

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Japanese Accounting Standards)

May 12, 2023

Name of Listed Company: Mitsubishi Materials Corporation Listing: Tokyo Stock Exchange
 Stock Code: 5711 URL: <https://www.mmc.co.jp/>
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 Scheduled date for ordinary general meeting of shareholders: June 23, 2023
 Scheduled date of start of dividend payment: June 9, 2023
 Scheduled filing date of Annual Securities Report: June 23, 2023
 Supplementary materials for the financial results: Yes
 Investor conference for the financial results: Yes (For Institutional Investors)

(Amounts of less than one million yen are omitted)

1. Results of the Fiscal Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(1) Consolidated Results of Operations (Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	1,625,933	-10.3	50,076	-5.0	25,306	-66.7	20,330	-54.8
Year ended March 31, 2022	1,811,759	22.0	52,708	98.4	76,080	70.9	45,015	84.4

(Note) Comprehensive income : Year ended March 31, 2023: ¥42,410 million (-32.9%) Year ended March 31, 2022: ¥63,218 million (-2.5%)

	Profit per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	155.60	–	3.5	1.3	3.1
Year ended March 31, 2022	344.56	–	8.0	3.7	2.9

(Reference) Share of profit of entities accounted for using equity method: Year ended March 31, 2023: ¥(21,924) million
 Year ended March 31, 2022: ¥5,078 million

(2) Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	1,891,795	628,875	31.4	4,541.96
As of March 31, 2022	2,125,032	655,752	27.5	4,476.52

(Reference) Shareholders' equity: As of March 31, 2023: ¥593,324 million As of March 31, 2022: ¥584,817 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	45,164	-43,985	3,473	141,079
Year ended March 31, 2022	6,889	-3,210	-5,055	153,640

2. Dividend Payments

(Record date)	Dividend per share					Total dividend amount (annual)	Dividend payout ratio (consolidated)	Dividend to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
Year ended March 31, 2022	–	40.00	–	50.00	90.00	11,782	26.1	2.1
Year ended March 31, 2023	–	25.00	–	25.00	50.00	6,544	32.1	1.1
Year ending March 31, 2024 (Forecast)	–	47.00	–	47.00	94.00		30.0	

Note: The interim dividend per share for the fiscal year ended March 31, 2022 consists of 25.00 yen ordinary dividend and 15.00 yen special dividend.
 The year-end dividend per share for the fiscal year ended March 31, 2022 consists of 35.00 yen ordinary dividend and 15.00 yen special dividend.

3. Consolidated Earnings Forecast (From April 1, 2023 to March 31, 2024)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2024	1,670,000	2.7	50,000	-0.2	58,000	129.2	41,000	101.7	313.79

Notes

- (1) Significant changes of subsidiaries during the period (changes in specific subsidiaries accompanying a change in the scope of consolidation): Yes
 New: - (Company name: -),
 Exempt: 2 Company
 (Company name: MCC Development Corporation, Mitsubishi Polycrystalline Silicon America Corporation)
 Note: For details, please refer to "(5) Key notes related to consolidated financial statements, Basis of presenting consolidated financial statements, 1. Scope of Consolidation" under "5. Consolidated Financial Statements and Key Notes" on page 29.

- (2) Changes in accounting policies, changes of accounting estimates and restatement
- | | |
|---|------|
| (i) Changes in accounting policies due to amendments to accounting standards: | None |
| (ii) Other changes in accounting policies: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatements: | None |
- (3) Numbers of outstanding shares (common stock)
- | | |
|---|--------------------|
| (i) Numbers of outstanding shares at the end of period (including treasury shares): | |
| Year ended March 31, 2023: | 131,489,535 shares |
| Year ended March 31, 2022: | 131,489,535 shares |
| (ii) Numbers of treasury shares at the end of period: | |
| Year ended March 31, 2023: | 857,856 shares |
| Year ended March 31, 2022: | 848,433 shares |
| (iii) Average number of outstanding shares during the period: | |
| Year ended March 31, 2023: | 130,659,574 shares |
| Year ended March 31, 2022: | 130,646,468 shares |

(Reference) Summary of Non-Consolidated Financial Results

Results of the Non-Consolidated Fiscal Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(1) Non-Consolidated Results of Operations (Figures in percentages denote the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	1,180,998	3.2	4,259	-36.1	24,146	-6.0	20,376	-31.6
Year ended March 31, 2022	1,144,592	31.9	6,668	-	25,687	69.0	29,797	40.2

	Profit per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2023	155.95	-
Year ended March 31, 2022	228.07	-

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	1,471,687	383,281	26.0	2,934.06
As of March 31, 2022	1,573,837	414,016	26.3	3,169.06

(Reference) Shareholders' equity: As of March 31, 2023: ¥383,281 million As of March 31, 2022: ¥414,016 million

* This financial results is not subject to an audit by certified public accountants or audit firms.

* Explanation about the proper use of financial forecasts and other special notes

(Notes concerning forward-looking statements, etc.)

The operating results forecasts and other forward-looking statements contained in this report are based on information currently available to Mitsubishi Materials Corporation (hereinafter referred to as "the Company"), as well as certain assumptions that the Company has judged to be reasonable. As such, they do not constitute an assurance that the Company promises to achieve these projected results. Therefore, readers are advised to note that the actual results may vary materially from the forecasts due to a variety of factors.

Please see "(1) Overview of operating results, 3) Outlook for the next fiscal year (fiscal year ending March 31, 2024)" under "1. Overview of Operating Results and Financial Position" on page 6 for the assumptions about consolidated earnings forecasts.

(Procedure for obtaining supplementary information on annual financial results and annual financial briefing)

The Company plans to hold an annual financial briefing for institutional investors on Friday, May 12, 2023. The materials used at this briefing are disclosed on the TDnet and the Company's website at the time that the annual financial results are announced.

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1. Overview of Operating Results and Financial Position

(1) Overview of operating results

1) Overview of operating results

For the fiscal year ended March 31, 2023, the global economy witnessed a surge in energy prices due to the situation in Ukraine, a rise in commodity prices, instability in metal prices, and the weakening of the yen due to rising interest rates, especially in developed countries. Against this backdrop, economic activity in China was curtailed by measures such as city lockdowns as a measure against the COVID-19, but in other regions, the economy remained on a moderate recovery path.

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

With regard to the business environment surrounding the Company's Group (hereinafter referred to as "the Group"), there was a slowdown in demand for automobiles and semiconductors, a decline in palladium prices and an increase in energy prices, among other factors, despite the impact of the weaker yen at the exchange rate.

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

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

2) Overview by Segments

Effective at the beginning of the fiscal year ended March 31, 2023, the Company has changed its reporting segments, etc. For details, please refer to "Segment Information, etc.", under "5. Consolidated Financial Statements and Key Notes, (5) Key notes related to consolidated financial statements." The following year-on-year comparisons are calculated based on the figures for the same period of the previous fiscal year, restated according to the new classification.

(Advanced Products Business)

(Billions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase / Decrease (%)	
Net sales	485.9	526.3	+40.4	(+8.3%)
Operating profit	14.7	8.1	-6.5	(-44.6%)
Ordinary profit	16.9	7.1	-9.7	(-57.6%)

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

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

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

(Metalworking Solutions Business)

(Billions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase / Decrease (%)	
Net sales	132.6	141.6	+9.0	(+6.8%)
Operating profit	14.1	14.1	-0.0	(-0.1%)
Ordinary profit	14.5	14.5	-0.0	(-0.0%)

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

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

(Metals Business)

(Billions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase / Decrease (%)	
Net sales	997.1	1,085.7	+88.5	(+8.9%)
Operating profit	25.2	27.5	+2.2	(+8.9%)
Ordinary profit	50.2	28.0	-22.2	(-44.2%)

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

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

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

(Environment & Energy Business)

(Billions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase / Decrease (%)	
Net sales	17.8	17.3	-5.0	(-3.0%)
Operating profit	2.2	2.6	+3.0	(+17.2%)
Ordinary profit	3.8	4.5	+7.0	(+18.0%)

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

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

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

(Other Businesses)

(Billions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase / Decrease (%)
Net sales	459.5	164.2	-295.3 (-64.3%)
Operating profit	10.5	7.3	-3.2 (-30.4%)
Ordinary profit (loss)	6.6	-17.6	-24.3 (-%)

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

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

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

3) Outlook for the next fiscal year (fiscal year ending March 31, 2024)

In the future, the global economy is expected to continue its moderate recovery trend, although there are concerns about a slowdown in growth due to turmoil in financial markets in Europe and the United States, rising commodity prices, and a tight market in labor market. The Japanese economy is expected to continue its gradual recovery as socio-economic activities continue to normalize.

Regarding the business environment surrounding the Group, while there are concerns about a slump in demand for semiconductors, demand for automobiles is expected to increase.

Under such circumstances, the Group will implement various measures based on the Medium-Term Management Strategy for the period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2031 (hereinafter referred to as "FY2031 Strategy") as described in Target management indicators, medium- to long-term management strategies, and issues to be addressed" under "3. Management Policy," with the aim of increasing corporate value.

For the next fiscal year, the Company projects net sales of ¥1.67 trillion, operating profit of ¥50.0 billion, ordinary profit of ¥58.0 billion, and profit attributable to owners of parent of ¥41.0 billion, assuming the average U.S. dollar rate of 135 yen, the average euro rate of 145 yen, and copper price of 390 cents/lb.

(2) Overview of financial position

Total assets at the end of the current fiscal year were ¥1,891.7 billion, a decrease of ¥233.2 billion from the end of the previous fiscal year. This was mainly due to a decrease in property, plant and equipment due to the effect of excluding the cement business and its related businesses from the scope of consolidation during the first quarter of the fiscal year.

Liabilities decreased by ¥206.3 billion from the end of the previous fiscal year to ¥1,262.9 billion. This was mainly due to a decrease in loans payable, notes and accounts payable, and deferred tax liabilities due to the effect of excluding the cement business and its related businesses from the scope of consolidation during the first quarter of the fiscal year.

The status of each cash flow during the current consolidated fiscal year and their factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities for the current consolidated fiscal year amounted to ¥45.1 billion (an increase of ¥38.2 billion from the previous fiscal year) due to a decrease in inventories and the recording of income before income taxes and minority interests.

(Cash flows from investing activities)

Net cash used in investing activities for the current consolidated fiscal year was ¥43.9 billion (an increase of ¥40.7 billion from the previous fiscal year), mainly due to capital expenditures and sales of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities for the current consolidated fiscal year amounted to ¥3.4 billion from proceeds from long-term debt (compared with net cash used of ¥5.0 billion in the previous fiscal year).

As a result, the balance of cash and cash equivalent at the end of the current consolidated fiscal year was ¥141.0 billion (a decrease of ¥12.5 billion from the end of the previous fiscal year), after adding changes due to translation adjustments, etc.

The Group's cash flow-related indicators changed as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Shareholders' equity ratio (%)	32.7	26.6	26.8	27.5	31.4
Shareholders' equity ratio on market value basis (%)	19.7	15.2	16.6	13.2	14.9
Interest-bearing debt to cash flow ratio	3.7	8.6	8.4	93.0	12.5
Interest coverage ratio	28.9	13.9	17.8	1.2	7.7

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio on market value basis: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio : Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payments

Note

1. All indicators are calculated on a consolidated basis.
2. Market capitalization is based on the year-end share price multiplied by the number of shares issued and outstanding at year-end (after deducting treasury shares).
3. Cash flow is based on the cash flows from operating activities in the Consolidated Statements of Cash Flows.
4. Interest-bearing debt covers all interest-bearing debt in the Consolidated Balance Sheets. Interest payments are based on the amount shown in the Consolidated Statements of Cash Flows.

(3) Basic policy on profit allocation and dividends for the current fiscal year and the next fiscal year

The Company pays cash dividends by resolution of the Board of Directors based on the Articles of Incorporation. The Company also recognizes that returning profits to shareholders is one of the most important objectives of its management, and the Company's policy regarding profit allocation is to comprehensively determine all aspects of its management, including earnings for the period, internal reserves, and financial standing.

During the period of the Medium-Term Management Strategy for the period from the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2023 (hereinafter referred to as "FY23 Strategy"), the Company set the minimum amount of dividend per share of ¥50, based on the level of cash flows from operating activities that the Company has judged to be able to generate stably, with a focus on stability and continuity. Furthermore, by accelerating the sale of assets, etc., the Company will make flexible allocation of funds such as the acquisition of treasury stock and additional dividends.

Based on this policy and the earnings for the period and cash flows from operating activities, the year-end dividend for the fiscal year ended March 31, 2023, was set at ¥25 by a resolution of the Board of Directors' meeting held on May 12, 2023, which, together with the interim dividend of ¥25, amounted to ¥50 per share (¥90 in the previous fiscal year).

During the period of FY2031 Strategy, the Company will pay out for a dividend with a payout ratio of around 30% in Phase 1 from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026. And the Company also aim to enhance shareholder returns in Phase 2 from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2031. The Company will continue to consider flexibly repurchasing its own shares in light of financial discipline such as cash flow, conditions, stock prices, and net D/E ratio.

Based on this policy, the Company plans to pay a dividend of ¥94 per share (interim dividend of ¥47, year-end dividend of ¥47) for the next fiscal year ending March 31, 2024.

(4) Business and other risks

1. Procedure for identifying critical risks

The Group comprehensively identifies and evaluates significant management and operational risks each fiscal year at the head office management division, and finally prioritizes the risks to be addressed by the Strategic Management Committee based on social conditions, the business environment, and the Group's management issues. In addition, each fiscal year, the head office business divisions identify and evaluate the material risks inherent in the business and make decisions after the Business Review Meeting in which the business divisions explain to the head office management division, and then confirm the progress.

2. Risk Management system and operation status of the Group

In addition to the above critical risks, the Group identifies and evaluates the risks specific to each business location, and formulate implementation plans for each location and carry out risk management activities. The status of activities is monitored and reviewed on a semi-annual basis, and the results are reported to the Sustainable Management Office, the Strategic Management Committee, and the Board of Directors, etc., and the status of risks is monitored and reviewed by the upper management level (see Figure 1).

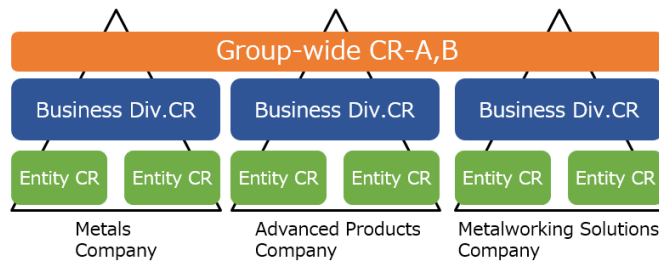
Major risks are defined as those for the entire Group, those inherent to business operations(the risk of having a material impact on the operation of the entire business), and those inherent to business locations(the risk of having a material impact on the operation of each business location), and the roles that each level(plan development, implementation, support, monitoring/review) should play are clearly defined(see Figure 2). In particular, management and business divisions at the head office communicate risk with each business location on a semi-annual basis, share implementation status and issues, and provide necessary support through consultation (see Figure 3).

In addition, each serious risk scenario is developed, and quantitative and qualitative assessments of impact and probability are conducted based on standardized assessment criteria, and images of risk occurrence are concretized and shared (see Figure 4).

With regard to the response to COVID-19, a task force headed by the director in charge of crisis management was established at the head office in January 2020. The task force has formulated, disseminated and implemented group-wide response guidelines according to the infection situation in Japan and overseas, and has reviewed the business continuity plan.



Figure 1: Risk Management System



Management of CR from the point of view of Corporate, Business Div. and each Site.

Figure 2: Critical Risk Positioning

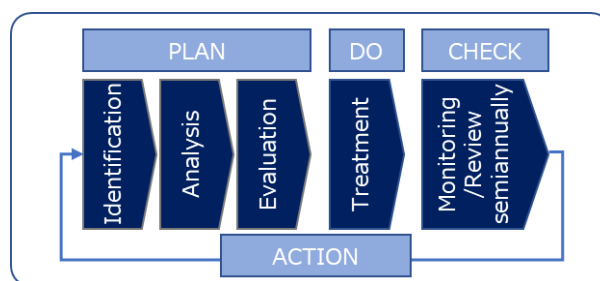


Figure 3: Risk management cycle

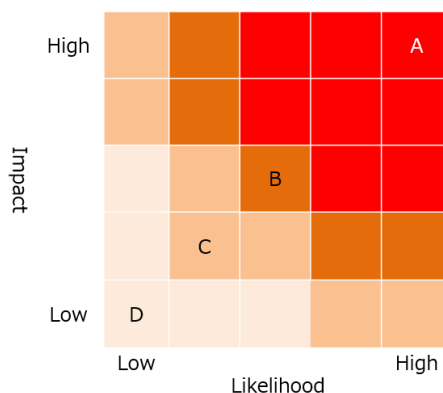


Figure 4: Risk assessment criteria

3. Business and other risks

The following are the principal risks that management believes may have a material effect on the Group's results of operations and financial condition.

The following does not cover all risks of the Group. Forward-looking statements are based on judgments made as of May 12, 2023.

(1) International situation, overseas economic situation (Probability of occurrence: High, Impact: Large)

The Group has production and sales bases in 31 countries and regions overseas, and considers the overseas business to be an important basis for the Group's business growth.

Due to the situation in Ukraine and accompanying economic sanctions imposed on Russia by other countries, military assistance to Ukraine, and bilateral relations between the United States, China, and other countries, the outlook for international relations remains uncertain. If geopolitical risks such as political instability, conflict between countries, unilateral invasion or political upheaval become apparent in the countries or regions in which the Group operates, the Group's business activities may be disrupted and its performance and financial position may be affected.

In addition to the above risks, risks associated with global business development such as economic conditions in each country or region, unexpected policies or regulations, or changes in business strategies or product development of business partners may be assumed, which may hinder the Group's business activities and affect its business results and financial position.

With regard to these risks, the Group will further thoroughly implement existing risk reduction workarounds, BCPs and other measures. The Group will also constantly monitor the situation and review our business strategies and overseas investments. The Group also responds appropriately to these changes by sharing information from our local offices and cooperating with each business. The Group collects information on individual country risks, such as legal regulations outside Japan, and share and disseminate information within the Group.

In particular, the metals business is at risk of being affected by events beyond the control of the Group, such as intervention in resource businesses by national and local governments in copper producing countries, fluctuations in the global supply and demand balance of copper concentrate, and deterioration in the quality of copper concentrate. As part of our efforts to create a sustainable raw materials portfolio, the Group will promote the diversification of countries and regions where the Group purchases copper concentrate and invest in superior mine projects. At the same time, the Group will stably secure raw materials by actively using recycled raw materials such as E-Scrap (waste substrates for various electronic equipment).

(2) Market Trends (Probability of occurrence: Medium, Impact: Large)

The Group provides products and services to various industries. However, the market and customer trends may fluctuate constantly due to changes in the global economic situation, rapid changes in customers' markets and changes in customers' market share, and changes in customers' business strategies or product development. The Group assumes the risks mentioned below may occur at various times; however, the Group has determined that

the risks potentially exist at any time.

The automotive industry is expected to experience a decrease in the number of internal combustion engines due to electrification and structural changes due to CASE (Connected, Autonomous, Shared & Services, Electric) and MaaS (Mobility as a Service). Demand for cutting tools and other products is expected to decrease due to changing needs for mobility due to changes in lifestyles and society. Failure to respond accurately to these changes in industry and customer markets may affect the Group's results of operations and financial condition.

For this reason, the Group aims to capture new demand through changes in automotive components, as well as market development in new industries such as healthcare, and to maintain and expand our share by providing new value such as solutions. The Group is also working to expand sales to demand for cutting tools used in the manufacture of undercarriage parts, which continue to be in demand even with the advance of electrification, by developing new machining methods and cutting technologies for new materials.

The Group also supplies electronic materials & components and other materials to the semiconductor industry, and any changes in the semiconductor market may affect the Group's business results and financial position. For this reason, the Group is considering strengthening relationships of trust with important customers by providing distinctive high-quality products, and expanding market share by developing high-value-added products.

Domestic demand for cement has been decreasing for a long time, and domestic demand is now less than half of its peak. As a material essential to society, demand is expected to rise above a certain level in the medium to long term. However, if demand decreases rapidly, it may become difficult to continue the cement business. For this reason, the Group aims to create the effects of streamlining the production, distribution and sales functions by transferring the business to Mitsubishi UBE Cement Corporation on April 1, 2022, and to expand our business overseas and develop new businesses in regions where future growth is expected.

(3) Fluctuations in raw material and utility prices (Probability of occurrence: High, Impact: Large)

1) Raw materials prices

Procurement prices of non-ferrous metal raw materials, coal, etc. are affected by fluctuations in international commodity prices, exchange rates, ocean freight rates, etc. A rise in procurement prices due to a rise in raw material prices or other factors could affect the Group's business results and financial position. Large fluctuations in international commodity and exchange rates have occurred in the past, and it is assumed that they may occur once every few years.

For copper concentrate in the metals business, the Group will work to minimize the impact on raw material prices by double-tracking the raw material procurement route, securing stable suppliers, and investing in overseas mines. For non-ferrous metal raw materials such as tungsten raw materials in the Metalworking Solutions Business, the Group will expand the number of suppliers, and increase the ratio of recycled raw materials used.

2) Utility prices

The significant increase in the procurement costs of crude oil, coal and natural gas has also caused energy prices to soar, affecting the Group's business performance and financial position. Any further increase or increase in these prices may affect the Group's financial performance and condition. In light of the risk of rising energy prices, the Group will continue to reduce the amount of electricity the Group purchases by promoting the installation of energy-saving equipment and the installation of self-consumption solar power generation systems.

(4) Procured Goods (Probability of occurrence: Medium, Impact: Large)

With respect to the procurement of materials, parts and other components for the Group's production activities, if a shortage of procurement quantity due to a rapidly expanding demand, a shortage of procurement quantity due to poor quality, depletion of resources that are sources of raw materials and thermal energy, a facility failure of a utility company, or the disaster or bankruptcy of an important supplier results in production reduction, it is possible that an impediment may be caused to the Group's production activities, which may affect its business performance and financial condition. Due to the risk arising from various factors, the timing of occurrence is not clear, but it is always considered to be a potential risk that should be prepared.

In the cement business, the Group is also working to conserve energy in the manufacturing process and to prevent the depletion of raw materials and resources by expanding the acceptance of waste and by-products that are currently accepted as alternatives to natural resources.

(5) Climate change (Probability of occurrence: High, Impact: Large)

If policies and laws against climate change are strengthened, and carbon pricing systems (such as emission trading systems and carbon taxes) are introduced or strengthened, the incurrence of costs based on greenhouse gas (GHG) emissions may have an impact on the Group's business results and financial condition. In addition, with the transition to a decarbonized society, there are some areas in which the Company's conventional product market is expected to shrink. If the Company fails to respond to new areas of market expansion, the Group's business performance and financial position may be affected. With regard to climate change, there is a growing movement to become carbon neutral around the world, and with Japan declaring its commitment to carbon neutrality in 2050, the Group believes it is necessary to take prompt action to respond to the tightening of regulations that are expected in the near future.

For this reason, the Group is working to reduce GHG emissions from its business activities by reviewing its GHG reduction targets for fiscal 2030 and increasing the use of energy-saving equipment and renewable energy. In

addition, to improve the market competitiveness of the Group products, the Group is promoting the development of technologies that reduce the environmental impact, such as improvement of manufacturing processes, development of environmentally friendly products, and CO₂ capture, effective use, and storage (CCUS: Carbon Dioxide Capture, Utilization and Storage).

On the one hand, the Group expects that the demand for technologies, products, and services that contribute to energy saving and GHG emission reduction will expand due to the strengthening of climate change policies, and business opportunities will increase. The Group is developing materials, products and technologies that contribute to decarbonization, promoting the development and use of renewable energy such as geothermal power generation, promoting demonstration tests and technological development related to CO₂ capture and use, and preserving the forests owned by the Group.

(6) Natural disasters and abnormal weather (Probability of occurrence: Medium, Impact: Large)

The risk of extreme weather and natural disasters is increasing year by year, and the Group, which has many business bases both in Japan and overseas, is taking various disaster prevention measures based on the latest hazard information. However, large-scale natural disasters far exceeding the assumed level, such as earthquakes, typhoons, floods, and torrential rains, may cause significant damage to production facilities. Damage to production facilities and the impact on plant operations and product shipments may affect the Group's business performance and financial position.

In order to cope with the frequent natural disasters and extreme weather conditions that have occurred in recent years, the Group is systematically implementing various measures, including strengthening our internal management systems, developing and reviewing our business continuity plans (BCPs), increasing the number of products that can be manufactured at multiple locations, and constructing facilities to prepare for floods, storm surges, and high waves.

In January 2019, the Group introduced a crisis management system at all of our domestic and overseas bases in order to promptly assess the safety of employees and the extent of damage to our business locations in the event of a natural disaster, including an earthquake directly under the Tokyo metropolitan area, which is expected to occur in the future. By sharing damage information within the Group in real time, each business site and head office division can respond appropriately and promptly from their respective positions, and the Group has also established a system that facilitates prompt rescue from head office divisions and neighboring sites.

(7) Occurrence of pollution and environmental laws violations (Probability: Medium, Impact: Medium)

With the background of the global movement to achieve sustainable development, legal and social sanctions against companies in the event of a violation of environmental laws in business activities have become more severe than ever.

In accordance with environmental laws and regulations, the Group's business operations in Japan and overseas are working to prevent air, water, and soil pollution, and comply with various environmental laws and regulations concerning climate change, air pollution, water pollution, hazardous substances, waste recycling, and soil and groundwater pollution. However, as environmental laws are becoming stricter both in Japan and abroad, delays in responding to amendments of laws and regulations and changes in environmental standards, a tightening of standards on the content of hazardous substances, changes in administrative guidance, and a delay in responding to the appointment, notification, and report, etc., could hinder the Group's business activities and affect its business results and financial position. The timing of occurrence is not clear, but it is always considered as a potential risk. For this reason, the Group is promoting measures such as sharing information on amendments of laws and regulations, thorough training and education, as well as reinforcement of facilities for avoiding, reducing, and relocating risks.

(8) Infection (COVID-19) (Probability: Medium, Impact: Medium)

The Group established a task force at its head office in late January 2020, when the spread of COVID-19 was recognized, and has implemented a unified response. Specifically, the Group has established policies for dealing with infectious diseases and guidelines for preventive measures, collected information on the health of employees, national and regional policies, and the impact on business bases and supply chains, shared such information with management, and conducted monitoring.

In Japan, the treatment under the Infectious Disease Law has shifted to Category 5, but if the spread of infection due to the emergence of new variants or viruses causes delay in the recovery of market conditions or hindrance to the Group's production, logistics, or sales activities, there is a possibility that the Group's business results and financial condition may be affected in the future. The Group will continue to thoroughly implement measures to prevent infection and its spread of infectious diseases in the workplace and operate its business so as not to interrupt the provision of the Group products and services, etc., and monitor changes in the business environment caused by infectious diseases and continuously implement appropriate measures.

(9) Information Security (Probability: High, Impact: Medium)

The Group considers information security as one of the most critical issues in terms of risk management. In particular, the Group recognizes the personal information of customers and business partners as one of the most important information assets, and the Group is working to reduce the risk of leakage, loss or damage. Unforeseen

events such as breakdowns of important information infrastructures and networks, cyber-attacks (cyber-terrorism), as well as leakage of personal information due to unauthorized taking of personal information, failure of computer systems or inadequate management, or involvement of computer viruses or unauthorized software, may affect the business results and financial condition of the Group due to loss of social credibility, and the Group regards these risks exist at all times.

For this reason, the Group makes appropriate capital investments in important information infrastructures and networks, and update equipment and install redundant equipment as needed. Furthermore, in order to effectively implement security measures, the Group is working on risk reduction by promoting measures and enhancements in each of the four areas of governance, security improvement, predictive and early detection, and prompt action.

(10) Human rights (Probability: Medium, Impact: Medium)

The Group has business bases both in Japan and overseas, and its suppliers of raw materials and supplies are located in many countries and regions. Any human rights violation (forced labor, child labor, harassment, discriminatory acts, etc.) occurring in our business or supply chain could lead to damage to the Group's social credibility and reputation and affect the Group's business results and financial condition, in addition to the impact on production and procurement. The timing of occurrence is not clear, but it is always considered as a potential risk to be prepared.

With this background, on December 1, 2021, the Group established the Basic Sustainability Policy, which clearly states that respect for human rights is the foundation of our business activities and that the Group respects internationally proclaimed human rights principles. At the same time, the Group has established a Human Rights Policy to promote risk reduction. The Group is also working to ensure human rights-friendly procurement in accordance with the Mitsubishi Materials Group Procurement Policy and the Mitsubishi Materials CSR Procurement Guidelines.

(11) Finance (Probability of occurrence: Medium, Impact: Large)

1) Interest-bearing debt

The Group's interest-bearing debt was ¥533.5 billion (total of short-term borrowings, commercial papers, corporate bonds and long-term borrowings. Unless otherwise noted, the same is applied below.), or 28.2% of total assets for the year ended March 2023. The Group strives to improve its financial position by reducing inventories and selling assets. If financing costs increase due to future changes in financial conditions, the business results and financial position of the Group may be affected.

Therefore, the Group maintains the balance of interest-bearing debt and the net D/E ratio at appropriate levels, secure various funding methods, and implement timely and appropriate funding to reduce funding costs. The Group is also striving to improve cash efficiency by introducing a cash management system to centrally manage excess funds at the Group companies.

2) Changes in the market value of assets held

Changes in the market values of the Group's securities, land and other assets may affect its business results and financial position.

Thus, we periodically monitor the market value of securities and the financial status of issuers, and review the holding status of securities on an ongoing basis in consideration of the relationship with the issuers. Regarding impairment of fixed assets, the Group proceeds with the sale of idle land and obtains appropriate real estate appraisals for business assets to check for signs of impairment.

3) Guarantee of debt

For the fiscal year ended March 2023, the Group has assumed ¥3.8 billion in guarantees with respect to affiliates and other entities that are not consolidated companies. If any circumstances arise in the future that require these guarantees to be performed, the Group's business results and financial condition may be affected.

For this reason, the Group monitors the business and financial conditions of our affiliates as appropriate to reduce their impact.

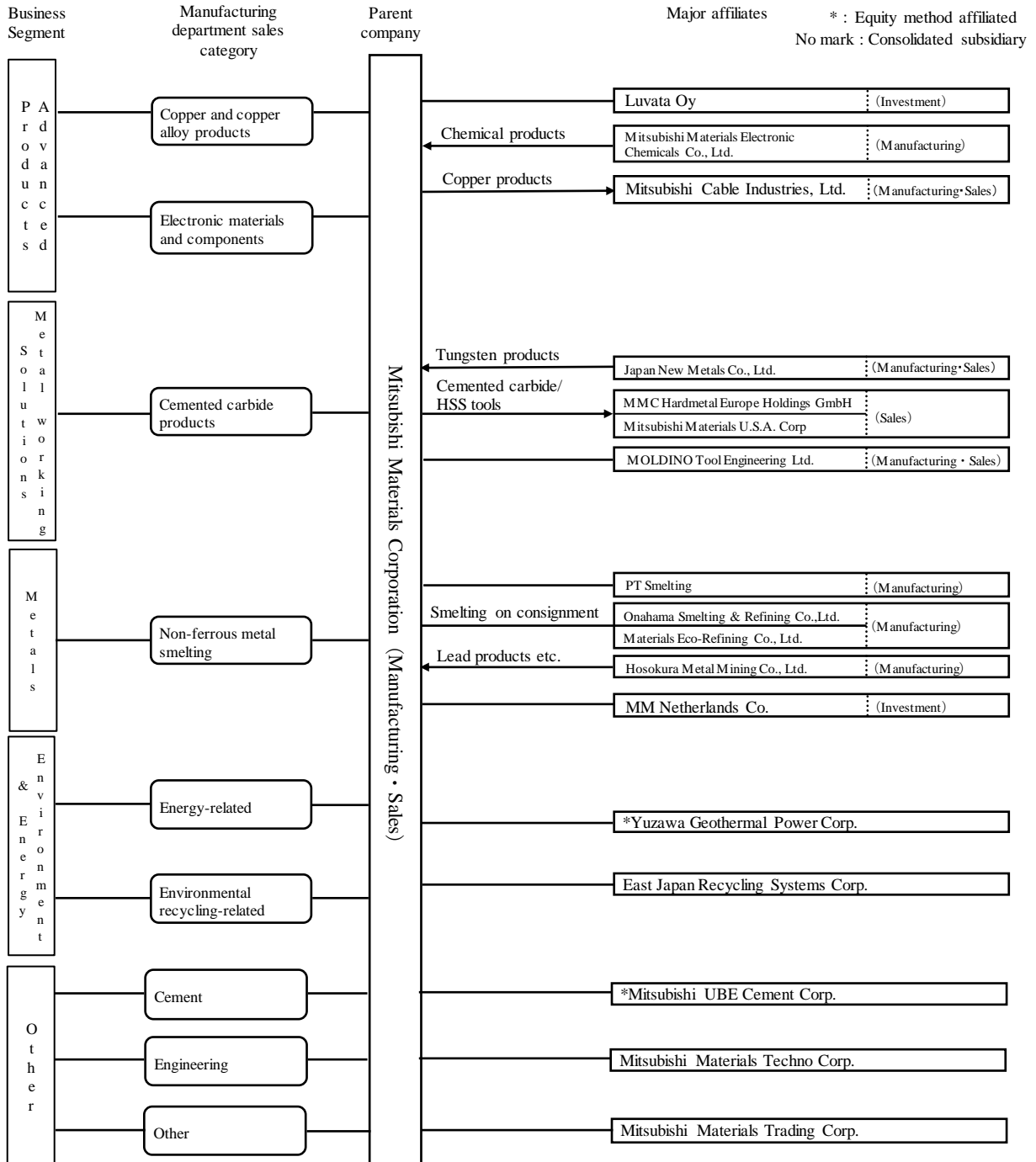
4) Retirement benefit expenses and obligations

Retirement benefit expenses and obligations for employees are mainly calculated based on actuarial precondition. These precondition takes into account the average remaining service periods of employees, the long-term yields of Japanese government bonds and the management of plan assets, including shares contributed to in trust. However, a decrease in discount rates and the loss incurred as a result of the management of plan assets could affect the Group's future expenses and recognized obligations.

To address this, the Group has introduced a retirement benefit plan combining a defined benefit plan and a defined contribution plan, and have made appropriate investment allocations in consideration of safety and profitability in the management of pension assets.

2. Status of the Corporate Group

The Company's corporate group comprised of the Company, 112 subsidiaries and 22 affiliated companies, primarily operates businesses related to the manufacture and sale of copper & copper alloy products and electronic materials and components, the manufacture and sale of cemented carbide products, the smelting and sale of copper, gold, silver, palladium and other metals, and energy-related and environmental and recycling-related businesses. The following is a schematic diagram of the Company's operations.



3. Management Policy

(1) Basic policy of group management

Based on its corporate philosophy of "For People, Society, and the Earth", the Group has set out a vision of "Circulating resources for a sustainable future" and a mission of "Create a sustainable future (a prosperous, recycling-oriented and decarbonized society)".

(2) Target management indicators, medium- to long-term management strategies, and issues to be addressed

< Company-wide issues >

In the FY23 Strategy, the Group set forth three group-wide policies, "Optimization of business portfolio," "Comprehensive efforts to increase business competitiveness," and "Creation of new products and businesses," in order to realize the Company's Mission for the Group's medium- to long-term goals for the period from 2030 to 2050, to contribute to building a prosperous society, a recycling-oriented society, and a decarbonized society. With regard to "Optimization of the business portfolio," although selection of businesses has largely been completed as a result of business restructuring, with regard to financial targets, although net sales and operating profit achieved targets, ordinary profit and ROIC fell short of the targets due to the impact of rising energy and raw material prices as well as the recording share of loss of entities accounted for using equity method, leaving challenges for strengthening business competitiveness and improving profitability.

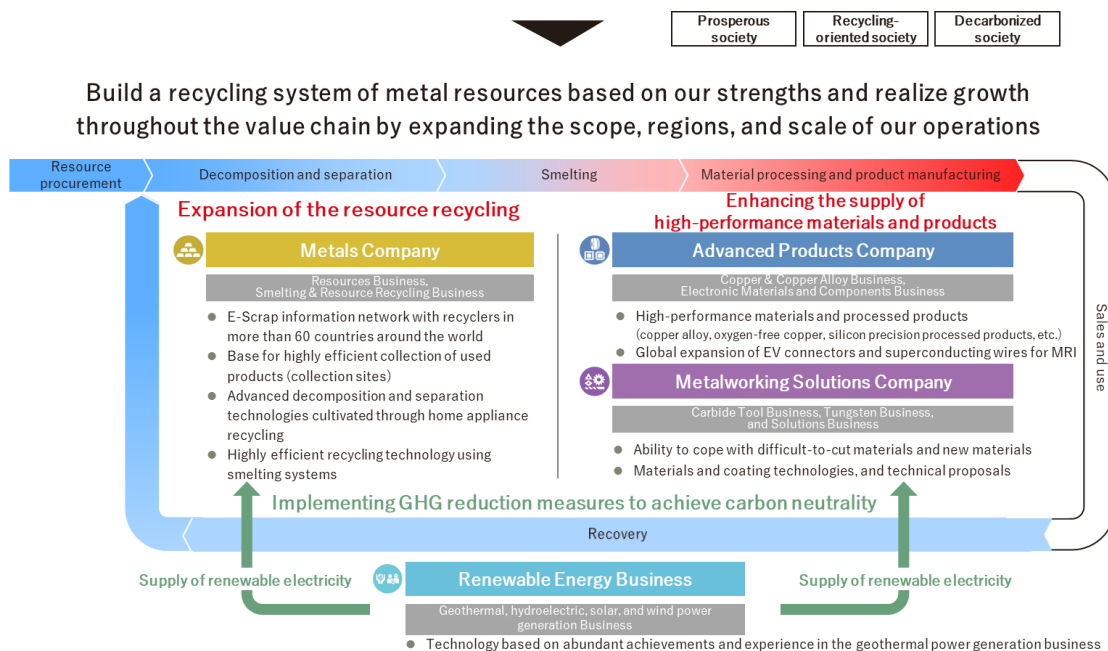
Under such circumstances, the Group newly formulated the FY2031 Strategy on February 10, 2023. Based on its corporate philosophy of "For People, Society, and the Earth", the Group has set out a new vision of "Circulating resources for a sustainable future" and a new mission of "Create a sustainable future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

(i) Our commitment

(a) Our commitment

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

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



(b) Strategic roadmap

The FY2031 strategy will be divided into two phases, Phase 1 from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 and Phase 2 from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2031, in order to achieve the Our Commitment. In Phase 1, the Company will promote improving profit growth and profitability by strengthening cost competitiveness and investing in medium- to long-term growth areas centered on resource recycling. In Phase 2, the Company will expand business scale through regional development including overseas, in addition to expansion of target business areas.

(c) Financial plans and targets

In the fiscal year ending March 31, 2026, the final year of Phase 1, the Company plans to achieve net sales of ¥1.94 trillion, operating profit of ¥70.0 billion, ordinary profit of ¥87.0 billion, ROIC of 5.5%, ROE of 10.0%, EBITDA

of ¥150.0 billion, net D/E ratio of 0.7 times, and net interest-bearing debt/EBITDA ratio of 3.5 times. In the fiscal year ending March 31, 2031, the final year of Phase 2, the Company plans to achieve net sales of ¥2.00 trillion, operating profit of ¥130.0 billion, ordinary profit of ¥180.0 billion, ROIC of 9.0%, ROE of 13.6%, EBITDA of ¥260.0 billion, net D/E ratio of 0.5 times or less, and net interest-bearing debt/EBITDA ratio of 2.0 times or less.

(d) Capital allocation

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

(e) Shareholder returns

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

(ii) Efforts to Enhance Corporate Value

(a) Business portfolio management

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

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

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

(b) Investment allocation and profit contribution

Of the total growth investment of ¥560.0 billion in FY2031, the Company plans to invest ¥250 billion to contribute to a recycling-oriented society through investments in mines and the tungsten business, etc., ¥280 billion to strengthen the competitiveness of the Advanced Products Company and Metalworking Solutions Company, and ¥30 billion to contribute to a decarbonized society by strengthening the geothermal power generation business, etc.

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

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

(c) Strengthening cost competitiveness

Under the FY2031 strategy, the Company will also work to strengthen cost competitiveness and reduce costs by a total of approximately ¥24 billion (Phase 1: Approximately ¥9 billion, Phase 2: Approximately ¥15 billion).

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

(iii) Business strategy

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

• Metals Company

Target: Leader in Resource Recycling of Nonferrous Metals

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

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

• Advanced Products Company

Target: Global First Supplier

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

• Metalworking Solutions Company

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

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

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

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

(iv) Carbon neutral

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

(v) Strengthening management foundation

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

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

<Business Issues>

Metals Business

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

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

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

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

Advanced Products Business

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

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

In the field of electronic materials, the Company will make active investments, including M&A, in our focused products for growth market, such as semiconductors and next-generation vehicles, and will promote the creation of new businesses and expansion of existing businesses. In the fiscal year ended March 31, 2023, the Company will establish a new cross-divisional development organization to accelerate the development of new businesses and products and to strengthen synergies among existing businesses. Furthermore, the Company will continue to restructure our business portfolio to achieve high capital efficiency management. As a result, the Group aims to become a highly profitable business entity with sustainable growth.

Metalworking Solutions Business

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

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

Renewable Energy Business

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

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

4. Basic Concept for Selection of Accounting Standards

The Group intends to prepare the consolidated financial statements in accordance with Japanese GAAP for the time being, taking into consideration the inter-period comparability and inter-company comparability of consolidated financial statements.

The Group intends to make appropriate decisions on the application of IFRS (International Financial Reporting Standards), taking various situations into account.

5. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (As of March. 31, 2022)	Current Consolidated Fiscal Year (As of March. 31, 2023)
Assets		
Current assets		
Cash and deposits	159,221	142,126
Notes receivable – trade	30,302	30,301
Accounts receivable – trade	219,543	158,197
Merchandise and finished goods	133,600	120,135
Work in process	159,508	127,368
Raw materials and supplies	161,487	130,171
Leased gold bullion	195,379	234,896
Deposited gold bullion	82,004	97,103
Other	100,275	76,317
Allowance for doubtful accounts	(2,390)	(578)
Total current assets	1,238,932	1,116,040
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	148,092	121,664
Machinery, equipment and vehicles, net	224,798	148,099
Land, net	194,039	87,904
Construction in progress	40,020	37,671
Other, net	22,248	30,874
Total property, plant and equipment, net	629,199	426,214
Intangible assets		
Goodwill	29,371	9,224
Other	19,184	19,545
Total intangible assets	48,556	28,769
Investments and other assets		
Investment securities	165,232	256,544
Retirement benefit asset	8,097	7,761
Deferred tax assets	12,618	25,415
Other	26,862	36,351
Allowance for doubtful accounts	(4,468)	(5,302)
Total investments and other assets	208,343	320,770
Total non-current assets	886,099	775,754
Total assets	2,125,032	1,891,795

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (As of March. 31, 2022)	Current Consolidated Fiscal Year (As of March. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	158,534	85,211
Short-term borrowings	171,304	146,972
Current portion of bonds payable	10,000	-
Commercial papers	30,000	25,000
Income taxes payable	12,523	4,638
Provision for bonuses	11,831	11,193
Provision for loss on disposal of inventories	1,024	1,348
Provision for product compensation	58	58
Deposited gold bullion	392,364	439,204
Other	139,052	104,734
Total current liabilities	926,693	818,361
Non-current liabilities		
Bonds payable	70,000	70,000
Long-term borrowings	327,405	291,589
Deferred tax liabilities	31,163	4,381
Deferred tax liabilities for land revaluation	20,093	7,577
Provision for loss on business of subsidiaries and affiliates	882	73
Provision for environmental measures	18,762	14,388
Provision for directors' retirement benefits	811	571
Provision for share based compensation plan	443	458
Retirement benefit liability	35,228	24,350
Other	37,795	31,168
Total non-current liabilities	542,586	444,558
Total liabilities	1,469,280	1,262,919
Net assets		
Shareholders' equity		
Share capital	119,457	119,457
Capital surplus	79,407	81,917
Retained earnings	328,864	338,867
Treasury shares	(2,892)	(2,897)
Total shareholders' equity	524,837	537,345
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,110	4,193
Deferred gains or losses on hedges	(5,328)	1,631
Revaluation reserve for land	26,369	16,702
Foreign currency translation adjustment	18,832	33,786
Remeasurements of defined benefit plans	(6,003)	(335)
Total accumulated other comprehensive income	59,979	55,978
Non-controlling interests	70,935	35,550
Total net assets	655,752	628,875
Total liabilities and net assets	2,125,032	1,891,795

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

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (Apr. 1, 2021 - Mar. 31, 2022)	Current Consolidated Fiscal Year (Apr. 1, 2022 - Mar. 31, 2023)
Net sales	1,811,759	1,625,933
Cost of sales	1,602,958	1,449,162
Gross profit	208,801	176,771
Selling, general and administrative expenses	156,092	126,695
Operating profit	52,708	50,076
Non-operating income		
Interest income	564	1,676
Dividend income	25,312	9,274
Rental income from non-current assets	4,947	4,210
Share of profit of entities accounted for using equity method	5,078	-
Other	7,057	3,110
Total non-operating income	42,960	18,270
Non-operating expenses		
Interest expenses	5,498	6,014
Share of loss of entities accounted for using equity method	-	21,924
Expense for the maintenance and management of abandoned mines	4,051	4,492
Rental expenses on non-current assets	3,156	2,879
Loss on retirement of non-current assets	2,670	1,820
Other	4,211	5,910
Total non-operating expenses	19,588	43,041
Ordinary profit	76,080	25,306
Extraordinary income		
Gain on sales of investment securities	34,671	11,542
Gain on change in equity	-	11,007
Gain on sales of non-current assets	609	10,340
Other	3,329	621
Total extraordinary income	38,609	33,511
Extraordinary losses		
Loss on business restructuring	25,116	31,103
Loss on sales of investment securities	5,223	4,166
Impairment loss	3,886	2,522
Other	3,848	6,253
Total extraordinary losses	38,074	44,046
Profit before income taxes	76,616	14,771
Income taxes – current	22,151	10,160
Income taxes – deferred	1,850	(20,965)
Total income taxes	24,001	(10,805)
Profit	52,614	25,576
Profit attributable to non-controlling interests	7,599	5,245
Profit attributable to owners of parent	45,015	20,330

Consolidated statement of comprehensive income

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (Apr. 1, 2021 - Mar. 31, 2022)	Current Consolidated Fiscal Year (Apr. 1, 2022 - Mar. 31, 2023)
Profit	52,614	25,576
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,872)	(16,755)
Deferred gains or losses on hedges	(1,000)	2,657
Foreign currency translation adjustment	27,558	13,290
Remeasurements of defined benefit plans	848	4,090
Share of other comprehensive income of entities accounted for using equity method	70	13,550
Total other comprehensive income	10,603	16,833
Comprehensive income	63,218	42,410
(Break down)		
Comprehensive income attributable to owners of parent	49,666	34,765
Non-controlling interests	13,551	7,644

(3) Consolidated statement of changes in net assets

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2021	119,457	79,439	294,814	(2,868)	490,843
Cumulative effects of changes in accounting policies			(38)		(38)
Restated balance	119,457	79,439	294,775	(2,868)	490,804
Changes during the period					
Cash dividends			(11,783)		(11,783)
Profit attributable to owners of parent			45,015		45,015
Reversal of revaluation reserve for land			75		75
Increase due to change in accounting period of consolidated subsidiaries			855		855
Decrease due to decrease in the number of consolidated subsidiaries			(73)		(73)
Purchase of treasury shares				(28)	(28)
Disposal of treasury shares		(1)		4	2
Decrease in treasury shares arising from change in equity in affiliate accounted for using equity method					-
Changes in ownership interest of parent due to transaction with non-controlling interests		(30)			(30)
Net changes in items other than shareholders' equity					
Total Changes during the period	-	(31)	34,089	(24)	34,032
Balance as of March 31, 2022	119,457	79,407	328,864	(2,892)	524,837

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of March 31, 2021	42,940	(1,119)	27,097	(8,057)	(6,470)	54,390	69,161	614,394
Cumulative effects of changes in accounting policies								(38)
Restated balance	42,940	(1,119)	27,097	(8,057)	(6,470)	54,390	69,161	614,356
Changes during the period								
Cash dividends								(11,783)
Profit attributable to owners of parent								45,015
Reversal of revaluation reserve for land								75
Increase due to change in accounting period of consolidated subsidiaries								855
Decrease due to decrease in the number of consolidated subsidiaries								(73)
Purchase of treasury shares								(28)
Disposal of treasury shares								2
Decrease in treasury shares arising from change in equity in affiliate accounted for using equity method								-
Changes in ownership interest of parent due to transaction with non-controlling interests								(30)
Net changes in items other than shareholders' equity	(16,829)	(4,209)	(727)	26,890	467	5,589	1,773	7,363
Total changes during the period	(16,829)	(4,209)	(727)	26,890	467	5,589	1,773	41,396
Balance as of March 31, 2022	26,110	(5,328)	26,369	18,832	(6,003)	59,979	70,935	655,752

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2022	119,457	79,407	328,864	(2,892)	524,837
Cumulative effects of changes in accounting policies					-
Restated balance	119,457	79,407	328,864	(2,892)	524,837
Changes during the period					
Cash dividends			(9,818)		(9,818)
Profit attributable to owners of parent			20,330		20,330
Reversal of revaluation reserve for land			(508)		(508)
Increase due to change in accounting period of consolidated subsidiaries					-
Decrease due to decrease in the number of consolidated subsidiaries					-
Purchase of treasury shares				(112)	(112)
Disposal of treasury shares		(0)		99	99
Decrease in treasury shares arising from change in equity in affiliate accounted for using equity method				7	7
Changes in ownership interest of parent due to transaction with non-controlling interests		2,510			2,510
Net changes in items other than shareholders' equity					
Total changes during the period	-	2,509	10,003	(5)	12,507
Balance as of March 31, 2023	119,457	81,917	338,867	(2,897)	537,345

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of March 31, 2022	26,110	(5,328)	26,369	18,832	(6,003)	59,979	70,935	655,752
Cumulative effects of changes in accounting policies								-
Restated balance	26,110	(5,328)	26,369	18,832	(6,003)	59,979	70,935	655,752
Changes during the period								
Cash dividends								(9,818)
Profit attributable to owners of parent								20,330
Reversal of revaluation reserve for land								(508)
Increase due to change in accounting period of consolidated subsidiaries								-
Decrease due to decrease in the number of consolidated subsidiaries								-
Purchase of treasury shares								(112)
Disposal of treasury shares								99
Decrease in treasury shares arising from change in equity in affiliate accounted for using equity method								7
Changes in ownership interest of parent due to transaction with non-controlling interests								2,510
Net changes in items other than shareholders' equity	(21,917)	6,960	(9,667)	14,954	5,668	(4,000)	(35,384)	(39,385)
Total changes during the period	(21,917)	6,960	(9,667)	14,954	5,668	(4,000)	(35,384)	(26,877)
Balance as of March 31, 2023	4,193	1,631	16,702	33,786	(335)	55,978	35,550	628,875

(4) Consolidated statement of cash flows

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (Apr. 1, 2021 - Mar. 31, 2022)	Current Consolidated Fiscal Year (Apr. 1, 2022 - Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	76,616	14,771
Depreciation	63,536	44,402
Amortization of goodwill	4,553	1,680
Increase (decrease) in allowance for doubtful accounts	(666)	193
Increase (decrease) in provision for loss on business of subsidiaries and affiliates	(1,643)	(809)
Increase (decrease) in provision for product compensation	(520)	-
Increase (decrease) in provision for environmental measures	(7,792)	(4,374)
Increase (decrease) in retirement benefit liability and provision for directors' retirement benefits	(322)	(1,351)
Interest and dividend income	(25,876)	(10,950)
Interest expenses	5,498	6,014
Share of loss (profit) of entities accounted for using equity method	(5,078)	21,924
Gain on change in equity	-	(11,007)
Gain on sales of non-current assets	(609)	(10,340)
Loss on retirement of non-current assets	2,670	1,820
Impairment loss	3,886	2,522
Loss on business restructuring	25,116	31,103
Loss (gain) on sales of investment securities	(29,448)	(7,375)
Loss (gain) on valuation of investment securities	369	48
Decrease (increase) in notes and accounts receivable – trade	(65,276)	6,062
Decrease (increase) in inventories	(93,557)	49,996
Proceeds from sales of gold bullion	106,506	99,989
Payment for purchase of gold bullion	(106,432)	(99,903)
Decrease (increase) in other current assets	(4,691)	6,382
Increase (decrease) in notes and accounts payable – trade	30,905	(64,812)
Increase (decrease) in accrued expenses	4,921	(4,832)
Increase (decrease) in other current liabilities	5,020	(12,482)
Increase (decrease) in other non-current liabilities	(1,606)	89
Other, net	14,085	(3,516)
Sub-total	166	55,242
Interest and dividend received	28,723	14,753
Interest paid	(5,648)	(5,836)
Income taxes (paid) refund	(16,350)	(18,995)
Net cash provided by (used in) operating activities	6,889	45,164

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (Apr. 1, 2021 - Mar. 31, 2022)	Current Consolidated Fiscal Year (Apr. 1, 2022 - Mar. 31, 2023)
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(71,461)	(70,730)
Proceeds from sales of property, plant and equipment	2,574	13,123
Payment for purchase of intangible assets	(6,701)	(5,982)
Payment for purchase of investment securities	(4,761)	(755)
Proceeds from sales of investment securities	58,935	33,048
Payment for purchase of subsidiaries' shares	(807)	(792)
Payment for sales of subsidiaries' shares resulting in change in scope of consolidation	-	(9,936)
Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation	8,838	202
Payment for loans	(5,322)	(14,193)
Proceeds from collection of loans	14,600	10,613
Other, net	894	1,419
Net cash provided by (used in) investing activities	(3,210)	(43,985)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,628)	9,460
Proceeds from long-term borrowings	79,451	56,403
Repayment of long-term borrowings	(69,423)	(29,606)
Proceeds from issuance of bonds	40,000	-
Payment for redemption of bonds	(20,000)	(10,000)
Net increase (decrease) in commercial papers	(10,000)	(5,000)
Payment for purchase of treasury shares	(28)	(112)
Cash dividends paid	(11,783)	(9,818)
Cash dividends paid to non-controlling interests	(6,355)	(2,770)
Payment for purchase of subsidiaries' shares not resulting in change in scope of consolidation	-	(3,213)
Proceeds from sales of subsidiaries' shares not resulting in change in scope of consolidation	-	740
Other, net	(2,286)	(2,609)
Net cash provided by (used in) financing activities	(5,055)	3,473
Effect of exchange rate changes on cash and cash equivalents	9,471	5,811
Net increase (decrease) in cash and cash equivalents	8,094	10,463
Cash and cash equivalents at beginning of period	147,533	153,640
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(1,367)	-
Increase (decrease) in cash and cash equivalents resulting from change of accounting period of consolidated subsidiaries	(618)	-
Decrease in cash and cash equivalents resulting from company split	-	(23,025)
Cash and cash equivalents at end of period	153,640	141,079

(5) Key notes related to consolidated financial statements

Notes on going concern assumption

N/A

Basis of presenting consolidated financial statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 98

(i) Names of major consolidated subsidiaries

Luvata Oy, Mitsubishi Cable Industries, Ltd., MOLDINO Tool Engineering, Ltd., Onahama Smelting & Refining Co., Ltd., PT. Smelting, Mitsubishi Materials Techno Corporation, Mitsubishi Materials Trading Corporation.

(ii) Changes in scope of consolidation

From current consolidated fiscal year, MFOptex Co., Ltd., which was established through an incorporation-type company split by Mitsubishi Cable Industries, Ltd., a consolidated subsidiary of the Company, has been included in the scope of consolidation. MCC Development Corporation and 23 other companies were excluded from the scope of consolidation due to the absorption-type split of the cement business and its related businesses (including shares of subsidiaries engaged in the relevant businesses) with Mitsubishi UBE Cement Corporation. as the successor company. Sambo Forging Co., Ltd. carried out an absorption-type merger with MM Copper Products Co., Ltd. (formerly Ryosei Amagasaki Electric Wire Co., Ltd.) as the surviving company; Material Finance Co., Ltd. carried out an absorption-type merger with the Company as the surviving company; Mitsubishi Polycrystalline Silicon America Corporation transferred all of the shares of High-Purity Silicon Corporation, the succeeding company in the company split of the Company's polycrystalline silicon business; and Diasalt Corporation and one other company sold all of their equity interests; therefore, each of them was excluded from the scope of consolidation.

(2) Names of major unconsolidated subsidiaries

Major unconsolidated subsidiary

Appi Geothermal Energy Corporation

(Reason for exclusion from scope of consolidation)

Non-consolidated subsidiaries are excluded from the scope of consolidation because they are small companies and their combined total assets, net sales, profit and loss (the amount equivalent to equity), retained earnings (the amount equivalent to equity), etc. have no material impact on the consolidated financial statements.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: 0

(2) Number of equity method affiliates: 12

(i) Name of major companies

Mantoverde S.A., Yuzawa Geothermal Power Corporation, LM Sun Power Co, Ltd., Green Cycle Corporation, Mitsubishi UBE Cement Corporation

(ii) Changes in the scope of application of the equity method

As P. S. Mitsubishi Construction Co., Ltd. and one other company conducted an absorption-type company split of the Company's cement business and its related businesses (including shares of subsidiaries engaged in the relevant businesses) with Mitsubishi UBE Cement Corporation as the successor company, and Ube-Mitsubishi Cement Corporation conducted an absorption-type merger with Mitsubishi UBE Cement Corporation as the surviving company, respectively, from the current consolidated fiscal year, they were excluded from the scope of application of the equity method.

In addition, NIPPON AEROSIL CO., LTD, and Tsuda Electric Wire Co., Ltd., respectively, were excluded from the scope of application of the equity method because they sold all of their equity interests in High-Purity Silicon Corporation, the successor company of the split of the Company's polycrystalline silicon business.

(3) Names of major unconsolidated subsidiaries and affiliates not accounted for by the equity method

Major non-consolidated subsidiaries and affiliates

Onahama Yoshino Gypsum Co., Ltd.

(Reason for not applying the equity method)

Non-consolidated subsidiaries and affiliates not accounted for by the equity method are excluded from the scope of application of the equity method since they do not have a material impact on profit and loss, retained earnings, etc., and are not significant as a whole.

(4) Special note on procedures for application of the equity method

For companies accounted for by the equity method that have different fiscal year-ends, the financial statements for the fiscal year of the company in question are used.

3. Fiscal Year of Consolidated Subsidiaries

Although two of the consolidated subsidiaries have a fiscal year end that differs from the consolidated balance sheet

date, necessary adjustments are made in the consolidated financial statements for significant transactions that occurred between the fiscal year end of the two subsidiaries and the consolidated balance sheet date.

Their major consolidated subsidiaries are as follows:

Fiscal year end date: December 31

MM Copper Products Co., Ltd. and Mitsubishi Materials Chile SpA

4. Matters related to accounting policies

(1) Valuation standards and methods for significant assets

(a) Securities

(i) Stocks of subsidiaries and affiliates

Stated at cost based on the moving average method (excluding those accounted for by the equity method)

(ii) Available-for-sale securities

a) Other than shares, etc. with no market price

Market value method (Valuation differences are included directly in net assets, and the cost of securities sold is determined by the moving average method)

b) Shares, etc. with no market price

Stated at cost based on the moving average method

(b) Inventories

Valuation standards are mainly based on the cost method (book value devaluation based on decreased profitability).

Valuation method is mainly FIFO for smelting ingot assets and mainly weighted average method for other inventories.

(c) Derivative transactions

Market value method

(2) Depreciation method for significant depreciable assets

(a) Property, plant and equipment (excluding leased assets and right-of-use assets)

Straight-line method

(b) Intangible assets (excluding leased assets)

Straight-line method

(c) Leased assets (leased assets related to finance lease transactions that do not transfer ownership)

The straight-line method is used, where the lease period is deemed the asset's useful life, and the residual value is set as zero.

(d) Right-of-use assets

The straight-line method is used over the shorter of the asset's useful life or the lease term, with a residual value of zero.

(3) Basis for significant provisions

(a) Allowance for doubtful accounts

For possible losses on receivables, the allowance for doubtful accounts is recorded at the estimated amount based on the historical write-off ratio for general receivables, and in view of each collectability for specific receivables such as doubtful receivables.

(b) Provision for bonuses

To provide for the payment of bonuses to employees, the projected payment amount attributable to this consolidated fiscal year is provided.

(c) Provision for loss on disposal of inventories

To prepare for possible future losses on disposal of inventories, an estimated amount of losses is recorded.

(d) Provision for product compensation

The Company provides for reasonably estimated amounts of compensation and other costs expected to be incurred by the Group's products in the future for its customers.

(e) Provision for loss on business of subsidiaries and affiliates

To prepare for possible business losses of the affiliated companies, an estimated amount of losses are recorded that exceeds the amounts of investments in and loans and other receivables to group companies and is to be incurred by the Company or its consolidated subsidiaries.

(f) Provision for environmental measures

The Company provides for the estimated cost of construction work to implement countermeasures for stable structure of and prevent hazards at large accumulation sites in accordance with the revised technical guidelines of the Mine Safety Law, and to implement drastic countermeasures to prevent mining-induced pollution, such as avoiding the discharge of untreated water, mainly by increasing water treatment capacity to cope with recent changes in the natural environment, at abandoned mines managed by the Group. In addition, the estimated amount to be paid is recorded to prepare for losses related to waste disposal.

(g) Provision for directors' retirement benefits

In order to prepare for payment of directors' retirement benefits, certain consolidated subsidiaries record an amount for the retirement benefits required at the year end in accordance with the internal regulations.

(h) Provision for share-based remuneration

To prepare for the provision of the Company's shares to executive officers in accordance with the Share Delivery Regulations, the Company records an estimated amount of liabilities for share delivery as of the end of the current consolidated fiscal year.

(4) Accounting method for retirement benefits

(a) Method of attributing estimated retirement benefits to periods

In calculating the retirement benefit obligation, the estimated amount of retirement benefits is attributed to the period up to the end of this consolidated fiscal year based on the benefit calculation method.

(b) Method of amortizing actuarial gains and losses and prior service cost

Prior service cost is amortized mainly by the straight-line method over a fixed number of years (ten years) within employees' average remaining service period when incurred. Actuarial gains and losses are amortized mainly by the straight-line method over a fixed number of years (ten years) within the average remaining service period of employees when the actuarial gains or losses are recognized, starting from the following fiscal year of recognition.

(5) Basis for recording significant revenues and expenses

(a) Sales of products

The Group is engaged in the manufacture and sale of copper & copper alloy products, electronic materials, cemented carbide products, etc., smelting and sales of copper, gold, silver, palladium, etc., and environmental recycling-related businesses. For these transactions, revenue is recognized primarily upon delivery of the product to the customer, as the customer obtains control over the product and the performance obligation is satisfied when the product is delivered.

The consideration for the transaction is received within one year of satisfaction of the performance obligation and does not include a significant financial component.

Transactions in which the Group is determined to have been involved as an agent are shown on a net basis.

(b) Construction contracts and services

The Group recognizes revenue and provision of services on construction contracts in the Energy-related business, the Engineering-related services, and other businesses based on the degree of completion of performance obligations judging that the performance obligation will be satisfied for a certain period of time. Measurement of progress is based on the costs incurred through each reporting period as its percentage to the estimated total cost, based primarily on inputs based on costs incurred, which are judged to provide a reasonable estimate of the progress made in meeting performance obligations.

However, revenue is recognized on a cost recovery method when the Group cannot reasonably estimate the degree of completion of the performance obligation at the initial stage of the contract, but expects to recover the costs incurred.

For contracts with a very short period of time from the inception of the transaction to the point in time when the performance obligation is expected to be fully satisfied, the Group does not recognize revenue over a certain period of time, but recognizes revenue at the point of delivery as performance obligation deemed to be satisfied at this point.

(6) Significant hedge accounting methods

(a) Hedge accounting method

Deferred gains or losses on hedges is used. For interest rate swaps that meet the requirements for special treatment, the Company applies the special treatment. Receivables and payables denominated in foreign currencies with foreign exchange forward contracts are translated at the contracted rate.

(b) Hedging instruments, hedged items and hedging policy

Forward exchange contracts and currency swap transactions are entered into to hedge the fluctuation risks of foreign currency exchange rate of foreign currency-denominated transactions.

The Company enters into forward commodity contracts and commodity price swaps to hedge the commodity price fluctuation risk of nonferrous metal inventories. The Company also enters into forward commodity contracts to hedge

the commodity price fluctuation risk that may arise when the price of nonferrous metal commodities to be delivered to customers in the future is contracted at forward prices.

The Company enters into interest rate swap transactions to avoid risks associated with fluctuations in interest rates on borrowings and to reduce financing costs.

(c) Methods of evaluating hedge effectiveness

In principle, the effectiveness of a hedge is evaluated by comparing accumulated changes in market prices or cash flows of hedged items and accumulated changes in market prices or cash flows of hedging instruments during the period from the inception of the hedge to the point when its effectiveness is determined.

Furthermore, concerning nonferrous metal forward transactions, the volume of the hedging instruments and hedging transactions is managed to match each other every month. At the end of period, the Company verifies whether the planned profit and loss and cash flow have been secured, thereby confirming the effectiveness of the transactions.

(d) Hedging relationships that apply the Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR

Among the above mentioned hedging relationships, all the hedging relationships subject to the application of "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (No. 40, March 17, 2022, hereinafter referred to as "PITF") have adopted the special treatment prescribed in PITF No. 40. The details of hedging relationships to which the PITF is applied are as follows.

Hedge accounting method:	Special treatment of interest rate swap
Hedging instrument:	Interest rate swaps
Hedged items:	Interest payments on borrowings
Type of hedging transaction:	Those which fix cash flows

(7) Amortization method and period of goodwill

Goodwill is amortized over a reasonable number of years, not exceeding 20 years, on a case-by-case basis. If the amount is immaterial, it is fully amortized when incurred.

(8) Scope of funds in consolidated statements of cash flows

The funds consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments with maturities or redemption dates within three months of acquisition that are readily convertible into cash and are exposed to an insignificant risk of changes in value.

(9) Application of accounting treatment and disclosure when applying the aggregate group system

From this consolidated fiscal year, the Company and some domestic consolidated subsidiaries have changed from the non-consolidated tax system to the total group system. Accordingly, the accounting treatment and disclosure of corporate tax, local corporate tax, and tax effect accounting are in accordance with "Treatment of Accounting Treatment and Disclosure in the Case of Applying the Aggregation Group System" (Practical Issues Task Force Report No. 42, August 12, 2021).

Significant accounting estimates

(Whether or not an impairment loss of goodwill recorded by Luvata Oy should be recognized)

1. Amount recognized in the consolidated financial statements for the current consolidated fiscal year

In the consolidated financial statements for the current fiscal year, the Company recorded goodwill of ¥6,874 million arising from the acquisition of the equity interest in the Luvata Special Products business (hereinafter referred to as "Luvata Group") which is centered on Luvata Pori Oy.

2. Information on the nature of significant accounting estimates related to the identified items

Luvata Oy applies IFRS to its financial statements. Cash-generating unit groups, including goodwill, are tested for impairment each period in addition to when there is an indication of impairment. If the recoverable amount is less than the book value, the book value is reduced to the recoverable amount and the reduction in the book value is recognized as an impairment loss. The recoverable amount is determined as the higher of either value in use or fair value less disposal costs.

Luvata Oy uses value in use as the recoverable amount for goodwill impairment.

The future cash flows used to measure the value in use are estimated based on the Luvata Group's medium-term management plan. They are mainly based on assumptions about the future growth rate of the automobile, MRI, and other markets targeted by the Luvata Group's products, the expected increase in market share through sales expansion measures, and sales prices in light of the status of negotiations with customers. Uncertainty about prospects has increased in this consolidated fiscal year due to production cutbacks in the automotive industry caused by the shortage of semiconductors and soaring logistics costs. Management's decisions regarding these factors significantly impacts the calculation of value in use. In addition, estimating the discount rate used to measure value in use requires a high degree of valuation expertise in the selection of calculation methods and input data.

As a result of the impairment test, the Company determined that the value in use of the group of cash-generating units, including goodwill, resulting from the acquisition of the Luvata Group exceeded its book value, and therefore no impairment loss was required. However, if the conditions or assumptions on which the estimates were based change due to significant changes in economic conditions, etc., an impairment loss may be incurred.

(Requirement for Recognition of Impairment Loss on Fixed Assets of Mitsubishi UBE Cement Corporation)

1. Amount recorded in consolidated accounts for the current consolidated fiscal year

In the consolidated balance sheet for the current fiscal year, UBE Mitsubishi Cement Corporation ("UBE Mitsubishi Cement") and its affiliated companies amounted to 160,685 million yen.

2. Information on the contents of significant accounting estimates pertaining to the identified items

MUCC groups its assets on a business segment basis as the smallest unit of cash flow generation. If there is any indication that these fixed assets are impaired, it is necessary to determine whether an impairment loss should be recognized by comparing the carrying amount with the total undiscounted future cash flows from the asset group. If it is determined that an impairment loss is required to be recognized and the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the reduction in the carrying amount is recognized as an impairment loss, and the equity in the recognized loss is recorded as an equity loss in Consolidated accounts.

MUCC has determined that there are signs of impairment due to the deterioration of the business environment caused by high energy prices. The future cash flows used to determine the necessity of recognition of impairment losses are estimated based on MUCC's medium-term management plan prepared by management. The estimates are based on forecasts of domestic demand for cement, unit sales price, the mix of coal types used in cement production, and prices, which are used as key assumptions in the forecast of future sales. Management's judgment has a significant influence on the estimates due to high uncertainty. As a result of the impairment test, the total amount of undiscounted future cash flows from each business segment's asset group exceeds the carrying amount of the fixed assets of the asset group. Therefore, the Company has determined that it is unnecessary to recognize an impairment loss. However, an impairment loss may occur if the conditions or assumptions on which the estimates are based change due to significant changes in economic conditions, etc.

(Recoverability of Deferred Tax Assets)

1. Amount recorded in consolidated accounts for the current consolidated fiscal year

Deferred tax assets of ¥25,415 million were recorded in consolidated accounts.

2. Information on the contents of significant accounting estimates pertaining to the identified items

The Company and certain domestic consolidated subsidiaries (Hereinafter referred to as "the Aggregation Group".) have changed from the non-consolidated tax system to the aggregate group system since the current consolidated fiscal year, and the amount of deferred tax assets is accounted for on the assumption that the aggregate group system is applied.

As discussed in "Guidance on the Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26), Accounting Standards Committee deferred tax assets are recognized to the extent that deductible temporary differences are allowed to reduce tax liability in the future.

Estimates of future taxable income for the Aggregation Group are based on the budget and medium-term management strategy prepared by management. This estimate is subject to uncertainties because it depends on assumptions regarding

future non-ferrous metal price projections, as well as an increase in sales volumes in Advanced Products Business and Metalworking Solutions Business, particularly in the Company, resulting from increased demand in the automotive and semiconductor industries. Management's judgment in this regard has a material impact on the recognized amount of deferred tax assets.

Changes in the estimated amount of future taxable income due to changes in the underlying conditions or assumptions may have a significant impact on the recoverability of deferred tax assets in the following fiscal year.

Additional information

(Stock-based compensation system)

1. Overview of the transactions

The Company has introduced a stock-based compensation plan (hereinafter referred to as the "System") for its executive officers (excluding non-domestic residents, hereinafter referred to as the "Officers").

The System adopts a structure called the Board Incentive Plan Trust (hereinafter referred to as the "BIP Trust"). The System provides Officers with the shares of the Company and cash equal to the amount of the Company's shares converted into cash, according to the Officers' positions etc.

2. The Company shares remaining in the BIP Trust

The Company shares remaining in the BIP Trust are recorded as treasury shares in the net assets section based on the book value in the BIP Trust (excluding the amount of incidental expenses). The book value and the number of the Company's treasury shares at the end of the previous fiscal year ended March 31, 2022 were ¥684 million, 274 thousand shares, and ¥587 million yen, 235 thousand shares at the end of the current fiscal year ended March 31, 2023.

(Share of loss of entities accounted for using equity method)

Mitsubishi UBE Cement Corporation, an equity-method affiliate of the Company, resolved at a meeting of the Board of Directors on September 26, 2022 to rationalize its production system (hereinafter referred to as the "Initiatives") by suspending operations of its Aomori Plant and reducing production capacity of its Isa Cement Plant (halting operation of kiln No. 1) by around the end of March 2023, and implemented the Initiatives at the end of March 2023.

In the fiscal year ended March 31, 2023, out of the loss expected to be incurred as a result of the Initiatives, the Company recorded ¥8,376 million as share of loss of entities accounted for using equity method as non-operating expenses.

Notes to consolidated balance sheets

1 Cumulative total of property, plant and equipment in depreciation was as follows:

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Accumulated depreciation	¥1,196,222 million	¥763,678 million

2 Guaranteed Obligations

The Company provides debt guarantees for borrowings from banks by companies other than consolidated companies and their employees.

	Previous consolidated fiscal year (As of March 31, 2022)		Current consolidated fiscal year (As of March 31, 2023)
Yuzawa Geothermal Power Corporation	¥1,563 million	Yuzawa Geothermal Power Corporation	¥1,366 million
Employees	1,874	Employees	1,281
Others (9 companies)	1,419	Others (2 companies)	1,205
Total	4,857	Total	3,853

3 Contingent liability

(Matters concerning taxation in Indonesia)

Previous consolidated fiscal year (As of March 31, 2022)

The consolidated subsidiary of the Company, PT. Smelting (hereinafter referred to as "PTS"), has received a notice of reassessment from Indonesian Tax Authority covering the company's four fiscal years ended December 31, 2012, December 31, 2014, December 31, 2016 and December 31, 2018.

Indonesian Tax Authority has unilaterally disallowed certain agent fees, etc. of PTS for some time, and since these corrections are not acceptable for the Company and PTS, PTS is asserting the legitimacy of the Company and PTS to Indonesian Tax Authority, through tax trials, objections, and other means.

As of the end of the previous consolidated fiscal year, the additional amount disputed by PTS totaled US\$19 million (¥2,363.0 million at the exchange rate as of the end of the previous consolidated fiscal year).

On June 9, 2022, the PTS also received a notice of reassessment in an amount of US\$4 million (¥580.0 million at the exchange rate as of the end of the previous consolidated fiscal year) from the Indonesian National Tax Authority for the fiscal year ended December 31, 2017.

There are some cases that surcharges may be imposed due to formal objections or tax trial results.

Current consolidated fiscal year (As of March 31, 2023)

PTS has received a notice of reassessment from Indonesian Tax Authority covering the company's five fiscal years ended December 31, 2012, December 31, 2014, December 31, 2016, December 31, 2017 and December 31, 2018.

Indonesian Tax Authority has unilaterally disallowed certain agent fees, etc. of PTS for some time, and since these corrections are not acceptable for the Company and PTS, PTS is asserting the legitimacy of the Company and PTS to Indonesian Tax Authority, through tax trials, objections, and other means.

As of the end of the current consolidated fiscal year, the additional amount disputed by PTS totaled US\$23 million (¥3,123 million at the exchange rate as of the end of the nine months of the current consolidated fiscal year).

There are some cases that surcharges may be imposed due to formal objections or tax trial results.

4 Discount on notes receivable, etc.

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Notes receivable discounted	¥102 million	¥1,425 million
Retroactive obligation due to securitization of receivables	1,917	895

5 Mortgaged assets and secured liabilities

Assets pledged as collateral are as follows:

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Cash and deposits	¥37,553 million	¥11 million
Accounts receivable – trade	7,497	-
Merchandise and finished goods	13,534	-
Work in process	40,084	-
Raw materials and supplies	25,014	-
Property, plant and equipment (Note 1)	3,770	3,419
Investment securities	6,604	6,859
Total	134,058	10,290

Secured liabilities are as follows:

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Short-term borrowings	¥19,356 million	¥70 million
Long-term borrowings (Note 1)	6,294	840
<i>(Current portion of long-term debt)</i>	50	20)
Other liabilities	3	-
Total	25,655	910

(Note 1) Items pledged as foundation mortgages

Asset name	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Buildings and structures, net	¥959 million	¥969 million
Land, net	2,426	2,426
Total	3,386	3,396

Liabilities corresponding to the above

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated fiscal year (As of March 31, 2023)
Long-term borrowings	¥790 million	¥840 million
<i>(Current portion of long-term debt)</i>	50	20)
Total	790	840

6 Revaluation reserve for land

Previous consolidated fiscal year (As of March 31, 2022)

In accordance with the "Act on Revaluation of Land" (Law No. 34 enacted on March 31, 1998) and the "Law Concerning Partial Amendment to the Law Concerning Revaluation of Land" (Law No. 19 enacted on March 31, 2001), the Company and one of its consolidated subsidiaries revaluated the commercial land, and the amount equivalent to the tax in the valuation difference was recorded as "deferred tax liabilities for land revaluation" in the liabilities section. The amount equivalent to taxes on the valuation difference was recorded as "revaluation reserve for land" in the net assets section.

The method of revaluation :

The method of revaluation is based on the assessed value of fixed assets for property tax purposes as stipulated in Article 2, Item 3 of the "Order for Enforcement of the Act on Revaluation of Land" (Government Ordinance No. 119 issued on March 31, 1998) with reasonable adjustments, but for a portion of the land, the method of real estate appraisal by the real estate appraiser as stipulated in Item 5 was used.

Date of revaluation:

Yokkaichi plant: March 31, 2000

Other than the above: March 31, 2002

Difference between the market value of the revalued land at the end of the fiscal year and the book value after revaluation: ¥(30,672) million

Current consolidated fiscal year (As of March 31, 2023)

In accordance with the "Act on Revaluation of Land" (Law No. 34 enacted on March 31, 1998) and the "Law Concerning Partial Amendment to the Law Concerning Revaluation of Land" (Law No. 19 enacted on March 31, 2001), the Company and one of its consolidated subsidiaries revaluated the commercial land, and the amount equivalent to the tax in the valuation difference was recorded as "deferred tax liabilities for land revaluation" in the liabilities section. The amount equivalent to taxes on the valuation difference was recorded as "revaluation reserve for land" in the net assets section.

The method of revaluation :

The method of revaluation is based on the assessed value of fixed assets for property tax purposes as stipulated in Article 2, Item 3 of the "Order for Enforcement of the Act on Revaluation of Land" (Government Ordinance No. 119 issued on March 31, 1998) with reasonable adjustments, but for a portion of the land, the method of real estate appraisal by the real estate appraiser as stipulated in Item 5 was used.

Date of revaluation: March 31, 2002

Difference between the market value of the revalued land at the end of the fiscal year and the book value after revaluation: ¥(8,545) million

Notes to consolidated statements of profit and loss

- 1 The amount of inventories at the end of the fiscal year is the amount after write-down of book value due to decline in profitability, and the loss on valuation of inventories is included in cost of sales.

() indicates the amount of reversal

Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
¥ (4,584) million	¥6,732 million

- 2 Provision (reversal) for loss on construction contracts included in cost of sales

() indicates the amount of reversal

Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
¥ 115 million	¥(7) million

- 3 Major items and amounts of selling, general and administrative expenses are as follows.

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Freight expenses	¥ 32,283million	¥ 24,336million
Depreciation	5,498	5,777
Retirement benefit expenses	3,123	2,098
Provision for retirement benefits for executives	502	246
Provision for bonuses	10,024	9,246
Salaries and allowances	34,476	29,543
Outsourcing expenses	15,732	11,044
Rent	5,909	5,320
Research and development expenses	11,604	9,676

- 4 The Group recorded impairment losses on the following asset groups.

(Method of asset grouping)

The Group groups its assets mainly by product group based on the reportable segments. In addition, idle assets and other assets are classified by individual asset units. The impact on the segment is stated in the relevant section.

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Overview of Asset Groups Recognized for Impairment Losses)

Purpose	Location	Type	Impairment loss (Millions of yen)
Assets for Advanced products	Amagasaki City, Hyogo, etc.	Buildings, structures ,machinery and equipment, etc.	1,104
Assets for Metalworking solutions business	Chiyoda-ku, Tokyo	Software in progress	583
Assets for Environment and energy business	Kitaakita-city, Akita	Structures, machinery and equipment, etc.	471
Other business assets	Bangkok, Thailand	Buildings, etc.	9
Shared assets	Chiyoda-ku, Tokyo	Software in progress	348
Idle assets	Minamiuonuma-city, Niigata, etc.	Land	5
Total			2,522

(Background of recognition of impairment loss)

For business assets with significantly deteriorated profitability due to a decline in the market price of products and other factors, and for asset groups for which the market price of the subject assets has declined significantly, the book value has been reduced to the recoverable amount. In addition, the book value of idle assets, etc., whose recoverable amount is smaller than the book value due to a decline in market prices or other reasons, has been reduced to the recoverable amount. The decrease in the book value of such business assets and idle assets, etc. was recorded as an impairment loss of ¥(2,552) million under extraordinary losses.

Impairment losses by account title

Buildings ¥854 million, Structures ¥307 million, Machinery and equipment ¥285 million, Land ¥5 million, Software in progress ¥931 million, Other ¥137 million

(Calculation method of recoverable amount)

The recoverable amount is measured by net realizable value or value in use. Net realizable value is calculated based on real estate appraised value for items whose fair value is highly significant, and based on property tax assessed value etc., for other items. The value in use is mainly calculated by discounting future cash flows at 6.0%.

5 Loss on business restructuring

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

The loss on business restructuring of ¥25,116 million represents the loss on sales of shares of subsidiaries and associates and the loss on business transfer etc., resulting from the transfer on March 31, 2022 of all shares of Universal Can Corporation, a consolidated subsidiary engaged in aluminum business owned by the Company, and the Aluminum rolling and processing business of Mitsubishi Aluminum Co., Ltd. to Showa Aluminum Can Corporation owned by a fund managed by an affiliate of the U.S.-based Apollo Global Management, Inc.

Current fiscal year (From April 1, 2022 to March 31, 2023)

The loss on business restructuring of ¥31,103 million represents loss on sales of shares of subsidiaries and affiliates associated with the transfer of the Company's polycrystalline silicon business (including the shares of Mitsubishi Polycrystalline Silicon America Corporation, a specified subsidiary of the Company, and the shares of NIPPON AEROSIL CO., LTD., an equity-method affiliated company of the Company) succeeded to High-Purity Silicon Corporation, newly established by the Company, through an absorption-type company split on March 31, 2023, and transferred of all shares of High-Purity Silicon Corporation to SUMCO Corporation.

Notes to consolidated statements of comprehensive income

※ Amounts of reclassification and tax effects of other comprehensive income

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Valuation difference on available-for-sale securities		
Amount accrued in the current fiscal year	¥ 4,720 million	¥(12,770) million
Reclassification adjustments	(28,824)	(11,388)
Before tax effect adjustment	(24,104)	(24,159)
Tax effect amount	7,231	7,403
Valuation difference on available-for-sale securities	(16,872)	(16,755)
Deferred gains or losses on hedges		
Amount accrued in the current fiscal year	18,760	(10,630)
Reclassification adjustments	(20,006)	14,489
Before tax effect adjustment	(1,246)	3,858
Tax effect amount	245	(1,200)
Deferred gains or losses on hedges	(1,000)	2,657
Foreign currency translation adjustment:		
Amount accrued in the current fiscal year	27,558	13,290
Reclassification adjustments	-	-
Before tax effect adjustment	27,558	13,290
Tax effect amount	-	-
Foreign currency translation adjustment	27,558	13,290
Remeasurements of defined benefit plans:		
Amount accrued in the current fiscal year	(618)	(659)
Reclassification adjustments	1,515	1,220
Before tax effect adjustment	897	560
Tax effect amount	(48)	3,530
Remeasurements of defined benefit plans	848	4,090
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued in the current fiscal year	986	12,282
Reclassification adjustments	(916)	1,268
Share of other comprehensive income of entities accounted for using equity method	70	13,550
Total other comprehensive income	10,603	16,833

Notes to consolidated statements of changes in net assets

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

1. The class and total number of issued shares, and the class and number of treasury shares;

	Number of shares at the beginning of the period (shares)	Increase in number of shares (shares)	Decrease in number of shares (shares)	Number of shares at the end of the period (shares)
Issued shares				
Common stocks	131,489,535	-	-	131,489,535
Total	131,489,535	-	-	131,489,535
Treasury shares				
Common stocks (Notes: 1, 2, 3)	848,433	51,605	42,182	857,856
Total	848,433	51,605	42,182	857,856

Notes:

1. The number of treasury shares of common stock includes 235,432 shares held by the BIP Trust.
2. Breakdown of the increase in the number of treasury shares during the current fiscal year
Increase due to repurchase of odd-lot shares 51,605 shares
3. Breakdown of the decrease in the number of treasury shares during the current fiscal year
Decrease due to requests for additional repurchase of odd-lot shares 591 shares
Decrease due to BIP Trust 39,268 shares
Decrease due to changes in equity in associates accounted for using the equity method 2,323 shares

2. Matters relating to dividends

(1) Dividends paid

(Resolutions)	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
May 13, 2022 Board of Directors	Common stock	6,545	50.0	March 31, 2022	June 10, 2022
November 10, 2022 Board of Directors	Common stock	3,272	25.0	September 30, 2022	December 9, 2022

Note:

1. The total amount of dividends resolved by the Board of Directors held on May 13, 2022 includes ¥13 million as a dividend for the Company shares owned by the BIP Trust.
2. The dividend per share of ¥50 resolved by the Board of Directors held on May 13, 2022 includes a special dividend of ¥15.
3. The total amount of dividends resolved by the Board of Directors held on November 10, 2022, includes ¥5 million as a dividend for the Company shares owned by the BIP Trust.

(2) Dividends for which the record date belongs to the current consolidated fiscal year and for which the effective date will be the following consolidated fiscal year; and

(Resolution)	Type of shares	Total amount of dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Record Date	Effective date
May 12, 2023 Board of Directors	common stock	3,271	Retained earnings	25.0	March 31, 2023	June 9, 2023

Note: The total amount of dividends resolved by the Board of Directors held on held on May 12, 2023, includes ¥5 million as a dividend for the Company shares owned by the BIP Trust.

Notes to consolidated statements of cash flows

1. Reconciliation of cash and cash equivalents at end of period to the accounts reported in the consolidated balance sheets.

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Cash and deposits	¥159,221 million	¥142,126 million
Time deposits with maturities longer than three months	(5,444)	(9,959)
Restricted deposit	(135)	(51)
Cash and cash equivalents	153,640	141,079

2. Breakdown of major assets and liabilities transferred through business succession and sale of shares in this consolidated fiscal year

The Company succeeded the Company's polycrystalline silicon business (including the shares of Mitsubishi Polycrystalline Silicon America Corporation, a specified subsidiary of the Company, and the shares of NIPPON AEROSIL CO., LTD., an equity-method affiliated company of the Company) to High-Purity Silicon Corporation, a company newly established by the Company, through an absorption-type company split, and transferred all shares of High-Purity Silicon Corporation to SUMCO Corporation. The breakdown of assets and liabilities associated with the transfer, the transfer price of shares and the expenditure on transfer are as follows.

Current assets	¥31,725 million
Non-current assets	5,428
Current liabilities	(3,096)
Non-current liabilities	(89)
Foreign currency translation adjustment	(3,900)
Other	1,035
Loss on business restructuring	(31,103)
Transfer price of the shares	0
Cash and cash equivalent	(9,672)
Incidental expenses	(264)
Less: Payments for sales of subsidiaries resulting in changes in scope of consolidation	(9,936)

Segment information, etc.

[Segment Information]

1. Overview of reporting segments

(1) Method to define reporting segments

The Company's reporting segments are the units of the Company for which discrete financial information is available and which are subject to regular review by the Board of Directors to decide the allocation of management resources and to assess the performance.

The Company adopts an in-house company system and each in-house company and business unit or office formulates comprehensive domestic and international strategies and develops business activities with respect to the products and services handled.

Accordingly, the Company consists of segments by products and services based on in-house companies and has four reporting segments of "Advanced Products Business", "Metalworking Solutions Business", "Metals Business", and "Environment & Energy Business".

(2) Products and services which belong to each reporting segment

Major products of each business are as follows:

(i) Advanced Products Business	Copper & copper alloy products, electronic materials & components
(ii) Metalworking Solutions Business	Cemented carbide products
(iii) Metals Business	Nonferrous metal smelting (including copper, gold, silver, palladium and sulfuric acid)
(iv) Environment & Energy Business	Energy, environmental recycling

2. Calculation method for net sales, profits and losses, assets, liabilities and other items for each reporting segment

The method of accounting for each reported business segment is identical with that stated in the "Important Matters Forming the Bases for Preparing Consolidated Financial Statements".

Profit in the reporting segments is based on ordinary profit.

Amount of intersegment revenues and transfers are based on current market prices.

3. Changes, etc. of the reporting segments

Following the integration of the cement business and its related businesses on April 1, 2022, the Company has changed its reporting segments of the cement business, which was previously a reportable segment, to include the other businesses, based on the actual situation in determining the allocation of management resources.

Segment information for the previous fiscal year is disclosed based on the reporting segment classification and calculation method after the change.

4. Information on the amounts of net sales, profit or loss, assets, liabilities and other items for each reporting segment;

Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Total	Adjustment	Amounts in consolidated financial statements
	Advanced Products Business	Metal Working Solution Business	Metals Business	Environment & Energy Business				
Net sales								
(1) Sales to outside customers	469,117	128,162	774,847	17,028	422,603	1,811,759	-	1,811,759
(2) Intersegment sales and transfers	16,822	4,448	222,324	842	36,945	281,383	(281,383)	-
Total	485,939	132,611	997,171	17,871	459,549	2,093,142	(281,383)	1,811,759
Segment profit	16,931	14,522	50,230	3,894	6,631	92,210	(16,129)	76,080
Segment assets	420,365	216,602	882,293	43,068	484,828	2,047,159	77,873	2,125,032
Segment liabilities	350,099	172,636	682,301	40,521	239,891	1,485,449	(16,169)	1,469,280
Other items								
Depreciation	10,869	11,083	14,381	1,633	22,353	60,320	3,215	63,536
Amortization of goodwill	435	1,202	-	-	2,915	4,553	-	4,553
Interest income	156	103	320	25	270	877	(312)	564
Interest expenses	1,773	1,254	1,430	173	1,500	6,130	(632)	5,498
Share of profit (or loss) of entities accounted for using equity method	1,795	-	4,768	1,968	(3,442)	5,090	(11)	5,078
Investment amount in equity method affiliates	5,504	-	38,225	12,059	22,404	78,194	(89)	78,104
Increase in property, plant and equipment and intangible assets	20,648	9,180	15,322	3,795	25,370	74,316	7,133	81,450

Notes:

- "Other businesses" include cement-related, aluminum-related and engineering-related business.
- "Adjustment amount" of segment profit of ¥(16,129) million includes elimination of intersegment transactions of ¥(935 million) and corporate expenses not allocated to each reporting segment of ¥(15,193) million. Corporate expenses consist mainly of general and administrative expenses that do not belong to the reporting segments, basic experiment and research expenses, and financial income and expenses.
- "Adjustment amount" of segment assets of ¥75,873 million includes the elimination of intersegment transactions of ¥(61,110) million and corporate assets of ¥138,983 million which are not allocated to the reporting segments. Corporate assets consist mainly of assets of administrative departments and assets relating to basic experiment and research that do not belong to the reporting segments.
- "Adjustment amount" of segment liabilities of ¥(16,169) million includes the elimination of intersegment transactions of ¥(60,922) million and corporate liabilities of ¥44,752 million which are not allocated to the reporting segments. Corporate liabilities consist mainly of liabilities of administrative departments and liabilities relating to basic experiment and research that do not pertain to the reporting segments.
- "Adjustment amount" of ¥7,133 million for the increase in tangible fixed assets and intangible assets is mainly capital expenditure made by DX Promotion Division and the Central Research Institute (currently Innovation Center).
- Segment profit has been adjusted with ordinary profit on the consolidated statements of profit or loss.
- In the Environment & Energy Business, Dia Consultants Co., Ltd. was excluded from the scope of consolidation due to the sale of its shares in July 2021. The amount of net sales, segment profit, and other items (depreciation, interest income, interest expense, and increase in property, plant and equipment and intangible assets) of Dia Consultants Co., Ltd. up to the date of deconsolidation are included.
- As for the aluminum-related business, which used to included in Other Businesses, on March 31, 2022, Universal Can Corporation and one other company were excluded from the consolidated subsidiaries due to the transfer of shares; because Mitsubishi Aluminum Co., Ltd.'s aluminum rolling and extruded products business were split and succeeded, that business and M.A. Packaging Co., Ltd. and five other companies were excluded from the consolidated subsidiaries, and Muang-Max (Thailand) Co., Ltd. were excluded from equity method affiliates. The amounts of net sales, segment income, and other items (depreciation, interest income, interest expense, share of loss of entities accounted for using equity method, and increases in property, plant and equipment and intangible assets) related to the aluminum-related business up to the date of deconsolidation are included.

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Total	Adjustment	Amounts in consolidated financial statements
	Advanced Products Business	Metal Working Solution Business	Metals Business	Environment & Energy Business				
Net sales								
(1) Sales to outside customers	506,958	136,812	851,325	16,482	114,355	1,625,933	-	1,625,933
(2) Intersegment sales and transfers	19,404	4,812	234,413	851	49,849	309,330	(309,330)	-
Total	526,363	141,624	1,085,738	17,333	164,204	1,935,264	(309,330)	1,625,933
Segment profit	7,177	14,520	28,018	4,597	(17,673)	36,639	(11,333)	25,306
Segment assets	405,767	222,760	910,748	49,888	265,586	1,854,750	37,044	1,891,795
Segment liabilities	297,347	119,470	706,120	33,424	117,709	1,274,072	(11,152)	1,262,919
Other items								
Depreciation	11,134	10,988	15,201	1,712	1,520	40,557	3,845	44,402
Amortization of goodwill	466	1,209	-	-	4	1,680	-	1,680
Interest income	305	175	1,385	30	185	2,082	(406)	1,676
Interest expenses	1,995	893	2,322	176	686	6,074	(59)	6,014
Share of profit (or loss) of entities accounted for using equity method	1,297	-	(1,231)	2,166	(24,205)	(21,973)	49	(21,924)
Investment amount in equity method affiliates	3,299	-	45,682	13,274	161,373	223,629	(687)	222,942
Increase in property, plant and equipment and intangible assets	26,313	11,934	29,420	5,893	1,853	75,415	5,690	81,106

Notes:

- "Other businesses" include cement-related and engineering-related business.
- "Adjustment amount" of segment profit of ¥(11,333) million includes elimination of intersegment transactions of ¥(850 million) and corporate expenses not allocated to each reporting segment of ¥(10,482) million. Corporate expenses consist mainly of general and administrative expenses that do not belong to the reporting segments, basic experiment and research expenses, and financial income and expenses.
- "Adjustment amount" of segment assets of ¥37,044 million includes the elimination of intersegment transactions of ¥(101,544) million and corporate assets of ¥138,589 million which are not allocated to the reporting segments. Corporate assets consist mainly of assets of administrative departments and assets relating to basic experiment and research that do not belong to the reporting segments.
- "Adjustment amount" of segment liabilities of ¥(11,152) million includes the elimination of intersegment transactions of ¥(101,769) million and corporate liabilities of ¥90,617 million which are not allocated to the reporting segments. Corporate liabilities consist mainly of liabilities of administrative departments and liabilities relating to basic experiment and research that do not pertain to the reporting segments.
- "Adjustment amount" of ¥5,690 million for the increase in tangible fixed assets and intangible assets is mainly capital expenditure made by DX Promotion Division and the Innovation Center.
- Segment profit has been adjusted with ordinary profit on the consolidated statements of profit or loss.
- As of March 31, 2023, the Company succeeded the Company's polycrystalline silicon business (including the shares of Mitsubishi Polycrystalline Silicon America Corporation, a specified subsidiary of the Company, and the shares of NIPPON AEROSIL CO., LTD., an equity-method affiliated company of the Company) to High-Purity Silicon Corporation, a company newly established by the Company, through an absorption-type company split, and transferred all shares of High-Purity Silicon Corporation to SUMCO Corporation. The amounts of net sales, segment loss and other items (depreciation, interest income, interest expense, share of loss of entities accounted for using equity method, and increases in property, plant and equipment and intangible assets) related to the polycrystalline silicon business up to the date of deconsolidation are included.

[Related Information]

Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)

1. Information by product and service

This section is omitted as the same information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(Unit: Millions of yen)

Japan	United States	Europe	Asia	Other	Total
911,829	166,485	72,709	634,325	26,409	1,811,759

(2) Property, plant and equipment

(Unit: Millions of yen)

Japan	United States	Europe	Asia	Other	Total
466,405	95,953	15,660	49,217	1,962	629,199

1. Classification of countries and regions is based on geographical proximity.

2. Major countries or regions included in the classification other than the United States

(1) Europe ... Germany, UK, Spain, France, Finland

(2) Asia ... Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand

(3) Other ... Australia, Canada, Brazil

3. Information by major customer

This section is omitted as no single customer accounts for 10% or more of the net sales in the consolidated profit and loss statements.

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

1. Information by product and service

This section is omitted as the same information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(Unit: Millions of yen)

Japan	United States	Europe	Asia	Other	Total
682,465	85,344	66,792	773,195	18,135	1,625,933

(2) Property, plant and equipment

(Unit: Millions of yen)

Japan	United States	Europe	Asia	Other	Total
328,370	15,002	18,244	64,172	424	426,214

1. Classification of countries and regions is based on geographical proximity.

2. Major countries or regions included in the classification other than the United States

(1) Europe ... Germany, UK, Spain, France, Finland

(2) Asia ... Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand

(3) Other ... Australia, Canada, Brazil

3. Information by major customer

(Unit: Millions of yen)

Name of the customer;	Net sales	Relevant segment names
Sumitomo Corporation	291,264	Metals Business

[Information on Impairment Loss on Fixed Assets by Reportable Segment]

Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Advanced Products Business	Metal Working Solution Business	Metals Business	Environment & Energy Business				
Impairment loss	2,600	171	19	-	487	3,278	608	3,886

Note: The 608 million yen adjustment for impairment loss is mainly for impairment of common assets.

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Advanced Products Business	Metal Working Solution Business	Metals Business	Environment & Energy Business				
Impairment loss	1,104	583	-	471	9	2,168	353	2,522

Note: The 353 million yen adjustment for impairment loss is mainly for impairment of common assets.

Information on amortization and unamortized balance of goodwill by reporting segment

Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Advanced Products Business	Metal Working Solution Business	Metals Business	Environment & Energy Business				
Amortization for period	435	1,202	-	-	2,915	4,553	-	4,553
Balance at end of period	6,874	3,621	-	-	18,876	29,371	-	29,371

Amortization amounts and unamortized balances of negative goodwill arising from transactions carried out prior to April 1, 2010, such as business combinations, are as follows:

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Advanced Products Business	Metal Working Solution Business	Metals Business	Environment & Energy Business				
Amortization for period	-	-	-	-	-	-	-	-
Balance at end of period	2,221	-	-	-	-	2,221	-	2,221

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Advanced Products Business	Metal Working Solution Business	Metals Business	Environment & Energy Business				
Amortization for period	466	1,209	-	-	4	1,680	-	1,680
Balance at end of period	6,732	2,481	-	-	10	9,224	-	9,224

Amortization amounts and unamortized balances of negative goodwill arising from transactions carried out prior to April 1, 2010, such as business combinations, are as follows:

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Advanced Products Business	Metal Working Solution Business	Metals Business	Environment & Energy Business				
Amortization for period	-	-	-	-	-	-	-	-
Balance at end of period	2,221	-	-	-	-	2,221	-	2,221

Per share information

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Net assets per share	¥ 4,476.52	¥ 4,541.96
Profit per share	¥ 344.56	¥ 155.60

Notes

1. The Company's shares held by the BIP trust are included in the treasury shares to be deducted from the total number of shares outstanding at the end of the fiscal year for the purpose of calculating net asset per share. The number of treasury shares totaled 848,000 shares at the end of the previous fiscal year and 857,000 shares at the end of the current fiscal year, of which 274,000 shares and 235,000 shares were held by the BIP trust, respectively.
2. Diluted profit per share are not stated since there are no dilutive shares.
3. The basis for the calculation of profit per share is as follows:

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	45,015	20,330
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders of owners of the parent (Millions of yen)	45,015	20,330
Average number of shares outstanding during period (thousand shares)	130,646	130,659

Note:

The Company's shares held by the BIP trust are included in the treasury shares to be deducted from the average number of shares outstanding during the period for the purpose of calculating profit per share. The average number of treasury shares outstanding during period totaled 843,000 shares during the previous fiscal year and 827,000 shares during current fiscal year, and of those of which 274,000 shares and 244,000 shares were held by the BIP trust, respectively.

Significant subsequent events

(Change in segment classification)

At the Board of Directors meeting held on February 10, 2023, the Company resolved FY2031 Strategy.

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

Based on the FY2031 Strategy, the Company implemented organizational restructuring to strengthen its Resource Recycling Business and Renewable Energy Business on April 1, 2023.

As a result, the reportable segment has been reclassified from the former "Advanced Products Business," "Metal Working Solution Business," "Metals Business" and "Environment & Energy Business" to "Metals Business," "Advanced Products Business," "Metal Working Solution Business" and "Renewable Energy Business."

Information on the amounts of net sales, profit or loss, assets, liabilities and other items by reporting segment for the current consolidated fiscal year based on the segment classification after the change is as follows.

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

Information on the amounts of net sales, profit or loss, assets, liabilities and other items for each reporting segment;

(Unit: Millions of yen)

	Metals Business	Advanced Products Business	Metal Working Solution Business	Renewable Energy Business	Other Businesses	Total	Adjustment	Amount recorded consolidated financial statement
Net sales								
(1) Sales to outside customers	854,962	506,958	136,812	3,475	123,725	1,625,933	-	1,625,933
(2) Intersegment sales and transfers	234,375	19,404	4,812	0	46,902	305,495	(305,495)	-
Subtotal	1,089,337	526,363	141,624	3,475	170,628	1,931,429	(305,495)	1,625,933
Segment Profit (loss)	29,901	7,177	14,520	991	(15,950)	36,639	(11,333)	25,306
Segment assets	924,004	405,767	222,760	31,783	270,090	1,854,406	37,388	1,891,795
Segment liabilities	710,068	297,347	119,470	27,267	119,673	1,273,827	(10,907)	1,262,919
Other items								
Depreciation	15,795	11,134	10,988	932	1,706	40,557	3,845	44,402
Amortization of goodwill	-	466	1,209	-	4	1,680	-	1,680
Interest income	1,393	305	175	1	206	2,082	(406)	1,676
Interest expenses	2,380	1,995	893	158	646	6,074	(59)	6,014
Share of profit (or loss) of entities accounted for using equity method	(129)	1,297	-	1,063	(24,205)	(21,973)	49	(21,924)
Investment amount in equity method affiliates	53,890	3,299	-	5,066	161,373	223,629	(687)	222,942
Increase in property, plant and equipment and intangible assets	29,837	26,313	11,934	5,223	2,106	75,415	5,690	81,106

Notes

- "Other businesses" include cement-related and engineering-related business.
- "Adjustment amount" of segment profit of ¥(11,333) million includes elimination of intersegment transactions of ¥(850 million) and corporate expenses not allocated to each reporting segment of ¥(10,482) million. Corporate expenses consist mainly of general and administrative expenses that do not belong to the reporting segments, basic experiment and research expenses, and financial income and expenses.
- "Adjustment amount" of segment assets of ¥37,388 million includes the elimination of intersegment transactions of ¥(101,200) million and corporate assets of ¥138,589 million which are not allocated to the reporting segments. Corporate assets consist mainly of assets of administrative departments and assets relating to basic experiment and research that do not belong to the reporting segments.
- "Adjustment amount" of segment liabilities of ¥(10,907) million includes the elimination of intersegment transactions of ¥(101,426) million and corporate liabilities of ¥90,518 million which are not allocated to the reporting segments. Corporate liabilities consist mainly of liabilities of administrative departments and liabilities relating to basic experiment and research that do not pertain to the reporting segments.
- "Adjustment amount" of ¥5,690 million for the increase in tangible fixed assets and intangible assets is mainly capital expenditure made by DX Promotion Division and the Innovation Center.

6. Segment profit has been adjusted with ordinary profit on the consolidated statements of profit or loss.
7. As of March 31, 2023, the Company succeeded the Company's polycrystalline silicon business (including the shares of Mitsubishi Polycrystalline Silicon America Corporation, a specified subsidiary of the Company, and the shares of NIPPON AEROSIL CO., LTD., an equity-method affiliated company of the Company) to High-Purity Silicon Corporation, a company newly established by the Company, through an absorption-type company split, and transferred all shares of High-Purity Silicon Corporation to SUMCO Corporation. The amounts of net sales, segment loss and other items (depreciation, interest income, interest expense, share of loss of entities accounted for using equity method, and increases in property, plant and equipment and intangible assets) related to the polycrystalline silicon business up to the date of deconsolidation are included.

6. Unconsolidated Financial Statements

(1) Balance sheet

(Unit: Millions of yen)

	Previous Fiscal Year (As of March. 31, 2022)	Current Fiscal Year (As of March. 31, 2023)
Assets		
Current assets		
Cash and deposits	58,481	54,483
Notes receivable – trade	14,658	15,389
Accounts receivable – trade	146,024	119,897
Merchandise and finished goods	75,856	72,169
Work in process	89,432	92,694
Raw materials and supplies	84,744	82,551
Advance payments	29,969	20,976
Prepaid expense	1,541	1,873
Short-term loans	7,632	30,612
Accounts Receivable – other	16,070	29,006
Leased gold bullion	195,379	234,896
Deposited gold bullion	82,004	97,103
Other	36,310	19,671
Allowance for doubtful accounts	(450)	(118)
Total current assets	837,656	871,209
Non-current assets		
Property, plant and equipment		
Buildings	60,839	50,296
Structures	34,566	22,632
Machinery and equipment	94,529	63,118
Vessels	2	3
Vehicles	202	242
Tools, furniture and fixtures	4,325	4,001
Land	133,778	67,687
leased assets	805	738
Construction in progress	14,841	9,990
Trees	1,072	1,067
Total property, plant and equipment, net	344,963	219,777
Intangible assets		
Mining right	379	0
Software	2,962	6,097
Software in progress	4,742	4,276
Leased assets	5	-
Other	234	83
Total intangible assets	8,324	10,457
Investments and other assets		
Investment securities	70,949	17,375
Shares of subsidiaries and associates	293,300	313,595
Bonds of subsidiaries and associates	4	4
Investments in capital	233	223
Investments in capital of subsidiaries and associates	2,738	3,621
Long-term loans receivable	1	0
Long-term loans receivable from subsidiaries and associates	5,656	17,007
Prepaid pension costs	8,049	7,660
Deferred tax assets	-	10,599
Other	6,406	4,634
Allowance for investment loss	(83)	-
Allowance for doubtful accounts	(4,365)	(4,480)
Total investments and other assets	382,893	370,244
Total non-current assets	736,181	600,478
Total assets	1,573,837	1,471,687

(Unit: Millions of yen)

	Previous Fiscal Year (As of March. 31, 2022)	Current Fiscal Year (As of March. 31, 2023)
Liabilities		
Current liabilities		
Notes payable - trade	1,434	1,147
Accounts payable - trade	55,900	52,937
Short-term borrowings	121,363	142,209
Commercial papers	30,000	25,000
Current portion of bonds payable	10,000	-
Lease obligations	288	249
Accounts payable-other	9,624	13,994
Accrued expenses	38,048	27,545
Corporate taxes payable	1,372	155
Contract liabilities	13,565	8,044
Unearned revenue	234	245
Provision for bonuses	6,028	5,656
Deposits received from employees	7,426	7,101
Notes payable - facilities	303	207
Accounts payable - facilities	12,686	12,852
Asset retirement obligations	38	-
Deposited gold bullion	392,364	439,204
Other	18,904	4,007
Total current liabilities	719,583	740,559
Non-current liabilities		
Bonds payable	70,000	70,000
Long-term borrowings	284,390	235,812
Lease obligations	545	523
Deferred tax liabilities	16,844	-
Deferred tax liabilities for land revaluation	20,093	7,577
Provision for retirement benefits	17,843	10,834
Provision for loss on business of subsidiaries and associates	843	-
Provision for environmental measures	18,762	14,388
Provision for share awards	443	458
Asset retirement obligations	445	143
Guarantee deposits received	4,468	4,051
Other	5,556	4,058
Total non-current liabilities	440,237	347,846
Total liabilities	1,159,820	1,088,406

(Unit: Millions of yen)

	Previous Fiscal Year (As of March. 31, 2022)	Current Fiscal Year (As of March. 31, 2023)
Net assets		
Shareholders' equity		
Share capital	119,457	119,457
Capital surplus		
Legal capital surplus	85,654	85,654
Other capital surplus	27,342	27,342
Total capital surplus	112,997	112,996
Retained earnings		
Other retained earnings		
Retained earnings brought forward	134,390	144,576
Total retained earnings	134,390	144,576
Treasury shares	(2,885)	(2,897)
Total shareholders' equity	363,959	374,132
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	25,790	1,578
Deferred gains or losses on hedges	(1,340)	1,180
Revaluation reserve for land	25,608	6,389
Total valuation and translation adjustments	50,057	9,148
Total net assets	414,016	383,281
Total liabilities and net assets	1,573,837	1,471,687

(2) Statement of profit and loss

(Unit: Millions of yen)

	Previous Fiscal Year (Apr. 1, 2021 - Mar. 31, 2022)	Current Fiscal Year (Apr. 1, 2022 - Mar. 31, 2023)
Net sales	1,144,592	1,180,998
Cost of sales	1,074,967	1,116,683
Gross profit	69,625	64,315
Selling, general and administrative expenses	62,957	60,055
Operating profit	6,668	4,259
Non-operating income		
Interest income	449	879
Dividend income	25,809	27,664
Rental income from non-current assets	4,939	4,010
Other	4,367	3,316
Total non-operating income	35,566	35,871
Non-operating expenses		
Interest expenses	3,171	3,022
Expense for the maintenance and management of abandoned mines	3,714	4,162
Rental expenses on non-current assets	3,251	2,852
Loss on retirement of non-current assets	2,888	2,069
Other	3,520	3,877
Total non-operating expenses	16,546	15,984
Ordinary profit	25,687	24,146
Extraordinary income		
Gain on sales of investment securities	28,862	11,056
Gain on sales of shares of subsidiaries and affiliates	5,453	588
Other	122	1,194
Total extraordinary income	34,438	12,838
Extraordinary losses		
Loss on business restructuring	21,982	36,375
Impairment loss	2,247	1,489
Other	5,444	4,220
Total extraordinary losses	29,674	42,085
Profit(loss) before income taxes	30,452	(5,100)
Income taxes – current	493	(8,620)
Income taxes – deferred	161	(16,856)
Total income taxes	655	(25,476)
Profit	29,797	20,376

(3) Statement of changes in net assets

Previous fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Retained earnings brought forward	Total retained earnings		
Balance as of March 31, 2021	119,457	85,654	27,344	112,998	1	116,357	116,358	(2,861)	345,954
Cumulative effects of changes in accounting policies						(56)	(56)		(56)
Restated balance	119,457	85,654	27,344	112,998	1	116,300	116,301	(2,861)	345,897
Changes during the period									
Provision of voluntary retained earnings									-
Reversal of voluntary retained earnings					(1)	1	-		-
Cash dividends						(11,783)	(11,783)		(11,783)
Profit						29,797	29,797		29,797
Reversal of revaluation reserve for land						74	74		74
Purchase of treasury shares								(28)	(28)
Disposal of treasury shares			(1)	(1)				4	2
Net changes in items other than shareholders' equity									
Total Changes during the Period	-	-	(1)	(1)	(1)	18,089	18,088	(24)	18,061
Balance as of March 31, 2022	119,457	85,654	27,342	112,997	-	134,390	134,390	(2,885)	363,959

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance as of March 31, 2021	42,299	(839)	25,682	67,142	413,096
Cumulative effects of changes in accounting policies					(56)
Restated balance	42,299	(839)	25,682	67,142	413,039
Changes during the period					
Provision of voluntary retained earnings					-
Reversal of voluntary retained earnings					-
Cash dividends					(11,783)
Profit					29,797
Reversal of revaluation reserve for land					74
Purchase of treasury shares					(28)
Disposal of treasury shares					2
Net changes in items other than shareholders' equity	(16,509)	(501)	(74)	(17,084)	(17,084)
Total Changes during the Period	(16,509)	(501)	(74)	(17,084)	976
Balance as of March 31, 2022	25,790	(1,340)	25,608	50,057	414,016

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Exploration reserves	Retained earnings brought forward			
Balance as of March 31, 2022	119,457	85,654	27,342	112,997	-	134,390	134,390	(2,885)	363,959
Cumulative effects of changes in accounting policies									-
Restated balance	119,457	85,654	27,342	112,997	-	134,390	134,390	(2,885)	363,959
Changes during the period									
Provision of voluntary retained earnings									-
Reversal of voluntary retained earnings									-
Cash dividends						(9,818)	(9,818)		(9,818)
Profit						20,376	20,376		20,376
Reversal of revaluation reserve for land						(371)	(371)		(371)
Purchase of treasury shares								(112)	(112)
Disposal of treasury shares			(0)	(0)				99	99
Net changes in items other than shareholders' equity									
Total Changes during the Period	-	-	(0)	(0)	-	10,186	10,186	(12)	10,173
Balance as of March 31, 2023	119,457	85,654	27,342	112,996	-	144,576	144,576	(2,897)	374,132

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance as of March 31, 2022	25,790	(1,340)	25,608	50,057	414,016
Cumulative effects of changes in accounting policies					-
Restated balance	25,790	(1,340)	25,608	50,057	414,016
Changes during the period					
Provision of voluntary retained earnings					-
Reversal of voluntary retained earnings					-
Cash dividends					(9,818)
Profit					20,376
Reversal of revaluation reserve for land					(371)
Purchase of treasury shares					(112)
Disposal of treasury shares					99
Net changes in items other than shareholders' equity	(24,212)	2,521	(19,218)	(40,908)	(40,908)
Total Changes during the Period	(24,212)	2,521	(19,218)	(40,908)	(30,735)
Balance as of March 31, 2023	1,578	1,180	6,389	9,148	383,281