The following is an English translation of the Notice of Convocation of the 100th Ordinary General Meeting of Shareholders of Sumitomo Metal Mining Co., Ltd. (hereinafter referred to as the "Company"). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Japanese original is the sole official version and shall prevail in the event of any discrepancy between the Japanese original and this English translation.

Other Matters Subject to Measures for Electronic Provision (Matters Excluded from Delivered Paper-Based Documents) Regarding the Notice of the 100th Ordinary General Meeting of Shareholders

Sumitomo Metal Mining Co., Ltd.

In accordance with the laws and regulations and Article 16, Paragraph 2 of the Articles of Incorporation of the Company, the above matters are excluded from the paper-based documents (that contain matters subject to measures for electronic provision) delivered to shareholders who have made a request for paper-based delivery.

Business Report

Main businesses, etc. (as of March 31, 2025)

Reportable segment, etc.	Major products, etc.
Mineral resources	Gold and silver ore, copper concentrates, copper, gold, geological surveys, civil engineering work, etc.
Smelting & Refining	Gold, silver, copper, nickel, ferronickel, chemical products, etc.
Materials	Battery materials (nickel hydroxide, NCA, etc.), powder materials (paste, nickel powder, near-infrared absorbing materials, magnet materials, etc.), crystal materials (lithium tantalate, etc.), package materials (tape materials, printed wiring boards, etc.), and other materials
Others	Environmental protection equipment and machinery, real estate business, etc.

Main offices and plants, etc. (as of March 31, 2025)

(1) The Company

Head Office	11-3, Shimbashi 5-chome, Minato-ku, Tokyo
Main branch and other branches	Osaka Branch, Nagoya Branch, Besshi-Niihama District Div. (Niihama City, Ehime Prefecture)
Plants	Toyo Smelter & Refinery (Saijo City, Ehime Prefecture), Niihama Nickel Refinery (Niihama City, Ehime Prefecture), Harima Refinery (Harima Town, Kako-gun, Hyogo Prefecture), Ome District Div. (Ome City, Tokyo), Isoura Plant (Niihama City, Ehime Prefecture), Niihama Plant (Niihama City, Ehime Prefecture)
Mine	Hishikari Mine (Isa City, Kagoshima Prefecture)
Research laboratories	Niihama Research Laboratories (Niihama City, Ehime Prefecture), Battery Research Laboratories (Niihama City, Ehime Prefecture), Materials Laboratories (Ome City, Tokyo), Ichikawa Research Center (Ichikawa City, Chiba Prefecture)

(2) Subsidiaries

Name	Location
Sumitomo Metal Mining America Inc.	Seattle Office: the United States
Sumitomo Metal Mining Arizona, Inc.	Morenci Copper Mine: the United States
SMM Morenci Inc.	Morenci Copper Mine: the United States
SMM GOLD COTE INC.	Côté Gold Mine: Canada
Sumitomo Metal Mining Oceania Pty. Ltd.	Northparkes copper mine: Australia
Hyuga Smelting Co., Ltd.	Main plant: Hyuga City, Miyazaki Prefecture
Coral Bay Nickel Corporation	Main plant: Philippines
Taganito HPAL Nickel Corporation	Main plant: Philippines
Ohkuchi Electronics Co., Ltd.	Main plant: Isa City, Kagoshima Prefecture
Shinko Co., Ltd.	Main plant: Minowa Town, Kamiina-gun, Nagano Prefecture Ina Plant: Ina City, Nagano Prefecture

Employees (as of March 31, 2025)

(1) Status of employees of the corporate group

Reportable segment, etc.	Number of employees		Number of occasional employees	
	End of FY2024	Year-on-year change	FY2024	Year-on-year change
	Persons	Persons	Persons	Persons
Mineral Resources	402	8	57	4
Smelting & Refining	2,839	62	61	14
Materials	2,505	(284)	214	(44)
Others	598	35	110	(7)
Head Office and others (the Company)	1,058	85	125	(5)
Total	7,402	(94)	567	(38)

(Note) The number of occasional employees is the average for the period.

(2) Status of employees of the Company

Number of employees		Average age	Average length of service	Number of occasional employees	
End of FY2024	Year-on-year change			FY2024	Year-on-year change
Persons	Persons	Age	Year	Persons	Persons
3,067	175	40.5	16.7	276	25

(Note) The number of occasional employees is the average for the period.

Summary of details of Contract for Limitation of Liability

The Company has entered into a Contract for Limitation of Liability with Outside Directors Ms. Taeko Ishii, Mr. Manabu Kinoshita, and Mr. Koji Takeuchi, and Outside Audit & Supervisory Board Members Mr. Shoji Wakamatsu and Mr. Tsuguya Ieda to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act.

The maximum amount of liability for damages under such contract is 10 million yen or the minimum liability amount prescribed by applicable laws and regulations, whichever is higher.

Matters related to Directors and Officers liability insurance contract

The Company has entered into a Directors and Officers liability insurance contract with the insurance company.

(1) Coverage of the insured under the Directors and Officers liability insurance contract

It covers Directors, Audit & Supervisory Board Members, and executive officers of the Company and all Directors and Audit & Supervisory Board Members of all of the Company's consolidated subsidiary companies.

(2) Summary of details of the Directors and Officers liability insurance contract

This insurance compensates for damages and legal costs incurred by the insured due to claims for damages arising out of acts (including omissions) committed by the insured in the course of his or her duties as a corporate officer, etc. of the company described in 1) above. However, measures are taken to ensure that the appropriateness of the execution of duties by corporate officers, etc. is not compromised by excluding from coverage criminal acts such as bribery, or damages caused by corporate officers themselves who intentionally commit illegal acts, and by providing a deductible of 200,000 yen per insured person or 1 million yen per series of claims, and not providing coverage for damages that do not reach the above amounts. The Company bears all insurance premiums for the insured.

Matters related to Accounting Auditor

(1) Name of Accounting Auditor of the Company
KPMG AZSA LLC

(2) Amount of remunerations, etc., for the Accounting Auditor for the current fiscal year and the reasons why the Audit & Supervisory Board agreed to such remunerations, etc.

1) Amount of remunerations, etc., for the Accounting Auditor for the current fiscal year

Category	Previous fiscal year (FY2023)		Current fiscal year (FY2024)	
	Remunerations, etc., based on audit certification work (Millions of yen)	Remunerations, etc., based on non-audit work (Millions of yen)	Remunerations, etc., based on audit certification work (Millions of yen)	Remunerations, etc., based on non-audit work (Millions of yen)
The Company	190	2	197	2
Subsidiaries	20	0	17	0
Total	210	2	214	2

(Note) The audit contract between the Company and the Accounting Auditor does not distinguish between the amount of remunerations for audits based on the Companies Act and the amount of remunerations for audits based on the Financial Instruments and Exchange Act, so the amount of remunerations, etc. based on audit certification work includes the amount of remunerations, etc., for audit based on the Financial Instruments and Exchange Act.

2) Reasons why the Audit & Supervisory Board agreed to the amount of remunerations, etc., for the Accounting Auditor for the current fiscal year

The Audit & Supervisory Board has obtained the necessary materials, including the status of execution of duties during the previous fiscal year, and has examined the content of the Accounting Auditor's audit plan, the basis for calculating the estimated amount of remunerations, and other factors to determine their appropriateness, and has given its consent under Article 399, paragraph (1) of the Companies Act with respect to their remunerations, etc. for the Company's audit certification work.

(3) Services other than those stipulated in Article 2, paragraph (1) of the Certified Public Accountants Act (non-audit services)

The Company has entrusted the Accounting Auditor with comfort letter creation, etc., which constitutes services other than those stipulated in Article 2, paragraph (1) of the Certified Public Accountants Act (non-audit services), and has paid remunerations for this (¥2 million in (2) 1) above).

(4) Policy on determining dismissal or non-reappointment

The Audit & Supervisory Board shall dismiss the Accounting Auditor with the unanimous consent of the Audit & Supervisory Board Members if the Accounting Auditor is deemed to fall under any of the circumstances described in each item of Article 340, paragraph (1) of the Companies Act. In addition, the Audit & Supervisory Board decides the content of the proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders, as necessary, in cases where the Accounting Auditor has violated relevant laws and regulations, or where it is deemed difficult for the Accounting Auditor to properly perform its duties.

(5) Amount of cash and other financial profit payable by the Company and its subsidiaries

216 million yen

Other than the amount described above, the Company paid additional remuneration (2 million yen) for the audit of its subsidiaries for the previous fiscal year.

(6) Audit status other than that by the Accounting Auditor of the Company

Of the Company's significant subsidiaries, foreign subsidiaries including Sumitomo Metal Mining Arizona Inc. and SMM Morenci Inc. are audited by auditing firms other than the Accounting Auditor of the Company.

Matters related to the development of systems necessary to ensure the properness of operations

In addition to the resolution of the Board of the Directors on the establishment of a system, etc., to ensure the properness of operations, the Group monitors the system, etc., every fiscal year to confirm that it is being properly established and operated, and reports the results to the Board of Directors, standing Audit & Supervisory Board Members, and the Internal Control Committee. As a result of the monitoring during the current fiscal year, we confirmed that the Group's internal controls are being properly operated, although there are some issues. We are continuously working to improve the issues identified through monitoring by focusing on them in the following fiscal year.

The following is a summary of the details of the resolution regarding the establishment of a system, etc. to ensure the properness of operations of the Company, as well as a summary of the status of its operation (as of March 31, 2025).

(1) Summary of details of the resolution

1) Basic policy

The building of internal control is one of the most important management issues for ensuring the sustained growth of the Group. With regard to the matters referred to in item 2) onward, the policy is to build a structure in which the Group officers (including executive officers, both here and hereinafter) and employees can all play their respective roles and responsibilities that are clearly defined, and to build a structure that can be revised in a timely and appropriate manner and improved constantly.

2) Systems to ensure that the performance of duties by the Company's Directors and employees conforms with laws and regulations and the Articles of Incorporation

a. The Company endeavors to nurture a corporate culture in which duties are performed in a sound and legally compliant manner, by having officers set an example of compliance with the SMM Group Code of Conduct, which sets out the standards of conduct required of officers and employees, and by having officers educate employees and ensure they are thoroughly acquainted with it.

b. The system in place is one in which, based on the Regulations of the Board of Directors, agenda items and matters reported at meetings of the Board of Directors are compliant with the Companies Act. In addition, important management matters are considered from various perspectives, including legality, from an expert's standpoint, either in meetings or by means of an internal memorandum, in accordance with internal regulations, etc.

c. With regard to the status of the performance of duties by officers and employees, internal audits by the Internal Audit Department are conducted. The Internal Audit Dept. reports to the Board of Directors regarding internal audit plans for the current fiscal year and summary of the internal audit for the previous fiscal year (including status of management if a critical problem was discovered).

d. Also in place is a whistle-blowing system to ensure that, if the performance of duties by officers or employees is in violation of laws, regulations, the Articles of Incorporation, etc., the said violations do not go ignored or unaddressed.

3) Systems for the storing and management of information relating to the performance of duties by Directors of the Company

Minutes of General Meetings of Shareholders, minutes of Board of Directors meetings, internal memorandums, and other information relating to the performance of duties by officers are stored and managed appropriately in accordance with laws and regulations, the internal regulation, and other rules.

4) Regulations and other systems relating to management of risk of loss by the Company

To address risk management, internal regulations have been established, and the following framework is used to systematically implement company-wide risk management. Units that include management personnel have been established to pursue this implementation. The President has overall control of risk management as the senior officer responsible, and this activity is conducted systematically on a company-wide basis.

a. Addressing management and business risks associated with the implementation of growth and business strategies and cross-organizational risks

b. Addressing individual risks

c. Addressing critical situations

5) Systems to ensure that the Company's Directors perform their duties efficiently

a. The Executive Officer system has strengthened those officers' executive capabilities by clearly defining their authority and responsibilities and delegating substantial authority to them. Specifically, the Executive Officers are entrusted with important positions such as heading a business division, or a division or a department at the Company's head office, and are granted specific authority to perform their duties in each such position.

b. Appropriate allocation of management resources within the Group is conducted in accordance with 3-Year business plans, budgeting systems, etc. In addition, performance-management systems enable the progress of business plans within the Group to be managed, and a system is in place under which performance assessments can be reflected in the remunerations of management and other personnel.

6) Systems to ensure the appropriateness of business within the corporate group comprising the Company and its subsidiaries

a. System for the reporting to the Company of matters relating to the performance of duties by Directors, etc., of subsidiaries

A system has been built to enable prior consultation, etc., with the Company to take place in accordance with internal regulations and rules when decisions are taken on important management matters at subsidiaries. Another system has been built for reporting to the Company regularly with regard to business results and whenever important business matters arise.

b. Regulations and other systems relating to management of risk of loss by subsidiaries

In accordance with internal regulations, a system has been built for the promotion and monitoring of risk management at subsidiaries in a manner tailored to accord with factors such as the characteristics of the business being conducted and of the local region.

c. Systems to ensure that subsidiaries' Directors, etc., perform their duties efficiently

(a) By means of 3-Year Business Plans, budgeting systems, etc., a system has been built to indicate the Group's management policies to subsidiaries and to make it possible for the Company to participate in the formulation of subsidiaries' business plans and budgets.

(b) A system has also been built for assigning officers from the Company to subsidiaries and making it possible for them to participate in decision-making and other tasks with regard to important management matters at subsidiaries.

d. Systems to ensure that the performance of duties by subsidiaries' Directors, etc., and employees conforms with laws and regulations and the Articles of Incorporation

(a) The Company has built a system for nurturing a corporate culture in which duties are performed at subsidiaries in a sound and legally compliant manner, by establishing the SMM Group Code of Conduct that is in principle applicable to all subsidiaries, by having officers at each subsidiary set an example of compliance with the code, and by having those officers educate the subsidiary's employees and ensure they are thoroughly acquainted with it.

(b) With regard to the status of business execution at subsidiaries, internal audits by the Company's Internal Audit Dept. are conducted. The Company's Internal Audit Dept. reports to the Board of Directors with regards to the internal audit plans for the current fiscal year and summary of the internal audit for the previous fiscal year at subsidiaries, including status of the management if a critical problem was revealed.

(c) Also in place is a whistle-blowing system to ensure that, if the performance of duties by subsidiaries' officers or employees is in violation of laws, regulations, the Articles of Incorporation, etc., the said violations do not go ignored or unaddressed.

7) Matters relating to employees in cases in which Audit & Supervisory Board Members request the assignment of employees to assist them in their duties

As employees to assist the Audit & Supervisory Board Members, secretariats are allocated to the Audit & Supervisory Board. The number, the qualities and the work schedule of the secretariats will be decided based on discussions with the Audit & Supervisory Board Members.

8) Matters relating to ensuring the independence from directors of the employees referred to in 7) above and the effectiveness of instructions to those employees

a. If there are to be staff changes among Audit & Supervisory Board secretariat personnel, the Audit & Supervisory Board Members will be consulted in advance.

b. If Audit & Supervisory Board secretariat personnel do not abide by Audit & Supervisory Board Members' instructions, and Audit & Supervisory Board Members request they be replaced or otherwise addressed, such a request will be dealt with seriously.

9) Systems for the Company's Directors and employees, as well as subsidiaries' Directors, Auditors, and employees, to report to the Company's Audit & Supervisory Board Members

   a. A system has been built to ensure that matters required to be reported to the Company's Audit & Supervisory Board Members pursuant to the Companies Act or other laws are certain to be so reported, by prescribing matters to be reported to the Board of Directors in the Regulations of the Board of Directors and other internal regulations.

   b. If illegal acts, etc., occur within the Group, they are reported to the Company's standing Audit & Supervisory Board Members in accordance with internal regulations.

   c. With regard to the status of use of the whistle-blowing system, they are reported to the Company's standing Audit & Supervisory Board Members in accordance with internal regulations.

   d. The results of internal audits by the Company Internal Audit Dept. relating to the status of execution of the Group business are reported to all Audit & Supervisory Board Members of the Company.

10) System for ensuring that the persons reporting incidents referred to in 9) above do not receive unfavorable treatment because they have made those reports

   It is stated explicitly in internal regulations, etc., that it is prohibited to give unfavorable treatment to persons using the whistle-blowing system because they have used the said system.

11) Matters relating to policy on procedures for the prepayment or reimbursement of expenses arising in relation to the performance of duties by Audit & Supervisory Board Members or on other treatment of expenses or debts arising in relation to the performance of the said duties

   When Audit & Supervisory Board Members request the Company to prepay or reimburse expenses, etc., in relation to the performance of their duties, the said expenses or debts are dealt with pursuant to the Companies Act.

12) Other system for ensuring that audits by Audit & Supervisory Board Members are conducted effectively

   a. When important management meetings are held, such as Management Committees, Audit & Supervisory Board Members are given the opportunity to attend them in accordance with internal regulations and rules.

   b. Internal memorandum documents to be approved by the president are shown to the standing Audit & Supervisory Board Members, with the exception of items specified by standing Audit & Supervisory Board Members.

(2) Summary of the status of operation

1) Matters related to compliance

   a. The Group educates its corporate officers and employees on the SMM Group Code of Conduct, as well as on legal knowledge and compliance.

   b. The Compliance Working Group was established to exchange information on the Group's compliance promotion, etc., and two sessions were convened in the current fiscal year.

   c. The Group has established the whistle-blowing system, which is continuously disseminated to corporate officers and employees.

2) Matters related to execution of duties by Directors

   a. The Company held 20 meetings of the Board of Directors (12 regular meetings and eight extraordinary sessions) in fiscal 2024.

   b. The Company's Regulations of the Board of Directors stipulate matters determined by and reported to the Board of Directors in compliance with the Companies Act, and the Company has confirmed that such matters are properly determined by and reported to the Board of Directors. In addition, important management matters are deliberated at the Management Committee and other meetings as necessary.

   c. The Company has confirmed that minutes of the General Meeting of Shareholders, minutes of the Board of Directors meetings, internal memorandum documents, and other information related to the execution of duties by corporate officers are properly stored and managed in accordance with laws and regulations, and the internal rules.

   d. The Company adopts the Executive Officer system and strives to strengthen the execution function by clarifying authority and responsibility and delegating significant authority in accordance with the internal rules. The Company also established the 3-Year Business Plan, formulates budgets each fiscal year, and allocates management resources appropriately.

   e. The Company manages the progress of the management plan using the performance management system and reflects the results of performance evaluations in the remunerations for top management, etc.

3) Matters related to internal audit

   a. The Internal Audit Dept. reports to the Board of Directors with regard to the internal audit plans for the current fiscal year and summary of the internal audit for the previous fiscal year, including status of the management if a critical problem was revealed.

   b. The Internal Audit Dept. conducts internal audits and reports results to the president and executive officers responsible for the Internal Audit Dept. The reports are also made available to all of the Audit & Supervisory Board Members.

   c. The Internal Audit Dept. conducts evaluations of internal controls under the Financial Instruments and Exchange Act, and reports the results to the president and the executive officers in charge of the Internal Audit Dept. at internal reporting meetings, etc.

4) Matters related to risk management

   a. The President determines the annual policy in accordance with the internal rules, and the Group formulates and implements a risk management plan. Furthermore, internal audits of risk management are conducted to examine and evaluate the status of the operation of the risk management system.

   b. The Risk Management Working Group was established to promote and monitor the Group's risk management and two sessions were convened in the current fiscal year.

   c. Management and business risks associated with the implementation of growth and business strategies and cross-organizational risks were discussed by the Board of Directors upon consideration by the Risk Management Working Group, etc.

   d. The Group's individual risks (quality control, environmental management, compliance, etc.) are addressed by establishing internal regulations and a risk management system.

   e. Internal regulations are established to provide a system that can immediately respond to a critical situation.

5) Matters related to management of subsidiaries

a. The Company's internal rules stipulate matters to be pre-consulted and reported by its subsidiaries to the Company, and the Company confirmed that these matters have been properly carried out.

b. Regarding the promotion and monitoring of risk management at subsidiaries, the Company has confirmed that a risk management plan has been formulated and implemented at each subsidiary, taking into consideration the characteristics of each business, region, etc., and that periodic reviews have been conducted.

c. The Company confirmed that the Group's budgeting policy is disseminated through the divisions in charge at its subsidiaries, that the formulation of the 3-Year Business Plan at subsidiaries is a matter of prior consultation with the Company, and that the formulation of annual budgets is a matter of approval by the Company, and that prior consultation and approval are appropriately carried out.

d. The Company has established a system to dispatch corporate officers to its subsidiaries so that it can be involved in decision-making on important management matters of the subsidiaries.

e. In principle, all subsidiaries have adopted the SMM Group Code of Conduct, and employees at each subsidiary are informed and trained to comply with the Code.

f. The Company's Internal Audit Dept. reports to the Board of Directors regards to the internal audit plans for the current fiscal year and summary of the internal audit for the previous fiscal year, including status of the management if a critical problem was revealed.

g. Internal Audit Dept. of the Company conducts internal audit of its subsidiaries, and reports the results to the President of the Company, the executive officers, etc. in charge of the Internal Audit Dept., and the executive officers, etc. in charge of the subsidiaries at internal reporting meetings, etc. The reports are also made available to all of the Audit & Supervisory Board Members of the Company.

6) Matters related to the Audit & Supervisory Board Members

a. The Company has established a Secretariat of the Audit & Supervisory Board, with three secretariat personnel (one dedicated and two also serving concurrently).

b. The Company stipulates matters to be reported to the Board of Directors in the Regulations of the Board of Directors, etc., and confirmed that the matters to be reported to the Audit & Supervisory Board Members are appropriately reported as stipulated. In addition, in accordance with the internal rules, the Company reports to the standing Audit & Supervisory Board Members in the event of any violations within the Group, as well as the status of the use of the whistle-blowing system once every six months. The results of the Group's internal audits are shared with the standing Audit & Supervisory Board Members at internal reporting meetings, etc.

c. The Company informs the Audit & Supervisory Board Members of convening important management meetings such as the Management Committee, and opportunities shall be provided for the Audit & Supervisory Board Members to attend such meetings. Internal memorandum documents that are approved by the President shall be made available to the standing Audit & Supervisory Board Members, excluding such documents specifically designated by the standing Audit & Supervisory Board Members.

Basic policies related to the way a person is to control the decisions on the financial and business policies of the Company

The Company has defined basic policies related to the way a person is to control the decisions on the financial and business policies. The following is a summary of the details.

The Company will not reject a large-scale acquisition of shares if it will contribute to the corporate value of the Company and the common interests of its shareholders. The Company also believes that, if a proposal for a large-scale acquisition of the shares in the Company is made by a specific person, a decision regarding whether or not to accept that proposal must ultimately be left to the intent of the shareholders.

Nonetheless, there are some forms of large-scale acquisitions of shares that damage the corporate value of the Company and the common interests of its shareholders. The Company believes that a person who would make a large-scale acquisition in a manner that impairs the corporate value of the Company and the common interests of its shareholders would be inappropriate to become a person who controls decisions on the Company's financial and business policies, and that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against large-scale acquisitions by such persons.

From the above perspectives, the Company previously decided to introduce countermeasures to be taken if the shares in the Company are subject to a large-scale acquisition.

However, there has recently been an increasing number of cases in Japan where shareholders' intent with respect to the necessity of countermeasures against a large-scale acquisition of shares initiated without obtaining the approval of the target company's board of directors is confirmed at the time when a proposal for a large-scale acquisition is actually made by a specific person (i.e., acquirer) based on the specific features of the acquirer and the details of the proposal, as well as the purpose, manner, and terms of the large-scale acquisition and other specific facts. Taking into account the recent trend described above and dialogue with institutional investors, in 2022, the Company decided not to renew its response policy (takeover defense measures) at a stage where a specific acquirer has not emerged. The Company believes that it is desirable to confirm shareholders' intent on appropriate countermeasures as necessary when an acquirer has actually emerged and a proposal for a large-scale acquisition of the shares in the Company is made.

The Company continues to strive to ensure and enhance its corporate value and the common interests of its shareholders by promoting its 3-Year Business Plan under the fundamental strategy of aiming to become "the World Leader in the Non-ferrous Metals Industry" as stated in its long-term vision, and if the shares in the Company are subject to a large-scale acquisition, the Company will take appropriate measures as necessary under the circumstances and to the extent permitted under the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations after requesting the acquirer to provide necessary and sufficient time and information to enable the shareholders to make a decision appropriately on whether or not to accept the proposal and respecting the opinions of independent outside board members.

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(The units in this Business Report are rounded to the nearest unit.)

Consolidated Financial Statements

Consolidated Statement of Changes in Equity (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other compre-hensive income
As of April 1, 2024	93,242	89,800	(38,099)	170,900	(107)	170,764
Cumulative effect of error correction	–	–	–	–	–	2,684
Balance as of April 1, 2024 after retroactive processing	93,242	89,800	(38,099)	170,900	(107)	173,448
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	128,294	(2,686)	(49,123)
Total comprehensive income	–	–	–	128,294	(2,686)	(49,123)
Purchase of treasury shares	–	–	(20)	–	–	–
Disposal of treasury shares	–	792	630	–	–	–
Dividends	–	–	–	–	–	–
Establishment of subsidiary with non-controlling interest	–	–	–	–	–	–
Changes arising from the loss of control of subsidiaries	–	–	–	–	–	(1)
Changes in ownership interest in subsidiaries	–	(3,074)	–	–	–	–
Transfer to retained earnings	–	–	–	–	–	(7,112)
Transactions with owners - total	–	(2,282)	610	–	–	(7,113)
As of March 31, 2025	93,242	87,518	(37,489)	299,194	(2,793)	117,212

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total		
	Remeasure-ment of defined benefit plans	Total				
As of April 1, 2024	—	341,557	1,295,920	1,782,420	188,276	1,970,696
Cumulative effect of error correction	—	2,684	—	2,684	—	2,684
Balance as of April 1, 2024 after retroactive processing	—	344,241	1,295,920	1,785,104	188,276	1,973,380
Profit	—	—	16,487	16,487	(4,710)	11,777
Other comprehensive income	106	76,591	—	76,591	17,272	93,863
Total comprehensive income	106	76,591	16,487	93,078	12,562	105,640
Purchase of treasury shares	—	—	—	(20)	—	(20)
Disposal of treasury shares	—	—	—	1,422	—	1,422
Dividends	—	—	(30,773)	(30,773)	(8,410)	(39,183)
Establishment of subsidiary with non-controlling interest	—	—	—	—	579	579
Changes arising from the loss of control of subsidiaries	—	(1)	1	—	(180)	(180)
Changes in ownership interest in subsidiaries	—	—	—	(3,074)	10,822	7,748
Transfer to retained earnings	(106)	(7,218)	7,218	—	—	—
Transactions with owners - total	(106)	(7,219)	(23,554)	(32,445)	2,811	(29,634)
As of March 31, 2025	—	413,613	1,288,853	1,845,737	203,649	2,049,386

Notes on the Consolidated Financial Statements

1. Notes, etc., on matters serving as basis for the preparation of consolidated financial statements

   (1) Basis for preparation of consolidated financial statements

   The consolidated financial statements of the Company, which consist of the Company and its subsidiaries (the “Group”) and the Company’s interests in its associates and joint ventures have been prepared in accordance with International Financial Reporting Standards (“IFRS”), in application of the provisions of Article 120, paragraph (1) of the Regulations on Corporate Accounting. In accordance with the latter part of the said paragraph, certain description and disclosure items required by IFRS are omitted.

   (2) Matters related to the scope of consolidation

   Number of consolidated subsidiaries: 51

   Consolidated subsidiaries are as follows.

   [Mineral Resources business] 17 subsidiaries

   Sumitomo Metal Mining America Inc., Sumitomo Metal Mining Arizona, Inc., SMM Morenci Inc., SMM GOLD COTE INC., Sumitomo Metal Mining Oceania Pty. Ltd., and 12 other companies

   [Smelting & Refining business] Nine subsidiaries

   Hyuga Smelting Co., Ltd., Coral Bay Nickel Corporation, Taganito HPAL Nickel Corporation, and six other companies

   [Materials business] 17 subsidiaries

   Ohkuchi Electronics Co., Ltd., Shinko Co., Ltd., and 15 other companies

   [Others] Eight subsidiaries

   JCO Co., Ltd., and seven other companies

   GH Nickel (Australia), which is a consolidated subsidiary of the Smelting & Refining segment, is included in the scope of consolidation from the fiscal year under review due to its establishment.

   Sumitomo Metal Mining Siporex Co., Ltd. and Ohkuchi Material Co., Ltd., which were consolidated subsidiaries of the Materials segment in the previous fiscal year, are excluded from the scope of consolidation from the fiscal year under review due to the transfer of all shares the Company held and due to the completion of liquidation, respectively.

   (3) Matters related to application of equity method

   Number of entities accounted for using equity method: 13

   Entities accounted for using equity method are as follows.

   Compania Contractual Minera Candelaria, Sociedad Minera Cerro Verde S.A.A., Quebrada Blanca Holdings SpA, Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd., FIGESBAL SA, Nickel Asia Corporation, and N. E. Chemcat Corporation, and six other companies

(4) Matters related to accounting policies

1) Valuation basis and method for financial assets

a. Non-derivative financial assets

(a) Initial recognition and measurement

The Group classifies non-derivative financial assets into financial assets measured at fair value through profit or loss, or other comprehensive income, and financial assets measured at amortized cost. The Group determines such classification at the time of initial recognition. A regular way purchase or sale of financial assets is recognized or derecognized on the date of transaction.

Unless classified into those measured at fair value through profit or loss, all financial assets are measured at fair value added with transaction costs directly attributable thereto, provided.

However, trade receivables not containing a significant financing component are subject to initial measurement at the transaction price.

a) Financial assets measured at amortized cost

Financial assets that meet both of the following conditions are classified into financial assets measured at amortized cost.

- Financial assets are held based on the business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets measured at fair value

Financial assets other than those measured at amortized cost are classified into financial assets measured at fair value.

Of the financial assets measured at fair value, equity instruments are individually measured at fair value through profit or loss, unless the Group makes an irrevocable election to present subsequent changes in fair value in other comprehensive income.

(b) Subsequent measurement

Measurement of financial assets after the initial recognition is as follows, depending on respective classifications.

a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are, subsequent to initial recognition, measured at amortized cost by using the effective interest method. Amortization by using the effective interest method, as well as gains and losses associated with derecognition, are recognized as part of finance income through profit or loss in the current period.

b) Financial assets measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value, where changes in fair value are recognized in profit or loss, or in other comprehensive income, depending on the classification of such financial assets. Dividends from such financial assets are recognized as part of finance income through profit or loss in the current period.

(c) Impairment of financial assets

To determine the recoverability of financial assets measured at amortized cost, expected credit loss is estimated at the end of each period.

For financial assets with no significant increase in credit risk associated therewith since initial recognition, an amount equal to the expected credit loss in the next 12 months is recognized as allowance for doubtful accounts. For financial assets with significant increase in credit risk associated therewith since initial recognition, an amount equal to the lifetime expected credit loss is recognized as allowance for doubtful accounts. On the other hand, for trade receivables, etc., allowance for doubtful accounts is measured at an amount equal to the lifetime expected credit loss without exception. Expected credit loss is measured based on the present value of the difference between all contractual cash flows payable to a company, and all contractual cash flows expected to be received by a company.

In determining whether there has been a significant increase in credit risk as a result of a change in default risk, considerations include information concerning the deterioration of the obligor's business performance, etc., apart from past due information.

Any situation in which recovery of a financial asset is wholly or partially impossible, or is deemed to be extremely difficult, is considered as default.

If the asset is deemed as default or if the issuer or obligor meets with extreme financial difficulty, it is judged to be a credit-impaired financial asset.

For the financial assets with evidence of impairment of credit thereof, interest revenue is measured at an amount calculated by subtracting allowance for doubtful accounts from gross carrying amount, then multiplying by the effective interest rate.

In the event of a decrease in credit risk in later period, which can be associated objectively with an actual event that occurred subsequent to the recognition of impairment, reversal of the previously recognized impairment loss is recognized in profit or loss.

Allowance for doubtful accounts is directly deducted from financial assets measured at amortized cost.

(d) Derecognition of financial assets

The Group derecognizes financial assets if the contractual rights to cash flows arising from the financial assets expire, or if the Group transfers the rights to receive cash flows from the financial assets and substantially all the risks and rewards of ownership of the financial assets.

b. Derivatives and hedge accounting

In order to hedge foreign currency risk, interest rate risk, and commodity price risk, the Group uses derivatives including forward exchange contract, interest rate swap contract, and commodity futures contract. Documentation regarding the relationship between hedging instruments and hedged items, and the Group's risk management objective and strategy for undertaking the hedge is provided at the start of trading. Evaluation is carried out at the commencement of hedging and then on a continual basis thereafter to determine whether the derivative used for the hedging transactions meets the hedge accounting requirements in offsetting the fluctuations in the fair value or the cash flows of the hedged items.

Derivatives are subjected to initial recognition at fair value. For some of the derivatives that do not meet the requirements of hedge accounting, fluctuations in fair value subsequent to their initial recognition are recognized in profit or loss. For the derivatives that meet the requirements of hedge accounting, changes in fair value are accounted for as follows.

(a) Fair value hedges

Changes in fair value of the derivatives designated as fair value hedges, thus meeting the requirements thereof, along with the changes in fair value of the hedged assets or liabilities corresponding to the hedged risks, are recognized in profit or loss.

(b) Cash flow hedges

Changes in fair value of derivatives designated as cash flow hedges and meet the requirements thereof are recognized in other comprehensive income. However, the ineffective portion of hedging in changes in fair value of such derivatives is recognized in profit or loss.

The amount accumulated in other components of equity is reclassified into profit or loss in the period in which hedged items affect profit or loss.

In either case of fair value hedges or cash flow hedges, if the derivatives no longer meet the hedge accounting requirements, or when hedging instruments are lapsed, sold, terminated or exercised, adoption of hedge accounting is discontinued thereafter.

c. Embedded derivatives

Sales contracts for copper concentrates, etc. generally include provisional price terms at the time of shipment, and the final prices are determined based on the monthly average price of copper on the London Metal Exchange (LME) over certain future period. Such sales based on provisional price are considered as sales contracts with a nature of commodity futures contract, where delivery month is the month in which price is determined, and thus deemed to contain embedded derivatives with sales of copper concentrates, etc., as a host. In the case of such embedded derivatives involving a post-shipment price adjustment process, the host (non-derivative component) of the host contract is a financial asset, and therefore such embedded derivatives are accounted for as an integral part of the whole pursuant to IFRS 9 “Financial Instruments.”

Revenues from provisional price-based sales are recognized at estimated fair value of the consideration received, and are re-estimated at the end of the reporting period. The difference between the fair value at the time of shipment and that at the end of the reporting period is recognized as adjustment to revenues.

d. Financial assets of contingent considerations

Financial assets of contingent considerations are initially recognized at fair value on the date of acquisition, and fluctuations in fair value subsequent to their initial recognition are recognized in profit or loss.

2) Valuation basis and method for inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories includes purchase cost and conversion cost, and is calculated by using primarily the first-in first-out method, except for some of the foreign subsidiaries where the gross average method is used. Net realizable value is determined at the estimated selling price in the ordinary course of business, less estimated costs required up to the completion of the conversion and estimated selling expenses.

3) Accounting methods for depreciation of significant depreciable assets

a. Property, plant and equipment (excluding Right-of-use assets)

Property, plant and equipment are measured by using cost model, and presented at the value calculated by subtracting accumulated depreciation and accumulated impairment from acquisition cost. Acquisition cost includes costs directly associated with the acquisition of assets, and any costs for dismantlement, removal, and site restoration, as well as borrowing costs to be capitalized. Depreciation of property, plant and equipment (excluding mining sites and tunnels) is calculated by mainly using the straight-line method, while mining sites and tunnels are depreciated by using the units-of-production method. Depreciation of these assets commences when they become available for their intended use.

Estimated useful lives of the main assets by category are as follows.

Buildings and structures: From two to sixty (60) years

Machinery, equipment and vehicles: From two to thirty-five (35) years

Estimated useful lives, residual values, and depreciation method are reviewed at the end of each fiscal year, and any change therein is applicable thereafter as changes in accounting estimates.

b. Intangible assets

Intangible assets are measured subsequent to recognition by using cost model. Intangible assets are presented at the value calculated by subtracting accumulated amortization and accumulated impairment from acquisition cost. Mining rights (mineral rights) are amortized by using the units-of-production method, while mining rights (exploration rights) by the straight-line method. Software is also amortized by using the straight-line method. Amortization of these assets commences when they become available for their intended use.

Estimated useful lives of the main intangible assets are as follows.

Mining rights (mineral rights): By the units-of-production method

Mining rights (exploration rights): Five years

Software: Five years

Estimated useful lives, residual values, and amortization method are reviewed at the end of each fiscal year, and any change therein is applicable thereafter as changes in accounting estimates.

c. Leases

The Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease contract.

(a) Right-of-use assets

Right-of-use assets are initially measured at acquisition cost, which comprises the amount of the initial measurement of lease liabilities, initial direct costs, and the initial estimated cost of dismantling, removing and restoring to the original condition of underlying assets, among others.

Right-of-use assets are measured subsequent to recognition by using cost model, and measured at the value calculated by subtracting accumulated depreciation and accumulated impairment from acquisition cost.

Right-of-use assets are depreciated using the straight-line method over the shorter of lease term and useful lives of right-of-use assets.

(b) Lease liabilities

Lease liabilities are initially recognized at the present value of outstanding lease payments at the commencement date of the contract, discounted using the interest rate implicit in the lease.

If the interest rate implicit in the lease is not readily determined, the Group's incremental borrowing rate is used as the discount rate.

In subsequent measurement, lease liabilities are measured by increasing the carrying amount to reflect the interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

4) Investment property

Investment property refers to property held for the purpose of rental income or capital gain, or both. Investment property is measured subsequent to recognition by using cost model.

5) Matters related to goodwill

Goodwill arising from business combinations is presented at acquisition cost less accumulated impairment. Goodwill is not amortized, but allocated to cash-generating units or cash-generating unit groups and subjected to impairment test on an annual basis, or as appropriate if there is an indication of impairment. Impairment loss of goodwill is recognized in profit or loss, involving no subsequent reversal.

6) Impairment of non-financial assets

The Group assesses whether there is an indication of impairment as of the end of the fiscal year in the non-financial assets excluding inventories, deferred tax assets, assets held for sale, and retirement benefit asset. If any such indication exists, the Group estimates the recoverable amount of each asset. Where it is impossible to estimate the recoverable amount of individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. The recoverable amount of the asset or the cash-generating unit is measured at the higher of fair value less cost to dispose and value in use. Value in use is calculated by discounting the estimated future cash flows into present value, using the discount rate reflecting time value of money as well as the risks specific to the concerned asset. Only if the recoverable amount of the asset or that of the cash-generating unit is lower than their carrying amount, the carrying amount of such asset is reduced to the recoverable amount and recognized in profit or loss. As for the asset or cash-generating unit other than the goodwill for which impairment was recognized in prior years, test is conducted on the end of the fiscal year, to see if there is indication of likely decrease or elimination of such impairment loss recognized in prior years. If such indication exists, the recoverable amount of the asset or the cash-generating unit is estimated, where if the recoverable amount exceeds the carrying amount, the impairment loss is reversed to the extent not exceeding the lower of calculated recoverable amount and the carrying amount less depreciation/amortization if the impairment loss had not been recognized for the asset in prior years. Reversal of impairment loss is immediately recognized in profit or loss.

7) Accounting policy for provisions

Provisions are recognized when there exists present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

8) Accounting method for post-employment benefits

a. Defined benefit plan

The present value of defined benefit obligation and the related current and past service cost are calculated for each plan by using the projected unit credit method. Discount rate is determined by reference to market yields on high quality corporate bonds at the end of the fiscal year. Liability or asset associated with a defined benefit plan is calculated by subtracting the fair value of the plan assets from the present value of defined benefit obligation. However, if the defined benefit plan has a surplus, a net defined benefit asset is limited to the asset ceiling, which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Remeasurements of the net amount of liability or asset associated with a defined benefit plan are recognized collectively through other comprehensive income in the period in which such assets or liabilities arise, and reclassified as retained earnings.

b. Defined contribution plan

Post-employment benefit expense associated with a defined contribution plan is recognized as expenses in the period in which the employee renders service.

9) Revenue

The Group recognizes revenue through the following five steps, except for interest and dividend income based on IFRS 9.
Step 1: Identify contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to performance obligations in the contract
Step 5: Recognize revenue when (or as) the performance obligation is satisfied

The SMM Group mainly engages in sales of raw ore such as gold and silver ore and silver and copper concentrates, and copper produced by SX-EW method in the Mineral Resources business, non-ferrous metals such as electrolytic copper in the Smelting & Refining business, and battery materials and advanced materials, etc., in the Materials business. With regard to revenue from the sale of these goods, revenue is generally measured at transaction prices in contracts, and the revenue is recognized at the time of delivery of the goods when a performance obligation is satisfied by transferring control over the goods to the customer.

10) Accounting solutions for corporation tax, local tax, and tax-effect accounting

The Company and some domestic consolidated subsidiary companies have applied the group tax sharing system.

2. Notes on significant accounting estimates

In preparing the consolidated financial statements, the Company makes estimates and underlying assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenue, and expenses. The estimates and the underlying assumptions are reviewed on an ongoing basis. The effect of any changes in accounting estimates is recognized in the fiscal year in which the change was made and in the following fiscal years. Actual results may differ from these estimates.

Items for which amounts have been recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and may materially affect the amounts in the consolidated financial statements for the next fiscal year are as follows.

(1) Valuation of property, plant and equipment: ¥675,459 million

In the consolidated statement of financial position, ¥675,459 million for property, plant and equipment was recorded. In recognizing an impairment loss of non-financial assets, which includes property, plant and equipment, "1. Notes, etc. on matters serving as basis for the preparation of consolidated financial statements, (4) Matters related to accounting policies, 6) Impairment of non-financial assets" has been established.

The major impairment losses recognized in this fiscal year are as follows.

	Use	Category	Segment	Location	Impairment loss (Millions of yen)
1.	Battery materials production facility	Buildings, machinery, equipment, and others	Materials	Japan (Ehime Prefecture, etc.)	56,617
2.	Nickel smelting facility	Structures, machinery, equipment, and others	Smelting & Refining	Philippines	51,207
3.	Smelting process testing equipment	Machinery, equipment, and others	Smelting & Refining	Japan (Miyazaki Prefecture)	3,413

1: In the battery materials business of the Company, based on an estimated decrease in production capacity of the Company due to switchover for products that are planned for production in the future, the recoverable amount of property, plant and equipment which belong to this business was measured based on the fair value, which was cost of disposal deducted from the real estate appraisal value from a third-party appraiser using the market approach, etc.

2: At Coral Bay Nickel Corporation, a consolidated subsidiary, the recoverable amount was calculated by comprehensively assessing economic viability based on the revised future production volume due to a decline in the price of nickel and cobalt, rising production costs, and decline in ore quality. As a result, the carrying amount of property, plant and equipment of ¥51,207 million was recorded as an impairment loss. The recoverable amount was measured based on value in use.

3: In the non-ferrous metals business of the Company, due to smelting process testing ending and the equipment used in the testing being removed without being reused for other applications, the recoverable amount of such property, plant and equipment was measured based on value in use.

With regard to the recognized impairment losses of property, plant and equipment, major assumptions used for measurement were determined based on best estimates, but they may be affected by the results of changes in uncertain future economic conditions, and if a revision is necessary, it may have a significant impact on the amounts recognized in the consolidated financial statements of the next fiscal year.

(2) Deferred tax assets: ¥288 million

The Group considers the possibility that a portion or all of the deductible temporary differences or unused tax losses can be utilized against future taxable profits upon recognition of deferred tax assets. Specifically, in assessing the recoverability of deferred tax assets, the Group considers the scheduled reversal of deferred tax liabilities, projected taxable profits, and tax planning strategies.

With respect to the deferred tax assets recognized, based on historical taxable profit levels and projections of taxable profits in the period in which the deferred tax assets can be recognized, the Company has determined that it is probable tax benefits will be realized; however, the timing and amount of taxable profits may be affected by future changes in economic conditions, and if a review becomes necessary, the amount in the consolidated financial statements for the next fiscal year may be significantly affected.

(3) Provisions: ¥51,313 million

In recognizing provision, the Group has established “1. Notes, etc. on matters serving as basis for the preparation of consolidated financial statements, (4) Matters related to accounting policies, 7) Accounting policy for provisions.”

Although the amount of such liabilities is calculated based on a comprehensive consideration of possible future events, it may be affected by the occurrence of unforeseeable events or changes in circumstances, and if a review becomes necessary, the amount in the consolidated financial statements for the next fiscal year may be significantly affected.

(4) Other financial assets: ¥764,362 million

In recognizing financial assets of contingent considerations, the Group has established “1. Notes, etc. on matters serving as basis for the preparation of consolidated financial statements, (4) Matters related to accounting policies, 1) Valuation basis and method for financial assets, d. Financial assets of contingent considerations.”

In February 2022, the Group transferred all of its equity for the Sierra Gorda copper mine by transferring equity of its consolidated subsidiaries, SMM-SG Holding Inversiones SpA and SMM Holland B.V. Consideration for the transfer includes up to an additional US$350 million in contingent consideration which will be receivable if certain conditions are fulfilled regarding copper prices and the production volume in the Sierra Gorda copper mine during the period through to the end of 2025.

Financial assets of contingent considerations are recorded in other financial assets on the consolidated statement of financial position, and the balance at the end of the current fiscal year is ¥1,839 million. Fair value of contingent considerations is calculated by discounting the result estimates of future cash flows using Monte Carlo simulations based mainly on copper price estimates, etc.; however, copper price estimates, etc., may be impacted by results mainly from future fluctuations in economic conditions, and may have a significant impact on values on consolidated financial statements in the next fiscal year if revision is required.

3. Notes on correction of error

In the current fiscal year, an accounting error was found in calculation of fair value of investment securities held by the Company at the end of the previous fiscal year, and the error was corrected. The cumulative effect of correction of such error is reflected in the carrying amount in other components of equity as of the beginning of the current fiscal year.

As a result, the balance as of the beginning of the period in other components of equity of the consolidated statement of changes in equity increased by ¥2,684 million.

4. Notes on consolidated statement of financial position

(1) Allowance for doubtful accounts deducted directly from assets

Other financial assets (non-current) ¥197 million

(2) Accumulated depreciation and impairment losses of property, plant and equipment

¥907,208 million

(3) Contingent liabilities

The Company entered into an agreement to transfer its equities for SMM-SG Holding Inversiones Limitada and SMM Holland B.V. through a subsidiary of South32 Limited on October 14, 2021, and the transfer was completed on February 22, 2022. Based on the agreement, the Company will compensate South32 Limited group to a certain extent regarding tax reforms that come into force in the Republic of Chile before December 31, 2025, losses from the introduction of new mining royalties, and amendment or termination of tax stabilization contracts based on foreign investment agreements before December 31, 2025. Although there are possibilities that an economic burden will be imposed on the Company upon arising of such compensatory obligations, the amount of such burden cannot be reasonably estimated at this point.

(4) Other

JCO Co., Ltd., a consolidated subsidiary, is advancing measures to promote facility dismantlement and decontamination to prepare for the decommissioning of its facilities. As new losses are anticipated to be incurred depending on the conditions of dismantlement and decontamination of its facilities in the future, the Company will post a provision for decommissioning preparations each time a reasonable estimate of such losses becomes possible.

5. Notes on consolidated statement of changes in equity

(1) Total number of shares issued as of the end of the current fiscal year

Common stock 290,814,015 shares

(2) Matters related to dividends from surplus paid during the current fiscal year

1) Dividends paid

a. Resolution at the Ordinary General Meeting of Shareholders held on June 26, 2024

Total dividend amount : ¥17,310 million

Dividend per share : ¥63

Record date : March 31, 2024

Effective date : June 27, 2024

b. Resolution at the Board of Directors meeting held on November 12, 2024

Total dividend amount : ¥13,463 million

Dividend per share : ¥49

Record date : September 30, 2024

Effective date : December 9, 2024

2) Dividends with a record date in the current fiscal year and an effective date in the following fiscal year

The following items regarding dividends on common stock is proposed for the Ordinary General Meeting of Shareholders to be held on June 26, 2025.

Total dividend amount	:	¥15,126 million
Dividend per share	:	¥55
Record date	:	March 31, 2025
Effective date	:	June 27, 2025

6. Notes on financial instruments

(1) Matters related to the status of financial instruments

1) Management of credit risk

Credit risk is the risk that a customer will default on a contractual obligation, resulting in financial loss to the Group.

With respect to trade receivables, each business division within the Group establishes its own set of credit control regulations. Pursuant to these regulations, sales and other relevant departments regularly monitor the status of counterparties, managing due dates and balances on an individual counterparty basis. In this manner, every effort is made to ensure early detection and mitigation of concerns regarding collection due to deterioration in financial standing or other factors.

As for other receivables and other financial assets such as loans receivable, etc., the Group goes through an internal approval process regarding counterparties' credit status at the start of transaction. The Group also monitors counterparties to check their credit status on a regular basis even after the start of transaction.

With respect to the use of derivative transactions, steps are taken to engage in transactions with highly rated financial institutions only. These steps are taken with the aim of mitigating counterparty risk; therefore, such transactions have only limited impact on the Group's credit risk. The Group does not expose itself to significant concentrations of credit risk from specific counterparties as its receivables are due from a number of counterparties across a wide range of industries and geographies.

2) Management of liquidity risk

Liquidity risk is the risk of being unable to make payments on due dates in situations where the Group is required to fulfill its repayment obligations for financial liabilities due.

The Group manages liquidity risk by preparing and updating a cash management plan six months in advance based on reports from each department and division. Certain consolidated subsidiaries have adopted a cash management system and are efficiently maintaining appropriate levels of liquidity and cash on hand.

While maintaining an appropriate level of funds for repayment, the Group has established a commitment line in case of emergencies such as unexpected funding needs and significant decline in market liquidity.

3) Management of foreign currency risk

The Group uses forward exchange contracts and currency option contracts in an effort to offset the risks of movements in foreign currency exchange rates in connection with recognized receivables and payables as well as forecast transactions denominated in foreign currencies.

4) Management of interest rate risk

The Group uses interest rate swap contracts and interest rate option contracts aiming at hedging the risks of hikes in interest rates for floating-rate borrowings.

5) Management of commodity price risk

The Group engages in sales of metal and other products and purchases of copper concentrates and other materials that are used as raw materials for such products. As sales and purchase prices of such commodities are affected by fluctuations in commodity prices, the Group is exposed to risk of price fluctuations. Therefore, the Group employs commodity forward contracts and commodity option contracts, which seek to provide hedges for the risk of price fluctuations.

6) Management of risks associated with fluctuations in prices of equity instruments

With respect to equity instruments, the Group regularly monitors fair values as well as the financial status of issuers; when such issuers are the Group's counterparties, the Group also reviews its holdings on a continuous basis taking into consideration its relationships with them.

(2) Matters related to fair value, etc. of financial instruments

The fair value hierarchy is categorized into the following three levels based on observability in market of inputs used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly
Level 3: Unobservable inputs

1) Financial assets and liabilities measured at fair value that are recorded on the consolidated statement of financial position

Financial assets and liabilities measured at fair value that are recorded on the consolidated statement of financial position at the end of the current fiscal year are as follows.

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at fair value through profit or loss				
Trade receivables with embedded derivatives	—	25,387	—	25,387
Derivatives to which hedge accounting is not applied	—	1,273	—	1,273
Derivatives to which hedge accounting is applied	—	2,675	—	2,675
Financial assets of contingent considerations	—	—	1,839	1,839
Financial assets measured at fair value through other comprehensive income				
Equity instruments	250,379	—	7,354	257,733
Total	250,379	29,335	9,193	288,907
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives to which hedge accounting is not applied	—	1,700	—	1,700
Derivatives to which hedge accounting is applied	—	7,970	—	7,970
Total	—	9,670	—	9,670

The method to measure fair value is as follows.

Trade receivables with embedded derivatives

Trade receivables that include embedded derivatives and are accounted for in combination are classified into Level 2 of fair value hierarchy, and their fair values are measured based on the market price of copper on the London Metal Exchange (LME) for a certain period of time in the future.

Trade receivables with embedded derivatives are included and presented in trade and other receivables in the consolidated statement of financial position.

Derivatives

Derivatives are classified into Level 2 of fair value hierarchy, and their fair values are measured based on market prices and others.

Derivatives are included and presented in either other financial assets or other financial liabilities in the consolidated statement of financial position.

Financial assets of contingent considerations

Financial assets regarding contingent consideration contracts are classified into Level 3 of the fair value hierarchy, and their fair values are measured discounting results of estimates of future cash flows using Monte Carlo simulations based primarily on copper price estimates, etc. Financial assets of contingent considerations are included and presented in other financial assets in the consolidated statement of financial position.

Equity instruments

Marketable securities are classified into Level 1 of fair value hierarchy, and their fair values are measured based on market prices.

Unlisted shares are classified into Level 3 of fair value hierarchy, and their fair values are measured using valuation techniques such as one based on discounted future cash flows.

Unlisted shares are included and presented in other financial assets in the consolidated statement of financial position.

2) Financial assets and liabilities measured at fair value that are not recorded on the consolidated statement of financial position

Financial assets and liabilities measured at fair value that are not recorded on the consolidated statement of financial position at the end of the current fiscal year are as follows. The table below does not include financial instruments whose carrying amounts reasonably approximate fair values and those that are immaterial, except for floating-rate long-term loans receivable and payable. Nor does the table below include lease liabilities, whose fair value is not required to be disclosed under IFRS 7.

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans receivable (Note 1)	498,219	498,219	—
Bonds payable	54,815	53,320	(1,495)
Long-term borrowings (Note 2)	385,103	382,648	(2,455)

Notes:
1. Current portion of long-term loans receivable is included.
2. Current portion of long-term borrowings is included.

The method to measure fair value is as follows.

Long-term loans receivable

The fair values of floating-rate long-term loans receivables are based on their carrying amounts because their fair values reflect market interest rates within a short period of time and closely approximate their carrying amounts.

Fixed-rate long-term loans receivables are classified into Level 3 of fair value hierarchy, and their fair values are measured based on a method whereby the total principal and interest are discounted at an interest rate reflecting difference between market interest rates at inception of loan and those at the end of the period.

Unlisted shares are included and presented in other financial assets in the consolidated statement of financial position.

Bonds payable

Bonds payables are classified into Level 2 of fair value hierarchy, and their fair values are measured based on market prices and others.

Bonds payables are included and presented in bonds and borrowings in the consolidated statement of financial position.

Long-term borrowings

The fair values of floating-rate long-term borrowings are based on their carrying amounts because their fair values reflect market interest rates within a short period of time and closely approximate their carrying amounts.

Fixed-rate long-term borrowings are classified into Level 3 of fair value hierarchy, and their fair values are measured based on a method whereby the total principal and interest are discounted at an estimated interest rate that is assumed to be applied to a new similar borrowing.

Long-term borrowings are included and presented in bonds and borrowings in the consolidated statement of financial position.

7. Notes on investment property

All the investment properties held by the Group are land and are owned in Tokyo and other areas.

(Millions of yen)

Carrying amount	Fair value
3,477	7,958

Note: The fair value of the investment properties is based primarily on real estate appraisal evaluated by outside licensed real estate appraisers. The valuations conform to the relevant valuation standards of the countries where the properties are located and are based on market evidence reflecting transaction prices for similar assets.

8. Notes on per share information

(1) Equity attributable to owners of parent per share ¥6,711.27

(2) Basic earnings per share ¥59.99

9. Notes on significant subsequent event

(Purchase of treasury shares)

The Company has resolved, at the meeting of the Board of Directors held on May 12, 2025, to repurchase its own shares pursuant to the Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the act.

(1) Reason for Repurchasing Own Shares

To enhance shareholder returns and improve capital efficiency based on the 3-Year Business Plan 2027 announced on May 12, 2025.

(2) Details of Repurchase

1) Type of shares to be repurchased: Common Shares of the Company

2) Total number of shares to be repurchased: Up to 8,300,000 shares (Ratio to the outstanding shares: 3.02%)

3) Total amount of repurchase price: Up to 15,000 million yen

4) Repurchase period: From May 13, 2025 to September 22, 2025

5) Repurchase method: Market purchases based on the discretionary dealing contract

10. Notes on revenue recognition

(1) Breakdown of revenue

The SMM Group engages in resource, smelting and refining, materials, and other businesses, and net sales for each business’s main product or service are as follows.

	Reportable segment				Other Segment	Total
	Mineral Resources	Smelting & Refining	Materials	Total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Major products/services						
Ore	210,716	—	—	210,716	—	210,716
Metals						
Copper and precious metals	—	985,588	—	985,588	—	985,588
Nickel	—	237,512	—	237,512	—	237,512
Zinc and lead	—	6,048	—	6,048	—	6,048
Materials						
Powder materials	—	—	41,702	41,702	—	41,702
Battery materials	—	—	180,341	180,341	—	180,341
Package materials	—	—	20,537	20,537	—	20,537
Other	—	1,546	53,933	55,479	11,164	66,643
Subtotal	210,716	1,230,694	296,513	1,737,923	11,164	1,749,087
Adjustment	(69,576)	(50,446)	(28,476)	(148,498)	(7,241)	(155,739)
Outside customers	141,140	1,180,248	268,037	1,589,425	3,923	1,593,348

(2) Basic information to understand revenue

1) Mineral Resources

In the Mineral Resources business, the SMM Group mainly engages in sales of gold and silver ores, copper concentrates and copper produced by the SX-EW method. With regard to revenue from the sale of these goods, the revenue is generally measured at transaction price in the contract, a performance obligation is satisfied by transferring control over the goods to the customer, and the revenue is recognized at the time of delivery of the goods. The contracts do not contain a significant financing component as the consideration for most transactions is received within one year after the performance obligation is satisfied.

2) Smelting & Refining

In the Smelting & Refining business, the SMM Group mainly engages in sales of copper, nickel, ferronickel, zinc, etc., as well as sales of precious metals such as gold, silver, platinum and palladium. With regard to revenue from the sale of these goods, the revenue is generally measured at transaction price in the contract, a performance obligation is satisfied by transferring control over the goods to the customer, and the revenue is recognized at the time of delivery of the goods. The contracts do not contain a significant financing component as the consideration for most transactions is received within one year after the performance obligation is satisfied.

3) Materials

In the Materials business, the SMM Group mainly engages in sales of battery materials, powder materials, crystal materials, and tape materials. With regard to revenue from the sale of these goods, the revenue is generally measured at transaction price in the contract, a performance obligation is satisfied by transferring control over the goods to the customer, and the revenue is recognized at the time of delivery of the goods. Revenue from sales of products using non-free supplied materials over which it was determined that the SMM Group had not obtained control are measured at the amount calculated by deducting the amount relating to the non-free supplied materials from the transaction price under the agreement with the customer. The contracts do not contain a significant financing component as the consideration for most transactions is received within one year after the performance obligation is satisfied.

11. Other notes

Amounts are rounded to the nearest million yen.

Non-consolidated Financial Statements

Non-consolidated Statement of Changes in Equity (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total of capital surplus	Legal retained earnings	Other retained earnings		Total of retained earnings
						Reserves	Retained earnings brought forward	
As of April 1, 2024	93,242	86,062	8	86,070	7,455	715,146	117,980	840,581
Cumulative effect of error correction	–	–	–	–	–	–	–	–
Balance at beginning of current period after retroactive processing	93,242	86,062	8	86,070	7,455	715,146	117,980	840,581
Change in equity								
Provision of reserves	–	–	–	–	–	5,346	(5,346)	–
Reversal of reserves	–	–	–	–	–	(5,647)	5,647	–
Dividends of surplus	–	–	–	–	–	–	(30,773)	(30,773)
Profit	–	–	–	–	–	–	36,627	36,627
Purchase of treasury shares	–	–	–	–	–	–	–	–
Disposal of treasury shares	–	–	792	792	–	–	–	–
Change in equity of items other than shareholders' equity (net)	–	–	–	–	–	–	–	–
Total change in equity	–	–	792	792	–	(301)	6,155	5,854
As of March 31, 2025	93,242	86,062	800	86,862	7,455	714,845	124,135	846,435

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
As of April 1, 2024	(38,099)	981,794	149,397	270	149,667	1,131,461
Cumulative effect of error correction	—	—	2,684	—	2,684	2,684
Balance at beginning of current period after retroactive processing	(38,099)	981,794	152,081	270	152,351	1,134,145
Change in equity						
Provision of reserves	—	—	—	—	—	—
Reversal of reserves	—	—	—	—	—	—
Dividends of surplus	—	(30,773)	—	—	—	(30,773)
Profit	—	36,627	—	—	—	36,627
Purchase of treasury shares	(20)	(20)	—	—	—	(20)
Disposal of treasury shares	630	1,422	—	—	—	1,422
Change in equity of items other than shareholders' equity (net)	—	—	(52,984)	(5,096)	(58,080)	(58,080)
Total change in equity	610	7,256	(52,984)	(5,096)	(58,080)	(50,824)
As of March 31, 2025	(37,489)	989,050	99,097	(4,826)	94,271	1,083,321

Notes on the Non-consolidated Financial Statements

1. Notes on matters related to significant accounting policies

(1) Valuation basis and method for assets

1) Securities

Shares of subsidiaries and associates Stated at cost based on the moving average method

Available-for-sale securities

Other than shares without quoted market prices, etc.

.... Stated at fair value (valuation differences are booked directly in a separate component of net assets, and cost of securities sold is determined by the moving average method)

Shares without quoted market prices, etc.

.... Stated at cost based on the moving average method

2) Derivatives.................................. Stated at fair value

3) Inventories

Merchandise, finished goods and work in process

Stated at cost based on the first-in first-out method (Balance sheet amounts are measured by the method of devaluing the book value to reflect declines in profitability)

Raw materials and supplies .... Raw materials are stated at cost based on the first-in first-out method (Balance sheet amounts are measured by the method of devaluing the book value to reflect declines in profitability), and supplies are stated at cost based on the moving average method (Balance sheet amounts are measured by the method of devaluing the book value to reflect declines in profitability).

(2) Depreciation method for non-current assets

Property, plant and equipment (excluding mining sites, tunnels, and lease assets)

Straight-line method

Mining sites and tunnels .... Unit-of-production method

Intangible assets (excluding software and mineral rights) Straight-line method

Software for internal use... Straight-line method based on the useful life (five years) within the Company

Mining rights (mineral rights) .... Unit-of-production method

Lease assets .... Straight-line method assuming the lease period as the useful life without residual value

(3) Accounting policy for provisions

1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

2) Provision for bonuses

Regarding payment of bonuses to employees and executive officers, the amount that is expected to be paid is calculated and stated at that amount.

3) Provision for bonuses for Directors (and other officers)

Regarding payment of bonuses to officers, the amount that is expected to be paid is calculated and stated at that amount.

4) Provision for furnace repair works

To cover the cost of periodic furnace repair work at the Toyo Smelter & Refinery, the projected construction cost for the current fiscal year is recorded.

5) Provision for loss on business restructuring

To prepare for possible business restructuring losses expected to be incurred by the Company and its subsidiaries and associates, the estimated amount of such losses is recorded.

6) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, the amount recognized to have accrued at the end of the current fiscal year based on projected retirement benefit obligations and pension assets at the end of the current fiscal year is recorded.

Past service cost is recorded as an expense in an amount prorated by the straight-line method over a certain number of years (10 years) within the average remaining service period of employees at the time of occurrence thereof.

For actuarial differences, an amount prorated by the straight-line method over a certain number of years (10 years) within the average remaining service period of employees at the time of occurrence thereof in each fiscal year is recorded as an expense starting from the fiscal year that follows the fiscal year of occurrence.

7) Provision for prevention of mining pollution in the metal mining and other activities

To cover expenses required for the prevention of mining pollution after the specified facilities have been used, the required amount is recorded.

8) Provision for loss on support to subsidiaries and associates

To cover the cost of management of suspended operations due to a criticality accident that occurred at the Company's wholly owned subsidiary, the estimated amount of such support is recorded.

9) Provision for environmental measures

To cover the cost of disposal of waste containing PCBs (polychlorinated biphenyls) and lead, the estimated amount of disposal is calculated and recorded.

10) Provision for loss on litigation

To prepare for losses on litigation, possible losses to be incurred in the future are estimated, and the necessary amount is recorded.

11) Provision for dismantling and removal

To prepare for the cost of removal of non-current assets, the estimated amount of cost to be incurred is recorded.

(4) Accounting policy for revenue and cost

The Group recognizes revenue through the following five steps.

Step 1: Identify contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to performance obligations in the contract
Step 5: Recognize revenue when (or as) the performance obligation is satisfied

The Company mainly engages in sales of, raw material ores of gold and silver in the Mineral Resources business, non-ferrous metals such as electrolytic copper etc. in the Smelting & Refining business, and battery materials and advanced materials etc. in the Materials business. With regard to revenue from the sale of these goods, revenue is generally measured at transaction prices in contracts, and the revenue is recognized at the time of delivery of the goods when a performance obligation is satisfied by transferring control over the goods to the customer.

(5) Matters serving as basis for the preparation of other financial statements

1) Hedge accounting method

a. Hedge accounting method

Deferred hedge accounting is applied. Exceptional treatments are made for interest rate swaps that meet requirements.

b. Hedging instrument and hedged item

Receivables and payables mainly related to production and sales activities based on actual demand are hedged items, and derivative transactions related to currencies and commodities (mainly forward exchange contracts and commodity forward contracts, etc.) are used as hedging instruments.

c. Hedging policy

As derivative transactions are for hedging purposes, they are limited to transactions within actual demand and receivables and payables, and are intended to secure the profit or loss and cash flows assumed in advance.

d. Method of assessing hedge effectiveness

Derivative transactions are selected as hedging instruments after simulation calculations are performed in advance and internal approval is obtained for their effectiveness. During the execution of transactions, the Company manages to ensure that the volume of transactions between hedging instruments and hedged items matches. After the completion of transactions, the hedge effectiveness is verified by examining whether or not the originally planned profit or loss and cash flows were secured for each individual transaction in monthly financial closing, etc., regarding the profit or loss of derivative transactions that were closed along with the profit or loss arising from the hedged items.

e. Other

When foreign currency-denominated monetary receivables and payables, which are translated into yen at the spot exchange rate as of the end of the fiscal year, are hedged by foreign exchange contracts, the valuation profit or loss on the foreign exchange contracts at the end of the fiscal year is recognized in accordance with the Accounting Standard for Financial Instruments.

2. Notes on accounting estimates

In preparing the non-consolidated financial statements, the Company makes estimates and underlying assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenue, and expenses. The estimates and the underlying assumptions are reviewed on an ongoing basis. The effect of any changes in accounting estimates is recognized in the fiscal year in which the change was made and in the following fiscal years. Actual results may differ from these estimates.

Items for which amounts have been recorded in the non-consolidated financial statements for the current fiscal year based on accounting estimates, and may materially affect the amounts in the non-consolidated financial statements for the next fiscal year are as follows.

(1) Valuation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates

The Company recorded shares of subsidiaries and associates (¥680,056 million) and investments in capital of subsidiaries and associates (¥3,315 million), and recorded ¥31,345 million for loss on valuation of shares of subsidiaries and associates and ¥264 million for loss on valuation of investments in capital of subsidiaries and associates, respectively, in the current fiscal year. For shares of subsidiaries and associates without quoted market prices and investments in capital of subsidiaries and associates, a valuation loss is recorded upon consideration of the potential of recovery if the value in substance decreases significantly.

If any changes that significantly lower the value in substance of shares of subsidiaries and associates without quoted market prices or investments in capital of subsidiaries and associates occur due to possible future changes in the business environment, etc. of subsidiaries and associates, the amount in the non-consolidated financial statements for the next fiscal year may be significantly affected.

(2) Valuation of property, plant and equipment

The Company recorded ¥141,526 million for property, plant and equipment and assessed whether there was an indication of impairment for property, plant and equipment it held. If there is an indication of impairment, the Company determines whether there is recognition of impairment losses. If the future cash flows before discount falls below the carrying amount of the assets, the carrying amount of each asset is reduced to its recoverable amount and that reduction is recognized as an impairment loss. The recoverable amount used to measure impairment losses is the higher of either a net realizable value or a value in use.

In the current fiscal year, an indication of impairment was identified in the asset group associated with the battery materials business, and the production capacity of the Company is expected to decrease due to switchover for products that are planned for production in the future. As a result, the total amount of future cash flows before discount generated from such asset group fell below the carrying amount, and the Company, therefore, determined that recognition of impairment losses was required. In measuring impairment losses, the carrying amount of such asset group was reduced to the recoverable amount (net realizable value), which was calculated by deducting cost of disposal from the real estate appraisal value from a third-party appraiser using the market approach, etc., and the Company recorded ¥51,378 million for impairment losses of property, plant and equipment.

Additionally, in the nickel business, the Company recorded an impairment loss of ¥3,413 million. This was due to smelting process testing ending and the equipment used in the testing being removed without being reused for other applications. The recoverable amount was measured based on value in use.

With regards to impairment losses of property, plant and equipment, major assumptions used were determined based on the best estimate, but they may be affected by the results of changes in uncertain future economic conditions, and if a revision is necessary, it may have a significant impact on the amounts in the non-consolidated financial statements in the next fiscal year.

(3) Recoverability of deferred tax assets

The Company recorded deferred tax liabilities (¥47,229 million) as a result of offsetting deferred tax assets (¥31,303 million) and deferred tax liabilities (¥78,532 million). The Company considers the possibility that a portion or all of the deductible temporary differences can be utilized against future taxable profits upon recognition of deferred tax assets. Specifically, in assessing the recoverability of deferred tax assets, the Group considers the scheduled reversal of deferred tax liabilities, projected taxable profits, and tax planning strategies.

With respect to the deferred tax assets recognized, based on historical taxable profit levels and projections of taxable profits in the period in which the deferred tax assets can be recognized, the Company has determined that it is probable tax benefits will be realized; however, the timing and amount of taxable profits may be affected by future changes in economic conditions, and if a review becomes necessary, the amount in the non-consolidated financial statements for the next fiscal year may be significantly affected.

(4) Provisions

The Company recorded ¥5,842 million for allowance for doubtful accounts and ¥7,970 million for provision for loss on support to subsidiaries and associates. In recognizing such provisions, the Company has established "1. Notes on matters related to significant accounting policies, (3) Accounting policy for provisions, 1) Allowance for doubtful accounts and 8) Provision for loss on support to subsidiaries and associates."

For the recording of provisions, although the amount of the provisions is calculated based on a comprehensive consideration of possible future events, it may be affected by the occurrence of unforeseeable events or changes in circumstances, and if a review becomes necessary, the amount in the non-consolidated financial statements for the next fiscal year may be significantly affected.

3. Notes on correction of error

In the current fiscal year, an accounting error was found in calculation of fair value of investment securities held by the Company at the end of the previous fiscal year, and the error was corrected. The cumulative effect of correction of such error is reflected in the carrying amount in valuation difference on available-for-sale securities as of the beginning of the current fiscal year.

As a result, the balance as of the beginning of the period in valuation difference on available-for-sale securities of the non-consolidated statement of changes in equity increased by ¥2,684 million.

4. Notes on non-consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment	¥308,419 million
(2) Guarantee obligations	¥117,434 million

The Company guarantees borrowings, etc. of subsidiaries and associates from financial institutions, etc.

(3) Monetary receivables from and payables to subsidiaries and associates (excluding those shown separately)

Short-term monetary receivables	¥185,153 million
Long-term monetary receivables	¥65,350 million
Short-term monetary payables	¥25,146 million
Long-term monetary payables	¥31 million

(4) Contingent obligations

The Company entered into an agreement to transfer its equities for SMM-SG Holding Inversiones Limitada. and SMM Holland B.V. through a subsidiary of South32 Limited on October 14, 2021, and the transfer was completed on February 22, 2022. Based on the agreement, the Company will compensate South32 Limited group to a certain extent regarding tax reforms that come into force in the Republic of Chile before December 31, 2025, losses from the introduction of new mining royalties, and amendment or termination of tax stabilization contracts based on foreign investment agreements before December 31, 2025. Although there are possibilities that an economic burden will be imposed on the Company upon arising of such compensatory obligations, the amount of such burden cannot be reasonably estimated at this point.

5. Notes on non-consolidated statement of income

(1) Volume of transactions with subsidiaries and associates

Net sales	¥46,941 million
Purchase	¥367,111 million

Volume of non-operating transactions

Interest income	¥17,358 million
Dividend income	¥32,177 million
Guarantee commission received	¥835 million
Interest expenses	¥10,068 million

(2) Loss on valuation of shares of subsidiaries and associates

This is mainly attributed to a ¥22,127 million loss on valuation of the shares of Coral Bay Nickel Corporation, a consolidated subsidiary of the Company.

6. Notes on non-consolidated statement of changes in equity

(1) Number of treasury shares at the end of the current fiscal year 15,793,676 shares

(2) Breakdown of other retained earnings collectively presented as reserves

(Millions of yen)

	As of April 1, 2024	Provision	Reversal	During the fiscal year Total change in equity	As of March 31, 2025
Reserve for overseas investment loss	50,969	512	(3,080)	(2,568)	48,401
Reserve for tax purpose reduction entry	3,483	773	(153)	620	4,103
Reserve for mineral exploration	10,694	4,061	(2,414)	1,647	12,341
General reserve	650,000	—	—	—	650,000
Total reserves	715,146	5,346	(5,647)	(301)	714,845

7. Notes on tax effect accounting

(1) Major components of deferred tax assets and liabilities

Deferred tax assets	
Impairment losses	¥18,284 million
Loss on valuation of shares of subsidiaries and associates	¥14,965 million
Retirement benefits trust operating revenue and incorporation amount	¥2,982 million
Provision for loss on support to subsidiaries and associates	¥2,438 million
Excess allowance for doubtful accounts	¥1,841 million
Provision for loss on litigation	¥962 million
Loss on valuation of investment securities	¥705 million
Provision for bonuses	¥599 million
Accrued enterprise tax	¥548 million
Provision for dismantling and removal	¥378 million
Provision for loss on business restructuring	¥122 million
Other	¥8,200 million
Sub total of deferred tax assets	¥52,024 million
Valuation allowance	¥(20,721) million
Total of deferred tax assets	¥31,303 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥(44,990) million
Reserve for overseas investment loss	¥(22,215) million
Reserve for mineral exploration	¥(5,626) million
Prepaid pension costs	¥(2,667) million
Reserve for tax purpose reduction entry	¥(1,873) million
Gain on contribution of securities to retirement benefit trust	¥(460) million
Other	¥(701) million
Total of deferred tax liabilities	¥(78,532) million
Net of deferred tax liabilities	¥(47,229) million

(2) Accounting solutions for corporation tax, local tax, and tax-effect accounting

The Company has applied the group tax sharing system. In accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), the Company conducts accounting treatments and disclosure for corporation tax, local tax, and tax-effect accounting.

8. Notes on transactions with related parties

(Subsidiaries, etc.)

(Millions of yen)

Attribute	Name of company, etc.	Voting rights, etc. held by the Company	Relationship with related parties	Transaction detail	Transaction amount	Account item	Balance at the end of the fiscal year
Subsidiary	Taganito HPAL Nickel Corporation	Directly 75.0%	Debt guarantee (Note 1)	Debt guarantee	2,542	–	–
				Debt guarantee fee	4	–	–
			Financing support (Note 2)	Collection of funds	1,542	Short-term loans receivable	128,138
				Receipt of interest	9,025	Accrued revenue	94
Subsidiary	Sumitomo Metal Mining America Inc.	Directly 100.0%	Debt guarantee (Note 1)	Debt guarantee	52,334	–	–
				Debt guarantee fee	694	Accrued revenue	181
			Financing support and deposit of funds (Notes 2 and 3)	Deposit of funds	2,956	Deposits received from subsidiaries and associates	60,231
				Payment of interest	3,167	–	–
Subsidiary	SMM Morenci Inc.	Indirectly 100.0%	Financing support and deposit of funds (Notes 2 and 3)	Deposit of funds	9,451	Deposits received from subsidiaries and associates	102,578
				Payment of interest	5,429	–	–
Subsidiary	SMM GOLD COTE INC.	Directly 100.0%	Financing support (Note 2)	Providing loans	7,844	Short-term loans receivable	21,540
				Collection of funds	53,986	Long-term loans receivable	65,337
				Receipt of interest	7,932	Accrued revenue	85
Subsidiary	SMMQB Holding SpA	Directly 100.0%	Financing support (Note 4)	Underwriting of capital increase	57,801	–	–
Associate Subsidiary	Compania Minera Teck Quebrada Blanca S.A.	Indirectly 30.0%	Debt guarantee (Note 1)	Debt guarantee	49,951	–	–
				Debt guarantee fee	357	Accrued revenue	95

Notes:
1. Debt guarantee is a guarantee of obligations for the loan from the financial institutions. Transaction amount of the debt guarantee is based on the balance of obligations as of the end of the current fiscal year.
2. Terms and conditions of loan are determined based on the market interest rates, etc., and the transaction amount represents the amount of increase and decrease during the fiscal year.
3. The Company has introduced a cash management system for the purpose of improving the efficiency of funds within the Group, and the transaction amount represents the amount of increase and decrease during the fiscal year. The interest rates on the transactions are reasonably determined by considering

market interest rates.

4. The underwriting of capital increase is a capital investment to SMMQB Holding SpA.
5. Amounts for each company include foreign exchange gains and losses.

9. Notes on per share information

    (1) Net assets per share ¥3,939.06

    (2) Earnings per share ¥133.26

10. Notes on significant subsequent event

(Absorption of a consolidated subsidiary)

The Company has resolved, at the meeting of the Board of Directors held on January 27, 2025, to absorb Sicoxs Corporation, its wholly owned subsidiary, and absorbed it as of April 1, 2025.

1. Overview of the transaction

(1) Name and content of business of the constituent enterprise

Name of the constituent enterprise: Sicoxs Corporation

Content of business of the constituent enterprise: Development, manufacturing and sales of direct bonded silicon carbide (SiC) substrates

(2) Business combination date

April 1, 2025

(3) Statutory form of business combination

Absorption-type merger with the Company as the surviving company and Sicoxs Corporation as the disappearing company

This merger is a simplified merger pursuant to Article 796, Paragraph 2 of the Companies Act in the Company, and in Sicoxs Corporation, since the merger is a short-form merger as stipulated in Article 784, Paragraph 1 of the Companies Act, the approval of the merger agreement at the General Meeting of Shareholders is not required.

(4) Company name after combination

Sumitomo Metal Mining Co., Ltd.

(5) Other matters related to the overview of the transaction

This absorption-type merger is aimed for rapid launch of the direct bonded SiC substrate business, strengthening of the business, and increasing administrative efficiency through organizational integration between the Company and Sicoxs Corporation. Since this is a merger with a wholly owned subsidiary of the Company, there is no allocation of shares or other monetary assets upon this merger.

2. Overview of accounting process

The accounting process has been carried out as transactions conducted by commonly controlled entities, in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No.21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, January 16, 2019).

(Purchase of treasury shares)

Notes on purchase of treasury shares are omitted as the same content is shown in “9. Notes on significant subsequent event” in the notes on the consolidated financial statements.

11. Notes on revenue recognition

Basic information to understand revenue

1) Mineral Resources

In the Mineral Resources business, the SMM Group engages in sales of gold and silver ores. With regard to revenue from the sale of these goods, the revenue is generally measured at transaction price in the contract, a performance obligation is satisfied by transferring control over the goods to the customer, and the revenue is recognized at the time of delivery of the goods. The contracts do not contain a significant financing component as the consideration for most transactions is received within one year after the performance obligation is satisfied.

2) Smelting & Refining

In the Smelting & Refining business, the SMM Group mainly engages in sales of copper, nickel, ferronickel, zinc, etc., as well as sales of precious metals such as gold, silver, platinum and palladium. With regard to revenue from the sale of these goods, the revenue is generally measured at transaction price in the contract, a performance obligation is satisfied by transferring control over the goods to the customer, and the revenue is recognized at the time of delivery of the goods. The contracts do not contain a significant financing component as the consideration for most transactions is received within one year after the performance obligation is satisfied.

3) Materials

In the Materials business, the SMM Group mainly engages in sales of battery materials, powder materials, crystal materials, and tape materials. With regard to revenue from the sale of these goods, the revenue is generally measured at transaction price in the contract, a performance obligation is satisfied by transferring control over the goods to the customer, and the revenue is recognized at the time of delivery of the goods. Revenue from sales of products using non-free supplied materials over which it was determined that the SMM Group had not obtained control are measured at the amount calculated by deducting the amount relating to the non-free supplied materials from the transaction price under the agreement with the customer. The contracts do not contain a significant financing component as the consideration for most transactions is received within one year after the performance obligation is satisfied.

12. Other notes

Amounts are rounded to the nearest million yen.