

FAQ

We would like to address questions frequently asked by individual investors and other stakeholders.

1 I have heard that non-ferrous metals have a promising future. Why is this and what are their growth areas?

Non-ferrous metals such as copper and nickel are important materials that support social infrastructure, and their use continues to increase steadily along with the growth of the global economy. In addition, the rapid digitalization of society in recent years, the technological innovation, and energy transition toward creating a decarbonized society are major trends that are greatly expanding opportunities for non-ferrous metals.

Take the electrification of automobiles, for example. Electric vehicles are said to use about four times as much copper as conventional gasoline-powered vehicles, and demand for nickel is expected to increase for use as a cathode material in automobile batteries.

2 Why not increase mining and production when metal prices are high?

Some mines contain dense (high-grade) metals and some light (low-grade) metals. If only the high-grade areas are mined when metal prices are high, short-term performance will improve, but the low-grade areas will remain. As a result, there is a risk of leaving some areas unprofitable, depending on metal prices. We believe that rather than pursuing only a short-term contribution to business performance, we should give full consideration to environmental concerns and local communities, emphasize sustainable development, and strive for long-term stable operations, which will lead to the maximization of benefits for SMM and our stakeholders.

3 Why is production at the Hishikari Mine being reduced in the 2021 3-Year Business Plan?

The Hishikari Mine is a gold mine that boasts high earning capacity and cost competitiveness, with the most significant feature being its world-class ore grade (approximately 20 grams per ton), and has produced approximately 264 tons of gold (as of March 31, 2023) since mining began in 1985. Our mission at this mine is to completely mine out the 155 tons of recoverable reserves as of December 31, 2022. In the 2021 3-Year Business Plan, we have shifted to a sustainability-oriented operation based on average-grade ore mining. In order to extend the mine life, we plan to produce 4 tons in FY2023, down from the 6 tons before the 2021 3-Year Business Plan. We will continue to work on the development of the lower orebody of the mine and will also review our cost structure through a variety of innovative means, such as DX.

4 What are your plans for increasing production of battery materials needed for xEV, which are expected to grow in the future?

In July 2021, we announced a 2,000 tons per month production increase for nickel-based cathode material, including the construction of a new plant in Niihama, aiming for a production capacity of 7,000 tons/month by FY2025.

In this expansion project, the plan is to complete construction of the new plant by the end of 2023, after which the equipment will be delivered to the plant. Progress of the new plant is on track toward completion in 2025. We will continue to aggressively expand our production capacity to reach 10,000 tons/month by FY2027 and 15,000 tons/month by FY2030.

In addition, since taking over the lithium iron phosphate (LFP) battery materials business of Sumitomo Osaka Cement Co., Ltd. in 2022, we have strived for stable production and sales toward its customers, as well as considered converting our existing process to reduce cost. We will also meet a wider range of customer needs by expanding our product lineup as well as our existing nickel-based cathode materials.

5 What are the strengths of the Sumitomo Metal Mining Group's 3-business collaboration model?

In its more than 430 years of handling metals, the SMM Group has continued to hone not only its mining, smelting, and refining technologies, but also its analysis, quality and equipment management, research & development, and other technologies. This knowledge and these technologies related to metals are used in the three businesses of Mineral Resources, Smelting & Refining, and Materials, and the combined efforts of these businesses contribute to the expansion of our earnings. A typical example of the collaboration among these three businesses is our proprietary, integrated nickel supply chain that spans the securing of nickel ore to the production of battery materials, and achieves traceability in the securing of raw materials, stable supply, quality, and other factors. Further, we are contributing to the creation of a sustainable, circular economy and expanding business opportunities by promoting battery recycling, in which nickel and cobalt are recovered from used secondary batteries for automotive applications in the Smelting & Refining Business and recycled as cathode materials for batteries in the Materials Business. Another strength of ours is the supply and demand outlook for non-ferrous metal resources in areas close to final consumer goods, obtained from customers for our battery materials and advanced materials. This is an important source of information for our medium- to long-term growth investments in the resource field and the smelting and refining field. Our Group seeks to achieve further growth by combining the knowledge gained from our three businesses, including technologies in wide-ranging fields, experience and achievements in numerous projects, and market forecasting.

6 Why did you start disclosing profit/loss, excluding temporary factors, in FY2022?

Prices of non-ferrous metals (such as copper and nickel) in which we operate are determined in trading markets represented by LME, and our profit and loss is characterized by the fact that they are significantly influenced by the market environment, including economic trends. Further, when prices of non-ferrous metals rise, the differences in timing of buying and selling causes profit to temporarily exceed standard levels, and likewise when prices decline profit temporarily fall below standard levels. We have received requests from investors to disclose our profit and loss based on actual performance, excluding temporary factors, and as such shared our actual profit and loss for FY2022 at our Progress of Business Strategy briefing. For details on what constitutes profit/loss, excluding temporary factors, please refer to p. 43.

7 What are your shareholder return policies on topics such as share buybacks and dividends?

Our current financial situation is characterized by a high demand for funds due to two major projects underway in the Mineral Resources segment, and the expansion of production for cathode materials for automobile batteries in the Materials segment. Further, in terms of the business environment, development in the Mineral Resources, and Smelting & Refining is becoming increasingly challenging due to factors that include the high altitude of sites, the necessity to mine deeper, and the rising cost of materials. While growth investment requires immediate expenditures in the ¥100 billion range, it takes time for the results to materialize. Without a robust financial foundation that can withstand these challenges, we cannot position ourselves as a suitable partner for development projects undertaken by major overseas non-ferrous companies.

Considering these factors, we believe it is crucial for us to maintain a strong financial foundation while steadily executing our growth strategy to achieve our long-term vision. Therefore, while we do not rule out the possibility of purchasing our own shares in the future, for the time being, we are committed to maintaining a performance-based dividend policy (consolidated dividend payout ratio of 35% or more in principle).

8 What are the future prospects for battery recycling?

We and Kanto Denka Kogyo Co., Ltd. have jointly developed a world-first horizontal recycling process that recovers lithium from used lithium-ion batteries (LIBs) as a high-purity compound for battery materials. We will continue our efforts to

achieve “battery to battery” recycling and contribute to the formation of a sustainable, circular economy and to address global resource depletion through the promotion of resource recycling. For details, please refer to p. 77.

9 What types of products contribute to a low-carbon society and to the reduction of GHG emissions?

Examples include battery materials and the near-infrared absorbing material CWO®. One type of battery materials that supports electrification in the automotive industry, such as hybrid and electric vehicles, is cathode materials. Cathode materials are materials used for the positive electrodes of batteries, and SMM mainly produces cathode materials for batteries used in automobiles. While cathode materials with high nickel content, which are our main products, have high capacity, it is difficult to ensure stable quality. We maintain a high market share worldwide thanks to our technical capabilities and quality control system that enable us to mass produce such cathode materials with stable quality. The near-infrared absorbing material CWO® is a material that combines high transmittance of visible light with strong absorption capacity of near-infrared rays. When applied to window materials, for example, it can efficiently block out the energy of near-infrared rays contained in sunlight, thereby significantly suppressing the rise in indoor temperatures while maintaining brightness.

10 What is your approach to business and human rights?

Based on the Sumitomo Metal Mining Group Policy on Human Rights, which is in line with the UN's Guiding Principles on Business and Human Rights, SMM conducts due diligence and operates a grievance mechanism that external stakeholders can also use. In practice, SMM places particular emphasis on the three areas of employees, local residents and indigenous peoples, and the supply chain, based on the material issues of our Vision 2030, namely: Employees' Occupational Health and Safety, Diverse Human Resources, Development and Participation of Human Resources, Co-Existence and Mutual Prosperity with Local Communities, Rights of Indigenous Peoples, Human Rights in the Supply Chain, etc. We also promote comprehensive initiatives based on dialogue and consultation with relevant stakeholders. These initiatives are regularly reported to the Sustainability Committee, which is overseen by the Board of Directors and chaired by the President.

Glossary

Term	Explanation	Pages
Copper concentrates	A raw material used in copper smelting, consisting of about 30% copper content with sulfur and iron as most of the remainder. Copper concentrates are produced mainly from sulfide ores. At present, ores extracted from overseas mines generally have a grade of about 1%. The ores are then “dressed” at the mine to enhance the grade and produce concentrate. The raw materials imported by copper smelting and refining plants in Japan are primarily copper concentrates.	P. 1, 28, 30, 66
Coral Bay Nickel Corporation (CBNC)	The SMM Group's first HPAL plant. Located in the Province of Palawan in the Philippines, CBNC produces mixed nickel-cobalt sulfides (MS) using HPAL technology for export to the Group's Niihama Nickel Refinery and Harima Refinery.	P. 2, 16-17, 22, 35, 42, 47, 61, 63-65, 88, 92, 97
Electrolytic copper (electrolytic nickel and cobalt)	A high-purity copper material produced through electrolytic refining in a solution (electrolysis). At our Group's Toyo Smelter & Refinery, we dissolve copper concentrate in a flash furnace, pass it through a converter and a refining furnace, cast anodes in plate form, and produce electrolytic copper through electrolytic refining. Electrolytic nickel and electrolytic cobalt are also produced through electrolytic refining.	P. 1, 28, 40-42, 47, 62-67, 88, 92
GRI	An acronym for Global Reporting Initiative. An organization that creates and promotes international guidelines and standards for sustainability reports. It issued its first guidelines in 2000, and has transitioned to issuing standards from 2016.	P. 12, 117-118
HPAL	An acronym for High Pressure Acid Leach. This technology enables the recovery of nickel from low-grade nickel oxide ores that had been conventionally difficult to process. The SMM Group was the first company in the world to apply it successfully on a commercial scale. HPAL causes low-grade nickel oxide ores to react stably with sulfuric acid under high-temperature and high-pressure conditions, to produce a high-grade nickel raw material.	P. 1, 23, 28, 32, 35, 63, 88
Human rights due diligence	An approach to human rights protection based on the United Nations Guiding Principles on Business and Human Rights approved by the United Nations Human Rights Council in 2011, this is a series of processes for performing preventive investigations to avoid and mitigate the negative effects that organizations have on human rights, and for taking appropriate corrective action based on the findings. The SMM Group built a system for human rights due diligence in FY2014 and has followed it since then.	P. 11, 53, 98
Hydrometallurgical refining	A refining method in which metals and impurities are dissolved in a solution, and chemical reactions are used to separate them. The method is stable and enables continuous processing, but incurs the costs of chemical reagents.	P. 64, 67, 77, 88
ICMM	An acronym for International Council on Mining and Metals. This is an organization composed of worldwide metal and mining companies and related industry bodies. Its mission is “In collaboration with others, we will strengthen the social and environmental performance of the mining and metals industry and build recognition of its contribution to local communities and society at large.”	P. 12, 48, 92

Term	Explanation	Pages
Internal carbon pricing (ICP)	A framework for encouraging investment that leads to decarbonization. Internal carbon pricing uniquely attaches prices to carbon emissions within a company, attaches monetary values to GHG emission reductions, and incorporates these into investment cost-effectiveness.	P. 17, 49, 51, 81, 99
IoT	An acronym for “Internet of Things,” referring to communication among objects via the Internet. Communication devices, such as smartphones and PCs, and even items such as home appliances, are becoming connected to the Internet, creating expectations for a future society in which all things are connected to networks.	P. 12, 78, 80, 86, 88
LT/LN	Lithium Tantalate (LT) and Lithium Niobate (LN). These are used in chips for information and communication terminal SAW filters.	P. 23, 40, 70
Lithium Iron Phosphate (LFP)	LFP is a cathode material for lithium-ion batteries, like nickel-based cathode materials (NCA, NMC), which are battery materials. While nickel-based cathode materials are made from metals such as nickel, manganese, and cobalt, LFP is made from relatively inexpensive lithium, iron, and phosphorus. It is mainly produced in China.	P. 15, 23, 35, 40, 69-70, 136
MCLE	An acronym for Matte Chlorine Leach Electrowinning. This is a manufacturing process adopted at the SMM Group's Niihama Nickel Refinery. Matte and mixed nickel-cobalt sulfides (MS) are dissolved in chlorine at high temperature, then electrolysis is used to produce high-purity nickel. MCLE is more competitive than other methods in terms of cost, but poses significant operational challenges, and only a few other producers outside of SMM have commercialized it using similar technology.	P. 22, 28
MLCC	An acronym for Multi-Layer Ceramic Capacitor. These are capacitors made of multiple layers of ceramic dielectric bodies for greater capacity. In addition to consumer applications, in recent years they are being used often in electric automobiles so demand is expected to increase. The nickel paste produced by our Group is used in the internal electrodes of MLCCs.	P. 70, 72-73, 75
MS	An acronym for Mixed Sulfides of nickel and cobalt. CBNC and THPAL produce a mixed nickel-cobalt sulfide intermediate containing about 55–60% nickel by weight. It is used as a raw material in the production of electrolytic nickel, nickel sulfate, and other products.	P. 22, 63-64
Matte	A term for metal sulfides. Niihama Nickel Refinery produces electrolytic nickel using nickel matte (of about 75–80% purity) sourced from PT Vale Indonesia Tbk.	P. 22, 64
NCA	An acronym for a type of secondary battery cathode material composed primarily of N (nickel), C (cobalt), and A (aluminum).	P. 73
NMC	An acronym for a type of secondary battery cathode material composed primarily of N (nickel), M (manganese), and C (cobalt).	P. 73

Term	Explanation	Pages
Nanban-buki	A smelting and refining method that uses lead to remove silver and impurities contained in crude copper. Developed by Soga Riemon around 1600. An alloy made by melting and rapidly cooling lead and crude copper containing silver is heated, and silver-containing lead, which melts out at a melting point below that of copper, is heated atop ash. The lead is absorbed by the ash and only the silver remains. This allows the collection of silver while obtaining high-purity refined copper.	P. 20, 32
NiO (nickel oxide) for fuel cells	Fuel cells are a clean and highly efficient method for generating electricity and heat through the chemical reaction of hydrogen and oxygen. Plans for increased use of fuel cells in a wide range of applications, from homes to factories, are being formulated in countries around the world. Nickel oxide powder for fuel cells is used in the electrodes of solid oxide fuel cells (SOFCs), which deliver the highest power generation efficiency.	P. 63, 86, 88, 90
Nickel oxide ores (laterite ore)	While predominantly higher-grade sulfide ores are used in nickel refining, nickel oxide ores are more prevalent than nickel sulfides. High refining costs and technical issues have limited the use of oxide ores in nickel refining to date, but the SMM Group has succeeded in mass producing nickel from low-grade oxide ores based on HPAL technology.	P. 1, 23, 27-28, 61, 64, 88
OJT	An acronym for On-the-Job Training, this is a method of training for the acquisition of knowledge and skills through the performance of actual work in the workplace under the guidance of superiors or senior colleagues. Its aim is the fast acquisition of work execution capabilities.	P. 28-29, 48, 81, 133
Off-JT	A method of training conducted away from the workplace or separate from normal work. Its aim is the acquisition of advanced work capabilities or other knowledge and skills not directly connected to normal work based on systematic knowledge and theory.	P. 29, 81, 132
Pyrometallurgical smelting	A smelting method in which raw ore is melted in a high-temperature furnace and the metal is separated in the molten state. While it is possible to treat a large amount at one time, it requires periodic repair of heat-resistant equipment.	P. 63-64, 67, 77
SDGs	Listed in the 2030 Agenda for Sustainable Development and adopted at the UN Sustainable Development Summit in September 2015, the Sustainable Development Goals (SDGs) are a set of international goals for creating a sustainable and better world by 2030. They are composed of 17 goals and 169 targets, and pledge to “leave no one behind.”	P. 7, 9-10, 12, 14, 85
Secondary battery cathode materials	Materials used in the cathodes of batteries (secondary batteries) that can be charged and reused. The constituent components of secondary batteries break down roughly into cathode material, anode material, a separator, and electrolytic solution. The SMM Group produces the secondary battery cathode materials used in electric and hybrid automobiles.	P. 23, 70, 73, 75, 77, 88

Term	Explanation	Pages
Silicon carbide (SiC)	SiC is a power semiconductor material used mainly in electric power control applications. Its use is expanding as a material capable of reducing energy loss in high-capacity fields (high current and high withstand voltage) demanded for drive control devices, particularly in hybrid vehicles and electric vehicles.	P. 17, 35, 40, 68, 72-73
Smelting & Refining	This refers to the extraction of valuable metals from ore and other raw materials, and is mainly divided into pyrometallurgical smelting and hydrometallurgical refining. The SMM Group's Toyo Smelter & Refinery in Saijo, Ehime Prefecture uses pyrometallurgical smelting in its upstream processes (treatment processes), while Niihama Nickel Refinery in Niihama, Ehime Prefecture uses only hydrometallurgical refining throughout.	P. 1-3, 7, 11, 16-18, 20-22, 28, 30-35, 40, 42-45, 47, 50-51, 60-64, 66-67, 74-77, 86-89, 92, 98, 102, 108, 123, 128, 129, 132, 136-137
Sustainable procurement	Sustainable procurement ensures that there is no complicity in negative effects such as infringement on human rights, environmental destruction, or corruption in the procurement of parts, services, etc. It affirms that companies in the supply chain do not cause such negative effects, requests corrections when necessary, and enhances transparency in the supply chain.	P. 11, 29, 87, 91, 98, 116
TC/RC	An acronym for Treatment Charge and Refining Charge. These are costs that make up a part of the terms of purchase of metal raw materials (copper concentrate, nickel ore, etc.). As an example, (LME price at a given point in time) – (TC/RC used in the transaction) + (other terms) is used as the purchase price of copper concentrates.	P. 60
TCFD	An acronym for the Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB) to examine the disclosure of climate-related information and how financial institutions should respond. It recommends the disclosure of information concerning governance, strategy, risk management, and metrics and targets concerning climate change-related risks and opportunities.	P. 90-91
Taganito HPAL Nickel Corporation (THPAL)	The SMM Group's second HPAL plant. Located in the Province of Surigao del Norte in the Philippines, THPAL produces mixed nickel-cobalt sulfides (MS) using HPAL technology for export to the Group's Niihama Nickel Refinery and Harima Refinery.	P.2, 16-17, 22, 35, 40, 42, 47, 61-65, 88, 92, 97
xEV	Electric vehicles. Types of electrification are diverse, differing by method of supplying electricity. Types include BEVs that carry batteries, plug-in hybrids (PHEVs), hybrids (HEVs/MHVs), and fuel cell electric vehicles (FCEVs/FCVs).	P. 27, 69-70, 136

Eleven-Year Financial Summary

IFRS						
Years ended March 31	2023	2022	2021	2020	2019	2018
Results for the year:						
Net sales*3	¥1,422,989	¥1,259,091	¥ 926,122	¥ 851,946	¥ 912,208	¥ 929,746
Gross profit	250,106	257,794	150,876	109,471	126,637	149,015
Profit before tax	229,910	357,434	123,379	79,035	89,371	108,286
Profit attributable to owners of parent	160,585	281,037	94,604	60,600	66,790	90,227
Capital expenditures	140,845	64,539	35,059	50,689	47,445	74,675
Depreciation	53,310	46,455	45,729	45,355	43,541	46,762
Net cash provided by (used in) operating activities	120,382	159,489	91,522	136,545	114,744	78,552
Net cash provided by (used in) investing activities	(185,503)	9,796	(32,393)	(70,334)	(142,354)	(22,787)
Net cash provided by (used in) financing activities	49,336	(129,618)	(55,758)	9,149	(29,047)	(89,797)
Free cash flows	(65,121)	169,285	59,129	66,211	(27,610)	55,765
Financial position at year-end:						
Total assets	¥2,707,899	¥2,268,756	¥1,885,999	¥1,719,690	¥1,797,701	¥1,732,333
Equity	1,789,296	1,557,418	1,222,983	1,110,860	1,151,280	1,113,349
Non-current liabilities	447,340	326,547	337,694	402,520	388,943	378,438
Interest-bearing liabilities	457,257	301,355	330,678	367,882	349,798	361,775
Amounts per share (Yen)*2:						
Equity attributable to owners of parent per share	¥ 5,938	¥ 5,260	¥ 4,054	¥ 3,646	¥ 3,812	¥ 3,746
Basic earnings per share	584	1,023	344	221	243	327
Diluted earnings per share	584	1,023	344	221	243	295
Dividends	205	301	121	78	73	100
Key ratios:						
ROA (%)	6.5	13.5	5.3	3.5	3.8	5.2
ROE (%)	10.4	22.0	8.9	5.9	6.4	9.1
Equity ratio (%)	60.3	63.7	59.1	58.3	58.3	59.4
Interest-bearing liabilities to total asset ratio (%)	16.9	13.3	17.5	21.4	19.5	20.9
Debt-to-equity ratio (times)	0.28	0.21	0.30	0.37	0.33	0.35
Current ratio (times)	2.2	2.4	2.1	2.7	2.1	2.6

*1 Shareholders' equity is defined by the following equation.
Shareholders' equity = Total shareholders' equity + Accumulated other comprehensive income

*2 The Company consolidated its shares at a rate of one share for every two shares of its common stock with October 1, 2017 as the effective date.
"Amounts per share" is calculated on the assumption that the consolidation of its shares was conducted at the beginning of the year ended March 31, 2018.

*3 Effective from the fiscal year ended March 31, 2021, the Company has changed its accounting policy for non-free supplied materials received from customers.
This change in accounting policy was applied retrospectively to the figure for the fiscal year ended March 31, 2020.

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

1 Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Statement of Financial Position

	Notes	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets				
Current assets				
Cash and cash equivalents	8	213,977	215,007	1,610,057
Trade and other receivables	9, 34	187,310	189,199	1,416,796
Other financial assets	16, 34	49,342	6,273	46,975
Inventories	10	420,136	555,941	4,163,105
Other current assets	17	44,354	56,423	422,518
Total current assets		915,119	1,022,843	7,659,450
Non-current assets				
Property, plant and equipment	11, 21	507,822	629,451	4,713,576
Intangible assets and goodwill	12	56,586	68,217	510,836
Investment property	14	3,477	3,477	26,037
Investments accounted for using equity method	15	368,751	450,512	3,373,611
Other financial assets	16, 34	387,507	497,496	3,725,446
Deferred tax assets	18	1,645	1,822	13,644
Other non-current assets	17, 23	27,849	34,081	255,212
Total non-current assets		1,353,637	1,685,056	12,618,362
Total assets	6	2,268,756	2,707,899	20,277,812

	Notes	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	19, 34	206,013	251,696	1,884,799
Bonds and borrowings	20, 34	120,983	158,409	1,186,229
Other financial liabilities	20, 21, 34	7,027	10,337	77,408
Income taxes payable		24,940	24,968	186,970
Provisions	22	6,101	8,663	64,872
Other current liabilities	24	19,727	17,190	128,725
Total current liabilities		384,791	471,263	3,529,003
Non-current liabilities				
Bonds and borrowings	20, 34	210,249	298,848	2,237,891
Other financial liabilities	20, 21, 34	9,579	8,816	66,018
Provisions	22	25,107	40,361	302,239
Retirement benefit liability	23	5,310	4,396	32,919
Deferred tax liabilities	18	75,631	94,041	704,216
Other non-current liabilities	24	671	878	6,575
Total non-current liabilities		326,547	447,340	3,349,858
Total liabilities		711,338	918,603	6,878,860
Equity				
Share capital	25	93,242	93,242	698,233
Capital surplus	7, 25	90,213	89,800	672,458
Treasury shares	25	(38,056)	(38,076)	(285,128)
Other components of equity		124,304	220,383	1,650,315
Retained earnings	25	1,175,626	1,266,322	9,482,717
Total equity attributable to owners of parent		1,445,329	1,631,671	12,218,594
Non-controlling interests		112,089	157,625	1,180,358
Total equity		1,557,418	1,789,296	13,398,952
Total liabilities and equity		2,268,756	2,707,899	20,277,812

As to the pages indicated in "NOTES," please refer to the Consolidated Financial Statements at the following address.
https://www.smm.co.jp/en/ir/library/consolidated_financial_statement/pdf/Consolidated_Financial_Statement_2023.pdf

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

Consolidated Statement of Profit or Loss

	Notes	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Net sales	27	1,259,091	1,422,989	10,655,901
Cost of sales	28	(1,001,297)	(1,172,883)	(8,783,009)
Gross profit		257,794	250,106	1,872,892
Selling, general and administrative expenses	28	(52,711)	(63,997)	(479,235)
Finance income	29	31,884	29,389	220,076
Finance costs	29	(2,969)	(8,596)	(64,370)
Share of profit of investments accounted for using equity method	15	57,537	36,536	273,596
Other income	30	81,850	4,672	34,986
Other expenses	30	(15,951)	(18,200)	(136,289)
Profit before tax	6	357,434	229,910	1,721,656
Income tax expense	18	(58,903)	(59,469)	(445,327)
Profit		298,531	170,441	1,276,329
Profit attributable to:				
Owners of parent		281,037	160,585	1,202,524
Non-controlling interests		17,494	9,856	73,806
Profit		298,531	170,441	1,276,329
Earnings per share		Yen	Yen	U.S. dollars
Basic earnings per share	32	1,022.80	584.44	4.38
Diluted earnings per share	32	1,022.80	584.44	4.38

Consolidated Statement of Comprehensive Income

	Notes	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit		298,531	170,441	1,276,329
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Financial assets measured at fair value through other comprehensive income	31	39,748	8,810	65,973
Remeasurements of defined benefit plans	31	3,660	2,852	21,357
Share of other comprehensive income of investments accounted for using equity method	15, 31	137	75	562
Total of items that will not be reclassified to profit or loss		43,545	11,737	87,891
Items that will be reclassified to profit or loss:				
Cash flow hedges	31	1,167	1,662	12,446
Exchange differences on translation of foreign operations	31	46,922	58,729	439,786
Share of other comprehensive income of investments accounted for using equity method	15, 31	25,130	44,579	333,825
Total of items that will be reclassified to profit or loss		73,219	104,970	786,057
Other comprehensive income, net of tax		116,764	116,707	873,948
Comprehensive income		415,295	287,148	2,150,277
Comprehensive income attributable to:				
Owners of parent		387,078	263,161	1,970,653
Non-controlling interests		28,217	23,987	179,624
Comprehensive income		415,295	287,148	2,150,277

As to the pages indicated in "NOTES," please refer to the Consolidated Financial Statements at the following address.
https://www.smm.co.jp/en/ir/library/consolidated_financial_statement/pdf/Consolidated_Financial_Statement_2023.pdf

3) Consolidated Statement of Changes in Equity
FY2021 (From April 1, 2021 to March 31, 2022)

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, 2021	93,242	87,604	(38,027)	(45,083)	(1,987)	72,218
Profit	—	—	—	—	—	—
Other comprehensive income	31	—	—	61,489	1,043	39,737
Total comprehensive income	—	—	—	61,489	1,043	39,737
Purchase of treasury shares	25	—	(29)	—	—	—
Disposal of treasury shares	25	—	0	—	—	—
Dividends	26	—	—	—	—	—
Changes in ownership interest in subsidiaries	7	—	2,609	—	—	—
Loss of control of subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	16	—	—	—	—	(3,113)
Transactions with owners - total	—	2,609	(29)	—	—	(3,113)
As of March 31, 2022	93,242	90,213	(38,056)	16,406	(944)	108,842

		Equity attributable to owners of parent				Non-controlling interests	Total equity
Notes	Other components of equity			Retained earnings	Total		
	Remeasurements of defined benefit plans	Total					
	Millions of yen	Millions of yen	Millions of yen				
As of April 1, 2021	–	25,148	945,956	1,113,923	109,060	1,222,983	
Profit	–	–	281,037	281,037	17,494	298,531	
Other comprehensive income	31	3,772	106,041	–	106,041	116,764	
Total comprehensive income		3,772	106,041	281,037	387,078	415,295	
Purchase of treasury shares	25	–	–	–	(29)	(29)	
Disposal of treasury shares	25	–	–	–	0	0	
Dividends	26	–	–	(58,252)	(58,252)	(70,305)	
Changes in ownership interest in subsidiaries	7	–	–	–	2,609	(10,510)	
Loss of control of subsidiaries		–	–	–	–	(16)	
Transfer to retained earnings	16	(3,772)	(6,885)	6,885	–	–	
Transactions with owners - total		(3,772)	(6,885)	(51,367)	(55,672)	(80,860)	
As of March 31, 2022		–	124,304	1,175,626	1,445,329	1,557,418	

FY2022 (From April 1, 2022 to March 31, 2023)

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, 2022	93,242	90,213	(38,056)	16,406	(944)	108,842
Profit	—	—	—	—	—	—
Other comprehensive income	31	—	—	89,196	1,669	8,812
Total comprehensive income	—	—	—	89,196	1,669	8,812
Purchase of treasury shares	25	—	(21)	—	—	—
Disposal of treasury shares	25	—	0	—	—	—
Dividends	26	—	—	—	—	—
Changes in ownership interest in subsidiaries	7	—	(413)	—	—	—
Transfer to retained earnings	16	—	—	—	—	(3,598)
Transactions with owners - total	—	(413)	(20)	—	—	(3,598)
As of March 31, 2023	93,242	89,800	(38,076)	105,602	725	114,056

		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, 2022		—	124,304	1,175,626	1,445,329	112,089	1,557,418
Profit		—	—	160,585	160,585	9,856	170,441
Other comprehensive income	31	2,899	102,576	—	102,576	14,131	116,707
Total comprehensive income		2,899	102,576	160,585	263,161	23,987	287,148
Purchase of treasury shares	25	—	—	—	(21)	—	(21)
Disposal of treasury shares	25	—	—	—	1	—	1
Dividends	26	—	—	(76,386)	(76,386)	(7,155)	(83,541)
Changes in ownership interest in subsidiaries	7	—	—	—	(413)	28,704	28,291
Transfer to retained earnings	16	(2,899)	(6,497)	6,497	—	—	—
Transactions with owners - total		(2,899)	(6,497)	(69,889)	(76,819)	21,549	(55,270)
As of March 31, 2023		—	220,383	1,266,322	1,631,671	157,625	1,789,296

As to the pages indicated in "NOTES," please refer to the Consolidated Financial Statements at the following address.
https://www.smm.co.jp/en/ir/library/consolidated_financial_statement/pdf/Consolidated_Financial_Statement_2023.pdf

Notes	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2022	698,233	675,550	(284,978)	122,855	(7,069)	815,052
Profit	–	–	–	–	–	–
Other comprehensive income	31	–	–	667,935	12,498	65,988
Total comprehensive income	–	–	–	667,935	12,498	65,988
Purchase of treasury shares	25	–	(157)	–	–	–
Disposal of treasury shares	25	–	0	–	–	–
Dividends	26	–	–	–	–	–
Changes in ownership interest in subsidiaries	7	–	(3,093)	–	–	–
Transfer to retained earnings	16	–	–	–	–	(26,943)
Transactions with owners - total	–	(3,093)	(150)	–	–	(26,943)
As of March 31, 2023	698,233	672,458	(285,128)	790,789	5,429	854,096

Notes	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total				
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2022	–	930,837	8,803,549	10,823,192	839,366	11,662,558
Profit	–	–	1,202,524	1,202,524	73,806	1,276,329
Other comprehensive income	31	21,709	768,129	768,129	105,818	873,948
Total comprehensive income	–	21,709	1,202,524	1,970,653	179,624	2,150,277
Purchase of treasury shares	25	–	–	(157)	–	(157)
Disposal of treasury shares	25	–	–	7	–	7
Dividends	26	–	(572,008)	(572,008)	(53,579)	(625,588)
Changes in ownership interest in subsidiaries	7	–	–	(3,093)	214,947	211,854
Transfer to retained earnings	16	(21,709)	48,652	–	–	–
Transactions with owners - total	–	(48,652)	(523,356)	(575,251)	161,367	(413,883)
As of March 31, 2023	–	1,650,315	9,482,717	12,218,594	1,180,358	13,398,952

As to the pages indicated in "NOTES," please refer to the Consolidated Financial Statements at the following address.
https://www.smm.co.jp/en/ir/library/consolidated_financial_statement/pdf/Consolidated_Financial_Statement_2023.pdf

4) Consolidated Statement of Cash Flows

Notes	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities			
Profit before tax	357,434	229,910	1,721,656
Depreciation and amortization	46,455	53,310	399,206
Loss (gain) on sale of fixed assets	(1,364)	(1,428)	(10,693)
Impairment losses	269	3,444	25,790
Share of loss (profit) of investments accounted for using equity method	(57,537)	(36,536)	(273,596)
Loss (gain) on sale of subsidiaries	(74,374)	25	187
Increase or decrease in retirement benefit asset or liability	(5,100)	(4,642)	(34,761)
Increase (decrease) in provisions	(56)	4,257	31,878
Finance income	(31,884)	(29,389)	(220,076)
Finance costs	2,969	8,596	64,370
Decrease (increase) in trade and other receivables	(28,260)	113	846
Decrease (increase) in inventories	(92,717)	(133,712)	(1,001,288)
Increase (decrease) in trade and other payables	44,663	38,689	289,718
Decrease (increase) in advance payments to suppliers	(9,401)	1,861	13,936
Increase (decrease) in accrued consumption taxes	904	(11,154)	(83,526)
Other	15,787	13,770	103,115
Subtotal	167,788	137,114	1,026,764
Interest received	3,483	11,056	82,792
Dividends received	33,248	28,657	214,595
Interest paid	(2,419)	(5,927)	(44,384)
Income taxes paid	(42,632)	(50,662)	(379,377)
Income taxes refund	21	144	1,078
Net cash provided by (used in) operating activities	159,489	120,382	901,468
Cash flows from investing activities			
Payments into time deposits	(43,185)	(387)	(2,898)
Proceeds from withdrawal of time deposits	83	50,848	380,770
Purchase of securities	–	(6,279)	(47,020)
Proceeds from redemption of securities	–	6,911	51,752
Purchase of property, plant and equipment	(55,408)	(123,823)	(927,235)
Proceeds from sale of property, plant and equipment	1,647	565	4,231
Purchase of intangible assets	(1,162)	(7,087)	(53,070)
Proceeds from sale of investment securities	7,483	10,053	75,281
Purchase of shares of subsidiaries and associates	(9,777)	(30,403)	(227,670)
Proceeds from sale of shares of subsidiaries and associates	25	0	0
Collection of short-term loans receivable	278	3,033	22,712
Payments for long-term loans receivable	(29,144)	(90,983)	(681,316)
Collection of long-term loans receivable	26,419	103	771

	Notes	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Proceeds from sale of interests in subsidiaries resulting in change in scope of consolidation	33	113,002	1,592	11,922
Other		(465)	354	2,651
Net cash provided by (used in) investing activities		9,796	(185,503)	(1,389,119)
Cash flows from financing activities				
Proceeds from short-term borrowings	33	190,212	406,013	3,040,385
Repayments of short-term borrowings	33	(184,833)	(351,158)	(2,629,609)
Proceeds from long-term borrowings	33	15,412	110,061	824,180
Repayments of long-term borrowings	33	(47,688)	(42,928)	(321,462)
Proceeds from issuance of bonds	33	64,007	89,925	673,394
Redemption of bonds	33	(84,007)	(105,000)	(786,281)
Proceeds from share issuance to non-controlling shareholders		8,865	24,073	180,268
Dividends paid	26	(58,252)	(76,386)	(572,008)
Dividends paid to non-controlling shareholders		(12,053)	(7,155)	(53,579)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	7	–	3,746	28,052
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	7	(19,374)	–	–
Other	2, 33	(1,907)	(1,855)	(13,891)
Net cash provided by (used in) financing activities		(129,618)	49,336	369,447
Net increase (decrease) in cash and cash equivalents		39,667	(15,785)	(118,204)
Cash and cash equivalents at beginning of period	8	158,373	213,977	1,602,344
Effect of exchange rate changes on cash and cash equivalents		15,937	16,815	125,917
Cash and cash equivalents at end of period	8	213,977	215,007	1,610,057

As to the pages indicated in "NOTES," please refer to the Consolidated Financial Statements at the following address.
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Corporate Data and Investor Information (As of March 31, 2023)

Corporate Data

Company name	Sumitomo Metal Mining Co., Ltd.
President & Representative Director	Akira Nozaki
Founded	1590
Incorporated	1950
Capital	¥93.2 billion
Listing	Prime Market
No. of subsidiaries (consolidated)	52 (including the money held in trust which is deemed to be a consolidated company)
No. of equity-method affiliates	13
Net sales (consolidated)	¥1,423.0 billion (for the year ended March 31, 2023)
Profit before tax (consolidated)	¥229.9 billion (for the year ended March 31, 2023)

Number of Employees	7,330 (Consolidated)
Head Office	11-3, Shimbashi 5-chome, Minato-ku, Tokyo 105-8716, Japan
Main Branch	Osaka Branch
Branch	Nagoya Branch
Research centers	Niihama Research Laboratories (Ehime Prefecture) Battery Research Laboratories (Ehime Prefecture) Materials Laboratories (Tokyo) Ichikawa Research Center (Chiba Prefecture)

Contact Information

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

Investor Information

Closing Date	March 31	
Ordinary General Meeting of Shareholders	June	
Common Stock	Number of authorized shares	500,000,000
	Number of issued and outstanding shares	290,814,015
	Number of shareholders	58,107
	Listing of shares	Tokyo
	Stock transaction unit	100 shares

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

Registrar of Shareholders

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan
Stock Transfer Agency Department:
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Method of Public Notice

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

Independent Public Accountant

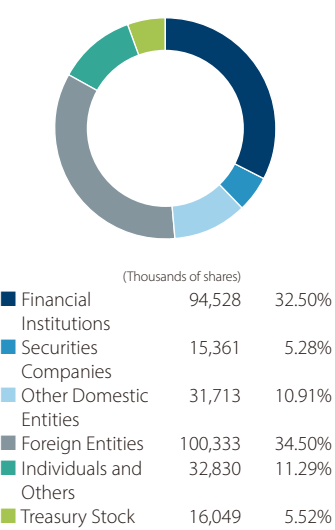
KPMG AZSA LLC 1-2, Tsukudo-cho, Shinjuku-ku, Tokyo

Major Shareholders

Name of Shareholders	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,593	16.59
Custody Bank of Japan, Ltd. (Trust Account)	18,567	6.76
Toyota Motor Corporation	11,058	4.02
STATE STREET BANK WEST CLIENT-TREATY 505234	4,813	1.75
Sumitomo Realty & Development Co., Ltd.	3,745	1.36
SUMITOMO LIFE INSURANCE COMPANY	3,737	1.36
JPMorgan Securities Japan Co., Ltd.	3,574	1.30
SMBC Nikko Securities Inc.	3,237	1.18
JP MORGAN CHASE BANK 385781	3,123	1.14
Nippon Life Insurance Company	3,110	1.13

Notes: 1. We own 16,049 thousand shares of treasury stock.
2. The shareholding ratios were calculated based on the total number of issued shares less treasury stock.

Breakdown of Shareholders



Attestation of Validity



On the issuance of the Sumitomo Metal Mining Co., Ltd. Integrated Report 2023

Since 2016, we have published these integrated reports to serve as a tool for dialogue with stakeholders inside and outside the Group.

The Sumitomo Metal Mining Co., Ltd. Integrated Report 2023, our eighth integrated report, describes value creation by our Group as we further integrate business with sustainability. It places particular focus on progress made under our 2021 3-Year Business Plan during its second year. In light of the creation of our new Sustainability Report 2023, this Integrated Report covers only sustainability information of a material nature for greater conciseness.

As the officer ultimately responsible for the production of this report, I attest that the process of preparing the report is legitimate and that its content described is accurate.

I hope that this Integrated Report will help our diverse stakeholders, including shareholders and investors, understand our Group’s efforts toward sustainable growth and the realization of a sustainable society. We will continue to strive to appropriately disclose information.

Mihoko Yano

Executive Officer

In charge of Public Relations & Investor Relations Department