



Independent Auditor's Report

SUMITOMO METAL MINING CO.,LTD.

For the Years ended March 31,2025

KPMG AZSA LLC
July 2025

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Independent auditor's report

To the Board of Directors of Sumitomo Metal Mining Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Metal Mining Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board prescribed in Article 312 of "the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimated value in use used for measuring an impairment loss on property, plant and equipment held by Coral Bay Nickel Corporation

The key audit matter	How the matter was addressed in our audit
As described in Note 12, "Property, Plant and Equipment" to the consolidated financial	In order to assess the reasonableness of the estimated value in use used for measuring an impairment loss on property, plant and equipment

statements, Sumitomo Metal Mining Co., Ltd. (hereinafter “Company”) recognized an impairment loss of ¥51,207 million on property, plant and equipment held by Coral Bay Nickel Corporation (hereinafter “CBNC”), a consolidated subsidiary operating in the nickel business in the Republic of the Philippines, in the consolidated statement of profit or loss for the current fiscal year.

As described in Note 3, “Summary of Material Accounting Policies, (12) Impairment of non-financial assets” to the consolidated financial statements, property, plant and equipment are depreciated in a systematic manner, while the recoverable amount of the cash-generating unit (CGU) to which the assets belong is calculated whenever there is an impairment indication. When the recoverable amount of the CGU is less than the carrying amount, the Company reduces the carrying amount to the recoverable amount and recognizes the resulting decrease in the carrying amount as an impairment loss.

Due to impairment indications identified in property, plant and equipment held by CBNC, the recoverable amount was calculated considering a decrease in nickel prices and other factors in the current fiscal year. Since the recoverable amount was less than the carrying amount, the carrying amount of property, plant and equipment recognized as an impairment loss of ¥51,207 million.

The Company used the value in use as the recoverable amount of property, plant and equipment held by CBNC. The future cash flows used for measuring the value in use were estimated based on CBNC’s business plan, which reflected the results of the assessment of economic efficiency considering a decrease in nickel prices and other factors. There was a high degree of estimation uncertainty because the estimate included key assumptions involving management judgment, such as the projected nickel prices and the period of estimated future cash flows. Accordingly, management’s judgment on these assumptions had a significant effect on the estimated value in use.

We, therefore, determined that our assessment of

held by CBNC, we involved the component auditor of CBNC, including the direction and supervision of the component auditor and the review of its work, among others, and performed the following procedures:

- inspected the relevant materials supporting the projected nickel prices and compared these supporting materials with nickel price forecasts published by external organizations that the component auditor obtained;
- inquired of the personnel responsible for the business regarding the rationale for the period of estimated future cash flows and assessed the consistency of the future capital investment plan with the mid-term management business plan developed by the Company; and
- examined whether appropriate approval was obtained at CBNC for the supporting materials to determine the period of estimated future cash flows, as well as whether the materials were consistent with CBNC’s business plan.

the reasonableness of the estimated value in use used for measuring an impairment loss on property, plant and equipment held by CBNC was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

Reasonableness of the estimated fair value less costs of disposal used for measuring an impairment loss on property, plant and equipment in the battery materials business

The key audit matter

As described in Note 12, “Property, Plant and Equipment” to the consolidated financial statements, an impairment loss of ¥56,617 million was recognized on property, plant and equipment in the battery materials business operated by the Company and certain of its consolidated subsidiaries.

As described in Note 3, “Summary of Material Accounting Policies, (12) Impairment of non-financial assets” to the consolidated financial statements, property, plant and equipment are depreciated in a systematic manner, while the recoverable amount of the cash-generating unit (CGU) to which the assets belong is calculated whenever there is an impairment indication. When the recoverable amount of the CGU is less than the carrying amount, the Company reduces the carrying amount to the recoverable amount and recognizes the resulting decrease in the carrying amount as an impairment loss.

In the battery materials business, there were impairment indications for the property, plant and equipment, due to production capacity expected to decrease as a result of a planned future change in product types. Accordingly, since the recoverable amount was deemed to be less than the carrying amount, an impairment was recognized.

The Company used the fair value less costs of disposal, estimated based on the appraisal value provided by external experts, as the recoverable amount of property, plant and equipment in the battery materials business. For the appraisal, the external experts adopted the market approach and other valuation methods. Selecting appropriate valuation methods and comparable transactions required a high level of expertise in valuation.

We, therefore, determined that our assessment of

How the matter was addressed in our audit

In order to assess the reasonableness of the estimated fair value less costs of disposal used for measuring an impairment loss on property, plant and equipment in the battery materials business, we involved valuation specialists within our domestic network firms to assist in our assessment with respect to the key appraisal that formed the basis for the estimate, by primarily performing the following procedures:

- assessed the competence, ability, and objectiveness of the external experts used by management;
- assessed the appropriateness of the valuation methods adopted for the appraisal by the external experts that management used, considering the applicable valuation items and accounting standards; and
- assessed the appropriateness of the selection of transactions used as the underlying data for the appraisal by the external experts that management used, through comparison with public indices, such as roadside land prices (the value per square meter of a standard residential lot facing a road, which is used for tax purposes).

the reasonableness of the estimated fair value less costs of disposal used for measuring an impairment loss on property, plant and equipment in the battery materials business was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

Reasonableness of the estimated fair value of financial assets for the contingent consideration arising from the agreement to transfer interests in SMM-SG Holding Inversiones SpA and SMM Holland B.V.

The key audit matter

As described in Note 35, “Financial Instruments” to the consolidated financial statements, the Company transferred its interests in the Sierra Gorda Copper Mine (hereinafter “SG Mine”), located in the Republic of Chile, in its entirety in February 2022, 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 (hereinafter the right is referred to as the “contingent consideration”).

As described in Note 17, “Other Financial Assets” to the consolidated financial statements, financial assets recognized for the contingent consideration are included as part of financial assets in the consolidated statement of financial position, and the balance of the financial assets for the contingent consideration at the end of the current fiscal year was ¥1,838 million.

Considerations for a transaction that causes a loss of control of a subsidiary, including financial assets for the contingent consideration, are measured at fair value. As described in Note 3, “Summary of Material Accounting Policies, (4) Financial Instruments” to the consolidated financial statements, subsequent changes in the fair value of financial assets for the contingent consideration are recognized in profit or loss.

The fair value of financial assets for the contingent consideration was calculated at the discounted present value of future cash flows estimated using Monte Carlo simulations with

How the matter was addressed in our audit

The primary procedures we performed to assess the reasonableness of the estimated fair value of financial assets for the contingent consideration arising from the agreement to transfer interests in SMM-SG Holding Inversiones SpA and SMM Holland B.V. included the following:

(1) Internal control testing

We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the process of measuring the fair value of financial assets for the contingent consideration. In this assessment, we focused our testing on the following:

- controls designed to prevent and/or detect the use of an unreasonable assumption for estimated future copper prices, which are the key assumption; and
- controls relevant to the use of external experts by management including the selection of external valuation experts and the provision of materials and data to them.

(2) Assessment of the reasonableness of the estimated fair value of financial assets for the contingent consideration

We assessed the reasonableness of the estimated future copper prices, which were the key assumption in estimating the fair value of financial assets for the contingent consideration, by performing the following procedures, among others:

- inspected the relevant materials supporting the estimated future copper prices and compared the supporting materials with copper price forecasts published by external organizations,

<p>inputs such as estimated future copper prices and the estimated future production volume of the SG Mine for the period through the end of 2025. The estimate of the future cash flows included estimated future copper prices as the key assumption, which involved a high degree of uncertainty. Accordingly, management's judgment on the estimated future copper prices had a significant effect on the estimated fair value of financial assets for the contingent consideration.</p> <p>In addition, the estimate of fair value of financial assets for the contingent consideration required a high level of expertise in selecting valuation models.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimated fair value of financial assets for the contingent consideration arising from the agreement to transfer interests in SMM-SG Holding Inversiones SpA and SMM Holland B.V. was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>which were used by management as the basis for the estimate; and</p> <ul style="list-style-type: none"> • compared the estimated future copper prices with the data of copper price forecasts we obtained independently. <p>In addition, we performed the following procedure, among others, by involving valuation specialists within our domestic network firms who assisted in our assessment:</p> <ul style="list-style-type: none"> • assessed the appropriateness of the selection of the valuation model used to estimate the fair value considering the requirements of accounting standards.
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Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Audit & Supervisory Board members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 394 million yen and 152 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Tomoyasu Sugizaki
Designated Engagement Partner
Certified Public Accountant

Kenya Yakuwa
Designated Engagement Partner
Certified Public Accountant

Kenichi Tejima
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
July 25, 2025