NITTETSU MINING

FY2023 Financial Results (Fiscal Year Ended March 31, 2024)

Securities Code: 1515

May 13, 2024

Contents

1. FY23 overview of consolidated results

- Sales increased due mainly to higher selling prices of limestones in Nonmetallic Minerals and of electrolytic copper domestically in Metallic Minerals.
- Operating profit (OP) decreased largely by higher production costs in Atacama Copper Mine in Metallic Minerals despite in sales increase.
- Ordinary profit decreased due to OP decline partially offset by improvement of equity gains of affiliate companies.
- Profit attributable to owners of parent significantly decreased due to smaller sales of cross-shareholdings and higher tax.

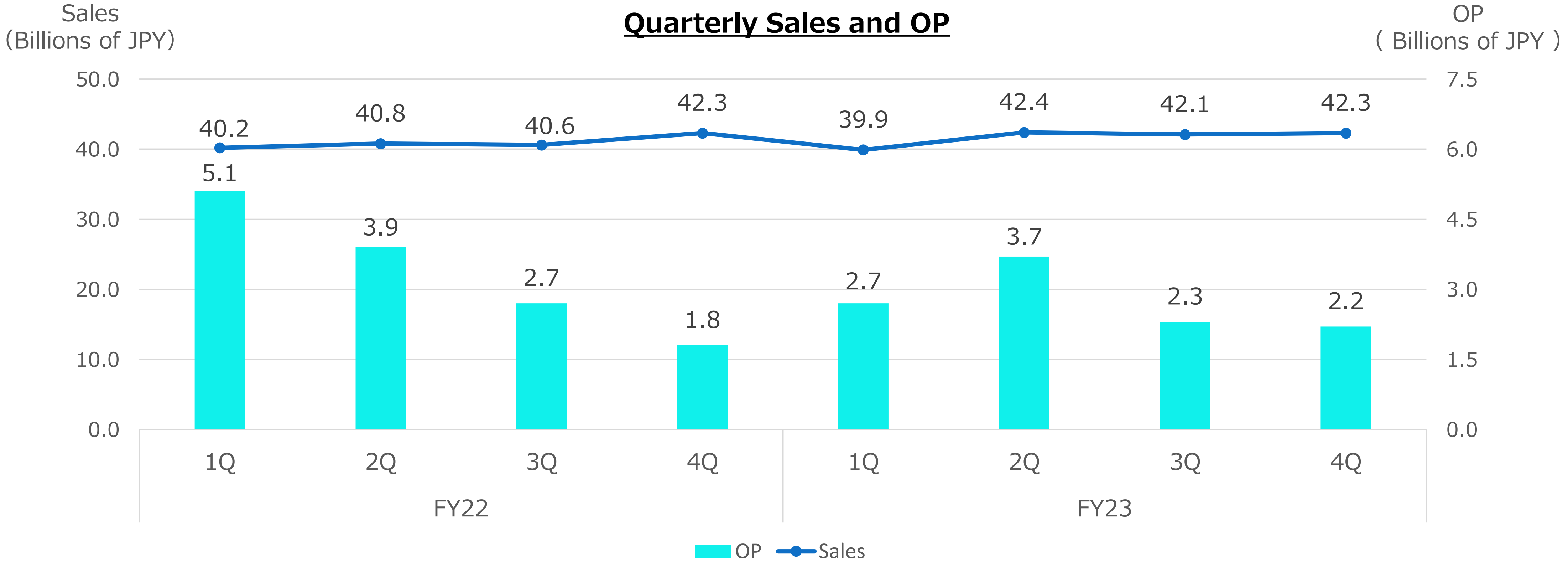
(Billions of JPY)

<Results>	FY22	FY23	Change
Net sales	164.0	166.8	2.8
Operating profit	13.6	11.1	(2.4)
Ordinary profit	13.2	12.0	(1.1)
Profit attributable to owners of parent	9.7	6.6	(3.1)

<KPIs>	FY22	FY23	Change
ROA	6.7%	5.1%	(1.6%)
Equity ratio	63.5%	61.3%	(2.2%)
Copper price (¢/lb)	387.87	379.28	(8.59)
FX (JPY/USD)	135.47	144.62	9.15

1. FY23 overview of consolidated results: Quarterly results

- OP of 1H of FY22 moved favorably thanks to higher sales driven by weaker yen in Metallic Minerals, while was relatively soft for the 2H due mainly to unfavorable FX compared to 1H and higher costs including fuel.
- OP of FY23 was generally weak throughout the year due mainly to higher production costs in Metallic Minerals, partially offset by higher prices in Mineral Resources and Machinery & Environmental Engineering.



2. FY23 segment breakdown: Sales

(Billions of JPY)

	FY22	FY23	Change	Factors
Mineral Resources: Nonmetallic Minerals	59.4	60.6	1.2	**Limestone** increased due to higher prices. **Fuels, etc.** decreased due mainly to lower price of coal.
Mineral Resources: Metallic Minerals	86.9	88.3	1.3	**Electrolytic copper** increased due to volume and domestic price increases. **Copper concentrate** decreased owing to no transaction in purchased goods.
Machinery & Environmental Engineering	13.0	13.2	0.2	**Environmental Division** increased due to higher prices of wastewater treatment agents. **Machinery Division** decreased due to sluggish sales in machinery related subsidiaries.
Real Estate	2.8	2.8	0.0	-
Renewable Energy	1.7	1.7	0.0	-
Total	164.0	166.8	2.8	

2. FY23 segment breakdown: OP

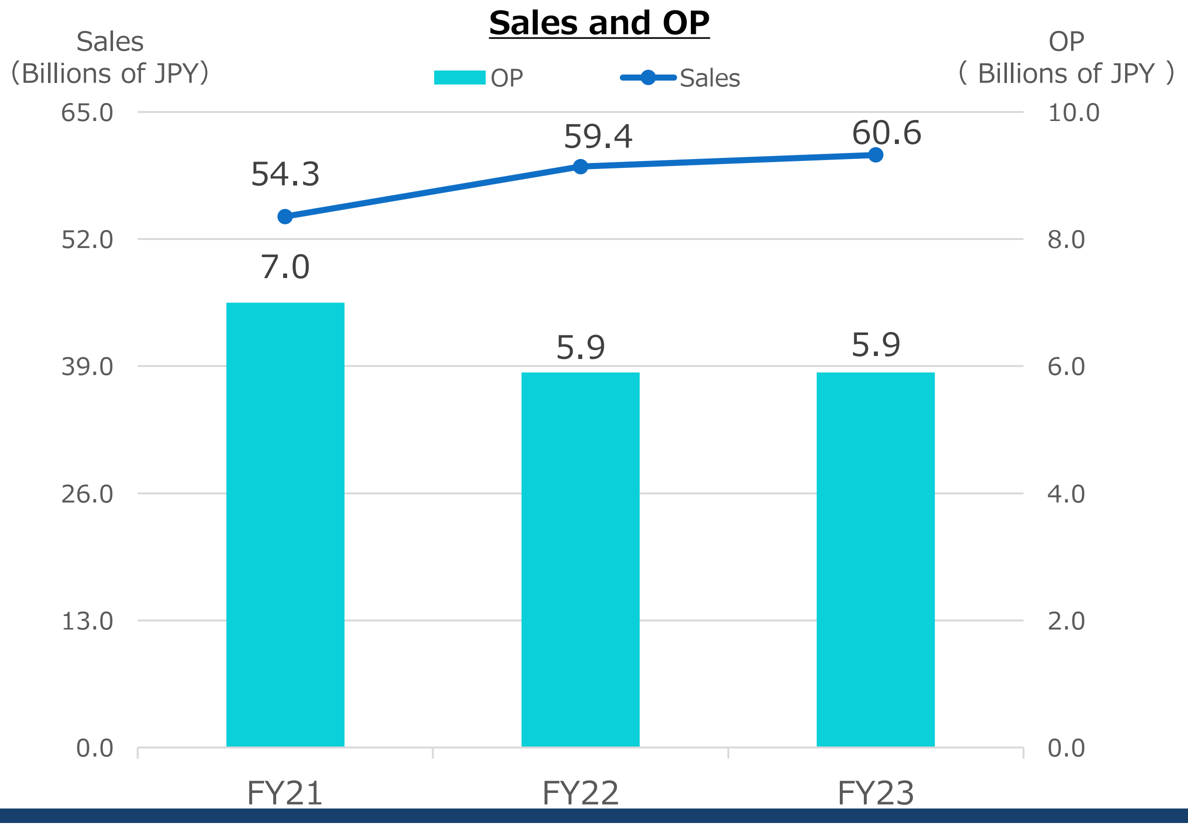
(Billions of JPY)

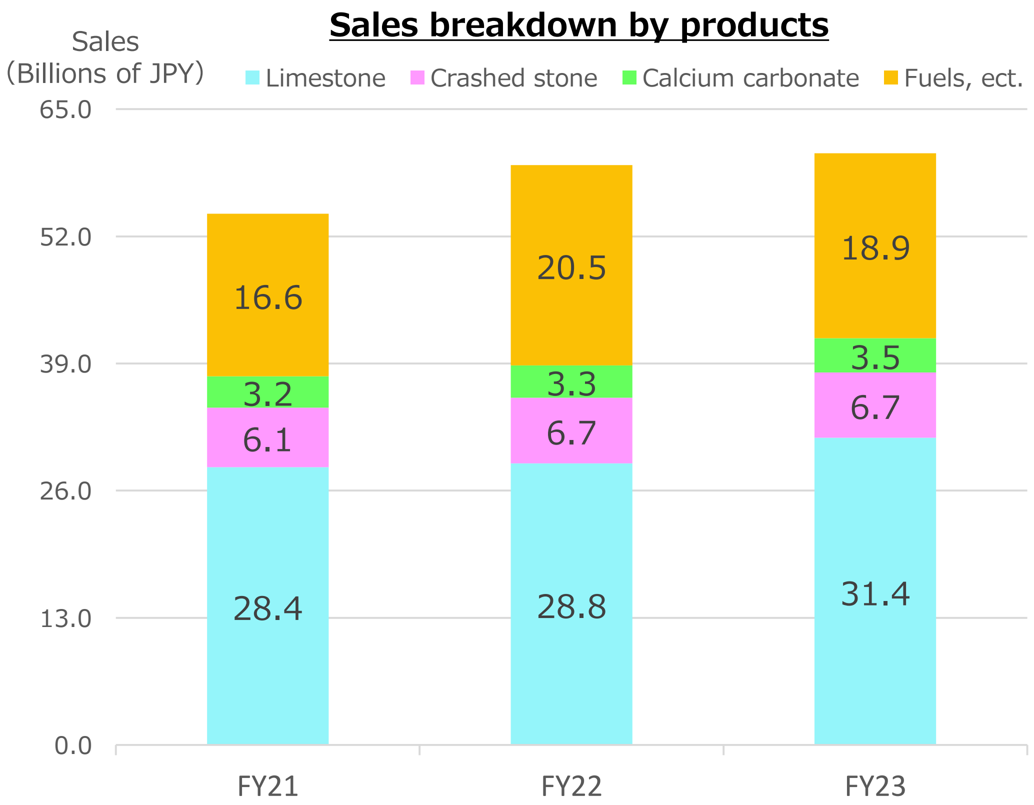
	FY22	FY23	Change	Factors
Mineral Resources: Nonmetallic Minerals	5.9	5.9	0.0	-
Mineral Resources: Metallic Minerals	6.6	2.9	(3.6)	-Lower margin of byproducts of Electrolytic copper. -Higher production costs in a copper mine.
Machinery & Environmental Engineering	1.2	1.4	0.2	-Higher margin in Machinery Division.
Real Estate	1.7	1.6	(0.0)	-
Renewable Energy	0.5	0.5	0.0	-
Eliminations / adjustments	(2.4)	(1.5)	0.9	Decrease in study and development costs at a copper mine.
Total	13.6	11.1	(2.4)	

2. FY23 segment breakdown

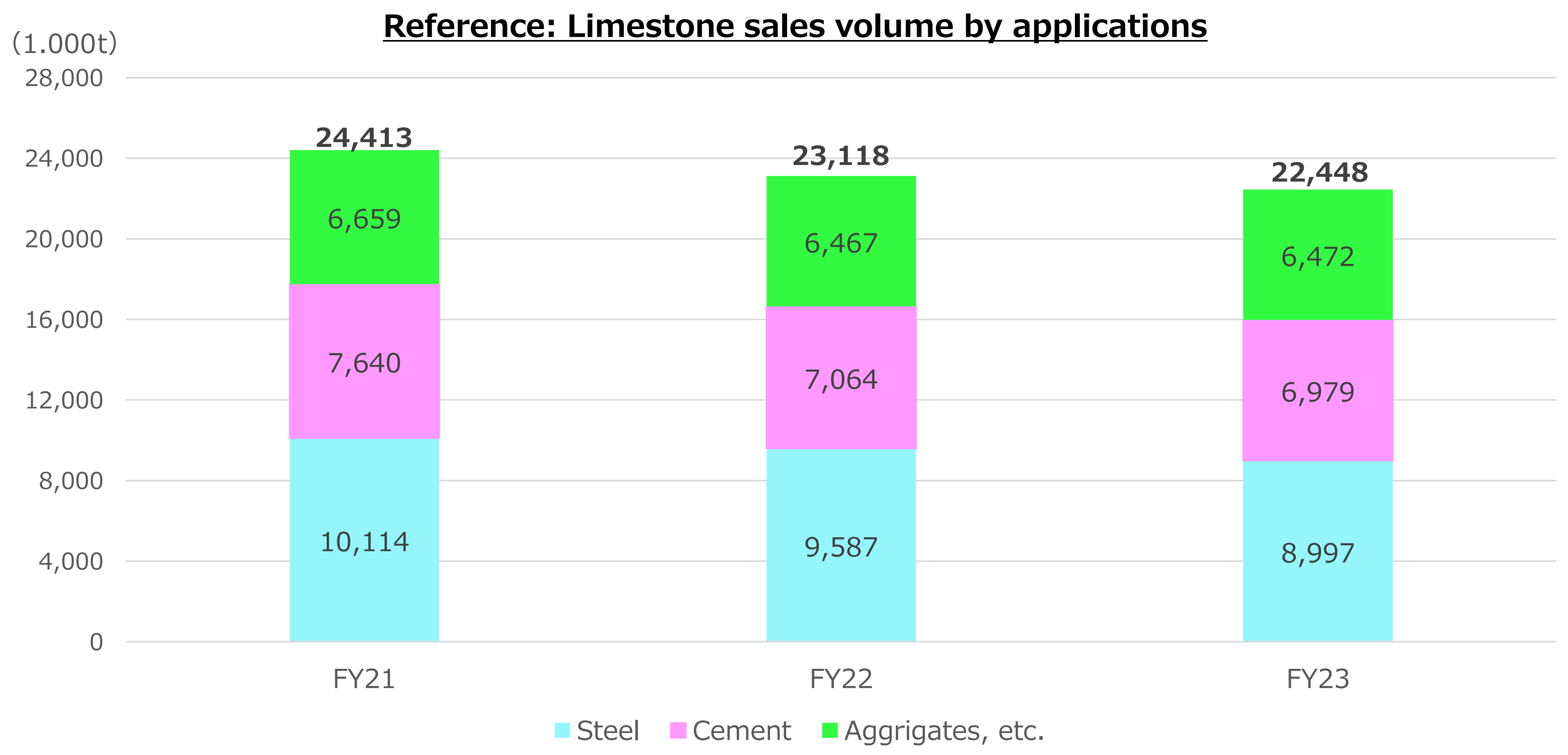
Mineral Resources: Nonmetallic Minerals

- Sales increased due to higher prices, absorbing volume decrease in limestone.
- OP was flat due to lower profits in a subsidiary specializing in natural resource exploration.





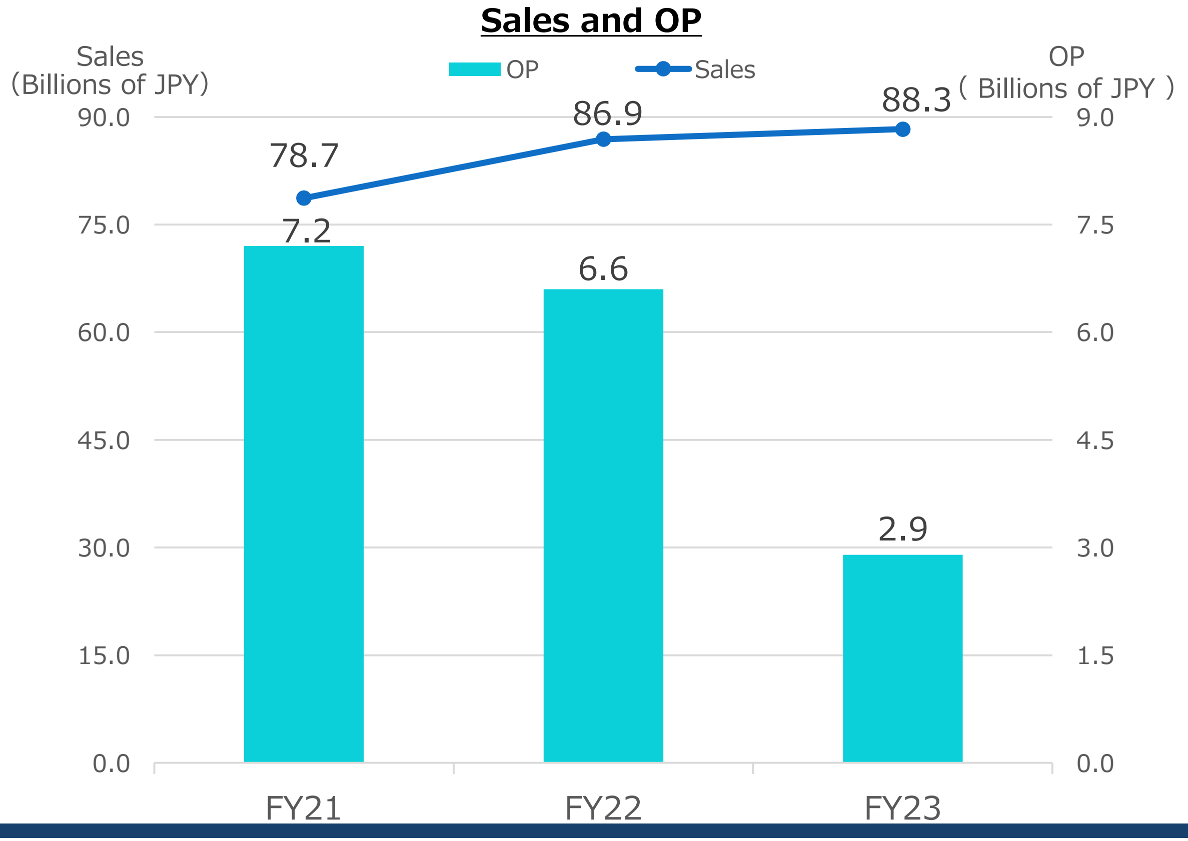
Mineral Resources: Nonmetallic Minerals

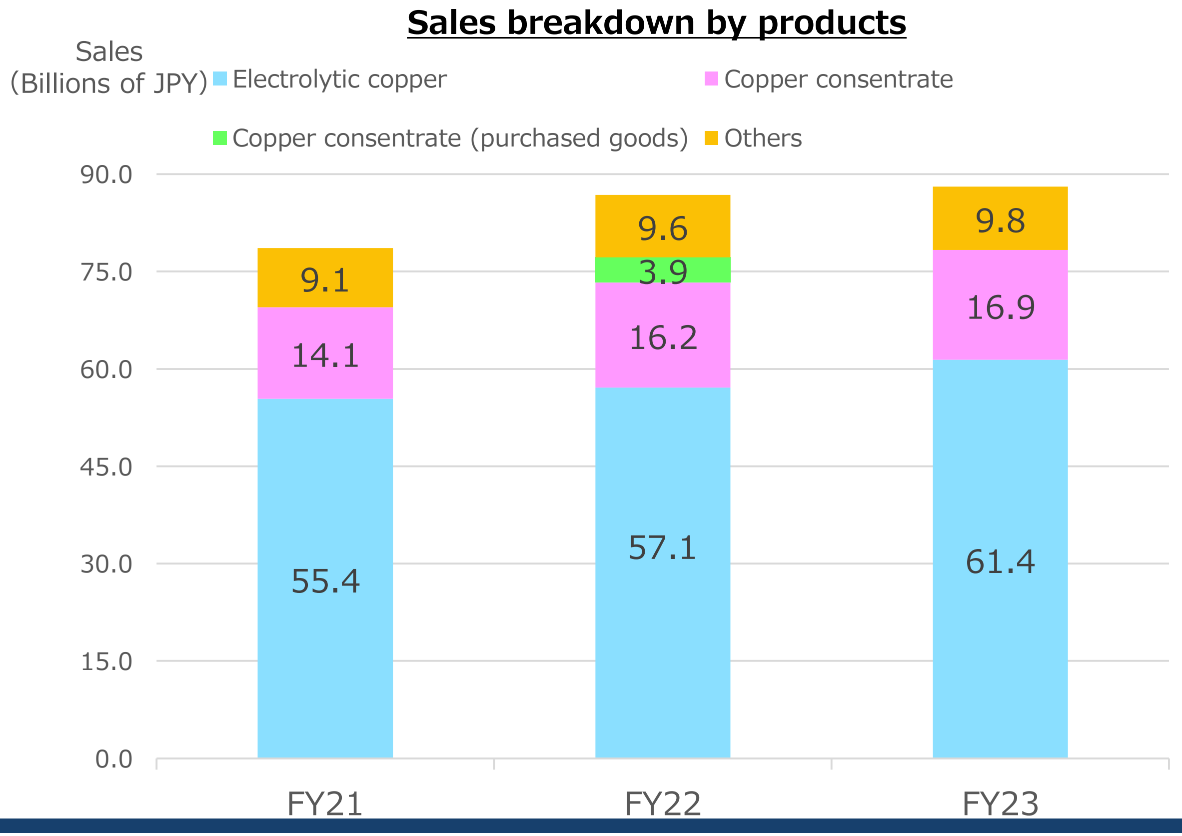


2. FY23 segment breakdown

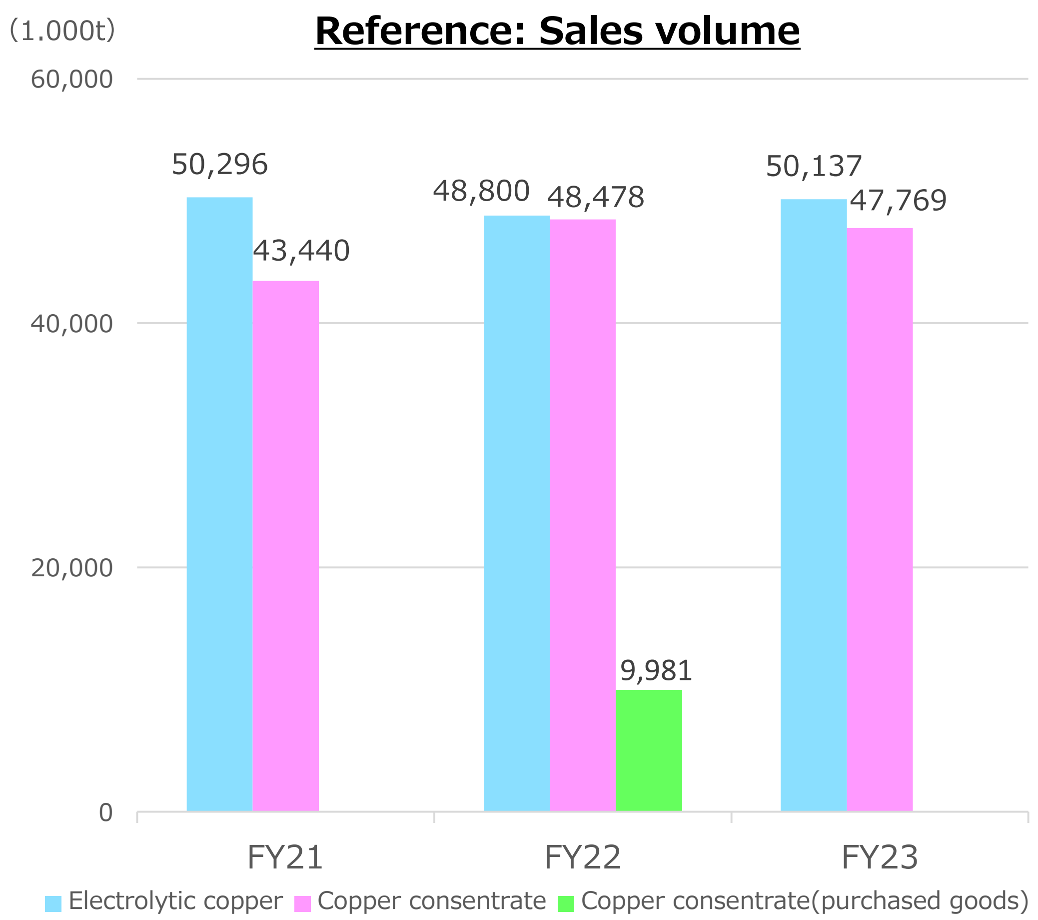
Mineral Resources: Metallic Minerals

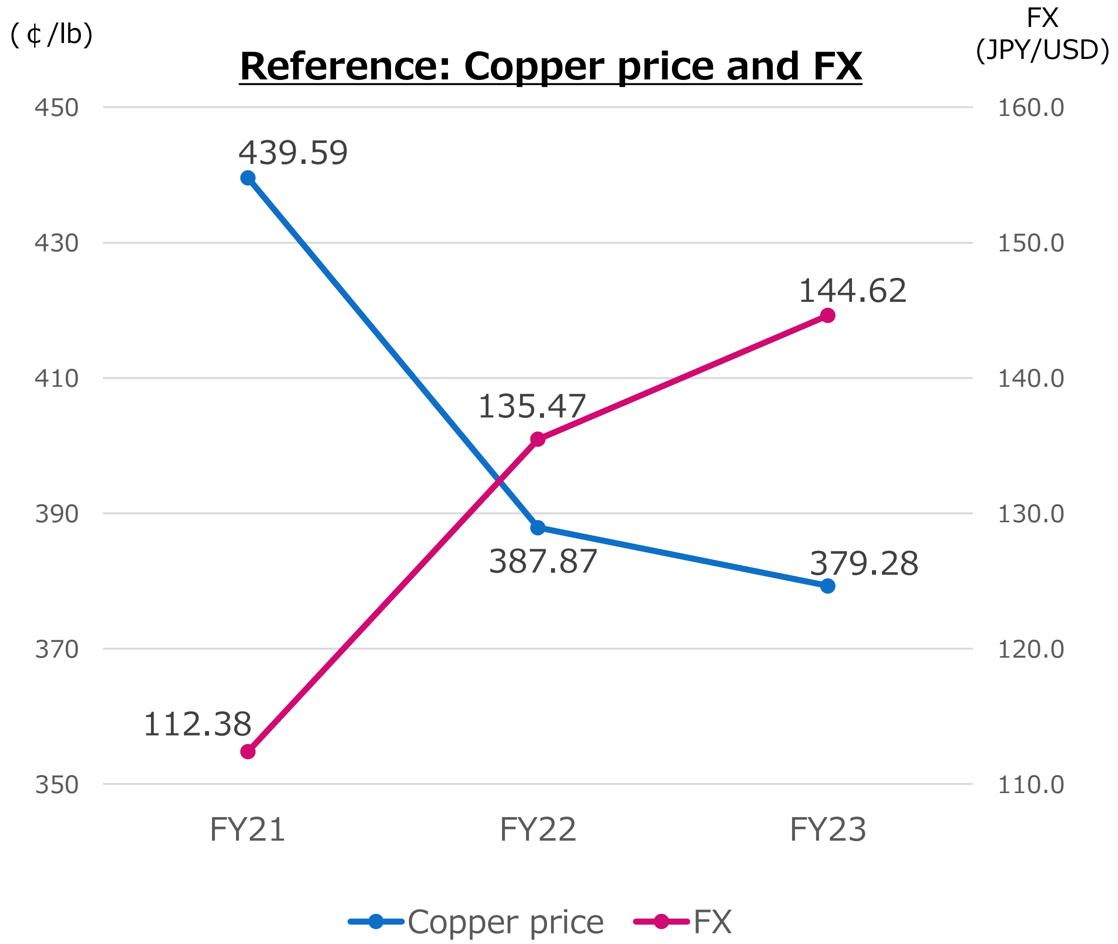
- Sales grew driven by to greater volume and higher domestic prices in electrolytic copper despite no transaction of purchased copper consentrate.
- OP fell due largely to lower margin of byproducts in electrolytic copper as well as higher production costs in Atacama Mine.





Mineral Resources: Metallic Minerals

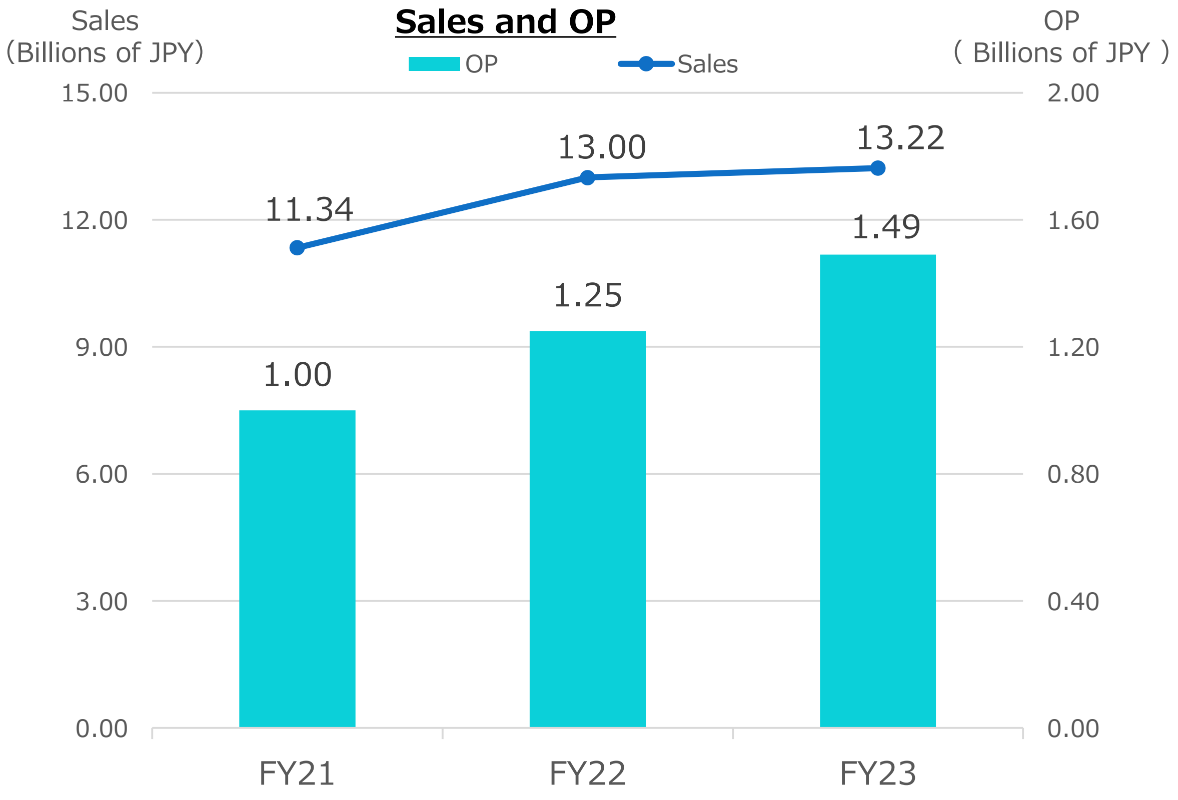


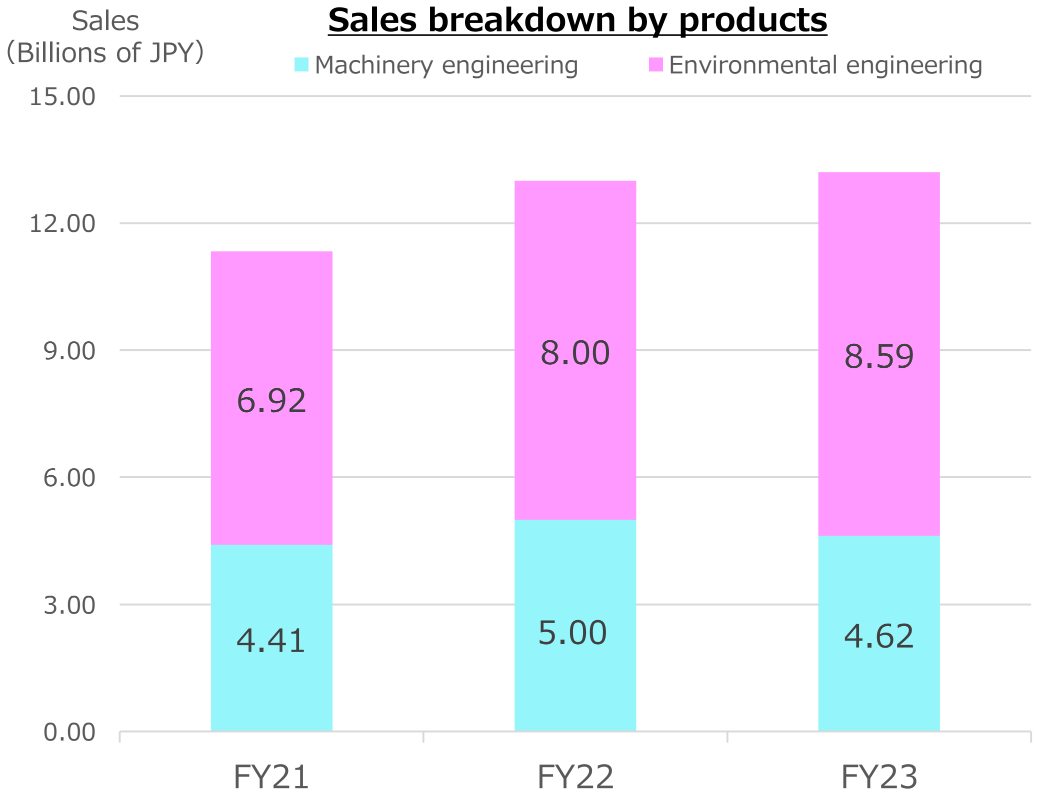


2. FY23 segment breakdown

Machinery & Environmental Engineering

- Sales increased driven by higher prices in wastewater treatment agents, one of the major products in Environmental Division, despite decrease in sales from subsidiary in Machinery Division.
- OP increased due to margin improvement in Machinery Division, absorbing higher costs of row materials in Environmental Division.



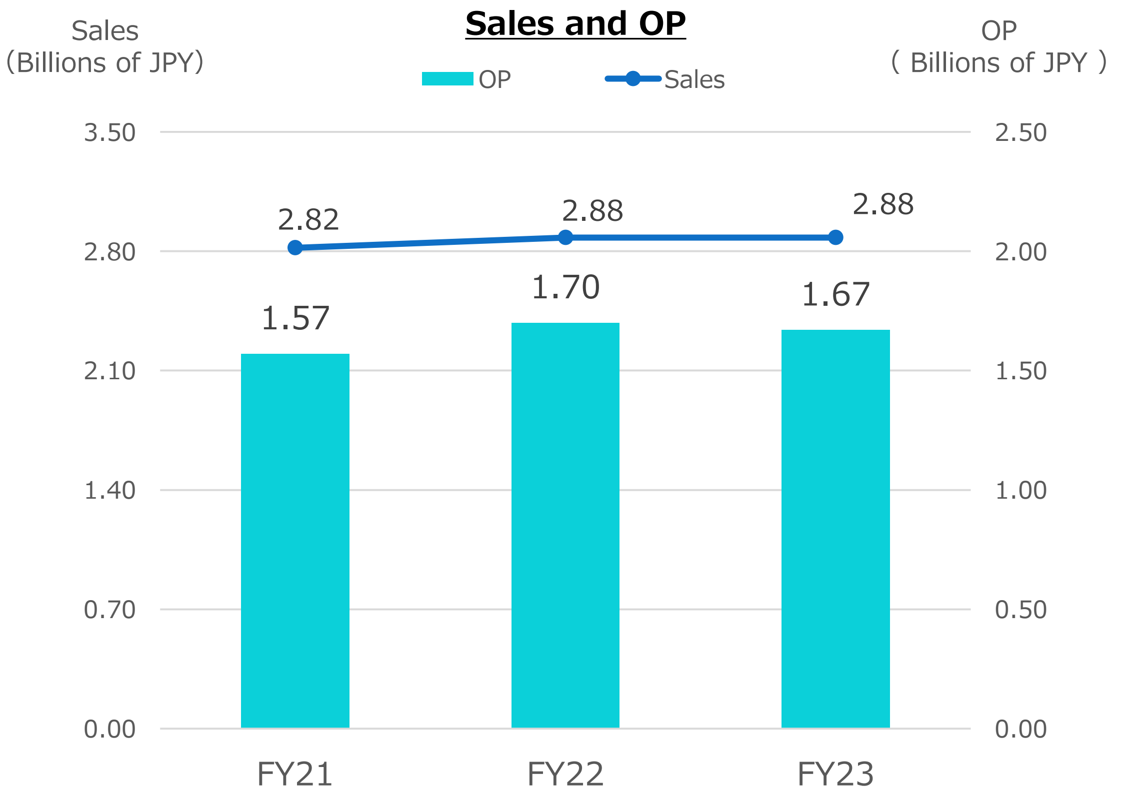


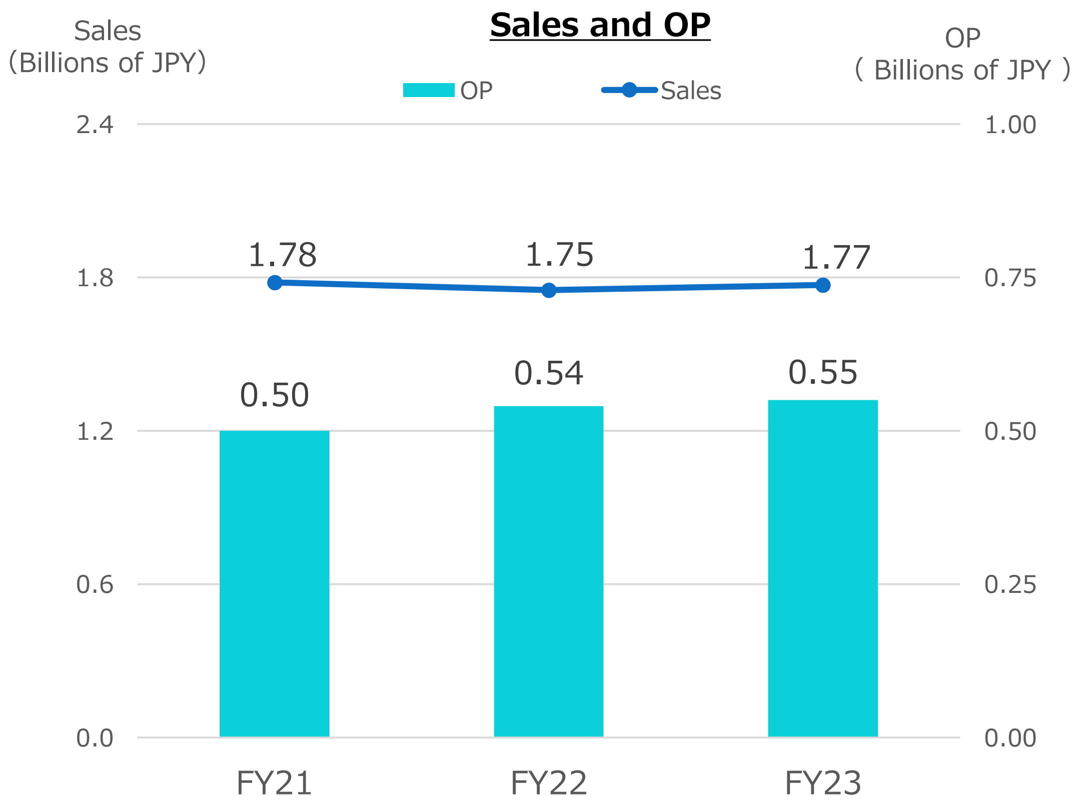
2. FY23 segment breakdown

Real Estate, Renewable Energy

- **Real Estate**: Sales were flat, while OP decreased due to higher repair costs.

- **Renewable Energy**: Sales grew driven by increase in sales in Geothermal Division. OP increased due to lower depreciation costs in Solar Power Division.





3. Balance sheets

(Billions of JPY)

	March 31, 2023	March 31, 2024	Change
Current assets	94.1	105.0	10.9
Cash and deposits	40.0	37.4	(2.5)
Notes and accounts receivable	30.6	33.8	3.2
Inventories*	17.7	28.2	10.5
Non-current assets	114.1	124.4	10.3
Property, plant and equipment	70.2	70.8	0.5
Intangible assets	4.0	4.0	(0.0)
Investments and other assets	39.8	49.6	9.8
Current liabilities	48.2	54.2	5.9
Notes and accounts payable	15.2	20.5	5.2
Short-term loans payable	19.7	17.0	(2.6)
Non-current liabilities	20.6	24.6	3.9
Long-term loans payable	1.1	2.5	1.3
Net defined benefit liability	1.9	1.2	(0.6)
Net assets	139.4	150.7	11.3
Equity capital	132.3	140.7	8.4
Non-controlling interests	7.0	9.9	2.9
Total assets	208.3	229.5	21.2
<Equity ratio>	63.5%	61.3%	(2.2%)

*Inventories: Merchandise and finished goods + Work in process + Raw materials and supplies

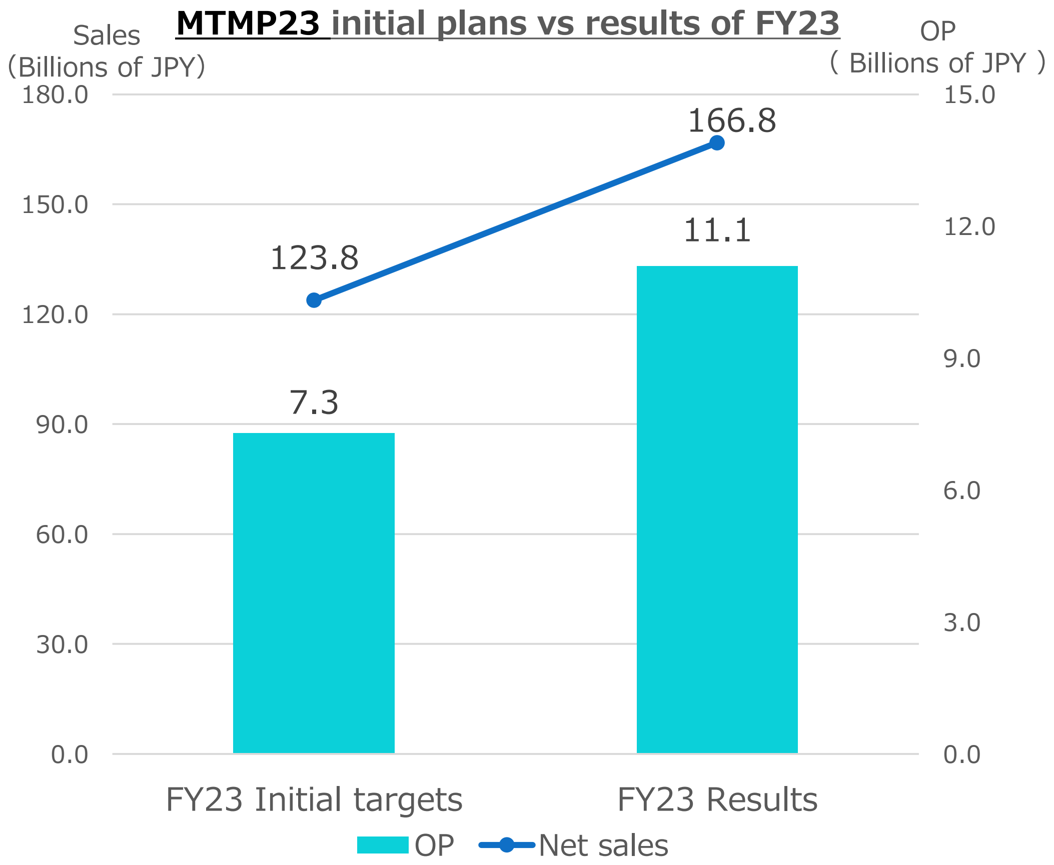
4. MTMP23 initial plans vs results of FY23: Consolidated

◆ FY23 Sales and OP results exceeded the initial targets.
⇒Major factors:
Nonmetallic Minerals contributed through higher-than expected prices of limestone, its major product, and lower depreciation costs due to extension of the schedule for constructing the third vertical shaft at the Torigatayama Quarry Complex.
Metallic Minerals delivered stronger results due to tailwinds of copper price and FX despite increasing production costs.

(Billions of JPY)

	FY23 Initial plans	FY23 results	Gap
Net sales	123.8	166.8	43.0
OP	7.3	11.1	3.8
Mineral resources: Nonmetallic Minerals	4.0	5.9	1.9
Mineral resources: Metallic Minerals	2.5	2.9	0.4
Machinery & Environmental Engineering	1.1	1.4	0.3
Real Estate	1.6	1.6	0.0
Renewable Energy	0.4	0.5	0.1
Eliminations /adjustments	(2.3)	(1.5)	0.7

<Assumptions>	FY23 Initial plans	FY23 results	Gap
Copper price (¢/lb)	350.00	379.28	29.28
FX (JPY/USD)	105.00	144.62	39.62



4. MTMP23 initial plans vs results of FY23: Financial plan and capex

■ Financial plan

(Billions of JPY)

	FY23 Initial plans	FY23 results	Gap
EBITDA	15.4	17.1	1.7
Interest-bearing liabilities	30.4	19.5	(10.8)

■ Capex plan (incl. the stripping activity asset)

(Billions of JPY)

	FY23 Initial plans	FY23 results	Gap
Mineral resources: Nonmetallic Minerals	3.5	5.9	2.4
Mineral resources: Metallic Minerals	13.1	1.5	(11.5)
Machinery & Environmental Engineering	0.1	0.0	0.0
Real Estate	0.0	0.0	0.0
Renewable Energy	0.7	0.0	(0.7)
Eliminations /adjustments	(0.1)	(0.0)	(0.0)
Total	17.3	7.6	(9.6)

・**EBITDA** outpaced due to better-than expected OP. Interesting-bearing liabilities was smaller due mainly to delay in development and construction at Arqueros Mine.

・**Capex** exceeded in Nonmetallic Minerals Division due to extension of the schedule for constructing the third vertical shaft at the Torigatayama Quarry Complex, while downgraded in Metallic Minerals Division caused by delay in development and construction at Arqueros Mine.

■ Progress in growth investment

(Billions of JPY)

	FY23 Initial plans	FY23 results	Total amount of planned investment	Accumulated results	Progress	Planned completion
3rd vertical shaft construction at Torigatayama	–	1.3	20.0	19.2	96%	June 2024
Development of the new mining area at Hachinohe	0.4	0.5	6.2	5.9	95%	FY25
Development and construction at Arqueros*	12.9	0.9	55.3	0.9	1%	FY26

*Total planed investment amount was adjusted as announced on April 28, 2023. (FX assumption: JPY140/USD)

4. MTMP23 initial plans vs results of FY23: Shareholder returns

・FY21-22: Dividends were paid based on the policy of consolidated payout ratio of 30%, set for the previous MTMP.
・FY23: Dividends are intended to be paid with a target of consolidated payout ratio of 40%. Additionally, the lower limits of dividends, 3% of the market value DOE/3% of the DOE.

(JPY)	**Interim dividend per share**	**Year-end dividend per share***	**Annual dividend per share***	**Total amount of dividends**	**Payout ratio (consolidated)**
FY21	135	200	335	2.7 billion	30.0%
FY22	135	110	-	2.9 billion	30.2%
FY23	84	85	169	2.8 billion	42.6%

*A 2-for-1 stock split of its common shares was effective on Oct. 1, 2022. The year-end dividend per share for FY22 reflects the split, and the annual dividend per share is shown in blank.

5. FY24 forecasts: Consolidated

(Billions of JPY)

	FY23 results	FY24 forecasts	Change
Net sales	166.8	181.4	14.6
Operating profit	11.1	7.4	(3.7)
Ordinary profit	12.0	8.2	(3.8)
Profit attributable to owners of parent	6.6	6.7	0.1
EPS（JPY）	396.88	402.74	5.86
Copper price （¢/lb）	379.28	400.00	20.72
FX（JPY/USD）	144.62	140.00	(4.62)
Dividend per share（JPY）	169.00	161.00	(8.00)

■ Sensitivity

(Billions of JPY)

Copper price	Appreciated by 10¢/lb	Net sales OP	+1.95 +0.38
FX	Depreciated by 5JPY/USD	Net sales OP	+2.65 +0.10

Net sales: +14.6 bil. JPY
- Nonmetallic Minerals: Increases in volume and price of limestone are expected.
- Metallic Minerals: Higher price in electrolytic copper and greater volume in electrolytic gold are expected.

Operating Profit: (3.7) bil. JPY
- Metallic Minerals: Milder depreciation of the yen in electrolytic copper and higher production costs at Atacama are expected.
- Adjustments: Higher costs for study in Geothermal Division is expected.

Ordinary profit: (3.8) bil. JPY
- Decrease in OP is expected.

Profit attributable to owners of parent: Flat
- Increase in gain on sales of investment securities, receipt of fire damage insurance, lower loss on sales and retirement of non-current assets, lower tax expenses are expected.

5. FY24 forecasts: Segment breakdown

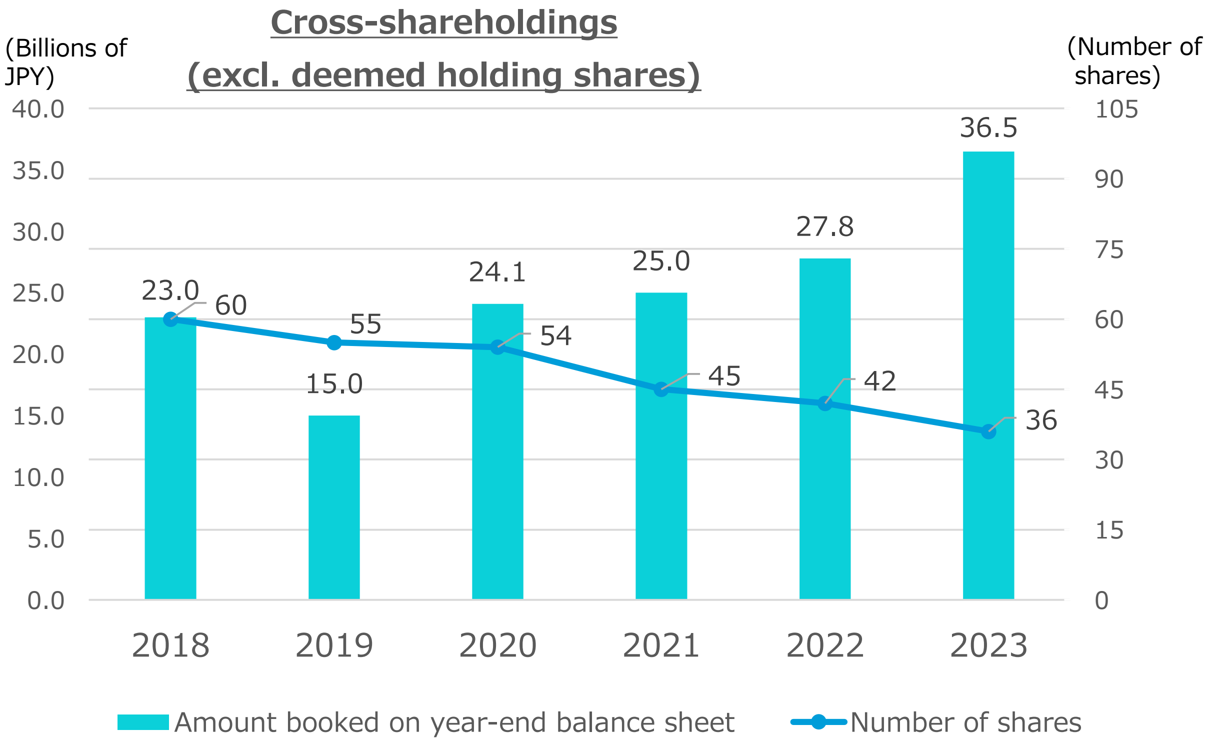
■Segment sales and OP

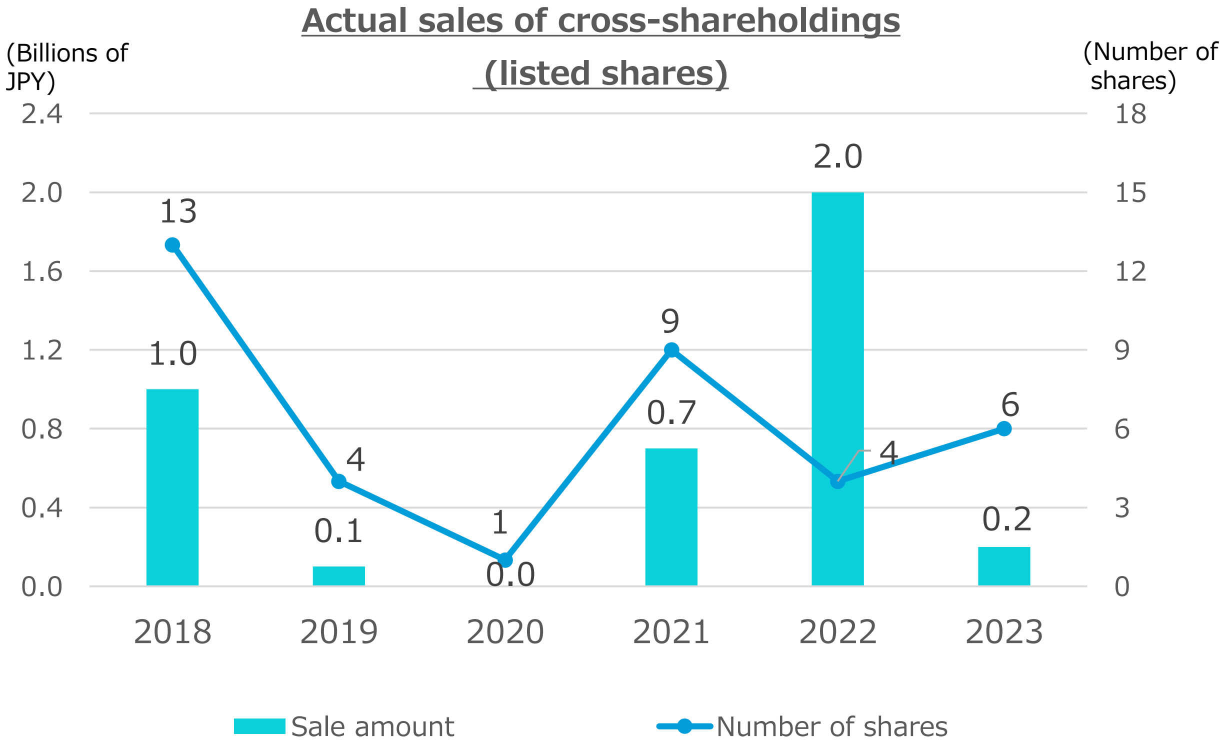
(Billions of JPY)

	Sales			OP		
	FY23 results	FY24 forecasts	Change	FY23 results	FY24 forecasts	Change
Mineral resources: Nonmetallic Minerals	61.5	67.6	6.1	5.9	6.7	0.8
Mineral resources: Metallic Minerals	88.3	96.2	7.9	2.9	0.1	(2.8)
Machinery & Environmental Engineering	14.0	14.8	0.8	1.4	1.3	(0.1)
Real Estate	2.8	2.8	–	1.6	1.6	–
Renewable Energy	1.7	1.7	–	0.5	0.3	(0.2)
Eliminations /adjustments	(1.7)	(1.7)	–	(1.5)	(2.6)	(1.1)
Total	166.8	181.4	14.6	11.1	7.4	(3.7)

6． Policy: Cross-shareholdings

Reducing the cross-shareholdings by 6,000 million yen (based on the market value at end-March 2022) over the five-year period from FY2022 to FY2026 is planned as disclosed in our Integrated Report released on September 29, 2023.
In FY23, six shares totaling 200 million yen (the same amount as the market value at end-March 2022) were disposed.
We will exercise our right to vote on cross-shareholdings appropriately; our criteria are whether the holdings will improve corporate value of ours and portfolio companies' over the medium to long term, and whether our holdings remain worthwhile.





7. Policy: Shareholder returns

Consolidated payout ratio of 40% with the lower limits of dividends, 3% of the market value DOE / 3% of the DOE.

Dividends with payout ration of 30% had so far been paid based on the policy of paying stable dividends over long term while maintaining an optimal balance between equity capital adequacy and shareholder returns.

The policy was modified to the payout ratio of 40% with the lower limits of dividends, 3% of the market value DOE* when the year-end PBR < 1.0x / 3% of the DOE** when the year-end PBR ≧ 1.0x to clarify the dividend policy with increase shareholder returns.

*Market value DOE: Annual dividend per share/Annual average share price (simple average of daily closing prices)

**DOE: Annual dividends per share/Consolidated net assets per share at fiscal year-end (excl. non-controlling interests)

Reference: Results and forecast of payout ratio

FY18	FY19	FY20	FY21	FY22	FY23	FY24(forecast)
17.1%	16.6%	22.2%	30.0%	30.2%	42.6%	approx. 40%

Forward-looking statement

- The forward-looking statements in this document, including forecasts, are based on information currently available to the Company and certain assumptions that the Company considers to be reasonable. The Company undertakes no obligations whether to achieve.
- Actual results may differ from those expressed or implied in the company’s forward-looking statements.

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