
The nine months ended December 31, 2024	376.37	—
The nine months ended December 31, 2023	188.31	—

(2) Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	2,437,935	709,776	28.3
As of March 31, 2024	2,167,628	685,623	30.2

(Reference) Shareholders' equity: As of December 31, 2024: ¥690,257 million
 As of March 31, 2024: ¥653,642 million

2. Dividend Payments

	Dividend per share				
(Record date)	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	47.00	—	47.00	94.00
Year ending March 31, 2025	—	50.00	—		
Year ending March 31, 2025 (Forecast)				50.00	100.00

(Note) Revision of dividend forecast published most recently: None

3. Consolidated Earnings Forecast (From April 1, 2024 to March 31, 2025)

(Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2025	1,980,000	28.5	40,000	71.8	59,000	9.1	37,000	24.2	283.19

(Note) Revision to forecast published most recently: Yes

Notes:

- (1) Significant changes of subsidiaries during the period (changes in specific subsidiaries accompanied by a change in the scope of consolidation): Yes
New: 13 (Company name: H.C. Starck Holding (Germany) GmbH and other 12 companies)
Exempt: 1 (Company name: PT. Smelting)
(Note) For details, please refer to “(3) Key notes on consolidated quarterly financial statements, Significant changes in the scope of consolidation during the period” under “2. Consolidated Financial Statements and Key Notes” on page 13.
- (2) Application of accounting methods specific to preparation of quarterly consolidated financial statements: Yes
(Note) For details, please see “(3) Key notes to consolidated quarterly financial statements, Notes on accounting methods specific to preparation of quarterly consolidated financial statements” under “2. Consolidated Financial Statements and Key Notes” on page 11.
- (3) Changes in accounting policies, changes of accounting estimates and restatement
- | | |
|---|------|
| (i) Changes in accounting policies due to amendments to accounting standards: | Yes |
| (ii) Other changes in accounting policies: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatements: | None |
- (4) Numbers of outstanding shares (common stock)
- | | |
|---|--------------------|
| (i) Numbers of outstanding shares at the end of period (including treasury shares): | |
| Nine months ended December 31, 2024: | 131,489,535 shares |
| Year ended March 31, 2024: | 131,489,535 shares |
| (ii) Numbers of treasury shares at the end of period: | |
| Nine months ended December 31, 2024: | 829,191 shares |
| Year ended March 31, 2024: | 859,157 shares |
| (iii) Average number of outstanding shares during period (quarterly cumulative period): | |
| Nine months ended December 31, 2024: | 130,651,144 shares |
| Nine months ended December 31, 2023: | 130,634,216 shares |

* This quarterly financial summary is not subject to a quarterly review by certified public accountants or audit firms.

* Explanation about the proper use of financial forecasts and other special notes.

(Notes concerning forward-looking statements, etc.)

The operating results forecasts and other forward-looking statements contained in this report are based on information currently available to Mitsubishi Materials Corporation (“Company” or “Group”), as well as certain assumptions that the Company has judged to be reasonable. As such, they do not constitute an assurance that the Company promises to achieve these projected results. Therefore, readers are advised to note that the actual results may vary materially from the forecasts due to a variety of factors.

Please see “(3) Forecasts of consolidated financial results and other forward-looking statements” under “1. Overview of Business Results” on page 6 for the assumptions about consolidated earnings forecasts.

(Procedure for obtaining supplementary information on annual financial results and annual financial briefing)

The Company plans to hold a quarterly financial briefing for institutional investors on Thursday, February 13, 2025. The materials used at this briefing are disclosed on the TDnet and the Company's website at the time that the quarterly financial results are announced.

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1. Overview of Business Results

(1) Overview of operating results

1) Summary of business performance for the current fiscal year

During the nine months of the current fiscal year, the global economy continued to recover mainly in the United States amid the reduction of policy interest rates in the United States, Europe and other countries, while industrial production remained almost unchanged.

The Japanese economy was on a moderate recovery trend, although the increase in private consumption has slowed down.

As for the business environment surrounding our Group, there were signs of recovery in demand for semiconductors, although demand for automobiles remained sluggish. In addition, there were effects from the rise in copper prices and the depreciation of the yen compared to the same period last year.

Under these circumstances, during the nine months of the current fiscal year, net sales and operating profit increased year-on-year in the Metals business and the Renewable Energy business. As a result, during the nine months of the current fiscal year, net sales and operating profit were ¥1,483.695 billion (up 37.2% year-on-year) and ¥32.296 billion (up 109.6% year-on-year), respectively. Ordinary profit was ¥56.847 billion (up 30.2% year-on-year) mainly due to an increase in equity-method investment profit. Profit attributable to owners of parent recorded ¥49.173 billion (up 99.9% year-on-year) mainly due to a gain on changes in equity associated with the conversion of PT. Smelting into an equity-method affiliate.

2) Segment overview

Metals Business

(Billions of yen)

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2024	Change (%)	
Net sales	716.3	1,095.0	378.6	(+52.9%)
Operating profit	6.7	22.3	15.5	(+228.5%)
Ordinary profit	28.3	41.8	13.5	(+47.7%)

In the Metals business, net sales and operating profit increased year-on-year, mainly due to the impact of the yen's depreciation trend and a substantial rise in copper and gold prices. Ordinary profit rose due to an increase in operating profit and an improvement in equity-method investment profit despite a decline in dividends from mines.

Advanced Products Business

(Billions of yen)

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2024	Change (%)	
Net sales	368.3	385.5	17.2	(+4.7%)
Operating profit	2.4	2.4	0.0	(+2.1%)
Ordinary profit	0.9	0.8	-0.1	(-17.7%)

In the Advanced Products business, the Copper & Copper Alloy business was affected by fluctuations in copper prices and foreign exchange rates. In the Electronic Materials & Components business, there were signs of recovery in demand for some semiconductor-related products.

As a result, although net sales grew year-on-year, operating profit and ordinary profit remained unchanged.

Metalworking Solutions Business

(Billions of yen)

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2024	Change (%)
Net sales	104.7	110.9	6.2 (+5.9%)
Operating profit	8.2	6.8	-1.3 (-16.2%)
Ordinary profit	9.1	6.7	-2.4 (-26.3%)

In the Metalworking Solutions business, although net sales of cemented carbide products, which are our main products, increased year-on-year due to the impact of the depreciation of the yen and the effect of price hikes, operating profit fell primarily due to weak demand for automotive products. Ordinary profit declined due mainly to a decrease in foreign exchange gains in addition to a fall in operating profit.

Renewable Energy Business

(Billions of yen)

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2024	Change (%)
Net sales	3.5	6.3	2.8 (+80.6%)
Operating profit	0.5	1.9	1.4 (+239.5%)
Ordinary profit	0.5	2.2	1.7 (+319.1%)

In the Renewable Energy business, net sales and operating profit increased year-on-year because Appi Geothermal Energy Corporation became a consolidated subsidiary in April 2024. Ordinary profit rose driven by an increase in operating profit and a rise in equity-method investment profit.

Other Businesses

(Billions of yen)

	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2024	Change (%)
Net sales	114.2	113.3	-0.9 (-0.8%)
Operating profit	3.2	3.9	0.6 (+21.2%)
Ordinary profit	13.3	14.8	1.5 (+11.3%)

In Other businesses, net sales were unchanged year-on-year, and operating profit grew. Ordinary profit rose due to an increase in operating profit and a rise in equity-method investment profit of Mitsubishi UBE Cement Corporation.

(2) Overview of financial position

Total assets at the end of the third quarter under review were ¥2,437.9 billion, an increase of ¥270.3 billion from the end of the previous fiscal year. This is mainly due to an increase in inventories and leased gold bullion, etc.

Total liabilities were ¥1,728.1 billion, an increase of ¥246.1 billion from the end of the previous fiscal year. This is mainly due to an increase in deposited gold bullion, interest-bearing liabilities, etc.

Our Group strives to improve cash efficiency by implementing a cash management system and other measures to centrally manage surplus funds at each Group company. From the third quarter of the current fiscal year, we started operating a global cash management system (notional pooling) for some overseas subsidiaries, and the amount of deposits of ¥26.9 billion at the end of the third quarter of the current fiscal year is included in cash and deposits, and the amount of borrowings of ¥18.0 billion is included in short-term borrowings.

(3) Forecasts of consolidated financial results and other forward-looking statements

With regard to the consolidated earnings forecast for the fiscal year ending March 2025, the Company has revised the figures previously announced on May 14, 2024 as follows.

Compared with the previous forecast, net sales are expected to increase, but operating profit and ordinary profit are expected to fall below the previous forecast, mainly due to sluggish sales of automotive products despite the yen's weakening trend. Profit attributable to owners of parent is expected to be lower than the previous forecast due to a decrease in ordinary profit and posting of extraordinary losses, such as impairment losses, in light of the continued slump in demand.

There is no revision to the dividend forecast accompanying the revision of this earnings forecast.

Revision of Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2025
(April 1, 2024 - March 31, 2025)

(Billions of yen)

	Previous Forecast	Current Forecast	Change (%)
Net sales	1,950.0	1,980.0	+1.5%
Operating profit	41.0	40.0	-2.4%
Ordinary profit	63.0	59.0	-6.3%
Profit attributable to owners of parent	45.0	37.0	-17.8%

(Note) The above forecasts are based on economic conditions, market trends, and other factors that can be assumed as of the date of the announcement, and may differ from the forecasts due to various factors in the future.

2. Consolidated Financial Statements and Key Notes
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	134,923	110,678
Notes receivable – trade	26,255	30,603
Accounts receivable – trade	180,540	164,875
Merchandise and finished goods	135,991	159,269
Work in process	126,297	192,022
Raw materials and supplies	166,212	182,888
Leased gold bullion	290,614	395,140
Others	222,831	279,254
Allowance for doubtful accounts	(636)	(539)
Total current assets	1,283,029	1,514,192
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	191,424	154,993
Land, net	88,559	89,135
Other, net	192,113	196,873
Total property, plant and equipment, net	472,096	441,001
Intangible assets		
Goodwill	8,029	34,660
Others	21,319	21,493
Total intangible assets	29,349	56,153
Investments and other assets		
Investment securities	286,714	321,713
Others	97,205	104,696
Allowance for doubtful accounts	(766)	(766)
Total investments and other assets	383,153	425,643
Total non-current assets	884,599	922,798
Deferred assets		
Opening expenses	-	944
Total deferred assets	-	944
Total assets	2,167,628	2,437,935

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable – trade	94,745	109,758
Short-term borrowings	182,772	260,976
Current portion of bonds payable	10,000	-
Commercial papers	15,000	75,000
Income taxes payable	5,643	5,529
Provisions	12,432	8,267
Deposited gold bullion	567,047	692,488
Other	106,478	104,262
Total current liabilities	994,119	1,256,282
Non-current liabilities		
Bonds payable	80,000	100,000
Long-term borrowings	315,391	273,610
Provision for environmental measures	12,123	9,488
Other provisions	1,060	991
Retirement benefit liability	19,227	46,292
Others	60,082	41,493
Total non-current liabilities	487,885	471,876
Total liabilities	1,482,005	1,728,158
Net assets		
Shareholders' equity		
Share capital	119,457	119,457
Capital surplus	81,745	81,745
Retained earnings	358,569	394,436
Treasury shares	(2,898)	(2,825)
Total shareholders' equity	556,875	592,814
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,751	8,339
Deferred gains or losses on hedges	3,262	(1,103)
Revaluation reserve for land	16,063	16,073
Foreign currency translation adjustment	57,567	64,589
Remeasurements of defined benefit plans	10,123	9,544
Total accumulated other comprehensive income	96,766	97,442
Non-controlling interests	31,981	19,519
Total net assets	685,623	709,776
Total liabilities and net assets	2,167,628	2,437,935

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income
Consolidated statement of profit or loss

(Millions of yen)

	Nine Months Ended December 31, 2023 (Apr. 1, 2023 – Dec. 31, 2023)	Nine Months Ended December 31, 2024 (Apr. 1, 2024 – Dec. 31, 2024)
Net sales	1,081,585	1,483,695
Cost of sales	973,393	1,353,846
Gross profit	108,191	129,849
Selling, general and administrative expenses	92,781	97,552
Operating profit	15,410	32,296
Non-operating income		
Interest income	2,661	3,154
Dividend income	23,564	17,783
Share of profit of entities accounted for using equity method	8,697	13,936
Rental income from non-current assets	3,109	2,846
Others	4,316	2,600
Total non-operating income	42,349	40,320
Non-operating expenses		
Interest expenses	5,099	6,588
Expense for the maintenance and management of abandoned mines	2,961	3,283
Others	6,046	5,897
Total non-operating expenses	14,108	15,769
Ordinary profit	43,651	56,847
Extraordinary income		
Gain on change in equity	-	7,649
Gain on sales of investment securities	666	1,819
Others	50	259
Total extraordinary income	717	9,727
Extraordinary losses		
Compensation paid	-	743
Loss on business withdrawal	-	560
Others	1,306	120
Impairment loss	713	983
Total extraordinary losses	2,020	2,408
Profit before income taxes	42,348	64,166
Income taxes	10,444	9,667
Profit	31,903	54,499
Profit attributable to non-controlling interests	7,303	5,325
Profit attributable to owners of parent	24,600	49,173

Consolidated statement of comprehensive income

(Millions of yen)

	Nine Months Ended December 31, 2023 (Apr. 1, 2023 – Dec. 31, 2023)	Nine Months Ended December 31, 2024 (Apr. 1, 2024 – Dec. 31, 2024)
Profit	31,903	54,499
Other comprehensive income		
Valuation difference on available-for-sale securities	1,045	(985)
Deferred gains or losses on hedges	(920)	(4,078)
Foreign currency translation adjustments	9,724	6,890
Retirement benefit adjustments	1,141	(352)
Share of other comprehensive income of entities accounted for using equity method	10,679	1,490
Total other comprehensive income	21,671	2,963
Comprehensive income	53,574	57,462
(Breakdown)		
Comprehensive income attributable to owners of the parent	44,498	49,839
Comprehensive income attributable to non-controlling interests	9,076	7,623

(3) Key notes on consolidated quarterly financial statements

Notes on changes in accounting policies

(Application of “Accounting Standards for Corporation Tax, Inhabitants Tax and Enterprise Tax,” etc.)

The Company has applied the “Accounting Standards for Corporation Tax, Inhabitants Tax and Enterprise Tax,” etc. (ASBJ Statement No. 27, October 28, 2022. Hereinafter referred to as “Revised Accounting Standard 2022.”) from the beginning of the first quarter.

Amendments regarding the classification of income taxes (taxation of other comprehensive income) have been made in accordance with the transitional treatment set forth in the proviso of Paragraph -3 of Article 20 of the Revised Accounting Standards 2022 and the transitional treatment set forth in the proviso of Paragraph 65, Item - 2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (Guidance on Accounting Standards No. 28 issued on October 28, 2022. Hereinafter referred to as the “Revised Application Guidelines 2022”). This has no impact on the quarterly consolidated financial statements.

In addition, effective from the beginning of the first quarter of the current consolidated accounting period, the Revised Application Guidelines 2022 has been applied to the revision of the treatment in the consolidated financial statements in the case of deferral for tax purposes of gain or loss on sale of shares of subsidiaries, etc. between consolidated companies. The change in accounting policy has been retroactively applied, and the quarterly consolidated financial statements and the full-year consolidated financial statements for the previous fiscal year have been retroactively applied. This has no impact on the quarterly consolidated financial statements and the full-year consolidated financial statements for the previous fiscal year.

Notes on accounting methods specific to preparation of quarterly consolidated financial statements

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to net income before income taxes for the consolidated fiscal year including the current consolidated accounting period and multiplying the net income before income taxes by the estimated effective tax rate.

(4) Key notes to consolidated quarterly financial statements

Segment information, etc.

I. For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information on net sales and income of each reporting segment

(Millions of yen)

	Reporting segment				Other businesses	Total	Adjustment	Amount in quarterly consolidated statement of profit or loss
	Metals business	Advanced Products business	Metalworking Solutions business	Renewable Energy business				
Net sales								
(1) Outside customers	543,073	356,389	101,260	3,541	77,320	1,081,585	—	1,081,585
(2) Within consolidated group	173,290	11,918	3,489	0	36,951	225,650	(225,650)	—
Total	716,364	368,307	104,750	3,541	114,272	1,307,235	(225,650)	1,081,585
Segment income (loss)	28,317	985	9,136	535	13,338	52,312	(8,661)	43,651

(Notes)

1. “Other businesses” include cement-related and engineering-related businesses.
2. “Adjustment” in segment income (loss) of ¥(8,661) million includes the amount of elimination of intersegment transactions of ¥(1,261) million and corporate expenses of ¥(7,399) million which are not allocated to the reporting segments. Corporate expenses consist mainly of general and administrative expenses, basic experiment and research expenses, and financial income and expenses that do not belong to the reporting segments.
3. Segment income (loss) is adjusted for ordinary profit in the quarterly consolidated statements of income.

II. For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

1. Information on net sales and profit of each reporting segment

(Millions of yen)

	Reporting segment				Other businesses	Total	Adjustment	Amount in quarterly consolidated statement of profit or loss
	Metals business	Advanced Products business	Metalworking Solutions business	Renewable Energy business				
Net sales								
(1) Outside customers	910,686	371,571	107,278	6,396	87,761	1,483,695	-	1,483,695
(2) Within consolidated group	184,372	13,943	3,699	0	25,552	227,567	(227,567)	-
Total	1,095,058	385,515	110,978	6,397	113,313	1,711,262	(227,567)	1,483,695
Segment income (loss)	41,823	811	6,735	2,243	14,843	66,456	(9,609)	56,847

(Notes)

1. “Other businesses” include cement-related and engineering-related businesses.
2. “Adjustment” in segment income (loss) of ¥(9,609) million includes the amount of elimination of intersegment transactions of ¥(1,737) million and corporate expenses of ¥(7,871) million which are not allocated to the reporting segments. Corporate expenses consist mainly of general and administrative expenses, basic experiment and research expenses, and financial income and expenses that do not belong to the reporting segments.
3. Segment income is adjusted for ordinary profit in the quarterly consolidated statements of income.

Notes on the significant changes in the amount of shareholders’ equity, if any

N/A

Notes on going concern assumptions

N/A

Notes on quarterly consolidated statements of cash flows

No quarterly consolidated cash flow statement has been prepared for the nine months of the current fiscal year. Depreciation (including amortization of intangible assets and excluding goodwill) and amortization of goodwill for the nine months of the current fiscal year are as follows.

	(Millions of yen)	
	Nine Months Ended December 31, 2023 (Apr. 1, 2023 – Dec. 31, 2023)	Nine Months Ended December 31, 2024 (Apr. 1, 2024 – Dec. 31, 2024)
Depreciation	34,462	34,634
Amortization of goodwill	1,304	1,346

Significant changes in the scope of consolidation during the period

In the nine months of the current fiscal year, PT. Smelting, a consolidated subsidiary of our Company, has been excluded from the scope of consolidation and included in the scope of the equity method application because its equity ratio in our Company decreased due to the implementation of a third-party allotment of shares.

In the nine months of the current fiscal year, H.C. Starck Holding (Germany) GmbH and 12 other companies are included in the scope of consolidation due to the acquisition of shares.

Additional information**(Share-based compensation)****1. Overview of transactions**

The Company has introduced a share-based compensation plan (“Plan”) for its Executive Officers (excluding non-domestic residents).

This Plan adopts a mechanism called the Board Incentive Plan (“BIP Trust”) Trust. The Plan is to issue and grant the Executive Officers the Company’s shares and the amount equivalent to the disposal value of the Company’s shares, according to the Executive Officers’ positions or other conditions.

2. The Company’s shares remaining in BIP Trust

Our Company shares remaining in the BIP Trust are recorded as treasury shares in the net assets section at the book value of the BIP Trust (excluding the amount of incidental expenses). The book value and number of shares of treasury shares at the end of the previous fiscal year were ¥546 million and 220 thousand shares, and at the end of the nine months of the current fiscal year were ¥457 million and 184 thousand shares.

(Completion of stock acquisition procedures for H.C. Starck Holding)

Our Company concluded the final agreement on May 29, 2024, and completed the procedures for the acquisition of all shares of H.C. Starck Holding (Germany) GmbH on December 17, 2024. The acquisition was originally scheduled to be completed by the end of March 2025. The acquisition was executed by Mitsubishi Materials Europe B.V., a wholly owned subsidiary of our Company, formerly known as MM Netherlands B.V.