



September 29, 2020

To All Concerned Parties

Company name	Mitsubishi Materials Corporation
Representative	Naoki Ono, Chief Executive Officer (Securities code: 5711, First Section, Tokyo Stock Exchange)
Contact for inquiries	Yuji Omura, General Manager, Corporate Communications Dept. (Tel: +81-3-5252-5206)

**Regarding Signing of Memorandum of Understanding**  
**Concerning Transfer of Shares of Diamet Corporation, and Recording of Extraordinary Losses**

Mitsubishi Materials Corporation (hereinafter referred to as the “Company”) hereby announces that the Company, at the meeting of its Board of Directors held today, adopted a resolution to commence detailed consultations and studies to transfer (hereinafter referred to as the “Transfer”) the shares of Diamet Corporation (hereinafter referred to as “Diamet”), a consolidated subsidiary of the Company, to Endeavour II United Investment Business Limited Partnership (hereinafter referred to as "EUF-2"), a fund under management of Endeavour United Co., Ltd. (hereinafter referred to as “Endeavour”) which is an unlimited liability partner of EUF-2 in around December 2020 and that the Company signed a Memorandum of Understanding with Endeavour today. The Company also announces that the Company is expected to record extraordinary losses as a provision for loss on business restructuring for the second quarter of the fiscal year ending March 31, 2021.

The Company plans to proceed with detailed consultations and studies with Endeavour and finalize a definitive agreement on the Transfer in around November 2020. If the Company determines any new matters to be disclosed in the future, it will announce separately.

**1. Background and rationale**

Due to deteriorating earnings from the sintered parts business (hereinafter referred to as the “Sintered parts business”) of the Group in which Diamet and its subsidiaries and affiliated companies have engaged, the Company has provided financial support to Diamet, which leads the Sintered parts business, including the underwriting of capital increase and direct loans. However, as it has revealed that such support alone is unlikely to be sufficient to improve revenue of the Sintered parts business, the Company has been discussing the treatment of the Sintered parts business, including transferring to third parties. From these rationales, the Company has reached an agreement with Endeavour to transfer the business to Endeavour aiming at restructuring it under the Endeavour’s leadership. And they decided to commence the detailed consultations and studies. Endeavour is a Japanese investment fund which has extensive experience in business revitalization. The Company believes that a business restructuring led by Endeavour is the best way to revitalize and stabilize the Sintered parts business.

**2. Scope of the Transfer**

The entire shares of Diamet held by the Company will be transferred. Accordingly, PM Techno Corporation, Diamet Klang (Malaysia) Sdn., Bhd. and Guangdong Diamet Powder Metallurgy Co., Ltd., which are the subsidiaries of Diamet and also the consolidated subsidiaries of the Company, will be out of the scope of consolidation.

### Outline of Diamet

(1)	Name	Diamet Corporation
(2)	Location	3-1-1 Koganecho, Higashi-ku, Niigata City, Niigata
(3)	Name and title of representative	Fumio Tsurumaki, President Director
(4)	Business Overview	Production, R&D and Sales for sintered mechanical parts, Oilless Bearings, Other powder metallurgy parts
(5)	Stated capital	4.75 billion Japanese yen
(6)	Date of establishment	December 1, 2005
(7)	Major shareholder and its shareholding ratio	Mitsubishi Materials Corporation: 100%

### 3. Outline of the transferee

(1)	Name	Endeavour II United Investment Business Limited Partnership	
(2)	Location	6F, Marunouchi 2-chome Building, 2-5-1 Marunouchi, Chiyoda-ku, Tokyo	
(3)	Ground for establishment and others	Limited liability partnership incorporated under the Limited Partnership Act for Investment	
(4)	Date of establishment	September 13, 2018	
(5)	Total investments	35.1 billion Japanese yen (total amount of investment commitments made by partners)	
(6)	Outline of unlimited liability partner	Company name	Endeavour United Co., Ltd.
		Location	6F, Marunouchi 2-chome Building, 2-5-1 Marunouchi, Chiyoda-ku, Tokyo
		Name and title of representative	Tomohiko Mimura, CEO
		Business Overview	Private equity fund management
		Stated capital	80 million Japanese yen

\* The transferee and the Company have no capital, personal or transactional relationships and the transferee or the Company do not constitute a related party of each other.

### 4. Schedule of the Transfer

September 29, 2020 (date of this announcement) : Signing of the Memorandum of Understanding

November 2020 (expected) : Finalizing of the definitive agreement

December 2020 (expected) : Closing

### 5. Impact on the Company's financial results

Regarding the Transfer, the Company is expected to record an extraordinary loss of approximately 21 billion Japanese yen as a provision for loss on business restructuring for the second quarter of the fiscal year ending March 31, 2021. The impact of the Transfer on the Company's financial results has been factored in the forecast of annual consolidated earnings in the "Notice of Revisions to Earnings Forecasts" announced today.