

Investor Conference


Mitsubishi Materials Corporation to focus on improving its profit structure by enhancing business competitiveness and aggressively promoting business structural improvements and management reforms.

【Speaker】

Naoki Ono, Director, Chief Executive Officer, Mitsubishi Materials Corporation

Nobuhiro Takayanagi, Director, Managing Executive Officer, Mitsubishi Materials Corporation

<FY2022 results (compared with FY2021 results)>

1.Summary of FY2022 Financial Results and FY2023 Forecast			
FY2022 results (compared with FY2021 results)			
Compared with FY2021 results			
Net Sales:	Overall increased due to the impact of higher copper prices and increased sales, mainly in the Advanced Products business and the Metals business		
Operating profit:	Increased in all businesses except in the Cement business, mainly due to price and volume differences		
Ordinary Profit:	Overall increase due to an increase in operating profit and dividend income (in the Metals business)		
Profit*:	Increased due to an increase in ordinary profit despite loss on business restructuring		
(Unit: billion yen)	FY2021 Results (a)	FY2022 Results (b)	YoY (b)-(a)
Net sales	1,485.1	1,811.7	326.6
Operating profit	26.5	52.7	26.1
Ordinary profit	44.5	76.0	31.5
Profit*	24.4	45.0	20.6
Net income per share (yen)	186.71	344.56	157.85
Dividends per share (yen)	50	90	40
Exchange rate (USD/Yen)	106yen	112yen	6yen
Copper price (LME)	312¢/lb	440¢/lb	128¢/lb
*Profit attributable to owners of parent			
<div style="display: flex; justify-content: space-between;"> 3  MITSUBISHI MATERIALS </div>			

Naoki Ono (hereinafter referred to as “Ono”): Thank you very much for joining us today at our Investor Conference. Last week, we announced our financial results, and today I would like to briefly review them and focus on the progress of our Medium-Term Management Strategy (hereinafter referred to as “FY2023 Strategy”), as described in the document.

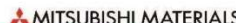
Please see page 3. These are the results for the fiscal year ended March 31, 2022 (hereinafter referred to as “FY2022”), which we announced last week. I will not repeat the explanation, but I hope you will check the figures.

<FY2022 results (compared with the previous forecast on Nov 9, 2021)>

1.Summary of FY2022 Financial Results and FY2023 Forecast			
FY2022 results (compared with previous forecast on Nov. 9, 2021)			
Compared with previous forecast on Nov. 9, 2021			
Net Sales:	Overall increase due to higher sales in the Metals business, the Copper & copper alloy business, and the Electronic materials & components business due to yen depreciation and higher copper prices, etc.		
Operating profit:	Overall increase due to increase in profit in the Advanced Products business and increase in the Metals business, etc.		
Ordinary Profit:	Increased due to an increase in operating profit		
Profit*:	Increased due to an increase in ordinary profit		
Dividends:	Year-end dividend increased from ¥40 to ¥50 due to higher earnings, Dividends per share:¥90		
(Unit: billion yen)	FY2021 Previous forecast (a) (announced on Nov. 9, 2021)	FY2021 Results (b)	YoY (b)-(a)
Net sales	1,760.0	1,811.7	51.7
Operating profit	42.0	52.7	10.7
Ordinary profit	59.0	76.0	17.0
Profit*	37.0	45.0	8.0
Net income per share (yen)	283.20	344.56	61.36
Dividends per share (yen)	80	90	10
Exchange rate (USD/Yen)	110yen	112yen	2yen
Copper price (LME)	426¢/lb	440¢/lb	13¢/lb
*Profit attributable to owners of parent			
4			
MITSUBISHI MATERIALS			

Page 4 includes a comparison of the forecast at the time of the financial results announcement for FY2022 the second quarter with the finalized actual results. After the second quarter, through the third and fourth quarters, these figures indicate that we have seen a change in the business that has led to this level of discrepancy.

<FY2023 forecast (compared with FY2022 results)>

1.Summary of FY2022 Financial Results and FY2023 Forecast			
FY2023 forecast (compared with FY2022 results)			
Compared with FY2022 results			
Net Sales:	Overall decreased due to reorganization in the Cement Business, the Aluminum Business, etc., despite increase in net sales resulting from foreign exchange rate and volume differences, etc.		
Operating profit:	Overall decreased due to decline in net sales		
Ordinary Profit:	Decrease due to expectation of lower operating profit and decline in dividend from mines, etc.		
Profit*:	Decrease in net profit due to decline in ordinary profit		
Dividends:	Set dividend ¥50/share, aiming to return shareholders equivalent to the total dividend of more than ¥30 billion expected in the FY2023 Strategy		
(Unit: billion yen)	FY2022 Results (a)	FY2023 Forecast (b)	YoY (b)-(a)
Net sales	1,811.7	1,590.0	-221.7
Operating profit	52.7	36.0	-16.7
Ordinary profit	76.0	36.0	-40.0
Profit*	45.0	20.0	-25.0
Net income per share (yen)	344.56	153.08	-191.48
Dividends per share (yen)	90	50	-40
Exchange rate (USD/Yen)	112yen	120yen	8yen
Copper price (LME)	440¢/lb	448¢/lb	8¢/lb
*Profit attributable to owners of parent			
5			

Page 5 shows the earnings forecast for the current fiscal year. As you know, we have concerns about energy price hikes triggered by Russia's invasion of Ukraine, the stagnation of the European economy, while in China, continued “zero COVID-19 policy” will likely lead to a decline in domestic consumption.

Furthermore, negative factors such as inflation in the U.S. and, in addition, the rising cost of raw materials, especially energy prices, throughout the world have an impact on Mitsubishi Materials Corporation (hereinafter referred to as “the Company”), forcing us to forecast such a decrease in profits.

This is a unique situation for the Company, but the forecast incorporates a decrease in mine dividends due to drought problems, large capital expenditure, and other factors at a Chilean mine in which we have invested in.

<Progress toward the FY2023 Strategy Targets | Financial indicators>

2. Medium-Term Management Strategy Progress | Target

Progress toward the FY2023 Strategy Targets | Financial indicators

For FY2023, market conditions are expected to deteriorate, energy prices and other costs are expected to skyrocket. Furthermore, upfront investments for the future make it difficult to achieve the FY2023 Strategy Targets.

Unit : billion yen		FY2022 Results	FY2023 Forecast	FY2023 Strategy Target*	Difference
ROIC (%)		7.0	3.4	4.0	-0.6pt
ROA (ordinary profit to total assets) (%)		3.7	1.8	2.0	-0.2pt
ROE (%)		8.0	3.5	6.0	-2.5pt
P/L	Net Sales	1,811.7	1,590.0	1,410.0	+180.0
	Net Sales (excluding metal)	817.3	544.4	600.0	-55.6
	Operating profit	52.7	36.0	29.0	+7.0
	Ordinary profit	76.0	36.0	38.0	-2.0
BS	Total assets	2,125.0	1,870.0	1,820.0	+50.0
	Net interest-bearing debt	449.4	412.0	350.0	+62.0
	Shareholders' equity	584.8	593.0	570.0	+20.0
Net D/E ratio(times)		0.77	0.69	1.0 or less	
Assumptions	Exchange rate (yen/\$)	112	120	110	<Sensitivities> 1 yen increase in USD/JPY exchange rate: +0.7 billion yen 10¢/lb increase in copper price (LME): +0.9 billion yen (Ordinary profit)
	Exchange rate (yen/€)	131	135	130	
	Copper price (¢/lb)	440	448	330	

* Assuming transition to equity method in cement business

7

MITSUBISHI MATERIALS

MITSUBISHI MATERIALS

I would like to explain the progress of FY2023 Strategy. On page 7, you will find a list of financial targets and figures. The leftmost column of the table shows FY2022 results. Due in part to the strong performance in the previous fiscal year, comparing the FY2022 results with the FY2023 Strategy Targets, we could say these figures are ahead of the FY2023 Strategy Targets.

However, as indicated in the FY2023 forecast, based on the situation reported earlier for the current fiscal year, we currently see that in the FY2023 Forecast, which is the final fiscal year of FY2023 Strategy, “some of them would be above and some of them would be below” the revised FY2023 Strategy Targets in the right column.

<Progress toward the FY2023 Strategy Targets | Investment & Shareholders return policy>

2. Medium-Term Management Strategy Progress | Target

Progress toward the FY2023 Strategy Targets | Investment & Shareholders return policy

Although the market environment will be difficult in FY2023, investments for future growth will be made as the FY2023 Strategy, in anticipation of future market recovery.

Investment Policy

- If there are good large-scale investment projects for growth, aggressively invest within the range of net D/E ratio of 1.0 times or less.
- The accumulated forecast during the FY2023 Strategy is for capital investment and investment and financing, including growth investment equivalent to the FY2023 Strategy target.


Unit : billion yen	Accumulated forecast during the FY2023 Strategy	FY2023 Strategy target	Difference
Capital investment Cash out	251.5	250.0	1.5
For growth	84.9	90.0	-5.1
For maintenance & upgrading	166.6	160.0	6.6
Investment & financing Cash out	95.7	105.0	-9.3
Total Investment Cash out	347.2	355.0	-7.8

Shareholder Return Policy

- The lower limit of the annual dividend amount during the FY2023 Strategy has been changed to ¥50 based on the operating cash flow level judged to be stable.
- By accelerating the sale of assets and flexibly allocating funds such as treasury stock acquisition and additional dividends, we aim to implement shareholder returns equivalent to the total dividend in FY2023 strategy original Plan.

Unit : yen	FY2021 Results	FY2022 Results	FY2023 Forecast	FY2023 Strategy Plan	FY2023 Strategy Original Plan
Annual Dividend	50	90	50	50	80

8

 MITSUBISHI MATERIALS

Page 8 summarizes the amount of so-called investment and financing. The original plan, shown on the right side of the red frame on the slide, called for 250 billion yen in capital investment over the three years of FY2023 Strategy, of which 90 billion yen would be for growth, 160 billion yen for maintenance and upgrading, and 105 billion yen for investment and financing, for a total of 355 billion yen.

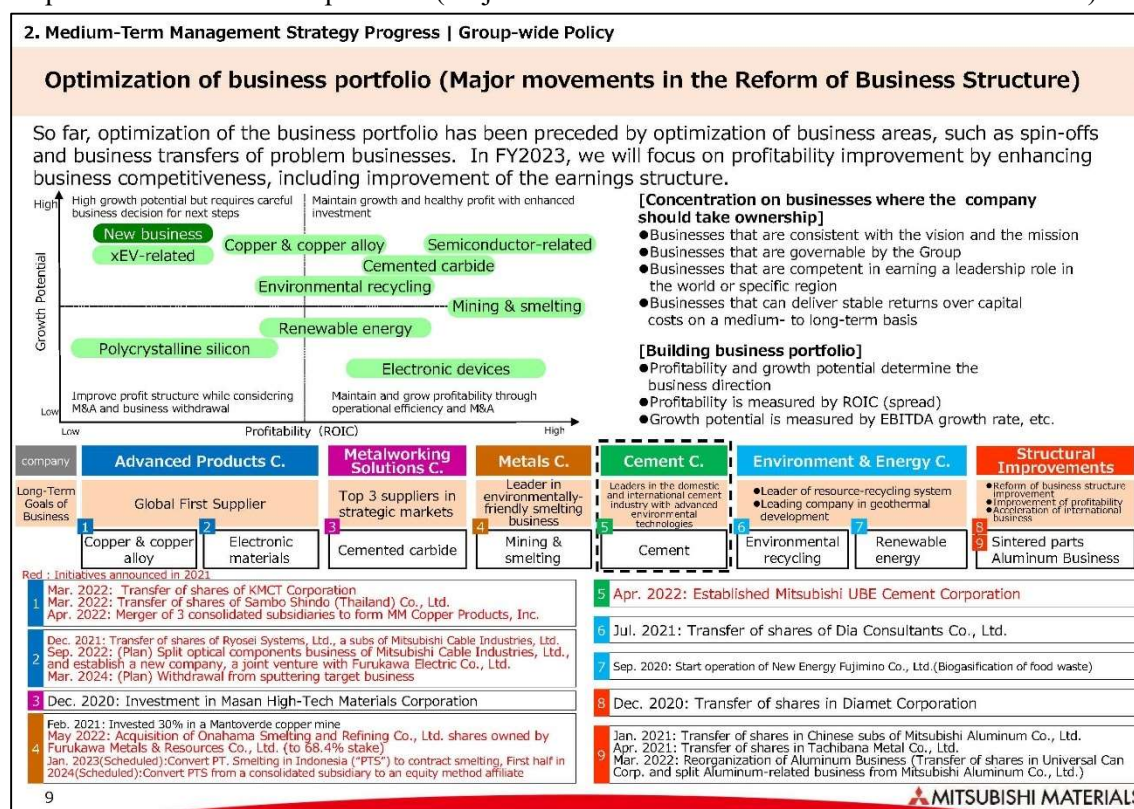
Two years have passed, and now we have one year left. The column boxed in red includes final year's projection, and shows the accumulated forecast for investment during the FY2023 Strategy. It shows that the Company has been proceeding almost in line with the original plan.

The lower part of the slide shows the Shareholder Return Policy. We had started with the original plan to pay a dividend of 80 yen per share for three years, but due in part to the impact of COVID-19, we were forced to revise the plan in May 2021.

Subsequently, for FY2022 we decided to pay a dividend of 90 yen per share, as we have sold strategic holdings and assets, and also because we have seen a certain degree of recovery in our business performance.

For the current fiscal year, on the other hand, we have no choice but to expect the dividend at 50 yen at this stage, which we had set as a minimum amount. Nevertheless, we have not changed our policy to aim to return the total amount to shareholders over the three-year period equivalent to the originally projected 80 yen per share, as we set forth in FY2022.

<Optimization of business portfolio (Major movements in the Reform of Business Structure)>



Page 9 shows the status of optimization of business portfolio. The portfolio picture shown in the upper left corner of the slide represents the most recent situation of the Company. Compared to FY2022, the Aluminum business and the Cement Business are naturally no longer listed.

On the other hand, we can see a change in the Electronic devices business, which was in the lower left quadrant in FY2022, but has moved to the right side due to the results of the business or due to the efforts made by the division.

The lower part of the slide shows the major movements of business structure reform. Movements shown in red are for FY2022. For example, in the Copper & copper alloy business (No. 1), we have made some reorganization of non-core businesses. The same basic idea applies to No. 2, the Electronic materials & components business, and we are proceeding with the disposal of non-core businesses.

On the other hand, No. 4, in the Metals Business, as Furukawa Metals & Resources Co., Ltd. recently announced, the Company has acquired shares of Onahama Smelting and Refining Co., Ltd. from Furukawa Metals & Resources Co., Ltd., increasing its equity stake to 68.4%.

Number 5 is the Cement Business, and I am sure you already know about the establishment. In addition, the reorganization related to the Aluminum business is described in No. 9.

<Basic policy and transition on Strategic Holdings>

2. Medium-Term Management Strategy Progress | Group-wide Policy

Basic policy and transition on Strategic Holdings

■ Basic policy on Strategic Holdings

- ✓ The Company shall not acquire or hold Strategic Holdings unless doing so is necessary for the purpose of its business strategy.
- ✓ With regard to the Strategic Holdings, appropriateness of such holdings shall be specifically reviewed and examined at a meeting of the Board of Directors on an annual basis.
- ✓ As a result of such reviews and examinations, the Company will reduce any Strategic Holdings if it is not deemed to be necessary to hold such holdings.

■ Changes in Number of Strategic Holdings

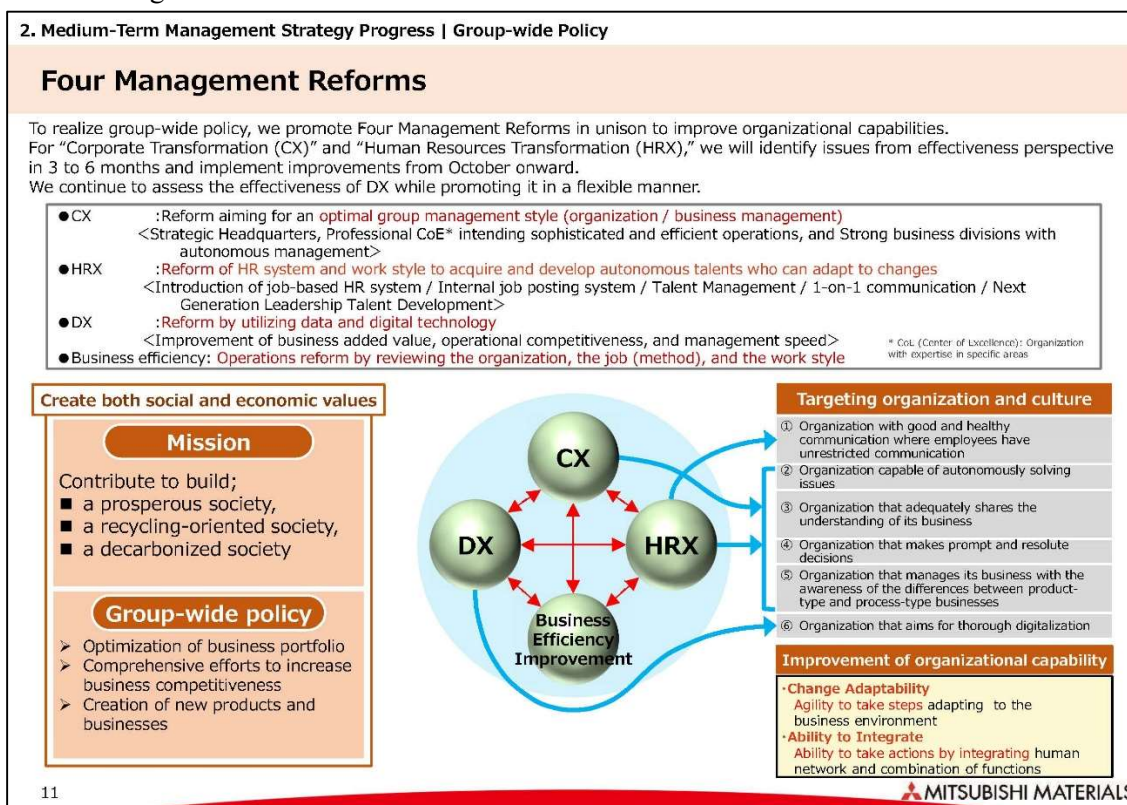


Page 10 shows the status of reduction of Strategic Holdings. The basic policy has not changed at all, but the two graphs at the bottom of the slide show the trend of reduction.

On the left side, the bar graph shows the sales amount, and the line graph shows the number of strategic holdings. By the end of FY2022, the Company sold 56.6 billion yen and reduced the number of strategic holdings to 30.

The graph on the right shows the percentage of strategic holdings against consolidated net assets and the amount recorded on the balance sheet. It shows a similar trend, reducing its holdings ratio to 11% at the end of FY2022. Going forward, we intend to reduce the ratio to about 5% by the end of the current fiscal year.

<Four Management Reforms>



Page 11 is “Four Management Reforms,” where we are promoting “CX (Corporate Transformation),” “HRX (Human Resources Transformation),” “DX (Digital Transformation),” and “Business efficiency improvement” collectively. The Company started such initiatives around last October, and specifically, we have moved to implement them, including organizational changes, since this past April.

As you can see in the frame of the slide, CX refers to “Reform aiming for an optimal group management style.” This is what we are moving forward with, changing to a combination of “Strategic Headquarters,” “Professional CoE,” and “Complete In-house Companies capable of autonomous management.”

HRX is an initiative to acquire and develop autonomous talents who can adapt to changes through various HR measures, such as the introduction of a job-based HR system.

DX is a prior initiative that began about two years ago. Deeply related to these, as organizations change and work styles change, we are also trying to improve “Business efficiency” through changing overall work styles as well.

The picture at the bottom of the slide shows that the reforms the Company is undertaking are interrelated, and that they are connected to the six items listed on the right side of the slide as the organization and corporate culture that we are striving for.

As described in the lower part of the slide, we would like to link these efforts to the improvement of our organizational ability to integrate various capabilities, as well as to the improvement of our ability to adapt to change, which are necessary in this era of rapid changes in the business environment.

<Four Management Reform Movements (CX and operational efficiency improvement)>

2. Medium-Term Management Strategy Progress | Group-wide Policy

Four Management Reform Movements (CX and Improve operational efficiency)

■ Corporate Transformation (CX)

Aiming to Reform for Optimal Group Management Structure

Reorganize head office functions; Head office to take charge of group strategies + Headquarters back office to be responsible for improving efficiency and sophistication + strong business division to conduct autonomous management.

Mission

- Pursuit to Group Strategy
- Pursuit of Expertise and Efficiency
- Self-contained company management (complete company system)

-> The company has all business functions, identifies and sets issues, and works to resolve them on its own.

Role reassignment

* CoE (Center of Excellence): Organization with expertise in specific areas

Head office functions

- Function to formulate Group Strategy
- Professional and Routine Operations
- Back office functions essential for company management

Strategic Headquarters

- Take charge of group strategies

Professional CoE*

- Responsible for improving efficiency and sophistication

In-house company

- Conduct autonomous management

- > Clarify division of roles between Strategic Headquarters / Headquarters back office / Business division
- > Speedy and flexible business management tailored to the business environment and business characteristics
- > Strengthen governance functions by pursuing a balance of centrifugal and centripetal forces among Strategic Headquarters / Headquarters back office / Business division

■ Business Efficiency Improvement

Reduce work hours by 16,000 hours/year by introducing RPA

Introduced RPA as a measure to improve business efficiency. By drastically reducing the number of man-hours worked, the Company has been able to reduce overtime hours, improve the sophistication of its operations, and reduce the mental burden of its employees.

Accounting robot for shift allowance, etc.

Automated work related to the reimbursement of shift allowances, etc.

Significant reduction in man-hours

<Effects>
7,625 hrs/year

Analysis robot of process lead time

Automate processes to prepare analytical data

Increased analysis frequency by standardizing operations that had become gentrified

<Effects>
1,800 hrs/year

Overtime calculation and display robot

Automate monthly overtime tally

Increase in work frequency and aggregate population

<Effects>
619 hrs/year

12 MITSUBISHI MATERIALS

Page 12 describes Four Management Reform Movements, including specific examples.

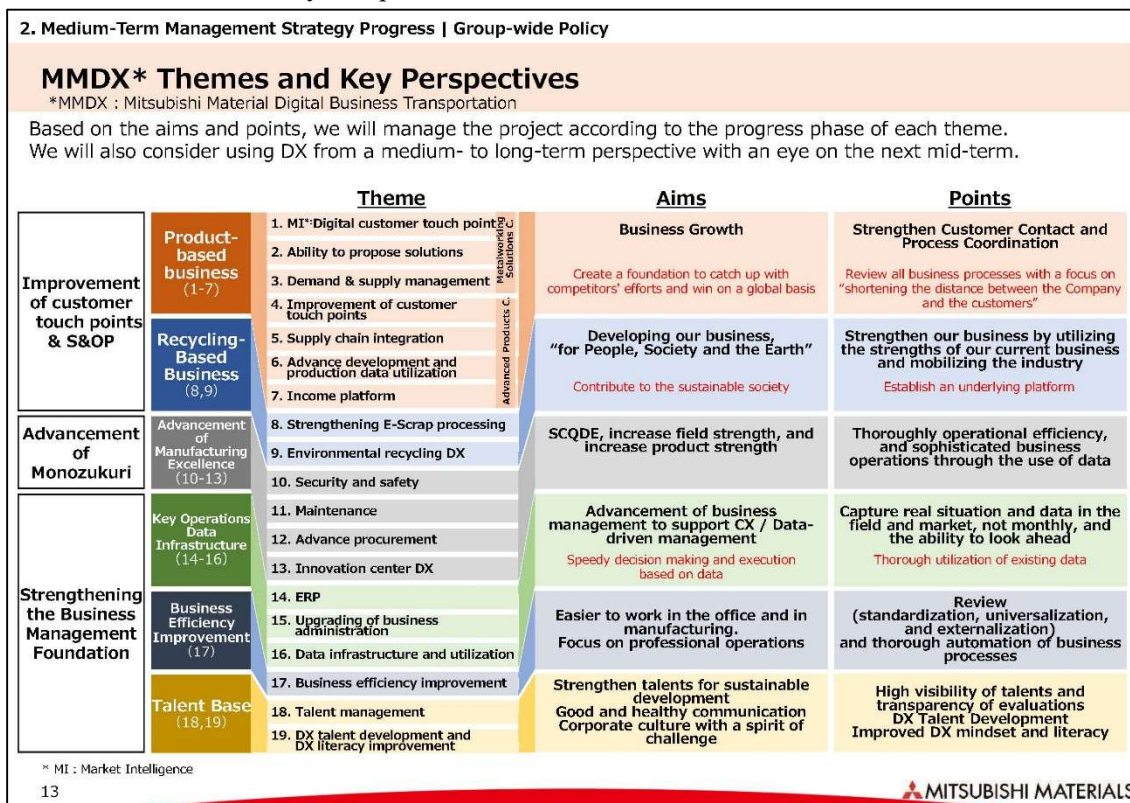
The left side of the slide is about CX. Please see the dark red box in the middle. Our missions are to clarify the functions of the Strategic Headquarters which pursues Group Strategy, to establish Professional CoE to pursue expertise and efficiency, and to conduct self-contained company management.

As an example, the diagram in the center shows the decentralization, or rather the division of roles, of functions that were previously handled by the head office.

Among the head office functions, back-office functions essential for company management are transferred to in-house companies, while functions that take charge of group strategies are distributed to the Strategic Headquarters, and functions that execute operations with improved efficiency and sophistication, including business alliances, are transferred to Professional CoE.

The right side of the slide shows the effect of RPA introduced in FY2022 as an example of operational efficiency improvement.

<MMDX Themes and Key Perspectives>



Next, I would like to describe our DX initiative. These themes and others have been shown before, but we are gradually reorganizing them as we go along.

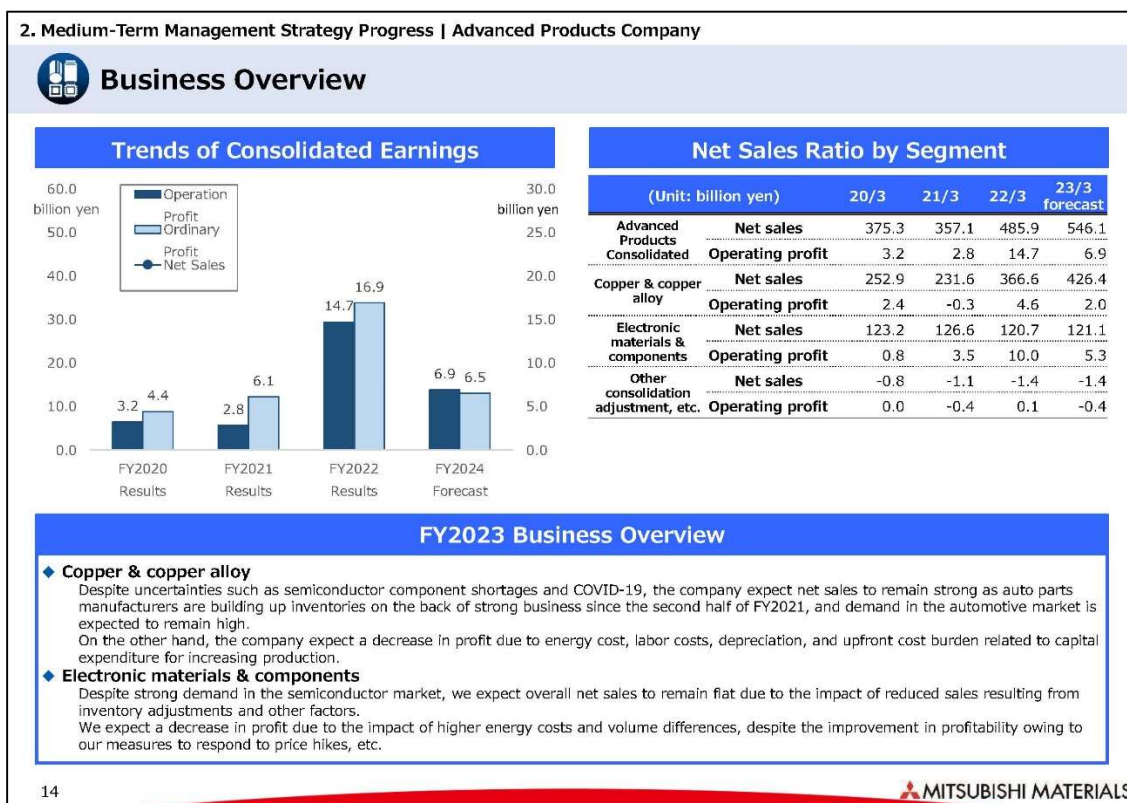
For example, themes 1 through 7 on the slide are one broad bundle regarding strengthening customer touch points or strengthening internal manufacturing and sales connections to strengthen customer contact.

In the center are the initiatives to enhance Monozukuri as a manufacturing company, or product strength, so to speak. Also, theme 14 and onward are about strengthening the management foundation. For each category, the aims and key points are explained.

For areas such as customer touch points, this is naturally linked with strengthening business competitiveness, and in the Monozukuri (manufacturing) area, strengthening on-site capabilities.

The part on Strengthening the Business Management Foundation is linked with a system that enables speedy management decisions and talent development.

<Business Overview>



14

MITSUBISHI MATERIALS

I will explain the status of each in-house company's initiatives on page 14 and beyond.

First, let me talk about the Advanced Products Company. As you know, its business is broadly divided into the Copper & copper alloy business and the Electronic materials & components business, and the graph on the upper left of the slide shows the trend of consolidated earnings of these two businesses combined. On the right side are the net sales and operating profit trends by sector.

<Progress of the FY2023 Strategy | Priority Measures>

2. Medium-Term Management Strategy Progress Advanced Products Company			
Progress of the FY2023 Strategy Priority Measures			
Long-term goals Global First Supplier		Medium-term Management Strategy	<ul style="list-style-type: none"> Assign key account managers acting cross-sectionally Enhance information analysis by digital marketing such as the employment of AI or IoT Share product roadmaps with customers (co-creation capabilities) Develop new products through collaboration with Central Research Institute Fortify production capabilities such as establishing a mass production system and improving productivity Pursue opportunities to execute M&A or business alliances
Long-term strategy	<ul style="list-style-type: none"> Refine and combine core competencies (e.g., the development and manufacturing technology of oxygen-free copper base alloys, development of functional materials, welding technology, etc.), to create new products and businesses. Pursue winning patterns from a market perspective. 		
Key Measures for FY2023 Strategy		FY2022 Results	Plans for FY2023 and beyond
Assignment of key account (KA) managers acting cross-sectionally		Established KA strategy activities	Improve KA strategy activities from customers and market perspectives
All businesses	Digital Marketing Utilization	Conducted technical exchange meetings and found new projects by utilizing digital marketing	Promote the use of digital marketing in overseas markets
	Development of new products and new businesses	Conducted discussions, etc. on each technical theme with the customers' R&D departments	Shift to prototype and mass production for specific customer development themes
Copper & copper alloy	Business restructuring of the Rolling & extruded products business and strengthening of production system	Established a plan to install facilities for increased production Rolling: Promoted start-up of new slitting and packaging machines in Wakamatsu, and washing, slitting, and packaging machines in Sanpo Promoted start-up of increased copper mold production at Sakai Plant Extrusion: Reviewed process streamlining	Maintain the framework of the plan despite some changes in the timing of investments, etc. , in light of the impact of COVID-19 and other factors Progress towards full-scale operations from FY2024 to FY2025
	Market development and sales expansion of products for next-generation vehicles	Built partnerships with key customers and responded to their needs by utilizing the development roadmap for xEV components	Design mass production process for major automakers
Electronic materials & components	Establishment of system to increase production of silicon processed goods	Established a system to increase production to meet customer demand and improved production efficiency	Establish a system to continuous increase production and improve production efficiency
15		MITSUBISHI MATERIALS	

I would like to explain the progress of the FY2023 Strategy. In the Copper & copper alloy business, the Company plans to invest 30 billion yen in the FY2023 Strategy and beyond, to increase overall capacity by approximately 30%.

As a result of these efforts in FY2022, new start-up construction work is underway in the Rolling business, and we are currently promoting the start-up to increase production at the Sakai Plant, which produces copper molds, which is the upstream process in the rolling process. In the Extruded products business, we are currently reviewing the process streamlining.

In any case, we hope to continue this start-up construction work in FY2023 and beyond, so that the plants will be ready for full-scale operation in 2023-2024.

Meanwhile, we have two major points about the Electronic materials & components business. First, we will expand the applications of electronic devices and other products to automotive applications, including next-generation vehicles. Second, we will solidify a system that allows us to increase production of silicon processed products for semiconductor manufacturing equipment based on current trends.

These measures have been promoted in FY2022, and we are in the process of continuing to implement them in FY2023 and beyond.

2. Medium-Term Management Strategy Progress | Advanced Products Company

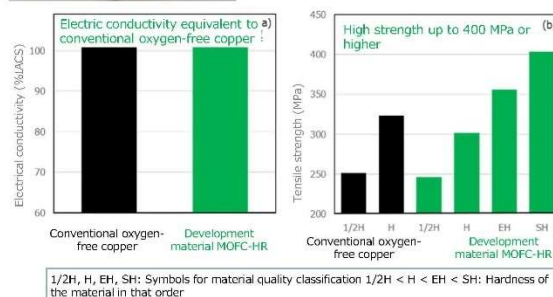


Progress of the FY2023 Strategy | Examples of New Products

■ Oxygen-free copper MOFC-HR

Unique development of world's highest level of strength and heat resistance

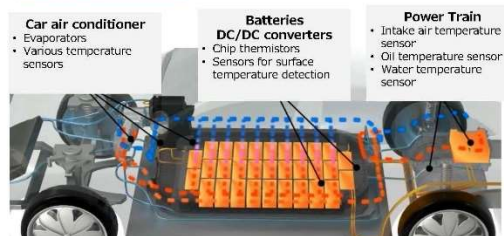
With low characteristic degradation even under high heat load operating environments, suitable as components for electrical equipment requiring high current and high heat dissipation under severe environments, such as xEVs and next-generation energy sources.



■ Creation of new products and new businesses in the xEV field

Various motor components/thermistor sensors

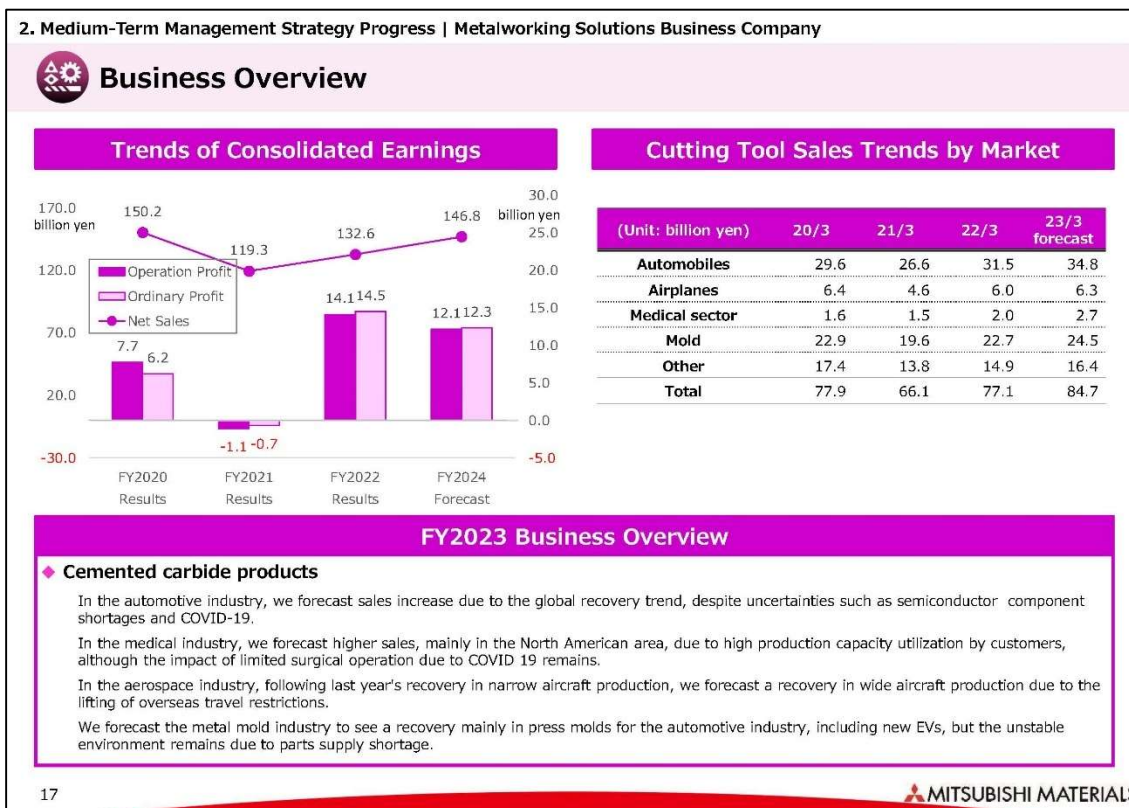
Create new products that meet customer needs by stimulating communication with automakers and other customers through KA strategy activities.



Page 16 shows examples of typical products of Advanced Products Company. The left side of the slide is about oxygen-free copper MOFC-HR. I am omitting the details since we have already issued a press release, but this material has the same electric conductivity as conventional materials, but with higher strength.

The right side shows where our products are expected to be used in the xEV field, which is expected to grow in the future, and where they are currently being used.


<Business Overview>



Page 17 is about the Metalworking Solutions Company. The trends of consolidated earnings are as shown in the graph on the upper left of the slide. The table on the right, which focuses on cutting tools, shows sales trends by region.

During the FY2022, Japan, Europe, and North America showed growth, although there are some differences depending on regions, we believe similar trend continues for the current fiscal year.

<Progress of the FY2023 Strategy | Priority Measures>

2. Medium-Term Management Strategy Progress Metalworking Solutions Business Company		
Progress of the FY2023 Strategy Priority Measures		
Long-term business goals Becoming the top 3 supplier in strategic markets Long-term strategy <ul style="list-style-type: none"> Promote clean manufacturing Provide high-efficiency products by utilizing advanced technology Develop advanced metal powder business 	Medium-term Management Strategy <ul style="list-style-type: none"> Increase recycling rate in our tool recovery system and utilize renewable energy Provide high efficiency tools and digital solutions Transition to smart factory and optimization of logistics and supply chain Expand advanced metal powder business to rechargeable battery market 	
Key Measures for FY2023 Strategy	FY2022 Results	Plans for FY2023 and beyond
Launch of new products under priority themes	Launched and started supplying three priority theme new products	Advance planning for pre-launch themes
Expansion of advanced metal powder business for the battery market	Developed advanced metal powder for automotive rechargeable batteries toward commercialization Reviewed technical collaboration with Masan High-Tech Materials Corporation (MHT) on high-performance tungsten powder	Continue evaluation test at JAPAN NEW METALS CO., LTD. (Akita, Japan) Continue discussions with MHT
Expansion of tungsten recycling	Achieved 35% recycling rate ahead of schedule that was planned in FY2023 target Considered collaboration with MHT in the tungsten recycling business	Expand recovery of cemented carbide scrap from overseas areas through collaboration with MHT and other initiatives
Use of renewable energy	Following the revision of the GHG reduction target, we changed plan to make all electricity used in the manufacturing process be practically CO2-free by FY2031	Start purchasing renewable electricity at manufacturing sites in Japan, planning to increase the amount by 11% annually
18		

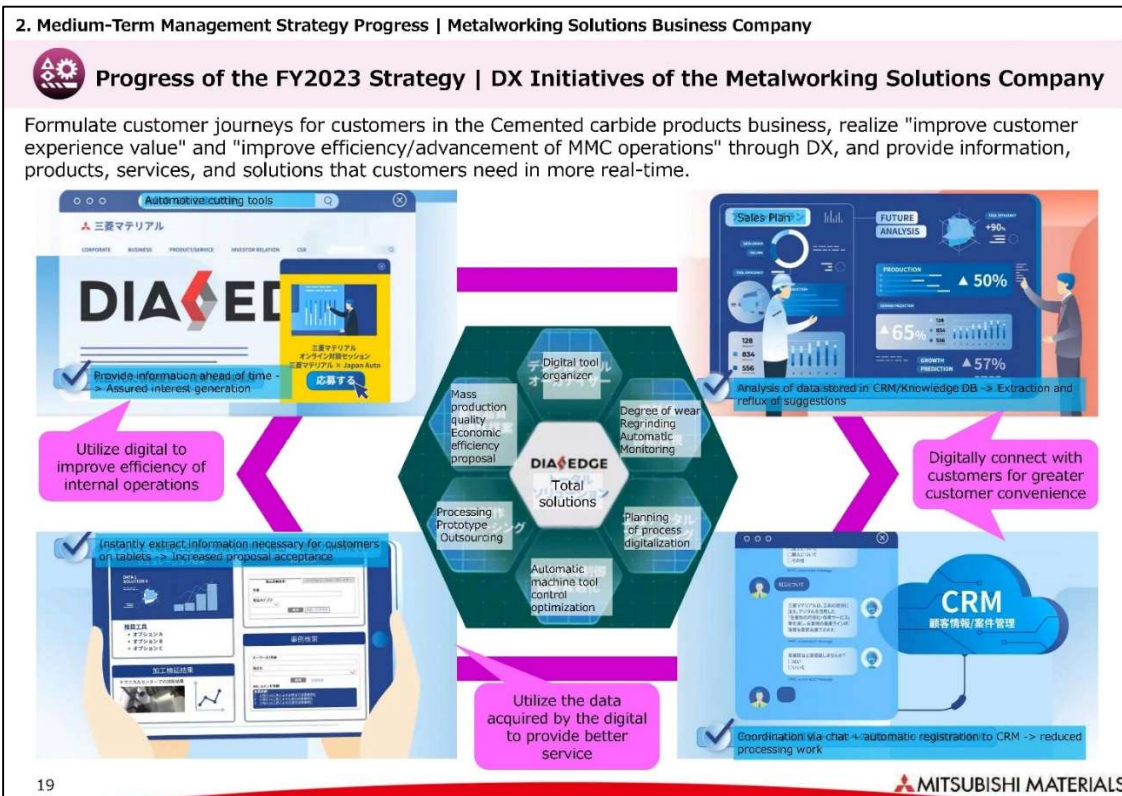
The following is the status of the FY2023 Strategy for Metalworking Solutions Company. We have listed four key measures, and I explain from the top of the table on the slide. We will continue to promote product launches on the four themes. It means we will release new products in the fields of automobiles, airplanes, medical sector, and metal molds.

The second is about tungsten powder, which shows our efforts are underway to release powders with enhanced functions not only for cutting tools but also for rechargeable batteries for automotive use.

Regarding the third key measure, the expansion of tungsten recycling, we achieved the target of 35% recycling rate for the FY2023 Strategy in FY2022 ahead of schedule. We will continue to try to maintain and improve this recycling rate.

In the Advanced metal powder business and Tungsten recycling business, we are currently conducting a review including collaboration with Masan High-Tech Materials Corporation (MHT) in Vietnam, of which we already have a 10% stake, and with H.C. Starck GmbH (H.C. Starck) in Germany, which is a subsidiary of MHT.

<Progress of the FY2023 Strategy | DX Initiatives of the Metalworking Solutions Company>



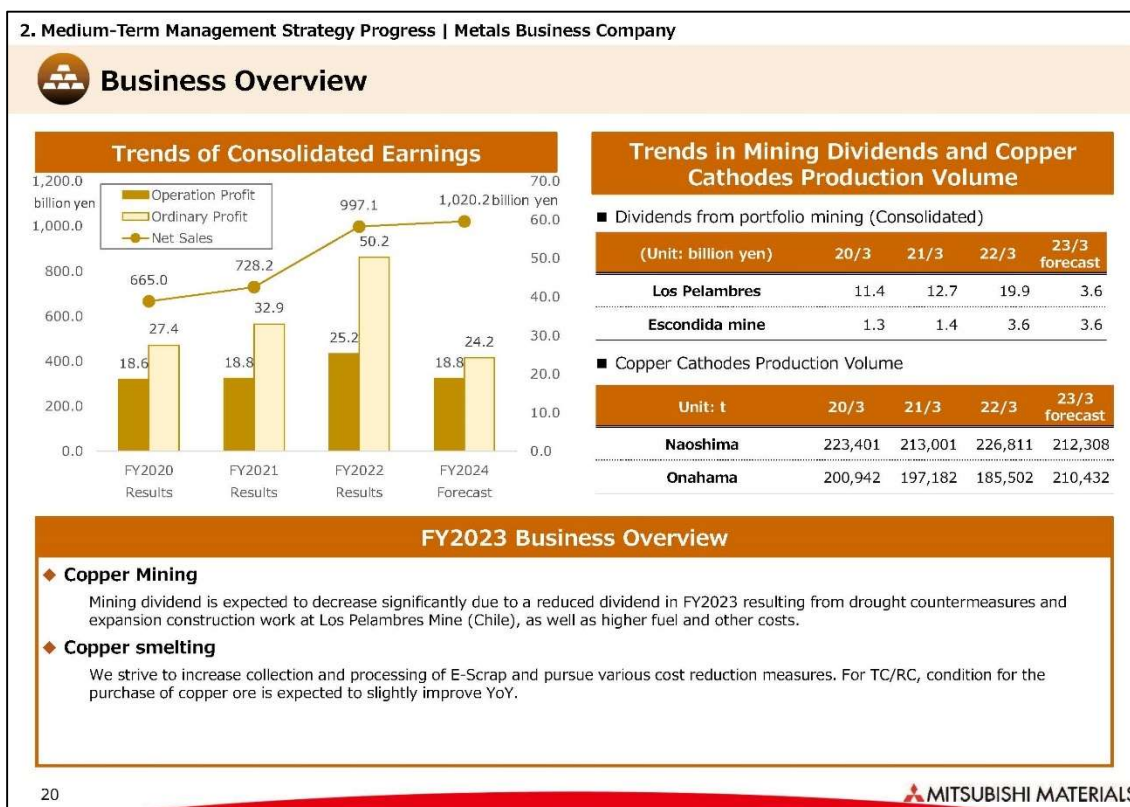
On page 19, we show schematically how we, as a Metalworking Solutions Company, will link DX to our business.

In general, I think it can be divided into internal and external efforts; the efforts to improve value on the customer side, and the efforts to improve efficiency/advancement of the Company's operation, which help improve value on the customer side.

In the center of the slide, "Total solution" is described, and some specific examples are a digital tool organizer, a system that assists customers in selecting the right tools, or a system to check the degree of wear by attaching sensors to the tool being used, and tell us the appropriate time to replace the tool. These are on the customer side, and in internal efforts, we are working on quality control and automatic control.

All of these initiatives are progressing gradually, and we hope to have the digital tool organizer actually in operation by the end of current fiscal year.

<Business Overview>




Now I would like to talk about the Metals Business Company. Trends of the consolidated earnings are shown in the graph at the top left of the slide, and the actual results to date and projected mining dividends are shown at the top right.

The Los Pelambres mine is the one that attracts the most attention here. The Dividends we received were 19.9 billion yen in FY2022, but we currently expect about 3.6 billion yen in FY2023, a very large drop.

As noted in the overview section, the mine has been affected by the fact that the drought countermeasures have not yet been fully completed and that the expansion construction work needs to be continued.


<Progress of the FY2023 Strategy | Priority Measures>

2. Medium-Term Management Strategy Progress | Metals Business Company

 **Progress of the FY2023 Strategy | Priority Measures**

Long-term business goals Becoming a leader in environmentally-friendly mining & smelting business		Medium-term Management Strategy	<ul style="list-style-type: none">• Secure clean copper concentrate by investing in new mines• Develop impurity removal technology in copper concentrate• Optimize valuable metal material flow• Reduce fossil fuels	
Long-term strategy	<p>Stable supply and circulation of copper and other non-ferrous metals</p> <ul style="list-style-type: none">• Creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap/-Promotion of recycling/-Combating climate change			
Key Measures for FY2023 Strategy		FY2022 Results		Plans for FY2023 and beyond
Mining	Securement of clean copper concentrate by investing in new mining	The Zafranal copper project was partially delayed from the original plan due to local conditions in Peru (e.g., COVID-19). We focused on obtaining Environmental Approval (EIA)		
		Make final investment decision after obtaining Environmental Approval (EIA) Zafranal copper project		
	Conducted detailed engineering, stripping and other construction work at the Mantoverde S.A. mining in preparation for the start of sulfide ore production in 2024 (35% progress against 37% plan as of the end of January 2022)			Steadily progress Mantoverde S.A. copper project construction work (The ore dressing plant and tailings dam construction will be completed by the end of FY2024)
	Started trial operation of the ore dressing plant expansion at Copper Mountain Mine from the end of November 2021	Optimize mining operations , including expansion		
Smelting	Optimization of material flow for valuable metal	Increased recovery of valuable metals through process improvements at the Naoshima Smelter & Refinery's precious metal plant		
		Develop technologies for separation and recovery of trace components in E-Scrap for further efficient recovery of valuable metals		
		Continued stable plant operations at Hosokura Metal Mining Company's tin recovery plant (newly built)		
	Reduction in fossil fuels	Identified and optimized factors limiting E-Scrap input , which can also be used as an alternative fuel, to reduce fossil fuel consumption (Progress as planned)		
		Promote the use of alternative fuels by taking advantage of the superiority of Mitsubishi Process for continuous copper smelting		

21

 MITSUBISHI MATERIALS

On page 21 is the initiative in the FY2023 Strategy. The business can be broadly divided into Mining and Smelting businesses.

In our Mining business, our basic policy is to try to secure clean copper concentrates. For that matter, we have positioned it as necessary in order to accept more so-called recycled raw materials such as E-Scrap.

In this context, we are planning to invest in the Zafranal mine in Peru as a new mine in the future, and the project is currently in the process of obtaining an environmental permit (EIA). We hope to make a final decision on the investment in or after FY2023.

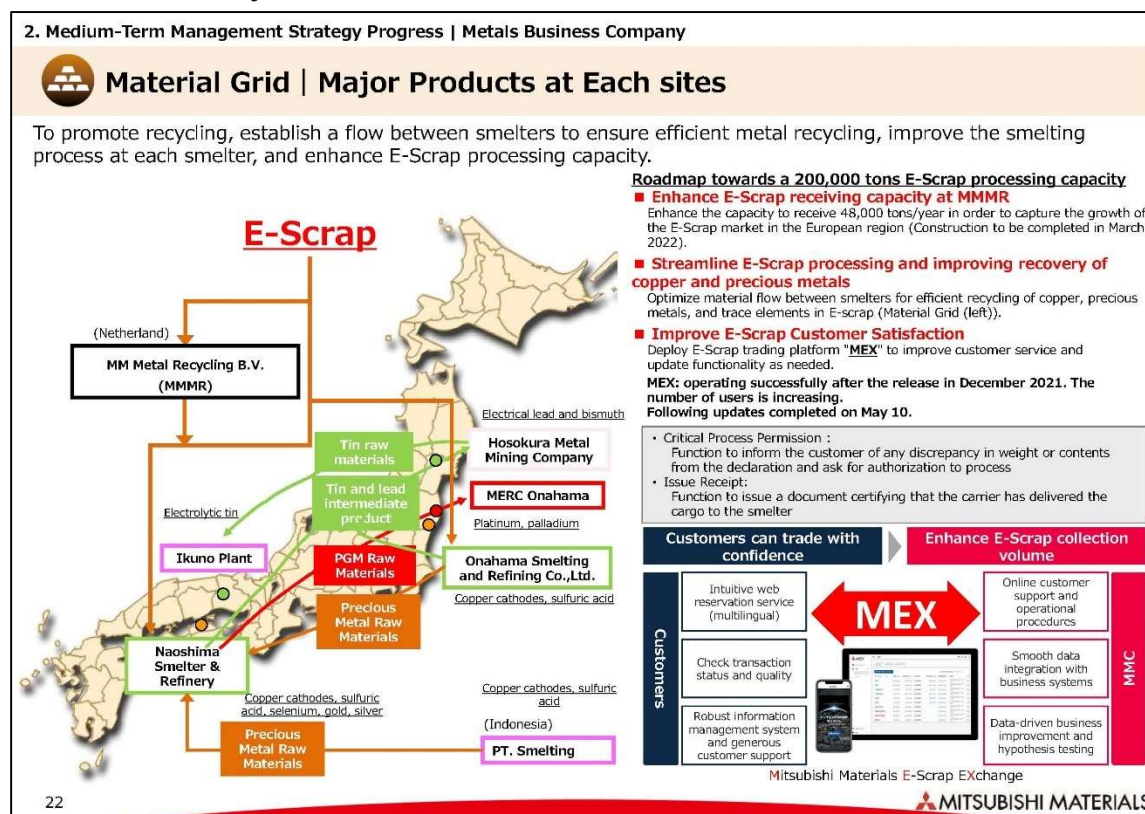
As for the Mantoverde mine, we have already decided to participate and are working on it, and as indicated on the slide, the construction work is progressing almost according to plan.

In the current fiscal year, construction of an ore dressing plant and tailings dam will proceed in this context, and we expect to be able to begin sulfide ore mining at this mine in FY2025.

The third one is about the Copper Mountain Mine in Canada. This is another mine that is already in operation, and we are planning to expand the ore dressing plant and further optimize the mine operation this fiscal year.

The bottom of the slide is about smelting. For smelting, we are aiming to increase the volume of so-called E-scrap, and to this end, we are working to increase the recovery of valuable metals, such as those contained as impurities, by strengthening the material grid.

<Material Grid | Major Products at Each sites>



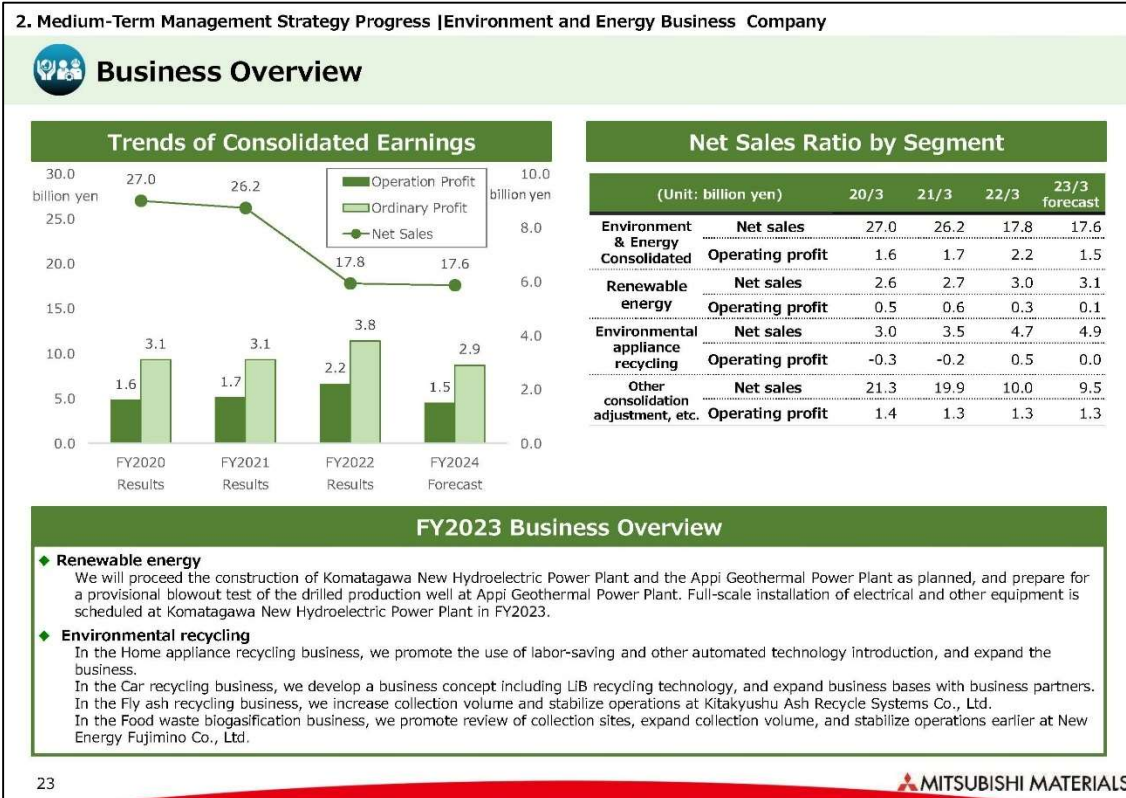
Page 22 describes the Material Grid. The Material Grid consists mainly of copper smelters such as Naoshima Smelter & Refinery and Onahama Smelting and Refining Co., Ltd., and other sites such as Hosokura Metal Mining Co., Ltd., Ikuno Plant, or with MERC Onahama operated by Materials Eco-Refining Co., Ltd.

Each site takes charge of metals to be recovered, while raw and intermediate materials rotate among them to extract what is ultimately needed.

On the right is MEX (Mitsubishi Materials E-Scrap EXchange), which was also released last fiscal year. As our target is to increase E-Scrap processing volume to 200,000 tons by FY2031, we are going to strengthen the Material Grid, which I have just mentioned, to solve the issues on the so-called processing capacity side.

At the same time, it is necessary to make collections commensurate with this, and we believe that such a platform like MEX, will become more powerful in the future to enhance collection process.


<Business Overview>



Page 23 discusses the Environmental & Energy Business Company. We have the Renewable energy business and Environmental recycling business. For each initiative, please refer to page 24.

<Progress of the FY2023 Strategy | Priority Measures>


2. Medium-Term Management Strategy Progress | Environment and Energy Business Company

Progress of the FY2023 Strategy | Priority Measures

Long-term Business goals	(Environmental recycling) Becoming a leader in resource-recycling systems (Renewable energy) Becoming a leading company in geothermal development	Medium-term Management Strategy	<ul style="list-style-type: none">Expand home appliance recycling business, advancement of automation, and improvement of added value of recovered productsDemonstrate LiB recycling technology and solar panel recycling technologySecure stable plant operations in fly ash recycling business and biogasification businessComplete Komatagawa new hydroelectric power plant, construction of Appi geothermal power plant, and survey of new geothermal sites
	<ul style="list-style-type: none">Provision of a safe recycling system with thorough traceability, etc.Decarbonization through the expansion of the Renewable energy business		
Long-term strategy			

Key Measures for FY2023 Strategy		FY2022 Results	Plans for FY2023 and beyond
Environmental recycling	Promotion of dismantling automation for home appliance recycling	Concept for robotization of AC outdoor unit compressor removal and recovery operations completed; fabrication of demonstration unit started	CETEC to Demonstrate Robot Technology for Removal and Recovery Operations
	Improvement of added value of recovered products	Picking robot technology transferred to Chubu Eco Technology Corporation (CETEC) for actual operation	Scheduled to be introduced to East Japan Recycling Systems Co., Ltd. by the end of FY2023
	Demonstration of LiB recycling technology	Started system demonstration of LiB extraction, pyrolysis, crushing and sorting	Continuously implement system demonstration
	Demonstration of Solar Panel Recycling	Delays in obtaining parts due to semiconductor component shortages caused delays in the improvement plan for pretreatment process	Introduce the improved pretreatment process to EJRS
	Stable operation of the Fly ash recycling business	In the Fly ash recycling business, continuous facility improvements have reduced problems in the conveying system, forming stable plant operations, base	Promote further increase in the volume of incinerated fly ash received for recycling and optimization of treatment
	Stable plant operations of the Food waste biogasification business	The Food waste biogasification business has generally been operating stably with ongoing facility improvements	The Food waste biogasification business will promote further increase of the amount of food waste collected and stabilize operations, and initiate a study of the feasibility of a second plant
Renewable energy	Completion of Komatagawa New Hydroelectric Power Plant	Komatagawa New Hydroelectric Power Plant is in the finishing lining process	Komatagawa New Hydroelectric Power Plant is scheduled to start operation in December 2022
	Construction of Appi Geothermal Power Plant	Construction of Appi Geothermal Power Plant is on schedule , including the construction of the entry road and the start of drilling production wells, etc.	As selected for the JOGMEC grant, conduct a field survey Formulate FY2023 survey plan
	Survey of new geothermal areas	Survey of new small hydropower progressing almost as planned	Continue to conduct surveys
Survey of new small hydropower	New small hydropower progressing almost as planned	Continue to conduct surveys	

24

MITSUBISHI MATERIALS

In the Environmental recycling business, we divided the recycling into the following categories: home appliances recycling, LiB recycling, solar panel recycling, and incinerator fly ash recycling.

Home appliance recycling already accounts for about 25 percent of the total share, and we are focusing on promoting disassembly automation in the home appliance recycling process. We expect that this effort would be useful to the extraction and dismantling of LiB from automobiles in the future.

We are still in the demonstration stage of LiB recycling technology, and are now in the process of demonstrating the entire system for LiB extraction and then extracting the necessary metal elements from the pyrolyzed material.

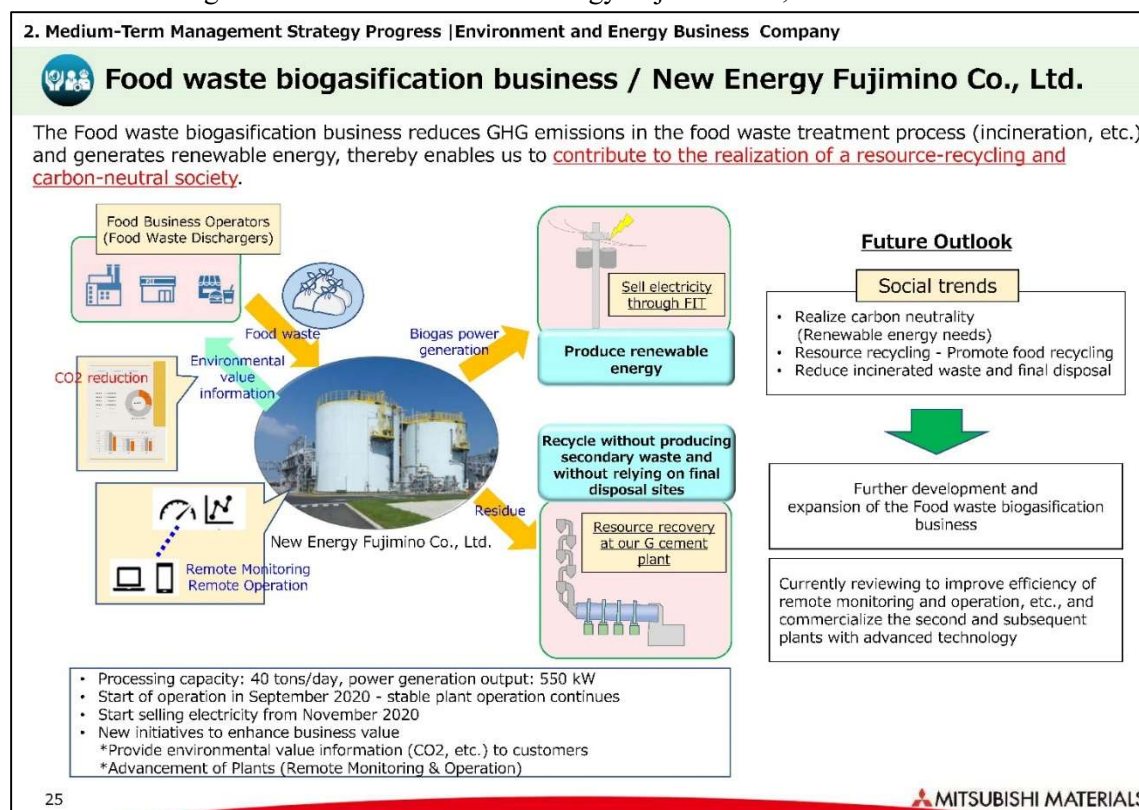
As for solar panel recycling, although the time when they will need to be disposed of is still some time away, we are working to have the necessary technological development in place by then.

Incineration fly ash and biogasification of food waste are categorized as urban waste treatment, which is closely related to our daily life. The need for such operations is still expected to increase in the future, and we are focusing on preparing to achieve stable plant operations for these items.

Regarding renewable energy, as stated on the slide, the new Komatagawa Hydroelectric Power Plant and the Appi Geothermal Power Plant are currently under construction. We continue these efforts this fiscal year, and the hydroelectric power plant is scheduled to begin operation in December.

As the next projects, we are also surveying new geothermal and hydropower sites, although we only focus on small-scale hydropower.

<Food waste biogasification business / New Energy Fujimino Co., Ltd.>



On page 25, we explain a little more about the food waste biogasification business in the Environmental recycling business.

It accepts food waste and ferments it to produce biogas, which is then used to generate electricity. The residue, on the other hand, is used as a substitute for raw materials at the Group's cement plant, thereby achieving recycling without producing any secondary waste from the waste once it is received.

We are currently working on various controls utilizing the power of DX as well, and if we can achieve this, we believe that we will be able to manage multiple plants with a small team.

<Various ESG Initiatives>

2. Medium-Term Management Strategy Progress ESG						
Various ESG Initiatives						
In FY2022, we actively developed our ESG-related initiatives. We will further strengthen our efforts in the future.						
	Start of Medium-term Management Strategy (FY2023 Strategy) ▼ April 2020		ESG meeting (March 2021) ▼ April 2021			ESG Investment Index FTSE Blossom Selected as the constituent of Japan Sector Relative Index
E Creation of a recycling-oriented society Dealing with climate change Environment protection technologies	September 2019 Acquisition of forest certification for nine forests in Hokkaido	Start of commercial operation of a biogas power plant	Setting and revision of greenhouse gas emission reduction targets Carbon footprint calculation CO ₂ recovery, methanation and utilization test progress	E-Scrap • Processing capacity improvement expansion work • Start of operation of the MEX business platform Promotion of GHG reduction through industry-academia-government collaboration Adoption of carbon recycling technology for NEDO business	Participation in the 30by30 Alliance for Biodiversity Endorsement of Ministry of the Economy, Trade and Industry's GX League Basic Concept	
	Establishment of Novel Coronavirus Response Headquarters Certified as one of the 2020 Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category) From FY2018 Joint industry-academia activities (endowed course)	Optimization by positioning the head office as the communication core Establishment of the Mitsubishi Materials Group Health and Productivity Management Declaration	Human Resources Transformation Donations to four organizations working to solve social issues for the 150th anniversary of the Group's founding	Implementation of diversity and inclusion initiatives Establishment of Human Rights Policy and Procurement Policy	Support for "Resource Sciences Education Consortium" by Hokkaido Univ. and Kyushu Univ. Kyoto Univ. Endowed Chair Established the "Non-ferrous Extractive Metallurgy" Certified as one of the 2022 Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category) Signed the United Nations Global Compact Change of organizations related to management reform and introduction of a job-based personnel system	
	Corporate governance Migration to a company with a Nomination Committee Review of executive remuneration system Establishment of Basic Policy on Corporate Governance Increase in the ratio of outside directors (6/11→6/10) Group governance Group governance framework enhancement measures Enhancement measures for the system of compliance with the Antimonopoly Act Establishment of Sustainable Management Office		Revisions to the Corporate Governance Code Publication of Directors' Skills Matrix Introduction of a global in-house reporting system Inner branding, reverse mentoring and other communication initiatives	• Application for Prime Market listing • Establishment of the Sustainability Policy • Strategic IP formation activities and promotion of IP governance • Third-party evaluation of the effectiveness of the Board of Directors	Established Sustainability Committee Ratio of outside directors increased*6 (1/10→7/22/10 (Number of female directors)) Change in compensation system for executive officers Launched "WITH MATERIALS," a corporate communications magazine	
26						

Page 26 describes ESG-related initiatives. As for "E", the slide shows that we support various external alliances, such as the "GX League Basic Concept" by the Ministry of Economy, Trade and Industry.

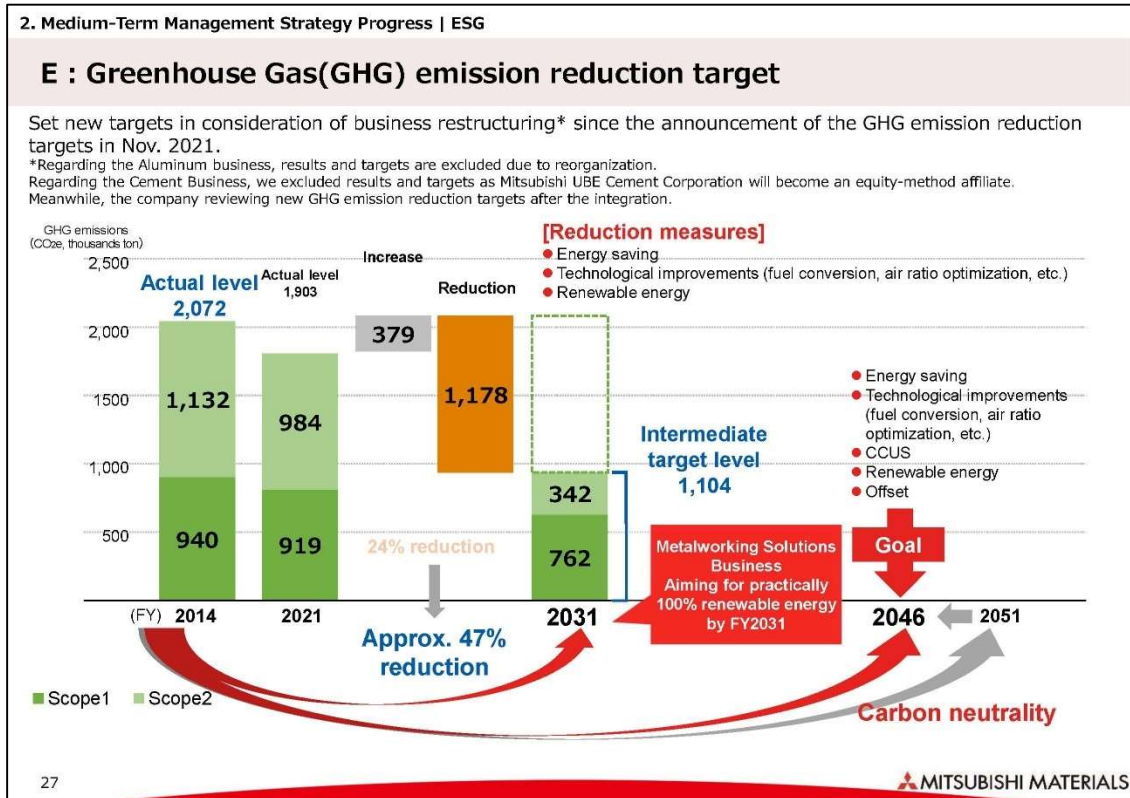
Regarding the "S" part, as it is oft-repeated story about the need to enhance human capital, we are very concerned about the current situation in the nonferrous metals industry, where university education, especially in smelting, has become very scarce. In order to compensate for such lack of education, we offer support to various universities or establish endowed courses.

And we promoted the introduction of health management perspectives, human rights perspectives, and job-based personnel systems within the Company.

Concerning "G," we have decided to establish a Sustainability Committee, although we will formalize it after the General Meeting of Shareholders. The Company also intends to increase the number of outside directors from the current "6 outside directors out of 10 directors" to "7 outside directors out of 10 directors" after the approval at the General Meeting of Shareholders.

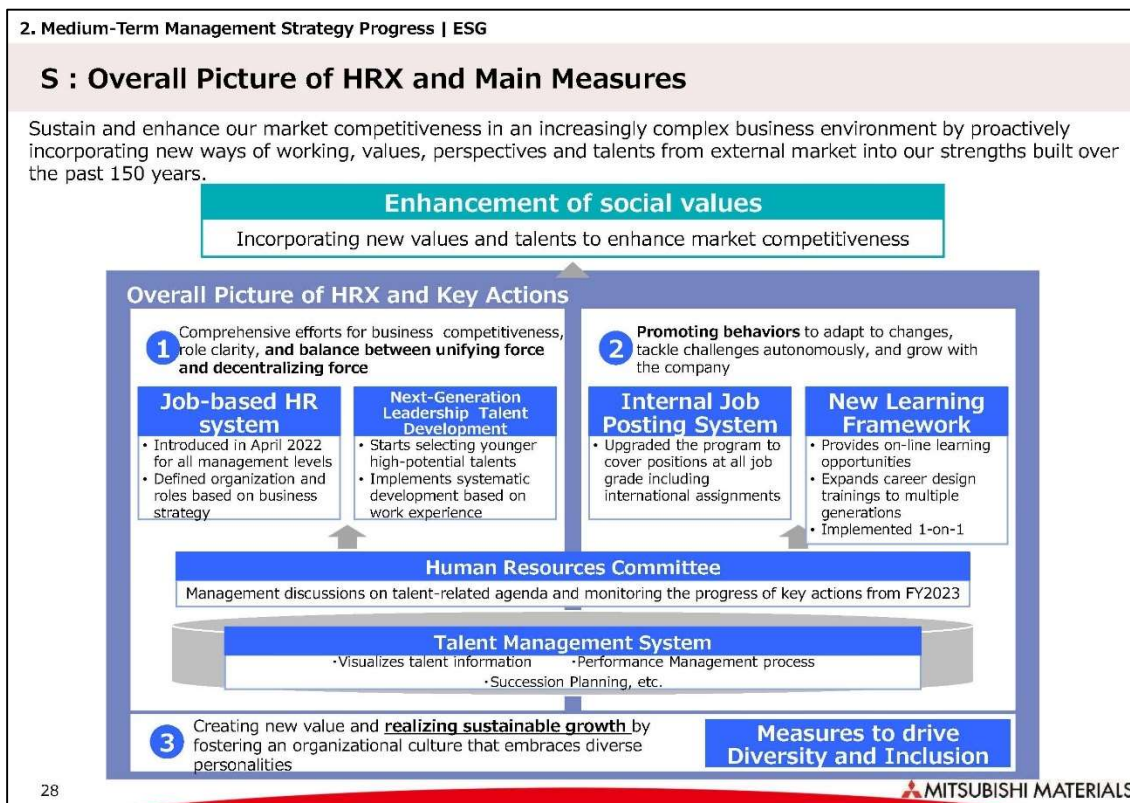
We are also changing the compensation system for executive officers to introduce a shareholder perspective. New initiatives are underway regarding public relations measures.

<E: Greenhouse Gas (GHG) emission reduction target>



Page 27 describes our GHG emission reduction targets. This page is basically the same as we have explained since last year at ESG briefings and other events. We will keep you posted as new progress is made.

<S: Overall Picture of HRX and Main Measures>



Page 28 is about HRX and HR systems. As described in the first item in the center enclosure, we are introducing a job-based HR system for all management levels and seeking highly specialized talent, while at the same time developing the next generation of management personnel who can look at the entire company from a cross-sectional viewpoint.

On the right, we show that we are also promoting initiatives such as an Internal Job Posting System and New Learning Framework. As one mechanism to support these efforts, we will establish a Human Resources Committee within the Company to study various personnel issues.

In addition, we have introduced a Talent Management System to support all of the above, and its functions are being upgraded sequentially while it is used for data management.

Regarding the measures to drive D&I (Diversity & Inclusion) you see under that, we are in the process of promoting them with dedicated staff in charge. We explain some of our main initiatives on page 29.

<S: Major Initiatives concerning Diversity & Inclusion>

2. Medium-Term Management Strategy Progress | ESG

S : Major Initiatives concerning Diversity & Inclusion

Actively drive Diversity and Inclusion in order to embrace and respect diverse attributes, as well as to create new values, that are the sources of sustainable growth for the Group.
“Basic Policy on Corporate Governance,” “Sustainability Policy,” and “Human Rights Policy” stipulate the promotion of Diversity and Inclusion, and numerical targets are included in the Corporate Governance Report.

■ Key Diversity and Inclusion initiatives

Building a base <ul style="list-style-type: none"> On-line learning contents on diversity for all employees Unconscious Bias e-Learning for managers Seminars to review working style and promote male employees to take childcare leave 	Support for women’s development and advancement <ul style="list-style-type: none"> Sponsorship by directors (for female managers) Career building support (for female career-track employees) Drive action plans at each site and plant Provide external training opportunities
Support for employees with disabilities <ul style="list-style-type: none"> Drive action plans at each site and plant Partnership with external support groups Internship from special schools for students with disabilities 	Support for non-Japanese employees <ul style="list-style-type: none"> Actively participate in recruitment events for international students Foreign language support for company entrance exams Language education support both before and after hiring Assistance for internal promotion exams
Support for mid-career employees <ul style="list-style-type: none"> Enrich information related to mid-career recruitment on the company website Support for internal network building Facilitate info-sharing through Q&As 	Support for LGBTQ+ <ul style="list-style-type: none"> Develop counseling system Implement in-house training and training for new employees Upgrade HR system

■ HR system
(above and beyond statutory requirements)

Childcare

- Shortening of prescribed working hours (for childcare), etc.: Employees caring for a child up until the sixth grade of elementary school are eligible
- Child nursing care leave: One child: 10 days/year, two or more children: 15 days / year
- Support interviews for employees returning to work after childcare leave (leave to raise children), etc.

Caregiving

- Nursing care leave for one person in need: up to 36 months
- Shortened working hours for one person who needs nursing care: up to 72 months included nursing care leave is available

*Rate of male employees taking childcare leave 36.6% (FY2022)

29

 MITSUBISHI MATERIALS

On the right is a description of our efforts concerning childcare and nursing care.

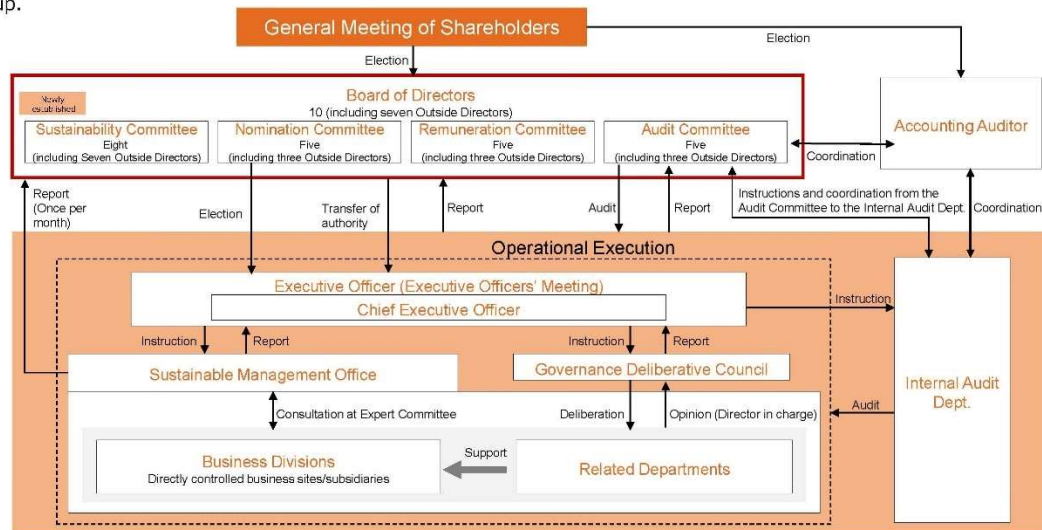
<G: Corporate Governance Structure | Established Sustainability Committee>

2. Medium-Term Management Strategy Progress | ESG

G: Corporate Governance Structure | Established Sustainability Committee

Establish this committee under the Board of Directors so that the Board of Directors will not only monitor sustainability initiatives, but also actively consider and present within the Company the direction to address sustainability from different perspectives.

Enhance the quality of our response to sustainability and to improve the medium- to long-term corporate value of the Group.



30

MITSUBISHI MATERIALS

Page 30 describes our Corporate Governance Structure. It shows that we are in the process of creating a Sustainability Committee under the Board of Directors, which I mentioned a little earlier, among other things.

<G: Communication Measures>

2. Medium-Term Management Strategy Progress | ESG

G: Communication Measures

By continuing each of the measures started in FY2022 to revitalize communication, we will improve the quantity and quality of communication and aim healthy and open organization where everyone can communicate freely and openly. In developing each measure, related departments will work together more closely than ever before to promote it in an integrated manner.

Inner Branding

- Develop measures in the following directions to aim to make the "Mission" a self-affairs,
 - (1) Communication with management
 - (2) Connection with every single employee and the entire Group
 - (3) Support each challenge
- Initiate the measures centered on "Ambassadors," members recruited from among employees
- Effective use of the new website as a hub for company-wide communication as an information dissemination platform

Information sharing meeting, Caravans

- Implement information-sharing meetings between management and each level of employees and caravans by location as a measure to bring management and employees closer by strengthening communication of management information and interactive dialogue in coordination with inner branding.

1-on-1

- Short, high-frequency dialogues between managers and employees on a one-on-one basis to help employees resolve their concerns and issues of subordinates for the purpose of his/her growth.

Reverse mentoring

- With younger employees acting as mentors and providing advice to employees in senior management, promote communication that transcends hierarchical and organizational barriers.

31

Page 31 describes our Communication Measures. For several years now, we have recognized the need to increase the quantity and quality of our communications. And we are working toward this end along with this direction.

Specifically, this year we will place particular emphasis on Inner branding, Information sharing meetings, Caravans by location, promoting 1-on-1 and the Reverse mentoring system.

We intend to continue to strengthen these efforts to improve communication. That is all I have to say.

Question and Answer Session

<Q&A (Summary): Improvement measures regarding earnings forecast for FY2023>

Q: Concerning your earnings forecast for FY2023, please tell us when you expect to reap the rewards of prior investments and your plans for improving businesses that are not yet structurally profitable, such as the Cement Business.

A: The performance had been strong but it could not continue. We, the management team, of course recognize the need to improve this situation as a major theme. At the same time, we are fully aware that stock prices remain weak, and we are managing our business with this in mind.

Regarding the timing of reaping the upfront investment, we would like to target FY2024 and aim to reap more than the increased depreciation.

In the Copper & copper alloy business and Metalworking Solutions Business, we should reflect on the fact that production has not been able to respond promptly to the relatively rapid recovery in demand that was temporarily reduced by COVID-19 pandemic.

To resolve such issues, I believe that we need to change the basic structure instead of increasing the number of employees.

In this context, we consider that capital expenditure is necessary to promote automation and to use the power of DX to change not only the manufacturing section but also the sales section to be able to follow the expansion and contraction of demand more closely.

In the Cement Business, Mitsubishi UBE Cement Corporation was established but now it is forced to embark on an extremely difficult journey.

One of the factors is the price hike of coal, and in terms of corporate governance, we, its parent company, dispatch the directors to influence the steering of Mitsubishi UBE Cement Corporation and encourage them to make their business plans keep abreast of the business environment.

In reality, the first necessary step is to resolve cost-increasing factors by raising prices, and this is where we are making our utmost efforts.

<Q&A (Summary): Future outlook for the Copper & copper alloy business>

Q: Although the impact of the deterioration of the external environment on the Copper & copper alloy business is unavoidable, I have the impression that the timing of reaping earnings is a bit late. Please tell us about the future outlook and progress.

A: In the Copper & copper alloy business, the current sales volume is close to the upper limit of production capacity. It is hard to increase sales because of this capacity limitation, and it weighs

on the earnings growth. Under such circumstances, on the cost side, energy and raw material prices are rising. We are in a situation where the top is held down and the bottom is lifted up and sandwiched in between. To resolve this situation, we are proceeding to maximize the speed of capacity expansion.

<Q&A (Summary): Profitability improvement in the Metalworking Solutions Business>

Q: The Metalworking Solutions Business is expected to see a slight decrease in profit compared to FY2022, how do you plan to recover?

A: For the Metalworking Solutions Business, it is necessary to subtract the impact of the burden of the allocation of head office expenses, but as a business sector, we believe it will be able to contribute to profit like previous fiscal year.

As for the automotive industry, we will have to wait and see how the overall demand recovery plays out. On the other hand, the aircraft industry showing a gradual recovery, I think we can be a little bit positive about it.

In addition, the Company believes that the critical point is how we can change the scope of customers rather narrowly focused on automotive applications, which we have been working on.

I also believe it is important for the future of our Metalworking Solutions Business to quickly produce the effects of our various initiatives, such as the automation of our production system.

<Q&A (Summary): Efforts to respond to cost increases>

Q: I understand that costs of various things have been rising, and I would like to know about your efforts to pass through these costs to product prices and to reduce costs.

A: In the Cement Business and Copper & copper alloy business, we have asked our customers to accept a certain level of price increase because we need to pass through costs, and we have gained their understanding.

However, the price of goods and energy is still rising. We think we need further price increases in some cases.

As for cost reduction, we are currently working on common costs such as head office expenses. We also recognize that it is necessary to produce the effects of our investments for efficiency in each production process at an early stage.

<Q&A (Summary): Analysis of causes of ROA levels and future improvement measures>

Q: Regarding your company's ROA level, which is very low in the industry, I would like to know your analysis of the root cause and how to improve it.

A: It is true that ROA calculated with FY2023 profit is very low, as you mentioned, and we also see this as a problem.

However, there are upfront investments and some irregularities in FY2023, so we forecast that ordinary profit will grow if these factors will be alleviated, and therefore ROA will also improve.

On the other hand, we explained to you initially that we will emphasize ROIC management in the FY2023 Strategy. We are currently promoting ROIC management for each business and working to improve it. Our management intention is to improve asset efficiency from that aspect as well.

<Q&A (Summary): Effects of the Tungsten recycling business>

Q: What are the economic effects of the tungsten recycling business in the Metalworking Solutions Business?

A: As you know, tungsten is overwhelmingly unevenly distributed in China. Considering the relationship with China and the U.S.-China relationship, we believe it is essential to recycle tungsten once it is extracted and keep it in a usable form.

However, we are not in a situation where products made from this recycled material are highly valued.

Regarding GHG reduction, we recognize the need to reduce energy consumed in recycling and are conducting research and development.

In any case, in the long run, we believe we can create value in the future by making it possible to produce tungsten products, not only tools, using recycled tungsten raw materials, and also by promoting technological development to reduce CO2 emissions.

<Q&A (Summary): Effects of optimization of business portfolio>

Q: In terms of margins, the operating margin is still in the low two percent level, and I have the impression that it has not yet reached the level originally expected by the market.

Please tell us how the optimization of the business portfolio, which you have been actively working on during the FY2023 Strategy period, have impacted your business performance as you withdrew from businesses with low margins and now you can focus on businesses with high margins.

A: It is a little challenging to give a comprehensive or quantitative explanation, but I would like to talk about the impact of the transfer of the Aluminum business and the change of the Cement Business into an equity interest company.

Regarding the transfer of the Aluminum business, total assets decreased by about 125 billion yen and liabilities by about 85 billion yen. As for net interest-bearing debt, please understand that it is somewhere between 30 billion yen and 40 billion yen.

As for the Cement Business, liabilities have decreased by between 150 billion yen and 200 billion yen, and you can think that the same amount of total assets has reduced.

Since the margin of each of these businesses is not high, we believe that our margins have increased as a result.

<Q&A (Summary): Reaping returns on investment for growth>

Q: In investment plan, could you explain whether we can expect the return on investment for growth as initially planned?

A: Major investments for growth mainly consists of investments for increasing production in the Copper & copper alloy business, for the area of silicon processed products for semiconductor manufacturing equipment in the Electronic materials & components business, and for DX.

We expect to reap the benefits related to the Copper & copper alloy business in FY2025 and beyond.

Regarding semiconductor manufacturing equipment related, the investments is one of the reasons behind the recent significant recovery in the performance in the Electronic materials & components business.

We are proceeding with the investments in DX while measuring return on investment. Still, there is a point that it is not always directly related to business, and we need to devise a way to show the effects, such as how strengthening the infrastructure will affect profits.

<Q&A (Summary): Dividend amount as shareholder return>

Q: Regarding shareholder returns, please explain the deviation from the cash flow assumptions indicated in the Medium-Term Management Strategy and the reason why you must pay a dividend of 50 yen per share.

A: The FY2023 Strategy Plan shown in the document is the revised one, and the FY2023 forecast would be a significant decrease compared to the original.
Since the sale of assets is uncertain, we have placed the shareholder return at 50 yen, in line with our earnings forecast.

We believe that our first goal is to catch up in business with our FY2023 Strategy original plan of 80 yen per share through three years, for a total return of over 30 billion yen, and we intend to combine asset sales and other measures to achieve our original total return.