NITTETSU MINING

Consolidated Financial Results (Supplementary Materials) for the Nine Months Ended December 31, 2024

Securities Code : 1515

February 6 ,2025

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(Note) Hereinafter, unless otherwise specified, Q3 refers to the cumulative total for the third quarter.

Summary for FY24 Q3

- Sales grew while operating profit (OP) was flat YoY on a consolidated basis. **p. 4～**
  - OP: FX headwind in Metallic Minerals was absorbed by price increase initiatives in Nonmetallic Minerals and Environmental Engineering.
- Financial results forecast was revised upwards. **p. 15～**
  - OP: Greater-than-expected yen depreciation from Q2 to Q3 and copper price rise in Metallic Minerals contributed.
- The acquisition of own shares was resolved. Combined with upward revision of financial results forecast, the full-year dividend forecast was revised up. **p. 18**
  - Up to 5.4% of the total number of issued shares excl. treasury shares. The full-year dividend forecast of 216.0 JPY per share, up from previously announced 181.0 JPY.
- The dividend policy has changed. **p. 19**
  - Maintaining payout ratio of 40%, while introducing absolute lower limit for dividend.

Overview of consolidated results for FY24 Q3

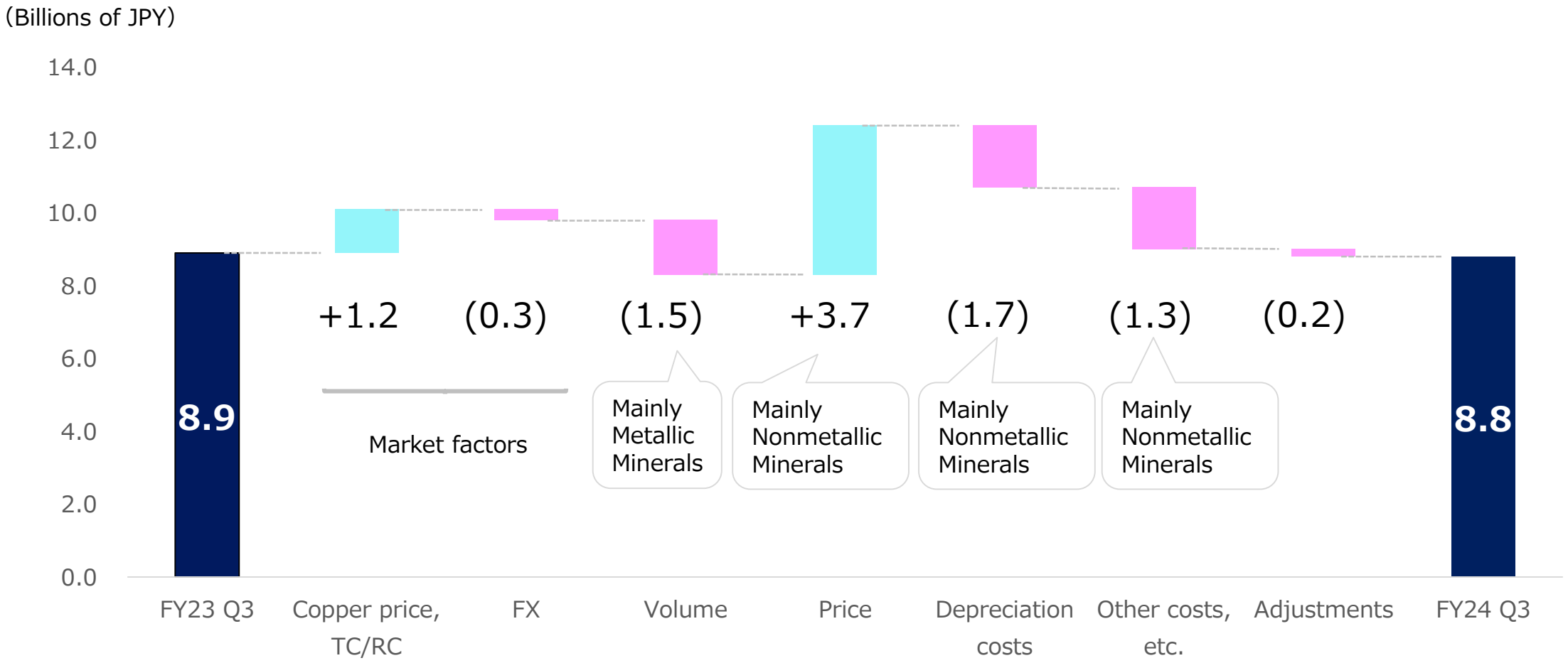
- Sales grew primarily due to price increases in products, including limestone from the Nonmetallic Minerals and electrolytic copper and gold for domestic customers from the smelting side of the Metallic Minerals.
- OP was flat YoY, because OPs increased in the Nonmetallic Minerals and Machinery & Environmental Engineering due to sales increases, offset primarily by FX fluctuation in the smelting side of the Metallic Minerals.
- Ordinary profit increased mainly due to increases in share of profit of entities accounted for using equity method and FX gains.
- Profit attributable to owners of parent rose due to receipt of fire damage insurance and increase in gain on sales of investment securities, along with an increase in ordinary profit.

（Billions of JPY）

<Results>	FY23 Q3	FY24 Q3	Change
Net sales	124.5	145.6	21.1
Operating profit	8.9	8.8	(0.1)
Ordinary profit	9.8	10.3	0.5
Profit attributable to owners of parent	6.4	8.2	1.8

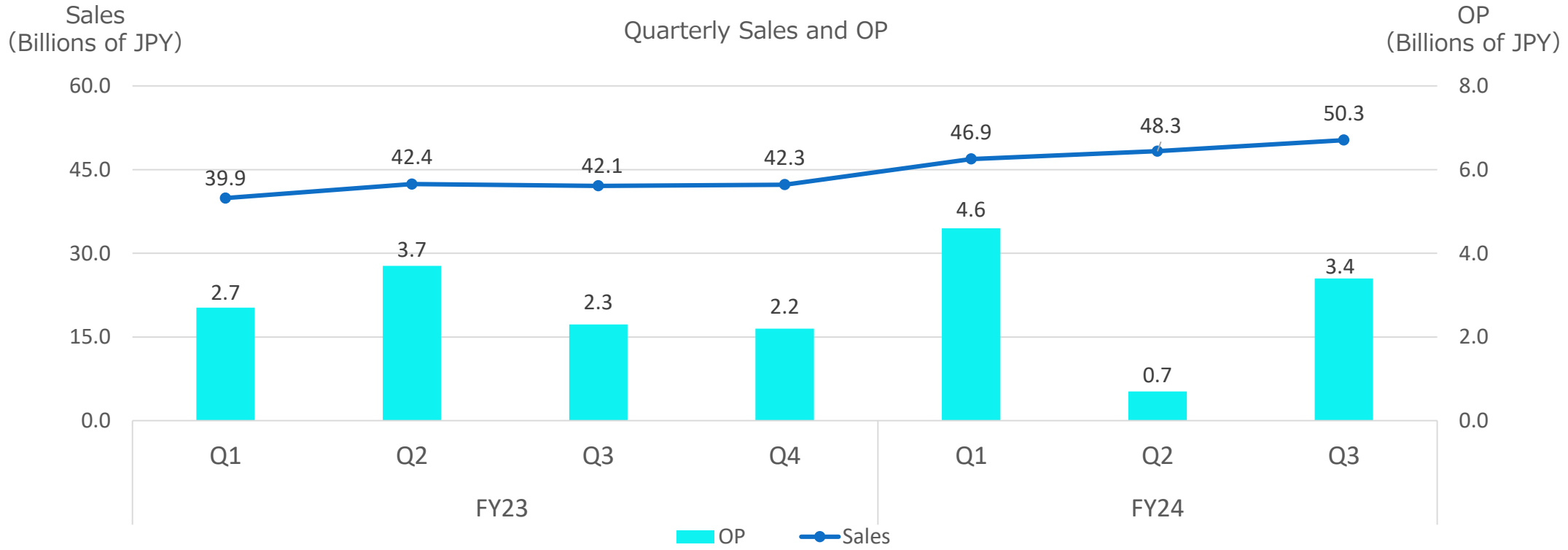
<KPIs>	FY23 Q3	FY24 Q3	Change
Copper price （¢/lb)	378.05	425.36	47.31
FX（JPY/USD)	143.29	152.57	9.28

Overview of consolidated results for FY24 Q3: Major gains/losses in OP



Overview of consolidated results for FY24 Q3 : Quarterly results

- FY23: OP was weak through the year primarily due to increases in production costs in the mining side of the Metallic Minerals, despite sales increases through price increases in the Mineral Resources and the Machinery & Environmental Engineering.
- FY24: Sales increased mainly due to price increases in the Mineral Resources and the Machinery & Environmental Engineering. OP for nine months is flat YoY due to factors that operation cost hike was absorbed by price increases in the Nonmetallic Minerals, while OP declined in the Metallic Minerals due to sharp yen appreciation occurred in Q2, this was partially offset by yen depreciation trend for Q1 and Q3.



Segment breakdown for FY24 Q3 : Sales

(Billions of JPY)

	FY23 Q3	FY24 Q3	Change	Factors
Mineral Resources: Nonmetallic Minerals	46.0	47.8	1.7	**Limestone:** increased due to higher prices. **Fuels, etc.:** decreased mainly due to lower price of coal.
Mineral Resources: Metallic Minerals	65.2	83.3	18.0	**<Smelting> Electrolytic copper:** increased due to higher domestic prices, driven by favorable market conditions. **Others:** increased due to higher domestic prices, driven by favorable market conditions, and higher volume of electrolytic gold. **<Mining>Copper concentrate:** increased due to higher copper prices and yen depreciation.
Machinery & Environmental Engineering	9.6	10.9	1.2	**Environmental Division:** grew due mainly to higher sales of environmental products. **Machinery Division:** remained flat
Real Estate	2.1	2.1	(0.0)	-
Renewable Energy	1.3	1.3	(0.0)	-
Total	124.5	145.6	21.1	

Segment breakdown for FY24 Q3 : OP

(Billions of JPY)

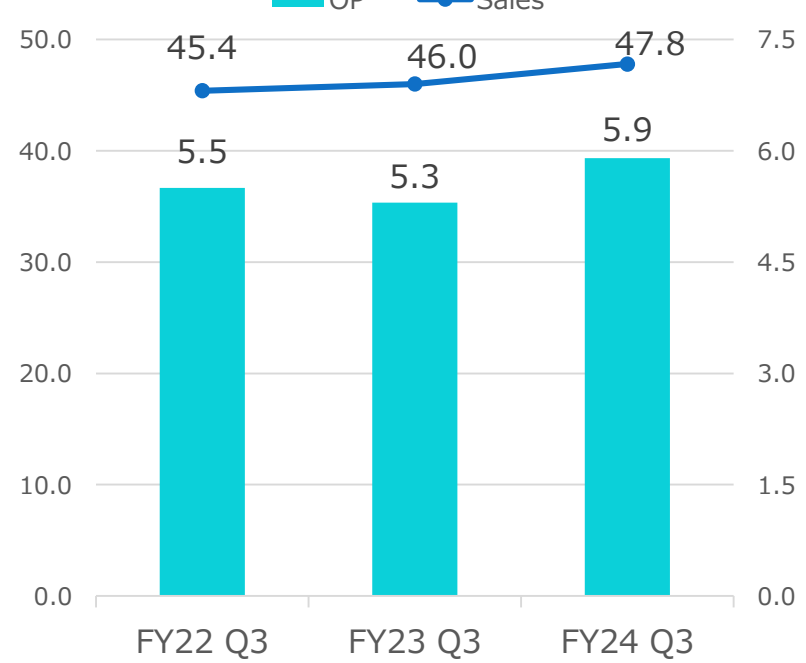
	FY23 Q3	FY24 Q3	Change	Factors
Mineral Resources: Nonmetallic Minerals	5.3	5.9	0.5	Higher prices mainly in limestone and crashed stone
Mineral Resources: Metallic Minerals	2.1	1.2	(0.8)	FX fluctuations in the smelting
Machinery & Environmental Engineering	1.0	1.5	0.4	Higher sales
Real Estate	1.2	1.2	0.0	-
Renewable Energy	0.4	0.4	(0.0)	-
Eliminations / adjustments	(1.3)	(1.5)	(0.2)	Higher survey costs
Total	8.9	8.8	(0.1)	

Segment breakdown for FY24 Q3:

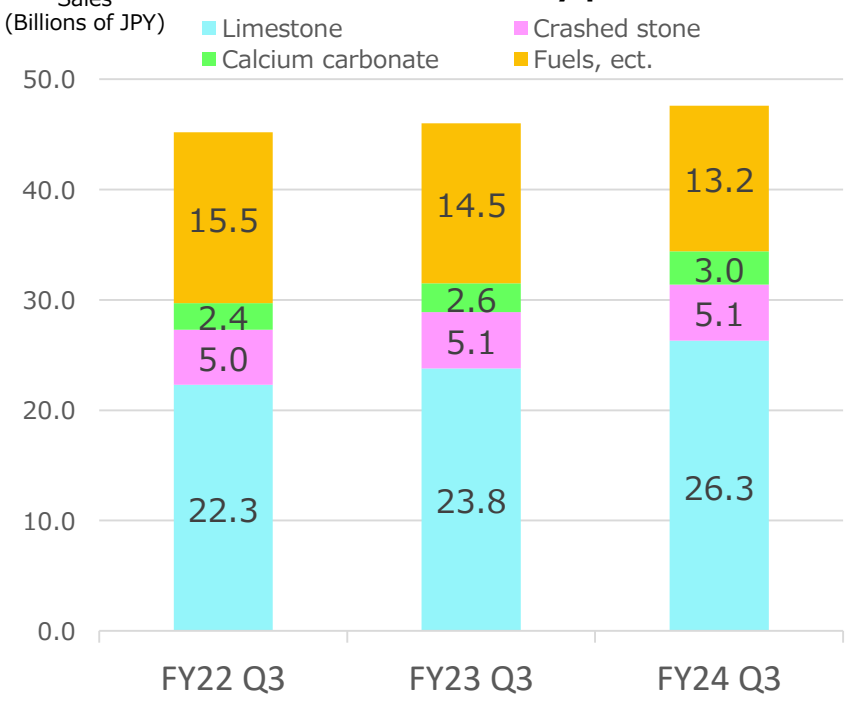
Mineral Resources: Nonmetallic Minerals

- Sales and OP grew primarily due to price increases in limestone, our major product and crashed stone, etc.

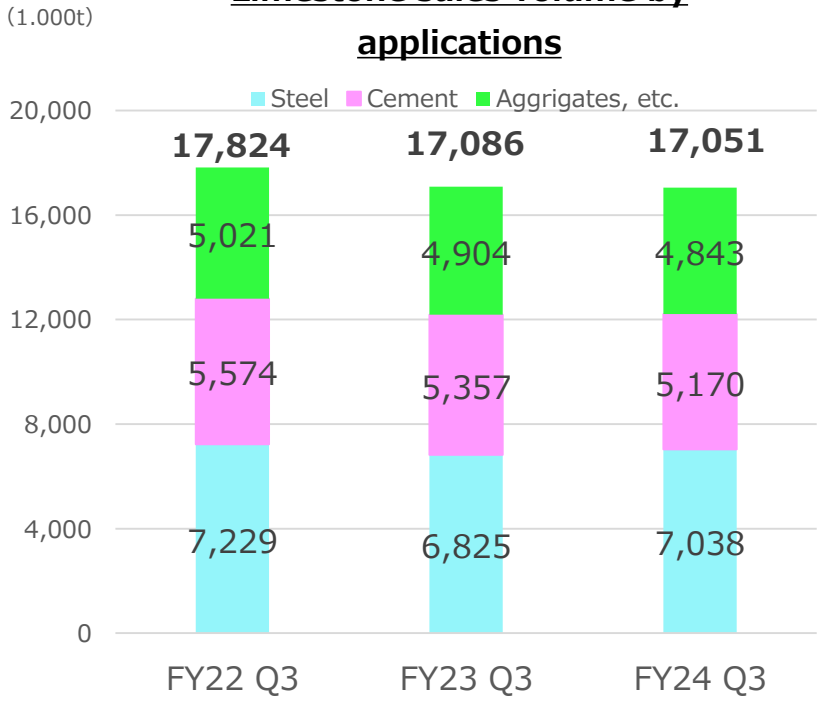
Sales and OP



Sales breakdown by products



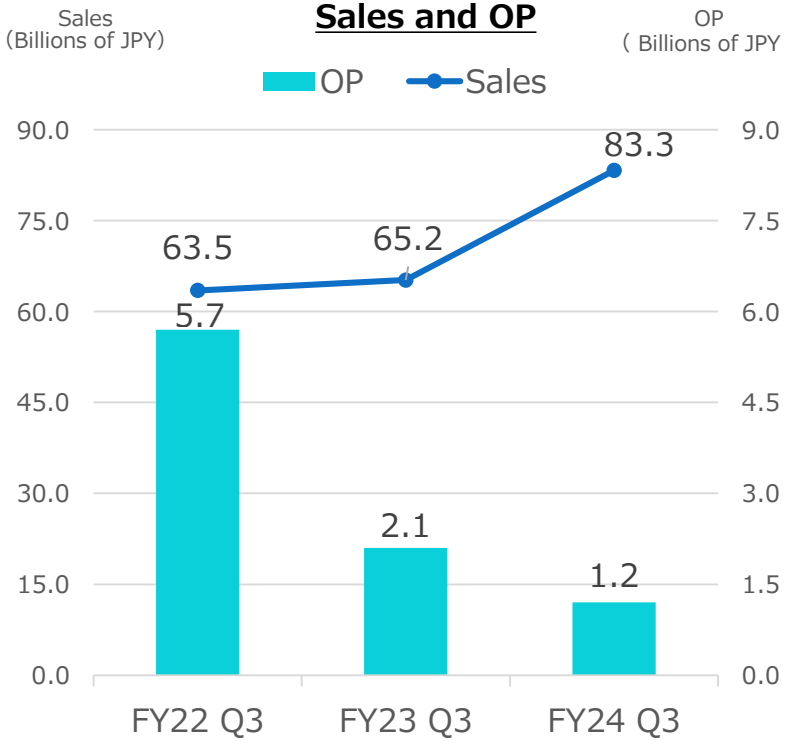
Limestone sales volume by applications



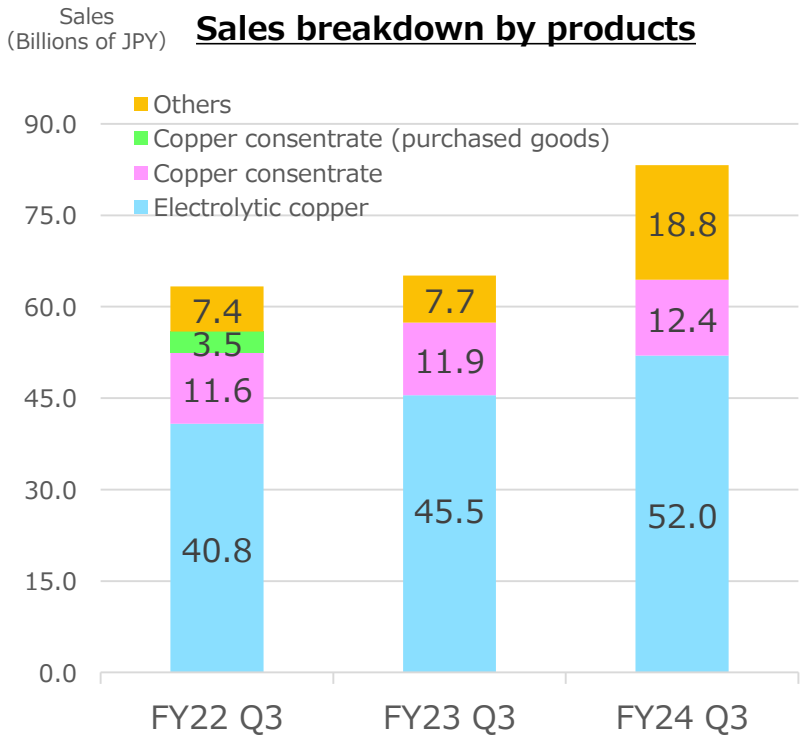
Segment breakdown for FY24 Q3:
Mineral Resources: Metallic Minerals

- Sales grew, while OP decline.
  Smelting (electrolytic copper, others): Sales increased mainly due to favorable market conditions. OP declined primarily due to FX fluctuation.
  Mining (copper consentrate): Sales grew mainly due to copper price hike, while OP declined primarily due to operation cost rise at the Arquelos Mine.

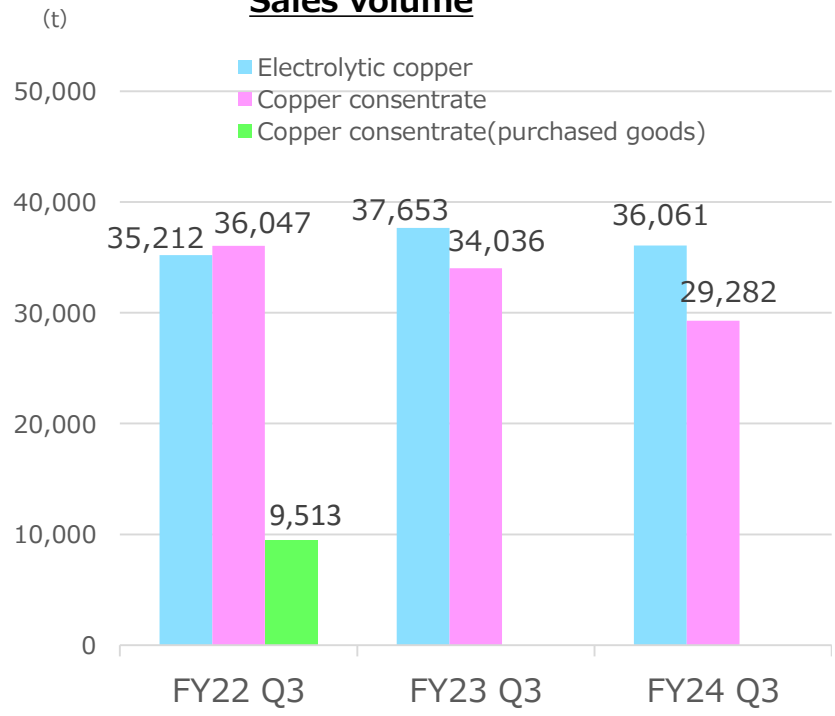
Sales and OP



Sales breakdown by products

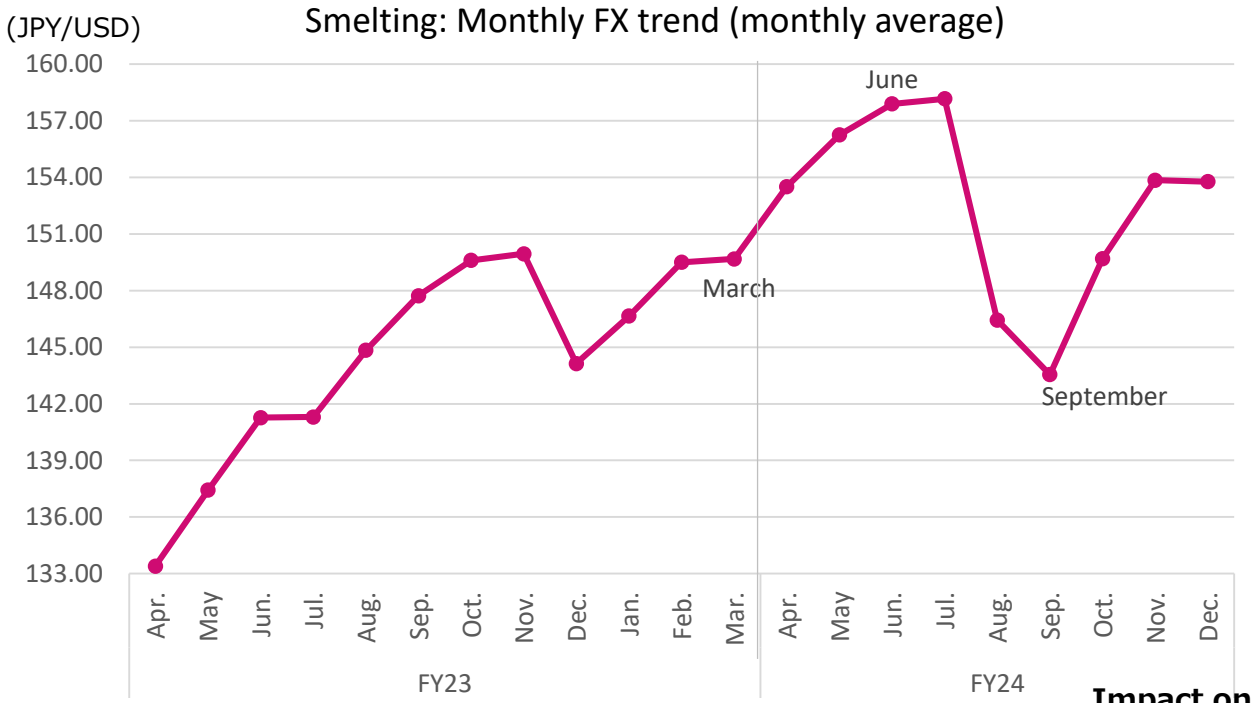


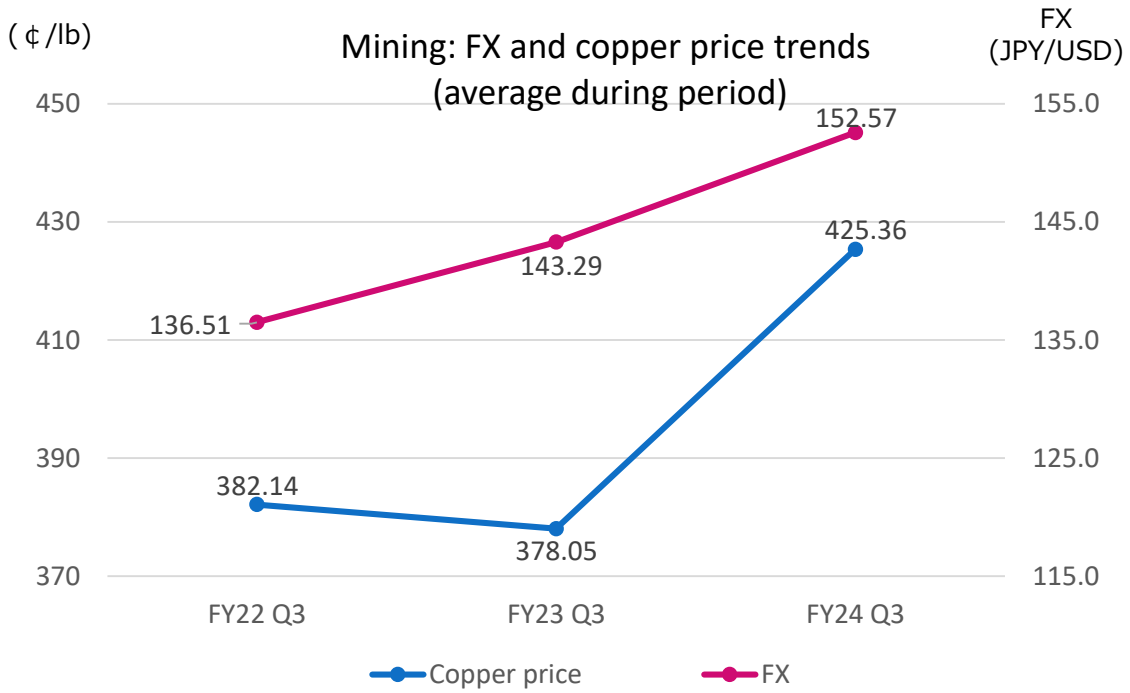
Sales volume



Mineral Resources: Metallic Minerals :
(Reference) Impact of market conditions on OPs of the smelting and the mining

(Business flows of the smelting and the mining are provided on p. 22)





Impact on OP(perspective)

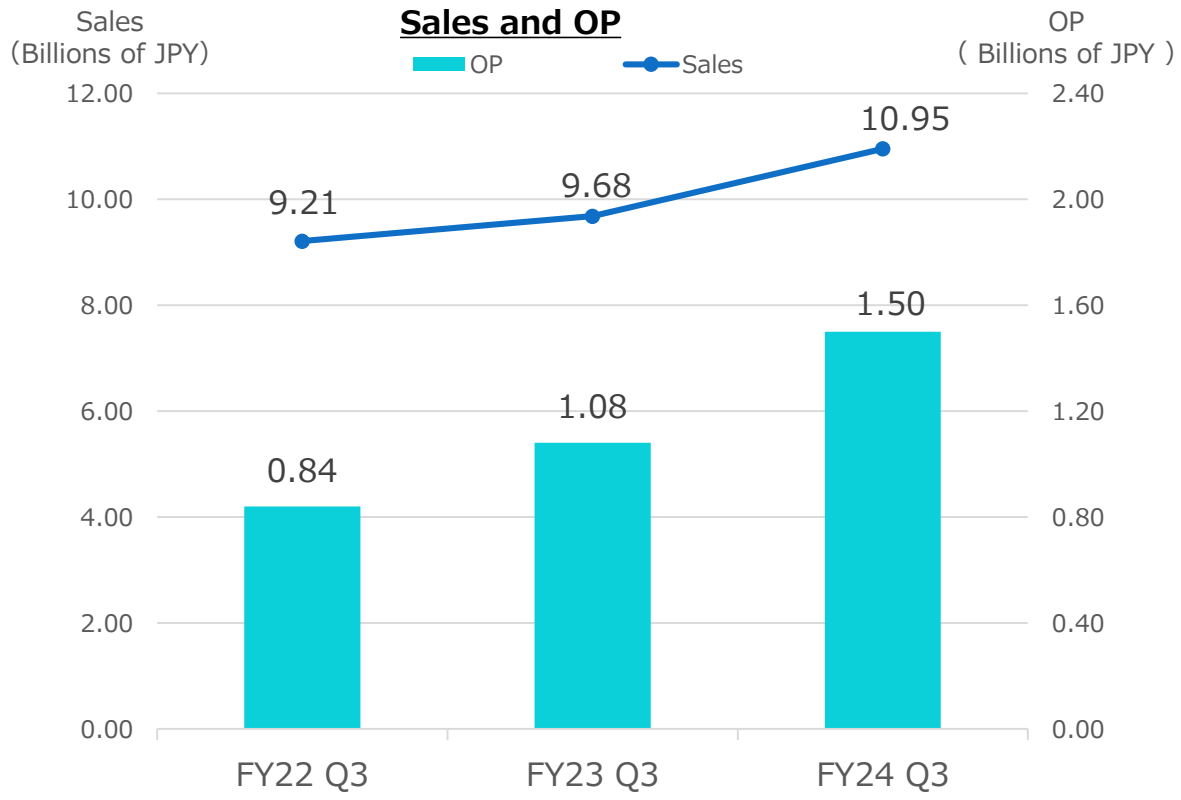
- ✓ Daily and monthly FX trends **influence the smelting side**.
- ✓ The FX gap between the purchase timing and the shipment timing (with a lead-time of 3-4 months) impacts its profits.
  - ・For example, on the graph, if the business buys copper concentrate in March 2024, and sells electrolytic copper in June, resulting in a positive impact due to yen depreciation.
  - ・If it buys in June and sells in September, resulting in a negative impact due to yen appreciation.
- ✓ 60-70% of the impact is offset at the ordinary profit level due to our hedging efforts.
- ✓ This FX impact is not fully included in our sensitivity analysis.

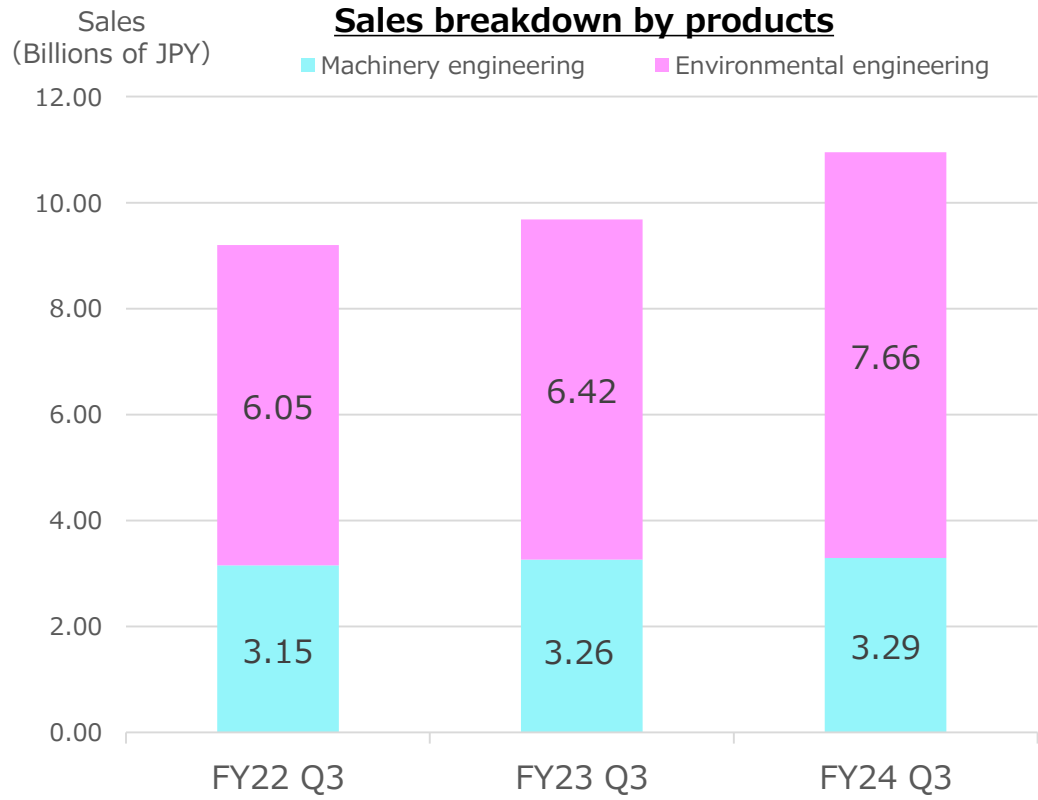
*The impact from copper price movements is basically limited due to our hedging efforts.

- ✓ FX and copper price trends (average during period) **primarily impact the mining side.**
- ✓ Sales are generated by multiplying volume with copper prices (average during period with costs such as TC/RC deducted).
- ✓ Copper price rise is positive to the profitability as the operation costs are basically stable.
- ✓ FX (average during period) are used when the business is consolidated.
- ✓ The impacts of copper prices and FX are reflected in our sensitivity analysis.

Segment breakdown for FY24 Q3: **Machinery & Environmental Engineering**

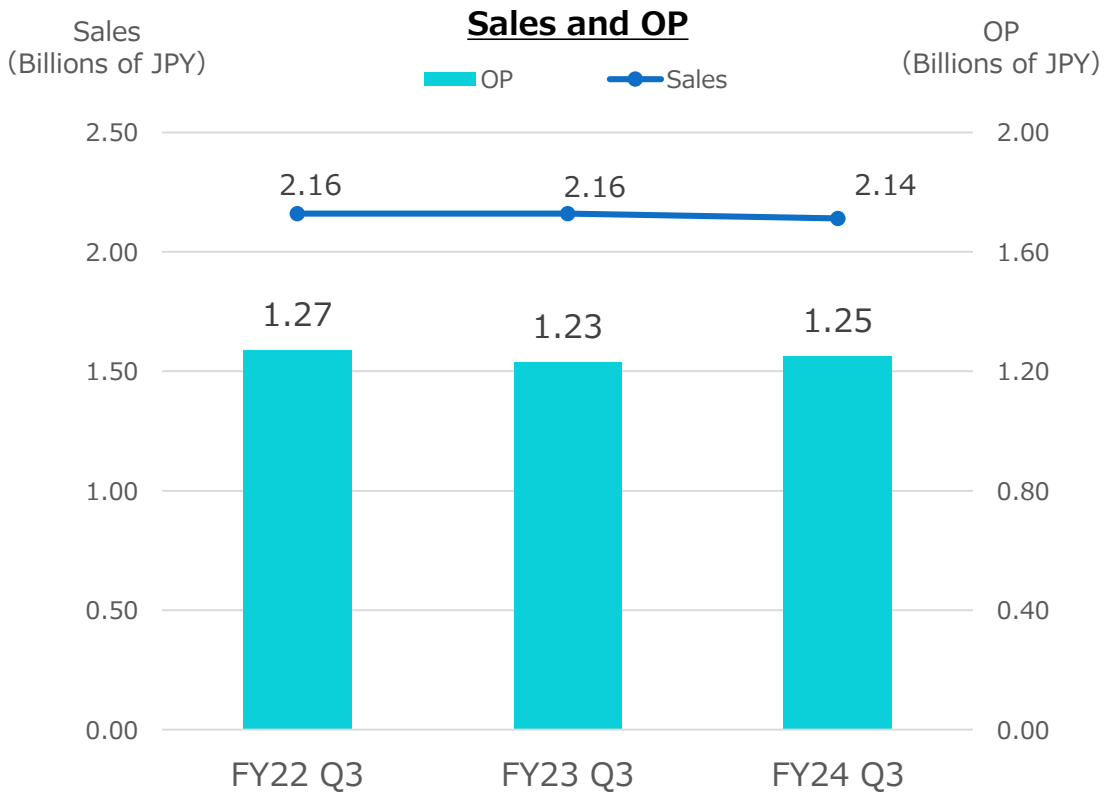
- Sales and OP grew thanks to the favorable sales trend in the Environmental Division and the subsidiaries of the Machinery Division.



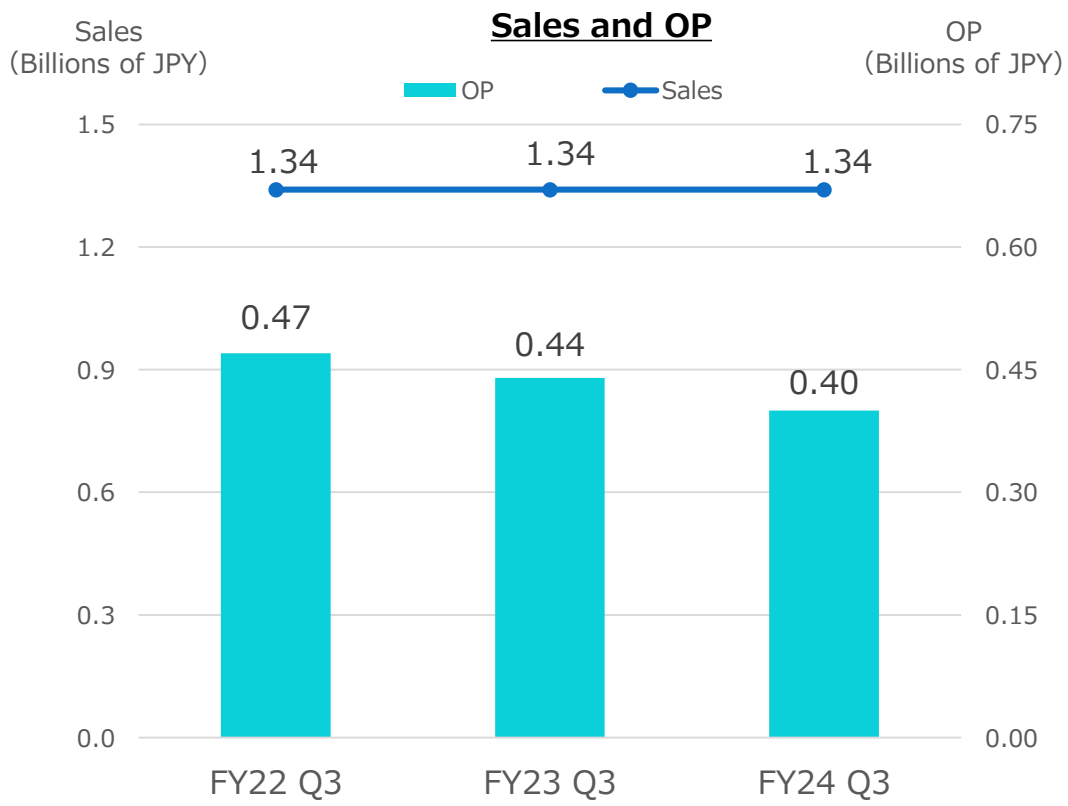


Segment breakdown for FY24 Q3:
Real Estate, Renewable Energy

- Sales and OP remained flat in the Real Estate.



- Sales and OP remained flat in the Renewable Energy.



Balance sheets

(Billions of JPY)

	March 31, 2024	December 31, 2024	Change
Current assets	105.0	107.2	2.1
Cash and deposits	37.4	34.1	(3.3)
Notes and accounts receivable	33.8	34.6	0.7
Inventories*	28.2	31.4	3.1
Non-current assets	124.4	131.9	7.4
Property, plant and equipment	70.8	77.5	6.7
Intangible assets	4.0	3.6	(0.3)
Investments and other assets	49.6	50.6	1.0
Current liabilities	54.2	55.5	1.2
Notes and accounts payable	20.5	21.7	1.1
Short-term loans payable	17.0	17.2	0.1
Non-current liabilities	24.6	26.1	1.5
Long-term loans payable	2.5	3.4	0.9
Net defined benefit liability	1.2	1.3	0.0
Net assets	150.7	157.4	6.7
Equity capital	140.7	147.0	6.3
Non-controlling interests	9.9	10.4	0.4
Total assets	229.5	239.1	9.6

*Inventories: Goods and products + Work in process + Raw materials and supplies

FY24 forecasts: Consolidated (Revised, vs previous forecast)

(Billions of JPY)

	Previous forecast As of Nov 7, 2024	Revised forecast As of Feb. 6, 2025	Change
Net sales	190.0	194.0	4.0
Operating profit	8.5	11.0	2.5
Ordinary profit	10.0	11.5	1.5
Profit attributable to owners of parent	7.5	8.5	1.0
EPS（JPY）	450.84	515.00	64.16
Copper price （¢/lb）	410.00	420.00	10.00
FX（JPY/USD）	150.00	150.00	-
Dividend per share（JPY）	181.00	216.00	35.00

Sales: +4.0 bil. JPY
- Metallic Minerals: +3.5 bil. JPY
  Spot sales of copper concentrate (purchased goods)
- Machinery & Environmental Engineering: +0.4 bil. JPY
  Better sales trend in environmental products

OP: +2.5 bil. JPY
- Nonmetallic Mineral: +0.4 bil. JPY
  Decline in cost in limestone production
- Metallic Minerals: +1.4 bil. JPY
  More favorable FX in the smelting, Higher copper prices at the Atacama Mine
- Machinery & Environmental Engineering: +0.3 bil. JPY
  Higher selling prices
- Adjustments: +0.2 bil. JPY
  Higher SG&A costs

Ordinary profit: +1.5 bil. JPY
- Higher OP, while recognition of FX loss

Profit attributable to owners of parent: +1.0 bil. JPY
- Higher ordinary profit, while higher tax expenses and profit attributable to non-controlling interests

FY24 forecasts: Consolidated (Revised, YoY)

(Billions of JPY)

	FY23 results	FY24 forecasts	Change
Net sales	166.8	194.0	27.1
Operating profit	11.1	11.0	(0.1)
Ordinary profit	12.0	11.5	(0.5)
Profit attributable to owners of parent	6.6	8.5	1.8
EPS（JPY）	396.88	515.00	118.12
Copper price （¢/lb）	379.28	420.00	40.72
FX（JPY/USD）	144.62	150.00	5.38
Dividend per share（JPY）	169.00	216.00	47.00

■ Sensitivity Analysis （FY24 Q4）

(Billions of JPY)

Copper price	Appreciated by 10¢/lb	Net sales OP	+0.26 +0.06
FX	Depreciated by 5JPY/USD	Net sales OP	+0.46 +0.08

*Market outlook for FY24 Q4: Copper price of 410¢/lb（420¢/lb for the full year）, FX of 150 JPY/USD (150 JPY/USD for the full year)

FY24 forecasts: Segment breakdown (Revised)

■ Segment sales and OP

(Billions of JPY)

	Sales			OP		
	FY23 results	FY24 forecasts	Change	FY23 results	FY24 forecasts	Change
Mineral resources: Nonmetallic Minerals	61.5	65.8	4.2	5.9	7.2	1.2
Mineral resources: Metallic Minerals	88.3	110.5	22.1	2.9	1.7	(1.2)
Machinery & Environmental Engineering	14.0	14.8	0.7	1.4	1.8	0.3
Real Estate	2.8	2.9	0.0	1.6	1.7	0.0
Renewable Energy	1.7	1.8	0.0	0.5	0.4	(0.1)
Eliminations /adjustments	(1.7)	(1.8)	(0.0)	(1.5)	(1.8)	(0.2)
Total	166.8	194.0	27.1	11.1	11.0	(0.1)

Topics for FY24 Q3: Acquisition of own shares and upward revision of dividend forecast

【Overview of acquisition】

- ✓ **Reason:** To improve capital efficiency, to increase stock value, and to use the fund for shares to be issued as share-based remuneration.
- ✓ **Method:** At 8:45 a.m. on February 7, 2025, a consigned purchase order will be placed with the ToSTNeT-3 at the closing price of 5,260 JPY of today, February 6, 2025.
- ✓ **Total number of shares to be acquired:** Up to 900,000 shares, 5.4% of the total number of issued shares excl. treasury shares
- ✓ **Total amount of share acquisition costs:** Up to 4,986,000,000 JPY

⇒Upward revision of financial results forecast and acquisition of own shares, leading to upward revision of dividend forecast.

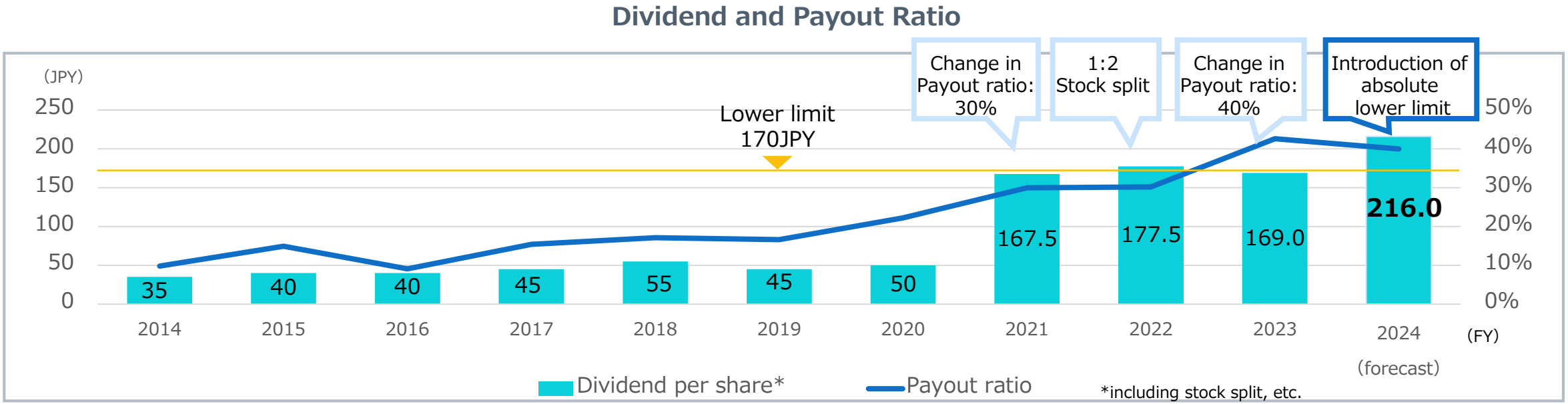
	FY24 forecast Announced on November 7, 2024	FY24 forecast Announced on February 6, 2025	FY23 result
Full-year dividend per share	181.0 JPY	216.0 JPY	169.0 JPY

Topics for FY24 Q3: Changes in shareholder return policy

- ✓ The previous policy regarding the lower limit of dividends received some criticism, including concerns that the dividends reflect the stock prices when the P/B ratio is under 1X, which could mean the lower limit is ineffective and make it difficult to invest with confidence, or that it is simply difficult to understand.

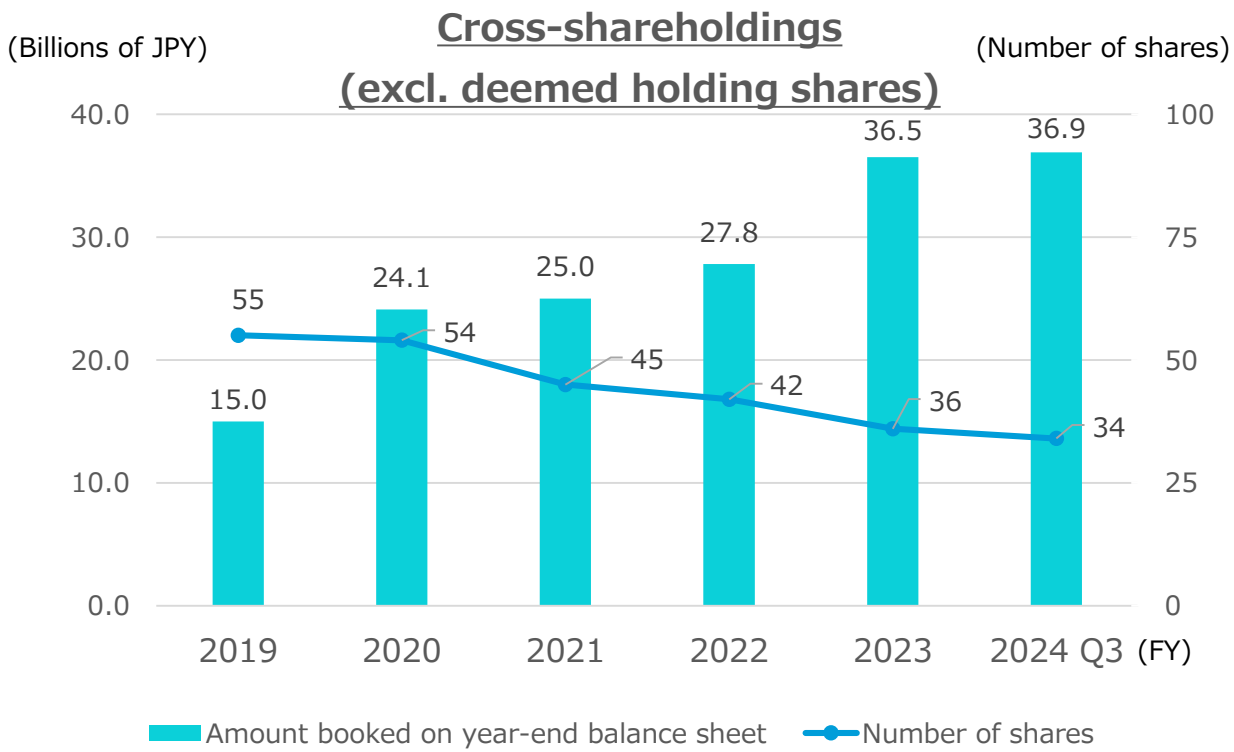
- ✓ Taking this feedback into account, the Directors on the Board had discussions on the shareholder return policy.

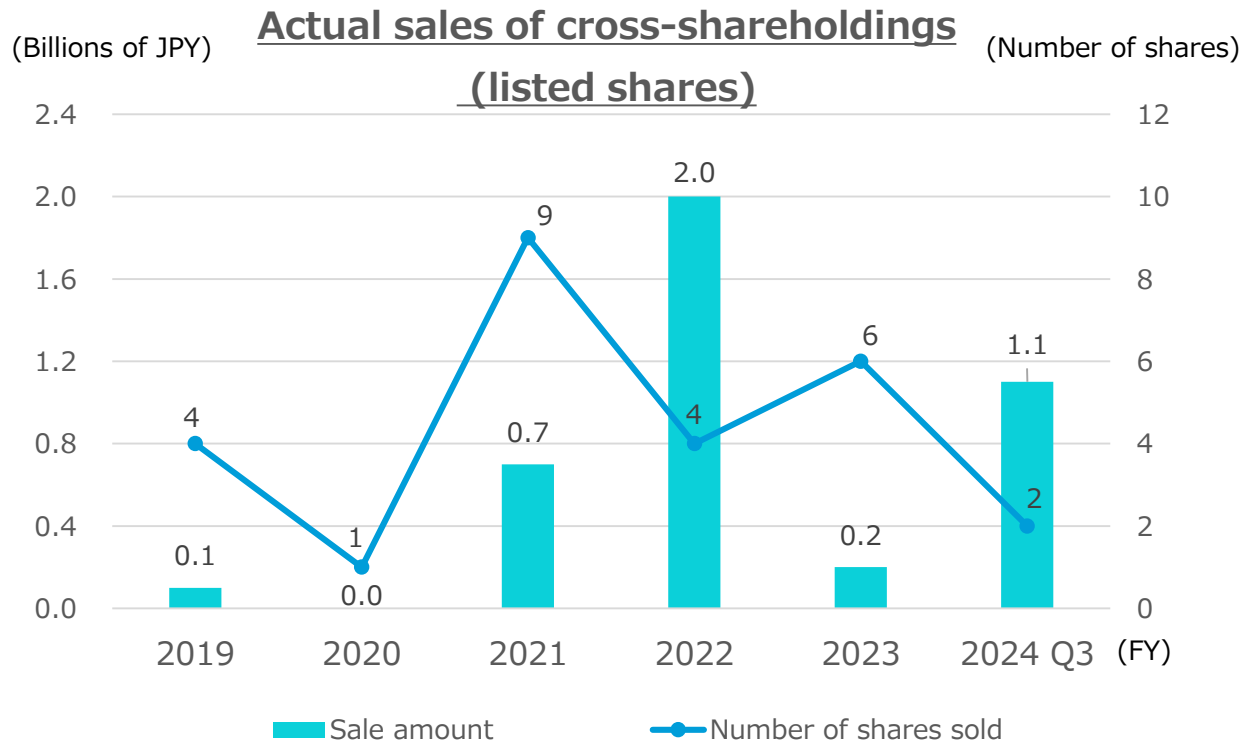
- ✓ Based on the basic policy of shareholder return, paying stable dividends over the long term while maintaining an optimal balance between equity and shareholder returns, the Company will **maintain the consolidated payout ratio of 40%**, balancing financial stability with shareholder return as it is currently making a large-scale investment. Additionally, considering its uncertain business environment, including fluctuations in copper prices and FX, the Company has decided to **introduce an absolute lower limit for the dividend of 170 JPY/share, based on the historical trend since the introduction of the payout ratio, which will not be influenced by a single-year financial results. This will be implemented from FY24**.



Cross-shareholdings

Reducing the cross-shareholdings by 6,000 million yen (based on the market value at end-March 2022) over the five-year period from FY2022 to FY2026 is planned as disclosed in our Integrated Report. In FY24 Q3, two shares totaling 1.1 billion yen (1.1 billion yen as the market value at end-March 2022) were disposed. We will exercise our right to vote on cross-shareholdings appropriately; our criteria are whether the holdings will improve corporate value of ours and portfolio companies' over the medium to long term, and whether our holdings remain worthwhile.





Appendix

Appendix
Metallic Minerals: Business flows and revenue structures

Smelting

Foreign mines, scrap recycling plants



copper concentrate

Nittetsu Mining





Electrolytic copper

Nittetsu Mining

Wire/ copper processing manufacturers

Sales: Market price + Sales premium*
Costs : Market price – TC/RC*,
Outsourcing processing costs
FX impact: Currency fluctuations during smelting period (3-4 months, favorable with yen depreciation)

Mining





copper concentrate

Smelting makers in Chile

Sales: Market price – TC/RC
Costs: Mainly production costs
FX impact: Generated when consolidated
(exchanged to JPY, favorable with yen depreciation)

＊TC/RC (Treatment Charge, Refining Charge) and sales premium are decided based on benchmark approach.

Appendix: Nittetsu Mining terminologies（1/5）

	Mineral Resources: Nonmetallic Minerals	Description
1	Limestone	Limestone is an essential primary and secondary mineral resource in the production of steel, cement, and other industrial materials. It also has other applications, including as an aggregate in civil engineering and construction.
2	Crashed stone	Crushed stone is generally regarded as stone that is made by crushing rocks at plants, and it is used as coarse aggregate in cement production. We also categorize fine aggregate as crash stone. They are used as a component mixed with cement and water to make concrete or mortar, aiming for higher quality, such as strength enhancement.
3	Calcium carbonate	Calcium carbonate is limestone powder, which has many applications, including as a desulfurizer at power plants and waste treatment facilities, and a material in the process of manufacturing fertilizer, animal feed, glass, paper, pharmaceuticals, food products.
4	Fuels, etc.	Fuels, etc. are purchased goods, including coal and petroleum.
5	Aggregates (one application of limestone)	Limestone is also used as a component mixed with cement and water to make concrete or mortar, aiming for higher quality, such as strength enhancement.
6	Torigataya Quarry Complex	Our company’s main limestone quarry is located in Kochi Prefecture. The limestone extracted from the mining site at an altitude of over 1,000 meters is transported via a 23-kilometer long belt conveyor (LBC) to the coastal processing and shipping facilities, where it is dispatched to customers both domestically and internationally. For further information https://www.nittetsukou.co.jp/eng/company/pdf/torigata.pdf
7	Vertical shaft	Vertically dug shafts. At Torigatayama Quarry Complex, limestone extracted from the mining site is fed into vertical shafts, where it is crushed by large crushers installed directly below to a size suitable for transport via the LBC, specifically to 80 mm or smaller. The third vertical shaft was launched in June, 2024 at the Complex.

Appendix: Nittetsu Mining terminologies (2/5)

Mineral Resources: Metallic Minerals		Description
1	Mining (business)	We operate (extract copper ore, produce and sell copper concentrate) the Atacama Mine, and develop the Arqueros Mine, both located Chili.
2	Copper concentrate	Copper concentrate, which is produced by concentrating the copper ore extracted from copper mines and increasing its copper grade. The Atacama Mine produces copper concentrate with a grade of approximately 30%.
3	Atacama Mine	The operating copper mine in Chile, in which we hold a 60% interest, began operations in 2003 and currently has an annual production volume of 13,000 tons (copper equivalent).
4	Arqueros Mine	The developing copper mine in Chile, in which we hold an 80% interest, aims to start operations in FY2026. We plan to produce 15,000 tons annually (copper equivalent).
5	Los Chapitos Copper Exploration Works Project	The exploring copper mine project in Peru. We have concluded a contract with Camino Minerals Corporation (Camino) to join the project and plan to hold a 35% interest by investing 10 million Canadian dollars over three years. This investment is planned to be used for exploration work.
6	Puquios Copper Development Project	We are preparing for construction on a copper mine project in Chile, partnering with Camino. We have established a joint venture with Camino and hold 50% of the interest. *This project is planned to be recorded as eliminations/adjustments before being booked under the Metallic Minerals segment following the decision to proceed with development.
7	Camino Minerals Corporation	Camino is a Canadian discovery and development stage copper exploration company with a portfolio of projects located in Peru. It seeks to acquire a portfolio of advanced copper assets that have the potential to deliver copper globally. Camino website: www.caminocorp.com

Appendix: Nittetsu Mining terminologies (3/5)

	Mineral Resources: Metallic Minerals	Description
1	Smelting (business)	The Company outsources the production of copper concentrate and copper scrap purchased by the Company to Hibi Kyodo Smelting, an equity-method affiliate in which we hold a 20.28% stake, and it sells the resulting electrolytic copper to users.
2	Electrolytic copper	High-purity copper, primarily used as an electrical conductor, has a wide range of applications, including in electrical wires, electrical equipment, and electronic components, due to its efficient conductivity.
3	Byproduct	Substances generated during the smelting of electrolytic copper, such as sulfuric acid.
4	TC/RC (Treatment Charge, Refining Charge)	One of the conditions when purchasing copper concentrate from mining companies is the processing charge, which is deducted from the copper price. In long-term purchasing contracts, the terms negotiated annually between a major mining company and a large smelting company serve as a benchmark, and it is customary for other companies to agree to similar terms. In addition to long-term contracts, there are also spot contracts. Both types of contracts are influenced by the supply and demand balance of copper concentrate, and when supply is tight, the TC/RC tends to be lower.
5	Sales premium	An additional charge added to the price of copper traded on the LME (London Metal Exchange). This benchmark price is announced annually by major smelting companies in key regions.

Appendix: Nittetsu Mining terminologies (4/5)

Machinery & Environmental Engineering		Description
1	Environment Division	The Environment Division supplies wastewater treatment agents, with a special emphasis on our inorganic iron flocculant, Polytetsu.
2	Polytetsu	"Polytetsu," our inorganic iron flocculant for water treatment, is primarily used for the treatment of sewage and industrial wastewater. Its applications are expanding to deodorization and even soil improvement. The next-generation "Polytetsu T" achieves further reduction of phosphorus and E. coli, while also increasing concentration to reduce usage and improve transportation cost efficiency.
3	Machinery Division	The Machinery Division satisfies a broad range of needs with dust collectors and other environmentally friendly products as well as general industrial machinery including ultrafine powder classifiers. Additionally, we manufacture and sell products related to the mining industry, such as crushers, transport equipment, and ball valves.
Real Estate		**Description**
1	Real Estate	The Real Estate Division has carried out business activities to effectively use company-owned real estate. The division manages office buildings, condominiums, and other buildings on company-owned real estate in urban areas, and is developing leasing business to meet market needs (e.g. restaurants, merchandise outlets, factories, storehouses, parking areas) at former mine sites and on idle land throughout Japan.

Appendix: Nittetsu Mining terminologies（5/5）

Renewable Energy		Descriptions
1	Renewable Energy	Efforts are underway in this segment to develop renewable energy in ways that consider the global environment, for example using our prospecting technology cultivated through mineral resource development to study and develop geothermal energy and supply and sell geothermal steam, generating solar power at former mine sites and on other idle company-owned land, and small-scale hydropower generation using seepage water in tunnels.
2	Ogiri Geothermal Power Station	Geothermal power station with a capacity of 30,000kW operated by Kyuden Mirai Energy, a group company of Kyushu Electric Power Company, Incorporated. We began exploring geothermal energy in the Kirishima area of Kagoshima Prefecture in 1973 and started supplying steam to the station in 1996. Our steam supply covers the entire output.
3	Shiramizugoe Geothermal Power Station	Shiramizugoe area, located 2 km southeast of the Ogiri Power Station in the Ginyu district, has confirmed the presence of high-temperature and dominant steam emissions equivalent to those in the Ginyu district. We are in the middle of surveys aiming for another geothermal development.

Forward-looking statement

- The forward-looking statements in this document, including forecasts, are based on information currently available to the Company and certain assumptions that the Company considers to be reasonable. The Company undertakes no obligations whether to achieve.
- Actual results may differ from those expressed or implied in the company’s forward-looking statements.

NITTETSU MINING