

ANNUAL REPORT

For the year ended March 31, 2021

2021



Financial Highlights

Consolidated

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen					Thousands of US dollars
	2021	2020	2019	2018	2017	2021
For the year						
Net Sales	¥ 119,159	¥ 117,502	¥ 123,372	¥ 118,709	¥ 107,325	\$ 1,076,322
Profit Attributable to Owners of Parent	3,746	4,518	5,360	4,877	7,289	33,842
At year-end						
Total Assets	188,735	173,954	171,717	172,431	167,260	1,704,774
Yen						US dollars
Per share data						
Earnings per Share	¥ 450.37	¥ 543.16	¥ 644.24	¥ 586.12	¥ 875.83	\$ 4.07

Non-Consolidated

Nittetsu Mining Co., Ltd.
Years ended March 31

	Millions of yen					Thousands of US dollars
	2021	2020	2019	2018	2017	2021
For the year						
Net Sales	¥ 94,434	¥ 93,550	¥ 100,515	¥ 94,725	¥ 86,149	\$ 852,988
Profit	2,044	3,158	5,476	4,125	6,695	18,467
At year-end						
Total Assets	160,171	147,502	146,933	148,606	143,922	1,446,763
Yen						US dollars
Per share data						
Earnings per Share	¥ 245.76	¥ 379.57	¥ 658.20	¥ 495.76	¥ 804.54	\$ 2.22

Notes: 1 US dollar amounts are translated from yen, for convenience only, at the rate of ¥110.71=US\$1.

2 Figures for FY2018 (the fiscal year ended March 31, 2018) reflect amendments to the settlements of past fiscal years.

3 Of the expenses related to seconded employees, which were previously displayed as non-operating expenses, those for consolidated subsidiary have been changed to include them in selling, general and administrative expenses from FY2019 (the fiscal year ended March 31, 2019). Operating income FY2018 (the fiscal year ended March 31, 2018) is the value after retroactive adjustment that reflects the changes in presentation method.

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Management Policy

“Be an inclusive company where every employee has a feeling of pride and accomplishment at work”

Under this policy, we aim to be a company that can achieve the following objectives.

- Keep evolving in response to the needs of the times
- Live up to the trust of society and prosper together
- Fulfill the trust and expectations of shareholders
- Make employees' lives more enriching
- Empower employees for self-realization

History

December 1899	Began as the Raw Materials Department of the state-owned Yahata Steel Works when the disused Futase Mine in Iizuka-shi, Fukuoka Prefecture started producing again
January 1934	The former Japan Iron & Steel Co., Ltd. (presently, NIPPON STEEL CORPORATION) was established through contributions in kind by the state-owned Yahata Steel Works, along with four other private iron manufacturing companies, and takes over operations to Futase Mine
May 1939	The mining division was separated from the former Japan Iron & Steel Co., Ltd. in order to develop and securing raw materials, such as coal, iron ore, and limestone for steelmaking with 50 million yen in capital to establish the company The major domestic and overseas mines of Futase (Fukuoka Prefecture), Kamaishi (Iwate Prefecture), Kucchan (Hokkaido Prefecture), and Akatani (Niigata Prefecture) were taken over and coal was mined from there
March 1954	Listed on the Tokyo Stock Exchange, First Section
May 1959	The Mitaka Research Laboratory was established (name changed to Research and Development Center in April 1989, transferred to Hinode-machi, Tokyo-to in October 1994, and the name was changed to the R&D Department in April 2003)
November 1968	The Hibi Kyodo Smelting Co., Ltd. was established through joint financing with Mitsui Mining & Smelting Co., Ltd. and Furukawa Mining Co., Ltd. (presently, FURUKAWA CO., LTD.)
April 1971	The Torigatayama Quarry Complex was established (the largest limestone mine in the country, owned by the Company)
October 1973	The Machinery Sales Department was established
April 1985	The Chemical Products Sales Division was established (April 1993 Changed the name to Environmental Sales Department and established the Environmental Division. Part of the business was integrated into the Mineral Resources Division)
April 1989	The Real Estate Sales Division was established
January 2003	Starting trial operations at Atacama Copper Mine (Republic of Chile) (full-scale operations started in June that year)
September 2013	The Renewable Energy Department was established
December 2013	Obtained Green Cycle Certification Council (SGEC) forest management certification for Shiraoi company-owned forests
October 2017	Acquired additional shares in Compañía Minera Arqueros S.A. to develop a copper mine in Republic of Chile.

Medium-Term Management Plan

Second Medium-Term Management Plan (FY2021 to FY2023)

Long-Term Vision

“Achieve sustainable growth by contributing to society through the development and stable supply of mineral resources and by harnessing the collective strengths of the Group as an integrated mineral resources company.”

Second Medium-Term Management Plan Basic Policy

Basic Policy

We will steadily implement large-scale investments, aiming to acquire resources for sustainable growth.
We will allocate management resources in response to demand trends in Japan and overseas.

The current medium-term management plan period is a time for full-fledged implementation of large-scale investments with an eye to future growth. The third shaft at the Torigatayama Quarry Complex (limestone) is under construction with the aim of beginning full-scale operation in fiscal 2023. We will proceed with development at the new mining area at the Hachinohe Mine, already under development, and at the Arqueros copper mine, which is in the development preparation stage, aiming for full-scale operation in the next medium-term management plan period.

We recognize that it is important to respond flexibly to demand trends in Japan and overseas, especially in relation to structural reform at steel manufacturers, which are major purchasers of limestone, while securing profits that can handle such active investments and maintaining financial soundness.

For this reason, we will work to identify growth areas and develop demand in all our businesses, and strive to balance our SDGs initiatives with our business activities.

Balancing Business Activities and SDGs Initiatives

“We will balance our business activities that aim for the sustainable growth of the Group and our SDGs initiatives.”

	Business activity	Relevance	Related SDGs
Mineral Resources	Development and operation of limestone mines, copper mines, etc.	Contribute to the development of industrial infrastructure, regional development, and employment	8 9
		Operation of an environmental management system in accordance with ISO 14001 (certification obtained for all limestone mines under direct control)	1 13
		In-house generation of electricity by long distance conveyor belt (Torigatayama) Future initiatives • Micro power generation using water from mine shafts and solar power generation for offices and company-owned land • Collaborate with local governments to use public water for low power generation • Cooperate with manufacturers to consider hybridization and electrification of heavy mining equipment	7 13
		Reuse steel slag and copper slag, and increase procurement of recycled raw materials to Tamano Refinery	12 13
		Greening and appropriate maintenance of former mine sites (used effectively in some real estate projects) and sedimentation sites Forest certification system: Operate in accordance with SGEC (certification acquired in company-owned forest in Hokkaido)	12 13 15
Machinery & Environmental Engineering	Production and sale of wastewater treatment agents, dust collectors and deodorizers	Water purification for sewage treatment and industry effluent	3 6 14
		Use of recycled materials and coagulation to save energy in factories	3 6 14
		Improve air quality through dust collection and deodorization	3 11
Renewable Energy	Supply steam to geothermal power station Solar and hydroelectric power generation	Pursue sustainability of renewable energy Future initiatives • Construction of our own geothermal power plant • Study and promote introduction of renewable energy for in-house power generation and consumption throughout the Group	7 12 13
R&D Department	Develop new products and materials that will contribute to existing and new businesses	Future initiatives • Research hydrogen recovery from hydrogen sulfide • Research recycling of lithium-ion battery materials	7 12 13

Carbon-neutral society

Specific initiatives to achieve carbon neutrality

Financial Indicators and Medium- to Long-Term Management Goals

- We will improve our ROA (return on assets) in order to improve operating profit through the efficient operation of total capital.
- We will maintain a stable capital equity ratio.

ROA (operating profit) Operating margin × Total capital turnover Increase profitability by improving quality and controlling costs Improve capital efficiency by reducing debt and cross-shareholdings		Stable capital equity ratio • Long-term life cycle of the mining industry • Preparation of investment for sustainable growth	
		Temporary decline due to full-fledged investment period	Return on investment and next investment preparation period
	FY2019 Results	FY2020 Results	FY2023 Plan
Operating margin	6.4%	7.3%	6% or more
Total capital turnover	0.68	0.63	0.7 or more
ROA (operating profit)	4.4%	4.6%	4% or more
Capital adequacy ratio	57.5%	58.9%	57.5% or more
			Medium- to long-term goals
			8% or more
			0.9 or more
			7% or more
			60% or more

Numerical Target

(Assumptions) Exchange rate: ¥105 = US\$1, copper price: 350 cents/pound (\$7,716/ton)

	FY2019 results	FY2020 results	FY2021 plan	FY2022 plan	(Billions of yen) FY2023 plan
Net sales	117.5	119.1	128.4	125.6	123.8
Operating profit	7.5	8.7	9.4	9.0	7.3

Financial Plan and Capital Investment Plan

	FY2019 results	FY2020 results	FY2021 plan	FY2022 plan	(Billions of yen) FY2023 plan
EBITDA	12.9	14.0	15.2	14.8	15.4
Capital investment	8.8	7.5	12.1	13.2	17.3
Depreciation	5.3	5.3	5.8	5.8	8.1

*EBITDA: Operating profit + depreciation

Policy on Shareholder Returns

Our core business, the mining industry, is an extremely long-term business, starting with research and development before moving on to subsequent operations spanning several decades or more. During that time, profits will vary due to fluctuations in the price of resources and other factors. However, given the business characteristic of a long life-cycle, and in order to prepare for future investments aimed at sustainable growth, we will provide a stable dividend over the long term while maintaining an optimal balance between improvements to shareholders' equity and returning profits to shareholders.

FY2021 to FY2023

Seek to return a consolidated payout ratio of 30%

FY2018	FY2019	FY2020
17.1%	16.6%	22.2%
110 yen/share	90yen/share	100 yen/share

*Reference: Past consolidated payout ratios

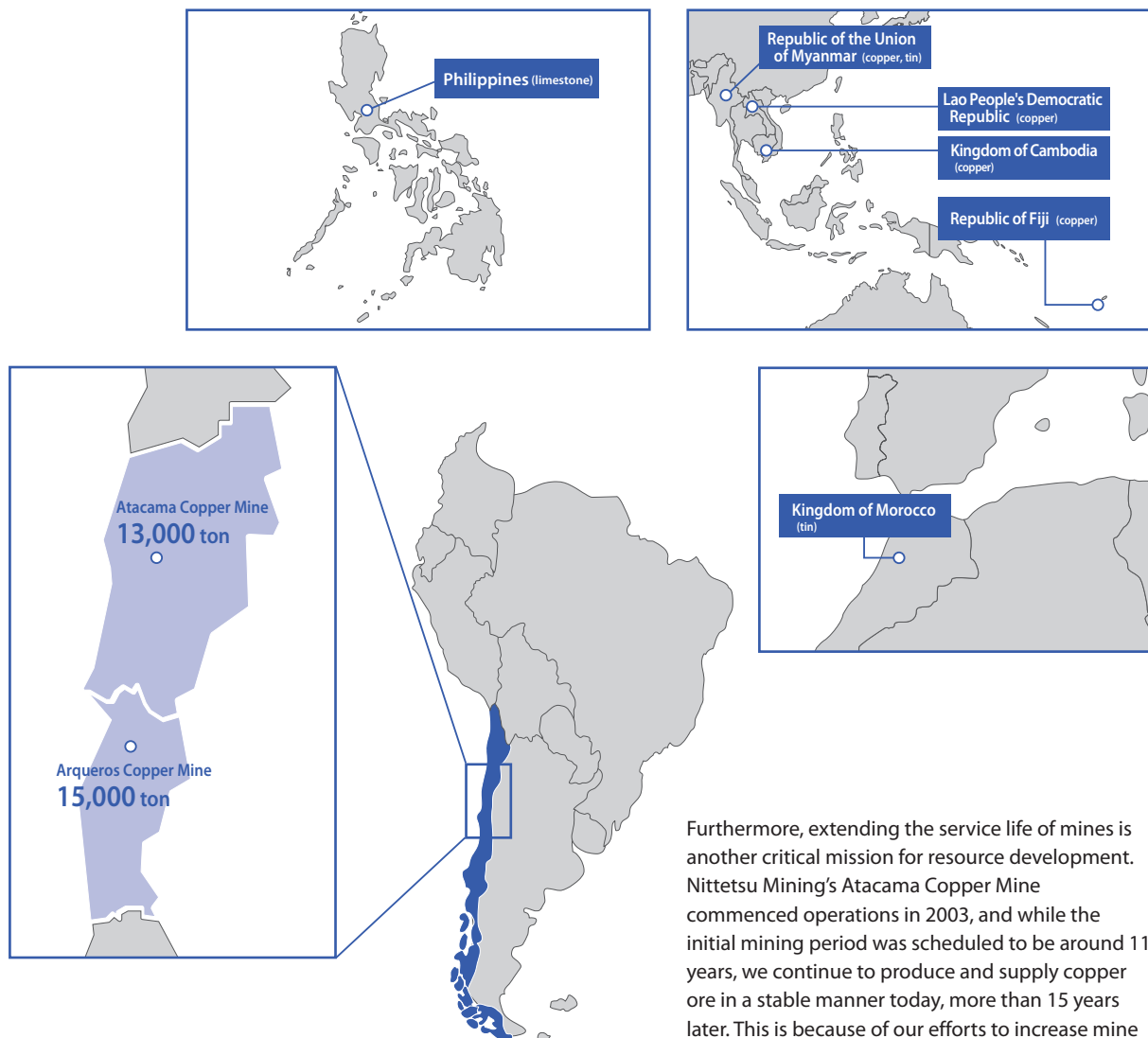
Note: Details concerning the plans or forecasts appearing on this page were prepared based on certain conditions determined to be reasonable by the Company at the time. The Company does not guarantee the accuracy or completeness of this information. Actual business performance could vary substantially from the plans outlined here due to various risk factors and other elements of uncertainty.

The Potential of Resource Development

As the phrase “strike it rich” goes, many people believe that mining and mine operations involve looking for and exploiting new ore deposits. Fundamentally, mineral resources are a non-renewable resource, so mines are predestined to close after all the mineral resources are extracted. Therefore, new development of resources holds an extremely important meaning for mining companies.

Nittetsu Mining continuously engages in resource development targeting non-metallic resources such as limestone and silica rock in Japan and abroad and non-ferrous metal resources such as copper, gold, silver and tin in the Pacific Rim, including Southeast Asia and South America.

Initiatives for resource development



Furthermore, extending the service life of mines is another critical mission for resource development. Nittetsu Mining's Atacama Copper Mine commenced operations in 2003, and while the initial mining period was scheduled to be around 11 years, we continue to produce and supply copper ore in a stable manner today, more than 15 years later. This is because of our efforts to increase mine output by conducting mineral exploration in the area around the mine after we started operating.

Resource development, which takes place around the world, is not an overnight venture and it carries with it a number of risks and uncertainties. Mineral exploration is known by the phrase “*senmitsu* (literally: three in 1,000),” referring to the tendency for only three out of 1,000 mineral exploration sites to make it to commercialization. In addition to risks closely linked to mine development, such as geopolitical risks and country or region risks where development takes place, other risks have emerged in recent years, such as rising development costs due to the deeper nature of ore deposits and changing resource nationalism.

Since its establishment, Nittetsu Mining has established a track record as a mining company that has consistently tackled subterranean resource development. With this confidence, we engage in resource development, from greenfield development to securing concessions, and stand-alone mineral exploration, mine development and operations.

Business Information

Mineral Resources

Net sales **103,226** million yen

“Development of subterranean resources both within and outside of Japan along with stable production and supply at non-metallic and non-ferrous metals mines”

The Mineral Resources Group comprises the Non-Metallic Minerals Division and Metallic Minerals Division, forming an important pillar of Nittetsu Mining's business operations.

Non-metallic Minerals Division

Our company has limestone mines across Japan, such as the Torigatayama Quarry Complex in Kochi Prefecture, the largest mine in the country with the highest annual production, placing us among the top class domestically.

Major Products and Services

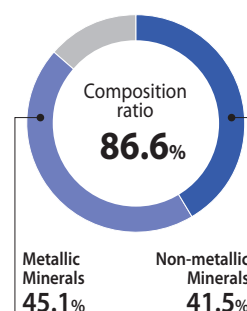
Limestone, crushed stone, dolomite, silica rock, and specialty papers, etc.

Metallic Minerals Division

The Metallic Minerals Division develops and operates the Atacama Copper Mine of the Republic of Chile in South America and smelts electrolytic copper on consignment from Hibi Kyodo Smelting Co., Ltd.

Major Products and Services

Electrolytic copper, gold, and silver, etc.



Machinery & Environmental Engineering

Net sales **11,347** million yen

“Sale of various eco-friendly products”

The Machinery & Environmental Engineering Segment of our company includes the Environment Division, which mainly supplies environmental products such as wastewater treatment chemicals, etc., and the Machinery Division, which mainly deals in environmental products such as dust collectors, plasma deodorizing smoke separators, etc.

Environment Division

The Environment Division supplies wastewater treatment chemicals, with a special emphasis on Polytetsu®.

Major Products and Services

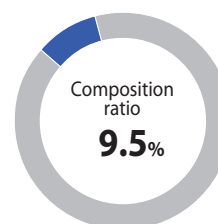
Polytetsu®, Tetsuflock®, Dashace®, etc.

Machinery Division

The Machinery Division focuses on producing eco-friendly environmental machines and a range of industrial machines that meet the extensive needs of customers.

Major Products and Services

Sinter Lamellar filter®, Plasmadash®, Geo-sinter®, Elbow-Jet separator air-classifier, etc.



Real Estate

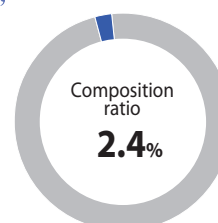
Net sales **2,803** million yen

“Leasing business including office buildings and condominiums, and sale of real estate”

The Real Estate Division of our company has carried out business activities to effectively use company-owned real estate. Mindful to the needs of the market, this division also manages company-owned office and apartment buildings in urban areas and is leasing restaurants, stores, factories, warehouses, parking lots, and other properties, some at disused mines and idle land, across the country.

Major Products and Services

Leasing and sales of office buildings, condominiums, stores, factories and warehouses, and real estate, etc.



Renewable Energy

Net sales **1,782** million yen

“Natural energy development while being mindful of the environment”

In our Renewable Energy Segment, we are working to develop geothermal, hydroelectric, solar and other environmentally friendly natural energy sources.

Geothermal Division

The Geothermal Division is engaged in geothermal surveys and development, while being mindful of the environment.

Major Products and Services

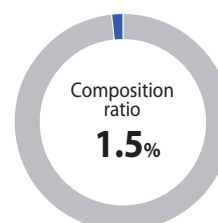
Survey and development of geothermal energy, and supply and sale of geothermal steam

Solar Power Division

The Solar Power Division is constructing solar power plants on eight unused company-owned sites as part of our development of natural energy, and selling the power to power companies.

Major Products and Services

Power generation using solar power generation and the supply and sale of electricity



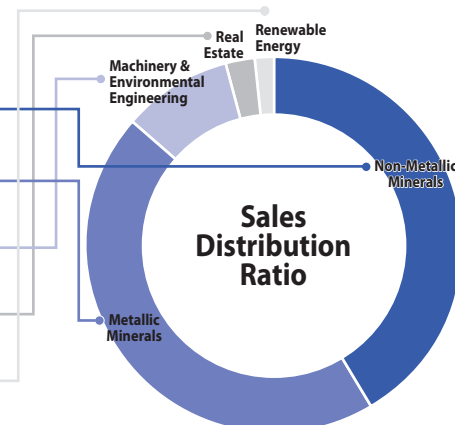
Segment Information

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries

Net Sales by Business Segment

(Year ended March 31, 2021)

Business segment	Net sales (Millions of yen)	% change from previous fiscal year	% of total net sales
Non-Metallic Minerals	¥ 49,464	(9.11)	41.5
Metallic Minerals	¥ 53,761	17.37	45.1
Machinery & Environmental Engineering	¥ 11,347	(9.37)	9.5
Real Estate	¥ 2,803	(2.85)	2.4
Renewable Energy	¥ 1,782	(4.58)	1.5
Total	¥119,159	1.41	100.0



Breakdown of Net Sales

(Years ended March 31, 2021 and 2020)

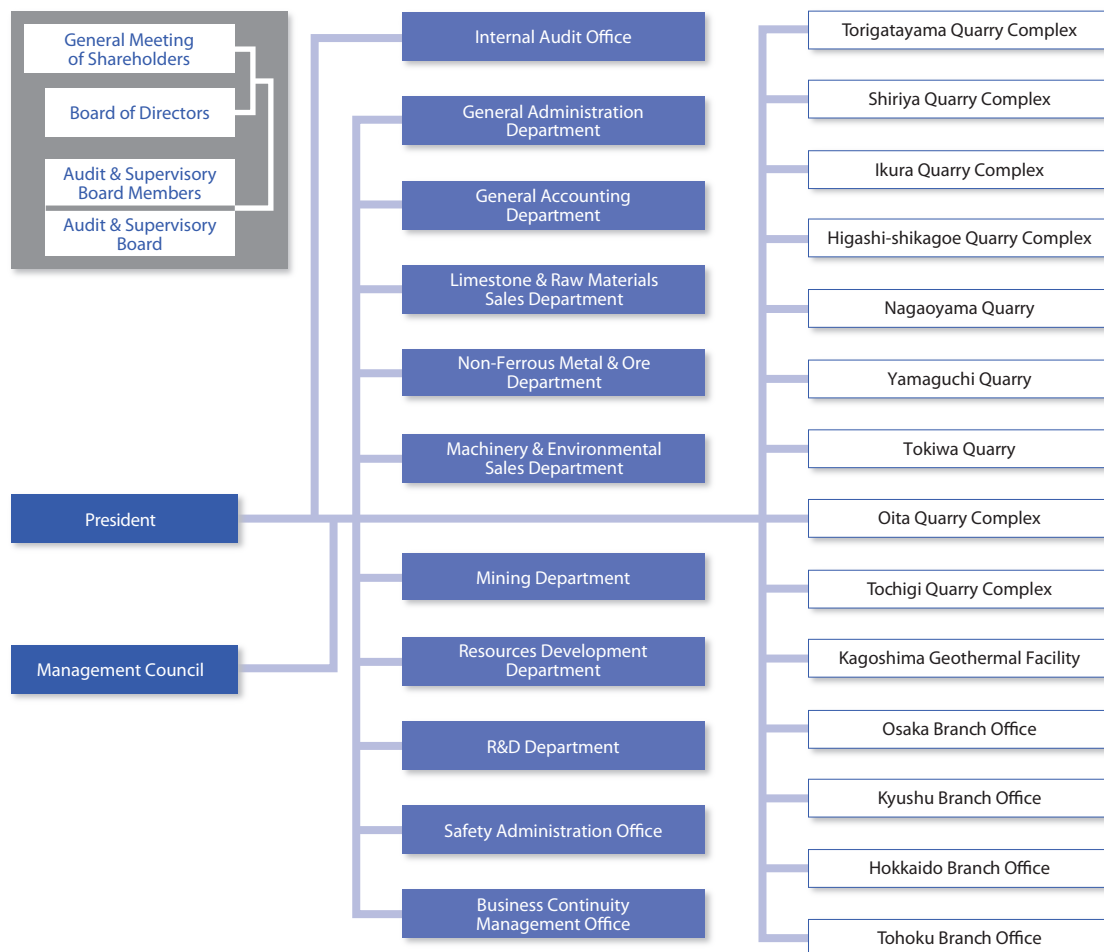
(Millions of yen)

Business segment	Major products	2021		2020		Increase (decrease)
		Net sales	% of total net sales	Net sales	% of total net sales	
Mineral Resources	Limestone	¥ 24,859	20.9	¥ 27,418	23.3	¥ (2,558)
	Crushed stone	6,428	5.4	6,269	5.3	159
	Non-Metallic Minerals	3,272	2.7	3,536	3.0	(264)
	Ancillary products and others	14,904	12.5	17,199	14.7	(2,294)
	Sub-total	49,464	41.5	54,423	46.3	(4,958)
	Electrolytic copper	38,673	32.5	31,258	26.6	7,415
	Metallic Minerals	9,748	8.2	10,319	8.8	(570)
	Others	5,339	4.4	4,227	3.6	1,111
	Sub-total	53,761	45.1	45,804	39.0	7,956
	Total	¥ 103,226	86.6	¥ 100,227	85.3	¥ 2,998
Machinery & Environmental Engineering	Machinery engineering	4,712	4.0	5,689	4.8	(977)
	Environmental engineering	6,634	5.5	6,830	5.8	(195)
	Total	¥ 11,347	9.5	¥ 12,520	10.6	¥ (1,173)
Real Estate	Real estate rentals and sales	2,803	2.4	2,886	2.5	(82)
Renewable Energy	Geothermal steam supply, solar power, hydroelectric power	1,782	1.5	1,868	1.6	(85)
Total		¥ 119,159	100.0	¥ 117,502	100.0	¥ 1,656

Corporate Information

Organizational Chart

As of March 31, 2021



Directors and Audit & Supervisory Board Members

As of June 29, 2021

Representative Director and President

Reiichi Morikawa

Managing Directors

Shinya Yamasaki

Yuji Somatsu

Directors

Yukihiko Hagikami

(Supervision of Resource Development Department, Director and President of Sociedad Contractual Minera Atacama Kozan)

Hirofumi Fujimoto

(Supervision of General Administration Department, BCM Promotion Office)

Kenji Otakara

(Supervision of General Accounting Department, Limestone & Raw Materials Sales Department, Non-Ferrous Metal & Ore Department)

Nobumichi Izumi

Kenichi Itakura

Standing Audit & Supervisory Board Members

Seiji Yasuda

Kazuhiko Kojima

Audit & Supervisory Board Members

Yoshiro Wakayanagi

Eiki Hotta

Corporate Executives

Jiro Fujitsu

(Representative Director and President of Hachinohe Mining Co., Ltd.)

Masanobu Kawata

(General Manager of R&D Department)

Hiroyuki Sakaguchi

(General Manager of Limestone & Raw Materials Sales Department, Non-Ferrous Metal & Ore Department)

Ken Soda

(General Manager of Torigatayama Quarry Complex)

Message from the Management

Operating Conditions and Consolidated Results

During fiscal 2021, the year ended March 31, 2021, amid the major downturn in the world economy caused by the COVID-19 pandemic, Japan's economy continued to face challenging conditions as the country experienced a resurgence in COVID-19 cases despite seeing signs of an economic recovery materialize temporarily.

Amid these economic conditions, the Nittetsu Mining Group posted net sales of ¥119,159 million, up 1.4% year on year, due to an increase in sales of the Metallic Minerals Division.

As for profits, operating profit rose to ¥8,726 million, up 15.2% year on year, thanks to the improving bottom line of the Metallic Minerals Division, and ordinary profit increased to ¥9,629 million, up 20.2% year on year, as both profit indicators rose over the previous fiscal year. However, profit attributable to owners of parent declined to ¥3,746 million, down 17.1% year on year. This decrease is attributed to the booking of extraordinary losses from the fire that occurred at the Company's Torigatayama Quarry Complex, and other factors.

Consolidated Business Results by Segment

Mineral Resources

Non-Metallic Minerals Division

Net sales of the Non-Metallic Minerals Division dropped 9.1%, or ¥4,958 million, over the previous fiscal year, to ¥49,464 million, due to a decrease in the sales volume of mainstay product limestone. Operating profit declined 18.2%, or ¥1,243 million, compared to the previous fiscal year, to ¥5,580 million.

Metallic Minerals Division

Net sales of the Metallic Minerals Division rose 17.4%, or ¥7,956 million, over the previous fiscal year, to ¥53,761 million, due to an increase in the sales volume of electrolytic copper and higher copper prices. Operating profit jumped 208.0%, or ¥1,195 million, compared to the previous fiscal year, to ¥1,769 million, owing to the improved bottom line of the Atacama Copper Mine.

Machinery & Environmental Engineering

Net sales of the Machinery & Environmental Engineering Group decreased 9.4%, or ¥1,173 million over the previous fiscal year, to ¥11,347 million, and operating profit fell 30.2%, or ¥417 million, to ¥965 million. These decreases are because of weaker sales in Machinery Engineering and of water treatment agents, a mainstay product of the Environmental Engineering Division.

Real Estate

Net sales of the Real Estate Group decreased by 2.9%, or ¥82 million over the previous fiscal year, to ¥2,803 million, but operating profit rose 1.3%, or ¥20 million, to ¥1,630 million, due to a decrease in repair expense.

Renewable Energy

Net sales of the Renewable Energy Group decreased 4.6%, or ¥85 million over the previous fiscal year, to ¥1,782 million, due to a decline in sales of the Geothermal Division, but operating profit rose 4.5%, or ¥18 million, to ¥434 million, due to a decrease in depreciation and amortization.

Capital Expenditures, Financing and Other Related Matters

Capital expenditures of the Nittetsu Mining Group totaled ¥7,461 million during the fiscal year under review, down 15.4% from the previous fiscal year. Major outlays were as follows.

(1) Major facility acquired in the fiscal year under review:

There are no particular items to report.

(2) New establishment and expansion of major facility ongoing during the fiscal year under review:

Nittetsu Mining No. 3 Vertical Shaft of the Torigatayama Quarry Complex Construction (Non-Metallic Minerals Division, Mineral Resources Group)

Challenges Facing the Group

The Company believes the future outlook will remain unpredictable. This is because it appears time is still needed until the COVID-19 pandemic is brought fully under control. In addition to future uncertainty about the economy, there are concerns about the impacts of natural disasters that are growing in intensity, along with volatile foreign exchange rates and unstable commodity prices. Moreover, the management climate facing the Nittetsu Mining Group is experiencing substantial changes caused by the impacts of structural reforms undertaken by steelmakers and initiatives by governments and the private sector aimed at achieving a decarbonized society.

Amid these economic conditions, the Nittetsu Mining Group will improve and reinforce its management structure and strive to improve business performance by working to strengthen and expand its business foundation. This includes addressing the management environment to further reinforce sales, increase productivity, reduce costs, and enhance its business continuity plan (BCP).

Going forward, we will also strengthen corporate governance as well as sustainable growth and improve corporate value over the medium to long term, in order to fulfill our responsibilities to supply raw materials to key industries and contribute to co-prosperity with stakeholders, including shareholders, business partners, local communities and employees.

Furthermore, the Group carries out activities in compliance with ISO 14001, greenery initiatives at mined sites, acquisition of certification for company-owned forests, and power generation from natural energy. Going forward, we will continue to engage in eco-friendly business activities.

We extend our appreciation to all shareholders and ask for your continued support and cooperation.

June 2021

Reiichi Morikawa

Representative Director and President

Consolidated Financial Information

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries

Balance Sheets

As of March 31, 2021 and 2020

Assets

	Millions of yen		Thousands of US dollars
	2021	2020	2021
Current Assets			
Cash and deposits	¥ 35,510	¥ 34,109	\$ 320,752
Notes and accounts receivable—trade	27,604	26,129	249,340
Lease investment assets	2,809	3,074	25,374
Merchandise and finished goods	5,158	5,459	46,591
Work in process	11,787	8,238	106,473
Raw materials and supplies	2,325	5,089	21,005
Other	3,119	2,133	28,179
Allowance for doubtful accounts	(448)	(435)	(4,053)
	87,866	83,797	793,663
Non-Current Assets			
Property, plant and equipment:			
Buildings and structures	21,647	21,950	195,531
Machinery, equipment and vehicles	10,277	9,890	92,833
Land used for mining operations	3,768	3,931	34,038
Land for general use	16,283	16,627	147,081
Construction in progress	10,159	8,780	91,768
Other	447	536	4,043
	62,584	61,716	565,297
Intangible assets	3,329	3,479	30,077
Investments and Other Assets			
Investment securities	28,157	18,124	254,340
Deferred tax assets	1,202	2,278	10,857
Other	5,748	4,734	51,926
Allowance for doubtful accounts	(149)	(146)	(1,354)
Allowance for investment loss	(3)	(30)	(33)
	34,955	24,960	315,736
Total Assets	¥ 188,735	¥ 173,954	\$ 1,704,774

The accompanying notes are an integral part of these statements.
Totals may not add up due to rounding.

Liabilities and Net Assets

	Millions of yen		Thousands of US dollars
	2021	2020	2021
Current Liabilities			
Notes and accounts payable—trade	¥ 17,588	¥ 17,755	\$ 158,868
Short-term loans payable	16,491	16,259	148,956
Lease obligations	593	555	5,362
Accounts payable—other	7,551	6,327	68,209
Income taxes payable	1,023	1,098	9,242
Provision for bonuses	1,074	1,087	9,708
Provision for directors' bonuses	31	32	285
Provision for shareholder benefit program	9	10	86
Provision for product warranties	7	11	71
Provision for loss on fire	548	—	4,952
Other	3,242	2,301	29,283
	48,162	45,440	435,028
Non-Current Liabilities			
Long-term loans payable	5,086	4,390	45,946
Lease obligations	980	763	8,857
Deferred tax liabilities	2,019	212	18,245
Provision for directors' retirement benefits	78	114	706
Provision for environmental safety measures	37	58	335
Provision for special repairs	111	202	1,008
Net defined benefit liability	4,476	6,221	40,433
Asset retirement obligations	4,509	4,439	40,735
Other	6,861	6,902	61,974
	24,161	23,306	218,245
Total Liabilities	72,323	68,746	653,274
Net Assets			
Capital stock	4,176	4,176	37,721
Capital surplus	4,889	4,941	44,166
Retained earnings	91,693	88,695	828,229
Treasury shares	(167)	(163)	(1,514)
Shareholders' equity	100,591	97,649	908,603
Accumulated Other Comprehensive Income:			
Valuation difference on available-for-sale securities	10,986	4,330	99,237
Deferred losses on hedges	79	(114)	720
Foreign currency translation adjustment	53	418	481
Remeasurements of defined benefit plans	(635)	(2,223)	(5,742)
Total Accumulated Other Comprehensive Income	10,483	2,411	94,697
Non-controlling interests	5,336	5,147	48,199
Total Net Assets	116,411	105,208	1,051,500
Total Liabilities and Net Assets	¥ 188,735	¥ 173,954	\$ 1,704,774

Consolidated Financial Information

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries

Statements of Income

Years ended March 31, 2021 and 2020

	Millions of yen		Thousands of US dollars
	2021	2020	2021
Net Sales	¥ 119,159	¥ 117,502	\$ 1,076,322
Cost of Sales	92,104	89,491	831,947
Gross Profit	27,054	28,011	244,375
Selling, General and Administrative Expenses	18,327	20,434	165,548
Operating Profit	8,726	7,576	78,827
Non-Operating Income:			
Interest income	39	82	355
Dividend income	591	801	5,344
Share of profit of entities accounted for using equity method	598	241	5,405
Foreign exchange gains	—	7	—
Subsidy income	315	—	2,849
Other	159	128	4,291
	1,704	1,262	15,396
Non-Operating Expenses:			
Interest expenses	272	266	2,461
Foreign exchange losses	66	—	600
Maintenance fees for closed and abandoned mines	228	309	2,063
Depreciation of assets for rent and other	136	123	136
Other	98	127	4,782
	801	826	7,243
Ordinary Profit	9,629	8,012	86,979
Extraordinary Income:			
Gain on sales of non-current assets	42	86	387
Insurance claim income	—	50	—
Other	1	119	10
	44	255	397
Extraordinary Losses:			
Loss on sales and retirement of non-current assets	320	211	2,894
Impairment loss	912	0	8,242
Loss on fire	1,754	—	15,846
Special investigative costs	—	308	—
Other	82	92	747
	3,070	612	27,730
Profit before Income Taxes	6,603	7,655	59,646
Income Taxes:			
Income taxes—current	2,694	3,128	24,339
Income taxes—deferred	(675)	(528)	(6,099)
	2,019	2,600	18,240
Profit (Loss) Attributable to Non-Controlling Interests	837	535	7,563
Profit Attributable to Owners of Parent	3,746	4,518	33,842
Profit	¥ 4,584	¥ 5,054	\$ 41,406

The accompanying notes are an integral part of these statements.
Totals may not add up due to rounding.

Statements of Comprehensive Income

Years ended March 31, 2021 and 2020

	Millions of yen		Thousands of US dollars
	2021	2020	2021
Profit	¥ 4,584	¥ 5,054	\$ 41,406
Other comprehensive income:			
Valuation difference on available-for-sale securities	6,657	(5,698)	60,131
Deferred losses on hedges	194	(74)	1,752
Foreign currency translation adjustment	(489)	(106)	(4,423)
Remeasurements of defined benefit plans	1,587	(234)	14,338
Total other comprehensive income (loss)	7,948	(6,114)	71,798
Comprehensive income (loss)	12,532	(1,059)	113,205
Comprehensive income (loss) attributable to owners of parent	11,819	(1,660)	106,758
Comprehensive income (loss) attributable to non-controlling interests	¥ 713	¥ 600	\$ 6,446

The accompanying notes are an integral part of these statements.
Totals may not add up due to rounding.

Statements of Cash Flows

Years ended March 31, 2021 and 2020

	Millions of yen		Thousands of US dollars
	2021	2020	2021
Net cash provided by operating activities	¥ 9,414	¥ 9,242	\$ 85,037
Net cash used in investing activities	(6,539)	(7,714)	(59,068)
Net cash used in financing activities	(999)	(1,454)	(9,028)
Effect of exchange rate change on cash and cash equivalents	(124)	(103)	(1,120)
Net increase (decrease) in cash and cash equivalents	1,751	(29)	15,819
Cash and cash equivalents at beginning of period	33,484	33,514	302,454
Cash and cash equivalents at end of period	¥ 35,236	¥ 33,484	\$ 318,273

The accompanying notes are an integral part of these statements.
Totals may not add up due to rounding.

Notes to Consolidated Financial Statements

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 22 companies

Main consolidated subsidiaries:

Funao Mining Co., Ltd., Hachinohe Mining Co., Ltd.,
Sociedad Contractual Minera Atacama Kozan, Hokkaido
Lime Co., Ltd., Nittetsu Mining Consultants Co., Ltd.,
Nittetsukoukenzai Co., Ltd., and Kobukuro Techno Co., Ltd.

(2) Names of principal unconsolidated subsidiaries

Yaguki Aggregate Co., Ltd. and Hachinohe Mining and
Civil Engineering Co., Ltd.

Reason for exclusion from scope of consolidation:

The unconsolidated subsidiaries are small in scale, and
their total assets, net sales, profit and retained earnings,
etc. (commensurate with equity holdings), do not have a
material effect on the consolidated financial statements.

2. Application of the Equity Method

(1) Number of affiliated companies accounted for by the equity method:

1 company: Hibi Kyodo Smelting Co., Ltd.

(2) Unconsolidated subsidiaries (Yaguki Aggregate Co., Ltd. and others) and affiliated companies (Chokai Calcium Co., Ltd. and others) not accounted for by the equity method are excluded from the scope of application of the equity method because they have no overall significance and their profit and retained earnings (commensurate with equity holdings) would have an immaterial effect on consolidated financial statements even if they were excluded from eligibility for the equity method.

3. Business Years of Consolidated Subsidiaries

Companies with account settlement dates different from the consolidated account settlement date are as follows:

Company Name	Settlement Date
Sociedad Contractual Minera Atacama Kozan	December 31
Minera Nittetsu Chile Limitada	December 31
Compañía Minera Arqueros S.A.	December 31

The financial statements of consolidated subsidiaries as of the account settlement date are used. Necessary adjustments are made in consolidation for significant transactions occurring between then and the consolidated account settlement date.

4. Summary of Significant Accounting Policies

(1) Valuation standard and method for significant assets

(a) Marketable securities

Available-for-sale securities:

Securities with fair market value:

Valued at fair market value based on market prices, etc., at the balance sheet date (valuation differences are directly charged or credited to net assets, and cost of securities sold calculated by the moving-average method).

Securities without fair market value:

Valued at cost by the moving-average method.

(b) Derivatives

Market value method

(c) Inventories

The standard for evaluation is the cost method (book value devaluation method based on the decline in profitability). The method of evaluation is the periodic-average method or the first-in, first-out method, depending on the product line or type of business.

(2) Method for depreciation and amortization of significant depreciable assets

(a) Property, plant and equipment (except for lease assets)

The Company and its domestic consolidated subsidiaries primarily use the declining balance method. (However, the straight-line method is used for buildings acquired on or after April 1, 1998 [excluding accompanying facilities acquired prior to March 31, 2016], buildings for the leasing business [including accompanying facilities] and structures acquired on or after April 1, 2016 [excluding major tunnels], while the unit-of-production method is used for certain structures [major tunnels] and land for mining.) Overseas consolidated subsidiaries primarily use the straight-line method.

Estimated useful lives are as follows:

Buildings and structures: 5–60 years

Machinery, equipment and vehicles: 4–25 years

(b) Intangible assets (except for lease assets)

For mining rights, the production output method is adopted. For others, the straight-line method is adopted. Software for internal use is amortized using the straight-line method based on its usable period in the Company (5 years).

(c) Lease assets

Leased property under finance leases that do not transfer ownership are computed over the lease terms assuming no residual value.

(3) Accounting for significant reserves and allowances

(a) Allowance for doubtful accounts

At the end of each fiscal year, the Company and its domestic consolidated subsidiaries set aside an allowance for doubtful accounts in the estimated unrecoverable amount, based on the Company's loss experience for general credit and on the Company's individual estimates of future recoverability for specific accounts, including doubtful accounts.

(b) Allowance for investment loss

The Company sets aside a reserve to compensate for losses related to investments in affiliates in the mining business based on the financial standing of the applicable affiliate.

(c) Provision for bonuses

The Company and its domestic consolidated subsidiaries set aside a reserve for provision for bonuses, calculated based on estimated payments to cover payment of bonuses to employees.

(d) Provision for directors' bonuses

The Company and its domestic consolidated subsidiaries

set aside a reserve to match provision for bonuses, calculated based on estimated payments to cover payment of bonuses to directors.

(e) Provision for shareholder benefit program

The Company sets aside a reasonable reserve to cover payments for expenses of the shareholder benefit program.

(f) Provision for product warranties

The Company sets aside a provision based on the past implementation rate to prepare for expenses involving free repair costs within the warranty period for products that have been sold.

(g) Provision for loss due to fire

The Company has set aside a reasonable reserve to cover the expenditures required to restore assets damaged in the fire that broke out at the Company's Torigatayama Quarry Complex on January 21, 2021.

(h) Provision for directors' retirement benefits

The Company and its domestic consolidated subsidiaries set aside the amount required to be paid out at the end of the fiscal year to fund the retirement benefits of directors in accordance with internal company regulations.

(i) Provision for environmental safety measures

In accordance with the Special Measures Law for the Promotion of Proper Disposal of PCB Waste (Law No. 65, June 22, 2001), the Company sets aside a reasonable reserve in an amount equivalent to the estimated disposal expenses for stored PCB.

(j) Provision for special repairs

The Company and its domestic consolidated subsidiaries have a provision for special repairs based on the estimated cost of applicable inspection and repair of ships requiring regular inspections under the Ship Safety Act, and for regular repairs to steam production and transport facilities.

(4) Accounting method for retirement benefits

(a) Attribution method of retirement benefit estimates

The straight-line basis is used as the method for attributing estimated retirement benefits for the period until the end of the current fiscal year.

(b) Method of expense recording for actuarial differences

Actuarial differences are recorded as expenses from each consolidated fiscal year in which they occur by dividing the amount proportionately using the straight-line method over a certain number of years (13 years) within the average remaining service period of employees during the consolidated fiscal year. Certain consolidated subsidiaries of the Company record a lump-sum expense in the consolidated fiscal year in which they occur.

(c) Adoption of the simplified valuation method at small enterprises, etc.

Certain consolidated subsidiaries employ the simplified method in which the retirement benefit amount required for voluntary termination at year-end is deemed a retirement benefit obligation for the calculation of liability associated with retirement and retirement benefit expenses.

(5) Calculation method for revenue from construction work completed and costs of completed construction work

The percentage-of-completion method is used for construction contracts where the outcome of the phase in progress is deemed certain by the end of the current consolidated fiscal year, while the completed contract method is applied to all other construction contracts. In addition, estimates of the state of completion at the end of the current consolidated fiscal year are calculated using the cost-to-cost method for construction projects using the percentage-of-completion method.

(6) Accounting standard for profits from financial lease transactions

Revenue from financial lease transactions and associated costs are recognized at the time of receipt of lease fees.

(7) Standards for translation of significant foreign currency-denominated assets and liabilities into Japanese yen

Current and non-current monetary accounts denominated in foreign currencies are translated into yen at the exchange rates as of the balance sheet date, and any translation difference is accounted for as a profit or loss for the year.

All assets and liabilities of overseas consolidated subsidiaries are translated at the rates of exchange in effect at the overseas consolidated subsidiary's balance sheet date. All revenues and expenses of overseas consolidated subsidiaries are translated at the average rates of exchange during the fiscal year. Translation differences are included in Foreign currency translation adjustment and Non-controlling interests under the net assets on the balance sheets.

(8) Main hedge accounting methods

(a) Hedge accounting method

The Company uses mainly deferred hedging. However, for interest rate swaps, special treatment is applied in cases that meet the necessary requirements, and for currency options, allocation treatment is applied in cases that meet the necessary requirements.

(b) Hedge instruments, hedge objects and hedge policy

The Company carries out interest rate swap transactions to avoid risk associated with loan interest rate fluctuations.

In addition, the Company carries out commodity futures transactions to avoid commodity price fluctuation risk for non-ferrous metals inventories and for non-ferrous metals future contracts that the Company concludes with customers. The Company uses currency options to avoid the risk of foreign exchange rate volatility regarding monetary accounts denominated in foreign currencies.

(c) Method of assessing the effectiveness of hedges

Over the period from the beginning of a commodity future transaction to the point at which the effectiveness is determined, market fluctuations of the hedged commodity and the hedged instrument are compared to determine effectiveness. However, interest rate swap

transactions use special treatment and currency option transactions use allocation treatment and for these reasons they are omitted from this effectiveness evaluation.

(9) Goodwill amortization method and period

The equal installment method is used for the amortization of goodwill over a period of time (less than 20 years) in which the investment effect in each subsidiary is realized. In addition, when the amount is immaterial, the complete amount is amortized in the consolidated fiscal year in which it occurs.

(10) Accounting method for consumption tax, etc.

The tax exclusion method is used when accounting for consumption tax and regional consumption tax.

(Notes to Additional Information)

The COVID-19 pandemic is an event that has wide-reaching impacts on the economy and corporate activities. It remains difficult to predict how it will spread in the future and when the pandemic will end.

Amidst this situation, the Nittetsu Mining Group has carried out accounting estimates of the recoverability of deferred tax assets considering demand trends of customers and commodity prices when preparing the consolidated financial statements based on the assumption that there will be no major changes in the situation in the next fiscal year since the impacts of the COVID-19 pandemic will be limited.

(Notes Concerning Changes in Presentation Method)

Application of ASBJ Accounting Standard on Disclosure of Accounting Estimates

The Company has applied Accounting Standard on Disclosure of Accounting Estimates (ASBJ Standard No. 31; March 31, 2020) from the fiscal year under review, which requires the presentation of notes concerning accounting estimates.

(Notes Concerning Accounting Estimates)

Impairment of Non-Current Assets

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

Impairment loss: ¥912 million

Property, plant and equipment of ¥62,584 million, intangible assets of ¥3,329 million, and others of ¥4,477 million

(2) Information concerning accounting estimates

In applying the accounting standard on impairment of non-current assets to the Group, in principle, the Company groups assets according to business site, which is the unit for ascertaining the profit and loss of each product for managerial accounting purposes. The head office, branch offices, employee benefit facilities, and the R&D center, etc., are deemed common assets, while rental real estate and idle assets are each categorized as one

asset group according to each property. In addition, assets of consolidated subsidiaries are mainly grouped according to company. If signs of impairment are recognized for an asset or asset group and the total amount of undiscounted future cash flow obtained from the asset of asset group falls below the book value, the Company will recognize an impairment loss. The book value of the asset or asset group in excess of the recoverable amount is recorded as an impairment loss.

Calculation of the recoverable amount involves making a reasonable estimate of the future cash flow and discount rate for the utility value and the real estate appraisal and estimated disposal costs for net selling price. Estimates of future cash flow are calculated based on major assumptions such as sales volume, mineral price levels, and operational life.

If there are changes in the assumptions for estimates of future cash flow, such as decline in transactional volume with major customers or the falling price of minerals or operational life below forecasts, the booking of impairment losses could adversely impact the Group's business performance in the consolidated financial statements for the subsequent fiscal year.

Furthermore, Compañía Minera Arqueros S.A. is preparing to develop the Arqueros copper mine in Chile, and non-current assets of ¥1,670 million have been recorded. Preparations for the development of the Arqueros copper mine are expected to experience delays in time line from the initial plan. Nevertheless, the Company has determined that this will not materially affect the mine development plan and these assets are recoverable. As a result, the Company has not recorded an impairment loss for these assets.

5. Notes to the Consolidated Balance Sheets

(1) Collateral assets

(Millions of yen)

Foundation mortgage	
Property, plant and equipment	¥ 447
Debt collateralized by the above	
Short-term loans payable	34
Long-term loans payable	134
Guarantee deposits received	10

(2) Accumulated depreciation of property, plant and equipment

¥167,644 million

(3) Guaranteed liabilities

(Millions of yen)

	Total guarantee	Consolidated company debt
Hibi Kyodo Smelting Co., Ltd.	¥ 2,676	¥ 2,676
Iwaki Kyodo Tanca Co., Ltd.	132	25
Total	2,808	2,702

6. Segment Information

	Millions of yen						
	2021						
	Non-Metallic Minerals	Metallic Minerals	Machinery & Environmental Engineering	Real Estate	Renewable Energy	Eliminations and Corporate	Total
Sales to external customers	¥49,464	¥ 53,761	¥ 11,347	¥ 2,803	¥ 1,782	¥ —	¥ 119,159
Inter-segment sales	670	—	786	9	—	(1,465)	—
Segment Revenue	50,134	53,761	12,133	2,813	1,782	(1,465)	119,159
Segment Profits	5,580	1,769	965	1,630	434	(1,652)	8,726

	Millions of yen						
	2020						
	Non-Metallic Minerals	Metallic Minerals	Machinery & Environmental Engineering	Real Estate	Renewable Energy	Eliminations and Corporate	Total
Sales to external customers	¥ 54,423	¥ 45,804	¥ 12,520	¥ 2,886	¥ 1,868	¥ —	¥ 117,502
Inter-segment sales	962	—	968	8	—	(1,939)	—
Segment Revenue	55,385	45,804	13,489	2,894	1,868	(1,939)	117,502
Segment Profits	6,824	574	1,382	1,609	415	(3,229)	7,576

	Thousands of US dollars						
	2021						
	Non-Metallic Minerals	Metallic Minerals	Machinery & Environmental Engineering	Real Estate	Renewable Energy	Eliminations and Corporate	Total
Sales to external customers	\$ 446,793	\$ 485,606	\$ 102,495	\$ 25,324	\$ 16,102	\$ —	\$ 1,076,322
Inter-segment sales	6,054	—	7,102	85	—	(13,241)	—
Segment Revenue	452,847	485,606	109,598	25,409	16,102	(13,241)	1,076,322
Segment Profits	50,403	15,984	8,723	14,723	3,920	(14,929)	78,827

Outline

As of March 31, 2021

Date of Establishment	May 20, 1939
Common Stock	
Authorized	20,000,000 shares
Issued and Outstanding	8,352,319 shares (including 33,495 shares of treasury stock)
Number of Shareholders	3,778

Major Shareholders	% of total
Nippon Steel Corporation	14.88
Nittetsu Kogyo Shogakukai*	7.71
The Master Trust Bank of Japan, Ltd. (trust account)	6.36
Mizuho Bank, Ltd.	3.54
Sumitomo Mitsui Banking Corporation	3.49
Custody Bank of Japan, Ltd. (trust account)	2.80
Nittetsu Kogyo Shareholding Association	2.00
MUFG Bank, Ltd.	1.68
Sumitomo Osaka Cement Co., Ltd.	1.55
DFA INTL SMALL CAP VALUE PORTFOLIO	1.51

*Non-profit corporation

Number of Employees (Consolidated)	
Mineral Resources	
Non-Metallic Minerals	1,163
Metallic Minerals	375
Machinery & Environmental Engineering	279
Real Estate	3
Renewable Energy	11
Corporate (shared)	110
Total	1,941
Number of Employees (Non-Consolidated)	670

Principal Lenders	
MUFG Bank, Ltd.	
Mizuho Bank, Ltd.	
Sumitomo Mitsui Banking Corporation	

Offices

As of March 31, 2021

Domestic

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Major Subsidiaries

As of March 31, 2021

Subsidiaries	Capital (Millions of yen)	Company holdings (%)	Primary businesses
Nittetsu Mining Consultants Co., Ltd.	100	100.0	Consulting services for geological surveys, geophysical exploration, test boring and construction
Hokkaido Lime Co., Ltd.	80	100.0	Manufacture and sales of quicklime and hydrated lime
Funao Mining Co., Ltd.	60	100.0	Mining and sales of limestone and manufacturing and sales of calcium carbonate
Nittetsukoukenzai Co., Ltd.	50	100.0	Buying and selling of limestone, crushed stone and calcium carbonate
Kobukuro Techno Co., Ltd.	50	100.0	Manufacture and sales of crushing and grinding equipment and electric machinery
Hachinohe Mining Co., Ltd.	100	70.0	Mining and sales of limestone

Note: No subsidiaries fall under the category of specified wholly owned subsidiary.

Subsidiary	Capital (Thousands of US dollars)	Company holdings (%)	Primary businesses
Sociedad Contractual Minera Atacama Kozan	16,750	60.0	Mining and sales of copper and other minerals