



September 26, 2022

To All Concerned Parties

Company name	Mitsubishi Materials Corporation
Representative	Naoki Ono, Chief Executive Officer
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**Notice Regarding Recording of Share of Loss of Entities Accounted
for Using Equity Method (Non-Operating Expenses)**

Mitsubishi Materials Corporation (hereinafter referred to as “the Company”) hereby announces that it expects to record share of loss of entities accounted for using equity method (non-operating expenses) in the fiscal year ending March 31, 2023 and subsequent fiscal years as outlined below. The share of loss of entities accounted for using equity method is attributed to the resolution of the Board of Directors of Mitsubishi UBE Cement Corporation (equity-method affiliate of the Company; hereinafter referred to as “MUCC”), as an equally-owned joint venture of the Company and UBE Corporation, to rationalize its production system at a meeting held today.

1. Overview of share of loss of entities accounted for using equity method (non-operating expenses)

As part of its business restructuring efforts, MUCC resolved to rationalize its production system (hereinafter referred to as “the Initiatives”) by suspending operations of its Aomori Plant and reducing production capacity of the Isa Cement Plant (halting operation of Kiln No.1) by around the end of March 2023. MUCC expects to incur extraordinary losses of approximately 20 billion yen in the fiscal year ending March 2023 and subsequent fiscal years as a result of the Initiatives. Note that this amount is based on rough estimates, and that the actual amount of losses to be incurred may change as MUCC is currently calculating the impact of the Initiatives.

Of the extraordinary losses to be incurred by MUCC, the Company expects to record the amount equivalent to its stake in MUCC (50%) as share of loss of entities accounted for using equity method (non-operating expenses).

MUCC expects the Initiatives to provide an earnings contribution of roughly 10 billion yen annually from the fiscal year ending March 31, 2024. Despite the harsh business environment caused in part by soaring coal and other energy prices, MUCC intends to enhance its cost competitiveness and improve financial performance by pushing forward with various measures aimed at improving earnings, including the Initiatives.

Overview of MUCC (as of June 30, 2022)

1)	Name	Mitsubishi UBE Cement Corporation
2)	Location	Iino Building, 2-1-1, Uchisaiwaicho, Chiyoda-ku, Tokyo
3)	Name and Title of Representatives	Makoto Koyama, Representative Director & President Kazuto Hirano, Representative Director & Vice President
4)	Business Description	Cement and ready-mixed concrete businesses in Japan and overseas (USA and others), limestone resources business, environmental and energy-related businesses (coal business, electric power business, environmental and recycling businesses), building materials business, and other associated businesses, etc.
5)	Share Capital	50,250 million yen
6)	Major shareholders and shareholding ratio	Mitsubishi Materials Corporation: 50% UBE Corporation: 50%

2. Outlook

The Company is currently assessing the impact of this case on its consolidated earnings performance for the fiscal year ending March 31, 2023, including on its latest earnings performance. It will promptly disclose any revisions to the earnings forecast announced on August 9, 2022, should they become necessary.

(Reference) Consolidated earnings forecast for fiscal year ending March 31, 2023 (announced August 9, 2022) and consolidated financial results for previous fiscal year

	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit attributable to owners of parent (million yen)
Consolidated earnings forecast for fiscal year ending March 31, 2023	1,640,000	45,000	32,000	20,000
Consolidated financial results for previous fiscal year ended March 31, 2022	1,811,759	52,708	76,080	45,015