Mitsubishi Materials Corporation revises a part of FY2023 Strategy. Improve efficiency and profitability to put the Company on a growth trajectory and achieve the initial target on or after FY2024.

IR Management Briefing

Naoki Ono (hereinafter referred to as “Ono”) : Thank you for taking time to attend the briefing today. Once again, this year, Mitsubishi Materials Corporation (hereinafter referred to as “the Company”) is holding this management briefing remotely based on the current situation.

Even though the briefing is held remotely, I hope this will be an active session. Now, I will start the briefing according to the materials provided.

Results for FY2021 (compared with the previous year results)

1. Summary Of Financial Results | 2. Progress of Medium-term Management Strategy | 3. Efforts by Business Segment | 4. Revision for Medium-term Management Strategy | 5. ESG

Results for FY2021 (compared with the previous year results)

150th Anniversary

Comparison With the Previous Year Results

- **Net sales** : Decreased overall (with higher net sales in the Metals Business, and lower net sales in the Other Businesses).
- **Operating profit** : Decreased overall (with flat YoY operating profits in the Metals Business and the Environment & Energy Business, and lower operating profits in the Other Businesses).
- **Ordinary profit** : Decreased due to a decrease in operating profits.
- **Profit (loss)*** : Increased due to an improvement in extraordinary income (loss), etc., thereby offsetting a decrease in ordinary profit.

(Unit: billion yen)	FY2020 Results (a)	FY2021 Results (b)	Change (b)-(a)
Net sales	1,516.1	1,485.1	-30.9
Operating profit	37.9	26.5	-11.3
Ordinary profit	49.6	44.5	-5.0
Profit (loss)*	-72.8	24.4	97.2
Net income per share (yen)	-556.34	186.71	743.05
Dividends per share (yen)	80	50	-30
Exchange rate (USD/Yen)	109 yen	106 yen	-3 yen
Copper price (LME)	266¢/lb	312¢/lb	46¢/lb

*Profit (loss) attributable to owners of parent

3 MITSUBISHI MATERIALS

Firstly, this is a summary of the Company’s financial results, which was released on May 14, 2021. This is the results for FY 2021 compared with the previous fiscal year. Overall, the demand dropped significantly, especially in the automotive industry from the first to the second quarter, with the second quarter being the bottom.

The trend began to recover at a considerable speed since the beginning of the third quarter.

Under such circumstances, as stated in the operating profit section, many of the Company’s businesses saw a decrease in operating profits throughout the year. However, the Metals Business and the Environment & Energy Business maintained operating profit at the same level as the previous fiscal year.

In addition, due to the large amount of the dividends from the copper mine in the Metals Business and other reasons, operating profit was decreased by more than 10.0 billion yen compared to the previous fiscal year, but ordinary profit was only decreased by 5.0 billion yen. Based on this decline in profits, the Company has decided to pay a dividend of 50 yen per share.

Results for FY2021 (vs. Previous Forecasts on February 9, 2021)

Results for FY2021 (vs. Previous Forecasts on February 9, 2021)

150th Anniversary

Comparison With the Previous Forecast

Net sales	**: Increased overall (with higher net sales in the Advanced Products, the Metalworking Solutions, and the Metals Business).**
Operating profit	**: Increased overall (with lower operating profits in the Cement Business, and higher operating profits in the Other Businesses).**
Ordinary profit	**: Increased due to an increase in operating profit.**
Profit (loss)*	**: Increased due to an increase in ordinary profit.**
Dividend	**: Expected 50 yen per share (an increase of 10 yen from the previous forecast as of February 9, 2021).**

(Unit: billion yen)	FY2021 Previous forecast (a) (announced on February 9, 2021)	FY2021 Results (b)	Change (b)-(a)
Net sales	1,460.0	1,485.1	25.1
Operating profit	15.0	26.5	11.5
Ordinary profit	32.0	44.5	12.5
Profit (loss)*	10.0	24.4	14.4
Net income per share (yen)	76.5	186.71	110.21
Dividends per share (yen)	40	50	10
Exchange rate (USD/Yen)	106 yen	106 yen	0yen
Copper price (LME)	291¢/lb	312¢/lb	21¢/lb

* Profit (loss) attributable to owners of parent

This is a comparison with the forecasts announced on February 9th. I will skip this part due to the time constraints.

Earnings Forecast for FY2022 (vs. FY2021 Results)

Earnings Forecast for FY2022 (vs. FY2021 Results)

150th Anniversary

Comparison With FY2021 Results

Net sales	: Overall increased (with lower net sales in the Cement Business and the Environment & Energy Business, and higher net sales in the Other Businesses).
Operating profit	: Overall increased (with lower operating profits in the Metals Business and the Environment & Energy Business, and higher operating profits in the Other Businesses).
Ordinary profit	: Decreased (with higher operating profits and lower dividends from copper mining related company, etc).
Profit (loss)*	: Decreased (with a decrease in ordinary profits).
Dividend	: Minimum of 50 yen per share (and making expeditious allotments of funds, including share buybacks and additional dividends, etc.).

(Unit: billion yen)	FY2021 Results (a)	FY2022 Forecast (b)	Change (b)-(a)
Net sales	1,485.1	1,620.0	134.9
Operating profit	26.5	35.0	8.5
Ordinary profit	44.5	37.0	-7.5
Profit (loss)*	24.4	20.0	-4.4
Net income per share (yen)	186.71	152.99	-33.72
Dividends per share (yen)	50	50	-
Exchange rate (USD/Yen)	106 yen	110 yen	4 yen
Copper price (LME)	312¢/lb	345¢/lb	33¢/lb

*Profit (loss) attributable to owners of parent

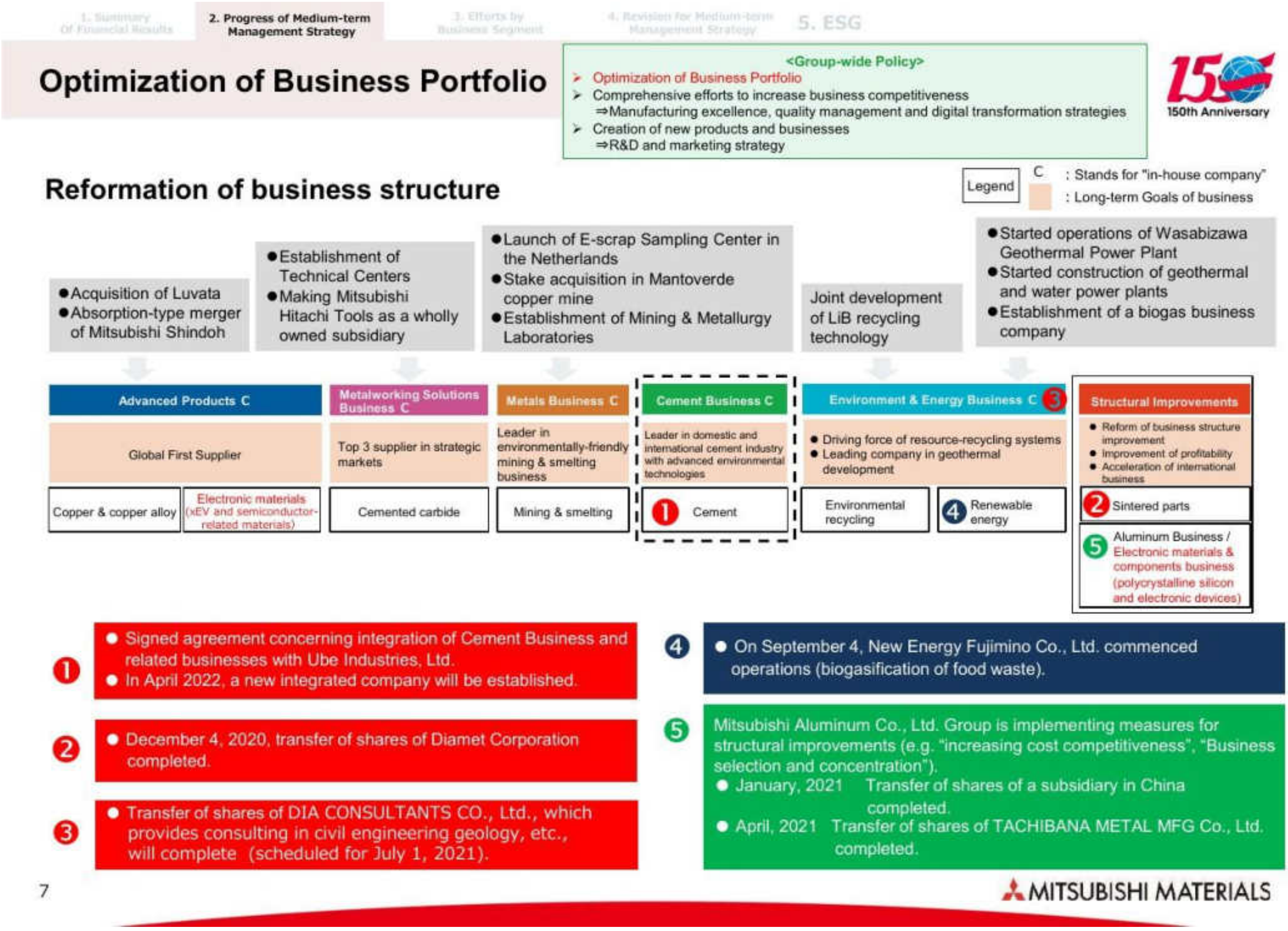
This is the earnings forecast for the current fiscal year. As you can see, the operating profit is forecasted to increase by 8.5 billion yen compared to the previous fiscal year. As you can see in the comments at the top of the slide, the Company forecasts increases in operating profit in the areas such as the Advanced Products, the Metalworking Solutions Business and the Cement Business, expecting an increase of 18.0 billion yen in total of three business segments for operating profit.

On the other hand, unfortunately, the Company forecasts a decline in operating profit in the areas such as the Metals Business and the Environment & Energy Business. Regarding the Metals Business, the major cause is a significant deterioration of so-called TC / RC environment. The Environment & Energy Business is also partially affected by business restructuring, as well as large scale equipment inspections with geothermal energy. As a result, the operating profit is expected to increase by only 8.5 billion yen.

On the other hand, the ordinary profit is expected to decrease due to the large impact of the decline in dividends from mines. The decrease in mine dividends is due to the fact that the repayment of the cost of the so-called construction work at the mine in which the Company invested will come first.

Under such circumstances, the Company forecasts profit (loss) of 20.0 billion yen and a dividend of 50 yen per share, which is the same as the previous fiscal year.

Optimization of Business Portfolio



From here on, I will briefly explain the Company's efforts on Medium-term Management Strategy so far. Three points are mentioned as a Group-wide Policy in a box at the top of the slide.

The first point is the optimization of business portfolio.

First, I will start with the Cement Business. The Company signed the final contract in September last year and is finally proceeding with the integration of Ube Industries, Ltd.s' cement business and the Company's cement-related business in April 2022. We will establish a newly integrated company in April 2022.

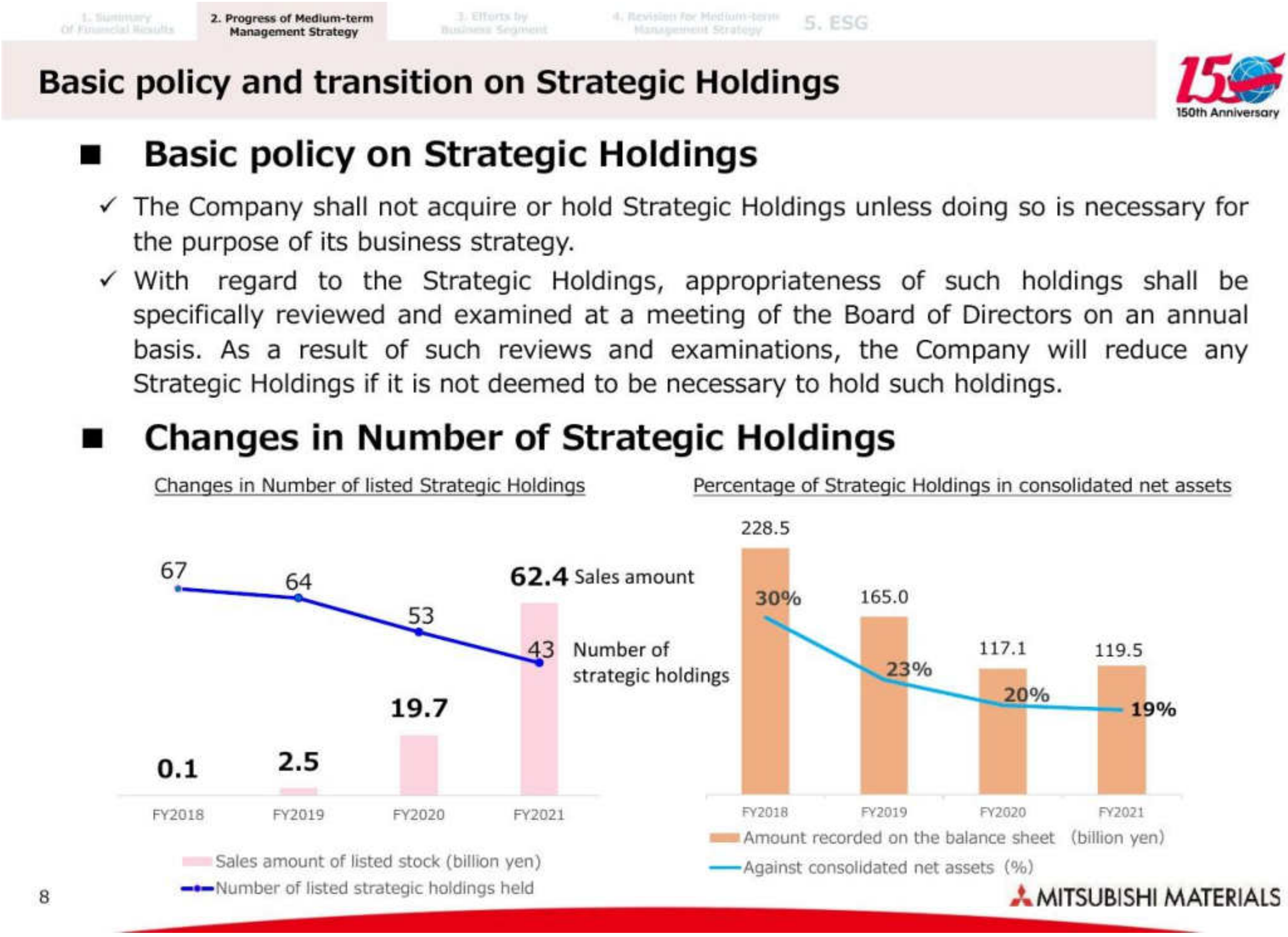
The second part is about the Sintered parts business, as shown on the far right of the table in the middle of the slide, the Company has positioned it as a business that requires structural improvements. The Company completed the transfer of shares of Diamet Corporation at the beginning of December last year.

The third is about Dia Consultants Co., Ltd. which belongs to the Environment & Energy Business. Dia Consultants Co., Ltd. is a civil engineering and geological consultant firm and the Company has decided to transfer the company's shares based on the view that little synergy effect would be expected with the Company and that they can develop better this way in the consulting industry. The Company plans to proceed toward the final closing.

The fourth is the Environment & Energy Business again. September last year, a new plant started operations, which conducts biogasification of food waste.

The fifth part is the Aluminum business related sector. Since this business also requires structural improvements, the Company has been proceeding with improvement of business structures, strengthening of cost competitiveness and at the same time, also has been transferring some domestic and overseas subsidiaries.

Basic policy and transition on Strategic Holdings

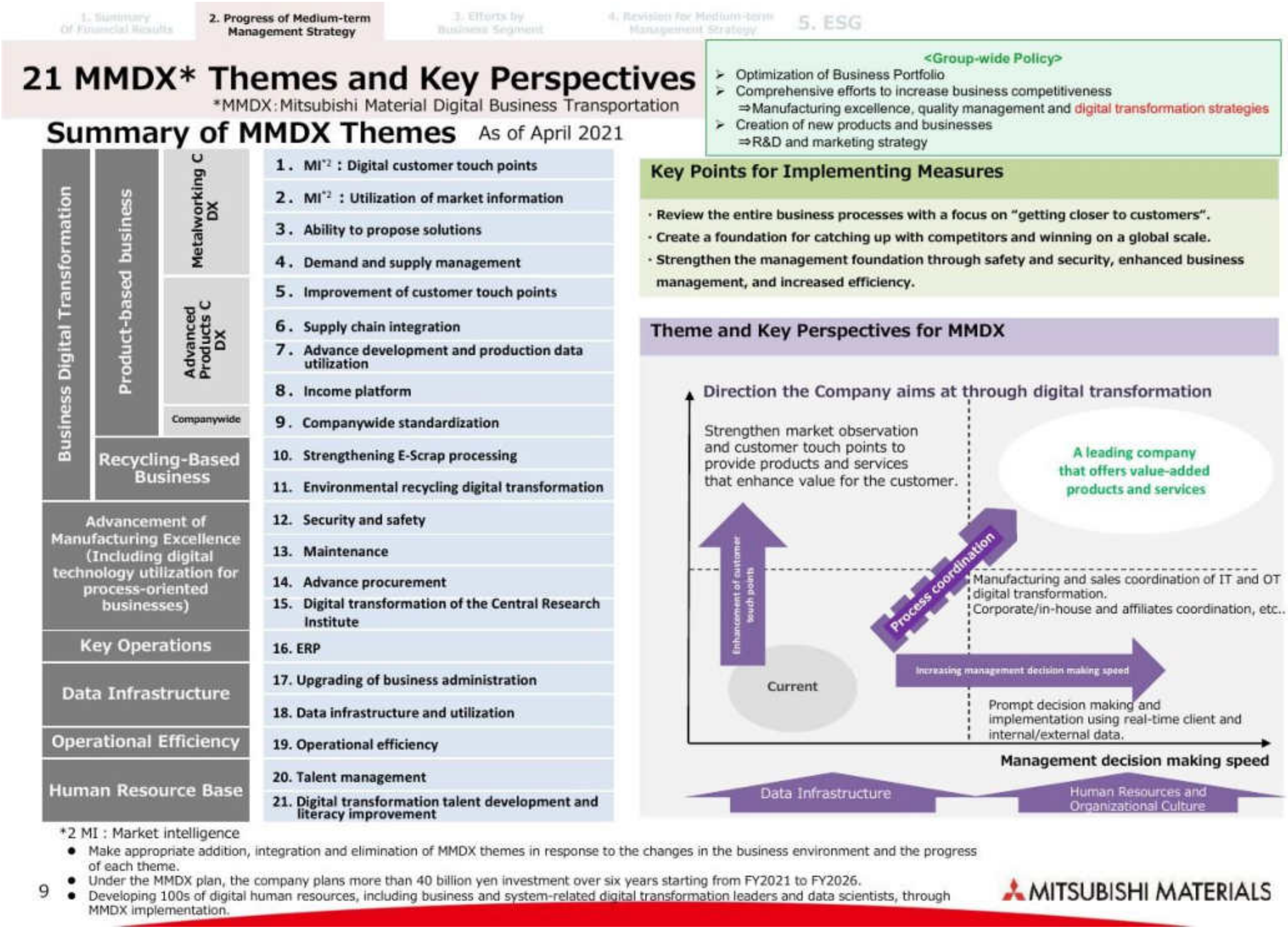


Regarding the status of strategic holdings, the holding policy is as stated on the slide. Basically, the Company is reducing the number of shares by not acquiring or holding new shares other than those purely for investment purposes. This status is shown in the two graphs at the bottom of the slide.

The left graph shows the number of listed stocks held. It looks like this since there was no decrease in the number of stocks sold when only some were sold. But the total amount of listed stock sold was 62.4 billon yen in the previous fiscal year.

On the other hand, the ratio of strategic holdings in net assets, which is shown in this graph looks like this since it is affected by stock price, have currently reduced to 19%, and the Company's policy is to reduce it further.

21 MMDX Themes and Key Perspectives

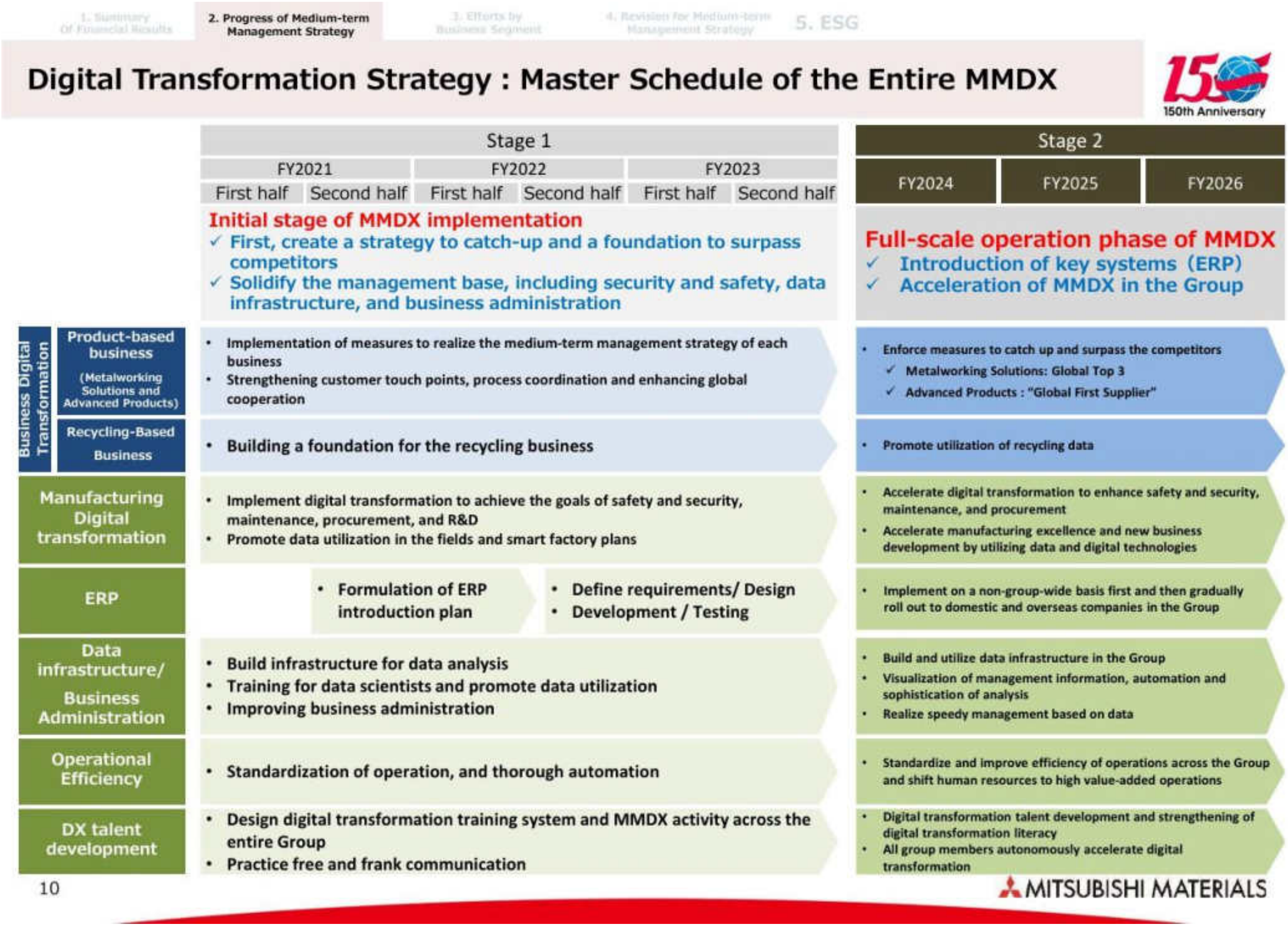


This is related to the DX (digital transformation). The Company launched the Digital Transformation Management Office in the previous fiscal year and decided on 21 themes that should be prioritized in the first half of the FY2022. Those are listed on the left side of the slide, in the order of 1 to 21.

Some are classified as “Business Digital Transformation”. It means about half of themes are directly connected to the business itself. The Company has identified the following, "Advancement of manufacturing excellence", strengthening of "Key operations" and "Data infrastructure", which are to promote sophistication of business management. Although it is called DX, since it is people who are the ones responsible for it, strengthening of "Human resources base" such as talent management and educational measures are also included in the theme.

As you can see on the right side of the slide, especially in the business field, the Company strives to strengthen customer contact points or process coordination in the value chain within the business. At the same time, the Company strives to speed up the management as a whole. Underpinning this is the development of a “Data infrastructure” and “Human resources and organization culture”.

Master Schedule of the Entire MMDX



This page shows the current status and future of Digital Transformation strategy. Due to time constraints, I will skip this part.

Creation of new products and businesses

Creation of new products and businesses

<Group-wide Policy>
- Optimization of Business Portfolio
- Comprehensive efforts to increase business competitiveness
  ⇒Manufacturing excellence, quality management and digital transformation strategies
- Creation of new products and businesses
  ⇒R&D and marketing strategy

Investment results through “MMC Innovation Investment Limited Partnership”

MMC has established the "MMC Innovation Investment Limited Partnership" in order to develop medium- to long-term technologies of the Group, create innovation through collaboration, and create new value. And MMC has invested in the venture companies with material technologies that is new business candidate as follows.

	Company name	Company’s technologies/products	MMC’s aim
October, 2019	Elephantech Inc.	Elephantech has manufacturing technology for electronic circuit boards by additive manufacturing using inkjet printing of metal nano inks and electroless copper plating.	MMC has started development of “copper nano ink” with Elephantech as an evaluation partner. MMC will aim to develop new copper products for circuit boards and get opportunities of its supply.
May, 2020	EneCoat Technologies Co., Ltd.	EneCoat Technologies is developing Perovskite Solar Cells characterized by high power generation efficiency, light weight, and flexibility compared to conventional silicon-based solar cells.	In collaborate with EneCoat Technologies, MMC will develop technologies that contribute to improving the performance of Perovskite Solar Cells and the peripheral materials etc. necessary for making them lead-free, aiming to get opportunities to supply materials when perovskite solar cells become widespread.
June, 2020	CONNEXX SYSTEMS Corporation	CONNEXX SYSTEMS has development and manufacturing technologies for new storage battery, high-power in-vehicle Lithium-ion battery (LIB), and next-generation battery that combine LIB and lead-acid battery.	MMC is developing technology for reusing and recycling used in-vehicle LIB. In collaboration with CONNEXX SYSTEMS, MMC will promote the reuse business that is the reuse of collected used in-vehicle LIB for stationary storage battery.
September, 2020	Nature Architects inc.	Nature Architects has unique structure design technologies such as giving strength only to the necessary parts and adding the function of absorbing vibration to hard parts.	By combining MMC’s knowledge of non-ferrous metals and other material properties with Nature Architects’ design technology, MMC will promote development of unique products with new added value by additive manufacturing using our materials.

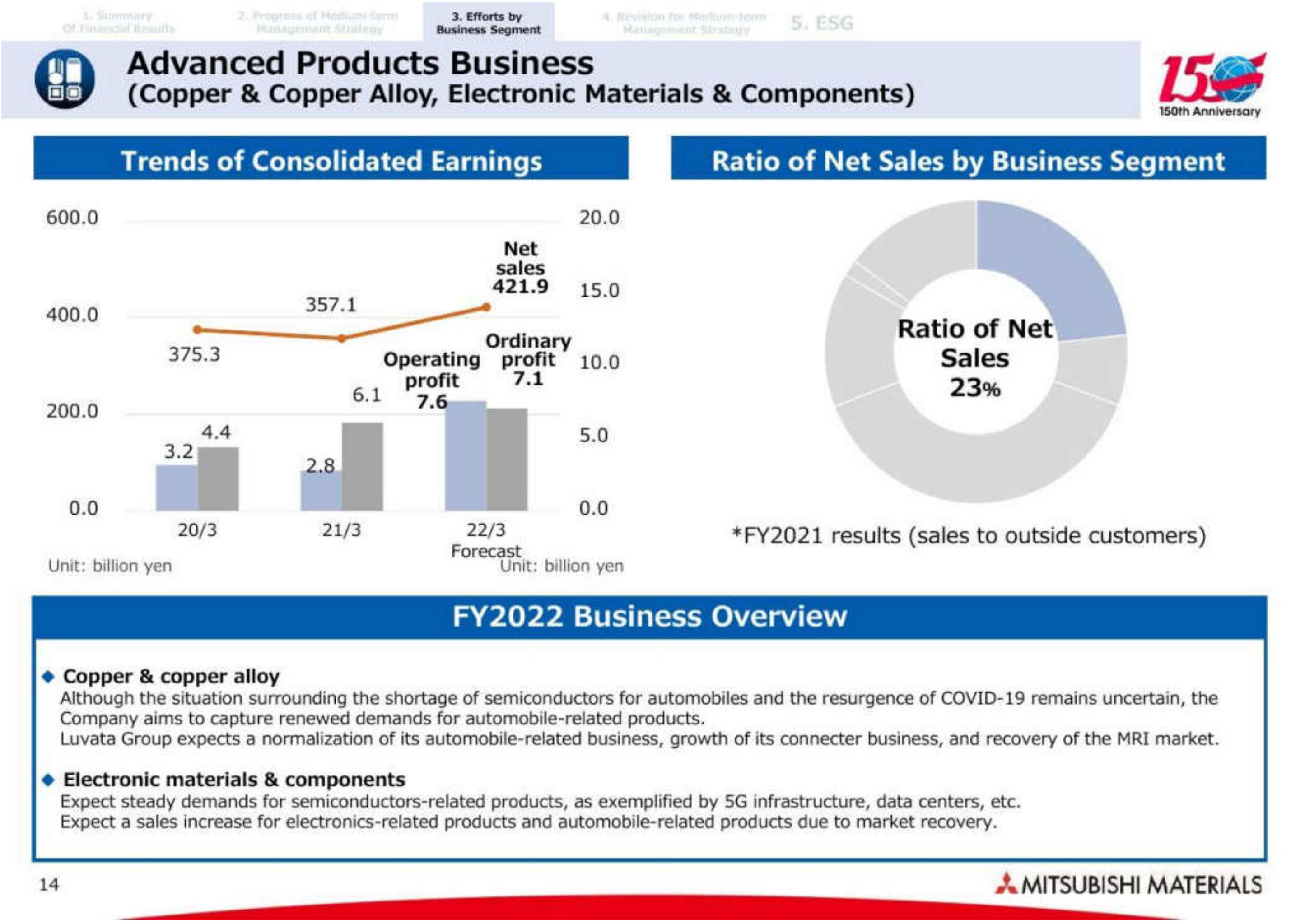
The third point mentioned in the Group-wide Policy is related to “creation of new products and businesses.” As a corporate venture capital, this page summarizes the investment results through the MMC Innovation Investment Business Limited Liability Partnership.

To date, the Company has invested in four projects, including one from the year before last. To give you just a few points, as you can see on the slide, the first one was the metal nano ink technology, which the Company believes will be of a high potential value.

The second one is a perovskite solar cell-related venture that is drawing attention in the sense that it has flexibility as so-called new solar cells material.

The third one is related to reuse and recycling of lithium-ion battery (LiB). Currently, the Company is directly involved in recycling itself, in collaboration with other companies, but before that, there is the field of LiB diagnosis and reuse. The Company is investing in a company that has strengths in that area.

Advanced Products Business (Copper & Copper Alloy, Electronic Materials & Components)(1)



Now, I will talk about the efforts in individual businesses.

First of all, regarding the Advanced Products, as you can see, the operating profit is expected to increase to 7.6 billion yen in FY2022 from 2.8 billion yen in FY2021. The Company has the Copper & copper alloy business and the Electronic materials & components business, and about 70% of the growth will be likely to attribute to the Copper & copper alloy business.

As stated in the overview at the bottom of the slide, although the Company has some concerns such as a shortage of semiconductors for automobiles and the recent re-expansion of COVID-19, the Company believes that the market is on a recovery trend.

The Luvata Group provides medical-related MRI materials/components in addition to products for automobile-related industry. The company suffered a lot last fiscal year, but expecting a recovery this year. Sales of the Electronic materials & components business are expected to continue to grow steadily from the previous fiscal year.

Advanced Products Business (Copper & Copper Alloy, Electronic Materials & Components) (2)

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Advanced Products Business (Copper & Copper Alloy, Electronic Materials & Components)

150th Anniversary

Long-term goals | Global First Supplier

Long-term strategy
- Refine and combine core competencies (e.g., the development and manufacturing technology of oxygen-free copper base alloys, development of functional materials, welding technology, etc.), to create new products and businesses. ● Pursue winning patterns from a market perspective.

	Medium-term Management Strategy		
	Key strategies	**FY2021 results**	**Plans for FY2022 and beyond**
Business-wide	Appoint key account managers who work across business units/utilize AI and IoT for information analysis.	· Appointed key account managers · Introduced MA, SFA, CRM*, and promoted effective marketing and sales activities.	· Activate MA, SFA, CRM operations, and visualize the activities by creating a dashboard of KPI performance trends. · Analyze global demand by coordinating with the marketing departments in Europe.
Copper & copper alloy	Restructure business and reinforce production systems of rolled and extruded products business./develop and launch products based on product roadmaps.	· Established a system to promote production increases in Wakamatsu and Sanbo plants. · Maintained the framework of the large-scale investment of approx. 30 billion yen. · Started mass-production of MSP® 5, an alloy for vehicle-mounted small connectors and for press fit.	· Expansion of material supply capacity in Sakai plant started its construction in FY2021, and will start operations in FY2023. · Delaying long-term sales plan due to the impact of COVID-19. (Rolled Products) Installation of new rolling machine in Wakamatsu, and slitter and packing facilities in Sanbo. (Extruded Products) Process streamlining by introducing a new extruding machine. Considering to increase the production of lead-free brass sticks.
Electronic materials & components	Develop market and expand sales of products for next-generation vehicles. ／build a system to increase the production capacity of silicone-processed goods.	· Reconstruction of the insulated heat dissipation components business. · Achieved targets for the number of products developed for automobile products. · Strengthened production system to respond to customer demand.	Semiconductors-related business remains robust due to strong demand. · Maintain and improve profitability by building a system to boost production capacity and improving productivity. xEV materials/components are expected to grow. · Build partnerships with important customers by utilizing development roadmaps. · Promote development and reinforce production systems.

*MA: Marketing Automation, SFA: Sales Force Automation, CRM: Client Relationship Management

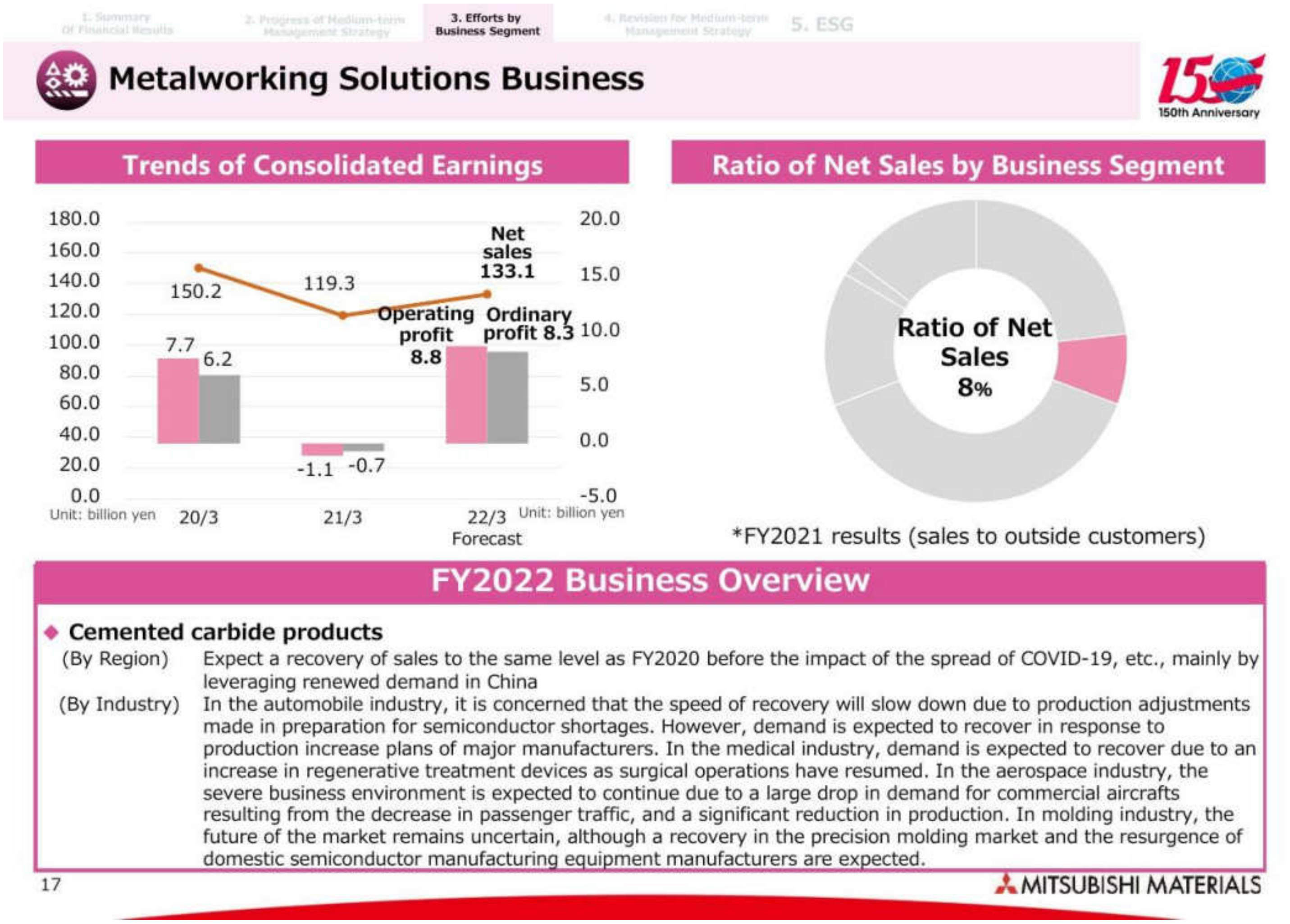
15 MITSUBISHI MATERIALS

Under such circumstances, the long-term business goals have not changed at all. One of the common issues for the businesses described on the slide is to further strengthen the foundation by involving DX. In the Copper & copper alloy business, the Company will invest about 30.0 billion yen in six years and increase the capacity by about 30%. There is no change from the basic policy. However, the demand environment is changing slightly, and the Company considers that it is necessary to adjust the timing of the investment.

Therefore, as a plan on or after 2021, the Company begun the construction work to expand the material supply capacity of the most upstream Sakai plant. The rolling and extrusion businesses of Wakamatsu Factory, which is located downstream of it, will be under construction in sequence.

As for the Electronic materials & components business, as I will mention in the part of portfolio optimization below, it is necessary to restructure the Insulated heat-dissipating parts business, and the Company is preparing a system to do so. The semiconductor-related products mentioned here are called parts and precision mounting materials for semiconductor manufacturing equipment, and these are the Company’s strengths, and they are shown as a focus in the plan for 2021 and beyond.

Metalworking Solutions Business (1)



Now, I will talk about the Metalworking Solutions Business. As I mentioned earlier, since the Company transferred the Sintered parts business, the Company will focus on the Cemented carbide products business. As stated in the FY2022 business overview, in terms of regions, China is the first to recover demand, and Europe, the United States, and Japan are gradually recovering recently.

By industry, the base for these recovery trends is the recovery of the automotive industry. But of course, it does not mean that the Company does not have concerns mentioned earlier. In addition, the medical industries are in a situation where the Company can expect an increase even though the scale is not so big. On the other hand, aerospace industries are expected to remain in a difficult situation for some time.

Metalworking Solutions Business (2)

Metalworking Solutions Business

150th Anniversary

Long-term business goals | Becoming the top 3 supplier in strategic markets

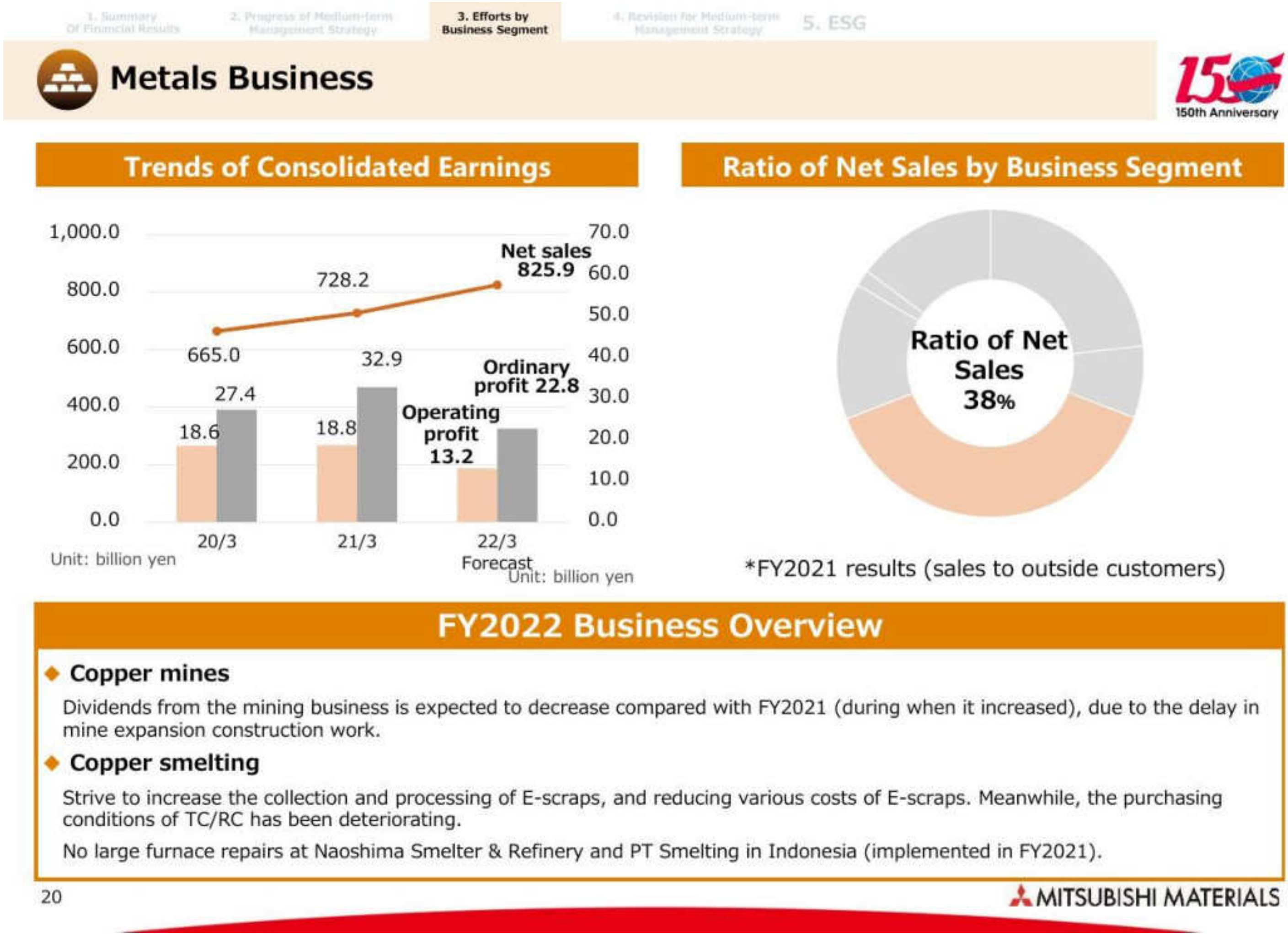
Long-term strategy: ● Promote clean manufacturing ● Provide high-efficiency products by utilizing advanced technology ● Develop advanced metal powder business

	Medium-term Management Strategy		
	Key strategies	**FY2021 results**	**Plans for FY2022 and beyond**
Cemented carbide products	Launch new products according to key themes	Launched eight new products (although field tests with customers were delayed due to the impact of COVID-19).	Will launch new products according to eight themes in FY2022.
	Expand advanced metal powder business for the rechargeable battery market	Started considering a technology alliance with Masan High-Tech Materials Corporation (MHT), in which the Company recently acquired a 10% stake, for tungsten powder production.	· Expand customer base of advanced metal powder for vehicle-mounted secondary batteries. · Consider technology alliance with MHT Group/resource utilization.
	Expand tungsten recycling	Achieved the recycling target of 35% by expanding scrap recovery area and recycling process resources.	· Raised recycling rate by expanding recovery and process volume of cemented carbide scraps. · Discuss joint operation of tungsten recycling business with MHT Group.
	Use of renewable energy	Conducted a survey of procurement methods. Formulated a roadmap to reach a renewable energy usage rate of 50% by 2030.	Formulate specific methods to utilize renewable energy in domestic/overseas locations.

The long-term goals remain unchanged. As stated as key strategies, regarding the expansion of the Advanced metal powder business for the rechargeable battery market, it is about expansion of the tungsten powder business, the Company would like to expand the scope of collaboration with Masan Hi-Tech Materials (MHT) which the Company has newly invested in 2020.

As for the the expansion of recycling, the Company already has a recycling plant in Akita, Japan, and has achieved the target of 35% in 2020. The Company’s plan is to expand it globally, other than Japan, and continue to do so while considering collaboration with MHT.

Metals Business (1)



As for the Metals Business, as I mentioned at the beginning, the dividends from copper mine are slightly affected by the timing difference in the mine expansion work.

For copper smelting, the purchasing condition of concentrates (TC/RC) are worsening. This basically depends on the relationship between the supply of copper concentrate and the capacity of the smelter.

Metals Business (2)

Metals Business

150th Anniversary

Long-term business goals | Becoming a leader in environmentally-friendly mining & smelting business

Long-term strategy
Stable supply and circulation of copper and other non-ferrous metals
● Creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap ● Promotion of recycling ● Combating climate change

	Medium-term Management Strategy		
	Key strategies	**FY2021 results**	**Plans for FY2022 and beyond**
Mines	Secure clean copper concentrate by investing in new mines	• Completed the feasibility study in Zafranal mine, and preparing to apply for its environment impact assessment (EIA).	• Obtain EIA for Zafranal project, and finalize investment decision.
		• Completed the arrangement of project financing scheme for Mantoverde mine. On February 12, 2021, signed the agreement of 30% share acquisition and officially participated in the project.	• Steady progress of the construction work for Mantoverde project.
		• In order to strengthen the foundation of the mine investment business management in South America, established a subsidiary in Chile to manage/operate mine investment business.	• Gradually expand operations while gathering information and supporting smooth management of the Company's mine investment business in South America.
Smel ting	Optimization of valuable metal material flow	• Promoted the establishment of recovery flow of valuable metals across production sites as planned by strengthening recovery of valuable metals through slime process. improvements at Naoshima Smelter & Refinery and recovering tin at Hosokura Metal Mining Company, etc.	• Increase recovery rate of gold and silver, and increase production of by-products at precious metal plants.
	Reduce fossil fuels	• Promoted reduction of fossil fuel usage by using recycled materials, e.g. E-Scrap, as fuel substitutes.	• Understand the factors that constrain E-Scrap input and aim for optimization.

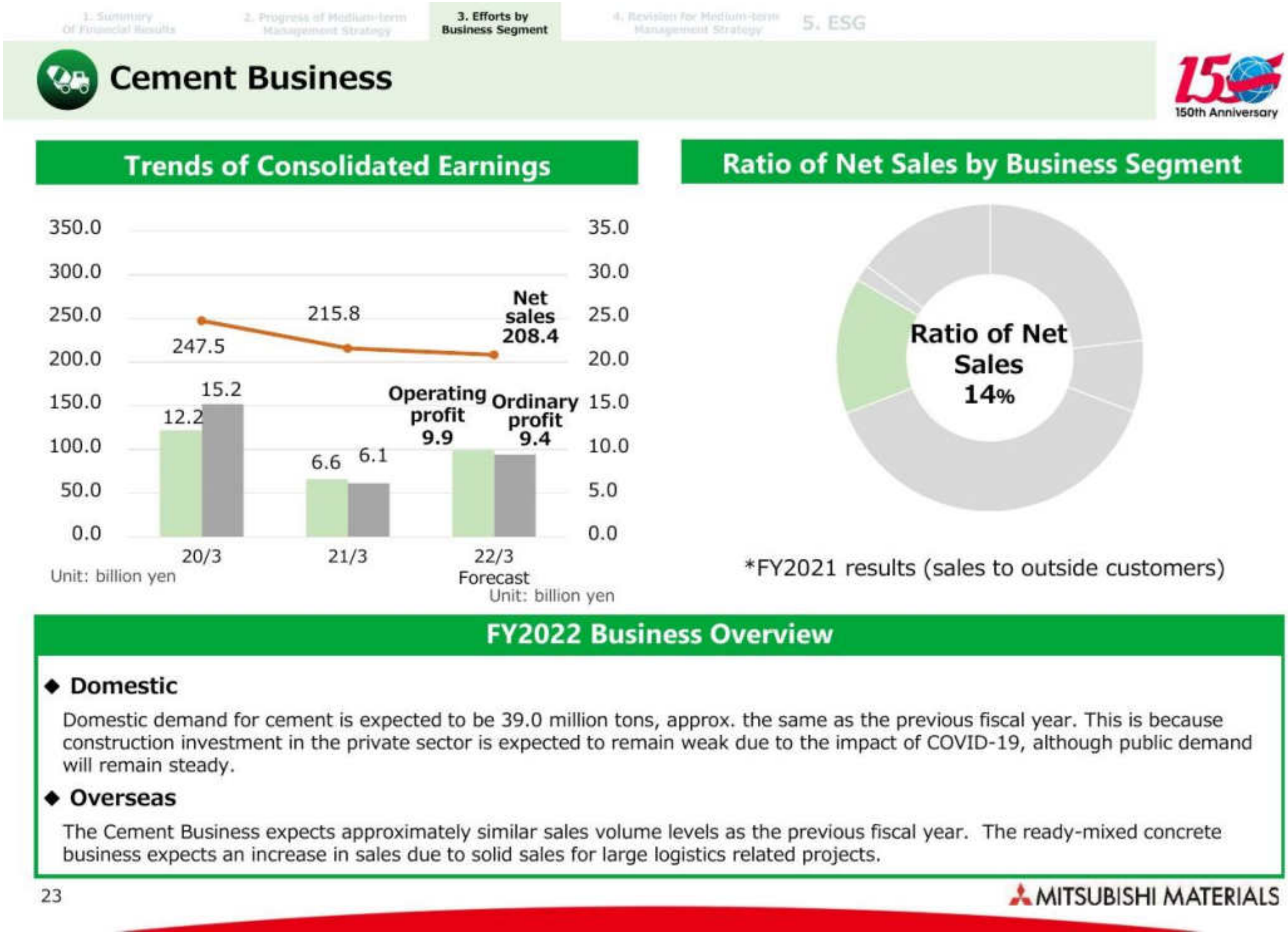
Under such circumstances, the Company's long-term goal of pursuing an environmentally-friendly mining & smelting business remains unchanged. First of all, in relation to mining investment, the basic strategy is to invest in new mines and seek cleaner and less impure copper concentrates.

In the previous fiscal year, the Company decided to took a 30% stake in the Mantoverde mine in Chile. The next place will be Peru, and the Zafranal mine project is in progress as described at the top of the slide.

At the same time, the Company recognizes that there is a growing momentum in Japan to re-evaluate the smelting business itself in terms of recovering of precious metals and accepting recycled products.

In this context, this fiscal year, as in the previous fiscal year, the Company intends to continue to improve the recovery efficiency of valuable metals for the entire group, including not only the Naoshima Smelter & Refinery but also Hosokura Smelter, which smelts lead, and Ikuno Smelter, which smelts tin.

Cement Business (1)



Regarding the Cement Business. As you can see, sales fell sharply in the last fiscal year, and overall domestic demand is expected to remain the same as the last fiscal year. However, overseas sales are expected to increase a little. In the U.S., the Biden administration's aggressive investment in infrastructure, which has yet to take shape, is also expected to pay off in time.

Cement Business (2)

Cement Business

150th Anniversary

Long-term business goals | Becoming a leader in the cement industry in Japan and abroad using advanced environmental technologies

Long-term strategy

- Stable supply of basic building materials for the construction of social infrastructure, disaster prevention infrastructure, etc.
- Sophistication of waste treatment
- Responding to climate change by reducing CO2 emissions
- Construction of a resilient domestic business foundation through business restructuring and growth in overseas markets

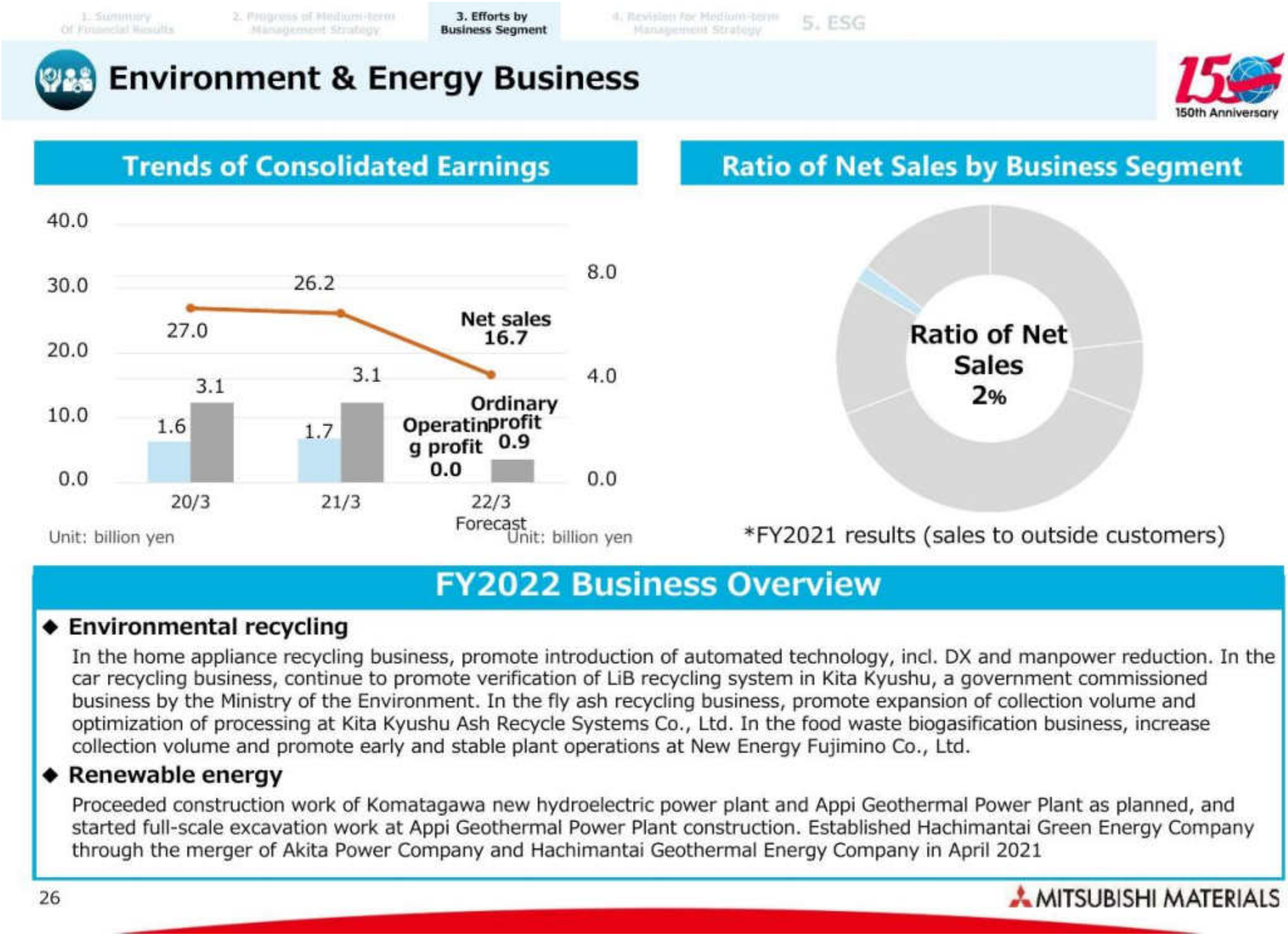
	Medium-term Management Strategy		
	Key strategies	FY2021 results	Plans for FY2022 and beyond
Domestic	Optimization and streamlining of production system through restructuring of domestic business	• Signed the final agreement with Ube Industries, Ltd. regarding the integration of cement business, etc. on September 29, 2020	• Continue preparation for business integration in April 2022 • Consider integration synergies
	Increase waste treatment volume, and reduce of CO2 emissions	• Expand coal ash processing capacity • Started installation of demonstration test facility for CO2 separation and capture	• Strengthen Kyushu Plant Installation of recycled oil receiving and injection facilities Strengthening of the capability of waste plastic processing facilities Enhancement of 4K burner efficiency
Overseas	Expand U.S. business (Expand ready-mixed concrete business)	• Considered the acquisition of aggregate mines in Southern California at Robertson's Ready Mix, Ltd. (RRM) • Developed software for the efficiency and optimization of logistics system	• RRM/Aim to obtain ready-mixed concrete business (plants) • RRM/Aim to obtain aggregate business (mines) • Plan to reduce maintenance costs and increase safety by promoting DX×IT.
	Entering new markets to expand business areas	• Discussed market-entry strategy and conducted market research	• Identify the partners(acqusition/alliance), and implement the market-entry

Under such circumstances, the long-term business goals are as described in the slide. In Japan, the Company will steadily proceed with preparations for the cement business integration with Ube Industries, Ltd., which was mentioned in the business portfolio.

On the other hand, one of the issues facing the cement industry is that it emits a large amount of CO2. In response to this, as announced in March 2020, the Company started the installation of a demonstration test facility of methanation for CO2 separation and recovery, that is, a demonstration test facility that recovers CO2 and adds hydrogen to produce methane. The Company is steadily advancing by incorporating measures that contribute to energy conservation in the Company's plans for 2021 and beyond.

Overseas, the Company positions the ready-mix concrete business of Robertson's Ready Mix as its core business. The source of competitiveness here will be the acquisition of aggregate mines. The Company plans to acquire new mining sites or expand the existing mines.

Environment & Energy Business (1)



Now, I will talk about the Environment & Energy Business. Compared to FY2021, profits will decline this fiscal year, but this will be a temporary drop, because the Company is making investment for the future. Thus, the Company anticipates a recovery from next fiscal year onwards.

Regarding the environmental recycling, the Company is proceeding with the direction of increasing the number of bases for home appliance recycling, and it will focus on how to treat incineration fly ash and food waste, and how to efficiently convert food waste into electricity.

In addition, regarding the renewable energy, the Company is focusing on geothermal energy, and is currently constructing the next geothermal power plant.

Environment & Energy Business (2)

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Environment & Energy Business

150th Anniversary

Long-term business goals	(Environmental recycling) Becoming a leader in resource-recycling systems (Renewable energy) Becoming a leading company in geothermal development
Long-term strategy	● Provision of a safe recycling system with thorough traceability, etc. ● Decarbonization through the expansion of the Renewable energy business

	Medium-term Management Strategy		
	Key strategies	**FY2021 results**	**Plans for FY2022 and beyond**
Environment recycling	Home appliance recycling Promote automated dismantling, and value-addition of recovered materials	• Introduced automatic picking robots in the dismantling lines for washing machines and outdoor air-conditioner units. Verified technologies and put into practical use	• Develop automatic dismantling technology in home appliance recycling, and aim to apply picking robots to other plants • Use the cloud computing system (DX) in operation management systems, to share/utilize data
	Demonstrate LiB recycling technology, demonstrate solar panel recycling	• Accepted a commissioned business from the Ministry of Environment (July 2020) • Started demonstration business of LiB coherent proper processing system • Designed improvements for solar panel recycling facilities	• Continue LiB recycling system demonstration business in Kita kyushu • Introduce devices for deterioration diagnosis, LiB dismantling, thermal decomposition, and crush sorting in FY2022 • Conduct construction work to move *EJRS after expansion, and conduct technical verification test
	Secure stable plant operations of the fly ash recycling business and the food waste biogasification business	• Improve facilities for stable plant operations, and promote process optimization • Started operations of New Energy Fujimino Co., Ltd. (NEFC) on September 4, 2020	• In the incineration fly ash recycling business, further increase receiving volume, promote process optimization, and secure stable plant operations • In the food waste biogasification business, increase the collection volume at NEFC, while promoting early and stable operations, and considering the commercialization of the second plant
Renewable energy	Completion of Komatagawa new hydroelectric power plant Construction of Appi Geothermal Power Plant Survey of new geothermal sites Survey of new small hydropower	• Continued excavation of tunnels, etc., as planned in Komatagawa new hydroelectric power plant • Continued construction work to create entry paths and started excavation work of production well in Appi Geothermal Power Plant as planned	• Construction for the tunnel at Komatagawa new hydroelectric power plant will have full line opened in October 2021. Operations are expected to start in December 2022. • In the new geothermal energy survey, acquire licenses/permits, and progress is expected through excavation survey

27 *EJRS: East Japan Recycling Resources Co., Ltd. MITSUBISHI MATERIALS

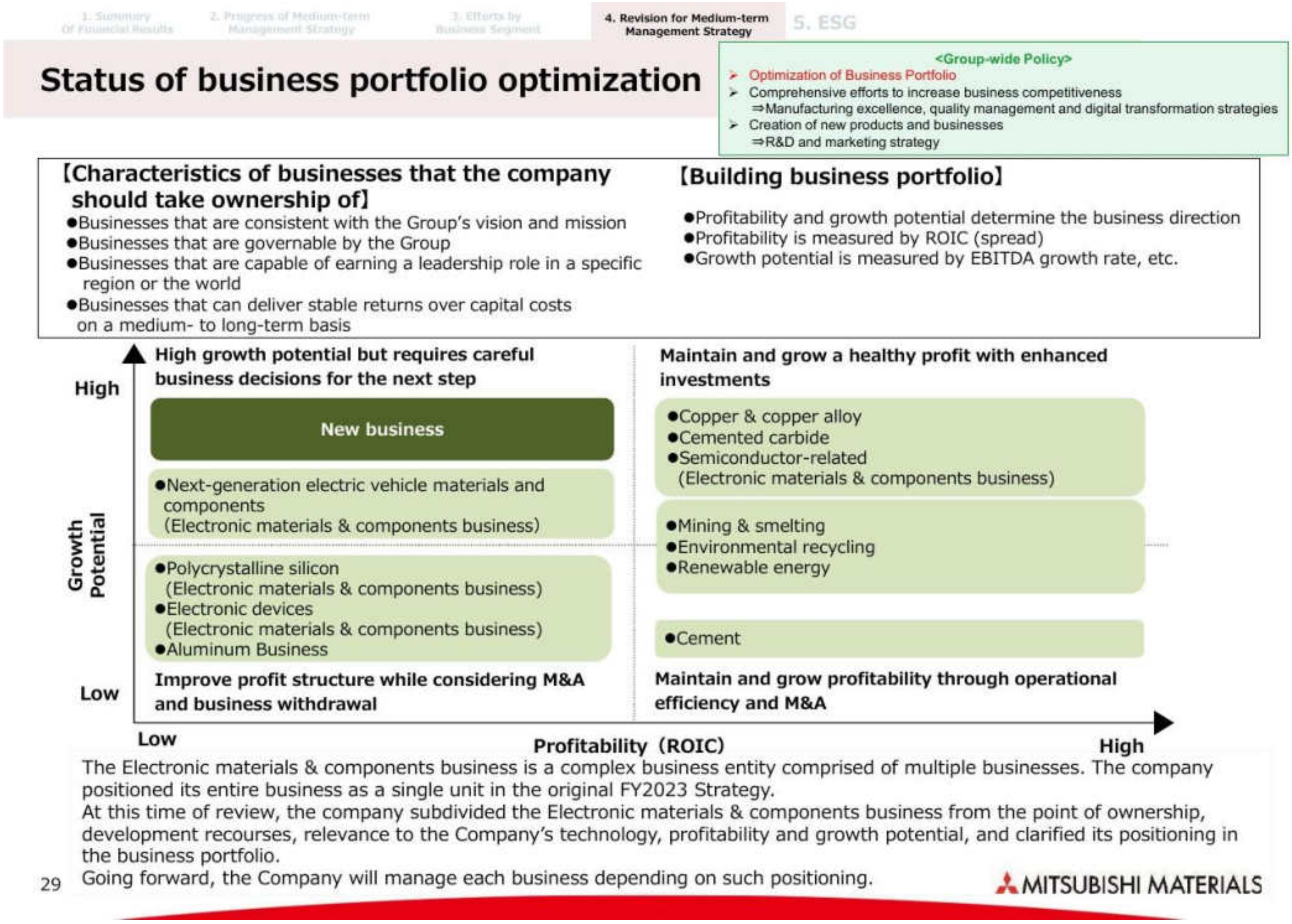
I will explain what I have just mentioned in details. In home appliance recycling, the Company will reduce the workload and improve efficiency by automation.

In LiB recycling, as I have just mentioned, since the flow is "diagnosis, reuse, and recycling," the Company will proceed with a system-oriented approach.

As for the incineration fly ash processing, it is exactly as I mentioned earlier.

As for renewable energy, although geothermal energy is the main source, hydropower generation has been re-evaluated. Although it cannot be a large hydroelectric power generation, the Company would like to renew our efforts towards a small-scale one.

Status of business portfolio optimization



From here on, I will talk about the revision of FY2023 Strategy.

Although basically unchanged from the original plan and strategy for FY2020 to FY2022, the main issue was how to revise the plan in light of the fact that the situation has changed significantly from what the Company had originally thought, mainly due to the impact of COVID-19 in the first year.

First, the optimization of business portfolio. In the announcement made in March last year, the Electronic materials & components business was grouped together and positioned in the center of the portfolio matrix. However, since the Electronic materials & components business is an aggregate of multiple businesses, the Company believes that it is necessary to break it down into smaller segments, clarify where each of them is positioned, and take appropriate measures.

Specifically, the Company has re-defined the semiconductors manufacturing equipment related business mentioned earlier as the "Semiconductor-related business" and placed it in the upper right quadrant of the matrix.

The "xEV materials / components" in the upper left quadrant include insulating heat-dissipation part or Solar Heat-ray Shielding, and the Company recognizes the necessity to increase their profitability.

In the lower left quadrant, the Company has two businesses, "polycrystalline silicon" and "electronic devices." For all of these businesses, the current situation requires significant improvement from the perspective of the supply-demand relationship or the lower profit situation, so first, the Company will implement measures to improve the profit structure.

Financial Plan:(Consolidated) Financial Goals

Financial Plan: (Consolidated) Financial Goals

【Outlook for current and future business environment】

Although business performance has been suffering from the impact of COVID-19, with increasing vaccine availability and acquisition of herd immunity, etc., it is gradually recovering. The Company has formulated a revised financial plan assuming that the Advanced Products Business and the Metalworking Solutions Business will recover to pre-COVID-19 performance levels by FY2023, while the Cement Business may be impacted by accounting changes to the equity method and the Metals Business may be impacted by a decreasing dividend income from mines. However, our forecast of FY2023 results will have significant downward revisions from the original target, and that the timing for reaching the original FY2023 target will be delayed later than FY2024.

(Unit: billion yen)

		FY2023 Original Target (※1)	FY2023 Revised Target (※1)	Increases & decreases
ROIC (%)		6.0	**4.0**	-2.0
ROA (ordinary income to total assets) (%)		4.0	**2.0**	-2.0
ROE (%)		7.0	**6.0**	-1.0
PL	Net sales	1,530	**1,410**	-120
	Net sales (excluding metal)	650	**600**	-50
	Operating profit	58	**29**	-29
	Ordinary profit	75	**38**	-37
BS	Total assets	2,040	**1,820**	-220
	Net interest-bearing debt	510	**360**	-150
	Shareholders' equity	630	**560**	-70
Net D/E ratio (times)		1.0 or less	**1.0 or less**	–

※ Assuming transition to equity method in cement business

This is the financial target. For the next year, FY2023, the Company has revised the targets based on the current situation. On a profit basis, the Company expects to reach about half of the initial target by the end of FY2023. In this context, the company is looking to significantly reduce its net interest-bearing debt through the integration of the Cement Business and other measures.

Financial plan : (consolidated) Financial goals

1. Summary Of Financial Results | 2. Progress of Medium-term Management Strategy | 3. Efforts by Business Segment | **4. Revision for Medium-term Management Strategy** | 5. ESG

Financial Plan : (Consolidated) Financial Goals

150th Anniversary

(Unit: billion yen)

		FY2020 Result	FY2021 Result	FY2023 Target (※1)	Change rate from FY2020
ROIC (%)		3.8	3.8	**4.0**	+0.2points
ROA (ordinary income to total assets) (%)		2.6	2.3	**2.0**	-0.6points
ROE (%)		-12.8	4.6	**6.0**	
PL	Net sales	1,516.1	1,485.1	**1,410.0**	-7%
PL	Net sales (excluding metal)	857.3	795.1	**600.0**	-30%
PL	Operating profit	37.9	26.5	**29.0**	-23%
PL	Ordinary income	49.6	44.5	**38.0**	-23%
BS	Total assets	1,904.0	2,035.5	**1,820.0**	-4%
BS	Net interest-bearing debt	413.1	476.3	**360.0**	-13%
BS	Shareholders' equity	506.7	545.2	**560.0**	+11%
Net D/E ratio (times)		0.8	0.9	**1.0 or less**	
Assumptions	Exchange rate (yen/$)	109	106	**110**	
Assumptions	Exchange rate (yen/€)	121	124	**130**	
Assumptions	Copper price (¢/lb)	266	312	**330**	

Remarks

【Ordinary income fluctuation factors】

Market conditions	5.5
Metal prices	3.0
Exchange rate	2.0
Dividend from mine	-5.5
Impact of the change in accounting treatment of cement business becoming a minority share holding	-10.0
Others	-6.6
Total	-11.6

【Sensitivity】

- ◆1 yen increase in USD/JPY exchange rate: +0.8 billion yen
- ◆10¢/lb increase in copper price (LME) : +1.6 billion yen (Ordinary income)

※1 Assuming transition to equity method in cement business

31 MITSUBISHI MATERIALS

This slide shows a little more detail, including the results for FY2020. From a broad perspective, the Company expects the market environment in FY2023 to be about the same as in FY2020. The Company has set the target by taking into account factors such as the conversion of the Cement Business into an equity method affiliate and fluctuations in metal prices.

Some of figures are overlapped with previous page. But the Company is targeting ROE of about 6% while increasing shareholders' equity and taking various other measures.

Financial Plan:(Consolidated) Financial Indicators

Financial Plan : (Consolidated) Financial Indicators

150th Anniversary

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

		FY2018-2020 Average	FY2023 Target
The whole MMC group	ROIC	4.2%	4.0%
	ROA	3.1%	2.0%
	ROE	-2.0%	6.0%

<Main Businesses>

			FY2018-2020 Average	FY2023 Target	By business division KGI	FY2018-2020 Average	FY2023 Target
Advanced Products Business	Copper & Copper alloy	ROIC	3.8%	**3.0%**	EBITDA	14.4 billion yen	**14.0 billion yen**
	Electronic materials		2.5%	**4.2%**	EBITDA	4.1 billion yen	**11.0 billion yen**
Metalworking Solutions Business	Cemented Carbide		8.3%	**5.3%**	EBITDA	28.1 billion yen	**22.0 billion yen**
Metals Business			25.0%	**12.9%**	ROA※1	8.9%	**7.2%**
Environment & Energy Business	Environmental Recycling		1.4%	**2.4%**	ROA	2.0%	**2.8%**
	Renewable energy		4.3%	**2.6%**	ROA	5.6%	**3.3%**

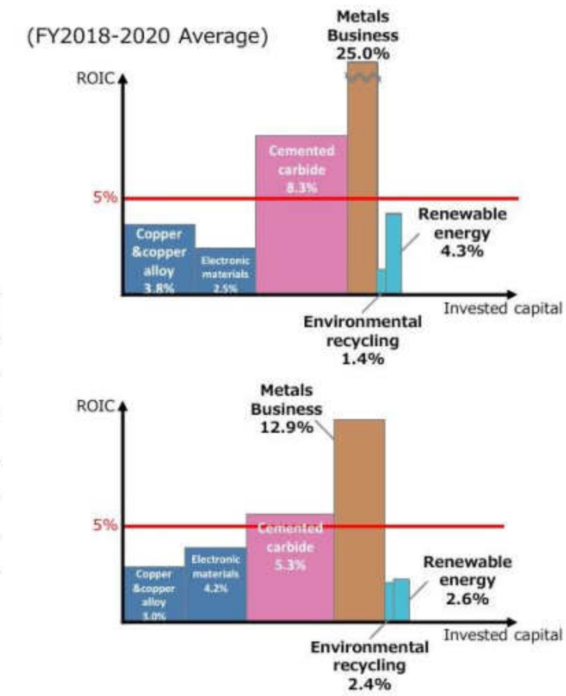
ROIC = NOPAT/ invested capital

NOPAT : (Ordinary profit + interest on funds) x (1-effective tax rate)
Profit before tax includes share of profit/loss of investments accounted for using equity method and dividend income

Invested capital : Excludes amount equivalent to inventories that are risk-free because of price hedging

※1 Calculated by excluding the price of bullion

Changes in ROIC of main businesses in FY2023 Strategy



These are shown by segment. Please take a look at the graph on the right side of the slide. The 5% red line indicates the current WACC of the Group. The top graph shows the average for FY2018-FY2020, and the bottom shows the target for the end of FY2023. Originally, the Company had targeted “to reach the point where many businesses would exceed 5 percent by the end of FY2023,” but due to a slowdown in the speed of the overall improvement, the graph is expected to take the form as shown.

Financial Plan: Numerical Target of (Consolidated) Financial Indicators

Financial Plan: Numerical Target of (Consolidated) Financial Indicators

150th Anniversary

- **During the period of FY2023 Strategy, the Company will solidify our efficiency and profitability, which will be necessary pre-conditions for maintaining a solid growth trajectory.**
- **The Company aims to achieve the original FY2023 Strategy target promptly in or after FY2024.**

Main Business		ROIC		EBITDA/ROA	
		FY2023 Original Target	FY2023 Revised Target	FY2023 Original Target	FY2023 Revised Target
Advanced Products Business	Copper & Copper alloy	4.0%	3.0%	20.0 billion yen	14.0 billion yen
	Electronic materials	6.0%	4.2%	16.0 billion yen	11.0 billion yen
Metalworking Solutions Business	Cemented Carbide	7.0%	5.3%	39.0 billion yen	22.0 billion yen
Metals Business		10.5%	12.9%	6.5%	7.2%
Environment & Energy Business	Environmental Recycling	4.0%	2.4%	6.0%	2.8%
	Renewable energy	4.0%	2.6%	5.5%	3.3%

Here are the numbers. This shows an initial ROIC target and as a supplementary indicator, EBITDA for the Advanced Products and the Metalworking Solutions Business which the Company calls “product-type”, and ROA for the Metals Business and below. This is the current status of the revision of the target value.

Financial Plan: Measures to Improve Financial Indicators

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Financial Plan : Measures to Improve Financial Indicators

150th Anniversary

Business	Short-term improvement measures	Medium- to long-term improvement measures
Copper & copper alloy	· Strengthen customer connections through DX · Sales expansion of in-vehicle related products (to respond to demand recovery) · Improve yields and reduce non-profitable inventory · Full-scale improvement activities through CCC monitoring	· Improve productivity through DX · Further sales expansion of in-vehicle related products · Sales expansion of products for terminals and connectors to capture the increasing demand for data usage · Sales expansion of products in preparation for tighter lead regulations (EcoBrass) · Establish overseas supply system through cooperation with Luvata Group · Increase production of power semiconductors-related products
Electronic materials & components	· Strengthen customer connections through DX · Sales expansion of vehicle-mounted, electronics related products in order to respond to demand recovery · Reduce inventory of non-profitable products, reduce LT (reduce work in process)	· Improve productivity through DX · Sales expansion of semiconductors-related products · Business development based on the positions of business portfolio
Metalworking Solutions	· Improve customer connections, productivity, and quality levels through DX · Reconstruction of production systems to flexibly respond to demand changes · Global expansion of cemented carbide tools recycling process (recovery to renewal) · Streamline global logistics and supply chain	· Advancement of customer connections and solutions through DX (increase sales) · Expand production and sales functions (inc. M&A) · Expand the Advanced metal powder business · Strategic investment in growing markets · Manage demand-supply through DX (reduce work in process)
Metals	· Increase production volume (improve utilization rate of smelters) · Increase margin revenue, reduce fuel costs (improve process rate of E-Scrap) · Expand retail sales of precious metals · Collect loans which was provided to mine-borrowers in order to support their operation	· Promote utilization of recycling data through DX · Increase production volume (improve utilization of smelters) · Increase margin revenue, reduce fuel costs (improve process rate of E-Scrap) · Have a beneficial effect from invested mines (increase share of profits of investments accounted for using equity methods, and loan collections) · Recovery of TC/RC
Environment recycling	· Increase the processing volume of disposed home appliances and other recyclable materials · Secure stable plant operations in the fly ash recycling business and the food waste biogas power generation business · Advance automation, improve productivity through DX, and add value to recovered products	· Improve productivity through DX, and promote the utilization of recycling data · Establish traceable recycling systems · Construct new high-efficient recycling processing plants, and expand the number of plants · Alliance, M&A (car recycling)
Renewable energy	· Secure stable plant operations and discuss expansion of renewable energy business (New geothermal energy power generation, new small hydropower generation) · Improve unit sales price (adding environmental value)	· Expand the number of bases of the Renewable energy business · Increase the number of power generation bases (development, construction, and operations focusing on investment return)

Underlined items are the measures to reduce invested capital

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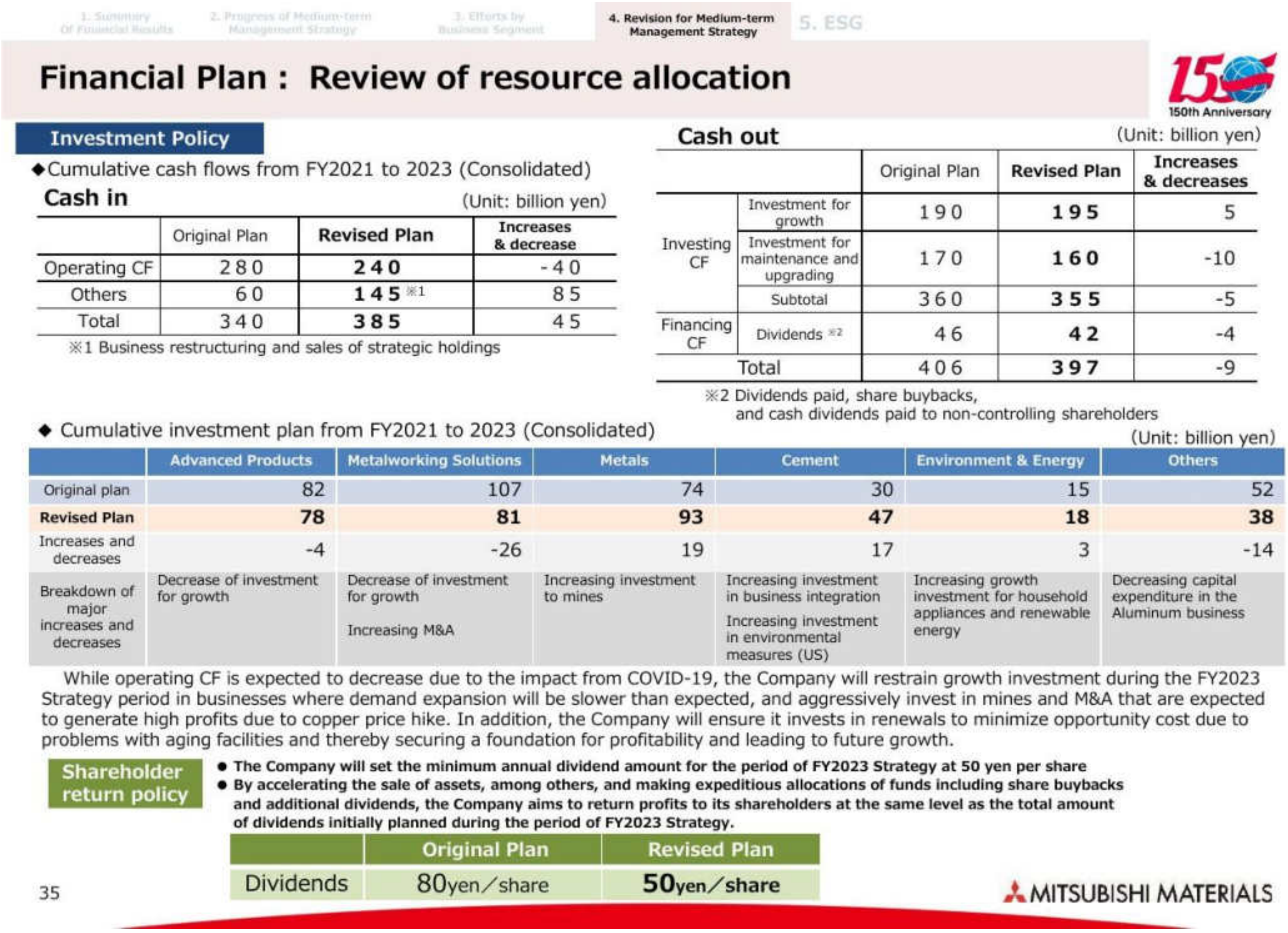
The Company has revised the financial indicators downward, and it shows what kind of improvement measures will be taken in the short term or medium- to long-term. Since it is very detailed, I will skip the explanation for each item.

Broadly speaking, the Company's main goal is to maximize the effects of DX, which the Company is currently promoting, and to organize the Company's assets while keeping ROIC in mind.

Financial plan: Review of resource allocation



1. Summary Of Financial Results | 2. Progress of Medium-term Management Strategy | 3. Efforts by Business Segment | 4. Revision for Medium-term Management Strategy | 5. ESG

Financial Plan : Review of resource allocation

150th Anniversary

Investment Policy

◆Cumulative cash flows from FY2021 to 2023 (Consolidated)

Cash in (Unit: billion yen)

	Original Plan	Revised Plan	Increases & decrease
Operating CF	280	**240**	-40
Others	60	**145** ※1	85
Total	340	**385**	45

※1 Business restructuring and sales of strategic holdings

Cash out (Unit: billion yen)

		Original Plan	Revised Plan	Increases & decreases
Investing CF	Investment for growth	190	**195**	5
	Investment for maintenance and upgrading	170	**160**	-10
	Subtotal	360	**355**	-5
Financing CF	Dividends ※2	46	**42**	-4
Total		406	**397**	-9

※2 Dividends paid, share buybacks, and cash dividends paid to non-controlling shareholders

◆ Cumulative investment plan from FY2021 to 2023 (Consolidated) (Unit: billion yen)

	Advanced Products	Metalworking Solutions	Metals	Cement	Environment & Energy	Others
Original plan	82	107	74	30	15	52
Revised Plan	**78**	**81**	**93**	**47**	**18**	**38**
Increases and decreases	-4	-26	19	17	3	-14
Breakdown of major increases and decreases	Decrease of investment for growth	Decrease of investment for growth Increasing M&A	Increasing investment to mines	Increasing investment in business integration Increasing investment in environmental measures (US)	Increasing growth investment for household appliances and renewable energy	Decreasing capital expenditure in the Aluminum business

While operating CF is expected to decrease due to the impact from 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 it invests in renewals to minimize opportunity cost due to problems with aging facilities and thereby securing a foundation for profitability and leading to future growth.

Shareholder return policy

- **The Company will set the minimum annual dividend amount for the period of FY2023 Strategy at 50 yen per share**
- **By accelerating the sale of assets, among others, and making expeditious allocations 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.**

	Original Plan	Revised Plan
Dividends	80yen／share	**50yen／share**

MITSUBISHI MATERIALS

This is the review of resource allocation.

The upper part of the slide is the investment policy. Regarding the cash-inflow situation, I regret to say that the Company had to revise operating cash flows forecast downward. On the other hand, the significant increase in others areas is due to the prospect of temporary cash inflows such as business restructuring and sales of strategic holdings.

In terms of cash outflows, the Company has not made any major changes except for a change in the contents of investment for growth. In addition, investment in maintenance and upgrading is not significantly reduced, as loosening it here could lead to trouble with aging facilities. The outlook for dividends, etc. is determined in relation to the shareholder return policy.

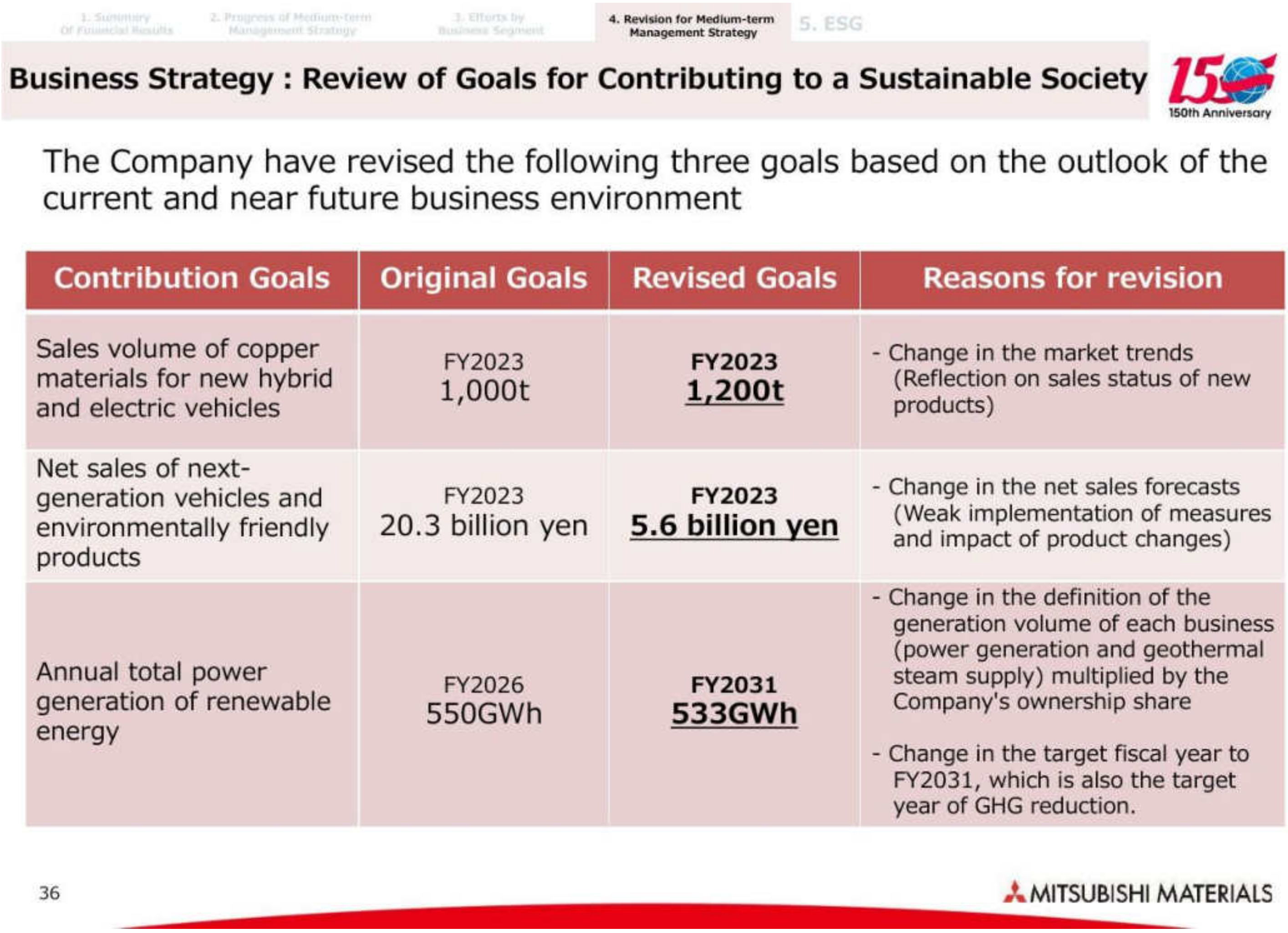
The investment plan for each business sector is shown in the middle of the slide. There are some businesses that their plans have changed significantly after the review. The investment amount for the Metalworking Solutions Business and the Advanced Products is reduced because the timing of some growth investments has been pushed back. In the Metals Business, mining investment has been brought forward, partly due to the fact that copper prices have remained high. This is the overview.

The bottom of the slide shows the Company's shareholder return policy. As I explained in the cash flow section, given that cash flows from operations will be lower than initially expected, the Company would like to temporarily set a minimum annual cash dividend of 50 yen as it is the level that we can maintain dividend stably.

On the other hand, as the Company expects temporary cash inflows from the sale of assets, etc., the Company will flexibly return the equivalent portion to shareholders through share buybacks or additional dividends.

In terms of the total amount of shareholder returns during the period of FY2023 Strategy, the Company aims for the equivalent of three years of the originally projected 80 yen per share.

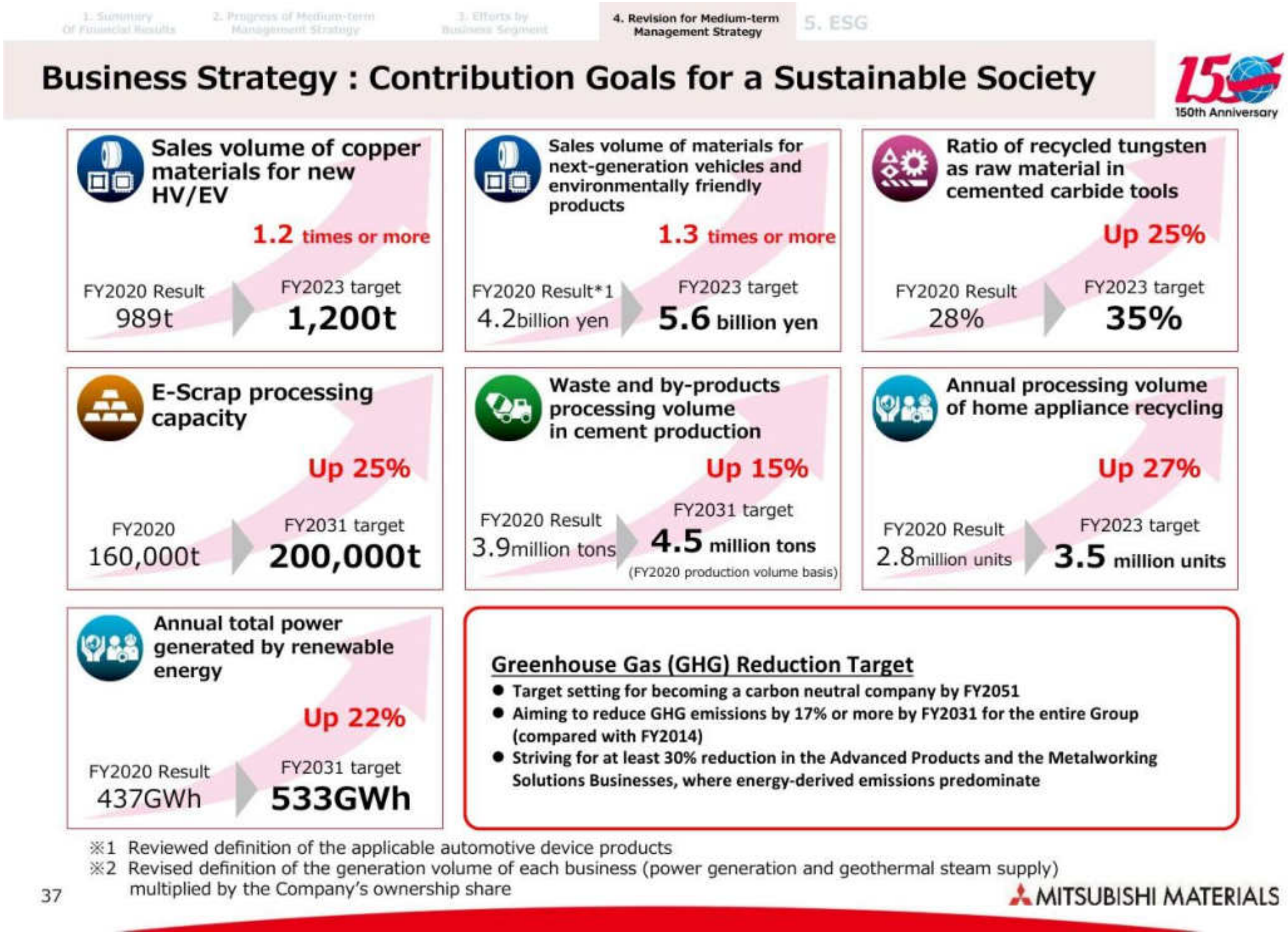
Business Strategy: Review of Goals for Contributing to a Sustainable Society



Contribution Goals	Original Goals	Revised Goals	Reasons for revision
Sales volume of copper materials for new hybrid and electric vehicles	FY2023 1,000t	**FY2023 1,200t**	- Change in the market trends (Reflection on sales status of new products)
Net sales of next-generation vehicles and environmentally friendly products	FY2023 20.3 billion yen	**FY2023 5.6 billion yen**	- Change in the net sales forecasts (Weak implementation of measures and impact of product changes)
Annual total power generation of renewable energy	FY2026 550GWh	**FY2031 533GWh**	- Change in the definition of the generation volume of each business (power generation and geothermal steam supply) multiplied by the Company's ownership share - Change in the target fiscal year to FY2031, which is also the target year of GHG reduction.

The Company has changed a part of the contribution goals in light of the current situation.

Business Strategy: Contribution Goals for a Sustainable Society



This is also based on the current situation. As seen at the bottom right of the slide, as it was mentioned at the ESG briefing in March 2021, the Company is aiming to achieve carbon neutrality by 2050, and in order to reach this goal, the Company set a target to reduce 17% or more carbon emissions by 2030.

ESG Effort (Topics for FY2021）

ESG Effort (Topics for FY2021)

150th Anniversary

Environment

- **Response to climate change**
  - ・Setting the targets of Greenhouse Gas (GHG) emission reduction
    (The Company aims to be carbon-neutral by FY2051 and reduce carbon emissions by 17% or more by FY2031)
  - ・Setting targets for the percentage of renewable energy used and for power generation
    (At least 20% increase in usage compared with FY2031 and power generation target of 533GWh)
  - ・Disclosure of the results of scenario analysis
  - ・CCU* Starting Carbon Capture Utilization (synthesis of methanol, etc) technological development verification test
  - ・PPA* Beginning operation of solar power energy generation facilities using power purchase agreement model
    (promote electric power procurement from renewable energy)
  - ・Participation in "Challenge Zero" of Japan Business Federation (Keidanren)
- **Expansion of renewable energy business**
  - ・Started new small hydropower survey and exploration in addition to survey of new geothermal sites
- **Pursuing a recycling-based business model**
  - ・Starting the operation of a food waste biogas power-generation plan
  - ・Investment to Masan High-Tech Materials Corporation
    (starting discussion about collaboration on expansion of tungsten recycling)
- **Effort to reduce environmental load**
  - ・Developed "GloBrass" which is the next-generation lead-free cutting brass

Social

- ・Creation of new labor environment resulting from COVID-19 crisis
  (Positioning and optimization of the head office as the communication hub)
- ・Offering "CLEANBRIGHT®", which is a discoloration-resistant copper alloy with bacteria-resistant and virus-resistant properties (ballpoint pens and mechanical pencils)

Governance

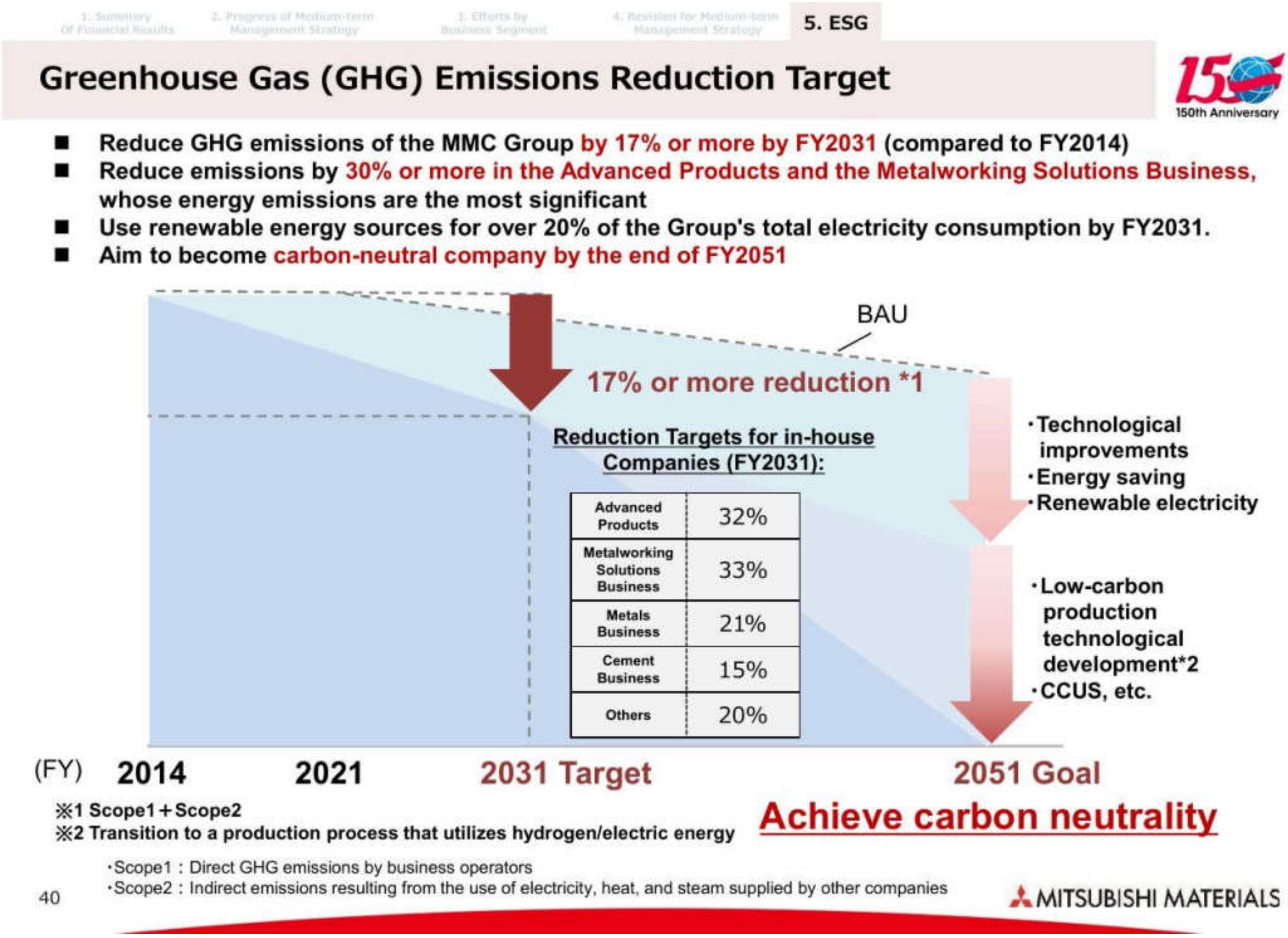
- ・Strengthening group governance system
- ・Increase the ratio of external directors from six among 11 during FY2020 to six among ten during FY2021
- ・Review of executive remuneration system
- ・Reducing strategic holdings of stocks (the total sales proceeds during FY2021 were approximately 62.4 billion yen, equivalent to approximately 54% of amount recorded on the balance sheet as of the previous fiscal year end)

*CCU : Carbon Capture and Utilization
*PPA : Power Purchase Agreement

MITSUBISHI MATERIALS

This is about ESG initiatives. It will be similar to what I explained last time, and due to the time constraints, I will skip this part.

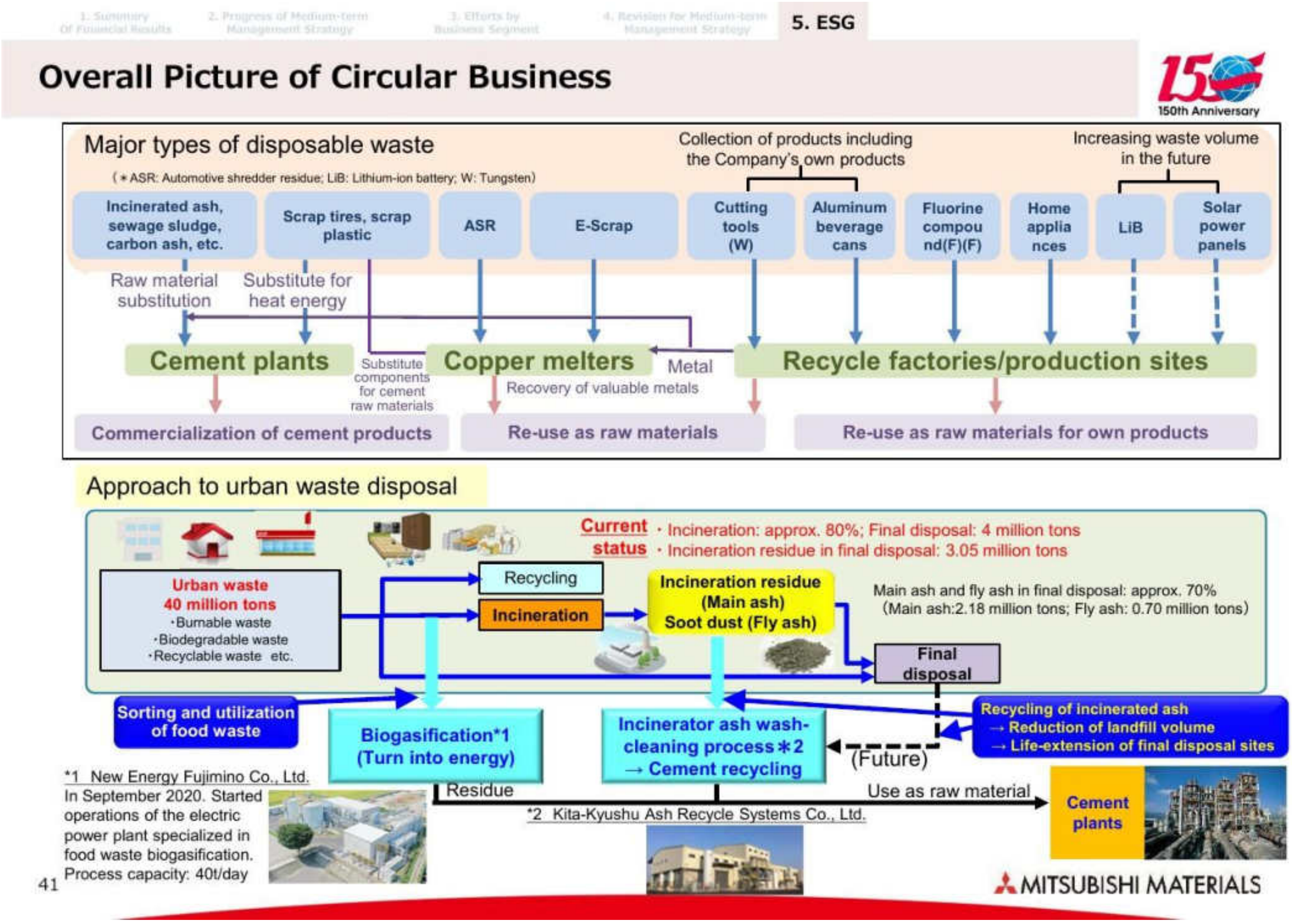
Greenhouse Gas (GHG) Emissions Reduction Target



You may have the impression that the reduction of 17% or more until FY2031 is quite small, but please refer to the reduction target by business division in the center of the slide. Among the Advanced Products, the Metalworking Solutions Business, the Metals Business, the Cement Business and the Other Businesses, the Company is aiming for 30% or more reduction in the Advanced Products and the Metalworking Solutions Business by actively using renewable energy.

On the other hand, the Cement Business is energy-intensive and raw material-intensives, so the reduction target rate is set at 15%. These results in a target of “17% or higher.”

Overall Picture of Circular Business



This slide summarizes the circular business. In the upper box, the pink box shows the main wastes that the Company handles, including those from other industries and the Company's own.

The light blue box in the middle shows where the Company processes within the Company's sites, such as the cement plants, copper smelting, or recycling factories, including home appliance recycling.

Below is a diagram of what the final product will look like. Various measures can be taken such as those that become cement products, those that are taken out as raw materials and reused, or those that are used as raw materials for the Company's own products.

The bottom half of the slide is about the approach to urban waste. The Company believes that the problem of urban waste is a big issue in the future and in the long term, since incineration is currently the main treatment method, and it shows what kind of contribution measures the Company can take.

Broadly speaking, one is to recycle incineration ash, which is used as a secondary raw material for cement after a certain treatment.

Regarding the food waste, it can be used as an energy source by biogasification, and the residue can be used as a raw material at the cement plant, so the Group can avoid producing secondary waste.

Recycling Business Operated by the Group (1)

Recycling Business Operated by the Group

150th Anniversary

Recycling of tungsten (Metalworking Solutions Business)

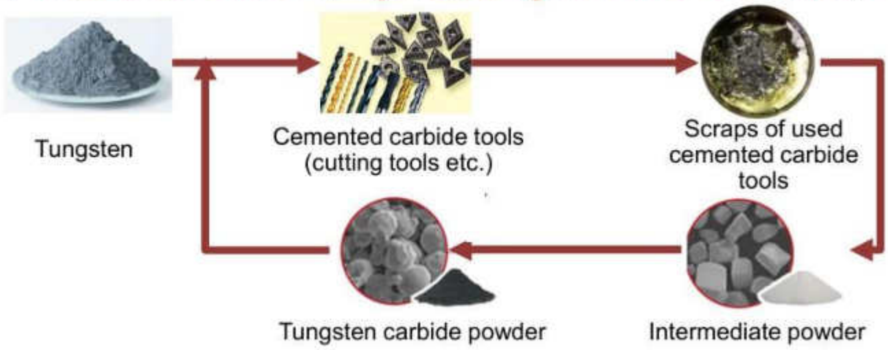
■ Target (FY2023)

Ratio of recycled tungsten included in raw materials: 35% (FY2020 result: 28.3%)

■ Initiatives

- It is imperative to increase the recycling ratio in order to secure the steady procurement of tungsten. Promote recycling by converting used cemented carbide tools into raw materials
- Investments in Masan High-Tech Materials (Vietnam), discussed collaboration in recycling business

■ Process to convert recycled tungsten into raw materials



MITSUBISHI MATERIALS

This slide shows the recycling of tungsten.

Recycling Business Operated by the Group (2)

Recycling Business Operated by the Group

150th Anniversary

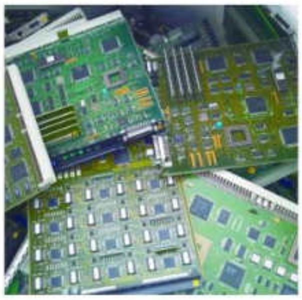
Recycling of E-Scrap (Metals Business)

■ **Target (FY2031)**

Processing capacity of E-Scrap: 200,000 tons/year
(FY2020 actual processing capacity: 160,000 tons/year)

■ **Initiatives**

- Collect E-scrap, such as electric boards and connecters collected from discarded home appliances, from around the world. (FY2020 result: collection from 47 countries)
- The Group's smelters efficiently recycle valuable metals such as copper, gold, silver, platinum, palladium, lead, tin, etc., included in the E-scrap (material grid).



E-Scrap (Electronic substrate)

MITSUBISHI MATERIALS

This slide shows the recycling of E-Scrap. Please take a look at this page for reference.

That is all from me today. Thank you for listening.

Q&A : Investment risk in copper mining business

Q : There is a movement of resource nationalism in Chile and Peru, and I have the impression that it will be a certain risk on investment in copper mines. Also, there is a risk that profitability will decline as progressive taxation and nationalization progresses, including at Antofagasta's Los Pelambres copper mine. Within the Company, what kind of discussions are being made in terms of risk management?

A : The Company is fully aware that the local government have announced various policies. The other day, I had a video call with the CEO of a Chilean investee, and I believe that they are resource-rich countries, things will ultimately be decided from the perspective of "national interests." In both Chile and Peru, there will naturally be conflicts between the government and the copper industry, but the Company believes that they will reach an agreement at some point. Such movements are beyond our reach, but the Company believes that the only way to tackle them is to improve communication with our investees.

I mentioned that we will proceed with investment in copper mines, but we will make our final decision based on such circumstances. This is the reason why the Company upgraded our Chilean office as a legal personality in the previous fiscal year and put in place a system that allows us to move flexibly.

Q : I heard that there is lots of opposition from the counterparties and within Chile, and that the consensus is that it will not go that radical direction. Does the Company have information over the situation of other companies such as CODELCO?

A: The Company cannot comment on other companies, but of course, from the standpoint of industry, it will not be easy to accept what the government has put forth.

Q&A : Earnings forecast

Q: The Company has revised the earnings forecast downward this time, and it looks lackluster compared with the earnings level of a while ago. Although it would be difficult to make comparisons because of the change in the segments, are they because of factors such as an increase in the upfront investment burden in the Cemented carbide products business and the Copper & copper alloy business? Please explain whether the Company is at a turning point or being conservative because of the external environment.

A: The forecast for the Copper & copper alloy business incorporates some concerns such as production cutbacks due to the shortage of semiconductors in the automotive industry and the lack of visibility regarding when the COVID-19 will subside. The Company is expecting about 30.0 billion yen of the capital expenditure for increasing production of this business over the next six years. At the same time, there will be a burden of capital expenditure in facilities that are fairly old.

The Cemented carbide products business and the Metalworking Solutions Business fell sharply in the previous fiscal year, and we had to curtail our investments and postponed the timing of investments accordingly, but now that we are on a rapid recovery trend, we need to take a close look at whether our response is sufficient.

Q: Is it correct to say that you took a cautious look at the market as a whole, rather than saying that competitive environmental factors are making it difficult to generate profits?

A: Please understand that there are no special factors but that the Company's view of the market and internal operational management have led to this forecast.

Q&A : Operating profit target for FY2023

Q: The operating profit is expected to be 29.0 billion yen for FY2023, assuming similar business environment as in FY2020, when the operating profit was about 25.7 billion yen excluding the Cement Business. Considering the improvement of profitability in the Aluminum business and the transfer of the Sintered parts business, I got the impression that FY2023 won't see much growth. How did you arrive at that forecast?

A: The Cement Business will be converted to an equity-method affiliate from FY2023, so it will not be included in operating profit, and that accounts for over 10.0 billion yen. The operating profit for FY2020 was 37.9 billion yen. You can assume that operating profit for other businesses as being on a par with FY2020. Ordinary income will be affected by transactions of the Cement Business and other non-operating factors, but operating income will not be affected by these factors.

Q&A : Press reports on PTS

Q: We got various information such as expansion plans and investment amounts from PTS partners. What kind of policy does the Company have for this?

A: The Company is aware of the various reports, but what we do in just continue the operation properly as before. Until now, operations were unstable due to troubles, etc., but now the operations are stable, and the Company will continue to operate PTS properly.

Q&A : FY2023 profit level

Q: In FY2020, the Aluminum business recorded a loss of 3.0 billion yen, and the Sintered parts business also reported a loss. If you assume that you will be withdrawing from the Aluminum business, I believe you will be able to generate more profit, but will the profit level of existing businesses decline to that extent?

A: The Sintered parts business is the one excluded from the scope of FY2023 plan. Other than that, the Company has not made a decision yet, so it's difficult to incorporate it. The results of the Medium-term Management Strategy, which has been underway for one year, form the basis for the current forecast.

Q&A : Discussion at the Board of Directors regarding the review of the Medium-term Management Strategy

Q: Please tell us what kind of discussions did the Board of Directors' meeting have regarding the review of the Medium-term Management Strategy. In particular, what were some of the points raised, including by outside directors, regarding lowering the minimum dividend and profit forecast at this time?

A: Regarding the shareholder returns, directors have raised opinions from a various standpoint. Opinions ranged from, "We should not lower the dividend from 80 yen per share" to "We should make it a more realistic figure based on the profit level during the Medium-term Management Strategy." However, this time, we have decided to lower the cash dividend to 50 yen per share.

On the other hand, we understand that since one-time income is expected, returning to shareholder by way of share buybacks or additional dividends based on one-time cash inflow other than cash dividends based on operating cash flow are also appropriate.

Q: Will there be no additional share buybacks or additional dividends if the one-time income or cash inflows are not expected?

A: At this point, the Company is aiming for the same level of dividend as the initial forecasted total dividend, assuming that a certain amount of cash inflow is expected. It is difficult to answer the hypothetical question, "What would be the case without it?," please understand that the management is confident that we will have the one-time cash inflow, which is the reason for this revised shareholder return policy.

Q&A : Self-help efforts against the impact of COVID-19

Q: The Company reviewed the Medium-term Management Strategy to reflect the influence of COVID-19, but what kind of self-help efforts did the Company make?

A: In the earnings announcement for the first quarter of last fiscal year, the Company announced the measures to improve profitability. We have voluntarily returned remuneration, including that of the management team, reduced personnel costs to a certain extent, drastically reduced expenses, and revised the capital expenditure plan, although only partially as a result. In addition, as a fiscal policy, the Company took various measures such as maintaining a large amount of cash on hand and raising funds through the hybrid loans.

The net income, or the bottom line of 24.4 billion yen for the last fiscal year is the result of the contribution of these efforts.

Q&A : Business-specific investment plan for the Medium-term Management Strategy reviewed this time

Q: I understand that the investment cash flow has not changed much from the previous forecast, and although the Copper & copper alloy business will spend about 30.0 billion yen over six years, there will be a delay. If there are any other changes due to changes in the business structure over the medium to long term, please explain them by segment.

A: Regarding the investment plan for each business, the Advanced Products will use about 30.0 billion yen over six years, and the overall investment plan remains the same. However, we adjust the timing of start-up construction work based on conversations with customers. Investment at the Sakai Plant, which produces copper molds upstream, has started, and the Company is also moving forward with the plans for start-up construction work on downstream the Rolling and extrusion business.

In the Metalworking Solutions Business, both in Japan and overseas, has been negatively affected by the postponement of the start-up work which clearly expected to improve production due to the impact of COVID-19. In addition, the increase in M&A, such as investment in Masan High-Tech Corporation, has had a positive and negative impact.

In the Metals Business, we will continue to invest in smelting as planned, but the amount of mine investment reflects the fact that we may be at a stage where we reconsider our involvement in mining projects that are in progress to some extent.

The Cement Business will require investment to build a system for integration.

Q&A : Time frame for measures to improve profit structural for the target businesses

Q: With regards to the optimization of the business portfolio, polycrystalline silicon and electronic devices in the Electronic materials & components business and the Aluminum business are positioned as businesses that have low growth potential and profitability (ROIC). Until when do you plan to improve the profit structure? Also, I understand that the Company is considering withdrawing from the business, but please explain the timeline of profit improvement measures for these struggling businesses.

A: It is difficult to tell you an exact timeline, but the management team is basically looking to move forward during the Medium-term Management Strategy. The timeframe will be determined in relation to future market trends and the progress of profit structural reforms within the Company.

Q&A : Consistency between the Medium-term Management Strategy's review and strategy

Q: The Company is reviewing the business in line with the portfolio strategy, but I don't understand if it is consistent. For example, looking at the graph on page 32, the ROIC for the Copper & copper alloy business is in the range of 3 to 4%, both as a historical average and as a target for the end of FY2023. Will the ROIC target be achieved with a portfolio that includes considering of large-scale investments?

The Metals Business, although it depends on market conditions, but the graph shows that the ROIC for cemented carbide tools exceeds 5%. On the other hand, in the situation where the Company is curtailing investment due to the business environment, it is difficult to see whether the portfolio reorganization is consistent with the direction in which the Company wants to take in the future.

If you set the time frame to 2022, I have the impression that the phrase "this is the direction we want to take in the medium to long term" becomes an excuse. Could you explain your thoughts on what you are committed to?

A: This is only a review for the three-year period in the FY2023 Strategy, and the Company recognizes that it is necessary to show when we can reach the initial targeted goal through FY2023 in case we cannot achieve until the end of FY2023. We have been discussing such matters internally. But to be honest, we are not confident to mention the timing at this point.

Our Medium-term Management Strategy has always come in three-year units, but I will explain it when we can have clearer visibility for the next Medium-term Management Strategy or next fiscal year.

Q&A : Consistency between CO2 reduction and investment for growth

Q: It is not clear to me whether the CO2 reduction efforts, for example, the reduction targets for each in-house company are consistent with the capacity enhancement plan. I understand that it is not easy to reduce CO2 emissions while increasing production, but how can we interpret the link between carbon neutral strategies and investment in increased production for growth strategies?

A: For example, in the Copper & copper alloy business, we are setting the reduction targets based on the capacity expansion. It is difficult to determine the outlook for demand in the Metalworking Solutions Business, but we basically believe that “what increases will increase (if there is demand).”

In both the Advanced Products and the Metalworking Solutions Business, the first key point is to increase the utilization rate of renewable energy. Although it depends on what the renewable energy market will be like, I believe we can make progress in reducing emissions to a certain degree.

Energy saving is along the line of our efforts so far until at least 2030, and the reduction plan incorporates what can be seen to some extent at this point.