

[Translation: Please note that the following purports to be an excerpt translation from the Japanese original Business Report and Financial Statements prepared for the convenience of shareholders outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

BUSINESS REPORT

(For the Period from April 1, 2019 through March 31, 2020)

1. Particulars Concerning the State of the Group

(1) Business Developments

[The Mitsubishi Materials Group's business performance was impacted by the declining demand in automotive and semiconductor-related sectors, falling copper prices and weaker domestic demand for cement. However, given the impact of such factors as reduced cost of smelting and an increase in the price of palladium in the Metals business operating profit increased.]

Regarding the global economy during the consolidated fiscal year, in Asia, China experienced a continued economic slowdown and a tendency toward deceleration in economic growth was also seen in Thailand and Indonesia. In the United States, the economy continued steady improvement.

Regarding the Japanese economy during the consolidated fiscal year, despite the improvement in employment and income conditions, exports and industrial production appeared to slow down.

Regarding the business environment for the Group, despite the declining demand in automotive and semiconductor-related sectors, falling copper prices and weaker domestic demand for cement, the environment was impacted by an increase in the price of palladium.

Under these circumstances, in accordance with its Long-Term Management Policy for the next decade and Medium-Term Management Strategy (FY2018-2020) that focuses on the planning and implementation of growth strategies, the Group had continued to implement various measures on the theme of "Transformation for Growth" to achieve Group-wide Policies for the enhancement of corporate value, namely "optimization of business portfolio," "comprehensive efforts to increase business competitiveness," and "creation of new products and

businesses.”

As a result, consolidated net sales for the consolidated fiscal year totaled ¥1,516.1 billion, decreased 8.8% year-on-year. Consolidated operating profit totaled ¥37.952 billion, increased 3.0% year-on-year. Consolidated ordinary profit decreased 2.1% year-on-year, to ¥49.610 billion. The Company recorded an impairment loss on fixed assets of ¥27,420 million, an impairment loss on fixed assets of ¥20,351 million incurred by Mitsubishi Aluminum Co., Ltd., and ¥30,272 million as a provision for loss on business restructuring in the Sintered parts business, in addition to recording ¥10,423 million as a loss on the Antimonopoly Act incurred by Universal Can Corporation, a consolidated subsidiary of the Company. As a result, loss attributable to owners of parent amounted to ¥72,850 million (profit attributable to owners of parent of ¥1,298 million for the previous fiscal year.)

On a non-consolidated basis, net sales amounted to ¥802,655 million, decreased 5.9% year on year. Operating loss was ¥645 million (previous fiscal year: operating loss of ¥10,949 million), ordinary profit increased 233.4% to ¥17,233 million, and net loss was 49,929 million (previous fiscal year: net loss of ¥13,568 million).

Based on its Articles of Incorporation, the Company is to distribute surpluses following resolutions at the Board of Directors meetings. We regard the distribution of profits to all shareholders as one of our most important priorities. Accordingly, during the period of the Medium-Term Management Strategy (FY2018-2020), the Company planned to pay annual dividends of ¥80 per share. If the consolidated dividend payout ratio is lower than 25%, the Company will temporarily increase the dividend to the point where the consolidated dividend payout ratio becomes 25% or purchase treasury shares. Based on this policy, the Board of Directors, at its meeting on May 27, 2020, decided to distribute a fiscal year-end dividend of ¥40 per share, which, combined with the interim dividend of ¥40 per share, brings the annual dividend for the fiscal year under review to ¥80 per share (the same amount as the previous fiscal year).

Of note, the Company has decided partial relinquishment of remuneration for ten (10) Executive Officers based on business performance in the fiscal year under review.

A report of the Group's performance by business segment is presented as follows.

* Accompanying a partial change in the organization of business division effective April 1, 2019, the coal-related business in the "Other businesses" was switched to the "Cement Business," in which coal is used as thermal energy. In this regard, the segment information for the previous consolidated fiscal year that is disclosed herein is made according to the changed method of segmentation.

● **Advanced Products**

[In the Copper & copper alloy products business, operating profit decreased due to decline in sales of products for automobiles and semiconductor-related products. In the Electronic materials & components business, operating profit fell as a result of lower sales and an increase in the production costs. In the Aluminum products business, operating profit fell due to a decrease in sales of regular cans and bottle cans for beverages and products for automobiles.]

In the Copper & copper alloy products business, both net sales and operating profit decreased as a result of a fall in sales of automobile and semiconductor-related products.

In the Electronics materials & components business, both net sales and operating profit decreased, reflecting decline in sales of products such as advanced materials and electronic components, in addition to an increase in the production costs of polycrystalline silicon products.

In the Aluminum products business, both net sales and operating profit fell due to a decrease in sales of regular cans and bottle cans for beverages and rolled and processed products such as extruded products for automobiles and heat exchange sheet materials.

Consequently, net sales and operating profit for the entire Advanced Products decreased year-on-year. Ordinary profit declined due to the decrease in operating profit.

Consolidated net sales in the Advanced Products business amounted to ¥511,954 million, decreased 10.3% from the previous fiscal year. Operating profit decreased 89.7% to ¥1,237 million and ordinary profit decreased 88.7% to ¥1,499 million.

● **Metalworking Solutions Business**

[Operating profit in the Cemented carbide products business decreased as a result of decline in sales both in Japan and overseas. In the Sintered products, etc. business, the decrease in shipping expenses, despite a fall in sales of mainstay sintered parts, led to a reduction in operating loss.]

In the Cemented carbide products business, both net sales and operating profit decreased as a result of decline in sales both in Japan and overseas, particularly in China.

In the Sintered products, etc. business, the decrease in shipping expenses, despite a fall in sales of mainstay sintered parts, led to a reduction in operating loss.

Consequently, net sales and operating profit for the entire Metalworking Solutions business decreased year-on-year. Ordinary profit declined due to the decrease in operating profit.

Consolidated net sales in the Metalworking Solutions business amounted to ¥150,275 million, decreased 12.4% from the previous fiscal year. Operating profit decreased 49.1% to ¥8,528 million and ordinary profit decreased 55.4% to ¥6,969 million.

● **Metals Business**

[In the Copper business, operating profit increased mainly due to reduced cost of smelting despite falling copper prices. In the Gold and other valuable metals business, operating profit increased impacted by an increase in the price of metals despite decreased production volume.]

In the Copper business, net sales fell but operating profit rose, mainly due to reduced cost of smelting despite falling copper prices.

In the Gold and other valuable metals business, net sales declined due to decreased production volume of gold and other valuable metals as a result of a fall in raw material content, but operating profit rose impacted by an increase in the price of palladium.

As a result, the Metals business overall recorded year-on-year an increase in operating profit, despite a decline in net sales. Ordinary profit increased due to a higher operating profit.

Consolidated net sales in the Metals business amounted to ¥665,015 million,

decreased 7.6% from the previous fiscal year. Operating profit was ¥19,263 million (previous fiscal year: operating loss of ¥7,157 million) and ordinary profit was ¥28,083 million (previous fiscal year: ordinary profit of ¥2,323 million).

● **Cement Business**

[Operating profit in Japan decreased reflecting lower sales volumes. Operating profit overseas decreased due to an increase in operating expenses in the United States and a fall in coal sales prices in the Coal business of Australia.]

In Japan, both net sales and operating profit decreased, reflecting lower sales volumes mainly due to the decline in demand for road construction work related to the Tokyo Olympic and Paralympic Games in the Tokyo metropolitan area, road construction work related to the Shin-Meishin Expressway in the Tokai area, and construction work related to recovery efforts from the Great East Japan Earthquake in the Tohoku area.

Overseas, the cost of raw materials and operating expenses such as personnel expenses increased despite a rise in the volume of ready-mixed concrete sold in the United States. In the Coal business of Australia, coal sales prices fell. As a result, operating profit decreased while net sales increased.

Consequently, both net sales and operating profit for the entire Cement business decreased year-on-year. Ordinary profit declined due to the decrease in operating profit.

Consolidated net sales in the Cement business amounted to ¥238,246 million, decreased 6.1% from the previous fiscal year. Operating profit decreased 28.2% to ¥11,921 million and ordinary profit decreased 24.1% to ¥14,968 million.

● **Other Businesses**

[Operating profit in the Energy-related business increased reflecting higher sales in nuclear-energy-related services. In the Environmental recycling business, operating profit decreased due to a rise in operating expenses in addition to decline in the unit sales price of valuables. In areas outside the Energy-related business and the Environmental recycling business, operating profit decreased.]

In the Energy-related business, net sales and operating profit increased, reflecting higher sales in nuclear-energy-related services.

In the Environmental recycling business, while net sales increased reflecting

higher processing volume of home appliance recycling, losses grew due to a rise in operating expenses in addition to decline in the unit sales price of valuables.

In the Other businesses, excluding the Energy-related business and the Environmental recycling business, net sales and operating profit decreased.

In the Other businesses overall, both net sales and operating profit decreased year-on-year. Ordinary profit declined due to the decrease in operating profit.

Consolidated net sales in the Other businesses amounted to ¥187,350 million, decreased 3.8% from the previous fiscal year. Operating profit decreased 16.4% to ¥8,392 million and ordinary profit decreased 5.5% to ¥9,808 million.

Sales, operating profit (operating loss) and ordinary profit for each business segment of the Group were as follows:

Business Segment	Item	94th Period (April 2018– March 2019)		95th Period (April 2019– March 2020)		YOY Change (%)
		Amount (¥ Millions)	% of Total	Amount (¥ Millions)	% of Total	
Advanced Products	Net Sales	570,990	34.3	511,954	33.8	(10.3)
	Operating Profit	11,979	32.5	1,237	3.3	(89.7)
	Ordinary Profit	13,227	26.1	1,499	3.0	(88.7)
Metalworking Solutions	Net Sales	171,551	10.3	150,275	9.9	(12.4)
	Operating Profit	16,771	45.5	8,528	22.5	(49.1)
	Ordinary Profit	15,609	30.8	6,969	14.0	(55.4)
Metals	Net Sales	720,097	43.3	665,015	43.9	(7.6)
	Operating Profit	(7,157)	(19.4)	19,263	50.8	—
	Ordinary Profit	2,323	4.6	28,083	56.6	—
Cement	Net Sales	253,650	15.3	238,246	15.7	(6.1)
	Operating Profit	16,615	45.1	11,921	31.4	(28.2)
	Ordinary Profit	19,725	38.9	14,968	30.2	(24.1)
Others	Net Sales	194,764	11.7	187,350	12.4	(3.8)
	Operating Profit	10,034	27.2	8,392	22.1	(16.4)
	Ordinary Profit	10,378	20.5	9,808	19.8	(5.5)
Elimination and Corporate Assets or Expenses (Note)	Net Sales	(248,064)	(14.9)	(236,741)	(15.6)	(4.6)
	Operating Profit	(11,381)	(30.9)	(11,390)	(30.0)	0.1
	Ordinary Profit	(10,584)	(20.9)	(11,717)	(23.6)	10.7
Total	Net Sales	1,662,990	100.0	1,516,100	100.0	(8.8)
	Operating Profit	36,861	100.0	37,952	100.0	3.0
	Ordinary Profit	50,679	100.0	49,610	100.0	(2.1)

Note: Net sales, operating profit and ordinary profit resulting from transactions among the business divisions have been deducted in the “Elimination and Corporate Assets or Expenses” items.

(2) Status of Group Financing

During the fiscal year under review, the Group raised funds primarily through the issuance of commercial paper and borrowings from banks. Debts (including corporate bonds) as of the end of the fiscal year under review amounted to ¥547,617 million, increased ¥52,849 million from the end of the previous fiscal year.

(3) Status of Group Capital Expenditures

The Group determines its capital expenditures by carefully selecting investment cases in the fields where future profit and growth are expected while working to reduce interest-bearing debt.

In the fiscal year under review, total capital expenditures amounted to ¥88,043 million, which consisted mainly of maintenance and repairs of existing facilities in each business, as well as the reinforcement and streamlining of production facilities.

Capital expenditures by business segment in the fiscal year under review were as follows:

● Advanced Products

In addition to carrying out maintenance and repair work at existing facilities in this business as a whole, the Group mainly undertook reinforcement work on production facilities for processed copper products.

Capital expenditures in this business amounted to ¥29,929 million.

● Metalworking Solutions Business

The Group carried out reinforcement and streamlining work in order to meet the increasing demand in this business as a whole, as well as maintenance and repair work at existing facilities.

Capital expenditures in this business amounted to ¥18,558 million.

● Metals Business

The Group carried out maintenance and repair work at copper smelting and processing facilities.

Capital expenditures in this business amounted to ¥14,602 million.

- **Cement Business**

The Group adopted high-efficiency facilities to reduce thermal energy costs in the Kyushu Plant (Kanda), and carried out maintenance and repair work on existing facilities mainly in Japan and the United States.

In addition, the Group implemented maintenance and renovation work on batcher facilities, etc., in a ready-mixed concrete factory aimed at enhancing ready-mixed concrete sales capacity and maintaining sales offices.

Capital expenditures in this business amounted to ¥16,542 million.

- **Other Businesses**

In addition to the construction of Komatagawa new hydroelectric power plant in Environment & Energy business, the Group carried out maintenance and repair work at existing facilities.

Capital expenditures in this business amounted to ¥8,411 million.

(4) Trends of Assets and Profit and Loss Accounts

1. The Group's Trends of Assets and Profit and Loss Accounts (Consolidated)

(¥ millions, except per share data)	92nd Period (April 2016 – March 2017)	93rd Period (April 2017 – March 2018)	94th Period (April 2018 – March 2019)	95th Period (April 2019 – March 2020)
Net Sales	1,304,068	1,599,533	1,662,990	1,516,100
Operating Profit	59,761	72,819	36,861	37,952
Ordinary Profit	63,925	79,621	50,679	49,610
Profit (Loss) Attributable to Owners of the Parent	28,352	34,595	1,298	(72,850)
Profit (Loss) per Share	216.44*	264.15	9.92	(556.34)
Total Net Assets	710,195	768,495	723,337	586,034
Net Assets per Share	4,743.27*	5,211.20	4,838.31	3,870.35
Total Assets	1,896,939	2,011,067	1,938,270	1,904,050

* The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016. Accordingly, net income per share and net assets per share data is calculated on the assumption that the consolidation of the Company's shares was conducted from the beginning of the 92nd business term.

2. The Company's Trends of Assets and Profit and Loss Accounts (Non-consolidated)

(¥ millions, except per share data)	92nd Period (April 2016 – March 2017)	93rd Period (April 2017 – March 2018)	94th Period (April 2018 – March 2019)	95th Period (April 2019 – March 2020)
Net Sales	674,515	869,677	852,820	802,655
Operating Profit (Operating Loss)	12,120	13,732	(10,949)	(645)
Ordinary Profit	27,202	31,370	5,169	17,233
Profit (Loss)	19,701	25,530	(13,568)	(49,929)
Profit (Loss) per Share	150.40*	194.93	(103.61)	(381.29)
Total Net Assets	477,706	533,103	463,862	378,690
Net Assets per Share	3,647.06*	4,070.58	3,542.19	2,892.05
Total Assets	1,265,120	1,355,347	1,269,756	1,281,542

* The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016. Accordingly, net income per share and net assets per share data is calculated on the assumption that the consolidation of the Company's shares was conducted from the beginning of the 92nd business term.

(5) Priorities for the Group

1. Group-wide Issues

The Group has set out on a new “Mission” as medium- and long-term goals from 2030 to 2050 and the medium-term management strategy for FY2021-FY2023 (the “FY2023 Strategy”) as described below. Based on these mission and strategies, the Group will pursue a number of measures to enhance its corporate value.

1.1) Mission

Based on its corporate philosophy of “For People, Society and the Earth”, the Group’s vision is “We will become the leading business group committed to creating a sustainable society through materials innovation, with use of our unique and distinctive technologies, for People, Society and the Earth”.

In formulating the FY2023 Strategy, from the perspective of creating both social and economic values, the Group has set out on a new “Mission” as shown below in order to implement corporate philosophy and vision as medium- and long-term goals from 2030 to 2050.

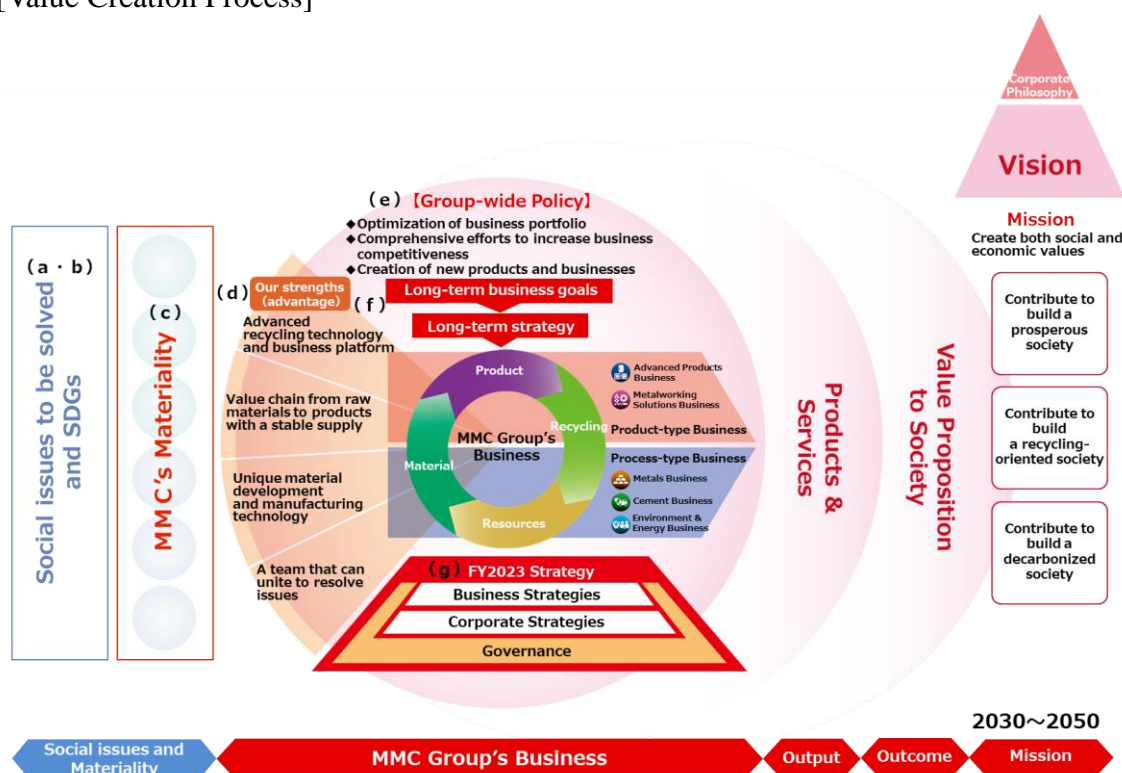
- Contribute to build a prosperous society by providing nonferrous metal materials, predominantly copper, and high value-added functional materials and products.
- Contribute to build a recycling-oriented society by providing recyclable products and advanced technology-based waste recycling.
- Contribute to build a decarbonized society by developing and promoting the use of renewable energies such as geothermal energy, and ensuring to consider the reduction of environmental impact in manufacturing.

1.2) Overall Picture of Value Creation (Value Creation Process)

Based on the idea to “create both social and economic values”, the Group has been implementing the creation of economic value by solving social issues and creating social value through its business.

From this perspective, the information (management philosophy, business model, strategy, governance, etc.) that should be communicated to stakeholders is organized in a systematic and integrated way as shown in the [Value Creation Process] below.

[Value Creation Process]



The social issues that the Group should solve and related SDGs (a, b) and the key issues (c) that the Group recognizes are listed to the left. The pink circle in the center indicates the business activities of the Group itself.

The four items on the left side of the circle in the center indicate the strengths of the Group (d).

By utilizing our strengths, the Group aims to generate the “outputs” as described on the right, under the Group-wide Policy (e) located at the top in the middle. These will be supplemented with long-term business goals and a long-term strategy for each business (f) or a Medium-term Management Strategy (g).

“Outputs” indicate products & services that the Group creates and contributes to the society through those business activities.

This indicates the overall picture of value creation of the Group which leads to the value

that the Group provides and leads to the Mission.

Details of the individual elements (a) to (g) are as described in (1.3) and (1.4) below.

1.3) Individual elements of the value creation process

<a. Social issues to be solved by the Group>

The social issues to be solved are extremely extensive and various proposals have been made.

Within the proposals, the Company has selected the following as social issues that are closely related to the Group's business and in which the Group can contribute.

- Advancing mobility
- Advancement and diversification of digital devices
- Automation of production and business processes
- Longer lifespans of people and buildings
- Effective measures against disasters
- Efficient treatment of urban waste
- Efficient use of mineral resources and alternative substances
- Efficient use of energy resources
- Development of renewable and unutilized energies
- CO2 emissions reduction

< b. SDGs>

The SDGs (Sustainable Development Goals) adopted by the United Nations in September 2015 can also be regarded as social issues to be solved.

The Company has selected 7, 8, 9, 11, 12, and 13 as the main items the Group can contribute through the businesses of the Group.

- 1 (Poverty) No Poverty
- 2 (Hunger) Zero Hunger
- 3 (Health) Good Health and Well-Being
- 4 (Education) Quality Education
- 5 (Gender) Gender Equality
- 6 (Water and Sanitation) Clean Water and Sanitation

- 7 (Energy) Affordable and Clean Energy
- 8 (Growth and Work) Decent Work and Economic Growth
- 9 (Innovation) Industry, Innovation and Infrastructure
- 10 (Inequalities) Reduced Inequalities
- 11 (Cities) Sustainable Cities and Communities
- 12 (Production and Consumption) Responsible Consumption and Production
- 13 (Climate Change) Climate Action
- 14 (Marine Resources) Life below Water
- 15 (Land Resources) Life on Land
- 16 (Peace) Peace, Justice and Strong Institutions
- 17 (Implementation) Partnerships for the Goals

<c. Materiality>

The Group summarizes the social issues that the Group should solve and related SDGs as four issues which have high importance to both stakeholders (shareholders, investors, employees, business partners, creditors, local communities, etc.) and the Group. In addition, the Group also considers challenges in our management base and strengthening the foundation of the Group as materiality.

<Social Issues>

- Stable supply of product/material
- Creation of a recycling-oriented society
- Dealing with climate change
- Environment protection and environmental technologies

<Strengthening of the Management Base and Core>

- Occupational Health and Safety
- Governance
- Development of diverse talents
- Responsibility in value chain
- Stakeholder communication
- Digital transformation

<d. Our Strengths>

- An Advanced recycling technology and business platform

The recycling business can be promoted by diverse and advanced recycling technology accumulated mainly in the Metals, Cement and Environmental recycling business, by a wide range of business experience, and by a unique waste collection network and business platform.

- Value chain from raw materials to products with a stable supply

With a consistent production system from stable procurement of raw material resources to products, high-quality products can be stably supplied to the market.

- Unique material development and manufacturing technology

As represented by the oxygen-free copper and copper alloy (the Copper & copper alloy business), joining dissimilar materials (the Electronic materials & components business), cemented carbide materials and coating (the Metalworking Solutions Business), our manufacturing technology and materials development is supported by atomic level analysis and simulation technologies. These items are sources of the Company's competitiveness.

- A team that can unite to resolve issues

By respecting diverse personalities, values, and honesty, the Company can unite individual power and work together to solve issues.

<e. Group-wide Policy>

- Optimization of business portfolio

The Company will focus on following businesses that the Company should take an ownership of: businesses that are consistent with its vision and mission, businesses that are governable by the Company, businesses that are capable of earning a leadership role in a specific region or the world, and businesses that can deliver stable returns over capital costs on a medium- to long-term basis. In addition, the Company will build a business portfolio with two axes of profitability and growth potential to determine the direction of each business, and aim to optimize the portfolio.

- Comprehensive efforts to increase business competitiveness

The Company will make comprehensive efforts through our manufacturing

excellence strategy, quality management strategy, digital transformation strategy, and business competitiveness.

As to manufacturing excellence strategy, each site draws a vision based on the business strategy, and aims to raise their manufacturing capabilities to the next level by enhancing the production process.

As to quality management strategy, the Company aims to achieve “proactive quality” by not allowing non-conforming products through optimizing the product/process design and equipment maintenance plan.

As to digital transformation strategy, the Company will strengthen customer contact points and promote data sharing to improve business added-value and operational competitiveness.

In the next 5 years, the Company will invest approximately ¥30 billion and allocate 100 digital professionals.

- Creation of new products and businesses

In order to create new businesses that will become future revenue bases, the Group addresses the following as important social needs. "Next-generation vehicles", "IoT/AI", "urban mines" and "clean energy and decarbonization". The Group will create and grow new products and businesses that are the core of sustainability.

1.4) FY2023 Strategy

<Financial Plan>

- Financial indicators and goals

FY2023 Strategy emphasizes medium- to long-term profitability and growth potential. For each business, the profitability will be mainly evaluated with ROIC and the growth potential will be evaluated by EBITDA growth rate, etc.

ROA is used complementarily in process-type businesses. ROIC/ROE/ROA are used together as group-wide financial indicators.

The Group-wide financial target of FY2023 is ROIC 6.0%, ROA 4.0%, ROE 7.0%, consolidated operating profit of ¥58 billion, consolidated ordinary profit of ¥75 billion, and net D/E ratio 1.0 times or less.

- Investment Policy

The total amount of investment for the FY2023 Strategy period is expected to amount to ¥360 billion, ¥190 billion of which is for growth strategy investment

and ¥170 billion for investment for maintenance and upgrading. The Company will make investments using cash flows from operations, proceeds from business restructuring and asset sales.

However, in addition to this, if there are other attractive large-scale investment projects for growth, investments will be made proactively as long as a net D/E ratio of 1.0 times or less is maintained.

- Shareholder Return Policy

The Company recognizes that returning profits to shareholders is one of the most important objectives of management. Considering profit allocation, the Group makes decisions based on comprehensive assessment of concerned factors, which include earnings for the period, internal reserves, and financial standing.

For profit allocation during the FY2023 Strategy period, the Company places importance on distributing stable dividends even when the Company's consolidated business results fluctuates. The annual dividends from FY2021 to FY2023 will be ¥80 per share.

However, in the case that the consolidated payout ratio becomes less than 25%, the Company plans to temporarily increase the dividend or conduct share buybacks.

Although, the shareholder return policy and the financial plan, which is the assumption for the policy, described in this section are as announced on March 25, 2020 and do not take into account the impact of the global spread of COVID-19 beyond that date.

There is a concern that the impact of COVID-19 on the Group's businesses will be more serious due to declining domestic and global demands caused by COVID-19 for automobiles, semiconductors and construction which have a deep connection with the Group's businesses. However, since reasonable estimates are difficult at the moment, the business outlook for the fiscal year ending March 31, 2021 has not been determined yet. Also, the dividends for the fiscal year ending March 31, 2021 have not been determined yet.

In addition, the Company will carefully examine the Medium-term Management Strategy including the financial plan with the shareholder return policy based on further changes in the business environment caused by COVID-19 and its impact on the medium- to long-term business outlook. The Company will promptly announce any changes in its content if it is deemed necessary.

- Regarding Strategic Holdings

The Company has a policy of not acquiring or holding shares (strategic holdings) other than purely for investment purposes, except when it is required for their business strategy.

<f. Long-term Business Goals and Long-term Strategy for each business /
g. FY2023 Strategy>

- Advanced Products

Long-term business goals	Global First Supplier
Long-term strategy	<ul style="list-style-type: none"> • Create new businesses and products through the sophistication and integration of our core competencies (e.g. production and development of oxygen-free copper, oxygen-free copper base alloys, and functional materials as well as technical capabilities such as bonding different materials bonding different metals, etc.) • Accelerate marketing activities to replicate successful practice
Specific measures of the FY2023 Strategy	<ul style="list-style-type: none"> • Assign key account managers acting cross-sectionally • Enhance information analysis by digital marketing such as the employment of AI or IoT • Share product roadmaps with customers (co-creation capabilities) • Develop new products through collaboration with Central Research Institute • Fortify production capabilities such as establishing a mass production system and improving productivity, etc.) • Pursue opportunities to execute M&A or business alliances

• Metalworking Solutions Business

Long-term business goals	Top 3 supplier in strategic markets
Long-term strategy	<ul style="list-style-type: none"> • Promote clean manufacturing • Provide high-efficiency products with advanced technology • Expand advanced metal powder business in electronic devices
Specific measures of the FY2023 Strategy	<ul style="list-style-type: none"> • Increase recycling rate in our tool recovery system and utilize renewable energy • Provide high efficiency tools and digital solutions • Transition to smart factory and optimization of logistics and supply chain • Expand advanced metal powder business to rechargeable battery market

• Metals Business

Long-term business goals	Leader in environmentally-friendly mining & smelting business
Long-term strategy	<p>Stable supply and recycling of nonferrous metals, predominantly copper</p> <ul style="list-style-type: none"> • Creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap • Promotion of recycling • Response to climate change
Specific measures of the FY2023 Strategy	<ul style="list-style-type: none"> • Secure clean copper concentrate by investing in new mines • Development impurity removal technology in copper concentrate • Optimize valuable metal material flow • Reduce fossil fuels

• Cement Business

Long-term business goals	Leader in the domestic and international cement industry with advanced environmental technologies
Long-term strategy	<ul style="list-style-type: none"> • Stable supply of basic building materials for social infrastructure and disaster prevention infrastructure • Sophistication of waste disposal • Response to climate change by reducing CO2 • Construction of a resilient domestic business foundation through business restructuring and growth in overseas markets
Specific measures of the FY2023 Strategy	<ul style="list-style-type: none"> • Improve and optimize production system through domestic business restructuring • Expand capabilities in waste plastics processing and installation of chlorine dust cleaning equipment • Introduce low-temperature burning technology and develop CO2 reduction, capture, and recycling technologies • Expansion of US businesses and development of new overseas bases

• Environment & Energy Business

Long-term business goals	(Environmental recycling) Driving force of resource-recycling systems (Renewable energy) Leading company in geothermal development
Long-term strategy	<ul style="list-style-type: none"> • Provision of a safe recycling system with thorough traceability, etc. • Decarbonization by expanding renewable energy business
Specific measures of the FY2023 Strategy	<ul style="list-style-type: none"> • Expand Home appliance recycling business, advancement of automation, and improvement of added value of recovered products • Demonstrate LiB recycling technologies and solar panel recycling technology • Secure stable plant operations in Fly ash recycling business and biogasification business • Complete Komatagawa new hydroelectric power plant, construction of Appi geothermal power plant, and survey of new geothermal sites

• Corporate division's strategy

The following are the key corporate division's strategies for support each business strategy in the FY2023 Strategy.

R&D and marketing strategy	By focusing on changes in the external environment such as megatrends, etc., the Group will create high value-added products and services mainly in IoT and AI, next-generation vehicles, urban mines, and clean energy and decarbonization areas to meet customer needs based on its integrated functions, material composite, infrastructure and mass production, and recycling technologies.
Manufacturing excellence strategy	By formulating and realizing the factory vision based on the business strategy, as well as enhancing the production process, and proactively utilizing external knowledge, the Group will raise its manufacturing capability to the next level.
Quality management strategy	By optimizing its product/process design and equipment maintenance plan, the Group will implement proactive quality management to ensure that non-conforming products are not produced.
Digital transformation strategy	The Group will use Digital Transformation to strengthen our three key pillars: "Business added-value", "Business operations competitiveness", and "Management speed". In the next five years, the Company will invest approximately ¥30 billion and allocate 100 digital professionals.

- Governance

The following are main measures for the Group's governance in FY2023 Strategy.

Strengthening corporate governance	<p>In June of 2019, the Company transitioned to a Company with a Nomination Committee, etc., and is working on the following measures</p> <ul style="list-style-type: none"> • Continuous improvement of the functions of the Board of Directors • Formulation of basic corporate governance policy (effective April 1, 2020) • CEO appointment and dismissal, planning and execution of successor development plan • Review of executive remuneration system • Enhancement of governance of subsidiaries
Strengthening group governance	<p>The Group will implement the following measures to establish a governance system in which communications can be carried out smoothly and autonomously between the parent and its subsidiaries, between the head office and its respective bases, and among respective bases and the Group companies.</p> <ul style="list-style-type: none"> • Evaluation of effectiveness and improvement of the Board of Directors of the Group companies • Group companies' officer training • Enhancement of governance audits • Prompt decision making by delegating authority and strengthening supervisory functions • Promotion of business operations with an awareness of differing managements in R&D, manufacturing, and human resources exchange • Accelerated strategy execution by Digital Transformation Management Office

HR strategy	<p>The Group will work on the following measures with the aim of securing and fostering adaptive human resources and forging a healthy organizational culture.</p> <ul style="list-style-type: none"> • (Talent) Secure and develop human resources • (Organizational culture) Enhance motivation and management capabilities of the Group companies • (Improvement of social value) Engage in the employment of diverse talents and health & productivity management
Change of organizations	<p>(Business Divisions)</p> <ul style="list-style-type: none"> • Promotion of Environment & Energy Business Division to in-house Company • Separation of Aluminum Division from Advanced Products Company <p>(Corporate Division)</p> <ul style="list-style-type: none"> • Establishment of Marketing Department • Establishment of Corporate Communications Department <p>(Company-wide organization)</p> <ul style="list-style-type: none"> • Establishment of Digital Transformation Management Office • Establishment of Sustainable Management Office

2. Measures for Strengthening the Group Governance System Including Quality Control

Concerning some of the products manufactured and sold in the past, in light of incidents where some products delivered had deviated from customer standards or internal company specifications due to misconduct, including the rewriting of inspection records data and insufficient testing, the Company and the Group has been working on various measures (the “Measures”) since December of 2017 to enhance the Group governance system framework including quality control in order to prevent such incidences.

In addition, the “Committee for Monitoring of Measures to Enhance Governance” (the “Committee for Monitoring”) was established on May 10, 2018, for the purpose of supervising the progress of the Measures etc., from an independent perspective separated from business execution.

As the Company and the Group have been implementing the Measures as

planned, and as the Company currently has an outlook for the future that each site will be able to continue autonomous work on strengthening quality control and governance, we dissolved the Committee for Monitoring on May 13, 2020.

After the dissolution of the Committee for Monitoring, we will supervise and promote actions related to group governance including quality control at the “Sustainable Management Office” established on April 1, 2020. While doing so, we will continue to discuss and confirm the progress of our action plans for enhancing the governance at the “Meeting of the Governance Deliberative Council” which has been held regularly since April 2018.

In accordance with the policy established by the Sustainable Management Office and so on and the governance plan approved by the Meeting of the Governance Deliberative Council, each site of the Company and the Group will autonomously promote actions to strengthen governance while the corporate division supports such actions of each site. In addition, the Sustainable Management Office will report to the Board of Directors on the status of our efforts to enhance governance and monitor them regularly.

The Company and the Group will endeavor to further improve group governance, including quality control of the Company and the Group, in order to prevent such situations in the future.

3. Measures to Reinforce the Antimonopoly Act Compliance Framework

In September 2019, Universal Can Corporation, a consolidated subsidiary of the Company, received a cease and desist order and an order for surcharge payment from the Japan Fair Trade Commission (hereinafter “JFTC”) for violating the Antimonopoly Act concerning transactions of aluminum beverage cans before March 31, 2016.

The Company sincerely apologizes to shareholders for any and all inconvenience and concerns this has caused.

The Company and the Group understand the gravity of this issue and will continue to reinforce the Antimonopoly Act compliance framework to prevent these kind of situations in the future and sequentially have formulated and implemented measures such as clarification of rules by enacting regulations, continuous enhancement of education and enlightenment, and strengthening the auditing framework.

4. Issues in Each Business

* In this section, accompanying a partial change in the organization of business divisions as of April 1, 2020, the Company has classified and reported the Environment & Energy Business, which belonged to Other Businesses, and the Aluminum Business, which belonged to Advanced Products, as a new independent business division.

Regarding the outlook for the global economy, as economic activities will remain considerably constrained until the global spread of COVID-19 is under control, global economic growth is expected to enter negative territory, which may worsen the economic slump.

Regarding the Japanese economy down the road, the global spread of COVID-19 has raised concerns over a slowdown in consumer spending and a fall in investments and exports in future.

Under these circumstances, it is feared that the Group's performance will be impacted by declines in demand in such sectors as automobiles, semiconductors, and construction in Japan and overseas, which are deeply connected with the Group's business.

● Advanced Products

Demand of automotive and semiconductor-related sectors, which are the main markets for advanced products, is expected to increase over the medium- to long-term due to the spread of next-generation vehicles and high-capacity communications.

However, due to the global spread of COVID-19, there is a concern over declining demand in automotive and semiconductor-related products. The Group will keep a close watch on economic conditions and the market environment.

Under these circumstances, regarding copper and copper alloy products, the Company conducted an absorption-type merger of Mitsubishi Shindoh Co., Ltd. on April 1, 2020.

While maximizing the effect of the merger with the company, the Group will strengthen marketing, R&D, and sales systems, and expand production capacity to provide high-value-added products through integrated development manufacturing and sales, in addition to enhancing profitability.

For electronics materials & components, the Group aims to become a highly profitable business entity that sustains growth potential by providing products with high added-value through material technology to high-growth industries such as next-generation vehicles, semiconductors, and electronics.

For polycrystalline silicon, the business environment is expected to remain difficult. However, the Group will reinforce profitability by securing safe and stable operation, quality improvement, and cost reduction.

● Metalworking Solutions Business

The market environment for cemented carbide products is expected to have increased demand over the medium- to long-term in the aircraft and medical fields.

However, due to the global spread of COVID-19, in addition to decline in demand reflecting the economic slowdown in Japan and in major overseas countries. There are concerns over a sourcing risk of raw materials and a slowdown of production activities by customers, etc. Therefore, the Company will keep a close watch on economic conditions and the market environment.

Under these circumstances, while the Company will continue to work on strengthening sales activities to the automotive industry, which is a major customer, the Company will prioritize the investment of our management resources in the aerospace industries and medical industries, which are expected to grow over the medium- to long-term, and seek to strengthen development, manufacturing, and sales functions.

Regarding cutting tools, under the two brands DIAEDGE (Mitsubishi Materials Corporation) and MOLDINO (MOLDINO Tool Engineering, Ltd.), while utilizing the technology sites (technical center) established in key regions of the world, the Company will work on providing customer-oriented solutions that will build customer trust as a true partner. Regarding the sourcing of key materials, tungsten and cobalt, the Company will continue working to reduce sourcing risks and sourcing costs by improving the amount of tungsten recycled and diversifying procurement sources. In addition, the Company will utilize mineral resources efficiently in order to contribute to build a recycling-oriented society.

Turning to sintered products, etc., in order to increase earnings of this business, the Company will work to enhance quality and productivity by introducing automated inspection equipment to save labor and implementing measures to

improve yield ratio. In addition, Diamet Corporation, which manufactures and sells sintered parts, has continuously recorded operating losses and impairment losses on fixed assets, and is in a state of excessive liabilities. The Company has provided financing to Diamet on grounds of a credit line.

*As of April 1, 2020, the Company made Mitsubishi Hitachi Tool Engineering, Ltd. a wholly owned subsidiary by acquiring additional shares and changed the company name to MOLDINO Tool Engineering, Ltd.

● Metals Business

Regarding the Copper business, one of our main products, the Company can expect growth in demand over the medium- to long-term in the field of plates and strips.

Regarding the procurement of copper concentrate, which is a major raw material, it is expected that the supply-demand balance will be eased due to the slowdown of the expansion rate of smelting capacity in China, and the start and expansion of operations at several new large-scale mines.

However, due to the global spread of COVID-19, there is a concern over sourcing risk of raw materials associated with a decline in the operating rate of overseas copper mines, falling copper prices, and declining copper demand, etc. The Company will keep a close watch on economic conditions and the market environment.

Under these circumstances, resources business divisions will work on improvement and reinforcement of the facilities at the Los Pelambres Copper Mine, Escondida Copper Mine, and the Copper Mountain Mine, as well as development of new projects. In addition, resources business divisions will support smelting operations by providing smelters with a stable supply of clean copper concentrate with minimum impurities.

In FY2021, in addition to existing projects, the Company will participate in development projects at the Mantoverde Copper Mine for which the Company signed an acquisition of stake in, in FY2020. The Company will also focus on research at the Mining & Metallurgy Laboratories established on April 1, 2020, aimed to develop technologies for removing impurities in copper concentrate, etc.

In smelting business divisions, the Company will utilize the world-leading E-Scrap processing capacity to enhance profitability. At the same time, the Company

will work on optimizing the material flow in order to efficiently recover and recycle trace components that grow in the process with an increase in processing volume for E-Scrap.

Furthermore, the Company has again set out to raise dealing with climate change as a theme, to maximize the environmental advantages of the Company's unique Mitsubishi process which has a low impact on the environment. the Company will also contribute to build a decarbonized society by working on smelting process reform, such as reducing fossil fuels, improving efficiency in energy conversion and energy use, and use of renewable energies, etc.

● Cement Business

In Japan, during FY2021, construction delays due to a series of natural disasters during the last fiscal year will be resolved, and growth in demand is expected due to large-scale projects such as urban redevelopment projects, etc. On the other hand, there is a concern over delays in construction due to labor and transport capacity shortages and demand is expected to decline over the medium to long term.

Overseas, the Company expect a moderate increase in demand for cement and ready-mixed concrete in FY2021.

However, due to the global spread of COVID-19, there is a concern over declining shipment volume of cement due to construction delays. The Company will keep a close watch on economic conditions and the market environment.

Under these circumstances, in order to respond to a decrease in demand for cement in Japan, which is forecasted to continue in the future, the Company has signed a letter of intent to start specific discussions and considerations for an integration of business with Ube Industries, Ltd., which is to be implemented around April 2022, aiming to optimize production systems and establish a stable profit base through economies of scale.

Under the integration, the Company will aim to implement sustainable growth by directing cash flows generated from the cement business in Japan toward concentrated investment in businesses that are anticipated to generate growth in and outside of Japan.

In addition, the Company will strive to secure sales volumes by steadily taking in demand for cement for large projects. The Company will also strive to reduce

failure rates in manufacturing and maintain stable supplies.

Furthermore, the Company will contribute to build a recycling-oriented society by strengthening waste disposal facilities, introducing high-efficiency facilities, and expanding the use of energy alternative waste.

Overseas, in order to bring in steady medium- to long-term demand in the United States, the Company will strive to further strengthen our business platform by expanding our operating base into growth markets and expanding and strengthening our vertical value chain structure.

● Environment & Energy Business

Regarding the environment & energy-related business environment, there is a strong demand for strengthening our response to environmental problems such as efficient treatment of urban waste, efficient use of energy resources, and requests for CO2 emissions reduction, as medium to long-term social issues.

However, due to the global spread of COVID-19, there are concerns over delays in renewable energy related construction work. The Company will keep a close watch on economic conditions and the market environment.

Under these circumstances, in energy-related fields, the Company will expand our renewable energy business and contribute to build a decarbonized society.

In addition to completing ongoing construction of Komatagawa new hydroelectric power plant from the previous fiscal year, the Company will proceed with the construction of the Appi Geothermal Power Plant on schedule and continue to carry out surveys of new geothermal sites to develop new businesses.

Regarding the environmental and recycling-related business, while the Company will expand our home appliance recycling business and car recycling business through advancement of automation and improving the added value of recovered products, the Company will proactively work demonstrating lithium-ion battery recycling technologies and solar panel recycling technology.

Furthermore, the Company will aim to secure stable plant operations in the fly ash recycling business and biogasification business for food waste, and strive to develop a recycling business that does not rely on final disposal sites.

● Aluminum Business

Regarding aluminum beverage cans, domestic demand for ordinary cans is not

expected to increase sharply in the future. Bottle cans are also stagnating due to the release of PET bottle coffee.

Regarding rolled and processed products, increasing demand over the medium-to long-term is expected due to the growth of next-generation vehicles.

However, due to the global spread of COVID-19, there is a concern over slowdown of production activities of our main customers, etc. The Company will keep a close watch on economic conditions and the market environment.

Under these circumstances, regarding aluminum beverage cans, the Company promotes adding value to products such as large bottle cans. In addition, from the perspective of environmental protection, the Company will make further efforts on a sales expansion of bottle cans as alternatives to plastic bottles, reducing the size and weight of products and recycling used aluminum cans.

Regarding rolled and processed products, the Company will promote increasing sales of can materials which is expected to have continuous demand. The Company will also promote increasing sales of foil products for lithium-ion batteries and investing in production facilities, as well as strengthening the business of heat exchanger materials and extruded products for automobiles.

In addition, the Company will build a competitive corporate structure by strengthening cost competitiveness as well as promoting production stabilization and selection and concentration of businesses and products in order to ensure stable profitability and achieve sustainable growth.

We ask for the ongoing support and cooperation of shareholders as we will promote value creation by implementing these measures which consolidated the collective potential of the Group.

(6) Major Business Activities of the Group (as of March 31, 2020)

The major business activities of the Group are production and sales of processed copper products, electronic materials and components, and aluminum products; production and sale of cemented carbide products and sintered products; refining and sales of copper, gold, silver and other metals; and production and sales of cement and ready-mixed concrete and other products. The major products and services of each business are as follows:

Business Division	Major Products
Advanced Products	Processed copper products (copper cakes, billets, copper alloy products, wire rods, etc.), electronic materials and components (functional materials, chemical products, electronic devices, polycrystalline silicon, etc.), aluminum products (bodies, ends and caps of aluminum beverage cans, rolled aluminum products, processed aluminum products, etc.)
Metalworking Solutions	Cemented carbide products (cemented carbide tools, cement carbide alloy, etc.), sintered products (sintered parts, etc.), etc.
Metals	Copper, gold, silver, lead, tin, sulfuric acid, palladium
Cement	Ordinary Portland cement and various other types of cements, cement-based solidification materials, aggregate, ready-mixed concrete, coal
Others	Energy related (geothermal and hydro-power generation, nuclear fuel cycling business (consignment of surveys, research, design and operations, etc.), precious metals (precious metals products, jewelry, etc.), environmental and recycling related (recycling of home appliances, etc.), real estate (real estate management, forestry), others (engineering, geological surveys, resource exploration, and consulting, etc.)

(7) The Group's Major Plants and Business Offices (as of March 31, 2020)

1. The Company

Head office	3-2-3, Marunouchi, Chiyoda-ku, Tokyo	
Plants and others 1) 2)	Advanced Products	Sakai Plant (Osaka), Sanda Plant (Hyogo), Ceramics Plant (Saitama), Yokkaichi Plant (Mie)
	Metalworking Solutions	Tsukuba Plant (Ibaraki), Gifu Plant, Akashi Plant (Hyogo)
	Metals	Akita Refinery, Naoshima Smelter & Refinery (Kagawa), Ikuno Plant (Hyogo)
	Cement	Aomori Plant, Iwate Plant, Yokoze Plant (Saitama), Higashitani Mine (Fukuoka), Kyushu Plant (Fukuoka)
	Others	Smart Factory Promotion Center (Saitama), Saitama Property Management Office, Production Engineering Center (Saitama) Energy Project & Technology Center (Saitama)
Branch (office)	Sapporo Branch, Tohoku Branch (Miyagi), Nagoya Branch, Osaka Regional Head Office, Kyushu Branch (Fukuoka)	
R&D centers	Central Research Institute (Ibaraki)	
Overseas offices	Vancouver Office (Canada), Chile Office, London Office (United Kingdom)	

Note 1: Accompanying the Company absorbing and merging Mitsubishi Shindoh Co., Ltd., which came into effect on April 1, 2020, the Wakamatsu Plant (Fukushima) and the Sambo Plant (Osaka) were installed in Advanced Products.

Note 2: Smart Factory Promotion Center was established on September 1, 2019.

2. Major Subsidiaries

Business Division	Names of Subsidiaries ¹⁾
Advanced Products ^{2) 3)}	Mitsubishi Shindoh Co., Ltd., (Tokyo), MMC Copper Products Oy (Finland), Universal Can Corp. (Tokyo), Mitsubishi Aluminum Co., Ltd. (Tokyo), Mitsubishi Cable Industries, Ltd. (Tokyo), Sambo Metals Corp. (Osaka)
Metalworking Solutions ⁴⁾	Mitsubishi Hitachi Tool Engineering, Ltd. (Tokyo), Diamet Corp. (Niigata), Mitsubishi Materials U.S.A. Corporation (U.S.)
Metals	PT Smelting (Indonesia), Onahama Smelting & Refining Co., Ltd. (Tokyo), Materials Eco-Refining Co., Ltd. (Tokyo)
Cement	MCC Development Corp. (U.S.), Robertson's Ready Mix, Ltd. (U.S.), Mitsubishi Cement Corp. (U.S.)
Others	Mitsubishi Materials Trading Corp. (Tokyo), Mitsubishi Materials Techno Corp. (Tokyo), Dia Consultants Co., Ltd. (Tokyo), Materials' Finance Co., Ltd. (Tokyo)

Note 1: Words within parentheses in the table denote the regions (for domestic subsidiaries) or countries (for overseas subsidiaries) where each subsidiary's head office is located.

Note 2: The Company absorbed and merged Mitsubishi Shindoh Co., Ltd. on April 1, 2020

Note 3: As of May 13, 2020, MMC Copper Products Oy changed the company name to Luvata Oy.

Note 4: As of April 1, 2020, the Company made Mitsubishi Hitachi Tool Engineering, Ltd. a wholly owned subsidiary by acquiring additional shares and changed the company name to MOLDINO Tool Engineering, Ltd.

(8) The Status of Employees (as of March 31, 2020)**1. Status of Employees of the Group (Consolidated)**

Business Division	Number of Employees ¹⁾
Advanced Products	10,264 (increased by 177)
Metalworking Solutions	7,792 (decreased by 247)
Metals	2,034 (increased by 18)
Cement	4,434 (increased by 203)
Others	3,299 (decreased by 20)
All Companies (for the whole Group) ²⁾	778 (increased by 44)
Total	28,601 (increased by 175)

Note 1: Employee numbers within parentheses denote the change from the previous fiscal year-end.

Note 2: Employees stated for all companies (for the whole Group) are attached to administrative divisions that cannot be demarcated within a specific business division.

2. Status of Employees of the Company (Non-consolidated)

Number of Employees (persons)	YOY Change (persons)	Average Age (years)	Average Years of Employment (years)
4,906	Increased by 99	41.3	17.3

(9) The State of Major Subsidiaries and Affiliates (as of March 31, 2020)

1. The State of Major Subsidiaries

Name of the Company	Paid-in Capital	Percentage of Ownership (including indirect ownership) (%)	Line of Business
PT Smelting	326 million U.S. dollars ¹⁾	60.5	Production and sales of electrolytic copper in Indonesia
MMC Copper Products Oy ²⁾	160 million euro ^{1), 3)}	100.0	Business administration of subsidiaries that produce and sell processed copper products
MCC Development Corp.	811 million U.S. dollars ¹⁾	70.0	Investment in ready-mixed concrete businesses in the U.S.
Onahama Smelting & Refining Co., Ltd.	6,999 million yen	55.7	Smelting on consignment of copper concentrate
Sambo Metals Corp.	80 million yen	100.0	Sales of rolled copper products and electric wires
Mitsubishi Cement Corp.	70 million U.S. dollars ¹⁾	67.0	Production and sales of cement in the south-west area of the U.S.
Materials' Finance Co., Ltd.	30 million yen	100.0	Financing the Company and its affiliates
Mitsubishi Aluminum Co., Ltd.	8,196 million yen	90.4	Production and sales of rolled and processed aluminum products
Mitsubishi Shindoh Co., Ltd. ⁴⁾	8,713 million yen ³⁾	100.0	Production and sales of processed copper products and processed copper alloy products
Mitsubishi Cable Industries, Ltd.	8,000 million yen	100.0	Production and sales of sealing products
Mitsubishi Hitachi Tool Engineering, Ltd. ⁵⁾	1,455 million yen	51.0	Production and sales of cemented carbide tools
Mitsubishi Materials Techno Corp.	1,042 million yen	100.0	Technical construction and civil engineering; production and sales of industrial machinery
Mitsubishi Materials Trading Corp.	393 million yen	100.0	Sales of the Company's products and other non-ferrous metal products
Universal Can Corp.	8,000 million yen	80.0	Production and sales of aluminum beverage cans

Robertson's Ready Mix, Ltd.	32 million U.S. dollars ¹⁾	100.0	Smelting, processing and recycling of non-ferrous metals
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Note 1: Paid-in capital is shown.

Note 2: As of May 13, 2020, MMC Copper Products Oy changed the company name to Luvata Oy.

Note 3: This company closes its accounts in December. For that reason, paid-in capital as of December 31, 2019 is listed, but there is no change in the paid-in capital as of March 31, 2020.

Note 4: The Company absorbed and merged Mitsubishi Shindoh Co., Ltd. on April 1, 2020

Note 5: As of April 1, 2020, the Company made Mitsubishi Hitachi Tool Engineering, Ltd. a wholly owned subsidiary by acquiring additional shares and changed the company name to MOLDINO Tool Engineering, Ltd.

2. The State of Major Affiliates

Name of the Company	Paid-in Capital (Million Yen)	Percentage of Ownership (including indirect ownership) (%)	Line of Business
Ube-Mitsubishi Cement Corp.	8,000	50.0	Sales of cement and cement related products
NM Cement Co., Ltd	7,001	30.0	Investment in Nghi Son Cement Corp. (Vietnam)
LM Sun Power Co., Ltd.	495	50.0	Operation of solar power generation
Kobelco & Materials Copper Tube Co., Ltd.*	6,000	45.0	Production and sales of copper tubes and fabricated copper tubes
P.S. Mitsubishi Construction Co., Ltd	4,218	33.9	Pre-stressed concrete works, civil engineering and sales of concrete products
Yuzawa Geothermal Power Generation Corporation	3,802	30.0	Operation of geothermal power generation

* The Company plans to transfer all the shares in Kobelco & Materials Copper Tube Co., Ltd. that the Company holds to CTJ Holdings2 LLC as of June 30, 2020.

(10) Business Transfers, Absorption-type Company Splits or Incorporation-type Company Splits

The Company and Ube Industries, Ltd. resolved at their respective Board of Directors meetings, held on February 12, 2020, to start specific discussions and considerations for an integration of the Cement business and related business of both companies, which is to be implemented around April 2022 (hereinafter referred to as the “Integration”). Both companies concluded a memorandum of understanding on the same day.

Going forward, both companies will proceed with the specific discussions and considerations for the Integration and plan to conclude a final agreement on the Integration around the end of September 2020.

(11) Succession of Rights and Obligations in Businesses of Other Companies Through Absorption-type Company Mergers and Splits

The Company resolved at the Board of Directors meeting held on July 31, 2019, to conduct an absorption-type merger between the Company and Mitsubishi Shindoh Co., Ltd., which was a consolidated subsidiary of the Company, with the former as the surviving company and the latter as the absorbed company, which was to come into effect on April 1, 2020. Both companies concluded the merger agreement on the same day. The Company conducted an absorption-type merger of Mitsubishi Shindoh Co., Ltd. and succeeded all rights and obligations held by Mitsubishi Shindoh Co., Ltd., on April 1, 2020.

(12) Acquisition or Disposal of Shares, Equity Interests or Share Options in Other Companies

The Company resolved at the Board of Directors meeting held on February 26, 2020, to acquire all shares in Mitsubishi Hitachi Tool Engineering, Ltd., which was a consolidated subsidiary of the Company, held by Hitachi Metals, Ltd. out of all issued shares (hereinafter referred to as the “Acquisition”). Consequently, the Company made Mitsubishi Hitachi Tool Engineering, Ltd. a wholly owned subsidiary on April 1, 2020. The subsidiary changed the company name to MOLDINO Tool Engineering, Ltd. after the Acquisition.

(13) The Group's Major Lenders (as of March 31, 2020)

Major Lenders	Borrowed Amount (Million Yen)	Company Shares held by the Lender	
		Number of Shares Held (Thousand)	Percentage of Shareholding (%) [*]
MUFG Bank, Ltd.	173,634	2,003	1.5
Mizuho Bank, Ltd.	53,191	157	0.1
The Norinchukin Bank	21,894	500	0.4
The Hachijuni Bank, Ltd.	18,201	223	0.2
Development Bank of Japan Inc.	16,120	-	-

Note: Percentages of shareholding were calculated after deducting treasury shares (547,837 shares).

(14) Other Important Matters Concerning the State of the Group

The Company reached an agreement to acquire 30% of the concessions of the Mantoverde Copper Mine, located in the Atacama region of northern Chile, from Mantos Copper Holding SpA, and to participate in development projects planned by the mine. Consequently, the Company decided on February 7, 2020 to sign definitive agreements, including share subscription agreement and shareholders agreement. On the same day, the Company entered into the share subscription agreement.

2. Articles Concerning Stock (as of March 31, 2020)

(1) **Total number of authorized shares:** 340,000,000 (no change from the previous fiscal year-end)

(2) **Total number of issued shares:** 131,489,535 (no change from the previous fiscal year-end)

(3) **Number of shareholders:** 93,001 (decreased by 2,346 from the previous fiscal year-end)

This includes 67,991 shareholders with voting rights (decreased by 2,639 from the previous fiscal year-end).

(4) Major Shareholders

Name of Shareholders	Number of Shares Held (Thousand)	Percentage of Shareholding (%) [*]
The Master Trust Bank of Japan, Ltd. (Trust account)	9,575	7.3
Japan Trustee Services Bank, Ltd. (Trust account)	8,594	6.6
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,769	4.4
Meiji Yasuda Life Insurance Company	3,101	2.4
NORTHERN TRUST CO. (AVFC) RE U.S TAX EXEMPTED PENSION FUNDS	3,097	2.4
Japan Trustee Services Bank, Ltd. (Trust account 5)	2,659	2.0
Japan Trustee Services Bank, Ltd. (Trust account 9)	2,461	1.9
JP MORGAN CHASE BANK 385151	2,248	1.7
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	2,054	1.6
MUFG Bank, Ltd.	2,003	1.5

Note: Percentages of shareholding were calculated after deducting treasury shares (547,837 shares)

3. Articles Concerning the Company's Executives

(1) Directors and Executive Officers

1. Directors (as of March 31, 2020)

Title	Name	Position and Responsibilities	Important Positions of Other Organizations
Director, Chairman of the Board	Akira Takeuchi	Member of the Nomination Committee Member of the Remuneration Committee	
Director	Naoki Ono ¹⁾	Member of the Nomination Committee Member of the Remuneration Committee	
Director	Makoto Shibata ¹⁾		President, Materials' Finance Co., Ltd. ²⁾
Director	Hiroshi Kubota ^{3) 4) 16)}	Member of the Audit Committee	
Director	Soichi Fukui ^{3) 16)}	Member of the Audit Committee	
Director	Mariko Tokuno ^{5) 17)}	Member of the Nomination Committee (Chairperson) Member of the Remuneration Committee	Outside Director, Happinet Corporation ⁶⁾ Outside Director, Yamato Holdings Co., Ltd. ⁷⁾
Director	Hiroshi Watanabe ^{5) 8) 17)}	Member of the Audit Committee	President, Institute for International Monetary Affairs ⁹⁾
Director	Hikaru Sugi ^{5) 17)}	Member of the Nomination Committee Member of the Remuneration Committee	
Director	Hiroshi Sato ^{3) 5) 10) 16) 17)}	Member of the Audit Committee (Chairperson)	
Director	Naoto Kasai ^{5) 16) 17)}	Member of the Audit Committee	Representative Lawyer, Kasai Sogo Law Office ¹¹⁾

Director	Tatsuo Wakabayashi ^{5) 16) 17)}	Member of the Nomination Committee Member of the Remuneration Committee (Chairperson)	Chairman, Mitsubishi UFJ Trust and Banking Corporation ^{12) 13)} Outside Director, Mitsubishi Logistics Corporation ^{14) 15)}
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Note 1: Mr. Naoki Ono and Mr. Makoto Shibata hold the concurrent position of Executive Officer.

Note 2: Mr. Makoto Shibata resigned as Representative Director President of Materials' Finance Co., Ltd. on March 31, 2020.

Note 3: Mr. Hiroshi Kubota, Mr. Soichi Fukui and Mr. Hiroshi Sato are Full-time Members of the Audit Committee. The Company shall assign Full-time Members of the Audit Committee in order to improve the effectiveness of audits conducted by the Audit Committee.

Note 4: Mr. Hiroshi Kubota, a Member of the Audit Committee, has to date mainly been assigned to areas that relate to accounting and finance. As such, he has extensive knowledge in each of these fields.

Note 5: Ms. Mariko Tokuno, Mr. Hiroshi Watanabe, Mr. Hikaru Sugi, Mr. Hiroshi Sato, Mr. Naoto Kasai and Mr. Tatsuo Wakabayashi are Outside Directors as defined in Article 2, Paragraph 15 of the Companies Act.

Note 6: There is no business relationship between the Company and Happinet Corporation.

Note 7: There is no business relationship between the Company and Yamato Holdings Co., Ltd. The Company has a business relationship with Yamato Transport Co., Ltd., a specified subsidiary of Yamato Holdings Co., Ltd., related to such activities as the consigned transportation of products. However, the value of the transactions amounts to less than 1% of the consolidated net sales of the Company and Yamato Holdings Co., Ltd.

Note 8: Mr. Hiroshi Watanabe, a Member of the Audit Committee, has extensive knowledge of finance and accounting through his experiences as Vice-Minister of Finance for International Affairs at the Ministry of Finance and in management at government-affiliated financial institutions.

Note 9: There is no business relationship between the Company and the Institute for International Monetary Affairs.

Note 10: Mr. Hiroshi Sato, Chairperson of the Audit Committee, has experience as a corporate auditor of a financial institution and has extensive knowledge of finance and accounting.

Note 11: There is no business relationship between the Company and Kasai Sogo Law Office.

Note 12: The Company has a business relationship with Mitsubishi UFJ Trust and Banking Corporation (MUTB), related to such activities as entrustment of the Company's pension

funds. However, the value of the transactions amounts to less than 2% of the consolidated net sales of the Company and MUTB. Moreover, the Company has no business relationship with MUTB relating to the borrowing of funds.

Note 13: Mr. Tatsuo Wakabayashi resigned from Chairman of Mitsubishi UFJ Trust and Banking Corporation (MUTB) on April 1, 2020 and assumed the office of Senior Advisor of such company.

Note 14: Mr. Tatsuo Wakabayashi assumed the office of Outside Director, Mitsubishi Logistics Corporation on June 27, 2019.

Note 15: The Company has a business relationship with Mitsubishi Logistics Corporation regarding the consigned transportation of products. However, the value of the transactions amounts to less than 1% of the consolidated net sales of the Company and Mitsubishi Logistics Corporation.

Note 16: Mr. Hiroshi Kubota, Mr. Soichi Fukui, Mr. Hiroshi Sato, Mr. Naoto Kasai and Mr. Tatsuo Wakabayashi had been Audit & Supervisory Board Members of the Company until the change to a Company with a Nomination Committee on June 21, 2019 and assumed the office of Directors on the same day.

Note 17: The Company has notified the Tokyo Stock Exchange, Inc. that Ms. Mariko Tokuno, Mr. Hiroshi Watanabe, Mr. Hikaru Sugi, Mr. Hiroshi Sato, Mr. Naoto Kasai and Mr. Tatsuo Wakabayashi are Independent Directors in accordance with the regulations, respectively. (An Independent Director is an Outside Director who is unlikely to have conflicts of interest with general shareholders.)

Note 18: Mr. Osamu Iida, Mr. Yasunobu Suzuki and Mr. Kazuhiro Kishi resigned as Directors and assumed the office of Executive Officers at the closing of the 94th Ordinary General Meeting of Shareholders held on June 21, 2019.

2. Executive Officers (as of March 31, 2020)

Title	Name	Position and Responsibilities	Important Positions of Other Organizations
Chief Executive Officer (Representative Executive Officer)	Naoki Ono ¹⁾	General Operation of the Company <u>responsible for:</u> Audit	
Executive Vice President and Executive Officer (Representative Executive Officer)	Osamu Iida ²⁾	Assistant to the President General Manager, Technology Div.	
Senior Managing Executive Officer	Yasunobu Suzuki	President, Advanced Products Company <u>responsible for:</u> New Business Development & Promotion	
Managing Executive Officer	Kazuhiro Kishi	President, Cement Company	Outside Director, P.S. Mitsubishi Construction Co., Ltd.
Managing Executive Officer	Makoto Shibata ¹⁾	General Manager, Corporate Strategy Div. <u>responsible for:</u> Affiliated Corporations Business	Representative Director President, Materials' Finance Co., Ltd. ³⁾
Managing Executive Officer	Shinichi Nakamura	President, Metalworking Solutions Company	
Managing Executive Officer	Yoshikazu Yasui ²⁾	General Manager, Human Resources & General Affairs Div.	
Managing Executive Officer	Susumu Sasaki	General Manager, Governance Div.	
Managing Executive Officer	Tetsuro Sakai	President, Metals Company	

Executive Officer	Shogo Yamaguchi	General Manager, Environment & Energy Business Unit	
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Note 1: Mr. Naoki Ono and Mr. Makoto Shibata hold the concurrent position of Director.

Note 2: Mr. Osamu Iida and Mr. Yoshikazu Yasui resigned as Executive Officer on March 31, 2020.

Note 3: Mr. Makoto Shibata resigned as Representative Director President of Materials' Finance Co., Ltd. on March 31, 2020.

The following Executive Officers have been given new titles or posted to new positions shown below on April 1, 2020.

Title	Name	Position and Responsibilities	Important Positions of Other Organizations
Chief Executive Officer (Representative Executive Officer)	Naoki Ono	General Operation of the Company <u>responsible for:</u> Audit CEO	
Executive Vice President and Executive Officer (Representative Executive Officer)	Yasunobu Suzuki	President, Advanced Products Company	
Managing Executive Officer	Makoto Shibata	General Manager, Corporate Strategy Div. CFO	
Managing Executive Officer	Shinichi Nakamura	General Manager, Technology Div.	
Managing Executive Officer	Susumu Sasaki	General Manager, Governance Div. <u>responsible for:</u> Aluminum Business and Affiliated Corporations Business	
Managing Executive Officer	Shogo Yamaguchi	President, Environment & Energy Business Company	
Managing Executive Officer	Nobuhiro Takayanagi*	Vice President, Advanced Products Company	
Managing Executive Officer	Jun Nagano*	General Manager, Human Resources & General Affairs Div.	
Managing Executive Officer	Tetsuya Tanaka*	President, Metalworking Solutions Company	

*Mr. Nobuhiro Takayanagi, Mr. Jun Nagano and Mr. Tetsuya Tanaka assumed the office of Executive Officer on April 1, 2020.

(2) Outline of the Content of Limited Liability Agreement

Provisions of the Articles of Incorporation allow the Company to execute with Directors (excluding those who are Executive Directors, etc.) agreements limiting liability for damages in accordance with Article 427, Paragraph 1 of the Companies Act. In accordance with the provisions, the Company has concluded Limited Liability Agreements with all of the Non-executive Directors. The outline of the agreements is as follows:

With respect to liability as described in Article 423, Paragraph 1 of the Companies Act, if Directors (excluding those who are Executive Directors, etc.) perform their duties in good faith and without gross negligence, the Directors shall be liable to the Company for damages only to the extent of minimum liability as set out in Article 425, Paragraph 1 of the Companies Act. The Company shall indemnify the Directors for damages in excess of the amount of the liability.

(3) Remuneration of Directors, Audit & Supervisory Board Members and Executive Officers

Position	Total Amount of Remuneration (Millions of yen)	Remuneration by Type (Millions of yen)		Number of Executives (persons) ⁷⁾
		Basic ⁵⁾	Bonus ⁶⁾	
Directors (of which Outside Directors)	273 ³⁾ (99)	273 (99)	—	14 (6)
Audit & Supervisory Board Members ¹⁾ (of which Outside Audit & Supervisory Board Members)	33 ⁴⁾ (15)	33 (15)	—	5 (3)
Executive Officers ²⁾	275	275	—	10

Note 1: The Company made the transition from being a Company with a Board of Auditors to a Company with a Nomination Committee upon approval at the 94th Ordinary General Meeting of Shareholders held on June 21, 2019. Accordingly, the total amount of remuneration to Audit & Supervisory Board Members and the number of executives to be paid described on the above table refer to those in the fiscal year under review for Audit & Supervisory Board Members who served between April 1 and June 21, 2019.

Note 2: The total amount of remuneration paid to executives who served as Director and Executive Officer concurrently is described in the Executive Officers column.

Note 3: It was resolved at the 91st Ordinary General Meeting of Shareholders held on June 29, 2016, that the amount of remuneration to Directors prior to the transition to being a Company with a Nomination Committee should not exceed ¥49 million per month, including remuneration not exceeding ¥6 million per month to Outside Directors.

Note 4: It was resolved at the 82nd Ordinary General Meeting of Shareholders held on June 28, 2007, that the amount of remuneration to Audit & Supervisory Board Members prior to the transition to being a Company with a Nomination Committee should not exceed ¥17 million per month.

Note 5: Of the basic remuneration for Directors, stock-based remuneration (paying a fixed monthly amount used for purchasing the Company's shares) is ¥6 million. Of the basic remuneration for Executive Officers, stock-based remuneration is ¥27 million. Based on a resolution at the Remuneration Committee, the Company revised a remuneration system for Directors

and Executive Officers from FY2021 onward and has adopted stock-based remuneration using a trust instead of the current stock-based remuneration system. The remuneration system for Directors and Executive Officers from FY2021 onward is outlined in “Outline of Remuneration System for Directors and Executive Officers from FY2021” as mentioned later.

Note 6: It was resolved at the 81st Ordinary General Meeting of Shareholders held on June 29, 2006, that the amount of bonuses for Directors other than Outside Directors prior to the transition to being a Company with a Nomination Committee should not exceed ¥170 million per annum.

Note 7: The number of executives to be paid includes three (3) Directors and five (5) Audit & Supervisory Board Members who resigned during the fiscal year under review. There are eleven (11) Directors and ten (10) Executive Officers as of the end of the fiscal year under review. The number of Executives to be paid include those who resigned as Directors and then were appointed as Executive Officers, and those who resigned as Audit & Supervisory Board Members and then were appointed as Directors at the time of the transition to a Company with a Nomination Committee, as well as those who serve as Directors and Executive Officers concurrently. There are overlaps in the total.

(4) Policy Regarding the Determination of Remuneration

1. Directors and titled Executive Officers

We make it a basic policy to appropriately link the remuneration for Directors and titled Executive Officers until June 2019 to corporate performance as well as individual performance. Drawing on the advice of external experts, steps have been taken to design a system that is highly objective. Remuneration is comprised of basic fixed component as well as a bonus that is linked to performance.

Firstly, the amount of basic remuneration paid to Directors and titled Executive Officers is determined in accordance with the title and performance of each individual. The portion of basic remuneration is paid as stock-based remuneration (not paid to Outside Directors) and a fixed monthly amount is used for purchasing the Company's shares through the Company's Director shareholding association. The Company's shares acquired based on this remuneration cannot be sold at least during each individual's term of office. This aims to link the remuneration to medium- and long-term corporate performance.

Secondly, bonuses, as remuneration linked to short-term corporate performance, are determined after the fiscal year by taking into consideration the performance of each individual following the formula using indicators consisting of net income attributable to owners of parent and consolidate ordinary profit for the fiscal year under review, important consolidated indicators when assessing corporate performance. Since the formula is linked to the results of net income attributable to owners of parent and consolidate ordinary profit, the targets for indicators related to bonuses are not set for each fiscal year, rather there will be cases of non-payment and amount decreases depending on corporate conditions and the amount of dividends for the fiscal year under review to which the provision of bonuses is subject.

Recognizing that the role of Outside Directors is to objectively oversee and verify the activities of Directors as they carry out their executive duties from a position that independent of the Company, remuneration is limited to a fixed amount that is determined in accordance with the policies approved by the Board of Directors and after taking into consideration the circumstances of each individual.

2. Audit & Supervisory Board Members

The remuneration for Audit & Supervisory Board Members until June 2019 is set at an appropriate level based on discussions among them and is a fix amount that is not linked to corporate performance in light of the fact that they assume the responsibility for auditing the execution of duties by Directors as an independent body entrusted by shareholders.

Accompanying the Company's transition to a Company with a Nomination Committee on approval at the 94th Ordinary General Meeting of Shareholders held on June 21, 2019, the policy regarding determination of remuneration for Directors and Executive Officers and remuneration for individuals are determined by the Remuneration Committee. The Remuneration Committee decided that remuneration for Directors and Executive Officers from July 2019 onward follow the above policy.

Additionally, the Company revised the remuneration system for Directors and Executive Officers from FY2021 onward following a resolution of the Remuneration Committee. The following is an outline of the remuneration system for Directors and Executive Officers from FY2021 onward.

<< Outline of Remuneration System for Directors and Executive Officers from FY2021>>

With the aim of creating an attractive remuneration system for outstanding management personnel that will drive improvements in the Group's corporate value from a medium- to long-term viewpoint and establishing remuneration governance that will enable the Company to fulfill its accountability to stakeholders, including shareholders, the Company shall establish a policy on determining the remuneration for Directors and Executive Officers (hereinafter, "Officers") and a remuneration system as follows:

1. Policy on Determining Remuneration for Officers

(1) A system shall be created that provides competitive standards for remuneration compared with companies of a business category and size similar to the Group.

(2) The performance of the functions and duties assumed by each Officer and contributions to the improvement of medium- to long-term corporate value shall be evaluated in a fair and equitable manner, and the evaluation results shall be reflected in remuneration.

(3) In order to have remuneration function as a sound incentive to improve the Group's medium- to long-term corporate value, remuneration shall consist of basic remuneration, an annual bonus based on performance evaluations in each fiscal year, etc. and stock-based compensation, which is a medium- to long-term incentive linked to medium- to long-term performance and corporate value. The remuneration composition ratio shall be determined appropriately in accordance with one's job position. Provided, however, that for Directors (excluding those who concurrently hold the posts of Director and Executive Officer), only basic remuneration shall be paid in cash, in light of their function and role of supervising the performance of job duties by the Executive Officers.

(4) An annual bonus shall be determined based on an appropriate evaluation of the performance in each fiscal year as well as the status of the implementation of medium- to long-term management strategies, etc., and reflected in remuneration.

(5) A medium- to long-term incentive shall be stock-based compensation that enables Officers to share awareness of profits with shareholders in order to enhance corporate value from a medium- to long-term viewpoint.

(6) The policies for determining remuneration and the amount of individual remuneration shall be deliberated and determined by the Remuneration Committee composed of a majority of Independent Outside Directors.

(7) Necessary information shall be disclosed actively so that stakeholders including shareholders can monitor the relationship between performance, etc. and remuneration.

2. Remuneration System for Officers

(1) Directors (excluding those who concurrently hold the posts of Director and Executive Officer)

The remuneration system for Directors shall be determined so that only basic remuneration shall be paid in cash, taking into consideration an individual Director's job position, whether he/she is a full-time/part-time Director, etc. and referring to the standards for remuneration of other companies based on the

research of outside experts.

(2) Executive Officers

The remuneration payable to Executive Officers shall consist of basic remuneration, which is fixed remuneration, and an annual bonus and stock-based compensation, which are performance-linked remuneration. The remuneration composition ratio shall be in line with “Basic remuneration/Annual bonus/Stock-based compensation = 1.0/0.6/0.4” (*In the case where the annual bonus payment rate is 100%) as to the Chief Executive Officer, and for other Executive Officers, the ratio of performance-linked remuneration to basic remuneration shall be set lower than that for the Chief Executive Officer.

Further, the standards for remuneration shall be determined by referring to the standards of peer companies (similar-sized companies determined by the Remuneration Committee) based on the research of outside experts.

<Basic Remuneration>

Basic remuneration shall be paid in cash as fixed remuneration in accordance with one's job position.

<Annual Bonus (Short-term Incentive Remuneration)>

The annual bonus shall be determined based on the evaluation of consolidated operating profit growth rate compared with other companies, as well as a performance evaluation and non-financial evaluation, on a single-year basis.

The specific evaluation items shall be as follows:

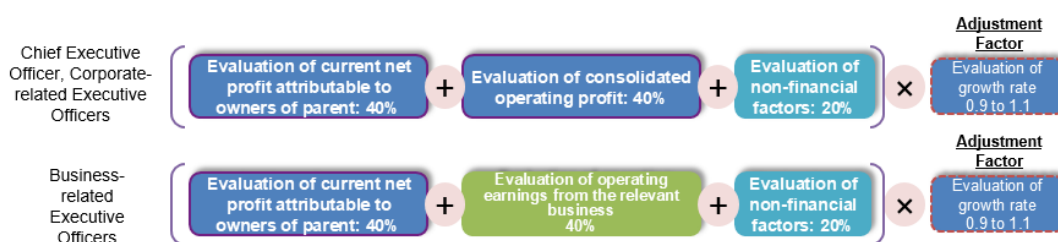
<<Evaluation Items>>

- (i) Current net profit attributable to owners of parent, which is the final result of management and by which common profit awareness is shared with shareholders
- (ii) Consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector), based on which the earning capacity of one's main job is evaluated
- (iii) Non-financial evaluation that evaluates the value of efforts aimed at the improvement of medium- to long-term corporate value, which is less likely to be represented in a short-term performance
- (iv) Consolidated operating profit growth rate compared with other companies,

as a final adjustment factor to give an impression of growth greater than market growth (comparison with 6 non-ferrous metal companies and similar-sized manufacturing companies)

<<Evaluation Weight>>

Based on the evaluations of each portion of 40%, 40% and 20% of the base amount, which depends on one's job position, in terms of current net profit attributable to owners of parents, consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector) and non-financial factors, respectively, the annual bonus shall be determined by using consolidated operating profit growth rate as an adjustment factor.



<Stock-based compensation (Medium- to Long-term Incentive Remuneration)>

Stock-based compensation shall be a system that utilizes a trust for the purpose of achieving the sharing of common profit awareness with shareholders, which shall be used as an incentive for the improvement of the medium- to long-term corporate value of the Group and under which shares shall be delivered, in accordance with one's job position, upon retirement from the post of Officer. No performance conditions nor stock price conditions shall be set with respect to the shares to be delivered.

Please note that in the case of a non-resident staying in Japan, different treatment may be applied under laws or for any other relevant circumstances.

(5) Major Activities of Outside Directors and Auditors

Status Classification	Name	Attendance for Meetings of the Board of Directors, etc. held during the fiscal year under review	Major Activities
Director	Mariko Tokuno	Board of Directors: 16/16 Nomination Committee: 11/11 Remuneration Committee: 10/10	Ms. Mariko Tokuno has insight into corporate strategy and general aspects of management from a global perspective gained through her extensive experience as a manager of the Japanese operations of leading international firms. Ms. Tokuno provides well-informed opinions as a Director, Chairperson of the Nomination Committee and a Member of the Remuneration Committee.
Director	Hiroshi Watanabe	Board of Directors: 14/16 Audit Committee: 12/14	Mr. Hiroshi Watanabe has knowledge of domestic and overseas finance, economics and other general aspects of management gained through his experience in key positions at the Ministry of Finance and in management positions in government-affiliated financial institutions. Mr. Watanabe provides well-informed opinions as a Director and a Member of the Audit Committee.
Director	Hikaru Sugi	Board of Directors: 16/16 Nomination Committee: 11/11 Remuneration Committee: 10/10	Mr. Hikaru Sugi has extensive technical knowledge in development, design and manufacturing processes, and also has insight into corporate strategy from a global perspective and general aspects of management through his experience as a manager of a manufacturer that develops its business all over the world. Mr. Sugi provides well-informed opinions as a Director, a Member of the Nomination Committee and a Member of the Remuneration

			Committee.
Director	Hiroshi Sato	Board of Directors: 16/16 Audit Committee: 14/14 Audit & Supervisory Board: 3/3 ^{1) 2)}	Mr. Hiroshi Sato has insight into finance, accounting and other aspects of corporate management from his experience as a corporate auditor in a financial institution and as a management at a manufacturer. Mr. Sato provides well-informed opinions as a Director and Chairperson of the Audit Committee.
Director	Naoto Kasai	Board of Directors: 15/16 Audit Committee: 13/14 Audit & Supervisory Board: 3/3 ^{1) 2)}	Mr. Naoto Kasai provides well-informed opinions as a Director and a Member of the Audit Committee based on his abundant experience as a lawyer and extensive knowledge concerning business management.
Director	Tatsuo Wakabayashi	Board of Directors: 16/16 Nomination Committee: 11/11 Remuneration Committee: 10/10 Audit & Supervisory Board: 3/3 ^{1) 2)}	Mr. Tatsuo Wakabayashi has insight into finance, accounting and other aspects of corporate management from his extensive experience as a manager after having served as President and Chairman at financial institutions. Mr. Wakabayashi provides well-informed opinions as a Director, a Member of the Nomination Committee and Chairperson of the Remuneration Committee.

Note 1: Mr. Hiroshi Sato, Mr. Naoto Kasai and Mr. Tatsuo Wakabayashi had been Audit & Supervisory Board Members of the Company until the Company made the transition to a Company with a Nomination Committee on June 21, 2019. Accordingly, their Number of Attendance at Board Meetings includes the record from when they were Audit & Supervisory Board Members.

Note 2: The number of times the Audit & Supervisory Board were held is the record for the period until the time the Company changed to a Company with a Nomination Committee on June 21, 2019.

Note 3: As far as the number of times the Board of Directors were held, and in addition to the aforementioned, there were two notices made to Directors pursuant to Article 372, Paragraph

1 and 3, of the Companies Act.

Note 4: In September 2019, Universal Can Corporation, a consolidated subsidiary of the Company, received a cease and desist order and an order for surcharge payment from the JFTC for violating the Antimonopoly Act concerning transactions of aluminum beverage cans before March 31, 2016.

Until the case came to light, Ms. Mariko Tokuno, Mr. Hiroshi Watanabe, Mr. Hikaru Sugi, Mr. Hiroshi Sato, Mr. Naoto Kasai and Mr. Tatsuo Wakabayashi were not cognizant of this case, but they have made regular remarks at the Board of Directors, etc. from the viewpoint of compliance with laws and regulations. Since the case has been discovered, they have properly fulfilled their duties by investigating the facts and causes and making proposals with regard to measures to prevent any recurrence.

4. Articles Concerning Accounting Auditor

(1) Name of the Accounting Auditor: KPMG AZSA LLC

(2) Remuneration of Accounting Auditor for the Year Ended March 31, 2020

Content of the Remuneration	Amount
(a) Remuneration paid by the Company to Accounting Auditors	162 million yen ¹⁾
(b) Total amount of monetary and other property benefits paid by the Company and its subsidiaries (including the above-mentioned)	434 million yen

Note 1: The Company has not subdivided the amount of remuneration for auditing based on the Financial Instruments and Exchange Act and the amount of remuneration for auditing based on the Companies Act. In the Auditing Agreement entered with the Accounting Auditor it is not possible to substantially subdivide the two. This amount thus includes auditing remuneration based on the Financial Instruments and Exchange Act. The Audit Committee has agreed upon this amount taking into consideration the basis for calculating compensation, the status of execution of duties of the Accounting Auditor in the previous business year and the opinions of Directors and other related internal departments.

Note 2: Among the major subsidiaries of the Company, PT Smelting, MMC Copper Products, MCC Development Corp., Mitsubishi Cement Corp., and Robertson's Ready Mix, Ltd. use the services of auditing corporations (including auditors who have the appropriate auditing qualifications abroad) other than the services of KPMG AZSA LLC., to audit accounting related documents (in accordance with the Companies Act and the Financial Instruments and Exchange Act and the applicable laws of the concerned foreign countries' own legislations).

(3) Content of Non-Auditing Duties

The Company entrusts with the Accounting Auditor preparation of comfort letters accompanying issuance of corporate bonds, etc., which are services other than the ones stipulated in Article 2, paragraph 1, of the Certified Public Accountants Act (non-auditing services).

(4) Policy on Dismissal or Non-reappointment of the Accounting Auditor

Except in cases of dismissal of the Accounting Auditor by Audit Committee as stipulated in Article 340 of the Companies Act, the Company's Audit Committee

shall as a general rule decide on an agenda item regarding the decision not to reappoint or to dismiss the Accounting Auditor in the event it is recognized that it is difficult for the Accounting Auditor to execute its duties appropriately. Based on this decision, the Board of Directors shall propose this at the General Meeting of Shareholders.

5. Systems to Ensure Appropriate Business Operations and the Status of Operation of Those Systems

● Fundamental Policy

The Board of Directors has resolved the following fundamental policy regarding the establishment of systems to ensure appropriate business operations.

Based upon the approval at the Ordinary General Meeting of Shareholders in June 2019 the Company has become a Company with a Nominating Committee, and plans to establish a new system in order to make appropriate revisions to the Fundamental Policy and maintain suitable operations.

(1) Systems to Ensure the Execution of Duties by Executive Officers and Employees in Conformity with Laws and the Articles of Incorporation

1. The Company shall determine the Corporate Philosophy, etc. as the supreme common rule of Mitsubishi Materials Group, and also shall put in place internal regulations to establish a compliance system.
2. The Company shall determine through the Board of Directors, the Executive Officers' Meeting and other committees, etc. the details for the execution of duties by the Executive Officers and employees in accordance with laws, the Articles of Incorporation and internal regulations, etc. In addition, the legal department and the related departments shall carry out the preliminary review of specific significant matters.
3. The Company shall appoint an Officer from among its Executive Officers to oversee matters relating to compliance and establish an organization for sustainability and a department responsible for compliance, and shall also enforce cross-divisional compliance promotion activities (including internal education) for the whole Company based on the policies, plans, etc. to be established for each fiscal year.
4. The Company shall establish a reporting desk to deal with particulars related to problems that may arise over compliance.
5. The Company shall enforce periodical auditing concerning the state of compliance in each department by the department in charge of internal audits.
6. In accordance with our Corporate Philosophy, etc., the Company shall establish internal structures to ensure appropriate actions under its policy of resolutely

rejecting any involvement whatsoever with anti-social forces.

(2) Systems for Preservation and Management of Information Related to the Execution of Duties of Executive Officers

The Company shall properly preserve and manage the minutes of the Executive Officers' Meeting and other significant information, based on laws, the Articles of Incorporation and internal regulations, etc.

(3) Regulations and Other Systems Concerning Risk Management

1. The Company shall deliberate carefully on significant matters through the Board of Directors, the Executive Officers' Meeting and other decision-making bodies based on laws, the Articles of Incorporation, internal regulations, etc. In addition, the Company shall carry out the preliminary review of significant matters through legal and other related departments based on the internal regulations and others in order to identify risks and prevent risk elicitation and manifestation.
2. The Company shall determine the internal regulations, policies and plans, etc. related to general risk management. In addition, the Company shall appoint an Officer from among its Executive Officers to oversee matters relating to risk management and establish an organization for sustainability and a department responsible for risk management and shall enforce cross-divisional risk management promotion activities for the whole Company.
3. The Company shall determine various internal regulations and others and enforce suitable management concerning individual risks, including financial transaction risk, credit transaction risk and information leakage risk.
4. The Company shall enforce suitable management based on the laws and ordinances concerning work-related accidents.
5. The Company shall build a communication system with the aim of preventing damage from accidents on a massive scale, natural disasters or terrorism, and establish an organization to respond to such events.
6. The Company shall enforce periodical auditing concerning the state of risk management in each department by the department in charge of internal audits.

(4) Systems to Ensure Efficient Execution of Duties by Executive Officers

1. The Company has chosen to be a Company with a Nomination Committee among the governance systems under the Companies Act and will accelerate decision making with the appropriate transfer of authority to Executive Officers with respect to decisions on matters concerning the execution of duties. The Company will establish the rules for official authority and decision making based on the areas of responsibility of each Executive Officer and internal regulations.
2. The Company shall determine the management plan, allocate suitable management resources and authority among the departments controlled by each Executive Officer to achieve the plan, and require those departments to formulate their own specific plans. In addition, the Executive Officers shall suitably verify the progress state of the plan of each department and take appropriate measures when necessary.
3. The department in charge of internal audits shall conduct periodic auditing concerning the efficiency of the execution of duties of the Executive Officers and each department.

(5) Systems to Ensure Appropriate Operations by the Corporate Group Comprising the Company and its Subsidiaries

1. The Company shall aim to establish corporate ethics and build a Group compliance and risk management system (including an internal education system) through the promotion of activities and behaviors, etc. toward compliance and risk management by the Group, including subsidiaries, based on the Corporate Philosophy, etc. and internal regulations, etc. that are applied consistently throughout the Group.
2. Concerning each subsidiary, the Company shall aim to improve the soundness and efficiency of management of the subsidiary, and by extension the whole Group, by determining a response liaison department within the Company. The concerned department shall consult and exchange information with the subsidiary concerning specific significant matters.
3. The Company shall establish various regulations related to internal controls concerning financial reporting. The Company shall also establish assessment mechanisms for those internal controls and build a system to ensure the

accuracy of the Group's financial reports.

4. In addition to the above-mentioned 1, 2 and 3, the Company shall enforce periodic auditing concerning compliance, risk management and the efficiency of management of subsidiaries by the department in charge of internal audits of the Company.

(6) Matters Concerning Directors and Employees Assigned to Assist the Audit Committee, Matters Concerning the Independence of Such Directors and Employees from Executive Officers, and Matters Concerning Ensuring the Effectiveness of Instructions Provided by the Audit Committee to Such Directors and Employees

1. The Company shall establish a department to assist with the operations of the Audit Committee within the department in charge of internal audits. Further, the Company shall assign necessary personnel as employees to assist with the operations of the Audit Committee within such department.
2. The Audit Committee may give instructions to the department in charge of internal audits when necessary for the performance of duties.
3. The head of the department in charge of internal audits and the employees assigned to assist with the duties of the Audit Committee shall give preference to the instructions of the Audit Committee if there is an inconsistency between the instructions given by the Audit Committee and those given by the Executive Officer with respect to the operations of the Audit Committee.
4. The head of the department in charge of internal audits shall obtain the approval of the Audit Committee with respect to the reallocation of any employee who is assigned to assist with the operations of the Audit Committee and shall discuss with the Audit Committee about personnel performance evaluation.

(7) Systems for Reporting to the Audit Committee and for Ensuring That People Making Reports Shall Not Experience Disadvantageous Treatment as a Result of This Reporting

1. The Directors (excluding those who are Members of the Audit Committee), Executive Officers and employees shall swiftly report appropriate information to the Audit Committee in accordance with the method stipulated in laws and the internal regulations of the Company, in the case where there is considerable

damage to the Company's operations in areas for which they are responsible or the possibility of significant impact on the Company. In addition, the same shall apply in the event that the Audit Committee requests a report about business operations.

2. In the event of a report by a Director, Executive Officer, Audit & Supervisory Board Member or employee, etc. of the Company or its subsidiary to the reporting desk on a compliance-related problem, the department in charge of the reporting desk shall in principle report the content of such report to the Full-time Member of the Audit Committee.
3. The department in charge of internal audits of the Company shall report to the Audit Committee important items heard from Directors, Executive Officers, Audit & Supervisory Board Members and employees, etc. of the Company and its subsidiaries, as well as important items from audit results. As for the matters determined to be necessary for the operations of the Audit Committee, the department in charge of such matters shall make a periodic report.
4. The Company and its subsidiaries shall ensure that the people reporting to the Audit Committee (including people reporting indirectly through others) would not be treated unfavorably because of such reporting by including provisions to such effect in the internal regulations, etc.

(8) Matters Concerning Policies Related to the Handling of Expenses or Obligations Incurred During the Execution of Duties by the Members of the Audit Committee

Any Member of the Audit Committee may request the Company in advance to pay expenses, etc. deemed to be necessary for the execution of its duties. Further, any Member of the Audit Committee may request the Company after the fact to reimburse any expense paid out on an emergency or temporary basis. The Company shall pay expenses necessary for the execution of duties of the Members of the Audit Committee upon request by any of such Members.

(9) Other Systems to Ensure Effective Auditing by the Audit Committee

1. The Audit Committee shall exchange opinions with the Executive Officers, including the Chief Executive Officer, the department in charge of internal audits and other departments necessary for the execution of duties of the Audit

Committee, as well as the Accounting Auditor, etc., periodically and when deemed necessary.

2. The Full-time Members of the Audit Committee shall be provided with the opportunity to attend the Executive Officers' Meeting and other significant meetings of the Company, and the Company shall establish systems to enable each Member of the Audit Committee to review, through the internal information system, the materials and minutes of any significant meetings related to the execution of business duties.

● **Overview of Operational Status**

Principal initiatives to secure the operation of systems to ensure appropriate business operations are indicated as follows. Furthermore, the Company has established and commenced the progressive implementation of measures (which are indicated as follows) aimed at strengthening the Group's governance system including quality control as outlined on page 24.

(1) Initiatives Related to Compliance

1. The Company and its subsidiaries share a Corporate Philosophy etc. aimed at ensuring sound corporate activities that comply with laws and regulations and are in accordance with social mores. Awareness of the Company's Corporate Philosophy etc. is instilled throughout the Group.
2. Based on regulations related to CSR, the CSR Committee—whose secretariat is the CSR Department—meets regularly. In addition to deliberating annual policies and plans related to overall compliance activities, the committee shares and evaluates the status of compliance within the Group and reports that have been submitted to the internal reporting desk. The Company and its subsidiaries work together to ensure consistent CSR training throughout the Group and address compliance-related issues. To promote response to management issues on sustainability of the Group in a centralized manner, the “Sustainable Management Office” was established on April 1, 2020. Accordingly, parts of various committees including the CSR Committee, task forces, and others were consolidated or abolished, and their roles and functions were transferred to the “Sustainable Management Office.”
3. The Company has established certain regulations and guidelines in order to

ensure optimal quality. These regulations and guidelines are applied across the Group as a whole. Every effort is made to ensure the proper management of quality. This includes putting in place a quality management structure and systems.

(2) Initiatives Related to Risk Management

1. Group-wide policies and annual plans related to risk management are formulated and then reported to the Board of Directors upon deliberation by the CSR Committee and Governance Deliberative Council and approval by the Executive Officers' Meeting. The Company and subsidiaries specify risk-related initiatives to be undertaken in accordance with Group-wide policies and enact appropriate measures to reduce these risks.
2. Regarding work-related accidents, meetings of the Zero Accident Committee and Group Safety meetings are convened to decide on management priorities and share information about legal updates, thereby endeavoring to ensure an appropriate response.
3. The Company formulates business continuity plans (BCPs) prescribing action guidelines in the event of large-scale accidents, natural disasters or terrorism. In addition, the CSR Committee and Crisis Management Committee meet during normal times and times of crisis alike to prevent damage from spreading. As mentioned in (2) 1 above, the "Sustainable Management Office" was established on April 1, 2020. Accordingly, parts of various committees including the CSR Committee, task forces, and others were consolidated or abolished, and their roles and functions were transferred to the "Sustainable Management Office."

(3) Initiatives Related to Enhancing Management Soundness and Efficiency

1. The Company formulates Medium-Term Management Strategy and annual budgets and strives to appropriately allocate management resources and delegate authorities among its various departments. The status of significant business execution is reported to the Board of Directors.
2. By clearly indicating the scope of responsibility of Executive Officers, as well as the operational responsibilities and authority of individual departments, the Company strives to ensure the appropriateness of an accelerated decision-

making and business execution.

3. For each subsidiary, the Company identifies a responsible liaison division within the Company. That division receives reports on significant investment projects and compliance-related problems and consults and exchanges information with the subsidiary on such matters.

(4) Initiatives Related to Internal Audits

Based on an annual audit plan, the Internal Audit Department conducts periodic internal audits of the compliance, risk management and management efficiency of internal divisions and subsidiaries and reports the results of these audits to the Board of Directors.

(5) Initiatives Related to Audits by Audit Committee

1. Members of the Audit Committee attend Executive Officers' Meetings and other important meetings, visit Company offices and exchange opinions with Executive Officers, etc.
2. The reports of internal audit results and reports submitted to the internal reporting desk are periodically reported to the Full-time Member of the Audit Committee by the department in charge of the reporting desk.
3. A section is installed in the Internal Audit Department to assist duties of the Audit Committee. Additionally, personnel as employees necessary for assisting duties of the Audit Committee are assigned to the relevant department. Transfer of such employees is subject to the consent of the Audit Committee, and their personal performance evaluations are conducted in consultation with the Audit Committee to enhance effectiveness in the Audit Committee.

(Reference) Status of Corporate Governance

<Fundamental Policy>

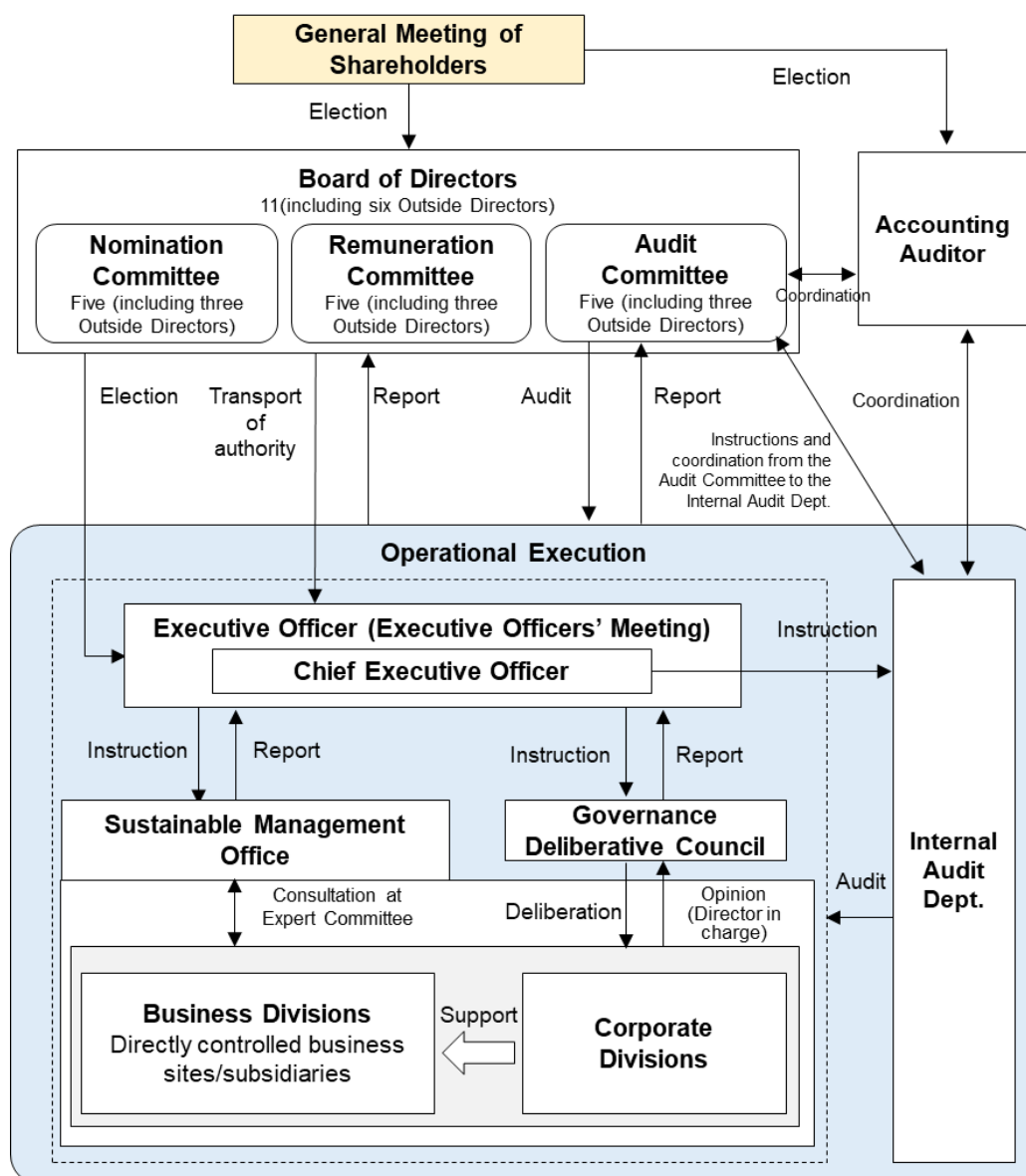
- We have, based on the corporate philosophy of the Group, vision, values, code of conduct, mission and the Basic Policy on Corporate Governance(*) established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries, such as shareholders and investors as well as employees, customers, client or supplier companies, creditors and local communities, and also develop our corporate governance.
- Among the governance systems under the Companies Act, we have chosen to be a Company with a Nomination Committee, and by separating supervision and execution, will strengthen the Board of Directors' management supervisory functions, improve the transparency and fairness of management and accelerate business execution and decision making.
- We acknowledge the enhancement of corporate governance to be one of the most important management issues, and continuously make efforts to improve our corporate governance.

(*) We have prepared the “Basic Policy on Corporate Governance,” which is disclosed on the Company's website, as a compilation of the basic approach to and framework of corporate governance.

<https://www.mmc.co.jp/corporate/en/csr/view/governance.html>

The Corporate Governance Framework related to the Company's management decision making/supervision, business execution, and auditing is outlined in the following chart, Overview of the Corporate Governance System.

[Overview of the Corporate Governance System] *Chart as of June 1, 2020



<Composition of the Board of Directors>

Our basic approach to the structure of the Board of Directors, which fulfills the roles of determining the direction of management and exercising supervision over the progress of business execution, is to ensure that it comprises a diverse range of human resources with different expert knowledge, experience, and other qualities.

Based on the foregoing approach, we ensure the balance as well as the diversity of knowledge, experience and ability of the Board of Directors as a whole by constituting the Board of Directors with Directors (other than Outside Directors) who have considerable knowledge and experience, as well as a high level of specialist capabilities, in the management of each Business/Corporate Division, and several Outside Directors who have expert knowledge and extensive experience in corporate management, as well as finance and accounting, legal affairs, administrative affairs, science and technology, international relations, etc.

The Board of Directors shall have the appropriate number of Directors which is determined as not more than 15 Directors in the Articles of Incorporation, and is composed of a majority of Independent Outside Directors. The Nomination Committee, the Audit Committee and the Remuneration Committee are composed of a majority of Independent Outside Directors and the Chairperson of each Committee is performed by an Independent Outside Director.

< Evaluation of the effectiveness of the Board of Directors >

The Company analyses and evaluates the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis.

The method applied to evaluate the effectiveness of the Board of Directors in FY2020, and a summary of the results of such are outlined below.

(1) Method of analysis/evaluation

Answers to a questionnaire distributed to all 11 Directors in December 2019 were retrieved. Based on the results of this questionnaire, a review of the effectiveness of the Board of Directors was conducted at a meeting of the Board of Directors held in February 2020, with a resolution reached on evaluations of the effectiveness of the Board of Directors in FY 2020 at a meeting of the Board of Directors held in March 2020.

This questionnaire was implemented by revising the questions, taking into

consideration the change to a Company with a Nomination Committee after the approval at the 94th Ordinary General Meeting of Shareholders held on June 21, 2019 and other factors.

(2) FY 2020 questionnaire items

The core questionnaire items are as follows.

1. Matters concerning the change to a Company with a Nomination Committee
 - Matters pertaining to the confirmation of the status of achievement of the purpose of such change, supervision of the status of execution of job duties by each of the Nomination Committee, Audit Committee and Remuneration Committee, etc.
2. Matters considered particularly important for improving corporate value
 - Matters pertaining to management strategies, digital transformation, etc.
3. Matters pertaining to the effectiveness of management monitoring
 - Matters pertaining to supervision of the reduction of the Strategic Share Holdings, supervision of Group governance, etc.
4. Matters pertaining to the operation of the Board of Directors
 - Matters pertaining to the composition of the Board of Directors, the frequency of meetings, proposals and discussion materials, etc.

(3) Summary of FY 2020 evaluation results

As a result of deliberations by the Board of Directors, the Board of Directors was able to verify that it achieved a sufficient level of effectiveness for FY 2020.

1. Matters pertaining to the change to a Company with a Nomination Committee

Although the objectives of the change to a Company with a Nomination Committee, that is, “acceleration of decision making in business execution,” “strengthening of management supervisory functions,” and “improvement of management transparency and fairness”, are in the process of being effectively achieved, the view was raised that improvements would need to be made continually going forward as it has not been long since such change was made. In particular, as for the “strengthening of

management supervisory functions,” some opined that there was still room for improvement of the manner of supervision, including the content of reports made by the Executive Officers.

In view of this feedback, the Board of Directors will consider how to appropriately manage the Company as a Company with a Nomination Committee.

2. Matters considered particularly important for improving corporate value

While the view was raised that thorough discussions took place in establishing the Medium-term Management Strategy, some opined that there was still room for improvement of method and content, etc. of reporting so as to effectively fulfill the supervisory function for the management strategies, including the measures taken based on the Medium-term Management Strategy.

In view of this feedback, the Board of Directors will review the appropriate means of supervising the management strategies, including the Medium-term Management Strategy, etc.

3. Matters pertaining to the effectiveness of management monitoring

While the view was raised that in-depth discussions took place with respect to the policy, etc. for reduction of the Strategic Share Holdings, some opinions were raised that the status of reductions to be made hereafter would need to be overseen continually going forward. While the evaluation of the supervision of Group governance, etc. had improved compared with last year, and the view was raised that sufficient reports and instructions had been provided, some opinions were raised that further discussions and consideration would be required so as to achieve a higher level of Group governance.

In view of this feedback, the Board of Directors will look at taking further steps to improve the effectiveness of management monitoring measures.

4. Matters pertaining to the operation of the Board of Directors

The evaluation of the proposals to be submitted to the Board of Directors had improved compared with last year, and some opined that it had become organized to a certain extent as a result of the change to a Company with a Nomination Committee and the delegation of authority to the Executive Officers.

As for the materials for the Board of Directors, while the view was raised that some ideas had been devised therefor and the materials had become more efficient, some opinions were raised that there was still room for improvement as to the volume and the content thereof.

In view of this feedback, the Board of Directors will review the form that the materials should take in order to facilitate smoother discussions.

Looking ahead, the Board of Directors will keep making continuous efforts toward further effectiveness improvements, including in relation to the above matters.

Consolidated Balance Sheets
[As of March 31, 2020]

(Millions of yen)

Item	Amount	Item	Amount
[ASSETS]		[LIABILITIES]	
Current Assets:	955,462	Total Current Liabilities:	797,892
Cash and deposits	134,444	Notes and accounts payable-trade	113,148
Notes and accounts receivable-trade	217,259	Short-term borrowings	191,038
Merchandise and finished goods	111,409	Commercial papers	50,000
Work in process	112,908	Income taxes payable	10,221
Raw materials and supplies	127,908	Provision for bonuses	12,944
Leased gold bullion	95,557	Provision for loss on disposal of inventories	670
Other	158,444	Provision for product compensation	809
Allowance for doubtful accounts	(2,470)	Deposited gold bullion	294,312
Non-current Assets:	948,588	Other	124,746
Property, Plant and Equipment:	659,298	Non-current Liabilities:	520,123
Building and structures, net	155,868	Bonds payable	60,000
Machinery, equipment and vehicles, net	233,923	Long-term borrowings	246,578
Land, net	216,487	Deferred tax liabilities	26,667
Construction in progress	29,298	Deferred tax liabilities for land revaluation	21,514
Other, net	23,720	Provision for loss on business of subsidiaries and associates	4,014
Intangible Assets:	51,492	Provision for loss on business restructuring	30,272
Goodwill	35,586	Reserve for environmental measures	32,581
Other	15,906	Provision for product compensation	392
Investment and Other Assets:	237,796	Provision for directors' retirement benefits	1,710
Investment securities	183,043	Retirement benefit liability	56,312
Retirement benefit asset	3,211	Other	40,078
Deferred tax assets	15,572	Total Liabilities	1,318,016
Other	40,081	[NET ASSETS]	
Allowance for doubtful accounts	(4,112)	Shareholders' Equity:	484,416
		Share capital	119,457
		Capita surplus	92,393
		Retained earnings	274,723
		Treasury shares	(2,157)
		Accumulated Other Comprehensive Income:	22,364
		Valuation difference on available for sale securities	22,806
		Deferred gains or losses on hedges	708

		Revaluation reserve for land	28,059
		Foreign currency translation adjustment	(12,212)
		Remeasurements of defined benefit plans	(16,997)
		Non-controlling interests	79,252
		Total Net Assets	586,034
Total Assets	1,904,050	Total Liabilities and Net Assets	1,904,050

Note: All amounts less than one million yen are rounded down.

Consolidated Statements of Operations
[For the year ended March 31, 2020]

(Millions of yen)

Item	Amount
Net Sales	1,516,100
Cost of Sales	1,325,438
Gross Profit	190,662
Selling, general and administrative expenses	152,709
Operating Profit	37,952
Non-Operating Income:	31,362
Interest income	1,302
Dividends income	18,403
Rental income from non-current assets	5,110
Share of profit of entities accounted for using equity method	3,521
Other	3,023
Non-Operating Expenses:	19,704
Interest expenses	4,858
Expenses for the maintenance and management of abandoned mines	4,018
Rental expenses on non-current assets	3,066
Loss on retirement of non-current assets	2,346
Foreign exchange losses	2,073
Other	3,340
Ordinary Profit	49,610
Extraordinary Income:	16,562
Gain on sales of investment securities	14,535
Gain on sales of non-current assets	826
Other	1,199
Extraordinary Losses:	106,671
Impairment loss	55,095
Provision for loss on business restructuring	30,272
Loss on the Antimonopoly Act	10,423
Loss on valuation of investment securities	4,830
Other	6,050
Profit (loss) before Income Taxes	40,498
Corporate income taxes, resident taxes and business tax	18,248
Income taxes adjustments	10,561
Profit (loss)	69,308
Profit (loss) attributable to non-controlling interests	3,541
Profit (loss) attributable to owners of parent	72,850

Note: All amounts less than one million yen are rounded down

Statement of Changes in Consolidated Shareholders' Equity

[For the year ended March 31, 2020]

(Millions of yen)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2019	119,457	92,393	352,932	(2,123)	562,659
Changes during the year					
Cash dividends			(10,476)		(10,476)
Profit (loss) attributable to owners of the parent			(72,850)		(72,850)
Reversal of revaluation reserve for land			4,963		4,963
Increase due to increase number of consolidated subsidiaries			153		153
Purchase of treasury shares				(34)	(34)
Disposal of treasury shares		(0)		0	0
Changes in ownership interest of parent due to transaction with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity, net					
Total changes during the year	—	(0)	(78,208)	(33)	(78,242)
Balance as of March 31, 2020	119,457	92,393	274,723	(2,157)	484,416

	Accumulated Other Comprehensive Income						Non-controlling Interests	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2019	51,220	124	33,023	(5,828)	(7,617)	70,922	89,754	723,337
Changes during the year								
Cash dividends								(10,476)
Profit (loss) attributable to owners of the parent								(72,850)
Reversal of revaluation reserve for land								4,963
Increase due to increase number of consolidated subsidiaries								153
Purchase of treasury shares								(34)

Disposal of treasury shares								0
Changes in ownership interest of parent due to transaction with non-controlling interests								(0)
Net change in items other than shareholders' equity, net	(28,413)	583	(4,963)	(6,383)	(9,379)	(48,557)	(10,502)	(59,060)
Total changes during the year	(28,413)	583	(4,963)	(6,383)	(9,379)	(48,557)	(10,502)	(137,302)
Balance as of March 31, 2020	22,806	708	28,059	(12,212)	(16,997)	22,364	79,252	586,034

Note: All amounts less than one million yen are rounded down.

Balance Sheets

[As of March 31, 2020]

(Millions of yen)

Item	Amount	Item	Amount
[ASSETS]		[LIABILITIES]	
Current Assets:	535,738	Total Current Liabilities:	545,541
Cash and deposits	54,630	Notes payable	995
Notes receivable	2,235	Accounts payable	32,984
Accounts receivable	70,884	Short-term borrowings	84,868
Merchandise and finished goods	50,824	Commercial papers	50,000
Work in process	53,074	Lease obligation	245
Raw materials and supplies	56,318	Other payables	12,713
Advanced payment	18,795	Accrued expenses	24,425
Prepaid expenses	1,241	Income taxes payable	3,602
Short-term loans receivable	5,476	Advance received	2,076
Other receivable	17,698	Progress payment received	9,892
Gold receivable	95,557	Unearned revenue	196
Gold bullion on loan	88,125	Provision for bonuses	4,794
Other	21,264	Employee deposits	8,696
Allowance for doubtful accounts	(389)	Facilities related notes payable	335
Non-current Assets:	745,804	Other facilities related payable	10,165
Property, Plant and Equipment:	296,685	Deposited gold bullion	294,312
Buildings	55,582	Other	5,235
Structures	32,182	Non-current Liabilities:	357,311
Machinery and equipment	72,922	Bonds payable	60,000
Vessels	0	Long-term loans payable	194,190
Vehicles and delivery equipment	101	Lease obligation	646
Tools, furniture and fixtures	3,057	Deferred tax liabilities	12,553
Land	118,756	Deferred tax liabilities for land revaluation	20,546
		Provision for retirement benefit	10,609
Lease assets	804	Provision for loss on business of subsidiaries and associates	687
Construction in progress	12,197	Provision for environmental measures	32,581
		Provision for loss on business restructuring	17,466
		Assets removal liabilities	458
		Guarantee deposits received	4,592
		Other	2,977
Intangible Assets:	2,384	Total Liabilities	902,852
Mining rights	399	[NET ASSETS]	
Software	1,702	Shareholders' Equity:	329,682
Lease assets	35	Share capital	119,457
Other	247	Capita surplus	113,000
Investment and Other Assets:	446,734	Capital reserve	85,654
Investment securities	117,154		
Securities of affiliates	290,525		
Bonds of affiliates	4		
Investments	66		

Investments in affiliates	2,186	Other capital surplus	27,345
Long-term loans receivable	4	Retained earnings	99,374
Long-term loans to affiliates	63,789	Other retained earnings	99,374
Prepaid pension costs	2,443	Deposit for mining search	1
Other	4,060	Earned surplus carried forward	99,372
Allowance for investment loss	(83)	Treasury shares	(2,150)
Allowance for doubtful accounts	(33,418)	Valuation and Translation Adjustment:	49,008
		Valuation difference on available for sale securities	22,035
		Deferred gains or losses on hedges	329
		Revaluation reserve for land	26,643
		Total Net Assets	378,690
Total Assets	1,281,542	Total Liabilities and Net Assets	1,281,542

Note: All amounts less than one million yen are rounded down

Statements of Operations
[For the year ended March 31, 2020]

(Millions of yen)

Item	Amount
Net Sales	802,655
Cost of Sales	752,186
Gross Profit	50,468
Selling, general and administrative expenses	51,114
Operating loss	645
Non-Operating Income:	49,499
Interest income	688
Dividends income	42,676
Rental income from non-current assets	4,937
Miscellaneous revenue	1,196
Non-Operating Expenses:	31,620
Interest expenses	1,836
Expenses for the maintenance and management of abandoned mines	3,776
Expenses for rent in undertaking	3,169
Rental expenses on non-current assets	2,025
Allowance for doubtful accounts	18,286
Miscellaneous losses	2,526
Ordinary Profit	17,233
Extraordinary Income:	12,986
Gain on sales of investments in securities	12,570
Other	416
Extraordinary Losses:	66,765
Impairment loss	27,420
Provision for loss on business restructuring	17,466
Loss on valuation of stocks of subsidiaries and affiliates	16,154
Other	5,724
Pretax net loss	36,544
Corporate income taxes, resident taxes and business tax	4,132
Income taxes adjustments	9,251
Profit (loss)	49,929

Note: All amounts less than one million yen are rounded down.

Statement of Changes in Shareholders' Equity
[For the year ended March 31, 2020]

(Millions of yen)

	Shareholders' Equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Deposit for mining search	Earned surplus carried forward			
Balance as of April 1, 2019	119,457	85,654	27,346	113,000	13	158,309	158,323	(2,116)	388,664
Changes during the year									
Provision of voluntary retained earnings					1	(1)	—		—
Reversal of voluntary retained earnings					(13)	13	—		—
Cash dividends from retained earnings						(10,476)	(10,476)		(10,476)
Profit (loss)						(49,929)	(49,929)		(49,929)
Reversal of revaluation reserve for land						1,456	1,456		1,456
Purchase of treasury shares								(34)	(34)
Disposal of treasury shares			(0)	(0)				0	0
Net changes in items other than shareholders' equity, net									
Total changes during the year	—	—	(0)	(0)	(12)	(58,936)	(58,948)	(33)	(58,982)
Balance as of March 31, 2020	119,457	85,654	27,345	113,000	1	99,372	99,374	(2,150)	329,683

	Valuation and Translation Adjustments				Total Net Assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total Valuation and translation adjustments	
Balance as of April 1, 2019	47,354	(257)	28,099	75,197	463,862
Changes during the year					
Provision of voluntary retained earnings					—
Reversal of voluntary retained earnings					—
Cash dividends from retained earnings					(10,476)
Profit (loss)					(49,929)
Reversal of revaluation reserve for land					1,456
Purchase of treasury shares					(34)
Disposal of treasury shares					0
Net change in items	(25,319)	586	(1,456)	(26,189)	(26,189)

other than shareholders' equity, net					
Total changes during the year	(25,319)	586	(1,456)	(26,189)	(85,171)
Balance as of March 31, 2020	22,035	329	26,643	49,008	378,690

Note: All amounts less than one million yen are rounded down.