

Rebuilding Our Business Foundation

Messages from the Company Presidents



Metals Company

Nobuhiro Takayanagi

Managing Executive Officer
(Representative Executive Officer)
President, Metals Company



We are keenly aware that we must review the foundations of our smelting and refining business model, and moving forward with reforms with a sense of urgency.

Demand for copper, a main product of the Metals Company, is expected to continue to increase significantly due to the shift to xEVs, the spread of renewable energy, and advances in IT technologies, including AI. This creates a great sales opportunity. Meanwhile, regions and countries such as China, the EU, North America and India have designated copper, precious metals and rare metals as critical minerals, intensifying competition for resources. Currently, the TC/RC (smelting and refining margin), which is the procurement condition for copper concentrate, is at an extremely low level. We are no longer able to generate profit through our current business model—procuring and smelting copper concentrate to sell as electrolytic copper. We are keenly aware that we must review the foundations of our current business model. Based on this, we are already moving forward with a sense of urgency on fundamental structural business reforms, including reducing copper concentrate processing volume at the Onahama Smelter & Refinery, and increasing the proportion of raw materials for recycling. We will steadily advance reforms by making maximum of our metallurgical technology and know-how in E-Scrap processing and home appliance recycling we have cultivated over many years. Complementing technology or expertise we lack internally through effective collaboration with external parties, we will achieve sustainable growth and increase corporate value.

Advanced Products Company

Zhang Shoubin

Managing Executive Officer
President, Advanced Products Company



We will work to improve quality and strengthen our revenue base in order to become a business that can generate profit even amid significant changes in the business environment.

Looking at market trends in the automobile market, the growth rate of the xEV market is slower than expected in Japan, Europe and the United States. In the semiconductor market, products related to generative AI and data centers are performing well, but we expect it will take time for demand for power semiconductors to recover due to delays in the adoption of xEVs and sluggish demand for consumer products. We are implementing fundamental structural reforms to become a business that can generate profits even amid increasingly rapid and drastic changes in the business environment.

In the Copper & Copper Alloy business, we have previously pursued strategies and plans based on the assumption of increased demand, but current conditions require a major shift in direction. Rather than simply relying on expanded volume, we will aim to improve quality, and to develop and expand sales of high-value-added products. Furthermore, we will continue to work to reduce costs and strengthen profitability by reviewing our product portfolio, including by consolidating manufacturing bases and withdrawing products that are not competitive.

In the Electronic Materials & Components business, we will further hone our current strengths while strengthening our earning base by seizing growth opportunities in the introduction of new products such as square silicon substrates, continuing to optimize our product portfolio.

Metalworking Solutions Company

Kazuo Ohara

Managing Executive Officer
President, Metalworking Solutions Company



Amid major changes in the cemented carbide tool market, we will accelerate our shift to growth areas and work to improve profitability.

In the Carbide Tools business, market trends are changing dramatically, with a significant shift to xEVs in the Chinese automotive industry, reducing demand for metal processing. We have previously developed products for small, high-precision processing in industries such as aerospace and medical care, and have expanded sales to these growth areas. Now, we will further accelerate efforts toward the next stage of growth. We are also implementing fundamental structural reforms to improve profitability, including by rationalization, such as improving business efficiency, productivity, and optimizing manufacturing locations.

In the Tungsten business, we will play a major role in circulating tungsten resources in major demand areas around the world, and will work to achieve profit more quickly through the combination of Germany's H.C. Starck, which we acquired in December 2024, and our Group company, Japan New Metals Co., Ltd. Additionally, as a part of overseas expansion in mining tools business, where tungsten is a raw material, Mitsubishi Materials Hardmetal Corporation has completed construction of a new plant in Thailand, strengthening the local production system. While expanding the circulation of tungsten resources, we will continue to create new value by providing solutions that help customers improve productivity.

Rebuilding Our Business Foundation



Metals Company : Resources Business



FY2031 Strategy Measures

- Promotion of technological development to secure and recover rare metal resources contained in copper deposits
- Acquisition of copper mining interests and securing copper concentrates through continuous investment in mines
- Expansion of electrolytic copper supply through SX-EW operations at copper mines

Progress

- Partial revision of mining investments under review
- Completion of the sale of interest in Copper Mountain Mine in FYE March 2026
- Mantoverde Mine began production in June 2024 and is currently operating at full capacity

Initiatives in FYE March 2026

- Consideration of investment portfolio optimization including replacement of investment mines

Acquisition of sustainable copper mining interests and securing copper concentrates through continuous investment in mines

The Group is focused on expanding the processing of raw materials for recycling (secondary raw materials). To expand processing of these materials, which are complex in composition and inconsistent in quality, it is increasingly important that the primary raw material, copper concentrate, be of consistent quality and contain few impurities. To ensure stable supply of copper concentrate with few impurities, we are investing in overseas copper mines. One of the goals of our mining investments is to capture copper mine profits through dividends to support our financial situation.

Currently, we are involved in three operating copper mines, primarily in Chile, South America, and also in multiple mine development projects. In recent years, the Mantoverde Mine (Chile), in which we acquired stake in February 2021, began producing copper concentrate in June 2024, and since transitioned to full production. In March 2023, we invested in Western Copper and Gold Corporation, which holds interests

in the Casino Project (Canada). Both projects are also aiming to develop new technologies, and at the Mantoverde Mine, we are developing technology for a process to separate and recover trace amounts of cobalt contained in ore.

At the same time, we are also reviewing our mining investment portfolio in response to changes in the external environment. As a part of this, we transferred our interest in the Copper Mountain Mine (Canada) to our joint venture partner, Hudbay Minerals Inc. Until now, we have offtaken 100% of the copper concentrate produced by this mine, using it as an important raw material source to ensure the stable operation of our domestic smelters. Following the transfer, we will continue to hold the right to offtake 85% of the copper concentrate produced over a 15-year period.

Going forward, we will continue to focus on existing projects while exploring opportunities to participate in new projects, aiming to build an optimal portfolio to ensure a stable supply of copper concentrate and maximize profits.



Chile: Mantoverde Mine



Canada: Casino Project

Rebuilding Our Business Foundation



Metals Company : Smelting & Resource Recycling Business



FY2031 Strategy Measures

- Strengthening and expanding networks to promote resource circulation
- Expansion of electrolytic copper production capacity
- Increasing recycling rate by expanding collection and processing of E-Scrap
- Creation of rare earths and rare metals recycling businesses
- Accelerating business developments in Japan and overseas (E-Waste recycling)

Progress

- LIB recycling pilot plant under construction
- Working with external partners to establish a resource circulation loop
- Construction work underway at Naoshima to expand recyclable raw material (including E-Scrap) processing capacity
- Promotion of the Exurban Project, organizational strengthening
- Feasibility study for expanding home appliance recycling in ASEAN countries

Initiatives in FYE March 2026

- Establishment of processing technology for raw materials for recycling, and decision regarding investment in Exurban Project
- Pre-treatment facility construction preparations at Onahama
- M&A and feasibility study for domestic and overseas home appliance recycling business

Expansion regions and targets of resource circulation businesses, based on trends and laws and regulations in each country and region

The Group utilizes our proprietary copper smelting process, the Mitsubishi Copper Continuous Smelting and Converting Process, to recover metals from raw materials for recycling such as E-Scrap, promoting the circulation of metal resources. E-Scrap contains valuable metals such as gold, silver, copper, platinum and palladium, so it is attracting attention as a valuable resource. In addition, the amount of E-Scrap generated is expected to continue growing as the recycling rate of WEEE rises with greater environmental awareness in countries around the world.

At the same time, TC/RC, a condition for purchasing copper concentrate, has worsened significantly, and the future outlook is uncertain. Operation of a sustainable business that takes both environmental and economic perspectives into account requires an increased proportion of raw materials for recycling in copper smelting, and further acceleration of the shift to a raw material mix less affected by TC/RC.

In light of this, we plan to expand our copper smelting capacity at Naoshima Smelter & Refinery in the fiscal year ending March 2028, focusing on strengthening E-Scrap processing, while also increasing the proportion of E-Scrap in our smelting process volume. In addition, we are planning to transform Onahama Smelter & Refinery into a resource circulation hub with excellent processing capabilities for raw materials for recycling. Specifically, after regular maintenance scheduled for October and November 2025, we will shut down some production facilities and reduce copper concentrate processing, while considering increasing our processing capacity for raw materials for recycling through the introduction of pre-treatment equipment, etc. Through these efforts, we will increase the proportion of raw materials for recycling in our copper smelting and refining operations.

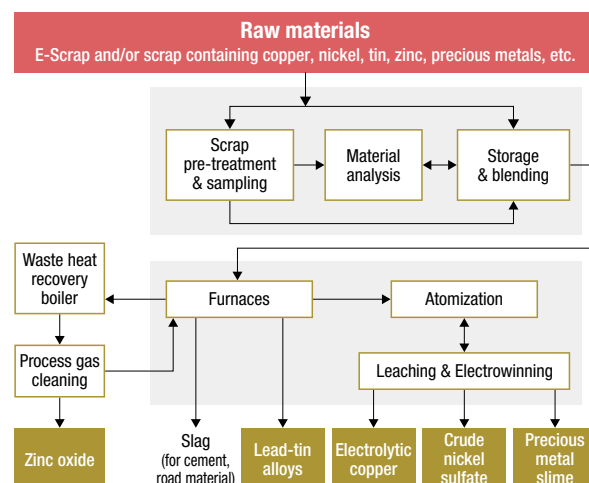


Naoshima Smelter & Refinery

Rebuilding Our Business Foundation > Metals Company : Smelting & Resource Recycling Business

Exurban Project Promotion

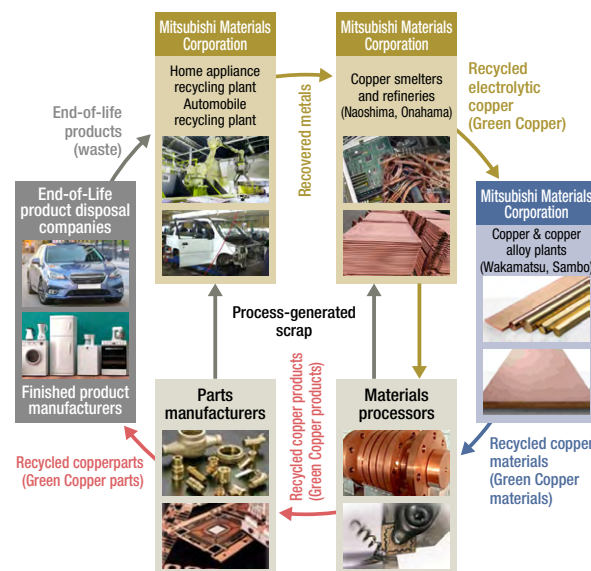
The Group has become a major shareholder in British company Exurban after acquiring a portion of its shares and has established a strategic alliance with it. Exurban is working to realize the zero-waste secondary smelting plant, which uses only scrap materials mainly E-Scrap. Through this project, in addition to establishing a foothold for resource circulation businesses in North America, we are engaged in joint development with Exurban to acquire new smelting technology that uses only scrap materials, mainly E-Scrap. We expect to expand this technology to other regions outside North America. The promotion structure was strengthened with the addition of Rio Tinto, a major resource company, and Giampaolo Group, a major recycler, as new partners. We also dispatch staff members to the region to contribute to strengthening the technology development and local project management.



Establishing a Resource Circulation Loop with OEM etc. (Collecting > Recycling > Return > Product)

We are establishing a resource circulation loop with automobile manufacturers and other parties who discharge used E-Waste. After receiving the waste, we dismantle and sort it at our automobile and home appliance recycling plants, feeding recovered resources to our copper smelters for final resource recovery and/or to our copper processing plants for processed product manufacturing.

Leveraging our strength in the broad copper value chain, we propose resource circulation loop models that meet customer needs.



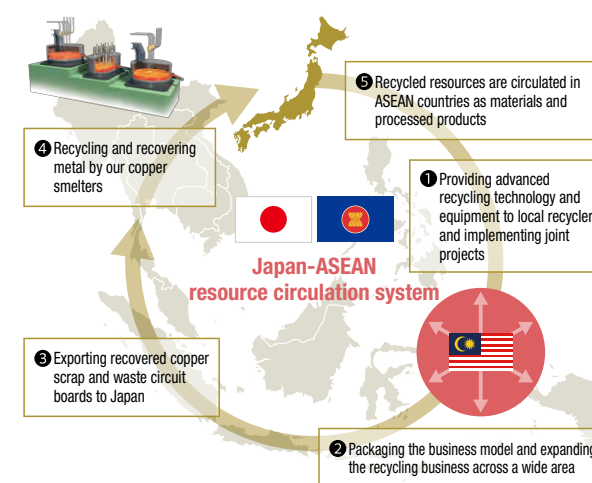
Related Information:

Integrated Report, P22
▶ Building a Sustainable Resource Circulation Loop

Promoting Home Appliance Recycling Projects in ASEAN Countries

Home appliances are made from a variety of combinations of materials, including metals such as iron, aluminum and copper as well as glass, plastic and rubber. We operate home appliance recycling plants in collaboration with home appliance manufacturers, and possess advanced dismantling and sorting technologies. Leveraging this strength, we are promoting home appliance recycling projects in Malaysia and Thailand, where E-Waste management legislation is planned.

In Malaysia we have concluded a memorandum of understanding (MOU) with a local partner (Jaring Metal Industries Sdn. Bhd.) regarding joint business ventures. This includes a currently underway feasibility study (FS) on process design and supply chain construction (purchasing end-of-life home appliances, recycling, then selling recovered resources). We plan to assess commercial viability to make a decision on investment at the timing when the legislation is enacted.



Rebuilding Our Business Foundation



Advanced Products Company : Copper & Copper Alloy Business



FY2031 Strategy Measures

- Expand capacity for copper plates and copper stripes to increase market share in the domestic market and acquire new overseas customers
- Improve the recycling rate of wrought copper products and establish a scrap platform base
- Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare, environment)

Progress

- Investment to expand capacity for copper plates and copper strips is proceeding as planned, with full-scale operations to begin in the second half of FYE March 2025, but demand has remained weak
- Capacity expansion of existing facilities and M&A in the EV connector field

Initiatives in FYE March 2026

- Cost reduction through streamlined production and inventory reduction
- Expansion of sales for semiconductor-related heat spreaders in addition to newly certified products for automotive terminals
- Establishing a sales department (Strategic Sales Dept.) specifically for entering growing markets
- Optimization of product portfolio by shifting to high-value-added products and elimination of low-profit products

Implementation of profit structure reforms including additional cost reduction in addition to increasing sales by strengthening revenue structure (deepening existing markets and developing new markets)

In the Copper & Copper Alloy business, we leverage our strengths in the development and manufacturing technologies for oxygen-free copper and copper alloys to stably supply a variety of wrought copper products, and hold the top share of the domestic market. Investments to expand capacity in anticipation of medium- to long-term demand increases due to the advancement of xEVs and the trend toward higher currents and voltages were completed by the fiscal year ended March 2025. However, demand for both automobiles and semiconductors remains weak, resulting in impairment losses in the fiscal year ended March 2025. In light of this situation, in the fiscal year ending March 2026, we are working to increase sales by utilizing investment facilities for increased production and strengthening our revenue structure, while also implementing profit structure reforms that include further cost reductions.

We plan to implement these reforms in both the manufacturing

and sales sides. In terms of manufacturing, we are consolidating and eliminating production lines, as well as reducing lead times in addition to existing measures including yield improvements and inventory reductions. As a part of these efforts, we are currently preparing to integrate the Sakai Plant (Nishi-ku, Sakai, Osaka) and the Sambo Plant (Sakai-ku, Sakai, Osaka) on April 1, 2026. The vertical integration of the Sakai Plant, which handles upstream processes, and the Sambo Plant, which handles downstream processes, will enhance the value chain, from casting products (ex. copper cakes) to wrought copper products, improving manufacturing efficiency and shorten production lead times.

In terms of sales, we have established a new department to handle sales and marketing to expand sales in existing markets and develop new markets, aiming to build a system that can provide new added value.

Overview of Revenue Structure Reform

Thorough Production Rationalization and Lead Time Compression

Cost Reduction Measures	● Wakamatsu Plant	: MSP alloy recycling, yield improvement and rationalization, inventory reduction
	● Sambo Plant	: Yield improvement and rationalization, inventory reduction
	● Sakai Plant	: Production efficiency improvement, inventory reduction
	● Additional Measures	: Production line integration/abolition, lead time compression

Strengthening Marketing and Providing New Added Value

Sales Expansion	● Automotive Market (Rolled Products)	: Expansion into BEV-related fields, domestic busbar market, and European market
	● Semiconductor Market (Rolled Products)	: Promotion of heat spreaders and target materials
	● Water Faucet Market (Extruded Products)	: Expansion of GloBrass (overseas) and Eco Square Corners (Japan)
	● Others	: Promotion copper alloy bars, price revisions, and compression of recovery sites

Strengthening of Sales Structure	Rolled Products Sales Dept. Extruded Products Sales Dept.	▶	Copper & Copper Alloy Sales Dept. : Domestic and overseas sales in existing markets Strategic Sales Dept. : Domestic and overseas sales and marketing in new markets	Organizational change effective April 1 of this year

Rebuilding Our Business Foundation



Advanced Products Company : Electronic Materials & Components Business



FY2031 Strategy Measures

- Highly capital-efficient management through continual restructuring of the business portfolio
- Strategic investment in focal products in growth areas
- Developing and securing human resources for the creation of new businesses and the promotion of business alliances
- Enhancing manufacturing capabilities and DX to enhance production sophistication and profitability
- Providing business and social value (SDGs) for carbon neutrality

Progress

- Deteriorating business environment for precision silicon products. Revised investment to increase production and shifted to other growth areas
- Investment to increase capacity for columnar crystal silicon and seal products progressing as planned

Initiatives in FYE March 2026

- Increase market share and acquire new customers through strong products (semiconductor-related products and devices)
- Increase production due to recovery of semiconductor market
- Strengthen price competitiveness through cost reductions
- Increase sales of new products (square silicon substrates, DH53 series surge absorbers)

Responding to demand for next-generation semiconductor products, expanding business through investments that increase production

In the Electronic Materials & Components business, we supply materials and products for semiconductors and automobiles. Demand for semiconductor related products, which is our focus, is gradually recovering, though this varies by product. For this reason, we will closely monitor individual demand trends and consider measures such as capacity expansion. Demand for low-alpha solder is strong for generative AI and advanced packaging applications, so we are investing in expanded production. Although excess inventory in the commercial distribution channel for precision silicon products continues, we are working to expand sales by increasing our market share through existing customers, acquisition of new customers and entering new fields. Demand for columnar crystal silicon for semiconductor memory applications is strong, so we plan to gradually increase our production capacity. Although excess inventory in the commercial distribution channel for seal products continues, we



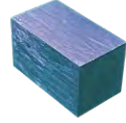

expect inventory reductions to progress in the second half of the fiscal year ending March 2026, and we will consider increasing capacity while we monitor demand trends.

Cost reduction initiatives are being implemented at each site. At the Sanda Plant, we are continuing efforts focused on both bottom-up and top-down efforts, with the goal of reducing costs by 30%. At the Ceramics Plant, we are working to thoroughly reduce costs and strengthen our manufacturing capabilities through efforts that involve everyone beyond the boundaries of organization or past practices.

In new products, we are focusing on expanding sales of our 600 mm square silicon substrate, one of the world's largest. We are targeting use in next-generation semiconductor packages, such as server CPUs and GPUs, and have received positive feedback from customers, with sample evaluations progressing smoothly.

Development of Semiconductor-Related Products

For Semiconductors Approx. 47%

				
	Low-alpha Solder	Precision Silicon Products	Columnar Crystal Silicon	Seal
Application	Semiconductor Packaging Material	Semiconductor manufacturing equipment parts		
Demand Trend	Strong demand for generative AI and advanced packaging applications	Weak demand due to continued overstocking in the distribution channel	Strong demand for semiconductor memory applications, etc.	Weak demand due to continued overstocking in the distribution channel
Product Strengths	<ul style="list-style-type: none"> • Unique low-alpha materials and quality evaluation technology • Long-standing trust and proven track record 	<ul style="list-style-type: none"> • Superior microfabrication technology for brittle cemented carbide materials • Customization capabilities 	<ul style="list-style-type: none"> • Large-diameter product supply (□1050, φ1050) • High strength, inclusion-free • Thermal expansion coefficient and workability equivalent to single crystal products 	<ul style="list-style-type: none"> • Material design capabilities • Customization capabilities • Automation for cost competitiveness
Future Development	We are currently expanding our production facilities in response to requests from major established customers. We plan to invest three times the amount in production compared to the fiscal year ended March 2025, with benefits expected to be felt from the fiscal year ending March 2028.	We aim to increase our market share with existing customers and expand into new fields, thereby expanding sales into new areas. Benefits are expected to be felt from the fiscal year ending March 2026.	Customer demand is strong, and the target market is expected to continue to grow. We will gradually increase our production capacity while monitoring demand trends. Benefits are expected to be felt from the fiscal year ending March 2026 and after.	We expect to see progress in reducing our distribution inventory in the second half of the fiscal year ending March 2026, after which demand is expected to increase in line with market growth. We will consider further capacity expansion while monitoring demand trends.

Rebuilding Our Business Foundation



Metalworking Solutions Company : Metalworking Solutions Business



FY2031 Strategy Measures

Cemented Carbide Tools Business

- Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology

Tungsten Business

- Expansion of business scale for rechargeable batteries in addition to cemented carbide tools, etc.
- Strengthening environmental measures

Solutions Business

- Commercialization of solution sales to manufacturing sites

Progress

- Creation of high added-value products is progressing in various fields including automobile, aircraft, and medical care. However, some investments have been suspended or postponed due to worsening market conditions
- Completion of acquisition of H.C. Starck, one of the world's leading manufacturers of tungsten products

Initiatives in FYE March 2026

- Accelerating comprehensive cost reduction, including personnel reallocation, optimization of scale, and procurement optimization, while also preparing for labor-saving measures and automation in anticipation of an economic turnaround
- Strengthening sales expansion to the aerospace industry, which is on a growth trajectory
- Accelerating efforts to secure the recovery and recycling capacity of used cemented carbide tools by leveraging recycling technologies, capabilities, and global bases of Japan New Metals (our subsidiary) and H.C. Starck

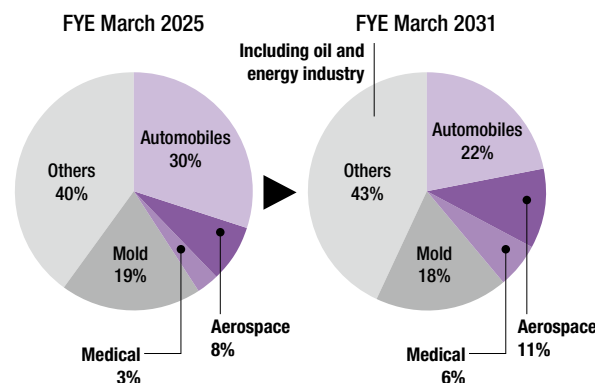
Strategic investment in focal products in growth areas

In the Metalworking Solutions business, we provide a variety of cemented carbide tools to the automobile, aerospace, medical and mold and die industries. However, sales growth for the automobile sector fell far short of expectations in the fiscal year ended March 2025, and it is unclear if global demand will recover in the fiscal year ending March 2026. In light of this, we are shifting our focus to the aerospace and medical industries, which are expected to grow in the future. The aerospace industry requires high-performance materials that can withstand harsh conditions, as do the cemented carbide tools used to process these materials. To ensure stable and efficient machining of difficult-to-machine, high-performance materials, we offer tools that combine fine-tuned base materials with highly heat-resistant coating technology. We will establish a dedicated global team to provide technical support, enhance sales expansion primarily in Japan, Europe and the United States, and strengthen our

product portfolio focusing on components, particularly aircraft engines.

In December 2024, we completed the acquisition of H.C. Starck Holding (Germany) GmbH (H.C. Starck), a world-leading tungsten producer. The company produces and sells high-quality powders, primarily made from, tungsten powder, tungsten carbide powder and alloys of these in Europe, North America and China through a global sales network including Japan, while also possessing one of the world's largest tungsten recycling capabilities. Through collaboration with our Japan New Metals Co., Ltd., we aim to create synergies and increase corporate value by strengthening research and development capabilities, promoting cross-selling, and utilizing our recycling technologies and capabilities, while also using this as an opportunity to expand our tungsten recycling business globally.

Cemented Carbide Tool Market Portfolio (Sales Breakdown by Industry)



Global Expansion of Tungsten Recycling Business

- Utilizing the recycling technology, capabilities and global bases of Japan New Metals Co., Ltd., and H.C. Starck, accelerate efforts to secure the collection and recycling capabilities of used cemented carbide tools
- Strengthening research and development capabilities through collaboration between our company, our Japan New Metals Co., Ltd. and H.C. Starck
- Creating synergies and increasing corporate value through cross-selling between Japan New Metals Co., Ltd. and H.C. Starck

Rebuilding Our Business Foundation



Renewable Energy Business

FY2031 Strategy Measures

- New development at a pace of one location every three years to expand geothermal business
- New entry into wind power generation where power generation costs are expected to decline in the future

Progress

- Appi Geothermal Power Plant started operation in March 2024 (1 month ahead of schedule)
- Wind conditions on company-owned land under investigation
- Withdraw from biogas business in September 2024

Initiatives in FYE March 2026

- Construction of a solar power plant on company-owned land (scheduled to begin operation in November 2025)
- Sequential launch of new geothermal, hydroelectric, solar and wind power projects. Investigation/evaluation ongoing

Active development of new geothermal, hydroelectric, solar and wind power projects

The Group has a long history of involvement in the Renewable Energy business as a means to provide the electricity needed to develop the metal mines in Akita Prefecture. We are leveraging the technology and knowledge accumulated in underground resources over many years to develop Renewable Energy businesses centered on geothermal, hydroelectric and solar power generation in order to contribute to the stable supply of electricity to local communities. We will continue to work proactively in this area by focusing on geothermal power generation, further expanding hydroelectric and solar, and entering the wind power generation market, with the aim of achieving an effective 100% self-sufficiency rate in renewable energy by the fiscal year ending March 2051.

We are particularly focusing on geothermal power generation, with the Onuma Geothermal Power Plant, Sumikawa Geothermal Power Plant (steam supply only; power generation is handled by Tohoku Sustainable & Renewable Energy Co., Inc.), and Wasabizawa Geothermal Power Plant (owned by our equity-

method affiliate Yuzawa Geothermal Power Corporation). In addition, on March 1, 2024, Appi Geothermal Power Plant (owned by our consolidated subsidiary Appi Geothermal Energy Corporation) began commercial operation and is generating a stable amount of clean electricity.

As a new project, we have begun a geothermal resource survey in the Komonomori area of Kazuno, Akita, using a subsidy from the Japan Organization for Metals and Energy Security (JOGMEC).

In the fiscal year ended March 2023, tree and root cutting work was carried out in preparation for the construction of new forest roads and site development work to drill exploratory wells. Main construction began in the fiscal year ended March 2024, with exploratory well drilling following in the fiscal year ended March 2025. Surveying provided information on the geology, rock properties and temperature, confirming that the formation temperature was over 300°C from one of the survey wells.



Appi Geothermal Power Plant in winter



Exploratory well drilling in the Komonomori area

Rebuilding Our Business Foundation

Message from the Chief Technical Officer

Toshinori Ishii

Managing Executive Officer, CTO
Responsible for: Responsibilities of the CTO, Renewable Energy Business

We will optimize our research and development system, promote autonomy in manufacturing activities and accelerate innovation, leading to increased corporate value.

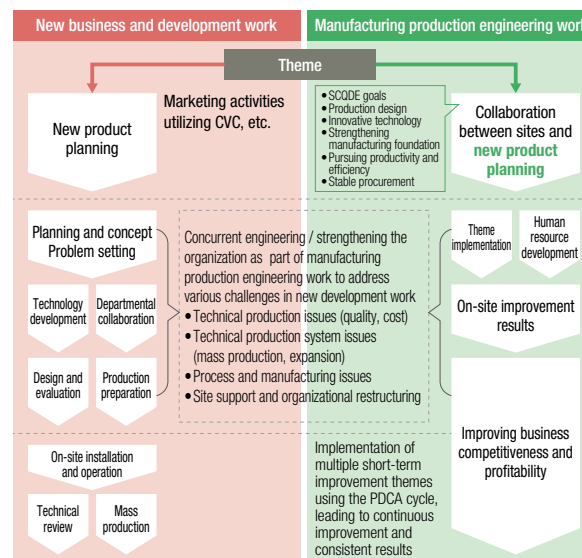
As part of the fundamental structural reforms being undertaken by the Group, we are promoting various initiatives in the areas of business overseen by the CTO, particularly in manufacturing and R&D. In research and development, we must re-examine and reorganize the ratio of new to existing fields to make it more appropriate and ensure it is in line with our overall business portfolio. Based on this, we will build a research and development system with optimal budget allocation, personnel size and deployment. From the perspective of accelerating the creation and commercialization of new businesses, we would like to accelerate the creation of high-quality themes by enhancing existing initiatives such as the Acceleration Program Wild Wind, where we utilize expertise from both inside and outside the Group. In order to accelerate decisions on commercialization, we will also work to strengthen mass production design.

In manufacturing, we will shift from headquarters-led activities at each company to autonomous activities at each company or site, while also focusing on reviewing and strengthening our production engineering from the perspective of Group-wide optimization. Through these efforts, we will accelerate innovation, leading to sustainable growth and increased corporate value.

Manufacturing and R&D

Manufacturing Excellence Strategy

The Group is working to strengthen manufacturing capabilities by adopting concurrent engineering techniques. This involves carrying out multiple product development processes concurrently, including planning, design, manufacturing and testing. By streamlining the product development process to shorten development times, we can respond more quickly to rapidly changing customer and market needs to bring more successful products to the market at greater haste. Furthermore, by having the production technology department participate in new product development from the development stage, we aim to reduce the defect rate during mass production and improve quality, leading to improved yields that contribute to enhance business competitiveness.



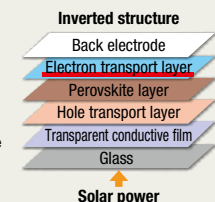
R&D Strategy

In R&D strategy, through the creation of new products, technologies, and businesses, we are providing sustainable materials and achieving sustainable enhancement of corporate value. We aim to develop materials for future needs and trends, achieving results quickly through collaboration between industry, government and academia. As a part of our ongoing efforts to rebuild our business foundation, we are promoting the selection and consolidation of R&D themes. In April 2025, the Innovation Center consolidated its 10 R&D technology areas into four: advanced materials, materials processing, computational materials design & processing and analysis and characterization. Moving forward, we will identify core technologies that must be strengthened with an eye on megatrends and growth markets, working on medium- to long-term themes aimed at the creation of new technologies and products that correspond to the role of the corporate R&D functions, while also utilizing external collaboration.

Product Development Contributing to the Realization of Sustainability Development of ink for electron transport layers decomposition perovskite solar cells

In collaboration with Enecoat Technologies, Co., Ltd., in which we have invested through MMC Innovation Investment Limited Partnership, we have developed an ink for forming the electron transport layer that improves the power generation efficiency of perovskite solar cells. By adopting this ink, we have achieved power generation efficiency that is approximately 1.5 times higher than conventional methods. Perovskite solar cells are attracting attention as the next generation of solar cells because they are highly efficient, low cost, lightweight, and flexible, making them suitable for installation in locations where doing had been difficult. We are also working with Enecoat Technologies Co., Ltd. to develop the coating process for the film-forming ink, and will continue to work toward early commercialization of large-area perovskite solar cells.

(<https://www.mmc.co.jp/corporate/en/news/2025/news20250324.html>)



Perovskite solar cell schematic

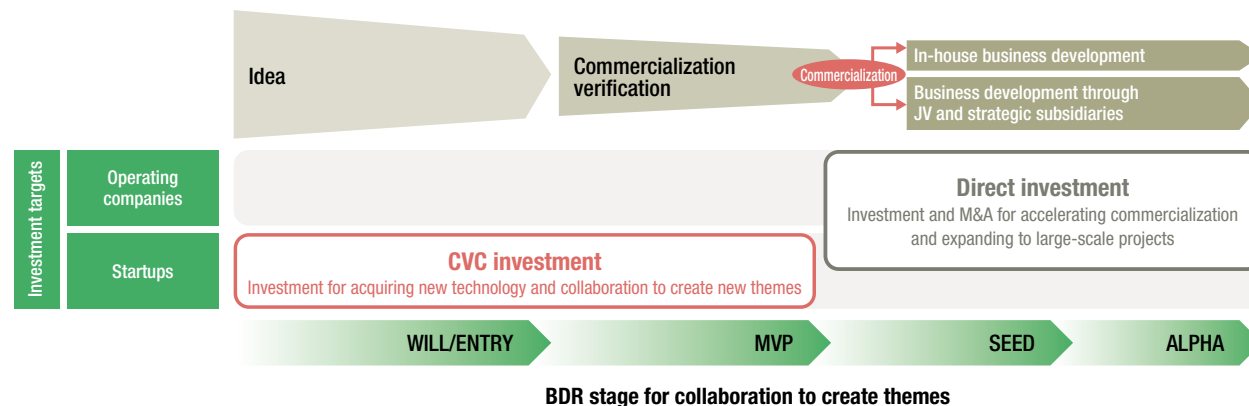


Newly developed tin oxide nano-ink

Rebuilding Our Business Foundation > Manufacturing and R&D



Basic Investment Strategy for New Business



Intellectual Property Management

To realize a sustainable, recycling-oriented society and improve corporate value, the Group implements the optimization of intellectual property portfolios in line with business and development strategies, and is working to enhance intellectual property-related risk management and intellectual property governance standards.

1. Contribute to building and strengthening MMC Group's cyclical value chain, which consists of various arterial and venous businesses, from an intellectual property perspective

We implement intellectual property strategies that provide faster and more effective support for the creation of our cyclical value chain, in line with the characteristics of arterial and venous businesses.

2. Build a strong intellectual property portfolio for MMC Group as a whole

We aim to build a robust intellectual property portfolio in order to respond with flexibility and strength to intellectual property environments, including the emergence of new competitors and alliances expected in the medium- to long-term.

3. Strengthen MMC Group's intellectual property governance structure

We carry out intellectual property related activities in line with the Corporate Governance Code and work to optimize governance in areas such as investment in intellectual property, the development and implementation of utilization strategies, risk management, and information disclosure. We do this using measures such as monthly interviews with the Managing Executive Officer responsible for intellectual property, appropriate reporting to the Board of Directors (as needed) and guidance and supervision from management.

Launch of the Acceleration Program Wild Wind: Creating New Businesses in a Short Time Period



At the Wild Wind 2023 (1st phase) evaluation session



2nd phase website: <https://www.mmc.co.jp/su/acp24>*

*This data is only available in Japanese on the website.

We launched the MMC Acceleration Program Wild Wind, aiming to create new businesses through collaboration with startups and other external partners. Through collaboration with partners, we will accelerate efforts toward commercialization by promptly verifying hypotheses and conducting demonstration tests. External partners will also be provided with our research data, business development human resources, research and development facilities, material analysis technology and verification costs for commercialization as well as accurate advice and accompanying support for commercialization.

In the first phase (started 2023), two themes moved into preparation for commercialization, and in the second phase (started 2024), we recruited partners for new business themes in five areas: carbon neutrality, resource circulation, advanced materials, life sciences and automation technology. In addition to themes proposed by our company, we actively accepted collaborative ideas from external partners, and after approximately six months of joint verification, we decided what ideas to commercialize in September 2025. For themes to be commercialized, we will consider investment from our company or MMC Innovation Investment Limited Partnership.

Rebuilding Our Business Foundation

DX/IT



DX Strategy

The Mitsubishi Materials Group implements the DX strategy MMDX*, which serves as a foundation that enables us to prevail in global competition. We use digital technology and data to strengthen three key pillars of business, which are business added-value, business operation competitiveness and management speed.

*MMDX: Mitsubishi Materials Digital Business Transformation

Rebuilding the MMDX Strategy

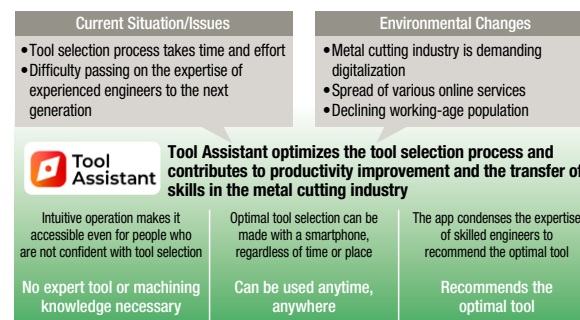
With the aim of increasing MMDX investment results, we have rebuilt its strategy. As a policy, we are accelerating the in-house development of each DX theme from conception through to operation and maintenance, prioritizing themes that are expected to generate results quickly. Each in-house Company will accelerate initiatives to manage and utilize management resources through business-related DX. Meanwhile, Company-wide DX themes will be advanced rationally by integrating them with IT system modernization activities, while also implementing business improvements that enable advanced operations. We are also working on initiatives such as expanding the use of AI and exploring new themes within the domain of our corporate vision, "circulating resources for a sustainable future."

MMDX Example: Tool Assistant

Selecting the optimal tool requires advanced expert knowledge and extensive experience. A major challenge for users is the time-consuming nature of making a selection, particularly when dealing with specialized machining operations or materials, which significantly increases the difficulty of the task. Furthermore, not only is it time-consuming, but selecting the wrong tool can also lead to reduced production efficiency and quality defects.

To address these challenges, we have released Tool Assistant, a tool that consolidates the tool selection expertise of the

Company's skilled engineers. By utilizing this tool, users can quickly determine the optimal tool from approximately 400,000 selection patterns anytime, anywhere, simply by selecting and inputting the necessary information. For certain tool searches, the AI recommendation function suggests tools based on the user's search history and other data, enabling efficient tool selection. This contributes to improved machining accuracy and enhanced productivity.



IT Strategy

The Group provides system functions that are indispensable to establishing and executing the MMC Group IT WAY (IT governance and IT synergies) as our IT strategy and promoting DX. We prioritize data utilization, operational efficiency and security. We are working on system modernization and the strengthening of security measures as well as focusing on key initiatives such as commonization and standardization of IT infrastructure and fostering IT talent. We have set a goal of reducing IT costs to 1.0% or less of net sales by 2030.

In terms of information security, we are transitioning from a perimeter defense-based security system to a zero trust security model and strengthening measures such as supply chain risk management globally in response to changes in the external environment. In addition, we are developing our incident response system, security measures and operations under global common policies. We continuously develop our information security measures with reference to trends and are enhancing security within the Internet perimeter and with regard to external threats. We are also covering the importance of OT security and secure cloud access.

Voice



Nobuhisa Hayama
CDO, General Manager
of DX Promotion Division

We are in the final fiscal year of the full-scale operation phase of MMDX. Those involved will work together to leverage digital technology and data, clearly defining priorities while considering resources to drive results and impact. Furthermore, as a strengthening measure for Phase 2 of the FY2031 Strategy, we plan to pursue the use of AI and increase the in-house development rate. This will further accelerate our digital transformation.

Voice



Norihiro Itano
CIO, General Manager of
System Strategy Division

We will contribute to management and business by establishing and executing the MMC Group IT WAY, centered on IT governance and IT synergies. Furthermore, we will promote the utilization of rapidly evolving IT, maintain an appropriate level of information system security suited to the times, and advance modernization by moving away from legacy systems.