



## **Mitsubishi Materials Corporation**

Medium-term Management Strategy FY2031 Progress Briefing

May 20, 2025

Speaker: Tetsuya Tanaka  
Kayo Hirano

Chief Executive Officer (Representative Executive Officer)  
Managing Executive Officer, CFO

# Presentation

## 1.Introduction

### Introduction of the New CEO



#### Tetsuya Tanaka

April 1986	Joined the Company	
April 2019	Executive Officer	
	Vice President, Metalworking Solutions Company	
April 2020	Managing Executive Officer	
	President, Metalworking Solutions Company	
April 2023	CGO, Managing Executive Officer	CGO=Chief Governance Officer
April 2024	CSuO, Managing Executive Officer	CSuO=Chief Sustainability Officer
April 2025	CEO (Representative Executive Officer)	

#### Management Policy

- We will enhance the capabilities of all areas, not just the manufacturing sites, but also the sales, development, and various headquarters departments, to foster innovation and compete on a global scale.
- Our goal is to elevate corporate value by creating and delivering new materials (products and services that exceed customer expectations).
- Through our own transformation, we will respond to rapid economic changes, continuously develop the Company, and build our future.

#### Future Direction and Challenges

- Exploring and executing measures to adapt to the rapidly changing external environment
- Business restructuring aimed at improving profitability
- Enhancing responses to sustainability issues (materiality)
- Strengthening safety, regulatory compliance, and quality as the foundation for corporate survival

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**Tanaka:** My name is Tanaka, Chief Executive Officer (Representative Executive Officer). Thank you very much for attending today's Medium-term Management Strategy FY2031 Progress Briefing.

First of all, as I mentioned at the recent financial results briefing, I would like to make a few remarks on my appointment as CEO.

We gave the same details in last week's financial results presentation and, so I will not go into details. I will only reiterate the future direction and challenges shown at the bottom of the presentation.

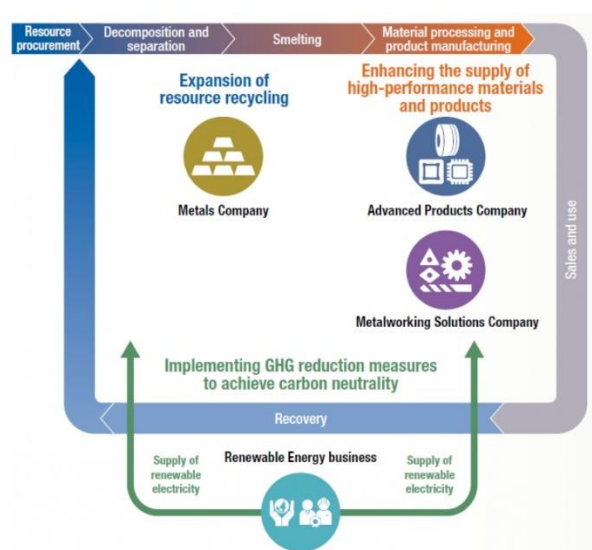
As described here, due to the rapidly changing external environment, the forecast for the fiscal year ending March 2026 deviates significantly from the fiscal year ending March 2026 target of the Medium-term Management Strategy FY2031 ("FY2031 Strategy"). The Company will implement various measures, including business structure reforms to improve profitability in response to these changes. We welcome your continued support and encouragement.

## Overview of the Medium-term Management Strategy FY2031 (FY2031 Strategy)

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



		FYE March 2023 Result	FYE March 2026 Forecast	FYE March 2026 Plan (FY2031 Strategy)
Net sales (Net sales excluding metal costs)	¥ billion	1,625.9 (608.0)	1,870.0 (567.1)	1,940.0 (690.0)
Operating profit	¥ billion	50.0	10.0	70.0
Ordinary profit	¥ billion	25.3	33.0	87.0
ROIC	%	1.4%	2.8%	5.5%
ROE	%	3.5%	2.8%	10.0%
EBITDA	¥ billion	75.7	87.5	150.0
Net D/E ratio	times	0.7	0.7	0.7
Net interest-bearing debt / EBITDA ratio	times	5.2	5.5	3.5
Dividend per annum	¥	50	100	

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We will continue to discuss the progress of the FY2031 Strategy on the next page and thereafter.

The first step is to understand the current situation.

This page summarizes the outline of the FY2031 Strategy.

Based on Our Commitment of “For people, society and the earth, circulating resources for a sustainable future,” we 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.

In terms of business performance, the FY2031 Strategy Phase 1 targets for net sales of ¥1,940.0 billion, operating profit of ¥70.0 billion, and ordinary profit of ¥87.0 billion in the fiscal year ending March 2026, which is its final year. In contrast to our target, the forecast for the fiscal year ending March 2026, announced on May 14, shows a significant discrepancy, with net sales of ¥1,870.0 billion, operating profit of ¥10.0 billion, and ordinary profit of ¥33.0 billion.

## Current Understanding and Issues of the FY2031 Strategy

<b>Current Status</b>	<ul style="list-style-type: none"> <li>Market conditions in the semiconductor and automotive sectors have changed significantly from the assumptions made during the formulation of the FY2031 Strategy, resulting in a decline in demand. Profit growth also diverged significantly from the initial plan.</li> <li>Although our medium- to long-term forward-looking investments have been progressing as planned, certain investments were suspended or deferred due to shifts in the external environment. Consequently, short-term returns and anticipated gains from previously executed investments were not achieved, resulting in reduced investment efficiency.</li> <li>A substantial decrease in TC/RC (smelting margin) is anticipated in 2025, which is expected to negatively impact earnings from the smelting business.</li> </ul>
<b>Issues</b>	<ul style="list-style-type: none"> <li>The FY2031 Strategy is a business strategy and investment plan that assumes a rise in demand; however, the review and adjustment of the strategy and plan in response to major changes in the external environment are inadequate.</li> <li>A company-wide investment allocation based on a combination of investment risk/return and timing of expected effects.</li> <li>A shift to a smelting business centered on recycled raw materials and an acceleration of the establishment of a resource circulation loop, assuming that TC/RC will not recover in the near term.</li> </ul>
<p>It is imperative to implement “Fundamental Structural Reforms” to maintain profitability amidst worsening external environments. The FY2031 Strategy Phase 2 (FYE March 2027 – 2031) has been reset, and the strategy will be reformulated.</p>	

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My current understanding of the situation is that the semiconductor and automotive markets have changed significantly from what was envisioned when the FY2031 Strategy was formulated; the demand is sluggish, and earnings growth has diverged significantly from the original plan.

While upfront investments over the medium- to long-term span generally progressed smoothly, and some investments were cancelled or postponed in light of changes in the external environment. However, this did not result in short-term investment returns or expected returns on the portion of upfront investments already made, and investment efficiency is deteriorating. The smelting margin, TC/RC, is expected to decline significantly in 2025, and the smelting business of the Metals Company is expected to deteriorate in profitability. In response to these current conditions, we are taking a deeper look at the issues as shown here.

First of all, the FY2031 Strategy is a business strategy and investment plan based on the assumption of increased demand, and it is insufficient in reviewing and revising strategies and plans in the event of major changes in the external environment. A company-wide investment allocation that combines risk/return and the timing of investment effects is necessary, along with a shift to the smelting business, primarily focused on recycled raw materials, in case TC/RC does not recover quickly. The establishment of a resource circulation loop needs to be accelerated.

In light of the above, we believe that fundamental structural reforms are urgently needed to ensure profitability even when the external environment deteriorates. We will reset the FY2031 Strategy Phase 2 from the fiscal year ending March 2027 to the fiscal year ending March 2031 and proceed to reconsider the plan.

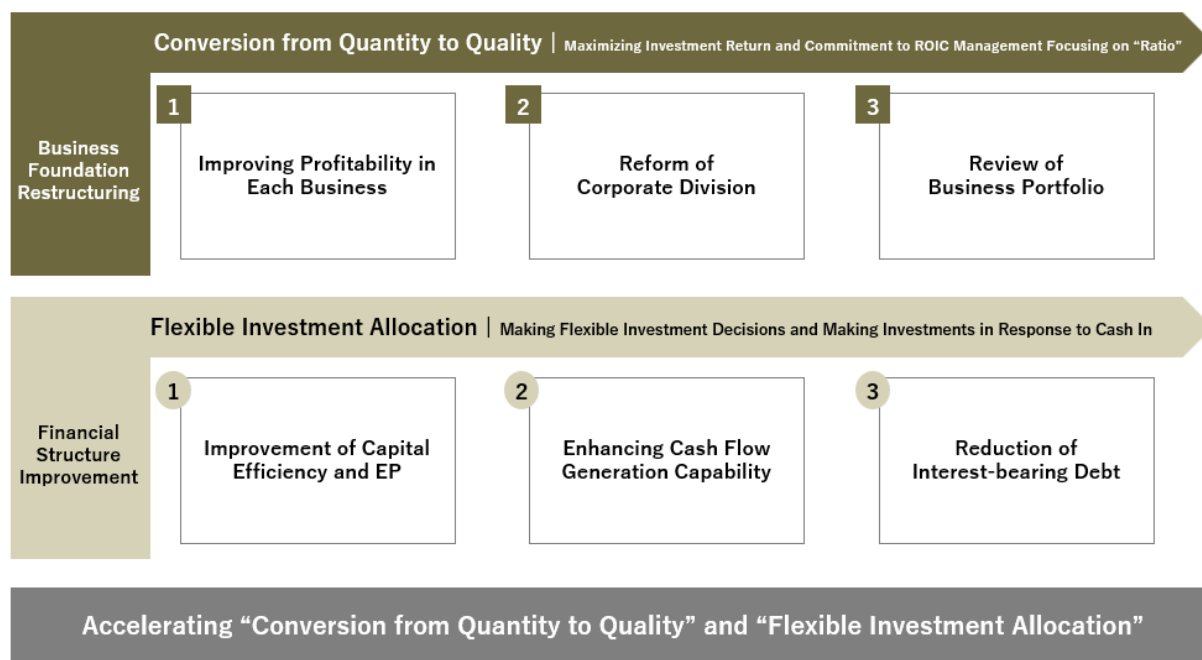
Since my appointment as CEO, I have had a number of discussions with the Executive Officers, but we have yet to finalize the details. In today’s briefing, we will focus solely on outlining the direction of the fundamental structural reforms, which have become an urgent priority. We will explain specific details, quantitative effects, and new plans at future financial results briefings, large meetings, and other occasions.

In addition, we will also make timely disclosures of any other decisions that are made as necessary.

## 2. Current Situation Overview

### Policy for “Fundamental Structural Reforms”

- Initiating “Fundamental Structural Reforms” to ensure profitability despite rapid changes and increasing uncertainty in the external business environment
- Improving corporate value through “Business Foundation Restructuring” and “Financial Structure Improvement”



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On this page, we present our policy on the fundamental structural reforms.

The fundamental structural reforms will be undertaken to rebuild the business foundation and improve the financial structure of the Company.

The restructuring of the business foundation will involve a shift from quantity to quality, and a thorough ROIC system focused on maximizing returns and rates will be implemented. To this end, we will implement measures to improve the profitability of each business, carry out reforms in the Corporate Division, and review our portfolio.

We believe that flexible investment allocation is necessary to improve our financial position, and we will make more flexible investment decisions and execute investments according to cash inflows.

Since we are still working on the details of the specific initiatives and the target effect amount, we will only introduce the themes of the initiatives today. As you can see here, we will improve capital efficiency and EP, strengthen cash flow generation, and reduce interest-bearing debt. We will work with speed to improve profitability in the current fiscal year as well.



## Policies for each business

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### Improving Profitability in Each Business

- We will shift from an expansion strategy based on increased demand to a focus on profitability by transitioning from “Quantity to Quality”
- We will pursue “Business Foundation Restructuring” to create a framework that is less susceptible to changes in the external environment

	Metals Business	Copper & Copper Alloy Business	Electronic Materials & Components Business	Metalworking Solutions Business
Current Status	<ul style="list-style-type: none"> <li>• The low TC/RC trend is expected to continue for several years, and there is a high possibility of significant negative impact in the medium term</li> <li>• The recent fluctuations in exchange rates have been significant, impacting the copper price (denominated in yen)</li> </ul>	<ul style="list-style-type: none"> <li>• Automotive demand is weak, semiconductor-related demand is still recovering</li> <li>• Investment to enhance production capacity (increased depreciation burden)</li> <li>• An impairment loss has been incurred at the production base in Eastern Japan.</li> </ul>	<ul style="list-style-type: none"> <li>• Demand for semiconductor-related products is recovering, particularly in advanced products</li> <li>• Precision silicon products for SPE and device products are sluggish</li> <li>• Investment to increase capacity in columnar crystal silicon and sealing products</li> </ul>	<ul style="list-style-type: none"> <li>• Demand is sluggish due to the delayed recovery of the global automotive industry and the significant EV shift in China</li> <li>• Suspension or postponement of some investments in cemented carbide cutting tool business in light of changes in the external environment</li> </ul>
Response Policy	<ul style="list-style-type: none"> <li>• Increase in the ratio of E-Scrap (recycled raw materials) in raw materials due to the expansion of facilities at Naoshima and Onahama Smelter &amp; Refinery</li> <li>• Promotion of the Exurban Project in North America aiming to smelter with 100% recycled raw materials</li> <li>• Early expansion of the resource circulation loop by strengthening domestic and overseas networks</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting profit structure reforms, including innovations in sales, manufacturing, and management</li> <li>• Optimizing product portfolios by shifting to high-value-added products and eliminating low-profit products</li> <li>• Achieving growth in both automotive and semiconductor products</li> </ul>	<ul style="list-style-type: none"> <li>• Cost reduction by improving productivity and automation</li> <li>• Increase market share in major customers, acquire new customers, and expand sales by expanding into new fields</li> <li>• Expansion of semiconductor packaging-related products, such as square silicon substrates, and heat management products</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of product portfolio and service structure to increase ratio in the aerospace and high-precision small parts machining industries, and further increase market share in North America and India</li> <li>• Operational Efficiency Improvement pursues thorough rationalization by improving productivity, optimizing production sites, and reducing inventories</li> <li>• Early contribution to profitability across the entire Tungsten business</li> </ul>

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Next is the policy for each business.

This includes some of the things I have repeatedly mentioned, but I will explain only the key points.

The Metals Company will aim to increase the E-Scrap ratio and smelt 100% recycled raw materials through the Exurban Project in North America in order to counter the decline in TC/RC.

We believe that the Copper & Copper Alloy business needs to reform its profit structure and shift to high value-added products.

In the Electronic Materials & Components business, we will strive to reduce costs and expand sales of square silicon substrates, as previously announced in a press release.

In the Metalworking Solutions business, we are considering focusing on other fields such as the aerospace industry due to sluggish demand from the automotive industry.

## Reform of Corporate Division

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### Reform of Corporate Division

- Fundamental Structural Reforms require reformation of the Corporate Division
- Reduce fixed costs by optimizing indirect divisions, selecting and concentrating R&D themes, and rebuilding the DX strategy

#### Optimization of Indirect Divisions

- **Operational Efficiency Improvement**
  - Eliminate unnecessary operations, simplify and standardize operations
  - Consolidate and streamline common tasks across departmental boundaries
- **Strengthening Organizational Efficiency**
  - Expand the use of shared service functions
  - Accelerate the rationalization of the organization through thorough personnel management

#### Selection and Concentration of R&D Themes

- **Selection of R&D themes to focus on**
- **Creation of new technologies and products according to the roles of corporate R&D functions**

#### Rebuilding the DX Strategy

- **Re-examination of the timing and cost-effectiveness of investment and effects**
- **Clarification of key DX initiatives**

Next is the reform of the Corporate Division.

We will focus on three key areas: optimization of indirect divisions, selection and concentration of R&D themes, and rebuilding of DX strategy.

In the optimization of indirect departments, we will work to improve efficiency in operations as well as to become a leaner organization. In order to accelerate the rationalization of the organization, we have also begun soliciting voluntary retirement.

We have already started working on the selection and concentration of R&D themes and the rebuilding of the DX strategy, and we will report on the progress and effects of these efforts in the future.

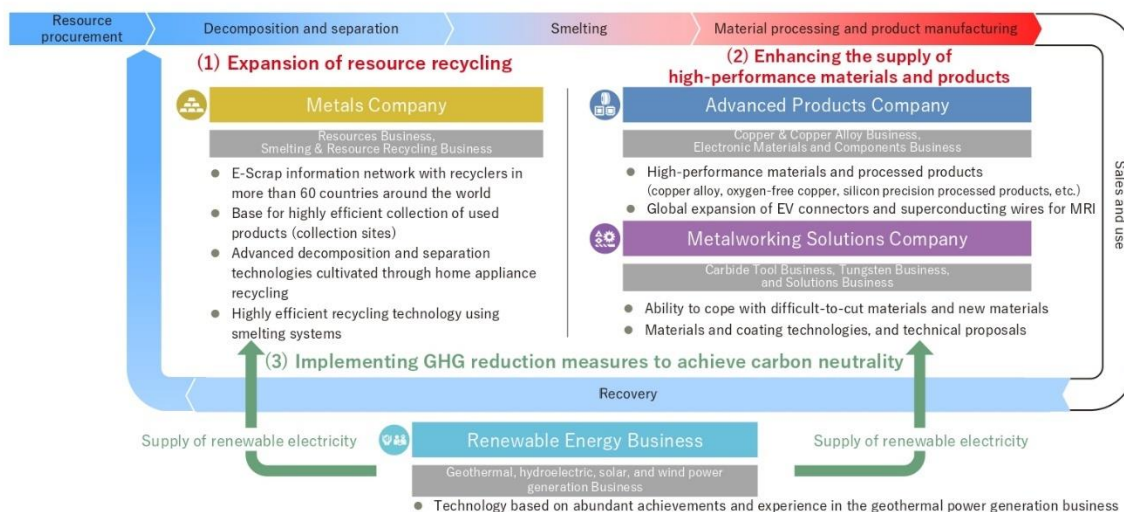
Next, we look back at the second year of the FY2031 Strategy.

## Medium-term Management Strategy FY2031 (FY2031 Strategy)

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



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This is an overview of the FY2031 Strategy. We have already mentioned this at the beginning, and so we will omit the explanation here.



## Review of the Fiscal Year Ended March 2025 and Forecast for the Fiscal Year Ending March 2026

- FYE March 2025: Profit increased compared to FYE March 2024 due to the depreciation of the yen and improvements in metal recoveries in the Metals business
- FYE March 2026: Profit is projected to significantly deteriorate due to rapid changes in the external business environment and increasing uncertainty compared to the FYE March 2026 Plan outlined in the FY2031 Strategy

		FYE March 2023 Result	FYE March 2024 Result	FYE March 2025 Result	FYE March 2026 Forecast	FYE March 2026 Plan (FY2031 Strategy)
<b>Net sales</b> (Net sales excluding metal costs)	¥ billion	1,625.9 (608.0)	1,540.6 (548.1)	1,962.0 (545.2)	1,870.0 (567.1)	1,940.0 (690.0)
<b>Operating profit</b>	¥ billion	50.0	23.2	37.1	10.0	70.0
<b>Ordinary profit</b>	¥ billion	25.3	54.1	60.2	33.0	87.0
<b>ROIC</b>	%	1.4%	3.8%	4.2%	2.8%	5.5%
<b>ROE</b>	%	3.5%	4.8%	5.1%	2.8%	10.0%
<b>EBITDA</b>	¥ billion	75.7	105.0	110.4	87.5	150.0
<b>Net D/E ratio</b>	times	0.7	0.7	0.7	0.7	0.7
<b>Net interest-bearing debt / EBITDA ratio</b>	times	5.2	4.5	4.5	5.5	3.5
<b>Dividend per annum</b>	¥	50	94	100	100	

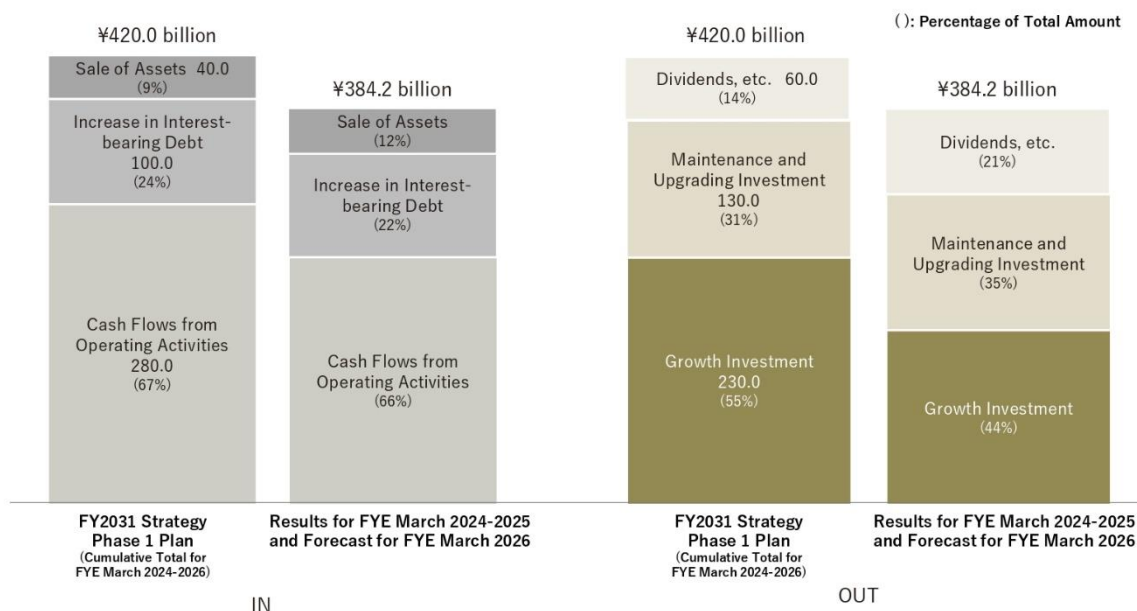
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Next is a review of the fiscal year ended March 2025 and a forecast for the fiscal year ending March 2026. I explained these at last week's financial results briefing and at the beginning of this presentation.

## Capital Allocation

- **Cash inflows:** Cash flows from operating activities are expected to fall below the Phase 1 plan
- **Cash outflows:** Considering the current business performance, we have postponed and narrowed down growth investments, and the ratio of maintenance and upgrading investments is largely in line with the plan



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Next is capital allocation.

Cash inflows are expected to be lower than planned for operating cash flow, as the original plan to expand the business has not been followed through. With regard to cash outflows, based on the current business performance, we have postponed or narrowed down some of the growth investments by assessing and appropriately executing them. On the other hand, investments in maintenance and upgrading are expected to be made almost as planned to ensure safe and efficient operations.

I will skip the discussion on strengthening cost competitiveness, which I explained at last week's financial results briefing.

## Overview of the FY2031 Strategy for Each Business Segment

\*Explanation of initiatives related to business-specific strategies in blue

		1) Expansion of resource recycling	2) Enhancing the supply of high-performance materials and products
Metals Company	Resources Business	<ul style="list-style-type: none"> <li>Promotion of technological development to recover rare metal resources contained in copper deposits</li> <li><b>Acquisition of copper mining interests and securing copper concentrates through continuous investment in mines</b></li> <li>Expansion of electrolytic copper supply through SX-EW operations at copper mines</li> </ul>	<ul style="list-style-type: none"> <li>*We revised its plan to increase its E-Scrap processing capacity while limiting the increase in copper concentrate processing capacity</li> </ul>
	Smelting & Resource Recycling Business	<ul style="list-style-type: none"> <li><b>Strengthening and expanding the networks to promote resource recycling</b></li> <li><b>Expansion of copper cathode production capacity*</b></li> <li><b>Increasing recycling rate by expanding collection and processing of E-Scrap</b></li> <li>Creation of rare earths and rare metals recycling businesses</li> <li>Acquisition of new smelting technology (Exurban)</li> <li>Accelerating business developments in Japan and overseas (E-Waste recycling)</li> </ul>	
Advanced Products Company	Copper & Copper Alloy Business	<ul style="list-style-type: none"> <li>Improve the recycling rate of wrought copper products and establish a scrap platform base</li> </ul>	<ul style="list-style-type: none"> <li>Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare, environment)</li> <li><b>Expand sales and strengthen services to overseas customers by establishing a new overseas plant which carries out a downstream process, with the domestic plants as mother ones (* Mainly explains capacity enhancement and profit improvement at domestic plants)</b></li> </ul>
	Electronic Materials & Components Business		<ul style="list-style-type: none"> <li>Highly capital-efficient management through continual restructuring of the business portfolio</li> <li><b>Strategic investment in focal products in growth areas</b></li> <li>Developing and securing human resources for the creation of new businesses and the promotion of business alliances</li> <li>Enhancing manufacturing capabilities and DX to enhance production sophistication and profitability</li> <li>Providing business and social value (SDGs) for carbon neutrality</li> </ul>
Metalworking Solutions Company		<b>Tungsten Business</b> <ul style="list-style-type: none"> <li><b>Expansion of business scale for rechargeable batteries in addition to carbide tools, etc.</b></li> <li>Strengthening environmental responsiveness</li> </ul>	<b>Cemented Carbide Tools Business</b> <ul style="list-style-type: none"> <li>Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology</li> </ul> <b>Solutions Business</b> <ul style="list-style-type: none"> <li>Commercialization of solution sales to manufacturing sites</li> </ul>
3) Supply of renewable electricity			
Renewable Energy Business		<ul style="list-style-type: none"> <li><b>New development at one location every three years to expand business</b></li> <li><b>New entrants into wind power generation where power generation costs are expected to decline in the future</b></li> <li><b>Development of solar power using company-owned land and development of small hydroelectric power utilizing operational experience</b></li> </ul>	

I would like to continue with the progress of the various measures in the FY2031 Strategy.

This page shows a list of the strategic measures we have set forth for each of our businesses. Today, I will mainly explain the contents in blue.

## Metals Company

### Resources Business

- FYE March 2025: Dividends from Los Pelambres Copper Mine decreased
- FYE March 2026: Dividends from the mines are expected to increase, and profits at Mantoverde Copper Mine are anticipated to rise

(Billions of yen)	FYE March 2024 Result	FYE March 2025 Result	FYE March 2026 Forecast	FYE March 2026 Plan (FY2031 Strategy)	
Ordinary Profit	20.1	18.5	22.2	11.4	FY2031 Strategy Measures
EBITDA	19.0	17.0	20.8	11.1	
ROIC	11.7%	10.2%	13.6%	9.0%	Progress
ROIC Spread	+ 2.0pt	+ 0.5pt	+ 2.9pt	-0.7pt	
EP	2.1	0.6	3.3		Initiatives for FYE March 2026

\*EBITDA= Ordinary profit + Net interest expense + Depreciation + Goodwill depreciation

- 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
- Partial review of mine investment
- Completion of the sale of interest in Copper Mountain Mine in FYE March 2026
- Mantoverde Copper Mine started commercial production in September 2024, moving to full-scale production
- Consideration of investment portfolio optimization including replacement of investment mines

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Here is the progress of the Metals Company.

The Resources business reported a year-on-year decline in earnings in the fiscal year ended March 2025 due to lower dividend income from the Los Pelambres Mine.

In the fiscal year ending March 2026, the Company expects an increase in earnings compared to the FY2031 Strategy, as copper and other metal prices are expected to rise against the estimation made when we formulated the FY2031 Strategy, and dividends from the Los Pelambres Mine are expected to increase.

As for the progress of the FY2031 Strategy measures, as we have sent out a press release, we have sold Copper Mountain as part of the optimization of our portfolio of investments in the comprehensive resources business.

## Metals Company

### Smelting, Refining & Resource Recycling Business

- FYE March 2025: Profit improved in FYE March 2025 due to enhancements in metal recoveries and cost reductions resulting from suspension of hedging
- FYE March 2026: Profit is projected to deteriorate due to a decline in TC/RC, etc.

(Billions of yen)	FYE March 2024 Result	FYE March 2025 Result	FYE March 2026 Forecast	FYE March 2026 Plan (FY2031 Strategy)	
Ordinary Profit	11.6	22.4	-4.8	27.0	<b>FY2031 Strategy Measures</b> <ul style="list-style-type: none"> <li>• Strengthening and expanding the networks to promote resource recycling</li> <li>• Expansion of copper cathode production capacity</li> <li>• Increasing recycling rate by expanding collection and processing of E-Scrap</li> <li>• Creation of rare earths and rare metals recycling businesses</li> <li>• Accelerating business developments in Japan and overseas (E-Waste recycling)</li> </ul>
EBITDA	28.8	36.6	6.5	39.6	
ROIC	2.9%	5.9%	-1.2%	7.1%	<b>Progress</b> <ul style="list-style-type: none"> <li>• Construction has begun on a pilot plant for LIB recycling</li> <li>• Review of E-Scrap processing capacity enhancement investment at Naoshima</li> <li>• Promotion and strengthening of Exurban PJ</li> <li>• FS in progress for the ASEAN deployment of home appliance recycling</li> </ul>
ROIC Spread	-2.5pt	+0.6pt	-7.3pt	+1.7pt	
EP	-7.4	1.7	-18.1		<b>Initiatives for FYE March 2026</b> <ul style="list-style-type: none"> <li>• Establishment of secondary raw material processing technology and decision to invest in Exurban PJ</li> <li>• Selection and promotion of overseas smelter construction PJ partners</li> <li>• Preparation for construction of Onahama pretreatment furnace</li> <li>• Domestic and overseas home appliance recycling business M&amp;A, FS</li> </ul>

\*EBITDA= Ordinary profit + Net interest expense + Depreciation + Goodwill depreciation

□ : Detailed explanations are provided on the following pages

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This is about the Smelting & Resource Recycling business.

While profit increased year-on-year in the fiscal year ended March 2025 due to the impact of improvement in metal recoveries and other factors, profit is expected to decrease in the fiscal year ending March 2026 against the FY2031 Strategy due to the sharp deterioration in TC/RC.

In addition, the information listed in the red box here will be explained on the next page and beyond.



## Expansion of Resource Recycling

Promote the **expansion of the scope** of resource recycling and the expansion of the scale by **regional expansion** based on trends and legal regulations in each country and region

<p><b>Expansion of Scope</b></p>	<ul style="list-style-type: none"> <li>● <b>E-Scrap recycling</b> (increased processing capacity)</li> <li>● <b>LIB recycling</b> (pilot plant under construction)</li> <li>● <b>Copper processing process recycling</b> (cost reduction, load reduction at copper smelter → E-Scrap increase)</li> <li>● <b>Copper mine cobalt recovery</b> (Mantoverde Mine is in pilot scale testing)</li> <li>● <b>Tungsten recycling</b> (raw materials for cutting tools, acquisition of H.C. Starck to become global top)</li> <li>● <b>Establishment of a resource circulation loop</b> <ul style="list-style-type: none"> <li>• Home appliances: Scale expansion in Japan and overseas</li> <li>• Automobile recycling: Scale expansion targeting EV vehicles</li> <li>• Creation of a recycling system that extracts important mineral resources from various products and supplies them as raw materials for products</li> </ul> </li> </ul>
<p><b>Regional Expansion</b></p> <p>Formation of economic blocs and enclosure of critical mineral resources</p> <p>Japan: Economic Security US: IRA Law EU: Regulations ↓ <b>Towards Regional Circulation</b></p>	<ul style="list-style-type: none"> <li>● <b>Establishment of a new company in Europe</b> <ul style="list-style-type: none"> <li>• Development and rapid implementation of a resource recycling strategy for the European region (E-Scrap/Copper scrap/LIB/Tungsten)</li> </ul> </li> <li>● <b>Enhancement of E-Scrap recycling by domestic smelters</b> <ul style="list-style-type: none"> <li>• Enhancement of E-Scrap processing capacity by improving smelting and pretreatment capacity</li> <li>• Expansion of European collection sites</li> <li>• Mining investment to secure low-impurity copper concentrates</li> <li>• MEX* enhancements *Online E-Scrap trading system</li> </ul> </li> <li>● <b>Investment in Exurban</b> <ul style="list-style-type: none"> <li>• Participation in the construction and operation of a recycling plant in Indiana, USA</li> <li>• Expansion beyond the US</li> </ul> </li> <li>● <b>Expansion of recycling business in Asia</b> <ul style="list-style-type: none"> <li>• <u>Expansion of E-Waste recycling business in ASEAN (Malaysia, Thailand, etc.)</u></li> </ul> </li> </ul>

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I will continue with an explanation of the expansion of resource recycling.

We have provided this information in the past, but this time we have added it because we have made progress in developing our recycling business in the Asian region, which is listed under Regional Expansion. This will be explained later in the material.



## Resource Circulation Strategy (Resource Circulation Loop and LIB Recycling)



### Construction of a LIB Recycling Pilot Plant

#### <Overview>

Raw Materials: LIB-derived Black Mass

Products: Battery-grade lithium carbonate,  
Nickel sulfate, Cobalt sulfate,

Start of operation: August 2025 (planned)

Location: Construction within Onahama Smelter & Refinery

Photographed in January 2025



### Establishing a Resource Circulation Loop with End-of-Life Product Generators (Recycling → Return → Product)

We are working on establishing a “resource circulation loop” by collecting used products (E-Waste) from automotive OEMs and others, recycling them at our recycling plant and copper smelter, and returning them as materials or processed products.

In particular, we propose a resource circulation loop model that meets customer needs by leveraging the extensive copper value chain in our Group.



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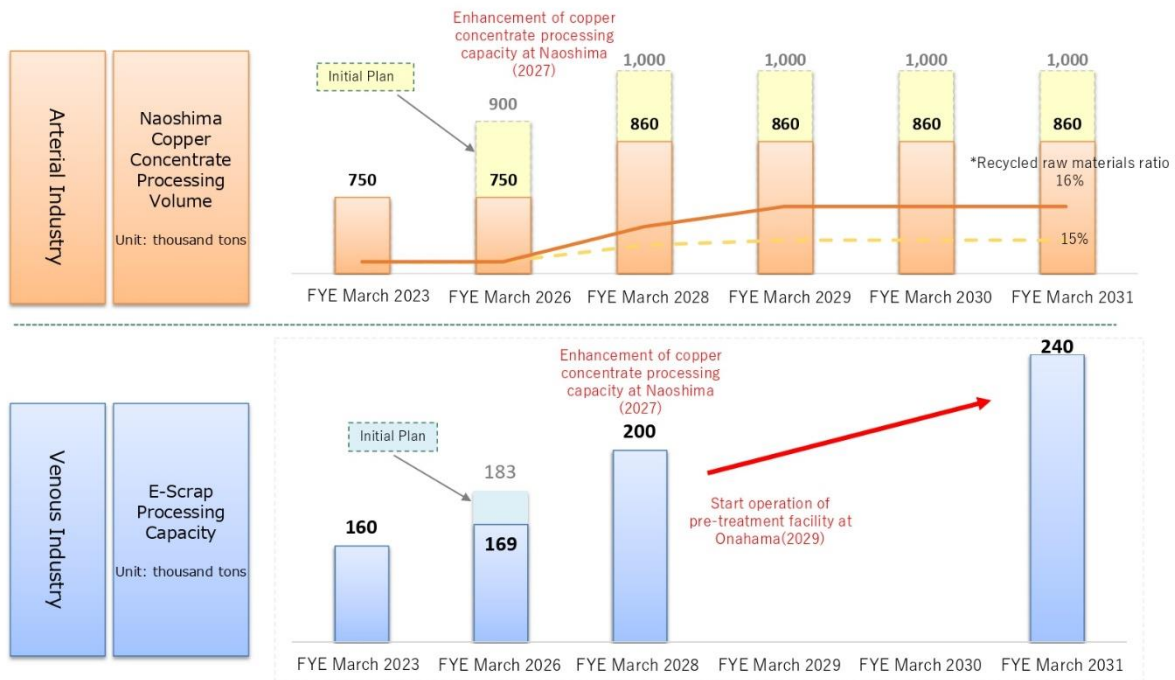
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This slide summarizes the lithium-ion battery (LIB) recycling and resource circulation loop. Regarding LIB recycling, a pilot plant is currently under construction at the Onahama Smelter & Refinery. The operation is scheduled to start in August of this year.

In addition, as we announced in our press release last year, we have established a resource recycling loop, which we call the PMP loop, as a product-material-product loop with Panasonic Corporation. We intend to expand similar initiatives to other companies and industries by leveraging our strengths in disassembling used products, recovering and recycling metals, and manufacturing processed products.

## Shift Towards Enhancing the Recycling Resource Ratio due to the Decline in TC/RC

While reducing the copper concentrate processing capacity compared to the initial plan, we will enhance the processing capacity for E-Scrap



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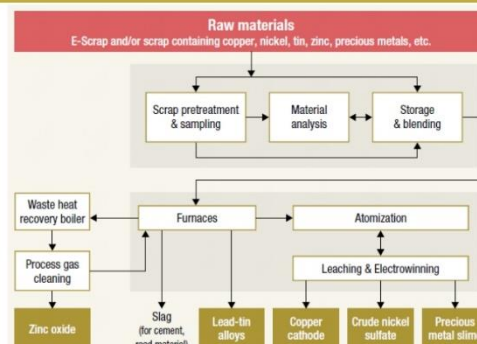
This slide is the same as the one we presented at the IR Day last December.

We will continue to invest in facilities to increase E-Scrap processing capacity in the future, toward the fiscal year ending March 2028.

## Resource Recycling Strategy Progress of Overseas Projects

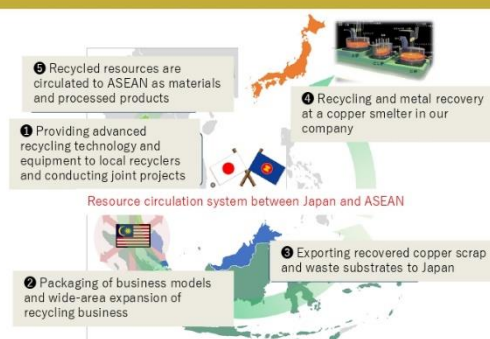
### US: Promotion of Exurban Project

- We are working with Exurban to jointly develop new smelting technologies utilizing recycled materials, and we are progressing with a smelter construction project in Indiana, USA.
- We have strengthened our promotion system by welcoming new partners, Rio Tinto, a major mining company, and Giampaolo Group, a recycler.
- To enhance our technology development and local project management systems, we are deploying personnel from our company.



### ASEAN: Promotion of Home Appliance Recycling Project

- We are currently advancing a project for the commercialization of home appliance recycling in Malaysia and Thailand, where the legalization of E-Waste management is planned.
- In Malaysia, we have signed an MOU with a local partner, Jaring Metal Industries, to collaborate on the commercialization process, conducting a feasibility study on process design, supply chain development (including the procurement of waste appliances and the sale of recovered resources), and will make investment decisions at the timing of legalization based on the project's viability.
- In Thailand, we are implementing a feasibility study in partnership with local universities (deployment of the Malaysian model).



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I will continue with an overview of the progress of our overseas projects.

As part of our overseas resource recycling efforts, we are promoting the Exurban Project in the United States. This project aims to produce copper cathode and other products from secondary raw materials only, and we strengthened our project structure by dispatching personnel from our company overseas in the last fiscal year. We will continue to develop the technology and hope to make an investment decision by the end of this fiscal year.

Additionally, we are promoting home appliance recycling projects in the ASEAN region. In anticipation of E-Waste management, such as home appliance recycling, becoming legal in other countries, we plan to develop a business similar to the one in Japan. As a first step, we will study and promote commercialization in Malaysia in cooperation with local partners.

## Advanced Products Company

### Copper & Copper Alloy Business

- FYE March 2025: Demand for automobiles and semiconductors was weak
- FYE March 2026: Profit is expected to increase due to a moderate recovery in demand for automobiles and a rise in demand for AI servers

(Billions of yen)	FYE March 2024 Result	FYE March 2025 Result	FYE March 2026 Forecast	FYE March 2026 Plan (FY2031 Strategy)	
Ordinary Profit	-0.5	-1.0	2.6	12.4	<b>FY2031 Strategy Measures</b> <ul style="list-style-type: none"> <li>•Improving the recycling rate of wrought copper products and establishing a platform for scrap</li> <li>•Overseas (Luvata): Timely entry into growing markets (xEV, healthcare, environment)</li> </ul>
EBITDA	10.6	11.7	15.2	24.6	<b>Progress</b> <ul style="list-style-type: none"> <li>•A dedicated department has begun to consider how to respond to increasingly sophisticated customer requirements</li> <li>•Capacity expansions of existing facilities and M&amp;A in the EV connector field</li> <li>•Capacity expansions in copper sheets and copper strips have progressed as planned, and full-scale operation begins in H2 of FYE March 2025</li> </ul>
ROIC	0.6%	0.8%	2.1%	4.0%	
ROIC Spread	-2.1pt	-1.9pt	-1.0pt	+1.3pt	<b>Initiatives for FYE March 2026</b> <ul style="list-style-type: none"> <li>•Expansion of sales of semiconductor-related heat spreaders in addition to the newly certified products for automotive terminals</li> <li>•Improvement of yields by rationalizing production and reduction of inventory by shortening lead time</li> <li>•Optimization of product portfolio by shifting to high-value-added products and eliminating low-profit products</li> </ul>
EP	-4.5	-4.3	-2.0		

\*EBITDA= Ordinary profit + Net interest expense + Depreciation + Goodwill depreciation  
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□ : Detailed explanations are provided on the following pages **23**

This is the status of the Advanced Products Company.

First, let's look at the Copper & Copper Alloy business.

As explained at the beginning of this presentation, we have made investments to increase production capacity, but the demand has not recovered to the expected level and earnings have been sluggish. Thus, we will proceed with profit structure reforms and other measures.



## Advanced Products Company

### Electronic Materials & Components Business

- FYE March 2025: Demand for some semiconductors such as AI-related products recovered
- FYE March 2026: Profit is anticipated to grow, primarily for AI-related products

(Billions of yen)	FYE March 2024 Result	FYE March 2025 Result	FYE March 2026 Forecast	FYE March 2026 Plan (FY2031 Strategy)	
Ordinary Profit	2.8	4.9	5.3	8.6	FY2031 Strategy Measures
EBITDA	6.9	8.9	10.3	16.0	
ROIC	3.3%	5.2%	4.9%	7.8%	Progress
ROIC Spread	-4.1pt	-2.2pt	-3.4pt	+0.4pt	
EP	-2.7	-1.6	-2.7		Initiatives for FYE March 2026

- Highly capital-efficient management through continual restructuring of the business portfolio
- Strategic investment in focal 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

- The business environment in precision silicon products is deteriorating. Revised investment to increase production and shifted to other growth areas
- Investment to increase capacity for columnar crystal silicon and sealing products is progressing as planned

- Increase market share and acquire new customers through strong products (semiconductor-related products and devices)
- Increase in production due to recovery in semiconductor market
- Strengthen price competitiveness through cost reduction
- Increase sales of new products (square silicon substrates, surge absorber DH53 series)

\*EBITDA= Ordinary profit + Net interest expense + Depreciation + Goodwill depreciation  
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□ : Detailed explanations are provided on the following pages 24

This is about the Electronic Materials & Components business. The semiconductor market is beginning to return in some areas, and earnings are returning, although not to the extent projected in the FY2031 Strategy.

The breakdown will be explained on the next page.

## Review of FYE March 2025 for the Copper & Copper Alloy Business

- **Capacity expansions in Japan have been completed**
  - **Sakai Plant:** Enhancement of casting facilities for copper cake
  - **Sambo Plant:** Installation of additional washing machines, slitters, and packaging machines for copper sheets and strip
  - **Wakamatsu Plant:** Installation of additional slitters and packaging machines for copper strips, and enhancement of reflow tin plating lines
- **Soft demands continued for automobile and semiconductor markets**
  - **Automobiles:** Delayed rise in EV demand
  - **Semiconductors:** Delayed recovery in consumer demand, weak demand for power semiconductors
- **Earnings improvement measures implemented, in the main rolling business**
  - **Manufacturing:** Reduced break-even points by various cost reductions and yield improvements in Wakamatsu Plant and Sambo Plant (about 10% reduction year-on-year)
  - **Sales:** Expanded sales of heat sinks for AI data centers, where demand is increasing mainly in Southeast Asia
- **Earnings deterioration was beyond initial expectations and it could not be recovered through the earnings improvement measures, and impairment was recorded in the fiscal year ended March 2025**

▼

In the fiscal year ending March 2026, we will leverage the capacity expansions which were completed by the end of the previous fiscal year, boost our top lines by strengthening our sales structure (deepening existing markets and developing new markets), and implement “Earnings Structure Reforms,” including further cost reductions.

I will explain the profit structure reform of the Copper & Copper Alloy business.

As shown here, in the last fiscal year, we promoted various cost reduction measures to improve profitability but were unable to achieve a recovery. Therefore, we have decided to reform our profit structure this fiscal year by combining cost reductions with sales expansion.





## Copper & Copper Alloy Business: Overview of the Earnings Structure Reform

### Thorough Production Rationalization and Lead Time Compression

#### Cost Reduction Measures

- **Wakamatsu Plant** : MSP alloy recycling, yield improvement and rationalization, inventory reduction
- **Sambo Plant** : Yield improvement and rationalization, inventory reduction
- **Sakai/Onahama** : Production efficiency improvement, inventory reduction
- **Additional Measures** : Production line integration/abolition, lead time compression

### Strengthening Marketing and Providing New Added Value

#### Sales Expansion

- **Automotive Market (Rolling)**: Expansion into BEV-related fields, domestic busbar market, and European market
- **Semiconductor Market (Rolling)**: Promotion of heat spreaders and target materials
- **Water Faucet Market (Extrusion)**: Expansion of GloBrass (overseas) and Eco Square Corners (Japan)
- **Others** : Promotion copper alloy bars, price revisions, and compression of recovery sites

#### Strengthening of Sales Structure

(Organizational change effective April 1 of this year)

Rolling Sales Dept. Extrusion Wirerod Sales Dept.	⇒	<b>Copper &amp; Copper Alloy Sales Dept.</b> : Domestic and overseas sales in existing markets <b>Strategic Sales Dept.</b> : Domestic and overseas sales and marketing in new markets
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This is a summary of the earnings structure reform.

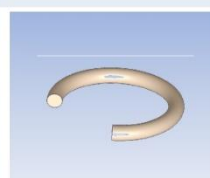
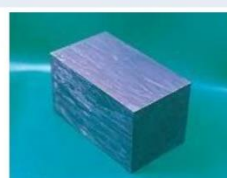
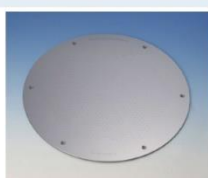
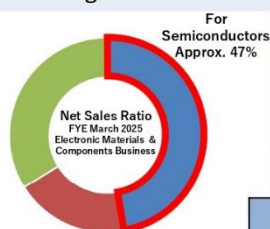
On the manufacturing side, in addition to existing measures such as yield improvement and inventory reduction, we will promote lead-time reduction. In terms of sales, in addition to expanding sales in existing markets, particularly the automotive and semiconductor markets, we will also explore new market opportunities.

To this end, we will also establish a new department responsible for sales and marketing and build a system that can provide added value.



## Electronic Materials &amp; Components Business: Development of Semiconductor Products

- Demand for our products is gradually recovering, though the situation varies by product.
- In particular, Demand for generative AI applications is robust, and we are considering further business expansion through investment in increased production.



	Low-alpha Solder	Precision Silicon Products	Columnar Crystal Silicon	Seal
Application	Semiconductor Packaging Material	Semiconductor Manufacturing Equipment Parts		
Demand Trend	Strong demand for AI and advanced packaging applications	Weak demand due to continued excess inventory in commercial markets	Strong demand for semiconductor memory applications	Weak demand due to continued excess inventory in commercial markets
Product Strengths	<ul style="list-style-type: none"> <li>Unique low alpha materials and quality assessment technologies</li> <li>Long-standing trust and proven track record</li> </ul>	<ul style="list-style-type: none"> <li>Superior microfabrication technology for brittle materials</li> <li>Customization capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Supply of large-diameter products (□1050, ϕ 1050)</li> <li>High strength and inclusion-free</li> <li>Thermal expansion coefficient and workability comparable to single crystals</li> </ul>	<ul style="list-style-type: none"> <li>Expertise in material design</li> <li>Customization capabilities.</li> <li>Cost competitiveness through automation</li> </ul>
Future Development	In response to requests from reputable major customers, we are progressing with the expansion of our production facilities. We plan to invest to increase production by three times compared to FYE March 2025, with benefits expected to manifest from FYE March 2028.	We aim to enhance our share with current major clients while venturing into new customers and fields, with the goal of expanding sales in these new domains. We plan to achieve results beginning in FYE March 2026.	Customer demand remains strong, and the target market is projected to grow continuously. We plan to incrementally increase production capacity while monitoring demand trends, with results expected to materialize after FYE March 2026.	By the second half of FYE March 2026, we expect to reduce distribution inventory, followed by an anticipated increase in demand in line with market growth. We will consider further capacity enhancements based on demand trends.

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This is a summary of the development of products for semiconductors in the Electronic Materials & Components business.

Although the situation is individually different for the semiconductor-related products on which the Electronic Materials & Components business focuses, demand is gradually recovering, with particularly strong demand for use in generative AI.

The demand for low-alpha solder materials is strong for use in generative AI and advanced packaging applications, and we plan to invest in increased production capacity. Although there continues to be excess inventory of silicon-processed products in the commercial distribution channel, we are aiming to expand sales by increasing the market share with existing customers and by entering new customers segments and new fields.

The demand for columnar crystal silicon for use in semiconductor memory and other applications is strong, and we plan to increase production capacity in stages while monitoring demand trends. Although there continues to be excessive inventory of seal products in the commercial distribution channel, we expect it to be reduced in the second half of the fiscal year ending March 2026, and demand will begin to increase. We will consider capacity expansion while monitoring demand trends.

## Metalworking Solutions Company

- FYE March 2025: Sales growth for automotive industry was significantly lower than anticipated
- FYE March 2026: We will focus our sales activities on key accounts, particularly in the automotive and aerospace sectors. Additionally, we will substantially increase the number of seminars to foster customer-friendly initiatives

(Billions of yen)	FYE March 2024 Result	FYE March 2025 Result	FYE March 2026 Forecast	FYE March 2026 Plan (FY2031 Strategy)	
Ordinary Profit	12.2	8.5	8.3	25.0	<b>FY2031 Strategy Measures</b> <b>Cemented carbide tools Business</b> • Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology <b>Tungsten Business</b> • Expansion of business scale for rechargeable batteries in addition to carbide tools, etc. • Strengthening environmental responsiveness <b>Solutions Business</b> • Commercialization of solution sales to manufacturing sites
EBITDA	24.5	20.9	25.9	39.9	<b>Progress</b> • The creation of high-value-added products is progressing in various fields such as automobiles, aircraft, and medical care. However, due to the deteriorating market conditions, cemented carbide tools's sales fell short of the FY2031 Strategy, and some investments were suspended or postponed • Completion of acquisition of H.C. Starck, one of the world's leading manufacturers of tungsten products
ROIC	5.2%	3.1%	3.7%	8.6%	<b>Initiatives for FYE March 2026</b> • Accelerating comprehensive cost reduction, including personnel reallocation, optimization of scale, and procurement optimization, while also preparing for labor-saving measures in anticipation of an economic turnaround • Strengthening sales expansion to the aerospace industry, which is on a growing trajectory • Accelerating efforts to secure the recovery and recycling capacity of used cemented carbide tools by leveraging recycling technologies, capabilities, and global bases of our company, Japan New Metals (our subsidiary), and H.C. Starck
ROIC Spread	-1.3pt	-3.3pt	-3.6pt	+2.1pt	
EP	-2.1	-6.6	-7.3		

\*EBITDA= Ordinary profit + Interest expense + Depreciation + Goodwill depreciation

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□ : Detailed explanations are provided on the following pages **28**

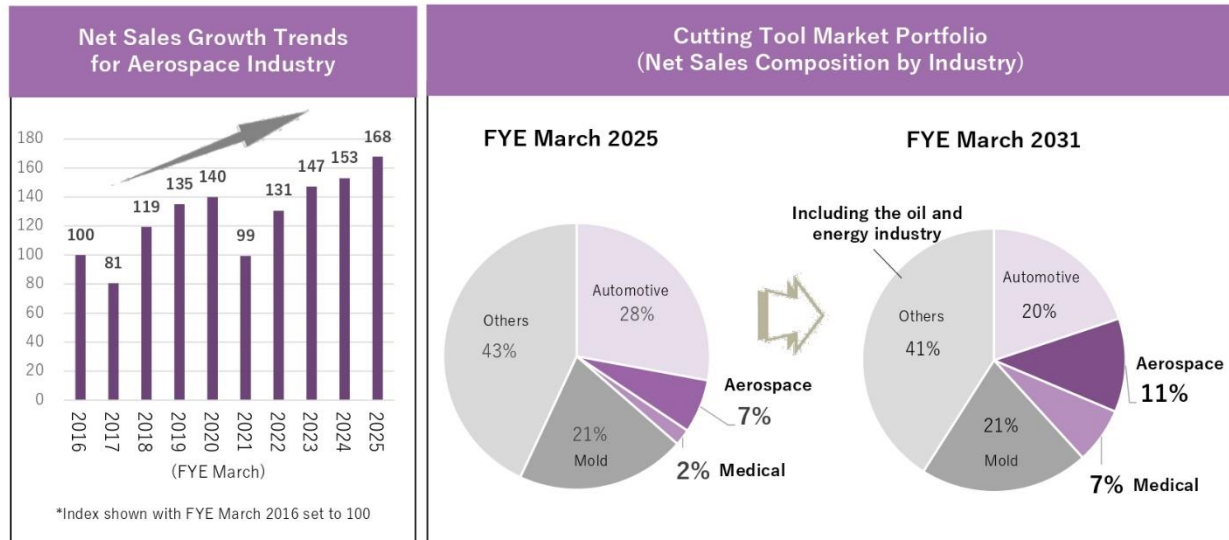
This is the progress of the Metalworking Solutions Company.

In the fiscal year ended March 2025, growth in sales to the automotive sector was much lower than expected. In the current fiscal year, the recovery of global demand for automobiles is still uncertain, and we will continue to strengthen our business in other fields, such as the aerospace industry.

We acquired a German manufacturer of tungsten products, H.C. Starck, and we will continue to capture synergies in the future.

## Shift in Focus Markets for Cemented Carbide Tools Business

- We are adjusting our market portfolio in the cutting tool business to concentrate on aerospace and medical applications, with a focus on expanding sales of high-added-value solid tools for heat-resistant alloys, inserts-MV series (holding coating patents).
- In the United States, we are introducing the latest material types for the oil and energy industries, while also leveraging external suppliers to strengthen sales of cutting tools.



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Next, I will explain the shift in focus markets for the Metalworking Solutions Company and the cemented carbide tools business.

As shown in the graph to the left here, aerospace sales have grown steadily over the past several years.

The aerospace market requires high-performance products, such as cemented carbide tools for heat-resistant alloys. Since we have coating technologies to improve the performance of cemented carbide tools, we intend to increase the percentage of aerospace-related sales using these product capabilities.

In addition, as a new focus market in the U.S., we will introduce new material types for the petroleum and energy industry and also utilize outside suppliers to strengthen sales of cemented cutting tools.





## Promoting the Tungsten Strategy Synergies between H.C. Starck and Japan New Metals

- The acquisition of H.C. Starck, one of the world's leading tungsten manufacturers, was completed in December 2024.
- H.C. Starck mass-produces tungsten (W) and tungsten carbide (WC) in Europe, North America, and China, sells W and WC through its global sales network, and possesses one of the world's largest recycling capabilities.
- In FYE March 2024, Japan New Metals Co., Ltd. faced adverse market conditions for both cemented carbide and semiconductors. However, in FYE March 2025, profits increased significantly due to higher sales of highly profitable high-performance powders for electronic components and semiconductors.

### Global Business Development of Tungsten Recycling



Accelerate efforts to collect used cemented carbide tools and secure recycling capacity by utilizing the recycling technologies, capabilities, and global bases of Japan New Metals Co., Ltd. and H.C. Starck

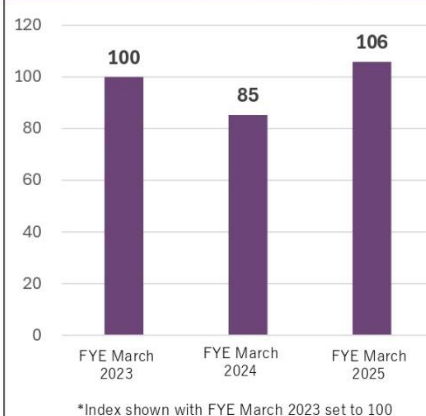


Strengthen R&D capabilities through collaboration between Mitsubishi Materials Corporation, Japan New Metals Co., Ltd., and H.C. Starck



Generating Synergies and Increasing Corporate Value through Cross-Selling Efforts between Japan New Metals and H.C. Starck.

### Japan New Metals' Business Performance



Next, I will explain the promotion of the tungsten strategy of the Metalworking Solutions Company.

Under the FY2031 Strategy, the Metalworking Solutions Company is focusing on the tungsten business as a pillar of its operations, along with the cemented carbide tools business. H.C. Starck, acquired last December, mass-produces tungsten carbide and other materials in Europe, North America, and China, and sells them through its global sales network. It also has one of the world's largest recycling capacities.

On the other hand, our subsidiary, Japan New Metals Co., Ltd., experienced poor market conditions for both cemented carbide and semiconductor applications in the fiscal year ended March 2024, resulting in a decline in earnings. However, in the fiscal year ended March 2025, Japan New Metals Co., Ltd. achieved a significant increase in the volume of high-performance powders for highly profitable electronic components and semiconductors.

Going forward, the Company will utilize recycling technologies, capabilities, and global bases of Japan New Metals Co., Ltd. and H.C. Starck to accelerate efforts to collect used cemented carbide tools and secure recycling capacity, as well as to create synergies and enhance corporate value through cross-selling initiatives between the two companies.

## Renewable Energy Business

- FYE March 2025: Profit rose driven by the start of power generation at Appi Geothermal
- FYE March 2026: Profit is expected to fall due to the impact of regular maintenance at Appi Geothermal

(Billions of yen)	FYE March 2024 Result	FYE March 2025 Result	FYE March 2026 Forecast	FYE March 2026 Plan (FY2031 Strategy)	
Ordinary Profit	0.8	2.6	1.2	2.3	FY2031 Strategy Measures
EBITDA	2.2	5.2	3.7	4.6	
ROIC	3.4%	5.1%	2.7%	3.7%	Progress
ROIC Spread	+1.8pt	+3.3pt	+0.9pt	+2.1pt	
EP	0.5	1.5	0.4		Initiatives for FYE March 2026

- New development be launched once every three years to expand business
- New entrants into wind power generation where power generation costs are expected to decline in the future
- Further development of new biogas plants

- Appi Geothermal Power Plant started operation in March 2024 (1 month ahead of schedule)
- Conducting wind survey on our company's land (Imakane-cho, Hokkaido)
- Withdrew from biogas business in September 2024

- Construction of a solar power plant utilizing our company's land (Torinooku Power Plant is scheduled to start operation in November 2025)

- New projects in geothermal, wind, small hydro, and solar power are being launched one after another, and surveys and evaluations are continuing

\*EBITDA= Ordinary profit + Net interest expense + Depreciation + Goodwill depreciation

□ : Detailed explanations are provided on the following pages

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I will continue with an explanation of the Renewable Energy business.

In the fiscal year ended March 2025, profit increased due to the start of power generation at the Appi Geothermal Power Plant.

We expect a decrease in profit in the fiscal year ending March 2026 due to the impact of the scheduled maintenance of the Appi Geothermal Power Plant and other factors. Progress will be explained on the next page.





## Appi Geothermal Power Plant and New Projects

### Operational Status of Appi Geothermal Power Plant

- Started operations one month ahead of schedule on March 1, 2024
- Since the start of operations, stable production continued, and a one-week open inspection of the turbine was conducted in October 2024, confirming that there were no abnormalities
- A one-month regular inspection is scheduled from September to October 2025



Appi Geothermal Power Plant in Winter

### Status of Major New Projects

#### Komonomori Project (Geothermal)

- A geothermal project in Hachimantai, Kazuno City, Akita Prefecture
- In FYE March 2025, we drilled approximately 2,200-meter and 2,000-meter exploratory wells, confirming high-temperature areas exceeding 310°C
- We plan to drill two wells at most in FYE March 2026

#### Imakane Project (Wind Power)

- A project utilizing our company-owned forests in Imakane-cho, Hokkaido
- Wind survey began in FYE March 2024 and are still ongoing
- A decision on commercialization will be made based on the results of the wind survey

#### Torinooku Project (Solar)

- A project utilizing the tailings dam site at Akenobe Mine, owned by our company
- Will supply electric power to our own plant using self-consignment scheme
- Construction began in April 2025, with the start of operations expected in November

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Since the start of commercial operations in March last year, the Appi Geothermal Power Plant operated stably without major problems in the fiscal year ended March 2025.

As for major new projects, last year we drilled exploratory wells in Komonomori, Akita Prefecture, for geothermal power generation. We are planning to drill exploratory wells this year. Wind power generation is being investigated in Imakane-cho, Hokkaido, Japan. Solar power is being constructed at the Akenobe Mine's tailings dam site of the Company.

That's all from me.

In the fiscal year ending March 2026, we will proceed with structural reforms and formulate a Medium-term Management Strategy for the future in order to respond to the current environment. We appreciate your continued support.

## Question & Answer

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**Participant [Q]:** The Company has been promoting selection and concentration and has been reducing the size of its base assets, such as aluminum and cement. The FY2031 Strategy aims to shift into a more proactive phase in the remaining businesses, but the external environment has become very challenging.

We have been speaking with investors, and the following points have been raised. One is recycling, which the Company is trying to invest in. It takes a lot of time while the stock market seeks short-term investment results. For example, a pilot plant for lithium recycling is being developed, and Sumitomo Metal Mining Co. Ltd., which just gave a briefing, is also attempting to do the same. All of your competitors are saying the same thing about aiming for medical or aviation markets with cemented carbide tools and the like. There is skepticism about whether these strategies will succeed. Therefore, I think it is crucial to address such concerns and demonstrate profitability. I hope you will find this information useful.

I have one question regarding the current situation of the Metals Company. As far as the improvement of copper TC/RC is concerned, I think it is difficult to see a way out of this situation, although I do not know if there are subsidies or not, as China is further increasing production even with TC/RC of negative US\$40.

**Tanaka [A]:** First of all, as you pointed out, the decline in TC/RC in the Metals Company is due to various strategies employed by China, and we believe that it is not simply a matter of supply-demand balance. Therefore, I do not think we should be optimistic that TC/RC will return as supply and demand recover. I think we are in agreement on that.

On the other hand, regarding whether these measures are medium- to long-term efforts, I believe that it is still quite a hurdle to recover in the short term from the rapid decline in TC/RC. One aspect is mining investment. One idea is that the lower TC/RC will shift profits to the mine side, and thus, the mine side will recoup some of its investment. The other is to produce copper from recycled products, not from ore. I think that there are these two approaches.

As you know, it takes about 10 years from the development stage until the ore is extracted, and so, the investment in mining is inevitably long-term.

**Participant [Q]:** I understand that the Company is focusing on recycling, but is it possible to expedite this timeline? I think there are a variety of technical challenges, but I believe the time frame is the problem. If you are going to solve this problem, if you are going to proceed from that recycled raw material, I am looking at page 21 now; please explain at what point we can start to see this turnaround or exit.

**Tanaka [A]:** On the other hand, for recycling, as shown on page 21, the plan we are currently pursuing is starting in the fiscal year ending March 2028. Some companies are starting to increase capacity, but the actual capacity will begin to recover a little from the fiscal year ending March 2028.

Before that, increasing recycling is difficult to accomplish. The reality is that there will be a slight increase in the fiscal year ending March 2026, but not a large increase. So, regarding the Metals Company, one thing I just mentioned is that we are steering towards recycling, but that is not the only focus. We will lobby the government to improve conditions for the purchase of mines. In some cases, we will negotiate with miners, collaborating with countries other than China. It would be difficult to achieve better conditions than those in China, but we would like to explore the possibility of recovering TC/RC while maintaining the same conditions as in China.

As for your question about what we don't have in the short term, the reality is that we are currently planning for 2027, as that is the closest we can project, and we have limited options for achieving results sooner than that.

**Participant [Q]:** The other thing I wanted to mention is that every so often, when copper goes up or there's improvement in metal recoveries, or there's a spike in profits in the mines, and some organic growth spikes up.

I believe that your reputation will improve if you are not caught off guard at such times but instead take a hard look at the organic side of the business and drive profitability.

**Tanaka [M]:** Thank you very much. We will do our best.

---

**Participant [Q]:** This is a big change right off the bat with the start of the new management structure. I would like to see a bold reform path where Phase 2 is cancelled, and a new plan is developed. In that sense, I would like to see a start that is not a superficial solutions, but rather a solid reassessment of where the Company stands. At the beginning of the new fiscal year, the balance between capital investment and depreciation has already been planned, and I believe that the amount of investment, which was reduced last year, will increase again this time around.

In past strategies, the Company once defended. Now, it is turning around for offense. I wonder if the fact that all segments moved in the same direction at the same time may have been a remote cause of the current situation.

With the new strategy, I expect that the Company will be able to be more aggressive and defensive; however, at the same time, fixed costs have been increasing, and I think that will be an issue this time. Interest-bearing debt was also on the rise. In terms of streamlining, you have announced the direction to reduce interest-bearing debts, and I would like to know the scale of your efforts to reduce fixed costs and expenses. This is my first question.

**Tanaka [A]:** Regarding the cost impact, page 14 of the document shows a stacked calculation, but we were originally trying to achieve a cumulative cost reduction of ¥8.8 billion over three years. The numbers show that we will increase cost reductions over the three years of the FY2031 Strategy to ¥25.2 billion.

Regarding the increase in investment mentioned at the beginning of this report, the second point on page six states the issue of carefully considering the allocation of investment across the company.

I think the whole process has been that each project has somehow aligned with what each project had planned. We would like to implement our investment plan for the current fiscal year while controlling which investments to make and which to hold back, depending on the situation.

## Strengthening Cost Competitiveness

- The FY2031 Strategy plans to achieve a cumulative cost reduction of ¥9.0 billion by March 2026.
- In the fiscal year ended March 2025, in response to the deteriorating business environment, the Metals business, Advanced Products business, and Metalworking Solutions business implemented additional cost-cutting measures, while the Renewable Energy business was largely on track. We will continue to focus on cost reductions across all business segments in the fiscal year ending March 2026.

(Billions of yen)

Cost Reduction Plan		FYE March 2024		FYE March 2025		FYE March 2026	
		FY2031 Strategy Plan	Result	FY2031 Strategy Plan	Result	FY2031 Strategy Plan	Forecast
Metals	• Reduction of hedging cost, slag cost, and energy cost	0.0	4.7	0.01	10.0	2.6	14.0
Advanced Products	Copper & Copper Alloy • Yield improvement, fixed cost reduction (labor, outsourcing, etc.) Electronic Materials & Components • Fixed cost reduction (labor, etc.), productivity improvement	1.7	1.6	2.4	3.0	3.2	5.4
Metalworking Solutions	• Reduction of manufacturing cost • Cost reduction at subsidiaries	0.9	2.1	1.9	3.7	3.0	5.7
Renewable Energy	• Reduction of power plant operating expenses • Improvement of operational efficiency by automatic operation of power plants, etc.	0.0	0.03	0.02	0.03	0.02	0.05
Total		2.6	8.4	4.4	16.8	8.8	25.2

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**Participant [Q]:** Second question. The other day, you mentioned the listing of Mitsubishi UBE Cement Corporation, and I think cash-in is one of the major landmarks. As far as you can tell us about this divestiture of the cement business at this point, how do you plan to make effective use of the cash, or how will you deal with the cement business, or how will it change? Any hints would be appreciated. Thank you in advance.

**Hirano [A]:** This is Hirano. Regarding the issue of cash allocation, if Mitsubishi UBE Cement Corporation were hypothetically to be listed, there would be a cash-in and I will explain what it would be used for.

Timing and other factors are involved, and so, at this point, we have not yet decided as there is no information on the amount of money and such. Basically, in terms of financial structure, the priority is to pay down interest-bearing debt to the point where it should be aimed at. Naturally, we will make a well-defined investment in the new growth seeds in the current strategy discussion. We would like to use it for such purposes.

**Participant [Q]:** I think it is still too early, but I wonder if this will have some impact on the review of the FY2031 Strategy, and if this will be factored into the next review plan.

**Hirano [A]:** Yes, we intend to do so. Of course, in the FY2031 Strategy, we have stated that we are aiming for a net D/E ratio of 0.5 as an indicator of soundness when strengthening our financial position, and we believe that this level is appropriate, even if we consider the rating and other factors.

Also, in terms of the net D/E ratio, there are still many pieces scattered around. We would like to have time to organize them and prepare to explain them to you in a logical manner as soon as possible.

**Participant [Q]:** The first point is the fundamental structural reforms described on page six. I think the Company is still in the process of finalizing the details, but what exactly do you have in mind? What is the time frame for establishing the specifics of the presentation or working on its effectiveness and implementation?

**Tanaka [A]:** As for fundamental structural reforms, we have written each item on page seven rather than page six. This includes the restructuring of business infrastructure, improvement of profitability for each business. As you pointed out, there are various businesses with low ROIC and businesses with high ROIC, and so we would like to first establish the goals of each business as a base and then firmly determine from a company-wide perspective where to focus investments accordingly.

As I have already explained some of the reforms in the Corporate Division, we will change the way we do business and make the Company more muscular. We would like to establish a structure that will increase the turnover of invested capital, financially speaking.

Regarding development and DX, we would like to carefully select themes and prioritize them and make solid investments where they will be effective, rather than spending money all at once. We would like to build such a structure.

It also says that we are reviewing our business portfolio. We have discontinued various businesses in the past. Our current thinking is to grow the remaining businesses, but even so, some of the current businesses are profitable, and the others are not. Therefore, we would like to start a thorough review of our portfolio in the business.

On the other hand, we would also like to discuss whether or not we can continue with the existing structure, especially in the Metals Company, due to the recent rapid changes in the business environment. It may be necessary to step into a fairly large business portfolio or even change the management structure.

In terms of improving our financial structure, we would like to first change the fact that we are still investing too much and not earning enough cash. We would like to include as a discipline the basic concept of generating strong cash flow and then investing it.

In addition, we will, of course, improve capital efficiency, but we must also improve the economic profit to a positive figure as soon as possible, as all of our businesses have been in the negative in recent years. We would like to work on both aspects, such as raising profits and lowering equivalent capital, and as Ms. Hirano mentioned earlier, we would like to reduce interest-bearing debt a little more.

**Participant [Q]:** Secondly, I would like to ask your thoughts on investment discipline. This time, the Copper & Copper Alloy business became a bit impaired. I believe that some of the market was concerned about, why are investing in a business that originally had a low ROIC? Please tell us again your analysis of the background that led to the impairment and how you intend to apply it to the investment ratio in the future.

**Tanaka [A]:** The main reason for the impairment of the Copper & Copper Alloy business was the investment in increased production based on that forecast of steady growth, which did not happen in reality. The first step is to carefully assess the timing or the external environment. The first is to avoid misreading. We believe that the first thing to do is not to assume an easy rightward movement.

Then again, would like to emphasize that we intend to incorporate a discipline of carefully considering which businesses to invest in across the Company, avoiding excessive investment in those that are not very profitable.

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**Participant [Q]:** The first point is about the substance of the fundamental structural reform. There is a bit of overlap with the current question, but I think I understand the direction the Company is going and that it will be crunching numbers in the future. In terms of the drastic measures, I would like to focus most attention on the third point, the review of the business portfolio.



According to CEO Tanaka's earlier comments, the business portfolio itself will not change that much. We were discussing changing what's inside. I would like to know if there is any room for further work on the current segment or if there is any room for more work on that segment.

Also, he said that such structural reforms have not yet been incorporated into the Company's corporate plan for this fiscal year and he would announce them when they are completed. Basically, the Company is going to implement structural reforms starting next fiscal year. Can we expect to see the effects of the contribution to profits, reaping of earnings, cost reductions, etc., from the next fiscal year onward? Thank you.

**Tanaka [A]:** First of all, regarding your question about whether or not we intend to take a scalpel to the current business in terms of radical structural reform, as I mentioned briefly earlier, I believe that the main focus will be to reorganize the portfolio within the current business. Not only that, but we would also like to discuss the possibility of changing existing businesses and portfolios.

Internally, we refer to these as organic and inorganic growth strategies. If anything, the organic strategy is about reorganizing the portfolio, such as how to rebuild existing businesses and how to change low-selling, low-profit products into high-profit ones.

In the area of inorganic business strategy, there are discussions about changing the business portfolio, including selling or buying existing businesses in extreme cases. I think the answer to the question of whether we are going to do scalpels is highly possible.

As for the timing of the effects, we would like to start producing results in the current fiscal year. Of course, we may have to start next fiscal year for things that cannot be implemented until the next fiscal year, but we would like to start as soon as possible, and in that order, we would like to make the most effective use of our resources.

**Participant [Q]:** On page 26, in the section on the Copper & Copper Alloy business, you mention strengthening marketing and providing new added value. In your explanation, you mentioned the creation of a new marketing department, but I had the impression that there have not been many original products in your company so far. Is there a possibility that there will be products unique to your company in the future? It says here that you have sales expansion measures, but what are the strengths of your company, unlike those of other companies?

I believe that you are also implementing measures to expand sales of these products, and I would like to know how the Company receives its responses and considers the future.

**Tanaka [A]:** Regarding the Copper & Copper Alloy business. We would like to expand various sales channels through marketing. One way is to expand sales channels in the area of products of the Copper & Copper Alloy business, such as feed spreaders in the semiconductor field.

In addition, oxygen-free copper with low oxygen content is a strong product for us, and we will expand sales of such products.

As stated in the first part of my policy, we would like to create new materials with a view to developing and providing products that exceed customers' expectations, which include development capabilities.

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**Participant [Q]:** There are two points, and the first is on page 17 under the Metals Company. In the lower right-hand corner, there is a comment about considering investment portfolio optimization, such as replacing investment mines, etc. Can you tell me more about this? For example, a little while ago, I think your company's stance was a little more positive in some of your comments on mining investments, and I would like to know how you view it now. This was for the first question.



**Tanaka [A]:** Regarding mining investment, as I mentioned briefly earlier, it takes quite a long time for a new project to really get ore after starting development. We would like to discuss whether or not to aggressively invest in mines given our current situation in the future, as part of the fundamental structural reforms we will be undertaking. However, the fact that the smelting margin, TC/RC, is falling means conversely, that profits are being allocated to the mining side. It would be ideal if we could increase our mining interests by acquiring them in the short term at a reasonable price, but such projects are not readily available.

In addition, it is difficult to find good projects because the mines are gradually declining in grade, or they are located high up in the mountains, or deep in the mountains. This may not seem particularly positive in writing, but it reflects the background of the situation.

**Participant [Q]:** The other is the Metalworking Solutions business, and you explained future efforts for new markets such as aircraft. Please elaborate on any measures you are taking to raise the profitability of the automobile and other businesses, which are your main business.

**Tanaka [A]:** As for our efforts in the automotive industry, it has been our primary market for quite some time; therefore, we have no current plans to implement any major changes to our sales structure or other aspects of our business concerning customers. However, in the case of Metalworking Solutions business, digital transformation (DX) activities increase our engagement with customers. For example, even if the customer is not an experienced production engineer or someone with limited knowledge, we will develop software that automatically selects the appropriate tool for what kind of machining needs to be done.

We also conduct further simulation analysis of the machining area. For instance, if there is an area where the load increases, we recommend processing that area slightly slower. Conversely, where the load is less, we suggest processing a bit faster or increasing the allowance. We analyze the processing conditions of such customers and provide engineering support for more efficient operations.

We are currently working to become a company that is preferred by customers by focusing on these aspects. This is not limited to the automotive sector, but the automotive industry can be our primary focus.

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**Participant [Q]:** I have a few questions about the Copper & Copper Alloy business. As mentioned earlier, the profit margin in this business is not particularly high. Since your company plans to invest in this area, I am sure there have been various discussions about it. As a result, the Company is impaired, so please tell me a little bit about how much responsibility the management team feels for this.

**Tanaka [A]:** Regarding your question about the extent to which management feels responsible for what led to the first impairment, we feel a significant responsibility for this. In the past, the Copper & Copper Alloy business has been managed by our subsidiaries, and we have not been able to make appropriate investments during that time. In addition, it was decided to invest in the business because the market was expected to rise, but as it turned out, that expectation did not materialize. We, the management, of course, feel responsibility in this regard.

**Participant [Q]:** Secondly, in the Copper & Copper Alloy business, even if the external environment deteriorates more than your company expects, I think you will be required to make management decisions that include this. Is there a contingency plan in place to maintain a certain level of profitability in such a situation?

**Tanaka [A]:** Regarding contingency plans for deterioration of the external environment, from an investment standpoint, I believe that it is necessary to create several scenarios when making an investment and thoroughly examine in advance what will happen in the worst-case conditions. That is not to say that such evaluations were not conducted before. For example, if a business introduces equipment, it should check to see if the equipment is operating at 80% of capacity and generating a solid profit. When there is an upswing, the range between 80% and 100% should be managed as a principle. Such businesses exist, and we will discuss how to approach this again in future discussions.

**Participant [Q]:** Third, how do you plan to invest in the Copper & Copper Alloy business, and how will it be positioned in your company's portfolio? Can you tell us a little bit about whether it is positioned as a growth area or whether it will change slightly?

**Tanaka [A]:** We would also like to reiterate in future discussions how the Copper & Copper Alloy business is positioned in our portfolio. It is often said that profits are made on both sides of the bathtub curve. In the case of copper, it is at the most upstream, which is mine. Then, there is the area that is not really the Copper & Copper Alloy business, but more downstream of that, which is to make copper products. In our case, I think it would be the domain of a subsidiary called Luvata. I believe that both sides are positioned to make a profit.

In this sense, I acknowledge that the Copper & Copper Alloy business is in a position where it is challenging to generate profits. However, there is room for improving the properties of materials by adding various substances in the Copper & Copper Alloy business, or if we develop new materials, whether it will be purchased by the customer at a higher price. We would like to closely examine this and redefine the portfolio and discuss again what kind of position we would like to take.

**Participant [Q]:** Looking at pages 25 to 26, it seems that the investment in increasing production is somewhat complete. Can you make a profit only by selling a certain quantity to various markets and securing that volume, or is that not feasible? Will the Company lower costs and achieve some profit even with the current volume?

**Tanaka [A]:** It is my understanding that with the current state of investment in increased production and with the current volume of orders, we are not in a position to make a profit. Therefore, as stated in the section on strengthening the sales structure, we believe that we can achieve this by slightly increasing the volume this fiscal year while also reducing costs on the manufacturing side.

[END]

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#### ***Document Notes***

1. *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.*