

Growth Trajectory

We've met society's needs for 150 years. And now we're making full use of the strengths we've developed over that time to improve our corporate value even more.

The opening of Naoshima Smelter & Refinery and the start of the MMC Group's Metals business

We were first established in 1871 when Tsukumo Shokai, precursor to Mitsubishi Group, entered the mining industry and began managing coal and metal mines. In 1917, Mitsubishi Goshi Kaisha, our forerunner, was established. Then, in 1974, it dramatically evolved by introducing the world's first copper smelting process, the Mitsubishi Process. Currently, we are one of the world's top smelters in terms of E-Scrap processing capacity.

Commencement of Metalworking Solutions business and tungsten research

In 1917, the same year Mitsubishi Goshi Kaisha opened Naoshima Smelter & Refinery, it opened the Mining Research Institute, the forerunner of our Innovation Center. In the 1920s, we began researching cemented carbide, leading to the development and commercialization of cemented carbide tools with tungsten as the main raw material. This was the beginning of the Metalworking Solutions business. Taking advantage of our strength as a manufacturer capable of integrated production of tungsten, from raw materials to finished products, the Group is working to recycle used carbide tools.

Related Information:

Integrated Report  
▶ Metalworking Solutions business  
P46

Investment in overseas copper mines and further strides toward globalization

In the mid-1950s, Japan's economic recovery was picking up speed. We began branching out into overseas mine development to provide a steady supply that could keep up with the growing demand for copper in Japan. Today, we are investing in overseas mines in locations such as Chile and Canada to ensure steady procurement of clean copper concentrates. Our investments in overseas mines have played a significant role in our growth, and are one of the key strategies in the FY2031 Strategy.

Related Information:

Integrated Report  
▶ Metals business  
P42

Enhancing the supply of high-performance materials and products

After the Osaka Smelter & Refinery, which handled gold and silver smelting, copper and copper alloy products, electronic materials and high-purity materials, relocated, the copper & copper alloy products were taken over by our Sakai Plant, the electronic materials by the Sanda Plant, and the precious metal smelting and refinery by Naoshima Smelter & Refinery. Currently, we provide copper and copper alloy products, functional materials, electronic devices, chemical products and sealing products, mainly for semiconductor and xEV applications.

Related Information:

Integrated Report  
▶ Advanced Products business  
P44

Advancing into E-Scrap operations and leading the global market

In the 2000s, Naoshima Smelter & Refinery entered the recycling business, opening new recycling facilities for melting fly ash and valuable metals. We began using the Mitsubishi continuous copper smelting method to recover copper and precious metals, recycling copper concentrate and various recyclable materials including fly ash, shredder dust from vehicles and home appliances and E-Scrap (waste circuit boards). In recent years, we have begun accepting recycled raw materials from around the world.

Related Information:

Integrated Report  
▶ Metals business  
P42

Development of Renewable Energy business

The Group opened a hydroelectric power plant in 1898 to supply electricity to a domestically held mine (now closed). We also developed geothermal power generation technology from our mine excavation technology. We have run our geothermal power generation business using our underground resource exploration technology for over 40 years. We operate five hydroelectric power plants and three geothermal power plants, in order to realize a sustainable society.

Related Information:

Integrated Report  
▶ Renewable Energy business  
P48



Naoshima Smelter & Refinery (1932)



Inserts for machining small high-precision parts



Los Pelambres Mine



Wirerod



MM Metal Recycling B.V.



Komatagawa New Power Plant

1871

- 1871 Tsukumo Shokai leases a coal mine from the Shingu clan in Kishu, and enters the mining business.
- 1873 Mitsubishi Shokai acquires the Yoshioka Mine in Okayama Prefecture, and enters the precious metals mining business.
- 1893 Mitsubishi Goshi Kaisha is established.
- 1898 Nagata Power Plant opens.
- 1917 Establishes the Mining Research Institute, now the Innovation Center. Establishes the Naoshima Smelter & Refinery.
- 1918 Mitsubishi Mining Company Ltd., established (this company takes over the mining assets of Mitsubishi Goshi Kaisha).
- 1942 Tokyo Metals Plant (now Tsukuba Plant) is established and begins production of cutting tools.

1990

- 1990 Mitsubishi Metal Corp. and Mitsubishi Mining & Cement Co., Ltd. merge to form Mitsubishi Materials Corporation.
- 1991 Establishes JEMCO Inc. (now Mitsubishi Materials Electronic Chemicals Co., Ltd.)
- 1993 Establishes MMC ELECTRONICS (MALAYSIA) Sdn. Bhd.
- 1996 Establishes PT. Smelting.
- 1997 Participates in Los Pelambres Mine in Chile.
- 1999 Establishes East Japan Recycling Systems Co., Ltd.

2000

- 2000 Acquires Shinko Kobelco Tool Co., Ltd. (now Akashi Plant)
- 2008 Mitsubishi Shindoh Co., Ltd. becomes a wholly owned subsidiary.

2010

- 2010 Mitsubishi Cable Industries, Ltd. becomes a wholly owned subsidiary.
- 2013 Begins Zafrenal Copper Project in Peru.
- 2014 Establishes MMC ELECTRONICS Lao Co., Ltd.
- 2015 Hitachi Tool Engineering, Ltd., becomes a consolidated subsidiary and changes its name to Mitsubishi Hitachi Tool Engineering, Ltd.
- 2017 Acquires the Luvata Special Products Division.
- 2018 Establishes New Energy Fujimino Co., Ltd.
- 2019 Yuzawa Geothermal Power Corporation's Wasabizawa Geothermal Power Plant opens.

2020

- 2020 Merges with Mitsubishi Shindoh Co., Ltd. and establishes Wakamatsu Plant and Sambo Plant. Mitsubishi Hitachi Tool Engineering, Ltd. (now MOLDINO Tool Engineering, Ltd.) becomes a wholly owned subsidiary.
- 2021 Mantoverde S.A. becomes an equity method affiliated company.
- 2023 Onahama Smelting & Refining Co., Ltd. becomes a wholly owned subsidiary.

Value Creation Process

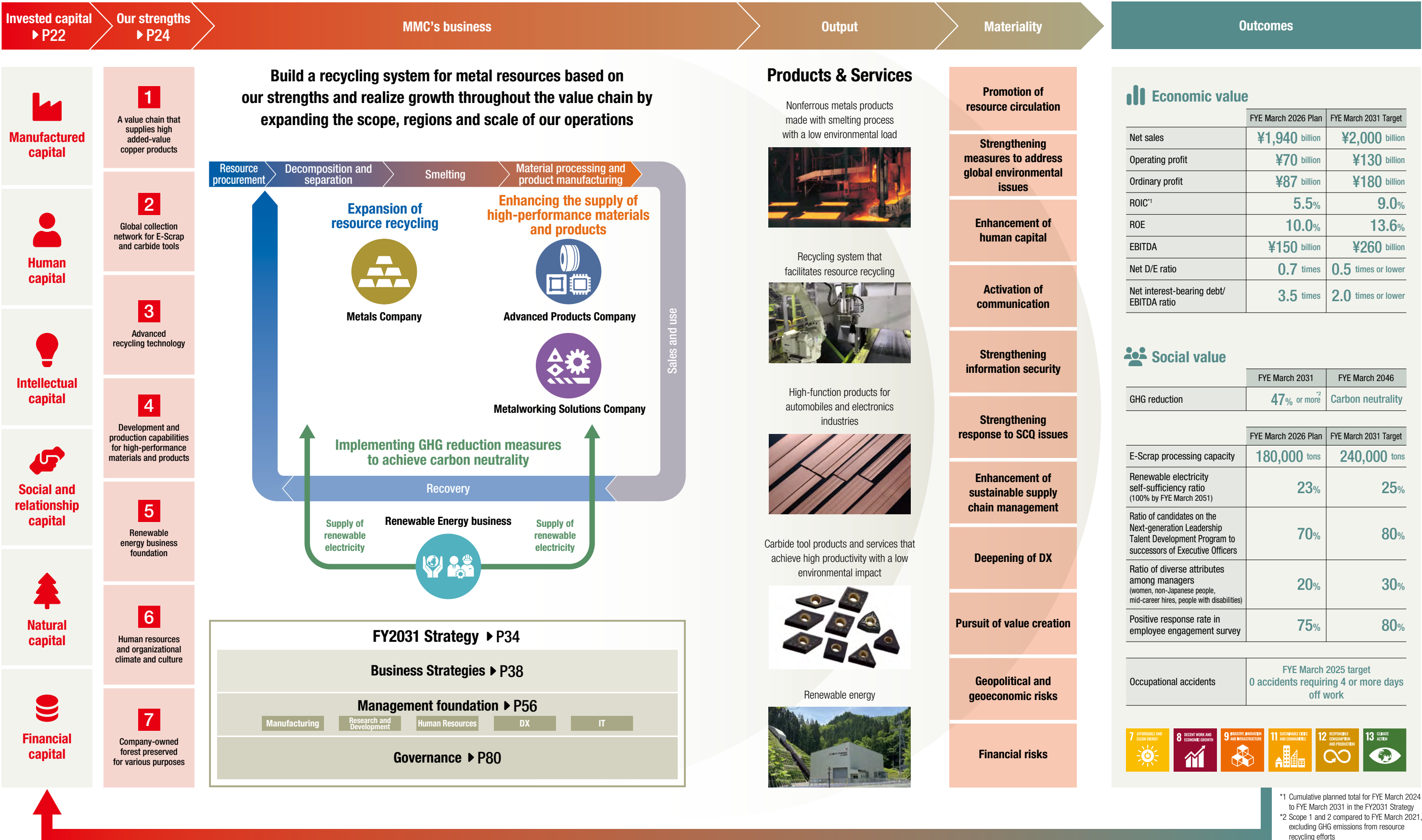
Our Commitment  
For people, society and the earth, circulating resources

for a sustainable future

Prosperous society

Recycling-oriented society

Decarbonized society





## Invested Capital

The capital management and strength the Group has accumulated over the past 150 years are the source of our value creation. As we work to expand these, we aim to realize Our Commitment, “For people, society and the earth, circulating resources for a sustainable future.”



### Manufactured capital

Since our inception, the Group has developed a variety of businesses in response to changes in the environment, accumulating manufactured capital that serves as a source of business competitiveness.

Under the FY2031 Strategy, we will utilize our strengths, such as “a value chain that supplies high added-value copper products,” “a global collection network for E-Scrap and carbide tools,” “advanced recycling technology,” and “development and production capabilities for high-performance materials and products” to promote resource circulation through advanced recycling technology for E-Scrap, home appliances and carbide tools, and develop and provide recyclable products to ensure resource recycling and strengthen our competitiveness in the medium- to long-term. Furthermore, a total of ¥340 billion is planned for maintenance and upgrading investment through the fiscal year ending March 2031.

#### Maintenance and upgrading investment

¥340 billion

(FYE March 2024 to 2031)

#### Copper cathode production volume

Approx. 410,000 tons

(FYE March 2024 Result)

#### Property, plant and equipment

¥472 billion

(As of end of March 2024)



### Human capital

At MMC, we believe that employees are the source of new value creation and the Group’s sustainable growth, and we see talent as “human capital” rather than just resources or sources of costs. Based on this approach, we are enhancing human capital through human resource policy that maximizes the value of each employee and building a foundation for co-creation and growth with diverse human resources.

Our human resource strategy under the FY2031 Strategy has two important pillars: “Maximizing the value of human resources and creating an organization dedicated to winning,” and “Building a foundation for co-creation and growth.” Based on these pillars, we invest in human capital to ensure growth by both individuals and the company that enhances corporate value.

#### Consolidated number of employees

18,323

(As of end of March 2024)

#### Total annual training hours (non-consolidated)

Approx. 100,000 hours

(average approx. 17 hours per employee)

(FYE March 2024 Result)



### Intellectual capital

With materials and processes at its core, the Group is engaged in research and development in a wide range of fields, including resources, energy, raw materials, basic materials, new materials, and a range of products and their recycling, all in order to strengthen competitiveness and create new business. We have further established cooperative relationships with other companies, universities and research organizations to promote joint development.

Intellectual property and other intangible assets are growing in importance, so we established the Intellectual Property Policy of Mitsubishi Materials Group and Group Intellectual Property Regulations to maximize value of these across the Group and are actively promoting efforts involving intellectual property by sharing the direction we should work toward.

#### Investment in research and development

¥8.7 billion

(FYE March 2024 Result)

#### Patents held

2,060 (Japan)

2,604 (International)

(As of end of March 2024)



### Social and relationship capital

Our Group operates in 32 countries and regions, so in corporate management it is vital to build trust with not only shareholders, investors and employees, but also with customers, business partners, local residents, NGOs, government agencies and other stakeholders. We work to strengthen opportunities for communication with stakeholders to incorporate expectations and requests made into Group business strategies and efforts.

We believe it is important to fulfill our social responsibility and appropriately distribute the economic added value generated by our business activities to each stakeholder, including local residents and NGOs.

#### Social contribution expenses

Approx. ¥0.2 billion

(FYE March 2024 Result)

#### Countries and regions

32

(As of end of March 2024)



### Natural capital

Natural resources and energy, including copper concentrates, are essential to the Group’s business, however, consideration for the environment and nature is also essential for sustainable business activities. Based on our strengths, the Group is working to strengthen our metal resource recycling, achieve carbon neutrality by the fiscal year ending March 2046, and achieve 100% self-sufficiency in renewable electricity by the fiscal year ending March 2051.

Company-owned forests are managed for timber production and with the goal of achieving a high level of public benefit through these forests, including through provision of recreation areas for local residents, preventing global warming through CO<sub>2</sub> control and conserving biodiversity.

#### Total energy consumption

Approx. 20,473 TJ

(FYE March 2024 Result)

#### Natural resource usage

Approx. 3,125 thousand tons

(FYE March 2024 Result)

#### Area of company-owned forest

Approx. 13,000 ha

(As of end of March 2024)



### Financial capital

A strong and sound financial base is essential for sustainable growth of the Group. We aim to maintain and upgrade this financial base while also making the investments needed for growth and maintenance, improving our competitiveness and returning an appropriate level to shareholders.

Under the FY2031 Strategy, we plan to invest ¥560 billion in growth, ¥340 billion in maintenance and upgrading and ¥240 billion in cash outflow (including dividends, etc.) cumulatively through the fiscal year ending March 2031. Our targets for net D/E ratio are 0.7 for the fiscal year ending March 2026 and 0.5 or lower for the fiscal year ending March 2031. Our targets for net interest-bearing debt/EBITDA ratio are 3.5 for the fiscal year ending March 2026 and 2.0 or lower for the fiscal year ending March 2031.

#### Growth investment

¥560 billion

(including ¥42 billion for DX investment)

(FYE March 2024 to 2031)

#### Total assets

¥2,167.6 billion

(As of end of March 2024)

#### Net D/E ratio

0.7 times

(As of end of March 2024)

# Strengths That Put Us at the Forefront of the Global Market

Our coal and metal mining business dates back to 1871. In 1917, we opened our Naoshima Smelter & Refinery, which marked the beginning of the Group's Metals business. Since then, the Group has developed unique strengths that have driven further development of our business. Investment in overseas mines and advancement into the Copper & Copper Alloy business has led to the building of a robust value chain and improvement of our technology and know-how for recycling materials such as E-Scrap.

We are also using the knowledge and assets we have amassed through our domestic mining business to develop hydroelectric and geothermal power generation businesses, and are utilizing and conserving forests owned by the Company. Other strengths lie in intangible assets such as our talent and organizational climate and culture.

1

A value chain that supplies high added-value copper products

Manufactured capital

Natural capital

- Investment in overseas copper mines through long-term friendly relationships with major resource companies
- Processes enabling efficient, environmentally friendly smelting and refining of clean copper concentrate
- Strong customer base and Japan's top capabilities for processed copper production

Operating copper mines

Copper mines under development or under consideration

Naoshima Smelter & Refinery

Onahama Smelter & Refinery

Copper concentrate

Copper cathode

Sakai Plant

Sambo Plant

Wakamatsu Plant

Bringing copper & copper alloy products to the market

Canada Casino Project 4.14%  
Invested in Western Copper and Gold Corporation (interest held)

Canada Copper Mountain Mine 25%

Peru Zafrañal Project 20%

Chile Escondida Mine 1.25%  
World's largest copper mine

Chile Mantoverde Project 30%

Chile Los Pelambres Mine 10%  
Some of the world's lowest costs

A value chain that supplies copper products

2

Global collection network for E-Scrap and carbide tools

Manufactured capital

- Global E-Scrap collection network through overseas bases such as MM Metal Recycling BV in the Netherlands
- Domestic network for the collection of used carbide tools

E-Scrap

Examples of E-Scrap/used cemented carbide tools being accepted/processed

3

Advanced recycling technology

Manufactured capital

Intellectual capital

- Efficient processing of E-Scrap through the Mitsubishi Process for continuous copper smelting
- Material Grid framework enabling collection of a wide range of nonferrous metals including platinum group metals, lead and tin
- Automatic dismantling and sorting processes for items such as home appliances, enabling recycling of a wide range of resources
- The technology and know-how to recycle tungsten recovered from carbide tool scrap, etc. as a raw material

Netherlands  
MM Metal Recycling

E-Scrap

Precious metal resources

PGM resources

Tin-lead intermediate products

Tin resources

Hosokura Metal Mining Co., Ltd.  
Electrolytic lead, bismuth

MERC Onahama\*  
Platinum, palladium

Onahama Smelting & Refining Co., Ltd.,  
Onahama Smelter & Refinery  
Copper cathode, sulfuric acid

Indonesia  
PT. Smelting  
Copper cathode, sulfuric acid

Copper concentrate  
Copper scrap

Naoshima Smelter & Refinery  
Copper cathode, sulfuric acid, selenium, gold, silver

Ikuno Plant  
Electrolytic tin

\*Materials Eco-Refining Co., Ltd., Onahama Smelting & Refining

Material Grid framework

4

Development and production capabilities for high-performance materials and products

Manufactured capital

Intellectual capital

- Development and production of oxygen-free copper, copper alloy, lead-free brass, etc.
- Supply of materials and components for semiconductor manufacturing equipment (columnar crystal silicon, sealing products)
- Supply of high-efficiency carbide tool products that utilize our materials and coating technologies

Products made from GloBrass®, a lead-free brass material with superior machinability

5

Renewable Energy business foundation

Manufactured capital

Intellectual capital

Natural capital

- Advanced exploration and analysis technology for geothermal resources
- Decades of business experience in areas such as geothermal and hydroelectric power generation

Onuma Geothermal Power Plant

6

Human resources and organizational climate and culture

Human capital

- Talent with wide-ranging expertise in a variety of roles
- A team that can unite to resolve issues
- Mutual trust between colleagues and between management and employees

Cross-organizational discussion

7

Company-owned forest preserved for various purposes

Natural capital

Social and relationship capital

- Appropriate development and management of company-owned forest to preserve biodiversity and carry out sustainable forestry operations (SGEC certified)
- Company-owned forests utilized for education and community exchange activities
- Wood from company-owned forests utilized as a building material

Hayakita Forest



# Materiality

We identify material issues from various perspectives and plot them on two axes according to their importance to our stakeholders and their importance in light of Our Commitment. These material issues are reviewed annually to ensure they appropriately reflect environmental changes.



Related Information:

Sustainability Report ▶ Initiatives on Material Issues  
<https://mmc.disclosure.site/en>

\*Sustainability Report 2024\* will be published at the end of August 2024

Sustainability Issues (Materiality)	Key Themes	Main Initiatives	Objectives, etc.	Progress Status, etc.
Promotion of resource circulation	Promotion of resource recycling design through advanced recycling technology	Increase of the recycling rate by expanding the treatment of recycled products containing metal resources	FYE March 2031    Building of a framework with an E-Scrap processing capacity of 240,000t per year	<ul style="list-style-type: none"><li>Expansion of recycling yard at Onahama Smelter &amp; Refinery for increased E-Scrap processing (Dec. 2023)</li><li>Start of construction of LIB recycling pilot plant (Dec. 2023)</li><li>Investment in the Exurban project to build a recycling plant for recycling using only secondary materials (Feb. 2024)</li></ul>
	Developing and providing recyclable products	Providing recyclable advanced products, securing the capacity to recover and recycle used carbide tools globally Actively promoting copper alloy scrap recycling	By FYE March 2026 Establishing highly efficient copper alloy scrap recycling technology By FYE March 2031 Stable mass production of products from recycled copper alloy scrap Use of 80% or more recyclable raw materials in cemented carbide tools	<ul style="list-style-type: none"><li>56% recycled materials in cemented carbide tools (FYE March 2024 result)</li><li>1,108 cemented carbide tool items released (Apr. 2024)</li><li>Working to improve productivity in copper alloy scrap recycling processes</li></ul>
Strengthening measures to address global environmental issues	Strengthening initiatives to achieve carbon neutrality	Measures to achieve carbon neutrality such as expanding renewable electricity, improving and developing technology, energy conservation, and the use of external technologies	By FYE March 2031 Expansion of renewable electricity, improvement of technology and implementation of energy conservation FYE March 2031 - 2046 Development of new technology and utilization of external technologies FYE March 2046    Carbon neutrality	<ul style="list-style-type: none"><li>Working to reduce GHG emissions through various initiatives, including expanding the use of renewable energy power generation</li><li>Switching to electricity derived from renewable energy at eight Metals business sites (scheduled for completion in FYE March 2025), with plans to switch to electricity derived from renewable energy at Naoshima Smelter &amp; Refinery and Onahama Smelter &amp; Refinery by FYE March 2029</li></ul>
	Biodiversity retention and reducing environmental impact	Appropriate development of forest to improve functions for public benefit, as well as future revenue, and effective utilization of forest resources that also contribute to sustainability of wood resources, community recreation, etc. Assessment of biodiversity dependence, impacts, risks and opportunities in business  Compliance with environmental laws and regulations; thorough education about laws and regulations Sharing of information on how to address environmental issues; visualization risks of individual cases; risk management Use of electronic data manifests to collect, analyze and provide information on various emissions at sites associated with the Company	Acquisition of certification of Natural Symbiosis Sites for company-owned forests; contribution to achieving global goal of 30 by 30 Establishment of policy for biodiversity conservation and preparation of a report based on the TNFD framework  Visualization and management of risks from a medium- to long-term perspective to reduce environmental impact and prevent environmental accidents in our operations Improvement of production processes and reduction of risk of environmental disasters By FYE March 2028: Reduce and recycle 35% of used plastic products (non-consolidated, compared to FYE March 2022)	<ul style="list-style-type: none"><li>Teine Forest certified as a Natural Symbiosis Site (Oct. 2023)</li><li>Trial analysis of reports based on TNFD framework  Reduce and recycle used plastic products: FYE March 2024 result: 36% (non-consolidated, compared to FYE March 2022)</li></ul>
	Developing and promoting the use of renewable energy	Establishment of geothermal power generation development system and expansion of this business; expansion into new renewable energy generation, mainly wind power	Self-sufficient renewable electricity rate FYE March 2026: 33%; FYE March 2031: 37%; FYE March 2036: 67%; FYE March 2051: 100%	<ul style="list-style-type: none"><li>Renewable energy utilization rate: 17% (FYE March 2024 result)</li><li>Self-sufficient renewable electricity rate: 36% (FYE March 2024 result)</li></ul>
Enhancement of human capital	Addressing labor shortage issues	Securing necessary talent and improving productivity to execute business strategies	Improving recruitment capabilities Improving appeal of our workplace Implementing thorough measures for promoting efficiency, labor saving, and workload saving	<ul style="list-style-type: none"><li>Enhanced publicity, diversified hiring channels and shortened lead times for hiring</li><li>Enhancing system to support a variety of work styles and enhancing performance management</li><li>Implementing initiatives in each division for reform of business processes, promoting efficiency, labor saving, and workload saving</li></ul>
	Enhancing talent retention and development	Developing and retaining human resources for business growth (continuously retaining and developing management leader candidates)	Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers FYE March 2026: 70%; FYE March 2031: 80%	<ul style="list-style-type: none"><li>Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers FYE March 2024 Result: 56%</li></ul>
	Promotion of DE&I (Diversity, Equity & Inclusion)	Accelerating transformation through integrating diverse human resources and their values	Ratio of diverse attributes among managers (women, non-Japanese people, mid-career hires, people with disabilities) FYE March 2026: 20%; FYE March 2031: 30%	<ul style="list-style-type: none"><li>Ratio of diverse attributes among managers (women, non-Japanese people, mid-career hires, people with disabilities) FYE March 2024 Result: 24%</li></ul>
	Promotion of flexible work styles	Fostering job fulfillment through well-being (continuous improvement of employee engagement)	Positive response rate in employee engagement survey FYE March 2026: 75%; FYE March 2031: 80%	<ul style="list-style-type: none"><li>Positive response rate in employee engagement survey FYE March 2024 Result: 73%</li></ul>
	Respect for individuals and fundamental human rights	Commitment through policy; implementation of human rights due diligence and remedial actions	Building of frameworks to uphold international human rights standards, assess risks and address issues FYE March 2024    Building and implementation of frameworks for human rights due diligence; formulation of implementation plan and road map; deliberation on enhancements of remedial action framework and strengthening of framework FYE March 2025    Expanding the scope of human rights due diligence and promoting initiatives in line with implementation plans and roadmaps	<ul style="list-style-type: none"><li>Building and implementation of frameworks for human rights due diligence; formulation of implementation plan and roadmap</li></ul>
Activation of communication	Enhancement of engagement with stakeholders	Maximal utilization of framework of existing measures, centering on activities to foster recognition and understanding of Our Commitment; expansion of this within and outside the Company	Awareness of Our Commitment: FYE March 2024: 70%; FYE March 2026: 90% Ownership of Our Commitment: FYE March 2031	<ul style="list-style-type: none"><li>Awareness of Our Commitment    FYE March 2024 result: 86%</li></ul>
	Improving customer satisfaction	Provision of better products and services; customer satisfaction surveys as part of quality management activities; analysis of information on complaints Enhancement of customer touch points through organizational optimization and digital transformation	“Quality excellence” as corporate brand equity of the Group Becoming a Global First Supplier in Advanced Products business	<ul style="list-style-type: none"><li>Conducting trend analysis of complaint surveys in the Metalworking Solutions business</li><li>Promoting strengthening of customer touch points by introducing customer management tools</li></ul>
	Promotion of dialogue and coexistence with local communities	Promotion of activities for contribution to local communities and donating to organizations working to solve social issues	Continuing to carry out local community contribution activities at each base, conducting of volunteer activities by employees, and working to resolve social issues and support areas affected by natural disasters	<ul style="list-style-type: none"><li>Implementation of social contribution activities at each site, and holding dialogues with organizations working to solve social issues</li></ul>
Strengthening information security	Strengthening IT global governance	Reconstruction of global network and strengthening incident response system	Alignment of security measures/operations globally by FYE March 2026	<ul style="list-style-type: none"><li>Completing update of global network targeting Chinese/ASEAN bases, with plans for expansion to Europe/US in FYE March 2025</li></ul>
	Prevention of information leakage	Further strengthening zero trust security through introduction of cloud-based security	Full-scale start of security monitoring and CSIRT operation centered on MMDX foundation	<ul style="list-style-type: none"><li>Completing migration of SOC monitoring targets (endpoints, existing environments)</li></ul>
	Strengthening IT asset management	Strengthening security in IT/OT areas	Staged implementation of security measures at manufacturing sites according to business requirements by FYE March 2031	<ul style="list-style-type: none"><li>Establishment of OT security guidelines, implementation of measures sequentially</li></ul>

Value Creation at Mitsubishi Materials Corporation

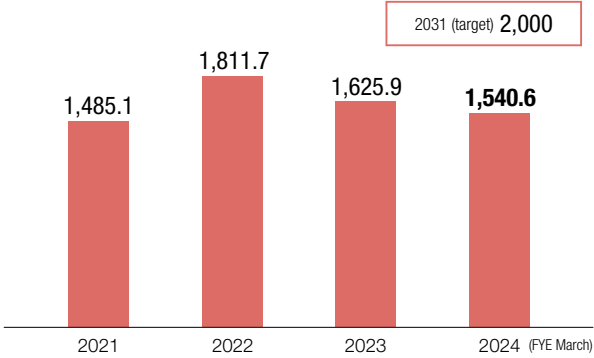
Materiality

Sustainability Issues (Materiality)	Key Themes	Main Initiatives	Objectives, etc.		Progress Status, etc.
<b>Strengthening response to SCQ* issues</b>  *Safety & Health, Compliance & Environment, Quality.	Prevention of occupational accidents	Thorough implementation/continuation of safety measures at facilities according to risk assessments; elimination of accidents such as fires and explosions	Continuation of record of zero occupational accidents resulting in four or more lost days and zero fires, explosions, etc. over the long term		<ul style="list-style-type: none"><li>Number of employees who took off four or more days due to occupational accident: 2023 result: 14 (2022: 13)</li><li>Number of fires, explosions and other accidents: 2023 result: 11 (2022: 23)</li></ul> <ul style="list-style-type: none"><li>Certified as a White 500 Health &amp; Productivity Management Outstanding Organization and an Excellent Health Company (gold certification)</li></ul>
	Creating mentally and physically pleasant workplaces	Promotion and strengthening of health and productivity management	Acquisition and retention of certification as a White 500 Health & Productivity Management Outstanding Organization		
	Prevention of infectious disease	Implementation of infectious disease prevention measures (vaccination, health insurance subsidies, health education, support for employees assigned overseas, etc.) Establishment of a system to prepare for pandemic outbreak	Prevention of workplace cluster infections Establishment of crisis management regulations <ul style="list-style-type: none"><li>Establishment of a manual on preventing and mitigating the spread of infectious diseases in Japan</li><li>Establishment of local information offices to prepare for emergencies overseas</li></ul> Transition to an all-hazards BCP		<ul style="list-style-type: none"><li>Implementation of various initiatives in accordance with annual plan for preventing the spread of infectious disease</li><li>Development of crisis management regulations implementation</li></ul>
	Reinforcing compliance	Implementation of measures to eliminate serious compliance violations and improve awareness of compliance; strengthening of compliance overseas	Elimination of serious compliance violations		
	Enhancing internal control through Group governance	Sustainability Review and Sustainability Deliberative Council (replacing the Governance Review and Meeting for Sharing Governance Information in FYE March 2025); assessing and addressing risks through group risk management	Being an organization where employees act autonomously according to Company-wide strategies and policies and our internal control function appropriately through mutual communication		<ul style="list-style-type: none"><li>Implementation of measures raise compliance awareness and strengthen overseas compliance as compliance violation countermeasures In FYE March 2025, we focus on reducing increasing instances of power harassment, violence, drunk driving, etc.</li><li>Continuing to implement Sustainability Review and Sustainability Deliberative Council, and group risk management</li></ul>
	Enhancement of corporate governance	Organization of issues through evaluation of the effectiveness of the Board of Directors and carry out remedial measures	Improving the effectiveness and function of the Board of Directors on an ongoing basis until FYE March 2031		
	Preventing leakage of harmful substances outside the site and eliminating environmental law violations	Strengthening efforts to comply with environmental law, thorough environmental law education, minimizing environmental risks and developing environmental human resources	Preventing leakage of harmful substances outside the site and eliminating serious environmental law violations		<ul style="list-style-type: none"><li>Sharing of information between the Nomination Committee and other Directors, promotion of talent diversity, discussions on DE&amp;I, etc.</li><li>Serious leaks outside the site and violations of laws and regulations that could lead to administrative action FYE March 2024 Result: 0</li><li>In order to further reduce environmental risks that could lead to serious incidents, continuing to share information on leaks and violations, and spread information to prevent occurrence</li></ul>
	Elimination of serious quality non-conformance	Continuing to implement measures to prevent recurrence of inappropriate conduct related to quality	Elimination of serious quality non-conformance		
<b>Enhancement of sustainable supply chain management</b>	Diversifying procurement of raw materials	Acceleration of business developments in Japan and overseas (E-Scrap, copper scrap, home appliances, automobile recycling)	FYE March 2031	Building of domestic recycling center, 30% share of domestic home appliance recycling, building of new automobile recycling plant	<ul style="list-style-type: none"><li>Expansion of home appliance recycling business to Malaysian market under consideration in anticipation of upcoming legislation, to be put in effect in 2025</li></ul> <ul style="list-style-type: none"><li>Identification of human rights risks through regular evaluations of key suppliers and promotion of efforts to correct violations</li><li>Maintenance of Responsible Minerals Initiative certification (gold, silver, tin, tungsten), and acquisition of certification (copper, lead)</li></ul>
	Consideration of human rights in the supply chain	Human rights risk management through supplier assessment, reduction of human rights risks throughout the supply chain, and the Responsible Minerals Initiative	FYE March 2024	Assessment of risks through assessments of suppliers and addressing serious risks that have been identified; maintaining certification for responsible mineral procurement for gold, silver, tin and tungsten; acquisition of certification for responsible mineral procurement for copper and lead	
			FYE March 2025	Identification of high-risk suppliers based on the results of the previous fiscal year's supplier evaluation and start of corrective activities for those suppliers Expansion of the scope of human rights risk management (including business partners other than suppliers) Acquisition of Copper Mark certification at Naoshima Smelter & Refinery and Onahama Smelter & Refinery, and maintenance of Responsible Minerals Initiative certification (gold, silver, tin, tungsten, copper, lead)	
			FYE March 2026	Address high-risk suppliers and reduce risks throughout the supply chain	
<b>Deepening of DX</b>	Business process innovation	Thorough implementation of paperless and electronic signatures; promotion of consolidation and elimination of operations; utilization of IT tools and smartphones for innovation of our communications	Optimization of operations to ensure that the company continues to be one where each employee can actively engage in our fundamental operations; realization of a functional and agile organization with quick decision-making		<ul style="list-style-type: none"><li>Expansion of paperless and seal-less systems</li><li>Promoting the digitization of accounting slips, HR/payroll applications and ancillary tasks at manufacturing sites</li><li>Introduction of ERP in the accounting field to build core business processes that can be improved and upgraded through business and IT integration</li></ul> <ul style="list-style-type: none"><li>Promoting the introduction of supply and demand management tools to build a global supply and demand management system for cutting tools (operation trial conducted at the Akashi Plant in Aug. 2024)</li><li>Consideration of building business management tools for the Electronic Materials &amp; Components business using refined cost data</li><li>Promotion of automation and smart factories at cemented carbide tool manufacturing sites, start of production on some model lines</li></ul>
	Operational enhancement	Utilization of digital technologies such as IoT and AI to strengthen cooperation between the manufacturing and sales sides and achieve proactive quality management, portfolio management enhancement and take manufacturing capability to the next level	FYE March 2026 onward By FYE March 2027 By FYE March 2031	Commencement of global demand management operations for cutting tools; gradual expansion to sites and products Strengthening product-specific strategies by refining and visualizing cost management data in the Electronic Materials & Components business and the Copper & Copper Alloy business Strengthening of manufacturing capabilities through measures such as improvement of processes and process technologies; conversion to smart factories	
	Enhancement of customer contact points; reform of business model	Enhancement of customer touch points, business model transformation based on customer and societal needs <ul style="list-style-type: none"><li>Metals business: Enhancement of online E-Scrap trading system (MEX)</li><li>Advanced Products business: Advanced cost management</li><li>Metalworking Solutions business: Deepening cutting processing solutions with DX</li></ul>	FYE March 2025 onward	Commencement of service for selection of the best cutting tools; expansion of cutting solutions by adding more products	
			FYE March 2026 By FYE March 2027	Enhancement of supply chain by improving satisfaction of MEX users Acceleration of costs calculations in the Copper & Copper Alloy business	
<b>Pursuit of value creation</b>	Building and execution of new business creation processes	Building and execution of new business creation processes for continuous creation of businesses to be developed (increase in themes; business commercialization; growth of new businesses)	FYE March 2024 FYE March 2025 By FYE March 2028 FYE March 2031	Launch of acceleration program Expansion of acceleration programs for new business development and consideration of systems needed for large-scale investment and financing/M&A Establishment of organization system; ongoing investment and lending strategies (new business creation, M&A, etc.) Operation multiple businesses of a prescribed size	<ul style="list-style-type: none"><li>Launch of acceleration program to accelerate business development in cooperation with external partners; verification activities are currently being conducted with external partners for the four themes, and those that pass screening will proceed to preparation for commercialization</li></ul> <ul style="list-style-type: none"><li>Update of plant inspection sheet to evaluate capabilities as a tool to achieve more effective awareness of specialization (implemented at target sites in FYE March 2025)</li></ul>
	Strengthening of manufacturing	Execution of basic policy for strengthening manufacturing capabilities (strengthening of manufacturing capabilities by strengthening technology, foundation and constitution through PDCA cycle)	FYE March 2025 FYE March 2026 onward By FYE March 2031	Pursuing issue setting, problem solving and plant capability evaluation from businesses and plants vision based on the FY2031 Strategy; continuation of working on innovation to improve manufacturing capabilities = continuation of specialization Commencement of standard level setting activities Company-side deployment of standard level setting activities Reaching specialization level → Setting a higher specialization level	
<b>Geopolitical and socioeconomic risks*</b>  *Risk that a country will try to achieve geopolitical goals (national interests) through economic means	Periodic review of investment strategies	Investment decisions based on country risks such as internal conflict	Achievement of the expected investment results through proper management of country risks		<ul style="list-style-type: none"><li>Identification and evaluation of expected major risks for further investment decisions</li></ul> <ul style="list-style-type: none"><li>Establishment of a system to collect and share risk and crisis information, and raise awareness</li></ul>
	Collecting and sharing information on overseas risks and individual country risks from overseas bases	Establishment of a system for collecting and sharing risk and crisis information, and response to risks in a timely and appropriate manner	Establishment of a system to quickly collect and share risk and crisis information from overseas, and a system to issue warnings		
	Creation and regular review of risk reduction and avoidance measures, and BCP for overseas businesses	PT. Smelting business restructuring Strengthening of crisis management systems in preparation for emergencies Review of all-hazard BCP in the Copper & Copper Alloy business and Electronic Materials & Components business Diversification of production bases for cemented carbide tools, management of BCP inventory	FYE March 2024 FYE March 2025	Diversify continual restructuring of production bases for cemented carbide tools PT. Smelting becomes an equity method affiliated company Formulation of basic BCP policy for each business Review all-hazard type BCP (three Copper & Copper Alloy business sites) Review all-hazard type BCP (two Electronic Materials & Components business sites) Relocation of BCP inventory to Singapore and establishment of a shipping system for cemented carbide tools	<ul style="list-style-type: none"><li>Expansion work on insert plant at the Spanish manufacturing base for cemented carbide tools</li><li>Completion of list of existing products for BCP and data location system for cemented carbide tools</li><li>PT. Smelting becomes an equity method affiliated company (Jun. 2024)</li></ul>
			FYE March 2026		
	Building a procurement portfolio of copper concentrates, E-Scrap, and other raw materials	Reduction of dependence on copper concentrate, a natural resource with uneven distribution, and increase of procurement of scrap materials Risk ranking of key parts, clarification of BCP measures for high-risk items, visualization of supply chain, and automatic confirmation of the impact of emergencies such as natural disasters on suppliers through management in the procurement system	FYE March 2025	Selection of key materials and preparation of basic information for registering supply chain of selected items; digitalization of supply chain management in line with the introduction of a new procurement system; clarification of individual BCP measures per item Confirmation of the effectiveness of BCP management with the new procurement system Expansion of scope and managed items Expansion to Group companies Increase of capital expenditures at Naoshima Smelter & Refinery and Onahama Smelter & Refinery to process more scrap, and staged strengthening of collection	<ul style="list-style-type: none"><li>Future plans for copper concentrate and E-Scrap being formulated</li><li>Selection of key materials, detailed registration of supply chain information and formulation of operational regulation</li></ul>
			FYE March 2026 FYE March 2027 FYE March 2028 onward		
<b>Financial risks</b>	Introduction and operation of the Group's optimal cash management system	Centralized management of surplus funds in each Group company, introduction and operation of a cash pooling system that maintains the balance of interest-bearing debt and net D/E ratio at appropriate levels	FYE March 2025 FYE March 2026 onward	Introduction and operation of cash pooling in Europe <ul style="list-style-type: none"><li>Introduction and operation of systems that contribute to financial efficiency through the introduction of cash pooling, etc., in Asia and North America</li><li>Introduction and operation of systems that optimize the overall cash pool introduced in Japan and overseas</li></ul>	<ul style="list-style-type: none"><li>Selection of cash management system and explanation of it to subsidiaries for introduction</li></ul>
	Grasping the market value of assets held and confirming the indication of impairment of fixed assets	Understanding the financial status of issuers of securities held and review of holdings Acquisition of real estate appraisals for land, sale of unused land Regular appraisal of market value and monitoring of impairment risks	Reduction of strategic share holdings and unemployed capital Regular monitoring of the risk of the fluctuations in market value of assets held and the risk of impairment of non-current assets, and avoidance of impairment through proactive measures		
	Monitoring of the management and financial condition of debt guarantee underwriting affiliates, etc.	Monitoring of business and financial status of affiliates	Understanding and reduction of the risk of debt guarantee performance		<ul style="list-style-type: none"><li>Monitoring of management and financial status of affiliates</li></ul>
	Investment allocation considering safety and profitability in pension asset management	Regular checks that asset composition is maintained over the medium- to long-term to achieve management goals	FYE March 2025 FYE March 2026	Confirming and considering policy asset mix (review every 3 years) and determining asset allocation strategy Start of operation with revised policy in asset mix and asset allocation strategy	<ul style="list-style-type: none"><li>Implementation of pension ALM (asset liability management)</li></ul>

# Financial Highlights

### Net sales

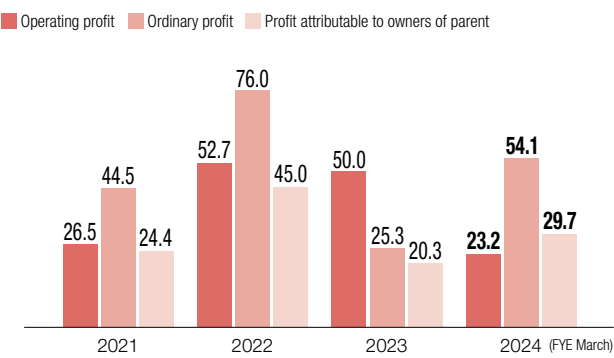
(Unit : Billions of yen)



While the weak yen had an impact, consolidated net sales were down 5.2% over the fiscal year ended 2023 to ¥1,540.6 billion due to factors including a decline of products in the automotive and semiconductor industries as a result of declining market conditions, the change of PT. Smelting to contract smelting, and the transfer of the polycrystalline silicon business.

### Operating profit / Ordinary profit / Profit (loss) attributable to owners of parent

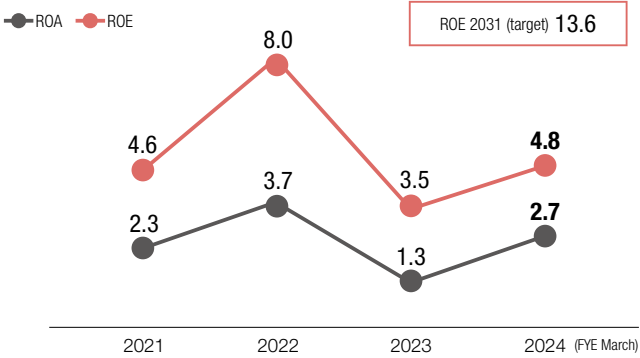
(Unit : Billions of yen)



Consolidated operating profits decreased by ¥26.7 billion over the fiscal year ended March 2023 due to a significant decline in palladium prices and an increase in raw material costs. Consolidated ordinary profit increased by ¥28.7 billion over the fiscal year ended March 2023 due to an increase in dividend income from mines and recognition of share of profit of entities accounted for using equity method.

### Return on asset (ROA) / Return on equity (ROE)

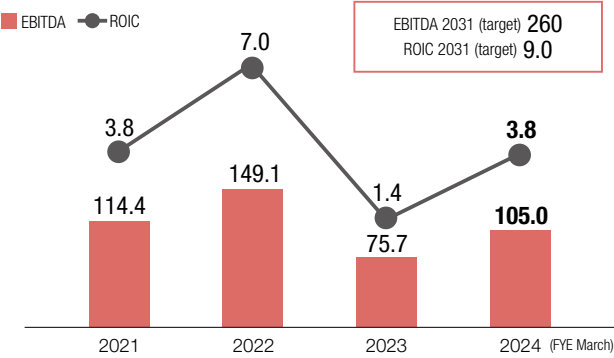
(Unit : %)



ROA increased to 2.7% from 1.3% in the fiscal year ended March 2023 due to profit increases. ROE increased to 4.8% from 3.5% in the fiscal year ended March 2023 due to profit increases.

### EBITDA / ROIC

(Unit: Billions of yen / %)

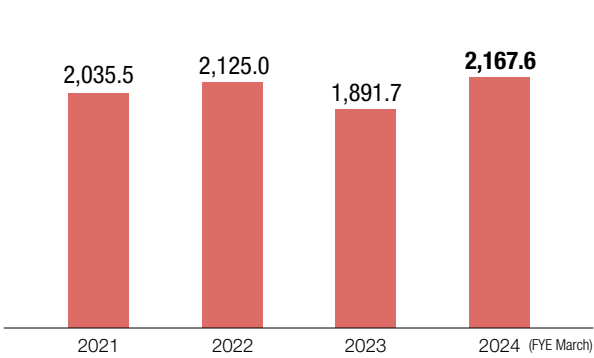


EBITDA increased to ¥105.0 billion from ¥75.7 billion in the fiscal year ended March 2023 due to profit increases, and ROIC improved to 3.8% from 1.4% in the fiscal year ended March 2023.

From the fiscal year ended March 2023, the calculation method for ROIC was changed to before non-risk inventory due to the shift to management based on the ROIC spread based on the WACC of each business (previously, ROIC was calculated by deducting the amount of inventory (non-risk inventory) that was risk free due to price hedging from invested capital).

### Total assets

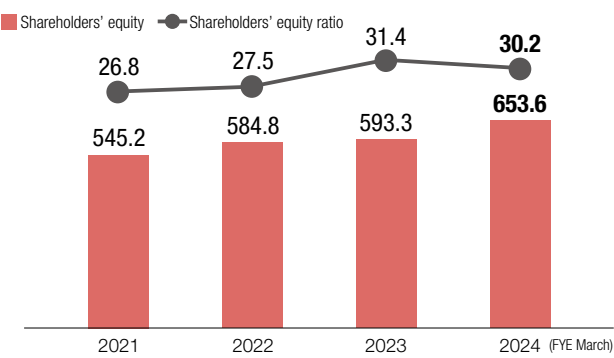
(Unit : Billions of yen)



Total assets increased to ¥2,167.6 billion from ¥1,891.7 billion in the fiscal year ended March 2023 due to an increase in leased gold bullion and other items.

### Shareholders' equity / Shareholders' equity ratio\*1

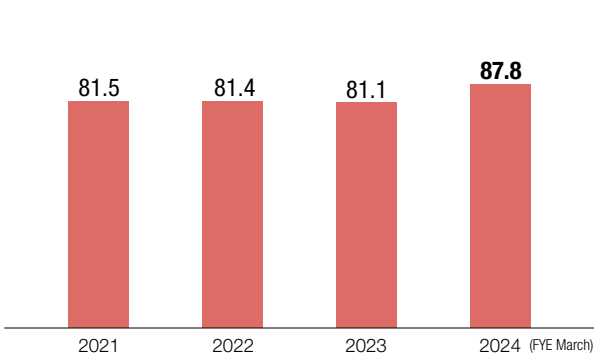
(Unit : Billions of yen / %)



In profit calculations, shareholders' equity increased to ¥653.6 billion from ¥593.3 billion in the fiscal year ended March 2023, and the equity ratio decreased from 31.4% to 30.2%.

### Capital expenditures (investment amount)

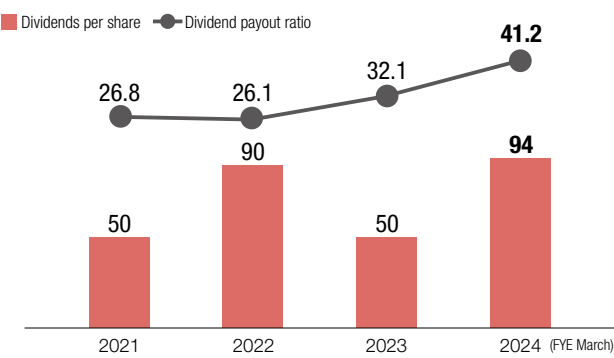
(Unit: Billions of yen)



Capital expenditures increased by ¥6.7 billion compared to the fiscal year ended March 2023 to ¥87.8 billion due to the expansion of PT. Smelting, etc.

### Dividends per share / Dividend payout ratio

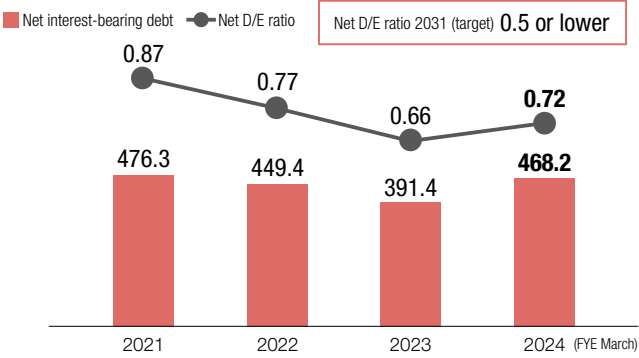
(Unit: Yen / %)



We have set the annual dividend per share at ¥94 for the fiscal year ended March 2024, based on factors such as earnings and operating cash flow performance. The dividend payout ratio rose to 41.2%.

### Net interest-bearing debt / Net D/E ratio

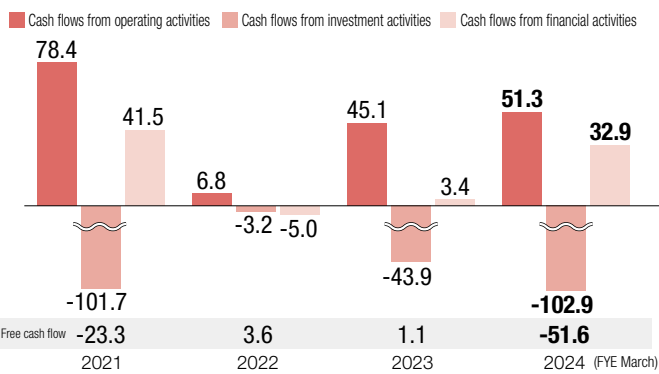
(Unit : Billions of yen / times)



Due to an increase in borrowings, etc., net interest-bearing debt increased to ¥468.2 billion from ¥391.4 billion in the fiscal year ended March 2023, with a net D/E ratio of 0.72 times.

### Cash flows

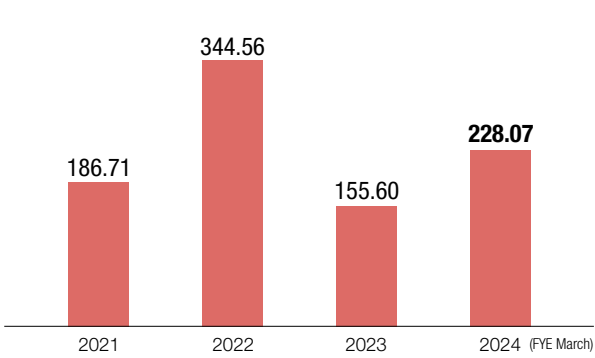
(Unit : Billions of yen)



Due to recording profit before income taxes and the depreciation expenses, and increased inventory assets, cash flows from operating activities amounted to ¥51.3 billion. Due to capital expenditures, loans, etc., cash flows from investing activities amounted to ¥-102.9 billion.

### Profit (loss) per share

(Unit: Yen)



Profit per share increased from ¥155.60 in the fiscal year ended March 2023 to ¥228.07 due to profit increases.

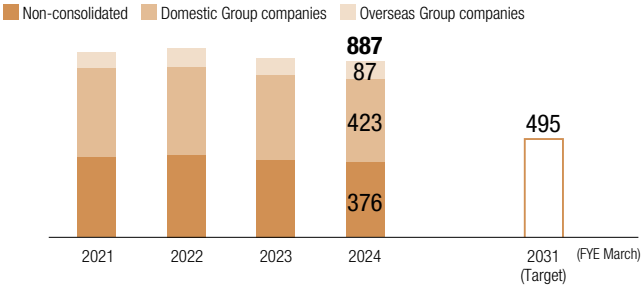
The Company has been applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of the fiscal year ended March 2022. Individual figures since the fiscal year ended March 2022 have had the accounting standards and others applied.



## Non-financial Highlights

### Greenhouse gas emissions (Scope 1 + 2)

(Unit : Kilotons CO<sub>2</sub> equivalent)

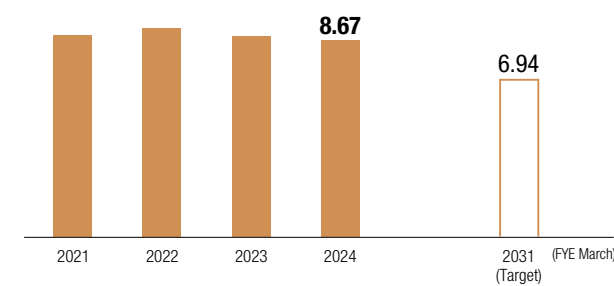


Greenhouse gas emissions (Scope 1 + 2) were approximately 887,000 t-CO<sub>2</sub>e, a 2% decrease compared to the fiscal year ended March 2023, as a result of our progress in switching to electricity derived from renewable energy sources.

- GHG emissions calculated based on adjusted emissions of the Act on Promotion of Global Warming Countermeasures (excluding those from the use of recycled resources).
- Excluding businesses and subsidiaries that have been or are planned to be removed from the scope of consolidation due to business portfolio adjustment as of the end of the fiscal year ended March 2024.

### Greenhouse gas emissions (Scope 3) Total from categories 1, 3 and 15

(Unit : Million tons CO<sub>2</sub> equivalent)

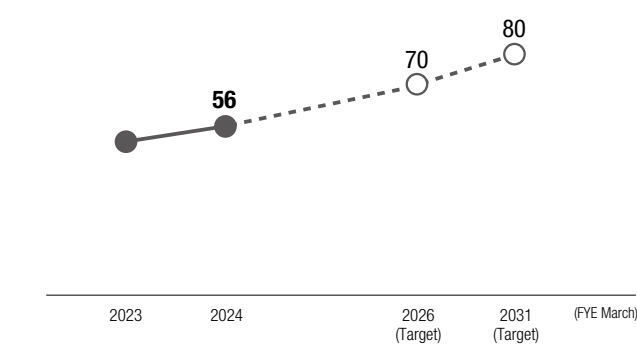


Greenhouse gas emissions (Scope 3 categories 1, 3, 15) were reduced by 2% compared to the fiscal year ended March 2023 to approximately 8.67 million t-CO<sub>2</sub>e as a result of supplier engagement to reduce emissions.

- Excluding businesses and subsidiaries that have been or are planned to be removed from the scope of consolidation due to business portfolio adjustment as of the end of the fiscal year ended March 2024.
- Figures for the fiscal year ended March 2024 are provisional as of the time of publication. For final figures, refer to the Sustainability Report, to be published in August.

### Ratio of candidates on the Next-Generation Leadership Talent Development Program to successors of Executive Officers

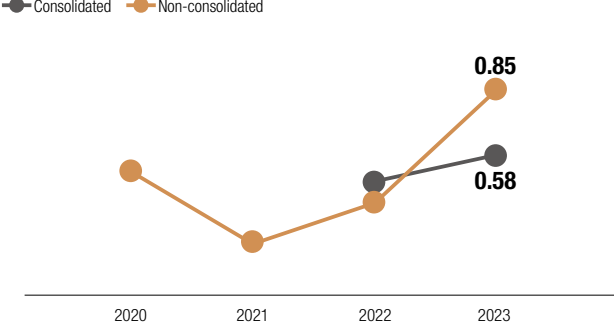
(Unit : %)



The ratio of candidates on the Next-Generation Leadership Talent Development Program to successors of Executive Officers was 56%, a 5% increase compared to the fiscal year ended March 2023, due to the establishment of a talent pool for next-generation leadership and enhanced training efforts.

### Occupational accident frequency rate (Consolidated and non-consolidated)

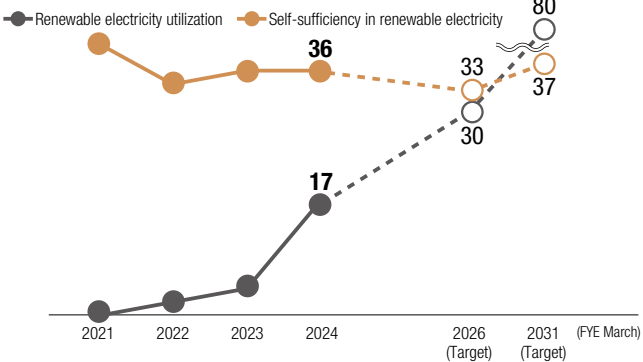
(Unit : %)



The occupational accident frequency rate is the number of injuries per million hours resulting in lost workdays. From 2022, the number of accidents resulting in lost workdays (consolidated) increased by 2 and the occupational accident frequency rate (consolidated) increased to 0.58.

### Renewable electricity utilization / Self-sufficiency in renewable electricity

(Unit : %)

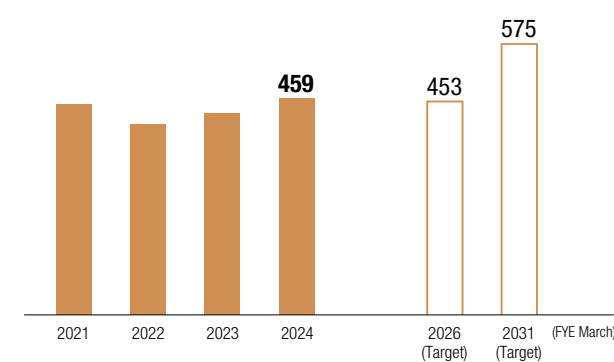


Renewable electricity utilization was 17%, a 13% increase compared to the fiscal year ended March 2023, as a result of our progress in switching to electricity derived from renewable energy sources. Self-sufficiency in renewable electricity was 36%, the same as the fiscal year ended March 2023.

Renewable energy utilization rate = amount of renewable energy purchased by the Group (including power purchase agreements and non-fossil certificates) / total amount of electricity purchased by the Group × 100  
Renewable energy self-sufficiency rate = amount of electricity generated by the Renewable Energy business / total amount of electricity purchased by the Group × 100

### Renewable energy generated

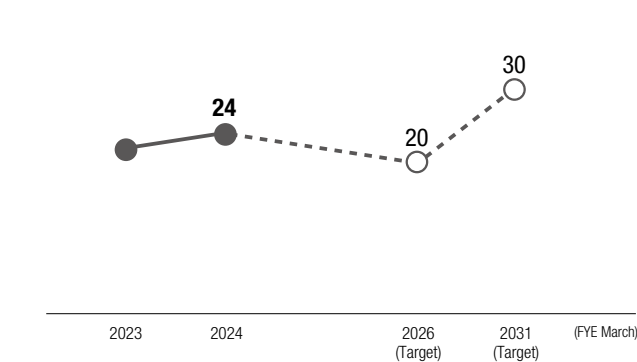
(Unit : GWh)



Renewable energy generated was 459 GWh, a 7% increase compared to the fiscal year ended March 2023 due to stable operation of existing power plants and starting operation of the Appi Geothermal Power Plant.

### Ratio of diverse attributes among managers

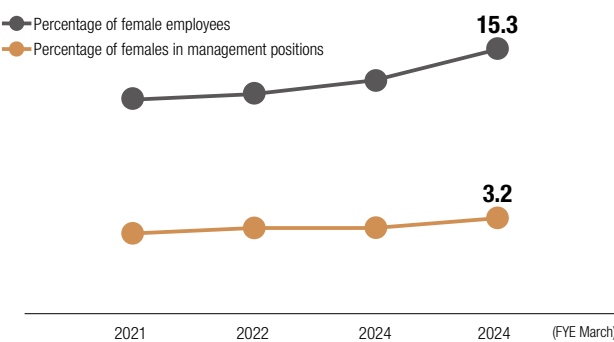
(Unit : %)



The ratio of diverse attributes among managers was 24%, a 2% increase compared to the fiscal year ended March 2023, due to the implementation of various measures to ensure diversity and promoted equity and inclusion.

### Percentage of female employees / Percentage of females in management positions (Non-consolidated)

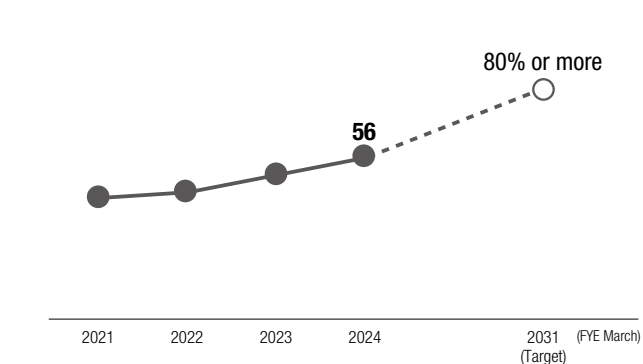
(Unit : %)



The percentage of female employees is increasing year by year as a result of support of women's development and advancement. The percentage of females in management positions is also increasing year by year due to the implementation of various measures such as a career acceleration sponsorship program and strengthening of the mid-career hires, and was 3.2% (56 employees) in the fiscal year ended March 2024, a 0.7% increase compared to the fiscal year ended March 2023.

### Ratio of recycled tungsten as raw material in cemented carbide tools

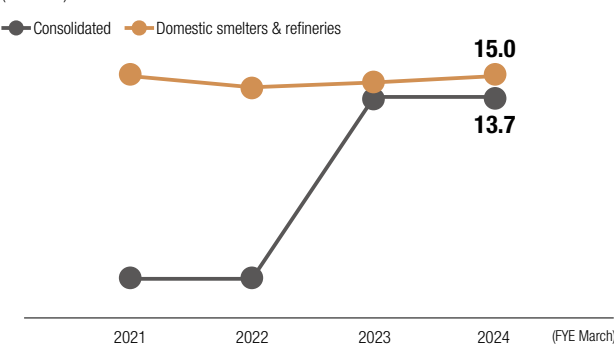
(Unit : %)



The ratio of recycled tungsten as raw material in cemented carbide tools was 56%, a 6% increase compared to the fiscal year ended March 2023, due to steady promotion of the collection of cemented carbide tools, which allowed us to secure a greater amount than expected.

### Percentage of recycled raw materials used (Consolidated, domestic smelters & refineries)

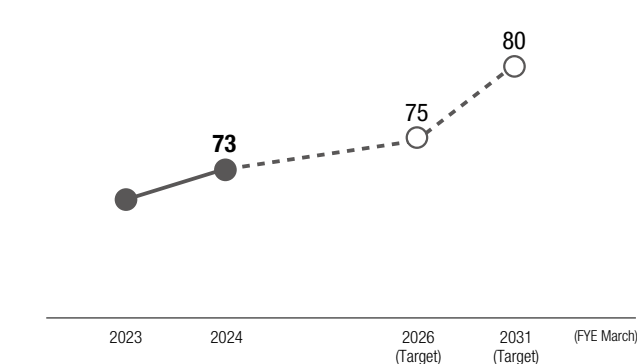
(Unit : %)



The percentage of recycled raw materials (consolidated) remained the same as that for the fiscal year ended March 2023, 13.7%. We will continue to work toward recycling waste and reusing by-products.

### Positive response rate in employee engagement survey

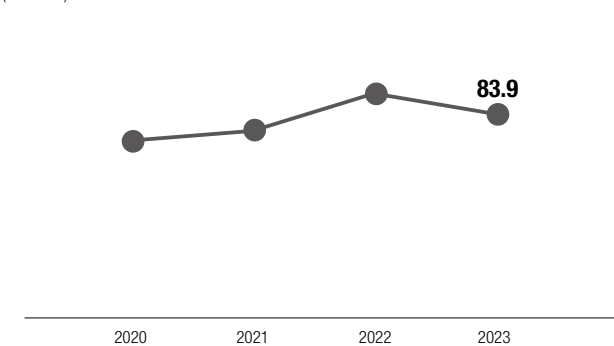
(Unit : %)



The positive response rate in employee engagement survey was 73%, a 2% increase compared to the fiscal year ended March 2023, due to efforts to enhance categories with lower response rates in the fiscal year ended March 2023.

### Percentage of paid holidays taken (Non-consolidated union members)

(Unit : %)



The percentage of paid holidays taken was 83.9%, a 3.4% decrease compared to 2022. We continue our efforts to create an environment that makes it easier to take leave and maintain and improve the percentage of paid holidays taken.