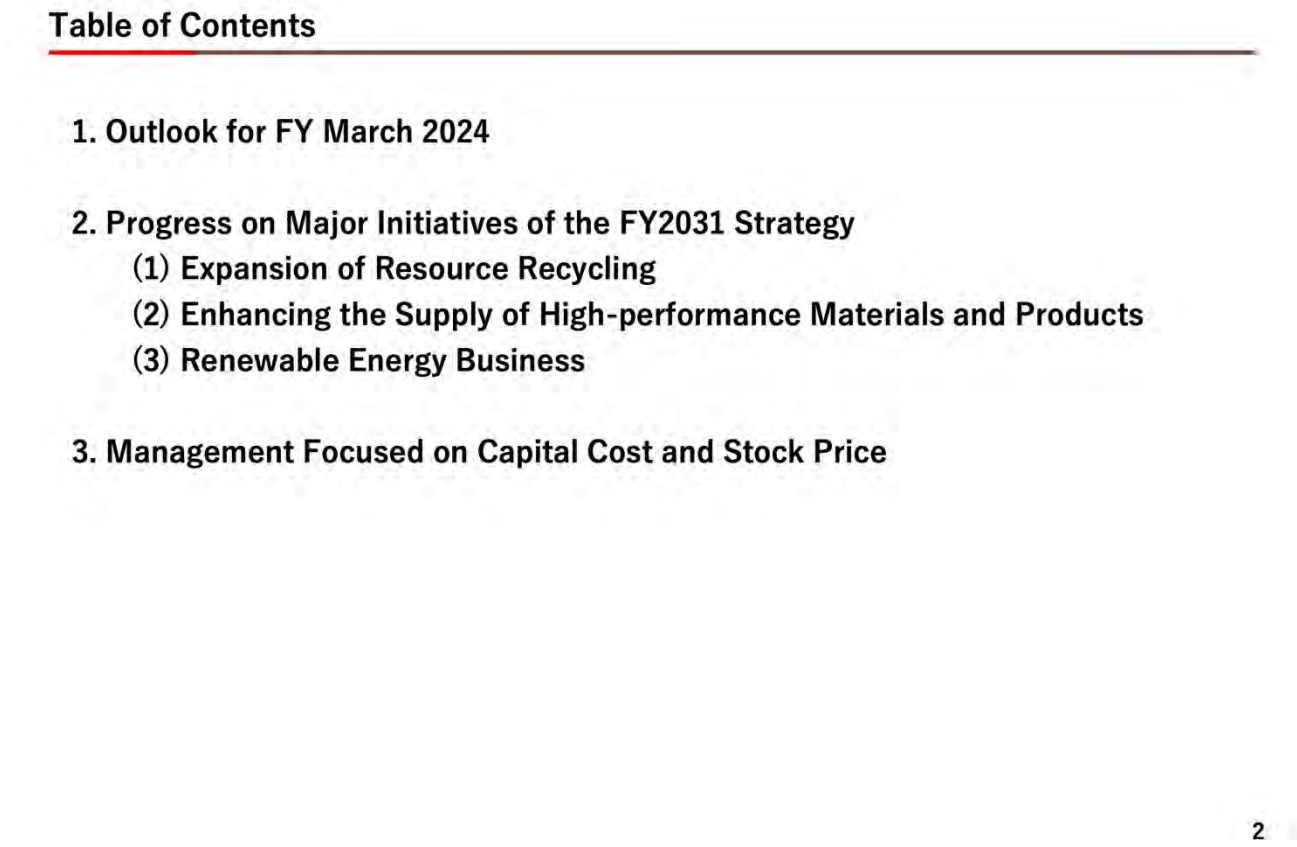
Event Summary

[Company Name]	Mitsubishi Materials Corporation
[Date]	November 14, 2023
[Time]	16:30 – 17:26 (Total: 56 minutes, Presentation: 26 minutes, Q&A: 30 minutes)
[Venue]	Webcast
[Number of Speakers]	2 Noaki Ono (hereafter “Ono”) Director, CEO (Representative Executive Officer) Nobuhiro Takayanagi (hereafter “Takayanagi”) Director, Managing Executive Officer, CFO

Presentation



Ono: Now, I would like to explain according to the materials. Please turn to the next slide. These are the three main points I will discuss today.

One, let me briefly review the Q2 results that we announced last week and discuss the outlook for the current fiscal year. Second, I would like to explain the progress on the major initiatives of the Medium-term Management Plan FY2031 (FY2031 Strategy) in terms of the three points listed here.

Third, I would like to touch on the TSE's request to realize management focused on capital cost and stock price.

Trends in the External Environment

Copper price	● Copper price fell due to oversupply with inventories at LME-designated warehouses more than tripling in less than three months as a result of sluggish demand in China. In October, the price fell below the milestone of $8,000 per ton, reaching a four-month low.
Foreign Exchange	● The dollar-yen rate hit a one-year low, reaching a milestone of 150 yen to the dollar in late October, as interest rate differential between the Japanese yen and the U.S. and European currencies widened. ● The yen continued to depreciate, with the euro-yen exchange rate hitting ¥160 per euro in late October, the highest level in 15 years.
Automotive -related	● In the automobile market, demand from auto manufacturers and Tier1 companies continued to recover as the semiconductor shortage moved toward an end, but demand from materials manufacturers did not recover. ● Orders in the Copper & Copper Alloy business are currently on a recovery trend, and earnings from the business are expected in the H2.
Semiconductor -related	● The semiconductor market is stagnant due to lower sales of device makers. ● Demand remains weak, and the recovery is expected to be delayed from FY2024 H2 to FY2025 H1.

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Next please. First, let me briefly explain the outlook for the current fiscal year, which I have already explained on various occasions.

Copper prices weakened due to sluggish demand in China. Regarding foreign exchange, the yen continues to weaken, whether against the US dollar or the euro. In the automotive sector, orders for the Copper & Copper Alloy business are finally showing signs of recovery. Such is the situation.

Unfortunately, we do not expect a recovery in the semiconductor-related sector during the current fiscal year, and we do not expect a recovery until H1 of the next fiscal year or later.

Financial Plan for the FY2031 Strategy

- The earnings forecast for FY2024 is expected to show a decrease in ordinary profit compared to the previous forecast, but demand is expected to recover going forward. We consider that the FY2031 Strategy targets (FY2026 and FY2031) can be sufficiently achieved by implementing the measures set forth in the FY2031 Strategy (described on page 10 and later) and strengthening competitiveness through cost reduction (described on page 8).
- Dividend payout ratio is targeted to be 30%, and the Company plans to pay a dividend of ¥94 per share for FY2024.

		FY2023 Result	FY 2024 Forecast			FY2026 Plan	FY2031 Target
			Previous (May 12)	Current (November 9)	Change		
Net sales (Net sales excluding metal)	Billions of yen	1,625.9 (608.0)	1,670.0 (706.0)	1,660.0 (604.0)	-10.0 (-102.0)	1,940.0 (690.0)	2,000.0 (850.0)
Operating profit	Billions of yen	50.0	50.0	40.0	-10.0	70.0	130.0
Ordinary profit	Billions of yen	25.3	58.0	56.0	-2.0	87.0	180.0
ROIC	%	1.4%	4.1%	4.0%	-0.1	5.5%	9.0%
ROE	%	3.5%	6.8%	6.3%	-0.5	10.0%	13.6%
EBITDA	Billions of yen	75.7	113.0	110.0	-3.0	150.0	260.0
Net D/E ratio	Times	0.7	0.7	0.7	-	0.7	0.5 or less
Net interest-bearing debt /EBITDA ratio	Times	5.2	4.1	4.1	-	3.5	2.0 or less
Dividends (annual)	Yen	50	94	94	-		

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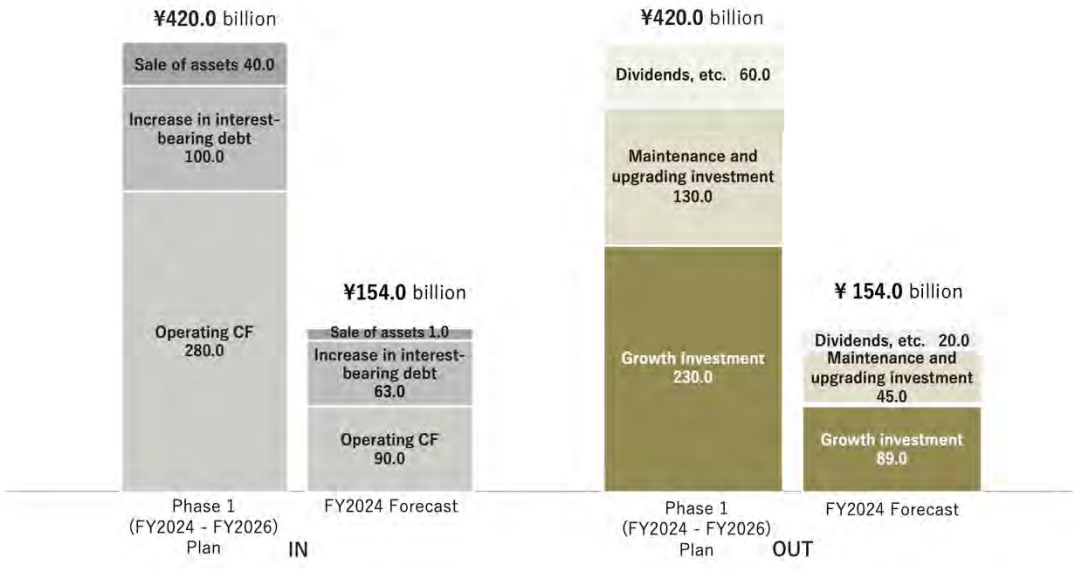
Next please. Here, in the red frame, is the forecast for the current fiscal year as well as the Q2 results announced last week on November 9.

I have already explained the numbers, so I will skip them, but the leftmost column shows the results for the last fiscal year, the pink column on the right shows the targets for FY2026, Phase I of the FY2031 Strategy, and the rightmost column shows the targets for FY2031.

Capital Allocation

- Cash inflows are expected to be ￥154.0 bn, almost in line with the Phase 1 (FY2024 - FY2026) plan of ￥420.0 bn.
- Operating CF is almost in line with the plan at ￥90.0 bn, with an increase in interest-bearing debt ahead of schedule and no major increase expected from asset sales this fiscal year.
- Cash outflows are generally progressing as planned. Going forward, we will carefully review projects and consider their compatibility with our mission and the balance between “maintenance and upgrading investment” and “growth investment.”



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Next please. This is capital allocation. Below are two major graphs. The two left-hand side are cash inflows and the right-hand side is cash outflows.

Please note that in each graph, the taller graph on the left side shows the cumulative values for Phase I of the FY2031 Strategy, i.e., for the three-year period from FY2024 to FY2026. In contrast, on the right is the forecast for the current fiscal year FY2024.

Cash inflows and cash outflows are equal, so in any case, the forecast is for progress of a little more than one-third.

For example, operating cash flow is expected to reach about ¥90 billion this fiscal year, while cash inflows are expected to be ¥280 billion. On the other hand, cash outflows are divided into “growth investment” and “maintenance and upgrading investment,” each of which is expected to progress almost in line with expectations.

Ordinary Profit and ROIC by Business

● The Copper & Copper Alloy and Electronic Materials & Components businesses revised downward its previous forecast for FY2024

(Billions of yen)

			FY2023 Result	FY2024 Forecast			FY2026 Plan	FY2031 Target
				Previous (May 12)	Current (Nov. 9)	Change		
Metals Company	Resources Business WACC:9.7%	Ordinary profit	2.4	13.0	11.7	-1.3	11.4	48.3
		ROIC	1.1%	9.2%	5.7%	-3.5	9.0%	18.6%
	Smelting & Resource Recycling Business* WACC:5.4%	Ordinary profit	25.9	21.1	23.5	+2.4	27.0	35.0
		ROIC	8.3%	5.3%	6.1%	+0.8	7.1%	7.6%
Advanced Products Company	Copper & Copper Alloy Business WACC:2.7%	Ordinary profit	-0.0	6.7	1.8	-4.9	12.4	16.4
		ROIC	0.6%	2.8%	1.4%	-1.4	4.0%	5.0%
	Electronic Materials & Components Business WACC:7.4%	Ordinary profit	7.7	6.3	2.7	-3.6	8.6	20.4
		ROIC	8.7%	6.5%	3.1%	-3.4	7.8%	14.2%
Metalworking Solutions Company	Metalworking Solutions Business WACC:6.5%	Ordinary profit	14.5	15.2	15.6	+0.4	25.0	52.7
		ROIC	6.9%	6.5%	7.0%	+0.5	8.6%	13.1%
Renewable Energy Business WACC:1.6%		Ordinary profit	0.9	0.4	0.5	+0.1	2.3	4.3
		ROIC	3.8%	2.4%	2.4%	-	3.7%	4.7%
Total WACC:4.1%		Ordinary profit	25.3	58.0	56.0	-2.0	87.0	180.0
		ROIC	1.4%	4.1%	4.0%	-0.1	5.5%	9.0%

* Figures for FY March 2023 Result in the Metals Company are after segment reclassification.

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Next please. This chart shows the current year's projected ordinary profit and ROIC.

Looking at the overall ROIC, the bottom total line shows that the latest forecast is 4%, slightly lower than the 4.1% forecast at the beginning of this fiscal year.

Looking at individual projects, first of all, the Resources business is far below the 9.2% forecast at 5.7%. This is due to a slight decrease in equity-method affiliates due to operational problems at a mine in which the Company has invested. On the other hand, the Smelting & Resource Recycling business has picked up to 6.1% against the forecast of 5.3%.

The two businesses in the Advanced Products Company are suffering, and ROIC forecast for both businesses are expected to be only about half of the initial forecast. On the other hand, we believe that the Metalworking Solutions Company will be able to achieve ROIC that exceeds the initial forecast, albeit slightly. The Renewable Energy business is expected to be in line with the forecast at the beginning of the fiscal year.

Strengthening Cost Competitiveness

- **As part of the measures under the FY2031 Strategy, the Company will implement cost reduction plans totaling approx. ¥9.0 bn by FY2026 and approx. ¥24.0 bn by FY2031.**
- **In this fiscal year, considering the harsh economic conditions, we expect to achieve a total cost reduction of ¥7.2 bn, ahead of next year's plan of ¥4.4 bn, by taking additional measures besides the initial plan.**
- **However, in this fiscal year, the Advanced Products business will not achieve the expected cost reduction plan due to lower sales.**

(Billions of yen)

Cost reduction plan, progress, and additional measures for FY2024		Total cost reduction					
		FY2024 Plan	FY2024 Forecast	FY2024 Additional Measures	FY2024 Total Cost Reduction	FY2025 Plan	FY2026 Plan
Metals	<Plan and Progress> Plan to reduce costs by increasing the processing capacity of copper concentrate in Naoshima, but the effect is expected to start in FY2026. <Additional> Energy and slag cost reduction, etc.	0.0	0.0	3.6	3.6	0.01	2.6
Advanced Products	<Plan> Improvement of yield rates, marginal profit, etc. <Progress> Expected to fall short due to a decrease in lower sales <Additional> Outsourcing and labor cost reduction	1.7	1.0	0.4	1.4	2.4	3.2
Metalworking Solutions	<Plan>Cost reduction by the development of smart factories <Progress>Generally on par with the plan <Additional>Accumulation of cost reductions for non-consolidated and subsidiaries	0.9	0.9	1.2	2.2	1.9	3.0
Renewable Energy	<Plan and Progress>Preparations are underway to improve operational efficiency through automated operation <Additional>Reduction of power plant operating expenses, etc.	0.0	0.0	0.03	0.03	0.02	0.02
Total		**2.6**	**2.0**	**5.2**	**7.2**	**4.4**	**8.8**

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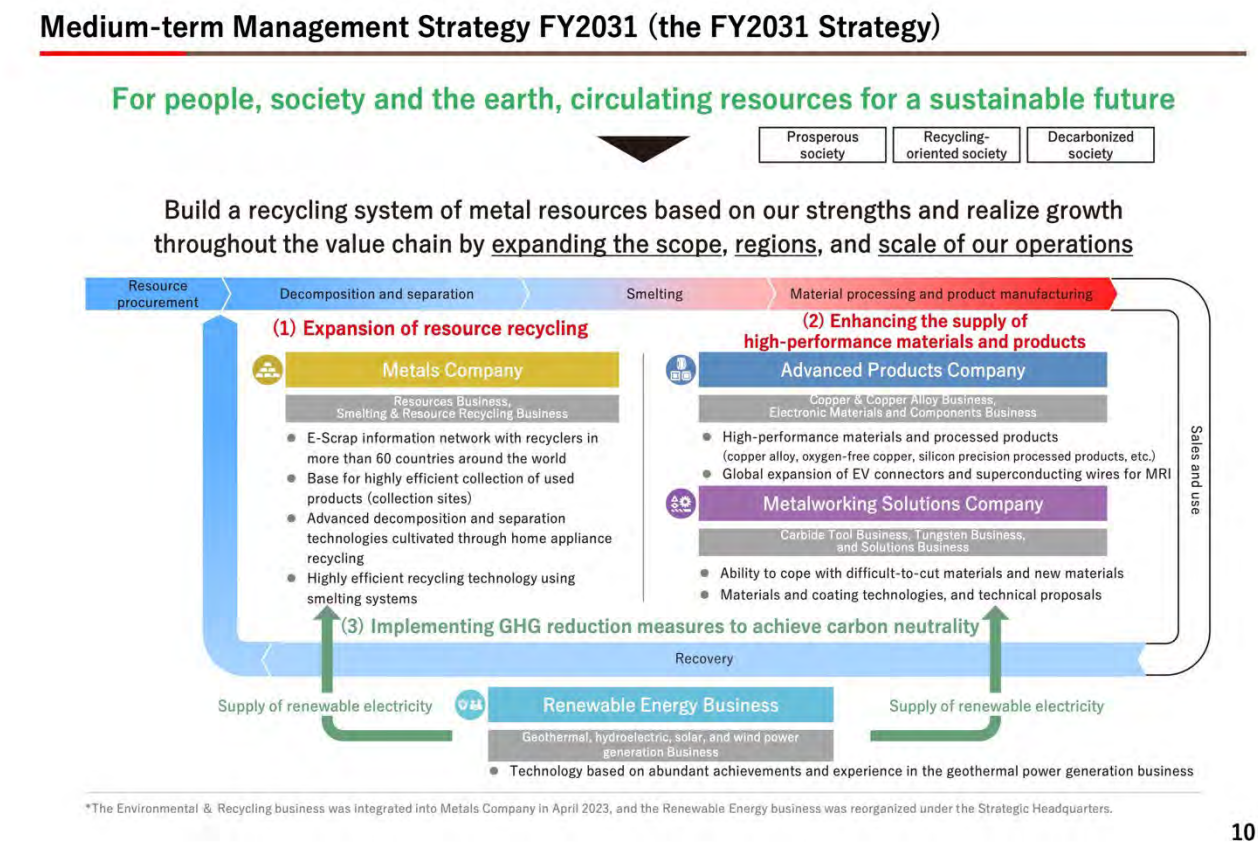
Next please. I will skip the cost competitiveness here, as it was covered during the explanation of the financial results.

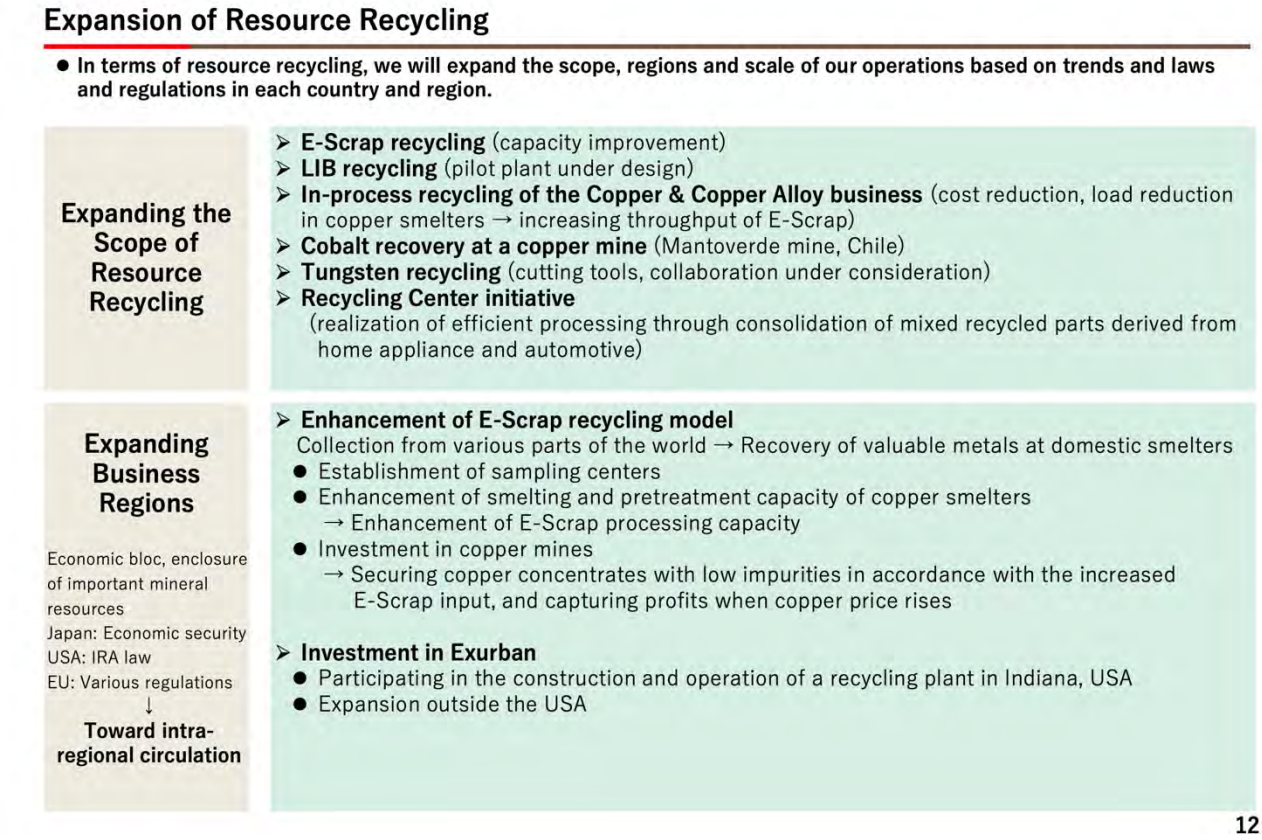


Next please. From here, I would like to talk about the progress of the main measures of the FY2031 Strategy.

This figure, again, is the same figure we used when we published it in the spring. We have set out “Our Commitment” of "For people, society and the earth, circulating resources for a sustainable future," and we 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. I would like to explain the scope of this coverage and the areas of deployment on this next slide.

Needless to say, this picture shows a big cycle, from light blue arrow feathers to red, and back again in light blue through white. The Metals Company will exclusively contribute to the expansion of resource recycling in the first half. In the second half, the Advanced Products Company and the Metalworking Solutions Company will contribute to the strengthening of the supply of high-performance material and products.

On the other hand, the Renewable Energy business is positioned outside of the larger cycle and will play a role in supplying renewable energy electricity to support these business activities. The main part of that renewable energy project will be geothermal power generation, and that is what the picture means.



Next please. I would like to explain a little about the situation or our thinking regarding the expansion of resource recycling. The upper half is how we will consider expanding the scope of resource recycling. And below is what we mean by regional development.

First of all, the top of the list of the targets of resource recycling is written as E-Scrap recycling. We are already working on this, and we are now taking various measures to increase the processing capacity to 240,000 tons per year.

The second is LIB recycling. At this stage, we are in the process of designing a pilot plant, and we expect to be able to advance to this stage in the near future.

The third is recycling within the Copper & Copper Alloy business. In the process of making copper and copper alloy products, a considerable amount of so-called offcuts and scrap materials are produced. In the past, such materials were returned to our copper smelters, but our idea is to recycle as much as possible in the process of the Copper & Copper Alloy business.

This means lowering the cost of manufacturing copper and copper alloy products. In addition, the amount of copper brought into the smelters will be reduced, which will allow room for more E-Scrap to be processed.

The next one is a bit different, as it involves the recovery of cobalt in a copper mine, and it is an overseas measure. At the Mantoverde copper mine in Chile, cobalt remains in the residues after processing copper ore. We are working on a project to recover cobalt from them.

We have been conducting various experiments, and we are now at the stage where we are planning to build a pilot plant and conduct further demonstrations in January next year or later.

Then next is the recycling of tungsten. As you know, tungsten is the main raw material for cutting tools in our Metalworking Solutions business, and in order to increase this recycling rate, we are considering collaboration not only for recycling in Japan but also for overseas development.

Next, moving on to the block below, in terms of regional development, E-Scrap recycling is currently one model business. This model collects E-Scrap from all over the world, including Europe, the US, Japan, and Asia, and processes it at smelters in Japan to recover valuable metals.

In Europe, a sampling center has been established in the Netherlands, which contributes to speeding up the analysis process. On the other hand, to increase the amount of E-Scrap processed in this form, the smelting capacity of the copper smelters will be increased. Alternatively, it will be necessary to increase pretreatment capacity at smelters.

In this connection, to position our investment in copper mines, in order to increase E-Scrap input, we are investing in copper mines in search of copper concentrates with little impurity elements, which will create room for E-Scrap input. Of course, on the other hand, it also means capturing profits when copper prices rise.

On the other hand, as you can see on the left side, under the heading regional developments, there is a growing trend toward economic blocs or enclosure of important mineral resources here.

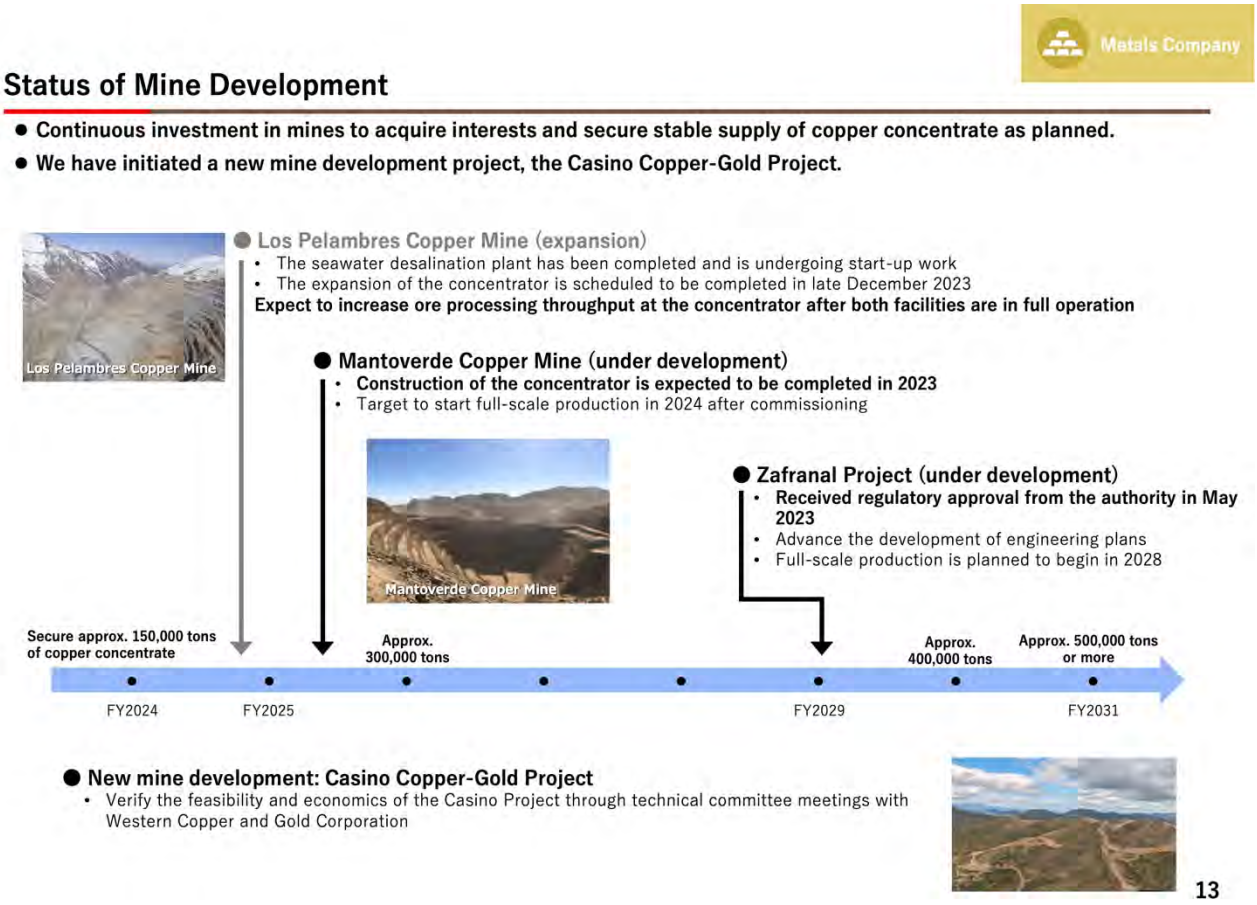
Until now, natural resources have been increasingly locked up by individual countries due in part to resource nationalism, but this is gradually spreading to recycled materials as well.

One of the proofs of such a thing is that, in Japan, it is a kind of economic security. Or, in the US, the IRA law. Or that the EU has various regulations from early on.

In this case, relying solely on the E-Scrap model that I mentioned earlier of collecting scraps from around the world and processing them in Japan may become quite difficult in the future. In other words, in addition to local production for local consumption, it is necessary to develop business with the circulation within the region in mind.

I believe that the investment in Exurban, which is written at the bottom of this page, can be positioned as one response to this situation.

This is a project to build a plant to process 100% recycled materials in the United States, which I will mention a little later. We are participating in this project and are now working together with them. If this works, we believe it will open the way to expand these things to other regions outside the US.



Next please. This shows a timeline-like investment schedule for copper mines or projects, with a timeline drawn in the lower middle. The Los Pelambres copper mine is not a new mine, but the expansion work is already in its final stages, and the Company expects that this will be completed soon and that the mine will be in full operation once it is completed.

The Mantoverde copper mine is next in line, and construction of a new concentrator to process sulfide ore is currently underway. We are in the final stages of this process, and we expect that trial runs will lead to the start of full-scale production next year.

The next one, moving a little to the right, is the Zafranal project in Peru. This status means that the environmental permit was obtained in May 2023, and we are now in the next engineering phase, which is expected to start production around FY2029.

Next to that will be under the arrow, the Casino Copper-Gold project. This is a project in Yukon Territory, Canada. We have made a certain amount of investment and participation in this project, which we consider to be the next step after Zafranal.

Exurban Project

- We have participated in the project to create a foothold for the establishment of regional bases to compensate for the reduction in shipments from the U.S., as regional circulation and local consumption are expected to increase in the U.S.
- We aim to provide solutions for the establishment of resource circulation mechanisms with Exurban.
- The Feasibility Study of a new recycling plant construction project in Indiana is scheduled to be completed by the end of this year. The Capex is estimated at US$350 million in the Pre-Feasibility Study.

< Examples of automobiles and home appliance recycling >

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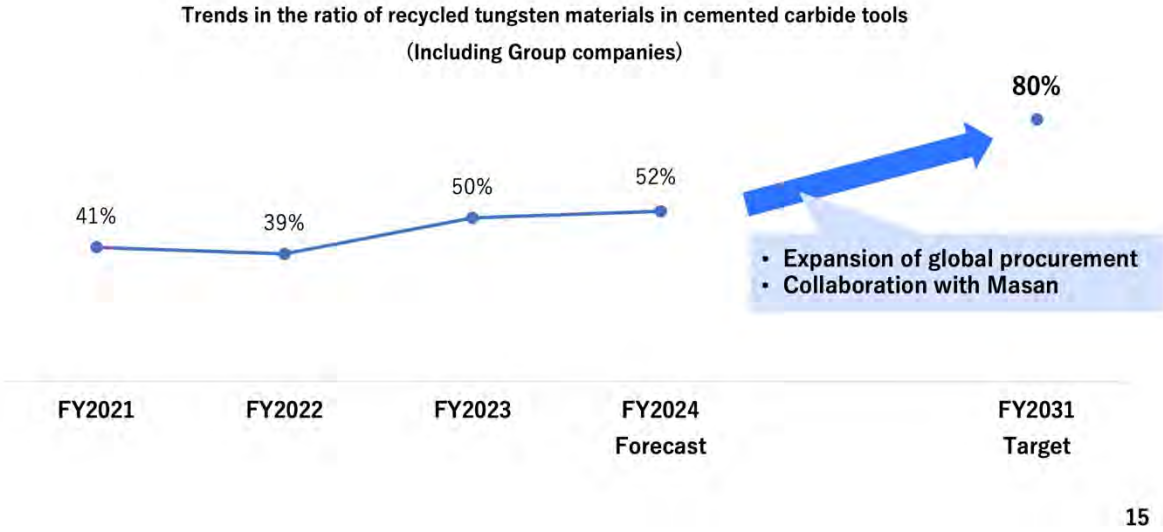
Next please. This is the Exurban project mentioned earlier, the concept of which is to establish an intra-regional circulation process for E-Scrap, etc. The project is currently located in the state of Indiana in the United States, and the FS is expected to be completed by the end of this year.

Once these things are successfully established in the US, it is likely that they will be expanded to other regions.

Metalworking Solutions Company

Increasing the Proportion of Recycled Tungsten Materials in Cemented Carbide Tools

- Under the FY2031 Strategy, we plan to increase the proportion of recycled tungsten materials in cemented carbide tools (target is 80% in FY2031).
- Currently expanding procurement of used cemented carbide tools on a global basis.
  - The procurement ratio in North America and South America has steadily increased in the last 3 years (FY2021: 22% → FY2023: 32%).
  - Initiatives to increase scrap collection in Europe, where the volume of scrap handled is low, have started.
- Also considering collaboration with Masan High-Tech Materials (Masan) to expand recycling processing capacity.



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Next please. This is related to the recycling of tungsten. The FY2031 Strategy called for increasing the ratio of recycled materials used as raw materials for cemented carbide tools to 80% by FY2031, but we are currently collecting scrap materials, processing them in Japan, and supplying them to manufacturing process. However, this is not enough to reach the 80% target.

On the other hand, the volume of collection in various parts of the world is also increasing. For example, the volume collected in the North and South America region has increased from 22% to 32% of the total over the past three years, nearly doubling in terms of actual volume. In Europe, too, how to deal with scrap is becoming more and more important in terms of sales strategy.

Against this background, we are currently working with Masan High-Tech Materials. This is a Vietnam-based company, in which we have made a partial investment, and we are now thinking of promoting collaboration with this company.

Advanced Products Company

Strengthening the Copper & Copper Alloy Business's Production System

- Aiming to become a global first supplier, we will strengthen and expand our core business, challenge global markets, and strengthen our production structure for further increasing market share.
- The expansion of forging facilities at the Sakai Plant has been completed, and the plant commenced operations in July 2023 as scheduled. The plant will work with the sales division, and Sambo Plant which is responsible for secondary processing, to advance production and improve operational efficiency and inventory optimization.
- Additionally, we will build an efficient production system through the use of DX.
- Construction work to increase production, which will start operation next fiscal year, is progressing steadily at Sambo and Wakamatsu Plants.

Increase production of billet&cake products (castings) as raw materials

Increase production of copper sheet and strip products

		Sakai Plant	Sambo Plant	Wakamatsu Plant
Location		Sakai City, Osaka Prefecture	Sakai City, Osaka Prefecture	Aizuwakamatsu City, Fukushima Prefecture
Plan	Increase in production	Increase production by 30% compared to FY2022		
	Investment	Enhancement of casting facilities	Expansion of cleaning machine, slitter, and packaging machine	Expansion of slitters and packaging machines and enhancement of reflow tin plating line
	Schedule	Started operation in July 2023	Scheduled to begin operation in August 2024	Scheduled to start operation in May 2024 *
Progress (May → November)		95%→100%	55%→74%	60%→79%

*The expansion of the reflow tin plating line began operation in September 2023

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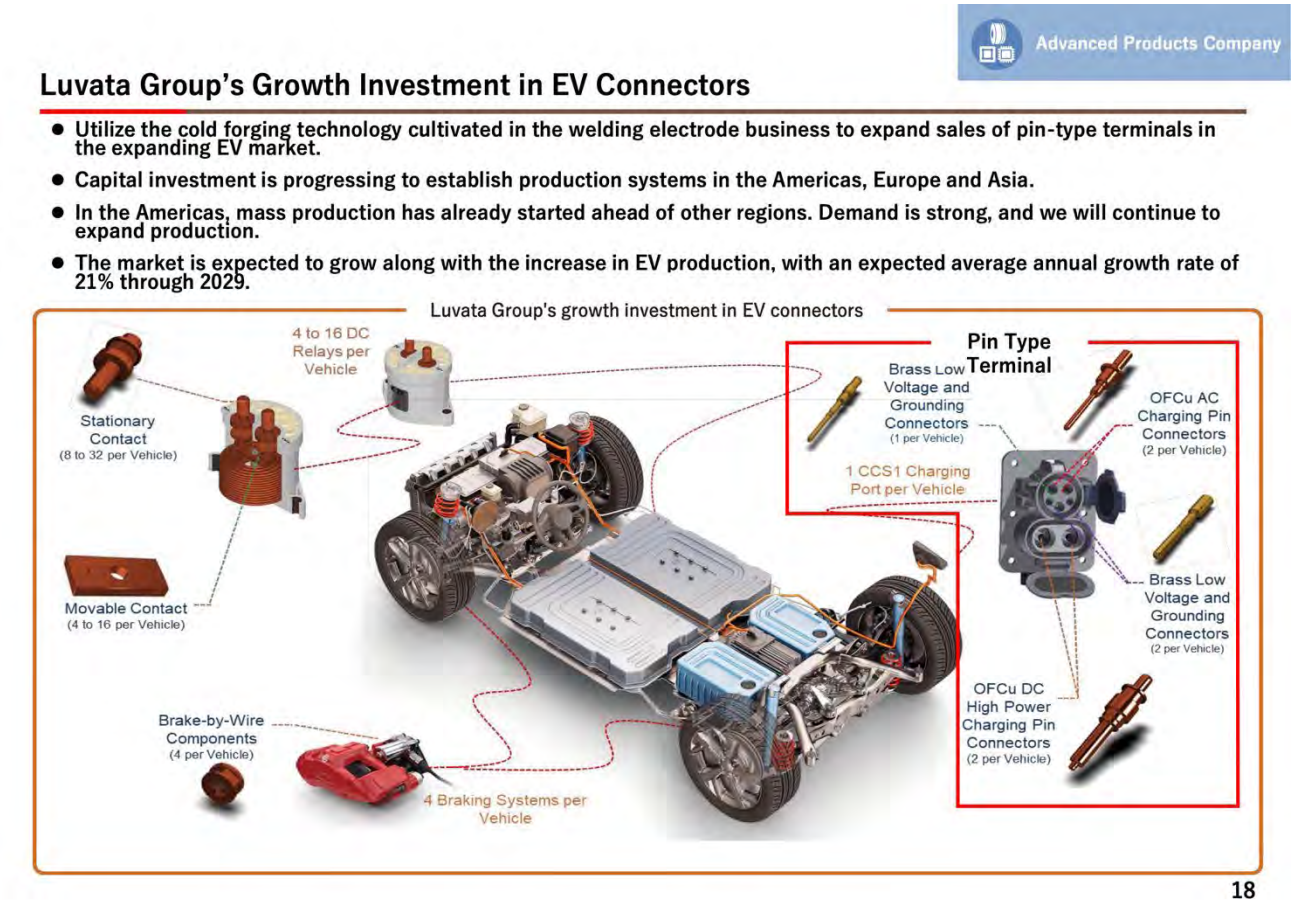
Next is the Copper & Copper Alloy business. First of all, regarding our Copper & Copper Alloy business in Japan, even before the announcement of the FY2031 Strategy, we have continued to invest in increasing production capacity by 30% in this area. That is what it says in the table below in the section on increased production volume, which states a 30% increase.

As for the progress of these activities, as you can see in the second row below, the Sakai Plant has already completed the construction of a machine to increase production, and the increased production system has been in operation since July of this year.

On the other hand, for the Sambo and Wakamatsu Plants, which are located downstream, the progress rate at this stage is in the 70% range, as shown here. The completion of the project is expected in August of next year for Sambo and in May of next year for Wakamatsu.



Next please. The picture below shows the investment details of the Luvata group, which is expanding its copper processed products business overseas, and the right side here shows what we call a pin-type terminal.

This is to expand sales of pin-type terminals utilizing cold forging technology cultivated in the welding electrode business. We see a great business opportunity here, and the US has already taken the lead in mass production. We are now moving forward with this project in anticipation of business expansion as the number of EVs grows.

Cemented Carbide Tools Business
- Autonomous Business Development in Strategic Markets -

Metalworking Solutions Company

- To increase overseas production capacity, we plan to invest ¥15.0 bn in Europe and the U.S. and ¥9.5 bn in Asia by FY2031, thereby strengthening development functions and expanding inventories of the bases to meet the needs of each region.
- In light of the large size of the European market and the expected growth in the aircraft market, eastern Europe, and other areas, the expansion of the Spain plant began this fiscal year.
- By shifting from exports from domestic plants in Japan to shipments from plants optimally located close to the place of consumption, we will optimize our supply chain and strengthen our BCP response.

Products manufactured in the Spain plant	Completion date	Planned manufacturing capacity improvement
Insert	by around 2028	5 to 10 times
Drill and End Mill	by around 2030	more than 1.5 times

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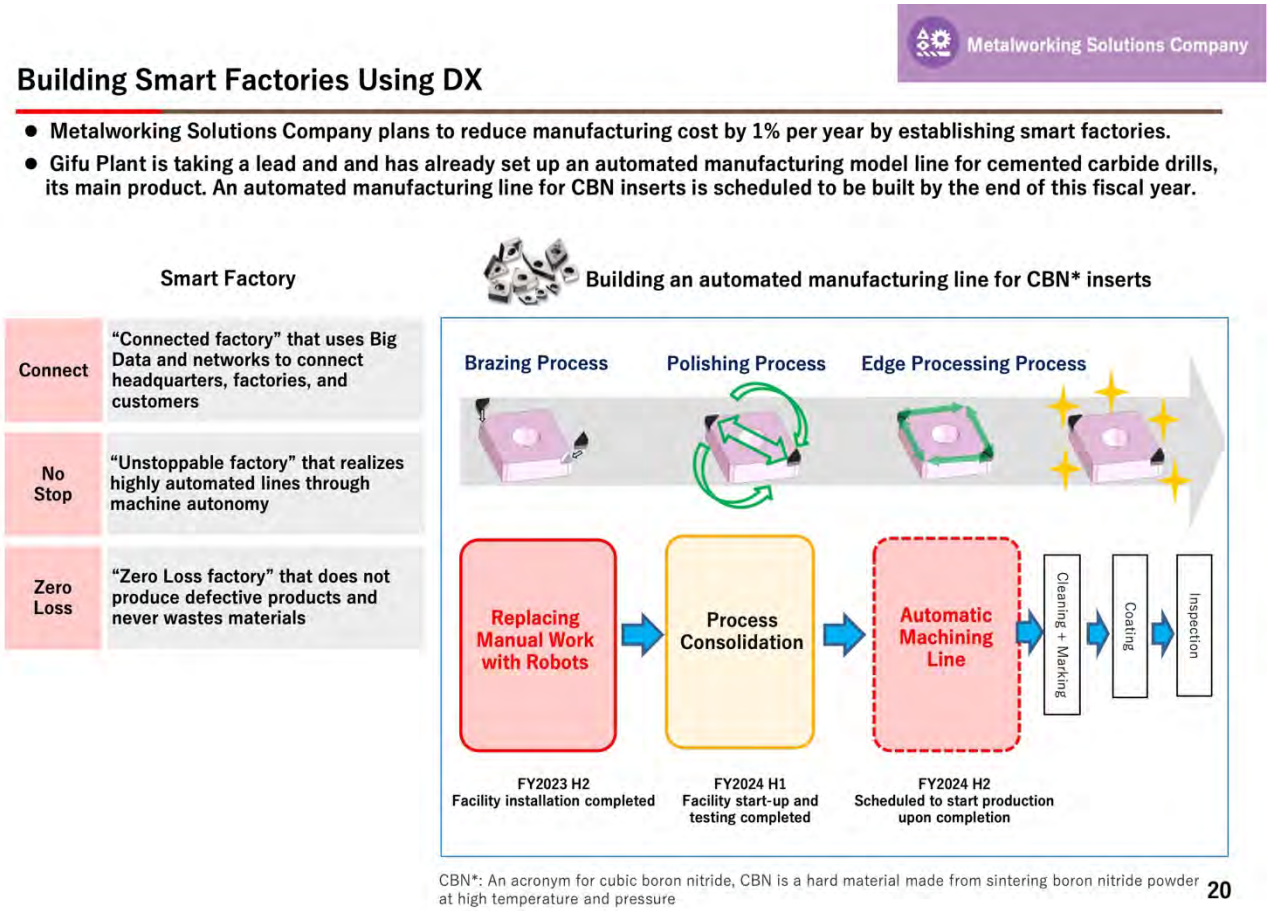
Next please. Next is the cemented carbide tools of the Metalworking Solutions Company. We are looking at investing a total of ¥15 billion in Europe and the US and ¥9.5 billion in Asia by FY2031 and are considering this to be local production for local consumption as well.

The increase in the number of EVs has necessitated a shift in cutting tool applications from the automotive industry to the aircraft and medical industries. The best match for this was Europe.

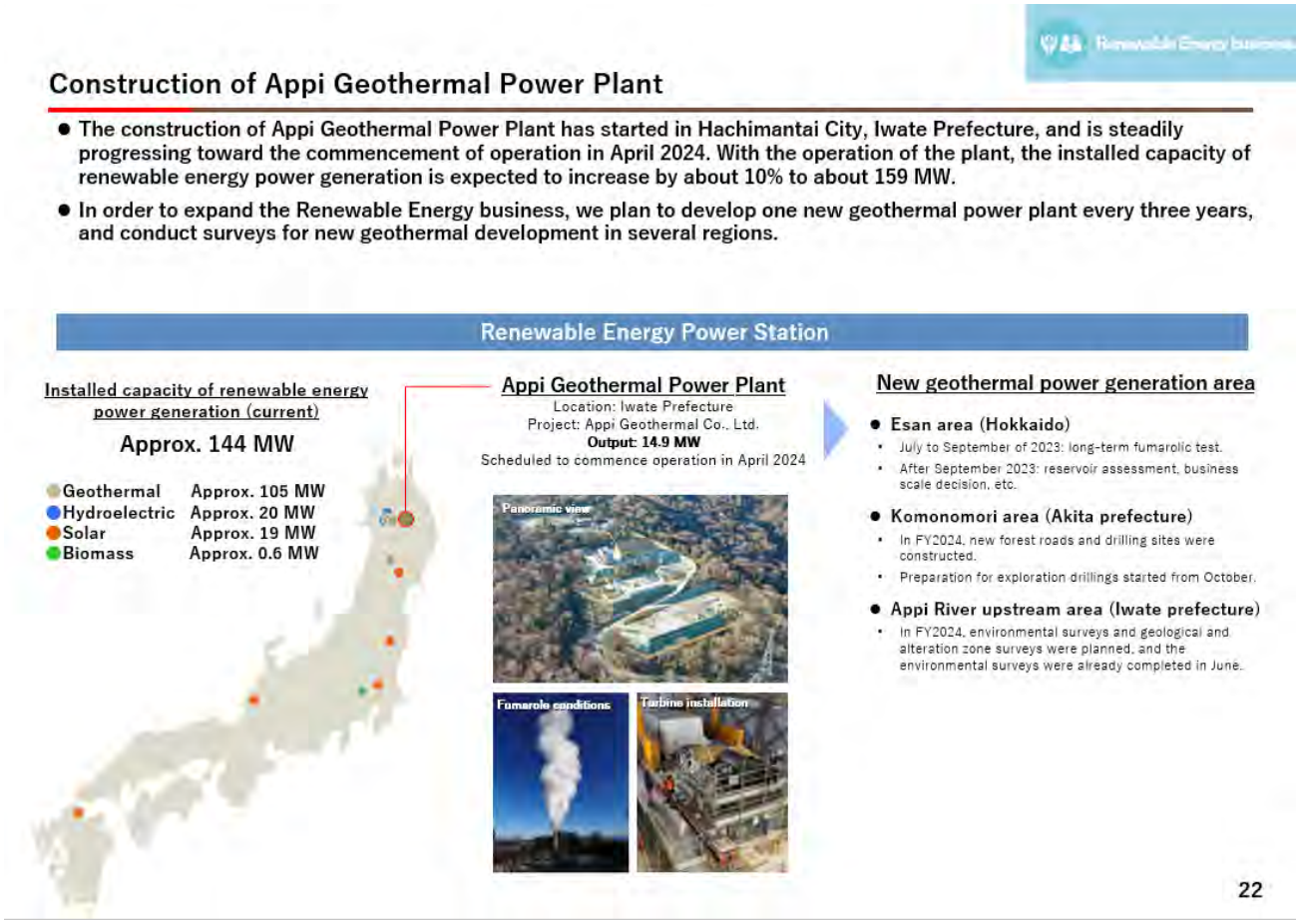
Therefore, we are proceeding with our plan to expand our original factory in Spain starting this fiscal year. The purple table below shows the expected expansion.

For inserts, we will increase the number of inserts from five times the current level to ten times over the course of 2028. We have also started a plan to increase the number of drills and end mills, which are important products for aircraft, by about 1.5 times by FY2031.



Next please. This represents an example of a smart factory in the Metalworking Solutions business. As part of the DX initiative, progress is shown here using the example of an automated line for a product called CBN insert.

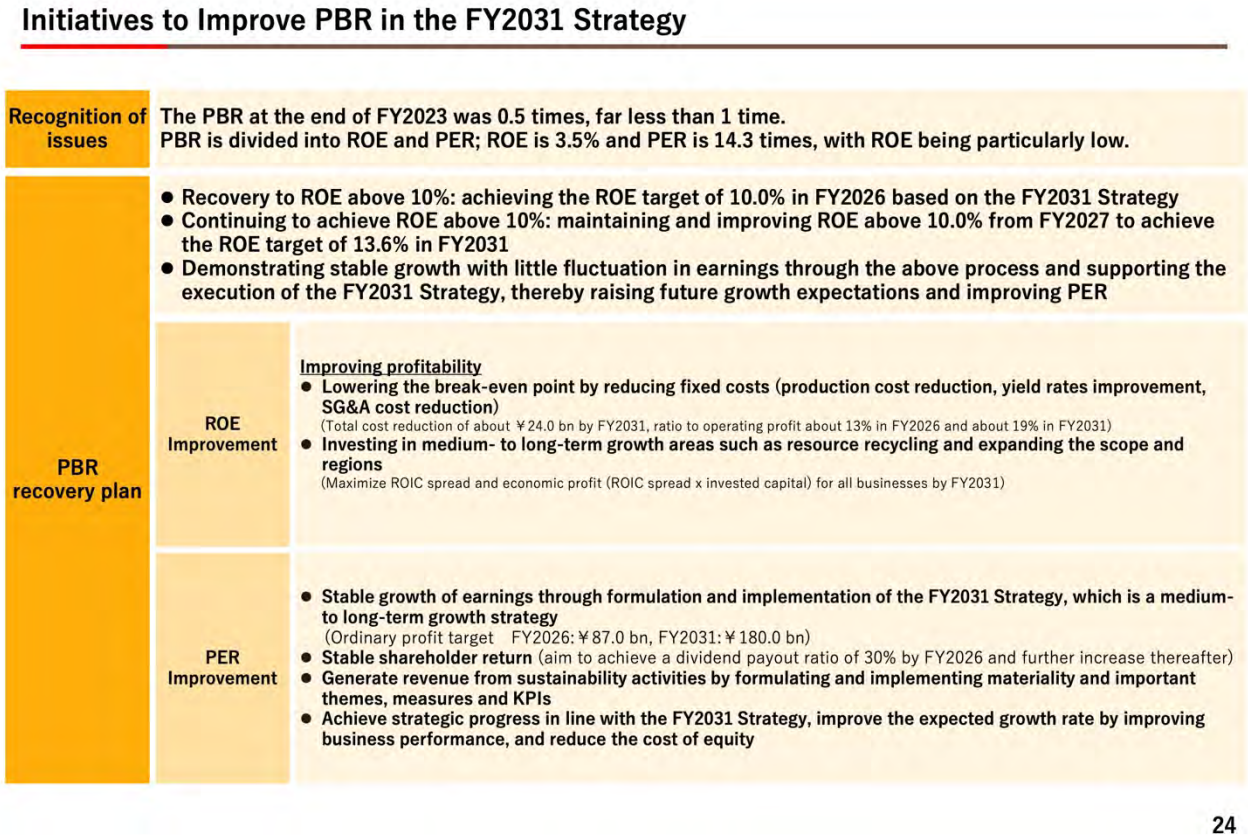
There are several separate processes, which are being launched one after another, and the automation of this line will be completed in H2 of the current fiscal year. This will help solve the current difficulty in acquiring and obtaining human resources. Of course, we believe that this will also reduce costs by promoting labor savings.



Next is related to renewable energies. On the left of this slide, we have color-coded the installed capacity of the renewable energy we are working on, by type. In any case, 105 MW of the 144 MW is geothermal, so geothermal power generation is the main source of power.

The most recent geothermal power plant to come online is the Appi Geothermal Power Plant, shown in the middle photo. The output will be just under 15 MW, and the start is scheduled for next year, in April 2024. As you can see in the photo, we have already completed the fumarolic test and confirmed that the required steam volume can be secured.

On the right side, the next three areas, Esan, Komonomori, and Appi River upstream, are being prepared, although each is at a different stage of development.



Next please. The management is aware of the cost of capital and stock price. As you are well aware, our PBR is in the 0.5 times range, which is well below what the TSE requires or what the market demands as a PBR ratio of 1 times. The recovery story is how to bring this to more than onefold, though.

I believe that the fundamental issue is how to implement and achieve the FY2031 Strategy. That's where it's written from different perspectives, but it's already all leading to that.

For example, in the case of PBR, we often separate it from ROE and PER, but when it comes to ROE, in the FY2031 Strategy, we have set a goal of achieving ROE of 10% in FY2026, and after that, we are aiming to achieve ROE of 13.6% in FY2031 and to keep it above 10% thereafter.

By achieving this, the Company will show stable growth with little fluctuation in earnings, which we believe will lead to a recovery in PBR.

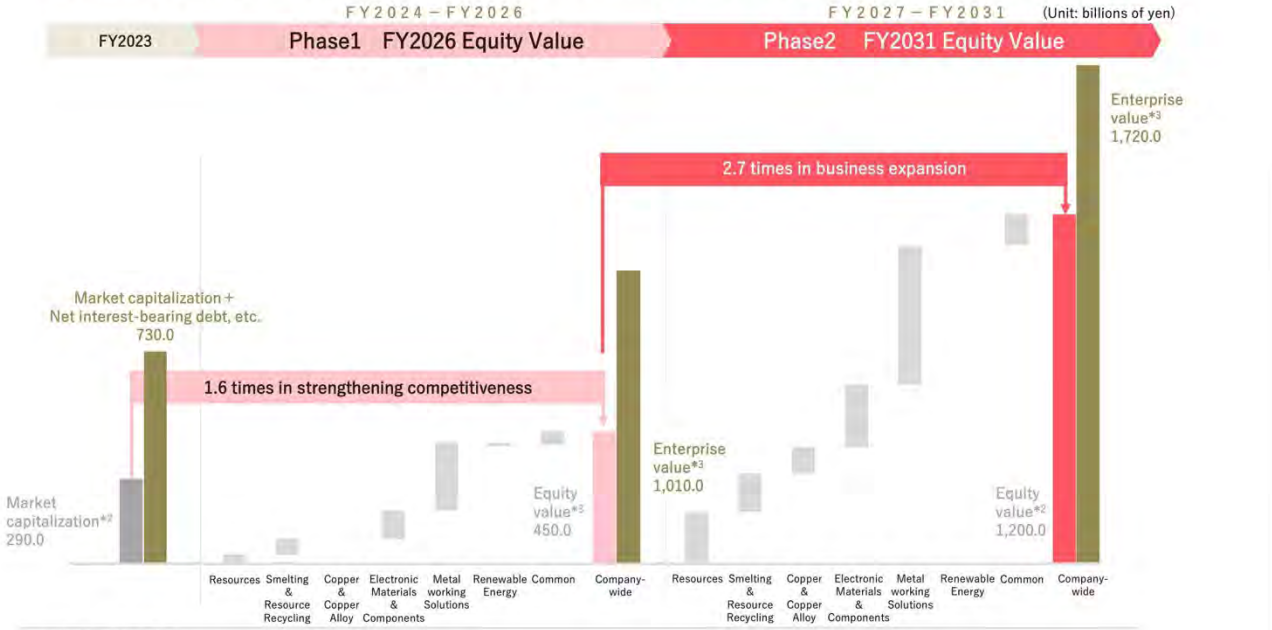
Individually, ROE is more about improving profitability, and the combination of reducing fixed costs through cost reductions and yield rates improvement, which we have been working on this fiscal year, and expanding resource circulation, which I mentioned earlier, will lead to an improvement in ROE.

On the other hand, one of the major points regarding PER is that by demonstrating stable growth through the implementation of the FY2031 Strategy as I have just mentioned, and by stabilizing the bottom line, shareholder returns based on the dividend payout ratio that we consider will be stable.

In addition, there are a number of sustainability issues that need to be addressed, and we believe that enhancing such activities will also help to improve the PER.

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

- **Under the Medium-term Management Strategy FY2031, 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**



※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

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Next please. This figure was also shown when the FY2031 Strategy was announced, so I will skip the detailed explanation, but the sum-of-the-parts analysis method is used to calculate the overall Enterprise Value by division, and then the Equity Value is calculated based on assumptions for financial figures.

Implementation of Dialogue with Shareholders and Investors

- **The Basic Policy on Corporate Governance specifies constructive dialogue with shareholders and investors**
- **Opinions obtained from shareholders and institutional investors are regularly reported to the Board of Directors and senior management to enhance IR**
- **In FY2023, we actively engaged in dialogue with domestic and overseas shareholders and institutional investors (depending on the content, analysts, voting persons, etc. also participated)**

Subject	FY2023 Initiatives	Responder
Institutional investors/ analysts (Japan)	Quarterly Financial Results Briefing	CFO
	Half-yearly Invester Conference/ Business Segment IR Meeting	CEO/CFO/Executive Officers (Company President)
	Sustainability IR Meeting	CEO/CFO/CGO/CHRO
	Small Meeting	CEO/CFO/Outside Directors (Chairpersons)
	Individual interviews	CFO, etc.
	Factory tour	General Manager of a business base, etc.
Institutional investors (Overseas)	Individual interviews	CEO/CFO, etc.
	Participation in investment conferences	CFO, etc.
Individual shareholders Individual investors	Briefings for individual investors	General Manager, Corporate Communications Dept.

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Lastly, the table below summarizes the status of our dialogue with shareholders and investors.

Naturally, Financial Results Briefings are held quarterly and are attended by the CFO, and today we are holding an Investor Conference, the second line from the top, with the CEO and CFO in attendance. We are also holding a Business Segment IR Meeting in the spring, which will include a presentation from each Company President.

From a different perspective, we also hold Sustainability IR Meetings and Small Meetings with the CEO, CFO, and Outside Directors as needed, and we are actively engaged in individual interviews and other activities as shown here.

This concludes my explanation. Thank you for your attention.

Question & Answer

Participant [Q]: I have a question, or rather, I would like to express my impression that after your company's withdrawal from unprofitable businesses and your selection and concentration, the FY2031 Strategy clearly shows the progress you are making in moving in this direction. I also think that the dialogue with shareholders and IR-related activities, such as factory tours, are becoming more and more extensive.

However, I still think the part that everyone is concerned about is the part on page six. I think there is some overlap between this page 6 and page 24 of the PBR recovery plan.

In the midst of trying to expand with more debt, if there is no profit on the front end, investors will inevitably think that the cost of capital will go up. For this reason, I think that if you can tell us in an easy-to-understand way how much profit has been generated by the measures you are currently putting forth, the share price will go up as well.

But, as I said, what I felt with this financial statement is that the impact on the economy and things like that is very significant. Since you are spending a lot of money, I think it is important to show a flexible management attitude, such as stopping when it is time to make capital investments or when the situation is bad. This is what I felt about the first question.

The second question is regarding the business environment. I think there are many ways to look at the recovery of the environment, for example, as being behind because of the automobile industry, or because competition is tough. However, since your operating profit did not reach the level that you had expected this time, I think that your company's perception is that you are behind schedule in terms of the cyclical situation.

As for future visibility, please pick out and tell us if there is any part of each main unit that is becoming more visible in terms of increasing profits, for example, for the next year.

For example, I think the Los Pelambres copper mine, when it finally gets going in earnest, will show a reasonable contribution to profits, although I think it will depend on the state of copper prices. I would like to ask you to please explain something about the visibility that is rising for the next year.

Ono [A]: The first point is that this has been pointed out to us for a long time now, and we feel fully aware of this point, and I would say that it is very necessary. In particular, I think it is a way of saying how to manage cash flow and also in terms of capital allocation.

The CFO is also present today, and we are continuing our efforts to monitor the situation from a variety of perspectives, while working to keep a complete picture of the situation at hand.

Secondly, you mentioned future visibility. Not about the copper mine. What we can see clearly at least now is that, after all, the automotive sector in the Copper & Copper Alloy business is clearly on the road to recovery.

We do not know for sure how long this will continue. There is a cyclical aspect to it, but I think we can expect it to continue for a certain period of time.

We believe that electronic materials in the Copper & Copper Alloy business are also showing signs of recovery, although not to the same extent as the recovery in the automotive industry. On the other hand, what I think may not be the same as before is our business for semiconductor manufacturing equipment.

At this stage, I think it may be a bit naive to think that the relationship between our suppliers and customers will return to normal or remain the same when the semiconductor industry itself picks up the pace.

There are many ways to respond to this situation, but I do not think it is a simple matter of just saying that the relationship will recover because the economy is recovering.

Regarding the Los Pelambres copper mine, the CFO will provide additional information.

Takayanagi [A]: As Ono explained at the beginning of this presentation, the expansion of the concentrator of the Los Pelambres copper mine, in particular, is expected to be completed by the end of this year. After that, we will be in such a reaping phase of considerable, so to speak, increase in production, so I think it would be good to see the visibility here as high as you mentioned earlier. I guess that's all I have to say about mining investments.

Ono [M]: This is all the answers we have of now.

Participant [Q]: I could generally imagine the answer as well but thank you. How did the semiconductor come to be such a relationship?

Ono [A]: That is a bit difficult to say. I think that because the semiconductor industry itself has experienced a large and prolonged decline this time around, they are considering the need to change their relationships with suppliers in various ways rather than continuing as before.

Participant [M]: Okay. Thank you very much.

Participant [Q]: Two points, please. The first point, which is on page 17 of the document, is to increase capacity by 30% not only at the Sakai Plant but also at all three bases. I understand that the investment required for this project will be fully operational in H2 of the next fiscal year. Could you please tell us about the benefits of this investment?

Please include your response to whether the capacity is going to be filled properly after the start of operations.

Second, on page 24, regarding the ROE improvement measures, as you mentioned in your earlier question, is this a denominator control? I would also like to see investment discipline take effect properly, though.

Also, in order to increase profits, it is necessary not only to reduce costs and invest in growth as described here, but also to improve selling prices, but let me confirm that there is no room for such efforts across the entire business. These are two points.

Ono [A]: In terms of the Copper & Copper Alloy business, the current situation suggests that there will be enough demand to meet the 30% increase in production.

The CFO will give you the total investment solid figures later.

In the area of ROE improvement, investment discipline means that we will keep the net D/E ratio under control and proceed with full understanding of our financial discipline. We intend to do this as a matter of course, and we have also indicated a target net D/E ratio in the FY2031 Strategy.

In terms of improving selling prices, we have been able to pass on the increased costs of raw materials and energy, apart from demand to our customers.

As for what will happen after that, it will depend on various circumstances, but we will always pursue price improvement or margin improvement, and I believe it will be necessary to do so to a certain extent.

It is quite difficult to say with certainty how much we can do, but we will continue to try. Now, the CFO will make some additional comments.

Takayanagi [A]: Just to add a little more to the Copper & Copper Alloy business part, I think we mentioned earlier that we are planning to invest ¥30 billion in copper processing as a whole.

The Sakai Plant, Wakamatsu Plant, and Sambo Plant are all listed here, and I believe that the approximate investment of around ¥4 billion in each of these plants is not far off from what is shown here. I hope you can think of this as the number within the ¥30 billion that I mentioned earlier.

Although the production of each of these products will increase by 30%, we believe that this will be a sufficient return if the sales plan we currently envision for Phase I of the FY2031 Strategy remains unchanged.

We are also analyzing the market, and if all goes well, we expect sales to return to the level of the second year of the FY2031 Strategy from the next fiscal year.

We expect the electronic materials to suffer a little, but generally that is about where we expect them to be.

Also, we have already made some adjustments to the cash allocation, especially in the area of “growth investment,” even at this stage. Please consider that some adjustments are being made while watching the market there.

However, there are certain investments that are necessary, such as “maintenance and upgrading investment,” so we are conducting these investments while keeping a close eye on such investments and maintaining investment discipline.

As CFO, I would like to see the Company generate returns and free cash flow at the earliest possible stage, so we will continue to monitor and carefully control investments here. That is all.

Participant [Q]: Thank you very much, when you say around ¥4 billion for the three locations, is this a total of ¥12 billion, is that correct?

Takayanagi [A]: Yes, that's right. I am speaking very broadly, but that is the image we have in mind.

Participant [M]: Okay. Thank you very much.

Participant [Q]: Please let me ask two questions, two points. The first question is based on pages 8 and 24, but regarding the lowering of the break-even point, I believe that additional cost reductions have been made again on page 8, but it is not clear from the outside which of these are fixed cost reductions.

Please explain how the reduction of the break-even point shown on page 24 is being carried out as planned and what progress is being made. This is the first point.

Then there's page 14. Regarding the Exurban project, it is still in the Pre-FS stage, but I have the impression that the investment of US$350 million is unexpectedly large for an E-Scrap project in the region, but how will this US$350 million be spent?

Please explain to us how you are thinking about economic rationality and how you plan to make money from your business.

Takayanagi [A]: Thank you for your question. I would like to talk about the first break-even point. We are now looking at this for each of our businesses. For example, in the case of the Copper & Copper Alloy business, there is a certain break-even point that we have assumed in the FY2031 Strategy, but we are now at a level slightly below that level.

However, if you look at the Copper & Copper Alloy business, for example, if you look at operating income and ordinary income, the numbers are quite low.

The bottom line is that the break-even point that we had in the FY2031 Strategy is not profitable in today's market, so we have decided to lower the break-even point even further, and we are working on concrete measures to implement them.

As for the overall break-even point, marginal profit has been decreasing. Naturally, sales are decreasing, so marginal profit is decreasing. In response to this, we need to reduce fixed costs a little more, but I feel that this is still not enough. We will continue to take various measures in this area. That is all for the break-even point.

Ono [A]: Regarding your second question, the Exurban project, it is still in the Pre-FS stage, so I think it is too early to say what will happen with these numbers.

The question of how to scale the plant, how much can be collected, and how much processing is most feasible, has not yet been fully explored.

We are currently conducting experiments at a certain location to determine what kind of treatment process and what type of furnace is best suited for this purpose.

In such a situation, I believe that the monetary accuracy will increase as it is finalized as a methodology.

Of course, land acquisition is also a part of this process, so it is necessary to make decisions from various perspectives, taking into consideration such factors as future expansion.

Participant [Q]: I understand very well. As for Exurban, I would like you to summarize the main concept. Basically, your company procures and collects E-Scrap from overseas, brings it to Japan, and then brings it to Naoshima and Onahama Smelters & Refineries.

However, on the other hand, there is also the possibility that Japan may not be able to bring such things to Japan because of the nationalism of pure resources, and I think there are both aspects**:** the circulation of resources within the region will lead to the circulation of the economy within the region.

For your company, is it better to bring as much as possible to Onahama and Naoshima? Or is the part about suddenly circulating the product locally also in the direction of increasing profits from it, when considered as a whole? What is the general idea of the concept?

Ono [A]: It is difficult to say whether our smelters in Japan can produce electrolytic copper from 100% recycled materials, as we are trying to do here in Exurban, for example.

If so, the current target is to process 240,000 tons by FY2031, but it is difficult to say whether this will be doubled or tripled in the future. Somewhere, there would still be an upper limit.

This means that Japan can only handle a fraction of the amount of E-Scrap that is generated around the world. Although, we don’t intend to end here. For example, in Europe, the amount of E-Scrap

generated far exceeds the amount of processing within the E-Scrap area. That is why we have been able to collect them in the Netherlands and bring them to Japan.

We still see it as a plant to process the E-Scrap itself, and if we develop such technology, it will not be necessary to bring everything to Japan.

What I just said is that there is an upper limit to the amount of smelting that can be processed in Japan, and there is also business potential outside of Japan for smelting.

Participant [M]: I understand very well. Thank you very much.

Participant [Q]: This is related to the question earlier, but I wonder if the processing of metal slime may be affected by the mining law in Indonesia, which may affect the processing of metal slime in Naoshima Smelter & Refinery, in addition to the change in the scheme in the P.T. Smelting.

I think that precious metals have contributed a certain amount to the profitability of this business in the past, but how do you see the impact of this change as a risk scenario within the scope of the FY2031 Strategy, and how will you incorporate it?

I think it will be a combination with the modifications from E-Scrap, but will the total balance be in a positive direction? Could this be a more than compensating scenario? The first point is that I would appreciate an explanation of the material balance in this area.

Secondly, I would like to see these recycling efforts come to the forefront and be quantified more in conjunction with CO_2 reduction and social and environmental contributions under the theme of sustainability.

I think it is not only about Scope 1 and 2, but also about how to relate to Scope 3. However, if you have any thoughts on the potential for further understanding and contribution to these areas, please let us know.

Ono [A]: Thank you very much. You brought up the connection with P.T. Smelting, but right now, the slime is actually coming to a bit of a halt from the P.T. Smelting.

This depends on the relationship with the Indonesian government and their way of thinking, but basically, this is something that is well within our expectation, and we believe that recovering precious metals contained in slime from P.T. Smelting is not the only way to extract precious metals at our smelters.

In other words, this is why E-Scrap is being used as a raw material in the copper smelting process to recover the metals contained in it.

Then, on the other hand, there is also a possibility that the Exurban project, for example, could deal with slime. This is not yet clear, but it is possible.

I think it is still unknown whether the plant will be able to process all of the E-Scrap material when it is made 100% through regional circulation.

If this is the case, there is a possibility that not only the scrap plants in each of our related areas, but also other areas, will have residuals that will have to be brought to the smelter in the end. However, I don't think we are at the stage yet where we can give a definite answer as to what kind and how much here.

As for the relationship between recycling efforts, decarbonization, and CFPs, for example, as I mentioned earlier, when all the E-Scrap is brought to Japan, the samples are not, but the actual products are transported by ship. While such a situation is acceptable in some cases, I think it is also necessary to make efforts to reduce the CFP in Scope 3 by reducing the transportation of such materials as much as possible.

This is not limited to E-Scrap. For example, in the recycling of tungsten, I think that it is necessary to process items sold to European customers in Europe without bringing them back to Japan, as much as possible.

I believe that such a thing will allow us to properly express the CFP associated with the business of resource recycling. Or, although it is the desire of everyone to be able to convert this into value again, the current situation is that it is difficult to come together even within the respective industries.

However, in talking with various people recently, it has become clear that the industry needs to work together on this issue, and I believe that this will eventually converge in terms of methodology. Please provide any additional information on this section.

Takayanagi [A]: We do not have any particular things to add, but it is certainly very important to calculate CFP appropriately. It is actually quite difficult to clearly show how much GHG reduction can be achieved in relation to recycling. We are also struggling with this issue, so we would like to continue to explore the reference method in more depth.

[END]

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Document Notes

Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.