

MCSV Creation Forum

**Dialogue on
Business Strategy
2025**

Strategies to Pursue Growth

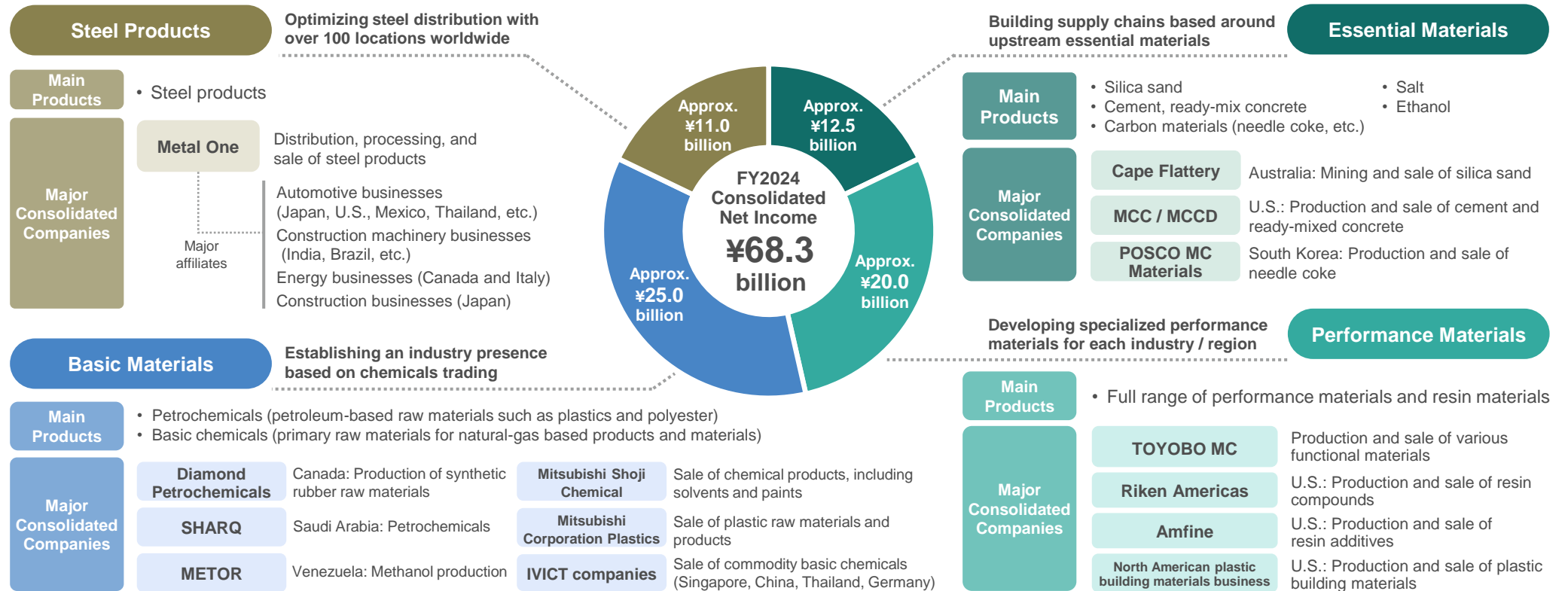
3 Materials Solution Group

Executive Vice President
Group CEO, Materials Solution Group

Ko Imamura

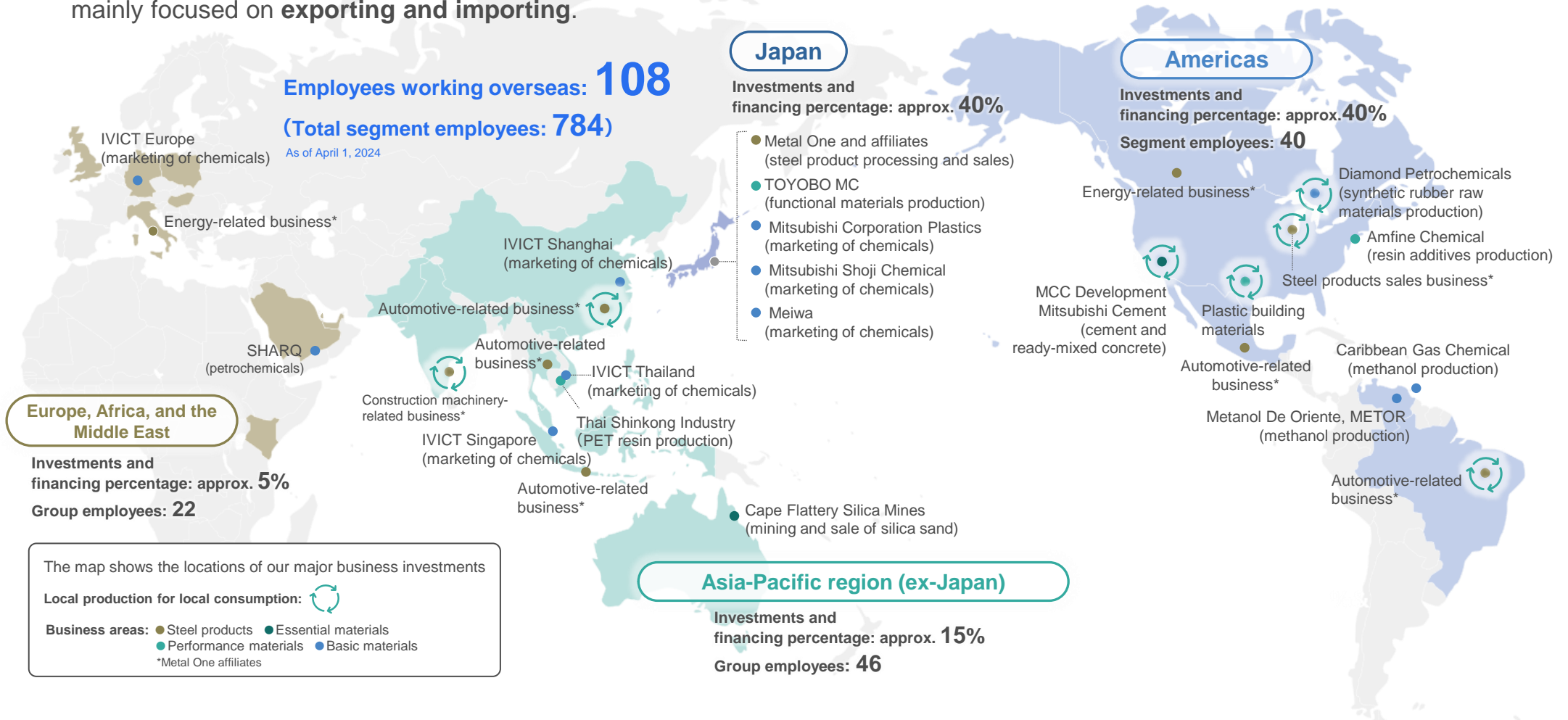
1. Materials Solution Group Overview

- 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.**



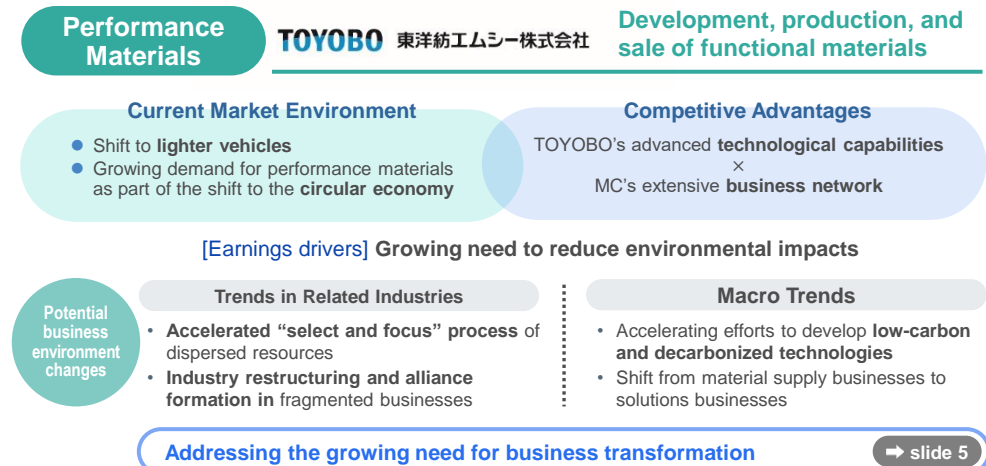
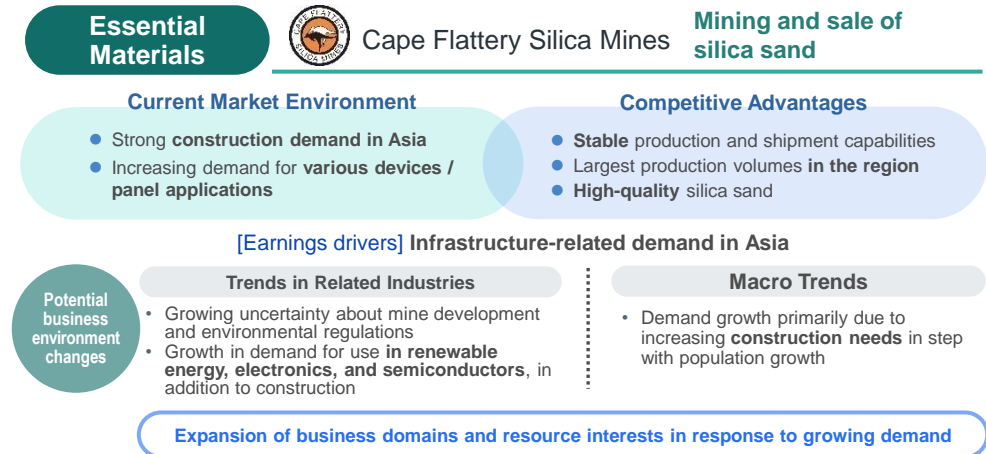
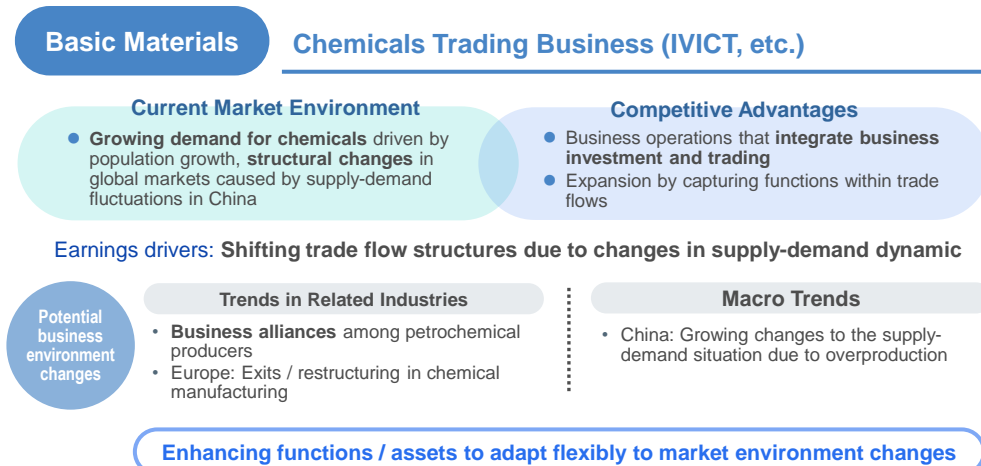
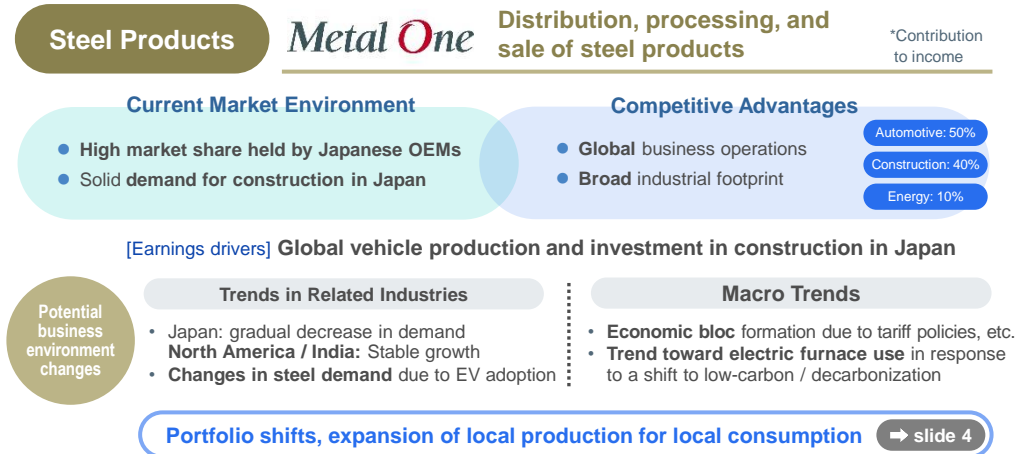
2. Major Subsidiaries and Affiliates, Business Activities, and Trade Flows by Region

- 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



4. Specific Growth Initiatives Under CS 2027 ①

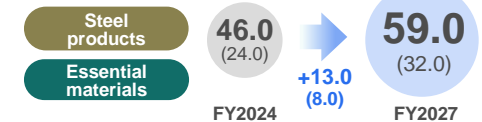
- Accelerate “Enhance” and “Create” initiatives as defined under CS 2027.

Case
1

Pursuit of additional growth in the steel products industry (Metal One)



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

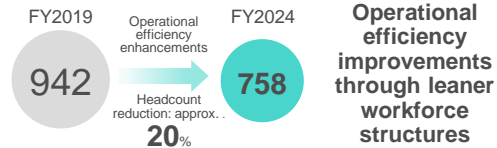


Note: Figures in brackets represent consolidated net income for the same period

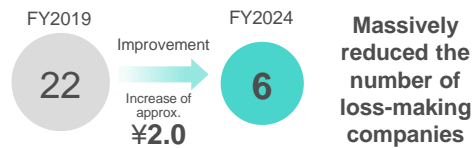
“Enhance 1.0” Track Record

Business efficiency improvements and earnings enhancement

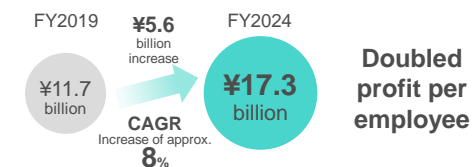
- Number of Employees (compared to FY2019)



- Number of Unprofitable Companies (compared to FY2019)



Metal One: Equity Method Profit / Loss



“Enhance 2.0” and “Create” Initiatives

Status Quo

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

Environmental changes, growth opportunities

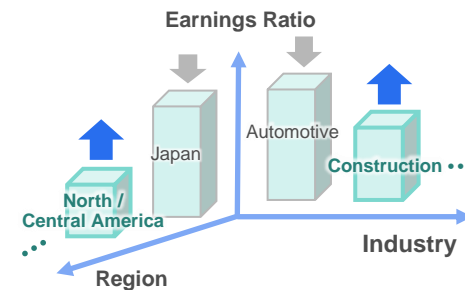
- Changing steel needs due to EV adoption
- Increased demand for construction in North America driven by population growth

Strategy

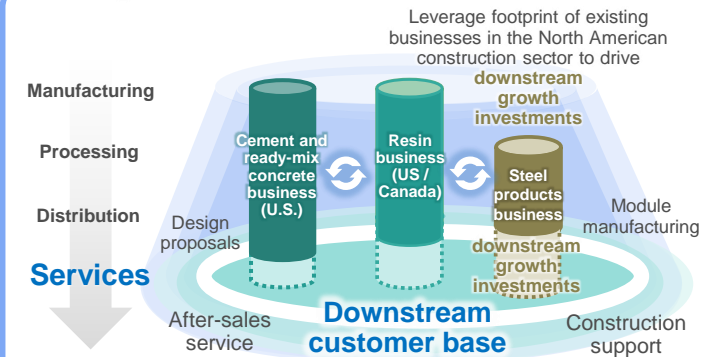
- Pivot business portfolio through growth investments in the North American construction sector.
- Achieve growth and stable earnings by strengthening joint efforts throughout the segment, expanding the customer base, and expanding into downstream steel product areas.

Metal One: Portfolio Vision

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



Segment's North American Construction Business



Acquire and strengthen downstream functions to enhance customer base and drive growth across the entire value chain of the North American construction business

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

Create

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%

FY2024

9%

“Create” Initiatives

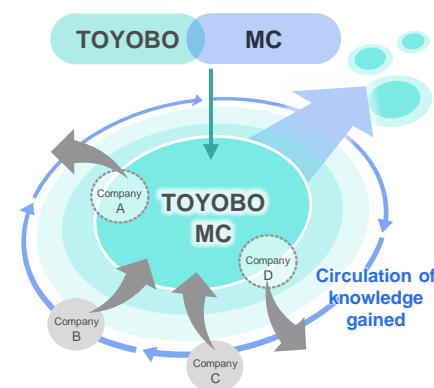
Business transformation through management engagement in performance materials

Track Record

Opportunities

Growing momentum for **consolidation and reorganization** through “select and focus” in the **performance materials industry**

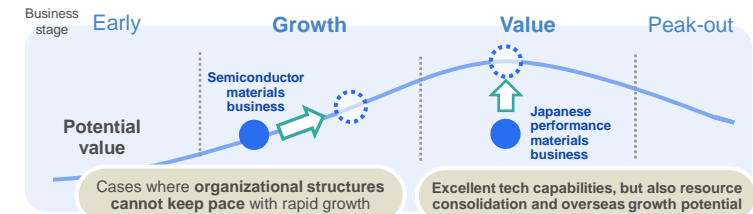
TOYOBO MC Business Transformation Efforts



Track record of driving business transformation through collaboration with business partners and unlocking potential value

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



Areas with value improvement potential

Our strengths

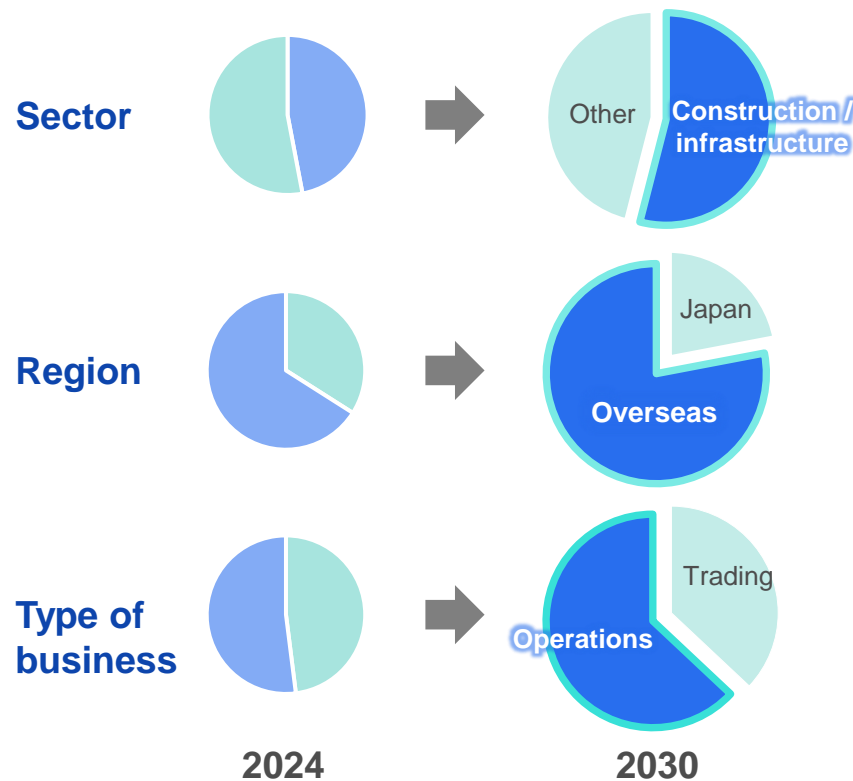
- Comprehensive, industry-wide perspective made possible through wide-ranging industry interactions
- Global track record of successful overseas expansion
- Capacity for deep business engagement and collaboration at both managerial and administrative levels

The Japanese performance materials sector has a **lower EBITDA ratio** than its North American counterpart, with **total sales of approximately ¥30 trillion**

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**

Profit breakdown by sector, region and type of business



Long-term growth plan

