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Disclosures on the Internet under Laws, Regulations and the Articles of Incorporation

95th Fiscal Year (April 1, 2018 - March 31, 2019)

(i) Notes to the Consolidated Financial Statements

(ii) Notes to the Non-consolidated Financial Statements

Mitsubishi Steel Mfg. Co., Ltd.

This information is posted on the Company's website and thereby provided to its shareholders pursuant to the provisions of laws, regulations and Article 14 of the Articles of Incorporation.

Notes to the Consolidated Financial Statements

(April 1, 2018 - March 31, 2019)

(Notes on Significant Information Regarding the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 18

Names of major consolidated subsidiaries: MSSC CANADA INC.
MSSC US INC.
MSSC Ahle GmbH
MSM NINGBO SPRING CO., LTD.
MSM CEBU, INC.
MSM SPRING INDIA PVT. LTD.
MSSC MFG MEXICANA, S.A. DE C.V.
MSM (THAILAND) CO., LTD.
PT. JATIM TAMAN STEEL MFG.
Mitsubishi Steel Muroran Inc.
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.
Ryokoh Express Co., Ltd.

Of the entities shown above, MSSC Ahle GmbH was included in the scope of consolidation as the firm was converted into a subsidiary of the Company following an acquisition of equity interests in the German firm in the fiscal year under review.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method: 3

Name of affiliates accounted for under the equity method:
Hokkai Iron & Coke Corporation
CROFT PROPERTIES HOLDINGS, INC.
Stumpp Schuele & Somappa Auto Suspension Systems Pvt. Ltd.

(2) Affiliate not accounted for under the equity method:

Name of major affiliate: Dai-ichi Heat Muroran Co., Ltd.

Companies not accounted for under the equity method are excluded from the scope of application of the equity method as their impact on net income (amount corresponding to interests), retained earnings (amount corresponding to interests), etc. is not only minuscule individually but is also insignificant as a whole.

3. Matters for the fiscal year for consolidated subsidiaries

Shown below are consolidated subsidiaries with a balance sheet date other than the balance sheet date for the Company's consolidated accounts (March 31 of each year):

	Closing date
PT. JATIM TAMAN STEEL MFG.	December 31
MSSC MFG MEXICANA, S.A. DE C.V.	December 31
MSM NINGBO SPRING CO., LTD.	December 31
Shanghai Ryoutan Machinery Co., Ltd.	December 31
MSSC Ahle GmbH	December 31
MSM (THAILAND) CO., LTD.	February 28

In preparing consolidated financial statements, the Company uses data as of the subsidiary's closing date, and makes the necessary adjustments to reflect important transactions that occurred between the subsidiary's closing date and the consolidation date.

4. Accounting policies

(1) Valuation standards and methods of principal assets

(i) Securities

Available-for-sale securities

For which market value is available:

The present market value is recorded based on the market prices, etc., on the last day of the period. (Valuation differences are incorporated into net assets in full. Selling prices were computed based on the moving-average method.)

For which market value is not available:

Stated at cost mainly using the moving-average method.

(ii) Derivatives: Market value method

(iii) Inventories: Stated at cost based mainly on the periodic average method (method in which book values are lowered based on declines in profitability).

(2) Depreciation and amortization methods of principal depreciable assets

(i) Property, plant and equipment (excluding leased assets):

The Company depreciates property, plant and equipment (excluding leased assets) using mainly the declining-balance method.

The range of useful lives of main property, plant and equipment is as follows:

Buildings and structures

8 - 33 years

Machinery, equipment and vehicles

4 - 14 years

(ii) Intangible assets (excluding leased assets):

The Company amortizes intangible assets (excluding leased assets) using the straight-line method.

The range of useful lives and the amortization period of main intangible assets are as follows:

Software (in-house use)
5 years

Goodwill
10 years

Land use right
30 years

(iii) Leased assets: Leased assets associated with finance leases in which ownership of the leased assets is not transferred to the lessee.

The straight-line method is used assuming the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

(3) Accounting standards for principal provisions and allowances

(i) Allowance for doubtful accounts:

In order to provide for potential credit losses due to accounts receivable being difficult to collect, loans receivable, etc., allowances of the estimated unrecoverable amounts are reported based on historical loan loss rates for general claims, and on an individual basis for specific receivables including doubtful receivables.

(ii) Provision for directors' retirement benefits:

With respect to some consolidated subsidiaries, in order to provide for the payment of retirement benefits for directors, an allowance in the amount to be paid at the end of the fiscal year is reported as required by internal rules.

(iii) Provision for directors' share benefits:

In order to provide for the delivery of the Company’s shares for directors, an allowance is recorded based on the estimated value of share remuneration plan liabilities at the end of the consolidated fiscal year under review.

(4) Method of amortization and amortization period of goodwill

Goodwill is amortized over eight years from the time of accrual using the straight-line method.

(5) Other significant information for the preparation of Consolidated Financial Statements

(i) Hedge accounting method:

Deferral hedge accounting is used. In addition, special treatment is applied to interest rate swap contracts that meet the requirements for special treatment.

(ii) Accounting method for retirement benefits:

In order to provide for the payment of employee retirement benefits, the Company reports the amount of the retirement benefit obligations less pension assets at the end of the consolidated fiscal year under review as net defined benefit liability (or net defined benefit asset if the amount of pension assets exceeds the amount of retirement benefit obligations).

In the calculation of retirement benefit obligations, the benefit formula has been used to attribute expected benefits to periods until the end of the consolidated fiscal year under review.

Prior service costs are expensed using the straight-line method based on a certain number of years (mainly 12 years) within the average remaining service years of the employees when incurred in each fiscal year.

Actuarial differences are expensed from the following fiscal year as incurred using the straight-line method based on a certain number of years (mainly 12 years) within the average remaining services years of the employees when incurred in each fiscal year.

Unrecognized actuarial differences and unrecognized prior service costs have been recorded under remeasurements of defined benefit plans under accumulated other comprehensive income in net assets upon adjustment of tax effects.

In some of the Company's subsidiaries in North America, non-pension post-retirement health benefits are treated similarly to retirement benefits, i.e. their total amounts are estimated and allocated on the basis of the employee's years of service, and due to their similar nature to retirement benefits, have been included in net defined benefit liability.

(iii) Standards for the recognition of net sales of completed construction contracts and cost of sales of completed construction contracts:

Construction contracts in progress for which the outcome of the progress made by the end of the fiscal year under review is deemed certain are subject to the percentage-of-completion method, and other construction contracts are subject to the completed-contract method.

The percentage of completion as of the end of the current fiscal year of contacts subject to the percentage-of-completion method is estimated on a cost-to-cost basis.

(iv) Accounting for consumption tax:

In terms of accounting for consumption tax and local consumption tax, amounts are shown exclusive of such taxes.

(Change to accounting policies)

Starting from the fiscal year under review, overseas subsidiaries applying U.S. Generally Accepted Accounting Principles (GAAP) adopted ASC 606, Revenue from Contracts with Customers while other overseas subsidiaries applying IFRS Standards adopted IFRS 15 Revenue from Contracts with Customers. These adoptions had only a negligible effect on the Company's consolidated financial statements.

(Change to presentation method)

From the start of the fiscal year under review, the Company applied the partial revision to "Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) to present deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities.

(Notes to the Consolidated Balance Sheet)

1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral

Machinery, equipment and vehicles	2,632 million yen
Land	3,639
Inventories	2,002
Accounts receivable - trade	1,155
Total	9,428

Secured liabilities

Short-term loans payable	1,954 million yen
Long-term loans payable	845
Total	2,800

The maximum amount of the revolving mortgage related to the assets above is 6,039 million yen.

2. Accumulated depreciation of property, plant and equipment:

83,803 million yen

3. Other

Accounting method for bills that matured on the last day of the consolidated fiscal year under review:

Under the accounting method for bills that matured on the last day of the consolidated fiscal year under review (which fell on a bank holiday), settlement of those bills is made on bill clearing days. Bills that matured on the last day of the consolidated fiscal year under review are as follows.

Notes receivable - trade	84 million yen
Electronically recorded monetary claims - operating	1,025 million yen
Notes payable - trade	3 million yen
Electronically recorded obligations - operating	441 million yen
Other in current liabilities	4 million yen

(Notes to the Consolidated Statement of Income)

1. Amount of balance sheet value reduction due to the declining profitability of inventories held for ordinary sales purposes

Cost of sales 301 million yen

(Notes to the Consolidated Statement of Changes in Equity)

1. Type and total number of shares outstanding at end of consolidated fiscal year under review:
   Common shares 15,709,968 shares

2. Dividends

   (1) Dividend payments

Date of resolution	Total dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2018	540 million yen	35 yen	March 31, 2018	June 25, 2018
Board of Directors Meeting held on November 6, 2018	385 million yen	25 yen	September 30, 2018	December 3, 2018

   * The total amount of dividends included 1 million yen representing dividends on Company shares held by the Board Incentive Plan (BIP) Trust.

   (2) Dividends whose record date is in the current fiscal year and whose effective date is in the following fiscal year

   At the Ordinary General Meeting of Shareholders to be held on June 21, 2019, the following proposal on dividends will be submitted.

Total dividends	540 million yen
Cash dividends per share	35 yen
Effective date	June 24, 2019
Record date	March 31, 2019

   The source of dividends shall be retained earnings.

(Notes on Financial Instruments)

1. Information regarding status of financial instruments

   The Group limits its fund management activities to short-term deposits, etc., and raises funds by borrowings from financial institutions such as banks.

   The Group seeks to reduce credit risks of customers concerning notes and accounts receivable-trade in accordance with the Credit Management Rules.

   Investment securities mainly consist of shares, and the market prices of listed shares are identified on a quarterly basis.

   Borrowings are used for operating funds (mainly short term) and capital investment funds (long term). With respect to the risk of interest rate fluctuations for some long-term loans payable, the Group performs interest rate swap transactions to fix interest expenses.

   Derivative transactions are forward exchange contracts aimed at hedging exchange rate fluctuation risks involved with monetary receivables and payables denominated in foreign currencies, which are performed in accordance with the Accounting Rules.

2. Information regarding market value, etc. of financial instruments

The Consolidated Balance Sheet amount and market value at the end of the consolidated fiscal year under review and the difference between the two are as follows.

Financial instruments whose market value is deemed to be extremely difficult to identify are not included in the table below (see Note 2).

(Millions of yen)

	Consolidated Balance Sheet amount (*1)	Market value (*1)	Difference
(1) Cash and deposits	17,112	17,112	-
(2) Notes and accounts receivable - trade	30,945	30,945	-
(3) Electronically recorded monetary claims - operating	6,626	6,626	-
(4) Securities	9,000	9,000	-
(5) Investment securities Available-for-sale securities:	5,269	5,269	-
(6) Notes and accounts payable - trade	[13,358]	[13,358]	-
(7) Short-term loans payable	[11,436]	[11,436]	-
(8) Long-term loans payable	[30,806]	[31,126]	320
(9) Derivative transactions (*2)	[15]	[15]	-

(*1) Those recorded in Liabilities are shown in parentheses [ ].

(*2) Amounts of claims and obligations that accrued from derivative transactions are shown on a net basis, and net obligations are shown in parentheses [ ].

(Note 1) Calculation method of market value of financial instruments and information regarding securities and derivative transactions

(1) Cash and deposits, (2) Notes and accounts receivable-trade and (3) Electronically recorded monetary claims - operating

As these items are settled in a short period of time, their market value is approximately the same as their carrying amount; therefore, they are stated at the carrying amount.

(4) Securities

As these are negotiable deposits and settled in a short period of time, their market value is approximately the same as their carrying amount; therefore, they are stated at the carrying amount.

(5) Investment securities

The market value of shares is based on the exchange price, etc.

(6) Notes and accounts payable-trade and (7) Short-term loans payable

As these items are settled in a short period of time, their market value is approximately the same as their carrying amount; therefore, they are stated at the carrying amount.

(8) Long-term loans payable (including current portion of long-term loans payable)

The calculation method of the market value of long-term loans payable involves discounting the sum of the principal and interest divided into certain periods by the interest rate that is expected to be applied if a similar new loan is taken out. Long-term loans payable with variable interest rates are subject to special treatment for interest rate swaps (see (9) below), and the calculation method involves

discounting the sum of the principal and interest processed integrally with such swaps by a reasonably-estimated interest rate that would be applied if a similar loan were taken out.

(9) Derivative transactions

Those subject to special treatment for interest rate swaps are processed integrally with the hedged long-term loans payable, so their market value is included in the market value of such long-term loans payable (see (8) above).

Calculation of market value is based on prices etc. provided by relevant financial institutions.

(Note 2) The Company does not disclose the market value of non-listed shares (of which the value recorded on the consolidated balance sheet is 4,975 million yen) as we deemed it as highly difficult to identify given that no market price is available for them and their future cash flows are unable to be estimated.

(Notes on Per Share Information)

1. Net assets per share: ¥3,837.65
2. Profit per share: ¥18.24

(Other related notes)

1. Business combination through acquisition

(1) Outline of Business combination

(i) Name of company acquired and description of business

Name of company acquired: Gebrüder Ahle GmbH & Co. KG

Description of business: Design, manufacture and sales of coil springs used for automobiles

(ii) Major reasons for business combination

To become a global supplier of springs for automobile suspension (coil springs and stabilizer) in the Springs Business, one of the policies under the 2016 Mid-term Business Plan, the Company decided to expand into Europe by acquiring a European spring manufacturer recently following an expansion into Mexico and stabilizer business launch in China.

(iii) Business combination date

April 12, 2018

(iv) Legal form of business combination

Acquisition of equity interests in exchange for cash

(v) Name of company after acquisition

MSSC Ahle GmbH

Because MSSC Deutschland GmbH, a pure holding company newly established, had acquired all equity interests in Gebrüder Ahle GmbH & Co. KG in the fiscal year under review, these firms and a subsidiary of the latter had been included in the scope of consolidation. In the fiscal year under review, they were merged into surviving company MSSC Deutschland GmbH, which was then renamed MSSC Ahle GmbH.

(vi) Voting ratio acquired

100%

(vii) Major ground for determining an acquiring company

The Company acquired equity interests in exchange for cash.

(2) Period of acquired company financial results included in the consolidated financial statements

From April 12, 2018 to December 31, 2018

(3) Cost of acquisition of acquired company and breakdown of prices by category

Cash expended for acquisition	1,595 million yen
Cost of acquisition	1,595 million yen

(4) Details and major costs related to acquisition

Advisory fees, etc. 191 million yen

(5) Amount of goodwill arising from company acquisition, reason for accrual, and method and period of amortization

(i) Amount of goodwill

311 million yen

(ii) Reason for accrual

It is primarily the additional future income-generating power expected to be derived from manufacturing and sales activities in the Springs business of MSSC Ahle GmbH.

(iii) Method of amortization and amortization period

Amortization over a 10-year period on a straight-line basis

(6) Amount of assets and liabilities accepted as of the date of the business combination and their major breakdown

Current assets	1,116 million yen
Non-current assets	1,568 million yen
Total Assets	2,685 million yen
Current liabilities	396 million yen
Non-current liabilities	1,004 million yen
Total liabilities	1,401 million yen

(7) Amount allocated to intangible assets other than goodwill, breakdown by major type, and weighted-average amortization period by major type

Type	Amount	Amortization period
Assets related to customers	413 million yen	13 years
Assets related to technologies	59 million yen	13 years

Notes to the Non-consolidated Financial Statements

(April 1, 2018 - March 31, 2019)

(Notes on Information Regarding Significant Accounting Standards)

1. Valuation standards and methods of assets

(1) Valuation standards and methods of securities

(i) Shares of subsidiaries and shares of affiliates:

Stated at cost using the moving-average method.

(ii) Available-for-sale securities

For which market value is available:

The present market value is recorded based on the market prices, etc., on the last day of the period. (Valuation differences are incorporated into net assets in full. Selling prices were computed based on the moving-average method.)

For which market value is not available:

Stated at cost using the moving-average method.

(2) Valuation standards and methods of derivatives

Derivatives:

Market value method

(3) Valuation standards and methods of inventories

Finished goods, semi-finished goods, work in process, raw materials and supplies:

Stated at cost based on the periodic average method (method in which book values are lowered based on declines in profitability).

2. Depreciation and amortization methods of depreciable assets

(i) Property, plant and equipment (excluding leased assets):

The Company depreciates property, plant and equipment using the declining-balance method.

Certain buildings and structures are depreciated using the straight-line method.

The range of useful lives of main property, plant and equipment is as follows:

Buildings 8 - 31 years

Machinery and equipment: 8 - 14 years

(ii) Intangible assets (excluding leased assets):

The Company amortizes intangible assets using the straight-line method.

Software used in-house is amortized by the straight-line method over its useful life assuming in-house use (5 years).

(iii) Leased assets: Leased assets associated with finance leases in which ownership of the leased assets is not transferred to the lessee

The straight-line method is used assuming the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

3. Accounting standards for provisions and allowances

(i) Allowance for doubtful accounts:

In order to provide for potential credit losses due to accounts receivable being difficult to collect, loans receivable, etc., allowances of the estimated unrecoverable amounts are reported based on historical loan loss rates for general claims, and on an individual basis for specific receivables including doubtful receivables.

(ii) Provision for retirement benefits:

In order to provide for the payment of retirement benefits for employees, an allowance in the amount deemed to have accrued at the end of the fiscal year under review is recorded based on the projected amount of retirement benefit obligations and pension assets at the end of the fiscal year under review.

In the calculation of retirement benefit obligations, the benefit formula has been used to attribute expected benefits to periods until the end of the fiscal year under review.

Prior service costs are expensed using the straight-line method based on a certain number of years (12 years) within the average remaining service years of the employees at the time of accrual.

Actuarial differences are expensed from the fiscal year subsequent to the year of accrual using the straight-line method based on a certain number of years (12 years) within the average remaining service years of the employees at the time of accrual in each fiscal year.

(iii) Provision for directors' share benefits:

In order to provide for the delivery of the Company’s shares for directors, in accordance with the Rules of the Performance Share Plan, an allowance is recorded based on the estimated value of share remuneration plan liabilities at the end of the fiscal year under review.

(iv) Provision for loss on business of subsidiaries and associates:

In order to provide for loss on business expected to be incurred by subsidiaries and associates of the Company, an allowance for such losses is recorded as the estimated amount the Company will have to pay beyond investments in those companies.

4. Other basic and significant information regarding the preparation of Non-consolidated Financial Statements

(i) Hedge accounting method: Deferral hedge accounting is used. In addition, special treatment is applied to interest rate swap contracts that meet the requirements for special treatment.

(ii) Accounting for consumption tax:

In terms of accounting for consumption tax and local consumption tax, amounts are shown exclusive of such taxes.

(Change to presentation method)

From the start of the fiscal year under review, the Company applied the partial revision to "Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) to present deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities.

(Notes to the Non-consolidated Balance Sheet)

1. Accumulated depreciation of property, plant and equipment:
   30,597 million yen
2. Contingent liabilities
   Guarantees for borrowings of subsidiaries and affiliates: 7,128 million yen
3. Monetary claims and obligations to subsidiaries and affiliates

Short-term monetary claims:	6,537 million yen
Long-term monetary claims:	6,508
Short-term monetary obligations:	5,317

4. Other

Accounting method of bills that matured on the last day of the fiscal year under review:

Under the accounting methods for bills that matured on the last day of the fiscal year under review (which fell on a bank holiday), settlement of those bills is made on the days the bills clear. Bills that matured on the last day of the fiscal year under review are as follows.

Notes receivable - trade	84 million yen
Electronically recorded monetary claims - operating	1,025
Notes payable - trade	3
Electronically recorded obligations - operating	441
Other in Current liabilities	4

(Notes to the Non-consolidated Statement of Income)

1. Amount of transactions with subsidiaries and affiliates

Net sales	2,434 million yen
Purchases	43,504
Trades other than operating transactions	
Interest income	178
Dividend income	55

2. Amount of write-down of inventories held for ordinary sale purposes due to decline in profitability
   Cost of sales 77 million yen

(Notes to the Non-consolidated Statement of Changes in Equity)

1. Type and total number of treasury shares at end of fiscal year under review:
   Common shares 325,590 shares

(Notes on Tax Effect Accounting)

1. Breakdown of major components of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Accrued enterprise tax	91 million yen
Provision for retirement benefits	424
Amount in excess of depreciation limit	109
Impairment loss	240
Accrued expenses	227
Loss on valuation of investment securities	261
Loss on valuation of shares of subsidiaries and associates	521
Allowance for doubtful accounts	365
Provision for loss on business of subsidiaries and associates	402
Other	249
Deferred tax assets—Subtotal	2,894
Valuation allowance	(1,979)
Deferred tax assets—Total	915
Deferred tax liabilities	
Valuation difference on available-for-sale securities	1,130 million yen
Reserve for advanced depreciation of non-current assets	480
Prepaid pension cost	127
Deferred tax liabilities—Total	1,739
Deferred tax liabilities—Net	824

(Notes on Transactions with Related Parties)

1. Subsidiaries and affiliates, etc.

Type	Company name	Percentage of voting rights held	Relationship with related party	Description of transaction	Transaction amount	Account	Closing balance
					(Millions of yen)		(Millions of yen)
Subsidiary	Mitsubishi Steel Muroran Inc.	Directly owns 70.0%	Purchase of finished goods	Purchase of special steel bars (Note 1)	Purchases 40,010	Accounts payable - trade	4,611
			Debt guarantee	Guarantee for borrowings (Note 2)	Guarantee amount 1,050		
			Lending of funds	Lending of operating funds and equipment funds (Note 3)		Long-term loans receivable	2,537
			Common officers				
	MSSC US INC.	Directly owns 100.0%	Lending of funds	Lending of operating funds and equipment funds (Note 3)	Amount of lending 277	Long-term loans receivable	2,576
			Common officers				
	MSM (THAILAND) CO.,LTD.	Directly owns 100.0%	Debt guarantee	Guarantee for borrowings (Note 2)	Guarantee amount 1,215		
	PT. JATIM TAMAN STEEL MFG.	Directly owns 56.2%	Sale of finished goods	Sales of special steel bars (Note 4)	Sales 1,788	Accounts receivable - trade	1,085
			Debt guarantee	Guarantee for borrowings (Note 2)	Guarantee amount 4,505		
			Lending of funds	Lending of operating funds and equipment funds (Note 3)	Amount of lending 2,833	Short-term loans receivable	2,865
			Common officers				

(Notes) Terms of transactions, policies for determining terms of transactions, etc.

1. Purchase prices are determined based on actual costs.
2. This is a guarantee for borrowings from banks; no guarantee commission is received.
3. For the lending of funds, the interest rate is determined based on the market interest rate, and the terms of repayment are determined according to the purpose of the funds. No collateral is received.
4. The terms of transactions are determined based on market prices, etc.
5. The amount of transactions does not include consumption tax. The closing balance includes consumption tax.
6. For loans receivable from subsidiaries, allowance for doubtful accounts totaling 780 million yen is recorded.
7. In addition to the above, the Company booked the provision of a loss of 1,314 million yen on its affiliate business at the end of the fiscal year under review.

(Notes on Per Share Information)

1. Net assets per share: ¥3,227.20
2. Profit per share: ¥186.24