

**Questions and Answers Script of Teleconference**  
**for Consolidated Financial Results for the Third Quarter of the Year Ending March 2023 (FY2022)**

[Questioner 1]

- Q: I asked the same question at the previous Q&A, but, with regard to profit in the latter half of the year, with costs rising higher than forecasted, what is profit exclude temporary factor going to be?
- A: As in the previous period, we're estimating the profit exclude temporary factor for the latter half of the year with one-off factors removed from profits and losses, and we believe we'll see between ¥60.0 to 70.0 bn for the latter half and ¥130.0 to 140.0 bn for the whole year.
- Q: Electricity costs are rising at overseas mines and domestically. It's possible that domestic electricity costs are going to go up even more in the first half of the next fiscal year. Are you implementing any countermeasures to deal with these cost increases? Additionally, with regard to overseas mines, the price of molybdenum is rising. I've heard of cases in which it was deducted from production costs of copper as a by-product, but it's hard to tell how long the high price will last. What do you think? Is it simply that profit won't increase so long as the conditions of the market do not increase?
- A: The primary factor in the current rising costs is the price of energy. Switch of energy isn't something that's going to happen overnight. While price pass-through isn't possible for the resource and smelting and refining businesses, we're moving forward with price pass-through negotiations for the materials business, even though they are difficult to realize. Additionally, as a manufacturing company, we're also continuing to engage in initiatives to increase productivity.
- Q: Where is the price increase for molybdenum included in the explanation of changes in gross profit?
- A: In the explanation of changes in gross profit, it is treated as a by-product and included in "Others" for "Morenci / NP (Cu)" under "1. Mineral Resources."

[Questioner 2]

- Q: I'd first like to ask about the materials business. You explained that the rise in metal prices led to an upward revision of ¥5.0 bn compared to the November forecast, however, I'd like to know some of the details. Secondly, concerning the positive factors in the unit cost differential for overseas copper mines, the price of crude oil is dropping, and do you see things calming down moving forward? Or do you think that a continuing unstable political climate and the domestic drop in price for steam coal will lead to further reductions in cost?
- A: Metal prices in the materials business are having an effect on the income and expense differential for batteries, with nickel prices improving. For cost, overseas copper mine Morenci, in particular, is seeing improvements to unit cost differential. While we're not sure as to the reasons why, costs didn't rise as much as we had anticipated and costly items have not been realized. Prices for crude oil and coal are on a downward trend, and while there is some time lag, it will have an effect on profit and loss. If coal prices drop, that should have an effect on electric power, so while there is some time lag, we see things gradually moving in a good direction
- Q: What is the profit exclude temporary factor of the materials business with the income and expense differential of metals removed?
- A: Demand is healthy in the battery materials business, so there is no need for concern. In the advanced materials business, smartphones and PCs saw a sudden drop in demand, and as major domestic electronic parts manufacturers are struggling, we estimate things will deteriorate more than our previous forecast.

[Questioner 3]

Q: Firstly, regarding the comparison with the previous forecast in the lower part of the first page of the teleconference materials, I'd like it if you could tell me what was behind the drop of ¥5.0 bn in the unit cost differential and the drop of ¥9.4 bn in the comparison between the first and second half of the year. Secondly, in the full-year plan from the February forecast, inventory evaluation profit and loss are ¥36.1 bn and foreign exchange gain and loss are seeing ¥20.5 bn. Will eliminating these get me somewhere in the ballpark of the actual value?

A: We have not analyzed the details for the unit cost differential. What we understand right now is that, as we explained in November, energy costs are going to continue to be high and looking at both the first and second half of the year, we believe that this will only deteriorate in the second half and have incorporated as such into the forecast. For your second question, I believe that you're asking about the profit exclude temporary factor of ¥130.0 bn for the year we mentioned at the start, and if this number excludes the effect of the inventory evaluation profit and loss and the foreign exchange gain and loss. As with before, we've excluded the effect of inventory evaluation and the lower of cost or market value method. Additionally, the few billion yen allocated for any risks that may occur in the second half of the year were excluded.

[Questioner 4]

Q: At the Sustainability Briefing the other day, it was mentioned that construction to switch the fuel was progressing at Harima, nickel refinery and the Toyo Smelter & Refinery, and that this would be finished in FY2022 or FY2023. What is the cost effect of expanding renewable energy over the next year? Secondly, related to the additional funding for the Cote Gold mine, there are buyback options, and IMG should exercise the buyback options if their financing improves, however, should a forecast for the profit and loss be handled with consideration given to the initial share of expenses for funding?

A: The construction to switch the fuel, such as switching over to boilers, was incorporated into the 2021 3-year Business Plan. As we explained at the Sustainability Briefing, while our internal carbon pricing is incorporated into our investment decisions, this does not necessarily mean that costs will worsen. We have not made disclosures about individual items. With regard to additional investments in the Cote Gold mine and how they will affect the profit and loss, it should be thought of as equity with the timing in which profit and loss occur.

[Questioner 5]

Q: Firstly, I'd like to ask if the extension of the nationwide state of emergency in Peru is having any effect on Cerro Verde. Secondly, in the price assumptions listed on the second page of the teleconference materials, the 4th quarter price forecast for cobalt had it dropping to \$18. How do you see the market conditions for cobalt with the LME price holding at \$17? Additionally, the profit forecast for the materials business had it rising to ¥5.0 bn, however, does that include the effect of cobalt?

A: We haven't heard of any particular political unrest in Peru. Daily operations are progressing smoothly. The previous forecast for the price of cobalt had it at \$22, and the current one has it at \$18, and we are incorporating the change in price as a worsening of profit and loss, although we haven't ascertained the amount. In 2023, the launch and expansion of the large-scale project in DRC will increase supply, however, we believe the supply will exceed the growth of demand and we have the price set at \$18 with over supply as the assumption.

[Questioner 6]

Q: My first question is about whether the few billion yen for risk factors is included in the new guidance or not. And my second question is about overseas smelting and refining production volume revisions. I understand that THPAL was affected by the heavy rains at the end of the year, however, I'd like it if you could tell me a little more about the equipment trouble at CBNC

that led to the drop in production volume in Q3. Moreover, I'd like to know how things are going at CBNC and if things are going to improve from Q4 and on.

A: Thankfully, none of the risk factors have actually occurred yet, so it is still included. Reduced production was unavoidable, at THPAL due to the year-end heavy rains and at CBNC due to machinery-related trouble, however, things are back to normal and proceeding according to plan.