

FY2031 Strategy and Performance Review

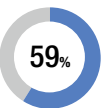
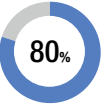
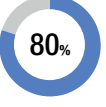

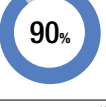
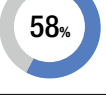
Progress of the Medium-term Management Strategy FY2031

Based on the outlook for the fiscal year ending March 2026, we are refining our plans for the fiscal year ending March 2027 through the fiscal year ending March 2031, while undertaking fundamental structural reforms focused on business foundation restructuring and financial structural improvement.

Performance trends

	FYE March 2023 result	FYE March 2024 result	FYE March 2025 result	FYE March 2026 forecast	FYE March 2026 plan
Net sales (excluding metal) (Billions of yen)	1,625.9 (608.0)	1,540.6 (548.1)	1,962.0 (545.2)	1,870.0 (567.1)	1,940.0 (690.0)
Operating profit (Billions of yen)	50.0	23.2	37.1	10.0	70.0
Ordinary profit (Billions of yen)	25.3	54.1	60.2	33.0	87.0
ROIC (%)	1.4	3.8	4.2	2.8	5.5
ROE (%)	3.5	4.8	5.1	2.8	10.0
EBITDA (Billions of yen)	75.7	105.0	110.4	87.5	150.0
Net D/E ratio (times)	0.7	0.7	0.7	0.7	0.7
Net interest-bearing debt/EBITDA ratio (times)	5.2	4.5	4.5	5.5	3.5
Dividends (annual) (Yen)	50	94	100	100	

Strategic Roadmap

	Progress toward the three year total: FYE March 2024 and FYE March 2025 Results + FYE March 2026 forecast	FYE March 2024 - 2026 plan
Expanding resource recycling	 59%	Investment: ¥110 billion (3 years) • Commencement of LIB recycling • Expansion of Tungsten business
Enhancing the supply of high-performance materials and products	 80%	Investment: ¥70 billion (3 years) • Strategic investment in semiconductor manufacturing equipment area • Improving supply chain efficiency
Investment in renewable energy	 80%	Investment: ¥5 billion (3 years)
Strengthening cost competitiveness	 286% (Cost Reduction Progress)	Ratio of improvement in ordinary profit to net sales +5.4%*1 Cost Reduction Amount (Cumulative): ¥8.8 billion
Operating cash flow	 90%	¥280 billion (3 years)
EBITDA*2 growth rate (CAGR)	 58% *3	16.5%*4 EBITDA ¥150 billion (FYE March 2026)

*1 Range of improvement in the ratio of ordinary profit to net sales, net sales excluding metal

*2 EBITDA = Ordinary profit + Interest expense + Depreciation + Amortization of goodwill (same as below)

*3 Progress shown as comparison of the EBITDA forecast for the fiscal year ending March 2026 relative to plan for the fiscal year ending March 2026 because growth over three years has been set as the KPI

*4 Cement business loss in fiscal year ended March 2023 excluded

Review of FYE March 2025 Performance and Outlook for FYE March 2026

Through the FY2031 Strategy, we aim to realize Our Commitment, “For people, society and the earth, circulating resources for a sustainable future.” To achieve this, we have been working to achieve growth across the entire value chain by leveraging our strengths to enhance metal resource recycling systems and expanding the scope, regions and scale. Regarding performance for the fiscal year ended March 2025, net sales increased by ¥421.4 billion compared to the fiscal year ended March 2024 due to factors such as the continued weakening yen, rising metal prices and increased gold production. Operating profit increased by ¥13.8 billion year on year due to the weak yen and improved profitability in the Metals business. Ordinary profit increased by ¥6.1 billion year on year due to factors that reduced profits, such as a decrease in mine dividends and foreign exchange losses on foreign currency monetary receivables and payables, as well as due to increases in operating profit and equity in earnings of affiliates.

With regard to the outlook for the fiscal year ending March 2026, while automobile demand is expected to recover in Japan, the situation globally remains uncertain, and semiconductor demand is expected to remain solid in cutting-edge fields such as those related to AI. In addition, TC/RC, which is the procurement condition for copper concentrate, has fallen significantly. In terms of exchange, we expect the yen to strengthen. Taking these factors into consideration for results in the fiscal year ending March 2026, we forecast net sales of ¥1.87 trillion, operating profit of ¥10 billion and ordinary profit of ¥33 billion. We expect increased profits in the Copper & Copper Alloy business, Electronic Materials & Components business and Metalworking Solutions business, and will continue to take steps to improve profitability. However, due to the significant impact of the decline in profits in the Metals business, we forecast lower net sales and profits compared to the fiscal year ended March 2025. In our Medium-term Management Strategy, the plan for the fiscal year ending March 2026, the final year of phase 1 covering the three years from the fiscal year ended March 2024 to the fiscal year ending March 2026, is net sales of ¥1.94 trillion, operating profit of ¥70 billion, and ordinary profit of ¥87 billion, which means that there is a significant divergence between our initial plan and our current outlook.

FY2031 Strategy and Performance Review > Progress of the Medium-term Management Strategy FY2031

Capital Allocation

Cash inflows are expected to be lower than planned as business expansion has not proceeded as initially anticipated. Cash outflows have decreased due to the postponement and narrowing of some growth investments in order to assess and implement them appropriately based on current business performance. However, from the perspective of ensuring safety and efficient operations, maintenance and renewal investments are expected to proceed largely as initially planned. Regarding shareholder returns, from the fiscal year ended March 2024 to the fiscal year ending March 2026, we aim to return profits to

shareholders with a dividend payout ratio of approximately 30%, and for the fiscal year ended March 2025, we set a dividend of ¥100 per share (year-end dividend of ¥50, interim dividend of ¥50) based on factors such as periodic revenue and operating cash flow. For the fiscal year ending March 2026, while the business outlook is challenging, we forecast a dividend of ¥100 per share (year-end dividend of ¥50, interim dividend of ¥50) taking into account the balance of capital allocation over the three years from the fiscal year ended March 2024 to the fiscal year ending March 2026.

Current Status

The semiconductor and automobile-related market conditions have changed significantly from what was envisioned when the FY2031 Strategy was formulated, with demand sluggish and the earnings growth we had initially envisioned not being achieved. With regard to investments, while medium- to long-term upfront investments have generally progressed smoothly, we have canceled or postponed some investments in light of changes in the external environment. As a result, we have not been able to achieve short-term investment returns or the anticipated returns on upfront investments that have already been made, and investment efficiency has worsened.

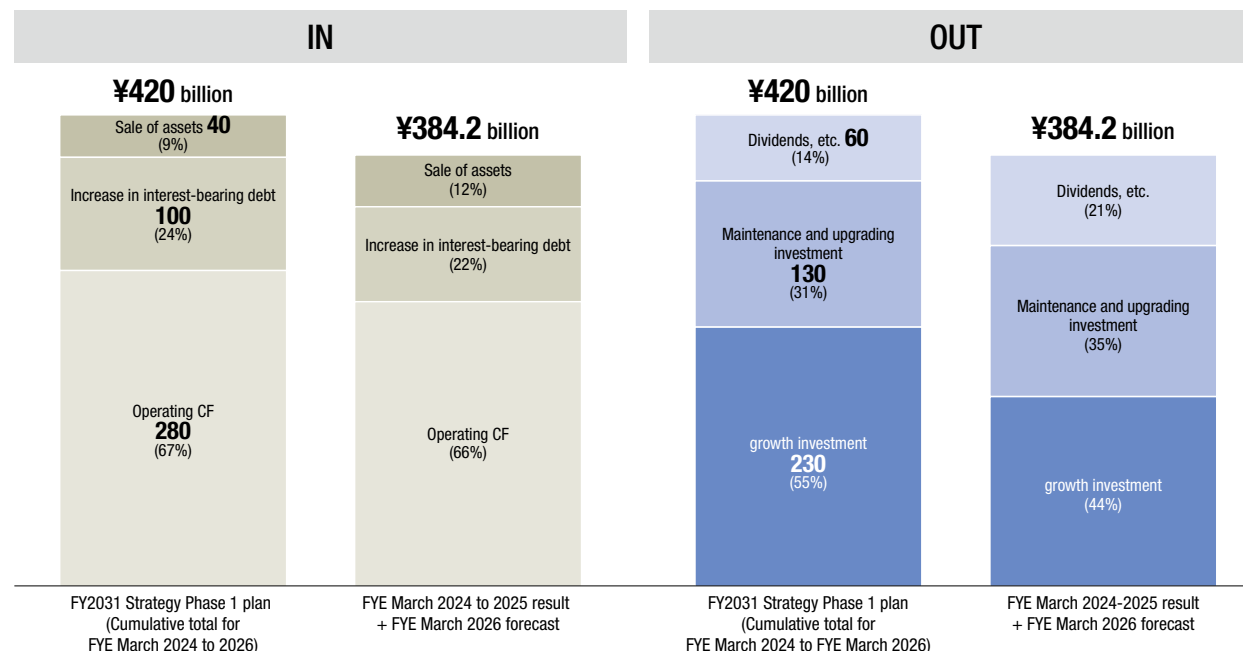
In addition, a significant decline in TC/RC (smelting margin) is expected to cause a worsening of earnings in the Smelting & Refining business.

Challenges for the Group in light of the above are as follows:

- The FY2031 Strategy is a business strategy and investment plan based on an assumption of increased demand, and has not been sufficiently revised for major changes in the external environment.
- We must allocate investments across the Group taking into account the risk/return of investments and the timing of benefits.
- We must shift to a smelting business centered on raw materials for recycling and expedite the establishment of a resource circulation loop in case TC/RC does not recover quickly.

Foundational structural reform is urgently needed to ensure profitability even in a worsening external environment, so we are resetting and refining our plan for Phase 2 of the FY2031 Strategy, which covers the period from the fiscal year ending March 2027 to the fiscal year ending March 2031.

FYE March 2025 Results and FYE March 2026 Forecast Relative to FY2031 Strategy Phase 1 Capital Allocation Plan



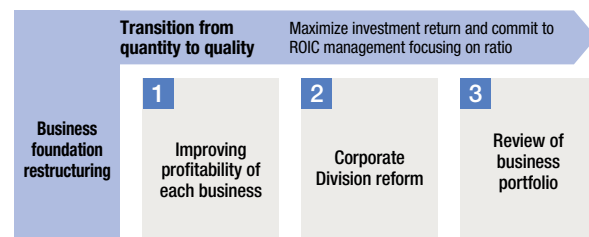
(): Percentage of total amount in parentheses

FY2031 Strategy and Performance Review > Progress of the Medium-term Management Strategy FY2031

Foundational Structural Reform

Foundational structural reforms will involve business foundation restructuring and financial structural improvement. As part of business foundation restructuring, we will shift from quantity to quality, maximize investment return and commit to ROIC management focusing on ratio. To achieve this, we will improve the profitability of each business, reform our Corporate Division, and review our business portfolio.

Foundational Structural Reform Policy



Shifting from quantity to quality and implementing flexible investment allocation with speed

Response and Policies for Each Business

	Metals business	Copper & Copper Alloy business	Electronic Materials & Components business	Metalworking Solutions business
Current Status	<ul style="list-style-type: none"> Low TC/RC trend expected to continue for several years. High possibility of a significant negative impact in the medium-term Recent significant exchange rate fluctuations have impacted copper prices (in yen) 	<ul style="list-style-type: none"> Weak automotive demand, recovering semiconductor-related demand Investment to enhance production capacity (increased depreciation costs) Impairment losses at the production base in Eastern Japan, etc. 	<ul style="list-style-type: none"> Recovering semiconductor-related demand, particularly for AI Sluggish performance in precision silicon products for SPE and device products Investment to increase capacity in columnar crystal silicon and seal products 	<ul style="list-style-type: none"> Sluggish demand due to slow recovery of the global automotive industry, major shift to EVs in China Suspension or postponement of some investments in cemented carbide cutting tool business in light of changes in the external environment
Response and Policies	<ul style="list-style-type: none"> Increase in the ratio of E-Scrap (recycled raw materials) in raw materials due to the expansion of facilities at Naoshima and Onahama Smelter & Refinery Promotion of the Exurban Project in North America, aiming to smelt 100% recycled raw materials Early expansion of the resource circulation loop by strengthening domestic and overseas networks 	<ul style="list-style-type: none"> Promoting profit structure reforms, including innovations in sales, manufacturing, and management Optimizing product portfolios by shifting to high-value-added products and eliminating low-profit products Achieving growth in both automotive and semiconductor products 	<ul style="list-style-type: none"> Cost reductions through productivity improvements and automation Increasing market share with major customers, acquiring new customers and expanding sales by entering new fields Expansion of semiconductor packaging products such as square silicon substrates and heat management products 	<ul style="list-style-type: none"> Improvement of product portfolio and service structure to increase ratio in the aerospace industry, and further increase in market share in North America and India Pursuit of thorough rationalization, including improving operation efficiency, productivity and optimizing manufacturing locations Expedient contribution to profitability across the entire Tungsten business

Corporate Division Reform

Optimizing Indirect Division	<ul style="list-style-type: none"> Operational efficiency improvement Elimination of unnecessary operations, simplification and standardization of operations Consolidation and streamlining of common tasks across departmental boundaries Strengthening organizational efficiency Expanding the use of shared service functions Accelerating organizational rationalization through thorough personnel management
Selection and Focus for R&D Themes	<ul style="list-style-type: none"> Selection of R&D themes to focus on Creation of new technologies and products in accordance with the roles of corporate R&D functions
Rebuilding the DX Strategy	<ul style="list-style-type: none"> Reassessment of the timing of investments and benefits, as well as cost-effectiveness Clarification of key DX initiatives