11-Year Summary of Selected Financial Data

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31

Millions of yen

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Consolidated Financial Highlights												
Net sales		473,274	450,553	436,330	519,215	497,701	473,109	522,936	633,346	651,965	646,697	712,344
Operating income		31,835	11,137	38,461	49,529	18,222	13,037	51,124	60,737	12,528	31,694	74,743
Ordinary income		21,096	(11,284)	31,047	11,239	17,755	9,318	51,265	65,990	19,886	44,513	76,410
Profit attributable to owners of parent		17,237	(20,926)	18,674	(708)	4,691	1,566	44,771	52,088	8,511	25,989	64,662
Capital expenditures		28,906	28,446	37,718	40,509	36,119	33,999	28,176	27,457	32,515	32,039	31,368
Depreciation		25,146	25,066	24,414	26,634	27,964	28,970	33,882	33,168	33,647	34,387	33,191
Research and Development expenditures		6,265	6,575	7,163	8,015	9,523	10,125	10,571	10,939	12,365	13,354	14,919
Cash flows from operating activities		37,245	50,397	24,218	52,436	40,696	36,107	27,565	60,672	43,009	75,343	76,697
Cash flows from investing activities		(26,418)	(26,395)	(38,300)	(40,376)	(44,843)	(34,833)	(16,324)	(25,538)	(31,641)	(34,914)	(20,873)
Free cash flows		10,827	24,002	(14,082)	12,060	(4,147)	1,274	11,241	35,134	11,368	40,428	55,823
Total assets		538,646	484,800	518,981	518,705	523,315	537,119	595,107	637,878	631,894	640,631	657,944
Net assets		207,106	179,566	184,421	178,652	179,673	173,255	210,560	250,048	261,406	286,018	340,856
Shareholders' equity		170,994	146,469	161,713	157,271	159,207	157,296	197,874	241,075	243,360	256,164	311,921
Interest-bearing debt		210,390	191,733	207,421	208,418	216,878	233,070	247,930	225,100	219,249	200,720	166,061
Per share of common stock												
EPS (Earnings per share) ※1	Yen	301.81	(366.41)	326.98	(12.40)	82.15	27.43	784.01	912.00	148.99	454.71	1,130.95
BPS (Net assets per share) ※1	Yen	3,449.10	2,968.55	3,046.41	2,945.20	2,977.84	2,884.68	3,484.21	4,196.37	4,434.42	4,872.30	5,798.07
Cash dividends per share ※1	Yen	60	60	70	70	70	70	85	110	140	140	180 ※3
Dividend payout ratio	%	19.9	-	21.4	-	85.2	255.2	10.8	12.1	94.0	30.8	15.9
DOE (Dividend on equity ratio) ※2	%	2.0	2.3	2.5	2.5	2.5	2.5	2.5	2.6	3.3	3.1	3.0 ※4
Financial Ratios												
ROE (Return on equity)	%	9.6	(11.4)	10.9	(0.4)	2.8	0.9	24.6	23.8	3.5	9.8	21.2
ROA (Return on assets)	%	4.0	(2.2)	6.2	2.2	3.4	1.8	9.1	10.7	3.1	7.0	11.8
Net D/E ratio		0.98	1.03	1.10	1.11	1.15	1.22	1.09	0.82	0.76	0.60	0.37
Equity ratio	%	36.6	35.0	33.5	32.4	32.5	30.7	33.4	37.6	40.1	43.5	50.4

※1 The company conducted a share consolidation to change its share unit from 10 shares to 1 share on October 1, 2017. Past figures have been calculated assuming the share consolidation took place in 2015.

※2 In calculating the DOE (Dividend on Shareholders' Equity), we use the shareholders' equity at the end of the term.

※3 Including a commemorative dividend for the 150th Anniversary of Founding.

※4 Excluding a commemorative dividend.

Consolidated Balance Sheets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2024 and 2025

Millions of yen

	2024	2025
Assets		
Current assets:		
Cash and deposits (Note 6)	¥ 32,483	¥ 44,469
Notes and accounts receivable,		
and contract assets (Notes 3 and 19) :		
Trade	106,259	106,674
Unconsolidated subsidiaries and affiliates	11,662	16,037
Inventories (Note 4)	165,232	179,297
Derivatives (Notes 19 and 20)	1,033	483
Other current assets	30,702	26,772
Less: Allowance for doubtful accounts	(2,777)	(2,845)
Total current assets	344,597	370,889
Property, plant and equipment (Note 9)**:**		
Land	32,087	32,391
Buildings and structures	218,897	219,162
Machinery and equipment	533,641	541,294
Leased assets	6,300	6,196
Construction in progress	11,290	9,978
Others	66,678	67,404
	868,896	876,428
Less: Accumulated depreciation	(669,887)	(685,273)
Total property, plant and equipment	199,008	191,155
Investments and other assets:		
Investment securities (Notes 5 and 19):		
Unconsolidated subsidiaries and affiliates	53,759	59,234
Others	12,675	4,985
Loans receivable:		
Others	398	392
Deferred tax assets (Note 18)	5,857	6,891
Asset for retirement benefits (Note 21)	12,565	12,738
Others	11,861	11,950
Less: Allowance for doubtful accounts	(91)	(294)
Total investments and other assets	97,025	95,899
Total assets	¥ 640,631	¥ 657,944
Liabilities and Net Assets		
Current liabilities:		
Notes and accounts payable (Note 19):		
Trade	46,575	44,241
Unconsolidated subsidiaries and affiliates	4,219	4,172
Others	19,319	18,337
Short-term borrowings and commercial papers (Notes 7 and 19)	59,435	49,446

Millions of yen

	2024	2025
Current portion of long-term debt (Notes 7 and 19)	¥ 39,837	¥ 33,264
Current portion of lease liabilities	698	645
Accrued income taxes	4,083	8,812
Accrued expenses	11,876	11,696
Provision for product warranties	747	697
Provision for loss on construction contracts	77	102
Provision for improvement of business structure	0	—
Provision for loss on disposal of inventories	730	680
Other provisions	—	23
Derivative liabilities (Notes 19 and 20)	3,217	842
Other current liabilities (Note 8)	13,674	16,506
Total current liabilities	204,495	189,472
Long-term liabilities:		
Long-term debt (Notes 7 and 19)	101,447	83,349
Lease liabilities	1,606	1,431
Directors' and corporate auditors' retirement benefits	297	218
Deferred tax liabilities (Note 18)	12,941	9,942
Provision for environmental countermeasures	1,096	616
Provision for preventing environmental pollution		
in mineral, mining, and other operations	841	822
Asset retirement obligations (Note 26)	3,971	4,227
Liability for retirement benefits (Note 21)	27,173	26,039
Other long-term liabilities	741	967
Total long-term liabilities	150,117	127,615
Total liabilities	354,613	317,087
Commitments and contingent liabilities (Note 10)		
Net Assets (Note 11)**:**		
Shareholders' equity:		
Common stock:		
Authorized - 190,000 thousand shares in 2024 and in 2025		
Issued - 57,356 thousand shares in 2024 and 57,381 thousand shares in 2025	42,223	42,289
Capital surplus	17,503	17,683
Retained earnings	197,068	252,582
Less: Treasury stock		
192 thousand shares in 2024 and 199 thousand shares in 2025	(630)	(634)
Total shareholders' equity	256,164	311,921
Accumulated other comprehensive income:		
Net unrealized gains on securities, net of tax	6,227	1,110
Deferred gains (losses) on hedges, net of tax	(4,163)	(1,167)
Foreign currency translation adjustments	19,916	19,220
Accumulated adjustments for retirement benefit (Note 21)	377	461
Total accumulated other comprehensive income	22,357	19,624
Non-controlling interests in consolidated subsidiaries	7,495	9,310
Total net assets	286,018	340,856
Total liabilities and net assets	¥ 640,631	¥ 657,944

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2024 and 2025

Millions of yen

	2024	2025
Net sales (Notes 16 and 17)	¥ 646,697	¥ 712,344
Cost of sales (Notes 4 and 13)	551,299	562,106
Gross profit	95,397	150,237
Selling, general and administrative expenses (Notes 12 and 13)	63,703	75,494
Operating income	31,694	74,743
Non-operating income (expenses):		
Interest and dividend income	7,778	1,294
Interest expense	(2,526)	(2,615)
Foreign exchange gains (losses)	2,977	(2,414)
Investment gains on equity method	3,239	4,617
Real estate rent	658	544
Other, net	691	240
	12,819	1,666
Ordinary income (Note 17)	44,513	76,410
Extraordinary income (losses):		
Gain on sale of property, plant and equipment (Note 14)	37	28
Loss on sale and disposal of property, plant and equipment (Note 14)	(2,366)	(2,915)
Loss on valuation of shares of subsidiaries and associates (Note 23)	(987)	—
Gain on sale of investment securities	1,255	9,380
Gain on liquidation of shares of subsidiaries and associates	2	2,179
Loss on impairment of fixed assets (Note 24)	(23)	(2,817)
Provision of allowance for doubtful accounts (Note 23)	(2,595)	(328)
Others, net (Notes 14)	(1,291)	(1,169)
	(5,967)	4,357
Profit before income taxes	38,545	80,768
Income taxes (Note 18)**:**		
Current	7,601	15,195
Deferred	4,080	(1,932)
	11,681	13,262
Profit	26,864	67,505
Profit (loss) attributable to non-controlling interests	875	2,843
Profit attributable to owners of parent	¥ 25,989	¥ 64,662
Amounts per share of common stock:	Yen	Yen
Basic earnings per share (Note 22)	¥ 454.71	¥ 1,130.95
Cash dividends applicable to the year	140.00	180.00

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2024 and 2025

Millions of yen

	2024	2025
Profit	¥ 26,864	¥ 67,505
Other comprehensive income:		
Net unrealized gains (losses) on securities, net of tax	2,733	(5,050)
Deferred gains on hedges, net of tax	546	1,709
Foreign currency translation adjustments	9,649	(768)
Remeasurements of defined benefit plans, net of tax	304	73
Share of other comprehensive income (loss)		
of entities accounted for using equity method	(416)	1,204
Total other comprehensive income (Note 27)	12,816	(2,830)
Comprehensive income	¥ 39,680	¥ 64,675
(Breakdown)		
Comprehensive income attributable to owners of parent	¥ 38,336	¥ 61,929
Comprehensive income attributable to non-controlling interests	1,344	2,746

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2024 and 2025

Millions of yen

2024	Number of shares of common stock issued (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2023	57,329	¥42,178	¥18,729	¥183,080	¥(628)	¥243,360
Cash dividends paid				(12,000)		(12,000)
Profit attributable to owners of parent				25,989		25,989
Acquisition of treasury stock					(2)	(2)
Share-based payments with transfer restrictions		44	44			89
Changes in capital surplus due to transactions						
with non-controlling shareholders			(1,270)			(1,270)
Net changes of items other than						
shareholders' equity						
Balance at March 31, 2024	57,356	¥42,223	¥17,503	¥197,068	¥(630)	¥256,164

	Net unrealized gains on securities, net of tax	Deferred gains(losses) on hedges, net of tax	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets (Note 11)
Balance at April 1, 2023	¥3,362	¥(4,098)	¥10,682	¥64	¥10,010	¥8,035	¥261,406
Cash dividends paid							(12,000)
Profit attributable to owners of parent							25,989
Acquisition of treasury stock							(2)
Share-based payments with transfer restrictions							89
Changes in capital surplus due to transactions							
with non-controlling shareholders							(1,270)
Net changes of items other than							
shareholders' equity	2,865	(64)	9,233	312	12,347	(539)	11,807
Balance at March 31, 2024	¥6,227	¥(4,163)	¥19,916	¥377	¥22,357	¥7,495	¥286,018

See accompanying notes to consolidated financial statements.

Millions of yen

2025	Number of shares of common stock issued (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2024	57,356	¥42,223	¥17,503	¥197,068	¥(630)	¥256,164
Cash dividends paid				(9,147)		(9,147)
Profit attributable to owners of parent				64,662		64,662
Acquisition of treasury stock					(3)	(3)
Share-based payments with transfer restrictions		66	66			132
Changes in capital surplus due to transactions						
with non-controlling shareholders			113			113
Net changes of items other than						
shareholders' equity						
Balance at March 31, 2025	57,381	¥42,289	¥17,683	¥252,582	¥(634)	¥311,921

	Net unrealized gains on securities, net of tax	Deferred gains(losses) on hedges, net of tax	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets (Note 11)
Balance at April 1, 2024	¥6,227	¥(4,163)	¥19,916	¥377	¥22,357	¥7,495	¥286,018
Cash dividends paid							(9,147)
Profit attributable to owners of parent							64,662
Acquisition of treasury stock							(3)
Share-based payments with transfer restrictions							132
Changes in capital surplus due to transactions							
with non-controlling shareholders							113
Net changes of items other than							
shareholders' equity	(5,116)	2,995	(695)	83	(2,733)	1,814	(918)
Balance at March 31, 2025	¥1,110	¥(1,167)	¥19,220	¥461	¥19,624	¥9,310	¥340,856

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2024 and 2025

Millions of yen

	2024	2025
Cash flows from operating activities:		
Profit before income taxes	¥ 38,545	¥ 80,768
Depreciation and amortization	34,387	33,191
Loss on impairment of fixed assets (Note 24)	23	2,817
Gain and loss on sale of investment securities	(1,238)	(9,380)
Gain on sales of shares of subsidiaries and associates (Note 27)	(2)	(2,179)
Loss on sale of property, plant and equipment, net（Note 14）	79	103
Loss on disposal of property, plant and equipment（Note 14）	2,249	2,783
Increase (decrease) in allowance for doubtful accounts (Note 23)	2,611	271
Increase (decrease) in liability for retirement benefits	(1,290)	(954)
Interest and dividend income	(7,778)	(1,294)
Interest expense	2,526	2,615
Foreign exchange gains	(849)	(156)
Investment gains on equity method	(3,239)	(4,617)
Loss on valuation of shares of subsidiaries and associates (Note 23)	987	—
Increase (decrease) in notes and accounts receivables and contract assets	(1,535)	(6,684)
Increase (decrease) in inventories	15,983	(16,170)
Decrease in notes and accounts payable	(11,282)	(1,192)
Other, net	3,597	4,577
Subtotal	73,775	84,498
Interest and dividend received	8,584	2,012
Interest paid	(2,522)	(2,592)
Income taxes paid	(9,858)	(11,366)
Income taxes refund	5,018	3,602
Other, net	344	544
Net cash provided by operating activities	75,343	76,697
Cash flows from investing activities:		
Purchases of investment securities	(561)	(853)
Proceeds from sale of investment securities	1,707	9,860
Acquisition of property, plant and equipment and other assets	(31,604)	(31,392)
Proceeds from sale of property, plant and equipment	290	290
Payments for retirement of property, plant and equipment and other assets	(1,840)	(2,011)
Proceeds from sales of shares of subsidiaries resulting in change in scope		
of consolidation	—	4,302
Increase in short-term loans receivable, net	(2,284)	(654)
Other, net	(621)	(415)
Net cash used in investing activities	(34,914)	(20,873)

Millions of yen

	2024	2025
Cash flows from financing activities:		
Net change in short-term borrowings and commercial papers	(7,294)	(8,079)
Proceeds from long-term debt	4,160	5,200
Repayment of long-term debt	(17,525)	(29,878)
Repayment of lease liabilities	(706)	(853)
Issuance of straight bonds	10,000	10,000
Redemption of straight bonds	(10,000)	(10,000)
Cash dividends paid	(12,000)	(9,147)
Dividends paid to non-controlling interests	(485)	(497)
Purchase of shares of subsidiaries not resulting in change		
in scope of consolidation	(2,616)	(320)
Other, net	(88)	(57)
Net cash provided by (used in) financing activities	(36,557)	(43,634)
Effect of exchange rate changes on cash and cash equivalents	1,792	(205)
Net increase (decrease) in cash and cash equivalents	5,662	11,982
Cash and cash equivalents at beginning of year	26,816	32,479
Increase in cash and cash equivalents due to merger		
with non-consolidated subsidiaries	—	3
Cash and cash equivalents at end of year (Note 6)	¥ 32,479	¥44,465

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2024 and 2025

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or accounting principles generally accepted in the U.S., with adjustments for the specified four items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui Mining and Smelting Company, Limited ("the Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory consolidated financial statements prepared in Japanese, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million Japanese yen have been rounded down in the presentation of the accompanying consolidated financial statements. As a result, the totals in Japanese yen shown herein do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its 50 significant subsidiaries (the "Companies"). One subsidiary was excluded from the scope of consolidation from the fiscal year ended March 31, 2025 due to the transfer of all its shares. All significant intercompany transactions, accounts and unrealized profits among the Companies have been eliminated in consolidation. Investments in the 7 significant affiliates which the Company and its subsidiaries are able to have influence on their financial and operating decision-making in material extent, are accounted for by the equity method after the elimination of unrealized intercompany profits. Investments in the remaining unconsolidated subsidiaries and affiliates are not accounted for by the equity method because of their immaterial effect on the consolidated financial statements. Such investments, therefore, are carried at cost, adjusted for any substantial and non-recoverable decline in value, and income from such unconsolidated subsidiaries and affiliates is recognized only when the Companies receive dividends

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time when the Company acquired control of the respective subsidiaries.

The consolidation difference between acquisition cost and net assets at the date of acquisition is shown as goodwill and amortized mainly in five years. Negative goodwill is recognized as profit on the acquisition date.

(b) Foreign currency translation

Revenues and expense in foreign currencies are translated at the foreign exchange rates prevailing when transactions are made. Monetary claims and liabilities denominated in foreign currencies are generally translated into each reporting currency at the foreign exchange rates prevailing at the balance sheet dates and the resulting translation gains or losses are included in earnings.

All assets and liabilities of consolidated foreign subsidiaries are translated into Japanese yen at the foreign exchange rates prevailing at their balance sheet dates and revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates prevailing during the year. The resulting translation adjustments are shown as "Foreign currency translation adjustments," in a component of net assets.

(c) Cash and cash equivalents

In the accompanying consolidated statements of cash flows, cash and cash equivalents include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition which have high liquidity and negligible risk of price fluctuation.

(d) Marketable securities, investment securities and investments in unconsolidated subsidiaries and affiliates other than those accounted for by the equity method

Securities owned by the Companies are classified into:(1) securities intended to be held to maturity (hereafter, "held-to-maturity securities"), (2) equity securities issued by subsidiaries and affiliated companies, or (3) all other securities that are not classified as trading securities or in any of the above categories (hereafter, "available-for-sale securities").

Held-to-maturity securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are mainly stated at average cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as a component of net assets. Realized gains and losses on sale of such securities are computed using average cost or moving-average cost. Other available-for-sale securities with no available fair market value are mainly stated at average cost.

(e) Derivative transactions and hedge accounting

The Companies generally state derivative financial instruments at their fair value and recognize changes in the fair value as gains or losses unless they are used for hedging purposes and qualified for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, gains or losses resulting from changes in their fair value are generally deferred as a component of other comprehensive income in the consolidated statement of comprehensive income, and charged to income when the related gains or losses on the hedged items are recognized.

All derivative contracts are based on actual demand and not for trading in the short term or for speculation.

For currency swap contracts, interest rate swap contracts, metal forward contracts and fuel forward contracts, the Companies evaluate hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of the hedged items with the corresponding changes in the hedging derivative instruments.

The evaluation of effectiveness is skipped for currency forward contracts that are believed to have high hedge effectiveness, such as in cases where hedging instruments and hedged items share the same important characteristics.

(f) Inventories

Inventories are stated primarily at lower of cost or net selling value based on the following methods:

The Company:
Metals Sector, Mobility Sector
Subsidiaries:
Kamioka Mining & Smelting Co., Ltd. (except for the metal powders factory), Hachinohe Smelting Co., Ltd. and others
: First-in, first-out method
The Company:
Copper Foil Division
Subsidiaries:
Mitsui Kinzoku ACT Corporation
: Moving average method
The Company:
Engineered Materials Sector (except for Copper Foil Division)
Subsidiaries:
The metal powders factory of Kamioka Mining & Smelting Co., Ltd., Nippon Yttrium Co., Ltd., Mitani Shindo Co., Ltd. and others
: Average method
Overseas subsidiaries
: Average method or first-in, first-out method

(g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is generally computed by the declining-balance method based on the estimated durable years of these depreciable assets, except the straight-line method is applied to:(1) buildings, excluding building fixtures, acquired since April 1, 1998, and building fixtures and structures, which were acquired since April 1, 2016. (2) certain plant facilities of the Company and (3) property, plant and equipment of certain consolidated subsidiaries. The durable years of these assets generally range from 7 to 50 years for buildings, 3 to 60 years for structures and 2 to 20 years for machinery and equipment.

Leased assets used under finance leases and capitalized, are depreciated over the lease terms of respective assets by the straight-line method.

(h) Allowance for doubtful accounts

The Company and consolidated subsidiaries provide an allowance for doubtful accounts in an amount sufficient to cover probable losses on collection by estimating individually uncollectible amounts and applying a percentage based on historical data to the remaining accounts.

(i) Provision for product warranties

Provision for product warranties is provided to accrue estimated costs of repairing products free of charge, based on individually estimated amounts which are reliably measurable or the amounts computed by the ratio of actual repair costs which correspond to net sales.

(j) Provision for improvement of business structure

Provision for improvement of business structure is provided to accrue estimated costs of improvement of business structure by consolidating production facilities and other measures.

(k) Provision for loss on disposal of inventories

Provision for loss on disposal of inventories is provided to accrue estimated costs of disposal of inventories, such as by-products and other materials.

(l) Employees' retirement benefits
The Companies provided employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. The liabilities and expenses for employees' retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.
Prior service costs are amortized by the straight-line method over periods of 1 to 5 years which are within the average remaining years of service of the employees.
Actuarial differences are amortized primarily from the year in which the actuarial differences are incurred by the straight-line method over periods of 1 to 12 years which are within the average remaining years of service of the employees.

(m) Directors' and corporate auditors' retirement benefits
Directors and other officers are generally entitled to receive retirement benefits based on the Companies' internal rules. Their retirement benefits are accrued at the amount required to be paid in accordance with the internal rules if the directors and other officers retired at the balance sheet date.

(n) Provision for environmental countermeasures
With enactment of the legislation about special measures concerning the proper treatment of PCB (polychlorinated biphenyl) waste, the Company and its domestic subsidiaries provide for environmental countermeasures to accrue estimated cost of disposal of PCB waste.
Furthermore, estimated cost of soil improvement and preventing environmental pollution is charged to this account.

(o) Provision for preventing environmental pollution in mineral, mining, and other operations
Provision for preventing environmental pollution in mineral, mining, and other operations is provided to accrue estimated cost of preventing the environmental pollution following the termination of use of mineral, mining, and other facilities.

(p) Research and development expenses
Research and development expenses are charged to expenses when incurred.

(q) Accounting policy for recognition of significant revenues and expenses
The Companies recognize revenue through the following five steps.
Step1: Identify contract(s) with customers.
Step2: Identify the performance obligations in the contract.
Step3: Determine the transaction price.
Step4: Allocate the transaction price to the performance obligation in the contract.
Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Companies mainly engage in businesses related to the four segments Engineered Materials, Metals, Mobility, and Other business thereby handling a wide range of products in those realms.
In selling such products, the Companies recognize revenue mainly upon delivery of a product because it deems that the customer generally has gained control of the product upon its delivery, thereby satisfying the performance obligation.
In domestic sales, the Companies recognize revenue either upon delivery or upon shipment of a product in cases where the normal time has elapsed from the time of product shipment until the time when control of the product has been transferred to the customer.
In export sales, the Companies recognize revenue mainly upon having transferred the burden of risk to the customer pursuant to the terms of trade stipulated under the Incoterms or other similar terms.

The Companies engage in product sales involving transactions performed with the Companies serving as an agent who arrange for the product to be provided to a customer by another party. Under those circumstances, the Companies recognize revenue as the anticipated amount of remuneration or fees it is to receive in exchange for it having arranged to have another party provide the product (or the net amount of the consideration received in exchange for the products provided by the another parties and payments to the another parties).
Engineering services and other businesses have long-term construction contracts, and it is determined that the performance obligations in such contracts are satisfied over time. Revenue is therefore recognized based on the progress towards complete satisfaction of the performance obligation. The progress is measured on the basis of the construction costs incurred by the end of each reporting period relative to the total expected construction costs.
Revenue is measured by deducting discounts, rebates, product returns, etc., from consideration promised under contracts with customers.
The Companies recognize revenue at the point in time when the performance obligation has been fully satisfied, rather than recognizing revenue over a certain period of time, in cases where a very short time has elapsed from the transaction initiation date under a contract until the anticipated point in time when a performance obligation is to be fully satisfied.
Revenue is measured by deducting discounts, rebates, product returns, etc., from consideration promised under contracts with customers.

In cases where consideration includes variable consideration such as discounts and provisional unit price, the Companies estimate the sum of variable consideration using a method that enlists mode values. When uncertainty regarding the amount of variable consideration is subsequently resolved, the Companies include in its transaction price only the portion that the revenue is highly unlikely to be reduced significantly by the time of removal of the uncertainty.
The consideration is primarily received within one year of satisfying performance obligations and does not contain a significant financing component.

(r) Income taxes
The Companies recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income of each of the Companies, with certain adjustments required for consolidation and tax purposes.
The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(s) Earnings per share, diluted earnings per share and cash dividends per share
Earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the respective fiscal year.
Diluted earnings per share is not presented as there were no shares with dilutive effects in 2024 and 2025.
Cash dividends per share represent the historical amount applicable to the respective year.

(t) Reclassification
Certain prior year amounts have been reclassified to conform to the 2025 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

(u) Accounting of consumption tax
Consumption tax generally withheld upon sale, as well as that paid for purchases of goods or services, is recorded as a liability or an asset, and is excluded from the relevant revenue, costs or expenses.

(Significant accounting estimates)
1. Valuation of inventories
(1) Amounts recorded in the consolidated financial statements for the year ended March 31, 2025

Merchandise and finished goods	¥60,535 million
Work in progress	¥45,274 million
Raw materials and supplies	¥73,488 million

(2) Information on the nature of significant accounting estimates for identified items
Inventories are stated at the acquisition cost, however, if the net realizable value or replacement cost is lower than the acquisition costs at the end of the year, inventories are measured at the net realizable value or replacement cost, and the difference from the acquisition cost is recorded as an expense for the period. In addition, the carrying amounts of slow-moving and obsolete inventories are written down to the estimated disposal value. The net realizable values used in valuation of inventories are calculated based on the most recent actual unit selling prices and the actual selling costs, which reflect the influences of changes in quoted market prices of nonferrous metals on actual unit selling prices. Quoted market prices of nonferrous metals are determined based on listed prices on the London Metal Exchange ("LME") and other international markets (hereinafter, these prices are referred to as the "LME or other market prices"). The LME or other market prices fluctuate under the influences of various factors such as the international supply-demand balance, global political and economic conditions, and speculative trading. Accordingly, any failure in calculating accurate net realizable values reflecting the LME or other market prices, which are used for the valuation of inventories, may have significant impact on valuation of inventories.

2. Recoverability of deferred tax assets
(1) Deferred tax assets recorded in the consolidated financial statements for the year ended March 31, 2025
Deferred tax assets ¥6,891 million

(2) Information on the nature of significant accounting estimates for identified items
Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which future deductible temporary differences, etc. can be utilized.
Deferred tax assets are recognized based on the estimated timing and amount of taxable income based on future business plans. The estimates could be affected by factors such as changes in uncertain future economic conditions. If the estimates differ from the actual timing and amount of taxable income, this could have a significant impact on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.

(Changes in accounting policy)

(Application of "Accounting Standards for Corporation Tax, Inhabitants Tax and Enterprise Tax," etc.)

The Company has applied the "Accounting Standards for Corporation Tax, Inhabitants Tax and Enterprise Tax," etc. (ASBJ Statement No. 27, October 28, 2022. Hereinafter referred to as "Revised Accounting Standard 2022.") from the beginning of the current fiscal year. Amendments regarding the classification of income taxes (taxation of other comprehensive income) have been made in accordance with the transitional treatment set forth in the proviso of Article 20-3 of the Revised Accounting Standards 2022 and the transitional treatment set forth in the proviso of Article 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (Guidance on Accounting Standards No. 28 issued on October 28, 2022. Hereinafter referred to as the "Revised Application Guidelines 2022"). This has no impact on the consolidated financial statements.

In addition, effective from the beginning of the current fiscal year, the Revised Application Guidelines 2022 has been applied to the revision of the treatment in the consolidated financial statements in the case of deferral for tax purposes of gain or loss on sale of shares of subsidiaries, etc. between consolidated companies. The change in accounting policy has been retroactively applied, and the consolidated financial statements for the previous fiscal year have been retroactively applied. This has no impact on the consolidated financial statements for the previous fiscal year.

(Accounting standards and guidance not yet adopted)

Following accounting standards and guidance are those issued but not yet adopted.

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)

In addition to the above, revisions of related accounting standards, implementation guidance on accounting standards, practical solutions, and transition guidance.

(1) Overview

These accounting standards and guidance set forth treatments such as recognizing all leases of lessees as assets and liabilities, in a similar manner to international accounting standards.

(2) Effective date

The accounting standards and guidance are scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Effects of application of the standards and guidance

The effects of application of these accounting standards and guidance on the consolidated financial statements are currently under evaluation.

(Changes in presentation)

(1) Consolidated statement of income

"Gain on sales of shares of subsidiaries and associates" that had been presented under "Others, net" under "Extraordinary income (losses)" in the previous fiscal year has exceeded ten percent of the total amount of extraordinary income, and has therefore been presented separately under "Extraordinary income (losses)" in the current fiscal year.

"Loss on impairment of fixed assets" that had been presented under "Others, net" under "Extraordinary income (losses)" in the previous fiscal year has exceeded ten percent of the total amount of extraordinary losses, and has therefore been presented separately under "Extraordinary income (losses)" in the current fiscal year.

To reflect these changes, Consolidated statement of income in the previous fiscal year has been reclassified.

As a result, ¥(1,312) million that was presented as "Others, net" under "Extraordinary income (losses)" in the consolidated statement of income for the year ended March 31, 2024 have been restated as "Gain on sales of shares of subsidiaries and associates" of ¥2 million, "Loss on impairment of fixed assets" of ¥(23) million and "Others, net" of ¥(1,291) million.

(2) Consolidated Statement of Cash Flows

"Gain on sales of shares of subsidiaries and associates" that had been presented under "Other, net" in the cash flow from operating activities section of the consolidated statement of cash flows in the previous fiscal year become more important, and has therefore been presented separately under "Other, net" in the current fiscal year.

As a result, ¥3,597 million that was presented as "Other, net" in the cash flow from operating activities section of the consolidated statement of cash flows in the previous fiscal year have been restated as "Gain on sales of shares of subsidiaries and associates" of ¥(2) million, "Other, net" on the subtotal in the cash flow from operating activities section of ¥3,599 million.

3. Receivables and contract assets from contracts with customers

The amounts of receivables and contract assets from contracts with customers included in notes and accounts receivable, and contract assets as of March 31, 2025 were as follows:

Millions of yen

	2025
Receivables from contracts with customers	
Notes receivable	¥7,056
Accounts receivable	114,237
Contract assets	1,417

4. Inventories

Inventories at March 31, 2024 and 2025 consisted of the following:

Millions of yen

	2024	2025
Merchandise and finished goods	¥56,234	¥60,535
Work in process	42,114	45,274
Raw materials and supplies	66,883	73,488
Total	¥165,232	¥179,297

Write-downs, net of reversal of write-downs recognized during the prior fiscal year, are included in the cost of sales for the fiscal years ended March 31, 2024 and 2025 respectively as follows:

Millions of yen

	2024	2025
Cost of sales	¥(65)	¥(1,546)
Total	¥(65)	¥(1,546)

5. Securities

(a) Acquisition costs and book values of available-for-sale securities with fair value as of March 31, 2024 and 2025 were as follows:

Millions of yen

Year ended March 31, 2024	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥9,678	¥1,463	¥8,214
Subtotal	9,678	1,463	8,214
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	209	240	(30)
Subtotal	209	240	(30)
Total	¥9,887	¥1,703	¥8,184

Year ended March 31, 2025	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥2,038	¥977	¥¥1,060
Subtotal	2,038	977	1,060
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	204	240	(35)
Subtotal	204	240	(35)
Total	¥2,242	¥1,217	¥1,025

(b) Available-for-sale securities sold for the years ended March 31, 2024 and 2025 were as follows:

		Millions of yen	
		2024	2025
Total sale amount	Stocks	¥1,707	¥9,958
Gains	Stocks	1,255	9,380
Losses	Stocks	17	—

(c) Securities written-down for the year ended March 31, 2024 and 2025 were as follows:
There were no losses on write-downs of securities for the year ended March 31, 2025.

Losses on write-downs of securities amounted to ¥987 million (¥987 million for shares of subsidiaries and affiliates) for the years ended March 31, 2024.

As for write-downs of securities, the securities without market prices whose net asset value are significantly decreased due to the deterioration of financial position of their issuing companies are written-down to the amount needed considering the recoverability of the net asset value.

6. Consolidated Statement of Cash Flows

(a) Amounts of cash and cash equivalents
Amounts of cash and cash equivalents at March 31, 2024 and 2025 were reconciled with cash and deposits as follows:

	Millions of yen	
	2024	2025
Cash and deposits	¥32,483	¥44,469
Time deposits with maturities exceeding three months from the date of deposit	(4)	(4)
Total : Cash and cash equivalents	¥32,479	¥44,465

7. Short-Term Borrowings and Long-Term Debt

Short-term borrowings at March 31, 2024 and 2025 consisted of the following:

	Millions of yen	
	2024	2025
Short-term bank loans, generally represented by short-term notes and bank overdrafts, bore interest at annual rates ranging from 0.478% to 6.973% and from 0.565% to 8.100% at March 31, 2024 and 2025, respectively.	¥50,935	¥41,946
Commercial paper with interest at annual rate of 0.12% and 0.51% at March 31, 2024 and 2025, respectively.	8,500	7,500
	¥59,435	¥49,446

Long-term debt at March 31, 2024 and 2025 consisted of the following:

	Millions of yen	
	2024	2025
1.11 % yen unsecured straight bonds due in 2029	¥ —	¥10,000
0.86 % yen unsecured straight bonds due in 2028	10,000	10,000
0.58 % yen unsecured straight bonds due in 2027	10,000	10,000
0.43 % yen unsecured straight bonds due in 2027	10,000	10,000
0.16 % yen unsecured straight bonds due in 2026	10,000	10,000
0.22 % yen unsecured straight bonds due in 2024	10,000	—
Banks, insurance companies and other financial institutions, maturing through 2029 at interest rates ranging from 0.300% to 6.140% at March 31, 2025:		
Secured	836	722
Unsecured	90,400	65,885
Government-owned banks and government agencies, maturing through 2027 at interest rates ranging from 1.300% to 1.600% at March 31, 2025:		
Secured	48	6
Unsecured	—	—
	141,285	116,614
Less: Current portion	39,837	33,264
	¥101,447	¥83,349

The aggregate annual maturities of long-term debt at March 31, 2025 were as follows:

Year ending March 31,	Millions of yen
2026	¥33,264
2027	21,616
2028	31,733
2029	16,200
2030	13,800
Thereafter	—
Total	¥116,614

The 0.16% yen unsecured straight bonds due in 2026 were issued on March 4, 2021 by the Company.
The 0.43% yen unsecured straight bonds due in 2027 were issued on March 3, 2022 by the Company.
The 0.58% yen unsecured straight bonds due in 2027 were issued on November 29, 2022 by the Company.
The 0.86% yen unsecured straight bonds due in 2028 were issued on November 29, 2023 by the Company.
The 1.11% yen unsecured straight bonds due in 2029 were issued on November 28, 2024 by the Company.

8. Contract Liabilities

The amount of contract liabilities included in other current liabilities as of March 31, 2025 was as follows:

	Millions of yen
	2025
Contract Liabilities	¥5,380

9. Pledged Assets

Assets pledged as collateral for long-term debt at March 31, 2024 and 2025 were as follows:

	Millions of yen	
	2024	2025
Property, plant and equipment, net book value	¥7,257	¥7,423
	¥7,257	¥7,423

10. Contingent Liabilities

Contingent liabilities at March 31, 2024 and 2025 were as follows:

Millions of yen

	2024	2025
Notes receivable discounted	¥1,627	¥1,652
Notes and accounts receivable securitized with recourse	119	88
Loans guaranteed		
Unconsolidated subsidiaries and affiliates	37,078	29,979
Others	174	150
	¥38,999	¥31,871

11. Net Assets

Under the Japanese Companies Act, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in-capital, which is included in capital surplus.

The Japanese Company Act provides that an amount equal to 10% of cash dividends and other cash appropriations of retained earnings must be set aside as a legal earnings reserve included in retained earnings until the total amount of capital surplus and the legal earnings reserve equals 25% of common stock.

The excess of the total amount of capital surplus and the legal earnings reserve over 25% of common stock can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Companies Act.

（a）Shares issued and outstanding

Changes in number of shares issued and outstanding during the year ended March 31, 2024 and 2025 were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
Balance at April 1, 2023	57,329	191
Increase during the year	27	0
Decrease during the year	―	―
Balance at March 31 and April 1, 2024	57,356	192
Increase during the year	24	7
Decrease during the year	―	―
Balance at March 31, 2025	57,381	199

（b）Dividends

Dividends paid for the year ended March 31, 2025 were as follows:

	Millions of yen
Approved at the shareholders' meeting held on June 27, 2024	¥4,001
Approved at the Board of Directors’ meeting held on November 8, 2024	5,146
Total	¥9,147

Dividends included in the retained earnings at March 31, 2025 and to be paid in subsequent periods were as follows:

	Millions of yen
Approved at the shareholders' meeting held on June 27, 2025	¥5,146
Total	¥5,146

12. Selling, General and Administrative Expenses

Principal items of selling, general and administrative expenses for the years ended March 31, 2024 and 2025 were as follows:

	2024	2025
Freightage related expenses	¥11,789	¥11,902
Salaries	13,880	15,190
Bonus and retirement pay	2,206	3,116
Provision for bonuses	2,395	3,006
Retirement benefit expenses	(4,841)	438
Provision for directors' and corporate auditors' retirement benefits	79	75
Provision for product warranties	169	78
Depreciation expense	3,497	4,044
Research and development/Exploration expenses	12,827	14,250

13. Research and Development Expenses

Research and development expenses included in production cost and selling, general and administrative expenses amounted to ¥13,354 million and ¥14,919 million for the years ended March 31, 2024 and 2025, respectively.

14. Extraordinary profit and loss

(a) Gain on sale of property, plant and equipment

Millions of yen

	2024	2025
Buildings and structures	¥0	¥4
Machinery and equipment	2	22
Land	0	0
Others	34	＝
Total	¥37	¥28

(b) Loss on sale of property, plant and equipment

Millions of yen

	2024	2025
Buildings and structures	¥11	¥0
Machinery and equipment	92	115
Land	2	3
Others	10	12
Total	¥117	¥131

(c) Loss on disposal of property, plant and equipment

Millions of yen

	2024	2025
Buildings and structures	¥321	¥996
Machinery and equipment	1,737	1,276
Others	189	509
Total	¥2,249	¥2,783

(d) Provisions included in other, net of extraordinary losses

Millions of yen

	2024	2025
Provision for Environmental expenses	¥590	¥30

15. Lease

Future lease payments under noncancellable operating leases at March 31, 2024 and 2025 were as follows:

	Millions of yen	
	2024	2025
Due within one year	¥577	¥518
Due after one year	728	269
	¥1,306	¥787

16. Net Sales

Disaggregation of revenue and relationship with each reportable segment for the year ended March 31, 2025 was summarized as follows:

	Reportable segment						Millions of yen
Year ended March 31, 2025	Engineered Materials	Metals	Mobility	Other Businesses	Total	Adjustment	Consolidated
Major product/services							
Engineered Powders	¥34,864	¥—	¥—	¥—	¥34,864	¥—	¥34,864
Copper Foil	93,211	—	—	—	93,211	—	93,211
Zinc and Lead	—	200,080	—	—	200,080	—	200,080
Copper and Precious metals	—	75,502	—	—	75,502	—	75,502
Catalyst for exhaust-gas purification	—	—	92,709	—	92,709	—	92,709
Automobile Door Lock	—	—	95,829	—	95,829	—	95,829
Products of other businesses	—	—	—	94,177	94,177	—	94,177
Engineering services, other	—	—	—	28,912	28,912	—	28,912
Others	25,375	19,240	16,373	−	60,989	—	60,989
Subtotal	153,451	294,823	204,911	123,089	776,276	—	776,276
Adjustments	(7,104)	(47,407)	(1,277)	(29,028)	(84,817)	20,885	(63,931)
External revenue	146,347	247,416	203,633	94,061	691,458	20,885	712,344
Revenue from contracts with customers	148,056	247,378	203,633	94,058	693,127	20,885	714,013
Other revenue	(1,709)	38	—	2	(1,668)	—	(1,668)

Notes:

Other revenue includes revenue, etc. generated from derivative transactions pursuant to the "Accounting Standard for Financial Instruments".

(a) Basic information to understand Revenue from contracts with customers

It is described in Note 2. "Summary of Significant Accounting Policies (q) Accounting policy for recognition of significant revenues and expenses".

(b) Information about the relationship between satisfaction of performance obligations pursuant to contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers prevailing as of the end of the current fiscal year

(1) Outstanding balance of contract assets and contract liabilities, etc.
It is described in Note 3 "Receivables and contract assets from contracts with customers" and Note 8 "Contract Liabilities".

(2) Transaction price allocated to remaining performance obligations
Because there are no significant transactions for which an estimated contract period initially exceeds one year, the practical expedient is applied and information on remaining performance obligations has been omitted.

In addition, consideration to be received from contracts with customers does not comprise any significant amounts not included in transaction prices.

17. Segment Information

The operations of the Companies for the years ended March 31, 2024 and 2025 were summarized as follows:

(a) Overview of reportable segments

The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company has business sectors categorized by products and services in head office, and each business sector plans business strategies comprehensively and operates business activities domestically and internationally.

As a result, the Company reports four segments: Engineered Materials, Metals, Mobility, and Other Businesses, based on business sectors categorized by products and services.

(Changes in reportable segments)

As a result of organizational reforms that took place on April 1, 2024, one of the subsidiaries has changed its categorization of the reportable segments from the fiscal year ended March 31, 2025, changing from Other Businesses segment to Engineered Materials segment.

Segment information for the previous fiscal year has been restated to reflect the changes in reportable segments.

(b) Basis for Calculating amounts of net sales, profit or loss, assets, and other items by reported segments

Accounting procedure for reportable segments, excluding the handling treatment for converting the income, expenses and assets of overseas subsidiaries into Japanese currency, is mostly the same as procedures described in Note 2. "Summary of Significant Accounting Policies". The handling treatment for converting the income, expenses and assets of overseas subsidiaries into Japanese currency is mainly based on anticipated exchange rates at the time budgets were formulated. Profit for reportable segments is based on ordinary income. Sales for inter-segment are based on actual market prices.

(c) Information on amounts of net sales, profit or loss, assets, and other items by reported segments

Segment information as of and for the year ended March 31, 2024, which was restated in conformity with reorganization, was as follows:

	Reportable segment						Millions of yen
Year ended March 31, 2024	Engineered Materials	Metals	Mobility	Other Businesses	Total	Adjustment	Consolidated
Sales:							
Outside customers	¥118,568	¥211,026	¥216,837	¥84,671	¥631,104	¥15,593	¥646,697
Inter-segment	5,530	35,776	1,514	28,529	71,351	(71,351)	−
Total	124,099	246,803	218,352	113,200	702,455	(55,758)	646,697
Segment profit	16,421	16,071	11,282	3,171	46,946	(2,432)	44,513
Segment assets	114,209	242,535	160,420	87,248	604,414	36,217	640,631
Depreciation expense	7,615	13,104	7,631	1,407	29,758	4,629	34,387
Amortization of goodwill and negative goodwill	—	140	—	—	140	—	140
Interest income	53	75	260	50	440	(86)	353
Interest expense	403	512	1,313	125	2,355	171	2,526
Investment gains on equity method	—	1,948	—	1,288	3,236	2	3,239
Investment for entities accounted for using the equity method	—	28,160	—	21,574	49,734	(67)	49,667
Increase in property, plant and equipment, and intangible assets	7,525	11,846	4,614	1,780	25,766	6,273	32,039

Notes：

(a) Amounts of adjustment are as follows:

(1) Adjustments of sales to external customers are the difference mainly derived from the conversion process of sales of overseas subsidiaries to the Japanese currency.(The difference between the anticipated exchange rates at the time budgets were formulated and the average exchange rates during the year.)

Adjustment to segment profit, which amounted to ¥(2,432) million, consists mainly of ¥(3,871) million for Company-wide costs that are not allocated to any reportable segments.

Company-wide costs consists mainly of general and administrative expenses and research expenses that is not allocated to any reportable segments.

(2) Adjustment to segment assets, which amounted to ¥36,217 million, consists of ¥(15,647) million for offset of receivables against the corporate administrative department, ¥(16,672) million for offset of inter-segment receivables, ¥75,004 million for Company-wide assets that are not allocated to any reportable segments and ¥(6,467) million for other adjustment.

Company-wide assets are mainly the ones in head office that are not allocated to any reportable segments.

(b) Segment profit is adjusted to be consistent with ordinary income shown on the consolidated statement of income.

Segment information as of and for the fiscal year ended March 31, 2025 was as follows:

Millions of yen

Year ended March 31, 2025	Reportable segment						
	Engineered Materials	Metals	Mobility	Other Businesses	Total	Adjustment	Consolidated
Sales:							
Outside customers	¥146,347	¥247,416	¥203,633	¥94,061	¥691,458	¥20,885	¥712,344
Inter-segment	7,104	47,407	1,277	29,028	84,817	(84,817)	—
Total	153,451	294,823	204,911	123,089	776,276	(63,931)	712,344
Segment profit	25,210	44,455	14,698	2,879	87,244	(10,834)	76,410
Segment assets	127,891	266,147	160,424	82,858	637,321	20,622	657,944
Depreciation expense	7,807	11,977	7,017	1,252	28,055	5,135	33,191
Amortization of goodwill and negative goodwill	—	140	—	—	140	—	140
Interest income	90	98	573	85	848	(161)	686
Interest expense	366	658	1,239	159	2,424	191	2,615
Investment gains on equity method	—	2,987	—	1,637	4,625	(7)	4,617
Investment for entities accounted for using the equity method	—	32,152	—	22,672	54,824	(124)	54,699
Increase in property, plant and equipment, and intangible assets	6,876	12,775	4,830	1,314	25,795	5,571	31,367

Notes：

(a) Amounts of adjustment are as follows:

(1) Adjustments of sales to external customers are the difference mainly derived from the conversion process of sales of overseas subsidiaries to the Japanese currency. (The difference between the anticipated exchange rates at the time budgets were formulated and the average exchange rates during the year.)

Adjustment to segment profit, which amounted to ¥(10,834) million, consists mainly of ¥(12,598) million for Company-wide costs that are not allocated to any reportable segments.

Company-wide costs consists mainly of general and administrative expenses and research expenses that is not allocated to any reportable segments.

(2) Adjustment to segment assets, which amounted to ¥20,622 million, consists of ¥(14,418) million for offset of receivables against the corporate administrative department, ¥(14,670) million for offset of inter-segment receivables, ¥63,678 million for Company-wide assets that are not allocated to any reportable segments and ¥(13,967) million for other adjustment.

Company-wide assets are mainly the ones in head office that are not allocated to any reportable segments.

(b) Segment profit is adjusted to be consistent with ordinary income shown on the consolidated statement of income.

【Related information】

Information by area:

Millions of yen

Year ended March 31, 2024	Japan	China	India	Other Asian areas	North America	Other Areas	Consolidated
Sales	¥322,665	¥89,473	¥65,488	¥98,223	¥41,666	¥29,179	¥646,697

Year ended March 31, 2025	Japan	China	India	Other Asian areas	North America	Other Areas	Consolidated
Sales	¥374,897	¥103,800	¥67,866	¥91,587	¥42,458	¥31,734	¥712,344

Year ended March 31, 2024	Japan	Asia	North America	Other Areas	Consolidated
Property, plant and equipment	¥142,280	¥43,193	¥4,293	¥9,241	¥199,008

Year ended March 31, 2025	Japan	Asia	North America	Other Areas	Consolidated
Property, plant and equipment	¥137,401	¥40,917	¥3,767	¥9,068	¥191,155

【Information on loss on impairment of fixed assets by reportable segments】

Millions of yen

Year ended March 31, 2024	Engineered Materials	Metals	Mobility	Other Businesses	Elimination・Corporate	Consolidated
Loss on impairment of fixed assets	¥—	¥—	¥—	¥23	¥—	¥23

Year ended March 31, 2025	Engineered Materials	Metals	Mobility	Other Businesses	Elimination・Corporate	Consolidated
Loss on impairment of fixed assets	¥—	¥—	¥2,817	¥—	¥—	¥2,817

【Information on amortization of goodwill and amortized balance by reportable segments】

Millions of yen

Year ended March 31, 2024	Engineered Materials	Metals	Mobility	Other Businesses	Elimination・Corporate	Consolidated
Amortization of goodwill	¥—	¥140	¥—	¥—	¥—	¥140
Balance at end of fiscal year	—	140	—	—	—	140

Year ended March 31, 2025	Engineered Materials	Metals	Mobility	Other Businesses	Elimination・Corporate	Consolidated
Amortization of goodwill	¥—	¥140	¥—	¥—	¥—	¥140
Balance at end of fiscal year	—	—	—	—	—	—

【Information on gain on negative goodwill by reportable segments】

Year ended March 31, 2024
Not applicable.

Year ended March 31, 2025
Not applicable.

18. Income Taxes

The Company and its domestic subsidiaries are imposed some sorts of taxes in Japan on their taxable incomes, and the statutory effective tax rate in aggregate in Japan is approximately 30.5% for the years ended March 31, 2024 and 2025.

(a) Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2024 and 2025 were as follows:

	2024	2025	Millions of yen
Deferred tax assets:			
Excess bad debt expenses	¥ 915	¥ 1,109	
Excess accrued bonuses to employees	1,815	2,109	
Excess product warranties	135	147	
Liability for retirement benefits	8,151	8,041	
Provision for environmental countermeasures	324	184	
Loss on impairment of fixed assets	2,227	3,052	
Depreciation in excess of limit	966	1,286	
Enterprise taxes accrued	312	550	
Unrealized profits and losses	3,667	4,065	
Operating loss carryforward for tax purposes (b)	25,974	18,184	
Net unrealized losses on securities	10	12	
Deferred losses on hedges	822	260	
Other	8,401	8,778	
Subtotal	53,726	47,785	
Valuation allowance for operating loss carryforward for tax purposes (b)	(24,907)	(14,677)	
Valuation allowance for deductible temporary differences	(16,362)	(16,607)	
Valuation allowance-total (a)	(41,269)	(31,285)	
Total deferred tax assets	¥ 12,457	¥ 16,500	
Deferred tax liabilities:			
Net unrealized gains on securities	¥ (2,408)	¥ (252)	
Deferred gains on hedges	(195)	(141)	
Retained earnings of foreign subsidiaries	(8,812)	(9,989)	
Asset for retirement benefits	(3,727)	(3,925)	
Excess depreciation for tax purposes	(2,481)	(2,371)	
Temporary difference due to investment in subsidiaries	—	(1,446)	
Other	(1,915)	(1,423)	
Total deferred tax liabilities	(19,541)	(19,550)	
Net deferred tax assets	¥ (7,083)	¥(3,050)	

1 Valuation allowance decreased by ¥9,984 million. The main reasons for the decrease were decreases in valuation allowance of ¥7,547 million for operating loss carryforward.

2 Operating loss carryforward for tax purposes and its deferred tax assets by expiration periods.

Millions of yen

(2024)	2025	2026	2027	2028	2029	2030 and Beyond	Total
Operating loss carryforward for tax purposes (1)	¥386	¥84	¥475	¥—	¥882	¥24,146	¥25,974
Valuation allowance	(282)	(84)	(283)	—	(859)	(23,398)	(24,907)
Net deferred tax assets	103	—	192	—	22	748	1,067

(1) Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.

Millions of yen

(2025)	2026	2027	2028	2029	2030	2031 and Beyond	Total
Operating loss carryforward for tax purposes (1)	¥74	¥105	¥—	¥516	¥465	¥17,021	¥18,184
Valuation allowance	(74)	(105)	—	(233)	(322)	(13,941)	(14,677)
Net deferred tax assets	—	—	—	283	143	3,080	3,506

(1) Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.

(b) The following table summarizes the significant differences between the statutory effective tax rate and the tax rate calculated based on the Company's consolidated financial statements for the fiscal years ended March 31, 2024 and 2025.

	2024	2025
Statutory effective tax rate	— %	30.5 %
Permanent difference due to non-deductible expense	—	0.2
Permanent difference due to non-taxable income	—	(6.1)
Effect of elimination of intercompany dividends received	—	6.2
Investment losses on equity method	—	(1.7)
Retained earnings of subsidiaries	—	1.4
Temporary difference due to investment in subsidiaries	—	1.6
Valuation allowance	—	(12.8)
Tax credit	—	(2.0)
Revision to year-end deferred tax assets due to a change in tax rate	—	0.4
Difference in tax rate of subsidiaries	—	(2.1)
Others	—	0.5
Tax rate calculated based on the Companies' consolidated financial statements	— %	16.4 %

The note for the fiscal years ended March 31, 2024 is omitted because the difference between the statutory income tax rate and the Companies' actual income tax rate after adoption of tax-effect accounting is less than 5%.

(c) Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

Following the enactment of the Act for Partial Amendment to the Income Tax Act (Act No. 13 of 2025) by the Diet on March 31, 2025, the Defense Special Corporate Tax will be imposed beginning with fiscal years starting on or after April 1, 2026.

In line with this, the statutory effective tax rate used in the calculation of deferred tax assets and deferred tax liabilities related to temporary differences, etc. that are expected to be eliminated in fiscal years starting on or after April 1, 2026, has been revised from 30.5% to 31.4%.

As a result of this change, deferred tax assets (net of deferred tax liabilities) decreased by ¥402 million, net unrealized gains on securities, net of tax decreased by ¥6 million, and accumulated adjustments for retirement benefit decreased by ¥1 million, while income taxes-deferred increased by ¥395 million as of and for the fiscal year ended March 31, 2025, respectively.

(d) Accounting for corporation tax and local corporation tax and tax effect accounting

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system from the fiscal year ended March 31, 2023. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (PITF No.42, August 12, 2021).

19. Financial Instruments

(a) Qualitative information on financial instruments

1. Policy of financial instruments management

The Companies raise funds primarily through bank loans and the issuance of commercial paper and bonds. The Companies manage surplus funds utilizing financial assets with high degrees of safety. The Companies use derivatives to reduce risk as described below and do not enter into speculative trading.

2. Description of financial instruments and risk

Trade receivables-notes and accounts receivable are exposed to the credit risks of customers. As the Companies are expanding their business globally, certain foreign currency denominated trade receivables are exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the amount of foreign currency denominated trade receivables less the amount of respective foreign currency denominated trade payable. Investment securities are mainly stocks issued by companies that have business relationships, and are exposed to stock market fluctuation risk.

The majority of trade payables-notes and accounts payable have payment due dates of less than one year. A portion of foreign currency denominated trade payables-notes and accounts are denominated in foreign currencies in association with the import of raw materials and others and are thus exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of trade payables denominated in the respective foreign currencies. Short-term borrowings and commercial papers are raised mainly for operating activities while long-term debt (in principle within 5 years) is raised mainly for capital investments. Loans with floating interest are exposed to interest rate fluctuation risk, for long-term debt with floating interest, derivative transactions (interest rate swap contracts) are used for certain long-term loans in each loan agreement in order to hedge the risk of fluctuating interest rates and to make interest expenses fixed.

Regarding derivative transactions, the Companies used currency forward contracts and swaps to hedge transactions, such as future sales of commodities (mainly basic metals) and future purchases of inventories (mainly imported materials) in foreign currencies, and to hedge their foreign currency denominated assets and liabilities against foreign currency exchange risk. For those transactions, the Companies apply the deferred hedge method or the matching treatment method as hedge accounting methods except for transactions held by certain foreign subsidiaries, and for certain transactions to hedge assets and liabilities denominated in foreign currencies against foreign currency exchange risk.

The Companies also entered into interest rate swap contracts to hedge their loans payable against interest rate fluctuation risk. For those transactions, the Companies apply the deferred hedge method or the exceptional accrual method for interest rate swaps as hedge accounting methods except for transactions held by certain foreign subsidiaries.

Further, the Companies utilized metal forward contracts and fuel forward contracts to reduce the Companies' exposure to fluctuations in material prices. For those transactions, the Companies apply the deferred hedge method as hedge accounting methods except for transactions held by certain foreign subsidiaries. With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to Note 2 "Summary of Significant Accounting Policies - (e) Derivative transactions and hedge accounting".

Derivative transactions are exposed to market risks from fluctuations in fair value and to credit risks from breach of contract due to counter parties' insolvency or other reasons. Market risks of the Companies' currency forward and swap contracts, interest rate swap contracts and metal forward contracts refer to the risks from fluctuations in exchange rates, interest rates and metal prices.

3. Description of risk management system for financial instruments

Management system for credit risk

With regard to the credit risk for trade receivables-notes and accounts receivable, due dates and balances are managed for each customer and the credit status of major customers is kept track of on a semiannual basis.

In order to mitigate credit risk for derivative transactions, the Companies conduct business only with highly rated financial institutions and trading companies.

Management system for market risk

For foreign currency exchange rate risk from foreign currency denominated trade receivables, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of foreign currency denominated trade receivables. For foreign currency exchange rate risk from foreign currency denominated trade payables, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of foreign currency denominated trade payables. Moreover, the Companies also entered into interest rate swaps to hedge their loans payable against interest rate risk.

For stock market fluctuation risk of investment securities, the Companies keep track of the market prices and investees' (business partners) financial condition and review continuously the possession situation of stocks in view of the relationship with business partners.

Derivative transactions entered into by the Companies are implemented and controlled based on the Company's internal policies.

Management system for liquidity risk of financing

The Company's Finance & Accounting Department manages the risk through the preparation of the Companies' financial plans with group financing.

4. Supplementary explanation regarding fair value of financial instruments

The fair value of financial instruments is measured based on the market price, if available, or reasonably estimated value if a market price is not available. As reasonably estimated value is estimated based on certain assumptions, it might differ if different assumptions are used.

In addition, the contract amount of the derivative transactions described below in Note 20 "Derivative Transactions" does not represent the market risk of the derivative transactions.

(b) Fair value of financial instruments

The carrying amounts of book value, fair value, and differences as of March 31, 2024 and 2025 were as follows.

Millions of yen

Year ended March 31, 2024	Book value	Fair value	Difference
Assets:			
(a) Investment securities	¥ 17,011	¥ 16,236	¥ (775)
Total	¥ 17,011	¥ 16,236	¥ (775)
Liabilities:			
(a) Current portion of bonds payable	10,000	9,982	(17)
(b) Bonds payable	40,000	39,811	(188)
(c) Current portion of long-term borrowings Notes 3	29,837	29,875	37
(d) Long-term borrowings	61,447	61,145	(302)
Total	¥ 141,285	¥ 140,814	¥ (470)
Derivative transactions	¥ (2,184)	¥ (2,184)	¥ ー

Year ended March 31, 2025	Book value	Fair value	Difference
Assets:			
(a) Investment securities	¥ 9,540	¥ 8,337	¥ (1,203)
Total	¥ 9,540	¥ 8,337	¥ (1,203)
Liabilities:			
(a) Current portion of bonds payable	10,000	9,924	(75)
(b) Bonds payable	40,000	39,243	(756)
(c) Current portion of long-term borrowings Notes 3	23,264	24,730	1,466
(d) Long-term borrowings	43,349	41,191	(2,158)
Total	¥ 116,614	¥ 115,090	¥ (1,523)
Derivative transactions	¥ (359)	¥ (359)	¥ ー

Notes:

1. Cash and deposits, Notes and accounts receivable, Notes and accounts payable, and Short-term borrowings and commercial papers are not included in the table above. This is because their carrying amounts are reasonably considered as fair values, as they are expected to be settled shortly.

2. Equity securities without market prices, and investments in partnerships and other similar entities recorded at the net amount equivalent to the equity interest are not included in "(a) Investment securities".

The carrying amounts of these financial instruments as follows.

Millions of yen

Classification	Consolidated balance sheet amount 2024	2025
Unlisted equity securities	¥ 47,239	¥ 51,982
Investments in partnerships and others	2,183	2,697

3. "(a) Current portion of bonds payable" and "(c) Current portion of long-term borrowings" are included in Current portion of long-term debt in the consolidated balance sheet. "(b) Bonds payable" and "(d) Long-term borrowings" are included in Long-term debt in the consolidated balance sheet.

4. Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

5. The redemption schedule for money claim and held-to-maturity debt securities with maturity dates subsequent to the consolidated balance sheets date

Millions of yen

Year ended March 31, 2024	April 1, 2024 to March 31, 2025	April 1, 2025 to March 31, 2029	April 1, 2029 to March 31, 2034	April 1, 2034 and thereafter
(a) Cash and deposits	¥ 32,483	¥ —	¥ —	¥ —
(b) Notes and accounts receivable	116,417	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds(domestic government and municipal bonds)	—	—	—	209
Total	¥ 148,901	¥ —	¥ —	¥ 209

Year ended March 31, 2025	April 1, 2025 to March 31, 2026	April 1, 2026 to March 31, 2030	April 1, 2030 to March 31, 2035	April 1, 2035 and thereafter
(a) Cash and deposits	¥ 44,469	¥ —	¥ —	¥ —
(b) Notes and accounts receivable	121,293	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds(domestic government and municipal bonds)	—	—	—	204
Total	¥ 165,763	¥ —	¥ —	¥ 204

6. The redemption schedule for corporate bonds, long-term debt, and other interest-bearing debt with maturity dates subsequent to the consolidated balance sheets date

Please refer to Note 7 "Short-Term Borrowings and Long-Term Debt".

(c) Fair value information of financial instruments by level of inputs

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and significance of the inputs used in the fair value measurement.

Level 1 fair value:
Fair value measured by quoted prices in active markets for identical assets or liabilities
Level 2 fair value:
Fair value measured using observable inputs other than Level 1
Level 3 fair value:
Fair value measured using unobservable inputs

Fair value is categorized at the level with the lowest priority in the fair value measurement from among the levels to which the respective inputs belong, in cases involving use of multiple inputs that have a material effect on fair value measurement.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

Millions of yen

	Fair value			
Year ended March 31, 2024	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥ 9,678	¥ —	¥ —	¥ 9,678
Bonds(domestic government and municipal bonds)	—	—	209	209
Derivative Transactions				
Currency-related derivatives	—	107	—	107
Commodities-related derivatives	—	925	—	925
Total Assets	¥ 9,678	¥ 1,033	¥ 209	¥ 10,921
Derivative Transactions				
Currency-related derivatives	—	(2,601)	—	(2,601)
Commodities-related derivatives	—	(616)	—	(616)
Total Liabilities	¥ —	¥ (3,217)	¥ —	¥ (3,217)

	Fair value			
Year ended March 31, 2025	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥ 2,038	¥ —	¥ —	¥ 2,038
Bonds(domestic government and municipal bonds)	—	—	204	204
Derivative Transactions				
Currency-related derivatives	—	129	—	129
Commodities-related derivatives	—	353	—	353
Total Assets	¥ 2,038	¥ 483	¥ 204	¥ 2,726
Derivative Transactions				
Currency-related derivatives	—	(247)	—	(247)
Commodities-related derivatives	—	(594)	—	(594)
Total Liabilities	¥ —	¥ (842)	¥ —	¥ (842)

(2) Financial instruments other than financial instruments recorded in the consolidated balance sheet at fair value

Millions of yen

	Fair value			
Year ended March 31, 2024	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	¥ 6,348	¥ ―	¥ ―	¥ 6,348
Total Assets	¥ 6,348	―	―	¥ 6,348
Bonds payable	―	49,793	―	49,793
Long-Term Borrowings	―	91,021	―	91,021
Total Liabilities	¥ ―	¥ 140,814	¥ ―	¥ 140,814

	Fair value			
Year ended March 31, 2025	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	¥ 6,094	¥ ―	¥ ―	¥ 6,094
Total Assets	¥ 6,094	―	―	¥ 6,094
Bonds payable	―	49,168	―	49,168
Long-Term Borrowings	―	65,922	―	65,922
Total Liabilities	¥ ―	¥ 115,090	¥ ―	¥ 115,090

Notes: Explanation of valuation techniques and inputs used in fair value measurement

Investment securities
Fair value of equities is categorized as Level 1 fair value measured at the market price. Fair value of bonds is categorized as Level 3 fair value, calculated by discounting the future cash flows at an interest rate on similar bonds, taking into account the debt repayment record of the issuing local government body.

Derivative Transactions
Fair value of commodity prices and forward exchange contracts is categorized as Level 2 fair value, calculated based on observable inputs such as market prices and exchange rates.

Bonds payable
Fair value of bonds payable is categorized as Level 2 fair value, calculated by discounting future cash flows using the rate quoted in secondary markets.

Long-Term Borrowings
Fair value of long-term borrowings is categorized as Level 2 fair value, calculated by discounting future cash flows at the current borrowing rate for similar debt of a comparable maturity.

20. Derivative Transactions

(a) Derivative transactions for which hedge accounting had not been applied as of March 31, 2024 and 2025 were as follows:

Currency-related derivatives

Millions of yen

Type				2024	2025
Forward contracts:					
	Selling:				
		U.S. dollars:	Contract amounts	¥1,019	¥1,311
			Due over one year	―	―
			Fair value	(41)	18
			Net unrealized gains (losses)	(41)	18

Millions of yen

Type				2024	2025
Forward contracts:					
	Selling:				
		Indian rupees:	Contract amounts	¥3,620	¥ ―
			Due over one year	―	―
			Fair value	(104)	―
			Net unrealized gains (losses)	(104)	―

(b) Derivative transactions for which hedge accounting had been applied as of March 31, 2024 and 2025 were as follows:

Currency-related derivatives

Currency-related derivatives for which hedge accounting had been applied

Millions of yen

Type			Hedged items		2024	2025
Forward contracts:						
	Selling:		Accounts receivable			
		U.S. dollars:		Contract amounts	¥20,466	¥18,698
				Due over one year	―	―
				Fair value	(2,432)	(71)
		Euros:		Contract amounts	¥74	¥2,122
				Due over one year	―	173
				Fair value	(14)	(70)
		Thai baht:		Contract amounts	¥ ―	¥9
				Due over one year	―	―
				Fair value	―	(0)
	Buying:		Accounts payable			
		U.S. dollars:		Contract amounts	¥7,184	¥8,961
				Due over one year	―	―
				Fair value	98	8
		Euros:		Contract amounts	¥40	¥1
				Due over one year	―	―
				Fair value	1	0
		Canadian dollars:		Contract amounts	¥ ―	¥15
				Due over one year	―	―
				Fair value	―	(0)
		Malaysia ringgit:		Contract amounts	¥ ―	¥93
				Due over one year	―	―
				Fair value	―	(3)
		Australian dollars:		Contract amounts	¥121	¥ ―
				Due over one year	―	―
				Fair value	(0)	―

Notes: The deferred hedge method is applied as a hedge accounting method.

Currency-related derivatives for which exceptional accrual method had been applied

Millions of yen

Type			Hedged items		2024	2025
Forward contracts:						
	Selling:		Accounts receivable			
		U.S. dollars:		Contract amounts	¥158	¥126
				Due over one year	―	―
				Fair value	(Note b)	(Note b)

Notes:

(a) The exceptional accrual method for currency-related derivatives is applied as a hedge accounting method.
(b) For certain accounts receivable for which currency forward contracts are used to hedge the foreign currency exchange rate fluctuation risk, fair value of derivative financial instruments is included in fair value of the accounts receivable as hedged items, because those currency forwards contracts are treated in combination with the respective accounts receivable with the exceptional accrual method for currency forward contracts.

Commodities-related derivatives

Millions of yen

Type			Hedged items	2024	2025
Forward contracts:			Raw materials and finished goods		
	Selling:				
		Zinc:	Contract amounts	¥3,480	¥7,007
			Due over one year	―	―
			Fair value	411	316
		Lead:	Contract amounts	¥730	¥425
			Due over one year	―	―
			Fair value	(2)	7
		Copper:	Contract amounts	¥395	¥359
			Due over one year	―	―
			Fair value	47	2
	Buying:				
		Zinc:	Contract amounts	¥9,114	¥9,877
			Due over one year	―	―
			Fair value	(132)	(182)
		Lead:	Contract amounts	¥3,912	¥3,023
			Due over one year	―	―
			Fair value	(13)	(47)
		Coal:	Contract amounts	¥ ―	¥1,754
			Due over one year	―	―
			Fair value	―	(336)

Notes: The deferred hedge method is applied as a hedge accounting method.

21. Employees' Retirement Benefits

The Company and its consolidated domestic subsidiaries provide two retirement benefit plans for employees, an unfunded retirement plan and a funded retirement plan, under which all eligible employees are entitled to benefits based on their length of service and basic rate of pay at the time of termination.

Defined benefit plans

(a) Changes in retirement benefit obligations

Millions of yen

	2024	2025
Balance at the beginning of the fiscal year	¥48,704	¥46,936
Service cost	3,234	2,640
Interest cost	132	444
Actuarial gain (loss)	(4,031)	(1,818)
Benefits paid	(1,180)	(2,267)
Past service benefits	30	―
Decrease by exclusion of consolidated subsidiaries	―	(169)
Others	46	38
Balance at the end of the fiscal year	¥46,936	¥45,803

(b) Changes in plan assets

	2024	2025
Balance at the beginning of the fiscal year	¥27,942	¥32,328
Expected return on plan assets	829	1,016
Actuarial loss	2,815	(1,314)
Contributions paid by the employer	1,017	1,056
Benefits paid	(375)	(488)
Others	100	(96)
Balance at the end of the fiscal year	¥32,328	¥32,502

(c) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	2024	2025
Funded retirement benefit obligations	¥20,100	¥19,989
Plan assets	(32,328)	(32,502)
	(12,227)	(12,513)
Unfunded retirement benefit obligations	26,835	25,814
Net liability for retirement benefits at the end of the fiscal year	14,608	13,300
Liability for retirement benefits	27,173	26,039
Asset for retirement benefits	(12,565)	(12,738)
Net liability for retirement benefits at the end of the fiscal year	¥14,608	¥13,300

(d) Retirement benefit costs

	2024	2025
Service cost	¥3,234	¥2,640
Interest cost	132	444
Expected return on plan assets	(829)	(1,016)
Net actuarial loss (gain) amortization	(6,349)	(646)
Past service costs amortization	(108)	57
Total retirement benefit costs for the fiscal year	¥(3,919)	¥1,479

(e) Remeasurements of defined benefit plans

Millions of yen

	2024	2025
Past service costs (benefits)	¥(126)	¥30
Actuarial loss	624	(13)
Total remeasurements of defined benefit plans for the fiscal year	¥498	¥16

(f) Accumulated adjustments for retirement benefit

	2024	2025
Past service costs that are yet to be recognized	¥73	¥43
Net actuarial losses that are yet to be recognized	(605)	(592)
Total balance at the end of the fiscal year	¥(531)	¥(548)

(g) Plan assets

1. Plan assets comprise:

	2024	2025
Bonds	38%	38%
Equity securities	31%	30%
General insurance funds	27%	20%
Other	4%	12%
Total	100%	100%

2. Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(h) Actuarial assumptions

The principal actuarial assumptions at March 31, 2024 and 2025 are as follows:

	2024	2025
Discount rate	0.0%-1.2%	0.8%-2.1%
Long-term expected rate of return	Mainly 3.0 %	Mainly 3.4 %

Defined contribution plans

Contributions to defined contribution plans amounted to ¥1,158 million and ¥1,355 million for the years ended March 31, 2024 and 2025, respectively.

22. Earnings per Share of Common Stock

Earnings per share of common stock at March 31, 2024 and 2025 were as follows:

Year ended March 31, 2024	Profit (Millions of yen)	Weighted-average shares (Thousands)	Profit per share (Yen)
Profit attributable to owners of parent	¥25,989	57,155	¥454.71

Year ended March 31, 2025	Profit (Millions of yen)	Weighted-average shares (Thousands)	Profit per share (Yen)
Profit attributable to owners of parent	¥64,662	57,175	¥1,130.95

(a) Regarding diluted earnings per share, no figures for diluted earnings per share have been disclosed because no latent shares existed.

23. Loss on valuation of shares of subsidiaries and associates and Provision of allowance for doubtful accounts

Years ended March 31, 2024

Mitsui Kinzoku Die-Casting Technology America Inc., a non-consolidated subsidiary of the Company, revised its business plan responding to changes in order trends for major products. Consequently, Mitsui Kinzoku Die-Casting Technology America Inc. recognized an impairment loss on its property, plant and equipment.

Because the deterioration in the financial condition of Mitsui Kinzoku Die-Casting Technology America Inc. caused significant decrease in its net asset value, the Company recognized a loss on valuation of shares of subsidiaries and affiliates. In addition to that, the Company recognized provision of allowance for doubtful accounts on monetary receivables from Mitsui Kinzoku Die-Casting Technology America Inc.

24. Loss on impairment of fixed assets

The Company recognized impairment losses on the manufacturing facilities and the idle assets as extraordinary losses for the fiscal years ended March 31, 2024 and 2025 as follows:

Year ended March 31, 2024

Location	Major use	Asset category	Millions of yen
Kyoto City, Kyoto Prefecture	Idle assets	Buildings and structures	¥4
		Machinery and Equipment and Transportation equipment	18
		Subtotal	23
		Total	¥23

The carrying amounts of idle assets were reduced to the recoverable amounts, which were measured at memorandum value since it is difficult to continue to use them for other operations or to sell them. The amount of the reduction was recorded as an impairment loss in an extraordinary loss.

Year ended March 31, 2025

Location	Major use	Asset category	Millions of yen
Nirasaki City, Yamanashi Prefecture	Manufacturing facilities	Buildings and structures	¥117
		Machinery and Equipment and Transportation equipment	2,036
		Lease assets	149
		Construction in progress	52
		Intangible fixed Asset	5
		Other	455
		Subtotal	2,817
		Total	¥2,817

Grouping of assets used for business purposes is based on plant- and product-specific units based on management accounting classifications. And idle assets are grouped by individual assets. The carrying amounts of idle assets held to sale were reduced to net realizable value, which were measured at the estimated sales price.

For manufacturing facilities, the carrying amount of the asset group was reduced to its recoverable amount, as the investment amount was deemed not to be collectible due to a decline in profitability. The recoverable amount was measured by value in use. However, as no future cash flows are expected, the carrying amount was reduced to the memorandum value, and the amount of the reduction was recorded as an impairment loss under extraordinary losses.

25. Related Party Transactions

(a) Related party transactions

Year ended March 31, 2024

Type	Name of the company	Location	Capital (Millions)	Voting rights held by the Company	Description of the business relationship	Transaction detail	Transaction amount (Millions)	Account item	Ending balance (Millions)
Associate	Pan Pacific Copper Co., Ltd.	Minato-ku, Tokyo	¥5,000	32.2%	Production and selling products related to copper refining and smelting business	Mainly sales of products	¥23,783 ＊1	Account Receivable	¥4,664
						Guarantees of bank loans	¥32,151 ＊2		

＊1. Sales and purchases of products and other items are determined by taking into consideration the equivalent market prices for arm’s length transactions.
＊2. The Group guarantees for loans, etc., from financial institutions, etc.

Year ended March 31, 2025

Type	Name of the company	Location	Capital (Millions)	Voting rights held by the Company	Description of the business relationship	Transaction detail	Transaction amount (Millions)	Account item	Ending balance (Millions)
Associate	Pan Pacific Copper Co., Ltd.	Minato-ku, Tokyo	¥5,000	32.2%	Production and selling products related to copper refining and smelting business	Mainly sales of products	¥31,511 ＊1	Account Receivable	¥6,215
						Guarantees of bank loans	¥26,155 ＊2		

＊1. Sales and purchases of products and other items are determined by taking into consideration the equivalent market prices for arm’s length transactions.
＊2. The Group guarantees for loans, etc., from financial institutions, etc.

(b) Summarized financial information of significant associate

The summarized financial information of significant associate, Pan Pacific Copper Co., Ltd. for the years ended March 31, 2024 and 2025 were as follows:

Pan Pacific Copper Co., Ltd.

Millions of yen

	2024	2025
Total current assets	¥493,868	¥505,708
Total non-current assets	2,398	3,395
Total current liabilities	408,515	408,978
Total long-term liabilities	286	290
Total net assets	87,463	99,835
Net sales	1,152,917	1,325,159
Profit before income taxes	9,181	13,388
Profit	6,050	9,251

26. Asset Retirement Obligations

Years ended March 31, 2024 and 2025

Asset retirement obligations that are recorded in the consolidated balance sheet

(a) Overview of asset retirement obligations

- Obligation to restore a closed mine to its original state required by the Mine Closure Law
- Obligation to eliminate asbestos caused by dismantling a building (business asset) under the Act on Asbestos Health Damage Relief
- Obligation to restore a vacated office or other facility to its original state based on a real estate lease agreement

(b) Basis for calculating amounts of the asset retirement obligations

(Mines)

Compania Minera Santa Luisa S.A. has recognized asset retirement obligations in accordance with International Financial Reporting Standards, by estimating closure costs based on mine closure plans under mine closure legislation and regulations in Peru. With regard to estimate of asset retirement obligations, a discount rate of 4.62〜4.73% is used, and the expected period up to payment is based on number of recoverable years from launch of operations and estimated between 1 and 18 years from the next fiscal year.

In addition, during the fiscal year ended March 31, 2025, the Company revised the discount rate and that resulted in increasing of ¥325 million in the balance of asset retirement obligations.

(Asbestos)

The expected periods that removal expenses will occur at the time of dismantling the assets are estimated between in 1 to 31 years depending on each asset. The Companies estimate the amount of asset retirement obligations by using the discount rates which are between (0.13%) and 2.30%.

In the year ended March 31, 2025, the Company gained the ability to reasonably estimate future removal expenses for asbestos building materials, as it obtained new information about these removal expenses. Accordingly, the Company has derived a new estimate of these removal expenses and has recorded the expenses as asset retirement obligations. As a result, the Company additionally recognized asset retirement obligations of ¥5 million.

(Real estate lease agreements)

The companies reasonably estimate the amount of lease deposits from real estate lease agreements that they cannot expect to finally recover, and record the portion of this amount allocated to the fiscal year ended March 31, 2025 as expenses, instead of recording them as asset retirement obligations under liabilities.

The companies use periods of time between 4 and 15 years from the date of occupancy to estimate the amount of the expenses.

The companies estimate the uncollectible amount of lease deposits as ¥291 million in the fiscal year ended March 31, 2025.

(c) Changes in the total amount of these asset retirement obligations in the fiscal years ended March 31, 2024 and 2025

	Millions of yen	
	2024	2025
Balance at the beginning of the fiscal year	¥ 3,796	¥ 3,984
Adjustments due to the passage of time	143	156
Decrease from execution of asset retirement obligations	(266)	(243)
Increase from changes of estimates	(167)	331
Impact of foreign currency translation	479	5
Balance at the end of the fiscal year	¥ 3,984	¥ 4,233

27.Consolidated Statements of Comprehensive Income

Years ended March 31, 2024 and 2025

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous periods and income tax and tax effects for each component of other comprehensive income were as follows:

	Millions of yen	
	2024	2025
Net unrealized gains (losses) on securities:		
Increase (decrease) during the year	¥5,087	¥2,176
Reclassification adjustments	(1,238)	(9,380)
Subtotal, before tax	3,849	(7,203)
Tax (expense) or benefit	(1,115)	2,153
Subtotal, net of tax	2,733	(5,050)
Deferred gains (losses) on hedges:		
Increase (decrease) during the year	(3,908)	441
Reclassification adjustments	4,655	1,227
Subtotal, before tax	747	1,668
Tax (expense) or benefit	(201)	41
Subtotal, net of tax	546	1,709
Foreign currency translation adjustments:		
Increase(decrease) during the year	9,649	(768)
Reclassification adjustments	–	–
Subtotal, net of tax	9,649	(768)
Remeasurements of defined benefit plans:		
Increase(decrease) during the year	617	65
Reclassification adjustments	(118)	(48)
Subtotal, before tax	498	16
Tax (expense) or benefit	(194)	56
Subtotal, net of tax	304	73
Share of other comprehensive income of associates accounted for using equity method:		
Increase(decrease) during the year	(11,885)	(6,896)
Reclassification adjustments	11,468	8,101
Subtotal, net of tax	(416)	1,204
Total other comprehensive income	¥12,816	¥(2,830)

28. Significant Subsequent Events

(Transfer of shares of consolidated subsidiary)
The Company resolved to enter into a share transfer agreement to transfer all its shares in Mitsui Kinzoku ACT Corporation (“Mitsui Kinzoku ACT”), its consolidated subsidiary, to HI-LEX CORPORATION at a meeting of its Board of Directors held on May 13, 2025 and concluded a share transfer agreement on the same date.

1. Purpose of transfer of shares

Mitsui Kinzoku ACT is a manufacturer specializing in door-related automotive equipment, including everything from automotive door component products to electric door systems, and it carries out all processes from planning, development, and manufacturing in-house. It boasts a top-class market share globally.

Since 2022, when the 2022-2024 Medium-Term Business Plan started, the Company has been conducting the dynamic management of its business portfolio. It has concentrated its management resources on businesses that expand value, mainly engineered materials, and on businesses that foster value, such as the business creation sector, which is responsible for creating next-generation businesses, while continuing to search for best owners inside and outside the Company, mainly for businesses that rebuild value.

In the automotive industry, CASE and other technological innovations are progressing, and the industrial structure and business environment are changing dramatically. To achieve sustainable growth for Mitsui Kinzoku ACT, the Company recognizes that it needs to respond to changes and enhance the added value it provides as a system supplier.

Similar to Mitsui Kinzoku ACT, HI-LEX CORPORATION is a company that aims to become the world's leading supplier of system products dealing with automobile door-related parts. It has management resources that will help Mitsui Kinzoku ACT respond to environmental changes and achieve further growth. In terms of sales and marketing, Mitsui Kinzoku ACT and HI-LEX CORPORATION can also be expected to mutually complement their sales channels and supply capabilities. From these standpoints, the Company has concluded that it is optimal to transfer all of the shares in Mitsui Kinzoku ACT it holds to HI-LEX CORPORATION.

2. Name of transferee

HI-LEX CORPORATION

3. Schedule of the transfer

October to December 2025 (scheduled)

4. Outline of the subsidiary

(1) Name

Mitsui Kinzoku ACT Corporation

(2) Description of business

Development, manufacturing, and sales of functional parts for automobiles

5. Number of shares to be transferred, shareholding ratio after the transfer, transfer value, and gain (loss) on transfer

(1) Number of shares to be transferred

14,800,000 shares

(2) Shareholder ratio after the transfer

—%

(3) Transfer price (planned)

¥11,300 million

(4) Gain (loss) on transfer

An extraordinary loss of approximately ¥19,700 million (forecast) is scheduled to be recorded in the consolidated statement of income.

KPMG

Independent auditor’s report

To the Board of Directors of MITSUI MINING & SMELTING Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of MITSUI MINING & SMELTING Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2025 and 2024, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As described in Note 28 Significant Subsequent Events (Transfer of shares of consolidated subsidiary), the Company resolved at the Board of Directors meeting held on May 13, 2025 to transfer all its shares of Mitsui Kinzoku ACT Corporation, a consolidated subsidiary, and concluded a share transfer agreement on the same date.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of the calculation of the net realizable values used for the valuation of inventories

The key audit matter

MITSUI MINING & SMELTING CO., LTD.
(the “Company”) recognized inventories of ¥179,297 million in the consolidated balance sheet as of March 31, 2025. This amount represented 27% of total assets in the consolidated balance sheet.

As described in Note (Significant accounting estimates), 1. Valuation of inventories to the consolidated financial statements, inventories are stated at the acquisition cost. However, if the net realizable value or the replacement cost is lower than the acquisition cost at the end of the year, inventories are measured at the net realizable value or the replacement cost, and the difference from the acquisition cost is recorded as an expense for the period.

Of these values compared with the acquisition cost in valuation of inventories, net realizable values are calculated based on the most recent actual unit selling prices and the actual selling costs, which reflect the influences of changes in

How the matter was addressed in our audit

The primary procedures we performed to assess the accuracy of the calculation of the net realizable values used for the valuation of inventories are set forth below:

In addition, we engaged the independent auditors of the consolidated subsidiaries of the Company and provided direction, supervision, and review of their work. We also evaluated whether sufficient and appropriate audit evidence had been obtained from the procedures performed.

(1) Internal control testing
Test of the design and operating effectiveness of certain of the Company’s internal controls relevant to the valuation of inventories, with a greater focus on:

- Controls to completely identify inventories to beevaluated; and
- Controls to calculate net realizable values and recognize valuation losses accurately.

quoted market prices of nonferrous metals on actual unit selling prices. Quoted market prices of nonferrous metals are determined based on listed prices on the London Metal Exchange (“LME”) and other international markets (hereinafter, these prices are referred to as the “LME or other market prices”). The LME or other market prices fluctuate under the influences of various factors such as the international supply-demand balance, global political and economic conditions, and speculative trading. Accordingly, any failure in calculating accurate net realizable values reflecting the LME or other market prices, which are used for the valuation of inventories, may have significant effect on valuation of inventories.

We, therefore, determined that our assessment of the accuracy of the calculation of the net realizable values used for the valuation of inventories was of the most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

(2) Assessment of the accuracy of the calculation of the net realizable values

Assessment of the accuracy of the calculation of the net realizable values by performing the following procedures:

- Assessment of the appropriateness of the unit of valuation of inventories determined for each of the categories such as zinc, lead, copper, and catalysts in accordance with the requirements of applicable accounting standards;
- Comparison of the LME or other market prices reflected in the most recent actual unit selling prices, which served as the basis for the calculation of the net realizable values, with the published LME or other market prices;
- Assessment as to whether the net realizable values used for the valuation of inventories were accurately calculated through recalculations; and
- Assessment as to whether valuation losses were recognized accurately and completely by comparing the net realizable values with the acquisition costs.

Other Information

The other information comprises the information included in the Integrated Report but does not include the consolidated financial statements and our auditor’s report thereon. The other information is expected to be made available to us after the date of this auditor’s report. Management is responsible for the other information. The audit and supervisory committee are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and supervisory committee are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan
will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and network firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 224 million yen and 114 million yen, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroaki Sugiura
Designated Engagement Partner
Certified Public Accountant

Terukazu Nagamine
Designated Engagement Partner
Certified Public Accountant

Yoshimasa Hamada
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 25, 2025

Notes to the Reader of Independent Auditor’s Report:
This is a copy of the Independent Auditor’s Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

ESG data

Governance

Stocks held and balance sheet amount

Classification		FY2023	FY2024
Number of companies	Unlisted	25	25
	Listed	7	4
	Total	32	29
Amount recorded on the balance sheet (millions of yen)	Unlisted	1,869	1,868
	Listed	8,589	985
	Total	10,458	2,853

Employees

Breakdown of consolidated employees by employment status and employment contract type (as of the end of FY2024)

		Male	Female	Total
Open-ended workforce contract	Full-time	9,240	3,323	12,563
	Part-time	12	14	26
	Total	9,252	3,337	12,589
Fixed-term contract	Full-time	346	157	503
	Part-time	81	48	129
	Total	427	205	632
Total		9,679	3,542	13,221
Supervised workers		848	945	1,793
Total workforce		10,527	4,487	15,014

＊Since the calculation method is different from the one for temporary employees stated in the annual securities report, the total number of employees is not in accord.

Breakdown of consolidated employees by employment contract (as of the end of FY2024)

	Open-ended workforce contract		Fixed-term contract		
	Male	Female	Male	Female	Total
Japan	5,470	924	331	122	6,847
North America	214	145	0	0	359
South and Central America	603	411	0	0	1,014
Asia	2,919	1,823	96	83	4,921
Europe	46	34	0	0	80
Total	9,252	3,337	427	205	13,221

Breakdown of consolidated employees by position (as of the end of FY2024)

	Under 30 years of age		30-49 years old		50 years of age or over		
	Male	Female	Male	Female	Male	Female	Total
Managerial	2	0	760	132	684	39	1,617
Non-managerial	1,792	611	4,392	2,087	2,049	673	11,604
Total	1,794	611	5,152	2,219	2,733	712	13,221

Percentage of managers holding local nationality in overseas sites (as of the end of FY2024)

North America	79.3%
South and Central America	57.7%
Asia	86.1%
Europe	100.0%
Total	84.4%

New employee hires by region (as of the end of FY2024)

		Under 30 years of age		30-49 years old		50 years of age or over		
		Male	Female	Male	Female	Male	Female	Total
Japan	New hires	145	38	189	74	124	69	639
	Total employees	786	161	2,843	485	2,249	352	6,876
	Rate of hiring	18.4%	23.6%	6.6%	15.3%	5.5%	19.6%	9.3%
North America	New hires	7	0	32	14	34	32	119
	Total employees	13	3	81	51	113	91	352
	Rate of hiring	53.8%	0.0%	39.5%	27.5%	30.1%	35.2%	33.8%
South and Central America	New hires	66	61	58	31	6	6	228
	Total employees	138	151	301	211	149	49	999
	Rate of hiring	47.8%	40.4%	19.3%	14.7%	4.0%	12.2%	22.8%
Asia	New hires	333	181	141	85	6	32	778
	Total employees	839	293	1,896	1,436	221	174	4,859
	Rate of hiring	39.7%	61.8%	7.4%	5.9%	2.7%	18.4%	16.0%
Europe	New hires	10	1	8	4	10	3	36
	Total employees	10	0	15	11	21	23	80
	Rate of hiring	100.0%	-	53.3%	36.4%	47.6%	13.0%	45.0%
Total	New hires	561	281	428	208	180	142	1,800
	Total employees	1,786	608	5,136	2,194	2,753	689	13,166
	Rate of hiring	31.4%	46.2%	8.3%	9.5%	6.5%	20.6%	13.7%

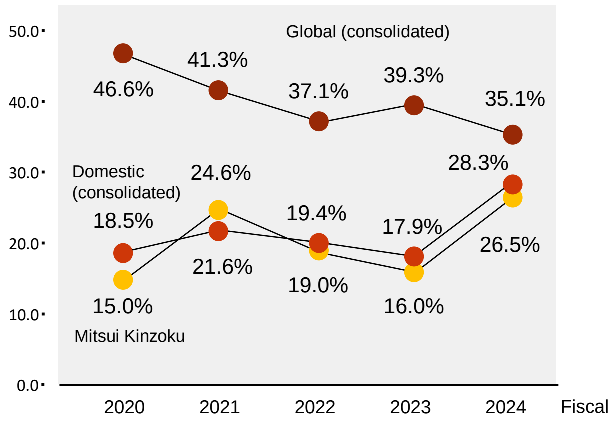
＊Since the calculation method is different from the one for consolidated employees, the total number of employees is not in accord.

Employee turnover by region (as of the end of FY2024)

		Under 30 years of age		30-49 years old		50 years of age or over		
		Male	Female	Male	Female	Male	Female	Total
Japan	Departures	35	5	102	20	152	27	341
	Total employees	786	161	2,843	485	2,249	352	6,876
	Turnover rate	4.5%	3.1%	3.6%	4.1%	6.8%	7.7%	5.0%
North America	Departures	3	0	14	5	9	19	50
	Total employees	13	3	81	51	113	91	352
	Turnover rate	23.1%	0.0%	17.3%	9.8%	8.0%	20.9%	14.2%
South and Central America	Departures	47	20	37	19	14	7	144
	Total employees	138	151	301	211	149	49	999
	Turnover rate	34.1%	13.2%	12.3%	9.0%	9.4%	14.3%	14.4%
Asia	Departures	176	153	185	96	38	47	695
	Total employees	839	293	1,896	1,436	221	174	4,859
	Turnover rate	21.0%	52.2%	9.8%	6.7%	17.2%	27.0%	14.3%
Europe	Departures	12	1	10	4	10	3	40
	Total employees	10	0	15	11	21	23	80
	Turnover rate	120.0%	-	66.7%	36.4%	47.6%	13.0%	50.0%
Total	Departures	273	179	348	144	223	103	1,270
	Total employees	1,786	608	5,136	2,194	2,753	689	13,166
	Turnover rate	15.3%	29.4%	6.8%	6.6%	8.1%	14.9%	9.6%

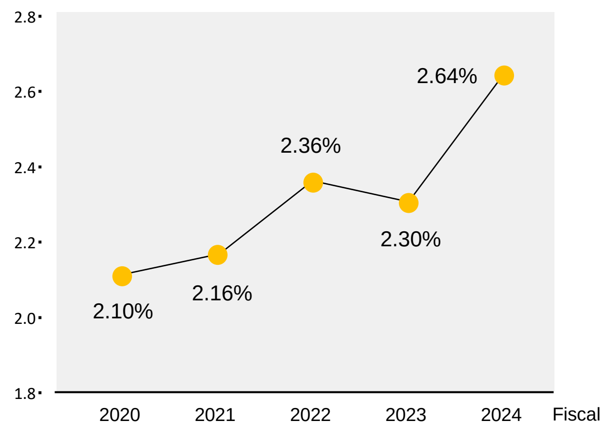
＊Since the calculation method is different from the one for consolidated employees, the total number of employees is not in accord. Departures include “retirement at the age limit” and “expiration of contract period”.

Proportion of women as a percentage of new hires

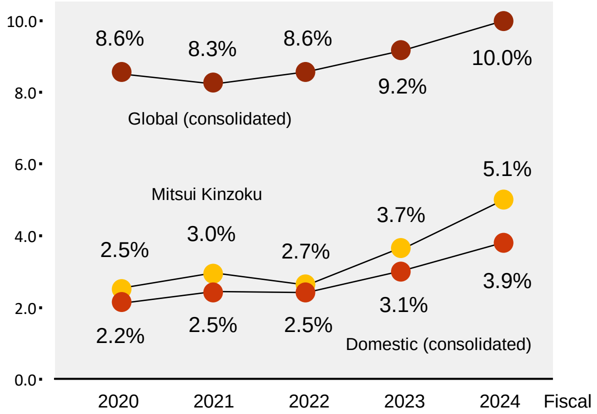


Percentage of employees with disabilities

(Mitsui Kinzoku, Non-consolidated)

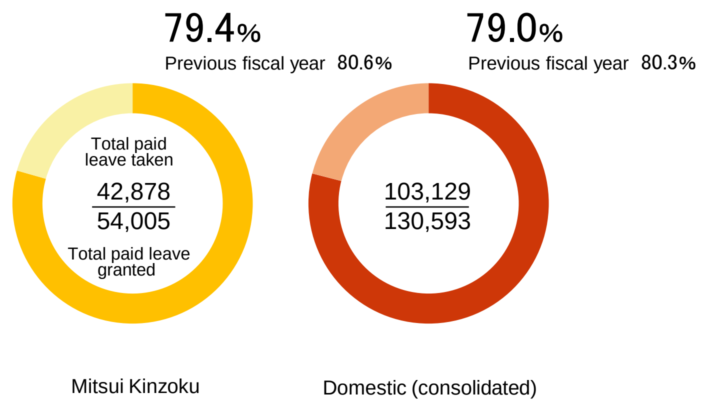


Proportion of women in management positions

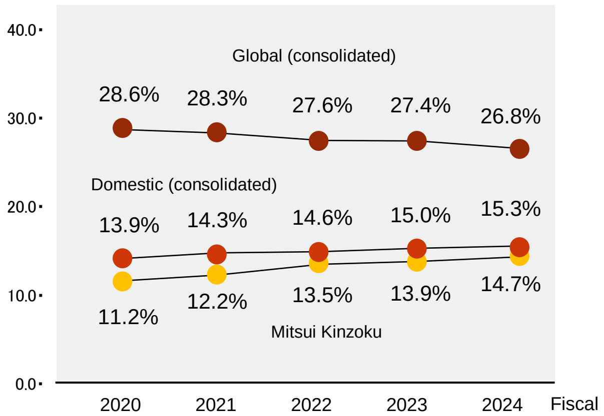


* At Mitsui Kinzoku, the target for "women in management positions" is set as those at the "section manager level" or above, and the values are calculated based on this criterion. For affiliated companies, the values are calculated based on each company's definition of management positions.

Rate of taking paid leave

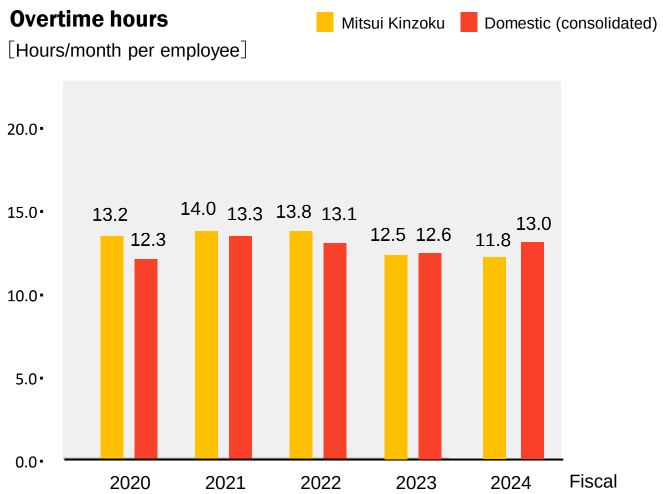


Proportion of women as a percentage of total employees



Overtime hours

[Hours/month per employee]



Parental leave

		FY2022		FY2023		FY2024	
		Employees that entitled to leave	Employees that took leave	Employees that entitled to leave	Employees that took leave	Employees that entitled to leave	Employees that took leave
Mitsui Kinzoku	Male	71	6	71	30	58	31
	Female	15	15	11	11	5	5
	Total	86	21	82	41	63	36
Domestic (consolidated)	Male	175	21	140	62	132	66
	Female	19	18	21	21	11	11
	Total	194	39	161	83	143	77

* The definition for 'employees that took leave' has changed since the FY2024 performance.
Employees that took leave: Employees that took parental leave in the relevant fiscal year among those eligible for such leave.

Return to work and retention rates after parental leave

		FY2022			FY2023			FY2024		
		Ended	Returned	Retired	Ended	Returned	Retired	Ended	Returned	Retired
Mitsui Kinzoku	Male	7	7	0	26	26	2	28	28	0
	Female	14	14	0	13	13	0	12	12	0
	Total	21	21	0	39	39	2	40	40	0
Domestic (consolidated)	Male	21	21	2	51	51	2	62	62	0
	Female	20	20	0	13	13	0	15	15	0
	Total	41	41	2	64	64	2	77	77	0

* Ended: Employees whose parental leave ended. Returned: Employees that returned to work after ended.
Retired: Employees that separated from employment in twelve months after returning.
The FY2023 performance has been updated from the data disclosed last year, incorporating the number of employees who had retired in FY2024 after returning.

Wage gap between male and female workers

FY2024	All workers	Of which, regular workers	Of which, part-time and fixed-term workers
Mitsui Kinzoku	68.2%	70.9%	53.1%
Domestic (consolidated)	66.5%	72.0%	56.8%

Female workers are paid less than male workers, which is attributable principally to the smaller percentage of women in management positions and to the average length of service of women being shorter than that of men (by about seven years).

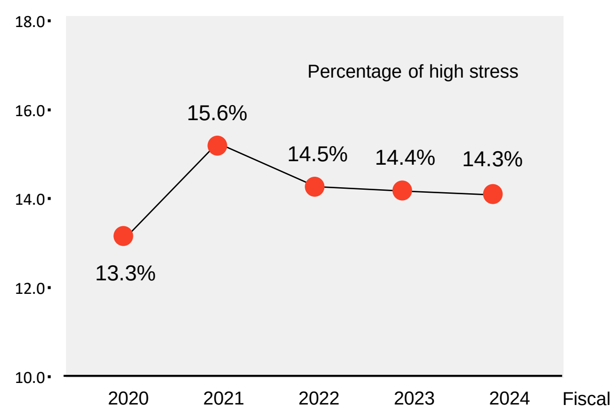
* Calculated based on provisions in the Act on the Promotion of Women's Active Engagement in Professional Life.

Average years of employment by gender

FY2024		All workers	Of which, regular workers	Of which, part-time and fixed-term workers
Mitsui Kinzoku	Male	14.7	15.3	7.1
	Female	7.1	7.6	3.1
	Total	13.6	14.3	6.1
Domestic (consolidated)	Male	15.1	15.2	14.1
	Female	8.3	8.4	5.0
	Total	14.1	14.3	11.6

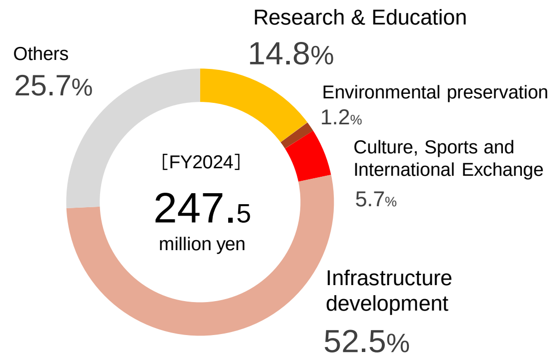
Results of stress check (Percentage of high stress)

(Target: Directly hired employees of Mitsui Kinzoku and the domestic consolidated subsidiaries, including expatriate workers)



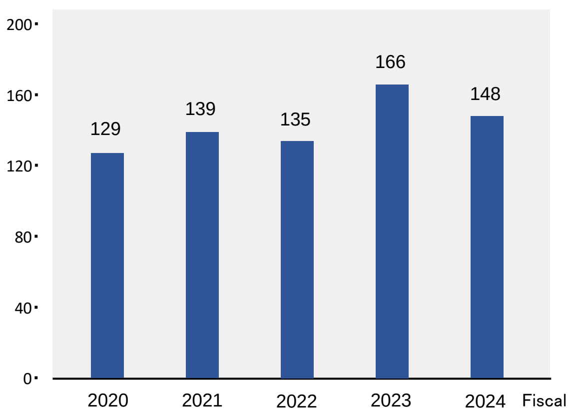
Contributing to communities

Mitsui Kinzoku Group breakdown of the amount

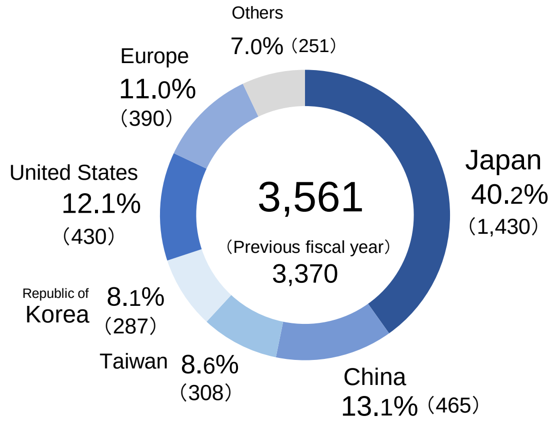


Intellectual property

Number of patent family applications



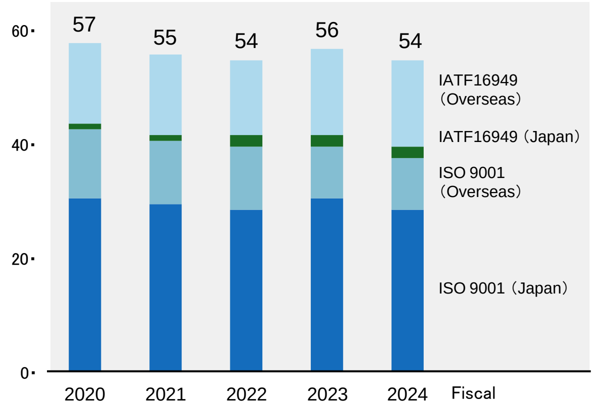
Number of patents registered globally



＊Numbers as of the end of March 2025.

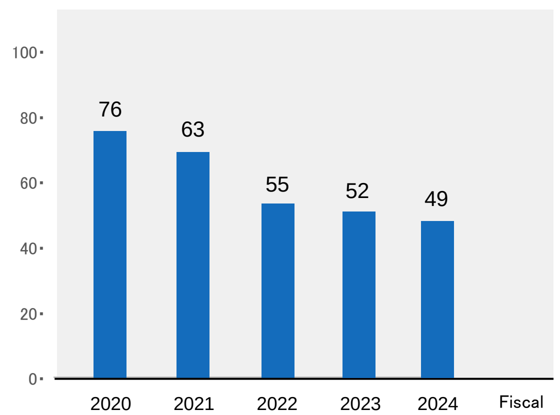
Quality assurance

Number of operating sites with certifications



＊The number of target sites decreased in FY2024 due to business transfer.

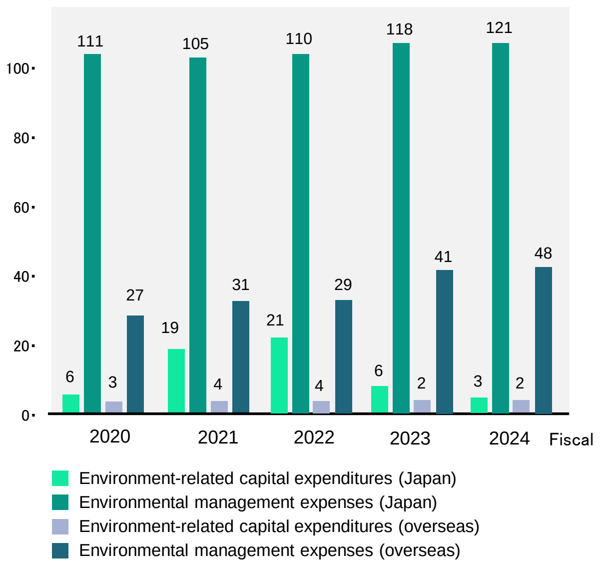
Number of claims at sites that hold QA meetings



＊The values expressed as relative values, with the data of FY2013 being 100.

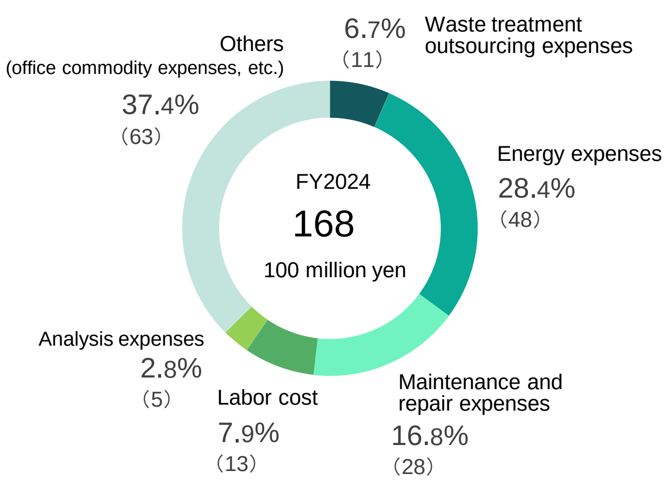
Environment

Environment-related capital expenditures and environmental management expenses (Hundred million yen)

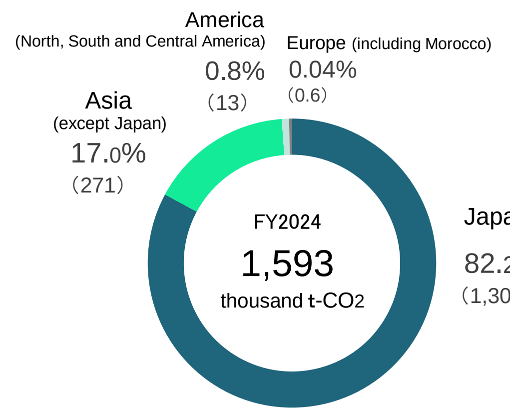


＊Revised the values for FY2023 disclosed last year.

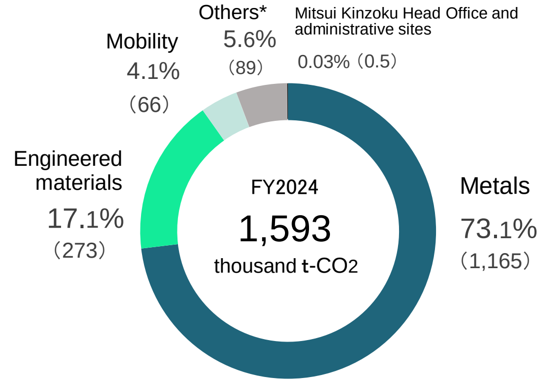
Break down of environmental management expenses



Breakdown of CO_2 emissions by region

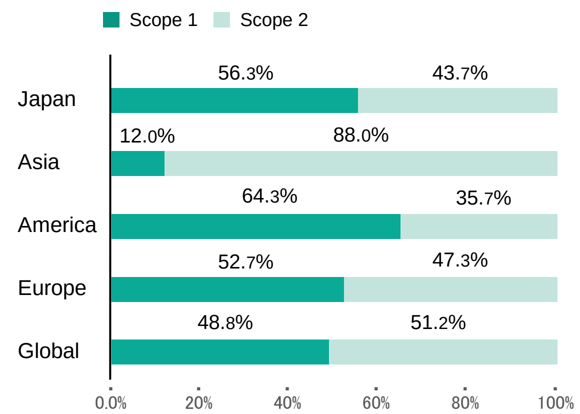


Breakdown of CO_2 emissions by business unit

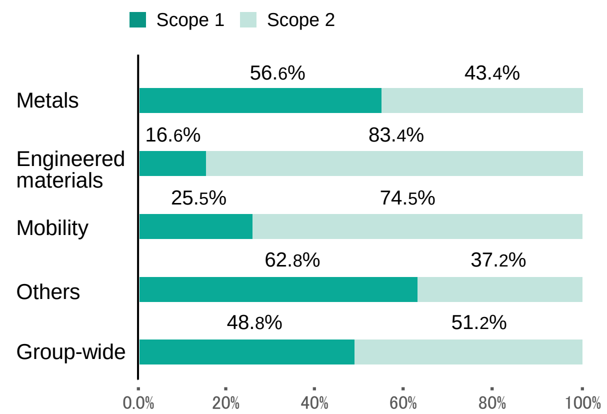


＊Including the organizations under the Business Reconstruction Office of the Corporate Planning Department, and the Business Creation Sector.

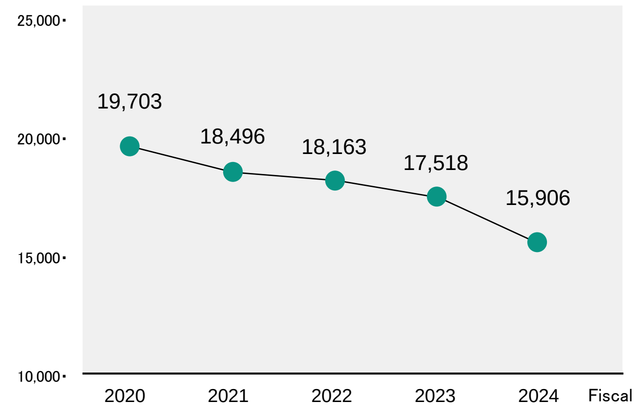
Breakdown by scope of CO_2 emissions by region



Breakdown by scope of CO_2 emissions by business unit

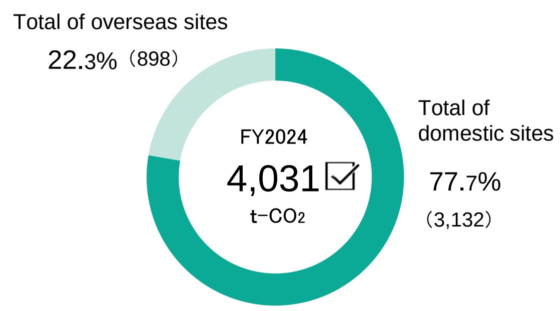


CO_2 emissions in logistics (Non-consolidated, t-CO_2/year)



＊Up to FY2021, the scope of data calculation covered the transportations designated as Specified Consigner by the Act on the Rational Use of Energy. Data for FY2022 onwards was obtained from the calculations made for the Category 4 boundary of Scope 3.

CO_2 emissions by waste treatment (Category 5 of Scope 3)



＊Calculation performed in accordance with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver.2.6), using the emission factors by waste type/disposal method (excluding the waste transportation process) in the Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver.3.4) and IDEA ver.3.4.

＊We have received an independent practitioner's assurance for the figures for FY2024 in this information to which ☑ is attached.

Corporate profile and Stock information

(as of March 31, 2025)

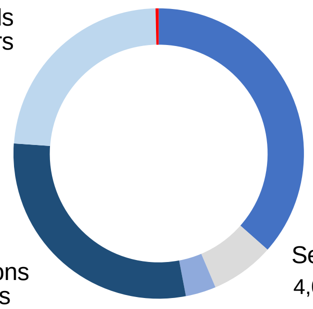
Corporate profile

Company name	MITSUI MINING & SMELTING CO., LTD.
Established	May 1, 1950
Paid-in capital	42,289 million yen
Employees	Consolidated 12,097 Non-consolidated 2,473
Subsidiaries and affiliates	Subsidiaries 50
	Affiliates 7
Head office	1-11-1 Osaki, Shinagawa-ku, Tokyo 141-8584 Japan Telephone +81-3-5437-8000 Facsimile +81-3-5437-8029

Stock information

Total number of authorized shares	190,000,000 shares
Total number of outstanding shares	57,381,552 shares
Number of shareholders	38,573

Share breakdown (Thousands of shares)



Major shareholders (Top 10)

Shareholder	Number of shares held (Thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Held in trust account)	10,814	18.91
Custody Bank of Japan, Ltd. (Held in trust account)	6,840	11.96
STATE STREET BANK AND TRUST COMPANY 505223	1,554	2.71
Mitsui Kinzoku Employees' Shareholding Association	1,346	2.35
The Nomura Trust and Banking Co., Ltd. (Held in investment trust account)	1,177	2.05
STATE STREET BANK AND TRUST COMPANY 505001	941	1.64
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	880	1.54
JPMorgan Securities Japan Co., Ltd.	850	1.48
Mitsui Kinzoku Business Partners' Shareholding Association	820	1.43
Goldman Sachs Securities Co., Ltd. BNYM	807	1.41

Note: Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 199,361 shares in treasury).

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(TRANSLATION)

Independent Practitioner's Assurance Report

August 27, 2025

Mr. Takeshi Nou
President and Representative Director
MITSUI MINING & SMELTING CO., LTD .

Tomoharu Hase
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the CO_2 emissions and energy consumption indicated with ☑ for the year ended March 31, 2025 (the "CO_2 Related Information") included in the "MITSUI KINZOKU Integrated Report 2025" (the "Report") of MITSUI MINING & SMELTING CO., LTD. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the CO_2 Related Information in accordance with the calculation and reporting criteria adopted by the Company (indicated with the CO_2 Related Information included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the CO_2 Related Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and *the Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the CO_2 Related Information is not prepared, in all material respects, in accordance with the calculation and reporting criteria adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited