

[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, 2023, through March 31, 2024)

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

(1) Business Developments and Outcomes

【Regarding the performance of Mitsubishi Materials Group (“the Company” or “the Group”), consolidated operating profit decreased due to sluggish demand in relation to the automobile and semiconductor industries, as well as increased raw material and energy costs. Consolidated ordinary profit grew due to an increase in dividend income from mines and equity-method investment profit.】

During the consolidated fiscal year under review, the global economy generally showed a moderate recovery trend; however, the momentum of economic recovery slowed down mainly in China and Europe due to continued elevated prices and monetary tightening in each country to suppress them.

The economy in Japan was on a moderate recovery trend amid a recovery in inbound demand and a pick-up in consumer spending.

As for the business environment surrounding the Group, the recovery trend in automobile production continued, and while demand for automotive-related products picked up in the second half of the fiscal year under review, demand for semiconductor-related products remained weak due to the sluggish semiconductor market. In addition to these factors, there were impacts such as a significant decline in palladium prices and an increase in raw materials and energy costs, while there were effects of the yen's depreciation.

Under these circumstances, the Group has implemented various measures to enhance corporate value based on the Medium-term Management Strategy, which covers the period from the fiscal year ended March 2024 to the fiscal year ending March 2031.

As a result, in the consolidated fiscal year under review, consolidated net sales were ¥1,540,642 million (down 5.2% year-on-year) and operating profit was ¥23,276 million (down 53.5% year-on-year). Consolidated ordinary profit came to ¥54,102 million (up 113.8% year-on-year), mainly due to an increase in dividend income from mines and the recording of an equity-method investment profit. As a result, profit attributable to owners of parent was ¥29,793 million (up 46.5% year-on-year).

On a non-consolidated basis, the Company posted net sales of ¥1,188,036 million (up 0.6% from the previous fiscal year), an operating profit of ¥-9,233 million (¥4,259 million for previous year), an ordinary profit of ¥19,621 million (down 18.7% year-on-year), and profit of ¥15,162 million (down 25.6% year-on-year).

The Company pays dividends based on the resolutions of the Board of Directors in accordance with its Articles of Incorporation. In addition, the Company recognizes that returning profits to shareholders is one of the most important objectives of its management. As for the dividends during the Medium-term Management Strategy FY2031, in Phase1, from the fiscal year ended March 2024 to the fiscal year ending March 2026, the dividend payout ratio will be 30%, and in Phase2 from the fiscal year ending March 2027 to the fiscal year ending March 2031, we will further enhance shareholder returns. With regard to the acquisition of treasury stock, we will continue to consider flexibly taking into account the status of cash flow, stock price, and financial discipline such as the net D/E ratio.

Based on this policy, the Company declared a year-end dividend of ¥47 by resolution of the Board of Directors held on May 14, 2024, which, together with the interim dividend of ¥47

resulted in a dividend of ¥94 per share (¥50 for the previous fiscal year) for the current fiscal year.

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

* Based on the Medium-term Management Strategy, in accordance with the reorganization implemented on April 1, 2023, which was conducted to strengthen the Resource Recycling business and the Renewable Energy business, the Company has changed its reporting segmentation from the "Environment & Energy business" to "Metals business," "Renewable Energy business," and "Other businesses." With regard to comparison with the previous fiscal year, the figures for the previous fiscal year have been reclassified to the new categories.

●Metals Business

【Operating profit decreased due to a significant decline in palladium prices, deteriorating market conditions, and the shift to contract smelting at PT. Smelting. Ordinary profit increased due to an grew in dividends received etc.】

The Metals business was affected by a sharp decline in palladium prices and worsening market conditions for key products such as electrolytic copper and sulfuric acid. In addition, there was an impact of PT. Smelting's shift to contract smelting from January 2023.

As a result, net sales and operating profit as a whole decreased compared with the previous fiscal year. Ordinary profit increased mainly due to an increase in dividend income from Los Pelambres Copper Mine.

As a result, net sales for the entire Metals business amounted to ¥1,038,025 million, down 4.7% year-on-year. Operating profit decreased 65.1% year-on-year to ¥9,867 million and ordinary profit rose by 3.8% year-on-year to ¥31,046 million.

●Advanced Products Business

Operating profit fell due to a decrease in sales mainly of automotive products in the Copper & Copper Alloy business and a drop in sales of semiconductor-related products in the Electronic Materials & Components business. Ordinary profit was down due to a decrease in operating profit.

For the Advanced Products business, in the Copper & Copper Alloy business, sales of automotive products decreased, while there were impacts of the price revisions and the depreciation of the yen. In the Electronic Materials & Components business, sales of semiconductor-related products dropped due to deteriorating semiconductor market conditions, and there was an impact of the transfer of the polycrystalline silicon business in March 2023.

As a result, net sales and operating profit decreased compared with the previous fiscal year. Ordinary profit declined due to a decrease in operating profit, an increase in interest expense, and a decrease in equity-method investment profit.

As a result, net sales for the entire Advanced Products business amounted to ¥488,712 million, decreased by 7.2% year-on-year. Operating profit decreased by 50.0% year-on-year to ¥4,088 million and ordinary profit fell 74.7% year-on-year to ¥1,818 million.

●Metalworking Solutions Business

Operating profit decreased due to reduced sales in Japan and other Asian regions. Ordinary profit fell due to a decline in operating profit.

In the Metalworking Solutions business, sales of cemented carbide products, one of our main products, decreased in Japan and the Asian region, despite the impact of the depreciation of the yen and price increases.

As a result, net sales and operating profit as a whole decreased compared with the previous fiscal year. Ordinary profit fell due to a decrease in operating profit.

As a result, net sales for the entire Metalworking Solutions business amounted to ¥140,034 million, down 1.1% year-on-year. Operating profit decreased 23.4% year-on-year to ¥10,802

million, and ordinary profit was down 15.5% year-on-year to ¥12,272 million.

●Renewable Energy Business

Operating profit increased due to the start of commercial operation of the Komatagawa New Power Plant, etc. Ordinary profit dropped owing to a decrease in equity in earnings of affiliates.

In the Renewable Energy business, in addition to the commercial operation of the Komatagawa New Power Plant (hydroelectric power generation) in December 2022, unit sales prices at the Onuma Geothermal Power Plant increased.

As a result, net sales and operating profit as a whole increased compared with the previous fiscal year. Ordinary profit fell due to a decrease in equity-method investment profit.

As a result, net sales for the entire Environment & Energy business amounted to ¥4,644 million, up 33.6% year-on-year. Operating profit increased 271.3% year-on-year to ¥834 million and ordinary profit grew 13.5% year-on-year to ¥857 million.

●Other Businesses

Operating profit decreased due to deterioration in semiconductor market conditions. Ordinary profit was up due to the recording of equity-method investment profit from Mitsubishi UBE Cement Corporation

In the Other businesses, net sales and operating profit decreased in total from the previous fiscal year due to a deterioration in semiconductor market conditions. Ordinary profit rose due to the recording of equity-method investment profit related to Mitsubishi UBE Cement Corporation (an equity-method investment loss was recorded in the previous fiscal year) due to price increase effects, etc.

As a result, net sales for these businesses amounted to ¥160.6 billion, down 5.9% year-on-year. Operating profit decreased 13.1% year-on-year to ¥7,826 million and ordinary profit was ¥-22,131 million (ordinary profit of ¥-15,950 million for the previous fiscal year).

Net sales, operating profit (loss), and ordinary profit (loss) on a consolidated basis by business segment for the fiscal year ended March 2024 are as follows:

Business Segments	Item	The 98th Fiscal Year (From April 1, 2022 to March 31, 2023)		The 99th Fiscal Year (From April 1, 2023 to March 31, 2024)		YoY Change (%)
		Amount (Millions of yen)	Percentage of Total (%)	Amount (Millions of yen)	Percentage of Total (%)	
Metals	Net sales	1,089,337	67.0	1,038,025	67.4	(4.7)
	Operating profit	28,244	56.4	9,867	42.4	(65.1)
	Ordinary profit	29,901	118.2	31,046	57.4	3.8
Advanced Products	Net sales	526,363	32.4	488,712	31.7	(7.2)
	Operating profit	8,170	16.3	4,088	17.6	(50.0)
	Ordinary profit	7,177	28.4	1,818	3.4	(74.7)
Metalworking Solutions	Net sales	141,624	8.7	140,034	9.1	(1.1)
	Operating profit	14,102	28.2	10,802	46.4	(23.4)
	Ordinary profit	14,520	57.4	12,272	22.7	(15.5)
Renewable Energy	Net sales	3,475	0.2	4,644	0.3	33.6
	Operating profit	224	0.4	834	3.6	271.3
	Ordinary profit	991	3.9	857	1.6	(13.5)
Other	Net sales	170,628	10.5	160,600	10.4	(5.9)
	Operating profit	9,010	18.0	7,826	33.6	(13.1)
	Ordinary profit	(15,950)	(63.0)	22,131	40.9	—
Elimination and corporate ^{*Note 1}	Net sales	(305,495)	(18.8)	(291,374)	(18.9)	(4.6)
	Operating profit	(9,676)	(19.3)	(10,142)	(43.6)	4.8
	Ordinary profit	(11,333)	(44.8)	(14,023)	(25.9)	23.7
Total	Net sales	1,625,933	100.0	1,540,642	100.0	(5.2)
	Operating profit	50,076	100.0	23,276	100.0	(53.5)
	Ordinary profit	25,306	100.0	54,102	100.0	113.8

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

(2) Status of Financing of the Group

The main financing of the Company for the fiscal year under review was through the issuance of common bonds (¥20,000 million), the issuance of commercial paper and bank loans.

The balance of interest-bearing debt at the end of the fiscal year under review increased ¥69,602 million from the end of the previous fiscal year to ¥603,164 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 the fiscal year ended March 2024 was ¥87,874 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 the fiscal year ended March 2024 are as follows:

- **Metals Business**

In addition to the maintenance and repair of existing facilities in this business in general, the Company strengthened its production facilities.

Capital expenditures in this business segment amounted to ¥48,724 million.

- **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 ¥21,540 million.

- **Metalworking Solutions Business**

The Group carried out expansion and optimization work on its facilities, as well as maintenance and repair work on existing facilities.

Capital expenditures in this business segment amounted to ¥11,619 million.

- **Renewable Energy Business**

In the Environment & Energy Business, the Company conducted maintenance and repair work on existing facilities.

Capital expenditures in this business segment amounted to ¥855 million.

- **Other Businesses**

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

Capital expenditures in the Other businesses segment amounted to ¥5,133 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 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)	The 99th Fiscal Year (From April 1, 2023 to March 31, 2024)
Net sales	(Millions of yen)	1,485,121	1,811,759	1,625,933	1,540,642
Operating profit	(Millions of yen)	26,567	52,708	50,076	23,276
Ordinary profit	(Millions of yen)	44,527	76,080	25,306	54,102
Profit attributable to parent shareholders	(Millions of yen)	24,407	45,015	20,330	29,793
Profit per share	(Yen)	186.71	344.56	155.60	228.07
Net assets	(Millions of yen)	614,394	655,752	628,875	685,623
Net assets per share	(Yen)	4,173.14	4,476.52	4,541.96	5,003.75
Total assets	(Millions of yen)	2,035,546	2,125,032	1,891,795	2,167,628

Note. The Company has adopted “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 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)	The 99th Fiscal Year (From April 1, 2023 to March 31, 2024)
Net sales	(Millions of yen)	868,053	1,144,592	1,180,998	1,188,036
Operating profit (loss)	(Millions of yen)	(4,822)	6,668	4,259	(9,233)
Ordinary profit	(Millions of yen)	15,199	25,687	24,146	19,621
Profit	(Millions of yen)	21,260	29,797	20,376	15,162
Profit per share	(Yen)	162.64	228.07	155.95	116.07
Net assets	(Millions of yen)	413,096	414,016	383,281	393,172
Net assets per share	(Yen)	3,161.73	3,169.06	2,934.06	3,009.81
Total assets	(Millions of yen)	1,490,704	1,573,837	1,471,687	1,660,409

Note. The Company has adopted “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

< Medium-term Management Strategy FY2031 >

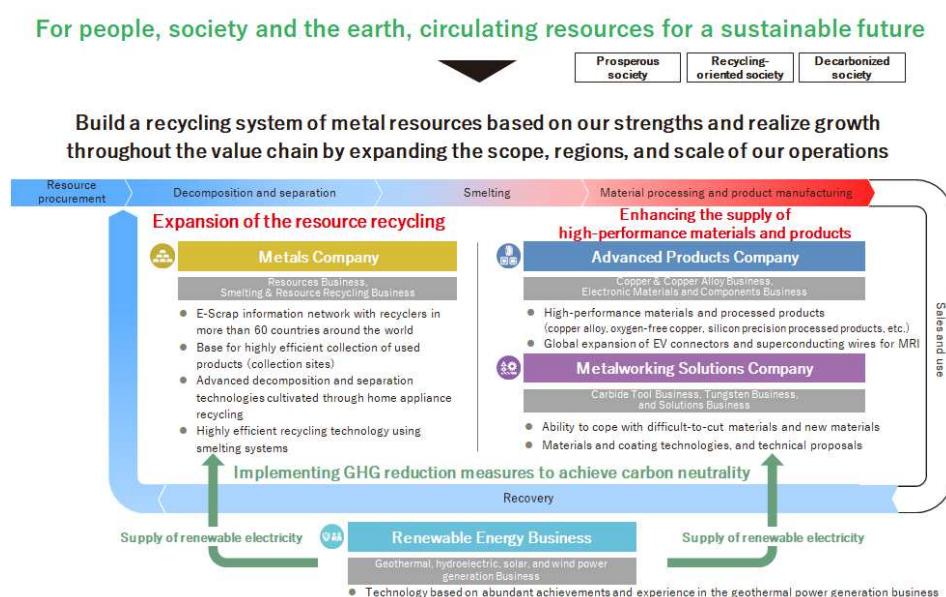
Although the global economy is expected to remain on a generally recovering trend, the outlook for and geopolitical risks in the Middle East and elsewhere need to be closely monitored. As for the Japanese economy, while a gradual recovery trend is expected to continue, there is a risk of being affected by overseas economic conditions. In the business environment surrounding the Group, demand for automotive-related products is expected to remain generally strong and demand for semiconductor-related products is expected to recover; however, there remains uncertainty about demand trends. In addition, there are concerns that large fluctuations in metal prices and foreign exchange rates will affect the Group's business.

Against this backdrop, the Group will implement various measures based on the Medium-term Management Strategy, which covers the period of the fiscal year ended March 2024 to the fiscal year ending March 2031, in order to increase corporate value. Based on its corporate philosophy of “For People, Society and the Earth,” we at the Group have set out our vision of “Circulating resources for a sustainable future” and our mission of “Create a sustainable future (a prosperous, recycling-oriented and decarbonized society).” “The Group will strive to enhance its corporate value through the FY2031 Strategy. An 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.



(b) Strategic roadmap

The FY2031 Strategy will be divided into two phases, Phase 1 from the fiscal year ended 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 Our Commitment. In Phase 1, the Company will work improve 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 aim for a dividend 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 time 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 the fiscal year ending March 2026 and approximately 19% in the fiscal year ending March 2031.

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

*Note. 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"> ● Improve the recycling rate of wrought copper products and establish a scrap platform base ● Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare, and environment) ● 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
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	Electronic Materials & Components Business	<ul style="list-style-type: none"> ● Highly capital-efficient management through continual restructuring of the business portfolio ● Strategic investment in focused products in growth areas ● Developing and securing human resources for the creation of new businesses and the promotion of business alliances ● Enhancing manufacturing capabilities and DX to enhance production sophistication and profitability ● Providing business and social value (SDGs) for carbon neutrality
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• 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><Carbide tools business></p> <ul style="list-style-type: none"> ● Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology <p><Tungsten business></p> <ul style="list-style-type: none"> ● Expansion of business scale for rechargeable batteries in addition to carbide tools, etc. ● Strengthening environmental responsiveness <p><Solution business></p> <p>Commercialization of solution sales to manufacturing sites</p>
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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	<ul style="list-style-type: none"> ● Consolidate the renewable energy business in the Strategic Headquarters as a company-wide effort to expand the business from a long-term perspective ● New development at one location every three years to expand geothermal business ● New entrants into wind power generation where power generation costs are expected to decline in the future ● Further development of new biogas plants
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1.4) Carbon neutral (*Note 1)

The Group aims 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 45% in the fiscal year ending March 2031 (compared with the fiscal year ended March 2021) and to achieve carbon neutrality by the fiscal year ending March 2046. The Group also aims to reduce the emissions of category 1, 3, and 15 (*Note 2) in Scope 3, which are the emissions from other companies relating to the business activities other than Scope 1 and Scope 2, by at least 22% in the fiscal year ending March 2031 (compared with the fiscal year ended March 2021). Furthermore, the Company aims to achieve 100% self-sufficiency in electricity derived from renewable energy sources by the fiscal year ending March 2051.

*Note 1 The greenhouse gas emission reduction targets were revised in July 2023, and the figures are based on the revised targets.

*Note 2 These categories account for more than 80% of the Group's Scope 3 emissions.

Category 1 : Purchased goods and services

Category 3 : Fuel and energy-related activities not included in Scopes 1 and 2

Category 15 : Investments

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">● Establishing each factory vision based on FY2031 Strategy, evaluating plant capabilities, and pursuing problem-setting and resolution● "Differentiation of manufacturing capabilities" through bottom-up activities, enhancement of manufacturing infrastructure, and technological development and improvement
R&D strategy	<ul style="list-style-type: none">● Achieving sustainable enhancement of corporate value through the creation of new products, technologies, and businesses
Human resources strategy	<ul style="list-style-type: none">● Maximizing the value of human resources and creating an organization dedicated to winning● Building a foundation for co-creation and growth
DX strategy	<ul style="list-style-type: none">● 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
IT strategy	<ul style="list-style-type: none">● To realize the MMC Group IT WAY, promote IT modernization to support business from the viewpoint of data utilization, work style, and security● Investing on a scale of ¥10 billion, IT cost in FY2031 is 1.0% or less of the sales

<Material Issues (Materiality)>

Based on the recognition that the sustainability of society as a whole will have a significant impact on the future of our corporate activities, we have identified material issues, which are important social issues that we aim to resolve through our corporate activities.

In formulating the FY2031 Strategy, we identified issues from various perspectives and organized material issues into two axes: importance to each stakeholder and importance in light of the Group's Our Commitment. Thereafter, we re-established the key themes for each material issue and the nature and objectives of initiatives for each key theme.

We at the Company review material issues and other matters every year to ensure that we can appropriately identify and respond to changes in the business environment and other factors in a timely and appropriate manner.

In this renewal, we decided to integrate "material issues" and "sustainability issues," which were previously organized and reviewed separately, into one. In addition, we added "strengthening information security," "geopolitical and geoeconomic risks," and "financial risk" as new material issues considering their growing importance in recent years.

● Strengthening information security

Information leakage due to cyber-attacks is a risk that could hinder the Group's competitiveness and business continuity. We will work to strengthen IT governance and prevent information leaks in order to establish a global standard IT infrastructure.

● Geopolitical and geoeconomic risks

International conflicts, wars and terrorism, economic sanctions and trade barriers, and policy changes in various countries can have a significant impact on our business. In order to expand our business globally, we will take initiatives related to reviewing our overseas investment strategy, formulating BCPs, and creating a stable overseas procurement portfolio, while taking account of

country risks.

● Financial Risks

Corporate finances can be significantly affected by corporate working capital funding, investment losses, market fluctuations, and credit risk. To ensure financial soundness, we will work toward strengthening cash management, monitoring the business and financial conditions of affiliated companies, and having appropriate pension asset management.

The materiality and key themes at the time of preparation of this report are as follows.

Materiality	Key themes
Promotion of resource circulation	Promotion of designing resource recycling through advanced recycling technology Developing and providing recyclable products
Strengthening measures to address global environmental issues	Strengthening initiatives to achieve carbon neutrality Biodiversity retention and reducing environmental impact Developing and promoting the use of renewable energy
Enhancement of human capital	Addressing labor shortages Strengthening talent retention and development Promotion of diversity, equity and inclusion Promotion of flexible working styles Respect for individuals and fundamental human rights
Activation of communication	Enhancement of engagement with stakeholders Improving customer satisfaction Promotion of dialogue and coexistence with local communities
Strengthening information security	Strengthening IT global governance Prevention of information leakage Strengthening IT asset management
Strengthening response to SCQ (*) issues 【Issues related to occupational safety and health, health management, compliance, environmental management, and quality management】	Prevention of occupational accidents Creating mentally and physically pleasant workplace Prevention of infectious diseases Reinforcing compliance Enhancing internal control through group governance Enhancement of corporate governance Preventing off-site leakages and eliminating violations of environmental laws Elimination of serious quality nonconformities
Enhancement of sustainable supply chain management	Diversifying procurement of raw materials Consideration of human rights in the supply chain
Deepening of DX	Business process innovation Operational enhancement Enhancement of customer contact points; reform of business model
Pursuit of value creation	Building and execution of new business creation processes Strengthening of manufacturing
Geopolitical and geoeconomic risks	Periodic review of investment strategies Collecting and sharing information on overseas risks and individual country risks from overseas bases Formulation and periodic review of reduction and prevention measures and BCPs for overseas operations Building a procurement portfolio of copper concentrates, E-Scrap, and other raw materials

Financial risks	Introduction and operation of the Group's optimal cash management system
	Grasping the market value of assets held and confirming the indication of impairment of fixed assets
	Monitoring of the management and financial condition of debt guarantee underwriting affiliates, etc.
	Investment allocation considering safety and profitability in pension asset management

*Safety & health (Safety & health come first), Compliance & environment (Compliance & environment to ensure fair activities), Quality (Quality of products and services provided to our "customers")

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, 2024)

The Group is mainly engaged in smelting and sales of copper, gold, silver, lead, tin, palladium, etc., environmental recycling, manufacturing and sales of copper semi& finished products, electronic materials and components, etc., manufacturing and sales of cemented carbide products, etc., and businesses related to renewable energy.

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

Business Segments	Major Products, etc.
Metals	Copper, gold, silver, lead, tin, sulfuric acid, palladium, home appliance recycling, etc.
Advanced Products ^{*Note}	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.
Renewable Energy ^{*Note}	Geothermal, hydroelectric, solar, and biogas power generation
Other ^{*Note}	Cement business, real estate management, forestry, engineering, etc.

Note. In accordance with the reorganization effective April 1, 2023, businesses previously under the jurisdiction of the “Environment and Energy business” were transferred to the “Metals business,” “Renewable Energy business,” and “Other businesses.”

(7) The Group's Major Plants and Business Offices (as of March 31, 2024)

1) The Company

Head Office	Marunouchi, 3-2-3, Chiyoda-ku, Tokyo	
Plants, etc.	Metals	Naoshima Smelter & Refinery (Kagawa), Ikuno Plant (Hyogo)
	Advanced Products	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)
	Other	Akita Refinery, Saitama Property Management Office, Energy Project & Technology Center (Saitama) ^{*Note 1} , Fuji-Oyama Plant (Shizuoka)
Branches	Osaka Regional Head Office	
R&D Centers	Innovation Center (Ibaraki)	
Overseas Offices ^{*Note 2}	Vancouver Office (Canada), London Office (United Kingdom)	

Note 1. Due to the organizational change on April 1, 2023, we have changed the management segment from the previous the “Environment & Energy business.”

Note 2. With the establishment and commencement of business of Mitsubishi Materials Chile SpA, the Chile office will be abolished.

2) Main Subsidiaries

Business Segments	Company Name ^{*Note 1}
Metals	PT. Smelting (Indonesia), Onahama Smelting & Refining Co., Ltd. (Fukushima) ^{* Note 2} , Materials Eco-Refining Co., Ltd. (Tokyo)
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)
Renewable Energy	Hachimantai Green Energy Co., Ltd. (Akita), New Energy Fujimino Co., Ltd.
Other ^{*Note 2,3}	Mitsubishi Materials Trading Corporation (Tokyo), Mitsubishi Materials Techno Corporation (Tokyo), Mitsubishi Materials (Shanghai) Corp. (China) ^{*Note 3}

Note 1. Figures in parentheses after “Company Name” in the table indicate the location of headquarters for domestic subsidiaries and the country of headquarters for overseas subsidiaries.

Note 2. As of July 1, 2023, Onahama Refining Co., Ltd. relocated its head office from Tokyo to Fukushima Prefecture.

Note 3. Effective April 1, 2024, this company's jurisdictional segment was changed from “Other business” to “Metalworking Solutions business.”

(8) Employees of the Group and the Company (as of March 31, 2024)

1) Employees of the Group (Consolidated)

Business Segments	Number of Employees(persons) ^{*Note 1}
Metals ^{*Note 2}	2,415(increased by 52)
Advanced Products	6,344(decreased by 156)
Metalworking Solutions	6,635(decreased by 92)
Renewable Energy ^{*Note 2}	113(increased by 11)
Other ^{*Note 2}	1,644(decreased by 29)
All Companies (Common) ^{*Note 3}	1,172(decreased by 39)
Total	18,323(decreased by 253)

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. As a result of the reorganization on April 1, 2023, the Company changed the reporting segment of the “Environment & Energy business” to the “Metals business,” “Renewable Energy business,” and “Other business.” Therefore, the changes in the number of employees by business segment are calculated by reclassifying the number of employees into the new classification at the end of the previous fiscal year.

Note 3. 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)
5,408	Decreased by 42	42.6	18.2

(9) Major Subsidiaries and Affiliates (as of March 31, 2024)

1) Major Subsidiaries

Company Name	Capital	Percentage of Ownership (including indirect ownership) (%)	Main Business Activities
PT. Smelting	\$326 million ^{*Note}	60.5	Production and sale of copper cathodes in Indonesia
MMC Hartmetall GmbH	€3 million ^{*Note}	100.0	Sales of cemented carbide tools
Onahama Smelting & Refining Co., Ltd.	¥6,999 million	100.0	Smelting on consignment of copper concentrate
Mitsubishi Materials U.S.A. Co., Ltd.	\$7 million ^{*Note}	100.0	Sales of cemented carbide tools
Materials Eco-Refining Co., Ltd.	¥400 million	100.0	Sales of contract smelting and scrap materials for non-ferrous metals
Mitsubishi Cable Industries, Ltd.	¥8,000 million	100.0	Production and sale of sealing products
Mitsubishi Materials Techno Corporation	¥1,042 million	100.0	Contracting for facility construction, civil engineering and construction, production and sale of industrial machinery
Mitsubishi Materials Trading Corporation	¥393 million	100.0	Sale of the Company's products and other non-ferrous metal products
MOLDINO Tool Engineering, Ltd.	¥1,455 million	100.0	Production and sales of cemented carbide tools
Luvata Oy	€160 million ^{*Note}	100.0	Business administration of subsidiaries that produce and sell processed copper products

Note. Paid-in capital is shown.

2) Major Affiliates

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

Note. Paid-in capital is shown.

(10) The Group's Major Lenders (as of March 31, 2024)

Lender	Borrowing Amount (Millions of yen)	Company Shares held by the Lender	
		Number of Shares Held (Thousand shares)	Percentage of Shareholding (%)*
MUFG Bank, Ltd.	113,275	—	—
Mizuho Bank, Ltd.	75,090	—	—
Development Bank of Japan Inc.	45,936	—	—
The Norinchukin Bank	37,232	—	—
The Hachijuni Bank, Ltd.	22,901	207	0.2

Note. Percentages of shareholding were calculated after deducting treasury shares (638,980 shares)

2. Matters Related to Shares (as of March 31, 2024)

(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: 110,454 (Up 8,070 from the previous fiscal year-end)

*This includes 79,279 shareholders with voting rights (Up 3,842 from the previous fiscal year-end).

(4) Major Shareholders

Name of shareholder	Number of shares held (Thousand shares)	Percentage of shareholding (%)*Note
The Master Trust Bank of Japan, Ltd. (Trust account)	22,982	17.6
Custody Bank of Japan, Ltd. (Trust account)	9,107	7.0
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	8,859	6.8
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,998	3.1
B N Y M A S A G T / C L T S N O N T R E A T Y J A S D E C	3,309	2.5
NORTHERN TRUST CO.(AVFC) RE NON TREATY CLIENTS ACCOUNT	3,213	2.5
Meiji Yasuda Life Insurance Company	3,101	2.4
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,442	1.9
NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	2,222	1.7
STATE STREET BANK AND TRUST COMPANY 505223	1,786	1.4

Note. Percentages of shareholding were calculated after deducting treasury shares (638,980 shares).

(5) Status of shares issued to the Company's directors during the fiscal year under review as compensation for the execution of their duties

	Type and number of shares* ^{Note 1}	Number of grantees* ^{Note 2}
Executive Officers	The Company's common stock 37,555 shares	4

Note 1. The Company adopts a system called the Board Incentive Plan (BIP) trust for directors' remuneration. Under this system, points are accumulated in accordance with the Executive Officer's position in each fiscal year, and shares of the Company's common stock equivalent to 70% of the accumulated points (rounding down for shares less than one unit) and cash equivalent to the conversion price of the Company's common stock corresponding to the remaining accumulated points are delivered and paid as Executive Officer's remuneration after the Executive Officers retire. The shares that have been delivered in cash as a result of the said conversion of our common stock are also included in the number of shares in the above table.

Note 2. The "Number of grantees" indicates the number of persons who retired as Executive Officers by the end of the previous fiscal year and who received share grants during the current fiscal year by satisfying the conditions for share grants.

3. Information on the Company's Executives

(1) Directors and Executive Officers

(i) Directors (as of March 31, 2024)

T i t l e	N a m e	Responsibility	S i g n i f i c a n t Positions at Other Organizations
Director, Chairperson of the Board, Chairperson of the Board of Directors	Akira Takeuchi	Member of the Audit Committee	
Director	Naoki Ono *Note 1	Member of the Sustainability Committee	
Director	Makoto Shibata *Note 1		
Director	Nobuhiro Takayanagi *Note 1		
Director	Mariko Tokuno *Note 2,14	Member of the Nomination Committee (Chair) Member of the Remuneration Committee	Outside Director, Yamato Holdings Co., Ltd.*Note 3 Outside Director, Shiseido Company, Limited*Note 4
Director	Hiroshi Watanabe * Note 2,14	Member of the Nomination Committee Member of the Remuneration Committee	President, Institute for International Monetary Affairs *Note 5 Outside Director, ORIX Corporation*Note 6
Director	Hikaru Sugi * Note 2,14	Member of the Nomination Committee Member of the Remuneration Committee (Chair) Member of the Sustainability Committee	
Director	Tatsuo Wakabayashi * Note 2,7,14	Member of the Audit Committee (Chair) Member of the Sustainability Committee	Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation *Note 8 Outside Director, Mitsubishi Logistics Corporation*Note 9
Director	Koji Igarashi * Note 2,14	Member of the Nomination Committee Member of the Audit Committee Member of the Sustainability Committee (Chair)	

Director	Kazuhiko Takeda * Note 2,10,11,14	Member of the Audit Committee (Chair) Member of the Sustainability Committee	
Director	Rikako Beppu * Note 2,12,14	Member of the Audit Committee Member of the Remuneration Committee Member of the Sustainability Committee	Partner, Squire Patton Boggs, Tokyo (Foreign Law Joint Enterprise) *Note 13

Note 1. Directors Naoki Ono, Makoto Shibata 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 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 the respective consolidated net sales of the Company and Yamato Holdings Co., Ltd.

Note 4. The Company does not have a business relationship with Shiseido Co., Ltd.

Note 5. The Company does not have a business relationship with the Institute for International Monetary Affairs.

Note 6. 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 7. Tatsuo Wakabayashi, chair of the Audit Committee, has experience as an executive of a financial institution and has extensive knowledge of finance and accounting.

Note 8. 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 9. 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 10. Kazuhiko Takeda, chair 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 11. 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 12. Rikako Beppu's name in the family register is Rikako Okiura.

Note 13. The Company does not have a business relationship with Squire Patton Boggs Tokyo (Foreign Law Joint Enterprise).

Note 14. The Company has notified Tokyo Stock Exchange that Directors Mariko Tokuno, Hiroshi Watanabe, Hikaru Sugi, Tatsuo Wakabayashi, Koji Igarashi, Kazuhiko Takeda, and Rikako Beppu are Independent Directors (Outside Directors who are not likely to cause conflicts of interest with general shareholders) respectively, in accordance with the regulations of Tokyo Stock Exchange, Inc.

(ii) Executive Officers (as of March 31, 2024)

T i t l e	N a m e	R e s p o n s i b i l i t y	S i g n i f i c a n t Positions at Other Organizations
Chief Executive Officer (Representative Executive Officer)	Naoki Ono * Note 1	CEO ^{* Note 2} , Responsible for General Operation of the Company, Internal Audit, Renewable Energy business, Energy Project & Technology Center	
Managing Executive Officer	Tetsuya Tanaka	CGO ^{* Note 3} , Responsible for Business Process Innovation, SCQ Promotion, Corporate Secretary, Affiliated Corporations	
Managing Executive Officer	Nobuhiro Takayanagi * Note 1	CFO ^{* Note 4} , Head of Strategy, Accounting and Finance, Global Environment, Corporate Communications	
Managing Executive Officer	Makiko Nogawa * Note 5	CHRO ^{* Note 6} , Human Resources Planning, D & I Health and Productivity Management Promotion	
Managing Executive Officer	Makoto Shibata * Note 1	CTO ^{* Note 7} , CDO ^{* Note 8} , Responsible for Technology R&D Strategy, DX Promotion, System Strategy	
Managing Executive Officer	Jun Nagano * Note 9	President, Professional CoE	
Managing Executive Officer	Katsuyoshi Isaji	President, Metals Company	
Managing Executive Officer	Toshinori Ishii	President, Advanced Products Company	
Managing Executive Officer	Kazuo Ohara	President, Metalworking Solutions Company	

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

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

Note 3. CGO is an abbreviation for Chief Governance Officer.

Note 4. CFO is an abbreviation for Chief Financial Officer.

Note 5. Makiko Nogawa's name in the family register is Makiko Mori.

Note 6. CHRO is an abbreviation for Chief Human Resources Officer.

Note 7. CTO is an abbreviation for Chief Technical Officer.

Note 8. CDO is an abbreviation for Chief Digital Officer.

Note 9. Jun Nagano, Executive Officer, retired as Executive Officer on March 31, 2024.

As of April 1, 2024, the following Executive Officers have been given new titles or responsibilities as shown below.

T i t l e	N a m e	Responsibility	S i g n i f i c a n t Positions at Other Organizations
Managing Executive Officer	Tetsuya Tanaka	CSuO* ^{Note 1} , Responsible for Business Process Management, Safety, Environment & Quality, Environmental Stewardship Center, Sustainable Development, Legal & Compliance	
Managing Executive Officer	Nobuhiro Takayanagi	CFO, Responsible for Accounting & Finance, Management Strategy, Procurement & Logistics, Corporate Communications* ^{Note 2}	
Managing Executive Officer	Makiko Nogawa	CHRO, Responsible for Human Resources & Organizational Development, Human Resources & Labor Administration, HRBP, General Affairs, Secretary	
Managing Executive Officer (Representative Executive Officer)	Makoto Shibata	CTO, Responsible for Monozukuri and R&D Strategy, DX Promotion, System Strategy	

Note 1. CSuO is an abbreviation for Chief Sustainability Officer.

Note 2. In addition to the above, “The New Europe Company Preparation” was added to the responsibilities of Nobuhiro Takayanagi, Managing Executive Officer, effective May 1, 2024.

(2) Outline of the Content of Limited Liability Agreement

The 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. An 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 insured parties under the Directors' and Officers' Liability Insurance Policy with an 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. (Millions of yen)	Type of Remuneration, etc.					
		Monetary Remuneration				Non-monetary Remuneration	
		Basic Remuneration		Bonus ^{*Note 3} (Performance-linked Remuneration)		Stock-based Compensation ^{*Note 4}	
		Total Amount (Millions of yen)	Number of Eligible Recipients (Number of Persons) ^{* Note 2}	Total Amount (Millions of yen)	Number of Eligible Recipients (Number of Persons)	Total Amount (Millions of yen)	Number of Eligible Recipients (Number of Persons)
Directors ^{* Note 1} (Outside Directors)	214 (126)	214 (126)	8 (7)	—	—	—	—
Executive Officers ^{*Note 1}	413	312	9	—	—	100	9

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 the fiscal year ended March 2024, the Company has 11 Directors and 9 Executive Officers.

Note 3. During the current fiscal year (ended June 2023), a total of ¥273 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 2024 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. An outline of the remuneration system for Directors and Executive Officers is as described in "(5) Policy etc. on Determining of Remuneration for Officers."

[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>

The annual bonus shall be determined based on the consolidated operating profit, relative comparison of TSR (Total Shareholder Return: calculation method is described below), 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 measured; to be multiplied by an adjustment factor based on the consolidated operating profit growth rate compared with other companies to enhance awareness of the need for growth greater than market growth (relative comparison with six domestic nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies in Japan)
- (ii) Relative comparison of TSR (relative comparison with six domestic nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies in Japan)
- (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】

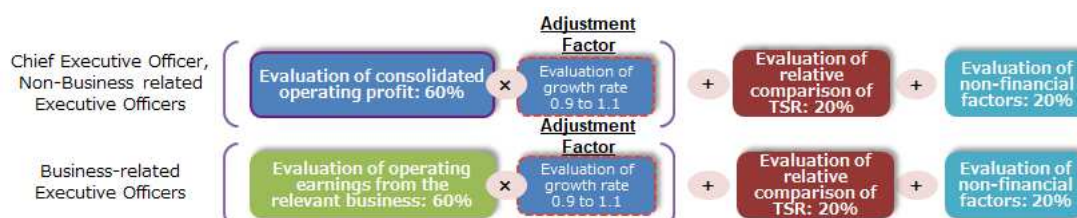
By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:

Annual Bonus = Base Annual Bonus by Job Position × Payment Rate Based on Performance Evaluation*

*“Payment Rate Based on Performance Evaluation” shall range from 0% to approximately 200% based on performance.

【Evaluation Weight】

The basic 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 evaluation (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.



【Target of Performance Evaluation Indicators for Annual Bonus】

With regard to the target of consolidated operating profit 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 following are the target and actual values of performance-linked indicators for bonuses paid in the current fiscal year:

Evaluation criteria		Target value	Actual value
Operating profit	Consolidated	¥36.0 billion	¥50.0 billion
	Advanced Products Business	¥6.9 billion	¥8.1 billion
	Metalworking Solutions Business	¥12.1 billion	¥14.1 billion
	Metals Business	¥18.8 billion	¥27.5 billion
	Environment & Energy Business	¥1.5 billion	¥2.6 billion
Consolidated operating profit growth rate		-	(4.99%)
TSR		-	102%

(5) Policy etc. on Determining of Remuneration for Officers (details of the policy regarding annual bonuses have been partially changed from the current fiscal year)

<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.

$$\text{*TSR} = \frac{\text{Average closing price of the stock on each day in March of the current year} + \frac{\text{Total amount of dividends per share in the current fiscal year}}{\text{Average closing price of the stock on each day in March of the previous year}}}{1}$$

- (5) A medium- to long-term incentive shall be stock-based compensation that enables Officers to share awareness of the need for 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 on 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" (Note. 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.

Further, 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 of 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 measured; to be multiplied by an adjustment factor based on the consolidated operating profit evaluation (payment rate) compared with other companies to enhance awareness of the need for 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 domestic six nonferrous metal companies and the companies chosen mainly among domestic 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】

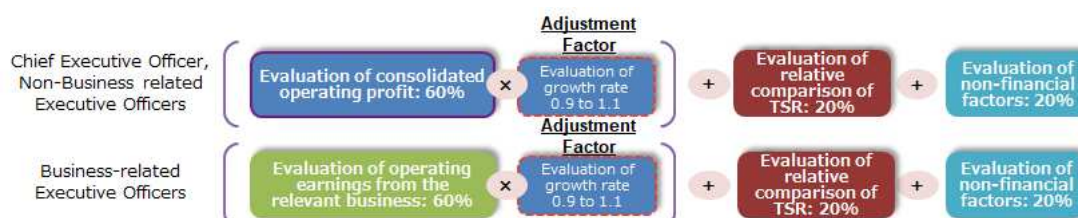
By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:

Annual Bonus = Base Annual Bonus by Job Position × Payment Rate Based on Performance Evaluation*

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

【Evaluation Weight】

The basic 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 evaluation (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.



【Target of consolidated operating profit for annual bonus】 (details have been partially changed since the current fiscal year.)

With regard to the target of consolidated operating profit 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 granted in accordance with one's job position, upon retirement from the post of Executive Officer. 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 years (from the fiscal year ended March 2024 to the fiscal year ending March 2026) (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 Applicable Period shall be 140,000 in total.

<Request for restitution of compensation (malus clawback system)>

If Executive Officers violate laws and regulations or the duty of care of a good manager, the Company may request disqualification of the entitlement to annual bonus or restitution of bonus upon a resolution of the Compensation Committee. With respect to stock compensation, the Company may request disqualification of the right to receive delivery of the Company's shares, etc. or restitution of an amount equivalent to the accumulated number of points.

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.

(6) Major Activities of Outside Directors

Classification	Name	Attendance at Meetings of the Board of Directors, etc. Held during the Fiscal Year Ended March 2024*Note 1	Major Activities and Summary of Duties Performed in Relation to the Role Expected to Outside Directors
Director	M a r i k o T o k u n o	<p>Board of Directors 19/19 (100%) *Note 2</p> <p>Nomination Committee 14/14 (100%)</p> <p>Remuneration Committee 8/9 (89%)</p> <p>Sustainability Committee 2/2 (100%)</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.

Director	H i r o s h i W a t a n a b e	<p>Board of Directors 19/19 (100%) *Note 2</p> <p>Nomination Committee 14/14 (100%)</p> <p>Audit Committee 4/4 (100%)</p> <p>Remuneration Committee 6/6 (100%)</p> <p>Sustainability Committee 2/2 (100%)</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, Remuneration 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	H i k a r u S u g i	<p>Board of Directors 19/19 (100%) *Note 2</p> <p>Nomination Committee 14/14 (100%)</p> <p>Remuneration Committee 9/9 (100%)</p> <p>Sustainability Committee 9/9 (100%)</p>	<p>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.</p>

Director	T a t s u o Wakabayashi	<p>Board of Directors 19/19 (100%)*Note 2</p> <p>Nomination Committee 14/14 (100%)</p> <p>Audit Committee 17/17 (100%)</p> <p>Remuneration Committee 6/6 (100%)</p> <p>Sustainability Committee 2/2 (100%)</p>	<p>Through his experience as President and 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.</p>
Director	Koji Igarashi	<p>Board of Directors 19/19 (100%)*Note 2</p> <p>Nomination 11/11 (100%)</p> <p>Audit Committee 17/17 (100%)</p> <p>Remuneration Committee 3/3 (100%)</p> <p>Sustainability Committee 9/9 (100%)</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	Kazuhiro Takeda	<p>Board of Directors 19/19 (100%) *Note 2</p> <p>Audit Committee 17/17 (100%)</p> <p>Sustainability Committee 9/9 (100%)</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	<p>Board of Directors 19/19 (100%) *Note 2</p> <p>Audit Committee 13/13 (100%)</p> <p>Remuneration Committee 9/9 (100%)</p> <p>Sustainability Committee 9/9 (100%)</p>	<p>Through her extensive experience over many years as 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. In addition, as a member of the Audit Committee, she mainly audits the execution of duties by Executive Officers and others from an objective and neutral standpoint.</p>

Note 1. Regarding attendance at Board of Directors meetings, etc., held during the current fiscal year, attendance at Board of Directors meetings held during each candidate's term of office is shown in the table above. In addition, the attendance of each candidate at each committee meeting held during each candidate's term of office as a

member of each committee is shown in the table above.

Note 2. As for the number of meetings of the Board of Directors, in addition to the above, there was one written resolution that was deemed to have been approved by the Board of Directors in accordance with Article 370 of the Companies Act and the Company's Articles of Incorporation.

4. Matters Concerning Accounting Auditor

(1) Name of the Accounting Auditor Deloitte Touche Tohmatsu LLC

Note. KPMG AZSA LLC, the Company's former accounting auditor, stepped down at the conclusion of the 98th Ordinary General Meeting of Shareholders held on June 23, 2023.

(2) Audit Fees to Accounting Auditor for Fiscal Year Ended March 31, 2024

Content of the Audit Fees	Amount
(i) Audit fees paid by the company to Accounting Auditor	¥177 million *Note 1
(ii) Total amount of monetary and other financial benefits paid by the Company and its subsidiaries (including the above-mentioned)	¥289 million

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 determined and agreed that this amount is appropriate based on comprehensive consideration of the accounting auditor's audit plan, quality control system, performance of duties including the status of cooperation with the Audit Committee, and the number of audit days and personnel based on the Company's size and business characteristics.

Note 2. Among the major subsidiaries of the Company, PT. Smelting and Luvata Oy use the services of auditing corporations (including auditors who have the appropriate auditing qualifications abroad) other than the services of Deloitte Touche Tohmatsu 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).

Note 3. In addition to the above, the Company paid ¥32 million to KPMG AZSA LLC, the predecessor accounting auditor, as audit service fees for the handover of audit services to the successor accounting auditor.

(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 "Comfort Letter Preparation Services for Bond Issuance."

(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 are found, 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 SCQ 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 certain important 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 SCQ 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 one with 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 state of progress 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 a 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 his/her 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 Executive Officers, including the Chief Executive Officer, the Audit Committee Office, 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 the 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) Members of the SCQ 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 and reports made to the whistleblower hotline 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 management and 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 SCQ 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 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 SCQ 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, and 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 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 >

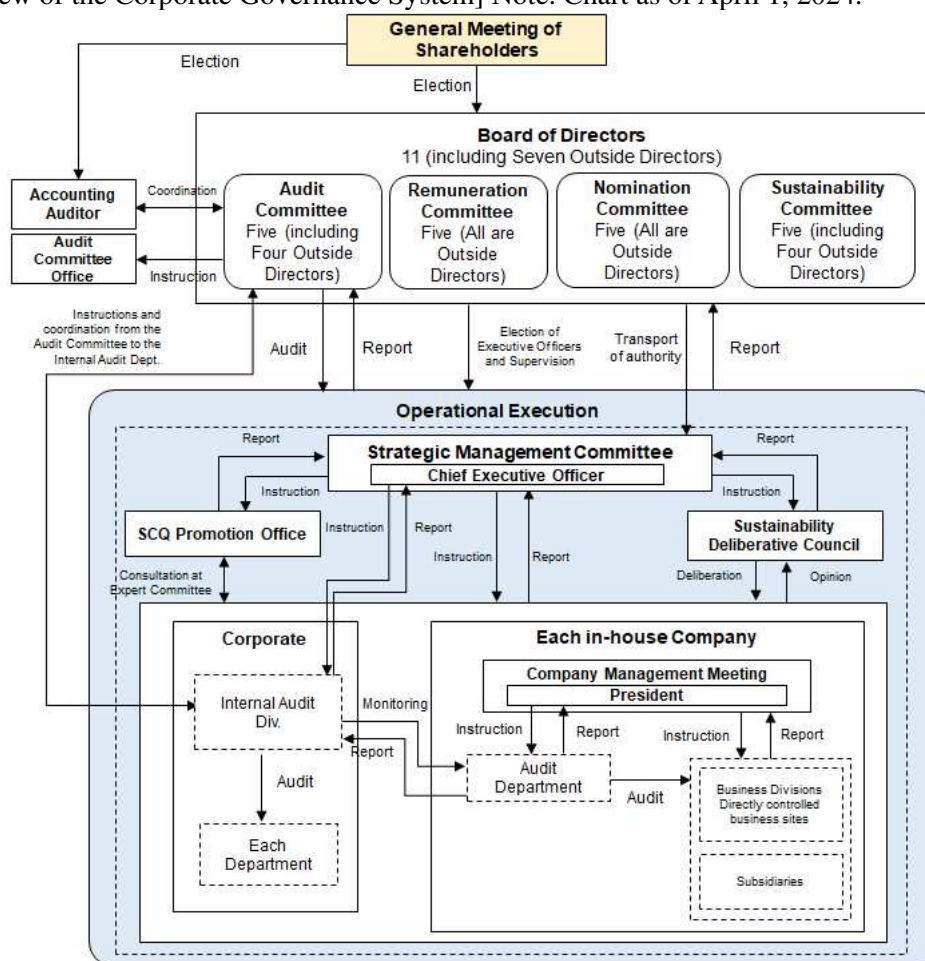
- We have, based on the Group's Corporate Philosophy, Vision, Our Values, Code of Conduct, Our Commitment and the Basic Policy on Corporate Governance* established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries, such as shareholders and investors 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] Note. Chart as of April 1, 2024.



<Composition of the Board of Directors>

The Company's basic policy regarding 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 is comprised of 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 be comprised 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 (twelve 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 the fiscal year ended March 2022, the evaluation was conducted using a third-party organization for the first time (In the future, a third-party evaluation shall be conducted once every three years.)

In the fiscal year ended March 2024, the Company evaluated the effectiveness of the Board of Directors by way of a questionnaire-based self-evaluation.

In addition, starting in the fiscal year ended March 2024, we adopted an initiative where Directors (excluding those who concurrently serve as Executive Officers) mutually comment on the contributions of other Directors to the Board of Directors, etc.

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

1. Method of analysis/evaluation

(1) Evaluation process

- | | |
|--------------------------------------|--|
| - From December 2023 to January 2024 | Under the leadership of the Chairperson of the Board of Directors, a questionnaire was distributed to all eleven Directors and responses were received. |
| - Early February 2024 | Response forms for comments on the contributions of other Directors were distributed to Directors (excluding those who concurrently serve as Executive Officers), and responses were received. |
| - Late February 2024 | The Directors discussed the effectiveness of the Board of Directors based on an analysis of the questionnaire results. |
| - March 2024 | Following the discussions in February, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for the fiscal year ended March 2024. In addition, the response forms for comments collected in early February were fed back to each respective Director with comments marked as anonymous. |

(2) Questionnaire items

The questionnaire uses a four-grade evaluation for the questions below (1. Strongly agree, 2. Agree, 3. Disagree, 4. Totally disagree) and provides a free comment space where needed.

- Self-evaluation of the role to be performed by the Directors (Board of Directors)
- Size and composition of the Board of Directors and operation status 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 overall effectiveness of the Board of Directors in general, etc.

2. Evaluation of the status of initiatives concerning the issues for the fiscal year ended March 2024 based on the fiscal year ended March 2023 evaluation

There was an evaluation of initiatives concerning the following matters taken for further improvement by the Board of Directors in the fiscal year ended March 2024 based on the results of the evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 2023. It was confirmed that although “improvements have been made” in general, “initiatives were not adequate” for a certain matter.

(1) Initiatives related to explanations (explanatory materials) to Directors

- In order to make the explanatory materials for Directors from the executive side simpler and easier to understand with clearer directions, attention was paid to the following points: “The content should focus on important management matters that officers should know and discuss,” “Items that are progressing as scheduled should be described as concisely as possible,” and “The materials should include the background and history of changes in the external environment including the trends of competitors, and the circumstances surrounding the Group.” In addition, efforts were made to keep the explanations from Executive Officers clear and concise, and initiatives were taken to receive questions from Directors on matters to be discussed by the Board of Directors in advance.
- Meanwhile, in regard to the provision of information on the Company’s business, which serves as a prerequisite for making management decisions, such matters were explained in briefings to the Board of Directors to eliminate any information asymmetry between the executive side and Outside Directors.
- In the questionnaire, opinions such as “It is requested that the explanation from the executive side be further elaborated on to focus on more important points” were found, but the initiatives taken were highly evaluated in general.

(2) Initiatives related to the Company’s medium- to long-term competitive advantage

- The Company appealed to the capital market by disseminating its Medium-term Management Strategy FY2031 (FY2031 Strategy), which was formulated based on the Company’s medium- to long-term competitive advantage, and sending out relevant messages. Specifically, in order to deepen investors’ and analysts’ understanding of FY2031 Strategy, we held Business Strategy IR Meeting, etc. and also organized plant tours at domestic bases for securities analysts and institutional investors in order to promote their understanding of the Company’s existing businesses and the various initiatives under FY2031 Strategy.
- While initiatives were taken as described above, the questionnaire revealed comments such as the following: “I believe that the Company’s philosophy and direction have been explained in a timely manner, but operating results do not justify them,” and “Efforts are more likely made on individual measures to realize short-term profit plans, and we are not in the state to convey our medium- to long-term competitive advantage.”

(3) Initiatives related to sharing of information between the Nomination Committee and other Directors

- We deepened discussions on matters requiring resolution by the Board of Directors (mainly information on the appointment of Executive Officers, etc. that are to be reported back to the Board of Directors from the Nomination Committee) and shared information with Directors who are not committee members. Specifically, Outside Directors received an explanation from the Chief Executive Officer regarding the succession plan for Executive Officers and other matters and discussed these matters at the informal meetings of Outside Directors.
- Further, information was provided by the Chief Executive Officer at the informal meetings of Outside Directors on the status of examination of the succession plan for the Chief Executive Officer. In addition, the Nomination Committee made progress reports to the Board of Directors on the status of examining candidates for Outside Directors.
- As a result of the above initiatives taken, the evaluation in the questionnaire improved from

the previous fiscal year.

- (4) Initiatives related to the supervision of a human resource strategy by the Board of Directors
- At the briefings for Directors, explanations were received on the status of diversity promotion (Diversity, Equity & Inclusion (DE&I)) in the organization under the management of each Executive Officer, and discussions were held.
 - In addition, as a non-financial evaluation item for the annual bonuses of Executive Officers, targets related to DE&I were set for all Executive Officers, and progress was regularly reported to the Board of Directors for discussion.
 - As a result of the above initiatives taken, the evaluation in the questionnaire improved from the previous fiscal year.

3. Summary of the fiscal year ended March 2024 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 the fiscal year ended March 2024.

Through the evaluation, it was confirmed that “Efforts will be made to further improve the management of the Board of Directors in order to enhance corporate value, which is one of the most important missions of the Board of Directors, and initiatives will be taken to further improve the following matters in the fiscal year ending March 2025.”

- Development of core management personnel
- Medium- to long-term competitive advantage of the Company

Note. To the following questions in the questionnaire, six (6) of 11 Directors answered “Disagree” and five (5) responded “Agree,” with negative responses outnumbering positive responses.

- Do you think that the Board of Directors holds sufficient discussions on the development of core management personnel?
- Do you think that the Company’s medium- to long-term competitive advantage (business strategy, quality of management, governance system, etc.) has been adequately conveyed to the capital market?

A summary of the opinions of the Directors regarding the above is as follows.

(1) Development of core management personnel

- Through evaluations, etc. it was pointed out that there was still room for improvement in the Company’s next-generation management personnel development program, succession plan for Executive Officers and other plans, in terms of the following points.
- Diversification of successor personnel
- Increase in the number and ratio of candidates selected for the Next-Generation Leadership Talent Development Program among candidates for Executive Officer successors
- Strengthening the linkage between the Next-Generation Leadership Talent Development Program and personnel policies such as promotion and selection
- Early identification and planned stretch assignment of the Next-Generation Leadership Talent at the managerial and junior levels
- The Board of Directors will deepen discussions on the development of core management personnel including the above.

(2) Medium- to long-term competitive advantage of the Company

- For the results of the questionnaire, please see 2. (2).
- In Directors’ discussions, it was pointed out that “There is a need to separate the discussions on the Company’s competitive advantage and management strategy from the contents of external explanations and disclosures. The Company must first examine and discuss the former even more deeply.”

- The Board of Directors will deepen discussions on the Company's medium- to long-term competitive advantage and management strategies.

Note. In order to further improve the management of the Board of Directors, the following points will be considered.

- Further increasing the appropriateness of matters to be discussed by the Board of Directors
- Method of selecting agenda for briefings for Directors
- Method of deliberation that encourages more substantive discussions

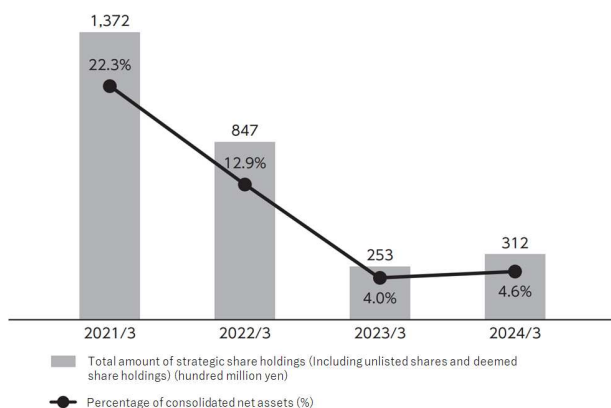
The Board of Directors will keep making efforts to further improve the effectiveness toward future.

<Status 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 the fiscal year ended March 2024, out of all of the Strategic Share Holdings (Listed shares held by the Company at the beginning of fiscal year: shares issued by six issuing companies), the Company sold all or some of the shares issued by two issuing companies.

As a result of the sales, as of the end of March 2024, the amount of strategic shareholdings on the balance sheet was approximately ¥20.1 billion for listed shares, approximately ¥2.2 billion for unlisted shares, and approximately ¥8.7 billion for deemed share holdings of equity securities, totaling 4.6% of the Company's consolidated net assets as of March 31, 2024.



Consolidated Balance Sheet

[As of March 31, 2024]

(Millions of yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets	1,283,029	Current liabilities	994,119
Cash and deposits	134,923	Notes and accounts payable - trade	94,745
Notes receivable - trade	26,255	Short-term borrowings	182,772
Accounts receivable - trade	180,540	Current portion of bonds payable	10,000
Merchandise and finished goods	135,991	Commercial papers	15,000
Work in process	126,297	Income taxes payable	5,643
Raw materials and supplies	166,212	Provision for bonuses	11,214
Leased gold bullion	290,614	Provision for loss on disposal of inventories	1,218
Gold bullion in custody	119,031	Deposited gold bullion	567,047
Other	103,799	Other	106,478
Allowance for doubtful accounts	(636)	Non-current liabilities	487,885
Non-current assets	884,599	Bonds payable	80,000
Property, plant and equipment	472,096	Long-term borrowings	315,391
Buildings and structures, net	129,813	Deferred tax liabilities	9,416
Machinery, equipment and vehicles, net	192,346	Deferred tax liabilities for land revaluation	7,457
Land, net	88,559	Provision for loss on business of subsidiaries and affiliates	73
Construction in progress	24,670	Provision for environmental measures	12,123
Other, net	36,706	Provision for directors' retirement benefits	532
Intangible assets	29,349	Provision for share based compensation plan	455
Goodwill	8,029	Retirement benefit liability	19,227
Other	21,319	Other	43,208
Investments and other assets	383,153	Total liabilities	1,482,005
Investment securities	286,714	[Net assets]	
Retirement benefit asset	16,673	Shareholders' equity	556,875
Deferred tax assets	27,361	Share capital	119,457
Other	53,170	Capital surplus	81,745
Allowance for doubtful accounts	(766)	Retained earnings	358,569
		Treasury shares	(2,898)
		Accumulated other comprehensive income	96,766
		Valuation difference on available-for-sale securities	9,751
		Deferred gains or losses on hedges	3,262
		Revaluation reserve for land	16,063
		Foreign currency translation adjustment	57,567
		Remeasurements of defined benefit plans	10,123
		Non-controlling interests	31,981
		Total net assets	685,623
Total assets	2,167,628	Total liabilities and net assets	2,167,628

Note. Amounts are rounded down to the nearest millions of yen.

Consolidated Profit and Loss Statement

[For the year ended March 31, 2024]

(Millions of yen)

Item	Amount
Net sales	1,540,642
Cost of sales	1,392,497
Gross profit	148,144
Selling, general and administrative expenses	124,868
Operating profit	23,276
Non-operating income	51,952
Interest income	3,972
Dividend income	24,057
Share of profit of entities accounted for using equity method	11,525
Foreign exchange gains	5,141
Rental income from non-current assets	4,159
Other	3,097
Non-operating expenses	21,126
Interest expenses	7,766
Expense for the maintenance and management of abandoned mines	4,312
Rental expenses on non-current assets	2,709
Loss on retirement of non-current assets	2,003
Other	4,334
Ordinary profit	54,102
Extraordinary income	840
Gain on sales of investment securities	727
Gain on sales of non-current assets	90
Other	22
Extraordinary losses	8,912
Impairment loss	7,759
Other	1,153
Profit before income taxes	46,030
Income taxes – current	12,011
Income taxes – deferred	(3,261)
Profit	37,280
Profit attributable to non-controlling interests	7,486
Profit attributable to owners of parent	29,793

Note. Amounts are rounded down to the nearest millions of yen.

Statement of Changes in Consolidated Shareholders' Equity

[For the year ended March 31, 2024]

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	119,457	81,917	338,867	(2,897)	537,345
Changes during period					
Cash dividends			(9,421)		(9,421)
Profit attributable to owners of parent			29,793		29,793
Reversal of revaluation reserve for land			639		639
Decrease due to changes in the scope of equity method application of equity method affiliates			(1,308)		(1,308)
Change in scope of consolidation			(0)		(0)
Purchase of treasury shares				(94)	(94)
Disposal of treasury shares		(0)		94	94
Changes in ownership interest of parent due to transaction with non-controlling interests		(171)			(171)
Net changes in items other than shareholders' equity					
Total changes during period	—	(171)	19,701	(0)	19,530
Balance at end of period	119,457	81,745	358,569	(2,898)	556,875

	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	4,193	1,631	16,702	33,786	(335)	55,978	35,550	628,875
Changes during period								
Cash dividends								(9,421)
Profit attributable to owners of parent								29,793
Reversal of revaluation reserve for land								639
Decrease due to changes in the scope of equity method application of equity method affiliates								(1,308)
Change in scope of consolidation								(0)
Purchase of treasury shares								(94)
Disposal of treasury shares								94
Changes in ownership interest of parent due to transaction with non-controlling interests								(171)
Net changes in items other than shareholders' equity	5,558	1,630	(639)	23,780	10,458	40,778	(3,569)	37,218
Net changes in items other than shareholders' equity	5,558	1,630	(639)	23,780	10,458	40,788	(3,569)	56,748
Total changes during period	9,751	3,262	16,063	57,5567	10,123	96,766	31,981	685,623

Note. Amounts are rounded down to the nearest millions of yen.

Balance Sheet
[As of March 31, 2024]

(Millions of yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets	1,023,392	Current liabilities	902,721
Cash and deposits	45,088	Notes payable – trade	989
Notes receivable - trade	11,256	Accounts payable - trade	63,944
Accounts receivable - trade	133,223	Short-term borrowings	169,210
Merchandise and finished goods	87,754	Commercial papers	15,000
Work in process	85,558	Current portion of bonds payable	10,000
Raw materials and supplies	123,607	Lease obligations	300
Advance payments	34,721	Accounts payable-other	15,730
Prepaid expenses	1,808	Accrued expenses	27,292
Short-term loans receivable	39,348	Corporate taxes payable	1,059
Accounts receivable - other	15,481	Contract liabilities	3,559
Leased gold bullion	290,614	Unearned revenue	158
Deposited gold bullion	119,031	Provision for bonuses	5,470
Other	36,799	Deposits received from employees	6,767
Allowance for doubtful accounts	(902)	Notes payable-facilities	2,117
		Accounts payable - facilities	10,341
		Deposited gold bullion	567,047
		Other	3,731
Non-current assets	637,017	Non-current liabilities	364,516
Property, plant and equipment	226,357	Bonds payable	80,000
Buildings	50,503	Long-term borrowings	238,416
Structures	22,042	Lease obligations	1,105
Machinery and equipment	65,798	Deferred tax liabilities for land revaluation	7,457
Vessels	3	Provision for retirement benefits	10,672
Vehicles	230	Provision for environmental measures	12,123
Tools, furniture and fixtures	4,160	Provision for share awards	455
Land	67,478	Asset retirement obligations	2,767
Leased assets	1,247	Guarantee deposits received	3,979
Construction in progress	13,892	Other	7,538
Trees	1,000		
Intangible assets	12,283	Total liabilities	1,267,237
Mining right	0		
Software	7,310	[Net assets]	
Software in progress	4,884	Shareholders' equity	380,124
Other	87	Share capital	119,457
Investments and other assets	398,376	Capital surplus	112,995
Investment securities	22,458	Legal capital surplus	85,654
Shares of subsidiaries and associates	312,464	Other capital surplus	27,341
Bonds of subsidiaries and associates	4		
Investments in capital	223	Retained earnings	150,568
Investments in capital of subsidiaries and Associates	3,570	Other retained earnings	150,568
Long-term loans receivable from subsidiaries and associates	34,033	Retained earnings brought forward	150,568
Prepaid pension costs	8,239		
Deferred tax assets	11,008	Treasury shares	(2,898)
Other	6,372	Valuation and translation adjustments	13,047
		Valuation difference on available-for-sale Securities	4,085
		Deferred gains or losses on hedges	2,824
		Revaluation reserve for land	6,138
		Total net assets	393,172
Total assets	1,660,409	Total liabilities and net assets	1,660,409

Note. Amounts are rounded down to the nearest millions of yen.

Profit and Loss Statement
[For the year ended March 31, 2024]

(Millions of yen)

Item	Amount
Net sales	1,188,036
Cost of sales	1,135,315
Gross profit	52,720
Selling, general and administrative expenses	61,954
Operating loss	9,233
Non-operating income	44,170
Interest income	3,462
Dividend income	28,798
Rental income from non-current assets	3,938
Foreign exchange gains	5,435
Other	2,536
Non-operating expenses	15,315
Interest expenses	3,768
Expense for the maintenance and management of abandoned mines	3,889
Rental expenses on non-current assets	2,680
Loss on retirement of non-current assets	2,109
Other	2,868
Ordinary profit	19,621
Extraordinary income	698
Gain on sales of investment securities	660
Other	37
Extraordinary losses	7,513
Impairment losses	4,064
Loss on valuation of shares of subsidiaries and associates	2,022
Provision of allowance for doubtful account	780
Other	645
Profit before income taxes	12,806
Income taxes - current	(906)
Income taxes - deferred	(1,449)
Profit	15,162

Note. Amounts are rounded down to the nearest millions of yen.

Statement of Changes in Shareholders' Equity
[For the year ended March 31, 2024]

(Millions of 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 Retained earnings bought forward	Total Retained earnings		
Balance at beginning of period	119,457	85,654	27,342	112,996	144,576	144,576	(2,897)	374,132
Changes during the period								
Cash dividends					(9,421)	(9,421)		(9,421)
Profit					15,162	15,162		15,162
Reversal of revaluation reserve for land					251	251		251
Purchase of treasury shares							(94)	(94)
Disposal of treasury shares			(0)	(0)			94	94
Net changes in item other than shareholders' equity								
Total changes during period	—	—	(0)	(0)	5,992	5,992	(0)	5,991
Balance at end of period	119,457	85,654	27,341	112,995	150,568	150,568	(2,898)	380,124

	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	1,578	1,180	6,389	9,148	383,281
Changes during period					
Cash dividends					(9,421)
Profit					15,162
Reversal of revaluation reserve for land					251
Purchase of treasury shares					(94)
Disposal of treasury shares					94
Net changes in item other than shareholders' equity	2,507	1,643	(251)	3,899	3,899
Total changes during period	2,507	1,643	(251)	3,899	9,890
Balance at end of period	4,085	2,824	6,138	13,047	393,172

Note. Amounts are rounded down to the nearest millions of yen.