

## [Summary]

Securities identification code: 5706  
June 6, 2022

To Shareholders:

**Mitsui Mining & Smelting Co., Ltd.**  
1-11-1 Osaki, Shinagawa-ku,  
Tokyo 141-8584, Japan

NOU Takeshi  
President and  
Representative Director

### **Notice of Convocation of the 97th Annual General Meeting of Shareholders**

Dear Shareholders:

Thank you for your patronage. You are cordially invited to attend the 97th Annual General Meeting of Shareholders of Mitsui Mining & Smelting Co., Ltd. The meeting will be held on Tuesday, June 29, 2022. Please find below the Notice of Convocation.

Please review the proposals submitted to the General Meeting of Shareholders and the overview of operations for the 97th fiscal year.

Sincerely,

#### **Meeting Particulars**

1. Date and Time: 10:00 a.m. on Wednesday, June 29, 2022
2. Place: Gate City Hall, Underground Level 1,  
Gate City Ohsaki-West Tower,  
1-11-1 Osaki, Shinagawa-ku, Tokyo

#### **Request on the prevention of the spread of COVID-19**

**For this General Meeting of Shareholders, we kindly ask shareholders, in order to prevent the spread of the infection, to exercise your voting rights in advance by submitting the Voting Rights Exercise Form or via the Internet, etc., as much as possible.**

When attending the meeting, we kindly ask that you bring and wear face masks. In addition, measures to prevent the spread of the infection will be taken in consideration of the health of shareholders on the day of the General Meeting of Shareholders, including checking temperatures, shortening the event duration, and cancelling exhibitions. We appreciate your understanding.

In the event of major changes to the operation of the meeting due to the status of the spread of COVID-19, details will be posted on the Company's website on the Internet.

This General Meeting of Shareholders will be streamed live via the Internet. For how to view the live stream, etc., please refer to this Notice of Convocation or the Company's website (<https://www.mitsui-kinzoku.com/en/>).

3. Purpose of the Meeting:  
Matters to be reported

1. Business Report, Consolidated Financial Statements, and reports from the independent auditing firm and the Board of Auditors on consolidated financial statements for the 97th fiscal year (from April 1, 2021, to March 31, 2022)
2. Reports on financial statements for the 97th fiscal year (from April 1, 2021, to March 31, 2022)

Matters to be resolved

Proposals by the Company: Items 1-4

First Item	Appropriation of Retained Earnings
Second Item	Partial Amendment of the Articles of Incorporation
Third Item	Election of eight (8) Directors
Fourth Item	Election of one (1) Corporate Auditor

Proposals by a Shareholder: Items 5-11

Fifth Item	Dismissal of Representative Director
Sixth Item	Shareholder Dividends
Seventh Item	Acquisition of Treasury Stock
Eighth Item	Partial Amendment of the Articles of Incorporation
Ninth Item	Partial Amendment of the Articles of Incorporation (Establishment of a contact point for whistleblowers in the Audit & Supervisory Committee)
Tenth Item	Partial Deletion of the Articles of Incorporation
Eleventh Item	Partial Amendment of the Articles of Incorporation (Separating the roles of Chief Executive Officer and Chairperson of the Board of Directors)

Proposals by a Shareholder (Items 5-11) are described in pages 24-31 of the General Meeting of Shareholders' Reference Materials hereafter.

4. Note of Caution in Exercising Voting Rights:

**Proposals by one of the Shareholders** have been presented for this Annual General Meeting of Shareholders as indicated above. While the details are provided hereafter under the Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Items, **the Board of Directors of the Company is opposed to these proposals.**

Since the Sixth Item is in conflict with the First Item proposed by the Company, **please note that you should not indicate your approval for both Items.** If you vote in favor of both Items, your votes for both the First Item and the Sixth Item will be deemed invalid.

5. Other Items pertaining to the Convocation of the General Meeting of Shareholders:

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form or by electronic means (Internet, etc.). Please review the attached General Meeting of Shareholders' Reference Materials and exercise your voting rights **by 5 p.m. (Japan Time) on Tuesdays, June 28, 2022.**

In the case of exercising voting rights both by the voting right exercise form and electronically (Internet, etc.), regardless of the timing of the voting rights submissions, the electronic (Internet, etc.) version will be considered effective.

In the case of exercising voting rights electronically (Internet, etc.) multiple times, the final exercise of voting rights will be considered effective.

- End -

1. When you attend the meeting in person, please submit the voting right exercise form enclosed herewith to the receptionist at the place of the meeting. In addition, please bring with you this Notice of Convocation to assist us in reducing the amount of paper used.
2. In connection with those documents that are required to be provided with this Notice of Convocation, the notes to both consolidated and non-consolidated financial statements are posted on the Company's website (Japanese version only) and are not attached to this Notice, in accordance with relevant laws, ordinances and the Articles of Incorporation. In addition to the items outlined in the attached documents, notes to both consolidated and non-consolidated financial statements are included in the consolidated and non-consolidated financial reports that corporate auditors and the independent auditing firm audited in order to prepare audit reports and independent auditors' reports, respectively.
3. If there arises the need to make revisions to the General Meeting of Shareholders' Reference Materials or the appended Business Report, Consolidated Financial Statements, and Nonconsolidated Financial Statements, revised items will be posted on the Company's website.
4. In accordance with the stipulations of the Company's Articles of Incorporation, shareholders seeking to exercise voting rights via a proxy will be requested to designate another shareholder with voting rights as the proxy. In addition, please note that only shareholders are eligible to attend the Annual General Meeting of Shareholders.

**The Company's website (<https://www.mitsui-kinzoku.com/en/>)**

*This is a summary translated from the Japanese-language Notice of Convocation distributed to shareholders in Japan.*

# Guide to Exercising Voting Rights

**In order to prevent the spread of COVID-19, we kindly ask you to exercise your voting rights in advance by submitting the Voting Rights Exercise Form or via the Internet, etc., as much as possible.**

In the event of your inability to attend, you may exercise your voting rights by either of the methods described below.

## 1. Method of Exercising Voting Rights by Paper Form

Please indicate your approval or disapproval of the agenda items on the enclosed voting rights exercise form and send in the form so that it arrives before the deadline.

Exercise deadline: To arrive no later than 5 p.m. (Japan Time) on Tuesday, June 28, 2022

## 2. Method of Exercising Voting Rights Electronically (Internet, Etc.)

### (1) Exercise of Voting Rights Via the Internet

Please access the voting website at <https://www.web54.net> from a personal computer or a smartphone, follow the instructions shown on the screen, and by entering a new password (you may change your password if you wish) using the “voting rights exercise code” and “password” shown on the enclosed voting rights exercise form, you will be able to submit votes of approval or disapproval for each of the agenda items.

Exercise deadline: Until 5 p.m. (Japan Time) on Tuesday, June 28, 2022

Questions Regarding Personal Computer Operation, Etc.

If you have questions regarding the use of the voting rights exercise website, please contact the following unit.

Sumitomo Mitsui Trust Bank, Limited  
Help Desk for Internet Voting  
Phone Number: +81 0120 (652) 031  
(Available from 9:00 a.m. to 9:00 p.m. (Japan Time))

### (2) Exercising Voting Rights via the Voting Rights Exercise Platform

With regard to institutional investors, shareholders who have registered in advance to use the Voting Rights Exercise Platform may use this platform to exercise their voting rights.

# Instructions for live stream of the General Meeting of Shareholders

This General Meeting of Shareholders will be available for the shareholders to view from home, etc. through a live stream on the Internet as instructed below. Please note that although the live stream will be showing only the area where the chairperson and the Board members are seated to protect the privacy of the shareholders attending the meeting, it is possible that some shareholders attending the meeting will unavoidably be captured in the video.

## 1. Date and time for the live stream

From 10:00 a.m. on Wednesday, June 29, 2022 to the end of the General Meeting of Shareholders

- (1) The webpage for live stream can be accessed from about 9:30 a.m. on the same day.
- (2) The Company may not be able to operate the live stream due to reasons such as lockdowns and staff in charge of the live stream being infected with COVID-19. We kindly ask for your understanding.

## 2. How to view the live stream on the day of the meeting

Please prepare your shareholder ID (shareholder number) and password (postal code) in advance, which are required to log in to the authentication page for shareholders (login page), and input the URL below or scan the QR code on your personal computer, smartphone, or other device to access the live stream page (be sure to keep a copy at hand or write down the “shareholder number” before sending out the Voting Rights Exercise Form).

<https://www.virtual-sr.jp/users/mitsui-kinzoku97/login.aspx>



## 3. How to ask questions

Questions concerning the proposals for the General Meeting of Shareholders or management of the Company will be accepted on the live stream system. Among the questions the Company receives, matters of high interest to shareholders will be posted on the Company’s website above at a later date.

Term for submission of questions: From June 13, 2022 (Monday) until 5:00 p.m. on June 23,2022 (Wednesday)  
Please be as concise as possible in your questions.

### **ID and password**

For viewing the live stream, you are required to enter your ID (shareholder number) and password (postal code).

- (1) Shareholder ID: Your “shareholder number” (9-digit number) printed on the Voting Rights Exercise Form
- (2) Password: The “postal code” (7-digit number without hyphen) of your registered address on the shareholder register as of the record date

### Note of caution

- (a) **If you plan to view the live stream of the General Meeting of Shareholders, please note that it will not be recognized as attending the General Meeting of Shareholders stipulated by the Company Law and you will not be able to ask questions and exercise voting rights on the day of the meeting. Therefore, please exercise your voting rights in advance by submitting the enclosed Voting Rights Exercise Form or via the Internet, etc.**
- (b) Please note that depending on the model, functions, and Internet connection (network conditions, connection speed, etc.) of the personal computer, smartphone, or other device used, you may

- experience technical problems in image or sound quality of the live stream.
- (c) It is possible that due to system failures, communication environment, etc., there may be technical difficulties such as sound/image delays and temporary disruptions in the live stream. The Company will not be liable for any detriments caused by poor connection or system failures.
  - (d) Audio recordings, video recordings, and publicizing thereof of the live stream are prohibited to avoid infringement of portrait rights of shareholders, etc.
  - (e) Viewing of the live stream is limited to shareholders. It is prohibited to provide the shareholder ID and password for viewing the live stream to other parties.
  - (f) Any telecommunications fees, etc. for viewing the live stream and submitting questions shall be borne by the shareholder.

# General Meeting of Shareholders' Reference Materials

## Matters to Be Resolved and Reference Items:

### Proposals by the Company: Items 1-4

#### First Item

##### Appropriation of Retained Earnings

We propose that appropriation of retained earnings be performed as follows.

While ensuring that it retains sufficient internal reserves to fund measures for strengthening operations and promoting future business expansion, the Company has a fundamental policy of seeking to distribute dividends in line with its performance.

Specifically, the Company aims to return profit based on a consolidated dividend payout ratio of approximately 20% and to pay dividends at a consolidated dividend on equity ratio (DOE) of approximately 2.5%, focusing on continuous and stable dividend distribution.

In accordance with this fundamental policy, based on the consideration of the Company's financial condition and its performance in the fiscal year under review, the Company proposes that the year-end dividend applicable to the fiscal year under review be ¥110 per share as described below, ¥25 per share higher than in the previous period.

#### Year-End Dividends

(1) Type of Dividend Asset	Money
(2) Allocation and Total Value of Dividend Assets	¥110 per share of common stock Total value of ¥6,283,072,400
(3) Effective Date of Retained Earnings Distribution	June 30, 2022

**Second Item**

Partial amendment of the Articles of Incorporation

1. Reasons for Amendment

Revised provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Law No. 70 of 2019) will come into effect from September 1, 2022. This amendment of the Articles of Incorporation of the Company is to prepare for the introduction of a system to provide reference materials for a General Meeting of Shareholders in electronic format as follows:

- (1) Proposed amended Article 15, paragraph 1 stipulates information that is comprised of the contents of reference materials for the General Meeting of Shareholders, etc., to be uploaded onto a website in electronic format available for downloading.
- (2) Proposed amended Article 15, paragraph 2 covers the stipulation to restrict the scope of items to be listed in the documents to be sent to shareholders who have requested the delivery of materials in paper-based format.
- (3) Provisions for disclosure via the Internet and deemed provision of reference materials for a general meeting of shareholders, etc. (Article 15 of the current Articles of Incorporation) will no longer be required and is deleted.
- (4) A supplementary provision regarding the effective date, etc., is established in line with the above additions and deletions.

2. Details of the Amendment

The details of the amendment are as follows. (Underlined portions are amended.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p><u>Article 15. Internet Utilization for the Disclosure and Deemed Provision of General Meeting of Shareholders Reference Materials, Etc.</u></p> <p style="padding-left: 40px;"><u>Regarding such information items that must be recorded or disclosed upon the convocation of General Meetings of Shareholders as items in general meeting of shareholders’ reference materials, business reports, other financial reports, and consolidated financial reports, the Company will, by disclosing these items via the Internet in accordance with the Ministry of Justice Directive, be deemed to have provided the relevant items to shareholders.</u></p>	<p>CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p style="text-align: center;">[Deleted]</p>



Current Articles of Incorporation	Proposed Amendments
<u>[Newly added]</u>	<p data-bbox="847 235 1374 264"><u>Article 15. Electronic Provision Measure, Etc.</u></p> <p data-bbox="959 282 1401 551"><u>Upon convocation of a general meeting of shareholders, the Company shall provide, in electronic format, the information contained in reference documents, etc. for general meetings of shareholders.</u></p> <p data-bbox="959 568 1401 1025"><u>2. Among the matters which the Company provides in electric format, the Company may omit all or part of the matters set forth in the ordinances of the Ministry of Justice from the materials to be delivered to the shareholders who have requested the delivery of materials in paper-based format on or before the record date for entitlement to voting rights.</u></p>
<u>[Newly added]</u>	<p data-bbox="847 1048 1145 1077"><u>Supplementary Provisions</u></p> <p data-bbox="959 1095 1401 1843"><u>1. The delete of current Article 15 (Internet Utilization for the Disclosure and Deemed Provision of General Meeting of Shareholders Reference Materials, Etc.) and newly added of proposed amendments of Article 15 (Electronic Provision Measure, Etc.) of these Articles of Incorporation shall take effect on the date (hereinafter referred to as the “Enforcement Date”), being the enforcement date of the amended provisions set forth in the proviso of Article 1 of the Supplementary Provisions to the Act Partially Amending the Companies Act (Act No. 70 of 2019).</u></p> <p data-bbox="959 1861 1401 2033"><u>2. Notwithstanding the provisions of the preceding paragraph, current Article 15 of these Articles of Incorporation shall continue in effect</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="959 232 1353 405"><u>regarding a general meeting of shareholders that is held on a date within six (6) months of the Enforcement Date.</u></p> <p data-bbox="959 427 1401 788"><u>3. These Supplementary Provisions shall be deleted on the later date of the day on which six (6) months have elapsed since the Enforcement Date or the date on which three (3) months have elapsed since the date of the general meeting of shareholders set forth in the preceding paragraph.</u></p>

### Third Item

#### Election of eight (8) Directors

The term of office of eight (8) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes that eight (8) candidates be appointed to the position of Director. The candidates for the position of Directors are as follows, and Mr. MATSUNAGA Morio, Mr. TOIDA Kazuhiko and Ms. TAKEGAWA Keiko are candidates for Outside Directors.

With regard to the candidates for Directors, the Nomination Review Committee chaired by an Outside Director has comprehensively examined their capabilities, knowledge, and character without being limited by their nationality, race, or gender, and considered those who can sufficiently fulfill their responsibilities as Directors, and the Board of Directors has determined the candidates based on the results.

No.	Name	Title/Positions	Number of years served as Director (Year)	Attendance rate *1	Committee
1	NOU Takeshi Reappointed	President, Representative Director	7	100%	Nomination*2 Compensation*3
2	KIBE Hisakazu Reappointed	Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector	2	100%	-
3	TSUNODA Satoshi Reappointed	Director, Senior Executive Officer, Senior General Manager of Metals Sector	1	100%	-
4	MIYAJI Makoto Reappointed	Director, Executive Officer, Chief Environmental Officer and Chief Health and Safety Officer	1	100%	-
5	OKABE Masato Newly Appointed	Senior Executive Officer, Senior General Manager of Engineered Materials Sector	-	-	-
6	MATSUNAGA Morio Reappointed Outside Independent	Outside Director	6	100%	Nomination Compensation (Chairperson) Internal Audit*4
7	TOIDA Kazuhiko Reappointed Outside Independent	Outside Director	2	100%	Nomination (Chairperson) Compensation Internal Audit
8	TAKEGAWA Keiko Reappointed Outside Independent	Outside Director	1	100%	Nomination Compensation Internal Audit (Chairperson)

Notes: The titles and positions stated are those at the Company as of the date of sending this Notice of Convocation.

\*1. Attendance Rate: attendance rate at the meeting of Board of Directors

- \*2. Nomination: Nomination Review Committee
- \*3. Compensation: Compensation Committee
- \*4. Internal Audit: Internal Audit Committee

#### Attributes of the candidates

**Reappointed:** Candidate as Director for reappointment

**Newly Appointed:** Candidate as Director for newly-appointment

**Outside:** Candidate for Outside Director

**Independent:** Independent Director as provided for by the Tokyo Stock Exchange, etc.

Candidate Number: 1	<p><b>NOU Takeshi</b> (December 3, 1961)</p>	<p>Number of Company's Shares in Possession:20,800  Number of years served as Corporate Director: Seven (7) years  Attendance at the meetings of the Board of Directors: 100% (15/15)  Attendance at the meeting of the Nomination Review Committee:  100% (7/7)  Attendance at the meeting of the Compensation Committee:  100% (8/8)</p>
<b>Reappointed</b>	<p>◆Profile; Title and Positions</p> <p>April 1986 Entered the Company</p> <p>June 2010 Managing Director of Mitsui Copper Foil (Malaysia) Sdn. Bhd.</p> <p>October 2013 General Manager of Recycling Business Promotion Group, Metals, Minerals &amp; Environmental Engineering Sector</p> <p>April 2014 Executive Officer, Senior General Manager of Technology Management Division, Metals &amp; Recycling Division, Metals Sector</p> <p>April 2015 Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector</p> <p>June 2015 Director, Senior Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector</p> <p>October 2015 Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector</p> <p>April 2016 Representative Director, Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector</p> <p>April 2020 Vice President, Representative Director, Executive Vice President, Senior General Manager of Business Creation Sector</p> <p>April 2021 President and Representative Director (current positions)</p> <p>◆Important Positions Held Concurrently at Other Organizations</p> <p>Outside Director of Powdertech Co., Ltd.</p> <p>◆Reasons for the Nomination of the Candidate as Director</p> <p>Mr. NOU Takeshi has a wealth of experience cultivated through his many years of involvement in the Group's electronic materials business and engineered materials business. He is well versed in the Company's business, including areas which are currently growing and areas which are expected to grow in the future, having launched the Business Creation Sector to create growth products and businesses as foundation for future. He has been driving the Group with strong leadership as Vice President and Representative Director from 2020, and President and Representative Director from April 2021. He pursues management with the sustainable growth of the Company in mind at all times and contributes to the enhancement of the Company's medium- to long-term corporate value.</p> <p>The Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to the enhancement of the Group's corporate value.</p> <p>◆Special Interests between the Candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>	

Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. NOU Takeshi is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 2	KIBE Hisakazu (November 1, 1960)	Number of Company's Shares in Possession: 11,200 Number of years served as Corporate Director: Two (2) years Attendance at the meetings of the Board of Directors: 100% (15/15) Attendance at the meeting of the Nomination Review Committee: 100% (6/6) Attendance at the meeting of the Compensation Committee: 100% (6/6)
<b>Reappointed</b>	<p>◆Profile; Title and Positions</p> <p>April 1985 Entered the Company</p> <p>April 2009 General Manager of Finance &amp; Accounting Department, Automotive Parts &amp; Components Division, Parts Production Sector</p> <p>October 2013 Director, Senior Executive Officer, Senior General Manager of Planning &amp; Administrative Sector, General Manager of Planning Department, Mitsui Kinzoku ACT Corporation</p> <p>April 2014 Executive Officer, Assistant to Senior General Manager of Metals Sector</p> <p>June 2014 Executive Officer of the Company, Director, Executive Officer of Pan Pacific Copper Co., Ltd.</p> <p>October 2015 Senior Executive Officer, Deputy Senior General Manager of Affiliates Coordination Strategic Sector</p> <p>January 2016 Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector, General Manager of Copper Business Strategic Division, Metals Sector</p> <p>April 2018 Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector</p> <p>June 2020 Director, Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector</p> <p>April 2021 Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector</p> <p>June 2021 Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Corporate Planning &amp; Control Sector (current positions)</p> <p>◆Important Positions Held Concurrently at Other Organizations</p> <p>No significant position held concurrently at other organizations</p> <p>◆Reasons for the Nomination of the Candidate as Director</p> <p>Mr. KIBE Hisakazu possesses a wide range of experience and knowledge in finance and corporate planning of the Group, including serving as officers of affiliated companies, and is well versed in the Company's business.</p> <p>In addition, he was appointed as a Senior Executive Officer in 2016, and as a Director in 2020. Since April 2021, he has participated in the Company's management as Representative Director, Senior Managing Director, and since June 2021, he is responsible for the Corporate Planning Department, promoting various measures to maximize the corporate value of the Group. The Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to the enhancement of the Group's corporate value.</p> <p>◆Special Interests between Candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>	

Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. KIBE Hisakazu is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 3	TSUNODA Satoshi (October 28, 1960)	Number of Company's Shares in Possession: 11,200 Number of years served as Corporate Director: One (1) year Attendance at the meetings of the Board of Directors: 100% (11/11)
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**Reappointed**

◆Profile; Title and Positions

April 1987	Entered the Company
April 2013	General Manager of Zinc Division, Metals, Minerals & Environmental Engineering Sector, Manager of Sales Department, Zinc Division, Metals, Minerals & Environmental Engineering Sector
June 2013	Executive Officer of the Company, General Manager of Zinc Division, Metals, Minerals & Environmental Engineering Sector
April 2014	Executive Officer of the Company, Deputy General Manager of Metals & Recycling Division, Metals Sector, Manager of Marketing Department, Metals & Recycling Division, Metals Sector
April 2015	Executive Officer of the Company, General Manager of Metals & Recycling Division, Metals Sector, Manager of Marketing department, Metals & Recycling Division, Metals Sector
October 2015	Executive Officer of the Company, Director, Executive Officer of Pan Pacific Copper Co., Ltd.
April 2018	Executive Officer of the Company, Deputy Senior General Manager of Metals Sector, General Manager of Copper Business Strategic Division, Metals Sector
April 2019	Senior Executive Officer, Senior General Manager of Metals Sector
April 2021	Senior Executive Officer, Senior General Manager of Metals Sector, General Manager of Business Planning Group, Metals Sector
June 2021	Director, Senior Executive Officer, General Manager of Business Metals Sector (current positions)

◆Important Positions Held Concurrently at Other Organizations

No significant position held concurrently at other organizations

◆Reasons for the Nomination of the Candidate as Outside Director

Mr. TSUNODA Satoshi possesses a wide range of experience and knowledge in metals business and corporate planning of the Group, including serving as officers of affiliated companies, and is well versed in the Company's business. Since he became a Senior Executive Officer and the Senior General Manager of Metals Sector in 2019 and became a Director in 2021, he has participated in the Company's management as a person responsible for the Metals Sector, promoting various measures to maximize the corporate value of the Group.

The Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to the enhancement of the Group's corporate value.

◆Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. TSUNODA Satoshi is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 4	MIYAJI Makoto (January 30, 1964)	Number of Company's Shares in Possession: 6,500 Number of years served as Corporate Director: One (1) year Attendance at the meetings of the Board of Directors: 100% (11/11)
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**Reappointed**

◆ Profile; Title and Positions

April 1986	Entered the Company
April 2010	General Manager of Technical Department, Battery Materials Division, Engineered Materials Sector
June 2011	General Manager of Battery Materials Strategic Division, Engineered Materials Sector, General Manager of Quality Assurance Department, Battery Materials Strategic Division, Engineered Materials Sector
April 2014	Executive Officer, General Manager of Battery Materials Division, Engineered Materials Sector, General Manager of Manufacture Department, Battery Materials Division, Engineered Materials Sector
April 2015	Executive Officer, General Manager of Catalysts Division, Engineered Materials Sector, General Manager of Manufacture Department, Catalysts Division, Engineered Materials Sector
October 2015	Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Catalysts Division, Engineered Materials Sector, General Manager of Manufacture Department, Catalysts Division, Engineered Materials Sector
April 2016	Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Engineered Powders Division, Engineered Materials Sector
April 2018	Executive Officer, General Manager of Human Resource Department, Corporate Planning & Control Sector, General Manager of Office of Secretariat, Corporate Planning Department, Corporate Planning & Control Sector
April 2021	Executive Officer, General Manager of Office of Secretariat, Corporate Planning Department, Corporate Planning & Control Sector
June 2021	Director, Executive Officer, Chief Environmental Officer and Chief Health and Safety Officer (current positions)

◆ Important Positions Held Concurrently at Other Organizations

No significant position held concurrently at other organizations

◆ Reasons for the Nomination of the Candidate as Outside Director

Mr. MIYAJI Makoto has a wealth of experience cultivated through his many years of involvement in the Group's engineered materials business and is well versed in the Company's business. Since 2014, he consecutively served as General Manager of Battery Materials Division, General Manager of Catalysts Division, and General Manager of Engineered Powders Division as an Executive Officer. Since 2018, as General Manager of Human Resource Department, he has been pushing for the reform of the Group's human resource system and working on the human resources development to execute value creation. He became a Director in 2021 and, besides participating in the Company's management, has been implementing various measures to maximize the Group's corporate value as Chief Environmental Officer and the Chief Health and Safety Officer. The Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to the enhancement of the Group's corporate value.

◆ Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. MIYAJI Makoto is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.



Candidate Number: 5	OKABE Masato (May 5, 1963)	Number of Company's Shares in Possession: 4,400 Number of years served as Corporate Director: - Attendance at the meetings of the Board of Directors: -
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**Newly Appointed**

◆ Profile; Title and Positions

April 1986	Entered the Company
June 2010	Director and Vice President, Taiwan Copper Foil Company, Limited
June 2011	General Manager of Business Planning Group, Electronics Materials Sector
September 2013	Assistant to General Manager of Catalysts Strategic Division, Engineered Materials Sector
January 2014	General Manager of Sales Department, Catalysts Strategic Division, Engineered Materials Sector
October 2015	Deputy General Manager of Catalysts Division and General Manager of Sales Department, Catalysts Division, Engineered Materials Sector
April 2016	Executive Officer, General Manager of Catalysts Division, Engineered Materials Sector
October 2019	Deputy Senior General Manager of Engineered Materials Sector, General Manager of Catalysts Division, Engineered Materials Sector
April 2020	Senior Executive Officer, Senior General Manager of Engineered Materials Sector (current positions)

◆ Important Positions Held Concurrently at Other Organizations

No significant position held concurrently at other organizations

◆ Reasons for the Nomination of the Candidate as Outside Director

Mr. OKABE Masato has good knowledge of business strategy and sales and marketing gained through extensive sales and planning experience in the Group's electronic materials business and engineered materials business, and he is well versed in the Company's business. Additionally, he became a Senior Executive Officer in 2020 and besides participating in the Company's management, has been implementing various measures to maximize the Group's corporate value as Senior General Manager of the Engineered Materials Sector. The Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to the enhancement of the Group's corporate value.

◆ Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. OKABE Masato is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 6	MATSUNAGA Morio (August 7, 1949)	Number of Company's Shares in Possession: 5,100
		Number of years served as Corporate Director: Six (6) years Attendance at the meetings of the Board of Directors:100% (15/15) Attendance at the meeting of the Nomination Review Committee: 100% (7/7) Attendance at the meeting of the Compensation Committee: 100% (8/8) Attendance at the meeting of the Internal Audit Committee: 100% (5/5)

Reappointed  
Outside  
Independent

◆Profile; Title and Positions

August 1977	Postdoctoral fellow, The University of Tennessee
September 1996	Professor, Faculty of Engineering, Kyushu Institute of Technology
April 2003	Professor, Department of applied science for integrated system engineering, Kyushu Institute of Technology
April 2010	President, Kyushu Institute of Technology
June 2016	Chairperson of the Board of Director, Kitakyushu Foundation for the Advancement of Industry, Science and Technology (current position)
June 2016	Outside Director (current position)
June 2018	Outside Auditor of KROSAKI HARIMA CORPORATION (current position)
February 2022	Chairperson of The Surface Finishing Society of Japan (current position)

◆Important Positions Held Concurrently at Other Organizations

Chairperson of the Board of Director, Kitakyushu Foundation for the Advancement of Industry, Science and Technology  
Outside Auditor of KROSAKI HARIMA CORPORATION  
Chairperson of The Surface Finishing Society of Japan

◆Reasons for the Nomination of the Candidate as Outside Director

Mr. MATSUNAGA Morio has specialized knowledge of engineering and experience of organizational management as a university professor and the president of a national university corporation.

Although he has never been directly involved in management of a company other than serving as an Outside Director or an Outside Corporate Auditor, the Company expects him to contribute to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors from the perspective of enhancement of corporate value over the medium- to long-term, by utilizing his wealth of knowledge and experience and proactively expressing his opinions from a position independent from the management without being bound by norms within the Company. Thus, the Company has nominated him as a candidate for Outside Director.

◆Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

- Notes: 1. Based on the Company Law Article 427, Paragraph 1, the Company has concluded a contract with Mr. MATSUNAGA Morio regarding liability as defined by the Company Law Article 423, Paragraph 1 to limit total liability to the amount stipulated by the Company Law Article 425, Paragraph 1. If his reappointment is approved, the aforementioned contract will be extended.
2. The Company has notified the Tokyo Stock Exchange that Mr. MATSUNAGA Morio is an Independent Director of the Company.
3. The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. MATSUNAGA Morio is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 7	TOIDA Kazuhiko (July 2, 1952)	Number of Company's Shares in Possession: 800 Number of years served as Corporate Director: Two (2) years Attendance at the meetings of the Board of Directors: 100% (15/15) Attendance at the meeting of the Nomination Review Committee: 100% (7/7) Attendance at the meeting of the Compensation Committee: 100% (8/8) Attendance at the meeting of The Internal Audit Committee: 100% (5/5)
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Reappointed

Outside

Independent

◆Profile; Title and Positions

April 1975	Entered Nissan Motor Co., Ltd.
July 1999	General Manager of Domestic Parts Department, Parts Division, Nissan Motor Co., Ltd.
April 2001	Senior Vice President, Global Aftersales Business, Nissan Motor Co., Ltd.
April 2005	Senior Vice President, Japan Marketing & Sales, Chairman of MC-Dealer, Nissan Motor Co., Ltd.
April 2009	Executive Vice President, FALTEC Co., Ltd.
April 2009	Chairman and Board Director, ALTIA Co., Ltd.
April 2010	Representative Director, President and CEO, FALTEC Co., Ltd.
April 2017	Chairman of the Board and Representative Director, FALTEC Co., Ltd.
June 2017	Senior Adviser, FALTEC Co., Ltd.
April 2018	Executive Board Member, Rikkyo Educational Corporation
June 2020	Outside Director (current position)
September 2020	Chairperson of the Board, Rikkyo Educational Corporation (current position)

◆Important Positions Held Concurrently at Other Organizations  
Chairperson of the Board, Rikkyo Educational Corporation

◆Reasons for the Nomination of the Candidate as Outside Director

Mr. TOIDA Kazuhiko has experience as a business executive, having been engaged in a wide range of work at Nissan Motor Co., Ltd., including product planning, sales promotion, and launch of a sales company, with a focus on the sales division. In addition, he has achieved listing on the First Section of the Tokyo Stock Exchange at FALTEC Co., Ltd. as Representative Director and President. He currently serves as Chairperson of the Board, Rikkyo Educational Corporation, and possesses a wealth of experience and knowledge.

The Company expects him to contribute to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors from the perspective of enhancement of corporate value over the medium- to long-term, by utilizing his wide range of work experience and his wealth of knowledge and experience as a manager and proactively expressing his opinions from a position independent from the management without being bound by norms within the Company. Thus, the Company has nominated him as a candidate for Outside Director.

◆Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

- Notes: 1. Based on the Company Law Article 427, Paragraph 1, the Company has concluded a contract with Mr. TOIDA Kazuhiko regarding liability as defined by the Company Law Article 423, Paragraph 1 to limit total liability to the amount stipulated by the Company Law Article 425, Paragraph 1. If his reappointment is approved, the aforementioned contract will be extended.
2. The Company has notified the Tokyo Stock Exchange that Mr. TOIDA Kazuhiko is an Independent Director of the Company.
3. The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. TOIDA Kazuhiko is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 8	TAKEGAWA Keiko (April 23, 1958)	Number of Company's Shares in Possession: 1,100
		Number of years served as Corporate Director: One (1) year Attendance at the meetings of the Board of Directors: 100% (15/15) Attendance at the meeting of the Nomination Review Committee: 100% (7/7) Attendance at the meeting of the Compensation Committee: 100% (8/8) Attendance at the meeting of The Internal Audit Committee: 100% (3/3)

Reappointed

Outside

Independent

◆Profile; Title and Positions

April 1981	Entered Prime Minister's Office (Presently Cabinet Office)
July 2008	Deputy Director General for Policies on Cohesive Society, Cabinet Office
July 2009	Deputy Director General for Gender Equality Bureau, Cabinet Office
December 2012	Director, Public Relations Office, Cabinet Office
July 2014	Director General, Gender Equality Bureau
April 2019	Professor, Showa Women's University
June 2019	Outside Corporate Auditor
June 2019	Outside Member of the Board, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (current position)
April 2020	Dean of Faculty of Global Business, Showa Women's University
April 2020	Director of Institute of Women's Culture, Showa Women's University (current position)
April 2021	Specially Appointed Professor, Showa Women's University (current position)
April 2021	Outside Director, Sekisui House, Ltd. (current position)
June 2021	Outside Director (current position)

◆Important Positions Held Concurrently at Other Organizations

Director of Institute of Women's Culture, Showa Women's University  
Specially Appointed Professor, Showa Women's University  
Outside Director, Sekisui House, Ltd.

◆Reasons for the Nomination of the Candidate as Outside Director

Ms. TAKEGAWA Keiko served as Director, Public Relations Office and Director General, Gender Equality Bureau at the Cabinet Office and has a wealth of knowledge and administrative experience through her engagement in formulation and implementation of policies such as promotion of women's participation and advancement. Although she has never been directly involved in management of a company other than serving as an Outside Director or an Outside Corporate Auditor, the Company expects her to contribute to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors, by utilizing her diverse insight, expertise, capabilities, and knowledge gained as an Outside Corporate Auditor of the Company. Thus, the Company has nominated her as a candidate for Outside Director.

◆Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

- Notes: 1. If the appointment of Ms. TAKEGAWA Keiko is approved, the Company will arrange a contract with her regarding liability as defined by the Company Law Article 423, Paragraph 1 to limit total liability to the figure stipulated by the Company Law Article 425, Paragraph 1, based on the Company Law Article 427, Paragraph 1.
2. The Company has notified the Tokyo Stock Exchange that Ms. TAKEGAWA Keiko is an Independent Director of the Company
3. The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Ms. TAKEGAWA Keiko is appointed as Director and assumes office, she will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.
4. Ms. TAKEGAWA Keiko is scheduled to retire as Outside Member of the Board, NIPPON TELEGRAPH AND TELEPHONE CORPORATION as of June 24, 2022.
5. The attendance at the meetings of the Board of Directors, Nomination Review Committee and Compensation Committee for her include her attendance as an Outside Corporate Auditor.

## Forth Item

### Election of one (1) Corporate Auditor

At the conclusion of this Annual General Meeting of Shareholders, Corporate Auditor MISAWA Masayuki will retire due to resignation.

Accordingly, the Company proposes one (1) candidate for the position of Corporate Auditor.

Mr. FUKUMOTO Hirotooshi is a candidate as a substitute of Corporate Auditor MISAWA Masayuki.

The Board of Auditors' approval of this proposal has already been obtained.

Candidate	FUKUMOTO Hirotooshi (October 19, 1961)	Number of Company's Shares in Possession: 1,600 Number of years served as Corporate Auditor: - Attendance at the meetings of the Board of Directors: - Attendance at the meetings of the Board of Auditors: -
Newly Appointed	◆Profile; Title and Positions	
	April 1986	Entered the Company
	June 2011	General Manager of New Product & Process Development Center, Electronic Materials Sector
	October 2011	General Manager of Ageo Copper Foil, Specialty Foil Division, Electronic Materials Sector
	October 2016	Managing Director of Mitsui Copper Foil (Malaysia) Sdn.Bhn.
	May 2017	Deputy General Manager of Copper Foil Division and General Manager of Business Planning Group, Engineered Materials Sector
	April 2020	Deputy General Manager of R&D Center, Business Creation Sector
	January 2021	General Manager of R&D Center, Business Creation Sector (current position)
	◆Important Positions Held Concurrently at Other Organizations	No significant position held concurrently at other organizations
	◆Reasons for the Nomination of the Candidate as Corporate Auditor	Mr. FUKUMOTO Hirotooshi has a wealth of experience cultivated through his many years of involvement in the Group's R&D, manufacturing and corporate planning. He is well versed in the Company's business and in management, following management experience at a subsidiary in Malaysia. Based on the above, the Company nominated him as a candidate for Corporate Auditor because he can be expected to conduct highly effective audits with a thorough knowledge and experience of the field in terms of both technology and management.
	◆Special Interests between the Candidate and the Company	There are no special interests between the candidate and the Company.

Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. FUKUMOTO Hirotooshi is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

## Composition of the Board of Directors

(Scheduled after the conclusion of this General Meeting of Shareholders)

The skills shown in the skills matrix below have been selected by the Nomination Review Committee as the skills necessary for executing the Company's Purpose, Vision and especially the 2022-2024 New Medium Term Business Plan.

(1) Reason selected as necessary skill and sufficient condition

Skills	Reason for selecting skill	Sufficient condition
Corporate management	Competence, experience and leadership enabling the formulation of strategies and the implementation of integrated thinking-based management and ambidexterity are necessary for execution of 2022-2024 Medium Term Business Plan looking towards the Purpose and Vision.	<ul style="list-style-type: none"> <li>• Management experience as a director at a listed company or equivalent entity</li> <li>• Director or Executive Officer responsible for the corporate planning</li> </ul>
Business strategies	Knowledge and experience enabling the formulation and implementation of strategies for establishing a competitive advantage are necessary for realizing sustainable business growth.	<ul style="list-style-type: none"> <li>• Experience of having achieved certain results through the formulation and implementation of business strategies for the engineered materials business, metals business or mobility business</li> </ul>
Finance/Accounting	Knowledge and experience of finance and accounting are necessary to establish financial strategies that will bolster growth investment and shareholder returns to increase the resilience of the financial base underpinning management and to achieve sustainable improvement in corporate value.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for financial management, accounting or fundraising operations or equivalent experience</li> </ul>
Technological/R&D/DX	The creation of new products and businesses and the strengthening of existing businesses are necessary to drive company growth, and development based on unique technologies and improvement of efficiency through sophisticated production technologies and DX are essential.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for R&amp;D operations or equivalent experience</li> <li>• Director or Executive Officer responsible for production technology or DX operations or equivalent experience</li> <li>• Academic expert</li> </ul>
Sales/Marketing	A good familiarity with the business environment and relationships between the Company and its customers and other stakeholders as well as knowledge and experience enabling the formulation and implementation of product planning and sales strategies are necessary.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for sales and marketing operations or equivalent experience</li> </ul>
HR/HR development	The attraction, retention and development of talent, a company's most valuable resource, improvement of job satisfaction to increase engagement, and promotion of diversity are directly linked to performance.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for personnel operations or equivalent experience</li> <li>• Experience working in government or other public offices, or academic expert</li> </ul>
Legal affairs / Risk management	Legal knowledge and experience are necessary to implement appropriate corporate governance, compliance and risk management in business activities as well as to increase the effectiveness of management supervision within the Board of Directors.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for legal operations or equivalent experience</li> <li>• Person with experience working in the legal profession or persons with legal qualifications</li> <li>• Experience working in government or other public offices, or academic expert</li> </ul>
Internationality	An in-depth understanding of and respect for each country's culture and diversity are necessary for survival as a global enterprise.	<ul style="list-style-type: none"> <li>• Executive experience or business experience at an overseas company</li> <li>• Overseas academic expert</li> </ul>
Sustainability/Economic Security	Consideration for the environment, adherence to fair business practices and action to address economic security concerns are needed in order to continue being regarded as necessary by society, and high levels of knowledge including about business-related matters, a long-term perspective and adaptability are required.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for business operations, executive responsible for ESG/CSR operations or equivalent experience</li> <li>• Experience working in government or other public offices, or academic expert</li> <li>• Consultant</li> </ul>

(2) Skill Matrix of Each Director and Corporate Auditor

Name	Title/Positions	Field of particular expectation for each Director								
		Corporate management	Business strategies	Finance and accounting	Technological/ R&D/ DX	Sales Marketing	HR/HR development	Legal affairs and risk management	Internationality	Sustainability Economic security
NOU Takeshi	President and Representative Director	●	○		●				○	●
KIBE Hisakazu	Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector	●	○	●			○	○	●	●
TSUNODA Satoshi	Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Metals Sector		●			●			○	○
OKABE Masato	Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector		●			●			●	○
MIYAJI Makoto	Director, Executive Officer, Chief Environmental Officer, Chief Health and Safety Officer		○		●		○		○	
MATSUNAGA Morio	Outside Director				●		○		○	○
TOIDA Kazuhiko	Outside Director	●	○			●			○	○
TAKEGAWA Keiko	Outside Director						●	○	●	
KUTSUNAI Akira	Corporate Auditor			●					○	○
FUKUMOTO Hiroto	Corporate Auditor		○		○				○	●
ISHIDA Toru	Outside Corporate Auditor							●	○	●
INOUE Hiroshi	Outside Corporate Auditor						○	●		●

Notes: 1. Representative Directors, etc. will be determined by resolution of the Board of Directors held after the conclusion of this Annual General Meeting of Shareholders.

2. In the skills matrix, ○ indicates skills possessed by the Directors and Corporate Auditors, while ● indicates skills the Company expects Directors and Corporate Auditors to demonstrate in particular.

## **Proposals by a Shareholder: Items 5-11**

### **Proposals made by a single shareholder (possessing 301 voting rights)**

Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Items concern proposals made by a single shareholder (possessing 301 voting rights).

The name of shareholder: HIDESHOU Company, Limited  
(72-20 Nishiminato-machi, Kita-ku, Kokura, Kitakyushu-shi, Fukuoka, Japan)

The number of possessing voting rights: 301

Details of these proposals and reasons for them have been translated from the Japanese version of the document that is restated verbatim from the notification received by the Company from the shareholder making the proposals, including literal errors, omitted letters and recognition of facts.

### **What is a proposal by a shareholder?**

The Company Law provides shareholders with rights to make proposals provided certain requirements are satisfied.

Regarding these proposals, companies are required to post the proposals, regardless of the content, except in the case of a violation of laws and regulations or the Articles of Incorporation.

On this occasion, the seven proposals made by a single shareholder are being posted; however, the Board of Directors is **opposed** to all of these proposals.

Please review the opinions of the Board of Directors of the Company on the following page and exercise your voting rights.



## **Proposals by a Shareholder**

### **Fifth Item**

Dismissal of Representative Director

1. Details of Proposal

Dismissal of Representative Director NOU Takeshi

2. Reasons for Proposal

Mr. NOU Takeshi should be dismissed, essentially because the holder of shareholders' proposal rights dislikes him.

### **Opinion of the Board of Directors of the Company**

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Board of Directors deems that NOU Takeshi is appropriate for the position of Representative Director.

Mr. NOU Takeshi has a wealth of experience cultivated through his many years of involvement in the Group's electronic materials business and engineered materials business. He is well versed in the Company's business, including areas which are currently growing and areas which are expected to grow in the future, having launched the Business Creation Sector to create growth products and businesses as foundations for the future. He has been driving the Group with strong leadership as Vice President and Representative Director from 2020 and President and Representative Director from April 2021. He pursues management with the sustainable growth of the Company in mind at all times and contributes to the enhancement of the Company's medium- to long-term corporate value.

Therefore, the Board of Directors is opposed to this proposal requesting the dismissal of Representative Director NOU Takeshi.

## **Sixth Item**

Shareholder Dividends.

### 1. Details for Proposal

The Company should pay an annual dividend of ¥250 per share.

### 2. Reasons for Proposal

In its consolidated forecast for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022), the earnings per share forecast was ¥752.89. At the very least, the Company should return one-third of its net profit to shareholders. One-third of ¥752.89 is approximately ¥250.

## **Opinion of the Board of Directors of the Company**

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company's basic policy is to redistribute profits based on performance in reasonable amounts, while retaining an appropriate amount of internal reserves for future business development and structural reinforcement. More specifically, we will aim to pay dividends at a consolidated dividend on equity ratio (DOE) of approximately 2.5%, with the aim of returning profit based on a consolidated dividend payout ratio of approximately 20%, while focusing on continuous and stable dividend distribution.

Based on this policy, the Company will continue seeking to strengthen its financial standing, taking factors such as the status of the equity ratio into consideration, while also believing that the aggressive investment of resources to realize both "improvement of social value" and "improvement of economic value" is necessary for achievement of the 2022-2024 new Medium Term Business Plan and the Vision for 2030.

Therefore, the Board of Directors opposes to the proposal for dividend distribution of ¥250 per share of common stock.

## **Seventh Item**

### Acquisition of Treasury Stock

#### 1. Details for Proposal

The Company should use some of its retained earnings to acquire 10 million shares of treasury stock within one year from the conclusion of this Annual General Meeting of Shareholders pursuant to Article 156, Paragraph 1 of the Companies Act. This is the purchase of "approximately 17.4% of the total number of shares of common stock outstanding excluding treasury stock in the fiscal year ending March 31, 2022 (57,118,922 shares)" stated in the summary of financial results for the third quarter of the fiscal year ended March 31, 2022.

#### 2. Reasons for Proposal

The Company has exceptionally low EPS (earnings per share) and ROE (return on equity) relative to its size based on net sales, operating income, invested capital, etc. As a result, the market does not assess the Company's stock favorably and the Company's share price continues to falter. Many Japanese companies aim to be blue-chip companies with an equity ratio of 15% or more. Executives should acquire a certain amount of treasury stock as a way of increasing shareholder returns alongside the equity ratio, with the aim of contributing to earnings per share and improvement in capital efficiency, including return on equity, and furthering shareholder interests.

#### 3. Funds for Share Buyback

It is difficult to forecast what the share price will be at the time of the buyback, but the Company should use ¥3.4 billion out of retained earnings (approximately 1.96% of retained earnings) to finance the action. The acquisition funds should not exceed ¥3.4 billion and roughly 10 million shares of treasury stock should be bought back in the market. This acquisition of treasury stock would be more beneficial than a bank deposit.

### **Opinion of the Board of Directors of the Company**

The Board of Directors is opposed to this proposal, for the reasons given as follows.

Since ROE and EPS are among the key performance indicators, the Company pays close attention to them. On the other hand, the Company recognizes the need to build a solid financial standing as the Company's shareholders' equity ratio as of March 31, 2022 was 37.6%. Use of retained earnings for share buyback will result in a decrease in shareholders' equity and is contrary to the Company's policy.

Furthermore, reinforcement of the business foundations is needed in order to build a solid financial standing and the Company therefore intends to aggressively invest resources to realize both "improvement of social and environmental value" and "improvement of financial value" for achievement of the 2022-2024 new Medium Term Business Plan and the Vision for 2030.

Therefore, the Board of Directors believes it would be inappropriate for the Company to conduct share buybacks as proposed at present.

## **Eighth Item**

### Partial Amendment of the Articles of Incorporation

#### 1. Details for Proposal

The Company should be obliged to disclose compensation, bonuses and other financial benefits that individual Directors and Executives receive from the Company as consideration for execution of their duties.

#### 2. Reasons for Proposal

From the standpoint of maximizing shareholder return, disclosure of the amount of compensation paid to each Director and the details thereof is important for enabling shareholders to check whether compensation is appropriate. Disclosure will not inconvenience investors. Rather, it will be easier for investors to assess the cost benefit if compensation for each Director is disclosed. As a result, when recognition is deserved, shareholders could also propose compensation that is higher than the current level.

### **Opinion of the Board of Directors of the Company**

The Board of Directors is opposed to this proposal, for the reasons given as follows.

As stated in the Business Report for this General Meeting, details of compensation, etc. for Directors are determined through deliberations at the Compensation Committee in a fair and transparent manner, within the limit approved at the Annual General Meeting of Shareholders and based on the compensation determination standards. The Compensation Committee is chaired by an Outside Director and its members include Outside Directors, Outside Corporate Auditors, the President, and the Director in charge of Human Resources, etc.

Compensation, etc. for Directors consists of base compensation, performance-linked compensation and stock compensation. The base compensation for the President is set, taking into consideration the Company's performance, corporate value, and other factors comprehensively. Base compensation for Directors is calculated depending upon titles, based on the base compensation for the President and by applying a ratio for each title according to responsibilities. Performance-linked compensation is intended as a short-term incentive and the amount is calculated by using consolidated ordinary income, which the Company considers as a key indicator for evaluating operating results, as the performance indicator and is determined by reflecting the evaluation corresponding to the performance of the business for which the Director is responsible. Outside Directors who are uninvolved in business execution do not receive performance-linked compensation. Stock compensation was introduced in fiscal 2021 for the purpose of giving Directors (excluding Outside Directors) an incentive to achieve sustainable improvement in the Company's corporate value and for further aligning the interests of Directors with those of shareholders.

Regarding disclosure, the Company properly discloses the total amount of compensation, etc. for Directors and the number of recipients in accordance with laws and regulations in its Business Report and Annual Securities Report and the Company recognizes that it sufficiently meets shareholders' management check requirements. In this way, both decision-making procedures and disclosure methods are carried out appropriately. As for the total amount of officers' compensation, please refer to the Business Report for this General Meeting which presents details of the linkage between the amount of compensation per Directors (excluding Outside Directors) and ordinary income for the fiscal year under review as well as the trend over the past three years.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

## **Ninth Item**

Partial Amendment of the Articles of Incorporation (Establishment of a contact point for whistleblowers in the Audit & Supervisory Committee)

### 1. Details for Proposal

It is proposed to add the following provisions to the Articles of Incorporation.

“The Company shall establish a contact point within the Audit & Supervisory Committee for internal and external whistleblowers for issues concerning the Company’s Directors, Executive Officers, and employees, and also share the implementation process within and outside the Company. Internal Directors, Executive Officers, and any employees who are under the command of internal Directors or Executive Officers shall not interfere with the whistleblowing process and consequent action.”

### 2. Reasons for Proposal

The Board of Corporate Auditors and Outside Directors are established to supervise the execution of internal duties, and the Board of Corporate Auditors and Outside Directors should resolutely fulfil their duties as Corporate Auditors and achieve accountability whatever the circumstances. Compliance should not be limited to literal legal compliance, but should encompass conformance with social norms/standards and responding to the needs of society.

## **Opinion of the Board of Directors of the Company**

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Corporate Governance Code specified by the Tokyo Stock Exchange requires establishment of appropriate systems for whistleblowing and supervision of the situation of operation by the Board of Directors. In this regard, the Company has established a system for receiving whistleblowing reports from both inside and outside the company and, in accordance with the “Regulation for Whistle-Blowing System (Tsuuhou-tou toriatsukai ni kansuru kisoku)” and other internal regulations, etc., the system is operated properly and the status of operation is reported to the Board of Directors periodically. Through such measures, the Board of Directors has confirmed that the Company’s whistleblowing system is being operated in an appropriate manner. The Company has also developed a system under which details of whistleblowing reports made via this system are promptly shared with Corporate Auditors.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

Incidentally, the Company is a company with the Board of Corporate Auditors and does not have the Audit & Supervisory Committee or Executive Officers, which are institutions pursuant to the Company Law, mentioned in this proposal.

## **Tenth Item**

### Partial Deletion of the Articles of Incorporation

#### 1. Details for Proposal

CHAPTER VI Advisors and Consultants should be deleted from the Articles of Incorporation.

#### 2. Reasons for Proposal

The Guidelines of the Ministry of Economy, Trade and Industry point out that if a former president remains at a company as a consultant or advisor, this may result in them exerting unreasonable influence over incumbent management members. Chapter VI should be deleted so as not to create a breeding ground for future problems. Chapter VII Accounts should be brought forward to Article VI.

### **Opinion of the Board of Directors of the Company**

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company's internal regulations state that consultants and advisors may give opinions on important matters or specialist matters related to the Company's business only when asked by the President. In addition, the Company's business is executed in an appropriate manner under the supervision of the Board of Directors which includes three Independent Outside Directors, ensuring an environment in which advisors and consultants cannot unjustly influence decision-making by the Company's executives.

The Company still considers consultants and advisors to be useful when it needs to use their extensive experience, knowledge and contacts, because they help enhance the Company's corporate value through their activities inside and outside the company.

The Company recognizes, however, that views on consultants and advisors vary and will therefore continue to consider the nature of the consultant and advisor system in the future.

Therefore, the Board of Directors believes it is unnecessary to delete the provisions mentioned in this proposal from the Articles of Incorporation.

## **Eleventh Item**

Partial Amendment of the Articles of Incorporation (Separating the roles of Chief Executive Officer and Chairperson of the Board of Directors)

### **1. Details for Proposal**

The Company's Articles of Incorporation should stipulate to the effect that "The same person shall not concurrently hold the position of CEO and Chairperson of the Board of Directors in principal and an Outside Director shall serve as the Chairperson of the Board of Directors. In the special circumstances that a person holds two roles concurrently, a written explanation describing how the arrangement will maximize the interest of shareholders shall be provided to shareholders in the notice of convocation of a General Meeting of Shareholders or in the reference materials, and a guiding Outside Director shall be nominated. The role of the guiding Outside Director shall be determined by the Board of Directors, and disclosed to shareholders."

### **2. Reasons for Proposal**

The CEO has authority over internal resources and human resources, among other matters, and should be subject to the most oversight. A key function of the Chairperson of the Board of Directors is to create opportunities for lively discussion and to organize Directors' opinions. As a means of achieving this, a situation where the same person concurrently holds the position of CEO and Chairperson of the Board of Directors should be avoided at all costs. This is a job which should be done by a Chairperson of the Board of Directors who is independent from the President wielding the authority to manage personnel affairs.

## **Opinion of the Board of Directors of the Company**

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company is constantly considering and verifying whether its Board of Directors is functioning effectively and whether appropriate governance is ensured in accordance with the Companies Act and the Corporate Governance Code ("CG Code") established by the Tokyo Stock Exchange. As part of such consideration, the Company has recognized that, according to some, a situation where a non-executive Outsider Director serves as the Chairperson of the Board of Directors is, to some extent, effective for governance and if the third item proposal "Election of eight (8) Directors" that it plans to put before this General Meeting is approved, the Chairperson of the Board of Directors will be TOIDA Kazuhiko, who is an Outside Director.

The Chairperson of the Company's Board of Directors is determined by mutual vote among the Directors in accordance with the "Regulations for the Board of Directors (Torishimariyaku-kai kisoku)" and, as things stand, the Chairperson of the Board of Directors is not the President who is the Chief Executive Officer.

At present, for meetings of the Company's Board of Directors, the meeting agenda is distributed to Directors in advance and each Director examines the content of the meeting agenda, receives explanation in advance and gathers information, as necessary, before attending the meeting of the Board of Directors. Sufficient time is provided for deliberation of the meeting agenda at a meeting of the Board of Directors and the optimum decision is made following thorough discussion. The assessment of the effectiveness of the Board of Directors stipulated in the CG Code also found that the Board of Directors fulfilled its role and responsibilities.

In addition, three of the eight Directors who sit on the Company's Board of Directors are Outside Directors and even if the third item proposal "Election of eight (8) Directors" that the Company plans to put before this General Meeting is passed, three of the eight Directors will be Outside Directors. The three Outside Directors are not involved in business execution and supervise management from an independent position with a view to improving corporate value and protecting shareholder interests, and the Company recognizes that the Board of Directors' supervisory function is sufficiently effective.

Accordingly, permanently making the Chairperson of the Board of Directors an Outside Director through a stipulation to this effect in the Articles of Incorporation as per the proposal could conversely result in more rigid operations and could also have a detrimental effect on the selection of executives in the future.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

# Business Report

(From April 1, 2021, to March 31, 2022)

## 1. Current State of the Mitsui Kinzoku Group

### (1) Business Operations and Results

#### Economic Overview

During fiscal 2021, the global economy as a whole, particularly the US economy and Chinese economy, was trending toward recovery amid the COVID-19 pandemic, reflecting the resumption of economic activity. From the beginning of 2022, however, the pace of the recovery slowed due to the spread of variants of the COVID-19 coronavirus and the situation in Ukraine, whose effect on the economy is a cause of concern.

The Japanese economy continued to recover against a background of increases in capital expenditures and production due to the recovery of the global economy. The future of the economy, however, remains uncertain due to new waves of COVID-19 infection, shortages of semiconductors and other parts, and increases in raw materials price.

Recognizing that the new wave of COVID-19 infections is a cause for concern for the businesses of the Mitsui Kinzoku Group the Company is continuing to strive to minimize the impact of COVID-19 through appropriate risk management, prioritizing the protection of people's lives.

#### The Mitsui Kinzoku Group's Business Environment

The business environment for Mitsui Mining & Smelting Co., Ltd. and its consolidated subsidiaries (the Mitsui Kinzoku Group) was as follows. With regard to nonferrous metal markets, the prices of zinc, lead, and indium have been trending upward since the beginning of fiscal 2021. The price of rhodium was trending downward, but began to rise after the beginning of 2022. Meanwhile, the foreign exchange market was on a yen appreciation trend.

The sales volumes of mainstay products increased overall, reflecting firm demand for products related to 5G\* in the Engineered Materials Group

Note: 5G : A fifth-generation communication system that will achieve large-capacity high-speed communication.

	2021	2020	Change from the Previous Year	
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Percentage)
Net sales	¥633,346	¥522,936	¥110,410	21.1%
Operating income	60,737	51,086	9,651	18.9
Ordinary income	65,990	51,226	14,763	28.8
Profit attributable to owners of parent	52,088	44,733	7,354	16.4

Note: Mitsui Kinzoku ACT Corporation has changed to the method of recording R&D expenses and some indirect costs previously recorded under cost of sales under selling, general and administrative expenses. This change has been applied from the beginning of the fiscal 2021, and figures for operating income, ordinary income and profit attributable to owners of parent for the previous fiscal year have been retrospectively restated to reflect the change.

#### The Group's Initiatives

In these circumstances, the Group entered the final year of the 2019 Medium Term Business Plan, a three-year medium term business plan with 2019 as the first fiscal year, with the goal of transforming growth foundations to achieve the Group's Vision in 2024—“a company that continually creates and develops growth products and businesses in our three core business segments (Engineered Materials, Metals, and Automotive Parts)”.

In fiscal 2021, the Group engaged in the key initiatives below to achieve “Build on accomplishments of 2016-2018 and 2013-2015,” “Implement 2019-2021 plan's growth strategy,” and “Spearhead reforms to prepare for future,” and to prepare for the implementation of the 2022-2024 Medium Term Business Plan with 2022 as the first fiscal year.

The Group worked on the following measures: expansion of sales of 5G-related\* products and exhaust detoxifying catalysts for automobiles in the Engineered Materials Group; increased recovery of metals with



value by reestablishing the smelting network, and a volume increase in nonferrous metal recycling materials in the Metal Group; and strengthening of cost competitiveness and development capabilities in the Automotive Parts & Components Group. The Business Creation Sector, whose roles are research and development and market co-creation, engaged in initiatives to create new growth products and businesses and new markets.

Meanwhile, the Company made MESCO, Inc. a wholly owned consolidated subsidiary through a tender offer, since the Company has reached the conclusion that its strengthening of the collaboration between MESCO and the Company through creating new business opportunities and sharing management resources and expertise under unified management will contribute to increasing corporate value.

#### Fiscal 2021 Results

As a result, net sales in fiscal 2021 increased by ¥110,410 million compared with the previous fiscal year to ¥633,346 million due to increases in the other businesses despite a decrease in the Automotive Parts & Components Group. Operating income increased by ¥9,651 million compared with the previous fiscal year, to ¥60,737 million chiefly due to the positive effect of increases in the prices of non-ferrous metals and increases in the sales volumes of mainstay products.

Ordinary income increased by ¥14,763 million year on year, to ¥65,990 million, reflecting an improvement by ¥6,215 million in share of profit of entities accounted for using the equity method in addition to the increase in operating income.

In extraordinary income and losses, the Group recorded a gain on reversal of custom duty for prior periods of ¥1,141 million, an investment securities gain on sale of ¥900 million, and a fixed assets loss on disposal of ¥2,865 million. Profit attributable to owners of parent increased by ¥7,354 million, to ¥52,088 million, reflecting tax expense and profit attributable to non-controlling interests.

#### Operating Environment and Results by Each Group

##### Engineered Materials Group

[Principal Products/Services (As of March 31, 2022)]

Battery materials (Hydrogen storage, etc.), Catalysts, Engineered powders (Metal powders for electronic materials, High-purity tantalum pentoxide, etc.), Copper foil (MicroThin™, Electro-deposited foil for printed wiring boards, etc.), Sputtering targets (ITO, etc.), Ceramics products

In the Engineered Materials Group, the sales volume of copper foil products such as MicroThin™ and Electro-deposited foil for printed wiring boards, increased thanks to solid demand for products for semiconductor package substrates and electronic components, and the sales volume of metal powders for electronic materials also rose due to growth in at-home consumption during the COVID-19 pandemic.

Meanwhile, the sales volume of exhaust detoxifying catalysts for motorcycles and automobiles also increased, reflecting generally firm demand.

As a result, sales increased 22.0% year on year to ¥253,465 million.

Meanwhile, ordinary income amounted to ¥27,653 million, climbing 4.3% year on year, chiefly owing to higher sales volumes of mainstay products, despite factors pushing down profits such as the falling price of rhodium from the second quarter.

##### Metals Group

[Principal Products/Services (As of March 31, 2022)]

Zinc, Lead, Copper, Gold, Silver, Resource recycling

In the Metals Group, the sales volumes of both zinc and lead increased, reflecting a rebound from the demand slump caused by the COVID-19 pandemic. The prices of zinc and lead at the LME (London Metal Exchange) also remained in an upward trend.

As a result, sales increased 20.4% year on year to ¥233,016 million.

In addition, ordinary income totaled ¥35,414 million, jumping 55.2% year on year, primarily as a result of improvement in investment gains/losses on equity method in addition to rising LME prices, which offset factors pushing down profits such as deterioration in the purchasing conditions of zinc raw materials and higher energy costs.

## Automotive Parts & Components Group

[Principal Products/Services (As of March 31, 2022)]

### Automobile Door Locks

In the Automotive Parts & Components Group, the sales volume of side door latches, which are the main product in this business segment, decreased due to decline in global vehicle sales, chiefly reflecting shortages of semiconductors and other components

As a result, sales decreased 2.8% year on year to ¥78,830 million. Meanwhile, ordinary income came to ¥521 million, falling 72.2% year on year, largely due to rising steel and resin prices in addition to decline in the sales volume of mainstay products.

## Affiliates Coordination Group

[Principal Products/Services (As of March 31, 2022)]

Engineering services for various industrial plants, Die-cast products, Powdered metallurgical products, Rolled copper products, Perlite products, etc.

In the Affiliates Coordination Group, the net sales of the industrial plant engineering business decreased year on year, reflecting a downturn in orders received for plant construction work both in Japan and overseas. However, sales of other products generally recovered steadily from the slump in demand caused by the COVID-19 pandemic the previous fiscal year. This recovery together with other factors such as rising non-ferrous metal prices resulting in net sales of ¥140,758 million, an increase of 21.4% year on year. Ordinary income climbed 22.6% year on year, to ¥3,143 million, chiefly reflecting improvement in investment gains/losses on equity method.

Net sales and ordinary income (loss) by each group are the following:

[Net Sales]

Group	2021	2020	2019	2018
	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)
Engineered Materials Group	¥253,465	¥207,760	¥169,194	¥165,474
Metals Group	233,016	193,582	164,941	166,640
Automotive Parts & Components Group	78,830	81,079	90,581	104,026
Affiliates Coordination Group	140,758	115,920	110,705	126,904
Adjustment Amount	(72,723)	(75,406)	(62,313)	(65,345)
Total	¥633,346	¥522,936	¥473,109	¥497,701

Note: Intersegment sales are deducted by means of Adjustment Amount items.

[Ordinary Income (Loss)]

Group	2021	2020	2019	2018
	Ordinary Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)
Engineered Materials Group	¥27,653	¥26,522	¥12,782	¥16,608
Metals Group	35,414	22,824	(1,472)	(6,039)
Automotive Parts & Components Group	521	1,874	469	4,689
Affiliates Coordination Group	3,143	2,564	2,057	4,881
Adjustment Amount	(742)	(2,559)	(4,519)	(2,385)
Total	¥65,990	¥51,226	¥9,318	¥17,755

Notes: Intersegment transactions are deducted by means of Adjustment Amount items.

## (2) Capital Investment

The Mitsui Kinzoku Group invested a total of ¥27,456 million, mainly for the following purposes by each group:

Group	Capital Investment (Millions of Yen)	Contents and Purposes
Engineered Materials Group	¥10,215	Maintaining, renovating and boosting productivity of production facilities for copper foil products etc.
Metals Group	8,503	Maintaining and renovating facilities, boosting efficiency, conserving energy, etc.
Automotive Parts & Components Group	2,954	Boosting productivity of facilities, conserving energy, etc.
Affiliates Coordination Group	2,958	Maintaining and renovating facilities, etc.
Other Group	2,823	Updating the backbone system, etc.
Total	¥27,456	

Note: Unrealized profit on intersegment transactions is deducted by means of Other Group item.

## (3) Funding

For the purpose of redeeming commercial paper, the Company issued its No.21 issuance of unsecured domestic straight bonds amounting to ¥10.0 billion in March 2022.

## (4) Research & Development and Resource Development

### Research and Development

The Group utilizes its core technologies, such as electrochemistry, powder processing, and composite material processing to offer solutions in the fields of environment, energy, next-generation electronics and life sciences and to contribute to a sustainable society and create new business value. Specifically, the Group is engaged in development of solid electrolyte and electrode material for all solid-state Li-ion secondary batteries, platform carrier needed for the next generation IC device assembly, joining materials for power semiconductors, fluorescent materials for next-generation display, materials for fuel cells, and next-generation materials for catalysts, etc., as well as development of recycling technology, considering product lifecycle.

### Resource Development

The Group explored mining possibilities mainly in the vicinity of Huanzala mine and Pallca mine in Peru.

(5) Changes in Operating Performance and Financial Position of the Mitsui Kinzoku Group and the Company

Year ended March 31		94th (2018)	95th (2019)	96th (2020)	97th (2021)
Net sales	(Millions of yen)	¥497,701	¥473,109	¥522,936	¥633,346
Ordinary income	(Millions of yen)	17,755	9,318	51,226	65,990
Profit (loss) attributable to owners of parent	(Millions of yen)	4,691	1,566	44,733	52,088
Total assets	(Millions of yen)	523,315	537,119	595,016	637,878
Total net assets	(Millions of yen)	179,673	173,255	210,470	250,048
Free cash flow	(Millions of yen)	(4,147)	1,274	11,240	35,134
Capital investment	(Millions of yen)	36,119	33,999	28,176	27,456
ROE (Return on equity)	(%)	2.8	0.9	24.6	23.8
ROA (Return on assets)	(%)	3.4	1.8	9.0	10.7
Shareholders' equity ratio	(%)	32.5	30.7	33.4	37.6
D/E ratio	(Times)	1.28	1.41	1.25	0.94
Earnings (losses) per share	(Yen)	82.15	27.43	783.34	912.00
Total net assets per share	(Yen)	2,977.84	2,884.68	3,482.62	4,196.37
Dividend per share	(Yen)	70.00	70.00	85.00	110.00

Note: 1. Earnings (loss) per share is calculated based on the average number of issued and outstanding shares during the term.  
2. Mitsui Kinzoku ACT Corporation has changed to the method of recording R&D expenses and some indirect costs previously recorded under cost of sales under selling, general and administrative expenses. This change was applied from the beginning of the fiscal year under review and the figures of all items except free cash flow, capital investment and dividend per share reflect retrospective application of this change.

## (6) Important Challenges Ahead

### Review of the 2019 Medium Term Business Plan

The Group implemented the transforming growth foundations in accordance with the Group's Vision in 2024—"The Company that continues to create growth products and businesses and enhance value based on the three core businesses: engineered materials, metals, and automotive parts and components."

As a result, the idea of being "autonomous and self-propelled" caught on in each Sector, and consolidated profit in the final year of the Medium Term Business Plan far exceeded the target, though a few financial targets were not achieved.

Meanwhile, to reduce the risks arising from metal price and exchange rate volatility and create new growth products and businesses and new markets in a dramatically changing environment, the Company discussed the allocation of management resources in greater depth, leading to the recognition that Groupwide initiatives to improve corporate value are necessary.

### Establishment of "Purpose" and "Vision"

Recognizing the need for a judgment framework that never changes whatever changes the Group faces, the Group established "We promote the well-being of the world through a spirit of exploration and diverse technologies" as its Purpose.

The Group also determined its Vision for 2030 as "Building new businesses—and the future—with our material intelligence." This was established not as an extension of the present but rather through back-casting from the Purpose.

### Formulating the 2022 Medium Term Business Plan

Under such conditions, the Group launched the 2022-2024 New Medium Term Business Plan covering the three-year period from fiscal 2022 to fiscal 2024. To realize the Group Vision based on the Purpose, the Group will seek to transform itself into a sustainable company through the full-scale adoption of Integrated Thinking-based Management, which aims to achieve both improvement in social and environmental value and improvement in financial value.

In terms of "improvement of social and environmental value," the Group will assess the opportunities and risks of each business from the five perspectives of "Environmental impact," "Social capital," "Human capital," "Business model, innovation" and "Leadership, governance" and utilize business sustainability in management decisions.

In terms of "improvement of financial value," the Group will focus as a priority on managing the business portfolio dynamically, unlocking synergies internally and externally, investing in M&As to accelerate growth strategies, and actively resourcing the Business Creation Sector, which houses the Group's R&D and market co-creation functions, to pursue ambidexterity (Note 1).

Aiming to be organization that keeps providing value in attractive markets, the Group reorganized its business segments into three business entities: the Engineered Materials Sector, the Metals Sector and the Mobility Sector, and established the Business Development Dept. for synergy creation activities and the Business Reconstruction Dept. for business value enhancement activities as standalone businesses and find out who the best owners of the business assets are internally and externally within the Corporate Planning & Control Sector, to support integrated thinking. In terms of talent management strategies, the Group will roll out an approach that reimagines talent as a set of Business-partner assets (Note 2) and step up its implementation of strategic talent allocation. As regards digital transformation (DX) (Note 3) for evolution into a digital community, the Group will enhance its competitiveness by launching a threefold digital transformation (in R&D, manufacturing, and back-office processes).

In the Engineered Materials Sector, the Group will focus on accelerating growth by expanding business opportunities and creating structures for this, and on launching green products for the creation of social and environmental value.

In the Metals Sector, the Group will focus on improving copper and precious metal recovery and increasing recovery of by-products and will consider possibilities for renewable energy development with a view to achieving the medium-and-long-term targets of establishing a recycling network to become a unique presence essential for the realization of a sustainable society and developing new metal and renewable energy resources.

In the Mobility Sector, the Group will act as a pioneer of mobility, always choosing the best values and always creating. To this end, the Group will pursue new development (new products and business creation) whilst honing tech, manufacturing and sales prowess (maintaining commercial supremacy).

In the Business Creation Sector, the Group will seek to search for opportunities better and strengthen R&D

to ensure that it can create new business "sustainably." It will also make investments and increase staff to pursue commercialization themes in a timely manner according to changes in the environment.

As well as implementing the above initiatives, the Group will also introduce measures to reduce CO<sub>2</sub> emissions, aiming for carbon neutrality.

Through such initiatives, in fiscal 2024, which is the final fiscal year under the 2022-2024 Medium Term Business Plan and marks the Group's 150th anniversary, the Group aims to achieve ordinary income of ¥60 billion, an equity ratio of 50%, a ROE of 14.0% and a net debt-to-equity ratio of 0.42, and to work with stakeholders to promote the well-being of the world.

- Notes: 1. Ambidexterity: Approach for achieving both "constant improvement in core businesses (Exploitation) and "experiment and action for new businesses (Exploration)."
2. Business-partner assets: Partners of managers and those responsible for each business who provide staffing and organizational support for the achievement of targets, further growth and strategy execution in each Sector.
3. Digital transformation (DX): Recreating the nature of operations and business processes through the use of digital technologies
4. Net debt-to-equity ratio: Interest-bearing liabilities minus cash and deposits, divided by equity

## (7) Principal Business Offices, Plants, and Laboratories (As of March 31, 2022)

### 1. Mitsui Kinzoku

Head office	1-11-1, Osaki, Shinagawa-ku, Tokyo
Plants	Miike Rare Metals Plant (Omuta-shi, Fukuoka), Ageo Copper Foil Plant (Ageo-shi, Saitama), Miike Thin-film Materials Plant (Omuta-shi, Fukuoka), Omuta Ceramics Plant (Omuta-shi, Fukuoka), Takehara Refinery (Takehara-shi, Hiroshima), Hibi Smelter (Tamano-shi, Okayama), Kitakata Perlite Plant (Kitakata-shi, Fukushima), Osaka Perlite Plant (Kaizuka-shi, Osaka)
Laboratory	Materials Analysis & Exploration Center (Ageo-shi, Saitama) R&D Center (Ageo-shi, Saitama)

Notes: Kitakata Perlite Plant and Osaka Perlite Plant become Mitsui Kinzoku Perlite Co., LTD on April 1, 2022, by company split.

### 2. Consolidated Subsidiaries

Japan	Kamioka Mining & Smelting Co., Ltd. (Hida-shi, Gifu), Hachinohe Smelting Co., Ltd. (Shinagawa-ku, Tokyo), Hikoshima Smelting Co., Ltd. (Shimonoseki-shi, Yamaguchi), Hibi Kyodo Smelting Co., Ltd. (Shinagawa-ku, Tokyo), Okuaizu Geothermal Co., Ltd. (Yanaizu-cho, Fukushima), Mitsui Kinzoku ACT Corporation (Yokohama-shi, Kanagawa), Mitsui Kinzoku Trading Co., Ltd. (Sumida-ku, Tokyo), MESCO, Inc. (Sumida-ku, Tokyo),
Overseas	Taiwan Copper Foil Co., Ltd. (Taiwan), Mitsui Copper Foil (Malaysia) Sdn. Bhd. (Malaysia), Mitsui Kinzoku Components India Private Limited (India), Mitsui Electronic Materials Co., Ltd. (Taiwan), GECOM Corp. (U.S.A.), Mitsui Siam Components Co., Ltd. (Thailand), Mitsui Components Guangdong Limited (China), Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd. (China)

## (8) Condition of Principal Subsidiaries of Mitsui Kinzoku (As of March 31, 2022)

	Paid-in Capital (Millions)	Equity Stake of the Company (%)	Principal Operations
Taiwan Copper Foil Co., Ltd.	NT\$800	95.0	Production and sale of Electro-deposited foil for printed wiring boards
Mitsui Copper Foil (Malaysia) Sdn. Bhd.	MYR330	100.0	Production and sale of MicroThin™ and Electro-deposited foil for printed wiring boards
Mitsui Kinzoku Components India Private Limited	INR400	100.0	Production and sale of exhaust detoxifying catalysts
Mitsui Electronic Materials Co., Ltd.	NT\$600	100.0	Production and sale of Sputtering targets
Kamioka Mining & Smelting Co., Ltd.	¥4,600	100.0	Smelting of zinc and lead and production of metal powders, exhaust detoxifying catalysts, and others
Hachinohe Smelting Co., Ltd.	¥4,795	85.5	Smelting of zinc and lead
Hikoshima Smelting Co., Ltd.	¥460	100.0	Smelting of zinc and production of metal powders, and others
Hibi Kyodo Smelting Co., Ltd.	¥100	63.5	Smelting of copper
Okuaizu Geothermal Co., Ltd.	¥100	100.0	Sale of geothermal steam for power generation
Mitsui Kinzoku ACT Corporation	¥3,000	100.0	Production and sale of functional automotive door locks
GECOM Corp.	US\$15.750	100.0	Production and sale of functional automotive door locks
Mitsui Siam Components Co., Ltd.	THB210	100.0	Production and sale of functional automotive door locks
Mitsui Components Guangdong Limited	RMB71.212	100.0	Production and sale of functional automotive door locks
Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd.	RMB13.234	100.0	Sale of functional automotive door locks
Mitsui Kinzoku Trading Co., Ltd.	¥240	100.0	Sale of nonferrous metals and electronic materials, etc.
MESCO, Inc.	¥1,085	100.0	Engineering services for various industrial plants as well as the production, sale, and construction of polyethylene compound pipes

Note: MESCO, Inc. became a wholly owned subsidiary on March 25, 2022.

## (9) Employees (As of March 31, 2022)

## 1. Number of Mitsui Kinzoku Group Employees

Group	Number of Employees	
Engineered Materials Group	3,804	(592)
Metals Group	2,115	(232)
Automotive Parts & Components Group	3,994	(81)
Affiliates Coordination Group	1,375	(142)
Other Group	593	(52)
Total	11,881	(1,099)

Notes: 1. The numbers of employees represent the numbers of employees actually working, and the numbers of temporary employees are shown separately in parentheses.

2. Temporary employee figures include temporary laborers, part-time employees, and temporary contract employees but exclude temporary employees dispatched by personnel agencies.

## 2. Number of the Company Employees

Group	Number of Employees	
Engineered Materials Group	1,222	(174)
Metals Group	353	(26)
Automotive Parts & Components Group	–	(–)
Affiliates Coordination Group	112	(19)
Other Group	452	(35)
Total	2,139	(254)

Number of Employees	Average Age (Years)	Average Length of Employment (Years)	Average annual salary (Thousands of Yen)
2,139	42.25	14.16	7,509

- Notes: 1. The numbers of employees represent the number of employees actually working, and the numbers of temporary employees are shown separately in parentheses.  
2. Temporary employee figures include temporary laborers, part-time employees, and temporary contract employees but exclude temporary employees dispatched by personnel agencies.  
3. Average annual salary includes bonus and extra wages.

## (10) Major Lenders (As of March 31, 2022)

	Amount of Borrowings (Millions of Yen)
Sumitomo Mitsui Banking Corporation	¥21,579
Sumitomo Mitsui Trust Bank, Ltd.	13,784
Mizuho Bank, Ltd.	8,161
MUFG Bank, Ltd.	8,105
The Yamaguchi Bank, Ltd.	4,250



## 2. Mitsui Kinzoku Group and the Company Outline

### (1) Common Stock (As of March 31, 2022)

1. Authorized: 190,000 thousand
2. Issued and outstanding: 57,310,077 (up 13,461 from the previous fiscal year)
3. Number of shareholders: 41,881 (up 226 from the previous fiscal year)
4. Major shareholders (Top 10):

	Number of Shares Held (Thousands)	Percentage of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (Held in trust account)	10,402	18.21
Custody Bank of Japan, Ltd. (Held in trust account)	4,060	7.10
JP MORGAN CHASE BANK 385632	1,419	2.48
The Employees' Shareholding Association	1,248	2.18
Tex Technology Inc.	865	1.51
STATE STREET BANK WEST CLIENT - TREATY 505234	769	1.34
The Partners' Shareholding Association	725	1.26
DFA INTERNATIONAL SMALL CAP VALUE PORTFOLIO	707	1.23
JP MORGAN CHASE BANK 385781	696	1.22
Goldman Sachs Asset Management Co. Ltd. BNYM	607	1.06

Note: Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 191,237 shares in treasury).

### Distribution of Shares by Type of Shareholder (Reference)

Classification	Number of shares held (Thousands)	Composition of shareholders (%)
Financial institutions	17,761	30.99
Securities firms	3,312	5.78
Other Japanese corporations	4,166	7.27
Overseas corporations, etc.	14,337	25.02
Individuals and others	17,540	30.61
Treasury stock	191	0.33

### 5. Status of shares granted to Company directors during the fiscal year as consideration for performance of duties

	Number of Shares	Number of grantees
Directors (excluding Outside Directors)	4,671	5

Note: At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a resolution on stock compensation for Directors to the effect that the total amount of compensation shall be within ¥36 million per year and the total amount of the Company's common stock to be allocated shall be within 12,600 shares per year (stock shall not be delivered to Outside Directors). Shareholders also resolved that when allocating such stock, the Company shall conclude a contract for allocation of restricted stock with the Eligible Directors.

## (2) Directors and Corporate Auditors

### 1. Directors and Corporate Auditors (As of March 31, 2022)

Position	Name	Duties and Major Occupation	Important Positions Held Concurrently at Other Organizations
President and Representative Director	NOU Takeshi		Outside Director of Powdertech Co., Ltd.
Representative Director, Senior Managing Director	KIBE Hisakazu	Senior Executive Officer, Senior General Manager of Corporate Planning & Control Sector	
Senior Managing Director	OSHIMA Takashi		
Director	TSUNODA Satoshi	Senior Executive Officer, Senior General Manager of Metals Sector,	
Director	MIYAJI Makoto	Executive Officer, Chief Environmental Officer and Chief Health and Safety Officer	
Outside Director	MATSUNAGA Morio		Chairperson of the Board of Director, Kitakyushu Foundation for the Advancement of Industry, Science and Technology, Outside Auditor of KROSAKI HARIMA CORPORATION Chairperson, The Surface Finishing Society of Japan Chairperson of the Board, Rikkyo Educational Corporation
Outside Director	TOIDA Kazuhiko		
Outside Director	TAKEGAWA Keiko		Director of Institute of Women's Culture, Showa Women's University, Specially Appointed Professor, Showa Women's University, Outside Member of the Board, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, Outside Directors of Sekisui House, Ltd.
Corporate Auditor	MISAWA Masayuki		
Corporate Auditor	KUTSUNAI Akira		Outside Auditor of Nakabohtech Co., Ltd.
Outside Corporate Auditor	ISHIDA Toru		President, The Japan Chamber of Commerce and Industry, President, The Tokyo Chamber of Commerce and Industry
Outside Corporate Auditor	INOUE Hiroshi		Lawyer

Notes: 1. Corporate Auditor KUTSUNAI Akira has for many years been responsible for the Company's bookkeeping operations and has considerable knowledge regarding finance and accounting.

2. Personal Changes for Director, Corporate Auditor and Outside Corporate Auditor Positions on June 29, 2021.

(1) Director NISHIDA Keiji, Director HISAOKA Isshi and Outside Director MIURA Masaharu retired due to expiration of their terms.

- (2) TAKEGAWA Keiko retired as Outside Corporate Auditor due to resignation and was newly appointed as Outside Director.  
 (3) TSUNODA Satoshi and MIYAJI Makoto were appointed to new Director positions.  
 (4) INOUE Hiroshi was appointed to a new Outside Corporate Auditor position.

3. Changes of positions and duties of Directors (as of June 29, 2021)

Position	Name	Duties and Major Occupation
Representative Director	KIBE Hisakazu	Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector
Senior Managing Director	OSHIMA Takashi	

4. Important positions held concurrently at other organizations of Directors and Corporate Auditors

- (1) Representative Director and Senior Managing Director KIBE Hisakazu retired the post of Outside Director of Nakabohtech Co., Ltd. on June 29, 2021.  
 (2) Outside Director MATSUNAGA Morio were appointed to Chairperson, The Surface Finishing Society of Japan on February 28, 2022.  
 (3) Outside Director TAKEGAWA Keiko retired the post of Dean of Faculty of Global Business, Showa Women's University on March 31, 2022.  
 (4) Outside Director TAKEGAWA Keiko is scheduled to retire as Outside Member of the Board, NIPPON TELEGRAPH AND TELEPHONE CORPORATION as of June 24, 2022.

2. Summary of Contracts for Limitation of Liability

Based on the Company Law Article 427, Paragraph 1, the Company has concluded contracts with Outside Directors and Outside Corporate Auditors regarding liability as defined by the Company Law Article 423, Paragraph 1 to limit total liability to the figure stipulated by the Company Law Article 425, Paragraph 1.

3. Summary of Indemnity Contracts

The Company has no indemnity contracts with any of the Directors or Corporate Auditors provided for in the Company Law Article 430-2, Paragraph 1.

4. Summary of the Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract provided for in the Company Law Article 430-3, Paragraph 1 with an insurance company under which the Directors and Corporate Auditors are the insured. The said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. The insurance premiums are fully borne by the Company.

5. Compensation, etc. Paid to Officers (Directors and Corporate Auditors)

(a) Total amount of compensation, etc. for the fiscal year under review

Classification	Total Compensation, etc. (Millions of Yen)	Total Compensation, etc. by Type (Millions of Yen)			Number of Applicable Officers
		Base Compensation	Performance-linked Compensation	Stock Compensation	
Directors (Directors excluding Outside Directors)	¥284 (241)	216 (173)	57 (57)	10 (10)	11 (7)
Corporate Auditors (Corporate Auditors excluding Outside Corporate Auditors)	75 (50)	75 (50)	- (-)	- (-)	5 (2)
<b>Total</b>	<b>359 (291)</b>	<b>292 (223)</b>	<b>57 (57)</b>	<b>10 (10)</b>	<b>16 (9)</b>

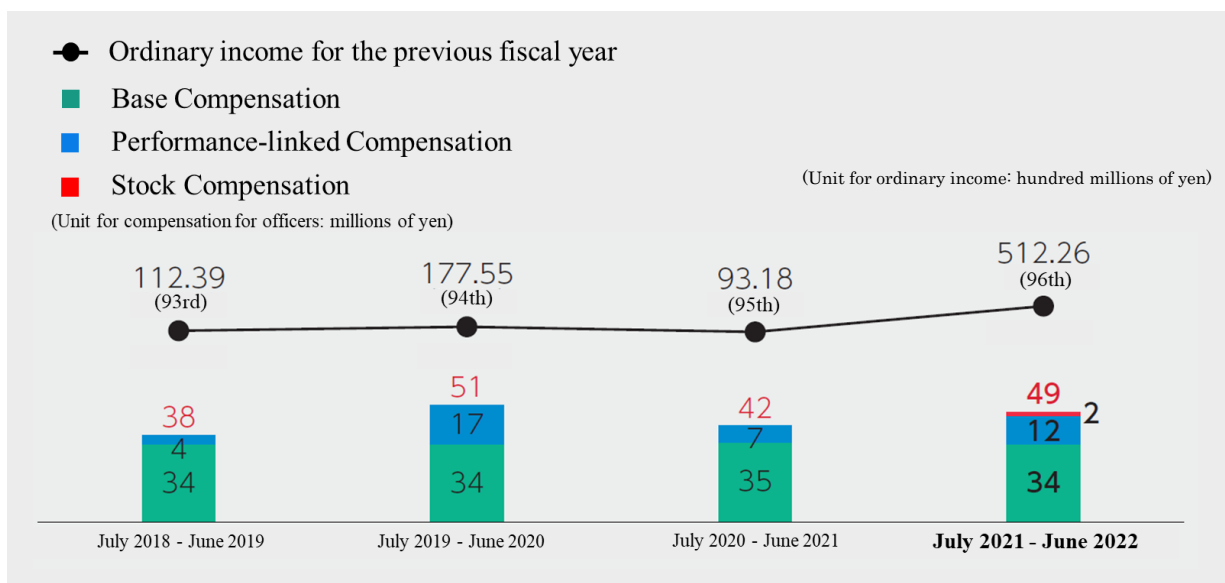
Notes: 1. At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid

- to Directors of ¥720 million per year (not including compensation for their services as employees).
2. At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a resolution on stock compensation for Directors to the effect that the total amount of compensation shall be within ¥36 million per year and the total amount of the Company's common stock to be allocated shall be within 12,600 shares per year (stock shall not be delivered to Outside Directors). Shareholders also resolved that when allocating such stock, the Company shall conclude a contract for allocation of restricted stock with the eligible Directors.
  3. At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid to Corporate Auditors of ¥180 million per year.
  4. At the time of resolution regarding above Notes 1, 2 and 3, there were 8 Directors (including 3 Outside Directors) and 4 Corporate Auditors.

Reference

### Linkage between the amount of compensation per Directors (excluding Outside Directors) and ordinary income

Regarding compensation per Director (excluding Outside Directors), trends in the amount of compensation for one year from the conclusion of General Meetings of Shareholders, the beginning of the term, are as follows.



- The number of Directors (excluding Outside Directors) for each term is as follows:  
93rd term: 4, 94th term: 4, 95th term: 5 (including a new Director), 96th term: 5 (including two new Directors)

(b) Policy, etc. regarding determination of compensation, etc. for Directors and Corporate Auditors

The Company has the Compensation Committee whose members include Outside Directors, Outside Corporate Auditors, the President, and the Director in charge of Human Resources, etc.

The amount of base compensation, performance-linked compensation and stock compensation for Directors are determined by the Compensation Committee, to which the decision is entrusted by the Board of Directors. Decisions on the amounts are made through deliberations at the Compensation Committee in a fair and transparent manner, within the limit approved at the Annual General Meeting of Shareholders and based on the compensation determination standards. (Please see below for an outline of the Compensation Committee.)

**The Compensation Committee**

The Compensation Committee decided that compensation, etc. for Directors (excluding Outside Directors) shall consist of base compensation, performance-linked compensation as a short-term incentive, and stock compensation as a medium-to-long-term incentive, to enable them to demonstrate management supervisory functions at a high level. In order to ensure competitiveness, appropriateness of the levels of the amounts of compensation is examined through comparison with those of other companies of similar size available as the findings of a compensation survey in which major companies in Japan participate.

- Composition of the Compensation Committee (As of the time when the amount of compensation for the fiscal year under review was determined)

	Name	Position, Duties and Major Occupation
Chairperson	MATSUNAGA Morio	Outside Director
Member	TOIDA Kazuhiko	Outside Director
	TAKEGAWA Keiko	Outside Director
	ISHIDA Toru	Outside Corporate Auditor
	INOUE Hiroshi	Outside Corporate Auditor
	NOU Takeshi	President and Representative Director
	KIBE Hisakazu	Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector

- Details of authorities delegated to the Compensation Committee by resolution of the Board of Directors  
Establishment, revision and abolition of standards for determining base compensation, performance-linked compensation and stock compensation for Directors  
Determination of the base compensation, performance-linked compensation and stock compensation of each Director
  - Reason for entrusting authority  
For fair and transparent deliberations based on the compensation determination standards
  - Details of activities in fiscal 2021  
Verified performance indicators for performance-linked compensation and raised the percentage of stock compensation  
Deliberated and determined Directors' compensation based on the compensation determination standards
  - Measures to ensure that the authority of the Compensation Committee is exercised appropriately  
The Compensation Committee is composed mainly of Outside Directors, Outside Corporate Auditors, the President, and the Director in charge of Human Resources, etc., and the chairperson is elected from among the Outside Directors. Moreover, if the Board of Directors resolves a correction to the financial results post-announcement due to material accounting error or fraud, the Compensation Committee shall deliberate on adjustments to performance-linked compensation and restrict its payment, or even demand pay back of compensation, when deemed necessary.
- (Note) Compensation, etc. for Corporate Auditors is determined by discussions among the Corporate Auditors, within the limit approved at the Annual General Meeting of Shareholders.

a. Policy on base compensation

The base compensation for the President is set, taking into consideration the Company's performance, corporate value, and other factors comprehensively. Base compensation for Directors is calculated depending upon titles, based on the base compensation for the President and by applying a ratio for each title according to responsibilities.

b. Policy on performance-linked compensation

Regarding performance-linked compensation, the amount of performance-linked compensation is calculated by using consolidated ordinary income, which the Company considers as a key indicator for evaluating operating results, as the performance indicator. In addition, the amounts of performance-linked compensation for individual Directors responsible for business units are

determined by reflecting the evaluation corresponding to the performance of the business for which the Director is responsible. Looking at the indicator for performance-linked compensation in fiscal 2021, the performance indicator result is ¥51.2 billion against a consolidated ordinary income target for fiscal 2020 of ¥32.0 billion. Outside Directors and Corporate Auditors who are uninvolved in business execution do not receive performance-linked compensation.

The calculation formula for the compensation curve of performance-linked compensation was reviewed by the Compensation Committee in fiscal 2021 and a new calculation formula is used from fiscal 2022. (Please refer to the next page, for further details.)

c. Policy on stock compensation

The Company introduced a restricted stock compensation plan for Directors (excluding Outside Directors) from fiscal 2021 to serve as an incentive for eligible Directors to aim for continuous growth in corporate value and further enhance value-sharing with shareholders. The total amount of compensation for granting restricted stock to eligible Directors shall be a monetary claim and the total amount thereof shall be within ¥36 million per year and the total amount of the Company's common stock to be issued or disposed of in this process shall be within 12,600 shares per year. The specific timing of payment and allotment to each eligible Director will be determined by the Board of Directors in light of standards established by the Compensation Committee.

d. Policy on the composition of compensation, etc.

The composition of compensation, etc. for individual Directors is set, taking into consideration the Company's management strategy, business environment, the degree of difficulty in achieving the target for incentives, etc. and also by referring to the trend of benchmarked companies, utilizing data of an objective compensation survey by an external specialized organization and other factors. The composition of compensation for Directors is as follows:

(Current compensation system for individual Directors)

	Base compensation	Short-term incentive	Long-term incentive
Composition of compensation	Base compensation 53-92%	Performance-linked compensation 42-0%	Stock compensation 5-8%
Key performance indicator (KPI)	-	Consolidated ordinary income for the previous fiscal year	-

Note: The percentage of base compensation, the percentage of performance-linked compensation and the percentage of stock compensation vary because performance-linked compensation varies according to the Company's performance.

e. Policy on the timing of payment of compensation, etc. and conditions

Base compensation and performance-linked compensation are paid monthly in cash.

The stock compensation system is designed so that the period during which transfer of the allocated shares is restricted expires on the date of retirement and, even after retirement, sale of the shares is not permitted for a period of one year to prevent insider trading. Moreover, if an eligible Director retires without just cause, the Company shall automatically acquire the allocated shares at no cost irrespective of the elapsing of the period.

The details of compensation, etc. for individual Directors in fiscal 2021 are judged to be in accordance with the policies from a. to e. above because the Board of Directors determined the details after fair and transparent deliberation based on the compensation determination standards by the Compensation Committee.

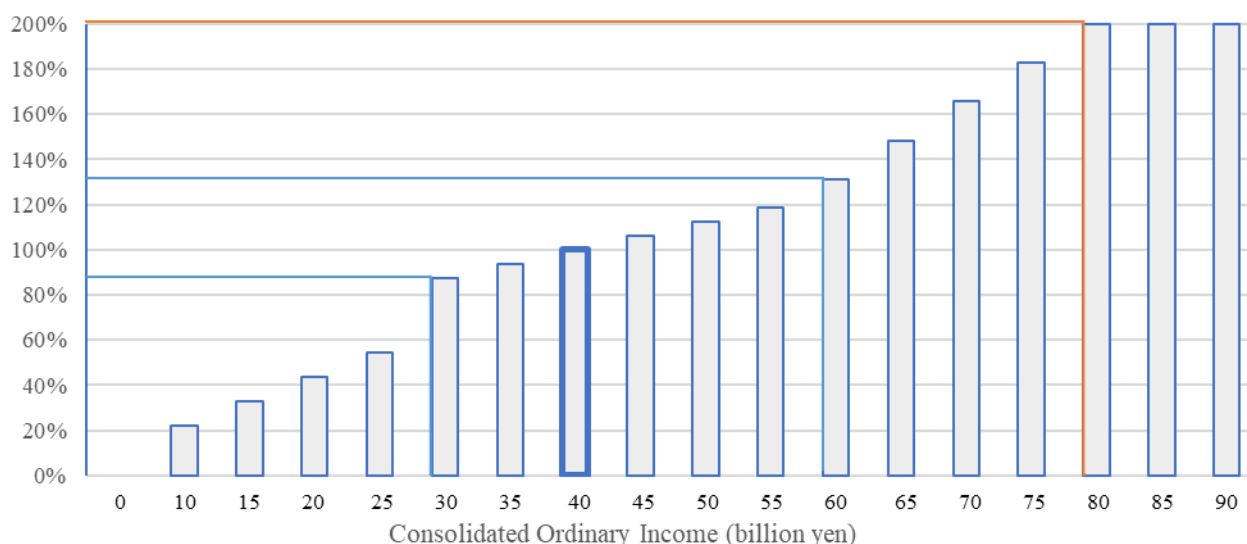
With respect to compensation, etc. for Directors (excluding Outside Directors), the Compensation Committee verified performance indicators for performance-linked compensation and decided through deliberation to increase the percentage of stock compensation. From fiscal 2022, compensation shall be designed as follows.

Performance-linked compensation shall be strongly linked to consolidated ordinary income to make it work more effectively as an incentive.

More specifically, ¥40 billion, in other words, 130% of ¥30 billion, which is average consolidated ordinary income over the past 10 years, excluding the impact of impairment of Caserones Copper Mine, shall be used as a benchmark (for the compensation percentage in the system design).

The Compensation Committee also set ¥60 billion, higher than the largest-ever recorded profit of ¥56.5 billion, as a target, and set an upper limit of ¥80 billion in the event that the target is exceeded, to ensure that performance-linked compensation serves as an appropriate incentive.

Linkage of compensation to each consolidated ordinary income when performance-linked compensation at the benchmark (¥40 billion) is 100



The stock compensation percentage shall be increased from 5% under the current system design to 10% in the event of consolidated ordinary income of ¥40 billion, to further enhance value-sharing with shareholders.

As a result of the review of policies on performance-linked compensation and stock compensation, compensation percentages for Directors (excluding Outside Directors) under the system design shall be as follows: base compensation: 55%, performance-linked compensation: 35%, and stock compensation: 10%. However, since performance-linked compensation shall fluctuate depending on company performance, the percentages of base compensation, performance-linked compensation and stock compensation shall fluctuate within the following ranges.

consolidated ordinary income	~¥0	¥30 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation	85%	59%	55%	51%	42%
Performance-linked compensation	0%	31%	35%	40%	51%
Stock compensation	15%	10%	10%	9%	7%



## 6. Matters Related to Outside Directors and Outside Corporate Auditors

### (a) Important Positions Held Concurrently at Other Organizations

Please refer to “1. Directors and Corporate Auditors.” The Company has no special relationship with any of the entities.

### (b) Principal Activities during the Fiscal Year under Review

#### a. Principal activities of Outside Directors

Position	Name	Attendance rate at the meetings of the Board of Directors (%)	Principal Activities and Summary of duties performed by the outside officer concerning the expected role
Director	MATSUNAGA Morio	100	Attended all 15 meetings of the Board of Directors during the fiscal year. Based on his specialized knowledge of engineering and a wealth of experience of organization management gained as a university professor and President of a National University Corporation, he actively commented on proposals and discussions from a standpoint independent from the management, unbound by internal norms, with a view to improving corporate value in the medium and long term. Furthermore, as chairperson of the Compensation Committee, he expressed opinions based on his own experience and knowledge and also led discussions in the Committee and conducted a review of the percentages of compensation, etc. for Directors (excluding Outside Directors), with a view to sustainable improvement in corporate value and enhancement of value sharing with shareholders.
Director	TOIDA Kazuhiko	100	Attended all 15 meetings of the Board of Directors during the fiscal year. Drawing on a wealth of knowledge and experience gained as a manager in the automotive industry, he actively commented on proposals and discussions from a standpoint independent from the management, unbound by internal norms, looking to improve corporate value in the medium and long term. Furthermore, as chairperson of the Nomination Review Committee, he expressed opinions based on his own extensive experience and knowledge of business execution and management and also led discussions in the Committee and conducted a review of the quality of the Company's management, etc.
Director	TAKEGAWA Keiko	100	Attended all 11 meetings of the Board of Directors during the fiscal year after assuming his position. Drawing on her wealth of knowledge and experience gained through involvement in the formulation and implementation of policies such as promotion of women's participation, she actively commented on proposals and discussions from a standpoint independent from the management, unbound by internal norms. Furthermore, as chairperson of the Internal Audit Committee, she expressed opinions based on her own experience and knowledge from the viewpoint of strengthening general management supervision and oversight functions and also led discussions in the Committee and handled the approval of internal audit plans and policies and the evaluation of audit results.

b. Principal activities of Outside Corporate Auditors

Position	Name	Attendance rate at the meetings of the Board of Directors (%)	Attendance rate at the meetings of the Board of Auditors (%)	Principal Activities
Corporate Auditor	ISHIDA Toru	93	93	Attended 14 out of 15 meetings of the Board of Directors and 15 out of 16 meetings of the Board of Auditors during the fiscal year. Based on his many years of experience and responsibilities in key positions, in which he has contributed to development of commerce and industry, he made appropriate and necessary comments on proposals and discussions from a wide perspective.
Corporate Auditor	INOUE Hiroshi	100	100	Attended all 11 meetings of the Board of Directors and all 11 meetings of the Board of Auditors during the fiscal year after assuming his position. From his perspective as a person with experience and expertise in legal circles as a public prosecutor and a lawyer, he made appropriate and necessary comments on proposals and discussions.

(c) Total Compensation, etc. Paid to Outside Directors and Outside Corporate Auditors

Classification	Total Compensation, etc. (Millions of Yen)	Number of Applicable Officers
Outside Directors and Outside Corporate Auditors	¥68	7

(d) Notification of Independent Directors and Independent Corporate Auditors

None of the Company's Outside Directors and Outside Corporate Auditors has interests with any particular party from the Company, including its management, and none of them has conflicts of interest with general shareholders. The Company has notified the Tokyo Stock Exchange that all five of its Outside Directors (MATSUNAGA Morio, TOIDA Kazuhiko and TAKEGAWA Keiko) and Outside Corporate Auditors (ISHIDA Toru and INOUE Hiroshi) are Independent Directors and Independent Corporate Auditors of the Company.

(3) Matters Related to the Independent Auditing Firm

1. Name of the firm: KPMG AZSA LLC

2. Total Compensation, etc., paid to the firm

Classification	Compensation based on audit and attestation services (Millions of Yen)	Compensation based on non-audit services (Millions of Yen)	Amount (Millions of Yen)
The Company	¥120	¥18	¥139
The Company's subsidiaries	66	0	66
Amount	¥186	¥18	¥205

Notes: 1. Since the contract between the Company and the auditing firm does not distinguish between the audit required under Japan's Company Law and the audit required under the Financial Instruments and Exchange Law, the above figures also include the

cost of the audit required under the Financial Instruments and Exchange Law.

2. The Board of Corporate Auditors of the Company reviewed the independent auditing firm's audit plan for fiscal 2020, the status of performance of duties in the previous fiscal year, the basis of calculation of the estimated amount of compensation, etc. by means of necessary documents obtained from the independent auditing firm and relevant internal departments as well as interviews. As a result, the Board of Corporate Auditors gave consent pursuant to the Company Law Article 399, Paragraph 1 with regard to compensation, etc. for the independent auditing firm for fiscal 2020.
3. Among the Company's material subsidiaries, the following were legally audited by a certified public accountant or accounting firm, other than the Company's audit firm, with the corresponding qualifications in a foreign country: Taiwan Copper Foil Co., Ltd.; Mitsui Copper Foil (Malaysia) Sdn. Bhd.; Mitsui Electronic Materials Co., Ltd.; Mitsui Kinzoku Components India Private Limited; GECOM Corp.; Mitsui Siam Components Co., Ltd.; Mitsui Components Guangdong Limited; and Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd.

### 3. Details of Non-audit Services

The Company entrusts the independent auditing firm with "the preparation of a comfort letter associated with the issuance of corporate bonds," and "financial due diligence, etc." which are services outside the professional responsibilities provided under the Certified Public Accountants Act Article 2, Paragraph 1 (non-audit service).

In addition, subsidiaries entrust the independent auditing firm with agreed procedures for application forms for reduction of or exemption pursuant to the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.

### 4. Policy regarding decisions related to dismissal and non-renewal of contract with the independent auditing firm

When the provisions of the Company Law Article 340, Paragraph 1 are deemed to be applicable to the auditing firm, the Board of Auditors may dismiss the firm with the consent of all the Corporate Auditors. The Board of Auditors determines the content of a proposal to be submitted to a General Meeting of Shareholders concerning non-renewal of the contract with the auditing firm at the Company's convenience. In addition, when it is deemed that the Company cannot continue the contract with the auditing firm for reasons attributable to the auditing firm, the Board of Auditors determines the content of a proposal to be submitted to a General meeting of Shareholders concerning dismissal or non-reappointment of the auditing firm.

In either case, the Board of Auditors determines the content of a proposal to be submitted to a General Meeting of Shareholders concerning selection of a new independent auditing firm.

## **(4) Systems for Ensuring Appropriate Business Operations and Overview of the Status of Operation of Such Systems**

The decisions as to the Company's systems for ensuring that the execution of duties by the Directors is in compliance with relevant laws and regulations and the Company's Articles of Incorporation and other systems for ensuring the proper conduct of the Group's activities and the status of operation of such systems are outlined below.

### **1. Systems for ensuring that the execution of duties by the Directors and employees of the Company and its subsidiaries is in compliance with relevant laws and regulations and the Company's Articles of Incorporation**

- 1) To ensure that the conduct of business activities by the Directors and employees of the Company and its subsidiaries is in compliance with relevant laws and regulations and the Company's Articles of Incorporation, the Company clarifies and promotes its compliance system by instituting its "Code of Conduct," which Directors and employees are required to observe, and internal regulations.
- 2) The Company clearly defines the authority of the Directors through the issuance of internal regulations, including "Regulations for the Board of Directors (Torishimariyaku-kai kisoku)." Also, by appointing Outside Directors who have a high degree of independence, the Company increases transparency and creates a framework to ensure that the Directors execute their duties appropriately.
- 3) In addition, the Company conducts internal audits of accounting, tax affairs, legal affairs, safety, quality, facilities, the environment, hygiene, ICT, etc. for the purpose of maintaining soundness of overall internal control among others.

[Overview of the status of operation]

In order to thoroughly communicate the "Code of Conduct" worldwide, which specifies values and action guidelines that ought to be shared by everyone in the Group, it is translated into various languages, and training by using the Compliance Guidebook is continued at all bases, including

overseas bases, to ensure adherence to the Code of Conduct.

Each Executive Director reports important matters at the meetings of the Board of Directors, which includes three highly independent Outside Directors. Outside Directors have been appointed the chairperson of the Nomination Review Committee and of the Compensation Committee, respectively, thereby enhancing independence and objectiveness in these committees. Moreover, during the fiscal year under review the Company appointed an Outside Corporate Auditor as a member of the Nomination Review Committee and the Compensation Committee and, as a result, independence and objectiveness in these committees were further enhanced. In fiscal 2020, the Company further strengthened independence and objectiveness in the Nomination Review Committee and the Compensation Committee by making Outside Corporate Auditors formal members of them.

The Internal Audit Committee directly reports to the Board of Directors, and has an Outside Director appointed as the chairman of the committee. The Internal Audit Committee determines the policy and annual plan for internal audits, and the Internal Audit Department conducts audits based on that policy and plan. The Internal Audit Committee evaluates the results of audits conducted by the Internal Audit Department and other departments after the end of each fiscal year and confirms the status of corrective measures in response to the findings.

## **2. Systems for storing and safekeeping of information related to the execution of the duties of the Directors**

For information related to the execution of the duties of the Directors, the Company has prepared, stores, and keeps in custody such information according to laws and regulations, the “Regulations for the Board of Directors (Torishimariyaku-kai kisoku),” “Information Management Rules (Jouhou kanri kisoku),” “Regulations Regarding Documentation (Bunsho kisoku),” regulations concerning ICT governance, and other internal regulations.

[Overview of the status of operation]

Information materials on agenda of meetings of the Board of Directors and their minutes are retained permanently, whereas the statutory retention period for such documents is 10 years. Documents of important meetings related to business execution are retained for 10 years or permanently depending upon the meeting bodies. The Company has appointed the Senior General Manager of the Corporate Planning & Control Sector as the person responsible and is promoting the implementation of ICT governance and information management across the Mitsui Kinzoku Group.

## **3. Regulations and systems concerning the management of losses and hazards of the Company and its subsidiaries**

To prevent the materialization of risks related to the execution of business activities of the Company and its subsidiaries and to respond to risks that have already materialized, based on its “Risk Management Regulations (Risk management kisoku),” the Company designates organizational units in charge of each type of risk to monitor and evaluate the risks that may arise in the business activities of the Company and subsidiaries, decides on policies for risk management, and implements measures to deal with risks when they materialize.

The Company establishes “Regulations for Emergency Responses (Kinkyu-jitai hasseiji no taiou ni kansuru kisoku)” to protect human lives and assets and to swiftly recover and continue business in the event of a large disaster.

[Overview of the status of operation]

The Company has set up a unit dedicated to risk and crisis management in the General Affairs Department for the purpose of minimizing, through risk management, the impact and damage suffered by the Company and its subsidiaries from the events that pose threats to assets and earnings of the Company and its subsidiaries. During fiscal 2021, as risk mitigation activities under the 2022-2024 new Medium Term Business Plan, the Company conducted analysis activities based on a risk assessment, and understood and managed the current status by means of risk mapping, which helps promote risk mitigation activities carried out by organizational units in charge of each type of risk.

Moreover, the Group decided on policies for risk management and implemented measures to deal with risks when they materialize, including training for incident management in the event of an emergency and improvement of various manuals, thereby promoting risk management.

#### **4. Systems to ensure that the Directors of the Company and its subsidiaries execute their duties efficiently**

As the basis for systems that ensure the Directors execute their duties efficiently, the Board of Directors holds a regular meeting once a month, and at other times as necessary. In addition, the Company determines assignment of responsibilities for management and clarifies the approving authorities, including those of subsidiaries, and transfer of authority to executive departments, with an aim to enhance the efficiency of decision-making. Also, through the introduction of the Executive Officer system, the Company endeavors to accelerate the execution of business activities.

[Overview of the status of operation]

The chair of the Company's Board of Directors is determined by mutual election among the Directors to realize separation of the management oversight function and the business execution function, and since April 2021, the Board of Directors has elected a Director who is not the President and Representative Director and who does not concurrently serve as an Executive Officer.

In the fiscal year under review, ordinary meetings of the Board of Directors were held once every month and total of three extraordinary meetings of the Board of Directors were held in May, June and December 2021. In accordance with authorities such as approving authorities that stipulate the assignment of responsibilities for management, the Board of Directors deliberated and made decision on necessary important matters.

The authority has been delegated to executive units, as necessary, by reviewing the classification of responsibilities concerning management to enhance efficiency of decision-making. Meanwhile, the Board of Directors periodically receives reports on the status of execution of duties from each Executive Officer and monitors the status of business execution. Moreover, a meeting was held between Outside Directors and the independent auditing firm to exchange views and share information.

#### **5. Systems for reporting to the Company of matters related to the execution of duties by Directors of the Company's subsidiaries**

Directors, Corporate Auditors, and the responsible department shall receive reports on the status of execution of duties by Directors of the Company's subsidiaries in accordance with the "Regulations for the Management of Subsidiaries and Affiliates (Kankei-gaisha kanri kisoku)" etc.

[Overview of the status of operation]

Directors of the Company's subsidiaries report the status of execution of their duties in accordance with the "Regulations for the Management of Subsidiaries and Affiliates" at periodic meetings of business units.

Units of the headquarters report to Corporate Auditors, as necessary, about the information they obtained on the status of execution of duties by Directors of the Company's subsidiaries.

#### **6. Matters concerning employees who are to assist the duties of Corporate Auditors when Corporate Auditors request assignment of such employees and matters related to ensuring the independence of such employees from Directors and effectiveness of instructions given by Corporate Auditors to such employees**

- 1) Under the Company's "Regulations for Company Organization Systems (Kaisha shokusei kisoku)," the Company establishes an Auditor Office and assigns employees to assist the Corporate Auditors in the execution of their duties. In addition, the selection of these employees is made with reference to the opinions of the Corporate Auditors.
- 2) The employees who are assigned to assist the duties of Corporate Auditors shall assist Corporate Auditors in accordance with the "Regulations for Company Organization Systems." At the meetings of the Board of Auditors, such employees shall receive instructions from Corporate Auditors, and also shall report on the progress of matters that they were instructed to address, and provide information.

[Overview of the status of operation]

Regarding employees who are to assist the duties of Corporate Auditors, staff of the Auditor Office are selected from headquarters organizations in reference to the opinions of the Corporate Auditors. Auditors Office Liaison Meetings are held monthly for which the Auditor Office serves as the secretariat and where the staff of the Auditor Office receive instructions from Corporate Auditors and

provide Corporate Auditors with information on the progress of matters that they were instructed to address and other information.

**7. Systems for Directors and employees to report to the Corporate Auditors; systems for Directors, Corporate Auditors, and employees of the Company's subsidiaries and for persons who received reporting from such persons to report to the Corporate Auditors; and other systems regarding reporting to the Corporate Auditors**

- 1) When the Directors and employees of the Company and Directors, Corporate Auditors, and employees of the Company's subsidiaries discover facts that may cause serious losses to the Company, or when other events occur concerning the matters requiring reporting specified by the Board of Auditors, they shall report to Corporate Auditors.
- 2) Upon auditing of subsidiaries by the Corporate Auditors, Directors, Corporate Auditors, and employees of the Company's subsidiaries shall report the status of operations and other matters required by the Corporate Auditors.
- 3) Regarding the details of the reporting made via the whistleblowing system, a system shall be setup for promptly sharing the information with the Corporate Auditors.

[Overview of the status of operation]

For full-time Corporate Auditors, in addition to their attendance at the meetings of the Board of Directors, opportunities are ensured for them to attend important meetings related to business execution. Through these meetings, matters are reported and information is provided to Corporate Auditors. Full-time Corporate Auditors and Outside Corporate Auditors also visit the Company's subsidiaries to conduct auditing whenever necessary, and receive reports on the status of operation as well as matters requested by the Corporate Auditors. During fiscal 2021, even when the effects of the COVID-19 pandemic prevented visits, Corporate Auditors and Outside Corporate Auditors still conducted audits of each site and subsidiary of the Company through other means such as web conferencing.

During fiscal 2020, the Company revised the "Regulation for Whistle-Blowing System (Tsuuhoutou toriatsukai ni kansuru kisoku)," and established a system enabling faster information sharing with the Company's Corporate Auditors.

**8. Systems to ensure that persons who reported to the Corporate Auditors will not receive detrimental treatment because of the reporting**

The Company shall prohibit detrimental treatment of the Directors and employees of the Company and Directors, Corporate Auditors, and employees of the Company's subsidiaries who reported to the Corporate Auditors because of the reporting.

[Overview of the status of operation]

It is announced on the Company's website and stated in the Compliance Guidebook that persons who reported to the Corporate Auditors will not receive detrimental treatment because of the reporting. The policy that persons who reported to the Corporate Auditors will not receive detrimental treatment because of the reporting is also communicated in internal training and on other occasions.

**9. Matters concerning procedures for advance payment or reimbursement of fees arising in connection with the execution of duties by the Corporate Auditors and other policies regarding handling costs or obligations arising in connection with the execution of such duties**

When the Corporate Auditors request advance payment or reimbursement of expenses for their execution of duties, based on deliberation by the responsible department the Company shall make advance payment of or reimburse such expenses swiftly except in the case that such expenses or obligations are proved to be unnecessary for the execution of duties by such Corporate Auditors.

[Overview of the status of operation]

At the beginning of each fiscal year, the Company sets aside a budget for expenses to be incurred based on the action plan of the Corporate Auditors for the year. The Company has established a rule that allows the Corporate Auditors to request additional budget if expenditures exceeding the predetermined budget for expenses are necessary.

#### **10. Other systems to ensure that audits by the Corporate Auditors are performed effectively**

The Representative Directors and Corporate Auditors meet periodically to exchange opinions. The Corporate Auditors may attend important meetings to exchange information with Directors and employees thoroughly. Moreover, a system is in place that enables close collaboration between Corporate Auditors and the Internal Audit Department for audits.

[Overview of the status of operation]

During fiscal 2021, meetings to exchange opinions were held twice between the Representative Directors and Corporate Auditors. Further, starting from fiscal 2021, the Company is providing an opportunity for more multi-faceted information exchange by holding a meeting that includes Outside Directors for the first time, in addition to the existing meetings between the Representative Directors and Corporate Auditors. Corporate Auditors also held meetings seven times to exchange opinions with Outside Directors, Executive Officers and other management executives. Corporate Auditors interviewed the independent auditing firm as necessary to share information. Corporate Auditors attend the Internal Audit Committee as observers and share the audit plan and audit results.

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\*In this Business Report, the monetary amounts and the number of shares have been rounded down to the nearest unit.

## Consolidated Balance Sheet

(As of March 31, 2022)

	Millions of yen	
	2021	2020 (Reference)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	¥29,615	¥30,413
Notes and accounts receivable	-	113,209
Notes, accounts receivable and Contract assets	122,227	-
Merchandise and finished goods	63,379	53,536
Work in process	39,983	35,109
Raw materials and supplies	74,112	61,396
Others	29,988	20,264
Allowance for doubtful accounts	(263)	(193)
<b>Total current assets</b>	<b>359,045</b>	<b>313,736</b>
<b>Fixed assets:</b>		
Tangible fixed assets:		
Buildings and structures	203,320	197,675
Machinery and automotive equipment	497,955	483,277
Land	31,671	31,501
Lease assets	4,640	6,398
Construction in progress	10,269	9,778
Others	60,500	58,474
Accumulated depreciation	(611,232)	(587,068)
<b>Total tangible fixed assets</b>	<b>197,124</b>	<b>200,037</b>
Intangible fixed assets	9,137	7,971
Investments and other assets:		
Investment securities	55,931	57,212
Long-term loans	412	423
Net defined benefit asset	7,577	7,019
Deferred tax assets	5,702	5,875
Others	3,061	2,822
Allowance for doubtful accounts	(114)	(83)
<b>Total investments and other assets</b>	<b>72,571</b>	<b>73,270</b>
<b>Total fixed assets</b>	<b>278,832</b>	<b>281,279</b>
<b>Total assets</b>	<b>¥637,878</b>	<b>¥595,016</b>



English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2021	2020 (Reference)
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	¥61,073	¥45,660
Short-term debt	76,605	68,109
Commercial paper	18,000	21,000
Current portion of straight bonds	10,000	10,000
Current portion of lease liability	555	1,186
Accrued income taxes	5,265	2,891
Consumption taxes payable	1,1137	1,499
Provision for bonus	6,054	5,475
Provision for product warranties	716	936
Provision for loss on construction contracts	0	-
Business structure improvement expenses	-	249
Provision for loss on disposal of inventories	569	178
Others	43,821	38,008
<b>Total current liabilities</b>	<b>223,800</b>	<b>195,196</b>
<b>Long-term liabilities:</b>		
Straight bonds	40,000	40,000
Long-term debt	80,495	108,821
Lease liability	1,472	1,790
Deferred tax liabilities	5,666	5,618
Directors' and corporate auditors' retirement benefits	515	610
Provision for environmental countermeasures	734	757
Provision for preventing environmental pollution in mineral, mining, and other operations	804	705
Provision for loss on litigation	163	116
Net defined benefit liability	27,331	26,528
Asset retirement obligations	4,320	3,753
Others	2,525	647
<b>Total long-term liabilities</b>	<b>164,029</b>	<b>189,349</b>
<b>Total Liabilities</b>	<b>387,829</b>	<b>384,546</b>
<b>Net assets</b>		
Common stock	42,149	42,129
Capital surplus	18,701	22,631
Retained earnings	180,851	133,648
Treasury stock	(626)	(625)
<b>Shareholders' equity</b>	<b>241,075</b>	<b>197,784</b>
Net unrealized gains on securities, net of tax	2,512	3,059
Unrealized gains (losses) on hedging derivatives, net of tax	(11,641)	(552)
Foreign currency translation adjustments	6,924	(2,696)
Remeasurements of defined benefit plans	821	1,283
<b>Accumulated other comprehensive income</b>	<b>(1,383)</b>	<b>1,093</b>
<b>Non-controlling interests</b>	<b>10,356</b>	<b>11,591</b>
<b>Total net assets</b>	<b>250,048</b>	<b>210,470</b>
<b>Total liabilities and net assets</b>	<b>¥637,878</b>	<b>¥595,016</b>

Note: Figures are rounded down to the nearest million yen.

## Consolidated Statement of Operations

(April 1, 2021 to March 31, 2022)

	Millions of yen	
	2021	2020 (Reference)
<b>Net sales</b>	¥633,346	¥522,936
<b>Cost of sales</b>	510,782	416,817
<b>Gross profit</b>	122,564	106,119
Selling, general and administrative expenses	61,826	55,033
<b>Operating income</b>	60,737	51,086
<b>Non-operating income:</b>		
Interest income	119	293
Dividend income	1,109	2,848
Investment income on equity method	4,541	-
Foreign exchange income	2,060	1,013
Other income	1,391	1,765
	9,222	5,920
<b>Non-operating expenses:</b>		
Interest expense	1,852	1,670
Investment losses on equity method	-	1,673
Other expenses	2,117	2,436
	3,969	5,780
<b>Ordinary income</b>	65,990	51,226
<b>Extraordinary profits:</b>		
Gain on sales of property, plant and equipment	245	8,350
Gain on sales of investment securities	900	9,666
Gain on sales of stock of affiliated companies	-	13,450
Gain on reversal of customs duty for prior periods	1,141	-
Others	271	896
	2,558	32,364
<b>Extraordinary losses:</b>		
Loss on sales of property, plant and equipment	53	264
Loss on disposal of property, plant and equipment	2,865	1,963
Loss on impairment of fixed assets	412	329
Loss on step acquisitions	-	1,500
Loss on Transfer of Interest in the Copper Mine	-	20,482
Loss on market measures related to the automotive parts	-	2,926
Others	703	1,447
	4,034	28,914
<b>Profit before income taxes</b>	64,514	54,675
<b>Income taxes:</b>		
Current	10,612	5,611
Deferred	1,031	2,909
<b>Net income</b>	52,871	46,154
Profit attributable to non-controlling interests	782	1,421
<b>Profit attributable to owners of parent</b>	¥52,088	¥44,733

Note: Figures are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

## Consolidated Statement of Changes in Net Assets

(April 1, 2021 to March 31, 2022)

Millions of yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of period	42,129	22,631	133,739	(625)	197,874
Cumulative effect of a change in accounting policy			(122)		(122)
Balance at beginning of period reflecting a change in accounting policy	42,129	22,631	133,617	(625)	197,752
Changes of items during period					
Dividends from surplus			(4,853)		(4,853)
Profit attributable to owners of parent			52,088		52,088
Purchase of treasury stock				(1)	(1)
Restricted Stock Compensation	20	20			40
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(3,950)			(3,950)
Net changes of items other than shareholders' equity					
Total changes of items during period	20	(3,930)	47,234	(1)	43,322
Balance at end of period	42,149	18,701	180,851	(626)	241,075

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains on securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income		
Balance at beginning of period	3,059	(552)	(2,696)	1,283	1,093	11,591	210,560
Cumulative effect of a change in accounting policy							(122)
Balance at beginning of period reflecting a change in accounting policy	3,059	(552)	(2,696)	1,283	1,093	11,591	210,438
Changes of items during period							
Dividends from surplus							(4,853)
Profit attributable to owners of parent							52,088
Purchase of treasury stock							(1)
Restricted Stock Compensation							40
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(3,950)
Net changes of items other than shareholders' equity	(546)	(11,089)	9,620	(462)	(2,477)	(1,235)	(3,713)
Total changes of items during period	(546)	(11,089)	9,620	(462)	(2,477)	(1,235)	39,609
Balance at end of period	2,512	(11,641)	6,924	821	(1,383)	10,356	250,048

Note: Figures are rounded down to the nearest million yen.

## Balance Sheet

(As of March 31, 2022)

	Millions of yen	
	2021	2020 (Reference)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	¥9,026	¥13,446
Notes receivable	1,965	1,491
Accounts receivable	67,606	64,247
Merchandise and finished goods	34,680	30,180
Work in process	13,275	12,117
Raw materials and supplies	33,242	27,083
Advances payments	1,588	165
Prepaid expenses	721	327
Short-term loans	51,646	50,163
Other accounts receivable	11,084	10,734
Payment for others	4,275	4,249
Derivative assets	822	880
Others	192	69
Allowance for doubtful accounts	(55)	(1)
<b>Total current assets</b>	<b>230,073</b>	<b>215,155</b>
<b>Fixed assets:</b>		
<b>Tangible fixed assets:</b>		
Buildings	42,906	42,295
Structures	13,492	13,917
Machinery and equipment	113,775	115,969
Automotive equipment	527	534
Tools, equipment and furniture	9,597	9,231
Land used for mining operations	175	175
Land	15,859	15,844
Lease assets	247	1,042
Construction in progress	1,273	1,318
Accumulated depreciation	(150,824)	(152,387)
<b>Total tangible fixed assets</b>	<b>47,031</b>	<b>47,938</b>
<b>Intangible fixed assets:</b>		
Rights of utilization	2,565	2,324
Software in progress	2,987	1,905
<b>Total intangible fixed assets</b>	<b>5,552</b>	<b>4,230</b>
<b>Investments and other assets:</b>		
Investment securities	7,349	9,445
Stock of subsidiaries and affiliates	101,998	95,760
Investments in other securities of subsidiaries and affiliates	1,807	1,421
Investments in capital of subsidiaries and affiliates	3,026	3,026
Long-term loans	46,187	54,228
Derivative assets	41	63
Others	4,818	4,191
Allowance for doubtful accounts	(478)	(304)
<b>Total investments and other assets</b>	<b>164,750</b>	<b>167,832</b>
<b>Total fixed assets</b>	<b>217,335</b>	<b>220,001</b>
<b>Total assets</b>	<b>¥447,408</b>	<b>¥435,157</b>

English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2021	2020 (Reference)
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	¥34,342	¥23,724
Short-term debt	15,919	27,534
Commercial paper	18,000	21,000
Current portion of long-term loans payable	29,112	14,869
Current portion of straight bonds	10,000	10,000
Current portion of lease liability	41	53
Accrued payments	11,076	9,588
Accrued expenses	704	624
Accrued income taxes	2,028	84
Advances received	529	264
Deposits received	28,647	33,022
Provision for bonus	2,446	2,191
Provision for product warranties	-	15
Derivative liabilities	6,272	609
Others	-	-
<b>Total current liabilities</b>	<b>159,123</b>	<b>143,584</b>
<b>Long-term liabilities:</b>		
Straight bonds	40,000	40,000
Long-term debt	79,097	106,536
Lease obligations	72	97
Employees' retirement benefits	16,681	16,230
Provision for environmental countermeasures	712	721
Provision for preventing environmental pollution in mineral, mining, and other operations	255	252
Provision for loss on litigation	103	75
Asset retirement obligations	126	126
Deferred tax liabilities	494	737
Derivative liabilities	1,628	-
Others	154	149
<b>Total long-term liabilities</b>	<b>139,325</b>	<b>164,926</b>
<b>Total liabilities</b>	<b>298,449</b>	<b>308,510</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
<b>Common stock</b>		
	42,149	42,129
<b>Capital surplus:</b>		
Legal capital surplus	22,578	22,557
Other capital surplus	0	0
<b>Total capital surplus</b>	<b>22,578</b>	<b>22,557</b>
<b>Retained earnings:</b>		
Legal retained earnings	2,406	2,406
Other retained earnings	87,902	57,709
Retained earnings brought forward	87,902	57,709
<b>Total retained earnings</b>	<b>90,308</b>	<b>60,115</b>
<b>Treasury stock</b>	<b>(626)</b>	<b>(625)</b>
<b>Total shareholders' equity</b>	<b>154,409</b>	<b>124,177</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gains on securities, net of tax	1,847	2,411
Unrealized gains (losses) on hedging derivatives, net of tax	(7,298)	57
<b>Total net assets</b>	<b>148,958</b>	<b>126,646</b>
<b>Total liabilities and net assets</b>	<b>¥447,408</b>	<b>¥435,157</b>

Note: Figures are rounded down to the nearest million yen.

## Statement of Operations

(April 1, 2021 to March 31, 2022)

	Millions of yen	
	2021	2020 (Reference)
<b>Net sales</b>	¥339,816	¥269,118
<b>Cost of sales</b>	285,783	225,239
<b>Gross profit</b>	54,032	43,879
Selling, general and administrative expenses	31,693	27,459
<b>Operating income (loss)</b>	22,339	16,419
<b>Non-operating income:</b>		
Interest and dividend income	13,679	10,196
Other income	3,805	2,127
	17,484	12,323
<b>Non-operating expenses:</b>		
Interest expense	834	932
Other expenses	749	1,503
	1,584	2,436
<b>Ordinary income (loss)</b>	38,240	26,306
<b>Extraordinary profits:</b>		
Gain on sales of property, plant and equipment	6	1,993
Gain on sales of investment securities	1,074	9,488
Gain on sales of stock of affiliated companies	-	13,450
Gain on liquidation of affiliated companies	338	
Other profits	2	203
	1,421	25,136
<b>Extraordinary expenses:</b>		
Loss on sales and disposal of property, plant and equipment	1,211	749
Loss on impairment of fixed assets	113	-
Provision of allowance for doubtful accounts	229	0
Loss on Transfer of Interest in the Copper Mine	-	66,769
Other expenses	185	964
	1,740	68,483
<b>Income (loss) before income taxes</b>	37,921	(17,041)
<b>Income taxes:</b>		
Current	2,790	(3,542)
Deferred	60	2,297
<b>Net Income (loss)</b>	¥35,069	(¥15,796)

Note: Figures are rounded down to the nearest million yen.

## Statement of Changes in Net Assets

(April 1, 2021 to March 31, 2022)

Millions of yen

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	42,129	22,557	0	22,557	2,406	57,709	60,115	(625)	124,177
Cumulative effect of a change in accounting policy						(22)	(22)		(22)
Balance at beginning of period reflecting a change in accounting policy	42,129	22,557	0	22,557	2,406	57,686	60,093	(625)	124,154
Changes of items during period									
Restricted Stock Compensation	20	20		20					40
Dividends from surplus						(4,853)	(4,853)		(4,853)
Net profit						35,069	35,069		35,069
Purchase of treasury stock								(1)	(1)
Net changes of items other than shareholders' equity									
Total changes of items during period	20	20	–	20	–	30,215	30,215	(1)	30,255
Balance at end of period	42,149	22,578	0	22,578	2,406	87,902	90,308	(626)	154,409



	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Total valuation and translation adjustments	
Balance at beginning of period	2,411	57	2,468	126,646
Cumulative effect of a change in accounting policy				(22)
Balance at beginning of period reflecting a change in accounting policy	2,411	57	2,468	126,623
Changes of items during period				
Restricted Stock Compensation				40
Dividends from surplus				(4,853)
Net profit				35,069
Purchase of treasury stock				(1)
Net changes of items other than shareholders' equity	(564)	(7,355)	(7,919)	(7,919)
Total changes of items during period	(564)	(7,355)	(7,919)	22,335
Balance at end of period	1,847	(7,298)	(5,450)	148,958

Note: Figures are rounded down to the nearest million yen.