

Industrial Materials Group



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Summary

- Processing, manufacturing, sales, and distribution of steel products through Metal One Corporation (MC's stake: 60%)
- Manufacturing, sales, and distribution in the fields of carbon materials, PVC, and other products
- Manufacturing, sales, and distribution of silica sand and other products through Cape Flattery Silica Mines Pty., Ltd. (MC's stake: 100%)
- Manufacturing, sales, and distribution in the fields of cement, ready-mixed concrete, and other products
- Development, manufacturing, and sales of functional materials through TOYOBO MC Corporation (MC's stake: 49%)

Group Strengths

- Industry knowledge and global network in the industries in which we operate, with a focus on the fields of automotive and mobility, and construction and infrastructure
- Processing, manufacturing, and distribution assets in the materials industry accumulated through business investment and trading
- Long-term partnerships with materials manufacturers in Japan and overseas



Relevance of Material Issues to the Business

Focused Material Issues	Details/Action Plans
Contributing to Decarbonized Societies	Securing materials necessary for electrification (EVs, renewable energy, etc.) <ul style="list-style-type: none"> • Participating in businesses necessary for the spread of EVs, such as reduced-weight materials businesses • Engaging in the materials business for lithium-ion batteries used in EVs, etc.
Promoting Stable, Sustainable Societies and Lifestyles	<ul style="list-style-type: none"> • Building, streamlining of the production, sales, and distribution system and expanding the production capacity for silica sand used in photovoltaic glass
Utilizing Innovation to Address Societal Needs	Building a recycling system of materials for decarbonization and stable procurement <ul style="list-style-type: none"> • Recycling of steel products, resins (building materials, tires, etc.) and functional materials
Addressing Regional Issues and Growing Together with Local Communities	Transforming the distribution of materials in the face of labor shortages and surplus costs by leveraging digital technologies <ul style="list-style-type: none"> • Optimizing and sophisticating the distribution of materials by combining real business and digital technology
	Strengthening the supply chains of materials essential for construction, infrastructure management, and development <ul style="list-style-type: none"> • Strengthening the businesses for environment-friendly cement, ready-mixed concrete, and resin building materials

Awareness of the External Environment

Risks	Opportunities
<ul style="list-style-type: none"> • Destabilization of the materials supply chain • Insufficient supply of decarbonization-related materials • Decline of existing business models due to digital innovation, etc. 	<ul style="list-style-type: none"> • Capture of increasingly diverse and sophisticated material needs • Materials recycling for decarbonization and stable procurement purposes • Securing the necessary materials for electrification (EVs, renewable energy, etc.) • Strengthening the supply chain in light of geopolitical risks • Transformation of materials distribution using digital technology

Strategies Under Midterm Corporate Strategy 2024

- Participate in the functional materials business, which is essential for weight reduction and electrification of automobiles and mobility, and for the development of a digital society
- Initiatives for recycling projects that contribute to environmental impact reduction and stable procurement by leveraging existing businesses and networks
- Strengthen businesses such as silica sand and carbon materials, where demand is increasing due to the popularization of renewable energy, electric furnaces for steelmaking, and EVs
- Optimization and upgrading of the materials supply chain through DX, etc.

Progress Under Midterm Corporate Strategy 2024

Initiatives to “Create Value by Connecting Needs with Seeds (Solutions)”

MC established TOYOBO MC Corporation (MC's stake 49%) as a joint venture with TOYOBO Co., Ltd. TOYOBO MC Corporation develops, manufactures, and sells functional materials that support the weight reduction and electrification of automobiles and mobility, as well as providing solutions for environmental issues. At a time when progress in decarbonization, changes in industrial structures, and technological innovation are accelerating, we will contribute to solving industrial challenges and realizing a sustainable society by combining the product and technology development expertise of TOYOBO Co., Ltd. with our broad industrial knowledge and management capabilities. We have also established Beyond Materials Corporation in partnership with FEV Consulting GmbH, a subsidiary of the FEV Group. Beyond Materials Corporation, in the materials field, provides a wide range of services including market research, strategy development and implementation, as well as product development and demonstrations, while also taking advantage of digital technologies.

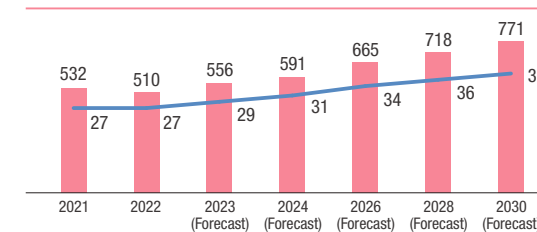


TOYOBO MC Corporation

Major Growth Drivers

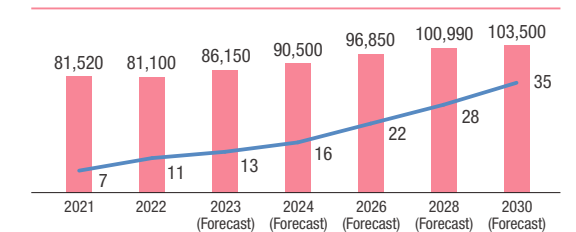
- Against the backdrop of global decarbonization, the steel industry is shifting its steelmaking processes from blast furnaces to electric furnaces (steel product recycling), and the global EV market is expected to expand rapidly at a CAGR of more than 20%. As the environment surrounding the materials industry begins to change significantly, opportunities are increasing for MC, which is engaged in diverse businesses along the materials supply chain, to demonstrate its strengths.
- Metal One Corporation, a joint venture with Sojitz Corporation, has more than 110 physical business bases in Japan and overseas, and by leveraging the industry expertise obtained from those bases with digital technologies, it contributes to solving industrial challenges especially in the fields of automotive and mobility as well as construction and infrastructure.
- POSCO MC MATERIALS Co., Ltd., a joint venture with POSCO FUTURE M Co., Ltd. and others, is a carbon materials manufacturing company which has established a manufacturing and sales system for graphite electrodes for electric furnaces and materials essential for lithium batteries. We will create new value by leveraging existing assets in addition to our knowledge of the materials industry and global network.

Electric furnace steel production (million tons) and electric furnace ratio (%)



Source: Arthur D. Little Japan, Inc.

Automobile production (thousand units) and EV ratio (%)



Source: Arthur D. Little Japan, Inc.