

Record of Telephone Conference Concerning FY2024 Results

Reference: FY2024 Results & FY2025 Forecast

[LinkClick.aspx](#)

PKG = Package substrate

HDI = High density interconnect

real profit = ordinary income excluding the inventory factors and the PGM price difference in Catalysts

■Explanation

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Results of FY2024 and Forecast of FY2025

- FY2024 YoY: Sales and profits increased due to higher sales volume of major products in the Engineered Materials segment, such as MicroThin™. In the Metals segment, the weak yen and high metal prices led to improved profits, as well as an improvement in inventory factors resulting from these. Sales, operating profit, ordinary profit, and net income all reached record highs, with particularly significant contributions from the increase in the metals segment.
- As for the FY2025 forecast, the sales volume of MicroThin™ is expected to increase compared to the previous year. However, factors such as the strong yen, lower metal prices, the resulting unfavorable inventory effects, and the business divestiture of Mitsui Kinzoku ACT are all expected to contribute to a decline in both revenue and profit. Additionally, net income is expected to decrease due to the absence of gains from investment securities sales recorded in the previous year and extraordinary losses related to the divestiture of Mitsui Kinzoku ACT.

(Unit : Billion yen)

	Results			Forecast		
	2024 Results	2023 Results	Difference (24-23)	2025 Forecast (May 13)	2024 Results	Difference (25-24)
Net Sales	712.3	646.7	65.6 10.2%	650.0	712.3	-62.3 -8.8%
Operating Income	74.7	31.7	43.0 135.8%	42.0	74.7	-32.7 -43.8%
Ordinary Income	76.4	44.5	31.9 71.7%	41.0	76.4	-35.4 -46.3%
Net income attributable to owners of parent	64.7	26.0	38.7 148.8%	14.0	64.7	-50.7 -78.3%

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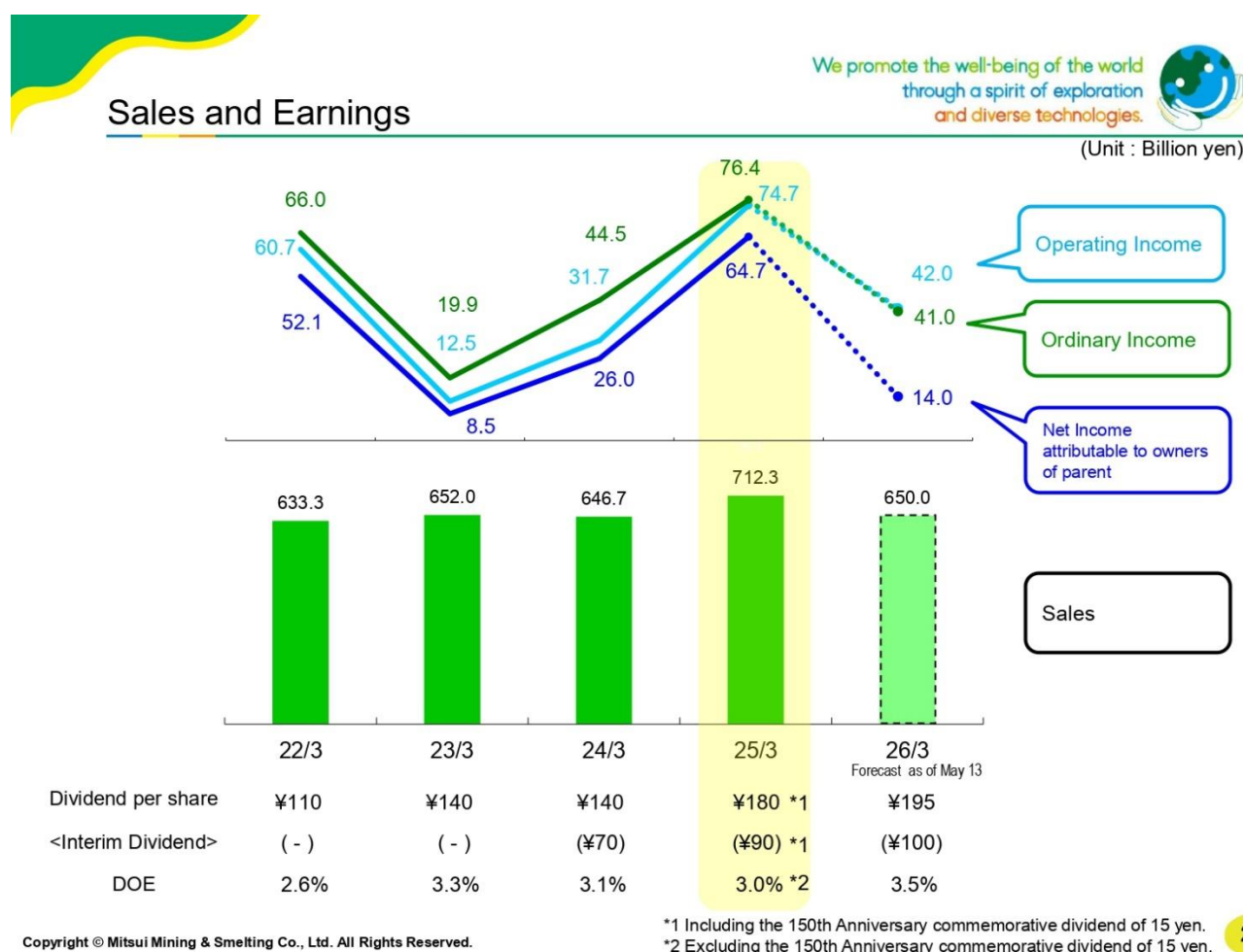
Please refer to page one of the financial results presentation materials.

For the fiscal year ended March 31, 2025, we recorded consolidated net sales of JPY712.3 billion, operating income of JPY74.7 billion, ordinary income of JPY76.4 billion, and net income attributable to owners of the parent company of JPY64.7 billion. This was a record high in terms of both sales and profits, while achieving the target for the final year of the 2022 to 2024 medium-term business plan.

Compared to the previous year, net sales increased JPY65.6 billion due to higher sales volumes of major products in the engineered materials segment, higher metal prices, and a weak yen in foreign exchange. Profits also increased due to an improvement in inventory factors in addition to metal prices and foreign exchange factors, resulting in a JPY43 billion increase in operating income and a JPY31.9 billion increase in ordinary income. In addition, net income attributable to owners of the

parent company increased by JPY38.7 billion due to extraordinary gains and losses, including gains on sales of strategic investments and shares of affiliated companies.

For the fiscal year ending March 31, 2026, we forecast consolidated net sales of JPY650 billion, operating income of JPY42 billion, ordinary income of JPY41 billion, and net income of JPY14 billion, a YoY decrease in both sales and profits. The above figures take into account the decrease in revenue due to the business divestiture of Mitsui Kinzoku ACT, which was disclosed today, and an extraordinary loss of JPY19.7 billion. The Metal Prices and FOREX are based on LME zinc price of USD2,800 per ton, LME lead price of USD1,900 per ton, LME copper price of CENT4.17 per lb., and the exchange rate of JPY145.



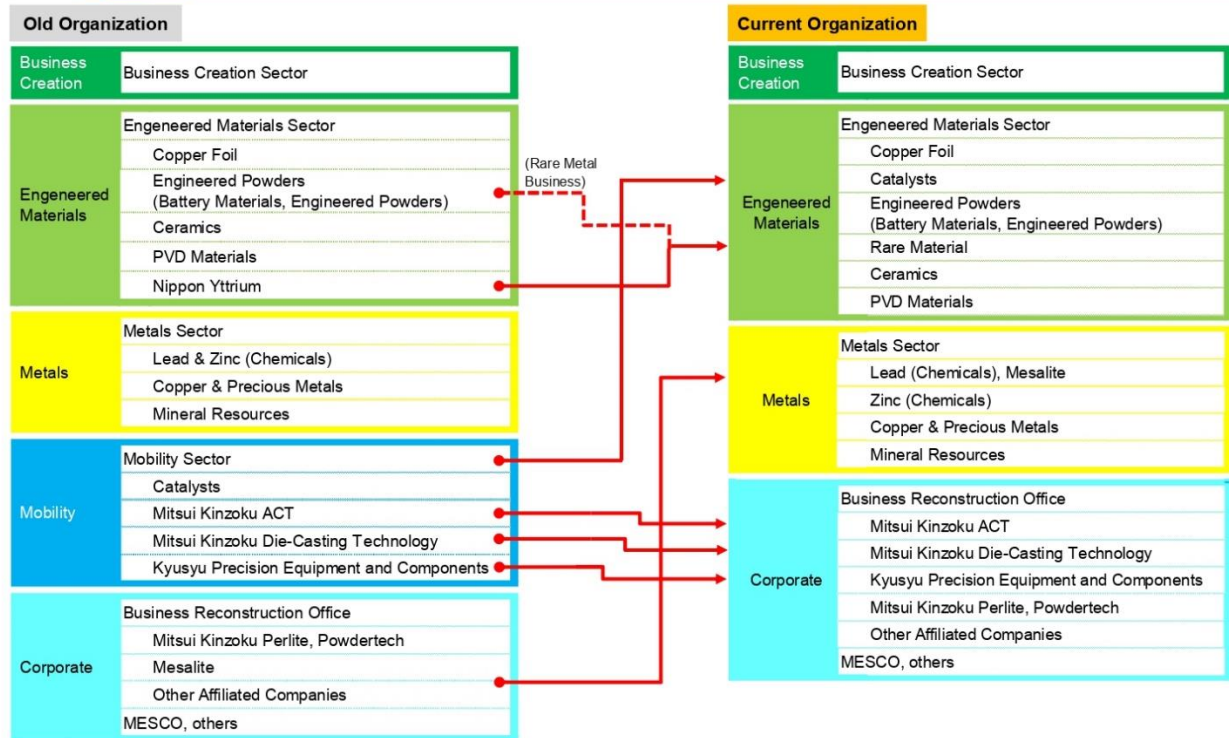
Please see page two of the material.

As for the dividend for the fiscal year ended March 31, 2025, we have already paid an interim dividend of JPY90 per share, including a commemorative dividend of JPY15 per share. And we will pay a year-end dividend of JPY90 per share, for an annual dividend of JPY180 on a DOE of 3% basis. This is an increase of JPY15 from the dividend forecast of JPY165 announced in the previous announcement in February.

For the fiscal year ending March 31, 2026, we will aim for a dividend policy DOE of 3.5% instead of 3%, as announced in the notice regarding changes to dividend policy disclosed today. As a result, the Company plans to pay an interim dividend of JPY100 per share and a year-end dividend of JPY95 per share, for an annual dividend of JPY195 per share, an increase of JPY15 from the FY2024 level.

Changes of Company Organization (After April 1st, 2025)

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Please see page three of the material. We would like to briefly explain our organization structure after April 1, 2025.

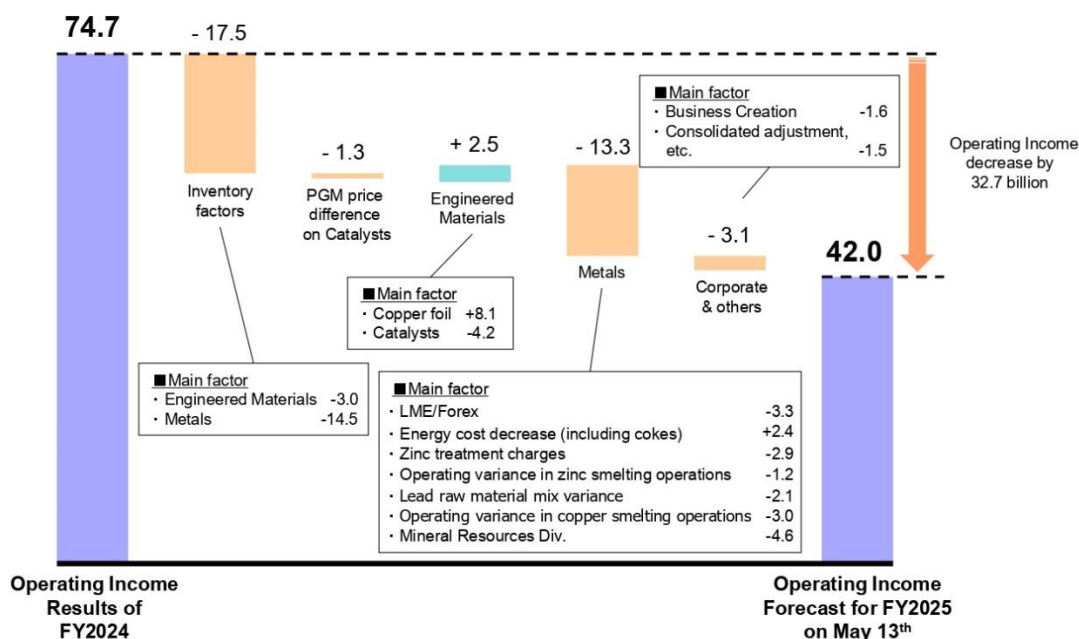
As a major change, the Mobility Sector, which was in the old organization on the left side, was discontinued and the Catalysts business was transferred to the Engineered Materials Sector in the new organization. The businesses of the Mobility Sector other than Catalysts, such as Mitsui Kinzoku ACT, have been transferred to the Business Reconstruction Office.



FY2025 Operating Income Forecast

Operating income forecast for FY2025 is 42.0 billion, decrease by 32.7 billion from the previous year.

(Unit : Billion yen)



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Please see the page six of the material.

Operating income for FY2025 is expected to be JPY42 billion, a decrease of JPY32.7 billion from the JPY74.7 billion achieved in FY2024. Of that amount, inventory factors, such as yen appreciation and falling metal prices, cause a deterioration of JPY17.5 billion, and a deterioration of business profit/loss and zinc TC due to market deterioration in the metals business, resulting in a decrease of JPY13.3 billion in this segment. We expect a decrease of JPY30.8 billion largely due to these two factors.

In the engineered materials sector, the income increase is expected to be JPY8.1 billion due to increased sales of MicroThin™, a mainstay copper foil product, and the effect of price realignment. However, due to a decrease in catalyst sales volume of JPY4.2 billion and other reasons, the increase in profits will be limited to JPY2.5 billion.

In the corporate & others category on the right, the increase in expenses exceeds the increase in sample income at the business creation sector, resulting in a JPY1.6 billion deterioration. Among consolidated adjustments, we expect a deterioration of JPY1.5 billion mainly due to foreign currency translation differences in the financial statements of overseas subsidiaries caused by yen appreciation. We expect a total deterioration of JPY3.1 billion. Including these factors, the forecast for FY2025 is JPY42 billion, a decrease of JPY32.7 billion from the previous year.

Performance by Segment – Engineered Materials

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(Unit : Billion yen)

Old Organization				Current Organization					
	FY2024 Results	FY2023 Results	Diff. (24-23)		FY2025 Forecast (May 13)	FY2024 Results	Diff. (25-24)	1st Half Forecast (May 13)	2nd Half Forecast (May 13)
■ Sales	153.5	124.1	29.4	■ Sales	265.0	246.2	18.8	135.0	130.0
■ Operating income	25.5	15.4	10.1	■ Operating income	40.0	41.8	-1.8	21.5	18.5
■ Ordinary income	25.2	16.4	8.8	■ Ordinary income	39.5	40.3	-0.8	21.5	18.0
※ Ordinary income	22.1	14.8	7.3	※ Ordinary income	39.4	35.9	3.5	21.4	18.0

※ Ordinary income : Ordinary income excluding inventory factors.

※ Ordinary income : Ordinary income excluding inventory factors and PGM price difference on Catalysts..

(Engineered Material Products)	(Main Applications)
Copper Foil	 <ul style="list-style-type: none"> High-Density Packaging Printed circuit board
Catalysts (After April 1st, 2025)	 <ul style="list-style-type: none"> Motorcycles Automobiles
Battery Materials	 <ul style="list-style-type: none"> Nickel-hydrogen batteries for hybrid cars Lithium-ion batteries
Engineered Powders	 <ul style="list-style-type: none"> Wide range of electronic components Abrasive for glass
Rare Material	 <ul style="list-style-type: none"> Abrasive for glass Protective materials for semiconductor production equipment
Ceramics	 <ul style="list-style-type: none"> Kiln furniture for electronic materials Liquid aluminum filtration equipment
PVD Materials (Sputtering target)	 <ul style="list-style-type: none"> Flat panel displays

Difference Analysis of Ordinary income

[FY2023 → FY2024 + 8.8]

Copper foil +5.6

(MicroThin™ and VSP™ volume of sales increases, others)

Engineered Powders +2.1

(Major product volume of sales increases, others)

[FY2024 → FY2025 Forecast - 0.8]

Copper foil +8.4

(MicroThin™ volume of sales increases, Price realignment of key products, others)

Catalysts -4.4

(Volume of sales decrease, others)

PVD Materials -2.8

(Inventory factors, others)

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First is the engineered materials segment. Please see page 16 of the material.

As for engineered materials, the copper foil business is expected to recover and grow from FY2023 to FY2024 and FY2025, as shown in the lower right-hand corner. We expect growth over the medium term beyond 2025 due to increased sales of MicroThin™, the effect of price realignment, and an improved mix due to an increase in high-grade VSP™.

In businesses other than copper foil, we expect income to decrease YoY across the board in FY2025 due to reduced sales of catalysts and cost increases in other businesses, etc. However, the real profit figure in the middle on the right, which excludes inventory factors and the impact of precious metal prices on catalysts from ordinary income, is estimated to be JPY39.4 billion in FY2025, an increase in income YoY.

Performance by Segment – Metals

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(Unit : Billion yen)

Old Organization				Current Organization					
	FY2024 Results	FY2023 Results	Diff. (24-23)		FY2025 Forecast (May 13)	FY2024 Results	Diff. (25-24)	1st Half Forecast (May 13)	2nd Half Forecast (May 13)
■ Sales	294.8	246.8	48.0	■ Sales	305.0	326.4	-21.4	157.0	148.0
■ Operating income	41.7	6.4	35.3	■ Operating income	14.0	41.8	-27.8	7.5	6.5
■ Ordinary income	44.5	16.1	28.4	■ Ordinary income	12.0	44.5	-32.5	7.0	5.0
※ Ordinary income	31.9	15.7	16.2	※ Ordinary income	13.9	31.9	-18.0	8.6	5.3

※ Ordinary income : Ordinary income excluding inventory factors.

Difference Analysis of Ordinary income

	FY2023→ FY2024	FY2024→ FY2025 Forecast
LME/Forex	7.3	-3.3
T/C	-4.0	-2.9
Inventory Factors	12.2	-14.5
Equity profit/loss	1.0	-3.1
Energy cost	5.3	2.4
(Cokes, included in the number above)	(1.0)	(0.8)
Dividends	-6.8	0.0
Others *	13.4	-11.1
Total	28.4	-32.5

Sensitivity to ordinary income (for FY2025)

		Full open basis	Including forward contract
Zinc	± 100\$/t	1.6	1.4
Lead	± 100\$/t	0.2	0.2
US\$ (yen/\$)	± 1yen/\$	0.5	0.4

Zinc TC		
FY2023	274 \$/t	• +6% for over 3,000\$/t
FY2024	165 \$/t	
FY2025	80 \$/t	

*Detail of Others

FY2023→ FY2024	Operating variance in zinc smelting operations +1.2, Operating variance in lead smelting operations +0.9, Lead raw material mix variance +0.7, Fixed cost increase in Lead & Zinc Div. (including large scale maintenance + 1.5) -0.2, Operating variance in copper smelting operations +5.1, Fixed cost increase in Copper Div. (including large scale maintenance -2.4) -1.9, PGM recycling +1.0, Mineral Resource Div. +4.0
FY2024→ FY2025 Forecast	Operating variance in zinc smelting operations -1.2, Operating variance in lead smelting operations -0.9, Lead raw material mix variance -2.1, Fixed cost increase in Lead & Zinc Div. -0.1, Operating variance in copper smelting operations -3.0, Copper smelting tolling terms variance -2.3, Fixed cost increase in Copper Div. (including large scale maintenance +2.4) +2.7, PGM recycling -0.7, Mineral Resource Div. -4.6

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Next is the metals segment. See page 17.

The current situation is a difficult environment, with zinc prices still stagnant and the yen slightly appreciating, resulting in a significant deterioration in zinc TC and copper TC/RC. Under such circumstances, we expect real profit for FY2025 to be JPY13.9 billion, a decrease of JPY18 billion YoY.

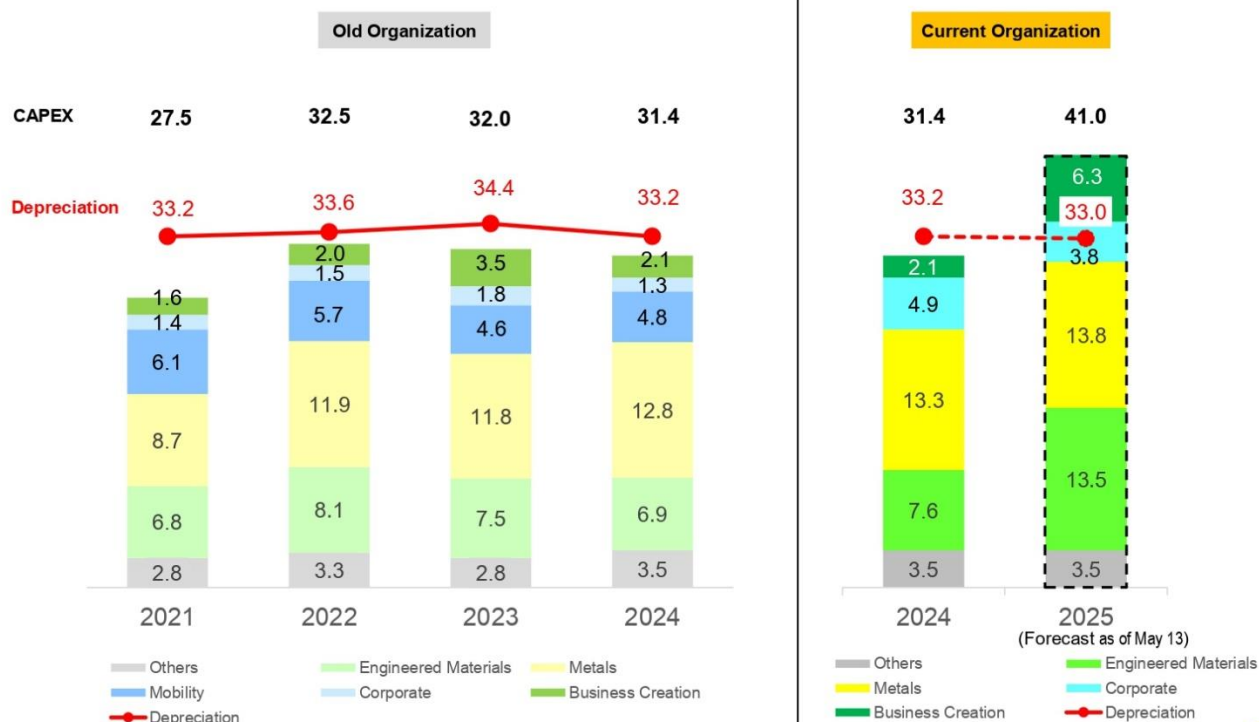
As part of our growth strategy for the Metals segment, we will work to increase the processing volume of recycled raw materials such as lead concentrate residues. However, at present, we expect the profit and loss of the Metals segment to be at the level of around JPY10 billion to JPY20 billion.

CAPEX and Depreciation

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(Unit : Billion yen)



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I would like to explain our capital expenditures. Please see page 19 of the material.

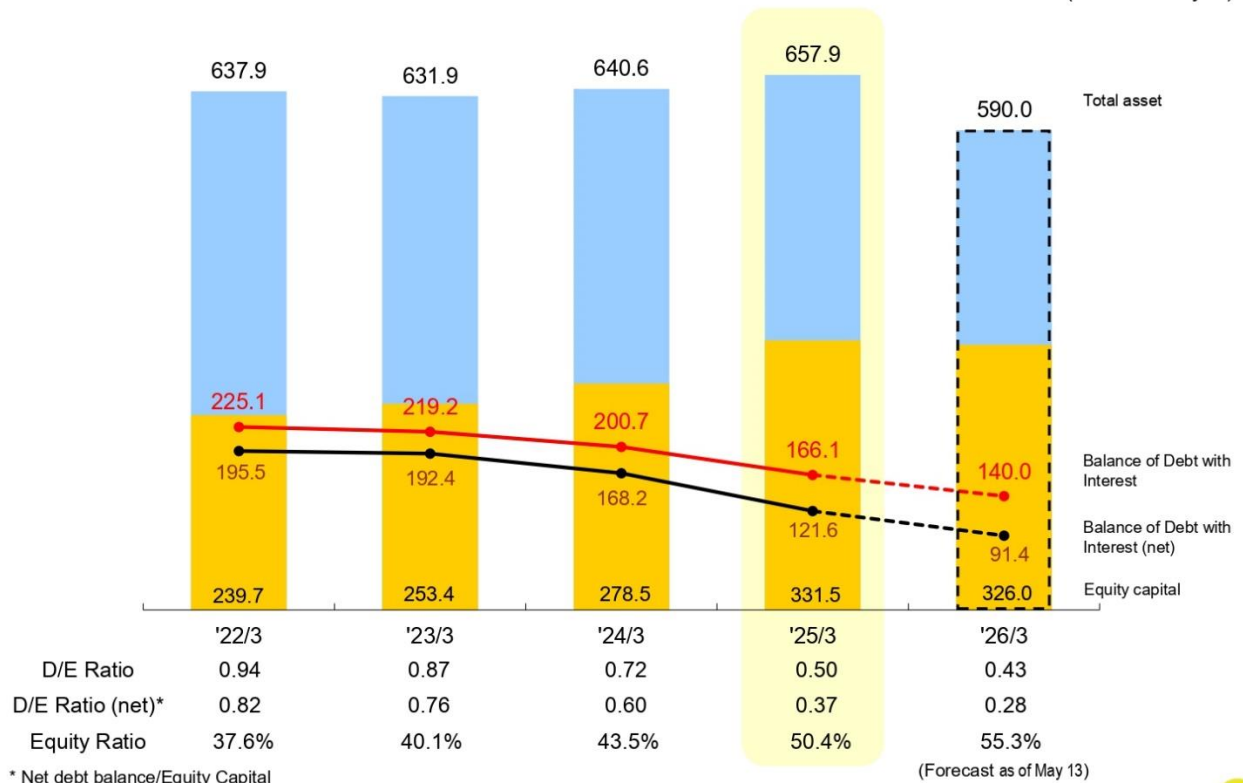
In FY2025, capital expenditure is planned to be JPY41 billion, which is one of the highest levels in recent years. Capital expenditure in the engineered materials segment, our value-expanding business, including copper foil, engineered powders, and rare material, as well as in the business creation segment for new business creation, which is positioned as value cultivation. Specifically, we will aggressively invest in growth investments in solid electrolytes for all solid-state batteries and HRDP®.

Financial Position at Term End

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(Unit : Billion yen)



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I would like to explain our financial position. See page 20.

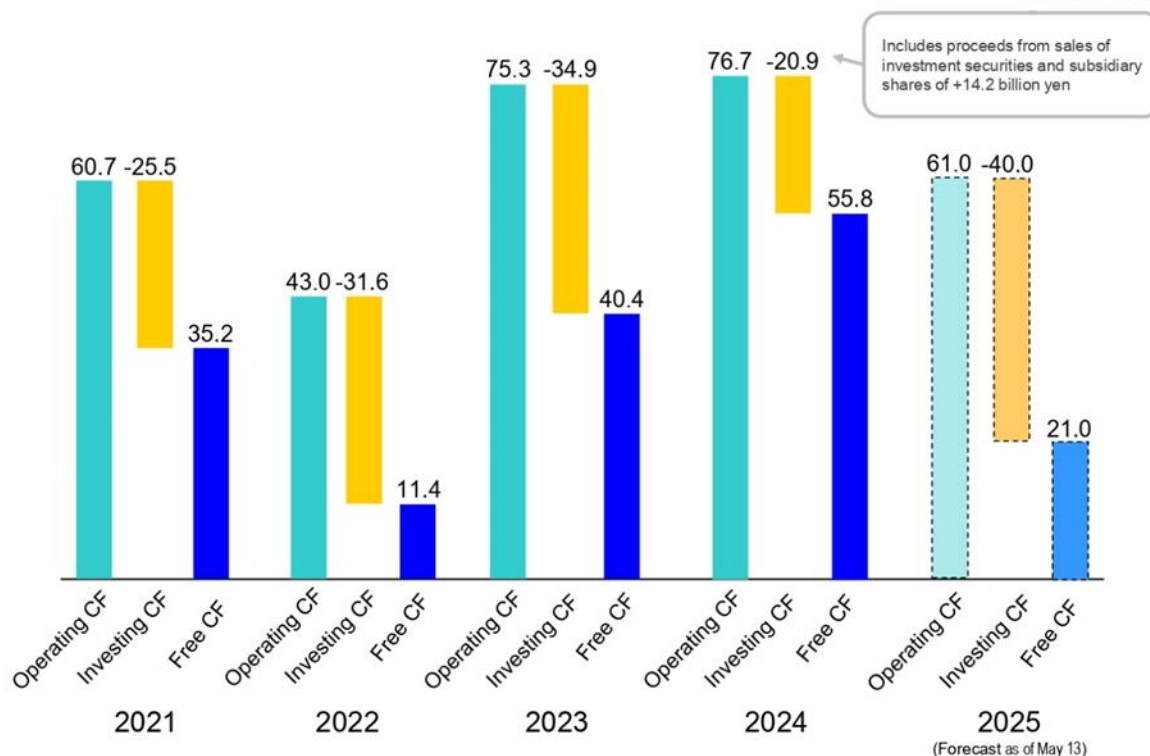
Our equity ratio for the fiscal year ending March 2025 was 50.4%. We achieved our highest-ever profits and achieved the 50% equity ratio target of our medium-term management plan starting in fiscal 2022.

Cash Flows

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(Unit : Billion yen)



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Finally, here is our cash flow. Please see page 21 of the material.

For FY2025, we expect a high level of investment cash flow of JPY40 billion for the Company. Although we expect to record an extraordinary loss from the sale of the Mitsui Kinzoku ACT business, this will have a positive impact on cash flow, and we expect free cash flow to be JPY21 billion.

■ Q&A Session

Engineered Materials Segment

Q.

Regarding the table on page 13 of the financial results presentation, please explain the background of your FY2025 forecasts for MicroThin™ for PKG and catalysts for motorcycles, as well as the latest trends for VSP™.

A.

Sales of MicroThin™ for PKG declined in Q4 of FY2024 due to memory-related inventory adjustments by customers in South Korea, but this sales decrease largely ended around March, and operations are now picking up. As of April and May, we saw a sharp increase in the volume of orders received and expect to achieve sales volume close to our forecast levels. We believe this momentum will continue through H1.

VSP™'s FY2024 results were slightly lower than the previous forecast, but sales volume grew from Q3 to Q4, and we expect solid growth to continue into FY2025.

Catalysts for motorcycles were most affected by the decline in sales in India. The market for catalysts for motorcycles in India has remained strong to date and we expect the market to maintain a relatively favorable outlook going forward. However, competition with competitors continues to intensify, and a decline in market share has been factored in. The decline in sales in H2 compared to H1 is due to seasonal effects from the Diwali sales season, which is consistent with previous years.

Q.

Regarding MicroThin™ for PKG, the growth of for smartphone, and the growth of for non-smartphone along with the increase in memory demand, how do you expect the proportion of PKG applications to change in the FY2025 forecast?

A.

Our view remains unchanged: the growth in memory-related demand for non-smartphones will continue to drive the demand for our products. With memory-related inventory adjustments completed and the recovery having begun in Q4 of FY2024, we expect growth to continue steadily, and current volumes are strong. We believe the sharp increase in orders received is driven by growing demand for both smartphones and non-smartphones.

Q.

Please explain the background of the projected decline in sales of MicroThin™ for PKG in H2 compared to H1 in your FY2025.

A.

Seasonal factors are behind the decline in sales. We expect to build up inventory to some extent in H1, followed by a brief slowdown in H2. Last year, since demand was still recovering, we expected a steady upward trend in sales to continue. Currently, with demand having recovered and set to grow further, we have incorporated seasonal fluctuations between H1 and H2 into the recent forecast.

Q.

How have you reflected MicroThin™ margins into the FY2025 forecast?

A.

The price realignments undertaken for MicroThin™ in FY2024 began contributing in 2nd half, and have supported margin improvement from FY2024 into FY2025. In particular, when comparing 1st half year-on-year, 1st half of FY2024 was still before the price realignments took effect, so we expect a favorable turnaround in profit and loss, including increased sales volume. As costs rise, we have requested price realignments from our customers, and we expect this to contribute to profits of

more than 2 billion yen compared to the previous fiscal year.

Q.

Regarding the growth of MicroThin™, are inventory fluctuations among customers currently having a more significant impact than the expansion of new applications?

A.

New applications are also performing well, but the scale is still small, and the growth is greatly affected by fluctuations in customer inventory.

Q.

Regarding electro-deposited copper foil, please explain the current situation of products for flexible printed circuits and products for communication infrastructure, as well as the future outlook.

A.

Regarding the market situation for electro-deposited copper foil, we are currently focusing on VSP™, a product for high-end communication infrastructure such as AI servers. Partly because of this, we are refraining from aggressive sales activities, such as lowering prices, for products for flexible printed circuits and low-end and mid-range products for communications infrastructure. There are no significant fluctuations in the overall market conditions for electro-deposited copper foil, but our products for flexible printed circuits saw a slight decline in Q4 of FY2024 due to seasonal factors. However, we expect volumes to increase in products for smartphones in FY2025. As for products for communication infrastructure, the server market remains robust, and sales volumes have been solid.

Q.

Please provide quantitative details on the volume effect of VSP™ from FY2023 to FY2024 and from FY2024 to FY2025.

A.

Regarding the volume effect of VSP™, we are not analyzing the effect of increased sales of VSP™ alone, but rather the effect of increased sales volume and improved selling price of electrodeposited copper foil as a whole. While the sales volume of electro-deposited copper foil has been gradually increasing, VSP™ has shown significant growth in volume. As a result, the average unit sales price and sales mix of electro-deposited copper foil are yielding substantial figures. The improvement in the average sales mix of electro-deposited copper foil overall has led to a profit improvement effect of just under JPY2.0 billion from FY2023 to FY2024. We expect further improvements in sales mix from FY2024 to FY2025, with an estimated effect of JPY2.0 to 3.0 billion.

Metals Segment

Q.

Please explain the background of the large amount stated under “Others” in “Difference Analysis of Ordinary income” for the metals segment on page 17.

A.

The FY2024 results increase of JPY5.1 billion and the negative FY2025 forecast of JPY3.0 billion in the variance in copper smelting operations are due to the impact of electrolytic copper production and discrepancies between actual and estimated quantities. As the base prices of copper, gold, and silver, as well as exchange rates, have recently increased, the unit price applied to discrepancies between actual and estimated quantities is also rising. This leads to larger monetary figures driven by quantity fluctuations. In FY2024, copper smelting operations performed well, including favorable discrepancies between actual and estimated quantities. However, the forecast for FY2025 does not take into account the positive aspects seen in FY2024 results.

Q.

Regarding the difference in ordinary income from FY2024 to FY2025 in the metals segment on page 17, is the negative impact amount for TC/RC of copper a negative JPY2.3 billion in the copper smelting tolling terms variance? Does the negative impact amount due to not taking discrepancies between actual and estimated quantities into account correspond to the negative JPY3.0 billion in operating variance in copper smelting operations? In addition, please explain the details of the negative JPY2.1 billion in lead raw material mix variance and the negative JPY4.6 billion in Mineral Resource Div.

A.

Regarding the negative impact amount for TC/RC of copper, the deterioration in TC/RC of ore is reflected in the profit and loss of our equity-method affiliate, Pan Pacific Copper, and is included in the equity earnings of affiliates, which is a negative JPY3.1 billion as stated in the materials. The impact amount of the discrepancies between actual and estimated quantities is included in the negative JPY3.0 billion in operating variance in copper smelting operations. The negative JPY2.1 billion in lead raw material mix variance is an anticipation of deterioration due to a conservative view of the procurement terms for residual lead raw materials other than slags and battery scrap. Regarding the negative JPY4.6 billion in Mineral Resource Div., a little over JPY1.5 billion is due to increased exploration expenses. Development is progressing with the goal of commencing new operations in the Atalaya mining area, located near the current mining site, by around 2030. The remaining portion of the amount reflects the anticipated decline in profit due to operational factors, cost increases, and zinc market prices.

Business Creation Sector

Q.

The FY2025 forecast for the Business Creation Sector reflects a larger decline compared to FY2024. Please explain the anticipated changes in High Resolution De-bondable Panels (HRDP®) and Solid electrolytes for All-Solid State Batteries (SE)?

A.

For HRDP® and solid electrolytes, we expect an increase in sample revenues accompanied by a corresponding rise in costs. However, we believe these increases will offset each other, resulting in no significant overall deterioration. On the other hand, our current FY2025 forecast incorporates cost increases associated with actively pursuing other initiatives.

Total or multiple segments

Q.

There had been suggestions that transferring ACT's stock would be difficult. Do you have any additional comments regarding this share transfer?

A.

Regarding the stock transfer, progress had been slow due to the need to identify a suitable counterparty. However, we continued working behind the scenes to find the most appropriate new owner. As disclosed recently, we determined that we have now identified the best owner and have proceeded with the transfer.

Q.

Please explain the background of your decision to raise the dividend policy from 3.0% to 3.5%.

A.

As previously announced, we reviewed our dividend policy and other shareholder return measures in line with our improving financial position. Having achieved an equity ratio of 50% in FY2024, the final year of our medium-term management plan, we determined that our financial soundness has been sufficiently secured and have therefore revised our dividend policy by increasing the DOE to 3.5%.