

Securities Code: 5632

June 2, 2022

To Our Shareholders

16-13, Tsukishima 4-chome, Chuo-ku, Tokyo

Mitsubishi Steel Mfg. Co., Ltd.

Motoyuki Sato, Representative Director

President & CEO

Notice of Convocation of the 98th Ordinary General Meeting of Shareholders

You are cordially informed that the 98th Ordinary General Meeting of Shareholders of the Company will be held as described below.

You may exercise voting rights in writing or via the Internet. You are cordially asked to read the reference document for the general meeting of shareholders that is shown later in this notice. We kindly ask you to exercise voting rights no later than Thursday, June 23, 2022, 5:40 p.m. in accordance with the guide on how to exercise voting rights on page 3.

- 1. Date and Time:** Friday, June 24, 2022 at 10:00 a.m.
- 2. Venue:** 3F (Hikari no ma), Hotel Grand Arc Hanzomon
1-1 Hayabusacho, Chiyoda-ku, Tokyo
* Please note that the venue for the General Meeting of Shareholders is different from that of last year.
- 3. Agenda of the Meeting:**
Matters to be reported:
 - (1) Business Report and Consolidated Financial Statements for the 98th Fiscal Year (from April 1, 2021 to March 31, 2022), results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
 - (2) Report of Non-consolidated Financial Statements for the 98th Fiscal Year (from April 1, 2021 to March 31, 2022)

Proposals to be resolved:

- | | |
|------------------------|---|
| Proposal No. 1: | Appropriation of Surplus |
| Proposal No. 2: | Revision to the Articles of Incorporation |
| Proposal No. 3: | Election of Six Directors |
| Proposal No. 4: | Election of One Corporate Auditor |
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- The following matters are posted on the Company's website pursuant to the provisions of laws, regulations and Article 14 of the Company's Articles of Incorporation.
 - (i) Notes to the Consolidated Financial Statements
 - (ii) Notes to the Non-consolidated Financial Statements
- The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and Corporate Auditors consist of the documents included in the Appendix to this Notice of Convocation of the General Meeting of Shareholders, as well as the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements posted on the Company's website
- If any amendments are made to the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements and/or Reference Documents for the General Meeting of Shareholders, such amendments will be posted on the Company's website.

- [Response to novel coronavirus infections]
- Shareholders attending the Ordinary General Meeting of Shareholders are hereby asked to thoroughly check the state of infections and their own health conditions on the day and wear facemasks for infection prevention to come to the venue.
- To prevent novel coronavirus infections from spreading further, this fiscal year as well we will refrain from holding a meeting with shareholders. Your kind understanding would be appreciated.

[Company's website] <https://www.mitsubishisteel.co.jp/english/>

Guide on exercise of voting rights

Voting rights at a general meeting of shareholders are important rights of shareholders. You are cordially asked to read the reference document for the general meeting of shareholders that is shown later in this notice and to exercise voting rights. You may exercise voting rights by any of the following three methods.

If attending the Ordinary General Meeting of Shareholders

Please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.

Date and Time: **Friday, June 24, 2022 at 10:00 a.m.**

Exercise voting rights in writing (by postal mail)

Please indicate your approval or disapproval of each of the proposals in the enclosed Voting Right Exercise Form and return it by mail without postage stamp.

Deadline **Not later than 5:40 p.m. on Thursday, June 23, 2022**

If exercising of Voting Rights via the Internet

Please exercise your voting rights by the deadline on the Voting Right Exercise Site (<https://evote.tr.mufg.jp/>)

Deadline **Not later than 5:40 p.m. on Thursday, June 23, 2022**

How to fill in the Voting Right Exercise Form

Please state your approval or disapproval for each agenda item

Agenda items 3

If approving all the candidates, write a circle in the Approval box

If disapproving all the candidates, write a circle in the Disapproval box

If disapproving some of the candidates, write a circle in the Approval box and enter the candidate number you disapprove

Agenda items 1, 2, and 4

If approving, write a circle in the Approval box

If disapproving, write a circle in the Disapproval box

If you vote both in writing (postal mail) on the Voting Rights Exercise Form and via the Internet, only the vote you submitted via the Internet will be valid. If you submit your vote multiple times via the Internet, only the last vote will be valid.

Institutional investors may use the institutional investor platform for the electronic exercise of voting rights operated by ICJ Inc. as a means of exercising your voting rights.

* Exercise of voting rights via the Internet is not enabled from 2:00 a.m. to 5:00 a.m. each day.

* It should be noted that Internet connection and communication charges incurred for accessing the voting rights exercise site will be at the expense of the shareholder.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company decides dividends by comprehensively considering business performance, financial matters and conditions. Regarding the year-end dividend for the current fiscal year, we would like to propose a dividend of 40 yen per share, taking into account the business performance of the current fiscal year and the future business environment. Since we have paid an interim dividend of 10 yen per share, the annual dividend for the current fiscal year will be 50 yen per share.

Matters concerning the year-end dividend

1. Type of dividend property

Cash

2. Matters concerning allocation of dividend property and total amount thereof

40 yen per share Total amount: ¥617,522,000

3. Effective date of dividends

June 27, 2022

Proposal No. 2: Revision to the Articles of Incorporation

1. Reason for amendment

The revised provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the "Act for Partial Amendment to the Companies Act" (Act No. 70 of 2019) will come into effect on September 1, 2022. Accordingly, to prepare for the introduction of a system for electronically providing informational materials for general meetings of shareholders, we will amend the Articles of Incorporation as stated below.

(1) Article 14, Paragraph 1 of the proposed amendment stipulates that the Company takes electronic provision measures for the information contained in the Reference Documents, etc. for the General Meeting of Shareholders.

(2) Article 14, Paragraph 2 of the proposed amendment establishes a provision to limit the scope of items to be stated in paper-based documents to be delivered to the shareholders who requested the delivery of paper-based documents.

(3) Since the provision of Internet Disclosure and Deemed Provision of Reference Documents, etc. for the General Meeting of Shareholders (current Article 14 of the Articles of Incorporation) is no longer required, we will delete it.

(4) With the above new and deleted provisions, we will provide supplementary provisions for the effective date.

2. Details of amendment

Details of amendment are as follows.

(Each of the underlined parts denote a changed portion)

Existing Articles of Incorporation	Proposed changes
<p>Article 14. <u>(Internet Disclosure and Deemed Provision of Reference Documents, etc. for General Meeting of Shareholders)</u></p> <p>1. <u>When the Company convenes a general meeting of shareholders, if it discloses information on matters to be stated or displayed in the Reference Documents for the General Meeting of Shareholders, business report, financial statements and consolidated financial statements through the Internet in accordance with the Ordinance of the Ministry of Justice, it may be deemed that the Company has provided the information to the shareholders.</u></p> <p>(Establishment)</p> <p>(Establishment)</p>	<p>(Deleted)</p> <p>Article 14. <u>(Electronic Provision Measure, Etc.)</u></p> <p>1. <u>When the Company convenes a general meeting of shareholders, it shall take measures for electronically providing information contained in the Reference Documents, etc. for the General Meeting of Shareholders.</u></p> <p>2. <u>For all or part of items as specified by the Ordinance of the Ministry of Justice among those for which electronic provision measures are to be taken, the Company may not describe the same in paper-based documents to be delivered to the shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p><u>(Supplementary Provisions)</u></p> <p>1. <u>The amendment to Article 14 of the Articles of Incorporation shall take effect on September 1, 2022 when the revised provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the "Act for Partial Amendment to the Companies Act" (Act No. 70 of 2019) will come into effect.</u></p> <p>2. <u>Notwithstanding the provision of the preceding paragraph, Article 14 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents, etc. for the General Meeting of Shareholders) shall remain effective regarding any general meeting of shareholders held on a date within six months on and from the date of enforcement.</u></p> <p>3. <u>The supplementary provision shall be deleted on the date when six months have elapsed from the date of enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal No. 3: Election of Six Directors

The term of office of all of the current six Directors will expire at the close of this General Meeting of Shareholders.

Accordingly, we hereby propose electing six Directors including two Outside Directors. Candidates for Directors are as follows.

No.		Name		Position and assignment at the Company	Status of attendance at Board of Directors meetings
1	Reappointment	Motoyuki Sato	67 years old	Representative Director, President & CEO	100% (14/14 meetings)
2	Reappointment	Jun Yamaguchi	56 years old	Director, Managing Executive Officer In charge of Planning Management Division, Procurement Department, Systems Department	100% (14/14 meetings)
3	Reappointment	Hiroyuki Nagata	58 years old	Representative Director, Senior Managing Executive Officer Assistant to President (Overall administration), In charge of General Affairs & Human Resources Department, Risk Management Office, Accounting Department	100% (14/14 meetings)
4	Reappointment	Hiroshi Sekine	60 years old	Director, Managing Executive Officer In charge of Steel Bar Division, Spring Division, Formed & Fabricated Products Division	100% (14/14 meetings)
5	Reappointment	Akira Hishikawa	70 years old	Outside Director Independent officer Director	100% (14/14 meetings)
6	New Appointment	Minako Takeuchi	61 years old	Outside Director Independent officer	- % (-/- meetings)

No. **Motoyuki Sato** December 25, 1954 (67 years old)

Reappointed

1 Number of years in office as Director: 16 years
Status of attendance at Board of Directors meetings: 100% (14/14 meetings)
Number of shares of the Company held: 21,100 shares

Career summary, position, assignment and significant concurrent positions

April 1978	Joined the Company	June 2013	Managing Director and in charge of Steel Bars Business, Springs Business, Parts Sales Business and Technical Administration Department of the Company
March 2006	General Manager, Springs Division of the Company	June 2015	President of the Company (Representative Director)
June 2006	Director and General Manager, Springs Division of the Company	June 2021	Representative Director, President & CEO of the Company (incumbent)
June 2011	Managing Director, General Manager, Springs Division and in charge of Parts Sales Business and Technical Administration Department of the Company		

Reasons for the election of the Director candidate

Mr. Sato has held posts such as General Manager of Chiba Works and General Manager of Springs Division since he joined the Company. After he was appointed as a director in 2006, he was in charge of Springs Business, Steel Bars Business, Parts Sales Business and Technical Administration Department. This is given that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function, based on a wealth of knowledge and experience in the business management of the Company after assuming the post of President & CEO, and that he built the structure and platform stated in the 2020 Mid-term Business Plan while steadily executing the measures formulated.

No. Jun Yamaguchi June 16,1965 (56 years old)

Reappointed

2 Number of years in office as Director: 3 years

Status of attendance at Board of Directors meetings: 100% (14/14 meetings)

Number of shares of the Company held: 2,500 shares

Career summary, position, assignment and significant concurrent positions

April 1989	Joined the Company	July 2017	General Manager, Corporate Planning Division of the Company
September 2009	Manager, Spring Sales Department of the Company	June 2019	Director and in charge of Corporate Planning Division, Procurement Department of the Company
April 2014	Deputy General Manager, Spring Division of the Company	March 2020	Director and in charge of Springs Business, Corporate Planning Division, Procurement Department of the Company
October 2016	Manager, Marketing & Sales Planning, Corporate Planning Division of the Company	June 2021	Director and Managing Executive Officer in charge of Planning Management Division, Procurement Department, and Systems Department of the Company (incumbent)

Reasons for the election of the Director candidate

Mr. Yamaguchi has held posts such as Manager of Springs Sales Department and General Manager of Corporate Planning Division since he joined the Company. After he was appointed as a director in 2019, he was in charge of the Springs Business, the Planning Management Division, the Procurement Department, and the Systems Department. He has exercised sufficient supervisory functions based on his abundant knowledge and experience in the Company's management. Moreover, as the Corporate Planning Sections, he has performed progress management, responses and assessments, including the mid-term business plan of the Operating Sections. We expect that he will be able to contribute to improve the enterprise value of the Group in the medium to long-term.

No. **Hiroyuki Nagata** November 13, 1963 (58 years old)

Reappointed

3 Number of years in office as Director: 5 years
Status of attendance at Board of Directors meetings: 100% (14/14 meetings)
Number of shares of the Company held: 5,400 shares

Career summary, position, assignment and significant concurrent positions

April 1987	Joined The Mitsubishi Bank, Ltd. (now MUFG Bank, Ltd.) (“MUFG”)	June 2017	Representative Director, Managing Director and in charge of Accounting Department and Systems Department of the Company
May 2011	General Manager of the Corporate Banking Division No.3, Corporate Banking Group No.1, MUFG (special assignment)	February 2018	Representative Director, Managing Director and in charge of Corporate Planning Division and Accounting Department of the Company
June 2013	Sent to VietinBank in Vietnam (Director & Vice-President)	June 2019	Representative Director, Managing Director & CFO, Assistant to President (Overall administration) and in charge of Accounting Department, Systems Department of the Company
June 2016	Executive Officer, MUFG ,sent to VietinBank in Vietnam (Director & Vice-President)	June 2021	Representative Director, Senior Managing Executive Officer, Assistant to President (Overall administration) and in charge of General Affairs & Human Resources Department, Risk Management Office, and Accounting Department of the Company (incumbent)

Reasons for the election of the Director candidate

Mr. Nagata was selected as a candidate for Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function, based on a wealth of knowledge and experience as a professional who previously served in various positions such as Executive Officer at MUFG Bank, Ltd., and that he worked to enhance the management function of the Company’s headquarters by being in charge of the Accounting Department, Systems Department, Corporate Planning Division, and General Affairs & Human Resources Department after assuming the post of Director of the Company in 2017.

No.	Hiroshi Sekine October 8, 1961 (60 years old)	Reappointed
4	Number of years in office as Director: 7 years Status of attendance at Board of Directors meetings: 100% (14/14 meetings) Number of shares of the Company held: 4,900 shares	

Career summary, position, assignment and significant concurrent positions

April 1985	Joined the Company	October 2016	Director, General Manager, Corporate Planning Division and in charge of Steel Bars Business of the Company
September 2004	General Manager, Formed & Fabricated Products Division and General Manager, Utsunomiya Works of the Company	February 2018	Director and in charge of Steel Bars Business of the Company
April 2008	Manager, Strategic Planning Department and Technical Administration Department of the Company	June 2019	Director, General Manager, Steel Bar Division of the Company
October 2010	General Manager, Steel Bar Division of the Company	June 2021	Director, Managing Executive Officer in charge of Steel Bar Division, Spring Division, and Formed & Fabricated Products Division of the Company (incumbent)
June 2015	Director and General Manager, Steel Bar Division of the Company		

(Significant concurrent positions)

Chairman of the Board, MSSC CANADA INC.
 Chairman of the Board, MSSC US INC.
 Chairman of the Board, MSSC MFG MEXICANA, S.A. DE C.V.
 Chairman of the Board, MSM (THAILAND) CO., LTD.

Reasons for the election of the Director candidate

The reason he was selected as a Director candidate is that we have concluded that he would contribute to improving the enterprise value of the Group in the medium to long term. This is given that he exercised a sufficient level of supervision, based on a wealth of knowledge and experience in the business management of the Company as an officer who previously served in various positions such as General Manager at the Steel Bar Division, President & CEO at Mitsubishi Steel Muroran Inc., Head of the Corporate Planning Department and General Manager at the Formed & Fabricated Products Division since joining the Company and who served as Head of the Corporate Planning Division and was in charge of each business including the Steel Bars Business after assuming the post of Director in 2015, and that he worked to enhance the business management, technologies, quality and product development capabilities of an Indonesian specialty steel manufacturer the majority of whose shares were acquired by the Company.

No.	Akira Hishikawa September 10, 1951 (70 years old)	Reappointed
5	Number of years in office as Director: 9 years	Outside Director
	Status of attendance at Board of Directors meetings: 100% (14/14 meetings)	Independent officer
	Status of attendance at Governance Committee: 100% (6/6 meetings)	
	Number of shares of the Company held: 6,900 shares	

Career summary, position, assignment and significant concurrent positions

April 1976	Joined Mitsubishi Heavy Industries, Ltd. ("MHI")	July 2012	Representative Director (Member of the Board), Executive Vice President and General Manager, Machinery & Steel Infrastructure Systems, MHI (resigned in June 2014)
June 2009	Director (Member of the Board), Senior Vice President and General Manager, General Machinery & Special Vehicle Headquarters, MHI	June 2013	Director of the Company (incumbent)
April 2011	Representative Director (Member of the Board), Executive Vice President and General Manager, Global Strategic Planning & Operations Headquarters, MHI	June 2014	Corporate Adviser, MHI (resigned in June 2016)

Reason for the election of the Outside Director candidate and outline of expected roles

Mr. Hishikawa was selected as a candidate for Outside Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function by providing advice and useful comments on the Company's business management from an impartial and fair perspective, based on a wealth of knowledge and experience as a corporate management professional who previously served in various positions such as Executive Vice President at Mitsubishi Heavy Industries, Ltd., and that he possessed experience as Director of the Company to date, an organization currently in a transformation period. We also expect him to play an important role in reporting to the Board of Directors as a member of the newly established Nomination and Compensation Committee by making use of this experience.

No.	Minako Takeuchi January 17, 1961 (61 years old)	New Appointment
6	Number of years in office as Director: - years	Outside Director
	Status of attendance at Board of Directors meetings: -% (-/- meetings)	Independent officer
	Status of attendance at Governance Committee: -% (-/- meetings)	
	Number of shares of the Company held: - shares	

Career summary, position, assignment and significant concurrent positions

April 1983	Joined NEC Corporation	September 2015	Director, JAPAN PROFESSIONAL BASKETBALL LEAGUE (resigned in September 2019)
January 2003	Joined Stanton Chase International	June 2019	Outside Director, The Shiga Bank, Ltd. (incumbent)
August 2007	Managing Director, Executive Deputy President, Stanton Chase International (resigned in July 2013)	June 2020	Director, Japan Basketball Association (incumbent)
August 2013	Representative Director, TM Future Corporation (incumbent)	June 2020	Outside Director, Nihon M&A Center Inc. (now Nihon M&A Center Holdings Inc.) (incumbent)

(Significant concurrent positions)

Representative Director, TM Future Corporation
 Outside Director, The Shiga Bank, Ltd.
 Outside Director, Nihon M&A Center Holdings Inc.

Reason for the election of the Outside Director candidate and outline of expected roles

The reason why she was selected as an Outside Director candidate is that we expect sufficient supervision will be demonstrated by her giving advice and useful suggestions for the management of the Company from a neutral and fair perspective based on her abundant knowledge of IT and human resource development and a wide range of outside experience, and that we judge her experience will contribute to improving the medium- to long-term enterprise value of the Group in a period of change. We also expect her to play an important role in reporting to the Board of Directors as a member of the newly established Nomination and Compensation Committee by making use of this experience.

(Notes)

1. Mr. Akira Hishikawa is independent officers as stipulated by Tokyo Stock Exchange, Inc. Mr. Akira Hishikawa worked at Mitsubishi Heavy Industries, Ltd., which is a buyer of the Company's products, and there are business transactions between the Company and Mitsubishi Heavy Industries, Ltd. However, such transactions are miniscule in amount relative to the Company's net sales; therefore, no problems are deemed to exist in terms of his independence. If his appointment is approved, he will continue to be an independent officer.
2. Ms. Minako Takeuchi has no special interest in us. If her appointment is approved, she will be reported to the Tokyo Stock Exchange as an independent officer.
3. Pursuant to Article 427 (1) of the Companies Act, the Company entered into an agreement with Mr. Akira Hishikawa to limit their respective liabilities for damages provided for in Article 423 (1) of the Companies Act. The maximum amount of liabilities under such agreement is the total amount as stipulated in each item of Article 425 (1) of the Companies Act. The agreements will be renewed with Mr. Akira Hishikawa if his election is approved. If the appointment of Ms. Minako Takeuchi is approved, the Company plans to conclude a similar liability limitation contract with her.
4. Mr. Hiroshi Sekine resigned as President & Representative Director of Mitsubishi Steel Muroan Inc. as of June 28, 2021.
5. The Company has business transactions with MSSC CANADA INC., MSSC US INC., MSSC MFG MEXICANA,S.A.DE C.V., and MSM (THAILAND) CO., LTD.
6. The Company entered into a director liability insurance contract as provided for in Article 430-3 (1). The outline of the insurance contract is as shown on page 38 of the Business Report. If the election of the candidates for Directors is approved, they will remain insured persons in the insurance contract. The insurance contract will be renewed without alteration when it is due for renewal.
7. In December 2021, it was found and announced that there was, in part, an inappropriate internal report regarding the attribution of sales to the period at Nihon M&A Center Co., Ltd., a subsidiary of Nihon M&A Center Holdings Co., Ltd., where Ms. Minako Takeuchi is an outside director. The subsidiary has corrected inappropriate accounting treatment in securities reports, etc. from the first quarter of the fiscal year ending March 2021. She was unaware of this fact until the problem was discovered, as an outside director of the company; however, she has been issuing alerts about thorough compliance awareness to the employees on a daily basis. And since the discovery of the fraud, she has been responsible for preventing recurrence by making recommendations on analysis and elucidation of the cause of occurrence, responsibility and disposition of the officers, and measures to prevent recurrence.
8. In addition to the number of meetings stated in the attendance status of the Board of Directors, based on Article 370 of the Companies Act and Article 26 (2) of the Articles of Incorporation, there was one written resolution where it is regarded that there was a resolution at the Board of Directors meeting.
9. The Governance Committee is a conference body designed to exchange information and share awareness, etc. among independent outside directors. Function of the Board of Directors to supervise business execution is strengthened by freely discussing matters related to our business and governance, etc. The committee meets once every three months and has two outside directors as members. The Board of Directors consults with and obtains opinions from the Governance Committee on the appointment of directors and the determination of remuneration, and strives to improve the objectivity and transparency of nomination and remuneration.

Proposal No. 4: Election of One Corporate Auditor

In order to further strengthen the audit system, we would like request the appointment of one Outside Corporate Auditor to increase the number of the Board of Corporate Auditors by one. The candidate for Corporate Auditor is as follows.

The Board of Corporate Auditors' consent has been obtained for this Proposal.

No.	Yuka Matsuda	September 19,1960 (61 years old)		<u>New Appointment</u>
1				<u>Outside Corporate Auditor</u>
				<u>Independent officer</u>
<hr/>				
Career summary, position and significant concurrent positions				
April 1985	Joined Citibank. N.A., Tokyo Branch	July 2014		Director of PwC Tax Japan
October 1991	Joined Chuo Shinko Audit Corporation	June 2021		Matsuda Yuka CPA and Tax Accounting Office (incumbent)
October 1992	Joined Coopers & Lybrand International Taxation Office (current PwC Tax Japan)	July 2021		Outside Corporate Auditor, DKK Co., Ltd. (incumbent)
April 1995	Registration of Certified Public Accountant			
April 1999	Registration as Tax Accountant			

(Significant concurrent positions)

Matsuda Yuka CPA and Tax Accounting Office
Outside Corporate Auditor, DKK Co., Ltd. (incumbent)

Reasons for the election of the Outside Corporate Auditor candidate

Although she has never been involved in corporate management, the appointment is to reflect her many years of expertise and experience as a certified public accountant and tax accountant in the audit.

(Notes)

- Ms. Yuka Matsuda has no special interest in us. If her appointment is approved, she will be reported to the Tokyo Stock Exchange as an independent officer.
- If the appointment of Ms. Yuka Matsuda is approved, pursuant to Article 427 (1) of the Companies Act, the Company plans to enter into an agreement with Ms. Yuka Matsuda to limit her respective liabilities for damages provided for in Article 423 (1) of the Companies Act. The maximum amount of liabilities under such agreement is the total amount as stipulated in each item of Article 425 (1) of the Companies Act.
- The Company entered into a director liability insurance contract as provided for in Article 430-3 (1) of the Companies Act. The outline of the insurance contract is as shown on page 38 of the Business Report. If the election of the candidate for Corporate Auditor is approved, she will remain insured person in the insurance contract. The insurance contract will be renewed without alteration when it is due for renewal.

(Reference)

Fields expected to be addressed by Directors and Corporate Auditors (proposed) after the general meeting of shareholders (skill matrix)

Shown below are fields expected to be addressed by Directors and Corporate Auditors by drawing on experience to date after Proposal No. 3 and Proposal No. 4 are approved.

	Name		Fields expected to be addressed									
			Corporate business management Business strategy	Industry and specialized knowledge	Global	Sales Marketing	Manufacturing and research & development	IT and Digital	Legal affairs and risk management	HR and Human resource development	Finance and accounting	ESG and Sustainability
Directors	Motoyuki Sato		●	●	●		●	●				●
	Jun Yamaguchi		●	●		●						
	Hiroyuki Nagata		●		●				●		●	
	Hiroshi Sekine		●	●	●		●					
	Akira Hishikawa	Outside Independent Officer	●		●	●	●					
	Minako Takeuchi	New Appointment Outside Independent Officer							●		●	
Corporate Auditors	Hirokuni Sakamoto	Outside Independent Officer			●					●		●
	Takashi Nagai										●	
	Tetsuya Nakagawa	Outside Independent Officer							●			
	Yuka Matsuda	New Appointment Outside Independent Officer			●					●		●

(Appendix)

Business Report

from April 1, 2021 to March 31, 2022

1. Matters concerning Current Status of the Group

(1) Business Progress and Results

During the current fiscal year under review (from April 1, 2021, to March 31, 2022), in the business environment surrounding the Group, domestic and overseas demand has been recovering, although the impact of production declines continues due to the prolonged shortage of semiconductor and other parts supply in the automobile industry. Meanwhile, in the construction machinery industry, demand recovered sharply from the latter half of last year, and continues to be strong. Under such circumstances, the Group posted consolidated net sales of ¥146,292 million, an increase of ¥48,487 million (49.6%) year on year due to the reactionary increase from the previous term, which was greatly affected by the new coronavirus pandemic. The Group posted consolidated operating income of ¥6,270 million (operating loss of ¥4,943 million in the previous term), an increase of ¥11,214 million year on year, affected by the recovery of net sales, cost improvement by increasing production, and the reduction of fixed costs implemented in the previous term, as well as the elimination of one-off expenses coming from a blast furnace repair in the Special Steel Bars Business. Net income attributable to owners of the parent stood at ¥4,068 million (net loss attributable to shareholders of the parent was ¥5,528 million in previous term), because although we posted an extraordinary loss due to a factory fire at MSSC Ahle GmbH, the Group company, there was an extraordinary profit from insurance money for part of the damage, and sale of strategically held shares and idle real estate. We would like to propose a year-end dividend of 40 yen per share. Since we have paid an interim dividend of 10 yen per share, the annual dividend for the current fiscal year will be 50 yen per share.

		98th Fiscal Year (under review) (2021/4~2022/3)	99th Fiscal Year (forecast) (2022/4~2023/3)
Net sales	(million yen)	146,292	170,000
Operating income	(million yen)	6,270	4,500
Ordinary income	(million yen)	5,780	3,100
Profit attributable to owners of the parent	(million yen)	4,068	2,700
Dividend	(yen/share)	50	50

[Results by Business]

Special Steel Bars Business

Results for the fiscal year under review	<p>Net sales of the Special Steel Bars Business amounted to ¥86,503 million, up ¥41,623 million (92.7%) year on year, affected by increased demand from construction machinery, industrial machinery, and machine tool manufacturers, and by the recovery from the impact of the novel coronavirus pandemic.</p> <p>On the domestic side, operating income grew significantly due to the increase in sales volume, cost improvement effect from increased production, and the elimination of one-off expenses associated with repairs of the blast furnace conducted last year.</p> <p>Meanwhile, in the Indonesia business (JATIM) supported by strong demand in addition to the progress of structural reform measures, we achieved an operating income this year and are shifting from reconstruction to a growth phase.</p> <p>The Special Steel Bars Business as a whole posted operating income of ¥6,615 million (operating loss of ¥3,619 million in the previous term), an increase of ¥10,235 million year on year, although there were negative factors due to the time lag reflecting the rising raw material prices in the selling prices both in Japan and overseas.</p>
Forecast for the fiscal year ending March 31, 2023	<p>Demand for construction machinery is expected to continue to be strong, and firm demand is expected to continue in the Indonesian business as well.</p> <p>In addition, net sales are expected to increase to ¥102,000 million by reflecting the rise in raw material prices in our product selling prices, due to soaring raw material and energy prices and the depreciation of the yen.</p> <p>We expect operating income will decline to ¥4,300 million due to a time lag in reflecting further rising prices of raw materials in our product selling prices.</p>

Description of main business

Special steel bars (carbon steels, low-alloyed steels, spring steels, non-heated steels, bearing steels, free-cutting steels, tool steels, nitride steels)

Main final uses

Construction machinery, automobiles, industrial machinery and machine tools, and others

Springs Business

Results for the fiscal year under review	<p>The Springs Business posted net sales of ¥48,555 million, an increase of ¥10,098 million (26.3%) year on year, because although products for automobiles continued to be affected by a decline in production due to a global shortage of semiconductors and other parts, recovery from the effects of the new coronavirus pandemic progressed and demand for construction machinery remained firm.</p> <p>Operating income improved mainly in Japan, due to the recovery in net sales, but the losses expanded in North America. In the first half of the fiscal year, the North American subsidiary incurred temporary transportation costs due to emergency supply from Japan, which was caused by the bankruptcy of a material manufacturer. In the second half, this effect disappeared and production transfer from the U.S. factory to the Canadian factory is proceeding as planned. However, with the semiconductor and other parts shortage and the influence of the new coronavirus continuing, productivity declined and special flight costs were incurred due to production fluctuations caused by the automobile manufacturers' rapid moves toward recovery production, supply shortages from some material manufacturers, and production disruptions caused by heavy snowfall and demonstrations by truck drivers. As a result, for the full fiscal year, the Springs Business recorded an operating loss of ¥1,827 million (operating loss of ¥1,857 million in the previous term), an improvement of only ¥29 million year on year.</p>
Forecast for the fiscal year ending March 31, 2023	<p>As for products for automobiles, although demand is recovering, the supply shortage of semiconductors and other parts is expected to continue at least during the first half of the fiscal year.</p> <p>Demand for products for construction machinery is expected to remain strong. In addition, as the soaring material prices are being reflected in the selling prices, net sales are expected to increase to ¥57,000 million. Operating income is expected to record a loss of 700 million yen and improve from the second half of the fiscal year due to promoting the recovery from the production turmoil of the subsidiary in North America, in addition to promoting a sales volume increase and passing on the selling price of soaring materials.</p>

Description of main business

Coil springs, stabilizer bars, leaf springs, torsion bars, coiled wave springs, precision springs, various hinges, precision press products, plastic molded products, press assemblies, rubber track pads for shoe plates, tire protectors, tire chains and other various repair parts and products for automobiles and construction machinery

Main final uses

Automobiles, construction machinery, information-communication devices, and others

Formed & Fabricated Products Business

Results for the fiscal year under review	<p>The Formed & Fabricated Products Business recorded net sales of ¥10,357 million, an increase of ¥1,940 million yen (23.1%) year on year, affected by stronger demand due to recovery from the effects of the new coronavirus, and strong sales of new order bookings for special alloy powders and precision castings.</p> <p>Operating income amounted to ¥857 million, an increase of ¥835 million (operating income of ¥21 million in the previous period) year on year, affected by the increase in the sales volume and cost improvement due to increased production.</p>
Forecast for the fiscal year ending March 31, 2023	<p>Net sales are forecasted to decrease to ¥10,000 million due to passing on the selling price of soaring raw material prices, and the discontinuation of production of some cast steel products, although there is an increase in net sales of special alloy powder and precision castings. Operating income is forecast to decrease to ¥500 million, even if the lower profit caused by the fall in net sales and the rise in raw material prices is compensated for by improving the selling price in the surcharge system and improving the quality of precision castings.</p>

Description of main business

Special alloy powder, fine special alloy powder, precision castings, precision forgings, castings, general forgings, special alloy materials and special alloy machinery products

Main final uses

Automobiles, construction machinery, industrial machinery, and others

Machinery Business

Results for the fiscal year under review	<p>The Machinery Business posted net sales of ¥9,584 million, an increase of ¥651 million (7.3%) year on year, because net sales of a large project were recorded, although net sales in the Machinery Business were affected by the delay in business talks last year due to the impact of the new coronavirus, as the period from order booking to recording net sales is relatively long.</p> <p>Operating income amounted to ¥560 million, an increase of ¥107 million (23.7%) year on year. Orders received this term exceeded the results of the previous term due to the accumulation of large-scale orders centered on offshore wind power generation-related equipment, which we are focusing on.</p>
Forecast for the fiscal year ending March 31, 2023	<p>We anticipate there will be orders for our main products, protective equipment and large forging machines, and net sales are expected to increase to ¥10,500 million yen. Although there is an effect of increasing sales, the order environment is severe and profitability is sluggish, and operating income is expected to decrease to ¥400 million.</p>

Description of main business

Forging machinery, industrial machinery, steel fabrication, environmental recycling equipment

Other Business

Description of main business

Maritime transport, cargo transportation by trucks, warehouses

(2) Issues to be Addressed

The Group regards it as a significant challenge to build a corporate structure in which we can deal with any operating environment challenge, and our basic management policy is to develop sustainably and globally through fostering our businesses into competitive ones.

Forward-looking statements herein are those judged by the Group as of the end of the fiscal year under review.

[Business environment and Issues to be Addressed]

(i) The current state of the Group as identified

The business environment surrounding the Group is recovering from economic activities that have deteriorated significantly due to the effects of COVID-19. In the construction machinery industry, demand, which recovered sharply from the latter half of last fiscal year, is expected to remain strong. In addition, in the automobile industry, domestic and overseas demand is recovering, although it is expected that the supply shortage of semiconductors and other parts will continue. On the other hand, in addition to the increase in production costs due to soaring raw material and energy prices and the impact of the depreciation of the yen, the lockdown in China and the situation in Russia and Ukraine are causing increased uncertainty about the future.

Under these circumstances, the Group has been engaged in initiatives such as company-wide cost structure reform and strengthening its financial position. Regarding the improvement of the profitability of the overseas businesses, which has been an issue, the income of the spring subsidiary in North America (MSSC) has deteriorated significantly. On the other hand, the special steel subsidiary in Indonesia (PT. JATIM TAMAN STEEL MFG.) achieved a return to profitability from the second half of FY2020 and is entering a growth phase. In Japan, we are reducing fixed costs, including recruiting personnel for voluntary retirement, and lowering the break-even point to transform our business structure so that we can secure profits regardless of the business environment. At present, the major issues are how to deal with the increase in raw material costs due to soaring prices of coking coal, scrap, ferroalloys and energy, and the sharp depreciation of the yen, and the recovery of margins. We will continue to focus on improving selling prices to secure profits. Moreover, at our base in North America, while the shortage of semiconductors and other parts and the effects of COVID-19 continue, production disruptions are occurring due to rapid production changes by automobile manufacturers, which are our main customers, and unstable material procurement. Currently, we are proceeding with various measures such as securing stable inventory and building a material procurement system through multi-company purchasing, including Mitsubishi Steel Muroran Special Steel Co., Ltd., and we expect that the issue will be resolved in the second half of FY2022.

The Company moved to the Prime Market when the TSE market was reorganized in April of this year, and the item of market capitalization of outstanding shares did not reach the standard at the time of judging the conformity to the listing maintenance standard. Although the current stock price level meets the standards, we will promote various initiatives to improve the enterprise value in the medium to long term, in addition to further improving our business performance.

(ii) Enhance the corporate value of the Company in the medium- to long-term

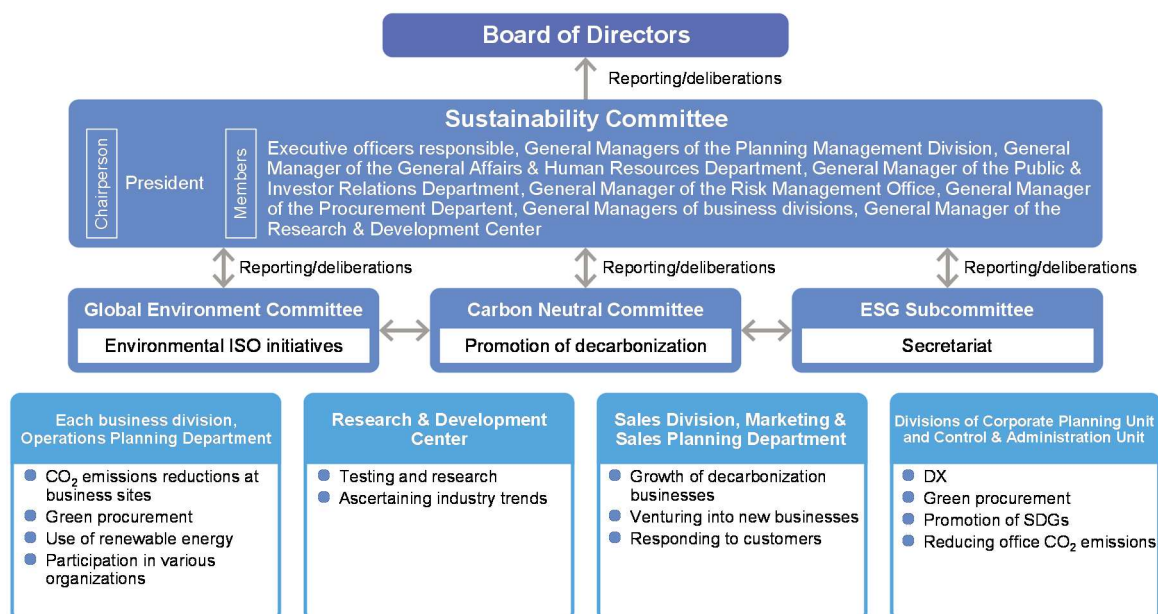
The Group has been increasing efforts to conduct sustainability initiatives with the aim of enhancing its corporate value in the medium- to long-term.

In November 2021, the Sustainability Committee was newly established with the aim of discussing and formulating measures to ensure the sustainable growth of the Group, together with establishing a basic policy on sustainability.

In addition to the existing Global Environment Committee, the Carbon Neutral Committee and ESG Subcommittee have been newly established as subordinate organizations of the Sustainability Committee to work as a management system that can respond across the entire Company to promote our sustainability.

The content of the discussions at the Sustainability Committee is reported to and deliberated at the Board of Directors as appropriate, and in fiscal 2021, "Carbon neutral initiatives" and "Human rights initiatives" were reported on and deliberated.

(Sustainability promotion structure)



*Including domestic and overseas subsidiaries

(E) Environmental Initiatives: As initiatives toward carbon neutrality, we have announced a CO₂ emission reduction target and a roadmap for carbon neutrality.

[CO₂ reduction target]

By fiscal 2030, compared with fiscal 2013

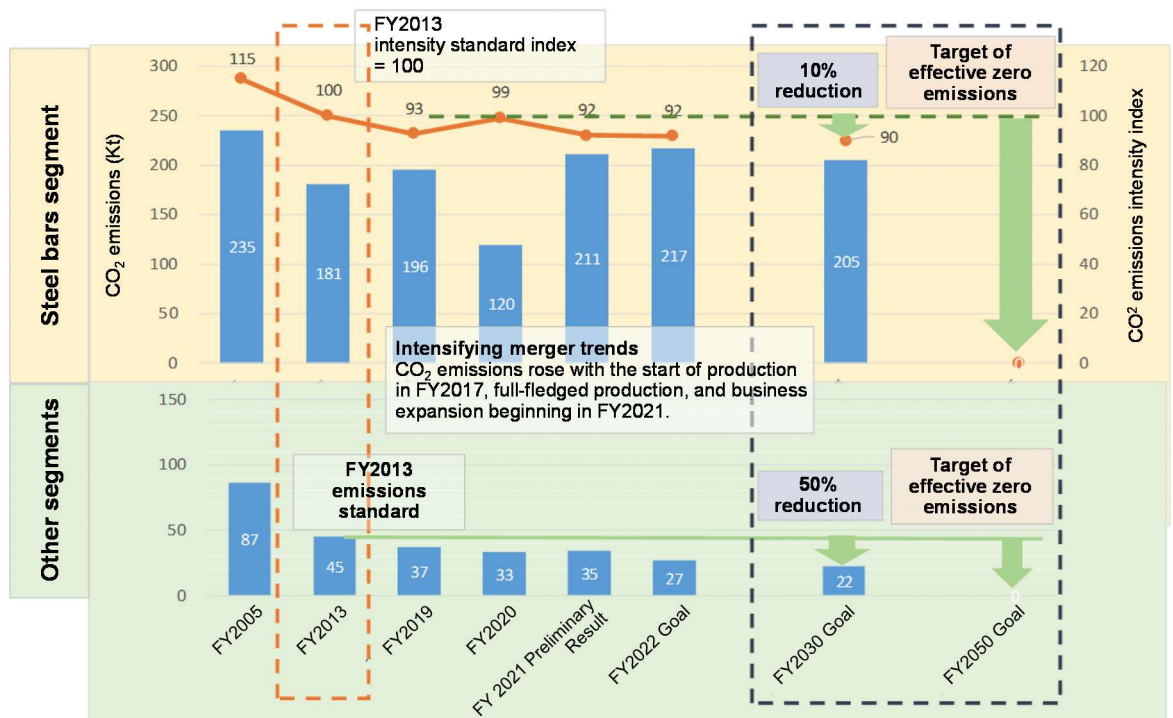
Steel departments: 10% reduction in basic unit (for business expansion)

Other departments: 50% reduction in the total emissions

Office departments: carbon neutrality

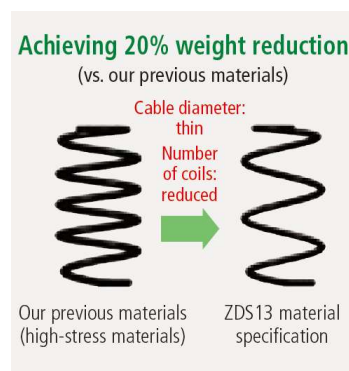
→ Realization of carbon neutrality in 2050

(Roadmap for carbon neutrality)



In addition, we are also working to reduce the environmental burden through our products, such as identifying customer needs in each business division and developing products based on the following concepts:

- **Special Steel Bars Business:**
Development of products that contribute to reducing energy consumption in customers' factories
- **Springs Business:**
Responding to further weight reduction of automobile parts for an EV society
- **Formed & Fabricated Products Business:**
Development of metal materials that help save energy
- **Machinery Business:**
Initiatives for renewable energy / resource recycling business-related equipment



Development targeting further weight reductions in springs



Development of steel materials that significantly reduce heat treatment time (large gears for construction machinery)

(S) Initiatives for society: We are working on human resource development of employees, work style reform and diversity. We have introduced a new personnel treatment system to improve the motivation of each employee, and to promote the active participation of diverse human resources, such as creating a work environment where women can work comfortably and improving the system.



In addition, we will set up the DX Promotion Office to further add value in our business operations and change our business style by utilizing DX.

(G) Initiatives for Governance: In fiscal 2021, we improved the foundation of our corporate governance framework and shifted to a new system to ensure the objectivity and transparency of management. Going forward, we will continue to enhance corporate governance in order to further increase our enterprise value.

- Shorter term of office of directors (from two years to one)
- Enhancement of checks by outside directors (increasing the ratio of outside directors to one-third or more of all directors)
- Enhancement of the nomination/remuneration functions of the Governance Committee (Note)
- Migration to an executive officer system
- Sale of strategically held shares (share of net assets reduced from 15% to 4%)
- Enhancement of shareholder relations activities (participation of outside officers, etc.)

(Note) For the Governance Committee, please see (Note) 9 of Proposal No. 3 in the Reference Documents for the General Meeting of Shareholders.

(iii) Medium- to long-term business strategy

In May 2020, we announced the "2020 Medium-term Business Plan" for the three years from fiscal 2020 to fiscal 2022.

In fiscal 2020, the first year of the Plan, we focused on structural reforms of the overseas businesses that are running a deficit, improved the profitability of overseas subsidiaries, and reduced the break-even point by reducing fixed costs, including through voluntary retirement. As a result, in fiscal 2021, the Group achieved a final profit for the first time in three terms. In addition, regarding the three major policies set forth in the Medium-term Business Plan, except for the reconstruction of MSSC in North America, the progress is generally in line with the plan. In 2022, the final year of the plan, we will thoroughly improve the income of MSSC in North America and formulate the next medium-term business plan to further improve its enterprise value.

An outline of the 2020 Mid-term Business Plan is as follows.

1. Slogan for the 2020 Mid-term Business Plan

Provide the customers with added value by manufacturing seamlessly from materials to products

2. What we aim to be

- Achieve higher profitability and stabilize earnings by exercising the comprehensive capabilities of the Group
- Develop products keeping a half-step ahead of customer needs and provide them with the products as new value

3. Three main directions

- ◆ Restructure our overseas businesses—urgent needs for swift upgrading of the profitability of our overseas bases
 - Achieve profitability at our Indonesian subsidiary JATIM and stop loss-posting by our North American subsidiary MSSC and turn it around promptly
 - Integrate, shut down or merge overseas businesses and bases
- ◆ Strengthen our product appeal further—products keeping a half-step ahead of customer needs
 - Reinforce our comprehensive ability to obtain customer feedback promptly and reflect it in products
 - Expedite development by revising technology development items flexibly
- ◆ Expand our business model, producing materials and final products
 - Exercise the strength of the Company's seamless production from materials by deploying our business model of seamless production of lightweight springs using steel materials from Mitsubishi Steel Muroran Inc. and JATIM material-based leaf springs to construction machinery springs and stabilizer bars
 - As a seamless production model, strengthen the Formed & Fabricated Products Business that has to date had a standalone-centric product lineup, including its upstream and downstream segments

4. Key Performance Indicator (KPI)

Fiscal 2022 targets

- | | |
|--------------------|---------------------|
| • Net sales | 150,000 million yen |
| • Operating income | 7,000 million yen |
| • ROE | 8.0% or more |

Issues to be addressed by the businesses are as follows.

Special Steel Bars Business

While what lies ahead is still uncertain due to trends in the novel coronavirus pandemic and semiconductor shortage as well as the Russia and Ukraine conflict, etc., major issues are responding to the soaring prices of materials such as coking coal, scrap and alloyed steels and of energy, and regaining margin, and we will continue to strive to improve our selling prices toward securing proper profits.

In addition, capital investment and efforts to stabilize operations at PT. Jatim Taman Steel Mfg. in Indonesia have progressed, and the effects of these efforts on its performance have become apparent. Going forward, we will continue to work to shorten the time difference of passing on prices to products in response to soaring raw material and material prices as in the domestic business.

Springs Business

In Japan, the Group has continued to enhance its product appeal with a focus on weight saving and performance advances and supported its overseas subsidiaries' manufacturing capabilities as the mother plant. As a result, domestic and overseas operating sites have been steadily awarded growing new orders due to strengthened proposals. The Group will continue to further expand order bookings by enhancing its product appeal.

Overseas, regarding the issue of making the North American base profitable, we have been promoting the transfer of production to the Canadian factory as a reconstruction plan. In addition, as a response to the rise in raw material prices, the harmonization between the selling price reflection index and market fluctuations has been completed. While material prices remain high, base prices and prices of purchased parts continue to rise due to tight supply and demand, but we will continue to reflect this in our selling prices. At present, while the supply and demand for parts such as semiconductors continues to be tight worldwide, production turmoil has occurred due to sudden production fluctuations by automobile manufacturers and unstable material procurement. Under such circumstances, we will establish a system that can respond to fluctuations in orders by securing stable inventory through temporarily restarting the factory in America and promoting the construction of a material procurement system through multi-company purchasing, including our own company, and will continue to work on resolving the issue toward the second half of fiscal 2022.

Formed & Fabricated Products Business

In addition to promoting new sales expansion of special alloy powders and precision castings, the Chiba Advanced Materials Center (AMC) that was set up in the Chiba Works was separated from the Operating Unit and its functions were consolidated into the Research & Development Center to establish an organizational structure that promotes the development of advanced materials and new products, etc. for future themes at a company-wide level. This will accelerate various research and development activities using the trial manufacturing line for precision castings, VIM (vacuum induction melting furnace), and mass production facility for gas atomized powders. We will also launch full-scale operation and start a trial manufacturing line for water atomizing for fine metal powder that was installed in the Hirota Works, thereby assisting operating sites in and outside Japan in an enhanced manner.

Machinery Business

Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. will keep rebuilding new business foundations by securing order bookings through boosting product appeal in its existing businesses and by tapping into its core technologies. The company will aim to grow in a sustained manner as a comprehensive engineering manufacturer meeting diverse customer needs. In particular, it will pursue new business opportunities, focusing on offshore wind power-related facilities, etc. for which demand is expected to increase in the future.

Moreover, the firm will strengthen its collaboration with Mitsubishi Steel Group entities and continue to lower product costs and expand exports.

The Group will work on the aforementioned priority initiatives. The Group will also continue to vigorously enhance its business foundations into the future, while acknowledging that compliance and ESG (environment, society and governance) are critical issues.

We look forward to your continued guidance and support as our shareholder.

(3) Forecast and Dividends for the Fiscal Year Ending March 31, 2023

In the construction-industrial machinery industries, which are the Group's main business partners, demand is expected to remain strong. In the automobile industry, the supply shortage of semiconductors and other parts is expected to continue at least during the first half of the year, but demand is recovering. On the other hand, the outlook is becoming more uncertain due to the lockdown in China and the situation in Russia and Ukraine, in addition to the effects of soaring raw material and energy prices and the depreciation of the yen.

Under these circumstances, the Group's full-year earnings forecast for the fiscal year ending March 2023 is expected to increase due to the progress in passing on the price of rising raw material prices and the recovery in automobile demand.

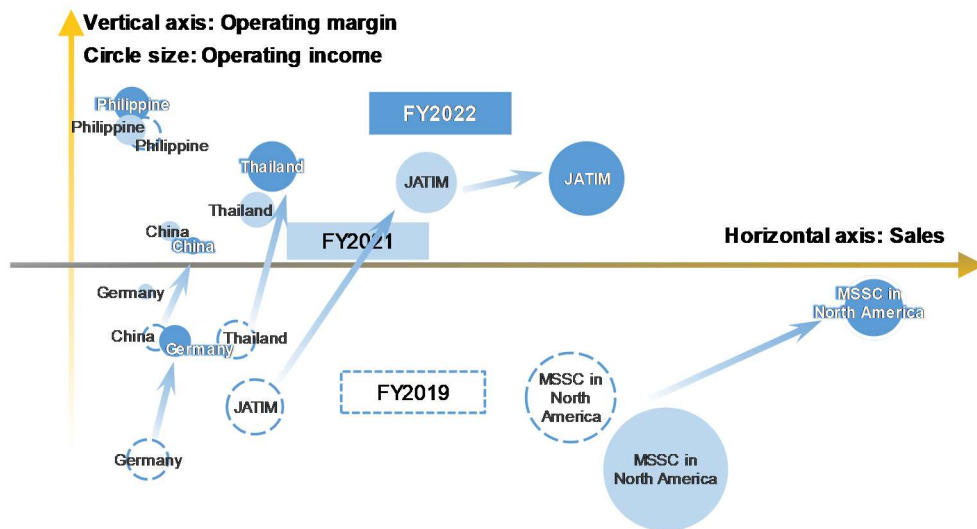
In the Spring Business, the loss of operating income will decrease due to the recovery of sales volume and the elimination of transportation costs from the collapse of material manufacturers in North America, but the Special Steel Bars Business will see a decline in revenue because the price increase of products cannot compensate for the further rise in raw material prices and overall profit is expected to decline.

Based on the above, for the fiscal year ending March 31, 2023, we forecast consolidated net sales of 170 billion yen, consolidated operating income of 4.5 billion yen, consolidated ordinary income of 3.1 billion yen, and profit attributable to owners of the parent of 2.7 billion yen.

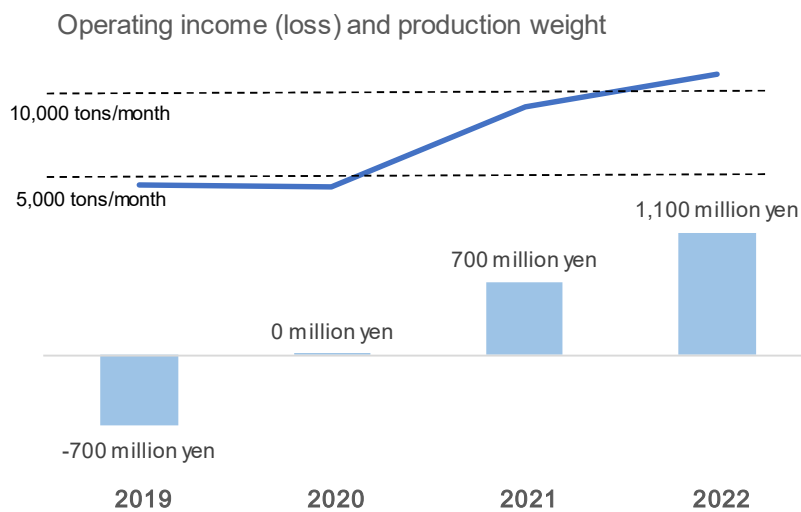
	97th Fiscal Year (2020/4~2021/3)	98th Fiscal Year (under review) (2021/4~2022/3)	99th Fiscal Year (forecast) (2022/4~2023/3)		
			H1 forecast	Full fiscal year forecast	Year-on-year change
Net sales (million yen)	97,804	146,292	80,000	170,000	23,707
Operating income (loss) (million yen)	(4,943)	6,270	500	4,500	(1,770)
Ordinary income (loss) (million yen)	(5,509)	5,780	(200)	3,100	(2,680)
Profit (loss) attributable to owners of the parent (million yen)	(5,528)	4,068	200	2,700	(1,368)
Dividend (yen/share)	0	50	10	50	0

(4) Progress of the Mid-term Business Plan

- Improvement of the profitability of overseas operating sites
- ✓ Progress was made in expanding sales through the development of competitive products, and we continued to reduce fixed costs accompanied by personnel reduction.
- ✓ In fiscal 2021, foreign affiliates, excluding North America MSSC and Germany, moved into the black.
- ✓ Achieving the reconstruction of North America MSSC is the biggest challenge.



■ JATIM in Indonesia



Progress of the revival plan for JATIM in Indonesia

- Focused on productivity improvement based on the measures in the restructuring plan, and operating income has resolved the deficit in FY2020 with the volume of orders as in the past.
- In FY2021, there was a temporary decline in operations due to the COVID-19 pandemic, but the restructuring plan was achieved, supported by strong demand.
- Received the "Excellent in Local Material Development" award from Toyota Indonesia for our support for local procurement and our quality.

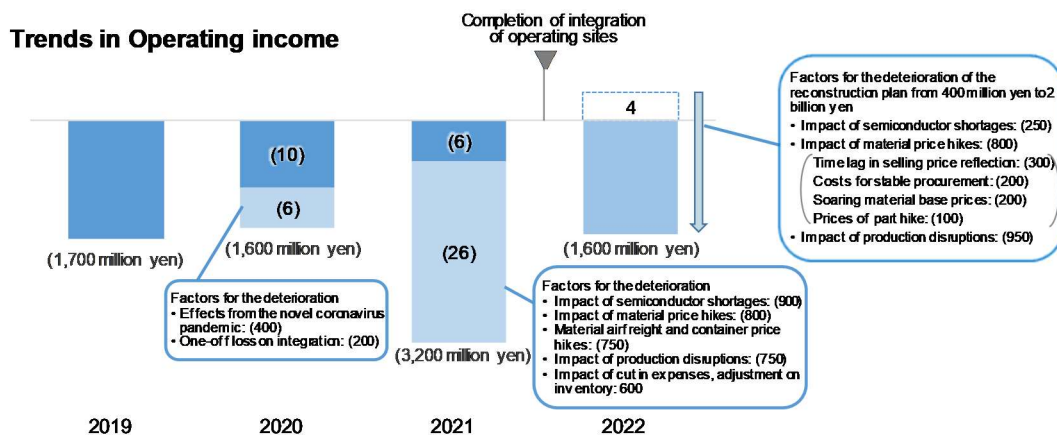
- In fiscal 2022, in addition to the further rise in scrap, there was a sharp rise in secondary materials and energy, and we will reflect these into selling prices.
- Now at the stage of considering the next steps to bolster the financial position and to establish a two-pillar structure with Muroran.

■ MSSC in North America

It will not be complete without the restructuring of JATIM and our North American subsidiary MSSC in this medium-term plan.

→

In the current fiscal year, we will thoroughly improve our North American subsidiary MSSC.



Progress of the revival plan for MSSC in North America

- While productivity improvement is in progress due to the transfer of production to Canada, income deteriorated significantly due to production turmoil stemming from a combination of rapid increases in order booking, sudden changes in order booking, and a supply shortage of materials after the third quarter.
- In addition, raw material prices soared throughout the period (although the unification of material indicators has been completed, material base prices and prices of parts to be purchased have soared).

[Measures against production disruption]

- By increasing product inventories by temporarily restarting the US factory and stabilizing material procurement by adding suppliers (including in-house materials), we will increase resistance to fluctuations in our order booking for stable operations.
- Measures for equipment failure (maintenance enhancement) are being implemented, but we will reduce failure rate even if we need to make investments.

[Measures against steep rise of materials]

- The impact of steep rise of material can be divided into market fluctuations, base prices, and costs of purchased parts.
- The coincidence of indicators to reflect market fluctuations into selling prices was completed. As material prices remain high, we will work to pass the base price increase and prices of purchased parts due to tight supply and demand on selling prices.

(5) Trends in Assets and Income Status

Status of the Group

Classification	95th Fiscal Year (2018/4~2019/3)	96th Fiscal Year (2019/4~2020/3)	97th Fiscal Year (2020/4~2021/3)	98th Fiscal Year (under review) (2021/4~2022/3)	99th Fiscal Year (forecast) (2022/4~2023/3)
Net sales (million yen)	129,370	117,138	97,804	146,292	170,000
Operating income (loss) (million yen)	1,055	436	(4,943)	6,270	4,500
Ordinary income (loss) (million yen)	117	(259)	(5,509)	5,780	3,100
Profit (loss) attributable to owners of parent (million yen)	280	(14,070)	(5,528)	4,068	2,700
Profit (loss) per share (yen)	18.2	(914.6)	(359.4)	264.7	175.7
Total assets (million yen)	153,327	141,391	132,320	142,962	145,500

(Note)

Company shares held by Board Incentive Plan (BIP) Trust are recorded as treasury shares in the Consolidated Financial Statements. Consequently, Company shares held by the trust are included in treasury shares subject to exclusion from the average number of shares outstanding during the fiscal period and the total number of shares outstanding at the end of the fiscal period.

(6) Principal Places of Business and Status of Significant Subsidiaries and Business Combinations (as of March 31, 2022)

(a) The Company

Name	Location
Domestic	
Head Office	Tokyo Metropolis
Chubu Branch Office	Aichi Prefecture
Nishi-Nihon Branch Office	Osaka Prefecture
Fukuoka Sales Office	Fukuoka Prefecture
Hiroshima Sales Office	Hiroshima Prefecture
Chiba Works, Research & Development Center	Chiba Prefecture
Hirota Works	Fukushima Prefecture

* Dusseldorf Office was abolished as of July 1, 2021.

(b) Significant subsidiaries

Company name	Location	Capital stock	Investment ratio	Description of main business
Domestic				
Mitsubishi Steel Muroran Inc.	Hokkaido Prefecture	Million yen 3,000	70.0	Manufacturing of special steel bars and steel ingot
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Nagasaki Prefecture	Million yen 900	60.8	Manufacturing and sale of steel fabrication, industrial machinery, forging machinery and environmental recycling equipment
Ryokoh Express Co., Ltd.	Chiba Prefecture	Million yen 99	86.0	Maritime transport, cargo transportation by trucks, warehouses
North and Central America				
MSSC CANADA INC.	Canada	Thousands of Canadian dollars 5,000	100.0	Manufacturing and sale of springs for automobiles
MSSC US INC.	U.S.A.	US dollars 100	100.0	Manufacturing and sale of springs for automobiles
MSSC MFG MEXICANA, S.A. DE C.V.	Mexico	Thousands of Mexican pesos 304,346	100.0	Manufacturing and sale of springs for automobiles
Europe				
MSSC Ahle GmbH	Germany	Euro 25,000	100.0	Manufacturing and sale of springs for automobiles
China				
MSM NINGBO SPRING CO., LTD.	China	Thousands of US dollars 28,200	100.0	Manufacturing and sale of springs for automobiles and construction machinery
Southeast Asia				
PT.JATIM TAMAN STEEL MFG.	Indonesia	Millions of Indonesian rupiahs 1,709,387	66.5	Manufacturing and sale of special steel bars
MSM SPRING INDIA PVT.LTD.	India	Thousands of Indian rupees 577,000	96.5	Manufacturing and sale of springs for construction machinery and rail vehicles
MSM Philippines Mfg. Inc.	The Philippines	Thousands of Philippine pesos 24,000	100.0	Manufacturing and sale of precision springs and module products
MSM (THAILAND) CO., LTD.	Thailand	Thousands of Thai bahts 154,200	100.0	Manufacturing and sale of precision castings and precision forgings Sale of springs for automobiles (leaf spring)

(Notes)

1. As of the end of the period under review, the Company's consolidated subsidiaries and associates accounted for under the equity method totaled 18 and 3, respectively.
2. The Group has no specified wholly-owned subsidiary stipulated by Article 118, Paragraph 4 of the Ordinance for Enforcement of the Companies Act as of the end of the period under review.

(c) Status of significant business combinations, etc.

Effective March 30, 2022, the ratio of the Company's investment in capital of MSM SPRING INDIA PVT.LTD. was changed from 95.2% to 96.5%.

(7) Status of Employees (as of March 31, 2022)

a. Status of the Group's Employees

Segment	Number of employees
Special Steel Bars Business	875 persons
Springs Business	1,351
Formed & Fabricated Products Business	1,101
Machinery Business	446
Other Business	92
Group-wide (common)	176
Total	4,041

(Notes)

1. The number of employees of the Group declined by 122 persons compared to the end of the previous fiscal year.
2. The number of employees shown in "Group-wide (common)" refers to employees who cannot be categorized into any specific segment.

b. Status of the Company's Employees

Number of employees	Increase (decrease) from end of previous period	Average age	Average number of years of service
689 persons	(14) persons	42.9 years old	20.5 years

(8) Financing Status

Equipment funds and operating funds during the period under review were sourced from the Group's own funds and borrowings.

(9) Major Lenders (as of March 31, 2022)

Lender	Amount of borrowings (outstanding balance)
MUFG Bank, Ltd.	19,939 million yen
Development Bank of Japan Inc.	8,135
Syndicated Loan	5,000
Meiji Yasuda Life Insurance Company	2,893
The Juhachi-Shinwa Bank, Ltd.	1,890

(Note)

The lead manager of the syndicate loan is MUFG Bank, Ltd.

(10) Capital Investment Status

Capital investments made during the period under review totaled 2,598 million yen.

Main capital investments

Segment	Venue	Item
Special Steel Bars Business	Mitsubishi Steel Muroran Inc.	Renewal of manufacturing facilities
Springs Business	Chiba Works	Installation of manufacturing facilities
	MSSC Ahle GmbH	Installation of manufacturing facilities
	MSM NINGBO SPRING CO., LTD.	Installation of manufacturing facilities
	MSSC CANADA INC.	Installation of manufacturing facilities
Machinery Business	Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Renewal of manufacturing facilities
Group-wide	Research & Development Center	Installation of facilities (testing and evaluation equipment)

2. Matters concerning Shares (as of March 31, 2022)

- (1) **Total Number of Shares Authorized to be Issued:** 36,000,000 shares
(2) **Total Number of Shares Outstanding:** 15,709,968 shares
(3) **Number of Shareholders:** 10,253 persons
(4) **Major Shareholders:**

Name of shareholder	Number of shares held (thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (trust account)	1,690	11.0%
Mitsubishi Heavy Industries, Ltd.	1,000	6.5
GOLDMAN SACHS INTERNATIONAL	833	5.4
Meiji Yasuda Life Insurance Company	715	4.6
Custody Bank of Japan, Ltd. (trust account)	668	4.3
Mitsubishi Steel Mfg. Kyoeikai	388	2.5
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	363	2.4
Tokio Marine & Nichido Fire Insurance Co., Ltd.	255	1.7
NIPPON STEEL CORPORATION	226	1.5
MUFG Bank, Ltd.	214	1.4

(Note)

The 271 thousand treasury shares are excluded from the calculation of the shareholding ratio above.
The 81,856 shares of the Company held by the BIP Trust are excluded from treasury shares.

(5) Status of Shares Granted to the Company's Officers as Consideration for Execution of Duties during the Fiscal Year under Review:

	Number of shares held	Number of recipients
Directors (excluding Outside Directors)	6,478 shares	7 persons

(Notes)

1. The details of the Company's stock compensation are stated in "4. (4) Total Amount of Compensation, etc. of Directors and Corporate Auditors" on page 40 of this Business Report.
2. The above includes shares granted to retired officers.
3. The number of granted shares is the total of book-entry shares and sold shares.

3. Matters concerning Subscription Rights to Shares, etc. (as of March 31, 2022)

There are no subscription rights to shares, etc. issued at this point in time.

4. Matters concerning Officers

(1) Directors and Corporate Auditors (as of March 31, 2022)

Position	Name	Assignment and Significant Concurrent Positions
* Representative Director, President & CEO	Motoyuki Sato	
* Representative Director, Senior Managing Executive Officer	Hiroyuki Nagata	Assistant to President (Overall administration) In charge of General Affairs & Human Resources Department, Risk Management Office, Accounting Department
Director	Masayuki Takashima	
Director	Akira Hishikawa	
Director, Managing Executive Officer	Jun Yamaguchi	In charge of Planning Management Division, Procurement Department, Systems Department
Director, Managing Executive Officer	Hiroshi Sekine	In charge of Steel Bar Division, Spring Division, Formed & Fabricated Products Division Chairman of the Board, MSSC CANADA INC. Chairman of the Board, MSSC US INC. Chairman of the Board, MSSC MFG MEXICANA, S.A. DE C.V. Chairman of the Board, MSM (THAILAND) CO., LTD.
Standing Corporate Auditor	Hirokuni Sakamoto	
Standing Corporate Auditor	Takashi Nagai	
Corporate Auditor	Tetsuya Nakagawa	Registered Attorney at Law

(Notes)

- Persons marked with an asterisk (*) are Representative Directors.
- On June 25, 2021, Hiroshi Amano, Jun Takayama and Akira Yamao retired from the positions of Director upon expiration of their terms. Mr. Takayama and Mr. Yamao took office as Senior Executive Officer on the same date.
- During the fiscal year ended March 31, 2022, there was change in position and responsibilities of Director as follows:

Name	New	Old	Date of change
Hiroyuki Nagata	Assistant to President (Overall administration) In charge of General Affairs & Human Resources Department, Risk Management Office, Accounting Department	Assistant to President (Overall administration) In charge of Accounting Department and Systems Department	June 25, 2021

Jun Yamaguchi	In charge of Planning Management Division, Procurement Department, Systems Department	In charge of Springs Business, Corporate Planning Division and Procurement Department	June 25, 2021
Hiroshi Sekine	In charge of Steel Bar Division, Spring Division, Formed & Fabricated Products Division	General Manager, Steel Bars Division	June 25, 2021

4. Effective June 28, 2021, Director Hiroshi Sekine resigned as President & Director, Mitsubishi Steel Muroran Inc.
5. Directors Masayuki Takashima and Akira Hishikawa are Outside Directors as defined in Article 2 (xv) of the Companies Act, and are notified by the Company as independent officers to the Tokyo Stock Exchange, Inc.
6. Corporate Auditors Hirokuni Sakamoto and Tetsuya Nakagawa are Outside Corporate Auditors as defined in Article 2 (xvi) of the Companies Act, and are notified by the Company as independent officers to Tokyo Stock Exchange, Inc.
7. Corporate Auditor Takashi Nagai has business experience in accounting and finance units of the Company and has considerable financial and accounting expertise.

(2) Overview of Limited Liability Agreement

The Company has concluded an agreement with each Outside Director and Corporate Auditor to limit his liability for damages referred to in Article 423 (1) of the Companies Act pursuant to the provision of Article 427 (1) of said Act. The maximum amount of liability for damages prescribed in such agreement is the sum of the amounts stipulated in the items of Article 425 (1) of said Act.

(3) Outline of the Provisions of Director Liability Insurance Contract

The Company entered into a director liability insurance contract with an insurance company in which Directors, Corporate Auditors, Executive Officers and managerial employees of the Company and subsidiaries of it are insured parties. Insurance expenses are all borne by the Company. The insurance contract covers any damage liability and litigation expenses incurred by an insured party due to a damage compensation claim resulting from an act committed by him or her in his or her capacity as company executive (including negligence).

(Reference)

The Company adopted an executive officer system in June 2021 with the objective of making greater efforts to facilitate swift decision-making, improve restraint functions, further boost business supervision functions, and determine a medium- to long-term direction; the aim was also to develop management personnel in a planned manner by delegating business execution to competent executives well-versed in operations.

As of April 1, 2022, there are 12 Executive Officers who do not concurrently serve as Directors.

Position	Name	Scope of duties
Senior Executive Officer	Akira Yamano	General Manager, Sales Division In charge of Parts Sales Division
Senior Executive Officer	Jun Takayama	In charge of Research & Development Center, Quality Assurance and Safety
Senior Executive Officer	Tsutomu Murayama	General Manager, Planning Management Division Head of DX Promotion Office
Executive Officer	Junji Ogura	General Manager, Spring Division Engineering Fellow, Sales Division
Executive Officer	Takuya Kurauchi	General Manager, General Affairs & Human Resources Department In charge of Public & Investor Relations Department
Executive Officer	Koichi Yaginuma	General Manager, Accounting Department
Executive Officer	Yoshimi Nakamori	General Manager, Operations Planning Department, Planning Management Division
Executive Officer	Kazumasa Tokuchi	General Manager, Steel Bars Division President & Director, Mitsubishi Steel Muroran Inc.
Executive Officer	Junya Shibata	Head of Overseas Project Office, Steel Bar Division President, PT. JATIM TAMAN STEEL MFG.
Executive Officer	Satoshi Narita	General Manager, Formed & Fabricated Products Division
Executive Officer	Teruhisa Hanamura	Chairman, MSSC Ahle GmbH
Executive Officer	Masahiro Murata	General Manager, Marketing & Sales Planning Department, Planning Management Division

(4) Total Amount of Compensation, etc. of Directors and Corporate Auditors

Classification	Total amount of compensation, etc. (million yen)	Total remunerations by category (million yen)			Number of Directors and Corporate Auditors (person)
		Fixed remuneration	Performance-linked remuneration		
		Monetary remuneration		Non-monetary remuneration	
		Base remuneration	Bonus	Stock compensation	
Directors (Outside officers (included above))	235 (16)	158 (16)	68 (-)	9 (-)	9 (2)
Corporate Auditors (Outside officers (included above))	46 (27)	46 (27)	-	-	3 (2)

(Notes)

1. The above amount of compensation includes the amount paid to three Directors who have retired at the close of the 97th Ordinary General Meeting of Shareholders held on June 25, 2021.
2. In addition to the above compensation, the Company paid ¥5 million in employee remuneration paid to two Directors who serve the Company as Directors and employees concurrently.
3. For the fiscal year under review, we recorded ¥9 million in provision for directors' share benefits under the performance-linked stock compensation plan for Directors approved by the 97th Ordinary General Meeting of Shareholders held on June 25, 2021, as a result of an expense recalculation made in light of the most recent business performance.
4. There are four Directors who are eligible to receive the bonus.

A. Matters on performance-linked remuneration and non-monetary remuneration

Performance-linked remuneration from the Company comprises bonus and stock compensation and the latter comes in the form of non-monetary remuneration. Trends in performance indicators for bonus and stock compensation, including for the fiscal year under review, are as stated in the part titled “(5) Trends in Assets and Income Status” in the section titled “1. Matters concerning Current Status of the Group.”

(A) Performance-linked bonus

The Company adopted a bonus scheme in which a single-year consolidated operating income is used as a performance indicator, and pays this type of bonus to Directors at a certain time. Operating income was chosen as a performance indicator in order to motivate personnel into enhancing fiscal year profits steadily. As for how to compute performance-linked bonuses, a bonus payment amount is determined in accordance with a bonus payment rate reflecting an achievement rate for the year's performance indicator and its improvement from the previous year, which provides a stronger incentive.

(B) Performance-linked stock compensation (non-monetary remuneration)

The Company adopted a scheme called Board Incentive Plan (BIP) trust with the objective of more strongly incentivizing personnel into enhancing financial results and corporate value in the medium- to long-term. As performance indicators, we use the achievement rates for consolidated net sales, consolidated operating income, and consolidated ROE against the Mid-term Business Plan targets for them. This is in the belief that expanding business size and enhancing profitability and capital efficiency will help raise the Company's corporate value in the medium- to long-term. As the targets for the Mid-term Business Plan from FY2020 to FY2022, we set out consolidated net sales of 150,000 million yen, consolidated operating income of 7,000 million yen, and ROE of 8%. When the Mid-term Business Plan ends or a director resigns, the Company will grant to him or her shares equivalent in value to 50% of

points determined by multiplying a performance-linked coefficient that varies from 0% to 200% depending on an achievement rate for each performance indicator by a number of points to be granted annually according to his or her title. The rest will be paid in an amount equivalent to proceeds from a conversion of shares into cash.

B. Matters on resolution by general meeting of shareholders on remuneration for Directors and Corporate Auditors

The 92nd Ordinary General Meeting of Shareholders held on June 17, 2016, resolved to set monetary remuneration for Directors at not more than ¥400 million (including not more than ¥50 million for Outside Directors) a year. The director remuneration did not include employee-portion remuneration for Directors serving concurrently as employees. The number of Directors at the conclusion of the Ordinary General Meeting of Shareholders was eight (including two Outside Directors).

The 97th Ordinary General Meeting of Shareholders held on June 25, 2021, resolved to set the maximum of a performance-linked stock compensation to be paid by the Company to Directors (excluding Outside Directors) and Executive Officers in delegation contract with the Company for a target period (two years) at ¥118 million (¥59 million for the first target period), separately from the monetary remuneration mentioned above, and to pay the compensation. The number of Directors and Executive Officers in delegation contract with the Company at the conclusion of the Ordinary General Meeting of Shareholders was six (excluding Outside Directors).

The 92nd Ordinary General Meeting of Shareholders held on June 17, 2016 resolved to set monetary remuneration for Corporate Auditors of the Company at not more than ¥100 million a year. The number of Corporate Auditors at the conclusion of the Ordinary General Meeting of Shareholders was four.

C. Decision-making policy on remunerations for individual Directors

(A) How to determine decision-making policy on remunerations for individual Directors

A Board of Directors meeting held on February 25, 2021, resolved a decision-making policy on remunerations for individual Directors.

(B) Outline of decision-making policy

The Board of Directors will determine a policy on deciding the values of remunerations for Directors. The amount of remuneration, etc., for Directors, excluding Outside Directors, consists of base remuneration (fixed) commensurate with title, performance-linked bonus, and performance-linked stock compensation. When the performance target is achieved (100%), performance-linked remuneration is paid at the rate of 25 (bonus of 15, and performance-linked stock remuneration of 10) to basic remuneration of 100, and we are providing bonuses by reflecting the degree of performance improvement. Outside Directors are in office in order for the Company to reflect their advice, which is based on extensive knowledge and experience, in its business management, and the Company pays them base remuneration (fixed) only in consideration of their roles and duties.

Authority regarding the specifics of remunerations for individual Directors should be delegated to the Representative Director and President & CEO. In order for such authority to be exercised properly by the Representative Director and President & CEO, the Board of Directors consults the Governance Committee composed of Outside Directors and receives recommendations from the committee.

(C) Reason remunerations for individual Directors for the fiscal year under review were judged to be consistent with the decision-making policy

In deciding remunerations for individual Directors, the Governance Committee considers the draft from many angles and the Board of Directors respects recommendations from the committee, so we judged the remunerations to be consistent with the decision-making policy mentioned above.

D. Matters on delegation of decision-making for remuneration for Directors

It is intended that Motoyuki Sato, Representative Director and President & CEO, will be delegated the responsibility of deciding the specifics of remuneration (excluding Performance-linked stock compensation (BIP Trust)) for individual Directors. This is because the Representative Director and President & CEO is the most suitable to evaluate Directors on their responsibilities. In order for authority to be exercised properly by the Representative Director and President & CEO, the Board of Directors consults the Governance Committee composed of Outside Directors and receives recommendations from the committee.

(5) Matters concerning Outside Officers

- a. Relationship between the Company and entity where significant concurrent positions are held

Outside Officers have no significant concurrent position.

- b. Status of main activities in the fiscal year under review

[Outside Directors]

	Name of outside officers	Attendance at meetings of Board of Directors	Attendance at meetings of Governance Committee	Activity description and roles
Directors	Masayuki Takashima	13 out of 14 meetings	6 out of 6 meetings	In the meetings of the Board of Directors, Mr. Takashima made statements about how to enhance corporate value, etc., from his extensive experience as a top manager of a leading trading company and high level of business know-how, as well as from the viewpoint of ESG. He played an important role in having deliberations including on the nomination and remuneration of Directors and submitting recommendations to the Board of Directors by serving as a member of the Governance Committee.
	Akira Hishikawa	14 out of 14 meetings	6 out of 6 meetings	In the meetings of the Board of Directors, Mr. Hishikawa made statements about how to enhance corporate value, etc., from his extensive experience as a top manager of a leading heavy industry manufacturer and high level of business know-how, as well as from the viewpoint of experience in a technology department. He played an important role in having deliberations including on the nomination and remuneration of Directors and submitting recommendations to the Board of Directors by serving as a member of the Governance Committee.

[Outside Corporate Auditors]

	Name of outside officers	Attendance at meetings of Board of Directors	Attendance at meetings of Board of Corporate Auditors	Activity description and roles
Corporate Auditors	Hirokuni Sakamoto	14 out of 14 meetings	14 out of 14 meetings	Mr. Sakamoto made useful statements at Board of Directors meetings and Board of Corporate Auditors meetings by drawing on knowledge nurtured through extensive experience at a financial institution. He executed his duties in accordance with an audit policy determined by the Board of Corporate Auditors and exercised audit function sufficiently.
	Tetsuya Nakagawa	14 out of 14 meetings	14 out of 14 meetings	Mr. Nakagawa made useful statements at Board of Directors meetings and Board of Corporate Auditors meetings by drawing on knowledge nurtured through extensive experience as a lawyer. He executed his duties in accordance with an audit policy determined by the Board of Corporate Auditors and exercised audit function sufficiently.

(Note) In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and Article 26 (2) of the Articles of Incorporation of the Company.

5. Matters concerning Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC (as of March 31, 2022)

(2) Amount of Fees, etc. of Accounting Auditor

Classification	The fiscal year under review
	Fee for audit certification service (in millions of yen)
The Company	62
Total amount of money payable by the Company and its subsidiaries	81

(Notes)

1. The audit agreement between the Company and the Accounting Auditor does not separately show the amounts of the fee for an audit under the Companies Act and the fee for an audit under the Financial Instruments and Exchange Act. Therefore, the amount of the stated fee for audit certification service for the Company is a combined total amount of the fees.
2. The Board of Corporate Auditors comprehensively considered the contents of the audit program of the Accounting Auditor, the status of execution of duties in accounting audit, the adequacy of the basis of calculation of estimated remuneration and the possibility of providing future appropriate audit services to approve the amount of remuneration for the Accounting Auditor.
3. Among the Company's significant subsidiaries, overseas subsidiaries are audited by an audit corporation other than the Company's Accounting Auditor.

(3) Description of Non-Audit Services

Not applicable

(4) Policy for Determination of Dismissal or Non-reappointment of Accounting Auditor

If the Accounting Auditor is deemed to fall under any of the items of Article 340 (1) of the Companies Act, the Board of Corporate Auditors will dismiss the Accounting Auditor based on the consent of all Corporate Auditors. If the Accounting Auditor is deemed to have any difficulties in performing its duties properly, or if it is otherwise deemed necessary, the Board of Corporate Auditors will decide to dismiss or not to reappoint the Accounting Auditor.

6. Basic Policy for Internal Controls and Its Implementation Status

(1) Basic Policy for Internal Controls

The Company's basic policy for internal controls resolved at the meeting of the Board of Directors is as follows.

- a. System to ensure execution of duties by Directors of the Company and directors of its subsidiaries in compliance with laws, regulations and the Articles of Incorporation and in an efficient manner

For the purpose of fulfilling its social responsibility in pursuit of becoming an enterprise trusted by society, the Company has prescribed in its "Basic Policy for Corporate Governance" that it shall establish the "Corporate Philosophy", "Mitsubishi Steel Group Code of Conduct" and "Detailed Rules for the Mitsubishi Steel Group Code of Conduct" and commit to pursuing and fulfilling more effective corporate governance. The Company's system places importance on "the functional enhancement of the institutions of the Board of Directors and the Board of Corporate Auditors" as well as "deliberations on the execution of operations by the Management Committee and enhancement of compliance and crisis management."

The meeting of the Board of Directors is where the direction of management strategies for the Group as a whole is determined. While giving consideration to speedy decision-making, the Board of Directors formulates basic management policies, determines matters stipulated in laws, regulations and the Articles of Incorporation and other important management-related matters, and supervises Directors in executing operations.

The Board of Directors shall be the minimum size necessary, and have a system that enables speedy and efficient decision-making. Regarding the policies determined by the Board of Directors, the Executive Officers shall execute their operations.

Outside Directors and Outside Corporate Auditors attend Board of Directors meetings and secure the fairness and transparency for decision-making for business execution. The Company set up, as a body under the Board of Director, the Governance Committee, in which independent Outside Directors exchange information and share awareness, and which receives inquiries on specific cases such as on nomination and remuneration before issuing recommendations. Moreover, the committee freely deliberates on matters associated with the Company's business and governance, thereby boosting the function to supervise business execution by the Board of Directors. The Board of Corporate Auditors audits the Group as a whole, including compliance and crisis management in accordance with the audit policy and segregation of operations, and ensures that Directors comply with laws, regulations and the Articles of Incorporation in executing their duties.

Furthermore, meetings of the Management Committee are convened periodically, on a weekly basis as a general rule (and are convened whenever necessary,) where its members including Directors, Corporate Auditors, Executive Officers, General Managers of Divisions, the respective Heads of Corporate Planning Unit, General Manager of Sales Division, the respective Heads of Control & Administration Unit and the General Manager of Research & Development Center deliberate and deal with the execution of important operations, compliance and crisis management of the Group.

In subsidiaries, the "Management Regulations for Subsidiaries" shall clarify rules for the management of subsidiaries, and through compliance with such regulations the Company shall understand and manage the status of its subsidiaries. In addition, a system to execute duties in a proper and efficient manner is ensured by making the Company's Directors, Corporate Auditors or employees, etc. concurrently serve as directors or corporate auditors of subsidiaries as a general rule. In the "Mitsubishi Steel Group Code of Conduct" and "Detailed Rules for the Mitsubishi Steel Group Code of Conduct", the Group declares that it has absolutely no relationship with any antisocial forces, and that it has a system in place to collaborate with outside specialized institutions such as police and lawyers and take a resolute stance when it receives unreasonable demands from antisocial forces.

- b. System for the preservation and management of information on execution of duties by

Directors

With regard to preserving and managing information on the execution of duties, Directors properly preserve and manage the minutes of the Board of Directors and other such important documents and information in accordance with laws, regulations and internal rules.

In addition, Directors ensure that the Group positions the information security management structure in accordance with the basic policy for information security and the rules thereof.

c. Regulations and other systems to manage risk of loss of the Company and its subsidiaries

A system is established for the Management Committee of the Company to discuss problems that may expose the Company and its subsidiaries to the risk of loss, to have the Risk Management Committee consider the risks for management mainly on governance (subsidiary management) and compliance and to identify and properly manage the risk of loss arising in domestic as well as global business activities.

The Investment and Credit Committee was established, mainly led by the Planning Management Division, in order to build a system contributing to management decisions by sufficiently considering risks in the investment plan including advances in new business, expansion of the existing business, increase in capital and loan to subsidiaries and affiliates, and the capital investment plan.

There is also a system in place for the Board of Directors of the Company to deliberate important cases, including items regarding subsidiaries, pursuant to the Rules of the Board of Directors and thereby prevent loss from arising.

d. System to ensure execution of duties by employees of the Company and its subsidiaries in compliance with laws, regulations and the Articles of Incorporation

In the Company, the Internal Audit Department - which reports directly to the President - conducts audits as the internal auditing division to determine whether or not operations are executed by employees in an appropriate and lawful manner, in addition to supervision by Directors and operational audits by the Corporate Auditors.

In subsidiaries, a system to ensure properness and efficiency in employees' duties and to prevent them from violating laws and regulations, etc. is ensured by making the Company's Directors, Corporate Auditors or employees, etc. concurrently serve as directors or corporate auditors as a general rule. In addition, the Group is developing a Group-wide compliance-enhancing structure by having in place compliance officers at the Company and the Group companies in accordance with the basic regulations on compliance. The Group holds information exchange meetings periodically between the Risk Management Office and the compliance officers to identify the state of compliance at these companies. The Group also regularly checks whether the structure is operated appropriately. Furthermore, Efforts are made to instill compliance in each and every employee by enhancing training aimed at making employees become more aware of the importance of compliance and deepening their understanding of "Mitsubishi Steel Group Code of Conduct" and "Detailed Rules for the Mitsubishi Steel Group Code of Conduct." Moreover, violations of laws and regulations are prevented by the establishment of a whistle-blowing system in which members of the Internal Audit Department and a law firm can be reached.

e. System to ensure properness of operations in the Group and system to report matters regarding execution of duties by directors of subsidiaries to the Company

The respective directors of subsidiaries execute operations and supervise their employees in accordance with policies decided by the Board of Directors and the Management Committee of the Company. In addition to audits conducted by the respective corporate auditors of subsidiaries, Directors, Corporate Auditors or employees, etc. of the Company concurrently serve as directors and corporate auditors of major consolidated subsidiaries and supervise and audit them, and exchange information periodically with directors and corporate auditors of each subsidiary while collaborating with the Internal Audit Department and the Accounting Auditor, thereby ensuring the properness of operations of the Group as a whole.

Furthermore, a system to have a grasp of important matters concerning subsidiaries at all times is ensured through the Operating Unit, Corporate Planning Unit, Sales Unit, Control & Administration Sections and Research & Development, in addition to the receipt of reports by the Directors, Corporate Auditors or employees, etc. of the Company at the meetings of the board of directors, etc. of the subsidiaries.

Various countermeasures are also developed and implemented to strengthen the management structures of overseas subsidiaries.

In addition, internal controls are put in place and implemented properly to ensure appropriateness and reliability of the Group's financial reporting.

f. Matters concerning employees who should assist Corporate Auditors' duties

Staff who concurrently serve as assistants to Corporate Auditors are appointed and assist in the Corporate Auditors' work, and Corporate Auditors properly confirm and give guidance on the staff's work, thereby ensuring the effectiveness of instructions.

In addition, to assure the independence of the Corporate Auditor's staff, the Director responsible for General Affairs & Human Resources Department consults on matters concerning the transfer of the Corporate Auditor's staff with the Board of Corporate Auditors in advance.

g. System for Directors and employees of the Company and directors and employees of its subsidiaries to report to the Corporate Auditors of the Company and other systems for reporting to Corporate Auditors, and system to ensure any person who made such report is not treated unfairly on the grounds of making such report.

Directors and employees, etc. of the Company and directors and employees, etc. of its subsidiaries report the status of execution of operations to Corporate Auditors of the Company as appropriate (including making reports at important meetings attended by Corporate Auditors), and promptly make a report to the Corporate Auditors on matters with the risk of inflicting serious damage to the Company, acts in violation of laws, regulations or the Articles of Incorporation and other matters on which the Corporate Auditors demand a report.

Information reported internally by any officer or employee at the Company or a subsidiary in or outside Japan is informed to Corporate Auditors.

In addition, the Whistle-blowing Rules stipulate that no one will be treated unfairly on the grounds of making such report, and an explanation is provided at in-house workshops to the effect that there will be no unfair treatment.

h. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Corporate Auditors of the Company and other policies for processing expenses and liabilities incurred in the execution of such duties

Directors properly pay Corporate Auditors as necessary with respect to expenses incurred in audits, etc. with full understanding of the importance of audits conducted by Corporate Auditors.

i. Other systems to ensure effective auditing by Corporate Auditors

Corporate Auditors effectively audit the execution status of operations by such means as periodically exchanging information with Directors including the Representative Director, the Internal Audit Department, employees, etc. and the Accounting Auditor, and receiving reports from Operating Unit, each department in Corporate Planning Unit, each department in Sales Unit, each department in Control & Administration Unit and Research & Development after having identified management problems at the meetings of the Board of Directors and the Management Committee in the early stages, and attending important meetings convened monthly at each place of business and subsidiary as appropriate.

(2) Implementation Status of the Basic Policy for Internal Controls

The Company strives to develop and adequately operate internal controls based on the basic policy for internal controls. During the fiscal year under review, it promoted activities about the “Detailed Rules for the Mitsubishi Steel Group Code of Conduct” to keep the Group companies informed to raise compliance awareness. Considering the results, the Board of Directors of the Company determined to maintain in-house training and comprehension surveys to disseminate them and enhance employee understanding. The following are other major matters on the implementation status of the basic policy for internal controls.

a. Matters concerning the risk management system

The Company’s Management Committee identifies and considers risks arising from the business activities of the Company and its subsidiaries. For the fiscal year under review, meetings of the Management Committee were held 50 times. Material matters were also deliberated upon in meetings of the Board of Directors in accordance with regulations of the Board of Directors. By doing this, the Company has strengthened the system that enables understanding of, and management of risks arising from, its business activities.

During the fiscal year under review, we continued to identify and address effects on our operating sites at an early stage by globally gathering information on novel coronavirus infections from operating sites and reporting it to the Board of Directors and the Management Committee.

The Investment and Credit Committee was established to assess projects from an objective and independent viewpoint as a meeting body independent of the Operating Unit, etc. In addition, during the fiscal year under review, the risk management system was strengthened by setting up regulations on the Investment and Credit Committee to fully consider business viability and risks.

For administrative risks, we work to further enhance the risk management system of the Group through measures driven mainly by the Risk Management Office in accordance with decisions made by the Risk Management Committee through deliberations.

b. Matters concerning the management system for subsidiaries

The regulations on the management of subsidiaries were defined so as to clarify the rules on the management of subsidiaries, and important matters on subsidiaries were deliberated in the Board of Directors and the Management Committee of the Company to understand and manage information of subsidiaries. As a general rule, the Company’s Directors, Corporate Auditors or employees concurrently serve as directors or corporate auditors of subsidiaries to ensure the adequacy and effectiveness of operations of subsidiaries and to prevent any violation of law from occurring.

c. Matters concerning compliance

The Company’s Board of Directors and Management Committee deliberated on whether its operations were executed in compliance with laws and regulations, and the Board of Corporate Auditors and Internal Audit Department provided internal audit in cooperation with each other to confirm the implementation status of compliance in addition to verification of adequacy and effectiveness of execution of operations.

During the fiscal year under review, the Company conducted compliance training for employees of the Company and its domestic subsidiaries, as well as for their officers, lectured by a lawyer, in order to increase their awareness of compliance. In addition, in accordance with internally developed basic regulations on compliance, the Company appointed a Chief Compliance Officer responsible for supervising the entire Group and compliance officers at its subsidiaries and conducted individual interviews with the subsidiaries and information exchange through collaboration with the Risk Management Office which serves as the secretariat. The Company thus has a structure in place for performing activities such as investigating, reporting, and monitoring compliance status. Furthermore, the Company investigated the readiness of all Group companies to handle compliance risks and carried out

a review of their management to ensure it is appropriate for the structure. The Company plans to continue conducting regular reviews.

The Company has put into place a whistle-blower system with the Internal Audit Department and a law firm as contacts to report the number of whistle-blowing cases and matters of which survey officers and Head of Internal Audit Office, etc. acknowledged the importance especially among all contents communicated to the Board of Directors. During the fiscal year under review, there was no whistle-blowing related to material violations of law.

In addition, we continue an initiative to introduce a whistle-blower system at each of our overseas subsidiaries, and have introduced one at our subsidiaries in Thailand, China, the Philippines and India.

In order to reject any relation with anti-social forces, the Company continues its approach of including provisions regarding the elimination of anti-social forces in agreements with its business partners.

d. Matters concerning execution of duties by Directors

During the fiscal year under review, an executive officer system was adopted with the objective of developing management personnel in a planned manner by delegating business execution to competent executives well versed in operations. In addition to introducing the system, the number of Directors was decreased and the ratio of Outside Directors on the Board of Directors was raised to enable us to make greater efforts to facilitate swift decision-making, improve restraint functions, further boost business supervision functions, and determine a medium- to long-term direction. In addition, during the fiscal year under review, the Board of Directors held meetings 14 times, actively exchanged opinions about material matters on the Company and its subsidiaries and provided prompt and effective decision-making. Outside Directors and Outside Corporate Auditors attended these meetings to ensure the fairness and transparency of the execution of operations.

The Governance Committee, a subordinate agency of the Board of Directors, was held six times during the fiscal year under review and independent Outside Directors understood developments of each business of the Group and deepened their recognition of business issues. We boosted the function to supervise the Board of Directors by consulting the Governance Committee composed of independent Outside Directors about consideration of important matters, including on the nomination and remuneration of Directors. In addition, preservation and management of information on the execution of duties by Directors have been performed properly in accordance with laws and regulations and internal rules. During the fiscal year under review, we worked to enhance individual employees' awareness about the importance of information by providing education and training on information security for the officers and employees of the Group. This was in accordance with the Basic Information Policy and the Information Security Rules and under the information security control system developed in the Group as a whole.

In addition, in order to strengthen the supervision function of the Board of Directors, numerical criteria for individual investment and credit projects were raised and matters were considered focusing on the Medium-term Business Plan and sustainability issues during the fiscal year under review. In addition, the Company conducts periodic evaluations annually on the effectiveness of the Board of Directors to understand the current status of the Board of Directors and improve the operation and make it more efficient. For ensuring the adequacy and reliability of financial reporting of the Group, Directors have built and operated internal control based on standards on the evaluation and audit of internal control on financial reporting, and Corporate Auditors, the Internal Audit Department and the Accounting Auditor audited the structure and implementation status of such control.

In addition, the Group ensures the transparency of its business management by disclosing information through investor relations activities and having dialogue with institutional investors by way of SR activities.

e. Matters concerning execution of duties by Corporate Auditors

Corporate Auditors attend meetings of the Board of Corporate Auditors (a total of 14 times), material meetings including meetings of the Board of Directors and Management Committee as well as major monthly meetings held in each business office and subsidiaries to collect information and understand actual situations. During the fiscal year under review, amid the novel coronavirus pandemic, we remotely interviewed senior executives at operating sites in North America and Indonesia, which substituted for onsite inspections. In addition, they confirmed problems and approaches of the Company and each Operating Section through individual interview with key employees, etc. and exchanged information as necessary and kept cooperation with the Internal Audit Department and the Accounting Auditor to ensure the effectiveness of audit.

Corporate Auditors attend the Governance Committee as much as possible as observer in order to confirm the developments and business issues of each business of the Group, together with Outside Directors.

Staff of Corporate Auditors made presentations in meetings of the Board of Corporate Auditors. As for expenses on execution of duties of Corporate Auditors, the Company paid necessary expenses properly.

(Note)

Amounts and the number of shares stated in this Business Report are rounded down to the nearest unit of presentation.

For percentages, the second decimal place is rounded off for presentation.

Consolidated Financial Statements

Consolidated Balance Sheet

(as of March 31, 2022)

(Million yen)

Account	Amount		Account	Amount	
	98th Fiscal Year (as of March 31, 2022)	(Reference) 97th Fiscal Year (as of March 31, 2021)		98th Fiscal Year (as of March 31, 2022)	(Reference) 97th Fiscal Year (as of March 31, 2021)
Assets			Liabilities		
Current assets	90,339	76,600	Current liabilities	57,373	48,099
Cash and deposits	19,973	19,001	Notes and accounts payable - trade	15,553	12,337
Notes and accounts receivable - trade	-	25,612	Electronically recorded obligations - operating	5,072	2,698
Notes and accounts receivable - trade, and contract assets	33,275	-	Contract liabilities	1,371	-
Electronically recorded monetary claims - operating	5,532	4,230	Short-term loans payable	25,193	25,666
Securities	-	4,000	Lease obligations	545	580
Merchandise and finished goods	12,359	9,735	Income taxes payable	3,138	153
Work in process	6,720	5,165	Accrued consumption taxes	784	1,199
Raw materials and supplies	10,014	6,540	Loss provision related to fire Provision for bonuses for directors (and other officers)	869	-
Other	2,494	2,339	Provision for directors' share benefits	85	-
Allowance for doubtful accounts	(29)	(25)	Other	-	16
			Other	4,759	5,447
Non-current assets	52,622	55,719	Non-current liabilities	36,941	39,447
Property, plant and equipment	38,719	38,572	Long-term loans payable	22,312	22,927
Buildings and structures	8,860	8,775	Lease obligations	1,510	2,659
Machinery, equipment and vehicles	11,993	9,559	Deferred tax liabilities	3,097	2,893
Land	14,319	13,600	Net defined benefit liability	9,250	10,187
Leased assets	1,010	1,099	Provision for directors' retirement benefits	83	123
Construction in progress	1,991	4,944	Provision for loss on business liquidation	349	256
Other	543	593	Other	337	400
Intangible assets	1,002	1,439	Total liabilities	94,315	87,547
Software	923	1,032	Net assets		
Other	78	407	Shareholders' equity	43,989	40,115
Investments and other assets	12,901	15,707	Capital stock	10,003	10,003
Investment securities	6,335	10,828	Capital surplus	2,701	2,714
Long-term loans receivable	82	88	Retained earnings	32,585	28,668
Net defined benefit asset	4,873	3,505	Treasury shares	(1,301)	(1,271)
Deferred tax assets	414	316	Accumulated other comprehensive income	(1,389)	(1,217)
Other	1,196	968	Valuation difference on available- for-sale securities	804	3,120
Allowance for doubtful accounts	(0)	(0)	Foreign currency translation adjustment	(3,888)	(3,686)
			Remeasurements of defined benefit plans	1,694	(651)
			Non-controlling interests	6,047	5,876
Total assets	142,962	132,320	Total net assets	48,647	44,773
			Total liabilities and net assets	142,962	132,320

(Notes)

Amounts shown are rounded down to the nearest million yen.

Consolidated Statement of Income

from April 1, 2021 to March 31, 2022

(Million yen)

Account	Amount	
	98th Fiscal Year (From April 1, 2021 to March 31, 2022)	(Reference) 97th Fiscal Year (From April 1, 2020 to March 31, 2021)
Net sales	146,292	97,804
Cost of sales	125,394	90,320
Gross profit	20,897	7,483
Selling, general and administrative expenses	14,626	12,427
Operating income (loss)	6,270	(4,943)
Non-operating income	1,017	1,348
Interest and dividend income	164	198
Foreign exchange gains	358	-
Dividend income of life insurance	79	84
Share of profit of entities accounted for using equity method	0	-
Subsidies for employment adjustment	69	821
Other	345	244
Non-operating expenses	1,507	1,914
Interest expenses	1,268	1,173
Foreign exchange losses	-	553
Share of loss of entities accounted for using the equity method	-	0
Other	239	186
Ordinary profit (loss)	5,780	(5,509)
Extraordinary income	5,534	553
Gain on sale of non-current assets	947	-
Gain on sales of investment securities	3,249	155
Insurance claim income	1,337	397
Extraordinary losses	2,865	1,388
Loss on sales of investment securities	-	11
Loss on disposal of non-current assets	-	173
Impairment losses	269	185
Losses related to fire	1,501	-
Provision of allowance for loss related to fire	869	-
Extra retirement payments	-	755
Provision for loss on business liquidation	174	262
Other	50	-
Profit (loss) before income tax	8,448	(6,345)
Income taxes - current	3,146	275
Income taxes - deferred	1,068	(1,043)
Profit (loss)	4,234	(5,577)
Profit (loss) attributable to non-controlling interests	165	(48)
Profit (loss) attributable to owners of parent	4,068	(5,528)

(Note)

Amounts shown are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity

from April 1, 2021 to March 31, 2022

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,003	2,714	28,668	(1,271)	40,115
Cumulative effect of changes in accounting policies			3		3
Balance at the beginning of the year reflecting changes in accounting policies	10,003	2,714	28,671	(1,271)	40,118
Changes of items during period					
Change in ownership interest of parent due to transactions with non-controlling interests		(13)			(13)
Dividends of surplus			(154)		(154)
Profit attributable to owners of parent			4,068		4,068
Purchase of treasury shares				(29)	(29)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(13)	3,914	(29)	3,870
Balance at end of period	10,003	2,701	32,585	(1,301)	43,989

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,120	(3,686)	(651)	(1,217)	5,876	44,773
Cumulative effect of changes in accounting policies					2	5
Balance at the beginning of the year reflecting changes in accounting policies	3,120	(3,686)	(651)	(1,217)	5,878	44,778
Changes of items during period						
Change in ownership interest of parent due to transactions with non-controlling interests					13	-
Dividends of surplus						(154)
Profit attributable to owners of parent						4,068
Purchase of treasury shares						(29)
Net changes of items other than shareholders' equity	(2,315)	(201)	2,346	(171)	155	(16)
Total changes of items during period	(2,315)	(201)	2,346	(171)	169	3,868
Balance at end of period	804	(3,888)	1,694	(1,389)	6,047	48,647

(Note)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Balance Sheet

(as of March 31, 2022)

(Million yen)

Account	Amount		Account	Amount	
	98th Fiscal Year (as of March 31, 2022)	(Reference) 97th Fiscal Year (as of March 31, 2021)		98th Fiscal Year (as of March 31, 2022)	(Reference) 97th Fiscal Year (as of March 31, 2021)
Assets			Liabilities		
Current assets	47,792	48,307	Current liabilities	24,757	27,132
Cash and deposits	5,144	8,276	Electronically recorded obligations - operating	1,174	1,085
Notes receivable - trade	320	258	Accounts payable - trade	3,796	5,040
Electronically recorded monetary claims - operating	4,665	3,429	Short-term loans payable	13,951	17,802
Accounts receivable - trade	20,766	15,385	Accounts payable - other	304	458
Securities	-	4,000	Provision for directors' share benefits	-	16
Merchandise and finished goods	5,169	3,704	Income taxes payable	2,899	-
Work in process	995	848	Accrued expenses	1,842	1,719
Raw materials and supplies	384	259	Provision for bonuses for directors (and other officers)	85	-
Prepaid expenses	143	134	Contract liabilities	4	-
Short-term loans receivable	17,399	10,634	Other	700	1,009
Accounts receivable - other	2,015	1,257	Non-current liabilities	22,819	24,932
Other	24	117	Long-term loans payable	21,237	21,251
Allowance for doubtful accounts	(9,237)	-	Provision for retirement benefits	1,528	1,451
			Provision for directors' share benefits	7	-
Non-current assets	32,548	34,226	Provision for loss on business of subsidiaries and associates	-	2,182
Property, plant and equipment	9,169	9,772	Other	47	47
Buildings	3,326	3,434	Total liabilities	47,577	52,064
Structures	257	232	Net assets		
Machinery and equipment	3,191	2,453	Shareholders' equity	31,965	27,352
Vehicles	5	5	Capital stock	10,003	10,003
Tools, furniture and fixtures	106	129	Capital surplus	3,684	3,684
Land	1,349	1,349	Legal capital surplus	3,684	3,684
Construction in progress	932	2,167	Retained earnings	19,579	14,936
Intangible assets	288	404	Legal retained earnings	809	809
Software	228	337	Other retained earnings	18,769	14,126
Other	59	66	Reserve for advanced depreciation of non-current assets	765	856
Investments and other assets	23,090	24,049	General reserve	8,855	18,855
Investment securities	2,204	6,713	Retained earnings brought forward	9,148	(5,585)
Shares of subsidiaries and associates	11,791	12,080	Treasury shares	(1,301)	(1,271)
Investments in capital	186	186	Valuation and translation adjustments	797	3,115
Investments in capital of subsidiaries and associates	2,737	2,747	Valuation difference on available-for-sale securities	797	3,115
Long-term loans receivable	7,457	7,870	Total net assets	32,763	30,468
Prepaid pension cost	1,157	763	Total liabilities and net assets	80,340	82,533
Deferred tax assets	195	229			
Other	176	184			
Allowance for doubtful accounts	(2,816)	(6,725)			
Total assets	80,340	82,533			

(Notes)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Statement of Income

from April 1, 2021 to March 31, 2022

(Million yen)

Account	Amount	
	98th Fiscal Year (From April 1, 2021 to March 31, 2022)	(Reference) 97th Fiscal Year (From April 1, 2020 to March 31, 2021)
Net sales	77,222	49,460
Cost of sales	60,136	45,438
Gross profit	17,085	4,022
Selling, general and administrative expenses	9,356	7,458
Operating income (loss)	7,722	(3,436)
Non-operating income	3,168	1,044
Interest and dividend income	631	638
Foreign exchange gains	249	-
Reversal of loss on business of subsidiaries and associates	2,182	-
Insurance policy benefits	-	61
Subsidies for employment adjustment	-	302
Other	104	42
Non-operating expenses	5,845	3,303
Interest expenses	411	467
Foreign exchange losses	-	21
Provision of allowance for doubtful accounts for subsidiaries and associates	5,327	2,416
Provision for loss on business of subsidiaries and associates	-	285
Other	106	113
Ordinary (loss)	5,045	(5,695)
Extraordinary income	4,196	258
Gain on sales of investment securities	3,249	155
Gain on sales of non-current assets	947	-
Insurance claim income	-	102
Extraordinary losses	563	1,179
Loss on sales of investment securities	-	11
Loss on valuation of shares of subsidiaries and associates	553	-
Loss on valuation of investments in capital of subsidiaries and associates	10	258
Impairment losses	-	185
Extra retirement payments	-	722
Profit (loss) before income tax	8,678	(6,616)
Income taxes - current	2,826	60
Income taxes - deferred	1,054	(1,087)
Profit (loss)	4,796	(5,589)

(Note)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Equity

from April 1, 2021 to March 31, 2022

(Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	10,003	3,684	3,684	809	856	18,855	(5,585)	14,936
Changes of items during period								
Reversal of reserve for advanced depreciation of non-current assets					(90)		90	-
Dividends of surplus							(154)	(154)
Profit							4,796	4,796
Reversal of general reserve						(10,000)	10,000	-
Purchase of treasury shares								
Net changes of items other than shareholders' equity								-
Total changes of items during period	-	-	-	-	(90)	(10,000)	14,733	4,642
Balance at end of period	10,003	3,684	3,684	809	765	8,855	9,148	19,579

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,271)	27,352	3,115	3,115	30,468
Changes of items during period					
Reversal of reserve for advanced depreciation of non-current assets			-		-
Dividends of surplus		(154)			(154)
Profit		4,796			4,796
Reversal of general reserve			-		-
Purchase of treasury shares	(29)	(29)			(29)
Net changes of items other than shareholders' equity			(2,317)	(2,317)	(2,317)
Total changes of items during period	(29)	4,612	(2,317)	(2,317)	2,294
Balance at end of period	(1,301)	31,965	797	797	32,763

(Note)

Amounts shown are rounded down to the nearest million yen.

(Reference) Topics

Promote measures for solving social issues

Participated in “Challenge Zero,” an initiative towards building a carbon-free society

The Company has participated in the “Challenge Zero” initiative led by the Japan Business Federation (“Keidanren”) since November 2021.

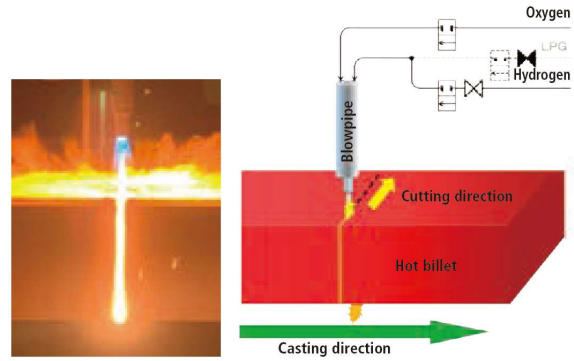
The Company’s aim is to actively solve social issues through production and products. To this end, the Company will pursue production focusing on environmental load reduction, as well as the development of products and materials that can help reduce CO₂ emissions that are generated in the use of final products or customers’ production processes. With the objectives of “Challenge Zero” in mind, the Company will continue to reduce greenhouse gas emissions and realize a carbon-free society through its business activities.

Regarding the details of specific measures that the Company takes through the Challenge Zero initiative (i.e., innovation challenges), please see the official Challenge Zero website.

<https://www.challenge-zero.jp/en/member/191>



- Innovation example 1 Utilization of wasted heat by thermoelectric materials



- Innovation example 2 Reducing CO₂ emissions by using hydrogen as an alternative steel cutting gas

Announcement of support for the proposal by the “Task Force on Climate-Related Financial Disclosures (TCFD)”

The Company announced its support for the proposal by the “Task Force on Climate-Related Financial Disclosures (TCFD)” in November 2021. Based on the TCFD framework, we will disclose information on business risks and business opportunities caused by climate change and their financial impact. The Company will continue to strengthen information disclosure by recognizing “measures against problems caused by climate change” as one of its important management issues.



Manifesto for Partnership Creation

The Company agrees with the objectives of the “Partnership Creation Promotion Council for the Future” whose members include the Cabinet Office and the Ministry of Economy, Trade and Industry. In October 2021, the Company announced its “Manifesto for Partnership Creation.”

The Company aims for new partnership creation by pursuing collaboration and prosperous coexistence with supply chain partners and other businesses that are creating value.



Contribute to the promotion of renewable energy by generating power from the wind

The Group has strengthened its activities related to wind power generation. Mitsubishi Steel Muroran Inc. is trying to acquire certification for providing structural alloy steel that is used for wind turbine towers. Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. produces wind power generation-related equipment, etc. by using its core technology and manufacturing capability. The Group will also contribute to the promotion of renewable energy by participating in MOPA* and attracting projects in Muroran so that this area can become a model case for offshore wind power generation.



*MOPA is a council formed by Muroran-based companies and the city of Muroran to make the Port of Muroran a base for offshore wind power plants, hoping to use such power to revitalize Muroran's industries. The Company has been a council member since February 2021. The Company's managing director Sekine has been the chairman of MOPA since November 2021.

Launched the mass production of gas atomization equipment at AMC

Operations for the mass production of gas atomization equipment at AMC (Advanced Materials Center) inside Chiba Works began in April 2022 after various trial operations. This equipment enables the mass production of highly functional powder (low oxygen/spherical) that is used for 3D printers, sprayers, etc. This business is expected to grow in future. It will also be used for the development of carbon neutral products. The functions of AMC have been separated from other business divisions and integrated into the Technology Development Center so that the development of advanced materials, new products, etc. can be organizationally promoted under future themes on a companywide basis.



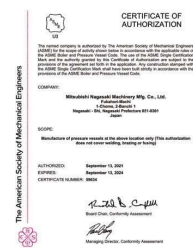
The mass production of gas atomization equipment

Acquired the U3 stamp certification

Mitsubishi Nagasaki Machinery Mfg. Co., Ltd., a group company, has acquired ASME stamps (S/U/U2)* for pressure containers. In September 2021, it also newly acquired the U3 stamp certification (excluding welding, brazing or thermal spraying) after the screening.

This certification enables the production of ultra-high-pressure containers (about 70 MPa or more) that are used at polyethylene production plants producing food wrap films, etc. Nearly 50 companies have acquired this certification on a global basis. In Japan, only three companies including Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. have earned it. With this certification, Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. is expected to engage in business development by fully showing its advantages.

*ASME = Abbreviation of American Society of Mechanical Engineers Stamps (S/U/U2/U3) = Standard set by ASME

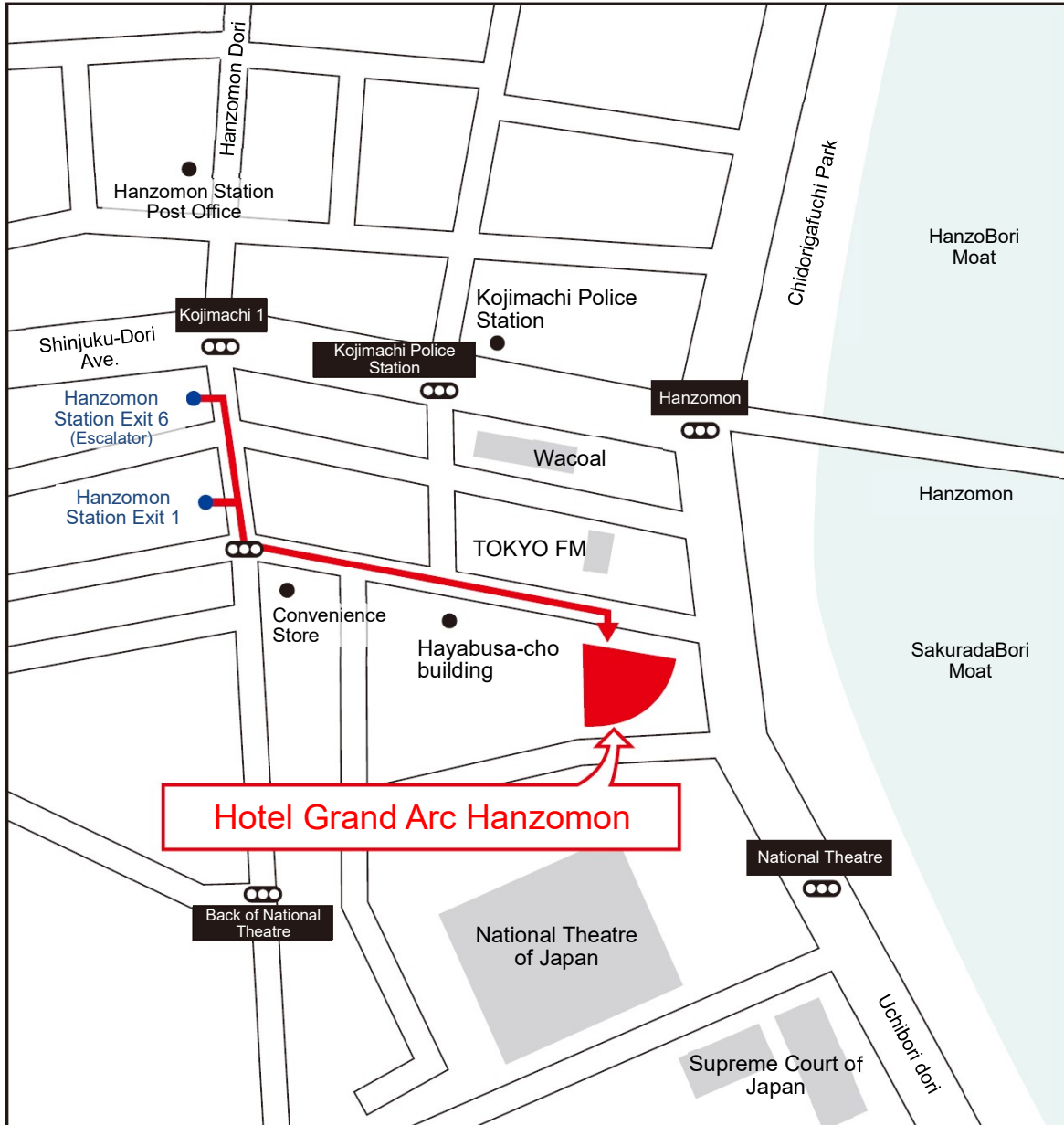


ASME U3 Certification

Venue Map

3F (Hikari no ma), Hotel Grand Arc Hanzomon
1-1 Hayabusacho, Chiyoda-ku, Tokyo Tel: +81-3-3288-0111

* Please note that the venue for the General Meeting of Shareholders is different from that of last year.



Due to the spread of novel coronavirus infections, this fiscal year as well we will refrain from holding a meeting with shareholders, a type of gathering held after the close of a General Meeting of Shareholders each year. Your kind understanding would be appreciated.

How to access the venue

- *3 minutes' walk from Exit 6 of Hanzomon Station (Tokyo Metro Hanzomon Line)
- *Exit 6 is located near an escalator/elevator that leads to the ground level.