Date of Conference Call: August 10, 2026
(English translation released on September 9, 2026)

The Conference Call for the Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2027 (FY2026): Questions and Answers Script (Summary)

[Impact of the Middle East Situation]

Q: You have explained that you calculated anew the August forecast and as a result it came to a profit decline of approx. ¥20.0 bn, which is the same as the May forecast. Has there been any change in the content?

A: There have been changes in the breakdown of the impact both by segment and cost factor.
By segment, the impact was estimated to be approx. ¥15.0 bn for Mineral Resources and approx. ¥5.0 bn for Smelting & Refining in the May forecast. In the August forecast, we updated this to 50% each for these segments. By cost factor, the energy-related factors were about 80% and the rest was about 20% in the May forecast. In the August forecast, we updated the ratio to 50% each for energy-related and other factors. The energy-related impact is primarily due to the increase in diesel price at overseas mines. Other than that, prices of various operating materials have been rising and the externally procured portion of sulfuric acid has been having an especially large impact.

[Business Performance Outlook for the Second Quarter and Beyond]

Q: Compared with the ¥118.0 bn in profit before tax in the first quarter, you are forecasting ¥206.0 bn in profit before tax for the period from the second quarter to the fourth quarter, which represents a slowdown. What is the reason behind this?

A: When we exclude the impact of the inventory evaluation in the Smelting & Refining segment, main factors of the slowdown are that we used lower metal prices than the first quarter results for the forecast and we expect the effect of the Middle East situation to grow greater in the latter half of the fiscal year. By segment, we are expecting to incur costs for the switch to a new type of battery material in the Materials segment in the latter half of the year. Note that there is no change to the plan for higher production in the Mineral Resources segment in the second half than in the first half.

[Shareholder Returns]

Q: The financial results forecast for FY2026 was revised up but you have not raised the dividend forecast. Theoretically, dividends will rise based on the announced shareholder return policy, but could you once again explain your approach to shareholder returns?

A: There is no change to our approach to carry out shareholder returns based on the basic policy of the financial strategy and shareholder return policy we announced on February 9, 2026. We will probably explain it once more when we announce the financial result for the second quarter.
If, for instance, the result comes to the level of the current forecast, we will adopt a dividend payout ratio of 35%. There has been no change to our approach to achieve the goal of a 58% capital equity ratio by the end of FY2028 by taking measures including flexible repurchase of our shares in accordance with the basic policy of the financial strategy.

[Mineral Resources Business]

Q: What is the operating status of the Quebrada Blanca Copper Mine and the implementation status of the measures for the tailings management facility (TMF)?

A: It is currently operating according to the plan. The measures for the TMF are also progressing in line with the plan, and we therefore do not expect TMF to affect operations in 2026 as it did in 2025. We will continue to work with our JV partner to stabilize the operations.

[Smelting & Refining Business]

Q: What were the reasons behind the downward revision of the production plan for CBNC and electrolytic copper?

A: Reduction in CBNC production is due to issues related to equipment and ore properties. Though we are doing our best to make up for those issues, it appears difficult at this point. Therefore, we revised the plan downward. As for electrolytic copper, the impact of the equipment trouble that occurred in the wet processing at the Toyo Smelter & Refinery in the first quarter is continuing and we are forced to lower the level of operations. The situation is expected to continue in the second quarter and we have factored it in the plan.

Q: What are the current situations of copper smelting TC/RC and sales premiums for electrolytic copper?

A: The situation has not changed significantly from the May forecast.

[Materials Business]

Q: What are the reasons for the upward revision of the profits for the Materials business?

A: Regarding battery materials, we changed the timing for the planned switch to new types to FY2027 or later. Consequently, we reduced the anticipated impact of the decline in sales volume and switching costs compared to our earlier estimates for the case where the switch happens in FY2026. We are also expecting profits to rise in the advanced materials business on the back of strong sales of Faraday rotator, which is a device material, as well as applied powder materials supported by demand related to AI and data centers.