

The Conference Call for the Consolidated Financial Results
for the First Quarter of the Year Ending March 31, 2026 (FY2025):
Questions and Answers Script (Summary)

[Outlook of Quebrada Blanca Copper Mine]

Q: Can you elaborate on the facility trouble mentioned at the financial results announcement of Teck Resources Ltd. of Canada, the operator of the copper mine?

A: The process to recover copper from ore has become operational at the Quebrada Blanca Copper Mine, but there was a problem with the facility that stores tailings which are ore after metal recovery. As a result, we have had to revise down the production plan for FY2025. Countermeasures are currently being implemented and are expected to be completed by the end of 2025. We are also taking measures to address a defect in the port facility for exporting copper concentrate, but this problem has not affected the production plan.

Q: What is your view of 2026 and beyond?

A: Despite the ongoing measures to address the defects, which will be completed, the positioning of Quebrada Blanca Copper Mine remains unchanged: a highly competitive mine and a long-term earning base for us. We will continue to work with Teck, our JV partner, to stabilize and optimize operations, among other initiatives.

[Status of Morenci Copper Mine of the US]

Q: Until July, the copper price on COMEX in the US was above the LME copper price, but they are now on similar levels. How will this be reflected in the operating results forecast for Morenci Copper Mine?

A: As Morenci Copper Mine has a December fiscal year-end, the current forecast (August 2025 forecast) was prepared based on the actual results for January–June and a copper price of 9,500 dollars per ton for July onward, which is our current estimate.

Q: What is behind the improvement in costs while both production and sales volumes at Morenci Copper Mine remain flat?

A: Freeport-McMoRan of the US, the operator, is working to improve productivity and reduce costs. For example, the company is promoting employee skill development to reduce its dependence on outside contractors and undertaking cost reduction initiatives in view of the impact of US tariffs. We believe that the accumulation of these various initiatives will contribute to improvement in the unit cost differential.

[Outlook of the Copper Smelting & Refining Business]

Q: There is a trend toward downsizing production systems at copper smelters in Japan. How about SMM?

A: The current smelting margin (TC/RC) is severe, but given the high competitiveness of our Toyo Smelter & Refinery, the economically best option on the current TC/RC level is to continue operating at full capacity. We believe that demand for copper will remain firm in the future, and we will continue to strengthen competitiveness. We do not plan to reduce production volume or cut fixed costs through workforce reductions. Even if the TC/RC declines, about 50%–60% of the copper concentrate we currently use comes from mines in which we hold interests, and this portion is offset by our Mineral Resources business. Going forward, we plan to raise the ratio of copper concentrate from the mines in which we have interests to around 70%–80%.

Q: How should we view the profit and loss of the Smelting & Refining business in the next fiscal year if the current TC/RC level continues?

A: In the operating results forecast for FY2025, the main factor for a worsening profit and loss, other than the TC/RC, is the deterioration in inventory evaluation profit and loss due to the assumption of a stronger yen. Since this is a temporary factor associated with foreign exchange fluctuations, it would be reasonable to consider that this negative factor will disappear if the foreign exchange level remains steady in the next fiscal year.

[Outlook of Materials Business]

Q: What is the background to the upward revision of the segment profit and loss for the Materials business in the August 2025 forecast? In particular, what is the outlook for the production volume of battery materials?

A: The factors behind the upward revision include battery materials, powder materials, crystal materials, and others. While we cannot disclose details due to our relationships with customers, the production of battery materials is expected to exceed our estimate in May. Preparations for switching to new product types are progressing on schedule, so the decline in production volume is estimated to be more gradual than estimated in May. For powder materials, crystal materials and others, we expect continued demand related to generative AI.