

## Financial Strategy

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



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In FY2022, the first year of the 22 Mid-term Plan, our Group's net sales and profit substantially fell short of the targets. This was principally attributable to rising raw materials prices and energy costs and violently fluctuating exchange rates as an outcome of the slowing Chinese economy and the protracted Ukraine crisis.

In FY2023, the second year of the 22 Mid-term Plan, the business environment is likely to remain severe and make it difficult for us to achieve the initial targets. Nonetheless, we will maintain the strategies described in the 22 Mid-term Plan for realizing the Vision for 2030, and adhere to the goal of achieving an 80 billion yen ordinary income in FY2030. To this end, we will have more in-depth discussions on management resource allocation in order to reduce risks associated with fluctuations in metal prices and exchange rates and create new growth products and businesses and move forward with initiatives to increase the corporate value of the Group as a whole.

Towards realizing the Vision for 2030 established based on our Purpose and launched under the 22 Mid-term Plan, we are advancing the process to transform ourselves into a more sustainable corporate group, by implementing the integrated thinking-based management principle on a full scale to increase financial value and social and environmental value all at once.

Our major social and environmental initiatives are represented by the environmental investment promotion system incorporating the Internal Carbon Pricing (ICP) mechanism to reduce greenhouse gas emissions from the Company's energy consumption, which was rolled out in FY2023. Going forward, we plan to utilize the ICP mechanism to raise employee awareness of this issue and promote decarbonization investments and climate change actions.

For the dynamic portfolio management mechanism adopted to improve our financial value, we reviewed the portfolio matrix in FY2022, and have found no need to significantly alter the business portfolio for FY2023. We will continue to manage the portfolio, using and reviewing the mechanism, in order to facilitate ongoing value enhancement.

### 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.

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).

Under the 22 Mid-term Plan, which adopts the dynamic portfolio management mechanism, we use ROIC as a business value indicator to specify business units with higher capital efficiency. Additionally, we are examining plans to set appropriate ROIC targets for each business in accordance with its position in the portfolio as a way to improve the overall ROIC figure for the entire portfolio.

ROE (consolidated return on equity), a key financial performance indicator for capital efficiency, in FY2022 was 3.5%, falling short of the target set for the initial year of the 22 Mid-term Plan due to a decline in earnings. We have set the target of achieving 14.0% in the final year, and will continue carrying out measures to meet the target.

### 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. In line with this, we aim to provide continuous and stable shareholder returns, with a benchmark of 3.0% DOE (consolidated dividend on equity), starting in FY2022.

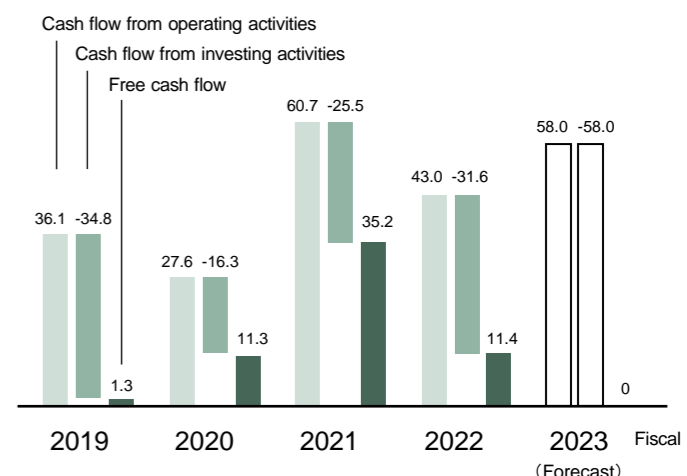
Also, we will pay interim dividends, in principle, from FY2023.

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.

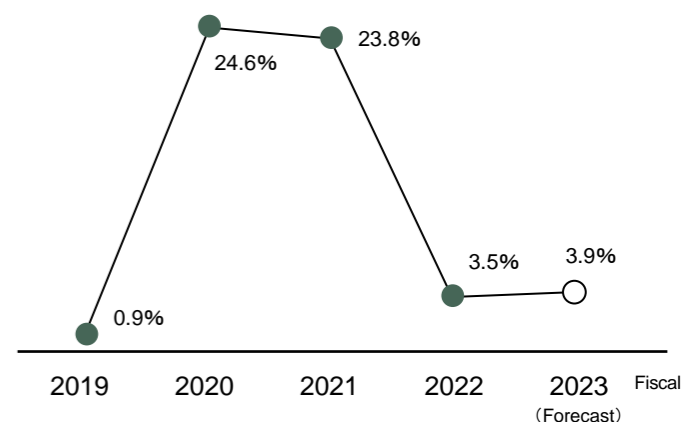
### Tax policy

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.

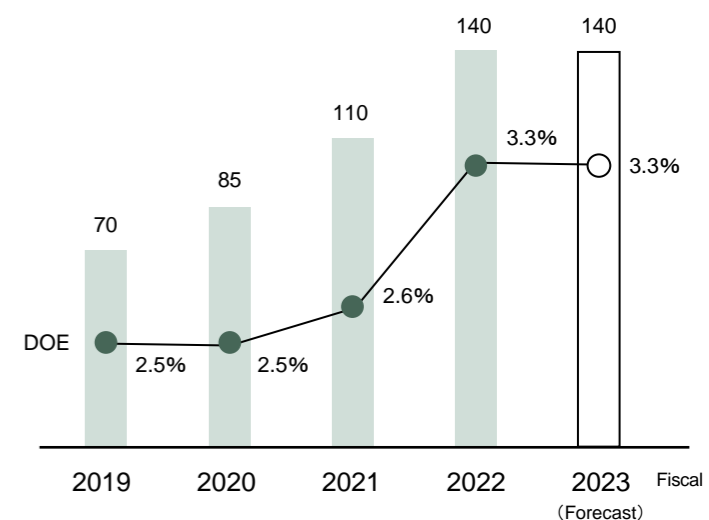
### Cash flow (Billion yen)



### Trends in ROE

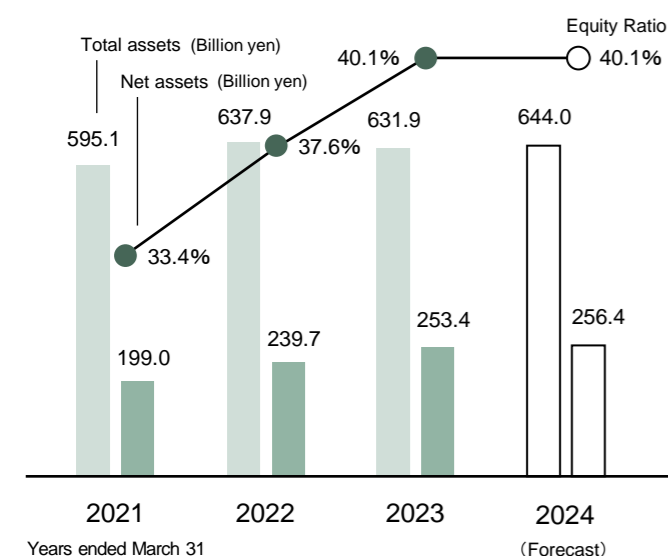


### Trends in consolidated dividend on equity (Yen)



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

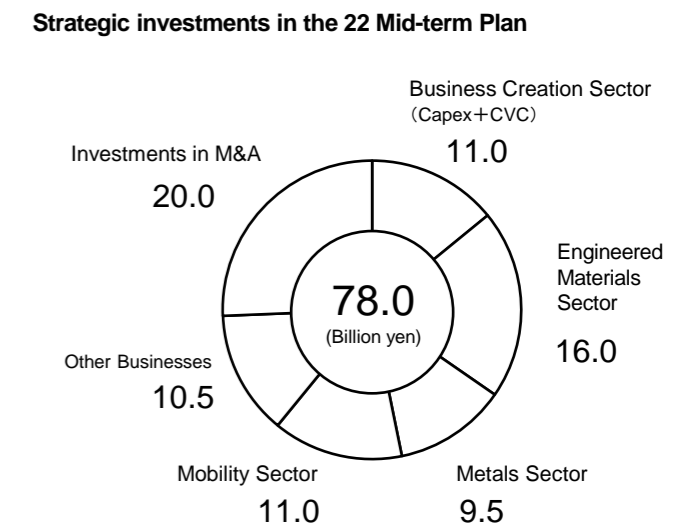
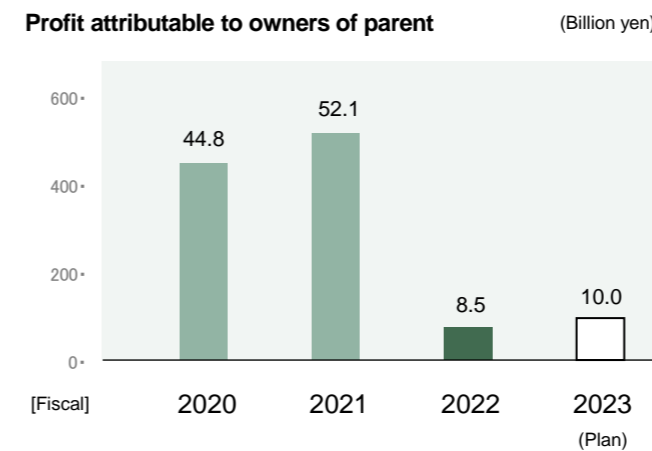
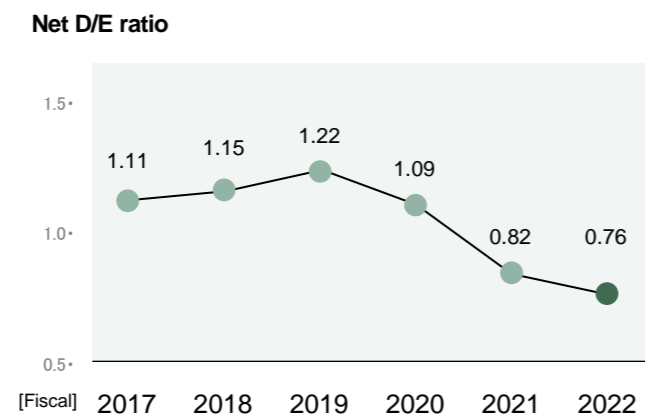
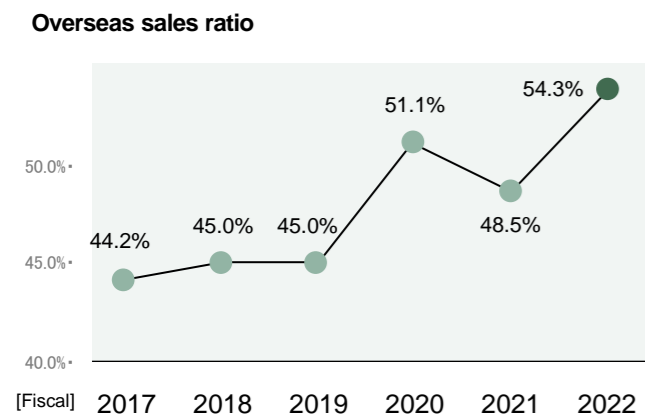
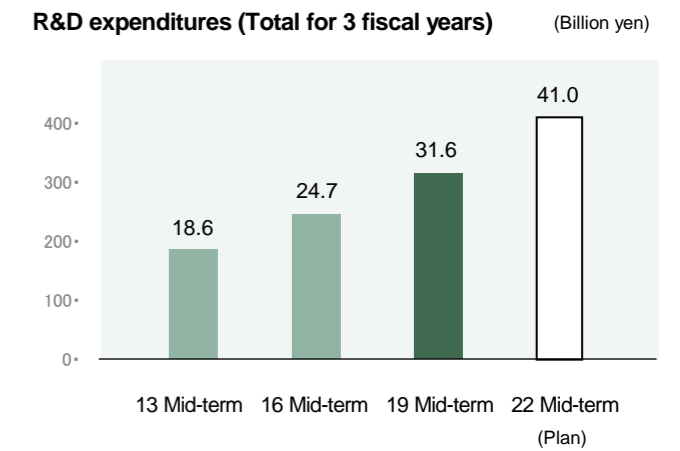
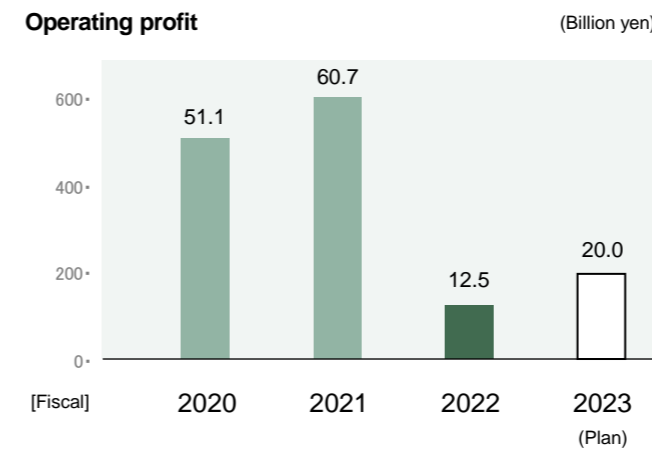
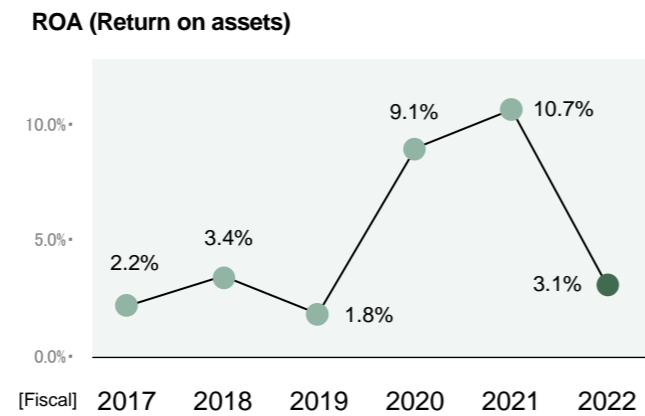
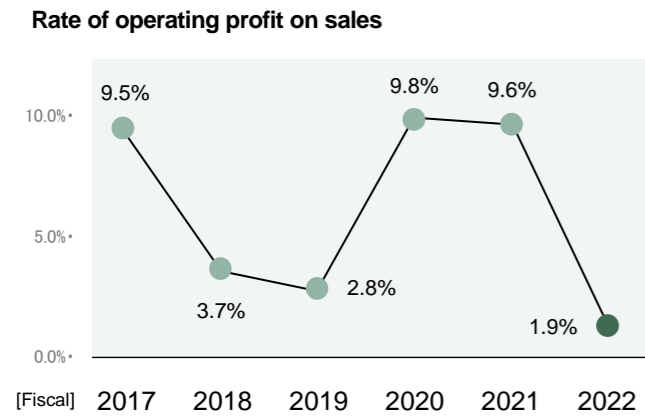
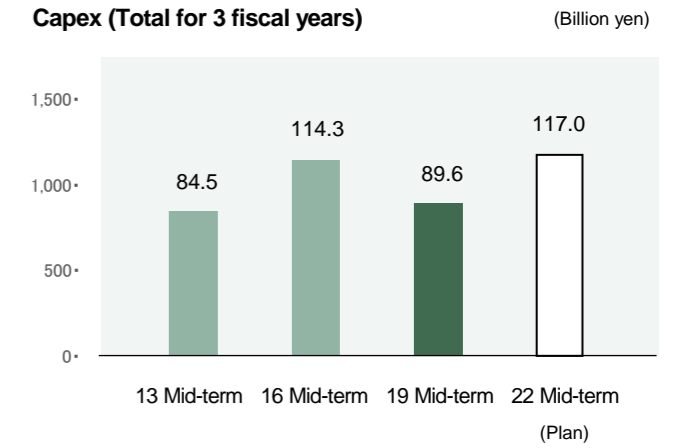
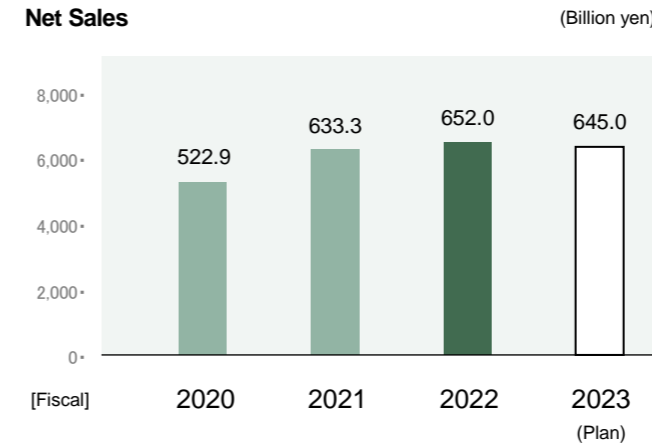
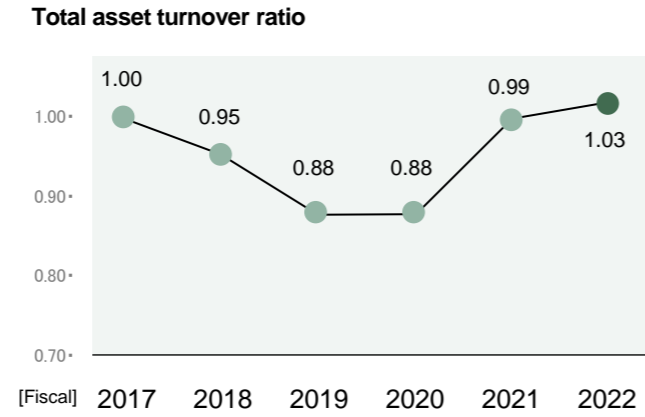
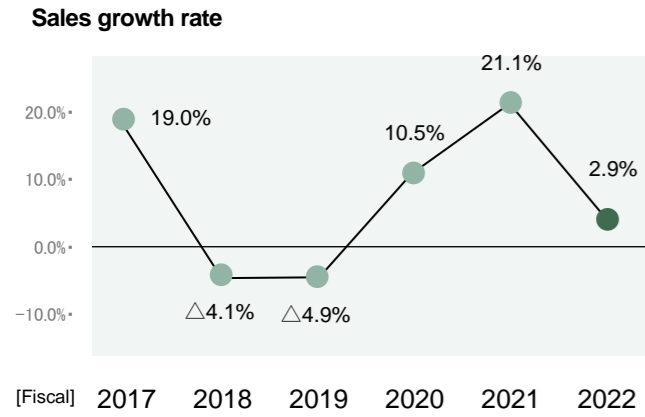
### Trends in consolidated equity ratio



# Financial Highlights

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

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



Highlights of major financial indexes for the past 11 fiscal years are listed on pages 94-95. Please refer to those pages as well.