

[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, 2021 through March 31, 2022)

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 profit and ordinary profit increased due to steady metal prices and remained strong demand for semiconductors and automobiles, despite a decline in domestic demand for cement.】

For the fiscal year ended March 31, 2022 (hereinafter referred to as "FY2022"), the global economy continued to recover gradually in China and the U.S. from the economic downturn caused by the global spread of COVID-19, and showed signs of picking up in Europe, Thailand, and Indonesia.

The Japanese economy during the same period, continued to pick up in exports and industrial production, despite the lingering impact of COVID-19.

In the business environment surrounding the Group, in addition to the steady growth of metal prices, demand for semiconductors and automotive-related products also remained strong. On the other hand, 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.

Consequently, consolidated net sales for this consolidated fiscal year totaled ¥1,811,759 million, increased by 22.0% year-on-year. Consolidated operating profit increased by 98.4% year-on-year to ¥52,708 million, and consolidated ordinary profit increased by 70.9% year-on-year to ¥76,080 million. Also, the Company recorded the extraordinary loss of ¥25,116 million as losses on business restructuring and the extraordinary income of ¥34,671 million as gain on sales of investment securities, respectively. As a result, profit attributable to owners of parent totaled ¥45,015 million (84.4% increase year-on-year).

On a non-consolidated basis, the Company posted net sales of ¥1,144,592 million (31.9% increase year-on-year), an operating profit of ¥6,668 million (the operating loss was ¥4,822 million for the previous fiscal year), an ordinary profit of ¥25,687 million (69.0% increase year-on-year), and profit of ¥29,797 million (40.2% increase year-on-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.

Due to the impact of the COVID-19, cash flows from operations and net profit adjusted for special factors such as asset sales during the period of Medium-Term Management Strategy (hereinafter referred to as "FY2023 Strategy") for the period from FY2021 to FY2023 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, set the minimum amount of dividends per share during the period of the FY2023 Strategy at ¥50 (before change: ¥80 per share) based on the level of cash flows from operations that the Company has assumed can be generated on a stable basis. Furthermore, 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 the FY2023 Strategy.

Based on this policy, the Company declared a year-end dividend of ¥50 (an ordinary dividend of ¥35 and a special dividend of ¥15) by resolution of the Board of Directors meeting held on May 13, 2022, which, together with the interim dividend of ¥40 (an ordinary dividend of ¥25 and a special dividend of ¥15), resulted in a dividend of ¥90 per share (an ordinary dividend of ¥60 and a special dividend of ¥30; ¥50 for the previous fiscal year) for the current fiscal year.

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

●Advanced Products

【In the Copper & copper alloy products business, operating profit increased as sales increased mainly in products for automotive industry. In the Electronic materials & components business, operating profit increased as sales increased mainly in semiconductor-related products.】

In the Copper & copper alloy products business, both sales and profit increased as sales increased mainly in products for the automotive industry.

In the Electronic materials & components business, although sales increased mainly in semiconductor-related products, net sales decreased due to the application of the "Accounting Standard for Revenue Recognition" and other regulations. As a result, net sales decreased but operating profit increased.

Consequently, net sales and operating profit for the entire Advanced Products Business increased compared with the previous fiscal year. Ordinary profit increased due to the increase in operating profit.

As a result, net sales for the entire Advanced Products amounted to ¥485,939 million, increased by 36.1% year-on-year. Operating profit increased by 408.2% year-on-year to ¥14,736 million and ordinary profit increased by 173.4% year-on-year to ¥16,931 million.

●Metalworking Solutions Business

【Operating profit increased due to increased demand for cemented carbide products in Japan and major overseas countries, as well as the impact of the removal from the scope of consolidation of Diamet Corporation, etc., which had continued to incur operating losses.】

Both net sales and operating profit increased mainly due to increased demand for mainstay cemented carbide products in Japan and major overseas countries, as well as the impact of the removal from the scope of consolidation of Diamet Corporation and its three subsidiaries in December 2020, which had continued to incur operating losses.

Consequently, net sales and operating profit for the entire Metalworking Solutions Business increased compared with the previous fiscal year. Ordinary profit increased due to the increase in operating profit.

As a result, net sales for the entire Metalworking Solutions Business amounted to ¥132,611 million, increased by 11.1% year-on-year. Operating profit was ¥14,113 million (the operating loss was ¥1,188 million for the previous fiscal year), and ordinary profit was ¥14,522 million (the ordinary loss was ¥768 million for the previous fiscal year).

●Metals Business

【In the Copper business, operating profit increased due to higher production volume and higher copper prices. In the gold and other valuable metals business, operating profit decreased mainly due to decreased palladium sales.】

In the Copper business, both net sales and operating profit increased due to higher production volume and higher copper prices compared with the previous fiscal year.

The Gold and other valuable metals business posted higher net sales but lower operating profits, mainly due to decreased palladium sales, which offset a rise in the price of palladium.

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 dividend income in addition to the increase in operating profit.

As a result, net sales for the entire Metals Business amounted to ¥997,171 million, increased by 36.9% year-on-year. Operating profit increased by 33.8% year-on-year to ¥25,268 million and ordinary profit increased by 52.5% year-on-year to ¥50,230 million.

●Cement Business

【In Japan, operating profit decreased due to lower sales volume and increased energy costs. In the overseas markets, despite lower sales volumes of ready-mixed concrete and cement in the U.S., operating profit increased due to the sales price of coal increased in the Australian coal business.】

In Japan, although redevelopment work resumed in the Tokyo metropolitan area, demand for disaster restoration works in the Tohoku and Chugoku regions declined, and the application of the "Accounting Standard for Revenue Recognition" and other regulations resulted in lower sales. In addition, energy costs increased. As a result, both net sales and operating profit decreased.

As for the overseas markets, although sales prices of ready-mixed concrete increased in the U.S., sales volumes of ready-mixed concrete and cement decreased due to driver shortages caused by tight supply and demand in the labor market, and operating costs, including transportation costs and electricity costs, increased. In addition, the sales price of coal increased in the Australian coal business. As a result, both net sales and operating profit increased.

Consequently, net sales and operating profit of the entire Cement Business decreased compared with the previous fiscal year. Ordinary profit decreased due to lower operating profit and the decrease in share of profit of entities accounted for using equity method.

As a result, net sales for the entire Cement Business amounted to ¥209,830 million, decreased by 2.8% year-on-year. Operating profit decreased by 50.9% year-on-year to ¥3,267 million and ordinary profit decreased by 98.3% year-on-year to ¥108 million.

●Environment & Energy Business

【In the Energy-related business, operating profit increased mainly due to an increase in profitable contracted work in the nuclear-energy-related services. In the Environmental recycling business, operating profit increased due to higher unit prices for the sale of valuable materials.】

In the Energy-related business, net sales were in line with the previous fiscal year, but operating profit increased due to an increase in profitable contracted work in the nuclear-energy-related services.

In the Environmental recycling business, both net sales and operating profit increased due to higher unit prices for the sale of valuable materials.

In addition to the above, due to the impact of the removal of Dia Consultants Co., Ltd., from the scope of consolidation in July 2021 and other factors, overall net sales for the entire Environment & Energy Business decreased compared with the previous fiscal year, while operating profit increased. Ordinary profit increased due to higher operating profit and the increase in share of profit of entities accounted for using equity method.

As a result, net sales for the entire Environment & Energy Business amounted to ¥17,871 million, decreased by 31.9% year-on-year. Operating profit increased by 25.3% year-on-year to ¥2,241 million and ordinary profit increased by 24.8% year-on-year to ¥3,894 million.

●Other Businesses

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

In the Aluminum beverage cans business, despite an increase in sales of bottled cans, both net sales and operating profit declined due to a decrease in sales of regular cans and an increase in raw material costs.

In the Aluminum rolled and processed products business, net sales decreased due to the application of the "Accounting Standard for Revenue Recognition" and other regulations, despite increased sales mainly of products for the automotive industry and cost reduction effects. As a result, net sales decreased but operating profit increased.

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

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

As a result, net sales for the Other Businesses amounted to ¥253,645 million, decreased by 4.9% year-on-year. Operating profit decreased by 16.9% year-on-year to ¥7,356 million and ordinary profit decreased by 30.1% year-on-year to ¥6,549 million.

Net sales, operating profit (loss), and ordinary profit (loss) on a consolidated basis by the business segments for FY2022 are as follows:

| Business Segments | Item | The 96th Fiscal Year (From April 1, 2020 to March 31, 2021) | | The 97th Fiscal Year (From April 1, 2021 to March 31, 2022) | | YoY Change (%) |
|---|------------------|---|----------------------------|---|----------------------------|-------------------|
| | | Amount (Million yen) | Percentage of Total (%) | Amount (Million yen) | Percentage of Total (%) | |
| Advanced Products | Net sales | 357,118 | 24.0 | 485,939 | 26.8 | 36.1 |
| | Operating profit | 2,899 | 10.9 | 14,736 | 28.0 | 408.2 |
| | Ordinary profit | 6,191 | 13.9 | 16,931 | 22.3 | 173.4 |
| Metalworking Solutions | Net sales | 119,393 | 8.0 | 132,611 | 7.3 | 11.1 |
| | Operating profit | (1,188) | (4.5) | 14,113 | 26.8 | — |
| | Ordinary profit | (768) | (1.7) | 14,522 | 19.1 | — |
| Metals | Net sales | 728,290 | 49.0 | 997,171 | 55.0 | 36.9 |
| | Operating profit | 18,879 | 71.1 | 25,268 | 47.9 | 33.8 |
| | Ordinary profit | 32,928 | 74.0 | 50,230 | 66.0 | 52.5 |
| Cement | Net sales | 215,843 | 14.5 | 209,830 | 11.6 | (2.8) |
| | Operating profit | 6,648 | 25.0 | 3,267 | 6.2 | (50.9) |
| | Ordinary profit | 6,182 | 13.9 | 108 | 0.1 | (98.3) |
| Environment & Energy | Net sales | 26,231 | 1.8 | 17,871 | 1.0 | (31.9) |
| | Operating profit | 1,789 | 6.7 | 2,241 | 4.3 | 25.3 |
| | Ordinary profit | 3,121 | 7.0 | 3,894 | 5.1 | 24.8 |
| Other | Net sales | 266,728 | 18.0 | 253,645 | 14.0 | (4.9) |
| | Operating profit | 8,850 | 33.3 | 7,356 | 14.0 | (16.9) |
| | Ordinary profit | 9,370 | 21.0 | 6,549 | 8.6 | (30.1) |
| Elimination and corporate ^{*1} | Net sales | (228,484) | (15.4) | (285,309) | (15.7) | 24.9 |
| | Operating profit | (11,310) | (42.6) | (14,275) | (27.1) | 26.2 |
| | Ordinary profit | (12,498) | (28.1) | (16,156) | (21.2) | 29.3 |
| Total | Net sales | 1,485,121 | 100.0 | 1,811,759 | 100.0 | 22.0 |
| | Operating profit | 26,567 | 100.0 | 52,708 | 100.0 | 98.4 |
| | Ordinary profit | 44,527 | 100.0 | 76,080 | 100.0 | 70.9 |

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

Note 2. The Company adopts "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others from the beginning of the 97th fiscal year, and the figures for the 97th fiscal year are after the application of the said accounting standard and others.

(2) Status of Financing of the Group

During FY2022, in addition to the issuance of straight bonds payable (¥40 billion) at the Company, the Group raised funds primarily through the issuance of commercial papers and bank loans. The balance of interest-bearing debt at the end of FY2022 decreased by ¥20,772 million from the end of the previous fiscal year to ¥608,709 million.

(3) Capital Expenditures of the Group

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

The total capital expenditure for FY2022 was ¥81,450 million, as a result of maintenance and repair work on existing facilities in each business, as well as the expansion and rationalization of production facilities. Capital expenditures for each business segment for FY2022 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, etc. to strengthen the production facilities mainly in the Copper & copper alloy products business.

Capital expenditures in this business segment amounted to ¥20,648 million.

- **Metalworking Solutions Business**

The Group carried out facility expansion and rationalization work to respond to 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 ¥9,180 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 ¥15,322 million.

- **Cement Business**

At the Kyushu Plant (Kanda area), the Company installed bag filters for kiln exhaust gas treatment facilities and recycled oil receiving and feeding facilities. In addition, at the Kyushu Plant (Kurosaki area), the Company installed a CO2 separation and recovery test facility and a methanation test facility for demonstration research on CO2 reduction. 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 ¥18,555 million.

- **Environment & Energy Business**

In the Environment & Energy Business, in addition to the construction of a new Komatagawa Hydroelectric Power Plant, the Company conducted maintenance and repair work on existing facilities.

Capital expenditures in this business segment amounted to ¥3,795 million.

- **Other Businesses**

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

Capital expenditures in the Other Businesses segment amounted to ¥13,949 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 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) | The 97th Fiscal Year (From April 1, 2021 to March 31, 2022) |
|---|---------------|---|---|---|---|
| Net sales | (Million yen) | 1,662,990 | 1,516,100 | 1,485,121 | 1,811,759 |
| Operating profit | (Million yen) | 36,861 | 37,952 | 26,567 | 52,708 |
| Ordinary profit | (Million yen) | 50,679 | 49,610 | 44,527 | 76,080 |
| Profit (loss) attributable to parent shareholders | (Million yen) | 1,298 | (72,850) | 24,407 | 45,015 |
| Profit (loss) per share | (Yen) | 9.92 | (556.34) | 186.71 | 344.56 |
| Net assets | (Million yen) | 723,337 | 586,034 | 614,394 | 655,752 |
| Net assets per share | (Yen) | 4,838.31 | 3,870.35 | 4,173.14 | 4,476.52 |
| Total assets | (Million yen) | 1,938,270 | 1,904,050 | 2,035,546 | 2,125,032 |

Note. The Company adopts "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others from the beginning of the 97th fiscal year, and the figures for the 97th fiscal year are after the application of the said accounting standard and others.

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

| | | 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) | The 97th Fiscal Year (From April 1, 2021 to March 31, 2022) |
|-------------------------|---------------|---|---|---|---|
| Net sales | (Million yen) | 852,820 | 802,655 | 868,053 | 1,144,592 |
| Operating profit (loss) | (Million yen) | (10,949) | (645) | (4,822) | 6,668 |
| Ordinary profit | (Million yen) | 5,169 | 17,233 | 15,199 | 25,687 |
| Profit (loss) | (Million yen) | (13,568) | (49,929) | 21,260 | 29,797 |
| Profit (loss) per share | (Yen) | (103.61) | (381.29) | 162.64 | 228.07 |
| Net assets | (Million yen) | 463,862 | 378,690 | 413,096 | 414,016 |
| Net assets per share | (Yen) | 3,542.19 | 2,892.05 | 3,161.73 | 3,169.06 |
| Total assets | (Million yen) | 1,269,756 | 1,281,542 | 1,490,704 | 1,573,837 |

Note. The Company adopts "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others from the beginning of the 97th fiscal year, and the figures for the 97th fiscal year are after the application of the said accounting standard and others.

(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 FY2031 to FY2051, the "Mission", and the FY2023 Strategy.

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 this section is based on the revised contents.

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 FY2031 to FY2051.

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.

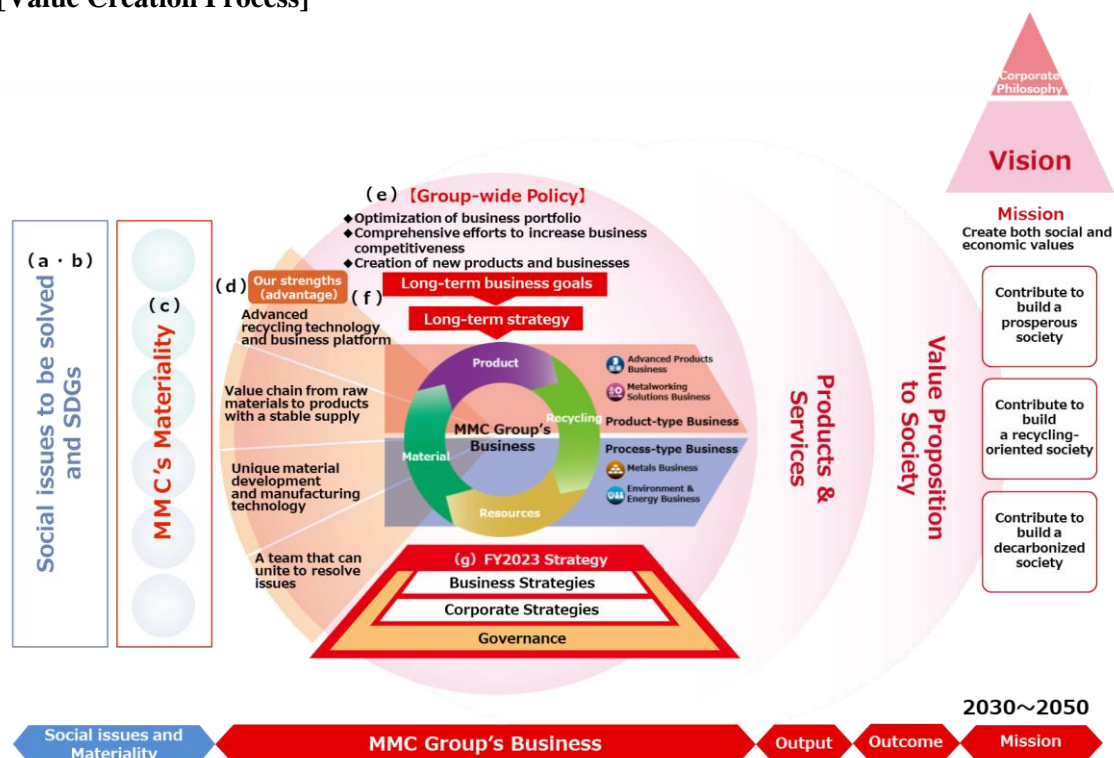
Contribute to build a decarbonized society by developing and promoting the use of renewable energies such as geothermal energy, and ensuring to consider the reduction of environmental impact in manufacturing.

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 the long-term strategy for each business (f) or the FY2023 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 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 the Group's vision and mission, businesses that are governable by the Group, businesses that are capable of earning a leadership role in a specific region or the world, 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

The 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 the 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 the 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 the 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 the 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 (currently Innovation Center) • 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 |

• 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 will 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 the FY2023 Strategy.

| | |
|------------------------------------|--|
| Strengthening corporate governance | <p>In June of 2019, the Company transitioned to a company with a nomination committee, etc., and is working on the following measures</p> <ul style="list-style-type: none"> • Continuous improvement of the functions of the Board of Directors • Formulation of basic corporate governance policy (effective April 1, 2020) • CEO appointment and dismissal, planning and execution of successor development plan • Review of executive remuneration system • Enhancement of governance of subsidiaries |
| Strengthening group governance | <p>The Group will implement the following measures to establish a governance system in which communications can be carried out smoothly and autonomously between the parent and its subsidiaries, between the head office and its respective bases, and among respective bases and the Group companies.</p> <ul style="list-style-type: none"> • Evaluation of effectiveness and improvement of the Board of Directors of the Group companies • The 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 <p>(Corporate division)</p> <ul style="list-style-type: none"> • Establishment of a division in charge of Marketing • Establishment of a division in charge of Corporate Communications <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

As for the global economy going forward, while the economy is expected to continue picking up as the impact of COVID-19 eases, it also faces the risk of the economic downturn due to influence from the situation in Ukraine, price hikes in raw materials, fluctuations in financial and capital markets, and the re-expansion of COVID-19, among other factors.

Looking ahead, while the Japanese economy is also expected to continue picking up due to economic and social activities move toward normalization, a downturn in the economy is also a concern for the same reasons as in the global economy.

With regard to the business environment surrounding the Group in the future, although solid demand is expected to continue in the automotive and semiconductor industries, the Group expects that rising costs due to energy price hikes and other factors, as well as fluctuations in foreign exchange and metal prices, will affect each business of the Group.

●Advanced Products

Demand of automotive 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, the Group will continue to closely monitor the economic situation and market environment, as there are concerns that production activities of major customers may slow down due to disruptions in the global supply chain triggered by the global spread of COVID-19 and the situation in the Ukraine.

Under these circumstances, in the Copper & copper alloy products business, the Company has been providing high-performance products, mainly in growth markets such as next-generation vehicle and semiconductors. In order to meet further increase in demand, the Group intend to make capital investments totaling approximately ¥30.0 billion, which will increase production capacity by approximately 30% from the current level. Going forward, the Company will steadily implement its investment plans and strengthen its marketing, R&D, and sales systems to enhance profitability by providing high value-added products through integrated development, manufacturing, and sales efforts.

In the Electronic materials & components business, the Group aims to become a highly profitable business entity with sustainable growth by providing products with enhanced added value through materials technology, especially in growth markets such as next-generation vehicle and semiconductors. 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.

Furthermore, dealing with climate change, the Group will strive to reduce greenhouse gas emissions by thoroughly considering the environmental impact of manufacturing both in the Copper & copper alloy products business and the Electronic materials & components business.

●Metalworking Solutions Business

The market environment for Cemented carbide products business is on a gradual recovery trend thanks to the resumption of economic activities and economic measures in various countries. However, due to concerns about a slowdown in customers' production activities and raw material procurement risks, etc., caused by factors such as production cutbacks in automobiles and machine tools due to a shortage of semiconductors, as the main raw material tungsten prices and material handling costs soar, global supply chain disruptions triggered by COVID-19, and the situation in Ukraine, the Company will continue to closely monitor the economic situation and market environment.

Under such circumstances, the Group will work to strengthen its sales activities in the automobile, aerospace, medical, and mold and die markets, positioned as strategic markets, and will work to strengthen its ability to propose solutions utilizing digital technology by steadily implementing each of the measures of digital transformation.

Regarding the sourcing of raw materials, the Group 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 and other measures. In addition, the Group will utilize mineral resources efficiently in order to contribute to build a recycling-oriented society.

Moreover, in response to climate change, the Group will promote energy conservation to reduce greenhouse gas emissions and strive to convert almost all of its electricity consumption to practically renewable energy by FY2031.

Through these efforts, the Group aims to contribute to the establishment of a recycling-oriented and decarbonized society and to become one of the top three suppliers.

●Metals Business

In the Copper business, the main product, solid demand is expected in the medium- to long-term, supported by the spread of electric vehicles and investments for decarbonization. Also, the supply-demand balance for the procurement of copper concentrates, the main raw material, is expected to ease due to the slowdown in the pace of smelting capacity expansion in China and the impact of the startup and expansion of production at several new large-scale mines, as well as the planned production increases at mines in operation. However, concerns about disruptions in the global supply chain triggered by the outbreak of COVID-19, heightened geopolitical risks in the South American region, and the situation in Ukraine could have a significant impact on the supply-demand balance and market prices. The Company will continue to closely monitor future market trends.

Under these circumstances, the Resources business division is working to optimize operations at the Copper Mountain mine and to develop new projects to support the foundation of the business by ensuring a stable supply of clean copper concentrates with fewer impurities to smelters. In FY2023, in addition to the existing projects, the Group will promote the expansion project of the Mantoverde copper mine, aim to acquire environmental licenses and permits for the Zafranal copper mine, and continue to focus on research for the removal of impurities in copper concentrate at the Mining & Metallurgy Laboratories. In addition, through a newly established subsidiary in Chile in February 2021, the Group will strengthen its ability to gather information in the South American region and improve the efficiency of its mining investment business.

In the Smelting business division, the Group will contribute to build a recycling-oriented society by establishing a material flow to efficiently recover and recycle valuable metals contained in E-Scrap through process improvements by the end of FY2023, in order to maximize the world's top-class E-Scrap processing capacity. In response to climate change, while taking full advantage of the environmental advantages of the Company's unique Mitsubishi process, the Company will work to reform the smelting process with an eye toward a decarbonized society by reducing fossil fuels, improving energy conversion and use efficiency, and utilizing renewable energy.

●Environment & Energy Business

Regarding the Environment & energy-related business environment, there is a strong need for the Group'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 social issue for the medium- to long-term.

Under these circumstances, in energy-related fields, the Group will expand its renewable energy business and contribute to building a decarbonized society. The Company will proceed with the construction of the Komatagawa New Hydroelectric Power Plant (scheduled to start operation in December 2022) and the Appi Geothermal Power Plant (scheduled to start operation in April 2024) on schedule, while continue survey on new geothermal areas and small-scale hydropower generation mainly in the Tohoku region to develop new businesses. Additionally, the Company will focus on talent development and deepen its consideration of entry into fields other than geothermal energy and hydropower as well as overseas business development.

In the Environmental and recycling-related business, the Company will strive to develop a recycling business that does not rely on final disposal sites, thereby contributing to build a recycling-oriented society. In the Home appliance recycling business, the Company will expand the business by promoting automation and digital transformation, as well as by adding more value to recovered materials, and will continue to improve the technology to enable more efficient recycling in the demonstration of solar panel recycling technology. In the Car recycling business, the Company will more aggressively pursue the demonstration of recycling technologies for lithium-ion batteries. In the plant operations in the Fly ash recycling business and the Food waste biogasification business, the Company will focus on stable plant operations while working more closely with local governments to secure the volume of collected materials. Furthermore, in the Food waste biogasification business, the Company will consider expanding the number of sites.

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, 2022)

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, palladium, 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, etc. |
|------------------------------------|--|
| Advanced Products | Copper & copper alloy products (copper cakes, billets, copper alloy products, copper wire rods, etc.), electronic materials and components (functional materials, chemical products, electronic devices, polycrystalline silicon, sealing products 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 ^{*1} | Ordinary Portland cement and various other types of cements, cement-based solidification materials, aggregates, ready-mixed concrete, coal |
| Environment & Energy ^{*2} | 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 ^{*3} | Precious metal products, real estate management, forestry, engineering, etc. |

Note 1. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

Note 2. Through the acquisition of treasury stock by Dia Consultants Co., Ltd. on June 30, 2021, and the transfer of shares to Nippon Engineering Consultants Co., Ltd. on July 1, 2021, the Company transferred all shares of Dia Consultants Co., Ltd. As a result, businesses related to geological surveys, resource exploration, and consulting etc. are no longer part of the Group's business.

Note 3. As of March 31, 2022, the Company transferred all shares of Universal Can Corporation held by the Company to Showa Aluminum Can Corporation. As of the same date, Mitsubishi Aluminum Co., Ltd. conducted an absorption-type demerger of its Aluminum rolling and processing business, with Showa Aluminum Can Corporation as the successor company. As a result, the business related to aluminum products was removed from the Group's operations as of the same date.

(7) The Group's Major Plants and Business Offices (as of March 31, 2022)

1) The Company

| | | |
|------------------|--|---|
| Head Office | Marunouchi, 3-2-3, Chiyoda-ku, Tokyo | |
| Plants, etc. | Advanced Products | 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*1 | 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. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

Note 2. Due to reorganization effective April 1, 2022, the Company closed Sapporo Branch, Tohoku Branch (Miyagi), Nagoya Branch, and Kyushu Branch (Fukuoka), changed the names of some offices, and revised segments they incharged.

2) Main Subsidiaries

| Business Segments | Name of Company*1 |
|------------------------|--|
| Advanced Products | Luvata Oy (Finland), Mitsubishi Cable Industries, Ltd. (Tokyo), Mitsubishi Materials Electronic Chemicals Co., Ltd. (Akita) |
| Metalworking Solutions | Mitsubishi Materials U.S.A. Corporation (U.S.), MMC Hartmetall GmbH (Germany), MOLDINO Tool Engineering Ltd. (Tokyo) |
| Metals | PT Smelting (Indonesia), Onahama Smelting & Refining Co., Ltd. (Tokyo), Materials Eco-Refining Co., Ltd. (Tokyo) |
| Cement*2 | MCC Development Corporation (U.S.), Robertson's Ready Mix, Ltd. (U.S.), Mitsubishi Cement Corporation (U.S.) |
| Environment & Energy*3 | Chubu Eco Technology Co., Ltd. (Mie), East Japan Recycling Systems Corporation (Miyagi), Hachimantai Green Energy Co., Ltd. (Akita) |
| Other*4 | Mitsubishi Materials Trading Corporation (Tokyo), Mitsubishi Materials Techno Corporation (Tokyo), Diasalt Corporation (Tokyo), Materials' Finance Co., Ltd. (Tokyo) |

Note 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.

Note 2. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

Note 3. Through the acquisition of treasury stock by Dia Consultants Co., Ltd. on June 30, 2021, and the transfer of shares to Nippon Engineering Consultants Co., Ltd. on July 1, 2021, the Company transferred all shares of Dia Consultants Co., Ltd.

Note 4. As of March 31, 2022, the Company transferred all shares of Universal Can Corporation held by the Company to Showa Aluminum Can Corporation. As of the same date, Mitsubishi Aluminum Co., Ltd. conducted an absorption-type demerger of its Aluminum rolling and processing business, with Showa Aluminum Can Corporation as the successor company.

(8) Employees of the Group and the Company (as of March 31, 2022)**1) Employees of the Group (Consolidated)**

| Business Segments | Number of Employees(persons)* ¹ |
|--------------------------------------|--|
| Advanced Products | 6,842(decreased by 605) |
| Metalworking Solutions | 6,793(increased by 301) |
| Metals | 2,079(increased by 23) |
| Cement* ² | 4,583(decreased by 73) |
| Environment & Energy* ³ | 426(decreased by 441) |
| Other* ⁴ | 2,058(decreased by 2,718) |
| All Companies (Common)* ⁵ | 930(increased by 62) |
| Total | 23,711(decreased by 3,451) |

Note 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.

Note 2. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

Note 3. In the Environment & Energy Business, the number of employees has decreased due to the exclusion of Dia Consultants Co., Ltd. from the scope of consolidation following the transfer of all shares of the Company.

Note 4. In the Other Businesses, the number of employees decreased due to the impact of the exclusion of businesses related to aluminum products from the Group's operations.

Note 5. 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) | YoY Change (persons) | Average Age (years old) | Average Years of Employment (years) |
|----------------------------------|----------------------|----------------------------|--|
| 6,208 | Increased by 55 | 42.0 | 17.7 |

(9) Major Subsidiaries and Affiliates (as of March 31, 2022)

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 Corporation ^{*2} | 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 Corporation ^{*2} | 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 Cable Industries, Ltd. | 8,000 million yen | 100.0 | Production and sale of sealing products |
| Mitsubishi Materials Techno Corporation | 1,042 million yen | 100.0 | Contracting for facility construction, civil engineering and construction; production and sale of industrial machinery |
| Mitsubishi Materials Trading Corporation | 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 |
| Luvata Oy ^{*3} | 160 million euro ^{*1} | 100.0 | Business administration of subsidiaries that produce and sell processed copper products |
| Robertson's Ready Mix, Ltd. ^{*2} | 32 million U.S. dollars ^{*1} | 100.0 | Production and sale of ready-mixed concrete and aggregates in the southwestern U.S. |

Note 1. Paid-in capital is shown.

Note 2. Effective April 1, 2022, the Company's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

Note 3. Luvata Oy changed its fiscal year end from December 31 to March 31 effective from the current fiscal year.

Note 4. As of March 31, 2022, the Company transferred all shares of Universal Can Corporation held by the Company to Showa Aluminum Can Corporation. As of the same date, Mitsubishi Aluminum Co., Ltd. conducted an absorption-type demerger of its Aluminum rolling and processing business, with Showa Aluminum Can Corporation as the successor company.

2) Major Affiliates

| Name of the Company | Capital | Percentage of Ownership (including indirect ownership) (%) | Main Business Activities |
|--|----------------------------|--|---|
| Ube-Mitsubishi Cement Corporation *1,2 | 8,000 million yen | 50.0 | Sale of cement and cement-related products |
| Green Cycle Corporation | 350 million yen | 16.4 | Recycling of home appliances and other products |
| NM Cement Co., Ltd.*2 | 7,001 million yen | 30.0 | Investment in Nghi Son Cement Corporation (Vietnam) |
| LM Sun Power Co., Ltd. | 495 million yen | 50.0 | Operation of solar power generation |
| P.S. Mitsubishi Construction Corporation *2 | 4,218 million yen | 33.9 | Pre-stressed concrete construction, civil engineering and construction contracting, and sale of concrete products |
| Mantoverde S.A. | 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 |

Note 1. Ube-Mitsubishi Cement Corporation was merged into Mitsubishi UBE Cement Corporation on April 1, 2022.

Note 2. Effective April 1, 2022, the Company's Cement business and its related businesses, were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

Note 3. Paid-in capital is shown.

Note 4. Effective March 31, 2022, the Company transferred all shares held by the Company of Kobelco & Materials Copper Tube Co., Ltd. to M Cap No. 7, Co., Ltd.

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

The Company resolved at its Board of Directors meeting held on September 29, 2020 to integrate the cement business and its related businesses of the Company and Ube Industries, Ltd. (currently UBE Corporation) (hereinafter referred to as the "Integration") in April 2022, and signed an Integration agreement with Ube Industries, Ltd. on the same date. Based on this agreement, on May 14, 2021, the Company entered into an Absorption-type Company Split Agreement with the Integration Preparatory Company (currently Mitsubishi UBE Cement Corporation) for the Integration. Effective on April 1, 2022, the Company's cement business and its related businesses, etc. (including shares of subsidiaries, etc. engaged in the subject business) were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company. The Absorption-type Company Split Agreement was approved at the 96th Ordinary General Meeting of Shareholders held on June 24, 2021.

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

The Company resolved at its Board of Directors Meeting held on November 25, 2021 with regard to its consolidated subsidiaries Universal Can Corporation (hereinafter referred to as "UNICAN") and Mitsubishi Aluminum Co., Ltd. (hereinafter referred to as "Mitsubishi Aluminum"), to transfer all shares of UNICAN to Showa Aluminum Can Corporation, which is owned by funds managed by affiliates of Apollo Global Management, Inc. based in the U.S., and to split the Aluminum rolling and processing business from Mitsubishi Aluminum and be succeeded by Showa Aluminum Can through an absorption-type merger (hereinafter collectively referred to as the "Reorganization") and to subsequently reorganize such business into a new company. Subsequently, the Company entered into the agreement with Showa Aluminum Can on the same date and the Reorganization was executed on March 31, 2022.

(12) The Group's Major Lenders (as of March 31, 2022)

| Lender | Borrowing Amount (Million yen) | Company Shares held by the Lender | |
|-----------------------------------|-----------------------------------|--|---------------------------------------|
| | | Number of Shares Held (Thousand shares) | Percentage of Shareholding (%)* |
| MUFG Bank, Ltd. | 185,164 | — | — |
| Mizuho Bank, Ltd. | 75,631 | — | — |
| Development Bank of Japan Inc. | 35,199 | — | — |
| The Norinchukin Bank | 34,902 | 500 | 0.4 |
| The Hachijuni Bank, Ltd. | 17,501 | 207 | 0.2 |

Note. Percentages of shareholding were calculated after deducting treasury shares (571,410 shares)

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

At a meeting of the Board of Directors held on November 25, 2021, the Company resolved to enter into an agreement with PT Freeport Indonesia (hereinafter referred to as "PTFI") regarding PT. Smelting in Indonesia (hereinafter referred to as "PTS"), a consolidated subsidiary of the Company, that:

- PTS will expand its copper concentrate processing capacity (hereinafter referred to as "Expansion Work");
- PTS will borrow from PTFI, a joint venture partner, the full amount required for the Expansion Work, and the amount borrowed by PTS from PTFI will be converted to newly issued shares of PTS based on book value per share method (capital increase) on the condition of the completion of the Expansion Work; and
- PTS will change its business structure, and process copper concentrates supplied solely by PTFI on a tolling basis from 2023.

For the above, the Company entered into a relevant agreement with PTFI on November 30, 2021.

2. Matters Related to Shares (as of March 31, 2022)

(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: 106,147 (Increased by 13,701 from the previous fiscal year-end)

*This includes 79,116 shareholders with voting rights (increased by 11,857 from the previous fiscal year-end).

(4) Major Shareholders

| Name of shareholder | Number of shares held (Thousand shares) | Percentage of shareholding (%)* |
|---|--|------------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 20,979 | 16.0 |
| Custody Bank of Japan, Ltd. (Trust account) | 8,768 | 6.7 |
| NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST | 8,455 | 6.5 |
| NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS | 4,200 | 3.2 |
| Meiji Yasuda Life Insurance Company | 3,101 | 2.4 |
| NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY | 2,663 | 2.0 |
| BBH FOR GLOBAL X COPPER MINERS ETF | 2,106 | 1.6 |
| NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT | 2,041 | 1.6 |
| NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS TOBACCO FREE INTERNATIONAL VALUE EQUITY TRUST | 1,915 | 1.5 |
| STATE STREET BANK AND TRUST COMPANY 505103 | 1,759 | 1.3 |

Note. Percentages of shareholding were calculated after deducting treasury shares (571,410 shares).

3. Information on the Company's Executives

(1) Directors and Executive Officers

(i) Directors (as of March 31, 2022)

| Title | Name | Responsibility | Significant Positions at Other Organizations |
|---------------------------------------|---------------------------------------|--|--|
| Director, Chairperson 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 | Nobuhiro Takayanagi ^{*1} | | |
| Director | Yoshikazu Yasui ^{*2} | Member of the Nomination Committee Member of the Audit Committee | |
| Director | Mariko Tokuno ^{*3, 13} | Member of the Nomination Committee (Chair) Member of the Remuneration Committee | Outside Director, HAPPINET CORPORATION ^{*4} Outside Director, Yamato Holdings Co., Ltd. ^{*5} Outside Director, Shiseido Company, Limited ^{*6} |
| Director | Hiroshi Watanabe ^{*3, 7, 13} | Member of the Audit Committee | President, Institute for International Monetary Affairs ^{*8} Outside Director, ORIX Corporation ^{*9} |
| Director | Hikaru Sugi ^{*3, 13} | Member of the Nomination Committee Member of the Remuneration Committee | |
| Director | Hiroshi Sato ^{*2, 3, 10, 13} | Member of the Audit Committee (Chair) | |
| Director | Tatsuo Wakabayashi ^{*3, 13} | Member of the Nomination Committee Member of the Remuneration Committee (Chair) | Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation ^{*11} Outside Director, Mitsubishi Logistics Corporation ^{*12} |
| Director | Koji Igarashi ^{*3, 13} | Member of the Audit Committee | |

Note 1. Directors Naoki Ono and Nobuhiro Takayanagi concurrently serve as Executive Officers.

Note 2. Directors Yoshikazu Yasui and Hiroshi Sato are full-time members of the Audit Committee. The Company shall assign full-time members of the Audit Committee in order to improve the effectiveness of audits conducted by the Audit Committee.

Note 3. Mariko Tokuno, Hiroshi Watanabe, Hikaru Sugi, Hiroshi Sato, Tatsuo Wakabayashi, and Koji Igarashi are Outside Directors as defined in Article 2, Paragraph 15 of the Companies Act.

Note 4. The Company does not have a business relationship with HAPPINET CORPORATION.

Note 5. The Company does not have a 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 Co., Ltd. However, the transaction amount is less than 1% of respective consolidated net sales of the Company and Yamato Holdings Co., Ltd.

Note 6. The Company does not have a business relationship with Shiseido Co., Ltd.

Note 7. Hiroshi Watanabe, a member of the Audit Committee, has extensive knowledge of finance and accounting through his experiences as Vice-Minister of Finance for International Affairs at the Ministry of Finance and in management at government-affiliated financial institutions.

Note 8. The Company does not have a business relationship with the Institute for International Monetary Affairs.

Note 9. The Company has a business relationship with ORIX Corporation, which includes leasing. However, the transaction amount is less than 1% of the respective consolidated net sales of the Company and ORIX Corporation.

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

Note 11. The Company has a business relationship with Mitsubishi UFJ Trust and Banking Corporation (MUTB), concerning stock transfer agency services, etc., but the amount of such transactions is less than 1% of the respective consolidated net sales of the Company and MUTB. Moreover, the Company has no borrower-lender relationship with MUTB.

Note 12. The Company has a business relationship with Mitsubishi Logistics Corporation including consignment of transportation, etc. However, the transaction amount is less than 1% of the respective consolidated net sales of the Company and Mitsubishi Logistics Corporation.

Note 13. The Company has notified Directors Mariko Tokuno, Hiroshi Watanabe, Hikaru Sugi, Hiroshi Sato, Tatsuo Wakabayashi, and Koji Igarashi as Independent Directors (Outside Director who is not likely to cause conflicts of interest with general shareholders) respectively, in accordance with the regulations of the Tokyo Stock Exchange, Inc.

(ii) Executive Officers (as of March 31, 2022)

| Title | Name | Responsibility | Significant Positions at Other Organizations |
|--|---------------------------|--|---|
| Chief Executive Officer (Representative Executive Officer) | Naoki Ono *1 | CEO; Responsible for General Operation of the Company, Internal Audit | |
| Executive Vice President (Representative Executive Officer) | Yasunobu Suzuki | President, Advanced Products Company | |
| Managing Executive Officer | Makoto Shibata | Responsible for DX Promotion, System Strategy, Corporate Research & Development, New Business Development | |
| Managing Executive Officer | Shinichi Nakamura *2 | Responsible for Procurement & Logistics, Safety, Environment & Quality, Corporate Production Engineering, Production Technology Management, and Mineral Resources | |
| Managing Executive Officer | Tetsuro Sakai *2 | President, Metals Company | |
| Managing Executive Officer | Shogo Yamaguchi *2 | President, Environment & Energy Business Company | |
| Managing Executive Officer | Nobuhiro Takayanagi *1 | CFO; Responsible for Management Strategy, Corporate Communications, Accounting and Finance, Affiliated Corporations & Aluminum Business. General Manager, Corporate Strategy Dept. | |
| Managing Executive Officer | Jun Nagano | Responsible for General Affairs, Legal, Human Resources, CSR/Compliance, and Business Process Innovation | |
| Managing Executive Officer | Tetsuya Tanaka | President, Metalworking Solutions Company | |
| Managing Executive Officer | Kazuto Hirano *2 | President, Cement Company | Director and Executive Vice President, Ube-Mitsubishi Cement Corporation *3 Representative Director, Mitsubishi UBE Cement Corporation |

Note 1. Executive Officers Naoki Ono and Nobuhiro Takayanagi concurrently serve as Directors.

Note 2. Executive Officers Shinichi Nakamura, Tetsuro Sakai, Shogo Yamaguchi, and Kazuto Hirano retired as Executive Officers as of March 31, 2022.

Note 3. Ube-Mitsubishi Cement Corporation was merged into Mitsubishi UBE Cement Corporation on April 1, 2022.

As of April 1, 2022, the following executive officers have been given new titles or responsibilities as shown below.

| Title | Name | Responsibility | Significant Positions at Other Organizations |
|--|----------------------------|--|--|
| Chief Executive Officer (Representative Executive Officer) | Naoki Ono | CEO, Responsible for General Operation of the Company, Internal Audit, Business Process Innovation | |
| Executive Vice President (Representative Executive Officer) | Yasunobu Suzuki | Responsible for SCQ Promotion, Special Missions from CEO | |
| Managing Executive Officer | Makoto Shibata | Responsible for Production Technology and R&D Strategy, DX Promotion, System Strategy | |
| Managing Executive Officer | Nobuhiro Takayanagi | CFO, Responsible for Management Strategy, General Manager of Management Strategy Div. | |
| Managing Executive Officer | Jun Nagano | President, Professional CoE | |
| Managing Executive Officer [Newly appointed] | Toshinori Ishii | President, Advanced Products Company | |
| Managing Executive Officer [Newly appointed] | Katsuyoshi Isaji | President, Metals Company | |
| Managing Executive Officer [Newly appointed] | Yoshiaki Arai | President, Environment & Energy Business Company | |
| Managing Executive Officer [Newly appointed] | Makiko Nogawa [*] | Responsible for Human Resources Strategy, General Manager of Human Resources Strategy Div. | |

Note. Makiko Nogawa's name in the family register is Makiko Mori.

(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) Summary of Contents of Directors' and Officers' Liability Insurance Policy, etc.

The Company has included directors, executive officers, corporate auditors, and executive officers of the Company and some of its domestic subsidiaries as insureds under Directors' and Officers' Liability Insurance Policy with insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the premiums are fully borne by the Company and the subsidiaries.

The insurance policy covers damages and litigation expenses that may arise from the insured being held liable for the performance of his/her duties or from claims related to the pursuit of such liability. However, the policy does not cover damages resulting from the insured's criminal acts or willful violations of laws and regulations, nor does it cover damages that fall under any of the exclusions set forth in the insurance policy.

(4) 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 (Number of Persons) ^{*2} | Total Amount (Million yen) | Number of Eligible Recipients (Number of Persons) | Total Amount (Million yen) | Number of Eligible Recipients (Number of Persons) |
| Director (Outside Directors) | 235 (111) | 235 (111) | 8 (6) | - | - | - | - |
| Executive Officer ^{*1} | 466 | 354 | 10 | - ^{*3} | - ^{*3} | 112 | 10 |

Note 1. The total amount of remuneration, etc. paid to those who concurrently serve as Directors and Executive officers and the number of persons covered by such remuneration, etc. are shown in the column for Executive Officers.

Note 2. As of the end of fiscal year 2022, the Company has 10 Directors and 10 Executive Officers.

Note 3. The Remuneration Committee has deliberated and decided not to pay bonuses to executive officers based on the performance of the previous fiscal year.

Note 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 fiscal year 2022. 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.

(5) Policy etc. 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>

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

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:

$$\text{Annual Bonus} = \text{Base Annual Bonus by Job Position} \times \text{Payment Rate Based on Performance Evaluation}^*$$

*"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 parent, 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 FY2022, 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, in accordance with one's

job position, upon retirement from the post of Executive Officers, Operating 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 FY2022 has been determined in accordance with the remuneration system established based on the Policy on Determination of Remuneration, etc. for Officers, the Remuneration Committee has determined that the content of the remuneration, etc. for individual Directors for the FY2022 is in line with the Policy on Determination of Remuneration, etc. for Officers.

Note. Effective on March 31, 2022, the Company discontinued the Executive Officer and Fellow systems. Also, effective from FY2023, the Company has changed the portion of the Officers' Remuneration System that relates to annual bonuses for Executive Officers. The details of the changes are posted on the Company's website below:

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

(6) Major Activities of Outside Directors

| Classification | Name | Attendance at Meetings of the Board of Directors, etc. Held during FY2022 | Major Activities and Summary of Duties Performed in Relation to the Role Expected to Outside Directors |
|----------------|------------------|--|--|
| Director | Mariko Tokuno | <p>The Board of Directors 19/19 times (100%)</p> <p>The Nomination Committee 14/14 times (100%)</p> <p>The Remuneration Committee 9/9 times (100%)</p> | 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 such insights, she makes useful recommendations from various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by executive officers and others from an independent standpoint. In addition, 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 | <p>The Board of Directors 19/19 times (100%)</p> <p>The Audit Committee 17/17 times (100%)</p> | 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 such insights, he makes useful recommendations from various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers and others 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 | <p>The Board of Directors 19/19 times (100%)</p> <p>The Nomination Committee 14/14 times (100%)</p> <p>The Remuneration Committee 9/9 times (100%)</p> | Through his extensive experience as a manager of a globally operating manufacturer, he has gained a wealth of technical knowledge in design, development, and production processes, as well as insight into corporate strategy and overall management from a global perspective. Based on such insights, he makes useful recommendations from various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers and others from an independent standpoint. In addition, 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 | <p>The Board of Directors 19/19 times (100%)</p> <p>The Audit Committee 17/17 times (100%)</p> | 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 such insights, he makes useful recommendations from various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers and others from an independent standpoint. In addition, 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 | <p>The Board of Directors 19/19 times (100%)</p> <p>The Nomination Committee 14/14 times (100%)</p> <p>The Remuneration Committee 9/9 times (100%)</p> | 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 such insights, he makes useful recommendations from various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers and others from an independent standpoint. In addition, as the Chairperson of the Remuneration Committee and a member of the Nomination Committee, he is involved in decisions on executive remuneration, etc. and the selection of candidates for officers from an objective and neutral standpoint. |
| Director | Koji Igarashi | <p>The Board of Directors 19/19 times (100%)</p> <p>The Audit Committee 17/17 times (100%)</p> | 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 such insights, he makes useful recommendations from various perspectives, including the enhancement of the Group's medium- to long-term corporate value, and supervises the execution of duties by Executive Officers and others 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. |

Note. Regarding the number of meetings of the Board of Directors, besides the above, one additional notice was given to Directors in accordance with the provisions of Article 372, Paragraphs 1 and 3 of the Companies Act.

4. Matters Concerning Accounting Auditor

(1) Name of the Accounting Auditor KPMG AZSA LLC

(2) Audit Fees to Accounting Auditor for Fiscal Year Ended March 31, 2022

| Content of the Audit Fees | Amount |
|---|-------------------------------|
| (i) Audit fees paid by the company to Accounting Auditor | 179 Million yen ^{*1} |
| (ii) Total amount of monetary and other financial benefits paid by the Company and its subsidiaries (including the above-mentioned) | 362 Million yen |

Note 1. The Company has not subdivided the amount of fees for auditing based on the Financial Instruments and Exchange Act and the amount of fees 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 audit fees 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 fiscal year and the opinions of directors and other related internal departments.

Note 2. Among the major subsidiaries of the Company, PT Smelting, Luvata Oy, MCC Development Corporation, Mitsubishi Cement Corporation, 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 to the Accounting Auditor services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), such as "preparation of comfort letter in connection with bond issuance".

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

The Audit Committee shall check the Accounting Auditor's (i) expertise, independence, timeliness and appropriateness, quality control and governance systems, (ii) ability to respond to the Company's multi-industry and global business development, (iii) efficiency improvement of accounting audit operations, (iv) communication with the Audit Committee, management, etc., and (v) any applicability to dismissal requirements based on statutory grounds. If any of these conditions is not satisfied, the Audit Committee will dismiss the Accounting Auditor or determine the content of the proposal for dismissal or non-reappointment of the Accounting Auditor to be presented to the General Meeting of Shareholders in accordance with the statutory procedures.

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, 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, 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.

Note. Effective on April 1, 2022, the Company made organizational changes such as establishing the "Audit Committee Office" as an organization directly under the Audit Committee, independent from the executive side, in order to establish a system to fully support the activities of the Audit Committee. The Board of Directors approved a resolution at its meeting held on December 22, 2021 to partially amend the above Basic Policy to reflect such organizational changes, etc., and effective on April 1, 2022, the policy has been applied.

(Reference) Status of Corporate Governance

<Basic Approach >

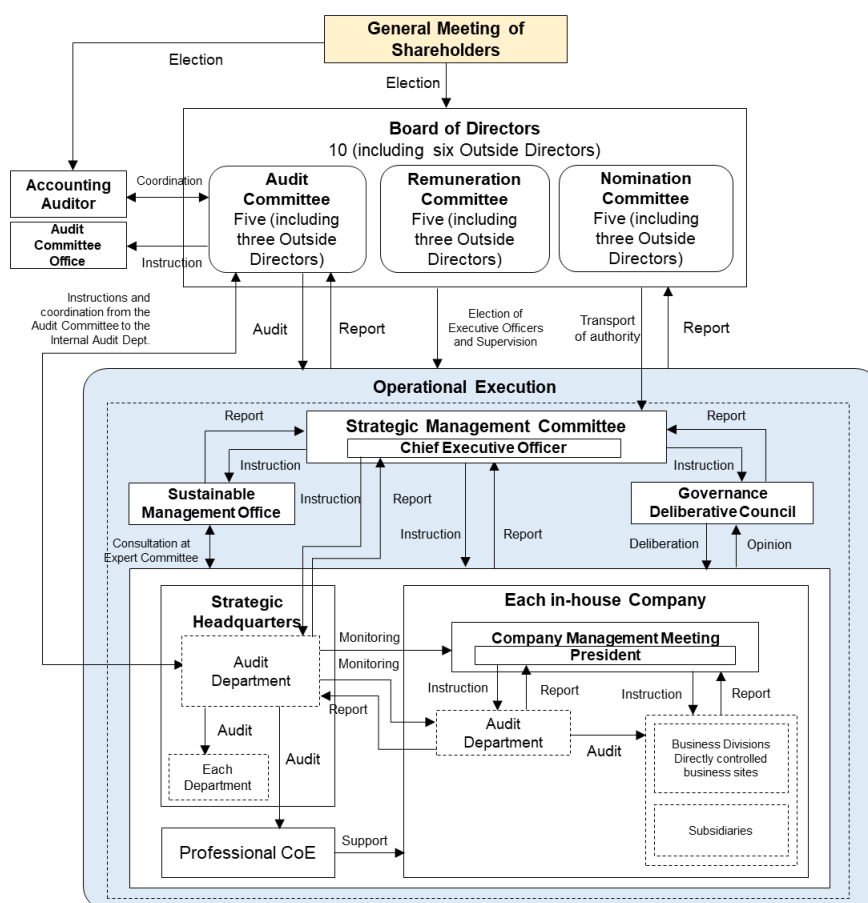
- We have, based on the corporate philosophy of the Group, vision, values, code of conduct, Mission and the Basic Policy on Corporate Governance(*) established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries, such as shareholders and investors 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, 2022



<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 analyzes and evaluates the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis. In FY2022, the effectiveness of the Board of Directors was evaluated using a third-party organization. The evaluation method and a summary of the results are outlined below.

1. Method of analysis/evaluation

(1) Evaluation process

- | | |
|---------------------------|--|
| • September 2021 | The materials and minutes of the Company's Board of Directors meetings were disclosed to the third-party organization. |
| • October 2021 | The third-party organization conducted a preliminary interview with the Chairman of the Board of Directors and the Chief Executive Officer regarding the current status of the Board of Directors. |
| • November 2021 | A questionnaire prepared in consultation with the third-party organization was distributed to all 10 Directors and anonymous responses were retrieved. |
| • December 2021 | Based on the results of the questionnaire, the third-party organization conducted individual interviews with all 10 Directors on important matters concerning the Board of Directors. |
| • February and March 2022 | Given the report from the third-party organization on the results of the questionnaire and interviews compiled and analyzed, the Directors discussed the effectiveness of the Board of Directors based on that report. |
| • March 2022 | Following the discussions in February and March, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for FY2022. |

(2) Questionnaire items

The questionnaire uses a five-grade evaluation for the questions below (1. Strongly agree, 2. Agree, 3. Neither agree nor disagree, 4. Disagree, 5. Totally disagree) and provides a free comment space where needed.

- Roles and functions of the Board of Directors
- Scale and composition of the Board of Directors
- Status of operations of the Board of Directors
- Composition, roles and status of operations of each of the Nomination Committee, Audit Committee

and Remuneration Committee

- Support system for Outside Directors
- Relationship with investors and shareholders
- Overall effectiveness of the Company's governance system and the Board of Directors

(3) Interview items

Based on the responses to the questionnaire, the third-party organization conducted interviews on the following important matters concerning the effectiveness of Board of Directors.

(i) Views on business and management

- Optimization of business portfolio
- Promotion of CX (efforts for management innovation) and organizational reform
- Status of corporate culture and human resources
- Status of group governance and internal control

(ii) Views on the Board of Directors

- Supervisory function by the Board of Directors
- Status of discussions at the Board of Directors
- Comments by Outside Directors
- Quality of discussions at the Board of Directors and future responses
- Discussions on sustainability issues
- Setting of agenda
- Materials and presentations
- Views on the leading Independent Outside Directors
- Succession plan for the Chief Executive Officer
- Views on the Chairman and its succession plan
- Composition of Outside Directors and their succession plan
- Sharing of information on discussions at the Nomination Committee with the Board of Directors
- Status of activities of the Audit Committee

2. Issues based on the FY2021 evaluation and evaluation of responses to those issues

As a result of the questionnaire and interviews conducted by the third-party organization regarding the initiatives concerning the following matters taken by the Company in FY2022 based on the results of the evaluation of the effectiveness of the Board of Directors for FY2021, it was confirmed that "certain measures were taken and improvements have been made" and "sufficient discussions were conducted by the Board of Directors" in general.

(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)

- Distribution of materials for the Board of Directors should be made at an early timing with particularly important sections in materials highlighted.
- Emphasis should be made on explaining new matters, and causes and countermeasures, etc. of matters that are progressing unfavorably in reports made by Executive Officers at the Board of Directors meetings.
- In regard to matters deliberated by the Board of Directors, reporting of business results, budget, financial results, etc. should be made in the first half so that Directors may judge the appropriateness of each measure based on the general situation of business performance, etc.
- Business briefings should be held regularly for Outside Directors in order to deepen their understanding of our business and major projects, overseas sites/business expansion, and overview and background, etc. of measures taken under the Medium-term Management Strategy.

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

- In line with the partial review of the Medium-term Management Strategy, financial plans, including ROIC, were reviewed after consultation by the regular Board of Directors meetings held in March and April 2021.
- Appropriate calculation and operation methods, etc. of management indicators, including ROIC, should be further discussed by the Board of Directors to develop a monitoring structure based on

appropriate management indicators applicable for the next Medium-term Management Strategy.

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

- Strategic Share Holdings should be examined based on business alliances, business relationships, and investment effects to systematically reduce shares if it is deemed unnecessary to hold them. (For the status of actual reduction efforts, please refer to [Principle 1-4: Strategic shareholdings] in [Disclosure Based on the Principles of the Corporate Governance Code].)

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

- Initiatives should be taken on the Group-wide measures to activate communication and enhance internal control.
- Previously implemented reports on safety, quality, compliance, etc. by the Sustainable Management Office to the Board of Directors should be continued as provision of necessary information for monitoring.

3. Results of analysis of the questionnaire and interviews by the third-party organization

The key results of analysis of the questionnaire and interviews compiled by the third-party organizations are as follows.

(1) Effectiveness, etc. of the Board of Directors

- The supervisory function of the Board of Directors is appropriately exercised, and its effectiveness is considered to be high.
- In the self-evaluation of Directors, it was confirmed that each individual contributed to activating discussions at the Board of Directors meetings and to exercising the supervisory function.

(2) Supervisory function of the Board of Directors

- The management team is currently working on business and organizational reforms, but there are still many issues recognized. The role, composition, and discussions of the Board of Directors are expected to change in response to such business and management stages. As for their role, it is considered that "the support and supervision of execution will be important in the success of reforms and the creation of growth areas" and "discussions are needed to enhance the supervision function to monitor the efforts to address issues."
- The Board of Directors has a common understanding that supervision of management and execution is an important role. The way in which a supervisory function is exercised is considered to differ depending on the experience and perspective of each Director. Specific measures included "support execution and lead to change," "examine from both quantitative and qualitative aspects, focusing on major policies related to the whole," and "strictly monitor progress and achievements in response to commitments." There is an opinion stating that it is better for the Board of Directors to take a more leading role in matters related to the way the Company ought to be, such as sustainability issues.

(3) Sustainability

- On sustainability issues, many directors believe it is better for the Board of Directors to demonstrate stronger leadership and set a direction from the Board's point of view. In order to conduct effective discussions, it is considered necessary to "clarify the definition of sustainability," "organize how Outside Directors can contribute," "establish a sustainability committee to hold discussions outside the Board of Directors," and "enhance the secretariat structure" among others.

4. Summary of FY2022 evaluation results

As a result of deliberations by the Board of Directors in consideration of the results of the third-party analysis, it was confirmed that the effectiveness of the Board of Directors of the Company was secured in FY2022. Matters recognized as issues in the questionnaire and interviews and a summary of deliberations of the Board of Directors regarding those issues are as follows.

(1) Matters pertaining to the operation of the Nomination Committee, Audit Committee and Remuneration Committee

- There was an opinion that "the Nomination Committee has not sufficiently shared information with the Board of Directors regarding the status of consideration of the succession plan for the

internal Directors." Regarding this, there was an opinion indicating that "this evaluation result may be due to a lack of sharing of discussions had by the Nomination Committee with the entire Board of Directors or to inadequate sharing of relevant information from Directors who also serve as Executive Officers. This can also be said of discussions at the Remuneration Committee, etc., and from a broad perspective, it may be a question of whether each committee shares the content of deeper discussions."

- On the other hand, there was a comment stating that "in some cases, the content of discussions at each committee includes information that is not necessarily appropriate to be shared with the Board of Directors as a whole because of the presence of relevant persons within the Board." Regarding this, an opinion was given that "opportunities for discussion among Outside Directors only should be increased, taking into account cases where it is not appropriate to share information with internal relevant parties."
- In light of the above, the Board of Directors will deepen its consideration of the ways in which the content of the discussions within the Nomination Committee, Audit Committee, and Remuneration Committee should be shared in terms of "where," "to which Directors," and "to what extent."

(2) Matters pertaining to supervision of growth strategies by the Board of Directors

- Regarding the optimization of the business portfolio, there was an opinion stating, "Since a certain degree of business reforms, including restructuring and withdrawal, is expected to be completed, discussions on growth strategies, such as strengthening existing businesses and fostering new businesses, should be deepened from a multifaceted perspective."
- In addition, while there was an opinion stating, "It is necessary to enhance explanations and information provision from Executive Officers in order for the Board of Directors to accurately monitor the current situation," there was also an opinion stating, "This is covered by the business briefing, etc. for Directors currently held."
- In light of the above, the Board of Directors will deepen its consideration of what efforts should be made in terms of "the perspective from which discussions should be made" and "what situations (methods)" in order to further enhance the effectiveness of the Board of Directors' supervision with respect to the future growth strategies.

(3) Matters pertaining to the establishment of a sustainability committee

- Through this evaluation process, it was found that on sustainability, many Directors believe "it is better for the Board of Directors to demonstrate stronger leadership and set a direction from the Board's point of view."
- In light of the above, the Board of Directors will deepen its consideration of the establishment of a sustainability committee.(*)

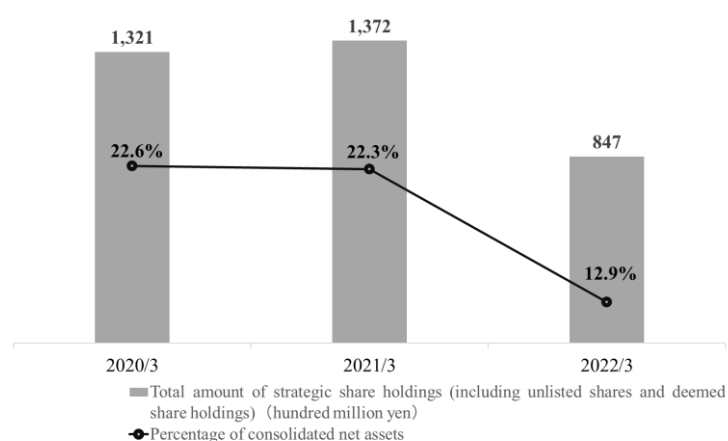
Looking ahead, the Board of Directors will keep making continuous efforts toward further effectiveness improvements, taking into account the above matters.

(*)The Board of Directors, at its meeting held on May 13, 2022, resolved to establish a Sustainability Committee as of June 28, 2022, in order for the Board of Directors to go beyond monitoring sustainability initiatives and to actively consider and present within the Company a direction to address sustainability from a different perspective.

<Status of reduction of strategic shareholdings>

The Company's basic policy on shares acquired for purposes other than pure investment (strategic share holdings) is not to acquire or hold strategic share holdings unless necessary for the purpose of its business strategy.

In FY2022, out of all of the Strategic Share Holdings (Listed shares held by the Company at the beginning of fiscal year: Shares issued by 43 issuing companies), we sold all or part of the shares issued by 22 issuing companies. The sales price was approximately ¥56.6 billion (at market value) in total. As a result of the sales, as of the end of March 2022, the amount of strategic share holdings on the balance sheet was ¥64.7 billion for listed shares, ¥6.1 billion for unlisted shares, and ¥13.7 billion for deemed share holdings of equity securities, totaling 12.9% of the Company's consolidated net assets as of March 31, 2022.



Consolidated Balance Sheet

[As of March 31, 2022]

(Million yen)

| Item | Amount | Item | Amount |
|--|------------------|---|------------------|
| [Assets] | | [Liabilities] | |
| Current assets | 1,238,932 | Current liabilities | 926,693 |
| Cash and deposits | 159,221 | Notes and accounts payable - trade | 158,534 |
| Notes receivable - trade | 30,302 | Short-term borrowings | 171,304 |
| Accounts receivable - trade | 219,543 | Current portion of bonds payable | 10,000 |
| Merchandise and finished goods | 133,600 | Commercial papers | 30,000 |
| Work in process | 159,508 | Income taxes payable | 12,523 |
| Raw materials and supplies | 161,487 | Provision for bonuses | 11,831 |
| Leased gold bullion | 195,379 | Provision for loss on disposal of inventories | 1,024 |
| Other | 182,280 | Provision for product compensation | 58 |
| Allowance for doubtful accounts | (2,390) | Deposited gold bullion | 392,364 |
| Non-current assets | 886,099 | Other | 139,052 |
| Property, plant and equipment | 629,199 | Non-current liabilities | 542,586 |
| Buildings and structures, net | 148,092 | Bonds payable | 70,000 |
| Machinery, equipment and vehicles, net | 224,798 | Long-term borrowings | 327,405 |
| Land, net | 194,039 | Deferred tax liabilities | 31,163 |
| Construction in progress | 40,020 | Deferred tax liabilities for land revaluation | 20,093 |
| Other, net | 22,248 | Provision for loss on business of subsidiaries and affiliates | 882 |
| Intangible assets | 48,556 | Provision for environmental measures | 18,762 |
| Goodwill | 29,371 | Provision for directors' retirement benefits | 811 |
| Other | 19,184 | Provision for share-based remuneration | 443 |
| Investments and other assets | 208,343 | Retirement benefit liability | 35,228 |
| Investment securities | 165,232 | Other | 37,795 |
| Retirement benefit asset | 8,097 | Total liabilities | 1,469,280 |
| Deferred tax assets | 12,618 | [Net assets] | |
| Other | 26,862 | Shareholders' equity | 524,837 |
| Allowance for doubtful accounts | (4,468) | Share capital | 119,457 |
| | | Capital surplus | 79,407 |
| | | Retained earnings | 328,864 |
| | | Treasury shares | (2,892) |
| | | Accumulated other comprehensive income | 59,979 |
| | | Valuation difference on available-for-sale securities | 26,110 |
| | | Deferred gains or losses on hedges | (5,328) |
| | | Revaluation reserve for land | 26,369 |
| | | Foreign currency translation adjustment | 18,832 |
| | | Remeasurements of defined benefit plans | (6,003) |
| | | Non-controlling interests | 70,935 |
| | | Total net assets | 655,752 |
| Total assets | 2,125,032 | Total liabilities and net assets | 2,125,032 |

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

Consolidated Profit and Loss Statement

[For the year ended March 31, 2022]

(Million yen)

| Item | Amount |
|---|------------------|
| Net sales | 1,811,759 |
| Cost of sales | 1,602,958 |
| Gross profit | 208,801 |
| Selling, general and administrative expenses | 156,092 |
| Operating profit | 52,708 |
| Non-operating income | 42,960 |
| Interest income | 564 |
| Dividend income | 25,312 |
| Share of profit of entities accounted for using equity method | 5,078 |
| Rental income on non-current assets | 4,947 |
| Other | 7,057 |
| Non-operating expenses | 19,588 |
| Interest expenses | 5,498 |
| Expense for the maintenance and management of abandoned mines | 4,051 |
| Rental expenses on non-current assets | 3,156 |
| Loss on retirement of non-current assets | 2,670 |
| Other | 4,211 |
| Ordinary profit | 76,080 |
| Extraordinary income | 38,609 |
| Gain on sales of investment securities | 34,671 |
| Other | 3,938 |
| Extraordinary losses | 38,074 |
| Loss on business restructuring | 25,116 |
| Loss on sales of investment securities | 5,223 |
| Impairment loss | 3,886 |
| Other | 3,848 |
| Profit before income taxes | 76,616 |
| Income taxes - current | 22,151 |
| Income taxes - deferred | 1,850 |
| Profit | 52,614 |
| Profit attributable to non-controlling interests | 7,599 |
| Profit attributable to owners of parent | 45,015 |

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

Statement of Changes in Consolidated Shareholders' Equity

[For the year ended March 31, 2022]

(Million yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 119,457 | 79,439 | 294,814 | (2,868) | 490,843 |
| Cumulative effect of changes in accounting policies | | | (38) | | (38) |
| Balance at beginning of period after retrospective adjustment | 119,457 | 79,439 | 294,775 | (2,868) | 490,804 |
| Changes during period | | | | | |
| Cash dividends | | | (11,783) | | (11,783) |
| Profit attributable to owners of parent | | | 45,015 | | 45,015 |
| Reversal of revaluation reserve for land | | | 75 | | 75 |
| Increase due to change of accounting period of consolidated subsidiaries | | | 855 | | 855 |
| Decrease due to decrease in the number of consolidated subsidiaries | | | (73) | | (73) |
| Purchase of treasury shares | | | | (28) | (28) |
| Disposal of treasury shares | | (1) | | 4 | 2 |
| Changes in ownership interest of parent due to transaction with non-controlling interests | | (30) | | | (30) |
| Changes in items other than shareholders' equity, net | | | | | |
| Total changes during period | — | (31) | 34,089 | (24) | 34,032 |
| Balance at end of period | 119,457 | 79,407 | 328,864 | (2,892) | 524,837 |

| | Accumulated other comprehensive income (loss) | | | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|------------------------------|---|--|--|---------------------------|------------------|
| | Other difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefits plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 42,940 | (1,119) | 27,097 | (8,057) | (6,470) | 54,390 | 69,161 | 614,394 |
| Cumulative effect of changes in accounting policies | | | | | | | | (38) |
| Balance at beginning of period after retrospective adjustment | 42,940 | (1,119) | 27,097 | (8,057) | (6,470) | 54,390 | 69,161 | 614,356 |
| Changes during period | | | | | | | | |
| Cash dividends | | | | | | | | (11,783) |
| Profit (loss) attributable to owners of parent | | | | | | | | 45,015 |
| Reversal of revaluation reserve for land | | | | | | | | 75 |
| Increase due to change of accounting period of consolidated subsidiaries | | | | | | | | 855 |
| Decrease due to decrease in the number of consolidated subsidiaries | | | | | | | | (73) |
| Purchase of treasury shares | | | | | | | | (28) |
| Disposal of treasury shares | | | | | | | | 2 |
| Changes in ownership interest of parent due to transaction with non-controlling interests | | | | | | | | (30) |
| Changes in items other than shareholders' equity, net | (16,829) | (4,209) | (727) | 26,890 | 467 | 5,589 | 1,773 | 7,363 |
| Total changes during period | (16,829) | (4,209) | (727) | 26,890 | 467 | 5,589 | 1,773 | 41,396 |
| Balance at end of period | 26,110 | (5,328) | 26,369 | 18,832 | (6,003) | 59,979 | 70,935 | 655,752 |

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

Balance Sheet
[As of March 31, 2022]

(Million yen)

| Item | Amount | Item | Amount |
|---|------------------|---|------------------|
| [Assets] | | [Liabilities] | |
| Current assets | 837,656 | Current liabilities | 719,583 |
| Cash and deposits | 58,481 | Notes payable - trade | 1,434 |
| Notes receivable - trade | 14,658 | Accounts payable - trade | 55,900 |
| Accounts receivable - trade | 146,024 | Short-term borrowings | 121,363 |
| Merchandise and finished goods | 75,856 | Commercial papers | 30,000 |
| Work in process | 89,432 | Current portion of bonds payable | 10,000 |
| Raw materials and supplies | 84,744 | Lease obligations | 288 |
| Advance payments to suppliers | 29,969 | Accounts payable-other | 9,624 |
| Prepaid expenses | 1,541 | Accrued expenses | 38,048 |
| Short-term loans receivable | 7,632 | Corporate taxes payable | 1,372 |
| Accounts receivable - other | 16,070 | Contract liabilities | 13,565 |
| Leased gold bullion | 195,379 | Unearned revenue | 234 |
| Deposited gold bullion | 82,004 | Provision for bonuses | 6,028 |
| Other | 36,310 | Deposits received from employees | 7,426 |
| Allowance for doubtful accounts | (450) | Notes payable-facilities | 303 |
| Non-current assets | 736,181 | Accounts payable - facilities | 12,686 |
| Property, plant and equipment | 344,963 | Asset retirement obligations | 38 |
| Buildings | 60,839 | Deposited gold bullion | 392,364 |
| Structures | 34,566 | Other | 18,904 |
| Machinery and equipment | 94,529 | Non-current liabilities | 440,237 |
| Vessels | 2 | Bonds payable | 70,000 |
| Vehicles | 202 | Long-term borrowings | 284,390 |
| Tools, furniture and fixtures | 4,325 | Lease obligations | 545 |
| Land | 133,778 | Deferred tax liabilities | 16,844 |
| Leased assets | 805 | Deferred tax liabilities for land revaluation | 20,093 |
| Construction in progress | 14,841 | Provision for retirement benefits | 17,843 |
| Trees | 1,072 | Provision for loss on business of subsidiaries and associates | 843 |
| Intangible assets | 8,324 | Provision for environmental measures | 18,762 |
| Mining right | 379 | Provision for share awards | 443 |
| Software | 2,962 | Asset retirement obligations | 445 |
| Software in progress | 4,742 | Guarantee deposits received | 4,468 |
| Leased assets | 5 | Other | 5,556 |
| Other | 234 | Total liabilities | 1,159,820 |
| Investments and other assets | 382,893 | [Net assets] | |
| Investment securities | 70,949 | Shareholders' equity | 363,959 |
| Shares of subsidiaries and associates | 293,300 | Share capital | 119,457 |
| Bonds of subsidiaries and associates | 4 | Capital surplus | 112,997 |
| Investments in capital | 233 | Legal capital surplus | 85,654 |
| Investments in capital of subsidiaries and Associates | 2,738 | Other capital surplus | 27,342 |
| Long-term loans receivable | 1 | Retained earnings | 134,390 |
| Long-term loans receivable from subsidiaries and associates | 5,656 | Other retained earnings | 134,390 |
| Prepaid pension costs | 8,049 | Retained earnings brought forward | 134,390 |
| Other | 6,406 | Treasury shares | (2,885) |
| Allowance for investment loss | (83) | Valuation and translation adjustments | 50,057 |
| Allowance for doubtful accounts | (4,365) | Valuation difference on available-for-sale securities | 25,790 |
| | | Deferred gains or losses on hedges | (1,340) |
| | | Revaluation reserve for land | 25,608 |
| | | Total net assets | 414,016 |
| Total assets | 1,573,837 | Total liabilities and net assets | 1,573,837 |

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

Profit and Loss Statement
[For the year ended March 31, 2022]

(Million yen)

| Item | Amount |
|---|------------------|
| Net sales | 1,144,592 |
| Cost of sales | 1,074,967 |
| Gross profit | 69,625 |
| Selling, general and administrative expenses | 62,957 |
| Operating profit | 6,668 |
| Non-operating income | 35,566 |
| Interest income | 449 |
| Dividend income | 25,809 |
| Rental income on non-current assets | 4,939 |
| Other | 4,367 |
| Non-operating expenses | 16,546 |
| Interest expenses | 3,171 |
| Expense for the maintenance and management of abandoned mines | 3,714 |
| Rental expenses on non-current assets | 3,251 |
| Loss on retirement of non-current assets | 2,888 |
| Other | 3,520 |
| Ordinary profit | 25,687 |
| Extraordinary income | 34,438 |
| Gain on sales of investment securities | 28,862 |
| Gain on sale of shares of subsidiaries and associates | 5,453 |
| Other | 122 |
| Extraordinary losses | 29,674 |
| Loss on business restructuring | 21,982 |
| Impairment losses | 2,247 |
| Other | 5,444 |
| Profit before income taxes | 30,452 |
| Income taxes - current | 493 |
| Income taxes - deferred | 161 |
| Profit | 29,797 |

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

Statement of Changes in Shareholders' Equity
[For the year ended March 31, 2022]

(Million yen)

| | Shareholders' equity | | | | | | | | |
|---|----------------------|------------------|-----------------------|-----------------------|-------------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | | | Retained earnings | | | Treasury shares | Shareholders' equity Total |
| | | Capital reserves | Other capital surplus | Capital surplus Total | Other retained earnings | | Retained earnings Total | | |
| | | | | | Exploration reserves | Retained earnings carried forward | | | |
| Balance at beginning of period | 119,457 | 85,654 | 27,344 | 112,998 | 1 | 116,357 | 116,358 | (2,861) | 345,954 |
| Cumulative effect of changes in accounting policies | | | | | | (56) | (56) | | (56) |
| Balance at beginning of period after retrospective adjustment | 119,457 | 85,654 | 27,344 | 112,998 | 1 | 116,300 | 116,301 | (2,861) | 345,897 |
| Changes during period | | | | | | | | | |
| Reversal of voluntary retained earnings | | | | | (1) | 1 | — | | — |
| Cash dividends | | | | | | (11,783) | (11,783) | | (11,783) |
| Profit | | | | | | 29,797 | 29,797 | | 29,797 |
| Reversal of revaluation reserve for land | | | | | | 74 | 74 | | 74 |
| Purchase of treasury shares | | | | | | | | (28) | (28) |
| Disposal of treasury shares | | | (1) | (1) | | | | 4 | 2 |
| Changes in items other than shareholders' equity, net | | | | | | | | | |
| Total changes during period | — | — | (1) | (1) | (1) | 18,089 | 18,088 | (24) | 18,061 |
| Balance at end of period | 119,457 | 85,654 | 27,342 | 112,997 | — | 134,390 | 134,390 | (2,885) | 363,959 |

| | Valuation and translation adjustments | | | | Total net assets |
|---|---|------------------------------------|------------------------------|---|------------------|
| | Other difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Total valuation and translation adjustments | |
| Balance at beginning of period | 42,299 | (839) | 25,682 | 67,142 | 413,096 |
| Cumulative effect of changes in accounting policies | | | | | (56) |
| Balance at beginning of period after retrospective adjustment | 42,299 | (839) | 25,682 | 67,142 | 413,039 |
| Changes during period | | | | | |
| Reversal of voluntary retained earnings | | | | | — |
| Cash dividends | | | | | (11,783) |
| Profit | | | | | 29,797 |
| Reversal of revaluation reserve for land | | | | | 74 |
| Purchase of treasury shares | | | | | (28) |
| Disposal of treasury shares | | | | | 2 |
| Changes in items other than shareholders' equity, net | (16,509) | (501) | (74) | (17,084) | (17,084) |
| Total changes during period | (16,509) | (501) | (74) | (17,084) | 976 |
| Balance at end of period | 25,790 | (1,340) | 25,608 | 50,057 | 414,016 |

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