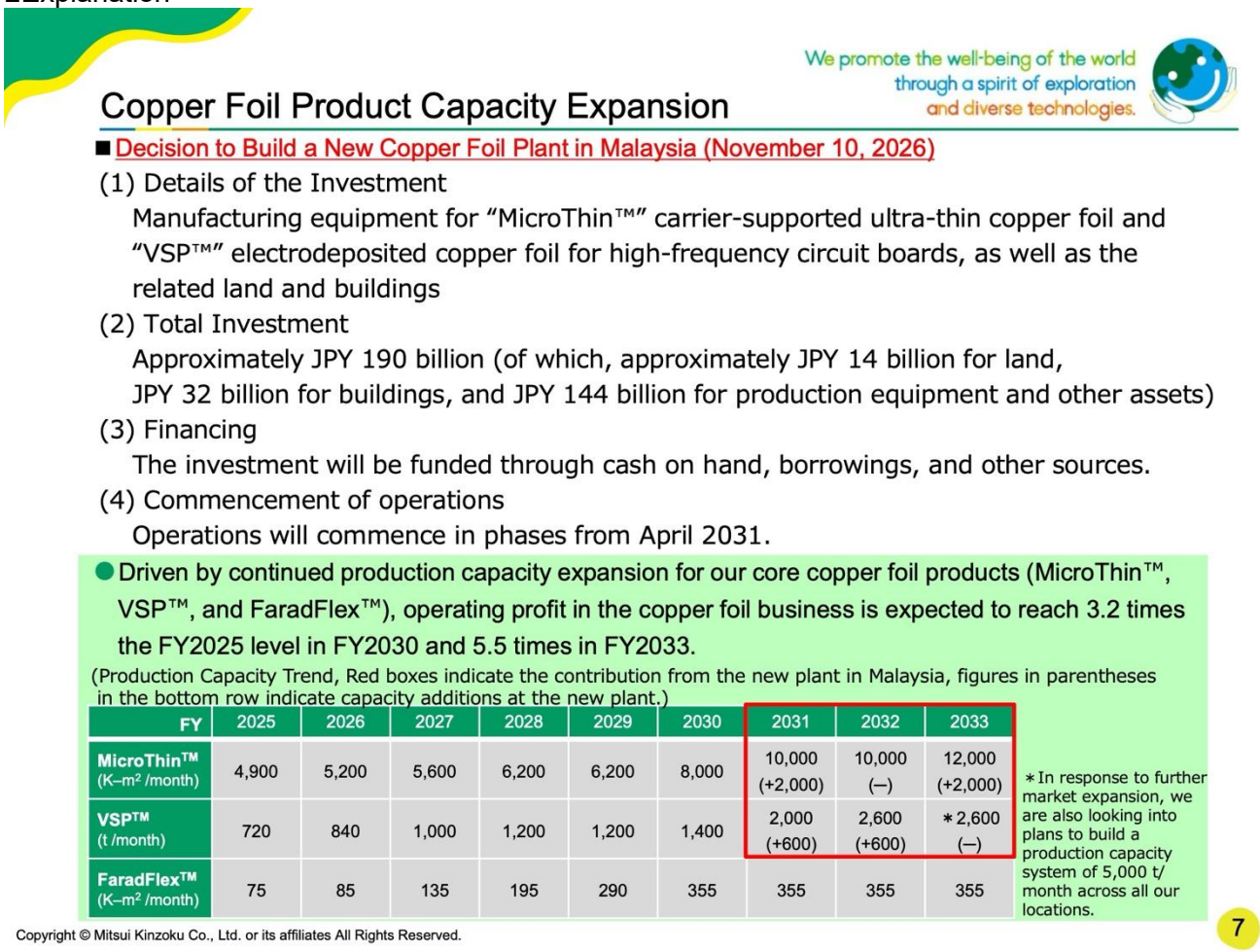
MITSUI KINZOKU

Record of Briefing session Concerning FY2026 Q2 Results

Reference: FY2026 Q2 Results & FY2026 Forecast
LinkClick.aspx
Note:
PKG = Package substrate

■Explanation



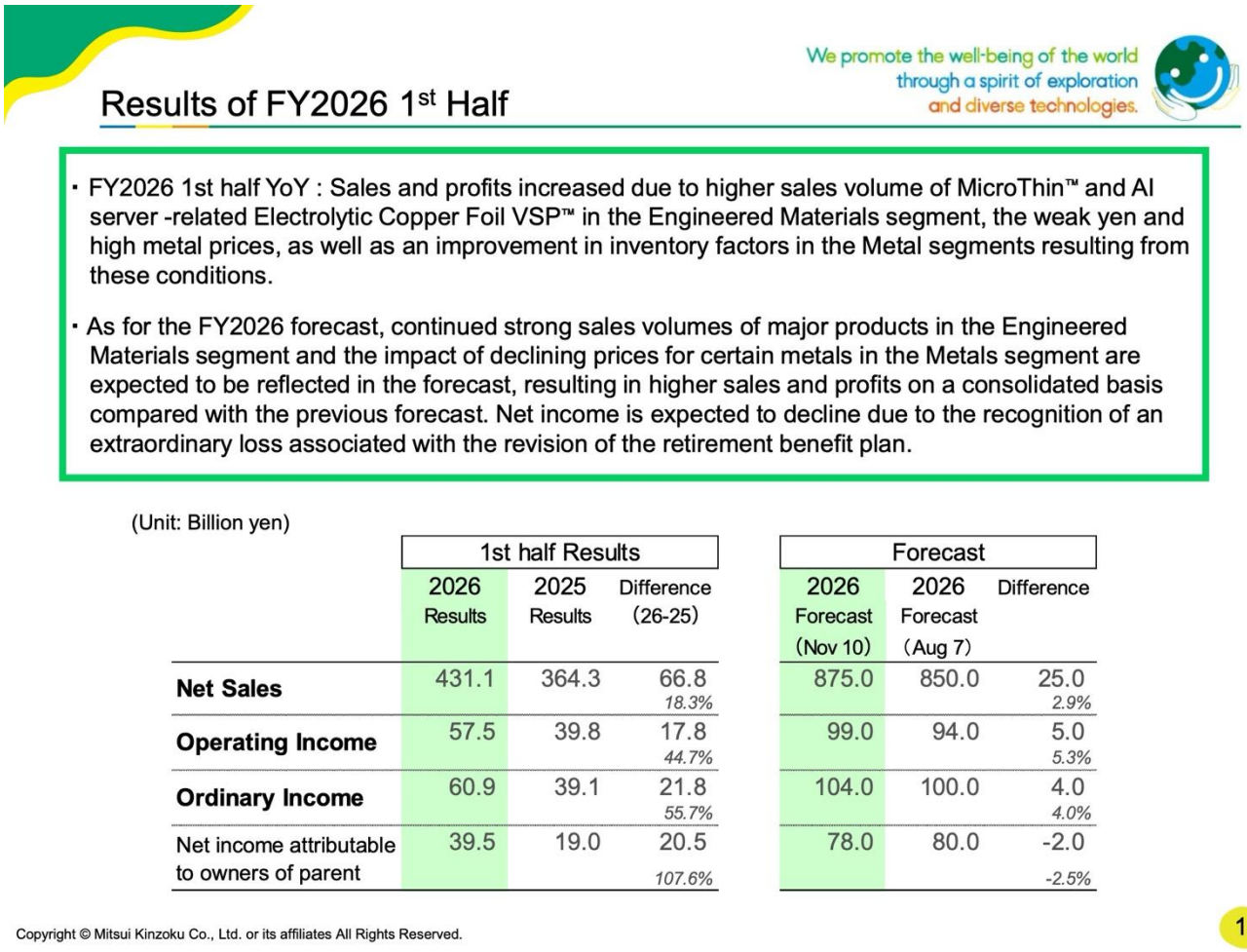
First, please see page seven of the financial results presentation materials.

At today's Board of Directors meeting, our company decided to invest a total of approximately JPY190 billion to construct a new plant in Malaysia and increase the production capacity for MicroThin™ and VSP™. The purpose of this is to continue the stable supply of our copper foil products to customers, amid the expected continuous rapid growth of the AI and semiconductor markets. In this plan, we will execute investments in stages while balancing leading market indicators and risk management.

The first phase of investment involves land acquisition, building construction, and the introduction of production equipment for MicroThin™ and VSP™, establishing a production capacity system of 10 million square meters per month for MicroThin™ and 2,000 tons per month for VSP™ from FY2031. Subsequently, as the second phase, we will establish a production capacity system of 12 million square meters per month for MicroThin™ and 2,600 tons per month for VSP™ by FY2033.

We plan to fund the investment using our own capital and borrowings, and we anticipate that operating income for the copper foil business will be 3.2 times higher in FY2030 and 5.5 times higher

in FY2033 compared to FY2025, as a result of this investment and the investments up to [inaudible] that have already been announced.



Results of FY2026 1st Half

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- FY2026 1st half YoY : Sales and profits increased due to higher sales volume of MicroThin™ and AI server -related Electrolytic Copper Foil VSP™ in the Engineered Materials segment, the weak yen and high metal prices, as well as an improvement in inventory factors in the Metal segments resulting from these conditions.
- As for the FY2026 forecast, continued strong sales volumes of major products in the Engineered Materials segment and the impact of declining prices for certain metals in the Metals segment are expected to be reflected in the forecast, resulting in higher sales and profits on a consolidated basis compared with the previous forecast. Net income is expected to decline due to the recognition of an extraordinary loss associated with the revision of the retirement benefit plan.

(Unit: Billion yen)

	1st half Results			Forecast		
	2026 Results	2025 Results	Difference (26-25)	2026 Forecast (Nov 10)	2026 Forecast (Aug 7)	Difference
Net Sales	431.1	364.3	66.8 *18.3%*	875.0	850.0	25.0 *2.9%*
Operating Income	57.5	39.8	17.8 *44.7%*	99.0	94.0	5.0 *5.3%*
Ordinary Income	60.9	39.1	21.8 *55.7%*	104.0	100.0	4.0 *4.0%*
Net income attributable to owners of parent	39.5	19.0	20.5 *107.6%*	78.0	80.0	-2.0 *-2.5%*

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Please see page one of the materials.

For Q2 of the fiscal year ending March 31, 2027, sales were JPY431.1 billion, operating income was JPY57.5 billion, ordinary income was JPY60.9 billion, and net income attributable to owners of the parent was JPY39.5 billion.

Compared to the same period of the previous year, although there was a decrease in sales due to the sale of the ACT Group in the previous fiscal year, the Group's overall sales increased by JPY66.8 billion due to an increase in sales volume of major products in the engineered materials segment, such as MicroThin™ and VSP™ electrolytic copper foil for AI servers, as well as an increase in sales in the metals segment due to a rise in the average price of non-ferrous metals.

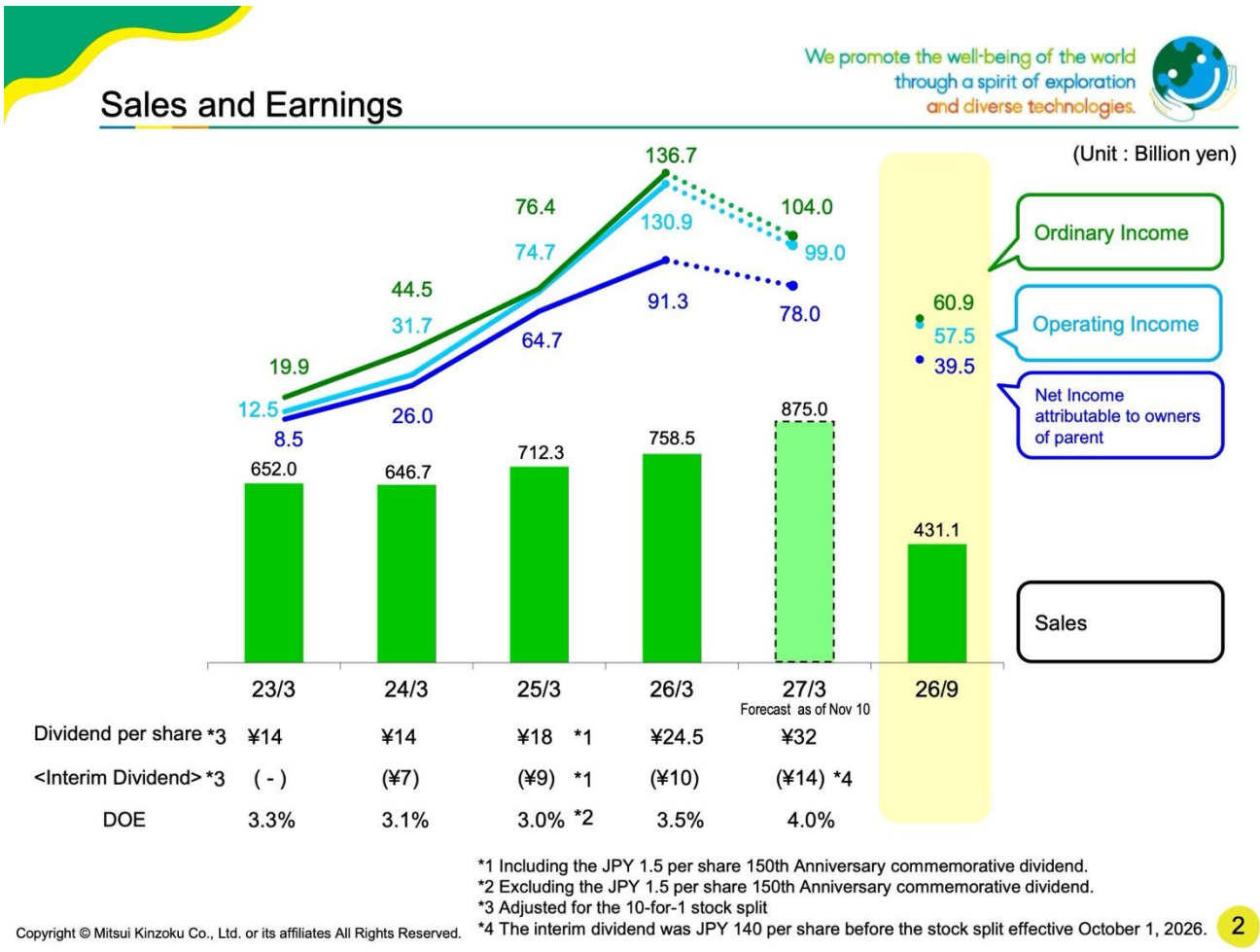
Regarding profits, operating income increased by JPY17.8 billion YoY, due to factors such as an increase in sales volume of major copper foil products in the engineered materials segment, margin improvement through sales price revisions, and favorable inventory factors resulting from indium price fluctuations. Ordinary income also increased by JPY21.8 billion, with the addition of improvements in equity method investment profit and loss.

Net income increased by JPY20.5 billion YoY, due to the disappearance of the JPY19 billion loss on the transfer of shares of Mitsui Kinzoku ACT YoY, despite the recording of a JPY6.4 billion loss on the termination of the retirement benefit system as an extraordinary loss due to the transition of all

defined benefit corporate pension plans and part of the retirement lump-sum payment system to a defined contribution pension plan, as well as a JPY13.6 billion increase in tax expenses.

Regarding our full-year forecast for the fiscal year ending March 31, 2027, as a result of reviewing it based on the H1 results and taking into account business trends in H2, we expect sales of JPY875 billion, operating income of JPY99 billion, and ordinary income of JPY104 billion, which exceeds the full-year forecast disclosed on August 7; however, net income is expected to be JPY78 billion, which is JPY2 billion below the previous forecast due to the impact of recording the retirement benefit system termination loss.

Note that the price assumptions for H2 are USD3,800 per ton for the LME zinc price, USD1,900 per ton for the LME lead price, USD6.58 per pound for the LME copper price, and an exchange rate of JPY155 to the US dollar.



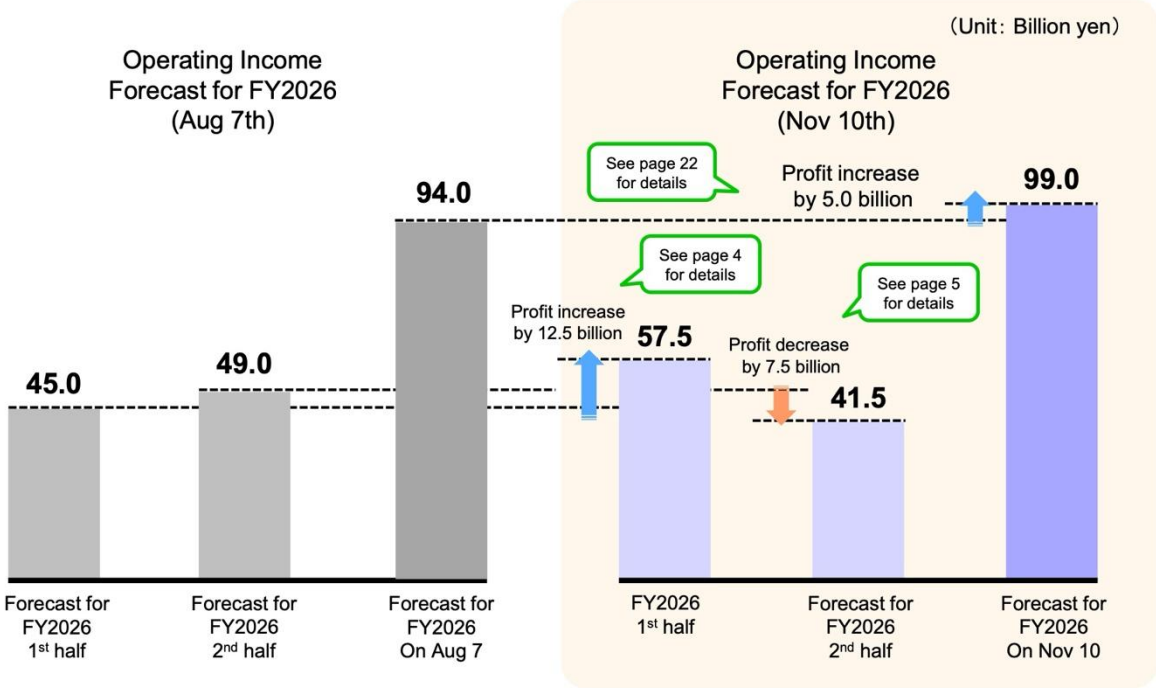
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Regarding dividends, which are listed at the bottom of the graph, we have raised the DOE from 3.5% to 4% in order to enhance shareholder returns. As a result, as disclosed today in the " Notice Concerning Change in Dividend Policy and Revision to Dividend Forecast," we have increased the year-end dividend forecast by JPY4, from JPY14 to JPY18 per share on a post-stock-split basis. Together with the interim dividend of JPY14 per share on a post-stock-split basis, the annual dividend will be JPY32 per share.

FY2026 Operating Income Forecast

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For FY2026, operating income for the full year is expected to be 99.0 billion yen, and it is expected to increase by 5.0 billion yen compared to the previous forecast

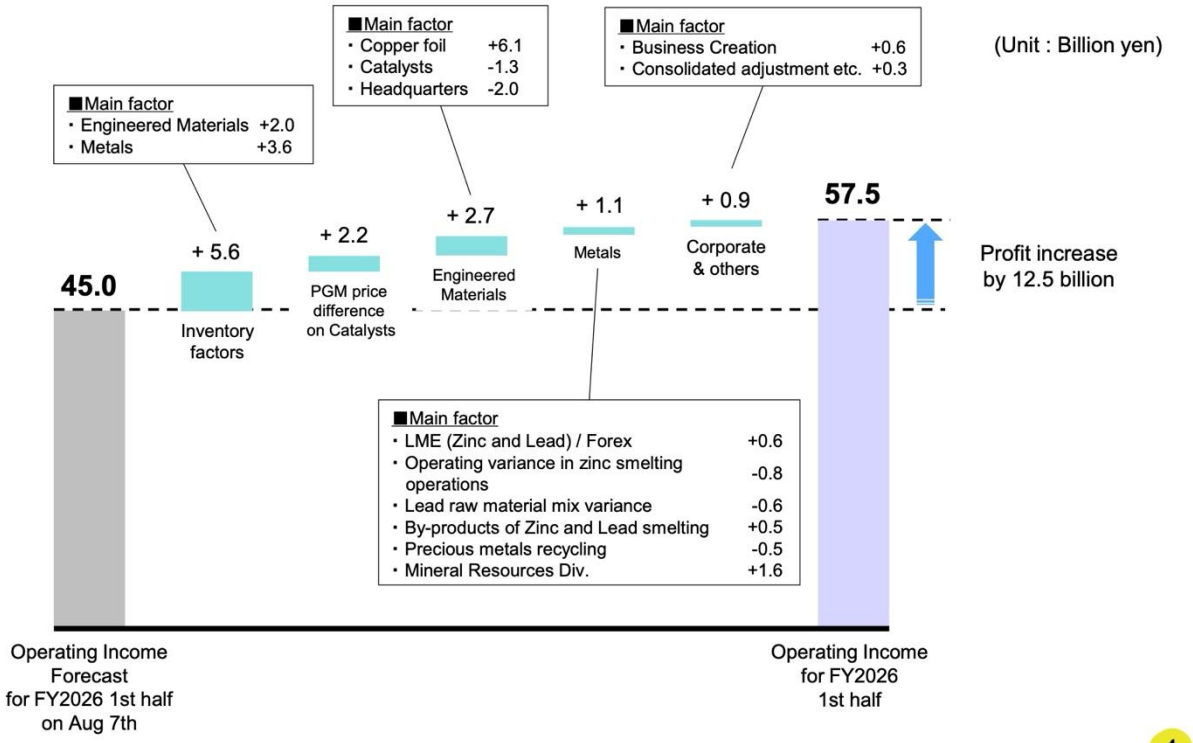


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Regarding operating income for FY2026, we expect an increase of JPY12.5 billion to JPY57.5 billion in H1 compared to the previous performance forecast, a decrease of JPY7.5 billion to JPY41.5 billion in H2, and an increase of JPY5 billion to JPY99 billion for the full year.

FY2026 1st half Operating Income



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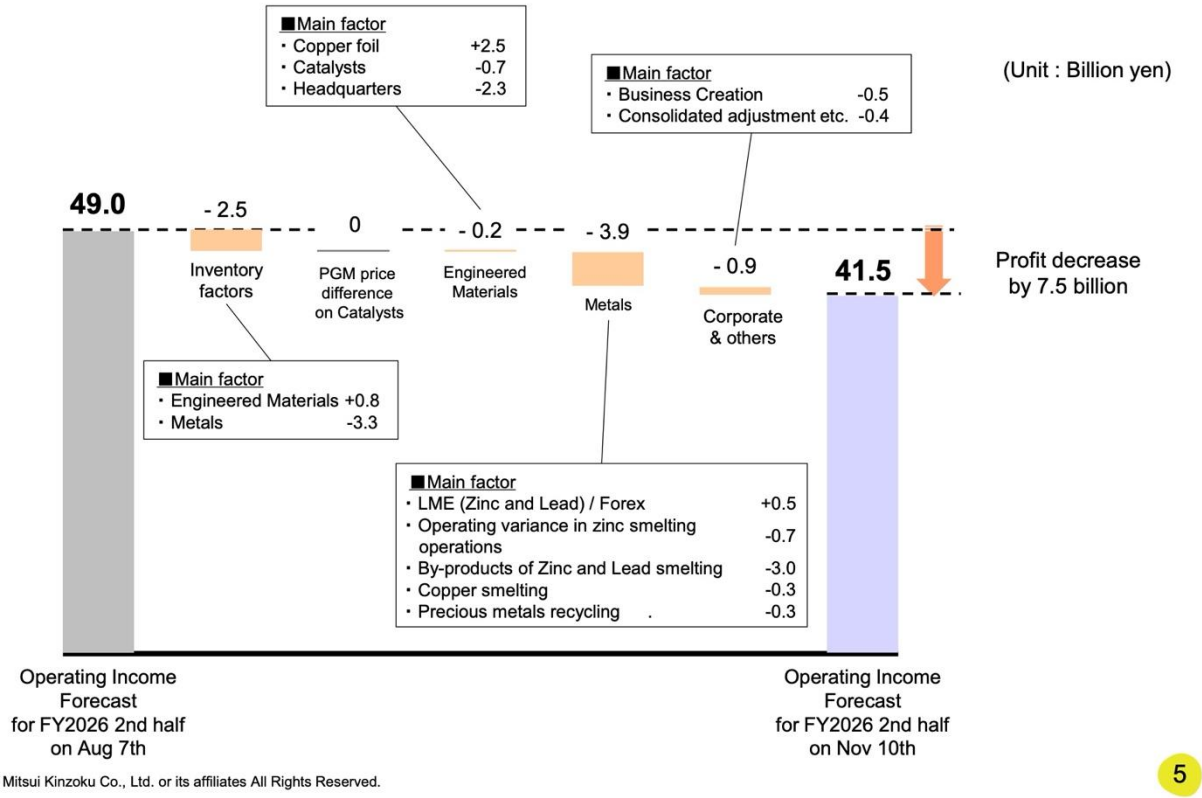
Please see page four of the materials.

Regarding operating profit, inventory factors and the impact of precious metal prices for catalysts have improved due to factors such as rising metal prices, and each business segment has also seen an increase in profit.

In the engineered materials segment, in addition to strong sales and price increases for copper foil, as a transient factor, the recording of JPY2.8 billion in prior-year sales Settlement for MicroThin™ resulted in a JPY6.1 billion profit increase in the copper foil business, a JPY1.3 billion profit decrease for catalysts, and a JPY2.7 billion profit increase including an increase in headquarters costs.

In the metals segment, metal market prices generally remained firm, and operations in the resources division were strong, resulting in a JPY1.1 billion profit increase. In the head office jurisdiction and others, there was a JPY0.9 billion profit increase, and in total, there was a JPY12.5 billion profit increase.

FY2026 2nd half Operating Income Forecast



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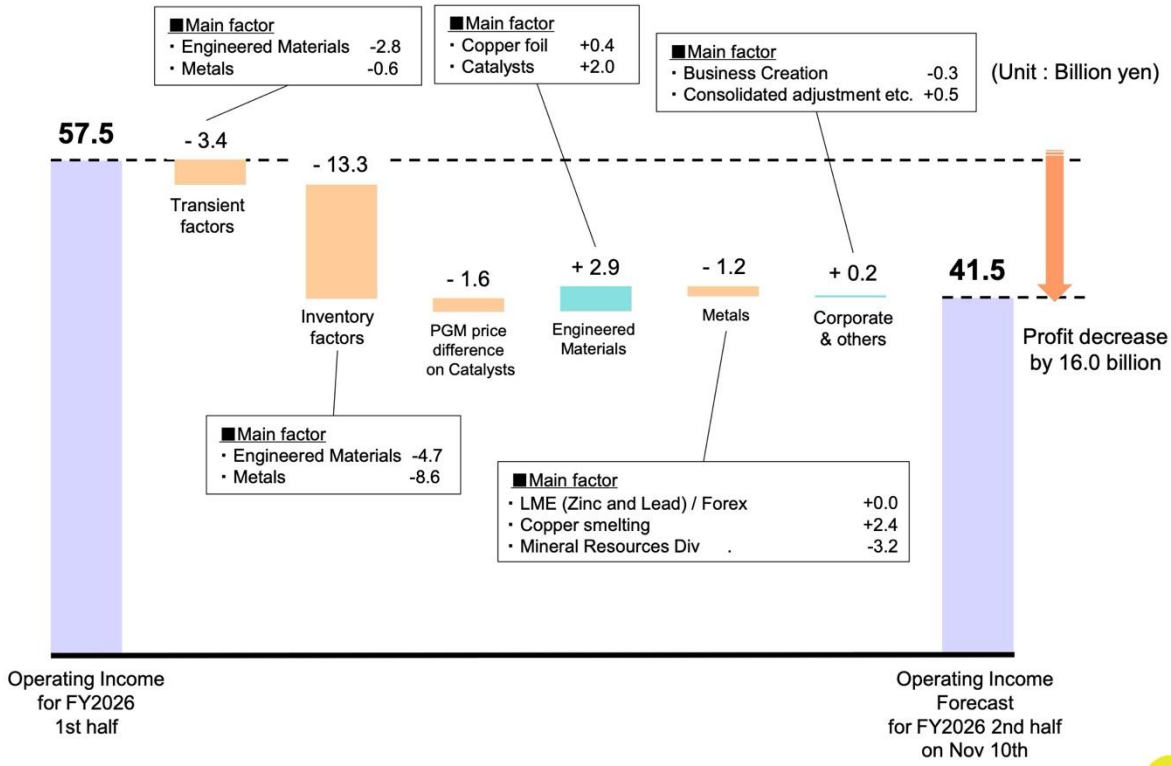
Please see page five of the materials.

Regarding operating profit, we anticipate a JPY7.5 billion profit decrease, as shown by the red arrow on the right side of the graph.

Although we are assuming a zinc price of USD3,800 per ton and an exchange rate of JPY155, we expect the performance of the metals segment to deteriorate due to factors such as inventory factors and differences in smelting by-products resulting from a decline in silver market prices.

In the engineered materials segment, the copper foil business is expected to see profit growth as MicroThin™ continues to perform well, but this is being offset by an increase in headquarters costs and other factors.

FY2026 2nd half Operating Income Forecast



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Please see page six of the materials.

For H2, we expect operating profit to be JPY41.5 billion, a decrease of JPY16 billion from the JPY57.5 billion in operating profit achieved in H1.

First, as a transient factor, there is a negative impact of JPY2.8 billion due to the absence of prior-year sales and production of copper foil from H1, and as an inventory factor, there is a negative impact of JPY13.3 billion due to the absence of the positive inventory factor from H1 and the projected negative inventory factor for H2.

In the engineered materials segment, we expect copper foil to maintain the same level as H1 in terms of actual performance, and we expect profit growth for catalysts due to cost reductions and other factors.

In the metals segment, the impact of exchange rates is flat. Also, while there will be profit growth toward H2 due to the recovery in copper smelting operations, this is being offset by profit and loss differences due to factors such as the timing of shipments in the resources division.

Non-operating income/expenses and Extraordinary income/losses

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(Unit : Billion yen)

	1st half Results			2nd half			FY		
	2026 Results	2025 Results	Difference (26-25)	2026 Forecast	2025 Results	Difference (26-25)	2026 Forecast	2025 Results	Difference (26-25)
Interest income - net	-0.5	-0.9	0.4	-0.6	-0.5	-0.1	-1.2	-1.4	0.2
Dividend income - net	0.3	0.5	-0.2	0.0	0.0	-0.0	0.3	0.5	-0.2
Equity in gains/losses	5.2	1.4	3.8	1.6	6.0	-4.4	6.8	7.4	-0.5
Forex Exchange gain or loss	-1.7	-1.8	0.1	0.0	0.4	-0.4	-1.7	-1.4	-0.3
Others	0.1	0.2	-0.1	0.6	0.6	0.1	0.7	0.8	-0.1
Non-operating income/expenses - net	**3.4**	**-0.6**	**4.0**	**1.6**	**6.5**	**-4.8**	**5.0**	**5.8**	**-0.8**
Loss on sale & disposal of Fixed Asset	-0.7	-0.8	0.1	-0.9	-2.0	1.2	-1.6	-2.8	1.2
PL on sale of Investment Securities	1.0	0.2	0.8	0.0	0.0	-0.0	1.0	0.3	0.8
PL on sale of shares of subsidiaries and associates	1.4	2.1	-0.7	0.0	-19.0	19.0	1.4	-16.9	18.3
Provision for other reserves	0.0	-18.8	18.8	0.0	18.8	-18.8	0.0	0.0	0.0
Loss on termination of retirement benefit plan	-6.4	0.0	-6.4	0.0	0.0	0.0	-6.4	0.0	-6.4
Subsidy Income	0.0	0.0	0.0	5.6	0.1	5.5	5.6	0.1	5.5
Others	-0.6	1.0	-1.6	-0.5	-0.9	0.3	-1.1	0.1	-1.2
Extraordinary income/losses - net	**-5.2**	**-16.3**	**11.1**	**4.2**	**-3.0**	**7.1**	**-1.1**	**-19.3**	**18.2**

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Please see the non-operating and extraordinary income and losses on page 12 of the materials.

Non-operating income and losses for the full year are roughly in line with the same period of the previous year.

Regarding extraordinary income and losses, while the extraordinary loss recorded in the same period of the previous year due to the share transfer of Mitsui Kinzoku ACT has been removed, the JPY6.4 billion loss from the termination of the retirement benefit plan in Q2 is a major difference.

Trends of products

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			2024					2025					2026 Forecast (Nov 10)					2026 Forecast (Aug 7)		
			Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	1st Half	2nd Half Forecast	Year Forecast	1st Half Forecast	2nd Half Forecast	Year Forecast
Copper foil	Volume of Sales	t / Month	1,680	1,650	1,680	1,600	1,650	1,750	1,980	1,970	1,700	1,850	1,750	1,670	1,710	1,630	1,670	1,750	1,740	1,750
VSP™	Volume of Sales	t / Month	240	390	420	430	370	510	560	550	570	550	660	730	700	760	730	690	730	710
MicroThin™ Total (a+b)	Volume of Sales	k-m2/Month	2,480	2,650	2,220	2,060	2,350	3,120	3,480	3,430	3,610	3,410	4,070	4,440	4,250	4,390	4,320	4,290	4,230	4,260
MicroThin™ for HDI (a)	Volume of Sales	k-m2/Month	600	530	470	430	510	530	650	690	470	590	550	640	590	530	560	560	560	560
MicroThin™ for PKG (b)	Volume of Sales	k-m2/Month	1,880	2,120	1,750	1,630	1,840	2,590	2,830	2,740	3,140	2,820	3,520	3,800	3,660	3,860	3,760	3,730	3,670	3,700
FaradFlex™	Volume of Sales	k-m2/Month	30	40	40	40	40	40	40	50	60	50	70	80	70	80	80	70	80	80
Catalysts for motorcycle	Volume of Sales	Index	100	100	94	92	97	97	103	101	103	101	102	106	104	102	103	104	99	102
India	Volume of Sales	Index	100	101	87	83	93	87	98	97	101	96	98	100	99	97	98	101	95	98
Indonesia	Volume of Sales	Index	100	123	110	117	112	103	123	110	108	111	99	127	113	121	117	114	114	114
Others	Volume of Sales	Index	100	89	102	101	98	115	104	105	104	107	110	109	110	105	107	107	101	104
Catalysts for automobile	Volume of Sales	Index	100	98	100	95	98	94	95	96	95	95	88	95	91	98	95	90	99	94
Protective Coating Materials for Semiconductor Production Equipment	Volume of Sales	Index	100	101	126	130	114	131	125	124	153	133	117	141	129	100	115	129	89	109
Zinc	Volume of Production	k-t	56	47	56	58	216	53	52	47	42	194	45	53	98	116	214	103	115	218

※ Index : The sales volume in 2024 Q1 scaled at 100 (except Copper Foil, MicroThin™, FaraFlex™ and Zinc).

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Please see the trends of products on page 13 of the materials.

Starting this time, following MicroThin™, we have also begun reporting actual sales volume figures for FaradFlex™, a thin substrate-embedded capacitor material.

Regarding the copper foil business, we anticipate that strong demand for MicroThin™ will continue for the time being, including for multi-purpose applications such as PCs and smartphones, as demand for data centers and memory substrates increases in the semiconductor package substrate market, and demand for optical modules surges due to AI. Against this backdrop, in order to fulfill our supply responsibility, we announced on October 30 that we would move up the expansion of production capacity at the Ageo Plant starting in H2. We also expect an increase in sales volume for VSP™ electrolytic copper foil for AI servers in H2, driven by strong demand. The situation for FaradFlex™ is similar. Regarding VSP™, although I mentioned a delay in customer certification at the financial results briefing on August 7, there is currently no impact from this matter.

As for exhaust gas purification catalysts, we expect volumes for both two-wheeled and four-wheeled vehicles to be roughly in line with our previous forecast.

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Performance by Segment – Engineered Materials

(Unit : Billion yen)

	26/1H Results	25/1H Results	Diff. (26-25)	26/2H Forecast	25/2H Results	Diff. (26-25)	FY2026 Forecast	FY2025 Results	Diff. (26-25)
■Sales	211.8	150.5	61.3	204.2	177.9	26.3	416.0	328.4	87.6
■Operating income	46.4	28.0	18.3	40.1	39.5	0.7	86.5	67.5	19.0
■Ordinary income	45.1	26.5	18.7	39.9	40.1	-0.2	85.0	66.5	18.5
※Ordinary income	37.9	24.2	13.8	39.0	37.5	1.5	76.9	61.6	15.3

※Ordinary income : Ordinary income excluding inventory factors and PGM price difference on Catalysts.

(Engineered Material Products)		(Main Applications)
Copper Foil		・High-Density Packaging ・Printed circuit board
Catalysts		・Motorcycles ・Automobiles
Battery Materials		・Nickel-hydrogen batteries for hybrid cars ・Lithium-ion batteries
Engineered Powders		・Wide range of electronic components
Rare Material		・Abrasive for glass ・Wide range of electronic components
Ceramics		・Kiln furniture for electronic materials ・Liquid aluminum filtration equipment
PVD Materials (Sputtering target)		・Flat panel displays
HRDP *1		・Carrier for next-gen chips packages

Difference Analysis of Ordinary income

[FY2025 1st Half → FY2026 1st Half + 18.7]

Copper foil	+18.3	(MicroThin™ and VSP™ volume of sales increases, others)
PVD Materials	+4.4	(Inventory factors, others)
Headquarters	-4.7	(Business Promotion cost, others)

[FY2025→FY2026 Forecast + 18.5]

Copper foil	+23.7	(MicroThin™ and VSP™ volume of sales increases, others)
Catalysts	-2.1	(PGM price difference, others)
PVD Materials	+4.0	(Inventory factors, others)
Headquarters	-7.9	(Business Promotion cost, others)

*1 In October 2025, the HRDP was transferred from the Business Creation Sector to Engineered Materials Sector.

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Next is the explanation of the Engineered Materials segment. Please see page 15 of the materials.

Regarding ordinary profit compared to the same period of the previous year, increased sales of MicroThin™ and VSP™ in the copper foil business are contributing to both the H1 results and the full-year forecast.

Due in part to an improvement in inventory factors for PVD materials, we expect the engineered materials segment's ordinary profit for FY2026 to be JPY85 billion for the full year, an increase of JPY18.5 billion from the previous fiscal year and an increase of JPY7 billion from our previous forecast.

Performance by Segment – Metals

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(Unit : Billion yen)

	26/1H Results	25/1H Results	Diff. (26-25)	26/2H Forecast	25/2H Results	Diff. (26-25)	FY2026 Forecast	FY2025 Results	Diff. (26-25)
■Sales	211.5	161.2	50.3	227.5	215.5	12.0	439.0	376.7	62.3
■Operating income	15.7	17.7	-2.0	5.8	53.0	-47.3	21.5	70.8	-49.3
■Ordinary income	18.8	18.4	0.4	5.7	56.6	-51.0	24.5	75.1	-50.6
※Ordinary income	13.4	15.7	-2.3	8.9	39.7	-30.9	22.3	55.5	-33.2

※Ordinary income : Ordinary income excluding inventory factors.

Difference Analysis of Ordinary income

	FY2025 1H→ FY2026 1H	FY2025→ FY2026 Forecast
LME (Zinc and Lead) / Forex	4.5	6.1
T/C (Zinc)	0.0	0.1
Inventory Factors	2.7	-17.4
Equity profit/loss	2.8	-0.5
Energy cost	-1.1	-3.1
(Cokes, included in the number avobe)	(-0.4)	(-1.0)
Others *	-8.5	-35.8
Total	0.4	-50.6

Sensitivity to ordinary income (for FY2026)

			Full open basis	Including forward contract
Zinc	±	100$/t	1.5	1.0
Lead	±	100$/t	0.2	0.2
US$ (yen/$)	±	1yen/$	0.7	0.5

Zinc TC

FY2025	80 $/t	
FY2026	85 $/t	

***Detail of Others**

FY2025 1H→ FY2026 1H	Operating variance in zinc smelting operations -1.3, By-products of Zinc and Lead smelting +2.5, Lead raw material mix variance -5.2, Zinc and Lead Smelting costs increase in Zinc and Lead Div. (including large scale maintenance -2.0) -4.8, Operating variance in copper smelting operations -5.3, Mineral Resource Div. +4.7
FY2025→ FY2026 Forecast	Operating variance in zinc smelting operations +2.5, By-products of Zinc and Lead smelting -3.0, Lead raw material mix variance -9.9, Zinc and Lead Smelting costs increase in Zinc and Lead Div. (including large scale maintenance -2.0) -5.9, Operating variance in copper smelting operations -14.5, Costs increase in Copper Smelting (including large scale maintenance -2.6) -2.5, Precious metals recycling -3.2, Mineral Resource Div. +2.0

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Next is the Metals segment. Please see page 16 of the document.

Regarding the LME price for FY2026, zinc has been trending at a higher level than in the previous fiscal year, and the yen has also been trending weaker, so the impact of market prices and exchange rates is a positive JPY4.5 billion for H1 and a positive JPY6.1 billion for the full year compared to the previous fiscal year. On the other hand, the inventory factor for inventories will have a negative impact of JPY17.4 billion for the full year, as the JPY19.6 billion positive inventory factor from the previous fiscal year will be removed.

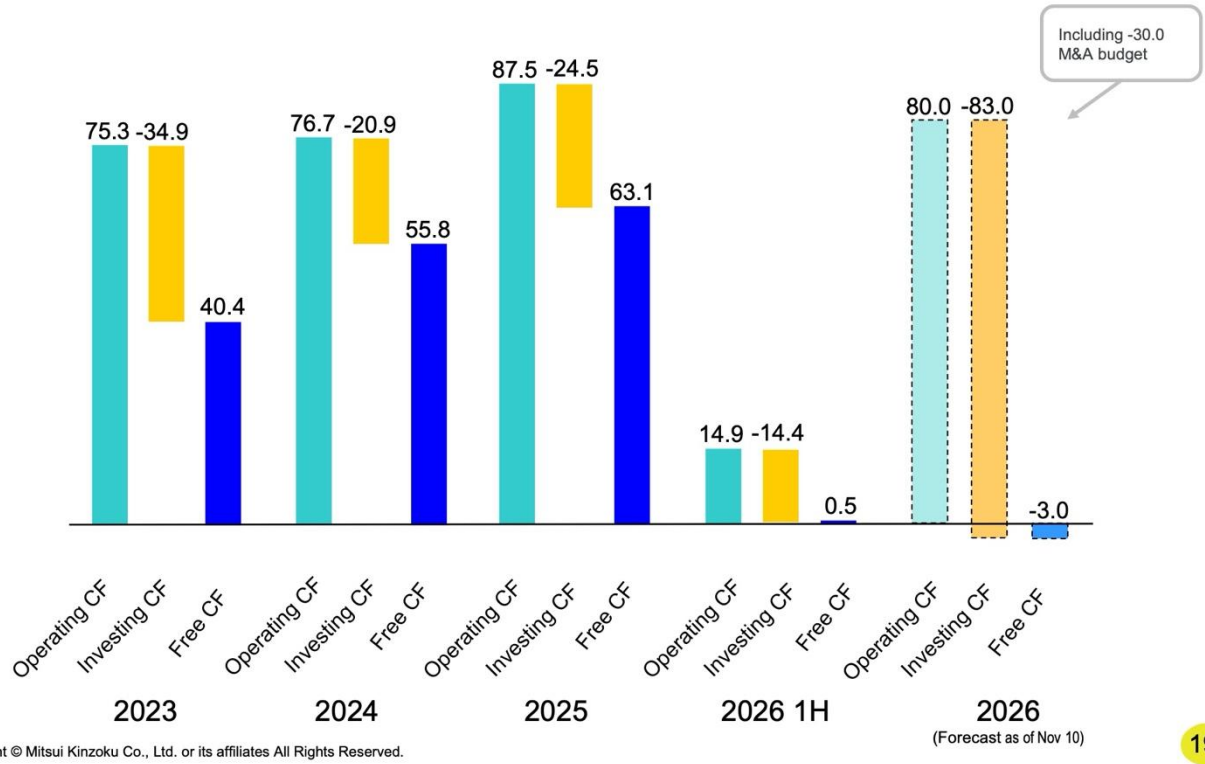
As for other factors, there is a negative impact of JPY8.5 billion in H1 and a negative impact of JPY35.8 billion for the full year compared to the previous period. This is due to cost impacts in the zinc and lead business, including the impact of major periodic repairs, and differences in operating rates in the copper smelting business. As a result, ordinary profit increased by JPY0.4 billion to JPY18.8 billion in H1 compared to the previous period and decreased by JPY50.6 billion to JPY24.5 billion for the full year.

In addition, the previous full-year forecast for ordinary profit in the metals segment was JPY26.5 billion, but in the current forecast, as explained at the beginning, we revised the H2 silver price assumption from USD65/oz to USD55/oz, which resulted in a decrease in profit due to factors such as the expansion of the zinc and lead smelting byproduct margin.

Cash Flows

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(Unit : Billion yen)



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Next, please see page 19 for the status of cash flow.

In H1 of FY2026, due to factors such as a JPY42.6 billion increase in inventories accompanying high operating rates and rising metal prices, and JPY19 billion in corporate tax payments, operating cash flow remained at JPY14.9 billion, and with a negative investment cash flow of JPY14.4 billion, free cash flow was JPY0.5 billion.

Looking toward H2, we will continue to work on inventory management and aim to improve operating cash flow.

Finally, with the accelerated expansion of MicroThin™ production capacity announced on October 30 and the investment in the new copper foil plant in Malaysia announced today, we believe that our confidence in achieving the FY2030 profit target of JPY150 billion set out in the 2025 Medium-Term Management Plan, including JPY130 billion from the engineered materials segment, has increased, with potential upside beyond the target.

■Q&A Session

Engineered Materials Segment

Q. Regarding the total investment of approximately 190 billion yen for the construction of a new copper foil plant in Malaysia, what is your plan for financing this project?

A. We evaluate our debt capacity based on credit ratings, the net D/E ratio, and the equity ratio, from the perspective of financial discipline. Taking our current credit rating into account, we estimate that our debt capacity is approximately 300 to 400 billion yen. We believe that an investment of 190 billion yen is feasible given this capacity. We will prioritize using operating cash flow first and will cover any shortfall through borrowings and other means.

Q. Regarding the construction of the new copper foil plant, could you please provide details of the approximately 144 billion yen to be invested in production equipment and other assets, the criteria used in making the investment decision, and the expected depreciation period?

A. Regarding production equipment and other assets, investments in surface treatment equipment, electrolytic drums, electrolytic cells, and the like account for a significant proportion of the 144 billion yen. In making the investment decision, we projected that, while ROIC would temporarily decline, it would not fall below the level recorded in FY2024, and therefore concluded that the project would be sufficiently profitable. We expect EVA to increase steadily as a result of this investment. The depreciation period for the equipment is generally eight years.

Q. Regarding the construction of the new copper foil plant, what are your thoughts on the potential for future expansion of the facility?

A. Regarding Very Smooth Profile Copper Foil (VSP™), we believe we can achieve a production capacity of 5,000 tons per month by utilizing the land and buildings we are acquiring on this occasion, along with our other existing facilities. As for MicroThin™, since we basically use the same equipment for it as for VSP™ until certain stages in the manufacturing process, production equipment can be switched over to manufacture MicroThin™ in accordance with demand. We will decide which to invest in based on the market conditions. For this investment, we will first acquire the land by FY2027, then construct the building, and proceed with investments in production equipment and other assets. We expect to begin considering plans beyond FY2033 around 2029 to 2030. We will make our next decisions while assessing market conditions for MicroThin™ and VSP™, carefully analyzing whether demand will trend upward or downward.

Q. Please explain the projected operation rate and demand outlook for VSP™ and MicroThin™ in relation to the production capacity expansion plan for 2030 and beyond.

A. Regarding VSP™, we expect that sales volumes are trending toward a level that keeps the operation rate close to full capacity. As for MicroThin™, we expect the operation rate to remain at around 70% to 80%. Rather than maintaining significant excess capacity, we plan to add capacity that matches actual demand growth.

Q. Regarding income in the engineered materials segment, there is a significant increase of 6 billion yen from the first quarter to the second quarter in ordinary income, excluding inventory factors and the PGM price difference on Catalysts. Could you explain the reasons behind this?

A. The factors contributing to the higher-than-expected ordinary income, excluding inventory factors and the PGM price difference on Catalysts, primarily include the impact of transient factors totaling 2.8 billion yen for copper foil. In addition, margins improved significantly due to the successful implementation of price increases for copper foil and an improved sales mix.

Q. Regarding the engineered materials segment shown on page 15 of “FY2026 Q2 Results & FY2026 Forecast,” could you explain the factors behind the year-on-year increase of 18.3 billion yen in ordinary income from the copper foil in the first half of the fiscal year?

A. Regarding sales, changes in sales volumes of MicroThin™, electro-deposited copper foil, and FaradFlex™ contributed to an increase in profit of approximately 5.5 billion yen. Price increases contributed to an increase in profit of approximately 3.5 billion yen; differences in the average selling price of electro-deposited copper foil contributed to an increase of approximately 4.0 billion yen; and differences in the selling prices of products other than electro-deposited copper foil contributed to an increase of approximately 1.5 billion yen. Regarding costs, raw material costs increased by approximately 4 billion yen due to rising copper prices; other variable costs remained largely flat; and fixed costs and selling, general, and administrative expenses increased by approximately 1 billion yen. Regarding inventory valuation, copper prices rose further in the second quarter, resulting in a positive impact of approximately 3.5 billion yen. Foreign exchange gains, including non-operating items, had a positive impact of approximately 2.0 billion yen. Additionally, there was a gain of 2.8 billion yen resulting from the settlement of prior-year sales, as a transient factor.

Q. Regarding the engineered materials segment shown on page 15, could you please explain the factors behind the 23.7 billion yen year-on-year increase in ordinary income from copper foil for the full fiscal year?
A. Regarding sales, changes in sales volumes of MicroThin™, electro-deposited copper foil, and FaradFlex™ contributed to an increase in profit of approximately 10 billion yen. Price increases contributed to an increase in profit of approximately 9 billion yen; differences in average selling prices for electro-deposited copper foil contributed to an increase of approximately 7 billion yen; and differences in selling prices for products other than electro-deposited copper foil contributed to an increase of approximately 2.5 billion yen. Regarding costs, raw material costs increased by approximately 5.5 billion yen due to rising copper prices; other variable costs increased by approximately 2.0 billion yen; and fixed costs and selling, general, and administrative expenses increased by approximately 3.0 billion yen. Regarding inventory valuation, there was a positive impact of approximately 0.5 billion yen. Foreign exchange had a favorable impact of approximately 2.5 billion yen, including non-operating items. We expect an increase in profit of 2.8 billion yen due to the prior-year sales settlement, as a transient factor.

Q. Please provide additional details regarding the 2.8 billion yen in the prior-year sales settlement for the copper foil business.
A. The prior-year sales settlement relates to transactions for which we had been negotiating sales terms with our customers. Since we have now reached an agreement with them, we have recognized the amount for a prior year along with the current period’s sales in the second quarter.

Q. In the comparison of first-half operating income results and second-half forecasts shown on page 6, it states that profit from copper foil in the second half is expected to increase by 0.4 billion yen compared to the first half. Please explain the negative factors that could hinder sales growth for MicroThin™ and VSP™.
A. This was affected by the fact that profit increased significantly in the first half due to inventory-related factors following a rise in copper prices. We expect to incur a slight loss in the second half, with a projected decrease in profit of approximately 3 billion yen due to inventory-related factors, and we also anticipate a slight deterioration in cost conditions heading into the second half. Taking these negative factors into account, along with the positive impact from increased sales and improved margins, we expect a 0.4 billion yen increase in profit.

Q. Regarding the impact of the price increase for copper foil, while the increase in costs, including copper prices, variable costs, and fixed costs, is significant on an annual basis, what is your view on the need for further price increases after the second half of the year?
A. The guidance we have provided this time reflects the impact of the price increase proposed for MicroThin™ in March of this year and the price increase for VSP™ effective July of this year and

beyond. However, we are currently considering specific plans for additional price increases in the second half of the year, and we may ask our customers to bear further costs.

Q. Regarding the trends of products shown on page 13, could you explain what is driving these trends in terms of market conditions, market share, and other factors for VSP™ and MicroThin™?

A. Regarding VSP™, the impact of the slower-than-expected Malaysia copper foil customer qualification, which we explained during the previous earnings announcement, has already been resolved, and sales volumes are exceeding expectations driven by very strong demand. As for MicroThin™, although shipment volume in the second quarter was slightly below our previous forecast due to timing differences, etc., the product remains strong overall, and we expect volumes to grow further heading into the second half of the fiscal year. In particular, memory-related products for PKG are performing exceptionally well, and sales for optical transceivers are also trending positively. Regarding VSP™ market share, we currently see no signs of competitors taking market share from us in the high-end HVLP copper foil category, our target market. We view MicroThin™ as a product that is extremely difficult to manufacture, and we believe the situation that no competitor has been able to successfully mass-produce it remains unchanged at this time.

Q. What is your assessment of your company's market share in the HVLP4 market? You may not be able to determine your company's share within your own supply chain because you don't have a clear picture of the overall market.

A. While we do not do business with all CCL manufacturers, we do cover a significant number of those that use high-grade copper foil. Based on our transactions with them, we believe our market share in that segment has not actually been eroded. We view high-end products like HVLP4 as being very difficult to manufacture, though not quite as challenging as MicroThin™, and believe that the number of companies capable of stable mass production is quite limited.

Q. Could you provide the growth rate and share of the market for optical transceiver applications within MicroThin™ for PKG?

A. For the full FY2026, we have factored in the fact that the volume of optical transceiver applications within the total MicroThin™ for PKG will exceed 700,000 square meters per month. This represents significant growth compared to the approximately 100,000 to 150,000 square meters per month for optical transceivers in FY2025.