

The Conference Call for the Consolidated Financial Results
for the Year Ended March 31, 2026 (FY2025):
Questions and Answers Script (Summary)

[Impact of the Middle East Situation]

Q: How should we consider the impact of the rises in energy costs, etc.?

A: We drafted the FY2026 forecast in May taking into account the situation as of the beginning of April. However, since then, prices of energy and other operating materials continued to rise against the backdrop of the Middle East situation, and we have incorporated a negative impact of approx. ¥20.0 bn for SMM as a whole (approx. ¥15.0 bn in Mineral Resources segment and approx. ¥5.0 bn in Smelting & Refining segment) as an additional impact on the financial results forecast. Of the approx. ¥20.0 bn negative impact, about 80% is attributable to energy costs and 20% to operating material costs.

Q: The price of sulfuric acid is rising. How will it impact the Smelting & Refining business and the Mineral Resources business?

A: Most of the sulfuric acid used at our operating sites is produced from sulfur contained in the copper concentrate used at the Toyo Smelter & Refinery. We do procure some portion of it externally and the price rise of that portion will lead to a cost increase. We assume the following major impacts on the Smelting & Refining business and the Mineral Resources business:

- Smelting & Refining business

In nickel smelting and refining, we mainly use sulfuric acid at CBNC and Taganito HPAL in the Philippines. A large majority of this is produced at the Toyo Smelter & Refinery, with the remaining portion being procured externally. The rise in sulfuric acid price will push up the profit in copper smelting and refining while leading to increased costs in nickel smelting and refining.

- Mineral Resources business

At the Morenci and Cerro Verde Copper Mines, we use sulfuric acid in the SX-EW process. We do not anticipate any major impact as we expect to secure the necessary volume.

[Assumptions regarding the Metal Market]

Q: Please explain your viewpoint on metal prices in the FY2026 forecast in May.

A: We expect oversupply in copper for FY2026. We anticipate copper prices to gradually fall towards the end of FY2026 as expectations for an early rate cut in the U.S. recede due to concerns regarding inflation from a rise in crude oil prices reflecting the situation in Iran.

As for nickel, we see oversupply in FY2026, but we expect the extent of the oversupply to contract compared with FY2025. The current rise in nickel price is primarily due to basket trading, in response to the rise in copper prices, as well as position-taking by speculators following a report on the cut-back of RKAB (mining license) by Indonesia, and not necessarily owing to supply-demand factors. We consider the rise in nickel price to be temporary, as exchange inventories continue to be high.

[Profit Exclude Temporary Factor]

Q: How should we consider profit exclude temporary factor for FY2025?

A: When we exclude factors arising from fluctuations in metal prices and foreign exchange as well as other special factors, from profit before taxes, the profit exclude temporary factor for FY2025 is about ¥170.0 bn to ¥160.0 bn. Compared to the previous forecast in February, though unit cost differentials worsened, profit exclude temporary factor improved by about ¥30.0 bn on the back

of rising metal prices and the upturn in the Materials business.

Q: How should we consider profit exclude temporary factor for FY2026?

A: When we exclude factors arising from fluctuations in metal prices and foreign exchange as well as other special factors, from profit before taxes in the FY2026 forecast in May, the profit exclude temporary factor for FY2026 is about ¥240.0 bn to ¥230.0 bn. Compared to FY2025, profit exclude temporary factor is expected to improve by ¥70.0 bn on the back of rising copper and gold prices and as profits are boosted by the production increase at Quebrada Blanca Copper Mine.

[Quebrada Blanca Copper Mine]

Q: What is the reason behind the significant improvement year on year of the equity in earnings of Quebrada Blanca Copper Mine in the May forecast for FY2026?

A: Production at the Quebrada Blanca Copper Mine is expected to increase from the previous fiscal year. This is because measures for the tailings management facility, which was significantly constrained in the previous fiscal year, are making progress as planned. Constraints as in the previous fiscal year are being reduced and the mine is close to its original state. So, we believe it could benefit from the rise in copper prices and the tailwind from the weak yen.

Q: How should we consider the improvement prospects for the Quebrada Blanca Copper Mine for the 2027–2028 period?

A: As per the most recent earnings announcement of our partner Teck Resources Limited, there are no changes to the production guidance for 2027 and 2028, and they expect the mine to get closer to an environment where it can demonstrate its real potential in 2027. We also concur with this view.

[TC/RC of Copper Smelting and Refining]

Q: Regarding TC/RC for 2026, other companies seem to have settled it without following the benchmark. What is the situation with SMM?

A: We also did not refer to the benchmark, and instead carried out individual negotiations with the mines. We cannot discuss the details, as the negotiations were conducted individually, but there is no significant deviation from the levels disclosed by other Japanese smelting companies.

[Battery Materials Business]

Q: When will you be switching to high-nickel NMC?

A: As of now, the situation is fluid in terms of the timing of switch. We will be deciding on it in consultation with customers, and we cannot discuss the specifics here.

[Repurchase of Own Shares]

Q: What is the purpose of the share repurchase this time?

A: We have made the decision after comprehensively considering investment opportunities and equity level based on our performance and financial standing in accordance with the basic policy of the financial strategy and shareholder return policy newly announced in February. We cannot disclose in detail the additional measures at this point in time, but we will continue to discuss them.