

Record of Telephone Conference Concerning FY2023 Q3 Results

Reference: FY2023 Q3 Results & FY2023 Forecast

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Note:

PKG = Package substrate

HDI = High density interconnect

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

Explanation

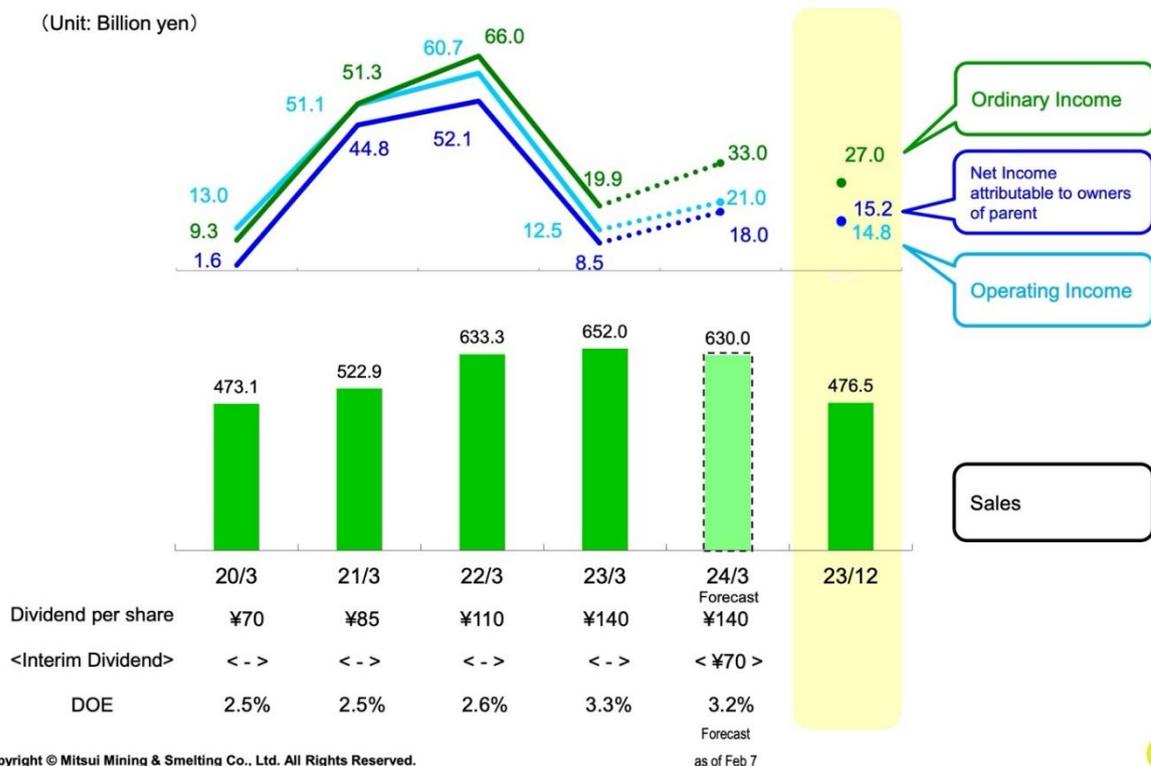


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Sales and Earnings

(Unit: Billion yen)



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Forecast as of Feb 7

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Please refer to page two of the financial results presentation.

Net sales, operating income, ordinary income, and net income attributable to owners of the parent for the cumulative Q3 were JPY476.5 billion, JPY14.8 billion, JPY27 billion, and JPY15.2 billion, respectively.

For the fiscal year ending March 31, 2024, we maintain our November 10 forecast of consolidated net sales of JPY630 billion, operating income of JPY21 billion, ordinary income of JPY33 billion, and net income of JPY18 billion. The January through March prices assume LME zinc price of USD2,500, lead price of USD2,100, and copper price of 380 cents per ounce, and an exchange rate of JPY145 per US dollar.

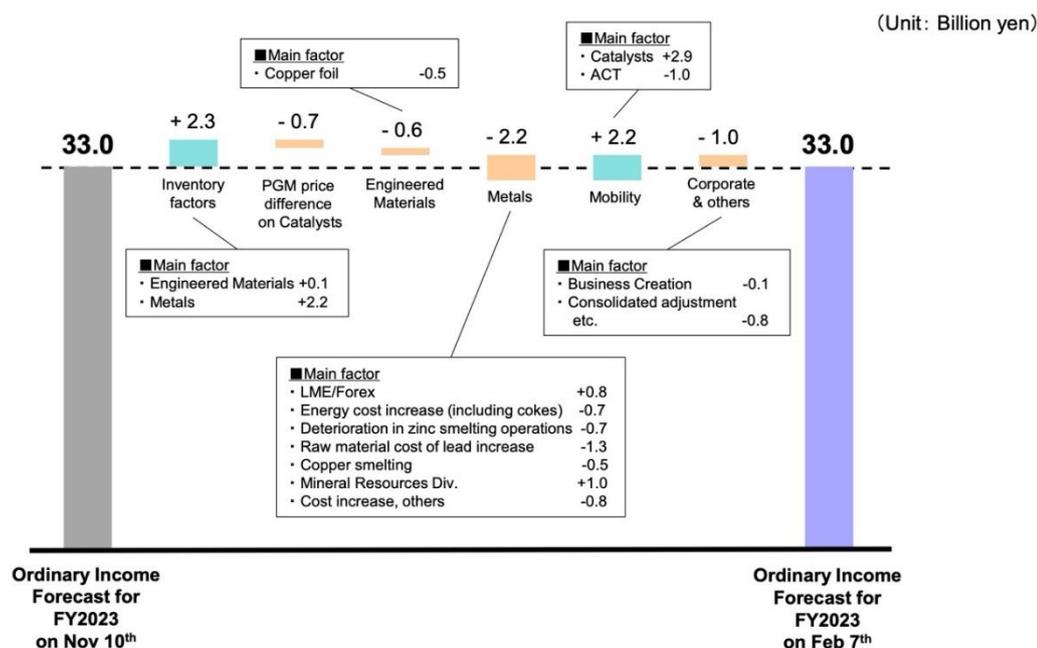
The Company will pay an interim dividend of JPY70 per share, which has already been paid, and a year-end dividend of JPY70 per share, for an annual dividend of JPY140 per share, unchanged from the previously announced dividend forecast.

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FY2023 Ordinary Income Forecast

Ordinary income forecast for FY2023 is 33.0 billion, the same amount as forecast for FY2023 announced on Nov 10th.



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We will continue with an explanation of how our full-year forecasts compare with those announced on November 10. Please see page four of the document.

In terms of ordinary income, the full-year forecast on the far right and the November 10 announcement on the far left are both projected at JPY33 billion. Looking at the breakdown of the difference from the previous forecast by segment, the second from the left, inventory factors, is a positive factor of JPY2.3 billion, and the effect of the decline in precious metal prices in the catalyst business on the right of that is a negative factor of JPY0.7 billion.

Excluding these factors, the engineered materials segment is expected to post a minus JPY0.6 billion, mainly because demand for MicroThin™ is steadily recovering but is not expected to reach the previous forecast.

The metals segment is expected to be minus JPY2.2 billion due to deteriorating raw material margins caused by rising lead battery scrap prices and other factors, and higher energy costs, including cokes.

On the other hand, in the mobility segment, although Mitsui Kinzoku ACT is expected to see a decrease in profit due to lower sales volume, the catalyst business is expected to see an upturn of JPY2.9 billion due to higher-than-expected sales volume for motorcycles and other factors, resulting in an overall segment gain of JPY2.2 billion.

Taking these factors into account, we expect ordinary income of JPY33 billion, unchanged from the previous forecast.

Statements of income

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(Unit : Billion yen)	Results			Forecast				
	'23/Q1-3 Results	'22/Q1-3 Results	Difference (23-22)	2023 Forecast (Feb 7)	2022 Results	Difference (23-22)	2023 Forecast (Nov 10)	Difference
Net Sales	476.5	498.3	-21.8 <i>-4.4%</i>	630.0	652.0	-22.0 <i>-3.4%</i>	630.0	0.0 <i>0.0%</i>
Cost of sales	410.2	430.1	-19.9 <i>-4.6%</i>	-	-	-	-	-
Gross Profit	66.3	68.2	-1.9 <i>-2.8%</i>	-	-	-	-	-
SG&A expenses	51.5	49.6	1.8 <i>3.7%</i>	-	-	-	-	-
Operating Income	14.8	18.6	-3.7 <i>-20.2%</i>	21.0	12.5	8.5 <i>67.6%</i>	21.0	0.0 <i>0.0%</i>
Non-operating income/expenses -net	12.2	5.8	6.3 <i>10.6%</i>	12.0	7.4	4.6 <i>65.9%</i>	12.0	0.0 <i>0.0%</i>
Ordinary Income	27.0	24.4	2.6 <i>10.6%</i>	33.0	19.9	13.1 <i>65.9%</i>	33.0	0.0 <i>0.0%</i>
Extraordinary profit/losses-net	-5.8	-1.2	-4.6 <i>-11.9%</i>	-6.9	-4.7	-2.2 <i>111.5%</i>	-7.0	0.1 <i>0.0%</i>
Net income before income taxes	21.1	23.2	-2.1 <i>-8.9%</i>	26.1	15.2	10.9 <i>72.0%</i>	26.0	0.1 <i>0.4%</i>
Income taxes & minority interests	5.9	5.9	-0.0	8.1	6.7	1.5	8.0	0.1
Net income attributable to owners of parent	15.2	17.2	-2.0 <i>-11.9%</i>	18.0	8.5	9.5 <i>111.5%</i>	18.0	0.0 <i>0.0%</i>

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I will continue with an explanation of the results for the first nine months of the fiscal year and the outlook for the full year. See the income statement on page five.

In the nine months ended December 31, 2012, net sales decreased by JPY21.8 billion, or 4.4%, to JPY476.5 billion due to lower zinc prices compared to the same period last year and the impact of large-scale scheduled repairs in Hachinohe. Operating income similarly deteriorated by JPY3.7 billion, or 20.2% YoY to JPY14.8 billion, due mainly to lower prices and higher energy costs. Meanwhile, ordinary income increased by JPY2.6 billion, or 10.6%, to JPY27 billion, partly due to a one-time dividend income. Net income deteriorated by JPY2 billion to JPY15.2 billion.

The full-year forecast will be explained by segment later in this report.



Performance by Segment – Engineered Materials

(Unit : Billion yen)

	23/Q1-3 Results	22/Q1-3 Results	Diff. (23-22)	FY2023 Forecast (Feb 7)	FY2022 Results	Diff. (23-22)	FY2023 Forecast (Nov 10)	Diff.
■ Sales	91.3	91.3	0.0	125.0	112.5	12.5	125.0	0.0
■ Operating income	10.8	11.3	-0.5	14.5	9.9	4.6	14.5	0.0
■ Ordinary income	11.0	12.1	-1.1	14.5	10.7	3.8	15.0	-0.5
※ Ordinary income	9.5	12.0	-2.5	13.5	11.0	2.5	14.1	-0.6

※ Ordinary income : Ordinary income excluding inventory factors.

(Engineered Material Products)	(Main Applications)
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
Copper Foil 	<ul style="list-style-type: none"> • High-Density Packaging • Printed circuit board
PVD Materials (Sputtering target) 	<ul style="list-style-type: none"> • Flat panel displays

Difference Analysis of Ordinary income

[FY2022 Q1-3 → FY2023 Q1-3 - 1.1]

Copper foil -0.8
(Electro-deposited Copper foil and MicroThin™ volume of sales decreases, others)
Engineered Powders -0.2
(Volume of sales decreases, others)

[FY2022 → FY2023 Forecast + 3.8]

Copper foil +3.8
(Electro-deposited Copper foil and MicroThin™ volume of sales increases, others)

Now, let's look at the situation by segment, starting with the engineered materials segment. Please refer to page 11.

Ordinary income for the Q3 cumulative period was JPY11 billion, down JPY1.1 billion from the same period last year. This was due mainly to a JPY0.8 billion decrease in profit in the electro-deposited copper foil business due to lower sales of electro-deposited copper foil and MicroThin™. In the engineered powder business, the decrease in sales volume of abrasives and other major products led to a JPY200 million decrease in earnings.

The forecast for ordinary income is JPY14.5 billion, a decrease of JPY0.5 billion from the November 10 forecast. The breakdown is shown on page four, with the copper foil business having the largest impact with a decrease of JPY500 million.



Performance by Segment – Metals

(Unit : Billion yen)

	23/Q1-3 Results	22/Q1-3 Results	Diff. (23-22)	FY2023 Forecast (Feb 7)	FY2022 Results	Diff. (23-22)	FY2023 Forecast (Nov 10)	Diff.
■Sales	175.9	193.1	-17.2	245.0	256.4	-11.4	245.0	0.0
■Operating income	1.3	5.2	-3.9	4.5	4.1	0.4	4.5	0.0
■Ordinary income	11.6	9.5	2.1	14.0	9.1	4.9	14.0	0.0
※Ordinary income	12.9	10.2	2.7	15.3	12.8	2.5	17.5	-2.2

※Ordinary income : Ordinary income excluding inventory factors.

Difference Analysis of Ordinary income

	22/Q1-3 → 23/Q1-3	FY2022→ FY2023 Forecast
LME/Forex	-1.6	-1.2
T/C	1.1	1.1
Inventory Factors	-0.6	2.4
Equity profit/loss	-0.8	-2.0
Energy cost (Cokes, included in the number above)	-2.7 (+1.2)	-1.8 (+1.0)
Dividends	6.1	6.1
Others※	0.6	0.3
Total	2.1	4.9

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Sensitivity to ordinary income(for FY2023)

(Unit: Billion yen)

		Full open basis	Including forward contract
Zinc	±100\$/t	1.4	1.3
Lead	±100\$/t	0.7	0.7
US\$(yen/\$)	±1yen/\$	0.7	0.6

Zinc TC

FY2022	230 \$/t
FY2023	274 \$/t · +6% for over 3,000\$/t

※Detail of Others

22/Q1-3→ 23/Q1-3	Deterioration in zinc smelting operations -1.2, Fixed cost increase in Lead & Zinc Div. (including large scale maintenance -1.5) -2.2, Raw material cost of lead increase -1.0, Improvement in copper smelting operations +2.0, Cost increase in copper smelting (including large scale maintenance +2.5) +1.6, Mineral Resources Div. +1.1, PGM recycling -0.4
FY2022→ FY2023 Forecast	Deterioration in zinc smelting operations -0.4, Fixed cost increase in Lead & Zinc Div. (including large scale maintenance -1.5) -3.1, Raw material cost of lead increase -2.0, Improvement in copper smelting operations +3.1, Cost increase in copper smelting (including large scale maintenance +2.5) +1.8, Mineral Resources Div. +1.2, PGM recycling +0.1

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Next is the metals business segment. See page 12.

Ordinary income for the Q3 cumulative period was JPY11.6 billion, up JPY2.1 billion from the same period last year. The largest factor on the plus side of this total is a one-time dividend of JPY6.6 billion from the Japan-Korea joint smelting project. It also includes a positive impact of JPY3.8 billion due to the depreciation of the yen. On the negative side, on the other hand, the impact of the decline in nonferrous metal market prices is minus JPY5.3 billion, and the impact of higher energy costs, excluding the positive impact of coke, is included at JPY3.9 billion.

The forecast for ordinary income is expected to be JPY14 billion, the same level as that announced on November 10. The JPY2.2 billion favorable impact of inventory factors was offset by a JPY2.2 billion decrease due to higher lead battery scrap prices and higher energy costs.



Performance by Segment – Mobility

(Unit : Billion yen)

	23/Q1-3 Results	22/Q1-3 Results	Diff. (23-22)	FY2023 Forecast (Feb 7)	FY2022 Results	Diff. (23-22)	FY2023 Forecast (Nov 10)	Diff.
■ Sales (Mitsui Kinzoku ACT)	167.5 (74.5)	163.0 (63.1)	4.5 (11.4)	219.0 (97.8)	216.5 (86.0)	2.5 (11.8)	205.0 (99.0)	14.0 (-1.2)
■ Operating income (Mitsui Kinzoku ACT)	6.8 (0.8)	4.7 (-1.8)	2.2 (2.6)	9.0 (0.4)	3.4 (-1.4)	5.6 (1.8)	8.0 (1.4)	1.0 (-1.0)
■ Ordinary income (Mitsui Kinzoku ACT)	7.3 (0.9)	4.3 (-1.2)	3.0 (2.1)	9.5 (0.5)	3.2 (-0.6)	6.3 (1.1)	8.0 (1.5)	1.5 (-1.0)
※ Ordinary income	12.1	3.7	8.4	14.8	6.3	8.5	12.6	2.2

※ Ordinary income : Ordinary income excluding PGM price difference on Catalysts.

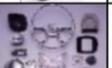
Difference Analysis of Ordinary income

[FY2022 Q1-3 → FY2023 Q1-3 + 3.0]

Catalysts +0.5 (Volume of sales increase, Precious metal price difference, Foreign exchange gains/losses, others)
ACT +2.1 (Volume of sales increase, Cost down, others)
Die-Casting +0.4 (Volume of sales increase, Improved yield, others)

[FY2022 → FY2023 Forecast + 6.3]

Catalysts +4.5 (Volume of sales increase, Precious metal price difference, Foreign exchange gains/losses, others)
ACT +1.1 (Volume of sales increase, Cost down, others)
Die-Casting +0.7 (Volume of sales increase, Improved yield, others)

(Mobility Sector)	(Main Applications)
Catalysts	 <ul style="list-style-type: none"> • Motorcycles • Automobiles
Mitsui Kinzoku ACT	 <ul style="list-style-type: none"> • Door locks for automobiles
Mitsui Kinzoku Die-Casting	 <ul style="list-style-type: none"> • Die-Casting products

ACT: Difference Analysis of Ordinary income

	22/Q1-3→ 23/Q1-3	FY2022→ FY2023 Forecast	※Detail of Others	22/Q1-3→ 23/Q1-3	FY2022→ FY2023 Forecast
Sales Volume	1.3	1.1	Rising material prices such as steel material	0.0	-0.1
Cost down	1.4	0.4	Forex exchange	-0.5	-0.2
Others※	-0.6	-0.4	Projected Benefit Obligation	-0.2	-0.4
Total	2.1	1.1	Freight Charge	0.4	0.5
			Subsidy income	-0.2	-0.3

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Next is the mobility segment. Please refer to page 13.

Ordinary income for the Q3 cumulative period was JPY7.3 billion, up JPY3 billion from the same period last year. The main reason for this improvement was a JPY2.1 billion improvement in profit at Mitsui Kinzoku ACT due to increased sales and cost improvements.

The forecast for ordinary income is JPY9.5 billion, an increase of JPY1.5 billion from the previous forecast. The main reason is that the catalyst business is expected to increase by JPY2.2 billion due to strong sales of catalysts for motorcycles. On the other hand, we forecast a JPY1 billion decrease in profit for Mitsui Kinzoku ACT, mainly due to the impact of reduced sales resulting from production stoppages by some of its customers.

■ Q&A Session

Engineered Materials Segment

Q.

Could you please elaborate on what is happening now and what is likely to happen in the near future with MicroThin™ and electro-deposited copper foil, both by customer and by product?

A.

The sales volume of MicroThin™ for PKG marginally increased from Q2 to Q3, but we believe that the sales volume was a little lower than actual demand due to the impact of inventory reductions by some overseas customers towards the end of Q3. We expect the recovery trend to continue into Q4 for both smartphone package use and non-smartphone package use. However, our view is that the cumulative total will be slightly lower than our previous forecast because Q3 performance was not as strong as expected. As for MicroThin™ for HDI, the sales

volume in Q3 was in line with expectations, but we expect the sales volume to decline in Q4 due to struggling sales of North American smartphones in China and other markets, resulting in a decrease in the cumulative sales volume compared to the previous forecast.

As for electro-deposited copper foils, orders for flexible printed circuits (FPC) continued to increase from Q2 into Q3, but the recovery of Chinese smartphones was not very strong in Q3, and we do not expect any significant recovery in Q4, so we expect a slight decrease in the cumulative sales volume versus the previous forecast. Regarding communication infrastructure, orders for high-end servers are nearly in line with our previous forecast, and orders are increasing quite vigorously. On the other hand, orders for low-end and mid-range server use cases are expected to bottom out and to remain stagnant without making any significant recovery due to the sluggish business environment in China. Overall, orders for communication infrastructure are also expected to come in lower versus the previous forecast.

Q.

Please share with us which has demonstrated the larger downside from the previous forecast for MicroThin™ for PKG, smartphones or non-smartphones.

A.

Regarding MicroThin™ sales for PKG, we expect a relatively strong increase in demand for usage in non-smartphone memory from the current quarter into Q4. While demand for usage in smartphone package is on a recovery trend centered on modules, it is not as strong as we would like. In terms of sales composition, we expect a recovery in which the sales ratio of non-smartphone package will increase.

Q.

On page 9 (of the financial results presentation), you mention that the business environment for MicroThin™ for PKG was weaker than previously forecast in Q3, so what is your outlook for Q4? Also, at the Explanation Meeting in January, you spoke about the outlook for MicroThin™ for PKG, but have there been any major changes in this area?

A.

The previous forecast did not specifically break out Q3 and Q4 figures, so we did not make any deductions per quarter, but the current quarter is starting off at a slightly slower pace than the preceding quarter, so we may come in slightly lower than our previous forecast. However, we do not think the difference will be significant. There has been no change in the outlook from the previous Explanation Meeting.

Q.

At the Explanation Meeting in January, the graph indicated that the volume of electro-deposited low profile copper foil for servers (VSP™) has already grown quite a bit in 2023 compared to the previous year, and the scenario shared was that top line growth of 18% could be expected in the long run. Regarding where you will end up for the current year, what is the volume growth compared to the previous year, what will the percentage of low profile copper foil in electro-deposited copper foil be as of that point, and may we expect that the percentage will increase in the future? I want to confirm the share and growth expectations for VSP™.

A.

The sales volume forecast for VSP™ for FY2023 has not changed much from the previous forecast, with expectations of growth of more than 30% against the previous year. The sales volume of VSP™ accounts for just under 20% of our total electrolytic copper foil sales volume. However, although we cannot provide any definitive answer because we are still assessing the situation, we expect that the share of VSP™ among electro-deposited copper foils will increase because its sales continue to grow, contributing to profits as a result of favorable changes in the product mix.

Metal Segment

Q.

Concerning the downward revision of the profit plan in Metals shown in the graph on page 4, does the earlier discussion regarding the increase in lead battery scrap prices correspond to the -1.3 billion yen decline in the cost of raw materials for lead? Also, what other factors are contributing to the changes in zinc smelting operations, resources, and cost increases?

A.

The -1.3 billion yen difference in material costs for lead is mostly due to the impact of the aforementioned increase in lead battery scrap prices. The deterioration in zinc smelting operations is due to a decrease in zinc production, which is listed on page 9 as -114,000 tons in the second half, down about 3,000 tons from the previous forecast of 117,000 tons, which is also identified as a cause of the decrease in profits. The +1.0 billion yen in resources is largely due to a decrease in exploration expenses, which will be shifted from the current fiscal year to the following year. The -0.8 billion yen due to increased costs is the result of aggregating detailed figures, including variable and fixed costs related to zinc smelting.

Q.

Is the decrease in zinc production due to the decline in domestic steel production? Also, may I assume that this is not a particularly significant issue?

A.

Rather than a problem on the zinc purchasing side, production is being reduced due to operational transitions that cause production to decline. This is not a particularly serious issue.

Q.

What is your view of the current situation and outlook for deteriorating raw material margins due to rising lead battery scrap prices?

A.

The deterioration in margins is evident in the Q3 results. In terms of the supply-demand balance for lead battery scrap, the period following the summer season is usually a soft period, but this year, during the period following the summer season, overseas traders seemed to have bought up a significant volume of lead battery scrap driven by the weak yen, which tightened the supply-demand balance and pushed up prices. Since the end of the year, prices have been rising, and the buying spree by suppliers has toned down and prices have leveled off. However, per unit prices remain high compared to the first half of the current year, and we expect prices to remain high between now and the end of the fiscal year, although the rise has stopped.

Q.

Is it your perception that lead battery scrap prices in the first half of the year were not necessarily an outlier and positive, but that Q3 has been unfavorable in comparison to what you see normally?

A.

We do not see the first half of the year as an outlier; rather, the situation has deteriorated considerably over the past few months.

Mobility Segment

Q.

In the catalyst business, if not for the impact of precious metals, we would have seen a significant improvement in the current fiscal year compared to the previous year. However, considering the current trend of demand for catalysts for motorcycles and automobiles in India,

I would like to confirm whether there is still room to increase volume during the next fiscal year.

A.

Although we are still in the process of closely reviewing our outlook for the next fiscal year, we expect the sales volume of catalysts for motorcycles in India to remain strong in FY2023, both in Q3 and Q4. Our orders include some transient orders, which will be removed in the next fiscal year. On top of that, we are closely examining whether consumer spending in India and ASEAN countries will remain strong, which will likely affect our sales volume.

Q.

Is the upward revision of catalyst sales volume mainly due to transient orders? What are these transient orders? Have there been many such orders in the past?

A. The current upward revision includes both transitory factors and overall strong business. We have received several orders from customers that our competitors have placed, but we recognize that these orders are temporary and are not likely to continue. We do not believe that this type of case is likely to repeat itself.

Q.

There was a discussion that the reason for the slight downward revision of Mitsui Kinzoku ACT was due to sluggish sales in China. In the current mid-term business plan, Mitsui Kinzoku ACT is said to be focusing on reforms. Please describe your evaluation of the reforms made thus far under the mid-term business plan as well as your view and strategy for the future.

A.

One of the major policies of the current mid-term business plan is for Mitsui Kinzoku ACT to shift from being a component assembler to a system supplier within its existing business. Such products are selling well, although not in large volumes, so the company is not that far behind in this area. On the other hand, the current situation is that existing products are weak in terms of the customer mix and other factors, and profits are slow to improve. The recent downward revision is the outcome of this.

Total or multiple segments

Q.

Looking at both the content of page 9 and the information on the operating income change on page 16, a significant decline in profits will be seen towards Q4. Please share concrete figures and elaborate on what is happening with shipping trends, what is happening in the Business Creation segment, and which adjustments are the cause of the decline in Q4 profits.

A.

As described on page 16, in Engineered Materials, copper foil shows +0.5 billion yen, and engineered powders +0.4 billion yen. In terms of volume, page 9 states that sales of electro-deposited copper foil were flat, and MicroThin™ for PKG increased while MicroThin™ for HDI decreased, resulting in an increase in total sales, which also impacted our gains and losses. As for engineered powders, although not indicated in the main products trend section, sales of copper powder for MLCC are expected to increase slightly in Q4 compared to Q3, which will result in an increase in profits.

In Metals, page 9 provides the volume of zinc production, increasing from 54,000 tons in Q3 to 60,000 tons in Q4, and thus a larger volume in Q4. This effect is included in the +1.1 billion yen that is improvement in zinc smelting operations.

In Mobility, side door latches will dip going into Q4 at Mitsui Kinzoku ACT. This is due to the impact of shutdowns at some customer sites and sluggish sales by our customers in the China market, and these factors are contributing to the decline in profits. In Catalyst, profit is expected to be -0.5 billion yen compared to 3Q. In the fourth quarter, sales for automotive catalyst are

expected to decrease, and sales for motorcycle catalyst are expected to increase in India and Indonesia, but we also expect a deterioration in costs, resulting in a negative outlook. The Business Creation Sector is forecast at -0.6 billion yen. Total costs have not changed significantly from the previous forecast, but they are expected to concentrate towards the end of the fiscal year, in Q4.

Q.

Referring to the table of Variance Analysis of Ordinary Income on page 7, I would like to confirm the details of the differences between Engineered Materials and Mobility. On the right-hand side, in the Margin/Cost column, the cumulative year-on-year comparison shows -2.0 billion yen for Engineered Materials and a positive figure for Mobility. From the first half of the year, Engineered Materials has demonstrated narrower negative growth, while growth in Mobility is widening. In the explanation of the previous financial results in November, it was stated that margins for copper foil were lower than usual because inventories with heavy fixed costs were discharged. I would like to confirm the direction we should expect for the recovery trend of margins, including the outlook. As for Mobility, apart from the effects of physical volume, it seems that factors for improvement in areas such as Margin/Cost are materializing. Please share the details.

A.

Margin/Cost for Engineered Materials includes a large portion of the effects of inventory carried over from the previous period at high book value, which was paid out in the current period, as explained in the previous report. The reason for the slight improvement this time compared to the results for the first half of the year is that the impact of cost accounting variances has been largely equalized by recent operations, and has declined to a level that can be ignored. In the Mobility segment, Margin/Cost increased by 2.6 billion yen, partly due to a turnaround in the mix of catalyst sales. Other factors include a decrease in costs and other favorable influences.

Q.

May we expect that the increase in the cost of copper foil will not continue into the next fiscal year, which will play a part in an increase in ordinary income next year? May we also expect to see the improved product mix in the Mobility segment continue into next year, contributing to an increase in ordinary income in the next fiscal year? Or is this a temporary factor?

A.

As for copper foil, the current disbursement of high book value products has largely leveled off, which we believe will be a factor contributing to a turnaround in the next fiscal year. As for Mobility, we would like to continue the turnaround, but we are still closely reviewing the situation for the next fiscal year to determine whether the recovery will continue at the present rate.

Q.

Which factors will cause profits to increase or decrease next fiscal year? For example, if the 6.6 billion yen dividend from Japan Korea joint smelting Co., Ltd. is eliminated, or if the TC of zinc continues to decline slightly. What factors do you currently forecast after organizing this information?

A.

Looking ahead to next fiscal year, there are concerns that the lack of a transitory dividend from the Japan-Korea joint smelting project and low spot TCs will affect negotiations, although zinc TCs are currently under negotiation. Other than that, as a temporary factor, we are considering the planned biennial, large-scale regular refurbishment in copper smelting for next fiscal year. In addition, the large-scale maintenance of zinc smelting conducted during the current fiscal year will be carried out once every three years, so it will not be required next fiscal year. Other items for next fiscal year are currently under consideration.

Q.

Looking ahead to next fiscal year, do you envision compensating for the decrease in dividends from the joint smelting business by expanding sales of copper foil, for example?

A.

That is correct.