

# Consolidated Financial Results for the Three Months Ended June 30, 2024 (Japanese Accounting Standards)

August 7, 2024

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 Three Month Ended June 30, 2024 (From April 1, 2024, to June 30, 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 three months ended June 30, 2024 | 513,701         | 41.6  | 12,810           | 237.9 | 18,627          | 166.8 | 20,954                                  | 326.1 |
| The three months ended June 30, 2023 | 362,660         | -14.2 | 3,791            | -72.8 | 6,982           | -59.2 | 4,918                                   | -79.6 |

(Note) Comprehensive income: The three months ended June 30, 2024: ¥32,225 million (53.7%)

The three months ended June 30, 2023: ¥20,970 million (-51.4%)

|                                      | Profit per share | Diluted profit per share |
|--------------------------------------|------------------|--------------------------|
|                                      | Yen              | Yen                      |
| The three months ended June 30, 2024 | 160.41           | –                        |
| The three months ended June 30, 2023 | 37.65            | –                        |

### (2) Consolidated Financial Position

|                      | Total assets    | Total net assets | Shareholders' equity ratio |
|----------------------|-----------------|------------------|----------------------------|
|                      | Millions of yen | Millions of yen  | %                          |
| As of June 30, 2024  | 2,237,341       | 692,234          | 30.3                       |
| As of March 31, 2024 | 2,167,628       | 685,623          | 30.2                       |

(Reference) Shareholders' equity: As of June 30, 2024: ¥678,284 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            | –                  |                |               |          |        |
| Year ending March 31, 2025 (Forecast) |                    | 50.00          |               | 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)

|                            | 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 | 1,950,000       | 26.6 | 41,000           | 76.1 | 63,000          | 16.4 | 45,000                                  | 51.0 | 344.42           |

(Note) Revision to forecast published most recently: None

Notes:

- (1) Significant changes of subsidiaries during the period (changes in specific subsidiaries accompanying a change in the scope of consolidation): Yes

New: - (Company name: - )

Exempt: 1 (Company name: PT. Smelting )

Note: For details, please refer to “2. Consolidated Financial Statements and Key Notes (3) Key notes to consolidated quarterly financial statements (Significant changes in the scope of consolidation during the period) on the page 11.

- (2) Application of special accounting treatment in the preparation of the quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Consolidated Financial Statements and Key Notes (3) Key notes to consolidated quarterly financial statements (Notes to accounting methods specific to preparation of quarterly consolidated financial statements)” on page 10.

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

|   |      |
|---|------|
| (i) Changes in accounting policies due to amendments to accounting standards: | None |
| (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):     |                    |
| Three months ended June 30, 2024:   | 131,489,535 shares |
| Year ended March 31, 2024:  | 131,489,535 shares |
| (ii) Numbers of treasury shares at the end of period:                                   |                    |
| Three months ended June 30, 2024:   | 827,757 shares     |
| Year ended March 31, 2024:  | 859,157 shares     |
| (iii) Average number of outstanding shares during period (quarterly cumulative period): |                    |
| Three months ended June 30, 2024:   | 130,637,514 shares |
| Three months ended June 30, 2023:   | 130,631,691 shares |

\* This financial results is not subject to an audit 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 (“the Company”), 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 Operating Results and Financial Position” on page 5 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 an annual financial briefing for institutional investors on Wednesday, August 7, 2024. The materials used at this briefing are disclosed on the TDnet and the Company's website at the time that the annual financial results are announced.

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## 1. Overview of Operating Results and Financial Position

### (1) Overview of operating results

#### 1) Summary of business performance for the first quarter

During the first quarter of the current fiscal year, the global economy continued to recover, mainly in the U.S., while interest rates remained high in each country.

The Japanese economy was on a moderate recovery trend, with signs of recovery in industrial production, despite a slowdown in personal consumption.

In terms of the business environment surrounding the Group, there were signs of recovery in semiconductor-related demand, although automotive-related demand remained sluggish. There were also effects of rising copper prices and the depreciation of the yen.

Under these circumstances, in the first quarter of this fiscal year, net sales and operating profit increased year-on-year in the Metals business, the Advanced Products business, and the Renewable Energy business. As a result, in the first quarter of this fiscal year, consolidated net sales were ¥513,701 million (up 41.6.% year-on-year) and consolidated operating profit was ¥12,810 million (up 237.9% year-on-year). Consolidated ordinary profit was ¥18,627 million (up 166.8% year-on-year), mainly due to an increase in equity-method investment profit. Profit attributable to owners of parent was ¥20,954 million (up 326.1% year-on-year), mainly due to the recording of a gain on change in equity resulting from the shift of PT. Smelting to an equity-method affiliate.

#### 2) Segment Overview

##### Metals Business

(Billions of yen)

|                  | FYE March 2024 Q1 | FYE March 2025 Q1 | Change (%) |          |
|------------------|-------------------|-------------------|------------|----------|
| Net sales        | 240.9             | 390.0             | 149.0      | (61.8%)  |
| Operating profit | 1.6               | 8.8               | 7.1        | (431.5%) |
| Ordinary profit  | 2.6               | 12.1              | 9.5        | (353.2%) |

In the Metals business, net sales and operating profit increased year-on-year due to factors such as the impact of the yen's depreciation trend and the significant rise in copper and gold prices. Ordinary profit rose due to higher operating profit and improved equity-method investment profit.

##### Advanced Products Business

(Billions of yen)

|                  | FYE March 2024 Q1 | FYE March 2025 Q1 | Change (%) |          |
|------------------|-------------------|-------------------|------------|----------|
| Net sales        | 120.5             | 132.3             | 11.8       | (9.8%)   |
| Operating profit | 0.4               | 2.3               | 1.8        | (389.7%) |
| Ordinary profit  | 0.2               | 2.0               | 1.8        | (748.1%) |

For the Advanced Products business, in the Copper & Copper Alloy business, there were impacts such as higher copper prices and the depreciation of the yen. In the Electronic Materials & Components business, there were signs of recovery in demand for some semiconductor-related products.

As a result, net sales and operating profit increased year-on-year. Ordinary profit rose mainly due to an increase in operating profit.

## Metalworking Solutions Business

(Billions of yen)

|                  | FYE March 2024 Q1 | FYE March 2025 Q1 | Change (%)    |
|------------------|-------------------|-------------------|---------------|
| Net sales        | 35.0              | 38.1              | 3.0 (8.8%)    |
| Operating profit | 3.2               | 2.9               | -0.3 (-9.7%)  |
| Ordinary profit  | 4.1               | 3.4               | -0.6 (-16.1%) |

The Metalworking Solutions business's core products, cemented carbide products, saw an increase in net sales year-on-year due to factors such as the depreciation of the yen and price hike effects, etc. However, operating profit decreased due to sluggish demand for automobiles. Ordinary profit decreased mainly due to a fall in operating profit.

## Renewable Energy Business

(Billions of yen)

|                  | FYE March 2024 Q1 | FYE March 2025 Q1 | Change (%)   |
|------------------|-------------------|-------------------|--------------|
| Net sales        | 1.2               | 2.3               | 1.0 (86.0%)  |
| Operating profit | 0.3               | 0.9               | 0.6 (196.0%) |
| Ordinary profit  | 0.3               | 1.2               | 0.9 (304.3%) |

In the Renewable Energy business, net sales and operating profit increased year-on-year as Appi Geothermal Energy Corporation became a consolidated subsidiary in April 2024. Ordinary profit rose due to higher operating profit and improved equity-method investment profit.

## Other Businesses

(Billions of yen)

|                         | FYE March 2024 Q1 | FYE March 2025 Q1 | Change (%)  |
|-------------------------|-------------------|-------------------|-------------|
| Net sales               | 33.4              | 35.0              | 1.6 (4.8%)  |
| Operating profit (loss) | -0.1              | 0.6               | 0.7 (-%)    |
| Ordinary profit (loss)  | 2.0               | 4.0               | 1.9 (98.3%) |

In the Other businesses, net sales and operating profit increased year-on-year. Ordinary profit rose due to higher equity-method investment profit from Mitsubishi UBE Cement Corporation.

### (2) Overview of financial position

Total assets at the end of the first quarter under review were ¥2,237.3 billion, an increase of ¥69.7 billion from the end of the previous fiscal year. This was mainly due to an increase in inventories during the first quarter under review.

Liabilities were ¥1,545.1 billion, an increase of ¥63.1 billion from the end of the previous fiscal year. This was mainly due to an increase in deposited gold bullion during the first quarter under review.

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

Although the Group's performance is significantly affected by fluctuations in foreign exchange rates, metal prices, energy prices, and other factors, the consolidated earnings forecast for the fiscal year ending March 2025 has not changed from the previous forecast announced on May 14, 2024, taking into account the results for the first quarter under review, etc. In the second quarter and beyond, there is strong uncertainty regarding foreign exchange rates, etc., so the Company will closely monitor future economic conditions and promptly disclose any revisions to the earnings forecast if necessary.

Note:

The above forecast is based on economic conditions and market trends that can be assumed as of the date of the announcement, and the results may differ from the forecast 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 June 30, 2024 |
|---|----------------------|---------------------|
| <b>Assets</b>                                   |                      |                     |
| <b>Current assets</b>                           |                      |                     |
| Cash and deposits                               | 134,923              | 79,895              |
| Notes receivable – trade                        | 26,255               | 29,559              |
| Accounts receivable – trade                     | 180,540              | 176,593             |
| Merchandise and finished goods                  | 135,991              | 155,645             |
| Work in process                                 | 126,297              | 155,392             |
| Raw materials and supplies                      | 166,212              | 183,200             |
| Leased gold bullion                             | 290,614              | 332,240             |
| Other   | 222,831              | 266,748             |
| Allowance for doubtful accounts                 | (636)                | (604)               |
| <b>Total current assets</b>                     | <b>1,283,029</b>     | <b>1,378,670</b>    |
| <b>Non-current assets</b>                       |                      |                     |
| Property, plant and equipment                   |                      |                     |
| Machinery and equipment, net                    | 191,424              | 146,529             |
| Land, net                                       | 88,559               | 89,054              |
| Other, net                                      | 192,113              | 181,930             |
| <b>Total property, plant and equipment, net</b> | <b>472,096</b>       | <b>417,513</b>      |
| <b>Intangible assets</b>                        |                      |                     |
| Goodwill  | 8,029                | 7,666               |
| Other   | 21,319               | 21,622              |
| <b>Total intangible assets</b>                  | <b>29,349</b>        | <b>29,288</b>       |
| <b>Investments and other assets</b>             |                      |                     |
| Investment securities                           | 286,714              | 314,058             |
| Other   | 97,205               | 97,519              |
| Allowance for doubtful accounts                 | (766)                | (766)               |
| <b>Total investments and other assets</b>       | <b>383,153</b>       | <b>410,811</b>      |
| <b>Total non-current assets</b>                 | <b>884,599</b>       | <b>857,613</b>      |
| <b>Deferred assets</b>                          |                      |                     |
| Opening expenses                                | -                    | 1,057               |
| <b>Total deferred assets</b>                    | <b>-</b>             | <b>1,057</b>        |
| <b>Total assets</b>                             | <b>2,167,628</b>     | <b>2,237,341</b>    |

(Millions of yen)

|   | As of March 31, 2024 | As of June 30, 2024 |
|---|----------------------|---------------------|
| <b>Liabilities</b>                                    |                      |                     |
| Current liabilities                                   |                      |                     |
| Notes and accounts payable – trade                    | 94,745               | 109,764             |
| Short-term borrowings                                 | 182,772              | 205,611             |
| Current portion of bonds payable                      | 10,000               | 10,000              |
| Commercial papers                                     | 15,000               | 30,000              |
| Income taxes payable                                  | 5,643                | 6,037               |
| Provision   | 12,432               | 6,788               |
| Deposited gold bullion                                | 567,047              | 628,824             |
| Other   | 106,478              | 101,906             |
| Total current liabilities                             | 994,119              | 1,098,933           |
| Non-current liabilities                               |                      |                     |
| Bonds payable   | 80,000               | 100,000             |
| Long-term borrowings                                  | 315,391              | 275,337             |
| Provision for environmental measures                  | 12,123               | 12,082              |
| Other provisions                                      | 1,060                | 871                 |
| Retirement benefit liability                          | 19,227               | 18,031              |
| Other   | 60,082               | 39,850              |
| Total non-current liabilities                         | 487,885              | 446,173             |
| Total liabilities                                     | 1,482,005            | 1,545,107           |
| <b>Net assets</b>                                     |                      |                     |
| Shareholders' equity                                  |                      |                     |
| Share capital   | 119,457              | 119,457             |
| Capital surplus                                       | 81,745               | 81,746              |
| Retained earnings                                     | 358,569              | 372,763             |
| Treasury shares                                       | (2,898)              | (2,821)             |
| Total shareholders' equity                            | 556,875              | 571,146             |
| Accumulated other comprehensive income                |                      |                     |
| Valuation difference on available-for-sale securities | 9,751                | 9,320               |
| Deferred gains or losses on hedges                    | 3,262                | 2,748               |
| Revaluation reserve for land                          | 16,063               | 16,069              |
| Foreign currency translation adjustment               | 57,567               | 68,946              |
| Remeasurements of defined benefit plans               | 10,123               | 10,051              |
| Total accumulated other comprehensive income          | 96,766               | 107,137             |
| Non-controlling interests                             | 31,981               | 13,950              |
| Total net assets                                      | 685,623              | 692,234             |
| Total liabilities and net assets                      | 2,167,628            | 2,237,341           |

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

Consolidated statement of profit or loss

(Millions of yen)

|   | The three months ended<br>June 30, 2023<br>(Apr. 1, 2023 - June 30, 2023) | The three months ended<br>June 30, 2024<br>(Apr. 1, 2024 - June 30, 2024) |
|---|---|---|
| <b>Net sales</b>  | 362,660   | 513,701   |
| <b>Cost of sales</b>  | 327,507   | 465,117   |
| <b>Gross profit</b>   | 35,153  | 48,583  |
| <b>Selling, general and administrative expenses</b>           | 31,361  | 35,773  |
| <b>Operating profit</b>                                       | 3,791   | 12,810  |
| <b>Non-operating income</b>                                   |   |   |
| Interest income   | 801   | 1,103   |
| Dividend income   | 763   | 1,032   |
| Exchange gain   | 716   | 4,520   |
| Rental income from non-current assets                         | 2,805   | 3,652   |
| Share of profit of entities accounted for using equity method | 1,078   | 940   |
| Other   | 1,126   | 591   |
| <b>Total non-operating income</b>                             | 7,292   | 11,841  |
| <b>Non-operating expenses</b>                                 |   |   |
| Interest expenses   | 1,551   | 2,914   |
| Expense for the maintenance and management of abandoned mines | 625   | 955   |
| Other   | 1,924   | 2,155   |
| <b>Total non-operating expenses</b>                           | 4,101   | 6,024   |
| <b>Ordinary profit</b>  | 6,982   | 18,627  |
| <b>Extraordinary income</b>                                   |   |   |
| Gain on change in equity                                      | -   | 7,581   |
| Gain on sales of investment securities                        | 383   | 1,367   |
| Other   | 12  | 155   |
| <b>Total extraordinary income</b>                             | 395   | 9,105   |
| <b>Extraordinary losses</b>                                   |   |   |
| Litigation-related expenses                                   | 0   | 86  |
| Loss on liquidation of subsidiaries and affiliates            | 155   | 29  |
| Impairment loss   | 105   | 0   |
| Other   | 8   | 18  |
| <b>Total extraordinary losses</b>                             | 270   | 134   |
| <b>Profit before income taxes</b>                             | 7,107   | 27,598  |
| <b>Income taxes</b>   | 1,703   | 6,084   |
| <b>Profit</b>   | 5,404   | 21,513  |
| <b>Profit attributable to non-controlling interests</b>       | 486   | 558   |
| <b>Profit attributable to owners of parent</b>                | 4,918   | 20,954  |



# Consolidated statement of comprehensive income

(Millions of yen)

|   | The three months ended<br>June 30, 2023<br>(Apr. 1, 2023 - June 30, 2023) | The three months ended<br>June 30, 2024<br>(Apr. 1, 2024 - June 30, 2024) |
|---|---|---|
| <b>Profit</b>   | 5,404   | 21,513  |
| <b>Other comprehensive income</b>   |   |   |
| Valuation difference on available-for-sale Securities                             | 3,249   | 30  |
| Deferred gains or losses on hedges  | (5,463)   | (578)   |
| Foreign currency translation adjustment   | 12,306  | 5,092   |
| Retirement benefit adjustments  | 916   | 3   |
| Share of other comprehensive income of entities accounted for using equity method | 4,557   | 6,164   |
| Total other comprehensive income  | 15,566  | 10,712  |
| <b>Comprehensive income</b>   | 20,970  | 32,225  |
| (Break down)  |   |   |
| Comprehensive income attributable to owners of Parent                             | 18,233  | 31,319  |
| Comprehensive income attributable to non-controlling interests                    | 2,736   | 906   |

### (3) Key notes to consolidated quarterly financial statements

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

Tax expense is calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to net income before income taxes for the consolidated fiscal year including the first quarter of the current consolidated accounting period and multiplying net income before income taxes by the estimated effective tax rate.

#### Notes to segment information, etc.

[Segment information]

I. For the three months ended June 30, 2023 (from April 1, 2023, to June 30, 2023)

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

(Millions of yen)

|                                   | Reporting segment |                            |                                 |                           | Other businesses | Total   | Adjustment | Amounts in consolidated financial statements |
|-----------------------------------|-------------------|----------------------------|---------------------------------|---------------------------|------------------|---------|------------|--|
|                                   | Metals business   | Advanced Products business | Metalworking Solutions business | Renewable Energy business |                  |         |            |  |
| Net sales                         |                   |                            |                                 |                           |                  |         |            |  |
| (1) For customers                 | 186,559           | 116,854                    | 33,815                          | 1,244                     | 24,187           | 362,660 | —          | 362,660                                      |
| (2) Within the consolidated Group | 54,422            | 3,670                      | 1,227                           | 0                         | 9,309            | 68,630  | (68,630)   | —  |
| Total                             | 240,981           | 120,524                    | 35,043                          | 1,244                     | 33,497           | 431,291 | (68,630)   | 362,660                                      |
| Segment income (loss)             | 2,689             | 244                        | 4,131                           | 311                       | 2,027            | 9,404   | (2,422)    | 6,982  |

Notes:

1. “Other businesses” include cement-related and engineering-related business.
2. “Adjustment” in segment income of ¥(2,422) million includes the amount of elimination of intersegment transactions of ¥(314) million and corporate expenses of ¥(2,107) 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 three months ended June 30, 2024 (From April 1, 2024, to June 30, 2024)

1. Information on net sales and profit of each reported 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) For customers                 | 319,030           | 127,925                    | 36,852                          | 2,315                     | 27,578           | 513,701 | —          | 513,701  |
| (2) Within the consolidated Group | 70,985            | 4,452                      | 1,288                           | 0                         | 7,520            | 84,246  | (84,246)   | —  |
| Total                             | 390,015           | 132,377                    | 38,140                          | 2,316                     | 35,098           | 597,948 | (84,246)   | 513,701  |
| Segment income                    | 12,191            | 2,076                      | 3,467                           | 1,257                     | 4,021            | 23,015  | (4,388)    | 18,627   |

Notes:

- “Other businesses” include cement-related and engineering-related business.
- “Adjustment” in segment income of ¥(4,388) million includes the amount of elimination of intersegment transactions of ¥(1,255) million and corporate expenses of ¥(3,132) 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.
- 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

Not applicable.

Notes to going concern assumption

Not applicable.

Notes on quarterly consolidated statements of cash flows

The Company has not prepared a quarterly consolidated cash flow statement for the first quarter of the current fiscal year. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current fiscal year are as follows.

(Millions of yen)

|                          | The three months ended June 30, 2023<br>(From April 1, 2023, to June 30, 2023) | The three months ended June 30, 2024<br>(From April 1, 2024, to June 30, 2024) |
|--------------------------|--|--|
| Depreciation             | 10,959   | 12,803   |
| Amortization of goodwill | 429  | 449  |

Significant changes in the scope of consolidation during the period

PT. Smelting, which was a consolidated subsidiary of the Company during the first quarter of the current fiscal year, was excluded from the scope of consolidation and included in the scope of application of the equity-method due to a decrease in its ownership ratio as a result of a third-party allotment of new shares.

Additional information

(Stock compensation plan)

1. Overview of transaction

The Company has adopted a stock compensation plan (“System”) for Executive Officers (excluding domestic non-residents).

The System adopts a mechanism referred to as Board Incentive Plan (BIP) Trust (“BIP Trust”). The System provides for the delivery and payment to Executive Officers of shares of the Company and an amount of money equivalent to the value of the Company's shares, depending on the Executive Officer's position.

2. The Company's shares remaining in the BIP Trust

The Company's shares remaining in the BIP Trust are recorded as treasury shares in the net assets section at the book value under the BIP Trust (excluding the amount of incidental expenses). The book value and number of treasury shares are ¥546 million and 220,000 shares at the end of the previous fiscal year and ¥462 million and 185,000 shares at the end of the first quarter of the current fiscal year.

(Conclusion of agreement to acquire shares of H.C. Starck Holding)

At a meeting of the Board of Directors held on May 29, 2024, the Company reached an agreement with Masan High-Tech Materials Corporation (“MHT”) to acquire all shares of H.C. Starck Holding (Germany) GmbH (“H. C. Starck”) engaged in tungsten business (“Acquisition”), and concluded a definitive agreement with Masan Tungsten Limited Liability Company, a group company of MHT, regarding the Acquisition. The definitive agreement was concluded on the same day.

1. Overview of business combination

(1) Name of the acquired company and details of its business

|                              |   |
|------------------------------|---|
| Name of the acquired company | H.C. Starck Holding (Germany) GmbH  |
| Description of business      | Tungsten powder, tungsten carbide powder, manufacture, sale and recycling of tungsten chemicals |

(2) Main reasons for the business combination

H.C. Starck is one of the world’s leading manufacturers of tungsten products with a history of more than 100 years. The Company manufactures and sells high-quality powders mainly made from tungsten powder, tungsten carbide powder and its alloys in Europe, North America and China, and has a sales network in Japan. In addition, the Company has one of the world’s largest tungsten recycling capabilities.

One of its business strategies is to become “A leading company in tungsten products recognized by customers globally” in the Medium-term Management Strategy FY2031 from the fiscal year ending March 2024 to the fiscal year ending March 2031, and in cemented carbide tools, where tungsten is the main raw material, the Company is making efforts to collect used cemented carbide tools and secure recycling capacity on a global basis.

With the Acquisition, the Company Group now has bases for its tungsten business in the four major markets of Japan, Europe, North America and China. The Company has decided to acquire the Acquisition with the aim of creating synergies and enhancing corporate value through strengthening research and development capabilities through strengthening the collaboration between Japan New Metals Co., Ltd. (a consolidated subsidiary of the Company) and H.C. Starck, promoting cross-selling, and utilizing recycling technologies and capabilities. The Company also believes that the Acquisition will lead to global business development in tungsten recycling.

The Company has also concluded a long-term procurement agreement with the MHT Group for APT, an intermediate raw material for tungsten, and will continue the partnership.

(3) Date of business combination

The Acquisition is scheduled to be completed by the end of March 2025 without delay after the acquisition of necessary legal and regulatory approvals.

(4) Legal form of business combination

Acquisition of shares in consideration of cash and deposits

(5) Name of combined company

No change

(6) Ratio of voting rights to be acquired

100.0

2. Breakdown of acquisition cost of acquired company and consideration by type

Consideration for acquisition cash and deposits ¥21 billion (estimate)

Acquisition cost      ¥21 billion (estimate)

3. Breakdown and amount of major acquisition-related expenses

Not determined at this time.

4. Amount, cause, amortization and amortization period of goodwill to be accrued

Not determined at this time.

5. Amount of assets accepted and liabilities assumed on the date of the business combination and major breakdown thereof

Not determined at this time.

6. Future outlook

The impact of the Acquisition on the Company's consolidated financial results for the fiscal year ending March 2025 is currently being calculated.

## Business combinations

(Exclusion from consolidation due to the third-party allocation of new shares by PTS)

As of June 30, 2024, PT. Smelting Corporation (“PTS”) decreased its ownership ratio due to the completion of the third-party allocation of new shares to PT Freeport Indonesia (“PTFI”), and PTS changed from a consolidated subsidiary of the Company to an equity-method affiliate.

### 1. Overview of business divestiture

#### (1) Name of the divested company

PT Freeport Indonesia

#### (2) Details of the divested business

Contract smelting of copper concentrate in Indonesia

#### (3) Main reasons for the divestiture

Since its establishment in 1996, PTS has been the Group’s key base in Southeast Asia and the only Indonesian copper smelter, providing a stable supply of high-quality copper cathode to Indonesia and Southeast Asian countries. In Indonesia, under the Mining Law enacted in 2009 (“New Mining Law”), mining companies are required to add higher value minerals, and PTS is increasingly viewed as a smelter attached to the Grasberg Mine, which is operated by PTFI. In light of this situation, the Company has been discussing PTS with PTFI. As a result, the Company reached an agreement with PTFI on the following matters, and a resolution was passed at the Company’s Board of Directors meeting held on November 25, 2021, to conclude an agreement related to these matters.

- The expansion of PTS will be carried out as part of the efforts to add higher value to minerals
- PTS will receive full financing from PTFI for the expansion work
- The completion of the expansion work is conditional on conversion of the entire amount of the loan from PTFI to

PTS into new shares of PTS (capital increase of PTS) based on the book value net asset method

Based on the above, the expansion work has been completed, and PTS’s ownership ratio decreased with the completion of PTS’s capital increase on June 30, 2024. Therefore, PTS changed from a consolidated subsidiary (specified subsidiary) of the Company to an equity-method affiliate.

#### (4) Date of business separation

June 30, 2024

#### (5) Outline of other transactions including legal forms

Issuance of new shares through third-party allotment to PTFI

### 2. Outline of accounting treatment performed

#### (1) Amount of gain or loss on transfer

Gain on change in equity ¥7,553 million

#### (2) Fair carrying amount of assets and liabilities related to the transferred business and major breakdown thereof

Current assets ¥29,355 million

Non-current assets ¥88,876 million

Total assets ¥118,232 million

Current liabilities ¥3,923 million

Non-current liabilities ¥20,820 million

Total liabilities ¥24,743 million

#### (3) Accounting

The difference between the consolidated book value of PTS and the paid-in amount is recorded as “gain on changes in equity” in extraordinary income.

### 3. Reportable segments that included separate businesses

Metals business

### 4. Estimated amount of profit and loss pertaining to the divested business, reported on the quarterly consolidated profit and loss statement for the consolidated cumulative quarterly period

Net sales ¥11,109 million

Operating profit ¥1,540 million