

# 1 Consolidated Financial Statements

## (1) Consolidated Financial Statements

### 1) Consolidated Statement of Financial Position

	Notes	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets				
Current assets				
Cash and cash equivalents	8	151,022	159,712	1,068,093
Trade and other receivables	9, 35	185,238	196,035	1,311,008
Other financial assets	17, 35	9,054	4,305	28,790
Inventories	10	516,014	567,800	3,797,231
Other current assets	18	43,611	48,442	323,962
Subtotal		904,939	976,294	6,529,084
Assets held for sale	11	19,482	—	—
Total current assets		924,421	976,294	6,529,084
Non-current assets				
Property, plant and equipment	12, 22	759,484	675,459	4,517,214
Intangible assets and goodwill	13	72,468	70,434	471,036
Investment property	15	3,477	3,477	23,253
Investments accounted for using equity method	16	499,097	538,197	3,599,258
Other financial assets	17, 35	722,250	760,057	5,082,973
Deferred tax assets	19	1,828	288	1,926
Other non-current assets	18, 24	44,689	44,416	297,037
Total non-current assets		2,103,293	2,092,328	13,992,697
Total assets	6	3,027,714	3,068,622	20,521,782

	Notes	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	20, 35	263,054	246,428	1,648,017
Bonds and borrowings	21, 35	133,610	193,045	1,291,012
Other financial liabilities	21, 22, 35	16,961	15,232	101,866
Income taxes payable		11,168	18,942	126,677
Provisions	23	8,387	10,312	68,963
Other current liabilities	25	26,015	19,676	131,586
Subtotal		459,195	503,635	3,368,120
Liabilities directly associated with assets held for sale	11	4,415	—	—
Total current liabilities		463,610	503,635	3,368,120
Non-current liabilities				
Bonds and borrowings	21, 35	396,679	367,258	2,456,082
Other financial liabilities	21, 22, 35	14,354	12,694	84,893
Provisions	23	42,997	41,001	274,199
Retirement benefit liability	24	3,223	3,546	23,714
Deferred tax liabilities	19	128,808	90,004	601,913
Other non-current liabilities	25	4,663	1,098	7,343
Total non-current liabilities		590,724	515,601	3,448,144
Total liabilities		1,054,334	1,019,236	6,816,264
Equity				
Share capital	26	93,242	93,242	623,567
Capital surplus	7, 26	89,800	87,518	585,287
Treasury shares	26	(38,099)	(37,489)	(250,712)
Other components of equity		344,241	413,613	2,766,087
Retained earnings	26	1,295,920	1,288,853	8,619,361
Total equity attributable to owners of parent		1,785,104	1,845,737	12,343,590
Non-controlling interests	36	188,276	203,649	1,361,927
Total equity		1,973,380	2,049,386	13,705,517
Total liabilities and equity		3,027,714	3,068,622	20,521,782

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

Consolidated Statement of Profit or Loss

	Notes	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Net sales	28	1,445,388	1,593,348	10,655,708
Cost of sales	12, 29	(1,279,255)	(1,534,843)	(10,264,449)
Gross profit		166,133	58,505	391,259
Selling, general and administrative expenses	29	(67,647)	(74,394)	(497,519)
Finance income	30	18,819	56,088	375,095
Finance costs	30	(18,295)	(18,046)	(120,685)
Share of profit of investments accounted for using equity method	16	33,117	8,705	58,216
Other income	31	3,575	13,653	91,306
Other expenses	31	(39,907)	(13,128)	(87,795)
Profit before tax	6	95,795	31,383	209,878
Income tax expense	19	(34,992)	(19,606)	(131,118)
Profit		60,803	11,777	78,760
Profit attributable to:				
Owners of parent		58,601	16,487	110,259
Non-controlling interests		2,202	(4,710)	(31,499)
Profit		60,803	11,777	78,760
Earnings per share		Yen	Yen	U.S. dollars
Basic earnings per share	33	213.28	59.99	0.40
Diluted earnings per share	33	213.28	59.99	0.40

## Consolidated Statement of Comprehensive Income

		FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Notes	Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit		60,803	11,777	78,760
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Financial assets measured at fair value through other comprehensive income	32	63,162	(49,148)	(328,683)
Remeasurements of defined benefit plans	32	7,948	(267)	(1,786)
Share of other comprehensive income of investments accounted for using equity method	16, 32	471	403	2,695
Total of items that will not be reclassified to profit or loss		71,581	(49,012)	(327,774)
Items that will be reclassified to profit or loss:				
Cash flow hedges	32	(837)	(2,754)	(18,418)
Exchange differences on translation of foreign operations	32	50,185	96,976	648,539
Share of other comprehensive income of investments accounted for using equity method	16, 32	27,603	48,653	325,373
Total of items that will be reclassified to profit or loss		76,951	142,875	955,494
Other comprehensive income, net of tax		148,532	93,863	627,720
Comprehensive income		209,335	105,640	706,480
Comprehensive income attributable to:				
Owners of parent		194,671	93,078	622,470
Non-controlling interests		14,664	12,562	84,010
Comprehensive income		209,335	105,640	706,480

3) Consolidated Statement of Changes in Equity  
FY2023 (From April 1, 2023 to March 31, 2024)

	Notes	Equity attributable to owners of parent					
		Share capital	Capital surplus	Treasury shares	Other components of equity		
					Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023		93,242	89,800	(38,076)	105,602	725	114,056
Profit		—	—	—	—	—	—
Other comprehensive income	32	—	—	—	65,298	(832)	63,187
Total comprehensive income		—	—	—	65,298	(832)	63,187
Purchase of treasury shares	26	—	—	(23)	—	—	—
Disposal of treasury shares	26	—	0	0	—	—	—
Dividends	27	—	—	—	—	—	—
Changes in ownership interest in subsidiaries		—	—	—	—	—	—
Transfer to retained earnings	17	—	—	—	—	—	(3,795)
Transactions with owners - total		—	0	(23)	—	—	(3,795)
As of March 31, 2024		93,242	89,800	(38,099)	170,900	(107)	173,448

	Notes	Equity attributable to owners of parent					
		Other components of equity				Non-controlling interests	Total equity
		Remeasurements of defined benefit plans	Total	Retained earnings	Total		
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023		—	220,383	1,266,322	1,631,671	157,625	1,789,296
Profit		—	—	58,601	58,601	2,202	60,803
Other comprehensive income	32	8,417	136,070	—	136,070	12,462	148,532
Total comprehensive income		8,417	136,070	58,601	194,671	14,664	209,335
Purchase of treasury shares	26	—	—	—	(23)	—	(23)
Disposal of treasury shares	26	—	—	—	0	—	0
Dividends	27	—	—	(41,215)	(41,215)	(6,248)	(47,463)
Changes in ownership interest in subsidiaries		—	—	—	—	22,235	22,235
Transfer to retained earnings	17	(8,417)	(12,212)	12,212	—	—	—
Transactions with owners - total		(8,417)	(12,212)	(29,003)	(41,238)	15,987	(25,251)
As of March 31, 2024		—	344,241	1,295,920	1,785,104	188,276	1,973,380

FY2024 (From April 1, 2024 to March 31, 2025)

		Equity attributable to owners of parent					
		Other components of equity					
	Notes	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2024		93,242	89,800	(38,099)	170,900	(107)	173,448
Profit		—	—	—	—	—	—
Other comprehensive income	32	—	—	—	128,294	(2,686)	(49,123)
Total comprehensive income		—	—	—	128,294	(2,686)	(49,123)
Purchase of treasury shares	26	—	—	(20)	—	—	—
Disposal of treasury shares	26	—	792	630	—	—	—
Dividends	27	—	—	—	—	—	—
Establishment of subsidiary with non-controlling interest		—	—	—	—	—	—
Loss of control of subsidiaries		—	—	—	—	—	(1)
Changes in ownership interest in subsidiaries	7	—	(3,074)	—	—	—	—
Transfer to retained earnings	17	—	—	—	—	—	(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					
		Other components of equity					
	Notes	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total equity
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2024		—	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	32	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	26	—	—	—	(20)	—	(20)
Disposal of treasury shares	26	—	—	—	1,422	—	1,422
Dividends	27	—	—	(30,773)	(30,773)	(8,410)	(39,183)
Establishment of subsidiary with non-controlling interest		—	—	—	—	579	579
Loss of control of subsidiaries		—	(1)	1	—	(180)	(180)
Changes in ownership interest in subsidiaries	7	—	—	—	(3,074)	10,822	7,748
Transfer to retained earnings	17	(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

Equity attributable to owners of parent						
Notes	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2024	623,567	600,548	(254,792)	1,142,914	(716)	1,159,955
Profit	—	—	—	—	—	—
Other comprehensive income	32	—	—	857,982	(17,963)	(328,516)
Total comprehensive income		—	—	857,982	(17,963)	(328,516)
Purchase of treasury shares	26	—	(134)	—	—	—
Disposal of treasury shares	26	—	4,213	—	—	—
Dividends	27	—	—	—	—	—
Establishment of subsidiary with non-controlling interest		—	—	—	—	—
Loss of control of subsidiaries		—	—	—	—	(7)
Changes in ownership interest in subsidiaries	7	—	(20,558)	—	—	—
Transfer to retained earnings	17	—	—	—	—	(47,562)
Transactions with owners - total		—	4,079	—	—	(47,569)
As of March 31, 2025	623,567	585,287	(250,712)	2,000,896	(18,679)	783,869

Equity attributable to owners of parent						
Notes	Other components of equity			Non-controlling interests	Total equity	
	Remeasurements of defined benefit plans	Total	Retained earnings			
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2024	—	2,302,153	8,666,622	11,938,099	1,259,119	13,197,218
Profit	—	—	110,259	110,259	(31,499)	78,760
Other comprehensive income	32	709	512,212	512,212	115,509	627,720
Total comprehensive income		709	110,259	622,470	84,010	706,480
Purchase of treasury shares	26	—	—	(134)	—	(134)
Disposal of treasury shares	26	—	—	9,510	—	9,510
Dividends	27	—	(205,798)	(205,798)	(56,243)	(262,041)
Establishment of subsidiary with non-controlling interest		—	—	—	3,872	3,872
Loss of control of subsidiaries		—	7	—	(1,204)	(1,204)
Changes in ownership interest in subsidiaries	7	—	—	(20,558)	72,373	51,816
Transfer to retained earnings	17	(709)	48,271	—	—	—
Transactions with owners - total		(709)	(157,520)	(216,980)	18,799	(198,181)
As of March 31, 2025	—	2,766,087	8,619,361	12,343,590	1,361,927	13,705,517

#### 4) Consolidated Statement of Cash Flows

	Notes	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities				
Profit before tax		95,795	31,383	209,878
Depreciation and amortization		56,224	67,074	448,566
Loss (gain) on sale of fixed assets		(1,162)	(227)	(1,518)
Impairment losses		761	112,671	753,501
Impairment losses on assets held for sale		6,417	—	—
Share of loss (profit) of investments accounted for using equity method		(33,117)	(8,705)	(58,216)
Loss (gain) on transfer of interests		—	(6,693)	(44,760)
Increase or decrease in retirement benefit asset or liability		(11,861)	558	3,732
Increase (decrease) in provisions		1,877	1,904	12,733
Finance income		(18,819)	(56,088)	(375,095)
Finance costs		18,295	18,046	120,685
Decrease (increase) in trade and other receivables		(3,698)	(8,767)	(58,630)
Decrease (increase) in inventories		43,851	(51,997)	(347,736)
Increase (decrease) in trade and other payables		1,538	(2,749)	(18,384)
Decrease (increase) in advance payments to suppliers		2,433	488	3,264
Increase (decrease) in accrued consumption taxes		14,197	(14,115)	(94,396)
Other		27,062	22,148	148,117
Subtotal		199,793	104,931	701,739
Interest received		31,927	44,367	296,710
Dividends received		36,447	52,899	353,768
Interest paid		(18,601)	(17,630)	(117,903)
Income taxes paid		(39,541)	(35,479)	(237,270)
Income taxes refund		650	556	3,718
Net cash provided by (used in) operating activities		210,675	149,644	1,000,762
Cash flows from investing activities				
Purchase of property, plant and equipment		(125,275)	(117,141)	(783,395)
Proceeds from sale of property, plant and equipment		3,097	467	3,123
Purchase of intangible assets		(2,803)	(5,015)	(33,538)
Purchase of investment securities		(1,860)	(1,785)	(11,937)
Proceeds from sale of investment securities		8,689	18,629	124,584
Purchase of shares of subsidiaries and associates		(45,396)	(23,994)	(160,463)
Collection of short-term loans receivable		395	4,001	26,757
Payments for long-term loans receivable		(136,317)	(72,161)	(482,585)
Payments from sale of interests, etc. in subsidiaries resulting in change in scope of consolidation	34	—	(465)	(3,110)
Proceeds from transfer of interests	34	—	56,390	377,115
Other	2	583	2,190	14,646
Net cash provided by (used in) investing activities		(298,887)	(138,884)	(928,804)



		FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Notes	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from financing activities				
Proceeds from short-term borrowings	34	415,905	385,965	2,581,188
Repayments of short-term borrowings	34	(485,070)	(366,796)	(2,452,993)
Proceeds from long-term borrowings	34	130,668	29,935	200,194
Repayments of long-term borrowings	34	(52,065)	(57,453)	(384,224)
Proceeds from issuance of bonds	34	99,938	242,739	1,623,346
Redemption of bonds	34	(74,999)	(207,810)	(1,389,755)
Proceeds from share issuance to non-controlling shareholders		22,235	13,157	87,989
Dividends paid	27	(41,215)	(30,773)	(205,798)
Dividends paid to non-controlling shareholders		(6,248)	(8,410)	(56,243)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation		—	(4,830)	(32,301)
Other	34	(2,059)	(1,904)	(12,733)
Net cash provided by (used in) financing activities		7,090	(6,180)	(41,329)
Net increase (decrease) in cash and cash equivalents		(81,122)	4,580	30,629
Cash and cash equivalents at beginning of period	8	215,007	151,022	1,009,978
Effect of exchange rate changes on cash and cash equivalents		17,137	4,110	27,486
Cash and cash equivalents at end of period	8	151,022	159,712	1,068,093

## Notes to Consolidated Financial Statements

### 1. Reporting Entity

Sumitomo Metal Mining Co., Ltd. (hereinafter the “Company”) is a company based in Japan, and its shares are listed on the Tokyo Stock Exchange. The address of head office is 11-3, Shimbashi 5-chome Minato-ku, Tokyo. The Company’s consolidated financial statements, which were prepared with the end of the fiscal year on March 31, 2025, represent the Company and its subsidiaries (hereinafter the “SMM Group”) as well as the Company’s interests in its associates and joint ventures.

The ultimate parent of the SMM Group is the Company. Description of the SMM Group’s main businesses and activities is included in operating segments section (6. Operating Segments).

### 2. Basis of Preparation

#### (1) Statement of compliance with International Financial Reporting Standards

The consolidated financial statements of the SMM Group meet the requirements for a “Specified Company Complying with Designated International Accounting Standards” as prescribed in Article 1-2 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976), and thus are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) pursuant to the provisions of Article 312 of the aforementioned Ministry of Finance Order.

#### (2) Approval of the consolidated financial statements

The consolidated financial statements of the SMM Group were approved on June 25, 2025, by Nobuhiro Matsumoto, President and Representative Director.

#### (3) Basis of measurement

The consolidated financial statements of the SMM Group are prepared based on acquisition cost, except for the financial instruments, etc., stated in the material accounting policies section (3. Summary of Material Accounting Policies).

#### (4) Presentation currency

The consolidated financial statements of the SMM Group are presented in Japanese yen, which is the functional currency adopted by the Company, and figures less than one million yen are rounded to the nearest million yen. The totals of the related items in Japanese yen in the notes may not match the corresponding line items in the financial statements due to rounding.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate as of March 31, 2025, which was ¥149.53 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange. The totals of U.S. dollars conversions of the Japanese yen item amounts may not match the totals due to rounding.

#### (5) Changes in accounting policies

Material accounting policies applied in the consolidated financial statements of the SMM Group are the same as those applied in the consolidated financial statements for FY2023.

#### (6) Changes in presentation method

(Consolidated statement of cash flows)

“Payments into time deposits” and “Proceeds from withdrawal of time deposits”, which were presented separately under “Cash flows from investing activities” in FY2023, are included in “Other” under “Cash flows from investing activities” due to their decreased materiality. In order to reflect these changes in the presentation method, the consolidated financial statements for FY2023 have been restated.

As a result, in the consolidated statement of cash flows for FY2023, ¥(281) million in “Payments into time deposits”, ¥313 million in “Proceeds from withdrawal of time deposits” and ¥551 million in “Other” under “Cash flows from investing activities” have been reclassified to ¥583 million in “Other”.

### 3. Summary of Material Accounting Policies

Unless otherwise specified, material accounting policies applied in the consolidated financial statements are the same as those applied in all the periods stated.

#### (1) Basis for consolidation

These consolidated financial statements are prepared based on the financial statements of the Company, its subsidiaries, associates and joint ventures.

##### 1) Subsidiaries

Subsidiaries refer to the companies under the control of the SMM Group. Financial statements of subsidiaries are included in the SMM Group's consolidated financial statements in the period between the date when control is obtained and the date when the control is lost. Some of the subsidiaries use financial statements based on the provisional settlement conducted at the end of the reporting period of the parent. The aforementioned subsidiaries include those unable to adopt the parent's closing date in practice due to the requirement to use specific closing dates other than the parent's under the local laws and regulations, or those unable to conduct provisional settlement in practice due to the environment surrounding their local accounting systems or their business characteristics. The gap between the end of the reporting period of such subsidiaries and that of the parent does not exceed three months, while adjustments are made as appropriate for the significant transactions or events during such gap period. Changes in ownership interests in subsidiaries that do not result in loss of control are accounted for as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are directly recognized in equity attributable to owners of parent. Balances of receivables and payables and transactions within the SMM Group, as well as the unrealized gains or losses arising from the transactions within the SMM Group, are eliminated at the time when the consolidated financial statements are prepared.

##### 2) Associates and joint agreement

Associates refer to the companies over which the SMM Group does not have control or joint control, but has a significant influence over the decisions on financial and operating policies.

Joint control exists only when decisions about the relevant activities require, by prior contractual arrangements, the unanimous consent of the parties sharing control. Joint arrangements are classified, depending on the rights and obligations of the parties that have joint control, into either joint operations or joint ventures. A joint operation refers to an arrangement in which parties that have joint control have rights to the assets, and obligations to the liabilities arising under the arrangement, while a joint venture is a joint arrangement in which parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates or joint ventures are recognized at cost at the time of acquisition, and accounted for by using equity method. The consolidated financial statements of the SMM Group include investments in equity-method associate with various closing dates, as it is impracticable to unify closing date due to the consideration for the relationship with other shareholders. The gap between the end of the reporting period of such equity method companies and that of the SMM Group does not exceed three months, while adjustments are made as appropriate for the significant transactions or events during such gap period.

Unrealized gains derived from the transactions with such equity method companies are deducted from the investments to the extent of the SMM Group's interest in the investee. Unrealized losses are deducted from the investments in the same way as unrealized gains, subject to absence of evidence of impairment.

For investments in joint operations, the SMM Group recognizes its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of revenue from the sale of the output by the joint operation, and its expenses, including its share of any expenses incurred jointly.

### 3) Business combinations and goodwill

Business combinations are accounted for by the acquisition method. Identifiable assets and liabilities of the acquiree are measured in principle at fair value as of the acquisition date. Goodwill is measured as the excess, if any, of the aggregate of the consideration transferred in a business combination, the amount of non-controlling interest in the acquiree, and the fair value of the acquirer's previously-held equity interest in the acquiree, over the net of the identifiable assets and liabilities as of the acquisition date. The consideration transferred in a business combination is calculated as the sum of the fair values of the assets transferred by the acquirer, liabilities incurred by the acquirer to former owners of the acquiree and equity interests issued by the acquirer as of the acquisition date.

The SMM Group decides whether to measure the non-controlling interest at fair value or at the non-controlling interest's proportional share of identifiable net assets of the acquiree for each business combination on a case-by-case basis. Acquisition-related costs are accounted for as expenses in the period in which the costs are incurred.

Additional acquisition of non-controlling interest after the acquisition of control is accounted for as equity transaction, for which no goodwill is recognized.

### (2) Foreign currency translation

#### 1) Foreign currency denominated transactions

Foreign currency denominated transactions are translated into the functional currency by the exchange rate on the transaction date or the exchange rate approximate thereto. Foreign currency denominated monetary items on the closing date are translated into the functional currency by the exchange rate on the closing date, while the non-monetary items measured at fair value are translated into the functional currency by the exchange rate on the date when such fair value is calculated. Exchange differences arising from such translation or settlement are recognized in profit or loss, provided, however, that equity instruments measured at fair value through other comprehensive income and the effective portion of hedging in the exchange difference arising from the hedging instrument for cash flow hedges against foreign currency risks are recognized in other comprehensive income.

#### 2) Foreign operations

Assets and liabilities in the statement of financial position at foreign operations are translated by the exchange rate on the date of such statement, while revenues and expenses of respective statements presenting profit or loss and other comprehensive income are translated by the average exchange rate during the period unless exposed to significant exchange rate fluctuations. Exchange differences resulting from such translation are recognized in other comprehensive income. In the event of disposal of a foreign operation, the cumulative amount of exchange differences related to such foreign operation is reclassified to profit or loss for the period in which such disposal is carried out.

### (3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposit, and short-term investments with maturities not exceeding three months from the purchase date, that are readily convertible into cash and subject to an insignificant risk of changes in value.

### (4) Financial instruments

#### 1) Non-derivative financial assets

##### (i) Initial recognition and measurement

The SMM 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 SMM 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,

that trade receivables not containing a significant financing component are subject to initial measurement at 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 SMM Group makes an irrevocable election to present subsequent changes in fair value in other comprehensive income.

(ii) Subsequent measurement

Measurement of financial assets after the initial recognition are 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.

(iii) 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 the 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, while for the 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.

(iv) Derecognition of financial assets

The SMM Group derecognizes financial assets if the contractual rights to cash flows arising from the financial assets expire, or if the SMM 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.

2) Non-derivative financial liabilities

(i) Initial recognition and measurement

The SMM Group classifies non-derivative financial liabilities into financial liabilities measured at amortized cost. The SMM Group determines such classification at the time of initial recognition of the financial liabilities. Financial liabilities measured at amortized cost are measured at an amount after deduction of transaction costs directly attributable thereto.

(ii) Subsequent measurement

Financial liabilities 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 costs through profit or loss in the current period.

(iii) Derecognition

The SMM Group derecognizes financial liabilities when they are extinguished, namely when the obligation specified in the contract is discharged or cancelled or expires.

3) Derivatives and hedge accounting

In order to hedge foreign currency risk, interest rate risk, and commodity price risk, the SMM 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 SMM 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.

(i) 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.

(ii) Cash flow hedges

Changes in fair value of the derivatives designated as cash flow hedges, thus meeting the requirements thereof, are recognized in other comprehensive income, provided, however, that 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.

4) 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” (hereinafter “IFRS 9”).

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.

5) Financial assets for the contingent consideration

Financial assets for the contingent consideration are initially recognized at fair value on the date of acquisition, and subsequent changes in the fair value are recognized in profit or loss.

(5) 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 the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(6) 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
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Machinery, equipment and vehicles:	From two to thirty-five (35) years
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Estimated useful lives, residual values, and depreciation method are reviewed at the end of each fiscal year, and any change therein is applicable prospectively as changes in accounting estimates.

(7) Intangible assets and goodwill

1) 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. Measurement of goodwill at initial recognition is described in “(1) Basis for consolidation, 3) Business combinations and goodwill”.

2) Other intangible assets

Intangible assets are measured subsequent to recognition by using cost model, and 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 prospectively as changes in accounting estimates.

(8) 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.

(9) Exploration and evaluation of mining resources

Expenditures concerning the exploration for and evaluation of mining resources are divided into stages comprising acquisition of legal rights, completion of feasibility study and start of commercial production. Expenditures incurred before completion of feasibility study are charged to expenses in principle, provided, however, that exploration rights and other rights obtained from the outside parties are recognized as intangible asset, while mining machinery and vehicles as property, plant and equipment.

(10) Stripping costs

Stripping costs refer to expenditures associated with the stripping activities for removing mine waste materials to reach mining resources, incurred in development as well as production phase at surface mines. Since stripping activities in the development phase are meant to gain access to mining resources, such stripping costs are recognized in assets. Stripping costs in the production phase include costs for producing mining resources, and those for improving access to the future mining resources. Stripping costs associated with the production of mining resources therefore comprise part of the SMM Group's inventories, while those for improving access to the future mining resources are classified as stripping activity asset insofar as they meet certain criteria, and capitalized by component. Such stripping activity asset is depreciated by using the units-of-production method based on the reserves, etc. of the associated component.

(11) Leases

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

1) 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.

2) 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 SMM 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.

(12) Impairment of non-financial assets

The SMM 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 SMM 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 costs of disposal 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.

(13) Assets held for sale

If the carrying amount of non-current assets or disposal group is expected to be recovered mainly from their sale transactions rather than continuous use, they are classified as assets held for sale. Such classification involves requirements that they are likely to be sold within one year, and that they are readily available for sale.

Non-current assets or disposal group classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. Of the assets classified as held for sale, property, plant and equipment, and intangible assets are neither depreciated nor amortized.

(14) Employee benefits

1) 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.

2) 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.

(15) 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.

(16) Government grants

Government grants are recognized when there is reasonable assurance that the SMM Group will comply with the conditions for such grant and that the grant will be received. Grant that covers the incurred cost is recorded as revenue in the fiscal year that such cost is incurred. Grant that covers an asset is recorded at the carrying amount of the concerned asset, which is determined at the cost to acquire such asset less the amount of grant.

(17) Equity

1) Ordinary shares

As for ordinary shares, issue price is recorded in share capital and capital surplus.

2) Treasury shares

When treasury shares are acquired, consideration paid is recognized in equity as a deduction item. When treasury shares are sold, the difference between the carrying amount and the consideration thereof at the time of sale is recognized as capital surplus.

(18) Revenue

The SMM 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 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.

(19) Finance income and finance costs

Finance income and finance costs consist mainly of interest income, dividend income, interest expense, changes in fair value of derivative financial instruments, and foreign exchange gains and losses.

Interest income, interest expense and interest on bonds are recognized at the time of occurrence by using the effective interest method.

(20) Income taxes

Income taxes are the sum of current and deferred tax.

1) Current tax

Current tax is measured at an amount of tax paid to, or expected amount of refund from the tax authorities. The amount of tax is calculated based on the tax rates and the tax laws that have been established or enacted, or substantially established or enacted by the closing date. Current tax recognized in profit or loss includes neither tax arising from the items directly recognized in other comprehensive income or in equity, nor tax arising from business combinations.

## 2) Deferred tax

Deferred tax is recognized to the extent of taxable profit expected to be generated to recover the temporary differences between the carrying amount of assets and liabilities for accounting purposes and their tax bases, unused tax credits, and unused tax losses as of the closing date, while deferred tax liabilities are recognized in principle for taxable temporary differences.

Neither deferred tax assets nor deferred tax liabilities are recorded in the following cases.

- Temporary differences arising from the initial recognition of goodwill, unless the carrying amount of goodwill arising from a business combination is lower than its tax base.
- Temporary differences arising from the initial recognition of assets or liabilities in the transactions outside business combinations, which affect, at the time of transaction, neither accounting profit nor taxable profit (loss), and do not give rise to taxable temporary differences or deductible temporary differences.
- Deductible temporary differences arising from investments in subsidiaries and associates, when such deductible temporary differences are unlikely to be reversed, or when taxable profit for which such deductible temporary differences is used, is unlikely to be earned, in either case in the foreseeable future.
- Taxable temporary differences arising from investments in subsidiaries and associates, when the Company retains control over the timing of reversal of such taxable temporary differences, and such taxable temporary differences are unlikely to be reversed in the foreseeable future.

Deferred tax assets and deferred tax liabilities are calculated by using the tax rate expected to be applicable in the period in which the temporary differences are reversed, based on the statutory tax rate or effective statutory tax rate as well as the prevailing tax law as of the closing date. Deferred tax assets and deferred tax liabilities are offset, when the SMM Group has legally enforceable rights to offset the current tax liabilities and the current tax assets, and when they are imposed by the same taxation authorities on the same taxable entity.

The SMM Group has applied the exception in the “International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)” issued on May 23, 2023. The SMM Group does not account for and disclose deferred tax assets and deferred tax liabilities related to income taxes (including the Qualifying Domestic Minimum Top-Up Tax) arising from the tax regime legislated by adopting the Pillar Two Model Rules in the tax challenges arising from the digitalization of the economy (BEPS 2.0).

The Company and some domestic consolidated subsidiaries have adopted the Group Tax Sharing System from FY2022.

## (21) Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of parent entity by the weighted average number of ordinary shares outstanding after adjustment to treasury shares during the period. Diluted earnings per share are calculated taking into consideration the effect of all dilutive shares.

## 4. Significant Accounting Estimates and Judgments Involving Estimates

The consolidated financial statements of the SMM Group are prepared by using judgments, estimates, and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenue, and expenses. Actual results could differ from those accounting estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis, and the effect of any changes in accounting estimates is recognized in the reporting period in which the change was made and in future periods.

The items involving estimates and judgments that significantly affect the amounts in the consolidated financial statements are listed as follows:

- Valuation of property, plant and equipment (Note 12. Property, Plant and Equipment)
- Recoverability of deferred tax assets (Note 19. Income Taxes)

- Accounting for and measurement of provisions (Note 23. Provisions)
- Financial assets for the contingent consideration (Note 35. Financial Instruments)

## 5. Standards and Interpretations Newly Issued or Amended but Not Yet Adopted

The SMM Group plans to adopt IFRS 18 “Presentation and Disclosure in Financial Statements”, which was issued in April 2024, from the fiscal year ending March 31, 2028 as its application will be mandatory for fiscal years beginning on or after January 1, 2027. IFRS 18 replaces IAS 1 “Presentation of Financial Statements”, and IAS 1 is repealed.

IFRS 18 establishes new provisions for presentation and disclosure of financial results, primarily in the statement of profit or loss. In addition, in conjunction with the release of IFRS 18, IAS 7 “Statement of Cash Flows” has been revised.

The impact of the adoption of these standards on the consolidated financial statements is under consideration.

In addition, the Company has determined that other standards yet to be adopted have no significant impact on the consolidated financial statements of the SMM Group.

## 6. Operating Segments

### (1) Summary of reportable segments

#### 1) Decision method of the reportable segments

The operating segments of the Company refer to constitutional units, for which separate financial information is available and that are subject to periodic reviews by the Board of Directors as the supreme, managerial decision-making organ to determine the allocation of management resources and assess their respective operating results.

The Company currently has four business divisions—the Mineral Resources Div., Non-Ferrous Metals Div., Battery Materials Div. and Advanced Materials Div.—in the pursuit of effective business operations by products and services. Each of these business divisions plans its own comprehensive strategies to be carried out in Japan and overseas for its own product and service lines and engages in diverse business activities within the Company and through the consolidated subsidiaries and equity-method associates over which it holds jurisdiction. The Company has integrated operating segments with regard to the Battery Materials Div. and the Advanced Materials Div. which have similar business characteristics and similar economic characteristics in terms of their customers, etc., and are recognized to be similar in all aspects including product/service characteristics. The Company has classified these operating segments into three core reportable segments of Mineral Resources, Smelting & Refining, and Materials by classifying the mineral resource business into Mineral Resources, the non-ferrous metals business into Smelting & Refining, and the battery materials business and the advanced materials business into Materials.

#### 2) Types of products and services that belong to each reportable segment

In the Mineral Resources segment, the SMM Group mainly engages in the exploration, development and production of non-ferrous metal resources in Japan and overseas, as well as sales of ores and products.

In the Smelting & Refining segment, the SMM Group mainly engages in smelting and sales of copper, nickel, ferronickel, zinc, etc., as well as smelting and sales of precious metals such as gold, silver, platinum and palladium.

In the Materials segment, the SMM Group mainly engages in manufacturing, processing and sales of battery materials (e.g., nickel hydroxide, lithium nickel oxide), powder materials (e.g., pastes, nickel powder, NIR absorbing materials, magnetic materials), crystal materials (e.g., lithium tantalate substrates, lithium niobate substrates) and tape materials; and manufacturing and sales of automotive exhaust processing catalysts, chemical catalysts, petroleum refinery and desulfurization catalysts.

(2) Information on net sales, income (loss), assets and other items by reportable segments

The accounting methods employed for the reportable segments are almost the same as described in “3. Summary of Material Accounting Policies”, with the exception of the reporting by each operating segment of amounts corresponding to interest on internal loans, as determined in the statement of financial position of each segment.

The inter-segment net sales are calculated based on arm’s length transaction prices.

FY2023 (From April 1, 2023 to March 31, 2024)

	Reportable Segments				Other Businesses (Note 1)	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total			
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net sales:							
Outside customers	113,415	1,013,664	314,920	1,441,999	3,389	–	1,445,388
Inter-segment	52,591	54,199	20,871	127,661	6,830	(134,491)	–
Total	166,006	1,067,863	335,791	1,569,660	10,219	(134,491)	1,445,388
Segment income (loss) (Profit before tax)	52,845	62,199	(7,203)	107,841	(1,530)	(10,516)	95,795
Segment assets	1,383,110	1,023,254	314,984	2,721,348	26,455	279,911	3,027,714
Other items:							
Depreciation and amortization	(16,260)	(28,556)	(8,043)	(52,859)	(589)	(2,776)	(56,224)
Finance income	11,229	3,965	41	15,235	(19)	3,603	18,819
Finance costs	(8,508)	(13,650)	12	(22,146)	(26)	3,877	(18,295)
Share of profit (loss) of investments accounted for using equity method	19,786	8,709	2,438	30,933	–	2,184	33,117
Impairment losses on non-financial assets	–	(623)	(137)	(760)	(1)	–	(761)
Other gain (loss)	(7,678)	(1,794)	(6,602)	(16,074)	(2,803)	(17,455)	(36,332)
Capital expenditures	74,173	42,092	29,335	145,600	569	3,754	149,923
Investments accounted for using equity method	313,062	78,025	30,349	421,436	–	77,661	499,097

FY2024 (From April 1, 2024 to March 31, 2025)

	Reportable Segments				Other Businesses (Note 1)	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total			
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net sales:							
Outside customers	141,140	1,180,248	268,037	1,589,425	3,923	–	1,593,348
Inter-segment	69,576	50,446	28,476	148,498	7,241	(155,739)	–
Total	210,716	1,230,694	296,513	1,737,923	11,164	(155,739)	1,593,348
Segment income (loss) (Profit before tax)	101,836	(7,147)	(54,231)	40,458	(1,221)	(7,854)	31,383
Segment assets	1,511,831	1,032,212	272,920	2,816,963	23,568	228,091	3,068,622
Other items:							
Depreciation and amortization	(25,974)	(27,650)	(10,088)	(63,712)	(607)	(2,755)	(67,074)
Finance income	52,613	2,229	50	54,892	2	1,194	56,088
Finance costs	(12,581)	(11,528)	762	(23,347)	(28)	5,329	(18,046)
Share of profit (loss) of investments accounted for using equity method	2,547	5,784	2,859	11,190	–	(2,485)	8,705
Impairment losses on non-financial assets	–	(55,385)	(57,286)	(112,671)	–	–	(112,671)
Other gain (loss)	6,290	(3,439)	(1,923)	928	(2,784)	2,381	525
Capital expenditures	42,596	23,269	46,744	112,609	1,356	3,413	117,378
Investments accounted for using equity method	299,849	80,151	30,301	410,301	–	127,896	538,197

	Reportable Segments				Other Businesses (Note 1)	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total			
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Net sales:							
Outside customers	943,891	7,893,052	1,792,530	10,629,472	26,236	–	10,655,708
Inter-segment	465,298	337,364	190,437	993,098	48,425	(1,041,523)	–
Total	1,409,189	8,230,415	1,982,967	11,622,571	74,661	(1,041,523)	10,655,708
Segment income (loss) (Profit before tax)	681,041	(47,796)	(362,676)	270,568	(8,166)	(52,525)	209,878
Segment assets	10,110,553	6,903,043	1,825,186	18,838,782	157,614	1,525,386	20,521,782
Other items:							
Depreciation and amortization	(173,704)	(184,913)	(67,465)	(426,082)	(4,059)	(18,424)	(448,566)
Finance income	351,856	14,907	334	367,097	13	7,985	375,095
Finance costs	(84,137)	(77,095)	5,096	(156,136)	(187)	35,638	(120,685)
Share of profit (loss) of investments accounted for using equity method	17,033	38,681	19,120	74,834	–	(16,619)	58,216
Impairment losses on non-financial assets	–	(370,394)	(383,107)	(753,501)	–	–	(753,501)
Other gain (loss)	42,065	(22,999)	(12,860)	6,206	(18,618)	15,923	3,511
Capital expenditures	284,866	155,614	312,606	753,086	9,068	22,825	784,980
Investments accounted for using equity method	2,005,277	536,020	202,642	2,743,938	–	855,320	3,599,258

Notes: 1. The Other Businesses segment refers to the operating segments and other income-seeking business activities that are under the control of the Head Office divisions/departments and are engaged in by business segments other than those included in the reportable segments. Other Businesses include real estate and technical engineering businesses.

2. The adjustments are as follows.

1) The adjustments for segment income (loss) are as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Head Office expenses not allocated to each reportable segment *1	(2,385)	(4,618)	(30,883)
Internal interest rate	1,823	4,332	28,971
Eliminations of inter-segmental transactions among the reportable segments	2,628	(11,817)	(79,028)
Profit or loss not allocated to each reportable segment *2	(12,582)	4,249	28,416
Adjustments for segment income	(10,516)	(7,854)	(52,525)

\*1 The Head Office expenses not allocated to each reportable segment consist primarily of general and administrative expenses, which are not attributable to the reportable segments.

\*2 Profit or loss not allocated to each reportable segment consists primarily of other profit or loss, which is not attributable to the reportable segments.

2) The adjustments on segment assets are as follows

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Corporate assets not allocated to each reportable segment *1	1,265,994	1,250,605	8,363,573
Offsets and eliminations of inter-segmental receivables among the reportable segments, including those toward Head Office divisions/departments, etc.	(986,083)	(1,022,514)	(6,838,186)
Adjustments on segment assets	279,911	228,091	1,525,386

\*1 The corporate assets not allocated to each reportable segment refer to the assets under the control of the Head Office, which are not attributable to the reportable segments.

3) The adjustments on depreciation and amortization refer to depreciation and amortization at the Head Office divisions/departments, which are not allocated to the reportable segments.

4) The adjustments on finance income and costs consist of interest income and interest expense at the Head Office divisions/departments, which are not allocated to the reportable segments, and eliminations of transactions among the reportable segments.

5) The adjustments on share of profit (loss) of investments accounted for using equity method refer to the deduction of unrealized income relating to the inter-segmental transactions among the reportable segments.

6) The adjustments on other gain (loss) consist of other income and expenses at the Head Office divisions/departments, which are not allocated to the reportable segments, and eliminations of transactions among the reportable segments.

7) The adjustments on capital expenditures refer to an increase thereof at the Head Office divisions/departments, which is not allocated to the reportable segments.

8) The adjustments on investments accounted for using equity method refer to exchange differences on translation of foreign operations.



(3) Information by region

The breakdown of net sales by region is as follows. Net sales are broken down by location of shipping destination.

		FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Domestic		683,996	746,520	4,992,443
United States		303,012	255,826	1,710,867
China		110,210	183,453	1,226,864
Taiwan		117,788	125,854	841,664
Other		230,382	281,695	1,883,869
Total		1,445,388	1,593,348	10,655,708

The breakdown of non-current assets by region is as follows.

		FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Domestic		216,568	197,414	1,320,230
The Philippines		276,112	220,230	1,472,815
Canada		195,603	178,492	1,193,687
United States		148,127	153,684	1,027,780
Other		10,719	11,286	75,476
Total		847,129	761,106	5,089,989

Note: Non-current assets are broken down by location of each asset and do not include financial instruments, investments accounted for using equity method, retirement benefit asset and deferred tax assets.

(4) Information about major customers

Net sales to the major external customers are as follows.

	Relevant reportable segment	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Panasonic Holdings Corporation	Materials and Smelting & Refining	290,646	260,188	1,740,039
Sumitomo Electric Industries, Ltd.	Smelting & Refining and Materials	144,656	172,588	1,154,203

7. Changes in Non-controlling Interests

FY2023 (From April 1, 2023 to March 31, 2024)

There is no pertinent information.

FY2024 (From April 1, 2024 to March 31, 2025)

During FY2024, the Company acquired additional shares of its consolidated subsidiary, Coral Bay Nickel Corporation (“CBNC”). As a result, the Company’s voting rights in CBNC increased from 84% to 100%, making CBNC a wholly owned subsidiary.

The consideration for the acquisition was ¥4,830 million (U.S. \$32,301 thousand). As a result of the additional acquisition, non-controlling interest decreased by ¥1,756 million (U.S. \$11,743 thousand), and capital surplus decreased by ¥3,074 million (U.S. \$20,558 thousand).

8. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents			
Cash and deposits	151,022	159,712	1,068,093
Total	151,022	159,712	1,068,093

Cash and cash equivalents are classified into financial assets measured at amortized cost.

9. Trade and Other Receivables

The breakdown of trade and other receivables is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Notes receivable – trade	4,764	3,761	25,152
Accounts receivable – trade	173,221	184,686	1,235,110
Accounts receivable – other	7,253	7,588	50,746
Total	185,238	196,035	1,311,008

The above amounts of accounts receivable – trade include trade receivables with embedded derivatives (¥20,731 million as of March 31, 2024, and ¥25,387 million (U.S. \$169,779 thousand) as of March 31, 2025). The SMM Group classifies such trade receivables as financial instruments measured at fair value through profit or loss and the others as financial instruments measured at amortized cost.

## 10. Inventories

The breakdown of inventories is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Merchandise and finished goods	126,928	187,770	1,255,735
Work in process	180,228	184,340	1,232,796
Raw materials and supplies	208,858	195,690	1,308,701
Total	516,014	567,800	3,797,231

The amounts of inventories recognized as an expense for FY2023 and FY2024 are ¥1,266,827 million and ¥1,409,710 million (U.S. \$9,427,607 thousand), respectively.

The amounts of write-down of inventories recognized as an expense for FY2023 and FY2024 are ¥11,428 million and ¥10,665 million (U.S. \$71,323 thousand), respectively.

## 11. Assets Held for Sale

The breakdown of assets held for sale and liabilities directly associated with assets held for sale is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets held for sale			
Trade and other receivables	5,843	—	—
Inventories	1,096	—	—
Other current assets	36	—	—
Other financial assets (non-current)	11,040	—	—
Other non-current assets	1,467	—	—
Total	19,482	—	—
Liabilities directly associated with assets held for sale			
Trade and other payables	1,934	—	—
Other financial liabilities (current)	51	—	—
Income taxes payable	242	—	—
Provisions (current)	282	—	—
Other current liabilities	232	—	—
Other financial liabilities (non-current)	56	—	—
Provisions (non-current)	79	—	—
Retirement benefit liability	1,493	—	—
Deferred tax liabilities	46	—	—
Total	4,415	—	—

FY2023 (As of March 31, 2024)

1) Assets and liabilities related to Sumitomo Metal Mining Siporex Co., Ltd.

At the ordinary meeting of the Board of Directors of the Company on March 27, 2024, the Company resolved to transfer all shares of its consolidated subsidiary Sumitomo Metal Mining Siporex Co., Ltd. (Materials segment, hereinafter “Siporex”) to KMEW Co., Ltd., and an agreement for the transfer was signed on the same day. The above shows amounts after eliminating intercompany transactions between consolidated companies, and major transactions between consolidated companies are short-term borrowings of ¥2,113 million.

Assets held for sale and liabilities directly associated with assets held for sale related to Siporex, in FY2023, were measured at fair value less costs to sell. Accordingly, the entire carrying amount of ¥6,417 million was recognized as an impairment loss and recorded in “Other expenses” in the consolidated statement of profit or loss. The aforementioned fair value is based on the transfer value in the transfer agreement and is classified as Level 3 in the fair value hierarchy.

This transfer of the shares was completed on October 1, 2024 and for more details, please refer to Note 31. “Other Income and Expenses”.

2) Shares of PT Vale Indonesia Tbk held by the Company

On February 26, 2024, the Company agreed to sell part of its shares in PT Vale Indonesia Tbk (Smelting & Refining segment, hereinafter “PTVI”) to PT Mineral Industri Indonesia (Persero), and a framework agreement outlining the terms and conditions of the transaction was signed on the same day. Consequently, since the Company expected to sell part of the shares it held in PTVI, those shares to be transferred were classified as assets held for sale.

As those assets are listed shares traded in active markets, they are evaluated by the market price on the securities exchange, and classified as Level 1 in the fair value hierarchy. The other comprehensive income (after tax) in connection with those assets held for sale related to PVTI is ¥2,727 million (credit).

Furthermore, since this transfer of shares was completed on June 28, 2024, the difference of ¥4,689 million between the book value and fair value is recorded under “Financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income for FY2024, and the difference of ¥3,242 million between the fair value and sale price is recorded under “Financial expenses” in the consolidated statement of profit or loss.

FY2024 (As of March 31, 2025)

There are no pertinent items.

## 12. Property, Plant and Equipment

- (1) Changes in acquisition cost, accumulated depreciation and accumulated impairment losses of property, plant and equipment; and carrying amount thereof are as follows.

Acquisition cost	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Right-of-use assets	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023	362,113	701,339	16,356	25,119	16,492	181,062	1,302,481
Acquisition (Note 1)	223	192	87	–	8,520	138,510	147,532
Transfer to assets held for sale	(6,158)	(9,575)	(408)	(2,570)	(410)	(9)	(19,130)
Transfer	59,032	41,534	2,161	26	–	(102,753)	–
Disposal (Note 2)	(2,548)	(10,924)	(460)	(247)	(665)	(836)	(15,680)
Exchange differences on translation	22,016	42,869	216	313	218	13,242	78,874
Other (Note 3)	(675)	(2,167)	(7)	–	–	–	(2,849)
As of March 31, 2024	434,003	763,268	17,945	22,641	24,155	229,216	1,491,228
Acquisition (Note 1)	34	385	48	–	4,777	105,858	111,102
Transfer to assets held for sale	(22)	(35)	(13)	–	(40)	(1)	(111)
Transfer	53,228	140,239	3,347	64,711	–	(261,525)	–
Disposal (Note 2)	(14,518)	(20,002)	(1,443)	(8,102)	(3,286)	(8,116)	(55,467)
Exchange differences on translation	7,142	18,204	111	1,580	946	11,920	39,903
Other (Note 3)	(38)	(3,913)	(12)	–	–	(25)	(3,988)
As of March 31, 2025	479,829	898,146	19,983	80,830	26,552	77,327	1,582,667

Acquisition cost	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Right-of-use assets	Construction in progress	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	2,902,448	5,104,447	120,009	151,414	161,539	1,532,910	9,972,768
Acquisition (Note 1)	227	2,575	321	–	31,947	707,938	743,008
Transfer to assets held for sale	(147)	(234)	(87)	–	(268)	(7)	(742)
Transfer	355,969	937,865	22,383	432,763	–	(1,748,980)	–
Disposal (Note 2)	(97,091)	(133,766)	(9,650)	(54,183)	(21,976)	(54,277)	(370,942)
Exchange differences on translation	47,763	121,741	742	10,566	6,326	79,716	266,856
Other (Note 3)	(254)	(26,169)	(80)	–	–	(167)	(26,670)
As of March 31, 2025	3,208,915	6,006,460	133,639	540,560	177,570	517,134	10,584,277

- Notes:
1. The amounts of borrowing costs for FY2023 and FY2024 are ¥4,815 million and ¥4,179 million (U.S. \$27,948 thousand), respectively. The capitalization rates applied for FY2023 and FY2024 are 4.11% and 3.52%, respectively.
  2. Includes decreases from the cancellation of leases.
  3. The amounts of “Other” mainly represent a change in estimates of asset retirement obligations resulting from a change of the interest rates and other factors for copper mines overseas as assumptions for their restoration plan.

Accumulated depreciation and impairment losses	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Right-of-use assets	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023	(193,017)	(457,296)	(11,482)	(3,409)	(7,512)	(314)	(673,030)
Depreciation (Note 1)	(15,026)	(35,137)	(1,143)	(13)	(2,029)	–	(53,348)
Impairment losses	(378)	(296)	(20)	–	–	(66)	(760)
Transfer to assets held for sale	4,097	8,210	324	–	310	–	12,941
Disposal (Note 2)	1,970	10,364	436	–	490	–	13,260
Exchange differences on translation	(9,466)	(21,008)	(183)	(229)	(70)	–	(30,956)
Other	–	–	–	–	–	149	149
As of March 31, 2024	(211,820)	(495,163)	(12,068)	(3,651)	(8,811)	(231)	(731,744)
Depreciation (Note 1)	(17,334)	(37,008)	(1,319)	(1,441)	(4,904)	–	(62,006)
Impairment losses	(43,563)	(44,926)	(684)	–	(1,405)	(21,406)	(111,984)
Transfer to assets held for sale	2	4	2	–	5	–	13
Disposal (Note 2)	4,914	3,867	410	261	1,277	–	10,729
Exchange differences on translation	(2,393)	(9,619)	(87)	(466)	(159)	458	(12,266)
Other	–	–	–	–	–	50	50
As of March 31, 2025	(270,194)	(582,845)	(13,746)	(5,297)	(13,997)	(21,129)	(907,208)

Accumulated depreciation and impairment losses	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Right-of-use assets	Construction in progress	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	(1,416,572)	(3,311,463)	(80,706)	(24,417)	(58,925)	(1,545)	(4,893,627)
Depreciation (Note 1)	(115,923)	(247,495)	(8,821)	(9,637)	(32,796)	–	(414,673)
Impairment losses	(291,333)	(300,448)	(4,574)	–	(9,396)	(143,155)	(748,907)
Transfer to assets held for sale	13	27	13	–	33	–	87
Disposal (Note 2)	32,863	25,861	2,742	1,745	8,540	–	71,751
Exchange differences on translation	(16,003)	(64,328)	(582)	(3,116)	(1,063)	3,063	(82,030)
Other	–	–	–	–	–	334	334
As of March 31, 2025	(1,806,955)	(3,897,847)	(91,928)	(35,424)	(93,607)	(141,303)	(6,067,063)

Notes: 1. Depreciation is included in “Cost of sales” and “Selling, general and administrative expenses” of the consolidated statement of profit or loss.

2. Includes decreases from the cancellation of leases.

Carrying amount	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Right-of-use assets	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023	169,096	244,043	4,874	21,710	8,980	180,748	629,451
As of March 31, 2024	222,183	268,105	5,877	18,990	15,344	228,985	759,484
As of March 31, 2025	209,635	315,301	6,237	75,533	12,555	56,198	675,459
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2025	1,401,959	2,108,614	41,711	505,136	83,963	375,831	4,517,214

(2) Right-of-use assets

The carrying amounts of right-of-use assets included in property, plant and equipment are as follows.

Right-of-use assets	Land, buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023	4,378	4,601	1	8,980
As of March 31, 2024	4,315	11,026	3	15,344
As of March 31, 2025	3,958	8,594	3	12,555
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2025	26,470	57,473	20	83,963

(3) Impairment losses

For the purpose of determining impairment losses, the grouping of assets is based on the smallest identifiable group of assets that generates largely independent cash inflows.

Impairment losses are included in “cost of sales” of the consolidated statement of profit or loss.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Smelting & Refining	622	55,367	370,274
Materials	137	56,617	378,633
Other	1	—	—
Total	760	111,984	748,907

FY2023 (From April 1, 2023 to March 31, 2024)

The Smelting & Refining segment reported an impairment loss of ¥622 million. This is mainly because the carrying amount of facilities was reduced to the recoverable amount due to the continued drop in profitability since FY2022 for the ferronickel business. The recoverable amount, which is measured at fair value less costs of disposal, is assessed to be ¥1,855 million. The fair value less costs of disposal



is mainly assessed based on the real estate appraisal value from a third-party appraiser determined using the market approach, and is classified as Level 3 (fair value that is determined using a valuation technique with unobservable inputs) in the fair value hierarchy.

FY2024 (From April 1, 2024 to March 31, 2025)

The Smelting & Refining segment reported an impairment loss of ¥55,367 million (U.S. \$370,274 thousand). This is primarily due to the recording of ¥51,207 million (U.S. \$342,453 thousand) in book value of property, plant and equipment as an impairment loss, determined by performing an overall economic assessment and calculation of recoverable value, taking into consideration the slump in nickel and cobalt prices, rising production costs, and changes to future production volumes caused by declines in ore quality for Coral Bay Nickel Corporation, a consolidated subsidiary. The recoverable amount is measured at value in use.

The non-ferrous metals business reported an impairment loss of ¥3,413 million (U.S. \$22,825 thousand). This is due to writing off the entire book value mainly for property, plant and equipment, given that the testing for the smelting and refining process has ended and the equipment used in the testing has been removed without being reused for other applications. The recoverable amount is measured at value in use.

Furthermore, impairment losses of ¥747 million (U.S. \$4,996 thousand) were recorded for consolidated subsidiaries. This is mainly because the book value of facilities was reduced to the recoverable amount due to the continued drop in profitability since FY2023 for the ferronickel business. The recoverable amount, which is measured at fair value less costs of disposal, is assessed to be ¥1,632 million (U.S. \$10,914 thousand). The fair value less costs of disposal is mainly assessed based on the real estate appraisal value from a third-party appraiser determined using the market approach, and is classified as Level 3 (fair value that is determined using a valuation technique with unobservable inputs) in the fair value hierarchy.

The Materials segment reported an impairment loss of ¥56,617 million (U.S. \$378,633 thousand). This is mainly due to impairment loss testing being performed for the battery materials business, which was recognized as showing potential signs of impairment losses for FY2024, and an expected decline in production capacity in conjunction with the replacements of product types that is planned for the future, resulting in the ¥75,888 million (U.S. \$507,510 thousand) book value of property, plant and equipment falling to a recoverable amount of ¥19,271 million (U.S. \$128,877 thousand). The recoverable amount is measured at fair value less costs of disposal. The fair value less costs of disposal is assessed based on the real estate appraisal value from a third-party appraiser determined using the market approach, etc., and is classified as Level 3 (fair value that is determined using a valuation technique with unobservable inputs) in the fair value hierarchy.

(4) Commitments

Commitments to purchase property, plant and equipment as of March 31, 2024 and March 31, 2025 are ¥67,307 million and ¥49,762 million (U.S. \$332,789 thousand), respectively.

### 13. Intangible Assets and Goodwill

The breakdown of the carrying amounts of intangible assets and goodwill is as follows.

Carrying amount	Goodwill	Mining rights	Software	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023	772	63,143	2,674	1,628	68,217
As of March 31, 2024	772	67,002	3,085	1,609	72,468
As of March 31, 2025	772	62,795	4,350	2,517	70,434
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2025	5,163	419,949	29,091	16,833	471,036

Note: There were no material internally generated intangible assets at each reporting date.

The changes in acquisition cost, accumulated amortization and accumulated impairment losses, and the carrying amount of mining rights, the SMM Group's major intangible assets, are as follows.

Acquisition cost	Mining rights
	Millions of yen
As of April 1, 2023	79,475
Acquisition	1,227
Exchange differences on translation	5,374
As of March 31, 2024	86,076
Acquisition	299
Exchange differences on translation	9,358
Decrease due to transfer of interests	(9,256)
As of March 31, 2025	86,477

Acquisition cost	Mining rights
	Thousands of U.S. dollars
As of March 31, 2024	575,644
Acquisition	2,000
Exchange differences on translation	62,583
Decrease due to transfer of interests	(61,901)
As of March 31, 2025	578,325

Accumulated amortization and accumulated impairment losses	Mining rights
	Millions of yen
As of April 1, 2023	(16,332)
Amortization	(1,685)
Exchange differences on translation	(1,057)
As of March 31, 2024	(19,074)
Amortization	(2,579)
Exchange differences on translation	(2,164)
Decrease due to transfer of interests	135
As of March 31, 2025	(23,682)

Accumulated amortization and accumulated impairment losses	Mining rights
	Thousands of U.S. dollars
As of March 31, 2024	(127,560)
Amortization	(17,247)
Exchange differences on translation	(14,472)
Decrease due to transfer of interests	903
As of March 31, 2025	(158,376)

Note: Amortization is included in “cost of sales” of the consolidated statement of profit or loss.

The breakdown of carrying amount of the above mining rights is as follows.

Carrying amount	SMM GOLD COTE INC.	SMM Morenci Inc.	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023	31,725	31,158	260	63,143
As of March 31, 2024	35,142	31,605	255	67,002
As of March 31, 2025	29,256	33,289	250	62,795
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2025	195,653	222,624	1,672	419,949

#### 14. Expenditures Concerning Exploration for and Evaluation of Mining Resources

Expenses incurred during the stage of exploration for and evaluation of mining resources are as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Exploration and evaluation expenses	2,766	5,755	38,487
Net cash provided by (used in) operating activities	(2,731)	(5,343)	(35,732)

Exploration and evaluation expenses are included in “selling, general and administrative expenses” of the consolidated statement of profit or loss.

15. Investment Property

(1) Changes in carrying amount of investment properties

All the investment properties held by the SMM Group are land and the fluctuations in the carrying amount are as follows.

Carrying amount	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	3,477	3,477	23,253
Acquisition	—	—	—
Disposal	—	—	—
Transfer between accounts	—	—	—
Exchange differences on translation	—	—	—
Other	—	—	—
Balance at end of period	3,477	3,477	23,253

The grouping of the investment properties is based on the smallest identifiable group of assets that generates largely independent cash inflows.

The carrying amount and fair value of the investment properties are as follows.

Carrying amount and fair value	FY2023 (As of March 31, 2024)		FY2024 (As of March 31, 2025)		FY2024 (As of March 31, 2025)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars	Thousands of U.S. dollars
	3,477	7,814	3,477	7,958	23,253	53,220

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.

The fair value of the investment properties is classified as Level 3 (fair value that is determined using a valuation technique with unobservable inputs) in the fair value hierarchy.

(2) Income and expenses arising from investment properties

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Lease income	558	558	3,732
Direct operating expenses	263	257	1,719

Lease income and direct operating expenses incurred to earn lease income are included in “net sales” and “cost of sales” of the consolidated statement of profit or loss, respectively.

## 16. Investments Accounted for Using Equity Method

### (1) Investments in associates

#### 1) Significant associates

Associates individually material to the SMM Group are as follows.

Name	Description of main businesses	Location	Voting rights held by the Company	
			FY2023 (As of March 31, 2024) %	FY2024 (As of March 31, 2025) %
Sociedad Minera Cerro Verde S.A.A.	Development and mining of copper mines	Arequipa, Peru	21.0	21.0
Quebrada Blanca Holdings SpA	Development and mining of copper mines	Santiago, Chile	33.3	33.3

Investments in these associates are accounted for using the equity method. The condensed financial statements, the carrying amounts of the SMM Group's share of equity in these associates, and the SMM Group's share of comprehensive income of these associates under the equity method are as follows.

#### FY2023 (As of March 31, 2024)

	Sociedad Minera Cerro Verde S.A.A.	Quebrada Blanca Holdings SpA
	Millions of yen	Millions of yen
Current assets	253,794	108,782
Non-current assets	871,045	2,064,530
Total assets	1,124,839	2,173,312
Current liabilities	65,382	168,065
Non-current liabilities	111,981	1,572,648
Total liabilities	177,363	1,740,713
Total equity	947,476	432,599
The SMM Group's share of total equity	198,970	144,185
Consolidation adjustment	7,563	(39,803)
Carrying amount of investments	206,533	104,382

#### FY2024 (As of March 31, 2025)

	Sociedad Minera Cerro Verde S.A.A.	Quebrada Blanca Holdings SpA
	Millions of yen	Millions of yen
Current assets	296,664	162,143
Non-current assets	973,983	2,371,624
Total assets	1,270,647	2,533,767
Current liabilities	83,416	140,242
Non-current liabilities	114,425	1,962,965
Total liabilities	197,841	2,103,207
Total equity	1,072,806	430,560
The SMM Group's share of total equity	225,289	143,506
Consolidation adjustment	8,449	(42,537)
Carrying amount of investments	233,738	100,969

	Sociedad Minera Cerro Verde S.A.A.	Quebrada Blanca Holdings SpA
	Thousands of U.S. dollars	Thousands of U.S. dollars
Current assets	1,983,976	1,084,351
Non-current assets	6,513,629	15,860,523
Total assets	8,497,606	16,944,874
Current liabilities	557,855	937,885
Non-current liabilities	765,231	13,127,566
Total liabilities	1,323,086	14,065,452
Total equity	7,174,520	2,879,422
The SMM Group's share of total equity	1,506,647	959,714
Consolidation adjustment	56,504	(284,471)
Carrying amount of investments	1,563,151	675,242

FY2023 (From April 1, 2023 to March 31, 2024)

	Sociedad Minera Cerro Verde S.A.A.	Quebrada Blanca Holdings SpA
	Millions of yen	Millions of yen
Net sales	582,828	61,603
Profit (loss)	109,577	(35,280)
Other comprehensive income	63,048	18,386
Total comprehensive income	172,625	(16,894)
The SMM Group's share:		
Net sales	122,394	20,532
Profit (loss)	24,608	(9,084)
Other comprehensive income	13,240	6,128
Total comprehensive income	37,848	(2,956)
Dividends received by the SMM Group	22,156	–

FY2024 (From April 1, 2024 to March 31, 2025)

	Sociedad Minera Cerro Verde S.A.A.	Quebrada Blanca Holdings SpA
	Millions of yen	Millions of yen
Net sales	642,911	260,564
Profit (loss)	144,587	(109,574)
Other comprehensive income	113,900	33,942
Total comprehensive income	258,487	(75,632)
The SMM Group's share:		
Net sales	135,011	86,846
Profit (loss)	28,753	(38,898)
Other comprehensive income	23,919	11,313
Total comprehensive income	52,672	(27,585)
Dividends received by the SMM Group	27,077	–

	Sociedad Minera Cerro Verde S.A.A.	Quebrada Blanca Holdings SpA
	Thousands of U.S. dollars	Thousands of U.S. dollars
Net sales	4,299,545	1,742,553
Profit (loss)	966,943	(732,789)
Other comprehensive income	761,720	226,991
Total comprehensive income	<u>1,728,663</u>	<u>(505,798)</u>
The SMM Group's share:		
Net sales	902,902	580,793
Profit (loss)	192,289	(260,135)
Other comprehensive income	159,961	75,657
Total comprehensive income	<u>352,250</u>	<u>(184,478)</u>
Dividends received by the SMM Group	181,081	–

2) Associates individually immaterial to the SMM Group

The total carrying amount of investments in associates individually immaterial to the SMM Group are as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total carrying amount	144,666	159,067	1,063,780

The SMM Group's share of total comprehensive income of associates individually immaterial to the SMM Group is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Share of profit of the associates	14,323	14,857	99,358
Share of other comprehensive income of the associates	8,350	13,258	88,664
Share of total comprehensive income of the associates	<u>22,673</u>	<u>28,115</u>	<u>188,022</u>

(2) Investments in joint ventures

The total carrying amounts of investments in joint ventures individually immaterial to the SMM Group are as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total carrying amount	43,516	44,423	297,084

The SMM Group's share of total comprehensive income of joint ventures individually immaterial to the SMM Group is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Share of profit of the joint ventures	3,270	3,993	26,704
Share of other comprehensive income of the joint ventures	356	566	3,785
Share of total comprehensive income of the joint ventures	3,626	4,559	30,489

17. Other Financial Assets

(1) Breakdown of other financial assets

The breakdown of other financial assets is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Equity securities	333,832	257,733	1,723,621
Loans receivable	380,044	498,234	3,332,000
Time deposits	61	61	408
Derivative assets	9,738	3,948	26,403
Financial assets for the contingent consideration	1,742	1,839	12,299
Other	5,887	2,547	17,033
Total	731,304	764,362	5,111,764
Current assets	9,054	4,305	28,790
Non-current assets	722,250	760,057	5,082,973
Total	731,304	764,362	5,111,764

Derivative assets and financial assets for the contingent consideration are classified as financial assets measured at fair value through profit or loss; equity securities as financial assets measured at fair value through other comprehensive income; and loans receivable and time deposits as financial assets measured at amortized cost.



(2) Equity financial assets measured at fair value through other comprehensive income

Equity securities are held primarily for the purpose of maintaining and enhancing business relationships, and therefore, designated as financial assets measured at fair value through other comprehensive income.

The fair value of major issues of equity financial assets measured at fair value through other comprehensive income held by the SMM Group as of the fiscal year-end and dividend income from these financial assets are as follows.

Issue	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
TOYOTA MOTOR CORPORATION	103,948	71,711	479,576
Sumitomo Forestry Co., Ltd.	49,682	45,587	304,869
Teck Resources Limited	45,922	36,739	245,697
Sumitomo Realty & Development Co., Ltd.	27,118	26,164	174,975
PT Vale Indonesia Tbk	46,799	24,728	165,371
Other	60,363	52,804	353,133
Total	333,832	257,733	1,723,621

  

	FY2023 (From April 1, 2023 to March 31, 2024)	FY 2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Dividend income from financial assets held by the SMM Group as of the fiscal year-end	6,533	6,244	41,758

(3) Derecognition of financial assets measured at fair value through other comprehensive income

The financial assets measured at fair value through other comprehensive income disposed of during the period are as follows.

FY2023 (From April 1, 2023 to March 31, 2024)			FY2024 (From April 1, 2024 to March 31, 2025)		
Fair value at time of sale	Accumulated gains (losses)	Dividend income	Fair value at time of sale	Accumulated gains (losses)	Dividend income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
8,710	5,470	130	21,889	14,591	128

  

FY2024 (From April 1, 2024 to March 31, 2025)		
Fair value at time of sale	Accumulated gains (losses)	Dividend income
Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
146,385	97,579	856

These assets were sold primarily due to the reconsideration of business relationships. Accumulated gains net of tax were reclassified from other components of equity into retained earnings at the time of sale. The amounts of such reclassification for FY2023 and FY2024 are ¥3,795 million and ¥8,824 million (U.S. \$59,012 thousand), respectively.

Furthermore, for the financial assets measured at fair value through other comprehensive income, those whose fair value declined significantly when compared with their cost, accumulated losses net of tax were reclassified from other components of equity into retained earnings if the decline is deemed other-than-temporary. There is no pertinent information for FY2023. The amount of such reclassification for FY2024 is ¥(1,712) million (U.S. \$(11,449) thousand).

#### 18. Other Assets

The breakdown of other assets is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Other current assets			
Bullion in storage	18,074	15,447	103,304
Consumption taxes receivable	1,987	11,757	78,626
Advance payments to suppliers	11,211	10,725	71,725
Prepaid expenses	6,274	3,527	23,587
Income taxes receivable	1,114	2,106	14,084
Other	4,951	4,880	32,636
Total	<u>43,611</u>	<u>48,442</u>	<u>323,962</u>
Other non-current assets			
Retirement benefit asset	32,989	32,680	218,551
Long-term prepaid expenses	8,908	8,937	59,767
Other	2,792	2,799	18,719
Total	<u>44,689</u>	<u>44,416</u>	<u>297,037</u>

## 19. Income Taxes

### (1) Deferred tax assets and deferred tax liabilities

The breakdown of major factors giving rise to deferred tax assets and deferred tax liabilities and the changes therein are as follows.

FY2023 (From April 1, 2023 to March 31, 2024)

	As of April 1, 2023	Recognized through profit or loss	Recognized in other comprehensive income	Other	As of March 31, 2024
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Deferred tax assets					
Exploration costs	107	110	—	8	225
Inventories	7,097	(2,556)	—	—	4,541
Property, plant and equipment	2,490	(319)	—	—	2,171
Provisions	9,875	648	—	—	10,523
Lease liabilities	3,029	1,646	—	—	4,675
Retirement benefit asset and liability	—	3,631	(3,631)	—	—
Unused tax losses	90	(80)	—	—	10
Other	8,209	225	—	(45)	8,389
Total	30,897	3,305	(3,631)	(37)	30,534
Deferred tax liabilities					
Property, plant and equipment	(16,532)	(1,496)	—	(714)	(18,742)
Other financial assets	(50,132)	672	(22,388)	(546)	(72,394)
Right-of-use assets	(2,727)	(1,677)	—	—	(4,404)
Retained earnings at subsidiaries and associates	(21,416)	(93)	—	(870)	(22,379)
Reserves	(22,355)	(4,859)	—	—	(27,214)
Retirement benefit asset and liability	(6,064)	(3,857)	—	—	(9,921)
Other	(3,890)	1,430	—	—	(2,460)
Total	(123,116)	(9,880)	(22,388)	(2,130)	(157,514)

FY2024 (From April 1, 2024 to March 31, 2025)

	As of April 1, 2024	Recognized through profit or loss	Recognized in other comprehensive income	Other	As of March 31, 2025
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Deferred tax assets					
Exploration costs	225	179	—	34	438
Inventories	4,541	383	—	—	4,924
Property, plant and equipment	2,171	18,787	—	—	20,958
Provisions	10,523	1,384	—	—	11,907
Lease liabilities	4,675	(1,111)	—	—	3,564
Retirement benefit asset and liability	—	19	(19)	—	—
Unused tax losses	10	2,040	—	—	2,050
Other	8,389	870	—	(419)	8,840
Total	30,534	22,551	(19)	(385)	52,681
Deferred tax liabilities					
Property, plant and equipment	(18,742)	(1,006)	—	(1,371)	(21,119)
Other financial assets	(72,394)	(109)	23,635	323	(48,545)
Right-of-use assets	(4,404)	(122)	—	—	(4,526)
Retained earnings at subsidiaries and associates	(22,379)	(3,489)	—	(1,589)	(27,457)
Reserves	(27,214)	(627)	—	—	(27,841)
Retirement benefit asset and liability	(9,921)	81	—	—	(9,840)
Other	(2,460)	(609)	—	—	(3,069)
Total	(157,514)	(5,881)	23,635	(2,637)	(142,397)

	As of April 1, 2024	Recognized through profit or loss	Recognized in other comprehensive income	Other	As of March 31, 2025
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Deferred tax assets					
Exploration costs	1,505	1,197	–	227	2,929
Inventories	30,368	2,561	–	–	32,930
Property, plant and equipment	14,519	125,640	–	–	140,159
Provisions	70,374	9,256	–	–	79,630
Lease liabilities	31,265	(7,430)	–	–	23,835
Retirement benefit asset and liability	–	127	(127)	–	–
Unused tax losses	67	13,643	–	–	13,710
Other	56,102	5,818	–	(2,802)	59,119
Total	204,200	150,813	(127)	(2,575)	352,311
Deferred tax liabilities					
Property, plant and equipment	(125,339)	(6,728)	–	(9,169)	(141,236)
Other financial assets	(484,144)	(729)	158,062	2,160	(324,651)
Right-of-use assets	(29,452)	(816)	–	–	(30,268)
Retained earnings at subsidiaries and associates	(149,662)	(23,333)	–	(10,627)	(183,622)
Reserves	(181,997)	(4,193)	–	–	(186,190)
Retirement benefit asset and liability	(66,348)	542	–	–	(65,806)
Other	(16,452)	(4,073)	–	–	(20,524)
Total	(1,053,394)	(39,330)	158,062	(17,635)	(952,297)

The SMM 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. In assessing the recoverability of deferred tax assets, the SMM Group considers the scheduled reversal of deferred tax liabilities, projected future taxable profits, and tax planning strategies.

Based on the level of historical taxable profits and projected future taxable profits for the periods in which the deferred tax assets can be recognized, the SMM Group has determined that it is probable that the tax benefits can be realized from recognized deferred tax assets. However, the periods in which taxable profits are generated and the amount may be affected by future changes in economic conditions, and the amounts on the consolidated financial statements for the next fiscal year may be affected if it becomes necessary to review the periods and amount.

The unused tax losses and deductible temporary differences for which deferred tax assets were not recognized are as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Unused tax losses	29,490	28,449	190,256
Deductible temporary differences	1,538	53,222	355,929
Unused tax credits	1,677	–	–
Total	32,705	81,671	546,185

The unused tax losses for which deferred tax assets were not recognized will expire as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
1st year	180	2	13
2nd year	165	2,054	13,736
3rd year	2,382	297	1,986
4th year	–	2,621	17,528
5th year and after	26,763	23,475	156,992
Total	29,490	28,449	190,256

Deferred tax liabilities related to the temporary differences are not recognized in cases where the SMM Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. Taxable temporary differences related to investments in consolidated subsidiaries, for which deferred tax liabilities were not recognized, as of March 31, 2024 and March 31, 2025 totaled ¥309,600 million, and ¥264,941 million (U.S. \$1,771,825 thousand), respectively.

(2) Income tax expense

The breakdown of income tax expense is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current tax expense	28,417	36,276	242,600
Deferred tax expense			
Origination and reversal of temporary differences	3,842	(26,922)	(180,044)
Assessed recoverability of deferred tax assets	2,733	10,225	68,381
Changes in tax rates	–	27	181
Total	34,992	19,606	131,118

In FY2024, in line with reforms to the tax system in Japan, where the Company is located, due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026. Accordingly, the Japanese statutory tax rate used for calculating deferred tax assets and deferred tax liabilities was changed from the previous rate of 30.6% to 31.5% for temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026. The impact of this change is negligible.

Current tax expense includes the benefits that arose from previously unrecognized unused tax losses or temporary differences for prior periods. Such benefits helped decrease current tax expense by ¥159 million and ¥2,332 million (U.S. \$15,596 thousand) for FY2023 and FY2024, respectively.

Deferred tax expense includes the benefits that arose from previously unrecognized unused tax losses or temporary differences for prior periods. Such benefits helped decrease deferred tax expense by ¥0 million and ¥1,800 million (U.S. \$12,038 thousand) for FY2023 and FY2024, respectively.

The following shows the reconciliation of differences between the Japanese statutory tax rates and the average effective tax rates for the SMM Group for FY2023 and FY2024.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
	%	%
Japanese statutory tax rates	30.6	30.6
Changes in unrecognized deferred tax assets	3.8	27.2
Non-taxable revenues	(0.1)	(3.1)
Differences in applicable tax rates of consolidated subsidiaries	2.0	9.8
Changes in tax effects of undistributed profit of subsidiaries and associates	0.8	2.2
Share of profit (loss) of investments accounted for using equity method	(7.9)	(3.8)
Capitalization of borrowing costs	9.8	2.7
Tax credit	(3.0)	(2.7)
Other	0.5	(0.4)
Average effective tax rates	36.5	62.5

Effective tax rates represent the rate of income tax on profit before taxes.

The SMM Group is subject to the Japanese corporate tax, inhabitant tax and business tax. The SMM Group's statutory income tax rates calculated based on these taxes for FY2023 and FY2024 are 30.6%. Overseas consolidated subsidiaries, however, are subject to local corporate and other taxes.

### (3) Global minimum tax

In Japan, where the Company is located, under the reforms to the Japanese tax system made in 2023, the Income Inclusion Rule (IIR) from the global minimum tax rule of BEPS has been introduced, and from FY2024, top-up tax has been imposed on the Company until the tax burdens of its domestic subsidiaries reach the minimum tax rate (15%).

After consulting with external tax experts to review the impacts, the SMM Group does not expect any material exposure to Pillar 2 income taxes as transitional safe harbor measures apply in most of the jurisdictions in which the SMM Group conducts its business activities.

The SMM Group has applied the temporary exception provided for under IAS 12 "Income Taxes", and deferred tax assets or liabilities for income taxes arising from the global minimum tax rule are not recognized and are not included in the disclosed amounts.

## 20. Trade and Other Payables

The breakdown of trade and other payables is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Accounts payable – trade	168,472	162,829	1,088,939
Accounts payable – other	77,164	65,920	440,848
Other	17,418	17,679	118,230
Total	263,054	246,428	1,648,017

Trade and other payables are classified as financial liabilities measured at amortized cost.

## 21. Other Financial Liabilities (Including Bonds and Borrowings)

### Breakdown of financial liabilities

The breakdown of “bonds and borrowings” and “other financial liabilities” is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)		Average interest rate (Note)	Due date
	Millions of yen	Millions of yen	Thousands of U.S. dollars	%	
Short-term borrowings	51,839	70,463	471,230	2.81%	—
Short-term bonds payable	14,993	49,922	333,859	0.66%	—
Current portion of long-term borrowings	56,791	72,660	485,923	3.91%	—
Current portion of bonds payable	9,987	—	—	—	—
Long-term borrowings	351,853	312,443	2,089,500	3.59%	From June 15, 2026 to December 22, 2031
Bonds payable	44,826	54,815	366,582	0.35%	From September 15, 2026 to December 13, 2029
Lease liabilities	16,228	15,853	106,019	4.43%	From April 5, 2025 to June 25, 2097
Derivative liabilities	12,250	9,670	64,669	—	—
Other	2,837	2,403	16,070	—	—
Total	<u>561,604</u>	<u>588,229</u>	<u>3,933,853</u>		
Current liabilities	150,571	208,277	1,392,878		
Non-current liabilities	411,033	379,952	2,540,975		
Total	<u>561,604</u>	<u>588,229</u>	<u>3,933,853</u>		

Note: The item “average interest rate” represents the weighted average interest rates for the balances as of the end of FY2024.

Restrictive financial covenants have been attached to some of the SMM Group’s borrowings; the covenants require, for example, that the SMM Group maintain a certain level of net assets. No events resulting in a breach of the covenants have occurred during FY2023 and FY2024.

Short-term borrowings, short-term bonds payable, current portion of long-term borrowings, current portion of bonds payable, long-term borrowings, and bonds payable are classified as financial liabilities measured at amortized cost. Derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.



Terms and conditions for bond issuance are summarized below.

Company name	Issue	Issuance date	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
			Millions of yen	Millions of yen	Thousands of U.S. dollars
Sumitomo Metal Mining Co., Ltd.	Short-term bonds payable	From March 6, 2025 to March 19, 2025	14,993	49,922	333,859
Sumitomo Metal Mining Co., Ltd.	31st series straight bonds	December 13, 2019	9,987	—	—
Sumitomo Metal Mining Co., Ltd.	32nd series straight bonds	December 13, 2019	9,961	9,967	66,656
Sumitomo Metal Mining Co., Ltd.	33rd series straight bonds	September 15, 2021	9,973	9,984	66,769
Sumitomo Metal Mining Co., Ltd.	34th series straight bonds	October 14, 2022	14,940	14,955	100,013
Sumitomo Metal Mining Co., Ltd.	35th series straight bonds	July 19, 2023	9,952	9,963	66,629
Sumitomo Metal Mining Co., Ltd.	36th series straight bonds	October 10, 2024	—	9,946	66,515
Total			69,806	104,737	700,441

Company name	Coupon rate %	Collateral	Redemption date
Sumitomo Metal Mining Co., Ltd.	From 0.60 to 0.77	None	From April 30, 2025 to July 31, 2025
Sumitomo Metal Mining Co., Ltd.	—	—	—
Sumitomo Metal Mining Co., Ltd.	0.25	None	December 13, 2029
Sumitomo Metal Mining Co., Ltd.	0.09	None	September 15, 2026
Sumitomo Metal Mining Co., Ltd.	0.32	None	October 14, 2027
Sumitomo Metal Mining Co., Ltd.	0.39	None	July 19, 2028
Sumitomo Metal Mining Co., Ltd.	0.73	None	October 10, 2029
Total			

## 22. Leases

The SMM Group's lease assets include buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and land as a lessee. Right-of-use assets are included in "Property, plant and equipment", and lease liabilities are included in "Other financial liabilities" (current) and "Other financial liabilities" (non-current) in the consolidated statement of financial position. Some contracts include a renewal option. There are no restrictions imposed by lease contracts such as significant renewal or purchase options, or escalation clauses.

### (1) Right-of-use assets

The breakdown of the carrying amounts of right-of-use assets as of March 31, 2025 is presented in "Note 12. Property, Plant and Equipment, (2) Right-of-use assets".

Additions to right-of-use assets are as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	FY2024 (From April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Right-of-use assets increased	8,520	4,777	31,947

(2) Lease liabilities

The balances of lease liabilities by due date as of March 31, 2025 are as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	FY2024 (As of March 31, 2025)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Due within one year	2,871	3,859	25,808
Due after one year through five years	9,956	8,768	58,637
Due after five years	3,401	3,226	21,574
Total balance of lease liabilities	16,228	15,853	106,019

(3) Amounts presented in the consolidated statement of profit or loss

The breakdown of items related to leases is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	FY2024 (From April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Depreciation of right-of-use assets			
Land, buildings and structures	739	832	5,564
Machinery, equipment and vehicles	1,288	4,101	27,426
Tools, furniture and fixtures	2	—	—
Total depreciation	2,029	4,933	32,990
Interest expense related to lease liabilities	150	437	2,922
Lease expenses arising from short- term lease exemptions	608	761	5,089
Lease expenses arising from low- value asset exemptions	51	104	696
Total lease expenses	2,838	6,235	41,697

(4) Amount recognized in the consolidated statement of cash flows

The total amount of cash outflows related to leases is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	FY2024 (From April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total amount of cash outflows related to leases	2,845	4,348	29,078

23. Provisions

The breakdown of provisions and their changes during the period are as follows.

	Provision for decommission- ing preparations	Asset retirement obligations	Provision for bonuses	Provision for loss on litigation	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2024	9,999	32,622	3,863	3,152	1,748	51,384
Increases	504	207	3,825	897	2,127	7,560
Effect of changes in the discount rate	—	(5,038)	—	—	—	(5,038)
Unwinding of discount	—	631	—	—	—	631
Decreases (utilized)	—	(56)	(3,863)	(898)	(486)	(5,303)
Decreases (reversed)	—	(30)	—	—	(196)	(226)
Decrease due to transfer of interests	—	(784)	—	—	—	(784)
Exchange differences on translation	—	3,097	2	(11)	1	3,089
As of March 31, 2025	10,503	30,649	3,827	3,140	3,194	51,313
Current liabilities	—	34	3,863	3,152	1,338	8,387
Non-current liabilities	9,999	32,588	—	—	410	42,997
Total (as of March 31, 2024)	9,999	32,622	3,863	3,152	1,748	51,384
Current liabilities	—	465	3,827	3,140	2,880	10,312
Non-current liabilities	10,503	30,184	—	—	314	41,001
Total (as of March 31, 2025)	10,503	30,649	3,827	3,140	3,194	51,313

	Provision for decommission- ing preparations	Asset retirement obligations	Provision for bonuses	Provision for loss on litigation	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	66,870	218,164	25,834	21,079	11,690	343,637
Increases	3,371	1,384	25,580	5,999	14,225	50,558
Effect of changes in the discount rate	–	(33,692)	–	–	–	(33,692)
Unwinding of discount	–	4,220	–	–	–	4,220
Decreases (utilized)	–	(375)	(25,834)	(6,005)	(3,250)	(35,464)
Decreases (reversed)	–	(201)	–	–	(1,311)	(1,511)
Decrease due to transfer of interests	–	(5,243)	–	–	–	(5,243)
Exchange differences on translation	–	20,712	13	(74)	7	20,658
As of March 31, 2025	70,240	204,969	25,594	20,999	21,360	343,162
Current liabilities	–	3,110	25,594	20,999	19,260	68,963
Non-current liabilities	70,240	201,859	–	–	2,100	274,199
Total (as of March 31, 2025)	70,240	204,969	25,594	20,999	21,360	343,162

(1) Provision for decommissioning preparations

JCO Co., Ltd., a domestic consolidated subsidiary of the Company, is advancing measures to promote facility dismantlement and decontamination to prepare for the decommissioning of its facilities. As certain 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 for losses that can be reasonably estimated.

An outflow of economic benefits is expected to take place mostly after one year from the end of the fiscal year, which, however, can vary depending on future business plans and other factors.

(2) Asset retirement obligations

The amount of asset retirement obligations is the reasonable estimate of the expenses required for the Company under the business plan and its consolidated subsidiaries to fulfill their obligations under individual leasing contracts and restoration obligations under mining laws and regulations of each jurisdiction. Furthermore, for the SMM Group's business establishments, subsidiaries and associates in Japan, the amount of asset retirement obligations is based on the reasonable estimate of retirement, research and other expenses required to fulfill their obligations, for example to retire assets and conduct environmental researches in a special manner provided by asbestos related laws and regulations (such as the Ordinance on Prevention of Asbestos Hazards) and dioxins related laws and regulations (such as the Ordinance on Industrial Safety and Health).

An outflow of economic benefits is expected to take place mostly after one year from the end of the fiscal year, which, however, can vary depending on future business plans and other factors.

(3) 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.

An outflow of economic benefits is expected to take place within a year from the end of fiscal year.

(4) Provision for loss on litigation

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

An outflow of economic benefits is expected to take place within a year from the end of fiscal year.

## 24. Employee Benefits

The SMM Group has adopted both funded and unfunded defined benefit plans and defined contribution plans as retirement benefits for its employees, which cover substantially all of the employees. Although the SMM Group's defined benefit plans are exposed to the following risks, we believe that none of these risks are material.

### (i) Investment risk

The present value of the defined benefit obligations is calculated based on a discount rate that is determined by reference to market yields on high quality corporate bonds at the fiscal year-end. In the event the investment yields for plan assets fall below the discount rate, worsened funded status may lead to a reduction in equity.

### (ii) Interest rate risk

In case the discount rate is lowered due to a decline in market yields on high quality corporate bonds, the present value of the defined benefit obligations increases, and as a result, worsened funded status may lead to a reduction in equity.

### (iii) Inflation risk

Some of the SMM Group's defined benefit plan is linked to inflation. In case the inflation rate keeps rising, the present value of the defined benefit obligations increases, and as a result, worsened funded status may lead to a reduction in equity.

### (iv) Longevity risk

If the average life expectancy of the participants in the plans rises, the present value of the defined benefit obligations increases, and as a result, worsened funded status may lead to a reduction in equity.

The funded defined benefit plans are run by pension funds legally isolated from the SMM Group. Institutions undertaking the investment of pension funds are required by laws and regulations to act in the best interest of participants in the pension plans, and are responsible for managing the plan assets in accordance with established policies.

The present value of defined benefit obligation and the related current and past service cost are calculated by using the projected unit credit method.

The discount rate is determined by reference to market yields on high quality corporate bonds as of the fiscal year-end, corresponding to the discount period, which is set based on the period up to the expected benefit payment date for each fiscal year in the future.

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.

Remeasurements of the defined benefit plans is recognized in full as other comprehensive income when such remeasurements occur, and transferred immediately from other components of equity to retained earnings.

Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits are vested. In the event the benefits are already vested immediately after introduction of or amendment to the defined benefit plan, past service cost is recognized as profit or loss for the period when they occur.

Retirement benefit expenses associated with the defined contribution plans are recognized when the contribution is made.

(1) Retirement benefits

1) Defined benefit plan

(i) Reconciliation of defined benefit obligations and plan assets

The relation between defined benefit obligations and plan assets and net defined benefit liability (asset) on the consolidated statement of financial position is as follows.

		(Thousands of (Millions of yen) U.S. dollars)	
	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
Present value of funded defined benefit obligations	60,331	52,946	354,083
Fair value of plan assets	(103,189)	(99,934)	(668,321)
Effect of asset ceiling	9,899	14,411	96,375
Subtotal	(32,959)	(32,577)	(217,863)
Present value of unfunded defined benefit obligations	3,193	3,443	23,025
Net defined benefit liability (asset)	(29,766)	(29,134)	(194,837)
Amounts on the consolidated statement of financial position			
Retirement benefit liability	3,223	3,546	23,714
Retirement benefit asset (Note)	(32,989)	(32,680)	(218,551)
Net liability (asset) on the consolidated statement of financial position	(29,766)	(29,134)	(194,837)

Note: Retirement benefit asset is included in “other non-current assets” on the consolidated statement of financial position.

(ii) Reconciliation of present value of defined benefit obligations

Changes in the present value of defined benefit obligations are as follows.

		(Millions of yen)	(Thousands of U.S. dollars)
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
Defined benefit obligation at beginning of period	65,118	63,524	424,824
Service cost	2,071	1,843	12,325
Interest expenses	912	974	6,514
Remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	(2,027)	(3,378)	(22,591)
Actuarial gains and losses arising from changes in financial assumptions	(378)	(548)	(3,665)
Past service cost	(51)	–	–
Benefits paid	(2,152)	(1,903)	(12,727)
Exchange differences on translation	(62)	45	301
Decrease due to sale of subsidiaries	–	(3,872)	(25,894)
Other	93	(296)	(1,980)
Defined benefit obligation at end of period	63,524	56,389	377,108

The weighted-average duration of the defined benefit obligations was 14 years and 14 years for FY2023 and FY2024, respectively. Moreover, during FY2024, the transfer of the entire equity interest in Sumitomo Metal Mining Siporex Co., Ltd., which was a consolidated subsidiary of the Company, resulted in a decrease of ¥3,872 million (U.S. \$25,894 thousand) in defined benefit obligation.

(iii) Reconciliation of fair value of plan assets

Changes in the fair value of the plan assets are as follows.

		(Millions of yen)	(Thousands of U.S. dollars)
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
Fair value of the plan assets at beginning of period	85,687	103,189	690,089
Interest revenue	577	809	5,410
Remeasurements			
Return on plan assets	16,560	338	2,260
Contribution to the plan			
Contribution from employers	1,163	581	3,886
Contribution from participants in the plan	89	81	542
Benefits paid	(1,407)	(1,367)	(9,142)
Decrease due to sale of subsidiaries	–	(3,853)	(25,767)
Other	520	156	1,043
Fair value of the plan assets at end of period	103,189	99,934	668,321

The SMM Group plans to make contributions of ¥581 million (U.S. \$3,886 thousand) in the next fiscal year (ending March 31, 2026). Moreover, during FY2024, the transfer of the entire equity

interest in Sumitomo Metal Mining Siporex Co., Ltd., which was a consolidated subsidiary of the Company, resulted in a decrease of ¥3,853 million (U.S. \$25,767 thousand) in fair value of the plan assets.

(iv) Breakdown of plan assets by item

Major components of the plan assets are as follows.

Breakdown of fair value by asset class

(Millions of yen)

	FY2023 (As of March 31, 2024)			FY2024 (As of March 31, 2025)		
	With quoted prices in active markets	With no quoted prices in active markets	Total	With quoted prices in active markets	With no quoted prices in active markets	Total
Japanese equity securities	41,993	—	41,993	40,699	—	40,699
Foreign equity securities	11,550	—	11,550	10,741	—	10,741
Japanese debt securities	13,236	4,604	17,840	12,909	5,549	18,458
Foreign debt securities	18,385	—	18,385	14,670	2,577	17,247
General accounts of insurance companies	—	1,319	1,319	—	1,337	1,337
Other	7,820	4,282	12,102	7,256	4,196	11,452
Total plan assets	92,984	10,205	103,189	86,275	13,659	99,934

(Thousands of U.S. dollars)

	FY2024 (As of March 31, 2025)		
	With quoted prices in active markets	With no quoted prices in active markets	Total
Japanese equity securities	272,179	—	272,179
Foreign equity securities	71,832	—	71,832
Japanese debt securities	86,331	37,110	123,440
Foreign debt securities	98,107	17,234	115,341
General accounts of insurance companies	—	8,941	8,941
Other	48,525	28,061	76,587
Total plan assets	576,975	91,346	668,321

The SMM Group's policy for managing plan assets is to secure stable returns over the medium to long term so that it can ensure the payment of defined benefit obligations in the future, in accordance with company regulations. More specifically, the SMM Group sets a target return and defines asset allocation within the range of tolerable risk defined annually, and seeks to maintain such target return and asset allocation in managing the plan assets. Each time the SMM Group reviews the asset allocation, it examines whether it should introduce the type of plan assets linked closely to changes in defined benefit obligations.

Also, based on the Defined Benefit Corporate Pension Act, the SMM Group regularly reviews the amount of contributions. Specifically, the SMM Group recalculates the amount of contributions every five years to maintain a well-balanced financial position.

In addition, the SMM Group has adopted an investment policy to minimize any mismatch between assets and liabilities so that it can secure stable investment returns over the medium to long term. Specifically, the SMM Group has invested primarily in low-risk long-term debt securities to suppress fluctuations in investment returns and stabilize funding ratios.



(v) Effect of asset ceiling

Changes in the effect of the asset ceiling are as follows.

		(Millions of yen)	(Thousands of U.S. dollars)
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
Balance at beginning of period	2,513	9,899	66,201
Remeasurements			
Effect of limiting the amount of net plan assets to the amount of asset ceiling	7,386	4,512	30,175
Balance at end of period	9,899	14,411	96,375

(vi) Major actuarial assumptions

Major assumptions used for the actuarial calculation are as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Discount rate	1.60%	2.30%

(vii) Sensitivity analysis

The impact of 0.5% changes in the discount rates used for actuarial calculations on the present value of the defined benefit obligations is as follows. Although the analysis assumes that all the other variables remain constant, changes in other assumptions may actually affect the results of the sensitivity analysis.

		(Millions of yen)	(Thousands of U.S. dollars)	
		FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
Discount rate	0.5% increase	(3,322)	(2,738)	(18,311)
	0.5% decrease	3,566	3,009	20,123

2) Defined contribution plan

The amounts recognized as expenses associated with a defined contribution plan are ¥4,213 million and ¥4,133 million (U.S. \$27,640 thousand) for FY2023 and FY2024, respectively. Furthermore, the above amount includes the portion of employees' pension insurance premiums borne by the employer.

## 25. Other Liabilities

The breakdown of other liabilities is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Other current liabilities			
Borrowed bullion	18,074	15,447	103,304
Accrued consumption taxes	4,737	833	5,571
Deposits received	1,060	727	4,862
Other	2,144	2,669	17,849
Total	26,015	19,676	131,586
Other non-current liabilities			
Other	4,663	1,098	7,343
Total	4,663	1,098	7,343

## 26. Equity and Other Components of Equity

### (1) Share capital and capital surplus

Changes in the numbers of authorized shares and issued shares are as follows.

	Number of authorized shares	Number of issued shares
	Shares	Shares
The beginning of FY2023 (As of April 1, 2023)	500,000,000	290,814,015
Increase (decrease) during the period	—	—
FY2023 (As of March 31, 2024)	500,000,000	290,814,015
Increase (decrease) during the period	—	—
FY2024 (As of March 31, 2025)	500,000,000	290,814,015

Note: The shares issued by the Company are ordinary shares with no par value that have no restrictions on any rights. The issued shares have been fully paid up.

### (2) Treasury shares

Changes in the number of treasury shares are as follows.

	Number of shares	Amount
	Shares	Millions of yen
The beginning of FY2023 (As of April 1, 2023)	16,049,021	38,076
Increase (decrease) during the period (Note 1)	5,224	23
FY2023 (As of March 31, 2024)	16,054,245	38,099
Increase (decrease) during the period (Note 2)	(260,569)	(610)
FY2024 (As of March 31, 2025)	15,793,676	37,489
	Amount	
	Thousands of U.S. dollars	
FY2023 (As of March 31, 2024)	254,792	
Increase (decrease) during the period (Note 2)	(4,079)	
FY2024 (As of March 31, 2025)	250,712	

Notes: 1. The number of treasury shares increased by 5,261 shares during the period. The increase is attributable to the purchase of fractional shares.

The number of treasury shares decreased by 37 shares during the period. The decrease is attributable to sale of fractional shares to meet the demand for sale of shares less than one unit.

2. The number of treasury shares increased by 4,572 shares during the period. The increase is attributable to the purchase of fractional shares.

The number of treasury shares decreased by 265,141 shares during the period. The decrease is attributable to the disposal for share granting through the Employee Stock Ownership Association and sale of fractional shares to meet the demand for sale of shares less than one unit.

(3) Capital surplus

The Companies Act of Japan (hereinafter the “Companies Act”) provides that at least half the amount of money paid in for issuance of shares or the amount of properties other than money delivered be credited to the share capital, and the remainder be credited to legal capital reserve, which is part of capital surplus. The Companies Act also provides that legal capital reserve may be credited to share capital pursuant to a resolution at the general meeting of shareholders.

(4) Retained earnings

The Companies Act provides that an amount equal to 10% of the dividends paid from surplus be transferred to legal capital reserve and legal retained earnings until the aggregate amount of legal capital reserve and legal retained earnings equals 25% of share capital. The amount accumulated in legal retained earnings may be used to offset deficit. Further, the Companies Act provides that legal retained earnings may be reversed pursuant to a resolution at the general meeting of shareholders.

27. Dividends

(1) Dividends paid

FY2023 (From April 1, 2023 to March 31, 2024)

Date of resolution	Total dividend amount	Dividend per share	Record date	Effective date
	Millions of yen	Yen		
Ordinary General Meeting of Shareholders held on June 23, 2023	31,598	115	March 31, 2023	June 26, 2023
Board of Directors meeting held on November 8, 2023	9,617	35	September 30, 2023	December 7, 2023

FY2024 (From April 1, 2024 to March 31, 2025)

Date of resolution	Total dividend amount		Dividend per share		Record date	Effective date
	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Ordinary General Meeting of Shareholders held on June 26, 2024	17,310	115,763	63	0.42	March 31, 2024	June 27, 2024
Board of Directors meeting held on November 12, 2024	13,463	90,035	49	0.33	September 30, 2024	December 9, 2024

- (2) Dividends with effective date falling in the following fiscal year are as follows.

FY2023 (From April 1, 2023 to March 31, 2024)

Date of resolution	Total dividend amount	Dividend per share	Record date	Effective date
	Millions of yen	Yen		
Ordinary General Meeting of Shareholders on June 26, 2024	17,310	63	March 31, 2024	June 27, 2024

FY2024 (From April 1, 2024 to March 31, 2025)

Date of resolution	Total dividend amount		Dividend per share		Record date	Effective date
	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Ordinary General Meeting of Shareholders on June 26, 2025	15,126	101,157	55	0.37	March 31, 2025	June 27, 2025

\* The above is to be submitted as a proposal at the Ordinary General Meeting of Shareholders to be held on June 26, 2025.

## 28. Net Sales

- (1) Disaggregation of revenue and relationship with each reportable segment

FY2023 (From April 1, 2023 to March 31, 2024)

	Reportable segments				Other businesses	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	166,006	—	—	166,006	—	166,006
Metals						
Copper and precious metals	—	788,003	—	788,003	—	788,003
Nickel	—	259,742	—	259,742	—	259,742
Zinc and lead	—	18,077	—	18,077	—	18,077
Materials						
Powder materials	—	—	36,491	36,491	—	36,491
Battery materials	—	—	230,776	230,776	—	230,776
Package materials	—	—	19,430	19,430	—	19,430
Other	—	2,041	49,094	51,135	10,219	61,354
Subtotal	166,006	1,067,863	335,791	1,569,660	10,219	1,579,879
Adjustments	(52,591)	(54,199)	(20,871)	(127,661)	(6,830)	(134,491)
Outside customers	113,415	1,013,664	314,920	1,441,999	3,389	1,445,388

## FY2024 (From April 1, 2024 to March 31, 2025)

	Reportable segments				Other businesses	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
Adjustments	(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

  

	Reportable segments				Other businesses	Total
	Mineral Resources	Smelting & Refining	Materials	Total		
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Major products/services						
Ore	1,409,189	—	—	1,409,189	—	1,409,189
Metals						
Copper and precious metals	—	6,591,239	—	6,591,239	—	6,591,239
Nickel	—	1,588,390	—	1,588,390	—	1,588,390
Zinc and lead	—	40,447	—	40,447	—	40,447
Materials						
Powder materials	—	—	278,887	278,887	—	278,887
Battery materials	—	—	1,206,052	1,206,052	—	1,206,052
Package materials	—	—	137,344	137,344	—	137,344
Other	—	10,339	360,683	371,023	74,661	445,683
Subtotal	1,409,189	8,230,415	1,982,967	11,622,571	74,661	11,697,231
Adjustments	(465,298)	(337,364)	(190,437)	(993,098)	(48,425)	(1,041,523)
Outside customers	943,891	7,893,052	1,792,530	10,629,472	26,236	10,655,708

## 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. Revenues from sales of these products are in principle measured at the transaction price in contracts with customers, and recognized at the time of delivery of the goods because the performance obligations are satisfied when control over the goods is transferred to the customers. The contracts do not contain any significant financing components as the considerations for the transactions are received within one year after the performance obligations are satisfied.

## 2) Smelting &amp; 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. Revenues from sales of these products are in principle measured at the transaction price in contracts with customers, and recognized at the time of delivery of the goods because the performance obligations are satisfied when control over the goods is transferred to the customers. The contracts

do not contain any significant financing components as the considerations for the transactions are received within one year after the performance obligations are satisfied.

3) Materials

In the Materials business, the SMM Group mainly engages in sales of battery materials, powder materials, crystal materials and tape materials. Revenues from sales of these products are in principle measured at the transaction price in contracts with customers, and recognized at the time of delivery of the goods because the performance obligations are satisfied when control over the goods is transferred to the customers. Revenues from sale 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 any significant financing components as the considerations for the transactions are received within one year after the performance obligations are satisfied.

(2) Contract balances

Contract balances consist primarily of receivables (notes and accounts receivable-trade) arising from contracts with customers. The balances are presented in “Note 9. Trade and Other Receivables”.

(3) Transaction price allocated to the remaining performance obligations

There are no significant transactions with the individual contract period exceeding one year. The SMM Group has applied the practical expedient provided in paragraph 121 of IFRS 15 “Revenue from Contracts with Customers” and omitted disclosure of the information about the remaining performance obligations with an individual expected contract period of one year or less.

There are no significant considerations from contracts with customers that were not included in the transaction price.

(4) Assets recognized from the costs to obtain or fulfill a contract with a customer

There are no incremental costs to obtain a contract and significant costs to fulfill a contract with a customer that the SMM Group shall recognize as an asset.

29. Breakdown of Expenses by Nature

The breakdown of cost of sales and selling, general and administrative expenses is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Material cost and cost of merchandise sold	1,086,676	1,218,512	8,148,947
Impairment losses (Note)	761	112,671	753,501
Personnel expenses	79,898	81,589	545,636
Depreciation	53,568	59,525	398,081
Subcontract expenses	29,838	28,800	192,603
Repair expenses	29,915	31,001	207,323
Research and development expenses	10,959	10,438	69,805
Other	55,287	66,701	446,071
Total	1,346,902	1,609,237	10,761,967

Note: From FY2024, impairment losses, which was included in other in FY2023, has been presented separately due to its increasing materiality. As a result, the breakdown of expenses by nature has been restated for FY2023.

### 30. Finance Income and Costs

#### (1) Finance income

The breakdown of finance income is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest income			
Financial assets measured at amortized cost	5,793	44,462	297,345
Dividend income			
Equity financial assets measured at fair value through other comprehensive income	6,663	6,372	42,614
Foreign exchange gains	5,928	267	1,786
Gain on valuation of derivatives			
Financial assets measured at fair value through profit or loss	—	2,817	18,839
Change in fair value of contingent considerations			
Financial assets measured at fair value through profit or loss	—	96	642
Other	435	2,074	13,870
Total	18,819	56,088	375,095

#### (2) Finance costs

The breakdown of finance costs is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest expense			
Financial liabilities measured at amortized cost	13,855	12,983	86,825
Lease liabilities	150	178	1,190
Loss on valuation of derivatives			
Financial assets measured at fair value through profit or loss	2,929	—	—
Change in fair value of contingent considerations			
Financial assets measured at fair value through profit or loss	768	—	—
Other	593	4,885	32,669
Total	18,295	18,046	120,685

### 31. Other Income and Expenses

(1) The breakdown of other income is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Gain on transfer of interests from exercise of option (Note)	—	6,693	44,760
Foreign exchange gains	—	3,957	26,463
Gain on sale of fixed assets	1,164	233	1,558
Other	2,411	2,770	18,525
Total	3,575	13,653	91,306

Note: In FY2024, IAMGOLD Corporation, which is jointly operating the Cote Gold Mine in Canada with a Company's consolidated subsidiary, SMM Gold Cote Inc., exercised the option to repurchase its interest in the mine. Accordingly, gain on transfer of interest of ¥6,693 million (U.S. \$44,760 thousand) is recorded.

(2) The breakdown of other expenses is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Dismantling and removal expenses	3,183	3,165	21,166
Loss on sale of subsidiaries (Note 1)	—	1,417	9,476
Provision for dismantling and removal (Note 2)	—	1,234	8,253
Provision for loss on litigation	1,165	887	5,932
Loss on sale and retirement of fixed assets	1,526	839	5,611
Suspended business management expense	680	718	4,802
Maintenance expense of suspended or abandoned mines	776	615	4,113
Provision for decommissioning preparations	793	504	3,371
Impairment losses on assets held for sale (Note 3)	6,417	205	1,371
Foreign exchange losses	16,506	—	—
Compensation expenses (Note 4)	4,943	—	—
Loss on business restructuring	49	—	—
Other	3,869	3,544	23,701
Total	39,907	13,128	87,795

Notes: 1. During FY2024, the transfer of the entire equity interest in Sumitomo Metal Mining Siporex Co., Ltd., which was a consolidated subsidiary of the Company, resulted in the recording of ¥1,417 million (U.S. \$9,476 thousand) in loss on sale of subsidiaries.

2. From FY2024, provision for dismantling and removal has been presented separately due to its increasing materiality.

3. In the fourth quarter of FY2023, the assets and liabilities held by Metal Mining Siporex Co., Ltd. were classified as assets held for sale and liabilities directly associated with assets held for sale, and were measured at fair value less costs to sell. In conjunction with this, the full carrying amount of non-current assets of ¥6,417 million, measured by applying IFRS 5, was reported as an impairment loss. For more details, please refer to Note 11. "Assets Held for Sale".

4. In FY2023, the new mining royalties law (Law No. 21.591) was promulgated on August 10, 2023 (local time) in the Republic of Chile and came into effect on January 1, 2024.



Therefore, compensation of ¥4,943 million to South32 Limited group is recorded.

Refer to Note 38. "Contingent Liabilities" for details regarding the compensation to South32 Limited group.

### 32. Other Comprehensive Income

The following table shows the analysis of other comprehensive income by item in terms of the amount that occurred during the period, the amount reclassified to profit or loss, and the effect of income taxes.

FY2023 (From April 1, 2023 to March 31, 2024)

	Amount that occurred during the period	Reclassification adjustment	Amount before tax	Income taxes	Amount after tax
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Items that will not be reclassified to profit or loss:					
Financial assets measured at fair value through other comprehensive income	87,544	—	87,544	(24,382)	63,162
Remeasurements of defined benefit plans	11,579	—	11,579	(3,631)	7,948
Share of other comprehensive income of investments accounted for using equity method	471	—	471	—	471
Total of items that will not be reclassified to profit or loss	99,594	—	99,594	(28,013)	71,581
Items that will be reclassified to profit or loss:					
Cash flow hedges	(2,250)	1,094	(1,156)	319	(837)
Exchange differences on translation of foreign operations	50,185	—	50,185	—	50,185
Share of other comprehensive income of investments accounted for using equity method	27,603	—	27,603	—	27,603
Total of items that will be reclassified to profit or loss	75,538	1,094	76,632	319	76,951
Total	175,132	1,094	176,226	(27,694)	148,532

FY2024 (From April 1, 2024 to March 31, 2025)

	Amount that occurred during the period	Reclassification adjustment	Amount before tax	Income taxes	Amount after tax
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Items that will not be reclassified to profit or loss:					
Financial assets measured at fair value through other comprehensive income	(67,101)	—	(67,101)	17,953	(49,148)
Remeasurements of defined benefit plans	(248)	—	(248)	(19)	(267)
Share of other comprehensive income of investments accounted for using equity method	403	—	403	—	403
Total of items that will not be reclassified to profit or loss	(66,946)	—	(66,946)	17,934	(49,012)
Items that will be reclassified to profit or loss:					
Cash flow hedges	(14,943)	10,975	(3,968)	1,214	(2,754)
Exchange differences on translation of foreign operations	96,976	—	96,976	—	96,976
Share of other comprehensive income of investments accounted for using equity method	48,653	—	48,653	—	48,653
Total of items that will be reclassified to profit or loss	130,686	10,975	141,661	1,214	142,875
Total	63,740	10,975	74,715	19,148	93,863

	Amount that occurred during the period	Reclassification adjustment	Amount before tax	Income taxes	Amount after tax
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Items that will not be reclassified to profit or loss:					
Financial assets measured at fair value through other comprehensive income	(448,746)	—	(448,746)	120,063	(328,683)
Remeasurements of defined benefit plans	(1,659)	—	(1,659)	(127)	(1,786)
Share of other comprehensive income of investments accounted for using equity method	2,695	—	2,695	—	2,695
Total of items that will not be reclassified to profit or loss	(447,709)	—	(447,709)	119,936	(327,774)
Items that will be reclassified to profit or loss:					
Cash flow hedges	(99,933)	73,397	(26,536)	8,119	(18,418)
Exchange differences on translation of foreign operations	648,539	—	648,539	—	648,539
Share of other comprehensive income of investments accounted for using equity method	325,373	—	325,373	—	325,373
Total of items that will be reclassified to profit or loss	873,978	73,397	947,375	8,119	955,494
Total	426,269	73,397	499,666	128,055	627,720

### 33. Earnings per Share

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent (Millions of yen)	58,601	16,487
Adjustment of profit attributable to owners of parent (Millions of yen)	—	—
Profit used to calculate diluted earnings per share (Millions of yen)	58,601	16,487
Weighted average number of ordinary shares outstanding (Thousands of shares)	274,762	274,845
Increase in ordinary shares (Thousands of shares)	—	—
Weighted average number of diluted ordinary shares (Thousands of shares)	274,762	274,845
Basic earnings per share (Yen)	213.28	59.99
Diluted earnings per share (Yen)	213.28	59.99
	FY2024 (From April 1, 2024 to March 31, 2025)	
Profit attributable to owners of parent (Thousands of U.S. dollars)	110,259	
Adjustment of profit attributable to owners of parent (Thousands of U.S. dollars)	—	
Profit used to calculate diluted earnings per share (Thousands of U.S. dollars)	110,259	
Basic earnings per share (U.S. dollars)	0.40	
Diluted earnings per share (U.S. dollars)	0.40	

### 34. Cash Flow Information

#### (1) Cash inflows and outflows for acquisition or sale of subsidiaries, etc.

FY2023 (From April 1, 2023 to March 31, 2024)

There is no pertinent information.

FY2024 (From April 1, 2024 to March 31, 2025)

In FY2024, the Company transferred all of its shares in Sumitomo Metal Mining Siporex Co., Ltd., which had been a consolidated subsidiary. The breakdown of the assets and liabilities at the time of the transfer as well as considerations received and proceeds from the transfer of the shares are as follows.

	(Millions of yen)	(Thousands of U.S. dollars)
	FY2024 (From April 1, 2024 to March 31, 2025)	
Breakdown of assets at time of loss of control		
Current assets	8,906	59,560
Non-current assets	1,529	10,225
Breakdown of liabilities at time of loss of control		
Current liabilities	2,736	18,297
Non-current liabilities	1,646	11,008

	(Millions of yen)	(Thousands of U.S. dollars)
	FY2024 (From April 1, 2024 to March 31, 2025)	
Consideration received	1,000	6,688
Cash and cash equivalents included in assets at time of loss of control	(1,465)	(9,797)
Proceeds from sale of interests in subsidiaries resulting in change in scope of consolidation	(465)	(3,110)

In FY2024, IAMGOLD Corporation (Canada), which is jointly operating the Cote Gold Mine in Canada with a Company's consolidated subsidiary, SMM Gold Cote Inc. (Canada), exercised the option to repurchase its interest in the mine. The breakdown of the assets and liabilities at the time of the transfer as well as considerations received and proceeds from the transfer are as follows.

	(Millions of yen)	(Thousands of U.S. dollars)
	FY2024 (From April 1, 2024 to March 31, 2025)	
Breakdown of assets at time of transfer of interests		
Current assets	3,797	25,393
Non-current assets	62,497	417,956
Breakdown of liabilities at time of transfer of interests		
Current liabilities	2,086	13,950
Non-current liabilities	11,451	76,580

	(Millions of yen)	(Thousands of U.S. dollars)
	FY2024 (From April 1, 2024 to March 31, 2025)	
Consideration received	57,294	383,161
Cash and cash equivalents included in assets at time of transfer of interests	(904)	(6,046)
Proceeds from transfer of interests	56,390	377,115

(2) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows.

FY2023 (From April 1, 2023 to March 31, 2024)

	As of April 1, 2023	Changes with cash flows	Changes without cash flows				As of March 31, 2024
	Millions of yen	Millions of yen	Exchange differences on translation of foreign operations	Changes under amortized cost method	Decrease due to deconsolidation	Other (Note)	Millions of yen
Short-term borrowings	109,965	(69,165)	11,039	—	—	—	51,839
Long-term borrowings	302,473	78,603	27,444	124	—	—	408,644
Bonds payable	44,819	24,939	—	48	—	—	69,806
Lease liabilities	9,977	(2,036)	148	—	—	8,139	16,228
Total	467,234	32,341	38,631	172	—	8,139	546,517

(Note) Mainly an increase in lease liabilities associated with new lease contracts.

FY2024 (From April 1, 2024 to March 31, 2025)

	As of April 1, 2024	Changes with cash flows	Changes without cash flows				As of March 31, 2025
	Millions of yen	Millions of yen	Exchange differences on translation of foreign operations	Changes under amortized cost method	Decrease due to transfer of interests	Other (Note)	Millions of yen
Short-term borrowings	51,839	19,169	(545)	—	—	—	70,463
Long-term borrowings	408,644	(27,518)	3,849	128	—	—	385,103
Bonds payable	69,806	34,929	—	2	—	—	104,737
Lease liabilities	16,228	(3,305)	817	—	(2,282)	4,395	15,853
Total	546,517	23,275	4,121	130	(2,282)	4,395	576,156

	As of April 1, 2024	Changes with cash flows	Changes without cash flows				As of March 31, 2025
	Thousands of U.S. dollars	Thousands of U.S. dollars	Exchange differences on translation of foreign operations	Changes under amortized cost method	Decrease due to transfer of interests	Other (Note)	Thousands of U.S. dollars
Short-term borrowings	346,680	128,195	(3,645)	—	—	—	471,230
Long-term borrowings	2,732,856	(184,030)	25,741	856	—	—	2,575,423
Bonds payable	466,836	233,592	—	13	—	—	700,441
Lease liabilities	108,527	(22,103)	5,464	—	(15,261)	29,392	106,019
Total	3,654,899	155,654	27,560	869	(15,261)	29,392	3,853,113

(Note) Mainly an increase in lease liabilities associated with new lease contracts.

(3) Non-cash transactions

Significant non-cash transactions are as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Decrease in property, plant and equipment due to recognition of asset retirement obligations (Note)	(1,829)	(5,645)	(37,752)
Acquisition of right-of-use assets	8,520	4,777	31,947

(Note) This includes the amount of fluctuation from changes in the discount rate and other matters.

### 35. Financial Instruments

(1) Management of capital risk

In order to sustainably enhance its corporate value, the SMM Group regularly sets out policies for the level of shareholders' equity and its debt/equity structure, and then verifies the status of their implementation under the capital policy in view of capital efficiency and stability related to financing. In addition, in "3-Year Business Plan 2027", the SMM Group has determined to maintain a consolidated equity ratio of greater than 50% as a financial indicator to prove its sound financial strength.

Changes in consolidated equity ratio are as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total equity attributable to owners of parent	1,785,104	1,845,737	12,343,590
Total liabilities and equity	3,027,714	3,068,622	20,521,782
Consolidated equity ratio (Equity attributable to owners of parent ratio)	59.0%	60.1%	60.1%

(2) Management of financial risk

The SMM Group is exposed to various risks, such as credit risk, liquidity risk and market risks (comprising foreign currency risk, interest rate risk, commodity price fluctuation risk and equity price fluctuation risk), and performs risk management as described below.

1) Credit risk

Credit risk is the risk that customers and other counterparties will default on their contractual obligations, resulting in financial loss to the SMM Group.

With respect to trade receivables (notes and accounts receivable-trade), each business division within the SMM 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 (accounts receivable-other, etc.) and other financial assets such as loans receivable, etc., the SMM Group goes through an internal approval process regarding counterparties'

credit status at the start of transaction. The SMM 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 SMM Group's credit risk. The SMM 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.

The maximum amount of the credit risk as of the consolidated closing date equals to the carrying amount of financial assets subject to credit risk that are presented in the consolidated statement of financial position. The following is the balance of guarantee obligations, which is the maximum exposure related to the SMM Group's credit risk.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Guarantee obligations	140,505	53,451	357,460

No provision for loss on guarantees that could arise from the performance of the said guarantee contracts is recorded as it is monetarily immaterial.

With respect to allowance for doubtful accounts for trade receivables, lifetime expected credit losses (ECL) are measured on a collective basis. The SMM Group calculates said allowance by first grouping receivables according to the similarity in characteristics of credit risks; and then by multiplying such receivables by a provision rate, determined based on the historical credit loss experience taking into account factors such as expected future economic conditions. A financial asset is considered to be credit-impaired when one or more events occur that have a detrimental impact on all the future cash flows that the SMM Group expects to receive; such events include an increase in probability that a counterparty will go into bankruptcy or other financial reorganization. On the occurrence of such events, the SMM Group measures ECL for credit-impaired financial assets on an individual receivable basis.

Allowance for doubtful accounts for other receivables and other financial assets such as loans receivable, etc. is measured at an amount equal to 12-month ECL if credit risk for them is deemed not to have increased significantly in accordance with the general approach. If otherwise, allowance for doubtful accounts is measured at an amount equal to lifetime ECL.

(i) Trade receivables

There was no balance of allowance for doubtful accounts for trade receivables at the end of FY2023 or FY2024.

The aggregate carrying amount of financial assets subject to allowance for doubtful accounts is as follows.

Carrying amount	Financial assets recorded at an amount equal to 12-month ECL	Financial assets to which the simplified approach is applied	Financial assets whose credit risk has increased significantly since initial recognition	Credit-impaired financial assets
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2024	–	157,254	–	–
As of March 31, 2025	–	163,060	–	–
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2025	–	1,090,484	–	–

(ii) Loans receivable, etc.

There was no balance of allowance for doubtful accounts for loans receivable, etc. at the end of FY2023 or FY2024.

The carrying amounts by borrower for loans receivable subject to allowance for doubtful accounts are as follows.

As of March 31, 2024

Borrower	Financial assets recorded at an amount equal to 12-month ECL	Financial assets to which the simplified approach is applied	Financial assets whose credit risk has increased significantly since initial recognition	Credit-impaired financial assets
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Compania Minera Teck Quebrada Blanca S.A.	377,467	–	–	–
Other	2,577	–	–	–
Total	380,044	–	–	–

As of March 31, 2025

Borrower	Financial assets recorded at an amount equal to 12-month ECL	Financial assets to which the simplified approach is applied	Financial assets whose credit risk has increased significantly since initial recognition	Credit-impaired financial assets
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Compania Minera Teck Quebrada Blanca S.A.	495,947	–	–	–
Other	2,287	–	–	–
Total	498,234	–	–	–

Borrower	Financial assets recorded at an amount equal to 12-month ECL	Financial assets to which the simplified approach is applied	Financial assets whose credit risk has increased significantly since initial recognition	Credit-impaired financial assets
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Compania Minera Teck Quebrada Blanca S.A.	3,316,706	—	—	—
Other	15,295	—	—	—
Total	3,332,000	—	—	—

(iii) Other receivables and other financial assets

Changes in allowance for doubtful accounts for other receivables and other financial assets are as follows.

FY2023 (From April 1, 2023 to March 31, 2024)

Allowance for doubtful accounts for	Financial assets recorded at an amount equal to 12-month ECL	Financial assets recorded at an amount equal to lifetime ECL			Total
		Financial assets to which the simplified approach is applied	Financial assets whose credit risk has increased significantly since initial recognition	Credit-impaired financial assets	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023	—	—	—	198	198
Increase	—	—	—	—	—
Decrease (utilized)	—	—	—	(1)	(1)
Decrease (reversed)	—	—	—	—	—
Other	—	—	—	—	—
As of March 31, 2024	—	—	—	197	197

FY2024 (From April 1, 2024 to March 31, 2025)

Allowance for doubtful accounts for	Financial assets recorded at an amount equal to 12-month ECL	Financial assets recorded at an amount equal to lifetime ECL			Total
		Financial assets to which the simplified approach is applied	Financial assets whose credit risk has increased significantly since initial recognition	Credit-impaired financial assets	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2024	—	—	—	197	197
Increase	—	—	—	—	—
Decrease (utilized)	—	—	—	—	—
Decrease (reversed)	—	—	—	—	—
Other	—	—	—	—	—
As of March 31, 2025	—	—	—	197	197



Allowance for doubtful accounts for	Financial assets recorded at an amount equal to 12-month ECL	Financial assets recorded at an amount equal to lifetime ECL			Total
		Financial assets to which the simplified approach is applied	Financial assets whose credit risk has increased significantly since initial recognition	Credit-impaired financial assets	
		Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	
As of April 1, 2024	—	—	—	1,317	1,317
Increase	—	—	—	—	—
Decrease (utilized)	—	—	—	—	—
Decrease (reversed)	—	—	—	—	—
Other	—	—	—	—	—
As of March 31, 2025	—	—	—	1,317	1,317

The aggregate carrying amount of financial assets subject to allowance for doubtful accounts is as follows.

Carrying amount	Financial assets recorded at an amount equal to 12-month ECL	Financial assets to which the simplified approach is applied	Financial assets whose credit risk has increased significantly since initial recognition	Credit-impaired financial assets
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2024	12,495	—	—	378
As of March 31, 2025	9,559	—	—	378
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2025	63,927	—	—	2,528

## 2) Liquidity risk

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

The SMM 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 SMM Group has established a commitment line in case of emergencies such as unexpected funding needs and significant decline in market liquidity.

The amount of non-derivative financial liabilities by remaining term to maturity is as follows.

The amount of lease liabilities by remaining term to maturity is presented in “Note 22. Leases”.

FY2023 (As of March 31, 2024)

	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Non-derivative financial liabilities								
Trade and other payables	263,054	263,054	263,054	—	—	—	—	—
Bonds and borrowings	530,289	585,815	149,645	85,701	101,824	86,328	55,263	107,054
Total	793,343	848,869	412,699	85,701	101,824	86,328	55,263	107,054

FY2024 (As of March 31, 2025)

	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Non-derivative financial liabilities								
Trade and other payables	246,428	246,428	246,428	—	—	—	—	—
Bonds and borrowings	560,303	599,401	205,903	107,500	94,298	61,561	67,415	62,724
Total	806,731	845,829	452,331	107,500	94,298	61,561	67,415	62,724

	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Non-derivative financial liabilities								
Trade and other payables	1,648,017	1,648,017	1,648,017	—	—	—	—	—
Bonds and borrowings	3,747,094	4,008,567	1,377,001	718,919	630,629	411,697	450,846	419,474
Total	5,395,111	5,656,584	3,025,018	718,919	630,629	411,697	450,846	419,474

### 3) Market risks

#### (i) Foreign currency risk

The SMM 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.

#### Exposure to foreign currency risk

The SMM Group is exposed to foreign currency risk mainly arising from U.S. dollar fluctuations.

The SMM Group’s exposure to the U.S. dollar exchange risk is as follows. The following figures are after deduction of the amount of exposures to foreign currency risk that is hedged with derivative transactions.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
	Thousands of U.S. dollars	Thousands of U.S. dollars
Net exposure (liability)	(687,001)	(1,474,979)

### Sensitivity analysis of foreign exchange

As for the SMM Group's foreign-currency-denominated financial instruments to which hedge accounting is not applied, the impact of weakening of the yen against the U.S. dollar by 1% on profit in the consolidated statement of profit or loss in each reporting period is as follows.

The figures below do not include the impact of translation of financial instruments denominated in functional currencies, as well as assets and liabilities and revenues and expenses of foreign operations into yen. This analysis is based on the assumption that other variable factors are constant.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit	(723)	(1,531)	(10,239)

### (ii) Interest rate risk

The SMM 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.

### Exposure to interest rate risk

The SMM Group's exposure to interest rate risk is as follows. The following figures are after deduction of the amount of exposures to interest rate risk that is hedged with derivative transactions.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net exposure (liability)	(249,868)	(251,953)	(1,684,966)

### Sensitivity analysis of interest rate

As for the SMM Group's floating-rate borrowings to which hedge accounting is not applied, the impact of interest rate hikes by 1% on profit in the consolidated statement of profit or loss in each reporting period is as follows. This analysis is based on the assumption that other variable factors (balance, exchange rate, etc.) are constant.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit	(1,752)	(1,766)	(11,810)

### (iii) Commodity price risk

The SMM 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 SMM Group is exposed to risk of price fluctuations. Therefore, the SMM Group employs commodity forward contracts and commodity option contracts, which seek to provide hedges for the risk of price fluctuations.

### Sensitivity analysis of commodity prices

As for the SMM Group's commodity forward and other contracts, the impact of commodity price changes on profit in the consolidated statement of profit or loss is immaterial for FY2023 and FY2024.

#### (iv) Risks associated with fluctuations in prices of equity instruments

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

### Sensitivity analysis of risks associated with fluctuations in prices of equity instruments

The impact of drops in market prices of the SMM Group's equity instruments by 10% on other comprehensive income (net of tax effect) in each reporting period is as follows. This analysis is based on the assumption that other variable factors are constant.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Other comprehensive income (net of tax effect)	(24,245)	(17,840)	(119,307)

#### (3) Fair value of financial instruments

##### 1) Financial instruments measured at amortized cost

Carrying amount and fair value of financial instruments measured at amortized cost 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 "Financial Instruments: Disclosures".

	FY2023 (As of March 31, 2024)		FY2024 (As of March 31, 2025)			
	Carrying amount	Fair value	Carrying amount		Fair value	
	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
Long-term loans receivable	380,027	380,027	498,219	3,331,900	498,219	3,331,900
Bonds payable	54,813	54,340	54,815	366,582	53,320	356,584
Long-term borrowings	408,644	407,822	385,103	2,575,423	382,648	2,559,005

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.

Long-term loans receivables are included and presented in other financial assets in the consolidated statement of financial position.

#### Bonds payable

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

Bonds payable 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.

## 2) Financial instruments measured at fair value

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

The breakdown of financial instruments measured at fair value by fair value hierarchy level is as follows.

FY2023 (As of March 31, 2024)

	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	–	20,731	–	20,731
Derivatives to which hedge accounting is not applied	–	6,270	–	6,270
Derivatives to which hedge accounting is applied	–	3,467	–	3,467
Financial assets for the contingent consideration	–	–	1,742	1,742
Financial assets measured at fair value through other comprehensive income				
Equity instruments	326,591	–	7,241	333,832
Total	326,591	30,468	8,983	366,042
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives to which hedge accounting is not applied	–	8,064	–	8,064
Derivatives to which hedge accounting is applied	–	4,186	–	4,186
Total	–	12,250	–	12,250

FY2024 (As of March 31, 2025)

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
<b>Assets:</b>				
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 for the contingent consideration	–	–	1,839	1,839
Financial assets measured at fair value through other comprehensive income				
Equity instruments	250,379	–	7,354	257,733
<b>Total</b>	<b>250,379</b>	<b>29,335</b>	<b>9,193</b>	<b>288,907</b>
<b>Liabilities:</b>				
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
<b>Total</b>	<b>–</b>	<b>9,670</b>	<b>–</b>	<b>9,670</b>

	Level 1	Level 2	Level 3	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
<b>Assets:</b>				
Financial assets measured at fair value through profit or loss				
Trade receivables with embedded derivatives	–	169,779	–	169,779
Derivatives to which hedge accounting is not applied	–	8,513	–	8,513
Derivatives to which hedge accounting is applied	–	17,889	–	17,889
Financial assets for the contingent consideration	–	–	12,299	12,299
Financial assets measured at fair value through other comprehensive income				
Equity instruments	1,674,440	–	49,181	1,723,621
<b>Total</b>	<b>1,674,440</b>	<b>196,181</b>	<b>61,479</b>	<b>1,932,101</b>
<b>Liabilities:</b>				
Financial liabilities measured at fair value through profit or loss				
Derivatives to which hedge accounting is not applied	–	11,369	–	11,369
Derivatives to which hedge accounting is applied	–	53,300	–	53,300
<b>Total</b>	<b>–</b>	<b>64,669</b>	<b>–</b>	<b>64,669</b>

The SMM Group recognizes transfers between fair value hierarchy levels as of the date of the event or change in circumstances that is the reason for the transfer.

There was no material transfer between Level 1 and Level 2 during each reporting period.

In addition, at derecognition of equity instruments or when the significant decline in fair value below acquisition cost is not temporary, the balance of other components of equity is transferred directly into retained earnings and not recognized in profit or loss.

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 for the contingent consideration

The fair value of financial assets for the contingent consideration is classified into Level 3 of the fair value hierarchy and is measured at the discounted present value of future cash flows estimated using Monte Carlo simulations based mainly on the estimates of copper prices.

It is 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.

- 3) Reconciliation of financial instruments classified into Level 3 from the beginning to the end of period
- Changes in the balance of financial instruments classified into Level 3 from the beginning to the end of period are as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	10,608	8,983	60,075
Total gains and losses			
Profit or loss (Note 1)	(768)	96	642
Other comprehensive income (Note 2)	(133)	113	756
Sales	(700)	—	—
Other	(24)	—	—
Balance at end of period	8,983	9,192	61,473

- Notes:
1. Gains and losses included in profit or loss relate to financial assets measured at fair value through profit or loss as of the end of the reporting period. These gains and losses are included in “finance income” and “finance costs” in the consolidated statement of profit or loss, respectively.
  2. Gains and losses included in other comprehensive income relate to financial assets measured at fair value through other comprehensive income as of the end of the reporting period. These gains and losses are included in “financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

Financial instruments classified into Level 3 consist of unlisted shares and financial assets for the contingent consideration.

In accordance with the SMM Group’s accounting policy, their fair values are measured on a quarterly basis using the latest available data and reported to the superior; the SMM Group also constantly validates their appropriateness.

Significant unobservable inputs used in the measurement of fair value of unlisted shares classified into Level 3 are the discount rate used in the calculation of discounted future cash flows as well as

the assumptions used for illiquidity discount. The discount rate used for FY2023 is approximately 2% and the SMM Group estimates the illiquidity discount at 30%. The discount rate used for FY2024 is approximately 7% and the SMM Group estimates the illiquidity discount at 30%. If the discount rate rises, the fair value decreases.

In February 2022, the SMM Group transferred its interest in the Sierra Gorda copper mine (“SG Mine”), located in the Republic of Chile, in its entirety by transferring its entire interests in SMM-SG Holding Inversiones SpA and SMM Holland B.V., both of which were consolidated subsidiaries of the Company. The consideration for the transfer included the right to receive up to U.S. \$350 million if certain thresholds are met for copper prices and production of the SG Mine during the period through the end of 2025.

Financial assets for the contingent consideration are included in other financial assets in the consolidated statement of financial position, and the balance as of March 31, 2024 and March 31, 2025 is ¥1,742 million and ¥1,839 million (U.S. \$12,299 thousand), respectively. The fair value of the contingent consideration is determined at the discounted present value of future cash flows estimated using Monte Carlo simulations based mainly on the estimates of copper prices. The estimates of copper prices may be affected by future changes in economic conditions. If the estimates of copper prices through the end of 2025 used to determine the fair value rise or fall by 5%, the fair value will increase by ¥1,025 million or decrease by ¥825 million for FY2023, and increase by ¥412 million (U.S. \$2,755 thousand) or decrease by ¥436 million (U.S. \$2,916 thousand) for FY2024.

(4) Derivatives and hedge accounting

When applying hedge accounting, the SMM Group confirms whether an economic relationship between a hedged item and hedging instrument exists through qualitative and quantitative assessments. The qualitative assessments show whether the critical terms of hedged items and hedging instruments match exactly or are closely aligned, while the quantitative assessments show fluctuations in value of hedged items and hedging instruments offset each other because of the same risk. The purpose of these assessments is to confirm whether there is an economic relationship in which changes in fair value or cash flow of a hedged item attributable to the hedged risk shall be offset by changes in fair value or cash flow of a hedging instrument. The SMM Group also determines appropriate hedge ratios in light of economic relationships between hedging instruments and hedged items as well as the risk management strategy. The expected ineffective portion of hedge including cases affected by credit risk is immaterial.

1) Derivative transactions to which hedge accounting is applied

Floating-rate borrowings are exposed to risk of future interest rate hikes. The SMM Group enters into interest rate swap contracts and interest rate option contracts in order to hedge such risk, and designates these contracts as cash flow hedges.

For gold that will be sold in the future, there exists the risk of future fluctuations in commodity prices. In order to provide hedges for this risk, the SMM Group has entered into short commodity futures contracts and designated them as cash flow hedges.

The SMM Group is also subject to commodity price fluctuation risk arising from the fact that the timing of price-setting for copper raw materials does not coincide with that for copper products. The SMM Group enters into short commodity futures contracts or long commodity futures contracts both with inventories and purchase contracts as hedged items in order to hedge such risk, and designates these contracts as fair value hedges.



Notional amount and average price are as follows.

FY2023 (As of March 31, 2024)

Type of hedge	Category of risk	Type of transaction	Notional amount (Total)	Notional amount (Mature within one year)	Notional amount (Mature after one year through two years)	Notional amount (Mature after two years)	Rate / price
Cash flow hedges	Interest rate risk	Interest rate swaps (Millions of U.S. dollars)	101	13	13	75	Fixed interest rate 2.117%
		Interest rate swaps (Millions of U.S. dollars)	141	39	32	70	Fixed interest rate 2.185%
		Interest rate options (Millions of U.S. dollars)	101	13	13	75	Interest rate cap 3.071%
	Commodity price risk	Short gold futures contracts (Toz)	119,343	119,343	—	—	Average price ¥316 thousand/Toz
Fair value hedges	Commodity price risk	Short copper futures contracts (T)	29,513	29,513	—	—	Average price ¥1,292 thousand/T
		Long copper futures contracts (T)	4,289	4,289	—	—	Average price ¥1,313 thousand/T

FY2024 (As of March 31, 2025)

Type of hedge	Category of risk	Type of transaction	Notional amount (Total)	Notional amount (Mature within one year)	Notional amount (Mature after one year through two years)	Notional amount (Mature after two years)	Rate / price
Cash flow hedges	Interest rate risk	Interest rate swaps (Millions of U.S. dollars)	87	13	13	61	Fixed interest rate 2.117%
		Interest rate swaps (Millions of U.S. dollars)	103	32	19	52	Fixed interest rate 2.185%
		Interest rate options (Millions of U.S. dollars)	87	13	13	61	Interest rate cap 3.071%
	Commodity price risk	Short gold futures contracts (Toz)	132,108	132,108	—	—	Average price ¥422 thousand/Toz (U.S. \$2,822.18 /Toz)
Fair value hedges	Commodity price risk	Short copper futures contracts (T)	50,193	50,193	—	—	Average price ¥1,414 thousand/T (U.S. \$9,456.30 /T)

Contract amount and fair value are as follows.

(Millions of yen)

	FY2023 (As of March 31, 2024)			FY2024 (As of March 31, 2025)		
	Contract amount and others	o/w Mature after one year	Fair value	Contract amount and others	o/w Mature after one year	Fair value
Interest rate swap / option contracts	36,147	28,318	3,467	29,600	22,544	2,675
Commodity futures contracts	70,299	—	(4,186)	126,759	—	(7,970)
Total	106,446	28,318	(719)	156,359	22,544	(5,295)

(Thousands of U.S. dollars)

	FY2024 (As of March 31, 2025)		
	Contract amount and others	o/w Mature after one year	Fair value
Interest rate swap / option contracts	197,954	150,766	17,889
Commodity futures contracts	847,716	—	(53,300)
Total	1,045,670	150,766	(35,411)

Changes in fair values of hedging instruments and those used as the basis for recognizing ineffective portion are as follows.

FY2023 (As of March 31, 2024)

(Millions of yen)

Type of hedge	Category of risk	Assets	Liabilities	Line items in the consolidated statement of financial position	Changes in fair value used as the basis for recognizing ineffective portion
Cash flow hedges	Interest rate risk	3,467	–	Other financial assets	1,201
	Commodity price risk	–	3,210	Other financial liabilities	(3,498)
Fair value hedges	Commodity price risk	–	976	Other financial liabilities	(976)

FY2024 (As of March 31, 2025)

(Millions of yen)

Type of hedge	Category of risk	Assets	Liabilities	Line items in the consolidated statement of financial position	Changes in fair value used as the basis for recognizing ineffective portion
Cash flow hedges	Interest rate risk	2,675	–	Other financial assets	980
	Commodity price risk	–	6,431	Other financial liabilities	(15,968)
Fair value hedges	Commodity price risk	–	1,538	Other financial liabilities	(1,538)

(Thousands of U.S. dollars)

Type of hedge	Category of risk	Assets	Liabilities	Line items in the consolidated statement of financial position	Changes in fair value used as the basis for recognizing ineffective portion
Cash flow hedges	Interest rate risk	17,889	–	Other financial assets	6,554
	Commodity price risk	–	43,008	Other financial liabilities	(106,788)
Fair value hedges	Commodity price risk	–	10,286	Other financial liabilities	(10,286)

Carrying amount of hedged items, financial impacts of hedges included in carrying amounts and changes in fair value used as the basis for recognizing ineffective portion related to fair value hedges are as follows.

FY2023 (As of March 31, 2024)

(Millions of yen)

Category of risk	Line items in the consolidated statement of financial position	Carrying amount	Cumulative adjustment for fair value hedges	Changes in fair value used as the basis for recognizing ineffective portion
Commodity price risk	Other current liabilities	59	(59)	(59)
	Inventories	39,152	1,035	1,035

FY2024 (As of March 31, 2025)

(Millions of yen)

Category of risk	Line items in the consolidated statement of financial position	Carrying amount	Cumulative adjustment for fair value hedges	Changes in fair value used as the basis for recognizing ineffective portion
Commodity price risk	Inventories	72,492	1,538	1,538

(Thousands of U.S. dollars)

Category of risk	Line items in the consolidated statement of financial position	Carrying amount	Cumulative adjustment for fair value hedges	Changes in fair value used as the basis for recognizing ineffective portion
Commodity price risk	Inventories	484,799	10,286	10,286

The amount recorded in other components of equity related to cash flow hedges is as follows.

FY2023 (As of March 31, 2024)

(Millions of yen)

Category of risk	Amount recorded in other components of equity related to continuing hedging relationships	Amount recorded in other components of equity related to discontinued hedging relationships
Interest rate risk	2,199	—
Commodity price risk	(2,227)	—

FY2024 (As of March 31, 2025)

(Millions of yen)

Category of risk	Amount recorded in other components of equity related to continuing hedging relationships	Amount recorded in other components of equity related to discontinued hedging relationships
Interest rate risk	1,681	—
Commodity price risk	(4,462)	—

(Thousands of U.S. dollars)

Category of risk	Amount recorded in other components of equity related to continuing hedging relationships	Amount recorded in other components of equity related to discontinued hedging relationships
Interest rate risk	11,242	—
Commodity price risk	(29,840)	—

Changes in fair value of hedged items used as the basis for recognizing ineffective portion related to cash flow hedges are as follows.

FY2023 (As of March 31, 2024)

(Millions of yen)

Category of risk	Changes in fair value used as the basis for recognizing ineffective portion
Interest rate risk	1,201
Commodity price risk	(3,498)

FY2024 (As of March 31, 2025)

	(Millions of yen)	(Thousands of U.S. dollars)
Category of risk	Changes in fair value used as the basis for recognizing ineffective portion	Changes in fair value used as the basis for recognizing ineffective portion
Interest rate risk	980	6,554
Commodity price risk	(15,968)	(106,788)

The amount recorded in gains or losses and line items in the consolidated statement of profit or loss related to cash flow hedges are as follows.

FY2023 (As of March 31, 2024)

	(Millions of yen)				
Category of risk	Gains or losses on hedge recorded in other comprehensive income during the reporting period	Ineffective portion of hedge recorded in profit or loss	Line items in which ineffective portion of hedge is recorded in the consolidated statement of profit or loss	Amount reclassified (recycled) from cash flow hedges to profit or loss	Line items in which reclassification adjustment is recorded in the consolidated statement of comprehensive income
Interest rate risk	1,248	—	—	(1,864)	Finance costs
Commodity price risk	(3,498)	—	—	(2,958)	Net sales

FY2024 (As of March 31, 2025)

	(Millions of yen)				
Category of risk	Gains or losses on hedge recorded in other comprehensive income during the reporting period	Ineffective portion of hedge recorded in profit or loss	Line items in which ineffective portion of hedge is recorded in the consolidated statement of profit or loss	Amount reclassified (recycled) from cash flow hedges to profit or loss	Line items in which reclassification adjustment is recorded in the consolidated statement of comprehensive income
Interest rate risk	1,025	—	—	(1,772)	Finance costs
Commodity price risk	(15,968)	—	—	(12,747)	Net sales

	(Thousands of U.S. dollars)				
Category of risk	Gains or losses on hedge recorded in other comprehensive income during the reporting period	Ineffective portion of hedge recorded in profit or loss	Line items in which ineffective portion of hedge is recorded in the consolidated statement of profit or loss	Amount reclassified (recycled) from cash flow hedges to profit or loss	Line items in which reclassification adjustment is recorded in the consolidated statement of comprehensive income
Interest rate risk	6,855	—	—	(11,850)	Finance costs
Commodity price risk	(106,788)	—	—	(85,247)	Net sales

2) Derivative transactions to which hedge accounting is not applied

FY2023 (As of March 31, 2024)

Category of risk	Type of transaction	Notional amount (Total)	Notional amount (Mature within one year)	Notional amount (Mature after one year through two years)	Notional amount (Mature after two years)	Rate / price
Foreign currency risk	Forward exchange contracts (Millions of U.S. dollars)	64	64	–	–	Average ¥149.33/U.S. \$
	Forward exchange contracts (Millions of pounds sterling)	18	16	2	–	Average ¥140.06/GBP
	Forward exchange contracts (Millions of Canadian dollars)	20	20	–	–	Average CAD 1.35/U.S. \$
Commodity price risk	Short copper futures contracts (T)	5,025	3,525	1,500	–	Average price ¥1,279 thousand/T
	Long copper futures contracts (T)	30,928	28,953	1,975	–	Average price ¥1,167 thousand/T
	Long nickel futures contracts (T)	432	432	–	–	Average price ¥2,728 thousand/T
	Short gold futures contracts (Toz)	18,648	18,648	–	–	Average price ¥330 thousand/Toz

FY2024 (As of March 31, 2025)

Category of risk	Type of transaction	Notional amount (Total)	Notional amount (Mature within one year)	Notional amount (Mature after one year through two years)	Notional amount (Mature after two years)	Rate / price
Foreign currency risk	Forward exchange contracts (Millions of U.S. dollars)	30	30	–	–	Average ¥149.04/U.S. \$
Commodity price risk	Short copper futures contracts (T)	9,202	7,702	1,500	–	Average price ¥1,422 thousand/T (U.S. \$9,509.80/T)
	Long copper futures contracts (T)	24,075	23,350	725	–	Average price ¥1,393 thousand/T (U.S. \$9,315.86/T)
	Long nickel futures contracts (T)	216	216	–	–	Average price ¥2,941 thousand/T (U.S. \$19,668.29/T)
	Short gold futures contracts (Toz)	6,012	6,012	–	–	Average price ¥450 thousand/Toz (U.S. \$3,009.43/Toz)

Contract amount and fair value are as follows.

(Millions of yen)

	FY2023 (As of March 31, 2024)			FY2024 (As of March 31, 2025)		
	Contract amount and others	o/w Mature after one year	Fair value	Contract amount and others	o/w Mature after one year	Fair value
Forward exchange contracts	14,165	243	865	4,471	–	(1)
Commodity futures contracts	49,844	4,378	81	49,966	3,192	(426)
Total	64,009	4,621	946	54,437	3,192	(427)

(Thousands of U.S. dollars)

	FY2024 (As of March 31, 2025)		
	Contract amount and others	o/w Mature after one year	Fair value
Forward exchange contracts	29,900	–	(7)
Commodity futures contracts	334,154	21,347	(2,849)
Total	364,054	21,347	(2,856)

### 36. Consolidated Subsidiaries

#### (1) Significant subsidiaries

The status of the Company's major consolidated subsidiaries is as follows.

Company name	Location	Reportable segments	Voting rights held by the Company (%)	
			FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Sumitomo Metal Mining America Inc.	U.S.A.	Mineral Resources	100	100
Sumitomo Metal Mining Arizona Inc.	U.S.A.	Mineral Resources	80	80
SMM Morenci Inc.	U.S.A.	Mineral Resources	100	100
SMM GOLD COTE INC.	Canada	Mineral Resources	100	100
Sumitomo Metal Mining Oceania Pty. Ltd.	Australia	Mineral Resources	100	100
Hyuga Smelting Co., Ltd.	Japan	Smelting & Refining	60	60
Coral Bay Nickel Corporation	The Philippines	Smelting & Refining	84	100
Taganito HPAL Nickel Corporation	The Philippines	Smelting & Refining	75	75
Ohkuchi Electronics Co., Ltd.	Japan	Materials	100	100
Shinko Co., Ltd.	Japan	Materials	100	100
JCO Co., Ltd.	Japan	Other Businesses	100	100

#### (2) Consolidated subsidiary with significant non-controlling interests

The condensed financial information of a consolidated subsidiary in which the Company recognizes significant non-controlling interests is as follows. The condensed financial information shows figures before the elimination of transactions between consolidated companies.

SMM Quebrada Blanca SpA

1) Proportional share of non-controlling interests and cumulative amount of non-controlling interests

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Proportional share of non-controlling interests	17%	17%	
Cumulative amount of non-controlling interests	82,722	103,012	688,905

2) Profit or loss allocated to non-controlling interest and dividends paid to non-controlling interests

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit or loss allocated to non-controlling interest	(2,697)	(1,706)	(11,409)
Dividends paid to non-controlling interests	—	—	—

3) Condensed financial information

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current assets	16,965	23,275	155,654
Non-current assets	463,960	567,749	3,796,890
Total assets	480,925	591,024	3,952,545
Current liabilities	1,973	1,693	11,322
Non-current liabilities	—	—	—
Total liabilities	1,973	1,693	11,322
Total equity	478,952	589,331	3,941,222
Total liabilities and equity	480,925	591,024	3,952,545

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net sales	—	—	—
Profit (loss)	(16,170)	(10,235)	(68,448)
Comprehensive income	1,627	36,933	246,994



### 37. Related Parties

#### (1) Related party transactions

The SMM Group conducts transactions with the following related parties.

FY2023 (From April 1, 2023 to March 31, 2024)

Type	Name of the company or person	Location	Capital (Thousands of U.S. dollars)	Segment	Voting rights held by the Company	Description of the business relationship	Transaction detail	Transaction amount	Account item	Ending balance
					(%)			Millions of yen		Millions of yen
Associate	Quebrada Blanca Holdings SpA	Santiago, Chile	3,004,698	Mineral resources	33	Financing support	Subscription to capital increase	45,396 (Note 1)	—	—
Subsidiary of an associate	Compañía Minera Teck Quebrada Blanca S.A. (Note 2)	Santiago, Chile	2,798,914	Mineral resources	—	Debt guarantee for loans, etc., from financial institutions, etc.	Debt guarantee	135,753 (Note 3)	—	—
							Debt guarantee fee	363 (Note 3)	Other financial assets	106
						Financing support	Providing loans	136,187 (Note 4)	Other financial assets	377,467 (Note 4)

- Notes:
1. The subscription to capital increase refers to an investment by the SMM Group in Quebrada Blanca Holdings SpA.
  2. Compañía Minera Teck Quebrada Blanca S.A. is a 90% subsidiary of the Company's 27.77% associate Quebrada Blanca Holdings SpA.
  3. The SMM Group guarantees for loans, etc., from financial institutions, etc.
  4. Terms and conditions of loan are determined based on the market interest rates, etc.

FY2024 (From April 1, 2024 to March 31, 2025)

Type	Name of the company or person	Location	Capital (Thousands of U.S. dollars)	Segment	Voting rights held by the Company	Description of the business relationship	Transaction detail	Transaction amount		Account item	Ending balance	
					(%)			Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Associate	Quebrada Blanca Holdings SpA	Santiago, Chile	3,480,803	Mineral resources	33	Financing support	Subscription to capital increase	23,994 (Note 1)	160,463	—	—	—
Subsidiary of an associate	Compañía Minera Teck Quebrada Blanca S.A. (Note 2)	Santiago, Chile	3,275,019	Mineral resources	—	Debt guarantee for loans, etc., from financial institutions, etc.	Debt guarantee	49,951 (Note 3)	334,053	—	—	—
							Debt guarantee fee	357 (Note 3)	2,387	Other financial assets	95	635
						Financing support	Providing loans	71,981 (Note 4)	481,382	Other financial assets	497,666 (Note 4)	3,328,202
							Interest received	38,928 (Note 4)	260,336			

- Notes:
1. The subscription to capital increase refers to an investment by the SMM Group in Quebrada Blanca Holdings SpA.
  2. Compañía Minera Teck Quebrada Blanca S.A. is a 90% subsidiary of the Company's 27.77% associate Quebrada Blanca Holdings SpA.
  3. The SMM Group guarantees for loans, etc., from financial institutions, etc.
  4. Terms and conditions of loan are determined based on the market interest rates, etc.

(2) Compensation for key management personnel

The compensation for key management personnel is as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Compensations and bonuses	479	402	2,688
Total	479	402	2,688

38. Contingent Liabilities

The Company entered into an agreement to transfer its equities in SMM-SG Holding Inversiones SpA 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 occurrence of such compensatory obligations, the amount of such burden cannot be reasonably estimated at this point.

(Promulgation of the new mining royalties law)

On August 10, 2023 (local time), the new mining royalties law (Law No. 21.591) was promulgated in the Republic of Chile, and it came into effect on January 1, 2024. As a result, compensation of ¥4,943 million to the South32 Limited group was recorded under other expenses in the consolidated statement of profit or loss for FY2023.

39. 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 (Covering period: FY2025 to FY2027) 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 (U.S. \$100,314 thousand)

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

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

3. Status of repurchase of own shares

The Company repurchased its own shares of 1,547,400 shares (the amount of repurchase price: ¥5,000 million (U.S. \$33,438 thousand)) during the period from May 13, 2025 to May 31, 2025 based on the resolution above.

(2) Other

Quarterly information for FY2024

	Three months ended June 30, 2024	Six months ended September 30, 2024	Nine months ended December 31, 2024	FY2024
Net sales (Millions of yen)	410,297	800,125	1,192,801	1,593,348
Profit before tax (Millions of yen)	30,688	72,991	48,139	31,383
Profit attributable to owners of parent (Millions of yen)	22,075	46,503	29,615	16,487
Basic earnings per share (Yen)	80.34	169.25	107.77	59.99

	Three months ended June 30, 2024	Six months ended September 30, 2024	Nine months ended December 31, 2024	FY2024
Net sales (Thousands of U.S. dollars)	2,743,911	5,350,933	7,977,001	10,655,708
Profit before tax (Thousands of U.S. dollars)	205,230	488,136	321,935	209,878
Profit attributable to owners of parent (Thousands of U.S. dollars)	147,629	310,994	198,054	110,259
Basic earnings per share (U.S. dollars)	0.54	1.13	0.72	0.40

	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	80.34	88.91	(61.45)	(47.73)

	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (U.S. dollars)	0.54	0.59	(0.41)	(0.32)

Note: For the first quarter and the third quarter, quarterly financial information has been prepared in accordance with the regulations set by the financial instruments exchange, and the interim review of the quarterly financial information has been conducted.