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): Explanation Script

I. General Briefing

In this briefing, we will provide an overview of the consolidated financial results for the first three months of the fiscal year ending March 31, 2027 (FY2026), and the forecast of consolidated operating results for FY2026 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. Topics: The Impact of the Middle East Situation

Please see page 4 of the Explanation Material of Financial Summary. Before we go over the financial results for the first quarter of FY2026 and financial results forecast for the fiscal year, we would like to explain the impact of the Middle East situation, based on which we compiled the forecast.

The situation did not have any serious impact on production or sales in the first quarter of FY2026, partly thanks to the cooperation of our business partners. However, the prices of operating materials including energy have risen and continue to remain high.

The situation continues to be highly uncertain even now, similar to the situation when we announced the May forecast, and we expect the impact to be significant if it persists for a long period. We will continue to cooperate with our business partners for stable procurement of raw materials and operating materials and strive for stable product supply. At the same time, we will earnestly negotiate price pass-through of the cost increase with customers.

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

Under such circumstances, we once again calculated the effect of the Middle East situation upon preparing the latest financial results forecast (August). As a result, the impact was approx. ¥20.0 bn, the same level as the previous financial results forecast announced in May.

However, there were changes in the breakdown of the impact by segment and cost factor. As you can see in the pie graphs on the right, the impacts are 50% each for the Mineral Resources and Smelting & Refining segments in the current (August) forecast. It is also 50% each for energy and non-energy by cost factor.

We had originally factored this impact in “Others” in the previous financial results forecast (May). In the new forecast (August), however, we reflected it in “Cost” of each segment.

Please be once again reminded that the impact is based on our own forecasts and not on estimates by operators who are our JV partners.

2. Consolidated Financial Results for the First Three Months of the Year Ending March 31, 2027 (FY2026): Overview of Business Performance

First, we will provide an overview of the consolidated financial results for the first three months of FY2026. Please see page 10 of the Explanation Material of Financial Summary.

We will explain actual metal prices and exchange rates for the first three months of FY2026. Please look at the table at the bottom left.

Regarding the average prices and exchange rate for the period from April to June, which is applied to companies whose fiscal year ends in March, the copper, gold, and nickel prices rose, while the yen depreciated.

Regarding the average price for the period from January to March, which is applied to companies whose fiscal year ends in December, the copper and gold prices increased while the yen depreciated.

As shown in the top graph on page 10, consolidated profit before tax increased ¥80.1 bn year-on-year to ¥118.0 bn.

The main factors behind the profit increase are the increases in prices of main metals such as copper, gold, and nickel as well as a rise in inventory evaluation reflecting the foreign exchange trend of weaker yen and an improvement in the materials business.

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

Next, we will provide an overview of the forecast for consolidated operating results for FY2026, which we have revised upward this time. Please see page 15 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

In the current forecast that has been revised based on these conditions, consolidated profit before tax is forecast at ¥324.0 bn, up ¥95.0 bn from the previous May forecast.

We have presented the main factors of the changes in the top graph of page 15. We expect the difference in price conditions, foreign exchange difference, and the impact of inventory evaluation to boost profits.

Profit of the Materials segment improved ¥14.0 bn in the current forecast, and this is due to the change in the timing of the planned switch to high-nickel NMC in the battery materials business. Specifically, we had been anticipating the switch in FY2026, but we changed the expected timing of the switch to FY2027 or later. Accordingly, we now expect the decline in sales volume stemming from the switch to occur in FY2027 or later.

Unit cost differentials have significantly worsened to -¥42.6 bn. There are two major factors behind this.

As I have just explained, the first one is the reclassification of the impact worth approx. ¥20.0 bn of rises in prices of operating materials, including energy, affected by the Middle East situation into “Cost” of each segment in the August forecast, whereas it was included in “Others” in the May forecast.

The upturn in “Others” shown in the graph includes the impact of the price increase of sulfuric acid manufactured by our copper smelting and refining business. However, this has worsened the unit cost differential at the two HPAL plants in the Philippines that belong to the nickel smelting and refining business and that use this sulfuric acid.

Sulfuric acid is an important operating material for the nickel smelting and refining business. Amid a tight sulfuric acid market, the stable supply of sulfuric acid from copper smelting and refining within our Group has been a major strength of our nickel smelting and refining business. We believe that the organic collaboration between businesses like this is one of the competitive advantages of the Group.

Also, please be reminded that "Others" includes "risk factors," that is, factors that could reduce profits between the announcement of the current financial results forecast and the end of the current fiscal year.

4. FY2026 Profit Exclude Period Factors (Based on Operating Results Forecast)

The forecast for the profit exclude period factors for FY2026 is shown on the right side of the graph on page 15 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.

Profit exclude period factors for FY2026 in the current forecast stands between ¥300.0 bn and ¥310.0 bn, which is an upward revision of ¥70.0 bn from the previous forecast. The factors behind the revision include contribution from the strong Materials business as well as improvements in external factors such as rises in metal prices and yen's depreciation.

The profit before tax forecast of ¥324.0 bn announced this time exceeds the profit exclude period factors based on the current forecast. This is due to temporary factors such as the impact of inventory evaluation shown in the middle 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 period factors 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.

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. FY2026 1Q Financial Results vs FY2025 1Q Financial Results

First, we will explain the comparison between the financial results for the first three months of FY2026 and those for the same period of FY2025.

1) Page 27: Comparison of Results for Mineral Resources Segment

Please look at Comparison of FY2026 1Q Results vs FY2025 1Q Results by Segment-1 on page 27 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 in the Mineral Resources Segment] ¥51.7 bn, an increase of ¥27.0 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 again for FY2026. The price differential turned positive compared with the same period of FY2025 as gold prices rose.

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

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

The unit cost differential of -¥1.8 bn is due to the response to the issues with equipment that occurred in the first quarter of 2026. The work has been completed in the second quarter and regular operations have been restored.

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

Morenci Copper Mine operated generally according to the plans. The price differential improved due to the rise in copper prices for the January–March period, which is applied to companies whose fiscal year ends in December.

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–March period, which is applied to companies whose fiscal year ends in December, and profits at both mines increased.

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

The mine operated in line with the plans. The price differential improved due to the rise in copper prices for the January–March period, which is applied to companies whose fiscal year ends in December, leading to increased profits at the mine. The measures for the tailings management facility progressed according to the plan during the period.

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 in the financial results for FY2025 and FY2026.

2) Page 28: Comparison of Results for Smelting & Refining Segment

Please look at Comparison of FY2026 1Q Results vs FY2025 1Q Results by Segment-2 on page 28 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] ¥40.8 bn, an increase of ¥37.3 bn.

(1) Copper-related entities

a) Positive factors:

- Price and condition differential: A deterioration in processing revenue (TC/RC); a rise in sales premium.
- Inventory evaluation: Further depreciation of the yen and increases in metal prices.
- Others: 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 equipment issues.

(2) Nickel-related entities

a) Positive factors:

- Price and condition differential: Increases in nickel and cobalt prices.
→As revenue from processing at nickel-related entities is linked to metal prices through a system called “sharing,” fluctuations in metal prices have a major impact on operating results.
- Inventory evaluation: Further depreciation of the yen and increases in metal prices.

b) Negative factors:

- Unit cost differential: Increases in unit price of main operating materials such as sulfuric acid.

3) Page 29: Comparison of Results for Materials Segment

Please look at Comparison of FY2026 1Q Results vs FY2025 1Q Results by Segment-3 on page 29 of the Explanation Material of Financial Summary.

This shows net sales by product group for the Materials Segment.

The battery materials business maintained a level of operations similar to the previous fiscal year. Net sales of the business increased reflecting higher metal prices, which are linked to sales prices.

The advanced materials business saw a rise in net sales owing to strong sales of data center-related electronic component materials (applied powder materials and device materials).

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

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

2. FY2026 August Forecast vs FY2026 May Forecast

Next, we will look at the comparison between the FY2026 August forecast and May forecast.

1) Page 30: 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 30 of the Explanation Material of Financial Summary.

They are the metal prices and exchange rates based on which the FY2026 August forecast was calculated. First, please look at the rightmost column.

From July, we are using 12,500$/t for copper, 7.50$/lb for nickel, 4,100$/toz for gold, and an exchange rate of 160¥/US$. The second column from the left shows the price and exchange rate assumptions underlying the August full-year forecast, which reflect these figures. Compared with the May full-year forecast, we are assuming copper price to rise, nickel and gold prices to remain at the similar levels, and yen to remain weak.

As I have explained earlier, we calculated the August forecast taking into account the impact of price increases in operating materials including energy and included them in “Cost” of each segment. Specifically, the impact is ¥20.0 bn, the same as in the May forecast. Please see pages 4 and 5 of the Explanation Material of Financial Summary for the breakdown and other details.

2) Page 31: Comparison of Forecasts—Mineral Resources Segment

Please look at the Comparison of FY2026 Forecast in Aug. vs May by Segment-1 on page 31 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] ¥179.0 bn, an increase of ¥33.0 bn compared with the May 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.

Annual sales volume of gold at Hishikari Mine is again estimated at 3.5 tons for FY2026 and we will carry out operations according to the plan.

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

(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 prices. The unit cost differential is expected to worsen owing to rising prices of energy and other operating materials.

I would like to explain the increase of ¥12.1 bn in Others/Diff. Adjustment.

When we formulated the May forecast, we included in this item the impact of the Middle East situation, including equity-method affiliates (approx. ¥15.0 bn). However, as mentioned earlier, we reclassified the impact into “Cost” in the August forecast and therefore Others/Diff. Adjustment improved.

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

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

All mines are affected by the increases in prices of operating materials including energy, but we are expecting profit increases from an upturn in price differentials given the rise in copper prices.

Quebrada Blanca Copper Mine will drive forward the ongoing measures for the tailings management facility in cooperation with the JV partner and will work toward stabilization of the operation.

3) Page 32: Comparison of Forecasts—Smelting & Refining Segment

Please look at the Comparison of FY2026 Forecast in Aug. vs May by Segment-2 on page 32 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] ¥103.0 bn, an increase of ¥35.0 bn compared with the May forecast.

(1) Copper-related entities

a) Positive factors

- Inventory evaluation:	Assuming the yen to remain weak.
- Others:	Mainly assuming 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 equipment issues that occurred in the first quarter.

(2) Nickel-related entities

a) Positive factors

- Price and condition differential:	Assuming an increase in metal prices.

b) Negative factors

- Unit cost differential:	Assuming prices of operating materials such as sulfuric acid to rise.

I would like to explain the ¥7.5 bn in Others/Diff. Adjustment.

In our May forecast, we included the impact of the Middle East situation (approx. ¥5.0 bn) in this item. However, as I explained earlier, we reclassified the impact into "Cost" in the August forecast and therefore Others/Diff. Adjustment improved.

4) Page 33: Comparison of Forecasts—Materials Segment

Please look at the Comparison of FY2026 Forecast in Aug. vs May by Segment-3 on page 33 of the Explanation Material of Financial Summary.

Finally, we will look at the Materials segment.

We changed our earlier assumptions regarding the battery materials business as I have already explained.

We cannot provide the details, but we have pushed back our assumed timing for switching to high-nickel NMC, a new product type, from the current mainstay product NCA from FY2026 to FY2027 or later. For this reason, the impact of the anticipated decline in sales volume of NCA in FY2026 will be smaller. Consequently, the cost to be incurred for the switch in FY2026 will also be lower. We corrected our forecast based on this assumption.

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 expect materials for data center-related electronic components (mainly device materials and applied powder materials) to continue performing steadily overall, as they did in the previous fiscal year.