

# **MESCO, Inc. and Subsidiaries**

**Consolidated Financial Statements  
For the year ended March 31,  
2021 and 2022**

The logo for MESCO, featuring the word "MESCO" in a bold, green, sans-serif font. The letters are closely spaced and have a slight shadow effect.

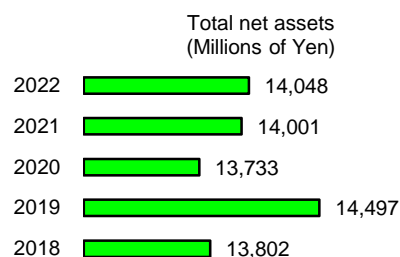
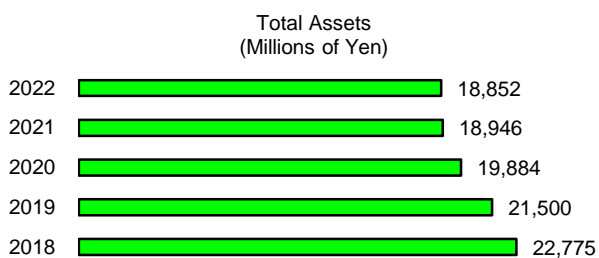
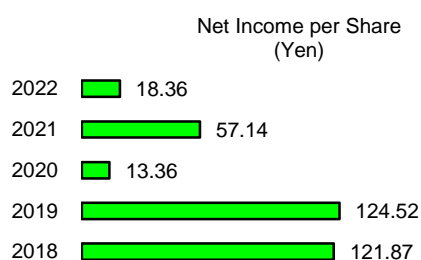
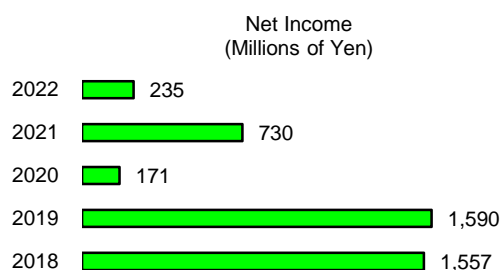
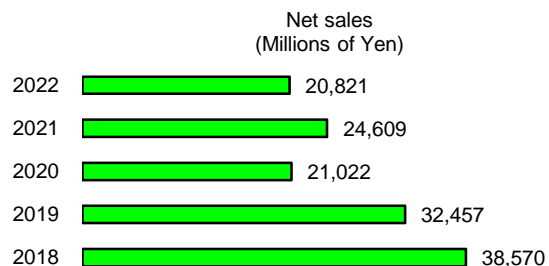
# Financial Highlights

Mesco, Inc. and Consolidated Subsidiaries  
Years ended March 31

Thousands of  
U.S. dollars  
**2022**

	Millions of yen			<b>2022</b>
	2020	2021	<b>2022</b>	
<b>Consolidated Performance</b>				
Net sales	¥21,022	¥24,609	<b>¥20,821</b>	<b>\$170,090</b>
Net income	171	730	<b>235</b>	<b>1,916</b>
Total assets	19,884	18,946	<b>18,852</b>	<b>154,011</b>
Total net assets	13,733	14,001	<b>14,048</b>	<b>114,763</b>
Net income per share( ¥, \$)	13.36	57.14	<b>18.36</b>	<b>0.15</b>
Cash dividends per share( ¥, \$)	33.00	33.00	<b>33.00</b>	<b>0.27</b>

- Notes: 1. All U.S. dollar figures are translated from Japanese yen amounts, for convenience only, at the rate of ¥ 122.41 to US\$1.00, the rate prevailing at March 31, 2022.  
2. In this report, fiscal 2022 represents the year ended March 31, 2022.



# Financial Section

## Five-Year Summary

Mesco, Inc. and Consolidated Subsidiaries  
Years ended March 31

	Millions of yen				
	2018	2019	2020	2021	2022
<b>Consolidated Performance</b>					
<b>For the year:</b>					
Orders	¥28,252	¥24,896	¥26,869	¥17,939	<b>¥22,424</b>
Net sales	38,570	32,457	21,022	24,609	<b>20,821</b>
Cost of sales	33,643	27,451	18,293	21,145	<b>17,863</b>
Gross profit	4,928	5,006	2,729	3,463	<b>2,958</b>
Selling, general and administrative expenses	2,699	2,803	2,572	2,487	<b>2,651</b>
Operating income	2,229	2,203	157	976	<b>307</b>
Income before income taxes	2,299	2,296	254	1,067	<b>382</b>
Net income	1,557	1,590	171	730	<b>235</b>
<b>At year-end:</b>					
Total current assets	¥20,311	¥19,177	¥17,577	¥16,674	<b>¥16,659</b>
Total assets	22,775	21,500	19,884	18,946	<b>18,852</b>
Total current liabilities	7,850	5,915	5,051	3,823	<b>3,609</b>
Long-term liabilities	1,122	1,088	1,100	1,121	<b>1,195</b>
Total net assets	13,802	14,497	13,733	14,001	<b>14,048</b>
<b>Per share data:</b>					
Net income ( ¥ )	¥121.87	¥124.52	¥13.36	¥57.14	<b>¥18.36</b>
Cash dividends applicable to the year ( ¥ )	66.00	66.00	33.00	33.00	<b>33.00</b>
<b>Number of employees ( person )</b>	<b>360</b>	<b>370</b>	<b>379</b>	<b>384</b>	<b>384</b>

## Financial Review

### Overview

During the fiscal year ended March 31, 2022, the COVID-19 pandemic continued to affect many aspects of our lives in 2021. The capacity limitations of material suppliers and sharp increases in material costs negatively affected the construction industry. Under these conditions, the financial results in each business segment were as follows.

Under these circumstances, on a consolidated basis, the Company's net sales during fiscal year amounted ¥ 20,821 million (US\$170,090 thousand), down 15.4%, or ¥ 3,788 million, from the previous year.

At the earnings level, the gross profit decreased 14.6% to ¥ 2,958 million (US\$24,166 thousand), whereas, the gross profit margin was 14.2%, which was slightly up as compared to the previous year.

Selling, general and administrative (SGA) expenses increased 6.6% or ¥ 164 million, to ¥ 2,651 million (US\$21,658 thousand).

As a result, operating income decreased 68.5%, or ¥ 669 million, to ¥ 307 million (US\$2,508 thousand), and, income before income taxes decreased 64.2%, or ¥ 685 million, to ¥ 382 million (US\$3,123 thousand).

Income taxes totaled ¥ 148 million (US\$1,206 thousand), down 156.2%, or ¥ 190 million (US\$1,551 thousand).

Consequently, net income decreased 67.9%, or ¥ 495 million, to ¥ 235 million (US\$1,916 thousand).

Net income per share was ¥ 18.36 (US\$0.15), and cash dividends applicable to the year was ¥ 33.00 (US\$0.27) per share.

### Segment Information

#### Engineering

The Engineering Group's net sales decreased 22.4%, or ¥ 4,233 million, to ¥ 14,622 million (US\$119,447 thousand) due to a decrease of large-scale projects in the Non-ferrous metals smelting field.

Accordingly, segment (ordinary) profit decreased 38.3% or ¥ 428 million, to ¥ 689 million (US\$ 5,626 thousand).

#### Piping and Soundproof materials

The Piping and Soundproof materials Group's net sales increased 6.6%, or ¥ 403 million, to ¥ 6,533 million (US\$53,373 thousand), reflecting an increase of orders.

Whereas, segment (ordinary) profit decreased 25.4% or ¥ 173 million, to ¥ 507 million (US\$ 4,143 thousand) due to the drop of the profit margin.

### Financial Position

The Company's total assets decreased 0.5%, or ¥ 94 million, during this period, amounting to ¥ 18,852 million (US\$154,011 thousand). This was chiefly attributable to a decrease of ¥ 950 million in Deposits to the holding company.

Total liabilities decreased 2.8%, or ¥ 141 million, to ¥ 4,804 million (US\$39,248 thousand), owing to a decrease of ¥ 221 million in Accrued income taxes.

Factors that included a decrease of ¥ 187 million in net income and an increase of ¥ 254 million in Foreign currency translation adjustments led to an increase in total net assets of ¥ 47 million, to ¥ 14,048 million (US\$114,763 thousand).

Consequently, Company's equity ratio rose 0.6 percentage-point, to 74.5%.

The Company had no interest-bearing debt at fiscal year-end.

## Cash Flows

Net cash provided by operating activities decreased ¥ 3,239 million, to net cash outflow of ¥ 875 million (US\$7,155 thousand), mainly reflecting ¥ 382 million of income before income taxes, ¥ 847 million of increase in notes and accounts receivable and ¥ 377 million of increase in inventories.

Net cash used in investing activities came to net cash outflow of ¥ 302 million (US\$2,465 thousand), due mainly to ¥ 183 million of the deposit to time deposits.

Net cash used in financing activities amounted to net cash outflow of ¥ 422 million (US\$3,445 thousand), owing to ¥ 421 million payments for cash dividends.

As a result, cash and cash equivalents at the end of fiscal year decreased ¥ 1,517 million, to ¥ 5,426 million (US\$44,326 thousand).

## Forward-Looking Statement

The Company projects that its consolidated net sales in fiscal 2022, ended March 31, 2023 will amount to ¥ 26,179 million, up 25.7% from the level in fiscal 2021.

This projection was made by the Company based on information currently available, and it is subject to change due to various potential risks and uncertain elements. Accordingly, if events do not correspond to some of the many assumptions made by the Company to provide a basis for the projections, actual performance may be considerably different than projected performance.

Mesco and Consolidated Subsidiaries  
Years ended March 31, 2023 ( Prospect )

	Millions of yen 2023	Millions of U.S.dollars (Note 1) 2023
Net sales	¥ 26,179	\$213.9
Net income	¥ 562	\$4.6
Net income per share ( ¥ , \$ )	¥ 44.00	\$0.4

# Consolidated Balance Sheets

MESCO, Inc. and Consolidated Subsidiaries

Years ended March 31, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Assets</b>			
<b>Current assets:</b>			
Cash and time deposits (Note 5)	¥2,949	¥2,765	\$22,585
Notes and accounts receivable			
Trade	6,294	6,513	53,208
Unconsolidated subsidiaries	0	0	0
Costs on uncompleted construction contracts	909	1,135	9,274
Inventories (Note 3)	350	728	5,945
Deposits to the holding company (Note 5)	6,020	5,070	41,420
Other current assets	160	456	3,722
Less: Allowance for doubtful accounts	(8)	(8)	(66)
<b>Total current assets</b>	<b>16,674</b>	<b>16,659</b>	<b>136,088</b>
<b>Investments and other assets:</b>			
Investment securities: (Note 12)			
Unconsolidated subsidiaries	70	70	573
Others	0	0	0
Deferred tax assets (Note 10)	407	369	3,012
Asset for retirement benefits	97	80	655
Others	200	232	1,893
Less: Allowance for doubtful accounts	(4)	(34)	(281)
<b>Total Investments and other assets</b>	<b>771</b>	<b>716</b>	<b>5,853</b>
<b>Property, plant and equipment:</b>			
Land	1,099	1,099	8,978
Buildings and structures	593	604	4,934
Machinery, vehicles and equipment	2,903	2,916	23,822
Construction in progress	-	-	-
	4,596	4,619	37,734
Less: Accumulated depreciation	(3,094)	(3,142)	(25,665)
<b>Total Property, plant and equipment</b>	<b>1,502</b>	<b>1,477</b>	<b>12,070</b>
<b>Total assets</b>	<b>¥18,946</b>	<b>¥18,852</b>	<b>\$154,011</b>

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2021	2022	2022
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities:</b>			
Notes and accounts payable:			
Trade	¥1,830	¥2,202	\$17,990
Others	117	128	1,048
Accrued income taxes	257	36	294
Advances received	521	461	3,769
Accrued bonuses	381	378	3,090
Allowance for warranties for completed construction	144	76	620
Allowance for expected losses on construction contracts in process	-	0	3
Other current liabilities	574	327	2,670
<b>Total current liabilities</b>	<b>3,823</b>	<b>3,609</b>	<b>29,485</b>
<b>Long-term Liabilities:</b>			
Liability for retirement benefits	1,075	1,148	9,377
Directors' and corporate auditors' retirement benefits	-	-	-
Deferred tax liabilities (Note 10)	0	1	4
Others	46	47	381
<b>Total Long-term liabilities</b>	<b>1,121</b>	<b>1,195</b>	<b>9,762</b>
<b>Contingent Liabilities(Note 7)</b>			
<b>Net Assets(Note 8)</b>			
Shareholders' equity:			
Common stock			
Authorized - 32,000 thousand shares			
Issued - 12,780 thousand shares	1,085	1,085	8,867
Capital surplus	684	684	5,591
Retained earnings	12,462	12,275	100,275
Less: Treasury stock	(7)	(7)	(55)
<b>Total Shareholders' equity</b>	<b>14,225</b>	<b>14,038</b>	<b>114,677</b>
Valuation, translation adjustments and others:			
Unrealized gains ( losses ) on hedging derivatives, net of tax	(17)	(2)	(18)
Foreign currency translation adjustments	(213)	41	335
Remeasurement of defined benefit plans	6	(28)	(231)
<b>Total valuation, translation adjustments and others</b>	<b>(223)</b>	<b>11</b>	<b>86</b>
<b>Total net assets</b>	<b>14,001</b>	<b>14,048</b>	<b>114,763</b>
<b>Total liabilities and net assets</b>	<b>¥18,946</b>	<b>¥18,852</b>	<b>\$154,011</b>

See accompanying notes.

# Consolidated Statements of Income

MESCO, Inc and Consolidated Subsidiaries  
Years ended March 31, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2021	2022	2022
<b>Net sales (Note 9):</b>			
Construction contracts (Note 2)	¥21,797	¥18,073	\$147,642
Net sales on sideline business			
Net sales of merchandise	1,340	1,324	10,813
Net sales of finished goods	1,471	1,424	11,635
Total net sales of side line business	2,812	2,748	22,448
Total net sales	24,609	20,821	170,090
<b>Cost of sales:</b>			
Construction contracts (Note 2)	18,834	15,534	126,900
Cost of sales on sideline business			
Cost of merchandise sold	1,097	1,089	8,895
Cost of finished goods sold	1,214	1,240	10,130
Total cost of sales on sideline business	2,311	2,329	19,024
Total cost of sales	21,145	17,863	145,924
<b>Gross profit:</b>			
Construction contracts (Note 2)	2,963	2,539	20,742
Gross profit on sideline business			
Gross profit-merchandise	243	235	1,919
Gross profit-finished goods	257	184	1,505
Total gross profit on sideline business	500	419	3,424
Total gross profit	3,463	2,958	24,166
<b>Selling , general and administrative expenses (Note 6)</b>	2,487	2,651	21,658
Operating income	976	307	2,508
Other income (expense):			
Interest and dividends income	66	58	475
Interest expense	(0)	(0)	(0)
Equity in gains(losses) of unconsolidated subsidiaries	8	0	3
Foreign exchange gain (loss)	0	0	2
Loss on disposal of property, plant and equipment	(0)	(0)	(3)
Others , net	18	17	138
Total other income	91	75	615
<b>Income before income taxes</b>	1,067	382	3,123
<b>Income taxes (Note 10):</b>			
Current	288	100	820
Deferred	49	47	387
Total income taxes	338	148	1,207
<b>Net income</b>	¥730	¥235	\$1,916
<b>Net income attributable to owners of parent</b>	¥730	¥235	\$1,916
	Yen	Yen	U.S. dollars(Note 1)
<b>Amounts per share of common stock:</b>			
Net income (Note 14)	¥57.14	¥18.36	\$0.15
Cash dividends applicable to the year	33.00	33.00	0.27

See accompanying notes.



## Consolidated Statements of Comprehensive Income

MESCO, Inc and Consolidated Subsidiaries

Years ended March 31, 2021 and 2022

	Millions of yen 2021	Millions of yen 2022	Thousands of U.S.dollars (Note 1) 2022
<b>Income before minority interests</b>	730	235	1,916
Other comprehensive income			
Unrealized gains (losses) on hedging derivatives, net of tax	12	15	119
Foreign currency translation adjustments	(63)	254	2,078
Remeasurements of defined benefit plans	14	(35)	(283)
Share of other comprehensive income of associates accounted for using equity method	(3)	(0)	(2)
<b>Total other comprehensive income (Note 15)</b>	<b>(40)</b>	<b>234</b>	<b>1,911</b>
<b>Comprehensive income (Note 15)</b>	<b>690</b>	<b>468</b>	<b>3,827</b>
(Breakdown)			
Comprehensive income attributable to :			
Owners of the parent	690	468	3,827
Non-controlling interests	-	-	-

See accompanying notes.

## Consolidated Statements of Changes in Net Assets

MESCO, Inc. and Consolidated Subsidiaries

Years ended March 31, 2022 and 2021

	Number of shares of common stock issued (Thousands)	Shareholders' equity					Valuation, translation adjustments and others				
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remesure-ments of defined benefit plans	Total valuation, translation adjustments and others	Total net assets
		(Note 8)					Millions of yen				
<b>Net assets at April 1, 2021</b>	12,780	¥1,085	¥684	¥12,462	¥(7)	¥14,225	¥(17)	¥(213)	¥6	¥(223)	¥14,001
Cash dividends				(421)		(421)					(421)
Net income				235		235					235
Purchase of treasury stock					(0)	(0)					(0)
Net changes during the year							15	254	(35)	234	234
<b>Balance at March 31, 2022</b>	<b>12,780</b>	<b>¥1,085</b>	<b>¥684</b>	<b>¥12,275</b>	<b>¥(7)</b>	<b>¥14,038</b>	<b>¥(2)</b>	<b>¥41</b>	<b>¥(28)</b>	<b>¥11</b>	<b>¥14,048</b>

	Number of shares of common stock issued (Thousands)	Shareholders' equity					Valuation, translation adjustments and others				
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remesure-ments of defined benefit plans	Total valuation, translation adjustments and others	Total net assets
		(Note 8)					Millions of yen				
<b>Net assets at April 1, 2020</b>	12,780	¥1,085	¥684	¥12,153	¥(7)	¥13,916	¥(29)	¥(147)	¥(7)	¥(183)	¥13,733
Cash dividends				(421)		(421)					(421)
Net income				730		730					730
Purchase of treasury stock					(0)	(0)					(0)
Net changes during the year							12	(66)	14	(40)	(40)
<b>Balance at March 31, 2021</b>	<b>12,780</b>	<b>¥1,085</b>	<b>¥684</b>	<b>¥12,462</b>	<b>¥(7)</b>	<b>¥14,225</b>	<b>¥(17)</b>	<b>¥(213)</b>	<b>¥6</b>	<b>¥(223)</b>	<b>¥14,001</b>

	Shareholders' equity					Valuation, translation adjustments and others				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remesure-ments of defined benefit plans	Total valuation, translation adjustments and others	Total net assets
	(Note 8)					Thousands of U.S. dollars (Note 1)				
<b>Net assets at April 1, 2021</b>	\$8,867	\$5,591	\$101,802	\$(54)	\$116,205	\$(136)	\$(1,741)	\$52	\$(1,825)	\$114,381
Cash dividends			(3,443)		(3,443)					(3,443)
Net income			1,916		1,916					1,916
Purchase of treasury stock				(1)	(1)					(1)
Net changes during the year						119	2,076	(283)	1,911	1,911
<b>Balance at March 31, 2022</b>	<b>\$8,867</b>	<b>\$5,591</b>	<b>\$100,275</b>	<b>\$(55)</b>	<b>\$114,677</b>	<b>\$(18)</b>	<b>\$335</b>	<b>\$(231)</b>	<b>\$86</b>	<b>\$114,763</b>

See accompanying notes.

# Consolidated Statements of Cash Flows

MESCO, Inc and Consolidated Subsidiaries

Years ended March 31, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2021	2022	2022
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥1,067	¥382	\$3,123
Depreciation and amortization	133	131	1,072
Loss on retirement of non-current assets	0	0	3
Increase(Decrease) in allowance for doubtful accounts	(1)	30	245
Foreign exchange gain	(2)	(5)	(39)
Equity in losses(gains) of unconsolidated subsidiaries	(8)	(0)	(3)
Decrease(Increase) in asset for employees' retirement benefits	14	(8)	(65)
Increase(Decrease) in liability for employees' retirement benefits	(8)	48	392
Increase(Decrease) in allowance for warranties for completed construction	(27)	(68)	(556)
Increase(Decrease) in allowance for expected losses on construction contracts in process	(80)	0	3
Interest and dividends income	(66)	(58)	(475)
Decrease (Increase) in notes and accounts receivable	357	(847)	(6,916)
Decrease (Increase) in costs on uncompleted construction contracts	474	(226)	(1,845)
Decrease (Increase) in inventories	148	(377)	(3,083)
Increase (Decrease) in accounts payable	(1,414)	342	2,793
Increase (Decrease) in advances received	1,431	549	4,485
Others, net	394	(437)	(3,570)
Subtotal	2,413	(543)	(4,436)
Interest and dividends received	71	58	472
Interest paid	(0)	(0)	(0)
Income taxes paid	(120)	(391)	(3,190)
Net cash provided by operating activities	2,363	(876)	(7,155)
<b>Cash flows from investing activities:</b>			
Increase in time deposits	(169)	(183)	(1,497)
Decrease in time deposits	-	-	-
Acquisition of property, plant and equipment	(133)	(107)	(874)
Acquisition of intangible assets	(11)	(13)	(109)
Payments for retirement of non-current assets	(0)	(0)	(3)
Others , net	2	2	18
Net cash used in investing activities	(312)	(302)	(2,465)
<b>Cash flows from financing activities:</b>			
Payment for cash dividends to the Company's shareholders	(423)	(421)	(3,443)
Payment for purchase of treasury stock	(0)	(0)	(1)
Net cash used in financing activities	(423)	(422)	(3,445)
Effect of exchange rate changes on cash and cash equivalents	(10)	82	670
Net increase in cash and cash equivalents	1,619	(1,517)	(12,395)
Cash and cash equivalents at beginning of year	5,325	6,943	56,721
Cash and cash equivalents at end of year (Note 5)	¥6,943	¥5,426	\$44,326

See accompanying notes.

# Notes to Consolidated Financial Statements

MESCO, Inc. and Consolidated Subsidiaries

Years ended March 31, 2021 and 2022

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## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of MESCO, Inc. ("the Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been rounded off in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen shown herein do not necessarily agree with the sums of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2022, which was ¥122.41 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

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## 2. Summary of Significant Accounting Policies

### a) Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (the "Companies"). All significant intercompany transactions, accounts and unrealized profits among the Companies have been eliminated in consolidation. Investments in the unconsolidated subsidiaries and significant affiliates, which the Company and its subsidiaries are able to influence, in a material degree, their financial and operating decision-making, is accounted for by the equity method after the elimination of unrealized intercompany profits. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries are recorded based on the fair value at the time when the Company acquired control of the respective subsidiaries.

### b) Goodwill

The consolidation difference between acquisition cost and net assets at the date of acquisition is shown as the goodwill.

### c) Foreign currency translation and foreign currency financial statements

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made. Monetary claims and liabilities denominated in foreign currencies are generally translated into each reporting currency at the rates of foreign exchange prevailing at the balance sheet dates and the resulting translation gains or losses are included in earnings. All assets, liabilities, revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the rates prevailing at their balance sheet dates. The resulting translation adjustments are shown as "Foreign currency translation adjustments," a component of net assets.

### d) Cash and cash equivalents

In the accompanying statements of cash flows, cash and cash equivalents include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition which have high liquidity and negligible risk of price fluctuation.

**e) Marketable securities and investment securities**

Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as a component of net assets.

Realized gains and losses on sale of such securities are computed using average cost.

Other available-for-sale securities with no available fair market value are stated at average cost.

**f) Derivative transactions and hedge accounting**

The Company generally state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless they are used for hedging purposes and qualified for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company generally defers recognition of gains or losses resulting from changes in their fair value until the related gains or losses on the hedged items are recognized.

All of derivative contracts are based on actual demand and not for trading in the short term or for speculation.

For commodities forward transaction for purchases of inventories and currency forward contracts , the Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of the hedged items with the corresponding changes in the hedging derivative instruments.

The hedge effectiveness is skipped for currency forward contracts that are believed to have high hedge effectiveness, such as in cases where hedging instruments and hedged items share the same important characteristics.

**g) Inventories**

Costs on uncompleted construction contracts : At cost on an individual basis

Inventories of side line business : At cost on an individual basis

Other inventories : At cost using average method

The carrying value of inventories on the balance sheet is presented at book value after write-down for a decline in earnings.

**h) Property, plant and equipment**

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is generally computed by the declining-balance method based on the estimated durable years of these depreciable assets, except the straight-line method is applied to: (1) buildings, excluding building fixtures, acquired after March 31, 1998 and (2) property, plant and equipment of consolidated subsidiaries. The durable years of these assets generally range from 6 to 36 years for buildings and structures and 2 to 20 years for machinery and equipment.

**i) Allowance for doubtful accounts**

The Company and consolidated subsidiaries provide the allowance for doubtful accounts in an amount sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining accounts.

**j) Allowance for warranties on completed construction**

Allowance for warranties on completed construction is provided as an estimated amount calculated using an actual percentage of related losses during a past certain period.

**k) Allowance for expected losses on contraction contracts in process**

An allowance is provided for estimated future losses related to the construction contracts in process.

**l) Employee's retirement benefits**

The Company provided employee's retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. The liabilities and expenses for employees' retirement were determined based on the amounts actuarially calculated using certain assumptions.

**m) Director's and statutory auditor's retirement benefits**

Directors and corporate auditors are generally entitled to receive retirement benefits based on the Company's internal rules. Their retirement benefits are accrued at the amount required to pay in accordance with the internal rules if the directors and corporate auditors had retired at the balance sheet date.

**n) Research and development expenses**

Research and development expenses are charged to statements of income as incurred.

**o) Income taxes**

The Companies recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income of each of the Companies, with certain adjustments required for consolidation and tax purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

**p) Net income, diluted net income and cash dividends per share**

Net income per share is computed based on the weighted-average number of shares of common stock outstanding during the respective fiscal year.

Diluted net income per share is not presented as there were no shares with dilutive effects in 2021 and 2022.

Cash dividends per share represent the historical amount applicable to the respective year.

**q) Bonuses to directors and corporate auditors**

Bonuses for directors and corporate auditors are accounted for as expense with an allowance of the estimated amount attributable for the fiscal year.

**r) Recognition of revenues and related costs**

Recognition of net sales and cost of sales of completed construction contracts

Construction contracts whose outcome can be estimated reliably: Percentage-of-completion method

Other construction contracts: Completed-contract method

**s) Reclassification**

Certain prior year amounts have been reclassified to conform to the 2022 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

**t) Accounting of consumption tax**

Consumption tax generally withheld upon sale, as well as that paid for purchases of goods or services, are recorded as a liability or an asset, and are excluded from the relevant revenue, costs or expenses.

### 3. Inventories

Inventories as of March 31, 2021 and 2022 consisted of the following:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2021	2022	2022
Merchandise and finished goods	¥121	¥445	\$3,633
Raw material and supplies	229	283	2,312
Total	¥350	¥728	\$5,945

### 4. Allowance for expected losses on construction contracts in process

Amounts of costs on uncompleted construction contracts and merchandise and finished goods, for which a construction loss is anticipated, matching with allowance for expected losses on construction contracts were as follows:

	Million	Million	Thousands of U.S. dollars(Note1)
	2021	2022	2022
Allowance for expected losses on construction contracts in process	¥ -	¥0	\$3
Costs on uncompleted construction contracts	-	-	-
Merchandise and finished goods	-	-	-
Total	¥ -	¥0	\$3

Note: Costs on uncompleted construction contracts for which a construction loss is anticipated and allowance for expected losses on construction contracts in process are presented without being offset.

### 5. Amounts of Cash and Cash Equivalents

Amounts of cash and cash equivalents at March 31, 2021 and 2022 were reconciled with cash and time deposits as follows:

	Million	Million	Thousands of U.S. dollars(Note1)
	2021	2022	2022
Cash and time deposits	¥2,949	¥2,765	\$22,585
Time deposits with maturities exceeding three months from the date of deposit	(2,026)	(2,409)	(19,679)
Deposits to the holding company	6,020	5,070	41,420
Total: Cash and cash equivalents	¥6,943	¥5,426	\$44,326

### 6. Research and Development Expenses

Research and development expenses included in general and administrative expenses amounted to ¥ 59 million and ¥ 42 million (US\$347 thousand), for the years ended March 31, 2021 and 2022, respectively.

### 7. Contingent Liabilities

Contingent liabilities at March 31, 2021 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2021	2022	2022
Notes receivable securitized with recourse	-	-	-
Total	-	-	-

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## **8.Net Assets**

The Japanese Company Law provides that an amount equal to 10 % of cash dividends and other cash appropriations of retained earnings must be set aside as a legal earnings reserve included in retained earnings until the total amount of capital surplus and the legal earnings reserve equals 25% of common stock.

The excess of the total amount of capital surplus and the legal earnings reserve over 25% of common stock can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Company Law.



## 9. Segment information

The operations of the Companies for the years ended March 31, 2021 and 2022 were summarized as follows.

(a) Overview of reportable segments

The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company has business sectors categorized by products and services in head office, and each business sectors plans business strategies comprehensively and operates business activities domestically and internationally.

As a result, the Company reports two segments, such as "Engineering" and "Piping and Soundproof materials" based on business sectors categorized by products and services.

(b) Basis for Calculating amounts of net sales, profit or loss, assets, and other items by reported segment

Accounting procedure for reported segments is mostly the same as procedures indicated in 2. Summary of Significant Accounting Policies. Profit for reported segments is based on ordinary income. Sales for inter-segment are based on actual market prices.

(c) Information on amounts of net sales, profit or loss, assets, and other items by reported segment

Segment information as of and for the fiscal year ended March 31, 2021 was as follows:

	Millions of yen		
	Engineering	Piping and Soundproof materials	Total
Year ended March 31, 2021			
Sales			
Outside customers	¥18,801	¥5,807	¥24,609
intergroup	53	323	376
Total	18,854	6,131	24,985
Segment profit (loss)	¥1,117	¥680	¥1,796

	Thousands of U.S. dollars ( Note 1 )		
	Engineering	Piping and Soundproof Materials	Total
Year ended March 31, 2021			
Sales			
Outside customers	\$169,822	\$52,457	\$222,279
intergroup	481	2,919	3,400
Total	170,304	55,376	225,679
Segment profit (loss)	\$10,087	\$6,138	\$16,225

Segment information as of and for the fiscal year ended March 31, 2022 was as follows:

	Millions of yen		
	Engineering	Piping and Soundproof materials	Total
Year ended March 31, 2022			
Sales			
Outside customers	¥14,406	¥6,415	¥20,821
intergroup	216	118	334
Total	14,622	6,533	21,155
Segment profit (loss)	¥689	¥507	¥1,196

	Thousands of U.S. dollars ( Note 1 )		
	Engineering	Piping and Soundproof Materials	Total
Year ended March 31, 2022			
Sales			
Outside customers	\$117,684	\$52,407	\$170,090
intergroup	1,764	966	2,730
Total	119,447	53,373	172,820
Segment profit (loss)	\$5,626	\$4,143	\$9,769

(d) Adjustments of difference between the total of Segment information and the total of financial report

Millions of yen

Sales	March 31,2021	<b>March 31,2022</b>
Segment total	¥24,985	<b>¥21,155</b>
Intergroup	(376)	<b>(334)</b>
Sales on financial report	24,609	<b>20,821</b>

Millions of yen

Profits	March 31,2021	<b>March 31,2022</b>
Segment total	¥1,796	<b>¥1,196</b>
Corporation	(730)	<b>(817)</b>
Ordinary Profits on financial report	1,067	<b>379</b>

Thousands of U.S.dollars

Sales	March 31,2021	<b>March 31,2022</b>
Segment total	\$225,679	<b>\$172,820</b>
Intergroup	(3,400)	<b>(2,730)</b>
Sales on financial report	222,279	<b>170,090</b>

Thousands of U.S.dollars

Profits	March 31,2021	<b>March 31,2022</b>
Segment total	\$16,225	<b>\$9,769</b>
Corporation	(6,590)	<b>(6,673)</b>
Ordinary Profits on financial report	9,636	<b>3,095</b>

(e) Relative Information

March 31, 2022

1. Area information

Sales

Millions of yen

Japan	Others	Total
¥15,821	¥4,999	¥20,821

Thousands of U.S.dollars

Japan	Other s	Total
\$129,249	\$40,841	\$170,090

2. Main Customer Information

Millions of yen

Customer's name	Sales	Relevant Segment
Mitsui Mining and Smelting Co., Ltd.	¥2,887	Engineering
Hachinohe Smelting Co., Ltd.	1,963	Engineering
Kamioka Smelting Co., Ltd.	1,561	Engineering

Thousands of U.S.dollars

Customer's name	Sales	Relevant Segment
Mitsui Mining and Smelting Co., Ltd.	\$23,585	Engineering
Hachinohe Smelting Co., Ltd.	16,036	Engineering
Kamioka Smelting Co., Ltd.	12,753	Engineering

## 10. Income Taxes

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 30.5% for the years ended March 31, 2021 and 2022.

Its foreign subsidiaries were subject to the income taxes of the countries in which they operate.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2021 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2021	2022	2022
<b>Deferred tax assets:</b>			
Unpaid enterprise tax	¥14	¥ -	\$ -
Accrued business office taxes	3	3	29
Excess accrued bonuses to employees	116	115	943
Allowance for warranties for completed construction	44	23	189
Allowance for expected losses on construction contracts in process	-	0	1
Employees' retirement benefits	328	350	2,860
Directors' and corporate auditors' retirement benefits	9	9	77
Excess bad debt expenses	3	12	102
Loss on valuation of golf course membership	11	11	90
Loss on valuation of inventories	3	3	26
Accrued social insurance	19	19	154
Unrealized gains (losses) on hedging derivatives, net of tax	7	1	8
Others	15	13	106
<b>Subtotal</b>	<b>574</b>	<b>561</b>	<b>4,585</b>
Valuation allowance	(12)	(22)	(176)
<b>Total deferred tax assets</b>	<b>562</b>	<b>540</b>	<b>4,409</b>
<b>Deferred tax liabilities:</b>			
Enterprise tax receivable	-	¥1	\$6
Retained earnings of foreign subsidiaries	¥125	¥146	\$1,191
Accumulated adjustments for retirement benefit	30	24	200
Unrealized gains (losses) on hedging derivatives, net of tax	-	-	-
Others	0	1	4
<b>Total deferred tax liabilities</b>	<b>155</b>	<b>172</b>	<b>1,402</b>
<b>Net deferred tax assets</b>	<b>407</b>	<b>368</b>	<b>3,008</b>

The net deferred tax assets at March 31, 2021 and 2022 were contained in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2021	2022	2022
Deferred tax assets - non current	¥407	¥369	\$3,012
Deferred tax liabilities - non current	(0)	(1)	(4)

The following table summarizes the significant differences between the statutory effective tax rate and the tax rate calculated based on the Company's consolidated financial statements for the year ended March 31, 2021 and 2022.

	2021	2022
Statutory income tax rate	30.5%	30.5%
Permanent difference due to non-deductible expense	0.3	0.6
Inhabitant tax	1.3	3.6
Valuation allowance	(0.1)	2.4
Difference in tax rates of foreign consolidated subsidiaries	(1.1)	(4.0)
Retained earnings of foreign consolidated subsidiaries	0.9	5.4
Change in income tax rates	0.0	0.0
Others	(0.2)	0.1
<b>Tax rate calculated based on the Company's consolidated financial statements</b>	<b>31.6%</b>	<b>38.6%</b>

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## 11. Financial Instruments

### (a) Conditions of Financial Instruments

#### 1. Policy for financial instruments

The Companies raise funds primarily through bank loans.

Temporary fund surpluses are managed principally through short-term deposits.

The Companies utilize financial assets with high degrees of safety for surplus funds.

The Companies use derivatives to reduce risk as described below and do not enter into derivatives for trading in the short term or for speculation.

#### 2. Description of financial instruments, risk

Notes and accounts receivable from completed construction contracts- are exposed to the credit risks of customers.

Because the Companies are expanding their business globally, certain trade receivables denominated in foreign currencies are exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the positions that are considered as necessary.

Deposits to the holding company is deposits paid to the holding company in accordance with the policy of management for temporary fund surpluses.

Investment securities are equity securities, and most of which is equity securities for unconsolidated subsidiaries.

The majority of notes and accounts payable for construction contracts have payment due dates of less than one year. A portion of those are denominated in foreign currencies in association with the import of materials and equipments, raw materials and others are thus exposed to foreign currency exchange rate fluctuation risks. For this risk, currency forward contracts are used on a certain portion of the positions that are considered as necessary.

Derivative transactions entered into by the Companies are implemented and controlled based on the Company's internal policies. Moreover, in order to mitigate credit risk, the Companies only conduct business with highly rated financial institutions and trading companies.

Regarding derivative transactions, please refer to "Notes to Consolidated Financial Statements 13. Derivative Transactions".

#### 3. Description of risk management system

Supplementary explanation regarding fair value of financial instruments

The fair value of financial instruments is measured based on the market price, if available, or reasonably estimated value if a market price is not available. Because fair value is estimated based on certain assumptions, the fair value might differ if different assumptions are used.

In addition, the contract amount of the derivative transactions described below in Notes 13 (Derivative Transactions) does not represent the market risk of the derivative transactions.

### (b) Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2022 are as next page. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included. (Please refer to "2. Financial instruments whose fair value is extremely difficult to measure")

Millions of yen			
	Consolidated balance sheet amount	Fair value	Difference
<b>Year ended March 31, 2022</b>			
Assets:			
(a)Cash and time deposits:	¥2,765	¥2,765	¥ -
(b)Notes and accounts receivable from completed construction contracts:	6,513	6,513	-
(c) Deposits to the holding company:	5,070	5,070	-
<b>Total:</b>	<b>14,348</b>	<b>14,348</b>	<b>-</b>
Liabilities:			
(a)Notes and accounts payable for construction contracts:	(2,330)	(2,330)	-
(b)Advances received on uncompleted construction contracts:	(461)	(461)	-
<b>Total:</b>	<b>(2,792)</b>	<b>(2,792)</b>	<b>-</b>
<b>Derivative transactions</b>	<b>(3)</b>	<b>(3)</b>	<b>-</b>

Notes: Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

Thousands of U.S.dollars (Note 1)			
	Consolidated balance sheet amount	Fair value	Difference
<b>Year ended March 31, 2022</b>			
Assets:			
(a)Cash and time deposits:	<b>\$22,585</b>	<b>22,585</b>	<b>\$ -</b>
(b)Notes and accounts receivable from completed construction contracts:	<b>53,208</b>	<b>53,208</b>	<b>-</b>
(c) Deposits to the holding company:	<b>41,420</b>	<b>41,420</b>	<b>-</b>
<b>Total:</b>	<b>117,213</b>	<b>117,213</b>	<b>-</b>
Liabilities:			
(a)Notes and accounts payable for construction contracts:	<b>(19,038)</b>	<b>(19,038)</b>	<b>-</b>
(b)Advances received on uncompleted construction contracts:	<b>(3,769)</b>	<b>(3,769)</b>	<b>-</b>
<b>Total:</b>	<b>(22,807)</b>	<b>(22,807)</b>	<b>-</b>
<b>Derivative transactions</b>	<b>(26)</b>	<b>(26)</b>	<b>-</b>

Notes: Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

Notes:

1. Method of estimating fair value of financial instruments

Assets:

(a)Cash and time deposits and (c)Deposits to the holding company:

The consolidated balance sheet amounts approximate fair value because of the short maturity of these instruments.

(b)Notes and accounts receivable from completed construction contracts:

The fair values of these financial instruments are equivalent to the book value, because of the short term settlements; although, the fair value of notes and accounts receivable from completed construction contracts due over one year are based on the present value of discounted cash flows using the interest rate determined by the factors such as bonds issued by the government of Japan.

Liabilities:

(a)Notes and accounts payable for construction contracts (b)Advances received on uncompleted construction contracts: The consolidated balance sheet amounts approximate fair value because of the short maturity of these instruments.

Derivative transactions:

Contract amount, fair value, unrealized gain or loss, and others are described in "Notes to Consolidated Financial Statements 13. Derivative Transactions" .

2. Financial instruments whose fair value is extremely difficult to measure

Classification	Consolidated balance sheet amount	
	Millions of yen	Thousands of U.S.dollars(Note 1)
Unlisted equity securities	<b>¥70</b>	<b>\$573</b>

Investment securities is only unlisted equity securities, and there is no market value and extremely difficult to measure the fair value.

3. The redemption schedule for money claim with maturity date subsequent to the consolidated balance sheets date

	Millions of yen	
	April 1 , 2022 to March 31 , 2023	April 1 , 2023 to March 31 , 2027
<b>Year ended March 31, 2022</b>		
(a)Cash and time deposits:	<b>¥2,765</b>	<b>¥ -</b>
(b)Notes and accounts receivable from completed construction contracts:	<b>6,513</b>	<b>-</b>
(c) Deposits to the holding company:	<b>5,070</b>	<b>-</b>
<b>Total:</b>	<b>14,348</b>	<b>-</b>

	Thousands of U.S.dollars (Note 1)	
	April 1 , 2022 to March 31 , 2023	April 1 , 2023 to March 31 , 2027
<b>Year ended March 31, 2022</b>		
(a)Cash and time deposits:	<b>\$22,585</b>	<b>\$ -</b>
(b)Notes and accounts receivable from completed construction contracts:	<b>53,208</b>	<b>-</b>
(c) Deposits to the holding company:	<b>41,420</b>	<b>-</b>
<b>Total:</b>	<b>117,213</b>	<b>-</b>



## 12. Derivative Transactions

The Company used currency forward contracts to hedge transactions, such as sales denominated in foreign currencies and forecasted purchases of inventories (mainly construction materials and raw materials) against foreign currency exchange risk.

The Companies utilized commodities forward transaction to reduce the Company's exposure to fluctuations in raw material prices which is subject to international market fluctuation.

All of these contracts were based on actual demand and not for trading in the short term or for speculation.

(a) Derivative transactions for which hedge accounting had not been applied as of March 31, 2022 were as follows:

Commodity-related derivatives

Not applicable.

(b) Derivative transactions for which hedge accounting had been applied as of March 31, 2022 were as follows:

Currency-related derivatives

Type	Hedged items		Millions of	Thousands of
			yen	U.S. dollars(Note 1)
			2022	2022
<b>Forward contracts</b>				
<b>Selling:</b>				
U.S.dollars:	Notes and accounts receivable from completed construction contracts	Contract amounts	¥235	\$1,918
		Due over one year	( - )	( - )
		Market value	260	2,127
		Unrealized gain(loss)	(26)	(209)
Euros:	Notes and accounts receivable from completed construction contracts	Contract amounts	983	8,027
		Due over one year	( - )	( - )
		Market value	1,011	8,260
		Unrealized gain(loss)	(28)	(232)
<b>Buying:</b>				
U.S.dollars:	Notes and accounts payable for construction contracts	Contract amounts	¥55	\$445
		Due over one year	( - )	( - )
		Market value	58	476
		Unrealized gain(loss)	4	31
Euros:	Notes and accounts payable for construction contracts	Contract amounts	¥7	\$58
		Due over one year	( - )	( - )
		Market value	8	62
		Unrealized gain(loss)	0	3
Australia dollars:	Notes and accounts payable for construction contracts	Contract amounts	¥486	\$3,970
		Due over one year	( - )	( - )
		Market value	533	4,352
		Unrealized gain(loss)	47	381
Total		Contract amounts	¥783	\$6,392
		Due over one year	( - )	( - )
		Market value	859	7,017
		Unrealized gain(loss)	25	207

Notes:

(a) The deferred hedge method is applied as hedge accounting methods.

(b) Market values of currency forward contracts are based on prices provided by financial institutions.

### 13.Related Party Transactions

1. Year ended March 31, 2021

(1) Transactions of the Company with its holding company and significant shareholders, for the year ended March 31, 2021 were as follows:

Millions of Yen				
2021				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-21			
(c) Capital (Millions of yen)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage held by the holding company				
(a) Mitsui Mining And Smelting Co.,Ltd.	Sales	¥3,954	Notes and accounts receivable from completed construction contracts	¥560
			Advances received on uncompleted construction contracts	-
(b) Holding Company	Purchases	566	Notes and accounts payable from completed construction contracts	114
			Other current liabilities	18
(c) 42,129	Deposit of funds	1,196	Deposits to the holding company	6,020
(d) Direct 63.4%	Interest income	18	-	-
	Interest expense	0	-	-

Thousands of U.S.dollars				
2021				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-21			
(c) Capital (Millions of yen)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage held by the holding company				
(a) Mitsui Mining And Smelting Co.,Ltd.	Sales	\$35,713	Notes and accounts receivable from completed construction contracts	\$5,058
			Advances received on uncompleted construction contracts	-
(b) Holding Company	Purchases	5,112	Notes and accounts payable from completed construction contracts	1,026
			Other current liabilities	161
(c) 42,129	Deposit of funds	10,805	Deposits to the holding company	54,375
(d) Direct 63.4%	Interest income	165	-	-
	Interest expense	1	-	-

Notes :

- The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
- Business conditions and policy of business conditions
  - The amount of orders was determined properly on an arm's – length basis as in the case of other general transactions
  - The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
  - The interest rate of deposits paid to its holding company was determined properly considering normal market interest rates as in the case of other general transactions
- The transaction amount of withdrawal of funds is stated in net increase basis.

(2) Transactions of the Company with its unconsolidated subsidiary for the year ended March 31, 2021 were as follows:

Millions of Yen				
2021				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-21			
(c) Capital (Thousands of Baht)				
(d) Equity ownership percentage of the Company	Description of transaction	Amount	Account	Amount
(a) Siam Mesco Co.,Ltd.				
(b) Unconsolidated subsidiary	Sales	¥1	Notes and accounts receivable from completed construction contracts	-
(c) 3,000 thousands of Baht				
(d) 49.0%				

Thousands of U.S.dollars				
2021				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-21			
(c) Capital (Thousands of Baht)				
(d) Equity ownership percentage of the Company	Description of transaction	Amount	Account	Amount
(a) Siam Mesco Co.,Ltd.				
(b) Unconsolidated subsidiary	Sales	\$7	Notes and accounts receivable from completed construction contracts	-
(c) 3,000 thousands of Baht				
(d) 49.0%				

Notes :

- The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
- Business conditions and policy of business conditions
  - The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
  - The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
- SIAM MESCO Co.,Ltd is regarded as subsidiary because a majority of directors are made up of by the Company's directors or employees.

(3) Transactions of the Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2021 were as follows:

Millions of Yen				
2021				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-21			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Hachinohe Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	¥92
	Sales	¥4,740		
(b) Company with the same parent company			Advances received on uncompleted construction contracts	-
(c) 4,795 millions of yen	Rent income of facilities	2	Other current receivables	5
(d) -	Purchases	71	Notes and accounts payable from completed construction contracts	5
			Other current liabilities	2

Thousands of U.S.dollars				
2021				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-21			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Hachinohe Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	\$828
	Sales	\$42,815		
(b) Company with the same parent company			Advances received on uncompleted construction contracts	-
(c) 4,795 millions of yen	Rent income of facilities	18	Other current receivables	42
(d) -	Purchases	643	Notes and accounts payable from completed construction contracts	50
			Other current liabilities	21

Millions of Yen

2021				
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended 31-Mar-21		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Kamioka Mining and Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	¥285
(b) Company with the same parent company	Sales	¥1,262	Other current receivables	4
(c) 4,600 millions of yen			Advances received on uncompleted construction contracts	-
(d) -	Purchases	18	Other current liabilities	1

Thousands of U.S.dollars

2021				
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended 31-Mar-21		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Kamioka Mining and Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	\$2,573
(b) Company with the same parent company	Sales	\$11,402	Other current receivables	36
(c) 4,600 millions of yen			Advances received on uncompleted construction contracts	-
(d) -	Purchases	159	Other current receivables	5

(4) Transactions of the consolidated subsidiaries of Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2021 were as follows:

Millions of Yen				
2021				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-21			
(c) Capital				
(d) Equity ownership percentage of the Company	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD.				
(b) Company with the same parent company	Sales	¥307	Notes and accounts receivable from completed construction contracts	¥186
(c) 330 millions of Malaysia Ringgits				
(d)	-			

Thousands of U.S.dollars				
2021				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-21			
(c) Capital				
(d) Equity ownership percentage of the Company	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD.				
(b) Company with the same parent company	Sales	\$2,773	Notes and accounts receivable from completed construction contracts	\$1,683
(c) 330 millions of Malaysia Ringgits				
(d)	-			

Notes :

- The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
- Business conditions and policy of business conditions
  - The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
  - The purchase amount of raw materials was determined properly considering normal market prices as in the case of other general transactions
  - Rent expense of machineries was determined properly considering normal market prices as in the case of other general transactions
- Notes about parent company and significant affiliated company
 

Information on its parent company  
Mitsui Mining & Smelting Co.,Ltd. (listed in Tokyo Stock Exchange)

2. Year ended March 31, 2022

(1) Transactions of the Company with its holding company and significant shareholders, for the year ended March 31, 2022 were as follows:

Millions of Yen				
2022				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-22			
(c) Capital (Millions of yen)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage held by the holding company				
(a) Mitsui Mining And Smelting Co.,Ltd.	Sales	¥2,887	Notes and accounts receivable from completed construction contracts	¥555
			Advances received on uncompleted construction contracts	-
(b) Holding Company	Purchases	672	Notes and accounts payable from completed construction contracts	137
			Other current liabilities	19
(c) 42,129	Deposit of funds	968	Deposits to the holding company	5,070
(d) Direct 100%	Interest income	19	-	-
	Interest expense	0	-	-

Thousands of U.S.dollars				
2022				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-22			
(c) Capital (Millions of yen)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage held by the holding company				
(a) Mitsui Mining And Smelting Co.,Ltd.	Sales	\$23,585	Notes and accounts receivable from completed construction contracts	\$4,538
			Advances received on uncompleted construction contracts	-
(b) Holding Company	Purchases	5,493	Notes and accounts payable from completed construction contracts	1,121
			Other current liabilities	151
(c) 42,129	Deposit of funds	7,910	Deposits to the holding company	41,420
(d) Direct 100%	Interest income	153	-	-
	Interest expense	0	-	-

Notes :

- The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
- Business conditions and policy of business conditions
  - The amount of orders was determined properly on an arm's – length basis as in the case of other general transactions
  - The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
  - The interest rate of deposits paid to its holding company was determined properly considering normal market interest rates as in the case of other general transactions
- The transaction amount of withdrawal of funds is stated in net increase basis.

(2) Transactions of the Company with its unconsolidated subsidiary for the year ended March 31, 2022 were as follows:

Millions of Yen				
2022				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-22			
(c) Capital (Thousands of Baht)				
(d) Equity ownership percentage of the Company	Description of transaction	Amount	Account	Amount
(a) Siam Mesco Co.,Ltd.	Sales	¥9	Notes and accounts receivable from completed construction contracts	-
(b) Unconsolidated subsidiary				
(c) 3,000 thousands of Baht	Purchases	3	Notes and accounts payable from completed construction contracts	-
(d) 49.0%				

Thousands of U.S.dollars				
2022				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-22			
(c) Capital (Thousands of Baht)				
(d) Equity ownership percentage of the Company	Description of transaction	Amount	Account	Amount
(a) Siam Mesco Co.,Ltd.	Sales	\$72	Notes and accounts receivable from completed construction contracts	-
(b) Unconsolidated subsidiary				
(c) 3,000 thousands of Baht	Purchases	25	Notes and accounts payable from completed construction contracts	-
(d) 49.0%				

Notes :

1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
  - (i) The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
  - (ii) The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
3. SIAM MESCO Co.,Ltd is regarded as subsidiary because a majority of directors are made up of by the Company's directors or employees.



(3) Transactions of the Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2022 were as follows:

Millions of Yen				
2022				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-22			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Hachinohe Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	¥188
(b) Company with the same parent company	Sales	¥1,963	Advances received on uncompleted construction contracts	-
(c) 4,795 millions of yen	Rent income of facilities	2	Other current receivables	1
(d) -	Purchases	59	Notes and accounts payable from completed construction contracts	1
			Other current liabilities	2

Thousands of U.S.dollars				
2022				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-22			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Hachinohe Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	\$1,539
(b) Company with the same parent company	Sales	\$16,036	Advances received on uncompleted construction contracts	-
(c) 4,795 millions of yen	Rent income of facilities	16	Other current receivables	12
(d) -	Purchases	480	Notes and accounts payable from completed construction contracts	10
			Other current liabilities	19

Millions of Yen

2022

(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended 31-Mar-22		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Kamioka Mining and Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	¥319
(b) Company with the same parent company	Sales	¥1,561	Other current receivables	0
(c) 4,600 millions of yen			Advances received on uncompleted construction contracts	-
(d) -	Purchases	16	Other current liabilities	1

Thousands of U.S.dollars

2022

(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended 31-Mar-22		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Kamioka Mining and Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	\$2,604
(b) Company with the same parent company	Sales	\$12,753	Other current receivables	3
(c) 4,600 millions of yen			Advances received on uncompleted construction contracts	-
(d) -	Purchases	131	Other current receivables	4

Millions of Yen

2022

(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended 31-Mar-22		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Hikoshima Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	¥255
(b) Company with the same parent company	Sales	¥462		
(c) 460 millions of yen				
(d) -				

Thousands of U.S.dollars

2022

(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended 31-Mar-22		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Hikoshima Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	\$2,086
(b) Company with the same parent company	Sales	\$3,777		
(c) 460 millions of yen				
(d) -				

Notes :

1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
  - (i)The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
  - (ii)The purchase amount of raw materials was determined properly considering normal market prices as in the case of other general transactions
  - (iii)Rent expense of machineries was determined properly considering normal market prices as in the case of other general transactions
3. Notes about parent company and significant affiliated company  
Information on its parent company  
Mitsui Mining & Smelting Co.,Ltd. (listed in Tokyo Stock Exchange)

## 14. Earnings per Share of Common Stock

Earnings per share of common stock at March 31, 2021 and 2022 were as follows:

	Net income (Millions of yen)	Weighted- average shares (Thousands)	Net income per share (Yen)	Net income per share (U.S.dollars (Note 1))
<b>Year ended March 31, 2021</b>				
Net income available to common shareholders	<b>¥730</b>	<b>12,772</b>	<b>¥57.14</b>	<b>\$0.52</b>

	Net income (Millions of yen)	Weighted- average shares (Thousands)	Net income per share (Yen)	Net income per share (U.S.dollars (Note 1))
<b>Year ended March 31, 2022</b>				
Net income available to common shareholders	<b>¥234</b>	<b>12,772</b>	<b>¥18.36</b>	<b>\$0.15</b>

## 15. Consolidated Statement of Comprehensive Income

### Year ended March 31, 2021 and 2022

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
Unrealized gains (losses) on hedging derivatives:			
Increase(decrease) during the year	(¥24)	(¥3)	(\$26)
Reclassification adjustments	42	24	196
Sub-total, before tax	18	21	171
Tax (expense) or benefit	(5)	(6)	(52)
Sub-total, net of tax	12	15	119
Foreign currency translation adjustments:			
Increase(decrease) during the year	(63)	254	2,078
Sub-total, net of tax	(63)	254	2,078
Share of other comprehensive income of associates accounted for using equity			
Increase(decrease) during the year	(3)	(0)	(2)
Sub-total, net of tax	(3)	(0)	(2)
Retirement Benefits adjustments			
Increase(decrease) during the year	39	(39)	(322)
Reclassification adjustments	(19)	(10)	(86)
Sub-total, before tax	20	(50)	(408)
Tax (expense) or benefit	(6)	15	124
Sub-total, net of tax	14	(35)	(283)
Total other comprehensive income	(40)	234	1,911

## Directors and Auditors

(As of June 24, 2022)

President and Representative Director

**Yoshihiko Koura**

Managing Director

**Yoichi Tanaka**

Directors

**Shoji Kawano**

**Kazuhiro Ide**

Auditors

**Shigeo Hirayama**

**Kenji Miyamoto**

## Corporate Data

(As of March 31, 2022)

**Established:** February 17, 1964

**Authorized Capital:** 32,000,000 shares

**Shares issued:** 12,780,000 shares

**Paid-in capital:** ¥ 1,085,350,000

**Number of shareholders:** 2

### **The Holding Company:**

	Percentage of outstanding shares (%)
Mitsui Mining & Smelting Co.,Ltd.	100

### **Consolidated subsidiaries:**

	Paid-in Capital (Millions)	Share (%)
MESCO(U.S.A.),INC.	¥13	100
MESCOENG(MALAYSIA) SDN.BHD.	¥22	100
TAIWAN MESCO Co.,Ltd.	¥18	100

### **Non-consolidated subsidiaries:**

	Paid-in Capital (Millions)	Share (%)
SIAM MESCO Co.,Ltd.	¥6	49

## Directory

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#### Philippine Branch

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the Republic of the Philippines

#### Indonesia Representative Office

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Kutamekar Ciampel Karawang Jawa Barat 41361

### Subsidiaries

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#### TAIWAN MESCO Co.,Ltd.

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#### MESCO(U.S.A), INC.

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