

## Q&A at the Progress Briefing on the 2025–2027 Medium Term Business Plan

Reference: May 21<sup>st</sup>, 2026, Material for the Progress Briefing on the 2025–2027 Medium Term Business Plan

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Note:

Next10, Future10: Businesses and products that will become core earnings drivers in 2035 and 2040.

Core10: Businesses and products that will become core earnings drivers in FY2030.

### ■Q&A Session

The person answering the question was President and Representative Director, IKENOBU Seiji

### Engineered Materials Segment

Q. Regarding MicroThin™, as part of the Big Moves in the MTP, you reconsidered the pricing strategy by incorporating external perspectives and announced a price increase in March. What are your thoughts on implementing another price increase?

A. Regarding the price of MicroThin™, we are continuing our efforts to assess the value of our products while analyzing the competitive environment. Given the global inflation situation, we believe the biggest achievement of the Big Moves is that we have transitioned to an ongoing value assessment system, rather than treating the matter as closed after a single price increase.

Q. Regarding MicroThin™, an operation rate of 70% to 80% is coming into view. Could you tell us what possibilities exist for increasing production capacity in the future? For example, is there space in the existing plants, will you purchase new land, or could you acquire and modify a third-party plant to manufacture the product using Mitsui Kinzoku's expertise? If the outlook for the next fiscal year rises further, could you tell us whether the plan for 5.6 million square meters in FY2029 could be achieved slightly earlier by accelerating the arrangement of equipment and other resources?

A. To achieve production increases without making large-scale capital expenditures, we are constantly working to improve our operation rate. Up until now, we have increased production while being aware of ROIC while minimizing investments as much as possible, but we are discussing additional options such as the examples you raised while fully utilizing our existing plants. If demand rises above our current outlook, we believe we must make decisions that involve significant investments. We are continuously exploring options—including M&A as well as medium-to-long-term investments such as constructing our own facilities—without waiting for the next MTP. We want to be thoroughly prepared so we are not left behind if market growth accelerates.

Q. Regarding capital expenditure for VSP™, we believe global demand will require around 6,000 tons/month in 2028, and Mitsui Kinzoku's capacity is clearly insufficient. We think a large greenfield investment is necessary, but how are you planning to mitigate risk?

A. Regarding VSP™, given the overall market demand, as our capacity is insufficient, we will initially prioritize high-grade products in our product mix. We are considering increasing growth investments to 1.5 times the current level during the 25–27 MTP period, but we are discussing multiple proposals internally to realize an optimal strategy without being bound by that constraint.

Q. Regarding VSP™, competitors are very aggressively signaling their intentions to enter the market, and if capacity is insufficient relative to market growth, there is room for

competitors to enter. Could you explain the measures, pricing strategies, and other tactics you will use to ensure Mitsui Kinzoku can win decisively without losing market share?

A. For VSP™, we will focus on capturing demand for super-high-grade products, and we want to assess our combined R&D and manufacturing capabilities as our winning strategy there. MicroThin™ gained customer trust due to our robust manufacturing capabilities. If we can similarly demonstrate our true capabilities for VSP™, we believe customers will also understand our pricing strategy.

Q. Could you tell us about the status of HRDP®?

A. We have determined that it has entered the commercial manufacturing stage and transferred it to the Engineered Materials Sector. However, because the market take-off was slower than expected, we revised the business plan. That said, this market remains highly attractive, and we will continue to drive the business forward.

### **Metals Segment**

Q. How do you plan to improve the ROIC spread of the metal business going forward? The ROIC target for 2030 remains unchanged at 8%, but is 7% to 8% an appropriate target to aim for in the first place?

A. In the metal business, strategies change depending on variables such as metal prices and exchange rates. The Medium Term Business Plan, which began in FY2022, assumed lower metal prices and a stronger yen (115 yen to the dollar) than current levels, but we aim to raise ROIC to double digits, even under those conditions. To achieve this, we will enhance our processing of recycled raw materials to a level second to none in the world. If current market conditions persist, we believe we can maintain an ROIC of 20%. An 8% target is by no means satisfactory.

### **Business Creation Sector**

Q. When will the solid electrolyte for All-Solid-State Batteries (ASSB) be monetized?

A. We are currently seeing a strong volume of sample inquiries for solid electrolytes. However, whether the market for ASSBs truly takes off will depend on the results of mass production in 2027. We expect monetization to occur in 2030 and beyond. We will make timely decisions on capacity expansion investments to ensure we do not miss the window of opportunity, and we plan to provide regular updates on our progress.

### **Total**

Q. One of the key areas for which Mitsui Kinzoku has been greatly valued is its superior capital efficiency. The company has been most highly thought of for its ROIC growth, centered on the Copper Foil business, which generated high returns with minimal investment. Going forward, you anticipate a phase in which invested capital will increase upfront, but market scaling-up may be delayed. From a timeline risk management perspective, how will you balance risk-taking with return generation?

A. Operating on the assumption that growth for the time being will be driven mainly by Core10, we are looking at how to maximize EVA by linking Five Forces analysis to our pricing strategy. We must formulate our current investment plans while factoring in both optimistic and pessimistic demand scenarios. Regarding pricing, if we can establish a clear winning strategy to maintain our market share, we will ask customers to recognize the value of our products, which accounts for investment costs and allows us to maintain our target ROIC. We will proceed with discussions, keeping in mind that the greatest risk would be failing to invest in a growing market.

Q. Regarding your strategic ROIC assumptions, are there any businesses where you have set the immediate ROIC target relatively low on the premise of making preemptive investments

to deter market entry by competitors?

- A. The hurdle rate for the Copper Foil business is set quite high. While there is still room to expand production capacity by improving existing plants, if market growth outpaces our capacity expansion, we will have to comprehensively evaluate our ROIC targets. We intend to make investment decisions from the perspective of maximizing EVA. Ultimately, the investment decision for MicroThin™ is our highest priority, but since VSP™ is also undeniably a strategic product, we expect there will be situations where we must make bold decisions here as well.
- Q. For Next10, the growth of products like HRDP® and solid electrolytes depends heavily on whether the customer markets actually take off, meaning there may be times when Mitsui Kinzoku has limited leverage. Is your approach to prepare 10 options from the outset on the assumption that it would be a success if even only one of the options blossoms?
- A. Regarding Next10, we do not know how many of the 10 will become major hits, but we believe we must maintain a pipeline where new candidates continuously emerge to enter that top 10. Our goal is to have about 10 businesses or products in a single category, each generating around 10 billion yen in profit, and we aim to see around five of them come to fruition. To achieve this probability, we need to initially enter 30–40 items into the Next10 pipeline. We will be able to share more specific details once a solid blueprint is established in the next MTP.