

# Independent Assurance Report



## Independent Assurance Report

To the President and Representative Director of Sumitomo Metal Mining Co., Ltd.

We were engaged by Sumitomo Metal Mining Co., Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental, social and economic performance indicators marked with ☒ (the “Indicators”) for the period from April 1, 2020 to March 31, 2021 included in its ESG Data Book 2021 (the “ESG Data Book”) for the fiscal year ended March 31, 2021; the alignment of the Company’s policies to the International Council on Mining and Metals (“ICMM”)’s 10 Principles and the applicable mandatory requirements set out in ICMM position statements; and the Company’s identification and prioritization of material issues and the Company’s approach and management of its material issues included in its Integrated Report 2021 (the “Report”).

### The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the ESG Data Book; reporting on the alignment of the Company’s policies to the ICMM’s 10 Principles and the applicable mandatory requirements set out in ICMM position statements; reporting on the Company’s identification and prioritization of material issues; and reporting on the Company’s approach and management of its material issues.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’, issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Visiting the Company’s Ome District Div. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.
- Assessing the alignment of the Company’s policies to the ICMM’s 10 Principles and the applicable mandatory requirements set out in ICMM position statements through documentation reviews and interviews.
- Interviewing the Company’s responsible personnel and reviewing documents with respect to the Company’s process of identifying and prioritizing its material issues and its approach to and management of its material issues.



### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- the Indicators in the ESG Data Book are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the ESG Data Book;
- the Company’s policies are not aligned to the ICMM’s 10 Principles and the applicable mandatory requirements set out in ICMM position statements as described on page 76 of the Report and page 22 of the ESG Data Book;
- the Company has not identified and prioritized its material issues as described on page 65 of the Report; and
- the Company has not approached and managed its material issues as described on pages 66 to 93 of the Report.

### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

November 8, 2021

Term	Explanation	Pages
CASE	An acronym for Connected, Autonomous, Shared/Service, and Electric. The term is becoming increasingly recognized as a key word indicating major trends in the automobile industry.	14, 62
Copper concentrates	A raw material used in copper smelting, consisting of about 30% copper content with sulfur and iron as most of the remainder. Copper concentrates are produced mainly from sulfide ores. At present, ores extracted from overseas mines generally have a grade of about 1%. The ores are then “dressed” at the mine to enhance the grade and produce concentrate. The raw materials imported by copper smelting and refining plants in Japan are primarily copper concentrates.	7, 20, 53, 78
Coral Bay Nickel Corporation (CBNC)	The SMM Group's first HPAL plant. Located in the Province of Palawan in the Philippines, CBNC produces mixed nickel-cobalt sulfides (MS) using HPAL technology for export to the Group's Niihama Nickel Refinery and Harima Refinery.	5, 6, 37, 41, 52-55, 68, 75, 77, 79, 82, 88, 90
CSR procurement (responsible sourcing)	Responsible sourcing ensures that there is no complicity in negative effects such as infringement on human rights, environmental destruction, or corruption in the procurement of parts, services, etc. It affirms that companies in the supply chain do not cause such negative effects, requests corrections when necessary, and enhances transparency in the supply chain.	16, 21, 67, 73, 80, 92, 93, 111
Electrolytic copper	A high-purity copper material produced through electrolytic refining in a solution (electrolysis). At our Group's Toyo Smelter & Refinery, we dissolve copper concentrate in a flash furnace, pass it through a converter and a refining furnace, cast anodes in plate form, and produce electrolytic copper through electrolytic refining. Electrolytic nickel and electrolytic cobalt are also produced through electrolytic refining.	20, 22, 31, 39, 41, 52, 53, 79
GRI	An acronym for Global Reporting Initiative. An organization that creates and promotes international guidelines and standards for sustainability reports. It issued its first guidelines in 2000, and has transitioned to issuing standards from 2016.	Inside cover, 1, 65
HPAL	An acronym for High Pressure Acid Leach. This technology enables the recovery of nickel from nickel oxide ores that had been conventionally difficult to process. The SMM Group was the first company in the world to apply it successfully on a commercial scale. HPAL causes oxide ores to react stably with sulfuric acid under high-temperature and high-pressure conditions, to produce a high-grade nickel raw material.	4, 13, 14, 17, 20, 26, 27, 29, 33, 38, 52, 53, 54, 82
Human rights due diligence	An approach to human rights protection based on the United Nations Guiding Principles on Business and Human Rights approved by the United Nations Human Rights Council in 2011, this is a series of processes for performing preventive investigations to avoid and mitigate the negative effects that organizations have on human rights, and for taking appropriate corrective action based on the findings. The SMM Group built a system for human rights due diligence in FY2014 and has followed it since then.	80, 111

Term	Explanation	Pages
Hydrometallurgical refining	A refining method in which metals and impurities are dissolved in a solution, and chemical reactions are used to separate them. The method is stable and enables continuous processing, but incurs the costs of chemical reagents.	62
ICMM	An acronym for International Council on Mining and Metals. This is an organization composed of worldwide metal and mining companies and related industry bodies. Its mission is “In collaboration with others, we will strengthen the social and environmental performance of the mining and metals industry and build recognition of its contribution to local communities and society at large.”	15, 65, 76
Internal carbon pricing	A framework for encouraging investment that leads to decarbonization. Internal carbon pricing uniquely attaches prices to carbon emissions within a company, attaches monetary values to GHG emission reductions, and incorporates these into investment cost-effectiveness.	16, 41, 71
IoT	An acronym for “Internet of Things,” referring to communication among objects via the Internet. Communication devices such as smartphones and PCs, and even items such as home appliances, are becoming connected to the Internet, creating expectations for a future society in which all things are connected to networks.	25, 49, 63, 65, 66, 68, 81
LT/LN	Lithium Tantalate (LT) and Lithium Niobate (LN). These are used in chips for information and communication terminal SAW filters.	5, 38, 58
Matte	A term for metal sulfides. Niihama Nickel Refinery produces electrolytic nickel using nickel matte (of about 75–80% purity) sourced from P.T. Vale Indonesia.	54, 78
MCLE	An acronym for Matte Chlorine Leach Electrowinning. This is a manufacturing process adopted at the SMM Group's Niihama Nickel Refinery. Matte and mixed nickel-cobalt sulfides (MS) are dissolved in chlorine at high temperature, then electrolysis is used to produce high-purity nickel. MCLE is more competitive than other methods in terms of cost, but poses significant operational challenges, and only two other producers outside of SMM have commercialized it using similar technology.	4, 5, 20
MLCC	An acronym for multi-layer ceramic capacitor. These are capacitors made of multiple layers of ceramic dielectric bodies for greater capacity. In addition to consumer applications, in recent years they are being used often in electric automobiles so demand is expected to increase. The nickel paste produced by our Group is used in the internal electrodes of MLCCs.	61
MS	An acronym for mixed sulfides of nickel and cobalt. CBNC and THPAL produce a mixed nickel-cobalt sulfide intermediate containing about 55–60% nickel by weight. It is used as a raw material in the production of electrolytic nickel, nickel sulfate, and other products.	51-54

Term	Explanation	Pages
Nanban-buki	A smelting and refining method that uses lead to remove silver and impurities contained in crude copper. An alloy made by melting and rapidly cooling lead and crude copper containing silver is heated, and silver-containing lead, which melts out at a melting point below that of copper, is heated atop ash. The lead is absorbed by the ash and only the silver remains. This allows the collection of silver while obtaining high-purity refined copper.	4, 29
NCA	An acronym for a type of secondary battery cathode material composed primarily of N (nickel), C (cobalt), and A (aluminum).	59, 69
Nickel oxide ores (laterite ore)	While predominantly higher-grade sulfide ores are used in nickel refining, nickel oxide ores are more prevalent than nickel sulfides. High refining costs and technical issues have limited the use of oxide ores in nickel refining to date, but the SMM Group has succeeded in refining nickel from low-grade oxide ores based on HPAL technology.	5, 11, 20, 23, 54, 78
NiO (nickel oxide) for fuel cells	Fuel cells are a clean and highly efficient method for generating electricity and heat through the chemical reaction of hydrogen and oxygen. Plans for increased use of fuel cells in a wide range of applications, from homes to factories, are being formulated in countries around the world. Nickel oxide powder for fuel cells is used in the electrodes of solid oxide fuel cells (SOFC), which deliver the highest power generation efficiency.	59, 66, 69, 72
NMC	An acronym for a type of secondary battery cathode material composed primarily of N (nickel), M (manganese), and C (cobalt).	59, 69
Off-JT	A method of training conducted away from the workplace or separate from normal work. Its aim is the acquisition of advanced work capabilities or other knowledge and skills not directly connected to normal work based on systematic knowledge and theory.	21, 55, 86
OJT	An acronym for on-the-job training, this is a method of training for the acquisition of knowledge and skills through the performance of actual work in the workplace under the guidance of superiors or senior colleagues. Its aim is the fast acquisition of work execution capabilities.	20, 21, 49, 84
RPA	An acronym for robotic process automation. This technology automates the everyday tasks that people perform on a computer, replicating them in the same manner. By automating tasks with clearly defined procedures, large-volume repetitive tasks, tasks prone to human error, and similar tasks and by transferring them to software robots, people are freed up to perform higher value-added work.	16
SDGs	Listed in the 2030 Agenda for Sustainable Development and adopted at the UN Sustainable Development Summit in September 2015, the Sustainable Development Goals (SDGs) are a set of international goals for creating a sustainable and better world by 2030. They are composed of 17 goals and 169 targets, and pledge to “leave no one behind.”	18, 21, 24, 65, 87, 110, 111

Term	Explanation	Pages
Secondary battery cathode materials	Materials used in the cathodes of batteries (secondary batteries) that can be charged and reused. The constituent components of secondary batteries break down roughly into cathode material, anode material, a separator, and electrolytic solution. The SMM Group produces the cathode materials used in electric and hybrid automobiles, as well as lithium-ion secondary battery cathode materials.	51, 58, 61, 62
Smelting & Refining	This refers to the extraction of valuable metals from ore and other raw materials, and is mainly divided into pyrometallurgical refining and hydrometallurgical refining. The SMM Group's Toyo Smelter & Refinery in Saijo, Ehime Prefecture uses pyrometallurgical refining in its upstream processes (treatment processes), while Niihama Nickel Refinery in Niihama, Ehime Prefecture uses only hydrometallurgical refining throughout.	3-7, 13-15, 19-21, 23, 26, 28-33, 38, 40-42, 50, 52-55, 60-62, 66, 67, 69, 70, 74, 77, 78, 80, 86, 88, 92, 93, 95, 96, 98, 99, 108
Taganito HPAL Nickel Corporation (THPAL)	The SMM Group's second HPAL plant. Located in the Province of Surigao del Norte in the Philippines, THPAL produces mixed nickel-cobalt sulfides (MS) using HPAL technology for export to the Group's Niihama Nickel Refinery and Harima Refinery.	5, 6, 32, 37, 38, 41, 51-54, 68, 75, 77, 79, 80, 88, 90
TC/RC	An acronym for treatment charge and refining charge. These are costs that make up a part of the terms of purchase of metal raw materials (copper concentrate, nickel ore, etc.). As an example, the LME price at a given point in time, minus the TC/RC used in the transaction (plus other terms) is used as the purchase price of copper concentrates.	50
TCFD	An acronym for the Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB) to examine the disclosure of climate-related information and how financial institutions should respond. It recommends the disclosure of information concerning governance, strategy, risk management, and metrics and targets concerning climate change-related risks and opportunities.	16, 71-73
xEV	Electric vehicles. Types of electrification are diverse, differing by method of supplying electricity. Types include BEVs that carry batteries, plug-in hybrids (PHEVs), hybrids (HEVs/MHVs), and fuel cell electric vehicles (FCEVs/FCVs).	1, 11, 31



Eleven-Year Financial Summary

SUMITOMO METAL MINING CO., LTD. AND CONSOLIDATED SUBSIDIARIES

IFRS				
Years ended March 31	2021	2020	2019	2018
<b>Results for the year:</b>				
Net sales*4	¥ 926,122	¥ 851,946	¥ 912,208	¥ 929,746
Gross profit	150,876	109,471	126,637	149,015
Profit before tax	123,379	79,035	89,371	108,286
Profit attributable to owners of parent	94,604	60,600	66,790	90,227
Capital expenditures	35,059	50,689	47,445	74,675
Depreciation	45,729	45,355	43,541	46,762
Net cash provided by (used in) operating activities	91,522	136,545	114,744	78,552
Net cash provided by (used in) investing activities	(32,393)	(70,334)	(142,354)	(22,787)
Net cash provided by (used in) financing activities	(55,758)	9,149	(29,047)	(89,797)
Free cash flows	59,129	66,211	(27,610)	55,765
<b>Financial position at year-end:</b>				
Total assets	¥1,885,999	¥1,719,690	¥1,797,701	¥1,732,333
Equity	1,222,983	1,110,860	1,151,280	1,113,349
Non-current liabilities	337,694	402,520	388,943	378,438
Interest-bearing liabilities	330,678	367,882	349,798	361,775
<b>Amounts per share (Yen)*3:</b>				
Equity attributable to owners of parent per share	¥ 4,054	¥ 3,646	¥ 3,812	¥ 3,746
Basic earnings per share	344	221	243	327
Diluted earnings per share	344	221	243	295
Dividends	121	78	73	100
<b>Key ratios:</b>				
ROA (%)	5.3	3.5	3.8	5.2
ROE (%)	8.9	5.9	6.4	9.1
Equity ratio (%)	59.1	58.3	58.3	59.4
Interest-bearing liabilities to total asset ratio (%)	17.5	21.4	19.5	20.9
Debt-to-equity ratio (times)	0.30	0.37	0.33	0.35
Current ratio (times)	2.1	2.7	2.1	2.6

\*1 Shareholders' equity is defined by the following equation.  
Shareholders' equity = Total shareholders' equity + Accumulated other comprehensive income  
\*2 The Company applied the new accounting method retrospectively and restated the consolidated financial statements for the year ended March 31, 2012.  
\*3 The Company consolidated its shares at a rate of one share for every two shares of its common stock with October 1, 2017 as the effective date.  
"Amounts per share" is calculated on the assumption that the consolidation of its shares was conducted at the beginning of the current year at the beginning of the year ended March 31, 2018.  
\*4 Effective from the fiscal year ended March 31, 2021, the Company has changed its accounting policy for non-free supplied materials received from customers.  
This change in accounting policy was applied retrospectively to the figure for the fiscal year ended March 31, 2020.

J-GAAP										Millions of yen (except per share amounts and key ratios)			
Years ended March 31	2018	2017	2016	2015	2014	2013	2012*2	2011					
<b>Results for the year:</b>													
Net sales	¥ 933,517	¥ 786,146	¥ 855,407	¥ 921,334	¥ 830,546	¥ 808,540	¥ 847,897	¥ 864,077					
Gross profit	157,089	122,296	113,862	174,257	124,822	140,650	132,421	138,810					
Operating income	110,203	76,390	59,720	125,779	75,418	95,785	88,577	96,038					
Other income (expenses)	124,853	(1,565)	(12,764)	174,226	114,352	115,034	108,829	123,701					
Profit (loss) before income taxes	105,795	(5,999)	559	123,261	111,006	122,455	87,962	123,394					
Profit (loss) attributable to owners of parent	91,648	(18,540)	(309)	91,113	80,258	86,640	65,286	83,962					
Capital expenditures	74,589	125,950	51,013	55,232	66,441	59,291	73,143	53,105					
Depreciation	46,865	44,232	46,141	38,125	32,426	27,578	31,132	34,625					
Financial revenue (expenses)	10,804	10,546	8,927	6,250	3,530	(144)	663	257					
Net cash provided by (used in) operating activities	79,405	43,796	119,704	120,003	80,014	114,665	144,999	102,458					
Net cash provided by (used in) investing activities	(22,994)	(143,219)	(92,876)	(105,024)	(126,937)	(88,745)	(135,932)	(75,735)					
Net cash provided by (used in) financing activities	(90,095)	70,392	(4,003)	(39,047)	81	21,549	50,314	7,379					
Free cash flows	56,411	(99,423)	26,828	14,979	(46,923)	25,920	9,067	26,723					
<b>Financial position at year-end:</b>													
Total assets	¥1,699,037	¥1,685,018	¥1,630,800	¥1,740,246	¥1,572,367	¥1,351,153	¥1,146,759	¥1,052,353					
Net assets	1,120,008	1,024,121	1,075,995	1,158,945	1,019,053	844,547	726,039	684,103					
Long-term loans payable after one year	257,409	358,564	248,036	245,000	243,130	212,323	157,119	135,128					
Interest-bearing liabilities	362,297	495,504	400,559	394,094	383,580	330,073	265,951	210,969					
Working capital	369,668	382,810	313,812	307,436	314,198	338,866	312,542	267,072					
<b>Amounts per share (Yen)*3:</b>													
Net income (loss)													
—Basic	¥ 332.42	¥ (33.61)	¥ (0.56)	¥ 165.11	¥ 145.35	¥ 155.58	¥ 116.17	¥ 149.38					
—Diluted	299.94	—	—	149.44	129.71	142.40	106.84	136.98					
Shareholders' equity*1	3,771.69	1,743.46	1,781.91	1,905.50	1,653.83	1,393.02	1,173.97	1,121.19					
Cash dividends	100.0	11.0	31.0	48.0	37.0	34.0	28.0	32.0					
<b>Key ratios:</b>													
ROA (%)	5.42	(1.12)	(0.02)	5.50	5.49	6.94	5.94	8.26					
ROE (%)*1	9.17	(1.93)	(0.03)	9.28	9.54	12.13	10.12	13.80					
Equity ratio (%)*1	61.0	57.1	60.3	60.4	58.1	56.9	57.5	59.9					
Interest-bearing debt to total asset ratio (%)	21.3	29.4	24.6	22.6	24.4	24.4	23.2	20.0					
Debt-to-equity ratio (times)*1	0.35	0.52	0.41	0.37	0.42	0.43	0.40	0.33					
Current ratio (times)	2.70	2.82	2.39	2.29	2.40	2.60	2.67	2.30					

1 Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Statement of Financial Position

	Notes	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets				
Current assets				
Cash and cash equivalents	7	155,530	158,373	1,430,521
Trade and other receivables	8, 33	123,393	153,645	1,387,815
Other financial assets	15, 33	8,959	3,995	36,085
Inventories	9	249,884	323,229	2,919,601
Other current assets	16	23,456	34,494	311,571
Total current assets		561,222	673,736	6,085,593
Non-current assets				
Property, plant and equipment	10	463,405	457,662	4,133,881
Intangible assets and goodwill	11	58,338	53,180	480,354
Investment property	13	3,428	3,477	31,406
Investments accounted for using equity method	14	365,090	311,768	2,816,078
Other financial assets	15, 33	241,957	354,465	3,201,743
Deferred tax assets	17	8,466	8,693	78,520
Other non-current assets	16, 22	17,784	23,018	207,913
Total non-current assets		1,158,468	1,212,263	10,949,896
Total assets	6	1,719,690	1,885,999	17,035,489

	Notes	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	18, 33	104,803	151,128	1,365,080
Bonds and borrowings	19, 33	80,656	120,725	1,090,462
Other financial liabilities	19, 20, 33	5,019	6,794	61,368
Income taxes payable		4,687	22,544	203,631
Provisions	21	4,392	4,952	44,729
Other current liabilities	23	6,753	19,179	173,236
Total current liabilities		206,310	325,322	2,938,506
Non-current liabilities				
Bonds and borrowings	19, 33	316,847	239,702	2,165,134
Other financial liabilities	19, 20, 33	11,705	11,499	103,866
Provisions	21	21,708	22,650	204,589
Retirement benefit liability	22	14,024	5,851	52,850
Deferred tax liabilities	17	37,394	57,041	515,229
Other non-current liabilities	23	842	951	8,590
Total non-current liabilities		402,520	337,694	3,050,257
Total liabilities		608,830	663,016	5,988,763
Equity				
Share capital	24	93,242	93,242	842,218
Capital surplus	24	87,598	87,604	791,293
Treasury shares	24	(38,002)	(38,027)	(343,483)
Other components of equity		(94)	25,148	227,152
Retained earnings	24	859,202	945,956	8,544,449
Total equity attributable to owners of parent		1,001,946	1,113,923	10,061,629
Non-controlling interests		108,914	109,060	985,096
Total equity		1,110,860	1,222,983	11,046,726
Total liabilities and equity		1,719,690	1,885,999	17,035,489

2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

	Notes	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Net sales	26	851,946	926,122	8,365,297
Cost of sales	27	(742,475)	(775,246)	(7,002,493)
Gross profit		109,471	150,876	1,362,804
Selling, general and administrative expenses	27	(49,098)	(46,297)	(418,183)
Finance income	28	15,390	22,955	207,344
Finance costs	28	(7,858)	(4,757)	(42,968)
Share of profit of investments accounted for using equity method	14	6,178	8,719	78,755
Other income	29	12,855	5,757	52,001
Other expenses	29	(7,903)	(13,874)	(125,318)
Profit before tax	6	79,035	123,379	1,114,434
Income tax expense	17	(18,283)	(24,670)	(222,834)
Profit		60,752	98,709	891,600
Profit attributable to:				
Owners of parent		60,600	94,604	854,521
Non-controlling interests		152	4,105	37,079
Profit		60,752	98,709	891,600
Earnings per share		Yen	Yen	U.S. dollars
Basic earnings per share	31	220.54	344.29	3.11
Diluted earnings per share	31	220.54	344.29	3.11

Consolidated Statement of Comprehensive Income

	Notes	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit		60,752	98,709	891,600
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	30	(21,126)	44,921	405,754
Remeasurements of defined benefit plans	30	(2,520)	8,639	78,033
Share of other comprehensive income of investments accounted for using equity method	14, 30	(115)	304	2,746
Total of items that will not be reclassified to profit or loss		(23,761)	53,864	486,532
Items that will be reclassified to profit or loss:				
Cash flow hedges	30	(1,645)	(1,005)	(9,078)
Exchange differences on translation of foreign operations	30	(5,108)	(14,539)	(131,325)
Share of other comprehensive income of investments accounted for using equity method	14, 30	(2,979)	(7,080)	(63,951)
Total of items that will be reclassified to profit or loss		(9,732)	(22,624)	(204,354)
Other comprehensive income, net of tax		(33,493)	31,240	282,179
Comprehensive income		27,259	129,949	1,173,778
Comprehensive income attributable to:				
Owners of parent		28,541	128,758	1,163,021
Non-controlling interests		(1,282)	1,191	10,758
Comprehensive income		27,259	129,949	1,173,778

3) Consolidated Statement of Changes in Equity  
FY2019 (From April 1, 2019 to March 31, 2020)

Notes	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2019	93,242	87,598	(37,983)	(18,573)	631	43,698
Cumulative effect of accounting change	—	—	—	(1,045)	—	—
Restated balance as of April 1, 2019	93,242	87,598	(37,983)	(19,618)	631	43,698
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	(6,758)	(1,547)	(21,039)
Total comprehensive income	—	—	—	(6,758)	(1,547)	(21,039)
Purchase of treasury shares	—	—	(19)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interests	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	4,539
Transactions with owners - total	—	0	(19)	—	—	4,539
As of March 31, 2020	93,242	87,598	(38,002)	(26,376)	(916)	27,198

		Equity attributable to owners of parent				Non-controlling interests	Total equity
Notes	Other components of equity		Retained earnings	Total			
	Remeasurements of defined benefit plans	Total					
	Millions of yen	Millions of yen					
As of April 1, 2019	—	25,756	878,948	1,047,561	103,719	1,151,280	
Cumulative effect of accounting change	—	(1,045)	(56,330)	(57,375)	—	(57,375)	
Restated balance as of April 1, 2019	—	24,711	822,618	990,186	103,719	1,093,905	
Profit	—	—	60,600	60,600	152	60,752	
Other comprehensive income	30	(2,715)	(32,059)	—	(32,059)	(1,434)	(33,493)
Total comprehensive income		(2,715)	(32,059)	60,600	28,541	(1,282)	27,259
Purchase of treasury shares	24	—	—	—	(19)	—	(19)
Disposal of treasury shares	24	—	—	—	0	—	0
Dividends	25	—	—	(16,762)	(16,762)	(3,121)	(19,883)
Changes in ownership interests		—	—	—	—	9,598	9,598
Transfer to retained earnings	15	2,715	7,254	(7,254)	—	—	—
Transactions with owners - total		2,715	7,254	(24,016)	(16,781)	6,477	(10,304)
As of March 31, 2020		—	(94)	859,202	1,001,946	108,914	1,110,860

FY2020 (From April 1, 2020 to March 31, 2021)

Notes	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2020	93,242	87,598	(38,002)	(26,376)	(916)	27,198
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	(18,707)	(1,071)	44,946
Total comprehensive income	—	—	—	(18,707)	(1,071)	44,946
Purchase of treasury shares	—	—	(25)	—	—	—
Disposal of treasury shares	—	1	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interests	—	5	—	—	—	—
Obtaining of control of subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	74
Transactions with owners - total	—	6	(25)	—	—	74
As of March 31, 2021	93,242	87,604	(38,027)	(45,083)	(1,987)	72,218

		Equity attributable to owners of parent					
		Other components of equity					
Notes	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total equity	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2020	—	(94)	859,202	1,001,946	108,914	1,110,860	
Profit	—	—	94,604	94,604	4,105	98,709	
Other comprehensive income	8,986	34,154	—	34,154	(2,914)	31,240	
Total comprehensive income	8,986	34,154	94,604	128,758	1,191	129,949	
Purchase of treasury shares	24	—	—	(25)	—	(25)	
Disposal of treasury shares	24	—	—	1	—	1	
Dividends	25	—	(16,762)	(16,762)	(3,224)	(19,986)	
Changes in ownership interests		—	—	5	2,151	2,156	
Obtaining of control of subsidiaries		—	—	—	28	28	
Transfer to retained earnings	15	(8,986)	(8,912)	—	—	—	
Transactions with owners - total		(8,986)	(8,912)	(16,781)	(1,045)	(17,826)	
As of March 31, 2021		—	25,148	945,956	1,113,923	109,060	1,222,983

Notes	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2020	842,218	791,238	(343,257)	(238,244)	(8,274)	245,669
Profit	—	—	—	—	—	—
Other comprehensive income	30	—	—	(168,973)	(9,674)	405,980
Total comprehensive income	—	—	—	(168,973)	(9,674)	405,980
Purchase of treasury shares	24	—	(226)	—	—	—
Disposal of treasury shares	24	—	9	—	—	—
Dividends	25	—	—	—	—	—
Changes in ownership interests	—	45	—	—	—	—
Obtaining of control of subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	15	—	—	—	—	668
Transactions with owners - total	—	54	(226)	—	—	668
As of March 31, 2021	842,218	791,293	(343,483)	(407,217)	(17,948)	652,317

Notes	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total				
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2020	—	(849)	7,760,835	9,050,185	983,777	10,033,963
Profit	—	—	854,521	854,521	37,079	891,600
Other comprehensive income	30	81,167	308,500	308,500	(26,321)	282,179
Total comprehensive income	—	81,167	854,521	1,163,021	10,758	1,173,778
Purchase of treasury shares	24	—	—	(226)	—	(226)
Disposal of treasury shares	24	—	—	9	—	9
Dividends	25	—	(151,405)	(151,405)	(29,121)	(180,526)
Changes in ownership interests	—	—	—	45	19,429	19,474
Obtaining of control of subsidiaries	—	—	—	—	253	253
Transfer to retained earnings	15	(81,167)	80,499	—	—	—
Transactions with owners - total	—	(81,167)	(70,906)	(151,576)	(9,439)	(161,015)
As of March 31, 2021	—	227,152	8,544,449	10,061,629	985,096	11,046,726

#### 4) Consolidated Statement of Cash Flows

Notes	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities			
Profit before tax	79,035	123,379	1,114,434
Depreciation and amortization expense	45,355	45,729	413,052
Loss (gain) on sale of property, plant and equipment	(8,616)	(174)	(1,572)
Impairment losses	1,506	262	2,367
Share of loss (profit) of investments accounted for using equity method	(6,178)	(8,719)	(78,755)
Loss (gain) on sale of subsidiaries	488	—	—
Increase or decrease in retirement benefit asset or liability	892	(14,646)	(132,292)
Increase (decrease) in provisions	(1,635)	(2,392)	(21,606)
Finance income	(15,390)	(22,955)	(207,344)
Finance costs	7,858	4,757	42,968
Decrease (increase) in trade and other receivables	26,820	(30,489)	(275,395)
Decrease (increase) in inventories	2	36,842	(70,653)
Increase (decrease) in trade and other payables	(28,825)	52,133	470,897
Decrease (increase) in advance payments to suppliers	2	(3,788)	3,144
Increase (decrease) in accrued consumption taxes	553	(187)	(1,689)
Other	2	235	8,587
Subtotal	135,152	87,776	792,846
Interest received	5,112	4,034	36,438
Dividends received	11,991	11,931	107,768
Interest paid	(6,669)	(3,834)	(34,631)
Income taxes paid	(10,587)	(8,463)	(76,443)
Income taxes refund	1,546	78	705
Net cash provided by (used in) operating activities	136,545	91,522	826,682
Cash flows from investing activities			
Payments into time deposits	(9,272)	(21,401)	(193,307)
Proceeds from withdrawal of time deposits	10,652	24,736	223,431
Purchase of property, plant and equipment	(45,778)	(39,267)	(354,683)
Proceeds from sale of property, plant and equipment	10,849	375	3,387
Purchase of intangible assets	(695)	(1,203)	(10,866)
Proceeds from sale of investment securities	6,307	821	7,416
Purchase of shares of subsidiaries and associates	(43,657)	(4,566)	(41,243)
Proceeds from sale of shares of subsidiaries and associates	—	9,943	89,811
Collection of short-term loans receivable	260	253	2,285
Payments for long-term loans receivable	(3,246)	(3,424)	(30,928)
Collection of long-term loans receivable	3,138	1,596	14,416
Proceeds from sale of interests in subsidiaries resulting in change in scope of consolidation	32	885	—



Corporate Data and Investor Information (As of March 31, 2021)

Corporate Data

Founded	1590
Incorporated	1950
Paid-In Capital	¥93.2 billion
Number of Employees	7,072 (Consolidated)
Head Office	11-3, Shimbashi 5-chome, Minato-ku, Tokyo 105-8716, Japan

Contact Information

Public Relations & Investor Relations Department

11-3, Shimbashi 5-chome, Minato-ku, Tokyo 105-8716, Japan  
Phone: +81-3-3436-7705  
Facsimile: +81-3-3434-2215  
URL <https://www.smm.co.jp/en/>

Investor Information

Closing Date	March 31	
Ordinary General Meeting of Shareholders	June	
Common Stock	Number of authorized shares	500,000,000
	Number of issued and outstanding shares	290,814,015
	Number of shareholders	42,489
	Listing of shares	Tokyo
	Stock transaction unit	100 shares

Note: SMM consolidated its common stock at a rate of one share for every two shares with October 1, 2017 as the effective date.

Registrar of Shareholders

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan  
Stock Transfer Agency Department:

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Method of Public Notice

Electronic notification (However, if electronic notification is not available due to unavoidable circumstances, notice will be published in the Nihon Keizai Shimbun newspaper.)

Independent Public Accountant

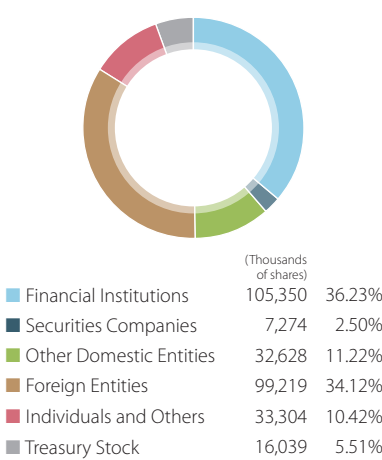
KPMG AZSA LLC 1-2, Tsukudo-cho, Shinjuku-ku, Tokyo

Major Shareholders

	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,202	11.36
Custody Bank of Japan, Ltd. (Trust Account)	19,282	7.02
Toyota Motor Corporation	11,058	4.02
JP MORGAN CHASE BANK 385632	4,270	1.55
STATE STREET BANK WEST CLIENT-TREATY 505234	3,923	1.43
Custody Bank of Japan, Ltd. (Trust Account 5)	3,879	1.41
Sumitomo Mitsui Banking Corporation	3,825	1.39
Sumitomo Realty & Development Co., Ltd.	3,745	1.36
Sumitomo Life Insurance Company	3,737	1.36
Custody Bank of Japan, Ltd. (Trust Account 7)	3,644	1.33

Notes: 1. We own 16,039 million shares of treasury stock.  
2. The shareholding ratios were calculated based on the total number of issued shares less treasury stock.

Breakdown of Shareholders



Share Price by Fiscal Year

FY	Annual high (yen)	Annual low (yen)	Year-end (yen)	Volatility
2011	2,932	1,900	2,326	27.9%
2012	3,214	1,580	2,686	33.5%
2013	2,974	2,136	2,592	32.8%
2014	3,898	2,568	3,517	31.1%
2015	4,044	2,074	2,235	40.9%
2016	3,333	1,997	3,167	35.7%
2017	5,491	2,642	4,480	33.7%
2018	4,882	2,796	3,270	36.4%
2019	3,711	1,864	2,218	47.4%
2020	5,584	2,141	4,779	43.3%

Source: Capital IQ  
• Volatility is calculated by annualizing the standard deviation of weekly closing prices for the 52 weeks of the year.

	Notes	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Purchase of shares of subsidiaries resulting in change in scope of consolidation	32	—	(249)	(2,249)
Other	2	223	(7)	(63)
Net cash provided by (used in) investing activities		(70,334)	(32,393)	(292,593)
Cash flows from financing activities				
Proceeds from short-term borrowings	32	188,223	252,439	2,280,182
Repayments of short-term borrowings	32	(185,585)	(256,969)	(2,321,100)
Proceeds from long-term borrowings	32	28,629	1,350	12,194
Repayments of long-term borrowings	32	(29,891)	(32,908)	(297,245)
Proceeds from issuance of bonds	32	19,884	—	—
Proceeds from share issuance to non-controlling shareholders		9,598	2,158	19,492
Purchase of treasury shares		(19)	(25)	(226)
Dividends paid	25	(16,762)	(16,762)	(151,405)
Dividends paid to non-controlling shareholders		(3,121)	(3,224)	(29,121)
Other	32	(1,807)	(1,817)	(16,412)
Net cash provided by (used in) financing activities		9,149	(55,758)	(503,640)
Net increase (decrease) in cash and cash equivalents		75,360	3,371	30,449
Cash and cash equivalents at beginning of period	7	81,261	155,530	1,404,841
Effect of exchange rate changes on cash and cash equivalents		(1,091)	(528)	(4,769)
Cash and cash equivalents at end of period	7	155,530	158,373	1,430,521