

[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, 2020 through March 31, 2021)

1. Matters Concerning the Current State of the Group

(1) Business Developments and Outcomes

【In Mitsubishi Materials Group (hereinafter referred to as “the Group”), operating income and ordinary income decreased mainly due to a decrease in demand for automobile-related products, as well as a decrease in demand for cement in Japan, despite the impact of higher metal prices and increased demand for semiconductor-related products.】

During the current consolidated fiscal year, the global economic activities experienced considerable constraints due to the global spread of COVID-19. In China, the economy appeared to be recovering mildly, but in Thailand and Indonesia, economic downturn continued. In Europe, the economic downturn continued as well, while it saw signs of a recovery in the U.S.

In Japan during this consolidated fiscal year, due to COVID-19, the employment and income environment remained subdued. However, exports and industrial production showed signs of recovery.

Regarding the business environment for the Mitsubishi Materials Group (hereinafter “the Group”), the Group was also affected by the global spread of COVID-19. In addition to hike in metal prices, demand in semiconductors-related sectors remained strong, while demand in automobile-related sectors substantially declined. Moreover, domestic demand for cement declined.

Under such circumstances, the Group has implemented various measures to enhance corporate value, based on Mission and the Group’s medium- to long-term goals from the fiscal year ending March 31, 2031 (hereinafter referred to as “FY2031”) to FY2051, as well as the Medium-term Management Strategy for FY2021 to FY2023 (hereinafter “FY2023 Strategy”).

Consequently, consolidated net sales for this consolidated fiscal year totaled ¥1,485,121 million, down by 2.0% year-on-year. Consolidated operating profit decreased by 30.0% year-on-year to ¥26,567 million, and consolidated ordinary profit fell by 10.2% year-on-year to ¥44,527 million. Also, the Company recorded the extraordinary loss of ¥22,370 million as losses on business restructuring and the extraordinary income of ¥28,066 million as gain on sales of investment securities. As a result, profit attributable to owners of parent was ¥24,407 million (compared to loss of ¥72,850 million in the previous fiscal year).

On a non-consolidated basis, the Company posted net sales of ¥868,053 million (8.1% increase year-on-year), an operating loss of ¥4,822 million (the operating loss was ¥645 million for the previous fiscal year), an ordinary profit of ¥15,199 million (11.8% decrease year-on-year), and a net income of ¥21,260 million (the net loss was ¥49,929 million for the previous fiscal year).

The Company makes cash dividends based on the resolutions of the Board of Directors meetings in accordance with its Articles of Incorporation. The Company also recognizes the return of profits to its shareholders as one of its most important management objectives. The Company planned to pay an annual dividend of ¥80 per share during the period of FY2023 Strategy. However, due to the impact of the COVID-19, cash flows from operations during the same period are expected to be much lower than the initial forecast. Under these circumstances, the Company while placing an emphasis on stability and continuity with regard to dividends, will set the minimum amount of dividends per share during the period of FY2023 Strategy at ¥50 based on the level of cash flows from operations that the Company has assumed can be generated on a stable basis. By accelerating the sale of assets, among others, and making expeditious allotments of funds, including share buybacks and additional dividends, the Company aims to return profits to its shareholders at the same level as the total amount of dividends initially planned during the period of FY2023 Strategy. Based on this policy, The Company made the decision to distribute the year-end dividend of ¥50 in accordance with a resolution made at the Board of Directors meeting held on May 14, 2021.

The dividend for the fiscal year is set at ¥50 per share (decreased by ¥30 from the previous fiscal year) as the company did not pay an interim dividend.

Below is an overview of the Group's performance by business segment.

※ The Company has made changes to its reporting segments in accordance with the organizational restructuring implemented on April 1, 2020. Consequently, the energy, environmental and recycling-related businesses previously included in the "Other Businesses" segment were reclassified in the "Environment & Energy Business" segment, and the aluminum-related businesses previously included in the "Advanced Products" segment were reclassified in the "Other Businesses" segment. Furthermore, the cement sale-related businesses previously included in the "Other Businesses" segment was transferred to the "Cement Business" segment. Additionally, in order to more appropriately evaluate and manage the performance of each reporting segment, the Company has reviewed the method of allocating shared costs within the Company and changed the method for calculating profits and losses for the reporting segments. For comparative figures with the previous fiscal year, the figures for the previous fiscal year have been recalculated to reflect the new segment classification and calculation method.

● Advanced Products

【In the Copper & copper alloy products business, operating profit decreased due to decline in sales mainly of automobile products. In the Electronic materials & components business, operating income increased due to higher sales of semiconductor-related products and lower production costs of polycrystalline silicon products.】

In the Copper & copper alloy products business, both net sales and operating profit declined due to decreased sales mainly of automotive products, which were affected by the global spread of COVID-19, among others.

In the Electronics materials & components business, while sales of automotive products declined due to the global spread of COVID-19, among others, sales of semiconductor-related products increased. Moreover, the production costs of polycrystalline silicon products decreased. As a result, both net sales and operating profit increased.

Consequently, net sales and operating profit of the entire Advanced Products Business decreased compared with the previous fiscal year. Despite decreased operating profit, ordinary profit increased due to gains from valuation of derivatives.

As a result, net sales for the entire Advanced Products amounted to ¥357,118 million, decreased by 4.9% from the previous fiscal year. Operating profit decreased by 11.2% year-on-year to ¥2,899 million and ordinary profit increased by 40.3% year-on-year to ¥6,191 million.

● Metalworking Solutions Business

【In the Cemented carbide products business, operating profit decreased due to lower sales in major countries excluding China. In the Sintered products, etc. business, the operating loss decreased due to the transfer of all shares of Diamet Corporation, which had been recording operating losses continuously. 】

In the Cemented carbide products business, both net sales and operating profit declined due to decreased sales mainly of automotive products in major overseas countries excluding China, because they were mainly affected by the global spread of COVID-19.

In the Sintered products, etc. business, net sales and operating loss decreased due to the transfer of the entire shares of Diamet Corporation*, which had been continuously recording operating losses, and also due to the global spread of COVID-19.

Consequently, net sales and operating profit of the entire Metalworking Solutions Business decreased compared with the previous fiscal year. Ordinary profit declined due to the decrease in operating profit.

As a result, in the Metalworking Solutions Business, net sales were ¥119,393 million (20.5% decrease year-on-year), operating loss was ¥1,188 million (compared to the operating profit of ¥7,760 million for the previous fiscal year), and ordinary loss was ¥768 million (compared to the ordinary profit of ¥6,200 million for the previous fiscal year).

* As the Company transferred all shares of Diamet Corporation on December 4, 2020, Diamet Corporation, PM Techno Corporation, Diamet Klang(Malaysia)Sdn. Bhd., and Guangdong Diamet Powder Metallurgy Co., Ltd. are no longer in the scope of consolidation of the Company effective from December 2020.

● Metals Business

【In the Copper Business, operating profit decreased due to the implementation of regular furnace repairs at domestic and overseas smelters, deterioration in purchasing conditions, etc. In the Gold and other valuable metals business, operating profit increased due to the impact of metal price hike, etc. 】

In the Copper business, net sales increased but operating profit decreased mainly due to the rise in copper prices, regular furnace repairs at PT. Smelting in Indonesia and Naoshima Smelter & Refinery, as well as deterioration in purchasing conditions of concentrates.

In the Gold and other valuable metals business, both net sales and operating profit increased mainly due to a hike in gold and palladium prices.

Consequently, net sales and operating profit for the entire Metals Business increased compared with the previous fiscal year. Ordinary profit increased because of the increase in foreign exchange gain and dividend income in addition to the increase in operating profit.

As a result, in the Metals Business, net sales were ¥728,290million (9.5% increase year-on-year), operating profit was ¥18,879 million (1.1% increase year-on-year), and ordinary profit was ¥32,928 million (19.8% increase year-on-year) on a consolidated basis.

● Cement Business

【Domestic operating profit decreased reflecting lower sales volumes. Overseas, operating profit decreased due to an increase in operating expenses and a decline in the sales volume of ready-mixed concrete in the U.S., and a decline in coal sale prices in the Coal business in Australia. 】

In Japan, both net sales and operating profit decreased due to the impact from the suspension and delay of construction work in the Tokyo metropolitan and other areas following the spread of COVID-19, as well as the declined demand for disaster recovery works in the Tohoku and Kyushu regions.

Overseas, in the United States, sales volume of ready-mixed concrete decreased, and the operating expenses such as raw materials and labor costs increased. Additionally, in the Coal business in Australia, coal sales prices fell. As a result, both net sales and operating profit decreased.

Consequently, net sales and operating profit of the entire business decreased compared with the previous fiscal year. Ordinary profit declined due to the decrease in operating profit.

As a result, in the Cement Business, net sales were ¥215,843 million (12.8% decrease year-on-year), operating profit was ¥6,648 million (45.5% decrease year-on-year), and ordinary profit was ¥6,182 million (59.5% decrease year-on-year) on a consolidated basis.

● Environment & Energy Business

【In the Energy-related business, operating profit decreased reflecting lower sales in nuclear energy-related products. In the Environmental recycling business, the operating loss decreased due to increasing processing volumes and higher unit prices for the sale of valuable resources, offsetting the burden of costs associated with the launch of a new business. 】

In the Energy-related business, both net sales and operating profit decreased due to decreased sales in the Nuclear-energy-related services business.

In the Environmental recycling-related business, net sales increased and operating loss decreased due to the increase in home appliance recycling and higher unit sales price of valuables, though there were some offsetting factors such as the costs associated with the launch of new businesses.

Consequently, in the entire business, net sales decreased but operating profit increased compared with the previous fiscal year. Ordinary profit increased due to the increase in operating profit.

Consequently, in the Environment & Energy Business, net sales were ¥26,231 million (3.2% decrease year-on-year), operating profit was ¥1,789 million (7.3% increase year-on-year), and ordinary profit was ¥3,121 million (0.2% increase year-on-year) on a consolidated basis.

● Other Businesses

【In the Aluminum beverage cans business, operating profit increased due to an increase in the sales of regular cans. In the Aluminum rolled and processed products business, operating profit increased due to a decrease in depreciation expenses, the effect of cost reduction efforts, etc. In businesses other than the Aluminum beverage cans business and the Aluminum rolled and processed products business, operating profit decreased. 】

In the Aluminum beverage cans business, sales of regular cans increased mainly due to an increase in demand for drinking at home following the spread of COVID-19. Raw materials costs and energy costs also declined. As a result, both net sales and operating profit increased.

In the Aluminum rolled and processed products business, net sales decreased while operating profit increased mainly due to decreased depreciation expenses resulting from impairment loss on fixed assets by Mitsubishi Aluminum Co., Ltd. in the previous fiscal year, as well as effects of cost reduction and other factors, despite decreased sales mainly of automotive products which were affected by the global spread of COVID-19 and other factors.

In the businesses other than the Aluminum beverage cans business and the Aluminum rolled and processed products business in the aggregate, both net sales and operating profit decreased.

Consequently, net sales for the entire Other Businesses decreased, but operating profit increased from the previous fiscal year. Ordinary profit increased due to the increase in operating profit.

As a result, in the Other Businesses, net sales were ¥266,728 million (6.5% decrease year-on-year), operating profit was ¥8,850 million (340.6% increase year-on-year), and ordinary profit was ¥9,370 million (631.2% increase year-on-year) on a consolidated basis.

Net sales, operating profit (loss), and ordinary profit (loss) on a consolidated basis by the business segments for FY2021 are as follows:

Business Segments	Item	The 95th Fiscal Year (From April 1, 2019 to March 31, 2020)		The 96th Fiscal Year (From April 1, 2020 to March 31, 2021)		YoY Change (%)
		Amount (Million yen)	Percentage of Total (%)	Amount (Million yen)	Percentage of Total (%)	
Advanced Products	Net sales	375,384	24.8	357,118	24.0	(4.9)
	Operating profit	3,263	8.6	2,899	10.9	(11.2)
	Ordinary profit	4,412	8.9	6,191	13.9	40.3
Metalworking Solutions	Net sales	150,275	9.9	119,393	8.0	(20.5)
	Operating profit	7,760	20.4	(1,188)	(4.5)	—
	Ordinary profit	6,200	12.5	(768)	(1.7)	—
Metals	Net sales	665,015	43.9	728,290	49.0	9.5
	Operating profit	18,677	49.2	18,879	71.1	1.1
	Ordinary profit	27,497	55.4	32,928	74.0	19.8
Cement	Net sales	247,510	16.3	215,843	14.5	(12.8)
	Operating profit	12,206	32.2	6,648	25.0	(45.5)
	Ordinary profit	15,270	30.8	6,182	13.9	(59.5)
Environment & Energy	Net sales	27,088	1.8	26,231	1.8	(3.2)
	Operating profit	1,667	4.4	1,789	6.7	7.3
	Ordinary profit	3,116	6.3	3,121	7.0	0.2
Other	Net sales	285,291	18.8	266,728	18.0	(6.5)
	Operating profit	2,008	5.3	8,850	33.3	340.6
	Ordinary profit	1,281	2.6	9,370	21.0	631.2
Elimination and corporate* ¹	Net sales	(234,464)	(15.5)	(228,484)	(15.4)	(2.6)
	Operating profit	(7,632)	(20.1)	(11,310)	(42.6)	48.2
	Ordinary profit	(8,168)	(16.5)	(12,498)	(28.1)	53.0
Total	Net sales	1,516,100	100.0	1,485,121	100.0	(2.0)
	Operating profit	37,952	100.0	26,567	100.0	(30.0)
	Ordinary profit	49,610	100.0	44,527	100.0	(10.2)

Note:

1. Net sales, operating profit, and ordinary profit resulting from transactions among business segments are deducted in the "Elimination and corporate."

(2) Status of Financing of the Group

During the fiscal year 2021, the Group raised funds primarily through the issuance of commercial papers and bank loans. The balance of interest-bearing debt at the end of FY2021 increased by ¥81,864 million yen from the end of the previous fiscal year, to ¥629,482 million.

(3) Capital Expenditures of the Group

The Group determines capital expenditure allocations by carefully selecting investment projects in areas where future earnings and growth are expected while striving to reduce interest-bearing debt.

The total capital expenditure for FY2021 was ¥81,519 million, as a result of maintenance and repair work on existing facilities in each business, as well as the enhancement and streamlining of production facilities.

Capital expenditures for each business segment for FY2021 are as follows:

● Advanced Products

In addition to maintenance and repair work on existing facilities in this business as a whole, the Group carried out work to strengthen the production facilities in the Copper & copper alloy products business, etc.

Capital expenditures in this business segment amounted to ¥16,372 million.

● Metalworking Solutions Business

The Group carried out reinforcement and streamlining work in order to response the increased production in this business as a whole, as well as maintenance and repair work at existing facilities. Capital expenditures in this business segment amounted to ¥9,510 million.

● Metals Business

The Group carried out maintenance and repair work at copper smelting and processing facilities. Capital expenditures in this business segment amounted to ¥18,344 million.

● Cement Business

In addition to the introduction of a fully automated analysis system and the reinforcement work of industrial waste disposal facilities at the Kyushu Plant (Kanda area), a large-scale apparatus for suppressing dust generation was introduced at the Higashitani Mine as an environmental measure.

Additionally, the Group carried out maintenance and repair work at existing facilities mainly in Japan and the U.S.

Capital expenditures in this business segment amounted to ¥17,995 million.

● Environment & Energy Business

In addition to the construction of a new Komatagawa hydroelectric power plant, the Company carried out maintenance and repair works at its existing facilities.

Capital expenditures in this business segment amounted to ¥4,754 million.

● Other Businesses

The Group carried out maintenance and repair work at existing facilities.

Capital expenditures in the Other Businesses segment amounted to ¥14,542 million.

(4) Changes in the Assets, and Profit and Loss of the Group and the Company

1) Changes in the Assets, and Profit and Loss of the Group (Consolidated)

		The 93rd Fiscal Year (From April 1, 2017 to March 31, 2018)	The 94th Fiscal Year (From April 1, 2018 to March 31, 2019)	The 95th Fiscal Year (From April 1, 2019 to March 31, 2020)	The 96th Fiscal Year (From April 1, 2020 to March 31, 2021)
Net sales	(Million yen)	1,599,533	1,662,990	1,516,100	1,485,121
Operating profit	(Million yen)	72,819	36,861	37,952	26,567
Ordinary profit	(Million yen)	79,621	50,679	49,610	44,527
Net income (loss) attributable to parent shareholders	(Million yen)	34,595	1,298	(72,850)	24,407
Net income (loss) per share	(Yen)	264.15	9.92	(556.34)	186.71
Net assets	(Million yen)	768,495	723,337	586,034	614,394
Net assets per share	(Yen)	5,211.20	4,838.31	3,870.35	4,173.14
Total assets	(Million yen)	2,011,067	1,938,270	1,904,050	2,035,546

2) Changes in the Assets, and Profit and Loss of the Company (Non-consolidated)

		The 93rd Fiscal Year (From April 1, 2017 to March 31, 2018)	The 94th Fiscal Year (From April 1, 2018 to March 31, 2019)	The 95th Fiscal Year (From April 1, 2019 to March 31, 2020)	The 96th Fiscal Year (From April 1, 2020 to March 31, 2021)
Net sales	(Million yen)	869,677	852,820	802,655	868,053
Operating profit (loss)	(Million yen)	13,732	(10,949)	(645)	(4,822)
Ordinary profit	(Million yen)	31,370	5,169	17,233	15,199
Net income (loss)	(Million yen)	25,530	(13,568)	(49,929)	21,260
Net income (loss) per share	(Yen)	194.93	(103.61)	(381.29)	162.64
Net assets	(Million yen)	533,103	463,862	378,690	413,096
Net assets per share	(Yen)	4,070.58	3,542.19	2,892.05	3,161.73
Total assets	(Million yen)	1,355,347	1,269,756	1,281,542	1,490,704

(5) Priorities for the Group

1) Group-wide Issues

The Group has a target to achieve and take various measures of the medium- and long-term goals of the Group from 2030 to 2050, the “Mission”, the Medium-term Management Strategy from FY2021 to FY2023 (hereinafter “FY2023 Strategy”), “Measures to Enhance the Group Governance Framework Including Quality Control”, and “Measures to Strengthen the Antimonopoly Act Compliance System”.

In light of recent trends in the business environment and business performance, including changes in the business environment due to the global spread of COVID-19 and the impact on the medium- to long-term business outlook, the Company partially revised the contents of the FY2023 Strategy, mainly the financial plan, as of May 14, 2021, and the revised contents are outlined in this section.

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 targets 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.

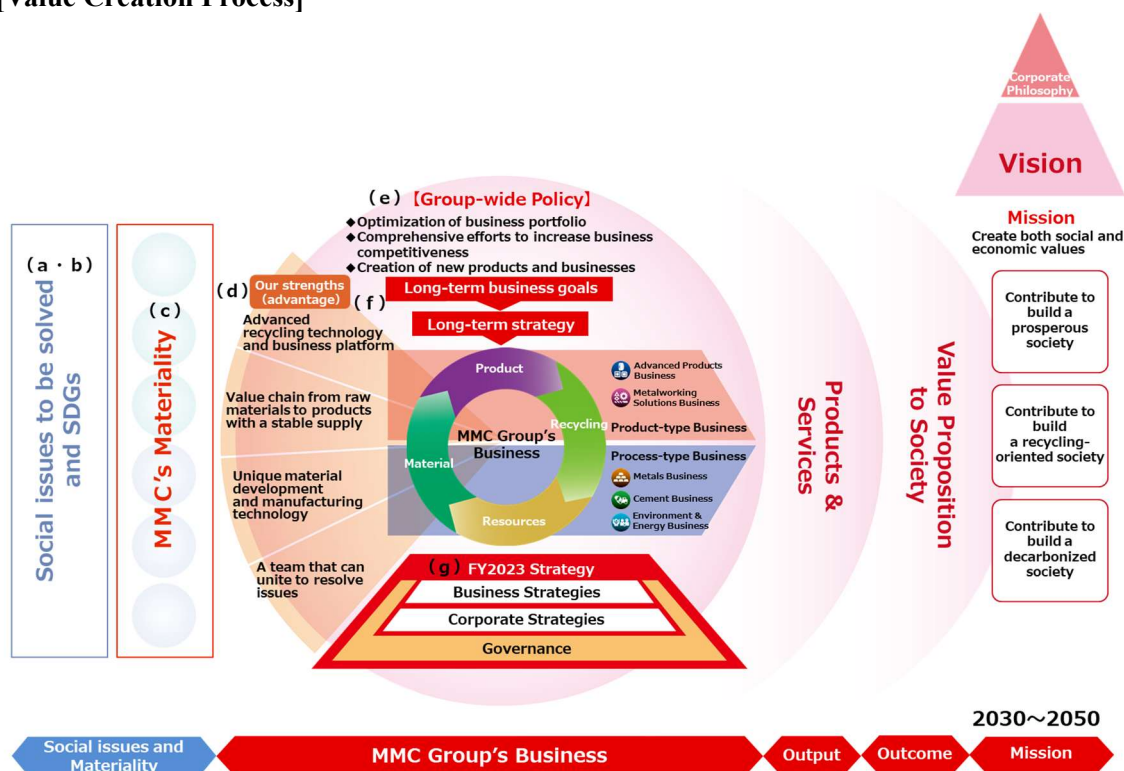
Contribute to build a decarbonized society by developing and promoting the use of renewable energies such as geothermal energy, and ensuring to consider the reduction of environmental impact in manufacturing.

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 (1.5) below.

1.3) Individual elements of the value creation process

<Social issues to be solved by the Group and SDGs (a)>

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

<SDGs (b)>

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

<Materiality (c)>

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 (hereinafter “DX”)

<Our Strengths (d)>

- 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.

<Group-wide Policy (e)>

- 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 Group, 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, DX 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 DX strategy, The Company will strengthen customer contact points and promote data sharing to improve business added-value and operational competitiveness. For 6 years from FY2021 to FY2026, The Company plans to invest approximately ¥40 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 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 4.0%, ROA 2.0%, ROE 6.0%, consolidated operating profit of ¥29 billion, consolidated ordinary profit of ¥38 billion, and net D/E ratio 1.0 times or less.

- Investment Policy

The total investment amount for the FY2023 Strategy is expected to be ¥355 billion, and consisting of ¥195 billion for growth strategy investment, and ¥160 billion for maintenance and renewal investment. The investments will be funded by operating cash flow, proceeds

from business restructuring and asset sales. While operating cash flow is expected to decrease due to the impact of the COVID-19, the Company will restrain growth investment during the FY2023 Strategy period in businesses where demand expansion will be slower than expected, and aggressively invest in mines and M&A that are expected to generate high profits due to copper price hike. In addition, the Company will ensure to invest in renewals to minimize opportunity cost due to problems with aging facilities, thereby securing the foundation of profitability and leading to future growth.

- Shareholder Return Policy

The Company recognizes that the return of profits to its shareholders is one of the most important management issues. It is the Company's basic policy to provide a stable and continuous return to its shareholders while making decisions about shareholder return based on a comprehensive assessment of factors across its management, which include earnings for the period, internal reserves, and financial standing. The amounts of dividends will be determined by taking into consideration the funds required for investments, which includes "optimization of business portfolio", "relentless pursuit of enhancing competitiveness", and "creation of new products and businesses" as stated in the Group-wide Policy, as well as future business outlook, financial standing, etc. Regarding share buybacks, the Company will implement them expeditiously as additional shareholder returns, and improve capital efficiency.

The Company planned to pay an annual dividend of ¥80 per share during the period of FY2023 Strategy. However, due to the impact of the COVID-19, cash flows from operations during the same period are expected to be much lower than the initial forecast. Under these circumstances, during the period of FY2023 Strategy, the Company while placing an emphasis on stability and continuity with regard to dividends, will set the minimum amount of dividends per share during the period of FY2023 Strategy at ¥50 based on the level of cash flows from operations that the Company has assumed can be generated on a stable basis. By accelerating the sale of assets, among others, and making expeditious allotments of funds, including share buybacks and additional dividends, the Company aims to return profits to its shareholders at the same level as the total amount of dividends initially planned during the period of FY2023 Strategy.

- 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.

1.5) Long-term Business Goals and Long-term Strategy for each business (f) / FY2023 Strategy (g)

• 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
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• 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, survey of new geothermal sites and survey of new small hydropower

• 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.
DX strategy	The Group use DX to strengthen our three key pillars: "Business added-value", "Business operations competitiveness", and "Management speed". For 6 years from FY2021 to FY2026, The Company plans to invest approximately ¥40 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
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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 DX 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 DX Management Office • Establishment of Sustainable Management Office

2) Issues in Each Business Segment

Regarding the global economy going forward, it is expected that the economic activities continue to be materially restricted until the global spread of COVID-19 infection subsides. It is anticipated that the economy will continue to recover in China and the U.S. while the impact of COVID-19 is expected to continue in Europe.

Regarding the domestic economy, while there are concerns that the employment and income environment may continue to be sluggish because of the impact from COVID-19, exports and industrial production are expected to continue to pick up.

With regards to the business environment surrounding the Group in the future, there are concerns that the impact of the global spread of COVID-19 may continue, while it is anticipated that the solid demand for semiconductor-related products will continue and the demand for automobile related business will recover.

● Advanced Products

Demand of automobiles and semiconductors-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 are concerns over the slowdown in production activities of customers and other factors. The Group will keep a close watch on economic conditions and the market environment.

Under these circumstances, in the area of 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, to enhance 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 materials 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 thorough cost reduction.

● Metalworking Solutions Business

Regarding the market environment for cemented carbide products, demand from the automotive industry has been recovering since the second half of FY2021. However, for FY2022, due to the global spread of COVID-19, there are concerns over risks associated with the sourcing of raw materials, a slowdown in production activities of customers, etc. in addition to a decline in demand reflecting the economic slowdown in major countries. 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 targeting the automotive industry, which is a major customer base, the Company will prioritize the investment of management resources in the aerospace and medical industries, which are expected to grow over the medium- to long-term, and seek to strengthen development, manufacturing and sales functions in preparation for a full-fledged recovery in demand. In addition, the Company will steadily implement measures for DX and work on enhancing its ability to offer solution proposals by utilizing its technical bases (technical centers) established in major regions of the world. Regarding the sourcing of raw materials, the Company will continue to work on reducing sourcing risks and costs by improving the amount of tungsten recycled and diversifying procurement sources through cooperation with Masan High-Tech Materials Corporation, in which the Company took a stake in October 2020, and other measures. In addition, the Company will utilize mineral resources efficiently in order to contribute to building a recycling-oriented society.

● Metals Business

Demand for copper, the Company's main product, is expected to remain solid over the medium- to long-term, supported by the proliferation of electric vehicles and the expanding use of renewable energy. Regarding the procurement of copper concentrate, which is a key 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, concerns still remain over risks associated with the sourcing of raw materials as a result of the decline in the operation rate of overseas copper mines, falling copper prices, declining copper demand, etc. The Company will keep a close watch on economic conditions and the market environment.

Under these circumstances, the Mineral resources division will work on the improvement and reinforcement of the facilities at the Los Pelambres Copper Mine, the Escondida Copper Mine and the Copper Mountain Mine, as well as the development of new projects. In addition, the resources business units will support smelting operations by providing smelters with a stable supply of clean copper concentrate with minimum impurities. In FY2022, in addition to existing projects, the Company will, with its partner, work on the expansion project of the Mantoverde Copper Mine, in which the Company completed the acquisition of stake in February 2021. The Company will also focus on research at the Mining & Metallurgy Laboratories established in FY2021, aimed at developing technologies for removing impurities in copper concentrate, among others.

In the Metallurgy division, the Company will utilize its 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 collect and recycle trace components that increase in the process with as the volume of e-scrap, not only valuable metals, processing increases. Furthermore, the Company will reiterate the theme of addressing climate change and make the most of the environmental advantages of its unique Mitsubishi process, which has a low environmental impact. The Company will contribute to the creation of a decarbonized society by working on smelting process reforms such as reducing the use of fossil fuels, improving energy conversion and usage efficiency, and utilizing renewable energy.

● Cement Business

In Japan, due to the spread of COVID-19, the Company has concerns over suspension and delays in construction, as well as cutbacks on private investment and delays in construction schedules due to labor and transport capacity shortages in the construction industry. Demand for cement in FY2022 is expected to remain on par with FY2021. Overseas, the Company expects a moderate increase in demand for cement and ready-mixed concrete in the United States in FY2022. However, due to the global spread of COVID-19, the Company has concerns over declining shipment volume of cement due to construction delays. Therefore the Company will keep a close watch on economic conditions and the market environment.

Under these circumstances, in order to respond to a further decrease in demand for cement in Japan which is forecasted to continue in the future, in September 2020, the Company signed a definitive agreement to integrate its business with Ube Industries, Ltd. in April 2022, aiming to optimize production systems and establish a stable profit base through economies of scale. Through the integration, the Company will aim to achieve 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. In manufacturing, the Company will also work to ensure a stable supply of products by further reducing failure rates at its facilities through the use of digital technology. Furthermore, the Company will contribute to building a recycling-oriented society by strengthening waste disposal facilities, introducing high-efficiency facilities and expanding the use of alternative energy waste. Overseas, in order to steadily capture medium- to long-term demand in the United States, the Company will strive to further strengthen its business platform by developing new overseas operating bases as well as expanding and strengthening its vertical value chain structure.

● Environment & Energy Business

Regarding the environment & energy-related business environment, there is a strong need for the Company's strengthening of its response to environmental problems such as efficient treatment of urban waste, efficient use of energy resources and requests for CO2 emissions reduction as a medium- to long-term social issue. However, due to the global spread of COVID-19, concerns still remain over delays in renewable energy-related construction work, among other issues. 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 its renewable energy business and contribute to building a decarbonized society. In addition to proceeding with the ongoing construction of the new Komatagawa hydroelectric power plant and the Appi Geothermal Power Plant as scheduled, the Company will continue to carry out surveys of new geothermal sites and small hydropower to develop new businesses.

Regarding the environmental and recycling-related business, while the Company will expand its Home appliance recycling business and Car recycling business through advancement of automation and DX and improving the added value of collected products, the Company will work more proactively on demonstrating lithium-ion battery recycling technologies and solar panel recycling technology. Furthermore, the Company will aim to secure collection quantity and 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, thereby contributing to the establishment of a recycling-oriented society.

The Group intends to promote value creation through the implementation of the above measures by concentrating the collective strength of the Group, and ask for the continued support and cooperation of the Group's shareholders.

(6) Major Business Activities of the Group (as of March 31, 2021)

The major business activities of the Group are the production and sale of processed copper products and electronic materials and components; the production and sale of cemented carbide products, etc.; the smelting and sale of copper, gold, silver, etc.; the production and sale of cement and ready-mixed concrete, etc.; and energy-related and environmental and recycling-related businesses, etc. The major products and services of each business segment are as follows:

Business Segments	Major Products
Advanced Products	Processed copper products (copper cakes, billets, copper alloy products, copper wire rods, etc.), electronic materials and components (functional materials, chemical products, electronic devices, polycrystalline silicon, etc.), etc.
Metalworking Solutions	Cemented carbide products (cemented carbide tools, cemented carbide alloy, 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, aggregates, ready-mixed concrete, coal
Environment & Energy	Energy-related (geothermal and hydroelectric-power generation, nuclear fuel cycling business (consignment of surveys, research, design and operations, etc.), environmental and recycling-related (recycling of home appliances, etc.), other (geological survey, resource exploration, consulting, etc.)
Other	Aluminum products (bodies, lids and caps of aluminum beverage cans, rolled aluminum products, processed aluminum products, etc.), precious metals (precious metal products, etc.), real estate (real estate management, forestry), other (engineering, etc.)

(7) The Group's Major Plants and Business Offices (as of March 31, 2021)

1) The Company

Head Office	Marunouchi, 3-2-3, Chiyoda-ku, Tokyo	
Plants, etc.	Advanced Products ^{*1}	Wakamatsu Plant (Fukushima), Ceramics Plant (Saitama), Yokkaichi Plant (Mie), Sakai Plant (Osaka), Sambo Plant (Osaka), Sanda Plant (Hyogo)
	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)
	Environment & Energy	Energy Project & Technology Center (Saitama)
	Other	Smart Factory Promotion Center (Saitama), Saitama Property Management Office, Production Engineering Center (Saitama)
Branches	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. The Wakamatsu Plant (Fukushima) and the Sambo Plant (Osaka) were established as a result of the absorption-type merger of Mitsubishi Shindoh Co., Ltd. conducted by the Company on April 1, 2020.

2) Major Subsidiaries

Affiliated Companies	Names of Subsidiaries ^{*1}
Advanced Products ^{*2*3}	Luvata Oy (Finland), Mitsubishi Cable Industries, Ltd. (Tokyo), Sambo Metals Corp. (Osaka)
Metalworking Solutions ^{*4*5}	Mitsubishi Materials U.S.A. Corporation (U.S.), MOLDINO Tool Engineering Ltd. (Tokyo), MMC Hartmetall GmbH (Germany)
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.)
Environment & Energy ^{*6}	Dia Consultants Co., Ltd. (Tokyo), Chubu Eco Technology Co., Ltd. (Mie), East Japan Recycling Systems Corp. (Miyagi)
Other ^{*7}	Mitsubishi Materials Trading Corp. (Tokyo), Universal Can Corp. (Tokyo), Mitsubishi Aluminum Co., Ltd. (Shizuoka), Mitsubishi Materials Techno Corp. (Tokyo), Materials' Finance Co., Ltd. (Tokyo)

Notes:

1. The terms within parentheses in the "Names of Subsidiaries" section of the table indicate the location of the head office for domestic subsidiaries and the country of the head office for overseas subsidiaries.
2. The Company conducted an absorption-type merger of Mitsubishi Shindoh Co., Ltd. on April 1, 2020.
3. Effective May 13, 2020, MMC Copper Products Oy has changed its company name to Luvata Oy.
4. Effective April 1, 2020, Mitsubishi Hitachi Tool Engineering, Ltd. became a wholly owned subsidiary of the Company through the acquisition of additional shares, and the company changed its name to MOLDINO Tool Engineering, Ltd.
5. The Company transferred all shares of Diamet Corporation to Endeavor II United Investment Limited Partnership on December 4, 2020.
6. Through the implementation of share buyback by Dia Consultants Co., Ltd. scheduled for June 30, 2021 and the transfer of shares to NIPPON ENGINEERING CONSULTANTS CO., LTD. scheduled for July 1, 2021, the Company expects to transfer all of its shares in Dia Consultants Co., Ltd.
7. As of February 15, 2021, Mitsubishi Aluminum Co., Ltd. relocated its head office from Tokyo to Shizuoka Prefecture.

(8) Employees of the Group and the Company (as of March 31, 2021)**1) Employees of the Group (Consolidated)**

Business Segments	Number of Employees (persons)* ¹
Advanced Products* ²	7,447 (decreased by 4)
Metalworking Solutions* ³	6,492 (decreased by 1,300)
Metals	2,056 (increased by 22)
Cement* ²	4,656 (decreased by 104)
Environment & Energy* ^{2*4}	867 (increased by 145)
Other* ²	4,776 (decreased by 288)
All Companies (Common)* ^{5*6}	868 (increased by 90)
Total	27,162 (decreased by 1,439)

Notes:

1. The figures within parentheses in the “Number of Employees” section of the table show the increase or decrease from the end of the previous fiscal year.
2. The Company has made changes to its reporting segments in accordance with the organizational restructuring implemented on April 1, 2020. Consequently, the energy, environmental and recycling-related businesses previously included in “Other Businesses” segment were reclassified in the “Environment & Energy Business” segment, and the aluminum business previously included in the “Advanced Products” segment was reclassified in the “Other Businesses” segment. Furthermore, the cement sale business previously included in the “Other Businesses” segment was transferred to the “Cement Business” segment. As a result, for each of the “Advanced Products,” “Cement Business,” “Environment & Energy Business,” and “Other Businesses” segments, the change in the number of employees by business segment is calculated after reclassifying the numbers of employees at the end of the previous fiscal year in accordance with the new classification.
3. In the Metalworking Solutions Business segment, the number of employees decreased mainly due to the transfer of all shares of Diamet Corporation and the exclusion of the company and its three group companies from the scope of consolidation.
4. In the Environment & Energy Business segment, the number of employees increased mainly due to the impact of the conversion of fixed-term contract workers to permanent employees at Chubu Eco Technology Co., Ltd.
5. In all companies (common), the number of employees increased mainly due to the impact of the establishment of a new administrative division within the Company.
6. The number of employees listed for all companies (common) refers to those belonging to administrative divisions that cannot be classified into specific business segments.

2) Employees of the Company (Non-consolidated)

Number of Employees (persons)* ¹	YoY Change (persons)	Average Age (years old)	Average Years of Employment (years)
6,153	Increased by 1,247	41.8	17.6

Note:

1. The number of employees increased mainly due to the absorption-type merger of Mitsubishi Shindoh Co., Ltd., which had been a consolidated subsidiary of the Company.

(9) Major Subsidiaries and Affiliates (as of March 31, 2021)

1) Major Subsidiaries

Name of the Company	Capital	Percentage of Ownership (including indirect ownership) (%)	Main Business Activities
PT Smelting	326 million U.S. dollars* ¹	60.5	Production and sale of copper cathodes in Indonesia
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
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.	3,500 million yen* ²	99.97* ²	Production and sale of rolled and processed aluminum products
Mitsubishi Cable Industries, Ltd.	8,000 million yen	100.0	Production and sale of sealing products
Mitsubishi Materials Techno Corp.	1,042 million yen	100.0	Contracting for facility construction, civil engineering and construction; production and sale of industrial machinery
Mitsubishi Materials Trading Corp.	393 million yen	100.0	Sale of the Company's products and other non-ferrous metal products
MOLDINO Tool Engineering, Ltd.* ³	1,455 million yen	100.0	Production and sales of cemented carbide tools
Universal Can Corp.	8,000 million yen	80.0	Production and sale of aluminum beverage cans
Luvata Oy* ⁴	160 million euro* ^{1*5}	100.0	Business administration of subsidiaries that produce and sell processed copper products
Robertson's Ready Mix, Ltd.	32 million U.S. dollars* ¹	100.0	Production and sale of ready-mixed concrete and aggregates in the southwestern U.S.

Notes:

1. Paid-in capital is shown.

2. On June 30, 2020, Mitsubishi Aluminum Co., Ltd. increased its capital through an issuance of new shares, with the Company as the underwriter, and on August 20, 2020, reduced its capital. As a result of the capital increase and the capital reduction, the Company's stake in the company increased to 99.97% from 90.39%, and the company's share capital decreased to 3,500 million yen from 8,196 million yen.

3. Effective April 1, 2020, Mitsubishi Hitachi Tool Engineering, Ltd. became a wholly owned subsidiary of the Company through an additional acquisition of shares, and the company changed its name to MOLDINO Tool Engineering, Ltd.

4. Effective May 13, 2020, MMC Copper Products Oy has changed its company name to Luvata Oy.

5. As the Company has a December 31 fiscal year end, the paid-in capital as of December 31, 2020 is shown, but amount of the paid-in capital as of March 31, 2021 is the same.

6. The Company conducted an absorption-type merger of Mitsubishi Shindoh Co., Ltd. on April 1, 2020.

2) Major Affiliates

Name of the Company	Capital	Percentage of Ownership (including indirect ownership) (%)	Main Business Activities
Ube-Mitsubishi Cement Corp.	8,000 million yen	50.0	Sale of cement and cement-related products
Green Cycle Corporation* ¹	350 million yen	16.4	Recycling of home appliances and other products
NM Cement Co., Ltd	7,001 million yen	30.0	Investment in Nghi Son Cement Corp. (Vietnam)
LM Sun Power Co., Ltd.	495 million yen	50.0	Operation of solar power generation
Kobelco & Materials Copper Tube Co., Ltd.	6,000 million yen	45.0	Production and sale of copper tubes and fabricated copper tubes
P.S. Mitsubishi Construction Corp.	4,218 million yen	33.9	Pre-stressed concrete construction, civil engineering and construction contracting, and sale of concrete products
Mantoverde S.A.* ²	518 million U.S. dollars* ³	30.0	Operation of the Mantoverde copper mine
Yuzawa Geothermal Power Generation Corporation	3,802 million yen	30.0	Operation of geothermal power generation

Notes:

1. On May 11, 2020, the Company acquired shares of Green Cycle Corporation and it became an affiliate of the Company.

2. On February 12, 2021, the Company acquired the shares of Mantoverde S.A. and it became an affiliate of the Company.

3. Paid-in capital is shown.

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

At the Board of Directors meeting held on September 29, 2020, the Company resolved to implement the integration of the cement businesses and related businesses of the Company and Ube Industries, Ltd. in April 2022, and signed an integration agreement with Ube Industries, Ltd. on the same day.

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

At the Board of Directors meeting held on July 31, 2019, the Company resolved to conduct an absorption-type merger with Mitsubishi Shindoh Co., Ltd., a consolidated subsidiary of the Company, effective April 1, 2020, with the former as the surviving company and the latter as the absorbed company, and concluded a merger agreement on the same day. The Company conducted an absorption-type merger of Mitsubishi Shindoh Co., Ltd. on April 1, 2020, and assumed all rights and obligations held by Mitsubishi Shindoh Co., Ltd.

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

- 1) At the Board of Directors meeting held on February 26, 2020, the Company resolved to acquire all shares in Mitsubishi Hitachi Tool Engineering, Ltd., a consolidated subsidiary of the Company, held by Hitachi Metals, Ltd. out of all issued shares (hereinafter referred to as the “Acquisition”). Consequently, Mitsubishi Hitachi Tool Engineering, Ltd. became a wholly owned subsidiary of the Company effective April 1, 2020. The subsidiary company changed its name to MOLDINO Tool Engineering, Ltd. after the acquisition.
- 2) At the Board of Directors meeting held on November 25, 2020, the Company formally resolved to transfer (hereinafter referred to as “the Transfer”) all shares of Diamet Corporation (hereinafter referred to as “Diamet”), a consolidated subsidiary of the Company, to Endeavor II United Investment Limited Partnership (hereinafter referred to as “Partnership”), for which Endeavor United Co., Ltd. (hereinafter referred to as “Endeavor”) serves as an unlimited liability partner. The Company concluded a definitive agreement with Partnership on the same day, and carried out the Transfer on December 4, 2020.

(13) The Group’s Major Lenders (as of March 31, 2021)

Lender	Borrowing Amount (Million Yen)	Company Shares held by the Lender	
		Number of Shares Held (Thousand)	Percentage of Shareholding (%)*1
MUFG Bank, Ltd.	201,170	2,003	1.5
Mizuho Bank, Ltd.	79,481	157	0.1
Development Bank of Japan Inc.	37,160	—	—
The Norinchukin Bank	35,749	500	0.4
The Hachijuni Bank, Ltd.	18,201	223	0.2

Note:

1. Percentages of shareholding were calculated after deducting treasury shares (559,581 shares)

2. Matters Related to Shares (as of March 31, 2021)

- (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: 92,446* (decrease by 555 from the previous fiscal year-end)
 *This includes 67,259 shareholders with voting rights (decreased by 735 from the previous fiscal year-end).

(4) Major Shareholders

Name of shareholder	Number of shares held (thousand shares)	Percentage of shareholding (%) ^{*1}
The Master Trust Bank of Japan, Ltd. (Trust account)	11,519	8.8
Custody Bank of Japan, Ltd. (Trust account)	8,807	6.7
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE QUALITY TRUST	6,873	5.2
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,979	3.0
Meiji Yasuda Life Insurance Company	3,101	2.4
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	2,231	1.7
STATE STREET BANK AND TRUST COMPANY 505103	2,003	1.5
MUFG Bank, Ltd.	2,003	1.5
Custody Bank of Japan, Ltd. (Trust account 5)	2,002	1.5
Mitsubishi Heavy Industries, Ltd.	1,900	1.5

Note:

1. Percentages of shareholding were calculated after deducting treasury shares (559,581 shares).

3. Information on the Company's Executives

(1) Directors and Executive Officers

1. Directors (as of March 31, 2020)

Title	Name	Position and Responsibilities	Significant Positions at Other Organizations
Director, Chairman of the Board	Akira Takeuchi	Member of the Audit Committee Member of the Remuneration Committee	
Director	Naoki Ono ^{*1}	Member of the Nomination Committee Member of the Remuneration Committee	
Director	Makoto Shibata ^{*1}		
Director	Yoshikazu Yasui ^{*2}	Member of the Nomination Committee Member of the Audit Committee	
Director	Mariko Tokuno ^{*3*12}	Member of the Nomination Committee (Chairperson) Member of the Remuneration Committee	Outside Director, Happinet Corporation ^{*4} Outside Director, Yamato Holdings Co., Ltd. ^{*5}
Director	Hiroshi Watanabe ^{*3*6*12}	Member of the Audit Committee	President, Institute for International Monetary Affairs ^{*7} Outside Director, Orix Corporation ^{*8}
Director	Hikaru Sugi ^{*3*12}	Member of the Nomination Committee Member of the Remuneration Committee	
Director	Hiroshi Sato ^{*2*3*9*12}	Member of the Audit Committee (Chairperson)	
Director	Tatsuo Wakabayashi ^{*3*12}	Member of the Nomination Committee Member of the Remuneration Committee (Chairperson)	Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation ^{*10} Outside Director, Mitsubishi Logistics Corporation ^{*11}
Director	Koji Igarashi ^{*3*12}	Member of the Audit Committee	

Notes:

1. Mr. Naoki Ono and Mr. Makoto Shibata concurrently serve as Executive Officers.
2. Mr. Yoshikazu Yasui 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.
3. Ms. Mariko Tokuno, Mr. Hiroshi Watanabe, Mr. Hikaru Sugi, Mr. Hiroshi Sato, Mr. Tatsuo Wakabayashi and Mr. Koji Igarashi are Outside Directors as defined in Article 2, Paragraph 15 of the Companies Act.
4. The Company does not have business relationship with Happinet Corporation.
5. The Company does not have business relationship with Yamato Holdings Co., Ltd. The Company has a business relationship including consignment of transportation with Yamato Transport Co., Ltd. which is a specified subsidiary of Yamato Holdings. However, the value of the transaction's amounts to less than 1% of the respective consolidated net sales of the Company and Yamato Holdings.
6. 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.
7. The Company does not have business relationship with the Institute for International Monetary Affairs.
8. The Company has a business relationship with Orix Corporation, which includes activities related to leasing. However, the transaction amount is less than 1% of the consolidated net sales of the Company and Orix Corporation.
9. 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.
10. 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 transaction amount is less than 2% of the consolidated net sales of the Company and MUTB. Moreover, the Company has no borrower-lender relationship with MUTB.
11. The Company has a business relationship with Mitsubishi Logistics Corporation including consignment of transportation, etc. However, the value of the transaction's amounts to less than 1% of the respective consolidated net sales of the Company and Mitsubishi Logistics Corporation.
12. The Company has notified the Tokyo Stock Exchange, Inc. that Ms. Mariko Tokuno, Mr. Hiroshi Watanabe, Mr. Hikaru Sugi, Mr. Hiroshi Sato, Mr. Tatsuo Wakabayashi, and Mr. Koji Igarashi 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.)

2. Executive Officers (as of March 31, 2021)

Title	Name	Position and Responsibilities	Significant Positions at Other Organizations
Chief Executive Officer (Representative Executive Officer)	Naoki Ono* ¹	CEO; General Operation of the Company; Responsible for : Internal Audit	
Executive Vice President and Executive Officer (Representative Executive Officer)	Yasunobu Suzuki	President, Advanced Products Company	
Managing Executive Officer	Kazuhiro Kishi* ²	President, Cement Company	Outside Director, P.S. Mitsubishi Construction Co., Ltd.
Managing Executive Officer	Makoto Shibata* ¹	CFO; General Manager, Corporate Strategy Div.	
Managing Executive Officer	Shinichi Nakamura	General Manager, Technology Div.	
Managing Executive Officer	Susumu Sasaki* ²	General Manager, Governance Div.; Responsible for : Aluminum Business and Affiliated Corporations	
Managing Executive Officer	Tetsuro Sakai	President, Metals Company	
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	

Notes:

1. Mr. Naoki Ono and Mr. Makoto Shibata concurrently serve as Directors.

2. Mr. Kazuhiro Kishi and Mr. Susumu Sasaki resigned as Executive Officers on March 31, 2021.

As of April 1, 2021, the following Executive Officers have been given new titles or responsibilities as shown below.

Title	Name	Position and Responsibilities	Significant Positions at Other Organizations
Chief Executive Officer (Representative Executive Officer)	Naoki Ono	CEO; General Operation of the Company; Responsible for: Internal Audit	
Managing Executive Officer	Makoto Shibata	Responsible for: DX Promotion, System Strategy, Corporate Research & Development, New Business Development	
Managing Executive Officer	Shinichi Nakamura	Responsible for: Procurement & Logistics, Safety, Environment & Quality, Corporate Production Engineering, Production Technology Management, Mineral Resources	
Managing Executive Officer	Nobuhiro Takayanagi	CFO; Responsible for: Corporate Strategy, Corporate Communications, Finance & Accounting, Affiliated Corporations & Aluminum, General Manager, Corporate Strategy Dept.	
Managing Executive Officer	Jun Nagano	Responsible for: General Affairs, Legal, Human Resources, CSR & Compliance, Business Process Innovation	
Managing Executive Officer [New Officers]	Kazuto Hirano	President, Cement Company	Director and Executive Vice President, Ube-Mitsubishi Cement Corporation* ¹

Note:

1. Mr. Kazuto Hirano, Executive Officer, assumed the position of Representative Director of C Integration Arrangement, Ltd., which was established on April 14, 2021.

(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) Amount of remuneration, etc. for Directors and Executive Officers

Classification of Officers	Total amount of remuneration, etc. (Million Yen)	Type of Remuneration, etc.					
		Monetary remuneration				Nonmonetary remuneration	
		Basic remuneration		Bonus (Performance-linked remuneration)		Stock-based compensation*4	
		Total amount (Million yen)	Number of eligible recipients (persons)	Total amount (Million Yen)	Number of eligible recipients (persons)	Total amount (Million Yen)	Number of eligible recipients (persons)
Director (Outside Directors)	245 (111)	245 (111)	13 (7)*2	—	—	—	—
Executive Officers*1	438	316	11	—*3	—*3	121	11

Notes:

1. The total amount of remuneration, etc. paid to those who concurrently serve as Directors and Executive Officers is shown in the row for Executive Officers.
2. The number of eligible recipients includes 3 Directors who resigned during the fiscal year 2021. As of the end of the fiscal year 2021, the Company has 10 Directors and 11 Executive Officers.
3. The Remuneration Committee has deliberated and decided not to pay bonuses to Executive Officers based on the performance of the previous fiscal year.
4. The Company has introduced stock-based compensation based on a trust scheme, and the above amount of stock-based compensation represents the amount recorded as expenses for the fiscal year 2021. The outline of the remuneration system for Directors and Executive Officers is as described in the Policy on Determination of Remuneration, etc. for Directors and Executive Officers below.

(4) Policy on Determining of Remuneration for Officers

The Remuneration Committee of the Company deliberates and decides on the policy regarding the determination of the amount of remuneration, etc. for Directors and Executive Officers (hereinafter referred to as "Officers") and the remuneration system for Officers. The outline is as follows.

<Outline of Remuneration System for Officers>

For the purpose of making the remuneration system attractive to excellent management personnel who will lead the Group's medium to long term growth in corporate values, as well as establishing remuneration governance that will enable the Company to fulfill accountability to its shareholders and other stakeholders, the Company has established the following policy for determining remuneration for Officers and a remuneration system based on this policy.

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).

【Calculation Formula】

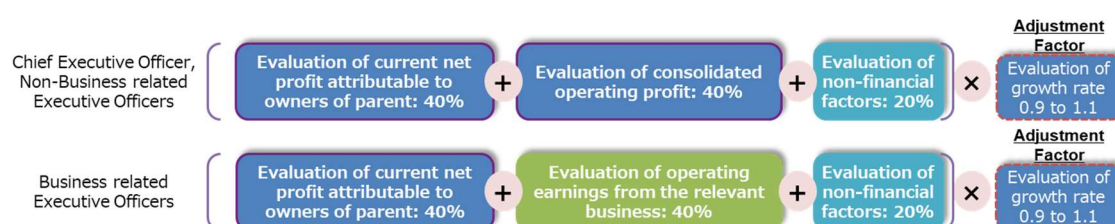
By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:

Annual Bonus = Base Annual Bonus by Job Position × Payment Rate Based on Performance Evaluation*

*“Payment Rate Based on Performance Evaluation” shall range from 0% to 200% based on a performance.

【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.



【Target of performance evaluation indicators for annual bonus】

With regard to the target of performance evaluation indicators for annual bonuses, in principle, the consolidated performance forecast for the next fiscal year at the time of the announcement of financial results at the end of the current fiscal year shall be applied (For operating income of the business for which the Officer is responsible, the figures on which the consolidated performance forecast was based shall be used.). The Remuneration Committee has deliberated and decided not to pay bonuses to Executive Officers for the fiscal year 2021, based on the performance of the previous fiscal year, and has not calculated the amount of annual bonuses.

<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 a common profit awareness with shareholders. This shall be used as an incentive for improving the medium- to long-term corporate value of the Group and under which the Company's shares and cash equivalent to the proceeds from the realization of the Company's shares shall be delivered and paid (hereinafter referred to as "deliver, etc."), in accordance with one's job position, upon retirement from the post of Executive Officers, Operating officers Officers or Fellows (hereinafter referred to as "Executive Officers, etc."). 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.

- (*) The Officers' remuneration system adopts a structure called BIP (Board Incentive Plan) and grants to the Executive Officers, etc. the shares of the Company's common stock, etc. It is an incentive plan to accumulate points to be given to Executive Officers, etc. in accordance with their positions for each three consecutive fiscal year (initially from Fiscal 2021 to Fiscal 2023) (the "Applicable Period"), and to grant the shares of the Company's common stock equivalent to 70% of such accumulated points (shares less than one unit shall be disregarded) and cash equivalent to realized value of the shares of the Company's common stock equivalent to the remaining accumulated points as compensation to Executive Officers, etc. after their retirement. One point is deemed equal to one share of the Company's common stock, and if a stock split or reverse stock split occurs during the trust period, the number of the Company's shares per point shall be adjusted according to the stock split ratio or reverse stock split ratio of the Company's shares. The maximum number of points to be given to Executive Officers, etc. during the initial Applicable Period shall be 350,000 points in total.

Since the remuneration, etc. for individual Directors for the fiscal year 2021 has been determined in accordance with the remuneration system established based on the Policy on Determination of Remuneration, etc. for Directors and Executive Officers, the Remuneration Committee has determined that the content of the remuneration, etc. for individual Directors for the fiscal year 2021 is in line with the Policy on Determination of Remuneration, etc. for Directors and Executive Officers.

(5) Major activities of Outside Directors

Classification	Name	Attendance at meetings of the Board of Directors, etc. held during the fiscal year 2021	Major activities and summary of duties performed in relation to the role expected of Outside Directors
Director	Mariko Tokuno	Board of Directors meetings 20/20 (100%) Nomination Committee meetings 10/10 (100%) Remuneration Committee meetings 6/6 (100%)	Through her extensive experience as a manager of a Japanese subsidiary of a major international company, she has gained insight into corporate strategy and overall management from a global perspective. Based on this insight, she makes useful proposals at Board of Directors meetings utilizing various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers, etc. from an independent standpoint. As the Chairperson of the Nomination Committee and a member of the Remuneration Committee, she is involved from an objective and neutral standpoint in the selection of candidates for the Company's Board of Directors and in decisions on executive remuneration, etc.
Director	Hiroshi Watanabe	Board of Directors meetings 20/20 (100%) Audit Committee meetings 16/16 (100%)	He has gained insight into domestic and international finance, economy, and general management through his experience as a senior official of the Ministry of Finance and as a manager of a government-affiliated financial institution. Based on this insight, he makes useful proposals at Board of Directors meetings utilizing various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers, etc. from an independent standpoint. In addition, as a member of the Audit Committee, he mainly audits the execution of duties by Executive Officers, etc. from an objective and neutral standpoint.
Director	Hikaru Sugi	Board of Directors meetings 20/20 (100%) Nomination Committee meetings 10/10 (100%) Remuneration Committee meetings 6/6 (100%)	Through his extensive experience as a manager of a globally operating manufacturer, he has gained a wealth of technical knowledge in development, design, and production processes, as well as insight into corporate strategy and overall management from a global perspective. Based on this insight, he makes useful proposals at Board of Directors meetings utilizing various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers, etc. from an independent standpoint. As a member of the Nomination Committee and the Remuneration Committee, he is involved from an objective and neutral standpoint in the selection of candidates for the Company's Board of Directors and in decisions on executive remuneration, etc.
Director	Hiroshi Sato	Board of Directors meetings 20/20 (100%) Audit Committee meetings 16/16 (100%)	Through his experience as a corporate auditor of a financial institution and a manager of a manufacturer, he has gained insight into finance, accounting and overall management. Based on this insight, he makes useful proposals at Board of Directors meetings utilizing various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers, etc. from an independent standpoint. As Chairperson of the Audit Committee, he mainly audits the execution of duties by Executive Officers, etc. from an objective and neutral standpoint.

Director	Tatsuo Wakabayashi	Board of Directors meetings 20/20 (100%) Nomination Committee meetings 10/10 (100%) Remuneration Committee meetings 6/6 (100%)	He has gained insight into finance, accounting, and overall management through his extensive experience as a manager, including serving as President and Chairperson of a financial institution. Based on this insight, he makes useful proposals at Board of Directors meetings utilizing various perspectives, including the enhancement of the Group's medium- to long-term corporate values, and supervises the execution of duties by Executive Officers, etc. from an independent standpoint. As the Chairperson of the Remuneration Committee and a member of the Nomination Committee, he is involved in decisions on the remuneration, etc. of the Company's Officers and the selection of candidates for Officers from an objective and neutral standpoint.
Director	Koji Igarashi	Board of Directors meetings 17/17 (100%) Audit Committee meetings 13/13 (100%)*	Through his experience as a manager of a food manufacturer with global operations, he has gained abundant technical knowledge in the areas of technology development and production, as well as insight into overall management, including global business development, business reform and creation, and promotion of digital transformation. Based on this insight, he makes useful proposals at Board of Directors meetings utilizing various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers, etc. from an independent standpoint. In addition, as a member of the Audit Committee, he mainly audits the execution of duties by Executive Officers, etc. from an objective and neutral standpoint.

Notes:

1. The numbers of Board of Directors meetings and the Audit Committee meetings to be attended by Mr. Koji Igarashi differs from that of other Directors because he was appointed as a Director and a member of the Audit Committee on June 30, 2020 (the date of the 95th Ordinary General Meeting of Shareholders).
2. With regard to the number of Board of Directors meetings, other than the ones listed above, one additional notice pursuant to the provisions of Article 372, Paragraphs 1 and 3 of the Companies Act was sent out to the Directors.

4. Matters Concerning Accounting Auditor

(1) Name of Accounting Auditor: KPMG AZSA LLC

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

Content of the Remuneration	Amount
1) Remuneration paid by the Company to Accounting Auditors	195 million yen ^{*1}
2) Total amount of monetary and other property benefits paid by the Company and its subsidiaries (including the above-mentioned)	451 million yen

Notes:

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.
2. Among the major subsidiaries of the Company, PT Smelting, Luvata Oy, 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 Services

The Company entrusts with the Accounting Auditor "financial due diligence services," 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.

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 division by the division 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 divisions controlled by each Executive Officer to achieve the plan, and require those divisions to formulate their own specific plans. In addition, the Executive Officers shall suitably verify the progress state of the plan of each division 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 division.

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.

(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) The Sustainable Management Office meets regularly to deliberate on annual policies and plans related to overall compliance activities, as well as to share and evaluate 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.
- 3) With regard to quality, the Company has established regulations, guidelines, etc. that apply to the entire Group, and is working to establish a quality control system and otherwise manage quality appropriately.

(2) Initiatives Related to Risk Management

- 1) Each level of the head office and business sites, including the management levels, identifies critical risks and develops a Group-wide policy and annual plan for risk management, and reports to the Board of Directors after deliberation by the Sustainable Management Office and Governance Deliberative Council and resolutions by the Board of Executive Officers. The Company and its subsidiaries are working to reduce risks in accordance with the Group-wide policy, and the status of those activities and risks are regularly monitored at management level.
- 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 regulations and business continuity plans (BCPs) prescribing action guidelines in the event of large-scale accidents, natural disasters or terrorism, etc. In addition, the Sustainable Management Office holds the Risk and Crisis Management Panel during normal times and times of crisis alike to prevent damage from spreading.

(3) Initiatives Related to Enhancing Management Soundness and Efficiency

- 1) The Company formulates Medium-term Management Strategies and annual budgets, strives to appropriately allocate management resources and authorities to 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 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>

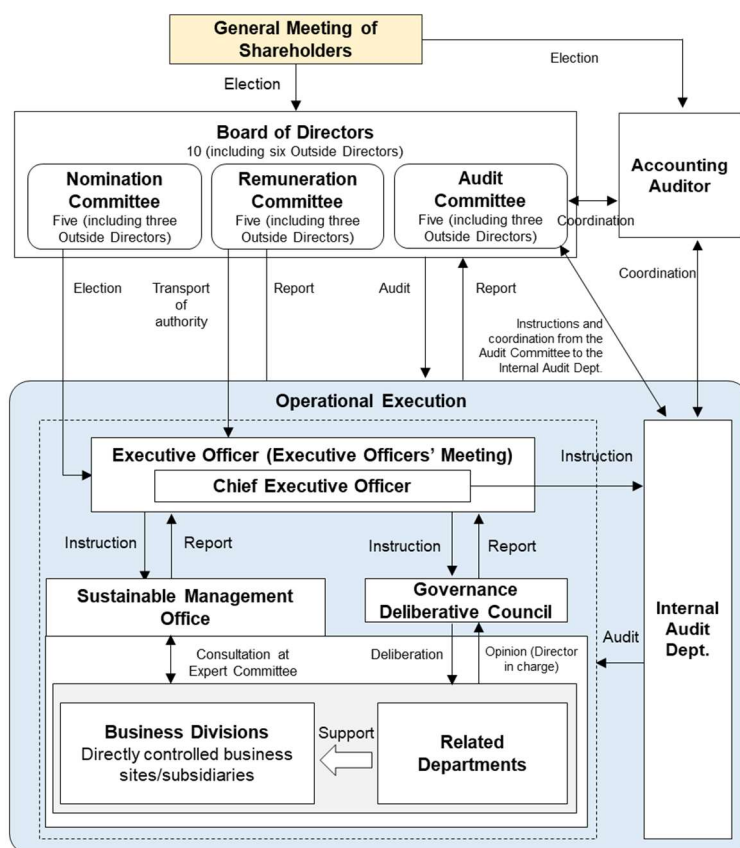
- We have, based on the corporate philosophy of the Group, vision, values, code of conduct, mission and the Basic Policy on Corporate Governance(*) established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries, such as shareholders and investors 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/company/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 April 1, 2021



<Composition of the Board of Directors>

The Company's basic policy 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.

In accordance with this policy, the Company has adopted a basic approach that the Board of Directors shall comprise of directors (not including outside directors) who have considerable knowledge and experience in the operation of each business, and sophisticated expertise as well as a diverse range of human resources. Particular consideration has been given to candidates for outside directors to ensure that they consist of individuals with experience and knowledge in business management and organizational operation, and those who have broad and sophisticated expertise and extensive experience in finance and accounting, legal affairs, production technology, research and development, sales, international relations, etc.

The number of the Board of Directors is set at an appropriate level to enable the Board of Directors to function most effectively and efficiently (15 members or less as provided in the Articles of Incorporation) and a majority of the members is composed of independent outside directors. The majority of the Nomination, Audit, and Remuneration Committees are composed of Independent Outside Directors, and each Committee is chaired 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 FY2021, and a summary of the results of such are outlined below.

1. Method of analysis/evaluation

Answers to a questionnaire distributed to all 10 Directors in December 2020 were retrieved. (The questionnaire uses a three-grade evaluation for each question (3 points: Fulfilled; 2 points: Mostly fulfilled, but with issues or items requiring improvements, 1 point: Did not fulfill) and provides a free comment space for each question.)

Based on the results of this questionnaire, a review of the evaluation of the effectiveness of the Board of Directors in FY2021 was conducted at a meeting of the Board of Directors held in February 2021, with a resolution reached at a meeting of the Board of Directors held in March 2021.

2. FY2021 questionnaire items

The core questionnaire items are as follows.

(1) Matters concerning operation after the change to a Company with a Nomination Committee

- Confirmation of the status of achievement of the purpose of the change
- Supervision of the status of execution of duties by each of the Nomination Committee, Audit Committee and Remuneration Committee

(2) Matters considered important for improving corporate value

- Supervision of management strategies, such as the Medium-term Management Strategy and Digital Transformation
- Supervision of the status of operations related to understanding of capital cost and setting of indicators

(3) Matters pertaining to the effectiveness of management monitoring

- Supervision of the reduction of the Strategic Share Holdings
- Confirmation of reporting system for corporate ethics issues
- Supervision of Group governance, etc.

(4) Matters pertaining to the operation of the Board of Directors

- Balance, diversity, and size of the Board of Directors
- Frequency of meetings, proposals and discussion materials of the Board of Directors
- Information provision and support system for Directors

3. Measures for improving effectiveness in FY2021

(1) Improvement measures for opinions related to supervision of management strategies (supervision of measures taken based on the Medium-term Management Strategy, understanding of capital cost, setting of indicators, confirmation of management strategies including Digital Transformation)

In order to effectively fulfill the supervision function for the management strategies, the contents of reports from Executive Officers to the Board of Directors were changed to focus on the budget for measures based on the Medium-term Management Strategy and progress and issues on targets for the measures based on the Medium-term Management Strategy. In addition, forums for discussion were held periodically at the Board of Directors for important measures of the Medium-term Management Strategy, including Digital Transformation.

(2) Improvement measures to opinions related to supervision of the policy for reduction of the Strategic Share Holdings

The Company examined its Strategic Share Holdings based on business alliances, transaction relationships, and investment effect and reduced shares if they were not deemed to be necessary to hold. In FY2021, the Company sold all or part of its strategic-holding shares of 31 companies (the number of listed stocks held by the Company at the beginning of the period was 60). The sales proceeds amounted to approximately 62.4 billion yen (on a market price basis) which accounts for approximately 54% of the amount reported on the balance sheet as of the end of March 2020 (including stocks transferred from Mitsubishi Shindoh Co.,Ltd. which merged with the Company on April 1, 2020).

(3) Improvement measures to opinions related to the content and volume of the discussion materials for the Board of Directors and time for prior consideration

In addition to thorough enforcement of rules for the preparation of the discussion materials, the Company created a rule to attach a summary to some discussion materials to facilitate understanding of key points and distributed a glossary of terms containing industry and professional terminology. In addition, efforts were made to secure time for Directors to consider matters in advance through such measures as sending reference materials related to proposals to the Board of Directors early.

4. Summary of FY2021 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 FY2021. A summary of questionnaire responses and key discussions within the Board of Directors are as follows:

(1) Matters pertaining to enhancement of management supervisory functions (the manner of supervision, including supervision of the measures taken based on the Medium-term Management Strategy, the appropriate content and number of proposals to the Board of Directors, the content and volume of materials for the Board of Directors, and time for prior consideration)

While the view was raised that thorough discussions took place on important issues, etc., by setting time outside the Board of Directors, some opinions were raised that supervision of the measures taken based on the Medium-term Management Strategy would need analysis of the cause of differences between plans and results and strengthening of the supervision of countermeasures for the cause. In addition, some opined that there was still room for improvement in the manner of supervision, including the content of reports from Executive Officers.

In view of this feedback, the Board of Directors will review the appropriate manner of supervision with the goal of enhancing management supervisory functions.

(2) Matters pertaining to understanding of capital cost, setting of indicators

While the view was raised that thorough enough explanations were provided regarding the review of the business portfolio, some opined that further discussions and consideration would be needed to clarify the way of thinking regarding capital cost.

In view of this feedback, the Board of Directors will review the appropriate means of supervising the understanding of capital cost and setting of indicators.

(3) Matters pertaining to supervision of the policy for reduction of the Strategic Share Holdings

While the view was raised that certain improvement was seen through the steps taken, some opined that close examination of the need to hold the Strategic Share Holdings would be necessary again.

In view of this feedback, the Board of Directors will continue to take steps for supervision of the reduction of the Strategic Share Holdings.

(4) Matters pertaining to supervision of Group governance, etc.

While the view was raised that there were sufficient reports and discussions at the Board of Directors and the Audit Committee, some opined that periodic reporting and supervision would continue to be needed for matters pertaining to compliance, etc.

In view of this feedback, the Board of Directors will take steps for supervision aimed at further improvement in Group governance.

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

Consolidated Balance Sheet
[As of March 31, 2021]

(Million yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets	1,039,894	Current liabilities	858,838
Cash and deposits	153,086	Notes and accounts payable - trade	153,603
Notes and accounts receivable - trade	220,522	Short-term borrowings	175,686
Merchandise and finished goods	117,498	Current portion of bonds payable	20,000
Work in process	126,357	Commercial papers	40,000
Raw materials and supplies	136,019	Income taxes payable	6,781
Leased gold bullion	156,254	Provision for bonuses	12,852
Other	133,258	Provision for loss on disposal of inventories	756
Allowance for doubtful accounts	(3,103)	Provision for product compensation	578
Non-current assets	995,651	Deposited gold bullion	323,505
Property, plant and equipment	665,402	Other	125,072
Buildings and structures, net	158,343	Non-current liabilities	562,313
Machinery, equipment and vehicles, net	241,391	Bonds payable	40,000
Land, net	209,707	Long-term borrowings	353,795
Construction in progress	33,864	Deferred tax liabilities	36,162
Other, net	22,093	Deferred tax liabilities for land revaluation	21,094
Intangible assets	46,431	Provision for loss on business of subsidiaries and associates	2,525
Goodwill	31,670	Provision for environmental measures	26,555
Other	14,760	Provision for directors' retirement benefits	1,677
Investments and other assets	283,818	Provision for share-based remuneration	220
Investment securities	217,477	Retirement benefit liability	42,249
Retirement benefit asset	4,934	Other	38,033
Deferred tax assets	14,801	Total liabilities	1,421,151
Other	50,996		
Allowance for doubtful accounts	(4,392)	[Net assets]	
		Shareholders' equity	490,843
		Share capital	119,457
		Capital surplus	79,439
		Retained earnings	294,814
		Treasury shares	(2,868)
		Accumulated other comprehensive income	54,390
		Valuation difference on available-for-sale securities	42,940
		Deferred gains or losses on hedges	(1,119)
		Revaluation reserve for land	27,097
		Foreign currency translation adjustment	(8,057)
		Remeasurements of defined benefit plans	(6,470)
		Non-controlling interests	69,161
		Total net assets	614,394
Total assets	2,035,546	Total liabilities and net assets	2,035,546

Note: Amounts are rounded down to the nearest million yen.

Consolidated Profit and Loss Statement

[For the year ended March 31, 2021]

(Million yen)

Item	Amount
Net sales	1,485,121
Cost of sales	1,312,771
Gross profit	172,349
Selling, general and administrative expenses	145,781
Operating profit	26,567
Non-operating income	38,278
Interest income	843
Dividend income	17,585
Rent income from non-current assets	4,895
Share of profit of entities accounted for using equity method	4,692
Other	10,260
Non-operating expenses	20,318
Interest expenses	4,416
Expense for the maintenance and management of abandoned mines	3,782
Rent expenses on non-current assets	3,134
Loss on retirement of non-current assets	2,674
Other	6,309
Ordinary profit	44,527
Extraordinary income	28,876
Gain on sale of investment securities	28,066
Other	810
Extraordinary loss	30,063
Loss on business restructuring	22,370
Impairment loss	3,532
Other	4,160
Profit (loss) before income taxes	43,341
Income taxes - current	13,944
Income taxes - deferred	(1,379)
Profit (loss)	30,777
Profit (loss) attributable to non-controlling interests	6,369
Profit (loss) attributable to owners of parent	24,407

Note: Amounts are rounded down to the nearest million yen.

Statement of Changes in Consolidated Shareholders' Equity

[For the year ended March 31, 2021]

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2020	119,457	92,393	274,723	(2,157)	484,416
Changes during period					
Cash dividends			(5,237)		(5,237)
Profit (loss) attributable to owners of parent			24,407		24,407
Reversal of revaluation reserve for land			962		962
Decrease due to increase in the number of consolidated subsidiaries			(41)		(41)
Purchase of treasury shares				(713)	(713)
Disposal of treasury shares		(1)		3	2
Changes in ownership interest of parent due to transaction with non-controlling interests		(12,952)			(12,952)
Net changes in items other than shareholders' equity, net					
Total changes during period	—	(12,954)	20,090	(710)	6,426
Balance as of March 31, 2021	119,457	79,439	294,814	(2,868)	490,843

	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 adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2020	22,806	708	28,059	(12,212)	(16,997)	22,364	79,252	586,034
Changes during period								
Cash dividends								(5,237)
Profit (loss) attributable Profit (loss)								24,407
Reversal of revaluation reserve for land								962
Decrease due to increase in the number of consolidated subsidiaries								(41)
Purchase of treasury shares								(713)
Disposal of treasury shares								2
Changes in ownership interest of parent due to transaction with non-controlling interests								(12,952)
Net changes in items other than shareholders' equity	20,133	(1,827)	(962)	4,155	10,526	32,025	(10,091)	21,934
Total changes during period	20,133	(1,827)	(962)	4,155	10,526	32,025	(10,091)	28,360
Balance as of March 31, 2021	42,940	(1,119)	27,097	(8,057)	(6,470)	54,390	69,161	614,394

Note: Amounts are rounded down to the nearest million yen.

Balance Sheet
[As of March 31, 2021]

(Million yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets	663,931	Current liabilities	631,684
Cash and deposits	65,633	Notes payable	1,409
Notes receivable	12,313	Accounts payable - trade	52,513
Accounts receivable - trade	95,301	Short-term borrowings	98,481
Merchandise and finished goods	60,075	Commercial papers	40,000
Work in process	75,975	Current portion of bonds payable	20,000
Raw materials and supplies	67,321	Lease obligations	241
Advance payments	25,156	Other payable	8,417
Prepaid expenses	1,824	Accrued expenses	33,697
Short-term loan receivable	6,278	Income taxes payable	493
Other receivable	15,536	Advance received	3,623
Leased gold bullion	156,254	Advances received on construction contracts in progress	8,972
Reserved gold bullion	69,778	Unearned revenue	214
Other	12,920	Provision for bonuses	5,755
Allowance for doubtful accounts	(441)	Employees deposits	9,053
Non-current assets	826,773	Facilities related notes payable	719
Property, plant and equipment	340,484	Other facilities related notes payable	12,977
Buildings	61,148	Asset retirement obligations	173
Structures	34,388	Deposited gold bullion	323,505
Machinery and equipment	89,781	Other	11,432
Vessels	2	Non-current liabilities	445,923
Vehicles and delivery equipment	221	Bonds payable	40,000
Tools, furniture and fixtures	4,467	Long-term borrowings	310,853
Land, net	133,296	Lease obligations	567
Leased assets	788	Deferred tax liabilities	23,216
Construction in progress	15,313	Deferred tax liabilities for land revaluation	20,126
Standing timber	1,076	Provision for retirement benefit	13,018
Intangible assets	2,328	Provision for loss on business of subsidiaries and associates	509
Mining rights	388	Provision for environmental measures	26,555
Software	1,683	Provision for share-based remuneration	220
Leased assets	19	Asset retirement obligations	464
Other	237	Guarantee deposits received	4,677
Investments and other assets	483,960	Other	5,714
Investment securities	119,560	Total liabilities	1,077,607
Shares of subsidiaries and associates	322,817	[Net assets]	
Bonds of subsidiaries and associates	4	Shareholders' equity	345,954
Investments	66	Share capital	119,457
Investment in subsidiaries and associates	2,659	Capital surplus	112,998
Long-term loans receivable	3	Capital reserve	85,654
Long-term loans to subsidiaries and associates	32,186	Other	27,344
Expenses for prepayment of pension	4,049	Retained earnings	116,358
Other	6,792	Other retained earnings	116,358
Allowance for investment loss	(83)	Reserve for mining search	1
Allowance for doubtful accounts	(4,098)	Earned surplus carried forward	116,357
		Treasury shares	(2,861)
		Valuation and translation adjustments	67,142
		Valuation difference on available-for-sale securities	42,299
		Deferred gains or losses on hedges	(839)
		Revaluation reserve for land	25,682
		Total net assets	413,096
Total assets	1,490,704	Total liabilities and net assets	1,490,704

Note: Amounts are rounded down to the nearest million yen.

Profit and Loss Statement
[For the year ended March 31, 2021]

(Million yen)

Item	Amount
Net sales	868,053
Cost of sales	816,389
Gross profit	51,664
Selling, general and administrative expenses	56,487
Operating loss	4,822
Non-operating income	33,925
Interest income	696
Dividend income	24,792
Rent income from non-current assets	4,826
Miscellaneous income	3,609
Non-operating expenses	13,903
Interest expenses	2,103
Expense for the maintenance and management of abandoned mines	3,582
Rent expenses on non-current assets	3,158
Loss on retirement of non-current assets	3,056
Miscellaneous loss	2,002
Ordinary profit	15,199
Extraordinary income	34,968
Gain on sale of investment securities	26,569
Gain on extinguishment of tie-in shares	8,304
Other	94
Extraordinary loss	30,815
Loss on business restructuring	25,512
Impairment loss	2,557
Loss on valuation of shares of subsidiaries and associates	672
Other	2,073
Profit (loss) before taxes	19,351
Income taxes - current	244
Income taxes - deferred	(2,153)
Profit (loss)	21,260

Note: Amounts are rounded down to the nearest million yen.

Statement of Changes in Shareholders' Equity
[For the year ended March 31, 2021]

(Million 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		
					Reserves for mining search	Earned surplus carried forward			
Balance as of April 1, 2020	119,457	85,654	27,345	113,000	1	99,372	99,374	(2,150)	329,682
Changes during period									
Provision of voluntary retained earnings					1	(1)	—		—
Reversal of voluntary retained earnings					(1)	1	—		—
Cash dividends						(5,237)	(5,237)		(5,237)
Profit (loss)						21,260	21,260		21,260
Reversal of revaluation reserve for land						961	961		961
Purchase of treasury shares								(713)	(713)
Disposal of treasury shares			(1)	(1)				3	2
Net changes in items other than shareholders' equity, net									
Total changes during period	—	—	(1)	(1)	(0)	16,984	16,984	(710)	16,272
Balance as of March 31, 2021	119,457	85,654	27,344	112,998	1	116,357	116,358	(2,861)	345,954

	Valuation and translation adjustments				Total net assets
	Valuation on 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, 2020	22,035	329	26,643	49,008	378,690
Changes during period					
Provision of voluntary retained earnings					—
Reversal of voluntary retained earnings					—
Cash dividends					(5,237)
Profit (loss)					21,260
Reversal of revaluation reserve for land					961
Purchase of treasury shares					(713)
Disposal of treasury shares					2
Net changes in items other than shareholders' equity, net	20,264	(1,169)	(961)	18,134	18,134
Total changes during period	20,264	(1,169)	(961)	18,134	34,406
Balance as of March 31, 2021	42,299	(839)	25,682	67,142	413,096

Note: Amounts are rounded down to the nearest million yen.