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Securities Code: 5632

(Date of issue): June 6, 2023

(Start date of electronic provision): June 2, 2023

To Our Shareholders

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

Mitsubishi Steel Mfg. Co., Ltd.

Jun Yamaguchi, Representative Director

President & CEO

Notice of Convocation of the 99th Ordinary General Meeting of Shareholders

You are cordially informed that the 99th Ordinary General Meeting of Shareholders of the Company will be held as described below.

When the Company convenes the general meeting of shareholders, it takes measures for electronically providing information contained in the Reference Documents, etc. for the General Meeting of Shareholders (the matters for which measures for providing information in electronic format are to be taken), which is posted on the website of the Company as “Notice of Convocation of the 99th Ordinary General Meeting of Shareholders.” Please access the website of the Company below for your review.

[The Company’s website] <https://www.mitsubishisteel.co.jp/english/ir/shareholders-meeting/>

The matters for which measures for providing information in electronic format are to be taken are posted on the website above and the website of the Tokyo Stock Exchange (TSE). Please access TSE’s website below (Listed Company Search) and enter the name of the stock (issue name) “Mitsubishi Steel” or security code (5632), select “Basic information” and then “Documents for public inspection/PR information” to confirm.

[TSE website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

When you are not going to attend the meeting, please exercise your voting rights in writing or via the Internet. You are cordially asked to read the reference document for the general meeting of shareholders. We kindly ask you to exercise voting rights no later than Tuesday, June 27, 2023, 5:40 p.m.

1. **Date and Time:** Wednesday, June 28, 2023 at 10:00 a.m.
 2. **Venue:** 1-1 Hayabusacho, Chiyoda-ku, Tokyo
4F (Fuji higashi no ma), Hotel Grand Arc Hanzomon
 3. **Agenda of the Meeting:**
Matters to be reported:
 - (1) Business Report and Consolidated Financial Statements for the 99th Fiscal Year (from April 1, 2022 to March 31, 2023), results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
 - (2) Report of Non-consolidated Financial Statements for the 99th Fiscal Year (from April 1, 2022 to March 31, 2023)
Proposals to be resolved:
 - Proposal No. 1:** Appropriation of Surplus
 - Proposal No. 2:** Election of Six Directors
 - Proposal No. 3:** Election of Two Corporate Auditors
 - Proposal No. 4:** Partial Revision to the Performance-linked Stock Compensation Plan for Directors
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- Pursuant to the provisions of laws and regulations and Article 14 of the Articles of Incorporation, among the matters for which measures for providing information in electronic format are to be taken, the following matters are not listed on the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.

Accordingly, the paper-based documents to be delivered to shareholders form a part of the documents audited by the Accounting Auditor and Corporate Auditors in the preparation of the Audit Reports, respectively.

(i) Notes to the Consolidated Financial Statements

(ii) Notes to the Non-consolidated Financial Statements

- We will announce modifications, if any, to the matters for which measures for providing information in electronic format are to be taken, as well as the matters before and after the modification, on the website of the Company and Tokyo Stock Exchange listed above.
- The English translation of this Notice of Convocation of the General Meeting of Shareholders and the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are also posted on the Company's website.
- Please note that the “Notice of Resolutions” that was sent to shareholders after the General Meeting of Shareholders will be posted on the Company's website.
- If there are significant changes in the operation of the general meeting of shareholders, they will be posted on the website of the Company.

(<https://www.mitsubishisteel.co.jp/english/ir/shareholders-meeting/>)

Guide on exercise of voting rights

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

If attending the Ordinary General Meeting of Shareholders

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

Date and Time: **Wednesday, June 28, 2023 at 10:00 a.m.**

If exercising of Voting Rights via the Internet

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

Deadline **Not later than 5:40 p.m. on Tuesday, June 27, 2023**

Exercise voting rights in writing (by postal mail)

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

Deadline **Not later than 5:40 p.m. on Tuesday, June 27, 2023**

How to fill in the Voting Right Exercise Form

Please state your approval or disapproval for each agenda item

Agenda items 1 and 4

If approving, write a circle in the Approval box

If disapproving, write a circle in the Disapproval box

Agenda items 2 and 3

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

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

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

If you exercised your voting rights in writing (postal mail) and did not indicate your vote for or against proposals, it will be deemed that you approved them.

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

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

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

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

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company decides dividends by comprehensively considering business performance, financial matters and conditions.

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

Matters concerning the year-end dividend

1. Type of dividend property

Cash

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

40 yen per share Total amount: ¥617,510,000

3. Effective date of dividends

June 29, 2023

Proposal No. 2: Election of Six Directors

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

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

No.		Name		Position and assignment at the Company	Status of attendance at Board of Directors meetings
1	Reappointment	Motoyuki Sato	68 years old	Chairman of the board	100% (15/15 meetings)
2	Reappointment	Jun Yamaguchi	57 years old	Representative Director, President & CEO	100% (15/15 meetings)
3	Reappointment	Hiroyuki Nagata	59 years old	Representative Director, Senior Managing Executive Officer Assistant to President (Overall administration), In charge of General Affairs Department, Human Resources Department, Risk Management Office, Accounting Department	100% (15/15 meetings)
4	New Appointment	Akira Yamao	61 years old	Managing Executive Officer General Manager, Sales Division, In charge of Parts Sales Division	- % (-/- meetings)
5	Reappointment	Akira Hishikawa	71 years old	Outside Director Independent officer Director	100% (15/15 meetings)
6	Reappointment	Minako Takeuchi	62 years old	Outside Director Independent officer Director	100% (10/10 meetings)

No. **Motoyuki Sato** December 25, 1954 (68 years old)

Reappointed

1 Number of years in office as Director: 17 years
Number of shares of the Company held: 24,500 shares
Status of attendance at Board of Directors meetings: 100% (15/15 meetings)
Status of attendance at Nomination and Compensation Committee:
100% (7/7 meetings)

Career summary

April 1978	Joined the Company	June 2013	Managing Director and in charge of Steel Bars Business, Springs Business, Parts Sales Business and Technical Administration Department of the Company
March 2006	General Manager, Springs Division of the Company	June 2015	President of the Company (Representative Director)
June 2006	Director and General Manager, Springs Division of the Company	June 2021	Representative Director, President & CEO of the Company
June 2011	Managing Director, General Manager, Springs Division and in charge of Parts Sales Business and Technical Administration Department of the Company	June 2022	Chairman of the board of the Company (incumbent)

Position, assignment at the Company

Chairman of the board

Reasons for the election of the Director candidate

Mr. Motoyuki Sato was appointed as a Director in 2006, and served as an officer in charge of Springs Business, Steel Bars Business, Parts Sales Business and Technical Administration Department. From June 2015 to June 2022, he was the Representative Director and demonstrated his superb management skills, based on a wealth of knowledge and experience in the business management of the Company. Since June 2022, he has been serving as the Chairman of the Board supervising the management of the Company by chairing meetings of the Board of Directors. Accordingly, we expect that he will be able to contribute to achieve sustainable growth and improve the enterprise value of the Company by participating in the managerial decision-making. Therefore, we elected him as a candidate for Director again.

Significant concurrent positions

No significant concurrent positions.

Special interest between candidates and the Company

Mr. Motoyuki Sato has no special interest in the Company.

No. **Jun Yamaguchi** June 16,1965 (57 years old) Reappointed

2 Number of years in office as Director: 4 years
 Number of shares of the Company held: 5,400 shares
 Status of attendance at Board of Directors meetings: 100% (15/15 meetings)

Career summary

April 1989	Joined the Company	June 2019	Director and in charge of Corporate Planning Division, Procurement Department of the Company
September 2009	Manager, Spring Sales Department of the Company	March 2020	Director and in charge of Springs Business, Corporate Planning Division, Procurement Department of the Company
April 2014	Deputy General Manager, Spring Division of the Company	June 2021	Director and Managing Executive Officer in charge of Planning Management Division, Procurement Department, and Systems Department of the Company
October 2016	Manager, Marketing & Sales Planning, Corporate Planning Division of the Company	June 2022	Representative Director, President & CEO of the Company (incumbent)
July 2017	General Manager, Corporate Planning Division of the Company		

Position, assignment at the Company

Representative Director, President & CEO

Reasons for the election of the Director candidate

Mr. Jun Yamaguchi has held posts such as Manager of Springs Sales Department and General Manager of Corporate Planning Division since he joined the Company. From June 2019 to June 2022, he was a Director and served as an officer in charge of Springs Business, Planning Management Division, Procurement Department, and Systems Department. Since assuming the post of Representative Director, President & CEO on June 2022, he has been implementing the measures formulated in the 2020 Mid-term Business Plan and steadily executing promoting the management reform including the reinforcement of ESG. Accordingly, we expect that he will be able to contribute to achieving sustainable growth and improving the enterprise value of the Company by participating in managerial decision-making as a leader of the management. Therefore, we elected him as a candidate for Director again.

Significant concurrent positions

No significant concurrent positions.

Special interest between candidates and the Company

Mr. Jun Yamaguchi has no special interest in the Company.

No. **Hiroyuki Nagata** November 13, 1963 (59 years old)

Reappointed

3 Number of years in office as Director: 6 years
Number of shares of the Company held: 6,600 shares
Status of attendance at Board of Directors meetings: 100% (15/15 meetings)

Career summary

April 1987	Joined The Mitsubishi Bank, Ltd. (now MUFG Bank, Ltd.) (“MUFG”)	June 2017	Representative Director, Managing Director and in charge of Accounting Department and Systems Department of the Company
May 2011	General Manager of the Corporate Banking Division No.3, Corporate Banking Group No.1, MUFG (special assignment)	February 2018	Representative Director, Managing Director and in charge of Corporate Planning Division and Accounting Department of the Company
June 2013	Sent to VietinBank in Vietnam (Director & Vice-President)	June 2019	Representative Director, Managing Director & CFO, Assistant to President (Overall administration) and in charge of Accounting Department, Systems Department of the Company
June 2016	Executive Officer, MUFG ,sent to VietinBank in Vietnam (Director & Vice-President)	June 2021	Representative Director, Senior Managing Executive Officer, Assistant to President (Overall administration) and in charge of General Affairs & Human Resources Department (General Affairs Department and Human Resources Department since September 2022), Risk Management Office, and Accounting Department of the Company (incumbent)

Position, assignment at the Company

Representative Director, Senior Managing Executive Officer, Assistant to President (Overall administration), In charge of General Affairs Department, Human Resources Department, Risk Management Office, and Accounting Department

Reasons for the election of the Director candidate

Mr. Hiroyuki Nagata has held posts such as Executive Officer of MUFG Bank, Ltd. Since he was appointed as Director of the Company in 2017, he has served as an officer in charge of Accounting Department, Systems Department, Corporate Planning Division, General Affairs Department and Human Resources Department, and has been committed to enhancing the management function of the Company’s headquarters based on a wealth of knowledge and experience. Accordingly, we expect that he will be able to contribute to achieve sustainable growth and improve the enterprise value of the Company by participating in the managerial decision-making. Therefore, we elected him as a candidate for Director again.

Significant concurrent positions

No significant concurrent positions.

Special interest between candidates and the Company

Mr. Hiroyuki Nagata has no special interest in the Company.

No. **Akira Yamao** August 3, 1961 (61 years old)

New Appointment

4 Number of years in office as Director: - year
Number of shares of the Company held: 3,600 shares
Status of attendance at Board of Directors meetings: -% (-/- meetings)

Career summary

April 1985	Joined the Company	June 2019	Director, General Manager, Sales Division and in charge of Formed & Fabricated Products Business and Parts Sales Business of the Company
April 2003	Manager, Parts Sales Department of the Company	June 2021	Senior Executive Officer, General Manager, Sales Division, Head of Sales Strategy Office and in charge of Parts Sales Division of the Company
March 2006	Manager, Spring Sales Department of the Company	June 2022	Managing Executive Officer, General Manager, Sales Division and in charge of Parts Sales Division of the Company (incumbent)
June 2010	General Manager, Parts Sales Division of the Company		
October 2016	General Manager, Steel Bar Division, General Manager, Parts Sales Division of the Company		
June 2017	Director, General Manager, Sales Division, General Manager, Steel Bar Division, General Manager, Parts Sales Division of the Company		

Position, assignment at the Company

Managing Executive Officer, General Manager, Sales Division, In charge of Parts Sales Division

Reasons for the election of the Director candidate

Mr. Akira Yamao has held posts such as Manager of Springs Sales Department, General Manager of Parts Sales Division and General Manager of Steel Bar Division since he joined the Company. From June 2017 to June 2021, he was a Director and served as General Manager, Sales Division, and has been committed to enhancing the sales structure based on a wealth of knowledge and experience. In addition, he has been promoting cross-departmental sales strategies and contributing to strengthening marketing. Accordingly, we expect that he will be able to contribute to achieve sustainable growth and improve the enterprise value of the Company by participating in the managerial decision-making. Therefore, we elected him as a candidate for Director.

Significant concurrent positions

No significant concurrent positions.

Special interest between candidates and the Company

Mr. Akira Yamao has no special interest in the Company.

No.	Akira Hishikawa September 10, 1951 (71 years old)	Reappointed
5	Number of years in office as Director: 10 years	Outside Director
	Number of shares of the Company held: 8,500 shares	Independent officer
	Status of attendance at Board of Directors meetings: 100% (15/15 meetings)	
	Status of attendance at Governance Committee: 100% (3/3 meetings)	
	Status of attendance at Nomination and Compensation Committee: 100% (7/7 meetings)	

Career summary

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

Position, assignment at the Company

Director

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

Mr. Akira Hishikawa has held posts such as Representative Director (Member of the Board) and Executive Vice President of Mitsubishi Heavy Industries, Ltd. His experience and knowledge as a corporate management professional, which were accumulated through his experience, are extremely useful to the Company. Since June 2013, he has been providing appropriate advice and comments as an Outside Director of the Company. At the Nomination and Compensation Committee, which was newly established in 2022, he served as Chairperson, and presented extremely useful proposals. Accordingly, we expect that he will be able to contribute to achieving sustainable growth and improving the enterprise value of the Company by participating in managerial decision-making as a Director of the Company, which is in a transformation period. Therefore, we elected him as a candidate for Director again.

Significant concurrent positions

No significant concurrent positions.

Special interest between candidates and the Company

Mr. Akira Hishikawa worked at Mitsubishi Heavy Industries, Ltd., which is a buyer of the Company's products, and there are business transactions between the Company and Mitsubishi Heavy Industries, Ltd. However, such transactions are miniscule in amount relative to the Company's net sales; therefore, he has no special interest in the Company.

No.	Minako Takeuchi January 17, 1961 (62 years old)	Reappointed
6	Number of years in office as Director: 1 year	Outside Director
	Number of shares of the Company held: 400 shares	Independent officer
	Status of attendance at Board of Directors meetings: 100% (10/10 meetings)	
	Status of attendance at Governance Committee: 100% (3/3 meetings)	
	Status of attendance at Nomination and Compensation Committee: 100% (7/7 meetings)	

Career summary

April 1983	Joined NEC Corporation	June 2019	Outside Director, The Shiga Bank, Ltd. (incumbent)
January 2003	Joined Stanton Chase International	June 2020	Director, Japan Basketball Association (incumbent)
August 2007	Managing Director, Executive Deputy President, Stanton Chase International	June 2020	Outside Director, Nihon M&A Center Inc. (now Nihon M&A Center Holdings Inc.) (incumbent)
August 2013	Representative Director, TM Future Corporation (incumbent)	June 2022	Director of the Company (incumbent)
September 2015	Director, JAPAN PROFESSIONAL BASKETBALL LEAGUE		

Position, assignment at the Company

Director

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

Ms. Minako Takeuchi has served as director of various companies. Her experience and knowledge as an expert in IT and human resource development, etc., which were accumulated through her experience, are extremely useful to the Company. Since June 2022, she has been providing appropriate advice and comments as an Outside Director of the Company. At the Nomination and Compensation Committee, which was newly established in 2022, she served as a member, and presented extremely useful proposals. Accordingly, we expect that she will be able to contribute to achieving sustainable growth and improving the enterprise value of the Company by participating in managerial decision-making as a Director of the Company, which is in a transformation period. Therefore, we elected her as a candidate for Director again.

Significant concurrent positions

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

Special interest between candidates and the Company

Ms. Minako Takeuchi has no special interest in the Company.

(Notes)

1. Mr. Akira Hishikawa and Ms. Minako Takeuchi are independent officers as stipulated by Tokyo Stock Exchange, Inc. If their appointments are approved, they will continue to be independent officers.
2. Pursuant to Article 427 (1) of the Companies Act, the Company entered into an agreement with Mr. Akira Hishikawa and Ms. Minako Takeuchi to limit their respective liabilities for damages provided for in Article 423 (1) of the Companies Act. The maximum amount of liabilities under such agreement is the total amount as stipulated in each item of Article 425 (1) of the Companies Act. The agreements will be renewed with Mr. Akira Hishikawa and Ms. Minako Takeuchi if their election is approved.
3. The Company entered into a director liability insurance contract as provided for in Article 430-3 (1). The outline of the insurance contract is as shown on the Business Report. If the election of the candidates for Directors is approved, they will continue to remain insured persons in the insurance contract. The insurance contract will be renewed without alteration when it is due for renewal.
4. In December 2021, it was found and announced that there was, in part, an inappropriate internal report regarding the attribution of sales to the period at Nihon M&A Center Co., Ltd., a subsidiary of Nihon M&A Center Holdings Co., Ltd., where Ms. Minako Takeuchi is an outside director. The subsidiary has corrected inappropriate accounting treatment in securities reports, etc. from the first quarter of the fiscal year ended March 2021. She was unaware of this fact until the problem was discovered, as an outside director of the company; however, she has been issuing alerts about thorough compliance awareness to the employees on a daily basis. And since the discovery of the fraud, she has been responsible for preventing recurrence by making recommendations on analysis and elucidation of the cause of occurrence, responsibility and disposition of the officers, and measures to prevent recurrence.
5. In addition to the number of meetings stated in the attendance status of the Board of Directors, based on Article 370 of the Companies Act and Article 26 (2) of the Articles of Incorporation, there was one written resolution where it is regarded that there was a resolution at the Board of Directors meeting.
6. The Governance Committee is a conference body designed to exchange information and share awareness, etc. among independent Outside Directors. Function of the Board of Directors to supervise business execution is strengthened by freely discussing matters related to our business and governance, etc. The committee meets once every three months and has two Outside Directors as members. As of June 24, 2022, the Company made the nomination and remuneration function of the Governance Committee independent, and newly established the Nomination and Compensation Committee and transferred the authority. The Board of Directors consults with and obtains opinions from the Nomination and Compensation Committee on the appointment of directors and the determination of remuneration, and strives to improve the objectivity and transparency of nomination and remuneration.
7. Mr. Akira Yamao had been a Director of the Company, and the accumulated number of years in office as Director is four years.

Proposal No. 3: Election of Two Corporate Auditors

The term of office of Mr. Takashi Nagai and Mr. Tetsuya Nakagawa as Corporate Auditors will expire at the close of this General Meeting of Shareholders.

Accordingly, we hereby propose electing two Corporate Auditors.

The candidate for Corporate Auditor is as follows.

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

No.	Yoshimi Nakamori	May 8, 1965 (58 years old)	New Appointment
1	Number of years in office as Corporate Auditor: - year Number of shares of the Company held: - shares Status of attendance at Board of Directors meetings: -% (-/- meetings) Status of attendance at Board of Corporate Auditors meetings: -% (-/- meetings)		

Career summary

April 1990	Joined the Company	June 2021	Executive Officer, Manager, Operations Planning Department, Planning Management Division of the Company
April 2014	Deputy General Manager, Steel Bar Division of the Company	June 2022	Executive Officer, Manager, Operations Planning Department, Planning Management Division and in charge of Quality Assurance and Safety and Carbon Neutral of the Company (incumbent)
October 2016	Manager, Operations Planning Department, Corporate Planning Division of the Company		
December 2018	Deputy General Manager, Steel Bar Division and Manager, Operations Planning Department, Corporate Planning Division of the Company		

Position, assignment at the Company

Executive Officer, Manager, Operations Planning Department, Planning Management Division, In charge of Quality Assurance and Safety and Carbon Neutral

Reasons for the election of the Corporate Auditor candidate

Mr. Yoshimi Nakamori has held posts such as Deputy General Manager of Steel Bar Division and Manager of Operations Planning Department of Planning Management Division since he joined the Company. He is well-versed in the operations of the Company, and has a wealth of business experience and a variety of knowledge that allow him to properly execute the business administration of the Group. We expect that appointing him as Corporate Auditor will result in securing the effectiveness of audits, as well as the soundness and appropriateness of the managerial decision-making of the Company and improving its transparency. Since we assess that it will contribute to the sustainable growth of the Company and the improvement of the enterprise value, we elected him as a candidate for Corporate Auditor.

Significant concurrent positions

No significant concurrent positions.

Special interest between candidates and the Company

Mr. Yoshimi Nakamori has no special interest in the Company.

No.	Tetsuya Nakagawa September 24,1951 (71 years old)	Reappointment
2	Number of years in office as Corporate Auditor: 8 years	Outside Corporate Auditor
	Number of shares of the Company held: 1,900 shares	Independent officer
	Status of attendance at Board of Directors meetings: 100% (15/15 meetings)	
	Status of attendance at Board of Corporate Auditors meetings: 100% (15/15 meetings)	

Career summary

April 1977	Registered as a lawyer and joined Sanno Law Office (incumbent)	June 2004	Corporate Auditor of The Bank of Tokyo-Mitsubishi, Ltd. (now MUFG Bank, Ltd.)
April 2004	Professor, Law School of Kokugakuin University	June 2015	Corporate Auditor of the Company (incumbent)

Position, assignment at the Company

Corporate Auditor

Reasons for the election of the Outside Corporate Auditor candidate

Although Mr. Tetsuya Nakagawa has never been involved in corporate management, he has many years of experience as a lawyer. Since June 2015, he has been fully utilizing his professional knowledge about laws and compliance for audits of the Company as Outside Corporate Auditor of the Company. We expect that appointing him as Corporate Auditor will result in securing the effectiveness of audits, as well as the soundness and appropriateness of the managerial decision-making of the Company and improving its transparency. Since we assess that it will contribute to the sustainable growth of the Company and the improvement of the enterprise value, we elected him as a candidate for Corporate Auditor again.

Significant concurrent positions

Registered Attorney at Law, Sanno Law Office

Special interest between candidates and the Company

Mr. Tetsuya Nakagawa has no special interest in the Company.

(Notes)

1. Mr. Tetsuya Nakagawa is independent officers as stipulated by Tokyo Stock Exchange, Inc. If his appointment is approved, he will continue to be an independent officer.
2. Pursuant to Article 427 (1) of the Companies Act, the Company entered into an agreement with Mr. Tetsuya Nakagawa to limit their respective liabilities for damages provided for in Article 423 (1) of the Companies Act. The maximum amount of liabilities under such agreement is the total amount as stipulated in each item of Article 425 (1) of the Companies Act. The agreements will be renewed with Mr. Tetsuya Nakagawa if his election is approved. If the appointment of Mr. Yoshihimi Nakamori is approved, the Company plans to conclude a similar liability limitation contract with him.
3. The Company entered into a director liability insurance contract as provided for in Article 430-3 (1). The outline of the insurance contract is as shown on the Business Report. If the election of the candidates for Corporate Auditors is approved, they will remain insured persons in the insurance contract. The insurance contract will be renewed without alteration when it is due for renewal.
4. In addition to the number of meetings stated in the attendance status of the Board of Directors, based on Article 370 of the Companies Act and Article 26 (2) of the Articles of Incorporation, there was one written resolution where it is regarded that there was a resolution at the Board of Directors meeting.

(Reference)

Fields expected to be addressed by Directors and Corporate Auditors (proposed) after the General Meeting of Shareholders (skill matrix)

Shown below are fields expected to be addressed by Directors and Corporate Auditors by drawing on experience to date after Proposal No. 2 and Proposal No. 3 are approved.

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

Proposal No. 4: Partial Revision to the Performance-linked Stock Compensation Plan for Directors

The 93rd Ordinary General Meeting of Shareholders held on June 23, 2017, resolved to adopt a performance-linked stock compensation plan for Directors of the Company (excluding Outside Directors) (the “Plan”). And The 97th Ordinary General Meeting of Shareholders held on June 25, 2021, resolved a partial revision be made to the Plan in a manner that specifies Directors of the Company (excluding Outside Directors) and Executive Officers in delegation contract with it (collectively “Directors and Director Equivalents”) as personnel eligible for the Plan.

This time, aiming to secure competitiveness to obtain and maintain excellent human resources who can respond to the advancement of management while improving the linkage between the medium and long-term business performance and corporate value, and adopting the remuneration system that focuses on the improvement of enterprise value, we hereby propose revising the details of the Plan partially to modify the amounts, the number of shares, and the indicators to measure business performance achievement level for Directors and Director Equivalents.

	Before Revision	After Revision
Maximum amount of money that can be contributed to the Trust by the Company (*1)	An amount to be determined by multiplying ¥59 million by the number of years of each target period	An amount to be determined by multiplying ¥127 million by the number of years of each target period
Maximum number of Company shares (including those subject to realization) that can be acquired by Directors (*1)	A number of shares to be determined by multiplying 116,000 shares by the number of years of each target period	A number of shares to be determined by multiplying 141,000 shares by the number of years of each target period
Performance level indicators	performance targets to those in the Mid-term Business Plan, including consolidated net sales, consolidated operating income, and ROE	performance targets to those in the Mid-term Business Plan, including consolidated net sales, consolidated operating income, ROE, and CO ₂ emissions

(*1) After the Nomination and Remuneration Committee compares and verifies against objective research data on remuneration, etc., of outside specialized institutions, it is determined based on the appropriate remuneration level and remuneration composition ratio.

The outline of current decision-making policy on remuneration, etc. for individual Directors and Director Equivalents, of the Company and the outline of the decision-making policy after the revision (If this proposal is approved, it will be revised. Hereinafter referred to as the “Basic Policy on Remunerations for Individual Directors, etc.”) are stated in the Business Report. The proposal is about necessary and reasonable matters related to the calculation method for the individual performance-linked stock compensation plan, the rate of the performance-linked stock compensation in the total remuneration, and the maximum payment amount based on the number, etc. of eligible Directors and Director Equivalents, which are defined in the policy. Therefore, we think the revision is adequate.

The 92nd Ordinary General Meeting of Shareholders held on June 17, 2016, resolved to set the remuneration for Directors at not more than ¥400 million (including not more than ¥50 million for Outside Directors) a year. It is hereby proposed that the Company adopt a separate stock compensation scheme for Directors and Director Equivalents.

The number of Directors and Director Equivalents eligible for the Plan shall be four if the Proposal No. 2 “Election of Six Directors” is approved as drafted.

The amount and details of the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan under which a trust acquires Company shares by spending the remuneration for Directors and Director Equivalents contributed by the Company and executes the granting or payment (hereinafter, referred to as “Granting, etc.”) of Company shares and cash in the amount equivalent to the conversion value of Company shares (hereinafter, referred to as “Company Shares, etc.”) to Directors and Director Equivalents. (For details, please see (2) and after.)

(i) Persons eligible for the Granting, etc. of Company Shares, etc. subject to the Plan	- Directors of the Company (excluding Outside Directors) - Executive Officers in delegation contract with the Company
(ii) Impact of Company shares, etc. subject to the Plan on the total shares outstanding	
Maximum amount of money that can be contributed to the Trust by the Company (as stated in (2) below)	- An amount to be determined by multiplying ¥127 million by the number of years of each target period, and ¥381 million applies to a three fiscal year target period continuing to the fiscal year under review.
Maximum number of Company shares (including those subject to realization) that can be acquired by Directors	- A number of shares to be determined by multiplying 141,000 shares by the number of years of each target period, and 423,000 shares applies to a three fiscal year target period continuing to the fiscal year under review. - 141,000 shares a year on average and approx. 1.00% of the total number of shares outstanding (as of March 31, 2023, after subtraction of treasury shares)
Method of acquisition of Company shares by the Trust (as stated in (2) and (3) below)	- No dilution will occur as treasury shares will be acquired via the stock market.
(iii) Description of conditions for achievement of performance target (as stated in (3) below)	- According to achievement of performance targets to those in the Mid-term Business Plan, including consolidated net sales, consolidated operating income, ROE, and CO ₂ emissions in the final year in the target period (defined in item (2) below) - The number of shares is determined within the range of 0 to 200%.
(iv) Timing of Granting, etc. of Company shares, etc. to Directors and Director Equivalents (as stated in (4) below)	- The August immediately after the expiration of the target period - Directors and Director Equivalents should continue to own Company shares acquired by the Plan until one year after their resignation.

(2) Maximum amount of money contributed that can be contributed to the Trust by the Company

The Plan’s target period shall be fiscal years corresponding to the period of the Company’s Mid-term Business Plan (the “Target Period”). Thus, the target period after approval of the Proposal (the “Continued Target Period”) shall be three fiscal years from the year ending March 31, 2024, to the year ending March 31, 2026.

(In the case of extending the trust period set forth below, it shall be fiscal years corresponding to the period of the Company’s subsequent Mid-term Business Plan.)

The Company will create a trust for Directors and Director Equivalents who meet the beneficiary requirements as Beneficiaries with a trust period corresponding to a target period

(three years for the Continued Target Period) (the “Trust”) by contributing cash up to ¥127 million (¥381 million for the Continued Target Period) as remuneration to Directors and Director Equivalents for each target period.

The Trust obtains the Company’s shares through a disposal of treasury stock by third-party allotment or issuance of new shares by the Company or the stock market using trust money as the fund following the instructions of a trust administrator. For the continuation for this fiscal year, the Company’s shares are acquired via the stock market.

Every year during the Trust Period, the Company will grant points (as stated in (3) below) to Directors and Director Equivalents and the Trust will execute the Granting, etc. of Company Shares, etc. to Directors and Director Equivalents who meet the beneficiary requirements.

At the time of expiration of the period of the Trust, the Company may continue the Trust by amending the Trust agreement and making additional contributions to the Trust, instead of establishing a new trust. In this case, the number of years corresponding to the Mid-term Business Plan in progress then will become a new target period, and the trust period of the trust in question will also be extended for a period identical in length to the new target period. The Company will contribute additional cash up to an amount to be determined by multiplying ¥127 million by the number of years of the new target period for each Trust Period extended, and during such Trust Period extended, it will continue to grant points and the Granting, etc. of Company Shares, etc. to Directors and Director Equivalents. However, in cases where any residual shares and cash (“Residual Shares, etc.”) exist within the trust property as of the last day of the period of the Trust prior to such extension, the total of the amount of Residual Shares, etc., and additional contribution to the Trust shall be an amount to be determined by multiplying ¥127 million by the number of years of the new target period.

(3) Method of calculating Company shares to be granted to each Director and Director Equivalent (including those subject to realization) and upper limit

The number of Company shares (including those subject to realization) that can be granted to Directors and Director Equivalents shall be determined according to the given calculation formula based on points granted and the achievements of performance targets to the Mid-term Business Plan. Assuming that one point equals one share, if the number of Company shares attributable to the Trust increases or decreases due to share split, gratis allotment of shares, or share consolidation, the Company will arrange the number of Company shares (including those subject to realization) to which the Granting, etc. per point is provided, in proportion of the ratio of increase/decrease.

The Company will grant points to Directors and Director Equivalents according to the following calculation formula at a certain time every year during the Trust Period.

(Point calculation formula)

Basic compensation by job position (*1) x Composition ratio of BIP Trust (*1) ÷ Average closing price of Company share in the Tokyo Stock Exchange in the month immediately before the Target Period starts (rounded down to the nearest decimal).

The Trust shall execute the Granting, etc. of Company Shares, etc., which is equivalent to points for share grant based on the following calculation formula, to Directors and Director Equivalents who meet the beneficiary requirements.

(Calculation formula of points for share grant)

The number of points accumulated during the Trust Period (hereinafter, referred to as the “Accumulated Point”) x Performance-linked parameter (*2)

The total number of Company shares that the Trust grants to Directors and Director Equivalents is up to a number of shares to be determined by multiplying 141,000 shares by the

number of years of a target period (*3).

(*1) Basic compensation by job position and Composition ratio of BIP Trust are determined taking into account responsibilities and duties of Directors and the ratio of cash and stock compensation to the total remuneration of Directors.

(*2) Performance-linked parameter will be set within the range of 0% to 200% according to achievement of performance target to those in the Mid-term Business Plan including consolidated net sales, consolidated operating income, ROE and CO₂ emissions in the final year in the Target Period.

(*3) This limit of the number of shares is set with reference to the latest share price, etc., taking into account the upper limit of trust in the above (2).

(4) Timing of Granting, etc. of Company shares, etc. to Directors and Director Equivalents

Directors and Director Equivalents who meet the beneficiary requirements are eligible to receive the Granting, etc. of Company Shares, etc., which is equivalent to points for share grant calculated based on (3) above, around August immediately after the expiration of the Target Period. The said Director and Director Equivalent is eligible to the Granting, etc. of Company shares corresponding to 50% of the said points (with any share less than one unit being rounded down) and cash in an amount equivalent to the conversion value of the remaining Company shares after converting into cash in the Trust.

(5) Exercise of voting rights pertaining to Company shares in the Trust

With regard to Company shares in the Trust, voting rights shall not be exercised by the Trust during the Trust Period in order to ensure impartiality with respect to management.

(6) Reason for point forfeit

In the event of a serious breach being committed during the term of office of Director and Director Equivalent, the Company will forfeit his or her cumulative points.

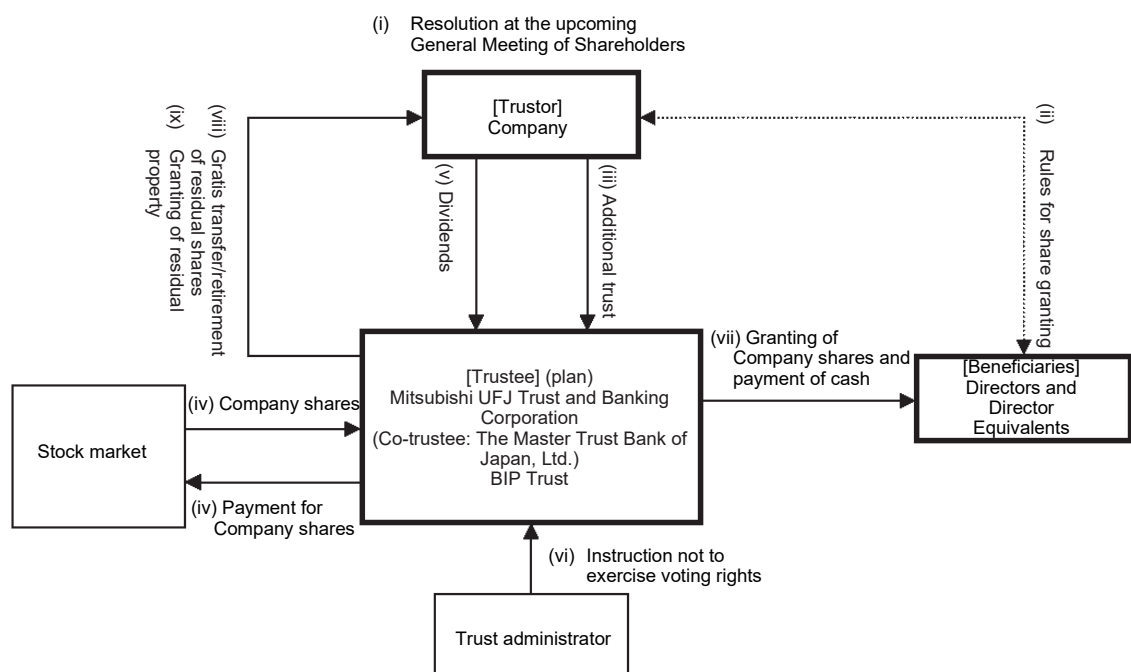
(7) Other details of the Plan

Other details of the Plan shall be determined by meetings of the Board of Directors each time the Trust is set, changes are made to the Trust agreement, or additional contributions are made to the Trust.

(Reference)

For details of the Plan, please see “Announcement regarding continuation of performance linked stock compensation plan” (Reference set out below: extract press release dated May 18, 2023).

(Reference: extract press release dated May 18, 2023)



- (i) The Company will obtain approval for the remuneration of Directors by resolution at the upcoming General Meeting of Shareholders in relation to the continuation of the Plan.
- (ii) The Company will revise the rules for share granting for remuneration for Directors (and other officers).
- (iii) The Company will extend the period of a trust (hereinafter, referred to as the "Trust") in which the beneficiaries are Directors and Director Equivalents who meet the beneficiary requirements based on the approval resolution at the upcoming General Meeting of Shareholders referred to in (i) and additionally contribute money to the Trust within the scope of said resolution.
- (iv) The Trustee will acquire Company shares via the stock market by using the money contributed to the Trust in (iii) as the source of financing, in accordance with the Trust administrator's instructions.
- (v) Dividends of Company shares in the Trust will be paid in the same manner as other Company shares.
- (vi) Voting rights for Company shares in the Trust shall not be exercised throughout the Trust Period.
- (vii) Directors and Director Equivalents who meet the beneficiary requirements will receive the Granting, etc. of Company Shares, etc. during the Trust Period according to rules for share granting.
- (viii) In cases where any residual shares have arisen as Trust property upon the expiry of the Trust Period due to the failure to fulfill performance targets during the Trust Period, the Company plans to either: continue to use the Trust in the form of the Plan or the same type of incentive plan as the Plan by amending the Trust agreement and making additional contributions to the Trust; or terminate the Trust, and as a measure to generate shareholder returns, have such residual shares transferred from the Trust to the Company without charge and retire such shares by resolution of the Board of Directors.
- (ix) Property remaining after distribution to beneficiaries at the time of the termination of the Trust is slated to be vested in the Company within the scope of the Trust expense reserve, net of stock acquisition cost from trust funds. The portion exceeding the allowances for the Trust expenses of the Trust expense reserve is slated to be donated to an organization in which neither the Company nor Directors and Director Equivalents have any interest.
- (Note) In the event of Company shares ceasing to exist in a trust due to them being granted to Directors and Director Equivalents meeting beneficiary requirements, the trust will terminate prior to the expiration of the trust period. The Company would potentially place money additionally in the Trust as money with which to acquire Company shares to an extent not exceeding the maximum value of money to be contributed to the Trust and the maximum number of grant shares, both approved by a resolution of a general meeting of shareholders of the Company, and acquire Company shares additionally through the Trust.

[Content of trust agreement]

(i)	Type of trust	Monetary trust other than designated individually-operated monetary trust (third-party benefit trust)
(ii)	Purpose of trust	Provide incentives to Directors and Director Equivalents
(iii)	Trustor	Company
(iv)	Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(v)	Beneficiaries	Directors and Director Equivalents who meet beneficiary requirements
(vi)	Trust administrator	Third party who has no interest in the Company (certified public accountant)
(vii)	Trust agreement date	August 8, 2023 (planned)
(viii)	Trust period	From September 19, 2017 to August 31, 2026 (planned)
(ix)	Start date of Trust	September 19, 2017
(x)	Exercise of voting rights	Voting rights shall not be exercised.
(xi)	Type of shares to be acquired	Common stock of the Company
(xii)	Amount of money contributed to the Trust	381 million yen (including Trust fees and expenses) (planned)
(xiii)	Timing of purchase of shares	From August 11, 2023 (planned) to August 31, 2023 (planned) (Excluding a period of five business days to the balance sheet date [including an interim and quarterly reporting periods])
(xiv)	Method of purchase of shares	To be acquired via the stock market
(xv)	Vested rights holder of residual property	Company
(xvi)	Scope of vesting of residual property	Residual property receivable by the Company as the vested right holder shall be within the scope of the Trust expense reserve, net of stock acquiring cost from trust funds

(Appendix)

Business Report

from April 1, 2022 to March 31, 2023

1. Matters concerning Current Status of the Group

(1) Business Progress and Results

During the current fiscal year under review (from April 1, 2022, to March 31, 2023), in the business environment surrounding the Group, production volume has been recovering, although there was the impact of the lockdown in Shanghai and the prolonged shortage of semiconductors and other parts supply in the automobile industry. Meanwhile, in the construction machinery industry, demand continues to be strong. As for procurement, the iron ore and coking coal market that showed a sharp rise started stabilizing compared to a certain period in the past. In addition, the issue of the depreciation of the yen, which rapidly progressed last year, started easing in the fourth quarter, however, the yen has not returned to the level of the previous year yet. The prices of imported raw materials remains high compared to the level of the previous term, and energy price hikes also continue.

Under such circumstances, the Group posted consolidated net sales of ¥170,537 million, an increase of ¥24,245 million (16.6%) year on year from the previous term, by reflecting the raw material price hikes in selling prices, etc. The Group posted consolidated operating income of ¥5,547 million, a decrease of ¥723 million (11.5%) year on year.

Net income attributable to owners of the parent stood at ¥2,190 million, a decrease of ¥1,878 million (46.2%) year on year.

We would like to propose a year-end dividend of 40 yen per share. Since we have paid an interim dividend of 10 yen per share, the annual dividend for the current fiscal year will be 50 yen per share.

		99th Fiscal Year (under review) (2022/4~2023/3)
Net sales	(million yen)	170,500
Operating income	(million yen)	5,500
Ordinary income	(million yen)	3,700
Profit attributable to owners of the parent	(million yen)	2,200
Dividend	(yen/share)	50

[Results by Business]

Special Steel Bars Business

Results for the fiscal year under review	<p>Net sales of the Special Steel Bars Business amounted to ¥100,145 million, up ¥13,642 million (15.8%) year on year.</p> <p>On the domestic side, sales volume declined due to the decrease in demand for non-construction machinery. However, demand for the overseas business in Indonesia remained strong. In addition, soaring raw material and energy prices and the depreciation of the yen both are further reflected in the selling prices in Japan and overseas.</p> <p>Operating income amounted to ¥6,350 million, down ¥264 million (4.0%) year on year. The operating income of the overseas business in Indonesia increased because of the improvement of quality and costs due to the modification of facilities and associated increase in net sales. However, the operating income of domestic business declined due to the decrease in sales volume.</p>
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Description of main business

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

Main final uses

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

Springs Business

Results for the fiscal year under review	<p>The Springs Business posted net sales of ¥59,858 million, an increase of ¥11,303 million (23.3%) year on year. As for products for automobiles, although there was the impact of the lockdown in Shanghai and the shortage of semiconductors and other parts supply, production is gradually recovering. Demand for products for construction machinery was also strong. In addition, as for the reflection of the soaring prices of raw materials and energy in selling prices, negotiations progressed markedly in Japan and North America, and the influence of exchange rate fluctuations due to the depreciation of the yen also contributed.</p> <p>Operating loss amounted to ¥2,166 million, an increase of ¥338 million (operating loss of ¥1,827 million in the previous period) year on year. This is mainly due to the increase in procurement cost associated with the depreciation of the yen.</p> <p>The losses of the North American subsidiary kept expanding due to the influence of production disruptions, etc., until the third quarter. However, recently, disruptions began easing because of the progress of measures such as the securement of stable inventories. In addition, the negotiations for price increases of unprofitable products and trade cancellation progressed, and operating income for the fourth quarter drastically improved.</p>
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Description of main business

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

Main final uses

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

Formed & Fabricated Products Business

Results for the fiscal year under review	<p>The Formed & Fabricated Products Business recorded net sales of ¥10,210 million, a decrease of ¥147 million (1.4%) year on year. Although selling prices were improved and new order bookings were made for special alloy powders, the sales volume was down due to the discontinuation of the production of cast steel product (ESCO) and the impact of the inventory adjustment of the parts for automobile internal-combustion engines by customers.</p> <p>Operating income amounted to ¥522 million, a decrease of ¥334 million (39.1%) year on year. This is mainly because the sales volume was down and the improvement of selling prices could not catch up with the speed of the price hikes of raw materials, etc.</p>
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Description of main business

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

Main final uses

Automobiles, Electronic device, industrial machinery, and others

Machinery Business

Results for the fiscal year under review	<p>The Machinery Business posted net sales of ¥10,303 million, an increase of ¥718 million (7.5%) year on year. Although there was a decline in the sales of large forging machines recorded in the previous term, sales of offshore wind power generation-related equipment increased.</p> <p>Operating income amounted to ¥725 million, an increase of ¥164 million (29.4%) year on year. This increase was due to higher offshore wind power generation-related equipment sales and productivity improvements.</p>
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Description of main business

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

Other Business

Description of main business

Domestic shipping, port transportation, consigned freight forwarding business, warehouses

(2) Issues to be Addressed

The Group established the “2020 Mid-term Business Plan” for the three years from fiscal 2020 to fiscal 2022 and has been promoting initiatives. The plan is positioned as a Mid-term plan to stop loss posting. We handled main measures including “Strengthen our product appeal further” and “Expand our business model, producing materials and final products” mostly on schedule and almost completed “Restructure our overseas businesses,” having a good outlook for the reconstruction of MSSC in North America.

Under these circumstances, we are aware that we have important issues as follows.

(Issues to be Addressed)

- (1) Improvement of profit generating capabilities of core business (increase in profitability of domestic Special Steel Bars and Springs Business)
- (2) Development of strategic business (overseas steel, leaf springs for commercial vehicles, powder, precision parts, environmental products, etc.)
- (3) Reinforcement of financial base (improvement of cash flow and accounts on balance sheet)
- (4) Initiatives related to non-financial issues (carbon neutral, investment in human resources, etc.)
- (5) Improvement of return on capital and market evaluation (Price Book-value Ratio (PBR) is less than 1.)

(Initiatives for the issues)

To further promote our sustainable growth, we believe that we need to promote the reform of our business portfolio, which relies on special steel bars business, develop strategic business, and expand opportunities to generate income.

By improving profitability of core businesses such as domestic special steel bars and automobile-use spring business, we will generate cash to actively invest in strategic business in which we can expect growth and improve our financial status. At the same time, we will promote the generation of profits from the strategic businesses, which we prepared during the period of the previous Mid-term Management Plan, as well as the development of such business.

Furthermore, we will promote the improvement of our financial base, which was deteriorated due to a large amount of impairment loss recorded in the past and the increase in loans, etc.

We are also aware that sustainability management is a crucial issue. In particular, there are many issues that we need to overcome to realize carbon neutrality, such as technology innovation for production processes. However, to achieve this, we will make a company-wide effort. In addition, by not only reducing our CO₂ emissions, but also promoting the development and sale of products that contribute to cutting CO₂ emissions in society as a whole, we will contribute to the reduction of environmental burden and respond to the changes in demand structure.

For our sustainable growth, the investment in human resources is another important issue. By developing talent that can create new value and arranging safe, comfortable workplaces that people find easy to work at, we will improve productivity and promote innovation.

We will also improve PBR by promoting these measures, strengthening “profit generating capabilities” and presenting “the scenario for sustainable growth.”

Based on our awareness of issues and countermeasures, in May 2023, we established and announced the “2023 Mid-term Business Plan” for the three years from fiscal 2023 to fiscal 2025, and under the slogan, “Leveraging our people and technologies to continue to succeed in a time of change,” we developed a management plan by backcasting based on what we

should be in 2030. We will improve the enterprise value and achieve sustainable growth by strengthening “profit generating capabilities” and “development” of strategic business as the plan sets forth.

For more information on the “2023 Mid-term Business Plan,” please visit the Company's website: <https://www.mitsubishisteel.co.jp/english/ir/mid-plan/>

(3) Trends in Assets and Income Status

Status of the Group

Classification	96th Fiscal Year (2019/4~2020/3)	97th Fiscal Year (2020/4~2021/3)	98th Fiscal Year (2021/4~2022/3)	99th Fiscal Year (under review) (2022/4~2023/3)
Net sales (million yen)	117,138	97,804	146,292	170,537
Operating income (loss) (million yen)	436	(4,943)	6,270	5,547
Ordinary income (loss) (million yen)	(259)	(5,509)	5,780	3,743
Profit (loss) attributable to owners of parent (million yen)	(14,070)	(5,528)	4,068	2,190
Profit (loss) per share (yen)	(914.6)	(359.4)	264.7	142.6
Total assets (million yen)	141,391	132,320	142,962	156,409

(Note)

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

(4) Principal Places of Business and Status of Significant Subsidiaries and Business Combinations

(as of March 31, 2023)

(a) The Company

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

(b) Significant subsidiaries

Company name	Location	Capital stock	Investment ratio	Description of main business
Domestic				
Mitsubishi Steel Muroran Inc.	Hokkaido Prefecture	Million yen 3,000	70.0	Manufacturing of special steel bars and steel ingot
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Nagasaki Prefecture	Million yen 900	69.2	Manufacturing and sale of steel fabrication, industrial machinery, forging machinery and environmental recycling equipment
Ryokoh Express Co., Ltd.	Chiba Prefecture	Million yen 99	86.0	Domestic shipping, port transportation, consigned freight forwarding business, warehouses
North and Central America				
MSSC CANADA INC.	Canada	Thousands of Canadian dollars 5,000	100.0	Manufacturing and sale of springs for automobiles
MSSC US INC.	U.S.A.	US dollars 100	100.0	Manufacturing and sale of springs for automobiles
MSSC MFG MEXICANA, S.A. DE C.V.	Mexico	Thousands of Mexican pesos 304,346	100.0	Manufacturing and sale of springs for automobiles
Europe				
MSSC Ahle GmbH	Germany	Euro 25,000	100.0	Manufacturing and sale of springs for automobiles
China				
MSM NINGBO SPRING CO., LTD.	China	Thousands of US dollars 28,200	100.0	Manufacturing and sale of springs for automobiles and construction machinery
Southeast Asia				
PT.JATIM TAMAN STEEL MFG.	Indonesia	Millions of Indonesian rupiahs 2,209,387	75.0	Manufacturing and sale of special steel bars
MSM SPRING INDIA PVT. LTD.	India	Thousands of Indian rupees 577,000	96.5	Manufacturing and sale of springs for construction machinery and rail vehicles
MSM Philippines Mfg. Inc.	The Philippines	Thousands of Philippine pesos 24,000	100.0	Manufacturing and sale of precision springs and module products
MSM (THAILAND) CO., LTD.	Thailand	Thousands of Thai bahts 154,200	100.0	Manufacturing and sale of precision castings and precision forgings Sale of springs for automobiles (leaf spring)

(Notes)

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

(c) Status of significant business combinations, etc.

- a. Effective May 25, 2022, the ratio of the Company's investment in capital of Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. was changed from 60.8% to 69.2%.
- b. Effective March 31, 2023, the ratio of the Company's investment in capital of PT.JATIM TAMAN STEEL MFG. was changed from 66.5% to 75.0%.

(5) Status of Employees (as of March 31, 2023)

a. Status of the Group's Employees

Segment	Number of employees
Special Steel Bars Business	889 persons
Springs Business	1,420
Formed & Fabricated Products Business	988
Machinery Business	439
Other Business	99
Group-wide (common)	195
Total	4,030

(Notes)

1. The number of employees of the Group declined by 11 persons compared to the end of the previous fiscal year.
2. The number of employees shown in "Group-wide (common)" refers to employees who cannot be categorized into any specific segment.

b. Status of the Company's Employees

Number of employees	Increase (decrease) from end of previous period	Average age	Average number of years of service
663 persons	(26) persons	43.1 years old	20.5 years

(6) Financing Status

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

(7) Major Lenders (as of March 31, 2023)

Lender	Amount of borrowings (outstanding balance)
MUFG Bank, Ltd.	23,017 million yen
Development Bank of Japan Inc.	11,405
Syndicated Loan	5,000
The Hachijuni Bank, Ltd.	3,168
The Joyo Bank, Ltd.	2,887

(Note)

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

(8) Capital Investment Status

Capital investments made during the period under review totaled 2,753 million yen.

Main capital investments

Segment	Venue	Item
Special Steel Bars Business	Mitsubishi Steel Muroran Inc.	Renewal of manufacturing facilities
	PT. JATIM TAMAN STEEL MFG.	Renewal of manufacturing facilities
Springs Business	Chiba Works	Installation of manufacturing facilities
	MSSC CANADA INC.	Installation of manufacturing facilities
Machinery Business	Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Renewal of manufacturing facilities
	Marunaka Sangyo Co., Ltd.	Installation of manufacturing facilities

2. Matters concerning Shares (as of March 31, 2023)

- (1) **Total Number of Shares Authorized to be Issued:** 36,000,000 shares
(2) **Total Number of Shares Outstanding:** 15,709,968 shares
(3) **Number of Shareholders:** 12,215 persons
(4) **Major Shareholders:**

Name of shareholder	Number of shares held (thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (trust account)	1,675	10.9%
Mitsubishi Heavy Industries, Ltd.	1,000	6.5
Meiji Yasuda Life Insurance Company	715	4.6
Custody Bank of Japan, Ltd. (trust account)	462	3.0
Mitsubishi Steel Mfg. Kyoeikai	421	2.7
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	399	2.6
Tokio Marine & Nichido Fire Insurance Co., Ltd.	255	1.7
NIPPON STEEL CORPORATION	226	1.5
MUFG Bank, Ltd.	214	1.4
MSCO CUSTOMER SECURITIES	181	1.2

(Notes)

1. Number of shares held is rounded down to the nearest thousand shares.
2. The 272 thousand treasury shares are excluded from the calculation of the shareholding ratio above. The 81,856 shares of the Company held by the BIP Trust are excluded from treasury shares.

3. Matters concerning Subscription Rights to Shares, etc. (as of March 31, 2023)

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

4. Matters concerning Officers

(1) Directors and Corporate Auditors (as of March 31, 2023)

Position	Name	Assignment and Significant Concurrent Positions
Chairman of the board	Motoyuki Sato	
* Representative Director, President & CEO	Jun Yamaguchi	
* Representative Director, Senior Managing Executive Officer	Hiroyuki Nagata	Assistant to President (Overall administration) In charge of General Affairs Department, Human Resources Department, Risk Management Office, Accounting Department
Director, Managing Executive Officer	Hiroshi Sekine	In charge of Steel Bar Division, Spring Division, Formed & Fabricated Products Division Chairman of the Board, MSSC CANADA INC. Chairman of the Board, MSSC US INC. Chairman of the Board, MSSC MFG MEXICANA, S.A. DE C.V. Chairman of the Board, MSM (THAILAND) CO., LTD. Chairman, Muroran Offshore Wind Industry Promotion Association
Director	Akira Hishikawa	
Director	Minako Takeuchi	Representative Director, TM Future Corporation Outside Director, The Shiga Bank, Ltd. Outside Director, Nihon M&A Center Holdings Inc.
Standing Corporate Auditor	Hirokuni Sakamoto	
Standing Corporate Auditor	Takashi Nagai	
Corporate Auditor	Tetsuya Nakagawa	Sanno Law Office Registered Attorney at Law
Corporate Auditor	Yuka Matsuda	Matsuda Yuka CPA and Tax Accounting Office Outside Corporate Auditor, DKK Co., Ltd. Outside Director, Dentsu Group Inc.

(Notes)

- Persons marked with an asterisk (*) are Representative Directors.
- On June 24, 2022, Masayuki Takashima retired from the position of Director upon expiration of his terms. Mr. Takashima took office as Executive Advisor on the same date.
- Directors Akira Hishikawa and Minako Takeuchi are Outside Directors as defined in Article 2 (xv) of the Companies Act, and are notified by the Company as independent officers to the Tokyo Stock Exchange, Inc.
- Corporate Auditors Hirokuni Sakamoto, Tetsuya Nakagawa and Yuka Matsuda are Outside Corporate Auditors as defined in Article 2 (xvi) of the Companies Act, and are notified by the Company as independent officers to Tokyo Stock Exchange, Inc.
- Corporate Auditor Takashi Nagai has business experience in accounting and finance units of the Company and has considerable financial and accounting expertise.
- Corporate Auditor Yuka Matsuda is a qualified Certified Public Accountant and Tax Accountant, and has considerable financial and accounting expertise.

7. During the fiscal year ended March 31, 2023, there was change in position and responsibilities of Director as follows:

Name	New	Old	Date of change
Motoyuki Sato	Chairman of the board	Representative Director, President & CEO	June 24, 2022
Jun Yamaguchi	Representative Director, President & CEO	Director, Managing Executive Officer In charge of Planning Management Division, Procurement Department, Systems Department	June 24, 2022
Hiroyuki Nagata	Director, Senior Managing Executive Officer Assistant to President (Overall administration) In charge of General Affairs Department, Human Resources Department, Risk Management Office, Accounting Department	Director, Senior Managing Executive Officer Assistant to President (Overall administration) In charge of General Affairs & Human Resources Department, Risk Management Office, Accounting Department	September 1, 2022

(Reference)

As of April 1, 2023, there are 15 Executive Officers who do not concurrently serve as Directors.

Position	Name	Scope of duties
Managing Executive Officer	Akira Yamao	General Manager, Sales Division In charge of Parts Sales Division
Senior Executive Officer	Tsutomu Murayama	General Manager, Planning Management Division In charge of Systems Department and Sustainability
Senior Executive Officer	Junji Ogura	General Manager, Research & Development Center Head of DX Promotion Office Engineering Fellow, Sales Division In charge of Procurement Department
Executive Officer	Jun Takayama	Head of Internal Audit Office
Executive Officer	Takuya Kurauchi	General Manager, General Affairs Department In charge of Public & Investor Relations Department
Executive Officer	Koichi Yaginuma	General Manager, Accounting Department
Executive Officer	Yoshimi Nakamori	General Manager, Operations Planning Department, Planning Management Division In charge of Quality Assurance, Safety, and Carbon Neutral
Executive Officer	Kazumasa Tokuchi	General Manager, Steel Bars Division President & Director, Mitsubishi Steel Muroran Inc.
Executive Officer	Junya Shibata	Head of Overseas Project Office, Steel Bar Division President, PT. JATIM TAMAN STEEL MFG.
Executive Officer	Satoshi Narita	Director, Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.
Executive Officer	Teruhisa Hanamura	Chairman, MSSC Ahle GmbH
Executive Officer	Masahiro Murata	General Manager, Human Resources Department
Executive Officer	Hidekazu Fukasawa	General Manager, Formed & Fabricated Products Division
Executive Officer	Yasuhiro Adachi	General Manager, Spring Division General Manager, Chiba Works
Executive Officer	Yasumasa Ohoka	General Manager, Steel Sales Department, Sales Division

(2) Overview of Limited Liability Agreement

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

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

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

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

Classification	Total amount of compensation, etc. (million yen)	Total remunerations by category (million yen)			Number of Directors and Corporate Auditors (person)
		Fixed remuneration	Performance-linked remuneration		
		Monetary remuneration		Non-monetary remuneration	
		Base remuneration	Bonus	Stock compensation	
Directors (Outside officers (included above))	218 (17)	174 (17)	26 (-)	18 (-)	7 (3)
Corporate Auditors (Outside officers (included above))	54 (34)	54 (34)	-	-	4 (3)

(Notes)

1. The above amount of compensation includes the amount paid to one Director who have retired at the close of the 98th Ordinary General Meeting of Shareholders held on June 24, 2022.
2. For the fiscal year under review, we recorded ¥18 million in provision for directors' share benefits under the performance-linked stock compensation plan for Directors approved by the 97th Ordinary General Meeting of Shareholders held on June 25, 2021, as a result of an expense recalculation made in light of the most recent business performance.
3. There are four Directors who are eligible to receive the bonus.

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

Performance-linked remuneration from the Company comprises bonus and stock compensation and the latter comes in the form of non-monetary remuneration.

(A) Performance-linked bonus

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

(*) From FY2023, we will assess the performance based on the amount of consolidated operating income, ESG indicators (CO₂ emissions, etc.) and individual appraisals, and aim to improve motivation for the implementation of ESG promotional measures and the achievement of a steady increase in revenue for the fiscal year.

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

The Company adopted a scheme called Board Incentive Plan (BIP) trust with the objective of more strongly incentivizing personnel into enhancing financial results and corporate value in the medium- to long-term. As performance indicators (*), we use the achievement rates for consolidated net sales, consolidated operating income, and consolidated ROE against the Mid-term Business Plan targets for them. This is in the belief that expanding business size and enhancing profitability and capital efficiency will help raise the Company's corporate value in the medium- to long-term. As the targets for the Mid-term Business Plan from FY2020 to FY2022, we had set out consolidated net sales of 150,000 million yen, consolidated operating income of 7,000 million yen, and ROE of 8%, but the actual results were 170,500 million yen, 5,500 million yen, and 5.1%, respectively. When the Mid-term Business Plan ends or a director resigns, the Company will grant to him or her shares equivalent in value to 50% of points determined by multiplying a performance-linked coefficient that varies from 0% to 200% depending on an achievement rate for each performance indicator by a number of points to be granted annually according to his or her title. The rest will be paid in an amount equivalent to proceeds from a conversion of shares into cash.

(*) If Proposal No.4 is approved, we will conduct a performance appraisal based on consolidated net sales, consolidated operating income, ROE and ESG indicators (CO₂ emissions, etc.) from FY2023. We will aim to enhance motivation to improve the enterprise value by improving the linkage between medium and long-term performance and enterprise value.

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

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

The 97th Ordinary General Meeting of Shareholders held on June 25, 2021, resolved to set the maximum of a performance-linked stock compensation to be paid by the Company to Directors (excluding Outside Directors) and Executive Officers in delegation contract with the Company for a target period (two years) at ¥118 million (¥59 million per fiscal year), separately from the monetary remuneration mentioned above, and to pay the compensation. The number of Directors and Executive Officers in delegation contract with the Company at the conclusion of the Ordinary General Meeting of Shareholders was six (excluding Outside Directors). The 92nd Ordinary General Meeting of Shareholders held on June 17, 2016 resolved to set monetary remuneration for Corporate Auditors of the Company at not more than ¥100 million a year. The number of Corporate Auditors at the conclusion of the Ordinary General Meeting of Shareholders was four.

C. Decision-making policy on remunerations for individual Directors

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

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

on remunerations for individual Directors.

(B) Outline of decision-making policy

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

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

(*) If the revision of the decision-making policy on remuneration for individual Directors is resolved at the Board of Directors meeting on April 27, 2023, and the Proposal No. 4 is approved, when the performance target is achieved (100%), performance-linked remuneration will be paid at the rate of 45 (bonus of 25, and performance-linked stock remuneration of 20) to fixed remuneration of 100, from FY2023.

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

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

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

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

(5) Matters concerning Outside Officers

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

Classification	Name of outside officers	Significant concurrent positions	Relationship between the Company and entity where concurrent positions are held
Director	Minako Takeuchi	Representative Director, TM Future Corporation	There are no special interests.
		Outside Director, The Shiga Bank, Ltd.	There are no special interests.
		Outside Director, Nihon M&A Center Holdings Inc.	There are no special interests.
Corporate Auditors	Tetsuya Nakagawa	Sanno Law Office	There are no special interests.
	Yuka Matsuda	Matsuda Yuka CPA and Tax Accounting Office	There are no special interests.
		Outside Corporate Auditor, DKK Co., Ltd.	There are no special interests.
		Outside Director, Dentsu Group Inc.	Although there are business transactions between the Company and Information Services International-Dentsu, Ltd., which is a subsidiary of Dentsu Group Inc., such transactions are miniscule in amount. There are no other special interests.

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

[Outside Directors]

Classification	Name of outside officers	Attendance at meetings of Board of Directors	Attendance at meetings of Nomination and Compensation Committee	Attendance at meetings of Governance Committee	Activity description and roles
Directors	Akira Hishikawa	15 out of 15 meetings	7 out of 7 meetings	3 out of 3 meetings	In the meetings of the Board of Directors, Nomination and Compensation Committee and Governance Committee, Mr. Hishikawa made statements about how to enhance corporate value, etc., from his extensive experience as a top manager of a leading heavy industry manufacturer and high level of business know-how, as well as from the viewpoint of experience in a technology department.
	Minako Takeuchi	10 out of 10 meetings	7 out of 7 meetings	3 out of 3 meetings	In the meetings of the Board of Directors, Nomination and Compensation Committee and Governance Committee, Ms. Takeuchi made statements about how to enhance corporate value, etc., from her extensive experience as a top manager of a human resource development consulting firm, as well as from the viewpoint of human resources and ESG.

[Outside Corporate Auditors]

Classification	Name of outside officers	Attendance at meetings of Board of Directors	Attendance at meetings of Board of Corporate Auditors	Activity description and roles
Corporate Auditors	Hirokuni Sakamoto	15 out of 15 meetings	15 out of 15 meetings	Mr. Sakamoto made useful statements at Board of Directors meetings and Board of Corporate Auditors meetings by drawing on knowledge nurtured through extensive experience at a financial institution. He executed his duties in accordance with an audit policy determined by the Board of Corporate Auditors and exercised audit function sufficiently.
	Tetsuya Nakagawa	15 out of 15 meetings	15 out of 15 meetings	Mr. Nakagawa made useful statements at Board of Directors meetings and Board of Corporate Auditors meetings by drawing on knowledge nurtured through extensive experience as a lawyer. He executed his duties in accordance with an audit policy determined by the Board of Corporate Auditors and exercised audit function sufficiently.
	Yuka Matsuda	10 out of 10 meetings	10 out of 10 meetings	Ms. Matsuda made useful statements at Board of Directors meetings and Board of Corporate Auditors meetings by drawing on knowledge nurtured through extensive experience as a certified public accountant and tax accountant. She executed her duties in accordance with an audit policy determined by the Board of Corporate Auditors and exercised audit function sufficiently.

(Notes)

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and Article 26 (2) of the Articles of Incorporation of the Company.
2. Since Ms. Minako Takeuchi was appointed as Director on June 24, 2022 (the 98th Ordinary General Meeting of Shareholders), the number of Board of Directors meetings that were supposed to be attended is different from those of other officers.
3. Since Ms. Yuka Matsuda was appointed as Corporate Auditor on June 24, 2022 (the 98th Ordinary General Meeting of Shareholders), the number of Board of Directors meetings and Board of Corporate Auditors meetings that were supposed to be attended is different from those of other officers.

5. Matters concerning Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC (as of March 31, 2023)

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

Classification	The fiscal year under review
	Fee for audit certification service (in millions of yen)
The Company	60
Total amount of money payable by the Company and its subsidiaries	80

(Notes)

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

(3) Description of Non-Audit Services

Not applicable

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

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

6. Basic Policy for Internal Controls and Its Implementation Status

(1) Basic Policy for Internal Controls

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

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

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

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

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

Outside Directors and Outside Corporate Auditors attend Board of Directors meetings and secure the fairness and transparency for decision-making for business execution. In addition, the Company newly set up, as a body under the Board of Director, the Nomination and Compensation Committee, in which an Outside Director serves as Chairperson and Chairman of the Board and Outside Directors act as members to reinforce independence, objectivity, and accountability of the functions related to the nomination of officers, etc., and the determination of remuneration for officers, etc. And also the Company set up the Governance Committee, in which independent Outside Directors exchange information and share awareness. Moreover, the committee freely deliberates on matters associated with the Company's business and governance, thereby boosting the function to supervise business execution by the Board of Directors. The Board of Corporate Auditors audits the Group as a whole, including compliance and crisis management in accordance with the audit policy and segregation of operations, and ensures that Directors comply with laws, regulations and the Articles of Incorporation in executing their duties.

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

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

collaborate with outside specialized institutions such as police and lawyers and take a resolute stance when it receives unreasonable demands from antisocial forces.

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

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

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

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

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

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

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

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

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

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

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

The respective directors of subsidiaries execute operations and supervise their employees in accordance with policies decided by the Board of Directors and the Management Committee of the Company. In addition to audits conducted by the respective corporate auditors of subsidiaries, Directors, Corporate Auditors or employees, etc. of the Company concurrently serve as directors and corporate auditors of major consolidated subsidiaries and supervise and

audit them, and exchange information periodically with directors and corporate auditors of each subsidiary while collaborating with the Internal Audit Office and the Accounting Auditor, thereby ensuring the properness of operations of the Group as a whole.

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

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

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

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

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

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

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

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

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

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

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

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

i. Other systems to ensure effective auditing by Corporate Auditors

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

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

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

a. Matters concerning the risk management system

The Company’s Management Committee identifies and considers risks arising from the business activities of the Company and its subsidiaries. For the fiscal year under review, meetings of the Management Committee were held 47 times. Material matters were also deliberated upon in meetings of the Board of Directors in accordance with regulations of the Board of Directors. By doing this, the Company has strengthened the system that enables understanding of, and management of risks arising from, its business activities.

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

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

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

b. Matters concerning the management system for subsidiaries

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

c. Matters concerning compliance

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

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

to continue conducting regular reviews.

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

Moreover, as for domestic subsidiaries, Whistle-blowing Rules are established by each company. In addition, we are continuously promoting the introduction of the whistle-blowing system in each overseas subsidiary. The system was introduced in subsidiaries in Thailand, China, the Philippines, and India.

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

d. Matters concerning execution of duties by Directors

During the fiscal year under review, the Board of Directors held meetings 15 times, actively exchanged opinions about material matters on the Company and its subsidiaries and provided prompt and effective decision-making. Outside Directors and Outside Corporate Auditors attended these meetings to ensure the fairness and transparency of the execution of operations.

At the Governance Committee, a body under the Board of Director, Independent Outside Directors understood developments of each business of the Group and deepened their recognition of business issues.

Starting from this fiscal year, as for the nomination of officers, etc., and the determination of remuneration for officers, etc., the Nomination and Compensation Committee was newly established to reinforce independence, objectivity, and accountability of the functions and strengthen the supervision function of the Board of Directors.

In addition, preservation and management of information on the execution of duties by Directors have been performed properly in accordance with laws and regulations and internal rules. During the fiscal year under review, we worked to enhance individual employees' awareness about the importance of information by providing education and training on information security for the officers and employees of the Group. This was in accordance with the Basic Information Policy and the Information Security Rules and under the information security control system developed in the Group as a whole.

In addition, the Company conducts periodic evaluations on the effectiveness of the Board of Directors to understand the current status of the Board of Directors and improve the operation and make it more efficient.

For ensuring the adequacy and reliability of financial reporting of the Group, Directors have built and operated internal control based on standards on the evaluation and audit of internal control on financial reporting, and Corporate Auditors, the Internal Audit Office and the Accounting Auditor audited the structure and implementation status of such control.

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

e. Matters concerning execution of duties by Corporate Auditors

Corporate Auditors attend meetings of the Board of Corporate Auditors (a total of 15 times), material meetings including meetings of the Board of Directors and Management Committee as well as major monthly meetings held in each business office and subsidiaries to collect information and understand actual situations. During the fiscal year under review, from the viewpoint of high managerial significance, we conducted onsite inspections and interviewed senior executives at operating sites in North America and Indonesia. At other important sites, we are trying to understand the situation as we conduct remote interviews with senior

executives in Thailand. In addition, they confirmed problems and approaches of the Company and each Operating Section through individual interview with key employees, etc. and exchanged information as necessary and kept cooperation with the Internal Audit Office and the Accounting Auditor to ensure the effectiveness of audit.

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

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

(Note)

Unless mentioned otherwise, amounts stated in this Business Report are rounded down to the nearest hundred million yen when indicated in the unit of hundred million yen, and to the nearest million yen when indicated in the unit of million yen.

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

Consolidated Financial Statements

Consolidated Balance Sheet

(as of March 31, 2023)

(Million yen)

Account	Amount		Account	Amount	
	99th Fiscal Year (as of March 31, 2023)	(Reference) 98th Fiscal Year (as of March 31, 2022)		99th Fiscal Year (as of March 31, 2023)	(Reference) 98th Fiscal Year (as of March 31, 2022)
Assets			Liabilities		
Current assets	105,808	90,339	Current liabilities	49,388	57,373
Cash and deposits	25,621	19,973	Notes and accounts payable - trade	16,247	15,553
Notes and accounts receivable - trade, and contract assets	31,861	33,275	Electronically recorded obligations - operating	4,924	5,072
Electronically recorded monetary claims - operating	4,899	5,532	Contract liabilities	1,300	1,371
Securities	5,000	-	Short-term loans payable	20,339	25,193
Merchandise and finished goods	14,060	12,359	Lease obligations	550	545
Work in process	7,851	6,720	Income taxes payable	910	3,138
Raw materials and supplies	11,154	10,014	Accrued consumption taxes	233	784
Other	5,422	2,494	Loss provision related to fire	-	869
Allowance for doubtful accounts	(63)	(29)	Provision for bonuses for directors (and other officers)	-	85
			Other	4,882	4,759
Non-current assets	50,601	52,622	Non-current liabilities	57,614	36,941
Property, plant and equipment	37,893	38,719	Long-term loans payable	44,587	22,312
Buildings and structures	8,069	8,860	Lease obligations	1,172	1,510
Machinery, equipment and vehicles	12,431	11,993	Deferred tax liabilities	2,675	3,097
Land	14,707	14,319	Net defined benefit liability	8,700	9,250
Leased assets	1,045	1,010	Provision for directors' retirement benefits	96	83
Construction in progress	1,131	1,991	Provision for loss on business liquidation	128	349
Other	507	543	Other	254	337
Intangible assets	744	1,002	Total liabilities	107,003	94,315
Software	618	923	Net assets		
Other	125	78	Shareholders' equity	44,942	43,989
Investments and other assets	11,964	12,901	Capital stock	10,003	10,003
Investment securities	5,298	6,335	Capital surplus	2,236	2,701
Long-term loans receivable	71	82	Retained earnings	34,004	32,585
Net defined benefit asset	4,777	4,873	Treasury shares	(1,301)	(1,301)
Deferred tax assets	372	414	Accumulated other comprehensive income	(1,744)	(1,389)
Other	1,444	1,196	Valuation difference on available-for-sale securities	435	804
Allowance for doubtful accounts	(0)	(0)	Foreign currency translation adjustment	(3,980)	(3,888)
			Remeasurements of defined benefit plans	1,800	1,694
			Non-controlling interests	6,208	6,047
			Total net assets	49,406	48,647
Total assets	156,409	142,962	Total liabilities and net assets	156,409	142,962

(Notes)

Amounts shown are rounded down to the nearest million yen.

Consolidated Statement of Income

from April 1, 2022 to March 31, 2023

(Million yen)

Account	Amount	
	99th Fiscal Year (From April 1, 2022 to March 31, 2023)	(Reference) 98th Fiscal Year (From April 1, 2021 to March 31, 2022)
Net sales	170,537	146,292
Cost of sales	147,279	125,394
Gross profit	23,257	20,897
Selling, general and administrative expenses	17,710	14,626
Operating income	5,547	6,270
Non-operating income	674	1,017
Interest and dividend income	159	164
Foreign exchange gains	-	358
Dividend income of life insurance	84	79
Share of profit of entities accounted for using equity method	23	0
Subsidies for employment adjustment	-	69
Other	406	345
Non-operating expenses	2,478	1,507
Interest expenses	1,187	1,268
Foreign exchange losses	942	-
Other	347	239
Ordinary profit	3,743	5,780
Extraordinary income	1,673	5,534
Gain on sale of non-current assets	2	947
Gain on sales of investment securities	632	3,249
Reversal of allowance for loss related to fire	148	-
Insurance claim income	884	1,337
Other	4	-
Extraordinary losses	690	2,865
Impairment losses	551	269
Losses related to fire	-	1,501
Provision of allowance for loss related to fire	-	869
Provision for loss on business liquidation	134	174
Other	4	50
Profit before income tax	4,726	8,448
Income taxes - current	2,449	3,146
Income taxes - deferred	(39)	1,068
Profit	2,317	4,234
Profit attributable to non-controlling interests	127	165
Profit attributable to owners of parent	2,190	4,068

(Note)

Amounts shown are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity

from April 1, 2022 to March 31, 2023

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,003	2,701	32,585	(1,301)	43,989
Changes of items during period					
Change in ownership interest of parent due to transactions with non-controlling interests		(464)			(464)
Dividends of surplus			(771)		(771)
Profit attributable to owners of parent			2,190		2,190
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(464)	1,418	(0)	953
Balance at end of period	10,003	2,236	34,004	(1,301)	44,942

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	804	(3,888)	1,694	(1,389)	6,047	48,647
Changes of items during period						
Change in ownership interest of parent due to transactions with non-controlling interests					284	(180)
Dividends of surplus						(771)
Profit attributable to owners of parent						2,190
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(368)	(92)	105	(355)	(123)	(478)
Total changes of items during period	(368)	(92)	105	(355)	161	759
Balance at end of period	435	(3,980)	1,800	(1,744)	6,208	49,406

(Note)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Balance Sheet

(as of March 31, 2023)

(Million yen)

Account	Amount		Account	Amount	
	99th Fiscal Year (as of March 31, 2023)	(Reference) 98th Fiscal Year (as of March 31, 2022)		99th Fiscal Year (as of March 31, 2023)	(Reference) 98th Fiscal Year (as of March 31, 2022)
Assets			Liabilities		
Current assets	63,925	47,792	Current liabilities	18,580	24,757
Cash and deposits	13,129	5,144	Electronically recorded obligations - operating	1,539	1,174
Notes receivable - trade	251	320	Accounts payable - trade	5,243	3,796
Electronically recorded monetary claims - operating	4,600	4,665	Short-term loans payable	8,843	13,951
Accounts receivable - trade	14,852	20,766	Accounts payable - other	298	304
Securities	5,000	-	Income taxes payable	720	2,899
Merchandise and finished goods	5,945	5,169	Accrued expenses	1,651	1,842
Work in process	1,068	995	Accrued consumption taxes	144	-
Raw materials and supplies	416	384	Provision for directors' share benefits	25	-
Prepaid expenses	150	143	Provision for bonuses for directors (and other officers)	-	85
Short-term loans receivable	27,713	17,399	Contract liabilities	12	4
Accounts receivable - other	5,093	2,015	Other	100	700
Other	12	24	Non-current liabilities	45,462	22,819
Allowance for doubtful accounts	(14,309)	(9,237)	Long-term loans payable	43,887	21,237
Non-current assets	33,471	32,548	Provision for retirement benefits	1,530	1,528
Property, plant and equipment	8,285	9,169	Provision for directors' share benefits	-	7
Buildings	3,038	3,326	Other	44	47
Structures	262	257	Total liabilities	64,042	47,577
Machinery and equipment	3,299	3,191	Net assets		
Vehicles	5	5	Shareholders' equity	32,931	31,965
Tools, furniture and fixtures	74	106	Capital stock	10,003	10,003
Land	1,349	1,349	Capital surplus	3,684	3,684
Construction in progress	256	932	Legal capital surplus	3,684	3,684
Intangible assets	215	288	Retained earnings	20,545	19,579
Software	186	228	Legal retained earnings	809	809
Other	29	59	Other retained earnings	19,735	18,769
Investments and other assets	24,970	23,090	Reserve for advanced depreciation of non-current assets	675	765
Investment securities	1,131	2,204	General reserve	8,855	8,855
Shares of subsidiaries and associates	16,178	11,791	Retained earnings brought forward	10,205	9,148
Investments in capital	186	186	Treasury shares	(1,301)	(1,301)
Investments in capital of subsidiaries and associates	2,737	2,737	Valuation and translation adjustments	422	797
Long-term loans receivable	4,705	7,457	Valuation difference on available-for-sale securities	422	797
Prepaid pension cost	1,503	1,157	Total net assets	33,354	32,763
Deferred tax assets	552	195	Total liabilities and net assets	97,397	80,340
Other	174	176			
Allowance for doubtful accounts	(2,198)	(2,816)			
Total assets	97,397	80,340			

(Notes)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Statement of Income

from April 1, 2022 to March 31, 2023

(Million yen)

Account	Amount	
	99th Fiscal Year (From April 1, 2022 to March 31, 2023)	(Reference) 98th Fiscal Year (From April 1, 2021 to March 31, 2022)
Net sales	90,036	77,222
Cost of sales	72,100	60,136
Gross profit	17,936	17,085
Selling, general and administrative expenses	10,584	9,363
Operating income	7,352	7,722
Non-operating income	1,616	3,168
Interest and dividend income	1,504	631
Foreign exchange gains	-	249
Reversal of loss on business of subsidiaries and associates	-	2,182
Other	112	104
Non-operating expenses	5,769	5,845
Interest expenses	544	411
Foreign exchange losses	658	-
Provision of allowance for doubtful accounts for subsidiaries and associates	4,454	5,327
Other	112	106
Ordinary profit	3,199	5,045
Extraordinary income	632	4,196
Gain on sales of investment securities	632	3,249
Gain on sales of non-current assets	-	947
Extraordinary losses	143	563
Loss on valuation of shares of subsidiaries and associates	139	553
Loss on valuation of investments in capital of subsidiaries and associates	-	10
Other	4	-
Profit before income tax	3,688	8,678
Income taxes - current	2,141	2,826
Income taxes - deferred	(191)	1,054
Profit	1,738	4,796

(Note)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Equity

from April 1, 2022 to March 31, 2023

(Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	10,003	3,684	3,684	809	765	8,855	9,148	19,579
Changes of items during period								
Reversal of reserve for advanced depreciation of non-current assets					(90)		90	-
Dividends of surplus							(771)	(771)
Profit							1,738	1,738
Purchase of treasury shares								
Net changes of items other than shareholders' equity								-
Total changes of items during period	-	-	-	-	(90)	-	1,056	966
Balance at end of period	10,003	3,684	3,684	809	675	8,855	10,205	20,545

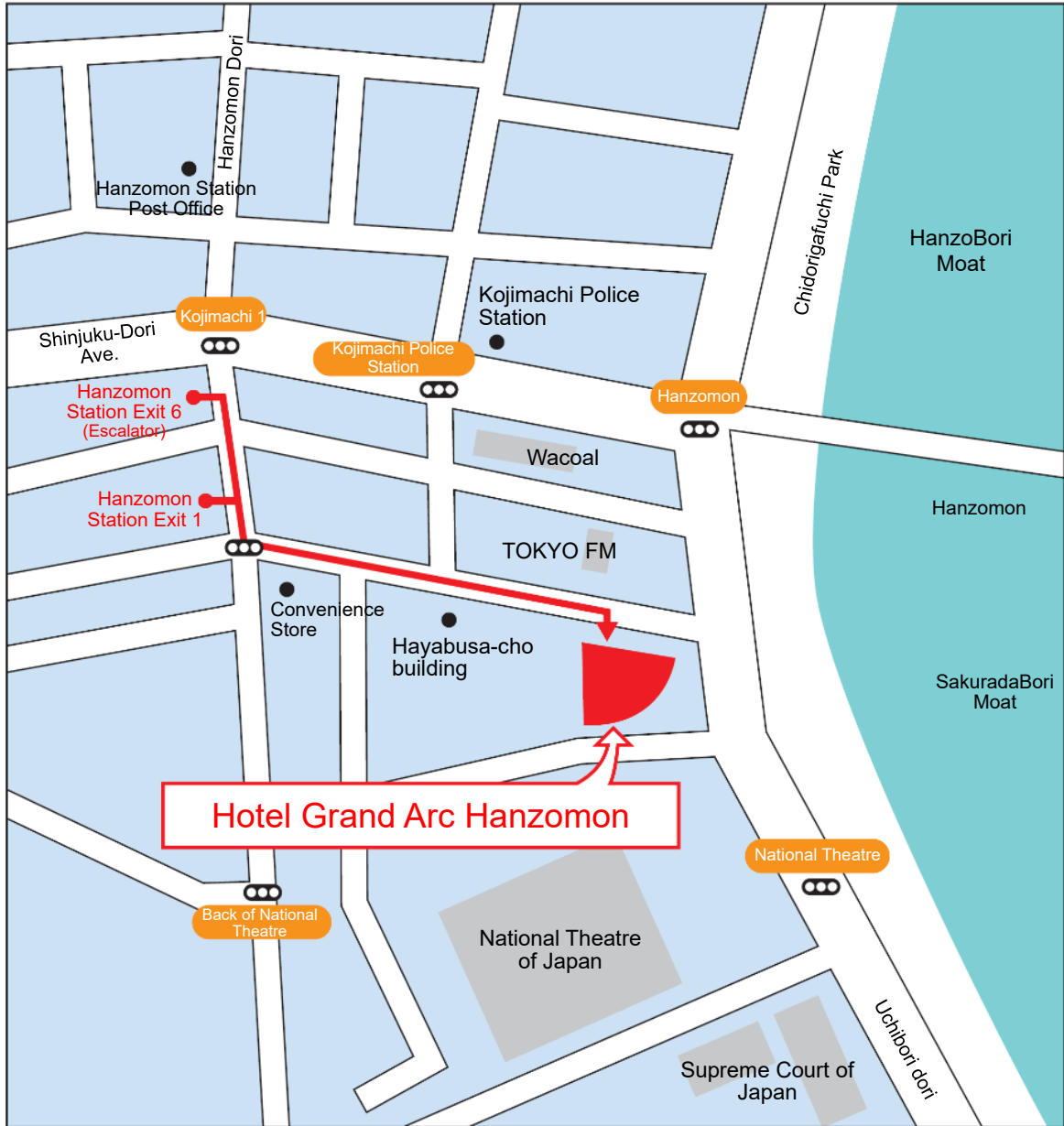
	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,301)	31,965	797	797	32,763
Changes of items during period					
Reversal of reserve for advanced depreciation of non-current assets		-			-
Dividends of surplus		(771)			(771)
Profit		1,738			1,738
Purchase of treasury shares	(0)	(0)			(0)
Net changes of items other than shareholders' equity		-	(374)	(374)	(374)
Total changes of items during period	(0)	966	(374)	(374)	591
Balance at end of period	(1,301)	32,931	422	422	33,354

(Note)

Amounts shown are rounded down to the nearest million yen.

Venue Map

4F (Fuji higashi no ma), Hotel Grand Arc Hanzomon
1-1 Hayabusacho, Chiyoda-ku, Tokyo Tel: +81-3-3288-0111



How to access the venue

*3 minutes' walk from Exit 6 of Hanzomon Station (Tokyo Metro Hanzomon Line)

*Exit 6 is located near an escalator/elevator that leads to the ground level.