



February 10, 2023

To All Concerned Parties

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Notice Regarding Medium-term Management Strategy FY2031

Mitsubishi Materials Corporation (hereinafter referred to as “MMC”) has developed a medium-term management strategy covering the period from FY2024 to FY2031 (hereinafter referred to as “FY2031 strategy”).

1. Overview of the current medium-term management strategy for the period from FY2021 to FY2023 (hereinafter referred to as “FY23 strategy”)

In the FY23 strategy, MMC Group has set out three Group-wide policies: “Optimization of business portfolio”, “Comprehensive efforts to increase business competitiveness”, and “Creation of new products and businesses”, in order to realize the group’s mission and medium- and long-term goals for the period from 2030 to 2050, which are to contribute to build a prosperous society, a recycling-oriented society, and a decarbonized society.

In May 2021, MMC revised its financial and other targets downward in light of changes in the business environment due to the global outbreak of COVID-19. Although net sales and operating profit are expected to meet the target, ordinary profit and ROIC are expected to fall short of the target due to the impact of soaring energy and raw material prices and the recording of share of loss of entities accounted for using equity method.

With regard to “Optimization of business portfolio”, the selection of businesses will be largely completed as a result of the following business reorganizations: The transfer of the aluminum business in March 2022, the launch of Mitsubishi UBE Cement Corporation, an equally-owned joint venture with UBE Corporation, in April 2022, and the transfer of the polycrystalline silicon business scheduled for March 2023.

		FY2021 Result	FY2022 Result	FY2023 Forecast	FY2023 Target
ROIC (After deducting non-risk inventories)		3.8%	7.0%	1.6%	4.0%
ROA		2.3%	3.7%	0.2%	2.0%
ROE		4.6%	8.0%	1.1%	6.0%
PL	Net sales	¥1,485.1 billion	¥1,811.7 billion	¥1,680.0 billion	¥1,410.0 billion
	Net sales (Excluding metal)	¥795.1 billion	¥817.3 billion	¥610.0 billion	¥600.0 billion
	Operating profit	¥26.5 billion	¥52.7 billion	¥43.0 billion	¥29.0 billion
	Ordinary profit	¥44.5 billion	¥76.0 billion	¥15.0 billion	¥38.0 billion
Net D/E ratio		0.9 times	0.8 times	0.7 times	1.0 times or less

2. Overview of the FY2031 strategy (details are as attached)

Based on its corporate philosophy of “For People, Society, and the Earth”, MMC Group has set out a new vision of “Circulating resources for a sustainable future” and a new mission of “Create a sustainable future (a prosperous, recycling-oriented and decarbonized society)”. MMC Group will strive to enhance the value of its shares and corporate value through the FY2031 strategy. The outline of the FY2031 strategy is as follows.

1) Our commitment

(1) Our commitment

MMC group has set out “Our Commitment” of “For people, society and the earth, circulating resources for a sustainable future”. MMC Group will build a recycling system of metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions, and scale of our operations.

(2) Strategic roadmap

The FY2031 strategy will be divided into two phases, Phase 1 from FY2024 to FY2026 and Phase 2 from FY2027 to FY2031, in order to achieve the Our Commitment. In Phase 1, MMC will promote improving profit growth and profitability by strengthening cost competitiveness and investing in medium- to long-term growth areas centered on resource recycling. In Phase 2, MMC will expand business scale through regional development including overseas, in addition to expansion of target business areas.

(3) Financial plans and targets

In FY2026, the final year of Phase 1, MMC plans to achieve net sales of ¥1.94 trillion, operating profit of ¥70 billion, ordinary profit of ¥87 billion, ROIC of 5.5%, ROE of 10.0%, EBITDA of ¥150 billion, net D/E ratio of 0.7 times, and net interest-bearing debt/EBITDA ratio of 3.5 times.

In FY2031, the final year of Phase 2, MMC plans to achieve net sales of ¥2 trillion, operating profit of ¥130 billion, ordinary profit of ¥180 billion, ROIC of 9.0%, ROE of 13.6%, EBITDA of ¥260 billion, net D/E ratio of 0.5 times or less, and net interest-bearing debt/EBITDA ratio of 2.0 times or less.

(4) Capital allocation

During Phase 1, MMC plans cash outflows of ¥230 billion in growth investments, ¥130 billion in maintenance and upgrading investments, and ¥60 billion in dividends, etc., against a cumulative cash inflow of ¥420 billion. During Phase 2, MMC plans cash outflows of ¥330 billion in growth investments, ¥210 billion in maintenance and upgrading investments, ¥180 billion in dividends, etc., and ¥70 billion in interest-bearing debt reduction, against a cumulative cash inflow of ¥790 billion.

(5) Shareholder returns

Based on the recognition that returning profits to its shareholders is one of the most important management issues, MMC decides profit allocation based on a comprehensive assessment of factors across its management, which include earnings for the period, internal reserves, and financial standing.

With regard to the profit allocation during the FY2031 strategy period, MMC will pay out for a dividend with a payout ratio of around 30% in Phase 1 from FY2024 to FY2026. MMC will also aim to enhance shareholder

returns in Phase 2 from FY2026 to FY2031. In addition, MMC will continue to consider flexibly repurchasing its own shares in light of financial discipline such as cash flow conditions, stock prices, and net D/E ratios.

2) Efforts to improve corporate value

(1) Business portfolio management

In Phase 1, MMC will implement measures such as cost reduction and process optimization to increase profitability by improving ROIC. In Phase 2, the ROIC spread, which is the difference between ROIC and WACC by business segment, will be positive in all businesses, including the Resources business, which requires long-term upfront investment. MMC will aim to maximize economic profit, which can be derived by multiplying the ROIC spread by invested capital (= ROIC spread \times invested capital, hereinafter referred to as “EP”).

MMC’s management policy for the business portfolio is as follows.

- Optimize allocation of management resources by managing the business portfolio with two axes of growth and profitability
- Evaluate business growth potential by EBITDA growth rate and supplement it by the market growth rate
- Aim to increase EP while maintaining and improving ROIC spread to improve enterprise value
- Accelerate the improvement of business value by improving efficiency through the integration of the Metals company and the Environmental recycling business (smelting and resource recycling)

(2) Investment allocation and profit contribution

Of the total growth investment of ¥560 billion through FY2031, MMC plans to invest ¥250 billion to contribute to a recycling-oriented society through investments in mines and the tungsten business, etc., ¥280 billion to strengthen the competitiveness of the Advanced Products Company and Metalworking Solutions Company, and ¥30 billion to contribute to a decarbonized society by strengthening the geothermal power generation business, etc.

MMC’s approach to investment allocation is as follows.

- Select investment targets considering the mission suitability, the balance between maintenance and upgrading, and growth investment
- Evaluate returns based on business characteristics and allocate them appropriately among businesses
- Maintain financial discipline with an overall net D/E ratio of 1.0 times or less, while maintaining financial soundness for each business

(3) Strengthening cost competitiveness

Under the FY2031 strategy, MMC will also work to strengthen cost competitiveness and reduce costs by a total of approximately ¥24 billion (Phase 1: Approximately ¥9 billion, Phase 2: Approximately ¥15 billion).

The ratio of accumulated cost reductions to operating profit is expected to be approximately 13% in FY2026 and approximately 19% in FY2031.

3) Business strategy

The target and strategy of each business segment under the FY2031 strategy are as follows.

• Metals Company

Target: Leader in Resource Recycling of Nonferrous Metals

Business strategy	Resources Business	<ul style="list-style-type: none"> ● Promotion of technological development to recover rare metal resources contained in copper deposits ● Acquisition of copper mining interests and securing copper concentrates through continuous investment in mines ● Expansion of electrolytic copper supply through SX-EW* operations at copper mines
	Smelting & Resource Recycling Business	<ul style="list-style-type: none"> ● Strengthening and expanding the networks to promote resource recycling ● Expansion of electrolytic copper production capacity ● Increasing the recycling rate by expanding the treatment of recycled products containing metal resources ● Creation of rare earths and rare metals recycling businesses ● Accelerating business developments in Japan and overseas (E-Scrap, home appliances, automobile recycling)

* Solvent extraction and electrowinning: A two-step hydrometallurgical process consisting of solvent extraction and electrolysis collection

• Advanced Products Company

Target: Global First Supplier

Business strategy	Copper & Copper Alloy Business	<ul style="list-style-type: none"> ● Improve the recycling rate of wrought copper products and establish a scrap platform base ● Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare, and environment) ● Expand sales and strengthen services to overseas customers with establishes a new overseas plant which carries out a downstream process, with the domestic plants as mother ones
	Electronic Materials & Components Business	<ul style="list-style-type: none"> ● Highly capital-efficient management through continual restructuring of the business portfolio ● Strategic investment in focused products in growth areas ● Developing and securing human resources for the creation of new businesses and the promotion of business alliances ● Enhancing manufacturing capabilities and DX to enhance production sophistication and profitability ● Providing business and social value (SDGs) for carbon neutrality

- Metalworking Solutions Company

Target: A Leading Company in Tungsten Products Recognized by Customers Globally

Business strategy	Metalworking Solutions Business	<p>Transforming into a truly global company with the aim of autonomous business development in strategic markets</p> <p><Carbide tools business></p> <ul style="list-style-type: none"> ● Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology <p><Tungsten business></p> <ul style="list-style-type: none"> ● Expansion of business scale for rechargeable batteries in addition to carbide tools, etc. ● Strengthening environmental responsiveness <p><Solution business></p> <ul style="list-style-type: none"> ● Commercialization of solution sales to manufacturing sites
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- Renewable Energy Business

Target: Expansion of Renewable Power Generation to Achieve 100% Self-sufficiency in Renewable Power Electricity

Business strategy	Renewable Energy Business	<p>Consolidate the renewable energy business in the Strategic Headquarters as a company-wide effort to expand the business from a long-term perspective</p> <ul style="list-style-type: none"> ● New development at one location every three years to expand geothermal business ● New entrants into wind power generation where power generation costs are expected to decline in the future ● Further development of new biogas plants
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Effective April 1, 2023, MMC plans to integrate the “Environmental recycling business” currently under the Environment & Energy Business Company into the Metals Company and transfer the “Renewable energy business” to the “Renewable Energy Business Division”, which is to be newly established under Strategic Headquarters. (As a result, the Environment & Energy Business Company will be abolished as of the same date.)

4) Carbon neutral

MMC Group aim to reduce Scope 1, which consists of direct emissions by the business operators, and Scope 2, which consists of indirect emissions resulting from the use of supplied energy of its greenhouse gas emissions by at least 47% in FY2031 (compared to FY2021) and to achieve carbon neutrality by FY2046. MMC Group also aim to reduce Scope 3, which consists of emissions from other companies that are related to the activities of business operators other than Scope 1 and Scope 2, by at least 13% in FY2031 (compared to FY2021). Furthermore, MMC aims to achieve 100% self-sufficiency in electricity derived from renewable energy sources by FY2051.

5) Strengthening management foundation

As described below, MMC group will strengthen its initiatives to address issues common to the entire Group and continue to reinforce its management base to enhance corporate value.

Manufacturing strategy	<ul style="list-style-type: none"> ● Establishing each factory vision based on FY2031 Strategy, evaluating plant capabilities, and pursuing problem-setting and resolution ● “Differentiation of manufacturing capabilities” through bottom-up activities, enhancement of manufacturing infrastructure, and technological development and improvement
R&D strategy	<ul style="list-style-type: none"> ● Achieving sustainable enhancement of corporate value through the creation of new products, technologies, and businesses
Human resources strategy	<ul style="list-style-type: none"> ● Maximizing the value of human resources and creating an organization dedicated to winning ● Building a foundation for co-creation and growth
DX strategy	<ul style="list-style-type: none"> ● Use data and digital technology to promote the three pillars of improving business added-value, operational competitiveness, and management speed ● More than two years have passed since MMDX was launched, and in order to strengthen manufacturing and steadily implement conventional themes, MMDX has reorganized its themes, strengthened its structure, etc., and has entered a new phase as MMDX 2.0
IT strategy	<ul style="list-style-type: none"> ● To realize the MMC Group IT WAY, promote IT modernization to support business from the viewpoint of data utilization, work style, and security ● Investing on a scale of 10 billion yen, IT cost in FY2031 is 1.0% or less of the sales ratio (currently approximately 0.8%)

Medium-Term Management Strategy 2031

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

February 10, 2023

Executive Summary

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

Review of FY2023 Strategy

Completed selection of business areas to focus on

- FY2023 mid-term management strategy “Optimization of Business Portfolio” generally completed, clarifying the business domains in which management resources should be concentrated
- ROIC excluding the Cement business improved to 5.0%, but missed the FY2023 mid-term target due to business restructuring, share of loss of entities accounted for using equity method, and other factors

Overview of FY2031 Strategy

Growth by expanding resource recycling and enhancing the supply of high-performance materials and products

Phase1 FY2024 – FY2026 Strengthening Competitiveness

Improving profit growth and profitability through strengthening cost competitiveness and investing in medium- to long-term growth areas such as resource recycling

Phase2 FY2027 – FY2031 Business Expansion

Increasing business scale through expansion of target areas and regional expansion, including overseas

- Strengthen metal resource recycling and promote the integration of Metals business and Environmental recycling business (Strengthening E-Scrap processing, recycling of LIB/xEV materials and tungsten, and strengthening recycling of wrought copper products)
- Supply of products to growing markets such as semiconductors and xEVs, and expansion of carbide tools and tungsten business
- Promotion of renewable energy projects such as geothermal power generation (efforts to achieve 100% self-sufficiency in renewable energy power by FY2051)
- Implementing GHG reduction measures to achieve carbon neutrality by FY2046

Financial Plans and Targets

	FY2026 Plan	FY2031 Target
EBITDA*1	150 billion yen	260 billion yen
ROIC	5.5%	9.0%
Economic Profit (EP)*2	17 billion yen	79 billion yen
Operating Cash Flow	280 billion yen (3 years)	790 billion yen (5 years)

*1 EBITDA = Ordinary profit + Interest expense + Depreciation + Amortization of goodwill

*2 EP = ((ROIC - WACC 4.1%)) x (Invested capital)

Review of FY2023 Strategy

Our Commitment

Efforts to Improve Corporate Value

Business Strategy

Carbon Neutral

Strengthening Management Foundation

Operating Results (Consolidated)

- Target revised downward in May 2021 due to the impact of COVID-19.
- Company-wide financial targets are expected to fall short due to market deterioration, the impact of rising energy and raw material prices, etc., share of loss of entities accounted for using equity method, and extraordinary losses.
- For ROIC by business, strategic targets are not achieved in Copper & copper alloy business, Metals business and Renewable energy business, others exceeded targets.

Company-wide financial target and outlook		FY2023 Strategy	FY2023	Target variance
		Target*1	Outlook*2	
ROIC (%) (after deducting non-risk inventories)		4.0	1.6	-2.4
ROA (%)		2.0	0.2	-1.8
ROE (%)		6.0	1.1	-4.9
PL	Net sales	1,410.0	1,680.0	+270.0
	Net sales (excluding metal)	600.0	610.0	+10.0
	Operating profit	29.0	43.0	+14.0
	Ordinary profit	38.0	15.0	-23.0
BS	Total assets	1,820.0	1,855.0	+35.0
	Net interest-bearing debt	360.0	405.0	+45.0
	Shareholders' equity	560.0	578.0	+18.0
Net D/E ratio (times)		less than 1.0	0.7	-
Assumptions	Exchange rate (yen/\$)	110	135	
	Exchange rate (yen/€)	130	140	
	Copper price (¢/lb)	330	385	

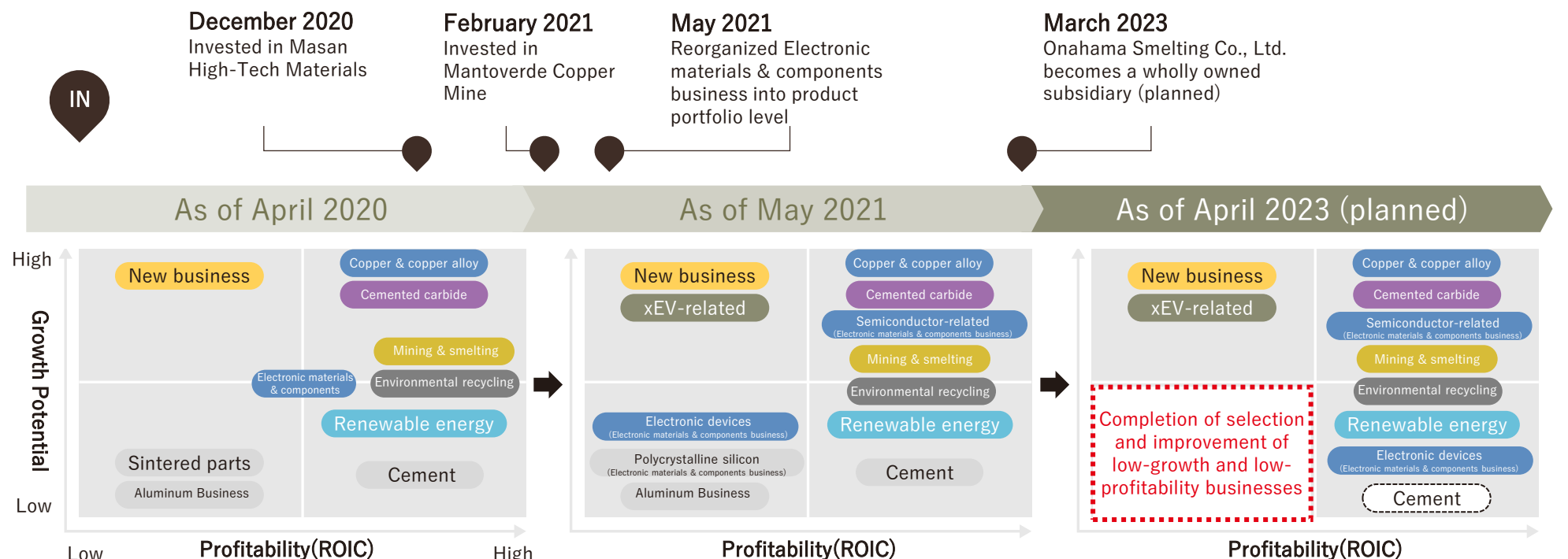
Financial target and outlook by business		ROIC		EBITDA*3 / ROA	
		FY2023 Strategy target	FY2023 outlook	FY2023 Strategy target	FY2023 outlook
Advanced Products Business	Copper & Copper alloy	3.0%	0.5%	14.0	9.9
	Electronic materials & components	4.2%	8.1%	11.0	10.5
Metalworking Solutions Business		5.3%	6.4%	22.0	24.4
Metals Business (ROA excludes metal costs)		12.9%	8.3%	7.2%	6.3%
Environment and energy business	Environmental recycling	2.4%	5.2%	2.8%	6.0%
	Renewable energy	2.6%	2.4%	3.3%	3.0%

*1 Review target for May 2021 *2 Latest forecast (updated to the figures announced on February 10, 2023)

*3 EBITDA=Operating Profit + Depreciation + Amortization of goodwill

(Unit : Billion yen)

Changes in the Business Portfolio



*Plot is a conceptual image

December 2020
Transferred sintered parts business

March 2022
Transferred Aluminum business

April 2022
Established Mitsubishi UBE Cement Corporation (MUCC)

January 2023
Converted PT. Smelting to contract smelting

March 2023
Transfer of Polycrystalline silicon business (planned)

Financial effect

Reduction of interest-bearing liabilities through sales of assets, etc.	Reduction of invested capital through business restructuring, etc.	ROIC improvement effect by reducing invested capital
Approx. -290 billion yen	Approx. -400 billion yen	Approx. +1.3%*1

*1 We estimate the ROIC improvement effect compared the case of executed of business restructuring with the case of continuing these business.
(No NOPAT impact in each case)

Review of FY2023 Strategy

Our Commitment

Efforts to Improve Corporate Value

Business Strategy

Carbon Neutral

Strengthening Management Foundation

Market Conditions and Business Opportunities

Market conditions in the Company

Resources

- The amount of 5.5 million tons of copper in short supply in FY2031 as ore supply from copper mines fails to meet rising copper demand

E-Scrap

- By FY2031, the amount is more than twice the current level, but lock-in in each region is common

LIB

- The number of the used LIBs increases several dozen times by FY2031 with the acceleration of xEVs conversion
- Battery processing technology needs to be advanced

Automobile

- xEV market grows by 25% annually
- Increasing demand for higher currents and voltages, expanding needs for high-performance sensors and high-precision components for various control applications

Aerospace

- Demand recovers due to the calming down of COVID-19
- Increased use of high-performance materials partly due to environmental measures

Semiconductors

- The market is growing at an annual rate of 5%
- Advances in semiconductors and manufacturing equipment are accelerating

Business opportunities for the Company

Expansion of the resource recycling

Need to increase the rate of recycling metal resources, especially copper, for which demand is increasing, and to respond to recycling in new areas such as used LIBs by accelerating the adoption of xEV

Enhancing the supply of high-performance materials and products

Need to respond to the demand for xEV in automobiles, the high-performance materials in aerospace, and the product sophistication in semiconductors

Our Commitment

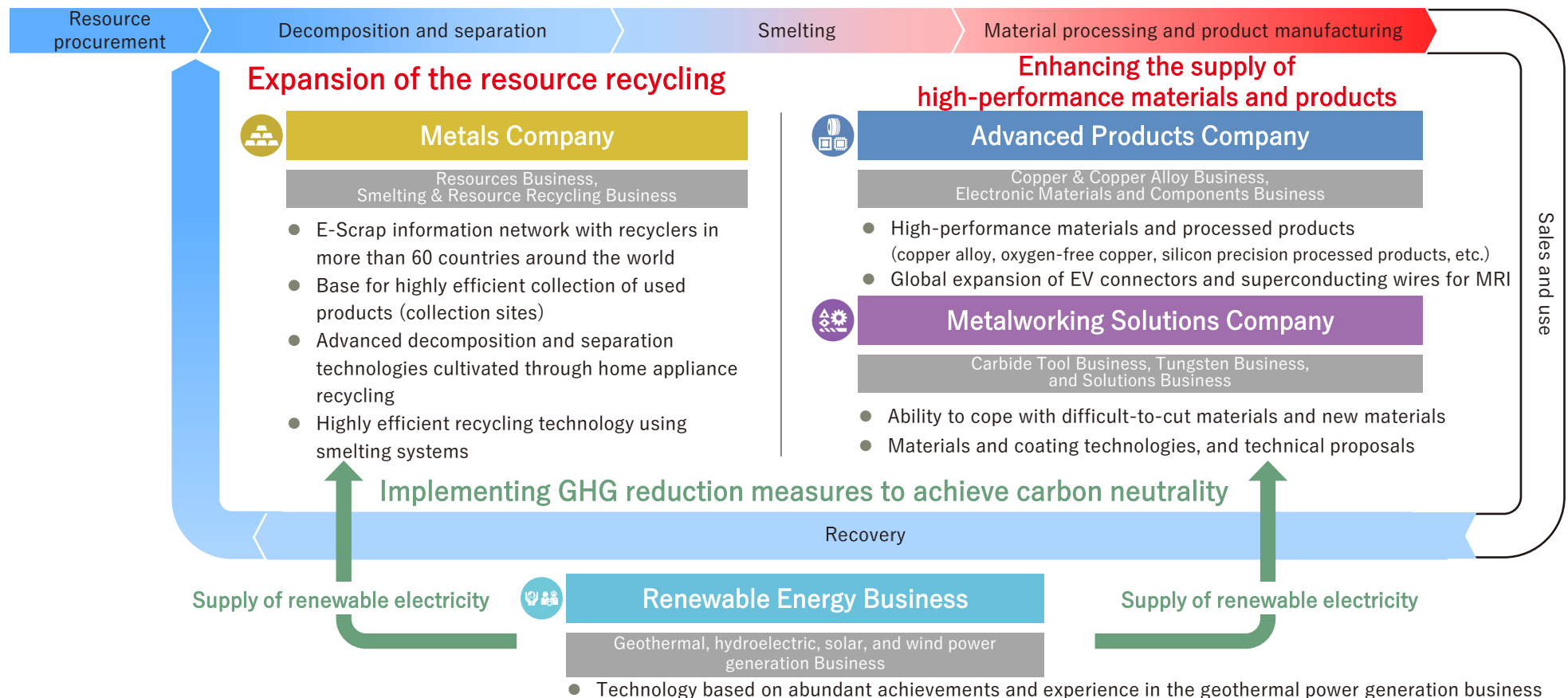
For people, society and the earth, circulating resources for a sustainable future

Prosperous
society

Recycling-
oriented society

Decarbonized
society

Build a recycling system of metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions, and scale of our operations



*From April 2023, the environmental recycling business will be integrated into the Metals Company, and the renewable energy business will be organized under the direct control of the strategic headquarters

Strategic Roadmap

- **Phase1** Improving profit growth and profitability by strengthening cost competitiveness and investing in medium- to long-term growth areas centered on resource recycling
- **Phase2** Expansion of business scale through regional development including overseas, in addition to expansion of target business areas

FY2024 - FY2026

FY2027 - FY2031

	Phase1 Strengthening Competitiveness	Phase2 Business Expansion
Expanding the resource recycling	Investment: 110 billion yen (3 years) <ul style="list-style-type: none"> ● Start LIB recycling ● Expansion of the Tungsten business 	Investment: 140 billion yen (5 years) <ul style="list-style-type: none"> ● New copper mine investment ● Capacity expansion of copper smelters
Enhancing the supply of high-performance materials and products	Investment: 70 billion yen (3 years) <ul style="list-style-type: none"> ● Strategic investment in semiconductor manufacturing equipment area ● Improving supply chain efficiency 	Investment: 110 billion yen (5 years) <ul style="list-style-type: none"> ● Expanding the scale of carbide tools ● Expanding the supply of xEVs materials
Investment in renewable energy	Investment: 5 billion yen (3 years)	Investment: 25 billion yen (5 years)
Strengthening cost competitiveness	Ratio of improvement in ordinary profit to net sales: +5.4% ^{*1}	Ratio of improvement in ordinary profit to net sales: +4.9%
Operating Cash Flow	280 billion yen (3 years)	790 billion yen (5 years)
EBITDA ^{*2} growth rate (CAGR)	16.5% ^{*3}	11.5%

^{*1} Range of improvement in the ratio of ordinary profit to net sales. Net sales excluding metal.

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

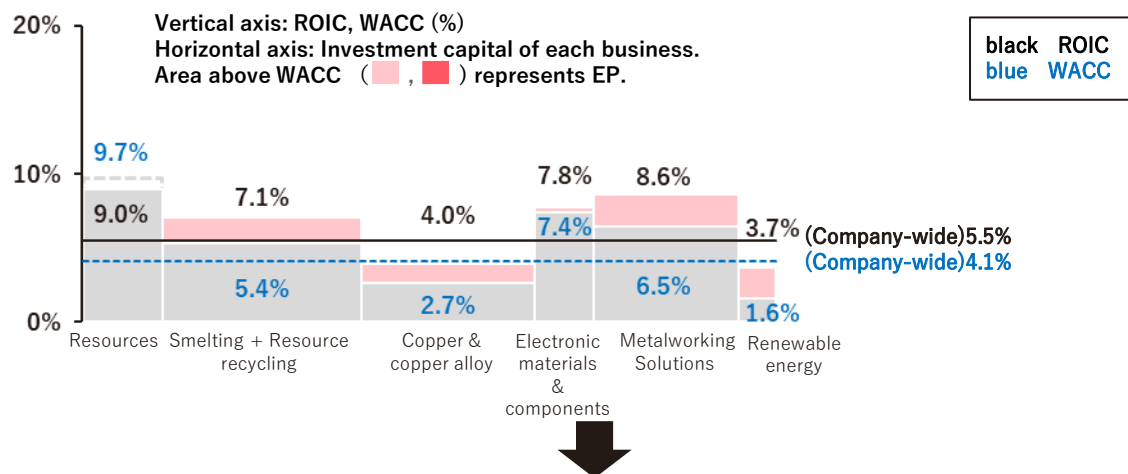
^{*3} Cement business loss in FY2023 excluded

Business Management Indicators (ROIC, ROIC Spread, EP)

- Optimize the allocation of management resources from a company-wide perspective and aim to increase the ROIC spread and expand Economic Profit (EP) by increasing investment capital
- ROIC will be lower than WACC in the Resources Business in FY2026, but higher than WACC in all businesses in FY2031, and an increase in EP will increase corporate value

FY2026 Business EPs

EP = 17.0 billion yen



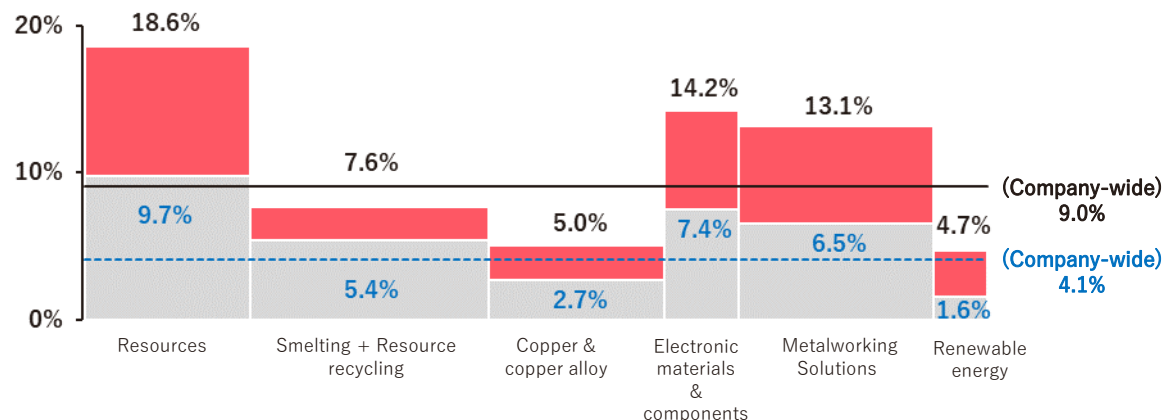
Outlook for each business

*Figures are EP targets for 2031 businesses (billion yen)

Resources 21.0	<ul style="list-style-type: none"> ● Implementing strategic investments from a long-term perspective and expanding investment capital ● ROIC spread will be positive since FY2027 due to increased profits from copper mines
Smelting & Resource recycling 8.0	<ul style="list-style-type: none"> ● Optimizing resource recycling processes and investing in LIB recycling ● Continuously improving profitability mainly by increasing the processing capacity of E-Scrap
Copper & copper alloy 6.0	<ul style="list-style-type: none"> ● By FY2026, large growth investments will have reached a plateau ● Expanding sales, improving yields, and improving efficiency through investment effects
Electronic materials & components 7.0	<ul style="list-style-type: none"> ● Aggressive investment until FY2026 by strong forecast of future semiconductor demand ● ROIC slightly exceeds WACC in FY2026, but after that profit contribution will be occurred
Metal working Solutions 19.0	<ul style="list-style-type: none"> ● Expanding investment capital through growth investment by considering M&A ● Increase profitability by shifting to high-value-added products and reducing costs
Renewable energy 2.0	<ul style="list-style-type: none"> ● Investment in growth to achieve 100% self-sufficiency in renewable electricity ● ROIC is low, but it has steadily surpassed WACC, expanding with the start of new power supply operations

FY2031 Business EPs

EP = 79.0 billion yen



Financial Plans and Targets

		FY2023 Forecast	FY2026 Plan	FY2031 Target
Net sales (Net sales excluding metal)	billion yen	1,680 (610)	1,940 (690)	2,000 (850)
Operating profit	billion yen	43	70	130
Ordinary profit	billion yen	15	87	180
ROIC ※1 (before deducting non-risk inventories)	%	0.6%	5.5%	9.0%
ROE	%	1.1%	10.0%	13.6%
EBITDA	billion yen	66	150	260
Net D/E ratio	times	0.7	0.7	less than 0.5
Net interest-bearing debt /EBITDA ratio	times	6.1	3.5	less than 2.0

Assumptions for FY2024 and beyond: Exchange rates: 135 Yen/\$, 135 Yen/€ , Copper price: 360 ¢/lb

*1 Calculate ROIC by deducting the amount of inventories (non-risk inventories) that were previously risk-free due to price hedged from invested capital
From the FY2031 Strategy, the calculation method will be changed prior to the non-risk inventory deduction mainly due to the shift to management based on the ROIC spread based on the WACC of each business

Capital Allocation

- In terms of shareholder returns, we will pay out for a dividend with a target payout ratio of around 30% in Phase 1 and we will also aim to enhance shareholder returns in Phase 2
- Phase 2: Reducing interest-bearing debt and improving the soundness of the balance sheet

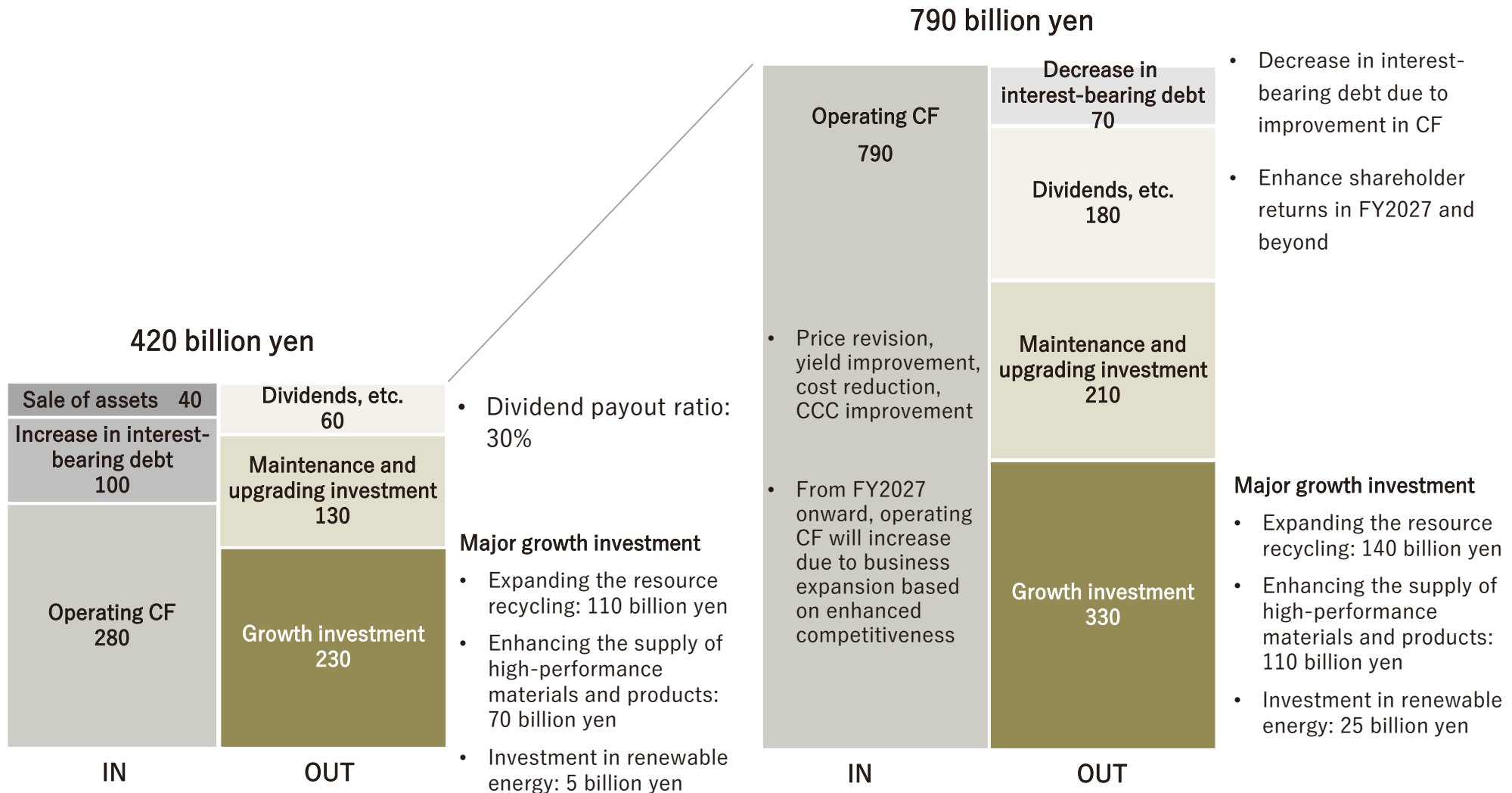
FY 2024 – FY 2026

FY 2027 – FY 2031

(Unit : billion yen)

Phase1 Strengthening Competitiveness

Phase2 Business Expansion



Enhancing Equity Value and Enterprise Value (by SOTP*1 Analysis)

- Under the Medium-Term Management Strategy 2031, the company aims to grow EBITDA and improve its balance sheet to increase its equity value and enterprise value, and to achieve approximately four times its equity value by FY2031

FY2024 – FY2026

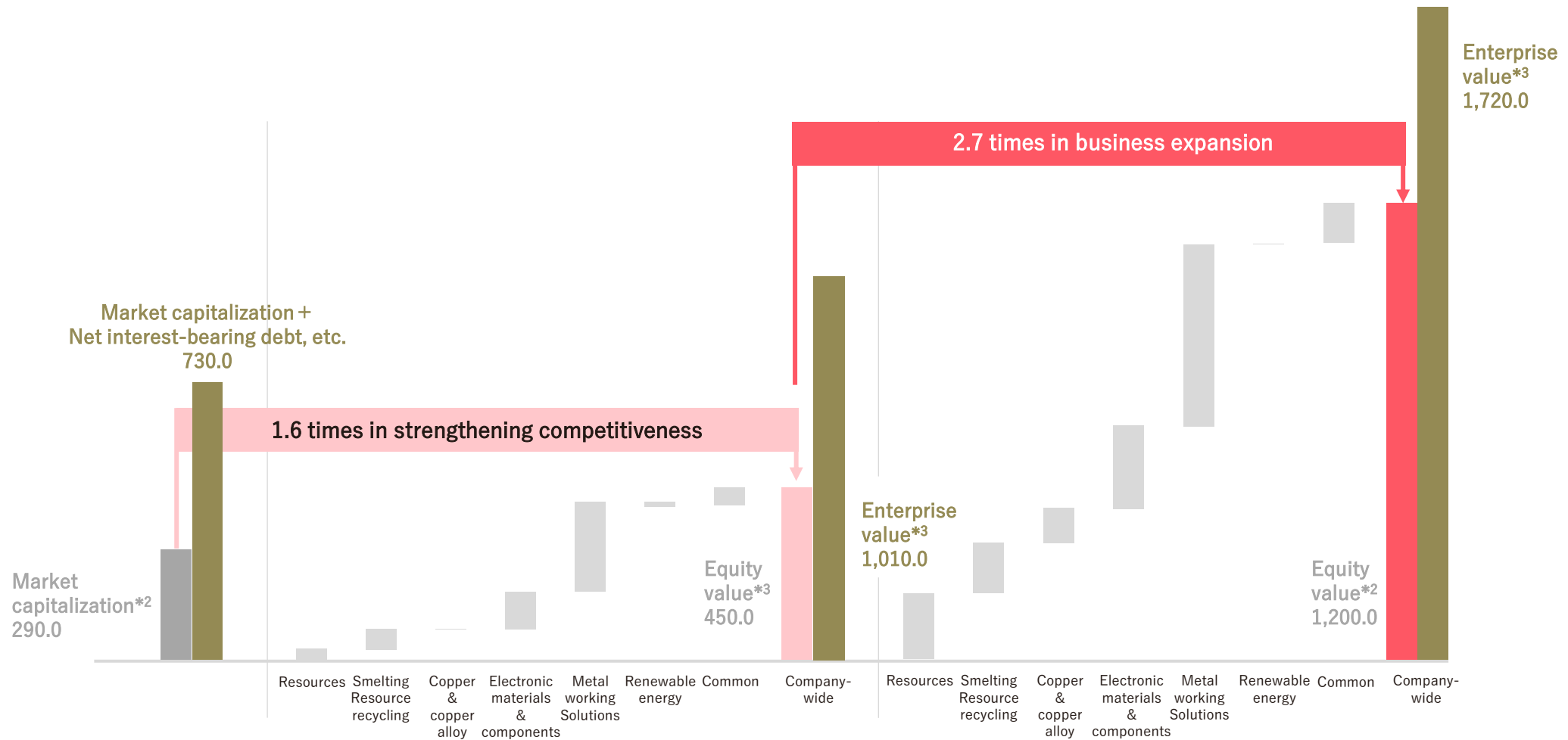
FY2027 – FY2031

(Unit : billion yen)

FY2023

Phase1 FY2026 Equity Value

Phase2 FY2031 Equity Value



※1 Sum-of-the-Parts

※2 Equity value for FY2023 is as of the end of January 2023

※3 Enterprise value is calculated by multiplying EBITDA for each business by a multiple that takes into account the same industry, and net interest-bearing debt is deducted from enterprise value to calculate equity value

Enterprise value and equity value are figures calculated independently by the Company using SOTP analysis based on the business performance forecast of the FY2031 Strategy and the Company does not guarantee the stock price

Review of FY2023 Strategy

Our Commitment

Efforts to Improve Corporate Value

Business Strategy

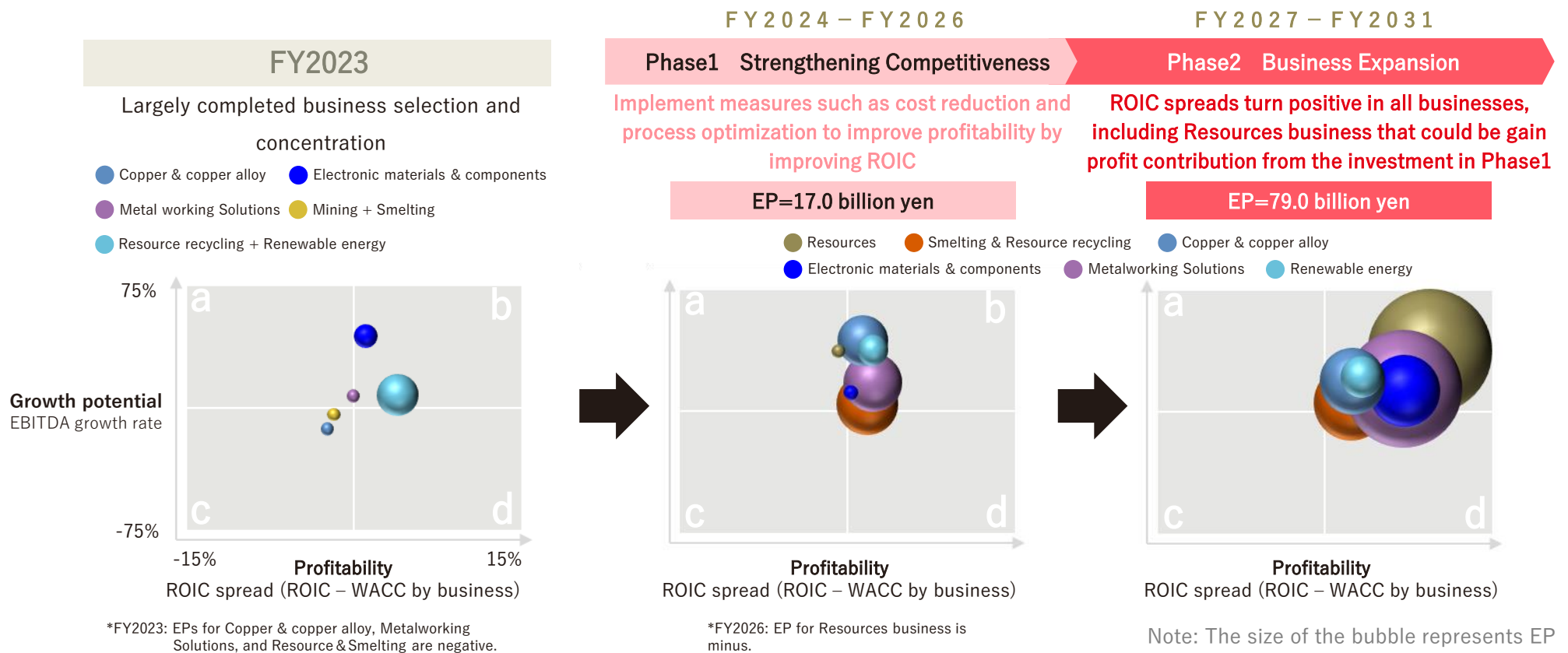
Carbon Neutral

Strengthening Management Foundation

Business Portfolio Management

- Optimize allocation of management resources by managing the business portfolio with two axes of growth and profitability
- Evaluate business growth potential by EBITDA growth rate and supplement it by the market growth rate

- Aim to increase EP while maintaining and improving ROIC spread to improve enterprise value
- Accelerate the improvement of business value by improving efficiency through the integration of the Metals company and the Environmental recycling business (smelting and resource recycling)



- Ascertain the direction of growth amid expectations for growth
- Maintain and improve growth and high earnings by strengthening investment
- M&A and business withdrawal will be considered while implementing profit structure improvement
- Maintain and improve profitability through operational efficiency and M&A

Investment Allocation and Profit Contribution

Approach to investment allocation

1 Investment characteristics

Select investment targets considering the mission suitability, the balance between maintenance and upgrading, and growth investment

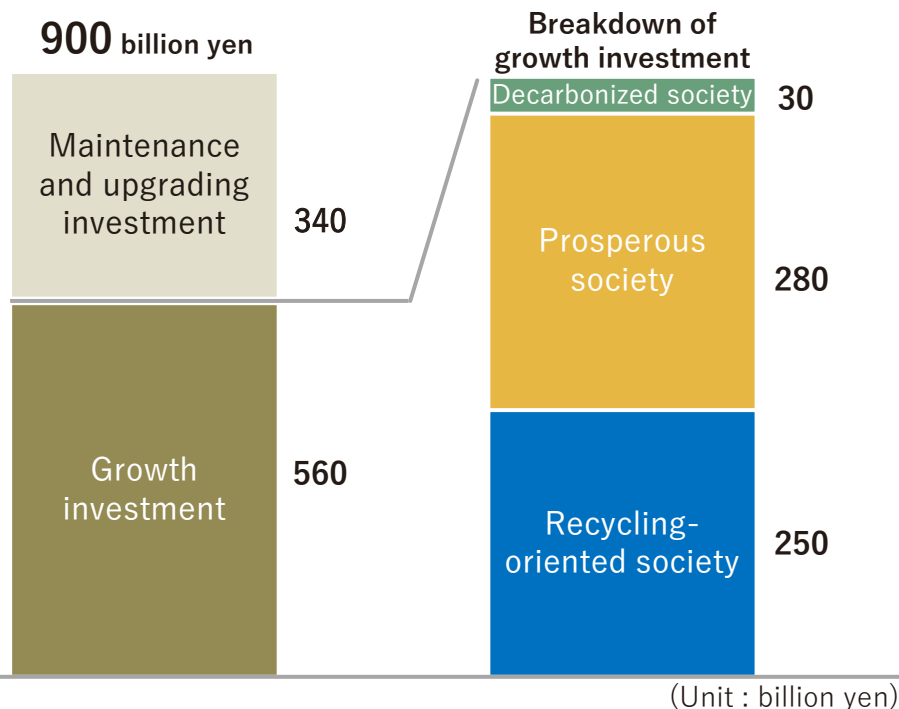
2 Business efficiency

Evaluate returns based on business characteristics and allocate them appropriately among businesses

3 Financial soundness

Maintain financial discipline with an overall net D/E ratio of 1× or less while maintaining financial soundness for each business

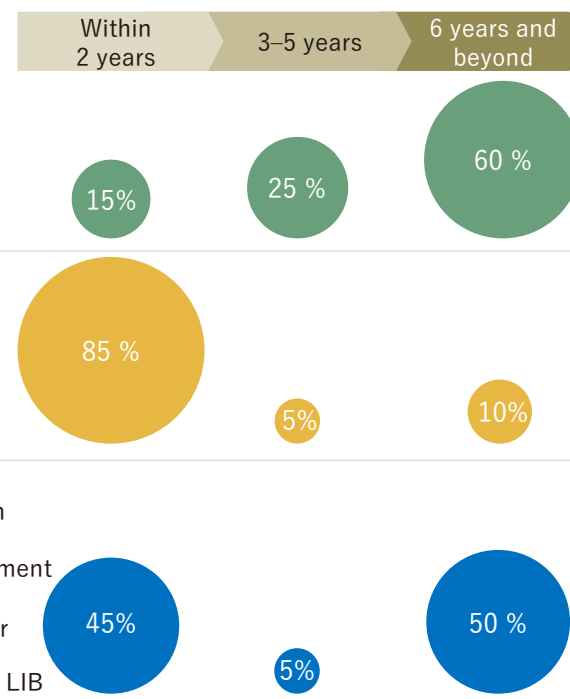
Investment plan for FY2024–FY2031



Main investment policies

- Investment in renewable energy projects such as geothermal power generation
- Strengthening competitiveness in Metalworking Solutions business such as increasing production of carbide tools and Advanced Products business
- Stable procurement of raw materials through investment in mines
- Increased earnings from investment in Tungsten business
- Enhancement of copper smelter capacity
- M&A related to rare earths and LIB





Expected occurrence of profit contribution



In addition to investing in Carbide tools business and Electronic Materials & Components businesses that are expected to contribute to profits in the short term, we are also investing in Resources and Smelting & Resource recycling businesses, which will increase in EP in the long term in order to realize a recycling-oriented society

Strengthening Cost Competitiveness

- Total accumulated cost reductions of approx. 9 billion yen by FY2026 and approx. 24 billion yen by FY2031
- The ratio of accumulated cost reductions to operating profit is expected to be approx. 13% by FY2026 and approx. 19% by FY2031
- The ratio of ordinary profit to net sales is also expected to increase from FY2023 in all businesses

Cost reduction plan for each business		Total cost reduction and its ratio to operating profit				Ratio of ordinary profit to net sales		
		2024	2025	2026	2031	2023	2026	2031
 Metals	<ul style="list-style-type: none"> Reduction of production cost per ton of electrolytic copper due to increase of copper concentrate processing capacity in Naoshima smelter and refinery 2026-27: -12,000 yen/t, 2028-31: -16,000 yen/t 	0.0	0.01	2.6	4.7	12.4%	21.5%	23.5%
		0.0%	0.1%	13.7%	15.8%			excluding Resources business
 Advanced Products	<ul style="list-style-type: none"> Copper & copper alloy business: Yield improvement, effect of recycling of wrought copper products, etc. (-4.9 billion yen) Electronic materials & components business: Decrease in variable costs, effect of recycling of columnar crystals, etc. (-3.8 billion yen) 	1.7	2.4	3.2	8.7	3.2%	10.7%	15.3%
		10.6%	12.3%	13.5%	22.2%			
 Metal working Solutions	<ul style="list-style-type: none"> Reduce manufacturing costs by 1% per year through the promotion of smart factories Control of increase in SG&A expenses since FY2026 due to DX effect 	0.9	1.9	3.0	10.3	9.6%	10.5%	17.3%
		6.4%	9.1%	12.7%	20.5%			
 Renewable Energy	<ul style="list-style-type: none"> Reduction of labor costs by improving operational efficiency through remote and automatic operation, etc. Reduce costs by 10% through standardizing biogas plants and improving power generation efficiency, etc. 	0.0	0.02	0.02	0.1	22.5%	25.4%	32.7%
		0.0%	0.5%	0.7%	2.5%			
Total business		2.6	4.4	8.8	23.8	7.8%	13.2%	18.2%
		4.9%	7.4%	12.8%	19.3%			

(Unit : billion yen)

*Net sales in the ratio of ordinary profit to net sales excludes metal

Review of FY2023 Strategy

Our Commitment

Efforts to Improve Corporate Value

Business Strategy

Carbon Neutral

Strengthening Management Foundation

FY2031 Target: Leader in Resource Recycling of Nonferrous Metals

- Securing at least 500,000 tons of copper concentrate from mines owned by the Company
- Establishing supply chains for electrolytic copper (SX-EW^{*1})

Business environment

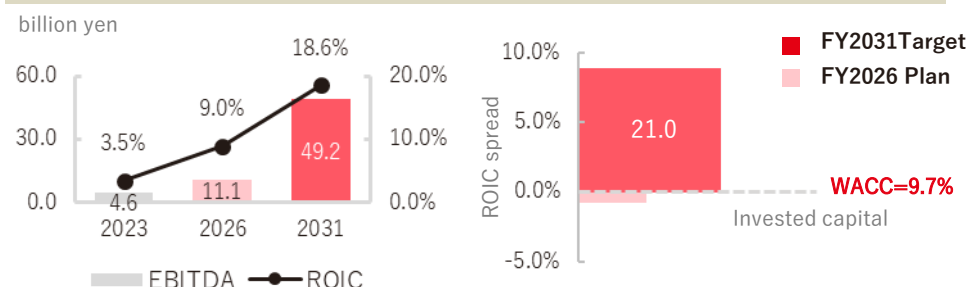
- Demand for copper will continue to increase, but supply will not keep up with demand growth from FY2026, resulting in a supply shortage of 5.5 million tons by FY2031
- The amount of copper concentrate collected from mines owned by the Company currently remains at 150,000 tons
- Mine production costs will rise further
- Demand for rare metals such as cobalt is also growing, while supply will be running short

Business strategy

FY2024 – FY2031

- Promotion of technological development to recover rare metal resources contained in copper deposits
- Acquisition of copper mining interests and securing copper concentrates through continuous investment in mines
- Expansion of electrolytic copper supply through SX-EW operations at copper mines

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Important measures

FY2024 – FY2031

- Promotion of the Mantoverde Sulfide Mine Project (including development of new technologies such as cobalt recovery)
- New participation in medium-scale copper mines
- Participation in hydrometallurgy operations at copper mines
- Increasing amount of copper concentrate collected from the current 150,000 tons to 500,000 tons or more in FY2031 (Increasing the ratio in the amount of copper concentrate processed in the Naoshima Smelter & Refinery and the Onahama Smelter & Refinery from the current 10% to 30% in FY2031)

^{*1} Solvent extraction and electrowinning: A two-step hydrometallurgical process consisting of solvent extraction and electrolysis collection



FY2031 Target: Leader in Resource Recycling of Nonferrous Metals

- Major and leading-edge operator in the resource recycling of nonferrous metals
- Expanding processes of nonferrous metal resources not limited to E-Scrap
- Becoming a core supplier in the resource recycling loop based on the world's top-class electrolytic copper supply capacity

Business environment

- Growing needs for recycling scarce resources (rare earths, cobalt/nickel, PGM^{*1}, etc.) from the viewpoint of economic security
- Growing customer interest in the cyclical economy

Business strategy

FY2024 – FY2031

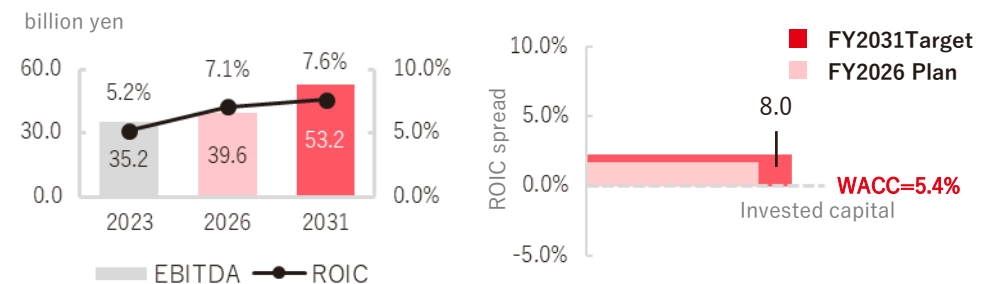
- Strengthening and expanding the networks to promote resource recycling
- Expansion of electrolytic copper production capacity
- Increasing the recycling rate by expanding the treatment of recycled products containing metal resources
- Creation of rare earths and rare metals recycling businesses
- Accelerating business developments in Japan and overseas (E-Scrap, home appliances, automobile recycling)

^{*1} Platinum Group Metals: Platinum group metals such as platinum, palladium, and rhodium

^{*2} Concentrated slag of lithium, cobalt, and nickel discharged, dried, crushed, and sorted LIBs

^{*3} A base where parts disassembled from home appliances and automobiles are collected and processed to make them suitable for recycling

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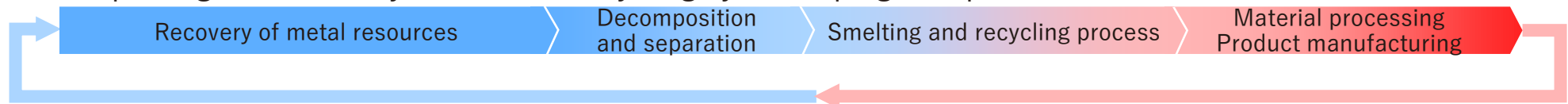
Important measures

FY2024 – FY2031

- Enhancement of copper concentrate and E-Scrap treatment capacity in Naoshima Smelter & Refinery (up 25%)
- Enhancement of E-Scrap treatment capacity by introducing pretreatment facility in Onahama Smelter & Refinery (up 120%)
- Enhancement of the MEX functionality
- Commercialization and expansion of LIB recycling (black mass: 6,000 t/year^{*2})
- Building, strengthening and expanding metal resource recycling from EVs
- Expansion of the scope and scale of rare metal recovery
- Establishment of domestic recycling centers ^{*3}
- Promotion of alliances and M&As to develop resource recycling businesses in global markets



- Achieving increased competitiveness and business expansion at an early stage through expanding the scope of resource recycling by strengthening cooperation in our value chain centered on copper as well as improving the efficiency of resource recycling by developing new processes



Enhancement of copper scrap recovery

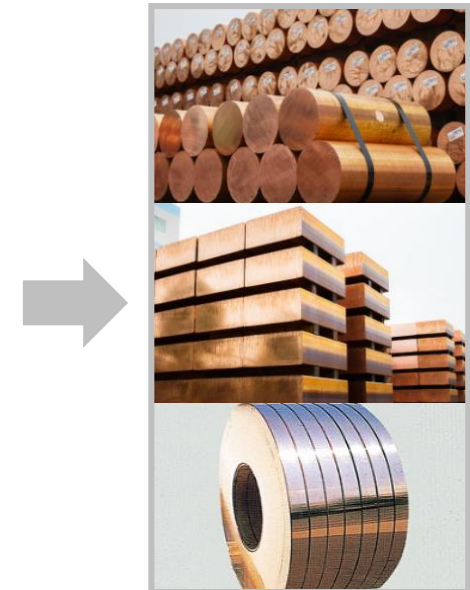
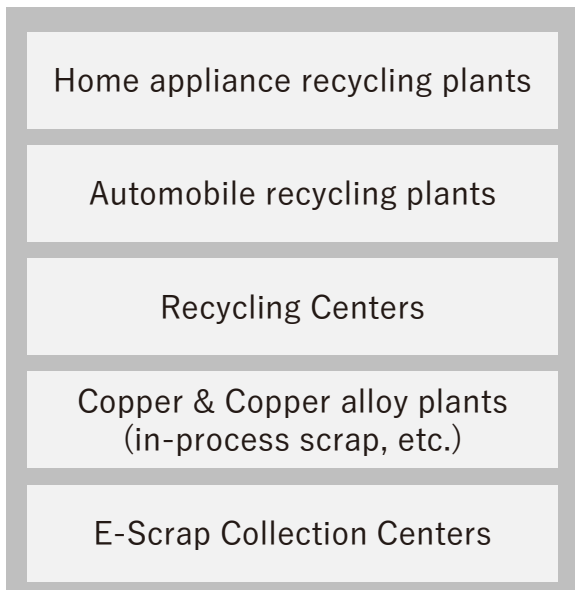
- Reinforcement of home appliance recycling plants (Increasing domestic share to 30%, establishing new overseas bases)
- Construction of new automobile recycling plants
- Construction of new recycling centers
- E-Scrap information network with business partners in more than 60 countries around the world

Increase of processing capacity of E-Scrap to 240,000 t/year

- Naoshima: Reinforcement of copper smelting facilities, increasing the processing capacity of copper concentrate and E-Scrap
- Onahama: Construction of pretreatment facilities (Commencement of operation in FY2029, Total construction cost: approx. 20 billion)

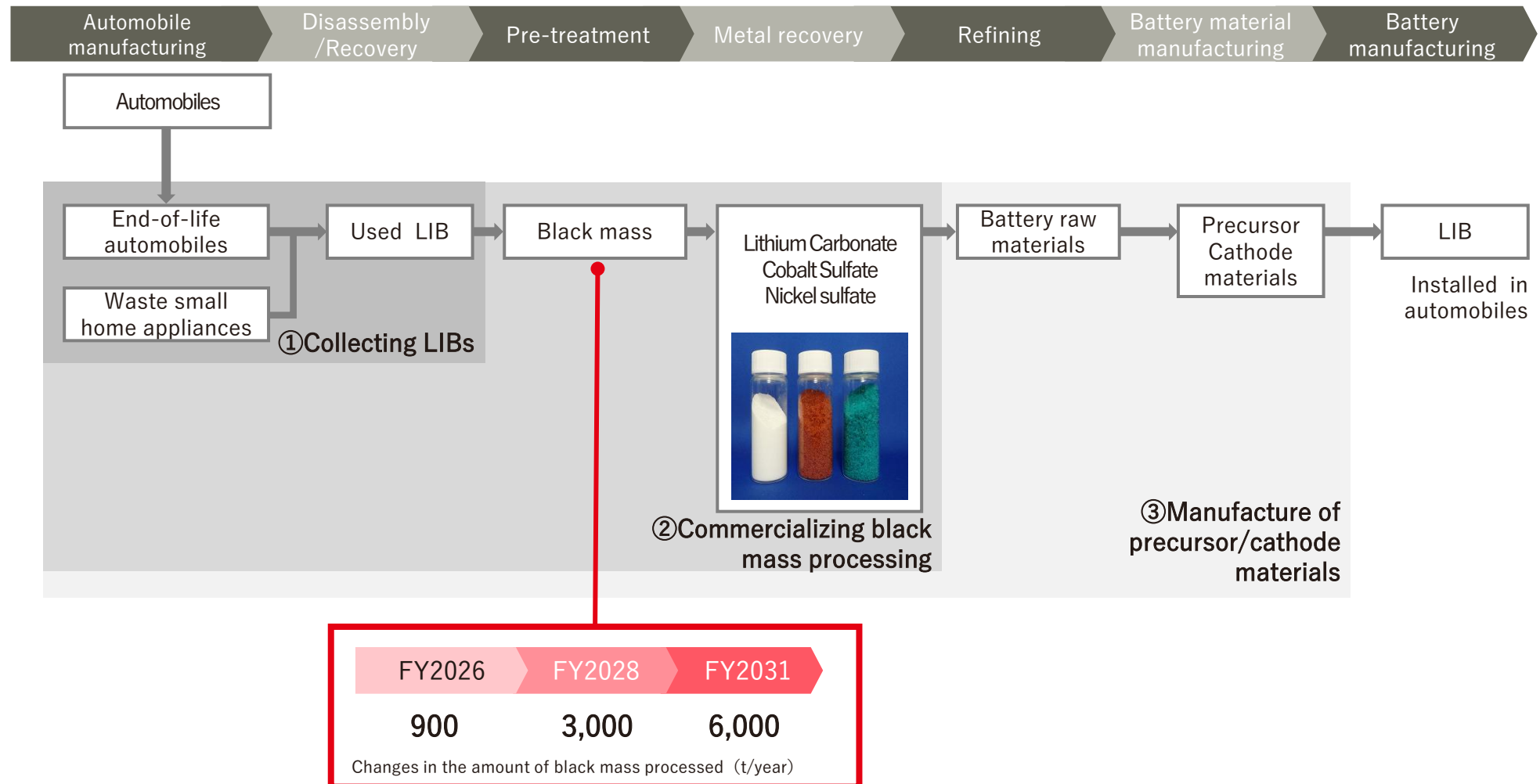
Use of recycled copper

- Expansion of products with a high ratio of recycled materials
- Establishment of high-efficiency recycling technology





- Ensuring global competitiveness through early development of a set of recycling processes from LIBs to battery materials, collection of black mass leveraging the network established in the E-Scrap business, and highly efficient recovery of lithium carbonate, cobalt sulfate, and nickel sulfate from black mass
- The Company is expanding its business area through three stages: collecting used LIBs from end-of-life automobiles(①), commercializing black mass processing in cooperation with business partners(②), and developing manufacture of precursor/cathode materials(③)



FY2031 Target: Global First Supplier

- **Japan:** Establishing an overwhelming position as Japan's No. 1 manufacturer of wrought copper products as the largest supplier
- **Overseas:** Strengthening key account (KA) strategy based on alloy development capabilities

Business environment

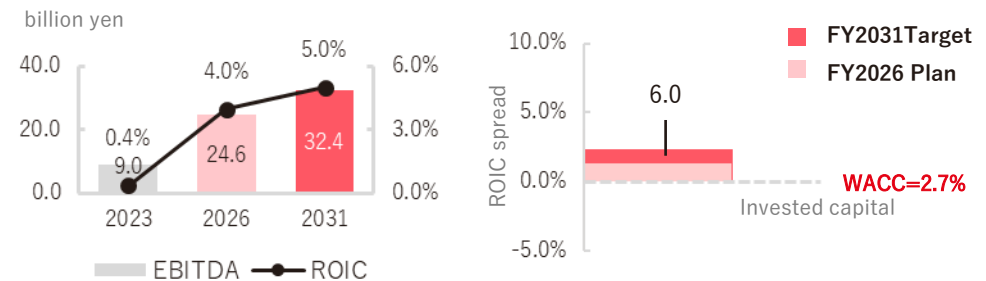
- Demand for processed copper products for automobiles increased as the xEV market expanded
- Increasing demand for processed copper products for renewable energy
- Expanding demand for medical devices such as MRI in accordance with the advancement of medical care

Business strategy

FY2024 – FY2031

- Improve the recycling rate of wrought copper products and establish a scrap platform base
- Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare, and environment)
- Expand sales and strengthen services to overseas customers with establishes a new overseas plant which carries out a downstream process, with the domestic plants as a mother ones

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Important measures

FY2024 – FY2026

- **Japan:** Increase the production capacity of rolled products with strength in high-performance alloys
- **Overseas (Luvata):** Expanding sales by utilizing competency like cold forging technology

FY2027 – FY2031

- Cost reduction by strengthening recycling of copper alloy scrap
- Building an expansion of overseas bases to strengthen local supply and service



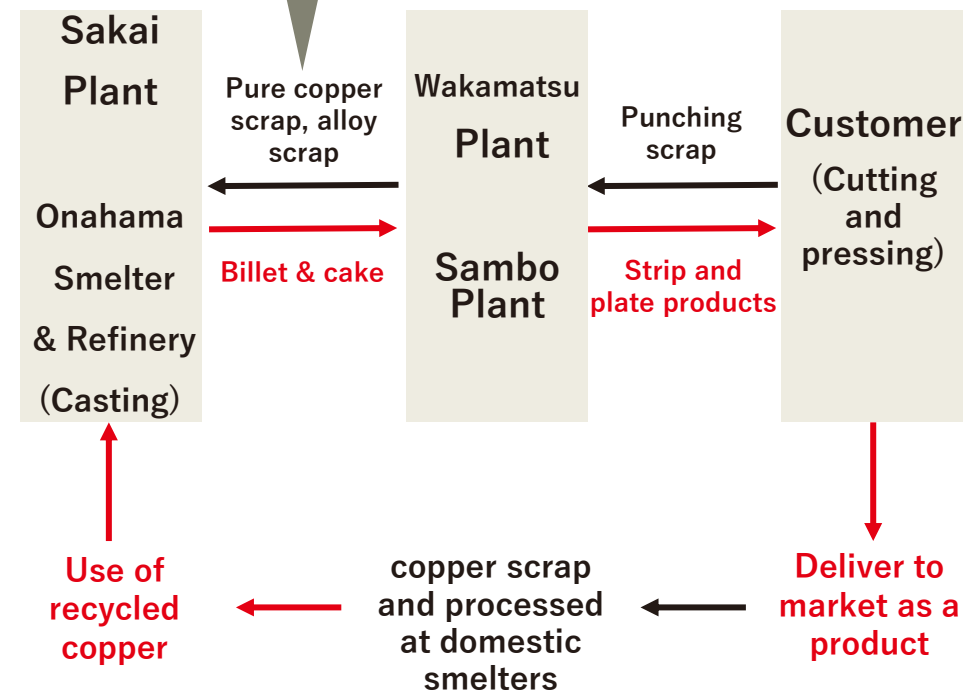
- Investing in production capacity expansion, we establish an overwhelming position in the rolling business by expanding sales of products for electrical terminals for BEV, etc., whose market is growing
- Enhancing competitiveness, by raising recycling rate and reduce costs, especially for alloys

Establish a competitive position in the rolling business

Improvement of copper recycling rate

	Terminal and bus bar for xEVs	Terminal and bus bar for automobiles
Target market	EV/HV market	Automobile markets, particularly in emerging countries
Sales plan	Expand sales of <u>pure copper products</u> FY2022-FY2031 CAGR 4.3%	Expand sales of <u>developed alloys</u> FY2022-FY2031 CAGR 3.7%
Production increase plan	+ 1,800t/month (FY2031)	+ 1,100t/month (FY2031)

Recycling pure copper and alloy scrap generated in the production process of the copper products



FY2031 Target: Global First Supplier

- Providing products and solutions with added value through concept-in(promoting the adoption of our products at the initial concept-setting stage of product development), focusing on the semiconductor and xEV markets
- Highly profitable business entity and sustainably growing entity that is recognized as an indispensable partner in the market

Business environment

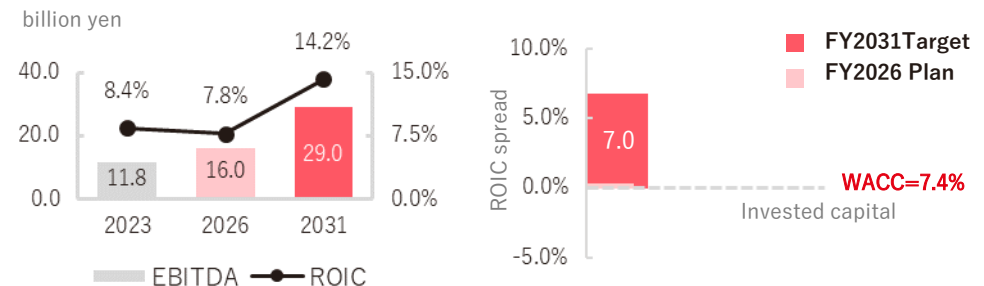
- Solid growth in the semiconductor market at a CAGR of 5–6% as applications and data traffic expands
- xEVs market (especially the BEV market) grows at a CAGR of 20–25%

Business strategy

FY2024 – FY2031

- Highly capital-efficient management through continual restructuring of the business portfolio
- Strategic investment in focused products in growth areas
- Developing and securing human resources for the creation of new businesses and the promotion of business alliances
- Enhancing manufacturing capabilities and DX to enhance production sophistication and profitability
- Providing business and social value (SDGs) for carbon neutrality

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Important measures

FY2024 – FY2026

- Increasing market share and organic growth through aggressive investment in focused products and launching new businesses
- Enhancement of manufacturing capabilities, enhancement of cost competitiveness, and labor savings
- Strengthening information collaboration and maximizing earning power through DX

FY2027 – FY2031

- Establishing a cross-sectional R&D system to strengthen the search for new businesses and products
- Development and sales expansion of products with reduced environmental impact, reduction of GHG, and improvement of recycling systems



- Providing products and solutions with added value through concept-in (promoting the adoption of our products at the initial concept-setting stage of product development), focusing on the semiconductor and xEV markets

Expanding business of focused products

- **Silicon precision processed products and columnar crystal business**

Establish a foundation for business expansion and strengthen production and development systems

- Investment amount

Phase1 11 billion yen

Phase2 4 billion yen

- **Sealing business**

Establish a second production base, promotion of automation, and enhancement of the development system

- Investment amount

Phase1 8 billion yen

Phase2 7 billion yen

- **Thermistor sensor business**

Strengthen mass production and development system of products for xEVs

- Investment amount

Phase1 2 billion yen

Phase2 2 billion yen

Strengthening marketing capabilities

- Strengthen marketing capabilities and promote innovation, new products and new business creation
- Collaborate in sales, development, manufacturing, and management to efficiently and quickly provide customers with the functions and value they demand.

Marketing sales

- Concept proposal
- First Call Vendor Contact
- Visualize the relationship with KA (DX)

Development

- Share roadmap with customers
- Demonstrate and propose solutions
- Intellectual property strategy

Total strength to create continuously

Management

- Appropriate decision-making to realize management strategy
- Develop human resources and foster a culture

Manufacturing

- Deepening of production technology
- Improving manufacturing efficiency
- Development of low-environmental-impact manufacturing processes

Strengthening manufacturing capabilities and DX

- **Enhancement of manufacturing capabilities, cost competitiveness, and labor savings**
(Taking measures for further quality stabilization and to strengthen the production management system)
- **Enhancement of profitability by speeding up decision-making through enhanced information coordination through DX (strengthening KA strategy and cost understanding)**

Acquisition of new business

- **Development of businesses and technologies focusing on semiconductor materials and components**
(Next-generation packaging materials, highly heat-resistant materials, functional composite materials, sensors for power devices, etc.)
- **Establishment of a new cross-functional R&D structure**
(e.g. Organize a Semiconductor New Technologies & Materials Business R&D Center)



FY2031 Target: A Leading Company in Tungsten Products Recognized by Customers Globally

- Providing tungsten products and solutions with outstanding technology to manufacturing sites around the world
- In addition to the core business of carbide tools, the tungsten business and the solutions business will be the mainstay of earnings

Business environment

- Carbide tools market will grow at a steady CAGR of 3% until around FY2031
- Requests to address environmental and social issues such as SDGs
- Request to provide machining solutions
- Growing demand for tungsten materials in the rechargeable battery market

Business strategy

FY2024 – FY2031

Transforming into a truly global company with the aim of autonomous business development in strategic markets

Carbide tools business

- Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology

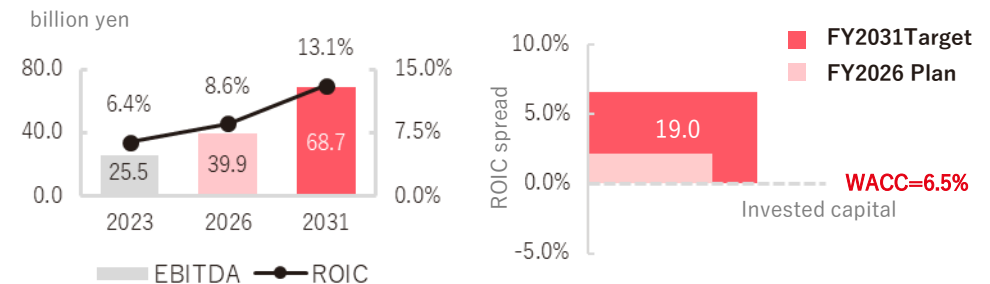
Tungsten business

- Expansion of business scale for rechargeable batteries in addition to carbide tools, etc.
- Strengthening environmental responsiveness

Solution business

- Commercialization of solution sales to manufacturing sites

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Important measures

FY2024 – FY2031

Carbide tools business

- Strengthen product development and solution capabilities for difficult-to-cut materials and difficult-to-machine business
- Promote smart factories by utilizing DX
- Strengthen the supply chain by introducing S&OP globally

Tungsten business

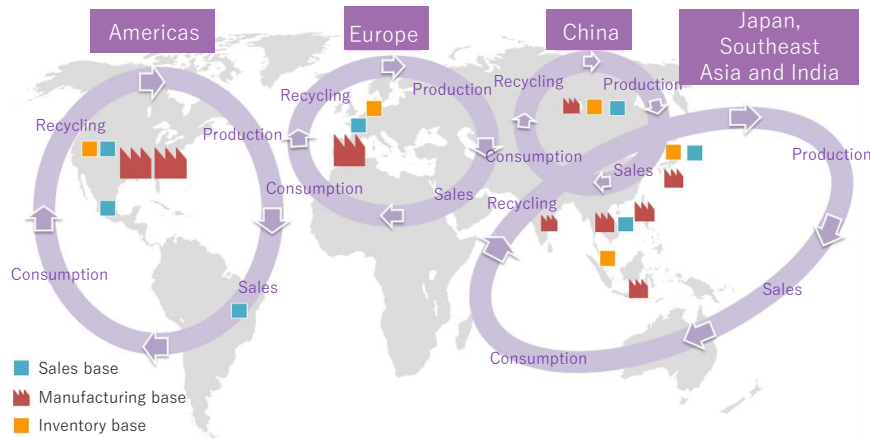
- Strengthen R&D through collaboration with partners and promote cross-selling
- Strengthen processing capacity by expanding recycling bases globally

Solution business

- Deepen processing solutions utilizing DX and build a business foundation through M&A

Autonomous business development in strategic markets

- Strengthen local market responsiveness through a global circulation of development, manufacturing, sales, and recycling
- Reduce GHG emissions in transportation by strengthening supply chains



Respond to environmental and social issues from product supply to recycling

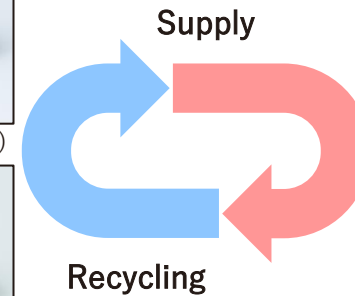
- Provide carbide tool products and tungsten for secondary batteries
- Global collection and recycling of used products



Tungsten powder (WC)



Tungsten powder (WO₃)



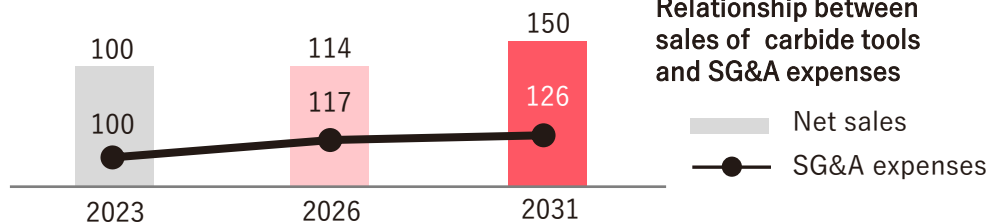
Carbide tools



Rechargeable battery

Enhancing cost competitiveness by utilizing DX

- Reducing SG&A expenses by limiting cost increases associated with business expansion



*Comparing the index with FY2023 sales and SG&A expenses at 100

Providing solution-selling to manufacturing sites

- Utilizing digital technology to expand cutting solutions

	Tool selection	Tool purchase	Preparations for mass production (trial production)	Mass production	Tool management
Customer challenge	<ul style="list-style-type: none"> Quick selection of the best tool 	<ul style="list-style-type: none"> Cost reduction through tool cost optimization 	<ul style="list-style-type: none"> Rapid design and trial production of highly productive processing methods 	<ul style="list-style-type: none"> Improvement of machining accuracy Reduction of machining time 	<ul style="list-style-type: none"> Efficient use of tools through regrinding and recycling Minimum tool inventory
Value provided by MMC	Digital service menu				
	Automatic tool selection	Automatic process design (Process digital planning)	Prototype production, Outsourcing	Proposal of mass production quality and economic efficiency	Automatic optimization of machine tool control
					Automatic monitoring of tool damages for regrinding



FY2031 Target: Expansion of Renewable Power Generation to Achieve 100% Self-sufficiency in Renewable Power Electricity

- Further expansion of geothermal power generation business
- Expansion of business areas (wind power generation and power generation-related businesses)

Business environment

- Increasing importance of using renewable energy and reducing the environmental impact of manufacturing as measures against climate change
- Setting of high national targets and various support systems for making renewable energy a major power source

Business strategy

FY2024 – FY2031

Consolidate the renewable energy business in the Strategic Headquarters as a company-wide effort to expand the business from a long-term perspective

Geothermal

- New development at one location every three years to expand business

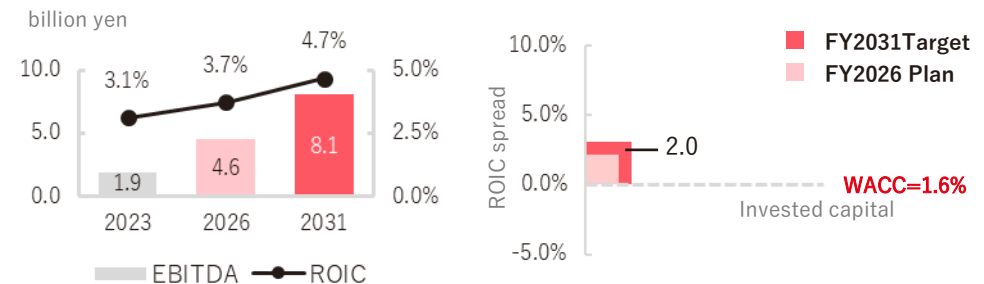
Wind

- New entrants into wind power generation where power generation costs are expected to decline in the future

Biogas

- Further development of new biogas plants

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Important measures

FY2024 – FY2026

- Business expansion utilizing proven geothermal technology (3 investigations, 1 operation started)
- Development of geothermal power generation projects in new locations (Esan area in Hokkaido, etc.)
- Conducting overseas surveys utilizing survey technology for geothermal resources
- Survey of wind power generation projects in cooperation with other companies

FY2027 – FY2031

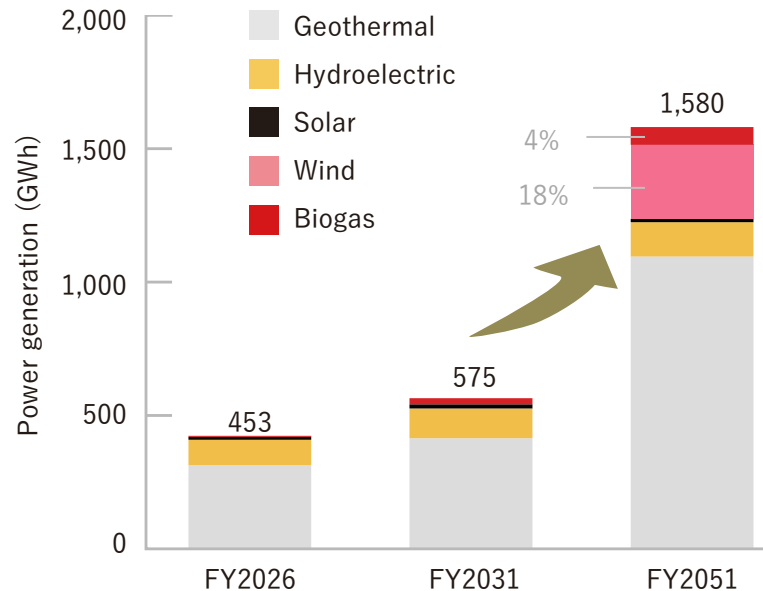
- Continued expansion of geothermal power generation business (2 investigations, 1 operation)
- Launch of onshore wind power generation project utilizing company-owned land
- Strengthening cooperation with waste generators to maximize the amount of raw material waste collected for biogas plants



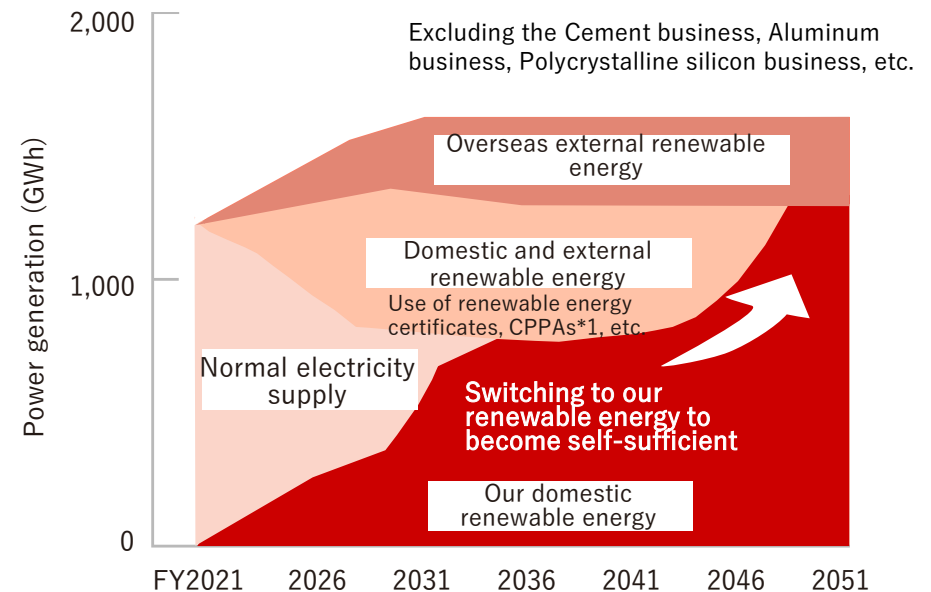
	FY2021	2026	2031	2036	2041	2046	2051
Renewable electricity self-sufficiency ratio		23%	25%	66%	To become self-sufficient by switching to renewable electricity		100%

- Accelerate establishment of geothermal power development system and business expansion, with the aim of generating power equivalent to our electricity consumption in FY2051. Expand into new renewable energy generation, mainly wind power
- Achieve 100% of electricity from renewable energy in real terms in FY2036. Achieve renewable energy generation equivalent to our electricity consumption and achieve 100% self-sufficiency in renewable energy in real terms in FY2051.

Trends in our renewable energy generation



Composition of our power consumption



※1 CPPA (Corporate Power Purchase Agreement)

Review of FY2023 Strategy

Our Commitment

Efforts to Improve Corporate Value

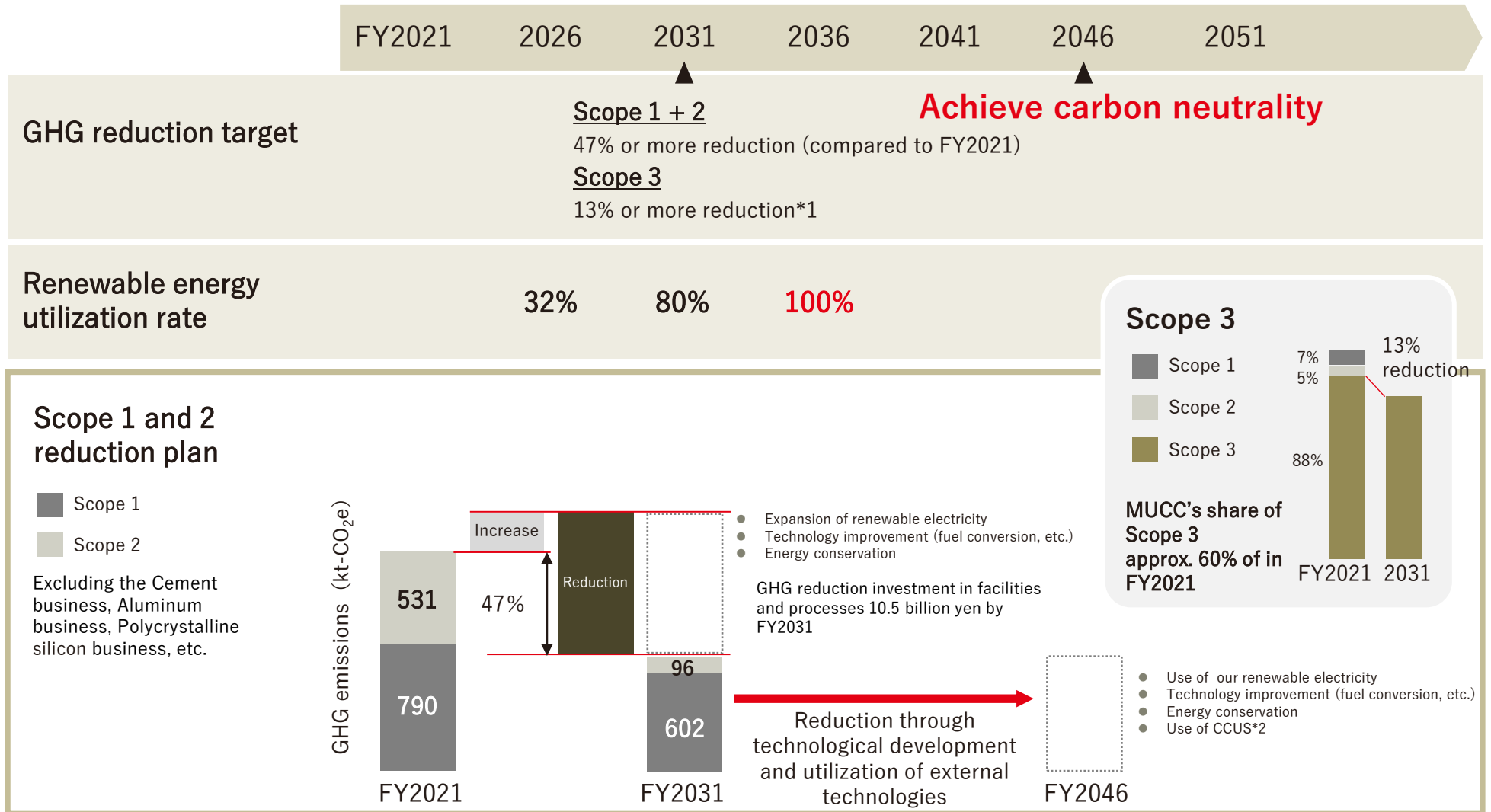
Business Strategy

Carbon Neutral

Strengthening Management Foundation

Carbon Neutral: GHG Reduction Targets

- Target of carbon neutrality by FY2046 and 100% self-sufficiency in renewable energy power by FY2051
- Reduction focused on Scope 2 for FY2031



*1 Category 1, 3, 15 compared to FY2021 *2 Carbon dioxide Capture, Utilization, and Storage

Review of FY2023 Strategy

Our Commitment

Efforts to Improve Corporate Value

Business Strategy

Carbon Neutral

Strengthening Management Foundation

Manufacturing Strategy

- Establishing each factory vision based on FY2031 Strategy, evaluating plant capabilities, and pursuing problem-setting and resolution
- “Differentiation of manufacturing capabilities” through bottom-up activities, enhancement of manufacturing infrastructure, and technological development and improvement

Specialization

Visioning based on business strategy

Evaluating plant capabilities and setting issues

Evaluating the capabilities of plants by ourselves and pursuing solutions to problems

- Factory innovation capability
- Policy management capability
- Mass production capability
- Plant operation capability
- Plant improvement capability
- Organizational and human resource development capabilities

Technology development and improvement

Improvement of process and process technologies

Conversion to a smart factory

Establishment of AI utilization and automated inspection technologies

Data collection and infrastructure development

Enhancement of digital technology and expansion of the application of utilized technology through a promotion system in which each department works closely together

Manufacturing infrastructure

Reform of production preparation process

Field force -Supervisor role reform

Reform toward a special status that is not an extension of the past

Bottom-up activities

Strengthening human resources

Development of human resources who can understand the principles and solve the problems

Fostering a culture of improvement

Providing opportunities for trials that promote motivation

Support for problem-solving

Providing opportunities for autonomously solving problems

Strengthening manufacturing capabilities

Reinforcement of the manufacturing foundation

Strengthening our manufacturing constitution

R&D Strategy

- Achieving sustainable enhancement of corporate value through the creation of new products, technologies, and businesses

R&D Basic Policy

- Developing materials for the future
- Creating new products and technologies to enhance business competitiveness through the integration of the Corporate and Division Labs
- Early realization of R&D results through industry-government-academia collaboration (including CVC)

Providing sustainable materials designed for recycling

FY2031 Strategy Priority Policy Program

Fields of focus

Strengthening both the creation of new materials and components and the recycling of resources

GHG reduction throughout the product lifecycle

Sophistication of organizational management through the creation of ideas, research and development, mass production, and commercialization

Setting and executing development themes and accelerating commercialization through the flexible allocation of management resources (personnel and funds)



Resource
recycling

- Separation, recovery, and purification

Decarbonization

- Energy material
- Green material
- Green process

Semiconductor-
related

- Packaging material
- Components for equipment (resin composite materials)

Mobility

- High-performance copper materials and components
- Carbide tools

Human Resources Strategy

1. Maximizing the value of human resources and creating an organization dedicated to winning

Developing and retaining human resources for business growth

- Developing and retaining candidates for management leaders
- Developing and retaining talents necessary to strengthen competitive advantage and manufacturing capabilities
- Strategically selecting recruitment channels and employment pattern in line with business strategy

Realizing flexible employment and work styles

- Advancing human resources management aligned with external labor market
- Promoting flexible work styles that are not restricted by time and place

Maximizing capabilities of individuals and supporting autonomous growth

- Creating an organization dedicated to winning through performance management
- Supporting autonomous growth and building a learning organization

2. Building a foundation for co-creation and growth

Accelerating transformation through integrating diverse human resources and the values

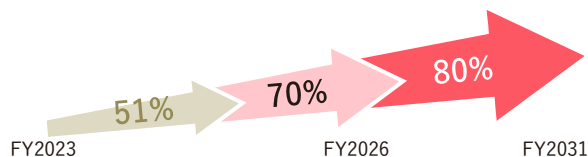
- Developing and retaining diverse human resources
- Cultivating awareness and culture to create new values from different opinions by embracing each other's diverse individuality

Fostering job fulfillment through well-being

- Continuously improving employee engagement
- Driving health and productivity management

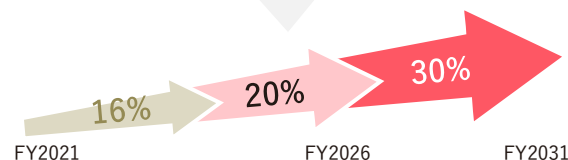
Maximizing organizational capability through data utilization

- Enhancing talent management by utilizing HR system
- Developing environment for further utilization of human resources data and promoting data-driven measures



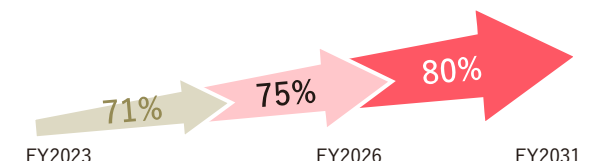
Continuously retaining and developing management leader candidates

Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of executive officers



Diversity in management

Ratio of diverse attributes*1 among managers



Employee Engagement

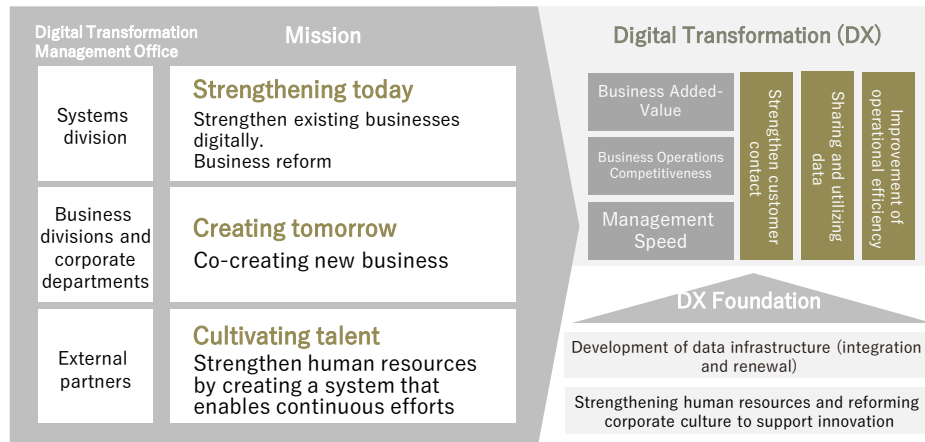
Positive response rate in employee engagement survey

*1 Women, non-Japanese, experienced hires, people with disabilities

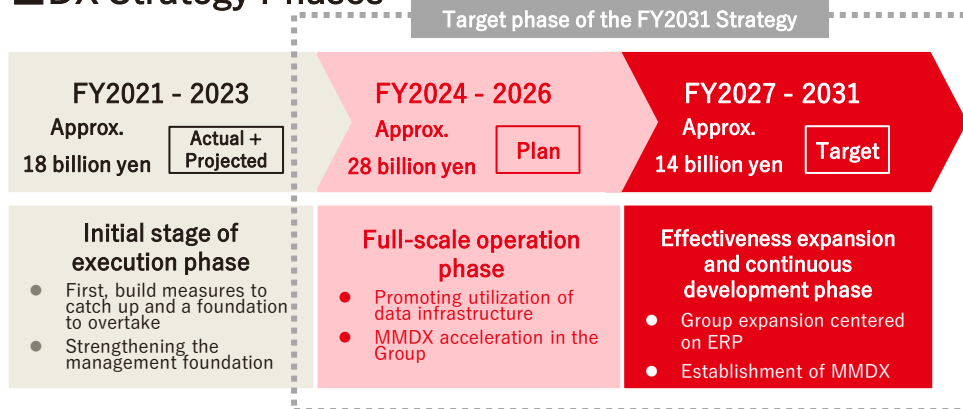
DX Strategy (MMDX*1)

DX Strategy

Use data and digital technology to promote the three pillars of **improving business added-value**, **operational competitiveness**, and **management speed**



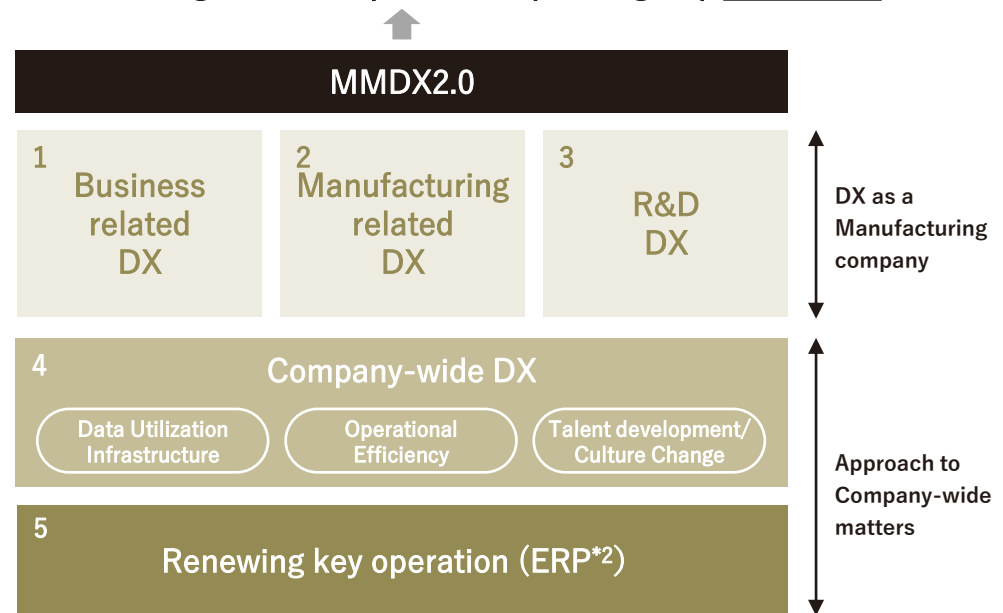
DX Strategy Phases



Efforts in MMDX 2.0

More than two years have passed since MMDX was launched, and in order to strengthen manufacturing and steadily implement conventional themes, MMDX has reorganized its themes, strengthened its structure, etc., and **has entered a new phase as MMDX 2.0**

Evolving into a competitive corporate group **Ultimate Goal**



Goals of MMDX 2.0



*1 MMDX: Mitsubishi Materials Digital Business Transformation *2 ERP: Enterprise Resource Planning

IT Strategy

- To realize the MMC Group IT WAY, promote IT modernization to support business from the viewpoint of data utilization, work style, and security
- Investing on a scale of 10 billion yen, IT cost in FY2031 is 1.0% or less of the sales ratio (currently approx. 0.8%)

Policy on IT Initiatives

Establish and execute the MMC Group IT WAY (IT governance and IT synergies)

Move from legacy to global standard IT infrastructure and implement appropriate information security measures

Developing and securing IT human resources, who are highly evaluated in the market, in business domains and building an optimal IT organization

Major measures

■ IT governance = Information security

- Equalize global security levels and implement security measures appropriate for the times
- Implement new network and cloud-based security for global common policies and company-wide enforcement

■ IT synergy = Commonization/standardization

- Promote the utilization of data analysis infrastructure, cloud infrastructure, and IT services common to the entire Group

- Gradually refresh systems developed with legacy technologies and move away from legacy architectures by approx. FY2031
- Implement ERP starting from accounting area to improve operational efficiency and data availability
- Strengthen security measures against increasingly sophisticated external threats in both IT and OT

- Optimize the division of roles between Strategic Headquarters IT, Company IT, IT Function Company, and External Partners - Governance and synergies (common and standardized), Business support (individual systems), and Execution functions
- Develop career paths and education plans for IT staff to improve their expertise, while increasing IT staff by approx. 10% by FY2031

For People, Society and the Earth

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