

[Translation: Please note that the following purports to be an excerpt translation from the Japanese original Business Report and Financial Statements prepared for the convenience of shareholders outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

## **BUSINESS REPORT**

(For the period from April 1, 2022 through March 31, 2023)

### **1. Matters Concerning the Current State of Mitsubishi Materials Corporation Group**

#### **(1) Business Developments and Outcomes**

【In Mitsubishi Materials Corporation (hereinafter referred to as "the Company") Group, the performance has been affected by a slowdown in demand for automobile and semiconductor-related products, as well as an increase in energy prices, resulting in a decrease in operating profit. Additionally, ordinary profit decreased due to the share of loss of entities accounted for using equity method and a decrease in dividend income. 】

For the fiscal year ended March 31, 2023, the global economy was a surge of energy costs due to the situation in Ukraine, a rise in commodity prices, instability in metal prices, and the weakening of the yen due to rising interest rates, especially in developed countries. Against this backdrop, In China, economic activities were suppressed due to the implementation of city lockdowns and other measures to control COVID-19, but in other regions, the economy remained on a moderate recovery path.

While Japanese economy was on a moderate recovery path amid the ongoing normalization of socioeconomic activities from COVID-19, the recovery was also weak.

With regard to the business environment surrounding Mitsubishi Materials Corporation Group (hereinafter referred to as "the Group"), there was a slowdown in demand for automobile and semiconductor-related products, a decline in palladium prices and an increase in energy prices, among other factors, despite the impact of the weaker yen at the exchange rate.

Under such circumstances, the Group has implemented various measures to enhance corporate value, based on Mission and the Group's medium- to long-term goals from the fiscal year ending March 31, 2031 to the fiscal year ending March 31, 2051, as well as the Medium-term Management Strategy for from the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2023 (hereinafter referred to as " the FY23 Strategy ").

As a result, for the fiscal year ended March 31, 2023, consolidated net sales was ¥1,625,933 million (down 10.3% from the previous fiscal year) and consolidated operating profit was ¥50,076 million (down 5.0% from the previous fiscal year). Consolidated ordinary profit was ¥25,306 million (down 66.7% from the previous fiscal year) due to a ¥21,924 million non-operating expense recorded as share of loss of entities accounted for using equity method and a decrease in dividends received. In addition, the Company recorded extraordinary gains of ¥11,542million in gain on sale of investment securities, ¥11,007 million in gain on change in equity interest, and ¥10,340 million in gain on sale of fixed assets, but recorded an extraordinary loss of ¥31,103 million as a loss on business restructuring. In addition, profit attributable to owners of parent was ¥20,330 million (down 54.8% from the previous fiscal year), mainly due to a decrease in tax expense resulting from the transition of the Company and certain domestic consolidated subsidiaries from the non-consolidated tax system to the consolidated group system.

On a non-consolidated basis, the Company posted net sales of ¥1,180,998 million (up 3.2% from the previous fiscal year), an operating profit of ¥4,259 million (down 36.1% from the previous fiscal year), an ordinary profit of ¥24,146 million (down 6.0% from the previous fiscal year), and profit of ¥20,376 million (down 31.6% from the previous fiscal year).

The Company makes cash dividends based on the resolutions of the Board of Directors in accordance with its Articles of Incorporation. The Company also recognizes the return of profits to its shareholders as one of its most important management objectives. The Company while placing an emphasis on stability and continuity with regard to dividends, set the minimum amount of dividends per share during the period of the FY23 Strategy at ¥50 based on the level of cash flows from operations that the Company has assumed can be generated on a stable basis. Furthermore, by accelerating the sale of assets, among others, and making expeditious allotments of funds, including share buybacks and additional dividends, the Company aims to return profits to its shareholders at the same level as the total amount of dividends initially planned during the period of the FY23 Strategy.

Based on this policy, the Company declared a year-end dividend of ¥25 by resolution of the Board of Directors held on May 12, 2023, which, together with the interim dividend of ¥25 resulted in a dividend of

¥50 per share (¥90 for the previous fiscal year) for the current fiscal year.

Below is an overview of the Group's performance by the business segments.

\* Following the integration of the Cement business and its related businesses on April 1, 2022, the Company has changed its reporting segments of the Cement business, which was previously a reportable segment, to include the other businesses, based on the actual situation in determining the allocation of management resources. The following year-on-year comparisons are calculated based on the figures for the same period of the previous fiscal year, restated according to the new classification.

#### ● **Advanced Products Business**

【In the Copper & copper alloy business, operating profit decreased due to the rise in energy costs and other factors. In the Electronic materials & components business, operating profit decreased due to reduced sales of semiconductor-related products and increased energy costs.】

In the Copper & copper alloy business, net sales increased but operating profit decreased year-on-year mainly due to higher energy costs, etc., despite the impact of the depreciation of the yen and an increase in sales, mainly in the U.S. and Europe.

In the Electronic materials & components business, net sales increased year-on-year mainly due to the impact of the depreciation of the yen on the Polycrystalline silicon business. However, operating profit decreased year-on-year, mainly due to a decrease in sales of semiconductor-related products and an increase in energy costs, etc.

Consequently, net sales for the entire Advanced products business increased year-on-year, while operating profit decreased. Ordinary profit decreased mainly due to a decrease in gain on valuation of derivatives, in addition to the decrease in operating profit.

As a result, net sales for the entire Advanced products business amounted to ¥526,363 million, increased by 8.3% year-on-year. Operating profit decreased by 44.6% year-on-year to ¥8,170 million and ordinary profit decreased by 57.6% year-on-year to ¥7,177 million.

#### ● **Metalworking Solutions Business**

【Despite experiencing increased sales mainly in North America, the operating profit remained on a par with the previous fiscal year due to increased raw material and energy costs.】

For cemented carbide products, a major product category, net sales increased year-on-year mainly due to an increase in sales in North America, but operating profit was on a par with the previous fiscal year mainly due to increases in raw material and energy costs.

Consequently, operating profit and ordinary profit for the entire Metalworking solutions business remained on a par with the previous fiscal year, although overall sales increased.

As a result, net sales for the entire Metalworking solutions business amounted to ¥141,624 million, increased by 6.8% year-on-year. Operating profit decreased by 0.1% year-on-year to ¥14,102 million, and ordinary profit decreased by 0.0% year-on-year to ¥14,520 million.

#### ● **Metals Business**

【In the copper business, operating profit decreased due to regular furnace maintenances at domestic and overseas smelters, as well as rising energy costs. In the gold and other valuable metals business, operating profit increased primarily driven by higher sales of gold and palladium.】

In the copper business, net sales increased year-on-year mainly due to the impact of the depreciation of the yen. Operating profit decreased year-on-year due to a decrease in production volumes as a result of regular furnace maintenances at PT. Smelting in Indonesia and Naoshima smelter & refinery, as well as an increase in energy costs.

In the gold and other valuable metals business, net sales and operating profit increased year-on-year due to the impact of the depreciation of the yen and the increase in sales volume of gold and palladium.

Consequently, net sales and operating profit for the entire Metals business increased year-on-year. Ordinary profit decreased year-on-year mainly due to a decrease in dividend income.

As a result, net sales for the entire Metals business amounted to ¥1,085,738 million, increased by 8.9% year-on-year. Operating profit increased by 8.9% year-on-year to ¥27,509 million and ordinary profit decreased by 44.2% year-on-year to ¥28,018 million.

## ● Environment & Energy Business

【In the energy-related, operating profit increased due to an increase in nuclear power-related sales. In the Environmental recycling business, operating profit declined due to a decrease in the volume of recycled home appliances, as well as an increase in selling, general, and administrative expenses.】

In the energy-related business, both net sales and operating profit increased year-on-year mainly due to higher sales in nuclear-energy-related services.

In the Environmental recycling business, despite higher unit prices for the sale of valuable materials, net sales increased but operating profit decreased year-on-year mainly due to a decrease in the volume of recycled home appliances and an increase in selling, general and administrative expenses.

In addition to the above, due to the impact of the removal of Dia Consultants Co., Ltd. from the scope of consolidation in July 2021, net sales for the entire Environment & energy business decreased year-on-year, while operating profit increased. Ordinary profit increased due to the increase in operating profit and an increase in share of profit of entities accounted for using equity method.

As a result, net sales for the entire Environment & energy business amounted to ¥17,333 million, decreased by 3.0% year-on-year. Operating profit increased by 17.2% year-on-year to ¥2,627 million and ordinary profit increased by 18.0% year-on-year to ¥4,597 million.

## ● Other Businesses

【Operating profit decreased mainly due to the impact of the exclusion of the Cement and Aluminum businesses from the scope of consolidation.】

In the Other businesses, both net sales and operating profit decreased year-on-year mainly due to the impact of the Cement business and the Aluminum business being removed from the scope of consolidation.

As a result, net sales and operating profit for the Other businesses decreased year-on-year. Ordinary profit decreased due to a decrease in operating profit and the recorded share of loss of entities accounted for using equity method related to Mitsubishi UBE Cement Corporation (hereinafter referred to as "MUCC"), an equity-method affiliate company of the Company.

MUCC recorded an extraordinary loss due to the rationalization of its production system and was impacted by an increase in energy costs.

As a result, net sales for the Other businesses amounted to ¥164,204 million, decreased by 64.3% year-on-year. Operating profit decreased by 30.4% year-on-year to ¥7,342 million and ordinary loss was ¥17,673 million (ordinary profit of ¥6,631 million for the previous fiscal year).

Net sales, operating profit (loss), and ordinary profit (loss) on a consolidated basis by the business segments for FY2023 are as follows:

Business Segments	Item	The 97th Fiscal Year (From April 1, 2021 to March 31, 2022)		The 98th Fiscal Year (From April 1, 2022 to March 31, 2023)		YoY Change (%)
		Amount (Million yen)	Percentage of Total (%)	Amount (Million yen)	Percentage of Total (%)	
Advanced Products	Net sales	485,939	26.8	526,363	32.4	8.3
	Operating profit	14,736	28.0	8,170	16.3	(44.6)
	Ordinary profit	16,931	22.3	7,177	28.4	(57.6)
Metalworking Solutions	Net sales	132,611	7.3	141,624	8.7	6.8
	Operating profit	14,113	26.8	14,102	28.2	(0.1)
	Ordinary profit	14,522	19.1	14,520	57.4	(0.0)
Metals	Net sales	997,171	55.0	1,085,738	66.8	8.9
	Operating profit	25,268	47.9	27,509	54.9	8.9
	Ordinary profit	50,230	66.0	28,018	110.7	(44.2)

Environment & Energy	Net sales	17,871	1.0	17,333	1.1	(3.0)
	Operating profit	2,241	4.3	2,627	5.2	17.2
	Ordinary profit	3,894	5.1	4,597	18.2	18.0
Other	Net sales	459,549	25.4	164,204	10.1	(64.3)
	Operating profit	10,550	20.0	7,342	14.7	(30.4)
	Ordinary profit	6,631	8.7	(17,673)	(69.8)	—
Elimination and corporate *1	Net sales	(281,383)	(15.5)	(309,330)	(19.0)	9.9
	Operating profit	(14,201)	(26.9)	(9,675)	(19.3)	(31.9)
	Ordinary profit	(16,129)	(21.2)	(11,333)	(44.8)	(29.7)
Total	Net sales	1,811,759	100.0	1,625,933	100.0	(10.3)
	Operating profit	52,708	100.0	50,076	100.0	(5.0)
	Ordinary profit	76,080	100.0	25,306	100.0	(66.7)

Note. Net sales, operating profit, and ordinary profit resulting from transactions among business segments are deducted in the " Elimination and corporate."

## **(2) Status of Financing of the Group**

During FY2023, the Group raised funds primarily through the issuance of commercial papers and bank loans. The balance of interest-bearing debt at the end of FY2023 decreased by ¥75,148 million from the end of the previous fiscal year to ¥533,561 million.

## **(3) Capital Expenditures of the Group**

The Group determines capital expenditure allocations by carefully selecting projects in areas where future earnings and growth are expected while striving to reduce interest-bearing debt.

The total capital expenditure for FY2023 was ¥81,106 million, as a result of maintenance and repair work on existing facilities in each business, as well as the expansion and rationalization of production facilities.

Capital expenditures for each business segment for FY2023 are as follows:

- **Advanced Products Business**

In addition to maintenance and repair work on existing facilities in this business as a whole, the Group carried out work, etc. to strengthen the production facilities mainly in the Copper & copper alloy business.

Capital expenditures in this business segment amounted to ¥26,313 million.

- **Metalworking Solutions Business**

The Group carried out facility expansion and rationalization work to respond to the increased production in the whole business, as well as maintenance and repair work at existing facilities.

Capital expenditures in this business segment amounted to ¥11,934 million.

- **Metals Business**

The Group carried out maintenance and repair work at copper smelting and processing facilities.

Capital expenditures in this business segment amounted to ¥29,420 million.

- **Environment & Energy Business**

In the Environment & energy Business, in addition to the construction of the Komatagawa new Hydroelectric Power Plant, the Company conducted maintenance and repair work on existing facilities.

Capital expenditures in this business segment amounted to ¥5,893 million.

- **Other Businesses**

The Group carried out maintenance and repair work at existing facilities.

Capital expenditures in the Other businesses segment amounted to ¥7,543 million.

#### (4) Changes in the Assets, and Profit and Loss of the Group and the Company

##### 1) Changes in the Assets, and Profit and Loss of the Group (Consolidated)

		The 95th Fiscal Year (From April 1, 2019 to March 31, 2020)	The 96th Fiscal Year (From April 1, 2020 to March 31, 2021)	The 97th Fiscal Year (From April 1, 2021 to March 31, 2022)	The 98th Fiscal Year (From April 1, 2022 to March 31, 2023)
Net sales	(Million yen)	1,516,100	1,485,121	1,811,759	1,625,933
Operating profit	(Million yen)	37,952	26,567	52,708	50,076
Ordinary profit	(Million yen)	49,610	44,527	76,080	25,306
Profit (loss) attributable to parent shareholders	(Million yen)	(72,850)	24,407	45,015	20,330
Profit (loss) per share	(Yen)	(556.34)	186.71	344.56	155.60
Net assets	(Million yen)	586,034	614,394	655,752	628,875
Net assets per share	(Yen)	3,870.35	4,173.14	4,476.52	4,541.96
Total assets	(Million yen)	1,904,050	2,035,546	2,125,032	1,891,795

Note. The Company adopts "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others from the beginning of the 97th fiscal year, and the figures for the 97th fiscal year and thereafter are presented after the application of the said accounting standard and others.

##### 2) Changes in the Assets, and Profit and Loss of the Company (Non-consolidated)

		The 95th Fiscal Year (From April 1, 2019 to March 31, 2020)	The 96th Fiscal Year (From April 1, 2020 to March 31, 2021)	The 97th Fiscal Year (From April 1, 2021 to March 31, 2022)	The 98th Fiscal Year (From April 1, 2022 to March 31, 2023)
Net sales	(Million yen)	802,655	868,053	1,144,592	1,180,998
Operating profit (loss)	(Million yen)	(645)	(4,822)	6,668	4,259
Ordinary profit	(Million yen)	17,233	15,199	25,687	24,146
Profit (loss)	(Million yen)	(49,929)	21,260	29,797	20,376
Profit (loss) per share	(Yen)	(381.29)	162.64	228.07	155.95
Net assets	(Million yen)	378,690	413,096	414,016	383,281
Net assets per share	(Yen)	2,892.05	3,161.73	3,169.06	2,934.06
Total assets	(Million yen)	1,281,542	1,490,704	1,573,837	1,471,687

Note. The Company adopts "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others from the beginning of the 97th fiscal year, and the figures for the 97th fiscal year and thereafter are presented after the application of the said accounting standard and others.

## (5) Priorities for the Group

### 1) Group-wide Issues

In the FY23 Strategy, the Group set forth three group-wide policies, "Optimization of business portfolio," "Comprehensive efforts to increase business competitiveness," and "Creation of new products and businesses," in order to realize the Company's Mission for the Group's medium- to long-term goals for the period from the fiscal year ending March 31, 2031 to the fiscal year ending March 31, 2051, to contribute to building a prosperous society, a recycling-oriented society, and a decarbonized society. With regard to "Optimization of the business portfolio," although selection of businesses has largely been completed as a result of business restructuring, with regard to financial targets, although net sales and operating profit achieved targets, ordinary profit and ROIC fell short of the targets due to the impact of rising energy and raw material prices as well as the recording share of loss of entities accounted for using equity method, leaving challenges for strengthening business competitiveness and improving profitability.

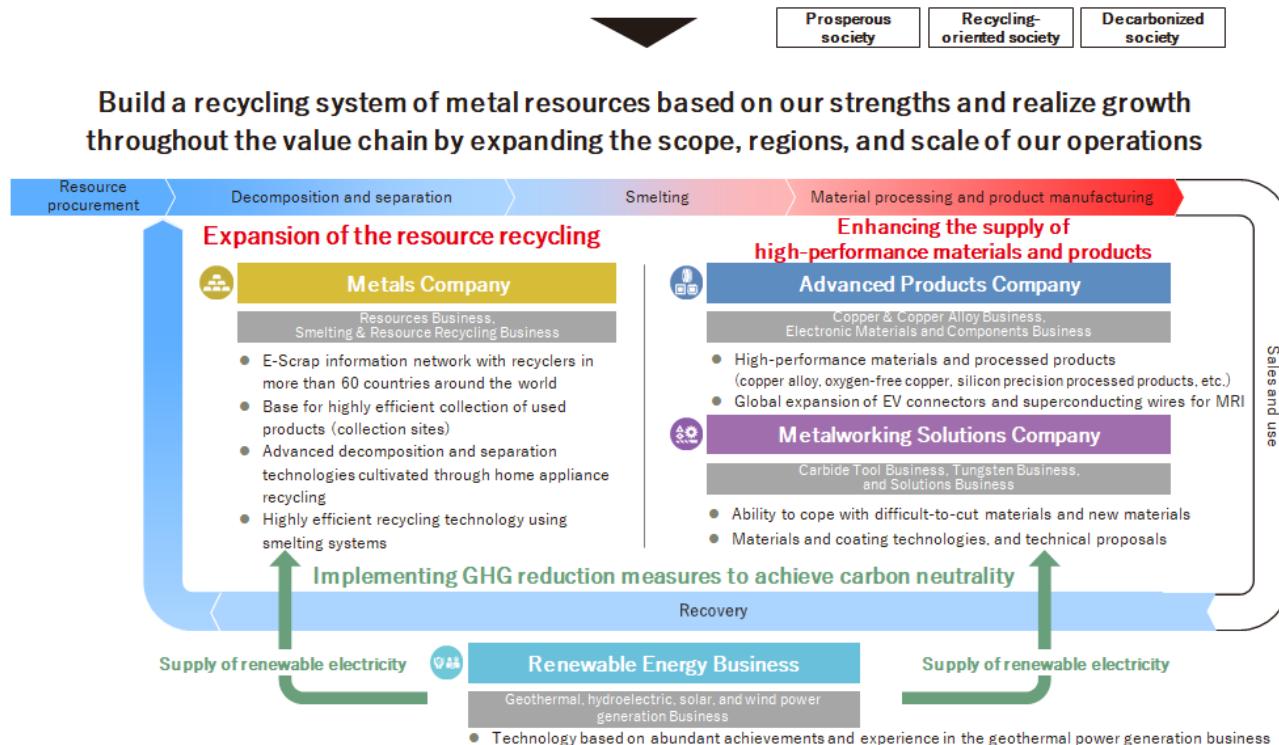
Under such circumstances, the Group newly formulated the Medium-term Management Strategy for from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2031 (hereinafter referred to as "the FY2031 Strategy ") on February 10, 2023. Based on its corporate philosophy of "For People, Society, and the Earth", the Group has set out a new vision of "Circulating resources for a sustainable future" and a new mission of "Create a sustainable future (a prosperous, recycling-oriented and decarbonized society) ". The Group will strive to enhance the corporate value through the FY2031 Strategy. The overview of the FY2031 Strategy is as follows.

### 1.1) Our commitment

#### (a) Our commitment

The Group has set out "Our Commitment" of "For people, society and the earth, circulating resources for a sustainable future". The Group will build a recycling system of metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions, and scale of our operations.

**For people, society and the earth, circulating resources for a sustainable future**



#### (b) Strategic roadmap

The FY2031 Strategy will be divided into two phases, Phase 1 from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 and Phase 2 from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2031, in order to achieve the Our Commitment. In Phase 1, the Company will promote improving profit growth and profitability by strengthening cost competitiveness and investing

in medium- to long-term growth areas centered on resource recycling. In Phase 2, the Company will expand business scale through regional development including overseas, in addition to expansion of target business areas.

### **(c)Financial plans and targets**

In the fiscal year ending March 31, 2026, the final year of Phase 1, the Company plans to achieve net sales of ¥1.94 trillion, operating profit of ¥70.0 billion, ordinary profit of ¥87.0 billion, ROIC of 5.5%, ROE of 10.0%, EBITDA of ¥150.0 billion, net D/E ratio of 0.7 times, and net interest-bearing debt/EBITDA ratio of 3.5 times.

In the fiscal year ending March 31, 2031, the final year of Phase 2, the Company plans to achieve net sales of ¥2.00 trillion, operating profit of ¥130.0 billion, ordinary profit of ¥180.0 billion, ROIC of 9.0%, ROE of 13.6%, EBITDA of ¥260.0 billion, net D/E ratio of 0.5 times or less, and net interest-bearing debt/EBITDA ratio of 2.0 times or less.

### **(d)Capital allocation**

During Phase 1, the Company plans cash outflows of ¥230.0 billion in growth investments, ¥130.0 billion in maintenance and upgrading investments, and ¥60.0 billion in dividends, etc., against a cumulative cash inflow of ¥420.0 billion. During Phase 2, the Company plans cash outflows of ¥330.0 billion in growth investments, ¥210.0 billion in maintenance and upgrading investments, ¥180.0 billion in dividends, etc., and ¥70.0 billion in interest-bearing debt reduction, against a cumulative cash inflow of ¥790.0 billion.

### **(e)Shareholder returns**

Based on the recognition that returning profits to its shareholders is one of the most important management issues, the Company decides profit allocation based on a comprehensive assessment of factors across its management, which include earnings for the period, internal reserves, and financial standing. With regard to the profit allocation during the FY2031 Strategy period, the Company will pay out for a dividend with a payout ratio of around 30% in Phase 1. The Company will also aim to enhance shareholder returns in Phase 2. In addition, the Company will continue to consider flexibly repurchasing its own shares in light of financial discipline such as cash flow conditions, stock prices, and net D/E ratio.

## **1.2) Efforts to Enhance Corporate Value**

### **(a) Business portfolio management**

In Phase 1, the Company will implement measures such as cost reduction and process optimization to increase profitability by improving ROIC. In Phase 2, the ROIC spread, which is the difference between ROIC and WACC by business segment, will be positive in all businesses, including the Resources business, which requires long-term upfront investment. The Company will aim to maximize economic profit, which can be derived by multiplying the ROIC spread by invested capital (= ROIC spread × invested capital, hereinafter referred to as “EP”).

The Company’s management policy for the business portfolio is as follows.

- Optimize allocation of management resources by managing the business portfolio with two axes of growth and profitability
- Evaluate business growth potential by EBITDA growth rate and supplement it by the market growth rate
- Aim to increase EP while maintaining and improving ROIC spread to improve enterprise value
- Accelerate the improvement of business value by improving efficiency through the integration of the Metals company and the Environmental recycling business (smelting and resource recycling)

### **(b) Investment allocation and profit contribution**

Of the total growth investment of ¥560.0 billion in FY2031, the Company plans to invest ¥250.0 billion to contribute to a recycling-oriented society through investments in mines and the tungsten business, etc., ¥280.0 billion to strengthen the competitiveness of the Advanced products company and Metalworking solutions company, and ¥30.0 billion to contribute to a decarbonized society by strengthening the geothermal power generation business, etc.

The Company’s approach to investment allocation is as follows.



- Select investment targets considering the mission suitability, the balance between maintenance and upgrading, and growth investment
- Evaluate returns based on business characteristics and allocate them appropriately among businesses
- Maintain financial discipline with an overall net D/E ratio of 1.0 times or less, while maintaining financial soundness for each business

(c) Strengthening cost competitiveness

Under the FY2031 Strategy, the Company will also work to strengthen cost competitiveness and reduce costs by a total of approximately ¥24.0 billion (Phase 1: Approximately ¥9.0 billion, Phase 2: Approximately ¥15.0 billion).

The ratio of accumulated cost reductions to operating profit is expected to be approximately 13% in FY2026 and approximately 19% in FY2031.

### 1.3) Business strategy

The target and strategy of each business segment under the FY2031 Strategy are as follows.

• Metals Company

Target: Leader in Resource Recycling of Nonferrous Metals

Business strategy	Resources Business	<ul style="list-style-type: none"> <li>● Promotion of technological development to recover rare metal resources contained in copper deposits</li> <li>● Acquisition of copper mining interests and securing copper concentrates through continuous investment in mines</li> <li>● Expansion of electrolytic copper supply through SX-EW* operations at copper mines</li> </ul>
	Smelting & Resource Recycling Business	<ul style="list-style-type: none"> <li>● Strengthening and expanding the networks to promote resource recycling</li> <li>● Expansion of electrolytic copper production capacity</li> <li>● Increasing the recycling rate by expanding the treatment of recycled products containing metal resources</li> <li>● Creation of rare earths and rare metals recycling businesses</li> <li>● Accelerating business developments in Japan and overseas (E-Scrap, home appliances, automobile recycling)</li> </ul>

\* Solvent extraction and electrowinning: A two-step hydrometallurgical process consisting of solvent extraction and electrolysis collection

• Advanced Products Company

Target: Global First Supplier

Business strategy	Copper & Copper Alloy Business	<ul style="list-style-type: none"> <li>● Improve the recycling rate of wrought copper products and establish a scrap platform base</li> <li>● Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare, and environment)</li> <li>● Expand sales and strengthen services to overseas customers with establishes a new overseas plant which carries out a downstream process, with the domestic plants as mother ones</li> </ul>
	Electronic Materials & Components Business	<ul style="list-style-type: none"> <li>● Highly capital-efficient management through continual restructuring of the business portfolio</li> <li>● Strategic investment in focused products in growth areas</li> <li>● Developing and securing human resources for the creation of new businesses and the promotion of business alliances</li> <li>● Enhancing manufacturing capabilities and DX to enhance production sophistication and profitability</li> <li>● Providing business and social value (SDGs) for carbon Neutrality</li> </ul>

• Metalworking Solutions Company

Target: A Leading Company in Tungsten Products Recognized by Customers Globally

Business strategy	Metalworking Solutions Business	<p>Transforming into a truly global company with the aim of autonomous business development in strategic markets</p> <p>&lt;Carbide tools business&gt;</p> <ul style="list-style-type: none"> <li>● Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology</li> </ul> <p>&lt;Tungsten business&gt;</p> <ul style="list-style-type: none"> <li>● Expansion of business scale for rechargeable batteries in addition to carbide tools, etc.</li> <li>● Strengthening environmental responsiveness</li> </ul> <p>&lt;Solution business&gt;</p> <ul style="list-style-type: none"> <li>● Commercialization of solution sales to manufacturing sites</li> </ul>
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• Renewable Energy Business

Target: Expansion of Renewable Power Generation to Achieve 100% Self-sufficiency in Renewable Power Electricity

Business strategy	Renewable Energy Business	<p>Consolidate the renewable energy business in the Strategic Headquarters as a company-wide effort to expand the business from a long-term perspective</p> <ul style="list-style-type: none"> <li>● New development at one location every three years to expand geothermal business</li> <li>● New entrants into wind power generation where power generation costs are expected to decline in the future</li> <li>● Further development of new biogas plants</li> </ul>
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Effective April 1, 2023, the Company integrated the "Environmental recycling business" currently under the Environment & Energy Business Company into the Metals Company and transferred the "Renewable energy business" to the "Renewable Energy Business Division", which is to be newly established under Strategic Headquarters. (As a result, the Environment & Energy Business Company abolished as of the same date.)

#### 1.4) Carbon neutral

The Group aim to reduce Scope 1, which consists of direct emissions by the business operators, and Scope 2, which consists of indirect emissions resulting from the use of supplied energy of its greenhouse gas emissions by at least 47% in FY2031 (compared to FY2021) and to achieve carbon neutrality by FY2046. The Group also aim to reduce Scope 3, which consists of emissions from other companies that are related to the activities of business operators other than Scope 1 and Scope 2, by at least 13% in FY2031 (compared to FY2021). Furthermore, the Company aims to achieve 100% self-sufficiency in electricity derived from renewable energy sources by FY2051.

#### 1.5) Strengthening management foundation

As described below, the Group will strengthen its initiatives to address issues common to the entire Group and continue to reinforce its management base to enhance corporate value.

Manufacturing strategy	<ul style="list-style-type: none"> <li>● Establishing each factory vision based on FY2031 Strategy, evaluating plant capabilities, and pursuing problem-setting and resolution</li> <li>● "Differentiation of manufacturing capabilities" through bottom-up activities, enhancement of manufacturing infrastructure, and technological development and improvement</li> </ul>
R&D strategy	<ul style="list-style-type: none"> <li>● Achieving sustainable enhancement of corporate value through the creation of new products, technologies, and businesses</li> </ul>
Human resources strategy	<ul style="list-style-type: none"> <li>● Maximizing the value of human resources and creating an organization dedicated to winning</li> <li>● Building a foundation for co-creation and growth</li> </ul>
DX strategy	<ul style="list-style-type: none"> <li>● Use data and digital technology to promote the three pillars of improving business added-value, operational competitiveness, and management speed More than two years have passed since MMDX was launched, and in order to strengthen manufacturing and steadily implement conventional themes, MMDX has reorganized its themes, strengthened its structure, etc., and has entered a new phase as MMDX 2.0</li> </ul>
IT strategy	<ul style="list-style-type: none"> <li>● To realize the MMC Group IT WAY, promote IT modernization to support business from the viewpoint of data utilization, work style, and security</li> <li>● Investing on a scale of 10 billion yen, IT cost in FY2031 is 1.0% or less of the sales</li> </ul>

#### <Business Issues>

##### ● Metals Business

Demand for copper cathode, a major product, is expected to increase in the medium- to long-term, and the recovery of the Chinese economy is expected to fuel demand in the short term. In addition, while production of copper concentrate, the main raw material, is scheduled to start at a large-scale new mine, the expansion of smelting capacity is limited, so the supply-demand balance is expected to ease. On the other hand, there is an urgent need to respond to the intensifying competition in the E-Scrap market and rising energy costs.

Under these circumstances, the Resources business division will carry out projects steadily at the mines in which we have interests. In addition, the Division will consider new participation in medium-scale copper mines in order to acquire interests through continuous investment in mines and secure stable supplies of copper concentrate. The Division will also expand the supply capacity of copper cathode through SX-EW ("hydrometallurgical smelting") at copper mines and promote technological development for securing and recovering rare metals contained in copper deposits.

The Smelting & resource recycling business division will further develop technologies for recovering valuable metals while maximizing the environmental advantages of our proprietary Mitsubishi process, and will work to efficiently operate a recycling process that breaks down and separates discarded products, extracts raw materials that can be fed into the copper smelting process, and extracts valuable metals.

In order to expand the processing capacity of E-Scrap, the Company will introduce pretreatment facilities at the Onahama smelter & refinery and increase the copper concentrate processing capacity at the Naoshima smelter & refinery. The Company will also expand the E-Scrap business in the United States through investment in Exurban and promote the commercialization of LIB recycling from used automobiles.

### ●Advanced Products Business

The market environment for high-performance products is expected to grow over the medium- to long-term due to factors such as higher voltages and increased currents resulting from the introduction of EVs and the sophistication of vehicle-related products in the automotive-related demand, and the development of EVs and IoT in the semiconductor-related demand. At present, however, there are uncertainties about the production activities of major customers and suppliers, such as concerns about the procurement of semiconductors and various components in the automotive sector and indications of slowdown in market conditions in the semiconductor sector. Therefore, we will closely monitor the economic situation and market environment.

Under these circumstances, the Company has been providing high-performance products such as next-generation automobiles and semiconductors mainly in growth markets. In order to meet further increase in demand, the Company is steadily making capital investment of approximately ¥30.0 billion in total, which will increase production capacity by approximately 30% from the current level. In addition, the Company will strengthen our marketing, research and development, and sales systems to provide high value-added products through the integration of development, manufacturing, and sales.

In the field of electronic materials, the Company will make active investments, including M&A, in our focused products for growth markets, such as semiconductors and next-generation vehicles, and will promote the creation of new businesses and expansion of existing businesses. In the fiscal year ending March 31, 2024, the Company will establish a new cross-divisional development organization to accelerate the development of new businesses and products and to strengthen synergies among existing businesses. Furthermore, the Company will continue to restructure our business portfolio to achieve high capital efficiency management. As a result, the Group aims to become a highly profitable business entity with sustainable growth.

### ●Metalworking Solutions Business

The market environment for cemented carbide tools is expected to show stable growth in the medium- to long-term, and a moderate recovery trend is expected in the short term, driven by demand from the aerospace industry. However, at present, the Company will closely monitor the economic situation and the market environment because the impact of the COVID-19 pandemic, the supply chain disruption caused by the situation in Ukraine, the rise in energy and raw material prices, and other factors will remain, and there are concerns about the risk of a decline in demand due to a delay in the recovery of automobile production, particularly in Japan.

Under these conditions, the Group will improve profits by increasing sales by strengthening overseas sales, reducing costs by creating smart factories, and reducing SG & A expenses by utilizing DX. In the tungsten business, the Group will expand the scale of business by supplying tungsten to the secondary battery market and building a recycling base through collaboration with Masan High-Tech Materials, Inc. in addition to the tungsten business for cemented carbide tools. In the solutions business, the Company are considering the use of M&A and the technical centers, as well as the establishment of business companies, with the aim of commercializing selling solutions to manufacturing sites. To this end, the Company will first expand the supply of cutting and machining solutions using digital technology.

## ●Renewable Energy Business

As a medium- to long-term social issue, there is a strong need to strengthen our response to environmental issues such as the efficient disposal of urban waste, the efficient use of energy resources, and the requirement to reduce greenhouse gas emissions.

Under these circumstances, the Company will work to maximize the efficiency of the Komatagawa new hydroelectric power plant, which started operation in December last year, and proceed with the ongoing construction of the Appi geothermal power plant (scheduled to start operation in April 2024) as scheduled. In the biogasification business of food waste, the Group will focus on securing collection volume and stable operation, and will consider the development of new sites. In addition to focusing on human resource development, the Company will investigate new geothermal areas and wind power generation businesses to expand our business, while also deepening our consideration of overseas expansion.

The Group intends to promote value creation through the implementation of the above measures by concentrating the collective strength of the Group, and ask for the continued support and cooperation of the Group's shareholders.

### (6) Major Business Activities of the Group (as of March 31, 2023)

The major business activities of the Group are the production and sale of processed copper products and electronic materials and components; the production and sale of cemented carbide products, etc.; the smelting and sale of copper, gold, silver, palladium, etc.; the production and sale of cement and ready-mixed concrete, etc.; and energy-related and environmental and recycling-related businesses, etc.

The major products and services of each business segment are as follows:

Business Segments	Major Products, etc.
Advanced Products <sup>*1</sup>	Copper & copper alloy products (copper cakes, billets, copper alloy products, copper wire rods, etc.), electronic materials and components (functional materials, chemical products, electronic devices, sealing products etc.), etc.
Metalworking Solutions	Cemented carbide products (cemented carbide tools, cemented carbide alloy, etc.), etc.
Metals	Copper, gold, silver, lead, tin, sulfuric acid, palladium
Environment & Energy <sup>*2</sup>	Energy-related (geothermal and hydroelectric-power generation, nuclear fuel cycling business consignment of surveys, research, design, and operations, etc.), environmental and recycling-related (recycling of home appliances, etc.)
Other	Cement business <sup>*3</sup> , precious metal products, real estate management, forestry, engineering, etc.

Note 1. Effective March 31, 2023, the Company's polycrystalline silicon business was succeeded by High-Purity Silicon Corporation through an absorption-type company split, and subsequently, all shares of High-Purity Silicon Corporation were transferred to SUMCO Corporation.

Note 2. Effective April 1, 2023, the "Environmental recycling business" under the Environment & energy company was integrated into the Metals company, and the "Renewable energy business" was transferred to the newly established "Renewable energy business Div." under the Strategic Headquarters.

Note 3. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

## (7) The Group's Major Plants and Business Offices (as of March 31, 2023)

### 1) The Company

Head Office	Marunouchi, 3-2-3, Chiyoda-ku, Tokyo	
Plants, etc.	Advanced Products <sup>*1</sup>	Wakamatsu Plant (Fukushima), Ceramics Plant (Saitama), Sakai Plant (Osaka), Sambo Plant (Osaka), Sanda Plant (Hyogo)
	Metalworking Solutions	Tsukuba Plant (Ibaraki), Gifu Plant, Akashi Plant (Hyogo)
	Metals	Naoshima Smelter & Refinery (Kagawa), Ikuno Plant (Hyogo)
	Environment & Energy	Energy Project & Technology Center (Saitama) <sup>*2</sup>
	Other <sup>*3</sup>	Akita Refinery, Saitama Property Management Office, Fuji-Oyama Plant(Shizuoka)
Branches	Osaka Regional Head Office	
R&D Centers	Innovation Center(Ibaraki)	
Overseas Offices	Vancouver Office (Canada), Chile Office, London Office (United Kingdom)	

Note 1. Effective March 31, 2023, the Company's Polycrystalline silicon business was succeeded by High-Purity Silicon Corporation through an absorption-type company split, and subsequently, all shares of High-Purity Silicon Corporation were transferred to SUMCO Corporation.

Note 2. Due to reorganization effective April 1, 2023, the segment previously under the Environment & energy company was transferred to the Strategic Headquarters.

Note 3. Due to reorganization effective April 1, 2022, the Company closed Sapporo Branch, Tohoku Branch (Miyagi), Nagoya Branch, and Kyushu Branch (Fukuoka), and changed the names of some offices and the segments under the Akita Refinery and the Fuji-Oyama Plant.

Note 4. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

### 2) Main Subsidiaries

Business Segments	Name of Company <sup>*1</sup>
Advanced Products	Luvata Oy (Finland), Sambo Metals Corp. (Osaka), Mitsubishi Cable Industries, Ltd. (Tokyo)
Metalworking Solutions	Mitsubishi Materials U.S.A. Corporation (U.S.), MOLDINO Tool Engineering Ltd. (Tokyo), MMC Hartmetall GmbH (Germany)
Metals	PT Smelting (Indonesia), Onahama Smelting & Refining Co., Ltd. (Tokyo), Materials Eco-Refining Co., Ltd. (Tokyo)
Environment & Energy	Chubu Eco Technology Co., Ltd. (Mie), East Japan Recycling Systems Corporation (Miyagi), Hachimantai Green Energy Co., Ltd. (Akita)
Other <sup>*2,3</sup>	Mitsubishi Materials Trading Corporation (Tokyo), Mitsubishi Materials Techno Corporation (Tokyo), Mitsubishi Materials (Shanghai) Corp. (China)

Note 1. The terms within parentheses in the "Names of Subsidiaries" section of the table indicate the location of the head office for domestic subsidiaries and the country of the head office for overseas subsidiaries.

Note 2. As of March 31, 2023, the Company transferred all shares of Diasalt Corporation to IA Partners 1st Investment Business Limited Liability Partnership.

Note 3. Effective January 1, 2023, the Company has absorbed and merged Materials' Finance Co., Ltd.

Note 4. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

**(8) Employees of the Group and the Company (as of March 31, 2023)****1) Employees of the Group (Consolidated)**

Business Segments	Number of Employees(persons)* <sup>1</sup>
Advanced Products	6,500(decreased by 342)
Metalworking Solutions	6,727(decreased by 66)
Metals	2,117(increased by 38)
Environment & Energy* <sup>3</sup>	436(increased by 10)
Other* <sup>4</sup>	1,849(decreased by 4,792)
All Companies (Common)* <sup>5</sup>	947(increased by 17)
Total	18,576(decreased by 5,135)

Note 1. The figures within parentheses in the "Number of Employees" section of the table show the increase or decrease from the end of the previous fiscal year.

Note 2. In the Other Business, the number of employees has decreased due to absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company, effective April 1, 2022.

Note3. The number of employees listed for all companies (common) refers to those belonging to administrative divisions that cannot be classified into specific business segments.

**2) Employees of the Company (Non-consolidated)**

Number of Employees (persons)	YoY Change (persons)	Average Age (years old)	Average Years of Employment (years)
5,450	Decreased by 758	42.2	17.8

Note. In the Other business, effective April 1, 2022, the number of employees in our Cement business and its related operations has decreased due to absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

**(9) Major Subsidiaries and Affiliates (as of March 31, 2023)****1) Major Subsidiaries**

Name of the Company	Capital	Percentage of Ownership (including indirect ownership) (%)	Main Business Activities
PT Smelting	326 million U.S. dollars* <sup>1</sup>	60.5	Production and sale of copper cathodes in Indonesia
Onahama Smelting & Refining Co., Ltd.	6,999 million yen	100.0* <sup>2</sup>	Smelting on consignment of copper concentrate
Mitsubishi Cable Industries, Ltd.	8,000 million yen	100.0	Production and sale of sealing products
Mitsubishi Materials Techno Corporation	1,042 million yen	100.0	Contracting for facility construction, civil engineering and construction, production and sale of industrial machinery
Mitsubishi Materials Trading Corporation	393 million yen	100.0	Sale of the Company's products and other non-ferrous metal products
MOLDINO Tool Engineering, Ltd.* <sup>3</sup>	1,455 million yen	100.0	Production and sales of cemented carbide tools
Luvata Oy* <sup>3</sup>	160 million euro* <sup>1</sup>	100.0	Business administration of subsidiaries that produce and sell processed copper products

Note 1. Paid-in capital is shown.

Note 2. Effective March 31, 2023, the Company acquired additional shares in Onahama Smelting and Refining Co., Ltd. and made it a wholly owned subsidiary.

Note 3. Effective January 1, 2023, the Company merged with Materials' Finance Co., Ltd., absorbing it into the company.

Note 4. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.



## 2) Major Affiliates

Name of the Company	Capital	Percentage of Ownership (including indirect ownership) (%)	Main Business Activities
LM Sun Power Co., Ltd.	495 million yen	50.0	Operation of solar power generation
Green Cycle Corporation	350 million yen	16.4	Recycling of home appliances and other products
Mantoverde S.A.	518 million U.S. dollars <sup>*1</sup>	30.0	Operation of the Mantoverde copper mine
Yuzawa Geothermal Power Generation Corporation	3,802 million yen	30.0	Operation of geothermal power generation
Mitsubishi UBE Cement Corporation <sup>*2</sup>	50,250 million yen	50.0	Cement business and ready-mixed concrete business, etc.

Note 1. Paid-in capital is shown.

Note 2. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

**(10) Business Transfers, Absorption-type Company Splits or Incorporation-type Company Splits**

- 1) The Company resolved at its Board of Directors held on September 29, 2020, to integrate the cement business and its related businesses of the Company and Ube Industries, Ltd. (currently UBE Corporation) (hereinafter referred to as the "Integration") in April 2022, and signed an Integration agreement with Ube Industries, Ltd. on the same date. Based on this agreement, on May 14, 2021, the Company entered into an Absorption-type Company Split Agreement with the Integration Preparatory Company (currently Mitsubishi UBE Cement Corporation) for the Integration. Effective on April 1, 2022, the Company's cement business and its related businesses, etc. (including shares of subsidiaries, etc. engaged in the subject business) were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company. The Absorption-type Company Split Agreement was approved at the 96th Ordinary General Meeting of Shareholders held on June 24, 2021.
- 2) The Company resolved at its Board of Directors held on October 28, 2022, to transfer its Polycrystalline silicon business including the shares of Mitsubishi Polycrystalline Silicon America Corporation, a specified subsidiary of the Company, and the shares of NIPPON AEROSIL CO., LTD., an equity-method affiliated company of the Company to High-Purity Silicon Corporation, a company newly established through an absorption-type company split, and to transfer all the shares of High-Purity Silicon Corporation to SUMCO Corporation, with a share transfer agreement executed on the same date.
- In addition, on December 5, 2022, the Company established a new company, High Purity Silicon Corporation, and on December 27, 2022, the Company's Board of Directors resolved to enter into an absorption-type company split agreement with High Purity Silicon Corporation. The agreement with High Purity Silicon Corporation was concluded on the same date.
- Based on the above, on March 31, 2023, the Company conducted the absorption-type split and executed the share transfer.

**(11) Status of succession of rights and obligations relating to the business of other corporations through absorption-type mergers or absorption-type splits**

The Company resolved at its Board of Directors held on September 28, 2022, to conduct an absorption-type merger with Materials' Finance Corporation, a consolidated subsidiary of the Company, effective January 1, 2023. Based on this resolution, we have entered into a merger agreement on the same date, designating the Company as the surviving company and Materials' Finance Co., Ltd. as the merged and extinguished company. On January 1, 2023, the Company merged with the company and assumed all rights and obligations held by the company.

**(12) The Group's Major Lenders (as of March 31, 2023)**

Lender	Borrowing Amount (Million yen)	Company Shares held by the Lender	
		Number of Shares Held (Thousand shares)	Percentage of Shareholding (%)*
MUFG Bank, Ltd.	140,379	—	—
Mizuho Bank, Ltd.	59,595	—	—
Development Bank of Japan Inc.	26,519	—	—
The Norinchukin Bank	24,827	500	0.4
The Hachijuni Bank, Ltd.	13,651	207	0.2

Note. Percentages of shareholding were calculated after deducting treasury shares (622,424shares)

## 2. Matters Related to Shares (as of March 31, 2023)

(1) Total number of authorized shares: 340,000,000 (No change from the previous fiscal year-end)

(2) Total number of issued shares: 131,489,535 (No change from the previous fiscal year-end)

(3) Number of shareholders: 102,384 (Decreased by 3,763 from the previous fiscal year-end)

\*This includes 75,437 shareholders with voting rights (decreased by 3,679 from the previous fiscal year-end).

### (4) Major Shareholders

Name of shareholder	Number of shares held (Thousand shares)	Percentage of shareholding (%)*
The Master Trust Bank of Japan, Ltd. (Trust account)	20,990	16.0
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	10,044	7.7
Custody Bank of Japan, Ltd. (Trust account)	9,908	7.6
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,250	3.2
Northern TRUST CO.(AVFC) RE NON TREATY CLIENTS ACCOUNT	3,314	2.5
Meiji Yasuda Life Insurance Company	3,101	2.4
BBH FOR GLOBAL X COPPER MINERS ETF	2,874	2.2
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,417	1.8
NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	2,376	1.8
STATE STREET BANK AND TRUST COMPANY 505103	1,926	1.5

Note. Percentages of shareholding were calculated after deducting treasury shares (622,424 shares).

### 3. Information on the Company's Executives

#### (1) Directors and Executive Officers

(i) Directors (as of March 31, 2023)

Title	Name	Responsibility	Significant Positions at Other Organizations
Director, Chairperson of the Board	Akira Takeuchi	Member of the Audit Committee Member of the Remuneration Committee Member of the Sustainability Committee	
Director	Naoki Ono <sup>*1</sup>	Member of the Nomination Committee Member of the Remuneration Committee	
Director	Nobuhiro Takayanagi <sup>*1</sup>		
Director	Mariko Tokuno <sup>*2,16</sup>	Member of the Nomination Committee (Chair) Member of the Remuneration Committee Member of the Sustainability Committee	Outside Director, HAPPINET CORPORATION <sup>*3</sup> Outside Director, Yamato Holdings Co., Ltd. <sup>*4</sup> Outside Director, Shiseido Company, Limited <sup>*5</sup>
Director	Hiroshi Watanabe <sup>*2,6,16</sup>	Member of the Nomination Committee Member of the Audit Committee Member of the Sustainability Committee	President, Institute for International Monetary Affairs <sup>*7</sup> Outside Director, ORIX Corporation <sup>*8</sup>
Director	Hikaru Sugi <sup>*2,16</sup>	Member of the Nomination Committee Member of the Remuneration Committee (Chair) Member of the Sustainability Committee	
Director	Tatsuo Wakabayashi <sup>*2,9,16</sup>	Member of the Nomination Committee Member of the Audit Committee (Chair) Member of the Sustainability Committee	Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation <sup>*10</sup> Outside Director, Mitsubishi Logistics Corporation <sup>*11</sup>
Director	Koji Igarashi <sup>*2,16</sup>	Member of the Audit Committee Member of the Remuneration Committee Member of the Sustainability Committee (Chair)	
Director	Kazuhiko Takeda <sup>*2,12,13,16</sup>	Member of the Audit Committee Member of the Sustainability Committee	
Director	Rikako Beppu <sup>*2,14,16</sup>	Member of the Remuneration Committee Member of the Sustainability Committee	Partner, Squire Patton Boggs, Tokyo (Foreign Law Joint Enterprise)

Note 1. Directors Naoki Ono and Nobuhiro Takayanagi concurrently serve as Executive Officers.

Note 2. Mariko Tokuno, Hiroshi Watanabe, Hikaru Sugi, Tatsuo Wakabayashi, Koji Igarashi, Kazuhiko Takeda, and Rikako Beppu are Outside Directors as defined in Article 2, Paragraph 15 of the Companies Act.

- Note 3. The Company does not have a business relationship with HAPPINET CORPORATION.
- Note 4. The Company does not have a business relationship with Yamato Holdings Co., Ltd. The Company has a business relationship including consignment of transportation with Yamato Transport Co., Ltd. which is a specified subsidiary of Yamato Holdings Co., Ltd. However, the transaction amount is less than 1% of respective consolidated net sales of the Company and Yamato Holdings Co., Ltd.
- Note 5. The Company does not have a business relationship with Shiseido Co., Ltd.
- Note 6. Hiroshi Watanabe, a member of the Audit Committee, has extensive knowledge of finance and accounting through his experiences as Vice-Minister of Finance for International Affairs at the Ministry of Finance and in management at government-affiliated financial institutions.
- Note 7. The Company does not have a business relationship with the Institute for International Monetary Affairs.
- Note 8. The Company has a business relationship with ORIX Corporation, which includes leasing. However, the transaction amount is less than 1% of the respective consolidated net sales of the Company and ORIX Corporation.
- Note 9. Tatsuo Wakabayashi, Chairperson of the Audit Committee, has experience as an executive of a financial institution and has extensive knowledge of finance and accounting.
- Note 10. The Company has a business relationship with Mitsubishi UFJ Trust and Banking Corporation, concerning stock transfer agency services, etc., but the amount of such transactions is less than 1% of the respective consolidated net sales of the Company and Mitsubishi UFJ Trust and Banking Corporation. Moreover, the Company has no borrower-lender relationship with Mitsubishi UFJ Trust and Banking Corporation.
- Note 11. The Company has a business relationship with Mitsubishi Logistics Corporation including consignment of transportation, etc. However, the transaction amount is less than 1% of the respective consolidated net sales of the Company and Mitsubishi Logistics Corporation.
- Note 12. Kazuhiko Takeda, a member of the Audit Committee, has experience as a Chief Financial Officer (CFO) in a major subsidiary of a listed company and possesses considerable expertise in finance and accounting.
- Note 13. Director Kazuhiko Takeda is a full-time member of the Audit Committee. The Company shall assign full-time members of the Audit Committee in order to improve the effectiveness of audits conducted by the Audit Committee.
- Note 14. Rikako Beppu's name in the family register is Rikako Okiura.
- Note 15. The Company does not have a business relationship with Squire Patton Boggs Tokyo (Foreign Law Joint Enterprise).
- Note 16. The Company has notified Directors Mariko Tokuno, Hiroshi Watanabe, Hikaru Sugi, Tatsuo Wakabayashi, Koji Igarashi, Kazuhiko Takeda, and Rikako Beppu as Independent Directors (Outside Director who is not likely to cause conflicts of interest with general shareholders) respectively, in accordance with the regulations of the Tokyo Stock Exchange, Inc.

(ii) Executive Officers (as of March 31, 2023)

Title	Name	Responsibility	Significant Positions at Other Organizations
Chief Executive Officer (Representative Executive Officer)	Naoki Ono *1	CEO*2, Responsible for General Operation of the Company, Internal Audit	
Executive Vice President (Representative Executive Officer)	Yasunobu Suzuki *3	Responsible for SCQ Promotion, Special Missions from CEO	
Managing Executive Officer	Makoto Shibata	CDO*4, Responsible for Technology R&D Strategy, DX Promotion, System Strategy	
Managing Executive Officer	Nobuhiro Takayanagi *1	CFO*5, Responsible for Management Strategy. General Manager of Strategic Div.	
Managing Executive Officer	Jun Nagano	President, Professional CoE	
Managing Executive Officer	Toshinori Ishii	President, Advanced Products Company	
Managing Executive Officer	Katsuyoshi Isaji	President, Metals Company	
Managing Executive Officer	Yoshiaki Arai *3	President, Environment & Energy Business Company	
Managing Executive Officer	Tetsuya Tanaka	President, Metalworking Solutions Company	

Managing Executive Officer	Makiko Nogawa *6	Responsible for Human Resources Strategy, General Manager, Human Resources Strategy Dive.	
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Note 1. Executive Officers Naoki Ono and Nobuhiro Takayanagi concurrently serve as Directors.

Note 2. CEO is an abbreviation for Chief Executive Officer.

Note 3. Executive Officers Yasunobu Suzuki and Yoshiaki Arai retired as Executive Officers as of March 31, 2023.

Note 4. CDO is an abbreviation for Chief Digital Officer.

Note 5. CFO is an abbreviation for Chief Financial Officer.

Note 6. Makiko Nogawa's name in the family register is Makiko Mori.

As of April 1, 2023, the following Executive Officers have been given new titles or responsibilities as shown below.

Title	Name	Responsibility	Significant Positions at Other Organizations
Chief Executive Officer (Representative Executive Officer)	Naoki Ono	CEO, Responsible for General Operation of the Company, Internal Audit, Renewable Energy Business, Energy Project & Technology Center	
Managing Executive Officer	Tetsuya Tanaka	CGO <sup>*1</sup> , Responsible for Business Process Innovation, SCQ Promotion, Corporate Secretary, Affiliated Corporations	
Managing Executive Officer	Nobuhiro Takayanagi	CFO, Responsible for Strategy, Accounting & Finance, Sustainable Development, Corporate Communications	
Managing Executive Officer	Makiko Nogawa	CHRO <sup>*2</sup> , Responsible for Human Resources Planning, D&I, Health & Productivity Management	
Managing Executive Officer (Representative Executive Officer)	Makoto Shibata	CTO <sup>*3</sup> , CDO, Responsible for Technology and R&D Strategy, DX Promotion, System Strategy	
Managing Executive Officer [Newly appointed]	Kazuo Ohara	President, Metalworking Solutions Company	

Note 1. CGO is an abbreviation for Chief Governance Officer.

Note 2. CHRO is an abbreviation for Chief Human Resources Officer.

Note 3. CTO is an abbreviation for Chief Technical Officer.

## (2) Outline of the Content of Limited Liability Agreement

Provisions of the Articles of Incorporation allow the Company to execute with Directors (excluding those who are Executive Directors, etc.) agreements limiting liability for damages in accordance with Article 427, Paragraph 1 of the Companies Act. In accordance with the provisions, the Company has concluded Limited Liability Agreements with all of the non-Executive Directors. The outline of the agreements is as follows:

With respect to liability as described in Article 423, Paragraph 1 of the Companies Act, if Directors (excluding those who are Executive Directors, etc.) perform their duties in good faith and without gross negligence, the Directors shall be liable to the Company for damages only to the extent of minimum liability as set out in Article 425, Paragraph 1 of the Companies Act. The Company shall indemnify the Directors for damages in excess of the amount of the liability.

## (3) Summary of Contents of Directors' and Officers' Liability Insurance Policy, etc.

The Company has included Directors, Executive Officers, Corporate Auditors, and Operating Officers of the Company and some of its domestic subsidiaries as insureds under Directors' and Officers' Liability Insurance Policy with insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the premiums are fully borne by the Company and the subsidiaries.

The insurance policy covers damages and litigation expenses that may arise from the insured being held liable for the performance of his/her duties or from claims related to the pursuit of such liability. However, the policy does not cover damages resulting from the insured's criminal acts or willful violations of laws and regulations, nor does it cover damages that fall under any of the exclusions set forth in the insurance policy.

## (4) Amount of Remuneration, etc. for Directors and Executive Officers

Classification of Officers	Total Amount of Remuneration, etc. (Million yen)	Type of Remuneration, etc.					
		Monetary Remuneration				Nonmonetary Remuneration	
		Basic Remuneration		Bonus <sup>*3</sup> (Performance-linked Remuneration)		Stock-based Compensation <sup>*4</sup>	
		Total Amount (Million yen)	Number of Eligible Recipients (Number of Persons) <sup>*2</sup>	Total Amount (Million yen)	Number of Eligible Recipients (Number of Persons)	Total Amount (Million yen)	Number of Eligible Recipients (Number of Persons)
Directors (Outside Directors)	219 (122)	219 (122)	10 (8)	-	-	-	-
Executive Officers <sup>*1</sup>	466	354	10	-	-	112	10

Note 1. The total amount of remuneration, etc. paid to those who concurrently serve as Directors and Executive Officers and the number of persons covered by such remuneration, etc. are shown in the column for Executive Officers.

Note 2. As of the end of fiscal year 2023, the Company has 10 Directors and 10 Executive Officers. The number of Directors includes 2 Executive Officers (including 1 Outside Director) who retired during fiscal year 2023.

Note 3. During the current fiscal year, a total of ¥347 million in bonuses was paid to the 10 Executive Officers who were in office at the end of the previous fiscal year, based on the performance evaluation and non-financial evaluation covering the previous fiscal year.

The calculation method, performance indicators used, and actual performance of performance-linked remuneration for the previous fiscal year are as described below in "Calculation Method and Performance Indicators Used in Calculating Performance-Linked Remuneration for the Previous Fiscal Year and Actual Performance". The performance-linked remuneration for the period covered by the current fiscal year is scheduled to be paid in June 2023 in accordance with "(5) Policy etc. on Determining of Remuneration for Officers" below. However, the total amount and the number of eligible individuals have not yet been finalized at the time of preparing this report.

Note 4. The Company has introduced stock-based compensation based on a trust scheme, and the above amount of stock-based compensation represents the amount recorded as expenses for fiscal year 2022. The outline of the remuneration system for Directors and Executive Officers is as described in the policy on determination of remuneration, etc. for Directors and Executive Officers below.



[Calculation Method and Performance Indicators Used in Calculating Performance-Linked Remuneration for the Previous Fiscal Year and Actual Performance]

Bonuses (performance-linked remuneration) paid in the current fiscal year were calculated using the calculation method used in the previous fiscal year. The calculation method and performance indicators used in the calculation and their actual results are as follows:

<Method of calculation and performance indicators used in the calculation, as well as their actual results>

In addition to performance and non-financial evaluations, a comparative evaluation of consolidated operating profit growth rates against other companies will be used to determine the evaluation. The specific evaluation items are as follows :

**【Evaluation Items】**

- (i) Current net profit attributable to owners of parent, which is the final result of management and by which common profit awareness is shared with shareholders.
- (ii) Consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector), based on which the earning capacity of one's main job is evaluated.
- (iii) Non-financial evaluation that evaluates the value of efforts aimed at the improvement of medium- to long-term corporate value, which is less likely to be represented in a short-term performance.
- (iv) Consolidated operating profit growth rate compared with other companies, as a final adjustment factor to give an impression of growth greater than market growth (comparison with 6 non-ferrous metal companies and similar-sized manufacturing companies).

**【Calculation Formula】**

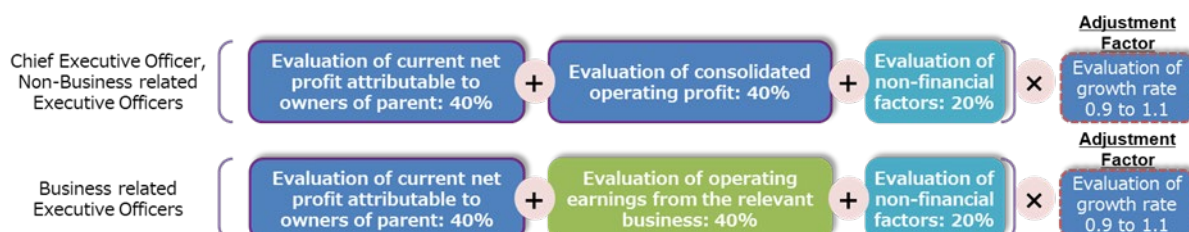
By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:

$$\text{Annual Bonus} = \text{Base Annual Bonus by Job Position} \times \text{Payment Rate Based on Performance Evaluation}^*$$

\*"Payment Rate Based on Performance Evaluation" shall range from 0% to 200% based on performance.

**【Evaluation Weight】**

Based on the evaluations of each portion of 40%, 40% and 20% of the base amount, which depends on one's job position, in terms of current net profit attributable to owners of parent, consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector) and non-financial factors, respectively, the annual bonus shall be determined by using consolidated operating profit growth rate as an adjustment factor.



**【Target of Performance Evaluation Indicators for Annual Bonus】**

With regard to the target of performance evaluation indicators for annual bonuses, in principle, the consolidated performance forecast for the next fiscal year at the time of the announcement of financial results at the end of the current fiscal year shall be applied (For operating income of the business for which

the Officer is responsible, the figures on which the consolidated performance forecast was based shall be used.).

The followings are the target and actual values of performance-linked indicators for bonuses paid in the current fiscal year :

Evaluation criteria		Target value	Actual value
Net profit for the current period attributable to the parent company shareholders.		20.0 billion Yen	45.0 billion Yen
Operating profit	Consolidated	35.0 billion Yen	52.7 billion Yen
	Advanced Products Business	7.6 billion Yen	14.7 billion Yen
	Metalworking Solutions Business	6.1 billion Yen	14.1 billion Yen
	Metals Business	9.2 billion Yen	25.2 billion Yen
	Cement Business	6.9 billion Yen	3.2 billion Yen
	Environment & Energy Business	0.0 billion Yen	2.2 billion Yen
Consolidated operating profit growth rate		-	98.4%

#### (5) Policy etc. on Determining of Remuneration for Officers

The Remuneration Committee of the Company deliberates and decides on the policy regarding the determination of the amount of remuneration, etc. for Directors and Executive Officers (hereinafter referred to as "Officers") and the remuneration system for Officers. The outline is as follows.

##### <Remuneration System for Directors and Executive Officers>

With the aim of creating an attractive remuneration system for outstanding management personnel that will drive improvements in the Group's corporate value from a medium- to long-term viewpoint and establishing remuneration governance that will enable the Company to fulfill its accountability to stakeholders, including shareholders, the Company shall establish a policy on determining the remuneration for Directors and Executive Officers (hereinafter, "Officers") and a remuneration system as follows:

#### 1. Policy on Determining Remuneration for Officers

- (1) A system shall be created that provides competitive standards for remuneration compared with companies of a business category and size similar to the Group.
- (2) The performance of the functions and duties assumed by each Officer and contributions to the improvement of medium- to long-term corporate value shall be evaluated in a fair and equitable manner, and the evaluation results shall be reflected in remuneration.
- (3) In order to have remuneration function as a sound incentive to improve the Group's medium- to long-term corporate value, remuneration shall consist of basic remuneration, an annual bonus based on performance evaluations in each fiscal year, etc. and stock-based compensation, which is a medium- to long-term incentive linked to medium- to long-term performance and corporate value. The remuneration composition ratio shall be determined appropriately in accordance with one's job position. Provided, however, that for Directors (excluding those who concurrently hold the posts of Director and Executive Officer), only basic remuneration shall be paid in cash, in light of their function and role of supervising the performance of job duties by the Executive Officers.
- (4) An annual bonus shall be determined with the emphasis on the performance in each fiscal year, while appropriately evaluating the relative results of Total Shareholder Return (TSR)\* and the status of each Executive Officer's implementation of medium- to long-term management strategies, etc.

$$*TSR = \frac{\begin{array}{c} \text{Average closing price of the stock on} \\ \text{each day in March of the current year} \end{array} + \begin{array}{c} \text{Total amount of dividends per} \\ \text{share} \\ \text{in the current fiscal year} \end{array}}{\begin{array}{c} \text{Average closing price of the stock on each day in March of the previous year} \end{array}}$$

- (5) A medium- to long-term incentive shall be stock-based compensation that enables Officers to share awareness of profits with shareholders in order to enhance corporate value from a medium- to long-term viewpoint.
- (6) The policies for determining remuneration and the amount of individual remuneration shall be deliberated and determined by the Remuneration Committee composed of a majority of Independent Outside Directors.
- (7) Necessary information shall be disclosed actively so that stakeholders including shareholders can monitor the relationship between performance, etc. and remuneration.

## 2. Remuneration System for Officers

### (1) Directors (excluding those who concurrently hold the posts of Director and Executive Officer)

The remuneration system for Directors shall be determined so that only basic remuneration shall be paid in cash, taking into consideration an individual Director's job position, whether he/she is a full-time/part-time Director, etc. and referring to the standards for remuneration of other companies based on the research of outside experts.

### (2) Executive Officers

The remuneration payable to Executive Officers shall consist of basic remuneration, which is fixed remuneration, and an annual bonus and stock-based compensation, which are performance-linked remuneration. The remuneration composition ratio shall be in line with "Basic remuneration/Annual bonus/Stock-based compensation = 1.0/0.6/0.4" (\*In the case where the annual bonus payment rate is 100%) as to the Chief Executive Officer, and for other Executive Officers, the ratio of performance-linked remuneration to basic remuneration shall be set lower than that for the Chief Executive Officer.

Furthermore, the standards for remuneration shall be determined by referring to the standards of peer companies (similar-sized companies determined by the Remuneration Committee) based on the research by outside experts.

#### <Basic Remuneration>

Basic remuneration shall be paid in cash as fixed remuneration in accordance with one's job position.

#### <Annual Bonus (Short-term Incentive Remuneration)>

The annual bonus shall be determined based on the consolidated operating profit, relative comparison of TSR, and status of achievement of the non-financial target set for each Executive Officer, on a single-year basis.

The specific evaluation items shall be as follows:

#### 【Evaluation Items】

- (i) Consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector), based on which the earning capacity of one's main job is evaluated; to be multiplied by an adjustment factor based on the consolidated operating profit growth rate compared with other companies to enhance consciousness on growth greater than market growth (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies)
- (ii) Relative comparison of TSR (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies)
- (iii) Non-financial evaluation that evaluates the status of achievement of the targets set for each Executive Officer at the beginning of the term and other relevant factors with regard to efforts aimed at improving medium- to long-term corporate value, which is less likely to be represented in short-term performance, as well as efforts in line with the Sustainability Policy\*

#### \*Sustainability Policy Items

1. Build a Work Environment that puts Safety and Health First
2. Respect Human Rights
3. Promote Diversity and Inclusion
4. Cultivate Mutual Prosperity with Stakeholders
5. Strengthen Corporate Governance and Risk Management
6. Engage in Fair Business Transactions and Responsible Sourcing
7. Ensure Stable Provision of Safe, Secure, and High Value Added Products

## 8. Proactive Engagement for the Global Environment

### 【Calculation Formula】

By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:

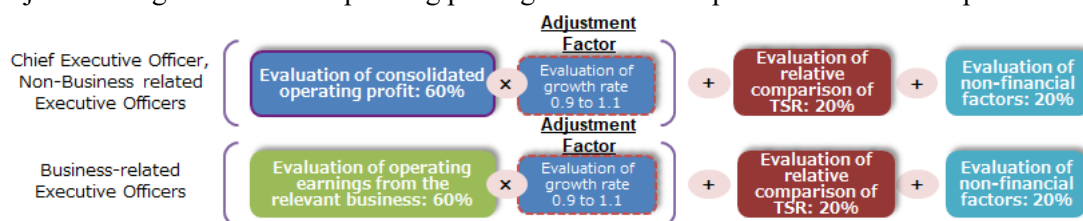
$$\text{Annual Bonus} = \text{Base Annual Bonus by Job Position} \times \text{Payment Rate Based on Performance Evaluation}^*$$

\*"Payment Rate Based on Performance Evaluation" shall range from 0% to 200% based on performance.

### 【Evaluation Weight】

The annual bonus shall be determined based on the evaluations of each portion of 60%\*, 20% and 20% of the base amount, which depends on one's job position, in terms of consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating profit from the relevant business sector), relative TSR comparison and non-financial factors, respectively.

\*To be adjusted using consolidated operating profit growth rate compared with other companies.



### 【Target of Performance Evaluation Indicators for Annual Bonus】

With regard to the target of performance evaluation indicators for annual bonuses, in principle, consolidated operating profit for the current period planned in the Medium-Term Management Strategy shall be applied (For operating earnings of the business for which the Officer is responsible, planned consolidated operating earnings from the relevant business sector shall be used.).

### <Stock-based Compensation (Medium- to Long-term Incentive Remuneration)\*>

Stock-based compensation shall be a system that utilizes a trust for the purpose of achieving the sharing of a common profit awareness with shareholders. This shall be used as an incentive for improving the medium- to long-term corporate value of the Group and under which the Company's shares and cash equivalent to the proceeds from the realization of the Company's shares shall be delivered and paid in accordance with one's job position, upon retirement from the post of Executive Officers. No performance conditions nor stock price conditions shall be set with respect to the shares to be delivered.

Please note that in the case of a non-resident staying in Japan, different treatment may be applied under laws or for any other relevant circumstances.

\*The Officers' remuneration system adopts a structure called BIP (Board Incentive Plan) and grants to the Executive Officers the shares of the Company's common stock, etc. It is an incentive plan to accumulate points to be given to Executive Officers in accordance with their positions for each three consecutive fiscal year (initially from Fiscal 2021 to Fiscal 2023) (the "Applicable Period"), and to grant the shares of the Company's common stock equivalent to 70% of such accumulated points (shares less than one unit shall be disregarded) and cash equivalent to realized value of the shares of the Company's common stock equivalent to the remaining accumulated points as compensation to Executive Officers after their retirement. One point is deemed equal to one share of the Company's common stock, and if a stock split or reverse stock split occurs during the trust period, the number of the Company's shares per point shall be adjusted according to the stock split ratio or reverse stock split ratio of the Company's shares. The maximum number of points to be given to Executive Officers during the initial Applicable Period shall be 350,000 points in total.

The Remuneration Committee has determined that the individual remuneration, etc., for each Director and Executive Officer in the fiscal year under review aligns with the policy for determining Director and executive remuneration, as it was determined according to the established remuneration structure based on the policy.

Note. Effective from fiscal year 2023, the Company has changed the targets for performance evaluation indicators and stock-based compensation (medium- to long-term incentive compensation) in the annual bonuses of Executive Officers. The details of the changes are posted on the Company's website below.  
<https://www.mmc.co.jp/corporate/en/company/governance.html>

**(6) Major Activities of Outside Directors**

Classification	Name	Attendance at Meetings of the Board of Directors, etc. Held during FY2023	Major Activities and Summary of Duties Performed in Relation to the Role Expected to Outside Directors
Director	Mariko Tokuno	<p>Board of Directors 19/19 (100%)</p> <p>Nomination Committee 15/15 (100%)</p> <p>Remuneration Committee 11/11 (100%)</p> <p>Sustainability Committee 9/9 (100%)*<sup>1</sup></p>	<p>Through her extensive experience as a leader of a Japanese subsidiary of a major international company, she has gained valuable insight into corporate strategy and overall management from a global perspective. Based on such insights, she provides valuable recommendations from various perspectives, aiming to enhance the Group's medium- to long-term corporate value. She also oversees the execution of duties by Executive Officers and others from an independent standpoint. Additionally, she serves as the Chairperson of the Nomination Committee, a member of the Remuneration Committee, and the Sustainability Committee, where she contributes from an objective and neutral standpoint to activities such as the selection of board candidates, decisions regarding executive compensation, and the examination of sustainability-related themes within the Company.</p>
Director	Hiroshi Watanabe	<p>Board of Directors 19/19 (100%)</p> <p>Nomination Committee 13/13 (100%)*<sup>2</sup></p> <p>Audit Committee 16/16 (100%)</p> <p>Sustainability Committee 9/9 (100%)*<sup>1</sup></p>	<p>He has gained insight into domestic and international finance, economy, and general management through his experience as a senior official at the Ministry of Finance and as a manager of a government-affiliated financial institution. Based on such insights, he provides valuable recommendations from various perspectives, aiming to enhance the Group's medium- to long-term corporate value. He diligently oversees the execution of duties by Executive Officers and others from an independent standpoint. In addition, as a member of the Nomination Committee, and the Sustainability Committee, he actively contributes from an objective and neutral standpoint to the selection of candidates for the Company's Board of Directors, decisions on executive remuneration, and the examination of sustainability-related themes etc. Moreover, as a member of the Audit Committee, he conducts objective and impartial audits primarily focused on the execution of duties by Executive Officers.</p>

Director	Hikaru Sugi	Board of Directors 19/19 (100%)  Nomination Committee 15/15 (100%)  Remuneration Committee 11/11 (100%)  Sustainability Committee 9/9 (100%)* <sup>1</sup>	Through his extensive experience as a leader of a globally operating manufacturer, he has gained a wealth of technical knowledge in development, design, and production processes, as well as insight into corporate strategy and overall management from a global perspective. Based on such insights, he provides valuable recommendations to the Board of Directors from various perspectives, aiming to enhance the Group's medium- to long-term corporate value. He also oversees the execution of duties by Executive Officers and others from an independent standpoint. In addition, as a member of the Nomination Committee, the Chairperson of the Remuneration Committee, and a member of the Sustainability Committee, he contributes from an objective and neutral standpoint to the selection of candidates for the Company's Board of Directors, decisions on executive remuneration for the Executive Officers, and the examination of sustainability-related themes within the Company.
Director	Tatsuo Wakabayashi	Board of Directors 19/19 (100%)  Nomination Committee 15/15 (100%)  Audit Committee 13/13 (100%)* <sup>3</sup>  Remuneration Committee 3/3 (100%)* <sup>3</sup>  Sustainability Committee 9/9 (100%)* <sup>1</sup>	Through his experience as President, Chairman of a financial institution, he has gained insight into banking, finance, accounting, and overall management. Based on such expertise, he makes useful recommendations from various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and oversees the execution of duties by Executive Officers and others from an independent standpoint. In addition, as the Chairperson of the Remuneration Committee and the Sustainability Committee, he actively participates in objective and neutral discussions related to determining executive compensation and addressing sustainability themes within the Company. Moreover, as a member of the Audit Committee, he mainly audits the execution of duties by Executive Officers, etc. from an objective and neutral standpoint.

Director	Koji Igarashi	<p>Board of Directors 19/19 (100%)</p> <p>Audit Committee 16/16 (100%)</p> <p>Remuneration Committee 8/8 (100%) *4</p> <p>Sustainability Committee 9/9 (100%)*1</p>	<p>Through his extensive experience as a leader of a globally expanding food manufacturer, he has gained a wealth of technical knowledge in technological development and manufacturing as well as insight into various aspects of management, such as business globalization, business transformation and innovation, and digitalization. Based on such insights, he provides valuable recommendations to the Board of Directors from various perspectives, aiming to enhance the Group's medium- to long-term corporate value. He also oversees the execution of duties by Executive Officers and others from an independent standpoint. In addition, as a member of the Remuneration Committee and the Chairperson of the Sustainability Committee, he contributes from an objective and neutral standpoint to decisions on executive remuneration for the Executive Officers and the examination of sustainability-related themes within the Company, etc. Moreover, as a member of the Audit Committee, he mainly audits the execution of duties by Executive Officers, etc. from an objective and neutral standpoint.</p>
Director	Kazuhiko Takeda	<p>Board of Directors 15/15 (100%) *5</p> <p>Audit Committee 13/13 (100%) *5</p> <p>Sustainability Committee 9/9 (100%)*1</p>	<p>Through his extensive experience as a senior executive of a conglomerate that develops a wide range of businesses all over the world and the leader of its major subsidiaries, he has gained a wealth of knowledge in corporate management, business operations and administration, accounting and finance, and information technology. Additionally, his years of work experience in Europe and the United States have provided him with a global perspective on corporate strategy and overall management. Based on such expertise, he offers valuable insights from various perspectives to the Board of Directors, with the aim of enhancing the Group's medium- to long-term corporate value. He also oversees the execution of duties by Executive Officers and others from an independent standpoint. In addition, as a member of the Audit Committee, he mainly audits the execution of duties by Executive Officers, etc. from an objective and neutral standpoint. Moreover, as a member of the Sustainability Committee, he actively contributes to the examination of sustainability-related themes within the Company from an objective and neutral standpoint.</p>



Director	Rikako Beppu	Board of Directors 15/15 (100%) *6  Remuneration Committee 8/8 (100%) *6  Sustainability Committee 9/9 (100%) *1	Through her extensive experience as many years of attorney-at-law both in Japan and abroad, she has a deep understanding based on advanced legal knowledge, as well as specialized expertise in corporate legal affairs, particularly in the areas of global business development and business restructuring. Based on such insights, she provides valuable recommendations to the Board of Directors from various perspectives, aiming to enhance the Group's medium- to long-term corporate value. She also oversees the execution of duties by Executive Officers and others from an independent standpoint. In addition, as a member of the Remuneration Committee and the Sustainability Committee, she contributes to decisions on executive remuneration for the Executive Officers and the examination of sustainability-related themes within our company from an objective and neutral standpoint.
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Note 1. The Company has established the Sustainability Committee as of June 28, 2022 (Date of the 97th Ordinary General Meeting of Shareholders). Director Mariko Tokuno, Hiroshi Watanabe, Hikaru Sugi, Tatsuo Wakabayashi, Koji Igarashi, Kazuhiko Takeda, Rikako Beppu were appointed to the member of the Sustainability Committee on the same date.

Note 2. Director Hiroshi Watanabe was appointed as a member of the Nomination Committee on June 28, 2022 (Date of the 97th Ordinary General Meeting of Shareholders), therefore, the number of meetings of the Nominating Committee to which he is eligible to attend differs from that of other Directors.

Note 3. Director Tatsuo Wakabayashi resigned as a member of the Remuneration Committee and was appointed as a member of the Audit Committee on June 28, 2022 (Date of the 97th Ordinary General Meeting of Shareholders). As a result, the number of meetings of the Remuneration Committee and the Audit Committee to which he is eligible to attend differs from that of other Directors.

Note 4. Director Koji Igarashi was appointed as a member of the Remuneration Committee on June 28, 2022 (Date of the 97th Ordinary General Meeting of Shareholders), for this reason, the number of meetings of the Remuneration Committee to which he is eligible to attend differs from that of other Directors.

Note 5. Director Kazuhiko Takeda was appointed as the Director and a member of the Audit Committee on June 28 (Date of the 97th Ordinary General Meeting of Shareholders), therefore, the number of meetings of the Board of Directors and the Audit Committee to which he is eligible to attend differs from that of other Directors.

Note 6. Director Rikako Beppu was appointed as the Director and a member of the Remuneration Committee on June 28 (Date of the 97th Ordinary General Meeting of Shareholders), as a result, the number of meetings of the Board of Directors and the Audit Committee to which she is eligible to attend differs from that of other Directors.

#### 4. Matters Concerning Accounting Auditor

(1) Name of the Accounting Auditor KPMG AZSA LLC

#### (2) Audit Fees to Accounting Auditor for Fiscal Year Ended March 31, 2022

Content of the Audit Fees	Amount
(i) Audit fees paid by the company to Accounting Auditor	182 Million yen <sup>*1</sup>
(ii) Total amount of monetary and other financial benefits paid by the Company and its subsidiaries (including the above-mentioned)	314 Million yen

Note 1. The Company has not subdivided the amount of fees for auditing based on the Financial Instruments and Exchange Act and the amount of fees for auditing based on the Companies Act. In the auditing agreement entered with the Accounting Auditor, it is not possible to substantially subdivide the two. This amount thus includes audit fees based on the Financial Instruments and Exchange Act. The Audit Committee has agreed upon this amount taking into consideration the basis for calculating compensation, the status of execution of duties of the Accounting Auditor in the previous fiscal year and the opinions of Directors and other related internal departments.

Note 2. Among the major subsidiaries of the Company, PT Smelting, Luvata Oy, MCC Development Corporation, Mitsubishi Cement Corporation, and Robertson's Ready Mix, Ltd. use the services of auditing corporations (including auditors who have the appropriate auditing qualifications abroad) other than the services of KPMG AZSA LLC., to audit accounting related documents (in accordance with the Companies Act and the Financial Instruments and Exchange Act and the applicable laws of the concerned foreign countries' own legislations).

#### (3) Content of Non-auditing Services

The Company entrusts to the Accounting Auditor services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), such as " Integrated Report and ESG Report Production Support Services ".

#### (4) Policy on Dismissal or Non-reappointment of the Accounting Auditor

The Audit Committee shall check the Accounting Auditor's (i) expertise, independence, timeliness and appropriateness, quality control and governance systems, (ii) ability to respond to the Company's multi-industry and global business development, (iii) efficiency of accounting and auditing operations, (iv) communication with the Audit Committee, management, etc., (v) any applicability to dismissal requirements based on statutory grounds, and (vi) continuous audit period. If any problems with these conditions, the Audit Committee will dismiss the Accounting Auditor or determine the content of the proposal for dismissal or non-reappointment of the Accounting Auditor to be presented to the General Meeting of Shareholders in accordance with the statutory procedures.

#### 5. Systems to Ensure Appropriate Business Operations and the Status of Operation of Those Systems

##### ● Fundamental Policy

The Board of Directors has resolved the following fundamental policy regarding the establishment of systems to ensure appropriate business operations.

#### (1) Systems to ensure the execution of duties by Executive Officers and employees in conformity with laws and the Articles of Incorporation

- 1) The Company shall determine the Corporate Philosophy, etc. as the supreme common rule of Mitsubishi Materials Group, and also shall put in place internal regulations to establish a compliance system.
- 2) The Company shall determine through the Board of Directors, the Executive Officers' Meeting and other committees, Strategic Management Committee, etc. the details for the execution of duties by the Executive Officers and employees in accordance with laws, the Articles of Incorporation, internal regulations, etc. In addition, the legal department and the related departments shall carry out the preliminary review of specific significant matters.
- 3) The Board of Directors shall receive reports on the status of execution of duties from Executive Officers on a regular basis, and shall also receive reports from Executive Officers on necessary matters at meetings of the Board of Directors as required from time to time.

- 4) The Company shall appoint an Officer from among its Executive Officers to oversee matters relating to compliance and establish an organization for sustainability and a department responsible for compliance, and shall also enforce cross-divisional compliance promotion activities (including internal education) for the whole Company based on the policies, plans, etc. to be established for each fiscal year.
- 5) The Company shall establish a reporting desk to deal with particulars related to problems that may arise over compliance.
- 6) The Company shall enforce periodical auditing concerning the state of compliance in each department by the department in charge of internal audits.

**(2) Systems for preservation and management of information related to the execution of duties of Executive Officers**

The Company shall properly preserve and manage the minutes of the Strategic Management Committee, the other significant meetings, as well as other significant information, based on laws, the Articles of Incorporation, internal regulations, etc.

**(3) Regulations and other systems concerning risk management**

- 1) The Company shall deliberate carefully on significant matters through the Board of Directors, the Strategic Management Committee and other decision-making bodies based on laws, the Articles of Incorporation, internal regulations, etc. In addition, the Company shall carry out the preliminary review of significant matters through legal and other related departments based on the internal regulations and others in order to identify risks and prevent risk elicitation and manifestation.
- 2) The Company shall determine the internal regulations, policies and plans, etc. related to general risk management. In addition, the Company shall appoint an Officer from among its Executive Officers to oversee matters relating to risk management and establish an organization for sustainability and a department responsible for risk management and shall enforce cross-divisional risk management promotion activities for the whole Company.
- 3) Executive Officers shall develop and implement measures, based on internal regulations, policies, and plans related to general risk management, to continuously assess risk factors within the company group and minimize losses in the event of risk materialization.
- 4) We establish regulations regarding crisis management structure, crisis response measures, etc., in order to promptly and appropriately address and take corrective actions in the event that risks with significant impact on the Group's management become manifest.

**(4) Systems to ensure efficient execution of duties by Executive Officers**

- 1) The Company has chosen to be a Nomination Committee among the governance systems under the Companies Act and will accelerate decision making with the appropriate transfer of authority to Executive Officers with respect to decisions on matters concerning the execution of duties. The Company will establish the rules for official authority and decision making based on the areas of responsibility of each Executive Officer and internal regulations.
- 2) The Company shall determine the management plan, allocate suitable management resources and authority among the divisions controlled by each Executive Officer to achieve the plan, and require those divisions to formulate their own specific plans. In addition, the Executive Officers shall suitably verify the progress state of the plan of each division and take appropriate measures when necessary.

**(5) Systems to ensure appropriate operations by the corporate group comprising the Company and its subsidiaries**

- 1) The Company shall aim to establish corporate ethics and build a Group compliance and risk management system (including an internal education system) through the promotion of activities and behaviors, etc. toward compliance and risk management by the Group, including subsidiaries, based on the Corporate Philosophy, etc. and internal regulations, etc. that are applied consistently throughout the Group.
- 2) Concerning each subsidiary, the Company shall aim to improve the soundness and efficiency of management of the subsidiary, and by extension the whole Group, by determining a response liaison department within the Company. The concerned department shall consult and exchange information with the subsidiary concerning specific significant matters.
- 3) The Company shall establish various regulations related to internal controls concerning financial reporting. The Company shall also establish assessment mechanisms for those internal controls and build

a system to ensure the accuracy of the Group's financial reports.

- (4) In addition to the above-mentioned (1), (2) and (3), the Company shall enforce periodic auditing concerning compliance, risk management and the efficiency of management of subsidiaries by the department in charge of internal audits of the Company.

**(6) Matters concerning Directors and employees assigned to assist the Audit Committee, matters concerning the independence of such Directors and employees from Executive Officers, and matters concerning ensuring the effectiveness of instructions provided by the Audit Committee to such Directors and employees**

- 1) The Company shall establish the Audit Committee Office to assist with the operations of the Audit Committee. Further, the Company shall assign necessary personnel as employees to assist with the operations of the Audit Committee Office.
- 2) The employees assigned to support the Audit Committee shall perform their duties in accordance with the instructions of the Audit Committee.
- 3) The personnel reassignment of employees to the Audit Committee in its duties shall be made with the prior consent of the Audit Committee (or the designated Audit Committee member, if the Audit Committee designates a particular Audit Committee member). In addition, the Audit Committee (or the designated Audit Committee member, if the Audit Committee designates a particular Audit Committee member) shall be responsible for evaluating the performance of employees who are to support the Audit Committee in its duties.

**(7) Systems for reporting to the Audit Committee and for ensuring that people making reports shall not experience disadvantageous treatment as a result of this reporting**

- 1) The Directors (excluding those who are members of the Audit Committee), Executive Officers and employees shall swiftly report appropriate information to the Audit Committee in accordance with the method stipulated in laws and the internal regulations of the Company, in the case where there is considerable damage to the Company's operations in areas for which they are responsible or the possibility of significant impact on the Company. In addition, the same shall apply in the event that the Audit Committee requests a report about business operations.
- 2) In the event of a report by a Director, Executive Officer, Audit & Supervisory Board Member or employee, etc. of the Company or its subsidiary to the reporting desk on a compliance-related problem, the department in charge of the reporting desk shall in principle report the content of such report to the Full-time Member of the Audit Committee.
- 3) The department in charge of internal audits of the Company shall report to the Audit Committee important items heard from Directors, Executive Officers, Audit & Supervisory Board Members and employees, etc. of the Company and its subsidiaries, as well as important items from audit results. As for the matters determined to be necessary for the operations of the Audit Committee, the department in charge of such matters shall make a periodic report.
- 4) The Company and its subsidiaries shall establish provisions in their internal rules and regulations to ensure that persons who report to the Audit Committee (including those who report indirectly through others) are not subject to adverse treatment based on the fact of their reporting.

**(8) Matters concerning policies related to the handling of expenses or obligations incurred during the execution of duties by the Members of the Audit Committee**

Any member of the Audit Committee may request the Company in advance to pay expenses, etc. deemed to be necessary for the execution of its duties. Further, any member of the Audit Committee may request the Company after the fact to reimburse any expense paid out on an emergency or temporary basis. The Company shall pay expenses necessary for the execution of duties of the members of the Audit Committee upon request by any of such members.

**(9) Other systems to ensure effective auditing by the Audit Committee**

- 1) The Audit Committee shall exchange opinions with the Audit Committee Office, the Executive Officers, including the Chief Executive Officer, the department in charge of internal audits and other departments necessary for the execution of duties of the Audit Committee, as well as the Accounting Auditor, etc., periodically or as occasion demands.
- 2) If deemed necessary for the execution of its duties, the Audit Committee has the authority to provide

instructions to the internal audit department. In the event of any conflict between the instructions received from the Audit Committee and those from the Executive Officers, the instructions of the Audit Committee shall prevail.

- 3) The Full-time Members of the Audit Committee shall be provided with the opportunity to attend the Strategic Management Committee and other significant meetings of the Company, and the Company shall establish systems to enable each member of the Audit Committee to review, through the internal information system, the materials and minutes of any significant meetings related to the execution of business duties.

## ● Overview of Operational Status

Principal initiatives to secure the operation of systems to ensure appropriate business operations are indicated as follows.

### (1) Initiatives Related to Compliance

- 1) The Company and its subsidiaries share a Corporate Philosophy etc. aimed at ensuring sound corporate activities that comply with laws and regulations and are in accordance with social mores. Awareness of the Company's Corporate Philosophy etc. is instilled throughout the Group.
- 2) The Sustainable Management Office meets regularly to deliberate on annual policies and plans related to overall compliance activities, as well as to share and evaluate the status of compliance within the Group and reports that have been submitted to the internal reporting desk. The Company and its subsidiaries work together to ensure consistent Compliance training throughout the Group and address compliance-related issues.
- 3) With regard to quality, the Company has established regulations, guidelines, etc. that apply to the entire Group, and is working to establish a quality control system and otherwise manage quality appropriately.

### (2) Initiatives Related to Risk Management

- 1) For risk management, significant cross-group risks are managed by the head office administration department, while significant business-specific risks are managed by the head office business divisions. Every fiscal year, these risks are comprehensively identified and evaluated. The results are reported to the Board of Directors and other relevant bodies after undergoing deliberations in the Sustainable Management Office and the Governance Review, as well as resolutions in the Strategic Management Committee. The Company and its subsidiaries implement risk management for the above risks and risks unique to each business location, and the status of such activities and risk assessment are regularly monitored at the management level as well.
- 2) Regarding work-related accidents, meetings of the Zero Accident Committee and Group Safety meetings are convened to decide on management priorities and share information about legal updates, thereby endeavoring to ensure an appropriate response.
- 3) The Company formulates regulations and business continuity plans (BCPs) prescribing action guidelines in the event of large-scale accidents, natural disasters or terrorism, etc. In addition, the Sustainable Management Office holds the Risk and Crisis Management Panel during normal times and times of crisis alike to prevent damage from spreading.

### (3) Initiatives Related to Enhancing Management Soundness and Efficiency

- 1) The Company formulates Medium-term Management Strategies and annual budgets, strives to appropriately allocate management resources and authorities to its various departments. The status of significant business execution is reported to the Board of Directors.
- 2) By clearly indicating the scope of responsibility of Executive Officers, as well as the operational responsibilities and authority of individual departments, the Company strives to ensure the appropriateness of an accelerated decision-making and business execution.
- 3) For each subsidiary, the Company identifies a responsible liaison division within the Company. That division receives reports on significant investment projects and compliance-related problems and consults and exchanges information with the subsidiary on such matters.

### (4) Initiatives Related to Internal Audits

Based on an annual audit plan, the Internal Audit Department of Strategic Headquarters and each Company conducts periodic internal audits of the compliance, risk management and management efficiency of internal divisions and subsidiaries and reports the results of these audits to the Board of Directors.

**(5) Initiatives Related to Audits by the Audit Committee**

- 1) Members of the Audit Committee attend the Strategic Management Committee and other important meetings, visit the Company offices and exchange opinions with Executive Officers, etc.
- 2) The department responsible for internal audits regularly reports the findings to the members of the Audit Committee. Likewise, the department responsible for internal reporting provides regular reports on the whistleblowing cases received to the members of the Audit Committee.
- 3) The Audit Committee Office has been established to assist duties of the Audit Committee. Additionally, within the office, we allocate the necessary staff members to support the duties of the Audit Committee. Transfer of such employees is subject to the consent of the Audit Committee (or the designated Audit Committee member, if applicable) in advance, and the performance evaluations of these staff members are conducted by the Audit Committee (or the designated Audit Committee member, if applicable). These measures contribute to enhancing the effectiveness of the Audit Committee's audits.

## (Reference) Status of Corporate Governance

### <Basic Approach >

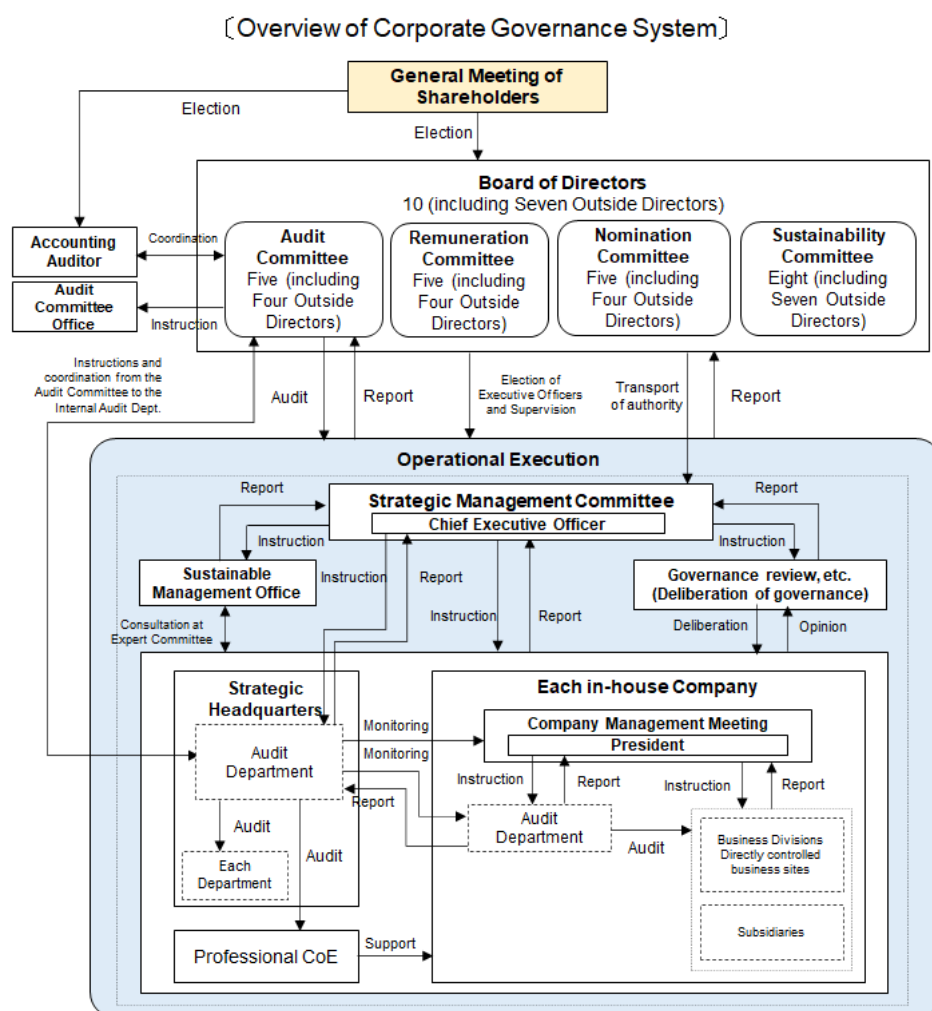
- We have, based on the corporate philosophy of the Group, vision, values, code of conduct, Mission and the Basic Policy on Corporate Governance (\*) established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries, such as shareholders and investors as well as employees, customers, client or supplier companies, creditors and local communities, and also develop our corporate governance.
- Among the governance systems under the Companies Act, we have chosen to be a Company with a Nomination Committee, and by separating supervision and execution, will strengthen the Board of Directors' management supervisory functions, improve the transparency and fairness of management and accelerate business execution and decision making.
- We acknowledge the enhancement of corporate governance to be one of the most important management issues, and continuously make efforts to improve our corporate governance.

(\*) We have prepared the "Basic Policy on Corporate Governance," which is disclosed on the Company's website, as a compilation of the basic approach to and framework of corporate governance.

<https://www.mmc.co.jp/corporate/en/company/governance.html>

The Corporate Governance Framework related to the Company's management decision making/supervision, business execution, and auditing is outlined in the following chart, Overview of the Corporate Governance System.

[Overview of the Corporate Governance System] \*Chart as of April 1, 2023



### <Composition of the Board of Directors>

The Company's basic policy to the structure of the Board of Directors, which fulfills the roles of determining the direction of management and exercising supervision over the progress of business execution, is to ensure that it comprises a diverse range of human resources with different expert knowledge, experience, and other qualities.

In accordance with this policy, the Company has adopted a basic approach that the Board of Directors shall comprise of Directors (not including Outside Directors) who have considerable knowledge and experience in the operation of each business, and sophisticated expertise as well as a diverse range of human resources. Particular consideration has been given to candidates for Outside Directors to ensure that they consist of individuals with experience and knowledge in business management and organizational operation, and those who have broad and sophisticated expertise and extensive experience in finance and accounting, legal affairs, production technology, research and development, sales, international relations, etc.

The number of the Board of Directors is set at an appropriate level to enable the Board of Directors to function most effectively and efficiently (12 members or less as provided in the Articles of Incorporation) and a majority of the members is composed of Independent Outside Directors. The majority of the Nomination, Audit, Remuneration, and Sustainability Committees are composed of Independent Outside Directors, and each Committee is chaired by an Independent Outside Director.

### < Evaluation of the Effectiveness of the Board of Directors >

The Company analyzes and evaluates the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis. In FY2022, the evaluation was conducted using a third-party organization for the first time.

In FY2023, the Company evaluated the effectiveness of the Board of Directors by way of a questionnaire-based self-evaluation. (In the future, a third-party evaluation shall be conducted once every three years.).

The evaluation method and a summary of the results are outlined below.

#### 1. Method of analysis/evaluation

##### (1) Evaluation process

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• October 2022</li><br/><br/><br/><br/><li>• From December 2022 to January 2023</li><br/><br/><li>• February 2023</li><br/><br/><li>• March 2023</li></ul> | <p>At the Board, Directors discussed the evaluation implementation policy for the current fiscal year and following years in the future. As a result, the Board confirmed that a self-evaluation shall be conducted in FY2023, and a third-party evaluation shall be conducted once every three years.</p> <p>A questionnaire prepared in consultation with the Chairperson of the Board of Directors and others, was distributed to all 10 Directors and responses were retrieved.</p> <p>The Directors discussed the effectiveness of the Board of Directors based on an analysis of the questionnaire results.</p> <p>Following the discussions in February, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for FY2023.</p> |
|--|---|

##### (2) Questionnaire items

The questionnaire uses a five-grade evaluation for the questions below (1. Strongly agree, 2. Agree, 3. Neither agree nor disagree, 4. Disagree, 5. Totally disagree) and provides a free comment space where needed.

- Scale and composition of the Board of Directors
- Status of operations of the Board of Directors
- Composition, roles and status of operations of each of the Nomination Committee, Audit Committee, Remuneration Committee, and Sustainability Committee
- Support system for Outside Directors
- Relationship with investors and shareholders



- Other matters concerning the Board of Directors in general, etc.

## **2. Evaluation of the status of initiatives concerning the issues for FY2023 based on the FY2022 evaluation**

There was an evaluation of initiatives concerning the following matters taken by the Board of Directors in FY2023, based on the results of evaluating the effectiveness of the Board of Directors for FY2022. It was confirmed that “certain measures were taken and improvements have been made” in general, though “measures were not taken sufficiently” on certain matters.

- (1) Matters pertaining to the operation of the Nomination Committee, Audit Committee and Remuneration Committee
  - In the evaluation process, it was pointed that while the details of in-depth discussions by each committee need to be shared more with the Board of Directors as a whole, for matters discussed by the Nomination Committee and the Remuneration Committee in particular, the presence of stakeholders (mainly internal Directors) at meetings of the Board of Directors also needs to be taken into account. Accordingly, the frequency of Outside Directors’ informal meetings, where discussions take place only among Outside Directors, was increased.
  - While certain measures have been taken as mentioned above, the evaluation regarding a question whether communication between the Nomination Committee Members and Directors who are not Committee Members is sufficient suggested that there was not enough communication. On the other hand, there was also an opinion, “Excessive requests for sufficient communication may step into a discussion at the Nomination Committee, which must be avoided from the perspective of independence of the Committee.”
- (2) Matters pertaining to supervision of growth strategies by the Board of Directors
  - When formulating the next Medium-Term Management Strategy, the details of measures including growth strategies, such as the next Medium-term Management Strategy, Group-wide strategy, individual business strategy, R&D and intellectual property strategy, business restructuring, and investment, were explained by the execution side at briefing for Directors, and discussed from a multilateral perspective.
  - There were opinions concerning operational issues of briefings for Directors stating, “Since materials are distributed right before the meeting, it is impossible to secure time to review them,” and “I hope there is an opportunity for discussion, based on input from a briefing for Directors.” However, the evaluation of the responses themselves was favorable in general.
- (3) Matters pertaining to the establishment of the Sustainability Committee
  - The Sustainability Committee was established under the Board of Directors on June 28, 2022. The Committee considers monitoring methods and issues related to sustainability management and others as matters at the request of the Board of Directors for advice.
  - The evaluation of the Committee’s role and the direction of discussion, etc. was favorable in general. However, the number and composition of the Committee was evaluated to be not necessarily appropriate, as seen in opinions stating, “The Committee should be downsized as a level of other Committees” and “The Committee seems to be slightly oversized.” It is confirmed that this issue will be solved if the number and the composition of the Committee members is adjusted as was announced in “Notice Regarding Changes of Directors” on March 29, 2023.

## **3. Summary of FY2023 evaluation results**

As a result of deliberations by the Board of Directors, it was confirmed that the effectiveness of the Board of Directors was secured in FY2023. The results of the questionnaire and a summary of Board of Directors’ deliberations on the issues identified as challenges based on the result of the evaluation, are as follows.

- (1) Matters pertaining to the medium- to long-term competitive advantage of the Company
  - According to the questionnaire respondents, the discussion at the Board of Directors on “Developments of technology and innovation, and medium- to long-term competitive advantage” and “Establishment of competitive advantage with the use of data and digital technology” was evaluated to be not necessarily sufficient. The evaluation also suggested that the Company’s long-term competitive advantage (e.g., in business strategies, qualification of management, and corporate governance system) is not fully conveyed to the capital market.

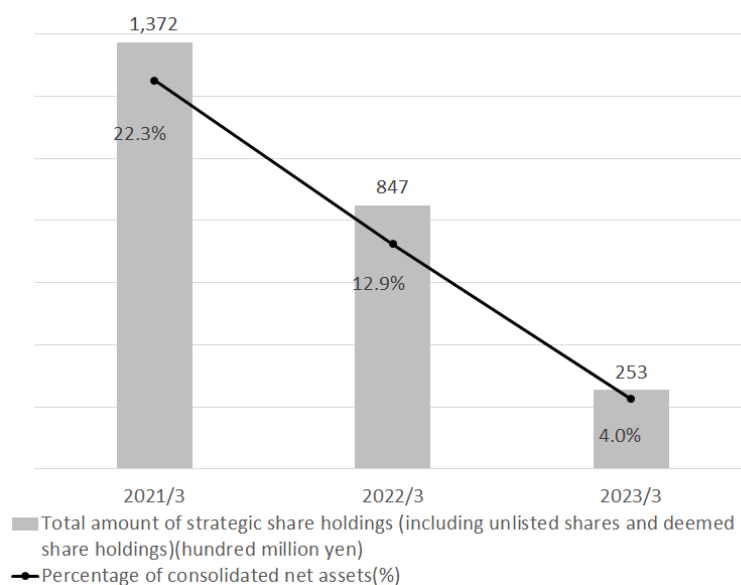
- In the discussion by Directors, there were opinions stating, “Explanation by the executive side must be provided with an awareness of where the Company is positioned relative to where competitors are,” and “What the executive side explains is too technical for us to understand what desired effects are and where the Company is headed.”
  - Following the outcome mentioned above, the Board of Directors will examine “what” to be discussed “in what forum (method)” at the Board of Directors and other bodies in order to increase the Group’s medium- to long-term competitive advantage. In addition, the Board will consider “what kind of” medium- to long-term competitive advantage of the Group should be conveyed to the capital market “in what forum (method)”.
- (2) Matters pertaining to sharing of information between the Nomination Committee and other Directors
- A summary of the questionnaire results is described in 2. (1) Matters pertaining to the operation of the Nomination Committee, Audit Committee and Remuneration Committee.
  - In the discussion by Directors, there was an opinion stating, “On the matters that require an approval by the Board of Directors finally, including an agenda for the election and responsibilities of Executive Officers, it is necessary to improve the sharing of information to other Directors, and deepen a discussion at the Nomination Committee.”
  - Following the outcome mentioned above, the Nomination Committee will deepen a discussion at the Committee. In addition, the Board of Directors will further examine “what” information to be shared “in what forum (method)” between the Nomination Committee and other Directors.
- (3) Matters pertaining to the supervision of human resources strategy by the Board of Directors
- According to the questionnaire respondents, “Discussion at the Board of Directors on the promotion of internal diversity” and “Discussion at the Nomination Committee on the succession plan for Executive Offices” were evaluated to be insufficient.
  - In the discussion by Directors, there were opinions stating, “Development of global human resources must also be regarded as a matter to be addressed,” and “It is difficult to see the progress of diversity promotion of individual business divisions, and the Corporate division seems to have no authority to manage and supervise it.”
  - Following the outcome mentioned above, the Board of Directors will further examine “what” to be discussed “in what forum (method)” regarding diversity promotion and development of global human resources, etc. Regarding a succession plan for Executive Officers, we will examine how discussions should be deepened at the Nomination Committee.
- (4) Others
- According to the questionnaire result, the evaluation of “Sufficient time and information to prepare for a discussion at the Board of Directors” was low. We have worked to improve this matter continuously and will keep making continuous efforts toward the future.
  - According to the questionnaire results, many Outside Directors expressed hope for on-site visits. In light of the pandemic of COVID-19, the Company organized on-site visits mainly by newly appointed Outside Directors in FY2023. In FY2024, the Company will plan to restart on-site visits by all Outside Directors.

The Board of Directors will keep making efforts to improve the effectiveness toward future.

<Status of reduction of strategic shareholdings>

The Company's basic policy on shares acquired for purposes other than pure investment (strategic share holdings) is not to acquire or hold strategic shareholdings unless necessary for the purpose of its business strategy.

In FY2023, out of all of the Strategic Share Holdings (Listed shares held by the Company at the beginning of fiscal year: Shares issued by 12 issuing companies (Excluding 18 issues transferred to Mitsubishi UBE Cement Corporation on April 1, 2022)), the Company sold all or part of the shares issued by 8 issuing companies. The sales price was approximately ¥23.7 billion (at market value) in total. As a result of the sales, as of the end of March 2023, the amount of strategic shareholdings on the balance sheet was ¥14.9 billion for listed shares, ¥2.3 billion for unlisted shares, and ¥7.9 billion for deemed share holdings of equity securities, totaling 4.0% of the Company's consolidated net assets as of March 31, 2023.



## Consolidated Balance Sheet

[As of March 31, 2023]

(Million yen)

Item	Amount	Item	Amount
<b>[Assets]</b>		<b>[Liabilities]</b>	
<b>Current assets</b>	<b>1,116,040</b>	<b>Current liabilities</b>	<b>818,361</b>
Cash and deposits	142,126	Notes and accounts payable - trade	85,211
Notes receivable - trade	30,301	Short-term borrowings	146,972
Accounts receivable - trade	158,197	Commercial papers	25,000
Merchandise and finished goods	120,135	Income taxes payable	4,638
Work in process	127,368	Provision for bonuses	11,193
Raw materials and supplies	130,171	Provision for loss on disposal of inventories	1,348
Leased gold bullion	234,896	Provision for product compensation	58
Gold bullion in custody	97,103	Deposited gold bullion	439,204
Other	76,317	Other	104,734
Allowance for doubtful accounts	(578)	<b>Non-current liabilities</b>	<b>444,558</b>
<b>Non-current assets</b>	<b>775,754</b>	Bonds payable	70,000
<b>Property, plant and equipment</b>	<b>426,214</b>	Long-term borrowings	291,589
Buildings and structures, net	121,664	Deferred tax liabilities	4,381
Machinery, equipment and vehicles, net	148,099	Deferred tax liabilities for land revaluation	7,577
Land, net	87,904	Provision for loss on business of subsidiaries and affiliates	73
Construction in progress	37,671	Provision for environmental measures	14,388
Other, net	30,874	Provision for directors' retirement benefits	571
<b>Intangible assets</b>	<b>28,769</b>	Provision for share based compensation plan	458
Goodwill	9,224	Retirement benefit liability	24,350
Other	19,545	Other	31,168
<b>Investments and other assets</b>	<b>320,770</b>	<b>Total liabilities</b>	<b>1,262,919</b>
Investment securities	256,544	<b>[Net assets]</b>	
Retirement benefit asset	7,761	<b>Shareholders' equity</b>	<b>537,345</b>
Deferred tax assets	25,415	<b>Share capital</b>	<b>119,457</b>
Other	36,351	<b>Capital surplus</b>	<b>81,917</b>
Allowance for doubtful accounts	(5,302)	<b>Retained earnings</b>	<b>338,867</b>
		<b>Treasury shares</b>	<b>(2,897)</b>
		<b>Accumulated other comprehensive income</b>	<b>55,978</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>4,193</b>
		<b>Deferred gains or losses on hedges</b>	<b>1,631</b>
		<b>Revaluation reserve for land</b>	<b>16,702</b>
		<b>Foreign currency translation adjustment</b>	<b>33,786</b>
		<b>Remeasurements of defined benefit plans</b>	<b>(335)</b>
		<b>Non-controlling interests</b>	<b>35,550</b>
		<b>Total net assets</b>	<b>628,875</b>
<b>Total assets</b>	<b>1,891,795</b>	<b>Total liabilities and net assets</b>	<b>1,891,795</b>

Note. Amounts are rounded down to the nearest million yen.

## Consolidated Profit and Loss Statement

[For the year ended March 31, 2023]

(Million yen)

Item	Amount
<b>Net sales</b>	<b>1,625,933</b>
<b>Cost of sales</b>	<b>1,449,162</b>
<b>Gross profit</b>	<b>176,771</b>
Selling, general and administrative expenses	126,695
<b>Operating profit</b>	<b>50,076</b>
<b>Non-operating income</b>	<b>18,270</b>
Interest income	1,676
Dividend income	9,274
Rental income from non-current assets	4,210
Other	3,110
<b>Non-operating expenses</b>	<b>43,041</b>
Interest expenses	6,014
Share of loss of entities accounted for using equity method	21,924
Expense for the maintenance and management of abandoned mines	4,492
Rental expenses on non-current assets	2,879
Loss on retirement of non-current assets	1,820
Other	5,910
<b>Ordinary profit</b>	<b>25,306</b>
<b>Extraordinary income</b>	<b>33,511</b>
Gain on sales of investment securities	11,542
Gain on change in equity	11,007
Gain on sales of non-current assets	10,340
Other	621
<b>Extraordinary losses</b>	<b>44,046</b>
Loss on business restructuring	31,103
Loss on sales of investment securities	4,166
Impairment loss	2,522
Other	6,253
<b>Profit before income taxes</b>	<b>14,771</b>
Income taxes - current	10,160
Income taxes - deferred	(20,965)
Profit	25,576
Profit attributable to non-controlling interests	5,245
<b>Profit attributable to owners of parent</b>	<b>20,330</b>

Note. Amounts are rounded down to the nearest million yen.

## **Statement of Changes in Consolidated Shareholders' Equity**

[For the year ended March 31, 2023]

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	119,457	79,407	328,864	(2,892)	524,837
Changes during period					
Cash dividends			(9,818)		(9,818)
Profit attributable to owners of parent			20,330		20,330
Reversal of revaluation reserve for land			(508)		(508)
Purchase of treasury shares				(112)	(112)
Disposal of treasury shares		(0)		99	99
Decrease of treasury shares by decreasing of entity accounted for using equity method				7	7
Changes in ownership interest of parent due to transaction with non-controlling interests		2,510			2,510
Net changes in items other than shareholders' equity					
Total changes during period	—	2,509	10,003	(5)	12,507
Balance at end of period	119,457	81,917	338,867	(2,897)	537,345

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefits plans	Total accumulated other comprehensive income		
Balance at beginning of period	26,110	(5,328)	26,369	18,832	(6,003)	59,979	70,935	655,752
Changes during period								
Cash dividends								(9,818)
Profit attributable to owners of parent								20,330
Reversal of revaluation reserve for land								(508)
Purchase of treasury shares								(112)
Disposal of treasury shares								99
Decrease of treasury shares by decreasing of entity accounted for using equity method								7
Changes in ownership interest of parent due to transaction with non-controlling interests								2,510
Net changes in items other than shareholders' equity	(21,917)	6,960	(9,667)	14,954	5,668	(4,000)	(35,384)	(39,385)
Total changes during period	(21,917)	6,960	(9,667)	14,954	5,668	(4,000)	(35,384)	(26,877)
Balance at end of period	4,193	1,631	16,702	33,786	(335)	55,978	35,550	628,875

Note. Amounts are rounded down to the nearest million yen.

**Balance Sheet**  
[As of March 31, 2023]

(Million yen)

Item	Amount	Item	Amount
<b>[Assets]</b>		<b>[Liabilities]</b>	
<b>Current assets</b>	<b>871,209</b>	<b>Current liabilities</b>	<b>740,559</b>
Cash and deposits	54,483	Notes payable - trade	1,147
Notes receivable - trade	15,389	Accounts payable - trade	52,937
Accounts receivable - trade	119,897	Short-term borrowings	142,209
Merchandise and finished goods	72,169	Commercial papers	25,000
Work in process	92,694	Lease obligations	249
Raw materials and supplies	82,551	Accounts payable-other	13,994
Advance payments	20,976	Accrued expenses	27,545
Prepaid expenses	1,873	Corporate taxes payable	155
Short-term loans receivable	30,612	Contract liabilities	8,044
Accounts receivable - other	29,006	Unearned revenue	245
Leased gold bullion	234,896	Provision for bonuses	5,656
Deposited gold bullion	97,103	Deposits received from employees	7,101
Other	19,671	Notes payable-facilities	207
Allowance for doubtful accounts	(118)	Accounts payable - facilities	12,852
<b>Non-current assets</b>	<b>600,478</b>	Deposited gold bullion	439,204
<b>Property, plant and equipment</b>	<b>219,777</b>	Other	4,007
Buildings	50,296	<b>Non-current liabilities</b>	<b>347,846</b>
Structures	22,632	Bonds payable	70,000
Machinery and equipment	63,118	Long-term borrowings	235,812
Vessels	3	Lease obligations	523
Vehicles	242	Deferred tax liabilities for land revaluation	7,577
Tools, furniture and fixtures	4,001	Provision for retirement benefits	10,834
Land	67,687	Provision for environmental measures	14,388
Leased assets	738	Provision for share awards	458
Construction in progress	9,990	Asset retirement obligations	143
Trees	1,067	Guarantee deposits received	4,051
<b>Intangible assets</b>	<b>10,457</b>	Other	4,058
Mining right	0	<b>Total liabilities</b>	<b>1,088,406</b>
Software	6,097	<b>[Net assets]</b>	
Software in progress	4,276	<b>Shareholders' equity</b>	<b>374,132</b>
Other	83	<b>Share capital</b>	<b>119,457</b>
<b>Investments and other assets</b>	<b>370,244</b>	<b>Capital surplus</b>	<b>112,996</b>
Investment securities	17,375	Legal capital surplus	85,654
Shares of subsidiaries and associates	313,595	Other capital surplus	27,342
Bonds of subsidiaries and associates	4	<b>Retained earnings</b>	<b>144,576</b>
Investments in capital	223	Other retained earnings	144,576
Investments in capital of subsidiaries and Associates	3,621	Retained earnings brought forward	144,576
Long-term loans receivable	0	<b>Treasury shares</b>	<b>(2,897)</b>
Long-term loans receivable from subsidiaries and associates	17,007	<b>Valuation and translation adjustments</b>	<b>9,148</b>
Prepaid pension costs	7,660	<b>Valuation difference on available-for-sale Securities</b>	<b>1,578</b>
Deferred tax assets	10,599	<b>Deferred gains or losses on hedges</b>	<b>1,180</b>
Other	4,634	<b>Revaluation reserve for land</b>	<b>6,389</b>
Allowance for doubtful accounts	(4,480)	<b>Total net assets</b>	<b>383,281</b>
<b>Total assets</b>	<b>1,471,687</b>	<b>Total liabilities and net assets</b>	<b>1,471,687</b>

Note. Amounts are rounded down to the nearest million yen.

**Profit and Loss Statement**  
[For the year ended March 31, 2023]

(Million yen)

Item	Amount
<b>Net sales</b>	<b>1,180,998</b>
<b>Cost of sales</b>	<b>1,116,683</b>
<b>Gross profit</b>	<b>64,315</b>
Selling, general and administrative expenses	60,055
<b>Operating profit</b>	<b>4,259</b>
<b>Non-operating income</b>	<b>35,871</b>
Interest income	879
Dividend income	27,664
Rental income from non-current assets	4,010
Other	3,316
<b>Non-operating expenses</b>	<b>15,984</b>
Interest expenses	3,022
Expense for the maintenance and management of abandoned mines	4,162
Rental expenses on non-current assets	2,852
Loss on retirement of non-current assets	2,069
Other	3,877
<b>Ordinary profit</b>	<b>24,146</b>
<b>Extraordinary income</b>	<b>12,838</b>
Gain on sales of investment securities	11,056
Gain on sale of shares of subsidiaries and associates	588
Other	1,194
<b>Extraordinary losses</b>	<b>42,085</b>
Loss on business restructuring	36,375
Impairment losses	1,489
Other	4,220
<b>Loss before income taxes</b>	<b>(5,100)</b>
Income taxes - current	(8,620)
Income taxes - deferred	(16,856)
<b>Profit</b>	<b>20,376</b>

Note. Amounts are rounded down to the nearest million yen.



**Statement of Changes in Shareholders' Equity**  
**[For the year ended March 31, 2023]**

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total Shareholders' equity
		Legal capital reserves	Other capital surplus	Total Capital surplus	Other retained earnings	Total Retained earnings		
					Retained earnings bought forward			
Balance at beginning of period	119,457	85,654	27,342	112,997	134,390	134,390	(2,885)	363,959
Changes during the period								
Cash dividends					(9,818)	(9,818)		(9,818)
Profit					20,376	20,376		20,376
Reversal of revaluation reserve for land					(371)	(371)		(371)
Purchase of treasury shares							(112)	(112)
Disposal of treasury shares			(0)	(0)			99	99
Net changes in item other than shareholders' equity								
Total changes during period	—	—	(0)	(0)	10,186	10,186	(12)	10,173
Balance at end of period	119,457	85,654	27,342	112,996	144,576	144,576	(2,897)	374,132

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	25,790	(1,340)	25,608	50,057	414,016
Changes during period					
Cash dividends					(9,818)
Profit					20,376
Reversal of revaluation reserve for land					(371)
Purchase of treasury shares					(112)
Disposal of treasury shares					99
Net changes in item other than shareholders' equity	(24,212)	2,521	(19,218)	(40,908)	(40,908)
Total changes during period	(24,212)	2,521	(19,218)	(40,908)	(30,735)
Balance at end of period	1,578	1,180	6,389	9,148	383,281

Note. Amounts are rounded down to the nearest million yen.