

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

I. General Briefing

In this briefing, we will provide an overview of the consolidated financial results for the first quarter of FY2025 and the forecast of consolidated operating results for FY2025 announced today.

1. Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2026 (FY2025): Overview of Business Performance

First, we will provide an overview of the consolidated financial results for the first quarter of FY2025. Details on the business environment and other matters are provided in the earnings report, so please refer to them at your convenience.

Please see page 2 of the Supplementary Explanation Material of Financial Summary.

We will begin with actual metal prices and exchange rates for the first quarter of FY2025.

Regarding the year-on-year average price comparison over the period from April to June, which is applied to companies with a March fiscal year-end, the copper and nickel prices declined while the price of gold increased and the yen appreciated.

Regarding the year-on-year average price comparison over the period from January to March, which is applied to companies with a December fiscal year-end, the copper and gold prices increased while the yen depreciated.

Consolidated sales saw a year-on-year decline of ¥30.7 bn, amounting to ¥379.6 bn.

Consolidated profit before tax increased ¥7.2 bn year-on-year to ¥37.9 bn.

As shown in the graph on page 2, while nickel prices declined and inventory evaluation profit and loss worsened due to the continued appreciation of the yen, the primary factors behind the rise in profit included the increased benefits from the rises in copper and gold prices thanks to the start of Quebrada Blanca Copper Mine and the Cote Gold Mine in addition to existing copper and gold mines as well as the upturn in the quantity differential and the unit cost differential.

2. Impact of US Tariffs on Operating Results

Before explaining the overview of the full-year operating results forecast for FY2025, which we have revised, we would like to touch on the impact of US tariffs on our operating results.

As in the forecasts announced in May, we still expect the direct impact to be limited. However, if these tariffs lead to a contraction of the global economy, our operating results may be affected indirectly. We will continue to closely monitor the situation.

3. Consolidated Financial Results Forecast for Fiscal Year Ending March 31, 2026 (FY2025)

We will explain the overview of the revised forecast for consolidated operating results for FY2025. Please see page 5 of the Supplementary Explanation Material of Financial Summary. The average metal prices and exchange rates, which form the assumptions of the forecast, are shown in the lower left of the page.

Consolidated profit before tax is forecast to improve by ¥2.0 bn to ¥102.0 bn compared to the May forecast.

Primary factors for the fluctuation are shown in the graph at the top of page 5.

While the foreign exchange differential is projected to worsen, based on our assumption that the yen will continue to appreciate, and inventory evaluation profit and loss is estimated to decline, we expect copper and gold prices to increase and the materials segment to turn around.

This forecast does not include the risk factors for a decline in profits that could materialize during the current fiscal year.

4. FY2025 Profit and Loss Exclude Temporary Factor (Based on Operating Results Forecast)

The forecast for the profit and loss exclude temporary factor for FY2025 is shown on the right side of the graph on page 5. From the August forecast for FY2025 we deducted one-off factors arising from fluctuations in metal prices and foreign exchange, as well as other special factors.

Profit and loss exclude temporary factor for FY2025 in this forecast stands between ¥100.0 bn and ¥110.0 bn, which is unchanged from the previous forecast.

The factors behind this include a decline in nickel prices and the appreciation of the yen in foreign exchange despite increases in copper and gold prices.

Due to the nature of SMM's business, fluctuations are inevitable in profit and loss exclude temporary factor in response to changes in metal prices and exchange rates that form our assumptions, but we need to maximize profits on the basis of these assumptions. To do that, we will continue to work to maintain stable operations, improve production efficiency, and take our growth strategy forward.

5. Dividends

We would like to explain our dividends.

SMM's dividend policy is, in principle, to pay out dividends from surplus with a consolidated payout ratio of 35% or more, with a DOE (dividend on equity) of 2.5% as the minimum indicator.

As a result of the revised forecast, we are applying a DOE of 2.5% for the annual dividends for FY2025, as dividends based on a DOE of 2.5% are expected to be higher than those based on a consolidated payout ratio of 35%. Consequently, our forecast for the annual dividend per share remains unchanged from the May forecast, at 131 yen,

Dividend policy: In principle, dividends from surplus shall be paid at a consolidated dividend payout ratio of 35% or more, with a lower limit indicator of DOE2.5%

DOE

= Total annual dividend / (consolidated net assets attributable to the owners of the parent company at the end of the previous fiscal year – other components of equity at the end of the previous fiscal year)

II. Breakdown of Gross Profit and Segment Profits, and Other Details

Now, we will go over only the main points of the Supplementary Explanation Material of Financial Summary.

1. FY2025 1Q Financial Results vs FY2024 1Q Financial Results

First, we will explain the comparison between the financial results for the first quarter of FY2025 and those for the first quarter of FY2024.

1) Page 3: Comparison of Results – Mineral Resources Segment

Please look at Comparison of Profit Before Tax FY2025 1Q Results vs FY2024 1Q Results by Segment-1 on page 3 of the Supplementary Explanation Material of Financial Summary.

First, we will look at gross profit in the Mineral Resources segment.

[Gross Profit in the Mineral Resources Segment] ¥24.7 bn, an increase of ¥18.0 bn.

(1) Hishikari Mine (March fiscal year-end)

By undertaking mining at an average grade in line with an operational policy focusing on sustainability, the company is operating systematically by setting the annual gold sales volume at 3.5 t/year for FY2025. The price differential turned positive compared with the same period of FY2024 as the gold price rose.

(2) Cote Gold Mine (December fiscal year-end)

The Cote Gold Mine is steadily ramping up. Since production began at the end of March 2024, the difference compared with the first quarter of FY2025 is shown as a quantity differential.

(3) Copper mines (primarily Morenci Copper Mine, which operates with a December fiscal year-end)

The price differential for Morenci Copper Mine improved due to the rise in copper price for the January–March period, which is adopted by companies that settle accounts in December. In addition, the unit cost differential turned positive thanks to operational cost reduction and results of initiatives for improving efficiency.

Next, we will look at the equity in earnings of affiliated companies.

(1) Cerro Verde Copper Mine and Candelaria Copper Mine (both with a December fiscal year-end)

The price differential improved due to a rise in copper price in the January–March period, which is adopted primarily by companies that settle accounts in December, and profits at both mines increased.

(2) Quebrada Blanca Copper Mine (December fiscal year-end)

Its profit and loss have improved as unit cost improved compared with the same period last year, when it was still ramping up, and also thanks partly to the tailwind of the rising copper price in the January–March period, which is used by companies settling accounts in December.

Next, I would like to add one point regarding the segment profit and loss.

In the development of the Quebrada Blanca Copper Mine, SMM provided necessary financing to the local operating company, and the interest received on this financing is included.

2) Page 4: Comparison of Results – Smelting & Refining Segment

Please look at Comparison of Profit Before Tax FY2025 1Q Results vs FY2024 1Q Results by Segment-2 on page 4 of the Supplementary Explanation Material of Financial Summary.

Next, we will explain the Smelting & Refining Segment. Please take a look at the “gross profit” box on the upper left of the page.

[Gross Profit in the Smelting & Refining Segment] ¥3.5 bn, a profit decrease of ¥31.6 bn.

For copper-related entities, factors included the fall-off of inventory evaluation profit and loss, which had boosted profits thanks to the yen’s depreciation and the rise in gold price in FY2024, as well as a worsened price and condition differential owing to a decline in TC/RC. Those for nickel-related entities included a worsened price and condition differential due to price stagnation and fall-off of inventory evaluation profit and loss similar to copper-related entities.

(1) Copper-related entities

a) Positive factors:

- Unit cost differential: It is due to a decrease in operation costs of Toyo Smelter & Refinery.
- Other: It is primarily due to a rise in the price of sulfuric acid, which is a byproduct. It is a main operating material for HPAL in the Philippines, so a rise in the price of sulfuric acid contributes to profits at copper-related entities, but it leads to the worsening of unit costs at nickel-related entities.

b) Negative factors:

- Price and condition differential: This is due to a deterioration in TC/RC in FY2025 compared to FY2024.

(2) Nickel-related entities

a) Positive factors:

- Unit cost differential: This is due to a decrease in operating costs at the production sites in Japan and a fall in depreciation at CBNC, even though there was an impact of the rising sulfuric acid price.

b) Negative factors:

- Price and condition differential: It worsened due to the decline in the nickel price.
→As processing charge of nickel-related entities is linked to metal price through a system called sharing, changes in metal prices have a major impact on operating results.

3) Page 4: Comparison of Results – Materials Segment

We will now move on to explain the net sales by product subsegment for the materials business, which is presented in the bottom of page 4 of the Supplementary Explanation Material.

While the battery materials business has been operating steadily, net sales declined due to the fall of metal prices, which are linked to sales prices.

Regarding the advanced materials business, the business environment worsened for some products among package materials, and “Other” revenues declined due to the disappearance of sales of the construction material business, which was transferred in FY2024. Other product groups remained on similar levels.

Next, we will look at the segment profit and loss.

The advanced materials business saw a profit decline due to a worsening business environment for some of product groups of package materials.

2. FY2025 August Forecast vs May Forecast

Continuing on, we will look at a comparison between the FY2025 August forecast and the May forecast.

1) Page 6: Comparison of FY2025 August Forecast vs FY2025 May Forecast by Segment

Please look at the Comparison of Profit Before Tax FY2025 Full Year Forecast Aug. vs May by Segment-1 on page 6 of the Supplementary Explanation Material.

First, we will explain the estimated metal prices and average exchange rate. Please take a look at the box at the bottom right of the page.

We estimate higher copper and gold prices, lower nickel prices, and an appreciation of the yen.

We will now look at gross profit in the Mineral Resources segment. Please take a look at the “gross profit” box on the upper left of the page.

[Gross Profit in the Mineral Resources Segment] ¥88.0 bn, a forecast profit increase of ¥14.0 bn.

(1) Hishikari Mine (March fiscal year-end) and Cote Gold Mine (December fiscal year-end)

Both mines are expected to see an improvement in the price differential reflecting higher gold prices, along with a worsening of the foreign exchange differential due to yen appreciation. Cote Gold Mine has been ramping up, aiming to reach 100% of its designed capacity by December 2025.

(2) Copper mines (primarily Morenci Copper Mine, which operates with a December fiscal year-end)

Morenci Copper Mine is expecting an upturn in the price differential from a rise in copper price and worsening of the foreign exchange differential. An upturn in the unit cost differential is expected from operating cost reductions and efficiency improvement initiatives.

Next, we will look at the equity in earnings of affiliated companies.

(1) Cerro Verde Copper Mine and Candelaria Copper Mine (both with a December fiscal year-end)

There is no change in production plans for either mine. They estimate an improvement in price differentials from higher copper prices in the January–December period, which applies to companies with a December fiscal year-end, while also expecting a worsening of the foreign exchange differential due to further yen appreciation. Overall, there are no major changes from the May forecast.

(2) Quebrada Blanca Copper Mine (December fiscal year-end)

As announced by Teck Resources Ltd. of Canada, our JV partner and operator, the process for recovering metal from ore has started. However, additional work is required at the facility that stores tailings which are ore after metal recovery. As a result, the production plan has been revised downward, and the operating results for FY2025 are projected to worsen compared to the May forecast.

Once the additional work currently underway is completed, the positioning of the Quebrada Blanca Copper Mine will remain unchanged: a highly competitive mine that

will serve as a long-term earnings base for us. We will continue to work with our JV partner to stabilize and optimize operations and to pursue debottlenecking, among other initiatives.

2) Page 7: Comparison of Forecasts – Smelting & Refining Segment

Please see the Comparison of Profit Before Tax FY2025 Full Year Forecast Aug. vs May by Segment-2 on page 7 of the Supplementary Explanation Material.

Next, we will look at the Smelting & Refining segment. Please take a look at the “gross profit” box on the upper left of the page.

[Gross Profit in the Smelting & Refining Segment] ¥20.0 bn, a forecast profit decrease of ¥14.0 bn.

The main factors are the worsening of inventory evaluation profit and loss due to yen appreciation for copper-related entities, and sluggish prices and the worsening of inventory evaluation profit and loss for nickel-related entities. We will now explain other factors.

(1) Copper-related entities

We estimate an improvement in the unit cost differential from lower operating expenses at the Toyo Smelter & Refinery, and other improvements from higher sulfuric acid prices.

(2) Nickel-related entities

We estimate nickel prices to decline from the May forecast, which will then result in a worsening of the price differential.

3) Page 7: Comparison of Forecasts: Materials Segment

Please see the net sales by product group for the materials segment at the bottom of page 7.

For the battery materials business, we expect net sales to decline due to lower metal prices, which are linked to sales prices.

There is no change to our plan for switching cathode material product types.

At present, we are working on cost reduction and reviewing production structure to turn the business around. Looking ahead at future market growth, we will continue to strengthen competitiveness by developing fundamental technologies, improving productivity, enhancing the performance of cathode materials, and reducing costs.

For the advanced materials business, demand in the electronic component market is mixed, and we expect the overall recovery to remain modest.