

Integrated Report 2025

 SUMITOMO METAL MINING



MINING THE FUTURE

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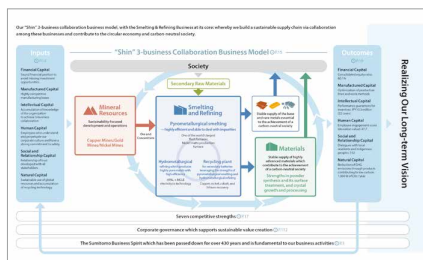
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Editorial Policy

Concepts of the Integrated Report 2025

In this Integrated Report 2025, we introduce our value creation mechanisms and strategies and explain our path to become the world leader in the non-ferrous metals industry, our long-term vision. We aimed to make the content comprehensive for all stakeholders while also keeping it readable. We also enhanced information that takes into account the perspective of investment decisions regarding the Company’s stock.

In particular, we intend for this publication to help readers understand the strategies of our 3-Year Business Plan 2027, which begins in FY2025, and our “Shin” 3-business collaboration business model, which is centered on the Smelting & Refining Business. Under this model, three businesses will collaborate to build sustainable supply chains and contribute to creating a circular economy and carbon-neutral society. We also explain our Vision for 2030, whose material issues were reviewed in March 2025 to

reflect changes in social conditions, the business environment, and other factors as well as our KPIs and targets revised in conjunction with the update.

It is our hope that this report will help stakeholders gain a better understanding of the Group’s efforts for achieving sustainable growth and achieving a sustainable society.

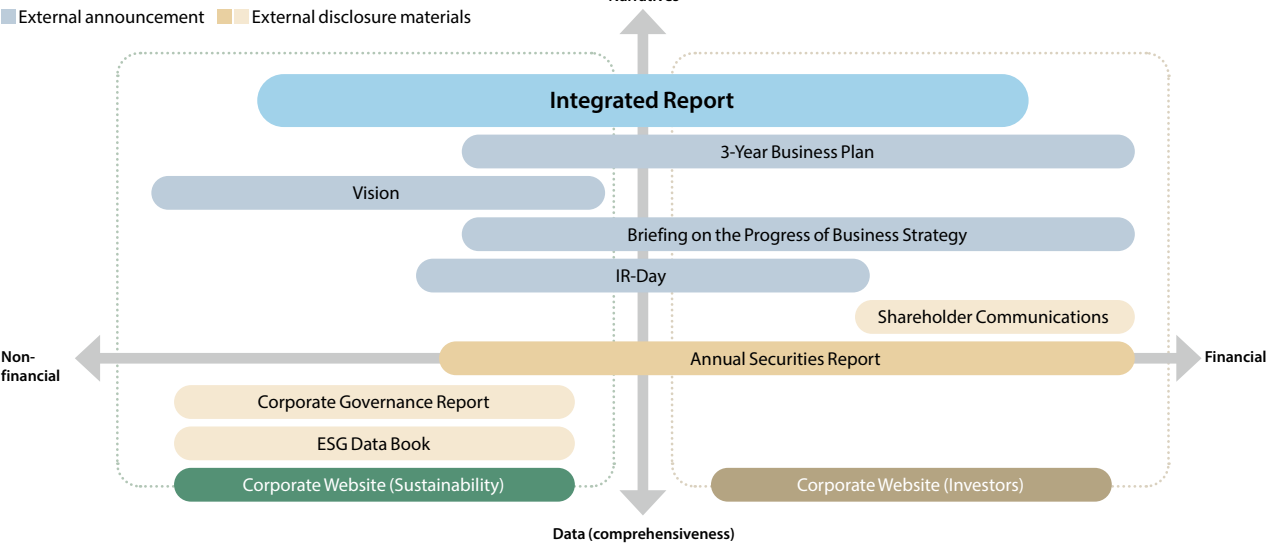
Reporting Guidelines

- IFRS Foundation: International *Integrated Reporting Framework*
- ISO 26000: *Guidance on social responsibility*
- Ministry of Economy, Trade and Industry: *Guidance for Collaborative Value Creation*
- Global Reporting Initiative (GRI), *GRI Standards* (compliant)
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Corporate Sustainability Reporting Directive (CSRD)

Caution regarding Forward-Looking Information

This Integrated Report discloses various management targets and other future forecasts regarding the Company’s 3-Year Business Plan and other plans. These management targets and other future forecasts are based on current assumptions and expectations regarding future events as well as information currently available to the Company. As a result, they are subject to change due to subsequent circumstances and other factors, and there is no guarantee that these targets, forecasts, or future performance will be achieved. Accordingly, we request that you refrain from relying solely on this information and recognize that the Company does not assume any obligation to revise this information on an ongoing basis.

Structure for Information Disclosure



Reporting Boundary

Sumitomo Metal Mining Co., Ltd. (SMM)

The Sumitomo Metal Mining Group (SMM and consolidated subsidiaries)*

The Sumitomo Metal Mining Group in Japan (SMM and consolidated subsidiaries in Japan)*

* Our environmental and occupational health and safety reporting covers our consolidated subsidiaries as well as business sites that have been determined to present major impacts.

Period Covered

(Some activities before or after the following periods have also been included)

Japan: April 1, 2024–March 31, 2025

Overseas: January 1, 2024–December 31, 2024

Publication Date

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Corporate Philosophy

The origin of the Sumitomo Metal Mining Group dates back to Soga Riemon (1572-1636), who developed a copper smelting technique known as nanban-buki. As the successor of this business, Sumitomo has evolved and expanded through such enterprises as copper smelting and mining.

Also, Sumitomo Masatomo (1585–1652) wrote and left as his legacy Monjuin Shiigaki, which describes how a merchant should

conduct business. The precepts set down in this document deepened into the Sumitomo Business Spirit, which is now the spiritual backbone of the Sumitomo Metal Mining Group.

Our predecessors have put this business spirit into practice for over 430 years and have developed the Sumitomo Metal Mining Group under it. Fully recognizing the importance of the values and ethics retained in “the Sumitomo Business Spirit,”

which our predecessor have fostered, Sumitomo Metal Mining Group will continue to make efforts to consolidate its businesses and to strengthen the social trust in its businesses.

In addition, we formulated the SMM Group Corporate Philosophy based on the Sumitomo Business Spirit and set forth the SMM Group Management Vision to clarify the ideals that we should pursue.

The Sumitomo Business Spirit

Article 1

Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2

Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

(Quoted from the Sumitomo Goshi Kaisha Administrative Regulations, named “Summary of Business Operations”, formulated in 1928)

SMM Group Corporate Philosophy

- Sumitomo Metal Mining Co., Ltd. (SMM), in accordance with the Sumitomo Business Spirit, shall, through the performance of sound corporate activities and the promotion of sustainable co-existence with the global environment, seek to make positive contributions to society and to fulfill its responsibilities to its stakeholders, in order to win ever greater trust.
- SMM shall, based on respect for all individuals and recognizing each person’s dignity and value, seek to be a forward-minded and vibrant company.

SMM Group Management Vision

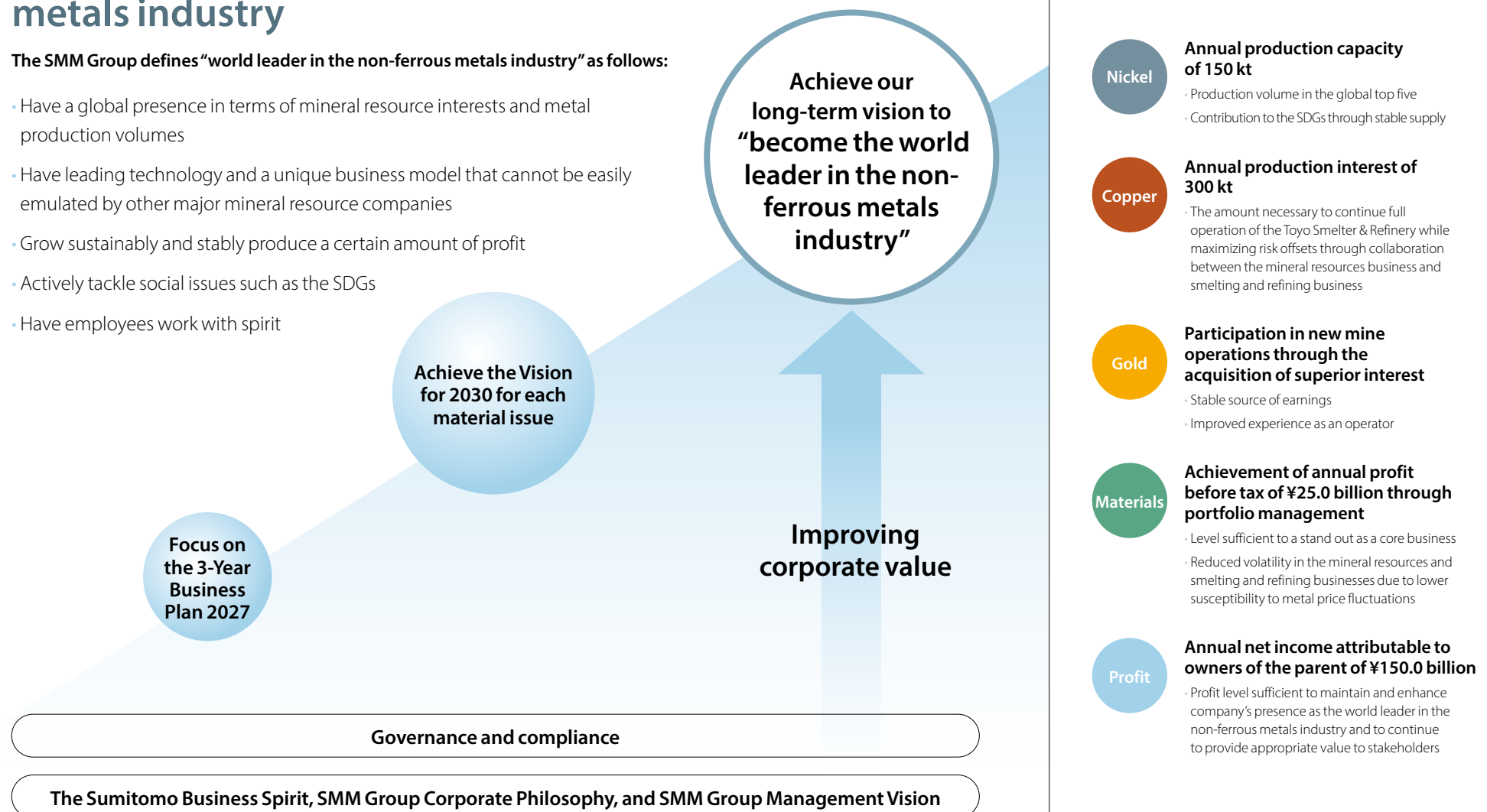
- By improving technical capabilities, we shall fulfill our social responsibilities as a manufacturing enterprise.
- Based on the principles of compliance, environmental protection and operational safety, SMM Group shall pursue maximum corporate value through the securing of resources and the provision of high-quality materials such as non-ferrous metals and advanced materials via its global network.

Long-Term Vision

The world leader in the non-ferrous metals industry

The SMM Group defines “world leader in the non-ferrous metals industry” as follows:

- Have a global presence in terms of mineral resource interests and metal production volumes
- Have leading technology and a unique business model that cannot be easily emulated by other major mineral resource companies
- Grow sustainably and stably produce a certain amount of profit
- Actively tackle social issues such as the SDGs
- Have employees work with spirit



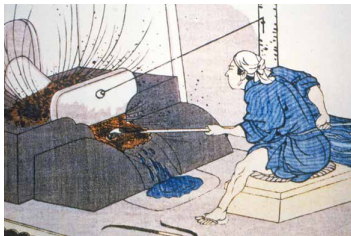
Our History of Value Creation

Through a history of over 430 years, we have provided society with the non-ferrous metals that are indispensable to people's lives. In this environment, the SMM Group has been keenly aware of major changes in the business environment and has generated new value.

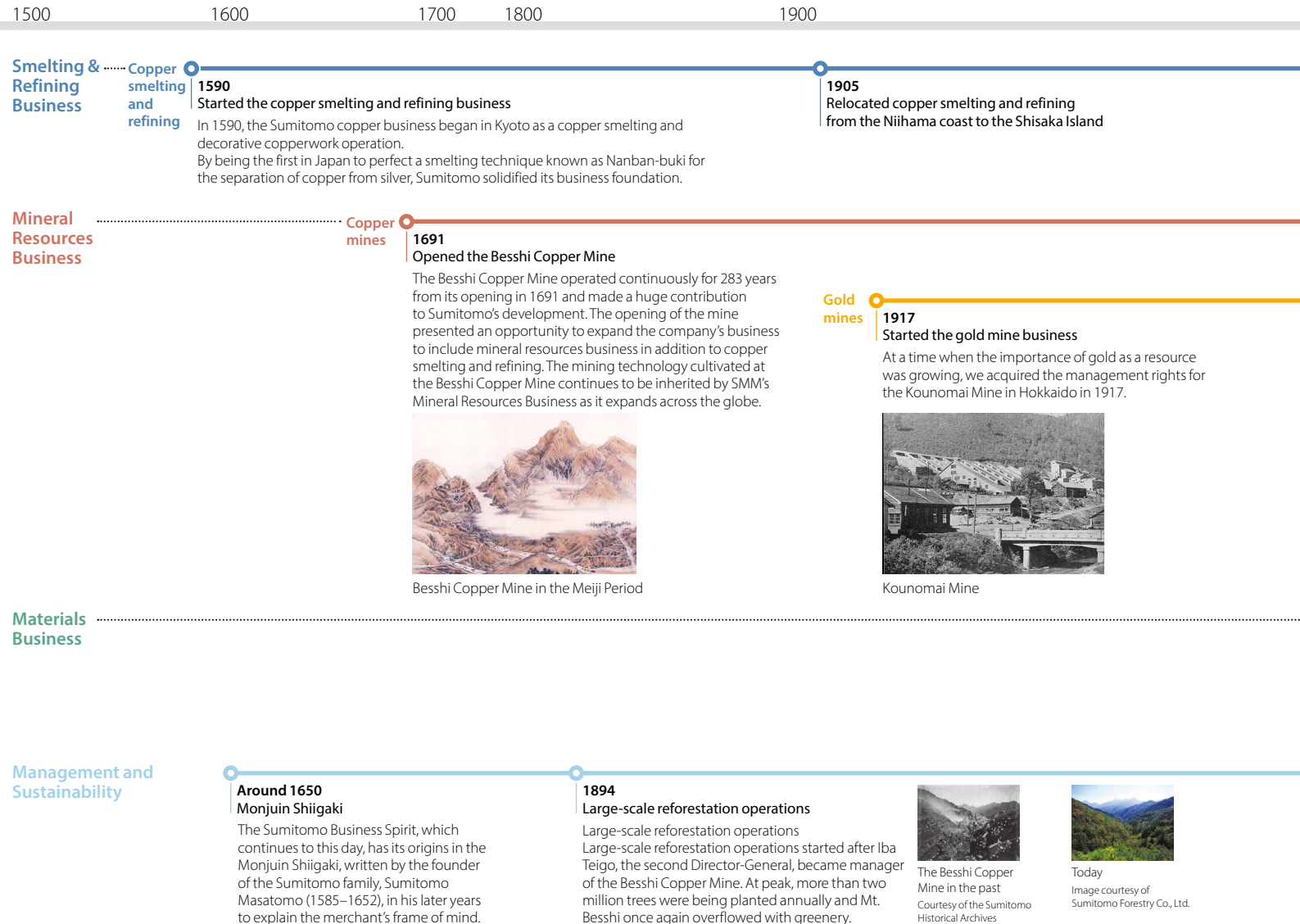
Based on our long-cultivated technologies for handling metals and our spirit of co-existence with the global environment and society, we will recognize changes in increasingly diversifying and sophisticating social demands as business opportunities and continue renewed challenges for change.

Nanban-buki

In Japan at this time, there was no technology for removing the silver from copper ore, so copper was sold and exported at copper prices while it still included silver. Soga Riemon, developed a smelting and refining technology for separating copper and silver, known as Nanban-buki. He shared this widely with others in the same business in Osaka, preventing the loss of wealth.



Nanban-Buki from Kodo Zuroku, Courtesy of the Sumitomo Historical Archives



Our History of Value Creation

Copper smelting and refining

1971
Started production at the Toyo Smelter & Refinery

1991
Completed 30,000-ton berth (sites where vessels reach shore to load and unload cargo)

Nickel smelting and refining

1939
Started the nickel smelting and refining business
Beginning in 1939, SMM pioneered and commercialized the smelting and refining of nickel in Japan, which had hitherto relied on imports as nickel could not be smelted domestically.

1993
Conversion of nickel refining process to MCLE technology
Matte chlorine leach electrowinning (MCLE) technology is a manufacturing process where matte and mixed nickel-cobalt sulfides (MS) are dissolved in chlorine at high temperature, then electrolysis is used to produce high-purity nickel. MCLE was more competitive than other methods in terms of cost, but it posed significant operational challenges, and only a few other producers outside of SMM had commercialized similar technology.

Copper mines

1973
Closed the Besshi Copper Mine

1979
Closed the Sazare Mine

Gold mines

1973
Closed the Kounomai Mine

1985
Started operation at the Hishikari Mine
With the closure of the Sazare Mine in 1979, the curtain closed for a time on SMM's long heritage of mining technology. However, in 1985, operations began at the Hishikari Mine and SMM Group's technology began to chart a new history in a new area. The mine boasted a rich gold content ratio, even to date and has become a primary source of profit for the Group, and it also played a role in passing down our mining technology.

Overseas copper mines

1961
Investment and financing contract signed for the Bethlehem Copper Mine
The downsizing of mines in Japan meant that smelting and refining businesses had to switch to resources procured from overseas. In 1961, SMM signed an investment and financing contract with Bethlehem Copper Mine, beginning the company's involvement with overseas mines and creating a foothold for the acquisition of mining interests that continues to this day.

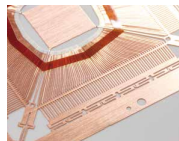
1986
Acquired interest in the Morenci Copper Mine
Full-scale investment in overseas mines

1992
Capital participation in the Candelaria Copper Mine

Materials

1960
Entered into the materials business
In 1960, the electronic materials business was being watched as a new market, and SMM began production of germanium dioxide for use in transistors. Since then, we have continued to provide the market with various electronic materials.

1966
Started lead frame business



Management and Sustainability

1939
Overcoming smoke pollution at Shisaka Island
We realized zero emissions of sulfur dioxide gas, which was a root cause of the smoke damage, becoming the first in the world to solve the problem of smoke damage that was afflicting copper smelters all over the globe.

1999
The JCO criticality accident
On September 30, 1999, a criticality accident occurred at SMM subsidiary, JCO Co., Ltd., which manufactured fuel for nuclear power generation. This was a turning point in the management of the SMM Group, whereupon it reflected and in 2000 formulated the Corporate Reform Plan. We have thoroughly fostered and instilled compliance and a culture of safety, and even though more than 20 years have passed since the accident, we will not forget and will pass the lessons learnt on to younger generations.

Our History of Value Creation

2000

Copper smelting and refining

2004
Began No.2 tank house operation
Began operation of new precious metals refining plant (PMEX)

2016
Achieved electrolytic copper production volume of 450,000 tons/year (451,472 tons)

Nickel smelting and refining

2005
Started production at Coral Bay Nickel Corporation (CBNC)

2013
Started production at Taganito HPAL (THPAL)

CBNC and THPAL use a technique known as the HPAL (High Pressure Acid Leach) method, which utilizes technology that enables the recovery of nickel from nickel oxide ores that had been conventionally difficult to process. The SMM Group was the first company in the world to successfully apply this technology on a commercial scale. In addition to contributing to the realization of in-house procurement and the effective use of nickel resources, we also carried out activities that contribute to society in the Philippines, where the operations are based.

Gold mines

2006
Started production at the Pogo Gold Mine

Overseas copper mines

2006
Started production at the Cerro Verde Copper Mine

2015
Started production at the Sierra Gorda Copper Mine

2016
Acquired additional interest in the Morenci Copper Mine

Materials

2001
Started production of cathode materials for automobile batteries

2014
Established Sumiko Energy Materials Co., Ltd., increased production of battery materials and SAW filter LT/LN

2016
Decided to withdraw from the lead frame business
Management resources were reallocated to expand and strengthen battery materials and other products that are expected to grow in the future.

Management and Sustainability

2002
Return to core business
Since FY2002, following the Corporate Reform Plan, in order to improve our profitability, we have been further promoting business selection and concentration to reform the business and cost structure of the SMM Group to build a corporate structure strong enough to withstand international competition even in a severe business environment.

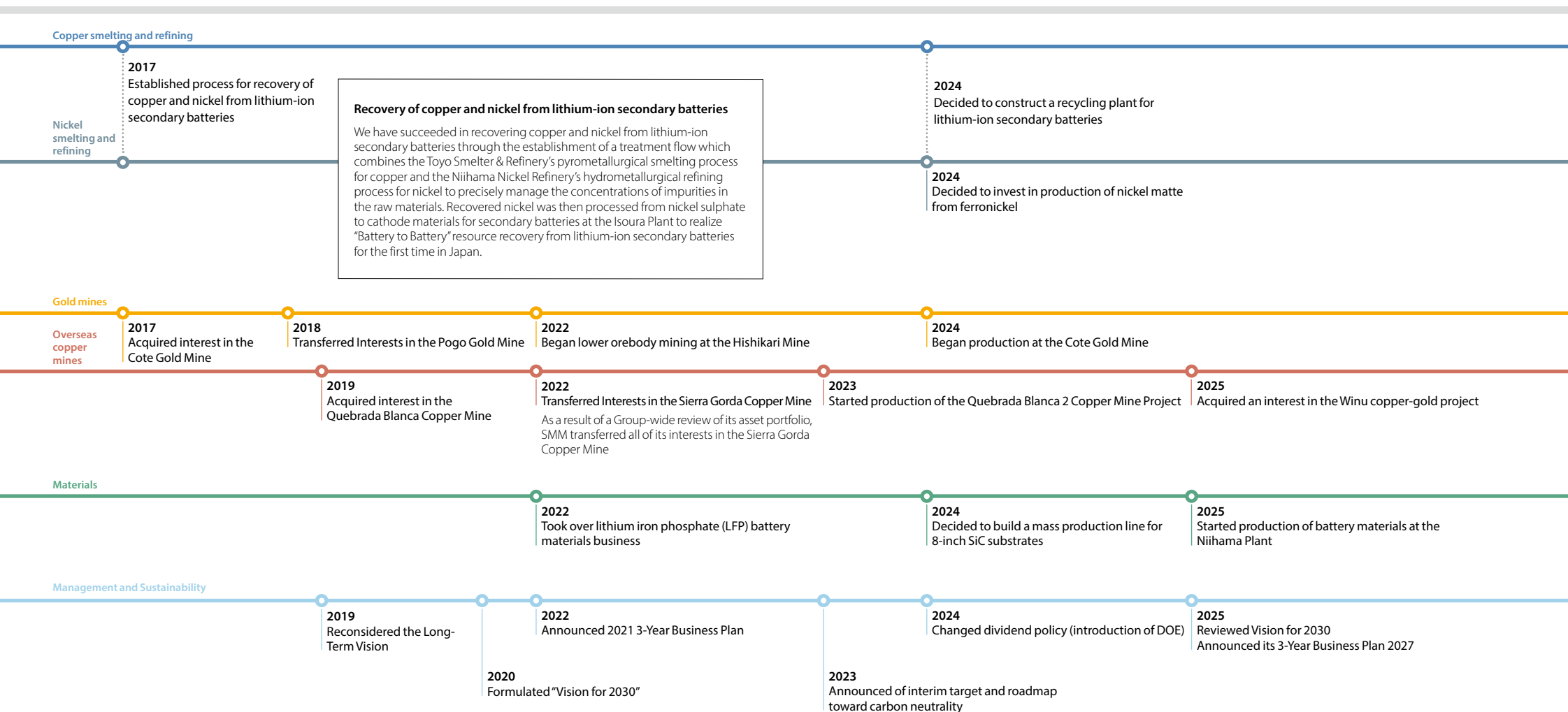
2004
Promoting the growth strategy
We have steered our course toward the growth strategy by promoting large-scale projects, and concentrating management resources in growth areas to expand and strengthen our core businesses.

2010
Switched to three core businesses –Mineral Resources, Smelting & Refining and Materials
We shifted our business model to three core businesses: Mineral Resources, Smelting & Refining, and Materials. We have continued to implement our growth strategy to enhance our corporate value and competitiveness.

2008
Formulated "Vision for 2020"

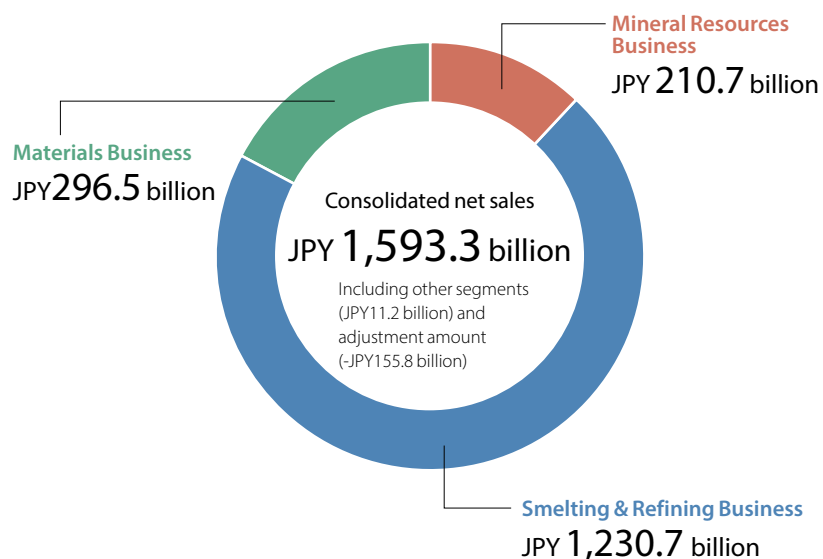
2015
Reviewed "Vision for 2020"

Our History of Value Creation



At a Glance (FY2024 Results)

Net sales by business segment



Founded in
1590

The second longest history of Japan's listed companies



Employees (consolidated)
7,402



Consolidated equity ratio
60.1%



Our business countries and regions
14



Operational mines
9 mines



Plants of Smelting
& Refining Business
8 plants



Plants of Materials
Business
17 plants

Main Products

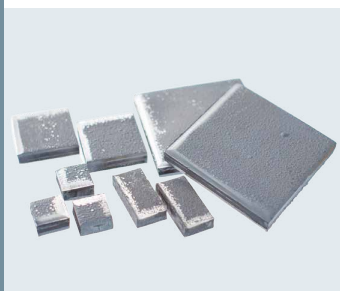
Electrolytic copper



Gold



Electrolytic nickel



Electrolytic cobalt



Material Products



Battery materials

Advanced materials

Our Three Core Businesses

Mineral Resources Business

Leveraging over 300 years of mine development and operational experience and technologies, we operate the Hishikari Mine, Japan's largest gold mine, with a focus on sustainability. We participate in the operation of overseas mines in which we hold interests to produce copper, gold, and other resources to provide materials and in order to secure mineral resources. We are also working to acquire and develop new superior mines.

Main Products

Gold and Silver Ore, Copper Concentrates, Copper, Gold, Molybdenum, and Others



Cumulative amount of gold produced from Hishikari Mine

272.6 tons, No. 1 in Japan (As of March 31, 2025)

Smelting & Refining Business

For over 430 years since the start of our copper smelting and refining business in 1590, we have stably supplied a variety of metal materials to a wide range of industries. We boast world-leading productivity in copper smelting and refining. In nickel smelting and refining, we were the first in the world to achieve the successful recovery of nickel from low-grade nickel oxide ore using the High Pressure Acid Leach (HPAL) method on a commercial basis, and are engaging in business on the strength of advanced smelting and refining technology such as this.

Main Products

Copper, Gold, Silver, Electrolytic Nickel, Electrolytic Cobalt, Ferronickel, Palladium, Chemical Products, and Others



Dissolving capacity of a single flash furnace

A world-leading production capacity of 450kt/year

Materials Business

We are contributing to the realization of a carbon-neutral society through the development and provision of highly advanced materials such as battery and advanced materials, which are deployed in wide-ranging fields including automobiles, energy, environment, communications and information, and home appliances.

Main Products

Battery Materials, Powder Materials, Crystal Materials, Package Materials, Oil Refining Catalysts, Automotive Catalysts, Lubricants, and Others

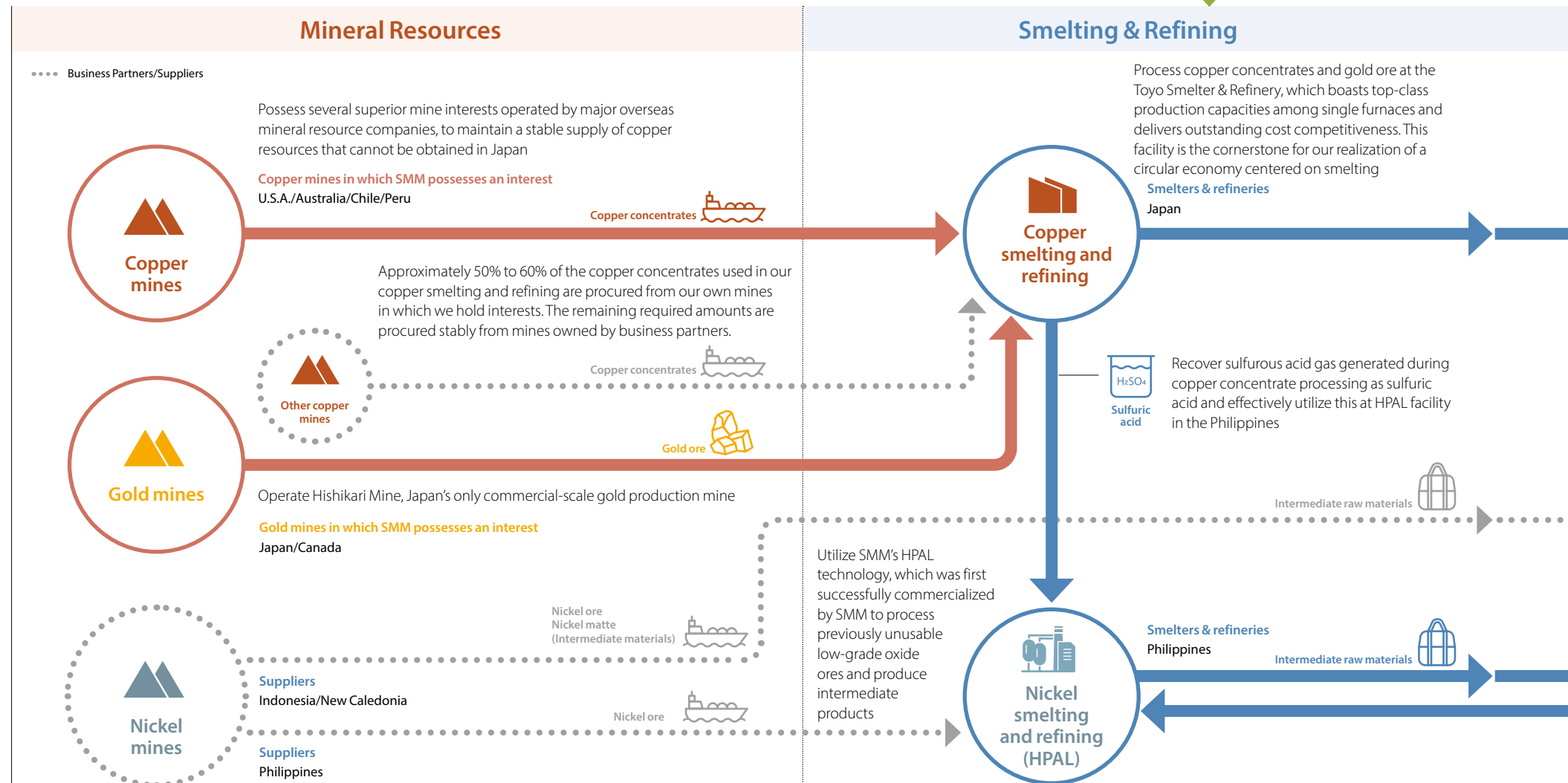


Fine nickel powder

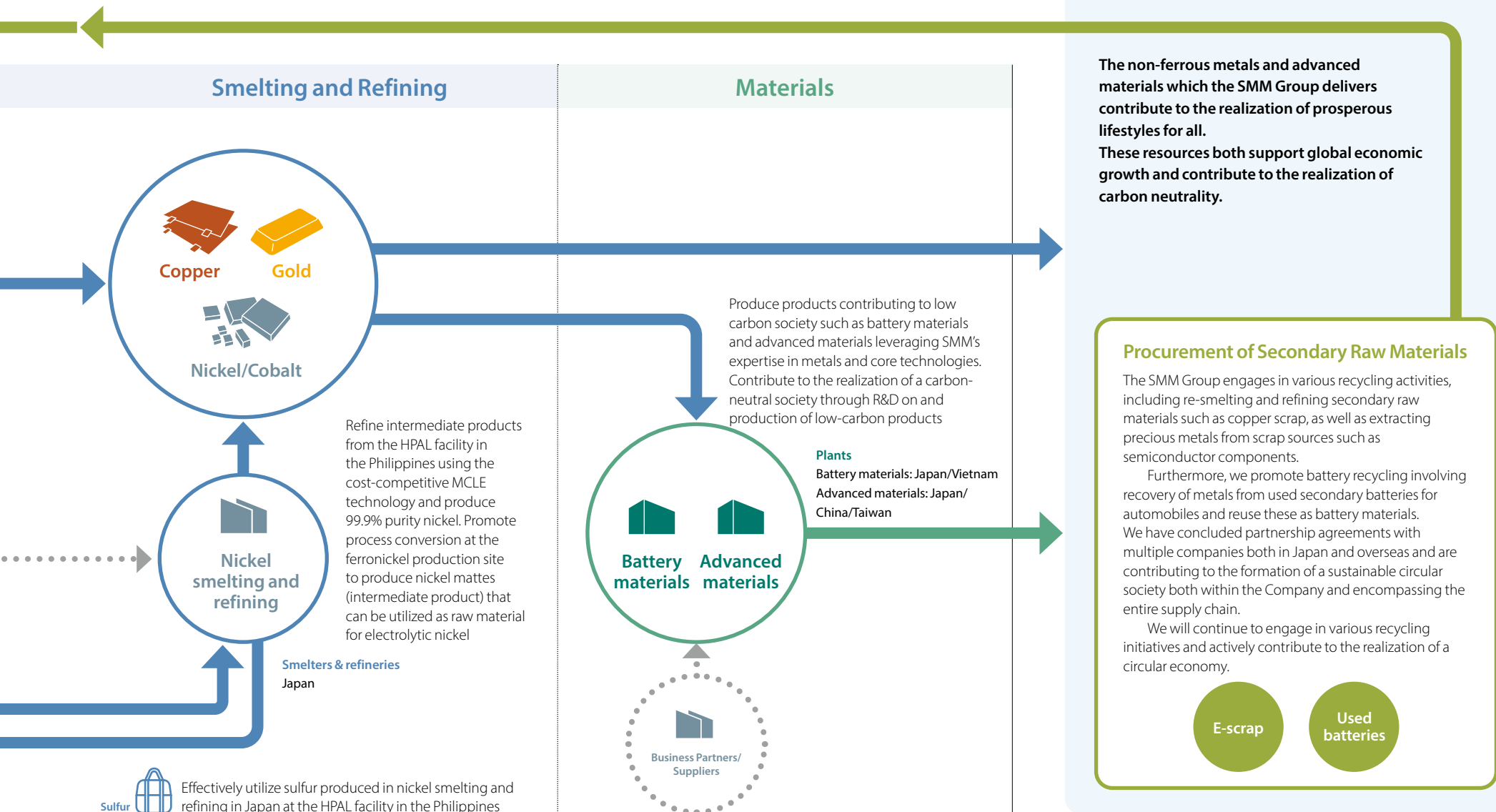
0.2-micrometer class fine powder

Material Flows

Our business model integrates the three businesses of “Mineral Resources,” “Smelting & Refining,” and “Materials,” to handle everything from securing ore through to manufacturing products that contribute to a low carbon society and recycling. This diagram illustrates the flow of materials within our business model.



Material Flows



System for Value Creation

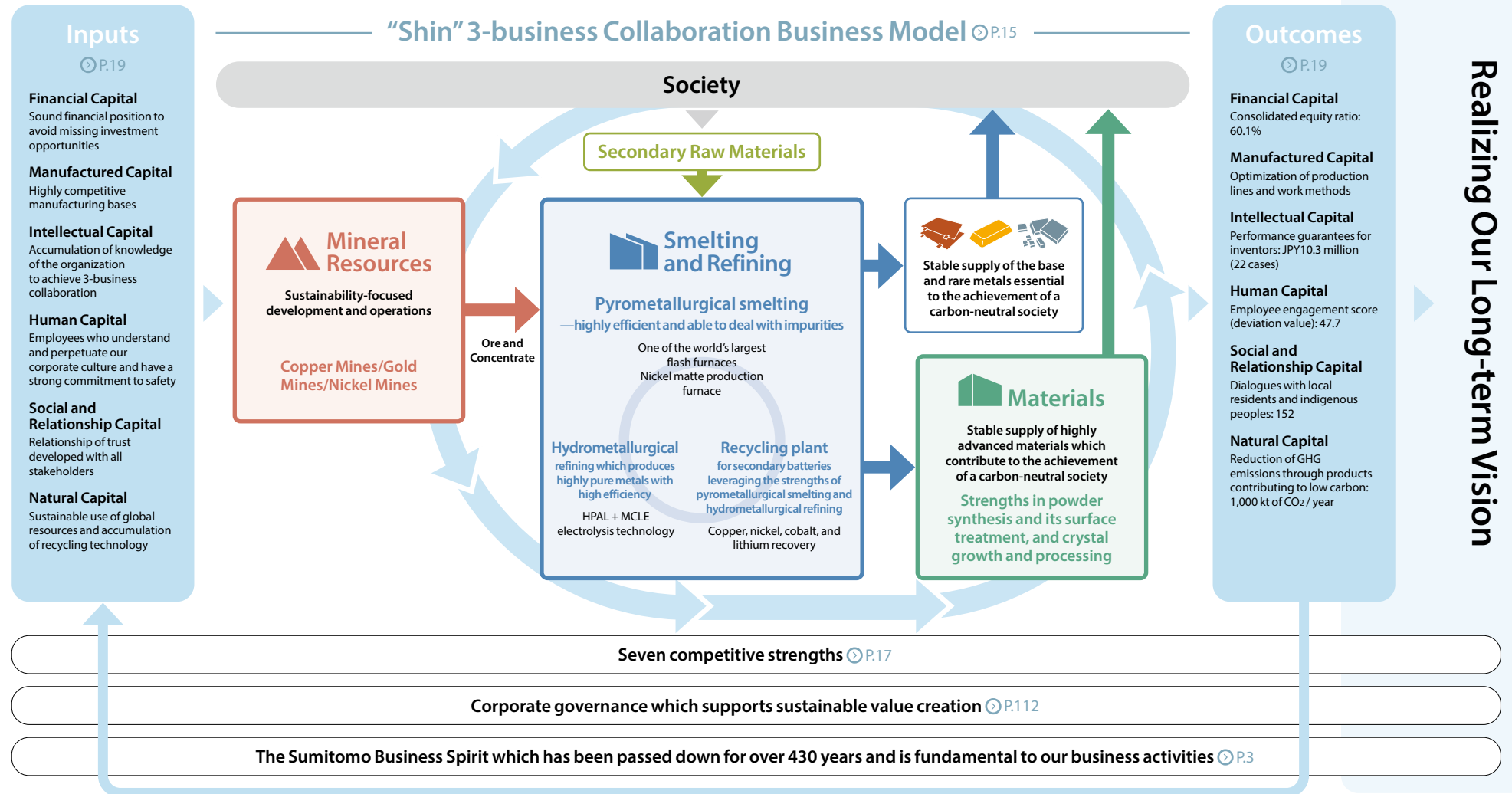
Our value creation process is built around the “Shin” 3-business collaboration model centered on the Smelting & Refining Business. We will further refine the seven competitive strengths that we have built up over our long history and leverage collaboration among the three businesses to create value unique to the Company.

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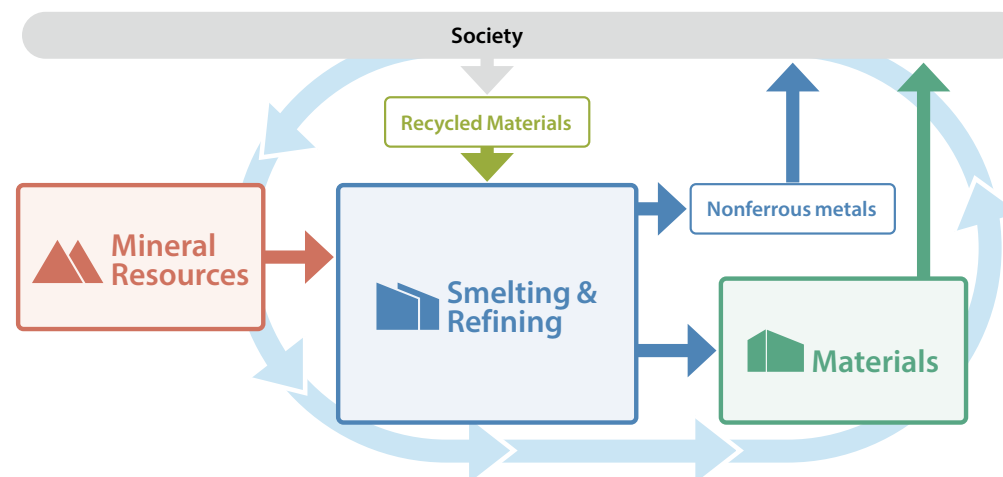
Value Creation Process

Our “Shin” 3-business collaboration business model, with the Smelting & Refining Business at its core: whereby we build a sustainable supply chain via collaboration among these businesses and contribute to the circular economy and carbon-neutral society.



“Shin” 3-business Collaboration Business Model

A distinguishing advantage of the SMM Group is the way in which our three businesses—Mineral Resources, Smelting & Refining, and Materials—collaborate organically in a manner which is not confined to mere vertical integration. Our “Shin” 3-business collaboration business model, with the Smelting & Refining Business at its core, is one of our Group’s major strengths, whereby we build a sustainable supply chain via collaboration among these businesses and contribute to the circular economy and carbon-neutral society.



Possessing a highly advanced Smelting & Refining Business contributes to SMM’s ability to secure high-quality resource rights

Possessing a Smelting & Refining Business, which is capable of efficiently extracting valuable metals even from raw materials which are low-grade or have high levels of impurities, and which has a high production capacity, and thoroughly considers environmental aspects, give us competitive advantages in the acquisition of new, high-quality mineral resource interests.



Offsetting declining profits in our Smelting & Refining Business due to low TC/RC via gains from our Mineral Resources Business

Approximately 50–60% of the ore (copper concentrates) we process at SMM’s copper smelter (Toyo Smelter & Refinery) is “own mine” ore, which we source from mines in which we hold interests. We are committed to increasing this proportion to around 70–80% in the future. While TC/RC (processing margins for copper smelting and refining business) is currently at historically low levels, these own mines allow us to offset any decline in TC/RC leading to reduced Smelting & Refining Business profits via increased profits from our Mineral Resources Business.



Effectively utilizing ore from the Hishikari Mine as operating materials

Gold ore produced at the Hishikari Mine (Mineral Resources Business), which contains silica stone, serves as raw material for gold and silver in our Smelting & Refining Business while simultaneously being utilized as silica (SiO₂), an essential operating material in copper smelting and refining, and is thereby contributing to cost reductions in this business.

“Shin” 3-business Collaboration Business Model



Contributing to GHG reduction through low-carbon products

While the generation of significant GHG emissions from our Smelting & Refining Business is unavoidable, through our Materials Business, we contribute to realizing a carbon-neutral society by supplying low-carbon products that utilize metals and other materials produced in our Smelting & Refining Business. (GHG reduction contribution target through the supply of products which contribute to a low-carbon society: 1.1 million t-CO₂/year)



Supporting recycling with smelting and refining technology

We not only ensure a stable supply of base metals and rare metals essential for a carbon-neutral society, but also actively engage in recycling of various non-ferrous metals by leveraging our strengths in both dry and wet smelting processes. In recent years, we successfully achieved Japan's first “battery-to-battery” horizontal recycling from used secondary batteries. We are currently constructing a recycling plant to recover and reuse copper, nickel, cobalt, and lithium from used secondary batteries and other sources. (Scheduled for completion in June 2026)



Building a total supply chain: From raw material sourcing to battery materials

We ensure traceability for raw material sourcing, stable supply, and quality through our integrated in-house nickel supply chain, which encompasses from ore mining to battery materials. This total supply chain, including battery materials, is one of SMM's major strengths in facilitating the realization of a circular economy.



Through our highly profitable Materials Business We co-exist with and prosper alongside local communities

Many of our Materials Business sites in Japan are located in regions where we previously operated resource and smelting businesses. We are remaining a trustworthy presence among local communities and fulfilling our responsibilities by developing our Materials Business in these areas, with many of the products within our portfolio in this business characterized by high profitability.



Reducing profit and loss volatility through our Materials Business

We can mitigate any volatility in our Mineral Resources and non-ferrous metals businesses due to our Materials Business being less susceptible to fluctuations in metal prices. We will grow our Materials Business as a domain in which high-margin product lines come together, even if these may not be large in scale.



Increasing sustainable corporate value through our “Shin” 3-business collaboration business model

Three-business collaboration delivers a wealth of tangible and intangible benefits, including the “pooling of knowledge” and information sharing among personnel from diverse backgrounds in “Mineral Resources,” “Smelting & Refining,” and “Materials,” in addition to marketing synergies. The SMM Group will achieve sustainable growth in corporate value by establishing and enhancing the “Shin” 3-business collaboration business model.

Seven Competitive Strengths

Trustworthiness and pride inherited from the original business

The SMM Group has cultivated a variety of management capitals over its 430 years of history, which started with the copper smelting and refining business that was the original business of the Sumitomo Group it inherited, and it has combined these in its strategies and businesses to create “Seven Competitive Strengths.”

These strengths form the base of the Group's growth and they are built upon the Sumitomo Business Spirit. The application of this business spirit has enabled the Group to overcome every difficulty so far. At present, we are enhancing 3-business collaboration between the Mineral Resources Business, the Smelting & Refining Business, and the Materials Business drawing on the distinct sources of financial and non-financial capital. This system will continue to enable us to respond both smoothly and with tenacity to the changing times.



Technology that has been continually honed over 430 years and is focused on the next generation

..... Intellectual Capital, Manufactured Capital, Natural Capital

1

- Originated in the Nanban-buki method for separating crude copper from silver, developed in Kyoto by Soga Riemon around 1600
- Have exploration, mining, and mineral processing technology for taking on the challenges presented by difficult-to-develop new deposits and sea-floor resource development
- Have advanced smelting and refining technology such as High Pressure Acid Leach (HPAL), the world's first method for converting low grade oxide ore into a nickel resource
- Have combined high-level knowledge of metals cultivated through our history and state-of-the-art technological capabilities in the materials field and a 3-business collaboration model based on an integrated supply chain from resource development to production and recycling of highly advanced materials contributing a decarbonized society
- Have collaborations with academic institutions to realize technological innovation focused on the society of 2050



Relationships of trust with business partners that have been formed with a long-term perspective

..... Social and Relationship Capital, Natural Capital

3

- Build and maintain good relationships with reliable, worldclass partners as a foundation for superior mine interests overseas
- Have strong partnerships with our business partners based on the trust that comes from Sumitomo's approach to business operations, rooted in the Sumitomo Business Spirit, and our high-level knowledge and technologies related to metals cultivated over our long history
- Create further business opportunities through our long-term partnerships and relationships of trust



Employees who share our business spirit and an open and vibrant organizational climate

..... Human Capital

2

- Have Sumitomo DNA, which has been passed down from generation to generation for more than 430 years
- All employees understand and practice the Sumitomo Business Spirit, SMM Group Corporate Philosophy, and Management Vision because they are instilled through continual education
- Actively invest in human resources (various training programs, provision of learning opportunities, promotion of health and productivity management, etc.)
- Our corporate culture values people and respects diversity (assigning jobs and providing support matched to employees' life stages, and strengthening of mid-career recruitment)
- Promote initiatives to stimulate communication across organizations and positions

Seven Competitive Strengths



Involvement with local communities that has been built up through our core business

..... Social and Relationship Capital

4

- Have a long history of co-existence and mutual prosperity with local communities through our business activities, based on the Sumitomo Business Spirit, in which we work to make people happy, including the families of employees, and develop together with society
- Develop mines starting with town building. For example, an elementary school in Niihama City, Ehime Prefecture, was founded by Sumitomo 130 years ago, when Besshi Copper Mine was in operation
- Contribute to local communities not only in Japan, but also overseas through scholarship programs, the operation of hospitals and schools, road construction, and other initiatives
- Build trust with local communities based on dialogue and collaboration



A close affinity with our customers' needs and the collaborative capabilities to continuously respond to them

..... Social and Relationship Capital

6

- Have strength provided by a comprehensive knowledge of not only materials but also the characteristics of the metals that are their raw materials, which we leverage to connect the various technologies we have developed to date with the innovation sought by the customer
- Build a framework enabling us to secure materials stably through our technology for extracting nickel from low-grade oxide ore; stable supply of nickel-based cathode materials for lithium-ion secondary batteries used by major electric vehicle manufacturers
- Recognize the importance of taking a long-term approach to handling customer demands steadily and sincerely, in a way that wins trust, with ongoing new product creation in the automotive, energy and environment, communications, and other fields



Management of serious risks fulfilling responsibilities according to each level of the job classification, with a firm resolve in regard to safety

..... Human Capital, Manufactured Capital

5

- Have a target of zero occupational accidents based on the recognition that unless the correct management framework is established, there is the risk of serious accidents that cost lives, and collaboration of labor and management to promote safety initiatives
- Promote equipment-related measures including those related to essential safety at facilities, with a focus on risks of serious accidents involving operating facilities, high places, heavy loads, and heavy machinery
- Introduce and deploy more effective education training to improve employee hazard awareness (including use of VR, etc.), and eliminate human error by on-site management including work observation



Financial position that enables us to take advantage of investment opportunities

..... Financial Capital, Natural Capital

7

- Maintain a sound financial position to withstand large onetime cash outflows for resource and smelting & refining development projects, which require a long period of time from investment to recovery, and to avoid missing investment opportunities
- Possess several superior mine interests that support a sound financial position, including Japan's only large-scale commercial gold mine, the Hishikari Mine, and world-leading producers of copper, the Morenci Copper Mine and the Cerro Verde Copper Mine
- Decisively review the portfolio to maintain profitability

Inputs and Outcomes (FY2024 result)

	INPUTS	Outcomes	
Financial Capital	<ul style="list-style-type: none"> Total equity: JPY2,049.4 billion Interest-bearing liabilities: JPY560.3 billion 	<p>We ensure a sound financial position that can withstand temporary cash outflows. (Consolidated equity ratio of 50% or higher and consolidated dividend payout ratio of, 35% or higher)</p>	<ul style="list-style-type: none"> Consolidated equity ratio: 60.1% (result) Japan Credit Rating Agency, Ltd. (JCR) credit rating: AA- Consolidated dividend payout ratio: 173.4% Dividend: JPY104/share (+JPY6/share YoY) Total shareholder return (TSR): 25.4% (10-year cumulative)
Manufactured Capital	<ul style="list-style-type: none"> Operational mines: Japan 1 Overseas 8 Smelters and refineries: Japan 5 Overseas 3 Plants of Materials Business: Japan 13 Overseas 4 Research centers: Japan 4 Capital expenditure: JPY117.4 billion 	<p>With Smelting & Refining Business at the core, we are building a sustainable supply chain with 3-business collaboration and contributing to the realization of a circular economy and carbon neutral society.</p>	<ul style="list-style-type: none"> Stabilization and optimization of operations at the Cote Gold Mine and Quebrada Blanca Mine in progress Construction of a battery recycling plant currently underway Initiatives to improve productivity through DX (e.g., autonomous operations of Hishikari Mine's heavy machinery) Optimization of production lines and work methods (introduction and promotion of the Toyota Production System [TPS] in the Materials Business) Percentage of Group smelters and refineries in conformity with international certification*1: 57% Development of efficient manufacturing processes (realization of high-efficiency operations and enhanced capabilities for dealing with impurities)
Intellectual Capital	<ul style="list-style-type: none"> Research and development expenses: JPY10.4 billion Intellectual property rights held: 6,281 Technological strength relating to production methods and operating techniques that are superior in terms of effective utilization of low-grade ores, cost competitiveness, productivity, etc. (HPAL, MCLE, etc.) 	<p>We are promoting "X-MINING," which focuses on ideas which are unique regardless of industry, application, or scale, through timely information dissemination leveraging IT to thereby uncover new value, as an initiative to co-create new value.</p>	<ul style="list-style-type: none"> Bonuses for inventors JPY10.3 million (22 cases) Initiatives to demonstrate and commercialize the recycling technology of automotive lithium-ion batteries Inquiries and requests for written information to the X-MINING site 1,437 SOLAMENT™ (near-infrared absorbing materials) fibers, increased recognition in the apparel and agricultural sectors Development of low-carbon smelting and refining technology Development and supply of products contributing to a low-carbon society

*1 International certification on responsible mineral sourcing and production (e.g., JDDS, Copper Mark Criteria, etc.)

Inputs and Outcomes

	INPUTS	Outcomes	
Human Capital	<ul style="list-style-type: none"> Consolidated employees: 7,402 Officers and employees who have inherited and internalized the Sumitomo Business Spirit and the Group's corporate culture Skill development through OJT 	<p>We are implementing various initiatives to become a company where diverse human resources come together, and each employee can grow and actively participate.</p>	<ul style="list-style-type: none"> Engagement score (deviation value): 47.7 Serious accidents*²: 3 Number of workplaces with health risks*³: 2 Health and productivity management survey (deviation value): 57.8 Self-development system utilization rate: 25.8% Ratio (number) of female managers: consolidated 11.5%, non-consolidated 3.3% (28) Paternity leave utilization rate*⁴: 100%
Social and Relationship Capital	<ul style="list-style-type: none"> Regarding society: An organizational sense of ethics/Risk management structures/Social license to operate Regarding business partners: Relationships of trust cultivated over many years/Appropriate supply chain management Regarding governments: Relationships of trust with governments in each country and region Regarding customers and employees: The SMM Group brand, a close affinity with our customers' needs, and the collaborative capabilities to continuously respond to them Regarding local communities: Involvement with local communities built up through our core business 	<p>We undertake initiatives to maintain and enhance relationships of trust with local communities and our partners through business operations grounded in the Sumitomo Business Spirit.</p>	<ul style="list-style-type: none"> Provided education regarding indigenous peoples Coral Bay Nickel Corporation (CBNC) received three awards from the Philippine Department of Environment and Natural Resources Practiced responsible mineral sourcing and sustainable procurement Income tax paid: JPY70.9 billion Compliance with the Global Industry Standard on Tailings Management Responses to inquiries from external stakeholders (grievance mechanism) Complaints: 5 (all handled and closed appropriately) Dialogues with local residents and indigenous peoples: 152 Strengthening the foundation for social activities in local communities (cooperative planning and participation in regional contribution programs) Contribution amount: JPY42 million Total number of beneficiaries: 1,597 Contributing to the development of the next generation in local communities (implementing scholarship and other support programs) Contribution amount: JPY291 million Total number of beneficiaries: 5,908
Natural Capital	<ul style="list-style-type: none"> Operational mines: Japan 1 Overseas 8 Raw mineral resources Copper concentrates usage 1,558 kt Nickel oxide ore usage 7,496 kt Gold and silver ore usage 175 kt Recycled materials 220 kt Water resources (fresh water and seawater) 193,665,000 m³ Energy from coal and coke 19,872 TJ 	<p>We are striving to reduce the greenhouse gas (GHG) emissions of society as a whole through the use of internal carbon pricing (ICP), the development of products contributing to low carbon, our business development, and other measures.</p>	<ul style="list-style-type: none"> Number of significant environmental accidents: 0 Capital expenditure related to environmental preservation: JPY10,525 million Reduction in emissions of hazardous substances into the atmosphere and water: 217 t Percentage of recycled materials used: 2.26 % GHG emissions (Scope 1 and 2): Reduction in 200 kt-CO₂e Equivalent reduction of GHG emissions through products contributing to low carbon: 1,000 kt-CO₂e / year Energy input: 917 TJ reduction Copper recycling amount: 104 kt / year (copper content) Steelmaking dust recycling amount: 80,000 tons / year

*2 Accidents resulting in 50 or more days' absence from work

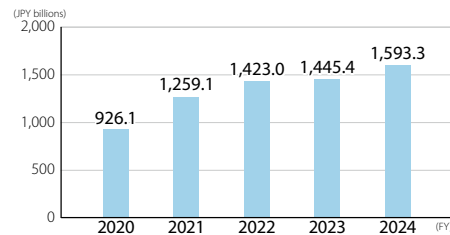
*3 Control Class 2 and Control Class 3 workplaces under the Industrial Safety and Health Act

*4 Utilization rate of parental leave and child-rearing leave under the Act on Childcare Leave/Caregiver Leave. Child-rearing leave at the Company is paid leave, available for up to nine days (including accompanying spouse during hospitalization and childbirth, in addition to seven consecutive days which can be taken from the day of hospital discharge or seven consecutive days starting from the date of returning to own home following a home-town birth).

Financial and Non-Financial Highlights

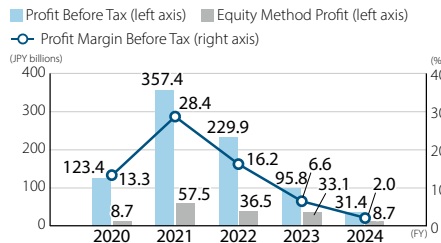
Financial Capital

Net Sales



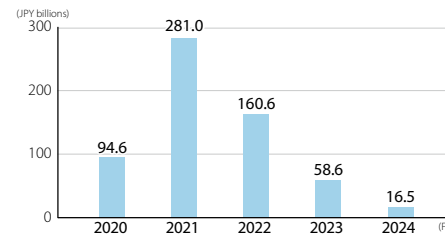
Consolidated net sales increased by JPY147.9 billion year on year to JPY1,593.3 billion due mainly to the average prices of copper and gold exceeding those in the previous year, and the impact of the weak yen.

Profit Before Tax/Equity Method Profit / Profit Margin Before Tax



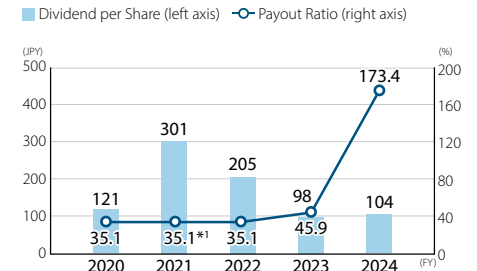
Consolidated profit before tax decreased by JPY64.4 billion year on year to JPY31.4 billion, due to incurring of an impairment loss in the Smelting & Refining and battery materials businesses, despite an increase attributable to the seamless launch of newly developed mines.

Profit Attributable to Owners of Parent



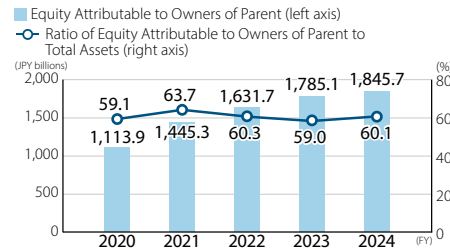
Profit attributable to owners of parent decreased by JPY42.1 billion year on year to JPY16.5 billion, due mainly to a decrease in consolidated profit before tax.

Dividend per Share / Payout Ratio



Our dividend policy in FY2023 and FY2024 onwards has been in principle to maintain a consolidated payout ratio of at least 35% with a lower limit indicator of dividend on equity (DOE) of 1.5%. For FY2024 the annual dividend per share applied a DOE of 1.5%, combining an interim dividend of JPY49 and a year-end dividend of JPY55 for a total payout of JPY104 per share.

Equity Attributable to Owners of Parent / Ratio of Equity Attributable to Owners of Parent to Total Assets

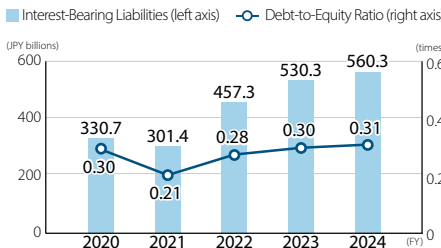


Total equity attributable to owners of parent increased by JPY60.6 billion year on year to JPY1,845.7 billion. The ratio of equity attributable to owners of parent to total assets (equity ratio) was 60.1%. We were able to achieve a level higher than 50%, our target for maintaining a sound financial position.

*1 The gain on sale associated with the transfer of all equity interest in the Sierra Gorda copper mine recorded in FY2021 includes an amount equal to a reversal of the allowance for bad debt for loans and other receivables for Sierra Gorda S.C.M., which was adjusted in the opening balance of retained earnings in FY2019 as a cumulative effect (Revised IAS 28 "Investments in Associates and Joint Ventures"). For this reason, effects on FY2021 results caused by the application of these accounting procedures and manifesting in accordance with the transfer of equity are omitted from the dividend calculation. Basic earnings per share, excluding the effects of this application of accounting procedures, were JPY857.47.

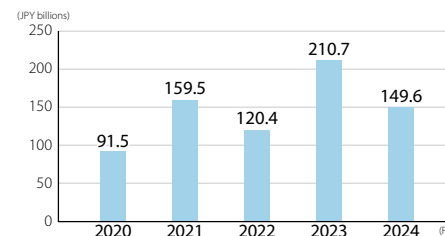
*2 Amounts of interest-bearing liabilities and the figures for the debt-to-equity ratio do not include lease liabilities.

Interest-Bearing Liabilities / Debt-to-Equity Ratio*2



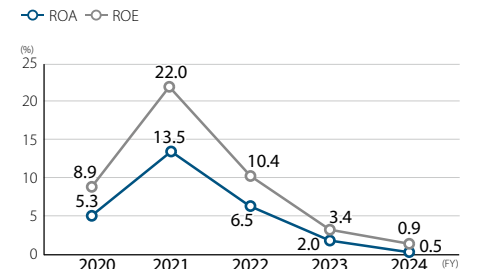
The amount of interest-bearing liabilities as of March 31, 2025, increased by JPY30.0 billion year on year to JPY560.3 billion. The debt-to-equity ratio increased by 0.01 points year on year to 0.31 times.

Net Cash Provided by Operating Activities



Net cash provided by operating activities decreased by JPY61.1 billion year on year, due mainly to an increase in inventories and trade and other receivables and a decrease in trade and other payables, despite an increase in interest and dividends received.

ROA/ROE

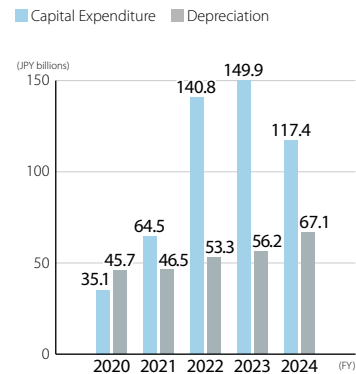


ROA decreased by 1.5 points year on year to 0.5%. ROE decreased by 2.5 points year on year to 0.9%.

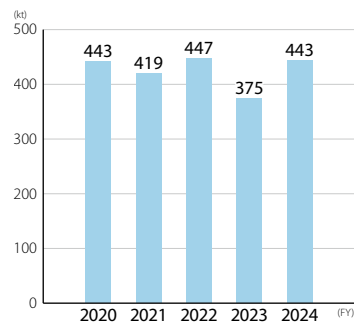
Financial and Non-Financial Highlights

Manufactured Capital

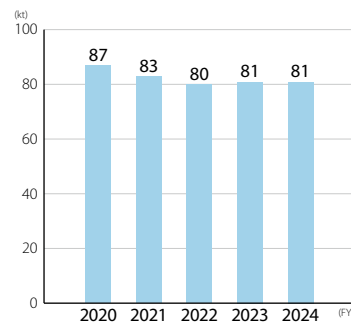
Capital Expenditure / Depreciation



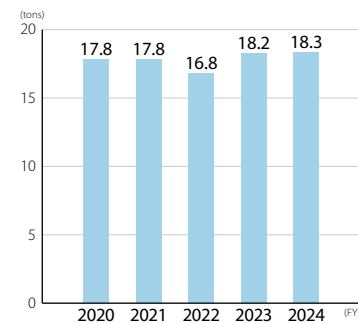
Electrolytic copper production



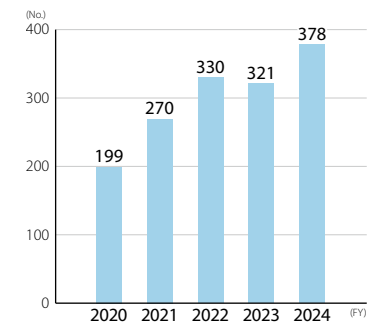
Nickel production



Gold production



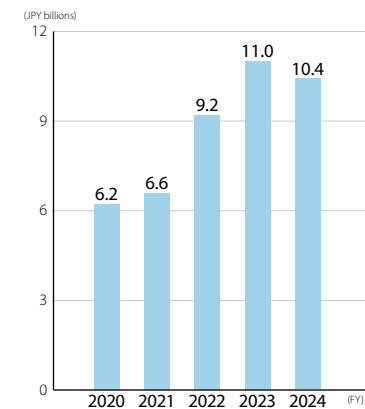
Responses to “responsible mineral sourcing” surveys*1



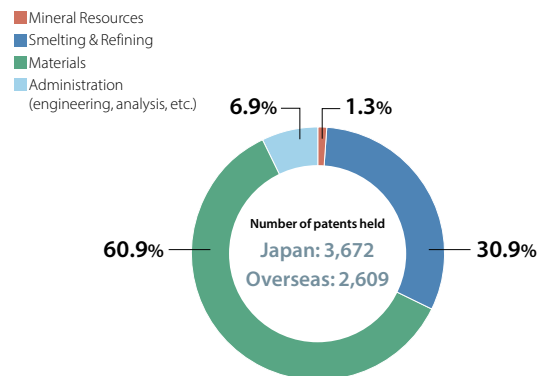
*1 Number of responses to surveys of customers on “responsible mineral sourcing,” primarily focused on identification surveys of smelters and refineries operated by RMI

Intellectual Capital

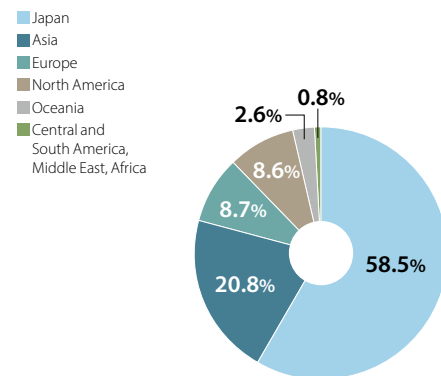
Research and Development Expenses



Ratio of the Number of Patents Held by Business (FY2024)



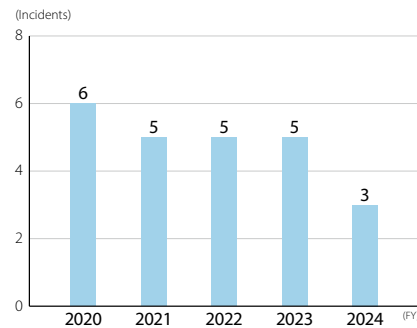
Ratio of the Number of Patents Held by Region (FY2024)



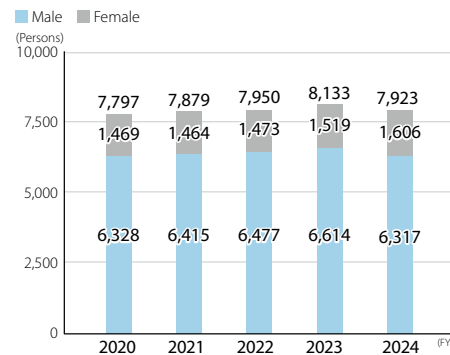
Financial and Non-Financial Highlights

Human Capital

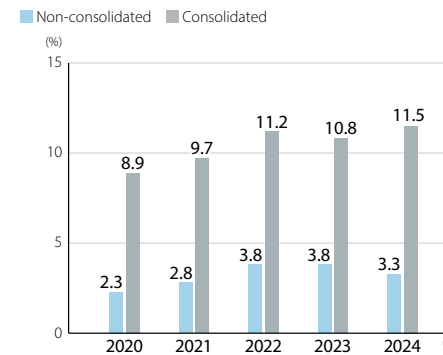
Safety Record (Number of Serious Incidents Resulting in 50 or More Days' Absence from Work)



Officers and employees by gender*1,2



Ratio of female managers



Engagement score

47.7

(FY2024)

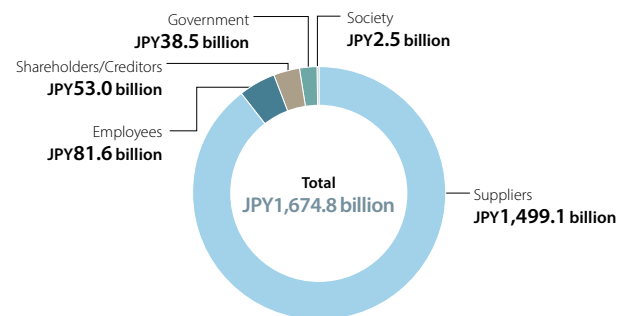
An engagement score refers to a standardized value that quantitatively measures employee engagement levels, with the average of companies participating in surveys (approximately 10,000 companies) set as 50.

*1 Data are as of the end of March of each fiscal year (including employees on leave), and dispatched employees are recorded in the number of officers and employees of the company to which they are dispatched.

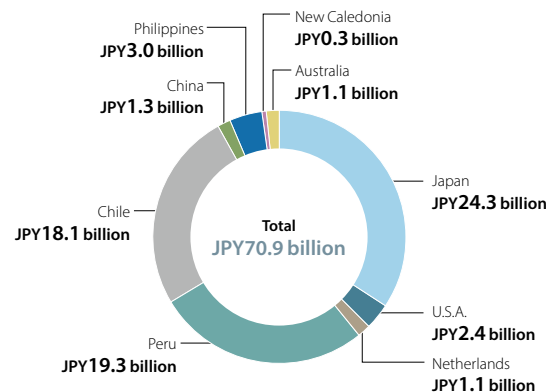
*2 Officers include directors, Audit & Supervisory Board members, and executive officers (excluding outside directors and outside Audit & Supervisory Board members) of SMM, and directors and Audit & Supervisory Board members of consolidated subsidiaries in Japan and overseas

Social and Relationship Capital

Distribution of Economic Value to Stakeholders*3 (FY2024)



Income Tax by Country or Region*4 (FY2024)



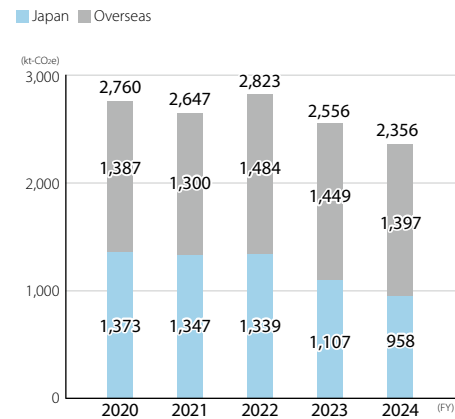
*3 Breakdowns and totals may differ due to rounding off to the nearest unit.

*4 With regard to equity-method affiliates, the above amounts include the Company's proportional burden of income tax.

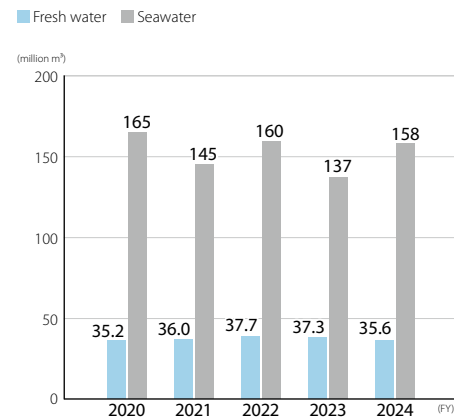
Financial and Non-Financial Highlights

Natural Capital

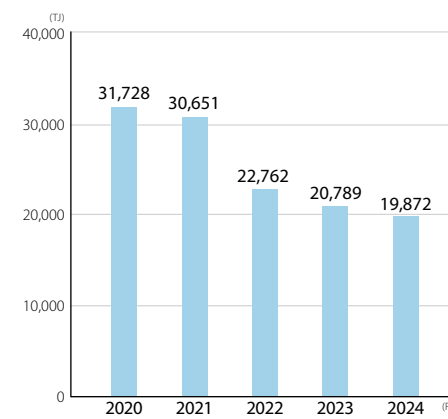
Greenhouse Gas Emissions (Scope 1 and 2)



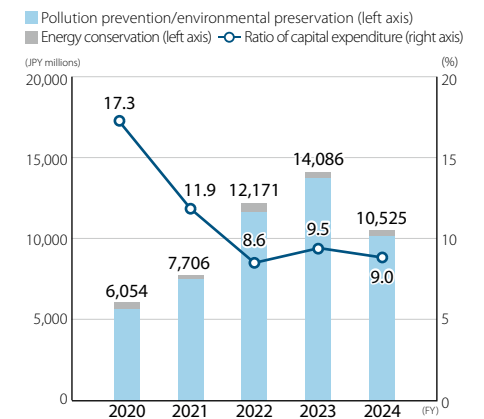
Water Resources (fresh water and seawater)



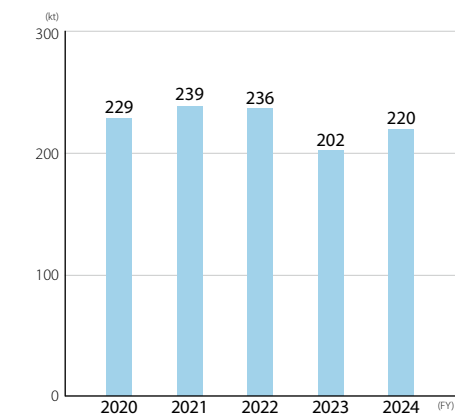
Energy Input (calorific value*1)



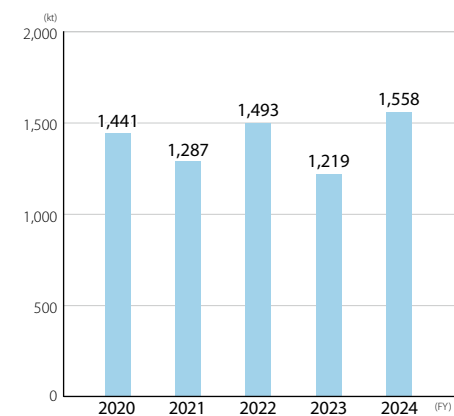
Capital Expenditure Related to Environmental Preservation



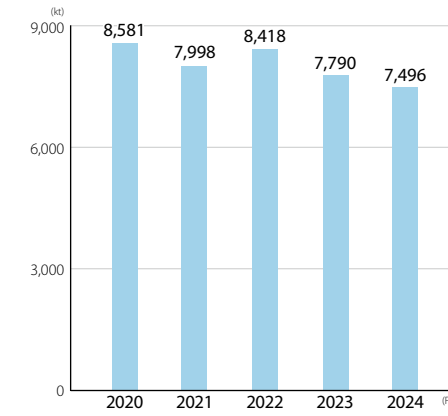
Recycled Materials*2



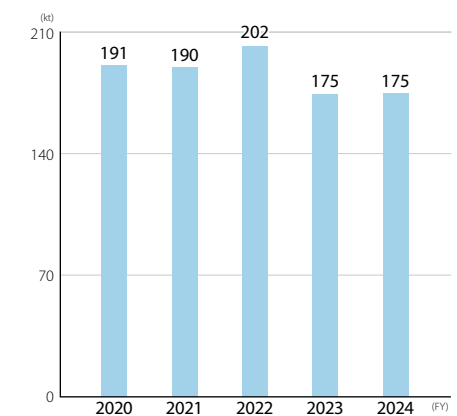
Copper Concentrates Usage



Nickel Oxide Ore Usage



Gold and Silver Ore (Hishikari Mine) Usage



*1 From FY2022 onward, fuel, heat, electricity, etc. consumed in business activities in Japan and overseas are covered, and electricity consumption is converted into joules at 3.6 GJ per 1,000 kWh.

*2 Recycled materials: Copper scrap, secondary zinc, precious metals and other secondary materials, electric arc furnace dust, sludge, soot and dust, ALC waste

Vision for the SMM Group

Our Long-Term Vision is to become the world leader in the non-ferrous metals industry. To achieve this, we have been implementing the 3-Year Business Plan 2027 since fiscal 2025. We also identified material issues that should be addressed in order to achieve the Long-Term Vision, and we set a Vision for 2030 for each issue. Through these efforts, we are working to contribute to the realization of a sustainable society and to increase corporate value.

- 26 Message from the President
- 33 Sustainability Management Framework
- 35 Formulation and Revision of Material Issues and Vision for 2030
- 36 Revised Material Issues and Management Framework
- 37 Material issues and its background
- 38 Material issues / KPI



Message from the President

Our Vision of “Becoming the World Leader in the Non-ferrous Metals Industry” to Meet Society’s Expectations and Earn its Trust

We will improve our profitability focusing on
MONOZUKURI-RYOKU (earning power) and work to
build our foundation or growth over the long term



President and Representative Director

Message from the President

Q.1 What is the significance of your vision of “becoming the world leader in the non-ferrous metals industry”?

A.1 To meet society’s needs and fulfill our duty to provide a stable supply of non-ferrous metals

Our Long-term Vision: Becoming the World Leader in the Non-Ferrous Metals

To ensure the stable supply of non-ferrous metals that is essential for society by building cooperative relationships with major overseas players

Our Company’s long-term vision of “Becoming the world leader in the non-ferrous metals industry” will not be achieved simply by increasing production volume and profit. We will be required to leverage our global presence, refine our leading technologies and unique business model, generate stable profits, and address social issues with sincerity, and this will be achieved by our employees who work vibrantly and with spirit. This long-term vision will be the goal we strive to achieve no matter how the times or the environment may change.

Our mission is to provide a stable supply of the non-ferrous metals (copper, nickel, etc.) that are essential for society. However, mine development is becoming increasingly difficult throughout the world, while competition for resources is intensifying. Maintaining a stable supply in these circumstances requires that we earn the trust of major overseas non-ferrous players as a business partner and collaborate worldwide to acquire resources. The trust that our Group has earned over the years

comes from our approach to business operations rooted in the Sumitomo Business Spirit and our high-level knowledge and technologies related to metals cultivated over our long history. This accumulated trust is one of our Group’s greatest advantages.

At the root of our vision is our mission and our social responsibility as a manufacturing company. We believe that our vision of “becoming the world leader in the non-ferrous metals industry” is the sure path toward not only our Group’s growth, but also our contributions to the development of society and to people’s livelihoods.

Revising the Material Issues for Achieving the Long-term Vision Meeting Society’s Demands through Initiatives on Six Consolidated Material Issues

In March 2020, our Group set the material issues we must respond to as we achieve our long-term vision, and for each issue we formulated our Vision for 2030 and our KPIs for measuring degrees of achievement and made these public. In the few years since then, there have been significant changes in society, lifestyles, and the business environment, with growing calls on a global scale for companies to contribute to building sustainable societies. With these expectations and demands from society in mind, we have

consolidated our 11 material issues into six and revised our Vision for 2030 and our KPIs, which we announced in March 2025. [P.35](#)

The key issues are these two: “1. Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy” by ensuring stability and effective use of resources, and “2. Realizing a Carbon Neutral Society” to cope with the worldwide challenge of global warming. We can consider these issues that demonstrate the value our Group can provide to society. Following these are four issues: “3. Conservation and Restoration of Nature”, “4. Human Capital Management”, “5. Co-Existence and Mutual Prosperity with Local Communities and Indigenous People”, and “6. Supply Chain Management”. These will form the foundation for promoting initiatives to realize the two issues stated above. In particular, “Human Capital Management” is the foundation for all other issues, and we are working harder than ever to promote the securing, fostering, and utilization of human capital. By focusing as an entire Group on these issues, we intend to fulfill society’s expectations and demands.

Message from the President

Q.2 What are the goals of the newly-launched 3-Year Business Plan 2027?

A.2 To improve profitability amid the harsh environment, achieve sustainable growth, and enhance corporate value

From “21 3-Year Plan” to “3-Year Plan 27”

We will work to enhance corporate value from a long-term perspective while overcoming current issues

In our 2021 3-Year Business Plan (21 3-Year Plan: FY 2022-FY2024), our key strategies were these four challenges: “1. Increasing corporate value – Promotion of large-scale projects”; “2. Improving core business sustainability”; “3. Adapting to changes in the social environment”; “4. Strengthening the foundation of business management”.

I assumed the post of President and Representative Director in June 2024, the last year of the plan, and I have been working with the intention of fulfilling these strategies. Although I felt I carried out everything I needed to, the results were by no means satisfactory. In particular, safety performance, one of the foundations of business management, did not meet targets, and in terms of business performance, earnings fell sharply year-on-year, impacted by impairment losses in the battery materials business and at Coral Bay Nickel Corporation, our Philippine smelting and refining subsidiary. Unprecedented changes are occurring in both the global economy and our business environment, and we realize that our Group's current earning power has declined and that our revenue base is under

The 4 Challenges in the 21 3-Year Plan and Review of the Plan

Challenge 1

Increasing corporate value— Promotion of large-scale projects

- Expanding production capacity for battery cathode materials
- Quebrada Blanca 2 project
- Cote gold mine development project
- Pomalaa Project (discontinued)

Challenge 2

Improving core business sustainability

- 3-business collaboration to strengthen the value chain for Ni-batteries
- Shifting Hishikari Mine to sustainability-oriented operation
- Enhancing competitiveness of copper-smelting business
- Strategy for advanced materials business expansion

Challenge 3

Adapting to changes 3 in the social environment

- Reducing greenhouse gas (GHG) emissions
- Promoting the development of products, technologies and processes that can help achieve carbon neutrality
- Adaptation to digital transformation (DX)
- Initiatives for securing, fostering and utilizing human capital

Challenge 4

Strengthening the foundation of business management

- Strengthening safety initiatives
- Reorganizing and enhancing sustainability promotion framework
- Corporate governance

considerable strain.

Considering the results and the challenges with the 2021 3-Year Business Plan, our themes for the 3-Year Business Plan 2027 (3-Year Plan 27: FY2025-FY2027) are “Coping with Changes in the Business Environment” and “Preparing for Future Growth”.

The current business environment could be considered a

“headwind”, and we expect this to continue throughout the 3-Year Plan 27 period. With this in mind, we will first work to increase profitability for the large projects undertaken during the 2021 plan by our mineral resources business and solidify our foundation. For nickel smelting and refining, in which oversupply continues to put pressure on prices, we will promote the required

Message from the President

technological development and structural reforms, including new nickel matte production at the Hyuga Smelting and development of an in-house sulfur recycling system, to improve our overall strength. In copper-smelting, even with the historically low levels of TC/RC, our best option is to continue full production at the Toyo Smelter & Refinery, given its high production efficiency and cost competitiveness. In our materials business, we are placing particular emphasis on rebuilding our battery materials business. Changes in client needs are prompting a shift in cathode material types, and we will continue to develop high-quality cathode materials, a field where we can leverage our Group's advantages.

Although our Group currently faces strong headwinds, we believe that the oversupply state will eventually be corrected and that TC/RC will recover to normal levels. Given trends in society

such as carbon neutrality, xEVs, the hydrogen economy, and the shift toward AI, applications for the non-ferrous metals and highly advanced materials our Group handles are likely to grow even further. In anticipation of this future, we will actively tackle our next growth preparations for the 3-Year Plan 27.

Some examples include the Winu Copper-Gold Project and the Kalgoorlie Nickel Project that we are pursuing with our JV partners in Australia; the recycling plant for lithium-ion secondary batteries that we are constructing in Japan (scheduled for completion in 2026); SiCkrest® bonded SiC substrates for power semiconductors that offer both outstanding performance and low cost; and SOLAMENT® near-infrared absorbing material, which offers a wide range of applications including light shielding and photothermal conversion and is expected to help cope

with climate change. Through these and other initiatives, we will continue to take on challenges to realize our long-term vision.

“Shin” 3-Business Collaboration Model

With the smelting and refining business at the core, we will build a sustainable supply chain with 3-business collaboration and contribute to the achievement of a circular economy and carbon-neutral society

Our Group's business model is unique for its collaboration among our three businesses (mineral resource, smelting & refining, and materials). In the past, we have explained our integrated in-house nickel supply chain, which covers everything from securing nickel mineral ore raw material to the production of battery materials within our group, as a model case. This approach emphasized a one-directional supply chain flow with a focus on processing materials and supplying them to customers in the form of products, with the goal of expanding that core. However, we now sense the growing demands for the circular economy, and we see a greater need to develop our businesses in a way that enables circulation within our own processes, including recycling. Our business model itself remains unchanged, but its meaning has been evolved in terms of a 3-business collaboration incorporating a circular economy approach that goes beyond the conventional “expanding the core”. The “Shin” in our “Shin” 3-business collaboration business model means more than just “new” – it also signifies “evolution”, “deepening”, “true value”, and “trust” (all of which begin with the “shin” sound in Japanese). We believe the effective use of limited resources is how we will contribute to the sustainability of the mineral resources business and that advancing the circular economy is one of our Group's critical missions. [P.15](#)

3-Year Plan 27 Executive Summary

A critical juncture for realizing long-term vision of “becoming the world leader in the non-ferrous metals industry”
Enhance our MONOZUKURI-RYOKU to regain profitability
and rebuild a foundation to sustainably increase corporate value

Strong headwind expected in the business environment during 3-Year Business Plan 2027

- Prolonged oversupply due to increased nickel production in Indonesia
- Slumping copper concentrate purchase terms (TC/RC) due to supply shortages and new copper smelter opens
- Drastic changes in the battery materials business environment

Tailwind expected in the medium to long-term business environment

- Demand for non-ferrous metals (copper/nickel) continues to grow; supply will also increase, but suppliers who cannot withstand the price level will be eliminated (balance after 2030)
- TC/RC will also return to a level where supply (production of smelters) can be maintained to meet demand (after 2030)
- Trends such as carbon neutrality, xEVs, hydrogen economy, and AI are certainties, increasing uses for materials business products

Work to enhance corporate value from a long-term perspective while overcoming current issues

- Rebuilding of battery materials business
- Operating Smelting and Refining business under adverse conditions (nickel, copper)
- Business portfolio management (ROCE management)
- Prepare for future growth
- Focus on MONOZUKURI
- Management with an awareness of capital costs stock prices
- Strengthen and enhance shareholder returns
- Corporate governance
- Sustainability management (material issues and Vision for 2030, KPIs)

Message from the President

Q.3 How will enhancing MONOZUKURI-RYOKU (earning power) lead to competitive advantage?

A.3 MONOZUKURI-RYOKU is the source of our competitiveness and the foundation for sustainable growth

Enhance our MONOZUKURI-RYOKU

Refining the MONOZUKURI-RYOKU (earning power) we have consistently emphasized not only at manufacturing sites but also across all business activities

As our SMM Group Management Vision demonstrates, we have consistently emphasized our role as a “manufacturing enterprise”. I personally have spent many years at manufacturing sites, so I have a strong interest in MONOZUKURI and I have continued to advocate for strengthening the MONOZUKURI-RYOKU that is the source of our competitiveness even after being named President.

In my concept, MONOZUKURI-RYOKU means “earning power”, and with our 3-Year Plan 27 we aim to increase profitability by enhancing this power. Here, it is critical to remember that MONOZUKURI-RYOKU is not only demonstrated by the manufacturing division. MONOZUKURI refers to efforts within all division, including R&D and marketing as well as HR, accounting, and other administrative support departments, and even management; refining this MONOZUKURI-RYOKU across all business activities will lead to enhanced competitiveness. Each and every employee should take on an improvement-oriented consciousness in their positions and increase productivity using their ingenuity. I believe the accumulation of those efforts will

help enable sustainable growth for our Group.

Human Capital Management

Utilizing advanced digital technologies and the Hishikari Mine to pass along our legacy of wisdom and know-how to the next generation

In enhancing our MONOZUKURI-RYOKU, I have placed the greatest emphasis on human capital, and I have included human capital management as one of our material issues.

Our Group is looking for personnel with an “edge” – that is, people who can come up with concepts beyond previous frameworks and unconventional ideas. Utilizing mid-career hiring and our career challenge system, we aim to actively bring in personnel from different fields with diverse backgrounds to generate ideas never before seen within our Group, leading to creation of new systems and technologies. On the other hand, we also see “knowledge transfer” as a major issue. Our group has accumulated wide-ranging know-how related to manufacturing throughout our long history, including fields such as safety management, environmental management, quality control, and operational management. However, we are in a state in which serious accidents are recurring. One factor is that accumulated

wisdom and know-how stays with specific employees, and knowledge transfer is not being conducted across generations. In other words, this means that personnel development is not being conducted properly, and we feel a strong sense of urgency about this.

To address this problem, we will not only create opportunities for OJT and other practical experience building, but we will also promote the visualization and sharing of efficient know-how through digital transformation (DX) and use of digital technologies such as AI. The Hishikari Mine will be particularly significant in these efforts. The mine, which started operating in 1985, is one of the Japan's largest gold mines and boasts a world-class gold content ratio. It is much more than just a revenue base for our Group; it is also a vital asset that brings multifaceted value. While serving as a place to train mining engineers covering a series of hands-on tasks from mine development to operation, it also actively incorporates advanced technologies in digital transformation, such as heavy machinery automation and remote operation, and serves as a place for improving safety and efficiency under the challenging work environment of an underground mine. Having such a facility has earned us recognition from major overseas non-ferrous players.

Message from the President

Q.4 How do you plan to improve evaluations from stakeholders?

A.4 We will work to improve capital efficiency while enhancing communication with stakeholders

Present Status and Outlook for Capital Efficiency

Through thorough ROCE management, we will aim to improve capital efficiency while focusing on reaping the benefits from previous initiatives

Our Group is cognizant that implementing “Management that is Conscious of Cost of Capital and Stock Price”, as requested by stakeholders, is a crucial element for maintaining and strengthening the management base.

Up to this point, we have taken steps to improve capital efficiency by promoting ROCE (return on capital employed) management while maintaining a sound financial position with a target consolidated equity ratio of over 50%. Our 3-Year Plan 27 also reflects our commitment to this financial strategy and ROCE management; however, as we anticipate a challenging business environment, we expect ROCE for the end of this plan period to fall short of the current WACC (weighted average cost of capital), which is in the 6-7% range.

Unfortunately, our PBR (price-to-book ratio) has remained under 1.0x. In addition to our concern regarding the current situation, we take very seriously the market’s frank evaluation that we have been slow in reaping the benefits of all the strategic investments in our 21 3-Year Business Plan and the large projects we have undertaken. We reflect on this in our 3-Year Plan 27, and we aim to take a step forward and proceed with the projects we

are advancing with our JV partners as planned, while working to visualize the results of the strategies and measures mentioned thus far through steady implementation of each, thus increasing our corporate value. In particular, we consider expanding profits in our materials business, which has relatively less impact from market fluctuations, as an effective measure to counter volatility.

Capital Allocation

We will conduct appropriate capital allocation in response to changes in the business environment and disseminate this clearly to stakeholders

Capital allocation is vital for efficient use of capital to increase returns and maximize share value, and we need to constantly reevaluate it considering changes in environments both inside and outside the company.

In our 3-Year Plan 27, in contrast to the 21 3-Year Plan, we expect that growth investment, which had been high levels, will peak, and therefore we will proceed to strengthen shareholder returns. Our minimum DOE (dividend on equity) had been 1.5%, but we plan to revise this to 2.5%, and we are also considering flexible treasury share purchases.

To fund these shareholder returns, we intend to allocate sources, including cash inflow through reductions in cross-

shareholdings. In the past, we responded by reducing these flexibly as required; but in the 3-Year Plan 27, as part of our pursuit of capital efficiency, we will proceed with systematic reductions under a clear policy and proceed with sales with a target of reducing the ratio to 10% or less of consolidated net assets for 2028 and beyond.

We would like to clearly convey this capital allocation policy and strategy and use them as a starting point for communication with stakeholders. Along with this, offering a clear explanation of the originality and the benefits of the “Shin” 3-business collaboration business model should help to encourage understanding of our Group’s future potential and lead to better evaluations from stakeholders.

Message from the President

Q.5 Please offer a message to our stakeholders.

A.5 We aim for sustainable growth to meet the expectations of all our stakeholders

Aspirations for the Period of the 3-Year Plan 27

While leading enhancement of communication, we will foster and instill a free and open corporate culture to swiftly respond to changes in the times

A year has passed since I took on the post of President and Representative Director in June 2024. Looking back, it has been a whirlwind year, but I have been blessed with opportunities for dialogue with our stakeholders, including our shareholders and investors, which has given me a true sense of how much support our Group receives from our stakeholders. Again, I would like to take this opportunity to express my sincere gratitude.

That said, if asked whether this communication was sufficient, I feel it was only a minimum, and I intend to be more proactive this year.

The challenging business environment will continue throughout the three years of our 3-Year Plan 27, so I see this as a critical juncture for realizing our long-term vision of “becoming the world leader in the non-ferrous metals industry”. In order to achieve the goals of strengthening profitability and sowing seeds for the future as outlined in the plan’s policies, I and each and every employee must increase opportunities for communication both inside and outside the company, and we must also refine our sensibilities for grasping current trends and valuable information. The important thing is to be prepared and

be able to sense trends before they happen, and to never miss the moment when the wind changes. Now more than ever, in this age of abundant information, the capability to discern what information is really important, or to hone your sensibilities, is crucial for generating company growth and new value. Also, the insights and information we gain should not simply stay with us; we should share them throughout the organization and put them to use as company knowledge. To this end, I will work toward fostering and instilling a free and open corporate culture that takes on challenges without fear of failure.

My goal for these three years is to create an organization based on a free and open corporate culture capable of sifting through the information we have obtained and swiftly making decisions. I believe that integrating this organizational capability with our refined MONOZUKURI-RYOKU will enable us to achieve further growth for our Group. I sincerely ask for your continued support and guidance going forward.



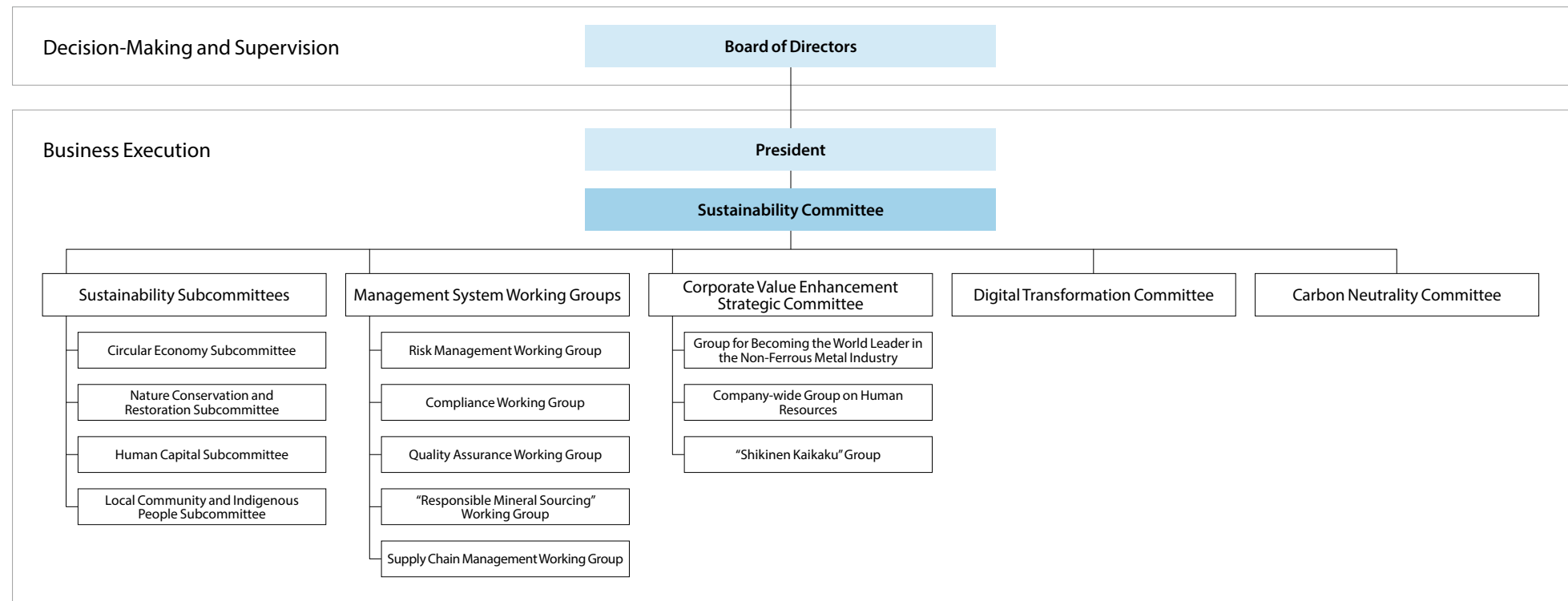
Sustainability Management Framework

Since our earliest days, our Group has consistently worked to address social issues through our business activities, based on Sumitomo Business Spirit. In 2008, we formulated our Vision for 2020 and established the CSR Committee, the predecessor to the current framework, to identify key issues necessary for realizing our future vision, set KPIs, and carry out initiatives toward our goals. In 2020, we formulated our Vision for 2030, and in 2022, with the aim of advancing management and sustainability in a more integrated manner, we reorganized the former CSR promotion framework into a sustainability promotion framework. In March 2025, we reviewed the key issues contained in our Vision for 2030 and changed the organizational structure, including reorganizing the Sustainability Subcommittees and newly establishing a Supply Chain Management Working Group.

Sumitomo Metal Mining Group Sustainability Policy

The SMM Group will tackle management issues that contribute to society's sustainable development, and will strive to achieve continuous growth in our business and improve our corporate value

Sustainability Management Framework



Sustainability Management Framework

Board of Directors

Functions of the Board of Directors	<ul style="list-style-type: none"> Make resolutions on sustainability-related matters (Sumitomo Metal Mining Group Sustainability Policy, material issues and vision, establishment of sustainability management framework, and significant changes to the above) Receive periodic regular reports on decisions and key deliberation items from the Sustainability Committee
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Sustainability Committee

Chair	President
Deputy Chair	Executive officer in charge of sustainability (executive officer in charge of the Corporate Planning Department)
Members*	General Managers of Divisions, General Managers of Administration Departments, General Manager of the Technology Division, General Manager of the Planning & Administration Department of the Technology Division, General Manager of the Engineering Division, General Manager of the Facilities Technology Department of the Engineering Division, heads of operational divisions in the Head Office *The Chairman of the Board, outside directors, and Audit & Supervisory Board members attend as observers.
Secretariat	Sustainability Department and Corporate Planning Department
Number of times	10 meetings in FY 2024 (including 4 extraordinary meetings)
Content of deliberations	<ul style="list-style-type: none"> Deliberation on revision or abolition of the Sustainability Policy and material issues Deliberation and decision-making concerning the roadmap and KPIs for sustainability promotion activities Regular evaluation of sustainability promotion activities and invocation of corrective measures Provision of information on sustainability promotion activities, exchange of information, explanation of important measures, and sharing of awareness Deliberation on other important matters related to sustainability promotion activities
Main Agenda Items in FY2024	<ul style="list-style-type: none"> Deliberation on the formulation of the Sumitomo Metal Mining Group's Tailings Facility Management Deliberation on the revision of material issues and the "Vision for 2030," as well as the management framework after the revision Deliberation on the formulation of the Sumitomo Metal Mining Group's Nature Policy

Sustainability Subcommittees

Each subcommittee develops a roadmap for each material issue toward 2030 and manages the progress of KPIs.

Subcommittee	Chair	Deputy Chair	Material Issues
Circular Economy Subcommittee	General Manager of the Technology Division	General Manager of the Non-Ferrous Metals Division	Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy
Nature Conservation and Restoration Subcommittee	General Manager of the Safety & Environment Control Department	—	Conservation and Restoration of Nature
Human Capital Subcommittee	General Manager of the Human Resources Department	General Manager of the Safety & Environment Control Department, General Manager of the Public Relations & Investor Relations Department	Human Capital Management
Local Community and Indigenous People Subcommittee	General Manager of the General Affairs Department	—	Co-Existence and Mutual Prosperity with Local Communities and Indigenous People

Management System Working Groups

We have established various working groups to promote our Group's major management systems across the organization and strengthen our management foundations. Each working group monitors the progress of its activity plans.

Working Group	Chair	Deputy Chair	Material Issues / Themes
Risk Management Working Group	Executive officer in charge of the Corporate Planning Department	Executive officer in charge of the Safety & Environmental Control Department	Risk Management
Compliance Working Group	Executive officer in charge of the Legal Department	General Manager of the Legal Department	Compliance
Quality Assurance Working Group	General Manager of the Quality Assurance Department	—	Quality Assurance
"Responsible Mineral Sourcing" Working Group	General Manager of the Non-Ferrous Metals Division	General Manager of the Sustainability Department	Supply Chain Management
Supply Chain Management Working Group	General Manager of the Battery Materials Division	General Manager of the Sustainability Department	

Corporate Value Enhancement Strategic Committee / Digital Transformation Committee / Carbon Neutrality Committee

Committee	Chair	Deputy Chair	Purpose
Corporate Value Enhancement Strategic Committee	Executive officer in charge of the Corporate Planning Department	General Manager of the Corporate Planning Department	To grow our Group's business sustainably and to enhance corporate value
Digital Transformation Committee	Executive officer in charge of the Technology Division	General Manager of the Digital Transformation Department	To clarify the future vision of digital transformation that our Group should aim for and to maximize contribution to management through company-wide promotion of digital transformation
Carbon Neutrality Committee	Executive officer in charge of the Technology Division	General Manager of the Safety & Environment Control Department	To set a clear policy and path toward achieving carbon neutrality that our group should pursue, and to promote this initiative quickly and powerfully

Formulation and Revision of Material Issues and Vision for 2030

The material issues and Vision for 2030, which were formulated in March 2020, were revised in March 2025 to respond to evolving global issues and the growing complexity and sophistication of expectations on corporations.

Planning Process



Approach to Formulation

We extracted, evaluated, and selected important issues by including the perspective of not only sustainability challenges but also management issues. In formulating Vision for 2030 relating to each important issue, while forecasting changes in social requirements going forward, we are back casted from our long-term vision, and management goal, of becoming the world leader in the non-ferrous metals industry and set the Vision for 2030 as a milestone for the year 2030 in the realization of our long-term vision.

In the evaluation, we rated 89 issues are assessed from three perspectives and along two axes—the social aspect and the business aspect—using a five-level scale.

- Degree of impact on society
- Increased risk if not actively addressed
- Opportunities gained by active engagement

Identification of 11 issues as material issues of importance to both society and business

Process and Rationale for the Revision

To respond to global developments in SDGs and ESG-related issues, as well as to the growing complexity and heightened expectations placed on companies, we revised the material issues originally formulated in March 2020 by consolidating them from 11 to six.

We also established more quantitative and measurable than before to better track progress toward achieving our Vision for 2030. Regarding the setting of KPIs, based on opinions from external experts on sustainability—such as “It is important to incorporate not only aspects that suppress negative impacts but also positive elements that enhance corporate value,” and “It is better to clarify the connection between the material issues and the KPIs”—the matter was thoroughly discussed in the Sustainability Subcommittee and the Carbon Neutrality Committee. After further deliberation, the KPIs were approved by the Sustainability Committee and then implemented following a resolution by the Board of Directors.

Revision of Material Issues and Vision for 2030

Response to Changes in the External Environment

- Advances in technology, changes in social life and the social environment
- Global warming, increasing geopolitical risks

Clarification of the Relationship Between Each Material Issue and the Enhancement of Our Corporate Value

Revision of KPIs

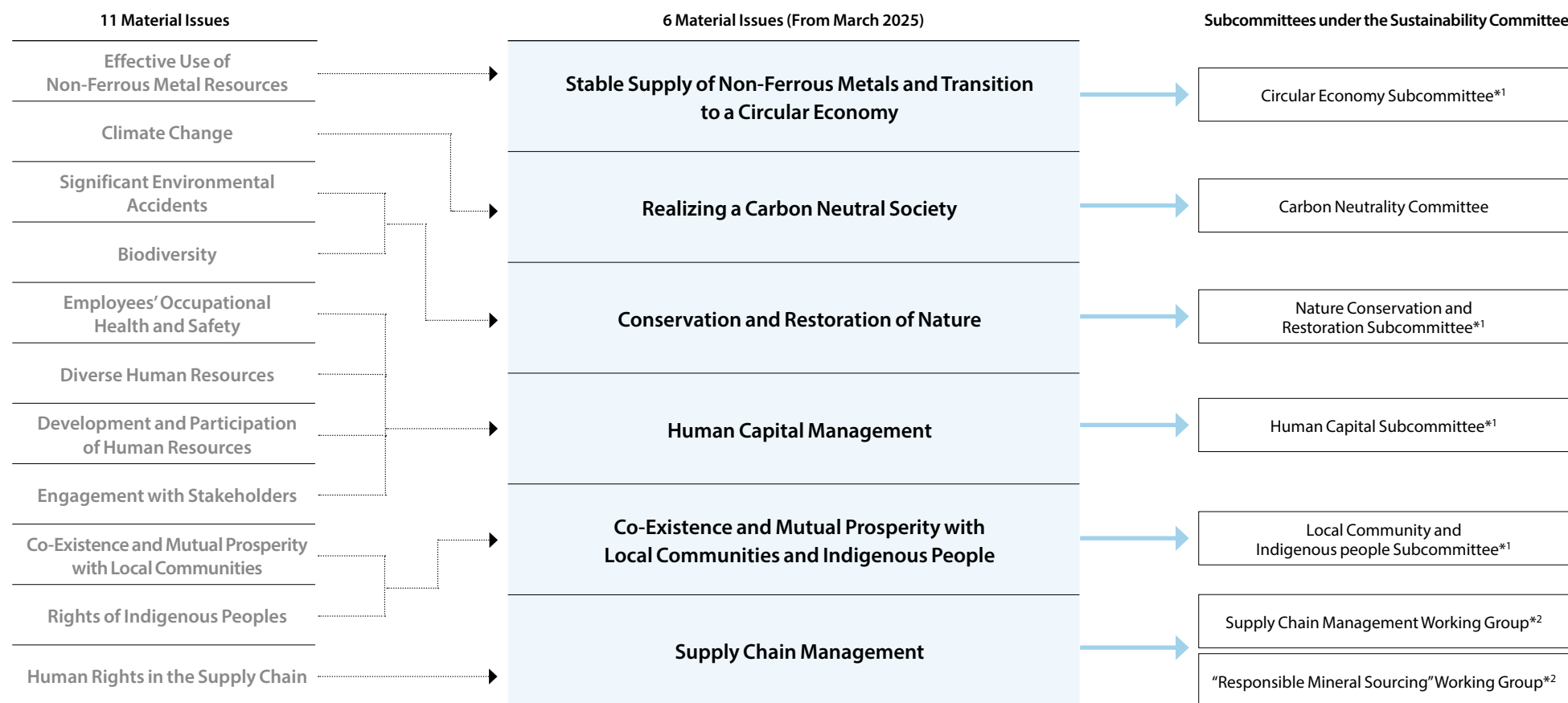
- Establishment and modification of more quantitative and measurable KPIs
- Consolidation into KPIs that are effective in realizing Vision for 2030

**Consolidation of material issues from 11 to 6
Formulation of Vision for 2030 for each material issue**

Changed the number of KPIs from 31 to 25

Revised Material Issues and Management Framework

In March 2025, to support the implementation of the revised material issues, the subcommittees under the Sustainability Subcommittee—a subordinate body of the Sustainability Committee—were reorganized as follows: the Circular Economy Subcommittee, the Nature Conservation and Restoration Subcommittee, the Human Capital Subcommittee, and the Local Community and Indigenous People Subcommittee. Furthermore, a new Supply Chain Management Working Group was established under the Management Systems Working Groups. [P.33](#)



*1 Sustainability Subcommittees

*2 Management Systems Working Groups

Material issues and its background

Material Issues	Background to the selection of Material Issues	Vision for 2030	Strategies
Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy	Resources such as non-ferrous metals, which are essential for societal development, are finite and are expected to be depleted. Additionally, economic activities that assume mass consumption and disposal of resources place a significant burden on the global environment. Therefore, there is a need to shift to a circular economy across the whole society.	A company that contributes to building and maintaining a circular economy by providing a stable supply of non-ferrous metal resources through its high technological capabilities	The SMM Group will work to acquire mining rights and improve its smelting technology as part of its goal to ensure a stable supply of copper and nickel, which are essential to our daily lives. We will also focus on recycling technology as part of our commitment to reducing the impact that the use of resources has on the environment, with a view to shifting to a circular economy.
Realizing a Carbon Neutral Society	Achieving a carbon-neutral society requires efforts from the entire society, and there is a need to mitigate risks related to decarbonization and seize related opportunities.	A company that actively works to reduce greenhouse gas (GHG) emissions and develop technologies that contributes to low carbon emissions in order to achieve a carbon neutral society	The SMM Group published its revised roadmap for achieving carbon neutrality in 2023. In line with this roadmap, we will take steps to reduce GHG emissions as a strategy to mitigate climate change by promoting energy conservation, expanding the use of electricity from renewable energy sources, and developing technologies for innovative smelting processes. We will also work to create business opportunities and enhance our competitiveness by developing products (low-carbon contribution products) and technologies that help to reduce GHG emissions in all corners of society.
Conservation and Restoration of Nature	Economic activities are causing a loss of natural capital and biodiversity, as demonstrated by the rapid increase in extinction rates of species. It is necessary to aim to curb the loss of nature, restore it, and enhance its richness globally.	A company that contributes to a nature-positive future	The SMM Group recognizes that its business activities, which include resource development and smelting, are dependent on nature. With this recognition, we will seek to identify and respond to nature-related risks and opportunities in the hope of avoiding or minimizing the adverse impacts of our business activities on nature. In particular, we will take preemptive action to ensure that we do not cause any serious environmental accidents that could result in the loss of nature, such as accidents involving tailings dams or mining development.
Human Capital Management	It is essential to adopt human capital management, which views human resources as capital, aims to maximize their value, and seeks to enhance corporate value in the medium to long term. Maximizing the value of human capital to improve the productivity of the entire organization and create added value is crucial.	A company that attracts a diverse workforce and allows them to grow and thrive	The SMM Group pledges to provide a safe and comfortable workplace environment under an open and vibrant organizational climate. We will also encourage our employees to take the initiative in their own growth, so that each and every one of them can thrive in their work and contribute to the success of the company.
Co-Existence and Mutual Prosperity with Local Communities and Indigenous People	It is important for not only companies but also local communities to develop together. Furthermore, it is essential to respect the rights of indigenous peoples, especially those affected by resource development.	A company that grows with the community as a trusted partner	The SMM Group recognizes the importance of utilizing our experience in resource development and smelting to avoid or minimize adverse impacts on local communities in the areas where we operate, and to contribute to their sustainable development. To this end, we will foster dialogue with local communities, including indigenous peoples, in all areas where we operate, identify issues facing those communities, and work to contribute to their resolution.
Supply Chain Management	It is necessary to understand the social impacts not only within the corporate group but also upstream and downstream in the supply chain, and to respond to these risks and opportunities.	A company that builds a sustainable supply chain	The SMM Group is committed to obtaining international certification for responsible procurement and production at its manufacturing sites, with the aim of preventing and remedying human rights violations, environmental pollution, corruption, and other issues in its supply chain. In addition, we will seek to provide assistance to stakeholders through a complaint handling system (grievance mechanism) that is in line with international norms.

Material issues / KPI

The actual results for fiscal year 2024 were updated after the disclosure of the Annual Securities Report for the 100th period, resulting in some differences in the data presented.

Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy [P.98](#)

Vision for 2030 A company that contributes to building and maintaining a circular economy by providing a stable supply of non-ferrous metal resources through its high technological capabilities			
KPI	Reporting boundary	Target (FY2030)	FY2024 results
Production volume of nickel *1	SMM Group	100kt/year (amounts converted to a nickel content basis)	94kt/year (amounts converted to a nickel content basis)
Production volume of copper from our interest	Copper mines in which the SMM Group holds in interests	300kt/year (amounts converted to a copper content basis)	232kt/year (amounts converted to a copper content basis)
The capability of the recycling facilities of lithium-ion secondary batteries	SMM Group	10kt/year*2	0t A battery recycling plant is under construction (scheduled for completion in mid-2026)
The capability of copper recycling	SMM Group	140kt/year (amounts converted to a copper content basis)*3	104kt/year (amounts converted to a copper content basis)
The capability of steel making dust recycling	SMM Group - Japan	120kt/year	80kt/year

*1 Production volume of electrolytic nickel, nickel sulfate, ferronickel, and nickel chloride, and nickel contained in cathode materials for automotive secondary batteries (excluding the portion supplied by our company, but including recycled nickel)

*2 Equivalent amount of lithium-ion secondary batteries

*3 Recycling rate of 30% for 460kt/year of electrolytic copper

Realizing a Carbon Neutral Society [P.100](#)

Vision for 2030 A company that actively works to reduce greenhouse gas (GHG) emissions and develop technologies that contributes to low carbon emissions in order to achieve a carbon neutral society			
KPI	Reporting boundary	Target (FY2030)	FY2024 results
GHG emissions	SMM Group	(Scope 1 and 2) 38% reduction compared to FY2015 (Breakdown: 50% Japan, 24% overseas) (Scope 3) Understanding current situation and setting goals: By the end of FY2025	(Scope 1 and 2) 27% reduction compared to FY2015 (GHG emissions: 2,356kt-CO2e) (Scope 3) Conducted a survey of major suppliers in Category1
Development of low-carbon smelting and refining technologies	SMM Group	1. Development of hydrogen reduction technology for nickel oxide ore smelting 2. Development of DLE (Direct Lithium Extraction) technology	1. Laboratory-scale experiments to deepen the understanding of reduction behavior were conducted as planned. 2. Improvement of adsorbent's durability
Amount of GHG emissions reduction contributed by low-carbon contributing products*1	SMM Group	1.1 Mt-CO ₂ *2	1.0 Mt-CO ₂
Developing and supplying low-carbon contributing products	SMM Group	1. Development of hydrogen production catalyst 2. Development of cathode materials for all-solid-state batteries	1. Development started as planned 2. Development is progressing largely as planned

*1 Products that contribute to the realization of a carbon-neutral society and are aligned with the SMM Group's product strategy (e.g., cathode materials for automotive secondary batteries, near-infrared absorbing materials)

*2 Contribution to emissions reduction as of 2030 (calculated using the stock-based method). The stock-based method is a method of calculating the contribution to emissions reduction by calculating the CO₂ emissions of all products in operation in the assessment year (stock accumulation) and subtracting the CO₂ emissions of comparable products

Material issues / KPI

Conservation and Restoration of Nature [P.103](#)

Vision for 2030 A company that contributes to a nature-positive future			
KPI	Reporting boundary	Target (FY2030)	FY2024 results
Identification, management, and disclosure of nature-related risks and opportunities	SMM Group	By the end of FY2026: Addressing priority locations for our group businesses By the end of FY2030: Addressing the material value chain	Organization of nature-related information Establishment the Sumitomo Metal Mining Group's Nature Policy
Prevention of significant environmental accidents	SMM Group	1. Number of significant environmental accidents: zero 2. Maintaining compliance with Global Industry Standard on Tailings Management	1. Number of significant environmental accidents: zero 2. Confirmed compliance with Global Industry Standard on Tailings Management

Human Capital Management [P.88](#)

Vision for 2030 A company that attracts a diverse workforce and allows them to grow and thrive			
KPI	Reporting boundary	Target (FY2030)	FY2024 results
Engagement score*1	SMM Group Affiliated companies in Japan covered by the survey	Deviation score: 55	Deviation Value: 47.7
Number of serious accidents*2	Workplaces covered by safety statistics (including contractors)	0 cases	3 cases
Number of workplaces with health risks*3	Workplaces covered by safety statistics (Japan only)	0 workplaces	Two workplaces Control Class 3: zero Control Class 2: two
Survey on Health and Productivity Management	Sumitomo Metal Mining Co., Ltd.	Deviation score: 62	Deviation Value: 57.8
Utilization rate of self-development programs	Sumitomo Metal Mining Co., Ltd.	60%	25.8%
Percentage and number of female managers	SMM Group	SMM Group: 18% Sumitomo Metal Mining Co., Ltd.: 7% (50 people)	SMM Group: 11.5% Sumitomo Metal Mining Co., Ltd.: 3.3%(28 people)
Male childcare leave utilization rate*4	Sumitomo Metal Mining Co., Ltd.	100%	100%

*1 In general, engagement is taken to mean “the degree of mutual understanding and affinity between a company and its employees” (i.e. the degree of employees’ attachment to the company and their passion for work). At the SMM Group, we define a high level of engagement as “the existence of a state of mutual understanding between the company/organization and its employees, in which the company/organization values its employees and the employees are committed to the development and vitalization of the company/organization”

*2 Resulting in 50 days or more of absence from work *3 Workplaces classified as Control Class 2 and 3 under the Industrial Safety and Health Act

*4 The “male childcare leave utilization rate” refers to the utilization rate of childcare leave based on Article 2 of the Act on Childcare Leave and Caregiver Leave, as well as paid leave for childcare purposes granted by our company in accordance with Article 24 of the same Act. Our company’s paid leave for childcare purposes can be taken for up to nine days. Employees may use this leave to accompany their spouse during hospitalization and childbirth. In addition, they can take a consecutive seven-day leave either starting from the spouse’s discharge from the hospital or from the day the couple returns home after the spouse has given birth at her hometown

Material issues / KPI

Co-Existence and Mutual Prosperity with Local Communities and Indigenous People [P.106](#)

Vision for 2030 A company that grows with the community as a trusted partner			
KPI	Reporting boundary	Target (FY2030)	FY2024 results
Dialogue with local communities and indigenous people	SMM Group	Continuous implementation of dialogue leading to the resolution of local issues	Dialogue with local residents and indigenous people: 152 cases
Grievance mechanism	SMM Group	Proper operation	Complaints: 5 cases (all have been properly addressed)
Strengthening the foundation for social activities in communities	SMM Group	Collaborative planning and participation in community contribution programs	Amount contributed: JPY 42 million Total number of beneficiaries: 1,597 people
Helping to nurture the next generation in communities	SMM Group	Offering scholarships and other support programs	Amount contributed: JPY 291 million Total number of beneficiaries: 5,908 people

Supply Chain Management [P.108](#)

Vision for 2030 A company that builds a sustainable supply chain			
KPI	Reporting boundary	Target (FY2030)	FY2024 results
Percentage of smelters and refineries certified with international certifications*1	SMM Group	100%	57%
Percentage of appropriate suppliers*2 selected through due diligence for responsible mineral sourcing	SMM Group	100%	Review and establishment of a due diligence implementation system
Implementation of ESG due diligence*3 across the supply chain	SMM Group	Implementation and disclosure of due diligence for suppliers*4 (the end of FY2026)	Review and establishment of a due diligence implementation system

*1 International certifications for responsible mineral sourcing and production (e.g., JDDS, Copper Mark Criteria, etc.)

*2 Mines, smelters, etc. with international certifications

*3 In accordance with ISO 20400 (Sustainable Procurement Guidance) and other relevant standards, areas covered include such things as climate change mitigation, environmental conservation, human rights (including occupational health and safety), labor practices, community development, corporate governance, ethics, and anti-corruption

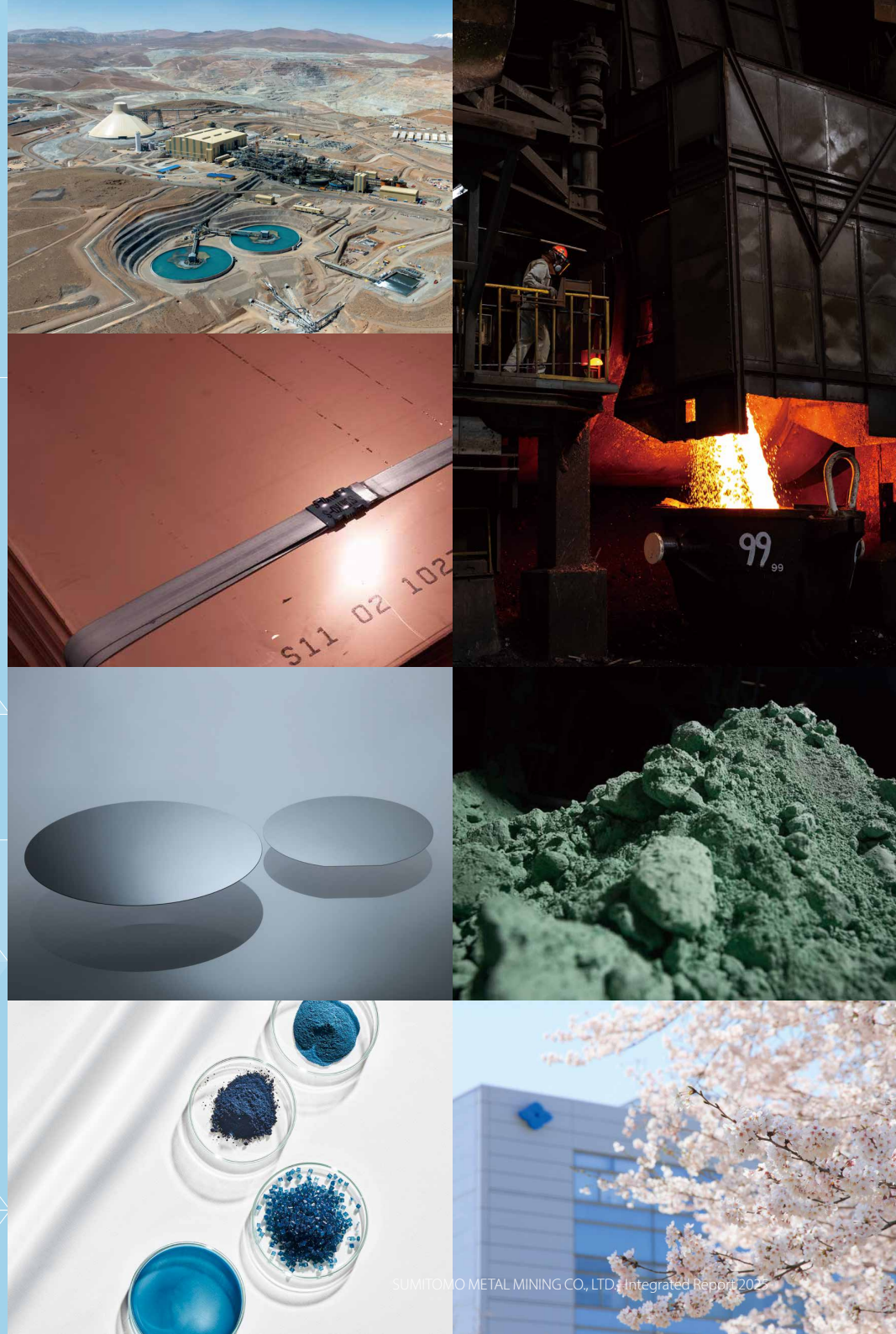
*4 Includes procurement of goods and services, logistics, construction contracts, etc. (excluding mineral procurement)

Medium- to Long-Term Strategy for Value Creation

In fiscal 2025, the Company launched the 3-Year Business Plan 2027 (3-Year Plan 27), which ends in fiscal 2027.

The 3-Year Plan 27 anticipates a challenging business environment, but seeks sustainable growth of corporate value based on a commitment to *MONOZUKURI* (manufacturing and operation).

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- 85 Close Up Innovation in Smelting and Refining
—Taking on the Challenge of Non-Ferrous Metals DX



Changes in the 3-Year Business Plan

We have been focusing on strengthening our corporate structure through selection and concentration since the Corporate Revitalization Plan (FY2000 to FY2001), which was created in the year after the JCO criticality accident in 1999, and the 2001 2-Year Business Plan (FY2002 to FY2003). Under the 2003 3-Year Business Plan (FY2004 to FY2006) and beyond, we have been turning toward growth strategies based on large-scale projects and reinforcing the competitiveness of our core business to achieve

our Long-Term Vision.

There have been some projects that did not result in major successes, such as the participation in planning for the Sierra Gorda Copper Mine (transferred in 2022) and the feasibility study on the Indonesian Pomalaa Project (discontinued in 2022). The Cote Gold Project and the Quebrada Blanca 2 Project, in which we decided to participate during our 2015 3-Year Business Plan (FY2016 to FY2018), have been delayed from initial plans due





to impacts from the COVID-19 pandemic and other factors, but started to contribute to our performance during the 2021 3-Year Business Plan (FY2022 to FY2024).

Going forward, as we put to use the results from our previous initiatives and experiences, we aim to further improve our corporate value and work to promote and monetize various projects.

2015 3-Year Business Plan (FY2016 to FY2018)	
Long-Term Vision	Become the world leader in the non-ferrous metals industry and an excellent company of Japan
Results	Mineral Resources <ul style="list-style-type: none"> Incurred a large impairment loss at the Sierra Gorda Copper Mine due to a production slump and increase in costs Entered into the Cote Gold Project Acquired interest in the Quebrada Blanca 2 Transferred the Pogo Gold Mine interest
	Smelting & Refining <ul style="list-style-type: none"> Completed 36-kt production structure at Taganito HPAL Commercialized scandium and chromite recovery Achieved 450-kt electrolytic copper production volume Completed 49-kt nickel sulfate production structure Began Pomalaa Project Definitive Feasibility Study (DFS)
	Materials <ul style="list-style-type: none"> Completed 4,550-t/month battery material production structure Completed increase of LT/LN production structure Developed nickel oxide powder for fuel cell electrodes Entered into silicon carbide (SiC) business Withdrew from lead frame business
Issues	<ul style="list-style-type: none"> Increased number of outside directors, appointed female directors Implemented International Financial Reporting Standards (IFRS), commenced integrated report publication
	<ul style="list-style-type: none"> Enhancing and improving site management capability manufacturing and operational capabilities and management capability Creating new products and businesses Securing and developing the human resources to support growth

2018 3-Year Business Plan (FY2019 to FY2021)	
Long-Term Vision	Become the world leader in the non-ferrous metals industry
Results	Strengthen the growth foundation of core businesses (Mineral Resources, Smelting & Refining, Materials)
	Mineral Resources <ul style="list-style-type: none"> Decided to sell all interests in the Sierra Gorda Copper Mine, which has established stable, full-scale production, as part of the Group-wide asset portfolio optimization and strategic asset replacement (transfer of all interests completed in February 2022) Had steady progress in FY2021 despite factors such as a temporary halt of construction of the Quebrada Blanca 2 Project due to COVID-19 and an increase in the initial start-up costs of the Cote Gold Project
	Smelting & Refining <ul style="list-style-type: none"> Decided to discontinue feasibility study on the Indonesian Pomalaa Project in April 2022
Issues	Materials <ul style="list-style-type: none"> Concluded a transfer contract with Sumitomo Osaka Cement Co., Ltd. to acquire their lithium iron phosphate (LFP) battery materials business on May 1, 2022
	Strengthen 3-business collaboration centered on cathode materials for batteries <ul style="list-style-type: none"> Decided to construct a new battery plant in 2021 (construction to be completed during the 21 3-Year Plan) Established a new recycling process with the ability to recycle copper, nickel, cobalt, and lithium
Issues	Strengthen corporate functions <ul style="list-style-type: none"> Enhanced responsiveness to changes in the business environment through organizational restructuring Rebuilt the organizational culture by renewing the Head Office Enhanced SR (Shareholder Relations) activities for institutional investors
	<ul style="list-style-type: none"> Missed the 18 3-Year Plan safety-related initiative target of less than 5 occupational accidents in Japan (FY2021 recorded 20 accidents) Accelerating the search for new nickel deposits and consideration of new projects in response to the discontinuation of feasibility study on the Indonesian Pomalaa Project Strengthening the value chain of the 3-business collaboration (for Ni-batteries), including recycling

Changes in the 3-Year Business Plan

2021 3-Year Business Plan (FY2022 to FY2024)				
Long-Term Vision	Become the world leader in the non-ferrous metals industry			
Four challenges	Challenge 1 Increasing corporate value —Promotion of large-scale projects	Challenge 2 Improving core business sustainability	Challenge 3 Adapting to changes in the social environment	Challenge 4 Strengthening the foundation of business management
	<ul style="list-style-type: none"> Expanding production capacity for battery cathode materials Quebrada Blanca(QB)2 project Cote gold mine development project Pomalaa Project (discontinued) 	<ul style="list-style-type: none"> 3-business collaboration to strengthen the value chain for Ni-batteries Shifting Hishikari Mine to sustainability-oriented operation Enhancing competitiveness of copper-smelting business Strategy for advanced materials business expansion 	<ul style="list-style-type: none"> Reducing greenhouse gas (GHG) emissions Promoting the development of products, technologies and processes that can help achieve carbon neutrality Adaptation to digital transformation (DX) Initiatives for securing, fostering and utilizing human capital 	<ul style="list-style-type: none"> Strengthening safety initiatives Reorganizing and enhancing sustainability promotion framework Corporate governance
Results and issues	Evaluation  <ul style="list-style-type: none"> Construction of the new battery materials plant proceeded as planned, and the startup of production on some lines was moved forward. Startup of both the QB2 and Cote gold mine development projects were delayed due to restrictions on movement imposed during COVID-19 and adverse weather conditions. In addition, costs were higher than planned due to global inflation. Full contribution to earnings was also delayed until the 3-Year Plan 27 period. 	Evaluation  <ul style="list-style-type: none"> Decided to construct a recycling plant for lithium-ion secondary batteries. Completed new hot water treatment equipment at Hishikari Mine and started mining of the lower body. Continued exploration of nearby mines to acquire new ore reserves. Systematically expanded Toyo Smelter & Refinery facilities and implemented GHG reductions. Decided to build an SiC 8-inch mass production line. Developed new markets for near-infrared absorbing materials (launched the SOLAMENT™ material technology brand). 	Evaluation  <ul style="list-style-type: none"> Released roadmap for achieving carbon neutrality by 2050. Promoted energy-saving activities, LNG conversion, introduction of biomass fuels, and switch to electricity derived from renewable energy sources, etc. Formulated and created a DX infrastructure grand design for the next generation and deployed generative AI company-wide. Strengthened recruitment of new graduates and implemented strategic mid-career hire recruiting. Reviewed and revised the managerial track personnel system. Refined the human resource development program in line with managerial track personnel system revisions. 	Evaluation  <ul style="list-style-type: none"> Serious accidents are decreasing, but the target was not achieved. Began granting shares to members of the Employee Stock Ownership Association to increase sense of belonging with the Group and interest in its management. Reviewed material issues and Vision for 2030 (March 2025). Adopted return on capital employed (ROCE) as an indicator for business portfolio management and started its operation. PBR remained below 1.0x for a prolonged period of time.

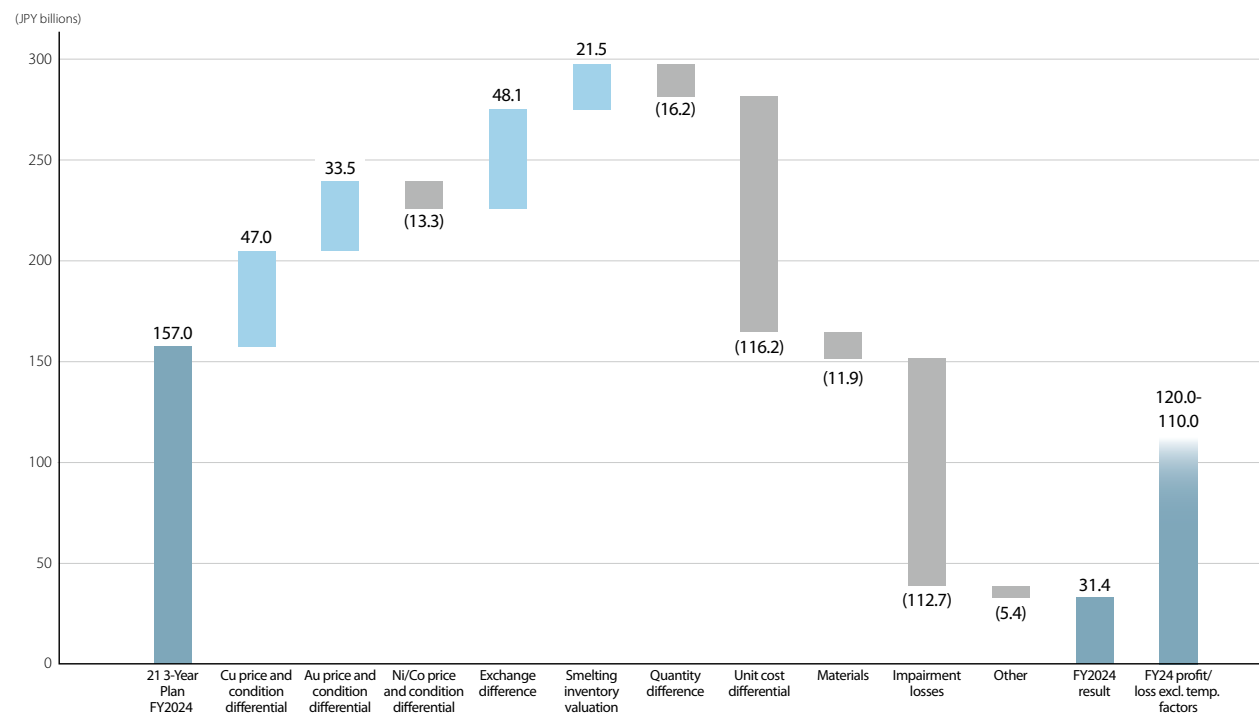
Changes in the 3-Year Business Plan

Review of 21 3-Year Plan: Summary of Results

In FY2024, the final year of the 21 3-Year Plan, metal prices and exchange rates were better than anticipated in the plan, but profit before tax was substantially lower than the plan, due to rising costs, the recording of impairment losses in the Battery Materials Business and the Smelting & Refining Business as a result of impacts

from changes in the business environment, and other factors. The Quebrada Blanca Copper Mine and Cote Gold Mine contributed to revenue, but both mines failed to meet their planned production volumes due to startup delays from the original schedules caused by effects from the COVID-19 pandemic and other factors. In addition, operational material and energy costs surged and cost unit prices increased, pushing down profit. As a result, profit excluding temporary factors did not reach the level anticipated at the time of formulation of the 21 3-Year Plan.

Profit before Tax Analysis (FY2024 result vs. 21 3-Year Plan FY2024)



Consolidated results

JPY billions

	FY2024 result	21 3-Year Plan FY2024	Change
Net sales	1,593.3	1,116.0	477.3
Profit before tax	31.4	157.0	(125.6)
Equity method profit/loss	8.7	62.0	(53.3)
Net income attributable to owners of parent	16.5	118.0	(101.5)
Company-wide ROCE (%)	0.8%	6.6%	(5.8pt)

Metal prices and the exchange rate

	FY2024 result	21 3-Year Plan FY2024	Change
Copper (\$/t)	9,370	8,000	1,370
Nickel (\$/lb)	7.51	7.50	0.01
Gold (\$/toz)	2,585	1,600	985
Exchange (JPY/\$)	152.58	115.00	37.58

What Is Profit/Loss Excluding Temporary Factors?

Prices of non-ferrous metals (such as copper and nickel) which the Group deals in are determined in trading markets represented by London Metal Exchange (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 exceed standard levels, and likewise when prices decline profit to fall below standard levels.

Therefore, we show the profit/loss excluding temporary factors as the profit/loss excluding the impact of gains/losses arising from fluctuations in non-ferrous metal prices or foreign exchange rates, as well as the impact of special factors during the period concerned.

Changes in the 3-Year Business Plan

Review of 21 3-Year Plan: Segment Profit

Mineral Resources Business

Production volumes decreased at gold and copper mines and costs for operational materials, energy, and other expenses increased due to effects from inflation, but performance exceeded the 3-Year Plan due to rising copper and gold prices combined with weakening of the yen against the U.S. dollar.

Smelting & Refining Business

In addition to higher costs for operational materials, energy, and other expenses due to effects from inflation, nickel and cobalt prices fell more than expected. Also, factors such as the recording of impairment losses at a subsidiary (Coral Bay Nickel) caused the results to fall short of the 3-Year Plan figures.

Materials Business

Results for the Materials Business were below the plan values due to a slower than expected market recovery in the Advanced Materials Business, increased costs for the launch of a new plant in the Battery Materials Business, recording of impairment losses associated with future product type changeover, and other factors.

Segment Profit

JPY billions

	FY2024 result	21 3-Year Plan FY2024	Change
Mineral Resources	101.8	99.0	2.8
Smelting & Refining	(7.1)	48.0	(55.1)
Materials	(54.2)	15.0	(69.2)
Other and Procurement	(9.1)	(5.0)	(4.1)
Total	31.4	157.0	(125.6)

Review of 21 3-Year Plan: Business Portfolio Management

Starting with the 21 3-Year Plan, we conduct business portfolio management using return on capital employed (ROCE) as an indicator for each business unit (consolidated basis). If a business falls below the benchmark value during the plan period, it is designated as a “business requiring confirmation of continuation,” and during the subsequent two years, we conduct business continuity verification, improvement, and transformation. In principle, the final decision is made the following year, with the Board of Directors periodically monitoring the status of the businesses.

The ROCE benchmark value for the 21 3-Year Plan period was set at 5.5%. The ferronickel business in the Smelting & Refining segment and the LT/LN business in the Materials segment failed to reach the benchmark value and were designated “businesses requiring transformation under the 3-Year Plan 27. For other businesses as well, there were increases in capital employed due to profit deterioration and rising construction costs for large-scale projects, resulting in significant remaining challenges in terms of capital efficiency.

3-Year Business Plan 2027

The three year period from FY2025 to FY2027 covered by the 3-Year Plan 27 comes at a critical juncture for realizing our Long-Term Vision to “Become the world leader in the non-ferrous metals industry,” during which we will enhance our *MONOZUKURI-RYOKU* (manufacturing and operational capability) to regain profitability and rebuild a foundation to sustainably increase corporate value. Under the 3-Year Plan 27, we will also actively pursue initiatives to “sow the seeds” for future growth while simultaneously overcoming current issues, thereby aiming to realize our Vision for 2030 and our Long-Term Vision to “Become the world leader in the non-ferrous metals industry.”

Basic approach

The business environment around SMM is facing changes on an unprecedented scale, with increasing uncertainty about future prospects

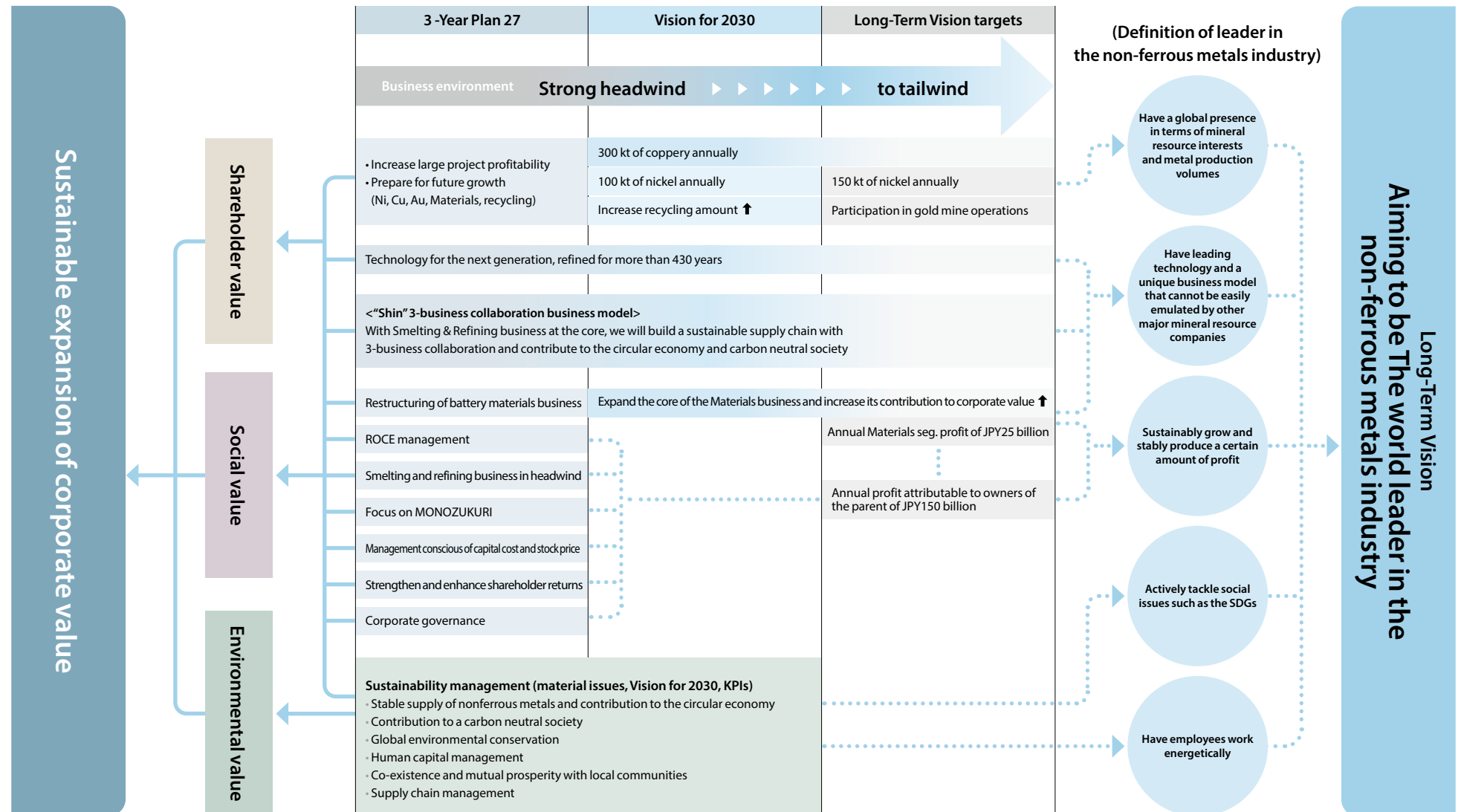
- Prolonged oversupply due to increased nickel production in Indonesia
- Slumping copper concentrate purchase terms (TC/RC) due to supply shortages and new copper smelter opens
- Drastic changes in the battery materials business environment
- Rising uncertainty in the global economic outlook
- Increases in capital expenditures and unit costs

While this challenging business environment, which could be characterized as a “strong headwind,” will persist for some time, we anticipate that a “tailwind” will manifest in the medium to long-term

- Demand for non-ferrous metals (copper/nickel) will continue to grow; supply will also increase, but suppliers who cannot withstand the price level will be eliminated (anticipated balance after 2030)
- TC/RC will also return to a level where supply (production of smelters) can be maintained to meet demand (anticipated situation after 2030)
- Trends such as carbon neutrality, xEVs, hydrogen economy, and the use of AI will advance steadily, increasing uses for materials business products

3-Year Business Plan 2027

Overall Picture of Long-Term Plan



3-Year Business Plan 2027

Key measures

Measures	Initiatives	Refer to this page for more details
1. Addressing Changes in the Business Environment	1. Realization of contributions by the Quebrada Blanca Copper Mine and Cote Gold Mine <ul style="list-style-type: none"> Working with joint venture partners to stabilize operations and further improve production efficiency 	P.61
	2. Rebuilding the Battery Materials business <ul style="list-style-type: none"> Switch to High-Ni cathode materials Rebuilding the structure to match the business scale and focusing on thorough efficiency improvements and cost reductions 	P.68-70
	3. Enhancing the competitiveness of the Smelting & Refining business <ul style="list-style-type: none"> Ferronickel structural reform: New nickel matte production furnace. Production of nickel matte in addition to ferronickel to improve the capacity utilization of existing facilities CBNC: Focus on reducing costs and further improving production efficiency. With the final stage of the CBNC project, cease of production is expected in 3-Year Plan 30 Continuing copper smelting & refining operations at full capacity. Enhancing technological capabilities to strengthen competitiveness 	P.63-66
	4. Business portfolio management (promoting ROCE management) <ul style="list-style-type: none"> Actions to be taken for businesses that do not achieve the ROCE benchmark during the 21 3-Year Plan period <ul style="list-style-type: none"> Ferronickel business (Smelting & Refining): Operation of the nickel matte production furnace is scheduled to begin at the end of FY2027 LT/LN business (Advanced Materials): Improve production efficiency and reduce costs by consolidating production bases and utilizing proprietary production processes Review of ROCE benchmark <ul style="list-style-type: none"> We will set the ROCE benchmark for the 3-Year Plan 27 period at 6.5% (5.5% during the 21 3-Year Plan period) based on current WACC conditions 	P.31
2. Preparing for Future Growth Initiative themes	1. Promotion of growth strategies <ul style="list-style-type: none"> Kalgoorlie Nickel Project Goongaree Hub (Australia) Winu Copper-Gold Project (Australia) Securing new ore sources (nickel, copper, gold) 	P.59-62
	2. Lithium-ion secondary battery recycling <ul style="list-style-type: none"> Promotion of recycling plant construction. Operation is planned to start in FY2026. 	P.67
	3. Strengthening advanced materials business <ul style="list-style-type: none"> SiCkrest® bonded SiC substrate SOLAMENT® near-infrared absorbing material 	P.71-73

3-Year Business Plan 2027

Key measures

Measures	Initiatives	Refer to this page for more details
3. Assets, Technology, and Human Resources to Support Sustainable Growth	1. Focus on <i>MONOZUKURI</i> • Refining <i>MONOZUKURI-RYOKU</i> (earning power) not only at manufacturing sites but also across all business activities Evolving and deepening business model, maintaining and strengthening relationships of trust with partners, procurement cost reduction, development of efficient manufacturing processes, acquisition of intellectual property rights, equipment/operation problem reduction, occupational accident reduction, X-MINING (an initiative to cocreate new value), brand power improvement, proper budget management, thorough risk management and compliance, fostering and instilling a free and open corporate culture, etc.	—
	2. Digital transformation (DX)	P.80-86
	3. Human capital management	P.88-94
4. Maintaining and Strengthening of the Management Base	1. Sustainability Management	P.33-40
	2. Carbon Neutrality	P.100-102
	3. Management with an Awareness of Capital Costs and Stock Prices	P.31.52
	4. Strengthen and Enhance Shareholder Returns	P.53
	5. Corporate Governance	P.112-125

3-Year Business Plan 2027

Key Management Indicators

Profit before tax	Capital expenditures/ Investment and financing	Strengthening and upgrading shareholder returns
<p>FY2027: JPY 140.0 billion</p> <ul style="list-style-type: none"> Realization of contributions by the Quebrada Blanca Copper Mine and Cote Gold Mine Establishment of a system for the Smelting & Refining business aimed at realizing a circular economy Battery Materials business undergoing structural reform Growth of the Advanced Materials business 	<p>3-Year Plan 27 aggregate: JPY 437.0 billion</p> <p>Future Investment*1: JPY46.0 billion Growth investment: JPY150.0 billion Investment in maintaining and updating facilities: JPY241.0 billion</p> <p>Ensure steady execution for the next stage of growth</p> <p>*1 Green innovation + DX investment</p>	<p>In principle, dividends from surplus shall be paid at a consolidated dividend payout ratio of 35% or more, with a lower limit indicator of</p> <p>DOE2.5%.*2</p> <p>*2 Annual total dividends ÷ (total equity attributable to owners of the parent at the end of the previous fiscal year - other components of equity at the end of the previous fiscal year)</p> <p>Flexible purchase of treasury shares</p>

Consolidated results

JPY billions

	3-Year Plan 27 FY2027	FY2024 result	Change
Net sales	1,380.0	1,593.3	(213.3)
Profit before tax	140.0	31.4	108.6
Equity method profit/loss	46.0	8.7	37.3
Net income attributable to owners of parent	98.0	16.5	81.5

Segment profit/loss

JPY billions

	3-Year Plan 27 FY2027	FY2024 result	Change
Mineral Resources	120.0	101.8	18.2
Smelting & Refining	4.0	(7.1)	11.1
Materials	13.0	(54.2)	67.2
Other and Adjustments	3.0	(9.1)	12.1
Total	140.0	31.4	108.6

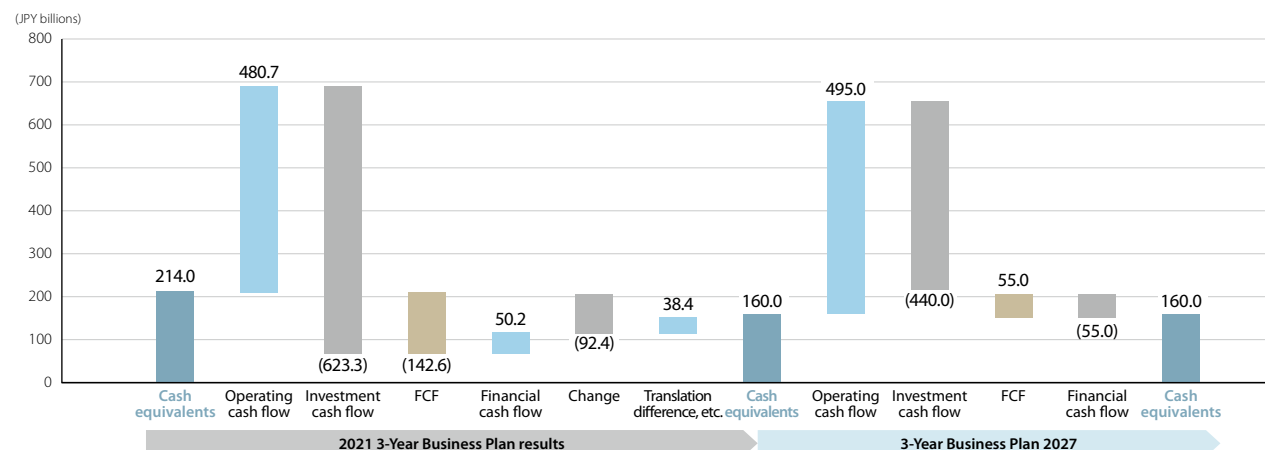
Segment ROCE

	3-Year Plan 27 FY2027	FY2024 result (preliminary figures)	Change
Mineral Resources	8.1%	5.4%	2.7pt
Smelting & Refining	0.3%	—	—
Materials	2.9%	—	—
Company-wide basis	4.4%	0.8%	3.6pt

Assumptions for metal prices and exchange rates during 3-Year Plan 27 period

	3-Year Plan 27 FY2027	FY2024 result	Change
Copper (\$/t)	9,400	9,370	30
Nickel (\$/lb)	7.50	7.51	(0.01)
Gold (\$/toz)	2,400	2,585	(185)
Exchange rates (JPY/\$)	140.00	152.58	(12.58)

Cash flow



3-Year Business Plan 2027

Future Vision: Vision for 2030/ Profit/loss at realization of Long-Term Vision

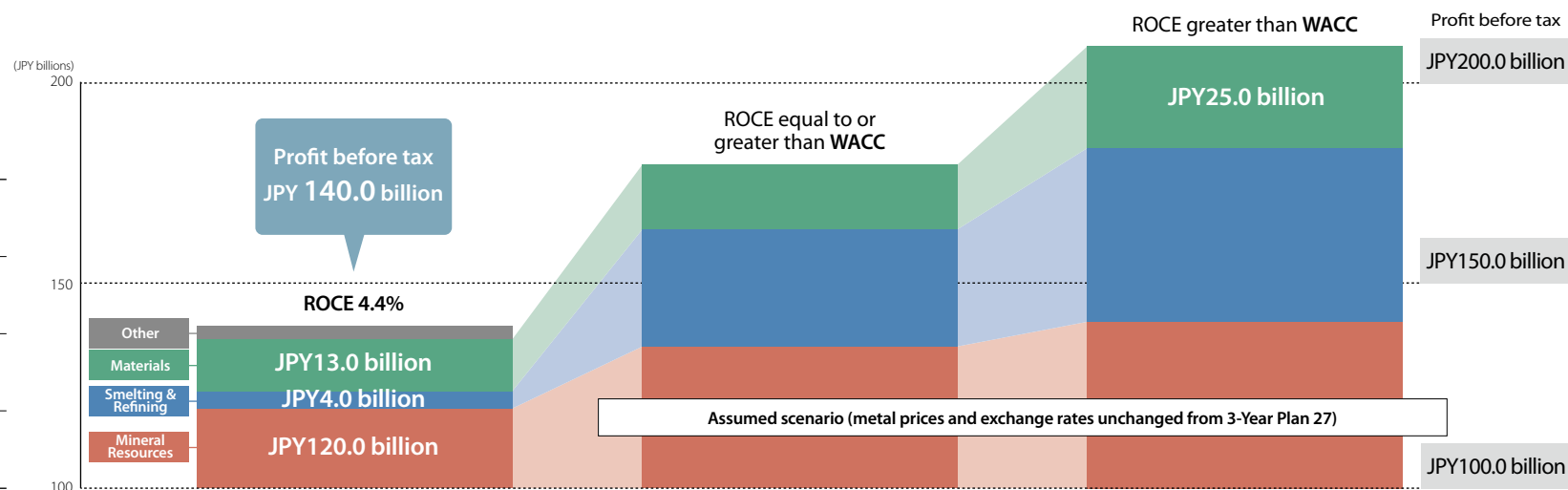
While we anticipate that the challenging business environment will persist throughout the 3-Year Plan 27, we also expect non-ferrous metal prices to recover and TC/RC to improve to appropriate levels in the medium to long term, alongside an improvement in the supply/demand balance. We have estimated

the projected profit/loss scenario at achievement of the goals of our Vision for 2030 and our Long-Term Vision under this renewed "tailwind" business environment. We have based metal prices and exchange rates on the assumptions under the 3-Year Plan 27, reflecting an anticipated recovery of TC/RC.

	3-Year Plan 27/FY2027	Achievement of the Vision for 2030	Achievement of the long-term vision
Copper Interest Production	250 kt/year	300 kt/year	300 kt/year
Nickel Production	80 kt/year	100 kt/year	150 kt/year
			Gold Participation in new mine operations
			Materials Profit before tax: JPY25.0 billion/year

Assumption (=3-Year Plan 27)

Copper price (\$/t)	9,400
Nickel price (\$/lb)	7.50
Gold price (\$/toz)	2,400
Exchange rate (JPY/\$)	140.0



3-Year Business Plan 2027

Management Conscious of Capital Cost and Stock Price

SMM recognizes that the persistent decline in our PBR to below 1.0x stems is mainly from the following factors: first, the time required to reap the full benefits of strategic investments made under the 21 3-Year Plan; and second, the diminished valuation

of our business model in the context of heightening uncertainty surrounding market conditions for non-ferrous metals and highly-advanced materials.

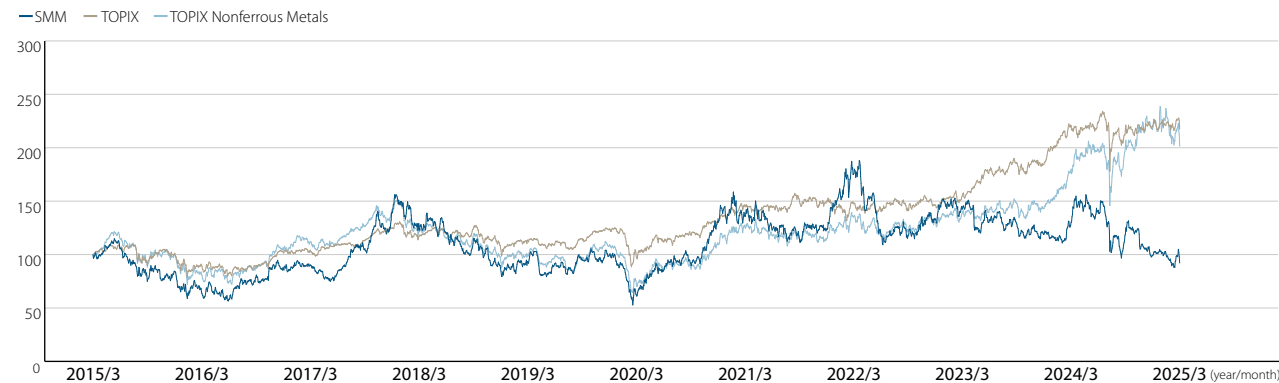
While we concentrated management resources on growth investments during the 21 3-Year Plan, we recognize that our growth strategy was in its early stages. Consequently, we were unable to adequately respond to market demands for enhanced shareholder returns and our attempts to account for this matter were insufficient.

We are aware that WACC is currently around 6-7%, while shareholders' cost of capital is around 8-9%. Considering the challenging business environment projected for the period of the 3-Year Plan 27, ROCE and ROE for FY2027, the final year of the plan, are not expected to reach the cost of capital.

We will steadily execute the 3-Year Plan 27, the term of which we are positioning as a three-year period to overcome our most pressing challenges and lay the foundation to achieve our long-term vision. We are also committed to pursuing improved capital efficiency while maintaining a sound financial standing with an eye toward our next growth investments.

Furthermore, by building a sustainable supply chain through 3-business collaboration with Smelting & Refining business at the core, we will establish and strengthen the "Shin" 3-business collaboration business model that will contribute to the realization of a circular economy and carbon neutral society while strengthening and upgrading shareholder returns with consideration for our financial strategy and capital allocation.

Share Price (Share prices calculated with share price at the end of March 31, 2015 set to 100)



Share Price Performance (TSR)

Investment period	1 year	3 years		5 years		10 years	
	Cumulative and Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
SMM	(27.0%)	(40.7%)	(16.0%)	83.7%	12.9%	25.4%	2.3%
TOPIX	(1.5%)	47.2%	13.8%	113.4%	16.4%	117.4%	8.1%
TOPIX Nonferrous Metals	11.8%	49.0%	14.2%	166.1%	21.6%	101.4%	7.3%

Source: Bloomberg

*1 TSR (Total Shareholder Return): Calculated using $[(\text{share price at the end of the fiscal year ended March 31, 2025}) - (\text{share price at the end of the fiscal year X years previous to the fiscal year ended March 31, 2025}) + (\text{total cash dividend per share for the relevant period})] \div (\text{share price at the end of the fiscal year X years previous to the fiscal year ended March 31, 2025})$.

*2 TOPIX and TOPIX nonferrous metals use indices that include dividends, and accordingly, dividends are not added to the calculation

Major Initiatives

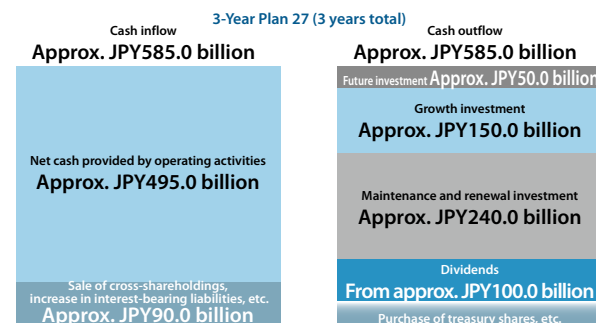
- Invest in growth areas while maintaining financial soundness
- Enhance *MONOZUKURI-RYOKU*, and thoroughly eliminate *Muri*, *Muda* and *Mura* (non-value adding, wasteful, and uneven production activities)
- Pursue capital efficiency, including streamlining inventory assets and reducing cross-shareholdings
- Improve capital efficiency by promoting ROCE management
- Revise our shareholder return policy
- Strengthen sustainability management to achieve our Vision for 2030
- Further enhance communication with the market, including improving disclosure of information on growth businesses

3-Year Business Plan 2027

Capital Allocation

Including the Quebrada Blanca 2 Copper Mine Development Project, which we acquired an interest in FY2018 and began operation in 2024, and the Cote Gold Mine, which we commenced construction on in 2020 and began operating in 2024, we have had an ongoing series of large-scale investment and financing starting with our 18 3-Year Plan and continuing up through our 21 3-Year Plan, causing cash outflow to stay at a high level. However, with operations commencing at both mines, we will enter the phase when they will become substantial profit contributors during the 3-Year Plan 27. As for our next-phase growth investment projects, full-scale investment in both the Winu Copper-Gold Project, which is currently under consideration, and the Kalgoorlie Nickel Project is expected to commence during the 3-Year Plan 30 or thereafter. We will make sure to implement investments necessary for the future growth during our 3-Year Plan 27. However, considering circumstances such as these, we will raise our DOE lower limit for dividends to 2.5% to bolster shareholder returns. At the same time, following

Cash Inflow/Cash Outflow



our implementation of a purchase of treasury shares from May to August 2025, we will continue to maintain flexibility in conducting further such purchases going forward.

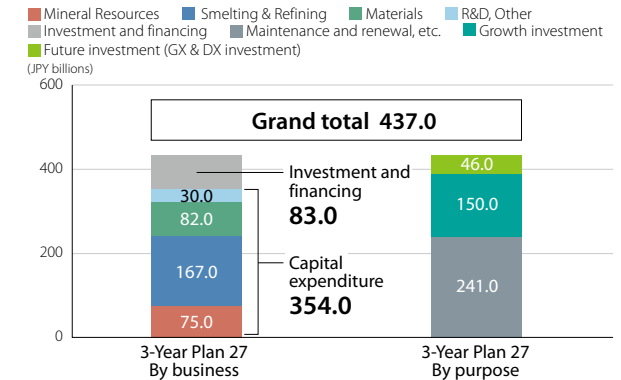
Cross-shareholdings

We will continue to sell shares positioned as cross-shareholdings as we move forward, with the aim of reducing the ratio of cross-shareholdings to 10% or less of consolidated net assets, excluding PT Vale Indonesia (PTVI), by the end of March 2028. After that, we will aim to maintain the ratio at 10% or less, even with the inclusion of PTVI shares. We expect that interest-bearing liabilities will rise due to procurement and debt exceeding repayment obligations. [P.125](#)

Capital expenditures/Investment and financing

We are planning capital expenditures and investments and financing totaling JPY437.0 billion during the 3-Year Plan 27. We have also scheduled major growth investments for the Winu Copper-Gold Project and the Kalgoorlie Nickel Project (both in Australia), the construction of a nickel matte production furnace at Hyuga Smelting Co., Ltd., as well as investments related to the switch from existing Lithium Nickel-Cobalt-Aluminum Oxide (NCA) to High-Ni NMC in the Battery Materials Business. In addition to these projects, we intend to implement systematic investment to maintain and update facilities, as well as future investment such as that in Green Transformation (GX) and Digital Transformation (DX).

Capital Expenditure/Investment and Financing (By Business and Purpose)



Return to Shareholders

For shareholder returns, we have previously adhered to the principle of maintaining a dividend payout ratio of 35% or more. However, starting from FY2023, during the 21 3-Year Plan, we set the lower limit of our DOE to 1.5% or more.

During the term of the 3-Year Plan 27, in addition to maintaining our dividend payout ratio at 35% or more, we will raise the lower limit of our DOE to 2.5% or more, commencing with the dividend for the year ended March 31, 2026 (FY2025). We have also elected to calculate DOE as 2.5% of the difference of equity attributable to owners of the parent at the end of the previous fiscal year and other components of equity in order to mitigate forex and other factors causing temporary fluctuations in market conditions. Consequently, we have forecast the dividend for FY2025 (May) at JPY131 per share.

Financial Strategy

Basic Policy

As the non-ferrous metals that the SMM Group deals in are resources that can become depleted, we must constantly think about acquiring new resource interests and be prepared to participate in large-scale development projects or carry out M&As. Mineral resources and smelting & refining development projects, including the construction of new smelters and refineries, involve relatively long periods of time between execution and recovery of investment. In addition, the development of new resources is becoming increasingly difficult due to higher altitudes and greater depths, and in recent years, costs for material, labor, and so on have risen, causing investment amounts to soar. Accordingly, given the nature of our businesses, it is important to maintain a sound financial position that can withstand large temporary cash outflows. Based on this thinking, we set a consolidated equity ratio (ratio of equity attributable to owners of parent to total assets) of 50% or more as a foundation for our financial strategy.

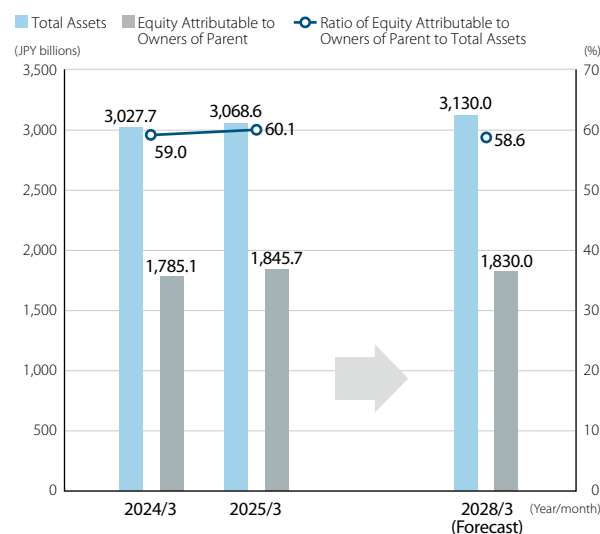
Forecast as of March 31, 2028

At the end of March 2028, the final year of our 3-Year Plan 27, we anticipate that our consolidated equity ratio will fall by 1.5 points from the end of March 2025, the final year of our 21 3-Year Plan, due to our efforts to bolster shareholder returns and our forex assumption that the yen will gain in strength.

For the sake of preparing for the various projects that we are reviewing for our 3-Year Plan 30 and beyond and for other new projects, we will continue maintaining a consolidated equity ratio of 50% or more as our basic policy. Once we have ensured

that sound financial position has been preserved, we will also endeavor to bolster shareholder returns.

Total Assets, Equity Attributable to Owners of Parent, and Ratio of Equity Attributable to Owners of Parent to Total Assets



Outside Directors' Tripartite Discussion

Deepening discourse to enhance corporate value and envisioning the ideal form of the Board of Directors

Taeko Ishii

Outside Director (center)

Ms. Ishii registered as a lawyer in 1986 and is a member of the Dai-Ichi Tokyo Bar Association. She is particularly knowledgeable about legal practice concerning labor issues and has written many published works. She has served as an outside director of SMM since 2018, making proposals mainly about compliance and the empowerment of women.

Manabu Kinoshita

Outside Director (right)

Mr. Kinoshita has served in various positions, including senior executive vice president of NEC Corporation. He has been an outside director of SMM since 2020, making proposals that capitalize on his knowledge of the digital field and experience in the development of solutions through joint creation with other industries.

Koji Takeuchi

Outside Director (left)

Mr. Takeuchi played a leading role in the electronic materials business of Ajinomoto Co., Inc. and its group companies. He has been an outside director of SMM since 2024, utilizing his rich knowledge and experience in the field of electronic materials and making proposals relating to R&D and the Materials Business.



Outside Directors' Tripartite Discussion

The individual thoughts of the outside directors concerning FY2024 results and issues

Kinoshita: In a nutshell, FY2024 was a year of much soul-searching. Being the final year of the 2021 3-Year Business Plan [21 3-Year Plan; FY 2022–24], it was an important year for questioning our plans. Unfortunately several of our goals were not achieved, and our share price continued to stagnate. There were various background reasons for this sluggish share price: for example, the schedule delays in our overseas mine development projects, and our tardy response to environmental changes as symbolized by impairment loss of the battery materials business. At the end of the day, however, I think the main reason is that we failed to get the capital market and investors to understand SMM's growth strategy. As a member of the Board of Directors, I feel responsible in this respect.

Ishii: As Mr. Kinoshita said, owing to the delays in overseas projects and other factors, a sense of future uncertainty has continued over the past few years. But my impression is that things have calmed down since the end of last year, and at last we have emerged from what has been a long tunnel. I hope that it will be harvesting time soon. At the same time, though, the immediate business environment is severe, so I think we must continue to be on our guard.

Takeuchi: I joined the Board of Directors in June of last year. As my honest impression of the Board of Directors, I feel that there should be more opportunity for discussions about specific businesses. Although I worked for a food product company previously, I was engaged in the electronic materials business, a domain that differed from its main business, and I think my experience has plenty in common with SMM's Materials

Business. Therefore, I think I can make effective proposals as an outside director.

What role did outside directors play in the process of compiling the new 3-Year Business Plan?

Kinoshita: Regarding Mr. Takeuchi's comment about the need for more discussions, we have broadcast this matter in the evaluation of the effectiveness of the Board of Directors and so on. As a result, in the process of compiling the 3-Year Business Plan 2027 [3-Year Plan 27; FY 2025–27], we were able to have discussions from wide-ranging perspectives, including issues and reflections on the 21 3-Year Plan. I think that point deserves praise. For example, regarding the PBR below 1.0x, we held repeated discussions about a management perspective that takes account of capital cost and share price, debating such matters as the present state of capital cost, and those discussions led to compilation of the 3-Year Plan 27.

Ishii: My impression also was that it was an extremely thoughtful compilation process. The supply of information was mindful from the stage of preparing for discussions, and the opportunities for discussions and time provided were plentiful. I think the results are evident in the output.

Kinoshita: I think three points were given particular emphasis in the compilation: First, as shown by recent comments about the importance of human capital management, the growth of employees leads to growth of the Company. Second, the business portfolio must be optimized through ROCE [return on capital employed] management. Finally, work reform involving DX [digital transformation] is essential to make our employees



nimbler. What do you two think?

Ishii: I devoted a lot of attention to human capital management too. During the 21 3-Year Plan we did tackle revision of the personnel system for managerial track employees. But SMM is a company with a long history, so reform is difficult. And attitudes differ on how to take in a new system. Continued discussions are needed to come up with a system that pleases everyone.

Kinoshita: In practice it is our employees who implement the policies outlined in the business plan, so we need to explain things carefully so that every employee is convinced of the content and its significance and see themselves as stakeholders.

Takeuchi: I was particularly interested in the Materials Business. To use some harsh language, it seems to me that employees in this business have an attitude of concentrating too much on the

Outside Directors' Tripartite Discussion

work immediately before them. Especially in R&D, you need to have a stance of foreseeing trends and developing the required technologies ahead of society. In addition, it is necessary to look at the industry as a whole, be aware of our differences compared with rival companies, and focus on areas in which we can display a competitive advantage.

Ishii: Mr. Takeuchi has many years of experience in steering R&D on the ground, so that comment comes straight from the horse's mouth! Whether or not they have such a stance greatly influences employees' motivation, doesn't it?

Takeuchi: Motivation is not going to rise with research that just tries to catch up with the leading technology of other companies. If you want to become the foremost presence in some field, it is necessary, ahead of other companies, to get a hold on information about needs that have not yet surfaced in society and respond. If they set about their work with an attitude of capitalizing on their strengths to create things that do not yet exist in the world, the morale of the R&D team should increase naturally. I want to demonstrate the experience I had in my previous job to provide support in this respect.

What is the ideal form of the Board of Directors to contribute to enhanced corporate value?

Kinoshita: The non-ferrous metal resources handled by SMM are essential for the solution of social issues. But resources are finite, and looking from a global perspective, securing them is going to become increasingly difficult from now on. As stated in the 3-Year Plan 27, continuing to fulfill our mission as a social infrastructure company while emphasizing the perspectives of a circular

economy and carbon neutrality will lead to the enhancement of our corporate value.

Ishii: That said, as shown by our share price recently, the fact is that SMM's corporate value is not being properly appraised by the capital market. We have tried to enhance shareholder returns in recent years, but my impression is that our efforts have been rather textbookish and have not resonated very much in the market. Indeed, the market has a grim view of future trends in the battery materials business and so on.

Kinoshita: The enhancement shareholder returns is important, of course, but I don't think that is the essence. Naturally, how much you can earn from your main business is the top priority. In addition to polishing our MONOZUKURI-RYOKU [manufacturing and operational capabilities] and building a setup that constantly yields a profit, the important thing is to make investors feel that this company has a bright future. In this sense, I think the ideal form of the Board of Directors is being questioned.

SMM adopts a management model in which the Board of Directors is the decision-making body. Because the Board of Directors engages in repeated discussions and makes decisions in the name of everyone, it tends to be unclear where responsibility lies, and the speed of management can slow down. I think we should change to a setup in which authority is delegated to executives who are required to make decisions speedily on the ground and the Board of Directors takes care of larger policies and strategies.

Ishii: I agree that the present management model has reached its limits. SMM's businesses all require expert knowledge and experience on the ground, so, to be honest, it is difficult to have practical discussions in the Board of Directors. As Mr. Kinoshita says, we should move in the direction of entrusting management

to worksites and emphasizing monitoring in the Board of Directors.

Kinoshita: Since entrusting actual business to the executive side is the only way forward, we are moving in the direction of discussing in the Board of Directors how to respond to requests from stakeholders.

I think the biggest issue in the present Board of Directors is its tardiness in responding to change. Compared with the Mineral Resources Business and the Smelting & Refining Business, the Materials Business in particular faces a volatile market, so a mechanism is required in which authority is delegated to people on the ground to raise the speed of management, and risk management is firmly in place too.

Takeuchi: Absolutely. In the Mineral Resources Business and Smelting & Refining Business the products that are handled, such



Outside Directors' Tripartite Discussion

as copper and nickel, are decided, and we compete over quality, price, and so on. But in the Materials Business, by contrast, the starting line for our thinking is the question of what products are required. The business models are essentially quite different, so naturally a mechanism is needed in which authority is delegated in each business and decision making is carried out on the ground by each one.

Kinoshita: To be even sterner, I would say that SMM's sales at present are no more than just waiting for customers to make requests. Listening to the requirements of customers is important, of course. But particularly in the Materials Business, an approach of creating value ourselves that is useful to customers and making proposals accordingly is needed. For this purpose, as I have said time and time again, it is necessary to increase customer contact points and to have diverse customer contact points, including overseas. By repeating a creative dialogue with customers, including dialogue involving top management, and strengthening proposal activities, we should be able to build win-win relations with them.

Ishii: While we want the Mineral Resources Business to take a broad view, as the two of you have pointed out, we want the Materials Business to speed things up. That's the tricky part. I think we must give even more thoughtful explanations so that the capital market understands these unique business characteristics at SMM.



The role that each outside director can play toward future growth

Kinoshita: Although I said some harsh things, I do think that SMM is an extremely good company. The employees are serious and honest. Perhaps because it is a company with traditions, though, they also tend to be on the conservative side, which can lead to a wait-for-instructions attitude. On this point, as a measure for human capital management, the 3-Year Plan 27 includes activities to improve engagement. I welcome this as a big step forward. Engagement is closely associated with an open and vibrant organizational climate. I hope that this engagement will foster a challenging organizational culture that encourages employees to think for themselves and implement ideas with responsibility.

Capitalizing on the experience I gained in my previous work, I want to contribute to a reform of attitudes so that our employees see work as something that is "tough but enjoyable."

Takeuchi: I always say that work must be enjoyable. Innovation does not come from instructed tasks. If employees engage in their work with the idea that "If I change my work like this, I can change the world like this," then work naturally becomes enjoyable. SMM has always had talented employees, so if the number of employees engaging in their work with this kind of attitude increases, they are sure to grow even more.

Personally speaking, in my previous job I was involved mainly in areas that differed from the company's main business, and never once was I told what to do by the company. Recently I had the opportunity to talk to young employees about my experience, and they took it very positively. I think it is necessary to increase such opportunities to hear talks not only by us outside directors but also by more people from outside the Company.

Ishii: I also have been given the opportunity to talk to young female managerial staff, and I felt that many of them had an extremely forward-looking drive. In this day and age, I think "sustained growth" is synonymous with "reform" and "challenge," so we need to have more broad-mindedness to tolerate challenges by young employees, including failures. Reform is maybe difficult, because SMM is a company with a long history. But nevertheless, we must change what should be changed. In particular, I want to offer support so that the young generation can be adventurous.

Mineral Resources Business



Aiming for mine development and operation adapted to changes in our social environment

Hideyuki Okamoto,
Managing Executive Officer,
General Manager of Mineral
Resources Div.



Competitive Advantages in the Mineral Resources Business

- A portfolio made up of highly cost competitive assets (Large-scale deposits with abundant resources, good locations, advanced facilities, and good relationships with local communities)
- Advanced technological capabilities that enable effective operations under restrictive conditions
- Long-term relationships of trust and partnership with major mineral resource companies
- Organized and systematic development of human resources and cultivation of talented mining engineers with experience in domestic operating mines

Overview of FY2024

Looking back on FY2024, we see this as a year focused on expanding our portfolio and strengthening our partnerships with major resource companies. This included moving ahead with the ramp-up toward full production at the large-scale projects under the 21 3-Year Plan, namely, the Quebrada Blanca 2 Project (Chile) and the Cote Gold Development Project (Canada). We also engaged in initiatives for participation in the Winu Copper-Gold Project (Australia) to expand our copper interests.

For the Quebrada Blanca 2 Project, molybdenum concentrate production commenced in March 2024, with the first shipment of copper concentrate arriving at the Toyo Smelter & Refinery in May. A ceremony to mark the inaugural shipment was held with management from our partner, Teck Resources Limited, in attendance. Subsequently, the project achieved the completion conditions stipulated in the project finance agreement formulated for this initiative, culminating in the release of SMM's guarantee of obligation. We are currently working toward the early stabilization of operations, with the aim of establishing full-scale production capacity.

We commenced production at the Cote Gold Development

Project at the end of March 2024, and by August the average mineral processing volume over 30 consecutive days exceeded 60% of the design capacity, marking the transition to commercial production. During this period, in May, an opening ceremony was held at the mine site, at which, together with our partner IAMGOLD Corporation, we welcomed the Ambassador of Japan to Canada and representatives of the local community. Work is also underway in this project for the early stabilization of operations, with the aim of establishing full-scale production capacity. At the Hishikari Mine, we produced and sold 4.0 tons of gold as planned.

Among our major overseas operating mines, production declined at the Morenci Copper Mine (United States) due to continued lower material mined. However, this was offset by stable higher production at the Cerro Verde Copper Mine (Peru).

As part of our business development initiatives, we concluded a term sheet with the major multinational mineral resources company Rio Tinto PLC for SMM to acquire a 30% interest in the Winu Copper-Gold Project, which is held by Rio Tinto PLC, and initiated exclusive negotiations in December 2024. Additionally, we signed a letter of intent with Rio Tinto PLC with the aim of exploring broader strategic partnerships, specifically those involving the identification of commercial, technical, and strategic opportunities in base metals such as copper and lithium.

Mineral Resources Business

SMM's Understanding of the Business Environment for the 3-Year Plan 27

For new mine development, the obstacles to be overcome continue to rise, while competition for the acquisition of resources is intensifying. Obstacles include the rising difficulty posed by deposits occurring in increasingly remote and high-altitude locations, as well as increasingly lower ore grades; the soaring costs of development and construction; the imposing of export restrictions on unprocessed minerals and the increasing prevalence of high-value-added policies driven by resource nationalism; and difficulty obtaining operating licenses due to diversifying stakeholder values.

In addition, with critical minerals such as battery metals and rare earths gaining prominence as new strategic resources due to the rapid advancement of digitalization and decarbonization, supply risks attributable to strengthened export controls of some countries and efforts to corral critical minerals for the development of domestic industries are becoming apparent.

In response to these developments, nations are strengthening cooperation with other countries to secure critical minerals. Multilateral frameworks such as the Minerals Security Partnership (MSP) initiated and led by the United States as well as bilateral or multilateral agreements on mineral security between Japan, the United States, Australia, India, and EU nations are advancing, and we can anticipate that these efforts will intensify further going forward.

Meanwhile, reporting on the imposition by the United States of blanket tariffs on trading partners and import duties on metals such as steel, aluminum, and copper has caused temporary turmoil in commodity markets and introduced uncertainty into global markets. This heightened uncertainty will create imbalances which are not reflective of the dynamics of market

supply and demand, increasing the volatility of resource prices.

Given this state of affairs, the major resource companies which represent this industry have begun to review their portfolios in anticipation of changes such as those accompanying energy transition and now change their focus from the traditional business fields such as iron ore and various base metals toward copper businesses and battery minerals including lithium.

These circumstances mean that we will be required to secure resources stably over the long term, and to achieve this, SMM considers it imperative that we earn the trust of major resource companies as a business partner and collaborate globally to acquire resources.

Our Business Strategy Under the 3-Year Plan 27

We consider ensuring tangible contributions from the Quebrada Blanca Copper Mine and the Cote Gold Mine as the foremost priority of our business strategy under the 3-Year Plan 27. We will steadily execute the next phase of establishing a stable full-scale production system at both mines. We will furthermore proceed with debottlenecking to eliminate any impediments in capacity increase to achieve optimal production and steps toward

achieving subsequent expansion.

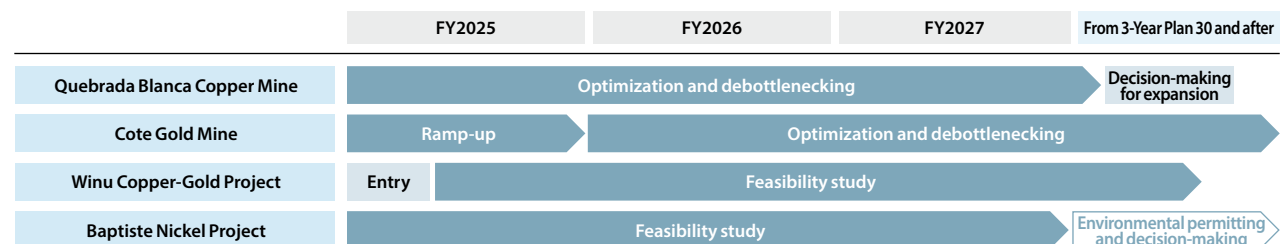
At our major overseas operating mines, we will enhance collaboration with our business partners to achieve stable operations and production, with an initial focus on improving operations at the Morenci Copper Mine, which has recently experienced persistently lower material mined.

At the Hishikari Mine, we will fully commit to efforts to expedite the transition to sustainability-oriented operations. We will promote the consolidation of infrastructure development to achieve long-term operations, while undertaking initiatives to secure mineral reserves for the maintenance of stable production, as an offset for declining ore grades, as part of our aim to achieve a "100-year mine life" at the mine.

We will also promote our ongoing exploration projects, lay the groundwork for future hands-on development and operations, and actively bolster the expansion project for the Quebrada Blanca Copper Mine and our contributions to the Winu Copper-Gold Project.

Furthermore, to secure nickel deposits, we will hasten the transition to the feasibility study stage for the Baptiste Nickel Project which we are furthering alongside Canada's FPX Nickel Corp., and actively set our sights on new participation opportunities in other sulfide exploration projects in Canada and Australia.

Timeline for Key Projects



Mineral Resources Business

Key Initiatives During the 3-Year Plan 27 Period

Early Stabilization of Contributions from Two New Mines

Quebrada Blanca Copper Mine

Ore throughput have exceeded design capacity for the first time since the commencement in November 2024 of operations at the Quebrada Blanca Copper Mine. All conditions for financial completion—including production indicators and costs stipulated in the project finance agreement formulated for this project—are met in 2025. Going forward, we will continue to engage in initiatives to address remaining operational challenges while striving for the early establishment of stable full-scale operations.

This mine is notable for its lengthy anticipated mine life of approximately 27 years of continuous operations, with copper production projected to range from 230,000 to 310,000 tons annually over the next four years.

We also plan to gradually increase processing capacities and are currently furthering studies toward achieving optimization of plant operations and debottlenecking to eliminate factors impeding efficient operations.

Cote Gold Mine

While the ramp-up of Cote Gold Mine is making progress, with the average ore throughput over 30 consecutive days achieving the design capacity of 36,000 tons/day in June 2025, we will aim to achieve our target of establishing stable full-scale production by the end of 2025.

In tandem with these efforts, work is underway to install additional crushers to increase crushing capabilities, which would constitute a bottleneck, with the aim of increasing processing volumes to exceed design capacities. We completed detailed design for another crusher in May 2025 and have now

commenced foundation work for the new facility. Extension work is scheduled for completion in October 2025. We are also exploring the extension of ancillary facilities with a view to potential future increases in ore throughput.

We will continue to actively proceed with further study for the Gosselin deposit neighboring the Cote Gold Mine as we could confirm certain degree of economic viability as a result of a preliminary survey conducted to evaluate optimal development methods and economic viability for deposit.

Promotion of New Projects

We began to engage in exclusive negotiations with Rio Tinto PLC regarding the acquisition of a 30% interest in its Winu Copper-Gold Project in December 2024, which culminated in mutual agreement on a definitive agreement in May 2025.

As of the end of 2024, Winu Copper-Gold Project, the estimated indicated and inferred resources total 741 million tons, with a grade of 0.40% copper and 0.33 grams per tonne gold, containing approximately 3 million tons of copper and 250 tons of gold.

Rio Tinto plc has commenced environmental permitting process in parallel with preliminary study, for development at an annual ore processing capacity of 10 million tons.

We set out the target of an annual copper production volume from our copper interests of 300,000 tons in our long-term vision, and anticipate that the addition of the Winu Copper-Gold Project to our portfolio, alongside the Quebrada Blanca Copper Mine, Morenci Copper Mine, and Cerro Verde Copper Mine will expand the copper production capacity of our copper interests.

We also anticipate an increase in gold production from our interests, driven by the addition of gold from the Winu Copper-Gold Project to that from the ongoing operations at the Hishikari Mine and Cote Gold Mine.



Winu Copper-Gold Project (photograph courtesy of Rio Tinto plc)

Mineral Resources Business

Assets Supporting Sustainable Growth

Hishikari Mine's Emphasis on Sustainability

Since it started operations in 1985, the Hishikari Mine (Kagoshima Prefecture) has produced approximately 273 tons of gold as of the end of March 2025. Worldwide, the amount of gold contained in gold ore (grade) is said to be 3–5 grams per ton on average. However, the Hishikari Mine is characterized by its high grade with 20 grams of gold per ton, or about five times the global average.

Hishikari Mine's annual gold production target for FY2025

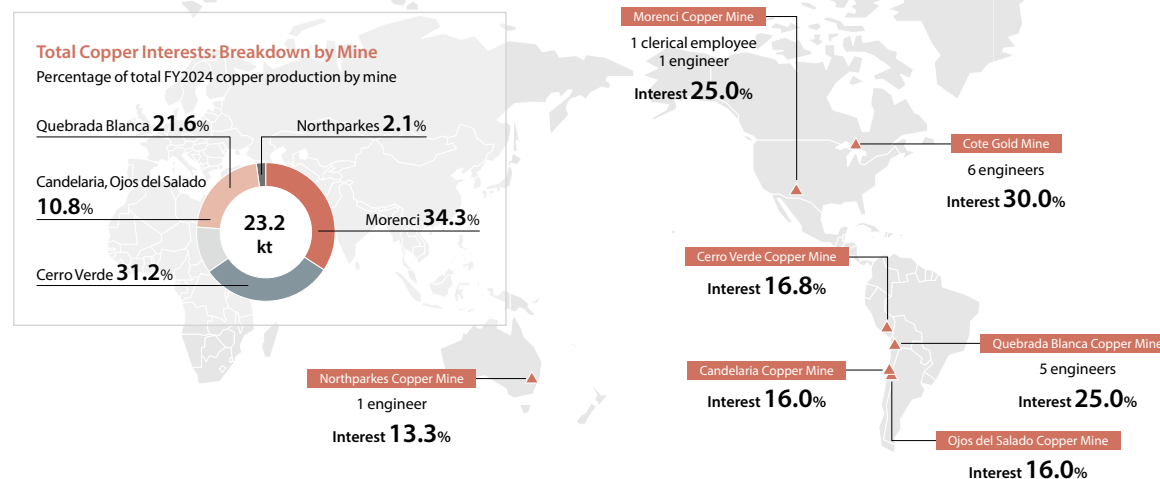
is 3.5 tons. While a decrease in production and sales volumes compared to the 21 3-Year Plan is projected under the 3-Year Plan 27, this reflects our sustainability-oriented operations based on mining at the average recoverable gold grade, and this approach enables effective utilization without wasteful leftovers for valuable resources.

Meanwhile, with approximately 40 years having passed since Hishikari Mine's opening in 1985, critical facilities are deteriorating. We are intensively promoting the replacement

of facilities while actively implementing cost reduction measures including introducing DX-related facilities, such as autonomous heavy equipment.

Our goals at the Hishikari Mine are both to maintain long-term operations and become a world-class mine, and to continue serving as a training ground for the development of human resources, namely at our "Mining School", where geologists, mining engineers and metallurgists hone the skills necessary for mine operations.

Overseas Mines and Staff Dispatched to Mines (As of August 1, 2025)



* Staff are also dispatched to joint-venture exploration projects and to research institutions.

High-quality Mines in which SMM Holds Interests

To achieve one of our long-term vision targets of 300 thousand tons of annual copper production from our copper interests, we will focus on maintaining stable production at the copper mines in which we hold interest by investigating and bringing to light challenges and enhancing our countermeasures against such challenges.

Low production volume and other matters at the Morenci Copper Mine (United States) and other mine are issues. We will address these challenges by establishing a shared awareness of issues as well as sharing their solutions with our business partners, strengthening monitoring, and consistently dispatching engineers and continuously proposing improvements.

We will continue to strive to reliably achieve planned production targets while maintaining stable operations.

Each of these copper mines is notable for the abundant potential they possess for further exploration, and we are committed to pursuing efforts to secure additional reserves to achieve extended mine life.

Smelting & Refining Business



Using our advanced technological capabilities to provide a stable supply of metal materials that support society

Masaru Takebayashi

Director,
Managing Executive Officer
General Manager of
Non-Ferrous Metals Div.



Competitive Advantages in the Smelting and Refining Business

- Technological capabilities, including HPAL technology, which we were first in the world to successfully put into practical use
- Production of high-purity nickel using a combination of HPAL technology and MCLE technology
- Stable procurement of raw materials based on SMM's superior mine interests overseas and relationships of trust with our partners
- High production capacity, and continuous expansion of those capacity, at the Toyo Smelter & Refinery

Overview of FY2024

In FY2024, we continued full-scale production as was the case in FY2023. However, production volumes of major products fell below planned levels due to facilities issues and raw material shortages. With the shortfall in planned production volumes, sales volumes also fell below planned values.

Below is an outline of three of our key topics for FY2024.

1. We commenced a definitive feasibility study (DFS) for the Kalgoorlie Nickel Project in Australia in May 2024, as a measure to secure raw materials for the establishment of a nickel business structure of 150 kt-Ni at a future point in time.
2. The spot market for treatment charges and refining charges (TC/RC), which are financing condition for copper concentrate purchases, recorded negative TC/RC (-4.3/-0.43) for the first time ever on April 20, 2024. This was caused by smelting and refining demand for copper concentrate remaining strong despite supply concerns for copper concentrate such as operations stoppages at copper mines and downward revisions to operations forecasts.

TC/RC signifies the processing fees received by smelting and refining companies and constitutes their major source of revenue.

A negative (minus value) TC/RC is indicative of an anomalous situation in which smelting and refining companies are paying to engage in their smelting and refining operations. However, even under negative TC/RC conditions, the supply and demand environment for copper concentrate remained tight, falling to -40.2/-4.02 by the end of FY2024.

TC/RC also signifies the status of revenue-sharing between mining companies and smelters. However, approximately 50-60% of the copper concentrate SMM utilizes is sourced from mines in which we hold interests, meaning that 50-60% of the impact of TC/RC is offset across the entire SMM Group. Meanwhile, SMM primarily procures copper concentrate based on long-term contracts, meaning that we are not directly impacted by TC/RC conditions in the spot market. However, the environment surrounding the copper-smelting business is becoming increasingly challenging.

3. In January 2025, we acquired shares in Coral Bay Nickel Corporation (CBNC) from Nickel Asia Corporation, to make CBNC a wholly owned subsidiary. Furthermore, following a comprehensive assessment of economic viability and considering the deteriorating business environment, including stagnating nickel and cobalt prices, rising production costs, and declining ore quality, we recorded an impairment loss of JPY51.2 billion for CBNC.

Smelting & Refining Business

SMM's Understanding of the Business Environment for the 3-Year Plan 27

Increased investment in EVs and renewable energy sources including wind and solar power is anticipated amid a decarbonization trend and significant growth in demand for copper, which is indispensable for the proliferation of associated technologies, such as power transmission cables, is anticipated over the medium to long term. To meet the rising demand for copper, smelters and refineries in China, Southeast Asia, and India are expected to come online in succession, with an accompanying expansion in copper metal production capacity anticipated. Conversely, it is increasingly difficult to develop new copper mines, limiting the number of copper mine development projects, with the current copper concentrate supply shortage expected to persist. Consequently, we assume that any recovery in TC/RC conditions will take some time.

A significant increase in demand over the medium to long term in the nickel is also anticipated, driven primarily by stainless steel and EV demand. However, in the short term, supply can be expected to maintain a surplus for the time being, due to increased supply in China and Indonesia, coupled with slowing adoption rates for EVs on the demand side. Accordingly, nickel prices will likely struggle to rise, and a recovery can be expected to take some time.

Our Business Strategy Under the 3-Year Plan 27

We will pursue improvements in our profit structure which will be essential to our survival in challenging business conditions.

In the nickel business, while deteriorating market conditions

are anticipated to continue for some time, we will proceed with the securing of raw materials, improving of processes, and materializing of plans for expanded production. Additionally, we will focus efforts on development of new nickel ore sources in Australia (the Kalgoorlie Nickel Project) and manufacturing of nickel mattes using raw materials such as ferronickel at the Hyuga Smelting Co., Ltd. as alternative raw materials in addition to the existing intermediate mixed sulfide (MS) produced using High Pressure Acid Leach (HPAL) technology from the Philippines.

In the copper business, we will continue improvements of facilities for the establishment of a system to increase electrolytic copper production (from 450 thousand tons per year to 460 thousand tons per year). We will also enhance our *MONOZUKURI-RYOKU* (manufacturing and operational capability) and improve productivity to enhance our competitiveness.

Additionally, for the reduction of our GHG emissions we will focus efforts on measures such as switching to low-GHG-emission fuels at some plants, acquiring non-fossil certification for electricity, and increasing the amount of low-carbon footprint (CFP) raw materials we process. We will also proceed with the construction of a battery recycling plant which will use used lithium-ion secondary batteries (LIB) as raw materials, construction

of which commenced in 2024, and develop our supply chains to contribute to the creation of a sustainable circular society through the realization of "battery to battery" horizontal recycling with partner companies in Japan and overseas.

Key Initiatives During the 3-Year Plan 27 Period

Toward enhancing competitiveness

Nickel smelting and refining: Initiatives to secure raw materials

Since commencing commercial production in 2005, CBNC, the MS plant in the Philippines which serves as SMM's source of raw materials for nickel smelting, has achieved major outcomes, including the world-pioneering commercial recovery of nickel and cobalt from low-grade nickel oxide ores using HPAL technology. To date, we have continuously undertaken initiatives to reduce costs and improve productivity, positioning this facility as a key supplier of raw materials for our nickel business. However, CBNC will enter its final phase, having operated for over 20 years since the project commenced and we will advance preparations

Timeline for Key Projects

		FY2025	FY2026	FY2027	From 3-Year Plan 30 and after
Enhancing competitiveness of copper smelting and refining (Toyo Smelter & Refinery)	Expanding production capacity	Expand production capacity to 460kt-Cu/year			
	Recycling systems	Establishing a processing system to recycle 140 kt/year of copper			
Enhancing competitiveness of nickel business	Kalgoorlie Nickel Project	DFS/FEED	Finalization	Construction	Start of operations
	Ferronickel structural reform	Construction of nickel matting furnace			Start of operations
	CBNC	Regular operations + Various studies toward ending production			End of production
Secondary battery recycling		Plant construction	Start of operations (maximum capacity of 10 kt/year)		Capability enhancement

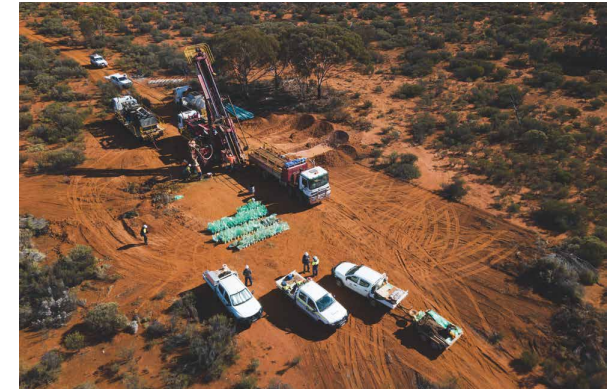
Smelting & Refining Business

in the run-up to the end of its operations during the 3-Year Plan 30 period.

The new source of raw materials we are planning to use is nickel matte scheduled for production at Hyuga Smelting Co., Ltd. Construction of the production facilities for this is scheduled to commence in 2025, with completion set for FY2027. Hyuga Smelting Co., Ltd. currently produces ferronickel, which it primarily sells to stainless steel manufacturers. However, upon completion of this capital expenditure, it will also become newly capable of producing nickel mattes using its own ferronickel as the main raw material while maintaining its existing production and sales of ferronickel.

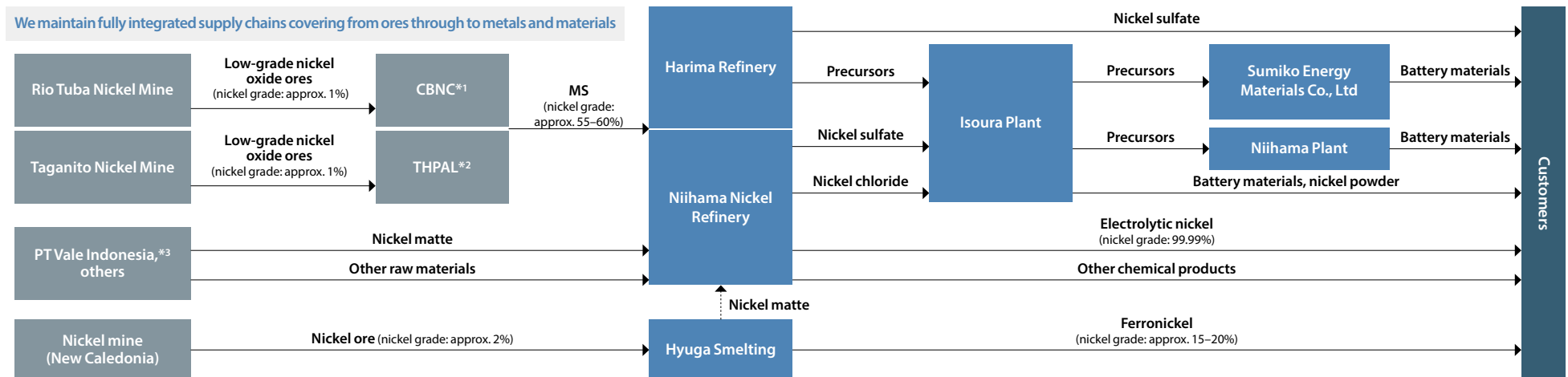
Additionally, in 2024, SMM and Mitsubishi Corporation

newly participated in the development of the Goongarrie Hub for the Kalgoorlie Nickel Project (Australia), which is wholly owned by Australian mining company Ardea Resources Limited. Assuming this project progresses according to plan, it is intended to proceed to the front-end engineering design (FEED) stage in FY2026 following the completion of DFS in FY2025, and to reach a final investment decision (FID) in 2027. Located in Western Australia, the Goongarrie Hub is a development project which possesses among the world's largest-scale natural nickel resources. There are expectations that it will produce approximately 30 thousand tons of nickel and 2 thousand tons of cobalt annually over a period exceeding 40 years.



Kalgoorlie Nickel Project (photograph courtesy of Kalgoorlie Nickel Pty Ltd.)

Supply Chains for Realizing a Stable Supply of Nickel



*1 Coral Bay Nickel Corporation (CBNC): Shareholders: Sumitomo Metal Mining Co., Ltd. (100%). Head Office: Rio Tuba, Bataraza, Palawan Province, Philippines.

*2 Taganito HPAL Nickel Corporation (THPAL): Shareholders: Sumitomo Metal Mining Co., Ltd. (75%); Mitsui & Co., Ltd. (15%); Nickel Asia Corporation (10%). Head Office: Taganito, Surigao del Norte Province, Philippines.

*3 PT Vale Indonesia Tbk: Shareholders: Vale Canada Limited (33.9%); Sumitomo Metal Mining Co., Ltd. (11.5%); others (54.6%). As of July 2024

Smelting & Refining Business

Copper Smelting and Refining: Initiatives Under Low TC/RC Conditions

While we are obliged to operate under historically low levels of TC/RC, for our copper business as a whole, collaboration with our Mineral Resources Business will partially offset the impact of low TC/RC on our Smelting & Refining Business. Toyo Smelter & Refinery, which boasts advanced production efficiency, with a flash furnace with a world-leading production capacity using a single-furnace as well as an electrolytic plant operating with one of the highest current densities* in the world, is maintaining full-scale production and remains a vital linchpin of the copper business supply chain. To further enhance profitability, we will

pursue high-efficiency, low-cost operations while focusing efforts on strengthening our ability to handle raw materials with high levels of impurities with favorable contracted sales terms.

Furthermore, we have set the goal of processing 140,000 tons per year of secondary copper materials (recycled materials: copper scrap such as used copper and sludge containing copper) by 2030, which represents 30% of the ratio of secondary material processing to electrolytic copper production of 460,000 tons per year. We undertook this goal from the perspectives of reducing the carbon footprint of electrolytic copper through increasing the ratios of recycled materials and securing copper sources in response to declining grades in copper concentrate.

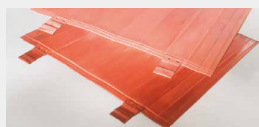
*A parameter expressing the current load during the electrolytic process to produce electrolytic copper



The recycled raw materials (secondary copper materials) to be utilized

SMM Group Refineries and Their Main Products

Toyo Smelter & Refinery



Electrolytic copper



Copper sulfate



Gold ingots



Slag sand

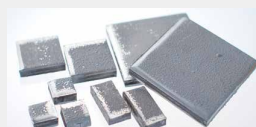


Gold shot



Silver shot

Niihama Nickel Refinery and Harima Refinery



Electrolytic nickel



Electrolytic cobalt



Nickel sulfate



Nickel chloride

Hyuga Smelting Co., Ltd.



Ferronickel shot



Green sand

Shisaka Smelting Co., Ltd.



Zinc oxide pellets

Coral Bay Nickel Corporation, Taganito HPAL Nickel Corporation



MS (Mixed Nickel-Cobalt Sulfides)



Scandium oxide



Chromite

Smelting & Refining Business

Circular Economy Initiatives

Resource Recovery Through Recycling of Lithium-ion Secondary Batteries

As automobiles undergo what is expected to be a rapid and long-term shift to electric drive and battery capacity becomes increasingly higher, demand is growing for the copper, nickel, cobalt, and lithium used in lithium-ion secondary batteries (LIBs) for electric vehicles, leading to calls for effective resource recycling.

Since 2017, SMM has been recovering and reusing the copper and nickel contained in LIBs through a process that combines the pyrometallurgical copper smelting processes of the Toyo Smelter & Refinery and the hydrometallurgical refining processes of the Niihama Nickel Refinery.

The recovered nickel is processed into a secondary battery cathode active material at the Isoura Plant, which has allowed us to realize Japan's first "battery to battery" horizontal recycling using materials recovered from used LIBs. SMM's LIB recycling process facilitates enables efficient processing of used LIBs with high impurity content by using our unique technologies that combining pyrometallurgical smelting and hydrometallurgical refining.

In 2022, through joint development with Kanto Denka Kogyo Co., Ltd., we established technology that recycles lithium from slag containing lithium into high-purity compounds, successfully developing a new process for horizontal recycling of copper, nickel, cobalt, and lithium.

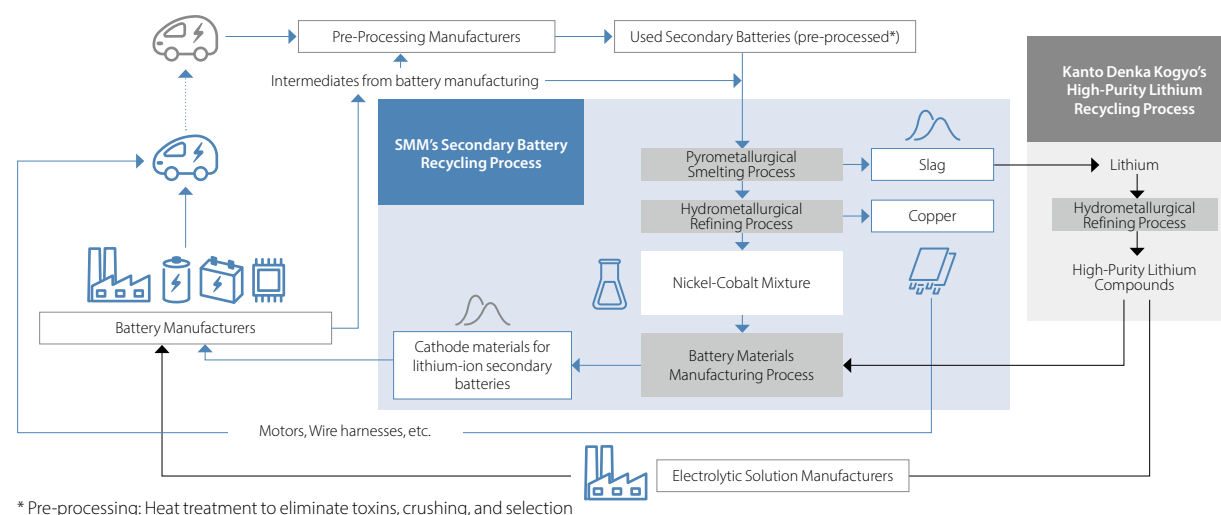
Furthermore, in March 2024, we have decided to construct recycling plants to recover copper, nickel, cobalt, and lithium from used LIBs and other materials on the grounds of the

Toyo Smelter & Refinery and the Niihama Nickel Refinery. Construction of the plants is scheduled to start in FY2024 (from April 2024 to March 2025) and be completed in June 2026. The capability of the facilities at the plants, which means the volume of raw material can be processed, is planned to be the equivalent of approximately 10,000 tons of LIB cells per year.

Their design takes into account handling the expecting future increase in used LIB and the metal recovery rate and recycled material inclusion rate defined in EU Battery Regulation in force since August 2023. The plants also incorporate the company's own technology for suppressing

CO₂ emissions, and it shall undertake further technology development and optimization with the goal of reducing its carbon footprint. Additionally, in conjunction with the construction of the plants, we have signed partnership agreements with leading recycling companies to establish a supply chain for used LIB recycling. With this as a spur, it shall work together with the partners and accelerate its studies on a collection system for used LIB.

We shall continue with its initiatives towards establishing an LIB recycling system, and shall contribute to the achievement of a sustainable circular economy.



Materials Business (Battery Materials)



Use accumulated technology to rebuild business

Munekazu Kawata

Executive Officer
General Manager of Battery
Materials Div.



Competitive Advantages in the Battery Materials Business

- Our own integrated nickel supply chain from ore and smelting & refining to battery materials
- Strong ties with Japanese manufacturers of automotive LIBs
- Development capabilities for new products and processes leverage accumulated technology in the materials business

Overview of FY2024

The global market for automotive lithium-ion secondary batteries (LIBs) has grown rapidly to date, driven by policies such as government subsidies of various countries that promote the adoption of electric vehicles (EVs). The global share of EV in global automobile sales has trended upward over the past several years, reaching 15% in the fourth quarter of 2024.

As EV demand has been met to some degree recently, however, the pace of market growth is gradually slowing.

In particular, the pace of EV adoption has slowed in Europe and North America, and countries are moving to revise related policies. In the U.S., for example, a presidential order eliminating mandatory EV requirements was signed in January 2025, while in Europe, Germany suspended EV subsidies and France reduced the scope of subsidy eligibility. As a result of these developments, the growth rate of EVs is trending downward.

Meanwhile, in China, EV sales continue to trend upward, in part due to the introduction of new policies in mid-2024 intended to promote vehicle replacement. However, effects from the trade policies of various countries have created uncertainty regarding the outlook for the LIB market for xEVs. Reports indicate that

China already possesses production capacity exceeding demand forecasts for several years ahead, clearly revealing a state of market oversupply. Consequently, both domestic and international players are revising their LIB-related investment plans.

Amidst this market environment, sales volumes of our battery materials (cathode materials) in FY2024 too were generally in line with the 21 3-Year Plan. To meet expected future growth in demand, we launched of a plant in Niihama, shipped certification samples in the summer of 2024, obtained customer plant certification in early 2025, and achieved mass production of 1,000 tons per month in the spring.

Going forward, we expect to shift our product types away from NCA (Aluminum cobalt lithium nickel oxide), our existing mainstay products, to high-nickel NMC products. In conjunction with this, we are proceeding with product development, establishment of mass production processes, and preparations for conversion construction work.

Also, LFP cathode materials have been expanding their market share in recent years due to their low raw material costs as well as advances in vehicle installation methods and fast charging technology. We are developing products and investigating mass production processes for LFP while conducting repeated discussions with multiple potential customers.

Materials Business (Battery Materials)

SMM's Understanding of the Business Environment for the 3-Year Plan 27

In 2024, global sales of new EVs were 10.96 million units. By OEMs share, Chinese manufacturers accounted for 55%, U.S. manufacturers 21%, European manufacturers 16%, and Japanese manufacturers 3%. By EV sales destination, China accounted for 66% (7.1 million units), followed by the U.S. at 11% (1.27 million units) and Europe at 10% (1.1 million units).

In response to expectations for EV market growth, companies primarily from China and South Korea have entered the battery materials business, with each actively pursuing investments to expand production capacity. However, as demand in the early stages of EV adoption has been largely satisfied, the EV market's growth rate has slowed, temporarily creating a state of overall production surplus.

There is the view that the cathode material market is also in a temporary stagnation phase, but the electrification of vehicles is expected to progress over the medium to long term in an effort to achieve a carbon neutral society, and the automotive LIB market is expected to continue expanding.

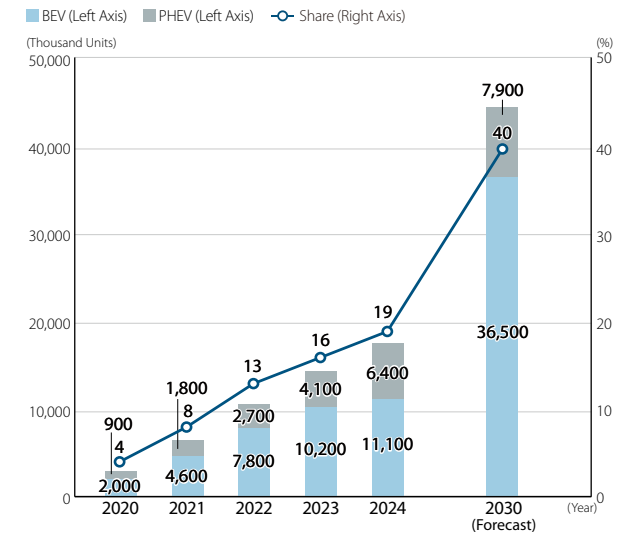
During the period of the 21 3-Year Plan, We established a production system with annual capacity of 60,000 tons of NCA cathode material equivalent by utilizing external resources. We have also actively introduced labor-saving and other measures using DX, constructed a new plant at Niihama, which increased our cost competitiveness and secured additional annual production capacity of 24,000 tons of NCA equivalent, with operations commencing in early 2025.

However, we expect that in the future there will be a transition from NCA, which is our existing mainstay product, to high-nickel NMC cathode materials, and in conjunction with this change, production capacity is expected to decline. As a

result, we recorded substantial impairment losses in the battery materials business at the end of FY2024.

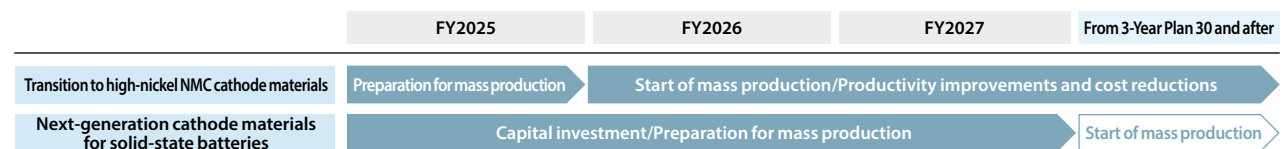
In the cathode materials business, there are numerous obstacles to new market entry, including customer-specific development, mass production technology, and specialized production facilities, and as a result, new market entrants are limited. To restructure our battery cathode material business, we are steadily advancing the transition to next-generation nickel-based products, such as high-nickel NMC cathode materials, while planning facility modifications in line with these developments. Production capacity is expected to temporarily decline during the transition to next-generation products, but we aim to enhance cost competitiveness and production capacity through improvements in mass production technologies and changes to our production systems. Furthermore, in addition to developing nickel-based cathode materials, we are also conducting R&D on cathode materials for solid-state batteries as well as LFP cathode materials, with the objective of meeting diverse needs and driving future business expansion.

BEV and PHEV Sales Volume and Share of Total Vehicle Sales



* Created by our company based on data from IEA Global EV Outlook 2024 and Marklines

Timeline for Key Projects



Materials Business (Battery Materials)

Key Initiatives During the 3-Year Plan 27 Period

Rebuilding the Battery Materials Business

- Responses to changes in product types
- Rebuilding systems in line with business scale
- Strengthening competitiveness and opening new routes by improving core technologies and using accumulated technologies
- Initiatives addressing next-generation technologies and continuous development of solid-state batteries and LFP cathode materials

Responses to Changes in Product Types

Regarding high-nickel NMC cathode materials, which are positioned as next-generation products, we plan to shift from the current continuous production method to a batch production method. The batch production method allows for more detailed adjustment of reaction times, enabling the production of products with more uniform particle size. Since it is necessary to reduce reaction speed, however, output per production cycle will decrease and overall production capacity is expected to temporarily decline. Going forward, we will advance the development of batch production technology with the objective of improving productivity.

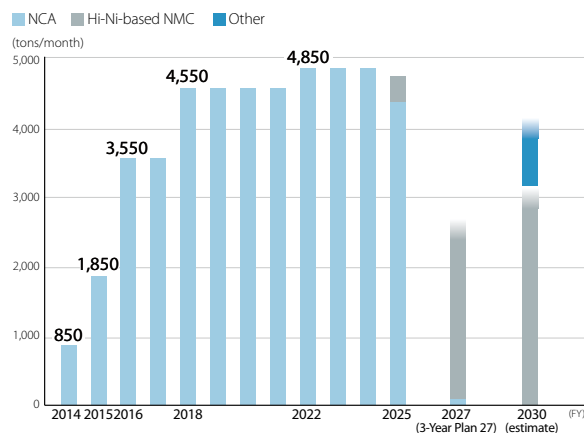
With the transition to high-nickel NMC cathode materials and next-generation products, production volumes are expected to decline, but we will review our production systems to increase efficiency and make efforts to reduce lead times (delivery times) and cut costs. In addition, to develop cathode materials that meet diverse customer needs, we are strengthening our in-house prototyping and evaluation systems. By expanding the scope of prototype cells and raising evaluation criteria, we will seek to

accelerate the development and evaluation cycle and enhance our ability to make proposals to customers.

Also, to reinforce our *MONOZUKURI-RYOKU* (manufacturing and operational capabilities), we have been advancing production innovation activities by introducing the Toyota Production System (TPS) and working to reduce inventory and shorten lead times. Going forward, we will use these prior initiatives as a foothold to expand measures to all sites and we will build autonomous inventory management systems in preparation for a more efficient pull-type production system.

We will also leverage the technologies developed in the Smelting & Refining Business to become the first in Japan to achieve “battery to battery” horizontal recycling from used secondary batteries. We are organically integrating the technologies and know-how of our three business segments to conduct R&D aimed at creating sustainable supply chains and achieving a circular economy. By fully utilizing these unique strengths, we hope to contribute to solving customer issues.

NCA, Hi-Ni-based NMC Production Capacity (including partner companies)

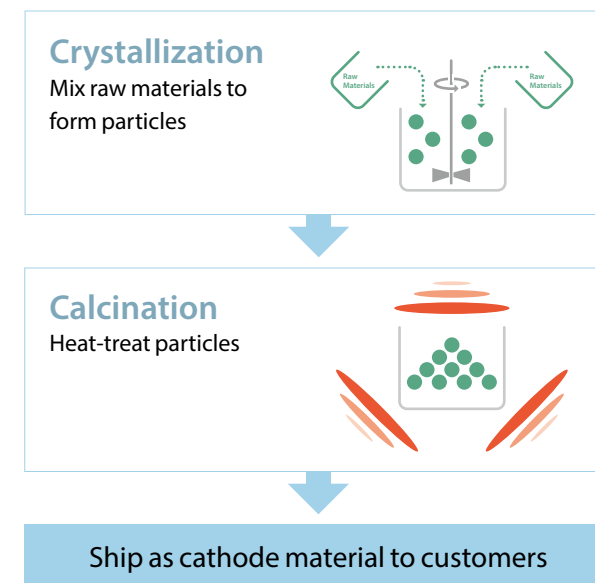


Initiatives for Next-Generation Technology

We are reinforcing the technological capabilities necessary for the development and mass production of cathode materials. Specifically, we seek to draw out the maximum performance of cathode materials by refining crystallization, firing, surface treatment, and other technologies and combining elemental technologies.

We will also make continuous efforts in improving mass production technologies and in research and development to raise our cost competitiveness. In addition, we will actively collaborate with outside companies that possess innovative technologies, such as Canada-based Nano One Materials Corporation, in which we invested in 2023, to increase the pace of technological development.

Production Flow of Battery Materials



Materials Business (Advanced Materials)



Aiming to be the lead runner in the market by adapting quickly to technological innovation and changing needs

Shinichi Sato

Managing Executive Officer
General Manager of
Advanced Materials Div.



Competitive Advantages in the Advanced Materials Business

- Provision of products by leveraging multiple core technologies (powder synthesis, surface treatment, and crystal growth and processing)
- Contributions to carbon neutrality through development and expanded sales of highly advanced materials
- Extensive lineup of products with potential for future growth

Overview of FY2024

In the electronic components industry surrounding our company during fiscal year 2024, adjustments to smartphone inventories built up during the COVID-19 pandemic response concluded, leading to increased shipment volumes and a robust demand environment. Additionally, demand for data center related applications, centered on generative AI servers, also increased.

Demand for automotive applications remained robust overall, as production volumes recovered with the easing of semiconductor shortages, despite a slowdown in the growth rate of EVs.

Under this business environment, we appropriately reviewed production plans in line with demand trends to avoid situations that could lead to reduced profits, such as missed opportunities and deteriorating asset efficiency due to inventory buildup.

While progress on some initiatives outlined in the 21 3-Year Plan has fallen behind schedule, we have steadily advanced measures related to new products and those with high growth potential.

Regarding Silicon Carbide (SiC), a key initiative, we advanced as planned toward building a mass production system with a

target capacity of approximately 6,000 8-inch equivalent wafers per month in FY2025. Also, regarding CWO™(near-infrared absorbing nanoparticles), we are developing the SOLAMENT™ brand for applications other than window films and cultivating new markets in apparel, agriculture, and other sectors.

Regarding Faraday rotators (FR) in the communications device business, we worked to address increased demand for use in data centers.

Measures to improve productivity using the Toyota Production System (TPS) in the thick film paste business (Ome District Division) and the crystal materials business (Sumiko Kunitomi Electronics Co., Ltd.), both of which we launched in FY2023, are making progress in optimizing production processes and improving and automating equipment. We expect to obtain customer certification and achieve full-scale production improvement effects in FY2025. We are also moving forward with deployment to other processes, products, and businesses.

In the advanced materials business, we seek to continuously enhance our technological capabilities in response to needs, create products that contribute to a sustainable society, and achieve high profitability by focusing our efforts on the development and increased sales of products that contribute to carbon neutrality and advanced information and communications.

Materials Business (Advanced Materials)

Understanding of the Business Environment and Business Strategies for the Terms of the 3-Year Plan 27

The electronic components market is expected to continue growing at a rapid pace driven by responses to CASE (Connected, Autonomous/Automated, Shared, Electric) and ADAS (Advanced Driver-Assistance Systems) in the automotive sector, the proliferation of smart home appliances, the full-scale adoption of 5G high-speed communications, expansion of data centers to support generative AI, and other factors. However, many businesses seek to enter the market or expand their business, and it is expected that the competitive environment will remain intense.

The Group's advanced materials business has been conducting business for many years on land where the Company previously operated the Mineral Resources Business and the Smelting & Refining Business, thereby contributing to mutual prosperity and development with local communities and helping to achieve a sustainable society.

Demand for the advanced materials that we handle is expected to increase even more in the future as we seek to achieve carbon neutrality and further development in the advanced information and communication sector, and as a result, these materials provide a stable revenue source unaffected by fluctuations in metal prices and exchange rates. Therefore, alongside our Mineral Resources Business and Smelting & Refining business, we will grow this business as a pillar of our operations.

Roles and Business Strategies of the Advanced Materials Business

1. Maximize profit in existing businesses	We will enhance competitiveness and profits by improving productivity through TPS and other means, cutting costs by investing in automation, and reinforcing core technologies.
2. Comprehensive portfolio management	<p>We will clearly indicate whether to go on the “offensive” or “defensive” and execute business policies and business plans based on the business circumstances of each product in pursuit of an optimal portfolio.</p> <p>Offensive Businesses Faraday rotators (advanced information and communication sector) We will proceed with measures to address the increasing demand for use in data centers.</p> <p>Optical functional materials (near-infrared absorbing nanoparticles) (carbon neutrality sector) For heat-shielding films, we will develop the middle range market from the current upper range. For other applications, we will engage in branding (using the SOLAMENT™ brand) to develop the apparel and agricultural fields.</p> <p>Defensive Businesses LT/LN (for SAW filters) (advanced information and communication sector) We will increase profitability by consolidating two sites into one site. We will develop next-generation products.</p>
3. Maximize profit through expansion strategies for new businesses (Carbon neutrality sector)	We will achieve mass production of 8-inch SiC (Silicon Carbide) substrates that are differentiated from competitors by bonding technology.
4. Increase the pace of new product development and achieve early market launch	We will expand the scope of products subject to the X-MINING information dissemination site to all products and develop new fields and new customers. We will conduct joint creation with competitors and other industries to bring products to market quickly without being constrained by self-sufficiency.
5. Development of management personnel and production and engineering managers	We will continue and intensify training for young engineers (to ensure transfers of technology and enhance career plans), continue marketing training for sales personnel, and implement other measures in an effort to develop the workforce needed for the advanced materials business.

Timeline for Key Projects

	FY2025	FY2026	FY2027	From 3-Year Plan 30 and after
SOLAMENT™	Development of new markets			
SiCkrest® (SiC)	Construction of 8-inch substrate line	Acquisition of customer certification and start of mass production		
LT/LN	Consolidate sites to a single site (relocate facilities and obtain customer certification)			

Materials Business (Advanced Materials)

Key Initiatives During the 3-Year Plan 27 Period

Faraday rotators

Faraday rotators (FRs) manufactured by GRANOPT Co., Ltd., a member company of our Group, are optical elements used in optical isolators that allow light to pass through in only one direction. Due to their characteristics, optical isolators have the function of preventing laser damage and noise effects from reflected light, making them indispensable for current optical communications. With the recent increase in global data traffic volume due to mobile communications and generative AI, new data centers are being established in various countries, leading to rapidly expanding demand for optical isolators that play the role of light source protection and noise reduction in optical communications.

To meet the strong demand for Faraday rotators, we will reliably supply high-quality FR to markets and contribute to the creation of global optical communication networks and the stabilization of optical communication quality.

SOLAMENT™ Sunlight Control Material

SOLAMENT™ is a material technology using near-infrared absorbing particles for which we hold patents both in Japan and overseas. Since it has the function of absorbing near-infrared rays that cause temperature increase while transmitting visible light, it has been used as material for window glass in automobiles and buildings to maintain brightness while creating a comfortable interior environment.

In recent years, we have leveraged these characteristics to expand applications in fields such as apparel and agriculture. For example, when fibers using SOLAMENT™ are used in

shade cloths for agricultural greenhouses, they transmit light necessary for photosynthesis while suppressing the internal temperature increase, which is expected to promote crop growth, improve yield, and enhance working conditions. As a new initiative, we have launched the ReFarm by SOLAMENT™ project to explore methods of enriching agriculture and are conducting demonstration experiments of heat shielding effects using SOLAMENT™, our sunlight control material technology, with cooperation from multiple farmers extending from Hokkaido to Kyushu.

During the term of the 3-Year Plan 27, we plan to implement awareness-raising measures in the areas of textiles/apparel and agriculture while also focusing on acquiring specific projects to penetrate these markets.

Promotion of the Bonded SiC Business

Silicon Carbide (SiC) is a power semiconductor material used in electric power control applications. Demand is expanding, primarily for electric vehicles, as an excellent material that can reduce energy loss. The market scale for SiC power devices is expected to exceed 4 trillion yen annually in 10 years, with the SiC wafer market expected to exceed 600 billion yen annually.

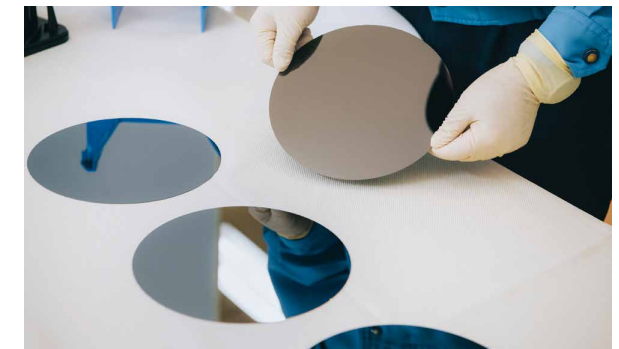
Our proprietary bonded “SiCkrest®” SiC substrates utilize our unique bonding technology. By bonding a thin, high-quality monocrystal onto a low-resistance polycrystal SiC substrate, the substrate achieves low overall resistance and high strength while maintaining the characteristics of monocrystal SiC. Furthermore, while manufacturing SiC monocrystal requires significant energy, this technology enables the production of over 50 bonded SiC substrates from just one monocrystal substrate. This reduces energy consumption during manufacturing while increasing supply capacity.

During the 3-Year Plan 27, we will move forward with expansion of the 8-inch production line introduced in FY2024,

establishing a combined production capacity of approximately 6,000 wafers per month* for both 6-inch and 8-inch lines, and undertake sales expansion. Also, to accelerate market penetration for bonded substrates, we will expand licensing of bonding technologies and sales of polycrystalline support structures.

By deploying its bonding technology to the market in various forms, it is contributing to the efficient use of energy and reduction of greenhouse gas emissions.

* 8-inch conversion

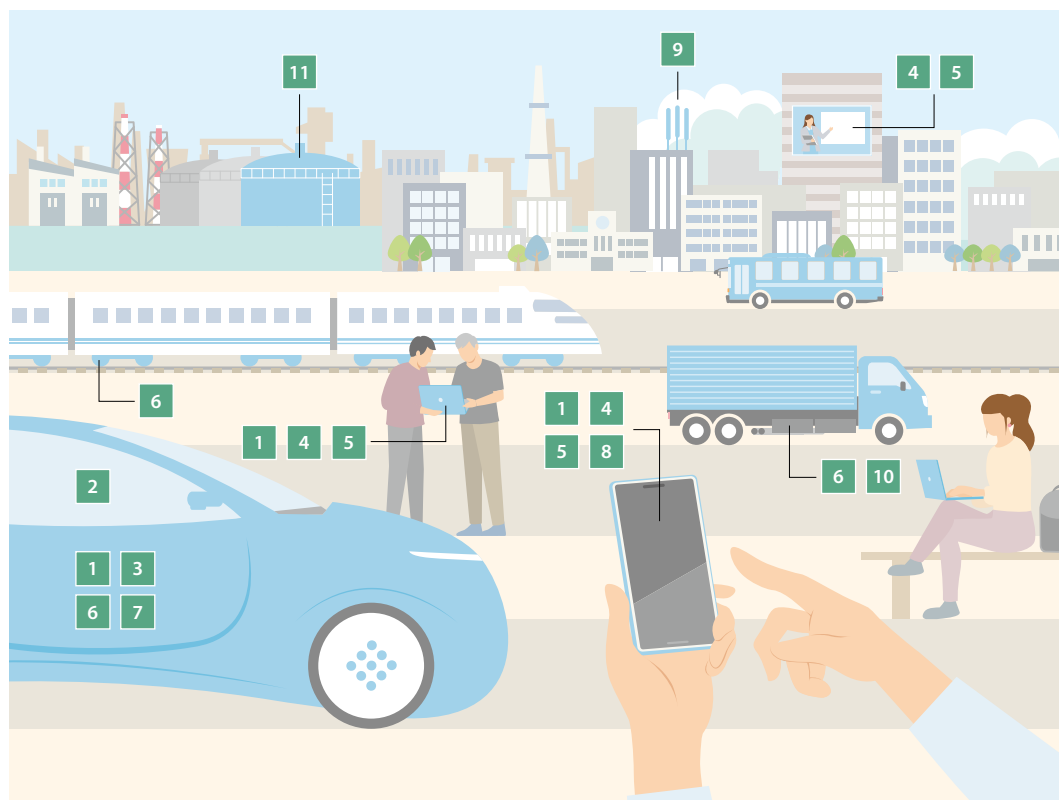


Silicon Carbide (SiC) substrates

Materials Business (Advanced Materials)

SMM Products in Daily Life

Highly advanced materials that provide metals with new functions are used in various products throughout the world, supporting social development and people's lives.



Battery Materials



1
Lithium nickel oxide cathodes
for secondary batteries



1
Nickel hydroxide cathodes
for secondary batteries

Powder materials



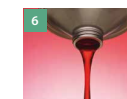
1
Nickel powder
and nickel paste
for multi-layer
ceramic capacitors



2
Heat-shielding
material for
windows
Functional inks



3
Materials for rare
earth bonded
magnets for
automobile motors

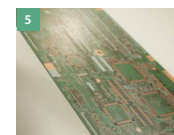


6
Lubricants

Packaging materials



4
Copper polyimide substrate
for the driver ICs of LCD TVs



5
Printed wiring boards

Crystal materials



7
Direct Bonded SiC
substrates SiCrest®



8
SAW filter LT/LN for
smartphones



9
Faraday rotators for
communications devices

Other



10
Auto exhaust catalysts

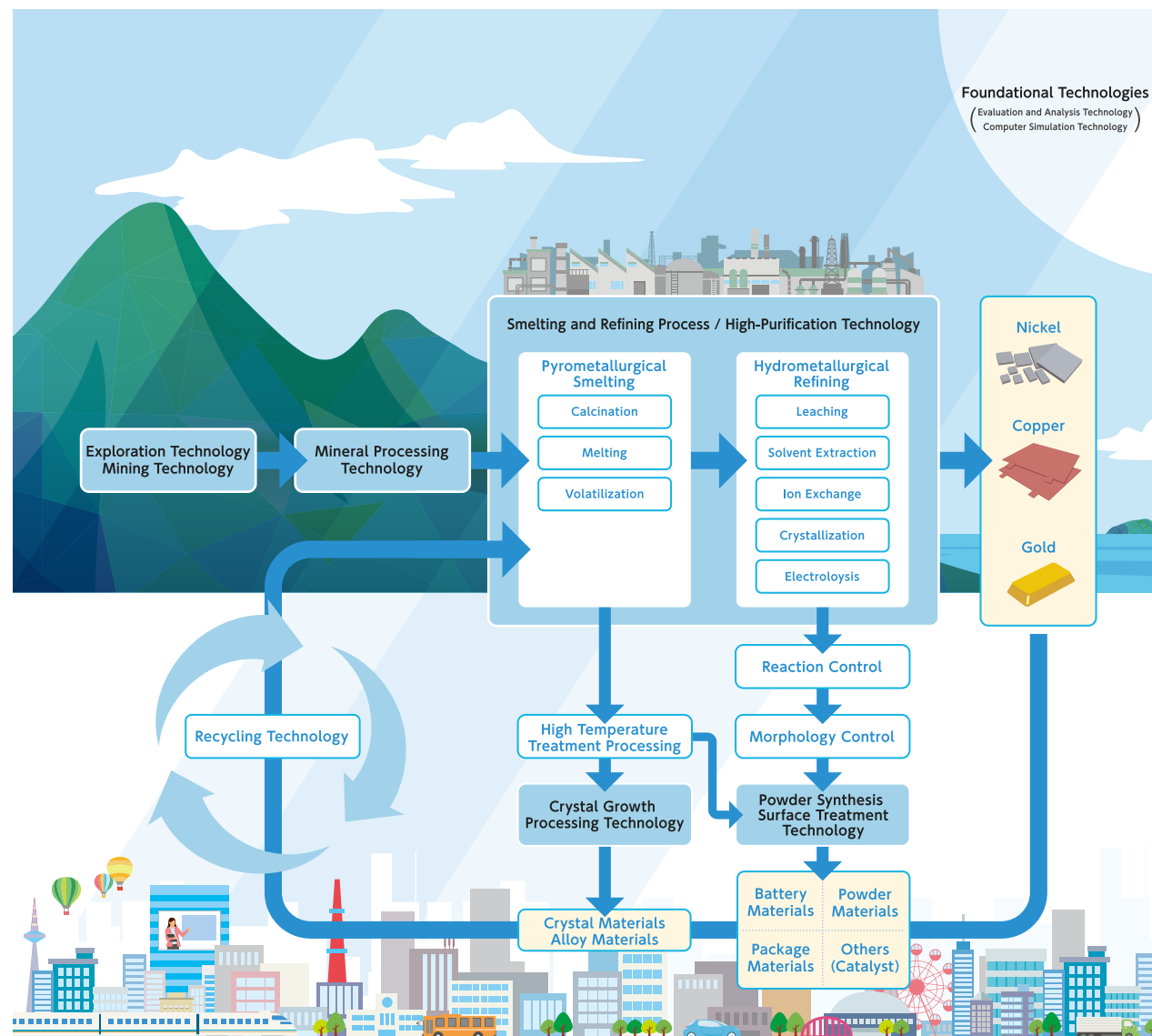


11
Oil refining catalysts

Research & Development

Technological Lineage of Sumitomo Metal Mining

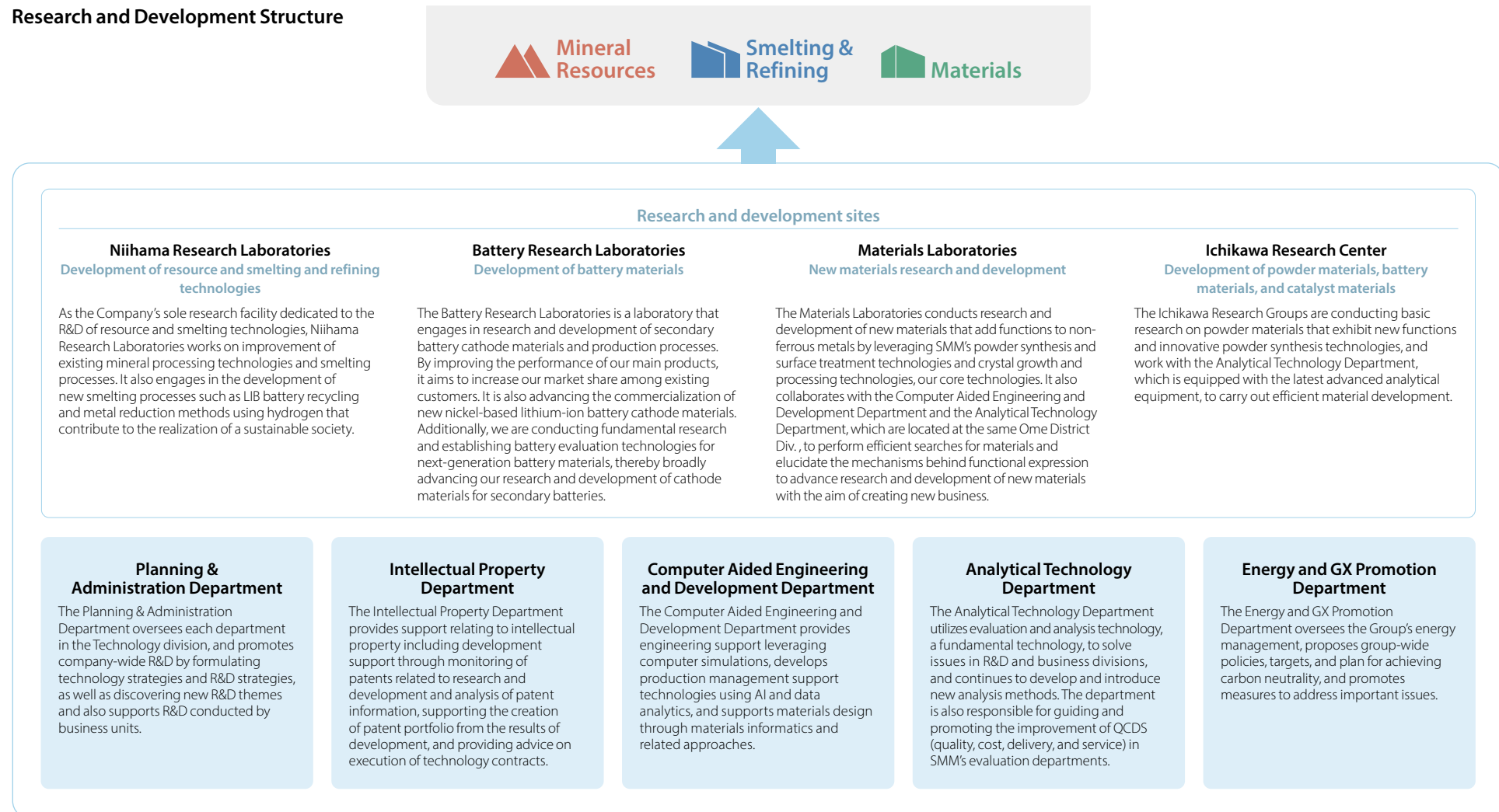
The SMM Group started with refining technology known as “Nanbanbuki,” the first of its kind in Japan, developed by Soga Riemon around 1600. The technical capabilities that have been enhanced throughout the Group’s history are now organically linked in our three businesses of Mineral Resources, Smelting & Refining, and Materials. The Company possesses core technologies including exploration and mining technology, mineral processing technology, smelting and refining process and high purification technology, crystal growth and processing technology, and powder synthesis and surface treatment technology as well as fundamental technologies that support these, including evaluation and analysis technology and computer simulation technology. We use exploration, mining, and mineral processing technologies in areas from searching for ore deposits to separation and concentration of valuable metals. In our smelting and refining processes, we recover high-purity nickel, copper, gold, and other metals by combining pyrometallurgy, which processes acquired ores and recycled materials at high temperature, with hydrometallurgy, which controls reactions. The application of these pyrometallurgical technologies has led to advances in crystal growth and processing technologies that are now used in the manufacture of current crystal materials and alloy materials. In addition, the chemical reaction control technologies developed through hydrometallurgical techniques have led to advanced powder synthesis and surface treatment technologies, and those are used in the manufacture of powder materials and battery materials. Furthermore, in recent years, we have leveraged the strengths of two types of metallurgy pyrometallurgy and hydrometallurgy to achieve the first in Japan “battery to battery” horizontal recycling, recovering metals from used secondary batteries. We are currently conducting research and development with the objective of building sustainable supply chains and achieving a circular economy.



Research & Development

Technology Division, which consists of three research laboratories, one research center and five departments working together, conducts research and development on strengthening and developing existing businesses, improving their competitiveness, and exploring and developing new businesses.

Research and Development Structure



Research & Development



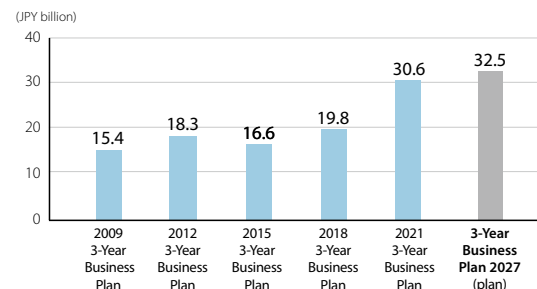
Overview of research and development under the 21 3-Year Business Plan

The three main research and development topics in the 2021 3-Year Business Plan were (1) development for achieving carbon neutrality, (2) DX utilization, and (3) human resource development.

Looking back on the plan, with respect to (1) development for achieving carbon neutrality, we worked on process development for battery recycling processes, selective lithium recovery from salt lakes, and hydrogen reduction technology for nickel oxide ore while also conducting material development for lithium-ion battery cathode materials, FeGa magnetostrictive alloy single crystals for vibration power generation, ultrafine nickel slurry, and photocatalyst for artificial photosynthesis. Also, with respect to (2) DX utilization, we promoted operational efficiency including developing operational support systems to optimize operating conditions based on quality predictions and conducting research and development

and operational support using materials informatics and machine learning. Furthermore, with respect to (3) human resource development, we modified technical employee training programs and promoted the development of DX human resources who can perform simulations independently and contribute to improvement and development. We will continue conducting development while maintaining a medium- to long-term perspective and enhancing the sense of urgency.

Changes in R&D Expenditures



Environmental awareness and priority topics in the 3-Year Business Plan 2027

In light of the increasing prominence of emerging countries, the expansion of social demands concerning sustainability issues, and changes in the external environment including the rapid advance of AI, we will further enhance the Company's *MONOZUKURI-RYOKU* (earning power) from the perspective of research and development.

During the period of the 3-Year Business Plan 2027, we will tackle the challenges of developing the new low-carbon smelting and refining technologies and products that contribute to a low-carbon society needed by a sustainable society and collaborate with business divisions to contribute to improvements to existing products and processes. In addition, we will lead the enhancement of the Company's technological capabilities by introducing advanced analytical and evaluation technologies and computer-aided engineering techniques. Also, we will promote DX even more strongly.

Development of products that contribute to a low-carbon society

We are developing products that contribute to a low-carbon society in order to achieve a carbon neutral society by 2050. We are developing cathode materials for next-generation lithium-ion solid-state batteries used in EVs that can contribute to reducing greenhouse gas emissions as well as hydrogen production catalysts that are essential when manufacturing hydrogen in a hydrogen-based society and other materials.

Research & Development

Development of cathode materials for solid-state batteries

As EV markets grow in the medium to long term, demand for high-performance lithium-ion batteries (LIB) including solid-state batteries is steadily increasing. The Company is leveraging its development and mass production experience with cathode materials for high-capacity automotive batteries and non-ferrous metal smelting and refining technologies accumulated until now with the aim of achieving stable supplies of cathode materials for solid-state batteries. We are currently developing next-generation cathode materials, including cathode materials for high-performance and low-cost solid-state batteries, and conducting demonstration tests of manufacturing processes. In addition, with the objective of reinforcing research and development foundations, we are introducing pilot equipment and constructing a second development building at the Battery Research Laboratories where that equipment will be housed, with completion scheduled for December 2025. These facilities are receiving subsidies under the Green Innovation (GI) Fund Project of the Ministry of Economy, Trade and Industry.

Development of hydrogen production catalyst

There are high expectations for hydrogen as a clean energy source, and the realization of a hydrogen society will contribute to global warming countermeasures and improved energy self-sufficiency. To do this, high-performance catalysts that can produce and supply hydrogen efficiently and at low cost will be essential. The Company is developing nickel-based catalyst materials and is using core technologies, such as powder synthesis and surface treatment, with the objective of supplying high-performance, low-cost hydrotreating catalysts materials.

Development of low-carbon smelting technologies

Transitioning to innovative smelting processes that can enable drastic reductions in emissions in the smelting business, a major source of GHG emissions, will be necessary for achieving carbon neutrality. To this end, we are developing new low-carbon nickel smelting technologies using hydrogen, technologies for selective recovery of lithium from salt lakes, and other technologies.

Hydrogen smelting of nickel oxide ore

We are developing a method to recover nickel by reducing nickel oxide ore with hydrogen. By investigating the feasibility through fundamental testing, we achieved the nickel recovery target. We are currently developing the process as a whole, including investigation of equipment to achieve recovery and verification using a scaled up reduction furnace.

Selective lithium recovery

The conventional lithium recovery process used large volumes of chemicals such as slaked lime, which generates CO₂ during the manufacturing process. To address this, we developed a new direct lithium extraction (DLE) technology that uses smaller amounts of chemicals to selectively recover lithium using an adsorbent in an effort to reduce GHG emissions. We are currently verifying the process at a pilot plant installed in Chile, South America and improving the absorbent with the aim of completion by FY2030.

Approach to Intellectual Property

SMM protects and effectively uses intellectual property through the creation of a patent portfolio or tacit knowledge from the results of development, in accordance with its intellectual property strategy based on business and R&D strategies while respecting the intellectual property rights of others. The Intellectual Property Department focuses on implementing these initiatives in close collaboration with business divisions and R&D divisions. It also conducts employee training on the creation of intellectual property, responses to technical agreements, and other topics, raising awareness of intellectual property. Through these activities, we support the creation of new business and the sustainable growth of business from an intellectual property perspective.

Additionally, we have a system in place to pay incentive bonuses as an incentive for employee inventions. This payment applies not only to patent rights but also to know-how equivalent to patents. In addition to bonuses paid at the time of filing for employee inventions, we also pay performance-based bonuses equivalent to the profits generated by the relevant patent rights, thereby encouraging active research and development activities.

Quality Assurance

Basic Approach and Promotion Framework

The SMM Group has established and operates a business model based on 3-business collaboration between the Mineral Resources, Smelting & Refining, and Materials Businesses. Through this business model, we endeavor to continuously improve products and respond to changing customer needs in order to deliver quality that satisfies customers.

To provide quality that satisfies customers, the president has established a Company-Wide Quality Policy and sets Company-Wide Quality Objectives every year. Based on these standards, each business division sets forth and implements division-specific quality targets and conducts quality activities that are aligned across the entire SMM Group.

With the president bearing ultimate oversight responsibility, we have appointed an executive officer in charge of the Quality Assurance Dept. to drive quality assurance initiatives. Each business division develops and maintains their own quality assurance framework, while the Quality Assurance Dept. manages quality across the entire Group and ensures a Group-wide unified approach.

Additionally, not only does the Quality Assurance Working Group, which comes under the Sustainability Committee, deliberate key measures for promoting quality assurance

Company-Wide Quality Policy

Provide quality to satisfy our customers through continual improvements of quality assurance and control systems.

- Pursue quality levels that stand out from the trends of the time
- Abide by laws and rules and strive to create products incorporating safety and environmental considerations

activities, it also works to improve the Group's quality management systems (QMS) through the sharing of information on progress toward departmental targets and quality control status, including the reduction of the number of complaints against the Company.

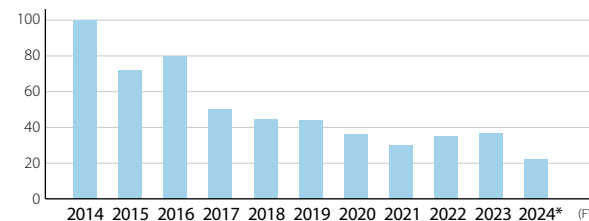
FY2024 Results

The bar graph below illustrates trends in the number of quality complaints for the entire Group with FY2014 data set as 100. The number of quality complaints has decreased steadily since FY2014; in FY2024 there were about one-fifth of the number in FY2014.

In FY2024, the number of quality complaints decreased substantially from the previous fiscal year due to the transfer of business by some affiliated companies, but defects caused by human error occurred in some departments. Consequently, we will enhance our risk analysis, take measures to eliminate the true causes, and continue quality improvement activities in business divisions and at business sites in the same manner as until now.

Trends in Number of Quality Complaints

Scale (FY2014 = 100)



*The number of quality complaints received by Sumitomo Metal Mining Siporex Co., Ltd. decreased as a result of a business transfer.

Quality Improvement Initiatives

Quality trusted by customers can be achieved only when all employees align their goals and directions and actively engage in activities to achieve targets. To enable this, we clarify issues based on facts obtained through external and internal communication to set targets, and all employees proactively participate in quality improvement activities based on our SMM Quality Standards, which summarize the ideal form of QMS at our Company, in order to achieve our goals.

Please refer to our website for details about specific initiatives.

Quality Assurance

<https://www.smm.co.jp/en/sustainability/management/quality/>

FY2025 Company-Wide Quality Objectives

Drive QMS improvements and create a structure that earns customer trust.

- Zero major quality complaints; prevent quality complaints that could jeopardize our business foundations
- Zero occurrences of quality misconduct
- Achieve complaint goals within business divisions

Digital Transformation (DX)

The SMM Group, guided by the principle that the promotion of DX directly enhances corporate value, has established a DX promotion policy of: “business reform and creation of new businesses”; “human resource response in an age with declining birthrates”; and “improvement of management efficiency,” and is systematically undertaking initiatives to uphold these principles in conformity with our roadmap.

FY2025 marks a phase in which we will both deepen activities aligned with our KPIs for each priority area

and further expedite the enhancement of our DX platforms such as those for the utilization of data, development of DX human resources, and utilization of AI.

We will raise the overall level and sophistication of DX while aiming to further enhance competitiveness and achieve sustainable growth by enhancing these platforms and promoting individual measures.

DX Promotion Policy: Three Objectives and Strategies

Business reform and creation of new businesses

- Utilize DX in business reform and development of new products and processes, and accelerate the speed of these in order to respond flexibly to changes in the social environment that will become ever more intense.
- Create new businesses by leveraging digital technology and discovering new value to further strengthen the Group's competitive advantage.

FY2024 progress

Completed renewal of Group wide-area networks



Plan for FY2025

DMO* operational launch

* Data Management Office: An organization that promotes the management and utilization of digital data

Human resource response in an age with a declining birthrate

- Enable business continuity and development amid a declining birthrate by promoting automation and unmanned operations at manufacturing sites, and drastically streamlining indirect operations.
- Become a company that is attractive to workers through the creation of safe workplaces and the achievement of diverse work styles that consider work-life balance.

FY2024 progress

Determined the requirements for a Group-wide data utilization deployment platform



Plan for FY2025

Commence data utilization business operations

Improvement of management efficiency

- Promote digital transformation through data utilization to contribute to swift management decisions.
- Carry out operational streamlining and enhancement of labor productivity to improve competitiveness in all fields of business.
- Build a foundation for high-speed
- Respond to ever-changing and growing information security threats.

FY2024 progress

**Set the DX human resource development training curriculum and started training
Promoted use of AI and increased operational efficiency**



Plan for FY2025

Promote use of AI and increase operational efficiency

Digital Transformation (DX)

Group-Wide DX Strategy in the 3-Year Business Plan 2027

During the 21 3-Year Business Plan period, which marked the dawn of DX promotion within the Company, measures which would culminate in full transformation remained limited to certain areas. This can be attributed to our initial policy of first engaging with the task of digitization.

During the 3-Year Business Plan 2027 period, as our next step, we will transition to a more results-oriented strategy. We clearly articulate, through President messages as well as guidelines, the specific types of business outcomes we anticipate from DX. Based on these guidelines, we are currently reviewing initiatives

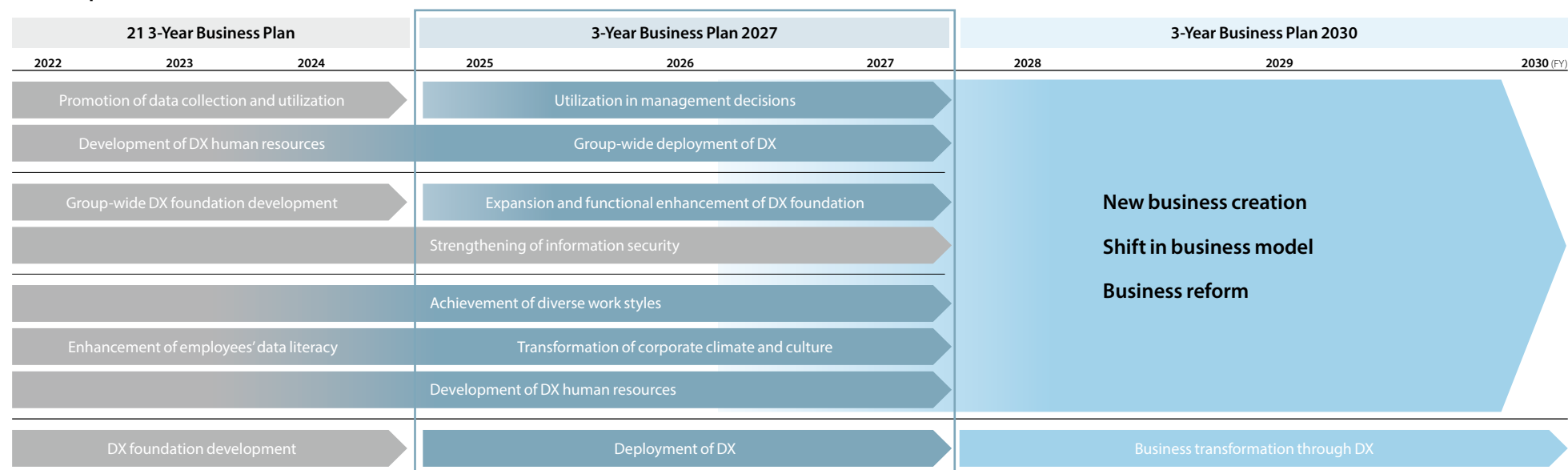
and KPIs across priority areas. We will subsequently clarify the direction of our initiatives, allocate management resources in an efficient manner, and accelerate DX initiatives by setting commonly defined outcomes to be achieved through DX as well as quantitative targets for these outcomes. The key points of the specific associated guidelines, "DX Promotion Guidelines for the 3-Year Business Plan 2027 period," are as follows:

1. We define productivity improvement as our top priority and the ultimate objective of our businesses' DX initiatives during the 3-Year Business Plan 2027 period, with the equivalent Group-wide KPI target set at a "30% improvement in productivity."
2. We will maintain a strong awareness of transformation and boldly review actual processes without being constrained

by the need to adhere to existing operations or procedures. When undertaking reviews, we will bear in mind the issues of standardization, automation, labor savings, error reductions, elimination of dependency on specific individuals, and creation of added value.

3. We will actively consider introducing new technologies which can be anticipated to yield advanced outcomes at a future point in time given the remarkable technological advancements in the DX field, even if clear outcomes are not immediately apparent at the time when these technologies are being considered. We will utilize agile methodologies to make swift decisions on selection and implementation when introducing such technologies.

Roadmap



Digital Transformation (DX)

Setting Key Measures and KPIs in Each Area

We undertake reviews of the progress of our KPIs for key measures in each priority area which were established and launched in the second half of FY2023 at meetings of the Digital Transformation Committee, which are held at least twice yearly. Doing so enables

our Plan, Do, Check, Act (PDCA) cycle to operate more effectively. The key measures within activities in each priority area as well as their objectives, along with examples of the established KPIs, are outlined below.

		Examples of Key Measures	Objectives	Examples of KPIs
Business divisions	Mineral Resources DX	<ul style="list-style-type: none"> Automate and remotely operate heavy machinery at the Hishikari Mine Improve drilling accuracy (use image processing, etc.) 	<ul style="list-style-type: none"> Reduce dust and noise exposure Raise productivity 	<ul style="list-style-type: none"> Load-Haul-Dump operations times with human intervention Overcutting reduction rate
	Non-Ferrous Metals DX Innovation in Smelting and Refining—Taking on the Challenge of Non-Ferrous Metals DX 🕒 P.85-86	<ul style="list-style-type: none"> Increase operating rates through predictive maintenance Forecast using data analysis 	<ul style="list-style-type: none"> Reduce loss of opportunity Raise productivity and transfer skills 	<ul style="list-style-type: none"> Equipment downtime due to unforeseen failures/malfunctions Rate of reduction of applicable work hours
	Batteries DX	<ul style="list-style-type: none"> Advance digitalization at the Niihama Plant Introduce and optimize a new inventory management system 	<ul style="list-style-type: none"> Raise productivity 	<ul style="list-style-type: none"> Reduce management man-hours
	Advanced Materials DX	<ul style="list-style-type: none"> Conduct regular evaluations and raise levels using DX implementation indicators on Customized IPA* Indicators Create smart factories 	<ul style="list-style-type: none"> Raise DX literacy Raise productivity 	<ul style="list-style-type: none"> Evaluation values based on customized IPA* indicators Number of sites where measures to create smart factories are implemented
Cross-departmental and fundamental	R&D DX	<ul style="list-style-type: none"> Effective use (quantification, etc.) of analytical data (SEM images, etc.) and integration with MI (Materials Informatics) AI collaboration with R&D databases 	<ul style="list-style-type: none"> Increase the pace and efficiency of development 	<ul style="list-style-type: none"> Number of quantified technologies implemented Number of AI searches per person
	Equipment DX	<ul style="list-style-type: none"> Develop and utilize collaborative robots Raise the level of maintenance operations Analyze operational data 	<ul style="list-style-type: none"> Save labor Reduce lost opportunities Optimize operations 	<ul style="list-style-type: none"> Number of robots installed Percentage of sites with equipment management systems installed Rate of yields improvement
	Logistics DX	<ul style="list-style-type: none"> Introduce DX in conjunction with updating of backbone systems 	<ul style="list-style-type: none"> Increase operational efficiency 	<ul style="list-style-type: none"> Reduce work times in relevant areas
	DX human resources and higher operational efficiency	<ul style="list-style-type: none"> Develop in-house DX human resources Promote digital work Promote use of digital data 	<ul style="list-style-type: none"> Promote and advance of DX activities Increase efficiency and raise levels of operations Use data and raise management levels 	<ul style="list-style-type: none"> Number of human resources developed Total reduction of hours Number of actual operations and development of DMO

* IPA: Information-technology Promotion Agency, Japan

Digital Transformation (DX)

Reinforcing Digital Foundations

(1) Development of DX human resources

We believe that developing DX human resources will have a major impact on the speed and performance of measures to address management issues and will affect a wide range of factors in day-to-day work including improvement of operational efficiency, promoting innovation, improving adaptability to change, and reinforcing security. Our Group specifies its image for human resources by dividing into the literacy field, based on knowledge and mindsets, and the project field, based on the roles of DX approaches in projects and other initiatives. For both the literacy and project fields, we referred to the digital skill standards of the Information-technology Promotion Agency (IPA), an incorporated administrative agency, to specify our own skill sets and curricula and are currently working to train and develop DX human resources.

Literacy Field

Level of Mastery	Target Personnel	Summary of Requirements
Advanced	Day-to-day users of PCs and mobile devices Approx 3,500 personnel	Acquire digital tools skills that can be used in any business and knowledge in areas such as networks and data utilization
Basic		
Beginner	All employees	Acquire a risk hedging-centered mindset and basic knowledge

Human resource development in the literacy field

We classify the digital skill proficiency of employees on a three-level scale of beginner, basic, and advanced. All employees are required to reach the beginner level. The basic and advanced levels cover approximately 3,500 employees who use PCs and mobile devices in their day-to-day work.

Human resource development in the project field

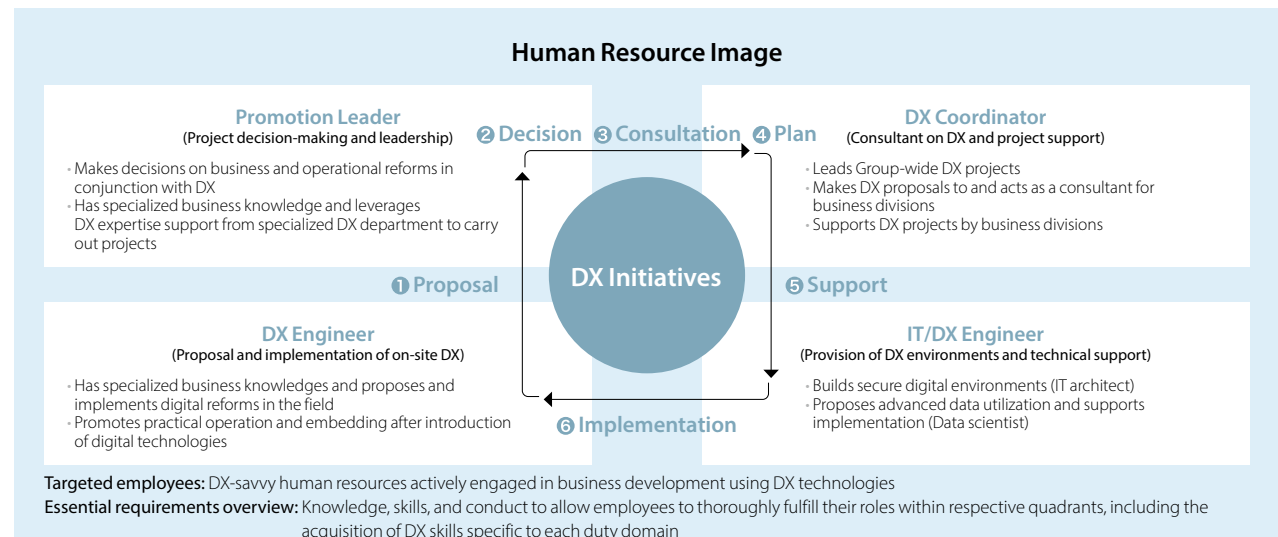
The roles of measures undertaken in project formats from a DX perspective are divided into four quadrants. Regarding this development, in addition to the skills needed to perform their roles, we are focused on practical education, such as learning of requirement defined methodologies through workshops and group discussions.

Both the literacy field and project field operate as certification programs, with qualified individuals awarded digital badges featuring unique designs of the SMM Group in the form of electronic credentials.

Examples of digital badges



Project Field



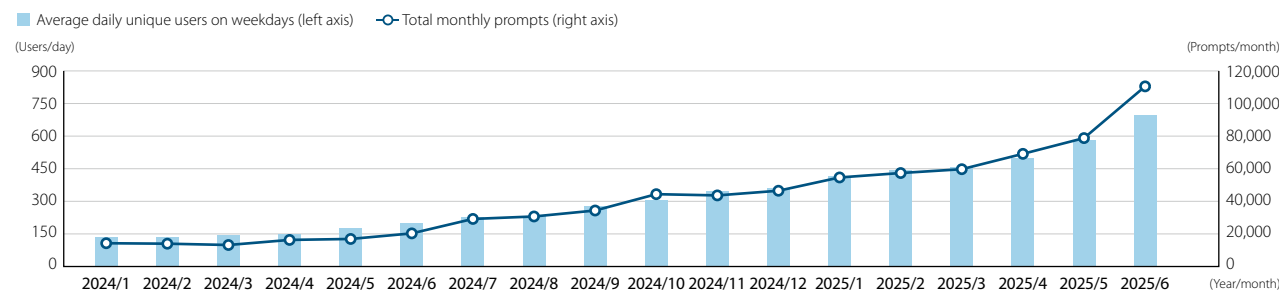
Digital Transformation (DX)

(2) AI utilization

After establishing an environment to allow it to be used securely within our internal network, we began to make generative AI (ChatGPT) available to all employees across the SMM Group in November 2023. We actively promote the use of generative AI through prompt implementation of the latest functions and useful plugins, as well as giving overviews of functions internally, while also sharing usage scenarios via seminars and the management of communities. We have confirmed that the use of generative AI is becoming established in day-to-day work duties via the monitoring of metrics such as total monthly prompts and average daily unique users on weekdays, as well as through the results of regular questionnaires. Furthermore, there was an approximately 24-fold increase by June 2025 in the total time saved by using generative AI for tasks such as information gathering, language translation, programming, document creation, and data analysis compared to January 2024, with this metric continuing to grow.

In acknowledgement of the increasing utility of generative AI, our Group is currently formulating a generative AI vision, as well as a roadmap for the realization of this vision, focusing on the business value we anticipate will be created through its use.

ChatGPT Usage Trends



(3) Data utilization

We are currently engaged in the construction of “data utilization platforms” which enable cross-departmental and multifaceted utilization of data which was previously dispersed across various divisions, thereby aiming to enhance the level and sophistication of Group-wide data utilization. In the current context of rapid fluctuations in metals prices and exchange rates, as well as heightening uncertainty in the international environment, we are promoting data-driven, objective discussions and decision-making to respond to the increasingly complex business environment. This is being undertaken with the aim of reducing the risks associated with relying on previous experiences and individual judgment. We will also enable all our employees to utilize AI and advanced data analytics in all work operations, to facilitate new insights and operational efficiency.

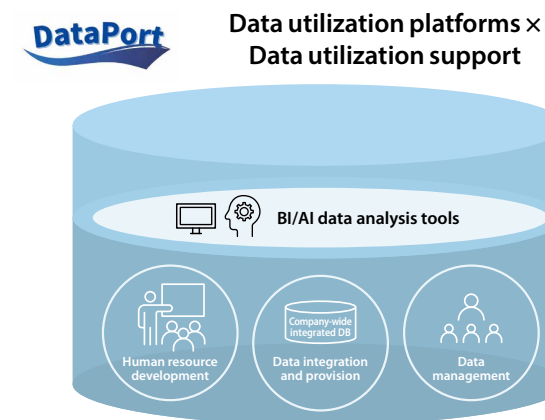
We plan to commence initial platform operations in August 2025 and to complete data integration with our major core systems by the end of FY2027. Furthermore, we have established the Data Management Office (DMO), a team specializing in data management and utilization support, to enhance our Group-wide data governance framework. This will enable us to consolidate data which was previously duplicated across systems or which

contained inconsistencies, to achieve accurate and highly reliable data management.

In a trial for effectiveness verification conducted in FY2024 we were able to achieve near real-time monitoring of production statuses and significant streamlining and enhancement of operations, such as a reduction in the time needed to create monthly performance reports—which previously took half a day—to just a few minutes. Moving forward, we will further pursue integration with external data including market data and economic indicators, as well as AI, in aiming to achieve an even greater level and sophistication in operations.

Furthermore, the establishment of these data utilization platforms is not limited to merely introducing IT systems but is also facilitating the enhancement of the data utilization skills of early career employees; the fostering of a corporate culture conducive to open information sharing; and the transition toward new business models which leverage digital technology.

We will continue to expand environments to allow every employee to utilize data through continuous improvements and employee education, thereby actively aiming to realize data-driven management across the entire Company.



Digital Transformation (DX)

Innovation in
Smelting and Refining—

Close Up Taking on the Challenge of Non-Ferrous Metals DX

The Group is undertaking initiatives to promote DX which aims to enhance corporate value in line with our DX promotion policy. This Close Up feature will introduce DX measures being undertaken by the Non-Ferrous Metals Div. The Non-Ferrous Metals Div. is implementing operational reform by addressing the challenges faced at actual business sites through DX, thereby striving to create an environment to facilitate workers in focusing on the “tasks and operations which create added value” and in which humans should be engaged.

Challenges facing the smelting and refining business

The two major challenges facing SMM's Non-Ferrous Metals Div. are: “fluctuations in deterioration of revenue due to price volatility of metals when metal prices decline” and “the difficulty securing of human resources due to the declining birthrate and other factors.”

Non-ferrous metals such as nickel and copper are subject to significant price fluctuations influenced by the external environment and the supply to demand balance. It is essential to maintain low-cost, consistent production to ensure stable profits under such conditions. However, production volumes decrease if plant operations are subject to stoppage due to equipment failures or other issues, which has the potential to lead to significant negative impacts on profits.

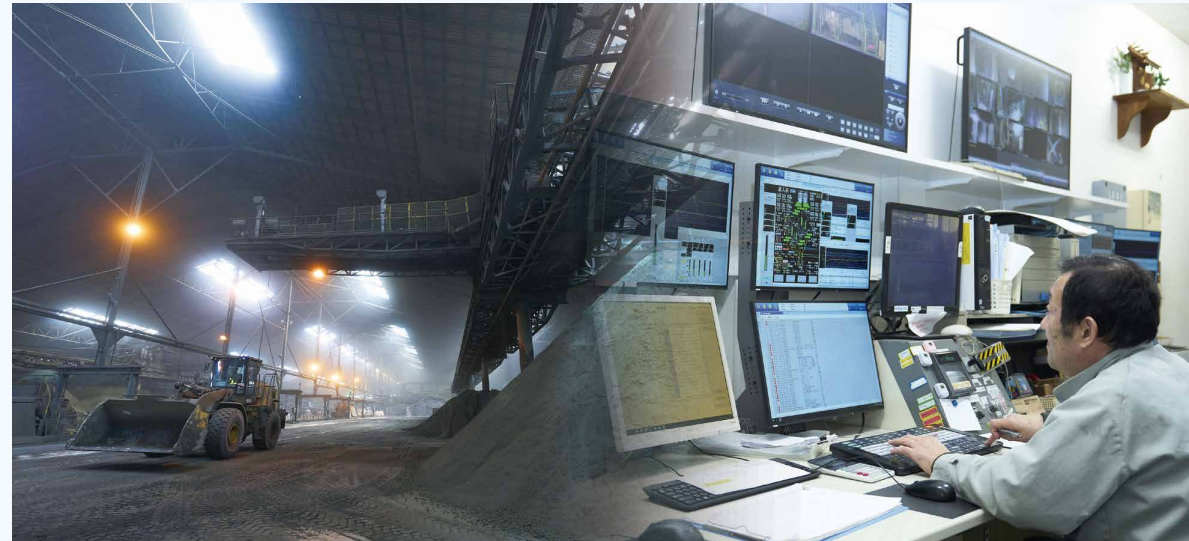
In addition, for “the securing of human resources,” factors such as Japan's declining birthrate and aging population, coupled with the nationwide reduction in academic programs to acquire specialized knowledge about smelting and refining, have made it difficult to secure engineers with the specialized knowledge required to work in smelters and refineries. Under these circumstances, there is an urgent need to establish workplace

environments to enable efficient production with limited human resources and to create systems to allow all employees to achieve consistent results not beholden to their individual skill levels.

In acknowledgment of this situation, the Company established the Digital Transformation Committee in 2021, thereby establishing an SMM Group-wide framework to engage with DX initiatives. Within our smelting and refining business, we have adopted two key strategies, namely to: “increase operating rates through predictive maintenance” and “support operations with future forecasts,” and are actively promoting DX to achieve sustainable business operations through stable operations and the efficient utilization of human resources.

Promoting digital technology utilization at business sites

At our Toyo Smelter & Refinery, which is the cornerstone of SMM's smelting and refining business, the high-temperature environment in which smelting and refining is implemented makes it difficult to introduce digital equipment and obtain sufficient data. Consequently, operators are obliged to make comprehensive judgments based on limited data as well as visual information which can be obtained on-site, leading to the challenge



of variations in judgment among individual operators. In parallel with such challenges, a lack of resources and digitalization know-how at business sites has been a key factor which has hindered improvements achieved by utilizing digital equipment.

In response to these realities, starting in FY2023, we established a support system to address the shortage of “people, resources, and capital” at business sites and thereby promoted DX initiatives. This included utilizing external specialized companies to materialize on-site needs and providing personnel support from the Engineering Div.

In addition, we established a system to visualize early indications and predict the timing of failures or malfunctions at the Nickel Refinery and Harima Refinery as part of the initiative to increase operating rates through predictive maintenance. This system incorporates the experience cultivated by highly proficient employees; measurement data such as sound and vibration data from the respective equipment; and abnormal occurrences in equipment. As a result of this, outcomes have been realized for over half of the equipment, and this can be anticipated to help prevent reductions in operating rates due to sudden failures or malfunctions and optimize the frequency of parts replacements.

Digital Transformation (DX)

Commencement of trial introduction (DX at Toyo Smelter & Refinery)

At the Toyo Smelter & Refinery, we produce electrolytic copper by smelting and refining mixed copper concentrates sourced from overseas mines. We will now present a specific case of DX implementation at the Toyo Smelter & Refinery, which plays a central role in the Company's business models.

Copper smelting and refining process

1 Copper concentrate unloading and sampling

We unload copper concentrate sourced from overseas, conduct sampling to verify its composition, and then transport it to a copper concentrate storage house.



2 Copper concentrate blending

We blend approximately seven types of copper concentrates from a storage house to ensure that the blend grades fall within our operational management values.



3 Copper concentrates drying

We mix the blended copper concentrates with secondary raw materials and dry this mixture until it achieves an appropriate moisture content, and subsequently send it to a dried concentrate storage bin.



4 Copper concentrate melting and oxidation

We melt and oxidize the dried copper concentrates in a flash smelting furnace, then separate it into a copper-enriched matte and a slag composed primarily of iron and silica.



5 Crude copper production in a converter furnace

We further refine the matte produced from the flash smelting furnace in a converter furnace to produce crude copper with a copper grade of 98%.



6 Anode casting

We transfer the produced crude copper to an anode furnace, where it is recovered by blowing propane gas to cast anodes with a copper grade of 99%.



7 Electrolytic copper refining using electrolysis processing

We subject the cast anodes to electrolysis processing to produce electrolytic copper with a copper grade of 99.99% or higher.



Semi-automation of long-term blending plans

Concentrate blending in copper smelting and refining processes is a critical step that will determine reactivity in the flash smelting furnaces as well as subsequent quality in downstream processes. Until now, we manually formulated blending plans using spreadsheet software, with the frequent changes and revisions involved creating burdens for the personnel tasked with this work.

To address this challenge, we have now developed a system that automatically formulates blending plan proposals, thereby achieving a labor-saving reduction of 30 hours per month. Furthermore, doing so is eliminating individual variations among personnel, improving the precision of blending plans, and contributing to stable operations.



Combining and blending copper concentrates

Automated inventory measurement

Until now, we have confirmed the inventory levels of intakes of copper concentrate to be stored in a concentrate storage house using visual estimation. However, this was an error-prone method and created the risk of shortfalls in the planned concentrate as well as sudden blend changes.

We have now installed sensors on the distributor (machinery used to stack the concentrate) to achieve more accurate inventory tracking. We can thereby determine more precise inventory levels due to the ability to automatically measure the volume of the concentrate piles. This is improving the precision of blending plans and allowing for flexible responses to unforeseen changes.



Copper concentrate stored in a concentrate storage house

Improving the quality of anode casting

Surface "swelling" on anodes is a factor in reduced productivity and quality, among other negative impacts. Previously, we sampled a portion of anodes for visual inspection. However, we were faced with the challenge of slow response measures even when swelling was confirmed.

To address this, we commenced photographing all anodes with cameras to perform real-time image analysis. Doing so has enabled automatic detection of and countermeasures for swelling, even with changes in casting conditions, such as mold temperature. As a result, we are significantly reducing defect rates and improving the precision of quality control.



Anode casting

Value Creation Initiatives

In March 2025, the Group revised the material issues and Vision for 2030 formulated in March 2020 to address changes in global challenges and the increasingly advanced and complex demands placed on companies. By earnestly addressing these material issues and fulfilling our social responsibilities, we will contribute to the realization of a sustainable future.

- 88 | Material Issues | Human Capital Management
- 95 | Occupational Safety and Health
- 98 | Material Issues | Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy
- 100 | Material Issues | Realizing a Carbon Neutral Society
- 103 | Material Issues | Conservation and Restoration of Nature
- 106 | Material Issues | Co-Existence and Mutual Prosperity with Local Communities and Indigenous People
- 108 | Material Issues | Supply Chain Management
- 110 | Business and Human Rights



Image courtesy of Sumitomo Forestry Co., Ltd.

Material Issues | Human Capital Management



Advancing growth strategies through Human Capital Management based on the Corporate Management Philosophy

Mihoko Yano

Executive Officer, General Manager of the Human Resources Department

Developing talent to contribute to our businesses

SMM Group positions Human Capital Management as the foundation for all six materialities. Mine development and smelting and refining, which are our core business, stably supply resources essential to human progress. To continuously contribute to construction of a sustainable society and improve corporate value in the future, including achieving carbon neutrality, we see human resources as capital and consider maximizing their value as a cornerstone.

Our Mineral Resources Business expands considerably long-term projects ranging from exploration to mine development, operation, and mine closure. Since the opening of Besshi Copper Mine, making use of our rich experience at Hishikari Mine in Japan and overseas mines, we have accumulated mine development know-how for over 300 years. We systematically develop personnel who can handle processes of exploration, mine development, and operation through utilizing the Hishikari Mine as a base for skill development of engineers and dispatching them to overseas mines. This has arisen from the Company's

long-term investment in human resources and our achievement of sustainable growth. In the Smelting & Refining Business, significant environmental impact throughout its history has been a major issue, and we work to strengthen our workforce responsible for developing innovative smelting and refining technology to reduce environmental burdens. Moreover, in the Materials Business, it is essential to secure and nurture diverse talent capable of developing and producing products that contribute to a low-carbon society.

In all our businesses—mineral resources, smelting & refining, and materials—reliably securing and developing human resources is a must. In particular, aging population and a declining birthrate are progressing within Japan. In the midst of this situation, there is a growing demand for a corporate culture that breaks away from conventionally homogeneous organizations. We enable wide-ranging types of personnel to work together in an open and vibrant organizational climate, take on challenges, and give rise to innovation.

Enhancing corporate value in an organization where diverse talents thrive

Looking ahead to 2030, we aim to be a company that attracts a diverse workforce and allows them to grow and thrive. To achieve this, we promote the construction of a sustainable foundation for human resources and organizations as well as personnel development directly connected to our business strategy. Amid the acceleration of changes in the business environment, to realize a long-term vision for becoming the world leader in the non-ferrous metals industry, we set KPIs for Human Capital Management and quantitatively manage advancement of corporate culture and organizational and human resource functions. Setting each KPI as a measurable numerical target, we strive for continuous improvement via the PDCA cycle. In particular, the newly introduced “engagement score” quantifies mutual understanding and trust between employees and the Company. With a focus on the improvement and maintenance of such value, we will aim at sustainable improvement of corporate value.

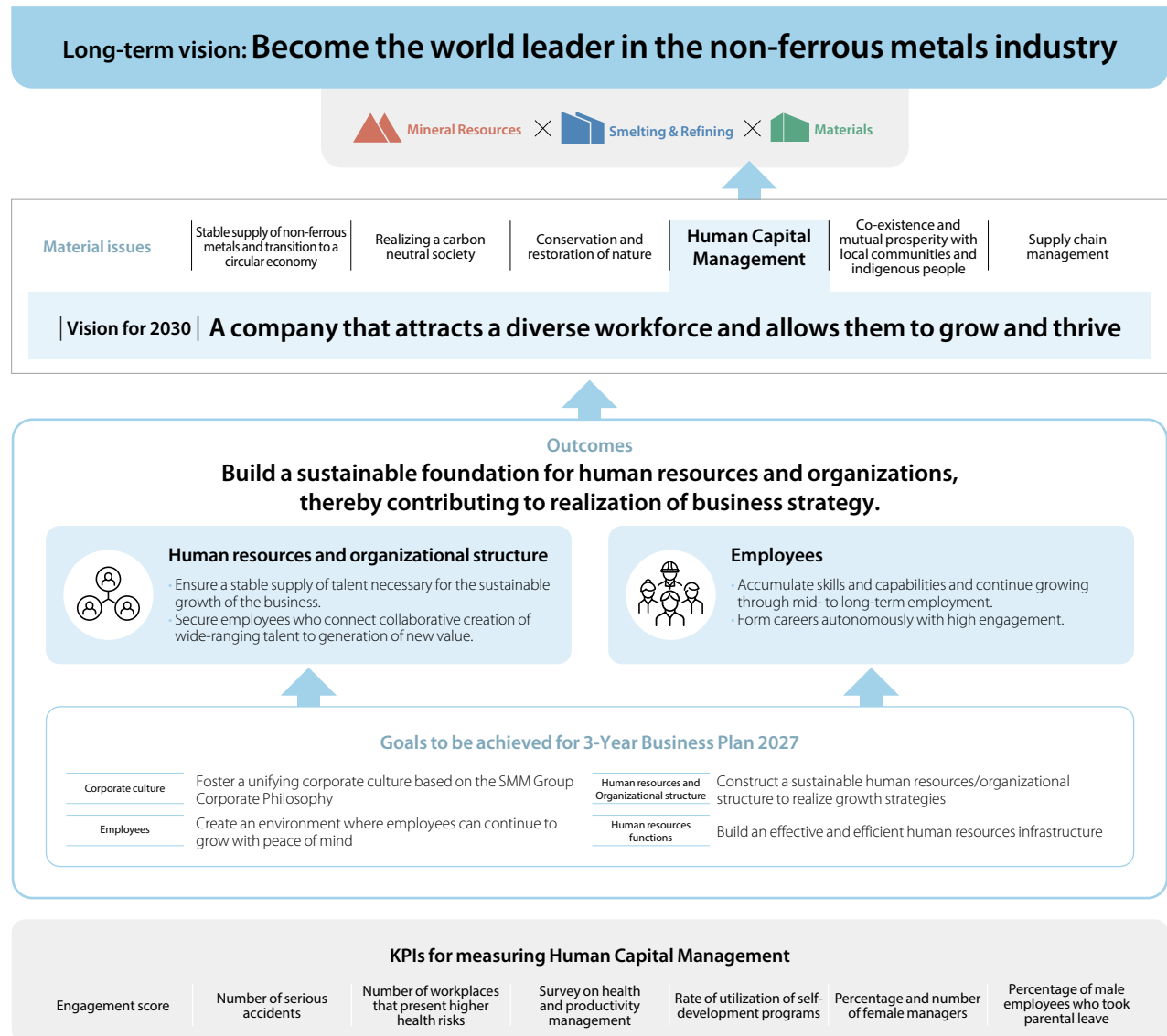
Material Issues | Human Capital Management

Overall Picture of Human Capital Management

To achieve a long-term vision for becoming the world leader in the non-ferrous metals industry, we have set “a company that attracts a diverse workforce and allows them to grow and thrive” as Vision for 2030 related to human capital.

Through implementation of Human Capital Management toward this goal, we will realize a corporation where employees will be able to “accumulate skills and capabilities and continue growing through mid- to long-term employment” and “form their careers autonomously with high engagement.” Moreover, we will realize a corporation whose businesses and organizations will be able to “secure a stable supply of talent essential for sustainable business growth” and “leverage wide-ranging talent’s collaborative creation to create new value.”

Under the current 3-Year Plan 27, when implementing Human Capital Management, we will address human resources materialities identified across four domains—“corporate culture,” “human resources/organizational structure,” “employees,” and “human resources functions”—to build a sustainable foundation for human resources and organizations, thereby contributing to realization of our business strategy.



Material Issues | Human Capital Management

Corporate Culture

Corporate philosophy penetration

As human resources materialities within the “corporate culture” domain, we recognize that diversification of employee attributes and values may lead to concerns about declining cohesion and employee engagement. We will move along with efforts to nurture a corporate culture in which a wide variety of employees take pride in and feel attached to our Group, enabling them to work with high engagement open and vibrant organizational climate.

We have so far conducted training programs for many employees, including visits to Kyoto, which is the birthplace of the Company, and climbing at the former Besshi Copper Mine, to help them understand and absorb Sumitomo’s history, business spirit, and corporate philosophy.

In FY2024, for the purpose of sublimating the business



A scene of training during the SMM Management Philosophy Dissemination Program

spirit and corporate philosophy as personal values and using them to daily decision making and services, we added the “SMM Management Philosophy Dissemination Program” to training for newly appointed personnel classified as general managers and site managers. In FY2025, to engage in “fostering a unifying corporate culture based on the SMM Group Corporate Philosophy,” one of the human resources materialities in the 3-Year Business Plan 2027, we implement this through training for secondary-year managerial track employees, secondary career development training, and training for personnel classified as general managers and site managers. This program implements interactive dialogue through use of a “learning mat[®]” summarizing the Company’s business evolution and social context from our founding to the modern era. It aims to help participants to deeply interpret and understand the corporate philosophy and business spirit underlying the past business transitions and various decision-making processes, thereby fostering behavioral changes among leaders and employees who embody our aims.

Enhancement of employee engagement

KPI and results

Engagement score
(Our Company + domestic affiliated companies subject to survey)

FY2030 targets

55

Score (deviation value)

FY2024 results

47.7

Score (deviation value)

We have implemented employee awareness surveys until FY2023. To foster a unifying corporate culture, we adopted an engagement survey starting in FY2024. This survey quantitatively measures employee engagement levels while clarifying the

organization’s strengths and issues. We define high engagement as “a state in which mutual understanding exists between the Company/organization and its employees, the Company/organization cherishes its employees, and employees dedicate themselves to the Company/organization’s development and revitalization.” In order to achieve this state, we are moving along with necessary initiatives.

The 2024 survey engagement scores (standard deviations assuming the average of survey participating companies (approx. 10,000) at “50”) were “47.7” for the Group (nine companies comprising our Company + domestic affiliated companies subject to the survey) (response rate: 98.2%) and “49.9” for SMM non-consolidated (response rate: 96.3%). The survey revealed that while relationships with direct supervisors have strength, issues exist in outward orientation and a feeling of personal growth. It also showed significant variations in scores by internal organization.

Based on these results, to continuously improve the Group’s overall scores, we will advance two initiatives in parallel: “efforts to tackle company-wide common issues and increase absolute score values” and “efforts within each organization to boost baseline scores.”

As a KPI for our Vision for 2030, we have set the goal of raising the Group’s score to 55 by FY2030. Through survey results, we will come to understand what employees expect and are satisfied with, as well as what is lacking. We will enhance organizational performance by advancing approaches that improve engagement.

Enhancing Safety Culture

As a manufacturing company, safety is the top priority and underpins our Group’s business foundation. We will advance safety initiatives with labor and management united toward our goal of zero serious accidents.

Material Issues | Human Capital Management

Co-creating DE&I

KPI and results

Percentage and number of female managers

FY2030 targets	FY2024 results
Consolidated: 18%; SMM: 7% (Total: 50 people)	Consolidated: 11.5%; SMM: 3.3% (Total: 28 people)

Percentage of male employees who took parental leave (SMM)

FY2030 targets	FY2024 results
100%	100%

To foster a corporate culture in which various types of employees take pride in and have attachment to our Group with high engagement work attitudes, it is essential that a wide variety of members mutually recognize and trust one another, leverage their strengths, and engage in creative collaboration through equitable opportunities (Diversity, Equity & Inclusion (DEI)). To embed and implement DE&I as a management strategy, it is crucial for top management to clearly convey its purpose and significance. Personnel in managerial positions must then communicate the intent of DE&I to the workplaces using their own words and execute concrete measures. And when all employees understand the intent of DE&I and actively participate in such measures, each individual's attitude and action will change, which leads to a transformed corporate culture. Based on this idea, in 2024, we issued the "Declaration of the Sumitomo Metal Mining Group on DE&I." Through this, its purpose and significance as a message from top management was

announced. In April 2025, with the goal of having all employees engage in DE&I and advancing collaborative company-wide creation, the "DE&I Collaborative Creation Section" has been established within the Human Resources Department.

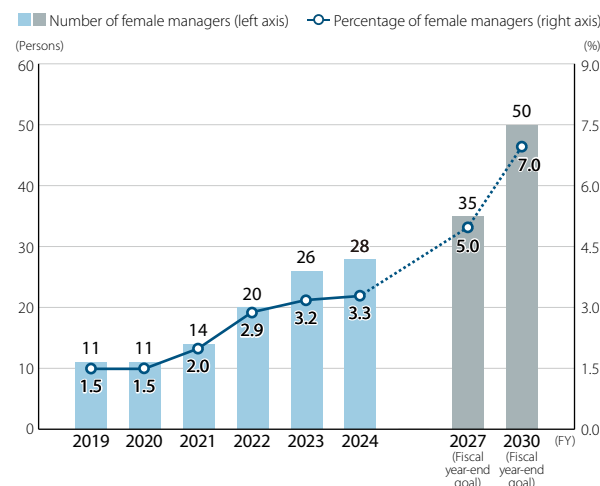
With our collaborative creation for DE&I, we undertake various efforts, such as gender balance (women's active engagement), promotion of a vigorously active portion of foreign employees, building of an environment in which sexual minorities (LGBTQ+) can work comfortably, dissemination of understanding of the same, promotion of employment for people with disabilities and support for their retention, and provision of work-life balance support tailored to different life stages. For promotion of gender balance, we commenced concrete initiatives in 2012 and have steadily expanded opportunities for women to play vigorously active parts, including appointments to management positions, as well as assignments in production facilities and to overseas

locations. In our Vision for 2030, we have set targets for the rate and number of female managers (consolidated: 18%, SMM: 7% (50 individuals)) and further aim for a 30% rate of female board members. To achieve these goals, we have instituted targets for the ratios of women in regular and mid-career hire recruitment, dispatched female employees to outside training for the development of next generation of leaders, and convened "Roundtable Discussions by Officers and Female Career-Track Employees."

Furthermore, male participation in childcare is vital for women's career continuity and advancement. We have fostered a working environment that allows men to easily take childcare leave through system briefings, individual interviews, and the like. As a result, the male childcare leave uptake rate for FY2023 and FY2024 reached 100% for two consecutive years (including paid leave for childcare purposes granted in accordance with Article 24 of the Act on Childcare Leave and Caregiver Leave). Going forward, we will consider adoption of individual development plans for female managerial positions and a mentoring system.

Furthermore, we aim to realize DE&I across the entire non-ferrous metals industry as well as DE&I collaborative creation within our Company. Therefore, we have been co-hosting the "Non-Ferrous DE&I Forum" since FY2023, together with various non-ferrous companies and the Japan Mining Industry Association. We have been holding lectures by external experts and talk sessions featuring employees from various companies, and we will continue to do so in the future.

Number and Percentage of Female Managers (SMM non-consolidated)



Human Resources and Organizational Structure

Constructing a systematic successor development framework

As human resources materialities within the "human resources

Material Issues | Human Capital Management

and organizational structure” domain, we have identified business continuity risks stemming from imbalanced personnel composition and difficulties in hiring resulting from the effects of demographic trends. This necessitates establishing a system capable of consistently and stably supplying personnel required to realize our business strategy.

SMM believes in the importance of expanding our human resources pool for next generation management. Toward that end, we implement selection-based programs (Middle Management Programs, training to develop the next generation of executive managers, Officers’ Coaching School, etc.) for specific target groups, and we are implementing systematic training. Under the Middle Management Programs, we select the human resources who can be expected to lead organizations in the future, with members of our management team serving as lecturers on sustainability issues and ESG themes toward improving our corporate value and thereby raising the level of mid-level managers. As part of training to develop next

generation executive managers, we select the leaders among our human resources who will, in the near future, lead the path forward for our Company. We implement a practical program for those thus selected aimed at fostering and motivation, facilitating the acquisition of the necessary management knowledge, and training them in the thinking skills that will be required of them as executive managers. At the Officers’ Coaching Schools, executive officers serve as principals, decide the important themes to be covered at each school, which is composed of early- and mid-career employees, and work to learn together and put their studies into practice at their workplaces. We also actively dispatch personnel to external programs and, through training and seminars with next-generation management resources outside the company, work to equip employees with high perspectives not obtainable within our Company.

Furthermore, in July 2023, we revised our personnel system for managerial track employees to a job grading system. Considering the medium- to long-term impact of an imbalanced

staff composition, it is critical to develop talent capable of assuming the roles and responsibilities necessary to realize our business strategy in a planned manner. We will establish a framework to systematically develop successor candidates for required roles and responsibilities in the future.

Becoming a company chosen by wide-ranging personnel

We believe that people are the key elements to realize our business strategy. Based on this idea, to become a corporation chosen by the diverse talent required to execute our strategy, we are expanding our branding measures and recruitment channels and actively pursuing recruitment activities.

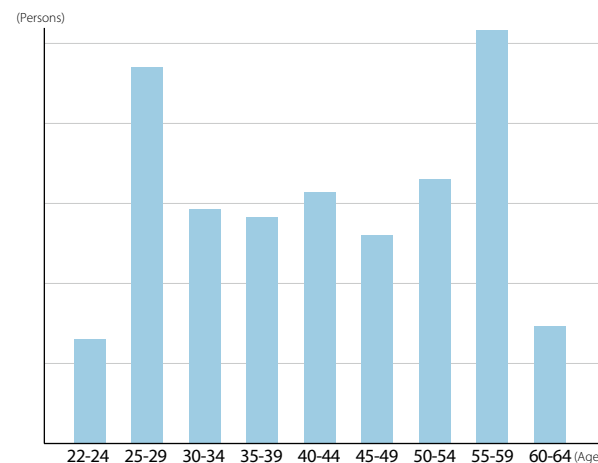
Our alumni recruitment program adopted in 2024 establishes a framework to support activities for retired employees and candidates who declined informal job offers to wish to rejoin Sumitomo Metal Mining. This program aims to recruit talent who leverage both affinity with the Company and skills externally acquired as strengths.

Regarding our regular new graduate recruitment, we are cultivating corporate awareness and understanding among a wide variety of targets through efforts such as expanding technical internships, participating in recruitment events for international students, and hosting the “Women Engineers Exchange Meeting.” This latter is an event facilitating interaction between female employees who play vigorously active parts across our departments and students. Moreover, we continuously implement support for science students via scholarship programs with the aim of securing diverse personnel necessary for realizing our business strategy.

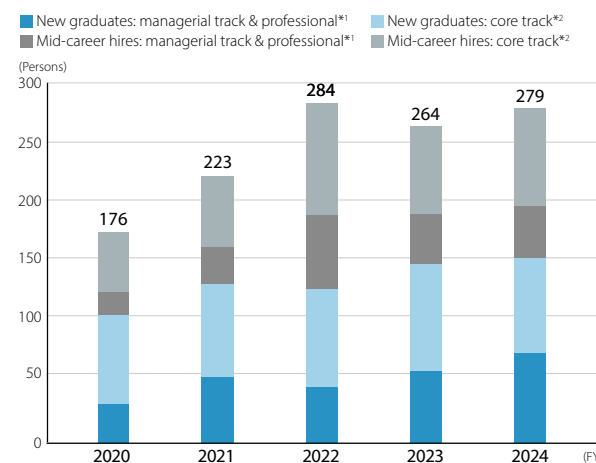
*1 Managerial track & professional: An occupational category in which personnel are expected to perform core duties and responsibilities and take on management of the company in the future.

*2 Core track: An occupational category in which personnel are expected to continuously use their accumulated knowledge, experience, and know-how in a specific job or region.

Staffing structure for managerial track employees



New employee hiring



Material Issues | Human Capital Management

Employees

Creation of an environment where employees can continue to work with peace of mind: Promotion of health and productivity management

KPI and results

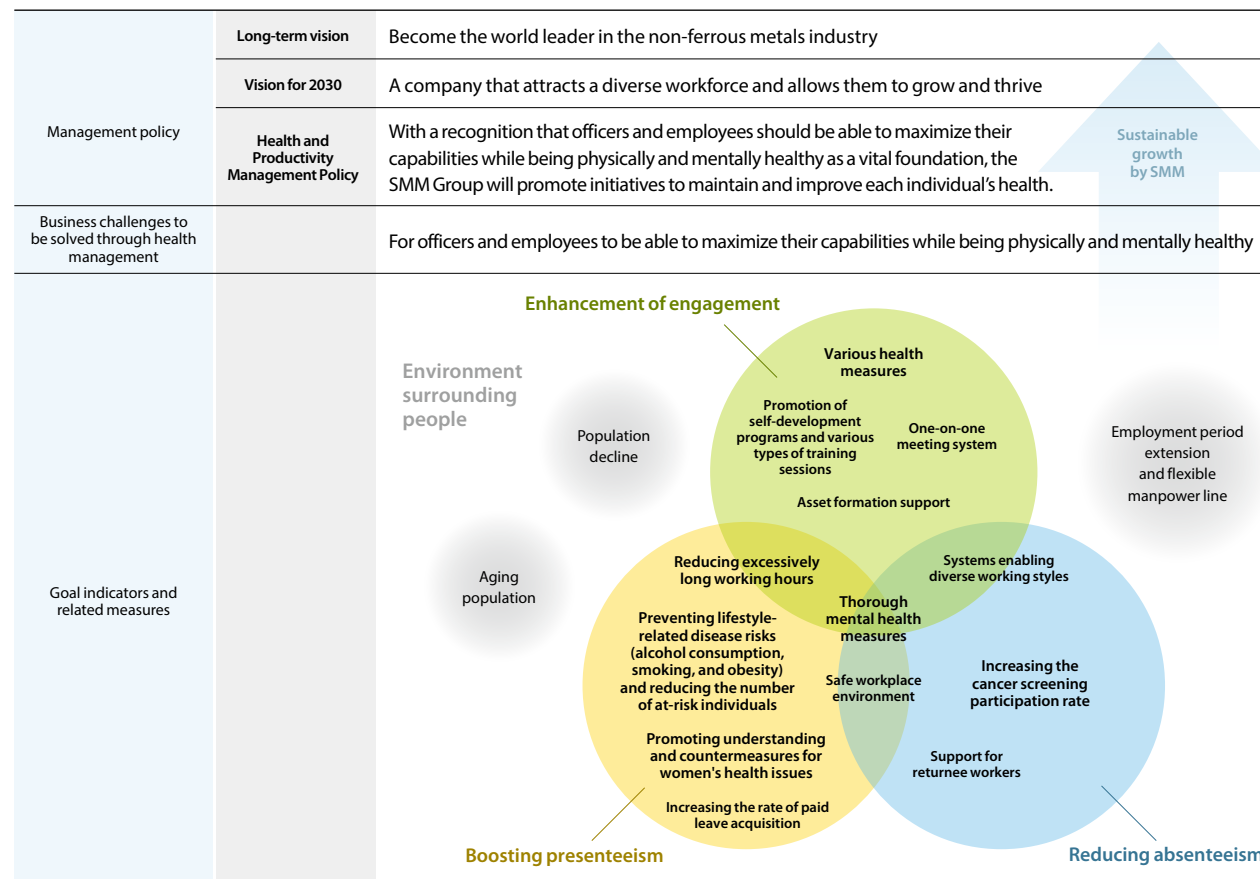
Survey on health and productivity management (SMM)

FY2030 targets	FY2024 results
Deviation value: 62	Deviation value: 57.8

As human resources materialities within the “employees” domain, in light of intensifying competition in the talent market and diversified employees’ career value, it is vital for the Company to be a place where employees can work with peace of mind over the medium- to long-term and continue to grow.

From an early stage, our Group has made securing the safety and health of officers and employees a priority from the standpoint of occupational health and safety. In 2022, to begin in earnest to ensure that all employees working for our Group can perform with greater health and motivation, we established the Sumitomo Metal Mining Group Health and Productivity Management Policy, and we have launched initiatives to maintain and improve each individual's health. Furthermore, we formulated the Employee Health Promotion Roadmap, which specifies medium- to long-term initiatives and targets, and a one-year Health and Productivity Management Plan. Based on these, we implement effective measures to maintain and enhance physical and mental health. In FY2025, Health & Productivity Management Promotion Sect. was established within the

Health Management Strategy Map



Human Resources Department, which is the central coordinating body for implementing companywide health management. This office formulated the Health Management Roadmap and FY2025 Promotion Plan, which integrated the Employee Health Promotion Roadmap and the Health and Productivity Management Plan. It also created and announced the Health Management Strategy

Map, which schematized management challenges and health management initiatives into series of processes.

The health management operation is led by the Human Resources Department and the Safety & Environment Control Department under the direction of the President as highest responsible party and the executive officer in charge of the

Material Issues | Human Capital Management

Human Resources Department as an executive officer in charge of health and productivity management through coordination with each business site, labor union, and health insurance society. Results of each fiscal year's initiatives and the initiatives for the following fiscal year are reported to and approved by the Board of Directors before implementation. Our specific measures include the provision of encouraging employees at high risk of lifestyle-related diseases and employees at high risk of diabetic nephropathy to undergo checkups, an online smoking cessation program, mental health training, efforts to reduce excessive drinking habits, efforts to reduce obesity (including for pre-obese individuals), walking events using a health management support system (via smartphone apps), awareness activities for women's health issues, and more. Through such measures, we will provide employees with tools for health that allow them to work with peace of mind over the medium-to-long term.

Promotion of career autonomy

KPI and results

Rate of utilization of self-development programs (SMM)

FY2030 targets	FY2024 results
60%	25.8%

In order to realize human resources materialities “creating an environment where employees can continue to grow with peace of mind” in the “employees” domain, it is vital to establish an environment that allows employees to work with peace of mind and to provide opportunities for autonomous growth, rooted in the premise of mid- to long-term personnel development. Based on this concept, we are committed to promoting the autonomous growth and career development of each employee.

We consider self-development by individual employees and practical on-the-job training (OJT) that is carried out in everyday work, along with appropriate assignment of personnel resources with an intention of development, to be the foundation for employees' growth. To actively support employee learning, we provide various programs such as online video-based learning, correspondence courses, foreign language courses, corporate training programs, and university/graduate school placements, the establishment of which allows employees to engage in self-directed learning. Regarding the KPI for Vision for 2030, we have set the rate of utilization of self-development programs at 60%.

Furthermore, in order to enable employees to independently shape their careers and continue working, beginning from employees' second year after joining the Company, we conduct career design training at the ages of 35, 43, 50, and 58. We also create opportunities for employees to clarify their future career goals and action plans. In addition, as support for autonomous career development, the Company offers support measures and systems matched to various changes in life stages, such as joining the Company, marriage, childbirth, childcare, nursing care, and reaching retirement age. We also provide consultation and opportunities for information provision through training.

In 2023, alongside revisions to the personnel system for managerial track employees, we established the career challenge program (in our internal job posting system). Autonomous efforts utilizing this system continue.

Human Resources Functions

Build an effective and efficient human resources infrastructure

Looking at human resource materialities in the “human resources functions” domain, we believe that to realize our human

resources strategy, it is necessary to enhance the effectiveness of existing mechanisms such as human resource systems and strengthen the foundational elements of such systems.

Regarding these systems, we provide each employee with compensation suitable for the duties and responsibilities in question, and we maximize individual potential. Thereby, we build a corporate culture that enables the continuous taking on of challenges, change, and growth for each employee. For such purpose, we revised the personnel system for managerial track employees and introduced a job grade system in July 2023. Following this revision, so as to achieve the objectives of the system reform, we have internally announced the names of higher-level positions and posts, as well as their job descriptions. Through this, we aim to clarify duties and responsibilities, allowing all employees to independently shape their careers based on their duties and responsibilities, thereby creating a corporate culture that allows employees to continuously learn and grow.

Going forward, to realize our human resource strategy, we will continuously refine our human resource systems. We will also link the “systematic successor development framework” with job descriptions, thereby contributing to the building of a sustainable human resources and organizational structure.

Moreover, upon implementing human resources strategies, it is vital that the supporting human resources infrastructure be both effective and efficient. Therefore, we have begun a review for reconstruction of our human resources system infrastructure. In addition to addressing declining operational efficiency due to system obsolescence, we are examining the nature of our human resources system infrastructure so as to achieve DX promotion in this domain.

Occupational Safety and Health

Occupational Safety

KPI & Results

Number of Serious accidents
(resulting in 50 days or more of absence from work)
(Workplaces covered by safety statistics (including contractors))

2030 Target

0 cases

2024 results

3 cases

Occupational Safety Policy

Toward the Elimination of Serious Accidents

1. Upgrading Equipment to Make it Inherently Safe
2. Enhancement of Safety Management Capabilities
3. Developing Employees Who Can Take Safety Actions

Outcomes of 2024 Initiatives

In 2024, the number of occupational accidents among SMM Group in Japan employees exceeded our target, with a total of 22 accidents, including 3 serious accidents (resulting in 50 days or more of absence from work). Of all accidents, 9 resulted in absence from work, and among these, 7 involved employees with relatively little work experience. The number of occupational accidents at domestic partner companies also exceeded the target, with 7 cases reported. On the other hand, our overseas business sites achieved zero occupational accidents, meeting the target for total occupational accidents.

Background factors for occupational accidents include, “Delays in safety enhancements for high-risk equipment, such as upgrading to inherently safe designs”, “Failure to address hazardous tasks due to insufficient supervisor awareness”, and “Human errors resulting from carelessness or casual lapses in adhering to basic safety rules and procedures”.

In 2024, we reinforced emergency safety measures and promoted permanent improvements, including investment to upgrade automated equipment with the potential to cause serious accidents to an inherently safe design. We also carried out a follow-up session for the safety-manager appointment training those supervisors received in 2023, aimed at strengthening their on-site management ability. Additionally, we held immersive VR training to further raise employees’ hazard awareness. Further, through safety patrols and other measures, we reinforced procedures, provided education, and instructed staff to carry out actions that ensure rule compliance and overall safety at each workplace.

2025 Action Plan (Priority Policy)

1. Progress in Equipment Improvements (Inherently Safe Design and Collaborative Equipment) and Enhancement of Workplace Environments
 - 1) Address outstanding items from the comprehensive inspection of automated machinery and promote inherently safe equipment design
 - 2) Implement safety measures to prevent accidents involving heavy machinery
 - 3) Mitigate and eliminate risks through the introduction of collaborative equipment
 - 4) Transition to age-friendly workplaces (including 3S)
2. Enhancement of Safety Management Capabilities (Systems, Skills, Equipment)
 - 1) Improve the capabilities of supervisors and health and safety staff

- 2) Prevention of similar accidents based on the “Three Actuals” principle, such as on-site work observation and practical risk assessment (RA)
- 3) Utilization of management (supervision) support devices
3. Developing Employees Who Can Take Safety Actions
 - 1) Effective utilization of hazard simulation training
 - 2) Elimination of unsafe behavior through the rollout of Anzen Dojo training content
 - 3) Maintenance and improvement of safety-related physical fitness

Occupational Safety and Health

Occupational Health

KPI & Results

Number of workplaces with health risks
(Workplaces covered by safety statistics (Japan only))

2030 Target

0 workplaces

2024 results

2 workplaces

Occupational Health Policy

Ensuring a comfortable workplace environment through improvement of the work environment and measures for disease prevention.

Outcomes of 2024 Initiatives

In 2024, we achieved zero Control Class 3 workplaces and zero occupational diseases, and met our targets for Control Class 2 workplaces, reducing the number compared to 2023.

In 2024, we improved equipment targeting zero Control Class 3 workplaces and made planned improvements to work environments aimed at achieving zero Control Class 2 workplaces. The health and safety managers from business divisions and the members of the Safety & Environment Control Department implemented patrols, with a focus on the Besshi District, where these workplaces are concentrated. They provided guidance and follow-up on improvements and ongoing management of the workplace environment. We will

continue to enhance facilities and strengthen management, aiming ultimately to reduce the number of both Control Class 3 and 2 workplaces to zero and to create comfortable workplaces free from occupational disease risks.

In May 2022, a partial amendment to the Industrial Safety and Health Act significantly shifted chemical substance management from case-by-case regulation to autonomous management, and we have taken the necessary response measures accordingly.

2025 Occupational Health Plan

In 2025, we will strengthen collaboration with the Safety & Environmental Control Center in the Besshi District, where worksites needing improvement are concentrated, and with health and safety managers in business divisions. Through site patrols and the shared use of improvement technologies, we will strengthen the improvement, upkeep, and management of work environments, ultimately creating more comfortable workplaces.

1. Implementation and Maintenance of Planned Work Environment Improvements
 - 1) Check progress of improvement investment plans
 - 2) Enhance skill of workplace personnel
 - 3) Strengthen management and guidance through interdivision collaboration
 - 4) Reduce worker noise exposure time
2. Monitor Response to New Chemical Substance Regulations and Ensure Regulatory Compliance by Applying Risk Assessment Measures
 - 1) Reconfirm self-checklists and have divisions and the Safety & Environment Control Department monitor the content of checks at on-site
 - 2) Improve risk assessment methods

Risk Assessments

The SMM Group proactively uses risk assessments (investigation of hazard or harmfulness) to evaluate hazards and take appropriate countermeasures against sources of risk that may cause accidents or health hazards due to chemical substances, operations, or a combination of both. We strive to improve the level of health and safety by reporting the status of risk assessments and work environment improvements to the Occupational Health and Safety Committees, evaluating them, and ensuring awareness among employees.

Occupational Safety and Health

Education in Hands-on Training Facilities

Since 2010, the SMM Group has been operating a hands-on training facility (the Oji-kan Facility) in Niihama City, Ehime Prefecture, which consists of a Hazard Simulation Zone and an Equipment Skills Training Zone. The purpose of the Hazard Simulation Zone is to increase sensitivity to occupational safety and occupational health through simulated experiences of dangers that may be present in daily work, while the purpose of the Equipment Skills Training Zone is to develop operators with strong skills in equipment and devices through hands-on experience with actual on-site equipment, cut models, etc. In both zones, in addition to the curator and full-time instructors, site managers and supervisors, and veteran employees provide training as appointed instructors. The Oji-kan Facility staffs have been traveling to workplaces since 2013 to conduct on-site hazard simulation training, and we are working to expand the number of participants. In addition, each business site uses the Oji-kan Facility based on a risk assessment of its own workplace to conduct safety education through its own unique program.

Also, since September 2023, Coral Bay Nickel Corporation (CBNC) in the Philippines has been offering hazard experience training at the Safety and Skills Training Center (SSTC), modeled after the Oji-kan. By the end of 2024, a total of 590 participants, mainly Filipino employees and partner company staffs, have completed the training.



A Hazard Simulation Zone in the Oji-kan Facility

Education and Training Related to Occupational Health and Safety

Legally mandated education

We conduct education at the time hiring as well as special training and training when starting hazardous or potentially harmful work.

Education beyond legal requirements

In addition to legally mandated training, the following trainings are provided.

- Education to foster qualified personnel
- Manager training (training for newly appointed site managers, Supervisor Exchange Meeting, etc.)
- Hazard simulations, Anzen Dojo, small group activities
- JCO Study Center training, risk assessment education provided by external lecturers



Occupational Safety and Health Training

Material Issues | Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy

Vision for 2030

A company that contributes to building and maintaining a circular economy by providing a stable supply of non-ferrous metal resources through its high technological capabilities

Background to the selection of Material Issues

Resources such as non-ferrous metals, which are essential for societal development, are finite and are expected to be depleted. Additionally, economic activities that assume mass consumption and disposal of resources place a significant burden on the global environment. Therefore, there is a need to shift to a circular economy across the whole society.

KPI	Reporting boundary	Target (FY2030)	FY2024 results
Production volume of nickel *1	SMM Group	100kt/year (amounts converted to a nickel content basis)	94kt/year (amounts converted to a nickel content basis)
Production volume of copper from our interest	Copper mines in which the SMM Group holds in interests	300kt/year (amounts converted to a copper content basis)	232kt/year (amounts converted to a copper content basis)
The capability of the recycling facilities of lithium-ion secondary batteries	SMM Group	10kt/year*2	0t A battery recycling plant is under construction (scheduled for completion in mid-2026)
The capability of copper recycling	SMM Group	140kt/year (amounts converted to a copper content basis)*3	104kt/year (amounts converted to a copper content basis)
The capability of steel making dust recycling	SMM Group - Japan	120kt/year	80kt/year

*1 Production volume of electrolytic nickel, nickel sulfate, ferronickel, and nickel chloride, and nickel contained in cathode materials for automotive secondary batteries (excluding the portion supplied by our company, but including recycled nickel)

*2 Equivalent amount of lithium-ion secondary batteries

*3 Recycling rate of 30% for 460kt/year of electrolytic copper

Stable Supply of Non-Ferrous Metals

We produce non-ferrous metals such as copper and nickel. Copper is characterized by its high electrical conductivity and is widely used in diverse applications including electrical wires and copper products. Nickel, known for its corrosion resistance,

is extensively used in stainless steel products and also serves as a cathode material for lithium-ion rechargeable batteries.

Non-ferrous metals are essential materials for global economic development and modern society, with demand expected to continue growing.

Resources are finite, and competition for high-quality non-ferrous metal resources has intensified in recent years. Based on our relationships of trust with major overseas non-ferrous metal

companies and our smelting & refining technologies cultivated over many years, the SMM Group will fulfill its responsibility as a manufacturing company by enhancing its stable supply capabilities for high-quality non-ferrous metals. We will also contribute to a circular economy that does not rely on mass production and mass disposal.

Material Issues | Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy

Copper Recycling

The SMM Group procures copper and precious metal scrap, as well as used printed circuit boards, from the market. We recover valuable and precious metals by processing these procured materials. Among these procured materials, those containing copper are collectively referred to as copper-based secondary raw materials. Copper is recovered by melting these raw materials in smelting furnaces or converters using surplus heat. The total amount of copper recovered is referred to as the copper recycling volume. We are working to improve processes and consider introducing new equipment to achieve an annual recycling volume of 140kt (copper content) by 2030. This corresponds to a recycling rate of 30% relative to the 460kt annual refined copper production target. In fiscal year 2024, the production of electrolytic copper from secondary copper-based raw materials was approximately 104kt, accounting for 23.4% of total production, an increase from the previous year (20.2%).



Recycled Materials (Copper-Based Secondary Raw Materials)

Precious Metal Recovery

We recover and recycle precious metals (gold, silver, platinum, etc.) using E-scrap as raw material. This E-scrap includes waste home appliances and electronic components collected nationwide, as well as waste electronic circuit boards containing high concentrations of valuable metals such as gold, silver, copper, and palladium generated during their manufacturing processes.

The collected raw materials are sorted at our affiliated company (Ohkuchi Electronics Co., Ltd.) into parts containing precious metals and parts that do not. Depending on their composition, they undergo concentration using either dry or wet processes before being transported to the Toyo Smelter & Refinery. At the Toyo Smelter & Refinery, this concentrated

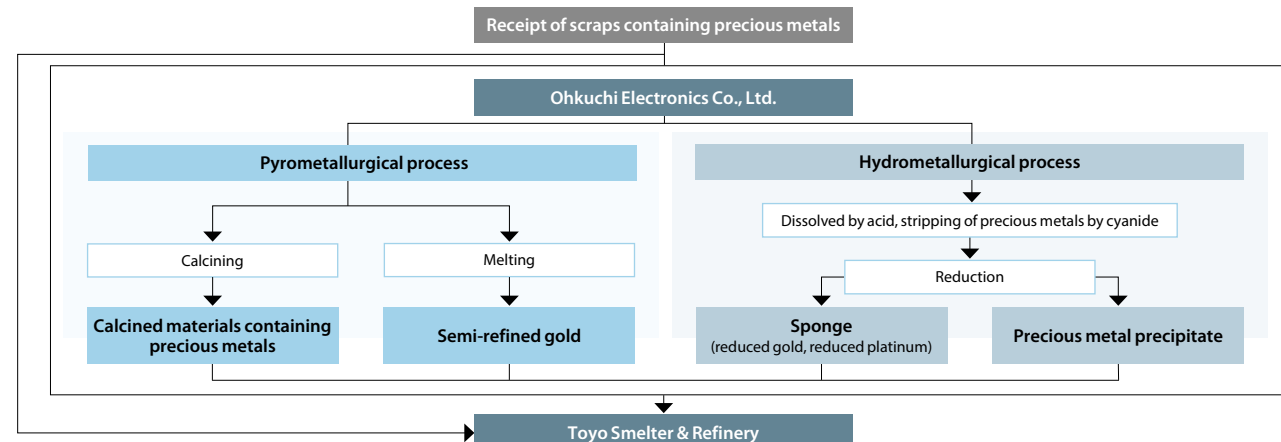
material is smelted and refined simultaneously with other copper and precious metal raw materials, regenerating it into high-purity precious metals.

Utilization of Slag

At the Toyo Smelter & Refinery, which is a copper smelter, copper slag is produced as a by-product during the smelting process. The main use for copper slag (80% of the total volume) is cement production for Japan and overseas. With an iron content of about 40%, copper slag is widely used as a source of iron for cement.

The ferronickel slag produced as a by-product at Hyuga Smelting Co., Ltd., which manufactures ferronickel used as a raw material for stainless steel, is mainly used for harbor and civil engineering construction.

Precious Metal Recovery Flow Diagram



Material Issues | Realizing a Carbon Neutral Society

Vision for 2030

A company that actively works to reduce greenhouse gas (GHG) emissions and develop technologies that contributes to low carbon emissions in order to achieve a carbon neutral society

Background to the selection of Material Issues

Achieving a carbon-neutral society requires efforts from the entire society, and there is a need to mitigate risks related to decarbonization and seize related opportunities.

KPI	Reporting boundary	Target (FY2030)	FY2024 results
GHG emissions	SMM Group	(Scope 1 and 2) 38% reduction compared to FY2015 (Breakdown: 50% Japan, 24% overseas) (Scope 3) Understanding current situation and setting goals: By the end of FY2025	(Scope 1 and 2) 27% reduction compared to FY2015 (GHG emissions: 2,356kt-CO ₂ e) (Scope 3) Conducted a survey of major suppliers in Category1
Development of low-carbon smelting and refining technologies	SMM Group	1. Development of hydrogen reduction technology for nickel oxide ore smelting 2. Development of DLE (Direct Lithium Extraction) technology	1. Laboratory-scale experiments to deepen the understanding of reduction behavior were conducted as planned 2. Improvement of adsorbent's durability
Amount of GHG emissions reduction contributed by low-carbon contributing products*1	SMM Group	1.1 Mt-CO ₂ *2	1.0 Mt-CO ₂
Developing and supplying low-carbon contributing products	SMM Group	1. Development of hydrogen production catalyst 2. Development of cathode materials for all-solid-state batteries	1. Development started as planned 2. Development is progressing largely as planned

*1 Products that contribute to the realization of a carbon-neutral society and are aligned with the SMM Group's product strategy (e.g., cathode materials for automotive secondary batteries, near-infrared absorbing materials)

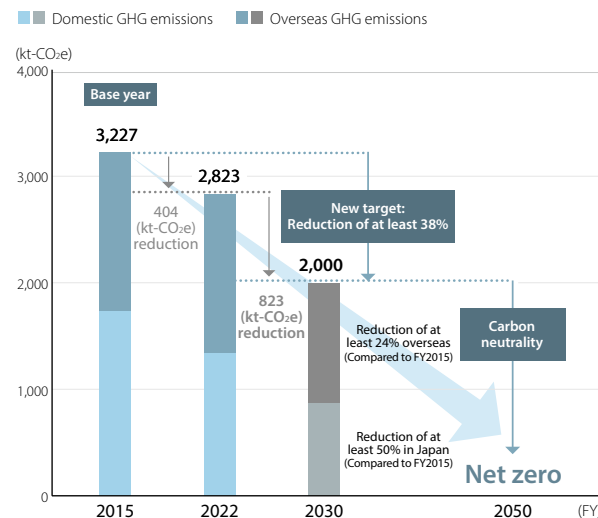
*2 Contribution to emissions reduction as of 2030 (calculated using the stock-based method). The stock-based method is a method of calculating the contribution to emissions reduction by calculating the CO₂ emissions of all products in operation in the assessment year (stock accumulation) and subtracting the CO₂ emissions of comparable products

Material Issues | Realizing a Carbon Neutral Society

Roadmap toward Achieving Carbon Neutrality in 2050

We have formulated a roadmap toward achieving carbon neutrality in 2050, along with interim reduction targets for FY2030, and announced them in December 2023. The interim target for FY2030 is a reduction of at least 38% (at least 50% in Japan and at least 24% overseas) compared to the base year of FY2015, and limiting GHG emissions to no more than 2,000 kt-CO₂e.

Roadmap toward Achieving Carbon Neutrality in 2050 (as of December 2023 announcement)



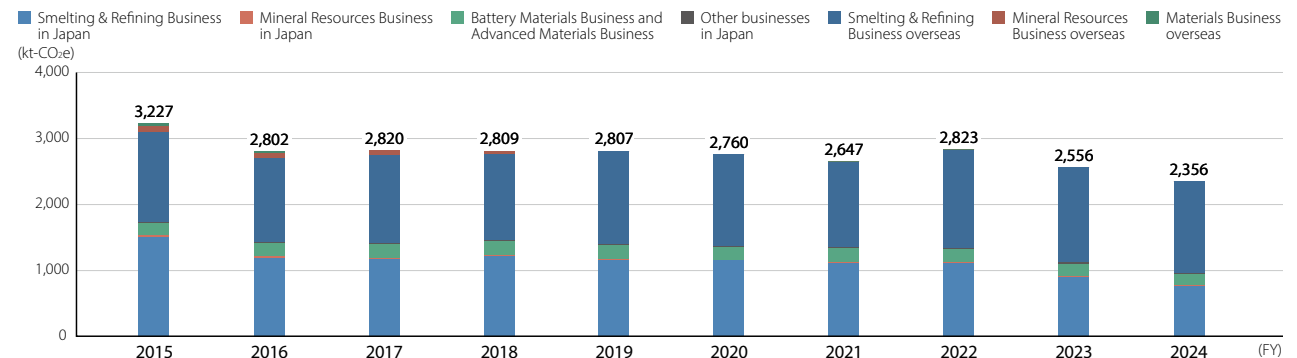
Initiatives to Achieve Carbon Neutrality by 2050

Toward achieving the interim target for FY2030, we are working to maximize the use of existing technologies, including comprehensive energy conservation, improvements in efficiency, fuel conversion from fossil fuels, and expanded introduction of renewable energy. In order to achieve carbon neutrality by FY2050, we are taking on the challenge of developing innovative technologies for smelting and refining processes where reductions are currently difficult, and, based on advancements in decarbonization technologies and their social implementation, we are also working to introduce new technologies such as next-generation energy and carbon dioxide capture and storage.

GHG Emissions (Scope 1 and 2)

The SMM Group's GHG emissions in FY2024 were 2,356 kt-CO₂e, a year-on-year decrease of 200 kt-CO₂e resulting from a decline in production volume, energy-saving activities, fuel conversion from heavy oil to LNG, and improvement of the electric power CO₂ emissions coefficient. In addition, the solar power plant operated by SMM in Kashima, Ibaraki Prefecture contributed to a reduction of approximately 1.6 kt-CO₂e in FY2024.

GHG Emissions *(Scope 1 and 2)



* The quantification of GHG emissions is subject to uncertainties in the measurement of activity data, in the determination of emission factors, and in the scientific determination of the global warming potential. Both Japan and overseas figures are calculated based on the GHG Protocol, and emission factors are based on the Japanese law "Act on Promotion of Global Warming Countermeasures".

For calculating GHG emissions from domestically purchased electricity, adjusted emission factors provided by the electricity suppliers are used.

For calculating GHG emissions from overseas purchased electricity, country-specific emission factors from the IEA Emissions Factors at that point in time are used.

Scope 1: Direct GHG emissions generated by a business (due to fuel consumption, industrial processes, etc.)

Scope 2: Indirect GHG emissions generated using electricity, heat, and steam supplied by other companies

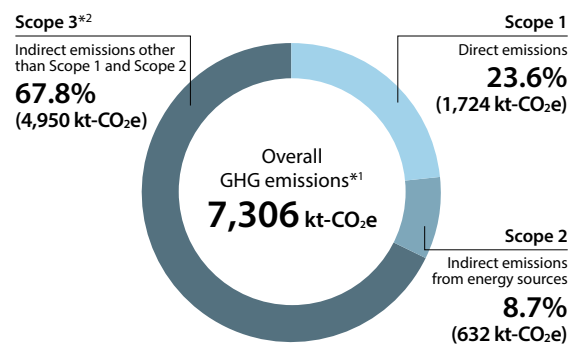
Scope 3: Indirect GHG emissions not covered by Scopes 1 or 2 (emissions from other companies with a connection to the business' activities)

Material Issues | Realizing a Carbon Neutral Society

Scope 3 Initiatives

Our Scope 3 GHG emissions for FY2024 were 4,950 kt-CO₂e. This was calculated using the emissions output level published by the National Institute of Advanced Industrial Science and Technology database (AIST-IDEA) and the Ministry of the Environment (secondary data). However, we are moving forward with replacing this (improving calculation accuracy) with the emissions output level from business partners' results (primary data), which allows for calculation of emissions that is more in line with actual circumstances than secondary data. Specifically, we are promoting a shift to primary data from Category 1, which makes up over 80% of our Scope 3 emissions, by communicating with business partners, as well as asking our business partners about their GHG emission reduction targets and the status of their initiatives, to set our Scope 3 emissions reduction targets.

Greenhouse Gas Emissions (FY2024)



Figures are rounded to the nearest whole number, so totals may not match

*1 Reporting boundary: the entire SMM Group (however, data for Scope 3 Category 5 to 7 only covers Group companies in Japan)

*2 Excludes Categories 8–12, 14, and 15

As for the state of progress of these initiatives, we conducted a survey of important Category 1 suppliers in FY2024 and collected information including each company's GHG emissions per product and their reduction targets.

Development of Products Contributing to a Low-Carbon Society

Sumitomo Metal Mining strives to develop products contributing to a low-carbon society to realize a carbon-neutral society by 2050. We are working on development of products such as cathode materials for solid-state batteries for next-generation lithium-ion batteries installed in electric vehicles (EVs) that contribute to reducing greenhouse gas (GHG) emissions and the hydrogen production catalyst that are essential for manufacturing hydrogen in a society based on hydrogen energy.

Providing Products That Contribute to a Low-Carbon Society

Among the SMM Group's products, we position those products that contribute to reducing GHG emissions as low-carbon products, and the Group places the highest priority on contributing to reducing GHG emissions throughout society by developing these products and expanding business. Our current target is to contribute to a reduction in GHG emissions of at least 1,100 kt-CO₂e through low-carbon products by 2030. The GHG reduction contribution in FY 2024 was 1,000 kt-CO₂e. We will actively work on the technological development of hydrogen production catalyst and cathode materials for all-solid-state batteries, as well as the expansion of business for existing low-

carbon products.

Using Internal Carbon Pricing

The SMM Group has established Internal Carbon Pricing (ICP) to promote the development of decarbonization technologies and capital investment and has introduced an ICP system that reflects the effects of GHG reduction in investment decisions. ICP was introduced in September 2020, and we have been actively making decarbonization investments at our business sites using this system. Specifically, in addition to energy-saving investments such as the introduction of LED lighting and the replacement of air conditioning equipment with highly efficient models, we are also switching to non-fossil power sources and actively taking on challenges that were previously difficult under conventional investment standards, including the introduction of solar power and the conversion of fuel from heavy oil to LNG. Going forward, we will continue to review the ICP price as necessary in response to changes in social conditions and further promote decarbonization.

Material Issues | Conservation and Restoration of Nature

Vision for 2030

A company that contributes to a nature-positive future

Background to the selection of Material Issues

Economic activities are causing a loss of natural capital and biodiversity, as demonstrated by the rapid increase in extinction rates of species. It is necessary to aim to curb the loss of nature, restore it, and enhance its richness globally.

KPI	Reporting boundary	Target (FY2030)	FY2024 results
Identification, management, and disclosure of nature-related risks and opportunities	SMM Group	By the end of FY2026: Addressing priority locations for our group businesses By the end of FY2030: Addressing the material value chain	Organization of nature-related information Establishment the Sumitomo Metal Mining Group's Nature Policy
Prevention of significant environmental accidents	SMM Group	1. Number of significant environmental accidents: zero 2. Maintaining compliance with Global Industry Standard on Tailings Management	1. Number of significant environmental accidents: zero 2. Confirmed compliance with Global Industry Standard on Tailings Management

Identification and management of nature-related risks and opportunities

We formulated the Sumitomo Metal Mining Group's Nature Policy on April 1, 2025. The policy outlines governance and promotional framework, principles, and review and reporting. The policy sets out nature policy principles covering several key areas. These include assessing and identifying nature-related dependencies, impacts, risks, and opportunities; pursuing net-zero nature loss in priority locations; and collaborating with stakeholders across value chains and the associated regional ecosystems (landscapes). We also pledge to contribute to the sustainable

development of society by avoiding and minimizing the negative impact of our Group's business activities on nature and by undertaking restoration and conservation efforts. Furthermore, under our Vision for 2030, we aspire to be "a company that contributes to a nature-positive future." At the end of FY2026, we plan to disclose the identification of nature-related risks and opportunities in the Group's priority locations, along with our response measures.

On January 17, 2024, ICMM released its Nature Position Statement. As part of its commitments as an ICMM member company, SMM will assess nature-related dependencies, impact, risks, and opportunities for operations in priority locations by the end of FY2026. Also, by the end of FY2030, we will identify the most material value chain categories and issues and develop

performance targets and objectives for material aspects.

In FY2023, we continued our ongoing revegetation and biodiversity-conservation efforts at our business sites, and we established a working group under the Environmental Preservation Subcommittee (now the Nature Conservation and Restoration Subcommittee) to examine our response to nature-related initiatives and related information disclosure.

In FY2024, we conducted analyses of our Group's overall dependencies and impacts on nature using ENCORE, the Integrated Biodiversity Assessment Tool (IBAT), Global Forest Watch (GFW), and WRI Aqueduct-Water Risk Atlas— tools recommended by the Taskforce on Nature-related Financial Disclosures (TNFD).

Material Issues | Conservation and Restoration of Nature

Management of Operated Tailings Facilities

In August 2020, Global Tailings Review (GTR) formulated the Global Industry Standard on Tailings Management (GISTM). The International Council on Mining and Metals (ICMM) is committed to compliance with GISTM, and as a member of ICMM, we are responding to the standard.

Our Group thoroughly implements measures to prevent significant environmental accident at closed mines that it manages, and tailings facilities managed by CBNC and Taganito HPAL Nickel Corporation (THPAL), both of which are in the Philippines.

In FY2023, we disclosed information concerning high-risk tailings facilities in accordance with the provisions of the GISTM, established a working group under the Environmental Preservation Subcommittee, and took measures to ensure compliance with the GISTM.

On August 1, 2024, we formulated the Sumitomo Metal Mining Group's Tailings Facility Management Policy based on the GISTM to clarify guidelines concerning governance and implementation structures, principles, allocation of management resources, collaboration, preparations for and responses to emergency situations, reviews, and disclosures. In this policy, we make a commitment to securing the resources necessary for conducting tailings facility management activities, cooperating with stakeholders including local communities, mitigating risks throughout the lifecycle from tailings facility planning to decommissioning, and reducing impacts on the environment, as well as providing support for the safety management of tailings facilities at mines and other facilities in which we have invested.

In August 2025, in addition to the previously disclosed high-risk tailings dams, we confirmed that all tailings facilities (17 facilities) managed by our Group that are subject to disclosure

comply with the GISTM, and we disclosed this information.

Tailings Facility Management Policy

<https://www.smm.co.jp/en/sustainability/management/tailings/>

Rehabilitation

CBNC and THPAL produce intermediates for electrolytic nickel and nickel sulfate. At the tailings facilities, the slurry remaining after nickel recovery in the production process is treated through neutralization to remove toxins and precipitate heavy metals. The treated slurry is then sent to the tailings facilities, where the solids are allowed to settle.

CBNC has three tailings facilities, and THPAL has one. The first tailings facility at CBNC reached its storage capacity and completed its role, so we are currently rehabilitating the site to

establish an independent and sustainable ecosystem. Many local residents and indigenous people are involved in these efforts, and the rehabilitation also plays an important role in creating local employment. We conduct regular monitoring, and the safe and effective management of tailings facilities throughout their lifecycles is confirmed by independent organizations and other relevant parties.



Before rehabilitation



After rehabilitation

Material Issues | Conservation and Restoration of Nature

Approach to Chemical Substance Management

Because chemicals are frequently handled in the SMM Group, we have established a chemical substance management system within the environmental management system (EMS) at all business sites under divisional jurisdiction. For example, when a business site intends to handle a new chemical, it conducts a preliminary study that covers hazard statements, laws and regulations, and other applicable information, and deliberates in a meeting at the business site before deciding whether to adopt the handling of said chemical. In addition, the business divisions and Safety & Environment Control Department cooperate with requests for preliminary consultation and verification from the business site.

Further, we also provide information on safe handling for all chemicals transferred or provided to customers or to the other business sites in the SMM Group using safety data sheets (SDS)*¹ which conform to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS),*² regardless of whether or not we are legally obligated to do so. When developing new materials, we strive to develop materials that customers can use safely and with peace of mind. We review development themes taking into account the toxicity of contained substances, including as pertains to domestic and international regulations for final products as well as the environmental impact of production processes.

Regarding emissions into the atmosphere and water, in order to comply with statutory regulations relating to air and water pollution and further reduce emissions of chemical substances, business sites individually set targets and take action. In FY2024, we continued implementing measures based on the hazardous substance emission reduction targets set by each facility.

*1 Safety data sheet (SDS): A document listing information on a chemical, including the chemical substance, the product name, the supplier, hazards, safety precautions and emergency procedures

*2 The Globally Harmonized System of Classification and Labeling of Chemicals (GHS): A system for classifying chemicals based on the type and degree of hazards and toxicity they pose, chemical labeling, and safety data sheet provision in accordance with a set of internationally agreed upon rules

Water Use Management (Risk Management)

Water is a shared resource for the region, closely connected to the lives of residents and communities and has an impact on surrounding ecosystems. Under the Sumitomo Metal Mining Group's Water Policy, we identify water risks not only using tools such as the WWF Water Risk Filter and WRI Aqueduct, but also by considering water use and the impact on the surrounding environment at each business site. We work to reduce these risks while considering local communities and the environment in the water areas we use and take responsible action to make effective use of limited water resources.

For example, at CBNC on Palawan Island in the Philippines, where water shortages are common during the dry season, supernatant water collected in tailings facilities is treated at recycling facilities and reused in the smelting process. In addition, this water is supplied as industrial water to lime slurry manufacturers who are suppliers for CBNC, as part of efforts to make effective use of water resources. As a contribution to local communities, CBNC also provides, maintains, and manages water supply facilities, and continues to deliver drinking water using tanker trucks when necessary. Furthermore, the Environmental Management Office (EMO), which is responsible for environmental management at CBNC, forms teams with local governments, NGOs, and other stakeholders to regularly conduct water quality inspections and monitor whether plant operations

are having any significant impact on surrounding water bodies.

The SMM Group also responds to the CDP Water Security Questionnaire every year and communicates efforts based on the Water Policy both internally and externally.

Material Issues | Co-Existence and Mutual Prosperity with Local Communities and Indigenous People

Vision for 2030

A company that grows with the community as a trusted partner

Background to the selection of Material Issues

It is important for not only companies but also local communities to develop together. Furthermore, it is essential to respect the rights of indigenous peoples, especially those affected by resource development.

KPI	Reporting boundary	Target (FY2030)	FY2024 results
Dialogue with local communities and indigenous people	SMM Group	Continuous implementation of dialogue leading to the resolution of local issues	Dialogue with local residents and indigenous people: 152 cases
Grievance mechanism	SMM Group	Proper operation	Complaints: 5 cases (all have been properly addressed)
Strengthening the foundation for social activities in communities	SMM Group	Collaborative planning and participation in community contribution programs	Amount contributed: JPY 42 million Total number of beneficiaries: 1,597 people
Helping to nurture the next generation in communities	SMM Group	Offering scholarships and other support programs	Amount contributed: JPY 291 million Total number of beneficiaries: 5,908 people

Dialogue with Indigenous Peoples

Mine development, smelting, and refining can have a considerable effect on the environment and local communities and there is a risk that the rights of the indigenous peoples living on the land, who generally occupy a vulnerable position in society, will be violated. Therefore, we think it is most important to operate business while gaining the understanding and trust of these indigenous peoples. The SMM Group respects international norms including the United Nations Declaration on the Rights of

Indigenous Peoples (UNDRIP), which provides for consideration of the right to “free, prior and informed consent (FPIC),” a distinctive right of indigenous peoples, as well as at the Position Statement of the International Council on Mining and Metals (ICMM). We will continue to engage in dialogue based on an understanding of the traditions and cultures of indigenous peoples with the aim of developing mutual understanding and trust while cooperating with relevant stakeholders including local governments in the areas where we conduct business.

Even after operations started, we established organizations to promote local community development (Social Development) in accordance with local laws and regulations and are engaged

in the Social Development and Management Program (SDMP), exchanging information. Based on these exchanges, budgets are prepared for the categories of health, education, welfare, livelihood, etc., and, after obtaining approval from the local government, we provide free health checkups, medical treatment, agricultural assistance, and more. In addition, we separately allocate budgets for activities not included in the SDMP, such as the construction of schools and assembly halls to enable indigenous peoples to learn about their culture and unique languages.

Moreover, there have been no incidents of serious conflicts concerning land use or the customary rights of indigenous

Material Issues | Co-Existence and Mutual Prosperity with Local Communities and Indigenous People

peoples reported in the vicinity of any of the mines or smelters and refineries in which we have more than 50% interest. There have also been no such incidents reported through channels including JaCER (grievance remedy platform).

Supporting Training the Next Generation in Local Communities

The SMM Group holds next-generation training programs in local communities where our businesses are located to strive to realize co-existence and mutual prosperity with local communities, one of our management philosophies. We implemented 35 such projects in FY2024.

As one support plan for training the next generation, we established the JEES Sumitomo Metal Mining Scholarship for the Region's Sustainable Development as part of Japan Educational Exchanges and Services (JEES) in FY2023 based on our donations. The intention was to assist students who are willing to contribute to sustainable development in local communities where

our businesses are located and in need of economic aid. The scholarship system provides a monthly sum of ¥100,000 until graduation, with no need of repayment, and offers programs to study how to support local communities. The scholarship was granted to 39 students (21 male and 18 female) in FY2024.

This scholarship support program implemented a three-stage training program starting in March 2024 for the first cohort of scholarship recipients, aimed at gaining the perspectives necessary for regional contribution. Specifically, in Niihama City, Ehime Prefecture, where our Besshi Copper Mine is located, participants engaged in: 1) The "Discovery" stage, experiencing the region's history and characteristics firsthand and building empathy with its active members; 2) The "Deep Dive" stage, establishing their core purpose for regional contribution; 3) The "Engagement" stage, actively undertaking regional contribution activities. After these activities, we held the Results Presentation for the First Class of Scholarship Recipients at our Head Office in August 2025 (with nine of the 18 recipients in the first class participating). The scholarship students presented information including what they learned in each activity and program, and prospects for future initiatives, concluding the programs to support scholarship students for them. We plan to continue the scholarship system going forward to support students working to contribute to local communities.

Strengthening the Foundation for Local Social Activities

Through the provision of capital and human resources, the SMM Group supports initiatives contributing to strengthening the foundation for social activities in local communities where our businesses are located (such as initiatives creating added value related to our businesses, including revitalization of

local economies; inheritance of traditions; training the next generation; and conservation of biodiversity, water, and forests). We strive to realize co-existence and mutual prosperity with local communities, one of our management philosophies.

We support the further growth of local communities by providing training programs via leadership development for those communities, and the provision of capital and human resources, to regions in which we develop our businesses. We implemented 12 such projects in FY2024.

Specifically, at the Ome District Div., we cooperated with the local Social Welfare Council, local companies, and the Tama University Research Institute to launch the Ome-Hamura Corporate Social Contribution (OHSC) Project, which reconciles awareness of social issues based on dialogue with the local community and brings various organizations together to mobilize toward solutions. This project held study sessions (6 sessions, approx. 60 participants total) involving the Regional Social Welfare Council, local government, and local businesses, deepening mutual understanding between public and private sectors regarding initiatives that could create value for the community. As an initial outcome, a corporate joint purchase initiative for bread and confectionery produced at a facility supporting employment for people with disabilities was realized, contributing to improved employee job satisfaction and wage increases. In the future, we will support the expansion of networks that promote further value creation in the local community. In addition, we began an initiative to support activities assisting inquiry-based learning at high schools in the Tama area. In November 2024, we spoke at a business research class for first-year students at Tokyo Metropolitan Akirudai High School, and in February 2025, we participated in a presentation at the school. Furthermore, in February 2025, we sponsored the Tama Area Inquiry-Based Learning Research Seminar hosted by Tama University to support collaboration between teachers in the Tama area.



Training for Scholarship students at the Besshi Copper Mine Memorial Museum

Material Issues | Supply Chain Management

Vision for 2030

A company that builds a sustainable supply chain

Background to the selection of Material Issues

It is necessary to understand the social impacts not only within the corporate group but also upstream and downstream in the supply chain, and to respond to these risks and opportunities.

KPI	Reporting boundary	Target (FY2030)	FY2024 results
Percentage of smelters and refineries certified with international certifications* ¹	SMM Group	100%	57%
Percentage of appropriate suppliers* ² selected through due diligence for responsible mineral sourcing	SMM Group	100%	Review and establishment of a due diligence implementation system
Implementation of ESG due diligence* ³ across the supply chain	SMM Group	Implementation and disclosure of due diligence for suppliers* ⁴ (by the end of FY2026)	Review and establishment of a due diligence implementation system

*1 International certifications for responsible mineral sourcing and production (e.g., JDDS, Copper Mark Criteria, etc.)

*2 Mines, smelters, etc. with international certifications

*3 In accordance with ISO 20400 (Sustainable Procurement Guidance) and other relevant standards, areas covered include such things as climate change mitigation, environmental conservation, human rights (including occupational health and safety), labor practices, community development, corporate governance, ethics, and anti-corruption

*4 Includes procurement of goods and services, logistics, construction contracts, etc. (excluding mineral procurement)

Initiatives Related to Sustainable Procurement

In addition to responsible mineral sourcing, the SMM Group formulated the Sumitomo Metal Mining Group Sustainable Procurement Policy, which provides for cooperation with stakeholders to carry out procurement activities that consider human rights and labor, compliance, quality assurance, and

environment and local communities with the aim of building sustainable supply chains throughout the Group. We requested our main business partners (suppliers) to agree to this policy, and 99% have agreed. In addition, we ask those suppliers who agreed to the policy to complete a self-assessment questionnaire (SAQ) concerning sustainable procurement, and responses have been received from 98%.

The responses to the SAQ reveal that about 85% of overall evaluations were accounted for by the highest of the five levels

of evaluation (i.e., S, A, and B evaluations), confirming that many business partners are advancing initiatives related to sustainability. For those business partners that received a C or D rating, we selected one company from each business division and purchasing department for a total of five companies and exchange opinions with them concerning sustainability (in particular, business and human rights) with the objective of leading to improvements by the suppliers.

Material Issues | Supply Chain Management

Initiatives for Responsible Mineral Production and Sourcing

We are aware of the importance of ensuring transparency throughout the entire supply chain with respect to the mineral sourcing, which has a long and complex supply chain from upstream to downstream, and we undertake responsible mineral sourcing initiatives in line with mechanisms advanced by the international Responsible Minerals Initiative (RMI) to ensure

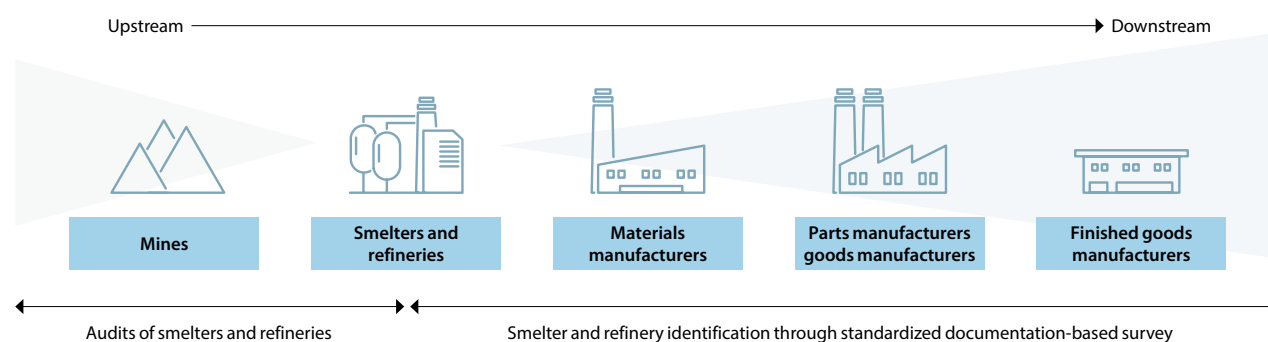
supply chain transparency (see figure below). These mechanisms aim to ensure transparency in the supply chain in a more efficient manner by starting with smelters and refineries, which are relatively few.

Upstream of smelters and refineries, we regularly undergo third-party, international standards-based audits of responsible mineral sourcing mechanisms at our smelters and refineries, covering matters including risk assessments of suppliers. Since audit standards vary from mineral to mineral, we work to ensure that each standard is met by conducting due diligence, developing internal systems and regulations, and providing

internal training. The table below shows the status of third-party audits at our smelters and refineries.

At the finished goods manufacturers downstream from the smelters and refineries, a standardized survey is extended for the purpose of identifying the smelters and refineries that produced the minerals used in their products. We have established an approval process for responses to these surveys, which are sent from the supply chain to customer companies and are working to ensure unified responses across the SMM Group. In FY2024 we responded to 378 surveys.

Responsible Mineral Sourcing Initiatives Promoted by the RMI



Status of Third-Party Audits at Our Smelters and Refineries

	Subject minerals				
	Gold	Silver	Cobalt	Nickel	Copper
Audit standards (issuing organization)	RGG (LBMA)	RSG (LBMA)	All Mineral Standard (RMI)	All Mineral Standard (RMI)	All Mineral Standard (RMI)
Certification body	LBMA	LBMA	RMI	RMI	RMI
Audit start date	FY2012	FY2018	FY2020	FY2022	FY2023

Business and Human Rights

Fundamental Approach

Business operations in resource industries require large-scale development in many instances, which means they often have significant impacts on local communities. Mineral resource development in particular poses risks of causing human rights violations including child labor. In light of these business characteristics, the SMM Group takes measures to respect the human rights of stakeholders with an emphasis on local residents and indigenous peoples, employees in the supply chain, and our Group employees.

The SMM Group supports the UN Guiding Principles on Business and Human Rights, and our Group Corporate Philosophy espouses “respect for all individuals” as its foundation. In accordance with our Group’s human rights policy, we promote initiatives to uphold human rights, including the implementation of due diligence and the operation of grievance (remedy) mechanisms.

Business and Human Rights Initiatives Process

The Sumitomo Metal Mining conducts due diligence and operates a grievance mechanism in accordance with our human rights policy and discloses the details in sustainability website and other formats.

The Sumitomo Metal Mining Group Policy on Human Rights

In 2022, the SMM Group revised its human rights policy. The revised policy sets forth the Group’s commitments on fundamental human rights issues, including respect for children’s rights and prohibition of child labor, and prohibition of discrimination, harassment, and bullying on the basis of race, religion, gender, age, sexual orientation, disability, nationality, and other factors. We are also committed to respecting human rights based on international norms such as the International Bill of Human Rights, the ILO Core Labor Standards (10 conventions in five areas: effective approval of freedom of association and workers’ right to collective bargaining; prohibition of all forms of forced labor; effective elimination of child labor; elimination of discrimination in employment and occupation; safe and healthy working environment). In the unlikely event of a conflict between applicable laws and regulations and international norms on human rights in the regions in which we operate, we seek ways to respect international norms while complying with the laws and regulations.

Grievance Mechanism

With respect to complaint handling (grievance) mechanisms, the SMM Group established an internal reporting system for our Group employees. We also have a platform operated by a third-party available for use even by outside stakeholders as a grievance mechanism. This platform is provided by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which was established in 2022. Sumitomo Metal

Mining participates in JaCER as a founding member (regular member). JaCER is an organization that aims to support and promote the redress of grievances of member companies from a professional standpoint by providing a non-judicial Engagement and Remedy Platform for grievance redress based on the United Nations Guiding Principles on Business and Human Rights. They also established an Advisory Board consisting of external experts and an Advisory and Mediation Panel and Investigation Panel consisting of independent experts.

Grievances received by JaCER about the Group (FY2024)

0 cases

Foundations Supporting Value Creation

SMM has established the SMM Group Corporate Philosophy based on the Sumitomo Business Spirit. Through striving to enhance our corporate governance, we realize our corporate philosophy, make positive contributions to society, and fulfill our responsibilities to our shareholders and all other stakeholders.

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Corporate Governance

Basic Approach

SMM views corporate governance as a disciplinary framework both for maximizing the corporate value of the SMM Group and for ensuring sound management practices. As such, it is one of the most important management issues.

SMM has established the SMM Group Corporate Philosophy based on the Sumitomo Business Spirit. Through striving to enhance our corporate governance, we will conduct efficient and sound business activities, make positive contributions to society, and fulfill our responsibilities to our shareholders and all other stakeholders in order to realize the SMM Group Corporate Philosophy.

Overview of Corporate Governance Framework (As of June 26, 2025)

Institutional design	Company with an Audit & Supervisory Board
Number of Directors/Term of office	8/1 year
Number of directors who are independent outside directors	4
Chairman of the Board of Directors	Akira Nozaki
Engagement by outside directors in the selection of director candidates	Yes
Engagement by outside directors in the determination of remuneration	Yes
Independent Public Accountant	KPMG AZSA LLC

Formulating Corporate Governance Guidelines

SMM has established Corporate Governance Guidelines which cover our basic philosophy on corporate governance and our corporate governance framework, including our relationship with stakeholders. More details are available on the Company's website.

Corporate Governance Guidelines

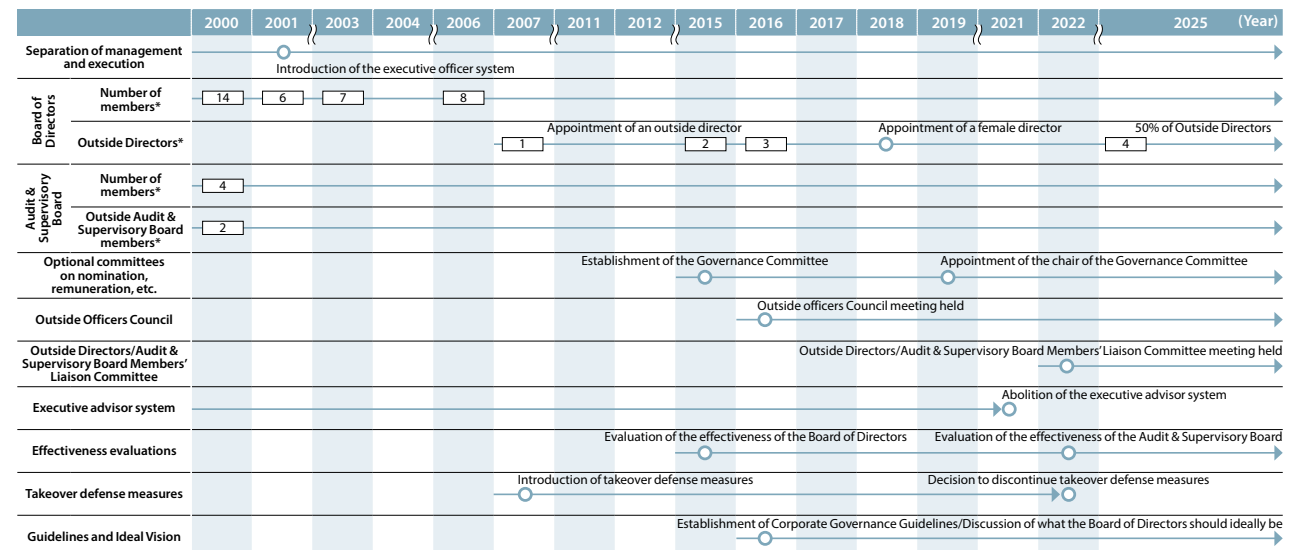
https://www.smm.co.jp/en/ir/management/governance_policy/

Initiatives to Strengthen Governance

SMM positions corporate governance as one of the most

important issues in our management, and, based on our fundamental policy regarding corporate governance, is taking steps to strengthen governance. We continue to constantly review, improve, and deepen the current state of our corporate governance in light of legal revisions and social circumstances in order to achieve even better corporate governance. Measures to reinforce the Company's governance include the appointment of outside directors since 2007, the establishment of the Governance Committee, which is an optional body, implementation of evaluations of the effectiveness of the Board of Directors and the Audit & Supervisory Board, and, in 2025, ensuring that outside directors will make up half of the Board of Directors and various other improvements.

Transitions in Governance at SMM

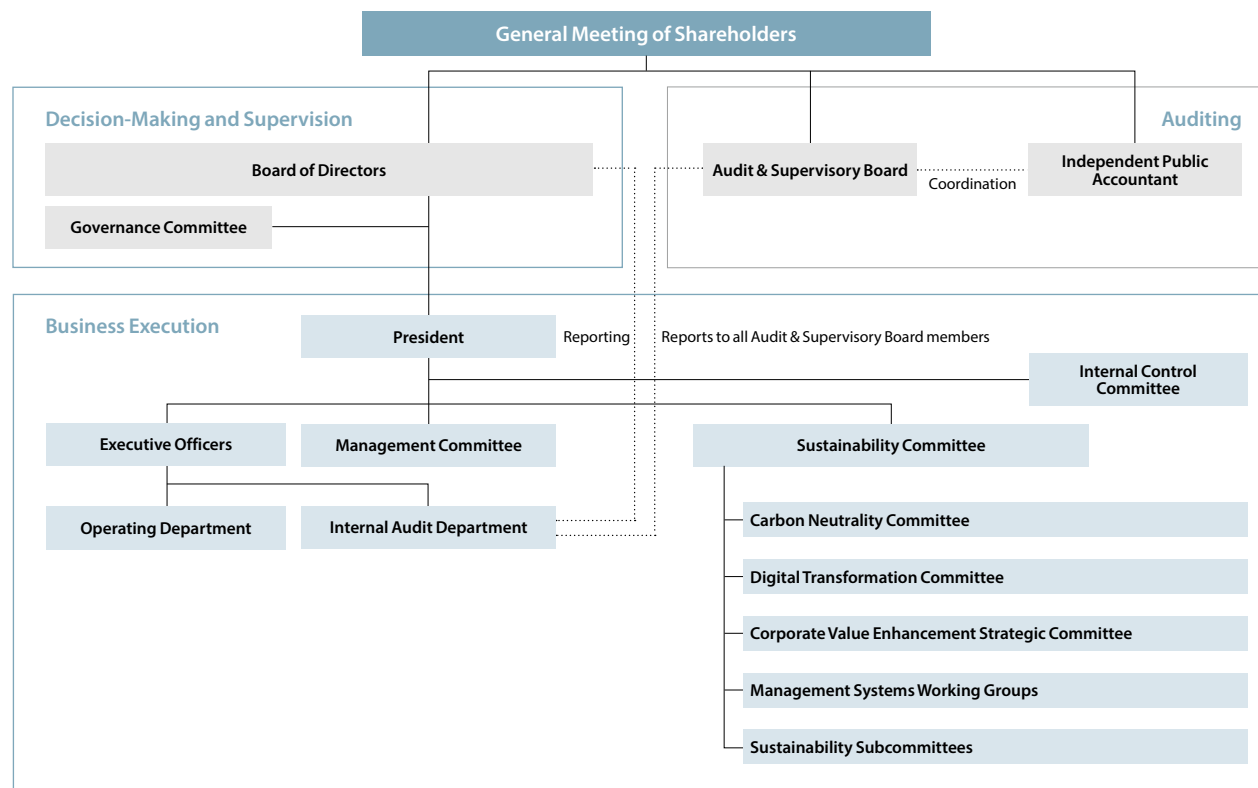


* The Number of members is after the General Meeting of Shareholders.

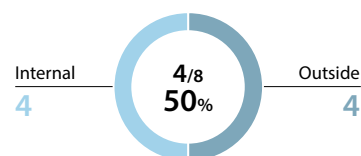
Corporate Governance

Corporate Governance Framework

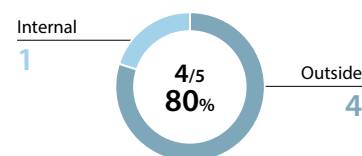
In line with its Corporate Governance Guidelines, which summarize the Company's basic philosophy for corporate governance and the framework therefore, the Company believes that its governance is a system that ensures that the execution of management and the associated monitoring and supervision are each functioning fully by using audit and supervisory board and executive officer systems with which to conduct governance through a three-part organizational structure in which decision-making and supervision are addressed by the Board of Directors, business execution by the president and the executive officers, and auditing by the Audit & Supervisory Board members and the independent public accountant. In addition, to enhance management transparency and further strengthen corporate governance, we have established the Governance Committee. We have also set up the Management Committee to deliberate important matters related to business execution that require careful consideration.



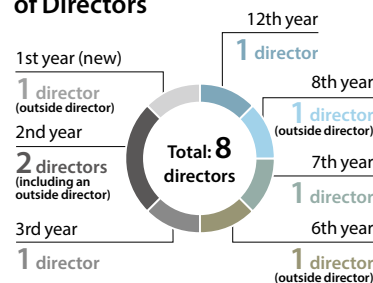
Percentage of Outside Directors
on the Board of Directors



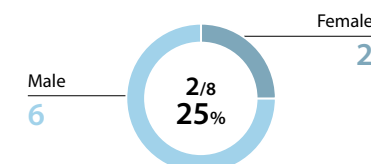
Percentage of Outside Directors
in the Governance Committee



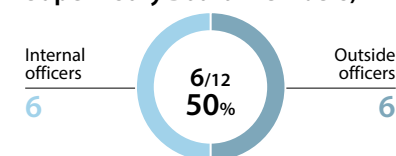
Breakdown of Years in Office
of Directors



Percentage of Female Directors



Percentage of Outside Officers
(Directors and Audit & Supervisory Board Members)



(As of June 26, 2025)

Corporate Governance

What the Board of Directors Should Ideally Be

Positioning Mineral Resources, Smelting & Refining, and Materials as its three core businesses, SMM aims to realize its Long-Term Vision of becoming a “World Leader in the Non-Ferrous Metals Industry.” Since all three businesses are related to non-ferrous metals, they have a mutual organic relationship and their business contents and scale are such that the Board of Directors can make decisions itself regarding diverse management issues. Furthermore, from the viewpoint of the stronger coordination currently being promoted among the three businesses, it will further stimulate the Company’s growth if the Board of Directors itself comprehensively makes decisions rather than giving strong independence to each business segment and permitting them to make their own decisions. To this end, we consider that in principle a management model is appropriate for the Company’s governance, rather than a monitoring model that oversees overall business execution after the fact.

Furthermore, in view of the distinctive characteristics of the SMM Group’s business operations, it is important to strengthen the management infrastructure (particularly regarding compliance, safety, and the environment) and therefore necessary to establish a system whereby Audit & Supervisory Board members can point out issues to directors and executive officers without hesitation. From this viewpoint, we have adopted an organizational structure of a company with an Audit & Supervisory Board in which Audit & Supervisory Board members with guaranteed independent authority system* can be expected to exercise their auditing functions stably over a period of four years. At present, Audit & Supervisory Board members do not have the right of convocation regarding decisions of the Board of Directors or the right to vote on the Board of Directors. The resulting inability of Audit & Supervisory Board members to

propose the removal of a director to the Board of Directors is an issue for companies with an Audit & Supervisory Board. We are striving to overcome this issue by appointing multiple outside directors (at least one-third of members), have them become members of the Governance Committee, and deal with the appointment and dismissal of directors and executive officers in the Governance Committee.

* Independent authority system: Audit & Supervisory Board Members can independently exercise their authority including investigative authority, injunctive authority, and so on.

Decision-Making and Supervisory System

Directors and the Board of Directors



*As of June 26, 2025

The Board of Directors has a diverse composition by including both members from within the Company who are thoroughly familiar with each area of the Company’s business as well as outside experts with knowledge, experience, ability, insight and other attributes different from that of the members from within the Company and who can supervise management on behalf of shareholders and other stakeholders.

Furthermore, striving for greater managerial transparency, the Company has a policy of appointing at least one-third of its directors as independent outside directors, and of the eight directors, four including one with management experience, have been appointed as independent outside directors.

Among the Company’s directors, there are three directors who are also executive officers. Conflicts of interest are addressed in accordance with Japanese law. There are no

controlling shareholders.

The Board of Directors regularly receives reports on the deliberations of the Sustainability Committee and holds an annual exchange of opinions on sustainability. In FY2024, the exchange of opinions was held on the risks and opportunities related to our sustainability activities and our responses to them, in light of changes in the external environment. In addition, the status of use of the Whistle-blowing System (Speak Up System) and the status of responses are regularly reported. Also, complaints received by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), a contact point for receiving complaints from suppliers and other external parties, are also subject to reporting as a grievance (remedy) mechanism.

While any matters of critical concern that arise are required to be reported to the Board of Directors, there were no matters of critical concern reported in FY2024.

In stakeholder engagement conducted by the Board of Directors, authority is delegated to business divisions for customers and suppliers, to the Human Resources Department for employees, and to the Public Relations & Investor Relations Department for shareholders and investors.

The status of dialogue with investors is reported from the Public Relations & Investor Relations Department once a year.

Corporate Governance

Main Agenda Items at the Board of Directors Meetings

Matters for Resolution

- Revision of the Vision for 2030
- Matters relating to existing and new projects in each business
- Establishment or revision of important rules and regulations, including various policies

Matters for Reporting

- Status of cross-shareholdings
- Details of dialogue with institutional investors
- Results of the employee engagement survey
- Matters related to health management, etc.

Matters for Discussion

- Matters relating to the medium-term management plan
- Responses for achieving management with an awareness of capital costs and stock prices
- Review of the skills matrix
- Status of sustainability initiatives
- Matters related to revisions to the personnel system for general employees
- Evaluation of the effectiveness of the Board of Directors

Governance Committee



*As of June 26, 2025

The Governance Committee is composed of one member who is the chairman of the Board of Directors, who is not an executive officer, and 4 independent outside directors. It was established to provide the president with advice from an objective standpoint with regard to particularly important matters relating to corporate governance, including the nomination and remuneration of directors, executive officers, and others.

Role and Function of Outside Directors

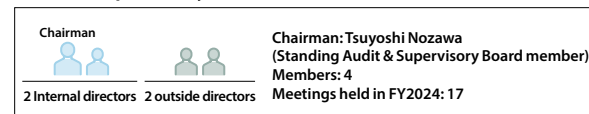
Outside directors are expected to perform two functions: an

advisory function and a monitoring function.

Regarding the advisory function, in order for the SMM Group to achieve sustainable growth and increase its corporate value over the medium to long term, outside directors are expected to enhance the quality of decision-making by the Board of Directors by providing advice and making decisions based on their experience and other factors, without being bound by the Company's conventional way of thinking or frameworks. Regarding the monitoring function, outside directors are expected to serve a check function on management from an independent and objective standpoint via the Board of Directors, as well as to supervise management on behalf of shareholders and other stakeholders by providing advice during decision-making on director nomination, remuneration, and other relevant matters as members of the Governance Committee.

Auditing System

Audit & Supervisory Board



*As of June 26, 2025

The Company's Articles of Incorporation provide for up to five Audit & Supervisory Board members, and currently there are four (composed of two standing and two part-time [outside] members). The Company considers that the present composition and number of Audit & Supervisory Board members is suitable for ensuring the appropriate management of the Audit & Supervisory Board. Standing Audit & Supervisory Board members belonging to the Company gather in-house information in an accurate and timely manner, and audit operations appropriately based

on this information, while independent outside Audit & Supervisory Board members conduct audits in a manner that takes advantage of knowledge of their respective specialist fields and diverse perspectives. Audit & Supervisory Board members audit the execution of duties by directors and other matters in accordance with the audit plan determined at Audit & Supervisory Board meetings. Standing Audit & Supervisory Board members formulate draft audit policies and plans, attend important meeting such as Board of Directors meetings, view important documents approved, interview representative directors and other key persons, and perform site audits of offices, plants, and affiliated companies. Similarly, in addition to attending important meetings such as Board of Directors meetings, the Company's outside Audit & Supervisory Board members also perform site audits together with standing Audit & Supervisory Board members. Audit Reports on site audits performed by Audit & Supervisory Board members are also shared with the representative directors and other relevant persons.

Main Agenda Items at Audit & Supervisory Board Meetings

- Audit plan of the Audit & Supervisory Board members (monthly and annually)
- Results of the audit of the Audit & Supervisory Board members (monthly and annually)
- Confirmation of each agenda item of the Board of Directors meeting
- Information on the business environment
- Audit report of the Audit & Supervisory Board
- Results of the evaluation of the effectiveness of the Audit & Supervisory Board

Corporate Governance

Role and Function of Outside Audit & Supervisory Board Members

In order for the Company to achieve sound management and increase its corporate value over the medium to long term, outside Audit & Supervisory Board members are expected to conduct effective audits based on their knowledge and experience in specialized fields, including finance, accounting, and legal matters, while maintaining sufficient coordination with Standing Audit & Supervisory Board members belonging to the Company.

In addition, as part of the audit process, outside Audit & Supervisory Board members are expected to participate in key meetings, including Board of Directors meetings, and to actively express their forthright opinions from an independent and objective standpoint during the decision-making process, including not only the legality but also the appropriateness of proposals.

Collaboration among the Internal Audit Department, Independent Public Accountant, and Audit & Supervisory Board members

The Internal Audit Department regularly undertakes internal audits on the status of business execution across the SMM Group.

The Department provides an explanation of its audit plans to Audit & Supervisory Board members and the Audit & Supervisory Board while passing on all relevant information. At the same time, Audit & Supervisory Board members provide details of audit plans determined at meetings of the Audit & Supervisory Board to the Internal Audit Department, accompany staff of the Internal Audit Department as required when conducting internal audits, and attend meetings when reports on the results of internal audits are delivered to executive officers and the heads of operational divisions. In FY2024, Audit & Supervisory

Board members attended such meetings 20 times. KPMG AZSA LLC, an independent registered public accounting firm, audits the consolidated financial statements and the effectiveness of the internal control over financial reporting. Audit & Supervisory Board members provide details of audit plans to the independent public accountant. Audit & Supervisory Board members in turn receive explanations regarding audit plans and reports on audit results and reports reviewing each quarter from the independent public accountant. In this manner, close collaboration is maintained between the independent public accountant and Audit & Supervisory Board members.

Collaboration with Outside Directors

Meetings of the Outside Directors/Audit & Supervisory Board Members' Liaison Committee

Meetings of this committee have been held since FY2021 to facilitate regular exchanges of opinions and the development of shared awareness of issues among the outside directors and the Audit & Supervisory Board members, who are independent from management. In FY2024, the committee met in August and February, during which general information was provided on the business overview of affiliated companies considered important by the Audit & Supervisory Board members, and wide-ranging opinions were exchanged.

Other

Action plans for interviews with division heads and other activities were shared with the outside directors. In FY2024, outside directors also attended some of the division head interviews and related meetings.

Training Policy for Directors and Audit and Supervisory Board Members

The training of directors and Audit & Supervisory Board members is based on the self-improvement of each individual, and therefore the Company contributes to self-improvement by providing opportunities for training either directly or as an intermediary, and provides support for the costs thereof.

Specifically, the Company provides training on the legal liabilities of officers, compliance, and legal knowledge for newly appointed directors, Audit & Supervisory Board members, and executive officers when assuming office. The Company provides various kinds of internal training for directors, Audit & Supervisory Board members, executive officers, and others and endeavor to obtain timely and appropriate information through lectures by lawyers and other external experts and through other such means. Additionally, the Company provides information on other training opportunities such as external seminars.

Including the above, the Company bears the entire amount of any expenses necessary for director, Audit & Supervisory Board member, and executive officer training.

Corporate Governance

Procedures in the Nomination of Director Candidates, Appointment or Dismissal of Senior Management, and Nomination of Audit & Supervisory Board Member Candidates

In nominating candidates for the Board of Directors, the president comprehensively considers the knowledge, experience, ability, insight and other attributes of the candidates with respect to the best lineup for resolving current and future management issues for the sustainable development of the Company (including the positive and negative impacts on the economy, environment, and people, including human rights), and proposes suitable candidates to the Board of Directors. The Governance Committee, which consists of the Chairman of the Board of Directors who is not an executive officer and the independent outside directors who supervise the management team on behalf of shareholders and other stakeholders, provides the president with advice. The Board of Directors makes the final decision after due deliberation.

With regard to the selection of executive officer candidates, the president, based on the recommendations from the executive officers, comprehensively considers the knowledge, experience, ability, insight and other attributes of the candidates in accordance with the same approach as when nominating candidates for director, and the same procedures shall be used to determine director candidates.

The Governance Committee has opportunities to deliberate on the environment and methods for fostering the next president as well as concerning the candidates. In the event that an executive officer has rendered himself or herself markedly ineligible, for example by having acted unlawfully, improperly, or disloyally, and a dismissal recommendation is made to the Board of Directors after the Governance Committee gives advice on

the matter, and the individual concerned may be dismissed by resolution of the Board of Directors.

With regard to the nomination of Audit & Supervisory Board member candidates, the president comprehensively considers the qualifications, knowledge (including that of finance, accounting, and law), experience, ability, insight and other attributes of the candidates and, after obtaining the prior approval of the Audit & Supervisory Board, proposes the qualified candidates to the Board of Directors, which then determines the nominations.

The reasons for the nomination of candidates for director (including those who also serve as executive officers) and candidates for audit & supervisory board member are provided in the reference documents for the General Meeting of Shareholders.

The Board's Engagement in Succession Planning for the CEO and Other Top Executives

The succession planning for holders of the office of chief executive officer (president and director) is developed and executed appropriately on the basis of our corporate philosophy and business plans. With regard to the candidate for the successor to the president, the Governance Committee, composed of the chairman of the Board of Directors who is not an executive officer and four independent outside directors, has opportunities to deliberate on the environment and methods for fostering the next president as well as concerning the candidates, etc. Regarding the specific procedure for selecting the successor to the president, after consulting with the Governance Committee about the candidate recommended by the president and receiving advice on whether the candidate has the qualifications, knowledge, experience, abilities, and insight worthy of a president

and director, the president makes the final proposal to the Board of Directors, which makes the final decision after due deliberation. In selecting of the candidates for executive officers who serve as a pool of candidates for future president, the president, based on recommendations from the executive officers, consults with the Governance Committee regarding the best lineup to resolve the issues management faces, formulates the final proposal with reference to that advice, and submits the proposal to the Board of Directors. The Board of Directors then makes the final decision after due deliberation.

Corporate Governance

View on the Balance between Knowledge, Experience, and Skills of the Board as a Whole, and Also on Diversity and Appropriate Board Size

The Board of Directors achieves a diverse composition by including both members from within the Company who are thoroughly familiar with each area of the Company's business as well as outside experts with knowledge, experience, ability, insight and other attributes different from that of the members from within the Company. Based on "what the Board of Directors

should ideally be," as stated in the Corporate Governance Report, the skill matrix for the Company's directors and Audit & Supervisory Board members was created and is shown below. Each skill item has been selected through discussions by the Board of Directors, focusing on those required to realize the Company's long-term vision and Vision for 2030. As the knowledge, experience, ability, insight, and other attributes required of the Company's Board of Directors may change in response to changes in management strategies and the external environment, the Board of Directors discusses the necessary knowledge, experience, ability, insight, and other attributes, and updates the skills matrix as necessary. The Board revised the

fields and guidelines for fulfillment prior to the 100th Ordinary General Meeting of Shareholders held on June 26, 2025. The size of the Board of Directors will be appropriate to conducting active discussions and ensuring the briskness of the Board. One-third or more of the Directors will be independent outside directors in order to strive for greater managerial transparency.

The Company has established benchmarks for the fulfillment of each skill item, and the details are disclosed on the last page of the "Corporate Governance Report."

The Corporate Governance Report

https://www.smm.co.jp/en/ir/management/pdf/250709_CGR_E.pdf

Skills Matrix for Board of Directors

Knowledge, experience, ability, etc. possessed by directors and Audit & Supervisory Board members that the Company believes will contribute to the effectiveness of the Board of Directors											
Category	Name	Years in Office (As of June 26, 2025)	Corporate Management	International Experience	Business strategy/ Marketing	Engineering/IT/DX	R&D/ Manufacturing	Finance/ Accounting	HR/HR Development	Sustainability/ESG	Legal/Compliance/ Internal Control
Directors	Akira Nozaki	12 years	●	●	●			●			
	Nobuhiro Matsumoto	7 years	●	●	●	●	●			●	
	Masaru Takebayashi	3 years	●	●	●	●	●			●	
	Hiroshi Yoshida	2 years	●	●	●			●	●		●
	Taeko Ishii	Outside							●		●
	Manabu Kinoshita	Outside	●		●	●			●		
	Koji Takeuchi	Outside			●		●				
	Sawaki Nicola Michele	Outside		●				●	●		
Audit & Supervisory Board Members	Tsuyoshi Nozawa	4 years						●		●	
	Hirohiko Matsushita	1 year							●	●	●
	Shoji Wakamatsu	Outside						●			●
	Tsuguya Ieda	Outside		●	●			●	●		

* Fields in which Directors and Audit & Supervisory Board Members believe that they can make a particular contribution to the effectiveness of the Board of Directors are indicated with a "●".

Corporate Governance

Standard for Independence

All the Company's outside directors and outside Audit & Supervisory Board members have been declared as independent officers, pledging that there is no conflict of interest with that of shareholders. We also publish our standards governing the independence of outside officers on the Company website.

Independence Standards

https://www.smm.co.jp/en/ir/management/governance_policy/

Outside Officers Council

The Outside Officers Council has been meeting since August 2016 as an informal gathering attended only by outside officers (outside directors and outside Audit & Supervisory Board members) to provide opportunities for exchanging opinions and sharing information. In FY2024, meetings were held in August and February, and opinions were exchanged on topics such as the latest trends in our corporate governance framework and standards for exercising voting rights.

The concurrent occupations of outside directors and outside Audit & Supervisory Board members (as of March 31, 2025) are listed in the Document of Matters Subject to Measures for Electronic Provision Regarding the 100th Ordinary General Meeting of Shareholders.

The Document of Matters Subject to Measures for Electronic Provision Regarding the 100th Ordinary General Meeting of Shareholders

https://www.smm.co.jp/en/ir/stock/meeting/pdf/2025/no100_houkoku_E.pdf

Outside Directors and Outside Audit & Supervisory Board Members

Functions and Roles in Corporate Governance		
Taeko Ishii Outside Director Attendance (FY2024) Board of Directors meetings 19/20 (95%)	Ms. Taeko Ishii has specialist knowledge and abundant experience as a lawyer, especially in the field of labor law. Ms. Taeko Ishii participates in the Board decision-making, providing her advice regarding compliance and personnel/labor related fields, which is aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the Group by utilizing her knowledge and experience. She also performs a check function on management by participating in decision-	making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nominations and remunerations of directors and executive officers as Chair of the Governance Committee. Accordingly, she realizes the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function.
Manabu Kinoshita Outside Director Attendance (FY2024) Board of Directors meetings 18/20 (90%)	Mr. Manabu Kinoshita had served as Senior Executive Vice President of NEC Corporation and has abundant knowledge and experience in managing a company and regarding digital business. He participates in the Board decision-making, providing his advice regarding material business and digital fields where the business environment is changing significantly, which is aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the Group by utilizing his knowledge and experience. He also performs a	check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nominations and remunerations of directors and executive officers as a member of the Governance Committee. Accordingly, he realizes the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function.
Koji Takeuchi Outside Director Attendance (FY2024) Board of Directors meetings 14/14 (100%)	Mr. Koji Takeuchi has abundant experience in the research and development of substrate materials for semiconductor packaging as well as in the electronic materials business at Ajinomoto Co., Inc. He also had served as Member of the Board and Vice President of its major subsidiary and has abundant knowledge and experience in corporate management and regarding advanced materials. He participates in the Board decision-making, providing his advice particularly on research and development as well as materials business, which is aimed toward the sustainable growth and mid- to long-term enhancement of the corporate	value of the Group by utilizing his knowledge and experience. He performs a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nominations and remunerations of directors and executive officers as a member of the Governance Committee. Accordingly, he realizes the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function.
Sawaki Nicola Michele Outside Director Attendance (FY2024) Board of Directors meetings —	Ms. Sawaki has many years of auditing experience at audit firms in Japan and abroad, and a wealth of knowledge about accounting. She is expected to participate in the Board's decision-making, providing her advice regarding finance and accounting-related fields, which is aimed toward the sustainable growth and mid- to long-term enhancement of the corporate value of the Group by utilizing her knowledge and experience. She is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee	the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nominations and remunerations of directors and executive officers as a member of the Governance Committee. Accordingly, the Company expects that she will realize the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function, and has appointed her as Outside Director.
Shoji Wakamatsu Outside Audit & Supervisory Board Member Attendance (FY2024) Board of Directors meetings 20/20 (100%) Audit & Supervisory Board meetings 17/17 (100%)	Mr. Shoji Wakamatsu has many years of auditing and management experience at an audit firm and a wealth of knowledge about accounting. He carries out effective audits, especially regarding accounting, based on his own knowledge and experience in order to ensure the soundness of the Group's management and improve its corporate value over the medium to long term, while fully coordinating with standing Audit &	Supervisory Board members. In addition, as part of the audit process, he participates in important meetings, including Board of Directors meetings, and during the decision-making process actively expresses his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals.
Tsuguya Ieda Outside Audit & Supervisory Board Member Attendance (FY2024) Board of Directors meetings 14/14 (100%) Audit & Supervisory Board meetings 10/10 (100%)	Mr. Tsuguya Ieda has abundant and extensive experience in financial institutions and knowledge about corporate management. Mr. Ieda carries out effective audits based on his main knowledge about and experience in the financial sector in order to ensure the soundness of the Group's management and improve its corporate value over the medium to long term, while fully coordinating with standing Audit & Supervisory	Board members. In addition, as part of the audit process, he participates in important meetings, including Board of Directors meetings, and during the decision-making process actively expresses his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals.

Corporate Governance

Basic Policy and Procedures for Remuneration of Directors

Basic Policy

Remuneration for Directors of the Company is linked to the business performance of the Company, and designed to motivate Directors to achieve mid to long-term goals, based on the business structure of the Company, so that it functions as a sufficient incentive to contribute to sustainable growth, increase the corporate value of the Group over the mid to long term, and to strengthen and maintain the management base. When determining the remuneration of individual Directors, the amount of remuneration is calculated using a predetermined formula in order to ensure fairness, and the Company maintains a basic policy of setting remuneration at an appropriate level based on the responsibilities of each Director.

Specifically, the remuneration for Directors (excluding a Chairman and Director who is not a representative Director, and Outside Directors) shall consist of basic remuneration, bonuses, and share-based compensation. Basic remuneration shall consist of fixed remuneration (remuneration which is neither performance-based nor non-monetary) and performance-based remuneration, etc., while bonuses and share-based compensation shall be performance-based remuneration, etc. A Chairman and Director who is not a representative Director and Outside Directors shall receive only basic remuneration, and no bonuses nor share-based compensation.

Basic remuneration is calculated on an annual basis for each individual and paid each month in monthly installments, while bonuses are paid once annually after approval is obtained at the ordinary general meeting of shareholders, and share-based compensation is provided in the form of

restricted shares, which are granted once per year after bonus payment has been determined.

The detailed outline of the “Policy on determining the details of remunerations for each Director” are included in the Document of Matters Subject to Measures for Electronic Provision Regarding the 100th Ordinary General Meeting of Shareholders and on the Corporate Governance Guidelines of our website.

The Document of Matters Subject to Measures for Electronic Provision Regarding the 100th Ordinary General Meeting of Shareholders

https://www.smm.co.jp/en/ir/stock/meeting/pdf/2025/no100_houkoku_E.pdf
Corporate Governance Guidelines

https://www.smm.co.jp/en/ir/management/governance_policy/

Matters Related to Performance-based Remuneration

The indicators employed by the Company to determine performance-based remuneration include consolidated results (profit attributable to owners of the parent, profit before tax), departmental results (return on capital employed [ROCE], free cash flow, and segment income), the degree of attainment of personal targets under medium- to long-term management strategies, and safety record (number of industrial accidents).

Reason for Selection of Above Indicators

Consolidated results (profit attributable to owners of the parent, profit before tax)

Because these indicators are key measures of the Company's corporate management performance, and are the profitability targets that it aims to achieve as part of its long-term vision.

Departmental results

The three absolute values of efficiency, cash flow, and profit were selected in order to evaluate performance in a balanced manner.

Degree of attainment of personal targets under medium- to long-term management strategies*

Because the steady implementation of plans with a medium- to long-term perspective is essential in order to increase our corporate value in a sustainable manner.

Safety record

Because we believe that securing a safe workplace is our operating foundation.

* Growth strategies, measures to strengthen competitiveness, measures to improve sustainability, etc., set forth in the 3-Year Business Plan

Method of Determining Amount of Performance-based Remuneration, etc

The amount of performance-based remuneration, etc. is calculated by adding an amount reflecting individual performance to an amount of position-specific performance-based remuneration, etc.

The details of each calculation method are provided in “Matters related to performance-based remunerations, etc.” of the Document of Matters Subject to Measures for Electronic Provision Regarding the 100th Ordinary General Meeting of Shareholders. Moreover, there are no sign-on bonuses or recruitment incentive payments, termination payments, clawback systems, or retirement benefits.

The Document of Matters Subject to Measures for Electronic Provision Regarding the 100th Ordinary General Meeting of Shareholders.

https://www.smm.co.jp/en/ir/stock/meeting/pdf/2025/no100_houkoku_E.pdf

Corporate Governance

Management Remuneration as an Incentive

In addition, at the 100th Ordinary General Meeting of Shareholders held on June 26, 2025, the Company newly introduced a restricted share-based compensation plan for directors (excluding a Chairman and Director who is not a representative Director, and Outside Directors) with the objectives of providing incentives for the Directors to sustainably enhance the Company's corporate value and promoting further value-sharing with our shareholders.

The total amount of monetary compensation for the Eligible Directors for granting restricted shares under this Plan shall be up to 30 million yen per year, an amount deemed reasonable in light of the objectives of the Plan, and the total number of the Company's common stocks to be issued or disposed of thereby shall be up to 15,000 shares per year.

Details of Procedures for Determining the Amount of Audit & Supervisory Board Member Remuneration

The amount of basic remuneration for each individual Audit & Supervisory Board member will be determined by consultation among the Audit & Supervisory Board members at the Audit & Supervisory Board within the total remuneration amount approved by the General Meeting of Shareholders.

Total Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members

FY2024 Director and Audit & Supervisory Board Member Remuneration

Officer Classification	Total Remuneration	Total amount of remuneration, etc. by remuneration type			Number of Officers
		Fixed remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (excluding outside directors)	269 million	235 million	34 million	—	7
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	68 million	68 million	—	—	2
Outside directors	40 million	40 million	—	—	3
Outside Audit & Supervisory Board members	25 million	25 million	—	—	3

Directors whose total remuneration, etc. is JPY100 million or more are disclosed individually in the Company's Annual Securities Report.

Annual Total Compensation Ratios (FY2024)

Ratio of the average annual total compensation for the organization's highly-paid individuals to the total compensation for all employees*1	741%
Ratio of the percentage increase in average annual total compensation for the organization's highly-paid individuals to that for all employees*2	-

*1 Average annual total compensation for the organization's highly-paid individuals is calculated as annual total compensation for internal directors (plus the employee salaries of any directors concurrently serving as employees) divided by the number of internal directors. This ratio is calculated as average annual total compensation for the organization's highly-paid individuals divided by the median annual total compensation for all employees x 100.

*2 Ratio of the percentage increase is calculated as the percentage increase in average annual total compensation for the organization's highly-paid individuals divided by the median of the percentage increase of annual total compensation of all employees x 100.

Corporate Governance

Analysis and Evaluation of the Effectiveness of the Board as a whole, and the Results

The Board of Directors analyzes and evaluates the effectiveness of its performance from the perspective of appropriate decision-making for business execution and enhancing monitoring functions. In FY2024, the Board of Directors analyzed and evaluated the effectiveness of the Board of Directors, with the following results.

1. Analysis and evaluation process

The Board of Directors prepared a questionnaire and conducted a survey to Directors and Audit & Supervisory Board members, which includes the issues in the previous fiscal year and mutual evaluation within the categories of Inside Director, Outside Director, Inside Audit & Supervisory Board member, and Outside Audit & Supervisory Board member, with the cooperation of an outside evaluation organization (law firm). The aggregation and analysis of the responses to the survey were entrusted to the outside evaluation organization. The Board of Directors deliberated on the effectiveness of the Board of Directors at the ordinary meeting held in February 2025, based on the aggregated results of the questionnaire survey, the evaluation of the outside evaluation organization, and the “what the Board of Directors should ideally be (aiming for a Board of Directors that emphasizes decision-making functions)” confirmed in fiscal 2016, and confirmed its evaluation and future actions.

2. Overview of the analysis and evaluation results

1) Questionnaire responses and analysis and evaluation results by the outside evaluation organization are as follows.

- (1) Most of the items related to the effectiveness of the Board of Directors were rated highly, and we can rate that the Board of Directors generally functions effectively.
- (2) In the questionnaire, each of the respondents (officers) were given opportunities to provide the reasons for the items which they did not rate highly. However, most of these remarks were opinions on how further improvements might be made, while expressing a certain amount of appreciation for the existing system and operation and the initiatives in the past.

2) Deliberations at the Board of Directors

Based on the responses to the questionnaire and the analysis and evaluation results by the external evaluator, the Board of Directors deliberated the following items at the meetings.

- (1) There were opinions that the discussions should be conducted again on the agenda including whether “what the Board of Directors should ideally be” were required to be revised, for the purpose of further enhancement of its monitoring function. It was confirmed that future actions on this issue should be considered further with a view to taking it as a discussion theme in fiscal 2025.
- (2) There were opinions that further discussions should be conducted at the Board of Directors meetings on the analysis of evaluations and opinions from the investors and shareholders and how to address them. It was confirmed that, with regard to the ways to address the evaluations and opinions from the investors and others, which ultimately leads to the ways required to enhance the Company’s evaluation in the capital market, further enhanced discussions should be conducted.

- (3) Among other items, further enhancement of quantitative information contributing to the deliberations of agenda items and others were confirmed.

3. Future actions

The Board of Directors of the Company confirmed that it will further enhance the effectiveness of the Board of Directors by continuing to address the above issues.

Corporate Governance

Analysis and evaluation of the effectiveness of the audits and the Audit & Supervisory Board, and the results

In order to confirm and improve the effectiveness of the audits performed by Audit & Supervisory Board members and the Audit & Supervisory Board, the Audit & Supervisory Board of the Company analyzed and evaluated the effectiveness in fiscal 2024, with the following results:

1. Evaluation process

We engaged an outside professional organization, Anderson Mori & Tomotsune, to conduct the analysis and evaluation from an independent and objective standpoint. We had discussions at Audit & Supervisory Board meetings based on (a) questionnaires for all Audit & Supervisory Board members, (b) individual interviews with all Audit & Supervisory Board members, and (c) results of the evaluation and findings by the outside professional organization.

2. Overview of the analysis and evaluation results (overall rating)

The outside professional organization rated that “fruitful audit activities were carried out,” in consideration of the audits including the following points. On the basis of this, the Audit & Supervisory Board rated that the Audit & Supervisory Board was effectively functioning and the audits were effective.

- Audit & Supervisory Board members performed audits mainly through attendance at important meetings including Board of Directors meetings, interviews with executives including representative directors, and on-site inspections at sites and affiliated companies, and also made necessary representations

of their opinions as well as remarks for the management personnel, heads of divisions, and organizations that received on-site inspections, etc. Notably, Outside Audit & Supervisory Board members participated in on-site inspections similarly to standing Audit & Supervisory Board members. As a result, Outside Audit & Supervisory Board members bore greater burden in conducting audit activities compared to outside Audit & Supervisory Board members at other companies.

- In auditing, Audit & Supervisory Board members including Outside Audit & Supervisory Board members place importance on observing sites and affiliated companies with their own eyes and communicating directly with local responsible personnel from the perspective of the independent decision-making system applicable to Audit & Supervisory Board members.

- On the basis of the Audit & Supervisory Board effectiveness evaluation results in fiscal 2023, the initiatives for improvement to the extent possible have been taken, such as holding auditors’ meetings apart from the Audit & Supervisory Board meetings, to enhance the Audit & Supervisory Board effectiveness.

3. Issues and future actions for them

Based on the above-mentioned overall rating and from the viewpoint of further enhancing audit activities, the outside professional organization pointed out issues. On the basis of those issues, the following are the major issues and actions that were confirmed to be addressed and taken by the Audit & Supervisory Board, respectively. The Audit & Supervisory Board will also continue to examine other issues.

1) Issues concerning information sharing and cooperation among Audit & Supervisory Board members

Outside Audit & Supervisory Board members are currently required to read through a large volume of internal materials, without fully obtaining the background information, etc., and

understand them, and there is a room for improvement in terms of such burden. There is also a room for improvement in providing support for them, such as sharing key points of the issues in advance for their better understanding. It will be examined to deliver materials for internal decision-making in a more proactive manner as well as earlier, and have an opportunity for questions and answers or additional explanation at an appropriate timing before or after an important meeting such as the Board of Directors meetings.

2) Issues concerning information sharing with Audit & Supervisory Board members of affiliated companies

From the perspective of group governance, it is important to identify and oversee risks of subsidiaries. The information obtained through the attendance of standing Audit & Supervisory Board members at liaison meetings with Audit & Supervisory Board members of affiliated companies that are held every two months and other meetings will continue to be shared with Outside Audit & Supervisory Board members. Furthermore, it will be examined for the Audit & Supervisory Board members to further proactively obtain information on the affiliated companies’ practical issues from the Internal Audit Dept., which is responsible for the audit of detailed specific duties and documents.

3) Issues concerning support for newly appointed Audit & Supervisory Board members

It will be examined to take measures to enhance the understanding of the Company’s businesses by newly appointed Audit & Supervisory Board members, especially Outside Audit & Supervisory Board members, when they take office.

The Audit & Supervisory Board and its Members will further improve the effectiveness of audit activities and strive to contribute to strengthening the management infrastructure and improving the corporate value of the Group.

Corporate Governance

Business Execution Structures and System

In accordance with laws and regulations and the Articles of Incorporation, the Board of Directors delegates decision-making regarding business execution to the President and executive officers, and supervises the execution of duties by the President and executive officers.

Executive officer system

To strengthen their executive capabilities, the executive officers' authority and responsibilities have been clearly defined, and substantial authority has been delegated to them.

There are currently 20 executive officers (including three who serve concurrently as directors). They are entrusted with important positions such as heading a business division, or a division or a department at the Company's head office, and are granted specific authority to perform their duties in each such position.

In addition, executive officers report on the status of business execution once a month at Executive Officers' Meetings.

As in the case of directors, a system of performance-based remuneration has been introduced for the remuneration of executive officers. Advice from the Governance Committee is obtained with regard to the determination of the specific amounts of remuneration.

Management Committee

The membership of the Management Committee includes the president, senior managing executive officers, and other related executive officers, and its meetings may also be attended by the chairman of the Board of Directors, outside directors, and Audit & Supervisory Board members.


The Management Committee deliberates on important matters requiring careful consideration from a wide range of perspectives prior to their submission for the Board of Directors resolutions or approval by the president, deciding whether or not matters should be submitted to the Board of Directors, and assisting the president's decision-making.

When making investments or equity contributions, we use a project risk check sheet for committees, primarily the Management Committee, to carry out deliberations regarding human rights issues such as discrimination, forced labor, and child labor, and also the political system, economy, law and order, locally-specific diseases, labor issues, religious restrictions, and the impact on the local community.

Sustainability Committee and Internal Control Committee

The Company has systemized its social and environment initiatives as sustainability promotion activities and is expanding them throughout the Group. In order to promote these activities, the Sustainability Committee chair: president has been established. Sustainability Subcommittees and Management System Working Groups have also been established under the Sustainability Committee, and the Company has also established the Corporate Value Enhancement Strategic Committee, DX Promotion Committee, and Carbon Neutral Promotion Committee.

The Company has established an Internal Control Committee (chair: president) for the purpose of promoting the creation of internal-control systems and maintaining and improving these systems.

Sustainability Committee  P.33-34

Corporate Governance

Cross-Shareholdings

When advancing our business strategy, the Company may engage in strategic shareholdings with business partners or other companies if it is judged that doing so will contribute to strengthening our business base over the mid to long term. With regard to existing cross-shareholdings, the Board of Directors verifies aspects such as the objectives of holdings and whether the benefits therefrom cover the Company's cost of capital every year. As a result of this verification, with regard to shares whose

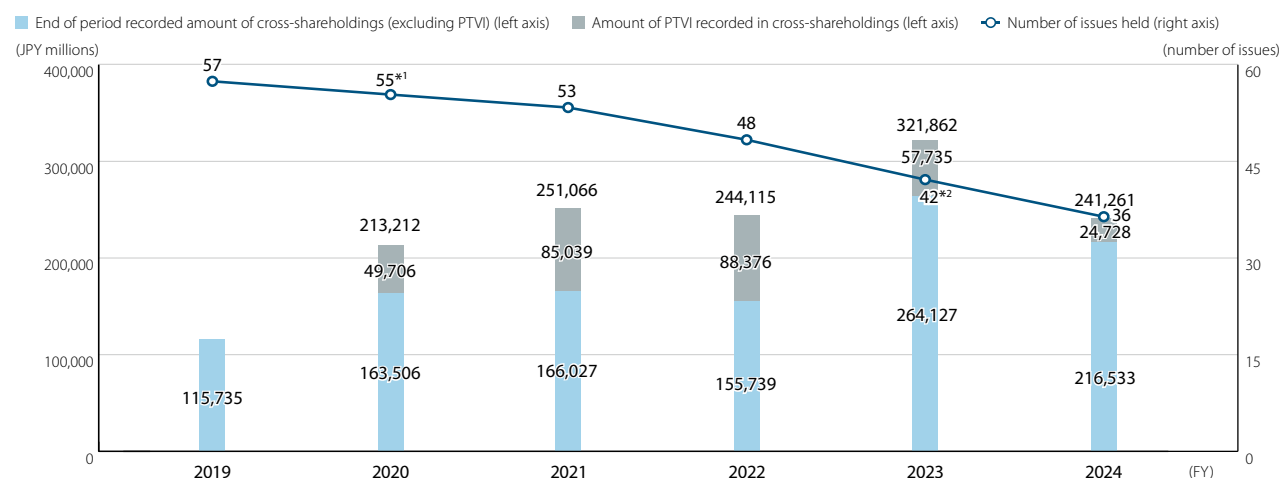
holding is judged to have little significance, including shares considered no longer worth the cost of capital and shares judged to have become less relevant due to recent business changes, we will proceed with concrete consideration based on the premise of reduction. Furthermore, in cases where a company cross-holding the Company's shares expresses a desire to sell, we will not prevent such a sale, etc. by suggesting a reduction in the size of the transaction, or by other means.

With regard to the exercise of voting rights in cross-shareholdings, the Company determines whether to vote for or against each proposal after giving comprehensive consideration, based on the financial results and other aspects of the financial

condition of each of the issuing companies, to matters such as whether each proposal will contribute to increasing the corporate value of, or enhancing shareholders' interests in, that company over the medium to long term, and what impact it will have on the Company's corporate value or shareholders' interests. In order to determine whether to approve or reject proposals, the Company will engage in dialogue with the issuing company regarding the contents of each proposal, etc., as necessary. Decisions on voting are made particularly cautiously in circumstances such as cases of companies affected by major scandals or by persistent losses.

In the 3-Year Business Plan 2027, we aim to reduce the ratio of policy shareholdings (excluding shares of PT Vale Indonesia Tbk [PTVI]) to 10% or less of consolidated net assets by the end of March 2028. From FY2028 onward, we will aim to keep the ratio, including PTVI shares, at 10% or less of consolidated net assets.

Investment shares held for purposes other than pure investment (stocks other than those unlisted stocks, including deemed holdings)



Whole sale	3	2	5	7	6
Partial sale	1	3	3	4	1

*1 For FY2020, the number of issues held increased by one due to the exclusion of PTVI from the equity-method affiliates.

*2 In FY2023, the number of issues held increased by one due to the acquisition of shares of Nano One Materials Corporation.

Relationship with PT Vale Indonesia Tbk

SMM owns 11% of the stock of PT Vale Indonesia Tbk (PTVI), a company in the Republic of Indonesia, and has entered a shareholders' agreement with Vale Canada Limited and PT Mineral Industri Indonesia (Persero), a state-owned Indonesian company, to jointly manage PTVI. In addition, these four companies including PTVI have signed an agreement regarding the right and obligation to purchase production. Due to this, SMM has the right and obligation to purchase 20% of the agreed annual production from PTVI's Sorowako mine.

One of the conditions for obtaining the mining business license required for PTVI to continue operations in and after 2026 from the Indonesian government was to increase the Indonesian equity stake in the company to 51% or more. Therefore, following the sale of a portion of its PTVI shares (and exclusion of PTVI from its equity-method affiliates) in FY2020, SMM sold another portion of its PTVI shares to PT Mineral Industri Indonesia (Persero), an Indonesian company, in FY2024.

Risk Management

Approach and Action Principles

Approach

The definition of risk at our Group includes both that which is beneficial to our goals and that which is detrimental to them. We see risk as something that will have an effect on the achievement of business and organizational goals and that makes the protection or creation of value uncertain. Through risk management, we are able to revise goals and measures to maximize those risks which are beneficial, and inspect and

improve processes to minimize those risks which are detrimental. This helps us achieve our 3-Year Business Plan, and ties into further ensuring the realization of our Vision for 2030 and our long-term vision.

Action Principles

The SMM Group established the Six Principles in the Basic Risk Management Regulations, which were formulated based on ISO 31000, a standard on risk management issued by the International Organization for Standardization, and engages in risk management (RM) to achieve our long-term vision of becoming the world leader in the non-ferrous metals industry.

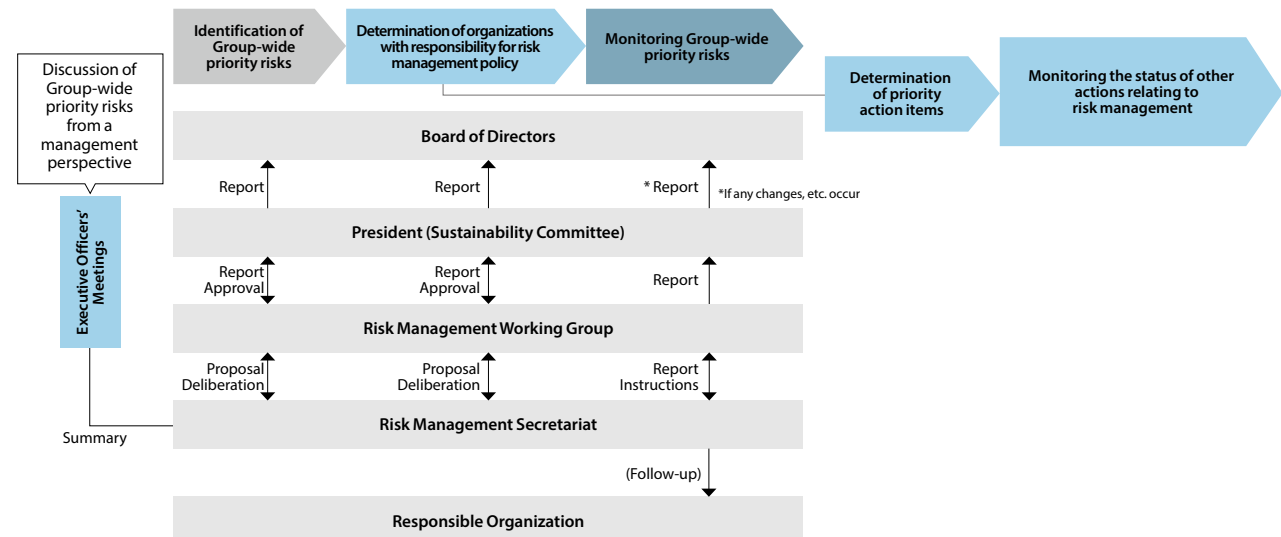
Promotion Framework

We took the criticality accident that occurred at JCO in 1999 very seriously and established the Risk Management Working Group as a body for implementing and monitoring risk management including Group-wide initiatives relating to risk management policies and priority measures. We established a structure with the president having the highest level of responsibility to respond to risks that the Group faces and changes in those risks. The risk management structure operated under this structure comprises three frameworks.

Six Principles in the Basic Risk Management Regulations

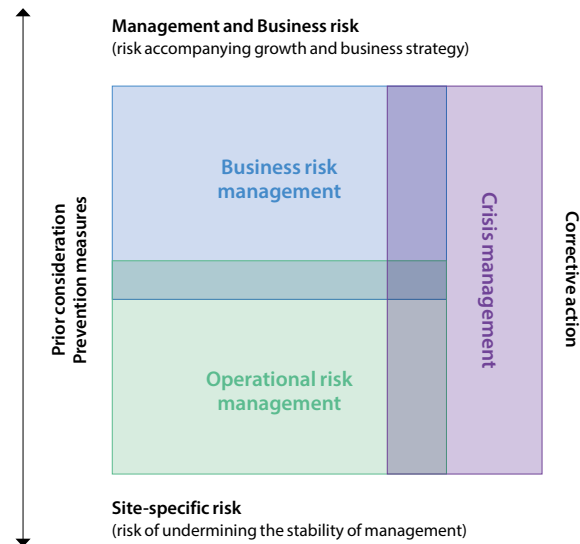
1. The leader of the organization confronting the risk is the responsible party
2. Compliance is the foundation
3. Recognize that potential risks can materialize and take necessary risk countermeasures
4. Risks recognized as a result of change are shared among all parties involved
5. Implement RM in daily operations, considering the organization's hierarchy, size, role, and maturity, regional and cultural factors, and the knowledge, views, and values of stakeholders
6. Conduct ongoing reviews and improvements of management framework and initiatives

Group-wide Risk Management Promotion and Monitoring Framework



Risk Management

Company-wide Risk Management Framework



Business Risk Management

Among the management and business risks associated with execution of the Group's growth and business strategies, we have a mechanism to define critical Group-wide risks, which are particularly like to affect the achievement of our strategic goals (3-Year Business Plan), and address them. The critical Group-wide risks are discussed in management meetings attended by executive officers, including the president, and deliberated by the Board of Directors. To address the critical Group-wide risks, we establish response policies, designate the responsible department, and take action. The Risk Management Working Group monitors the status of actions to address critical Group-wide risks.

Also, management and business risk other than Group-wide critical risks are addressed through monitoring and implementing initiatives by management meetings, various committee meetings, medium-term plans, budgets, monthly reports, and so on.

Operational Risk Management

At each business site, in addition to focusing on specific risks addressed annually (focus areas), risks inherent in regular operations are also identified and assessed based on internal and external conditions, and are managed as individual risks (see serious risk categories). There are over 1,300 individual risks and we conduct risk mitigation on a daily basis by reviewing risk-management measures, when there are any changes to or variations in the environments and conditions that serve as prerequisites for identified risks (business environments, work environments, people, equipment, work procedures, quality standards, etc.), and taking measures against new risks. A periodic risk review is also undertaken company-wide during "RM Promotion Month" every September.

Serious Risk Categories

- Explosions and fires
- Environmental pollution
- Legal violations
- Quality failure
- Occupational accidents
- Supply chain disruptions
- Information leaks
- Damage from harmful rumors
- Violation of intellectual property rights
- Other risks include those originating from moral misconduct, such as fraudulent accounting, human rights issues, and malfeasance

Crisis Management

In preparation for crises beyond assumed scenarios of management and site-risk management, as well as instances where on-site handling is challenging, a standing Crisis Management Committee chaired by the officer responsible for crisis management was established as a permanent body. The committee works toward the sharing of crisis information, the formulation and improvement of proactive measures, and the maintenance and strengthening of crisis management functions through drills. It also deliberates on initial response to emergencies, and transition into Group-wide response headquarters which takes appropriate actions and provides support based on the level of crisis. The president has ultimate responsibility for crisis management as a whole.

At each business site, we are promoting measures against natural disasters, such as earthquakes, tsunamis, flooding, soil liquefaction, landslides, volcanic eruptions, in line with the hazard level of each site. Such measures include seismic reinforcement of buildings, improvement of seawalls, strengthening of wastewater treatment capacity, enhancement of expansion of water storage tanks, and stockpiling of food, and drinks, and emergency supplies. We also conduct drills to simulate earthquakes, fires, environmental accidents, and overseas terrorism, riots, and kidnappings, among other scenarios. We are working to address issues such as unfamiliarity with materials and the operation of equipment, lack of understanding of rules and procedures, and inadequate manuals, and to improve the decision-making capabilities of local task force members.

Risk Management

Future Initiatives

For FY2025, we have identified two priority initiatives: enhancing earthquake preparedness based on revised damage assumptions; and identifying and responding to cybersecurity risks on an ongoing basis.

The first priority initiative reflects the possibility that the existing post-earthquake business continuity plans (BCPs) developed by individual business sites may be inadequate in terms of adapting to recent changes—namely, diversification in working styles, shifts in social norms and values, and advances in communications methods and technologies—and addressing disasters like the 2024 Noto Peninsula Earthquake in Japan, which occurred during the New Year's holidays and cut off communications. In view of this possibility, individual business sites will revise the existing damage assumptions and update their earthquake preparedness plans accordingly to make them more effective. In addition to updating its own plan, each business site will make necessary adjustments to the coordination system with the Head Office and nearby offices to strengthen its business continuity capabilities.

As the second priority initiative, we will continue to address cybersecurity, an issue we have worked on since FY2024, with the aim of enhancing BCP effectiveness and remediating system vulnerabilities.

In parallel with these initiatives, we will work on risk management in new businesses and projects and take other actions under the leadership of top management so that we can achieve our business goals without causing any compliance violations, environmental accidents, occupational accidents, quality issues, or the like. At the same time, we will continue to carefully monitor the impact of changing political and social climates, geopolitical risk, and shifting economic conditions

on our business continuity and operating results in an effort to identify risks early and mitigate them promptly. Furthermore, to prepare for security risks and natural disasters, we will work to strengthen the initial response to emergencies and enhance employees' education and training.

Information Security

Approach and Promotion Framework

The SMM Group has an Information Security Committee in place that is tasked with promoting Group-wide information security management. It comprises the executive officer in charge of the Information Systems Dept. as the Chair, General Manager of the Information Systems Dept. as the Deputy Chair, and general managers of divisions, General Manager of the Technology Div., General Manager of the Engineering Div., and heads of operational divisions in the Head Office as members, with the Information Systems Dept. serving as the secretariat. In addition, we have established and implemented a security policy consisting of “the Information Security Regulations” and “the Group-wide Standards for Information Security.”

Measures to improve the level of information security are led by the Information Systems Dept. and are specifically promoted with the cooperation of the information security promotion managers, who are the heads of the organizational units (plant, office, branch, etc.), and the information security personnel at each site. Furthermore, in order to facilitate promotion and follow-up of the measures, information security personnel meetings are held regularly, with the Information Systems Dept. serving as the secretariat.

Response to Information Security Risks

To ensure the safety of in-house information assets from increasingly sophisticated cybersecurity attacks, we are taking countermeasures at both system and human levels.

For threats such as cyberattacks from outside the Group, we watch for newly detected malware, spear phishing attacks, and so forth around the clock, 365 days a year. We have created a system whereby, if an abnormality is detected, we can implement an appropriate response promptly.

We also educate and train employees through e-learning and spear phishing simulations to prevent damage from cyberattacks.

Status of Actions

Actions taken in FY2024

- Reinforced measures to protect against email data breaches
- Remediated the system vulnerabilities identified through simulated attacks

Actions planned for FY2025 to boost security operations

- Bolster measures to protect against email spoofing by complying with the Domain-based Message Authentication, Reporting, and Conformance (DMARC) policy
- Visualize all devices connected to the internal networks to eliminate unmanaged devices
- Conduct information security audits to identify issues and implement corrective measures

Response to Security Incidents

We have codified the main response processes to be followed in the event that a serious security incident occurs despite the security measures taken. We also have a system in place whereby the Information Systems Dept. and the user departments work together to contain the incident quickly while communicating with external stakeholders.

Information Security

<https://www.smm.co.jp/en/sustainability/management/security/>

Compliance

Approach and Policy

The SMM Group has established the SMM Group Code of Conduct to facilitate the realization of its Corporate Philosophy of contributions to society and the fulfillment of its responsibilities to its stakeholders through the performance of sound corporate activities, aiming to thereby make the Group an increasingly trusted corporate presence. Within this Code of Conduct we have established specific guidelines on conduct for officers and employees, and indicated compliance as fundamental to our corporate activities. Together with the Code of Conduct, the Basic Compliance Regulations set out a fundamental framework for compliance. Further, we have established the following policies and regulations regarding individual focus areas such as human rights and procurement, which are shared across the Group.

Sumitomo Metal Mining Group's Policy on Human Rights

Sumitomo Metal Mining Group's Sustainable Procurement Policy

https://www.smm.co.jp/en/sustainability/management/csr_procurement/

Sumitomo Metal Mining Group's Basic Policy on Taxes

Sumitomo Metal Mining Group's Basic Policies for Anti-Bribery

https://www.smm.co.jp/en/sustainability/management/bribery_prevention/

Basic Policy for Compliance with Competition Laws

Regulations on insider trading prevention and information management

Regulations on the safeguarding of personal information

Regulations for export control

Regulations on the Whistle-blowing System (Speak Up System)

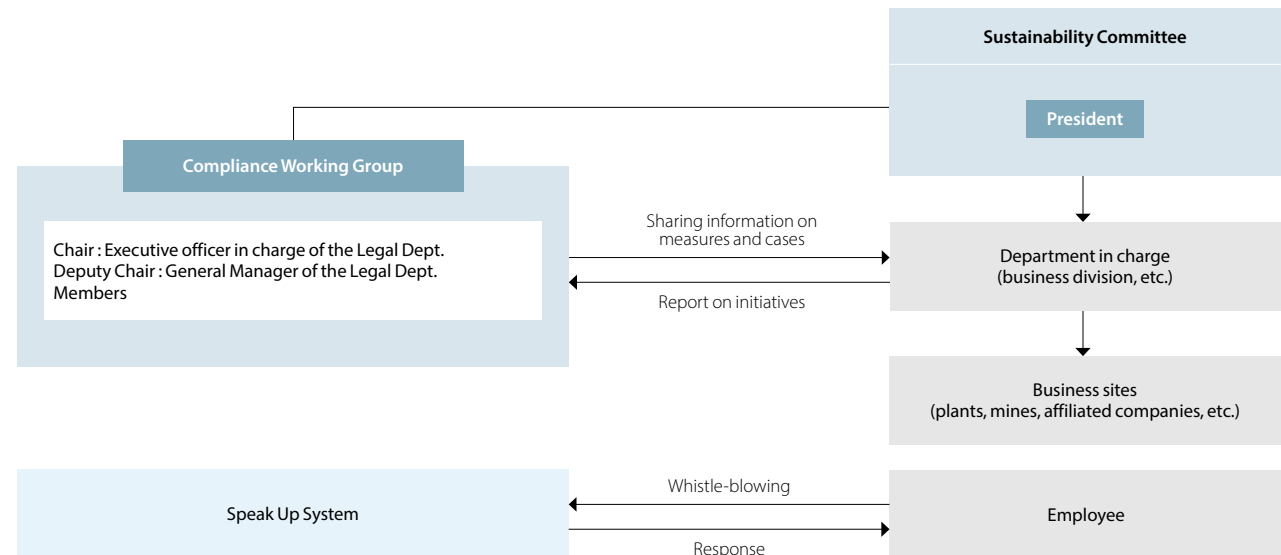
Compliance-Related Promotion Framework

With the president bearing ultimate oversight responsibility for compliance, we strive to promote compliance through our organizational structure. The Compliance Working Group, which operates under the Sustainability Committee and is served by the Legal Dept. as secretariat, regularly conducts deliberations and exchanges information on material issues related to compliance. A system is in place whereby measures and case studies shared in the Working Group are communicated

through Working Group members to respective divisions, and we are currently consolidating the framework to use this information in daily operations.

Our FY2024 Group-wide compliance goal was to prevent the falsification of data on analysis, measurement, and other results. With an eye to the goal, we set the priority initiative of creating workflows that help prevent misconduct (which included analyzing the existing workflows, and detecting and correcting those conducive to misconduct); and individual departments, along with Japanese and overseas subsidiaries over which they hold jurisdiction, pursued the necessary actions.

Promotion Framework



Compliance

Compliance Issues and Responses Thereto

We operate an internal reporting hotline system—namely, the SMM Group Whistle Blowing System, which complies with Japan's Whistleblower Protection Act as amended on June 1, 2022. In FY2024, a total of 23 incidents were reported through the internal reporting hotline system across the Group, including those reported to affiliated companies' independent hotlines. Appropriate action was taken in response to all reports.

To ascertain the level of awareness of the internal reporting hotline system, we ask questions about internal reporting and compliance in employee engagement surveys and analyze the answers provided. Moreover, we give lectures on compliance and the internal reporting hotline system as part of employee training programs.

Initiatives on Preventing Corruption

The SMM Group engages in initiatives to prevent corruption. Based on the SMM Group's Basic Policies for Anti-Bribery and regulations for the prevention of bribery, we introduced a prior approval system (mandating approval by an authorized person in cases of entertainment or gifts, etc. to public officials, whether in Japan or overseas), while prohibiting bribery by officers or employees at each of the Group's companies in Japan and overseas. Further, an anti-bribery manual was formulated based on the characteristics of each business and country/region, as well as legal and regulatory conditions. Each business division and the Legal Dept. work together to prevent corruption under the

supervision of the officer overseeing compliance.

We have furthermore made it mandatory for all employees to attend e-learning training seminars on preventing corruption in advance of their promotion to certain managerial positions.

Compliance with Competition Laws

The SMM Group has established the Basic Policy for Compliance with Competition Laws and regulation for observance of competition law, while also having established, and is currently operating, rules governing contact with competitors. Furthermore, we have prepared a manual on regulations for the observance of competition law, to provide specific overviews on the content of the basic policy and regulations, with education on competition law also provided in the course of various training seminars and e-learning programs.

Initiatives on Export Control

Based on the regulations for export control, the SMM Group has established the Export Control Committee and strives for compliance with the Foreign Exchange and Foreign Trade Act and other laws and regulations related to exports, which includes consolidating internal procedures for export and technology transactions, internal audits, in-house education, and provision of guidance to each Group company.

Tax Governance

The SMM Group established and announced the Sumitomo Metal Mining Group's Basic Policy on Taxes on April 1, 2021. Under this policy, we comprehensively investigate and examine the relationships of our products to customers and local communities to develop business in a sustainable manner and pursue sound corporate activities. Through these activities, we work toward the maximization of after-tax profit and free cash flow to maximize corporate value and achieve our long-term vision. As part of this, we also examine in terms of taxation, such as the status of tax treaties with countries where mines or plants are located, areas near key customers and markets, and countries where we do business. By continuing to comply with international tax standards and other related matters, and by fulfilling our tax filing and payment obligations appropriately and fairly, we will strive to coexist with local communities and countries where we do business.

Risks and Opportunities

Risk Factors (External/Internal)		Risks (Threats) and Opportunities		Strategies and Initiatives	Specific Responses
1	Governments and Policy <ul style="list-style-type: none"> Changes in laws and regulations (rise in mineral resource nationalism, increase in environmental awareness, etc.) Conflicts and friction between countries 	Risks	<ul style="list-style-type: none"> Nationalization of mines; increased taxation Prohibition of export of mineral ores and intermediates Stricter approval for development and operation Negative impacts on production, including supply and demand and supply chains Changes in the tariff system 	<ul style="list-style-type: none"> Full consideration of country risk and making investment decisions while expanding the business globally Cooperation with overseas local partners to monitor the status of the market entry and taking appropriate measures as needed to respond to changes after entering a new market 	<ul style="list-style-type: none"> Conclusion of contracts that make allowances for resource nationalism Information gathering through embassies, governments, JV partners and customers Approach to local communities and indigenous people Diversification of materials suppliers and product customers Establishment of BCP and crisis management framework
		Opportunities	<ul style="list-style-type: none"> Introduction of preferential taxation in the automobile market Changes in the tariff system 		
2	Economic Environment <ul style="list-style-type: none"> Metal price and forex movement Soaring energy prices 	Risks	<ul style="list-style-type: none"> Negative impacts on business performance due to lower metal prices and exchange rate fluctuations Switch to alternative materials due to a sharp rise in metal prices Decrease in competitiveness due to higher operating costs Negative impact on business performance due to fluctuations in TC/RC 	<ul style="list-style-type: none"> Aiming to reduce costs in the Mineral Resources and Smelting & Refining businesses and stabilizing earnings in the Materials business, which is relatively insensitive to non-ferrous metal price fluctuations Steadily pursuing the growth strategy based on the 3-business collaboration Establishing and strengthening "Shin" 3-business Collaboration Business Model 	<ul style="list-style-type: none"> Formulation of project plans based on market fluctuation risks Prior analysis of management impacts caused by fluctuations in metal prices and exchange rates Entrance into alternative materials and technologies businesses (e.g., LFP), and expansion of the advanced materials business Promotion of energy conservation (switch to high-efficiency equipment and improvement of manufacturing processes) Promotion of new projects
		Opportunities	<ul style="list-style-type: none"> Expanding demand for non-ferrous metals, especially copper and nickel, which are indispensable for the electrification of automobiles, etc. 		
3	Social Environment <ul style="list-style-type: none"> Increased social responsibility for climate change Acceleration of the carbon neutrality movement Emergence of issues related to Business and Human Rights 	Risks	<ul style="list-style-type: none"> Exclusion from investment due to lagging approach to ESG and insufficient information disclosure Decline in competitiveness and reputation due to a delayed response to GHG emissions reduction measures for achieving carbon-neutral society Delays in or withdrawal from projects due to opposition from local communities or due to infringement of the rights of local communities and indigenous peoples 	<ul style="list-style-type: none"> Establishing and strengthening "Shin" 3-business Collaboration Business Model Participating in the GX League and promoting the transition to and use of clean energy, as well as introducing energy-saving equipment at production sites, to achieve net zero GHG emissions by 2050 Proceeding with reducing GHG emissions, and promoting initiatives for research and development of products that contribute to the realization of a carbon-neutral society, etc. Support the United Nations Guiding Principles on Business and Human Rights, and conduct due diligence and operate a complaint resolution (remedy) mechanism based on the Sumitomo Metal Mining Group Policy on Human Rights Deliver appropriate and accurate information to stakeholders 	<ul style="list-style-type: none"> GHG emissions reduction activities Dialogues and co-existence with local communities and enhancement of understanding of indigenous cultures Due diligence for mineral procurement Expansion of business for products that contribute to a low-carbon society Enhancement of ESG information disclosure
		Opportunities	<ul style="list-style-type: none"> Growing demand for low-carbon products that contribute to GHG reduction, such as battery materials and advanced materials 		
4	Work Environments <ul style="list-style-type: none"> Shrinking and increasingly mobile Japanese labor market Securing human resources and diversifying work styles 	Risks	<ul style="list-style-type: none"> Labor shortages due to fiercer competition in hiring, outflow of human resources, and increase in mandatory retirements Personnel shortages due to inadequate career support and delays in training management human resources Drop in employee engagement due to delays efforts in human capital management 	<ul style="list-style-type: none"> Provide employees with safe and healthy work opportunities by reforming work styles, improving the working environment, and rebuilding an open and vibrant organization climate Promote human resource development, encourage and evaluate efforts to address long-term issues, build a corporate culture that enables continuous "taking on of challenges," "change," and "growth," and secure, foster, and utilize a diverse human capital Provide improvements and a venue for the system suitable for career support and human resource development 	<ul style="list-style-type: none"> Strengthening of engagement by raising the brand profile within the Group Rationalization and reduction of labor through the introduction of DX, etc. to reduce working hours Promotion of health and productivity management Revision of the personnel system for managerial track employees Raising company recognition and actively recruiting by strengthening corporate branding
		Opportunities	<ul style="list-style-type: none"> Attract diverse human resources and create innovation 		
5	Technology <ul style="list-style-type: none"> Evolution of technology in the field of information and communication Catching up with the technology by overseas competitors and developing new technologies and products Increasing and growing cybersecurity risks Growing importance of intellectual property due to globalization 	Risks	<ul style="list-style-type: none"> Decline in competitiveness due to lagging response to DX Delays in new product development and improvements to existing products in the Materials Business Decline in the competitiveness of our technologies and products due to new technologies and products developed by competitors External leakage, destruction, falsification, etc. of information due to delays in establishing an information security system Delay in protecting intellectual property, infringement on other companies (patent infringement, filing of lawsuits related to intellectual property) 	<ul style="list-style-type: none"> Developing DX infrastructure to address human resources in an era of declining birthrate, improve management efficiency, and create business reforms and new businesses Speeding up development of new products and improvements to existing products based on customer needs In addition to information security education for employees, migrating to a cloud service with advanced security features regardless of the usage environment Establishing a department dedicated to intellectual property management to ensure acquisition and preservation of intellectual property Promoting development of new technologies conducive to GHG emissions reduction 	<ul style="list-style-type: none"> Developing human resources proficient with digital technologies Improving operations through data analysis Strengthening of information security Enforcement of and support for intellectual property management Application of DX to model factories and business sites Developing and expanding new business in hydrogen production catalysts, catalysts for use in artificial photosynthesis, and fuel cell materials Promoting marketing initiatives that generate new innovations (e.g., X-Mining)
		Opportunities	<ul style="list-style-type: none"> Improving productivity by introducing DX and utilizing new technologies Heightened demand for new technologies conducive to GHG emissions reduction 		

Risks and Opportunities

Risk Factors (External/Internal)		Risks (Threats) and Opportunities	Strategies and Initiatives	Specific Responses
6	Development of Resources, Smelting & Refining Operations, Manufacturing and Development of Highly Advanced Materials Development of Resources • Decrease in superior mines and increased uncertainty in mining investment	Risks <ul style="list-style-type: none"> Increased difficulty in acquiring interests due to intensified competition for mineral resources Increased development difficulty due to newly discovered mines being located at higher altitudes and having lower ore grades Increase in investment and operating costs for mine development and entry Opportunities <ul style="list-style-type: none"> Expanding demand for non-ferrous metals, especially copper and nickel, which are indispensable for the electrification of automobiles, etc. 	<ul style="list-style-type: none"> Emphasizing acquiring social license centered on co-existence with local communities In addition to our own exploration activities, working with business partners overseas to acquire new projects Careful selection of investments based on a decision of profitability from our many years of experience in exploration and mine evaluation know-how, and striving to reduce and avoid the risk of uncertainty from the preparatory stage of development Promoting initiatives to establish know-how in resource development and operations 	<ul style="list-style-type: none"> Operational improvements (dispatch of engineers for stable operation and streamlining, improvement of existing operating equipment, enhancement of process capacities) Training of mining engineers at the Hishikari Mine operated by our company Securing of a sound financial base Participation in development of and investment in superior overseas mines, etc.
	Smelting & Refining Operations • Instability in procurement of non-ferrous metal raw materials and equipment	Risks <ul style="list-style-type: none"> Deterioration of raw material purchase conditions, plant shutdown Difficulty in procurement of raw materials and equipment and skyrocketing prices Opportunities <ul style="list-style-type: none"> Growth in demand for recycling associated with the increased demand for metals, increased collection of used products, etc. 	<ul style="list-style-type: none"> Securing stable raw material sources (own mines) and conflict-free raw materials by investing in and participating in the management of superior overseas mines, etc. The materials procurement department will consider multiple purchases and alternative materials while improving basic unit, and will take appropriate measures as needed in response to changes when responding to difficulties in the supply of materials and equipment and price hikes Proactively working on battery to battery horizontal recycling of used lithium-ion secondary batteries, contributing to the formation of a sustainable recycling-oriented society and strengthening the promotion of resource recycling to cope with global resource depletion 	<ul style="list-style-type: none"> Ongoing study of measures to secure nickel mineral reserves Strengthening the search for new nickel projects in the next period Promoting the commercialization of battery recycling
	Development of Material Products • Rapid changes in market demands and prolongation of new product development • Potential huge financial burden for defects in in-vehicle products	Risks <ul style="list-style-type: none"> Obsolescence of products and technologies due to technological innovation, changing customer needs, and market-environment change Outbreak of costly claims litigation and loss of reputation due to product liability (recalls and damages incurred for end products containing defective in-vehicle products) Opportunities <ul style="list-style-type: none"> Rising demand for cathode materials due to increasing demand for electric automobiles Growing demand for advanced materials used in electronic devices for the realization of a digital society 	<ul style="list-style-type: none"> Deepening relationships with customers, accurately understanding customer and market needs, and putting in place sufficient sales and development structures to promote new product development based on this understanding and to mitigate the impact of such development Ensuring the effective functioning of the Group's quality management system (QMS) to further improve quality and enhance traceability Accelerating development through the use of government support programs, joint development with external parties, and industry-academia collaboration 	<ul style="list-style-type: none"> Continuation of development of LFP battery materials Creating innovations through an open platform (Ex: X-MINING®) Compliance with the QMS and initiatives to further improve quality and strengthen management Steady transition to next-generation nickel-based products, such as Hi-Ni type NMC cathode materials Promoting commercialization of silicon carbide (SiC) substrates
7	Other • Increase in frequency and intensity of natural disasters • Spread of infectious disease	Risks <ul style="list-style-type: none"> Damage to equipment/facilities and occurrence of spill accidents due to intensification of floods, storms, etc. Interruption of global supply chains Negative impacts of infectious diseases on production, including supply and demand and supply chains 	—	<ul style="list-style-type: none"> Response to large-scale disasters Establishment of BCP and crisis management framework Stable supply through an integrated supply chain

Directors and Audit & Supervisory Board Members (As of June 26, 2025)

Directors *1 Numbers of shares of the Company owned are based on information as of May 31, 2025.

Akira Nozaki

Representative Director
Chairman and Director



Number of shares of
the Company owned: 26,500*1

Born: 1960
Apr. 1984 Joined the Company
Jun. 2013 Executive Officer, Senior Deputy General Manager of Non-Ferrous Metals Div.
Jun. 2014 Director, General Manager of Corporate Planning Dept.
Jun. 2015 General Manager of Non-Ferrous Metals Div.
Jun. 2016 Managing Executive Officer
Jun. 2018 Representative Director (Present Position), President and Director, President (Executive Officer)
Jun. 2024 Chairman and Director (Present Position)

Nobuhiro Matsumoto

Representative Director
President and Director
President



Number of shares of
the Company owned: 10,000*1

Born: 1963
Apr. 1987 Joined the Company
Apr. 2008 General Manager of Niihama Nickel Refinery, Non-Ferrous Metals Div.
Jul. 2013 Administration Dept., Non-Ferrous Metals Div.
Jun. 2014 General Manager of Administration Dept., Non-Ferrous Metals Div.
Jun. 2016 Executive Officer, Senior Deputy General Manager of Non-Ferrous Metals Div.
Jun. 2018 General Manager of Non-Ferrous Metals Div.
Jun. 2019 Director
Jun. 2020 Managing Executive Officer
Jun. 2022 Senior Managing Executive Officer
Jun. 2024 Representative Director (Present Position), President and Director (Present Position), President (Executive Officer) (Present Position)

Masaru Takebayashi

Director
Managing Executive Officer
General Manager of Non-Ferrous Metals Div.



Number of shares of
the Company owned: 5,600*1

Born: 1966
Apr. 1990 Joined the Company
Jun. 2016 General Manager of Harima Refinery, Non-Ferrous Metals Div.
Jul. 2017 General Manager of Toyo Smelter & Refinery, Non-Ferrous Metals Div.
Jun. 2020 Executive Officer
Jan. 2021 Senior Deputy General Manager of Non-Ferrous Metals Div.
Jun. 2023 Director (Present Position), Managing Executive Officer (Present Position), General Manager of Non-Ferrous Metals Div. (Present Position)

Hiroshi Yoshida

Director
Managing Executive Officer
General Manager of
Corporate Planning Dept.



Number of shares of
the Company owned: 4,700*1

Born: 1964
Apr. 1987 Joined the Company
Jun. 2016 General Manager of Corporate Planning Dept.
Jun. 2018 Executive Officer, Senior Deputy General Manager of Non-Ferrous Metals Div.
Jun. 2021 Senior Deputy General Manager of Advanced Materials Div.
Jun. 2022 Managing Executive Officer (Present Position) General Manager of Advanced Materials Div.
Jun. 2023 General Manager of Corporate Planning Dept. (Present Position)
Jun. 2024 Director (Present Position)

Taeko Ishii

Outside Director



Number of shares of
the Company owned: 500*1

Born: 1956
Apr. 1986 Registered as a lawyer
Joined Ryoichi Wada Law Firm
Mar. 1992 Established Ohta & Ishii Law Firm
Jun. 2018 Director of the Company (Present Position)

Manabu Kinoshita

Outside Director



Number of shares of
the Company owned: 200*1

Born: 1954
Apr. 1978 Joined NEC Corporation
Apr. 2006 Executive General Manager, Distribution and Service Industries Solutions Operations Unit of NEC Corporation
Apr. 2008 Associate Senior Vice President of NEC Corporation
Apr. 2010 Senior Vice President of NEC Corporation
Jun. 2010 Director of NEC Corporation
Apr. 2016 Senior Executive Vice President of NEC Corporation
Apr. 2018 Senior Officer of NEC Corporation
Jun. 2020 Director of the Company (Present Position)
Jun. 2021 Retired as Senior Officer of NEC Corporation

Koji Takeuchi

Outside Director



Number of shares of
the Company owned: 0*1

Born: 1946
Apr. 1970 Joined Ajinomoto Co., Inc.
Jul. 1988 Head of Central Research Center of Ajinomoto Co., Inc.
Jul. 1993 Head of Development Planning Dept. of Ajinomoto Co., Inc.
Oct. 1993 Member of the Board; General Manager, Electronic Materials Division of Ajinomoto Fine-Techno Co., Inc.
Jun. 2002 Member of the Board and Senior Managing Director, General Manager, Electronic Materials Division of Ajinomoto Fine-Techno Co., Inc.
Jun. 2004 Member of the Board and Vice President of Ajinomoto Fine-Techno Co., Inc.
Jul. 2008 Chief Director of Ajinomoto Co., Inc.
Jun. 2009 Retired as Chief Director of Ajinomoto Co., Inc.
Jun. 2012 Advisor of Ajinomoto Fine-Techno Co., Inc.
Jun. 2014 Retired as Advisor of Ajinomoto Fine-Techno Co., Inc.
Jun. 2024 Director of the Company (Present Position)

Sawaki Nicola Michele

Outside Director



Number of shares of
the Company owned: 0*1

Born: 1962
Apr. 1987 Joined Orr Shottliff Accounting Firm
Feb. 1991 Joined Ernst & Young London Office
May 1991 Registered as an ICAEW-qualified chartered accountant (UK)
Jul. 2002 Joined ShinNihon Audit Firm (Current Ernst & Young ShinNihon LLC)
Jul. 2003 Partner of ShinNihon Audit Firm (Present Position)
Mar. 2017 Representative in Japan of Ernst & Young Global Limited IFRS Policy Committee (Present Position)
Jun. 2025 Director of the Company (Present Position)

Directors and Audit & Supervisory Board Members

Audit & Supervisory Board Members

*1 Numbers of shares of the Company owned
are based on information as of May 31, 2025.

Tsuyoshi Nozawa

Senior Audit & Supervisory
Board Member (Standing)



Number of shares of
the Company owned: 1,000*1

Born: 1964
Apr. 1988 Joined the Company
Jul. 2015 Public Relations & Investor Relations Dept.
Apr. 2018 Finance & Accounting Dept.
Jun. 2022 Audit & Supervisory Board Member (Standing)
Jun. 2025 Senior Audit & Supervisory Board Member (Standing)
(Present Position)

Hirohiko Matsushita

Audit & Supervisory Board
Member (Standing)



Number of shares of
the Company owned: 3,000*1

Born: 1964
Apr. 1988 Joined the Company
Jul. 2019 General Manager of Legal Dept.
Jun. 2023 Executive Officer; General Manager of
Besshi-Niihama District Div.
Jun. 2025 Audit & Supervisory Board Member (Standing)
(Present Position)

Shoji Wakamatsu

Outside Audit & Supervisory
Board Member

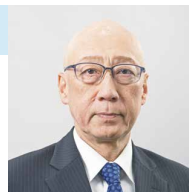


Number of shares of
the Company owned: 0*1

Born: 1953
Sep. 1983 Joined Ota Tetsuzo Audit Firm
(Current Ernst & Young ShinNihon LLC)
Mar. 1987 Registered as a certified public accountant
Jul. 2003 Partner of ShinNihon Audit Firm
(Current Ernst & Young ShinNihon LLC)
May 2006 Member of the Board of ShinNihon Audit Firm
Aug. 2008 Managing Partner of ShinNihon LLC
(Current Ernst & Young ShinNihon LLC)
Aug. 2010 Senior Partner of ShinNihon LLC
Jun. 2016 Left ShinNihon LLC; established Wakamatsu Certified
Public Accountant Firm
Sep. 2019 Registered as a certified public tax accountant
Jun. 2021 Audit & Supervisory Board Member of the Company
(Present Position)

Tsuguya Ieda

Outside Audit & Supervisory
Board Member



Number of shares of
the Company owned: 0*1

Born: 1958
Apr. 1982 Joined Export-Import Bank of Japan
Oct. 2008 Head of Credit Department of Japan Bank for
International Cooperation, Japan Finance Corporation
Jan. 2011 Head of Corporate Management Office of Japan Bank for
International Cooperation, Japan Finance Corporation
Apr. 2012 Western Japan Representative of Japan Bank for
International Cooperation
Dec. 2013 Executive Officer, Western Japan Representative of
Japan Bank for International Cooperation
Jun. 2015 Retired as Executive Officer of Japan Bank for
International Cooperation
Jul. 2015 Retired from Japan Bank for International Cooperation
Aug. 2015 Advisor of Nomura Securities Co., Ltd.
Jun. 2017 Retired as Advisor of Nomura Securities Co., Ltd.
Executive Managing Director, CEO of JBIC IG Partners
Jun. 2023 Retired as Executive Managing Director,
CEO of JBIC IG Partners
Jun. 2024 Audit & Supervisory Board Member of the Company
(Present Position)

Executive Officer (*2 Concurrently Director)

President

Nobuhiro Matsumoto*2

Managing Executive Officers

Hiroshi Yoshida*2

General Manager of Corporate Planning Dept.; in charge
of Legal Dept., Digital Transformation Dept., and Internal
Audit Dept.

Masaru Takebayashi*2

General Manager of Non-Ferrous Metals Div.

Hideyuki Okamoto

General Manager of Mineral Resources Div.

Toru Motoki

General Manager of Technology Div.

Shinichi Sato

General Manager of Advanced Materials Div.

Executive Officers (As of September 1, 2025)

Munekazu Kawata

General Manager of Battery Materials Div.

Yusuke Niwa

Senior Deputy General Manager of Battery Materials Div.

Kazuaki Sakamoto

General Manager of Engineering Div.

Yasumasa Hattori

Senior Deputy General Manager of Non-Ferrous Metals Div.

Yoshihiro Sagawa

Senior Deputy General Manager of Mineral Resources Div.

Mihoko Yano

General Manager of Human Resources Dept.; in charge
of Secretarial Dept., Purchasing Dept., and Information
Systems Dept.

Takahiro Hagiwara

General Manager of Sustainability Dept.; in charge of
General Affairs Dept., Public Relations & Investor Relations
Dept., and Osaka Branch

Toru Kitazaki

Senior Deputy General Manager of Technology Div.

Kenji Hara

Senior Deputy General Manager of Engineering Div.

Yukinori Okano

Senior Deputy General Manager of Battery Materials Div.

Satoru Nishihara

General Manager of Besshi-Niihama District Div.

Kazunori Kawanaka

General Manager of Safety & Environment Control Dept.; in
charge of Quality Assurance Dept.

Yasuhiro Miyake

General Manager of Finance & Accounting Dept.

Kenichi Tsuda

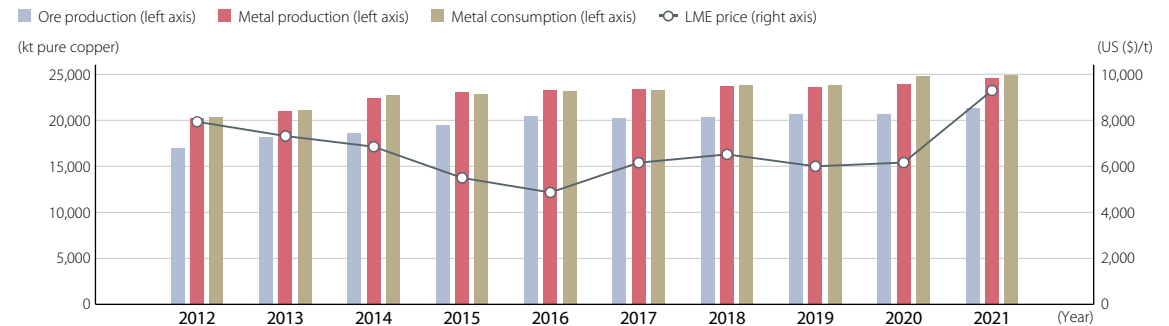
Senior Deputy General Manager of Mineral Resources Div.

The Global Non-Ferrous Metal Industry and the SMM Group

The Business Environment Surrounding Copper

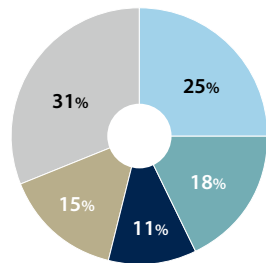
Copper is thought to be the first metal used in human history. It offers high heat and electrical conductivity, and has superior workability. This has resulted in it becoming an indispensable base metal for electrical wiring and copper alloy fabricated products in a wide range of industries.

Global Copper Supply and Demand



Source: JOGMEC Mineral Resource Material Flows 2022 Copper (Issued on March 4, 2024)

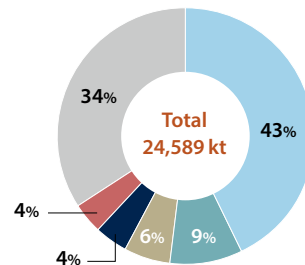
Copper End-Use (2024 results)



■ Building construction (water and gas piping, roofs, decor, power distribution wires, etc.)
■ Infrastructure (power transmission lines, telecom lines)
■ Transportation (automobiles, railroads, ships, etc.)
■ Industry (transformers, motors, plant equipment, etc.)
■ Other

Source: The International Wrought Copper Council (IWCC) and the International Copper Association (ICA)

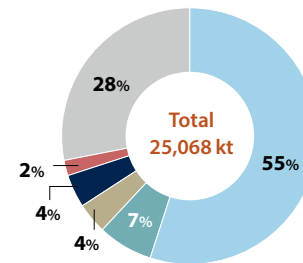
Copper Metal Production by Country (2021 results)



■ China
■ Chile
■ Japan
■ Russia
■ U.S.A.
■ Other

Source: JOGMEC Mineral Resource Material Flows 2022 Copper (Issued on March 4, 2024)

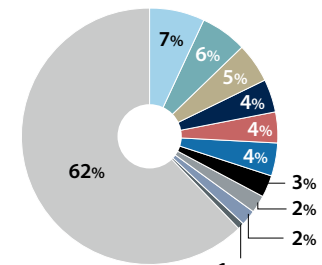
Copper Metal Consumption by Country (2021 results)



■ China
■ U.S.A.
■ Germany
■ Japan
■ Italy
■ Other

Source: JOGMEC Mineral Resource Material Flows 2022 Copper (Issued on March 4, 2024)

Global Copper Interest Production (2024 results)



■ BHP Group
■ CODELCO
■ Freeport-McMoRan Inc.
■ Glencore plc
■ Southern Copper Corp.
■ Zijin Mining Group Co., Ltd.
■ Rio Tinto Group
■ Anglo American plc
■ KGHM Polska Miedź S.A.
■ SMM Group
■ Other

Source: S&P Global Market Intelligence

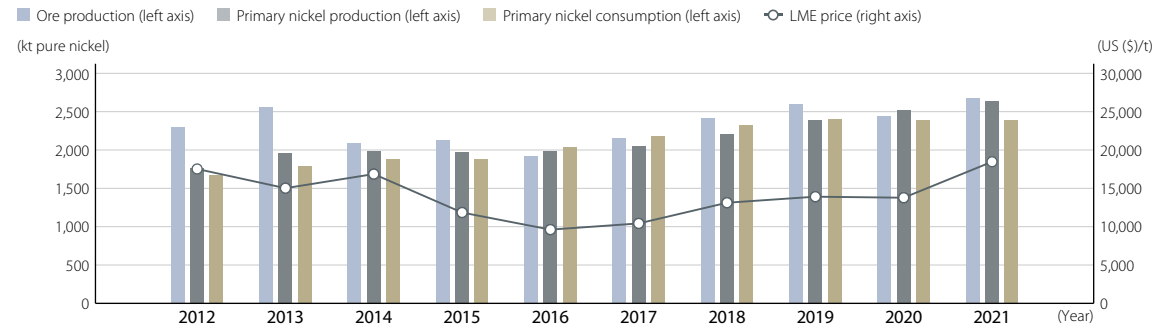
The size of the global copper market is about 22,990 kt. The SMM Group ranks 22nd in the world for global copper interest production (FY2024: 230 kt)

The Global Non-Ferrous Metal Industry and the SMM Group

The Business Environment Surrounding Nickel

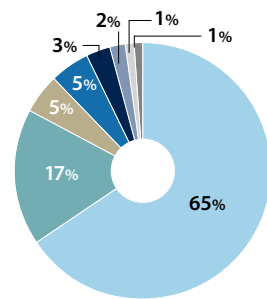
The main end-use of nickel is in stainless steel, and a certain amount of increase in demand is expected in conjunction with economic growth. Additionally, in line with the trend toward the electrification of automobiles, an increase in demand for nickel for use in cathode materials for automotive lithium-ion secondary batteries is also expected to accompany this.

Global Nickel Supply and Demand



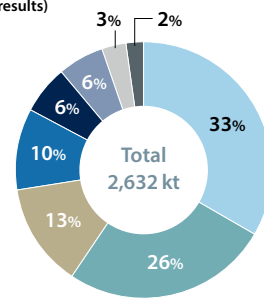
Source: JOGMEC Mineral Resource Material Flows 2022 Nickel (Issued on January 25, 2024)

Common Use of Nickel



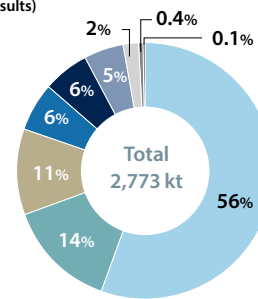
Source: Nickel Institute, SMR-Steel & Metals Market Research GmbH (July 16, 2025)

Nickel Production by Country/Region (2021 results)



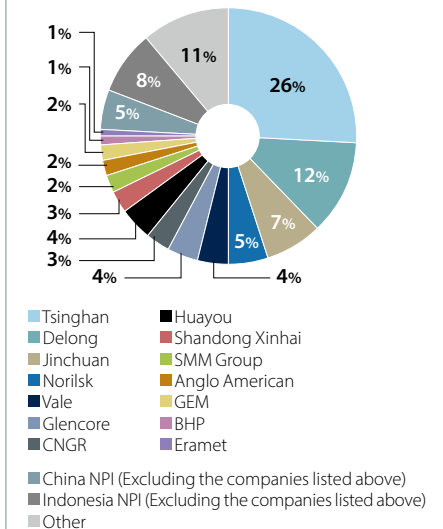
Source: JOGMEC Mineral Resource Material Flows 2022 Nickel (Issued on January 25, 2024)

Nickel Consumption by Country/Region (2021 results)



Source: JOGMEC Mineral Resource Material Flows 2022 Nickel (Issued on January 25, 2024)

Global Nickel Supply (2024 results)



Source: Research by SMM

Targets and Progress of Our Long-Term Vision

Nickel

Target

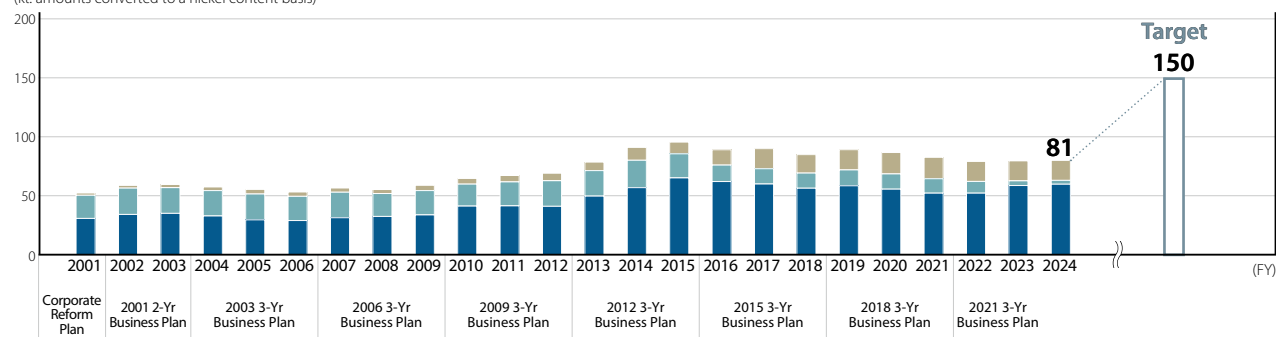
Annual production capacity of 150 kt



Progress

We are furthering efforts to secure new nickel deposits to cater to growth in demand including for use in battery materials.

■ Electrolytic nickel ■ Ferronickel ■ Nickel sulfate, other chemical products
(kt: amounts converted to a nickel content basis)



Copper

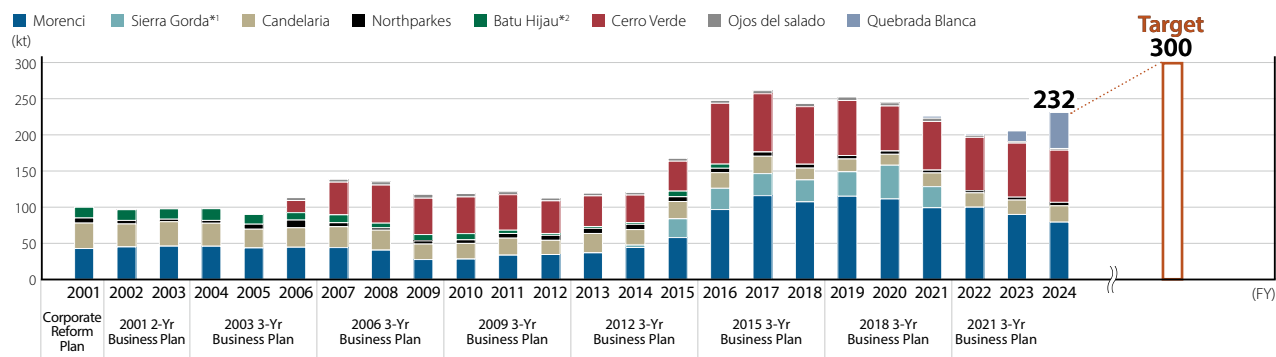
Target

Annual production interest of 300 kt



Progress

We are making great strides toward the achievement of our target with the ramping-up of the Quebrada Blanca Copper Mine.



*1 Transfer of all interests completed in 2022

*2 Transfer of all interests completed in 2016

Gold

Target

Participation in new mine operations through the acquisition of superior interest



Progress

Our engineers are engaged in endeavors alongside our JV partners for the stabilization and optimization of operations.

Targets and Progress of Our Long-Term Vision



Target

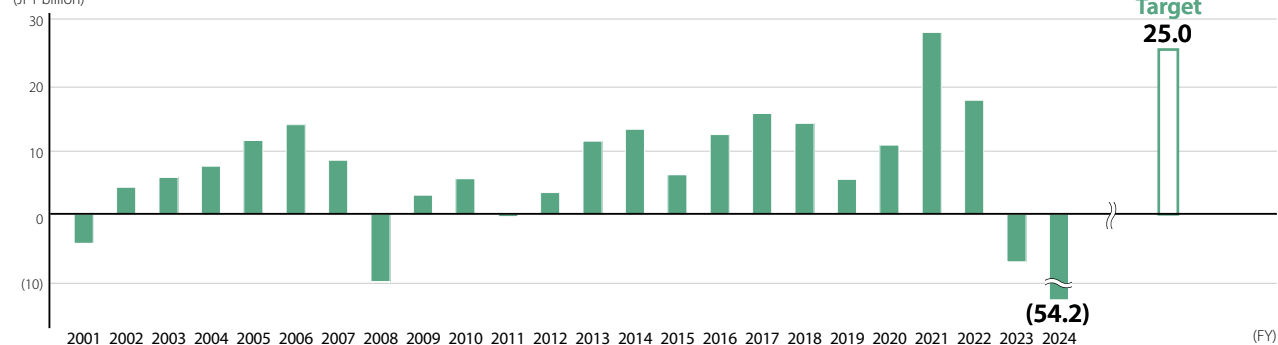
Annual profit before tax of JPY25 billion through portfolio management



Progress

We are rebuilding our Battery Materials Business and promoting the development and supply of advanced materials which will contribute to a carbon-neutral and advanced information and telecommunications society.

■ Segment profit by Materials Business
(JPY billion)



Target

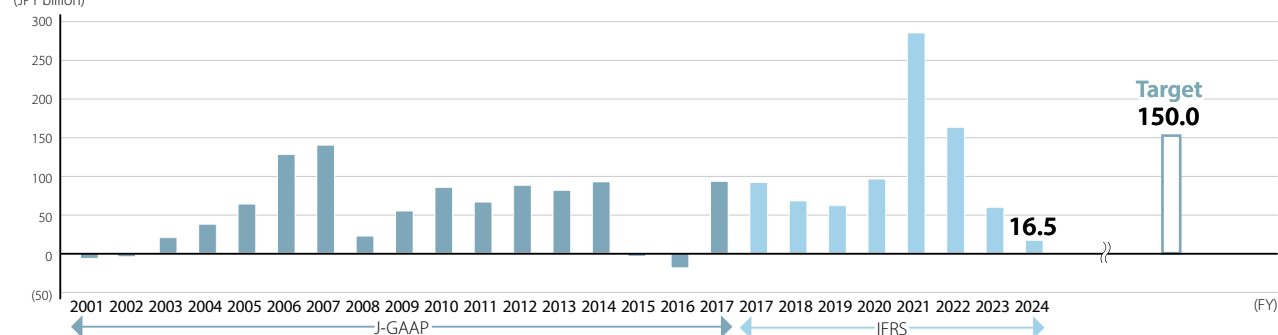
Annual profit attributable to owners of parent of JPY150 billion



Progress

In addition to the new mine's full-fledged contribution to profits, we are aiming for sustained achievement of targets through the steady execution of future strategic investments and minimization of opportunity loss.

■ Profit (loss) attributable to owners of parent (JPY billion)
■ Profit attributable to owners of parent



Eleven-Year Financial Summary

IFRS

Years ended March 31	2025	2024	2023	2022	2021	2020	2019	2018
Results for the year:								
Net sales* ¹	1,593,348	1,445,388	1,422,989	1,259,091	926,122	851,946	912,208	929,746
Gross profit	58,505	166,133	250,106	257,794	150,876	109,471	126,637	149,015
Profit before tax	31,383	95,795	229,910	357,434	123,379	79,035	89,371	108,286
Profit attributable to owners of parent	16,487	58,601	160,585	281,037	94,604	60,600	66,790	90,227
Capital expenditures	117,378	149,923	140,845	64,539	35,059	50,689	47,445	74,675
Depreciation	67,074	56,224	53,310	46,455	45,729	45,355	43,541	46,762
Net cash provided by (used in) operating activities	149,644	210,675	120,382	159,489	91,522	136,545	114,744	78,552
Net cash provided by (used in) investing activities	(138,884)	(298,887)	(185,503)	9,796	(32,393)	(70,334)	(142,354)	(22,787)
Net cash provided by (used in) financing activities	(6,180)	7,090	49,336	(129,618)	(55,758)	9,149	(29,047)	(89,797)
Free cash flows	10,760	(88,212)	(65,121)	169,285	59,129	66,211	(27,610)	(55,765)

J-GAAP

JPY millions

Years ended March 31	2018	2017	2016	2015
Results for the year:				
Net sales	933,517	786,146	855,407	921,334
Gross profit	157,089	122,296	113,862	174,257
Operating income	110,203	76,390	59,720	125,779
Other income (expenses)	124,853	(1,565)	(12,764)	174,226
Profit (loss) before income taxes	105,795	(5,999)	559	123,261
Profit (loss) attributable to owners of parent	91,648	(18,540)	(309)	91,113
Capital expenditures	74,589	125,950	51,013	55,232
Depreciation	46,865	44,232	46,141	38,125
Financial revenue (expenses)	10,804	10,546	8,927	6,250
Net cash provided by (used in) operating activities	79,405	43,796	119,704	120,003
Net cash provided by (used in) investing activities	(22,994)	(143,219)	(92,876)	(105,024)
Net cash provided by (used in) financing activities	(90,095)	70,392	(4,003)	(39,047)
Free cash flows	56,411	(99,423)	26,828	14,979

*1 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.

Eleven-Year Financial Summary

IFRS

Years ended March 31	2025	2024	2023	2022	2021	2020	2019	2018
Financial position at year-end:								
Total assets	3,068,622	3,027,714	2,707,899	2,268,756	1,885,999	1,719,690	1,797,701	1,732,333
Equity	2,049,386	1,973,380	1,789,296	1,557,418	1,222,983	1,110,860	1,151,280	1,113,349
Non-current liabilities	515,601	590,724	447,340	326,547	337,694	402,520	388,943	378,438
Interest-bearing liabilities	560,303	530,289	457,257	301,355	330,678	367,882	349,798	361,775
Amounts per share (JPY)*2								
Equity attributable to owners of parent per share	6,711	6,497	5,938	5,260	4,054	3,646	3,812	3,746
Basic earnings per share	60	213	584	1,023	344	221	243	327
Diluted earnings per share	60	213	584	1,023	344	221	243	295
Dividends	104	98	205	301	121	78	73	100
Key ratios:								
ROA(%)	0.5	2.0	6.5	13.5	5.3	3.5	3.8	5.2
ROE(%)	0.9	3.4	10.4	22.0	8.9	5.9	6.4	9.1
Equity ratio (%)	60.1	59.0	60.3	63.7	59.1	58.3	58.3	59.4
Debt-to-equity ratio (times)	0.31	0.30	0.28	0.21	0.30	0.37	0.33	0.35
Current ratio (times)	1.9	2.0	2.2	2.4	2.1	2.7	2.1	2.6

J-GAAP

JPY millions (except Amounts per share and key ratios)

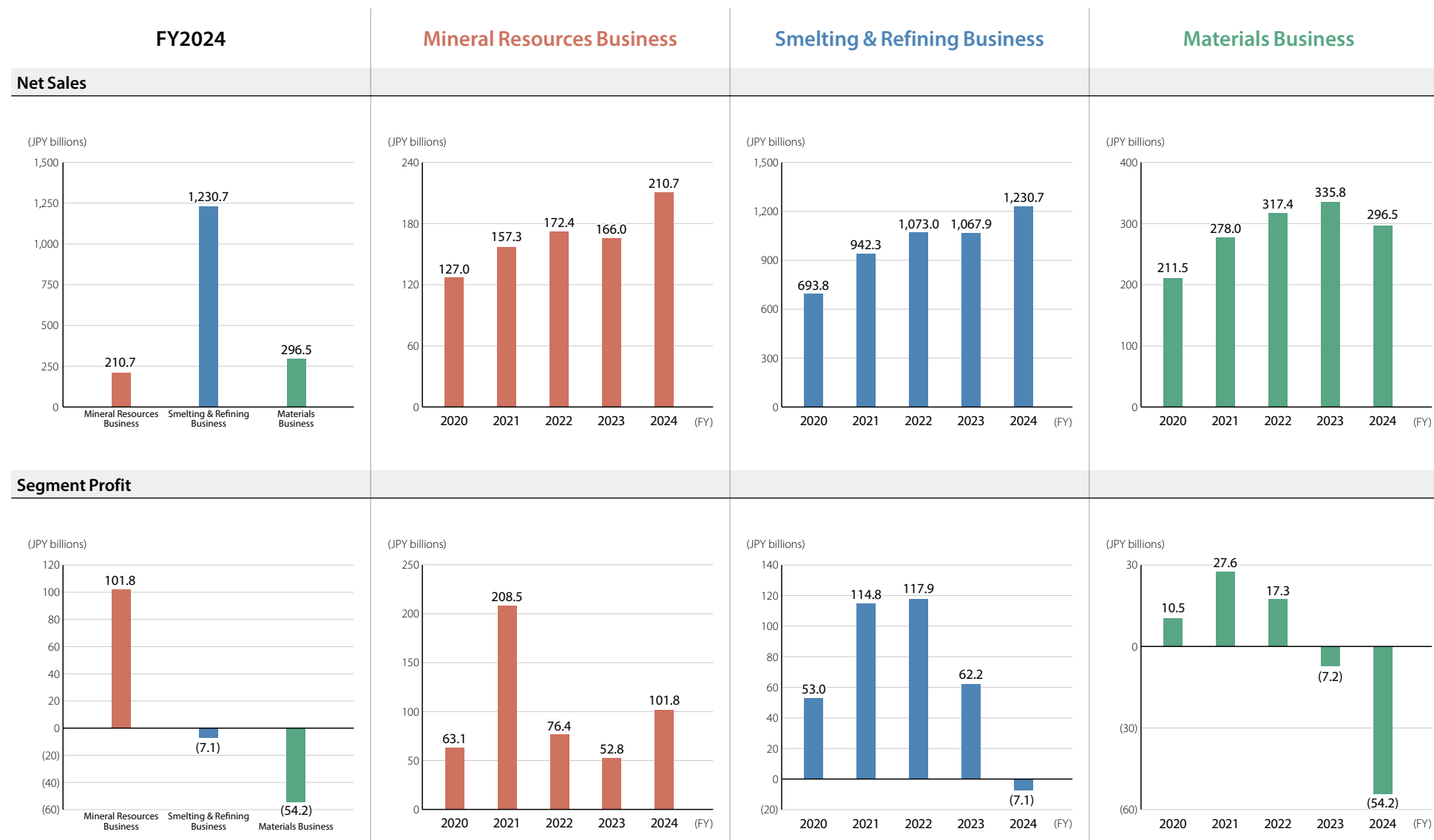
Years ended March 31	2018	2017	2016	2015
Financial position at year-end:				
Total assets	1,699,037	1,685,018	1,630,800	1,740,246
Net assets	1,120,008	1,024,121	1,075,995	1,158,945
Long-term loans payable after one year	257,409	358,564	248,036	245,000
Interest-bearing liabilities	362,297	495,504	400,559	394,094
Working capital	369,668	382,810	313,812	307,436
Amounts per share (JPY)*2				
Net income (loss)				
—Basic	332.42	(33.61)	(0.56)	165.11
—Diluted	299.94	—	—	149.44
Shareholders' equity*3	3,771.69	1,743.46	1,781.91	1,905.50
Cash dividends	100.0	11.0	31.0	48.0
Key ratios:				
ROA(%)	5.42	(1.12)	(0.02)	5.50
ROE(%)*3	9.17	(1.93)	(0.03)	9.28
Equity ratio (%)*3	61.0	57.1	60.3	60.4
Debt-to-equity ratio (times)*3	0.35	0.52	0.41	0.37
Current ratio (times)	2.70	2.82	2.39	2.29

*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 fiscal year ended March 31, 2018.

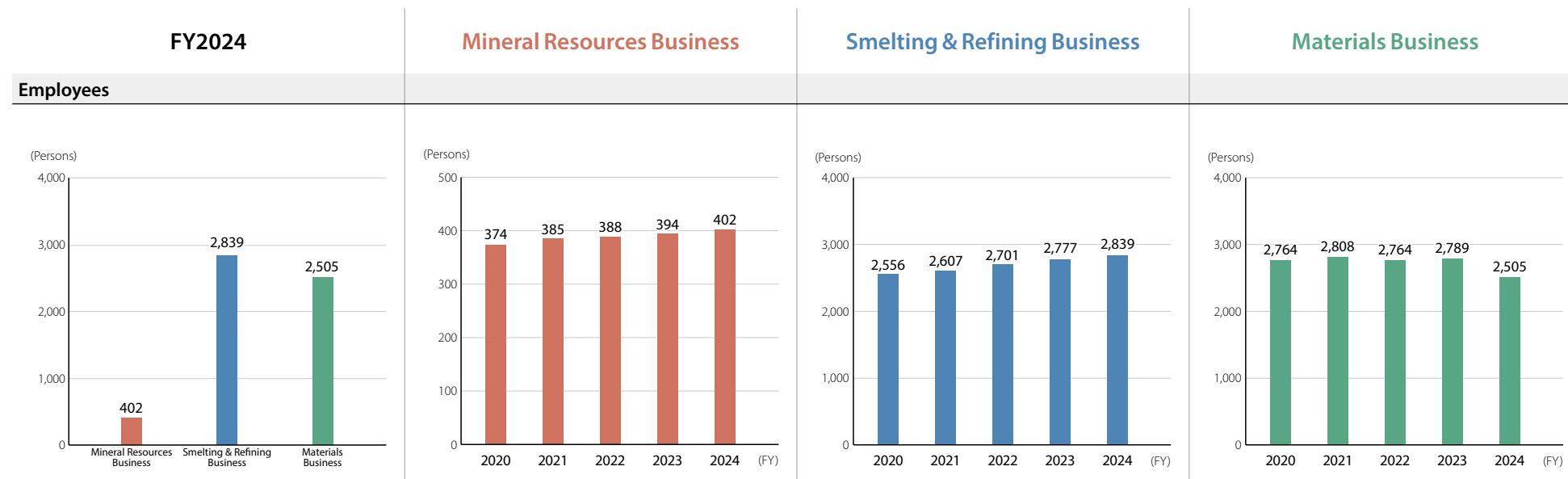
*3 Shareholders' equity is defined by the following equation. Shareholders' equity = Total shareholders' equity + Accumulated other comprehensive income

Financial Performance by Business Segment



* Inter-segmental transactions have occurred, with figures disclosed as SMM's net sales representing the total external sales after such transactions were eliminated. The net sales and segment profit for each segments are shown as amounts before the elimination of inter-segmental transactions.

Financial Performance by Business Segment



FY2024 Results and FY2025 Plan

FY2024 Results

Consolidated results

For the SMM Group's results in FY2024, consolidated net sales increased over those of the previous fiscal year due largely to the average selling prices of copper and gold exceeding those of the previous fiscal year and the impact from the continued weakening of the yen compared to the previous fiscal year. Profit before tax decreased over that of the previous fiscal year due largely to the recording of impairment losses at Coral Bay Nickel Corporation (Philippines), our overseas nickel smelting and refining subsidiary, and in Battery Materials Business, which negated an increase in profit resulting from the smooth launch of our newly developed mines.

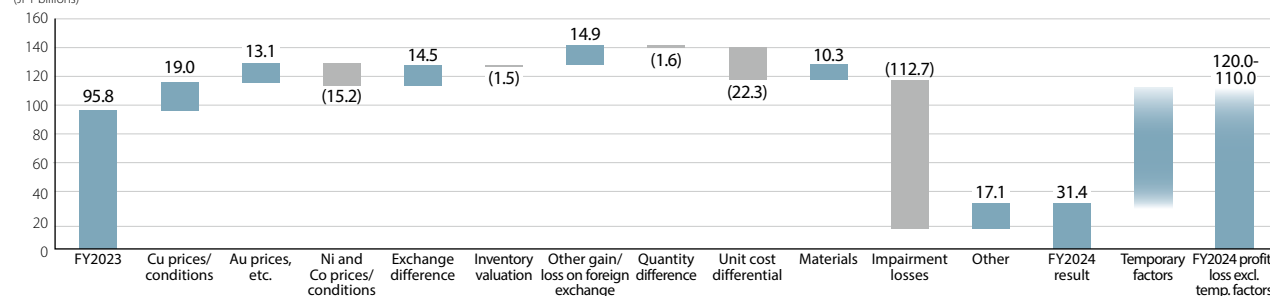
FY2024 result

JPY billions

	FY2024 result	FY2023 result	Change
Net sales	1,593.3	1,445.4	147.9
Profit before tax	31.4	95.8	(64.4)
(Equity method profit/loss)	8.7	33.1	(24.4)
Net income attributable to owners of parent	16.5	58.6	(42.1)

Analysis of Profit / Loss before Tax (FY2024 result vs. FY2023 result)

(JPY billions)



Mineral Resources

Regarding segment income/loss, while production costs are on an upwards trend at certain overseas mines, largely as a result of a rise in copper and gold prices and the smooth launches of our newly-developed Cote Gold Mine (Canada) and the Quebrada Blanca Copper Mine (Chile), segment income exceeded that of the previous fiscal year.

Smelting & Refining

Regarding segment income, while there was an increase in sales of copper and nickel, a drop in nickel prices, combined with the recording of an impairment loss at CBNC (Philippines), caused segment income to enter negative territory and fall under that of the previous fiscal year.

Materials

Regarding segment income, income increased in the Advanced Materials Business due to demand for electronic parts and materials continuing on a recovery trend. Under the Battery Materials Business, the sales volume of automobile battery components were on par with those of the previous fiscal year, however, we recorded an impairment loss due to an anticipated fall in our production capacity accompanying a product type

changeover scheduled for the future. Consequently, segment income in the latter business fell under that of the previous fiscal year.

FY2024 profit/loss excluding temporary factors

Profit/loss excluding temporary factors is calculated by excluding the impact of gains/losses from fluctuations in non-ferrous metal prices and exchange rates and the impact of special factors during the period from the FY2024 result (profit before tax).

FY2024 profit before tax results

JPY31.4 billion

FY2024 profit/loss excluding temporary factors

JPY120.0 billion—JPY110.0 billion

FY2024 Segment Profit

JPY billions

	FY2024 result	FY2023 result	Change
Mineral Resources	101.8	52.8	49.0
Smelting & Refining	(7.1)	62.2	(69.3)
Materials	(54.2)	(7.2)	(47.0)
Other and Procurement	(9.1)	(12.0)	2.9
Total	31.4	95.8	(64.4)

Metal prices and the exchange rate

	FY2024 result	FY2023 result	Change
Copper (\$/t)	9,370	8,362	1,008
Nickel (\$/lb)	7.51	8.68	(1.17)
Gold (\$/toz)	2,585	1,989	596
Exchange (JPY/\$)	152.58	144.63	7.95

FY2024 Results and FY2025 Plan

FY2025 business results forecast

There are concerns of various factors having a negative impact on the global economy. These include the sluggish economy in China caused by the country's real estate recession, prolonged geopolitical risk, international trade friction such as that caused by the United States tariff policies, and the risk of a resumption in inflation due to financial market adjustments in various countries and regions.

In terms of the outlook for supply and demand for non-ferrous metals, supply is expected to slightly exceed demand due to expanded production capacity, primarily in China, despite an increase in copper demand driven by new applications, primarily in renewable energy and AI. As for the supply and demand of nickel, on the other hand, we estimate a continued oversupply because of increased production in Indonesia.

As for industries related to Materials Business, although demand for automobile battery materials has slowed recently in some countries and regions, it is expected that China, Europe, and India will lead the market and create continued demand growth. The electronic parts market is expected to grow due to a recovery in demand for AI, appliances, and industrial machinery.

Under these circumstances, for the FY2025 forecast of consolidated operating results (prepared in May) prices of major non-ferrous metals were set based on the projected future balance of supply and demand, considering their levels at the time of planning. Planned production and sales volumes for major products were set based on results at the time of planning. As a result, consolidated net sales are expected to be JPY1,538.0 billion, consolidated profit before tax JPY100.0 billion, and profit attributable to owners of the parent JPY58.0 billion.

FY2025 Forecast of Consolidated Operating Results (May)

JPY billions

	May 2025 forecast	FY2024 result	Change
Net sales	1,538.0	1,593.3	(55.3)
Profit before tax	100.0	31.4	68.6
(Equity method profit/loss)	26.0	8.7	17.3
Net income attributable to owners of parent	58.0	16.5	41.5

FY2025 Forecast of Profit/ Loss by Business Segment (May)

JPY billions

	May 2025 forecast	FY2024 result	Change
Mineral Resources	97.0	101.8	(4.8)
Smelting & Refining	(5.0)	(7.1)	2.1
Materials	2.0	(54.2)	56.2
Other and Procurement	6.0	(9.1)	15.1
Total	100.0	31.4	68.6

Forecast of Metal Prices and Exchange Rate (May)

	May 2025 forecast	FY2024 result	Change
Copper (\$/t)	9,400	9,370	30
Nickel (\$/lb)	7.25	7.51	(0.26)
Gold (\$/toz)	2,800	2,585	215
Exchange (JPY/\$)	150.00	152.58	(2.58)

FY2025 profit/loss excluding temporary factors (May forecast)

Profit/loss excluding temporary factors is calculated by excluding the impact of gains/losses from fluctuations in non-ferrous metal prices and exchange rates (the impact of inventory valuation and impact of overseas copper mine settlement) and the impact of special factors during the period from the May 2025 forecast (profit before tax).

The impact of decline in nickel and cobalt prices, an appreciation of the yen, a decline in TC/RC for the Copper-Smelting Business, and other factors is expected to result in a decrease of approximately JPY10.0 billion compared to FY2024 profit/loss excluding temporary factors, despite positive contributions from rises in the prices of gold and the profit/loss performance of the Quebrada Blanca Copper Mine and the Cote Gold Mine.

FY2025 profit before tax forecast (May)

JPY100.0 billion

FY2025 profit/loss excluding temporary factors

JPY110.0 billion—JPY100.0 billion

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

	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
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

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_2025.pdf

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		Financial assets measured at fair value through other comprehensive income
				Exchange differences on translation of foreign operations	Cash flow hedges	
	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	–	–	–
Dividends	27	–	–	–	–	–
Changes in ownership interest in subsidiaries		–	–	–	–	–
Transfer to retained earnings	17	–	–	–	–	(3,795)
Transactions with owners - total		–	0	–	–	(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					
	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, 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	194,671	14,664	209,335
Purchase of treasury shares	26	–	–	(23)	–	(23)
Disposal of treasury shares	26	–	–	0	–	0
Dividends	27	–	–	(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)	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)

Notes	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		Financial assets measured at fair value through other comprehensive income
				Exchange differences on translation of foreign operations	Cash flow hedges	
	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

Notes	Equity attributable to owners of parent					
	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	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)	(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)	2,811	(29,634)
As of March 31, 2025	–	413,613	1,288,853	1,845,737	203,649	2,049,386

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_2025.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, 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	5,297	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	–	(15,261)	4,079	–	–	(47,569)
As of March 31, 2025	623,567	585,287	(250,712)	2,000,896	(18,679)	783,869

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, 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	512,212	110,259	622,470	706,480
Purchase of treasury shares	26	–	–	(134)	–	(134)
Disposal of treasury shares	26	–	–	9,510	–	9,510
Dividends	27	–	–	(205,798)	(56,243)	(262,041)
Establishment of subsidiary with non-controlling interest	–	–	–	–	3,872	3,872
Loss of control of subsidiaries	–	(7)	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)	48,271	–	–
Transactions with owners - total	–	(709)	(48,278)	(157,520)	(216,980)	(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)
Proceeds from transfer of interests	34	–	56,390
Other	2	583	2,190
Net cash provided by (used in) investing activities	(298,887)	(138,884)	(928,804)

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_2025.pdf

	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 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

As to the pages indicated in "NOTES," please refer to the Consolidated Financial Statements at the following address.

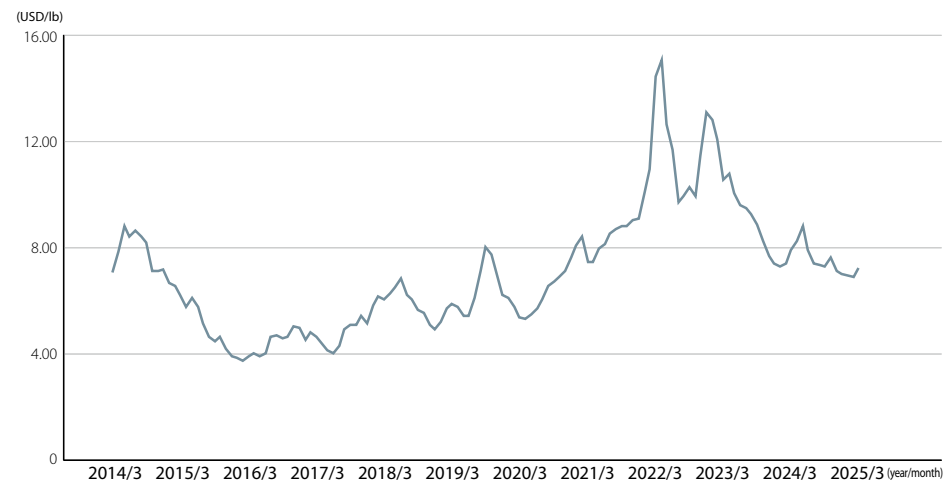
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Major Non-Ferrous Metal Prices and Exchange rates

Copper Price Trends



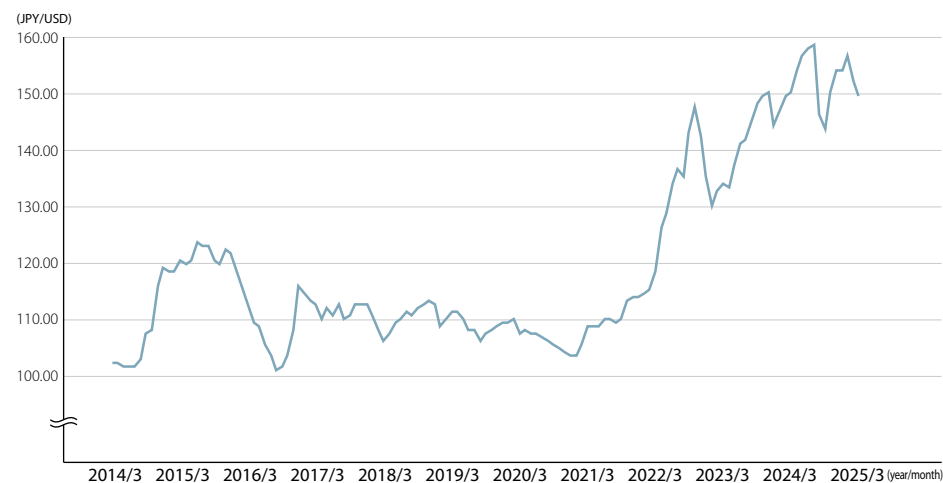
Nickel Price Trends



Gold Price Trends



Exchange Rate Trends



Glossary

Term	Explanation	Related pages																																							
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.14,67,75																																							
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.7,63,66,97,154																																							
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.20,108-109																																							
Three Actuals Principle	This principle is a way of thinking that we commonly use in improvement activities and is emphasized in problem solving, quality control, and other situations. It is an action principle based on <i>genchi</i> (actual place), <i>genbutsu</i> (actual thing), and <i>genjitsu</i> (actual situation).	P.95																																							
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.14,67,75																																							
Profit/loss excluding temporary factors	<p>Prices of non-ferrous metals (such as copper and nickel) which the Group deals in are determined in trading markets represented by London Metal Exchange (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 exceed standard levels, and likewise when prices decline profit to fall below standard levels. Therefore, we show the profit/loss excluding temporary factors as the profit/loss excluding the impact of gains/losses arising from fluctuations in non-ferrous metal prices or foreign exchange rates, as well as the impact of special factors during the period concerned.</p> <div> <p>Image of the Impact of Timing of Buying and Selling Price Determination</p> <p>(\$/lb)</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Price (\$/lb)</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>Jan.</td> <td>11.00</td> <td></td> </tr> <tr> <td>Feb.</td> <td>12.00</td> <td></td> </tr> <tr> <td>Mar.</td> <td>13.00</td> <td>Purchase of raw materials</td> </tr> <tr> <td>Apr.</td> <td>12.00</td> <td></td> </tr> <tr> <td>May</td> <td>11.00</td> <td></td> </tr> <tr> <td>Jun.</td> <td>10.00</td> <td></td> </tr> <tr> <td>Jul.</td> <td>8.00</td> <td>Sale of products</td> </tr> <tr> <td>Aug.</td> <td>9.00</td> <td>Purchase of raw materials</td> </tr> <tr> <td>Sept.</td> <td>8.00</td> <td></td> </tr> <tr> <td>Oct.</td> <td>9.00</td> <td></td> </tr> <tr> <td>Nov.</td> <td>10.00</td> <td></td> </tr> <tr> <td>Dec.</td> <td>11.00</td> <td>Sale of products</td> </tr> </tbody> </table> </div> <div> <p>Profit/loss excluding temporary factors = Profit before tax ±</p> <ul style="list-style-type: none"> Impact of temporary gains/ losses from fluctuations in non-ferrous metal prices or foreign exchange Impact of special factors for the relevant period from the forecast value </div> <ul style="list-style-type: none"> Impact of overseas copper mine sales settlement (Difference between provisional and final amounts) (mineral resources business) Impact of timing of buying and selling price determination (Smelting & Refining business, materials business) Other gain/loss on foreign exchange (financial revenue/ expenses, and other revenue/expenses) 	Month	Price (\$/lb)	Event	Jan.	11.00		Feb.	12.00		Mar.	13.00	Purchase of raw materials	Apr.	12.00		May	11.00		Jun.	10.00		Jul.	8.00	Sale of products	Aug.	9.00	Purchase of raw materials	Sept.	8.00		Oct.	9.00		Nov.	10.00		Dec.	11.00	Sale of products	P.44,143,144
Month	Price (\$/lb)	Event																																							
Jan.	11.00																																								
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Glossary

Term	Explanation	Related pages
Human rights due diligence	An approach to human rights protection based on the 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.40,108,131
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.3,5-8,10-12,15-19,28-29,63-67,75-78,85-86,88,99,109
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.7,66,104
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.7,42,66,68,86,102
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.11,46,59,65,66,86
Dore	An alloy of 90%-grade gold and silver. Intermediate product of the Cote Gold Mine, produced by mineral processing and smelting of mined gold ore in the ore processing plant. Dore is smelted and refined into high-grade gold by external specialists.	▶ P.59
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.5,17,75
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.38,67,74,98,103

Glossary

Term	Explanation	Related pages
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.7,10,19,37,66,67,79,80,103
Nickel oxide powder for fuel cell electrodes	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 cell electrodes is used in the electrodes of solid oxide fuel cells (SOFCs), which deliver the highest power generation efficiency.	P.42
Nickel matte (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.8,11,12,14,28,48,53,64,65,86
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.2,35
GX/GX League	GX is an acronym for green transformation. GX refers to activities for transformations or towards the realization of transformations to facilitate the utilization of clean energy while using the bare minimum of fossil fuels. The GX League is a forum for companies—which aim to achieve sustainable growth in the present and future society by engaging with the challenge of GX with a view to achieving carbon neutrality and social transformation by 2050—to collaborate with government and academia as part of a group of companies working on similar initiatives.	P.53,76,131
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.7,10,11,12,14,17,19,63,64
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, minerals and metals industry and build recognition of its contribution to local communities and society at large.”	P.103,104,106
ICP (Internal carbon pricing)	A framework for encouraging investment that leads to decarbonization. Internal carbon pricing uniquely attaches prices to carbon emissions within a company, attaches monetary values to greenhouse gas (GHG) emission reductions, and incorporates these into investment cost-effectiveness.	P.20,102
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.8,42,68-70,132

Glossary

Term	Explanation	Related pages
LT/LN	Lithium Tantalate (LT) and Lithium Niobate (LN). These are used in chips for information and communication terminal SAW filters.	P.7,42,45,48,72,74
LME	Abbreviation for the London Metal Exchange, a specialized exchange for non-ferrous metals including copper, nickel, aluminum, lead, and zinc. Metal transaction prices set on the LME are used as international indicators for metal bullion sale prices and raw material purchase prices.	P.44,137-138
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.6,12,14,19,63-66
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.6,64-66,
NCA	An acronym for a type of secondary battery cathode material composed primarily of Li (lithium), N (nickel), C (cobalt), and A (aluminum).	P.53,68,69
NMC	An acronym for a type of secondary battery cathode material composed primarily of Li (lithium), N (nickel), M (manganese), and C (cobalt).	P.48,53,68-70
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.8,29,42,48,71-74,132
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.2
TC/RC	Abbreviation for treatment charge/refining charge. These refer to fees that are used as part of the purchase terms for metal raw materials (copper concentrate, nickel or, and so on). For example, the purchase price of copper concentrate uses the terms "LME at a certain point of time minus TC/RC applicable to the transaction" (and other conditions).	P.15,29,46,51,63,66
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.29,46, 68,136

SMM Group Overview

Japan

Sumitomo Metal Mining Co., Ltd.

Mineral Resources

- Sumiko Resources Exploration & Development Co., Ltd.

Smelting & Refining

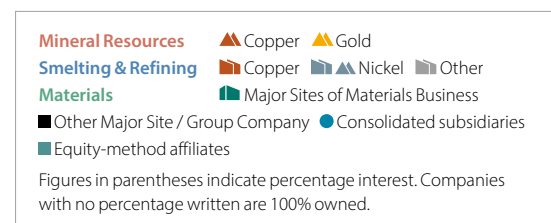
- Acids Co., Ltd.
- MS Zinc Co., Ltd.
- Shisaka Smelting Co., Ltd.
- Sumiko Logistics Co., Ltd.
- Hyuga Smelting Co., Ltd.
- Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.

Materials

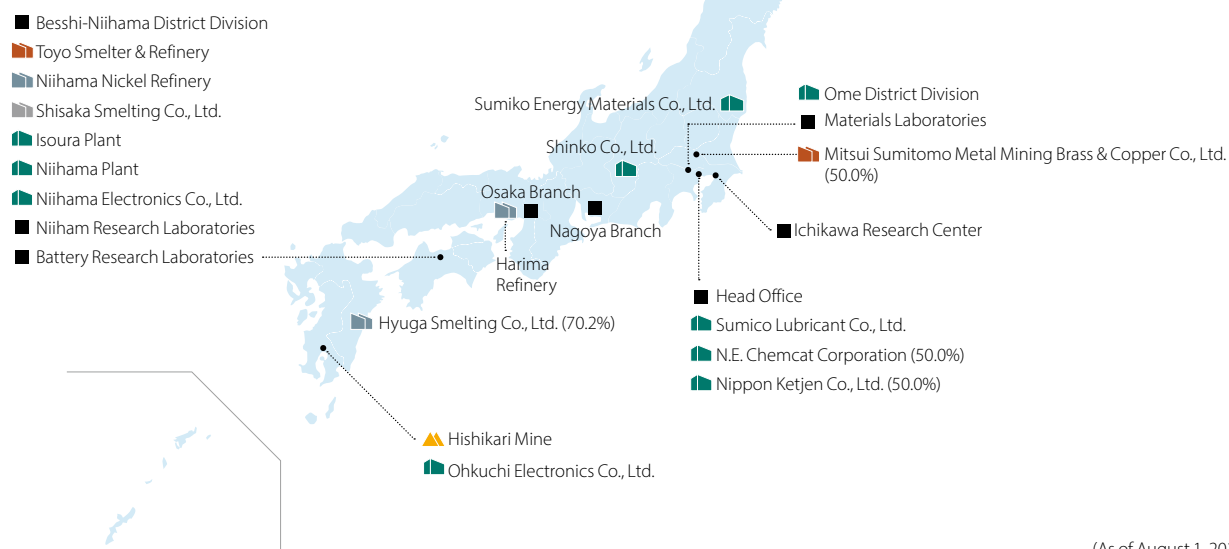
- SMM Precision Co., Ltd.
- N.E. Chemcat Corporation
- Ohkuchi Electronics Co., Ltd.
- GRANOPT CO., LTD.
- Shinko Co., Ltd.
- Sumiko Energy Materials Co., Ltd.
- Sumiko Kunitomi Electronics Co., Ltd.
- Sumico Lubricant Co., Ltd.
- Niihama Electronics Co., Ltd.
- Nippon Ketjen Co., Ltd.

Other

- Igeta Heim Co., Ltd.
- JCO Co., Ltd.
- Sumiko Technical Service Co., Ltd.
- Sumiko Techno-Research Co., Ltd.
- Sumitomo Metal Mining Engineering Co., Ltd.
- Japan Irradiation Service Co., Ltd.



Operational mines	9 (Japan 1, Overseas 8)
Refineries	8 (Japan 5, Overseas 3)
Plants of Materials Business	17 (Japan 13, Overseas 4)
Consolidated subsidiaries	50
Equity-method affiliates	13



(As of August 1, 2025)

SMM Group Overview

Asia

Mineral Resources

- Cordillera Exploration Company Inc. (Philippines)

Smelting & Refining

- Jinlong Copper Co., Ltd. (China)
- Sumitomo Metal Mining Management (Shanghai) Co., Ltd. (China)
- Sumitomo Metal Mining (Hong Kong) Co., Ltd. (China)
- Coral Bay Nickel Corporation (Philippines)
- Nickel Asia Corporation (Philippines)
- Taganito HPAL Nickel Corporation (Philippines)
- Sumitomo Metal Mining Philippine Holdings Corporation (Philippines)

Materials

- Dongguan Sumiko Electronic Paste Co., Ltd. (China)
- Shanghai Sumiko Electronic Paste Co., Ltd. (China)
- Sumico Lubricant Trading (Shanghai) Co., Ltd. (China)
- Granopt Optics Trading (Shenzhen) Co., Ltd. (China)
- Shinko Trading (Zhong Shan) Co., Ltd. (China)
- Taiwan Sumiko Materials Co., Ltd. (Taiwan)
- SMM Korea Co., Ltd. (South Korea)
- SMM VIETNAM Co., Ltd. (Vietnam)

North America

Mineral Resources

- SMMA Candelaria Inc. (U.S.A.)
- SMM Exploration Corporation (U.S.A.)
- Sumitomo Metal Mining America Inc. (U.S.A.)
- Sumitomo Metal Mining Arizona Inc. (U.S.A.)
- SMM Morenci Inc. (U.S.A.)
- SMM GOLD COTE Inc. (Canada)
- Sumitomo Metal Mining Canada Ltd. (Canada)
- SMM Resources Inc. (Canada)

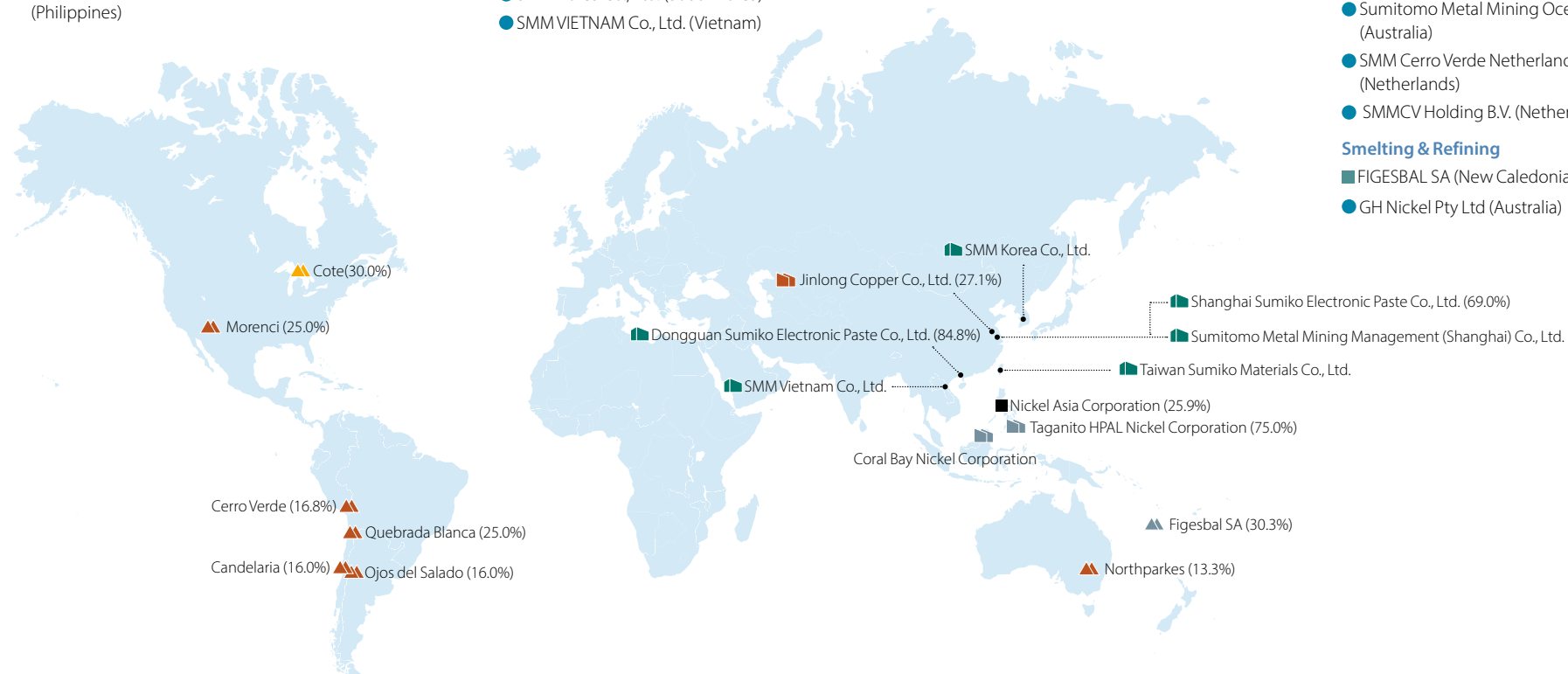
Other Regions

Mineral Resources

- Compania Contractual Minera Candelaria (Chile)
- Compania Contractual Minera Ojos del Salado (Chile)
- Sumitomo Metal Mining Chile LTDA. (Chile)
- SMMQB Holding SpA (Chile)
- SMM Quebrada Blanca SpA (Chile)
- Quebrada Blanca Holdings SpA (Chile)
- Sumitomo Metal Mining Peru S.A. (Peru)
- Sociedad Minera Cerro Verde S.A.A. (Peru)
- Sumitomo Metal Mining do Brasil LTDA. (Brazil)
- Sumitomo Metal Mining Oceania Pty. Ltd. (Australia)
- SMM Cerro Verde Netherlands B.V. (Netherlands)
- SMMCV Holding B.V. (Netherlands)

Smelting & Refining

- FIGESBAL SA (New Caledonia)
- GH Nickel Pty Ltd (Australia)



(As of August 1, 2025)

Corporate Data and Investor Information (As of March 31, 2025)

Corporate Data

Company name	Sumitomo Metal Mining Co., Ltd.
President & Representative Director	Nobuhiro Matsumoto
Founded	1590
Incorporated	1950
Capital	JPY93.2 billion
Listing	Tokyo Stock Exchange Prime Market
No. of subsidiaries (consolidated)	50 (including the money held in trust which is deemed to be a consolidated company) (As of August 1, 2025)
No. of equity-method affiliates	13
Net sales (consolidated)	JPY1,593.3 billion (for the year ended March 31, 2025)
Profit before tax (consolidated)	JPY31.4 billion (for the year ended March 31, 2025)
Number of Employees	7,402 (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)

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 68,803 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,
Stock Transfer Agency Business Planning Department
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
162-0821, Japan

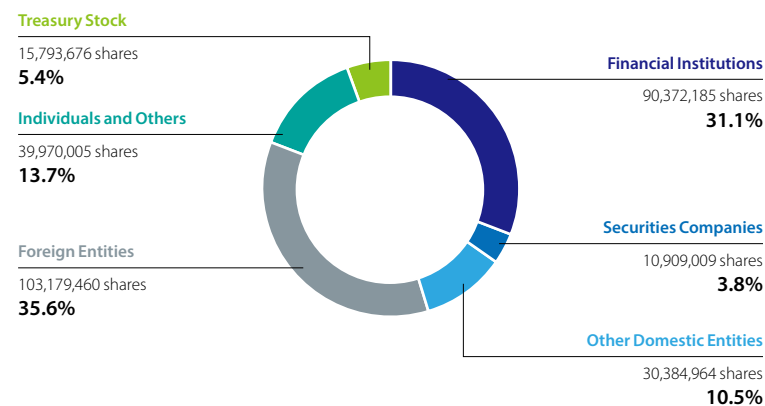
Major Shareholders

Name of Shareholders	Number of shares held	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,582,900	16.57
Custody Bank of Japan, Ltd. (Trust Account)	19,302,950	7.02
Toyota Motor Corporation	11,058,000	4.02
STATE STREET BANK AND TRUST COMPANY 505325	10,023,568	3.64
STATE STREET BANK AND TRUST COMPANY 505001	7,145,539	2.60
STATE STREET BANK WEST CLIENT - TREATY 505234	5,632,615	2.05
BNYM AS AGT/CLTS NON TREATY JASDEC	5,196,201	1.89
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	4,684,937	1.70
Sumitomo Realty & Development Co., Ltd.	3,745,055	1.36
SUMITOMO LIFE INSURANCE COMPANY	3,737,000	1.36

Note: 1 We own 15,793,676 shares of treasury stock.

2 The shareholding ratios were calculated based on the total number of issued shares less treasury stock.

Stock Distribution (by shareholders)



Attestation of Validity

On the issuance of the Sumitomo Metal Mining Co., Ltd. Integrated Report 2025

The SMM Group has been producing Integrated Reports since 2016 with the objectives of deepening the understanding of various internal and external stakeholders regarding the Group's efforts to achieve sustainable growth and maximize corporate value and serving as a tool for dialogue with stakeholders. Thus, the Integrated Report 2025 marks the 10th edition of the report.

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

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

Takahiro Hagiwara

Executive Officer
General Manager of Sustainability Dept.
In charge of General Affairs Dept.,
Public Relations & Investor Relations Dept.,
and Osaka Branch



 **SUMITOMO METAL MINING**