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## **Matters Excluded from Paper-Based Documents Delivered to Shareholders**

**102nd Fiscal Year (April 1, 2025 - March 31, 2026)**

- (i) Basic Policy for Internal Controls and Its Implementation Status
- (ii) Consolidated Financial Statements (Consolidated Statement of Changes in Equity, Notes to the Consolidated Financial Statements)
- (iii) Non-consolidated Financial Statements (Non-consolidated Statement of Changes in Equity, Notes to the Non-consolidated Financial Statements)

**Mitsubishi Steel Mfg. Co., Ltd.**

Pursuant to the provisions of laws and regulations and Article 14 of the Articles of Incorporation, among the matters for which measures for providing information in electronic format are to be taken, matters not provided in the paper-based documents delivered to shareholders are posted in this information.

# Basic Policy for Internal Controls and Its Implementation Status

## (1) Basic Policy for Internal Controls

The Company's basic policy for internal controls resolved at the meeting of the Board of Directors is as follows.

- a. System to ensure execution of duties by Directors of the Company and directors of its subsidiaries in compliance with laws, regulations and the Articles of Incorporation and in an efficient manner

For the purpose of fulfilling its social responsibility in pursuit of becoming an enterprise trusted by society, the Company has prescribed in its "Basic Policy for Corporate Governance" that it shall establish the "Corporate Philosophy", "Mitsubishi Steel Group Code of Conduct" and "Detailed Rules for the Mitsubishi Steel Group Code of Conduct" and commit to pursuing and fulfilling more effective corporate governance. The Company's system places importance on "the functional enhancement of the institutions of the Board of Directors and the Board of Corporate Auditors" as well as "deliberations on the execution of operations by the Management Committee and enhancement of compliance and crisis management."

The meeting of the Board of Directors is where the direction of management strategies for the Group as a whole is determined. While giving consideration to speedy decision-making, the Board of Directors formulates basic management policies, determines matters stipulated in laws, regulations and the Articles of Incorporation and other important management-related matters, and supervises Directors in executing operations.

The Board of Directors shall be the minimum size necessary, and have a system that enables speedy and efficient decision-making. Regarding the policies determined by the Board of Directors, the Executive Officers shall execute their operations.

Outside Directors and Outside Corporate Auditors attend Board of Directors meetings and secure fairness and transparency for decision-making for business execution. In addition, as a body under the Board of Directors, the Nomination and Compensation Committee, in which an Outside Director serves as Chairperson and Chairman of the board and Outside Directors act as members, improves objectivity and transparency of the functions related to the nomination of officers, etc., and the determination of remuneration for officers, etc. Also, the Company set up the Outside Officer Council Meeting, in which independent Outside Officers exchange information and share awareness. Moreover, the cooperation among Outside Directors and Outside Corporate Auditors was strengthened, thereby facilitating lively discussion on management strategies at the Board of Directors and improving supervision and monitoring of management. The Board of Corporate Auditors audits the Group as a whole, including compliance and crisis management in accordance with the audit policy and segregation of operations, and ensures that Directors comply with laws, regulations and the Articles of Incorporation in executing their duties.

Furthermore, meetings of the Management Committee are convened periodically, on a weekly basis as a general rule (and are convened whenever necessary,) where its members including Directors, Corporate Auditors, Executive Officers, General Managers of Divisions, General Manager of Sales Division, the respective Heads of Corporate Center and the General Manager of Research & Development Center deliberate and deal with the execution of important operations, compliance and crisis management of the Group.

In subsidiaries, the "Management Regulations for Subsidiaries" shall clarify rules for the management of subsidiaries, and through compliance with such regulations the Company shall understand and manage the status of its subsidiaries. In addition, a system to execute duties in a proper and efficient manner is ensured by making the Company's Directors, Corporate Auditors or employees, etc. concurrently serve as directors or corporate auditors of subsidiaries as a general rule. In the "Mitsubishi Steel Group Code of Conduct" and "Detailed Rules for

the Mitsubishi Steel Group Code of Conduct”, the Group declares that it has absolutely no relationship with any antisocial forces, and that it has a system in place to collaborate with outside specialized institutions such as police and lawyers and take a resolute stance when it receives unreasonable demands from antisocial forces.

- b. System for the preservation and management of information on execution of duties by Directors

With regard to preserving and managing information on the execution of duties, Directors properly preserve and manage the minutes of the Board of Directors meetings and other such important documents and information in accordance with laws, regulations and internal rules.

In addition, Directors ensure that the Group positions the information security management structure in accordance with the basic policy for information security and the rules thereof.

- c. Regulations and other systems to manage risk of loss of the Company and its subsidiaries  
A system is established for the Management Committee of the Company to discuss problems that may expose the Company and its subsidiaries to the risk of loss, to have the Risk Management Committee consider the risks for management mainly on governance (subsidiary management) and compliance and to identify and properly manage the risk of loss arising in domestic as well as global business activities.

Furthermore, the Investment and Credit Committee shall build a system to contribute to management decisions by sufficiently considering the return on investment regarding the decision on increase in capital and loan to subsidiaries and affiliates, capital investment plan, testing and research, etc.

There is also a system in place for the Board of Directors of the Company to deliberate important cases, including items regarding subsidiaries, pursuant to the Rules of the Board of Directors and thereby prevent loss from arising.

- d. System to ensure execution of duties by employees of the Company and its subsidiaries in compliance with laws, regulations and the Articles of Incorporation

In the Company, the Internal Audit Department - which reports directly to the President - conducts audits as the internal auditing division to determine whether or not operations are executed by employees in an appropriate and lawful manner, in addition to supervision by Directors and operational audits by the Corporate Auditors.

In subsidiaries, a system to ensure properness and efficiency in employees’ duties and to prevent them from violating laws and regulations, etc. is ensured by making the Company’s Directors, Corporate Auditors or employees, etc. concurrently serve as directors or corporate auditors as a general rule.

In addition, the Group is developing a Group-wide compliance-enhancing structure by having in place compliance officers at the Company and the Group companies in accordance with the basic regulations on compliance. The Group holds information exchange meetings periodically between the Risk Control Department and the compliance officers to identify the state of compliance at these companies. The Group also regularly checks whether the structure is operated appropriately. Furthermore, Efforts are made to instill compliance in each and every employee by enhancing training aimed at making employees become more aware of the importance of compliance and deepening their understanding of “Mitsubishi Steel Group Code of Conduct” and “Detailed Rules for the Mitsubishi Steel Group Code of Conduct.” Moreover, violations of laws and regulations are prevented by the establishment of a whistle-blowing system in which members of the Risk Control Department and a law firm can be reached.

- e. System to ensure properness of operations in the Group and system to report matters regarding execution of duties by directors of subsidiaries to the Company

The respective directors of subsidiaries execute operations and supervise their employees in

accordance with policies decided by the Board of Directors and the Management Committee of the Company. In addition to audits conducted by the respective corporate auditors of subsidiaries, Directors, Corporate Auditors or employees, etc. of the Company concurrently serve as directors and corporate auditors of major consolidated subsidiaries and supervise and audit them, and exchange information periodically with directors and corporate auditors of each subsidiary while collaborating with the Internal Audit Department and the Accounting Auditor, thereby ensuring the properness of operations of the Group as a whole.

Furthermore, a system to have a grasp of important matters concerning subsidiaries at all times is ensured through the Operating Unit, Sales Division, Corporate Center, and Research & Development Center, in addition to the receipt of reports by the Directors, Corporate Auditors or employees, etc. of the Company at the meetings of the board of directors, etc. of the subsidiaries.

Various countermeasures are also developed and implemented to strengthen the management structures of overseas subsidiaries.

In addition, internal controls are put in place and implemented properly to ensure appropriateness and reliability of the Group's financial reporting.

- f. Matters concerning employees who should assist Corporate Auditors' duties  
Staff who concurrently serve as assistants to Corporate Auditors are appointed and assist in the Corporate Auditors' work, and Corporate Auditors properly confirm and give guidance on the staff's work, thereby ensuring the effectiveness of instructions.

In addition, to assure the independence of the Corporate Auditor's staff, the Executive Officer responsible for Human Resources Department consults on matters concerning the transfer of the Corporate Auditor's staff with the Board of Corporate Auditors in advance.

- g. System for Directors and employees of the Company and directors and employees of its subsidiaries to report to the Corporate Auditors of the Company and other systems for reporting to Corporate Auditors, and system to ensure any person who made such report is not treated unfairly on the grounds of making such report

Directors and employees, etc. of the Company and directors and employees, etc. of its subsidiaries report the status of execution of operations to Corporate Auditors of the Company as appropriate (including making reports at important meetings attended by Corporate Auditors), and promptly make a report to the Corporate Auditors on matters with the risk of inflicting serious damage to the Company, acts in violation of laws, regulations or the Articles of Incorporation and other matters on which the Corporate Auditors demand a report.

Information reported internally by any officer or employee at the Company or a subsidiary in or outside Japan is informed to Corporate Auditors.

In addition, the Whistle-blowing Rules stipulate that no one will be treated unfairly on the grounds of making such report, and an explanation is provided at in-house workshops to the effect that there will be no unfair treatment.

- h. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Corporate Auditors of the Company and other policies for processing expenses and liabilities incurred in the execution of such duties

Directors properly pay Corporate Auditors as necessary with respect to expenses incurred in audits, etc. with full understanding of the importance of audits conducted by Corporate Auditors.

- i. Other systems to ensure effective auditing by Corporate Auditors

Corporate Auditors effectively audit the execution status of operations by such means as periodically exchanging information with Directors including the Representative Director, the Internal Audit Department, employees, etc. and the Accounting Auditor, and receiving reports

from Operating Unit, each department in Sales Division, each department in Corporate Center, and Research & Development Center after having identified management problems at the meetings of the Board of Directors and the Management Committee in the early stages, and attending important meetings convened monthly at each place of business and subsidiary as appropriate.

(2) Implementation Status of the Basic Policy for Internal Controls

The Company strives to develop and adequately operate internal controls based on the basic policy for internal controls. During the fiscal year under review, it promoted activities about the “Detailed Rules for the Mitsubishi Steel Group Code of Conduct” to keep the Group companies informed to raise compliance awareness. Considering the results, the Board of Directors of the Company determined to maintain in-house training and comprehension surveys to disseminate them and enhance employee understanding. The following are other major matters on the implementation status of the basic policy for internal controls.

a. Matters concerning the risk management system

The Company’s Management Committee identifies and considers risks arising from the business activities of the Company and its subsidiaries. For the fiscal year under review, meetings of the Management Committee were held 47 times. Material matters were also deliberated upon in meetings of the Board of Directors in accordance with regulations of the Board of Directors. By doing this, the Company has strengthened the system that enables understanding of, and management of risks arising from, its business activities.

The Investment and Credit Committee was established to assess projects from an objective and independent viewpoint as a meeting body independent of the Operating Unit, etc. In addition, the risk management system was strengthened under the regulations on the Investment and Credit Committee to fully consider business viability and risks.

For administrative risks, we work to further enhance the risk management system of the Group through measures driven mainly by the Risk Control Department in accordance with decisions made by the Risk Management Committee and the Information Security Committee through deliberations.

b. Matters concerning the management system for subsidiaries

The regulations on the management of subsidiaries were defined so as to clarify the rules on the management of subsidiaries, and important matters on subsidiaries were deliberated in the Board of Directors and the Management Committee of the Company to understand and manage information of subsidiaries. As a general rule, the Company’s Directors, Corporate Auditors or employees concurrently serve as directors or corporate auditors of subsidiaries to ensure the adequacy and effectiveness of operations of subsidiaries and to prevent any violation of law from occurring.

c. Matters concerning compliance

The Company’s Board of Directors and Management Committee deliberated on whether its operations were executed in compliance with laws and regulations, and the Board of Corporate Auditors and Internal Audit Department provided internal audit in cooperation with each other to confirm the implementation status of compliance in addition to verification of adequacy and effectiveness of execution of operations.

During the fiscal year under review, the Company conducted compliance training for employees of the Company and its subsidiaries, as well as for their officers, in order to increase their awareness of compliance. In addition, in accordance with internally developed basic regulations on compliance, the Company appointed a Chief Compliance Officer responsible for supervising the entire Group and compliance officers at its subsidiaries and conducted individual interviews with the subsidiaries and information exchange through collaboration with the Risk Control Department which serves as the secretariat. The Company thus has a structure in place for performing activities such as investigating, reporting, and monitoring compliance status. Furthermore, the Company investigated the readiness of all Group companies to handle compliance risks and carried out a review of their management to ensure it is appropriate for the structure. The Company plans to continue conducting regular reviews.

The Company has put into place a whistle-blower system with the Risk Control Department and a law firm as contacts to report the number of whistle-blowing cases and matters of which

survey officers and Head of Risk Control Department, etc. acknowledged the importance especially among all contents communicated to the Board of Directors. During the fiscal year under review, there was no whistle-blowing related to material violations of law.

Moreover, as for domestic subsidiaries, Whistle-blowing Rules are established by each company. In addition, we are continuously promoting the introduction of the whistle-blowing system in each overseas subsidiary. The system was introduced in North America, Thailand, China, the Philippines, India, and Indonesia.

In order to reject any relation with anti-social forces, the Company continues its approach of including provisions regarding the elimination of anti-social forces in agreements with its business partners.

d. Matters concerning execution of duties by Directors

During the fiscal year under review, the Board of Directors held meetings 14 times, actively exchanged opinions about material matters on the Company and its subsidiaries and provided prompt and effective decision-making. Outside Directors and Outside Corporate Auditors attended these meetings to ensure the fairness and transparency of the execution of operations.

At the Outside Officer Council Meeting, a body under the Board of Director, the cooperation among Outside Directors and Corporate Auditors was strengthened, thereby facilitating lively discussion on management strategies at the Board of Directors and improving supervision and monitoring of management.

During the fiscal year under review, the Nomination and Compensation Committee reinforces objectivity and transparency of the nomination of officers, etc., and the determination of remuneration for officers, etc., thereby strengthening the supervision function of the Board of Directors.

The acts of preserving and managing information on the execution of duties by Directors have been managed properly by establishing internal rules pursuant to laws and regulations and by making efforts to ensure that those internal rules are known to all employees. In addition, the Company conducts periodic evaluations on the effectiveness of the Board of Directors to understand the current status of the Board of Directors and improve the operation and make it more efficient.

For ensuring the adequacy and reliability of financial reporting of the Group, Directors have built and operated internal control based on standards on the evaluation and audit of internal control on financial reporting, and Corporate Auditors, the Internal Audit Department and the Accounting Auditor audited the structure and implementation status of such control.

In addition, the Company established a system to reflect the opinions and management issues raised by shareholders and investors in management through IR and SR activities.

e. Matters concerning execution of duties by Corporate Auditors

Corporate Auditors attend meetings of the Board of Corporate Auditors (a total of 14 times), material meetings including meetings of the Board of Directors and Management Committee as well as major monthly meetings held in each business office and subsidiaries to collect information and understand actual situations. During the fiscal year under review, from the viewpoint of high managerial significance, we conducted onsite inspections and interviewed senior executives at operating sites in North America, the Philippines, and India. At other important sites in Japan and abroad, we are trying to understand the situation as we conduct physical inspections and interviews with senior executives where necessary. In addition, they confirmed problems and approaches of the Company and each department through individual interview with key employees, etc. and exchanged information as necessary and kept cooperation with the Internal Audit Department and the Accounting Auditor to ensure the effectiveness of audit.

At the Outside Officer Council Meeting, the purpose of which is the sharing of information

among Outside Officers, all four Corporate Auditors attend in order to confirm the developments and business issues of each business of the Group, together with Outside Directors.

Under the instruction of Corporate Auditors, Corporate Auditor's staff assist the audit work. As for expenses on execution of duties of Corporate Auditors, the Company paid necessary expenses properly.

## Consolidated Statement of Changes in Equity

from April 1, 2025 to March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,003	2,225	33,723	(1,620)	44,332
Changes of items during period					
Changes in shares of parent arising from transactions with non-controlling interests		(2)			(2)
Dividends of surplus			(1,142)		(1,142)
Profit attributable to owners of parent			3,055		3,055
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				1	1
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(2)	1,912	1	1,910
Balance at end of period	10,003	2,222	35,635	(1,619)	46,243

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	849	(3,900)	1,362	(1,688)	7,207	49,851
Changes of items during period						
Change in ownership interest of parent due to transactions with non-controlling interests					2	0
Dividends of surplus						(1,142)
Profit attributable to owners of parent						3,055
Purchase of treasury shares						(0)
Disposal of treasury shares						1
Net changes of items other than shareholders' equity	565	279	3,283	4,127	626	4,754
Total changes of items during period	565	279	3,283	4,127	629	6,668
Balance at end of period	1,415	(3,621)	4,645	2,439	7,837	56,520

(Note) Amounts shown are rounded down to the nearest million yen.

# Notes to the Consolidated Financial Statements

(April 1, 2025 - March 31, 2026)

(Notes on Significant Information Regarding the Preparation of Consolidated Financial Statements)

## 1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 17  
Names of major consolidated subsidiaries: MSSC CANADA INC.  
MSSC US INC.  
MSM NINGBO SPRING CO., LTD.  
MSM Philippines Mfg. INC.  
MSM SPRING INDIA PVT. LTD.  
MSSC MFG MEXICANA, S.A. DE C.V.  
MSM (THAILAND) CO., LTD.  
PT. JATIM TAMAN STEEL MFG.  
Mitsubishi Steel Muroran Inc.  
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.  
Ryokoh Express Co., Ltd.

## 2. Application of the equity method

- (1) Number of affiliates accounted for under the equity method: 3  
Name of affiliates accounted for under the equity method:  
Hokkai Iron & Coke Corporation  
CROFT PROPERTIES HOLDINGS, INC.  
Stumpp Schuele & Somappa Auto Suspension Systems Pvt. Ltd.

### (2) Affiliate not accounted for under the equity method:

Name of major affiliate: Dai-ichi Heat Muroran Co., Ltd.

Companies not accounted for under the equity method are excluded from the scope of application of the equity method as their impact on net income (amount corresponding to interests), retained earnings (amount corresponding to interests), etc. is not only minuscule individually but is also insignificant as a whole.

## 3. Matters for the fiscal year for consolidated subsidiaries

Shown below are consolidated subsidiaries with a balance sheet date other than the balance sheet date for the Company's consolidated accounts (March 31 of each year):

	Closing date
PT. JATIM TAMAN STEEL MFG.	December 31
MSSC MFG MEXICANA, S.A. DE C.V.	December 31
MSM NINGBO SPRING CO., LTD.	December 31
Shanghai Ryoutan Machinery Co., Ltd.	December 31

In preparing consolidated financial statements, the Company uses data as of the subsidiary's closing date, and makes the necessary adjustments to reflect important transactions that occurred between the subsidiary's closing date and the consolidation date.

#### 4. Accounting policies

##### (1) Valuation standards and methods of principal assets

###### (i) Securities

###### Available-for-sale securities

Those other than stocks, etc. for which market prices are not available:

The present market value is recorded based on the market prices, etc., on the last day of the period. (Valuation differences are incorporated into net assets in full. Selling prices were computed based on the moving-average method.)

Stocks, etc. for which market prices are not available:

Stated at cost mainly using the moving-average method.

###### (ii) Derivatives:

Market value method

###### (iii) Inventories:

Stated at cost based mainly on the periodic average method (method in which book values are lowered based on declines in profitability).

##### (2) Depreciation and amortization methods of principal depreciable assets

###### (i) Property, plant and equipment (excluding leased assets):

The Company depreciates property, plant and equipment (excluding leased assets) using mainly the declining-balance method.

The range of useful lives of main property, plant and equipment is as follows:

Buildings and structures

8 - 33 years

Machinery, equipment and vehicles

4 - 14 years

###### (ii) Intangible assets (excluding leased assets):

The Company amortizes intangible assets (excluding leased assets) using the straight-line method.

The range of useful lives and the amortization period of main intangible assets are as follows:

Software (in-house use)

5 years

###### (iii) Leased assets (including right-of-use assets):

Leased assets associated with finance leases in which ownership of the leased assets is not transferred to the lessee.

The straight-line method is used assuming the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

The financial statements of overseas consolidated subsidiaries were prepared in accordance with International Financial Reporting Standards (“IFRS”) and U.S. Generally Accepted Accounting Principles (“GAAP”). International Financial Reporting Standard 16 Leases (“IFRS 16”) and U.S. Accounting Standard Update (ASU) 2016-02 Leases (“ASU 2016-02”) were applied to the subsidiaries.

Under IFRS 16 and ASU 2016-02, any lease for a lessee is recorded under assets or liabilities on the balance sheet as a general rule. The straight-line method is used for amortizing right-of-use assets recorded under assets.

In addition, in “(Lease transactions)”, lease transactions under IFRS 16 and ASU 2016-02 are classified into finance leases in which ownership of the leased assets is not transferred to the lessee.

(3) Accounting standards for principal provisions and allowances

(i) Allowance for doubtful accounts:

In order to provide for potential credit losses due to accounts receivable being difficult to collect, loans receivable, etc., allowances of the estimated unrecoverable amounts are reported based on historical loan loss rates for general claims, and on an individual basis for specific receivables including doubtful receivables.

(ii) Provision for directors’ retirement benefits:

With respect to some consolidated subsidiaries, in order to provide for the payment of retirement benefits for directors, an allowance in the amount to be paid at the end of the fiscal year is reported as required by internal rules.

(iii) Provision for directors’ share benefits:

In order to provide for the payment of benefits to directors and executive officers in the form of the Company’s shares, an allowance is reported based on the estimated amount of share benefit obligations at the end of the current consolidated fiscal year.

(iv) Provision for loss on business liquidation:

Expected amount at the end of the current consolidated fiscal year is recorded in order to prepare for the benefits paid to employees who have been employed for a certain period which will arise in the future due to restructuring of a production system in the North America consolidated subsidiary.

In addition, in connection with MSSC Ahle GmbH’s exclusion from the scope of consolidation due to the commencement of their insolvency proceedings in the previous consolidated fiscal year, an expected amount of loss that is expected to arise in the future is recorded.

(4) Other significant information for the preparation of Consolidated Financial Statements

(i) Hedge accounting method:

Deferral hedge accounting is used. In addition, special treatment is applied to interest rate swap contracts that meet the requirements for special treatment.

(ii) Accounting method for retirement benefits:

In order to provide for the payment of employee retirement benefits, the Company reports the amount of the retirement benefit obligations less pension assets at the end of the consolidated fiscal year under review as net defined benefit liability (or net defined benefit asset if the amount of pension assets exceeds the amount of retirement benefit obligations).

In the calculation of retirement benefit obligations, the benefit formula has been used to attribute expected benefits to periods until the end of the consolidated fiscal year under review.

Prior service costs are expensed using the straight-line method based on a certain number of years (mainly 12 years) within the average remaining service years of the employees when incurred in each fiscal year.

Actuarial differences are expensed from the following fiscal year as incurred using the straight-line method based on a certain number of years (mainly 12 years) within the average remaining services years of the employees when incurred in each fiscal year.

Unrecognized actuarial differences and unrecognized prior service costs have been recorded under remeasurements of defined benefit plans under accumulated other comprehensive income in net assets upon adjustment of tax effects.

In some of the Company's subsidiaries in North America, non-pension post-retirement health benefits are treated similarly to retirement benefits, i.e. their total amounts are estimated and allocated on the basis of the employee's years of service, and due to their similar nature to retirement benefits, have been included in net defined benefit liability.

(iii) Recording standards of revenue related to sales of products:

We and our consolidated subsidiaries manufacture and sell specialty steel, springs, fabricated materials, etc., and with respect to sales of such products, we have performance obligations to deliver products, etc., based on sales agreements with customers.

We determine that the performance obligations are fulfilled at the time the customer obtains control over such products and we recognize the revenue of such products.

For domestic sales, revenue is recognized at the time of shipment because the period from the time of shipment until control of the product is transferred to the customer is normal.

For export sales, revenue is recognized in accordance with the export terms as the timing of when the customer obtains control varies depending on the export terms.

Revenue is measured by deducting discounts, rebates,

returns, etc. from the consideration promised under contracts with customers.

(iv) Recording standards of revenue related to construction contract:

The Machinery Business has performance obligations to deliver products, etc., based on sales agreements with customers for construction contracts.

We estimate the progress of the fulfillment of performance obligations for each contract and recognizes revenue based on the progress.

(Significant accounting estimates)

Asset impairment for the springs business of MSSC CANADA INC.

(1) Outline of the business

MSSC CANADA INC. (hereinafter referred to as “MSSC CANADA”) is a North American base for the spring business which manufactures and sells automotive springs, torsion bars, stabilizers, and assemblies thereof, and mainly owns spring production facilities.

(2) The values of the assets as recorded in consolidated financial statements

Buildings and structures	¥106 million
Machinery, equipment and vehicles	¥1,522 million
Land	¥5 million
Construction in progress	¥63 million
Other property, plant and equipment	¥471 million

(3) Information on significant accounting estimates for items identified

(i) Conclusion about impairment in the business

MSSC CANADA’s assets are reviewed for impairment in accordance with U.S. Accounting Standards adopted by MSSC CANADA, and as our group makes grouping on the smallest unit that generates a cash flow with a basic unit of business and base adopted for internal management purposes, MSSC CANADA, which operates a spring business in Canada, is classified as one asset group.

Although sales at MSSC CANADA were strong, costs deteriorated due to equipment issues and external factors such as tariffs. As a result, MSSC CANADA has recorded operating losses in the current consolidated fiscal year, based on which we identified indicators of impairment.

A comparison of the undiscounted future cash flow estimated on the basis of the business plan and the asset group’s book value showed that the former was greater than the latter, which led management to conclude that it was not necessary to record an impairment loss.

(ii) Estimation of the recoverable value for the assets

Undiscounted future cash flow was estimated on the basis of the business plan.

The business plan was created in total consideration of external information such as on the operating environment, internal information, volume of sales on orders and sales prices, etc., and by using assumptions involved based on the Company’s latest sales plans.

The estimate may be affected by the uncertain fluctuation of economic conditions in the future. If revision of assumptions and preconditions used for the estimate is required, the Company would potentially record new impairment loss in the following consolidated fiscal year.

(Notes to the Consolidated Balance Sheet)

1. Outstanding balance of receivables arising from contracts with customers and the outstanding balance of contractual assets

	(Millions of yen)
Notes receivable – trade	65
Electronically recorded monetary claims	2,903
Accounts receivable – trade	26,435
Contract assets	2,233

2. Accumulated depreciation of property, plant and equipment: 97,640 million yen

(Notes to the Consolidated Statement of Income)

1. Amount of balance sheet value reduction due to the declining profitability of inventories held for ordinary sales purposes

Cost of sales (222) million yen

2. Gain on sales of investment securities

This was attributable to the fact that the Company sold two stocks in Japan, among investment securities held by the Company.

3. Gain on disposal of non-current assets

This was attributable to the sale of land held by MSSC CANADA INC.

4. Subsidy income

This was due to the grant of subsidy for facilities of Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.

5. Loss on tax purpose reduction entry of non-current assets

This was attributable to the direct reduction of the subsidy income for facilities of Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. from the acquisition cost of fixed assets.

6. Provision for loss on business liquidation

This represents an expense recorded to reflect the part corresponding to the current consolidated fiscal year, according to the course of events, out of the benefits paid to employees who have been employed for a certain period. This expense will arise in the future due to restructuring of a production system in the North American consolidated subsidiary.

7. Loss on accident

Mitsubishi Steel Muroran Inc., a consolidated subsidiary of the Company, receives the supply of its main raw materials from Hokkai Iron & Coke Corporation, an equity-method affiliate. This reflects expenses at Mitsubishi Steel Muroran Inc. related to recovery pertaining to blast furnace issues at Hokkai Iron & Coke Corporation in September 2025 and hot stove issues in December of the same year.

(Notes to the Consolidated Statement of Changes in Equity)

1. Type and total number of shares outstanding at end of consolidated fiscal year under review:

Common shares 15,709,968 shares

2. Dividends

(1) Dividend payments

Date of resolution	Total dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 20, 2025	524 million yen (*1)	34 yen	March 31, 2025	June 23, 2025
Board of Directors Meeting held on November 6, 2025	617 million yen (*2)	40 yen	September 30, 2025	December 10, 2025

\*1 The total amount of dividends included 10 million yen representing dividends on Company shares held by the Board Incentive Plan (BIP) Trust.

\*2 The total amount of dividends included 12 million yen representing dividends on Company shares held by the Board Incentive Plan (BIP) Trust.

(2) Dividends whose record date is in the current fiscal year and whose effective date is in the following fiscal year

Scheduled date of resolution	Total dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 19, 2026	632 million yen (*)	41 yen	March 31, 2026	June 22, 2026

\* The total amount of dividends included 12 million yen representing dividends on Company shares held by the Board Incentive Plan (BIP) Trust.  
The source of dividends shall be retained earnings.

(Notes on Financial Instruments)

1. Information regarding status of financial instruments

The Group limits its fund management activities to short-term deposits, etc., and raises funds by borrowings from financial institutions such as banks.

The Group seeks to reduce credit risks of customers concerning notes and accounts receivable-trade in accordance with the Credit Management Rules.

Investment securities mainly consist of shares, and the market prices of listed shares are identified on a quarterly basis.

Borrowings are used for operating funds (mainly short term) and capital investment funds (long term). With respect to the risk of interest rate fluctuations for some long-term loans payable, the Group performs interest rate swap transactions to fix interest expenses.

Derivative transactions are forward exchange contracts aimed at hedging exchange rate fluctuation risks involved with monetary receivables and payables denominated in foreign currencies, which are performed in accordance with the Accounting Rules.

2. Information regarding market value, etc. of financial instruments

The Consolidated Balance Sheet amount and market value at the end of the consolidated fiscal year under review and the difference between the two are as follows.

Stocks, etc. for which market prices are not available (4,313 million yen recorded on the consolidated balance sheet) are not included in the table below.

In addition, the notes to cash are omitted, and since market values of deposits, notes receivable-trade and accounts receivable-trade, electronically recorded monetary claims, accounts payable-trade, electronically recorded obligations, and short-term loans payable are close to their carrying amounts because these are settled in short-term, notes are omitted.

(Millions of yen)

	Consolidated Balance Sheet amount	Market value	Difference
(1) Investment securities Available-for-sale securities:	2,474	2,474	—
(2) Long-term loans payable	29,224	28,510	714
(3) Derivative transactions (*)	(7)	(7)	—

(\*) Amounts of claims and obligations that accrued from derivative transactions are shown on a net basis, and net obligations are shown in parentheses ( ).

3. Matters concerning breakdown, etc. of market value of financial instruments by level

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in calculating fair value.

Level 1 fair value --- Fair value calculated by quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 fair value --- Fair value calculated using direct or indirect observable inputs other than Level 1 inputs

Level 3 fair value --- Fair value calculated using significant unobservable inputs

If multiple inputs are used that have a significant impact on the calculation of fair value, among the levels in which each of such input belongs, we categorize fair value into the level in which the priority in calculating fair value is the lowest.

(1) Financial assets and financial liabilities whose fair value is recorded on consolidated balance sheets

(Millions of yen)

Account	Market value			
	Level 1	Level 2	Level 3	Total
(i) Investment securities				
Available-for-sale securities:	2,474	–	–	2,474
Total Assets	2,474	–	–	2,474
(ii) Derivative transactions				
Currency-related transactions	–	(7)	–	(7)
Total Liabilities	–	(7)	–	(7)

(2) Financial assets and financial liabilities for which fair value is not recorded on consolidated balance sheets

(Millions of yen)

Account	Market value			
	Level 1	Level 2	Level 3	Total
(iii) Long-term loans payable	–	28,510	–	28,510
Total Liabilities	–	28,510	–	28,510

(i) Investment securities

Listed stocks are valued using quoted prices.

Since listed stocks are traded in active markets, their fair values are classified as Level 1 fair value.

(ii) Derivative transactions

Fair values of currency swaps and exchange reservations are based on the fair values presented by financial institutions with which we do business, and are classified as Level 2 fair value.

(iii) Long-term loans payable (including current portion of long-term loans payable)

The calculation method of the market value of long-term loans payable involves discounting the sum of the principal and interest divided into certain periods by the interest rate that is expected to be applied if a similar new loan is taken out.

Long-term borrowings with variable interest rates are subject to special treatment of interest rate swaps, and we use the calculation method in which the aggregate amount of principal and interest processed together with the swap as one transaction is discounted at the rate reasonably estimated to be applied if similar borrowings are made, and the market value is classified as Level 2 fair value.

(Notes on Revenue Recognition)

1. Breakdown information of revenue resulting from contracts with customers

(Millions of yen)

Area	Reportable Segment					Other	Total
	Special Steel Bars Business	Springs Business	Formed & Fabricated Products Business	Machinery Business	Total		
Sales							
Japan	44,414	26,529	4,459	9,066	84,470	1,857	86,328
North America	174	32,142	586	293	33,196	–	33,196
Asia	10,967	17,305	3,150	848	32,271	–	32,271
Europe	–	179	1,321	1,235	2,736	–	2,736
Other	–	24	–	–	24	–	24
Revenue from contracts with customers	55,556	76,181	9,518	11,443	152,700	1,857	154,557
Sales to external customers	55,556	76,181	9,518	11,443	152,700	1,857	154,557

(Note) “Others” category is a business segment that is not included in reportable segments and includes distribution and service businesses, etc.

2. Information that is the basis for understanding revenue from contracts with customers

As described in “Recording standards of revenue related to sales of products” and “Recording standards of revenue related to construction contract” in “Accounting Policies”.

3. Information to understand revenues arising from contracts with customers for the current and subsequent fiscal years

(1) Balance of contract assets and contract liabilities, etc.

The breakdown of contract assets and contract liabilities is as follows.

(Millions of yen)

	The beginning of the fiscal year under review	The end of the fiscal year under review
Receivables arising from contracts with customers	34,462	31,638
Contract assets	1,518	2,233
Contract liabilities	588	1,305

Contract assets consist primarily of unbilled balances for revenues recognized based on the measurement of progress in the Machinery Business.

As to contract liabilities, we primarily recognize the portion for which we received consideration from the customer but for which we have not fulfilled performance obligations.

These will be reduced as the performance obligations are fulfilled.

Among the revenue recognized for the current consolidated fiscal year, the amount included

in the contract liability balance at the beginning of the year is 588 million yen.

(2) Amount of transactions allocated to outstanding performance obligations

(Millions of yen)

	The end of the fiscal year under review
Within one year	1,229
Over one year	486
Total	1,716

Consolidated subsidiaries apply the practical method for notes to the transaction prices for which the outstanding performance obligations are allocated, and contracts with an initially scheduled contractual period of not more than one year are not included in the notes.

The outstanding (or partially outstanding) performance obligations are 1,716 million yen for the current consolidated fiscal year.

These performance obligations relate to the manufacture and sale of industrial machinery in the Machinery Business and it is expected that approximately 72% of them will be recognized as revenue within one year after the end of the year and the remaining approximately 28% will be recognized over one year.

(Notes on Per Share Information)

1. Net assets per share: ¥3,219.51
2. Profit per share: ¥202.04

## Non-consolidated Statement of Changes in Equity

from April 1, 2025 to March 31, 2026

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	10,003	3,684	3,684	809	501	8,855	3,894	14,061
Changes of items during period								
Reversal of reserve for advanced depreciation of non-current assets					(58)		58	-
Dividends of surplus							(1,142)	(1,142)
Profit							1,661	1,661
Purchase of treasury shares								
Disposal of treasury shares								
Net changes of items other than shareholders' equity								-
Total changes of items during period	-	-	-	-	(58)	-	577	518
Balance at end of period	10,003	3,684	3,684	809	442	8,855	4,471	14,579

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,620)	26,128	757	757	26,885
Changes of items during period		-			
Reversal of reserve for advanced depreciation of non-current assets		-			-
Dividends of surplus		(1,142)			(1,142)
Profit		1,661			1,661
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	1	1			1
Net changes of items other than shareholders' equity		-	501	501	501
Total changes of items during period	1	519	501	501	1,021
Balance at end of period	(1,619)	26,648	1,258	1,258	27,906

(Note) Amounts shown are rounded down to the nearest million yen.

## Notes to the Non-consolidated Financial Statements

(April 1, 2025 - March 31, 2026)

(Notes on Information Regarding Significant Accounting Standards)

1. Valuation standards and methods of assets
  - (1) Valuation standards and methods of securities
    - (i) Shares of subsidiaries and shares of affiliates:

Stated at cost using the moving-average method.
    - (ii) Available-for-sale securities

Those other than stocks, etc. for which market prices are not available:  
The present market value is recorded based on the market prices, etc., on the last day of the period. (Valuation differences are incorporated into net assets in full. Selling prices were computed based on the moving-average method.)

Stocks, etc. for which market prices are not available:  
Stated at cost using the moving-average method.
  - (2) Valuation standards and methods of derivatives

Derivatives:  
Market value method
  - (3) Valuation standards and methods of inventories

Finished goods, semi-finished goods, work in process, raw materials and supplies:  
Stated at cost based on the periodic average method (method in which book values are lowered based on declines in profitability).
2. Depreciation and amortization methods of depreciable assets
  - (i) Property, plant and equipment (excluding leased assets):

The Company depreciates property, plant and equipment using the declining-balance method.

Certain buildings and structures are depreciated using the straight-line method.

The range of useful lives of main property, plant and equipment is as follows:

Buildings	8 - 31 years
Machinery and equipment:	8 - 14 years
  - (ii) Intangible assets (excluding leased assets):

The Company amortizes intangible assets using the straight-line method.

Software used in-house is amortized by the straight-line method over its useful life assuming in-house use (5 years).
  - (iii) Leased assets:

Leased assets associated with finance leases in which ownership of the leased assets is not transferred to the lessee

The straight-line method is used assuming the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

### 3. Accounting standards for provisions and allowances

#### (i) Allowance for doubtful accounts:

In order to provide for potential credit losses due to accounts receivable being difficult to collect, loans receivable, etc., allowances of the estimated unrecoverable amounts are reported based on historical loan loss rates for general claims, and on an individual basis for specific receivables including doubtful receivables.

In addition, in order to prepare for losses on uncollectable loans to affiliated companies in the event that an affiliated company becomes insolvent, we calculate an estimate of the uncollectible amount based on the net assets of the affiliated company and by individually taking into account the collectability, and such estimated uncollectible amount is recorded as an allowance for doubtful receivables.

#### (ii) Provision for retirement benefits:

In order to provide for the payment of retirement benefits for employees, an allowance in the amount deemed to have accrued at the end of the fiscal year under review is recorded based on the projected amount of retirement benefit obligations and pension assets at the end of the fiscal year under review.

In the calculation of retirement benefit obligations, the benefit formula has been used to attribute expected benefits to periods until the end of the fiscal year under review.

Prior service costs are expensed using the straight-line method based on a certain number of years (12 years) within the average remaining service years of the employees at the time of accrual.

Actuarial differences are expensed from the fiscal year subsequent to the year of accrual using the straight-line method based on a certain number of years (12 years) within the average remaining service years of the employees at the time of accrual in each fiscal year.

#### (iii) Provision for directors' share benefits:

In order to provide for the delivery of the Company's shares for directors and executive officers, in accordance with the Rules of the Performance Share Plan, an allowance is recorded based on the estimated value of share remuneration plan liabilities at the end of the fiscal year under review.

#### (iv) Provision for loss on business liquidation:

An estimated amount of losses that may arise in the future from business liquidation is recorded.

### 4. Recording standards of revenue related to sales of products

We and our consolidated subsidiaries manufacture and sell specialty steel, springs, fabricated materials, etc., and with respect to sales of such products, we have performance obligations to deliver products, etc., based on sales

agreements with customers. We determine that the performance obligations are fulfilled at the time the customer obtains control over such products and we recognize the revenue of such products.

For domestic sales, revenue is recognized at the time of shipment because the period from the time of shipment until control of the product is transferred to the customer is normal.

For export sales, revenue is recognized in accordance with the export terms as the timing of when the customer obtains control varies depending on the export terms.

Revenue is measured by deducting discounts, rebates, returns, etc. from the consideration promised under contracts with customers.

5. Other basic and significant information regarding the preparation of Non-consolidated Financial Statements

(i) Hedge accounting method: Deferral hedge accounting is used. In addition, special treatment is applied to interest rate swap contracts that meet the requirements for special treatment.

(ii) Accounting method for retirement benefits: Accounting methods used to calculate unrecognized actuarial differences on retirement benefit payments and unrecognized past service costs are different from those for the consolidated financial statements.

(Significant accounting estimates)

1. Valuation of investments and loans to affiliated companies

(1) The values of the assets as recorded in non-consolidated financial statements

Shares of subsidiaries and associates	¥20,215 million
(Among them, amount to MSSC CANADA INC. – 1,314 million yen)	
Investments in capital of subsidiaries and associates	¥2,737 million
Loans receivable	¥7,387 million
(Among them, amount to MSSC CANADA INC. – 3,123 million yen)	
Allowance for doubtful accounts	¥(4,099) million

(2) Information on significant accounting estimates for items identified

With respect to shares in affiliates and investments in capital of affiliates, if the real price of the affiliates declines materially compared to the acquisition price, we book an impairment loss unless the collectability is supported by sufficient evidence through future business plans, etc.

Business plans are affected by changes in uncertain economic conditions in the future, and if actual results differ from the plans, the amount of shares in affiliates and investments in affiliates may be materially affected in the Non-consolidated Financial statements for the following business year.

In addition, when the financial condition of a subsidiary or associate has deteriorated, we estimate uncollectible loan amounts in light of repayment plans based on its business plan, etc. and by individually taking the collectability into account, and record an allowance for doubtful receivables in order to prepare for losses on uncollectable loans to such subsidiary or affiliate.

The business plan was created in total consideration of external information such as on the operating environment, internal information, volume of sales on orders and sales prices, etc., and by using assumptions involved based on the Company's latest sales plans.

The estimate may be affected by the uncertain fluctuation of economic conditions in the future. If revision of assumptions and preconditions used for the estimate is required, the Company would potentially record new losses in the following consolidated fiscal year.

(Notes to the Non-consolidated Balance Sheet)

1. Accumulated depreciation of property, plant and equipment:

35,605 million yen

2. Contingent liabilities

Guarantees for borrowings of subsidiaries and affiliates:

PT. JATIM TAMAN STEEL MFG  
MSM SPRING INDIA PVT. LTD.

(Millions of yen)

5,524  
107

3. Monetary claims and obligations to subsidiaries and affiliates

	(Millions of yen)
Short-term monetary claims:	7,492
Long-term monetary claims:	1,644
Short-term monetary obligations:	7,905

(Notes to the Non-consolidated Statement of Income)

1. Amount of transactions with subsidiaries and affiliates

	(Millions of yen)
Net sales	1,091
Purchases	47,100
Trades other than operating transactions	
Interest income	345
Dividend income	1,387
Guarantee commission received	28

2. Amount of write-down in book value of inventories held for ordinary sale purposes due to decline in profitability      Cost of sales 55 million yen

3. Gain on sales of investment securities

This was attributable to the fact that the Company sold two stocks listed in Japan, among investment securities held by the Company.

(Notes to the Non-consolidated Statement of Changes in Equity)

1. Type and total number of treasury shares at end of fiscal year under review:  
Common shares 588,814 shares

(Notes on Tax Effect Accounting)

1. Breakdown of major components of deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets	
Accrued enterprise tax	7
Provision for retirement benefits	527
Amount in excess of depreciation limit	48
Impairment loss	242
Accrued expenses	246
Loss on valuation of investment securities	10
Loss on valuation of shares of subsidiaries and associates	11,510
Allowance for doubtful accounts	1,291
Provision for loss on business liquidation	95
Other	383
Deferred tax assets—Subtotal	14,362
Valuation allowance	(12,663)
Deferred tax assets—Total	1,698
Deferred tax liabilities	
Valuation difference on available-for-sale securities	561
Reserve for advanced depreciation of non-current assets	201
Prepaid pension cost	815
Deferred tax liabilities—Total	1,578
Deferred tax assets—Net	120

(Notes on Revenue Recognition)

The information that is the basis for understanding revenue from contracts with customers is omitted because the same contents as the “Notes on revenue recognition” of the Notes to the Consolidated Financial Statements are stated.

(Notes on Transactions with Related Parties)

1. Subsidiaries and affiliates, etc.

Type	Company name	Percentage of voting rights held	Relationship with related party	Description of transaction	Transaction amount	Account	Closing balance
Subsidiary	Mitsubishi Steel Muroan Inc.	Directly owns 70.0%	Purchase of finished goods	Purchase of special steel bars (Note 1)	(Millions of yen) Purchases 39,114	Accounts payable - trade	6,245
			Lending of funds	Lending of operating funds and equipment funds (Note 3)	Amount of lending 1,400 Repayment value 2,100	Short-term loans receivable Long-term loans receivable	2,087 1,350
			Common officers	Receipt of interest income from loans-receivable	Receipt amount 93		
Subsidiary	MSSC CANADA INC.	Directly owns 100.0%	Lending of funds	Lending of operating funds and equipment funds (Note 3)	Repayment value 447 Receipt amount 162	Short-term loans receivable	3,123
			Common officers	Supplying of materials	Supply amount 2,176	Accounts receivable - other	1,152
	PT. JATIM TAMAN STEEL MFG.	Directly owns 75.0%	Debt guarantee	Guarantee for borrowings (Note 4)	Guarantee amount 5,524 Guarantee commission 28		
			Common officers				

(Notes) Terms of transactions, policies for determining terms of transactions, etc.

1. Purchase prices are determined based on actual costs.
2. Supplied prices of materials are determined based on transaction prices with third parties.
3. For the lending of funds, the interest rate is determined based on the market interest rate, and the terms of repayment are determined according to the purpose of the funds. No collateral is received.
4. This is a guarantee provided on borrowings from banks; guarantee commission is received.

(Notes on Per Share Information)

1. Net assets per share: ¥1,845.56
2. Profit per share: ¥109.85