



June 2, 2020

To All Concerned Parties

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(Correction) Partial correction to the Appendix of
“Announcement of Medium-term Management Strategy”

Since there were some errors in the content of the Appendix “Overview of Medium-Term Management Strategy for FY2021-2023 With Value Creation Process” attached to the “Announcement of Medium-term Management Strategy” announced on March 25, 2020, Mitsubishi Materials Corporation (hereinafter “MMC”) will correct them as follows. The underscore parts indicate the correction. In addition, the revised Appendix is attached hereto.

【Corrections】

1. ROIC of main businesses on page 13 in the Appendix (FY2017-FY2019 average)

| Before correction | After correction |
|------------------------------------|------------------------------------|
| Copper & copper alloy <u>6.4</u> % | Copper & copper alloy <u>5.9</u> % |
| Electronic materials <u>5.3</u> % | Electronic materials <u>4.5</u> % |
| Metals Business <u>19.4</u> % | Metals Business <u>20.3</u> % |
| Cement Business <u>4.8</u> % | Cement Business <u>4.9</u> % |

2. KGI by main business divisions on page 13 in the Appendix (FY2017-FY2019 average)

| Before correction | After correction |
|---|---|
| EBITDA | EBITDA |
| Copper & copper alloy <u>15.7</u> billion yen | Copper & copper alloy <u>14.4</u> billion yen |
| Electronic materials <u>5.7</u> billion yen | Electronic materials <u>5.3</u> billion yen |
| Cemented carbide <u>28.5</u> billion yen | Cemented carbide <u>28.2</u> billion yen |
| ROA | ROA |
| Metals Business <u>7.8</u> % | Metals Business <u>7.4</u> % |
| Cement Business <u>5.4</u> % | Cement Business <u>5.2</u> % |
| Environmental recycling <u>3.3</u> % | Environmental recycling <u>1.7</u> % |
| Renewable energy <u>4.8</u> % | Renewable energy <u>3.5</u> % |

3. “FY2020 forecast” and “Ratio to FY2023 target” of “Sales volume of copper materials for new HV/EV” and “Sales volume of materials for next-generation vehicles and environmentally friendly products”

| Before correction | After correction |
|--|--|
| Sales volume of copper materials for new HV/EV FY2020 forecast <u>396</u> t ↓ <u>2.5</u> times or more FY2023 target 1,000t | Sales volume of copper materials for new HV/EV FY2020 forecast <u>721</u> t ↓ <u>1.3</u> times or more FY2023 target 1,000t |

| Before correction | After correction |
|--|--|
| Sales volume of materials for next-generation vehicles and environmentally friendly products FY2020 forecast <u>3.4</u> billion yen ↓ <u>5</u> times or more FY2023 target 20.3 billion yen | Sales volume of materials for next-generation vehicles and environmentally friendly products FY2020 forecast <u>6.2</u> billion yen ↓ <u>3</u> times or more FY2023 target 20.3 billion yen |

Even after this correction, the Medium-term Management Strategy including the financial plan is as of the time of disclosure on March 25, 2020, and does not take into account the impact of the global spread of COVID-19. MMC 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. MMC will promptly announce any changes in its content if it is deemed necessary.

Overview of Medium-term Management Strategy for FY2021-2023 With Value Creation Process

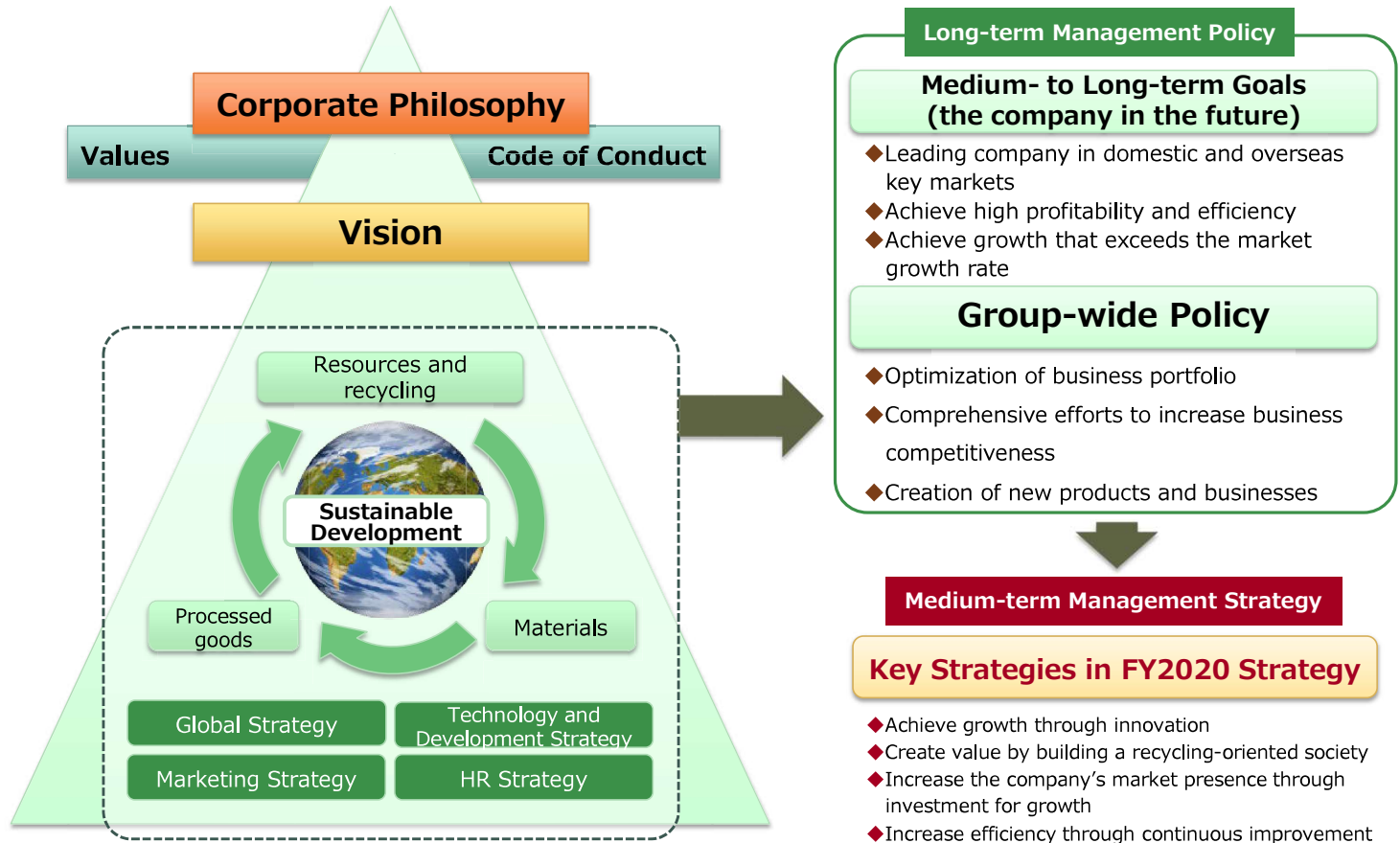
(From the year ending March 31, 2021 to the year ending March 31, 2023)

March 25, 2020

- I Review of Current Medium-term
Management Strategy
(FY2020 Strategy)**

- II Overview of New Medium-term
Management Strategy
(FY2023 Strategy)**

I Review of FY2020 Strategy : **Overview**



I Review of FY2020 Strategy : Results of Major Business Expansion and Progress of Key Strategic Measures

| Segments | Executed key strategic measures | Delayed key strategic measures |
|---|--|---|
| Advanced Products Business | <ul style="list-style-type: none"> ● Acquired Special Products Division of Luvata ● Started collaboration with Denka Co., Ltd. for ceramic insulated circuit substrates with high thermal dissipation for environmentally friendly vehicles ● Pursued an absorption-type merger of Mitsubishi Shindoh, a consolidated subsidiary | <ul style="list-style-type: none"> ● Synergies effect with Luvata (Cause of delay: ①) ● Enhancement of thermistor sensor for automobiles and refrigerators for market expansion (Cause of delay: ③) |
| Metal-working Solutions Business | <ul style="list-style-type: none"> ● Expanded recycling capacity of tungsten by 1.5 times ● Established technical centers in various markets ● Resolved to make Mitsubishi Hitachi Tools a wholly owned subsidiary | <ul style="list-style-type: none"> ● Improvement of asset efficiency in manufacturing (Cause of delay: ②) |
| Metals Business | <ul style="list-style-type: none"> ● Launched an E-Scrap sampling facility in the Netherlands ● Acquisition of stake in the Mantoverde copper mine in Chile | <ul style="list-style-type: none"> ● Expansion of E-Scrap processing (Cause of delay: ③) |
| Cement Business | <ul style="list-style-type: none"> ● Expanded waste plastic process capacity of Kyushu Plant by 1.7 times ● Expanded into Northern California area ● Signed a Letter of Intent with Ube Industries, Ltd. regarding integration of cement business, etc. | <ul style="list-style-type: none"> ● Development of new overseas bases ● Improvement of the cement manufacturing technology in Japan and the US (Cause of delay: ③) |
| Environment and Energy Business | <ul style="list-style-type: none"> ● Started joint development of recycling technology for lithium-ion battery ● Established a food waste biogas business company ● Started operations of Wasabizawa Geothermal Power Plant and construction of Appi Geothermal Power Plant | <ul style="list-style-type: none"> ● Incineration fly ash cleaning plant for cement recycling (Cause of delay: ③) |
| Group wide | <ul style="list-style-type: none"> ● Sold all shares in Mitsubishi Materials Real Estate Corporation ● Invested in Incubation Alliance Inc., which develops and manufactures Graphene ● Established New Business Development & Promotion Division and EV Material Development & Recycling Business Promotion Department ● Established MMC Innovation Investment Business Limited Liability Partnership ● Established Smart Factory Promotion Center | |

Cause of delay

- ① Insufficient marketing activities
 - ② Insufficient gathering of customer information
 - ③ Insufficient ability to solve manufacturing problems on site
- etc.



Countermeasures

- Strengthen marketing
- Promote digitalization
- Fortify manufacturing excellence

I Review of FY2020 Strategy : Consolidated Performance

(Unit: billion yen)

| | | FY2018 Result | FY2019 Result | FY2020 Forecast (※1) | Estimated FY2020 (※2) |
|--|---|---------------|---------------|-------------------------|--------------------------|
| P/L | Consolidated net sales | 1,599.5 | 1,692.9 | 1,520.0 | 1,620.0-1,840.0 |
| | Consolidated net sales (excluding metal) | 831.1 | 860.7 | 830.0 | 870.0-900.0 |
| | Consolidated operating profit | 72.8 | 36.8 | 27.0 | 86.0-95.0 |
| | Consolidated ordinary income | 79.6 | 50.6 | 40.0 | 82.0-100.0 |
| ROA (ordinary income to total assets) (%) | | 4.1 | 2.6 | 2.1 | 4.5-5.0 |
| ROE (%) | | 5.1 | 0.2 | - | 7.0-8.0 |
| Net D/E ratio (times) | | 0.6 | 0.6 | 0.8 | 0.7 |
| Assumptions | Exchange rate (yen/\$) | 111 | 111 | 109 | 100-120 |
| | Exchange rate (yen/€) | 130 | 128 | 121 | 120 |
| | Copper price (¢/lb) | 292 | 288 | 268 | 250-270 |

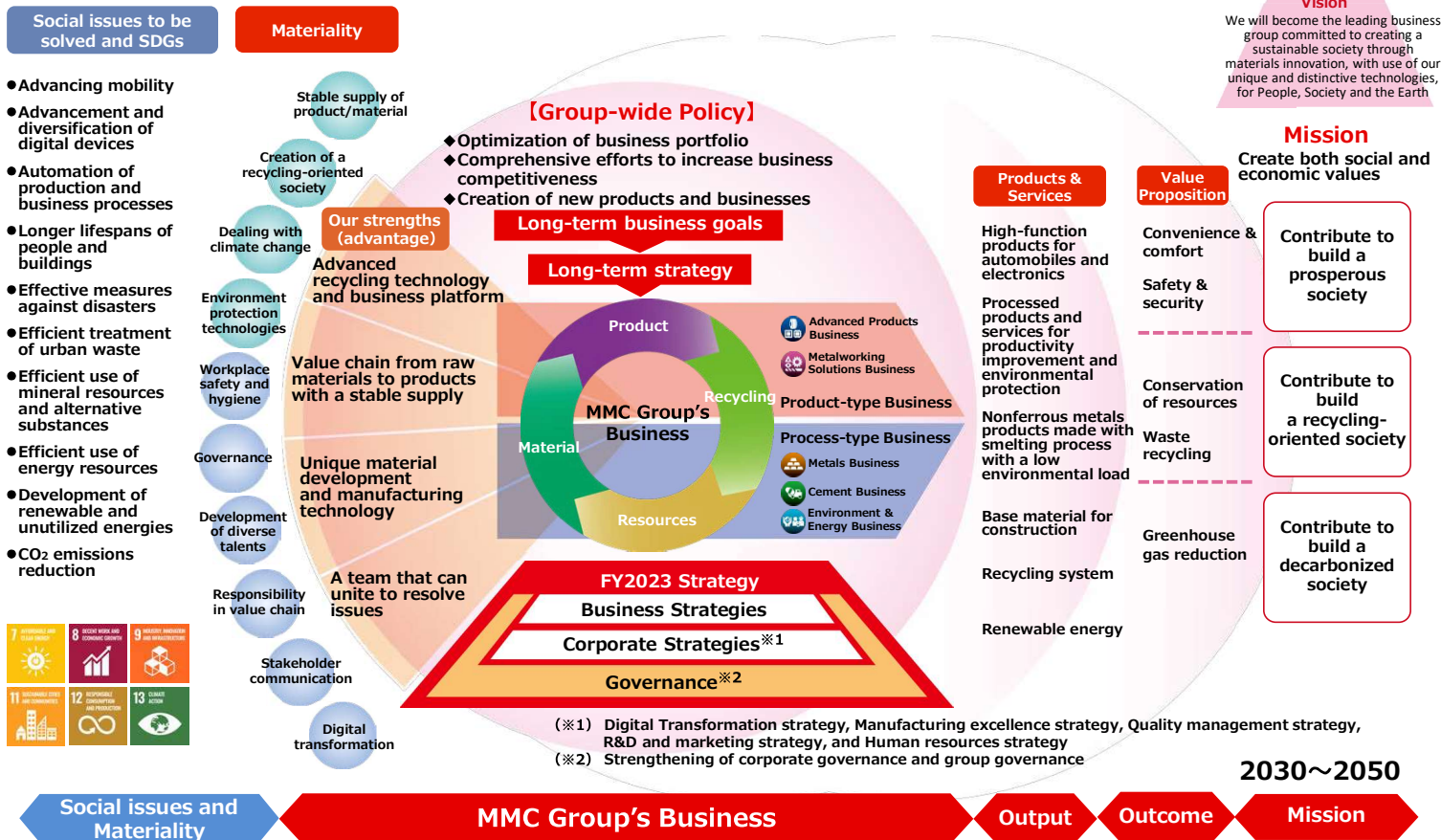
※1 Announced on February 12, 2020

※2 Estimated value at the time of publishing FY2020 Strategy

II Overview of FY2023 Strategy

- 1) Value Creation Process
- 2) Mission (Corporate Philosophy System)
- 3) Financial Plan
- 4) Business Strategy
- 5) Corporate Division's Strategy
- 6) Governance

Value Creation Process



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Mission (Corporate Philosophy System)

For People, Society and the Earth

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

Create both social and economic values

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.

<Group-wide Policy>

- ◆ Optimization of business portfolio
- ◆ Comprehensive efforts to increase business competitiveness
 - > Manufacturing excellence, quality management, and digital transformation strategies
- ◆ Creation of new products and businesses
 - > R&D and marketing strategy

Corporate
Philosophy

Vision

The image of what
we want to be

Mission

Concrete goals based
on corporate
philosophy and vision

Group-wide Policy

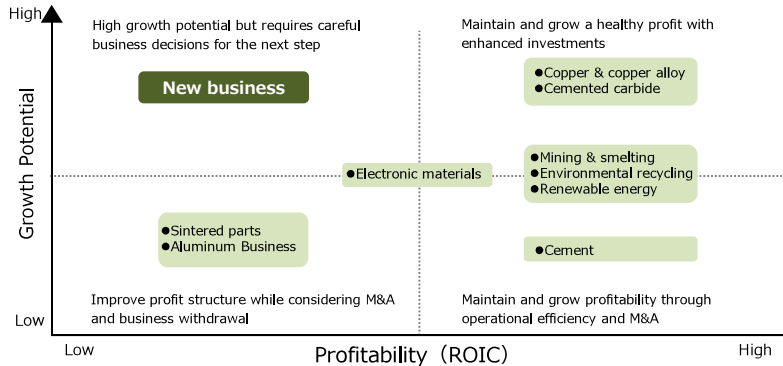
Long-term
business target

Long-term strategy

FY2023 Medium-term
management strategy

Optimization of business portfolio

Portfolio matrix



[Characteristics of businesses that the company should take ownership of]

- Businesses that are consistent with the Group's vision and mission
- Businesses that are governable by the Group
- Businesses that are capable of earning a leadership role in a specific region or the world
- Businesses that can deliver stable returns over capital costs on a medium- to long-term basis

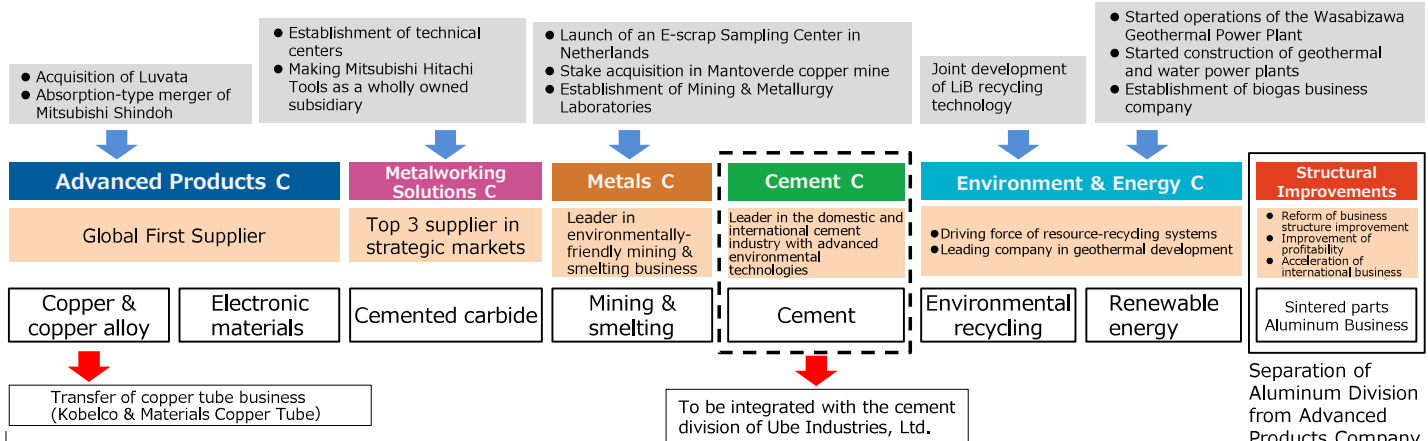
[Building business portfolio]

- Profitability and growth potential determine the business direction
- Profitability is measured by ROIC (spread)
- Growth potential is measured by EBITDA growth rate, etc.

Legend

- C : Stands for "in-house company"
- Orange box : Long-Term Goals of Business

Reformation of business structure



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Financial Plan : Financial Goals

(Unit: billion yen)

| | | FY2020 Forecast (※ 1) | FY2023 Target (※ 2) | Change rate | Remarks |
|---|--|--------------------------|------------------------|-------------|---|
| ROIC (%) | | - | 6.0 | | |
| ROA (Ordinary income to total assets) (%) | | 2.1 | 4.0 | +1.9points | |
| ROE (%) | | - | 7.0 | | |
| P/L | Consolidated net sales | 1,520.0 | 1,530.0 | +1% | [Ordinary income fluctuation factors] Market conditions 23.5 Performance of investment 17.0 Metal prices 3.5 Exchange rate 1.5 |
| | Consolidated net sales (excluding metal) | 830.0 | 650.0 | -22% | |
| | Consolidated operating profit | 27.0 | 58.0 | +115% | |
| | Consolidated ordinary income | 40.0 | 75.0 | +88% | |
| B/S | Total assets | 1,990.0 | 2,040.0 | +3% | Impact of the change in accounting treatment of cement business becoming a minority share holding -9.0 Others -1.5 Total 35.0 |
| | Net interest-bearing debt | 450.0 | 510.0 | +13% | |
| | Shareholders' equity | 560.0 | 630.0 | +13% | |
| Net D/E ratio (times) | | 0.8 | 1.0 times or less | | |
| Assumptions | Exchange rate (yen/\$) | 109 | 110 | | [Sensitivity] ◆1 yen increase in USD/JPY exchange rate: +0.8 billion yen ◆10¢/lb increase in copper price (LME) : +1.7 billion yen (Ordinary income) |
| | Exchange rate (yen/€) | 121 | 125 | | |
| | Copper price (¢/lb) | 268 | 290 | | |

※1 Announced on February 12, 2020

※2 Assuming transition to equity method in cement business

Financial Plan : Financial Indicators

- Focus on medium- to long-term profitability and growth potential
- Profitability is measured by ROIC and growth potential by EBITDA, etc., for each business
- Complementary use of ROA in process-type businesses
- ROIC/ROE/ROA are used together as group-wide financial indicators

| | | FY2017-2019 Average | End of FY2023 Target |
|---------------------|------|------------------------|-------------------------|
| The whole MMC group | ROIC | 4.2% | 6.0% |
| | ROA | 3.4% | 4.0% |
| | ROE | 3.4% | 7.0% |

<Main Businesses>

| | | FY2017-2019 Average | End of FY2023 Target | By business division KGI | 2016-2018 Average | End of FY2023 Target |
|---|-------------------------------------|------------------------|-------------------------|--------------------------------|----------------------|-------------------------|
| Advanced Products Business | Copper & copper alloy ^{*1} | 5.9% | 4.0% | EBITDA | 14.4 billion yen | 20.0 billion yen |
| | Electronic materials | 4.5% | 6.0% | EBITDA | 5.3 billion yen | 16.0 billion yen |
| Metalworking Solutions Business | Cemented carbide | 7.9% | 7.0% | EBITDA | 28.2 billion yen | 39.0 billion yen |
| Metals Business | | 20.3% | 10.5% | ROA ^{*2} | 7.4% | 6.5% |
| Cement Business | | 4.9% | 6.0% | ROA | 5.2% | 6.0% |
| Environment & Energy Business ^{*3} | Environmental recycling | 1.1% | 4.0% | ROA | 1.7% | 6.0% |
| | Renewable energy | 2.7% | 4.0% | ROA | 3.5% | 5.5% |

ROIC = NOPAT / invested capital

NOPAT : (Profit before tax + interest on funds) x (1-effective tax rate)

Profit before tax includes share of profit/loss of investments accounted for using equity method and dividend income

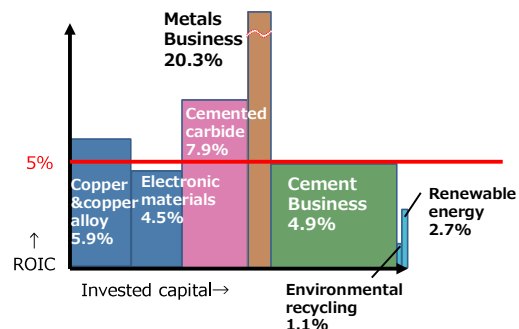
Invested capital : Excludes amount equivalent to inventories that are risk-free because of price hedging
^{*1} Plans to invest approx. 30 billion yen starting from FY2021. Investment achievements will appear during next medium-term management plan period.

^{*2} Calculated by excluding the price of bullion

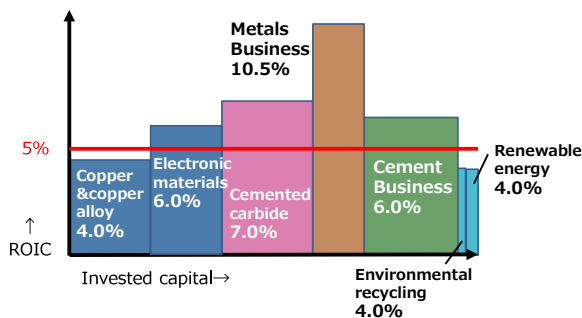
^{*3} Due to the launch timing of equipment under construction, the ROICs of Environmental Recycling Business and Renewable Energy Business are expected to exceed WACC in FY2024 and FY2027, respectively.

Changes in ROIC of main businesses in FY2023 Strategy

(FY2017-2019 Average)



(End of FY2023 Target)



Financial Plan : Resource Allocation (Investment Policy, Shareholder Return Policy, Strategic Holdings)

Investment Policy

- Make investments using cash flows from operations, and proceeds from business restructuring and asset sales
- 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

◆ Cumulative cash flows from FY2021 to 2023

(Unit: billion yen)

| Cash in | |
|----------------------|------------|
| Operating CF | 280 |
| Others ^{※1} | 60 |
| Total | 340 |

| Cash out | | |
|--------------|--|------------|
| Investing CF | Investment for growth | 190 |
| | Investment for maintenance and upgrading | 170 |
| | Subtotal | 360 |
| Financing CF | Dividends ^{※2} | 46 |
| Total | | 406 |

※1 Business restructuring, sales of strategic holdings, etc.

※2 Dividends paid and dividends paid to non-controlling shareholders

◆ Cumulative investment plan from FY2021 to 2023

| Total Investment 360 | | | | |
|---|---|----------------------------|-----------|--|
| Maintenance & upgrading 170 | | Growth Strategy 190 | | |
| 22% (Copper & copper alloy 15, Electronic materials 7) | 30% (Cemented carbide 28, Sintered 2) | 21% | 8% | 4% (Affiliated 2, Aluminum 9, Group-wide 4) |
| Advanced Products | Metalworking Solutions | Metals | Cement | Environment & energy |
| | | | | 15% |

Shareholder return Policy

- MMC intends to pay stable dividends despite fluctuating business results, and pay out an annual dividend of 80 yen per share.
- However, if the consolidated payout ratio becomes less than 25%, MMC will temporarily increase the dividend or conduct share buybacks.

| | FY2020 (actual) | FY2021-2023 |
|-----------|-----------------|--------------------|
| Dividends | 80yen/share | 80yen/share |





















Strategic holdings

- Unless required for strategic objectives, MMC will not acquire or hold shares other than purely for investment purposes
- Expected reduction in FY2020: 12%

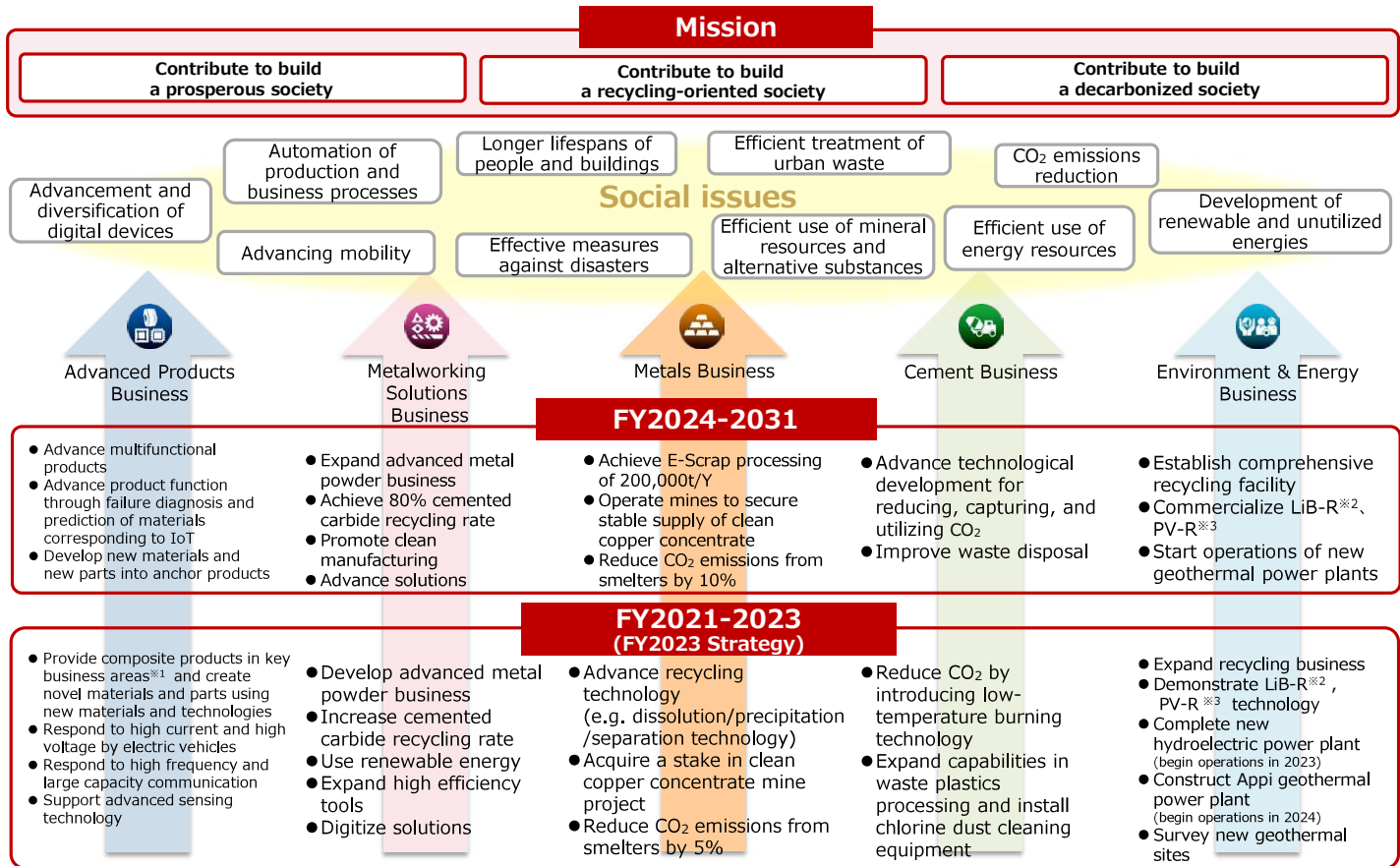
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Business Strategy : Long-term Business Goals/Long-term Strategy and ESG/SDGs

| | Long-term business goals | Long-term strategy | ESG/SDGs | | | Mission | | |
|--|---|---|---|---|---|---|--|---|
| | | | E (Environment) | ES (Society) | S | Contribute to build a prosperous society | Contribute to build a recycling-oriented society | Contribute to build a decarbonized society |
| Advanced Products Business | Global First Supplier | <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 metals, etc.) Accelerate marketing activities to replicate successful practice |   |   | | <ul style="list-style-type: none"> Advance and diversifying mobility and digital devices Automate production and business processes | <ul style="list-style-type: none"> Develop and use materials with low environmental impact Efficiently use mineral resources and alternative resources | <ul style="list-style-type: none"> Efficiently use energy resources Reduce CO₂ emissions Develop and supply products that contribute to decarbonization |
| Metalworking Solutions Business | Top 3 supplier in strategic markets | <ul style="list-style-type: none"> Promote clean manufacturing Provide high-efficiency products with advanced technology Expand advanced metal powder business in electronic devices |   |   | | <ul style="list-style-type: none"> Provide high-efficiency products and digital solutions | <ul style="list-style-type: none"> Promote the use of recycled cemented carbide materials | <ul style="list-style-type: none"> Promote manufacturing renewable energy Expand electrification business by advanced metal powder technology |
| Metals Business | Leader in environmentally-friendly mining & smelting business | Stable supply and recycling of nonferrous metal materials, predominantly copper <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 |   |   | | <ul style="list-style-type: none"> Provide copper-based materials for advanced products | <ul style="list-style-type: none"> Provide recyclable products Recycle waste | <ul style="list-style-type: none"> Promote the development and use of CO₂ reduction technologies Achieve manufacturing that considers environmental load |
| Cement Business | Leader in the domestic and international cement industry with advanced environmental technologies | <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 business growth in overseas markets |   |   | | <ul style="list-style-type: none"> Create a safe, secure, and functional city | <ul style="list-style-type: none"> Recycle waste Promote sustainable resource recycling | <ul style="list-style-type: none"> Reduce CO₂ emissions by improving manufacturing processes |
| Environment and energy Business | (Environmental recycling) Driving force of resource-recycling systems (Renewable energy) Leading company in geothermal development | <ul style="list-style-type: none"> Provision of a safe recycling system with thorough traceability, etc. Decarbonization by expanding renewable energy business |   |   | | <ul style="list-style-type: none"> Ensure a stable supply of clean energy and recycled products | <ul style="list-style-type: none"> Solve urban waste problems Build a sustainable social system | <ul style="list-style-type: none"> Provide renewable energy |

Business Strategy : Business Strategy for Solving Social Issues



*1...Next-generation automobile, semiconductor / electronics, industrial machinery / infrastructure
 *2...Li-ion battery recycling *3... Solar panel recycling

Business Strategy : Contribution Goals for a Sustainable Society



Sales volume of copper materials for new HV/EV

1.3 times or more

FY2020 forecast
721t

FY2023 target
1,000t



Sales volume of materials for next-generation vehicles and environmentally friendly products

3 times or more

FY2020 forecast
6.2billion yen

FY2023 target
20.3 billion yen



Ratio of recycled tungsten as raw material in cemented carbide tools

Up 25%

FY2020 forecast
28%

FY2023 target
35%



E-Scrap processing capacity

Up 25%

FY2020
160,000t

FY2031 target
200,000t



Waste and by-products processing volume in cement production

Up 13%

FY2020 forecast
4 million tons

FY2031 target
4.5 million tons

(FY2020 production volume basis)



Annual processing volume of home appliance recycling

Up 35%

FY2020 forecast
2.6million units

FY2023 target
3.5 million units



Annual total power generated by renewable energy

Up 30%

FY2020 forecast
421GWh

FY2026 target
550GWh

In March 2020, we endorsed the proposal of the Task Force on Climate-related Financial Disclosures (TCFD).

Going forward, we will disclose important Group-related information concerning climate change based on TCFD recommendations.



Global First Supplier

Long-term Strategy

- 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 metals, etc.)
- Accelerate marketing activities to replicate successful practice

Specific Measures of the FY2023 Strategy

- 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
- Pursue opportunities to execute M&A or business alliances

Projected Achievements at the End of FY2023

In our main business fields*, we will have:

- Earned customers' trust
- Released new products by integrating our technical capabilities
- Generated new applications of our products

※ Next-generation vehicles, semiconductors/electronics, industrial machinery/infrastructure



**Key
measures**

Large-scale investment in core business (copper & copper alloy)
Collaboration among global footprint (incl. manufacturing, selling and developing bases)

**Key strategies
for copper &
copper alloy
business**

**Expand copper alloy
sales**

- Seamless value chain by integrating Mitsubishi Shindoh
- Agile investment with direct market information

**Execute large-scale
investments**

- Expanding rolling business
- Restructuring of extrusion business (About 30 billion yen capital investments from FY2021 to 2027)

**Accelerate global &
downstream business**

- Strengthening and optimizing value chain
- Enhancing cooperation with the Luvata Group

**Enhance marketing &
technical development
function**

- Development of new users
- Advancing new product developments by identifying next-generation market needs

Acting promptly to market needs
(Next-generation vehicles, AI/IoT, environmental load reduction, etc.)



Top 3 supplier in strategic markets

Long-term Strategy

- Promote clean manufacturing
- Provide high-efficiency products with advanced technology
- Expand advanced metal powder business in electronic devices

Specific Measures of the FY2023 Strategy

- 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

Projected Achievement at the End of FY2023

- Establishment of a competitive global business base capable of expanding in strategic markets using digital technologies



Key measures

- Expansion of the utilization of new technologies and services that can solve customer issues
- Enhancement of the global supply system and functions

Expansion in strategic market

Automotive, aerospace, and medical industries

- Reinforce marketing functions focused on target customers
- Expand manufacturing and sales capability through M&A or other measures
- Use digital technologies for technical assessments and simulations
- Expand advanced metal powder business for the battery market

Strategic investment in markets with high growth potential

Build a competitive global business foundation

- Develop a global recycling system of the used cemented carbide tools
- Use digital technologies to achieve high quality and efficient manufacturing processes
- Optimize global logistics and supply chain in response to market fluctuations
- Establish manufacturing BCP to maintain stable supplies
- Encourage global collaboration of technical center functions

Global Technical Support Network





Leader in environmentally-friendly mining & smelting business

Long-term Strategy

Stable supply and recycling of nonferrous metal materials, predominantly copper

- 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

- Secure clean copper concentrate by investing in new mines
- Develop impurity removal technology in copper concentrate
- Optimize valuable metal material flow
- Reduce fossil fuels

Projected Achievement at the End of FY2023

- Optimization of valuable metal material flow derived from E-Scrap
- Reduction of smelter CO₂ emissions by 5%



Key measures

Stable procurement of raw materials and optimization of smelting process

Stable supply of materials

Secure clean copper concentrate by investing in new mines

- Acquisition of stake in the Mantoverde copper mine
- Implementation of Zafranal project



Expand opportunities to participate in blue-chip projects

- Invest from the early stages of projects
- Organize consortium

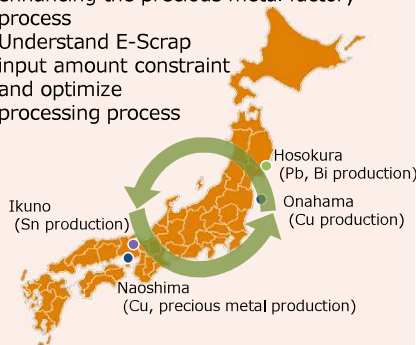
Develop impurity removal technology in copper concentrate

- Establish Mining & Metallurgy Laboratories (expansion of resource technology development), and conduct joint research with a third party
- Develop/train resource engineers

Promotion of recycling

Optimize material flow

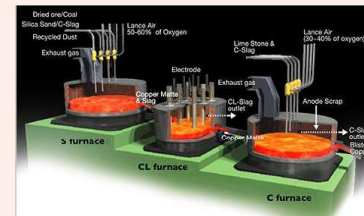
- Material grid
Optimize material flow connecting each smelter and enhance the recovery of valuable metals at each smelter
→ Efficient recycling of Cu, precious metals and trace components in E-Scrap
- Improve the yield of Au and Ag by enhancing the precious metal factory process
- Understand E-Scrap input amount constraint and optimize processing process



Response to climate change

Demonstrate the superiority of the Mitsubishi process

Utilize the environment-friendly Mitsubishi Process



Reduce fossil fuels

- Replace fuel with recycled oil, etc.
- Substitute fuel using E-Scrap

Improve energy conversion efficiency

- Improve heat transfer efficiency of boiler
- Improve power generation efficiency

Improve energy use efficiency

- Efficiently use steam
- Improve electrolysis current efficiency

Use renewable energy

Improve the ratio of stable raw-material procurement

Amount of copper contained with copper concentrate under off-take* or long-term contract, and E-Scrap
Amount of total copper production

※Off-take: long-term takeover rights linked to mine investment interests



Leader in the domestic and international cement industry with advanced environmental technologies

Long-term Strategy

- 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 business growth in overseas markets

Specific Measures of the FY2023 Strategy

- Improve and optimize production system through domestic business restructuring
- Expand capabilities in waste plastic processing and installation of chlorine dust cleaning equipment
- Introduce low-temperature burning technology and develop CO₂ reduction, capture, and recycling technologies
- Expand US business and develop new overseas bases

Projected Achievement at the End of FY2023

- Domestic business restructuring
- Optimized production systems and promotion of overall business efficiency



Key measures

Reorganization of domestic business and development of new overseas bases

Reorganize the domestic business, optimize the production system, and establish a stable profit base through economies of scale in order to respond to the demand decrease for cement in Japan

Secure domestic advantage and grow overseas markets through the expansion of US and overseas businesses

Domestic

Create rationalization effects by consolidating factories, logistics facilities, sales functions, etc.

- Domestic business restructuring
- Production system optimization
- Strengthening of Kyushu Plant
- Downstream business enhancement and optimization

Benefits obtained by conducting cement business independently are limited, and therefore should pursue the merits and synergies of business consolidation

Environmental business expansion, development in new technology, commercialization, etc.

- Expansion of recycling business
- Development and commercialization of new technology to reduce, capture, and recycle CO₂ emissions

Improve the ratio of alternative thermal energy by focusing on thermal energy waste treatment with room for expansion

Overseas

Expand business base in overseas where population growth is expected

- Expansion of US business
- Development of new overseas bases

Realize expansion of overseas business with cash obtained from domestic business

(Targets advanced and/or equivalent countries that can be developed for vertical integration, e.g. Australia)



(Environmental recycling) **Driving force of resource-recycling systems**
(Renewable energy) **Leading company in geothermal development**

Long-term Strategy

- Provision of a safe recycling system with thorough traceability, etc.
- Decarbonization by expanding renewable energy business

Specific Measures of the FY2023 Strategy

- Expand home appliance recycling business, advancement of automation, and improvement of added value of recovered products
- Demonstrate LiB recycling technology 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

Projected Achievement at the End of FY2023

- Establishment of a stable business base for the environmental recycling business
- Expansion and stable operations of renewable energy plants and search for new geothermal sites



Key measures

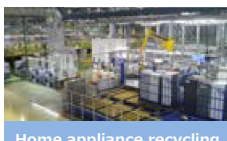
- Enhanced competitiveness and expansion of environmental recycling businesses
- Completion of Komatagawa new hydroelectric power plant, construction of Appi geothermal power plant, and survey of new geothermal sites

Environmental recycling initiatives

By making the most of the characteristics and functions of the materials company, we will contribute to the construction of a recycling-oriented society by developing and expanding the recycling business that does not rely on final disposal sites and can be trusted by stakeholders.



**Food waste
Biogasification**



Home appliance recycling
Refrigerator processing line



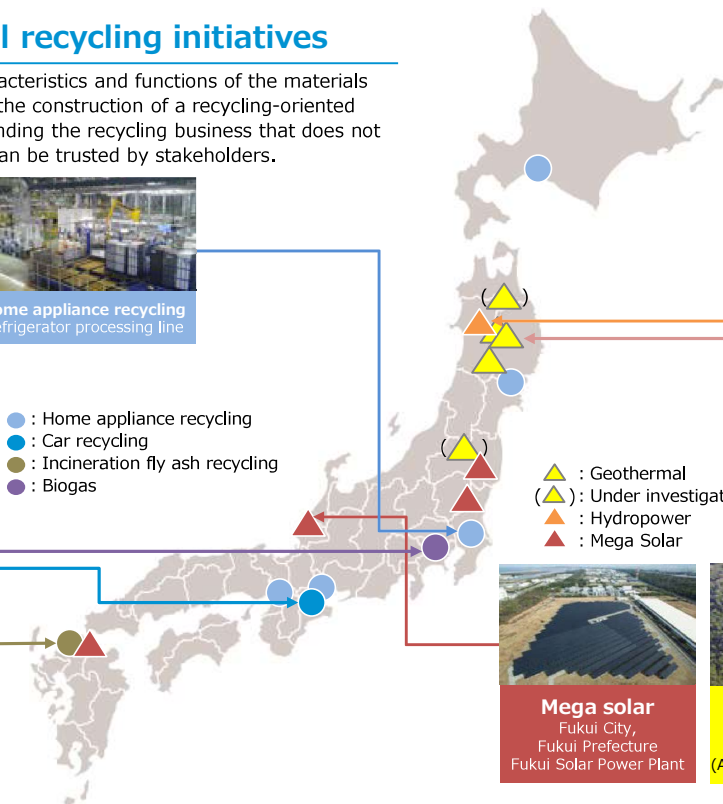
Car recycling



**Incineration fly
ash recycling**

- : Home appliance recycling
- : Car recycling
- : Incineration fly ash recycling
- : Biogas

- ▲ : Geothermal
- (▲) : Under investigation
- ▲ : Hydropower
- ▲ : Mega Solar



Renewable energy initiatives

Based on the management resources we have cultivated, we will expand the renewable energy business and contribute to the construction of a decarbonized society by providing a stable energy supply with a low environmental impact.



Mega solar

Fukui City,
Fukui Prefecture
Fukui Solar Power Plant



Geothermal

Hachimantai City,
Iwate Prefecture
(Appi: Under construction)



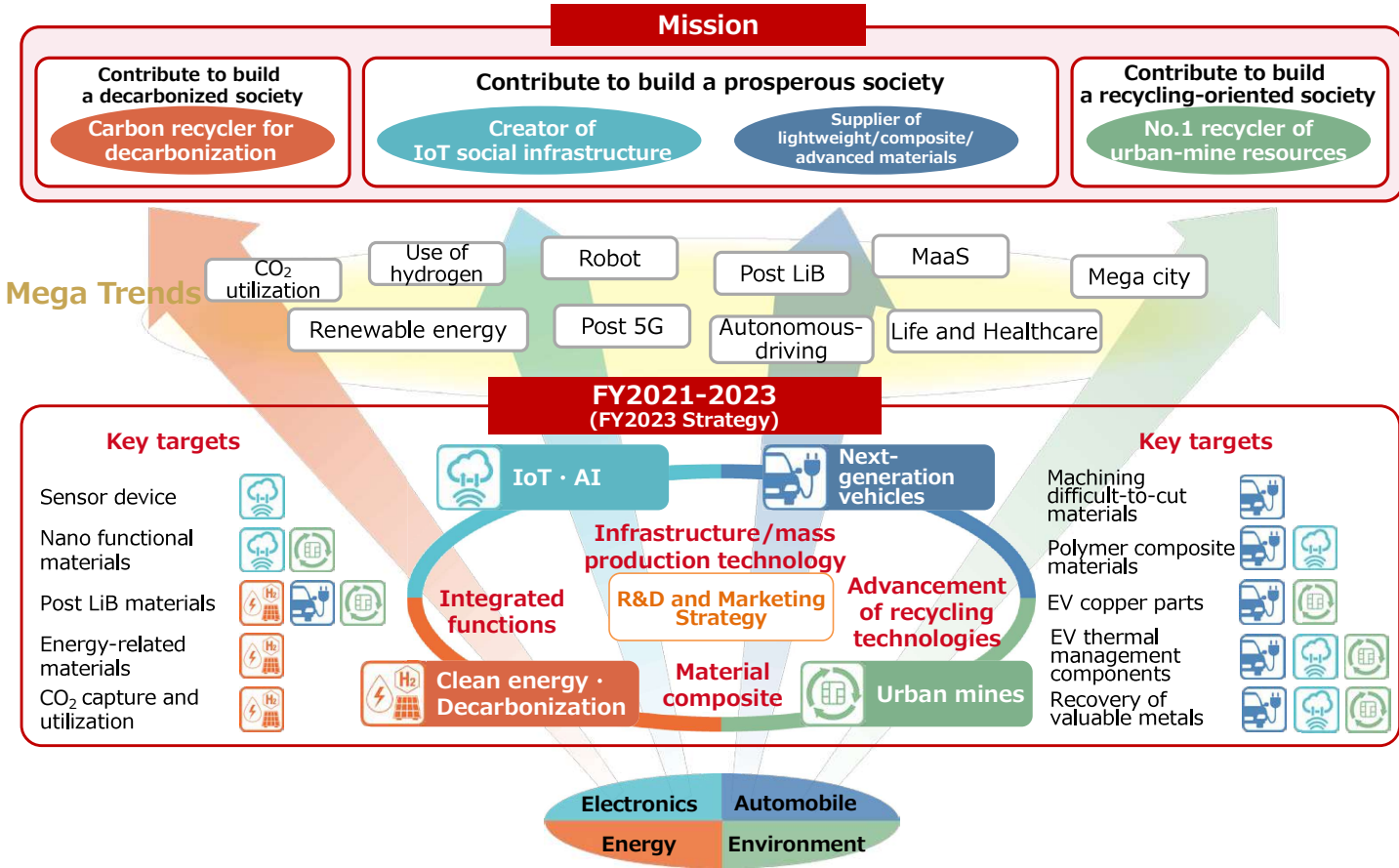
Hydropower

Kitaakita City,
Akita Prefecture
(Komatagawa New Hydro:
under construction)

II Overview of FY2023 Strategy

- 1) Value Creation Process
- 2) Mission (Corporate Philosophy System)
- 3) Financial Plan
- 4) Business Strategy
- 5) Corporate Division's Strategy
- 6) Governance

Corporate Division's Strategy : **R&D and Marketing Strategy**

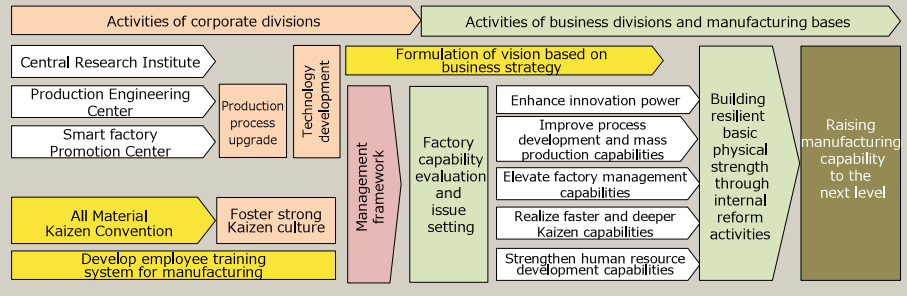


Corporate Division's Strategy : Manufacturing Excellence Strategy/Quality Management Strategy/Digital Transformation Strategy

Manufacturing excellence strategy

Raise manufacturing capability to the next level

- Formulation and realization of the factory vision based on its business strategy
- Enhancement of production process
- Proactive utilization of external knowledge



Quality management strategy

Proactive quality management to ensure that non-conforming products are not produced

High accuracy monitoring system
⇒ Measure process capability

Elucidation of correlation between cause and result with AI/IoT
⇒ Maintain process capability

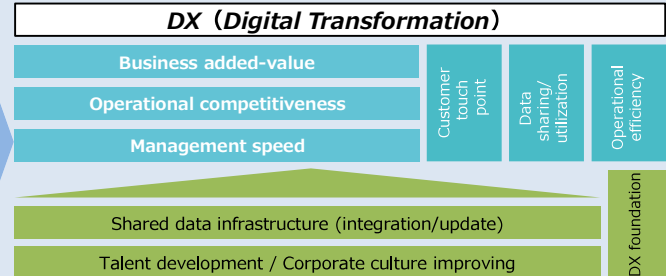
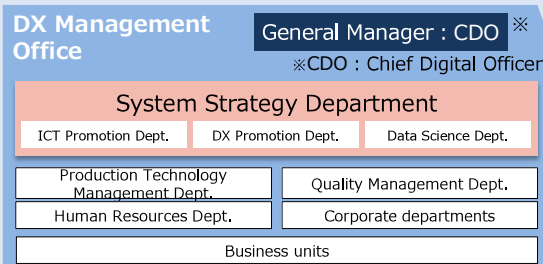
Optimization of product/process design and equipment maintenance plan
⇒ Improve process capability

Digital Transformation (DX) strategy

- Use Digital Transformation to strengthen three key pillars: (1) Business added-value (2) Business operations competitiveness (3) Management speed

- Approx. 30 billion yen investment over the next five years

- Approx. 100 digital professionals



II Overview of FY2023 Strategy

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Governance : **Strengthening Corporate Governance**

◆ Changed to a company with a Nomination Committee in June 2019

Purpose: Accelerate decision-making by delegating authority, strengthen the Board of Directors' management supervisory functions, and improve the management transparency and fairness

Continuous improvement of the functions of the Board of Directors

- Continuous improvement of the monitoring functions performed by the Board of Directors
- Ensure diversity of director composition

Formulation of basic corporate governance policy (effective April 1, 2020)

- Clarification of policies to respond to each item set forth in CG code

CEO appointment and dismissal, planning and execution of successor development plan

- Adoption of appointment and dismissal process
- Establishment of the selection of a successor candidate, as well as the planning and execution of its development plan with the involvement of the Nomination Committee

Review of executive remuneration system

- Remuneration Committee establishment of an incentive-based executive remuneration system with a variable remuneration ratio (Start operations from FY2021)

Enhancement of governance of subsidiaries

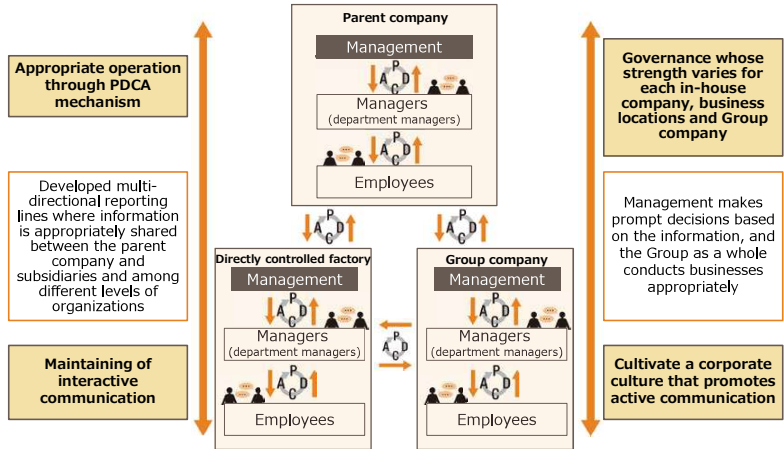
- Review of systems for director nomination and remuneration
- Proactive management of the Board of Directors

Governance : Strengthening Group Governance

Targeting organization and corporate culture

- Organization with good and healthy communication where employees have unrestricted communication
- Organization capable of autonomously solving issues
- Organization that adequately shares the understanding of its business
- Organization that makes prompt and resolute decisions
- Organization that manages its business with the awareness of the differences between product-type and process-type businesses
- Organization that aims for thorough digitalization

Aim for governance under which efficient and autonomous communication can take place between the parent company and subsidiaries, between the head office and plants, and among the subsidiaries



- Evaluation of effectiveness and improvement of the board of directors of the Group companies
 - The Group companies' officer training
 - Enhanced governance audits*
- *In an audit, various issues may be identified through interviews conducted by corporate department managers with various levels of audited department employees.

Prompt decision making by delegating authority and strengthening supervisory functions

Focused management especially in R&D, manufacturing, and human resources exchange

Accelerated strategy execution by Digital Transformation Management Office

| | | |
|-------------------------|---|---|
| HR Strategy | Secure and foster talents adaptive to change and forge a healthy organizational culture | |
| | ◆Talent | ① Secure human resources: Reinforce hiring activities and systems, including within the Group companies, etc. ② Develop human resources: Visualize capabilities of employees (talent management), etc. |
| | ◆Organizational culture | ① Enhance motivation: Introduce professional talent system, etc. ② Enhance management capabilities of the Group companies: Promote personnel exchange within the Group, etc. |
| | ◆Improvement of social value | ① Employ diverse talents: Recruitment rate of new female graduates: 25% or more, etc. ② Health & productivity management: Health company declaration, White 500 certified |
| Change of organizations | Business Divisions | |
| | 1. Promotion of Environmental and Energy Business Division to in-house Company: Positioned as a core business that can contribute to solving social issues | |
| | 2. Separation of Aluminum Division from Advanced Products Company: Fundamental improvement of profitability and acceleration of strategic review, including overseas expansion | |
| | Corporate Division | |
| Change of organizations | 1. Establishment of Marketing Department: Strengthening of corporate marketing functions | |
| | 2. Establishment of Corporate Communications Department: Centralizing information dissemination to stakeholders | |
| | Company-wide organization | |
| | 1. Establishment of Digital Transformation Management Office: Promotion of digitalization strategy | |
| Change of organizations | 2. Establishment of Sustainable Management Office: Ensuring business sustainability | |
| | Establishment of subcommittees for Communications, Governance, Compliance, Risk Management, Climate Change, Environmental Management, Quality Management, Information Security, and Promotion of Zero Disasters | |

Forward-Looking Statements

Future plans and other statements are based on information made available to MMC's management as of the date of the release of this material.

Note that there are uncertain/risk factors inherent in plans, and there may be cases in which actual results materially differ from plans and other statements made within this material.

Mitsubishi Materials Corporation