MCSV Creation Forum Dialogue on Business Strategy 2025

Strategies to Pursue Growth

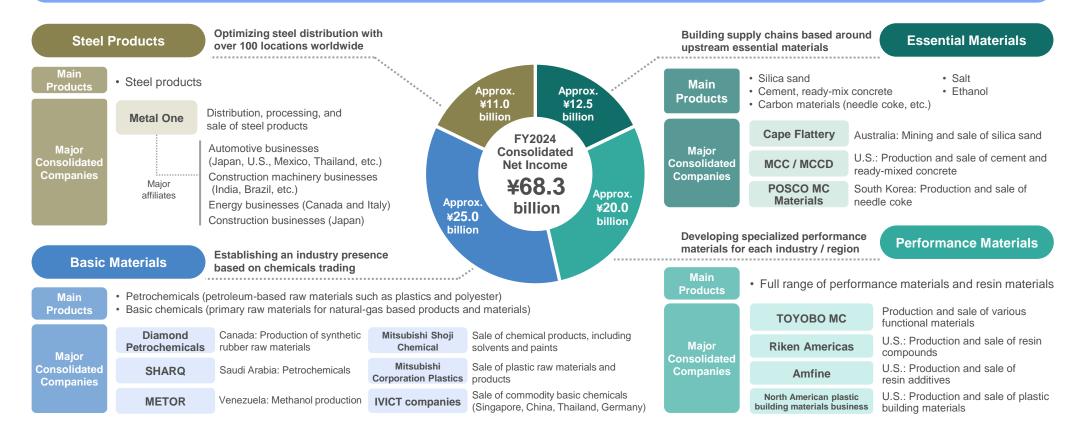
3 Materials Solution Group

Executive Vice President
Group CEO, Materials Solution Group

Ko Imamura

1. Materials Solution Group Overview

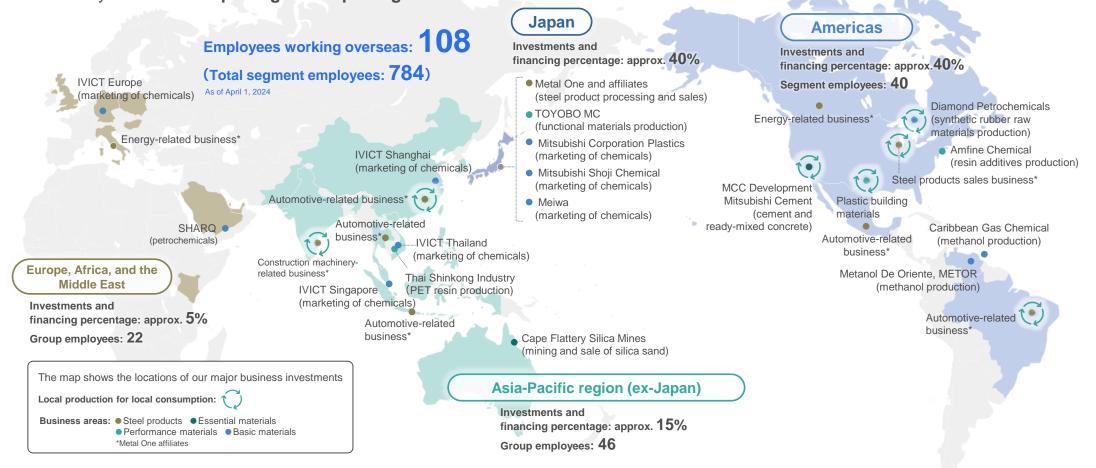
- We will build a resilient earnings base and business portfolio by leveraging our extensive industrial footprint and pursuing multiple value creation models throughout the materials sector.
- Through trading and business operations, we have established a robust platform and network spanning a wide range of industries.
- Our market intelligence capabilities enable us to understand a wide range of business models, industry structures, and risks, giving us a broad and unique perspective on the materials sector.



2. Major Subsidiaries and Affiliates, Business Activities, and Trade Flows by Region

■ We operate a diverse business portfolio in the areas of essential materials, steel products, and chemicals, centered on our businesses in Japan and North America, which account for approximately 80% of our total investments and financing.

 Our earnings in North America center on local production for local consumption, while our businesses in the Asia-Pacific are mainly focused on exporting and importing.



3. Main Strengths and Projected Changes in the Business Environment

We will use the competitive advantages that we have built in each of our businesses to turn future changes in the business environment into growth opportunities

Steel Products

Metal One

Distribution, processing, and sale of steel products

*Contribution to income

Essential Materials



Mining and sale of silica sand

Current Market Environment

- High market share held by Japanese OEMs
- Solid demand for construction in Japan

Competitive Advantages

- Global business operations
- Broad industrial footprint

Automotive: 50%

[Earnings drivers] Global vehicle production and investment in construction in Japan

Trends in Related Industries

- Japan: gradual decrease in demand North America / India: Stable growth
- Changes in steel demand due to EV adoption :

Macro Trends

- Economic bloc formation due to tariff policies, etc.
- Trend toward electric furnace use in response to a shift to low-carbon / decarbonization

Portfolio shifts, expansion of local production for local consumption



Basic Materials

Chemicals Trading Business (IVICT, etc.)

Current Market Environment

 Growing demand for chemicals driven by population growth, structural changes in global markets caused by supply-demand fluctuations in China

Competitive Advantages

- Business operations that integrate business investment and trading
- Expansion by capturing functions within trade flows

Earnings drivers: Shifting trade flow structures due to changes in supply-demand dynamic

Trends in Related Industries

- Business alliances among petrochemical
- Europe: Exits / restructuring in chemical manufacturing

Macro Trends

· China: Growing changes to the supplydemand situation due to overproduction

Enhancing functions / assets to adapt flexibly to market environment changes

Current Market Environment

- Strong construction demand in Asia
- Increasing demand for various devices / panel applications

Competitive Advantages

- Stable production and shipment capabilities
- Largest production volumes in the region
- High-quality silica sand

[Earnings drivers] Infrastructure-related demand in Asia

Trends in Related Industries

- Growing uncertainty about mine development and environmental regulations
- Growth in demand for use in renewable energy, electronics, and semiconductors, in addition to construction

Macro Trends

Demand growth primarily due to increasing construction needs in step with population growth

Expansion of business domains and resource interests in response to growing demand

Performance Materials

TOYOBO 東洋紡エムシー株式会社

Development, production, and sale of functional materials

Current Market Environment

- Shift to lighter vehicles
- Growing demand for performance materials as part of the shift to the circular economy

Competitive Advantages

TOYOBO's advanced technological capabilities

MC's extensive business network

[Earnings drivers] Growing need to reduce environmental impacts

Trends in Related Industries

- Accelerated "select and focus" process of dispersed resources
- Industry restructuring and alliance formation in fragmented businesses

Macro Trends

- · Accelerating efforts to develop low-carbon and decarbonized technologies
- · Shift from material supply businesses to solutions businesses

Addressing the growing need for business transformation



4. Specific Growth Initiatives Under CS 2027 ①

Accelerate "Enhance" and "Create" initiatives as defined under CS 2027.

 Quantitative effects of CS 2027 and "Enhance 2.0" initiatives (Underlying operating CF/¥bn)







Note: Figures in brackets represent consolidated net income for the same period

"Enhance 1.0" Track Record

Business efficiency improvements and earnings enhancement





"Enhance 2.0" and "Create" Initiatives

Status Quo

- High market share held by Japanese OEMs
- Solid demand for construction in Japan



- Changing steel needs due to EV adoption
- Increased demand for construction in North America driven by population growth

Strategy

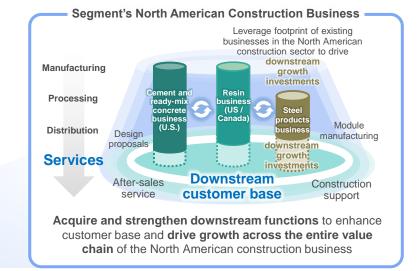
Central America

Region

- · Pivot business portfolio through growth investments in the North American construction sector.
- Achieve growth and stable earnings by strengthening joint efforts throughout the segment, expanding the customer base, and expanding into downstream steel product areas.

Strengthen profitability by shifting focus from the automotive sector to the construction sector in North America, etc. Earnings Ratio Automotive Construction ...

Metal One: Portfolio Vision



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Industry

5. Specific Growth Initiatives Under CS 2027 ②

Accelerate "Enhance" and "Create" initiatives as defined under CS 2027.

Case 2

Execution of Business Transformation in Performance Materials



TOYOBO MC's Track Record

Achieved growth through business transformation via collaboration with business partners

Enhancement of managerial operations, including restructuring into a function-based organization, profitability visualization, and portfolio prioritization

Promotion of appropriate pricing



Cost reductions through production optimization



Business portfolio realignment



Toyobo MC EBITDA Ratio FY2022 (year before entry) 4% +5% 9%

Business transformation through **Track Record** management engagement in performance materials **TOYOBO MC Business Transformation Efforts TOYOBO** MC тоуово Circulation of Track record of driving business transformation through collaboration with business partners and unlocking potential value

Growing momentum for consolidation and **Opportunities** reorganization through "select and focus" in the performance materials industry **Opportunities in Performance Materials** • Leverage accumulated knowledge to discover potential new value in companies and business areas • Reinforce efforts to find new business opportunities through collaboration with the Capital Alliances Office Business Early Growth Value Peak-out Potential Cases where organizational structures Excellent tech capabilities, but also resource cannot keep pace with rapid growth Areas with value improvement potential • Comprehensive, industry-wide perspective made possible through wide-ranging industry interactions Our Global track record of successful overseas expansion strengths • Capacity for deep business engagement and collaboration at both managerial and administrative levels The Japanese performance materials sector has a lower EBIDTA ratio than

its North American counterpart, with total sales of approximately ¥30 trillion

"Create" Initiatives

6. Business Portfolio and Future Performance

- Towards FY2030, we will leverage our existing strong businesses to develop "Create" initiatives and expand our portfolio of construction- and infrastructure-related businesses, with a particular focus on North America.
- We plan to reinforce earnings by advancing "Enhance" initiatives for our approximately 100 existing businesses. Combined with our "Create" initiatives, we will aim to achieve an average growth rate of at least 10% in underlying operating CF, and consolidated net income of ¥80 billion or higher by FY2027, and an even higher level by FY2030

