

MCSV Creation Forum
Dialogue on
Business Strategy
2025

A New Framework for Growth

2 AI Solution Task Force

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The Disruptive Potential of AI

- **Impact of AI on industry:** The rise of generative AI and AI agents is expected to drive large-scale transformation across industries, paving the way for new AI-driven business models and economic ecosystems. Just as electricity became the backbone of modern social and economic activity, AI has the potential to become a ubiquitous force; the new “electricity” of our era.
- **Ripple effects on hardware and software:** On the hardware side, the advancement of AI will accelerate automation and enable real-time autonomous operations across business frontlines, spurring growth in new areas of infrastructure and manufacturing. In software, we can anticipate the emergence of innovative services built on AI-driven business models and value-creation processes, including autonomous value generation, complex task execution, and AI-powered decision-making.

Source: Professor Andrew Ng, Stanford University/AI Fund



1st Industrial Revolution
Late 18th century

Mechanization

Steam engines (railroads, steel, coal)



2nd Industrial Revolution
Late 19th-early 20th century

Automation

Electricity and oil (electrical machinery, automobiles)



3rd Industrial Revolution
Mid-late 20th century

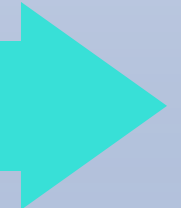
Informatization

Electronics and internet



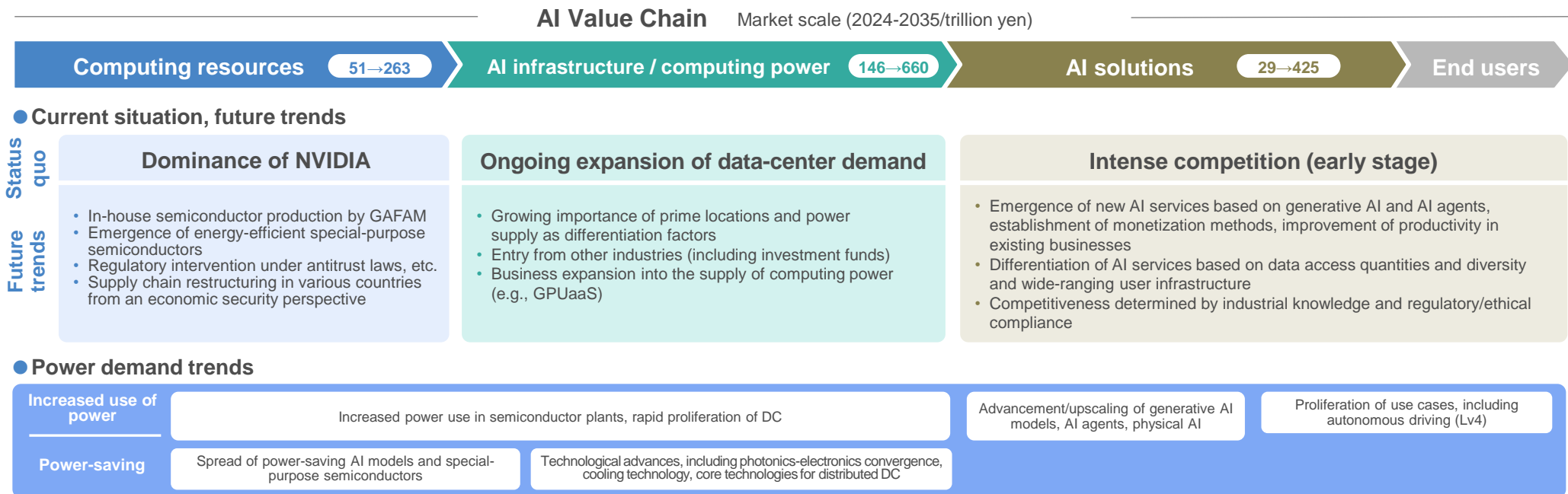
4th Industrial Revolution
1st half of 21st century -

Intelligence
Big data and AI



1. Focus of the AI Solution Task Force

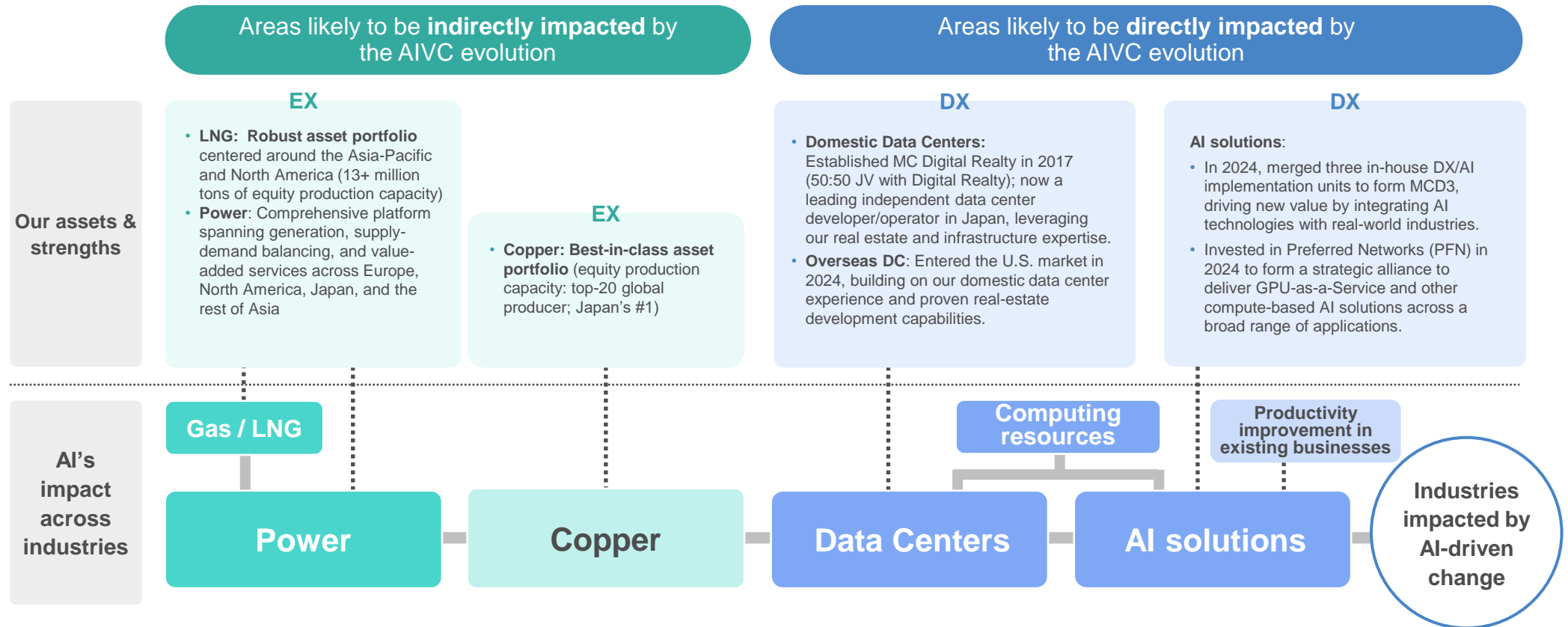
- The AI Solution Task Force will focus on three key areas within the AI value chain (AIVC):
 - **AI solutions:** Delivering value to end users through AI-powered products and services.
 - **AI infrastructure:** Building essential infrastructure for AI solutions, including data centers and stable power supply.
 - **Computing power:** Securing computing resources, such as advanced semiconductor designs and manufacturing processes that drive AI model performance to expand our AI solution business interface.
- The overall AI value chain offers higher profitability and growth potential compared to other industries. However, each area differs in market size, competitive dynamics, investment scale, and geographic maturity.
- Major players in every sector are building strong barriers to entry through early investments and R&D and may expand into other segments of the AI value chain.
- AI is a transformative technology that brings significant change and high productivity across all industries, so it is essential that we effectively leverage it across our business segments and industrial touchpoints.



*Source: EY

2. Positioning AIVC Within Our Portfolio and Our Core Strengths

- Expansion of our Digital Transformation (DX) & Energy Transformation (EX) businesses, fueled by the maturing AI value chain
 - New AI-solution opportunities and productivity gains in existing operations, driven by the rise of generative AI and AI agents.
 - Rising and increasingly diversified demand for data centers is fueling further opportunities in this space.
 - Accelerated growth prospects for our legacy businesses as semiconductor and power requirements grow.
 - Additional upside from rising demand for energy and electrification resources.



3. Purpose of Launching a Company-Wide Task Force

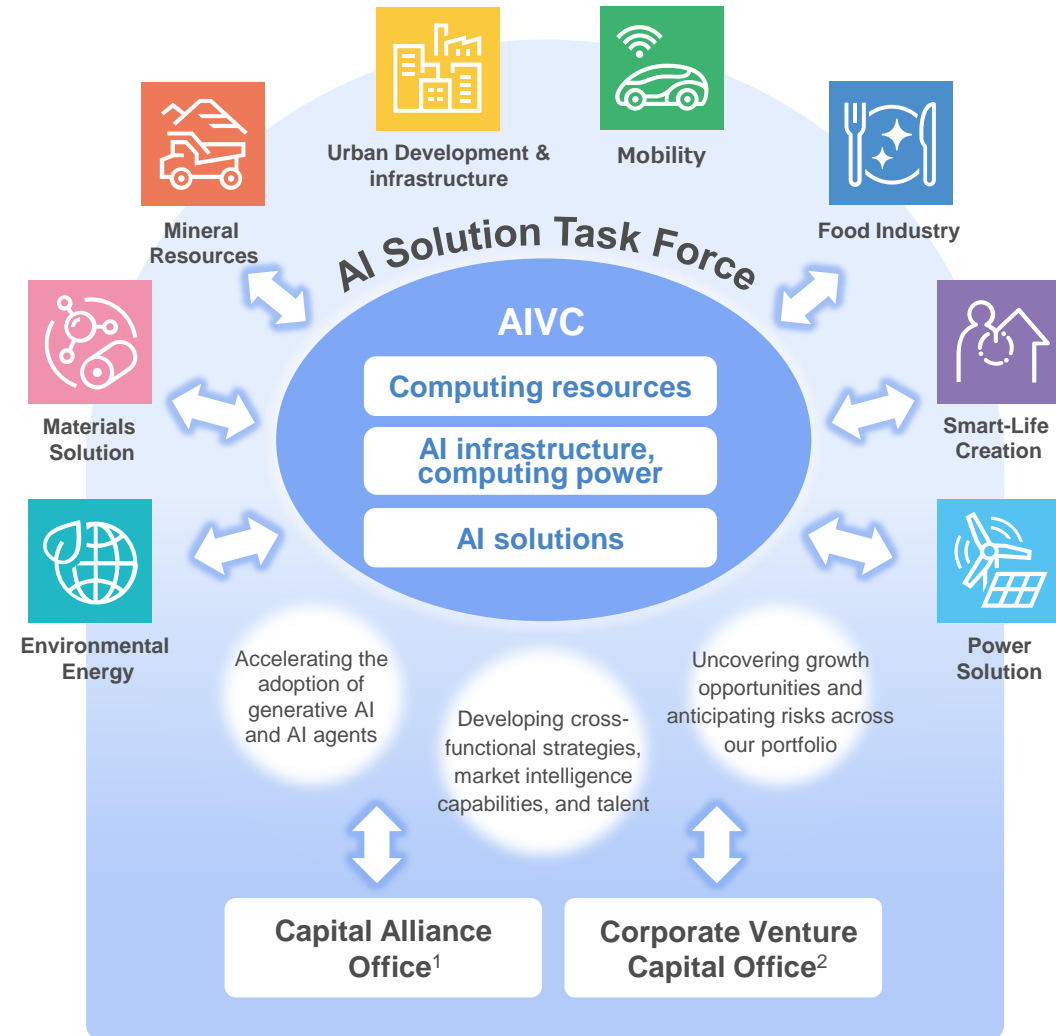
- **Company-wide, cross-sector initiatives:**

AI is reshaping every industry. To respond strategically, we launched a company-wide task force that transcends business segment boundaries—developing cross-organizational strategies, building market intelligence capabilities, nurturing talent, and advancing AI deployment across the entire AI value chain.

- **Maximizing opportunities, mitigating risks:**

By taking a broad view of the AIVC, we aim to identify profit pools and uncover new business opportunities. At the same time, we will proactively detect disruption risks to existing businesses resulting from AI's real-world implementation, and use these insights to strengthen risk management.

- 1 Established April 1, 2025 to accelerate growth, portfolio transformation, and business value enhancement through collaboration with major financial investors—driving initiatives such as industry realignment and large-scale M&A opportunities.
- 2 Established February 1, 2025 to foster continuous innovation by organically connecting emerging technologies and business models from startups with MC's capabilities and networks—pursued from a company-wide strategic perspective.



4. Short to Long-Term Strategic Priorities

■ Short to Medium-Term (Next Few Years)

- **Strengthening AI Infrastructure:** We will establish a strong presence in the AI infrastructure space by leveraging our existing strengths—particularly in data centers and power—and by collaborating with our industry-leading partners. This foundation will support co-creation with AI-related companies..
- **Entry into Computing Resources and Strategy Validation:** We will enter the rapidly evolving computing resources space through small-scale initiatives, enabling us to stay agile and responsive to emerging market needs. We will pursue co-creation in AI solutions with partners in computing power services.

■ Long-Term (Up to 10 Years)

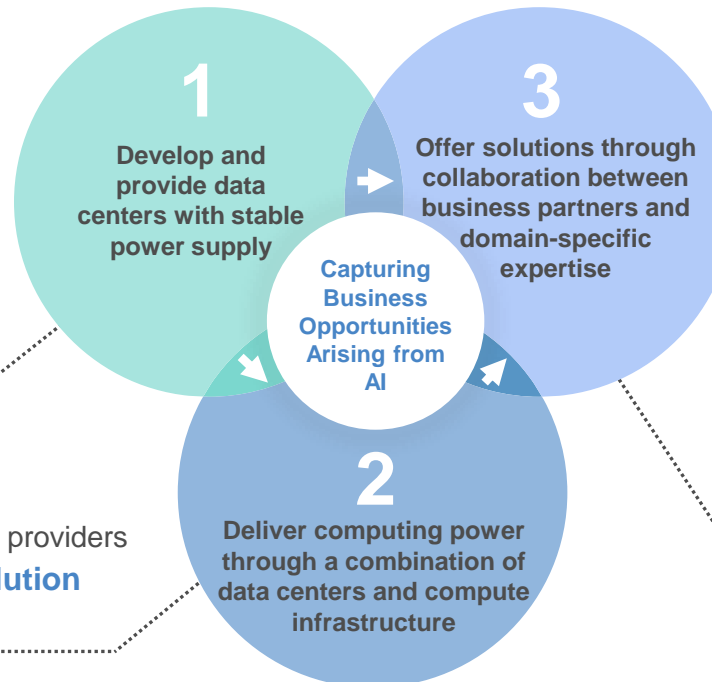
- **AI Solutions Expansion:** We will evaluate growth strategies for existing businesses with high potential for AI-driven value creation, and formulate investment strategies in sectors positioned to grow through AI. This includes the co-creation and delivery of new AI solutions and strategic alliances with AI-related companies. These efforts will also be integrated with our startup investments through our CVC Office.



- Prime locations and secured power access as key differentiators
- ➔ By strengthening solutions that address bottlenecks in the AIVC, we aim to: **"Enhance and sustain the value of AI infrastructure."**



- Partnering with compute infrastructure providers
- ➔ **Expanding interfaces with AI solution businesses**



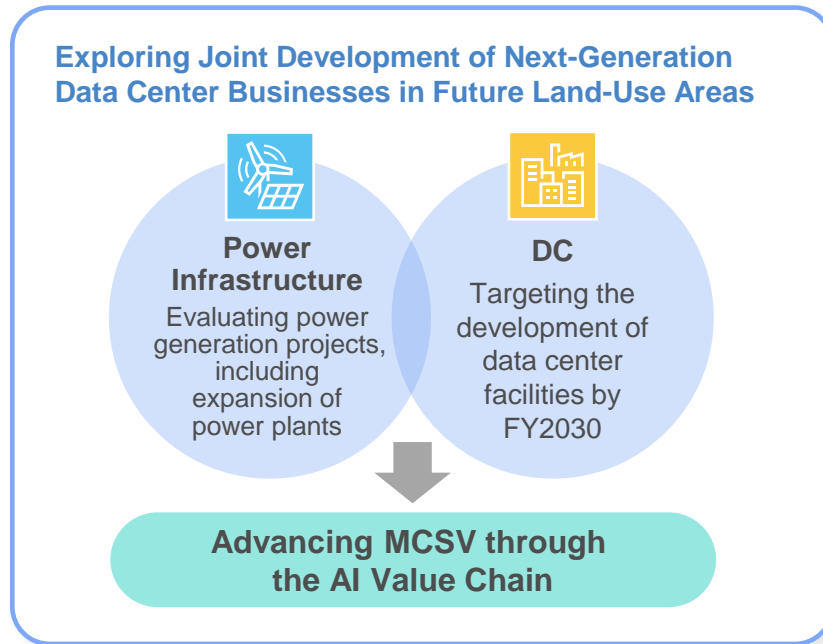
MCD3

- Explore areas with high potential for disruption and identify business opportunities driven by AI transformation
 - Identify sectors where our industrial footprint can add value—particularly through collaboration with computing and infrastructure partners, as well as customers and end users.
- ➔ **Leverage our strengths to realize new business value creation**

APPENDIX

Creating MCSV by Leveraging the AI Value Chain

- MC has been invited by JFE Group to explore the "Ohgishima 2050" land-use concept for a former steelworks site in the Ohgishima area in Japan. In response, we recently signed a memorandum of understanding to jointly study the development of a next-generation data center project that integrates data center and power infrastructure functions.
- Specifically, the project envisions the construction of a data center by FY2030 on land adjacent to JFE's on-site power plant, leveraging the site's suitability for both hydrogen utilization and existing power infrastructure. The plan also includes the evaluation of potential power generation initiatives, such as expanding power facilities, aligned with future land-use conversion in the area.
- The execution of this memorandum is a testament to our strong reputation and proven track record in DX/EX—notably in data center and power—as well as our broad industrial presence. This initiative aims to advance MCSV (MC Shared Value) through the AIVC.



Land-use Zoning under the JFE "Ohgishima 2050" Land-use Concept

