

## Record of Telephone Conference Concerning FY2024 Q3 Results

Reference: FY2024 Q3 Results & FY2024 Forecast

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PKG = Package substrate

HDI = High density interconnect

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

### ■Explanation



We promote the well-being of the world  
through a spirit of exploration  
and diverse technologies.



## Results of FY2024 Q3

- FY2024 Q1-3 YoY : Sales and profits increased due to an increase in 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.
- As for the FY2024 forecast, we expect sales and profits to increase compared to the previous forecast. In the Metals segment, we expect an increase the weaker yen and higher-than-expected metal prices led to improved profits, as well as an improvement in inventory factors resulting from these.

(Unit: Billion yen)

	Q1-3 Results			Forecast		
	2024 Results	2023 Results	Difference (24-23)	2024 Forecast (Feb 12)	2024 Forecast (Nov 8)	Difference
<b>Net Sales</b>	525.9	476.5	49.4 10.4%	710.0	695.0	15.0 2.2%
<b>Operating Income</b>	56.2	14.8	41.4 279.8%	66.0	56.0	10.0 17.9%
<b>Ordinary Income</b>	59.1	27.0	32.2 119.3%	68.5	55.0	13.5 24.5%
Net income attributable to owners of parent	52.1	15.2	37.0 243.5%	57.0	46.5	10.5 22.6%

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1

Please refer to page one of the financial results materials.

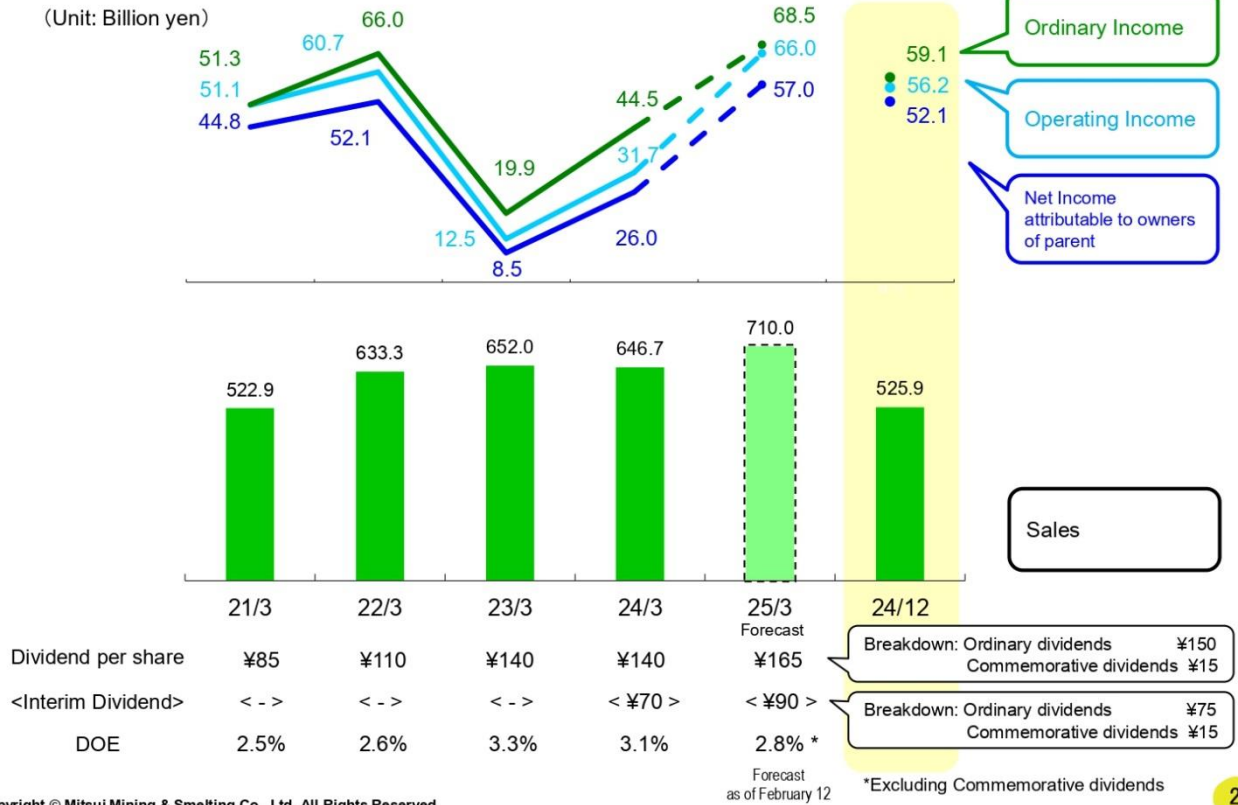
Net sales, operating income, ordinary income, and net income attributable to owners of the parent for the cumulative Q1 to Q3 were JPY525.9 billion, JPY56.2 billion, JPY59.1 billion, and JPY52.1 billion, respectively.

For the fiscal year ending March 31, 2025, we expect consolidated net sales of JPY710 billion, operating income of JPY66 billion, ordinary income of JPY68.5 billion, and net income of JPY57 billion, which is a revision of our previous forecast announced on November 8.

Assumptions for January-March are based on LME zinc price of USD2,900 per ton, LME lead price of USD2,000 per ton, LME copper price of CENT4 per lb., and the exchange rate of JPY155.



## Sales and Earnings



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2

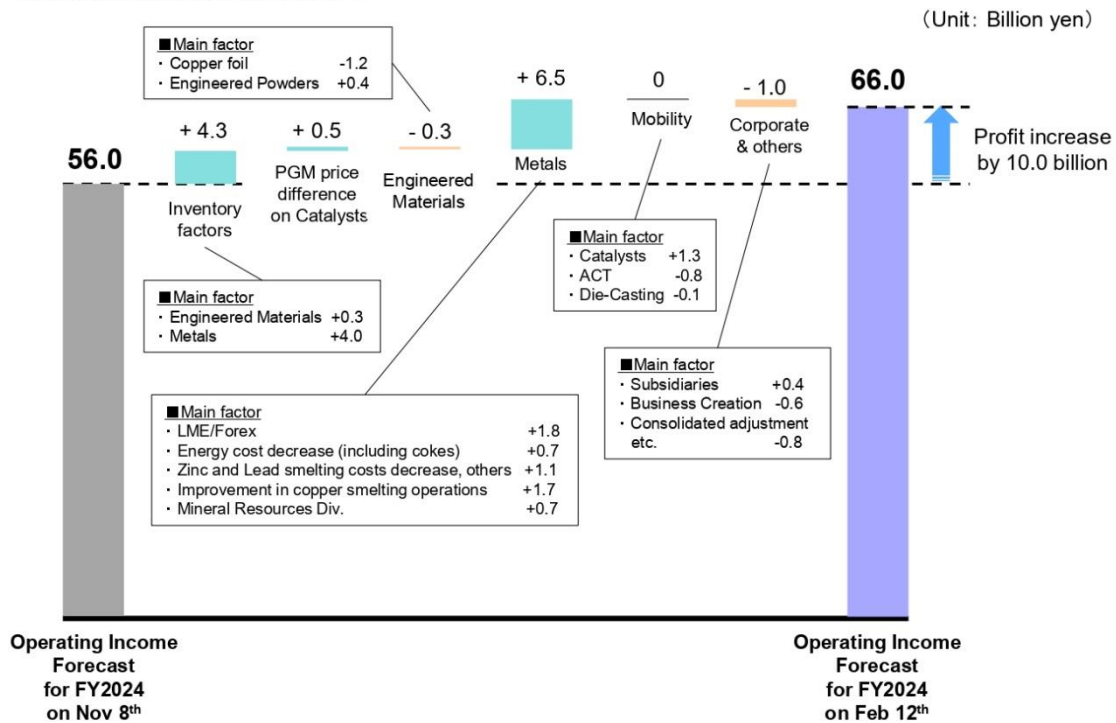
Please see page two of the material.

Regarding the dividend shown at the bottom of the page, there is no change from the previously announced dividend forecast of JPY165 per share for the full-year, consisting of an interim dividend of JPY90 per share, which has already been paid and an ordinary dividend of JPY75 per share.



## FY2024 Operating Income Forecast

Operating income forecast is expected to increase by 10.0 billion yen from the forecast announced on Nov 8<sup>th</sup>.



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4

Please see page four of the material.

The full-year forecast for operating income is JPY66 billion, an increase of JPY10 billion from the previous forecast. Looking at the breakdown, inventory factors account for JPY4.3 billion of the favorable turnaround, and the effect of precious metal prices on the catalysts business to the right of that is a positive JPY0.5 billion, accounting for about half of the total.

By segment, the metals segment is expected to post a significant gain of JPY6.5 billion. In addition to favorable turnaround in prices of metals such as zinc and a weaker yen in exchange rates, the main factors are a decrease in energy costs and various fixed costs.

In the engineered materials segment, the copper foil business is negative JPY1.2 billion due to lower sales volume of MicroThin™ and electrodeposited copper foil, while the engineered powders business is negative JPY0.3 billion mainly due to higher sales of main products in the engineered materials segment.

In the mobility segment, we expect an increase in profit due to higher sales volume in the catalysts business, but due to lower sales in ACT and other factors, we expect overall segment profit to be in line with the previous forecast.

Including a negative JPY1 billion in corporate and others, operating income is expected to be JPY66 billion, an increase of JPY10 billion from the previous forecast.



## Statements of income

(Unit : Billion yen)	Results			Forecast				
	'24/Q1-3 Results	'23/Q1-3 Results	Difference (24-23)	2024 Forecast (Feb 12)	2023 Results	Difference (24-23)	2024 Forecast (Nov 8)	Difference
<b>Net Sales</b>	525.9	476.5	49.4 <i>10.4%</i>	710.0	646.7	63.3 <i>9.8%</i>	695.0	15.0 <i>2.2%</i>
Cost of sales	413.9	410.2	3.7 <i>0.9%</i>	-	-	-	-	-
<b>Gross Profit</b>	112.0	66.3	45.7 <i>68.9%</i>	-	-	-	-	-
SG&A expenses	55.8	51.5	4.3 <i>8.3%</i>	-	-	-	-	-
<b>Operating Income</b>	56.2	14.8	41.4 <i>279.8%</i>	66.0	31.7	34.3 <i>108.2%</i>	56.0	10.0 <i>17.9%</i>
Non-operating income/expenses -net	2.9	12.2	-9.3	2.5	12.8	-10.3	-1.0	3.5
<b>Ordinary Income</b>	59.1	27.0	32.2 <i>119.3%</i>	68.5	44.5	24.0 <i>53.9%</i>	55.0	13.5 <i>24.5%</i>
Extraordinary profit/losses-net	8.0	-5.8	13.8	6.8	-6.0	12.8	7.0	-0.2
<b>Net Income before income taxes</b>	67.1	21.1	46.0 <i>217.6%</i>	75.3	38.5	36.8 <i>95.4%</i>	62.0	13.3 <i>21.5%</i>
Income taxes & minority interests	14.9	5.9	9.0	18.3	12.6	5.8	15.5	2.8
Net income attributable to owners of parent	52.1	15.2	37.0 <i>243.5%</i>	57.0	26.0	31.0 <i>119.3%</i>	46.5	10.5 <i>22.6%</i>

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5

Please see the statements of income on page five.

In the Q1 to Q3 cumulative period, sales increased JPY49.4 billion from the previous year to JPY525.9. This is mainly due to higher zinc prices, a weaker yen, and increased sales volume of major products in the copper foil business and the engineered powder business in the engineered materials segment.

Operating income increased JPY41.4 billion from the previous year to JPY56.2 billion due to such as inventory factors and precious metal price effects, in addition to the sales increase factor.

Ordinary income increased by JPY32.2 billion to JPY59.1 billion due to the favorable turnaround in operating income, as well as the absence of one-time dividend income from the previous year and deterioration in non-operating foreign exchange gains and losses.

Net income for the year was JPY52.1 billion, after taking into account extraordinary gains of JPY9.4 billion from the sale of policy stockholdings and JPY2.2 billion from the sale of shares in affiliates resulting from business transfers, as well as tax expenses and other factors.

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



## Trends of products

		2022					2023					2024 Forecast (Feb 12)						2024 Forecast (Nov 8)		
		Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4 Forecast	2nd Half Forecast	Year Forecast	2nd Half Forecast	Year Forecast	
MH alloy	Volume of Sales	Index	100	108	117	105	107	118	106	118	116	114	131	133	149	134	141	137	146	139
Copper foil	Volume of Sales	t/Month	1,800	1,250	1,450	990	1,370	1,300	1,490	1,600	1,550	1,490	1,680	1,650	1,680	1,570	1,620	1,650	1,780	1,720
MicroThin™ Total (a+b)	Volume of Sales	Index	100	74	52	26	63	76	74	74	79	76	86	92	77	70	73	81	91	90
MicroThin™ for HDI (a)	Volume of Sales		18	17	16	10	15	16	18	16	14	16	21	19	16	12	14	17	16	18
MicroThin™ for PKG (b)	Volume of Sales		82	57	36	16	48	60	56	58	65	60	65	73	61	58	59	64	75	72
ITO Target	Volume of Sales	Index	100	63	69	63	74	72	81	70	69	73	74	73	66	63	64	69	65	69
Zinc	Volume of Production	k-t	55	58	54	53	220	44	60	54	53	211	56	47	56	63	118	221	120	222
Catalysts for motorcycle	Volume of Sales	Index	100	122	114	107	111	116	116	116	116	116	124	123	117	114	116	120	112	118
India	Volume of Sales	Index	(100)	(117)	(97)	(94)	(102)	(112)	(116)	(117)	(113)	(114)	(127)	(128)	(111)	(107)	(109)	(118)	(106)	(117)
Indonesia	Volume of Sales	Index	(100)	(188)	(227)	(235)	(188)	(183)	(198)	(195)	(232)	(202)	(181)	(222)	(198)	(210)	(204)	(202)	(209)	(205)
Others	Volume of Sales	Index	(100)	(115)	(115)	(99)	(107)	(105)	(97)	(97)	(93)	(98)	(105)	(93)	(107)	(105)	(106)	(102)	(99)	(99)
Catalysts for automobile	Volume of Sales	Index	100	143	131	130	126	142	163	165	156	156	143	139	144	141	142	142	130	135
Side door Latches	Volume of Sales	Index	100	113	108	110	108	107	115	124	108	113	101	103	107	97	102	102	106	104
Japan	Volume of Sales	Index	(100)	(119)	(132)	(119)	(117)	(112)	(131)	(142)	(114)	(125)	(102)	(116)	(127)	(115)	(121)	(115)	(121)	(115)
China	Volume of Sales	Index	(100)	(121)	(85)	(82)	(97)	(83)	(84)	(98)	(70)	(84)	(60)	(61)	(71)	(51)	(61)	(61)	(69)	(65)
Other Asia	Volume of Sales	Index	(100)	(116)	(124)	(120)	(115)	(95)	(118)	(120)	(107)	(110)	(90)	(104)	(96)	(99)	(98)	(97)	(96)	(97)
America & Europe	Volume of Sales	Index	(100)	(99)	(101)	(121)	(105)	(131)	(130)	(134)	(138)	(133)	(141)	(129)	(129)	(133)	(131)	(133)	(132)	(134)

※ Index : The sales volume in 2022 Q1 scaled at 100 ( except Copper Foil and Zinc )

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11

Please see the trends of products on page 11.

The indexes for MicroThin™ for packages decreased to 61 and 58 in Q3 and Q4 due to the prospect of a temporary inventory adjustment. We expect that inventory adjustment will return to a recovery phase early next fiscal year, given that this inventory adjustment is only limited to certain regions.

Therefore, we expect the sales volume of MicroThin™ for packages to increase in the next fiscal year compared to the current fiscal year, and there is no change in the direction of the growth scenario of MicroThin™ in the medium term at this time.











## Performance by Segment – Engineered Materials

(Unit: Billion yen)

	24/Q1-3 Results	23/Q1-3 Results	Diff. (24-23)	FY2024 Forecast (Feb 12)	FY2023 Results	Diff. (24-23)	FY2024 Forecast (Nov 8)	Diff.
■ Sales	116.3	91.3	25.0	157.0	124.1	32.9	155.0	2.0
■ Operating income	20.0	10.8	9.2	25.0	15.4	9.6	25.0	0.0
■ Ordinary income	20.0	11.0	9.0	24.5	16.4	8.1	23.5	1.0
※ Ordinary income	17.2	9.5	7.7	21.6	14.8	6.8	20.9	0.7

※ Ordinary income : Ordinary income excluding inventory factors.

(Engineered Material Products)	(Main Applications)
Battery Materials 	<ul style="list-style-type: none"> <li>•Nickel-hydrogen batteries for hybrid cars</li> <li>•Lithium-ion batteries</li> </ul>
Engineered Powders 	<ul style="list-style-type: none"> <li>•Wide range of electronic components</li> <li>•Abrasive for glass</li> </ul>
Copper Foil 	<ul style="list-style-type: none"> <li>•High-Density Packaging</li> <li>•Printed circuit board</li> </ul>
PVD Materials (Sputtering target) 	<ul style="list-style-type: none"> <li>•Flat panel displays</li> </ul>
Ceramics 	<ul style="list-style-type: none"> <li>•Kiln furniture for electronic materials</li> <li>•Liquid aluminum filtration equipment</li> </ul>
Rare Earth Compounds (Nippon Yttrium Co., Ltd.) 	<ul style="list-style-type: none"> <li>•Protective materials for semiconductor production equipment</li> <li>•Additives for electronic materials</li> </ul>

### Difference Analysis of Ordinary income

[23/Q1-3→24/Q1-3 +9.0]

Copper foil +5.9  
(Electro-deposited Copper foil and MicroThin™ volume of sales increases, others)

Engineered Powders +2.1  
(Volume of sales increases, others)

[FY2023→FY2024 Forecast +8.1]

Copper foil +5.5  
(Electro-deposited Copper foil and MicroThin™ volume of sales increases, others)

Engineered Powders +1.9  
(Volume of sales increases, others)

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13

First is the engineered materials segment. Please see page 13 of the material.

Regarding the engineered materials segment, although the recovery trend continued from last fiscal year through H1 of FY2024, the total volume of electrodeposited copper foil and MicroThin™ are expected to enter an adjustment phase in Q3 of FY2024.

As indicated in the lower right-hand corner, the YoY increase in ordinary income for the first three quarters and the full-year forecast, respectively, is due to increased sales volume of electrodeposited copper foil and MicroThin™, and increased sales volume of key products in the engineered powder business.



## Performance by Segment – Metals

(Unit: Billion yen)

	24/Q1-3 Results	23/Q1-3 Results	Diff. (24-23)	FY2024 Forecast (Feb 12)	FY2023 Results	Diff. (24-23)	FY2024 Forecast (Nov 8)	Diff.
■Sales	213.2	175.9	37.3	294.0	246.8	47.2	279.0	15.0
■Operating income	31.6	1.3	30.2	37.0	6.4	30.6	26.5	10.5
■Ordinary income	34.4	11.6	22.8	39.5	16.1	23.4	28.0	11.5
※Ordinary income	22.6	12.9	9.7	28.7	15.7	13.0	21.2	7.5

※Ordinary income : Ordinary income excluding inventory factors.

### Difference Analysis of Ordinary income

	23/Q1-3→ 24/Q1-3	FY2023→ FY2024 Forecast
LME/Forex	5.7	7.6
T/C	-3.2	-3.9
Inventory Factors	13.1	10.3
Equity profit/loss	-0.3	0.8
Energy cost (Cokes, included in the number above)	4.3 (0.4)	5.0 (1.0)
Dividends	-6.8	-6.8
Others ※	10.0	10.4
Total	22.8	23.4

### Sensitivity to ordinary income(for FY2024)

(Unit: Billion yen)

		Full open basis	Including forward contract
Zinc	±100\$/t	1.5	1.3
Lead	±100\$/t	0.4	0.4
US\$(yen/\$)	±1yen/\$	0.5	0.4

#### Zinc TC

FY2023	274 \$/t	· +6% for over 3,000\$/t
FY2024	165 \$/t	

#### ※Detail of Others

23/Q1-3→ 24/Q1-3	Improvement in zinc smelting operations +1.3, Improvement in lead smelting operations +0.3, Raw material cost of lead decrease +0.3, Fixed cost increase in Lead & Zinc Div. (including large scale maintenance +1.5) -0.3, Improvement copper smelting operations +3.8, Fixed cost increase in Copper Div. (including large scale maintenance -2.4) -1.5, PGM recycling +1.1, Mineral Resources Div. +3.7
FY2023→ FY2024 Forecast	Improvement in zinc smelting operations +1.1, Raw material cost of lead decrease +0.5, Fixed cost increase in Lead & Zinc Div. (including large scale maintenance +1.5) -0.6, Improvement copper smelting operations +4.3, Fixed cost increase in Copper Div. (including large scale maintenance -2.4) -2.1, PGM recycling +0.8, Mineral Resources Div. +4.1

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14

Next is the metals segment. Please see page 14.

As shown in the difference analysis on the bottom left, the YoY changes in ordinary income from Q1 to Q3 and the projected full-year are due to the relatively high average zinc price of USD2,900 for the current fiscal year and the depreciation of the yen against other currencies, resulting in a favorable turnaround in market and exchange rates and inventory factors associated with these factors. In terms of costs, a decrease in energy costs, such as coke and electricity costs, were major factors contributing to the increase in profits.



## Performance by Segment – Mobility

(Unit: Billion yen)

	24/Q1-3 Results	23/Q1-3 Results	Diff. (24-23)	FY2024 Forecast (Feb 12)	FY2023 Results	Diff. (24-23)	FY2024 Forecast (Nov 8)	Diff.
■Sales (Mitsui Kinzoku ACT)	154.0 (72.1)	167.5 (74.5)	-13.5 (-2.4)	203.0 (94.5)	218.4 (97.6)	-15.4 (-3.2)	201.0 (96.3)	2.0 (-1.8)
■Operating income (Mitsui Kinzoku ACT)	11.4 (0.4)	6.8 (0.8)	4.5 (-0.4)	14.5 (0.1)	10.2 (0.7)	4.3 (-0.6)	14.0 (1.0)	0.5 (-0.8)
■Ordinary income (Mitsui Kinzoku ACT)	10.6 (0.0)	7.3 (0.9)	3.4 (-0.9)	13.5 (-0.3)	11.3 (1.1)	2.2 (-1.3)	12.0 (0.5)	1.5 (-0.8)
※Ordinary income	9.9	11.0	-1.0	12.5	14.1	-1.6	11.5	1.0

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

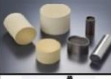


### Difference Analysis of Ordinary income

[23/Q1-3→24/Q1-3 + 3.4 ]

Catalysts +5.1 (PGM price difference improvement, others)  
ACT -0.9 (Volume of sales decrease, Cost down, others)  
Die-Casting -0.5 (Volume of sales decrease, Cost up, others)

[FY2023→FY2024 Forecast + 2.2]

Catalysts +4.5 (PGM price difference improvement, others)  
ACT -1.3 (Volume of sales decrease, Cost down, others)  
Die-Casting -0.5 (Volume of sales decrease, Cost up, others)

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

### ACT: Difference Analysis of Ordinary income

	23/Q1-3→ 24/Q1-3	FY2023→ FY2024 Forecast	※Detail of Others	23/Q1-3→ 24/Q1-3	FY2023→ FY2024 Forecast
Sales Volume	-1.3	-3.1	Price differences in materials such as steel	0.4	0.7
Cost down	0.9	2.9	Forex exchange	-0.8	-1.3
Others※	-0.5	-1.1	Projected Benefit Obligation	0.0	-0.6
Total	-0.9	-1.3	Freight Charge	-0.1	0.0

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15

Next is the mobility segment. See page 15.

In the area of exhaust gas detoxifying catalysts, sales of catalysts for motorcycles continued to be strong in the current fiscal year from the previous fiscal year. Despite the seasonal factor of a decline in India from Q3 onward, we expect the same level of sales volume compared to the same period last year.

On the other hand, sales volume for automobiles is expected to decrease from the same period of the previous year, due partly to struggling sales by Japanese car manufacturers in China and reduced sales in the US.

With regard to another major product, door locks of Mitsui Kinzoku ACT, although the overall automobile market is on a recovery trend, partly due to the easing of the effects of the semiconductor shortage since last year, sales are expected to decrease from the same period last year due to the continued sales struggle of Japanese car manufacturers in China, as well as catalysts for automobiles.

The positive catalysts business outweighed the negative impact of lower sales of door locks and die-castings in ACT in the first three quarters and the full-year forecast for ordinary income, resulting in a positive YoY result for the mobility segment.

However, the main reason for the turnaround in the catalysts business is the favorable impact of precious metal prices, so it is hard to say that the catalysts business has significantly outperformed the same period of the previous year on an actual performance basis.



## ■Q&A Session

### Engineered Materials Segment

Q.

Regarding the table on page 11 of the financial results presentation, please explain the demand conditions for electro-deposited copper foil and MicroThin™ and the background of the changes in VSP™.

A.

MicroThin™ for PKG is expected to decrease from Q3 to Q4, but we believe this is temporary. While there was inventory adjustment at our customers in South Korea in particular, sales in other regions remain relatively firm and are expected to continue to grow in the next fiscal year and beyond. The decrease has been mainly in products for non-smartphone memories and DRAM-related products. The decrease in MicroThin™ for HDI is attributable to the seasonal variation as in other years where sales temporarily decrease in Q3 and Q4 after the production of new models is completed.

Electro-deposited copper foil generally has entered the inventory adjustment phase slowly over the period from Q3 to Q4. On the other hand, high-grade VSP™ continues to perform well, and we continue to expect it to grow from Q3 to Q4 approximately as much as forecasted at the previous earnings briefing, and we expect annual sales volume to almost double year on year. However, sales of other copper foil, such as low-end and middle-range products as well as products for flexible PCB and products that are closer to general-purpose copper foil among copper foil for communication infrastructure, are expected to decrease somewhat from Q3 to Q4, reflecting slightly weaker demand for such products.

Q.

Regarding MicroThin™, please explain the background of your prediction that DRAM-related sales of MicroThin™ for PKG will start to recover early next fiscal year and whether there has been any change in your previous growth scenarios. Please also explain whether there are any developments, such as the acquisition of new customers, for MicroThin™ for HDI.

A.

Judging from the communication with our customers in South Korea and other countries, we have determined that the current situation is not a market-wide decline, which can commonly occur to MicroThin™ and electro-deposited copper foil. The reduced sales in the latest forecast are mainly attributable to a factor that is specific to some of our customers in South Korea, and we expect sales to continue to increase in the next fiscal year and beyond. Although we have no concrete evidence at this point, such as orders already received for the next fiscal year, we do not believe that sales will continue to decline at this pace through the next fiscal year and beyond. As for MicroThin™ for HDI, although its adoption for Chinese smartphones is currently increasing, we have not acquired any new customer since the last earnings briefing.

Q.

Please explain the non-smartphone/smartphone ratio of MicroThin™ for PKG.

A.

As for the non-smartphone/smartphone ratio, we estimate that sales for smartphones will account for around 55% as sales for non-smartphones decreased slightly in Q3. On a full-year basis, we expect the non-smartphone/smartphone ratio to be 50/50.

Q.

Regarding the sales volume of VSP™, how has the percentage of VSP™ in total sales of electro-deposited copper foil changed in this fiscal year as a result, and what is your view on its future outlook?

A.

In the latest forecast for Q4, the percentage of high-grade VSP™ in the total sales volume of electro-deposited copper foil is expected to be slightly above 20%. The percentage was 15% in Q3, so the percentage of high-grade VSP™ has been increasing steadily even though the total sales volume of electro-deposited copper foil is decreasing. Although the sales volume of electro-deposited copper foil is unlikely to increase significantly in the next fiscal year and beyond, increase in the sales of high-grade VSP™ and the resulting increase in its percentage are expected to lead to improvements in sales mix as well as margin.

Q.

Regarding electro-deposited copper foil, what is the background of the decline in sales volume of low-end products and products for flexible PCB?

A.

The main factor is the continued weakness in demand for low-end and middle-range servers. The decrease in sales volume of products for flexible PCB also reflects our prediction that sales for South Korean smartphones will decrease temporarily from Q3 to Q4.

Q.

Regarding your analysis of the Engineered Materials segment in page 9, have you obtained the intended results in terms of profit-boosting effect of improved margin/cost? What is your expectation for the full-year price increase effect of your efforts to pass increases in fixed costs on to prices? Please also explain whether the profit-boosting effect will continue going forward.

A.

The effect of the increase in copper foil prices, on which we are currently working, has been reflected in the margin/cost in Engineered Materials. Compared to our explanation at the previous earnings briefing that the effect of JPY 1.0 to 1.5 billion has been reflected, the amount of impact will be smaller due to reduced sales. However, the price increase effect is still within the range from JPY 1.0 to 1.5 billion. Margin/cost in other segments is driven by many very small factors, and there is no specific single big factor. We are certain that the price increase effect of MicroThin™ and copper foil will continue to be effective in the next fiscal year as well.

Q.

Is it correct to assume that the negative JPY 0.4 billion in copper foil on page 4 is attributable almost entirely to the volume factor, or are there any other factors?

A.

The negative JPY 0.4 billion in copper foil is mainly attributable to the difference in volume. Although there are also positive factors, such as the increase in sales of high-grade VSP™ and resulting improvement in sales mix, the negative JPY 0.4 billion is mainly attributable to reduced sales of MicroThin™ and electro-deposited copper foil.

Q.

At the previous earnings briefing, you gave us an explanation on Malaysian ringgit as an exchange rate factor. How have you reflected this factor in your latest forecast?

A.

At the previous earnings briefing, due to the appreciation of the Malaysian ringgit, our future exchange rate assumption was MYR 4.2 to USD 1.0. In our latest forecast, we have revised our assumption to MYR 4.4 to USD 1.0 because the ringgit has recently grown weaker. As a result, the impact of the more favorable exchange rate conditions has been reflected in the margin part of copper foil. The positive impact of the weaker ringgit has been reflected to some extent in the comparison with the previous forecast of copper foil on page 4.

Q.

What are the factors contributing to the improvement in engineered powders shown on page 4?

A.

In the engineered powders business, cerium-based glass abrasive performed particularly well. This is mainly because the yield at our customers declined, and sales volume increased as a result. Sales of other products have not improved that much.

### **Metal segments**

Q.

What is the background of your latest forecast that has reflected many positive factors not related to the market, such as cost factors, and do you expect the lowered costs to remain at the same level in and after the next fiscal year?

A.

The positive factors consist of lower raw material cost achieved through the use of recycled materials and other minor cost reduction efforts. We do not expect them to continue in the next fiscal year.

Q.

While TC/RC of zinc and copper ore is declining, what is your trial calculation at this point for the sensitivities of copper and zinc?

A.

According to our trial calculation, if the TC/RC of zinc declines by USD 100, the amount of the impact will be approximately JPY 3.0 billion. As for copper, based on the conditions currently reported, we currently estimate that the impact of PPC on an equity method basis will be a minus of around 3 to 4 billion yen.

### **Mobility segments**

Q.

What is the background of the upward revision from the previous forecast for catalysts for automobile on page 11, and what is your view on their outlook?

A.

Compared to the previous forecast announced in November, the sales volume of catalysts for automobile has increased due to strong sales in the U.S. and less-than-expected reduction in sales in China. As for our view on the outlook of catalysts for automobile, we are not very optimistic because their sales increased compared to the previous forecast, but decreased compared to the results for the same period last year.

### **Total or multiple segments**

Q.

You expect Q4 operating income to be lower compared to Q3 operating income on page 18. Please give an overall explanation about whether the negative mobility impact is caused by the volume factor and whether the negative impact of engineered powders in Engineered Materials and that in Corporate & Others will actually be as large as this.

A.

The negative impact on mobility for both catalysts and ACT is due to reduced sales. The negative JPY 0.4 billion for engineered powders is based on our forecast that the sales of copper powder, silver-coated copper powder, and tantalum oxide will decline compared to Q3. We expect the sales of copper powder in China to decline slightly from Q3 to Q4. We also expect the sales of tantalum oxide to be weak in China. Sales of silver-coated copper powder have declined temporarily as a result of an issue at our customer. The negative JPY 2.3 billion for Corporate reflects an expected

increase in corporate expenses, as well as consolidation and rounding adjustments, and may end up being a smaller amount. However, at this point, we expect that the size of the negative impact will be close to this amount.