



Mitsubishi Materials Corporation

Medium-term Management Strategy (FYE March 2027-2029)

November 26, 2025

Event Summary

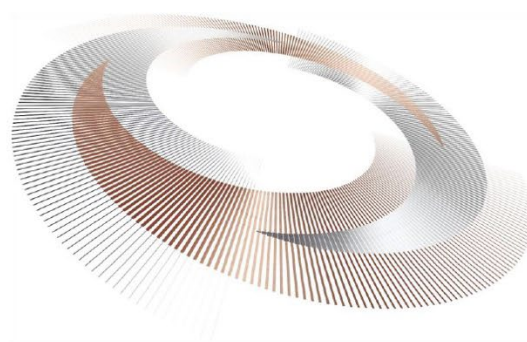
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[Number of Speakers]	2	
	Tetsuya Tanaka	Director, Executive Officer, President and CEO (Representative Executive Officer)
	Kayo Hirano	Director, Managing Executive Officer, CFO

Presentation

Tanaka: Today, I'd like to share with you the newly formulated Medium-term Management Strategy—what we call the “New Strategy”—and walk you through it using the slides.

Our Commitment

**For people, society and the earth,
circulating resources
for a sustainable future**



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When formulating the current Medium-term Management Strategy FY2031, our company established “For people, society and the earth, circulating resources for a sustainable future” as Our Commitment. This commitment remains unchanged.

Medium-term Management Strategy FY2031 Phase 1 Retrospective

Our Forecasts do not Predict Achievement of Our Financial Plans other than Net D/E Ratio

	FYE March 2026	
	Plan (FY2031 Strategy)	Forecast ^{*2}
Ordinary Profit	¥87.0 B	¥43.0 B
ROIC ^{*1}	5.5%	3.5%
ROE	10.0%	3.0%
Net D/E Ratio	0.7×	0.6×
Net Interest-bearing Debt/EBITDA Ratio	3.5×	4.5×

Start of Fundamental
Structural Reforms

- ▶ Scaling back processing of copper concentrates
- ▶ Voluntary retirement program executed

^{*1} ((ordinary profit + net interest expense – equity-method investment profit (loss)) × (1 – effective tax rate) + equity-method investment profit (loss)) ÷ invested capital

^{*2} Latest business performance forecast (values reported as of November 11, 2025)

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First, let me begin by reviewing Phase 1 of our current Medium-term Management Strategy FY2031.

In the fiscal year ending March 2026, the final year of Phase 1, we expect to fall short of our financial targets, with the exception of the net D/E ratio.

This outlook reflects the fact that our business strategy and investment plan were built on the assumption of rising demand, and we did not sufficiently revise them when external conditions shifted significantly. In addition, the fiscal year ending March 2026 has seen a sharp deterioration in TC/RC terms for purchasing copper concentrate from mining companies.

Taking these factors into account, we have decided to implement fundamental structural reforms to secure profitability even under adverse external conditions. At the same time, we will reset the Phase 2 plan and develop a new Medium-term Management Strategy covering the fiscal year ending March 2027 onward (“New Strategy”).

Creating the Future through Resource Circulation

Global Expansion of Our Resource Circulation Business

**Expanding Secondary Smelting* and Doubling E-Scrap Processing
100% Tungsten Recycling**

Joint Purchasing of Copper Concentrates

*Secondary smelting: Smelting of E-Scrap and other used products used as raw materials

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Let me move on to the New Strategy. This slide summarizes the key points we would like to highlight.

Our basic policy is to become a company dedicated to “creating the future through resource circulation.” By this, we mean not simply pursuing growth as a continuation of the status quo but transforming ourselves to play a vital role in supporting the sustainability of society and industry.

In practice, this means maximizing the use of limited resources and converting waste materials into new value, thereby reducing environmental impact while generating economic value through our resource circulation business.

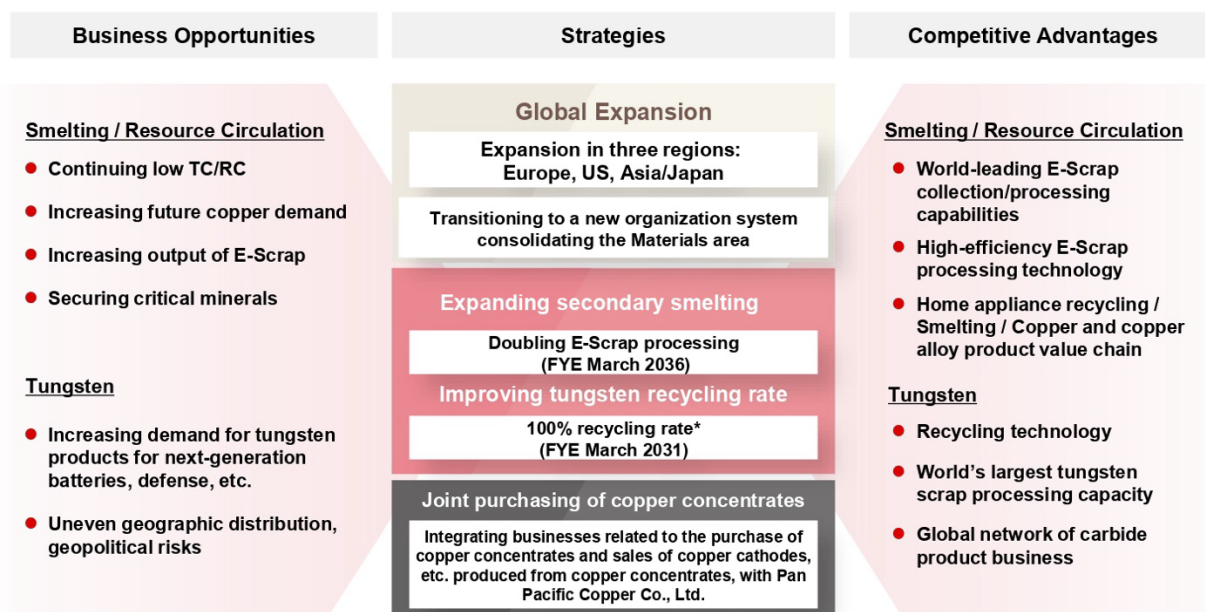
Next, I will outline the growth strategies and key initiatives of the New Strategy. These can be grouped into three main areas.

The first growth strategy is the global expansion of the resource circulation business. Until now, our smelting and resource recycling business has been centered on our smelters in Japan. Going forward, we will expand globally by establishing new secondary smelting plants in Europe and the US. We will also accelerate the expansion of businesses already operating worldwide, such as tungsten and carbide products.

The second growth strategy is to expand secondary smelting, including E-Scrap, and to raise the recycling rate of tungsten. Specifically, we aim to double our E-Scrap processing volume by 2035 and achieve a 100% share of recycled raw materials at tungsten production sites by 2030.

Finally, given that low TC/RC levels are expected to continue, our third initiative is to strengthen international competitiveness in copper concentrate smelting by jointly purchasing copper concentrate with other companies.

Promoting Strategies Based on Business Opportunities and Competitive Advantages



*Ratio of recycled raw materials used at our Group's tungsten product manufacturing sites excluding sites in China

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On this slide, I would like to explain why these growth strategies are necessary, from the perspective of business opportunities and our competitive advantages.

First, the current situation of low TC/RC for copper concentrate is expected to continue. That is why shifting toward more profitable E-Scrap is essential for our sustainable growth. While long-term demand for copper is projected to rise, driven by decarbonization and digitalization, the supply of copper concentrate is limited. This makes recycled raw materials such as E-Scrap increasingly important.

Globally, the volume of E-Scrap is expected to grow. In Europe and the US, however, generation is forecast to continue outpacing processing capacity. At the same time, moves to secure important mineral resources are intensifying, which means processing capacity must be built in the regions where E-Scrap is generated.

We have world-class capabilities in collecting and processing E-Scrap, along with a full value chain that extends from home appliance recycling to copper and copper alloy products. Leveraging these strengths, we aim to expand E-Scrap collection and processing globally and double our processing volume by the fiscal year ending March 2036.

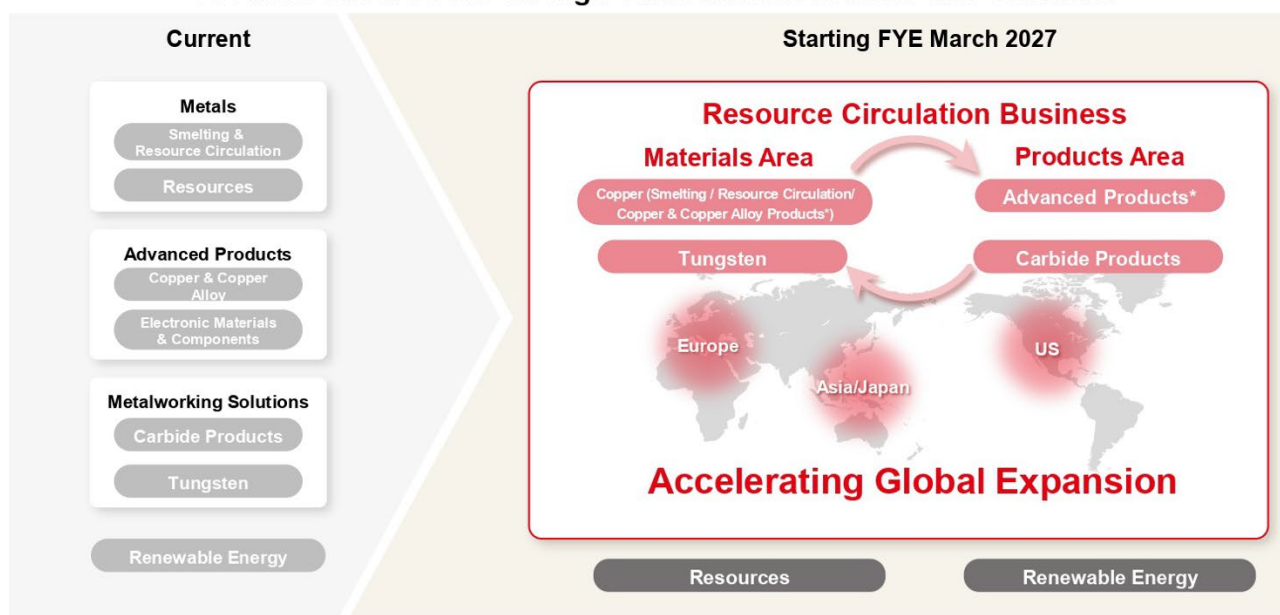
Turning to tungsten, demand is expected to rise in next-generation batteries and the defense industry, while primary raw material deposits are unevenly distributed. In the fiscal year ended March 2025, we acquired H.C. Starck in Germany, giving us the world's largest scrap processing capacity. By further expanding this capacity and raising the share of recycled raw materials at our tungsten production sites outside China to 100% by the fiscal year ending March 2031, we will meet growing demand while also enhancing profitability.

Transitioning to a New Organization System

Reorganizing into the Materials Area and Products Area

Materials Area: Focus on Expanding Secondary Smelting

Products Area: Focus on High Value-added Products and Solutions



*Starting from FYE March 2027, the Copper & Copper Alloy Products Business excluding Luvata will be classified under the Copper Business in the Materials Area, and Luvata will be classified under the Advanced Products Business in the Products Area.

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This slide explains our transition to a new organization system. Our resource circulation business can be broadly divided into copper-related circulation and tungsten-related circulation. Under the new reorganization, activities ranging from the collection and processing of recycled raw materials to copper and copper alloy products and tungsten materials will be grouped into the Materials Area. Meanwhile, downstream businesses such as advanced products and carbide products will be positioned as the Products Area, with both domains accelerating their global expansion.

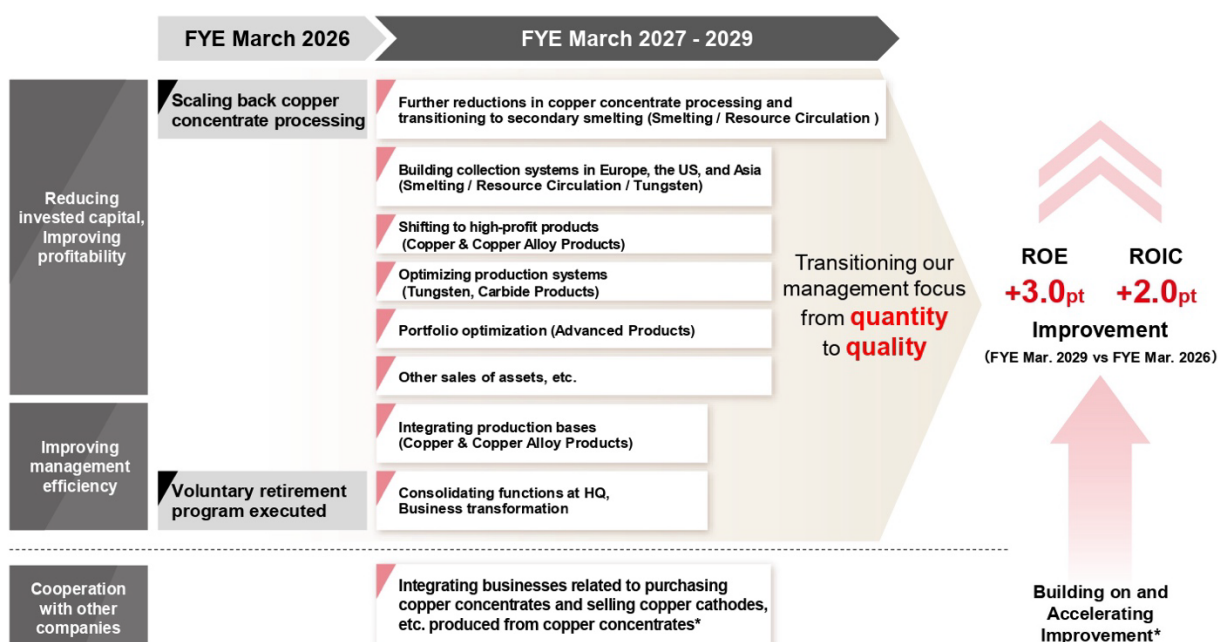
In the Materials Area, we will consolidate related businesses to drive the expansion of secondary smelting, resource circulation loops, and tungsten recycling. In the Products Area, we will enhance profitability by delivering high-value-added products and solutions.

Specifically, the Smelting & Resource Circulation Business within the Metals Company, the Copper & Copper Alloy Business within the Advanced Products Company, and the Tungsten Business within the Metalworking Solutions Company will be integrated into the Materials Area. The Electronic Materials & Components Business, the Luvata business within the Advanced Products Company, and the Carbide Products Business within the Metalworking Solutions Company will be grouped into the Products Area.

Within the Materials Area, the Copper & Copper Alloy Business will be renamed as Copper & Copper Alloy Products Business. In addition, the business of Luvata will be classified under the Advanced Products Business, alongside the Electronic Materials & Components Business, taking into account product life cycle considerations.

The Resources Business is not included in the Resource Circulation Business, but it plays an important role in securing stable supplies of copper concentrate for the material area and in building a stable earnings base. Finally, the Renewable Energy Business is positioned as a contributor to realizing a decarbonized society.

Swiftly Implementing Fundamental Structural Reforms



*Because we are still at the stage of considering and discussing our collaborations with other companies, the effects on ROE and ROIC are not incorporated here.

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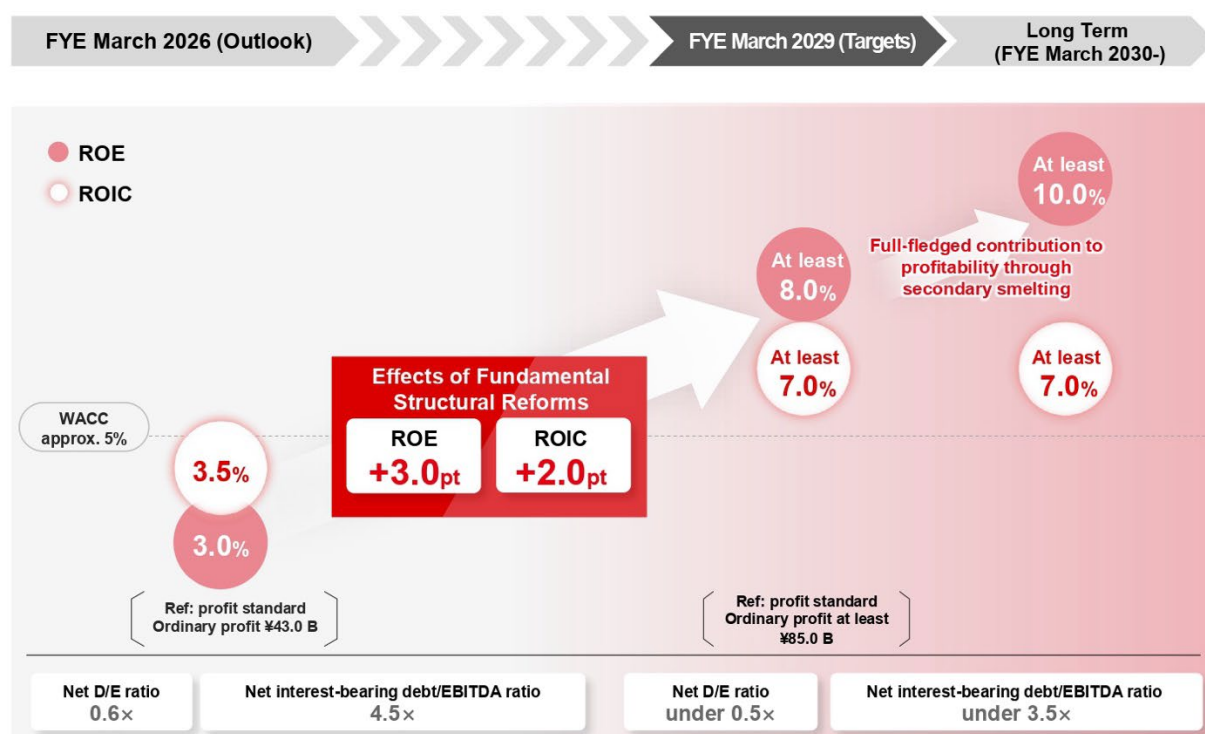
This slide outlines our fundamental structural reforms toward the fiscal year ending March 2029.

We will shift our management focus from quantity to quality, moving our earnings structure from copper concentrate processing to secondary smelting. At the same time, we will optimize our production systems and business portfolios, and streamline headquarters functions.

Decisions on these initiatives will be made within this fiscal year, and most of them will be executed by the fiscal year ending March 2028. As a result of these initiatives, by the fiscal year ending March 2029, we expect ROE to improve by three percentage points and ROIC by two percentage points compared with the fiscal year ending March 2026.

As announced on November 11, we have also begun discussions with JX Advanced Metals, Mitsui Kinzoku, and Marubeni on integrating businesses related to copper concentrate procurement and the sale of copper cathode and other products derived from copper concentrate. As these discussions are still at the study stage, their potential impact has not yet been reflected in our ROE and ROIC targets. Nevertheless, we believe that incorporating them could provide additional upside to the planned improvements.

Financial Targets (KPIs)



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Please turn to the next slide. Let me now explain our financial targets, reflecting the impact of the fundamental structural reforms.

For the fiscal year ending March 2029, our targets are ROE of at least 8%, ROIC of at least 7%, a net D/E ratio of 0.5 times or lower, and a net interest-bearing debt/EBITDA ratio of 3.5 times or lower.

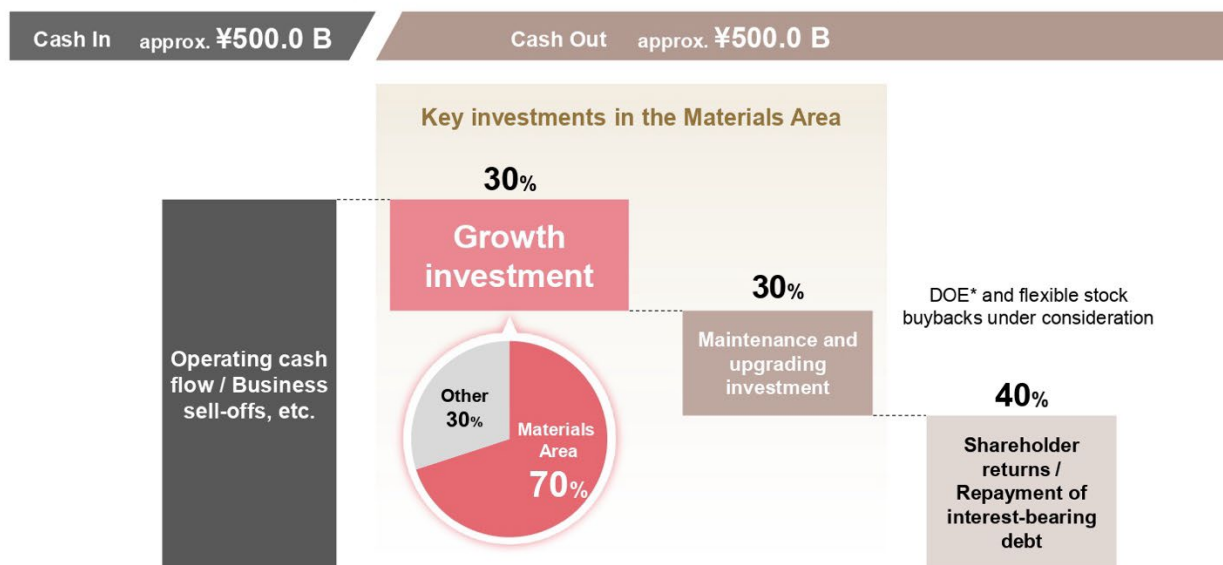
Thanks to the effects of the fundamental structural reforms I described earlier, we expect steady improvements in both ROE and ROIC. In addition, we have factored in contributions such as dividend income from mining operations and higher equity-method investment profits. We believe the likelihood of achieving these targets is high.

Looking beyond the fiscal year ending March 2030, our long-term goal is to reach ROE of 10%, driven by the full-scale earnings contribution from secondary smelting. As for ROIC, while we anticipate temporary stagnation during the execution phase of growth investments, our target remains at 7% or higher, exceeding our estimated WACC of around 5%.

Capital Allocation

Prioritizing Growth Investment while Maintaining Financial Discipline

[Cumulative total over FYE March 2027 – 2029]



*We are in the process of considering shifting to a DOE (Dividend on Equity Ratio)-based model, with a focus on continuing steady dividends.

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Please turn to the next slide. Next, let me explain our capital allocation policy.

For the three years from the fiscal year ending March 2027 through the fiscal year ending March 2029, we expect cumulative cash inflows of ¥500.0 billion. To maintain financial discipline, part of this will be used to repay interest-bearing debt. At the same time, funds generated from operating cash flow and business divestitures will be prioritized for growth investments, particularly in the Materials Area of the Resource Circulation Business.

In terms of shareholder returns, we place importance on maintaining stable dividends and are considering a shift to a DOE-based policy. As for stock buybacks, we will evaluate them flexibly, taking into account cash flow conditions, share price levels, and financial discipline.

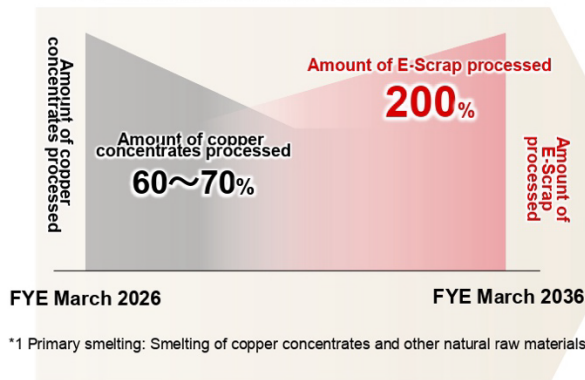
Materials Area (Smelting / Resource Circulation)

Improving Profitability by Transitioning to Secondary Smelting

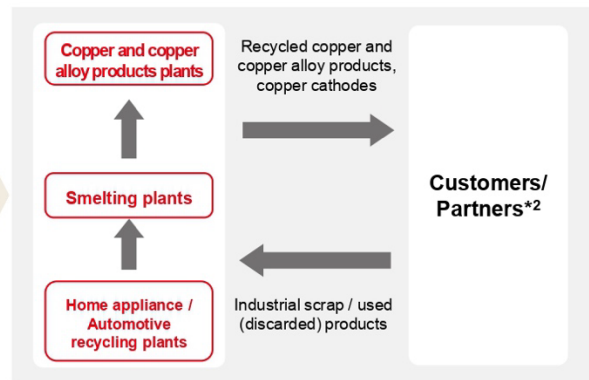
Key Measures

- ▶ Expanding collection of secondary raw materials
- ▶ Expanding processing of secondary raw materials
- ▶ Establishing resource circulation loops, overseas expansion of scheme / networks

(Scaling back primary smelting*¹ and expanding secondary smelting)
(FYE March 2036 outlook vs. FYE March 2026 forecast)



(Closed resource circulation loop, in partnership with customers and other E-Waste producers)



*2 Including materials processors, components processors, finished product manufacturers, and waste producers.

From here, I will explain each business strategy. In the Materials Area of the Resource Circulation Business, our focus in copper-related circulation is to shift toward secondary smelting and improve profitability.

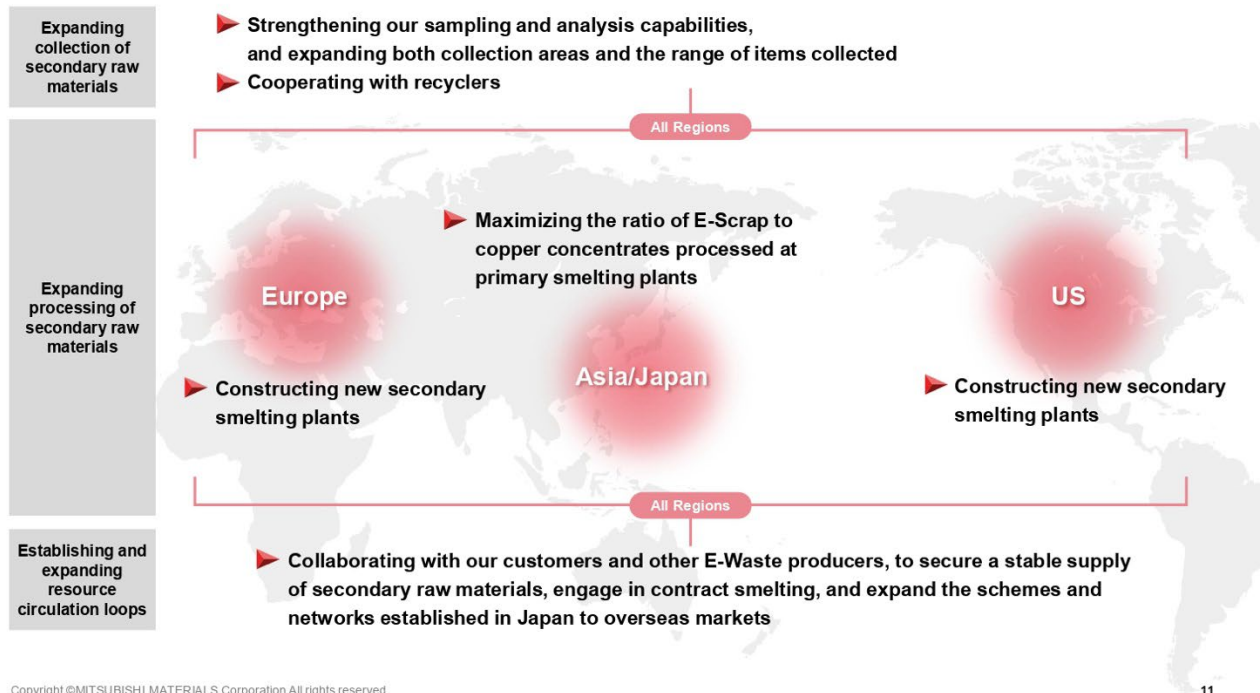
Compared with the fiscal year ending March 2026, we are considering reducing copper concentrate processing volumes to 60-70%. At the same time, as mentioned earlier, we aim to double both the collection and processing of E-Scrap by the fiscal year ending March 2036.

The diagram in the lower right illustrates our resource circulation loop. Through collaboration with customers and E-Waste producers, we collect end-of-life products and reprocess them at our recycling plants, smelting plants, or copper and copper alloy product plants, converting them into new materials or finished products.

By building and expanding these resource circulation loops ourselves, we will ensure traceability and achieve stable supplies of recycled copper cathode and recycled copper and copper alloy products.

Materials Area (Smelting / Resource Circulation)

Global Business Expansion



This slide shows our specific strategies for expanding the smelting and resource circulation business globally within the Materials Area.

On the collection side, we are strengthening sampling and analysis technologies and deepening collaboration with recyclers.

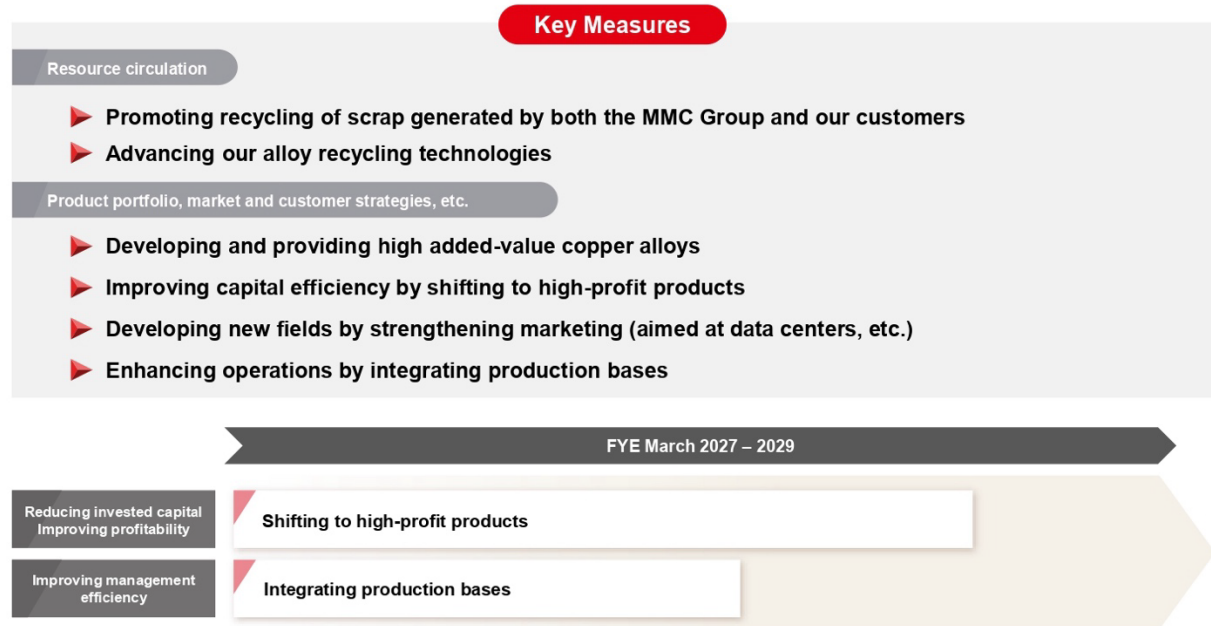
In Japan, we are currently investing in facilities to expand E-Scrap processing capacity. At the same time, we are advancing technology development to maximize the ratio of E-Scrap processing relative to copper concentrate processing.

In Europe, Mitsubishi Materials Europe B.V. has begun studying the establishment of a new secondary smelting plant. In the United States, we are driving forward the Exurban project to build a new secondary smelting plant.

For resource circulation loops, we are reinforcing partnerships with E-Waste producers and envision expanding the schemes and networks we have established in Japan to overseas markets.

Materials Area (Copper & Copper Alloy Products)

Building Customer Touch Points within the Resource Circulation Loop and Providing High Added-value Products



Next, let me explain the Copper & Copper Alloy Products Business within the Materials Area.

This business plays a vital role as the customer touch points in our resource circulation loops. We are working to promote the recycling of customer-generated scrap and to advance alloy recycling technologies. In addition, we are developing high-value-added copper alloys and exploring new fields such as applications for data centers.

Materials Area (Tungsten)

Building Global Recycling Capabilities for Tungsten

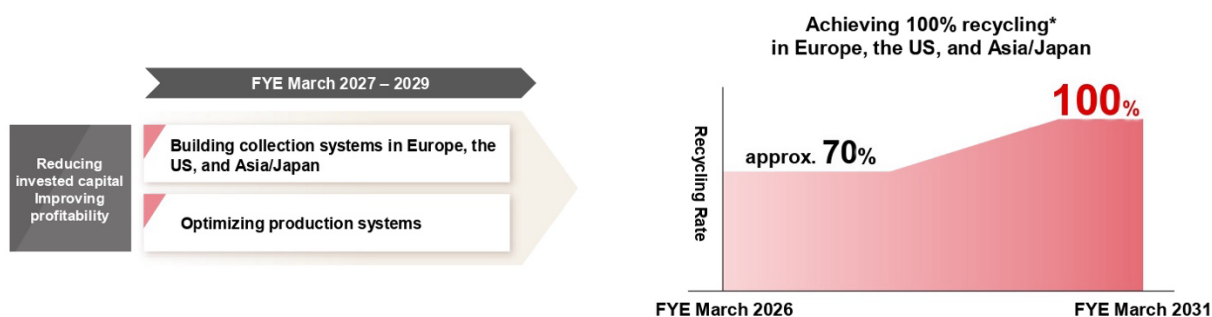
Key Measures

Resource circulation

- ▶ Increasing recycling at our European site (H.C. Starck) by 1.5 times
- ▶ Creating a resource cycle within the Americas by establishing new recycling sites in the US
- ▶ Increasing collections of E-Scrap by utilizing our collection routes

Product portfolio, market and customer strategies, etc.

- ▶ Reducing fixed costs by optimizing production systems
- ▶ Growing sales of high added-value tungsten products



*Ratio of recycled raw materials used at our Group's tungsten product manufacturing sites excluding sites in China
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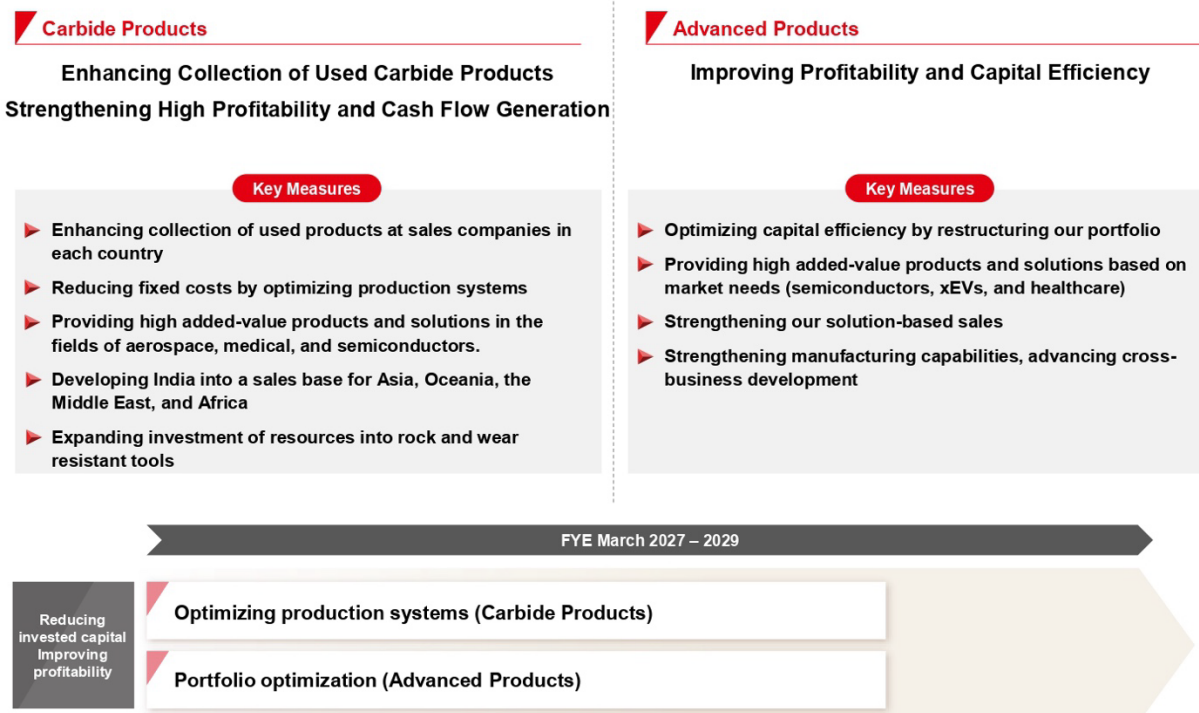
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Next, let me explain our global strategy for resource circulation in tungsten, a rare metal.

At H.C. Starck, we are planning capital investments to expand recycling capacity by 1.5 times, and we are also considering establishing a new recycling site in the US. On the collection side, we will leverage existing E-Scrap collection routes and strengthen the collection of end-of-life products through the Carbide Products Business, which I will explain later.

Through these initiatives, we aim to achieve a 100% recycling rate by the fiscal year ending March 2031 across Europe, the US, Asia, and Japan, excluding our sites in China. In addition to ensuring stable supply for carbide products, we will also promote the expansion of high-value-added products such as tungsten powder for electronic components.

Products Area (Carbide Products / Advanced Products)



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This slide shows the business strategies for the Products Area within the Resource Circulation Business.

For the Carbide Products Business, from the perspective of tungsten resource circulation, we will strengthen the collection of end-of-life products through our sales companies worldwide. As part of the fundamental structural reforms, we will also optimize our production systems to reduce fixed costs.

On the sales side, we are targeting the aerospace, medical, and semiconductor sectors for cutting tools, delivering high-value-added products and solutions. Regionally, we will drive expansion starting from India.

Through these initiatives, the Carbide Products Business will enhance profitability and cash generation, playing a key role in the growth of the entire Group.

For the Advanced Products Business, we will begin by optimizing capital efficiency through portfolio restructuring. Building on this, we will provide high-value-added products and solutions for semiconductors, xEVs, and healthcare, while promoting cross-business development. In doing so, the Advanced Products Business will strengthen both profitability and capital efficiency, contributing to group growth alongside the Carbide Products Business.

Resources / Renewable Energy

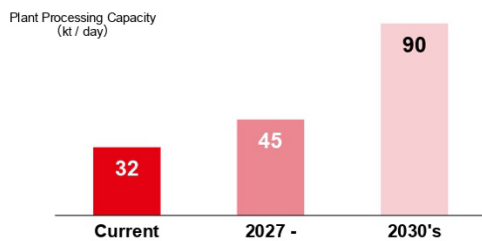
Resources

**Stable Procurement of Copper Concentrates
Building a Stable Revenue Base**

Key Measures

- ▶ Improving the profitability of existing interests
- ▶ Increasing the ratio of our copper share* to our total processing volume
- ▶ Creating technologies to help alleviate the increasing developing and operating costs of copper mines (collecting cobalt, scandium, and other valuable byproduct elements)

(Plans for expansion of plant processing capacity at Mantoverde Mine)



*Copper production at mines in which we are invested × investment ratio

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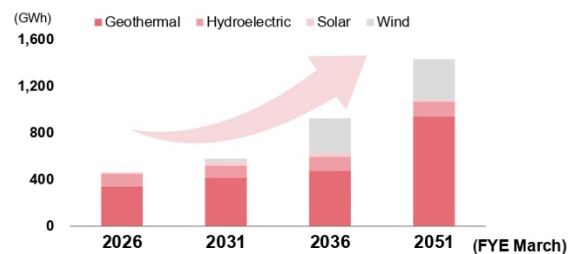
Renewable Energy

**Achieving Renewable Energy Production
Matching Our Own Energy Usage
for a Decarbonized Society**

Key Measures

- ▶ Improving the resiliency and efficiency of our existing power plants
- ▶ Pioneering new development sites leveraging our geothermal development capabilities
- ▶ Broadening our operations and diversifying our profit streams by expanding into onshore windfarms and electricity retailing

(Renewable energy production)



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Let me explain our strategies for the Resources Business and the Renewable Energy Business.

In the Resources Business, we are working to secure stable supplies of copper concentrate and to improve profitability from our existing interests. At the Mantoverde Copper Mine, we are advancing plans to expand plant processing capacity. These efforts will increase our share of copper relative to total ore processing and help mitigate the negative impact of low TC/RC. In addition, we are developing technologies to recover valuable by-products such as cobalt and scandium.

In the Renewable Energy Business, our long-term goal is to generate electricity equivalent to our own consumption, contributing to the realization of a decarbonized society. We are focusing on geothermal energy and are pursuing the development of new sites.

Strengthening Our Management Foundation



* Mitsubishi Materials E-Scrap EXchange

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To successfully execute the business strategies I have explained, it is essential to further strengthen our management foundation and advance it alongside the strategies. As the final part of today’s presentation, I will outline the reinforcement of our management strategies in human resources, R&D, production engineering, and digital.

In human resources, we will strategically recruit, develop, and assign talent to support the global expansion of the resource circulation business. At the same time, as we advance fundamental structural reforms, we will empower people who can drive transformation to enhance productivity and capital efficiency, thereby building a foundation for co-creation and growth across the entire Group.

In R&D, we aim to create new businesses and technologies in the fields of circular economy and GHG reduction.

In production engineering, we will strengthen our manufacturing and engineering capabilities.

In digital, we will contribute to the expansion of the resource circulation business by enhancing global-standard IT infrastructure, strengthening security, and accelerating the use of AI.

Details of these strategies, as well as our carbon-neutral initiatives, are provided in the supplemental materials in the following slides.

That concludes my explanation of our New Strategy.

As I have emphasized, our goal is to become a company that is committed to “creating the future through the resource circulation.” By transforming ourselves, we will continue to respond to rapid environmental changes and ensure the ongoing development of our company. We sincerely ask for your continued support. Thank you very much.

Question & Answer

Participant [Q]: Will the specific measures and numerical details be finalized later and disclosed by around the fiscal year ending March 2028?

Tanaka [A]: Regarding the measures of the fundamental structural reforms, we will disclose specific details as soon as they reach a stage where public announcement is possible.

Participant [Q]: It seems that unless ordinary profit exceeds ¥85.0 billion, the target figures cannot be achieved. How do you plan to reach this goal?

Hirano [A]: Within the ¥85.0 billion, the largest growth will come from the Materials Area, which currently accounts for a low single-digit percentage of profit but is expected to grow to about 30%. Other segments are projected as follows: Carbide Products Business 20%, Advanced Products Business 10%, and Resources Business 40%.

Participant [Q]: What are the starting ratios for the base fiscal year?

Hirano [A]: For the fiscal year ending March 2026, based on ordinary profit, the forecast is approximately: Materials Area 2%, Carbide Products Business 30%, Advanced Products Business 10%, and Resources Business 58%. By the fiscal year ending March 2029, profit drivers will include increased E-Scrap processing combined with primary raw material smelting at Naoshima Smelter & Refinery (“Naoshima”), and cost reductions resulting from reduced copper concentrate processing. From the fiscal year ending March 2030 onward, profit drivers will include new secondary smelting plants in Europe and the US.

Participant [Q]: On slide 9, it shows ¥500.0 billion cash inflow from operating cash flow and asset sales between the fiscal year ending March 2027 and the fiscal year ending March 2029, and ¥500.0 billion cash outflow. Is that correct? Current operating cash flow is about ¥60.0 billion annually, so tripling it would be ¥200.0 billion, which differs from ¥500.0 billion.

Hirano [A]: The ¥500.0 billion estimate includes assumptions for asset sales, profitability improvements, and cash flow enhancements. Combined, these are projected to total around ¥500.0 billion.

Participant [Q]: If 60% of ¥500.0 billion is for investment, that’s ¥300.0 billion, or ¥100.0 billion annually. Current annual capital investment is about ¥70.0–80.0 billion. Is that the right way to view it?

Hirano [A]: Maintenance and upgrading investment accounts for 30% of ¥500.0 billion, or ¥150.0 billion—about ¥50.0 billion annually, which is roughly the current level and close to annual depreciation. Growth investment is also 30%, or ¥150.0 billion—about ¥50.0 billion annually, mainly for asset replacement. The ¥100.0 billion annual figure reflects net investment after asset sales and replacements, so it’s not a large increase.

Participant [Q]: What is the difference between secondary raw materials and E-Scrap?

Tanaka [A]: Primary raw materials are copper concentrates from copper mines. Secondary raw materials are scrap and recycled materials, which include E-Scrap, copper scrap, and other types.

Participant [Q]: For expanding secondary raw material processing, what is the economic impact and business scheme? Will scrap be shipped to Japan for smelting at Naoshima?

Tanaka [A]: We expect resource hoarding in Europe. Currently, E-Scrap is collected in Europe and shipped to Japan for processing, but we anticipate restrictions on exporting outside Europe. Therefore, we plan to build smelting plants in Europe and process locally. The same applies to the US. The refined copper will be sold locally or globally.

Participant [Q]: Does fundamental structural reforms consist of reducing copper concentrate processing and implementing voluntary retirement? Is it correct to understand that the implementation of voluntary retirement is not specifically decided?

Tanaka [A]: Voluntary retirement was implemented this fiscal year, with 158 employees from indirect

departments applying by the end of September 2025. All items listed on slide 7 represent fundamental structural reforms, including shifting to high-margin products, optimizing production systems, withdrawing from certain products, and closing manufacturing sites. These are not yet at a stage for public disclosure.

Participant [Q]: Will E-Scrap remain economically advantageous? How do you view the risk of competition for scrap collection?

Tanaka [A]: In Europe, E-Scrap generation will continue to exceed processing capacity, with some being exported abroad. The US lags in recycling but has significant E-Scrap potential. With few promising new mine projects and a very tight supply of copper concentrate, E-Scrap value will rise, and competition will intensify. Our strategy is to strengthen sampling and analysis to accurately assess E-Scrap and offer competitive pricing. While price volatility is a risk, we believe that supply will remain sufficient from a supply-demand perspective.

Participant [Q]: What is the scale of investment for new smelting plants in Europe and the US?

Tanaka [A]: Of the ¥500.0 billion, 30% is for growth investment, and roughly half of that will go to building secondary smelting plants, resulting in an investment on the scale of several tens of billions of yen.

Participant [Q]: What is the current status and timing for shareholder return policy decisions?

Tanaka [A]: We plan to disclose the dividend policy next spring when we announce plans for the next fiscal year and beyond.

Participant [Q]: E-Scrap processing is planned to double by the fiscal year ending March 2036 compared to the fiscal year ending March 2026. Currently, the target for the fiscal year ending March 2031 is 240 thousand tons, increasing to about 340 thousand tons. Does this include processing at new smelting plants in Europe and the US?

Tanaka [A]: Yes. Current processing is about 150 thousand tons, and we plan to increase to 330 thousand tons by the fiscal year ending March 2036, with new smelting plants in Europe and the US contributing to this growth.

Participant [Q]: I understand that the Exurban project is in the R&D stage and not in the stage of considering construction. Is productivity increasing as technology development progresses? Could you explain whether the timing of investment changes depending on the progress of technology development?

Tanaka [A]: Regarding the Exurban project, we are still conducting tests at universities, but based on the experimental results, we have concluded that stable operations are feasible. In addition, we have made arrangements for land in the US, and we are finalizing the investment profitability analysis. On the other hand, we are considering mainly commercial facilities for the equipment we intend to introduce in Europe, and we assume that the technical risk is not high. Smelting copper from E-scrap is more difficult than smelting copper from copper concentrate due to variations in raw material composition and impurities. Therefore, it is necessary to upgrade the technology, but we believe that the essential aspects of copper smelting are feasible. We will start examining profitability and obtaining permits, and we will make an investment decision by the middle of next year.

Participant [Q]: You mentioned that an investment decision will be considered by the middle of next year. Is it correct to understand that Europe will come first, followed by North America?

Tanaka [A]: Both are expected to proceed on similar timelines.

Participant [Q]: Based on the current fiscal year's projected ordinary profit, Materials Area: 2%, Carbide Products Business: 30%, Advanced Products Business: 10%, and Resources Business: 58%. Based on this assumption, the Carbide Products Business would amount to ¥12.9 billion, which is 30% of ¥43.0 billion. The current plan for this fiscal year is ¥8.8 billion, so how should this be reconciled?

Hirano [A]: The discrepancy arises from consolidation adjustments and differences in other businesses.

Participant [Q]: We plan to increase profits other than Materials Area, such as the Carbide Products Business and the Advanced Products Business. Unlike the previous Medium-term Management Strategy, the New Strategy does not include a concept of ROIC or economic profit (EP) for each division, so we do not

know how to track the New Strategy. Please tell us if you will disclose figures and targets for each division in the fourth quarter next spring.

Tanaka [A]: We have internal figures for ROIC and EP for each division, but as for future indicators, we will make a rolling budget for three years each year in the annual plan announced in April and May. The figures will be disclosed at that time.

Participant [Q]: For the fiscal year ending March 2029, since you mentioned that there will be asset reshuffling and sales, please tell us if it is on an expansion or contraction trend.

Hirano [A]: As you mentioned in your statement that you will accelerate the accumulation of improvements through joint purchases with Pan Pacific Copper Co. Ltd., we are thinking of reducing the balance sheet (BS). I think there are concerns that the launch of secondary smelting plants will make us more asset-heavy, but basically we are taking measures based on the concept of reducing investment capital and increasing profits.

Participant [Q]: Regarding investment capital, the amount of maintenance and upgrading investment is about the same as in the past, but the amount of growth investment is large. Do you mean that you will reduce something to match that amount?

Hirano [A]: That is correct.

Participant [Q]: After taking office as the new president, you commented that you want to shift management from quantity to quality. In terms of management from quantity to quality, what should we focus on?

Tanaka [A]: My idea is to shift from quantity to quality. We make investments based on the assumption that quantity will expand, but quantity does not actually expand. As a result, fixed costs have risen and profits have declined repeatedly. This is what I think is wrong with our company. By focusing on the return on invested capital, we will build a system that ensures a certain level of profit even if the market does not grow. We will change our product portfolio from products with low profit margins to products with high profit margins. To do this, we need to create products and services with added value that are recognized by customers and that exceed expectations. We call this “new material” internally, and we want to supply new material to shift to products with high added value for customers and high profit margins for our company.

Participant [Q]: Given that your company operates in the materials industry, there are economic waves, and the time frame for cash-in and cash-out may be different. Is there any possibility of changing the schedule for growth investment, maintenance and upgrading investment, and shareholder returns? In other words, how should we keep an eye on the external environment and the cash-in schedule, such as prioritizing shareholder returns even if the external environment changes, but controlling growth investment based on market sentiment?

Tanaka [A]: If cash is generated more than expected, we will use it for growth investment, but if it does not go as expected, we will carefully select the minimum necessary maintenance and upgrading investment. We will also review growth investment if the external environment is not growing. Regarding shareholder returns, we will not be influenced by cash-in, but will adopt a DOE-based approach. We will focus on investment as needed, not on which item to reduce first.

Participant [Q]: I understand the medium- to long-term strategy of reducing primary smelting and expanding secondary smelting, but investment in secondary smelting requires tens of billions of yen upfront. I understand that from the fiscal year ending March 2027 to the fiscal year ending March 2029, the plan is to streamline and increase margins through structural reforms. Will margins be improved in the Smelting Business under the New Strategy?

Tanaka [A]: That’s right. Secondary smelting requires a large amount of investment, and the effects will not fully materialize from the fiscal year ending March 2030 onward. Because the current TC/RC structure does not generate profits proportionate to production, we will increase profits by reducing primary smelting and reducing costs, and by increasing E-Scrap processing from 2027 through the reinforcement of Naoshima.

Participant [Q]: Regarding Copper & Copper Alloy Products Business, what’s different from previous structural reforms in the previous Medium-term Management Strategy?

Tanaka [A]: Regarding Copper & Copper Alloy Products Business, we are planning to withdraw from those with low profit margins. We have already started to implement some measures, such as withdrawing from

busbars, but we will also implement other measures as part of our fundamental structural reforms.

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