

## Financial Strategy

# Place importance on investment efficiency, coordinating with the business strategies to improve our corporate value



### KIBE Hisakazu

Representative Director Senior Managing Director,  
Senior Managing Executive Officer,  
Senior General Manager of Corporate Planning & Control Sector

In FY2021, the last year of the 19 Mid-Term Plan that started in FY2019, our Group's net sales and profit exceeded the plan and set a new record due to the increase in revenue and profit in the metals business driven by rising metal prices and the underlying depreciation of the yen, as well as strong sales of electronics materials.

In terms of financial targets, most of the results exceeded the plan while some targets were not achieved. We realized the need for more in-depth discussion on management resource allocation and group-wide initiatives to improve our corporate value, with the aim of reducing risks associated with fluctuations in metal prices and exchange rates and creating new growth products and businesses in the increasingly changing business environment.

For FY2024, the last year of the new medium-term management plan starting in FY2022, or the 22 Mid-term Plan, we set a 60 billion yen target for ordinary income, which was "backcasted" from the 80 billion yen target set for FY2030. In FY2022, as the first year of the plan, we expect ordinary income of 40 billion yen.

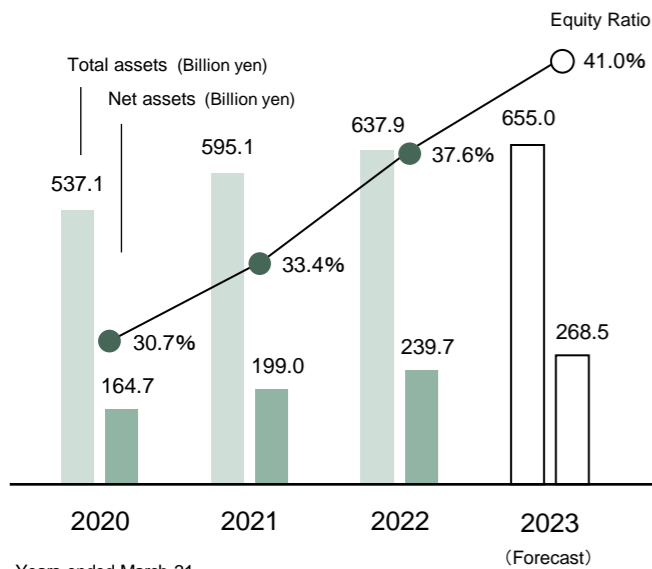
For the realization of the newly set Purpose and Vision, the 22 Mid-term Plan aims to speed up the implementation of integrated thinking-based management so that social/environmental and financial goals reinforce one another for our transformation into a sustainable Group.

Our social and environmental initiatives include our response to global warming, which is of growing concern for the entire world. We will identify financial impacts based on the TCFD scenario analysis and make appropriate investments for strategy implementation to reduce risks and create opportunities.

For the reduction of greenhouse gas emissions from the company's energy consumption, we will introduce an environmental investment promotion system incorporating the Internal Carbon Pricing (ICP) mechanism to move ahead with the selection and implementation of investment projects in consideration of future financial risks.

In managing our portfolio dynamically, which we have started to improve our economic value, we will include rate of return, profitability trend, and earnings stability in our evaluation indicators to identify businesses with growth prospects, using financial indexes for ongoing value improvement.

### Trends in consolidated equity ratio



### Financing policy

In order to prepare for drastic changes, such as in the market situation as well as the exchange rate and prices for nonferrous metals, we will secure a certain level of liquidity on hand so that we will be able to conduct stable business operations. We have maintained a sufficient level of cash and deposits to be able to respond to significant changes in the business environment caused by COVID-19, which is unlikely to be contained, and the situation in Ukraine.

Meanwhile, in addition to active investments with a focus on business creation and engineered materials, we will strive to procure financing in accordance with our funding needs, considering various factors including the overall financial situation and interest rate levels. This is in line with our 22 Mid-Term Plan, which includes plans for making investments to improve social, environmental, and economic value.

### Management that places awareness on capital efficiency

Under the 19 Mid-Term Plan, we strengthened business monitoring by evaluating each segment using ROIC (consolidated return on invested capital). ROE (consolidated return on equity) in FY2021 was 23.8%, exceeding the initial plan.

We will take measures to achieve the target of ROE of 14.0% in the last year of the 22 Mid-Term Plan.

### Dividend policy

Our dividend policy is based on the appropriate distribution of profits according to our business performance, while also ensuring that we hold back what is needed for the future of our business foundation.

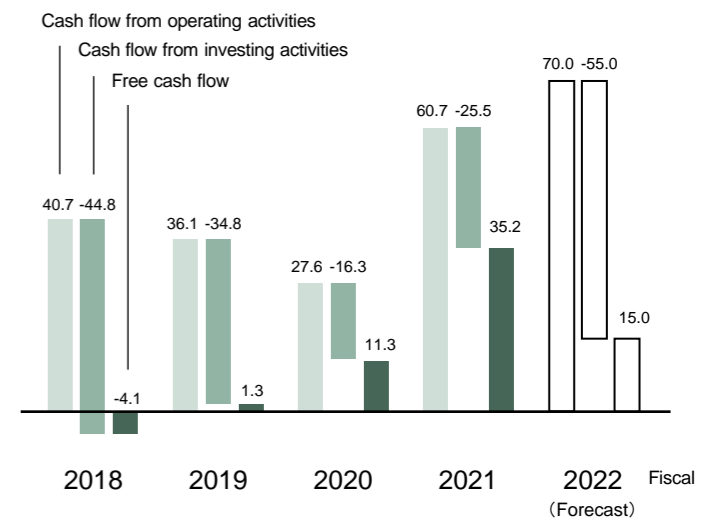
We have aimed at realizing a consolidated payout ratio of 20% and providing dividends at a rate of 2.5% DOE (consolidated dividend on equity) by placing importance on providing continuous and stable dividends. Having clarified our basic policy and considered the improvement in our financial condition, we set a new goal of providing continuous and stable shareholder returns, with a benchmark of 3.0% DOE, starting in FY2022.

In the future, we will review our shareholder return policy in accordance with the level of progress that we achieve in strengthening our management foundation and in improving our financial condition.

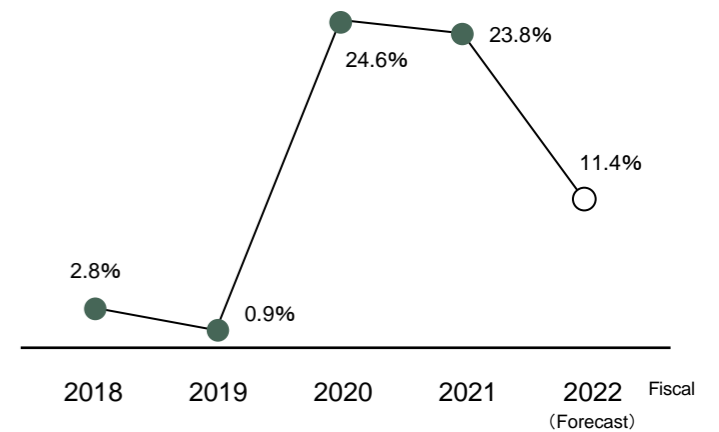
### Tax policy

Mitsui Kinzoku Group complies with the laws and regulations of the countries and regions in which we do business, and conduct our business activities in accordance with the tax guidelines published by international organizations such as the OECD (the Organization for Economic Cooperation and Development). If countries and regions have preferential taxation systems, we carefully check the actual situation of our business and the purpose of the systems, use them appropriately, and do not take tax avoidance acts that abuse the systems. When making business decisions, we consider tax matters and position tax strategy as part of our business strategy.

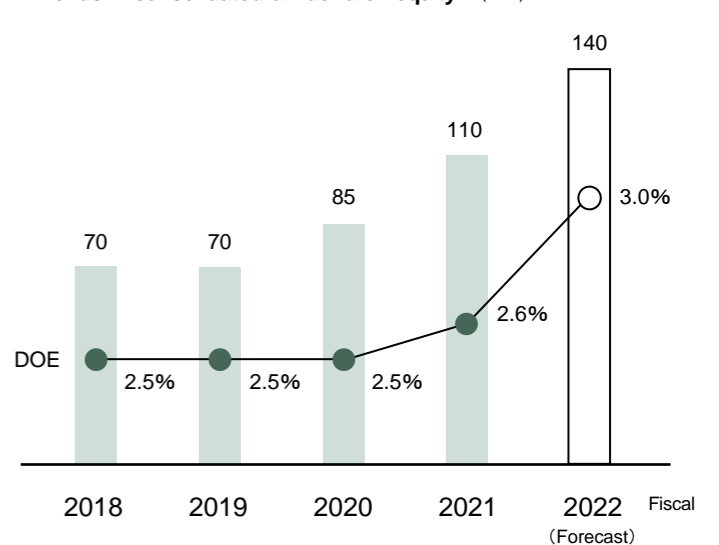
### Cash flow (Billion yen)



### Trends in ROE



### Trends in consolidated dividend on equity (Yen)

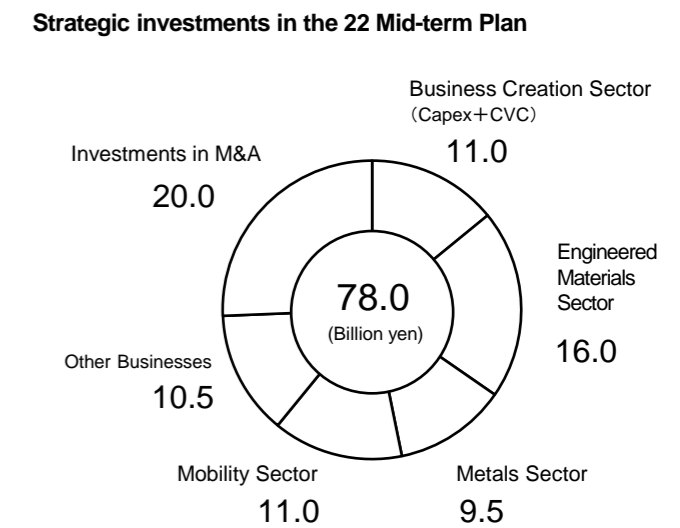
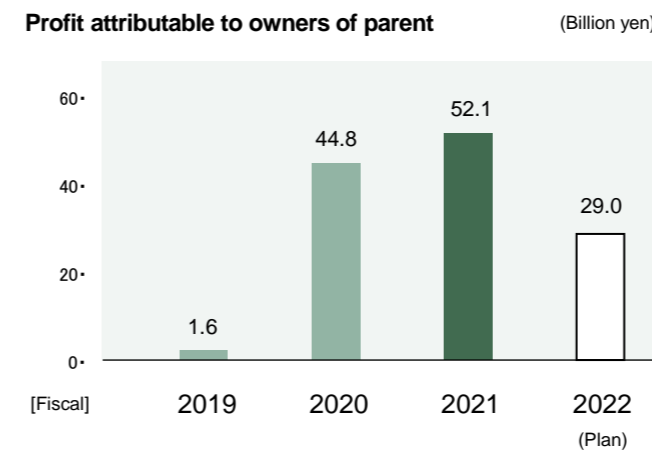
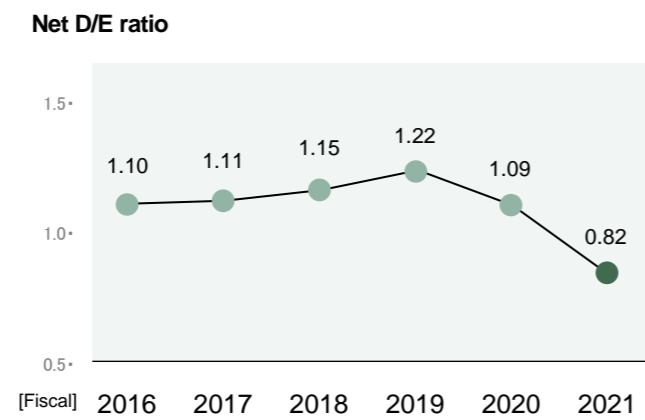
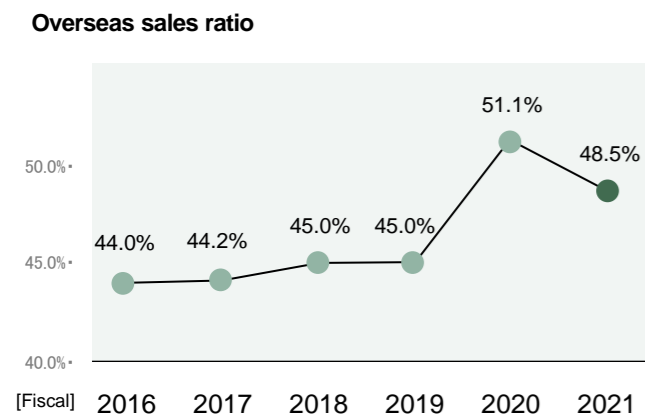
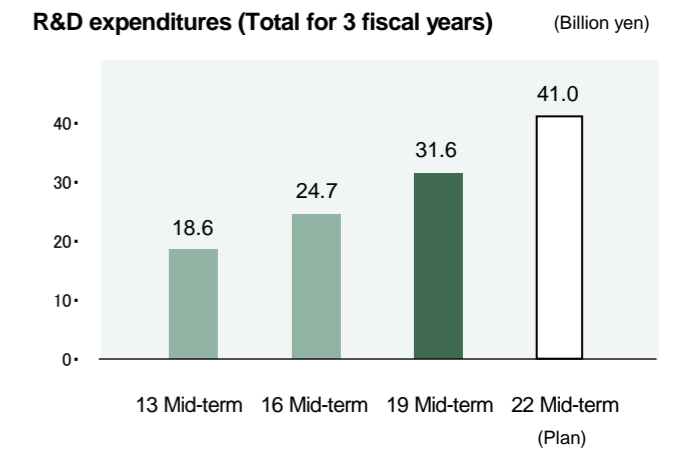
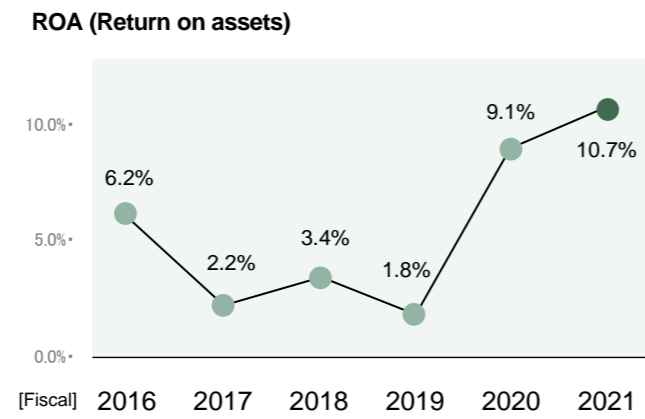
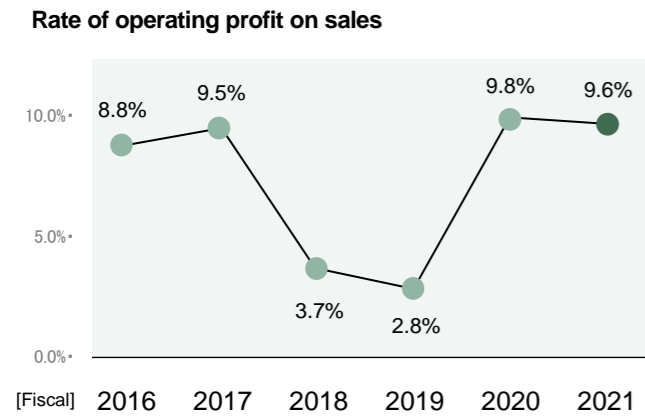
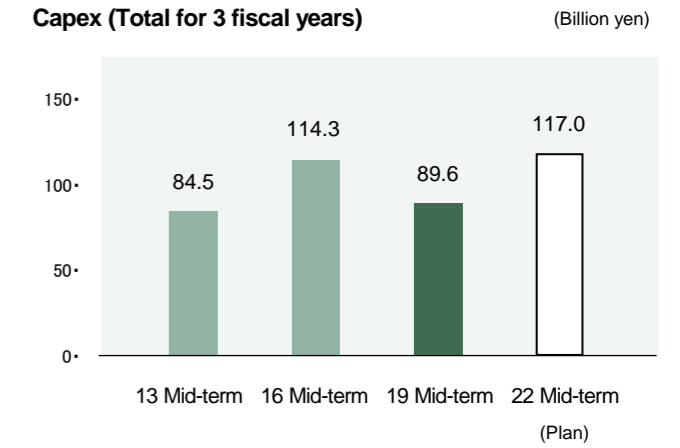
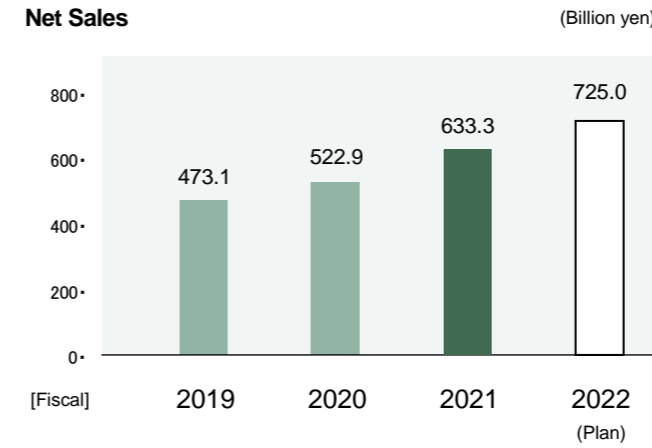
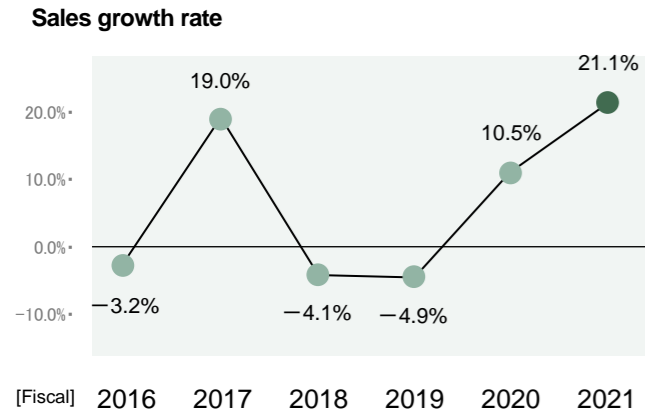


\* We executed a 1-for-10 consolidation of shares, which came into force on October 1, 2017.

## Financial Highlights

Trends in major financial indexes and the planned values in the “22 Medium -Term Plan”

13 Medium-Term Plan: from FY2013 to FY2015, 16 Medium-Term Plan: from FY2016 to FY2018, 19 Medium-Term Plan: from FY2019 to FY2021, 22 Medium-Term Plan: from FY2022 to FY2024



Highlights of major financial indexes for the past 11 fiscal years are listed on pages 70-71. Please refer to those pages as well.