

Medium-term Management Strategy FY2031 Progress Briefing

May 20, 2025

Chief Executive Officer
Tetsuya Tanaka

Agenda

- 1. Introduction**
- 2. Current Situation Overview**
- 3. Review of the Second Year of the FY2031 Strategy**
- 4. Progress of Key Initiatives in the Medium-term Management Strategy FY2031**

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

2. Current Situation Overview

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

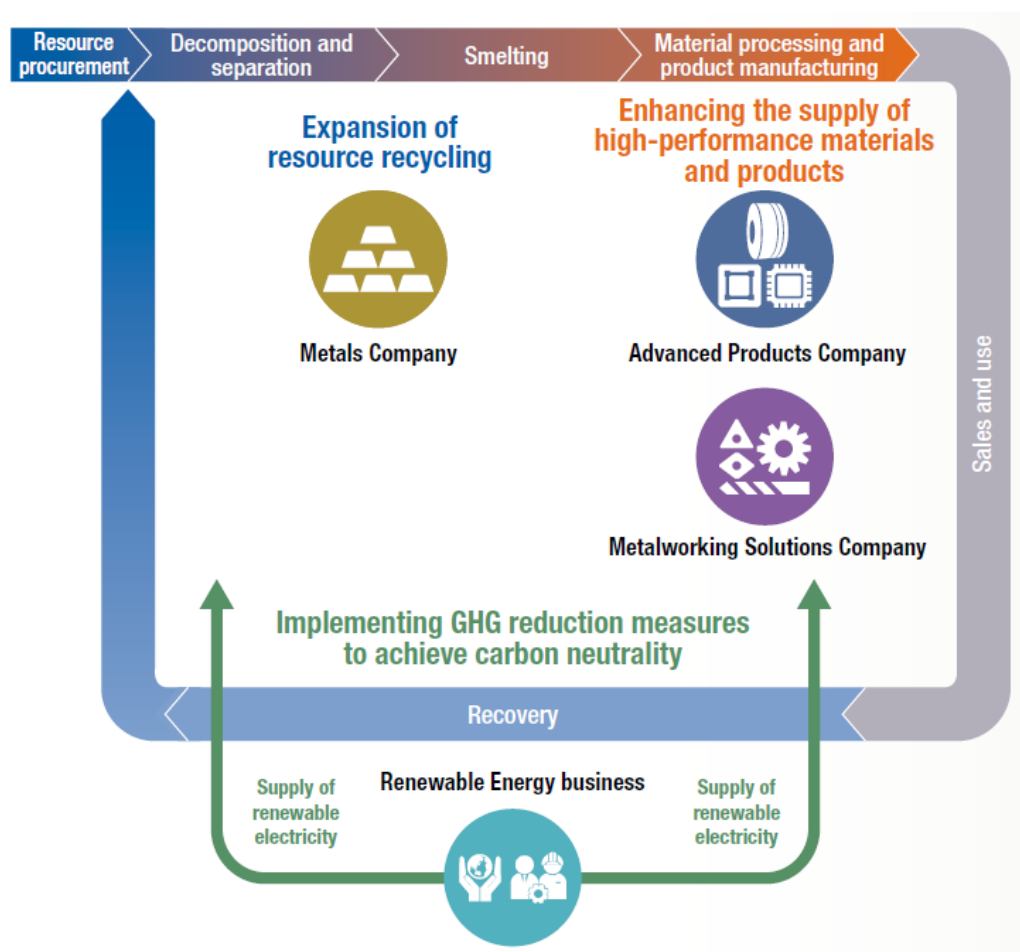
For people, society and the earth, circulating resources for a sustainable future

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	

Current Understanding and Issues of the FY2031 Strategy

Current Status

- 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.
- 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.
- A substantial decrease in TC/RC (smelting margin) is anticipated in 2025, which is expected to negatively impact earnings from the smelting business.

Issues

- 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.
- A company-wide investment allocation based on a combination of investment risk/return and timing of expected effects.
- 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.

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.

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”



Policies for Each Business

1

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

- 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
- The recent fluctuations in exchange rates have been significant, impacting the copper price (denominated in yen)

- Automotive demand is weak, semiconductor-related demand is still recovering
- Investment to enhance production capacity (increased depreciation burden)
- An impairment loss has been incurred at the production base in Eastern Japan.

- Demand for semiconductor-related products is recovering, particularly in advanced products
- Precision silicon products for SPE and device products are sluggish
- Investment to increase capacity in columnar crystal silicon and sealing products

- Demand is sluggish due to the delayed recovery of the global automotive industry and the significant EV shift in China
- Suspension or postponement of some investments in cemented carbide cutting tool business in light of changes in the external environment

Response Policy

- Increase in the ratio of E-Scrap (recycled raw materials) in raw materials due to the expansion of facilities at Naoshima and Onahama Smelter & Refinery
- Promotion of the Exurban Project in North America aiming to smelter with 100% recycled raw materials
- Early expansion of the resource circulation loop by strengthening domestic and overseas networks

- Promoting profit structure reforms, including innovations in sales, manufacturing, and management
- Optimizing product portfolios by shifting to high-value-added products and eliminating low-profit products
- Achieving growth in both automotive and semiconductor products

- Cost reduction by improving productivity and automation
- Increase market share in major customers, acquire new customers, and expand sales by expanding into new fields
- Expansion of semiconductor packaging-related products, such as square silicon substrates, and heat management products

- 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
- Operational Efficiency Improvement pursues thorough rationalization by improving productivity, optimizing production sites, and reducing inventories
- Early contribution to profitability across the entire Tungsten business

Reform of Corporate Division

2

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

3. Review of the Second Year of the FY2031 Strategy

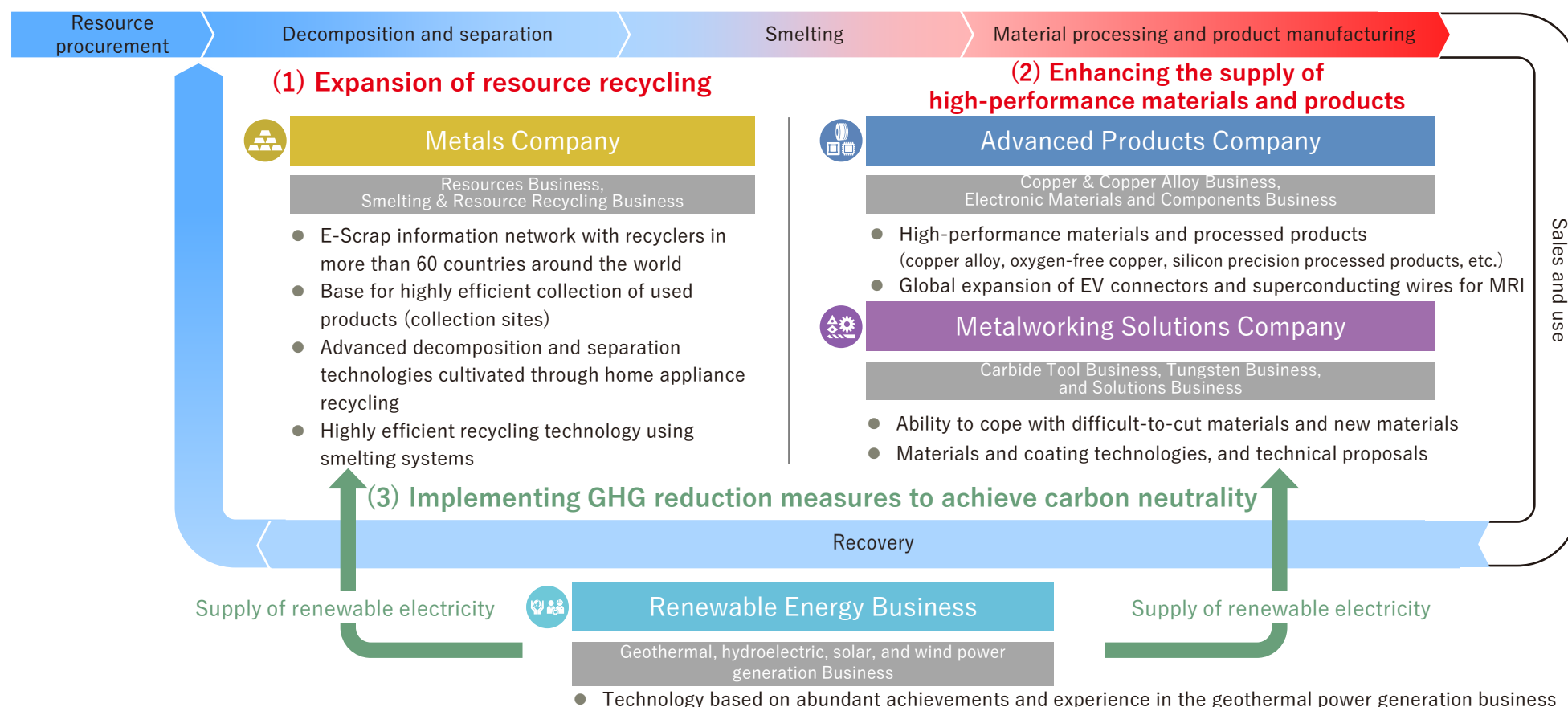
Medium-term Management Strategy FY2031 (FY2031 Strategy)

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



Prosperous society	Recycling-oriented society	Decarbonized society
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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



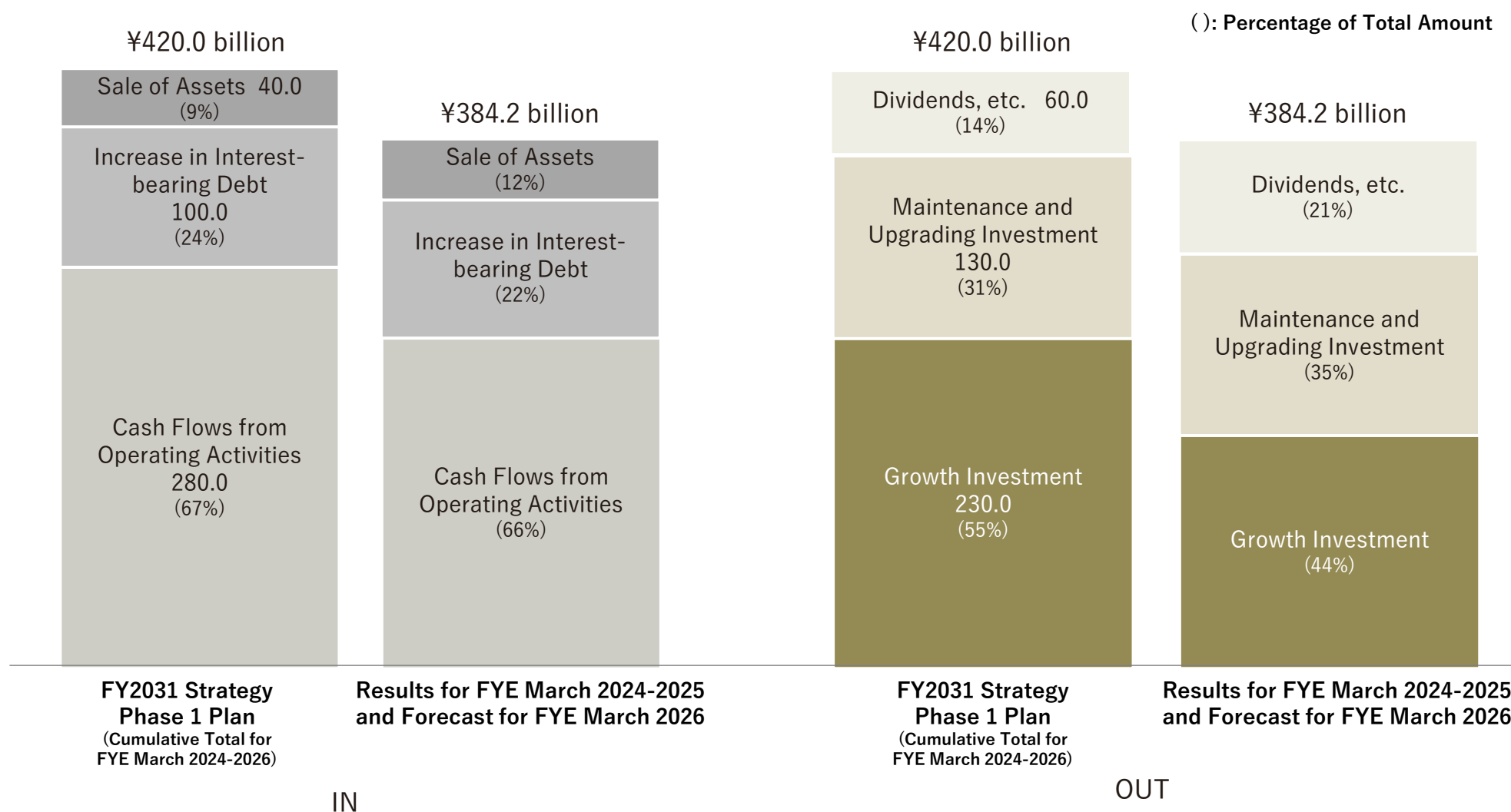
Review of the Fiscal Year Ended March 2025 and Forecast for the Fiscal Year Ending March 2026

- 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)
Net sales (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)
Operating profit	¥ billion	50.0	23.2	37.1	10.0	70.0
Ordinary profit	¥ billion	25.3	54.1	60.2	33.0	87.0
ROIC	%	1.4%	3.8%	4.2%	2.8%	5.5%
ROE	%	3.5%	4.8%	5.1%	2.8%	10.0%
EBITDA	¥ billion	75.7	105.0	110.4	87.5	150.0
Net D/E ratio	times	0.7	0.7	0.7	0.7	0.7
Net interest-bearing debt / EBITDA ratio	times	5.2	4.5	4.5	5.5	3.5
Dividend per annum	¥	50	94	100	100	

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



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

4. Progress of Key Initiatives in the Medium-term Management Strategy FY2031

Overview of the FY2031 Strategy for Each Business Segment

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

1) Expansion of resource recycling

Metals Company

Resources Business

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

Smelting & Resource Recycling Business

- Strengthening and expanding the networks to promote resource recycling**
- Expansion of copper cathode production capacity***
- Increasing recycling rate by expanding collection and processing of E-Scrap**
- Creation of rare earths and rare metals recycling businesses
- Acquisition of new smelting technology (Exurban)**
- Accelerating business developments in Japan and overseas (E-Waste recycling)**

Advanced Products Company

Copper & Copper Alloy Business

- Improve the recycling rate of wrought copper products and establish a scrap platform base

Electronic Materials & Components Business

Tungsten Business

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

Metalworking Solutions Company

2) Enhancing the supply of high-performance materials and products

*We revised its plan to increase its E-Scrap processing capacity while limiting the increase in copper concentrate processing capacity

- Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare, environment)
- 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)**

- 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

Cemented Carbide Tools Business

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

Solutions Business

- Commercialization of solution sales to manufacturing sites

3) Supply of renewable electricity

Renewable Energy Business

- New development at one location every three years to expand business**
- New entrants into wind power generation where power generation costs are expected to decline in the future**
- Development of solar power using company-owned land and development of small hydroelectric power utilizing operational experience**

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

- 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

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

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

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

□ : Detailed explanations are provided on the following pages

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

Expansion of Scope

- **E-Scrap recycling** (increased processing capacity)
- **LIB recycling** (pilot plant under construction)
- **Copper processing process recycling** (cost reduction, load reduction at copper smelter → E-Scrap increase)
- **Copper mine cobalt recovery** (Mantoverde Mine is in pilot scale testing)
- **Tungsten recycling** (raw materials for cutting tools, acquisition of H.C. Starck to become global top)
- **Establishment of a resource circulation loop**
 - Home appliances: Scale expansion in Japan and overseas
 - Automobile recycling: Scale expansion targeting EV vehicles
 - Creation of a recycling system that extracts important mineral resources from various products and supplies them as raw materials for products

Regional Expansion

Formation of economic blocs and enclosure of critical mineral resources

Japan: Economic Security
US: IRA Law
EU: Regulations



Towards Regional Circulation

- **Establishment of a new company in Europe**
 - Development and rapid implementation of a resource recycling strategy for the European region (E-Scrap/Copper scrap/LIB/Tungsten)
- **Enhancement of E-Scrap recycling by domestic smelters**
 - Enhancement of E-Scrap processing capacity by improving smelting and pretreatment capacity
 - Expansion of European collection sites
 - Mining investment to secure low-impurity copper concentrates
 - MEX* enhancements *Online E-Scrap trading system
- **Investment in Exurban**
 - Participation in the construction and operation of a recycling plant in Indiana, USA
 - Expansion beyond the US
- **Expansion of recycling business in Asia**
 - Expansion of E-Waste recycling business in ASEAN (Malaysia, Thailand, etc.)

Resource Circulation Strategy (Resource Circulation Loop and LIB Recycling)

Construction of a LIB Recycling Pilot Plant

Photographed in January 2025

<Overview>

Raw Materials: LIB-derived Black Mass

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

Start of operation: August 2025 (planned)

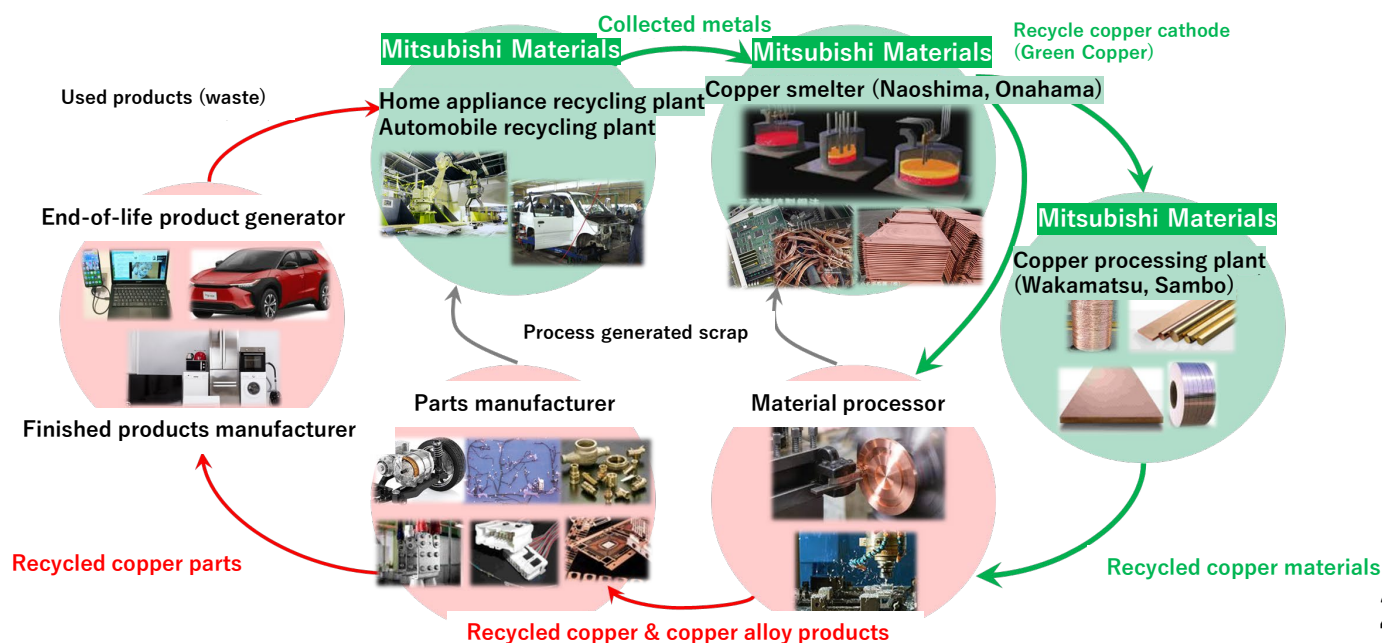
Location: Construction within Onahama Smelter & Refinery



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

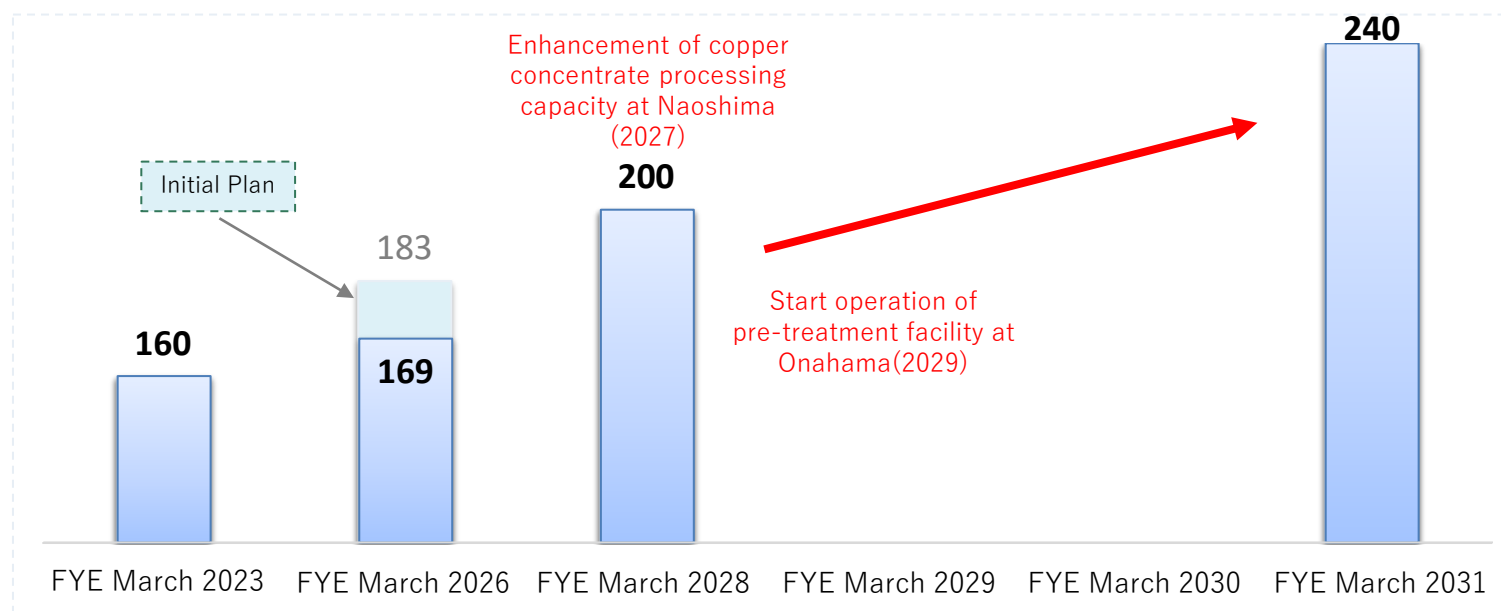
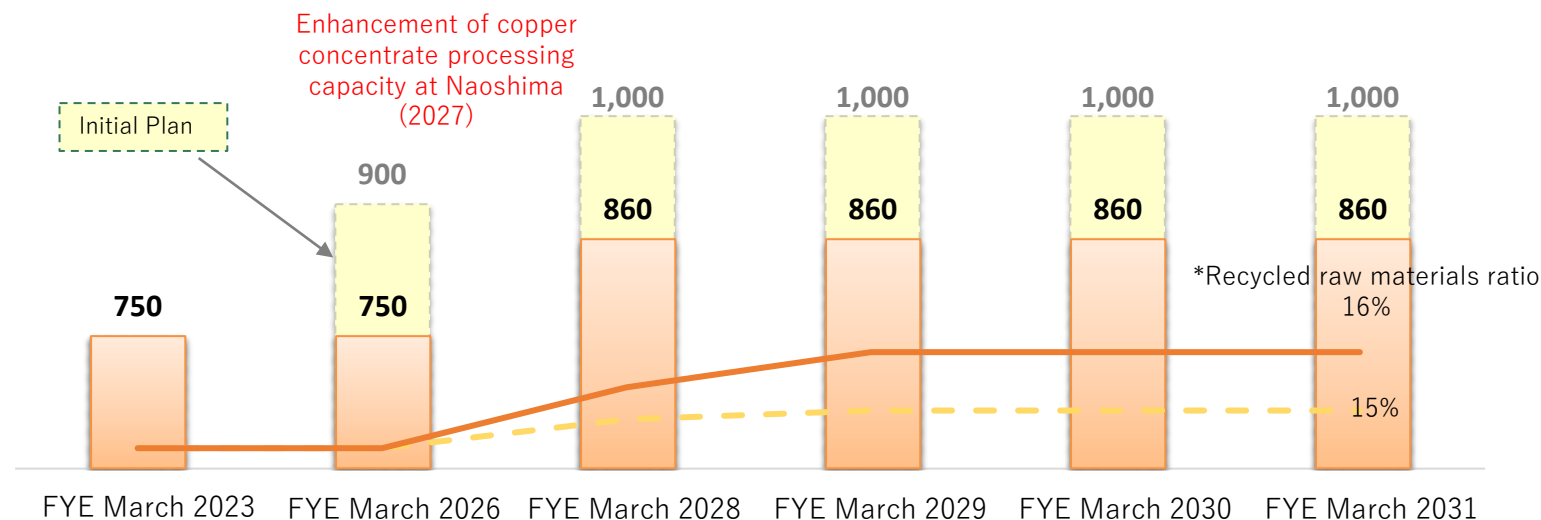
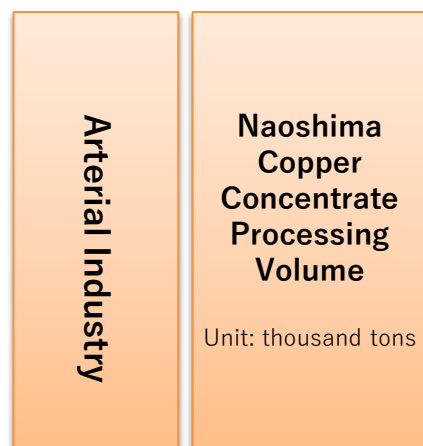
We are working on establishing a “resource circulation loop” by collecting used products (E-Waste) from automotive OEMs and others, recycling them at our recycling plant and copper smelter, and returning them as materials or processed products.

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



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

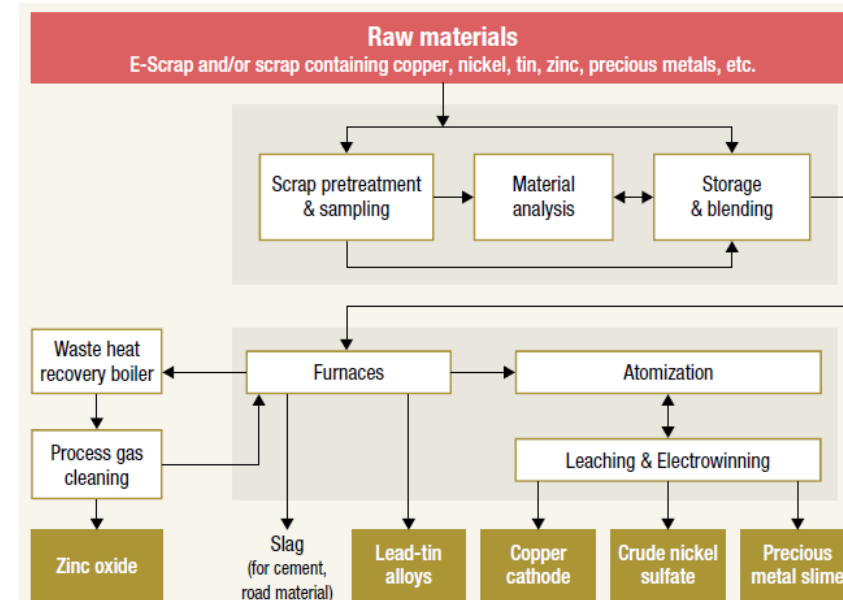
While reducing the copper concentrate processing capacity compared to the initial plan, we will enhance the processing capacity for E-Scrap



Resource Recycling Strategy Progress of Overseas Projects

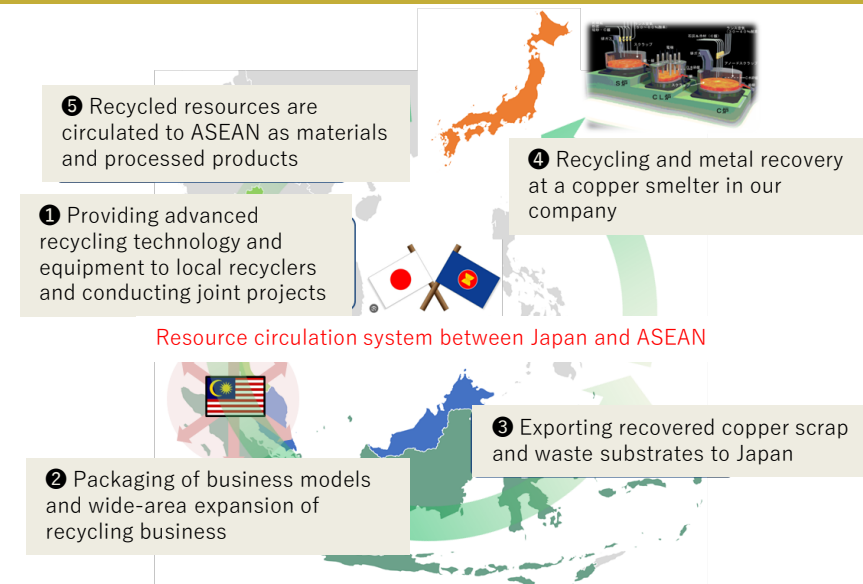
US: Promotion of Exurban Project

- 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).





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
EBITDA	10.6	11.7	15.2	24.6
ROIC	0.6%	0.8%	2.1%	4.0%
ROIC Spread	-2.1pt	-1.9pt	-1.0pt	+1.3pt
EP	-4.5	-4.3	-2.0	

FY2031 Strategy Measures

- Improving the recycling rate of wrought copper products and establishing a platform for scrap
- Overseas (Luvata): Timely entry into growing markets (xEV, healthcare, environment)

Progress

- A dedicated department has begun to consider how to respond to increasingly sophisticated customer requirements
- Capacity expansions of existing facilities and M&A in the EV connector field
- Capacity expansions in copper sheets and copper strips have progressed as planned, and full-scale operation begins in H2 of FYE March 2025

Initiatives for FYE March 2026

- Expansion of sales of semiconductor-related heat spreaders in addition to the newly certified products for automotive terminals
- Improvement of yields by rationalizing production and reduction of inventory by shortening lead time
- Optimization of product portfolio by shifting to high-value-added products and eliminating low-profit products

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



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
EBITDA	6.9	8.9	10.3	16.0
ROIC	3.3%	5.2%	4.9%	7.8%
ROIC Spread	-4.1pt	-2.2pt	-3.4pt	+0.4pt
EP	-2.7	-1.6	-2.7	

FY2031 Strategy Measures

- 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

Progress

- 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

Initiatives for FYE March 2026

- 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



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.



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

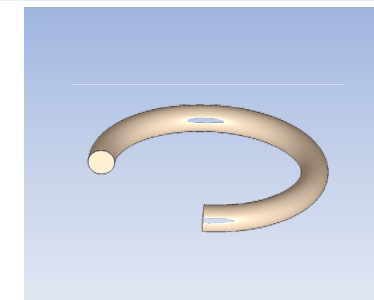
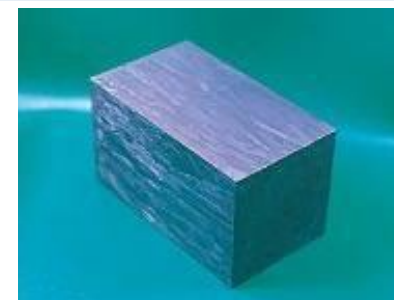
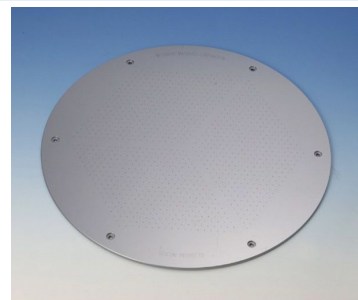
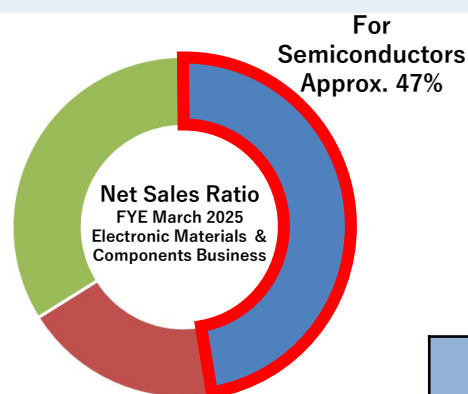
(Organizational change effective April 1 of this year)

Rolling Sales Dept. Extrusion Wirerod Sales Dept.	⇒	Copper & Copper Alloy Sales Dept.: Domestic and overseas sales in existing markets Strategic Sales Dept.: Domestic and overseas sales and marketing in new markets
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Electronic Materials & 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"> • Unique low alpha materials and quality assessment technologies • Long-standing trust and proven track record 	<ul style="list-style-type: none"> • Superior microfabrication technology for brittle materials • Customization capabilities 	<ul style="list-style-type: none"> • Supply of large-diameter products(□1050, ϕ 1050) • High strength and inclusion-free • Thermal expansion coefficient and workability comparable to single crystals 	<ul style="list-style-type: none"> • Expertise in material design • Customization capabilities. • Cost competitiveness through automation
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.

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
EBITDA	24.5	20.9	25.9	39.9
ROIC	5.2%	3.1%	3.7%	8.6%
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

FY2031 Strategy Measures	<p>Cemented carbide tools Business</p> <ul style="list-style-type: none"> • Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology <p>Tungsten Business</p> <ul style="list-style-type: none"> • Expansion of business scale for rechargeable batteries in addition to carbide tools, etc. • Strengthening environmental responsiveness <p>Solutions Business</p> <ul style="list-style-type: none"> • Commercialization of solution sales to manufacturing sites
Progress	<ul style="list-style-type: none"> • 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
Initiatives for FYE March 2026	<ul style="list-style-type: none"> • 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

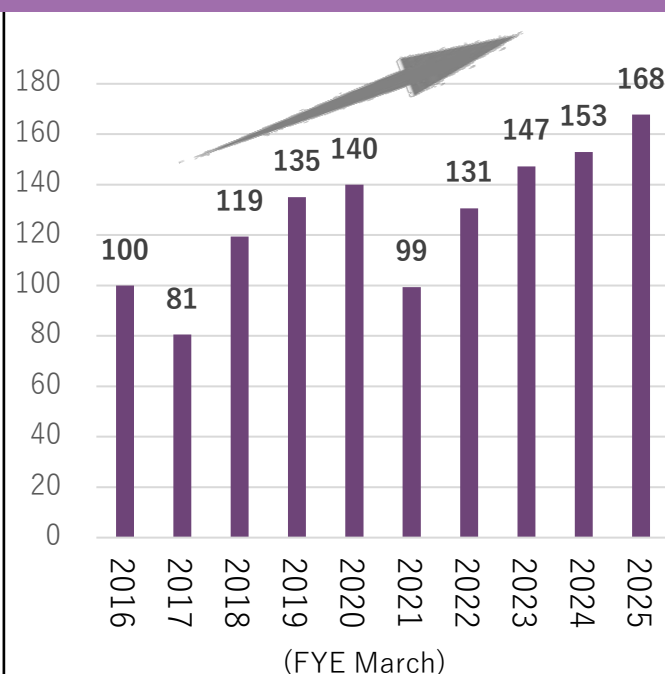
□ : Detailed explanations are provided on the following pages



Shift in Focus Markets for Cemented Carbide Tools Business

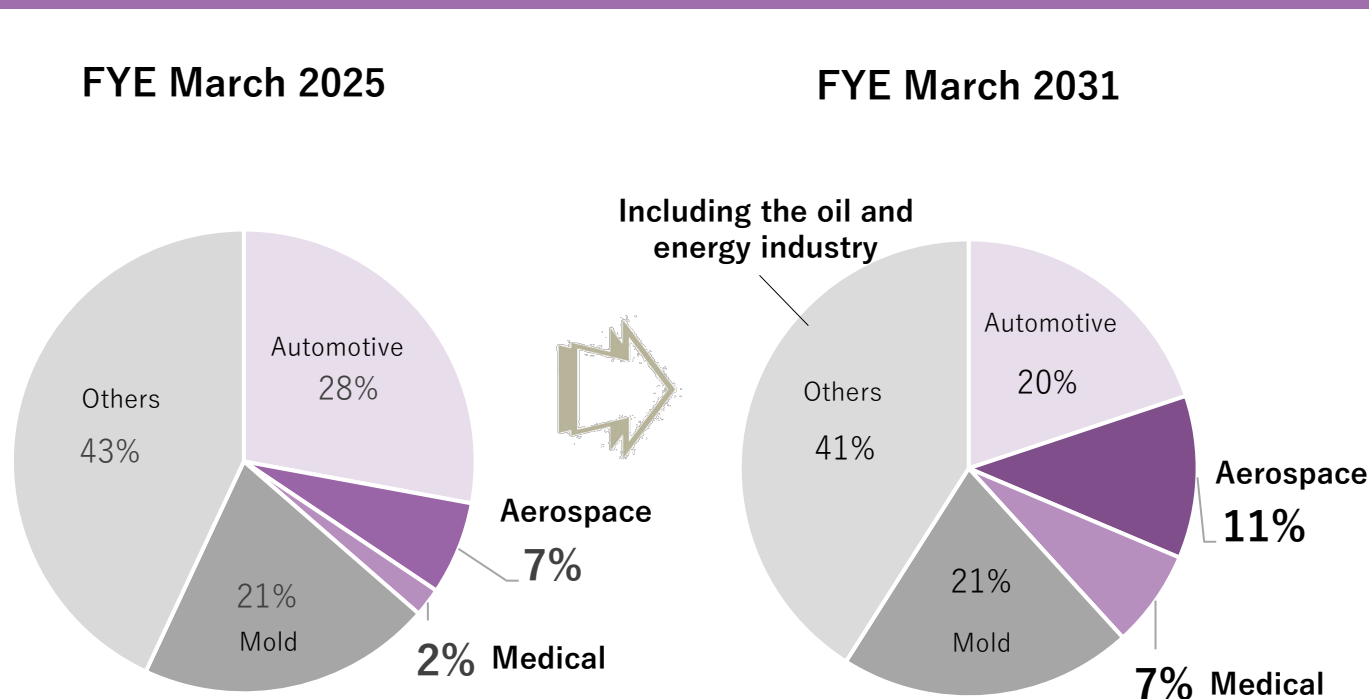
- We are adjusting our market portfolio in the cutting tool business to concentrate on aerospace and medical applications, with a focus on expanding sales of high-added-value solid tools for heat-resistant alloys, inserts-MV series (holding coating patents).
- In the United States, we are introducing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

Net Sales Growth Trends for Aerospace Industry



*Index shown with FYE March 2016 set to 100

Cutting Tool Market Portfolio (Net Sales Composition by Industry)



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

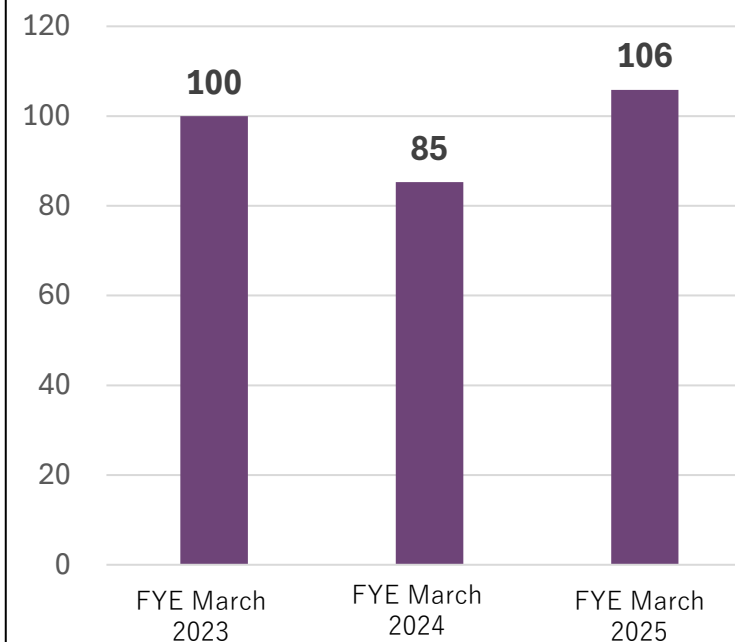


Strengthen R&D capabilities through collaboration between Mitsubishi Materials Corporation, Japan New Metals Co., Ltd., and H.C. Starck



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

Japan New Metals' Business Performance



*Index shown with FYE March 2023 set to 100



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
EBITDA	2.2	5.2	3.7	4.6
ROIC	3.4%	5.1%	2.7%	3.7%
ROIC Spread	+ 1,8pt	+ 3.3pt	+ 0.9pt	+ 2.1pt
EP	0.5	1.5	0.4	

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

FY2031 Strategy Measures

- 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

Progress

- 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

Initiatives for FYE March 2026

- 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

□ : Detailed explanations are provided on the following pages



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)

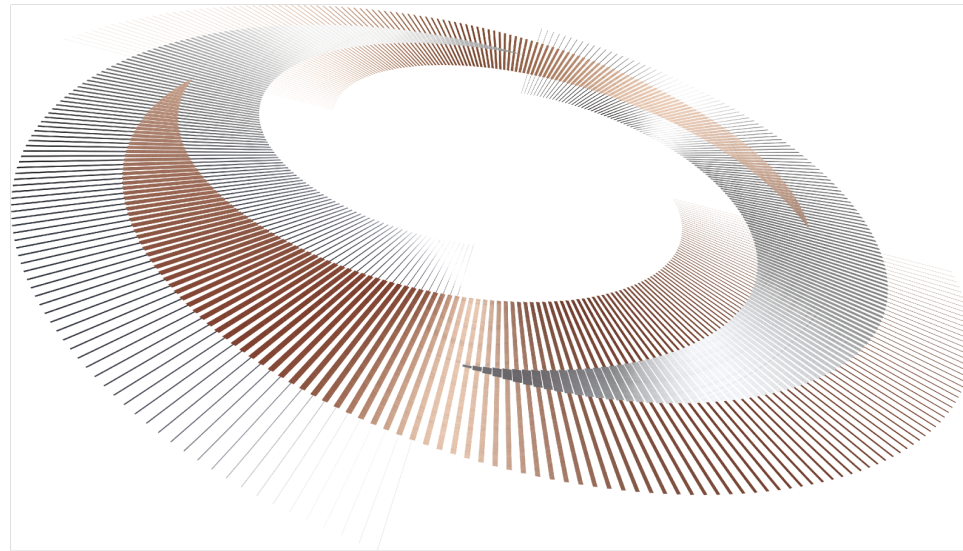
- A geothermal project in Hachimantai, Kazuno City, Akita Prefecture
- In FYE March 2025, we drilled approximately 2,200-meter and 2,000-meter exploratory wells, confirming high-temperature areas exceeding 310°C
- We plan to drill two wells at most in FYE March 2026

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



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



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