SUMITOMO METAL MINING

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The Conference Call for the Consolidated Financial Results for the Year Ended March 31, 2026 (FY2025): Explanation Script

I. General Briefing

In this briefing, we will provide an overview of the consolidated financial results for the fiscal year ended March 31, 2026 (FY2025), and the forecast of consolidated operating results for FY2026, as well as the Notice regarding Revisions Made to FY2025 (101st Term) Dividend Forecast (Increase) and Notice regarding Repurchase of Own Shares and Cancellation of Own Shares, all announced today.

Details of the business environment surrounding the Company and an 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 Fiscal Year Ended March 31, 2026 (FY2025): Overview of Business Performance

First, we will provide an overview of the consolidated financial results for FY2025. Please see page 9 of the Explanation Material of Financial Summary.

We will explain actual metal prices and exchange rates for FY2025. Please look at the table at the bottom left.

Regarding the year-on-year average price comparison over the period from April to March, which is applied to companies whose fiscal year ends 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 December, which is applied to companies whose fiscal year ends in December, the copper and gold prices increased and the yen appreciated.

As shown in the top graph on page 9, consolidated profit before tax increased ¥224.3 bn year-on-year to ¥255.7 bn. This is the second highest level for the profit. The main factor behind the profit increase is a fall-off of ¥112.7 bn* impairment losses recorded in FY2024, the increases in copper and gold prices, an upturn in inventory evaluation reflecting the rising trend of metal prices throughout the fiscal year, and an improvement in the materials business.

*Breakdown of 112.7 billion yen in impairment losses recorded in FY2024.

- Nickel-related entities
  Impairment losses amounted to ¥55.385 bn in total: Coral Bay Nickel Corporation (Philippines) recorded impairment losses of ¥51.222 bn on fixed assets and the ¥3.413 bn from the decision to remove the smelting 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. Another ¥0.75 bn losses resulted from a reduction of the book value of the equipment used in the ferronickel business to the recoverable amount.
- Battery materials business
  Impairment losses of ¥57.286 bn was recorded in the battery materials business as a result of bringing down the ¥76.602 bn book value of tangible fixed assets to a recoverable amount of ¥19.316 bn in anticipation that the planned replacements of product types would cause a decline in production capacity.

2. FY2025 Profit Exclude Temporary Factor

The profit exclude temporary factor for FY2025 is shown on the right side of the graph on page 9 of the

Explanation Material of Financial Summary. From the results for FY2025 we excluded factors arising from fluctuations in metal prices and foreign exchange as well as other special factors.

The profit exclude temporary factor for FY2025 was ¥170.0–160.0 bn, which is an upward revision of ¥50 bn compared with profit exclude temporary factor for FY2024. The upward revision is mainly due to improvements in external factors such as rises in copper and gold prices.

3. Topics: The Middle East situation and procurement of rare earths

Please see page 4 of the Explanation Material of Financial Summary. Before we go over the financial results forecast for FY2026, we would like to explain the impact of the Middle East situation and the procurement status of rare earths, based on which the forecast was compiled.

At this point, neither of them has an impact on production or sales, but we expect to see their effect if the situation prolongs. We are currently carrying out negotiations with our business partners to ensure stable procurement of raw materials and operating materials.

Under such circumstances, we prepared the financial results forecast taking into account the situation prevailing in the beginning of April. However, the prices of operating materials including energy continued to rise given the Middle East situation, and we additionally factored in the impact on profit separately in the financial results forecast for each segment.

Please be aware that the impact on the profit of the Mineral Resources segment is our estimate, and not the estimate by the operator, who is the JV partner. The impact expected at equity method affiliates is also factored in at the level of gross profit. We will continue to strive for stable supply of the products while earnestly negotiating price pass-through of the cost increase with customers.

4. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (FY2026)

We will explain the overview of the forecast for consolidated operating results for FY2026. Please see page 14 of the Explanation Material of Financial Summary.

1) Metal prices and exchange rates used for calculating the forecast

We will explain the metal prices and exchange rates estimated for calculating the financial results forecast. Please look at the table 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 ends in March, we are assuming copper, gold, and nickel prices to increase, 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 ends in December, we are also expecting copper and gold prices to rise, while estimating the yen to depreciate.

2) Financial results forecast

Based on these estimates, consolidated profit before tax is forecast at ¥229.0 bn, a decline of ¥26.7 bn from FY2025.

As shown in the graph on the top half of page 14, the main factors behind the change are the absence of the impact of inventory evaluation, which significantly contributed to profit in FY2025, and worsening of unit cost differential due to rising prices of operating materials as well as a decrease in sales volume and an increase in transition costs in battery materials due to the shift to high-nickel NMC, despite a boost for profit from the differences in price conditions and exchange rates. As explained earlier, the impact of the developments in the Middle East situation after the preparation of the forecast was incorporated in Others.

5. FY2026 Profit Exclude Temporary Factor (Based on Operating Results Forecast)

The forecast for the profit exclude temporary factor for FY2026 is shown on the right side of the graph on page 14 of the Explanation Material of Financial Summary. It shows the forecast after excluding factors arising from fluctuations in metal prices and foreign exchange, as well as other special factors.

In the current forecast, we are expecting profit exclude temporary factor of between ¥240.0 bn and ¥230.0

bn for FY2026. Compared with the profit exclude temporary factor for FY2025, it is an upward revision of ¥70.0 bn, attributable to an upturn in external factors such as rising metal prices and yen's depreciation, as well as the effect of increased production at Quebrada Blanca Copper Mine.

Due to the nature of SMM's business, fluctuations in profit exclude temporary factor are inevitable, as they reflect 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.

6. Shareholder Return (Revision of Dividend Forecast and Repurchase and Cancellation of Own Shares)

First, please see page 5 of the Explanation Material of Financial Summary.

From the perspective of financial soundness, we have set a consolidated equity ratio of 50% or more as a basic policy of our financial strategy. Furthermore, to promote management that is conscious of cost of capital, we position 55% as the appropriate level of the consolidated equity ratio and aim to reach 58% by FY2027 through enhanced shareholder returns and other initiatives.

In terms of our shareholder return policy, in principle, we will pay dividends out of surplus with a consolidated payout ratio of 35% or more. While our consolidated equity ratio exceeds our defined appropriate level of 55%, the minimum indicator is set at a DOE of 3.5%*.

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

*DOE (consolidated dividend on equity ratio)

= Annual total dividends / (Consolidated net assets attributable to owners of parent as of the end of the previous fiscal year - Other components of equity as of the end of the previous fiscal year)

1) Revision to the dividend forecast for the fiscal year ended March 31, 2026 (FY2025)

Please see page 6 of the Explanation Material of Financial Summary along with the press release titled "Notice regarding Revisions Made to FY2025 (101st Term) Dividend Forecast (Increase)" issued today.

For the dividend forecast for FY2025, a 35% consolidated dividend payout ratio is higher than 3.5% in DOE, the minimum indicator. Therefore, we are applying 35% in dividend payout ratio and set the annual dividend forecast at ¥228 per share, which is up ¥45 per share from the previous forecast. As a result, the forecast for the year-end dividend is expected to be ¥163 per share, up also ¥45 per share from the previous forecast.

2) Dividend forecast for the fiscal year ending March 31, 2027 (FY2026)

For FY2026, we are applying DOE of 3.5% for the annual dividend forecast, as DOE of 3.5% is expected to be higher than 35% in dividend payout ratio, which results in an annual dividend forecast of ¥207 yen per share, down 21 yen per share compared to FY2025.

3) Repurchase of own shares (¥20.0 billion) and their cancellation

Please take a look at the press release titled "Notice regarding Repurchase of Own Shares and Cancellation of Own Shares" issued today.

In accordance with the basic policy of the financial strategy and shareholder return policy, we will implement the repurchase of own shares following FY2025.

This time, the upper limit of repurchase is ¥20.0 bn and 4 million shares and we will carry it out between May 12 and July 31, 2026.

We plan to cancel all the shares we repurchase on September 30, 2026.

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 Financial Results vs FY2024 Financial Results

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

1) Page 26: Comparison of Results for Mineral Resources Segment

Please look at Comparison of FY2025 Results vs FY2024 Results by Segment-1 on page 26 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] ¥141.5 bn, an increase of ¥68.3 bn.

(1) Hishikari Mine (FY [April–March])

In line with our sustainability-focused operational policy, we conducted mining at an average grade and planned operations based on an annual gold sales volume of 3.5 tons for FY2025. As a result, quantity and unit cost differentials worsened compared with the same period of FY2024 as both production and sales declined year on year, while price differential turned positive thanks to the rise in gold price.

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

The Cote Gold Mine operated steadily and benefited from the tailwind of rising gold prices.

The unit cost differential of -¥8.6 bn and others of -¥3.2 bn are not due to any trouble, but rather because the costs for FY2024 were recognized only after commercial production began in August.

(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–December 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])

Both mines operated in line with the plans. Profits at both mines increased mainly because the price differential improved due to the rise in copper prices for the January–December period, which is adopted by companies that settle accounts in December.

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

Although there were issues with equipment of the tailings management facility (TMF), Profits at the mine increased mainly because the price differential improved due to the rise in copper prices for the January–December period, which is adopted by companies that settle accounts in December.

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 FY2024 and FY2025.

(2) The gain of ¥6.7 bn 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 FY2024 but not in the financial

results for FY2025.

2) Page 27: Comparison of Results for Smelting & Refining Segment

Please look at Comparison of FY2025 Results vs FY2024 Results by Segment-2 on page 27 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] ¥119.9 bn, an increase of ¥94.6 bn.

The main factor behind the profit increase is a fall-off of approx. ¥55.4 bn in nickel-related impairment losses recorded in FY2024. We will explain other factors here.

(1) Copper-related entities

a) Positive factors

- 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

- Quantity and unit cost differentials:	Primarily an impact of production and sales declines due to periodic shut-down at Toyo Smelter & Refinery
- 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

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 28: Comparison of Results for Materials Segment

Please look at Comparison of FY2025 Results vs FY2024 Results by Segment-3 on page 28 of the Explanation Material of Financial Summary.

They are the net sales by product group for the Materials segment. While the battery materials business continued to operate steadily, net sales declined due to the fall in metal prices, which are linked to sales prices. Regarding the advanced materials business, while revenue declined as the business environment worsened for package materials, the data center-related electronic component materials (powder materials and crystal materials) remained steady and revenue from the materials increased.

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

The upturn in the battery materials business partly reflects the absence of the impact of approx. ¥57.3 bn in impairment losses recorded in FY2024 and a decline in depreciation owing to the same.

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. FY2026 May Forecast vs FY2025 Results

Continuing on, we will look at a comparison between the FY2026 May forecast and FY2025 results.

1) Page 29: Profit and Loss Analysis

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

Please look at the average metal prices and exchange rates at the top right on page 29 of the Explanation Material of Financial Summary.

They are the prices and exchange rates based on which the FY2026 May forecast was calculated. The prices used for the companies that settle accounts in March are 11,000$/t for copper, 7.50$/lb for nickel, and 4,200$/toz for gold and exchange rate is 155¥/$. Compared with the FY2025 results, prices of copper, nickel, and gold are expected to rise and the yen is likely to remain weak.

I would like to add one thing here. As explained earlier, we prepared the financial results forecast by taking into account the situation as of the beginning of April. However, the prices of energy and other operating materials have been increasing compared with the initial estimates due to the Middle East situation, and we factored in this impact in the financial results forecasts for each segment. This impact, as I said before, is our estimate and is not an estimate by the operator, the JV partner. Also, please be aware that the impact expected at equity method affiliates is also factored in at the level of gross profit.

We are currently negotiating with our business partners to ensure stable procurement and allow operations to proceed as planned, and we cannot disclose the details.

2) Page 30: Comparison of Forecasts—Mineral Resources Segment

Please look at the Comparison of FY2026 Forecast in May vs FY2025 Results by Segment-1 on page 30 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] ¥146.0 bn, an increase of ¥4.5 bn compared with FY2025.

(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.

Annual sales volume of gold at Hishikari Mine is estimated again at 3.5t/year for FY2026 and we will carry out operations as planned.

Annual sales volume of gold at Cote Gold Mine is also expected to be at a similar level to FY2025.

(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. The unit cost differential is expected to worsen owing to rising prices of energy and other operating materials despite a boost from operating cost reductions and efficiency improvement initiatives.

(3) Others, difference adjustment (-¥17.3 bn)

The impact of the Middle East situation has been reflected in this section. It is factored in at the gross profit level, but again please be reminded that the amount of the impact includes equity method affiliates and it is our estimate, not the estimates by operators.

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

(1) Cerro Verde Copper Mine and Candelaria Copper Mine (CY [January–December])

There are no major changes in production volume and sales volume, although there is an impact of rises in prices of various operating materials.

We are expecting a profit decline at Cerro Verde Copper Mine and I would like to explain the price differential, which is a major factor behind this forecast. As I have explained earlier, we expect copper prices for the January–December period, which is adopted primarily by companies that settle accounts in December, to rise compared with FY2025 but it is projected to decline from the current level. For this reason, the difference in settlement of payment for copper concentrate that occurs contractually between the copper mine and copper smelter, which is the customer, has an effect of profit decline at the copper mine. As a result, Cerro Verde Copper Mine expects a decline in profit.

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

The mine is expecting increases in both production and sales, reflecting progress in measures related to the tailings management facility. The ongoing measures at the tailings management facility are generally proceeding as planned. We will continue to work with our JV partner to stabilize the operations.

3) Page 31: Comparison of Forecasts—Smelting & Refining Segment

Please look at the Comparison of FY2026 Forecast in May vs FY2025 Results by Segment-2 on page 31 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] ¥68.0 bn, a decline of ¥51.9 bn compared with FY2025.

(1) Copper-related entities

a) Positive factors

- Price and condition differential: Primarily an upturn in sales premium
- Unit cost: Increases in production and sales compared with FY2025, when we carried out periodic furnace repair and maintenance.
- 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

- Inventory evaluation: We are not assuming any fluctuations in metal prices and exchange rates in the FY2026 forecast, though metal prices rose and the yen continued to weaken in FY2025.

(2) Nickel-related entities

a) Positive factors

- Quantity differential: Sales increase of cobalt

b) Negative factors

- Unit cost differential: Rising prices of operating materials such as sulfuric acid
- Inventory evaluation: Same as the Copper-related entities above

(3) Others, difference adjustment (-¥4.2 bn)

The impact of the Middle East situation has been reflected in this section.

4) Page 32: Comparison of Forecasts—Materials Segment

Please look at the Comparison of FY2026 Forecast in May vs FY2025 Results by Segment-3 on page 32 of the Explanation Material of Financial Summary.

Finally, we will look at the Materials segment.

First, I am going to explain the change in the disclosure method of net sales of advanced materials.

Until now, we were disclosing them in three categories of applied powder materials, package materials, and crystal materials, others. We are changing them to applied powder materials and device materials, others as shown here in accordance with the organizational change of the Company.

Before changes	After changes
Applied powder materials	Applied powder materials
Package materials	Device materials, others
Crystal materials, others	

Now, we are going to explain each business.

The battery materials business is planning a shift to high-nickel NMC and we are expecting revenue and profit of the business to decline due to a decrease in sales volume of NCA and the costs associated with the switch. 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 steady performance overall in materials for data center-related electronic components (mainly Faraday rotator) continuing with the trend in FY2025.