



Mitsubishi Materials Corporation

Financial Results Briefing for the Fiscal Year Ended March 2026

May 13, 2026

Event Summary

[Company Name]	Mitsubishi Materials Corporation
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[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	2
	Tetsuya Tanaka: Director, Executive Officer, President and CEO (Representative Executive Officer)
	Kayo Hirano: Director, Managing Executive Officer and CFO (Representative Executive Officer)

Question & Answer

Participant [Q]: What are the main factors behind the stronger-than-expected results compared with the previous forecast?

Hirano [A]: The main factors were higher sales volumes in the Metalworking Solutions business, in addition to the depreciation of the yen and higher metal prices. From the end of last year, prices of tungsten products and ammonium paratungstate (APT), an intermediate material, rose sharply. This led to the emergence of last-minute demand toward the end of the year, which further accelerated in March. The resulting increase in sales volume contributed to results exceeding the earnings forecast announced on February 12.

Participant [Q]: Please explain the outlook for each of the businesses under the new segments — Metals/Resources Circulation, Copper & Copper Alloy Products, Metalworking Solutions, and Advanced Products — excluding the impact of inventory valuation.

Segment Overview (Forecast: Metals/Resources Circulation, Copper & Copper Alloy Products) New Segment

Metals/Resources Circulation

Although the deterioration in TC/RC is offset by higher copper premiums, profits are expected to decline due to the impact of expansion work.

		FYE March 2026 Result	FYE March 2027 Forecast	Change
Net sales	¥bn	1,329.0	1,428.8	+99.8
Operating profit (excluding inventory valuation impact)	¥bn	29.9 (34.1)	22.7 (26.0)	-7.1 (-8.1)
Ordinary profit (excluding inventory valuation impact)	¥bn	29.6 (33.4)	21.3 (28.2)	-8.2 (-5.1)
ROIC (WACC)	%	6.4 (5.9)	11.2 (5.9)	+4.8 (-)

Ordinary Profit (FYE March 2026)	29.6
Exchange rate difference	-3.3
Price difference (selling price)	+4.9
Price difference (cost, etc.)	-1.3
Volume difference	-5.6
Other (operating)	-1.8
Dividend income	-0.0
Share of profit (loss) of entities accounted for using equity method	+2.1
Other (non-operating)	-3.1
Ordinary Profit (FYE March 2027)	21.3

Copper & Copper Alloy Products

Profits are expected to decrease due to a rebound decline following inventory valuation gains recorded in the previous fiscal year.

		FYE March 2026 Result	FYE March 2027 Forecast	Change
Net sales	¥bn	358.1	387.9	+29.8
Operating profit (excluding inventory valuation impact)	¥bn	15.2 (6.2)	2.8 (7.7)	-12.4 (+1.5)
Ordinary profit (excluding inventory valuation impact)	¥bn	14.2 (5.2)	0.7 (5.6)	-13.5 (+0.4)
ROIC (WACC)	%	6.4 (3.1)	1.1 (3.1)	-5.3 (-)

Ordinary Profit (FYE March 2026)	14.2
Exchange rate difference	-
Price difference (selling price)	+0.0
Price difference (cost, etc.)	-13.5
Volume difference	+1.9
Other (operating)	-0.9
Dividend income	-
Share of profit (loss) of entities accounted for using equity method	-
Other (non-operating)	-1.1
Ordinary Profit (FYE March 2027)	0.7

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20

Hirano [A]: In the Metals/Resources Circulation businesses, TC/RC terms are moving further in an unfavorable direction, but this is expected to be offset by the revision of the copper premium. Operating profit excluding the impact of inventory valuation is expected to decrease by ¥8.1 billion year-on-year. This is due to a decrease in volume during the furnace maintenance period and an increase in repair costs associated with the expansion work for recycled raw materials at the Naoshima Smelter & Refinery (“Naoshima”) in the fourth quarter.

In the Copper & Copper Alloy Products business, operating profit excluding the impact of inventory valuation is expected to increase by ¥1.5 billion. Orders for automotive components have been recovering since the second half of last fiscal year, and the corresponding increase in volume is expected to contribute to the rise in profit.

Segment Overview (Forecast: Metalworking Solutions, Advanced Products)

New Segment

Metalworking Solutions

Profits are expected to decline, as the impact of rising raw material prices outweighs the effects of price optimization.

		FYE March 2026 Result	FYE March 2027 Forecast	Change
Net sales	¥bn	147.2	157.8	+10.6
Operating profit	¥bn	14.2	13.4	-0.8
Ordinary profit	¥bn	15.1	12.9	-2.2
ROIC (WACC)	%	6.8 (9.8)	6.7 (9.8)	-0.1 (-)

Ordinary Profit (FYE March 2026)	15.1
Exchange rate difference	-
Price difference (selling price)	+8.4
Price difference (cost, etc.)	-9.9
Volume difference	-0.9
Other (operating)	+1.6
Dividend income	-0.0
Share of profit (loss) of entities accounted for using equity method	-
Other (non-operating)	-1.3
Ordinary Profit (FYE March 2027)	12.9

Advanced Products

Operating profit is expected to increase, mainly driven by higher sales of products for AI applications.

		FYE March 2026 Result	FYE March 2027 Forecast	Change
Net sales	¥bn	234.5	258.8	+24.3
Operating profit	¥bn	5.5	7.3	+1.7
Ordinary profit	¥bn	5.5	5.3	-0.1
ROIC (WACC)	%	3.7 (7.0)	3.6 (7.0)	-0.1 (-)

Ordinary Profit (FYE March 2026)	5.5
Exchange rate difference	-
Price difference (selling price)	+1.6
Price difference (cost, etc.)	-0.3
Volume difference	+2.4
Other (operating)	-1.9
Dividend income	-0.0
Share of profit (loss) of entities accounted for using equity method	-1.0
Other (non-operating)	-0.8
Ordinary Profit (FYE March 2027)	5.3

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21

In the Metalworking Solutions business, operating profit is expected to decrease by ¥0.8 billion and ordinary profit is expected to decrease by ¥2.2 billion. In a situation where the prices of tungsten, a raw material for cemented carbide products, and APT, an intermediate material for tungsten, are rising, we secured an increase in profit by optimizing sales prices last fiscal year. In an environment where raw material prices are rising at an accelerating pace, we plan to secure profit through price optimization. However, we currently expect that cost increases will not be fully offset, partly due to the pace of price pass-through. We plan to continue efforts to optimize prices during the fiscal year and secure an increase in profit, but at this point, this is the forecast we have announced at the beginning of the fiscal year.

In the Advanced Products business, operating profit is expected to increase by ¥1.7 billion. Profit is expected to increase primarily due to increased sales of AI-related products. Although we were not able to fully benefit from the extremely strong semiconductor market related to AI, the robust demand has gradually spread to our products since the beginning of this fiscal year. We are also planning to increase operating profit as orders for seal products, which were not performing well, are recovering.

Participant [Q]: Could you explain how the previous segments have been reclassified under the new segment structure?

Tanaka [A]: The business is largely divided into the Materials Business Area and the Products Business Area. The Materials Business Area handles materials and components, while the Products Business Area handles products. Within the Materials Business Area, the main components are copper cathode production in the former Metals business and the manufacture of wrought copper products in the former Copper & Copper Alloy business.

Participant [Q]: Your company is considering integration with Pan Pacific Copper (PPC). Please tell us how the profit structure will change in the future.

Hirano [A]: The forecast for this fiscal year is a decrease of ¥11.5 billion in operating profit and ¥7.5 billion in ordinary profit, excluding the inventory valuation impact. This decrease is mainly due to the impact of the integration with PPC and the expansion work at Naoshima. In connection with the integration into PPC and the transition to an equity-method affiliate, the current forecast assumes that operating profit will decrease while there will be no impact on ordinary profit.

Participant [Q]: What is the current status of the integration negotiations with PPC?

Hirano [A]: As for the progress of the integration with PPC, necessary verification discussions are underway, but given the number of parties involved, it is taking more time than originally expected. The discussions are nearing completion, and we expect to announce the details of the agreement soon.

Participant [Q]: The gap between operating profit and ordinary profit appears to narrow significantly in the FY2027 forecast. Should we understand this to mean that dividend income from mining investments and similar items are now treated outside the business segments?

Hirano [A]: As for the mining dividends, they will be carved out into the Mineral Resources business as a separate reporting segment, outside the Materials Business Area.

Participant [Q]: Regarding the plan for the current fiscal year, since profit will decrease but ROIC will improve, what kind of changes do you envision in the balance sheet at the end of the current fiscal year?

Hirano [A]: Taking into account the impact of the integration with PPC and several other business portfolio reviews, we plan to improve ROIC by 0.6 percentage points due to the decrease in invested capital. We plan to reduce the balance sheet by just over ¥300.0 billion from FYE March 2026 to FYE March 2027.

Breakdown by Segment

New Segment

(Billions of yen)	FYE March 2026 Result (a)			FYE March 2027 Forecast (b)			Change (b-a)		
	Net sales	Operating profit	Ordinary profit	Net sales	Operating profit	Ordinary profit	Net sales	Operating profit	Ordinary profit
Materials Business Area	1,427.0	46.1	44.8	1,549.8	25.0	21.5	+122.8	-21.1	-23.2
Metals/Resources Circulation	1,329.0	29.9	29.6	1,428.8	22.7	21.3	+99.8	-7.1	-8.2
Copper & Copper Alloy Products	358.1	15.2	14.2	387.9	2.8	0.7	+29.8	-12.4	-13.5
Products Business Area	381.8	19.8	20.6	416.7	20.7	18.2	+34.9	+0.8	-2.4
Metalworking Solutions	147.2	14.2	15.1	157.8	13.4	12.9	+10.6	-0.8	-2.2
Advanced Products	234.5	5.5	5.5	258.8	7.3	5.3	+24.3	+1.7	-0.1
Mineral Resources	–	-3.0	28.6	–	-3.4	33.7	–	-0.4	+5.1
Renewable Energy	6.2	1.0	0.8	7.8	1.5	1.4	+1.6	+0.5	+0.6
Other*	29.0	-3.5	2.5	15.3	-7.9	-2.0	-13.6	-4.3	-4.5
Total	1,844.0	60.5	97.5	1,990.0	36.0	73.0	+145.9	-24.5	-24.5

*Other includes other businesses and consolidation adjustments

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24

Participant [Q]: Regarding net sales in the Materials Business Area, there is a difference from the total of the Metals/Resources Circulation businesses and the Copper & Copper Alloy Products business. What is the reason for this difference?

Hirano [A]: It is due to intra-segment eliminations. The difference is due to eliminations associated with intra-group transactions between the Metals/Resources Circulation businesses and the Copper & Copper Alloy Products business.

Participant [Q]: As for the overall picture of the new fiscal year's forecast, the deterioration in TC/RC (minus ¥5.6 billion) is covered by the revision of copper premiums (plus ¥6.3 billion), the rise in raw material prices for cemented carbide products (minus ¥10.0 billion) is largely offset by the price adjustment for cemented carbide products (plus ¥8.4 billion), and the remaining factors for the decline in profit are the impact of inventory valuation, furnace maintenance at Naoshima, and foreign currency-denominated receivables and payables. Am I correct in understanding that there is a decline in profit due to temporary factors?

Hirano [A]: That is correct. In particular, ¥7.4 billion, which is the sum of the extension of the furnace maintenance period due to the expansion at Naoshima, the volume difference (minus ¥5.3 billion), and other operating expenses (minus ¥2.1 billion), will be recorded for this fiscal year but not for the next fiscal year.

Participant [Q]: I think that the assumptions for the new fiscal year are quite conservative: the exchange rate is ¥150 to the U.S. dollar and the copper price is 500 cents/lb. Given current conditions, does this mean that there is upside potential to your profit forecast?

Hirano [A]: As you pointed out, there is a possibility that profit will exceed the forecast depending on the exchange rate and the copper price.

Participant [Q]: Regarding the Metalworking Solutions business, you announced a price increase in June. Please tell us your view on the progress of the price increase and how it will be factored into the plan.

Tanaka [A]: As for customer reactions, because not only the Company but also other companies have announced price increases one after another, customers generally find price increases difficult to accept, but we understand that they recognize them as unavoidable. We have not fully factored this into the plan because APT prices have risen further since the time of planning.

Participant [Q]: I understand that cemented carbide products use tungsten scrap and other materials as raw materials. Do you also face cost increases due to APT price increases?

Tanaka [A]: Recycled raw material prices have risen along with APT price increases, but the pace of increase in recycled raw material prices is slower than that of APT prices. The Company refers to this as a scrap advantage, but because the pace of increase in scrap raw material prices is slower, the benefits gained by switching to scrap raw materials are increasing.

Participant [Q]: It seems that the scrap advantage is not reflected in the new fiscal year forecast. How should we understand this?

Tanaka [A]: We have one of the world's largest scrap processing capacities and we have been operating at full capacity since last fiscal year. We have partially factored in an increase in the monetary amount of the scrap advantage, but we cannot increase it in volume terms.

Participant [Q]: How would sales and free metal, or metal recovery differences, change if the integration into PPC is completed?

Hirano [A]: Since this is currently under discussion, I will refrain from answering.

Participant [Q]: Why does cash flow improve despite an increase in capital investment this fiscal year? There is a description of business divestitures and other factors. How can free cash flow be positive?

Hirano [A]: Although capital expenditures are ¥80.0 billion on a cash basis, investment cash flow is expected to remain at negative ¥11.0 billion. As you pointed out, the difference of ¥69.0 billion is mainly due to proceeds from divestments. Our cash flow forecast assumes the completion of several divestments and other transactions under consideration by the end of March. The details are still under discussion, and we will make an announcement as soon as they are finalized.

Participant [Q]: Regarding the factors contributing to the increase and decrease in profit in the Company's forecast for the Metals/Resources Circulation businesses for the new fiscal year, I believe that the metal recovery differences were higher than the forecast for the fourth quarter. Is the assumption that the new fiscal year will be the same as the previous fiscal year?

Hirano [A]: We do not assume that the metal recovery differences will be recorded in the current fiscal year

to the same extent as in the previous fiscal year. Although the volume did not deviate greatly from the plan, the amount increased because the gold price rose more than expected at the end of the fiscal year. As for the forecast for the current fiscal year, the amount is expected to be lower than the previous fiscal year's results because we cannot base our forecast on peak levels.

Participant [Q]: Does the decrease in the metal recovery differences due to the furnace maintenance impact occur separately from the extended furnace maintenance period (minus ¥5.3 billion) associated with the expansion at Naoshima in the waterfall chart?

Hirano [A]: That is correct. We expect this impact to be offset by the improved purchasing terms for E-Scrap, so it is not presented as a separate item in the waterfall chart.

Participant [Q]: The price of sulfuric acid, which is a by-product, is currently rising. Could you explain the underlying assumptions?

Hirano [A]: With respect to the specific assumptions for the price of sulfuric acid, current price trends and changes in the supply-demand environment are reflected in the earnings forecast to the extent that they can be reasonably estimated at this point. Although I cannot disclose the specific price level, the current increase is assumed to be reflected to a considerable extent.

Participant [Q]: Regarding the situation in the Middle East, you have indicated that the impact of higher crude oil price has not been reflected in the forecast because you are not expected to be significantly affected by the rise in crude oil prices. Could you explain, to the extent possible, the potential positive and negative impacts?

Hirano [A]: The most direct impact would be through crude oil prices. However, as noted in the Executive Summary, we expect the impact to be limited. With respect to electricity prices, we do not anticipate an immediate or significant impact. At this point, we are not assuming any specific positive impact.

[END]