



Mitsubishi Materials Corporation

Financial Results Briefing for Q3 of the Fiscal Year Ending March 2026

February 12, 2026

Speakers:

Tetsuya Tanaka Director, Executive Officer, President and CEO (Representative Executive Officer)

Kayo Hirano Director, Managing Executive Officer, CFO

Event Summary

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[Participants]		
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	Tetsuya Tanaka	Director, Chief Executive Officer (Representative Executive Officer)
	Kayo Hirano	Director, Managing Executive Officer, CFO

Question & Answer

Participant [Q]: Please explain the full-year profit and loss by segment, excluding the impact of inventory valuation.

Hirano [A]: In Q4, the inventory valuation impact in the Metals business will be negligible because most of the inventory to be released in this fiscal year is covered by foreign exchange forward contracts. The cumulative total through Q3 is expected to be roughly equivalent to the full-year figure. As for the impact of inventory valuation on the Copper & Copper Alloy business, if calculated based on the assumptions in this forecast, approximately one-third of the inventory valuation impact recognized during the three-month period of Q3 is expected to be recognized in Q4.

Participant [Q]: Profits tend to fluctuate significantly with market conditions. Please explain the profit of each business by dividing it into a transient part and a stable part.

Hirano [A]: With respect to profit in the Metals business, the difference in metal recoveries, which is recorded in Q2 and Q4 every year, adds approximately ¥10.0 billion to profit, and we consider this portion to be stable. Assuming that current market conditions continue, the profit currently generated from the difference in metal recoveries will be retained into the next fiscal year. Profits in the Copper & Copper Alloy business will be stable if exchange rates and copper prices remain constant; however, domestic volumes have been increasing since the second half (H2) of the fiscal year, as shown in the Key Metrics on page 19, and we expect this trend to continue. Although this is not reflected in the materials on page 13, this is because the Luvata Group, which operates in markets such as Europe, the United States, and China, has recorded an offsetting negative impact.

Tanaka [A]: The Tungsten business within the Metalworking Solutions business uses a pricing method that reflects the average raw material price over the past three months. Under the current environment, in which raw material prices are on an upward trend, the resulting difference is recognized as profit; however, once the upward trend peaks, this profit will no longer be recognized, and a reactionary decline will occur.

Meanwhile, following the acquisition of H.C. Starck, we have achieved a tungsten recycled-material ratio of approximately 70%, and our dependence on imports from China is relatively low. As tungsten has become more difficult to procure due to China's export restrictions, many companies that previously sourced tungsten from China have requested that they switch their procurement to us, and the resulting increase in sales volume is included in these figures.

Participant [Q]: Ordinary profit has been revised upward from ¥43.0 billion to ¥76.0 billion. What are the factors behind this revision?

Hirano [A]: Exchange rate differences and price differences, including rises in copper prices and smelting by-product prices, were the primary drivers of the ¥33.0 billion uplift in profit. The breakdown is as follows: exchange rate differences +¥10.1 billion, price differences +¥18.7 billion, volume differences +¥1.87 billion, dividend income +¥1.3 billion, equity-method earnings -¥1.2 billion, and other factors +¥2.1 billion.

Participant [Q]: With regard to the Metalworking Solutions business, you have been passing on raw material costs and increasing sales. Please tell us how much profit is being generated from the increase in sales volume.

Tanaka [A]: We expect ¥2.1 billion in profit attributable to volume-driven growth.

Participant [Q]: I believe profit attributable to owners of parent has been kept unchanged, taking into account impairment losses related to structural reforms and losses from business withdrawals. Please tell us whether there is a figure corresponding to the extraordinary loss of ¥15.0 billion in the

previous forecast. Is the increase in extraordinary losses due to ongoing internal scrutiny of fundamental structural reforms, or is profit attributable to owners of parent unchanged because the amount cannot yet be determined?

Hirano [A]: The extraordinary income or loss item shows a loss of ¥37.0 billion, which corresponds to the ¥15.0 billion loss in the previous forecast. Profit attributable to owners of parent has not been set at ¥20.0 billion simply because the amount cannot be estimated due to incomplete scrutiny. Rather, the background is that, supported by the current economic environment, we have been advancing the refinement of the execution plan earlier than originally planned, so that major fundamental structural reforms can be completed within this fiscal year. Based on this amount, we believe that the major items can be processed within this fiscal year, and therefore we do not expect losses of a similar magnitude to continue in the next fiscal year and beyond.

Participant [Q]: Regarding the Metalworking Solutions business, operating profit for the full year has been revised upward by approximately ¥4.0 billion. Which contributed more, tungsten products or cemented carbide products?

Tanaka [A]: The contribution by product, based on volume differences, consists of a ¥1.3 billion gain in profit from cemented carbide products and a ¥0.2 billion gain in profit from Japan New Metals' tungsten products. Orders for cemented carbide products are increasing, partly due to information that manufacturers other than our company are experiencing supply difficulties. In addition, rush orders were received due to differences in the timing of price increases, resulting in higher sales volume.

On the other hand, while inquiries for tungsten products are increasing, the amount that can be supplied is limited; therefore, the contribution from cemented carbide products is larger.

Participant [Q]: From a sensitivity perspective, the impact in Q4 has become very small. How should we understand the significant inventory valuation impact in the Copper & Copper Alloy business this time? In addition, as the profit and loss structure will change following the integration into Pan Pacific Copper (PPC), does this mean that most of the impact will be reflected in dividends and equity-method earnings, with no impact on operating profit?

Hirano [A]: The inventory valuation impact in the Copper & Copper Alloy business is difficult to explain, as it is linked to copper prices, foreign exchange rates, and inventory volumes. We would like to continue discussions on whether we can present a clearer explanation. With regard to the integration into PPC, fluctuations will primarily occur in non-operating items, and the impact of copper prices and foreign exchange rates can be aggregated into equity-method earnings and non-operating items.

Participant [Q]: Regarding concentrate purchase terms (TC/RC), the benchmark has been settled at zero; however, negotiations aimed at establishing non-benchmark-based pricing are expected to continue. In light of changes in the environment for the copper smelting business and production reductions at the Onahama Smelter & Refinery in the next fiscal year, will the approach to negotiations change?

Hirano [A]: With regard to concentrate purchase terms, we are continuing persistent negotiations. At the same time, we are also negotiating a higher level for the copper premium. With respect to the copper premium, according to a release by Pan Pacific Copper (PPC), and solely for reference based on the levels that have been publicly disclosed to date, negotiations are being conducted at \$330 per ton. We are also negotiating at a similar level, and if an agreement can be reached around this range, we believe that it will be possible to offset the deterioration in TC/RC.

Participant [Q]: In the Copper & Copper Alloy business, profit excluding inventory valuation impacts increases from approximately ¥0.7 billion in Q3 to approximately ¥4.0 billion in Q4. What

is the reason for this increase?

Hirano [A]: This increase is attributable to unrealized gains and losses arising from fluctuations in copper prices, as a reversal gain will be recognized in Q4. If unrealized gains and losses were not recognized, profit excluding inventory valuation effects would be expected to remain broadly flat at approximately ¥2.0 billion in both Q3 and Q4.

Participant [Q]: Profit in the Electronic Materials & Components business decreases from Q3 to Q4. Please explain the background for this and the outlook for the next fiscal year and beyond.

Hirano [A]: In the Electronic Materials & Components business, profit was higher in Q3 due to a larger volume of sales of high-margin device-related products, such as sensors. As this factor will not be present in Q4, we expect profit to decrease from Q3 to Q4.

Participant [Q]: How did the rise in platinum and palladium prices affect earnings and the collection of E-Scrap? With regard to palladium prices, you are assuming a level lower than recent prices; please also explain the impact if prices were to rise.

Hirano [A]: Concerning the rise in platinum group metal prices, palladium has had an impact on earnings, while platinum has not had a significant impact. If palladium prices were to rise, earnings would increase slightly; however, as prices tend to fluctuate over short periods, we would like to evaluate the impact based on certain assumptions. As for the collection of E-Scrap, we do not recognize that the rise in platinum group metal prices has had any material impact.

Participant [Q]: On an operating profit basis, what is the underlying profit in H2 of the fiscal year?

Hirano [A]: In the Metals business, the inventory valuation impact amounts to approximately ¥1.2 billion in H2, while in the Copper & Copper Alloy business it amounts to approximately ¥6.0 billion in Q3 and ¥2.0 billion in Q4. If underlying profit is defined as profit excluding inventory valuation impacts, please consider the level excluding this ¥9.2 billion as the underlying profit for H2, which we believe represents a reasonable starting point for our earnings forecast.

[END]