

Business Strategy Briefing (May 2026):
Questions and Answers Script (Summary)

[Capital allocation]

Q: The investments and financing (future investment, growth investment, and investment in maintaining and updating facilities) announced this time have increased by almost ¥100 bn compared to the previous announcement. What is the reason for this increase?

A: The overall investment amounts have increased due to rising costs and the impact of exchange rates. As for Quebrada Blanca Copper Mine, we are expecting a slight increase in the investment amount, as the production plan is behind schedule and we are currently taking measures to address the constraints in the tailings management facility.

Q: Of the management and capital allocation of approximately ¥110 bn announced this time, how do you plan to allocate the remainder of approximately ¥75 bn after deducting the recently finalized ¥20 bn share repurchase and the ¥15 bn of treasury shares already acquired? Also, if the current metal price levels continue, cash on hand is expected to increase further. How do you plan to use the additional cash?

A: The utmost priority is to allocate the funds to growth investments such as new projects. Although there are no new projects that we can disclose as yet, we are examining large-scale projects including acquiring overseas interests. Large funding demand may arise depending on the progress of these initiatives. But at the same time, since there are also opportunities for various other investments such as enhancing the scandium production capacity which we explained today, we will take actions in a flexible manner.

Q: What assumptions were used to set the capital allocation forecast for FY2027?

A: We used the same price assumptions as the FY2026 forecast. For production volumes, we added information that had already been partially confirmed to the FY2026 forecast.

[Mineral Resources Business]

Q: How should we view the profit contribution from Quebrada Blanca Copper Mine from 2027 through 2028?

A: As of now, we do not think there are any significant issues in operation. If the ongoing measures related to the tailings management facility proceed as planned, it should contribute to profit in line with the production guidance announced by our partner, Teck Resources Limited.

Q: With regard to Côte Gold Mine, is there a possibility that the development of the Gosselin deposit adjacent to Côte deposit will boost profits?

A: We have already been exploring the Gosselin deposit with relatively favorable results. Although we cannot be certain at this point, we will continue with the exploration, and if the project proves to be sufficiently attractive, we will proceed with the development.

Q: How should we look at the timeline from deciding the investment in Gosselin deposit to making

earnings contribution?

A: We think the assessment will require some more time. We will then make an investment decision and expand the facility. For example, if we choose to enhance the existing facility, instead of building a greenfield facility, it would not require an extremely long period of time.

[Smelting & Refining Business]

Q: How should we consider the profitability of copper smelting and refining?

A: We do not necessarily view copper smelting and refining as a stand-alone business. First of all, we position it as an important business for securing resources. Having Toyo Smelter & Refinery, which is engaged in copper smelting and refining, enables us to promote resource development in an integrated manner in collaboration with major mining companies. Also, for example, while other companies treat nickel in copper concentrate, which is a raw material, as an impurity to be removed at a cost, we can smelt and refine it as a raw material for high-quality nickel. In other words, being able to utilize nickel in copper concentrate as nickel raw material is our major advantage.

Moreover, Toyo Smelter & Refinery processes gold ore from Hishikari Mine. In addition to our capability to process high-quality gold ore from Hishikari Mine at our own refinery, we can utilize the silica contained in gold ore as an essential operating material. This enables us to procure some of the necessary raw materials internally, leading to a reduction in materials costs. This kind of business collaboration is also a considerable advantage.

Q: How profitable is it to conduct recycling in copper smelting and refining?

A: We are in the process of building the recycling business such as that of wire harnesses, which we explained today. Going forward, we will be examining the expected profitability of it. Generally speaking, people tend to think that recycling is cheaper than processing virgin raw materials, but in fact, recycling incurs costs to separate and process a complex mixture of materials. We, therefore, do not think recycling will become highly profitable as it is. However, we understand it is a necessary business from the social perspective and will continue to drive forward our initiatives.

[Materials Business]

Q: What are the chances that the profit level of the Materials business exceeds the estimate made in 3-Year Plan 27?

A: Faraday rotators have been growing at a pace pretty much in line with the plan at this point, and we expect to be able to more or less double production capacity. We also think the demand is currently strong and therefore, we will consider further production increase in the future. If this is achieved, it can potentially lead to profits exceeding the forecast in 3-Year Plan 27. Further, although we are still at the stage of introducing new products such as TFLN and oxidation-resistant copper nanoparticles in the market, we expect them to contribute to earnings in the future.

Q: Why is TFLN attracting attention?

A: TFLN can operate at low voltages with high conversion efficiency compared to silicon photonics (SiPh) which is the current mainstream. This is why we believe that it may attract attention in the future as transmission capacity increases. Nevertheless, what will ultimately become the mainstream will depend on future technological developments and we think the situation is still

fluid.

[Impact of the Middle East situation]

Q: What costs and risks have you factored in regarding the Middle East situation?

A: At this point, we have factored in higher unit costs of energy and materials. We are also examining all kinds of other risks and taking appropriate measures. For example, the naphtha market has been tight and we believe we need to pay attention to solvent-related products. The Advanced Materials business uses multiple solvents and some smelting and refining processes also use organic solvents for separation and refining. Having said that, we are not expecting any significant immediate impact on the financial results for the current fiscal year.

[Rare Earths]

Q: Have you been able to secure rare earths used as raw materials for faraday rotators?

A: At this point, we see no obvious risks in raw material procurement that directly affect our operations. However, if the current situation is prolonged, it could have some impact in the future. To this end, we have been making efforts to stabilize the situation such as securing multiple suppliers.

Q: What is behind the growth in sales of materials for solid oxide fuel cells (SOFC)?

A: The performance of SOFC improves when yttrium and scandium are added to stabilized zirconia, which is a solid electrolyte. In particular, when scandium is added, the mobility of oxygen ions in the solid electrolyte increases, which enables highly efficient electricity generation in a relatively low temperature range. This has drawn attention to such materials in fields with large electricity demand such as power supply for data centers. Moreover, in areas where natural gas is available, because electric power can be generated with SOFC using natural gas, the use of SOFC is growing.