

The Conference Call for the Consolidated Financial Results
for the Third 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 nine months of the fiscal year ending March 31, 2026 (FY2025), and the forecast of consolidated operating results for FY2025 announced today. Details of the business environment and overview are provided in the earnings report as well as pages 2 and 3 of the Explanation Material of Financial Summary. Please refer to them at your convenience.

1. Consolidated Financial Results for the First Nine Months 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 nine months of FY2025. Please see page 8 of the Explanation Material of Financial Summary.

We will explain actual metal prices and exchange rates for the first nine months of FY2025. Please look at the bottom left.

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

Consolidated profit before tax increased ¥100.2 bn year-on-year to ¥148.3 bn.

As shown in "Other" of the graph on the upper half of page 8, the main factors behind the profit increase are more contributions from the rises in copper and gold prices, especially as we ramped up production at the Quebrada Blanca Copper Mine and the Cote gold mine as well as to other copper and gold mines, and the upturns in the Materials business. This was in addition to a fall-off of a nickel-related ¥53.5 bn* impairment loss recorded in the financial results for the third quarter of FY2024.

*Coral Bay Nickel Corporation (Philippines) recorded an impairment loss of ¥53.473 bn, which is the total of the ¥50.060 bn loss on fixed assets and the ¥3.413 bn from the decision to remove the smelting and refining process testing facility, based on a comprehensive review of economic viability given the declines in nickel and cobalt prices, rising production costs, and revision of future production volume reflecting deterioration in ore quality.

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

We will explain the overview of the revised forecast for consolidated operating results for FY2025 announced this time. Please see page 13 of the Explanation Material of Financial Summary.

We will explain the metal prices and exchange rates estimated for calculating the financial results forecast. Please look at the bottom left.

Regarding the average prices and exchange rate for the period from April to March, which is applied to companies whose fiscal year end in March, we are assuming the copper, gold, and nickel prices to increase compared to the previous forecast, while estimating the yen to depreciate.

Regarding the average prices and exchange rate over the period from January to December, which is applied to companies whose fiscal year end in December, we estimate the copper and gold prices to increase, while

estimating the yen to depreciate.

In the February forecast that we revised based on these conditions, consolidated profit before tax is forecast at ¥209.0 bn, an improvement of ¥88.0 bn from the previous November forecast.

As shown in the graph on the upper half of page 13, the main factors behind the change are the upturn in metal prices, the difference in price conditions reflecting our assumption of yen depreciation, and a major improvement in the impact of inventory evaluation.

We cannot provide the details, but “Others” includes the risk factors of a decline in profits that could materialize between the announcement of the current financial results forecast and the end of the current fiscal year.

3. FY2025 Profit Exclude Temporary Factor (Based on Operating Results Forecast)

The forecast for the profit exclude temporary factor for FY2025 is shown on the right side of the graph on page 13 of the Explanation Material of Financial Summary. From the February forecast for FY2025 we excluded factors arising from fluctuations in metal prices and foreign exchange as well as other special factors.

Profit exclude temporary factor for FY2025 in the current forecast stands between ¥140.0 bn and ¥130.0 bn, which is an upward revision of ¥20.0 bn from the previous forecast. The factors behind the upward revision include the increases in prices of metals such as copper, gold, and nickel and depreciation of the yen.

The profit before tax forecast of ¥209.0 bn announced this time significantly exceeds the profit exclude temporary factor based on the current forecast. This is due to temporary factors such as the impact of inventory evaluation shown at the center of the graph when metal prices are increasing and the yen is declining. Due to the nature of SMM’s business, fluctuations in profit exclude temporary factor are inevitable, reflecting changes in metal prices and exchange rates. Nevertheless, we will continue to strive to maximize profits under each condition by maintaining stable operations, improving production efficiency, and taking our growth strategy forward.

4. Changes to the Basic Policy of Financial Strategy and Shareholder Return Policy, and Revisions Made to Dividend Forecast

We would like to explain the Notice regarding Changes to the Basic Policy of Financial Strategy and Shareholder Return Policy, and Revisions Made to Dividend Forecast, a press release we issued today.

In the 3-Year Business Plan 2027, SMM has set as a basic policy of its financial strategy to “maintain a consolidated equity ratio (ratio of equity attributable to owners of parent to total assets) of 50% or more,” and its shareholder return policy has been that “in principle, dividends from surplus shall be paid out with a consolidated payout ratio to be 35% or more and a minimum indicator to be DOE of 2.5%” and “the Company will implement flexible repurchase of own shares.” However, the Company decided to change its basic policy of financial strategy and shareholder return policy and at the same time revised its dividend forecast for FY2025.

Please see page 4 of the Explanation Material of Financial Summary.

1) Changes to the basic policy of financial strategy

To promote management that is conscious of cost of capital, it positions 55% as the appropriate level of the consolidated equity ratio and aims to adjust it to 58% by FY2027 through enhanced shareholder returns and other initiatives.

[Before changes]

From the perspective of financial soundness, the Company sets a consolidated equity ratio of 50% or more.

[After changes]

From the perspective of financial soundness, the Company sets a consolidated equity ratio of 50% or more. Furthermore, to promote management that is conscious of cost of capital, it positions 55% as the

appropriate level of the consolidated equity ratio and aims to adjust it to 58% by FY2027 through enhanced shareholder returns and other initiatives.

2) Changes to shareholder return policy

In principle, we aim to maintain a consolidated payout ratio of 35% or more, and while the consolidated equity ratio exceeds the Company-defined appropriate level of 55%, we raise the minimum indicator from a DOE of 2.5% to 3.5%. We will apply this policy from the FY2025 dividends.

While shareholder returns will consist primarily of dividends from surplus, there will be no change to our stance to flexibly implement measures, including repurchase of own shares, based on comprehensive consideration of our financial status and growth investment plans among other factors.

[Before changes]

1. In principle, dividends from surplus shall be paid at a consolidated dividend payout ratio of 35% or more, with a lower limit indicator of DOE 2.5%^{*1}.

Furthermore, with respect to the shareholders' equity that serves as the foundation of the calculations of dividend amounts for each fiscal year based on DOE, the Company will use the finalized figure as of the end of the previous fiscal year, and it will exclude items affected by exchange rate movements, etc.^{*2} from consolidated net assets attributable to owners of parent.

*1 DOE = Annual total dividends / Shareholders' equity (*2 below will be reflected in the shareholders' equity used in calculations)

*2 Items to be excluded from "consolidated net assets attributable to owners of parent": other components of equity (exchange differences on translation of foreign operations, financial assets measured at fair value through other comprehensive income, cash flow hedges, etc.)

2. The Company will implement flexible repurchase of own shares.

[After changes]

1. In principle, dividends from surplus shall be paid out with a consolidated payout ratio to be 35% or more, and while the consolidated equity ratio exceeds the Company-defined appropriate level of 55%, the minimum indicator is set at a DOE of 3.5%^{*}.

* DOE = Annual total dividends / Shareholders' equity (The Company will use the finalized shareholders' equity figure as of the end of the previous fiscal year when performing calculations, and it will exclude other components of equity from consolidated net assets attributable to owners of parent.)

2. Shareholder returns will consist primarily of dividends from surplus. The Company will flexibly implement measures, including repurchase of own shares, based on its business results and financial status after comprehensively considering investment opportunities and equity standards.

3) Revisions to the dividend forecast

Please see page 5 of the Explanation Material of Financial Summary.

We revised our annual dividend forecast based on the revised consolidated financial results forecast for FY2025. For the current fiscal year, we will determine dividends based on a DOE of 3.5%, as this results in a higher dividend amount than applying the consolidated payout ratio of 35%. Accordingly, we increased the year-end dividend forecast by ¥52 per share to ¥118 per share, compared with the previous forecast of ¥66 per share.

As a result, the annual dividend is expected to be ¥183 per share.

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

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

1. FY2025 1–3Q Financial Results vs FY2024 1–3Q Financial Results

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

1) Page 24: Comparison of Results for Mineral Resources Segment

Please look at Comparison of FY2025 1–3Q Results vs FY2024 1–3Q Results by Segment-1 on page 24 of the Explanation Material of Financial Summary.

First, we will 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 of the Mineral Resources Segment] ¥86.2 bn, an increase of ¥36.6 bn.

(1) Hishikari Mine (FY [April–March])

In line with its sustainability-focused operational policy, the Company conducts mining at an average grade and plans operations based on an annual gold sales volume of 3.5 tons for FY2025. The price differential turned positive compared with the same period of FY2024 as gold prices rose.

(2) Cote Gold Mine (CY [January–December])

The Cote Gold Mine is operating steadily and has benefited from the tailwind of rising gold prices.

The unit cost difference of -¥6.3 bn is not due to any trouble, but rather because the costs for FY2024 were recognized only after the start of commercial production in August.

The FY2025 1–3Q results cover the nine months from January to September 2025, but the FY2024 1–3Q results cover the 11 months from January to the end of November 2024 as described in the note. This was due to the fact that SMM recognized IAMGOLD's exercise of an option to repurchase an interest in the project on November 30, 2024, as a significant transaction or event in terms of accounting in the third quarter of FY2024 and adjusted the consolidation period accordingly.

(3) Overseas copper mines (primarily Morenci Copper Mine: CY [January–December])

The price differential for Morenci Copper Mine improved due to the rise in copper price for the January–September 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 (CY [January–December])

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

(2) Quebrada Blanca Copper Mine (CY [January–December])

Profit remained at a level similar to the same period a year ago due to issues with certain equipment of the tailings management facility (TMF).

I would like to add two points regarding the segment profit and loss.

(1) 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 in the financial results for the first nine months of FY2024 and the first nine months of FY2025.

(2) The gain on transfer of interests caused by IAMGOLD's exercise of an option to repurchase an interest in the Cote Gold Mine is included in the financial results for the first nine months of FY2024 but not in the financial results for the first nine months of FY2025.

2) Page 25: Comparison of Results for Smelting & Refining Segment

Please look at Comparison of FY2025 1-3Q Results vs FY2024 1-3Q Results by Segment-2 on page 25 of the Explanation Material of Financial Summary.

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] ¥64.1 bn, an increase of ¥64.1 bn.

The main factor behind the profit increase is a fall-off of approx. ¥53.5 bn in nickel-related impairment losses recorded in FY2024 as we have described earlier. We will explain other factors here.

(1) Copper-related entities

a) Positive factors

- Unit cost differential: A decrease in operating costs of Toyo Smelter & Refinery.
- Inventory evaluation: An increase in gold prices.
- Other: Mainly a price increase of byproducts such as sulfuric acid.
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 as it is a main operating material for HPAL in the Philippines.

b) Negative factors

- Price and condition differential: A deterioration in TC/RC.

(2) Nickel-related entities

a) Positive factors

- Inventory evaluation: The pace of decline in nickel price was milder than the decline in FY2024.
- Unit cost differential: Primarily a fall in depreciation at CBNC and a decline in operating costs at various production sites.
- Other: A fall-off of approx. ¥53.5 bn in impairment losses recorded in the third quarter of FY2024.

b) Negative factors

- Price and condition differential: A decline in nickel price.
→As revenue from processing at nickel-related entities is linked to metal price through a system called "sharing," fluctuations in metal prices have a major impact on operating results.

3) Page 26: Comparison of Results for Materials Segment

Please look at Comparison of FY2025 1–3Q Results vs FY2024 1–3Q Results by Segment-3 on page 26 of the Explanation Material of Financial Summary.

They are the net sales by product group for the Materials segment.

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

Regarding the advanced materials business, the business environment worsened for package materials, and “Others” revenue declined due to the absence of sales from the construction material business, which was transferred in FY2024. The data center-related electronic component materials (powder materials and crystal materials) remained steady.

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

The upturn in the battery materials business partly reflects a decline in depreciation owing to recording of impairment losses in the financial results for FY2024.

The advanced materials business saw a profit increase due primarily to strong demand for data center-related electronic component materials (powder materials and crystal materials).

2. FY2025 February Forecast vs November Forecast

Continuing on, we will look at a comparison between the FY2025 February forecast and the November forecast.

1) Page 39: Metal Price and Exchange Rates; Page 27: Comparison of FY2025 Full Year Forecast Feb. vs Nov.

We will explain the metal prices and exchange rates estimated for calculating the new financial results forecast.

Please look at the trends of metal prices and exchange rates on page 39 of the Explanation Material of Financial Summary.

The third line from the bottom shows the metal prices and exchange rates used as the base of the forecast for the fourth quarter (January to March 2026) of the companies that settle accounts in March.

From left, copper is 12,000\$/t, nickel is 7.50\$/lb, gold is 4,200\$/toz, and exchange rate is 155¥/\$.

Next, please take a look at the average metal prices and exchange rates on the upper right of page 27, Comparison of FY2025 Full Year Forecast Feb. vs Nov.

As we discussed at the beginning, we based our February forecast on the assumption that copper, nickel, and gold prices will rise while the yen will remain weak.

2) Page 28: Comparison of Forecasts—Mineral Resources Segment

Please look at the Comparison of FY2025 Full Year Forecast Feb. vs Nov. by Segment-1 on page 28 of the Explanation Material of Financial Summary.

We will now look at gross profit of 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] ¥135.0 bn, an increase of ¥28.0 bn compared with the November forecast.

(1) Hishikari Mine (FY [April–March]), Cote Gold Mine (CY [January–December])

Both mines are expected to see an improvement in the price differential reflecting higher gold prices.

The volume difference for Cote Gold Mine is due to a difference in the timing of sales.

(2) Overseas copper mines (primarily Morenci Copper Mine: CY [January–December])

Morenci Copper Mine is expecting an upturn in the price differential from a rise in copper price. 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 Quebrada Blanca Copper Mine (CY [January–December])

There are no major changes in the plans. They expect an improvement in price differentials from higher copper prices in the January–December period, which applies to companies whose fiscal year ends in December.

Once the work currently underway at the tailings management facility 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 the operations.

3) Page 29: Comparison of Forecasts—Smelting & Refining Segment

Please look at the Comparison of FY2025 Full Year Forecast Feb. vs Nov. by Segment-2 on page 29 of the Explanation Material of Financial Summary.

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] ¥98.0 bn, an increase of ¥61.0 bn compared with the November forecast.

(1) Copper-related entities

a) Positive factors

- Inventory evaluation: Increases in metal prices and depreciation of the yen.
- Other: Mainly a price increase of byproducts such as sulfuric acid.
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 as it is a main operating material for HPAL in the Philippines.

b) Negative factors

- Unit cost: Worsening of unit cost due to reduced production volume and sales volume caused by issues with certain production equipment. The work on the said production equipment has been completed and regular operations have been restored.

(2) Nickel-related entities

a) Positive factors

- Price and condition differential: An increase in nickel price.
- Inventory evaluation: An increase in nickel price and depreciation of the yen.

b) Negative factors

- Unit cost differential: Price increases in operating materials such as sulfuric acid and worsening of unit cost due to reduced production volume.

4) Page 30: Comparison of Forecasts—Materials Segment

Please look at the Comparison of FY2025 Full Year Forecast Feb. vs Nov. by Segment-3 on page 30 of the Explanation Material of Financial Summary.

It shows the net sales by product group for the Materials segment.

There has been no major change in the battery materials business from the previous forecast and we are expecting a similar level of results.

There is no change to our plan to switch cathode material product types in FY2026.

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, while demand in the electronic component market is mixed, we are expecting strong performance in materials for data center-related electronic components (powder materials and crystal materials) as a whole.