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Securities Code: 5632

(Date of issue): June 6, 2024

(Start date of measures for electronic provision): May 24, 2024

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 100th Ordinary General Meeting of Shareholders**

You are cordially informed that the 100th 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 100th 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 Thursday, June 20, 2024, 5:40 p.m.

1. **Date and Time:** Friday, June 21, 2024 at 10:00 a.m.
  2. **Venue:** 1-1 Hayabusacho, Chiyoda-ku, Tokyo  
4F (Fuji nishi no ma), Hotel Grand Arc Hanzomon
  3. **Agenda of the Meeting:**
    - Matters to be reported:**
      - (1) Business Report and Consolidated Financial Statements for the 100th Fiscal Year (from April 1, 2023 to March 31, 2024), 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 100th Fiscal Year (from April 1, 2023 to March 31, 2024)
    - Proposals to be resolved:**
      - Proposal No. 1:** Appropriation of Surplus
      - Proposal No. 2:** Election of Six Directors
      - Proposal No. 3:** Partial Revision to the Performance-linked Stock Compensation Plan for Directors and Director Equivalents
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- Pursuant to the provisions of laws and regulations and 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. Corporate Auditors and Accounting Auditor audit documents subject to audit that include the following items.
  - (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 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.
- 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 exercise voting rights. You may exercise voting rights by any of the following three methods.

### Internet

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**Deadline:** Not later than 5:40 p.m. on Thursday, June 20, 2024

#### By reading the QR code

You can log in to the voting right execution website without entering the login ID and tentative password listed on the voting right execution form.

1. Please read the QR code listed on the voting right execution form.  
\* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Please follow the instructions on the screen to indicate your approval or disapproval.

#### By entering login ID and tentative password

Voting right execution website: <https://evote.tr.mufg.jp/> (in Japanese)

1. Please access to the voting right execution website.
2. Enter the login ID and tentative password on the voting right execution form and click [Login].
3. Please follow the instructions on the screen to indicate your approval or disapproval.

### Postal mail

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

**Deadline:** Not later than 5:40 p.m. on Thursday, June 20, 2024

### Attending the Ordinary General Meeting of Shareholders

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

**Date and Time:** Friday, June 21, 2024 at 10:00 a.m.

If you have questions about operating a computer, smartphone, etc., to exercise votes via the Internet, please contact the contact point on the right.	Help Desk, Securities Business Division Mitsubishi UFJ Trust and Banking Corporation 0120-173-027 (Toll-free/Working hours: 9:00 a.m. to 9:00 p.m.). (JST)
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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 2:30 a.m. to 4:30 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 35 yen per share, taking into account the Basic Policy mentioned above and the future business environment although the business performance of the current fiscal year ended in deficit. Since we have paid an interim dividend of 25 yen per share, the annual dividend for the current fiscal year will be 60 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

35 yen per share    Total amount: ¥540,308,405

3. Effective date of dividends

June 24, 2024

## 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	<b>Motoyuki Sato</b>	69 years old	Chairman of the board	100% (14/14 meetings)
2	Reappointment	<b>Jun Yamaguchi</b>	58 years old	Representative Director, President & CEO	100% (14/14 meetings)
3	New Appointment	<b>Keisuke Aoike</b>	56 years old		- % (-/- meetings)
4	Reappointment	<b>Akira Yamao</b>	62 years old	Director, Managing Executive Officer General Manager, Sales Division, In charge of Parts Sales Division	100% (10/10 meetings)
5	Reappointment	<b>Akira Hishikawa</b>	72 years old	Outside Director Independent officer	Director 100% (14/14 meetings)
6	Reappointment	<b>Minako Takeuchi</b>	63 years old	Outside Director Independent officer	Director 100% (14/14 meetings)

No. **Motoyuki Sato** December 25, 1954 (69 years old)

**Reappointed**

1 Number of years in office as Director: 18 years  
Number of shares of the Company held: 31,700 shares  
Status of attendance at Board of Directors meetings: 100% (14/14 meetings)  
Status of attendance at Nomination and Compensation Committee:  
100% (11/11 meetings)

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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 June 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 achieving sustainable growth and improving 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 (58 years old)

**Reappointed**

2 Number of years in office as Director: 5 years  
Number of shares of the Company held: 12,000 shares  
Status of attendance at Board of Directors meetings: 100% (14/14 meetings)

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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 formulating the 2023 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. **Keisuke Aoike** August 10, 1967 (56 years old)

**New Appointment**

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

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Career summary

April 1990	Joined The Mitsubishi Bank, Ltd. (now MUFG Bank, Ltd.) (“MUFG”)	March 2020	Senior General Manager, Global Compliance Division, Mitsubishi UFJ Financial Group, Inc.
May 2016	General Manager, Global Compliance Division, Mitsubishi UFJ Financial Group, Inc. (special assignment)	June 2020	Senior Fellow, Senior General Manager, Global Compliance Division, MUFG Bank, Ltd.
May 2017	General Manager, Global Business Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (now MUFG Bank, Ltd.) (“MUFG”)	June 2022	Managing Executive Officer, BOT Lease Co., Ltd.
March 2019	General Manager, Global Compliance Division, Mitsubishi UFJ Financial Group, Inc. (special assignment)	June 2023	Director, Managing Executive Officer, BOT Lease Co., Ltd. (incumbent, scheduled to resign on June 20, 2024)

Position, assignment at the Company

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Reasons for the election of the Director candidate

Mr. Keisuke Aoike has held Senior Fellow posts at MUFG Bank, Ltd. He has a wealth of knowledge and experience and has been serving as Director and Managing Executive Officer of BOT Lease Co., Ltd. since June 2023. 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 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. Keisuke Aoike has no special interest in the Company.

No. **Akira Yamao** August 3, 1961 (62 years old) Reappointed

4 Number of years in office as Director: 1 year  
Number of shares of the Company held: 6,700 shares  
Status of attendance at Board of Directors meetings: 100% (10/10 meetings)

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#### 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
June 2010	General Manager, Parts Sales Division of the Company	June 2023	Director and Managing Executive Officer, General Manager, Sales Division and in charge of Parts Sales Division of the Company (incumbent)
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

Director and 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 achieving sustainable growth and improving 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

Chairman of the Board, MSSC Ahle GmbH

Chairman of the Board, MSM (THAILAND) CO., LTD.

#### Special interest between candidates and the Company

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

No.	<b>Akira Hishikawa</b> September 10, 1951 (72 years old)	Reappointed
5	Number of years in office as Director: 11 years	Outside Director
	Number of shares of the Company held: 9,800 shares	Independent officer
	Status of attendance at Board of Directors meetings: 100% (14/14 meetings)	
	Status of attendance at Nomination and Compensation Committee: 100% (11/11 meetings)	
	Status of attendance at Outside Officer Council Meeting: 100% (4/4 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 (a member from April 2024), 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.	<b>Minako Takeuchi</b> January 17, 1961 (63 years old)	Reappointed
6	Number of years in office as Director: 2 years	Outside Director
	Number of shares of the Company held: 800 shares	Independent officer
	Status of attendance at Board of Directors meetings: 100% (14/14 meetings)	
	Status of attendance at Nomination and Compensation Committee: 100% (11/11 meetings)	
	Status of attendance at Outside Officer Council Meeting: 100% (4/4 meetings)	

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Career summary

April 1983	Joined NEC Corporation	June 2020	Director, Japan Basketball Association (incumbent)
January 2003	Joined Stanton Chase International	June 2020	Outside Director, Nihon M&A Center Inc. (now Nihon M&A Center Holdings Inc.) (incumbent)
August 2007	Managing Director, Executive Deputy President, Stanton Chase International	August 2020	Vice Chairman, Japan Wheelchair Basketball Federation (JWBF) (incumbent)
August 2013	Representative Director, TM Future Corporation (incumbent)	June 2022	Director of the Company (incumbent)
September 2015	Director, JAPAN PROFESSIONAL BASKETBALL LEAGUE	June 2023	Council Member, Nippon Badminton Association (incumbent)
June 2019	Outside Director, The Shiga Bank, Ltd. (incumbent)		

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 (Chairperson from April 2024), 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 were two written resolutions where it is regarded that there were resolutions at the Board of Directors meeting.
6. The Nomination and Compensation Committee consists of Chairman of the board and two independent Outside Directors (one of them is Chairperson). The Board of Directors consults with the committee for the decision on nomination and remuneration of Managing Executive Officers and above and receives its comments to improve objectivity and transparency of nomination and remuneration.
7. Outside Officer Council Meeting (in June 2023, it was renamed from “Governance Committee” based on the current roles) reinforces the function of the Board of Directors to supervise business execution aiming to activate discussion on management strategies by the Board of Directors and improve the effectiveness of the supervision and monitoring of management. Meetings are held once every three months and five Outside Directors and Outside Corporate Auditors attend.
8. Mr. Akira Yamao had been a Director of the Company, and the accumulated number of years in office as Director is five years.
9. Mr. Keisuke Aoike is scheduled to retire from his position as Director of BOT Lease Co., Ltd. on June 20, 2024.

**(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 is 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	●	●	●	●				●		●
	Keisuke Aoike	New Appointment	male	●		●				●	●	●	●
	Akira Yamao		male	●	●		●						
	Akira Hishikawa	Outside Independent	male	●		●	●	●					
	Minako Takeuchi	Outside Independent	female	●					●		●		●
Corporate Auditors	Hirokuni Sakamoto	Outside Independent	male			●				●		●	
	Yoshimi Nakamori		male		●			●					
	Tetsuya Nakagawa	Outside Independent	male							●			
	Yuka Matsuda	Outside Independent	female			●				●		●	

### Proposal No. 3: Partial Revision to the Performance-linked Stock Compensation Plan for Directors and Director Equivalents

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”) under which a trust acquires Company shares by spending the remuneration for personnel eligible for the Plan 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 eligible personnel. 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 under delegation contract as personnel eligible for the Plan. The 99th Ordinary General Meeting of Shareholders held on June 28, 2023, resolved a partial revision to modify the indicators to measure business performance achievement level, etc.

This time, aiming to improve enterprise value with the cohesive efforts of all Executive Officers including Directors (excluding Outside Directors) and Executive Officers under employment contract (collectively “Directors and Director Equivalents”), we hereby propose revising the details of the Plan partially to newly include Executive Officers under employment contract in personnel eligible for the Plan and modify the amounts and the number of shares of the Plan accordingly.

The details of the revision of the Plan are shown in the table below. Except for these, the details approved at the 99th Ordinary General Meeting of Shareholders held on June 28, 2023, remain the same.

	Before Revision	After Revision
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	- Directors of the Company (excluding Outside Directors) - Executive Officers under delegation and employment contract with the Company
Maximum amount of money that can be contributed to the Trust by the Company (*1)	An amount to be determined by multiplying ¥127 million by the number of years of each target period	An amount to be determined by multiplying ¥250 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 and Director Equivalents (*1)	A number of shares to be determined by multiplying 141,000 shares by the number of years of each target period	A number of shares to be determined by multiplying 280,000 shares by the number of years of each target period

(\*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.) 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 eligible for the Plan shall be four if the Proposal No. 2 “Election of Six Directors” is approved as drafted. This proposal includes Executive Officer remuneration. The number of Executive Officers who do not concurrently serve as Director, who are the subject of this system, at the conclusion of the Ordinary General Meeting of Shareholders will be 12.

### The amount and details of the Plan

#### (1) Overview of the Plan

Overview of the plan is stated in the table below. (For details, please see (2) and after.)

Concerning the revision of the Plan, the Company plans to have the contribution amount and the number of shares acquired via the market in fiscal 2024 equivalent to the levels of the stock remuneration for Executive Officers under employment contract in fiscal 2024 and fiscal 2025.

(i) Persons eligible for the Granting, etc. of Company Shares, etc. subject to the Plan	- Directors of the Company (excluding Outside Directors) - Executive Officers under delegation and employment 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 ¥250 million by the number of years of each target period, and ¥750 million applies to a three fiscal year current target period.
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 280,000 shares by the number of years of each target period, and 840,000 shares applies to a three fiscal year current target period. - 280,000 shares a year on average and approx. 2.00% of the total number of shares outstanding (as of March 31, 2024, 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 <sub>2</sub> 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 current 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 current target period) (the "Trust") by contributing cash up to ¥250 million (¥750 million for the current target period) multiplied by the number of years during the target period as remuneration to Directors and Director Equivalents for each target period.

The Trust obtains the Company's shares through 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 revision of the Plan of this fiscal year, the Company will contribute money additionally in the established trust as required to an extent not exceeding the maximum value of money mentioned above to acquire the Company's shares 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 ¥250 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 within an amount to be determined by multiplying ¥250 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 280,000 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 CO<sub>2</sub> 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.

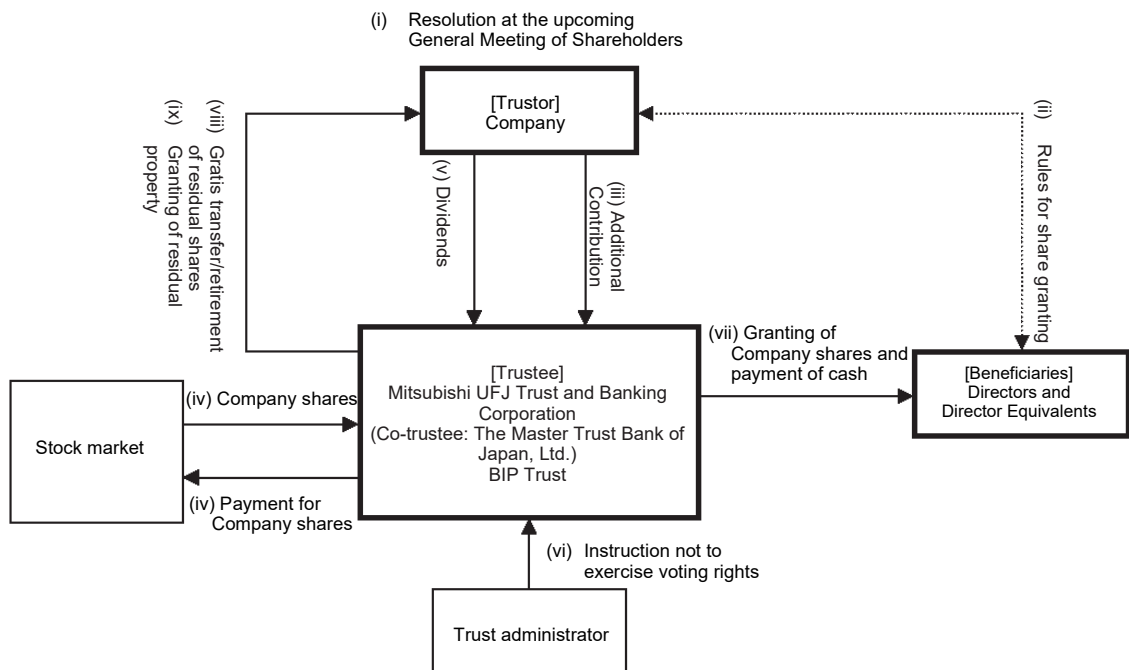
(7) Other details of the Plan

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 partial revision to performance linked stock compensation plan” (Reference set out below: extract press release dated May 13, 2024).

(Reference: extract press release dated May 13, 2024)



- (i) The Company will obtain approval for the remuneration of Directors by resolution at the upcoming General Meeting of Shareholders in relation to the partial revision of the Plan.
  - (ii) The Company will revise the rules for share granting for remuneration for Directors (and other officers).
  - (iii) The Company will additionally contribute money to the trust in which beneficiaries are Directors and Director Equivalents who meet the beneficiary requirements, within the scope of the approval resolution at the upcoming General Meeting of Shareholders referred to in (i).
  - (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 amendment agreement date	August 9, 2024 (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	750 million yen (including Trust fees and expenses) (planned) (The maximum amount of money to be additionally contributed this time shall be the difference between the maximum amount approved at the upcoming General Meeting of Shareholders and the amount of trust funds that have already been contributed.)
(xiii) Timing of purchase of shares	From August 14, 2024 (planned) to August 31, 2024 (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, 2023 to March 31, 2024

**1. Matters concerning Current Status of the Group**

**(1) Business Progress and Results**

During the current fiscal year under review (from April 1, 2023 to March 31, 2024), in the business environment surrounding the automobile industry, in which the majority of demand for the Group is generated, the recovery of production volume has progressed further compared to the previous term due to the alleviation of the shortage of semiconductors and other parts supply. Meanwhile, in the construction machinery industry, demand decreased after the second half of the term due to the impact of factors including stagnant infrastructure investment due to elections in major Southeast Asian countries and interest rates that remained high in Europe. In the industrial machinery and machine tool industry, the effect of the deteriorating economic conditions in China is significant, which resulted in lower demand.

As for procurement, material import costs are rising due to the conditions of the material market that is in the stratosphere and progress of the depreciation of the yen. Various costs including logistics cost and labor costs are also increasing.

Under such circumstances, the Group posted consolidated net sales of ¥169,943 million, a decrease of ¥594 million (0.3%) year on year from the previous term due to the impact of the decrease in sales volume of the Special Steel Bars Business and other factors although sales volume of the Springs Business was up due to the recovery in demand for automobiles, and there was an effect of the reflection of the raw material price hikes in selling prices. The Group posted a consolidated operating loss of ¥4,808 million, a decrease of ¥739 million (13.3%) year on year due to the significant deterioration of income of the domestic Special Steel Bars Business despite the drastic improvement of income of North American subsidiaries in the Springs Business.

Net loss attributable to owners of the parent stood at ¥969 million, a decrease of ¥3,159 million year on year due to the increase in interest expenses, the decrease in insurance claim income and other that was posted in the previous term, and impairment losses posted for the Springs Business by German and Chinese subsidiaries. (The Group posted consolidated operating income of ¥2,190 million in the previous term.)

		100th Fiscal Year (under review) (2023/4~2024/3)
Net sales	(million yen)	169,943
Operating income	(million yen)	4,808
Ordinary income	(million yen)	1,949
Profit attributable to owners of the parent	(million yen)	(969)
Dividend	(yen/share)	60

**[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 ¥88,850 million, down ¥11,294 million (11.3%) year on year. Net sales declined due to the decrease in demand for construction machinery, the influence of associated intermediate inventory adjustment in supply chains, and the continued fall in demand for industrial machinery and machine tools.</p> <p>Operating income amounted to ¥2,311 million, down ¥4,038 million (63.6%) year on year. Operating income in the overseas business in Indonesia increased due to the drop in scrap prices, etc. However, operating income of the Business decreased due to the decline in sales volume of domestic business and associated deterioration of productivity and intensity in addition to the loss of the favorable effect on operating income from using low-priced raw materials stored as inventory before the price hikes in the previous term.</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 ¥70,570 million, an increase of ¥10,711 million (17.9%) year on year. Major contributors include the effect of the reflection of the soaring prices of raw materials and energy in selling prices, increase in the sales volume associated with the recovery of automobile production, and the influence of exchange rate fluctuations due to the depreciation of the yen.</p> <p>Operating income/loss improved by ¥3,129 million year on year and amounted to operating income of ¥962 million moving into the black for the first time in six terms (operating loss of ¥2,166 million in the previous period). There was a drastic improvement in the losses of the North American subsidiary due to the progress of the revision of selling prices by raising prices of unprofitable products, etc.</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 &amp; Fabricated Products Business recorded net sales of ¥9,419 million, a decrease of ¥791 million (7.8%) year on year. Net sales of the Business dropped because of the decline in the sales volume of a subsidiary in Thailand due to the discontinuation of the production of cast steel product (ESCO), despite the progress in the recovery of sales of precision castings.</p> <p>Meanwhile, operating income amounted to ¥751 million, an increase of ¥229 million (43.9%) year on year due to the price increase of unprofitable products by a subsidiary in Thailand and the reduction of costs including fixed cost.</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 ¥10,018 million, a decrease of ¥284 million (2.8%) year on year. Due to the increase in the demand for recycling, the sales of magnetic separators, etc., were up. However, due to the discontinuation of large offshore wind power generation-related projects in the previous term, sales declined compared to the previous term.</p> <p>Operating income amounted to ¥704 million, a decrease of ¥20 million (2.9%) year on year by minimizing the impact of the decrease in sales with productivity improvements of various products.</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**

Last year, we established and announced the “2023 Mid-term Business Plan” for the three years from fiscal 2023 to fiscal 2025. With the plan, we first defined “Leveraging our people and technologies to continue to succeed in a time of change” as what we should be, then developed a management plan by backcasting based on what we should be in 2030. While tackling the identified and unsolved management issues and non-financial issues after the 2020 Mid-term Business Plan, which ended in fiscal 2022, we will take the next leap, aiming to realize what we should be in 2030.

In fiscal year 2023, which is the first year of the new Mid-term plan, we made persevering efforts for selling price increases in the Spring Business in North America, which was a major issue since the time of the previous Mid-term plan. As a result of our hard negotiations and being ready to discontinue the sales, we reached agreement with most of our customers, and we achieved a major improvement in profitability. This is the reflection of our customers’ recognition of our existence. Since the restructuring of the business became feasible, we increased capital to strengthen our financial position. Meanwhile, the Special Steel Bars Business observed a decline in operating income compared to the previous term due to factors including the sudden drop in demand for construction machinery, which generates some of the largest demand for us, continued low demand for industrial machinery and machine tools, and rising procurement costs due to the conditions of the material market that is in the stratosphere and progress of the depreciation of the yen. In addition, overseas subsidiaries in the Spring Business posted impairment losses. As a result, profits deteriorated dramatically and ended with losses.

Under these circumstances, we are aware that we have the following important issues, and it is important to promote measures to improve the evaluation in the market for the improvement of PBR.

(Issues to be Addressed)

- (1) Enhancing our earnings capabilities (improvement of ROE)
- (2) Growing strategic businesses
- (3) Promotion of initiatives related to non-financial issues (carbon neutral, investment in human resources, etc.)

The Company’s PBR has been lower than 1 for a long time. One of the biggest reasons is that we cannot secure sufficient ROE. We will greatly reinforce the improvement of profit generating capabilities by maintaining and expanding margin through cost reduction and selling price increases and developing and introducing high-value added offshore wind power generation-related products in the market, in which strong growth is expected. Furthermore, we will review our product portfolio based on profitability. Moreover, we will optimize business portfolio from the viewpoint of capital efficiency using ROIC to swiftly make business decisions, including withdrawal and sales of unprofitable businesses. With these measures, we shall improve ROE and establish a business structure that achieves steady profit growth.

We are also promoting the development of five strategic businesses based on the key themes of the environment, overseas businesses and the shift toward EVs. Recently, we made an investment in facility expansion to increase production in the overseas steel bars business. As for the precision parts business, a large project that will start in fiscal 2024 is expected to contribute to sales increase. The strengthening of the production system with facility expansion is in progress for the special alloy powder business and offshore wind power-related area. In this way, we will shift from our current profit structure that relies on core businesses, which are mature businesses, and move on to promising areas.

By promoting these initiatives, we will reform the current business portfolio that is susceptible to economic fluctuations and the deterioration of profits of unprofitable businesses, improve

the volatility of business performance and achieve sustainable growth by responding to the changes of the times.

We are also focusing on non-financial initiatives. For our carbon neutral target, to respond to increasing demands from society, we set a higher target of 30% reduction of total carbon emissions in 2030 (previously about a 15% reduction) by expediting an increase in the consumption of renewable energy power by the Special Steel Bars Business, in which emission volume is particularly high. Furthermore, we will contribute to the solution of the social issue, the achievement of carbon neutrality in 2050, with the power of our technologies and products by not only reducing the Company's CO<sub>2</sub> emissions but also developing and selling products that support CO<sub>2</sub> reduction of society as a whole, such as light-weight springs for automobiles that help in improving fuel efficiency.

We consider that the promotion of human capital management is inevitable to achieve our sustainable growth. Last year, we conducted our first employee engagement survey. Then, we are proceeding with the cycle of identifying and recognizing issues across the organization, developing and executing modification plans, and making further improvement based on the evaluation. We are promoting corporate culture reform with the strong leadership of top management. For example, in particular, we carry out town hall meetings in which the management takes the initiative and listens to the voice of employees at various locations.

To reinforce the governance structure, which is the foundation to support these business activities, we will increase the ratio of non-financial element assessment for the performance-linked remuneration for Executive Officers, have more lively discussion at Board of Directors meetings, and observe compliance by conducting safety, quality assurance and anti-harassment measures. We will also promote the reinforcement of risk management such as cyber-security measures.

While promoting sustainable growth and the mitigation of management risk, we will aim to reduce capital costs by deepening dialogue with shareholders and investors and eliminating the gap in our recognition.

Furthermore, our view is that returns to shareholders is one of the most important measures. In February 2024, we reviewed the dividend policy, and decided the minimum dividend per share for the period of the Mid-term plan to be 60 yen in addition to the existing dividend payout ratio of 30%. We conducted this revision of policy because we want shareholders to purchase the Company's shares without worrying about dividends by insuring the provision of a certain amount.

By recognizing issues and executing corresponding measures in the above manner, we will achieve the goals set forth under the 2023 Mid-term Business Plan and what we should be in 2030.

We ask for your continuous support and guidance.

## Reference

(Mid- and long-term Business Plan)

1. Ideal vision for 2030

**Realizing sustained growth through aggressive management in strategic businesses**

Realizing increased corporate value and sustained growth by promoting enhancement of the earnings capabilities of core businesses and growth of strategic businesses



**“Leveraging our people and technologies to continue to succeed in a time of change”**

2. 2023 Mid-term Business Plan (from fiscal 2023 to fiscal 2025)

**Basic policies**

1) Enhancing our earnings capabilities

Pursuing enhanced earnings capabilities by cutting costs while maintaining and growing profit margins, we will use the resulting earnings to fund growth in strategic businesses and enhance our financial foundations.

2) Growing strategic businesses

We will promote growth of strategic businesses through active allocation of management resources to them. During the period of the 2023 Mid-term Business Plan, we will shift course toward business growth to achieve large-scale growth in these businesses toward 2030.

3) Investment in human resources

We will boost productivity and realize innovation by investing in human resources.

4) Sustainability management

Promoting sustained increases in corporate value by making clear ESG and other nonfinancial topics

By promoting various measures based on the Basic Policy and delivering results, we will seek to improve corporate value over the medium to long term while targeting a PBR of 1 or higher.

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	97th Fiscal Year (2020/4~2021/3)	98th Fiscal Year (2021/4~2022/3)	99th Fiscal Year (2022/4~2023/3)	100th Fiscal Year (under review) (2023/4~2024/3)
Net sales (million yen)	97,804	146,292	170,537	169,943
Operating income (loss) (million yen)	(4,943)	6,270	5,547	4,808
Ordinary income (loss) (million yen)	(5,509)	5,780	3,743	1,949
Profit (loss) attributable to owners of parent (million yen)	(5,528)	4,068	2,190	(969)
Profit (loss) per share (yen)	(359.4)	264.8	142.6	(63.5)
Total assets (million yen)	132,320	142,962	156,409	147,071

(Notes)

1. 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) Financing Status

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

### (5) Major Lenders (as of March 31, 2024)

Lender	Amount of borrowings (outstanding balance)
MUFG Bank, Ltd.	20,083 million yen
Development Bank of Japan Inc.	9,675
Syndicated Loan	5,000
Meiji Yasuda Life Insurance Company	2,784
The Hachijuni Bank, Ltd.	2,624

(Note)

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

**(6) Capital Investment Status**

Capital investments made during the period under review totaled 4,600 million yen.

Main capital investments

Segment	Venue	Item
Special Steel Bars Business	Mitsubishi Steel Muroran Inc.	Renewal of manufacturing facilities, Construction of new buildings
Springs Business	Chiba Works	Installation and renewal of manufacturing facilities
	MSM Philippines Mfg. Inc.	Installation of manufacturing facilities
	MSSC Ahle GmbH	Installation of manufacturing facilities, Construction of new buildings
	MSSC MFG MEXICANA, S.A. DE C.V.	Renewal of manufacturing facilities
Machinery Business	Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Installation of manufacturing facilities, Renewal of systems
Group-wide	Head Office	Renewal of systems

**(7) Principal Places of Business and Status of Significant Subsidiaries and Business Combinations**

(as of March 31, 2024)

(a) The Company

Name	Location
<b>Domestic</b>	
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
<b>Domestic</b>				
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
<b>North and Central America</b>				
MSSC CANADA INC.	Canada	Thousands of Canadian dollars 109,000	100.0	Manufacturing and sale of springs for automobiles
MSSC US INC.	U.S.A.	US dollars 70,900,100	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
<b>Europe</b>				
MSSC Ahle GmbH	Germany	Euro 25,000	100.0	Manufacturing and sale of springs for automobiles
<b>China</b>				
MSM NINGBO SPRING CO., LTD.	China	Thousands of US dollars 28,200	100.0	Manufacturing and sale of springs for automobiles and construction machinery
<b>Southeast Asia</b>				
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 677,000	97.1	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. Due to the capital increase on March 13, 2024, the capital of MSSC CANADA INC. was increased from 5,000 thousand Canadian dollars to 109,000 thousand Canadian dollars.
- b. Due to the capital increase on March 25, 2024, the capital of MSSC US INC. was increased from 100 US dollars to 70,900,100 US dollars.
- c. Effective September 12, 2023, the ratio of the Company's investment in capital of MSM SPRING INDIA PVT. LTD. was changed from 96.5% to 97.1%.

**(8) Status of Employees (as of March 31, 2024)**

a. Status of the Group's Employees

Segment	Number of employees
Special Steel Bars Business	868 persons
Springs Business	1,439
Formed & Fabricated Products Business	1,040
Machinery Business	441
Other Business	93
Group-wide (common)	195
Total	4,076

(Notes)

1. The number of employees of the Group increased by 46 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 from end of previous period	Average age	Average number of years of service
676 persons	13 persons	43.6 years old	21.0 years



**2. Matters concerning Shares** (as of March 31, 2024)

- (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:** 15,101 persons  
(4) **Major Shareholders:**

Name of shareholder	Number of shares held (thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (trust account)	1,852	12.0 %
Mitsubishi Heavy Industries, Ltd.	1,000	6.5
Meiji Yasuda Life Insurance Company	715	4.6
Mitsubishi Steel Mfg. Kyoekai	450	2.9
Custody Bank of Japan, Ltd. (trust account)	352	2.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	255	1.7
NIPPON STEEL CORPORATION	226	1.5
Interactive Brokers LLC	225	1.5
The Master Trust Bank of Japan, Ltd. (Board Incentive Plan (BIP) trust account 76119)	221	1.4
The Hachijuni Bank, Ltd.	178	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 221,421 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, 2024)

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, 2024)

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)
Director, Managing Executive Officer	Akira Yamao	General Manager, Sales Division In charge of Parts Sales Division Chairman of the Board, MSSC Ahle GmbH Chairman of the Board, MSM (THAILAND) CO., LTD.
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	Yoshimi Nakamori	
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 28, 2023, Hiroshi Sekine retired from the position of Director upon expiration of his terms. Mr. Sekine took office as Adviser on the same date.
- On June 28, 2023, Takashi Nagai retired from the position of Corporate Auditor upon expiration of his terms.
- 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 Yuka Matsuda is a qualified Certified Public Accountant and Tax Accountant, and has considerable financial and accounting expertise.

**(Reference)**

As of April 1, 2024, the Executive Officers are as follows.

Position	Name	Scope of duties
President & CEO	Jun Yamaguchi	
Senior Managing Executive Officer	Hiroyuki Nagata	Assistant to President (Overall administration) In charge of Sustainability
Managing Executive Officer	Akira Yamao	General Manager, Sales Division In charge of Parts Sales Division
Managing Executive Officer	Junji Ogura	General Manager, Research & Development Center Head of DX Promotion Office In charge of Procurement Department
Senior Executive Officer	Koichi Yaginuma	Head of Accounting Department
Senior Executive Officer	Junya Shibata	General Manager, Steel Bars Division President & Director, Mitsubishi Steel Muroran Inc.
Senior Executive Officer	Yasuhiro Adachi	General Manager, Spring Division General Manager, Chiba Works
Executive Officer	Tsutomu Murayama	Head of Public & Investor Relations Department Head of Systems Department
Executive Officer	Takuya Kurauchi	Head of General Affairs Department Head of ESG Promotion Office
Executive Officer	Kazumasa Tokuchi	Head of Operations Planning Department In charge of Quality Assurance, Safety, and Carbon Neutral
Executive Officer	Masahiro Murata	Head of Human Resources Department
Executive Officer	Hidekazu Fukasawa	General Manager, Formed & Fabricated Products Division
Executive Officer	Yasumasa Ohoka	General Manager, Steel Sales Department, Sales Division
Executive Officer	Toshiki Akahane	Head of Corporate Planning Department
Executive Officer	Shigeo Adachi	General Manager, Functional Parts Sales Department, Sales Division

Note: Both Jun Yamaguchi, President & CEO, and Hiroyuki Nagata, Senior Managing Executive Officer, are concurrently serving as Representative Director. Akira Yamao, Managing Executive Officer, is concurrently serving as Director.

**(2) 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 Registered Attorney at Law	There are no special interests.
	Yuka Matsuda	Representative, 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 DENTSU SOKEN INC., 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 Outside Officer Council Meeting	Activity description and roles
Directors	Akira Hishikawa	14 out of 14 meetings	11 out of 11 meetings	4 out of 4 meetings	In the meetings of the Board of Directors, Nomination and Compensation Committee and Outside Officer Council Meeting, 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	14 out of 14 meetings	11 out of 11 meetings	4 out of 4 meetings	In the meetings of the Board of Directors, Nomination and Compensation Committee and Outside Officer Council Meeting, 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	Attendance at meetings of Outside Officer Council Meeting	Activity description and roles
Corporate Auditors	Hirokuni Sakamoto	14 out of 14 meetings	15 out of 15 meetings	4 out of 4 meetings	Mr. Sakamoto made useful statements at Board of Directors meetings and Board of Corporate Auditors meetings by drawing on knowledge nurtured through extensive experience at a financial institution. He executed his duties in accordance with an audit policy determined by the Board of Corporate Auditors and exercised audit function sufficiently.
	Tetsuya Nakagawa	14 out of 14 meetings	15 out of 15 meetings	4 out of 4 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	13 out of 14 meetings	15 out of 15 meetings	4 out of 4 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, two resolutions were 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. Outside Officer Council Meeting was renamed from “Governance Committee” on June 28, 2023. Therefore, attendance at meetings of the Outside Officer Council Meeting includes attendance at meetings of the Governance Committee.

### (3) 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.

### (4) 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).

### (5) 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 Directors (included above))	248 (19)	179 (19)	37 (-)	31 (-)	7 (2)
Corporate Auditors (Outside Auditors (included above))	54 (36)	54 (36)	-	-	5 (3)

(Notes)

1. The above amount of compensation includes the amount paid to one Director and one Corporate Auditor who have retired at the close of the 99th Ordinary General Meeting of Shareholders held on June 28, 2023.
2. For the fiscal year under review, we recorded ¥31 million in provision for directors' share benefits under the performance-linked stock compensation plan for Directors approved by the 99th Ordinary General Meeting of Shareholders held on June 28, 2023, 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

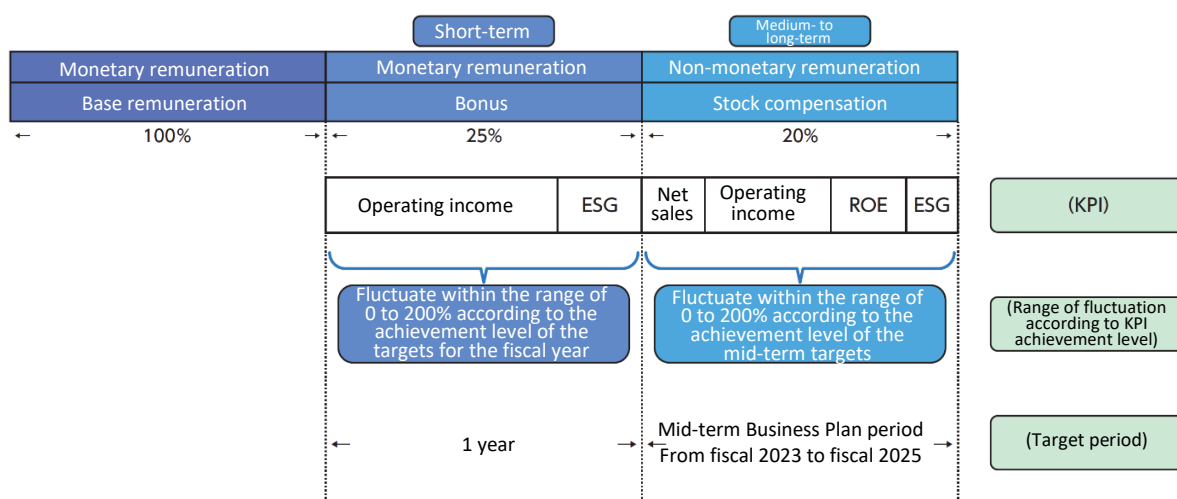
The Company adopted a bonus scheme in which a single year consolidated operating income and ESG indicators (CO<sub>2</sub> emission, etc.) are used as performance indicators, and pays this type of bonus to Directors (excluding Outside Directors) at a certain time. Operating income was chosen as a performance indicator in order to motivate personnel into enhancing fiscal year profits steadily, and ESG indicators (CO<sub>2</sub> emission, etc.) were selected to improve the willingness to achieve non-financial indicators. 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 non-financial indicators, and its improvement from the previous year, which provides a stronger incentive.

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

The Company adopted a scheme called Board Incentive Plan (BIP) trust with the objective of more strongly incentivizing personnel into enhancing financial results and corporate value in the medium- to long-term. As performance indicators, we use the achievement rates for consolidated net sales, consolidated operating income, and consolidated ROE, and as non-financial indicator, ESG indicators (CO<sub>2</sub> emissions, etc.) 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 fiscal 2023 to fiscal 2025, we had set out consolidated net sales of 185,000 million yen, consolidated operating income of 11,000 million yen, and ROE of 8%, but the actual results were 169,900 million yen, 4,800 million yen, and (2.3)%, 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.

Remuneration system





## **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 99th Ordinary General Meeting of Shareholders held on June 28, 2023, 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 (three years) at ¥381 million (¥127 million per fiscal year), separately from the monetary remuneration mentioned above, and to pay the compensation. (\*) The number of Directors (excluding Outside Directors) and Executive Officers in delegation contract with the Company at the conclusion of the Ordinary General Meeting of Shareholders was four. 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.

(\*) If Proposal No.3 is approved, Executive Officers under employment contract will be included in personnel eligible for the grant of performance-linked stock remuneration, etc. In such case, the upper limit of the money contributed by the Company during the target period (three years) is ¥750 million (¥250 million per fiscal year). The total number of Directors (excluding Outside Directors), and Executive Officers under delegation and employment contract at the conclusion of the Ordinary General Meeting of Shareholders was 16.

## **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 April 27, 2023, 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 45 (bonus of 25, and performance-linked stock remuneration of 20) 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.

(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 Chairman of the board and Outside Directors and receives recommendations from the committee.

5. Matters concerning Accounting Auditor

**(1) Name of Accounting Auditor**

Deloitte Touche Tohmatsu LLC (as of March 31, 2024)

**(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	64
Total amount of money payable by the Company and its subsidiaries	86

(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 fairness and transparency for decision-making for business execution. In addition, as a body under the Board of Directors, the Nomination and Compensation Committee, in which an Outside Director serves as Chairperson and Chairman of the board and Outside Directors act as members, improves objectivity and transparency of the functions related to the nomination of officers, etc., and the determination of remuneration for officers, etc. Also, the Company set up the Outside Officer Council Meeting, in which independent Outside Officers exchange information and share awareness. Moreover, the cooperation among Outside Directors and Outside Corporate Auditors was strengthened, thereby facilitating lively discussion on management strategies at the Board of Directors and improving supervision and monitoring of management. 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.

Furthermore, the Investment and Credit Committee shall build a system to contribute to management decisions by sufficiently considering the return on investment regarding the decision on increase in capital and loan to subsidiaries and affiliates, capital investment plan, testing and research, etc.

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 Unit 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 45 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.

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 subsidiaries, as well as for their officers, 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 14 times, actively exchanged opinions about material matters on the Company and its subsidiaries and provided prompt and effective decision-making. Outside Directors and Outside Corporate Auditors attended these meetings to ensure the fairness and transparency of the execution of operations.

At the Outside Officer Council Meeting, a body under the Board of Director, the cooperation among Outside Directors and Outside Corporate Auditors was strengthened, thereby facilitating lively discussion on management strategies at the Board of Directors and improving supervision and monitoring of management.

During the fiscal year under review, the Nomination and Compensation Committee reinforces objectivity and transparency of the nomination of officers, etc., and the determination of remuneration for officers, etc., thereby strengthening 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 Company established a system to reflect the opinions and management issues raised by shareholders and investors in management through IR and 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, Indonesia and Thailand. At other important sites, we are trying to understand the situation as we conduct remote interviews with senior executives in China. In addition, they confirmed problems and approaches of the Company and each Operating Unit 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.

At the Outside Officer Council Meeting, the purpose of which is the sharing of information



among Outside Officers, internal Corporate Auditors attend as observer in addition to Outside Corporate Auditors, in order to confirm the developments and business issues of each business of the Group, together with Outside Directors.

Under the instruction of Corporate Auditors, Corporate Auditor's staff assist the audit work. As for expenses on execution of duties of Corporate Auditors, the Company paid necessary expenses properly.

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(Note)

Unless mentioned otherwise, amounts stated in this Business Report are rounded off to the nearest hundred million yen when indicated in the unit of hundred million yen, and rounded down 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, 2024)

(Million yen)

Account	Amount		Account	Amount	
	100th Fiscal Year (as of March 31, 2024)	(Reference) 99th Fiscal Year (as of March 31, 2023)		100th Fiscal Year (as of March 31, 2024)	(Reference) 99th Fiscal Year (as of March 31, 2023)
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>92,916</b>	<b>105,808</b>	<b>Current liabilities</b>	<b>48,659</b>	<b>49,388</b>
Cash and deposits	22,237	25,621	Accounts payable - trade	17,401	16,247
Notes and accounts receivable - trade, and contract assets	29,725	31,861	Electronically recorded obligations - operating	4,816	4,924
Electronically recorded monetary claims - operating	4,224	4,899	Contract liabilities	246	1,300
Securities	-	5,000	Short-term loans payable	20,120	20,339
Merchandise and finished goods	14,948	14,060	Lease obligations	89	550
Work in process	6,544	7,851	Income taxes payable	242	910
Raw materials and supplies	9,987	11,154	Accrued consumption taxes	499	233
Other	5,304	5,422	Other	5,241	4,882
Allowance for doubtful accounts	(55)	(63)			
<b>Non-current assets</b>	<b>54,154</b>	<b>50,601</b>	<b>Non-current liabilities</b>	<b>50,579</b>	<b>57,332</b>
<b>Property, plant and equipment</b>	<b>38,348</b>	<b>37,893</b>	Long-term loans payable	35,619	44,587
Buildings and structures	8,632	8,069	Lease obligations	1,228	1,172
Machinery, equipment and vehicles	12,170	12,431	Deferred tax liabilities	3,307	2,396
Land	15,473	14,707	Net defined benefit liability	9,861	8,697
Leased assets	1,003	1,045	Provision for directors' retirement benefits	115	96
Construction in progress	554	1,131	Provision for loss on business liquidation	69	128
Other	514	507	Other	377	254
<b>Intangible assets</b>	<b>790</b>	<b>744</b>			
Software	675	618	<b>Total liabilities</b>	<b>99,238</b>	<b>106,721</b>
Other	115	125			
<b>Investments and other assets</b>	<b>15,015</b>	<b>11,964</b>	<b>Net assets</b>		
Investment securities	5,914	5,298	<b>Shareholders' equity</b>	<b>43,630</b>	<b>45,793</b>
Long-term loans receivable	64	71	Capital stock	10,003	10,003
Net defined benefit asset	7,117	4,777	Capital surplus	2,229	2,236
Deferred tax assets	378	372	Retained earnings	32,881	34,855
Other	1,540	1,444	Treasury shares	(1,484)	(1,301)
Allowance for doubtful accounts	(0)	(0)	<b>Accumulated other comprehensive income</b>	<b>(2,482)</b>	<b>(2,313)</b>
			Valuation difference on available- for-sale securities	805	435
			Foreign currency translation adjustment	(4,889)	(3,679)
			Remeasurements of defined benefit plans	1,601	929
			<b>Non-controlling interests</b>	<b>6,684</b>	<b>6,208</b>
<b>Total assets</b>	<b>147,071</b>	<b>156,409</b>	<b>Total net assets</b>	<b>47,832</b>	<b>49,688</b>
			<b>Total liabilities and net assets</b>	<b>147,071</b>	<b>156,409</b>

(Notes)

1. Amounts shown are rounded down to the nearest million yen.

2. Amounts shown for the 99th fiscal year are the amounts after correction of errors.

## Consolidated Statement of Income

from April 1, 2023 to March 31, 2024

(Million yen)

Account	Amount	
	100th Fiscal Year (From April 1, 2023 to March 31, 2024)	(Reference) 99th Fiscal Year (From April 1, 2022 to March 31, 2023)
<b>Net sales</b>	<b>169,943</b>	<b>170,537</b>
Cost of sales	148,155	147,279
<b>Gross profit</b>	<b>21,788</b>	<b>23,257</b>
Selling, general and administrative expenses	16,979	17,710
<b>Operating income</b>	<b>4,808</b>	<b>5,547</b>
Non-operating income	795	674
Interest and dividend income	154	159
Dividend income of life insurance	84	84
Share of profit of entities accounted for using equity method	33	23
Other	522	406
Non-operating expenses	3,654	2,478
Interest expenses	1,697	1,187
Foreign exchange losses	1,262	942
Other	694	347
<b>Ordinary profit</b>	<b>1,949</b>	<b>3,743</b>
Extraordinary income	195	1,673
Gain on sale of non-current assets	-	2
Gain on sales of investment securities	115	632
Reversal of allowance for loss related to fire	-	148
Insurance claim income	78	884
Other	1	4
Extraordinary losses	1,406	690
Impairment losses	1,315	551
Provision for loss on business liquidation	-	134
Other	90	4
<b>Profit before income tax</b>	<b>738</b>	<b>4,726</b>
Income taxes - current	915	2,449
Income taxes - deferred	533	(39)
<b>Profit (Loss)</b>	<b>(709)</b>	<b>2,317</b>
Profit attributable to non-controlling interests	259	127
<b>Profit (loss) attributable to owners of parent</b>	<b>(969)</b>	<b>2,190</b>

(Note)

Amounts shown are rounded down to the nearest million yen.

## Consolidated Statement of Changes in Equity

from April 1, 2023 to March 31, 2024

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,003	2,236	34,004	(1,301)	44,942
Cumulative effect of correction of errors			850		850
Balance at beginning of period after retrospective application	10,003	2,236	34,855	(1,301)	45,793
Changes of items during period					
Change in ownership interest of parent due to transactions with non-controlling interests		(6)			(6)
Dividends of surplus			(1,003)		(1,003)
Loss attributable to owners of parent			(969)		(969)
Purchase of treasury shares				(259)	(259)
Disposal of treasury shares				76	76
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(6)	(1,973)	(182)	(2,162)
Balance at end of period	10,003	2,229	32,881	(1,484)	43,630

	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	435	(3,980)	1,800	(1,744)	6,208	49,406
Cumulative effect of correction of errors		301	(870)	(569)		281
Balance at beginning of period after retrospective application	435	(3,679)	929	(2,313)	6,208	49,688
Changes of items during period						
Change in ownership interest of parent due to transactions with non-controlling interests					6	-
Dividends of surplus						(1,003)
Loss attributable to owners of parent						(969)
Purchase of treasury shares						(259)
Disposal of treasury shares						76
Net changes of items other than shareholders' equity	370	(1,210)	671	(168)	469	300
Total changes of items during period	370	(1,210)	671	(168)	476	(1,855)
Balance at end of period	805	(4,889)	1,601	(2,482)	6,684	47,832

(Note)

Amounts shown are rounded down to the nearest million yen.

# Non-consolidated Financial Statements

## Balance Sheet

(as of March 31, 2024)

(Million yen)

Account	Amount		Account	Amount	
	100th Fiscal Year (as of March 31, 2024)	(Reference) 99th Fiscal Year (as of March 31, 2023)		100th Fiscal Year (as of March 31, 2024)	(Reference) 99th Fiscal Year (as of March 31, 2023)
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>50,203</b>	<b>63,925</b>	<b>Current liabilities</b>	<b>20,522</b>	<b>18,580</b>
Cash and deposits	9,901	13,129	Electronically recorded obligations - operating	1,826	1,539
Notes receivable - trade	93	251	Accounts payable - trade	6,866	5,243
Electronically recorded monetary claims - operating	3,783	4,600	Short-term loans payable	9,764	8,843
Accounts receivable - trade	14,166	14,852	Accounts payable - other	292	298
Securities	-	5,000	Income taxes payable	-	720
Merchandise and finished goods	6,184	5,945	Accrued expenses	1,648	1,651
Work in process	1,066	1,068	Accrued consumption taxes	-	144
Raw materials and supplies	422	416	Provision for directors' share benefits	-	25
Prepaid expenses	171	150	Contract liabilities	9	12
Short-term loans receivable	12,863	27,713	Other	114	100
Accounts receivable - other	4,413	5,093	<b>Non-current liabilities</b>	<b>37,041</b>	<b>45,462</b>
Other	32	12	Long-term loans payable	35,323	43,887
Allowance for doubtful accounts	(2,896)	(14,309)	Provision for retirement benefits	1,575	1,530
<b>Non-current assets</b>	<b>35,467</b>	<b>33,471</b>	Deferred tax liabilities	93	-
<b>Property, plant and equipment</b>	<b>7,623</b>	<b>8,285</b>	Provision for directors' share benefits	5	-
Buildings	2,785	3,038	Other	44	44
Structures	245	262	<b>Total liabilities</b>	<b>57,564</b>	<b>64,042</b>
Machinery and equipment	2,884	3,299	<b>Net assets</b>		
Vehicles	20	5	<b>Shareholders' equity</b>	<b>27,351</b>	<b>32,931</b>
Tools, furniture and fixtures	68	74	<b>Capital stock</b>	<b>10,003</b>	<b>10,003</b>
Land	1,349	1,349	<b>Capital surplus</b>	<b>3,684</b>	<b>3,684</b>
Construction in progress	270	256	Legal capital surplus	3,684	3,684
<b>Intangible assets</b>	<b>368</b>	<b>215</b>	<b>Retained earnings</b>	<b>15,147</b>	<b>20,545</b>
Software	262	186	Legal retained earnings	809	809
Other	105	29	Other retained earnings	14,337	19,735
<b>Investments and other assets</b>	<b>27,475</b>	<b>24,970</b>	Reserve for advanced depreciation of non-current assets	586	675
Investment securities	1,567	1,131	General reserve	8,855	8,855
Shares of subsidiaries and associates	19,100	16,178	Retained earnings brought forward	4,895	10,205
Investments in capital	186	186	<b>Treasury shares</b>	<b>(1,484)</b>	<b>(1,301)</b>
Investments in capital of subsidiaries and associates	2,737	2,737	<b>Valuation and translation adjustments</b>	<b>755</b>	<b>422</b>
Long-term loans receivable	2,427	4,705	<b>Valuation difference on available-for-sale securities</b>	<b>755</b>	<b>422</b>
Prepaid pension cost	1,843	1,503	<b>Total net assets</b>	<b>28,106</b>	<b>33,354</b>
Deferred tax assets	-	552	<b>Total liabilities and net assets</b>	<b>85,671</b>	<b>97,397</b>
Other	177	174			
Allowance for doubtful accounts	(565)	(2,198)			
<b>Total assets</b>	<b>85,671</b>	<b>97,397</b>			

(Notes)

Amounts shown are rounded down to the nearest million yen.

## Non-consolidated Statement of Income

[ from April 1, 2023 to March 31, 2024 ]

(Million yen)

Account	Amount	
	100th Fiscal Year (From April 1, 2023 to March 31, 2024)	(Reference) 99th Fiscal Year (From April 1, 2022 to March 31, 2023)
<b>Net sales</b>	<b>84,504</b>	<b>90,036</b>
Cost of sales	71,761	72,100
<b>Gross profit</b>	<b>12,742</b>	<b>17,936</b>
Selling, general and administrative expenses	10,033	10,584
<b>Operating income</b>	<b>2,709</b>	<b>7,352</b>
Non-operating income	2,688	1,616
Interest and dividend income	2,468	1,504
Other	220	112
Non-operating expenses	8,790	5,769
Interest expenses	649	544
Foreign exchange losses	1,575	658
Provision of allowance for doubtful accounts for subsidiaries and associates	6,414	4,454
Other	150	112
<b>Ordinary profit (loss)</b>	<b>(3,392)</b>	<b>3,199</b>
Extraordinary income	115	632
Gain on sales of investment securities	115	632
Extraordinary losses	-	143
Loss on valuation of shares of subsidiaries and associates	-	139
Other	-	4
<b>Profit (Loss) before income tax</b>	<b>(3,277)</b>	<b>3,688</b>
Income taxes - current	612	2,141
Income taxes - deferred	503	(191)
<b>Profit (Loss)</b>	<b>(4,394)</b>	<b>1,738</b>

(Note)

Amounts shown are rounded down to the nearest million yen.

## Non-consolidated Statement of Changes in Equity

from April 1, 2023 to March 31, 2024

(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	675	8,855	10,205	20,545
Changes of items during period								
Reversal of reserve for advanced depreciation of non-current assets					(88)		88	-
Dividends of surplus							(1,003)	(1,003)
Loss							(4,394)	(4,394)
Purchase of treasury shares								
Disposal of treasury shares								
Net changes of items other than shareholders' equity								-
Total changes of items during period	-	-	-	-	(88)	-	(5,309)	(5,397)
Balance at end of period	10,003	3,684	3,684	809	586	8,855	4,895	15,147

	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)	32,931	422	422	33,354
Changes of items during period					
Reversal of reserve for advanced depreciation of non-current assets		-			-
Dividends of surplus		(1,003)			(1,003)
Loss		(4,394)			(4,394)
Purchase of treasury shares	(259)	(259)			(259)
Disposal of treasury shares	76	76			76
Net changes of items other than shareholders' equity		-	332	332	332
Total changes of items during period	(182)	(5,580)	332	332	(5,247)
Balance at end of period	(1,484)	27,351	755	755	28,106

(Note)

Amounts shown are rounded down to the nearest million yen.

## Venue Map

4F (Fuji nishi 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)

7 minutes' walk from Exit 1 of Kojimachi Station (Tokyo Metro Yurakucho Line)

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