Record of Briefing session Concerning FY2025 Results

Reference: FY2025 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

■Explanation

Results of FY2025 and Forecast of FY2026

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

- FY2025 YoY: Driven by strong demand in the high-end server market, including AI servers, sales volumes of major products such as VSP™ and MicroThin™ increased in the Engineered Materials segment. In the Metals segment, the weak yen and high metal prices, together with as well as significant favorable inventory effects associated with these factors. As a result, net sales, operating profit, ordinary profit, and net profit all increased, reaching record highs.
- As for the FY2026 forecast, major products in the Engineered Materials, including VSP™ and MicroThin™, are expected to remain strong. However, profits are forecast to decrease year on year due to the disappearance of favorable factors in the Metal segment in the previous fiscal year, including yen depreciation, higher metal prices, related inventory effects, and the impact of large-scale scheduled maintenance.

(Unit: Billion yen)

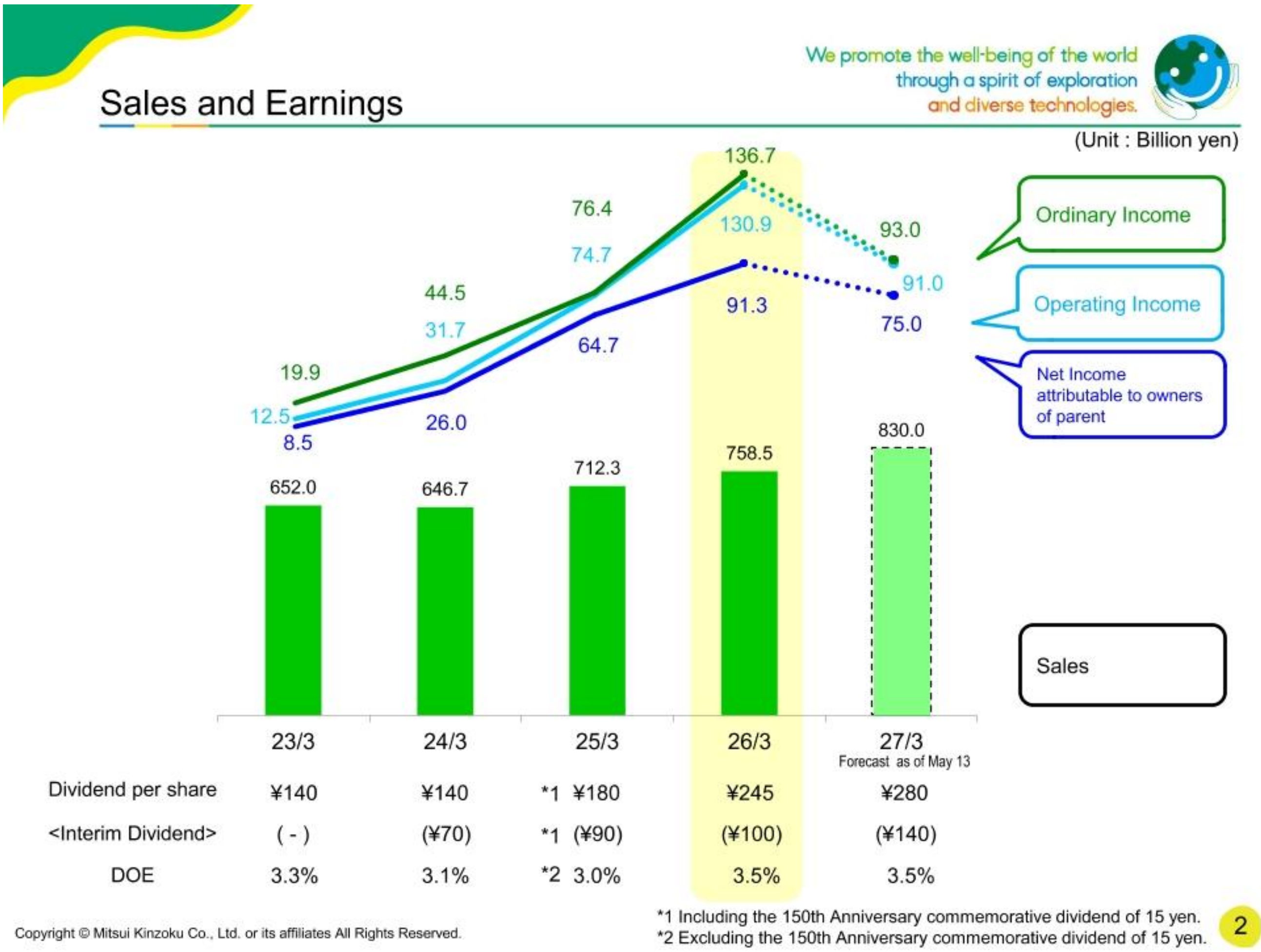
	Results			Forecast		
	2025 Results	2024 Results	Difference (25-24)	2026 Forecast (May 13)	2025 Results	Difference (26-25)
Net Sales	758.5	712.3	46.2 6.5%	830.0	758.5	71.5 9.4%
Operating Income	130.9	74.7	56.2 75.1%	91.0	130.9	-39.9 -30.5%
Ordinary Income	136.7	76.4	60.3 79.0%	93.0	136.7	-43.7 -32.0%
Net income attributable to owners of parent	91.3	64.7	26.6 41.1%	75.0	91.3	-16.3 -17.8%

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

For the fiscal year ended March 31, 2026, we recorded consolidated net sales of JPY758.5 billion, operating income of JPY130.9 billion, ordinary income of JPY136.7 billion, and net income attributable to owners of the parent company of JPY91.3 billion.
Both sales and incomes reached record highs, as in the previous year.

Compared to the previous year, net sales increased by JPY46.2 billion due to increased sales volume of major products in the engineered materials segment, such as copper foil, and higher metal prices. As for incomes, operating income increased by JPY56.2 billion, ordinary income did by JPY60.3 billion because of an increase in sales volume of major products in the engineered materials segment, such as copper foil, as well as higher metal prices and a favorable turnaround in inventory factors. And net income attributable to owners of parent increased by JPY26.6 billion due to factors including the recognition of a loss of JPY16.9 billion on the sale of shares in affiliated companies—including the loss on the sale of shares in Mitsui Metal Act Corporation—as extraordinary loss.

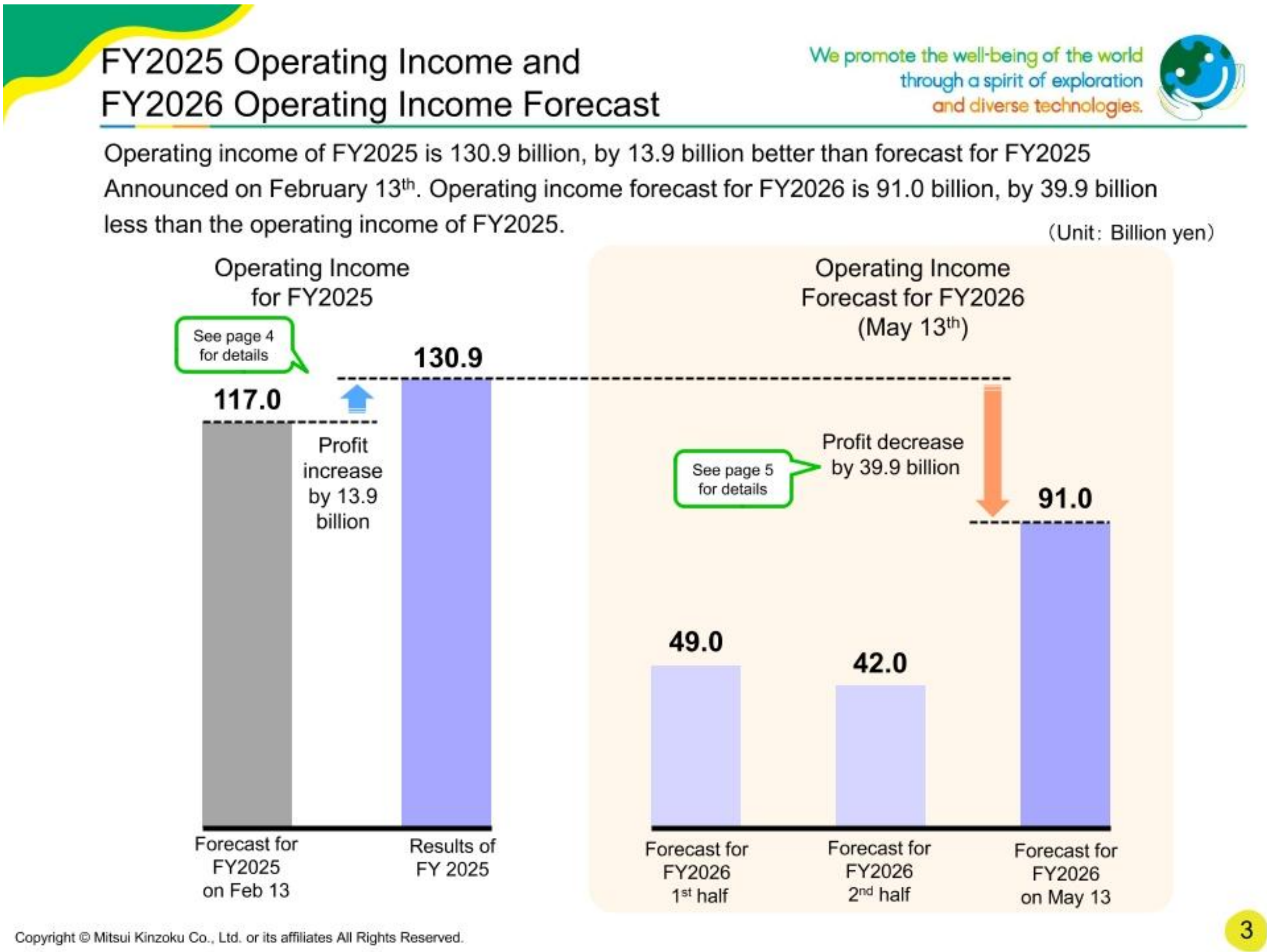
For the fiscal year ending March 31, 2027, we forecast consolidated net sales of JPY830 billion, operating income of JPY91 billion, and ordinary income of JPY93 billion, and net income of JPY75 billion, and a YoY increase in both sales and incomes.
The forecasts are based on LME zinc price of USD3,200 per ton, lead price of USD1,900 per ton, copper price of USD0.590 per lb, and exchange rate of JPY155 to the dollar.



Please see page two of the materials.

For the fiscal year ending March 31, 2026, we have already paid an interim dividend of JPY100 per share and plan to pay a year-end dividend of JPY145 per share, for an annual dividend of JPY245, an increase of JPY5 from the previous dividend forecast of JPY240, announced in February.

For the fiscal year ending March 31, 2027, we plan to pay an interim dividend of JPY140 per share and a year-end dividend of JPY140 per share, for an annual dividend of JPY280 per share, an increase of JPY35 over the previous year, aiming for a DOE of 3.5%, our dividend policy.



Please see page three of the materials.

Operating income of FY2025 was JPY130.9 billion, by JPY13.9 billion better than from the previous forecast.

Operating income for FY2026 is expected to be JPY91 billion, a decrease of JPY39.9 billion from the previous year. I will explain factors for the JPY39.9 billion decrease in income.

FY2026 Operating Income Forecast

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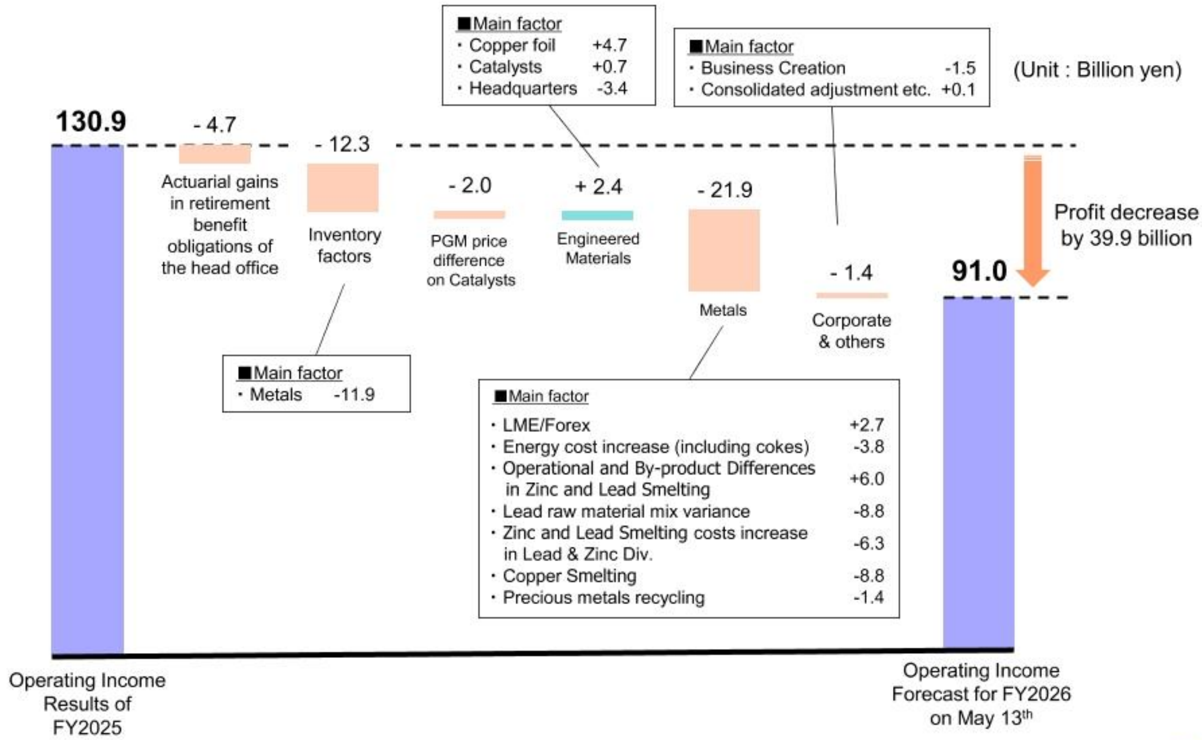


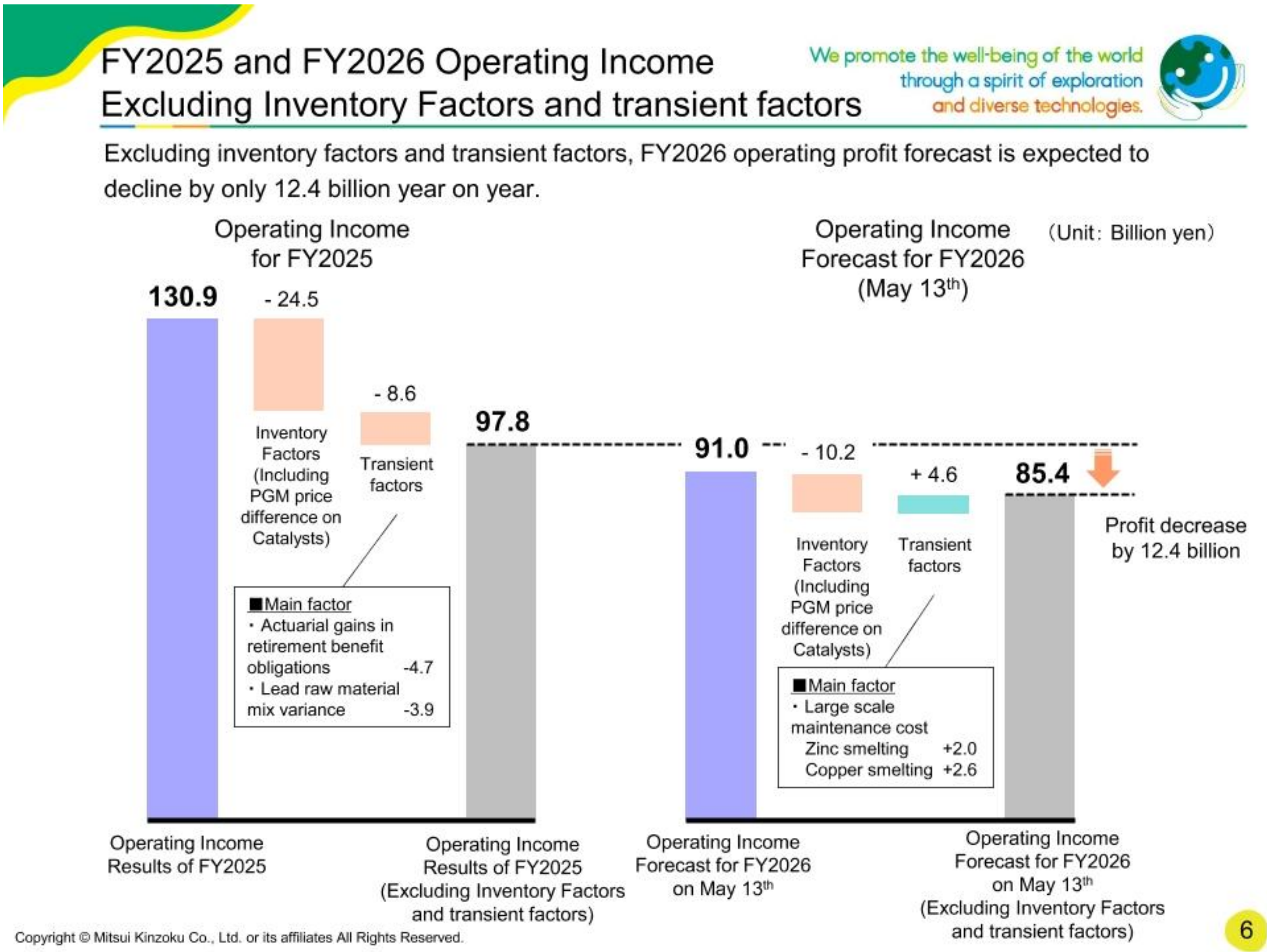
Please see page five of the material.

Factors contributing to the decrease in income, from left to right, was the removal of Actuarial gains in retirement benefit obligations of the head office of minus JPY4.7 billion, inventory factors of minus JPY12.3 billion, and PGM price difference on Catalysts of minus JPY2 billion, and so we forecast a total decrease in income of JPY19 billion, mainly due to the reversal of one-off favorable factors and other special factors.

By segment, in the engineered materials segment, copper foil is expected to increase by JPY4.7 billion due to increased sales of mainstay products MicroThin™ and VSP™, while higher divisional headquarters expenses are also expected; overall segment income is expected to increase by JPY2.4 billion.

In the metals segment, metal prices and foreign exchange rates are expected to remain at the same level as in Q4 of the previous year; we forecast a decline of JPY21.9 in operating income, reflecting higher energy costs due to soaring crude oil prices, large-scale periodic repairs at zinc and copper smelting facilities, and a decrease in the copper smelting actual volume of difference in revenue.

Factoring in these factors, the forecast for FY2026 is JPY91 billion, a decrease of JPY39.9 billion from the previous year.



Please see page six of the materials.

For both FY2025 and FY2026, operating incomes based on underlying performance, excluding inventory and transient factors, are shown above the gray bars. A comparison of operating incomes on an underlying basis shows a decrease of JPY12.4 billion.

For FY2026, we have factored in rising energy costs and, at this stage, assume no contribution from the one-off improvement in operational performance seen in FY2025; we will work to further reduce the decline in profits through our operational efforts.

Performance by Segment – Engineered Materials

(Unit : Billion yen)

	FY2025 Results	FY2024 Results	Difference (25-24)	FY2026 Forecast (May 13)	Diff. (26-25)	1st Half Forecast (May 13)	2nd Half Forecast (May 13)
■Sales	328.4	246.2	82.3	379.0	50.6	190.0	189.0
■Operating income	67.5	41.8	25.7	67.5	0.0	34.5	33.0
■Ordinary income	66.5	40.3	26.2	67.0	0.5	34.5	32.5
※Ordinary income	61.6	35.9	25.7	64.5	2.9	32.0	32.5

※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

[FY2024→FY2025 + 26.2]

Copper foil	+22.6	(MicroThin and VSP volume of sales increases, others)
Catalysts	+6.1	(Volume of sales increases, PGM price difference improvement, others)
PVD Materials	-0.9	(Inventory factors, others)
Headquarters	-2.4	(Due to the reorganization, others)

[FY2025→FY2026 Forecast + 0.5]

Copper foil	+5.0	(MicroThin and VSP volume of sales increases, others)
Catalysts	-0.8	(PGM price difference decline, others)
Headquarters	-3.5	(Business Promotion cost, others)

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

First is the engineered materials segment. Please see page 14 of the materials.

As for engineered materials, as shown in the lower right-hand corner, the copper foil business is expected to continue to grow from FY2024 through FY2025 and FY2026.
We expect growth in the medium term beyond 2014 due to an increase in sales volume of MicroThin™ and an improved mix made by an increase in sales volume of high-grade VSP™.
That said, regarding the increase in ordinary profit for the copper foil business, it rose by JPY22.6 billion YoY from FY2024 to FY2025; the increase is expected to narrow to JPY5 billion YoY from FY2025 to FY2026.
A major factor behind this was that MicroThin™ customers made inventory adjustments during Q3 and Q4 of FY2024, and the rebound from the adjustments was reflected in FY2025, resulting in a significant YoY increase in MicroThin™ sales volume for FY2025.

As shown in the table above, for the engineered materials segment as a whole, operating income and ordinary income in FY2026 are expected to remain at the same level as in FY2025; we forecast an underlying ordinary income for FY2026 to be JPY64.5 billion, representing a YoY increase of JPYJPY2.9 billion by excluding the impact of inventory factors and PGM price difference on Catalysts.

Performance by Segment – Metals

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

(Unit : Billion yen)

	FY2025 Results	FY2024 Results	Difference (25-24)	FY2026 Forecast (May 13)	Diff. (26-25)	1st Half Forecast (May 13)	2nd Half Forecast (May 13)
■Sales	376.7	325.0	51.7	434.0	57.3	213.0	221.0
■Operating income	70.8	41.8	29.0	37.0	-33.8	22.0	15.0
■Ordinary income	75.1	44.5	30.6	37.5	-37.6	22.5	15.0
※Ordinary income	55.5	31.9	23.6	29.8	-25.7	15.0	14.8

※Ordinary income : Ordinary income excluding inventory factors.

Difference Analysis of Ordinary income

	FY2024→ FY2025	FY2025→ FY2026 Forecast
LME/Forex	0.7	2.7
T/C (Zinc)	-2.6	0.1
Inventory Factors	7.0	-11.9
Equity profit/loss	2.1	-2.5
Energy cost	3.5	-3.8
(Cokes, included in the number avobe)	(1.0)	(-0.6)
Others *	19.9	-22.2
Total	30.6	-37.6

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/$)	±	1yen/$	0.6	0.5

Zinc TC

FY2024	165 $/t	
FY2025	80 $/t	
FY2026	85 $/t	

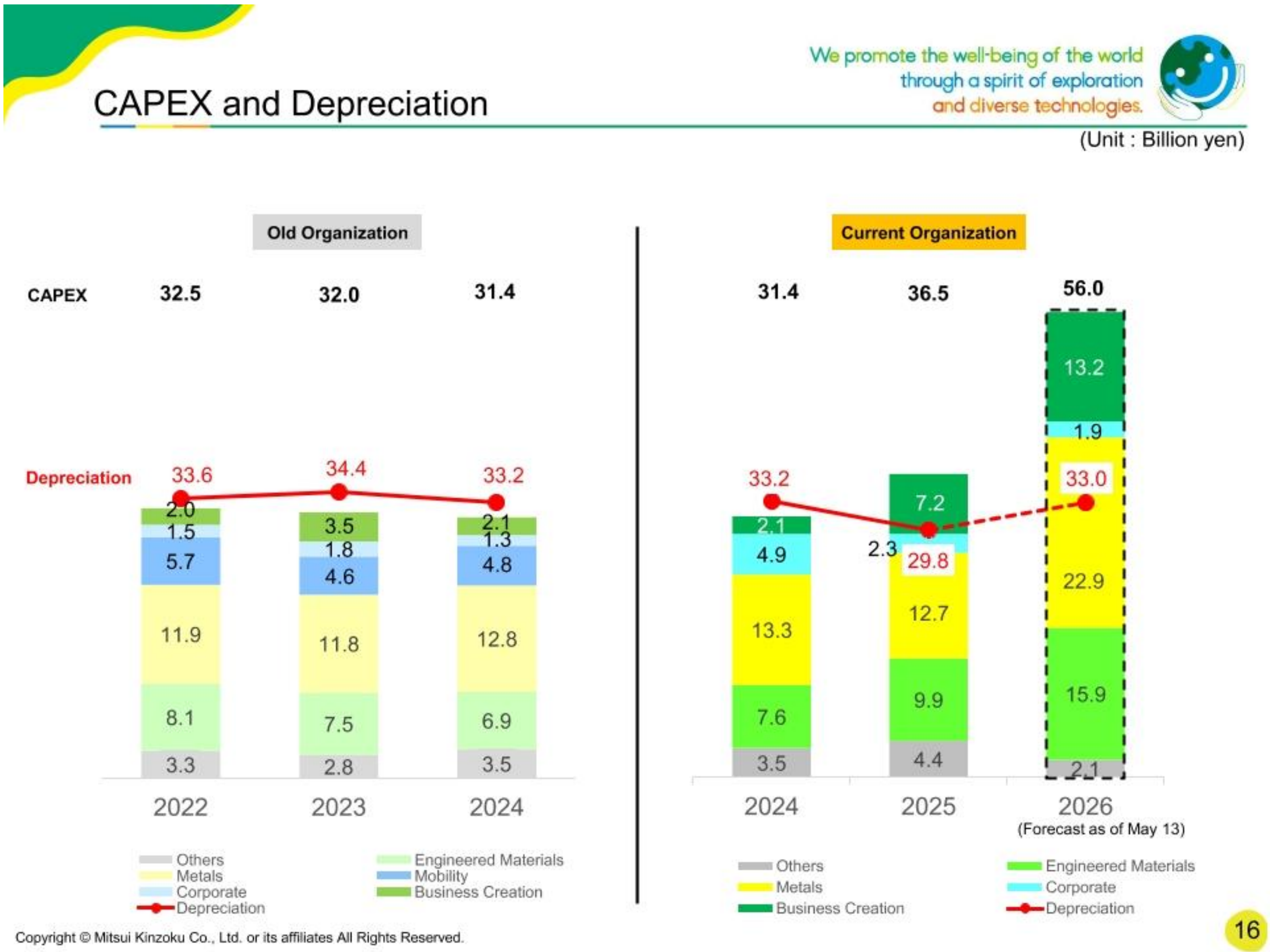
***Detail of Others**

FY2024→ FY2025	Operating variance in zinc smelting operations -3.6, By-products of Zinc and Lead smelting +8.0, Lead raw material mix variance +5.2, Operating variance in copper smelting operations +7.4, Copper smelting tolling terms variance -2.3, Costs decrease in Copper Smelting (including large scale maintenance +2.4) +1.2, PGM recycling +2.9, Mineral Resource Div. +1.3
FY2025→ FY2026 Forecast	Operating variance in zinc smelting operations +4.0, By-products of Zinc and Lead smelting +2.0, Lead raw material mix variance -8.8, Zinc and Lead Smelting costs increase in Zinc and Lead Div. (including large scale maintenance -2.0) -6.3, Operating variance in copper smelting operations -6.8, Costs increase in Copper Smelting (including large scale maintenance -2.6) -2.9, PGM recycling -1.4, Mineral Resource Div. -0.4

Next is the metals segment. Please see page 15 of the materials.

As for the present market conditions, metal and precious metal prices, including zinc, have remained at the high levels seen since last fiscal year, and while the yen has continued to weaken; the zinc T/C for FY2026 stands at USD85 per ton due to tight supply and demand for ore, meaning prices remain low for smelters.
In this context, regarding the underlying profit/loss, excluding inventory factors, as shown at the bottom of the table above, we expect it to be JPY29.8 billion for FY2026, representing a YoY decrease of JPY25.7 billion on an underlying profit/loss basis.

As part of our growth strategy for the metals business, we will continue to strive to increase the processing volume of recycled materials, such as lead concentrate residues, and the recovery of valuable metals. Yet in terms of the underlying profit and loss of the metals business, we will work to maintain a level exceeding JPY20 billion, going forward.

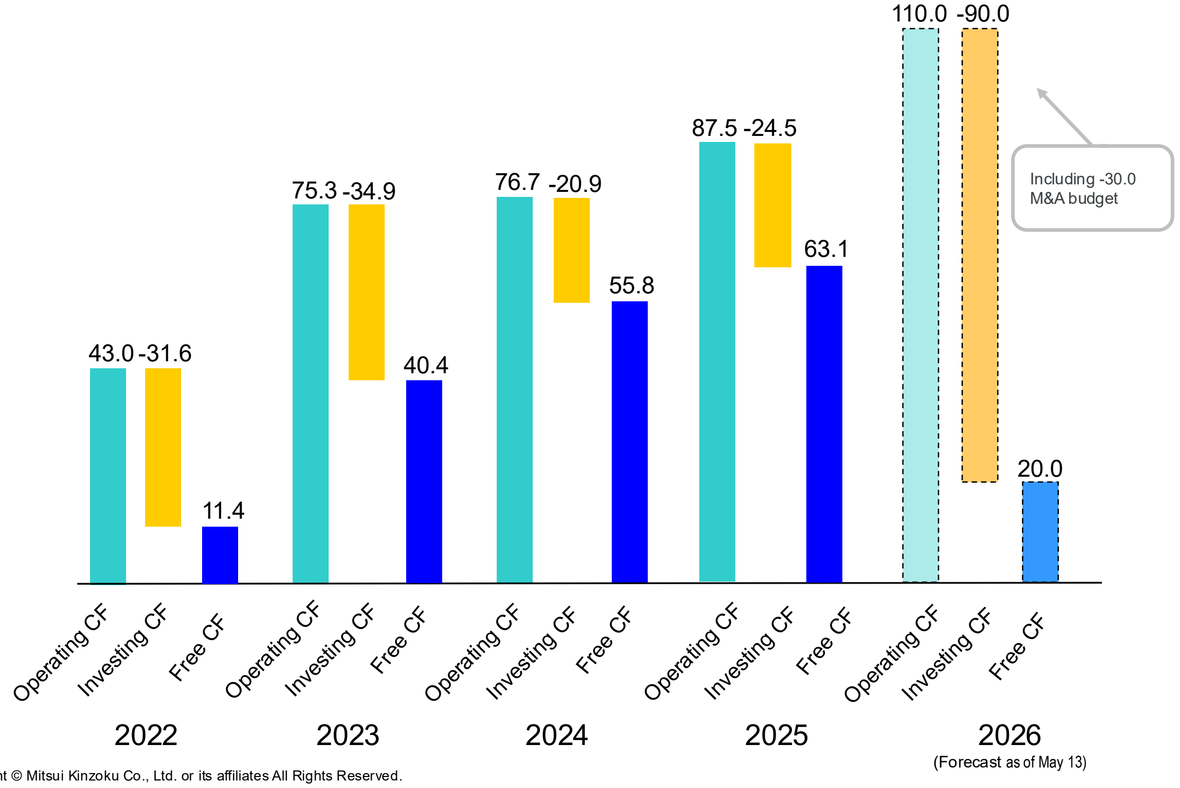


I would like to explain CAPEX. Please see page 16 of the materials.

In FY2026, we plan to make a capital investment of JPY56 billion, a high level of investment for our company.
Specifically, we will allocate JPY15.9 billion to the engineered materials segment, which we view as a business for expanding value, and JPY13.2 billion to the business creation division at the top of the bar graph, which we view as a business for fostering value, for a total of JPY29.1 billion in growth investments.

Specifically, we will invest in investment projects aimed at strengthening the competitiveness of copper foil and engineered powders, which are the main products of the engineered materials segment, as well as HRDP®, which was transferred from the business creation sector. And in the business creation sector, as we announced in our release today, we have decided to offer the all-solid-state batteries to our major customers. We will actively invest in the construction of a plant for the initial mass production of our solid electrolyte A-SOLiD® and in our functional porous materials business.

(Unit : Billion yen)



Finally, I would like to explain our financial position. Please see page 18 of the materials.

Under the current medium-term management plan, the 25-27 MTP, the Company work to accelerate growth by generating cash and aggressively investing resources, including M&A. The Company has secured a budget of JPY24 billion for M&A over three years.
Considering the importance of investment for growth, we have increased our M&A budget limit from JPY24 billion over three years to JPY60 billion over three years, starting in FY2026, to further accelerate our growth.
Since there were no M&A projects in FY2025, we allocate JPY30 billion, or half of that amount, for FY2026.

■Q&A Session

Engineered Materials Segment

Q. Regarding page 12 of the FY2025 Results & FY2026 Forecast, please explain the changes in volume for electro-deposited copper foil, VSP™, MicroThin™, and other core products. Looking at the supply chain as a whole, shipments by Mitsui Kinzoku's customers for products such as VSP™ have been very strong, so the FY2026 forecast appears to indicate only modest growth. Please comment on this point.

A. Actual sales volume of electro-deposited copper foil in FY2025 came in slightly below our previous forecast. However, our strategy has been to focus on VSP™, and not to aggressively pursue orders for other electro-deposited copper foil products; we are in the process of reducing such other business in line with this policy. Actual sales volume of MicroThin™ in FY2025 remained strong, in line with our previous expectations, and looking ahead to FY2026, we expect demand for HDI applications to remain firm. As for MicroThin™ for PKG, demand for memory applications in particular is extremely strong, and we expect this growth trend to continue into the first half of the fiscal year. While we project a slight decline in the second half, this mainly reflects seasonal factors already factored into our outlook. Given the current momentum, however, it is entirely possible that strong demand will continue, in which case further upside can be expected. Regarding catalysts, sales of catalysts for motorcycle in FY2025 were largely in line with expectations. Looking ahead to FY2026, we expect catalysts for motorcycle to see a slight increase in sales in India, assuming that the current favorable market conditions continue to some extent, and that we also maintain our market share despite intensifying competition. As for catalysts for automobile, although the overall market environment remains challenging due to the shift toward EVs, we expect only a slight decline in sales volume, supported by factors such as increased market share in India. Although the sales volume of the catalyst business was exceptionally strong in FY2025, our outlook for FY2026 assumes that any decline in sales will be kept to a minimum.

Q. Regarding MicroThin™, sales volume increased by approximately 15% from Q3 to Q4 of FY2025, with particularly strong growth in volume for MicroThin™ for PKG. Could you explain the factors behind this?

A. The increase in sales volume from Q3 to Q4 of FY2025 included the impact of inventory adjustments made in Q3 by customers with fiscal years ending in December, and our previous earnings forecast had already factored in the resulting rebound in sales volume. This rebound effect is reflected in the increase in sales volume from Q3 to Q4.

Q. Regarding MicroThin™ for PKG, could you provide the percentage attributable to smartphone uses in FY2025? In addition, as for growth in MicroThin™ for PKG in FY2025 and FY2026, could you explain which customer segments are driving the growth, and whether business with memory manufacturers in South Korea and elsewhere remains strong?

A. We expect the smartphone-related share of MicroThin™ for PKG in FY2025 to have remained around 45%, consistent with previous years, meaning that non-smartphone applications accounted for the majority. As for growth toward FY2026, demand for memory applications is extremely strong and is driving overall growth. Demand for optical module applications is also strong; however, memory applications are larger in scale and are the primary driver of increased sales.

Q. Regarding MicroThin™, at the Explanation Meeting held in January 2026, your view was that growth in memory applications would be limited in FY2026. The current outlook now incorporates growth in memory applications, although the outlook for the second half remains relatively conservative. Could you explain the reasons behind this change in view? Also, what should we think about the potential for upside in the second half?

A. Regarding MicroThin™ volumes, demand is currently extremely strong, and based on discussions with customers, we see absolutely no signs of a slowdown. Accordingly, we expect growth to continue through the first half of the fiscal year. For the second half, we have factored in some seasonal moderation; however, this is not because customers are expressing such an outlook, and we continue to hope that demand will remain strong. We believe it is possible for the current momentum to continue from the first half into the second half without any adjustment, but we have not built such a strong assumption into our forecast at this stage.

Q. Regarding MicroThin™, as the number of CPUs installed in AI servers increases, MicroThin™ may be used in the accompanying DRAM even though it is not used directly in the CPUs themselves. Can we expect the result to be increased sales volume? Also, please explain the impact of the improved outlook for CPU-related demand.
A. MicroThin™ is not used in CPUs or GPUs, so increased demand for those devices does not directly lead to a higher sales volume of MicroThin™. However, an increase in the amount of DRAM used alongside CPUs will contribute to increased sales of MicroThin™.

Q. Regarding MicroThin™, if the sales volume projected for the first half of FY2026 continues into the second half, or if demand exceeds expectations, production capacity could become quite constrained. Could you explain your approach to expanding production capacity?
A. As we are the sole supplier of MicroThin™, we believe that it is ideal to maintain a steady operating rate of around 70%. We already have plans to expand production capacity toward 2030 (to 5,200 km^2/month from 2027 onward and to 5,600 km^2/month from 2029 onward). In addition, we have already begun evaluating further expansion of MicroThin™ production capacity in preparation for the possibility that demand exceeds our forecasts.

Q. Regarding trends in VSP™ sales volumes, sales are expected to increase steadily in FY2026. What is your current assessment of demand trends?
A. At the time of the Q3 earnings announcement, we expected lower sales due to a delayed model changeover further down the supply chain. However, we thought the issue would be resolved quickly and that sales would return to the expected trajectory early in FY2026. As anticipated, we believe the model changeover delays have been resolved, and we continue to expect volumes to increase in FY2026 in line with the outlook presented at our January 2026 Explanation Meeting.

Q. Regarding the ratio of super-high-grade VSP™, please explain how this has been factored into the FY2025 results and the current forecast.
A. In the second half of FY2025, super-high-grade products accounted for approximately 30% of total VSP™ sales volume, in line with the forecast presented at the time of our Q3 earnings announcement. For FY2026, we expect the ratio to be approximately 40% in the first half, approximately 60% in the second half, and approximately 50% for the full year on average. This outlook has not changed significantly from the view presented at our January Explanation Meeting.

Q. Regarding VSP™, CCL manufacturers expect procurement of HVLP4 to become considerably more difficult in the second half of 2026. Is my understanding correct that Mitsui Kinzoku continues to maintain a market share of over 80% for HVLP4 and higher grades?
A. Our understanding is that there have been no significant changes in market share within the competitive landscape for VSP™ HVLP4 and higher grades.

Q. Regarding copper foil earnings, could you explain the factors behind the 22.6 billion yen year-on-year increase in profit in FY2025 and the projected 5.0 billion yen year-on-year increase in profit in FY2026, including factors related to volume, pricing, and cost increases?
A. The breakdown of the 22.6 billion yen year-on-year increase in profit for copper foil in FY2025, analyzed on a combined basis for MicroThin™ and electro-deposited copper foil, is as follows. Increased sales volumes contributed approximately 12.0 billion yen; price increases contributed approximately 4.0 billion yen; and improvements in the product mix for electro-deposited copper

foil—which is separate from the impact of price increases—contributed a further approximately 4.0 billion yen. As a result, sales-related factors generated a total positive impact of approximately 20.0 billion yen. On the cost side, variable costs had a favorable impact of approximately 1.5 billion yen, while fixed costs had an unfavorable impact of just under 2.0 billion yen. In addition, FaradFlex® contributed an improvement of approximately 1.0 billion yen. Furthermore, as copper prices rose toward the end of the fiscal year, inventory valuations increased, resulting in a favorable impact of nearly 1.5 billion yen.

Turning to the projected 5.0 billion yen year-on-year increase in profit for FY2026, increased sales volumes are expected to contribute approximately 4.0 billion yen in profit growth on a combined basis for MicroThin™ and electro-deposited copper foil. We also expect approximately 4.0 billion yen in profit growth from price increases, including roughly 2.0–3.0 billion yen from MicroThin™ and approximately 1.0–2.0 billion yen from VSP™. In addition, improvements in the product mix for electro-deposited copper foil are expected to contribute approximately 5.0 billion yen. Altogether, we expect sales-related factors to provide a total positive impact of approximately 13.0 billion yen. As for negative factors, we expect the increase in copper prices to worsen raw material costs for MicroThin™ by approximately 2.5 billion yen. We also anticipate unfavorable impacts of approximately 1.5 billion yen from variable costs and approximately 3.0 billion yen from fixed costs and SG&A expenses. In addition, we expect an approximately 2.0 billion yen negative impact from the absence of the inventory-related benefit that contributed positively to FY2025 results. Regarding foreign exchange, we expect a positive impact of approximately 1.0 billion yen from the depreciation of local currencies, combining both operating and non-operating profit and loss effects.

Q. Regarding copper foil, if the benefit from price increases is approximately 4.0 billion yen against the cost increases projected for FY2026, it could be interpreted that you have not been able to fully pass through the approximately 2.5 billion yen increase in costs resulting from higher copper prices, the approximately 1.5 billion yen increase in variable costs, and the approximately 3.0 billion yen increase in fixed and SG&A expenses. How does management view this situation?

A. Regarding the effect of price increases on copper foil, the MicroThin™ price increase effect refers to the price revision proposed in March 2026. While negotiations on the price increase are complete, the financial impact has been included on a provisional basis due to the timing of figure aggregation. We believe there is room for the actual impact to come in somewhat higher. As for cost trends, while some costs have been incorporated based on initial assumptions at the beginning of the fiscal year, we will continue to scrutinize them carefully during implementation and pursue cost minimization. Taking into account both these cost-reduction initiatives and the actual effects of price increases, we intend to reassess the profitability of the copper foil business.

Q. Regarding copper foil earnings, recently you have received many questions from Asian investors about pricing, including whether VSP™ prices have been raised further and whether you intend to implement price increases on a quarterly basis. How do you view pricing? Given that the Ageo Operation, which produces copper foil, is located within Tokyo Electric Power Company's service area, I assume electricity costs have also been rising. Could you explain how you think about pricing in relation to costs, and also discuss the key drivers of profit fluctuations, including selling prices, sales volumes, and costs?

A. Regarding VSP™ price increases, we have not implemented any additional price increases since the increase that took effect in the second half of FY2025. Because this product's selling price is linked to copper prices, the recent rise in copper prices has resulted in higher product selling prices, so We believe that the recent rise in copper prices, which has led to higher product selling prices, may be being perceived by the market as a price increase. For us, raw material costs are passed through to selling prices, and therefore fluctuations in copper prices do not affect our ultimate margin. Looking ahead, while customers bear the portion attributable to fluctuations in copper prices, as we have previously asked them to bear part of other cost increases, including those arising from higher electricity costs and inflation, and we intend to continue taking the same approach going forward. At present, we have no specific price-increase requests planned, but we will continue to monitor the situation and make decisions as appropriate.

Q. Regarding copper foil earnings, the improvement in the average unit price spread for electro-deposited copper foil is expected to be greater in FY2026 than in FY2025. Is it reasonable to assume that this is largely due to the increasing proportion of super-high-grade products, including HVLP3 and HVLP4? Also, MicroThin™ for PKG is presumably more profitable and appears to be growing more strongly. Is this not also contributing positively?
A. The improvement in the average unit price spread for electro-deposited copper foil is partly attributable to the rising ratio of VSP™ super-high-grade products. However, the total sales volume of electro-deposited copper foil is expected to decline in FY2026, while the VSP™ sales volume itself is expected to increase. As a result, the shift from standard electro-deposited copper foil to VSP™ is also contributing to the improvement in the average unit price spread. We are working to raise the average unit price both by increasing the share of higher-grade products within the VSP™ lineup and by reducing sales of standard electro-deposited copper foil. As for MicroThin™, while MicroThin™ for PKG commands slightly higher unit prices than HDI applications, there is little difference in profit margins. Accordingly, an improvement in the average unit price spread is not particularly evident in the current earnings forecast.

Q. If the impact of the situation in the Middle East has not been incorporated into the FY2026 outlook for copper foil earnings, could rising electricity costs—such as fuel adjustment charges—become a factor if crude oil prices remain at current levels? If so, to what extent could business be affected?
A. Higher electricity costs are a potential risk. For reference, the increase in electricity costs resulting from the war in Ukraine had a negative impact of approximately 1.0 billion yen on copper foil. In addition, while the Engineered Materials segment has not specifically incorporated the impact of the Middle East situation on electricity cost increases, the Metals segment has factored in such an impact to some extent.

Q. Regarding copper foil earnings, you expect higher raw material costs in FY2026 due to rising copper prices. Could you explain why the impact of higher copper prices was not particularly significant in FY2025?
A. The increase in raw material costs for MicroThin™ that resulted from the rise in copper prices between FY2024 and FY2025 had a financial impact of less than 1.0 billion yen. Because copper prices rose sharply during the January–March 2026 period, while the impact of higher copper prices was limited during the earlier part of FY2025, our understanding is that the effect on the full-year results was relatively modest.

Metals Segment

Q. According to page 5 of the financial results presentation, FY2026 is expected to see an 8.8 billion yen decline in copper smelting profit. Equity profit/loss is also expected to decline. While TC/RCs have deteriorated, copper premiums have increased, so on a net basis I would not expect these factors to result in such a large profit decline. Are any special factors involved?
A. Regarding copper smelting, excluding the impact of scheduled maintenance, the largest factor is the 6.8 billion yen negative operating variance in copper smelting operations. In FY2025, volume variances and very high metal prices contributed to a substantial year-on-year improvement of 7.4 billion yen. In contrast, the FY2026 earnings forecast does not assume the volume variances factors seen in FY2025 will continue, and because metal prices remain high, the drop-off in profit is significant. In addition, for PPC, an equity-method affiliate, increased financial expenses resulting from higher interest rates are a major factor behind the expected decline in profit.

Total

Q. The FY2026 forecast calls for a significant increase in CAPEX. I assume that most of this increase is attributable to the concentration of large-scale scheduled maintenance in the Metals Business, as well as investments in all-solid-state batteries by the Business Creation Sector and in HRDP® and VSP™ within the Engineered Materials business. How is CAPEX expected to evolve going forward? In addition, could you comment on the possibility of further investment in copper foil?

A. Regarding CAPEX, under our medium-term plan, we plan to invest approximately 130.0–135.0 billion yen over the three-year period from FY2025 through FY2027. Accordingly, you should expect annual CAPEX of roughly 45.0 billion yen throughout this period. As for copper foil, our current plan does not call for a significant increase in CAPEX during the three-year period from FY2025 through FY2027. However, in the Engineered Materials business—which includes the copper foil business and other businesses—we will make proactive growth investments if opportunities arise based on future demand trends and other developments.