

Questions and Answers Script of Teleconference
for Consolidated Financial Results for the Year Ended March 2025 (FY2024)

[Impairment Losses in the Battery Materials Business]

Q) What's the background to the recording of impairment losses in the battery materials business?

A) From 2026 onward, we expect a rapid switch in mainstay nickel-based cathode material products from NCA, which is currently SMM's mainstay product, to high-nickel NMC cathode materials. It will be absolutely essential to make changes to our conventional production process in order to handle this, and anticipating a fall in production capacity for nickel-based cathode material, we ended up recording these impairment losses.

Q) Is the demand outlook for NCA weaker than previously expected?

A) Yes. We will rethink the plan for enhancement of nickel-based cathode material production capacity that we had previously set out.

Q) There is a lot of competition in the field of NMC, so will SMM be able to exercise its superiority?

A) We believe that SMM can leverage the strengths in nickel-based cathode materials we have built up through NCA. With regard to how business will proceed and other such matters, this will be explained in the 3-Year Business Plan 2027.

[Trends at Main Copper Mines and Smelters]

Q) What is the background to the reduced year-on-year production (4.0t/year → 3.5t/year) in the FY2025 production plan for the Hishikari Mine?

A) In order to utilize all of the precious resources of the Hishikari Mine, an incredibly important mine for SMM, in their entirety over the long term, we have switched to an operational structure that emphasizes sustainability from the 2021 3-Year Business Plan. As such, the Hishikari Mine is currently undertaking mining operations at an average ore grade. The plan for FY2025 involves continued operations that prioritize sustainability and mining at an average ore grade, resulting in a year-on-year decrease of 0.5 tonnes to 3.5 tonnes per year.

Q) What about the production plan for the Cote Gold Mine in FY2025?

A) There is no change in the plan to reach 100% of the design capacity by the end of December 2025. We expect that operations will be stabilized by around the second half of 2025, and gold production will increase.

Q) What is the background to the increased year-on-year production in the FY2025 production plan for Taganito HPAL?

A) The plan was not fulfilled in FY2024 for reasons including a decline in nickel grade in the mineral ore and operational trouble. In FY2025, we plan to increase production by ensuring thorough maintenance of equipment and other such operations, and keeping a high level of operation.

Q) What is the risk of impairment losses if the FY2025 production plan for Taganito HPAL is not fulfilled?

A) Taganito HPAL has around 1.5 times the production capacity of CBNC, which recorded impairment losses in FY2024 3Q, and we believe it will continue to be a competitive base.

[The Effect of Large Scale Projects on Profit Contribution]

Q) How should we consider the effect of large scale projects in FY2025 (contribution to profit and loss at Quebrada Blanca Copper Mine and Cote Gold Mine)?

A) The effect of large scale projects in FY2024 has seen an upturn of around ¥15.0 bn compared to FY2023. We expect that the effect of large scale projects in FY2025 will see an upturn of around ¥25.0 bn compared to FY2024.

[Change to Dividend Policy]

Q) What is the background to the rethinking of the dividend policy, and the hiking of the level of the minimum indicator DOE from 1.5% to 2.5%?

A) On the basis of the content of discussions with shareholders and investors thus far, we discussed the form of shareholder returns when putting together the 3-Year Business Plan 2027 and changed directions to further prioritize stability for shareholders as part of our action to realize corporate management that takes capital cost and share price into account. Regarding the 2.5% DOE level, we undertook a range of simulations that included the business environment and future capital expenditures, and set it at a level that would allow SMM to retain its consolidated equity ratio of 50% while promoting the growth strategy and providing dividends.

[Sensitivity]

Q) Is there no change to the sensitivity of copper in the FY2025 operating results forecast from the previous fiscal year despite the Quebrada Blanca Copper Mine completing its ramp up and the production volume increasing?

A) For FY2025, while the plan is for increasing production compared to the previous fiscal year for the Quebrada Blanca Copper Mine, the plans for the Cerro Verde Copper Mine and the Candelaria Copper Mine, among others, are for reduced production. The production volume as a whole from copper mines in which SMM holds an interest is also not expected to change significantly from the previous year. As a result, the sensitivity in the May operating results forecast for FY2025 has remained unchanged.