

Integrated report

Mitsubishi Steel Mfg. Co., Ltd.
Integrated Report 2025

2025

The Identity of the Mitsubishi Steel Group

The Mitsubishi Group's "Sankouryou" (The Three Principles)

The founding spirit of the Mitsubishi Group on which all Group businesses are based

"Shoki Hoko"

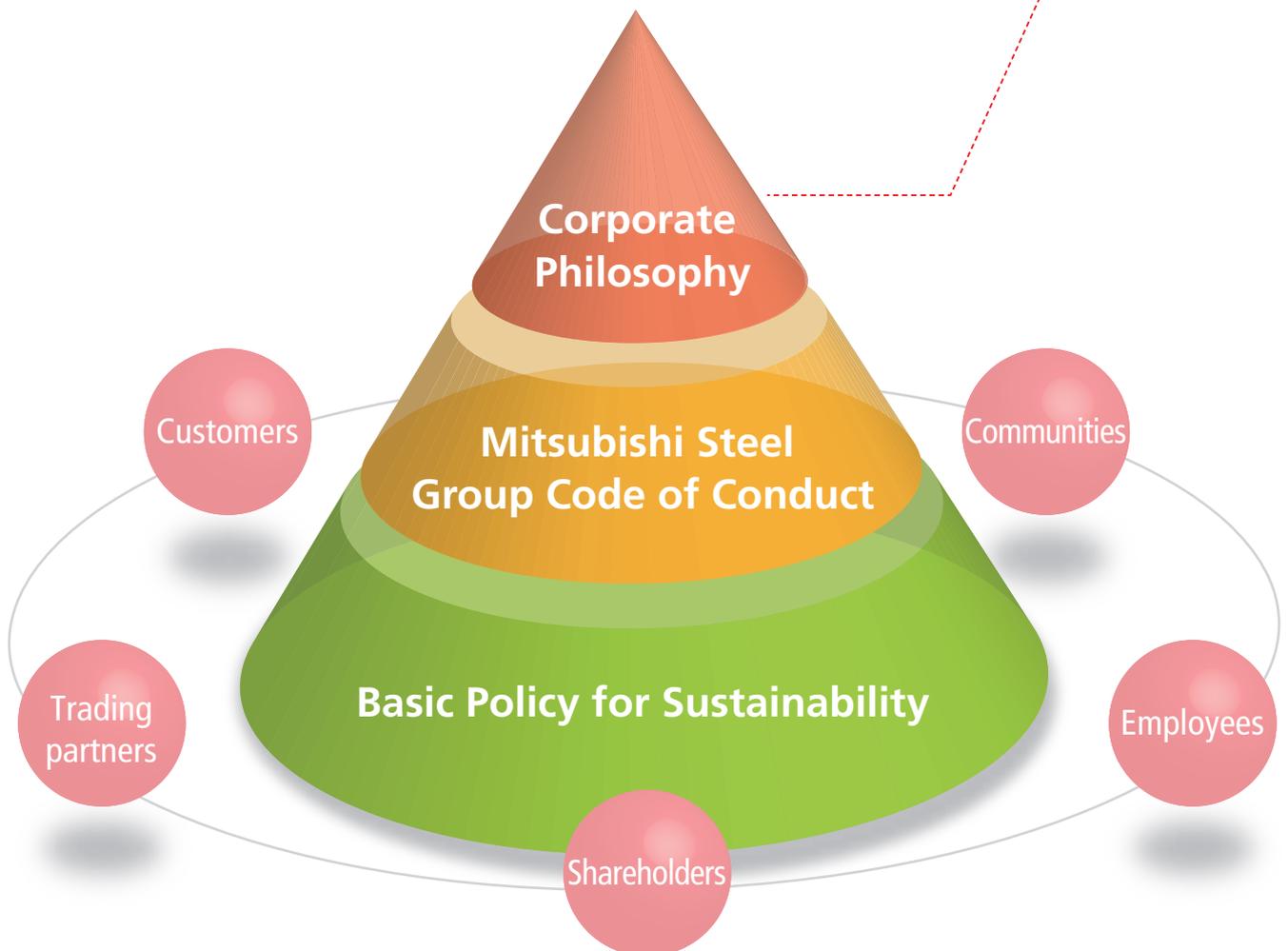
To strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment

"Shoji Komei"

To maintain the principles of transparency and openness, conducting business with integrity and fairness

"Ritsugyo Boeki"

To achieve our business based on an all-encompassing global perspective



See the corporate website for information on the Mitsubishi Steel Group Code of Conduct.
<https://www.mitsubishisteel.co.jp/english/company/philosophy/#anc-02>



See p. 23 for the Basic Policy for Sustainability.

Corporate Philosophy

1. Customer First

We are committed to supplying our customers with products of superior quality and features in response to their needs while continuing to strive for more competitive costs and improved customer services.

2. Development of New Technology

We focus on manufacturing excellence with a competitive edge in the global market while pursuing more advanced technology.

3. Maximizing Human Capital

We are committed to creating a pleasant and vigorous work environment, embracing a diverse workforce with various talents to achieve their full potential.

4. Challenge for the Future

We welcome any challenge with passion and creativity to respond confidently to ever-changing world markets.

5. Contribution to Society

Our management that is based on compliance contributes on progress of society through the business activities with environmental consideration.

Reconsidering Mitsubishi Steel's corporate purpose

Mitsubishi Steel is currently reconsidering its purpose—or reason for being—through discussions aimed at expressing it in simple terms for all, both inside and outside the organization.

We have established a project team of between 10 and 20 members, chiefly young employees and those in the prime of their careers, selected from across sectional boundaries, including from subsidiaries and overseas facilities. Through these discussions, this team will seek to find persuasive answers to the question: What is Mitsubishi Steel's reason for being?

By reconsidering and articulating our purpose, we intend to lead the way toward future growth based on solidarity between employees and management while meeting the challenges posed by today's dramatically changing society.

We plan to share the reconsidered purpose with external stakeholders once the project team's discussions are complete.



Project discussions

Contents

1 Introduction

- 1 The Identity of the Mitsubishi Steel Group
- 3 Contents
- 4 About Integrated Report 2025

5 Mitsubishi Steel's approach to value creation

- 5 Message from the President
- 11 History of the Mitsubishi Steel Group
- 15 Value-creation processes
- 23 Promoting sustainability management
- 25 Priority materiality items for the Mitsubishi Steel Group
- 27 Promoting digital transformation (DX)

29 Six types of capital that support Mitsubishi Steel

- 29 Financial capital
- 35 Human capital
- 47 Manufacturing capital
- 51 Intellectual capital
- 57 Natural capital
- 69 Social/relationship capital

79 Mitsubishi Steel's Business Strategies

- 79 Changes in Mid-term Business Plans over the years
- 81 Overview of individual businesses

89 Mitsubishi Steel's Management Base

- 89 Roundtable discussions between Outside Directors and institutional investor
- 93 Corporate governance
- 105 Risk management
- 109 Compliance

111 Mitsubishi Steel Corporate Information

- 111 Data
- 115 Facilities
- 116 Investors FAQ
- 117 Share status
- 118 Corporate profile / External ESG evaluations / Editors' afterword

Concept behind the cover design

The three intersecting lines in red, the corporate color, the metallic grey of steel, and blue, symbolizing sustainability, express the Group's aim to continue growing into the future while fusing its history of over 120 years of groundbreaking innovations.

About Integrated Report 2025

Mitsubishi Steel began publishing its CSR Report in 2012 to help stakeholders better understand the Group's diverse activities. The Integrated Report, published since 2023, is a tool intended to communicate the Group's activities to achieve a sustainable society from both financial and nonfinancial perspectives, with the addition of subjects such as the value creation process, financial information, and business strategies. This year's Report describes the Group's past, present, and future value creation initiatives, alongside capital, strengths, and other underlying and related factors. We hope it will serve as an opportunity for dialogue to create value together with our stakeholders.

We will continue striving to make timely, appropriate disclosures and to engage in active dialogue with our stakeholders. We hope this Report will serve as a tool that strengthens communication and mutual understanding within the Group and raises our corporate value.



Executive Officer/Head of Public & Investor Relations Department
Takuya Kurauchi

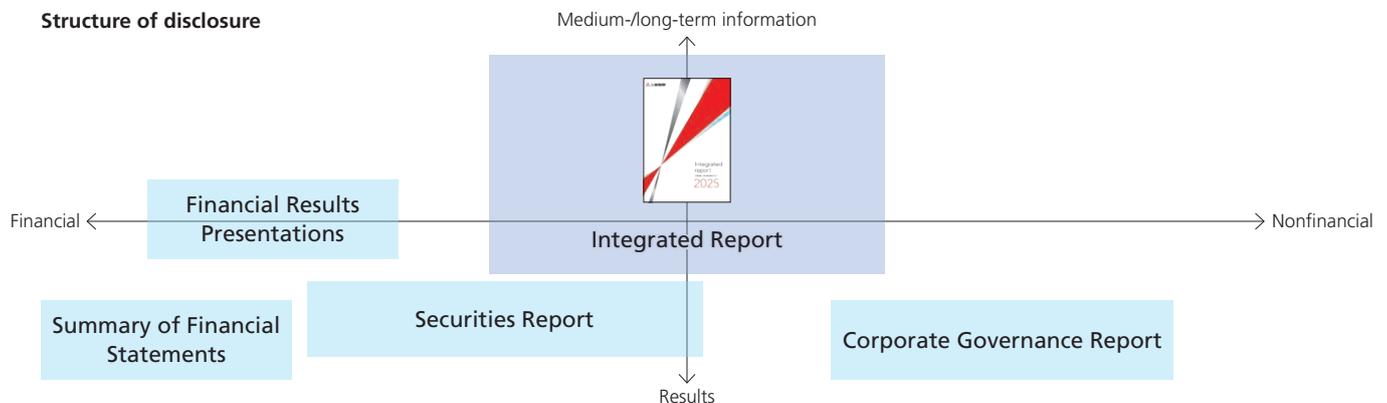
Editorial Policy

Mitsubishi Steel Integrated Report 2025 is intended not just to provide stakeholders with financial information on topics like Group financial results and management strategies, but to help them to understand the value the Group provides to society and the various Group activities intended to strengthen corporate value by reporting comprehensive on nonfinancial information in each of the fields of the environment, society, and governance (ESG), which form the cornerstones of growth for the Group. We have strived to enhance the information provided by the Report while referring to various guidelines, as well as reflecting the views of shareholders, investors, and other stakeholders. Detailed reports on environmental, social, and other data are available in the "Sustainability" section of our website.

Guidelines referenced

- Ministry of Economy, Trade and Industry of Japan, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
- International Integrated Reporting Council (IIRC), International Integrated Reporting Framework
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- ISO 26000 (Guidance on social responsibility)
- ISO 30414 (human capital reporting and disclosure guidelines)

Structure of disclosure



Period

This report covers FY2024 (April 1, 2024–March 31, 2025). Certain content may also address other periods.

Scope

This report mainly covers Mitsubishi Steel and includes content concerning the activities of its domestic and overseas consolidated subsidiaries (17 companies). The scope of the quantitative information provided is indicated on the corresponding individual pages.

Intended readership

This Report is intended for shareholders and investors, customers, trading partners, employees and their families, residents of the areas in which Group facilities are located, and other stakeholders.

Note on forecasts

The forward-looking statements found in this Report represent the Group's best judgment based on information available at the time the statement was prepared. The information, however, includes various uncertainties. For various reasons, actual business performance and other results may differ significantly.

Company website **Investor Relations** <https://www.mitsubishisteel.co.jp/english/ir/>
Sustainability <https://www.mitsubishisteel.co.jp/english/sustainability/>

Message from the President



Representative Director, President & CEO

Jun Yamaguchi

To empower human resources and the organization to develop the future through Companywide solidarity

To provide value to society through manufacturing seamlessly from materials to products and a “Customer First” spirit”

The year 2024 was a special year, one in which the Mitsubishi Steel Group reached a number of major turning points. Domestically, Hirota Works, part of the Formed & Fabricated Products business, marked the 100th anniversary of its founding, while in the Special Steel Bars business, both Mitsubishi Steel Muroran Inc. and MSM (Thailand) Co., Ltd. marked their 30th anniversaries. These milestones inspired a renewed appreciation for the achievements and the years of effort of our predecessors.

The Group's roots can be traced back 120 years to its birth as Tokyo Spring Works, Japan's first spring maker. I believe that two key strengths have allowed us to remain an essential supplier supporting industry over the many years since.

One is our integrated system of manufacturing seamlessly from materials to products. At the time of our founding, Japan depended

on imports for the special steel used to make springs. During the wartime years, it became increasingly difficult to obtain these materials. Under these conditions, our predecessors began producing specialty steels in-house based on the philosophy: “If we don't have it, we'll make it!” This spirit of integrated manufacturing—from the materials needed to make specialty steels to the actual spring production—gave birth to Mitsubishi Steel's business model. The expertise it inspired has been passed down as the capacity to propose optimal solutions reflecting customer needs, based on a deep understanding of materials and components, the capacity to increase added value through cooperative efforts among the businesses, and the capacity to pursue both performance and quality.

The second strength is the Customer First spirit, which sits at the top of our Corporate Philosophy. Many of our products are used in products like automobiles, construction machinery, and electronics. They provide value to society via the manufacturers that produce the finished products. Automotive coil springs are one example. We supply high-quality springs that meet customer demand to realize

safety, comfort, and fuel efficiency through weight savings. We have continued to improve our technological capabilities to meet ever-changing customer needs. Our goal is to continue to improve in these aspects to achieve continuous growth.

Demonstrating our value in a dramatically changing environment

Today, we live in a time of dramatic change and global uncertainty, a time that defies easy grasp, one beset by rising geopolitical risk, rising costs, and slowing economies in China and Europe since the global COVID-19 pandemic in 2020.

The signs are visible in the needs of our customers. Over the past few years, demand has grown rapidly for products that contribute to solutions to social challenges, including, with rapid growth in AI and digitalization, the need to respond to growing demand for electricity; the growth of environmental issues and demands, targeting carbon neutrality and a circular economy; and the growing security field, spurred by rising defense budgets. Our task is to provide value to society and to meet the diverse needs of our customers by drawing on our advanced technological capabilities, by demonstrating the flexibility needed to adapt to such changes, and by approaching social issues as opportunities to identify solutions.

In my career of nearly 30 years with the Company, I have worked in sales in the formed and fabricated products and the springs businesses. During this time, I saw the withdrawal from formed and fabricated products. That was difficult but impressed on me how sustained corporate growth is possible only if we identify the needs of society and customers at all times and continue to take on new challenges. In today's dramatically changing social and market environments, it will be more important than ever before to demonstrate our value to society and to co-create value with customers by continuing to pursue such challenges.

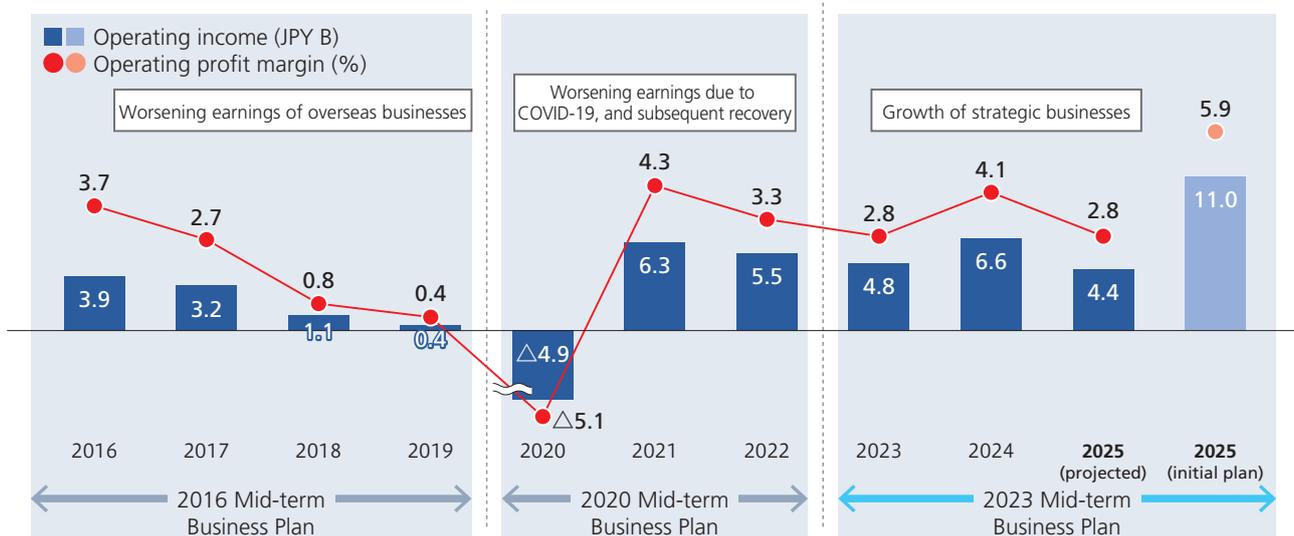
In a time in which we must adapt to dramatic change, it is vital to move forward while strengthening solidarity within the Group by sharing our goals and actions from a Groupwide perspective, not just from the vantage point of our own immediate efforts. We have established a project led by young employees and others in the prime of their careers to reconsider our reason for being—our purpose—and to discuss ways to articulate our purpose more persuasively both internally and externally. Through these initiatives, by ensuring that all employees share a consistent mindset and can achieve growth while continuing to pursue challenges, we will become a company that continues to deliver value to society.

While we expect to fall short of the targets in the current Mid-term Business Plan, strategic businesses are making steady progress toward profit growth.

Since 2016, both the 2016 Mid-term Business Plan (FY2016-2019) and the 2020 Mid-term Business Plan (FY2020-2022) have reached their endpoints. The 2023 Mid-term Business Plan (FY2023-2025) is now underway. A major point of the 2016 Mid-term Business Plan was to build global supply chains in line with the accelerating international development of automakers. This represents the foundations of our current production and supply structures. At the same time, the policies of the first Trump administration led to a rise in protectionism, and automakers shifted procurement strategies toward local procurement and consolidation and the shuttering of global facilities. Manufacturing structures proved unable to keep up with the rapid global expansion. With declining earnings at overseas facilities, we recorded substantial impairment losses in FY2019.

The 2020 Mid-term Business Plan was formulated one year ahead of schedule in response to our inability to adapt in a timely manner to the changing external and internal environmental

Trends in operating income and operating profit margins



conditions. Under that plan, we implemented structural reforms intended to improve earnings quickly while focusing on the key theme of stanching the bleeding at overseas facilities and strengthening our product power. The restructuring of JATIM in Indonesia progressed. Although the North American subsidiary, which had recorded heavy and continuing losses for quite some time, continued to face challenges, this subsidiary also showed signs of returning to positive income as the plan period reached its end. At the same time, despite high net sales, profits fell short of initial targets. Much remains to be done to improve operating profit margins.

The current 2023 Mid-term Business Plan reflects the lessons learned from the two preceding plans. While continuing to address the financial and nonfinancial issues remaining from the previous Mid-term Business Plan, as a first step toward our vision for 2030, we have set the goal of enhancing earnings capabilities of core businesses while also nurturing strategic businesses. Strategic businesses include five existing businesses for which we expect to see market growth, in addition to new ventures.

FY2024 marked the second year of the current Mid-term Business Plan, a perfect time to review its progress. Although the strategic business of precision spring components has contributed to revenues by expanding sales into new fields, operating income, at 6.6 billion yen, was below the initial target of 9.5 billion yen due to lower demand in the major customer fields of construction machinery and automobiles.

In FY2025, the final year of the Mid-term Business Plan, we achieved steady progress with revenue contributions from strategic businesses. For example, the precision spring components business is trending above plans. Profitability is up in the steel bars business overseas. But due to the strong impact of the slowdown in the domestic steel bars business, we are unlikely to achieve the targeted operating income of 11.0 billion yen.

Under the current Mid-term Business Plan, the strategic businesses characterized by high profit margins have begun to make steady contributions to revenue. We have made progress on structural reforms in the Springs business, alongside progress on addressing our dependency on the domestic steel bars business, which remains

highly volatile and susceptible to economic sentiment. We also made capital investments related to strategic businesses, which we expect to come to full fruition in the next Mid-term Business Plan and beyond. At the same time, in light of current conditions, which have been impacted strongly by the changing business environment, we must make further efforts to realize our ideal vision for 2030.

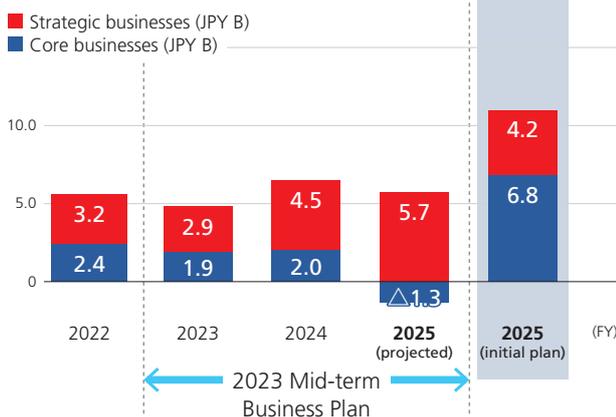
Adopting ROIC as a KPI and optimizing the business portfolio

One major change in the current Mid-term Business Plan is the adoption of ROIC as a KPI for management decisions. In addition to preparing and analyzing business portfolio maps for individual facilities from the perspectives of ROIC and market growth rates and allocating resources proactively to facilities with high levels of both ROIC and market growth rates, we have tried to improve ROIC through various bold measures, including production system revisions, streamlining of product portfolios, and, when needed, considering business withdrawals or selling low-profit businesses. In FY2024, we withdrew from a European facility that had continued to post low profits.

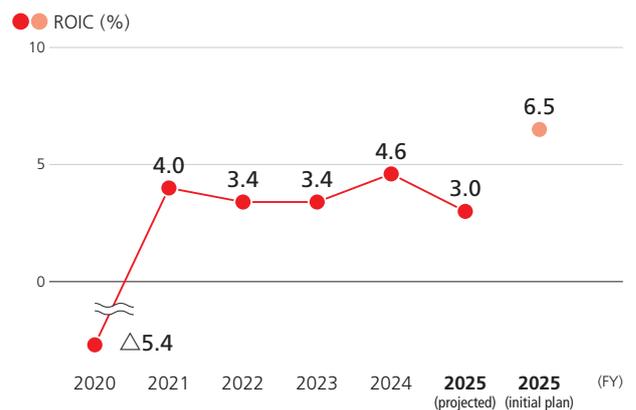
Thanks in part to these efforts, ROIC has improved over the two years of the Mid-term Business Plan. Nevertheless, due to the slowdown in the domestic steel bars business, achieving the ROIC target of 6.5% for FY2025, the final year of the plan, remains challenging. Under the next Mid-term Business Plan, we must continue to accelerate efforts in various areas, including earnings capabilities and capital efficiency.

The need to achieve thorough promulgation of the ROIC concept among employees is another important issue. Thanks in part to employee education and awareness-promoting activities, division and department managers in the field are now able to bring up matters based on an assumed understanding of ROIC and its importance. By continuing to enhance this understanding, we will promote management based on an awareness of capital efficiency on a Companywide basis.

Trends in operating income (strategic businesses, core businesses)



ROIC trend



Continuing to accelerate improvements in earnings capabilities and optimizing capital efficiency during the time covered by the next Mid-term Business Plan



The next Mid-term Business Plan currently being formulated will enhance human capital investments while focusing on domains in which strategic businesses can succeed.

Based on this progress, we are currently formulating the next Mid-term Business Plan, which will take effect in FY2026. Formulated by backcasting from our vision for 2030, the current 2023 Mid-term Business Plan seeks to grow strategic businesses while enhancing the earnings capabilities of core businesses, targeting an increase in the share of our businesses accounted for by strategic businesses from 30% in 2022 to 50% in 2030.

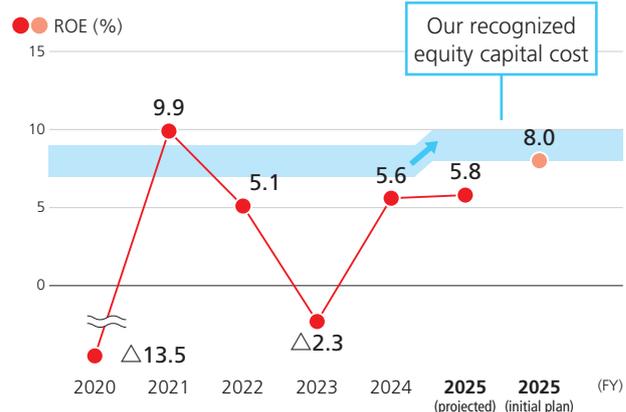
While this overall course will remain unchanged, the external environment has changed dramatically since the formulation of the current Mid-term Business Plan. For example, domestic demand for special steel bars has declined, and some major players have withdrawn from the domestic offshore wind efforts. In light of these changes, in the next Mid-term Business Plan now under discussion, we will more clearly set forth our priority fields—for example, by concentrating resources on strategic businesses in domains that promise both growth and profitability. To ensure steady growth toward our vision, while maintaining the courses of action in strategic businesses we have sown and nurtured to date, we will invest management resources selectively by focusing on priority domains identified as domains in which we can expect success.

Corporate growth requires both growth investments and efforts to strengthen our financial base. From the perspective of cash allocation, in addition to reducing interest-bearing debt and improving the cash conversion cycle (CCC) companywide, we are striving to

improve capital efficiency through streamlining low-profit businesses. At the same time, while steadily pursuing the investments necessary for growth, we have timed such investments based on careful consideration of matters such as market environments and business growth potential. In the next Mid-term Business Plan and beyond, we believe it will remain essential to improve our financial constitution, one of the important issues facing the Company, while allocating cash flow with a focus on the balance between investments in growth and efforts to enhance shareholder returns.

Another key topic is investment in human capital to accelerate strategic businesses. We will make hiring and placement plans clear in ways directly connected to business strategies while strengthening the coordination of management and human resource strategies. As a first step, we have begun system optimization in our sales sections and at the Research and Development Center. To grow the strategic businesses that will move to fruition during the time covered by the next Mid-term Business Plan, we will need to address

ROE trend and equity capital cost





We will seek to achieve an even stronger organization in which employees can grow side by side while demonstrating their individual strengths to the fullest.

sales capabilities in market research, sales strategies, and other areas, as well as the R&D and technological capabilities needed to secure market share firmly in line with market growth. Through the period of the next Mid-term Business Plan, in addition to optimizing staffing structures, we will expand training on key topics such as high-performance materials and digital technologies while investing to systematically develop essential skills.

As our business portfolio shifts, we will need to consider the Companywide optimization of systems. In addition to clearly ascertaining priority domains, as noted above, we will promote discussions toward ever more optimized staffing structures.

Toward a PBR of 1 or more by enhancing earnings capabilities and reducing capital costs

We face considerable hurdles in pursuing the current Mid-term Business Plan's target PBR of 1 or better. The PBR is just 0.6 at present. Additionally, while we plan to migrate to the next-generation TOPIX index next year, our current share price would fall short of the revised requirements. With a certain sense of urgency, the management team thus views our inability to increase corporate value as a critical issue. We are discussing daily in the Board of Directors and management meetings initiatives to satisfy the TOPIX criteria while promoting reforms toward a PBR of 1 or more even more urgently. In doing so, we have identified as a key contributing factor our failure to reliably and repeatedly achieve the revenue demanded by the markets.

At the time the current Mid-term Business Plan was formulated, we recognized our targeted cost of equity capital to be about 8%.

Following discussions with investors, we have revised our understanding to recognize our target cost of equity capital to be a minimum of 8%, based on reassessments of Company-specific risk factors. But achieving a minimum ROE of 8% during the current three-year Mid-term Business Plan period will be difficult. In addition, our business results to date have tended to be strongly influenced by economic sentiment. This is particularly true for the core domestic steel bars business. This volatility and its effects on the accuracy of forecasts can contribute to higher equity capital costs.

In addition to enhancements in earnings capabilities, resolving such uncertainties will be an important theme in the next Mid-term Business Plan. For this reason, we recognize the need to develop strategic businesses and establish priority businesses. In particular, we need to build resilient revenue streams that do not depend excessively on the domestic steel bars business, which is highly susceptible to economic sentiment. We believe we have achieved some results on efforts to improve margins by enhancing earnings capabilities, as called for in the current Mid-term Business Plan. While continuing to promote structural reforms in the overseas springs business, we will identify the low-profit businesses and reallocate funds toward highly profitable strategic businesses. We must also leverage our technological strengths to expand numbers of high-value-added businesses such as our patented precision springs components. To do so, we will actively invest resources into R&D on strategic businesses and identify domains in which we can succeed by meeting customer needs, promoting selective business growth to generate stable revenue. In this way, as we prepare for the next Mid-term Business Plan, we will make progress on establishing a more persuasive growth narrative.

Strengthening the organization by making the most of our people

Each of our employees plays a vital role in supporting our growth and building our future. The capacity of our organization to allow the fullest expression of the strength of our human resources is another important topic. A key topic is the need to realize an organization in which all members can help address major issues by establishing workplaces that inspire rewarding work and active growth, without depending on the abilities of specific individuals. This is what I see as my mission.

I was reminded of the importance of doing so by the experience of JATIM in Indonesia, which I visited at the end of last year. JATIM has recovered from past losses to grow steadily in the challenging Indonesian market, something made possible by the power of its national human resources and teamwork. While its team includes many members who are not highly experienced, they were able to overcome difficulties by boldly taking on new fields while drawing on teamwork to supplement individual abilities. JATIM's manufacturing process improvements, promoted by resident staff from Japan and national staff working together to eliminate waste and improve manufacturing efficiency, have generated clear results. Seeing the active and vital work they accomplished while transcending linguistic and cultural differences reminded me once again that the growth of human resources is essential to corporate growth.

On another recent visit to JATIM, the way both Japanese and national staff worked with positive attitudes and bright expressions gave me confidence that JATIM will build a bright future. It's the perfect example of how bringing out the capabilities of individual employees and providing growth opportunities leads to corporate growth.

Since I assumed office, to further broaden efforts to make the most of our human resources, we have continued to hold townhall meetings at individual sites. These events create opportunities to hear directly from the employees on site and to reflect their views in management. It struck me that the quality of the employee's questions and requests is significantly higher than a few years ago, and the improvements they have inspired are gradually beginning to bear fruit. In the engagement surveys launched two years ago, while a degree of satisfaction has been identified with our investments in human resources, including record-high wage increases, overall satisfaction scores remain low. By listening in good faith to employee expectations for the Company and responding in good faith, we will continue to strengthen relationships and trust between the Company and its employees. As team members demonstrate the best of what they can do and continue to grow side by side, we will build stronger teams capable of rising to any challenge.

Building trust and growth experiences in this way will lead to even better results by making it possible to draw on the power of the entire Company. By firmly establishing cycles in which the Company earns greater returns as its employees grow and demonstrate

their abilities to the fullest, after which the Company returns these gains to the employees, we will transform into a company that can demonstrate high performance continuously.

Realizing the slogan *Leveraging our people and technologies to continue to succeed in a time of change to achieve continuing rapid progress*

As noted above, the business environment has changed dramatically from the time the current Mid-term Business Plan was formulated. Even so, we have made steady progress in sowing seeds for the future. Our approach of bringing these seeds to fruition in the new Mid-term Business Plan to take effect next year remains unchanged. To achieve sustained growth, in addition to continuing to enhance earning capabilities, we will strengthen resilience against any environmental changes that emerge during the period covered by the next Mid-term Business Plan by identifying domains in which we can achieve success in the runup to 2030 and by establishing priority businesses that support the future. By generating steady results in this way, we will strengthen stakeholder trust and expectations.

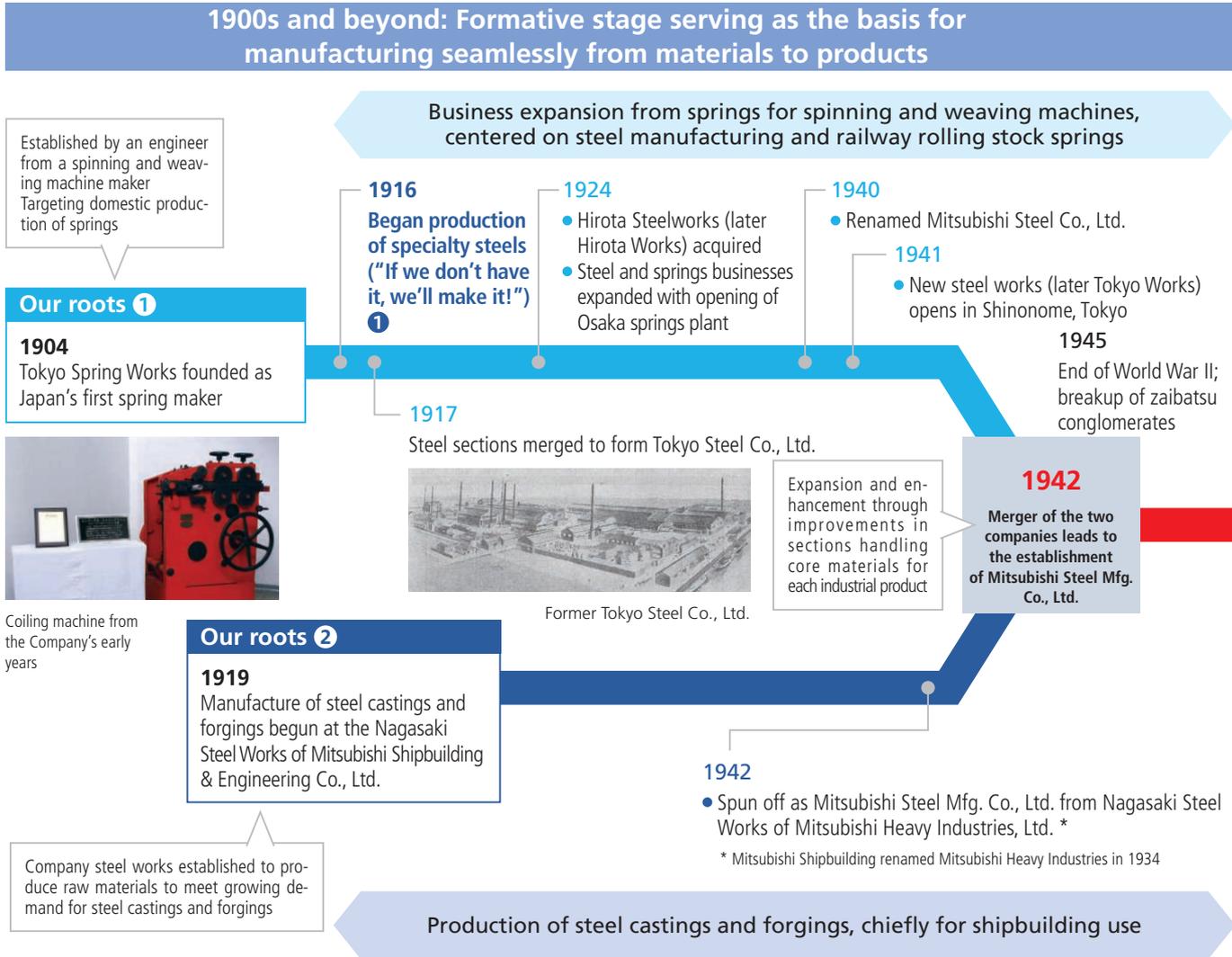
To make real the slogan for our ideal vision for 2030, "Leveraging our people and technologies to continue to succeed in a time of change," we will put our capital to maximum use. We will deliver solutions to social issues by meeting diverse customer needs. I am committed to leading all of us in moving side by side toward this ideal.

We received numerous comments and suggestions from shareholders, investors, and other stakeholders regarding Group disclosures and communication, including the publication of this Report. We have tried to reflect this input in our management efforts. We will continue to strengthen this dialogue and to apply the resulting feedback in management.

We ask for the continuing confidence and support of our stakeholders as we guide the Mitsubishi Steel Group forward to ever greater growth.

History of the Mitsubishi Steel Group

The history of Mitsubishi Steel Group began in 1904 with Tokyo Spring Works, Japan's first spring manufacturer. In our history of more than 120 years since then, we've grown by expanding our businesses while adapting to the changing times.



1 If We Don't Have It, We Make It

Start of Group's history of more than 120 years with the production of small springs for use in spinning machinery. At that time, Japan relied on imported special steels to make its springs. As World War I proceeded, it became increasingly difficult to secure special steels.

Under these conditions, the Group's predecessors began producing specialty steels in house, based on a "If we don't have it, we make it!" philosophy. This spirit of taking on challenges without fear of failure is the driving force underlying Mitsubishi Steel's businesses. It is also the source of our business model for integrated manufacturing ranging from materials to products. The resulting expertise has been handed down to us and constitute Mitsubishi Steel's strengths.



Spring production in the early Showa Period

In today's rapidly changing world and in response to various emerging social issues, the Company is facing a new stage of transformation. Looking ahead to the next century, we plan to achieve sustained growth and increase corporate value by providing value to society while making the most of the various forms of capital established to date.

1950s and beyond: Growth through business structural transformation and new business development

Business structural transformation ②

Structural changes in the springs business (e.g., growth in automotive products and entry to precision springs business)

Tokyo Steel Co., Ltd. succeeds to the businesses of the former Mitsubishi Steel Co., Ltd.

1952

- Renamed Mitsubishi Steel Co., Ltd.

1949

Split into two companies

Merger intended to increase stability in response to changing economic conditions and to enhance competitive strength

1964

Merger of the two companies leads to the establishment of Mitsubishi Steel Mfg. Co., Ltd.

Business succeeded to by two companies established in accordance with reorganization plans specified by the Enterprises Reconstruction and Rehabilitation Law

1953

Nagasaki Steel Mfg. Co., Ltd. assumes operations of Nagasaki Steel Works of the former Mitsubishi Heavy Industries, Ltd.

- Renamed Mitsubishi Steel Mfg. Co., Ltd.

Business structural transformation ②

Growth in orders received from electric power, steel, machinery, and other industrial segments

Entering new businesses

1960s

Precision springs subsidiary established / capital participation

1970s

Entry to new fields (birth of businesses that continue today)

- Highly magnetic drum magnetic separators
- World's largest clamshell buckets
- Tire protectors
- Vibration damping equipment etc.

1975

Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. Established



Businesses related to machinery assembly parts spun off from former Nagasaki Steel Works

1960s-1970s

Technical partnerships with overseas makers

1978

Technical alliance with PT. Indospring, Tbk to produce leaf springs in Indonesia (the basis for today's integrated production at JATIM)

1981

Production of special alloy powders begins at Hirota Works through technical alliance with a British maker

② Business structural transformation

The Company's businesses underwent massive transformation after World War II. As a heavy industries firm, until that time, we had been highly dependent on military demand. With the end of the war, we shifted toward private sector demand.

The springs segment expanded its equipment for automotive springs. In the 1960s, it entered the precision springs business, which it saw as a future growth field. Our springs for rail rolling stock, for which we had long maintained high market shares, were recognized for their quality, which led to their use in the Shinkansen bullet trains that would symbolize Japan's railway.

As demand declined for products intended for use in large ships, the steel castings and forgings segment began to receive orders from segments like electric power, steel, and machinery. In the 1970s, we shifted toward manufacture and sale of high-value-added machinery assembly parts.

In addition, throughout the 1960s and 1970s, we pursued technical partnerships with overseas firms. One such opportunity was in special alloy powders, which is now among our strategic businesses.



Automotive coil springs



Special alloy powders

1980s and beyond International expansion and reorganizing domestic businesses

1980s

Began production of automotive stabilizer bars



Mid-1990s and beyond

Began production of high-performance hinges for video cameras (drawing on precision spring components technology)



Mid-2000s

Top share of markets for biaxial hinges for mobile phones and hinges for video cameras




MSM(THAILAND)CO.,LTD. MSMPhilippinesMfg.Inc.

1986

- Precision Springs Co., Ltd. established through merger with affiliate to strengthen precision spring components business (absorption-type merger in 2005)

1994

- Joint venture established in Thailand (later MSM THAILAND CO., LTD.)

1995

- Precision spring components production and sales facilities established in the Philippines (later MSM Philippines Mfg. Inc.)

1980s and beyond
Japanese automakers expand to Europe and North America

Plants expanded to increase production capacity on relocation as part of redevelopment in Shinonome, Tokyo

Overseas expansion (move into North America) ③

1986

Overseas expansion in springs business through joint venture established with Canadian firm



MSSC CANADA INC.

1991

American joint venture established with same partner



MSSC US INC.

2009

Made wholly-owned subsidiary with acquisition of shares from joint venture partner; renamed MSSC CANADA and MSSC US

Domestic business reorganization

1993

Springs business relocates from Tokyo Works to new Chiba Works



Chiba Works (Ichihara, Chiba Prefecture)

1994

Special steel bars business relocates from Tokyo Works to newly established Mitsubishi Steel Murooran Inc., in Murooran City



Mitsubishi Steel Murooran Inc. (Murooran, Hokkaido)

③ Overseas expansion

In 1986, we established a production facility in the Springs business in Canada. While we previously had entered into technical partnerships with overseas makers and established overseas offices to collect information on international markets, this marked our first full-scale production facility overseas. As Japanese automakers expanded into Europe and North America starting in the 1980s, we responded by expanding overseas to meet demand for local procurement. We later opened a facility in the United States.

This trend accelerated in the 2000s, and we became a global supplier of springs by advancing into markets like China, India, Mexico, and Germany in line with international expansion of Japanese automakers.

To capture ASEAN's growing market, in the Special Steel Bars business, we initiated capital participation for a steel bars maker in Indonesia in 2014, which was made a consolidated subsidiary in 2018. After a period of technological and quality challenges, it began to secure operating profits in 2021 and has recently contributed stable revenue.

2000s and beyond Accelerating international business development

2020s and beyond Toward sustained growth

Overseas expansion (making the Springs business a global supplier by advancing alongside the international expansion of Japanese automakers) ③

- 2006** MSM Ningbo Spring Co., Ltd. opens in China.
- 2014** Two companies established in India: MSM Spring India Pvt. Ltd. and Stump Schuele & Somappa Auto Suspension Systems Pvt. Ltd. (5S, an equity-method affiliate)
- 2016** MSSC MFG MEXICANA, S.A. DE C.V. opened in Mexico.
- 2018** German springs maker acquired (MSSC Ahle GmbH)



MSM Ningbo Spring Co., Ltd.



MSM SPRING INDIA PVT.LTD.

2025

- 5S opens a new plant (to expand automotive spring production capacity)

2016

- Research and Development Center opened within the Chiba Works.



2024

- Withdrew from German springs business as part of structural reforms to overseas businesses

Overseas expansion (overseas expansion of Special Steel Bars business) ③

2006
PT. MSM INDONESIA established as a sales company in Indonesia



2014
Capital participation in PT. JATIM TAMAN STEEL MFG. (JATIM), a special steel bars maker in Indonesia

2016
Jakarta Branch of PT. MSM INDONESIA opened

2018
JATIM made a consolidated subsidiary with purchase of additional shares



2023
Capital increase conducted in JATIM to enhance financial base and increase production capacity



JATIM production facility

Toward sustained growth

In our history of more than 120 years since our founding as Tokyo Spring Works in 1904, we have earned growing trust and established an ever-growing store of technologies by meeting diverse customer needs in fluctuating business environments, including a major war, Japan's period of rapid postwar economic growth, and industrial globalization. Today, we face a new period of transformation as society becomes increasingly diverse and complex.

While retaining our bases in the core businesses of domestic steel bars, automotive springs, and stabilizer bars, we will meet demand in growing markets and deliver solutions to society's challenges in strategic businesses based on the technologies built up to date: overseas steel bars, commercial vehicle and rolling stock springs, special alloy powders, offshore wind-power-related products, and precision spring components.



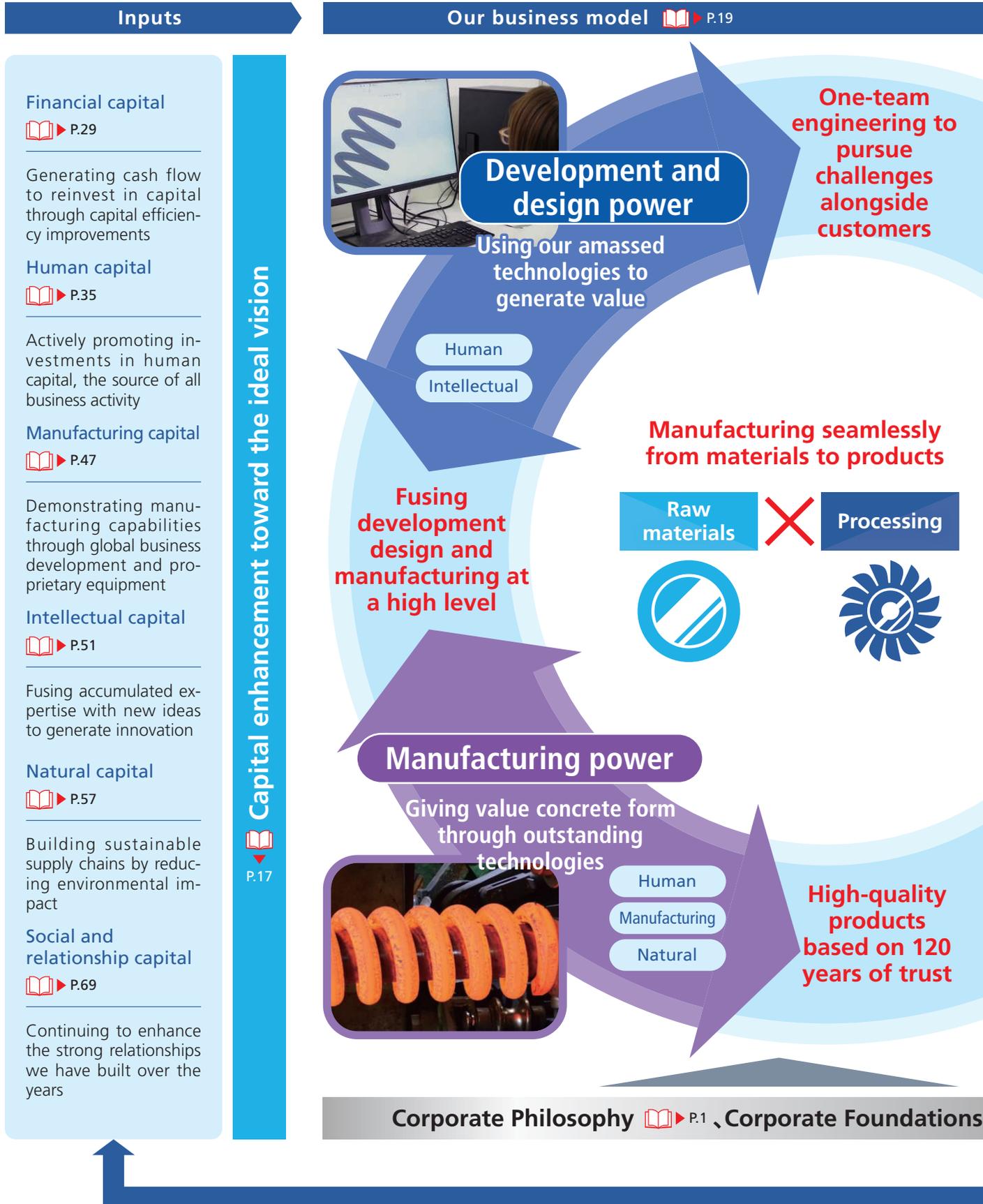
We have produced leaf springs since our founding, which we deliver mainly for use in commercial vehicles.



Large-scale processing equipment at Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. for offshore wind-power-related products

Value-creation processes

Our business model embodies our Corporate Philosophy of "Customer First," "Development of New Technology," "Maximizing Human Capital," "Challenge for the Future," and "Contribution to Society."



Over our more than 120-year history, we have consistently demonstrated the strengths of our development and design power, manufacturing power, and co-creation power to provide value to society based on the core of manufacturing seamlessly, from materials to products, that we have maintained since our founding.

In the future as well, we will continue to contribute to a sustainable society while increasing corporate value through putting our capital to maximum use in creating new value to deliver solutions to society's challenges side by side with our customers.

Outputs

Outcomes

Core businesses



Domestic steel bars



Automotive springs, stabilizer bars

Strategic businesses



Overseas steel bars



Commercial vehicle/rolling stock springs



Precision spring components



Special alloy powders



Offshore wind power-related products



New businesses (entrepreneur development)

Achieving a sustainable society



3 GOOD HEALTH AND WELL-BEING



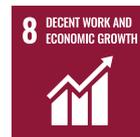
5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Co-creation power

Delivering the value society needs

Human

Social and relationship



Automotive



Construction machinery

Corporate value creation

Social value creation P.21

2030 vision	
Financial	Net sales: JPY 220.0 B
	ROE: 10%
	Higher PBR
Nonfinancial	• Carbon neutrality
	• Higher brand value
	• Stronger stakeholder relationships

Contribution to a sustainable planet

Society of safe, comfortable mobility

Society that's easy to live in

Initiatives to enhance capital

By promoting initiatives that enhance our six types of capital, the Group strives to maximize social value in pursuit of achieving management targets and its ideal vision.

	Our capital (FY2024 end)
Financial capital  P.29	ROE: 5.6% Cash flows from operating activities: JPY6.0 B Total assets: JPY138.7 B Equity ratio: 30.8%
Human capital  P.35	Number of employees (consolidated: 3,841; nonconsolidated: 681) Percentage of women employees: 13.7% (nonconsolidated) Percentage of midcareer-hire employees: 23.6% (nonconsolidated) Employee engagement score (Improvement from FY2023: 6.2%) Human capital ROI: 52%
Manufacturing capital  P.47	Production facilities: four in Japan, eight overseas (global production and supply network) Facility strengths: Facilities for integrated production from materials to products Facilities capable of producing and processing large-scale products
Intellectual capital  P.51	Demonstrating synergies through core materials and processing technologies Testing and research themes related to strategic businesses: 34 (FY2024) Training programs for applicants to help create new businesses (Ideas submitted in FY2024: 26)
Natural capital  P.57	Raw material inputs: 474 kt (FY2024) (e.g., molten ferrous raw materials made from iron ore and coal for carbonization) * (Mitsubishi Steel and Mitsubishi Steel Muroran) Total energy consumption: 1,314 GWh (FY2024, consolidated) Water intake: 5,719,000 m ³ (FY2024, consolidated)
Social and relationship capital  P.69	Stable long-term customer base (construction machinery manufacturers, automakers, and other customers in Japan and around the world) Domestic, international, and multi-industry supply chains Shareholders: 13,520 (March 31, 2025) Shareholder/investor dialogue: 32 events (FY2024) Coexistence with local communities Joint research with academic and research institutions, participation in industry associations, etc.

Our April 2025 organizational reforms have enhanced the roles of the Corporate Planning Department in overall coordination functions for organization-wide measures and resource allocation. The goal is to develop systems to accelerate sustained corporate growth while promoting Groupwide optimization.

Initiatives to strengthen capital	Ideal vision
<ul style="list-style-type: none"> ● Business portfolio optimization (Developing strategic businesses with high ROIC and market growth rates) ● Promoting and promulgating ROIC management ⇒ Activities to improve the cash conversion cycle (CCC), employee training activities, etc. ● Reducing the cost of equity ⇒ Reducing performance volatility and improving the precision of performance forecasts Enhancing disclosure and pursuing growth ● Cash allocation with an emphasis on balancing investments to achieve growth, improve the financial constitution, and enhance shareholder returns 	<ul style="list-style-type: none"> ● Creating ROE in excess of the cost of equity capital (Increasing the equity spread) (FY2025 forecast: 5.8%; FY2030 target: 10%) ● Generating cash for reinvestment in each type of capital (e.g., capital investment, human resource investment) ● Appropriate shareholder returns (FY2025 policy: dividend payout ratio 40%, minimum annual dividends 80 yen/share) ● Reducing financial risk by improving the financial constitution (FY2030 equity ratio target: 40%)
<ul style="list-style-type: none"> ● Increasing employee motivation and eagerness to take on new challenges ⇒ Establishing management cycles to leverage individual strengths ● Building organizations to strengthen trust between the Company and employees ⇒ Creating workplace environments for leveraging our people (including physical and mental health and safety) ● Fostering cultures to maximize organizational performance ⇒ Promoting DEI; enhancing middle management ● HR portfolio optimization to develop strategic businesses ⇒ Launching optimization efforts in management and R&D sections 	<ul style="list-style-type: none"> ● Generating innovation ● Maximizing organizational performance (increasing productivity) ● Accelerating strategic business development by optimizing HR placement
<ul style="list-style-type: none"> ● Capital investment (FY2024 result: JPY4.2 B) ⇒ Active investment in strategic businesses ● Promoting digital plant transformation (DX) ⇒ Labor savings and efficiency improvements, data collection and analysis, quality improvements 	<ul style="list-style-type: none"> ● Enhancing competitive strengths (improving production capacity and efficiency) ● Increasing customer satisfaction (quality improvements) ● Reducing environmental impact through production efficiency improvements
<ul style="list-style-type: none"> ● R&D investment (FY2024 results: JPY1.7 B) ● Promoting the development of digital transformation (DX) (e.g., accelerating testing, improving analysis precision) ● R&D human resource development and optimal placement ⇒ Learning necessary skills and transforming hiring and placement as needed in strategic businesses ● Cooperation with external institutions (e.g., industry-academia partnerships) ● Enhancing IP activities (promoting the swift discovery of technological seeds and securing associated rights) ● Promoting projects to develop businesses from new business ideas 	<ul style="list-style-type: none"> ● Creating added value ● Generating innovation (technological innovation and development of new products and businesses) ● Increasing brand value
<ul style="list-style-type: none"> ● Lessening dependency on natural capital ⇒ Using resources more efficiently and improving production efficiency Realizing a circular economy through means such as use of byproducts ● Minimizing negative outputs ⇒ Reducing GHG emissions for carbon neutrality Reducing industrial waste, wastewater, etc.; energy conservation in production processes, adopting internal carbon pricing (ICP) ● Developing and providing products and services to help reduce social environmental impact (e.g., renewable energy, circular economy) 	<ul style="list-style-type: none"> ● Establishing sustainable supply chains ● Achieving carbon neutrality in 2050 FY2024 GHG emissions: 331 kt (Scopes 1, 2) 1,951 kt (Scope 3) FY2030 reduction target: 50% (vs. FY2013) ● Securing environmental opportunities (Growing sales of environmental and green products) ● Reducing environmental risks (e.g., reputation risk, rising costs such as carbon taxes)
<ul style="list-style-type: none"> ● Proposals and solutions leveraging the strengths of integrated production from materials to products ● Promoting awareness of supply chain guidelines, undertaking related surveys, etc. ● Active and constructive dialogue with shareholders and investors ● Reducing information disparities by enhancing disclosure ● Community contribution/exchange activities ● Cooperation with external organizations, participation in industry associations, initiatives, etc. 	<ul style="list-style-type: none"> ● Strengthening relationships with customers ● Building sustainable supply chains ● Reducing capital costs and achieving appropriate share price ● Improving management quality through constructive dialogue and efforts to incorporate feedback ● Building positive relationships with local communities ● Generating innovation through stronger relationships with external stakeholders

Three capabilities that support our business model

Throughout its history of over 120 years the Group has continued to grow by building long-term relationships based on trust and by strengthening its development and design, manufacturing, and co-creation capabilities by continuously adapting to the diverse and evolving needs of its customers. In addition to enhancing these three capabilities, we will demonstrate still greater competitive strength and create new value for society through synergies based on an approach, maintained since our establishment, of integrated production from materials to products.

Development and design power

Creating value by drawing on our technological base

Our sales sections and engineers work as a team to uncover customer needs and to propose optimal solutions to customer challenges. We participate from the initial stages in the design of customer products to achieve ideal product performance in terms of both materials and processing, enlisting the engineering and manufacturing sections to achieve the functions and properties customers demand.

Based on the technologies amassed to date, we draw on synergies among businesses and industry-academia partnerships to generate innovations and value capable of identifying solutions to social issues.

We will continue to remain abreast of customer and societal trends and manufacturing issues in order to refine our technological capabilities by enhancing needs-driven R&D in new materials development, manufacturing process reforms, and other key areas.

Manufacturing power

Using outstanding technologies to give practical form to value

Drawing on sophisticated technologies amassed based on the cores of materials and processing and the high quality demonstrated through producing important safety components such as automotive springs, we've built up long-term relationships based on trust with customers and given concrete form to value that meets society's needs. We also meet diverse customer needs by demonstrating our presence through joint efforts between manufacturing and design/development sections, particularly in the processing of large products and integrated production from design through assembly.

Our manufacturing power will continue to evolve in the future as we focus on technologies to exceed customer expectations while strengthening collaboration across the supply chain and optimizing processes from procurement through manufacturing and supply.

Co-creation power

Delivering the value society demands

Through the development, design, manufacture, and supply of components for final products such as automobiles and construction machinery, we co-create value for society with customers.

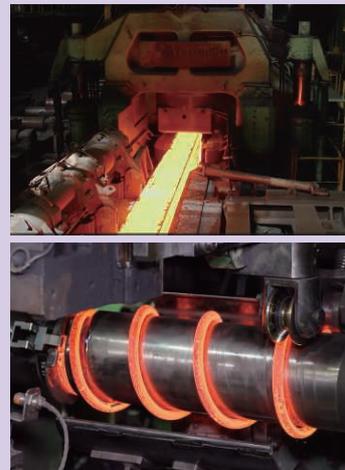
Under the Customer First spirit set forth in our Corporate Philosophy, we participate in customer product development from the initial stages to address related challenges and propose optimal solutions to meet their diverse needs in materials and processing. Furthermore, through the stable supply of high-quality products that satisfy customer requirements we've built up strong relationships based on trust with customers over the years.

Moving forward, we will continue to deliver value to society by listening to diverse stakeholders and generating solutions fusing our development and design power and manufacturing power.

- Our expertise in materials and processing makes it possible to propose product performance from both of these approaches.
Example: We can aim for lighter-weight automotive springs through form design, methods, and materials
- By fusing our factor technologies in various fields we achieve development and design unbound by existing frameworks to create innovation.



- We achieve superior price competitiveness, higher quality, and shorter lead times using our own materials.
Example: Integrated leaf spring production models involved in partner companies in Indonesia
- We draw on materials technologies to demonstrate our advantages in advanced processing.
Example: Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. in the Machinery business demonstrates its competitive strengths in heat treatment technologies drawing on its technological roots in steelmaking.
- We achieve optimal materials procurement by using our materials expertise in the external procurement of materials.
Example: Selection of local materials suppliers at overseas subsidiaries



- By demonstrating synergies among our strengths of materials technologies and processing technologies through our manufacturing power and development and design power, we deliver optimal proposals to meet customer needs.
Example: Proposing solutions in the customer materials processing stage and proposing perspectives as a materials supplier on customer product needs
- We've built up an extensive base of outstanding customers through our ability to meet various needs, from materials to products, in-house.



The social value generated by Mitsubishi Steel

Through our four businesses—Special Steel Bars, Springs, Formed & Fabricated Products, and Machinery—the Mitsubishi Steel Group delivers value to society by proposing products for a wide range of fields, including the automotive and construction machinery industries.

Contribution to a sustainable planet

Expanding use of renewable energy

- Strengths that make it possible for us to handle large-scale projects
 → Supplying offshore wind power products Strategic Business



Wind turbine body
Machinery

Self-elevating platform (SEP) elevator equipment used in construction of offshore wind turbines
Machinery

Cooperating in installation of the demonstration unit for the first large-scale commercial tidal power generation unit in Japan
Machinery

Source: Ministry of the Environment, "Project for Tidal Power Generation and Regional Decarbonization"

Contributing to a circular economy

- Magnetic sorters
- Shredder hammers



Promoting waste reduction and resource recycling through the efficient recovery and reuse of material resources
Machinery

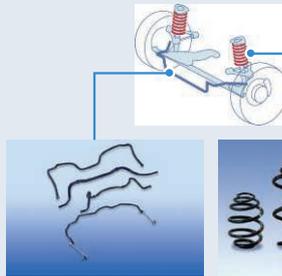


Used to break down automobiles and other products in the iron recycling process
Formed & Fabricated Products

Society of safe, comfortable mobility

Contributing to safe and comfortable mobility via springs, an important safety component

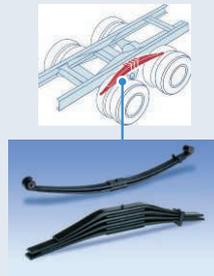
Springs



Automotive stabilizer bars

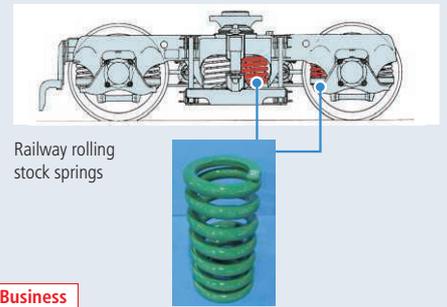


Automotive coil springs



Truck leaf springs

Strategic Business



Railway rolling stock springs

Society that's easy to live in

Supporting society through infrastructure and industrial development

Construction machinery

- Contributing through high durability and quality for use in demanding environments

Special Steel Bars
Springs



Specialty steel used in slewing bearings
Specialty steel used in hydraulic cylinders
Specialty steel used in yokes
Specialty steel used in rod heads
Specialty steel used in sprockets
Large coil springs used in construction machinery
Specialty steel used in idlers

- Meeting the diverse needs of its customers

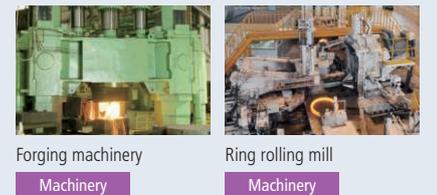
Components*



Tire protectors
Road-protecting rubber pads for use with hydraulic excavators

Industrial field

- Contributing to industrial development through steel bars for industrial machinery and machine tools and production equipment (e.g., forging machinery)



Forging machinery
Machinery

Ring rolling mill
Machinery



Specialty steel for industrial machinery and machine tools

Special Steel Bars

* The components business is part of the Springs business segment

Efforts to expand use of EVs



Reducing spring weight in response to growing vehicle weights attributable to on-board batteries

Springs

Using steel slag to revive the sea



Sea after rocky shore denudation



Slag



Enriched sea

Contributing to reducing CO₂ emissions in customer production processes



Supplying steel bars that do not require processes such as hardening and tempering

Special Steel Bars

Cutting emission to develop carbon-neutral products



The Hirota Works, which produces special alloy powders, has transitioned to 100% CO₂-free electricity.

Formed & Fabricated Products

Strategic Business



We're expanding the supply of green steel using the electric furnaces of JATIM in Indonesia.

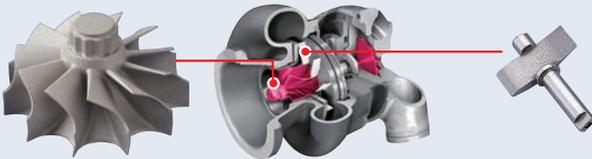
Special Steel Bars

Strategic Business

Contributing to improved fuel efficiency

- Turbine wheel vanes and other parts for turbochargers

Formed & Fabricated Products

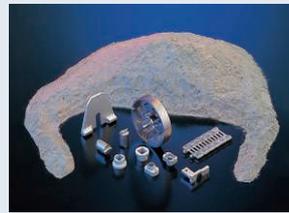


Contributing to smart mobility

- Special alloy powders

Formed & Fabricated Products

Strategic Business



(Sample product use)
Inductors in electronic control components



Contributing to more comfortable and enjoyable living

- High-performance hinges used in moving parts of electronic devices



Springs

Strategic Business

- Special alloy powders for use in various products such as 3D printers

Formed & Fabricated Products

Strategic Business



Model created using 3D printer

Contributing to better living in various other ways

- Security field



Security equipment
Machinery

- Energy field



Gas turbine compression/combustion cylinders
Machinery



Equipment for nuclear power stations
Machinery

Promoting sustainability management

In 2021, the Mitsubishi Steel Group established a promotion structure and basic policy for sustainability management. We're promoting sustainability management further through means including pursuing solutions to various sustainability issues.

Basic Policy for Sustainability

In recognition of the importance of establishing a corporate structure capable of adapting to any changes in the business environment, the Mitsubishi Steel Group has adopted sustained and global growth based on the development of competitive businesses as its fundamental management policy. We aim to be a more reliable business by fulfilling our social mission, and we will contribute to the realization of a sustainable society through dialogue with all stakeholders, including customers, suppliers, shareholders, employees, and local communities, based on our Corporate Philosophy, the Mitsubishi Steel Group Code of Conduct, and the Detailed Rules for Mitsubishi Steel Manufacturing Group Corporate Code of Conduct.

Environment	Social	Governance
The Mitsubishi Steel Group will get actively involved in protecting the environment in all aspects of business activities with a heightened awareness that conservation of the global environment is one of the most crucial challenges facing mankind.	The Mitsubishi Steel Group will respect human rights, character, individuality, and diversity, seeking to galvanize the company by fostering human resources as well as ensuring a safe and pleasant work environment.	In its global business activities, the Mitsubishi Steel Group will comply with the laws and regulations or code of ethics in society for transparent, fair, and equitable transactions under free competition, pursue optimal corporate governance at all times to maximize corporate value, and continually strive to enhance these efforts.

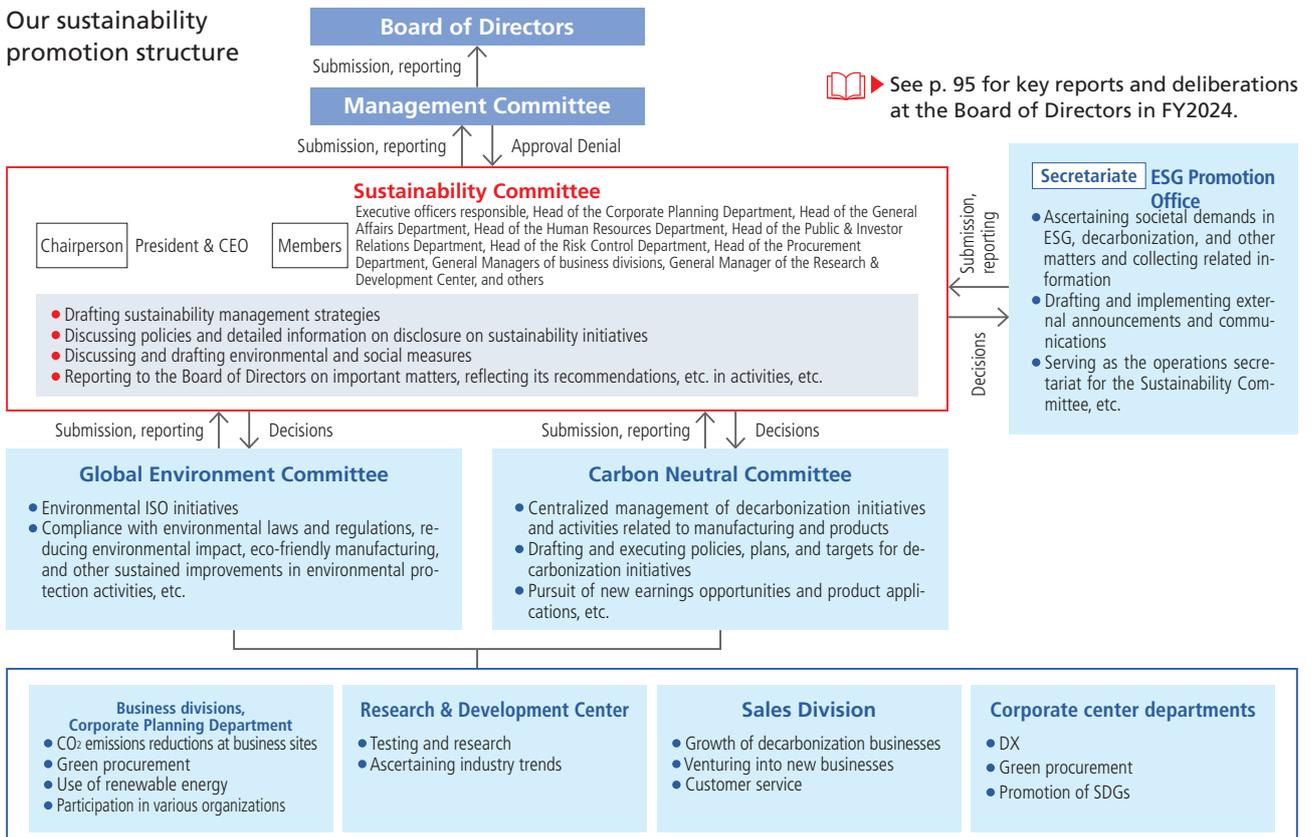
Our sustainability promotion structure

Our Sustainability Committee (chaired by the President & CEO) meets in principle at least once every three months to discuss topics related to sustainability, to submit and report on priority topics to the Board of Directors, to make decisions on priority sustainability topics, and to monitor responses.

We've also established the Global Environment Committee and the Carbon Neutral Committee under the umbrella of the Sustainability Committee as Companywide management organs intended to promote sustainability initiatives across the Company, including the assessment and management of sustainability-related risks and opportunities.

In addition, in April 2024, we recognized the ESG Subcommittee as the ESG Promotion Office to enhance its secretariat functions as an organization to further improve and advance initiatives and disclosure regarding ESG topics.

Our sustainability promotion structure



Identification of priority materiality items

To accelerate sustainability management and identify effective solutions, we have identified priority materiality items that can contribute to continuing growth and corporate value growth by realizing our ideal vision and management goals.

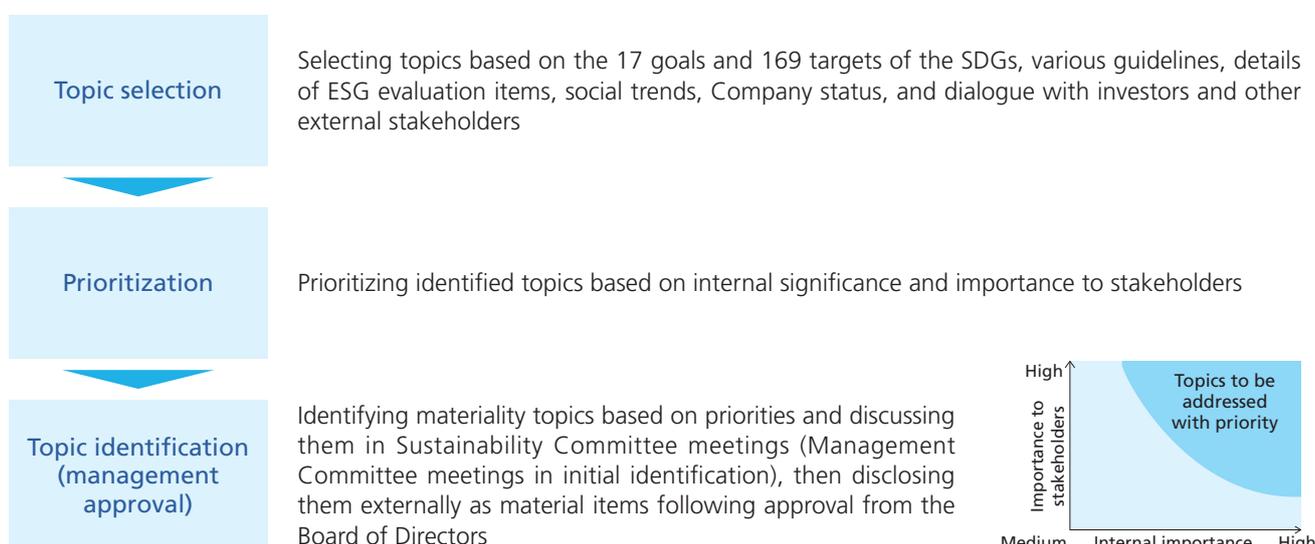
We selected four priority materiality items from the themes identified along the axes of internal importance and importance to stakeholders and organized them based on their connections with the Sustainable Development Goals (SDGs).

We're also reexamining and revising these priorities on an annual basis in light of considerations such as contemporary social conditions and the changing business environment, as well as dialogue with external stakeholders, including investors. The results are subject to approval by the Board of Directors.

We will help establish a sustainable society while realizing sustained growth and increasing corporate value by promoting efforts to identify solutions to these items.

Materiality identification process

In FY2019, we identified the Group's materiality items through the following process. Since then, we've performed annual reviews to identify any changes in their significance in light of changing internal and external conditions.



Grasp of the underlying business environment

Politics

- Strengthening environmental regulations on decarbonization and other topics
- Protectionism tendencies, including US tariff policies
- Rising geopolitical risks related to political instability and civil unrest
- Growing defense-related demand associated with increasing government budgets

Society

- Population growth in emerging markets, shrinking domestic workforce
- Promoting smart mobility
- Diversification of consumer needs
- Rising consciousness of the environment, diversity, and other sustainability topics

Economy

- Intensifying fluctuations in resource prices attributable to geopolitical risks and other factors
- Rising global economic instability
- Rising interest-rate and exchange-rate risks
- Changes in the fund-raising environment through expansion of ESG investment

Technology

- Promoting digital transformation (DX) and growing cybersecurity risks
- Global increases in electricity demand with increasing adoption of digital technologies
- Progress of development of new technologies, construction methods, materials, etc.
- Intensifying competition with the increasing technological strength of other manufacturers in emerging markets

Priority materiality items for the Mitsubishi Steel Group

Materiality item	Initiatives	
<p>Providing products that contribute to social solutions</p> <p>Reasons for selection</p> <p>In response to increasingly diverse and complex social needs and the emergence of various social issues, we recognize continuing to provide value to society through our projects as a key issue. To resolve the pressing structural revenue issue of dependencies on the domestic steel bars business, which is highly volatile and susceptible to economic sentiment, we recognize the importance of establishing priority businesses that contribute solutions to social challenges and support the future and of building a resilient earnings structure.</p>	<p>Strategic business development We're promoting the development of both existing five businesses and new businesses as strategic businesses capable of making major contributions to market growth and social solutions by leveraging unique strengths.</p>	
	<p>Overseas steel bars  P.82</p>	<p>Meeting growing demand for special steel bars in Southeast Asia and other overseas markets by drawing Japan's advanced technologies and renowned high quality</p>
	<p>Springs for commercial vehicles and rolling stock  P.84</p>	<p>Contributing to mobility decarbonization and growing demand in emerging markets by reducing spring weights through materials and processing</p>
	<p>Special alloy powders  P.86</p>	<p>Leveraging years of technology development to meet growing demand spurred by the progress of smart mobility and 3D printer technologies</p>
	<p>Precision spring components  P.84</p>	<p>Responding flexibly to increasingly diverse and complex needs for high-performance hinge units through integrated production ranging from component design to assembly</p>
	<p>Offshore wind power products  P.88</p>	<p>Renewable energy markets are growing in response to rising electricity demand and the need for decarbonization. We will help build a domestic supply chain for offshore wind power, drawing on our strengths and through compatibility with large-scale projects.</p>
	<p>New businesses  P.56</p>	<p>Implementing training programs for applicants to create new businesses; promoting commercial projects based on the resulting ideas</p>
<p>Eco-friendly manufacturing</p> <p> P.57~</p> <p>Reasons for selection</p> <p>As a manufacturer, we have an important social responsibility to minimize the environmental impact of production by reducing GHG emissions and through other means. This reflects the growing concern in society for climate change, biodiversity, and related issues. We also recognize the importance to our sustained growth of responding to the demands of society and growing customer environmental needs through carbon-neutral products that generate lower environmental impact in our production processes.</p>	<ul style="list-style-type: none"> • Reducing GHG emissions through more efficient production, use of renewable energy, and other means • Encouraging GHG emissions reductions throughout the supply chain by promoting green procurement • Efficient resource use and more efficient production • Promoting a circular economy through use of raw materials, byproducts, etc. 	
	<p>Promoting human capital management  P.35~</p> <p>Reasons for selection</p> <p>Based on the recognition that our people represent the source of sustained corporate value creation, we will strive to inspire the most from each and every employee. We believe generating innovation, maximizing organizational performance, and building a virtuous cycle in which corporate value created is reinvested into human resources are the keys to sustained growth.</p>	<ul style="list-style-type: none"> • Active investments in human resources and increasing reinvestment of corporate value created in human resources • Increasing employee motivation and eagerness to take on new challenges Establishing management cycles to leverage individual strengths, and promoting various measures based on aspects such as HR development, evaluation, and compensation • Building an organization that inspires increased mutual trust between the Company and employees Promoting workplace improvements by ascertaining employee views through town hall meetings and the engagement survey; designing systems to promote health and safety, workplace improvements, and diverse work styles • Fostering a culture to maximize organizational performance In addition to developing workplaces and systems that will allow diverse human resources to thrive, strengthening the capacity of middle management to inspire the individual strengths of subordinates
<p>Enhancing governance</p> <p>Reasons for selection</p> <p>We recognize that strengthening the governance structure in which our sustained growth is based is an important management topic. We believe it is vital to enhance discussions toward sustained growth and realize appropriate management decisions and oversight by increasing the efficacy of the Board of Directors on matters related to corporate governance. In addition, as the risks related to our businesses grow increasingly diverse and complex, we understand the importance of building functions for increasing our corporate value by remaining a company trusted by society, through respect for human rights and through compliance, while realizing resilient Group management capable of addressing such risks.</p>	<ul style="list-style-type: none"> • Enhancing the corporate governance system  P.93~ In addition to enhancing the corporate governance system by enhancing discussions in the Board of Directors and advancing the nomination and remuneration systems, we assess the efficacy of the Board regularly (once/year) to identify and assess issue • Risk management  P.105~ Identifying risks based on enterprise risk management (ERM) and annually assessing risks identified (and reviewing their assessment semiannually). Implementing preventive measures and responding to actualized risks based on residual risks reflecting the results of countermeasures • Respect for human rights  P.71~ Promoting design, establishment, and implementation of various systems based on the United Nations Guiding Principles on Business and Human Rights • Compliance  P.109~ Achieving thorough compliance by fostering a culture of compliance through training and promoting awareness of the internal whistleblowing system 	

Vision, KPIs	FY2024 results		Corresponding SDGs
Increasing the percentage of our businesses corresponding to strategic businesses from 30% (FY2022) to 50% by 2030 (net sales: JPY110.0 B)	FY2024 results 23% (net sales: JPY36.6 B)		
FY2030: net sales of JPY39.0 B (double FY2022 figure)	FY2024 result JPY12.5 B	Despite recent decreases in demand, profitability improved sharply due to thorough cost cutting efforts. Investments in capacity enhancement are under consideration in preparation for demand growth over the medium to long term.	
FY2030: net sales of JPY35.0 B (2.5 times FY2022 figure)	FY2024 result JPY13.7 B	Even amid recent high earnings, establishing a second production facility to achieve synergies with steel bars is also under consideration.	
FY2030: net sales of JPY18.0 B (four times FY2022 figure)	FY2024 result JPY3.0 B	Although some demand has stagnated recently for existing business, we're investing in capacity enhancements to begin mass production of new steel typ	
FY2030: net sales of JPY11.0 B (three times FY2022 figure)	FY2024 result JPY6.9 B	Commencement of mass production of large-scale projects has contributed to earnings. Capital investments are also intended to enhance production capacity.	
FY2030: net sales of JPY7.0 B (3.5 times FY2022 figure)	FY2024 result JPY0.5 B	Full-fledged contributions to earnings are expected in the latter half of the next Mid-term Business Plan period and beyond. In preparation for future demand growth, we're investing in production capacity enhancements to meet demand for larger-scale products.	
New business creation	Ideas entered in FY2024: 26	Commercial business development projects are underway on four of the ideas created through training over the past two years	
GHG emissions reductions <ul style="list-style-type: none"> Carbon neutrality in 2050 50% reduction in 2030 (Scopes 1 and 2, vs. FY2013) Realizing carbon neutrality including the supply chain Reducing dependency on natural capital <ul style="list-style-type: none"> Establishing sustainable supply chains Realizing a circular economy 	GHG emissions results Scopes 1 and 2 reduced by 26% vs. FY2013 (planned reduction: 27%) Total Scope 1, 2, and 3 emissions: 2,282 kt (planned: 2,439 kt) Earning a CDP climate change score of B Initiating assessments of dependencies and impacts on natural capital based on TNFD recommendations		  
Realizing an optimal human resource investment cycle with human capital ROI and amount invested in human capital as KGIs	Human capital ROI: 52% (+11% YoY) Amount invested in human capital: JPY6.9 B (+JPY0.3 B YoY)		
Boosting productivity and generating innovation by developing autonomous human resources who constantly take on challenges	Engagement survey job satisfaction score: 3.1 (on a scale of 1-5) <ul style="list-style-type: none"> Revising the career path system Adopting a new evaluation system 		
Building environments in which employees can continue to work with motivation in safety and in good mental and physical health	Engagement survey overall score: improved by 6.2% from the initial survey (FY2023) Occupational accidents: 12 accidents (of which none were fatal) * Including accidents that did not involve suspended operation Percentage of annual paid vacation taken: 75.2% <ul style="list-style-type: none"> KENKO Investment for Health certification Promoting improvement activities based on survey results 		 
Generating innovation by building an organization in which diverse human resources can demonstrate their abilities to the fullest, regardless of gender, age, nationality, midcareer hire status, and other attributes	Engagement survey superior satisfaction score: 3.1 (on a scale of 1-5) Women as a percentage of employees: 13.7% Women as a percentage of managers: 4.9% (Percentage of managerial candidates: 9.8%) <ul style="list-style-type: none"> Holding career training for women managers (including managerial candidates) Holding training for middle management 		
Building a corporate governance system that allows more efficient management decisions and essential long-term discussions in the Board of Directors	<ul style="list-style-type: none"> Implementing third-party assessments of the Board's efficacy Revising the officer remuneration system to strengthen incentives Advancing the skills matrix Discontinuing the Corporate Adviser system Promoting strategic agenda-setting in the Board of Directors (Percentage of medium-/long-term agenda items in FY2024: 39%) 		
Reducing risks that present the potential for negative effects on corporate value on a global basis	<ul style="list-style-type: none"> Revising risk management systems (upgrading the Risk Management Office to the Risk Control Department in April 2025) Enhancing information security measures Promoting efforts to address various risks related to matters such as preventing quality misstatements and business continuity planning (BCP) 		 
Serious human rights violations: 0	Serious human rights violations: 0 <ul style="list-style-type: none"> Expanding the scope of human rights due diligence to include important primary suppliers 		
Serious legal violations: 0	Serious legal violations: 0 <ul style="list-style-type: none"> Percentage of employees completing compliance training: 89.6% Internal whistleblowing reports: 17 		

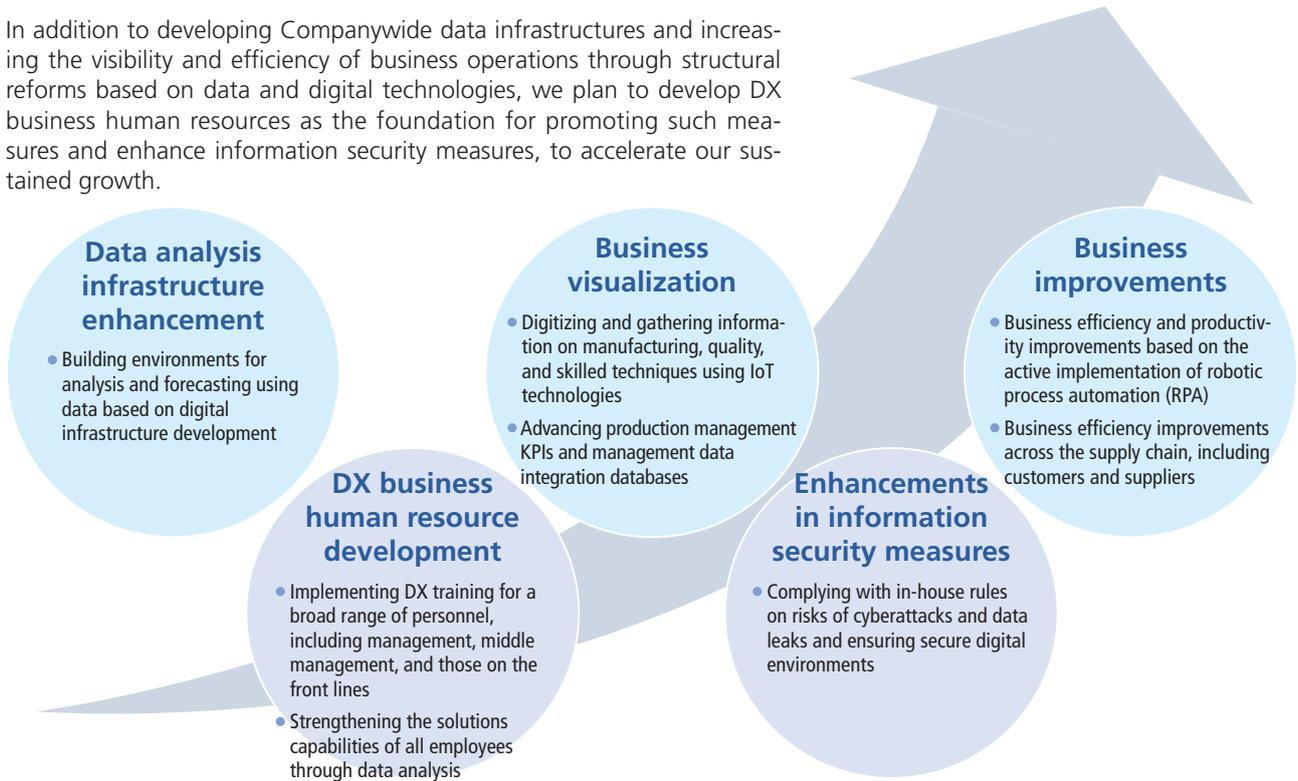
Promoting digital transformation (DX)

New digital technologies will be essential to promoting future growth and competitive strengths while adapting flexibly and swiftly to rapidly changing environments.

The data and expertise accumulated in our businesses over the years are important Company assets. We're promoting efforts to contribute to various social solutions by enabling the creation of new added value through use of these intangible assets together with the latest digital technologies. Through initiatives that unite management, workplaces, and IT sections, we plan strengthen corporate value by energetically promoting digital transformation (DX) initiatives as we seek to achieve our ideal vision for 2030 and to create new added value.

Basic DX Policy

In addition to developing Companywide data infrastructures and increasing the visibility and efficiency of business operations through structural reforms based on data and digital technologies, we plan to develop DX business human resources as the foundation for promoting such measures and enhance information security measures, to accelerate our sustained growth.



Initiatives to create new added value

We plan to promote initiatives on the following four priority topics to create new added value as called for in our ideal DX vision for 2030:

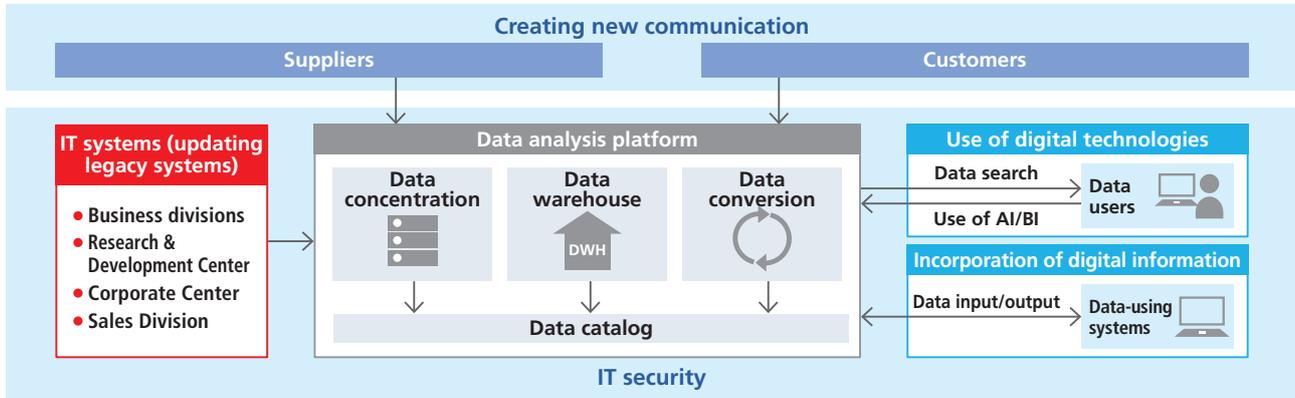
Data analysis infrastructure development	Actively adopting IoT and digital tools and developing data analysis infrastructure for visualizing and accelerating data analysis
DX business human resource development	Fostering a mindset of using data and digital technologies among all employees; developing 150 DX business human resources by FY203
Use of generative AI	Making active use of generative AI for business streamlining and for eliminating dependencies on individual personnel
Strengthening information security measures P. 107	Introducing the Security Operation Center (SOC) and strengthening information security measures through employee training and education

Ideal vision for 2030

- Strengthening customer satisfaction by improving customer service and processes in the field
- Enabling rapid management decision-making by linking operations overall and making management information visible
- Building comfortable workplaces through joint efforts among individual sections and DX promotion; increasing employee engagement

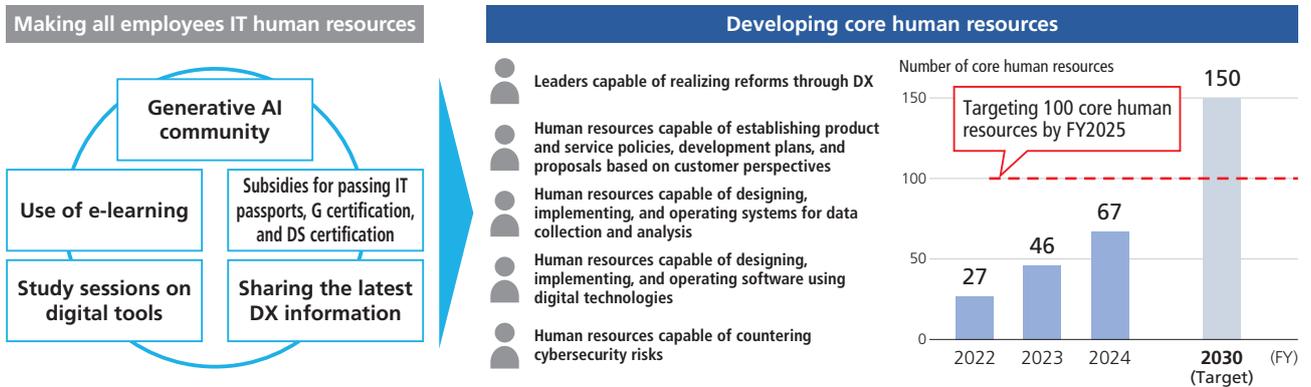
(1) Data analysis infrastructure development

We're seeking to achieve centralized management through integrating diversified data to build our data analysis infrastructure. Through infrastructure developments, we plan to promote data-driven decision-making and to accelerate Company-wide reforms in areas ranging from business improvements to management decision-making.



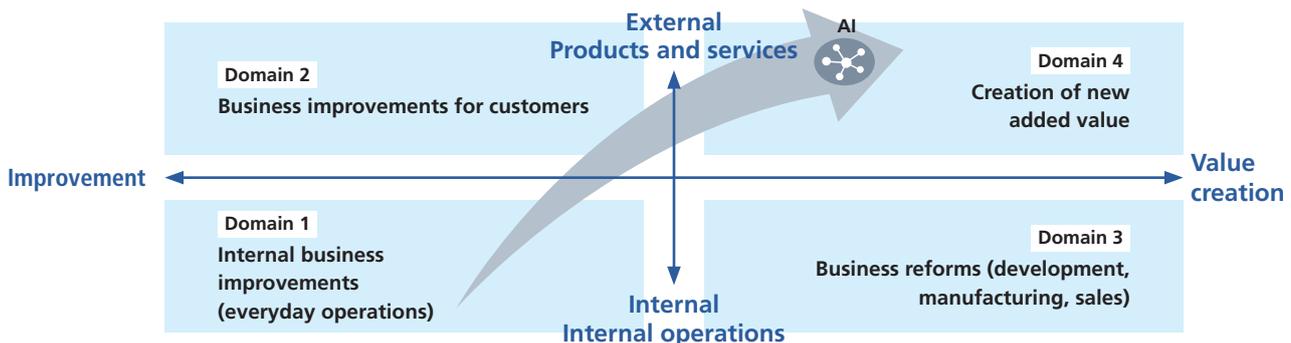
(2) DX business human resource development

To strengthen IT literacy among all our employees, we're implementing various training programs and focusing on developing core DX promotion human resources. With the goal of developing 150 core human resources by FY2030, we're implementing specialized training to secure the human resources needed, placing them in important positions in the organization to accelerate DX promotion through communication from these core human resources, to create new value.



(3) Generative AI

Generative AI is expected to find applications across a wide range of fields, boosting productivity and business efficiency. Among Company administrative and engineering personnel, 55% have been licensed (as of September 30, 2025) as we seek to create new added value while promoting business efficiency improvements.



Financial capital

Message from the Chief Financial Officer (CFO)

Striving to increase corporate value by promoting capital reallocation and enhancing the earnings capabilities of capital and expectations for corporate growth through business portfolio optimization

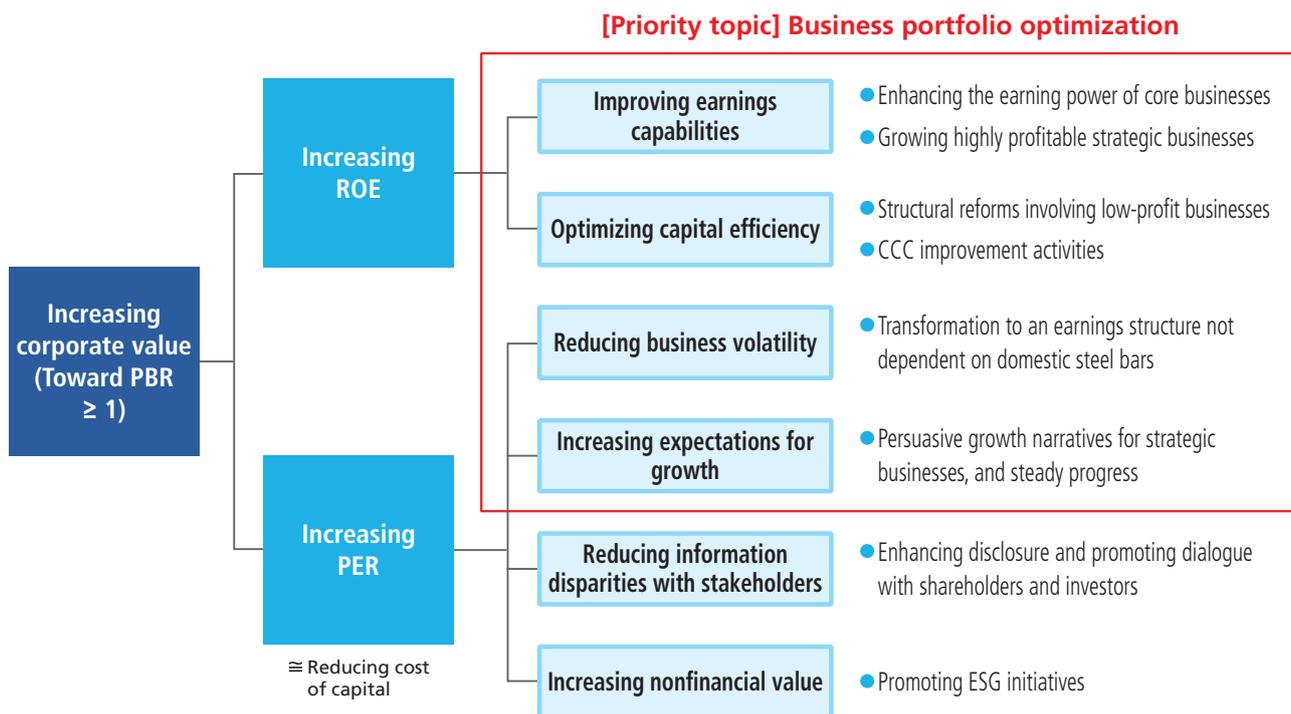
The Mitsubishi Steel Group is striving to achieve sustained growth in corporate value to achieve a PBR of 1 or better. This is a key management topic. To do so, we will strive to improve individual KPIs from the perspectives of ROE and PER based on our Mid-term Business Plan and carry out well-balanced allocation of cash earnings to investments to achieve growth, including investments in human resources, improving the financial base, and enhancing shareholders returns.



Representative Director/Managing Executive Officer/CFO

Keisuke Aoike

Logic tree for increasing PBR



Status quo and progress of the Mid-term Business Plan

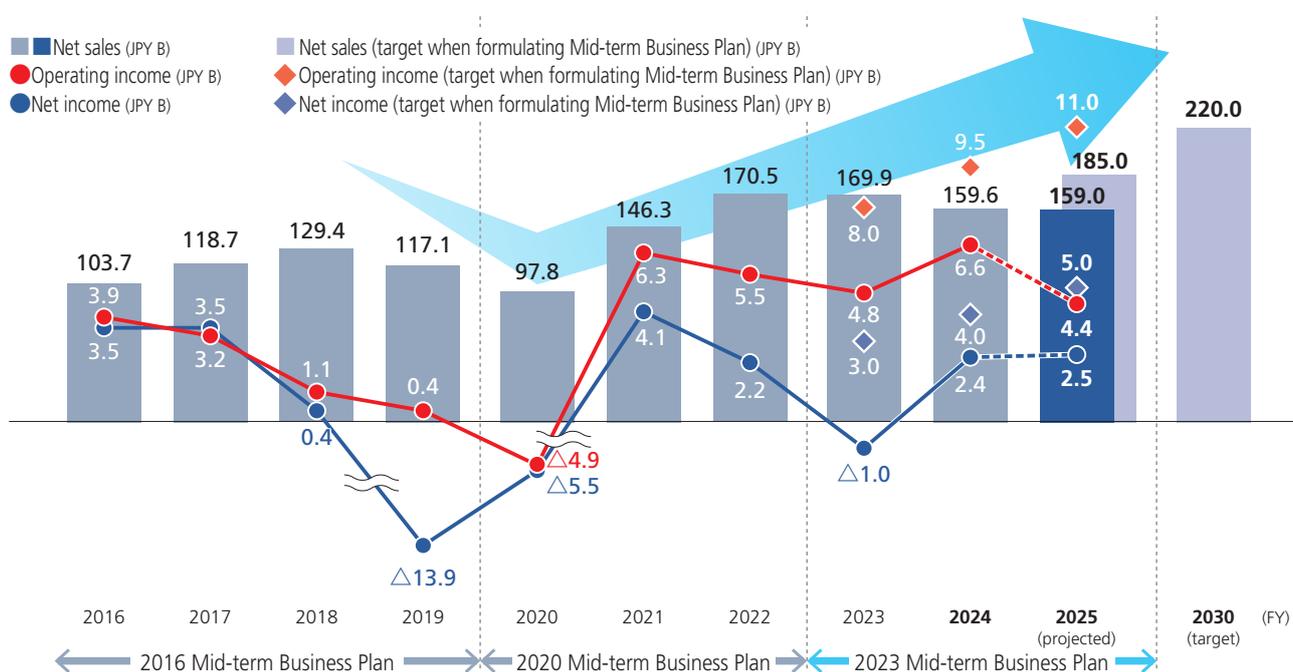
In FY2024, the second year of the current Mid-term Business Plan (covering the period from FY2023 through FY2025), net sales decreased by 6.1% from year on year (YoY) to 159.6 billion yen due largely to lower demand from construction machinery and automotive industries. Meanwhile, operating income increased by 36.5% over the same period to 6.6 billion yen, thanks to the steady contributions to earnings in the strategic businesses of precision spring components and the overseas steel bars business (JATIM). However, net income attributable to owners of parent company was merely 2.4 billion yen due to factors including the decision in June to withdraw from the springs business in Germany (Ahle), which had posted continually low profits, and its elimination from consolidated profit/loss beginning from the third quarter and the recording of approximately 1.1 billion yen in losses associated with the withdrawal.

Uncertain conditions continue in the current year of FY2025, including delays in demand recovery in the domestic steel bars business. Despite a movement toward the gradual resolution of US tariff policies, conditions remain uncertain. While

forecasts of business results for the current period entail a degree of risk, thanks to the steady contributions to earnings of strategic businesses we project net sales to remain largely unchanged from the previous year of 159.0 billion yen (down 0.4% YoY) and net income attributable to owners of parent company of 2.5 billion yen (up 5.8% YoY).

A look at medium- to long-term performance trends shows that the Springs business recorded losses for five consecutive years from FY2018, in connection with the declining performance of the North American springs subsidiary, while substantial impairment losses were recorded on overseas subsidiaries in FY2019, followed by two consecutive years of net losses beginning in FY2020, due in part to the impact of COVID-19. In FY2023, the Springs business moved into the black for the first time in six years, while some highly profitable strategic businesses also made steady contributions to earnings, as business results show an improving trend. At the same time, factors including low demand in the domestic steel bars business, which has persisted since the second half of FY2023, have had major impacts, and under current conditions it would appear difficult to achieve the targets of 11.0 billion yen in operating income and ROE of 8% for FY2025, the final fiscal year of the Mid-term Business Plan. To improve business performance, we must redouble efforts to address the earnings structure issue of breaking free from dependency on the domestic steel bars business, which is highly volatile and tends to depend on economic conditions.

Performance trends



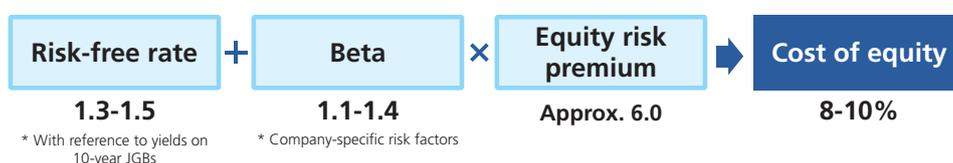
Recognition of the cost of equity and generating ROE that exceeds the cost of equity

To increase corporate value, we must generate stable earnings that exceed market expectations. But, as noted above, we expect to face challenges in achieving the current Mid-term Business Plan's target ROE of 8% for this fiscal year.

In addition, this year we reassessed Company-specific risk factors based on dialogue with investors, revising our understanding of the level of the cost of equity from approximately 8% to at least 8%. This was in response to a perceived gap between our expectations and investor understanding regarding matters including the high level of volatility in our business performance, which is strongly impacted by economic conditions, the precision of performance forecasts, and the uncertainty of growth.

In this way, in addition to efforts to increase ROE through enhanced earnings capabilities and capital efficiency optimization, we recognize the importance of reducing the cost of capital (i.e., increasing PER) by reducing uncertainty. We are focusing on areas including clarification of our value creation process, enhancement of nonfinancial disclosure, and measures to further strengthen governance.

Revising the cost of equity



Promotion of ROIC management

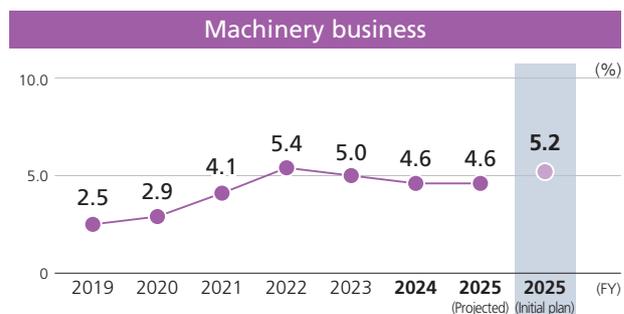
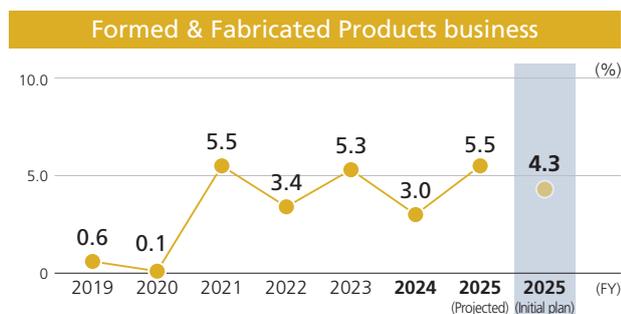
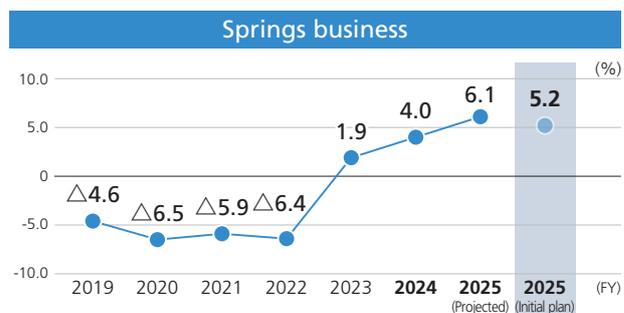
Starting with the current Mid-term Business Plan, we have adopted ROIC as the most important KPI for increasing returns on capital.

The current Mid-term Business Plan projects a weighted average cost of capital (WACC) of 6.0% and identifies target ROIC of 6.5% on a consolidated basis. Although we have tried to increase returns on capital in line with this plan, the projected level for FY2025, the final year of the Mid-term Business Plan, is below the target, at 3.0%.

This is due in large part to the impact of the Special Steel Bars business, which has been decisively impacted by factors including declining demand in Japan, having fallen short of targets. At the same time, margins have improved in other businesses, and strategic businesses are generating steady results, so that in general their performance is in line with or above plans.

To increase Companywide ROIC, we will accelerate efforts to optimize the business portfolio to build a resilient revenue base that will not depend solely on the domestic steel bars business, which is highly susceptible to economic conditions.

ROIC trends by segment



Business portfolio optimization

To optimize the business portfolio, we have prepared a facility-specific portfolio map based on ROIC and the market-growth rate, on the basis of which we are carrying out analysis and evaluations. In addition to allocating capital to facilities with high levels of both indicators, we will strive to improve ROIC by addressing low-profit businesses by revising production structures and streamlining product portfolios, while also taking various bold measures, including considering the potential withdrawal from or the sale of businesses.

One major change during the period of the current Mid-term Business Plan is the worsening earnings of the core domestic steel bars business, which has been impacted by low demand and other factors. We remain highly dependent on the earnings of the domestic steel bars business, pointing to the need to accelerate structural reforms, including those of other core businesses, and the continuing development of strategic businesses.

In the automotive springs business, earnings improved at the North American springs subsidiary, which had recorded losses for a long time. The earning power of the domestic springs business showed steady growth. Although we

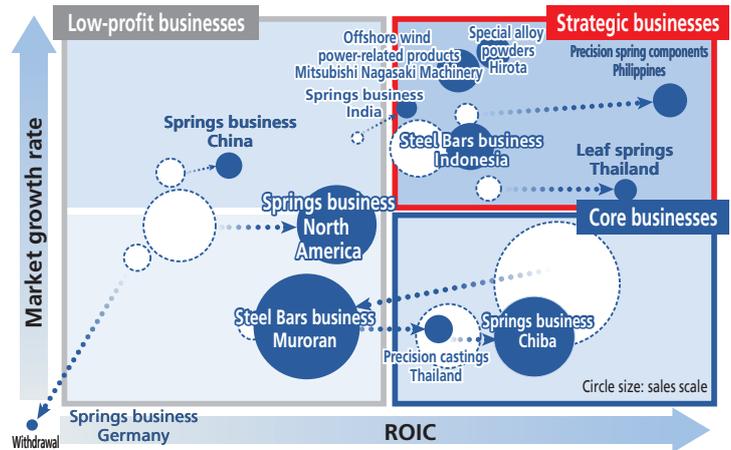
completed our withdrawal from the German springs business, which had recorded continually low profits, profits at the Chinese subsidiary remain low. We will continue to ascertain the conditions of each facility and consider future courses of action that include the perspective as best owner, and multifaceted other options, including alliances with other firms and internal structural reforms.

Many strategic businesses remain small in scale and will begin to contribute fully to earnings during the period of the next Mid-term Business Plan and beyond. The mass production of precision spring components began in FY2024. Revenue from JATIM in the overseas steel bars business is growing steadily. We are also making various preparations in other strategic businesses, including enhancements of production capacity through capital investments targeting the goal set for the next Mid-term Business Plan and beyond. As a first move in allocating human resources appropriately for a portfolio shift toward strategic businesses, we have initiated a shift in our human resource portfolio in our sales sections and at the Research and Development Center. We plan to enhance these initiatives through the course of the next Mid-term Business Plan, thereby realizing our vision of 10% ROE for 2030.

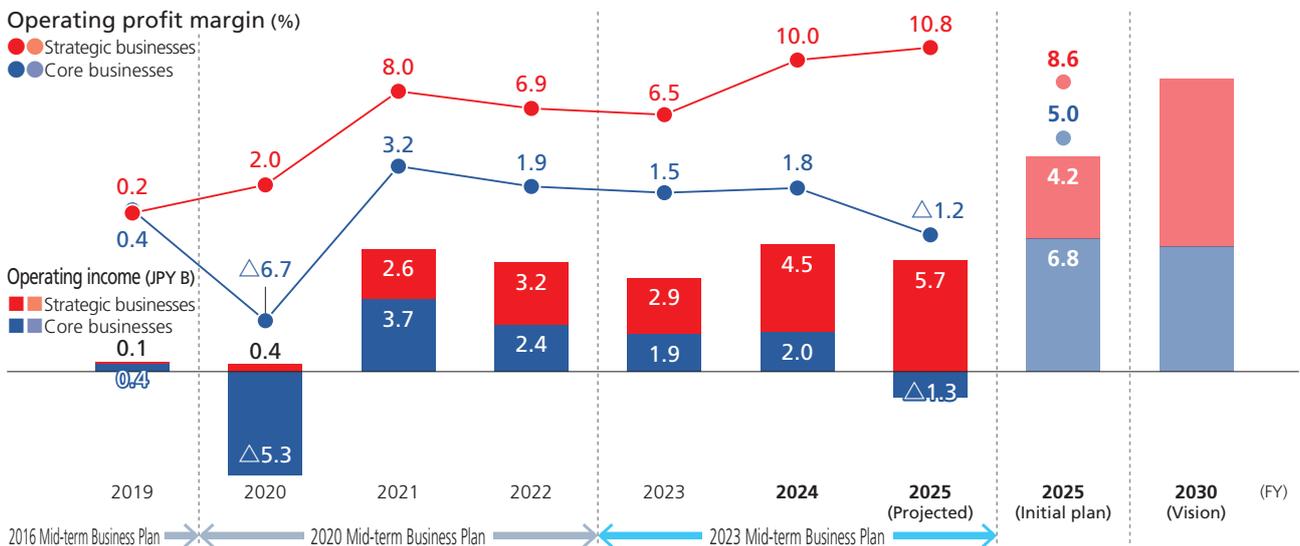
By optimizing the business portfolio in this way, we will not only increase ROE, but develop growth fields through active investment, thereby reducing the cost of capital by decreasing dependency on the domestic steel bars business—the cause of the high volatility of business results.

In addition to optimizing the business portfolio, we are developing a more precise growth narrative for 2030 to prepare for the next Mid-term Business Plan, and we plan to meet the expectations of stakeholders based on a more practical and persuasive growth vision.

Facility-specific business portfolio (changes over the two and one-half years of the current Mid-term Business Plan)



Trends in operating income and operating profit margin (strategic businesses, core businesses)



To increase ROIC

Optimizing the business portfolio described above will require widespread promulgation of this approach to ROIC management within the Company and efforts to increase capital efficiency Companywide.

Increasing capital efficiency

We recognize the importance of generating stable funding from our own business activities for proactive investments in strategic businesses. We strive to enhance our capacity to generate cash and, as a priority measure, improve capital efficiency, while shortening the cash conversion cycle (CCC).

Specifically, by shortening the cycle of collecting claims and streamlining inventories, we will be able to use working capital more efficiently and reduce invested capital, thereby increase the capital turnover ratio and build structures to balance earnings capabilities and capital efficiency. Already in FY2025, we have advanced efforts toward various goals, including reducing working capital. Various measures are proceeding steadily toward improvements amounting close to 3 billion yen compared to FY2024.

Toward widespread internal promulgation of ROIC management

These efforts to improve ROIC must target not just the top of management and each section, but the entire Company, including the workplace. We are advancing the following initiatives to spread understanding within the Company and to incorporate this understanding into everyday operations.

1. Internal education

We hold continuous training to learn systematically about the basic thinking on ROIC and its relationship to WACC, to develop an environment in which everybody—from management to workplace staff—can discuss things based on shared indices. In this way, we are enabling more uniform decision-making through permeation across the entire organization of management judgments that reflect a keen awareness of the cost of capital.



Materials used in training

2. Introduction of an evaluation tool

We have prepared and deployed evaluation sheets used to study investments and set selling prices and developed a system for making decisions with a focus on ROIC. This has resulted in an evolution from judgments that tended to depend on rules of thumb and short-term perspectives to a highly objective and transparent process based on capital efficiency.

Through these initiatives, we are gradually establishing a deeply-rooted culture in which every employee has a true feel for the importance of management that reflects a keen awareness of capital and uses ROIC in making everyday business decisions. We will continue to realize further improvements in capital efficiency by continuing to pursue a stronger sense of such issues.

Optimization of cash allocation

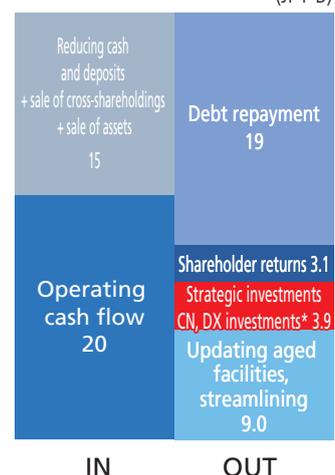
We will allocate cash generated from ROIC management to investments in growth, including investments in human resources, improving our financial makeup, and enhancing returns to shareholders, all while focusing on balance.

Although cash allocation during the period of the current Mid-term Business Plan shows cash inflows lower than planned due to the failure to achieve profit plans, we expect cash inflows to total 35 billion yen due to the cash generated by reducing working capital through CCC improvements, in addition to sales of unused assets and cross-shareholdings.

In contrast, cash outflows are being allocated with a focus on balancing investment, financial foundations improvement, and enhanced shareholder returns.

Our policy on capital investment calls for active strategic investments to grow strategic businesses while investing to update aged facilities and achieve streamlining as needed. At the same time, the business environment has changed dramatically since the formulation of the Mid-term Business Plan. We are calmly ascertaining the timing of making

2023-2025 cash flow plans (three-year cumulative) (JPY B)



* CN: carbon neutrality, DX: digital transformation

investments with an eye on factors including the market environment and business growth potential. We are also developing a structure that will enhance investment decisions still further in light of risks by more precisely identifying the subjects to be decided on by the Investment and Credit Committee.

Our progress toward the initial investment plans for 2030 is largely going according at planned, including investments already made and those that have been approved. Some uncertainty remains regarding potential M&As. We will continue to pursue investment at a steady pace while reflecting recent conditions and other factors.

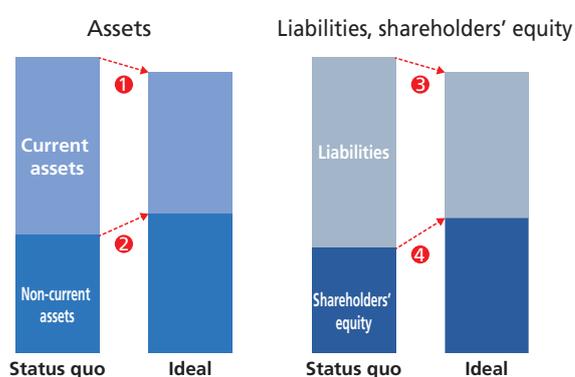
Also essential is achieving a balance with financial soundness. Our equity capital ratio has decreased compared to past levels after two consecutive years in the red due to the recording of substantial impairment losses in FY2019 and other factors. While we consider financial leverage important from the perspective of capital efficiency, we will promote recovery in the equity capital ratio by reducing debt, thereby improving revenue and expenditures. We will maintain financial soundness by decreasing interest-bearing debt as interest rates are on the increase. While we had planned to recover the equity capital ratio to 35% during the period of the current Mid-term Business Plan, the current forecast is 32.5%, and reaching the target level is estimated to require slightly more time.

Over the medium to long term, to move closer to our ideal balance sheet, we will implement balanced measures in strategic investment, financial soundness, and enhancements in shareholder returns, while increasing capital efficiency.

In addition to promoting strategic investments using cash generated by profit growth and CCC improvements, we will strengthen capital efficiency by reducing unprofitable assets. We will also proceed with debt repayment, targeting an equity capital ratio of 40% over the medium to long term. Alongside these efforts, we will seek to enhance shareholder returns.

By promoting these three initiatives, we will realize our ideal balance sheet and increase our corporate value.

Ideal balance sheet vision



- ① Swiftly converting current assets to cash through CCC improvement; securing funding for investments in strategic businesses and repayment of interest-bearing debt; increasing both ROIC and ROE
- ② Improving capital efficiency via reallocation to highly profitable strategic businesses, while reducing unprofitable assets
- ③ Reducing interest-bearing debt in stages through cash creation; investing in strategic businesses while ensuring financial soundness
- ④ Expanding retained earnings through strategic businesses and linking these to enhanced shareholder returns and a stable financial base

Policy on returns to shareholders

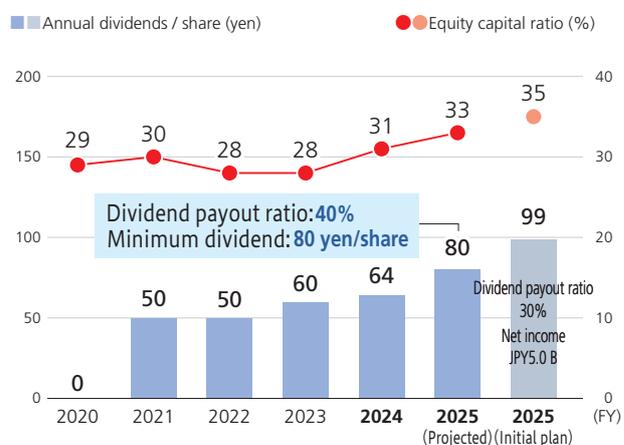
Based on the thinking described above, we will enhance shareholder returns in stages.

Regarding returns to shareholders in FY2025, in May we raised the consolidated dividend payout ratio from 30% to 40% and increased the minimum dividend/share from 64 yen to 80 yen.

We have also adopted a policy targeting a total payout ratio, including acquisition of treasury stock, of at least 50%.

We consider returns to shareholders to be one of the most important management issues. Our policy for the next Mid-term Business Plan is to continue to provide shareholder returns while targeting a healthy balance between investment in growth and financial soundness.

Trends in annual dividends / share and equity capital ratio



Human capital

Drawing out individual potential to the fullest through management that makes the most of our human resources

One focus of the Group’s Corporate Philosophy is Maximizing Human Capital. We consider our people to be the sources of support for our sustained growth. In a dramatically changing external environment, people are growing increasingly important. The current 2023 Mid-term Business Plan identifies Investment in human resources as one of its four basic policies as we actively promote human capital investments.

In addition, our Ideal Vision for 2030 is also intended to promote sustained growth by focusing on Enhancing our earnings capabilities and Growing strategic businesses, based on our human resources. We consider active investment in our key capital—people—to be essential to realizing this vision.

To promote human capital management, we’re identifying HR priorities through analysis of the gaps between the Ideal Vision for 2030 and the current situation on human resources and clarifying our basic concept of human capital management.

We have also established three HR strategies based on the above considerations: increasing employee motivation and eagerness of to take on new challenges, building organizations to strengthen trust between the company and employees, and fostering cultures to maximize organizational performance. We’re enhancing management and HR strategies and their coordination with related measures by developing systems to connect these strategies to the various HR measures being promoted by HR sections.

By promoting investment in our people based on these strategies, our strong individuals and organizations will achieve innovation and productivity improvements, and then the corporate value generated as a result of these will be reinvested in our people. We’re aiming to establish such a virtuous cycle in human capital management.



Executive Officer/Head of Human Resources Department

Masahiro Murata

Human capital management overview



HR priorities for achieving the ideal vision

To achieve business strategies and realize the ideal vision for 2030, we've analyzed gaps between our human capital management vision (to-be) and the status quo (as-is) and identified the following two HR priorities.

(1) Securing and enhancing HR able to create innovation

Enhancing development and hiring of HR able to create new value in response to change, in strategic and core businesses.

(2) Building and enhancing the foundations for employees to demonstrate their maximum performance

Focusing on workplace improvements for good physical and mental health and rewarding work, establishment of career support and skills development systems, and efficiency improvements, and enhancing measures to improve employee engagement

Basic concepts of human capital management

We're promoting human capital management based on the following concepts, targeting solutions to priority topics.

Unchanging concept

Promoting a virtuous cycle in which active investment in our people, as the Company's most important form of capital, to improve employee engagement and enable individual growth helps to strengthen corporate value and lead to further investment in human resources.

Ideal human resources and organizations

- Human resources and organizations who can grow by taking action on their own with a spirit of surmounting challenges that says, "If We Don't Have It, We Make It."
- An organizational culture that promotes mutual growth through mutual respect for diversity and a spirit of surmounting challenges

KGIs* in human capital management

We've chosen human capital ROI (operating income ÷ investment in human capital) as a KGI for quantitatively ascertaining the results of human capital management. This indicator shows the degree to which our investment in people (investment in human capital) contributes to increasing corporate value (operating income). Using this indicator makes it possible to promote more effective human capital management by visualizing the results of investment on management goals.

At the same time, we've chosen the amount of investment in human capital as a sub-KGI, since the amount of operating income, a component of human capital ROI, is highly susceptible to the impacts of changing external environmental conditions, such as the demand environment and market conditions. We've chosen the employee engagement survey score as another sub-KGI, as an indicator to visualize employee satisfaction.

By promoting and monitoring human capital management through analysis and evaluation of these indicators, we plan to draw out our human capital value to the fullest to realize management strategies and strengthen corporate value.

* Key goal indicator

Human capital ROI (nonconsolidated)

	FY2022	FY2023	FY2024
Human capital ROI*	116%	41%	52%
Investment in human capital	JPY6.4 B	JPY6.6 B	JPY6.9 B
(Reference) operating income	JPY7.4 B	JPY2.7 B	JPY3.6 B

* Based on the definition in ISO 30414, human capital ROI is calculated as operating income ÷ investment in human capital

Employee engagement survey

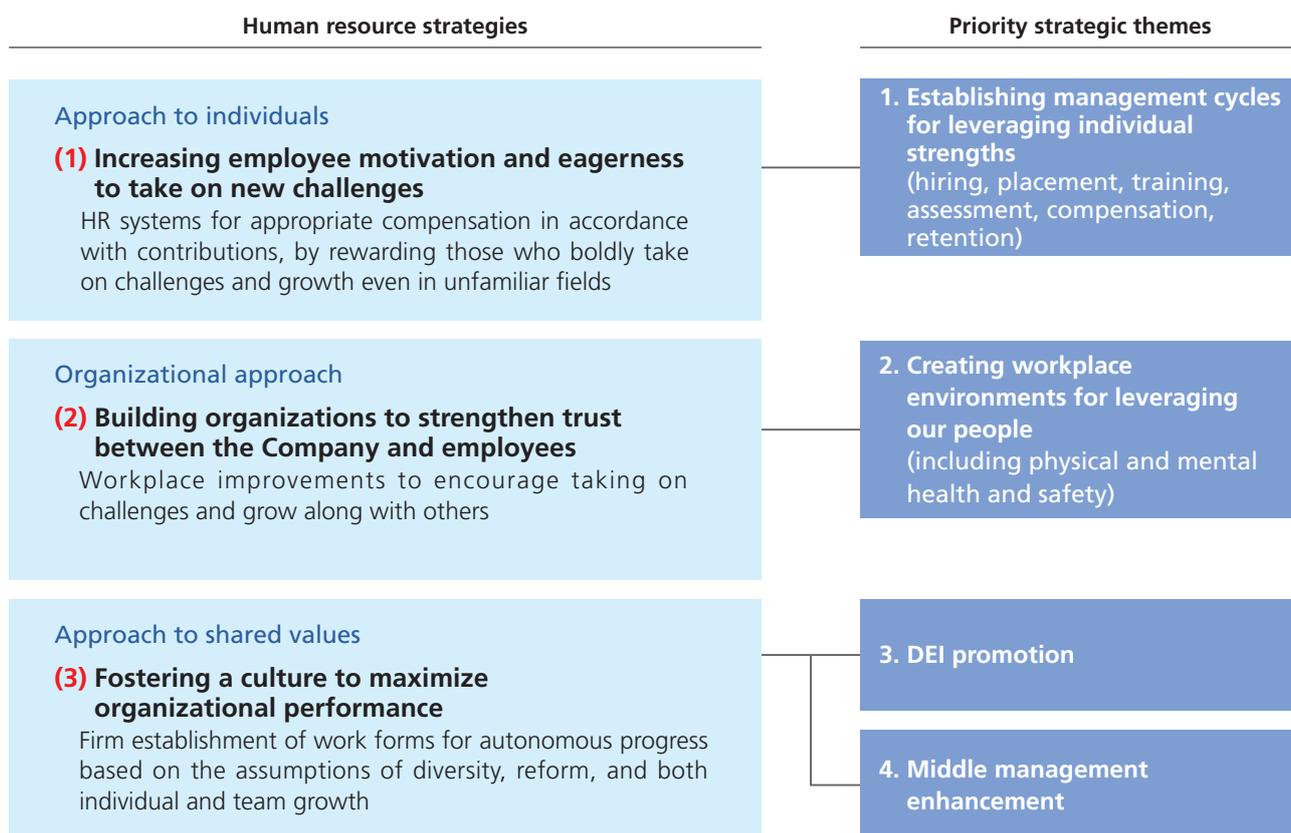
	FY2023	FY2024	FY2025
Rate of improvement in overall score*	—	0.5%	6.2%
Response rate	93.9%	97.3%	96.5%
Respondents	889	928	931

* Rate of improvement based on the initial FY2023 survey

 See p. 44 for results of the employee engagement survey.

HR strategy

In addition to maximizing individual performance and securing and enhancing HR able to generate innovation through increasing employee motivation and eagerness of to take on new challenges, we're building and strengthening the foundations for employees to demonstrate their maximum performance, by building organizations to strengthen trust between the Company and employees. Furthermore, by fostering a culture to maximize organizational performance, we plan to improve productivity and promote business strategies to help achieve our ideal vision.



To realize our ideal vision for 2030, in addition to promoting these HR strategies we also consider it to be important to build the optimal HR portfolio for our ideal business portfolio. Under the leadership of the Corporate Planning Department, which oversees our resource allocation, we're strengthening our sales capabilities in areas such as market research and sales expansion strategies and launching system optimization in the Sales Division and the Research & Development Center, to enhance R&D and technological capabilities to secure market share in line with market growth by meeting customer needs. We plan continue to enhance internal discussions while seeking to achieve overall optimization of Company systems, targeting the Company's ideal HR portfolio.

We're also promoting HR portfolio optimization in terms of both optimal placement and development, through means including enhancements in training programs in our strategic priority domains, such as high-performance materials and digital technologies, and systematically developing HR with the skills needed in these domains.

HR foundation enhancement

We consider active disclosure to be essential to internal and external dialogue on human capital management. Accordingly, we're promoting disclosure in line with ISO 30414, an international guideline on human capital disclosure. In addition to actively disclosing the results and outcomes of various measures, we use them to further improve the opinions obtained in stakeholder dialogue.

We're also striving to secure more precise data on human resources, to enhance human capital management. Currently, we're promoting changes to our HR systems and introduction of new systems. By simultaneously enhancing HR data functions and improving HR sections' operating efficiency, we plan improve productivity in those sectors and enhance the foundations for human capital management to strengthen corporate value.

(1) Increasing employee motivation and eagerness to take on new challenges

We plan to maximize individual performance and secure and enhance human resources able to create innovation through efforts to encourage employee autonomy and initiative. To increase employee motivation and eagerness to take on new challenges, we've identified establishment of management cycles for leveraging individual strengths as a priority strategic theme. We plan to develop autonomous human resources able to take on challenges and innovate continually by promoting various measures in HR development, evaluation, compensation, and other systems.

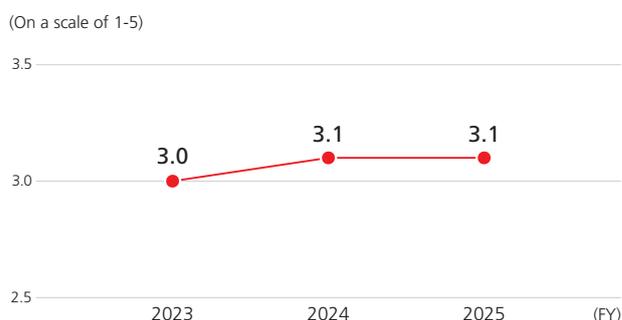
Priority strategic theme Establishing management cycles to leverage individual strengths

To establish and enhance management cycles to leverage individual strengths, we're focusing on individual growth and initiative in all processes of hiring, placement, training, evaluation, compensation, and retention and enhancing this series of processes. By connecting these to the realization of management strategy, we plan to develop systems for continual development of autonomous human resources who take on challenges constantly, while generating innovation and increasing corporate value.



We've chosen the job satisfaction score from the employee engagement survey as an indicator of the degree of establishment of management cycles leveraging individual strengths. While the score has been stable since the start of the survey, we aim for continual improvement by further enhancing efforts to establish the following cycle.

Trend in job satisfaction score



Securing human resources for business development

We consider hiring activities, on which management cycles leveraging individual strengths are based, to form the foundations for subsequent development and organizational culture and, by extension, business growth. We're enhancing hiring activities to secure human resources to contribute to our business development.

While traditional hiring activities have been based on individual sections' staffing plans, we're shifting toward more strategic hiring activities based on staffing plans formulated from the perspective of Companywide optimization.

With regard to midcareer hiring in particular, we're shifting from hiring activities centered on filling vacancies to the hiring of experienced personnel able to play roles immediately in accelerating business reforms, for example by securing human resources with knowledge and experience regarding technologies related to our strategic businesses now under development.

In addition, in hiring of technical staff (high-school graduates), which until now has been conducted by individual sites, we're striving to secure human resources at a Companywide level by establishing a system in which business divisions cooperate with the Human Resources Department.

Furthermore, we are promoting a referral hiring system to hire human resources who are aligned with our values and culture through employee referrals. We're also considering accepting human resources from abroad using new training and employment programs, to address the structural issue of a shrinking workforce in Japan.

Trend in hiring numbers (nonconsolidated) (Hiring numbers)

	2022	2023	2024
New graduates (administrative, technical)	7	12	12
New graduates (skilled)	3	6	8
Midcareer hires	12	7	18
Total	22	25	38

Placing the right people in the right positions

We strive to place the right people in the right positions in order to draw out our human resources' abilities to the fullest and increase performance across the entire organization.

In addition to promoting appropriate placement to realize our business strategies, we plan to build systems for optimal placement so that both individuals and the organization can demonstrate their utmost performance, through efforts that respect individual career orientations and aptitudes.

■ HR placement that accounts for individual career orientations and aptitudes

To support autonomous career-building, we employ a system under which employees can request transfers based on their career plans. This aims to invigorate the organization and provide opportunities for individual growth in line with individual career orientations and motivation to take on challenges.

In some sections, we've updated our previous uniform approach to career paths, which assumed that all employees would seek to be managers by adopting a dual-track HR system consisting of specialist careers that contribute to business through advanced expertise and management careers to lead the organization. This system enables assignment to roles in which employees can utilize their individual strengths and aptitudes to the fullest. We plan to expand the scope of this system.

In annual career interviews, we ask employees eligible for subject managerial positions about their future career aims. We also provide training for those at middle management levels through roleplaying and other means to improve the quality of interviews.

Establishing management and specialist career paths



Developing autonomous human resources

To develop autonomous human resources who can take on the challenges of innovation on their own, we provide opportunities for systematically learning the skills the Company needs. Through such opportunities, we're fostering a culture in which employees can learn and take on challenges on their own while building an environment to support growth through employees taking the initiative in thinking about their own careers.

In addition to improving tiered training programs, we provide diverse learning opportunities by enhancing external training, support for earning official qualifications, and similar measures.

To support self-improvement, we provide e-learning, conversational English programs, and similar activities, along with a program to reward employees who earn official qualifications and a program to support professionals seeking to earn a PhD degree.

We're also expanding the dispatch of employees to external training programs so that they can learn new perspectives and knowledge while furthering external exchange opportunities. The goal is to enhance free thinking and improve problem-solving ability by learning about diverse values through interactions with other industries and fields, in addition to learning specialized skills directly related to our businesses.

In addition to supporting autonomous employee growth by enhancing such educational opportunities, we make employees own strengths and future visions clear through opportunities such as career interviews with superiors, thereby allowing each employee to consider their own careers and grow on their own.

We're enhancing educational programs for new employees to allow each individual to adapt swiftly to his or her duties and to grow in ways rooted in the corporate culture. When employees join the Company, we provide introductory training on matters like corporate philosophy and corporate culture. We're enhancing training for practical skills, including business fundamentals, to support seamless execution of duties after placement. We also offer everyday guidance through a mentoring program and on-the-job training (OJT), as well as follow-up training at half- and one-year intervals after joining the Company to review individual growth and help foster career orientation.

We've also begun offering training programs to core and young managerial personnel that include elective training on management perspectives, multiple career paths across sections, and challenging assignments. Through monitoring, guidance, and advising by management, we're striving to create practical managerial human resources who will lead value creation from Companywide perspectives based on autonomy and the spirit of pursuing tough challenges.

Trend in investment per employee (nonconsolidated)

(Thousand yen)

2022	2023	2024
42	84	104



Ms. M, Research Group 1
Research & Development Center

Reflecting new insights in Company R&D

Encouraged by a professor at a university with whom we engage in joint research, I'm in the process of earning a PhD through a program that supports professionals to earn a PhD degree. In particular, gaining new knowledge and perspectives I could not reach on my own expands my personal and research potential. I intend to apply this experience to use in Company R&D.

Training system (for administrative/technical employees)

		Common training	Training on requirements for promotion	Selective training	Training on specific topics (companywide)	Self-improvement
Manager	Executive Manager/advisor	Management strategy training New general manager training		Language training for managers Outside training Pre-posting training for resident staff Management human resource development (subsidiary management)		
	Councilor	Business leader training New manager training	<ul style="list-style-type: none"> Subordinate development training Organizational efficiency training 			
General employee	Chief	Management training New chief training	<ul style="list-style-type: none"> Superior assistance training Risk management training 			
	Mid-level employee	Year seven training	<ul style="list-style-type: none"> Job progress training Planning/problem-solving training Presentation training 	Dispatching younger employees overseas Domestic scholarship program	On-the-job training Compliance, diversity, and human rights training Health and safety training IT/digital training Second career and life planning training	Career training for women
	Younger/new employee	Training for younger employees on demonstrating autonomy Mentor program Engineers presentation meeting Follow-up training New employee training	<ul style="list-style-type: none"> Business fundamentals training Communication training Logical thinking training 			Level-specific business skills training Language training, e-learning, earning qualifications

Building evaluation and compensation systems to increase motivation

We're revising our evaluation systems to maximize employee engagement and performance. By enhancing the existing system of management by objectives to build systems that directly link individual growth to achievement of organizational goals and fairly reflect such contributions in evaluations, we plan to foster motivation to achieve growth among all our employees.

As a first step, we introduced a new evaluation system for the Corporate Center. Through goal-setting process improvements and semiannual progress evaluations, we're enhancing the link between Company and section goals and individual goals. We also ensure fair evaluations by using objective, highly transparent indicators of factors including achievement and growth. In addition, in meetings with superiors intended to set goals, we encourage individual employees to learn how their work relates to organizational strategies and promote efforts to achieve goals across the organization. We plan to deploy this new evaluation system Companywide next year.

Furthermore, by building a program to reflect in appropriate compensation this evaluation system that employees find persuasive, we plan to increase employee engagement and promote autonomous growth.

Steadily building up human capital

We regard employee retention to be a key factor for organizational vitality and long-term value creation.

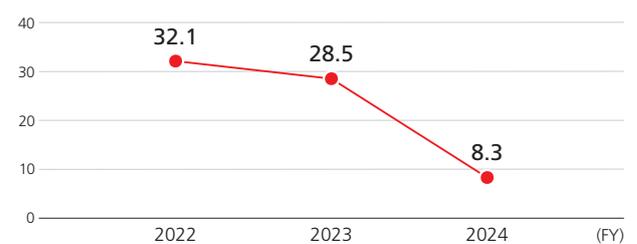
To retain employees, in addition to building environments in which employees can grow with peace of mind in doing rewarding work, we're also striving to develop environments that promote individual initiative and retention, focusing in particular on midcareer hires, who bring new perspectives to the organization, and senior employees who contribute a wealth of knowledge.

Supporting midcareer hires

To accelerate business reforms, we're enhancing the midcareer hiring of human resources with diverse expertise and developing introductory training, as well as career support programs for midcareer hires—efforts intended to allow these newcomers to demonstrate their abilities to the fullest after joining the organization.

Our goal in promoting seamless adaptation to our organizational culture and integration into Company networks is to invigorate the organization with employees capable of quickly establishing themselves within their positions and making contributions.

Trend in three-year separation rate for new graduates (nonconsolidated; includes technical personnel) (%)



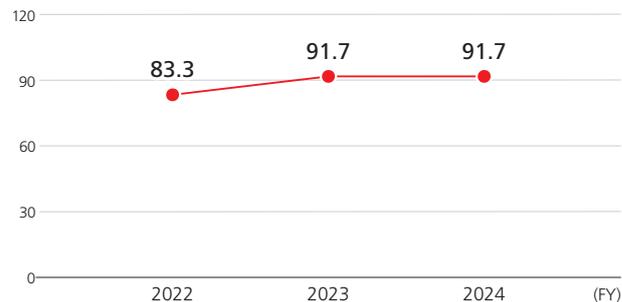
Midcareer hires as a percentage of all employees (nonconsolidated) (%)

Fiscal Year	Percentage (%)
2022	21.0
2023	21.3
2024	23.6

■ Supporting senior employees

We recognize that senior employees, who, due to their years of service can provide insights through their amassed experience, are key assets to raising our competitive strength. As their roles continue to grow we're redefining the expected roles of each senior employee and plan to reform related systems over the course of FY2026. In addition to providing roles where individuals can demonstrate their motivation and abilities regardless of age, along with remuneration that adequately reflects their responsibilities, we will support career design that accommodates flexible work styles and strengthens engagement.

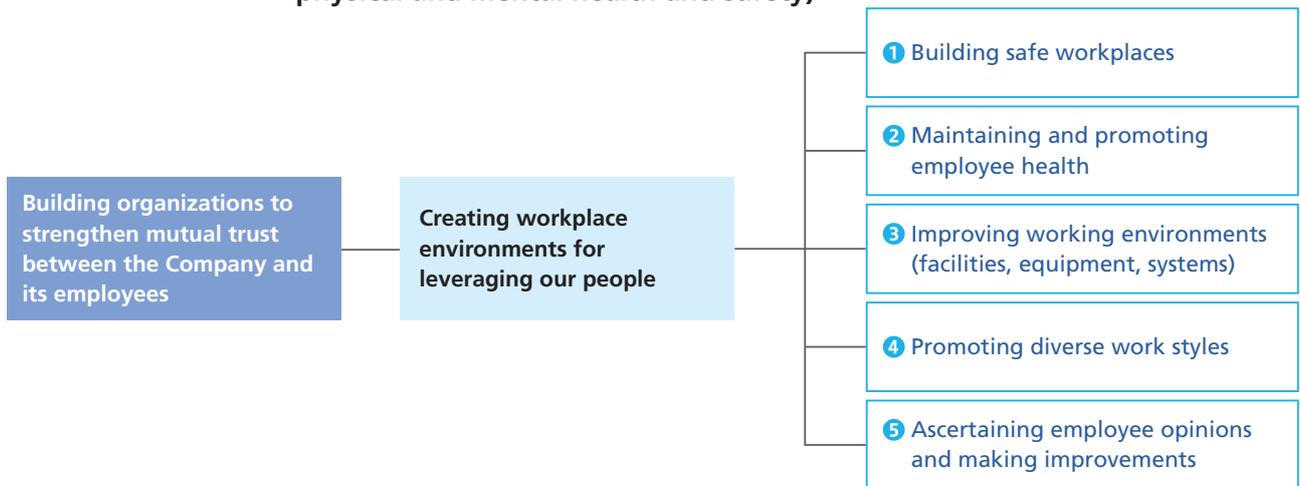
Retiree reemployment rate (nonconsolidated) (%)



HR strategy (2) Building organizations to strengthen mutual trust between the Company and its employees

To ensure that all employees can demonstrate their abilities to the fullest, it is vital to build strong relationships based on trust between the Company and its employees. We build environments in which employees can continue to work with a keen sense of motivation, in safety and good physical and mental health, as an important theme in creating workplace environments for leveraging our people.

Priority strategic theme Creating workplace environments for leveraging our people (including physical and mental health and safety)



Building safe workplaces/maintaining and promoting employee health

We established the Mitsubishi Steel Group Occupational Health and Safety Policy to build workplaces where employees can work with safety and peace of mind and to maintain and improve their health. Through an organization led by the President and CEO, as the person responsible for health and safety management, we build workplaces where people can work safely and with vitality.

Putting worker health and safety first, we're promoting an effective OHS program based on the three pillars of risk assessment, training and drills, and monitoring and improvement.

Occupational health and safety initiatives

Putting safety first, we build comfortable working environments where people can work in safety and good health. We're leveraging various opportunities to carry out activities to increase risk sensitivity through communication, and through these activities we will raise safety awareness under the slogan, "Back to Basics."

Since 2018, we've maintained a number of zero fatal on-the-job accidents on a consolidated basis, including overseas facilities. We will aim for zero accidents of all kinds by continuing to strengthen safety awareness.

(1) Risk assessment

We implement risk assessments for occupational health and safety regularly and as needed.

In particular, in the event of an accident, we undertake risk assessment of similar work at all facilities, including the one affected by the accident, to identify and eradicate sources of danger and consider mitigation measures.

(2) Training and drills

We hold initial training on new assignments, safety training for third-year employees, and safety manager meetings to share information on amendments to laws concerning health safety, to raise awareness among supervisors and all employees at each facility. We also hold activities regular evacuation drills and various related competitions and contests every year.

In FY2024, we organized a total of 65 safety-related training and drills programs.



KYT competition



Forklift school



Disaster drills

(3) Monitoring and improvement

We hold quarterly meetings of safety managers at three sites in Japan and two affiliates companies to share information with the head office secretariat.

We also hold monthly health and safety committee meetings at each facility and plant health and safety patrols to identify dangers and check on the status of corrective measures. To improve the workplace environment, we conduct follow-up interviews.

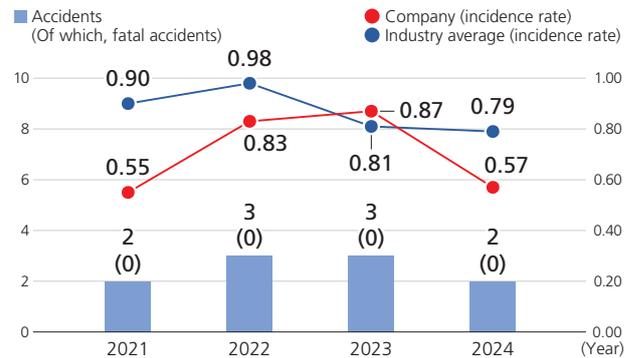
Each committee receives health support based on discussions with industrial physicians and public health nurses, to address overwork and mental-health conditions.



Safety patrols

Safety results

Incidence rate of accidents involving suspension of operation



* Accident involving suspension of operations: one or more days of suspended operations

Total of three major facilities in Japan (Mitsubishi Steel Mfg. Co., Ltd., Mitsubishi Steel Muroran Inc., Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.)



Mr. W, Engineering Group, Manufacturing Department Hirota Works

Raising safety awareness through communication

The KYT preventive-safety competition activities held at our site reminded our team of the importance of communication to prevent accidents. We will continue KYT preventive-safety activities to make the workplace safe and comfortable by sharing risk information with our colleagues and implementing comprehensive countermeasures.

■ Health management initiatives

We recognize that building working environments in which all employees can continue to work in good physical and mental health and protecting employee health are not simply matters of employee welfare, but important issues for realizing corporate growth by demonstrating individual performance to the fullest. We've established a Health Management Policy to maintain and improve employee physical and mental health, and are promoting activities along the following four axes.

(1) Illness prevention, early detection, and early treatment

In addition to measures to prevent illness, we encourage employees whose checkup results show that follow-up testing or treatment is required to follow up on their health and encourage early treatment to prevent deterioration of conditions.

(2) Preventing infective disease

We strive to prevent infective diseases among employees through comprehensive sanitation management.

(3) Mental health

We carry out appropriate mental health measures through stress checks, to promote better working environments.

(4) Health improvement

We strive to improve employee health by encouraging improvements in diet, nutrition, and exercise.



A walking event for health improvement

KENKO Investment for Health 2025 certification

In March 2025, we earned our first certification (large enterprise category) under the KENKO Investment for Health certification program designed by the Ministry of Economy, Trade and Industry, for which Nippon Kenko Kaigi handles certification.

The KENKO Investment for Health certification program certifies large enterprises, SMEs, and other businesses responsible for outstanding health management based on the health promotion initiatives promoted by Nippon Kenko Kaigi. We will continue to promote health management initiatives to retain this certification.



Promotion structure



Improving working environments (facilities, equipment, systems)/ promoting diverse work styles

Another important theme is investing in comfortable working environments that allow employees to perform at their best. In particular, last year's engagement survey identified improving the environment at manufacturing workplaces, the core of our businesses, as an important Companywide issue. We plan to invest a total of 0.5 billion yen in systematic heat countermeasures and facility maintenance at each manufacturing facility.

In addition to these improvements in the physical environment, we're building systems to support diverse work styles. Measures include enhanced childcare and long-term care support programs, establishing a system to reduce working hours, and remote work regulations.

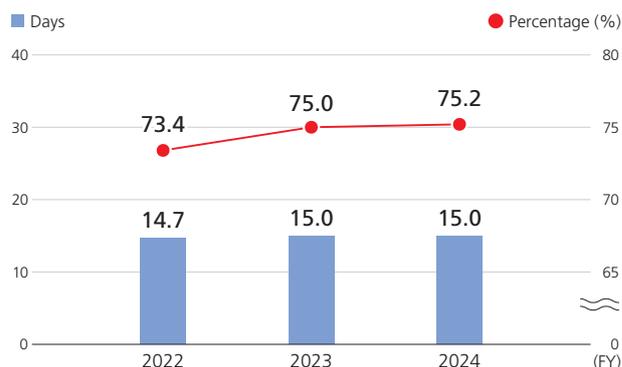
In recent years, we've tried to increase the percentage male employees who take childcare leave when their spouses give birth. The percentage of eligible men taking childcare leave in FY2024 increased to 50% (100% including our independent program of time off for childcare), while the number of men taking childcare leave for periods of three to six months is also increasing.

In response to issues identified in the long-term care leave and time off systems that may have impeded their use, we're proceeding with efforts to encourage use with an external agency. These efforts have begun to generate results, albeit slowly.



Kurumin certification

Annual paid vacation taken (nonconsolidated)



Since FY2022, we've set a target of 75% of annual paid vacation taken. Through the Plus One Campaign that makes it easier to take paid vacation before and after holidays and other measures, we're laying the foundations for a workplace culture that makes it easier to take paid vacation.

Ascertaining employee opinions and making improvements

■ Holding townhall meetings

We've held townhall meetings since 2022. These meetings, in which members of top management communicate directly with employees, are helping to improve employee engagement through mutual trust based on direct communication of management policies and sharing of employees' feelings and opinions from everyday work.

Example of improvement inspired by a townhall meeting

Introduction of the elder system at Mitsubishi Steel Muroran

One practical example of an improvement inspired by a townhall meeting is the introduction of the elder system at Mitsubishi Steel Muroran. Through this program, the company provides subsidies for group activities involving younger employers and senior colleagues. Goals include supporting smooth adaptation to and growth within the workplace among younger employees and promoting more comfortable working environments by deepening exchange with senior colleagues.



A townhall meeting

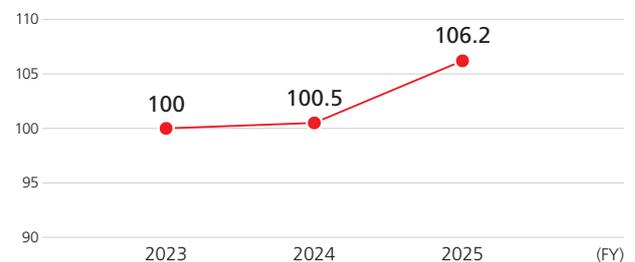
■ Employee engagement surveys

We undertake annual employee engagement surveys to identify based on objective criteria the strengths and weaknesses of our organization. The score from the third survey, conducted in FY2025, showed steady improvement from the first survey and clear signs that organizational improvements are starting to generate results.

At the same time, while a steady improvement trend was apparent on the topics of working environments (facilities, equipment) and communication between superiors and subordinates, which had been identified in the first survey in FY2023, we recognize that these remain important topics and plan to implement ongoing improvement measures.

Trend in total employee engagement survey score

(Calculated by assigning a level of 100 to the score from the first survey [FY2023])



* FY2025 survey response rate: 96.5% (931 persons)

📖 ▶ See p. 43 for information on efforts to improve working environments (facilities, equipment).

📖 ▶ See p. 46 for information on efforts to improve communication between superiors and subordinates.

We hold meetings to share with managerial personnel the findings of the engagement survey, and consider various issues identified through the survey in each section. In addition to providing learning opportunities through means such as analyzing survey results and formulating action plans, we also gauge the results of measures taken through regular focused surveys to gather opinions on individual items in the action plans. By holding discussion meetings for staff promoting the plans in individual sections and providing opportunities to consult with outside experts about issues and concerns in promoting the action plans, we're pursuing solutions to the issues identified in engagement surveys on not only a Companywide level but also the section level.

The results of these engagement surveys are reported to management meetings and the Board of Directors and summarized in internal media.



Meeting to share engagement survey results

HR strategy (3) Fostering a culture to maximize organizational performance

We believe building an organizational culture that welcomes the efforts of any member to take on the challenges of reform, while maximizing individual strength and respecting diverse individual properties and values, is the source of innovation. To foster a culture that maximizes organizational performance, we're developing environments in which diverse human resources can demonstrate their abilities with peace of mind (DEI promotion) and developing middle management personnel who put such efforts into practice and draw out the individual strengths of each and every subordinate.



Priority strategic theme DEI promotion

Securing and increasing diversity

In addition to the active midcareer hiring of professionals from different industrial and cultural backgrounds, we're focusing on developing an environment in which female employees can thrive.

Using various diversity-related percentages as metrics, we are building an organization that can generate innovation through a diversity of human resources characterized by different backgrounds and outlook, who demonstrate their abilities to the fullest, regardless of attributes such as gender, age, nationality, midcareer status, and disability status.

In particular, to promote the role of women in the workplace, we're aiming to increase percentages of women employees and managers and conducting activities such as diversity training for managers and training for women managers (including candidates).

Thanks in part to these initiatives, the percentage of managerial candidates accounted for by women has risen sharply, from 1.8% in FY2022 to 9.8% in FY2024, reflecting the progress made on the training of female human resources for the next generation of management.

We're also planning to accept human resources from JATIM in Indonesia at domestic facilities in Japan, thereby creating more opportunities for interaction with diverse human resources while training Indonesian staff and strengthening collaboration with global facilities.

Employee breakdown by age (FY2024, nonconsolidated) (%)

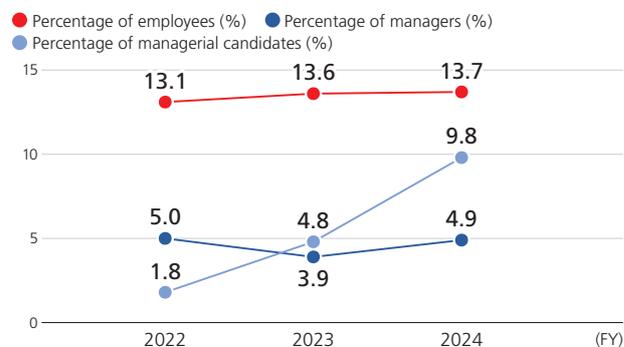
Age 29 and younger	Ages 30-39	Ages 40-49	Ages 50-59	Age 60 and older
13.7	16.9	25.0	35.5	9.0

Diversity metrics in FY2024 (%)

	2024
Percentage of midcareer hires (nonconsolidated)	23.6
Percentage of non-Japanese personnel in key positions* at overseas facilities (consolidated)	33.3
Percentage of employees with disabilities (nonconsolidated)	2.64

* Company presidents and plant general managers at overseas subsidiaries

Trends in percentages of employees, managers, and managerial candidates accounted for by women (nonconsolidated)



Discussions with female outside officers

We hold discussions with female outside officers as part of efforts to promote the role of women in the workplace. These serve as opportunities to exchange opinions on topics like how they became managers and officers, their most challenging experiences and how they overcame them, tips and advice for thinking about women's careers, and what they expect from our female employees. These provide participants with valuable insights on various topics—for example, the diverse career options available to women, the accessibility of managerial and officer posts, and the many other ways to contribute beyond middle management.



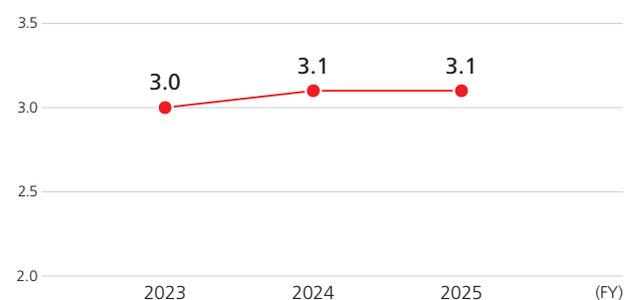
Priority strategic theme **Strengthening middle management**

Members of middle management play important roles in maximizing diverse individual strengths and transforming them into organizational power. At the same time, the engagement survey has shown important issues remain in the areas of communication between superiors and subordinates and subordinate development. In response, we're enhancing efforts to train managers capable of interacting with subordinates as individuals and making the most of their abilities and motivation.

We identified the employee engagement survey's score on satisfaction with superiors as a metric for gauging the degree of success of these efforts. We will strive continually to improve this score by raising the quality level of management through training and other initiatives.

Trend in score on satisfaction with superiors

(On a scale of 1-5)



Strengthening management thinking / strengthening management skills

We're strengthening subordinate development through training based on role-play, an approach that seeks to teach effective communication practices for encouraging subordinates' autonomy and maintaining their motivation while also measuring and identifying issues in individual levels and improving the quality of management.

We're striving to foster a leadership mindset among managers based on a deep understanding of the importance and social meaning of inspiring the best from diverse subordinates and encouraging awareness reforms as future leaders. To build relationships based on trust with subordinates and improve skills for supporting their growth, we provide opportunities to master practical skills such as listening and feedback. We support putting the skills learned to practical use in regular one-on-one meetings and other opportunities to improve the quality of management in the field.



Middle-management training



Group Manager N
Spring Group 3,
Spring Sales
Department

On participation in management training

Through this training I learned about various topics, including how a manager needs to act, based on discussions among participants and interview roleplaying. I intend to use what I've learned in the workplace to build an environment that enables team members to grow through communication suited to the needs of each individual.

Manufacturing capital

Throughout its history of over 120 years, powered by the strengths of its integrated production from materials to products, the Mitsubishi Steel Group has built production structures to meet diverse customer needs.

We will continue to build optimal production systems to drive sustained corporate growth by promoting digital transformation (DX) to improve production efficiency and save labor, alongside proactive capital investments in strategic businesses.

Our manufacturing strengths

Manufacturing that meets customer needs through integrated production

■ Integrated production from materials to products

As an integrated manufacture of products ranging from materials to products, we operate facilities that produce special steel bars and facilities that process springs and other products. Many of our products are customized based on individual specifications and properties according to customer needs, as opposed to general-purpose, mass-produced products. We deliver highly competitive products to meet these diverse needs by deploying equipment that reflects the perspectives of both materials and processing and our expertise in development and production.

Chief examples of integrated production from materials to products

- Delivery to customers of large coil springs and other products for construction machinery processed at Chiba Works using special steel bars produced by Mitsubishi Steel Muroran
- Sale to customers by our Spring Sales Department of leaf springs processed by partner manufacturers in Indonesia through business alliances using special steel bars produced by JATIM in Indonesia
- Capacity to choose appropriate materials suppliers in local procurement at overseas facilities, based on our insights into materials production
- Continuation of supply to customers by switching temporarily to materials produced by Mitsubishi Steel Muroran when the North American springs facility faced a supply stoppage due to the bankruptcy of a local materials supplier
- Demonstration of competitive strengths in heat treatment technologies in the Machinery Business based on our roots in materials technologies

■ Integrated production from design through assembly

- In the strategic business of high-performance hinges, we take a flexible approach to meeting customer needs based on strong technological capabilities and by applying our expertise in springs and integrated production from component design to assembly.
- Mitsubishi Nagasaki Machinery, which handles the machinery business, handles all tasks from design through manufacture and installation of large-scale production equipment and steel fabrication equipment, fusing engineering and manufacturing at the highest levels.

Strengths in processing of large-scale products

Our strengths include production facilities for large-scale products, among our diverse lineup of products.

- Top market share in Japan for large-diameter special steel bars
- Top market share in the world for large coil springs with sizes comparable to adult human heights, used in construction machinery
- Mitsubishi Nagasaki Machinery, which handles the machinery business, also produces products like forging press manipulators, including some of the world's largest units, as well as the world's largest-capacity dredging buckets.

Demonstrating a presence in the offshore wind power field

Products related to offshore wind power, which is drawing attention as a renewable energy, are growing in size to enable high power supply. However, relatively few suppliers in Japan can satisfy the needs in relation to large-sized products. Group member Mitsubishi Nagasaki Machinery, with a track record in delivering such products, will meet growing future demand by adopting equipment capable of processing large-scale products, thereby demonstrating its strengths in response to the Japanese government's policy of promoting domestic procurement of parts and materials.



Manufacturing large coil springs



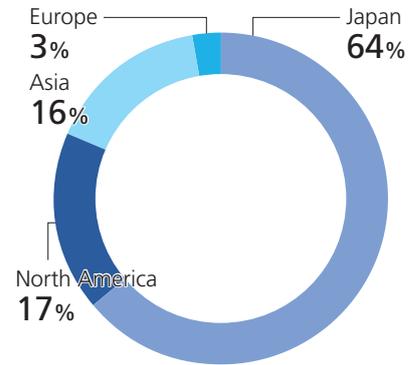
Large-scale bending roll, capable of bending thick metal plates

Global production and supply networks

In addition to its four facilities in Japan, the Mitsubishi Steel Group operates eight production facilities overseas, centered on North America and Southeast Asia. Our production structure also relies on partnerships with local firms overseas to enable the stable supply of highly competitive products to meet the needs of global customers. Furthermore, sales efforts that involve our global supply networks are generating results by utilizing not only the sales network of a certain product's production base but also other networks too.

Moving forward, in addition to investing capital in priority areas while targeting the overseas steel bars market, emerging passenger- and commercial-vehicle markets, and other growth markets, we will enhance quality, technology, and other support from base plants in Japan to build an optimal global supply structure for sustained corporate growth.

Sales by region (FY2024)



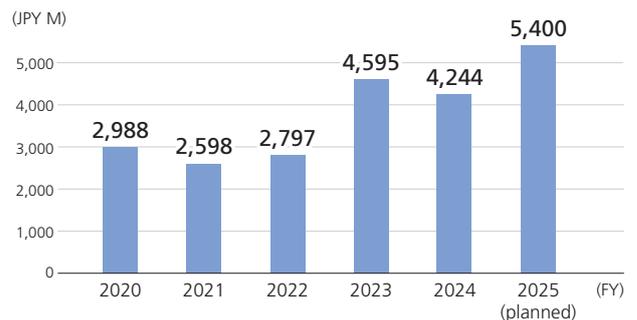
Global production and supply networks



Capital investment

In addition to investments in efficiency improvements and updating of aged equipment in our core businesses, during the period of the current Mid-term Business Plan (FY2023-2025), we're pursuing capital investments in strategic businesses to move toward our ideal vision for 2030. Investment decisions are made by the Investment Committee (p. 108) through close examination of business plans and risks. Further, in the second half of FY2022, we introduced internal carbon pricing (ICP) at domestic facilities, as we also take CO₂ emissions reduction effects into consideration in making investment decisions.

Trend in amount of capital investment



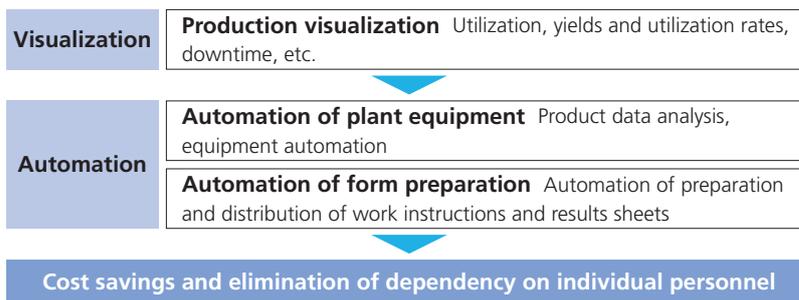
Moving forward, by carefully considering matters such as the market environment and business growth potential, we will make timely, proactive strategic investments to build optimal production structures for sustained growth.

Main strategic investments under the current Mid-term Business Plan

Business	Details of capital investment	Amount
Precision spring components	Production capacity enhancements to meet growing orders	Approx. JPY0.75 B
Special alloy powders	Production line enhancements to meet growing demand	Approx. JPY0.7 B
Products associated with offshore wind power	Adoption of large-scale bending rolls, capable of bending thick metal plates	Approx. JPY0.8 B
	Establishing a new plant to enhance production capacity for offshore wind power and defense industry products	Approx. JPY4.6 B

Promoting plant DX

We will enhance our manufacturing capital by promoting plantwide digital transformation (DX) to visualize production metrics, improve efficiency, save labor, and expand the deployment of related expertise.



Use of plant DX in the cogging process at Mitsubishi Steel Muroran

Issues

- Labor-savings and passing on skills
- Collection and analysis of quality data
- Deviations in productivity and quality due to varying worker skills

➔ Realizing affordable solutions by using DX to improve existing equipment

- Integrating complex work under a single general-purpose controller
- Data collection and accumulation and automated work controls using single board computers (SBCs) and programmable logic controllers (PLCs)

Results

- Development of control programs based on operation data
- Reducing deviations in finish through automated process controls
- Preventing operational errors
- Shortening the time until young employees master processes

Future outlook

- Targeting full automation through analysis of operation data and enhancement of sensor technologies
- Using connections and outstanding general performance for transfer to other equipment



Quality

Basic concept and promotion structure

The "Customer First" concept is uppermost in the Group's Corporate Philosophy. We've identified as a shared guideline for all employees an approach to contributing to corporate growth by providing customers with high-quality, high-performance products.

In particular, since we produce numerous important safety products, including automotive springs, meeting customer demanding standards and providing high quality and peace of mind to society are important corporate missions.

In addition to paying close attention to product quality and safety at all stages of the manufacturing process, ranging from the purchase of materials through to final inspection, we will promote efforts to achieve further quality improvements and meet diverse customer needs at a high level and create value for both customers and society.

Our promotion structure is centered on quality assurance sections, through which we maintain and manage the quality management system.

The Quality Assurance Department, an independent section in charge of operations related to overall quality assurance, performs checks and balances to optimize and strengthen quality assurance functions, allowing us to provide even more highly reliable products.

The officers in charge of quality assurance coordinate with the heads of quality assurance sections in individual business sections to centrally manage quality-related initiatives and activities. Working with the Risk Control Department of Line two, they implement Groupwide improvement activities in areas such as continual improvement on priority topics, preventing quality-related complaints and strengthening customer satisfaction.

Efforts to improve quality

At each of its manufacturing facilities, the Group earns ISO quality management system certification and builds quality management systems on that basis.

At each business site, we implement activities such as quality meetings, quality patrols, employee education, and quality audits (p. 108) by the Risk Control Department to prevent quality-related complaints arising.

ISO certification in quality assurance systems

Percentage of certified domestic production facilities	100%(4/4)
Percentage of certified overseas production facilities	100%(8/8)

ISO9001

Domestic sites

Site	Month of certification
Chiba Works	December 2003
Hirota Works	October 2008

Domestic affiliates

Name	Month of certification
Mitsubishi Steel Muroran Inc.	March 2015
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	March 1995

Overseas affiliates

Name	Month of certification
PT. JATIM TAMAN STEEL MFG.	June 2015
MSM SPRING INDIA PVT. LTD.	October 2018
MSM Philippines Mfg. Inc.	March 1998
MSM (THAILAND) CO., LTD.	March 1999

ISO/IATF16949

Overseas affiliates

Name	Month of certification
MSSC CANADA INC.	May 2018
MSSC US INC.	April 2018
MSSC MFG MEXICANA, S.A. DE C.V.	June 2018
MSM Ningbo Spring Co., Ltd.	August 2018
MSM (THAILAND) CO., LTD.	February 2007

Examples of awards from customers

The Group's precision springs were awarded the Best Quality Category FY2024 award by Fujifilm Optics Philippines, Inc.



The Group's leaf springs were awarded the QD 100 Points 3Y award by Isuzu Motors Co., (Thailand) Ltd.

Intellectual capital

Message from the Chief Technology Officer (CTO)

Building the foundations for sustained growth by accelerating development of engineers to deliver concrete solutions to society's needs

Based on our core materials technologies and processing technologies, by pursuing product performance in both materials and processing by participating in design from the initial stages of customer product development, we seek to realize the functions and performance customers demand. In the area of precision spring components, we realize the ride comfort that customers demand by combining multiple components and reflecting this demand in product design. While multiple components need to be optimized in product development, we meet customer needs by incorporating materials design and structural design technologies or new technologies. This is one of our strengths and the source of our relationships based on trust with customers and provision of value to society.

To add to these strengths, we're focusing right now on developing engineers and optimal use of human resources. As we enhance earning power in core businesses and seek to develop strategic businesses, we've recognized anew the importance of engineering. Generating new products and technologies requires engineers who can accurately identify customer needs and satisfy them in concrete ways. In addition, to improve our technological development capabilities, instead of simply enhancing staffing it is vital to reform the awareness of individual employees and formulate systematic HR development plans. Going forward, we will implement multifaceted measures such as enhancing human resources in fields where demand is high, enhancing mechanical engineers to create new businesses, and strengthening cooperation among sections to demonstrate further synergies. Through these initiatives, we will build the foundations for sustainable growth toward 2030.

We also plan to put our capital to maximum use to bolster our technological strength, for example by generating innovation based on industry-academia partnerships, utilizing digital transformation (DX) to improve the precision of R&D, and improving our competitive strength through IP activities. We're promoting efforts to create new businesses; projects are already underway toward the commercialization of multiple new ideas.

Based on the technologies accumulated to date, we plan to generate added value in strategic businesses and create innovation grounded in new ideas, thereby identifying solutions to society's challenges and contributing to corporate value.



Managing Executive Officer, Chief
Technology Officer (CTO)

Junji Ogura

Research and Development Center



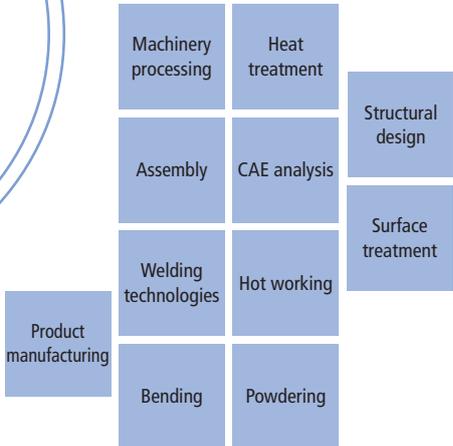
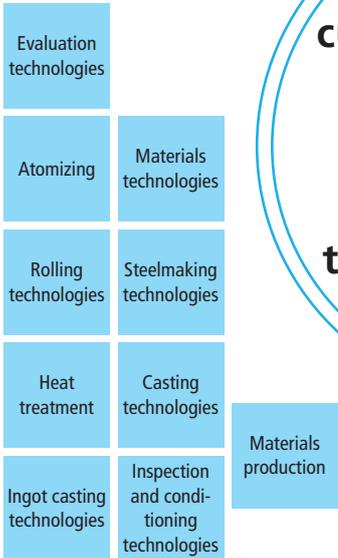
In April 2016, we combined the R&D functions that had previously been distributed across multiple sites to establish the Research and Development Center at Chiba Works as a facility to promote R&D. Its staff of 60 (as of the end of March 2025) pursues R&D across multiple businesses.

Providing value to society based on a core of integrated production from materials to products

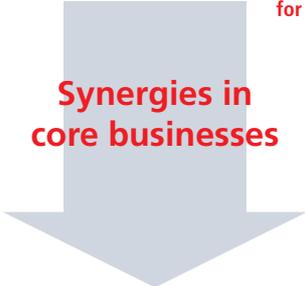
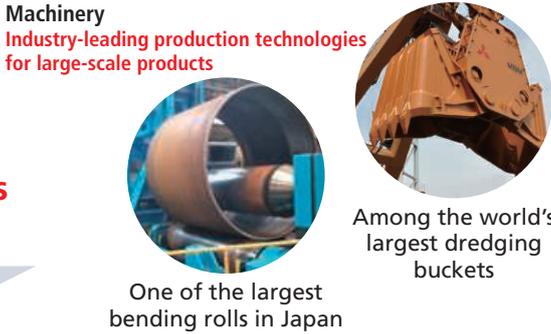
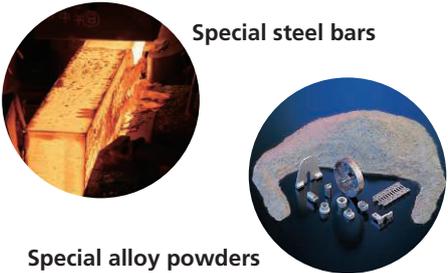
Based on the core areas of materials technologies and processing technologies established since our founding, we deliver value to society by developing and supplying various products through our approach of integrated production from materials to products. The synergies generated by this combination are among our notable strengths, and we realize optimal product development using our expertise in each of these fields. For example, to meet the growing need to reduce spring weight in response to growing vehicle weights accompanying electrification, we can demonstrate industry-leading weight reduction technologies based on our approaches to both materials and processing.

Addressing customer needs and social issues by positioning materials and processing technologies as our core

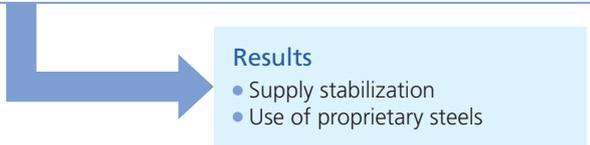
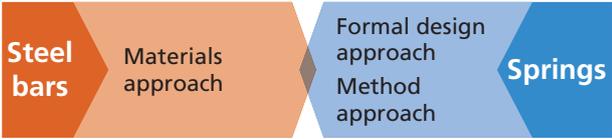
Making possible diverse uses for high-performance hinges through integrated production ranging from design through assembly



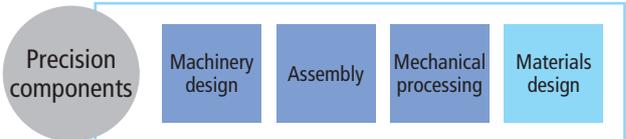
Core technologies



The industry's only fully integrated manufacturer



Manufacturing leveraging our core technologies



Product development via multiple structural components in place of one single component



Customer proposals based on diverse factor technologies



Integrated quality assurance from materials

* ESR: Electroslag remelting, a method of remelting to reduce impurities and variation

Applying existing technologies
Applying Mitsubishi Steel's technologies in areas such as springs and magnets by Mitsubishi Nagasaki Machinery for vibration damping equipment and magnetic sorters

Steel bars ⇔ Formed & Fabricated Products
Meeting demand for small-lot, high-added-value steel materials via Hirota Works' (Formed & Fabricated Products Business) small-lot steel ingots

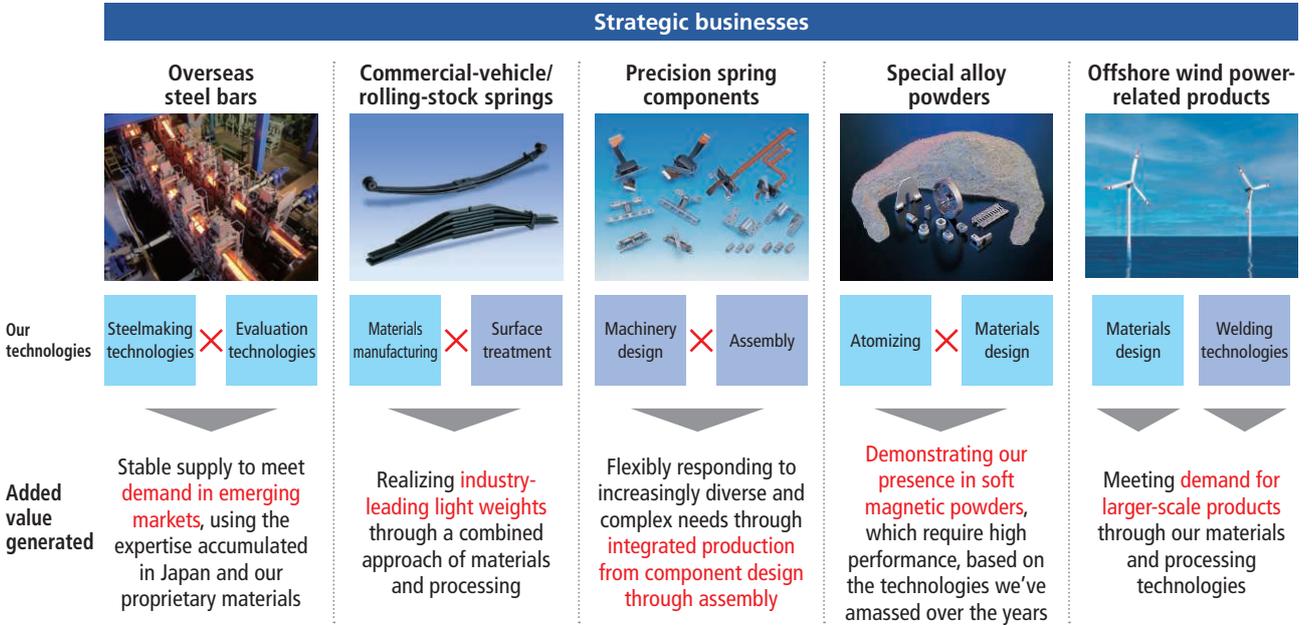
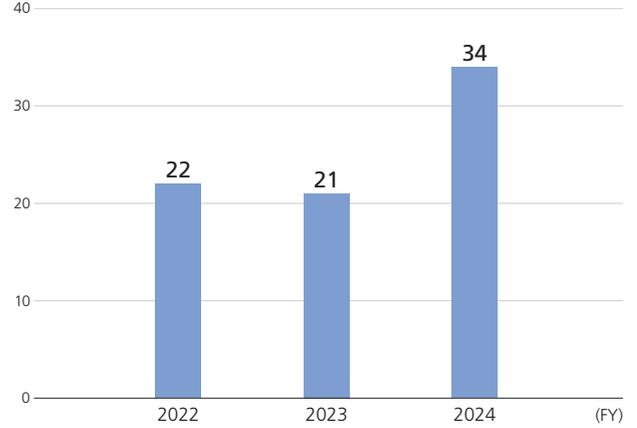
Increasing added value in strategic businesses through R&D

In pursuing our ideal vision for 2030, we've identified the following five new and existing businesses as strategic businesses warranting further development. We anticipate market growth for each in relation to emerging markets or environmental or other market sectors.

To turn these businesses into pillars of sustained growth, we will increase the added value and competitiveness of their products by promoting R&D actively using our core technologies and other capital.

As of 2024, the number of R&D projects related to strategic businesses was up about 1.5 times compared to before the start of the Mid-term Business Plan period. We will continue to grow strategic businesses through active technological development.

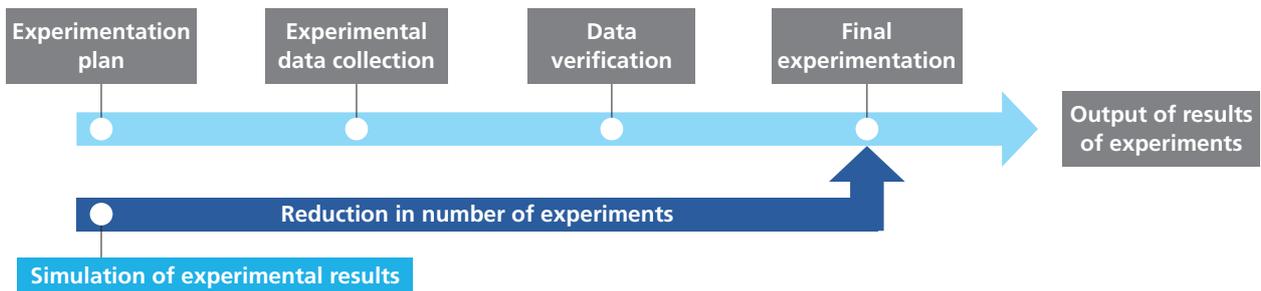
Number of testing and research themes related to strategic businesses (Themes)



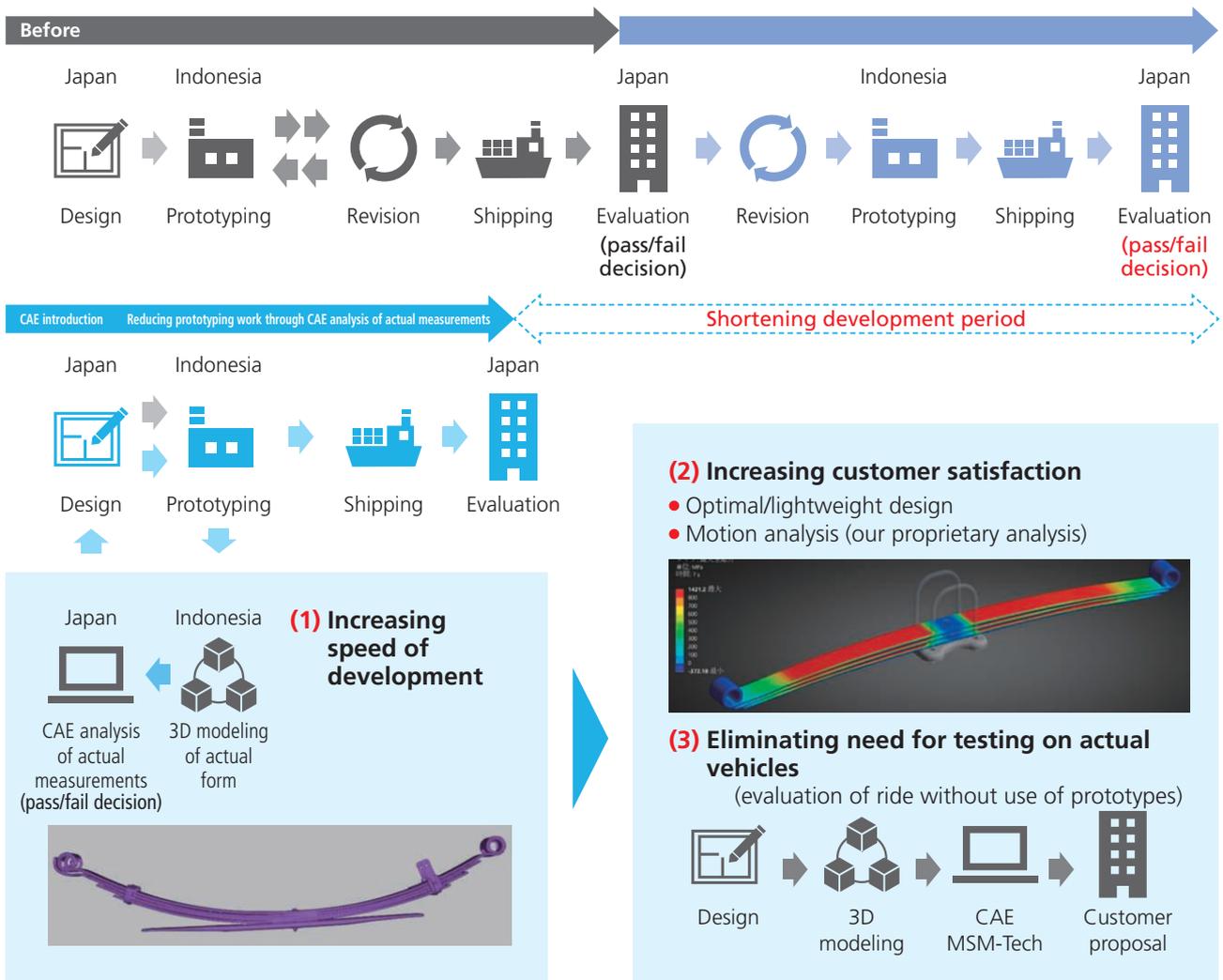
Maximizing intellectual capital value by putting various types of capital to maximum use

Digital transformation (DX)

We're sharply accelerating the speed of development by reducing the number of experiments required compared to previous processes, through active use of simulation technologies to predict results of R&D trials. In addition to cutting R&D costs and accelerating development, this also increases the precision of analysis, to contribute to more advanced R&D and higher customer satisfaction.



Expected results of CAE analysis and 3D scanner use for leaf springs



R&D investment

We're actively investing in R&D related to strategic businesses. The percentage of R&D related to strategic businesses is growing from year to year, reaching an overall level of 49% in FY2024.

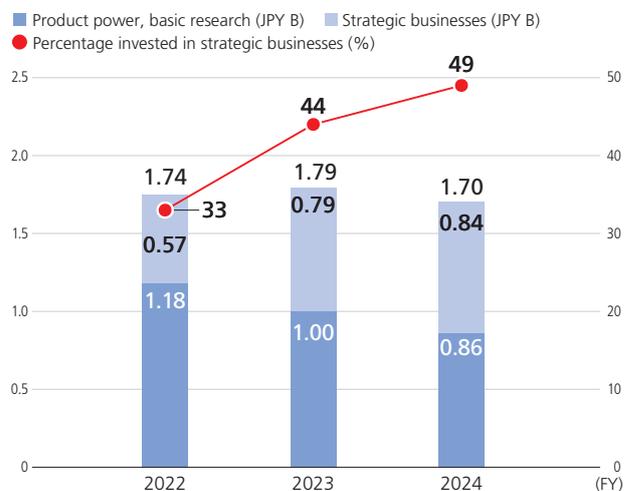
While aiming to maintain the current level of the ratio of R&D costs to sales (about 1%), we will accelerate development of strategic businesses by further increasing the percentage of investment in strategic businesses.

Introduction of handheld 3D scanners

The handheld 3D scanners introduced in 2024 have made it possible to ascertain differences between design values and actual products more quickly by measuring the dimensions of products with complex shapes, chiefly for spring products.



R&D expenses



R&D human resource development and optimal assignments

Seeking to realize sustained corporate growth, we undertake human resource development for R&D as a key management responsibility. In addition to actively promoting human resource enhancements (hiring and reassignment) in strategic business fields, we transfer personnel from development to business sections to develop mechanical engineers and learn about related technologies. In these and other ways, we're improving organization-wide efficiency and strengthening innovation to generate timely development results and carry out a wide range of initiatives for the development of actual products. In addition to promoting coordination across sections to generate synergies, we examine practical measures and plans for the future based on the current status of our efforts.

Cooperation with external organizations

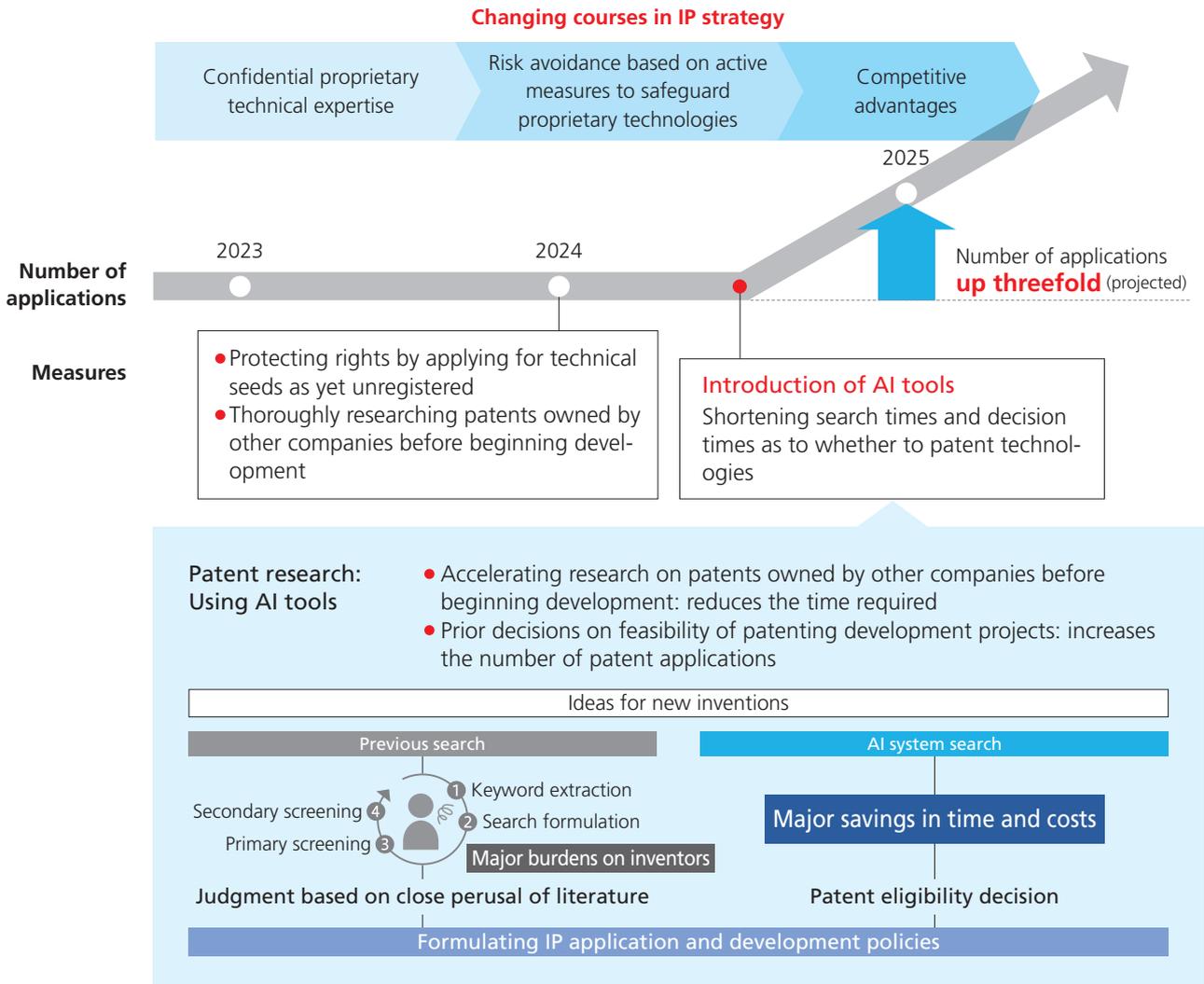
In the area of basic research, which is essential to fundamental technologies, we promote industry-academia partnerships related to basic data collection and theoretical development. Currently, we're acquiring technologies on various development themes with five universities. In the field of simulation analysis in particular, this is making substantial contributions to HR development as well as research findings.

We're also hiring professional consultants in new business fields as we strive to secure technologies in new fields.

IP activities

We consider intellectual property to be an important management resource. We're investing in IP in connection with our business strategies—in particular, by enhancing patent applications in strategic businesses.

This fiscal year, we began promoting efforts to actively uncover technologies by quickly identifying and securing rights to technological seeds as yet unpatented. This is intended to strengthen our IP activities still further. Safeguarding IP resulting from development activities will boost development efficiency, build a highly competitive patent portfolio, and increase corporate value.



New business creation initiatives

Recognizing the creation of new businesses as a critical issue to achieving sustained growth, we're developing human resources and fostering an organizational culture to generate new businesses, along with the systems required to support commercial development of the resulting new business ideas.

Basic concept

Throughout our history, we have operated as an integrated manufacturer, addressing steps ranging from materials to products and the processing of specialty steels. At the same time, our business has been subject to bewildering changes, ranging from growing awareness of ESG to the accelerating shift toward EVs and digital technologies and growing geopolitical risk.

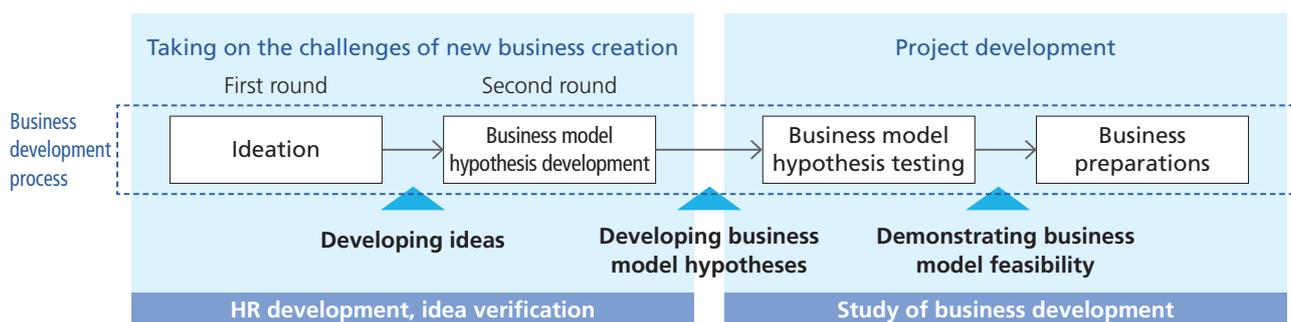
Amid such dramatic change, efforts to create new value are critical to realizing sustained growth.

Accordingly, we're developing systems to spark inspiration that will generate new value and to link them to business development. By fostering a culture of pursuing challenges without fear of failure and developing an environment in which employees can make their ideas real, we will develop our growth engines for the next generation.

In addition to strengthening existing businesses, we will create and nurture new businesses to meet contemporary needs, thereby creating value for a sustainable future.

New business creation initiatives

We're promoting our business development process through the following two initiatives:



Since FY2023, we've organized a selective new business creation challenge program of specialized, practical training to inspire employee motivation to take on challenges and pass on expertise to build future-oriented business models.

This program seeks to develop entrepreneurial human resources and human resources who take on challenges, each and every one of which will create new value.

We will verify outstanding business ideas that have succeeded in the new business creation challenge program and strive to develop them into businesses by forming project teams led by the developers of the ideas themselves.

Program overview and results

The new business creation challenge program seeks ideas for new businesses from employees. It provides training through full support by outside experts for ideas chosen through the internal screening process to teach matters such as the expertise needed to develop practical plans from them.

The past two sessions led to a collection of 51 ideas, four of which were allotted project teams. Further study is underway toward their business development.

In FY2025, we're also implementing a half-year training program with 11 participants.



The 2024 new business creation challenge program awards ceremony

Natural capital

We engage business on a global basis by supporting diverse industries through products like special steel bars and springs. Their manufacturing processes depend on iron ore, coal, water, and other resources that come from natural capital. At the same time, our manufacturing processes generate CO₂ emissions from energy use, and we recognize our share of the responsibility for the impact of industrial activities on ecosystems.

As environmental issues like climate change and loss of biodiversity grow increasingly severe around the world, we consider conservation and responsible use of natural capital to be important management topics as we strive to realize a sustainable society.

Addressing climate change (disclosure based on TCFD recommendations)

In November 2021, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We disclose information on business risks and opportunities associated with climate change and their financial impact based on this TCFD framework.

① Governance

■ Management structure for addressing climate change

The Mitsubishi Steel Group strives to achieve ongoing improvements in environmental management by developing an ISO 14001 environmental management system and maintain related systems Groupwide



See our website for the Mitsubishi Steel Group Environmental Policy.
<https://www.mitsubishisteel.co.jp/english/sustainability/environment/>



Mitsubishi Steel's Sustainability Committee (chaired by the President & CEO) meets once every three months in principle to deliberate on matters related to sustainability, including climate change. Its other activities include submission and reporting on important matters to the Board of Directors, making decisions on sustainability, and monitoring the status of responses.

We've established a Companywide management structure to promote sustainability through means including assessing and managing climate change risks and opportunities. This structure includes, as organizations under the umbrella of the Sustainability Committee, the Global Environment Committee and the Carbon Neutral Committee.

In November 2021, we announced our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In 2022, we implemented disclosures based on the TCFD recommendations for the first time. In 2025, we reassessed risks and opportunities by business division, carried out scenario analysis and assessment of financial impacts, and reviewed the responses once again.

In 2023, having set the goal of carbon neutrality, we set more aggressive CO₂ emissions reduction targets for the Steel Bars segment. We made these targets still more aggressive in 2024, targeting a 50% reduction relative to the base year as the midterm target for FY2030 (vs. the previous target of a 30% reduction), through use of CO₂-free electricity and general energy conservation activities (e.g., introducing energy-saving equipment).

Status of activities to address climate change

	Sustainability Committee	Carbon Neutral Committee	ESG Promotion Office
Roles in addressing climate change issues	Implementing TCFD scenario analysis and formulating policies for addressing climate change and details thereof	Drafting and executing policies, plans, and targets for efforts to achieve carbon neutrality	Collecting external information on climate change and communicating this information internally and externally
Details of FY2024 activities related to climate change	Held 8 meetings in 2024, including five meetings for discussions of agenda items related to climate change. The nature and particulars of the discussions in the Sustainability Committee were also reported to the Board of Directors.	Set a more aggressive MSM Group CO ₂ emissions reduction target for FY2030, which had targeted only a 30% reduction when converted to total emissions. The new target is a 50% reduction. Joined the GX League; obtained independent validation of Scope 1, 2, and 3 emissions for the Group, including overseas subsidiaries.	Announced the quantitative impacts of risks and opportunities related to climate change to enhance disclosure based on TCFD recommendations. Made other new efforts to enhance disclosure related to climate change, including publishing the Integrated Report and holding ESG briefings.

 See "Our sustainability promotion structure" on p. 23 for a sustainability organizational chart.

2 Strategy

■ Scenario analysis assumptions

The Company carried out scenario analysis of its businesses over the course of the timelines leading to 2030 and 2050 based on two scenarios: a scenario in which global measures to address climate change succeed in keeping the increase in average temperatures by the end of the century to less than 1.5°C (the 1.5°C Scenario, in which mainly transition risks are manifested due to factors such as regulations related to climate change) and a scenario in which such measures remain inadequate (the 4°C Scenario, in which mainly physical risks are manifested due to factors such as increasing natural disasters).

Risks	Vision of society under each scenario	External scenarios referred to in scenario analysis
1.5°C Scenario (transition risks)	<ul style="list-style-type: none"> Adopting carbon taxes and other climate change regulations Progress of EVs and CASE and decrease in gasoline-powered vehicles in the automotive industry Market growth of fossil fuel alternatives such as renewable energy (including offshore wind) and green hydrogen and accompanying increases in energy prices Rising raw material prices in connection with tight demand and supply conditions for products related to climate change with advancing decarbonization 	International Energy Agency (IEA) World Energy Outlook Report 2023 <ul style="list-style-type: none"> 1.5°C Scenario: APS scenario, NZE scenario, SDS scenario*1 Intergovernmental Panel on Climate Change (IPCC) <ul style="list-style-type: none"> 4°C Scenario: SSP5-8.5 scenario (SSP5, RCP8.5)*2 Other related IEA materials, Ministry of Economy, Trade and Industry Sixth Energy Basic Plan, etc.
4°C Scenario (physical risks)	<ul style="list-style-type: none"> Increasingly grave natural disasters due to increase in abnormal weather patterns Increasing inundation of coastal areas due to rising sea levels 	

*1 APS: Announced Pledges Scenario, NZE: Net Zero Emissions Scenario, SDS : Sustainable Development Scenario

*2 SSP5: Scenario under which global economic development continues to depend on energy from fossil fuels; RCP8.5: high emissions scenario under which emissions continue to increase throughout the 21st century

Risks, opportunities, and corresponding timelines and impact

Scenario	Effects	Timelines		Impact	
		Short term (through 2025)	Medium/long term (2030-2050)		
1.5°C	Transition risks	• Rising procurement and manufacturing costs due to stronger regulations related to climate change (e.g., carbon taxes)		✓	High
		• Growing instability in the supply of raw materials and utilities and rising procurement costs due to changes in suppliers' lines of business		✓	High
		• Growing instability in the supply of raw materials and rising procurement costs due to tight demand and supply conditions with advancing decarbonization		✓	Medium
		• Rising manufacturing and logistics costs due to adoption of energy and equipment to contribute to carbon neutrality	✓	✓	High
		• Rising manufacturing costs due to the adoption of new technologies to contribute to carbon neutrality, impaired competitive strength in the event of delays in adopting new technologies	✓	✓	High
	Opportunities	• Restructuring of plant facilities due to factors such as changing supply chains and product lineups with advancing decarbonization		✓	Medium
		• Difficulties in raising funds or securing human resources and loss of trust within the community due to failure to achieve carbon neutrality targets		✓	Medium
		• Growing customer demand for products that contribute to decarbonization	✓	✓	High
		• Progress in EVs and self-driving vehicles and market developments in related growth markets, such as semiconductors and electronics	✓	✓	High
		• Market developments in growth markets related to energy decarbonization	✓	✓	High
4°C	Physical risks	• Loss of plant facilities, work in process, and products due to growing frequency of sudden natural disasters	✓	✓	High
		• Supply chain disruptions due to growing frequency of sudden natural disasters	✓	✓	High
	• Worsening product quality and increase in heat stress on employees due to chronic abnormal weather		✓	Medium	

Responses to these effects are summarized on the following page.

High: Risks and opportunities that could have major impacts on business continuity and growth and Company financial results

Medium: Risks and opportunities that could have some impacts on Company financial results

Responses to transition risks and opportunities

		Short term (through 2025)	Medium/long term (2030-2050)
Risks		<p>Carbon neutrality realized in stages ①</p> <ul style="list-style-type: none"> Increasing percentage of green raw materials procured in stages Expanded adoption of CO₂-free electricity*3 to decarbonize electric power and implemented replacement with renewable energy in stages Using hydrogen or ammonia to decarbonize fuels (addition to combustion burners and switching gas cutter fuels) Expanding lineup of electric furnaces with low environmental impact overseas 	
		<p>Stable procurement of raw materials under tight demand and supply conditions with advancing decarbonization ①</p> <ul style="list-style-type: none"> Considering measures to procure ferroalloys, rare metals, scrap, and other materials, including reducing volumes used and promoting recycling and reuse, procurement diversification, and corporate acquisitions to enable stable procurement Developing scrap iron stable procurement schemes in overseas businesses in cooperation with users, customers, other companies in the industry, and other partners 	
		<p>Enhancing business continuity initiatives in response to physical risks ②</p> <ul style="list-style-type: none"> Enhancing and promoting BCP planning, including countermeasures against natural disasters Enhancing cooperation with suppliers, diversification of suppliers, and adjustments to secure inventories to ensure readiness for supply chain disruptions 	
Opportunities	<p>Increase in products that contribute to customer decarbonization efforts ③</p>		
	Practical use	<ul style="list-style-type: none"> Deploying products that contribute to customer decarbonization efforts, such as nitriding steel, non-heated steels, steel tempered directly after casting, and high strength spring steel and to the development of EVs (Special Steel Bars Business, Springs Business) Deploying the magnetic sorters business to contribute to a circular economy (Machinery Business) 	<ul style="list-style-type: none"> In addition to growing the businesses at left, aiming to meet global resource recycling demand by broadening sales channels internationally for the magnetic sorters business
	Development	<ul style="list-style-type: none"> Developing materials such as thermoelectric materials using waste heat and materials for hydrogen refining (Formed & Fabricated Products Business) 	
	<p>Growth in EV/CASE components, semiconductors, and electronic components ③</p>		
	Practical use	<ul style="list-style-type: none"> Deploying electronic and mechanical components to reduce vehicle weights and migrating to EVs (e.g., lower-weight coil springs and stabilizers) (Springs Business, Formed & Fabricated Products Business) 	<ul style="list-style-type: none"> In addition to growing the businesses at left, aiming to grow our businesses by expanding transactions with new EV makers, entering growing markets related to self-driving vehicles and semiconductor-related products, and other efforts
	Development	<ul style="list-style-type: none"> Developing EV parts such as bearings and suspension parts (Special Steel Bars Business) 	
<p>Growth in components related to energy markets (chiefly offshore wind power) ③</p>			
Practical use	<ul style="list-style-type: none"> Deploying bearings, axles, and other products for offshore wind power use (Special Steel Bars Business, Machinery Business) 	<ul style="list-style-type: none"> In addition to growing the businesses at left, aiming to be an engineering manufacturer capable of serving various markets, including markets for peripheral machinery related to offshore wind power (e.g., handling and automation machinery) 	
Development	<ul style="list-style-type: none"> Developing metal powders and other products for applications in the energy field (Formed & Fabricated Products Business) 		

*3 Certified non-fossil-fuel electricity

■ Status of response initiatives~

We are promoting emissions reduction plans to achieve carbon neutrality in stages, and recently these are proceeding smoothly. We've identified as a materiality item the supply of products that help solve social issues. In addition, we will promote preparations for supplying materials such as green steel and powders, and are proceeding with capital investments to develop products for EVs, reduce spring weights, and meet future growth in demand for offshore wind power-related products.

 See p. 25 for more information on our materiality items.

■ Strategic resilience

- Since climate change can cause major impacts on our businesses, both in the form of risks and opportunities, we recognize it as a key management issue for Mitsubishi Steel's medium-to long-term growth
- Under the 1.5°C Scenario, in which global measures to address climate change are successful, we anticipate that climate change regulations, including carbon taxes, would be enhanced. Thus, efforts toward carbon neutrality would be essential in areas such as raw materials and manufacturing processes. While striving to realize carbon neutrality in stages, we will enhance sales of products in new growth markets created by decarbonization. These products include products that contribute to decarbonization by customers (e.g., carbon-neutral steel, springs, and special alloy powders*4); EV and CASE components; semiconductors and electronic components; and energy-related components, wind power components in particular. We will contribute to the pursuit of decarbonization while growing our businesses by focusing on increasing orders received for products related to offshore wind power and products that contribute to a circular economy (e.g., magnetic sorters) as well as marketing metal powders such as soft magnetic powders (for electronic components, including those for CASE applications).
- In the 4°C Scenario, in which global measures to address climate change remain inadequate, the impact of transition risks would be limited compared to the 1.5°C Scenario. However, we would enhance business continuity planning while maintaining and managing the supply chain by diversifying suppliers, maintaining appropriate inventories, and other measures, since under this scenario, loss of plant facilities and products, supply chain disruptions, and other such incidents would be expected to rise due to an increase in sudden natural disasters.
- In the face of climate change, we are studying and implementing various responses intended to mitigate risks and secure opportunities. These include efforts to achieve carbon neutrality and to gain entry into markets expected to experience growth due to climate change, and verifying the resiliency of business operations based on analyses of multiple scenarios. Going forward, we plan to promote various measures more effectively by updating and monitoring information related to these analyses.

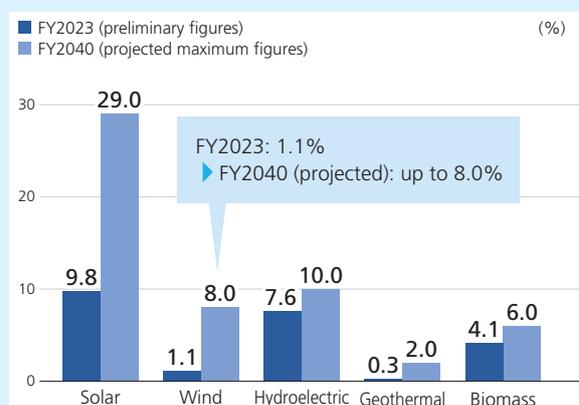
*4 Steel bars, springs, and special alloy powders manufactured using CO₂-free electric power

[Reference information] Projected renewable energy demand

The share of renewable energy demand accounted for by wind power is projected to grow from 1.1% in FY2023 (preliminary figures) to as high as 8.0%. In response, we're promoting product development and other activities to expand sales channels in our businesses related to renewable energy, including sales channels for devices related to offshore wind power.

Projected shares for renewable energy demand

	FY2023 (preliminary figures)	FY2040 (projected)	
Power generation	985.4 billion kWh	Approx. 1.1–1.2 trillion kWh	
Power source shares	Renewable energy	22.9%	40-50%
	Solar	9.8%	23-29%
	Wind	1.1%	4-8%
	Hydroelectric	7.6%	8-10%
	Geothermal	0.3%	1-2%
	Biomass	4.1%	5-6%
	Nuclear	8.5%	20.0%
	Thermoelectric	68.6%	30-40%



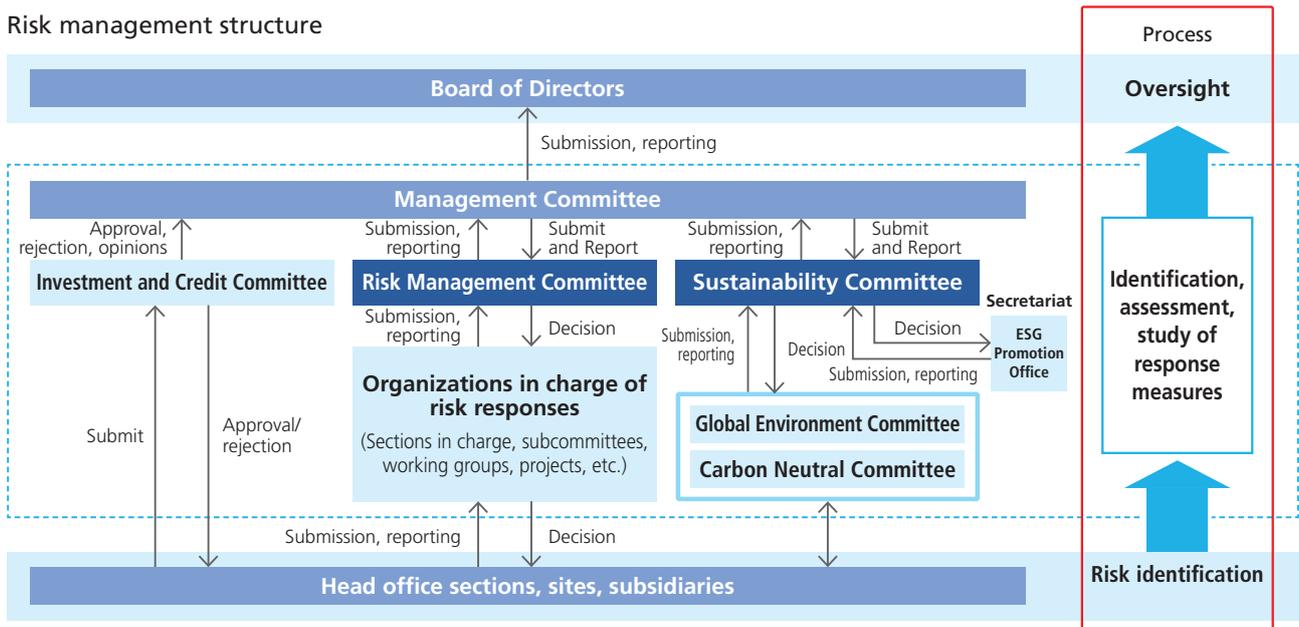
* Based on Ministry of Economy, Trade and Industry data

③ Risk management

■ Climate change risk management structure

- Our basic structure for managing climate change risks consists of the Sustainability Committee, which manages transition risks, and the Risk Management Committee, which manages physical risks and other risks
- Our risk management process involves identifying Companywide short-, medium-, and long-term risks; assessing these risks; and considering measures in response through discussions at the Risk Management Committee and Sustainability Committee under the supervision of the Board of Directors
- The Investment and Credit Committee, led by the Corporate Planning Department, reviews business plans and risks and deliberates on capital investments, including investments related to carbon neutrality.
- The Risk Management Committee formulates, verifies, and reviews business continuity plans (BCPs) to ensure that each section, site, and subsidiary can respond to and recover from natural disasters without delay.

Risk management structure



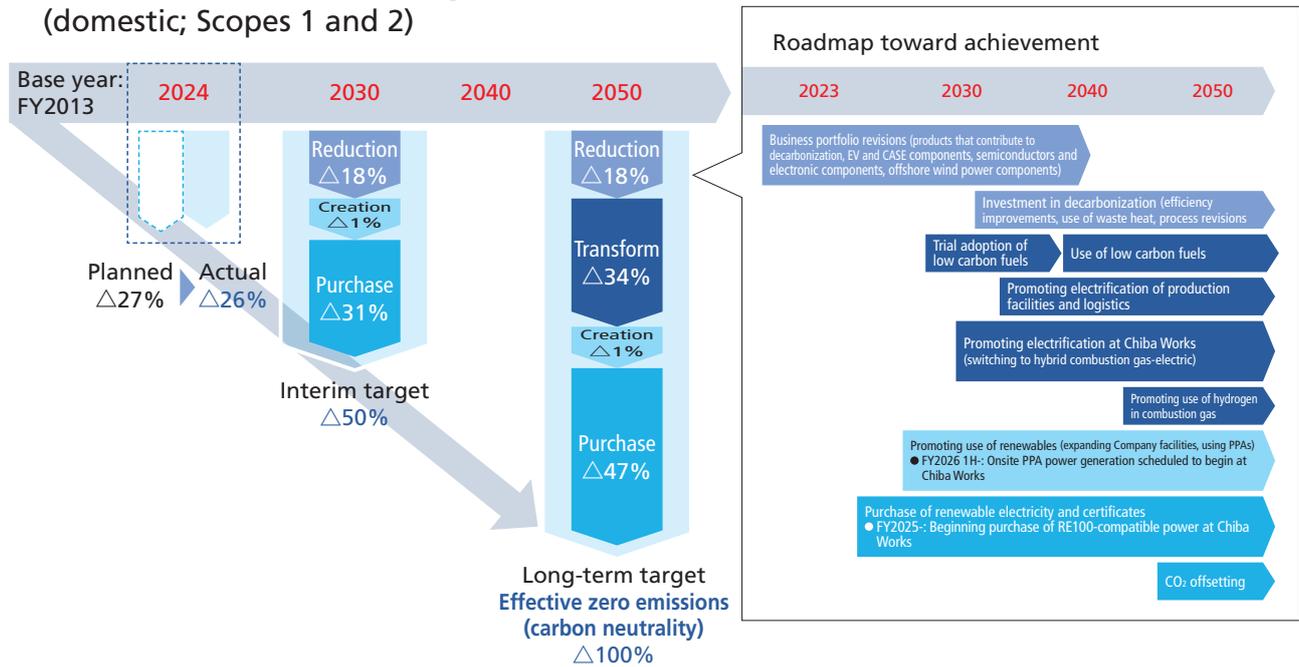
4 KPIs and targets

1. Medium- to long-term vision

The Group will move toward its 2050 targets guided by the following medium- to long-term vision:

Medium- to long-term environmental vision		Themes	Typical real-world measures	Internal	Users	Suppliers
Eco-friendly production	Reducing GHG emissions throughout the life cycles of our products	Reducing GHG emissions related to the production of our products	Promoting energy conservation We seek to reduce GHG emissions in several ways, including aggressive investments in resource conservation and revision of production, procurement, and transport processes.	○		○
			Adopting renewable energy and switching to low carbon fuels In addition to internal creation of renewable energy, we will increase use of non-fossil-fuel energy such as renewables as they become increasingly available and switch to low carbon fuels.	○		○
	Promoting CSR procurement (green procurement) and strengthening and growing partnerships with suppliers	Working with customers to increase scrap steel recovery rates We will expand closed-loop cyclical transactions by increasing the rate of recovery of processing scraps generated when customers use our products.		○	○	
	Reducing waste generated from production processes	Recycling waste	Achieving zero waste We will strive to achieve zero waste generation through revision of production processes and other efforts.	○		
Eco-friendly products and eco-related proposals	Contributing to reducing the GHG emissions of society as a whole	Supplying low carbon products and cyclical products	Promoting technological and product development We will contribute to realizing a low carbon, cyclical society by making our low carbon and cyclical products more attractive through ongoing technological and product development.	○	○	○
			Market development Through joint efforts with customer firms, government agencies, universities, research institutions, and other partners who share our vision of establishing a low carbon and cyclical society, we will promote efforts to expand use of our low carbon and cyclical products.	○	○	
	Promoting effective use of waste (converting waste into resources)	Promoting waste recycling processes We will consider ways to put waste to effective use. One example is using our electric furnaces to recycle waste generated by municipalities and companies.	○		○	

2. GHG emissions reduction targets (domestic; Scopes 1 and 2)



3. GHG emissions reduction results

Life-cycle GHG emissions

The Group is striving to reduce its environmental impact and GHG emissions in the value chain, from procurement to manufacturing and transport.

(t-CO₂e)

	Direct emissions (Scope 1)* ¹	Indirect emissions (Scope 2)		Emissions across supply chains (Scope 3)	Life cycle emissions (Scopes 1+2+3)* ²	
		(Location standard)	(Market standard)			
FY2021 results	155,976	221,549	275,363	2,495,769	2,927,108	
FY2022 results	143,891	206,025	257,424	2,356,368	2,757,683	
FY2023 results	127,827	171,179	217,184	2,095,135	2,440,146	
FY2024	Targets/	129,980	184,617	229,469	2,079,808	2,439,257
	Results	127,009 ★	171,204 ★	204,032 ★	1,951,875 ★	2,282,916 ★
FY2025 targets	121,315	172,309	214,171	1,941,154	2,276,640	

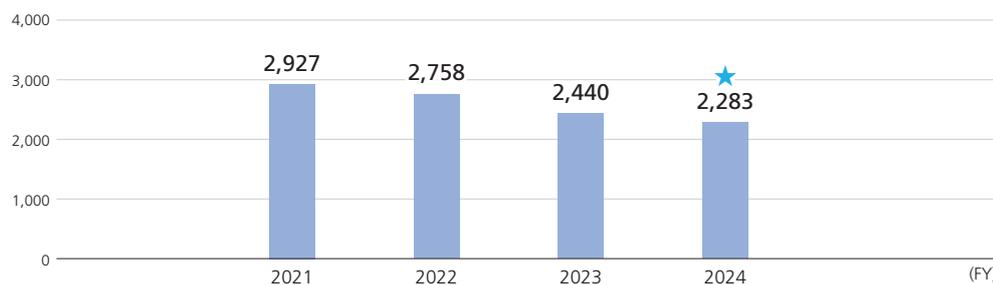
*1 Gases subject to Scope 1 emissions calculation have broadened since FY2023. In FY2024, they included CH₄, N₂O, HFC, PFC, SF₆, and NF₃, in addition to CO₂.

*2 Scope 2 emissions are calculated based on the market standard.

* ★ Figures with a blue star have been independently validated (scope of totalization: Mitsubishi Steel, four domestic consolidated affiliates, eight overseas subsidiaries). Note that emissions for the eight overseas subsidiaries are totaled only for Scopes 1 and 2 and Categories 1-2 of Scope 3 only.

Trend in Scope 1, 2, and 3 GHG emissions

(kt-CO₂e)



* Scope 2 emissions are calculated based on the market standard.

* ★ Figures with a blue star have been independently validated (scope of totalization: Mitsubishi Steel, four domestic consolidated affiliates, eight overseas subsidiaries).

Note that emissions for the eight overseas subsidiaries are totaled only for Scopes 1 and 2 and Categories 1-2 of Scope 3 only.

Scope 1, 2, and 3 emissions

Status of greenhouse gas (GHG) emissions	Unit	FY2021	FY2022	FY2023	FY2024
GHG Scope 1, 2, and 3 emissions	t-CO ₂ e	2,927,108	2,757,683	2,440,146	2,282,916 ★
Scope1* ¹	t-CO ₂ e	155,976	143,891	127,827	127,009 ★
Scope2* ²	t-CO ₂	275,363	257,424	217,184	204,032 ★
Scope1,2	t-CO ₂ e	431,339	401,315	345,011	331,041 ★
Scope3	t-CO ₂	2,495,769	2,356,368	2,095,135	1,951,875 ★
Category 1 Purchased goods and services	t-CO ₂	2,323,404	2,195,544	1,942,638	1,830,056 ★
Category 2 Capital goods	t-CO ₂	15,351	8,434	12,741	15,076 ★
Category 3 Fuel- and energy-related activities not included in Scopes 1 and 2	t-CO ₂	17,757	16,700	14,449	12,127 ★
Category 4 Upstream transportation and distribution	t-CO ₂	40,000	36,779	32,376	30,997 ★
Category 5 Waste from operations	t-CO ₂	2,217	2,136	1,952	1,267 ★
Category 6 Business travel	t-CO ₂	204	194	200	195 ★
Category 7 Employee commuting	t-CO ₂	683	646	653	608 ★
Category 8 Upstream leased assets		Not applicable			
Category 9 Downstream transportation and distribution	t-CO ₂	24,060	22,155	18,359	16,705 ★
Category 10 Processing of sold products	t-CO ₂	49,602	45,545	37,961	35,035 ★
Category 11 Use of sold products	t-CO ₂	17,312	20,427	26,183	2,321 ★
Category 12 End-of-life treatment of sold products	t-CO ₂	5,171	4,809	4,047	4,644 ★
Category 13 Downstream leased assets		Not applicable			
Category 14 Franchises		Not applicable			
Category 15 Investments	t-CO ₂	8	3,000	3,576	2,845 ★
Total energy consumption* ³	GWh	1,767	1,673	1,436	1,314
Total power consumption	MWh	368,764	334,012	302,501	278,121
Non-renewable energy consumption	MWh	368,764	315,490	273,366	249,881
Renewable energy consumption (e.g., wind, solar, hydroelectric, geothermal)	MWh	0	18,522	29,135	28,240

*1 Gases subject to calculation of Scope 1 emissions have expanded since FY2023. In FY2024, in addition to CO₂, they included CH₄, N₂O, HFC, PFC, SF₆, and NF₃.

*2 Scope 2 emissions are calculated based on the market standard.

*3 Total energy consumption is the total of power purchased converted to primary energy, and differs from the total of figures in the table.

* Figures denoted with a blue star have been independently validated (scope of totalization: Mitsubishi Steel, four domestic consolidated affiliates, and eight overseas subsidiaries).

However, emissions for the eight overseas subsidiaries are totaled only for Scopes 1 and 2 and Categories 1-2 of Scope 3.

■ Independent validation

The Group's GHG emissions and environmental performance data (water intake and waste [Japan only]) for FY2024 (April 2024 – March 2025) have been independently validated in accordance with JIS Q 14064-3:2023 (ISO 14064-3:2019), and an assurance report has been obtained from SOCOTEC Certification Japan, a validation agency, to provide stakeholders with highly reliable, transparent data.

- **Scope**
Mitsubishi Steel Mfg. Co., Ltd. and its consolidated Group (four subsidiaries in Japan and eight subsidiaries overseas)
- **Period covered**
April 1, 2024 – March 31, 2025
- **Subjects**
Greenhouse gas (GHG) emissions from business activities (Scope 1, Scope 2, and Scope 3 [Categories 1-7, 9-12, and 15]) and environmental performance data (water intake and waste [Japan only])



See our website for more information on independent validation.
https://www.mitsubishisteel.co.jp/sustainability/environment/carbon-neutral/pdf/20250630_1.pdf



4. Efforts toward achievement of targets

■ Adopting internal carbon pricing (ICP)

Since the second half of FY2022, we have promoted capital investments related to carbon neutrality by using ICP to reflect CO₂-reduction effects as virtual prices in domestic businesses.

- **Domestic carbon price:**
10,000 yen/t-CO₂
- **Scope:**
Capital investments in domestic businesses

■ Review of executive compensation programs

As advised by the Nomination and Compensation Committee, the Board of Directors has decided to revise our executive compensation programs to incorporate nonfinancial indicators in the assessment indicators for bonuses and stock-based compensation, and we adopted these revisions in FY2023. Achieving these targets is reflected in payment amounts.

■ Carbon neutrality initiatives overseas

- We will promote the adoption of energy-saving technologies at each facility in accordance with each country's carbon neutrality targets.
- Our Indonesian subsidiary JATIM has acquired fossil-free certificates and switched to 100% power from renewables in October 2025.
As a result, JATIM's CO₂ emissions have declined by about 80%, while those of all Group overseas operations and all consolidated subsidiaries, respectively, have declined by 50% and 25%.

■ Joining the GX League

Mitsubishi Steel supports the GX League Basic Concept, which calls for reforming economic and social systems as a whole while contributing to corporate growth, consumer wellbeing, and the planet, with the goals of achieving carbon neutrality in 2050 and preparedness for future societal change. We will continue to contribute to a carbon-neutral society through efforts to reduce CO₂ emissions while adopting energy-saving technologies at various facilities in accordance with the carbon neutrality targets set in their respective countries.



■ "B" score earned for Climate Change from the Carbon Disclosure Project (CDP)

The Company has earned a score of "B" for Climate Change in the recent survey by the Carbon Disclosure Project (CDP)*. This is our first "B" score. The third highest of the CDP's eight levels, the "B" score corresponds to the Management Level, indicating that the Company recognizes and acts on its environmental risks and their impacts.

* The CDP is an international nonprofit that assesses the environmental strategies and initiatives of businesses, local governments, and other organizations on eight levels and discloses its findings.



Biodiversity conservation and recovery

Basic concept

The Mitsubishi Steel Group supports international efforts to safeguard and make a positive impact on the natural environment. Based on the understanding that biodiversity conservation and recovery are essential to a sustainable society, we are implementing the following measures in line with the Mitsubishi Steel Group Environmental Policy.

- Ascertaining the impact of our business activities on biodiversity and striving to protect natural capital and to minimize our impact based on the LEAP (locate, evaluate, assess, prepare) approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD)
- Promoting and continually improving responsible procurement across our supply chain through monitoring in accordance with the Basic Procurement Policy of the Mitsubishi Steel Group and the Sustainable Procurement Guidelines
- Strengthening awareness among all those who work in the Group of matters related to the conservation and recovery of natural capital; working to promulgate such awareness through participation in environmental conservation activities and other initiatives; promoting initiatives in cooperation with our partners, local communities, and other stakeholders

To minimize our impact on natural capital and biodiversity throughout our business activities, we will continue to pursue appropriate response while emphasizing dialogue with stakeholders through regular SR and IR meetings and discussions with local governments. We will realize sustainable value creation by identifying nature-related risks and opportunities and incorporating them into our business strategies.

Assessments of nature-related dependencies and impacts through the LEAP approach

We assess nature-related dependencies and impacts in our businesses in accordance with the LEAP (locate, evaluate, assess, prepare) approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD).

We have currently identified interactions between our business activities and nature in the “locate” (identify priority locations) stage of the LEAP cycle. We are proceeding with assessments of dependencies and impacts on the natural environment in the *evaluation* stage. Future plans call for advancing to the stages of *assess* (financially assess risks and opportunities) and *prepare* (establish strategies and targets).

■ Review of natural dependencies and impacts

The Group uses ENCORE*1 and other tools to analyze how our business activities depend on and impact natural capital and review manufacturing in direct operations and procurement of mineral resources in the upstream supply chain.

This analysis showed dependencies on climate regulation, water purification functions, and other natural functions in the procurement of mineral resources in the upstream supply chain.

It also showed that manufacturing in direct operations has various impacts, including the discharge of soil and water pollutants and noise and vibration disturbance. Procurement of mineral resources in the upstream supply chain tended to have a stronger impact on nature than direct operations—it was shown to involve a high possibility of impacting nature through resource use in fields like fresh water, seas, and mining, GHG emissions, discharge of waste such as soil and water pollutants, and disturbances involving noise and vibration.

Results of assessment of dependencies and impacts

Very high High Medium Low–none

	Dependencies					Impacts									
	Regulation and maintenance services					Land and sea use			Resource use		Climate change	Pollution			
	Water resources	Climate regulation	Purification	Soil accumulation	Watershed management	Land areas	Freshwater areas	Sea areas	Water resources	Mining	GHG emissions	Atmosphere	Soil Water quality	Waste	Disturbance
Upstream (procurement)	High	Very high	Very high	High	High	Medium	Very high	Very high	Medium	Very high	Very high	High	Very high	Very high	Very high
Direct (manufacturing)	High	Medium	Medium	High	High	Low–none	Low–none	Low–none	Medium	Low–none	High	High	Very high	Medium	Very high

*1 ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): tool for assessing natural capital in individual industrial sectors, developed by the United Nations Environment Programme Finance Initiative (UNEP FI)

*2 The mineral resources used in this assessment are those on the High Impact Commodity List prepared by the Taskforce on Nature-related Financial Disclosures (TNFD).

Identifying priority locations

For manufacturing in direct operations and procurement of mineral resources in the upstream supply chain, we used field-specific tools*³ for biodiversity and water risk to analyze indicators related to natural capital in detail and to evaluate natural vulnerabilities at each facility (e.g., ecosystem richness, water stress, and proximity to protected areas).

Based on the results of the analysis, we identified as priority locations those deemed significant with regard to biodiversity and susceptible to impacts generated by our businesses.

None of the facilities subject to analysis were found to be located in protected regions of high conservation importance or key biodiversity areas (KBAs).

Through continual monitoring, we will implement appropriate conservation measures and actions in response to any newly discovered risks or change in conservation status.

Detailed assessment of natural dependencies and impacts of direct operations

We analyzed natural-capital vulnerabilities and risks for all 13 manufacturing facilities that carry out direct operations in the Group based on the five criteria of sensitive locations as defined by the TNFD. We also surveyed and reviewed hazard maps and geological information on nearby seas and waterways.

Results of assessment

Very high High Medium Low–none

Facility	Definition of sensitive location				
	1	2	3	4	5
Chiba Works	High	High	High	Low–none	High
Hirota Works	High	High	High	Low–none	High
Mitsubishi Steel Muroran Inc.	High	High	High	Low–none	High
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	High	Low–none	High	Low–none	High
MSSC CANADA INC.	High	Low–none	Low–none	High	High
MSSC US INC.	High	Low–none	High	Low–none	High
MSSC MFG MEXICANA, S.A. DE C.V.	High	Low–none	High	Low–none	High
MSM Ningbo Spring Co., Ltd.	High	Low–none	High	Low–none	High
MSM Philippines Mfg. Inc. (Cebu Factory)	High	High	High	Low–none	High
MSM Philippines Mfg. Inc. (Manila Factory)	High	High	High	High	High
MSM (THAILAND) CO.,LTD.	High	Low–none	High	High	High
PT. JATIM TAMAN STEEL MFG.	High	High	High	High	High
MSM SPRING INDIA PVT. LTD.	Low–none	Low–none	High	High	High

Definitions of sensitive locations and tools used

Definition of sensitive location	Tools used
① Location of biodiversity importance	<ul style="list-style-type: none"> • WWF BRF/ WRF • IBAT
② Location of high ecosystem integrity	<ul style="list-style-type: none"> • WWF BRF
③ Location of rapid decline in ecosystem integrity	<ul style="list-style-type: none"> • WWF BRF/ WRF
④ Location of high physical water risk	<ul style="list-style-type: none"> • WWF WRF
⑤ Location of importance to provision of ecosystem services, including benefits to indigenous peoples, local communities, and stakeholders	<ul style="list-style-type: none"> • WWF BRF • Global Forest Watch

*3 The following tools were used in assessments based on the five criteria

- Biodiversity Risk Filter (BRF): free online tool provided by the World Wide Fund For Nature (WWF) to assess risks related to the main causes of pressure on species, ecosystems, protected locations, and biodiversity by integrating more than 50 spatial data layers
- World Wide Fund For Nature (WWF): international environmental protection organization that protects global biodiversity and nature
- Water Risk Filter (WRF): water risk evaluation tool developed by the WWF that enables quantitative analysis of water risks for business facilities using operational risk assessments, high-resolution data sets, and risk-evaluation functions based on future scenarios
- Integrated Biodiversity Assessment Tool (IBAT): leading biodiversity database operated by the International Union for Conservation of Nature and Natural Resources (IUCN); provides information on subjects such as protected locations, endangered species, and key biodiversity areas (KBAs)
- International Union for Conservation of Nature and Natural Resources (IUCN): international nature conservation association that promotes biodiversity conservation and sustainable development based on scientific evidence
- Global Forest Watch: forest monitoring platform operated by the World Resources Institute (WRI); provides real-time information on deforestation and forest degradation that can be used to assess forest-related dependencies and impacts.

Detailed assessment of dependencies and impacts on the natural environment upstream in the value chain

We performed a similar assessment of direct operations at mines and processing plants for auxiliary materials and ferroalloys in the procurement of mineral resources upstream in the value chain.

This assessment identified as priority locations 18 facilities that are particularly susceptible to biodiversity impact and that account for 92% of total procurement.

We will continue to enhance our management of nature-related risks throughout the value chain through regular joint efforts with suppliers.

* The remaining 8% were excluded from priority locations due to small procurement volumes.

Assessment results

1. Biodiversity importance	7
2. Ecosystem integrity	8
3. Risk of decline in ecosystem integrity	15
4. Physical water risk	3
5. Social ecosystem value (indigenous peoples, local communities)	2

* Number of regions confirmed as "Very high" or "High" in regional assessments

Countries where priority locations were located and percentages of our procurement in those regions

Raw material	Country	Percentage of procurement	Total
Auxiliary materials	China	2%	23%
	South Korea	21%	
Ferroalloys	China	1%	69%
	Malaysia	2%	
	India	49%	
	Japan	17%	
	Others	0%	

We promote procurement activities that emphasize legal and regulatory compliance, environmental protection, and respect for human rights, pursuant to the Sustainable Procurement Guidelines. We review suppliers for use of conflict minerals (tin, tantalum, tungsten, and gold) and report them using the Responsible Minerals Initiative (RMI) survey template as needed.

 See p. 73 for more information on responsible mineral procurement.

Main biodiversity conservation and recovery initiatives

■ Participation in related organizations

In 2024, we joined the Keidanren Initiative for Biodiversity and announced our support for the Keidanren Declaration for Biodiversity and Guideline.

We have also begun activities as a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum.



■ Cycling of raw materials, auxiliary materials, etc.

Developing a new product that uses steel slag to form seaweed beds

Declining seaweed beds due to desertification of the sea through a process called rocky-shore denudation has emerged as an issue in recent years. Steel slag, a byproduct of the steelmaking process, contains nitrogen, phosphorus, iron and other nutrients that help seaweed grow and can be used to revive seaweed beds. Other anticipated benefits include growth in numbers of fish and shellfish that eat and inhabit seaweed and the capacity of renewed seaweed beds to absorb CO₂ from the atmosphere. For these reasons, we are proceeding with development of this product through partnerships with local governments as a new business that will help address biodiversity issues.



Refractory recycling

We are making progress toward our target of zero emissions of used refractories from the steel production process. Previously, most refractories used in the production process were disposed of as waste due to the difficulty of recycling them due to the impurities contained, but we are currently developing a proprietary technology to segregate these impurities more effectively and efficiently.



Reusing raw materials in the manufacturing process

The Special Steel Bars Business subsidiary in Indonesia (JATIM) collects leaf springs found to be defective in processing by customers and reuses them as scrap raw materials for leaf spring production. It also reuses defective products from its own manufacturing process as scrap metals after categorizing them by steel type.

The Formed & Fabricated Products Business in Japan is also striving to reduce and recycle waste as raw materials through the reuse of nonstandard products generated in the powder production process as molten materials.

In addition, we are promoting resource conservation, use of renewable energy, emissions reductions, and other efforts to minimize the dependency of our business activities on natural capital through various protective measures.

■ Participation in environmental conservation activities

Arakawa riverside environmental conservation activities

To protect the environment while educating and raising awareness among employees, we participated in the Satokawa Creation Project organized by the nonprofit Arakawa Clean-aid Forum. In addition to cleaning riverbanks and removing invasive weeds to restore natural flora, participants learned in lectures and workshops about the impact of river waste on the planet and the issue of ocean plastic waste. In FY2024, 24 people participated in this activity, collecting 20 bags of waste in nearly two hours.

While remaining active in these initiatives, we will promote related information among employees to foster a corporate culture that encourages the conservation and recovery of natural capital, and train human resources to contribute to nature-positive management.



Mr. T, Procurement Department

On participation in this activity

This activity proved a good opportunity to learn about pollution of a familiar river and the environmental impact of improper waste disposal, while also thinking about environmental issues and biodiversity. I would like to put what I learned in this activity to use in striving to dispose of waste properly.



Cleanup activities

Ten employees of Mitsubishi Steel Muroran participated in cleanup activities on Itankihama Beach in the city of Muroran. Other facilities also implement beautification activities in the areas around their plants.



Initiatives at an overseas facility

Ten national staff members at the MSM Philippines Mfg. Inc. Cebu Factory participated in a mangrove-planting to counter global warming, preserve ecosystems, and prevent disasters on the coast. They planted 200 mangrove trees.



Social/relationship capital

The Mitsubishi Steel Group seeks to maximize corporate value through engagement with the diverse stakeholders who support its business activities, including employees, customers, suppliers, local communities, shareholders and investors, academic and research institutions, government agencies, and industry associations. Additionally, we recognize respect for human rights as a vital prerequisite for engagement, and we strive to build sustainable relationships based on trust.

Stakeholder engagement

Stakeholder	Stakeholder summary/properties
 <p>Employees  P.35</p>	<ul style="list-style-type: none"> • Number of employees: 3,841 (consolidated), 681 (nonconsolidated) Of which percentage accounted for by women employees: 13.7% (nonconsolidated) Percentage of midcareer hires: 23.6% (nonconsolidated) • Average age: 43.5, average length of service: 20.6 years (nonconsolidated) • Investment per employee: 104 thousand yen (nonconsolidated) <p>(* All as of the end of March 2025)</p>
 <p>Customers</p>	<ul style="list-style-type: none"> • Industries: Chiefly final products makers, including construction machinery makers, automakers, machine tool and industrial machinery makers, and electronic components makers We have a stable customer base of relatively continuous, long-term transactions, including numerous large enterprises. • Regions: We sell products in various regions as desired by customers, using our overseas facilities. (In the Spring Business in particular, overseas businesses accounted for more than 60% of the sales for FY2024 results.)
 <p>Suppliers  P.73</p>	<ul style="list-style-type: none"> • Industries: We transact with various industries, including trading companies as well as equipment makers, machinery/process firms, heat-treatment firms, forging firms, engineering firms, and consulting firms. • Products: We procure products and services from various partners, including melting raw materials, regular, auxiliary, and intermediate materials, production equipment, maintenance services, temporary employees and contractors, IT services, and shipping services. • Regions: We procure products and services from a wide range of regions across Japan and around the world, centered on proximity to our production facilities.
 <p>Local communities  P.74</p>	<ul style="list-style-type: none"> • We operate four production facilities in Japan and eight production facilities overseas. Japan: Muroran, Hokkaido; Aizuwakamatsu, Fukushima Prefecture; Ichihara, Chiba Prefecture, Nagasaki, Nagasaki Prefecture Overseas: United States, Canada, Mexico, China, India, Thailand, Indonesia, Philippines • Most site staff are hired from among local residents. • We are closely involved in our communities through environmental protection, disaster prevention, employment, and other activities.
 <p>Shareholders and investors  P.77</p>	<ul style="list-style-type: none"> • Shareholders: 13,520 (42.0% individuals and similar, 30.1% financial institutions, 14.1% business corporations and similar, 10.4% overseas investors, 3.4% financial instruments brokers) * As of end of March 2025 • Number of IR meetings with investors: 23 (FY2024) Number of SR meetings: 9 (FY2024)
 <p>Academic and research institutions, government agencies, industry associations, etc.</p>	<ul style="list-style-type: none"> • Research and development activities implemented at the Research and Development Center through industry-academia partnerships • Participation in various financial, industry, and other associations • Close involvement with government agencies through various regulations, policies, etc.

Efforts to enhance relationships	Outputs
<ul style="list-style-type: none"> • Increasing employee motivation and eagerness to take on challenges →Establishing management cycles to leverage individual strengths • Building organizations to strengthen trust between the Company and employees →Creating workplace environments for leveraging our people (including physical and mental health and safety) • Fostering cultures to maximize organizational performance → Promoting DEI; enhancing middle management 	<ul style="list-style-type: none"> • Strengthening employee engagement • Strengthening trust between the Company and employees • Employee growth • Increasing diversity <ul style="list-style-type: none"> ▶ Maximizing organizational performance ▶ Creating innovation
<ul style="list-style-type: none"> • Under the “Customer First” spirit called for in our Corporate Philosophy, listening in good faith to customers • Leveraging the strengths of integrated production from materials to products for various proposals including materials development and participation in products from the development and design stages • In addition to everyday communication, employing approaches based on regular customer satisfaction surveys and exhibiting at trade shows to engage new customers, while also holding plant tours, technical exchange meetings, and other activities 	<ul style="list-style-type: none"> • Securing global market share • Creating IP and expertise • Improving quality and products • Increasing brand power • Avoiding simple price competition
<ul style="list-style-type: none"> • In addition to everyday communication, sharing social issues through various meetings, information exchange meetings, etc. • Publicizing the Code of Conduct and action guidelines by establishing and distributing the Sustainable Procurement Guidelines and holding related briefings • Undertaking CSR surveys and human rights due diligence to ascertain current conditions; providing feedback on the resulting findings • Adopting a Web-EDI system to improve efficiency and swiftly share information for commercial transactions; ascertaining timely information in response to natural disasters 	<ul style="list-style-type: none"> • Building partnerships for cocreation and coprosperity • Solving social issues (e.g., environmental impact, human rights) • Responsible procurement • Procurement in compliance with laws and regulations • Reducing potential risks • Enhancing relations with suppliers <ul style="list-style-type: none"> ▶ Building sustainable supply chains
<ul style="list-style-type: none"> • Community contribution activities (e.g., use of the corporate hometown tax system, community cleanup activities, community charity activities) • Exchange with local residents (e.g., hosting and participating in local events and activities, providing plant tours for local middle and high schools) • Holding environmental briefings for local residents 	<ul style="list-style-type: none"> • Securing outstanding human resources • Raising awareness • Improving employee engagement • Maintaining operations by building positive relationships
<ul style="list-style-type: none"> • Regular General Meetings of Shareholders (once annually), financial results presentations (twice annually) • Enhancing disclosure (e.g., financial results materials, Integrated Report, corporate website) • Holding IR and SR meetings for shareholders and investors 	<ul style="list-style-type: none"> • Appropriate pricing • Improving management based on constructive dialogue and feedback • Lengthening shareholder holding periods (reducing risk of share price fluctuations)
<ul style="list-style-type: none"> • Promoting joint research projects through industry-academia partnerships • Participation in various meetings, information sharing • Regulatory compliance and reporting 	<ul style="list-style-type: none"> • Generating innovation through industry-academia partnerships • Contributing to the development of our engineers • Ascertaining market and industry trends

Respect for human rights

Basic concept

The Group recognizes respect for human rights premised on building relationships through engagement with diverse stakeholders as a key management theme. The Mitsubishi Steel Manufacturing Group Corporate Code of Conduct states the following: “The MSM Group respects human rights, personality and diversity, and does not engage in discrimination. We respect employees and secure a safe and comfortable working environment, while also aiming to maintain and improve our corporate vitality.”

We strive to create workplace environments in which all individuals can demonstrate their abilities to the fullest.

To ensure respect for human rights, we are enhancing initiatives based on the three pillars of the United Nations Guiding Principles on Business and Human Rights (UNGPs): protection, respect, and remediation.

We also fulfill our responsibilities as a global enterprise by closely monitoring international regulatory developments, including the EU’s Corporate Sustainability Due Diligence Directive (CSDDD) and IFRS International Sustainability Standards Board (ISSB) standards.

(1) Protection

We are building systems to prevent human rights violations in our activities by establishing the Human Rights Policy, maintaining related systems, and educating employees.

■ Establishment and review of the Human Rights Policy

The Group’s Corporate Policy calls for Maximizing Human Capital. We established the Mitsubishi Steel Group Human Rights Policy in 2022 based on the conviction that regard for human rights is fundamental to our business activities. Prepared based on the United Nations Guiding Principles on Business and Human Rights, this Policy serves as our highest-level policy concerning human rights.

In 2025, we revised the Human Rights Policy to enhance compliance with the United Nations Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and International Labour Organization core labor standards. In this way, we are promoting even more transparent human rights initiatives for internal and external stakeholders.

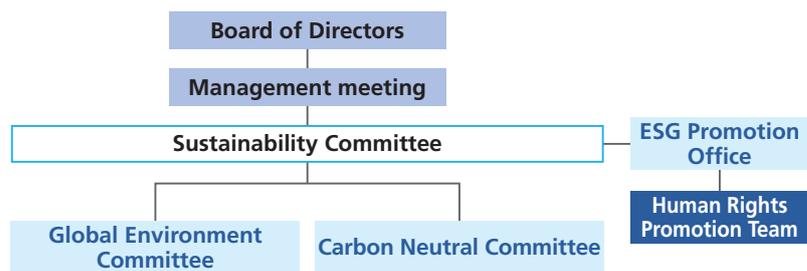
See our website for more information on the Mitsubishi Steel Group Human Rights Policy.
<https://www.mitsubishisteel.co.jp/english/sustainability/social/employees/pdf/001e.pdf>



■ Promotion structure

Under the leadership of top management, the Human Rights Promotion Team promotes human rights initiatives jointly with related sections. Specifically, we are promoting regular risk review and improvement activities through deliberation and reporting in the Sustainability Committee (chaired by the President and CEO) and oversight by the director responsible for sustainability.

Mitsubishi Steel’s human rights promotion structure



■ Employee education

Based on an increasing focus on the risk of human rights violations in business activities in recent years, we carry out training on business and human rights as well as diversity promotion training to strengthen awareness among all employees. We eliminate human rights risks and create workplaces in which all can work with vitality by establishing systems to help employees of Group companies in Japan understand that they could be involved in human rights risks and to acknowledge mutual differences in our increasingly diverse workforce. As part of our compliance training, we are maintaining the individual interviews and training programs that have been in place since FY2023.

Percentages participating in training programs (%)

Theme	2023	2024
Unconscious bias	79.1	—
Consideration for those with disabilities	51.9	—
Business and human rights	—	75.0
Balancing work and long-term care	—	63.0

 See p.109 for information on compliance training.

(2) Respect

As an enterprise with a global supply chain active in the production of special steel bars and auto parts, the Group considers respect for human rights to be a cornerstone of its business activities. Based on the United Nations Guiding Principles on Business and Human Rights, the ILO convention, and other principles, we identify, assess, and respond systematically to human rights risks.

■ Identifying human rights risks

To ascertain and manage the impact of our business activities on human rights, we are building and implementing processes to identify human rights risks based on international norms. Specifically, we implement dialogue with stakeholders and risk assessments to respond appropriately to risks such as the following:

Risk type	Subject group	Measures
Workplace accidents	Group employees and employees of suppliers and other third parties	Health and safety management systems and accident prevention measures pursuant to laws and regulations
Conflict minerals	Workers, women, children	Responsible Minerals Initiative (RMI) CMRT/EMRT surveys
Forced labor, child labor	Workers, women, children	Compliance with the Sustainable Procurement Guidelines (supplier code of conduct) / compliance in employment of young workers
Deterioration in working conditions	Group employees and employees of suppliers and other third parties	Rectification of working hours and wages, labor-management discussions and management to improve working environments
Discrimination, harassment	Group employees, women, foreign workers, suppliers, and employees of suppliers and other third parties	Internal whistleblowing hotline, harassment hotline, monitoring of fair compensation and promotion opportunities, training and awareness-raising activities, consideration for linguistic and cultural barriers
Infringement on land rights	Indigenous peoples, local communities	Dialogue and consultation with indigenous peoples (on environmental impact)

■ Human rights due diligence

We launched human rights due diligence efforts for domestic subsidiaries in FY2022 and related efforts for overseas subsidiaries in FY2023. While the results indicate no serious violations in the Group in Japan or overseas, we did identify various notable cases, including harassment incidents, inadequate facilities, and inadequate procedures for reviewing various types of personal information before employment based on overseas business practices. We are striving to reduce risks through training and education on these matters.

Since FY2019, we've used CSR surveys to implement appropriate due diligence on matters including human rights risks, including risks related to child labor and forced labor, at suppliers. In FY2024, we selected and surveyed 17 major suppliers of raw materials associated with potential human rights risks. The scope of this survey, combined with the scope of suppliers subject to the RMI-based survey of conflict minerals and the CSR survey, accounted for about 70% of all purchases from primary suppliers. While this survey identified no serious risks, we recognize room for improvement in various areas, including the frequency of human rights initiatives. In response, we have formulated the Sustainable Procurement Guidelines to clearly describe matters on which we are requesting further efforts, and are considering holding briefings starting next year to raise awareness of these guidelines.

(3) Remediation

■ Remediation mechanisms

In addition to our existing internal whistleblowing and harassment hotlines, we are establishing a hotline on the corporate website to extend human rights consultations to employees of suppliers who could not access existing hotlines.

Human rights due diligence survey subjects

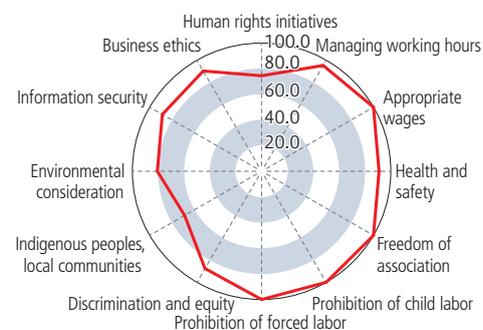
Primary suppliers

- Environmental consideration
- Business ethics
- Information security
- Indigenous peoples, local communities

Mitsubishi Steel (consolidated)

- Forced labor
- Freedom of association
- Discrimination
- Responsible procurement
- Child labor
- Collective bargaining rights
- Health and safety
- Anticorruption

Supply chain survey results



Building a sustainable supply chain

Basic Procurement Policy of the Mitsubishi Steel Group

We consider it important to fulfill our social responsibilities in our procurement activities in order to remain an enterprise trusted and selected by suppliers and other stakeholders. Based on this principle, August 2025 we integrated the existing Basic Procurement Policy and CSR procurement promotion efforts to establish a new Basic Procurement Policy.

This policy clearly indicates to all our suppliers the essential nature of the following four items in sustainable procurement activities:

Basic Procurement Policy of the Mitsubishi Steel Group

1. Equitable and fair business
2. Building partnerships with business partners
3. Compliance with laws, regulations, and societal norms
4. Concern for the global environment



See our website for more information on the Basic Procurement Policy of the Mitsubishi Steel Group.
<https://www.mitsubishisteel.co.jp/english/company/material-procurement/>



■ Sustainable Procurement Guidelines of the Mitsubishi Steel Group

In September 2025, in response to revisions of the Basic Procurement Policy, the Group established Sustainable Procurement Guidelines for the Mitsubishi Steel Group. These Guidelines clarify the thinking and guidelines essential to sustainable procurement activities in areas including equitable and fair business, compliance, the environment, human rights, and health and safety, for all suppliers who do business with the Mitsubishi Steel Group. They set as goals growth and progress alongside our suppliers by partnering with them based on trust and mutual efforts.



See our website for more information on the Sustainable Procurement Guidelines.

https://www.mitsubishisteel.co.jp/company/material-procurement/pdf/SustainableProcurementGL_2509.pdf



■ Declaration of Partnership Building

In support of the aims of the Council on Promoting Partnership Building for Cultivating the Future under the Cabinet Office, the Small and Medium Enterprise Agency, and others, we have announced our Declaration of Partnership Building. We plan to build new partnerships by promoting cooperation, coexistence, and co-prosperity with members of our supply chain and the other businesses with whom we create value.

■ CSR surveys

We undertake CSR surveys throughout our supply chain, including our business partners. To help them better understand our procurement policies, we ask business partners to participate in surveys on CSR procurement. Results of CSR surveys are provided to suppliers and briefings are held on new social issues and other matters to gain their understanding of our business activities.

■ Human rights due diligence

Recognizing human rights as an important social issue, we undertake human rights due diligence to identify human rights risks in our business activities and supply chain. In FY2024, we surveyed suppliers of melting materials, spring materials, auxiliary materials, refractories, and other important supplies. No serious violations were identified.

We will continue to identify and assess human rights risks in our business activities and promote business activities that account for human rights.



▶ See p. 72 for more information on the survey.

■ Responsible minerals procurement

The Group promotes responsible minerals procurement based on human rights, environmental, and ethical perspectives. The newly established guidelines incorporate a provision on human rights, which is also identified clearly in the Code of Conduct. In particular, we are promoting efforts to avoid the use of conflict minerals, which are linked with concerns that sales play a role in human rights violations and armed conflict. As requested by customers, we use the Responsible Minerals Initiative (RMI) survey template to report that we do not use conflict minerals.

Contributions to society

The Group Corporate Philosophy calls for Contributions to Society. We see efforts to find solutions to social challenges as a key business responsibility and strive to contribute to local communities and to society throughout the Group.

Guidelines for social contribution activities

The Group has formulated the Mitsubishi Steel Group Social Contribution Activity Guidelines to further enhance our activities to contribute to society. By clarifying the Group's courses of action, we promote integrated social contribution activities Groupwide.

■ Mitsubishi Steel Group Social Contribution Activity Guidelines

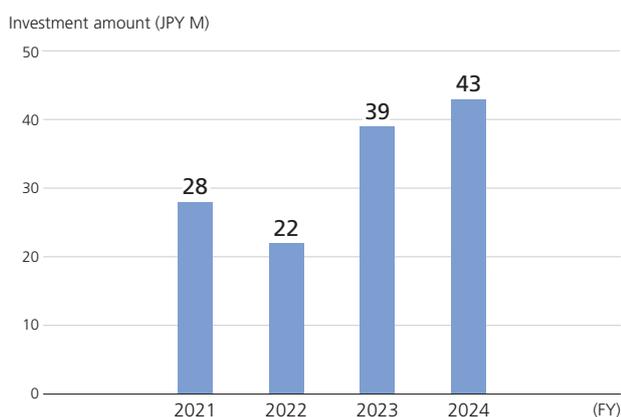
Grounded on the principle of contributing to solutions and achieving sustained growth for both society and the Group, these Guidelines identify priority topics with deep connections to our business activities and stakeholders, in three themes related to the environment, communities, and people.

Theme	Why it matters	Corresponding SDGs	Specific examples
Global environmental protection	As a manufacturer, we believe use of energy and other resources and CO ₂ and other emissions generated by our production processes and other activities have an impact on the global environment. In addition to eco-friendly manufacturing and products, we will contribute to environmental protection and raise employee awareness through our social contribution activities.	   	Local cleanup activities, participation in and support for environmental initiatives, donations to the Keidanren Nature Conservation Fund, etc.
Contributing to local communities	We operate a global network of production facilities. We believe co-creation with our communities and promoting their progress and livable community development are essential to sustained growth as a company. These activities not only help build positive relationships with local governments and residents; they contribute to greater employee engagement at each facility.	  	Participation in community events, holding briefings and plant tours for local residents, cooperating in community disaster prevention, tax payments through the corporate hometown tax program, cosponsoring athletes and teams with ties to the community, etc.
Nurturing people	We believe nurturing future generations is essential to realizing a sustainable society. We will contribute to society's progress through activities to promote education for children and support their growth and independence. At the same time, we plan to strengthen employee awareness of sustainability through activities in several areas, including diversity and inclusion, to realize sustainability management in the organization.	  	Donating picture books to children in Asia, holding classes and plant tours for students, sponsoring the Japan Wheelchair Basketball Federation and holding experience opportunities and lectures, etc.

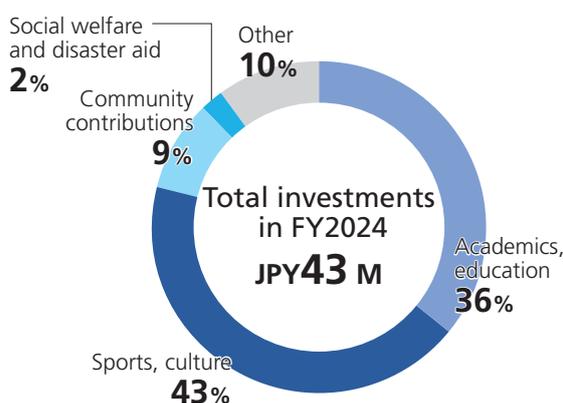
In addition to the priority areas above, we will fulfill our corporate social responsibilities through activities in the social-welfare field, support for disaster recovery, etc.

Investing in social contributions

Trend in investment amount



Breakdown of investment in FY2024



Contributing to society

■ Use of the corporate hometown tax program

We used the corporate hometown tax program to donate 1 million yen each to the cities of Muroran, Hokkaido, Aizuwakamatsu, Fukushima Prefecture, Ichihara, Chiba Prefecture, and Nagasaki, Nagasaki Prefecture—each of which is the home of a major Group production facility.

This marked the third time the Group made donations through the corporate hometown tax program. This time, we chose to donate to projects related to child-care support, a familiar topic to many of our employees, as well as a project to improve the Nagasaki Atomic Bomb Museum.



Letter of thanks for donations (Ichihara, Chiba Prefecture)

■ Donations of picture books to children in Asia

Since 2013, we have supported a program to donate picture books led by the Shanti Volunteer Association, which provides educational assistance to children throughout Asia.

The program delivers picture books to countries where libraries are lacking to help children with reduced access to educational opportunities for economic and social reasons in areas affected by poverty and conflict. Volunteers affix stickers with translations of the book text to the pages of the Japanese picture books to be donated.



Affixing stickers with translations of book text into local language

■ Support for A Dream A Day in Tokyo

Mitsubishi Steel donates to A Dream A Day in Tokyo, a nonprofit that helps seriously ill children and their families visit Tokyo for memorable experiences in addition to providing medical support. Company employees also participated as volunteers, helping with family travel.

■ Examples of other initiatives

Participation in Arakawa riverside environmental conservation activities



Cleanup activities around a plant



Awarded by the Minister of Health, Labour and Welfare for blood drive contributions (Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.)



Donations and visits to an orphanage (Thailand)



Charity donations based on employees' initiative (Canada)



Donation of school supplies etc. to local children (Philippines)



Interaction with local communities

Participation in local festivals, events, etc.



Hosting plant tours and internships for local high schools and colleges



Environmental briefings for local communities



Nagasaki Steel Works memorial service for nuclear bomb victims

On August 9 of each year, a memorial service is held for the over 1,400 employees of the former Nagasaki Steel Works of Mitsubishi Steel who died at work during the nuclear bombing of the city in World War II. Participants include family representatives and former Nagasaki Steel Works employees, as well as executives of Mitsubishi Steel and Mitsubishi Nagasaki Machinery.



Supporting teams and athletes with ties to the communities where our facilities are located



Mitsubishi Nagasaki Machinery is an Official Partner of the Nagasaki Velca professional basketball team



We concluded a sponsorship agreement with Shinichi Suzuki, a junior golfer with roots in the Philippines and Japan.

Support for para sports (wheelchair basketball)

In 2023, we concluded an Official Supporter agreement with the Japan Wheelchair Basketball Federation (JWBF).

Through our sponsorship activities, we help to support and grow the sport of wheelchair basketball. To promote employee understanding of diversity and as part of training for new employees, we also provide opportunities to experience wheelchair basketball hands on and hold events led by wheelchair basketball players.



Volunteer leave program

We introduced a volunteer leave program in December 2024 as part of our efforts to raise awareness of social contributions.

This program was introduced in response to the results of an employee survey conducted two years ago. Under this program, employees can take volunteer leave, apart from annual paid vacation, to participate in volunteer activities related to human welfare, disaster recovery, the environment, and other topics, in addition to volunteer activities for which the Company and the labor union serve as intermediaries.

The goal is for 30 people to take this leave in FY2025, its first year. We will continue to raise employee awareness and encourage active participation in social contribution activities by promoting this program.

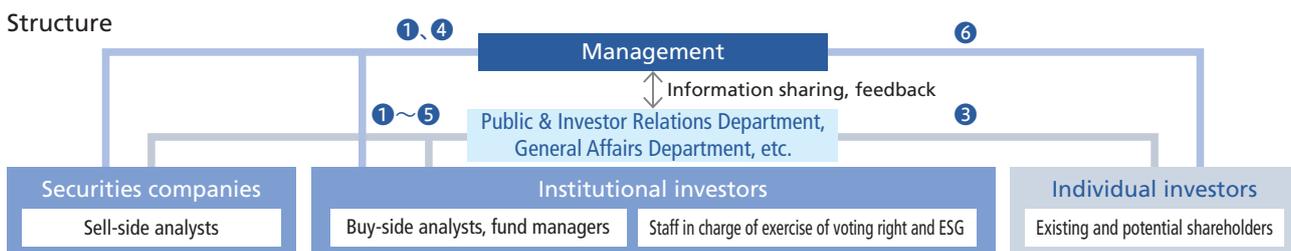
Dialogue with shareholders and investors

Based on the Mitsubishi Steel Group Code of Conduct and the Basic Policy for Corporate Governance, we undertake fair, accurate, and timely disclosures for shareholders and investors. Additionally, we have formulated a Basic Policy for Dialogue with Shareholders and Investors and seek to contribute to sustained growth and corporate value over the medium to long term by engaging in constructive dialogue with shareholders and investors, by sharing this dialogue with management and others in the organization, and by reflecting the results in management.

See our website for the Basic Policy for Dialogue with Shareholders and Investors.
<https://www.mitsubishisteel.co.jp/english/sustainability/governance/basic-policy/dialogue/>



Dialogue structure and results



FY2024 results

Details	Our personnel responsible	Times (cumulative total)
① SR meetings (meetings with institutional investors)	Keisuke Aoike, Representative Director/Managing Executive Officer Minako Takeuchi, Outside Director Executive Officer/Head of Public & Investor Relations Department, Executive Officer/Head of General Affairs Department	9
② IR meetings	Executive Officer/Head of Public & Investor Relations Department, Senior Executive Officer/Head of Accounting Department	23
③ Responding to inquiries	Public & Investor Relations Department	As needed
④ Briefings on financial results	Jun Yamaguchi, Representative Director, President & CEO Keisuke Aoike, Representative Director/Managing Executive Officer, and others	2
⑤ ESG briefings	Keisuke Aoike, Representative Director/Managing Executive Officer, and others	1
⑥ General meetings of shareholders	Jun Yamaguchi, Representative Director, President & CEO, and others	1

Efforts to enhance IR

We established the Public & Investor Relations Department as a section specializing in IR and appointed an executive officer responsible for the Public & Investor Relations Department to maintain a system that encourages constructive dialogue with shareholders and investors.

We are enhancing IR activities to ensure and strengthen proactive disclosure. Goals include strengthening corporate value through constructive dialogue and reducing capital costs by minimizing information asymmetries with stakeholders.

Enhancing disclosure

- Publishing materials for financial results presentations in the first and third quarters (since FY2024)
- Enhancing disclosure related to financial results presentations (releasing videos and Q&A summaries, providing transcripts)
- Use of sponsored research reports
<https://sharedresearch.jp/en/companies/5632>

Broadening disclosure

- Upgrading the website and enhancing IR pages
- Continual improvements in financial results presentation materials
- Publishing the Integrated Report (since FY2023)
- Reflecting opinions and requests gained from dialogue with shareholders and investors in our initiatives and in disclosure

Status of implementation of feedback



Details of feedback

	Details	Subjects	Frequency
① Shareholder/ investor meeting reports	Opinions collected in dialogue with shareholders and investors, response policies, etc.	Members of the Board of Directors Members of management meetings	IR meeting report: once/quarter SR meeting report: once/year Annual report: once/year
② Financial results briefing reports	Summaries of questions asked in financial results briefings, etc.	Members of the Board of Directors Members of management meetings	Twice/year (end of first half, end of year)
③ Other than regular reports	Issuing PR and IR reports (details of IR meetings and shareholder inquiries)	Members of management meetings	Monthly
④ Explanations and feedback to employees	Deployed through internal bulletins and other means <ul style="list-style-type: none"> • Explanation of financial results and progress reports on the Mid-term Business Plan • Introductions to ESG initiatives • Summaries of IR meetings and shareholder inquiries 	Company employees	Monthly

Main themes of dialogue

	Themes
Business strategies, etc.	<ul style="list-style-type: none"> • Management reflecting a keen understanding of capital costs and share price • Progress and details of strategic businesses • Use of ROIC and business portfolio optimization • Efforts to improve PBR
Environment (E)	<ul style="list-style-type: none"> • Promoting emissions reduction plans for carbon neutrality • Opportunities related to climate change (environmental products, etc.) • Status of studies of biodiversity disclosures
Society (S)	<ul style="list-style-type: none"> • Engagement survey results and measures to improve survey results • Status of implementing human rights due diligence • Human resource strategy to realize the Company's ideal • Diversity (percentages of women officers, managers, and employees)
Governance (G)	<ul style="list-style-type: none"> • Status of Nomination and Compensation Committee activities and the nature of Committee discussions • Efforts to improve Board of Directors efficacy • Composition of Board of Directors membership (including skills matrix) • Executive compensation incentive enhancements

Examples of initiatives based on dialogue

	Main items implemented	Key items partially addressed or under consideration
Business strategies, etc.	<ul style="list-style-type: none"> • Establishing clear policies on adopting ROIC management and business portfolio optimization • Revising understanding of equity capital costs • More advanced disclosure, including disclosure encompassing the Integrated Report 	<ul style="list-style-type: none"> • Verbalization of our Purpose • Expanding KPIs on nonfinancial targets • Regular progress reports on ROIC management and improving its efficacy
Environment (E)	<ul style="list-style-type: none"> • Revising reduction targets to achieve carbon neutrality • Disclosing progress on carbon neutrality plans • Expanding the range of Scope 3 emissions disclosure 	<ul style="list-style-type: none"> • TNFD-based biodiversity disclosure
Society (S)	<ul style="list-style-type: none"> • Conducting engagement surveys and disclosing survey results • Implementing human rights due diligence and disclosing the results 	<ul style="list-style-type: none"> • Disclosing and promoting human resource strategies, including HR portfolio optimization • Improving diversity (percentages of women managers and employees)
Governance (G)	<ul style="list-style-type: none"> • Enhancing disclosure of the skills matrix • Incorporating nonfinancial indicators into executive compensation • Increasing the weight of role-based performance-linked compensation in executive compensation • Discontinuation of the special advisor system • Preparing and disclosing succession plans 	<ul style="list-style-type: none"> • Further stimulating discussions within the Board of Directors (focusing on strategic topics) • Consideration of the ideal Company organizational design

Changes in Mid-term Business Plans over the years

We have formulated and promoted three Mid-term Business Plans since 2016. We are currently formulating a new Mid-term Business Plan to take effect from FY2026. Due to the effects of demand trends and other factors, it would currently appear difficult to achieve the performance targets of the current 2023 Mid-term Business Plan. Nevertheless, we plan to make steady progress toward our ideal vision for 2030 based on steady contributions to the earnings of the strategic business for which preparations have advanced during the period of the current plan.

2016 Mid-term Business Plan		Period: FY2016-2020	* Next plan formulated a year ahead of schedule due to changing business environment												
Concept, slogan	From a company that produces and processes special steel bars to one that creates added value from materials: the first step toward our ideal for 10 years into the future														
Basic policies	<ol style="list-style-type: none"> 1 Becoming a global supplier 2 Further strengthening the business of producing and processing special steel bars and securing results in Indonesia 3 Building a model to create added value from materials in formed and fabricated products 														
Key achievements	<ul style="list-style-type: none"> • Built a global supply structure for springs • Mass production of lightweight springs • Steel bars supply structure built in Indonesia • Building synergies between steel bars and leaf springs and growing leaf spring sales at JATIM • Completing in-house materials production structure for formed and fabricated products 														
Issues, etc. for the next Mid-term Business Plan	<ul style="list-style-type: none"> • Slowing demand for automotive and construction machinery due to the rise of trade protectionism • Changing global procurement policies at automakers • Slowing profits at overseas facilities due to failure in manufacturing improvements to keep up with rapid overseas business development <p>Both external and internal conditions have changed significantly since the time the Plan was drafted. In recognition of the delays in achieving thoroughgoing solutions, we formulated the new three-year Mid-term Business Plan starting in FY2020, one year ahead of schedule.</p> <p>Key points included "Stopping the hemorrhage (JATIM, North American MSSC)"; "Strengthening organizational structures capable of responding swiftly to environmental changes to minimize risks"; and "Implementing structural reforms in material procurement."</p>														
Targets and results	<table border="1"> <thead> <tr> <th></th> <th>Targets for final year of plan</th> <th>FY2019 results</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>JPY170.0 B</td> <td>JPY117.1 B</td> </tr> <tr> <td>ROE</td> <td>8%</td> <td>△27.3%</td> </tr> <tr> <td>Percentage of overseas sales</td> <td>47%</td> <td>29%</td> </tr> </tbody> </table>		Targets for final year of plan	FY2019 results	Net sales	JPY170.0 B	JPY117.1 B	ROE	8%	△27.3%	Percentage of overseas sales	47%	29%	<p>Despite accelerating business development overseas, earnings at overseas subsidiaries worsened. We recorded significant impairment losses (approx. 15.0 billion yen) in FY2019. Since financial results were significantly worse than planned, the next plan was formulated a year ahead of schedule.</p>	
	Targets for final year of plan	FY2019 results													
Net sales	JPY170.0 B	JPY117.1 B													
ROE	8%	△27.3%													
Percentage of overseas sales	47%	29%													

2020 Mid-term Business Plan		Period: FY2020-2022												
Concept, slogan	Provide customers with added value by manufacturing seamlessly from materials to products. <ul style="list-style-type: none"> • Achieve higher profitability and stabilize earnings by leveraging the comprehensive capabilities of the Group. • Develop products, keeping half a step ahead of customer needs; provide new value. 													
Basic policies	<ol style="list-style-type: none"> 1 Restructure our overseas businesses (pressing need to swiftly improve profits at overseas facilities). 2 Strengthen product appeal (products a half-step ahead of customer needs). 3 Expand our business model of integrated production from materials to products. 													
Key achievements	<ul style="list-style-type: none"> • Overseas facilities largely returned to profitability. • Achieved progress in the development of lighter springs and high quality powders. • Reduced production issues by expanding manufacturing capacity. • Grew product businesses to meet customer needs in fields like hinges and offshore wind power. • Secured appropriate margins by linking selling prices to materials market prices. • Promoted ESG, DX, and other initiatives as measures not explicitly targeted in the Mid-term Business Plan. 													
Issues, etc. for the next Mid-term Business Plan	<p>Management topics</p> <ul style="list-style-type: none"> • Enhancing earnings capabilities by maintaining and growing improved profit margins • Growing businesses by harvesting results seeded by past efforts • Achieving financial soundness through improved cash flow • Stock price measures and PBR of less than one 	<p>Nonfinancial topics</p> <ul style="list-style-type: none"> • Efforts to increase value of human capital • Further enhancements of ESG management • Smarter plants and higher customer satisfaction through DX promotion 												
Targets and results	<table border="1"> <thead> <tr> <th></th> <th>Targets for final year of plan</th> <th>Results in the final year of the plan (FY2022)</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>JPY150.0 B</td> <td>JPY170.5 B</td> </tr> <tr> <td>Operating income</td> <td>JPY7.0 B</td> <td>JPY5.5 B</td> </tr> <tr> <td>ROE</td> <td>8%</td> <td>5.1%</td> </tr> </tbody> </table>		Targets for final year of plan	Results in the final year of the plan (FY2022)	Net sales	JPY150.0 B	JPY170.5 B	Operating income	JPY7.0 B	JPY5.5 B	ROE	8%	5.1%	<p>Although we achieved our sales targets, operating income and ROE were below targets due to lower domestic demand in the Special Steel Bars Business and the impact of impairment losses on the North American springs subsidiary. The North American subsidiary's earnings improved sharply in FY2022 4Q.</p>
	Targets for final year of plan	Results in the final year of the plan (FY2022)												
Net sales	JPY150.0 B	JPY170.5 B												
Operating income	JPY7.0 B	JPY5.5 B												
ROE	8%	5.1%												

2023 Mid-term Business Plan Period: FY2023-2025

Concept, slogan	Established by backcasting based on what and where we should be in 2030. In addition to resolving financial and nonfinancial issues persisting past the 2020 Mid-term Business Plan, the 2023 Mid-term Business Plan will promote simultaneous rapid progress toward our ideal vision for 2030 in the following areas:															
Basic policies	(1) Enhancing our earnings capabilities	(2) Growing strategic businesses	(3) Human resource investments	(4) Sustainability management												
Key achievements	<ul style="list-style-type: none"> Pursuing enhanced earnings capabilities by cutting costs while maintaining and growing profit margins, we will apply the resulting earnings to fund growth in strategic businesses and enhance our financial foundations. 	<p>We will promote the growth of our strategic businesses through the active allocation of management resources to solve environmental solutions, to the EV shift, and to overseas businesses. During the period of the 2023 Mid-term Business Plan, we will shift course toward business growth to achieve large-scale growth in these businesses as we approach 2030.</p> <ul style="list-style-type: none"> The precision spring components business has begun to contribute to earnings, with work on a large-scale project proceeding ahead of schedule. We expect this business to achieve its 2030 sales target. Investments in mass production have proceeded and led to improvements in quality and productivity in soft magnetic powders. Leaf springs for commercial vehicles maintain high ROIC. Orders are growing for machinery and offshore wind power-related products. A framework for new business creation has been established; four new projects are underway. 	<p>We will boost productivity and realize innovation by investing in human resources.</p> <ul style="list-style-type: none"> Visualizing issues in the engagement survey and promoting improvement measures Redesigning interview systems, grade and evaluation systems, etc. Continuing practical training, such as entrepreneurial training Record-high wage improvements and enhancements in benefits, allowances, etc. Earned KENKO Investment for Health 2025 certification (large enterprise category) 	<p>Promoting sustained increases in corporate value by clarifying ESG and other nonfinancial topics (e.g., carbon neutrality, DX)</p> <ul style="list-style-type: none"> Strengthening CO₂ reduction targets Enhancing sustainability disclosure (beginning publication of the Integrated Report, holding ESG briefings) Enhancing dialogue with investors and feedback to management Enhancing corporate governance Earning social evaluation (e.g., various certifications, ESG evaluations) 												
Issues, etc. for the next Mid-term Business Plan	<ul style="list-style-type: none"> Identifying a clear path toward the achievement of the higher capital cost target Responding to uncertainty in the North American business environment (e.g., EV shift, US tariff policy changes) Developing new sales channels in response to the shrinking Japanese steel bars market Promoting structural reforms in the automotive springs business 	<ul style="list-style-type: none"> Clarifying priority domains and growth plants in quantitative terms Formulating investment decision criteria based on product life cycles Establishing a second facility for commercial vehicle leaf springs 	<ul style="list-style-type: none"> Continuing to strengthen employee engagement Study and disclosure of HR assignment and development linked to business strategies and growth scenarios 	<ul style="list-style-type: none"> Strengthening the link between ESG perspectives and the allocation of management resources Reducing information disparities with stakeholders Expanding disclosure of nonfinancial KPIs 												
Targets and results	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th>Targets for final year of plan</th> <th>Results in final year of plan (FY2025)</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>JPY185.0 B</td> <td>JPY159.0 B</td> </tr> <tr> <td>Operating income</td> <td>JPY11.0 B</td> <td>JPY4.4 B</td> </tr> <tr> <td>ROE</td> <td>8%</td> <td>5.8%</td> </tr> </tbody> </table>			Targets for final year of plan	Results in final year of plan (FY2025)	Net sales	JPY185.0 B	JPY159.0 B	Operating income	JPY11.0 B	JPY4.4 B	ROE	8%	5.8%	<p>Although each of the businesses of Springs, Formed & Fabricated Products, and Machinery is on pace to achieve its Mid-term Business Plan targets, it appears that achieving the overall profit target is a challenge due to slowing domestic demand in the Steel Bars Business and other factors. At the same time, some highly profitable strategic businesses are contributing steadily to earnings. Capital investments related to strategic businesses to reach full implementation in the period of the next Mid-term Business Plan and beyond also are proceeding steadily. In the next Mid-term Business Plan, by making strategic businesses more profitable, we will break free from our dependence on the domestic steel bars business, which is highly volatile and susceptible to economic sentiment, and shift to a revenue structure that enables stable profit growth.</p>	
	Targets for final year of plan	Results in final year of plan (FY2025)														
Net sales	JPY185.0 B	JPY159.0 B														
Operating income	JPY11.0 B	JPY4.4 B														
ROE	8%	5.8%														

* Strategic businesses: the five businesses of overseas steel bars, commercial vehicle and railway rolling stock springs, special alloy powders, offshore wind power-related products, and precision spring components plus new business creation

Ideal vision for 2030

Realizing sustained growth through aggressive management in strategic businesses

Realizing increased corporate value and sustained growth by promoting enhancement of the earnings capabilities of core businesses and growth of strategic businesses

Leveraging our people and technologies to continue to succeed in a time of change

■ 2030 targets	Net sales	JPY220.0 B	<ul style="list-style-type: none"> Growing strategic businesses to account for 50% of our businesses Business growth conscious of GX Setting an investment target (capital investment and M&A) of 75 billion yen over the eight years through 2030
	ROE	10%	
	Payout ratio	30% or higher*	

* We revised our dividend policy in May 2025. We plan a payout ratio of 40% (minimum dividend of 80 yen/share) for FY2025.

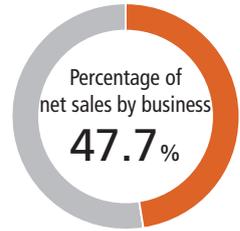
Changes in Mid-term Business Plans over the years

Special Steel Bars Business



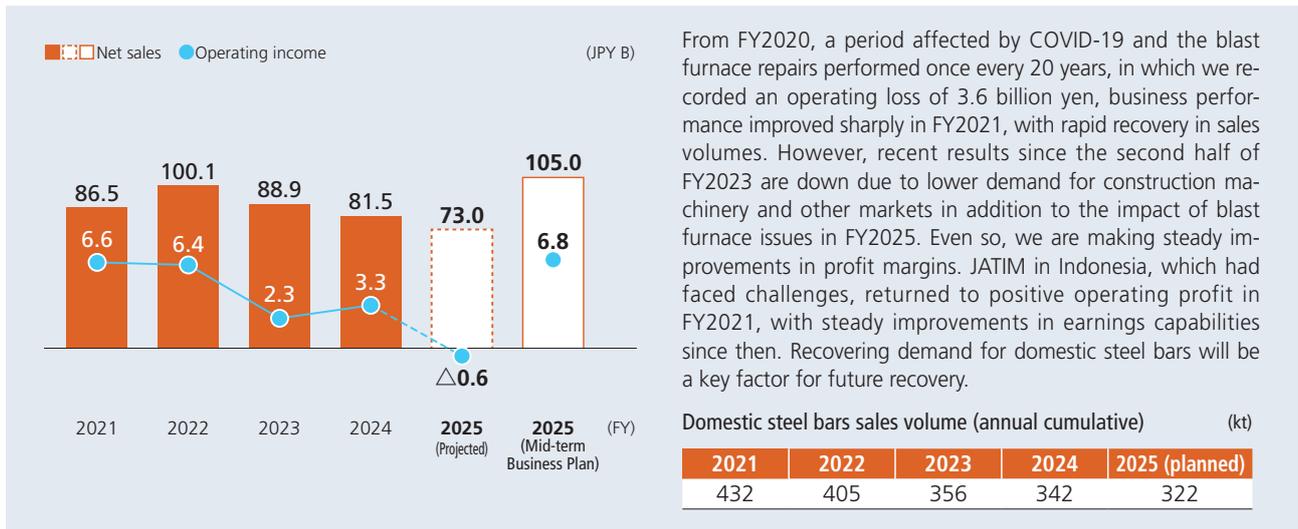
Production facilities Japan Muroan, Hokkaido
Overseas Indonesia

Special steel bars are steels to which alloy elements are added and adjusted for particular uses. Compared to standard steel bars, they offer notable performance in aspects like hardness, heat resistance, and wear resistance. Large-diameter bars are among our strengths. We deliver highly durable steel bars for use in construction machinery and other products expected to see use under severe conditions, and they play an essential role in supporting social infrastructures.



We entered the market of Indonesia in 2014. As the only special steel bars maker in Southeast Asia, we will not only meet booming demand centered on that market, but promote measures to achieve the important social goal of carbon neutrality as we seek to identify solutions to society's challenges.

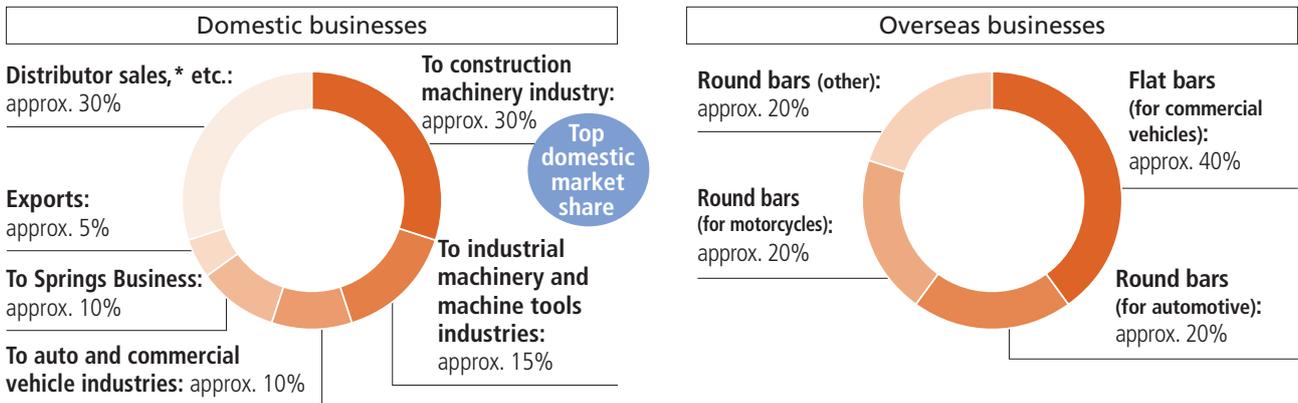
Performance trends



Sales ratios



Major destinations and sales composition



* Distributor sales: sales by trading companies, wholesalers, and other businesses involved with steel

Visit our website for product details.
<https://www.mitsubishisteel.co.jp/english/product/special-steel-bars/>



Risks	Opportunities
<ul style="list-style-type: none"> • A demand structure highly susceptible to economic sentiment (e.g., for construction machinery) • Increasing instability in and rising costs of the procurement of raw materials and utilities attributable to changes in the supplier's business activities • Intensifying market competition due to improvements in manufacturing technology in China and other emerging markets • Declining domestic demand due to the shrinking Japanese population • Diminishing pool of skilled technicians and the need to pass on skills 	<ul style="list-style-type: none"> • Potential for growth in the market for high-performance steel bars, particularly in environmental areas like renewable energy and EVs • Potential for growth in emerging markets • Capacity to propose integrated production from materials to products based on product processing knowhow for springs, etc. • Development of green steel bars using JATIM's electric furnaces

Business strategies

- (1) Increasing the percentage of overseas business to safeguard against the risk of a shrinking domestic market
- (2) Improving profitability by revising the domestic steel bars portfolio

(1) Increasing the percentage of overseas business to safeguard against the risk of a shrinking domestic market Strategic business

Due to expectations of shrinking demand for steel bars in Japan over the medium to long term, we have identified the overseas steel bars business as a strategic business. We plan to double net sales in this business by 2030 (vs. FY2022) by increasing the proportion of the Special Steel Bars Business accounted for by overseas sales by meeting the booming demand in Southeast Asia, where the market is projected to grow.

Thanks in part to cost improvement efforts, profits at JATIM in Indonesia remain steady. JATIM has also begun expanding its production capacity for round bars. Due in part to the impact of inflows of materials from China, recent demand has been flat; in response, we are carefully considering further investments. However, since we expect this market to grow over the medium to long term, we will continue to enhance our technological strengths and ascertain customer needs to develop products that offer high added value.



(Overseas facility) Overview of JATIM

- The only special steel manufacturer in Southeast Asia
- Mainly produces flat bars (for commercial vehicles) and round bars (chiefly small-diameter bars for automotive, motorcycle, and other uses)
 - ➔ JATIM possesses production technologies for a wide range of steel types, through differentiation with domestic businesses, contribute to the Group's overall technological breadth.
- JATIM is accelerating efforts to supply green steel bars made using carbon-free power.

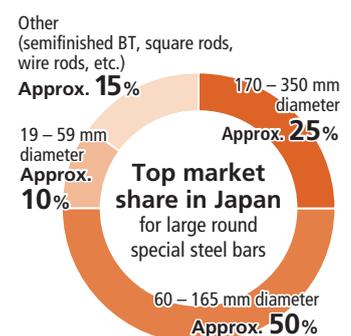
(2) Improving profitability by revising the domestic steel bars portfolio

Despite apparent growth in the earning power of the Special Steel Bars business in Japan over the course of the current Mid-term Business Plan period, the nature of the industry makes this business highly susceptible to economic sentiment. Lower sales attributable to lower demand and other factors is squeezing profits. Additionally, the domestic market appears set to contract over the medium to long term, and developing new sales channels and addressing carbon-neutral products are pressing needs. We have recently sought to expand sales channels, such as those to the oil and gas industry in North America, and we plan to promote the development of steels targeting environmental and other growth fields while continuing to meet the needs of our current customers

(Domestic facility) Overview of Mitsubishi Steel Muroran

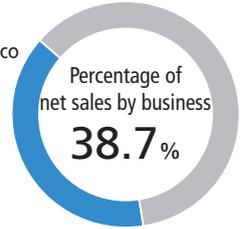
- Unlike competing electric furnace special steel makers, the domestic facility (Muroran) uses molten ferrous raw materials made from iron ore and coking coal for carbonization, from blast furnaces operated jointly with Nippon Steel Corporation.
 - ➔ This steel has fewer impurities than the scrap used as raw materials in electric furnaces, making it easier to produce high-quality steel bars.
- Capable of handling a wide range of steels with diameters in the 19 – 350 mm range, primarily structural steel and spring steel. Mitsubishi Steel Muroran offers special strengths in the area of large-diameter steel bars, for which it holds the leading share in the Japanese market.
- It supplies steel bars of high strength and durability for use in demanding environments. Key applications of its products include construction machinery.

Composition by size



Springs Business

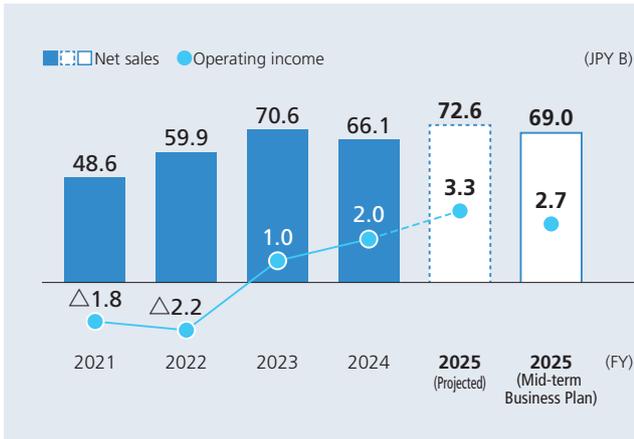
Production facilities Japan Ichihara, Chiba Prefecture
Overseas Canada, USA, China, India, Philippines, Mexico



The auto industry, an important customer base for the Springs Business, is undergoing a major shift toward electrification, as seen in EVs and PHEVs. While no major structural changes have occurred to affect auto suspensions, the growing vehicle weights attributable to onboard batteries mean springs must be ever lighter. We will meet this demand by drawing on the strengths of our integrated production from materials to products.

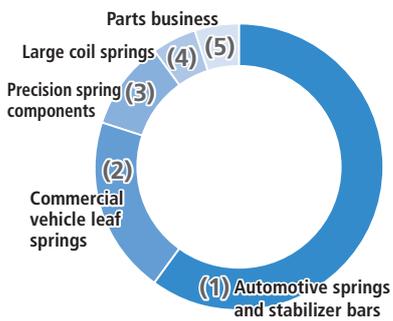
In addition to business growth backed by aggressive investments in the strategic businesses in which we anticipate market growth—as seen, for example, in demand for commercial vehicle and rail applications in emerging markets and growing sales of high-performance hinges—we will establish the foundations for stable profit growth by establishing a corporate culture capable of withstanding headwinds and by developing human resources capable of implementing continual self-directed improvements.

Performance trends

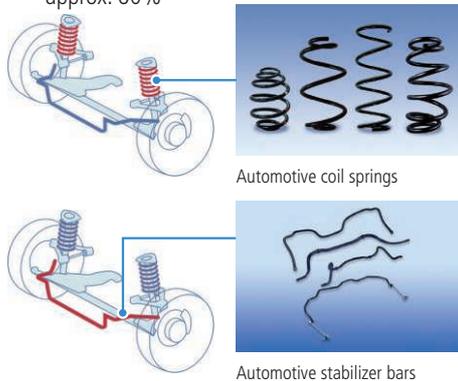


Despite sustained losses in the overall business over an extended period due to declining profitability at the North American subsidiary and at other overseas facilities, progress with structural reforms and improved earnings at the North American subsidiary led to positive operating income for businesses overall in FY2023 for the first time in six years. Since FY2024, the strategic business of precision spring components has contributed to earnings and to the recovery in overall business results. In the same year, we withdrew from the German springs business, which had recorded sustained losses. We expect earnings in FY2025 to exceed the level projected in the Mid-term Business Plan. At the same time, we plan to continue pursuing structural reforms in our core businesses to lessen our dependency on the strategic business of precision spring components.

Main products and composition of sales



(1) Automotive springs and stabilizer bars: approx. 60%



(2) Commercial vehicle leaf springs: approx. 20%

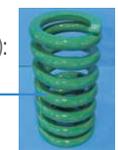
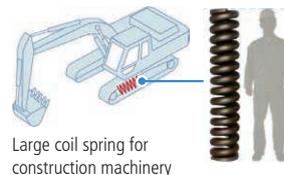
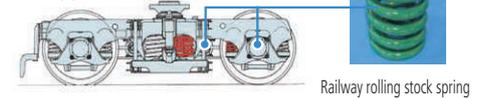


(3) Precision spring components: approx. 10%

High-precision hinges



(4) Large coil springs (construction machinery, railway rolling stock): approx. 5%



Top global market share

(5) Parts business: approx. 5% (repair parts, accessories, and other products for trucks and construction machinery)

Tire chain for industrial and construction machinery



Visit our website for detailed product information.
<https://www.mitsubishisteel.co.jp/english/product/springs/>

Risks	Opportunities
<ul style="list-style-type: none"> Intensifying competition due to the growth of manufacturers from emerging markets Rising geopolitical risks, including US tariff policies Declining domestic demand due to the shrinking Japanese population Cost fluctuations in raw materials and other expenses Diminishing pool of skilled technicians and the need to pass on skills 	<ul style="list-style-type: none"> Changes in the demand structure associated with the EV shift (e.g., growing demand for lighter high durability springs) Potential for market growth due to economic growth in emerging markets Capacity to propose integrated production from materials to products by drawing on accumulated materials knowhow Expanding sales channels for patented high-performance hinges

(1) Enhancing the earning power of automotive springs

Business strategies

(2) Weight reductions and expanded sales for commercial vehicle leaf springs

(3) Expanding the range of applications for precision spring components

(1) Enhancing the earning power of automotive springs

Structural reforms are underway in our core business of automotive springs. Beyond our withdrawal from the German facility in FY2024, the Chinese facility is feeling the effects of poor sales and withdrawal from the market for Japanese automakers as market shares grow for domestic automakers. We are considering responding in ways taking into account whether the Company is the best owner. Despite recent improved earnings at the three North American facilities, which have recorded losses for extended periods, we are considering optimal structures based on various factors, including the effects of recent US tariffs. At the same time, in India, where demand is strong, the Indian equity-method affiliate Stump Schuele & Somappa Auto Suspension Systems Pvt. Ltd. (5S) has decided to open a new plant. Proactive sales expansion activities are underway there to capture further demand.

Concurrently with these structural reforms of overseas facilities, through product power enhancements and cost savings at the domestic Springs Business as the mother facility with core technologies and human resources, we will strengthen the earnings capability of the Springs Business as a whole and enhance its technological and product powers.

(2) Weight reductions and expanded sales for commercial vehicle leaf springs Strategic business

We identified leaf springs and other springs for commercial vehicles and rolling stock as a strategic business and will seek to grow net sales 2.5-fold (by 2030) vs. FY2022. In particular, we expect population growth and urbanization to generate growth in emerging markets. We will meet booming demand by developing lightweight leaf springs that draw on our design and manufacturing technologies.

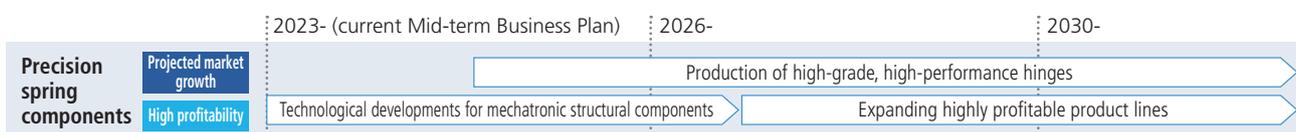
Integrated production using materials produced at JATIM itself is among our current strengths. While this business recently secured highly profitable orders, its scale remains small. Leveraging future synergies with the Steel Bars Business, we will consider a second production facility in a country other than Indonesia to build an integrated production structure.



(3) Expanding the range of applications for precision spring components Strategic business

We identified, as a strategic business, high-performance hinges based on spring technologies and will seek to triple sales (vs. FY2022) by 2030. Applications for such products once centered on folding phones and have recently centered on electronics like digital cameras and PCs. Now, we plan to grow this business by expanding sales for other applications, including smartphones, tablets, and other IT devices, onboard automotive devices, and welfare and long-term care devices.

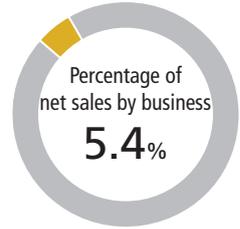
We gained patents for our compact high-torque hinges, which provide both high torque and high durability. Mass production in response to major orders began last year. We continue to invest in further capacity growth.



Formed & Fabricated Products Business



Production facilities Japan Aizuwakamatsu, Fukushima Prefecture
Overseas Thailand

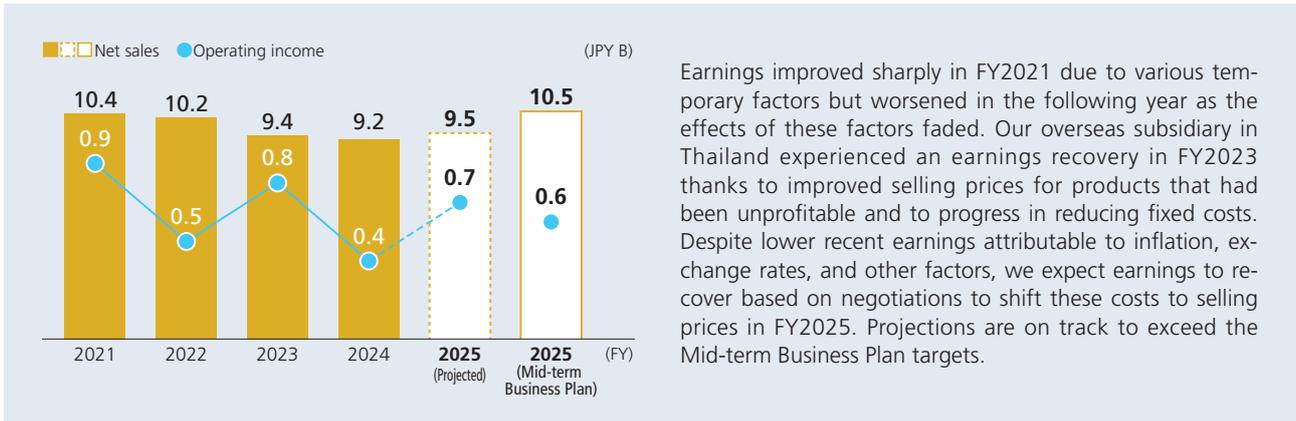


Supplying special alloy powders, castings and forgings, machinery products, and other products to a wide range of fields, including the automotive, electronic device, industrial device, and agricultural machinery industries, our business of creating added value from materials contributes to society in various ways.

One issue remains the product portfolio's focus on products for internal combustion engines, including products for automotive turbocharger use. We are accelerating a shift in portfolio toward special alloy powders, for which we anticipate market growth.

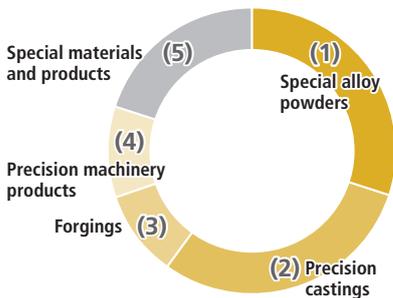
Hirota Works, our domestic facility, has switched to 100% use of electricity from renewable energy. This is part of efforts to meet customer demands for decarbonization.

Performance trends



Earnings improved sharply in FY2021 due to various temporary factors but worsened in the following year as the effects of these factors faded. Our overseas subsidiary in Thailand experienced an earnings recovery in FY2023 thanks to improved selling prices for products that had been unprofitable and to progress in reducing fixed costs. Despite lower recent earnings attributable to inflation, exchange rates, and other factors, we expect earnings to recover based on negotiations to shift these costs to selling prices in FY2025. Projections are on track to exceed the Mid-term Business Plan targets.

Main products and composition of sales



(1) **Special alloy powders:** approx. 30%

(4) **Precision machinery products:** approx. 10%
(for various applications, including automotive and electronic device applications)

(2) **Precision castings:** approx. 30%



(3) **Forgings:** approx. 10%

(5) **Special materials and products:** approx. 20%

Visit our website for detailed product information.
<https://www.mitsubishisteel.co.jp/english/product/formed-fabricated/>

Highly wear-resistant cast steel product (shredder hammer)

We produce shredder hammers, which contribute to a circular economy through use in shredding products such as automobiles in the steel recycling process. These cast steel products incorporate technologies that draw on our years of experience with wear-resistant castings to provide long service life and enable high productivity, even under challenging conditions, through hardness adjustments.



Risks	Opportunities
<ul style="list-style-type: none"> ● Changing demand structures (lower demand for internal combustion engine parts) due to the EV shift ● Declining domestic demand due to the shrinking Japanese population ● Cost fluctuations in raw materials and other expenses ● Intensifying competition due to the growing presence of manufacturers from emerging markets ● Diminishing pool of skilled technicians and the need to pass on skills 	<ul style="list-style-type: none"> ● Growing demand for use in inductors associated with smart mobility, 3D printer, and other applications ● Growing environmental demand (e.g., green powders, products for a circular economy)

Business strategies Major shift in the business portfolio toward special alloy powders

● Major shift in the business portfolio toward special alloy powders Strategic business

We face a need to depart from a product structure centered on turbocharger turbine wheels and vanes and other parts for internal combustion engines. Identifying special alloy powders as a strategic business central to this effort, we are seeking to expand sales fourfold by 2030 (vs. FY2022).

Special alloy powders



These products are made by adding various alloy elements to steel in accordance with proprietary formulas and processing them into fine powder form. This makes it possible to add special properties to materials to meet specific customer needs. These powders are used in various products, including auto parts and electronics. Soft magnetic powders, which require even more advanced properties, are used in inductors primarily in smartphones, automotive devices, and industrial control devices. We anticipate demand growth in response to growing demand for 3D printers and other applications.

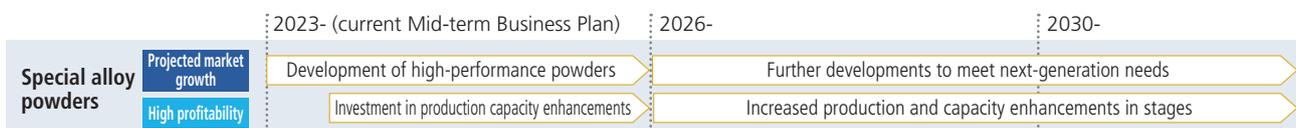
Recent progress

We have already launched mass production of new steels. Hirota Works, our production facility, is investing in capacity enhancements to increase production by next year. Completion of the facilities is planned for the end of FY2025. We plan to begin full-scale operations in mid-FY2026 following customer approval and other processes.

In addition to capital investments, we will secure new sales channels by accelerating the development of high-performance powder products and by proposing applications to meet growing market demand.

Environmental initiatives

The Hirota Works, which produces special alloy powders, completed its migration to fully CO₂-free electricity in 2023, cutting GHG emissions by around 90% and putting it in ideal position to meet customer decarbonization needs.



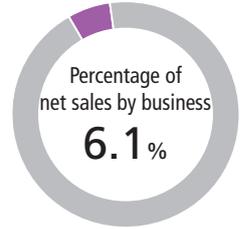
Machinery Business



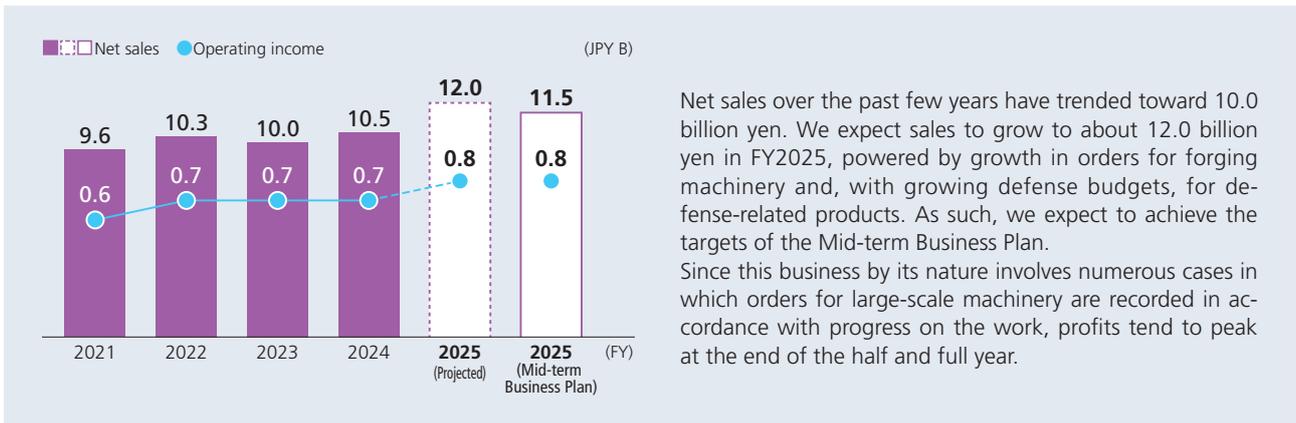
Production facility Nagasaki, Nagasaki Prefecture
(Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.)

Mitsubishi Nagasaki Machinery Mfg. Co., Ltd., which handles the Group's Machinery Business, is a comprehensive engineering company that provides seamless services in areas ranging from machinery design to manufacturing, installation, and assembly. As such, while balancing business potential with solutions to society's challenges, we produce machinery essential to core industries in fields such as forging machinery, ring rolling mills, and other industrial equipment; generators and other energy equipment; security centered on defense-related products; and environmental solutions like magnetic sorters that contribute to a circular economy.

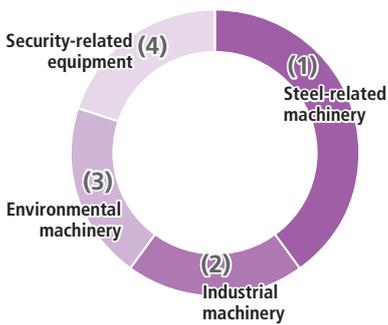
Our waterfront plant is ideal for the processing and shipping of large products. We meet customer demand by drawing on processing technologies capable of meeting a wide range of engineering needs, including orders for large machinery units.



Performance trends



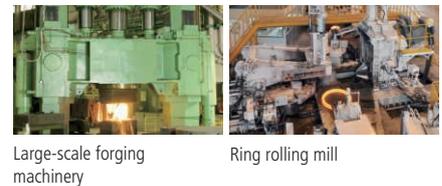
Main products and composition of sales



(1) Steel-related machinery: approx. 40%
(Pressure vessels, steelmaking machinery, offshore wind power equipment, etc.)



(2) Industrial machinery: approx. 20%
(Forging machinery, ring rolling mills, etc.)



(3) Environmental machinery: approx. 20%
(Magnetic sorters, etc.)



(4) Security-related products: approx. 20%



Visit our website for detailed product information.
<https://www.mitsubishisteel.co.jp/english/product/machinery/>

Risks	Opportunities
<ul style="list-style-type: none"> • Fluctuating procurement costs for parts and other products • Intensifying global market competition • Responding to the energy transition • Delays and extensions of large-scale projects • Diminishing pool of skilled technicians and the need to pass on skills 	<ul style="list-style-type: none"> • Growing environmental demand (e.g., renewable energy, magnetic sorters) • Growing power-related demand (e.g., offshore wind power equipment, gas turbines) (Growth in global power demand accompanying digitalization and other trends) • Growing demand for large-scale products, a strength of this business (Larger offshore wind power equipment, etc.) • Growing defense-related demand backed by growing government budgets (defense equipment)

Business strategies

- (1) Expanding sales of offshore wind power equipment
- (2) Developing the magnetic sorter business for a circular economy

(1) Expanding sales of offshore wind power equipment Strategic business

Based on the attention it has sought as a way to realize a decarbonized society, and in response to growing demand for electricity alongside the booming demand generated by AI use and digitalization, we see offshore wind power equipment as a strategic business. We are seeking to grow net sales 3.5-fold (vs. FY2022) by 2030.

Offshore wind power equipment is growing larger to enable the supply of more electricity, but the number of suppliers in Japan capable of meeting the demand for larger products remains limited. The Group has track record for delivering products in this field. With the announcement of a new plant in November, we plan to expand production capacity.

Some companies have withdrawn from the field in response to rising construction costs driven by global inflation. These and other factors may affect the progress of these expansion efforts. Nevertheless, we will leverage our capacity to handle larger products, our special steel bars supply capacity, and our track record to meet growing demand in the near future, both in Japan and overseas.



Wind turbine body



Self-elevating platform (SEP) elevator equipment used to build offshore wind turbines

Adoption of a large-scale bending roll



To meet the need for larger products, we are introducing one of the largest bending rolls in Japan, which will be used to bend thick metal plates. We plan to begin full-scale operation this year.

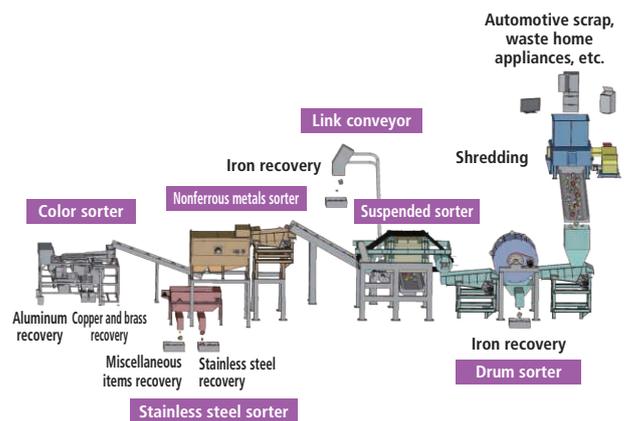
Decision to open new plant

We have decided to open a new plant to meet growing orders for offshore wind power, defense, and other products. We plan to invest roughly 4.6 billion yen (3.0 billion yen in phase one) in the new plant, which is expected to come on line in January 2027 (for Round One).



(2) Developing the magnetic sorter business for a circular economy

We are expanding development and sales for magnetic sorters, which will contribute to a circular economy and for which we expect growing environmental awareness to generate growing demand. In particular, we have developed high-magnetism sorters capable of sorting lithium-ion batteries, an issue of concern as potential sources of mobile battery fires. These sorters help reduce the risk of fires from lithium-ion batteries found in waste processed at waste treatment facilities and industrial waste treatment plants and address impurities that can impede recycling. We plan to grow sales of these products and will consider venturing into overseas markets.



Roundtable discussions between Outside Directors and institutional investor



Outside Director

Atsushi Hagita

Outside Director

Minako Takeuchi

Senior ESG Specialist,
Responsible Investment Dept.
Nomura Asset Management

Nariaki Hirano

Evolving corporate management reflecting outside perspectives to support growth

In this roundtable discussion, ESG investment expert Nariaki Hirano, who provides an institutional investor's perspective, joins Minako Takeuchi (currently in her fourth term as Outside Director) and Atsushi Hagita (appointed Outside Director this year).

Demonstrating our strengths to achieve sustained growth

Takeuchi As someone with a background in human resources and organizational development, I've taken every opportunity to communicate the importance of human resources in achieving sustained growth and to discuss all the ways in which human capital management represents the core of all management. People in the Company appear to have taken this to heart. President Yamaguchi is playing a central role in promoting various measures with a keen sense of urgency, including incorporating human

capital management measures in the next Mid-term Business Plan currently being formulated. President Yamaguchi is also contributing to a project to formulate a corporate purpose, something we Outside Directors have insisted is essential.

The Outside Officer Council Meeting proposed establishing a corporate purpose. This initiative is taking shape in discussions on the executive side. This kind of cross-functional project on the executive side is a good example of joint efforts across businesses and sections.

Room for improvement appears to remain in the process used to formulate the previous Mid-term Business Plan. In formulating the next Mid-term Business Plan, the Outside Directors have participated in discussions from the early stages. This appears to have helped clarify the decision-making criteria for formulating the plan and reflecting outside perspectives.

Hagita From my perspective as a newly appointed Outside Director, the Company Board of Directors appears to work in an open, frank atmosphere that facilitates communication. The discussions of human capital referenced by Ms. Takeuchi involve a very lively exchange of opinions. I toured various business sites when I took office. I was impressed by the passion for their work demonstrated by the younger employees.

In the course of my career, I have spent many years on work involving designing products like turbochargers and small diesel engines. In so doing, we faced many difficulties with heat-resistant materials, for which we depended on technologies from other companies. The fact that the Mitsubishi Steel Group has such technologies in house is one of its strengths. Another strength is its extensive product line, which ranges from steel bars, formed and fabricated products, and various springs to large-scale industrial equipment and renewable energy machinery.

At the same time, I think the Group faces issues in various areas: accelerating development using the latest design tools and digital devices and passing on technologies more efficiently. I also think enhancing exchange among the sections could lead to new ideas. The Group may be able to capture new growth opportunities on a global scale by promoting international business development and human resource development from Groupwide perspectives.

Takeuchi A range of products with diverse features can be both a strength and an impediment, as the organization tends to be divided vertically. To achieve the goals of the Mid-term Business Plan, while some matters need to be addressed based on an awareness of individual business divisions, I believe we need to have a Groupwide perspective on any efforts to achieve sustained growth. I'm also offering this opinion to officers in one-on-one meetings held by the Nomination and Compensation Committee.

Hirano Listening to the discussion, I get the strong sense that the Company is working together to target medium- to long-term growth. I think it could anticipate further growth by putting its technologies and human resources to effective use. One issue it faces is how to transform its business portfolio into a more efficient one. The perspective of how to allocate resources, including human capital, so that each business division can demonstrate its abilities to the fullest, is an important one.

The Group seems to have been employing ROIC management broadly and in detail for some time. It must demonstrate that this approach is effective. Can you explain how you oversee matters like resource allocation and what encouragement you currently provide?

Takeuchi In my opinion, shifting the business portfolio toward more profitable strategic businesses will require building a human capital portfolio linked to it. The Company is actually taking steps to enhance HR development to fill the skills gaps traceable to this shift.

Hirano The Group has identified the direction of medium- to long-term growth and what to do for strategic businesses as major topics. The next Mid-term Business Plan will be very persuasive if it describes in specific terms how to achieve growth in each business, how to fill the gaps in the human capital portfolio, and what roadmap to establish to advance to the next stage.

Hagita I think such a framework should be actively disclosed moving forward, and we need to monitor it closely from the perspectives of sustained growth and increasing corporate value. In global business development, since the same product can vary widely by country and region, it's critical to ascertain and address customer needs in each area. I'd like to advise the Company and offer various opinions to support efforts from Japan to increase global value.

Hirano What role does the Outside Officer Council Meeting have? How is the role reflected in Board of Directors discussions?

Takeuchi Its six-person membership consists of all Outside Directors and Outside Corporate Auditors and the internal standing Corporate Auditor. It meets once every three months. It complements the Board of Directors and the Nomination and Compensation Committee by providing opportunities for more free-ranging discussions. We try to encourage the Board by coordinating opinions and advice from Outside Directors on major themes, like hu-



man capital and the corporate purpose.

Hagita The meetings are very meaningful. People from diverse backgrounds come together for interesting discussions that reflect recent global developments.

Hirano I think it's a very positive initiative that will lead to corporate growth by allowing the exchange of perspectives, expanding understanding of the issues, and working out solutions.

Matters of which Outside Directors must be aware

Takeuchi An important role of an Outside Director is to inspire an understanding of how the Company is viewed by outsiders and what shareholders and investors expect from it, so that its management and business execution do not become biased by internal perspectives and the accepted wisdom. I try to ask unsophisticated questions based on my perspective as an outsider and to express candid opinions. Of course, all those on the Company side and involved with business execution are also aware of and seek to learn about outside points of view, but I think room remains for improvement on the permeation of this outlook throughout the organization.



Hagita Outside Directors are always aware of their role in monitoring management. This is how they contribute to the Company's sustained growth and corporate value. At the same time, in touring business sites in Japan and overseas, I had opportunities to exchange opinions with those on the executive side. I learned I could use my own insights to advise on topics like technological development and environmental measures. While this might appear to amount to adding advisory functions on top of monitoring functions, I believe my role is ultimately to help accelerate action to achieve business growth.

As Ms. Takeuchi noted, a company will naturally tend to lean toward its internal conventional wisdom. For this reason, I try in my own way to explore management themes from an outsider's point of view. Since I have specialized qualifications related to technology and experience in global business and health and safety, I'd like to contribute to solutions for customer challenges through product development and production while drawing on this background to support employees.

Hirano I think the capital markets expect Outside Directors to always be aware of their responsibility to confirm whether the current management team is the best. They may tend to make decisions together with management, but they must keep in mind their fundamental role as overseers positioned to help executives, chosen as best managers, make the best management choices.

It's also vital to ask management to provide thorough explanations of solutions for issues introduced from an outside perspective. Doing so makes it possible to assess management and help management overcome any challenges it may encounter.

With regard to your company's situation in particular, while your balance sheet and businesses were very strong at one time, capital efficiency hasn't increased much for 10 or more years. Given those conditions, you need to consider whether the present management structure truly is in its best state and, if so, to demonstrate to the capital markets, including institutional investors like me, how and why it is so.

Nomination and remuneration functions and future system design

Takeuchi I also see your point as an expectation for the Nomination and Compensation Committee. Our Nomination and Compensation Committee was established in FY2022, just a few years ago, and it has proceeded with its nomination functions with a sense of urgency. With regard to its remuneration functions too, while it's hard to make major changes all at once, it's proceeding step by step with various measures, including introducing ESG indicators and changing the weights assigned in considering performance-linked remuneration for top management. We need to explain the actions of this committee as clearly as we can to outsiders.

Hagita I regard the management oversight Mr. Hirano calls for to be one of our important responsibilities, and I intend to discharge it fully. Regarding demands for explanations of questions we may have as Outside Directors, as I noted earlier, the Board of Directors is very open to communication. I get a sense of urgency in the responses I get to matters I bring up in the meetings—typically within just a few days or even hours.

Takeuchi Through now, the Nomination and Compensation Committee has established HR requirements for the Board and top management and, as a succession plan for the Board, conducted 360-degree evaluation based on HR requirements and conducted one-on-one meetings between persons subject to evaluation and all three Nomination and Compensation Committee members. This process is being updated annually, so selection of successors to the Board largely is on standby at present.

In discussing remuneration, we've made decisions on matters including how to handle short-term and

medium-/long-term stock-based compensation and remuneration for resident staff overseas. We've also revised remuneration ratios to further incentivize top management, and we're reflecting evaluations of top management in remuneration.

We plan to consider whether or not the current structure, including the organizational design and the percentage of outside directors, is sufficient to lead to more efficient management decisions and establish a structure to help increase corporate value based on long-term discussions of essential matters in the Board of Directors. This may lead to some large-scale changes. I think this will be reflected in top management evaluations and systems over the course of this year.

Hagita I've only just joined the Nomination and Compensation Committee, but I sense a strong need to change its current methods and take a positive approach. We will continue to think about and discuss in greater detail what kind of governance will be demanded of the Company in the future and what form would be ideal.

Hirano I think effective discussions are underway. The Company has taken the lead in adopting 360-degree evaluations, which have only been adopted by a few companies to date. Regarding the composition of the Board of Directors and organizational design, when considering how to accelerate decision-making by transferring its functions and authority, I think if the Board shifted more toward a monitoring board, the extent of this monitoring would arise. I think explaining this and its potential impact would demonstrate major change to institutional investors.

At the same time, the majority of those on the Nomination and Compensation Committee are Outside Directors, and it's chaired by Ms. Takeuchi, also an Outside Director. While this shows a strong level of governance, from an outside perspective, some concerns may remain about influence on the committee, since one of the committee members is the Chairman of the Board. If the current structure is ideal, then it's important for the two of you to explain why, while acknowledging that such concerns exist.

Takeuchi Earlier Mr. Hagita spoke about whether the Board should be a monitoring board or an advisory board. I see the Company as moving toward a hybrid structure combining monitoring and advisory functions. Of course, it's essential to strengthen monitoring, but the Company should be able to balance the delegation of authority and speedier execution with advisory functions. I think the Company will lose something by failing to utilize the expert insights of an Outside Director like Mr. Hagita, who has expert insights into its business activities.

I expect various changes over the coming year, and although the Nomination and Compensation Committee will not necessarily remain in its current state, I can understand these insights from an outsider and would like to consider further improvements.



Expectations for Mitsubishi Steel in the future

Hagita The concept of ambidextrous management based on exploring knowledge and deepening insights has spread. Thinking about this in the Company's case, in exploring knowledge, the trend toward new business creation is gaining strength. I'm really looking forward to the future. But from a shareholder's perspective, our evaluations have to be based on risks and returns. As a manufacturer, in seeking deeper insights, we need to further promote digital transformation (DX). I'd like to help promote this by adding my own experiences to the Company's internal conversations.

We plan to contribute to society while deploying technologies and products based on our strengths on a global basis and increasing our earning power in ways optimized from a companywide perspective, rather than just each business division alone. I want to turn this vision for the company into reality.

Takeuchi As for my expectations for the executive side, we need to be aware of the horizontal ties that transcend the boundaries between organizations and vertical ties between generations within an organization in developing the next generation. For the next generation in particular, I'd like to develop a Companywide approach based on considering overall optimization from the early stages. Vertical and horizontal ties can make future progress clear. That approach should lead to the creation of synergies between business and link strategic business to improved profitability. I'd like to ensure that such efforts are carried out.

Hirano Based on today's discussion, I can see that Mitsubishi Steel is on the verge of major change. I think Outside Directors should express strongly, based on their perspectives, how and why the Company must change to change the market evaluation of Mitsubishi Steel. I look forward to seeking further growth in corporate value achieved by adopting the best management structure at all times.

Corporate governance

Basic concept of corporate governance

Recognizing the importance of establishing a corporate structure capable of responding to any changes in business conditions, the Group has adopted sustained global growth based on development of competitive strengths in businesses as its fundamental management policy. For this reason, we regard as vital efforts to enhance corporate governance and carry out swift and reasonable management decision-making while securing functions related to checks and balances.


 The Basic Policy for Corporate Governance is available on the Company website.
<https://www.mitsubishisteel.co.jp/english/sustainability/governance/corporate-governance/governance-policy/>


Corporate governance structure

We keep our Board of Directors to the minimum size needed. As part of efforts to ensure efficient oversight of business execution, we've established the Nomination and Compensation Committee and the Outside Officer Council Meeting as subsidiary organizations under the Board of Directors.

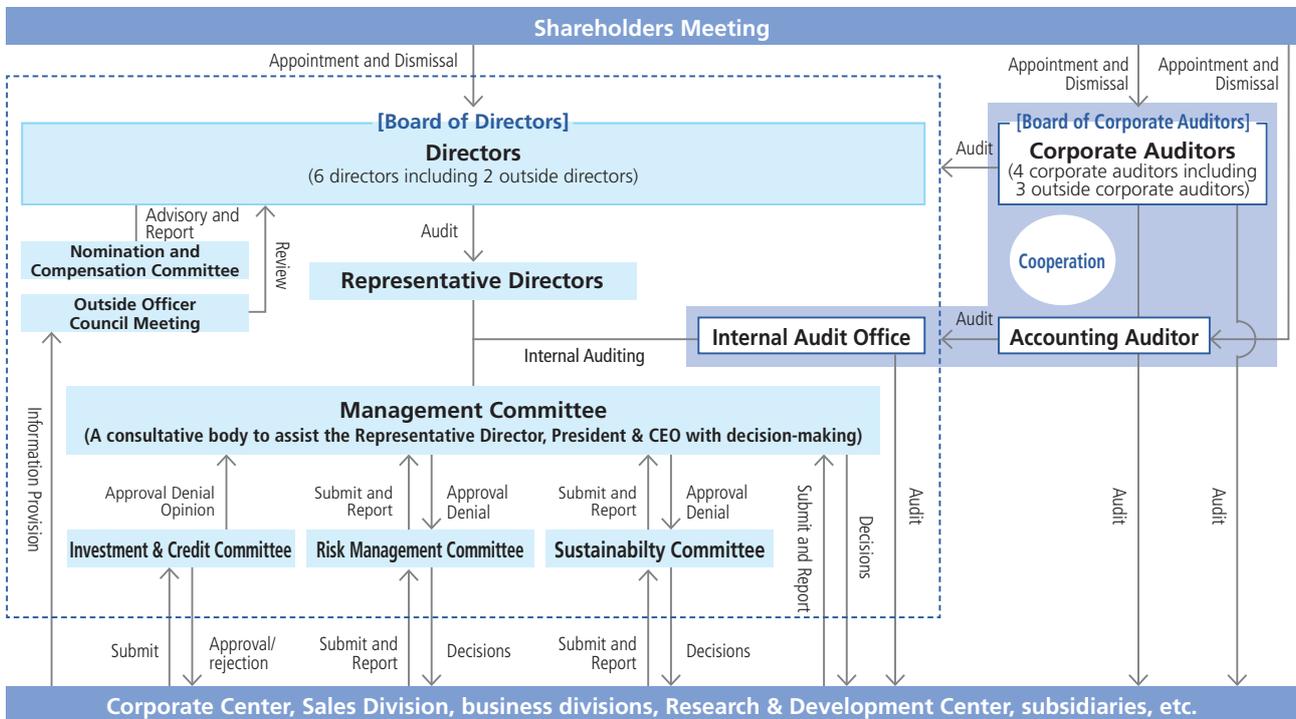
To mitigate business risks, we've also established various committees capable of objective, transparent, expert discussions of investment and credit, risk management, and sustainability.

To ensure mutual cooperation, the management meeting and the Board of Directors may request reports on important matters discussed by these committees. The important topics discussed in committees are shared with the management meeting and the Board of Directors when reporting is requested, to improve cooperation.

Furthermore, the Board of Corporate Auditors, Internal Audit Office, and accounting auditor work together toward more effective auditing of business execution.

We strive to enhance various functions and intensify cooperation so that these governance systems can function even more efficiently. With that in mind, we plan to discuss the optimal organizational design for the Company.

Corporate governance structure



History of our enhancements to corporate governance

The Group has sought to enhance corporate governance to increase both transparency and objectivity. To strengthen the diversity of the Board of Directors, it has appointed women for the position of independent Director and Corporate Auditor.

The views of outside officers are already reflected in officer personnel decisions made by the Governance Committee. Nevertheless, in 2022, we established an independent Nomination and Compensation Committee to encourage discussions of even greater depth. By doing so, we're seeking to ensure transparency through nomination and compensation measures that reflect recent trends.

The Governance Committee has been reorganized into the Outside Officer Council Meeting to contribute to a shared understanding of the issues through the close exchange of opinions and information among outside officers and to strengthen cooperation with the Board of Directors.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Basic Policy on Corporate Governance		Policy established									
Corporate governance structure		Governance Committee *1							Outside Officer Council Meeting *2		
			Investment and Credit Committee								
					Risk Management Committee						
								Sustainability Committee	Nomination and Compensation Committee *3		
Director composition											
Number of Outside Directors											
Total number of Directors											
(Number of women Directors in parentheses)	2/8		2/9		2/9		2/6	2 (1)/6 (1)	2 (1)/6 (1)	2 (1)/6 (1)	2 (1)/6 (1)
Total number of women officers (Including Corporate Auditors)								2	2	2	2
Executive compensation system			BIP trust (performance-linked stock-based remuneration)						Nonfinancial indicators (ESG indicators) added	Expanding scope (to all executive officers)	
SR					Meetings began			Outside Directors also attending meetings			

*1 The Governance Committee was established with two Outside Directors as members to exchange information and achieve shared understanding among Outside Directors.

*2 The Outside Officer Council Meeting was established with Outside Directors and Outside Corporate Auditors as members to exchange information and achieve shared understanding among outside officers and to enhance cooperation between Outside Directors and Corporate Auditors.

*3 The Nomination and Compensation Committee was established as an advisory body to the Board of Directors to strengthen the independence, objectivity, and accountability of Board functions affecting officer nomination and compensation. It is chaired by an Outside Director.

Abolition of the Corporate Advisor system

Until now, the Company has contracted with former presidents and chairpersons to serve as senior advisors and corporate advisors. This system has been revised to shorten the terms of contracts of senior advisers and abolish the corporate advisor system.

* As a provisional measure, the term of office of the current corporate advisor, Ono, will end in June 2027. Senior advisors and corporate advisors are not involved in Company management.

Establishment of the new Governance Group in the General Affairs Department

To strengthen the governance structure, the new Governance Group was established in the General Affairs Department in April 2025 as a specialized section to handle operations related to corporate governance comprehensively. This Group will enhance corporate governance as a whole by managing and supporting the General Meeting of Shareholders, strengthening the Board's oversight functions and enhancing its deliberations, and serving as the secretariat of the Board of Corporate Auditors. It also will support the operation of the Nomination and Compensation Committee and the Outside Officer Council Meeting, enhance their cooperation with the Board, share information among organizations including the Management Committee, and enhance structures for cooperation.

Board of Directors

The Board of Directors consists of six Directors (including two Outside Directors) and four Corporate Auditors (including three Outside Corporate Auditors). It meets monthly in principle. The Board serves to steer management strategies. While striving to accelerate decision-making, under the leadership of the Director/Chairman of the Board it formulates basic management strategies, makes decisions on matters as provided for in laws, regulations, and the articles of association and on other important management matters, and oversees business execution by Directors. Directors are responsible for instruction of employees delegated business execution authority regarding policies and other matters decided by the Board, and the authorized persons carry out executive duties. In FY2024 the Board of Directors met 14 times,* with 100% of Directors and Corporate Auditors in attendance.

* In addition to the number of Board meetings above, one resolution approved in writing was deemed to constitute a decision of the Board of Directors.

Board of Corporate Auditors

Consisting of four Corporate Auditors (three of whom are Outside Corporate Auditors), the Board of Corporate Auditors meets monthly in principle and at other times as necessary. Under the leadership of the chairperson, the Board of Corporate Auditors ensures that the duties of Directors are performed in accordance with laws, regulations, and the articles of association by auditing the entire Group on audit policies, compliance based on division of responsibilities, crisis management, and other matters. In FY2024 the Board of Corporate Auditors met 15 times, with 100% of members in attendance.

Nomination and Compensation Committee

Consisting of the Director/Chairman of the Board and two Outside Directors, and chaired by an Outside Director, the Nomination and Compensation Committee contributes to improving the transparency and objectivity of the Board of Directors' functions regarding nomination and remuneration of the posts of Managing Executive Officer and above, through advising the Board on nomination and remuneration for such posts.

In FY2024 the Nomination and Compensation Committee met 12 times, with 100% of members in attendance.

Outside Officer Council Meeting

Composed of six Outside Directors and Corporate Auditors, the Outside Officer Council Meeting meets once every three months to enhance oversight functions for business execution by the Board of Directors through free and open discussion intended to exchange information and achieve shared understanding. As necessary, Outside Directors propose topics discussed in the Outside Officer Council Meeting for discussion by the Board of Directors.

Key categories of topics discussed by the Board of Directors in FY2024 and number of topics

Category	Number
Management strategy* ¹	22
Sustainability management** ²	9
Governance, risk management, internal controls	39
Settlement of accounts, finance	35
Human resources	14
Other	10
Proposals from outside officers** ³	2

*1 Progress on the Mid-term Business Plan, withdrawal from German springs business, other matters concerning strategic businesses, etc.

**2 Carbon neutrality, human capital, human rights, sustainability disclosure, etc.

**3 Topics discussed in the Outside Officer Council Meeting are also discussed by the Board as necessary.

Key categories of topics discussed by the Board of Corporate Auditors in FY2024 and number of topics

Category	Number
Accounting auditing	8
Status of corporate management	9
Audit activity reports	10
Status of performance of duties of officers and others	2
Audit policies and plans	2
Other	8

Key categories of topics discussed by the Nomination and Compensation Committee in FY2024 and number of topics

Category	Number
Nomination	
Counselor and advisor systems, systems for new officers (Directors, Corporate Auditors), 360° evaluation of executive officers, etc.	10
Remuneration	
Decisions on expanding the scope of stock-based remuneration (BIP trust) and remuneration policies, nonfinancial indicators, etc.	8
Other	2

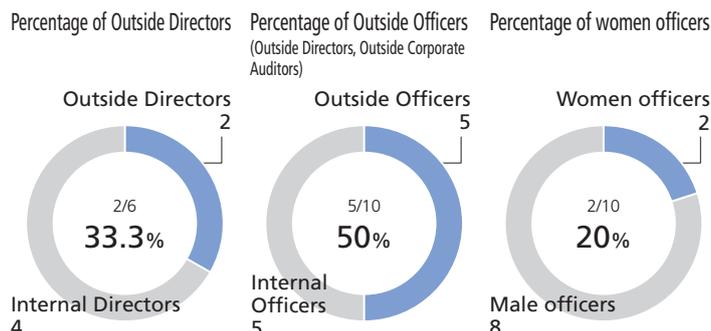
Key topics discussed by the Outside Officer Council Meeting in FY2024

- Linkage of share price indices with business results*
- Formulation of corporate purpose*
- Engagement survey results
- HR development

* Also discussed by the Board of Directors

Requirements for directors and corporate auditors and our perspective on diversity

Keeping the Board of Directors to the minimum necessary size to enable fast and efficient decision-making, the Company selects Directors who possess diverse experience, knowledge, and skills, without regard to attributes such as race, ethnicity, gender, or nationality. The result is a Board of ideal size and diversity. Appointing a Board on which more than one in three members are Outside Directors promotes fairness and transparency in decisions on business execution.



Skills demanded of Company directors and corporate auditors

Integrated production from materials to products is one of the Company's key strengths. The Company seeks to achieve sustainable growth while contributing to society by responding effectively to the changing times and by providing products for a wide range of fields, including automobiles and construction machinery.

To achieve this goal, we understand that Directors and Corporate Auditors of diverse knowledge and experience engage in active discussions and in-depth deliberations in meetings of the Board of Directors.

In particular, to strengthen our core businesses and grow our strategic businesses in a rapidly changing environment and to promote management focusing on human capital and sustainability (ESG), we believe it is essential that Directors and Corporate Auditors possess both the skills demanded of a listed company and the skills needed to realize our growth strategies. The Company's skills matrix and the reasons for selecting these skills are as shown below.

Reasons for Selecting skills

Skills demanded of a listed company	
Corporate management, strategy, global skills	The experience of engaging in organizational management as a member of the management team is essential for identifying opportunities and risks from a business perspective and to demonstrate appropriate decision-making and supervisory functions in the dramatically changing global business environment.
IT and digital skills	Knowledge of and experience in the IT and digital fields are needed to create new corporate value and to promote productivity improvements utilizing digital technology.
Governance, legal affairs and risk management	Global business development and establishing a robust governance system require extensive knowledge of risk management and corporate governance, as well as a wide range of knowledge, experience, and expertise for supervising management from a legal perspective.
Human resource management	It is important to create workplace environments that make active use of the flexible creativity and human resources engendered by diversity. This requires extensive knowledge and experience on development of personnel strategies to make the most of employee abilities in the fields of human resource management, labor, and human resource development.
Finance, accounting, taxes, and capital policy	Extensive knowledge and experience in the fields of finance and accounting are needed to develop and promote capital strategies for ensuring accurate financial reports, securing a stable financial base, and providing appropriate returns to shareholders.
ESG and sustainability	Extensive knowledge and experience in the fields of sustainability and ESG are necessary as we aim to be a more trusted company by fulfilling our social mission and to contribute to a sustainable society through dialogue with stakeholders.

Skills needed to achieve our growth strategies	
Industry expertise	Sustainably increasing our corporate value requires detailed knowledge of marketing, technology, and research and development and experience in drafting and implementing business strategies.
Sales, business development and marketing	Establishing foundations for growth in domestic and overseas markets requires skills for leading and supervising the development of effective sales strategies by identifying customer needs. Creating new businesses requires comprehensive marketing knowledge and capabilities.
Manufacturing and R&D	Advanced know-how and knowledge of and experience in manufacturing and R&D are necessary to promote efforts to improve productivity, reliable manufacturing, and building safe workplace environments.

Skills matrix

	Name	Years in office	Board of Directors meetings attended in FY2024	Bodies participated in (◆ chairperson)				Skills demanded of a listed company					
				Board of Directors	Board of Corporate Auditors	Nomination and Compensation Committee	Outside Officer Council Meeting	Corporate management, strategy, global skills	IT and digital skills	Governance, legal affairs and risk management	Human resource management	Finance, accounting, taxes, and capital policy	ESG and sustainability
Directors	 Motoyuki Sato	19	14/14	◆		●		◎			○		
	 Jun Yamaguchi	6	14/14	●				◎			◎		○
	 Keisuke Aoike	1	14/14	●				◎	○	◎		◎	◎
	 Akira Yamao	2*1	14/14	●				◎					
	 Minako Takeuchi* <small>Outside Independent</small>	3	14/14	●		◆	●	○	◎		◎		◎
	 Atsushi Hagita <small>New Outside Independent</small>	— *2	— *2	●		●	●	◎					
Corporate Auditors	 Yoshitaka Mio <small>New Outside Independent</small>	— *2	— *2	●	◆		●	○		◎		◎	
	 Yoshimi Nakamori	2	14/14	●	●		●	○					○
	 Tetsuya Nakagawa <small>Outside Independent</small>	10	14/14	●	●		●			◎			
	 Yuka Matsuda* <small>Outside Independent</small>	3	14/14	●	●		●	○		◎		◎	

*1 Akira Yamao previously served as a Company Director. He has a total of six years in office as a Director.

*2 Both Atsushi Hagita and Yoshitaka Mio took office effective June 20, 2025.

★: Female officer ◎: Specific area of expectations for the Director ○: Area in which the Director has appropriate knowledge

Skills needed to achieve our growth strategies				Reasons for selection	Important concurrent posts
Industry expertise	Sales, business development and marketing	Manufacturing and Research and Development			
◎		◎		From June 2015 to June 2022, Mr. Sato served as Representative Director, a post in which he led the drafting and implementation of global management strategies. Involved in developing management personnel as a member of the Nomination and Compensation Committee, he is highly knowledgeable of the Company's businesses and issues, drawing on his knowledge of manufacturing and R&D and on his experience as Director of the Operating Unit. We expect that he will contribute to sustained growth and help strengthen the corporate value of the Company through his participation in managerial decision-making.	
◎	◎			Since June 2022, Mr. Yamaguchi has served as Representative Director, a post in which he leads the drafting and implementation of global management strategies. He is highly knowledgeable of the Company's businesses and issues based on his experience as Director of the Sales Unit, Corporate Planning Unit, and the Operating Unit. He also is involved in drafting and leading the Mid-term Business Plan, which focuses on investment in human resources and sustainability management, seeking to achieve the ideal vision for 2030. We expect that he will contribute to sustained growth and improving corporate value of the Company through participation in managerial decision-making.	
				Mr. Aoike has experience in corporate planning, served as an overseas representative and IT officer, and served as a head of compliance at a major financial institution and other entities. He has a wide range of corporate expertise based on his experience in corporate management and management strategy. We expect that he will contribute to sustained growth and improving corporate value of the Company through participation in managerial decision-making.	
◎	◎			Mr. Yamao has promoted the Company's sales strategies under the Mid-term Business Plan based on his deep knowledge of the challenges facing the Company's businesses and sales, rooted in his management experience as Managing Executive Officer of the Sales Unit. Accordingly, we expect that he will contribute to sustained growth and improving corporate value of the Company through participation in managerial decision-making.	Chairman of the Board, MSM (THAILAND) CO., LTD.
				Ms. Takeuchi has experience in system services at a major IT firm and possesses expertise in human capital management and other fields based on her experience as a human resource consultant. She has knowledge of sustainability from such activities as promoting the activities of para-sport organizations. Accordingly, we expect that she will contribute to sustained growth and improving corporate value through participation in managerial decision-making as a Director of the Company, which is in a transformative period.	Representative Director, TM Future Corporation Outside Director, The Shiga Bank, Ltd. Outside Director, Nihon M&A Center Holdings Inc.
○			◎	Mr. Hagita has experience leading the technology unit of a major heavy industries firm and in overseas management. We expect that he will contribute to sustained growth and improving corporate value through participation in managerial decision-making as a Director of the Company, which is in a transformative period.	
		○		Mr. Mio has served as head of the securities agent business section at a major financial institution. He has knowledge of sales and expertise in legal affairs and risk management. We expect that as Corporate Auditor he will contribute to effective auditing and help ensure the soundness and appropriateness of managerial decision-making and make it more transparent. There is no risk of a conflict of interests between Mr. Mio and ordinary shareholders. We expect him to be able to provide neutral, fair, and appropriate advice on Company management from an independent perspective.	
◎			○	Mr. Nakamori has held posts such as Deputy General Manager of the Steel Bar Division and Head of the Operations Planning Department of the Planning Management Division since he joined the Company. He is well-versed in the operations of the Company and has a wealth of business experience and knowledge that will allow him to properly execute the business administration of the Group. We expect that as Corporate Auditor he will help to secure the efficacy of audits and the soundness and appropriateness of managerial decision-making while improving its transparency. We believe he will contribute to sustained growth and improving corporate value.	
				Mr. Nakagawa has many years of experience as a lawyer and fully demonstrates his professional knowledge of the law and compliance in auditing as an Outside Corporate Auditor. We expect that as Corporate Auditor he will help to secure the efficacy of audits and the soundness and appropriateness of managerial decision-making while improving its transparency. There is no risk of a conflict of interests between Mr. Nakagawa and ordinary shareholders. We expect him to be able to provide neutral, fair, and appropriate advice on Company management from an independent perspective.	Registered Attorney at Law, Sanno Law Office
				We expect that Ms. Matsuda will reflect her years of specialized knowledge and experience as a certified public accountant in auditing. There is no risk of a conflict of interests between Ms. Matsuda and ordinary shareholders. We expect her to be able to provide neutral, fair, and appropriate advice on Company management from an independent perspective.	Representative, Yuka Matsuda CPA and Tax Accountant Office Outside Director, Dentsu Group Inc.

Message from the Chairman of the Board

The Company Board of Directors engages in repeated free, open, and constructive discussions aiming for sustained growth in corporate value. Outside directors provide frank, diverse, and sometimes severe opinions on management topics based on their individual expertise and experience. The management team takes these seriously and reflects them in improvement efforts. As an internal director unaffiliated with the executive side, in my role as Chairman of the Board I strive to ensure an environment in which all Directors can speak freely, while keeping in mind at all times the need for fairness and equity on the Board. By establishing a system under which on the executive side the Board can focus on medium- to long-term management strategies and sustainability, we are able to devote our time to discussion of medium- to long-term topics. I will continue to manage the Board of Directors to contribute to sustainable growth and medium- to long-term increases in corporate value, through a sound governance structure.



Chairman of the Board
Motoyuki Sato

Efforts to enhance discussions in the Board of Directors

We seek to enhance discussion in the Board of Directors by developing a governance system to serve as the foundation of our sustained growth, through making the Board more effective and providing information to Outside Officers to enable appropriate management decision-making and oversight.

1. Enhancements in information provision to outside officers

We strive to enhance discussions in the Board of Directors by proactively creating opportunities to provide information to outside officers on the Company business environment, management topics, and other matters, to reflect their insights in management.

Furthermore, we maintain systems to enable outside officers to conduct even more appropriate oversight of business execution through discussions on Company management topics between Outside Directors and those on the executive side or among outside officers.

Increasing outside officers' understanding of Company management topics

- Providing new officers with training and opportunities to visit major business sites
- Swiftly providing materials for Board of Directors meetings and holding prior briefings for outside officers
- ➔ To enable the Board to concentrate on deliberation, for particularly important matters we provide opportunities for prior briefings on agenda items from the executive side, to enhance outside officers' understanding of their details.

Providing opportunities for discussions among outside officers and with the executive side

- Outside Officer Council Meeting (meets four times/year)
This meeting provides opportunities for exchange of opinions among Outside Directors and Corporate Auditors concerning important Company management topics. We also facilitate cooperation by discussing topics addressed in the Outside Officer Council Meeting in the Board of Directors as necessary.

Real-world example

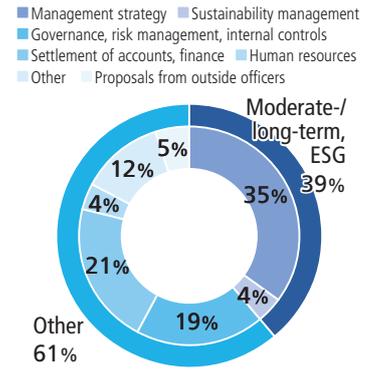
The Outside Officer Council Meeting discussed the need for a clear corporate purpose and made a recommendation to the Board. In response, a purpose project was established on the executive side. Following Board approval of formulating a corporate purpose, practical studies are underway today to verbalize our corporate purpose.

- Offsite meetings between Outside Directors and the President (four times/year)
We established these new opportunities for discussion of important management topics by the President and Outside Directors in FY2025. Topics discussed include formulation of the new Mid-term Business Plan, to take effect beginning in FY2026.

2. Setting a strategic agenda for the Board of Directors

To enable the Board of Directors to focus on strategic topics, we have revised the standards for submittal and reporting to the Board to keep regular business execution reporting to a minimum and prioritize topics such as human capital management and medium- to long-term management topics. We also have established a structure for regular monitoring of the state of subsidiary management so that the Board of Directors can discuss subsidiaries promptly.

Through these initiatives, we have reduced agenda items, which previously had numbered about 200/year, by roughly 30%, devoting the time made available to discussion of matters such as medium- to long-term management strategies. As a result, in FY2024 the Board spent about 40% of its time on discussing medium- to long-term topics such as the Mid-term Business Plan and sustainability.



3. Enhancement of officer training

To further enhance understanding of management topics and make the Board of Directors even more effective, we hold regular training for officers on subjects such as the latest business trends and changes in the business environment. This training supports knowledge acquisition to enable Directors to put their diverse perspectives and expertise to use in strategic and appropriate decision-making.

August 2024	Sustained growth in corporate value from the investors' perspective
March 2025	Promoting enhanced discussions on strategies at the Board of Directors
September 2025	About digital transformation (DX)

Analysis and evaluation of the efficacy of the Board of Directors

We carry out annual analysis and evaluation of whether the Board of Directors is performing its role effectively, based on evaluations by Directors and Corporate Auditors.

1. Process and methods for evaluating the efficacy of the Board of Directors

In FY2024, for the first time, we asked an independent agency to carry out objective verification of our annual evaluation of the efficacy of the Board of Directors. This agency conducted individual interviews based on the results of a survey of all Directors and all Corporate Auditors. The Board of Directors is discussing its efficacy based on the results of analyzing the report from the independent agency.

We also evaluated the efficacy of the Nomination and Compensation Committee and the Outside Officer Council Meeting.

Subject themes of survey questions * Graded on a 1-5 scale and free-form comments

- ① Board of Directors composition and management
- ② Management strategies and business strategies
- ③ Business ethics and risk management
- ④ Management team evaluation and compensation
- ⑤ Dialogue with shareholders and others
- ⑥ Nomination and Compensation Committee (responses gathered from Nomination and Compensation Committee members only)
- ⑦ Outside Officer Council Meeting (responses gathered from Outside Officer Council Meeting members only)

2. Issues identified in evaluations of efficacy, and status of addressing them

(1) Issues identified in the previous year's (FY2023) evaluations of efficacy, and measures to address them

- ① Human resource strategy, human resource development
 - Visualization (sharing) of the progress of improvement measures based on the engagement survey
 - Drafting and implementing measures to ensure diversity of core human resources
- ② New businesses
 - Further enhancement of discussions of strategic business with growth potential

- ① We recognize progress on certain initiatives to promote improvements based on the engagement survey. Nonetheless, discussions of human resource strategy and human resource development as management strategies remain inadequate. The Board of Directors must continue to address these matters as priority management topics.
- ② While discussions of new products and the implementation of the new-business creation challenge program are positive developments, the Board of Directors must continue to address these as priority management topics.

(2) Results of evaluations of efficacy in FY2024

No serious concerns were identified regarding the efficacy of the Board of Directors in FY2024. The function of the Board of Directors, its deliberations, its composition, and other matters are largely considered to be appropriate. We believe the efficacy of the Board of Directors as a whole is secured.

The following issues were identified in evaluations of efficacy in FY2024.

■ FY2024 issues

1 Enhanced discussions of strategies and management issues from a medium- to long-term perspective (including human resource strategy, human resource development, and new businesses)

Response: Revising the Board of Directors regulations (revising standards for submittal and reporting) → Revised

Response: Implementing offsite meetings → Held between the President & CEO and Outside Directors since May 2025 and planned for periodic implementation in the future

2 Rectifying knowledge gaps between outside directors and internal Directors

Response: Establishing opportunities for dialogue on important management topics between Outside Directors and the executive side

In the future, we plan to make the Board of Directors more effective by implementing these responses as needed and assessing their results to enable further improvements. In addition, we will link such evaluations of efficacy of the Board of Directors to appointment and remuneration processes and governance functions, through means such as making revisions as needed in candidate selection and remuneration design.

These evaluations of efficacy newly recognized the Board of Directors' strengths, as shown below.

■ Strengths of our Board of Directors

1 Outside officers are able to offer constructive opinions freely.

→ The chairman has established an atmosphere in which it is easy to speak and skillfully draws out the opinions of outside officers.

→ A virtuous cycle is in place in which the executive side takes diligent action on issues or assignments remaining after discussions, and this enables further discussion.

→ Matters for review identified go beyond matters requiring decision and reporting.

2 The composition of membership is appropriate. Outside Directors draw on their knowledge, experience, and abilities to contribute.

→ Independent Outside Directors use their individual backgrounds to advise the Board of Directors and contribute to the Outside Officer Council Meeting and the Nomination and Compensation Committee as well.

3 Highly transparent, with heightened awareness of matters related to improvement

→ Through an emphasis on presenting the bad news first, the Board of Directors shares information in the relatively early stages.

4 Meetings of the Nomination and Compensation Committee and Outside Officer Council Meetings play active roles.

→ They function as effective opportunities for information-sharing and communication among outside officers while producing forceful counsel on the executive side.

→ Active steps are taken in areas such as identification of human resource requirements and 360° evaluation.

Independence criteria for outside officers

Since November 2025, the Company has established its own independence criteria (as shown below) for outside officers, in addition to the independence criteria established by the Tokyo Stock Exchange. These describe matters to be considered when selecting outside officers. For the past three years, we have judged individuals meeting any of the following criteria to lack the independence needed:

1 Suppliers of the Company for whom the total value of transactions with the Company accounts for more than 2% of their consolidated net sales, or executives thereof

2 Customers of the Company for whom the total value of transactions with the Company accounts for more than 2% of the Company's consolidated net sales, or executives thereof

3 Executives of major lenders to the Company (for whom the total amount of such lending accounts for more than 2% of the Company's consolidated total assets)

4 Consultants, certified public accountants, attorneys, and similar parties receiving monetary or other financial benefits of 10 million yen or more per business year from the Company, not including officer remuneration

5 Representative employees or other employees of the Company's accounting auditor

6 Major shareholders in the Company (those holding 10% or more of voting rights) or executives thereof

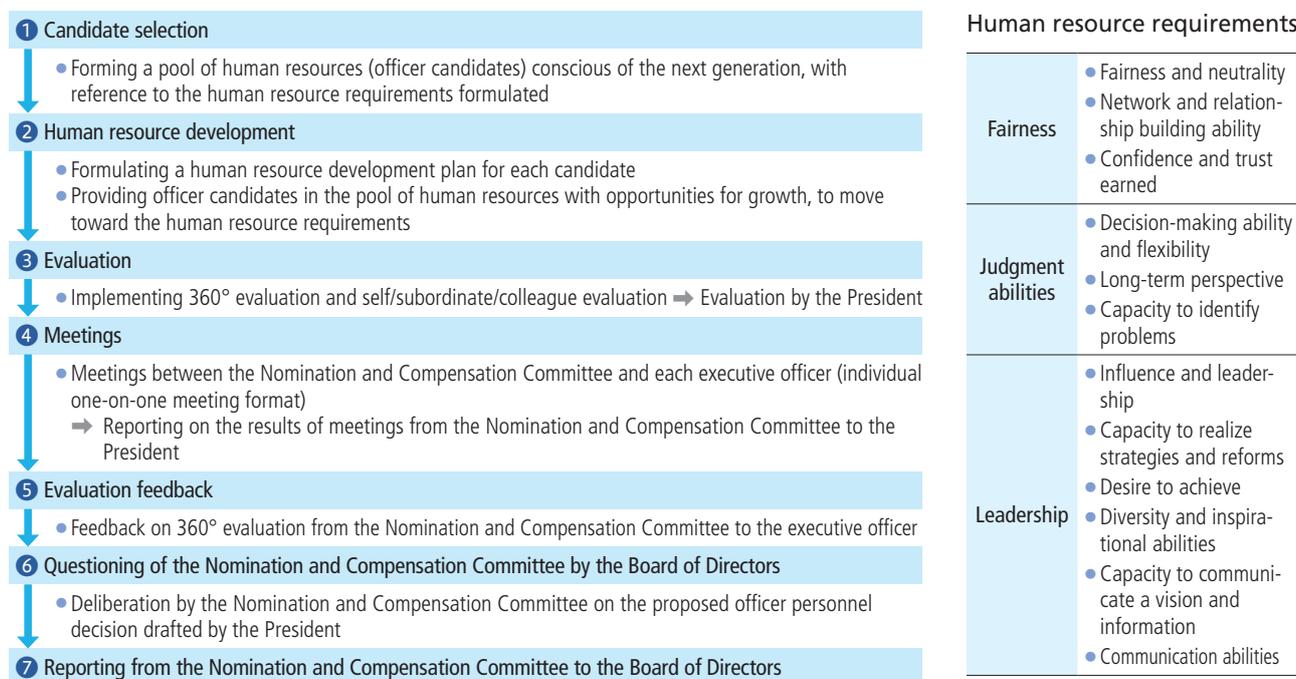
7 Executives of organizations that received more than 10 million yen in donations or subsidiaries from the Company in the most recent business year

8 Persons who have served as Company outside officers for longer than 10 years in total

Succession plan

The Company regards succession planning for top management and other core management to be a matter of the utmost importance. We address succession planning from a medium- to long-term perspective based on the Company's management policies.

The Nomination and Compensation Committee, chaired by an Outside Director, formulates human resource requirements, deliberates based on multifaceted information in line with the following selection process, and reports to the Board of Directors.



In addition, since FY2025, we have formulated a skills matrix for Board members and for executive officers not serving concurrently as Directors. This makes visible the skills possessed by candidates to succeed Board members.

Skills of executive officers not serving concurrently as Directors (12 persons in total)

Corporate management, strategy, global skills	IT and digital skills	Governance, legal affairs, and risk management	Human resource management	Finance, accounting, taxes, and capital policy	ESG and sustainability	Industry expertise	Sales, business development, and marketing	Manufacturing and R&D
8	3	2	2	2	2	9	4	6

Executive remuneration

Basic thinking on executive remuneration

- Design and structure of the compensation required to support the realization of the Corporate Philosophy and the Mid-term Business Plan
- Balanced incentives to accelerate sustained growth
- Compensation systems to promote pursuit of social value with an emphasis on ESG

Composition of executive remuneration

Remuneration for Directors other than Outside Directors consists of a fixed base remuneration corresponding to the Director's position, as well as bonuses and stock-based compensation linked to business performance and ESG indicators. Since FY2025, we have revised the weighting of the performance-linked component of remuneration, to pay performance-linked remuneration of 45 – 55 units (25 – 35 units of bonuses and 20 units of performance-linked share-based remuneration) per 100 units of fixed remuneration when the business-performance standard is fully satisfied (100%). The percentage of performance-linked remuneration (bonuses) for the President and Managing Executive Officers was also raised, to provide greater incentives to those in higher positions.

Since Outside Directors are appointed to provide advice based on broad-ranging knowledge and experience, they are paid a fixed base remuneration reflecting their roles and responsibilities.

Compensation structure

	Short term			Moderate to long term				
	Base remuneration	Monetary remuneration		Non-monetary remuneration				
		100%	Bonuses		Stock-based remuneration			
KPIs	—	25–35%		20%				
		Operating income ESG		Net sales Operating income ROE ESG				
Range of variation in accordance with degree of achievement of KPIs	—	Varies within the range 0 – 200% in accordance with achievement of annual targets			Varies within the range 0 – 200% in accordance with achievement of Mid-term Business Plan targets			
Subject period	—	One year			Period of Mid-term Business Plan: FY2023–FY2025			

Bonuses

In addition to the annual amount of consolidated operating income, we have adopted ESG indicators (CO₂ emissions as the environmental indicator, number of on-the-job accidents as the social indicator, and evaluation of the efficacy of the Board of Directors as the governance indicator). Directors are paid bonuses at fixed times of the year. We chose as indicators the amount of consolidated operating income and these ESG indicators to increase motivation toward steady growth in annual earnings and achieving ESG targets, which is one of the basic policies of the Mid-term Business Plan. In FY2024, consolidated operating income was 6.6 billion yen, and each of the ESG indicators showed improvement.

Performance-linked stock-based compensation

The Board Incentive Plan (BIP) Trust was adopted to incentivize improvements in business results and boost corporate value over the medium to long term. Believing that growth in business scale and improvements in profitability and capital efficiency contribute to boosting corporate value over the medium to long term, we use as indicators achievement of the Mid-term Business Plan's targets for consolidated net sales, consolidated operating income, ROE, and ESG indicators (CO₂ emissions as the environmental indicator, engagement survey score as the social indicator, and evaluation of the efficacy of the Board of Directors as the governance indicator).

At the end of the period covered by the Mid-term Business Plan or upon the executive's retirement, shares corresponding to 50% of the number of points calculated based on points allocated annually to each position multiplied by a performance-linked coefficient varying in the range 0 – 200% depending on the extent of achievement of the indicators are awarded. The remainder is paid in the amount equivalent to the conversion price of the shares. The Mid-term Business Plan targets for the final year of the plan, FY2025, are consolidated net sales of 185.0 billion yen, consolidated operating income of 11.0 billion yen, and ROE of 8%. Results in FY2024 were 159.6 billion yen, 6.6 billion yen, and 5.6%, respectively. Progress was made on each of the nonfinancial ESG indicators as well.

How compensation decisions are made

The Nomination and Compensation Committee, whose membership consists of a majority of Outside Directors and which is chaired by an Outside Director, is intended to improve the objectivity and transparency of matters such as Director compensation.

The Board of Directors decides on annual compensation within the extent determined through a resolution of the General Meeting of Shareholders. It also decides on the details of compensation for individual Directors in consultation with Nomination and Compensation Committee, whose membership consists of a majority of Outside Directors. Compensation and other matters for Corporate Auditors are decided in consultation with the Corporate Auditors, within the extent determined through a resolution of the General Meeting of Shareholders.

Compensation levels

Compensation levels of Directors and Corporate Auditors are determined each year with reference to levels at manufacturers similar to the Company in matters such as size, industry, and form of business from executive compensation data provided by an external organization, to verify the objectivity and validity of levels.

Total amounts of compensation etc. for Directors and Corporate Auditors

Officer category	Total amount of compensation, etc.	Total amount by type of compensation, etc.			Number of subject officers
		Fixed	Performance linked stock-based compensation		
		Monetary compensation		Non-monetary compensation	
		Base compensation	Bonus	Stock-based compensation	
Directors (of which, Outside Directors)	JPY263 M (JPY20 M)	JPY174 M (JPY20 M)	JPY48 M (—)	JPY40 M (—)	7 (2)
Corporate Auditors (of which, outside officers)	JPY54 M (JPY36 M)	JPY54 M (JPY36 M)	—	—	4 (3)

* The payment amounts at left include payments to one Director who resigned at the end of the 100th Regular General Meeting of Shareholders held June 21, 2024.

* During the business year 4.0 million yen were transferred to reserves for provision of stock to officers under the performance linked stock-based compensation system approved in the 100th Regular General Meeting of Shareholders held June 21, 2024 as a result of reassessment of costs with consideration for the recent business performance.

* Four persons were eligible for payment of bonuses.

Message from the Chairperson of the Nomination and Compensation Committee

The Nomination and Compensation Committee engages in lively discussion on the areas of nomination and compensation.

In the area of nomination we're enhancing the succession process through formulating human resource requirements for Board members, 360° evaluation of executive officers and directors, and one-on-one meetings with Nomination and Compensation Committee members. Together with building further on the content of the skills matrix and enhancing its disclosure, we have expanded its scope to include executive officers. Selection of Outside Directors was conducted through a transparent process that included selection of multiple candidates while paying attention to independence.

In the area of compensation, we have increased the weight of role-based performance-linked compensation and introduced nonfinancial (ESG) indicators in addition to financial ones. This has helped to increase incentives toward medium- to long-term solutions. We are promoting reforms in the areas of nomination and compensation while reflecting opinions obtained through direct dialogue with investors.

The Nomination and Compensation Committee will continue striving to develop and enhance management human resources to increase corporate value and realize sustained growth.



Outside Director

Minako Takeuchi

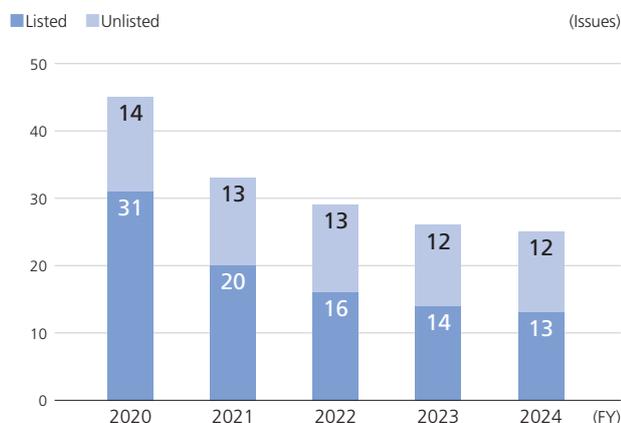
Cross-shareholdings

Policy on cross-shareholdings

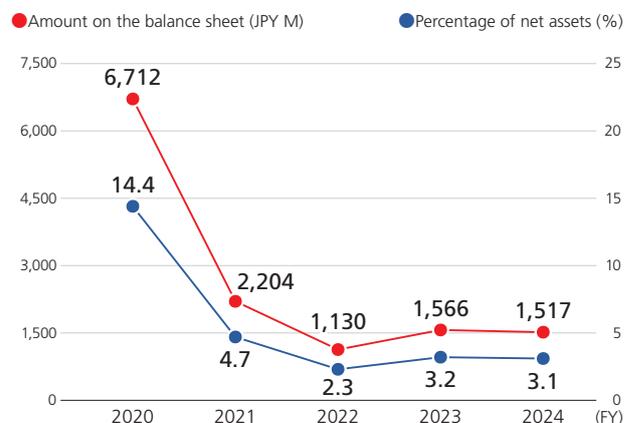
In principle, the Company does not hold cross-shareholdings of listed shares except when doing so is recognized to be meaningful and rational for purposes such as building favorable ties with trading partners, smooth and efficient business execution, and enhancement of future Company business development from the perspectives of the Group's sustained growth and increased corporate value over the medium to long term. In addition, every year the Board of Directors verifies various specific matters, including whether the reasons for individual cross-shareholdings and the risks and benefits of holding these shares are sound in light of their capital costs. It then determines whether to reduce the holdings. Through this process, the Company may retain certain cross-shareholdings to enhance ties with the issuing firms. Our general policy, however, is to continue to sell issues for which the meaning and rationality of holding is judged to be insufficient.

The exercise of voting rights and the determination of whether to approve or reject resolutions are based on careful individual review of whether they would contribute to increasing the issuer's corporate value and whether there is a risk of harming the Company's corporate value.

Issues



Trend in amount on the balance sheet



Risk management

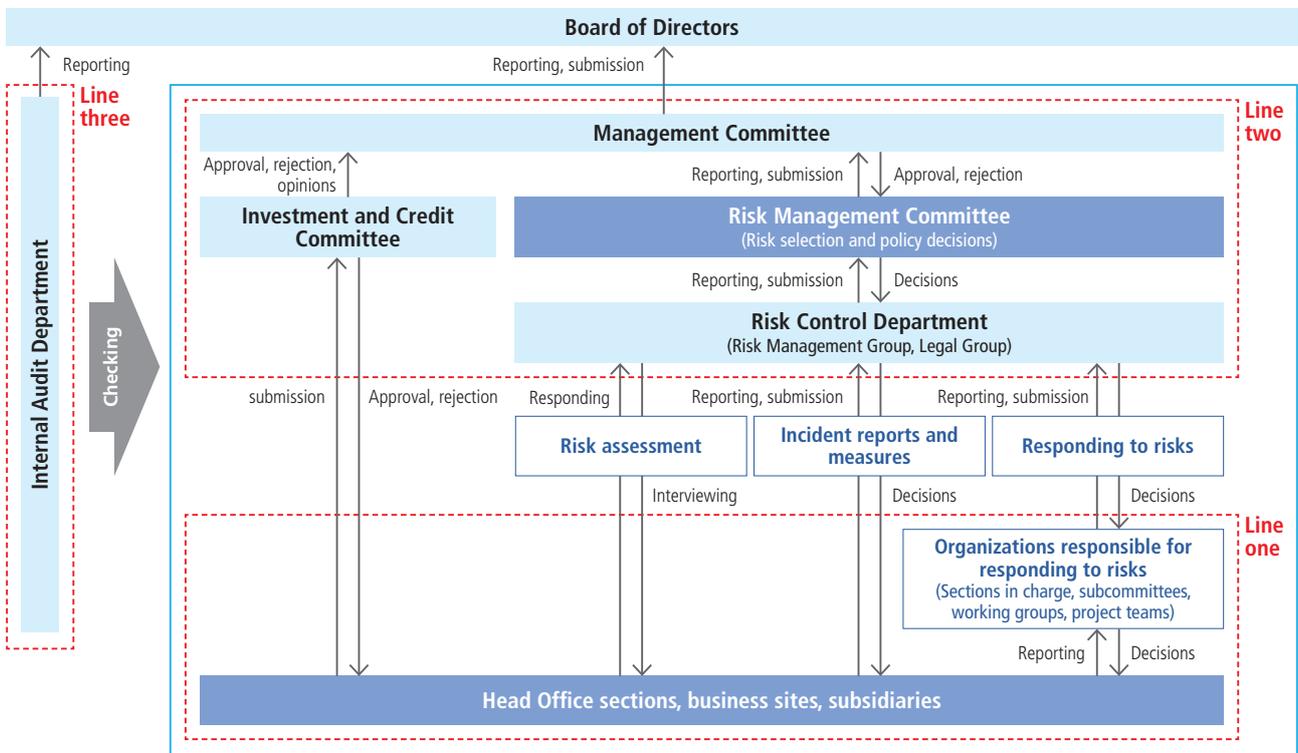
The Group has established a risk management structure under which it appropriately ascertains, evaluates, and manages risks to minimize losses and maximize gains.

Basic risk management concept and structure

The Group has established the Risk Management Rules to fulfill our social responsibilities through sustained growth. We define risks as various circumstances and events that could have negative effects such as harming or disadvantaging Group business activities. We ascertain and manage risks appropriately to prevent such effects. In the event of a serious incident, we employ appropriate crisis management to minimize the damage.

The risk management system is based on a three-line model to ensure division of responsibilities and independence by making organizational roles clear.

Risk management structure



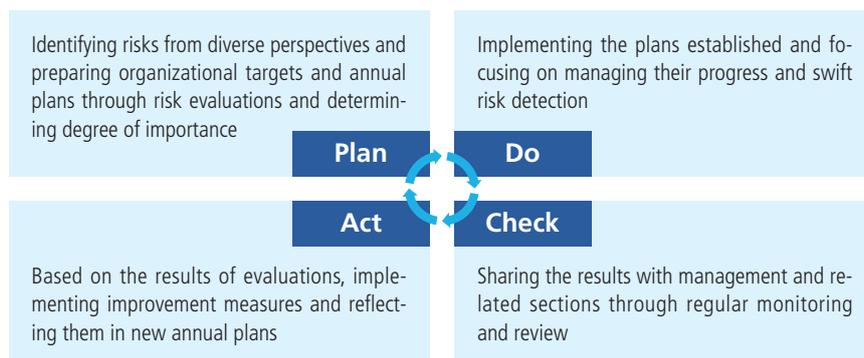
* The Risk Management Committee consists of the CRO, executive officers, and persons responsible for management sections (corporate centers).

- Line one** Study of matters such as risk response when drafting measures on site at the head office, at business sites, and in sections and management of risks in individual sections
- Line two** The Risk Control Department, an organization independent of business sections, ascertains risks from a bird's-eye perspective, confirms the state of responses, and reports to the Risk Management Committee. The Risk Management Committee selects severe risks, drafts response measures, and promotes these measures. Those attending the Management Committee meeting make related decisions and report them to the Board of Directors.
- Line three** The Internal Audit Department, which is independent of lines one and two, audits the state of these risk management measures and reports on the audit findings to the Board of Directors.

We carry out multilayered and effective risk management through this clear division of responsibilities and independence.

Risk management methods

To address risks reliably, through continual improvement based on the plan-do-check-act (PDCA) cycle at right we strive to improve the precision of risk management and build a structure capable of responding flexibly to any serious incident.



Annual schedule

Item	April	May	June	July	August	September	October	November	December	January	February	March
Disclosure to stakeholders				• Disclosure of Securities Report						• Disclosure of Integrated Report		
Employee risk training										• (As appropriate for each theme)		
Board of Directors, Management Committee								• Board of Directors • Management Committee			Board of Directors • Management Committee •	
Risk Management Committee							• Risk Management Committee				• Risk Management Committee	
Risk assessment								Each business site, Risk Control Department				
Monitoring of status of risk response		Risk Control Department										
Risk responses		Each business site, Risk Control Department										
Risk owner education		Together with compliance education and harassment education, holding monthly visits to sites, offices, etc.										
BCP drills							• One domestic site					Overall evaluation, review
Internal audits to prevent quality misrepresentations				• Domestic • Domestic • Domestic • Domestic				• One domestic site			• Domestic subsidiary	• One overseas site

Ascertaining and responding to risks

We ascertain potential risks and perform annual evaluations (accompanied by intermediate reviews) of the risks identified. Based on residual risks after excluding the effects of responses, we implement preventive measures and preparatory measures to ensure readiness for any incidents.

Previously, the Risk Management Office* responded to corporate risks, while business risks were managed independently by the business sections. However, there is a pressing need to enhance organizational response capabilities in response to rapid changes in the business environment and increasingly diverse values. To adapt to this changing environment, in April 2025, we established the Risk Control Department. Under this structure, we carry out integrated management of corporate risks and business risks from an enterprise risk management (ERM) perspective, to adapt to environmental changes and make the risk management process more efficient.

We also incorporated legal functions into the Legal Group in the Risk Control Department as part of the new system. This is intended to centralize our ability to respond to legal risks, enhance Groupwide governance, and continuously improve risk management capabilities.

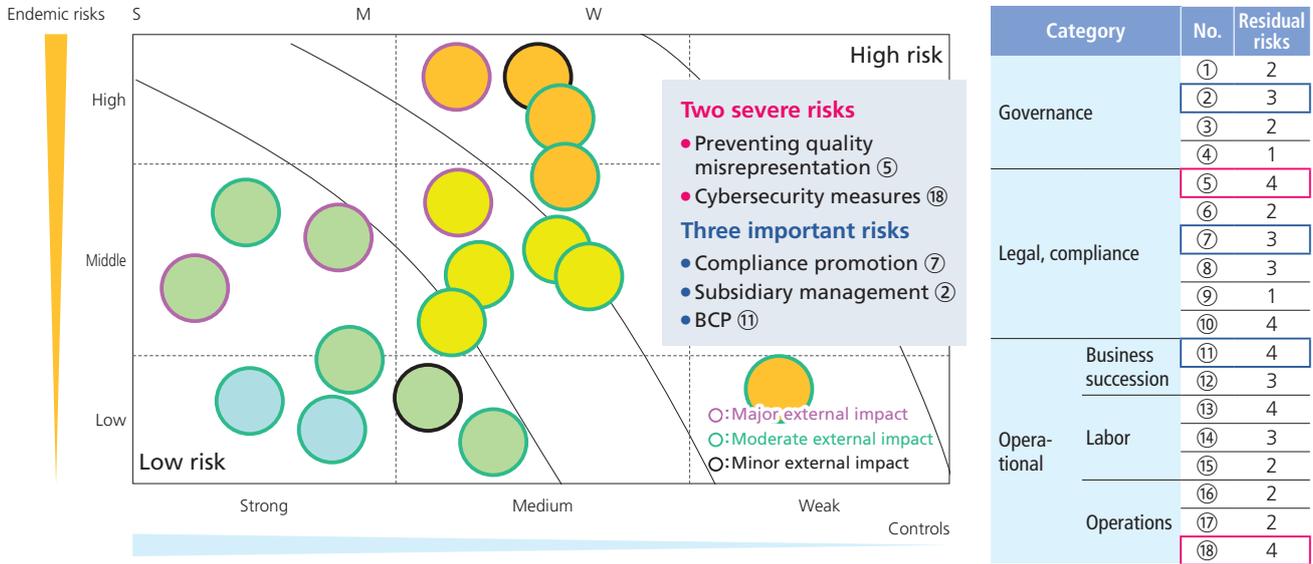
In the event of a serious incident that could have a strong impact on business activities, we will promote risk response and progress management by swiftly convening the Risk Management Committee (Crisis Response) as needed.

* Risk Management Office: Now the Risk Control Department

Risk map

The risk map plots unaddressed risks (endemic risks) by their severity on the vertical axis and degree of responding to risks (controls) on the horizontal axis.

Each risk is color coded by the scale of residual risks after control. The extent of external effects from social, market, and other factors is shown by the colors of the circles.



Vertical axis: Endemic risks

- High : Serious damage, possible long-term effects
- Middle : Some damage, recovery takes some time
- Low : Both damage and responses limited

Horizontal axis: Controls

- Strong : Managed, few issues (m+: strong controls)
- Medium: Management moving in positive direction but with some issues (m-: weak controls)
- Weak : Management methods require study and improvement

Definitions of residual risks

H	3	4	5
M	2	3	4
L	1	2	3
	S	m+	m-

5	Severe risks unaddressed Not managed
4	Major residual risks Management needs enhancement
3	Some residual risks Management needs continuation and improvement
2	Few residual risks Management needs continuation
1	Few residual risks No particular management needed

Responding to important risks

Information security measures

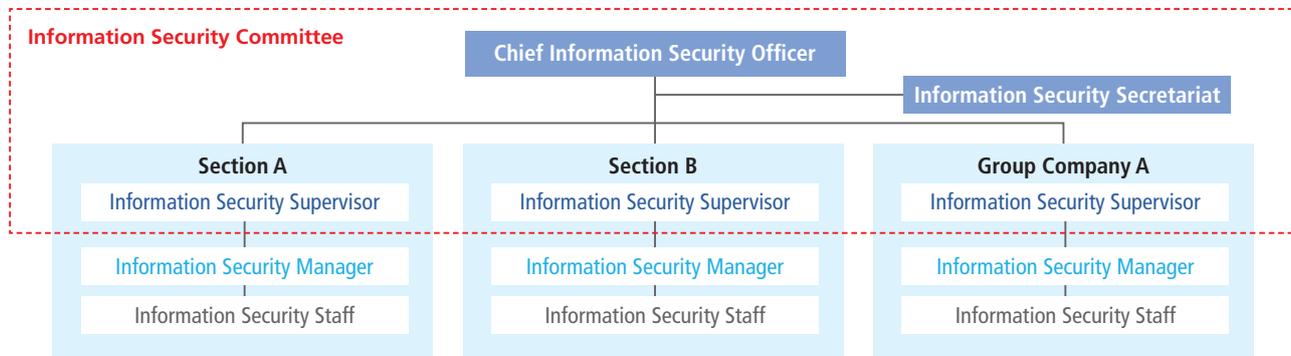
Information security risks continue to proliferate around the world. To ensure preparedness for such risks, based on our Corporate Philosophy and the Mitsubishi Steel Group Code of Conduct, the Group has established a Basic Policy for Information Security, as well as associated regulations and associated information security management structures. These measures focus on establishing an Information Security Committee whose members consist of the individuals responsible from the Company's sections and the Group companies. The committee is charged with drafting and promoting measures to monitor and respond to major risks.

The Information Security Secretariat, under joint management by the Risk Control Department and the Systems Department, trains officers and employees and holds drills on targeted email attacks and conducts internal auditing of matters such as the states of retention and control of important confidential information and the state of information security management, as the Line two of defense. It also works to improve information security literacy. Furthermore, to be able to respond swiftly to any serious incidents, we are strengthening the security structure through regular security-incident drills by CSIRT.

In recent years, to raise the level of security, we have prompted measures based on the security guidelines of the Japan Automobile Manufacturers Association (JAMA) and the Japan Auto Parts Industries Association (JAPIA) since FY2021. This year, we introduced the Security Operation Center (SOC), capable of constantly monitoring networks and devices 24 hours/day, 365 days/year, to strengthen our preparedness for cyberattacks.

As a result of these measures, we have reached a current level of 91% achievement of JAMA/JAPIA security guideline level 1/2 responses. Seeking to reach 100%, we will swiftly address remaining issues such as BCP measures for a crisis. We also have taken out cyber-risk insurance as we strive for multifaceted enhancement of information security.

Information security management structure (overview)



■ Countermeasures against quality misrepresentations

The Group has established quality assurance structures at each production facility and strives to enhance these structures to deliver quality that keeps customers satisfied. As part of these efforts, since FY2020 we have continued to perform internal audits that aim to prevent unauthorized alteration of quality data and quality misrepresentations under the leadership of the Risk Control Department, the Line two. No serious issues have been identified through now.

These internal audits check for the three main contributing factors to improprieties: motive, opportunity, and justification. The audits strive to prevent unauthorized alteration of quality data and quality misrepresentations before they occur by rectifying organizational systems that could lead to improprieties.

In addition, since FY2025, we have implemented spot audits to check consistency in data on shipment inspections. These are intended to eliminate opportunity for improprieties by checking items for which, for any reason, inspection results were transferred by employees instead of being loaded automatically from the measurement instruments against actual measurements as evidence.

With the goal of heightening awareness of the importance of quality controls, we provide periodic compliance training for our employees in quality control sections. In addition, we are currently making progress on automating/unattended inspection systems and developing related automation technologies using AI and IoT solutions, to thoroughly prevent unauthorized alteration of quality data and quality misrepresentations.

■ Business continuity planning measures

The Group has established a framework to enable the rapid collection of information and coordinated guidance in response to severe threats to business operations such as disasters, accidents, and infectious diseases.

We prepared business continuity plans (BCPs) on responding to major earthquakes in FY2020 and on responding to infectious diseases and storms and flooding at business sites expected to be at risk of typhoons in FY2021. Since FY2022, we've shifted our focus to BCP verification and revision in various ways, including periodic education to promote awareness of the BCP and desktop drills based on the BCPs formulated.

We plan to continue making our BCPs even more detailed and effective while improving plans and enhancing drills for information security incidents and other threats, to strengthen our capacity to respond to risks and improve the BCP, thereby enhancing business continuity capabilities.

■ Risk management by the Investment and Credit Committee

The Investment and Credit Committee closely examines, from a neutral perspective, the business potential and risks of investments and finance measures Groupwide. It is responsible for initial decisions concerning the feasibility of investments and finance. For capital increases, loans, capital investments, mergers and acquisitions, and other such matters, it monitors investment results and progress made on approved measures and shares its findings with management. The Investment and Credit Committee also links the findings therefrom to the measures needed to realize timely and appropriate risk management. For the sale and disposal of assets, business withdrawal decisions, and other such matters, it increases the speed and efficacy of related measures through transparent review based on qualitative and quantitative indicators, to help increase corporate value continuously. It also strives to enhance governance and internal controls through swift detection, avoidance, and mitigation of risks.

Compliance

As described in the Mitsubishi Steel Group Code of Conduct, the Group pursues business activities in compliance with laws, regulations, and societal norms through Groupwide systems.

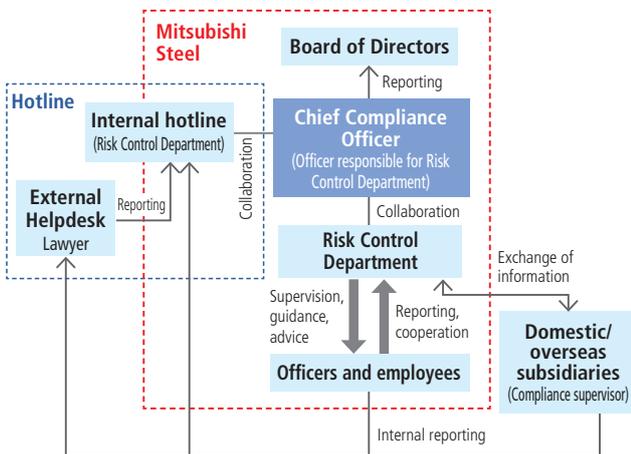
Basic structure and concept

The Group has established and implemented the Basic Regulations on Compliance based on the Corporate Philosophy, the Mitsubishi Steel Manufacturing Group Corporate Code of Conduct, and the Mitsubishi Steel Group Code of Conduct.

Compliance is fundamental to business activities. We define it as requiring not just that we follow laws and regulations, but that we meet the demands and norms of society and ethical standards. The Group strives to enhance its compliance structures by appointing individuals responsible for compliance at individual subsidiaries to cooperate with the Chief Compliance Officer, the officer in charge of Risk Control Department.

As the section in charge of overseeing compliance, the Risk Control Department exchanges information at regular intervals with the individuals responsible for compliance and drafts and implements compliance measures. Responses to serious incidents are made in accordance with the Board of Directors Regulations and in cooperation with the Internal Audit Department based on the nature of the incident.

Compliance risk structure



Review of the operational status of the compliance structure

The overall operational status of the compliance structure is reviewed periodically (once/year) and reported to the Board of Directors to enhance its oversight.

Results of this review in FY2024 showed that the Company's compliance structure was operating properly overall. The results also identified certain points that warrant further strengthening.

Examples of responding to compliance risks

Responding to serious compliance risks

To address the serious compliance risks at right, we are enhancing efforts to eliminate violations in Japan and overseas.

- Operation of Antimonopoly Act compliance rules
- Operation of insider trading control rules
- Introduction of anticorruption guidelines and response flows
- Internal audits in the quality sections (implemented under quality audit rules and manuals)
- Establishment of flows for responding to leaks of personal information (in response to the amended Act on Protection of Personal Information)
- Maintenance of appropriate accounting processes
- Tax compliance

Fostering a culture of compliance (compliance training)

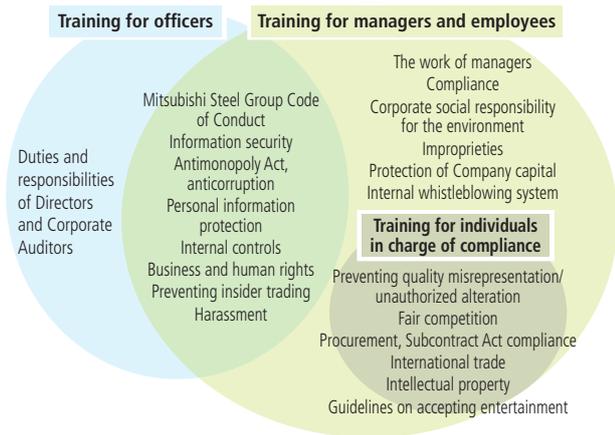
The Group is enhancing its compliance training programs to inspire greater interest in compliance among officers and employees and to strengthen understanding of compliance organization-wide. Training efforts include reviews of real-world case studies and preparation of content and teaching materials tailored to specific employee levels. Discussions are intended to deepen understanding of compliance.

Since September 2023, the Risk Control Department has undertaken individual compliance interviews with Japanese employees at all facilities in Japan and overseas. As of the end of July 2025, interviews had been conducted with 524 individuals,

around 30% of the total number of approx. 1,700 eligible persons. Through person to person discussions with employees, we seek to quickly identify any issues that might lead to compliance violations and to follow up as necessary. Since FY2024, to raise awareness of compliance and compliance issues, we have distributed compliance letters (both monthly and weekly) by email to all employees. This is intended to strengthen thorough compliance and ethical behavior further.

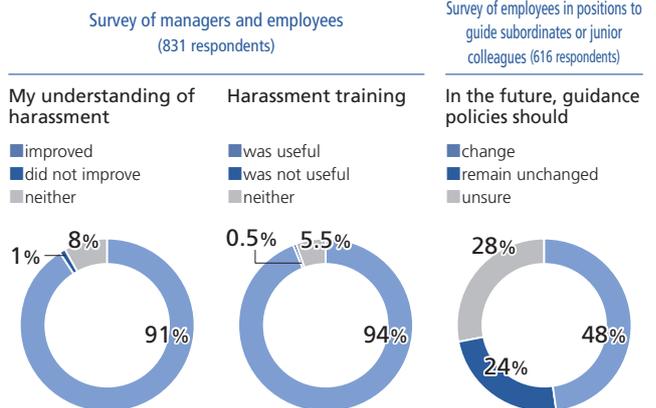
A survey of all employees performed following employee harassment training showed that 90% of respondents believed the training improved their understanding of harassment. A separate survey of employees in positions to guide subordinates or junior colleagues indicating conflicting opinions with regard to the need to change guidance methods and differences from individual to individual with regard to confidence in providing effective guidance.

Examples of compliance training



* Training content differs by level, even if the training title is the same.
 * Training for officers is led by outside instructors (e.g., attorneys).

Post-harassment training survey



Internal whistleblowing system

Internal whistleblowing systems have been established at all Group facilities in Japan and overseas. In light of the few reports received to date, we saw the need to promote awareness and use of the systems.

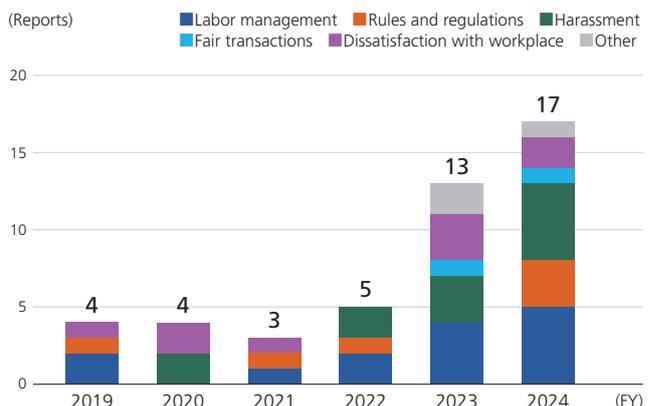
Since FY2023, we've interviewed individual Japanese employees during compliance training to determine what psychological barriers might prompt hesitation to use the system. In June 2024, based on employee opinions gathered through these interviews, we renamed the internal whistleblowing system the Hotline, based on our belief that this gives it a more approachable name.

We promoted expanded use of the Hotline by incorporating descriptions of the system structure and whistleblower protections in compliance training. These efforts have lowered psychological barriers to using the system, with numbers of reports growing steadily from FY2023 through FY2024. We are also analyzing the reports received to help improve workplace environments.

A look at matters reported shows that many concerned labor management, rules and regulations, and harassment. There were no reports of serious compliance violations.

Whistleblowing reports from domestic subsidiaries are made through the hotline for Mitsubishi Steel, the parent company. Overseas subsidiaries in China, the Philippines, Thailand, and India operate hotlines similar to that of the Company. We are building a system for sharing reports from these companies with the Japan side. This year, the subsidiary in Indonesia introduced a system similar to that of other overseas subsidiaries. Subsidiaries in North America (USA, Canada, Mexico) already had systems in place; preparations are underway for sharing information between them and the hotline in Japan.

Whistleblowing reports



Data

10-year financial data

		FY2015	FY2016	FY2017	FY2018
Net sales		106,539	103,742	118,742	129,370
Operating income		4,286	3,861	3,219	1,055
Ordinary income		3,286	3,214	2,837	117
Net income attributable to owners of parent company		2,486	3,504	3,488	410
R&D expenses		798	1,117	1,534	1,620
Capital investment		3,164	5,136	5,319	5,956
Depreciation		3,061	3,300	3,605	4,442
Total assets		122,464	135,104	153,757	153,327
Shareholders' equity		58,249	60,422	62,593	59,194
Equity ratio	(%)	47.6	44.7	40.7	38.6
Net assets		64,397	67,073	72,149	67,508
Interest-bearing debt		25,994	33,792	42,013	42,242
Net DE ratio	(times)	0.2	0.2	0.3	0.3
Cash flows from operating activities		3,466	5,377	△4,520	2,843
Cash flows from investing activities		△2,553	△3,376	△6,975	△3,907
Cash flows from financing activities		6,345	6,855	1,302	△1,236
Net assets per share	(JPY)*1	378.59	392.72	4,068.55	3,847.72
Net income per share	(JPY)*1	16.16	22.78	226.72	26.68
Dividends per share	(JPY)*1	6.0	6.0	60.0	60.0
Dividend payout ratio	(%)	37.1	26.3	26.5	224.9
Return on assets (ROA)	(%)	2.0	2.7	2.4	0.2
Return on equity (ROE)	(%)	4.2	5.9	5.6	0.5
Net sales by segment	Special Steel Bars Business	40,569	40,160	52,926	64,760
	Springs Business	48,162	46,733	47,897	49,654
	Formed & Fabricated Products Business	9,122	9,462	10,787	11,387
	Machinery Business	9,764	9,384	9,328	9,253
	Other businesses	3,374	3,676	3,914	4,170
	Adjustments*2	△4,453	△5,675	△6,112	△9,856
Operating income by segment	Special Steel Bars Business	1,118	1,267	1,613	1,218
	Springs Business	1,482	1,467	890	△933
	Formed & Fabricated Products Business	464	347	138	374
	Machinery Business	1,006	619	406	237
	Other businesses	194	189	129	185
	Adjustments*2	19	△30	41	△26
Sales volume*3	(kt)	356	388	461	466

*1 The Company implemented a one-for-ten reverse stock split effective October 1, 2017. The per-share information given above assumes that this reverse stock split took place at the start of FY2017.

(JPY million)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	117,138	97,804	146,292	170,537	169,943	159,584
	436	△4,943	6,270	5,547	4,808	6,564
	△259	△5,509	5,780	3,743	1,949	4,854
	△13,932	△5,528	4,068	2,190	△969	2,363
	1,441	1,276	1,290	1,744	1,787	1,704
	7,661	2,988	2,598	2,797	4,595	4,244
	3,577	3,238	3,702	4,071	4,139	4,119
	141,391	132,320	142,962	156,409	147,071	138,667
	42,907	39,017	42,866	43,479	41,148	42,643
	30.4	29.5	30.0	27.8	28.0	30.8
	48,615	44,894	48,913	49,688	47,832	49,851
	55,134	48,593	47,505	64,926	55,739	51,011
	0.6	0.7	0.7	0.8	0.8	0.8
	△924	3,777	△1,924	△2,777	6,477	6,010
	△7,546	△2,827	1,967	△1,439	△3,971	△5,171
	11,813	△7,053	△3,523	14,789	△11,607	△6,541
	2,789.01	2,536.19	2,791.49	2,831.48	2,704.29	2,820.29
	△905.62	△359.38	264.78	142.62	△63.50	155.92
	0.0	0.0	50.0	50.0	60.0	64.0
	—	—	18.9	35.1	—	41.0
	△9.5	△4.0	3.0	1.5	△0.6	1.7
	△27.3	△13.5	9.9	5.1	△2.3	5.6
	55,896	44,879	86,503	100,145	88,850	81,526
	45,232	38,457	48,555	59,858	70,570	66,098
	9,641	8,417	10,357	10,210	9,419	9,221
	10,243	8,933	9,584	10,303	10,018	10,455
	3,570	2,834	3,802	3,563	3,411	3,673
	△7,445	△5,717	△12,511	△13,544	△12,326	△11,391
	1,246	△3,619	6,615	6,350	2,311	3,318
	△1,420	△1,857	△1,827	△2,166	962	2,005
	89	21	857	522	751	411
	396	452	560	725	704	709
	105	55	102	107	78	145
	20	5	△36	8	△0	△25
	304	265	432	405	356	342

*2 Adjustments to net sales consist of internal transactions; adjustments to operating income involve eliminating intersegment transactions and other components.

*3 (Annual) domestic sales volume of steel bars in the Special Steel Bars Business

Nonfinancial data

Environment

			FY2021	FY2022	FY2023	FY2024
GHG emissions: Scopes 1, 2, 3 total	(t-CO ₂ e)	Consolidated	2,927,108	2,757,683	2,440,146	2,282,916
GHG emissions: Scopes 1, 2 total	(t-CO ₂ e)	Consolidated	431,339	401,315	345,011	331,041
GHG emissions: Scope 3 total	(t-CO ₂)	Consolidated	2,495,769	2,356,368	2,095,135	1,951,875
Total energy consumption	(GWh)	Consolidated	1,767	1,673	1,436	1,314
Renewable energy as a percentage of power consumption	(%)	Consolidated	0.0	5.5	9.6	10.2
Raw material inputs	(t)	Japan*	672,240	630,863	531,338	474,049
Total byproducts	(t)	Japan*	17,261	21,150	19,634	18,501
Total industrial waste	(t)	Japan*	13,888	12,982	12,266	11,155
Byproduct recycling rate	(%)	Japan*	19.5	38.6	37.5	39.7
Water intake	(thousand m ³)	Consolidated	6,452	6,002	5,764	5,719
Water discharge	(thousand m ³)	Consolidated	5,786	5,375	5,170	4,954

* Mitsubishi Steel Mfg. Co., Ltd. and Mitsubishi Steel Muroan Inc.

Governance etc.

			FY2021	FY2022	FY2023	FY2024
Outside Directors as a percentage of the Board of Directors	(%)	Nonconsolidated	33	33	33	33
Women as a percentage of officers (Directors, Corporate Auditors)	(%)	Nonconsolidated	0	20	20	20
Attendance of Outside Directors in Board of Directors meetings (Directors, Corporate Auditors)	(%)	Nonconsolidated	98	100	99	100
Value of cross-shareholdings as a percentage of consolidated net assets	(%)	Consolidated	4.7	2.3	3.2	3.1
Internal whistleblowing reports	(Number)	Consolidated	3	5	13	17
Major cybersecurity incidents	(Number)	Consolidated	0	0	0	0
Major violations of laws and regulations	(Number)	Consolidated	0	0	0	0
Major infringements of human rights	(Number)	Consolidated	0	0	0	0
Meetings with shareholders and investors	(Number)	Nonconsolidated	28	26	33	32
Patents applied for	(Number)	Nonconsolidated	6	4	6	5
Amount invested in social contributions (JPY M)		Consolidated	28	22	39	43

Human capital

			FY2021	FY2022	FY2023	FY2024
Consolidated employees	(persons)	Consolidated	4,041	4,030	4,076	3,841
Consolidated percentage accounted for by women employees	(%)	Consolidated	—	—	23.5	23.5
Nonconsolidated employees	(persons)	Nonconsolidated	689	663	676	681
Nonconsolidated percentage accounted for by women employees	(%)	Nonconsolidated	12.9	13.1	13.6	13.7
Percentage of managers who are women	(%)	Nonconsolidated	—	5.0	3.9	4.9
Percentage of managerial candidates who are women	(%)	Nonconsolidated	—	1.8	4.8	9.8
Percentage of employees who are midcareer hires	(%)	Nonconsolidated	—	21.0	21.3	23.6
Percentage of managers who are midcareer hires	(%)	Nonconsolidated	—	26.0	21.9	21.3
Percentage of employees with disabilities	(%)	Nonconsolidated	1.11	2.32	2.12	2.64
Number hired (new graduates + midcareer)	(persons)	Nonconsolidated	—	22	25	38
Percentage of midcareer hires	(%)	Nonconsolidated	—	54.5	28.0	47.4
Percentage of new hires (new graduates + midcareer) who are women	(%)	Nonconsolidated	—	18.2	32.0	5.3
Three-year separation rate for new graduate hires	(%)	Nonconsolidated	—	32.1	28.5	8.3
Percentage of mandatory retirees re-employed	(%)	Nonconsolidated	—	83.3	91.7	91.7
Percentage of annual paid vacation taken	(%)	Nonconsolidated	63.3	73.4	75.0	75.2
Percentage of return-to-work after taking childcare leave	(%)	Nonconsolidated	100	100	100	100
Percentage of men's childcare leave taken ^{*1}	(%)	Nonconsolidated	—	100	100	100
Employees who took long-term care leave	(persons)	Nonconsolidated	3	3	3	9
Training hours per employee	(hours/person)	Nonconsolidated	—	4.8	7.9	6.6
Training costs per employee	(thousand yen/person)	Nonconsolidated	—	42	84	104
On-the-job accidents ^{*2}	(Number)	Consolidated	13	16	9	12
(Of which, fatality rate)	(%)	Consolidated	0	0	0	0
Incident rate of on-the-job accidents resulting in work stoppages	(%)	Japan ^{*3}	0.55	0.83	0.87	0.57
Percentage of checkups in which issues were identified	(%)	Nonconsolidated	—	68.4	70.5	67.8
Human capital ROI	(%)	Nonconsolidated	—	116	41	52
Human capital investment	(JPY M)	Nonconsolidated	—	6,385	6,644	6,924

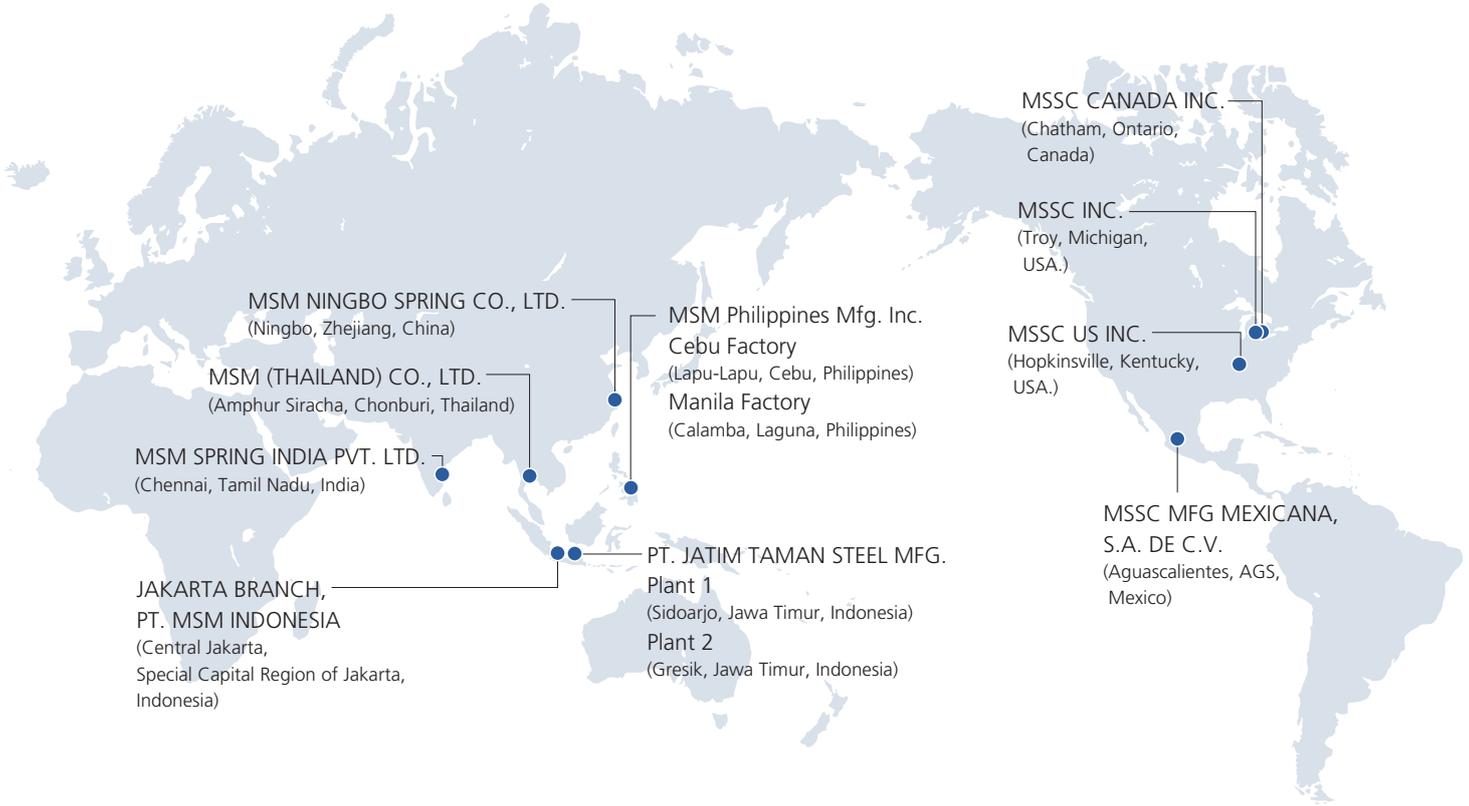
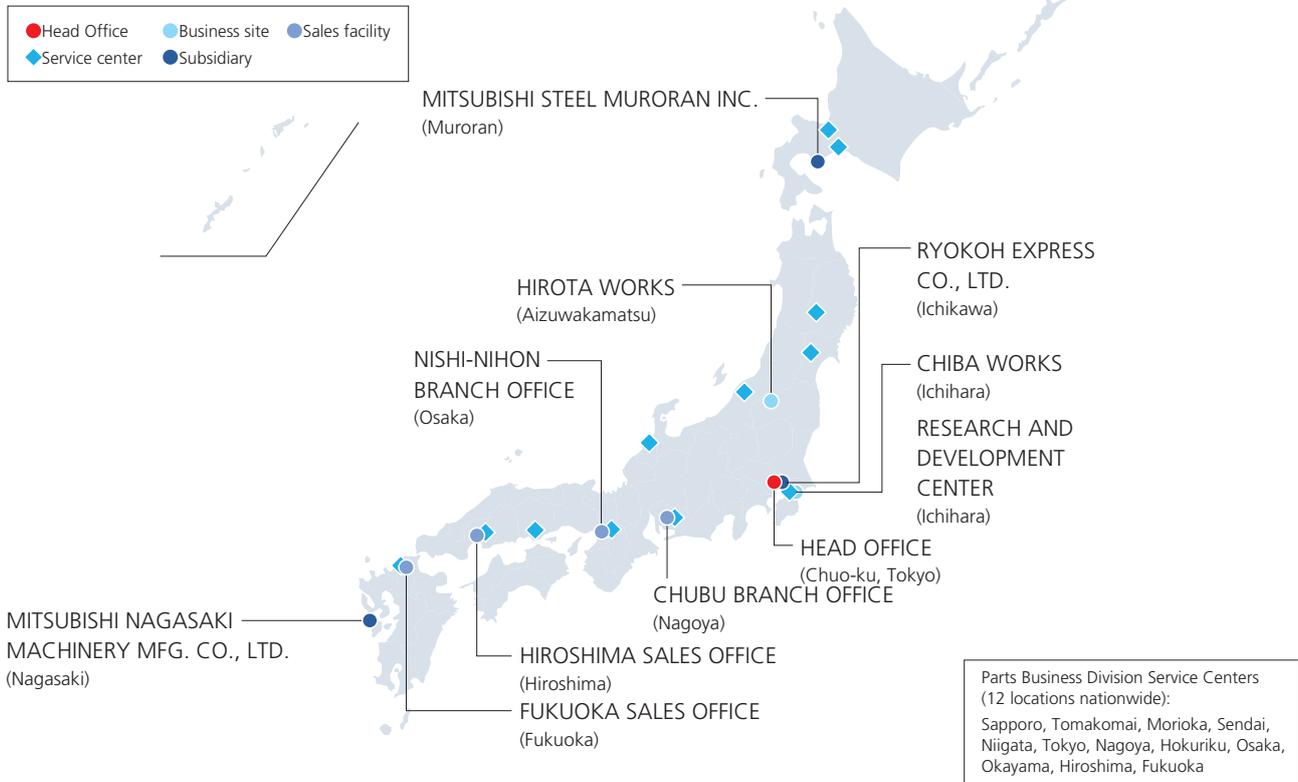
*1 Includes the Company's own program of time off for childcare purposes.

*2 Includes accidents not resulting in work stoppages.

*3 Mitsubishi Steel Mfg. Co., Ltd., Mitsubishi Steel Muroran Inc., Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.

Facilities

Network (domestic and overseas facilities)



Investors FAQ

1 What are Mitsubishi Steel's distinguishing features?

The Company is the only one in Japan capable of handling all stages of production from the raw materials for special steel bars to the finished product of springs. This unique presence enables it to maximize performance for both materials and products.

In addition, Mitsubishi Steel Muroran, the domestic Special Steel Bars business facility that accounted for about one-half of net sales, uses primarily molten ferrous raw materials from blast furnaces operated jointly with Nippon Steel Corporation. Made from iron ore and coking coal, this material, used for carbonization, has fewer impurities than the scrap raw materials used by the competition, which makes it easier to produce high-quality steel bars.

2 What is the Mitsubishi Steel Group's growth strategy?

The Group's ideal vision for 2030 is to grow its strategic businesses as a percentage of net sales from 30% in FY2022 to 50% in FY2030. It plans to do so by enhancing the earning power of its core business and by investing the resulting cash in strategic businesses for which markets are expected to grow.

Of these businesses, in FY2025 precision spring components and the overseas steel bars business (JATIM in Indonesia) contributed to profits. We undertook steady capital investments to enable the other businesses to achieve profitability during the period of the next Mid-term Business Plan.

By growing these strategic business, we plan to reduce our dependence on the domestic steel bars business, which tends to fluctuate with economic sentiment, thereby reducing the volatility of business results and move to a structure capable of achieving stable income growth.

3 Special Steel Bars Business How do you set your selling prices given the fluctuations in the cost of raw materials prices and energy costs?

Despite the lag of roughly three to six months, we systematically reflect trends in the cost of raw materials in selling prices for certain customers. Prices for other customers are negotiated on a case-by-case basis.

We're developing similar systems for the impact of exchange rates on imported raw materials and for fluctuations in ferroalloy market prices. We negotiate prices that reflect various rising costs, including energy prices and logistics costs, as they arise.

4 Springs Business How have you been affected by the trend toward electrification of automobiles (EVs, etc.)?

Electrification doesn't involve major structural changes in vehicle suspensions. We don't expect this shift to have a major impact on suspensions, which account for the bulk of Springs Business sales. At the same time, as vehicles grow heavier with onboard batteries, we expect growing demand for lighter and more durable springs. We will address these needs through proprietary lightweight technologies made possible by integrated production from materials to products.

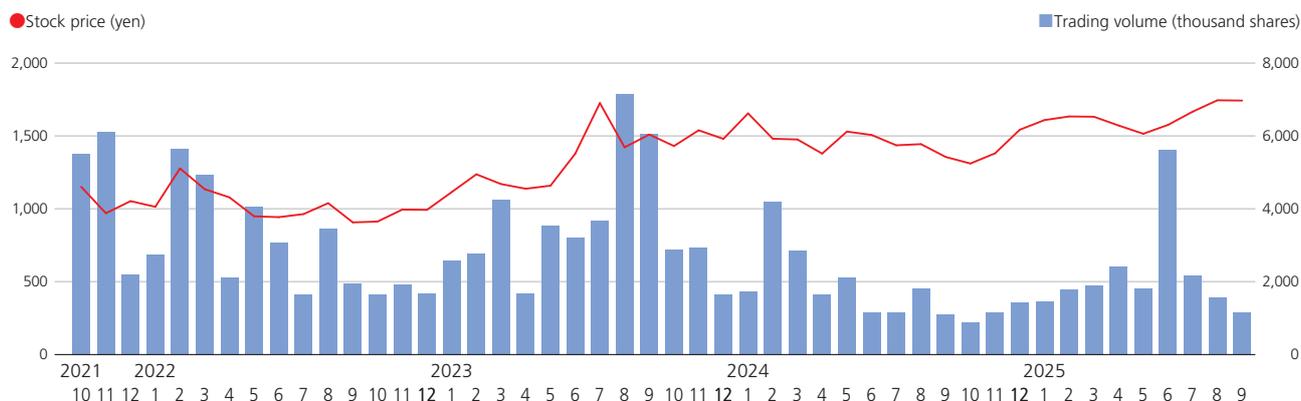
5 What is your policy on returns to shareholders?

The Company's shareholder returns policy was revised in May 2025 as indicated below.

- For dividends in the year ending March 31, 2026, we will target a consolidated payout ratio of 40% and minimum annual dividends of 80 yen/share.
- In the future, we will target a total payout ratio of 50% or more through measures such as purchases of treasury stock.

The shareholder returns policy for the next year and beyond is a current subject of internal discussions, alongside discussions of the next Mid-term Business Plan being formulated. We consider returning profits to shareholders to be a matter of the utmost importance and plan to maintain a policy of enhancing shareholder returns while balancing returns with financial soundness and investments to achieve growth.

Share status



Total shareholder return (TSR)

Year	Share price (yen)*1	Dividend (yen)	TSR (%)*2	
			Company	TOPIX (incl. dividends)
2021/3	875	0	101.3	128.6
2022/3	1,135	50	148.9	131.2
2023/3	1,170	50	159.6	138.8
2024/3	1,476	60	205.5	196.2
2025/3	1,632	64	233.2	213.4

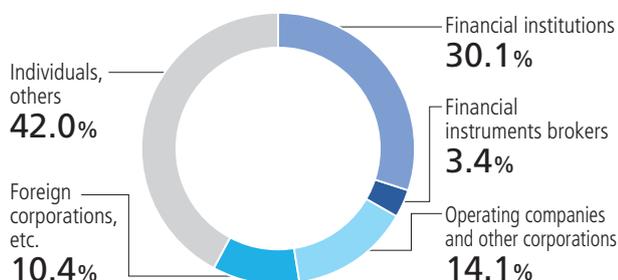
*1 The share price shown is the closing price at the end of the year.

*2 TSR is calculated based on March 2020 figures.

Basic shareholder information (as of March 31, 2025)

Authorized shares	36,000,000 shares
Total shares issued and outstanding	15,709,968 shares
Shareholders	13,520 persons
Shares traded on:	Tokyo Stock Exchange
Securities code:	5632

Distribution by shareholder (as of March 31, 2025)



Major shareholder (as of March 31, 2025)

Name	Shares held (thousand)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,136	13.8
Mitsubishi Heavy Industries, Ltd.	1,000	6.5
Meiji Yasuda Life Insurance Co.	715	4.6
Custody Bank of Japan, Ltd. (trust account)	498	3.2
Mitsubishi Steel Mfg. Co., Ltd. Kyoeikai	463	3.0
INTERACTIVE BROKERS LLC	404	2.6
The Master Trust Bank of Japan, Ltd. (employee compensation BIP trust account, account 76119)	316	2.0
Tokio Marine & Nichido Fire Insurance Co., Ltd.	255	1.7
Nippon Steel Corporation	226	1.5
The Hachijuni Bank, Ltd.	160	1.0

*1 Shares held are rounded down to the nearest thousand shares.

*2 Percentage of shares held exclude 273 thousand shares of treasury stock. Treasury stock excludes shares of Company stock held by the Executive Compensation BIP Trust (316 thousand shares).

Corporate profile (as of March 31, 2025)

Corporate name	Mitsubishi Steel Mfg. Co., Ltd.	Annual sales Consolidated:	159.6 billion yen (FY2024)
Head Office	Daiwa Tsukishima Bldg., 16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, 104-8550 Japan	Employees	Consolidated: 3,841 Nonconsolidated: 681
Founded	April 1917	Companies subject to consolidation	Consolidated subsidiaries: 17 (domestic: 6; overseas: 11) Equity-method affiliates: 3 (domestic: 1; overseas: 2)
Established	December 1949		
Capital	JPY10.03 billion		
Representative	Jun Yamaguchi, Representative Director, President & CEO		

External ESG evaluations



DX-Certified



CDP Climate Change
("B")



KENKO Investment for
Health 2025 certification
(large enterprise category)



Kurumin
Certification



S&P/JPX Carbon
Efficient Index

Editors' afterword



Thank you for taking the time to read this Integrated Report 2025. In this the third year of its publication, reflecting insights gained from our dialogue with stakeholders, we sought to enhance disclosure and commonality of understanding between the Company and our stakeholders through an organization-wide project led by the Public & Investor Relations Department.

This project served as an opportunity to reconsider the Company's ideal form while providing feedback from our discussions with stakeholders. This in turn renewed our sense of the nature and significance of corporate growth.

We hope that this report will deepen the reader's understanding of the Group and lead to more substantive dialogue.

We will continue IR activities to increase corporate value while striving for proactive dialogue with stakeholders and timely and appropriate disclosure.



Daiwa Tsukishima Bldg., 16-13,
Tsukishima 4-chome, Chuo-ku, Tokyo, 104-8550 Japan
Tel. +81-3-3536-3111
<https://www.mitsubishisteel.co.jp/english/>