

**The Conference Call for the Consolidated Financial Results**  
**for the Second 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 half 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 Half 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 half of FY2025. Please see page 7 of the Explanation Material of Financial Summary.

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

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

Consolidated profit before tax increased ¥4.8 bn year-on-year to ¥77.8 bn.

As shown in the graph on the upper half of page 7, the main factors behind the profit increase are the rises in copper and gold prices, especially as we ramped up production at the Quebrada Blanca copper mine and the Cote gold mine, in addition to other copper and gold mines, and the upturns in the quantity differential and the unit cost differential. This was despite a decline in nickel prices and a fall-off, due to yen's appreciation, of inventory evaluation profit, which had boosted the profit in the previous fiscal year.

**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 12 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 and gold prices to increase compared to the previous forecast, while estimating the price of nickel to decline and 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 price of nickel to decline and the yen to depreciate.

In the November forecast that we revised based on these conditions, consolidated profit before tax is forecast at ¥121.0 bn, an improvement of ¥19.0 bn from the previous August forecast.

Other main factors of changes are shown in the graph in the upper half of page 12.

While we estimate copper and gold prices to remain at higher levels than the previous forecast, we also

expect the quantity differential and the unit cost differential to worsen mainly reflecting the downward revision of the production plan of Quebrada Blanca copper mine.

The current forecast does not include the risk factors of a decline in profits that could materialize during 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 12 of the Explanation Material of Financial Summary. From the November 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 ¥120.0 bn and ¥110.0 bn, which is an upward revision of ¥10.0 bn from the previous forecast. The factors behind this include increases in the prices of copper and gold.

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. Dividends**

We would like to explain our dividends.

SMM's dividend policy is, in principle, to pay out dividends from surplus with a consolidated payout ratio of 35% or more, and the DOE of 2.5% as the minimum indicator.

As a result of the forecast revision, we are applying a DOE of 2.5% for the annual dividends for FY2025, as dividends based on a DOE of 2.5% are expected to be higher than those based on a consolidated payout ratio of 35%. Consequently, our forecast for the annual dividend per share remains unchanged from the August forecast, at ¥131 per share, with an interim dividend of ¥65 per share, which is half of the annual dividend forecast.

Dividend policy: In principle, dividends from surplus shall be paid at a consolidated dividend payout ratio of 35% or more, with a lower limit indicator of DOE2.5%

DOE (Dividend of equity ratio)

= Total annual dividend / (consolidated net assets attributable to the owners of the parent company at the end of the previous fiscal year – other components of equity at the end of the previous fiscal year)

## **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 1H Financial Results vs FY2024 1H Financial Results**

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

#### **1) Page 20: Comparison of Results for Mineral Resources Segment**

Please look at Comparison of FY2025 1H Results vs FY2024 1H Results by Segment-1 on page 20 of the Explanation Material of Financial Summary.

First, we will look at gross profit in the Mineral Resources segment.

[Gross Profit of the Mineral Resources Segment] ¥50.9 bn, an increase of ¥21.9 bn.

(1) Hishikari Mine (FY [April–March])

By undertaking mining at an average grade in line with an operational policy focusing on sustainability, the company is operating systematically by setting the annual gold sales volume at 3.5 t/year for FY2025. The price differential turned positive compared with the same period of FY2024 as gold price rose.

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

The Cote Gold Mine is steadily ramping up. Since its production began at the end of March 2024, the difference compared with the first half of FY2025 is shown as a quantity differential.

(3) 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–June 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 price for January–June 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])

Its profit and loss have improved as unit cost improved compared with the same period last year, when it was still ramping up, and also thanks partly to the tailwind from the rising copper price in the January–June period, which is adopted by companies that settle accounts in December.

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.

## 2) Page 21: Comparison of Results for Smelting & Refining Segment

Please look at Comparison of FY2025 1H Results vs FY2024 1H Results by Segment-2 on page 21 of the Explanation Material of Financial Summary.

Next, we will explain 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] ¥21.4 bn, a decrease of ¥20.3 bn.

For copper-related entities, factors included the fall-off of inventory evaluation profit and loss, which had boosted profits thanks to the yen's depreciation in FY2024, as well as a worsened price and condition differential owing to a decline in TC/RC. Those for nickel-related entities included a worsened price and condition differential due to price stagnation and worsening of inventory evaluation profit and loss.

(1) Copper-related entities

a) Positive factors

- Unit cost differential: It is due to a decrease in operation costs of Toyo Smelter & Refinery.
- Other: It is primarily due to a rise in the price of sulfuric acid, which is a byproduct. It is a main operating material for HPAL in the Philippines, so 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.

b) Negative factors

- Price and condition differential: This is due to a deterioration in TC/RC in FY2025 compared to FY2024.

(2) Nickel-related entities

a) Positive factors

- Unit cost differential: This is due to a decrease in operating costs at each of the production sites and a fall in depreciation at CBNC, even though there was the negative impact of the rising sulfuric acid price.

b) Negative factors

- Price and condition differential: It worsened due to the decline in nickel price.  
→ As revenue from processing in 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 22: Comparison of Results for Materials Segment

Please look at Comparison of FY2025 1H Results vs FY2024 1H Results by Segment-3 on page 22 of the Explanation Material of Financial Summary.

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

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

Regarding the advanced materials business, the business environment worsened for some products among package materials, and "Others" revenue declined due to the disappearance of sales of the construction material business, which was transferred in FY2024. The applied powder materials business remained steady.

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

The advanced materials business saw a profit increase due to strong demand for data center-related electronic component materials (applied powder materials and crystal material) continuing from the first quarter.

**2. FY2025 November Forecast vs August Forecast**

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

1) Page 23: Comparison of FY2025 Full Year Forecast Nov. vs Aug.

Please look at the Comparison of FY2025 Full Year Forecast Nov. vs Aug. on page 23 of the Explanation Material of Financial Summary.

First, we will explain the estimated metal prices and average exchange rate. Please take a look at the box at the upper right of the page.

We are expecting higher copper and gold prices while the nickel price and the yen are expected to remain at similar levels.

2) Page 24: Comparison of Forecasts—Mineral Resources Segment

Please look at the Comparison of FY2025 Full Year Forecast Nov. vs Aug. by Segment-1 on page 24 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] ¥107.0 bn, an increase of ¥19.0 bn compared with the August 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. Cote Gold Mine has been ramping up, aiming to reach 100% of its designed capacity by December 2025.

(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 Candelaria Copper Mine (CY [January–December])

There are no major changes in the production plans for either mine. 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.

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

As announced by Teck Resources Ltd. of Canada, our JV partner and operator, the process for recovering metals from ore has started. However, additional work is required at the facility that stores tailings after recovering metals. As a result, the production plan has been revised downward, and the operating results for FY2025 are projected to worsen compared to the August forecast.

Once the additional work currently underway 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 25: Comparison of Forecasts—Smelting & Refining Segment

Please look at the Comparison of FY2025 Full Year Forecast Nov. vs Aug. 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] ¥37.0 bn, an increase of ¥17.0 bn compared with the August forecast.

The main factors for copper-related entities are the upturn in inventory evaluation profit and loss due to rising gold and silver prices. For nickel-related entities, the main factors are sluggish prices and the worsening of inventory evaluation profit and loss. We will now explain other factors.

(1) Copper-related entities

Other: Mainly the rising price of sulfuric acid, which is a byproduct.

(2) Nickel-related entities

We estimate nickel prices to decline from the August forecast, which will then result in a worsening of the price differential.

4) Page 26: Comparison of Forecasts—Materials Segment

Please look at the Comparison of FY2025 Full Year Forecast Nov. vs Aug. by Segment-3 on page 26 of the Explanation Material of Financial Summary.

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

For the battery materials business, we expect net sales to decline mainly due to lower metal prices, which are linked to sales prices.

There is no change to our plan for switching cathode material product types.

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, and we expect the overall recovery to remain modest, we are expecting strong performance in materials for data center-related electronic components as a whole.