Record of Briefing session Concerning FY2026 Q1 Results

Reference: FY2026 Q1 Results & FY2026 Forecast
LinkClick.aspx
Note:
PKG = Package substrate
HDI = High density interconnect
real profit = ordinary income excluding the inventory factors and the PGM price difference in Catalysts
volume variances: The difference between the expected/standard metal recovery and the actual recovery

■Explanation

Results of FY2026 Q1

We promote the well-being of the world through a spirit of exploration and diverse technologies.

- FY2026 Q1 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. Net profit attributable to owners of parent improved significantly due to the absence of the extraordinary loss related to the sale of shares in an affiliated company recorded in the same period of the previous fiscal year.
- 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 result in higher sales and profits compared with the previous forecast.

(Unit: Billion yen)

	Q1 Results			Forecast		
	2026 Results	2025 Results	Difference (26-25)	2026 Forecast (Aug 7)	2026 Forecast (May 13)	Difference
Net Sales	201.6	169.0	32.6 *19.3%*	850.0	830.0	20.0 *2.4%*
Operating Income	21.0	11.4	9.6 *84.1%*	94.0	91.0	3.0 *3.3%*
Ordinary Income	23.5	10.0	13.5 *134.3%*	100.0	93.0	7.0 *7.5%*
Net income attributable to owners of parent	16.8	-6.0	22.8 -	80.0	75.0	5.0 *6.7%*

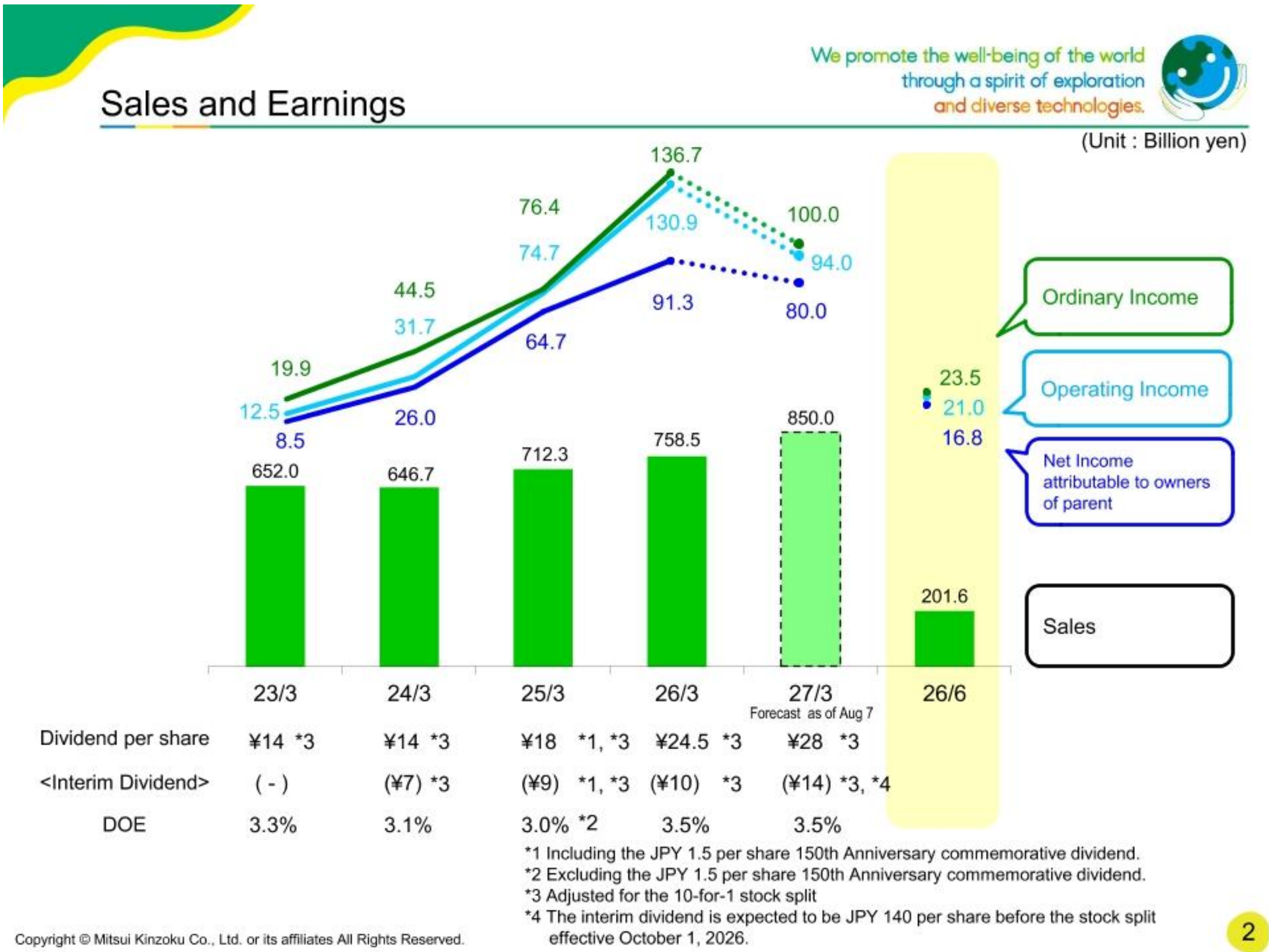
First, please see page one of the financial results presentation materials.

For Q1 of FY2026, net sales were JPY201.6 billion, operating income JPY21 billion, ordinary income JPY23.5 billion, and net income attributable to owners of parent JPY16.8 billion. YoY, the Group's total sales increased by JPY32.6 billion, driven by higher sales volumes of key products in the engineered materials segment—such as the ultra-thin copper foil, MicroThin™, and the electrolytic copper foil, VSP™, for AI servers—as well as favorable factors in the metals segment, including the weaker yen and improved metal prices.

Regarding profits, in addition to the factors mentioned earlier, operating income reached JPY9.6 billion due to an improvement in inventory conditions in the metals segment and the elimination of the impact of the extraordinary loss recognized in the same period of the previous fiscal year related to the sale of shares in MITSUI KINZOKU ACT, ordinary income JPY13.5 billion, and net income attributable to owners of parent JPY22.8 billion.

Regarding our full-year forecast for FY2026, after reviewing Q1 results and taking into account business trends from Q2 onward, we now expect net sales of JPY850 billion, operating income of JPY94 billion, ordinary income of JPY100 billion, and net income of JPY80 billion—all of which are expected to exceed the full-year forecasts previously disclosed on May 13.

Furthermore, our price assumptions for Q2 and beyond are as follows: LME zinc at USD3,400, lead at USD1,900, copper at USD6.12, and an exchange rate of JPY160 to the US dollar.



Please see page two of the materials.

As for the dividend shown at the bottom of the graph, as disclosed on May 13, we plan to pay an interim dividend of JPY140. Please note that, due to the stock split announced today—with a record date of September 30 of this year—we have set the year-end dividend forecast at JPY14. This figure reflects the adjustment following the stock split and represents no substantive change from the previous forecast.

Stock Split

*Please also refer to the announcement released on August 7, 2026, “Notice Regarding Stock Split, Partial Amendment to the Articles of Incorporation in Conjunction with the Stock Split, and Revision of Dividend Forecast”

We promote the well-being of the world through a spirit of exploration and diverse technologies.

- Purpose:

To create more accessible investment environment and broaden our investor base by lowering the investment amount per share unit.

- Overview:

Method of the Stock Split : Each share of common stock will be split into 10 shares
Record Date : September 30, 2026 (Wednesday)
Effective Date : October 1, 2026 (Thursday)

Note：Number of shares to be increased

	Total number of shares issued	Total number of shares authorized for issuance
Before stock split	57,420,389 shares	190,000,000 shares
After stock split	574,203,890 shares	1,900,000,000 shares

- Revisions to the dividend forecasts (FY2026):

	Dividends per Share		
Record Date	End of 2nd Quarter	Year-end	Annual
Forecast (announced on May 13)	140 Yen	140 Yen	280 Yen
Forecast (converted to pre-stock split basis)	140 Yen (*) (140 Yen)	14 Yen (140 Yen)	– (280 Yen)
(Reference) Results for previous fiscal year (ended March 31, 2026)	100 Yen	145 Yen	245 Yen

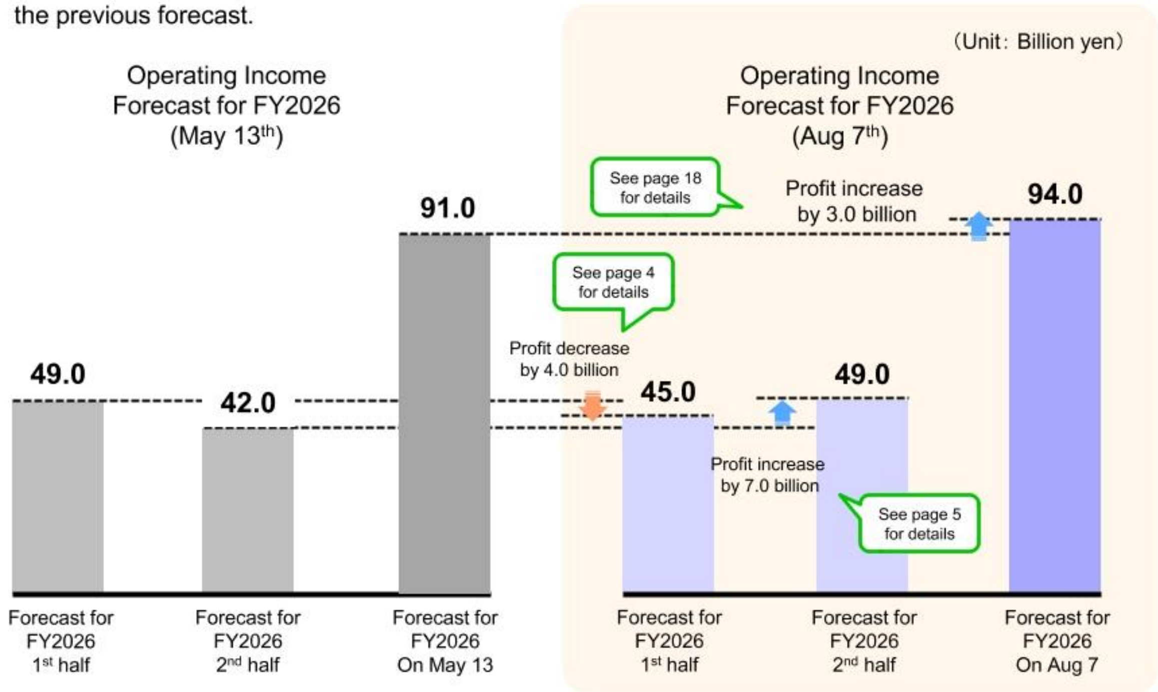
(*) Payment of the second quarter-end dividend will be made based on the pre-split number of shares.

The purpose of the stock split is to create an environment that makes investing more accessible by reducing the price per investment unit, thereby aiming to expand the investor base. Further details can be found on page 25 of the materials.

FY2026 Operating Income Forecast

We promote the well-being of the world through a spirit of exploration and diverse technologies.

For FY2026, operating income is expected to decrease by 4.0 billion yen in the first half compared to the previous forecast, and for the full year, it is expected to increase by 3.0 billion yen compared to the previous forecast.



Please see page three of the materials.

Regarding operating income for FY2026, we expect it to be JPY45 billion in H1—a decrease of JPY4 billion from the previous forecast—and JPY49 billion in H2—an increase of JPY7 billion—for a full-year total of JPY94 billion, representing an increase of JPY3 billion.

FY2026 1st half Operating Income Forecast

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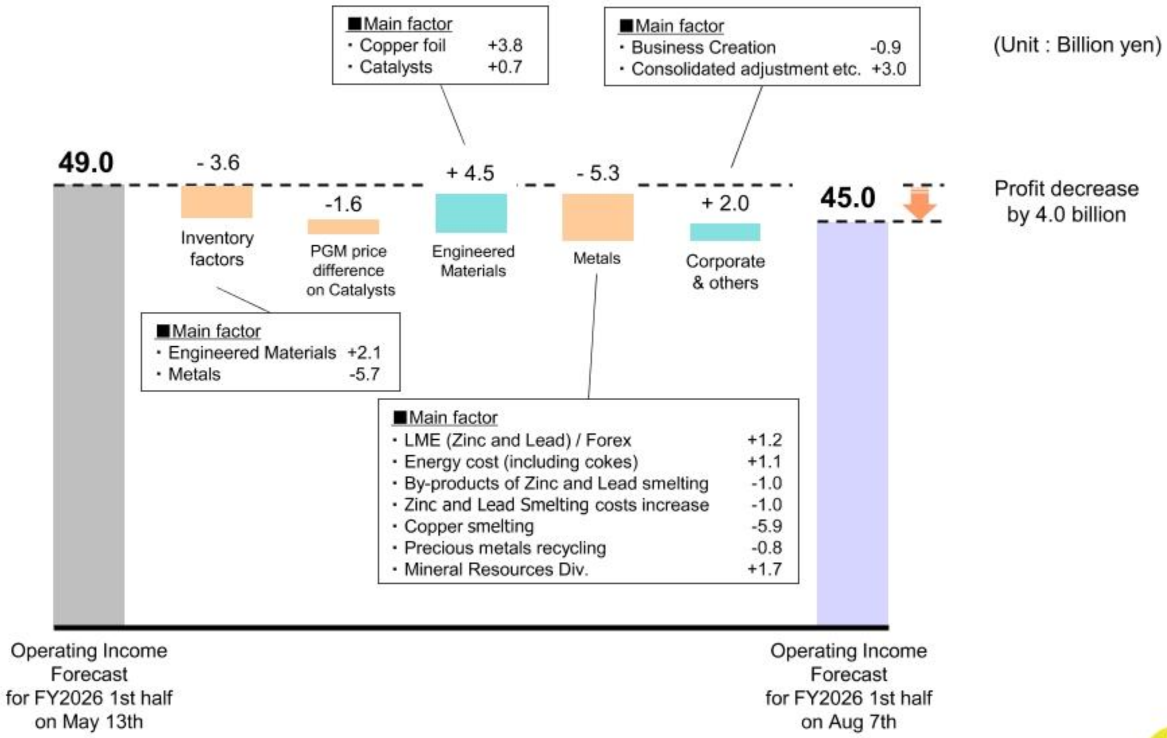
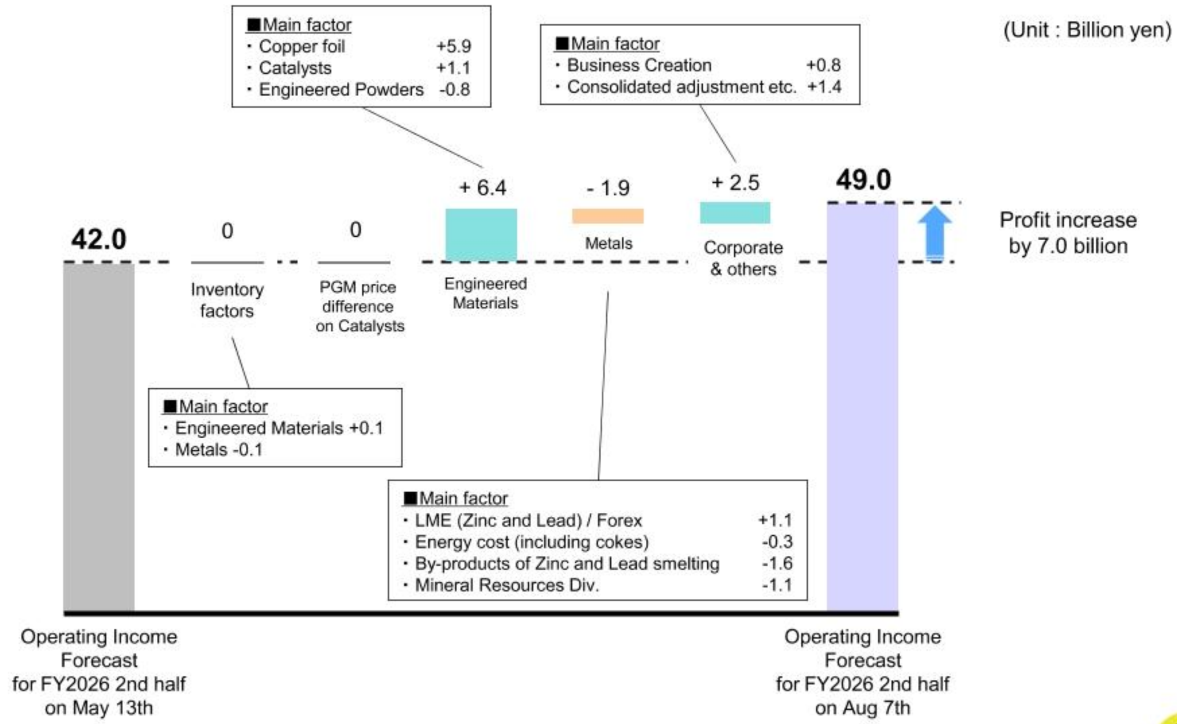


Please see page four of the material.

Regarding the difference between H1 operating income and the previous forecast, by segment, while the engineered materials segment is expected to see an increase in operating income—primarily driven by strong demand for copper foil—the metals segment is expected to see a decline in operating income; accordingly we anticipate an overall decrease of JPY4 billion in operating income.

FY2026 2nd half Operating Income Forecast

We promote the well-being of the world through a spirit of exploration and diverse technologies.



Please see page five of the material.

Regarding the difference between the present forecast and the previous forecast for operating income in H2 of the fiscal year, we expect an overall increase of JPY7 billion, primarily due to factors such as increased sales volume of MicroThin™ copper foil in the engineered materials segment.

Copper Foil Product Capacity Expansion

We promote the well-being of the world through a spirit of exploration and diverse technologies.

Capacity expansion for core copper foil products—VSP™, MicroThin™, and FaradFlex®—is supporting steady progress toward the 2030 ordinary income target—JPY 150 billion on a consolidated basis, including JPY 130 billion from the Engineered Materials segment.

■ Original Plan

VSP™ (Unit: t/month)

	2025	2026	2027	2028
Taiwan Plant	600	720	760	860
Malaysia Plant	120	120	240	340
Total	720	840	1,000	1,200

MicroThin™ (Unit: K -m2/month)

	2024	2027	2030
Japan Plant	2,500	2,600	2,800
Malaysia Plant	2,400	2,600	2,800
Total	4,900	5,200	5,600

FaradFlex® (FF)

- News release issued on August 21, 2025
- Production capacity to be increased 1.6-fold by March 2026

■ Latest Plan (Red boxes indicate additions.)

VSP™ (Unit: t/month)

	2025	2026	2027	2028	2030
Taiwan Plant	600	720	760	860	960
Malaysia Plant	120	120	240	340	440
Total	720	840	1,000	1,200	1,400

Total investment: JPY 7.0 B

MicroThin™ (Unit: K -m2/month)

	2025	2026	2027	2028	2030
Japan Plant	2,500	2,500	2,600	2,800	TBD
Malaysia Plant	2,400	2,400	2,600	3,200	TBD
Total	4,900	4,900	5,200	6,000	8,000

Total investment: JPY 30.0 B

FaradFlex® (FF) (Unit: K -m2/month)

	2025	2026	2027	2028	2029	2030
Malaysia Plant	70	80	100	135	135	135
Japan Plant	5	5	35	60	85	85
Taiwan Plant *	-	-	-	-	70	135
Total	75	85	135	195	290	355

Total investment: JPY 5.0 B

* Establishment of a new plant.

- Upside potential for the 2030 earnings target, depending on MicroThin™ and others.
- Considering new plants and M&A for growth beyond 2030
  → further enhancement of corporate value

Please see page six of the materials.

Today, in conjunction with the announcement of our financial results, we announced plans to expand production capacity for our core copper foil products—VSP™, MicroThin™, and FaradFlex®—through investments totaling JPY42 billion by 2030.
Monthly production capacity for VSP™ will thereby increase from 720 metric tons to 1,400 metric tons, for MicroThin™ from 4.9 million square meters to 8 million square meters, and for FaradFlex® from 75,000 square meters to 355,000 square meters.

These investments serve as a strategic move to capture medium- to long-term demand in the AI server, telecommunications infrastructure, optical modules, semiconductor packaging, and printed circuit board markets—areas where robust growth is anticipated—while fulfilling our responsibility to supply our customers. They also represent a significant step toward achieving the 2030 operating profit targets of JPY130 billion for the engineered materials segment and JPY150 billion for the Company as a whole, as outlined during the May 21 briefing on the progress of the 25th Medium-Term Management Plan.

In particular, MicroThin™ plans to significantly expand its production capacity from the originally planned 5.6 million square meters to 8 million square meters by 2030; depending on sales volume, there is a possibility that its 2030 financial results could exceed expectations.

In addition, in anticipation of further growth in demand after 2030, we continue to explore options such as establishing new in-house factories and pursuing mergers and acquisitions, with the aim of further enhancing our corporate value.

Non-operating income/expenses and Extraordinary income/losses

We promote the well-being of the world through a spirit of exploration and diverse technologies.

(Unit : Billion yen)

	Q1 Results			1st 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	-0.3	-0.5	0.1	-0.8	-0.9	0.1	-1.8	-1.4	-0.4
Dividend income - net	0.3	0.5	-0.2	0.3	0.5	-0.2	0.3	0.5	-0.2
Equity in gains/losses	2.8	0.8	2.1	4.7	1.4	3.3	6.6	7.4	-0.7
Forex Exchange gain or loss	-0.4	-2.3	1.9	-0.4	-1.8	1.5	-0.4	-1.4	1.1
Others	0.0	0.0	0.0	-0.3	0.2	-0.5	1.2	0.8	0.4
Non-operating income/expenses - net	**2.4**	**-1.4**	**3.9**	**3.5**	**-0.6**	**4.1**	**6.0**	**5.8**	**0.2**

	Q1 Results			1st half			FY		
	2026 Results	2025 Results	Difference (26-25)	2026 Forecast	2025 Results	Difference (26-25)	2026 Forecast	2025 Results	Difference (26-25)
Loss on sale & disposal of Fixed Asset	-0.3	-0.3	0.0	-0.8	-0.8	0.0	-1.3	-2.8	1.5
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	0.5
PL on sale of Investment Securities	1.0	0.0	1.0	1.0	0.2	0.8	1.0	0.3	0.8
PL on sale of shares of subsidiaries and associates	0.0	2.1	-2.1	0.0	2.1	-2.1	0.0	-16.9	16.9
Provision and reversal of allowance for doubtful accounts	-0.1	-0.1	0.0	-0.1	1.2	-1.3	-0.1	1.2	-1.3
Provision for other reserves	0.0	-19.7	19.7	0.0	-18.8	18.8	0.0	0.0	0.0
Subsidy Income	0.0	0.0	0.0	0.0	0.0	0.0	5.5	0.1	5.4
Others	-0.2	0.0	-0.3	-0.5	-0.2	-0.3	-1.1	-0.6	-0.5
Extraordinary income/losses - net	**0.5**	**-17.9**	**18.4**	**-0.3**	**-16.3**	**16.0**	**4.0**	**-19.3**	**23.3**

Please see page 11 of the materials.

Regarding non-operating income and expenses, Q1 saw an increase of JPY3.9 billion YoY; this was primarily due to income from equity-method investments and foreign exchange gains and losses. In terms of extraordinary income and loss, the result improved by JPY18.4 billion YoY, primarily due to the absence of the extraordinary loss recognized in the prior-year period related to the sale of shares in Mitsui Kinzoku ACT.

Please note that while we announced the transfer of all shares in NAKABOHTEC CORROSION PROTECTING CO., LTD., a company accounted for under the equity method, on August 3, the gain or loss from this transaction will be recognized in Q2 or later. That said, we expect the impact on this fiscal year's results to be minimal.

Trends of products

			2024					2025					2026 Forecast (Aug 7)					2026 Forecast (May 13)		
			Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2 Forecast	1st Half Forecast	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	1,750	1,750	1,740	1,750	1,840	1,790	1,810
VSP™	Volume of Sales	t / Month	240	390	420	430	370	510	560	550	570	550	660	720	690	730	710	720	840	780
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	4,510	4,290	4,230	4,260	3,970	3,700	3,840
MicroThin™ for HDI (a)	Volume of Sales	k-m2/Month	600	530	470	430	510	530	650	690	470	590	550	570	560	560	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	3,940	3,730	3,670	3,700	3,410	3,140	3,280
Catalysts for motorcycle	Volume of Sales	Index	100	100	94	92	97	97	103	101	103	101	102	107	104	99	102	102	98	100
India	Volume of Sales	Index	100	101	87	83	93	87	98	97	101	96	98	104	101	95	98	100	93	97
Indonesia	Volume of Sales	Index	100	123	110	117	112	103	123	110	108	111	99	129	114	114	114	110	110	110
Others	Volume of Sales	Index	100	89	102	101	98	115	104	105	104	107	110	104	107	101	104	103	103	103
Catalysts for automobile	Volume of Sales	Index	100	98	100	95	98	94	95	96	95	95	88	92	90	99	94	94	95	94
Protective Coating Materials for Semiconductor Production Equipment	Volume of Sales	Index	100	101	126	130	114	131	125	124	153	133	117	140	129	89	109	140	139	140
Zinc	Volume of Production	k-t	56	47	56	58	216	53	52	47	42	194	45	58	103	115	218	108	118	226

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

First, we would like to explain the trends in the key products of the Engineered Materials segment. Please see page 12 of the materials.

We have slightly revised the content this time and now show the actual sales volume of MicroThin™ copper foil. Regarding the copper foil business, since the start of FY2026, actual demand for MicroThin™ and VSP™ electrolytic copper foil for AI servers has been even stronger than last year. However, compared to our initial forecast, while MicroThin™ sales volumes have increased, VSP™ sales volumes have declined slightly. In addition, FaradFlex®, a thin-film capacitor material for which we announced an expansion of production capacity today, has been also performing well.

With regard to exhaust gas purification catalysts, sales for the motorcycle market have remained strong compared to our initial forecast. Although we face challenges in the automotive sector in China, we expect full-year sales volumes to be in line with our initial forecast.

Performance by Segment – Engineered Materials

(Unit : Billion yen)

	26/Q1 Results	25/Q1 Results	Diff. (26-25)	26/1H Forecast	25/1H Results	Diff. (26-25)	FY2026 Forecast	FY2025 Results	Diff. (26-25)
■Sales	100.6	71.3	29.3	208.0	150.5	57.5	411.0	328.4	82.6
■Operating income	18.3	12.9	5.4	39.5	28.0	11.5	79.0	67.5	11.5
■Ordinary income	18.2	10.5	7.7	39.0	26.5	12.5	78.0	66.5	11.5
※Ordinary income	16.5	9.7	6.8	36.0	24.2	11.8	74.9	61.6	13.3

※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 Forecast + 12.5]

Copper foil	+11.9	(MicroThin™ and VSP™ volume of sales increases, others)
Catalysts	-0.7	(PGM price difference, others)
PVD Materials	+2.5	(Inventory factors, others)
Headquarters	-2.7	(Business Promotion cost, others)

[FY2025→FY2026 Forecast + 11.5]

Copper foil	+15.1	(MicroThin™ and VSP™ volume of sales increases, others)
Catalysts	-1.2	(PGM price difference, others)
PVD Materials	+1.4	(Inventory factors, others)
Headquarters	-3.6	(Business Promotion cost, others)

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

Please see page 14 of the materials.

For both H1 and full-year forecasts, the year-on-year increase in ordinary profit is driven by higher sales volumes of MicroThin™ and VSP™ in the Copper Foil Div.

In the catalysts business, due to factors such as a decline in profits caused by the negative impact of falling precious metal prices and an improvement in inventory conditions in the PVD materials business, the engineered materials segment’s forecast for ordinary income in FY2026 is JPY39 billion for H1 and JPY78 billion for the full year, both of which represent YoY increases. Hopefully, note that the full-year forecast for ordinary income at the start of the fiscal year was JPY67 billion, so the present forecast represents an increase of JPY11 billion.

Performance by Segment – Metals

We promote the well-being of the world through a spirit of exploration and diverse technologies.

(Unit : Billion yen)

	26/Q1 Results	25/Q1 Results	Diff. (26-25)	26/1H Forecast	25/1H Results	Diff. (26-25)	FY2026 Forecast	FY2025 Results	Diff. (26-25)
■Sales	98.3	74.0	24.2	210.0	161.2	48.8	430.0	376.7	53.3
■Operating income	5.3	2.9	2.3	11.0	17.7	-6.7	24.0	70.8	-46.8
■Ordinary income	6.8	3.3	3.5	13.0	18.4	-5.4	26.5	75.1	-48.6
※Ordinary income	3.9	5.6	-1.7	11.2	15.7	-4.5	24.6	55.5	-30.9

※Ordinary income : Ordinary income excluding inventory factors.

Difference Analysis of Ordinary income

	FY2025 1H→ FY2026 1H Forecast	FY2025→ FY2026 Forecast
LME (Zinc and Lead) / Forex	3.9	5.0
T/C (Zinc)	0.0	0.1
Inventory Factors	-0.9	-17.7
Equity profit/loss	2.4	-0.4
Energy cost	-1.0	-3.1
(Cokes, included in the number avobe)	(-0.4)	(-0.8)
Others *	-9.8	-32.5
Total	-5.4	-48.6

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 Forecast	Operating variance in zinc smelting operations -0.5, By-products of Zinc and Lead smelting +2.0, Lead raw material mix variance -4.6, Zinc and Lead Smelting costs increase in Zinc and Lead Div. (including large scale maintenance -2.0) -5.5, Operating variance in copper smelting operations -4.8, Mineral Resource Div. +2.9
FY2025→ FY2026 Forecast	Operating variance in zinc smelting operations +4.0, By-products of Zinc and Lead smelting -0.5, Lead raw material mix variance -9.2, Zinc and Lead Smelting costs increase in Zinc and Lead Div. (including large scale maintenance -2.0) -7.1, Operating variance in copper smelting operations -13.2, Costs increase in Copper Smelting (including large scale maintenance -2.6) -3.2, Precious metals recycling -2.4

Please see page 15 of the materials, in the lower-left corner.

Regarding LME prices for FY2026, zinc prices have remained at a higher level than in the previous fiscal year, and given that the yen has also been trending weaker, the positive impact of market and exchange rate fluctuations is expected JPY3.9 billion for H1 and JPY5 billion for the full year compared to the previous fiscal year. On the other hand, the inventory factor for inventory assets is expected to have a negative impact of JPY17.7 billion for the full year, as the JPY16 billion positive impact from H2 of the previous fiscal year will disappear in H2 of this fiscal year.

Others included a negative impact of JPY9.8 billion in H1 compared to the previous period, and a negative impact of JPY32.5 billion for the full year. This is attributable to cost impacts in the zinc and lead businesses—including those resulting from the major maintenance shutdown—as well as differences in the operating rates of the copper smelting business. Consequently, ordinary income for H1 of the fiscal year is expected to decrease by JPY5.4 billion YoY to JPY13 billion, and for the full fiscal year, it is expected to decrease by JPY48.6 billion to JPY26.5 billion.

Since the Metals segment’s full-year profit forecast at the start of the fiscal year was JPY37.5 billion, the present forecast represents a decrease of JPY11 billion.

In closing, today we announced an expansion of production capacity for our high-growth copper foil products—VSP™, MicroThin™, and FaradFlex®—in preparation for 2030. Although the market has long held expectations for increased production, we will continue to invest in appropriate production capacity at the right time to fulfill our responsibility to supply our customers, ensuring that our decision not to invest in growth markets does not become our greatest risk, and we will strive to enhance our corporate value.

■Q&A Session

Engineered Materials Segment

Q. Regarding the expansion of copper foil production capacity, could you explain the rationale behind the investment decisions for MicroThin™, VSP™, and FaradFlex®, respectively?

A. Regarding the production capacity expansion for MicroThin™, we continue to expect significant growth driven by increased memory content in AI servers and other PKG applications, as well as by the new application for optical transceivers. Demand for optical transceiver applications, in particular, has been growing more strongly than initially anticipated, leading us to conclude that demand would exceed the capacity under our previous production capacity plan. As for the operation rate, we previously regarded around 70% as the benchmark and would consider capacity expansion if the rate exceeded that level. For the current capacity expansion, although we are still reviewing production and sales volumes in detail, we expect an operation rate of around 80%. Regarding VSP™, the investment is intended to expand capacity in line with growth in a market experiencing very strong demand. We do not expect to serve the entire VSP™ market, but we expect the sales mix of HVLP4 and higher grades, where we can leverage our strengths, to increase. For FaradFlex®, we decided to expand capacity because adoption, mainly for switches used in AI servers, has been growing more rapidly than we had anticipated.

Q. Regarding the ROIC strategy, ROIC for copper foil was 52% in FY2025, and the target for FY2030 is 64%. The current capacity expansion will increase invested capital before the resulting returns materialize. To achieve the ROIC target, I believe you will also need to pursue price increases proactively. How do you view this?

A. We are, of course, mindful of ROIC and expect to maintain it at a level broadly in line with the FY2030 target of 64%. Our policy on pricing also remains unchanged: we will continue to monitor market conditions and, if costs rise or other circumstances warrant, implement price increases as appropriate in order to maintain an appropriate margin.

Q. Regarding copper foil earnings, could you explain the factors behind the 9.7 billion yen upward revision to the full-year operating income forecast compared with the previous forecast?

A. Regarding the upward revision to copper foil earnings, first, changes in sales volumes of MicroThin™ and electro-deposited copper foil are expected to contribute approximately 4.0 billion yen in profit growth in total. Price increases are expected to contribute approximately 3.5 billion yen, reflecting both the portion that could not be incorporated into the previous forecast because the figures were still being aggregated and additional price increases. Of this amount, MicroThin™ accounts for approximately 3.0 billion yen and VSP™ for approximately 0.5–1.0 billion yen. The average unit price spread for electro-deposited copper foil is expected to remain roughly in line with the previous forecast. We also expect higher copper prices to increase raw material costs by approximately 2.5 billion yen, while other variable costs, fixed costs, and SG&A expenses are expected to remain roughly in line with the previous forecast. Inventory factors are expected to have a favorable impact of approximately 1.0 billion yen due to higher copper prices, while foreign exchange is expected to have a favorable impact of approximately 1.0 billion yen, combining the margin impact and non-operating profit and loss effects. Of the remaining approximately 3.0 billion yen, the majority is attributable to an improvement in FaradFlex® earnings.

Q. Regarding page 12 of the financial results presentation, could you explain the changes in the sales volume forecasts for VSP™ and MicroThin™ compared with the previous forecast?

A. Regarding VSP™, demand for high-end server applications has remained extremely strong. The reason we now expect lower volumes than in the previous forecast is that we have factored in delays in customer qualification for products from the Malaysia Plant, relative to our expectations, where we are investing in additional capacity and pursuing sales expansion. However, if customer qualification progresses smoothly going forward, we believe there is also potential for upside. For MicroThin™, the outlook for HDI applications is unchanged from the previous forecast. For PKG applications, demand is extremely strong, particularly for server memory applications, and sales volumes have remained robust. In the previous forecast, we took a somewhat conservative view of the outlook, but given the extremely strong demand at present, we have revised our forecasts for both the first and second halves. As there is still some uncertainty as to whether the current strength will continue through fiscal year-end, we have factored in some seasonal moderation into the H2 forecast.

Q. Regarding MicroThin™ price increases, have there been any additional increases beyond the price revision proposed in March 2026? Given that supply and demand appear to be quite tight, is there a possibility of further price increases from the second half onward?
A. At present, we have no specific plans for further MicroThin™ price increases. However, given that copper prices remain elevated, we will continue to consider further price increases in light of cost trends and supply-demand conditions.

Q. Regarding MicroThin™ for high-speed optical transceivers, what is your outlook for sales volume in FY2026? I assume the decision to expand capacity reflects expectations for explosive growth in optical transceiver applications. As speeds move from 400G to 800G and then to 1.6T, 2.4T, and 3.2T, what assumptions are you making?
A. At the time of the previous forecast, we expected FY2026 sales volume of approximately 200,000–250,000 m^2 per month. We have now revised this outlook in light of the very strong recent sales performance and expect average FY2026 sales volume to exceed 600,000 m^2 per month. As successive generations progress from 400G to 800G and 1.6T, MicroThin™ is currently used in almost all 800G optical transceivers, and we expect it to continue to be used in next-generation 1.6T optical transceivers. We do not expect a shift from the Modified Semi-Additive Process (MSAP) to the Semi-Additive Process (SAP) as successive generations advance to 1.6T and 2.4T. Accordingly, we believe there is ample potential for MicroThin™ sales volumes to increase as the number of optical transceivers grows.

Q. Could you provide an update on VSP™ price increases?
A. We implemented a price increase effective from October 2025 and an additional price increase effective from July 2026. The additional increase reflects the current strong demand environment. Rather than raising prices uniformly across all grades, we have taken a selective approach, asking customers to recognize a certain degree of added value in areas where demand is particularly strong.

Q. Is it correct to understand that the delay in customer qualification of VSP™ at the Malaysia Plant is not due to an issue on Mitsui Kinzoku's side? Also, will this delay have any significant impact on your market share?
A. That understanding is correct. The equipment ramp-up is proceeding as planned and there are no quality issues, so we view this as a procedural delay. We also do not expect the delay in customer qualification to have any particular impact on our market share.

Q. Could you explain the changes in VSP™ by grade and the competitive environment? What impact are competitors in Taiwan and South Korea having?
A. By VSP™ category, we expect super-high-grade products of HVLP4 and higher grades to account for approximately 45% of total VSP™ sales volume in the first half, slightly above the approximately 40% assumed in the previous forecast. For the second half, the ratio remains

unchanged from the previous forecast at approximately 60%. Regarding the competitive environment, competitors have been entering the market as demand expands rapidly across the various HVLP categories. Against this backdrop, our strategy is not to aggressively pursue orders in the lower categories but instead to focus on the higher categories, so there have been some changes in the lower HVLP categories. In the higher HVLP categories, however, the products are technically difficult to manufacture, and we believe the number of competitors capable of consistently producing them with consistent quality remains limited. We therefore see no significant change in the competitive landscape and believe that our strengths in consistent quality and supply capabilities allow us to remain the leading supplier.

Q. Regarding FaradFlex®, could you explain what is driving its recent rapid growth? Also, how do you view its positioning relative to multilayer ceramic capacitors (MLCCs)?
A. Demand for FaradFlex® is increasing rapidly in AI infrastructure applications, primarily for switches used in AI servers. Regarding its positioning relative to MLCCs, one of the benefits of adopting FaradFlex® is the greater flexibility it provides in printed circuit board design, so we believe the two are complementary.

Metals Segment

Q. On page 15 of the financial results presentation, in the year-on-year difference analysis of ordinary income for the Metals segment, the operating variance in copper smelting operations included under "Others" is a large negative 13.2 billion yen. Could you explain this?
A. Regarding the impact of market prices for metals other than zinc, a major factor is that gold and silver prices have fallen considerably from the exceptionally high levels seen around late January. The operating variance in copper smelting operations represents volume variances for copper, gold, and silver at our Okayama smelter. The previous forecast had already excluded the exceptionally favorable performance recorded in the previous fiscal year. However, after three months of actual results, the volume variances were smaller than assumed, and we also factored in the decline in gold and silver prices, resulting in a larger negative impact. Compared with the previous forecast, the deterioration in profit is attributable in roughly equal amounts to lower volumes and lower prices.

Q. What gold and silver price assumptions did you use at the beginning of the fiscal year, and what assumptions are you now using from Q2 onward in the current forecast?
A. At the beginning of the fiscal year, we assumed USD4,800/oz for gold and USD80/oz for silver. In the current forecast, our assumptions from Q2 onward are USD4,200/oz for gold and USD65/oz for silver.