

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Japanese Accounting Standards)

May 14, 2024

Name of Listed Company: Mitsubishi Materials Corporation Listing: Tokyo Stock Exchange
 Stock Code: 5711 URL: <https://www.mmc.co.jp/>
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 Scheduled date for ordinary general meeting of shareholders: June 26, 2024
 Scheduled date of start of dividend payment: June 12, 2024
 Scheduled filing date of Annual Securities Report: June 26, 2024
 Supplementary materials for the financial results: Yes
 Investor conference for the financial results: Yes (For Institutional Investors)

(Amounts of less than one million yen are omitted)

1. Results of the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Consolidated Results of Operations (Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	1,540,642	-5.2	23,276	-53.5	54,102	113.8	29,793	46.5
Year ended March 31, 2023	1,625,933	-10.3	50,076	-5.0	25,306	-66.7	20,330	-54.8

(Note) Comprehensive income: Year ended March 31, 2024: ¥82,450 million (94.4%) Year ended March 31, 2023: ¥42,410 million (-32.9%)

	Profit per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	228.07	—	4.8	2.7	1.5
Year ended March 31, 2023	155.60	—	3.5	1.3	3.1

(Reference) Share of profit of entities accounted for using equity method: Year ended March 31, 2024: ¥11,525 million
 Year ended March 31, 2023: ¥(21,924) million

(2) Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	2,167,628	685,623	30.2	5,003.75
As of March 31, 2023	1,891,795	628,875	31.4	4,541.96

(Reference) Shareholders' equity: As of March 31, 2024: ¥653,642 million As of March 31, 2023: ¥593,324 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	51,351	-102,998	32,921	131,143
Year ended March 31, 2023	45,164	-43,985	3,473	141,079

2. Dividend Payments

(Record date)	Dividend per share					Total dividend amount (annual)	Dividend payout ratio (consolidated)	Dividend to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
Year ended March 31, 2023	—	25.00	—	25.00	50.00	6,544	32.1	1.1
Year ended March 31, 2024	—	47.00	—	47.00	94.00	12,300	41.2	2.0
Year ending March 31, 2025 (Forecast)	—	50.00	—	50.00	100.00		29.0	

3. Consolidated Earnings Forecast (From April 1, 2024 to March 31, 2025)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2025	1,950,000	26.6	41,000	76.1	63,000	16.4	45,000	51.0	344.47

Notes:

- (1) Significant changes of subsidiaries during the period (changes in specific subsidiaries accompanying a change in the scope of consolidation): No
 New: - (Company name: -)
 Exempt: - (Company name: -)
- (2) Changes in accounting policies, changes of accounting estimates and restatement
- | | |
|---|------|
| (i) Changes in accounting policies due to amendments to accounting standards: | None |
| (ii) Other changes in accounting policies: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatements: | None |
- (3) Numbers of outstanding shares (common stock)
- | | |
|---|--------------------|
| (i) Numbers of outstanding shares at the end of period (including treasury shares): | |
| Year ended March 31, 2024: | 131,489,535 shares |
| Year ended March 31, 2023: | 131,489,535 shares |
| (ii) Numbers of treasury shares at the end of period: | |
| Year ended March 31, 2024: | 859,157 shares |
| Year ended March 31, 2023: | 857,856 shares |
| (iii) Average number of outstanding shares during the period: | |
| Year ended March 31, 2024: | 130,633,612 shares |
| Year ended March 31, 2023: | 130,659,574 shares |

Reference: Summary of Non-Consolidated Financial Results

Results of the Non-Consolidated Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Non-Consolidated Results of Operations (Figures in percentages denote the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	1,188,036	0.6	-9,233	-	19,621	-18.7	15,162	-25.6
Year ended March 31, 2023	1,180,998	3.2	4,259	-36.1	24,146	-6.0	20,376	-31.6

	Profit per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2024	116.07	-
Year ended March 31, 2023	155.95	-

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	1,660,409	393,172	23.7	3,009.81
As of March 31, 2023	1,471,687	383,281	26.0	2,934.06

(Reference) Shareholders' equity: As of March 31, 2024: ¥393,172 million As of March 31, 2023: ¥383,281 million

* This financial results is not subject to an audit by certified public accountants or audit firms.

* Explanation about the proper use of financial forecasts and other special notes.

(Notes concerning forward-looking statements, etc.)

The operating results forecasts and other forward-looking statements contained in this report are based on information currently available to Mitsubishi Materials Corporation (hereinafter referred to as "the Company," or "the Group"), as well as certain assumptions that the Company has judged to be reasonable. As such, they do not constitute an assurance that the Company promises to achieve these projected results. Therefore, readers are advised to note that the actual results may vary materially from the forecasts due to a variety of factors.

Please see "(1) Overview of operating results, 3) Outlook for the next fiscal year (the fiscal year ending March 31, 2025)" under "1. Overview of Operating Results and Financial Position" on page 6 for the assumptions about consolidated earnings forecasts.

(Procedure for obtaining supplementary information on annual financial results and annual financial briefing)

The Company plans to hold an annual financial briefing for institutional investors on Tuesday, May 14, 2024. The materials used at this briefing are disclosed on the TDnet and the Company's website at the time that the annual financial results are announced.

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1. Overview of Operating Results and Financial Position

(1) Overview of operating results

1) Overview of operating results

During the consolidated fiscal year under review, the global economy generally showed a moderate recovery trend, however, the momentum of economic recovery slowed down mainly in China and Europe due to continued elevated prices and monetary tightening in each country to suppress them.

The Japanese economy was on a moderate recovery trend amid a recovery in inbound demand and a pick-up in consumer spending.

As for the business environment surrounding the Group, the recovery trend in automobile production continued, and while demand for automotive-related products picked up in the second half of the fiscal year under review, demand for semiconductor-related products remained weak due to the sluggish semiconductor market. In addition to these factors, there were effects such as a significant decline in palladium prices and an increase in raw materials and energy costs, while there were effects of the yen's depreciation.

Under these circumstances, the Group has implemented various measures to enhance corporate value based on the Medium-term Management Strategy, which covers the period from the fiscal year ended March 2024 to the fiscal year ending March 2031.

As a result, in the consolidated fiscal year under review, consolidated net sales were 1,540.642 million (down 5.2% year-on-year) and operating profit was ¥23,276 million (down 53.5% year-on-year). Consolidated ordinary profit was ¥54,102 million (up 113.8% year-on-year), mainly due to an increase in dividend income from mines and the recording of an equity-method investment profit. As a result, profit attributable to owners of parent was ¥29,793 million (up 46.5% year-on-year).

2) Overview by Segments

Effective at the beginning of the fiscal year ended March 31, 2024, the Company has changed its reporting segments, etc. For details, please refer to "Segment Information, etc.," under "3. Consolidated Financial Statements and Key Notes, (5) Key notes related to consolidated financial statements." The following year-on-year comparisons are calculated based on the figures for the same period of the previous fiscal year, restated according to the new classification.

(Metals Business)

(Billions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change (%)	
Net sales	1,089.3	1,038.0	-51.3	(-4.7%)
Operating profit	28.2	9.8	-18.3	(-65.1%)
Ordinary profit	29.9	31.0	1.1	(3.8%)

The Metals business was affected by a sharp decline in palladium prices and worsening market conditions for key products such as electrolytic copper and sulfuric acid. In addition, there was an impact of PT. Smelting's shift to contract smelting from January 2023.

As a result, net sales and operating profit as a whole decreased compared to the previous fiscal year. Ordinary profit increased mainly due to an increase in dividend income from Los Pelambres Copper Mine.

(Advanced Products Business)

(Billions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change (%)	
Net sales	526.3	488.7	-37.6	(-7.2%)
Operating profit	8.1	4.0	-4.0	(-50.0%)
Ordinary profit	7.1	1.8	-5.3	(-74.7%)

For Advanced Products business, in the Copper & Copper Alloy business, sales of automotive products decreased, while there were impacts of the price revisions and the depreciation of the yen. In the Electronic Materials & Components business, sales of semiconductor-related products decreased due to deteriorating semiconductor market conditions, and there was an impact of the transfer of polycrystalline silicon business in March 2023.

As a result, net sales and operating profit decreased compared to the previous fiscal year. Ordinary profit declined due to a decrease in operating profit, an increase in interest expense, and a decrease in equity-method investment profit.

(Metalworking Solutions Business)

(Billions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change (%)	
Net sales	141.6	140.0	-1.5	(-1.1%)
Operating profit	14.1	10.8	-3.2	(-23.4%)
Ordinary profit	14.5	12.2	-2.2	(-15.5%)

In the Metalworking Solutions business, sales of cemented carbide products, one of our main products, decreased in Japan and the Asian region, despite the impact of the depreciation of the yen and price increases.

As a result, net sales and operating profit as a whole decreased compared to the previous fiscal year. Ordinary profit decreased due to a decrease in operating profit.

(Renewable Energy Business)

(Billions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change (%)	
Net sales	3.4	4.6	1.1	(33.6%)
Operating profit	0.2	0.8	0.6	(271.3%)
Ordinary profit	0.9	0.8	-0.1	(-13.5%)

In the Renewable Energy business, in addition to the commercial operation of Komatagawa New Power Plant (hydroelectric power generation) in December 2022, unit sales prices in Onuma Geothermal Power Plant increased.

As a result, net sales and operating profit as a whole increased compared to the previous fiscal year. Ordinary profit decreased due to a decrease in equity-method investment profit.

(Other Businesses)

(Billions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change (%)	
Net sales	170.6	160.6	-10.0	(-5.9%)
Operating profit	9.0	7.8	-1.1	(-13.1%)
Ordinary profit (loss)	-15.9	22.1	38.0	(-%)

In Other businesses, net sales and operating profit decreased in total from the previous fiscal year due to deterioration in semiconductor market conditions. Ordinary profit increased due to the recording of equity-method investment profit related to Mitsubishi UBE Cement Corporation (equity-method investment loss was recorded in the previous fiscal year) due to price increase effects, etc.

3) Outlook for the next fiscal year (the fiscal year ending March 31, 2025)

Although the global economy is expected to remain on a generally recovering trend, the outlook and geopolitical risks in the Middle East and elsewhere need to be closely monitored. As for the Japanese economy, while a gradual recovery trend is expected to continue, there is a risk of being affected by overseas economic conditions. In the business environment surrounding the Group, demand for automotive-related products is expected to remain generally strong and demand for semiconductor-related products is expected to recover, however, there remains uncertainty about demand trends. In addition, there are concerns that large fluctuations in metal prices and foreign exchange rates will affect the Group's business.

Against this backdrop, the Group will implement various measures based on the Medium-term Management Strategy to increase corporate value.

With regard to the consolidated results for the next fiscal year, assuming an average U.S. dollar rate of 150 yen, an average euro rate of 160 yen, and a copper price of 400¢/lb, net sales is expected to be ¥1,950.0 billion, operating profit is expected to be ¥41.0 billion, ordinary profit is expected to be ¥63.0 billion, and profit attributable to owners of parent is expected to be ¥45.0 billion.

(2) Overview of financial position

Total assets at the end of the current fiscal year were ¥2,167.6 billion, an increase of ¥275.8 billion from the end of the previous fiscal year. This was mainly due to an increase in leased gold bullion, inventories and property, plant and equipment.

Liabilities increased by ¥219.0 billion from the end of the previous fiscal year to ¥1,482.0 billion. This was mainly due to an increase in deposited gold bullion and interest-bearing liabilities.

The status of each cash flow during the current consolidated fiscal year and their factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities for the current consolidated fiscal year amounted to ¥51.3 billion (an increase of ¥6.1 billion from the previous fiscal year) due to net income before income taxes and depreciation expense, which is a non-cash item, and increase in inventories.

(Cash flows from investing activities)

Net cash used in investing activities for the current consolidated fiscal year was ¥102.9 billion (an increase of ¥59.0 billion from the previous fiscal year), mainly due to capital investment, loan expenditures.

(Cash flows from financing activities)

Net cash used in financing activities for the current consolidated fiscal year amounted to ¥32.9 billion mainly due to short-term loans (an increase of ¥29.4 billion from the previous fiscal year).

As a result, the balance of cash and cash equivalent at the end of the current consolidated fiscal year was ¥131.1 billion (a decrease of ¥9.9 billion from the end of the previous fiscal year), after adding changes due to translation adjustments, etc.

The Group's cash flow-related indicators changed as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Shareholders' equity ratio (%)	26.6	26.8	27.5	31.4	30.2
Shareholders' equity ratio on market value basis (%)	15.2	16.6	13.2	14.9	17.6
Interest-bearing debt to cash flow ratio	8.6	8.4	93.0	12.5	12.5
Interest coverage ratio	13.9	17.8	1.2	7.7	6.6

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio on market value basis: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payments

Notes:

1. All indicators are calculated on a consolidated basis.
2. Market capitalization is based on the year-end share price multiplied by the number of shares issued and outstanding at year-end (after deducting treasury shares).
3. Cash flow is based on the cash flows from operating activities in the Consolidated Statements of Cash Flows.
4. Interest-bearing debt covers all interest-bearing debt in the Consolidated Balance Sheets. Interest payments are based on the amount shown in the Consolidated Statements of Cash Flows.

(3) Basic policy on profit allocation and dividends for the current fiscal year and the next fiscal year

The Company pays cash dividends by resolution of the Board of Directors based on the Articles of Incorporation. The Company also recognizes that returning profits to shareholders is one of the most important objectives of its management, and the Company's policy regarding profit allocation is to comprehensively determine all aspects of its management, including earnings for the period, internal reserves, and financial standing.

As for the distribution of profits during the Medium-term Management Strategy FY2031, in Phase1, from the fiscal year ended March 2024 to the fiscal year ending March 2026, dividend payout ratio will be 30%, and in Phase2 from the fiscal year ending March 2027 to the fiscal year ending March 2031, we will further enhance shareholder returns. With regard to the acquisition of treasury stock, we will continue to consider flexibly taking into account the status of cash flow, stock price, and financial discipline such as net D/E ratio.

Based on this policy and the earnings for the period and cash flows from operating activities, the year-end dividend for the fiscal year ended March 31, 2024, was set at ¥47 by a resolution of the Board of Directors' meeting held on May 14, 2024, which, together with the interim dividend of ¥47, amounted to ¥94 per share (¥50 in the previous fiscal year).

The Company plans to pay a dividend of ¥100 per share (interim dividend of ¥50, year-end dividend of ¥50) for the next fiscal year ending March 31, 2025.

2. Basic Concept for Selection of Accounting Standards

The Group intends to prepare the consolidated financial statements in accordance with Japanese GAAP for the time being, taking into consideration the inter-period comparability and inter-company comparability of consolidated financial statements.

The Group intends to make appropriate decisions on the application of IFRS (International Financial Reporting Standards), taking various situations into account.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Unit: Millions of yen)		
	Previous Consolidated Fiscal Year (As of March 31, 2023)	Current Consolidated Fiscal Year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	142,126	134,923
Notes receivable – trade	30,301	26,255
Accounts receivable – trade	158,197	180,540
Merchandise and finished goods	120,135	135,991
Work in process	127,368	126,297
Raw materials and supplies	130,171	166,212
Leased gold bullion	234,896	290,614
Gold bullion in custody	97,103	119,031
Other	76,317	103,799
Allowance for doubtful accounts	(578)	(636)
Total current assets	1,116,040	1,283,029
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	121,664	129,813
Machinery, equipment and vehicles, net	148,099	192,346
Land, net	87,904	88,559
Construction in progress	37,671	24,670
Other, net	30,874	36,706
Total property, plant and equipment, net	426,214	472,096
Intangible assets		
Goodwill	9,224	8,029
Other	19,545	21,319
Total intangible assets	28,769	29,349
Investments and other assets		
Investment securities	256,544	286,714
Retirement benefit asset	7,761	16,673
Deferred tax assets	25,415	27,361
Other	36,351	53,170
Allowance for doubtful accounts	(5,302)	(766)
Total investments and other assets	320,770	383,153
Total non-current assets	775,754	884,599
Total assets	1,891,795	2,167,628

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (As of March. 31, 2023)	Current Consolidated Fiscal Year (As of March. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	85,211	94,745
Short-term borrowings	146,972	182,772
Current portion of bonds payable	—	10,000
Commercial papers	25,000	15,000
Income taxes payable	4,638	5,643
Provision for bonuses	11,193	11,214
Provision for loss on disposal of inventories	1,348	1,218
Provision for product compensation	58	—
Deposited gold bullion	439,204	567,047
Other	104,734	106,478
Total current liabilities	818,361	994,119
Non-current liabilities		
Bonds payable	70,000	80,000
Long-term borrowings	291,589	315,391
Deferred tax liabilities	4,381	9,416
Deferred tax liabilities for land revaluation	7,577	7,457
Provision for loss on business of subsidiaries and affiliates	73	73
Provision for environmental measures	14,388	12,123
Provision for directors' retirement benefits	571	532
Provision for share based compensation plan	458	455
Retirement benefit liability	24,350	19,227
Other	31,168	43,208
Total non-current liabilities	444,558	487,885
Total liabilities	1,262,919	1,482,005
Net assets		
Shareholders' equity		
Share capital	119,457	119,457
Capital surplus	81,917	81,745
Retained earnings	338,867	358,569
Treasury shares	(2,897)	(2,898)
Total shareholders' equity	537,345	556,875
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,193	9,751
Deferred gains or losses on hedges	1,631	3,262
Revaluation reserve for land	16,702	16,063
Foreign currency translation adjustment	33,786	57,567
Remeasurements of defined benefit plans	(335)	10,123
Total accumulated other comprehensive income	55,978	96,766
Non-controlling interests	35,550	31,981
Total net assets	628,875	685,623
Total liabilities and net assets	1,891,795	2,167,628

(2) Consolidated Statements of profit or loss and consolidated statement of comprehensive income
Consolidated statement of profit or loss

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (Apr. 1, 2022 - Mar. 31, 2023)	Current Consolidated Fiscal Year (Apr. 1, 2023 - Mar. 31, 2024)
Net sales	1,625,933	1,540,642
Cost of sales	1,449,162	1,392,497
Gross profit	176,771	148,144
Selling, general and administrative expenses	126,695	124,868
Operating profit	50,076	23,276
Non-operating income		
Interest income	1,676	3,972
Dividend income	9,274	24,057
Share of profit of entities accounted for using equity method	—	11,525
Foreign exchange gains	1,158	5,141
Rental income from non-current assets	4,210	4,159
Other	1,951	3,097
Total non-operating income	18,270	51,952
Non-operating expenses		
Interest expenses	6,014	7,766
Expense for the maintenance and management of abandoned mines	4,492	4,312
Rental expenses on non-current assets	2,879	2,709
Loss on retirement of non-current assets	1,820	2,003
Share of loss of entities accounted for using equity method	21,924	—
Other	5,910	4,334
Total non-operating expenses	43,041	21,126
Ordinary profit	25,306	54,102
Extraordinary income		
Gain on sales of investment securities	11,542	727
Gain on sales of non-current assets	10,340	90
Gain on change in equity	11,007	—
Other	621	22
Total extraordinary income	33,511	840
Extraordinary losses		
Impairment loss	2,522	7,759
Loss on business restructuring	31,103	—
Loss on sales of investment securities	4,166	—
Other	6,253	1,153
Total extraordinary losses	44,046	8,912
Profit before income taxes	14,771	46,030
Income taxes – current	10,160	12,011
Income taxes – deferred	(20,965)	(3,261)
Total income taxes	(10,805)	8,750
Profit	25,576	37,280
Profit attributable to non-controlling interests	5,245	7,486
Profit attributable to owners of parent	20,330	29,793

Consolidated statement of comprehensive income

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (Apr. 1, 2022 - Mar. 31, 2023)	Current Consolidated Fiscal Year (Apr. 1, 2023 - Mar. 31, 2024)
Profit	25,576	37,280
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,755)	2,500
Deferred gains or losses on hedges	2,657	1,512
Foreign currency translation adjustment	13,290	17,727
Remeasurements of defined benefit plans	4,090	9,195
Share of other comprehensive income of entities accounted for using equity method	13,550	14,234
Total other comprehensive income	16,833	45,170
Comprehensive income	42,410	82,450
(Break down)		
Comprehensive income attributable to owners of parent	34,765	71,402
Non-controlling interests	7,644	11,047

(3) Consolidated statement of changes in net assets

Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2022	119,457	79,407	328,864	(2,892)	524,837
Changes during the period					
Cash dividends			(9,818)		(9,818)
Profit attributable to owners of parent			20,330		20,330
Reversal of revaluation reserve for land			(508)		(508)
Decrease due to changes in the scope of equity method application of equity method affiliates					-
Change in scope of consolidation					-
Purchase of treasury shares				(112)	(112)
Disposal of treasury shares		(0)		99	99
Decrease in treasury shares arising from change in equity in affiliate accounted for using equity method				7	7
Changes in ownership interest of parent due to transaction with non-controlling interests		2,510			2,510
Net changes in items other than shareholders' equity					
Total Changes during the period	-	2,509	10,003	(5)	12,507
Balance as of March 31, 2023	119,457	81,917	338,867	(2,897)	537,345

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of March 31, 2022	26,110	(5,328)	26,369	18,832	(6,003)	59,979	70,935	655,752
Changes during the period								
Cash dividends								(9,818)
Profit attributable to owners of parent								20,330
Reversal of revaluation reserve for land								(508)
Decrease due to changes in the scope of equity method application of equity method affiliates								-
Change in scope of consolidation								-
Purchase of treasury shares								(112)
Disposal of treasury shares								99
Decrease in treasury shares arising from change in equity in affiliate accounted for using equity method								7
Changes in ownership interest of parent due to transaction with non-controlling interests								2,510
Net changes in items other than shareholders' equity	(21,917)	6,960	(9,667)	14,954	5,668	(4,000)	(35,384)	(39,385)
Total changes during the period	(21,917)	6,960	(9,667)	14,954	5,668	(4,000)	(35,384)	(26,877)
Balance as of March 31, 2023	4,193	1,631	16,702	33,786	(335)	55,978	35,550	628,875

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2023	119,457	81,917	338,867	(2,897)	537,345
Changes during the period					
Cash dividends			(9,421)		(9,421)
Profit attributable to owners of parent			29,793		29,793
Reversal of revaluation reserve for land			639		639
Decrease due to changes in the scope of equity method application of equity method affiliates			(1,308)		(1,308)
Change in scope of consolidation			(0)		(0)
Purchase of treasury shares				(94)	(94)
Disposal of treasury shares		(0)		94	94
Decrease in treasury shares arising from change in equity in affiliate accounted for using equity method					—
Changes in ownership interest of parent due to transaction with non-controlling interests		(171)			(171)
Net changes in items other than shareholders' equity					
Total changes during the period	—	(171)	19,701	(0)	19,530
Balance as of March 31, 2024	119,457	81,745	358,569	(2,898)	556,875

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of March 31, 2023	4,193	1,631	16,702	33,786	(335)	55,978	35,550	628,875
Changes during the period								
Cash dividends								(9,421)
Profit attributable to owners of parent								29,793
Reversal of revaluation reserve for land								639
Decrease due to changes in the scope of equity method application of equity method affiliates								(1,308)
Change in scope of consolidation								(0)
Purchase of treasury shares								(94)
Disposal of treasury shares								94
Decrease in treasury shares arising from change in equity in affiliate accounted for using equity method								—
Changes in ownership interest of parent due to transaction with non-controlling interests								(171)
Net changes in items other than shareholders' equity	5,558	1,630	(639)	23,780	10,458	40,788	(3,569)	37,218
Total changes during the period	5,558	1,630	(639)	23,780	10,458	40,788	(3,569)	56,748
Balance as of March 31, 2024	9,751	3,262	16,063	57,567	10,123	96,766	31,981	685,623

(4) Consolidated statement of cash flows

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (Apr. 1, 2022 - Mar. 31, 2023)	Current Consolidated Fiscal Year (Apr. 1, 2023 - Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	14,771	46,030
Depreciation	44,402	46,699
Amortization of goodwill	1,680	1,744
Increase (decrease) in allowance for doubtful accounts	193	11
Increase (decrease) in provision for loss on business of subsidiaries and affiliates	(809)	—
Increase (decrease) in provision for environmental measures	(4,374)	(2,264)
Increase (decrease) in provision for retirement benefits and retirement benefits for directors	(1,351)	(1,018)
Interest and dividend income	(10,950)	(28,030)
Interest expenses	6,014	7,766
Foreign exchange losses (gains)	(591)	(3,488)
Share of loss (profit) of entities accounted for using equity method	21,924	(11,525)
Gain on change in equity	(11,007)	—
Gain on sales of non-current assets	(10,340)	(90)
Loss on retirement of non-current assets	1,820	2,003
Impairment loss	2,522	7,759
Loss on business restructuring	31,103	—
Loss (gain) on sales of investment securities	(7,375)	(727)
Loss (gain) on valuation of investment securities	48	1
Decrease (increase) in notes and accounts receivable – trade	6,062	(13,145)
Decrease (increase) in inventories	49,996	(43,501)
Proceeds from sales of gold bullion	99,989	129,986
Payment for purchase of gold bullion	(99,903)	(99,686)
Decrease (increase) in other current assets	6,382	(9,134)
Increase (decrease) in notes and accounts payable – trade	(64,812)	1,917
Increase (decrease) in accrued expenses	(4,832)	90
Increase (decrease) in other current liabilities	(12,482)	3,661
Increase (decrease) in other non-current liabilities	89	2,726
Other, net	(2,925)	3,539
Sub-total	55,242	41,324
Interest and dividend received	14,753	29,357
Interest paid	(5,836)	(7,765)
Income taxes (paid) refund	(18,995)	(11,564)
Net cash provided by (used in) operating activities	45,164	51,351

(Unit: Millions of yen)

	Previous Consolidated Fiscal Year (Apr. 1, 2022 - Mar. 31, 2023)	Current Consolidated Fiscal Year (Apr. 1, 2023 - Mar. 31, 2024)
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(70,730)	(78,795)
Proceeds from sales of property, plant and equipment	13,123	496
Payment for purchase of intangible assets	(5,982)	(4,159)
Payment for purchase of investment securities	(755)	(2,819)
Proceeds from sales of investment securities	33,048	1,169
Payment for purchase of subsidiaries' shares	(792)	(688)
Payment for sales of subsidiaries' shares resulting in change in scope of consolidation	(9,936)	—
Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation	202	—
Payment for loans	(14,193)	(18,254)
Proceeds from collection of loans	10,613	3,369
Other, net	1,419	(3,315)
Net cash provided by (used in) investing activities	(43,985)	(102,998)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,460	29,192
Proceeds from long-term borrowings	56,403	56,260
Repayment of long-term borrowings	(29,606)	(35,576)
Proceeds from issuance of bonds	—	20,000
Payment for redemption of bonds	(10,000)	—
Net increase (decrease) in commercial papers	(5,000)	(10,000)
Payment for purchase of treasury shares	(112)	(94)
Cash dividends paid	(9,818)	(9,421)
Cash dividends paid to non-controlling interests	(2,770)	(13,485)
Payment for purchase of subsidiaries' shares not resulting in change in scope of consolidation	(3,213)	—
Proceeds from sales of subsidiaries' shares not resulting in change in scope of consolidation	740	—
Other, net	(2,609)	(3,952)
Net cash provided by (used in) financing activities	3,473	32,921
Effect of exchange rate changes on cash and cash equivalents	5,811	8,779
Net increase (decrease) in cash and cash equivalents	10,463	(9,945)
Cash and cash equivalents at beginning of period	153,640	141,079
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	10
Decrease in cash and cash equivalents resulting from company split	(23,025)	—
Cash and cash equivalents at end of period	141,079	131,143

(5) Key notes related to consolidated financial statements

Notes on going concern assumption

N/A

Basis of presenting consolidated financial statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 99

(i) Names of major consolidated subsidiaries

Materials Eco-Refining Co., Ltd., Onahama Smelting and Refining Co., Ltd., PT. Smelting, Luvata Oy, Mitsubishi Cable Industries, Ltd., MOLDINO Tool Engineering, Ltd., Mitsubishi Materials U.S.A. Corporation, MMC Hartmetall GmbH, Mitsubishi Materials Techno Corporation, Mitsubishi Materials Trading Corporation

(ii) Changes in scope of consolidation

Material Business Support Co., Ltd. (formerly MBS Preparation Co., Ltd.) has been included in the scope of consolidation due to the increased importance of the entrusted management business that was transferred from Mitsubishi Materials IT Solutions Co., Ltd. (formerly Material Business Support Co., Ltd.), a consolidated subsidiary, through a business transfer.

(2) Names of major unconsolidated subsidiaries

Major unconsolidated subsidiary

Appi Geothermal Energy Corporation

(Reason for exclusion from the scope of consolidation)

Non-consolidated subsidiaries are excluded from the scope of consolidation because they are small companies and their combined total assets, net sales, profit and loss (the amount equivalent to equity), retained earnings (the amount equivalent to equity), etc. have no material impact on the consolidated financial statements.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: 0

(2) Number of equity method affiliates: 12

(i) Name of major companies

Mantoverde S.A., Yuzawa Geothermal Power Corporation, LM Sun Power Co, Ltd., Green Cycle Corporation, Mitsubishi UBE Cement Corporation

(ii) Changes in the scope of application of the equity method

There were no applicable items in the current consolidated fiscal year.

(3) Names of major unconsolidated subsidiaries and affiliates not accounted for by the equity method

Major non-consolidated subsidiaries and affiliates

Onahama Yoshino Gypsum Co., Ltd.

(Reason for not applying the equity method)

Non-consolidated subsidiaries and affiliates not accounted for by the equity method are excluded from the scope of application of the equity method since they do not have a material impact on profit and loss, retained earnings, etc., and are not significant as a whole.

(4) Special note on procedures for application of the equity method

For companies accounted for by the equity method that have different fiscal year-ends, the financial statements for the fiscal year of the company in question are used.

3. Fiscal Year of Consolidated Subsidiaries

Although two of the consolidated subsidiaries have a fiscal year end that differs from the consolidated balance sheet date, necessary adjustments are made in the consolidated financial statements for significant transactions that occurred between the fiscal year end of the two subsidiaries and the consolidated balance sheet date.

Their major consolidated subsidiaries are as follows:

Fiscal year end date: December 31

MM Copper Products Co., Ltd. and Mitsubishi Materials Chile SpA

4. Matters related to accounting policies

(1) Valuation standards and methods for significant assets

(a) Securities

(i) Stocks of subsidiaries and affiliates

Stated at cost based on the moving average method (excluding those accounted for by the equity method)

(ii) Available-for-sale securities

a) Other than shares, etc. with no market price

Market value method (valuation differences are included directly in net assets, and the cost of securities sold is determined by the moving average method)

b) Shares, etc. with no market price

Stated at cost based on the moving average method

(b) Inventories

Valuation standards are mainly based on the cost method (book value devaluation based on decreased profitability).

Valuation method is mainly FIFO for smelting ingot assets and mainly weighted average method for other inventories.

(c) Derivative transactions

Market value method

(2) Depreciation method for significant depreciable assets

(a) Property, plant and equipment (excluding leased assets and right-of-use assets)

Straight-line method

(b) Intangible assets (excluding leased assets)

Straight-line method

(c) Leased assets (leased assets related to finance lease transactions that do not transfer ownership)

The straight-line method is used, where the lease period is deemed the asset's useful life, and the residual value is set as zero.

(d) Right-of-use assets

The straight-line method is used over the shorter of the asset's useful life or the lease term, with a residual value of zero.

(3) Basis for significant provisions

(a) Allowance for doubtful accounts

For possible losses on receivables, the allowance for doubtful accounts is recorded at the estimated amount based on the historical write-off ratio for general receivables, and in view of each collectability for specific receivables such as doubtful receivables.

(b) Provision for bonuses

To provide for the payment of bonuses to employees, the projected payment amount attributable to this consolidated fiscal year is provided.

(c) Provision for loss on disposal of inventories

To prepare for possible future losses on disposal of inventories, an estimated amount of losses is recorded.

(d) Provision for product compensation

The Company provides for reasonably estimated amounts of compensation and other costs expected to be incurred by the Group's products in the future for its customers.

(e) Provision for loss on business of subsidiaries and affiliates

To prepare for possible business losses of the affiliated companies, an estimated amount of losses are recorded that exceeds the amounts of investments in and loans and other receivables to Group companies and is to be incurred by the Company or its consolidated subsidiaries.

(f) Provision for environmental measures

The Company provides for the estimated cost of construction work to implement countermeasures for stable structure of and prevent hazards at large accumulation sites in accordance with the revised technical guidelines of the Mine Safety Law, and to implement drastic countermeasures to prevent mining-induced pollution, such as avoiding the discharge of untreated water, mainly by increasing water treatment capacity to cope with recent changes in the natural environment, at closed mines managed by the Group. In addition, the estimated amount to be paid is recorded to prepare for losses related to waste disposal.

(g) Provision for directors' retirement benefits

In order to prepare for payment of Directors' retirement benefits, certain consolidated subsidiaries record an amount for the retirement benefits required at the year-end in accordance with the internal regulations.

(h) Provision for share-based remuneration

To prepare for the provision of the Company's shares to Executive Officers in accordance with the Share Delivery Regulations, the Company records an estimated amount of liabilities for share delivery as of the end of the current consolidated fiscal year.

(4) Accounting method for retirement benefits

(a) Method of attributing estimated retirement benefits to periods

In calculating the retirement benefit obligation, the estimated amount of retirement benefits is attributed to the period up to the end of this consolidated fiscal year based on the benefit calculation method.

(b) Method of amortizing actuarial gains and losses and prior service cost

Prior service cost is amortized mainly by the straight-line method over a fixed number of years (ten years) within employees' average remaining service period when incurred. Actuarial gains and losses are amortized mainly by the straight-line method over a fixed number of years (ten years) within the average remaining service period of employees when the actuarial gains or losses are recognized, starting from the following fiscal year of recognition.

(5) Basis for recording significant revenues and expenses

(a) Sales of products

The Group is engaged in the manufacture and sale of copper & copper alloy products, electronic materials, cemented carbide products, etc., smelting and sales of copper, gold, silver, palladium, etc., and environmental recycling-related businesses. For these transactions, revenue is recognized primarily upon delivery of the product to the customer, as the customer obtains control over the product and the performance obligation is satisfied when the product is delivered.

The consideration for the transaction is received within one year of satisfaction of the performance obligation and does not include a significant financial component.

Transactions in which the Group is determined to have been involved as an agent are shown on a net basis.

(b) Construction contracts and services

The Group recognizes revenue and provision of services on construction contracts in the energy-related business, the engineering-related services, and other businesses based on the degree of completion of performance obligations judging that the performance obligation will be satisfied for a certain period of time. Measurement of progress is based on the costs incurred through each reporting period as its percentage to the estimated total cost, based primarily on inputs related to costs incurred, which are judged to provide a reasonable estimate of the progress made in meeting performance obligations.

However, revenue is recognized on a cost recovery method when the Group cannot reasonably estimate the degree of completion of the performance obligation at the initial stage of the contract, but expects to recover the costs incurred.

For contracts with a very short period of time from the inception of the transaction to the point in time when the performance obligation is expected to be fully satisfied, the Group does not recognize revenue over a certain period of time, but recognizes revenue at the point of delivery as performance obligation deemed to be satisfied at this point.

(6) Significant hedge accounting methods

(a) Hedge accounting method

Deferred gains or losses on hedges is used. For interest rate swaps that meet the requirements for special treatment, the Company applies the special treatment. Receivables and payables denominated in foreign currencies with foreign exchange forward contracts are translated at the contracted rate.

(b) Hedging instruments, hedged items and hedging policy

Forward exchange contracts and currency swap transactions are entered into to hedge the fluctuation risks of foreign currency exchange rate of foreign currency-denominated transactions.

The Company enters into forward commodity contracts and commodity price swaps to hedge the commodity price fluctuation risk of nonferrous metal inventories. The Company also enters into forward commodity contracts to hedge the commodity price fluctuation risk that may arise when the price of nonferrous metal commodities to be delivered to customers in the future is contracted at forward prices.

The Company enters into interest rate swap transactions to avoid risks associated with fluctuations in interest rates on borrowings and to reduce financing costs.

(c) Methods of evaluating hedge effectiveness

In principle, the effectiveness of a hedge is evaluated by comparing accumulated changes in market prices or cash flows of hedged items and accumulated changes in market prices or cash flows of hedging instruments during the period from the inception of the hedge to the point when its effectiveness is determined.

Furthermore, concerning nonferrous metal forward transactions, the volume of the hedging instruments and hedging transactions is managed to match each other every month. At the end of period, the Company verifies whether the planned profit and loss and cash flow have been secured, thereby confirming the effectiveness of the transactions.

(7) Amortization method and period of goodwill

Goodwill is amortized over a reasonable number of years, not exceeding 20 years, on a case-by-case basis. If the amount is immaterial, it is fully amortized when incurred.

(8) Scope of funds in consolidated statements of cash flows

The funds consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments with maturities or redemption dates within three months of acquisition that are readily convertible into cash and are exposed to an insignificant risk of changes in value.

Significant accounting estimates

(Whether or not an impairment loss of goodwill recorded by Luvata Oy should be recognized)

1. Amount recognized in the consolidated financial statements for the current consolidated fiscal year

In the consolidated financial statements for the current fiscal year, the Company recorded goodwill of ¥6,761 million arising from the acquisition of the equity interest in the Luvata Special Products business (hereinafter referred to as "Luvata Group") which is centered on Luvata Pori Oy.

2. Information on the nature of significant accounting estimates related to the identified items

Luvata Oy applies IFRS to its financial statements. Cash-generating unit groups, including goodwill, are tested for impairment each period in addition to when there is an indication of impairment. If the recoverable amount is less than the book value, the book value is reduced to the recoverable amount and the reduction in the book value is recognized as an impairment loss. The recoverable amount is determined as the higher of either value in use or fair value less disposal costs.

Luvata Oy uses value in use as the recoverable amount for goodwill impairment.

The future cash flows used to measure the value use are estimated based on the Luvata Group's medium-term management plan. They are mainly based on assumptions about the future growth rate of the automobile, MRI, and other markets targeted by the Luvata Group's products, the expected increase in market share through sales expansion measures, and sales prices in light of the status of negotiations with customers. Uncertainty about prospects has increased in this consolidated fiscal year due to production cutbacks in the automotive industry caused by the shortage of semiconductors and soaring logistics costs. Management's decisions regarding these factors significantly impacts the calculation of value in use. In addition, estimating the discount rate used to measure value in use requires a high degree of valuation expertise in the selection of calculation methods and input data.

As a result of the impairment test, the Company determined that the value in use of the group of cash-generating units, including goodwill, resulting from the acquisition of the Luvata Group exceeded its book value, and therefore no impairment loss was required. However, if the conditions or assumptions on which the estimates were based change due to significant changes in economic conditions, an impairment loss may be incurred.

(Recoverability of Deferred Tax Assets)

1. The amount reported on the consolidated financial statements for the current consolidated fiscal year

Deferred tax assets of ¥27,361 million were recorded in the consolidated balance sheets for the current fiscal year.

2. Information on the details of significant accounting estimates for the identified items

The Group recognizes deferred tax assets to the extent that deductible temporary differences are recognized to reduce tax liability in the future.

The estimated amount of future taxable income is based on the budget prepared by management and the Medium-term Management Strategy. This estimate is subject to uncertainties because it depends on assumptions concerning future non-ferrous metal price projections, as well as an increase in sales volume in the Advanced Products business and the Metalworking Solutions businesses of the Company resulting from increased demand, particularly in the automotive and semiconductor industries, and management's judgment in this regard has a material impact on the recorded amount of deferred tax assets.

If the estimated amount of future taxable income changes due to changes in the conditions and assumptions underlying the estimate, it may have a material impact on the recorded amount of deferred tax assets.

Additional information(Stock-based compensation system)

1. Overview of the transactions

The Company has introduced a stock-based compensation plan (hereinafter referred to as the "System") for its Executive Officers (excluding non-domestic residents, hereinafter referred to as the "Officers").

The System adopts a structure called the Board Incentive Plan Trust (hereinafter referred to as the "BIP Trust"). The System provides Officers with the shares of the Company and cash equal to the amount of the Company's shares converted into cash, according to the Officers' positions etc.

2. The Company shares remaining in the BIP Trust

The Company shares remaining in the BIP Trust are recorded as treasury shares in the net assets section based on the book value in the BIP Trust (excluding the amount of incidental expenses). The book value and the number of the Company's treasury shares at the end of the previous fiscal year ended March 31, 2023 were ¥587 million, 235 thousand shares, and ¥546 million, 220 thousand shares at the end of the current fiscal year ended March 31, 2024.

Notes to consolidated balance sheets

1 Cumulative total of property, plant and equipment in depreciation was as follows:

	Previous consolidated fiscal year (As of March 31, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Accumulated depreciation	¥763,678 million	¥815,577 million

2 Guaranteed Obligations

The Company provides debt guarantees for borrowings from banks by companies other than consolidated companies and their employees.

Previous consolidated fiscal year (As of March 31, 2023)		Current consolidated fiscal year (As of March 31, 2024)	
Yuzawa Geothermal Power Corporation	¥1,366 million	Appi Geothermal Power Corporation	¥1,683 million
Appi Geothermal Energy Corporation	938	Yuzawa Geothermal Power Corporation	1,209
Employees	281	Employees	1,144
Others (1 company)	267	Others (1 company)	302
Total	3,853	Total	4,339

3 Contingent liability

(Matters concerning taxation in Indonesia)

Previous consolidated fiscal year (As of March 31, 2023)

PTS has received a notice of reassessment from Indonesian Tax Authority covering the company's five fiscal years ended December 31, 2012, December 31, 2014, December 31, 2016, December 31, 2017 and December 31, 2018.

Indonesian Tax Authority has unilaterally disallowed certain agent fees, etc. of PTS for some time, and since these corrections are not acceptable for the Company and PTS, PTS is asserting the legitimacy of the Company and PTS to Indonesian Tax Authority, through tax trials, objections, and other means.

As of the end of the current consolidated fiscal year, the additional amount disputed by PTS totaled US\$23 million (¥3,123 million at the exchange rate as of the end of the nine months of the current consolidated fiscal year).

There may be surcharges imposed, in part, depending on the results of objections and tax court trials.

Current consolidated fiscal year (As of March 31, 2024)

PTS has received a notice of reassessment from Indonesian Tax Authority covering the company's three fiscal years ended December 31, 2012, December 31, 2017, December 31, 2019.

Indonesian Tax Authority has unilaterally disallowed certain agent fees, etc. of PTS for some time, and since these corrections are not acceptable for the Company and PTS, PTS is asserting the legitimacy of the Company and PTS to Indonesian Tax Authority, through tax trials, objections, and other means.

As of the end of the current consolidated fiscal year, the additional amount disputed by PTS totaled US\$27 million (¥4,180 million at the exchange rate as of the end of the nine months of the current consolidated fiscal year).

There may be surcharges imposed, in part, depending on the results of objections and tax court trials.

4 Discount on notes receivable, etc.

	Previous consolidated fiscal year (As of March 31, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Notes receivable discounted	¥1,425 million	¥788 million
Notes receivable endorsed	—	2
Retroactive obligation due to securitization of receivables	895	1,133

5 Mortgaged assets and secured liabilities

Notes due at the end of the consolidated fiscal year are settled mainly on the clearance date of the notes.

As the last day of the current consolidated fiscal year was a bank holiday, the following notes due at the end of the consolidated fiscal year were included in the balance at the end of the consolidated fiscal year.

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Notes receivable – trade	¥- million	¥1,885 million
Notes payable	—	2,374

6. Secured assets and obligations

Assets pledged as collateral are as follows:

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Cash and deposits	¥11 million	¥11 million
Property, plant and equipment (Note 1)	3,419	3,337
Investment securities	6,859	6,859
Total	10,290	10,208

Secured liabilities are as follows:

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Short-term borrowings	¥70 million	¥70 million
Long-term borrowings (Note 1)	840	820
(Repayment within 1 year)	20	520)
Total	910	890

(Note 1) Mortgages on the foundation

Asset name

	previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Buildings and structures, net	¥969 million	¥887 million
Land, net	2,426	2,426
Total	3,396	3,314

Debt corresponding to the above

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Long-term borrowings	¥840 million	¥820 million
(Repayment within 1 year)	20	520)
Total	840	820

7 Revaluation reserve for land

Previous fiscal year (March 31, 2023)

In accordance with the "Law Concerning Land Revaluation" (Law No. 34 promulgated on March 31, 1998) and the "Law Partially Revising the Law Concerning Land Revaluation" (Law No. 19 promulgated on March 31, 2001), our company revalues land for business use and records the tax equivalent amount of the valuation difference in the liabilities section as "Deferred tax liabilities for revaluation" and the amount after deducting the same in the net assets section as "Land Revaluation Difference."

- Revaluation Method ... The calculation method is based on a reasonable adjustment to the property tax valuation amount specified in Article 2, item (iii) of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998). However, for some cases, the method is based on the real estate appraiser's appraisal value specified in item (v).

- Date of Revaluation ... March 31, 2002

Difference between the market value of land subject to revaluation at the end of the period and the book value after revaluation ¥(8,545) million.

Fiscal year under review (March 31, 2024)

In accordance with the "Law Concerning Land Revaluation" (Law No. 34 promulgated on March 31, 1998) and the "Law Partially Revising the Law Concerning Land Revaluation" (Law No. 19 promulgated on March 31, 2001), our company revalues land for business use and records the tax equivalent amount of the valuation difference in the liabilities section as "Deferred tax liabilities for revaluation" and the amount after deducting it in the net assets section as "Land Revaluation Difference."

- Method of Revaluation ... The calculation method is based on a reasonable adjustment to the property tax valuation amount specified in Article 2, Item 3 of the "Ordinance for Enforcement of the Law Concerning Land Revaluation" (Cabinet Order No. 119 promulgated on March 31, 1998), but we have adopted the method based on the real estate appraiser's appraisal value specified in Item 5 for a part.

- Date of Revaluation ... March 31, 2002

Difference between the market value of land subject to revaluation at the end of the period and the book value after revaluation ¥(8,370) million.

Notes to consolidated statements of profit and loss

- 1 The amount of inventories at the end of the fiscal year is the amount after write-down of book value due to decline in profitability, and the loss on valuation of inventories is included in cost of sales.

() indicates the amount of reversal

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
¥6,732 million	¥(2,409) million

- 2 Provision (reversal) for loss on construction contracts included in cost of sales

() indicates the amount of reversal

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
¥ (7) million	¥ (2) million

- 3 Major items and amounts of selling, general and administrative expenses are as follows.

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Freight expenses	¥24,336million	¥19,490million
Depreciation	5,777	5,673
Retirement benefit expenses	2,098	2,223
Provision for retirement benefits for executives	246	271
Provision for bonuses	9,246	9,415
Salaries and allowances	29,543	31,275
Outsourcing expenses	11,044	11,352
Rent	5,320	5,898
Research and development expenses	9,676	8,767

4 The Group recorded impairment losses on the following asset groups.

(Method of asset grouping)

The Group groups its assets mainly by product group based on the reportable segments. In addition, idle assets and other assets are classified by individual asset units. The impact on the segment is stated in the relevant section.

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Overview of Asset Groups Recognized for Impairment Losses)

Purpose	Location	Type	Impairment loss (Millions of yen)
Assets for Advanced Products Business	Chichibu-gun, Saitama Prefecture, etc.	Buildings and machinery, etc.	2,859
Assets for Metalworking Solutions Business	Tianjin, People's Republic of China	Machinery and equipment, etc.	108
Assets for Renewable Energy Business	Fujimino City, Saitama Prefecture	Structures and Machinery, etc.	978
Assets for Other Business	Kitakyushu-city, Fukuoka	Buildings and machinery, etc.	3,811
Idle Assets	Minamiuonuma City, Niigata Prefecture	Land	1
Total			7,759

(Background of recognition of impairment loss)

For business assets with significantly deteriorated profitability due to a decline in the market price of products and other factors, and for asset groups for which the market price of the subject assets has declined significantly, the book value has been reduced to the recoverable amount. In addition, the book value of idle assets, etc., whose recoverable amount is smaller than the book value due to a decline in market prices or other reasons, has been reduced to the recoverable amount. The decrease in the book value of such business assets and idle assets, etc. was recorded as an impairment loss of ¥7,759 million under extraordinary losses.

· Impairment losses by account title

Buildings ¥3,503 million, Structures ¥411 million, Machinery and equipment ¥2,786 million, Land ¥483 million, Other ¥574 million

(Calculation method of recoverable amount)

The recoverable amount is measured by net realizable value or value in use. Net realizable value is calculated based on real estate appraised value for items whose fair value is highly significant, and based on property tax assessed value etc., for other items. The value in use is mainly calculated by discounting future cash flows at 6.0%.

5 Loss on business restructuring

Previous fiscal year (From April 1, 2022 to March 31, 2023)

The loss on business restructuring of ¥31,103 million represents loss on sales of shares of subsidiaries and affiliates associated with the transfer of the Company's polycrystalline silicon business (including the shares of Mitsubishi Polycrystalline Silicon America Corporation, a specified subsidiary of the Company, and the shares of NIPPON AEROSIL CO., LTD., an equity-method affiliated company of the Company) succeeded to High-Purity Silicon Corporation, newly established by the Company, through an absorption-type company split on March 31, 2023, and transferred of all shares of High-Purity Silicon Corporation to SUMCO Corporation.

Notes to consolidated statements of comprehensive income

※ Amounts of reclassification and tax effects of other comprehensive income

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities		
Amount accrued in the current fiscal year	¥(12,770) million	¥4,310 million
Reclassification adjustments	(11,388)	(706)
Before tax effect adjustment	(24,159)	3,603
Tax effect amount	7,403	(1,102)
Valuation difference on available-for-sale securities	(16,755)	2,500
Deferred gains or losses on hedges		
Amount accrued in the current fiscal year	(10,630)	(16,513)
Reclassification adjustments	14,489	17,782
Before tax effect adjustment	3,858	1,269
Tax effect amount	(1,200)	242
Deferred gains or losses on hedges	2,657	1,512
Foreign currency translation adjustment:		
Amount accrued in the current fiscal year	13,290	19,656
Reclassification adjustments	—	—
Before tax effect adjustment	13,290	19,656
Tax effect amount	—	(1,928)
Foreign currency translation adjustment	13,290	17,727
Remeasurements of defined benefit plans:		
Amount accrued in the current fiscal year	(659)	12,408
Reclassification adjustments	1,220	825
Before tax effect adjustment	560	13,233
Tax effect amount	3,530	(4,038)
Remeasurements of defined benefit plans	4,090	9,195
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued in the current fiscal year	12,282	14,454
Reclassification adjustments	1,268	(219)
Share of other comprehensive income of entities accounted for using equity method	13,550	14,234
Total other comprehensive income	16,833	45,170

Notes to consolidated statements of changes in net assets

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

1. The class and total number of issued shares, and the class and number of treasury shares;

	Number of shares at the beginning of the period (shares)	Increase in number of shares (shares)	Decrease in number of shares (shares)	Number of shares at the end of the period (shares)
Issued shares				
Common stocks	131,489,535	—	—	131,489,535
Total	131,489,535	—	—	131,489,535
Treasury shares				
Common stocks (Notes: 1, 2, 3)	857,856	39,224	37,923	859,157
Total	857,856	39,224	37,923	859,157

Notes:

- The number of treasury shares of common stock includes 220,177 shares held by the BIP Trust.
- Breakdown of the increase in the number of treasury shares during the current fiscal year
 - Increase due to repurchase of odd-lot shares 16,924 shares
 - Increase due to BIP trust for directors' remuneration 22,300 shares
- Breakdown of the decrease in the number of treasury shares during the current fiscal year
 - Decrease due to requests for additional repurchase of odd-lot shares 368 shares
 - Decrease due to BIP Trust 37,555 shares

2. Matters relating to dividends

(1) Dividends paid

(Resolutions)	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
May 12, 2023 Board of Directors	Common stock	3,271	25.0	March 31, 2023	June 9, 2023
November 9, 2023 Board of Directors	Common stock	6,150	47.0	September 30, 2023	December 8, 2023

Notes:

- The total amount of dividends resolved by the Board of Directors held on May 12, 2023 includes ¥5 million as a dividend for the Company shares owned by the BIP Trust.
- The total amount of dividends resolved by the Board of Directors held on November 9, 2023, includes ¥10 million as a dividend for the Company shares owned by the BIP Trust.

(2) Dividends for which the record date belongs to the current consolidated fiscal year and for which the effective date will be the following consolidated fiscal year

(Resolution)	Type of shares	Total amount of dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Record Date	Effective date
May 14, 2023 Board of Directors	common stock	6,149	Retained earnings	47.0	March 31, 2024	June 12, 2024

Note: The total amount of dividends resolved by the Board of Directors held on held on May 14, 2024, includes ¥10 million as a dividend for the Company shares owned by the BIP Trust.

Notes to consolidated statements of cash flows**1. Reconciliation of cash and cash equivalents at end of period to the accounts reported in the consolidated balance sheets**

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Cash and deposits	¥142,126 million	¥134,923 million
Time deposits with maturities longer than three months	(995)	(3,779)
Restricted deposit	(51)	—
Cash and cash equivalents	141,079	131,143

Segment information, etc.

[Segment Information]

1. Overview of reporting segments

(1) Method to define reporting segments

The Company's reporting segments are the units of the Company for which discrete financial information is available and which are subject to regular review by the Board of Directors to decide the allocation of management resources and to assess the performance.

The Company adopts an in-house company system and each in-house company and business unit or office formulates comprehensive domestic and international strategies and develops business activities with respect to the products and services handled.

Accordingly, the Company consists of segments by products and services based on in-house companies and has four reporting segments of "Metals Business," "Advanced Products Business," "Metalworking Solutions Business," and "Renewable Energy Business."

(2) Products and services which belong to each reporting segment

Major products of each business are as follows:

- | | |
|---------------------------------------|---|
| (i) Metals Business | Nonferrous metal smelting (including copper, gold, silver, palladium and sulfuric acid). home appliance recycling |
| (ii) Advanced Products Business | Copper & copper alloy products, electronic materials & components |
| (iii) Metalworking Solutions Business | Cemented carbide products |
| (iv) Renewable Energy Business | Renewable energy |

(3) Changes in Reporting Segment

In light of the Medium-term Management Strategy FY2031, our company has changed its reporting segment to include "Environment & Energy business" in "Metals business," "Renewable Energy business," and "Other Business" in line with the reorganization implemented on April 1, 2023 to strengthen its resource recycling business and the Renewable Energy business.

Segment information for the previous consolidated fiscal year is disclosed based on the classification of the reportable segments and the calculation method.

2. Calculation method for net sales, profits and losses, assets, liabilities and other items for each reporting segment

The method of accounting for each reported business segment is identical with that stated in the "Important Matters Forming the Bases for Preparing Consolidated Financial Statements".

Profit in the reporting segments is based on ordinary profit.

Amount of intersegment revenues and transfers are based on current market prices.

4. Information on the amounts of net sales, profit or loss, assets, liabilities and other items for each reporting segment;

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Total	Adjustment	Amounts in consolidated financial statements
	Metals Business	Advanced Products Business	Metalworking Solution Business	Renewable Energy Business				
Net sales								
(1) Sales to outside customers	854,962	506,958	136,812	3,475	123,725	1,625,933	—	1,625,933
(2) Intersegment sales and transfers	234,375	19,404	4,812	0	46,902	305,495	(305,495)	—
Total	1,089,337	526,363	141,624	3,475	170,628	1,931,429	(305,495)	1,625,933
Segment profit	29,901	7,177	14,520	991	(15,950)	36,639	(11,333)	25,306
Segment assets	924,004	405,767	222,760	31,783	270,090	1,854,406	37,388	1,891,795
Segment liabilities	710,068	297,347	119,470	27,267	119,673	1,273,827	(10,907)	1,262,919
Other items								
Depreciation	15,795	11,134	10,988	932	1,706	40,557	3,845	44,402
Amortization of goodwill	—	466	1,209	—	4	1,680	—	1,680
Interest income	1,393	305	175	1	206	2,082	(406)	1,676
Interest expenses	2,380	1,995	893	158	646	6,074	(59)	6,014
Share of profit (or loss) of entities accounted for using equity method	(129)	1,297	—	1,063	(24,205)	(21,973)	49	(21,924)
Investment amount in equity method affiliates	53,890	3,299	—	5,066	161,373	223,629	(687)	222,942
Increase in property, plant and equipment and intangible assets	29,837	26,313	11,934	5,223	2,106	75,415	5,690	81,106

Notes:

- "Other businesses" include cement-related, aluminum-related and engineering-related business.
- "Adjustment amount" of segment profit of ¥(11,333) million includes elimination of intersegment transactions of ¥(850 million) and corporate expenses not allocated to each reporting segment of ¥(10,482) million. Corporate expenses consist mainly of general and administrative expenses that do not belong to the reporting segments, basic experiment and research expenses, and financial income and expenses.
- "Adjustment amount" of segment assets of ¥37,388 million includes the elimination of intersegment transactions of ¥(101,200) million and corporate assets of ¥138,589 million which are not allocated to the reporting segments. Corporate assets consist mainly of assets of administrative departments and assets relating to basic experiment and research that do not belong to the reporting segments.
- "Adjustment amount" of segment liabilities of ¥(10,907) million includes the elimination of intersegment transactions of ¥(101,426) million and corporate liabilities of ¥90,518 million which are not allocated to the reporting segments. Corporate liabilities consist mainly of liabilities of administrative departments and liabilities relating to basic experiment and research that do not pertain to the reporting segments.
- "Adjustment amount" of ¥5,690 million for the increase in tangible fixed assets and intangible assets is mainly capital expenditure made by DX Promotion Division and the Innovation Center.
- Segment profit has been adjusted with ordinary profit on the consolidated statements of profit or loss.
- As of March 31, 2023, the Company succeeded the Company's polycrystalline silicon business (including the shares of Mitsubishi Polycrystalline Silicon America Corporation, a specified subsidiary of the Company, and the shares of NIPPON AEROSIL CO., LTD., an equity-method affiliated company of the Company) to High-Purity Silicon Corporation, a company newly established by the Company, through an absorption-type company split, and transferred all shares of High-Purity Silicon Corporation to SUMCO Corporation. The amounts of net sales, segment loss and other items (depreciation, interest income, interest expense, share of loss of entities accounted for using equity method, and increases in property, plant and equipment and intangible assets) related to the polycrystalline silicon business up to the date of deconsolidation are included.

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Total	Adjustment	Amounts in consolidated financial statements
	Metals Business	Advanced Products Business	Metalworking Solution Business	Renewable Energy Business				
Net sales								
(1) Sales to outside customers	815,087	472,567	135,732	4,644	112,610	1,540,642	—	1,540,642
(2) Intersegment sales and transfers	222,938	16,144	4,301	0	47,989	291,374	(291,374)	—
Total	1,038,025	488,712	140,034	4,644	160,600	1,832,016	(291,374)	1,540,642
Segment profit	31,046	1,818	12,272	857	22,131	68,125	(14,023)	54,102
Segment assets	1,155,904	395,484	237,101	32,270	298,999	2,119,760	47,868	2,167,628
Segment liabilities	930,186	286,027	119,032	27,481	124,461	1,487,189	(5,184)	1,482,005
Other items								
Depreciation	17,246	12,517	10,738	1,133	1,031	42,667	4,031	46,699
Amortization of goodwill	—	514	1,226	—	4	1,744	—	1,744
Interest income	3,638	235	356	0	76	4,308	(335)	3,972
Interest expenses	2,620	2,730	675	268	574	6,870	895	7,766
Share of profit (or loss) of entities accounted for using equity method	(3,940)	979	—	616	13,870	11,525	—	11,525
Investment amount in equity method affiliates	53,335	3,997	—	5,041	184,838	247,212	(687)	246,525
Increase in property, plant and equipment and intangible assets	48,724	21,540	11,619	855	2,366	85,107	2,767	87,874

Notes:

1. "Other businesses" include cement-related and engineering-related business.
2. "Adjustment amount" of segment profit of ¥(14,023) million includes elimination of intersegment transactions of ¥(1,896 million) and corporate expenses not allocated to each reporting segment of ¥(12,126) million. Corporate expenses consist mainly of general and administrative expenses that do not belong to the reporting segments, basic experiment and research expenses, and financial income and expenses.
3. "Adjustment amount" of segment assets of ¥47,868 million includes the elimination of intersegment transactions of ¥(73,957) million and corporate assets of ¥121,826 million which are not allocated to the reporting segments. Corporate assets consist mainly of assets of administrative departments and assets relating to basic experiment and research that do not belong to the reporting segments.
4. "Adjustment amount" of segment liabilities of ¥(5,184) million includes the elimination of intersegment transactions of ¥(78,683) million and corporate liabilities of ¥73,499 million which are not allocated to the reporting segments. Corporate liabilities consist mainly of liabilities of administrative departments and liabilities relating to basic experiment and research that do not pertain to the reporting segments.
5. "Adjustment amount" of ¥2,767 million for the increase in tangible fixed assets and intangible assets is mainly capital expenditure made by DX Promotion Division and the Innovation Center.
6. Segment profit has been adjusted with ordinary profit on the consolidated statements of profit or loss.

[Related Information]

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

1. Information by product and service

This section is omitted as the same information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(Unit: Millions of yen)

Japan	United States	Europe	Asia		Others	Total
			Hong Kong	Others		
682,465	85,344	66,792	161,139	612,055	18,135	1,625,933

(2) Property, plant and equipment

(Unit: Millions of yen)

Japan	United States	Europe	Asia	Other	Total
328,370	15,002	18,244	64,172	424	426,214

1. Classification of countries and regions is based on geographical proximity.

2. Major countries or regions included in the classification other than the United States

(1) Europe ... Germany, UK, Spain, France, Finland

(2) Asia ... Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand

(3) Other ... Australia, Canada, Brazil

3. Information by major customer

This section is omitted as no single customer accounts for 10% or more of the net sales in the consolidated profit and loss statements.

(Unit: Millions of yen)

Name of the Customer	Net sales	Relevant Segment Name
Sumitomo Corporation	291,264	Metals Business

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

1. Information by product and service

This section is omitted as the same information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(Unit: Millions of yen)

Japan	United States	Europe	Asia		Others	Total
			Hong Kong	Other		
729,077	81,343	73,246	168,178	470,412	18,383	1,540,642

(2) Property, plant and equipment

(Unit: Millions of yen)

Japan	United States	Europe	Asia	Other	Total
335,634	17,127	22,109	96,803	422	472,096

1. Classification of countries and regions is based on geographical proximity.

2. Major countries or regions included in the classification other than the United States.

(1) Europe ... Germany, UK, Spain, France, Finland

(2) Asia ... Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand

(3) Other ... Australia, Canada, Brazil

3. Information by major customer

(Unit: Millions of yen)

Name of the Customer	Net sales	Relevant Segment Name
Sumitomo Corporation	229,297	Metals Business

[Information on Impairment Loss on Fixed Assets by Reportable Segment]
 Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Metals Business	Advanced Products Business	Metalworking Solution Business	Renewable Energy Business				
Impairment loss	—	1,104	583	471	9	2,168	353	2,522

Note: The ¥608 million adjustment for impairment loss is mainly for impairment of common assets.

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Metals Business	Advanced Products Business	Metalworking Solution Business	Renewable Energy Business				
Impairment loss	—	2,859	108	978	3,811	7,757	1	7,759

Note: The ¥1 million adjustment for impairment loss is mainly for impairment of common assets.

Information on amortization and unamortized balance of goodwill by reporting segment
 Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Metals Business	Advanced Products Business	Metalworking Solution Business	Renewable Energy Business				
Amortization for period	—	466	1,209	—	4	1,680	—	1,680
Balance at end of period	—	6,732	2,481	—	10	9,224	—	9,224

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Reporting segment				Other Businesses	Sub Total	Corporate and Elimination	Total
	Metals Business	Advanced Products Business	Metalworking Solution Business	Renewable Energy Business				
Amortization for period	—	514	1,226	—	4	1,744	—	1,744
Balance at end of period	—	6,761	1,262	—	6	8,029	—	8,029

Per share information

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Net assets per share	¥4,541.96	¥5,003.75
Profit per share	¥155.60	¥228.07

Notes:

1. The Company's shares held by the BIP trust are included in the treasury shares to be deducted from the total number of shares outstanding at the end of the fiscal year for the purpose of calculating net asset per share. The number of treasury shares totaled 857,000 shares at the end of the previous fiscal year and 859,000 shares at the end of the current fiscal year, of which 235,000 shares and 220,000 shares were held by the BIP trust, respectively.
2. Diluted profit per share are not stated since there are no dilutive shares.
3. The basis for the calculation of profit per share is as follows:

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	20,330	29,793
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders of owners of the parent (Millions of yen)	20,330	29,793
Average number of shares outstanding during period (thousand shares)	130,659	130,633

Note:

The Company's shares held by the BIP trust are included in the treasury shares to be deducted from the average number of shares outstanding during the period for the purpose of calculating profit per share. The average number of treasury shares outstanding during period totaled 827,000 shares during the previous fiscal year and 855,000 shares during current fiscal year, and of those of which 244,000 shares and 223,000 shares were held by the BIP trust, respectively.

Significant subsequent events

Not applicable.