

 SUMITOMO METAL MINING

# 3-Year Business Plan 2027 (3-Year Plan 27)

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May 12, 2025

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President and Representative Director



MINING THE FUTURE

# Change in 3-Year Business Plan Naming

In the past, 3-Year Business Plan names have included the fiscal year in which the plan was composed. To focus the plan periods, the final fiscal year of the plan is added to the plan name starting with the current 3-Year Business Plan.

| FY    | FY2019  | FY2020 | FY2021 | FY2022  | FY2023 | FY2024 | FY2025  | FY2026 | FY2027 |
|-------|---|--------|--------|---|--------|--------|---|--------|--------|
| Title | 2018 3-Year Business Plan<br>(18 3-Year Plan) |        |        | 2021 3-Year Business Plan<br>(21 3-Year Plan) |        |        | 3-Year Business Plan 2027<br>(3-Year Plan 27) |        |        |

# 3-Year Plan 27 Executive Summary -1

03

- 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

- |  |  |   |
|--|--|---|
| <ul style="list-style-type: none"> <li>• Rebuilding of battery materials business</li> <li>• Operating Smelting and Refining business under adverse conditions (nickel, copper)</li> <li>• Business portfolio management (ROCE management)</li> <li>• Prepare for future growth</li> </ul> | <ul style="list-style-type: none"> <li>• Focus on <i>MONOZUKURI</i></li> <li>• Management with an awareness of capital costs stock prices</li> <li>• Strengthen and enhance shareholder returns</li> <li>• Corporate governance</li> </ul> | <ul style="list-style-type: none"> <li>• Sustainability management (material issues and Vision for 2030, KPIs)</li> </ul> |
|--|--|---|

# 3-Year Plan 2027 Executive Summary

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## Profit before tax

FY2027

**¥140 billion**

(+¥108.6 billion against FY2024 results)

- Realization of contributions of Quebrada Blanca Copper Mine and Côté 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 Functional Materials Business

## Capital expenditures/ Investment and financing

3-Year Plan 2027 total

**¥437 billion**

Future Investment\*: ¥46 billion  
 Growth investment: ¥150 billion  
 Investment in maintaining and updating facilities: ¥241 billion

**Ensure steady execution for  
the next stage of growth**

\*Green innovation + DX investment

## Strengthening and enhancement of shareholder returns

• In principle, dividends from surplus shall be paid at a consolidated dividend payout ratio of 35% or more, with a lower limit indicator of

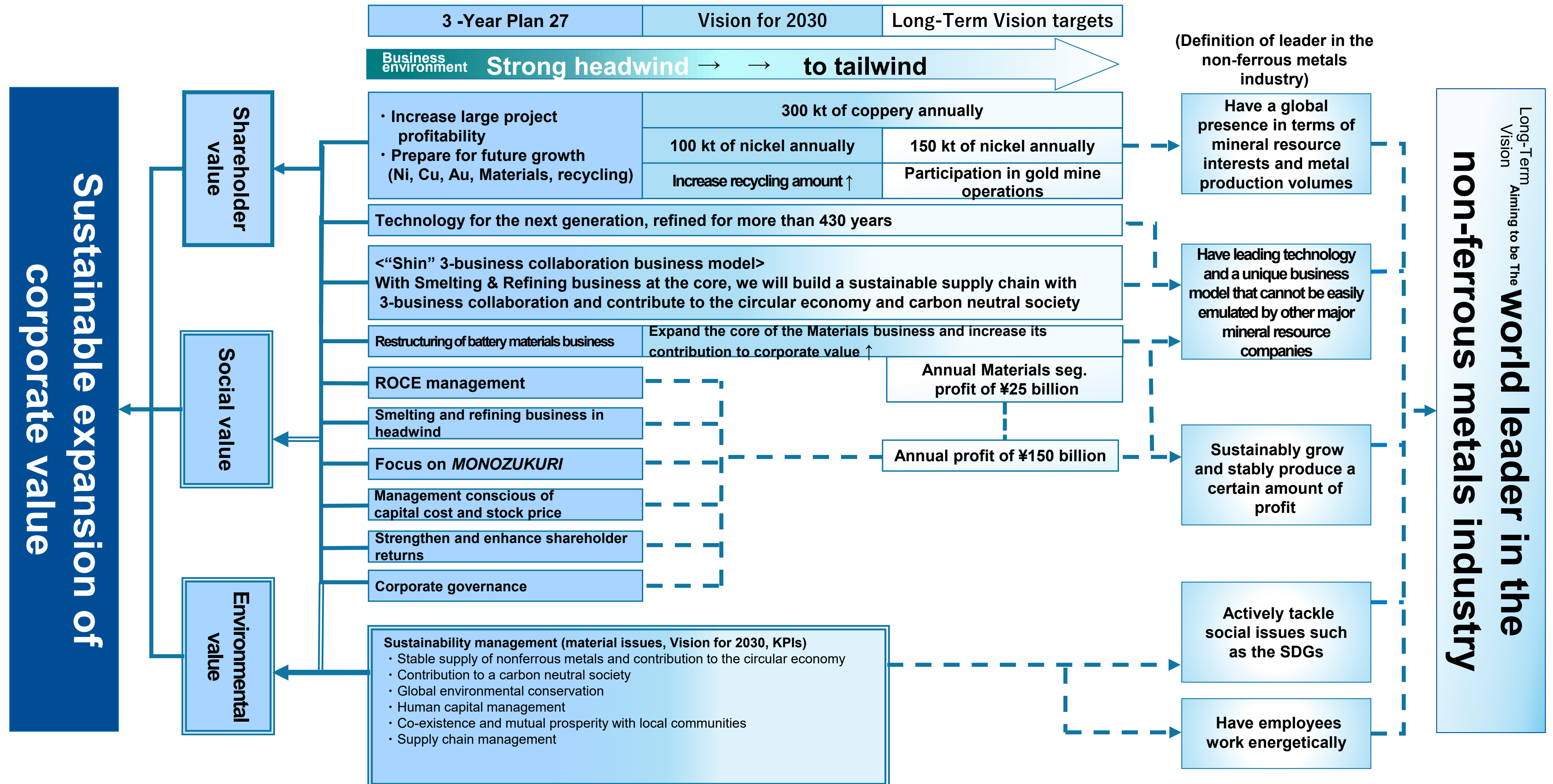
**DOE2.5%\***

\*Annual total dividends ÷ (consolidated net assets 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)

**Flexible  
Acquisition of  
own shares**

# 3-Year Plan 27 Executive Summary

## Overall Picture of Long-Term Plan (Positioning of 3-Year Plan 27)



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- I — What Does Long-Term Vision of "Becoming the World Leader in the Non-ferrous Metals Industry" Mean?
- II — Review of 2021 3-Year Business Plan
- III — Business Environment and Management Issues
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  - 2. Preparing for Future Growth
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  - 4. Maintain and Strengthen the Management Base
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# **I What Does Long-Term Vision of “Becoming the World Leader in the Non-ferrous Metals” Industry Mean?**

# What Does Long-Term Vision of “Becoming the World Leader in the Non-ferrous Metals Industry” Mean?

| Definition  | Targets   |   |  |
|---|-----------|---|--|
| <ul style="list-style-type: none"><li>• Have a global presence in terms of mineral resource interests and metal production volumes</li><li>• Have leading technology and a unique business model that cannot be easily emulated by other major mineral resource companies</li><li>• Grow sustainably and stably produce a certain amount of profit</li><li>• Actively tackle social issues such as the SDGs</li><li>• Have employees work energetically</li></ul> | Nickel    | Annual production capacity of 150 kt  | <ul style="list-style-type: none"><li>• Production volume in the global top five</li><li>• Contribution to the SDGs through stable supply</li></ul>  |
|   | Copper    | Annual production interest of 300 kt  | <ul style="list-style-type: none"><li>• The amount necessary to continue full operation of the Toyo Smelter &amp; Refinery while maximizing risk offsets through collaboration between the mineral resources business and smelting and refining business</li></ul> |
|   | Gold      | Participation in new mine operations through the acquisition of superior interest     | <ul style="list-style-type: none"><li>• Stable source of earnings</li><li>• Improved experience as an operator</li></ul>   |
|   | Materials | Achievement of annual profit before tax of ¥25.0 billion through portfolio management | <ul style="list-style-type: none"><li>• Level sufficient to a stand out as a core business</li><li>• Reduced volatility in the mineral resources and smelting and refining businesses due to lower susceptibility to metal price fluctuations</li></ul>            |
|   | Profit    | Annual net income attributable to owners of the parent of ¥150.0 billion              | <ul style="list-style-type: none"><li>• Profit level sufficient to maintain and enhance company’s presence as the world leader in the non-ferrous metals industry and to continue to provide appropriate value to stakeholders</li></ul>                           |

# **II Review of 2021 3-Year Business Plan**

# 1. Safety Performance

The plan goal was not achieved, but serious accidents are on the decline due to progress in implementing safety measures.

21 3-Year Plan Goal

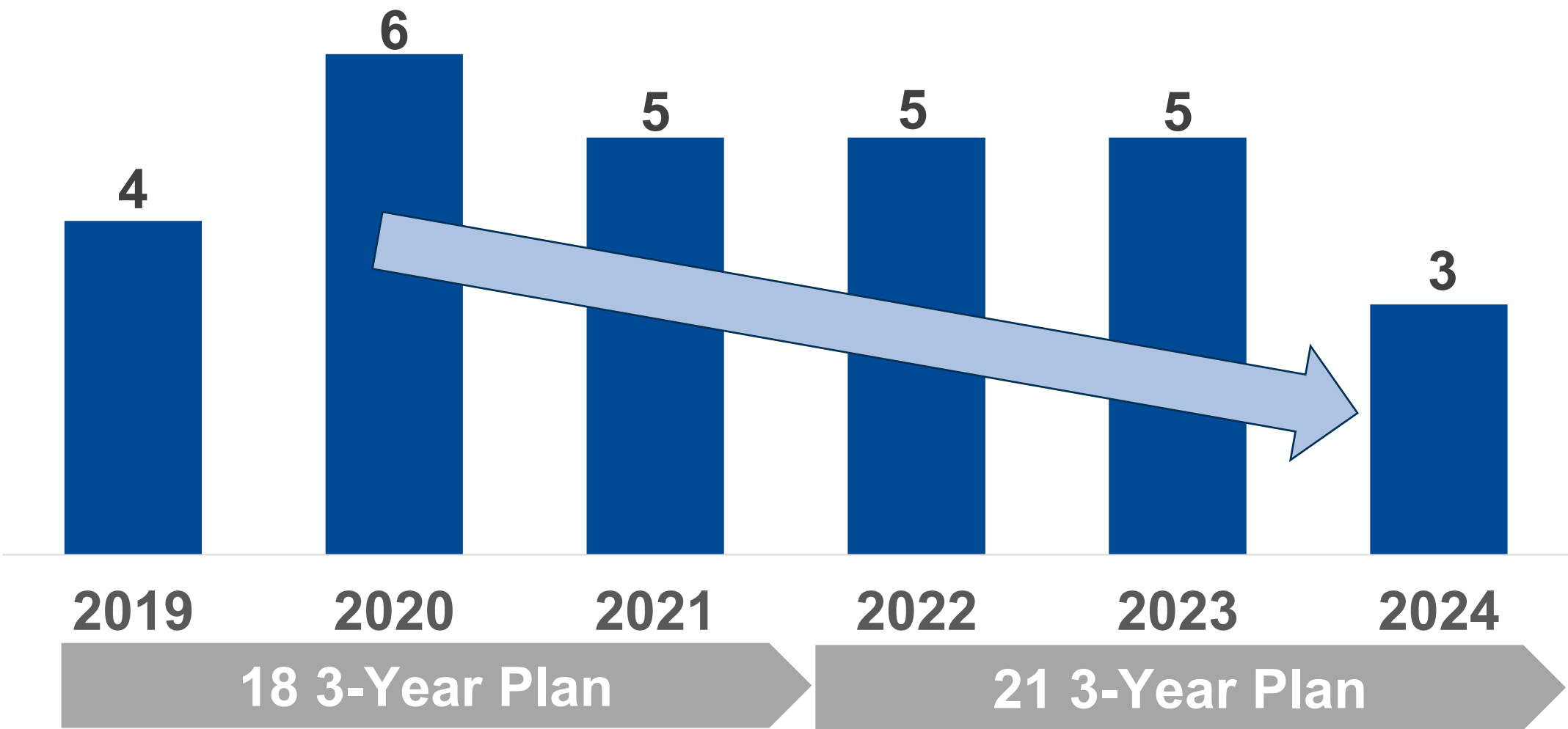
Zero serious accidents\* involving employees in SMM group globally and contractors

3-Year Plan 27 Goal

Zero serious accidents\* involving employees in SMM group globally and contractors

\*Serious accident: An accident resulting in 50 or more days of missed work

Number of Serious Accidents



| Priority item   | Measures   |
|---|--|
| Elimination of unsafe behavior and recurring accidents          | <ul style="list-style-type: none"><li>Improvement of tasks that are difficult or undesirable</li><li>Leveraging advanced technologies such as VR for the development of human resources who act safely and the improvement of the skills of managers and safety staff<br/>→ Use of hazard simulation facilities and SMM Anzen Dojo</li></ul> |
| Preventing contact with heavy machinery and automated equipment | <ul style="list-style-type: none"><li>In addition to facility improvements, including the introduction of the latest technologies, the promotion of essential safety improvements, including a review of worker flow lines</li></ul>   |

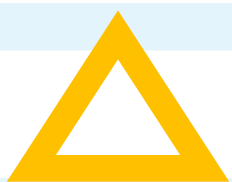
# 2. 4 Challenges

Challenge  
1

## Increasing corporate value – Promotion of large-scale projects

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

### Evaluation



- Construction of the new battery materials plant proceeded as planned, and the start-up of production on some lines was accelerated.
- The startups of both the QB2 and Côte gold mine development project were delayed due to COVID-19 movement restrictions and adverse weather conditions. In addition, costs were higher than planned due to global inflation. The full contribution of earnings was also delayed into the 3-Year Plan 27 period.

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

### Evaluation



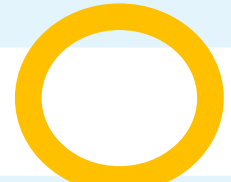
- Made the decision to construct a recycling plant for lithium-ion secondary batteries.
- Completed new hot water treatment equipment at Hishikari Gold Mine and started mining of lower body. Continues exploration nearby mine to extent ore reserves.
- Systematically expanded Toyo Smelter & Refinery facilities and implemented GHG reductions.
- Made decision to build SiC 8-inch mass production line.
- Developed new markets for near-infrared absorbing materials (launched the SOLAMENT™ material technology brand).

Challenge  
3

## Adapting to changes 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

### Evaluation



- Released roadmap for 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.
- Brushed up the human resource development program in line with personnel system revisions.

Challenge  
4

## Strengthening the foundation of business management

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

### Evaluation



- Serious accidents are decreasing, but the target was not achieved.
- Began granting shares to members of the Employee Stock Ownership Associations 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 has remained below 1.0x for a prolonged period of time.

3. Summary of FY2024 Business Results (vs. 21 3-Year Plan FY2024)

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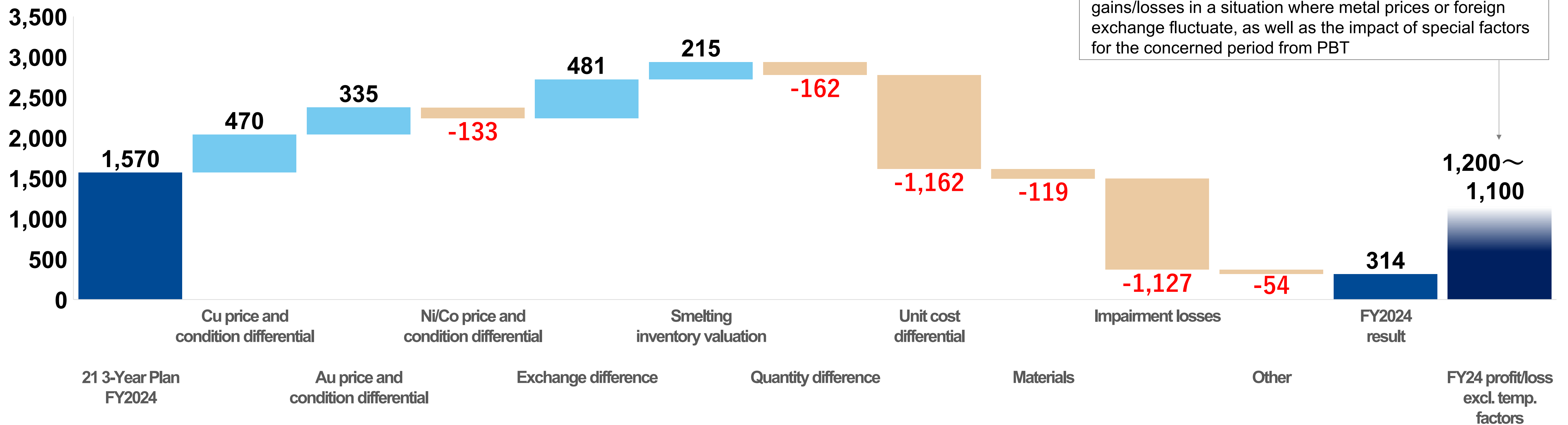
Profit/loss before tax deteriorated by ¥125.6 billion

This was caused by cost increases\* and impairment losses due to changes in the business environment despite metal prices and foreign exchange rates being better than assumption

\*Worsened unit cost due to production reductions, including project delays, and higher operating material and energy costs due to the impact of inflation

|                | Copper (\$/t) | Ni (\$/lb) | Gold (\$/toz) | Exchange (¥/\$) |
|----------------|---------------|------------|---------------|-----------------|
| FY24 result    | 9,370         | 7.51       | 2,585         | 152.58          |
| 21 3-Year Plan | 8,000         | 7.50       | 1,600         | 115.00          |

(Unit: 100 mil. yen)

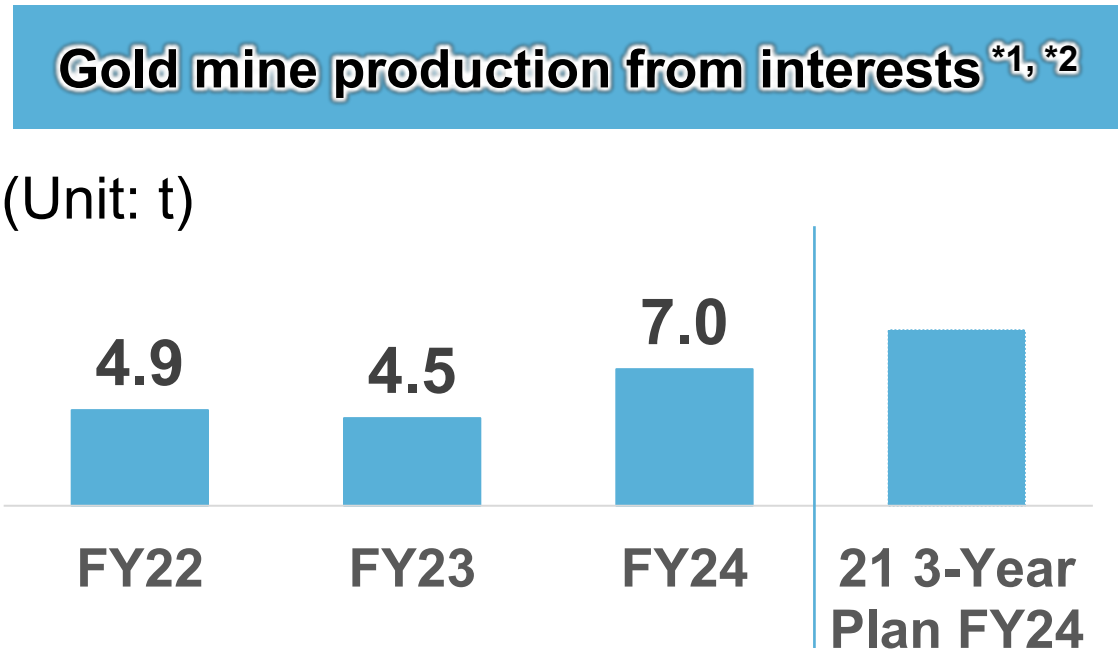
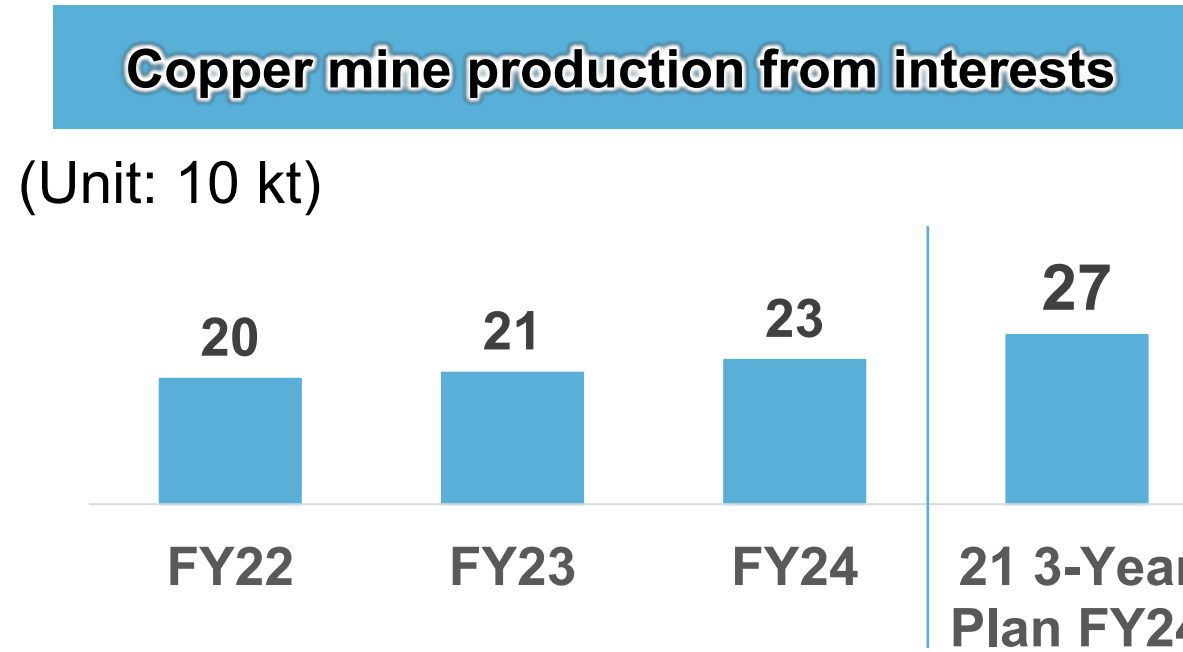
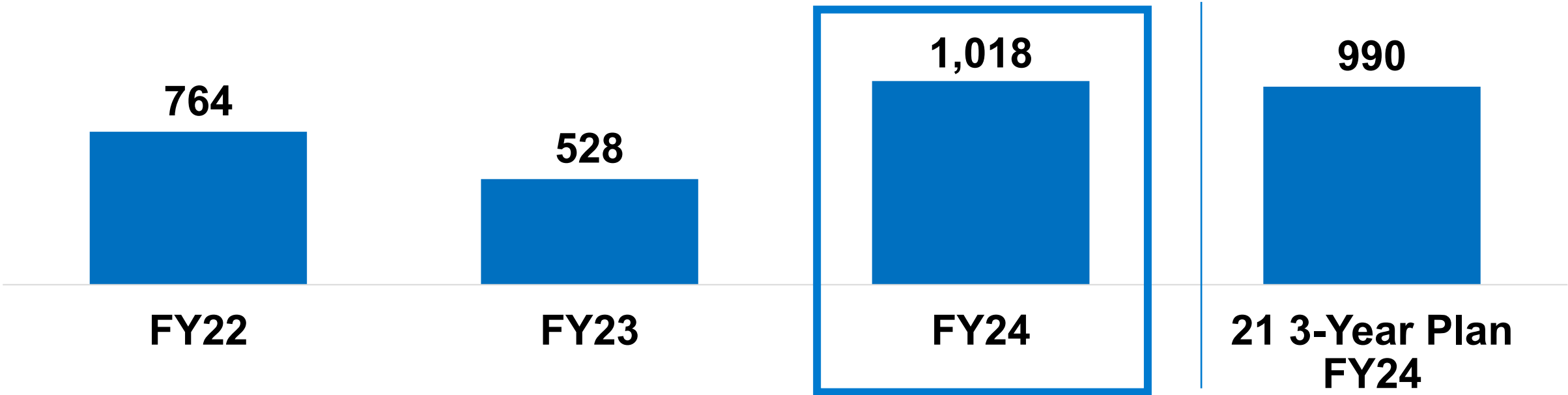


4. Segment Profit, ROCE

Mineral Resources

This segment exceeded the 3-Year Plan target despite cost increases due to lower production volume and the impact of inflation because of rises in the prices of copper and gold, and the yen weakened against the U.S. dollar (the full contribution of large projects will appear from FY2025 onward)

Segment profit/loss (Unit: 100 mil. yen)

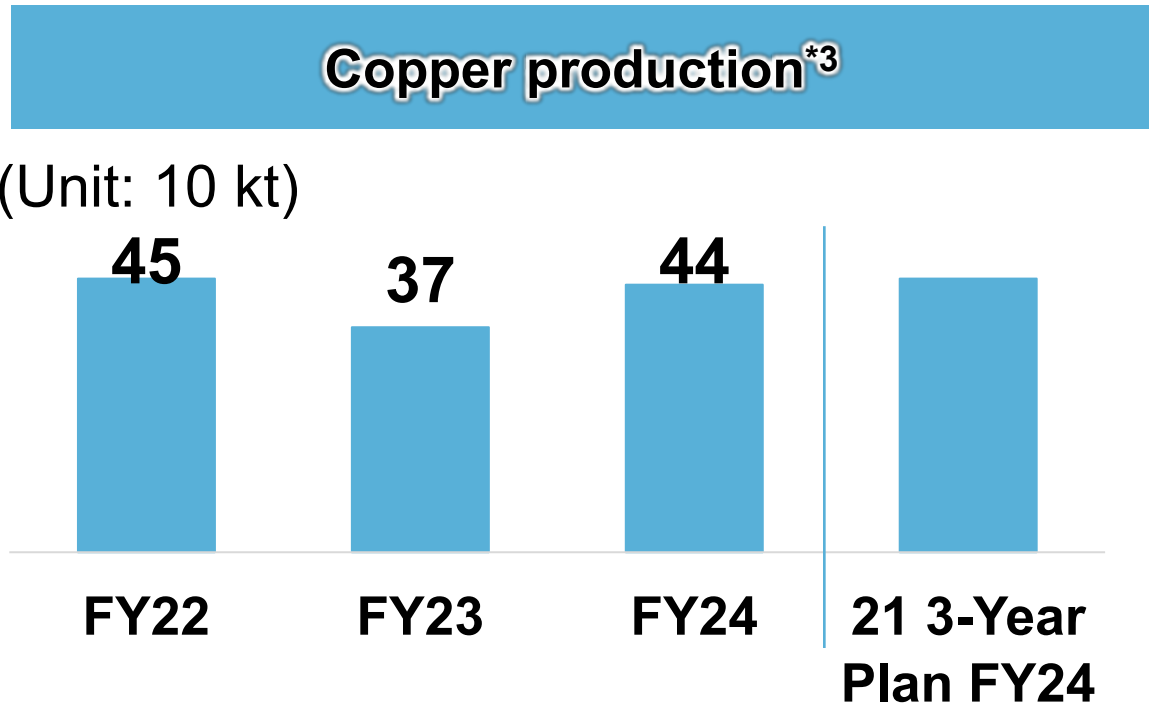
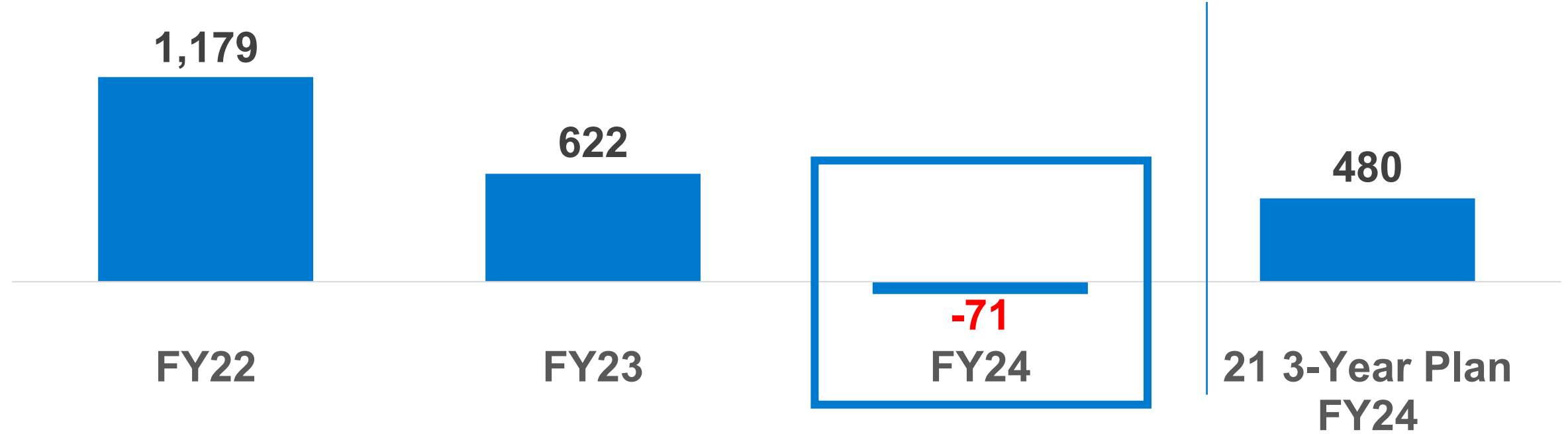


<sup>\*1</sup> Including by-products of mines in which the company holds interests  
<sup>\*2</sup> Hishikari Mine was shifted to sustainability-oriented operation in FY22

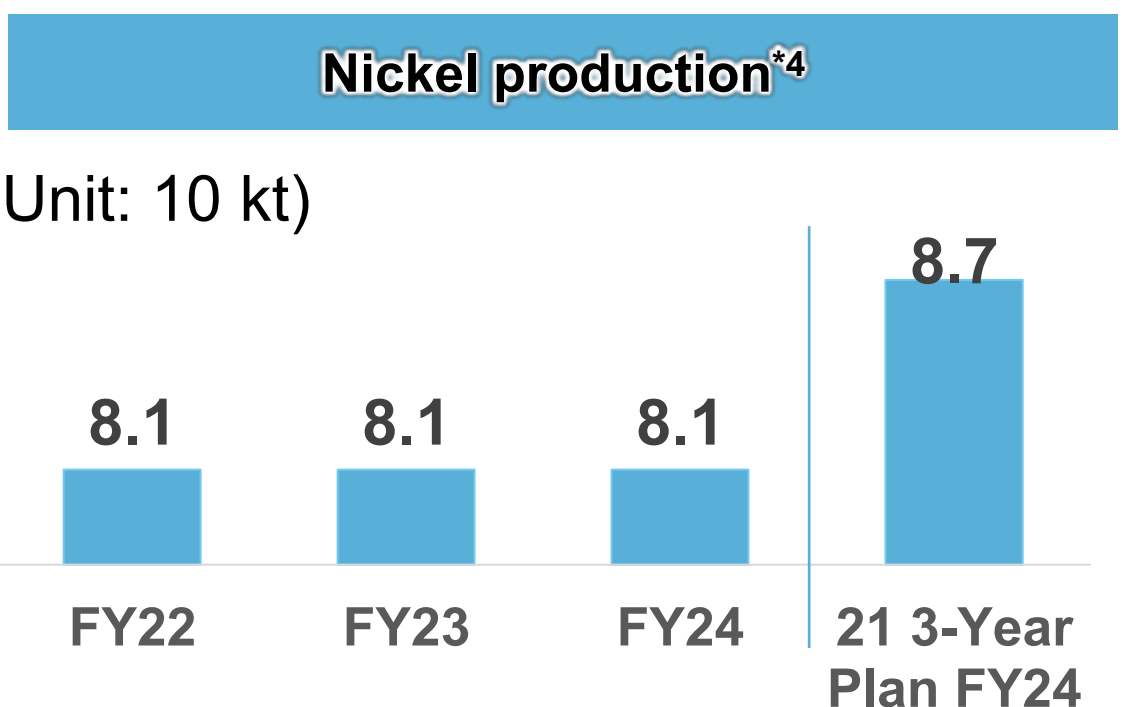
Smelting & Refining

This segment fell below the 3-Year Plan target due to higher costs from inflation and lower nickel and cobalt prices as well as impairment losses of -¥55.4 billion from CBNC

Segment profit/loss (Unit: 100 mil. yen)



<sup>\*3</sup> The Toyo Smelter & Refinery underwent its first large-scale furnace repairs in 12 years in FY23



<sup>\*4</sup> The total production of electrolytic nickel, nickel sulfate, ferronickel, and nickel in nickel chemical products

# 4. Profit by Segment, ROCE

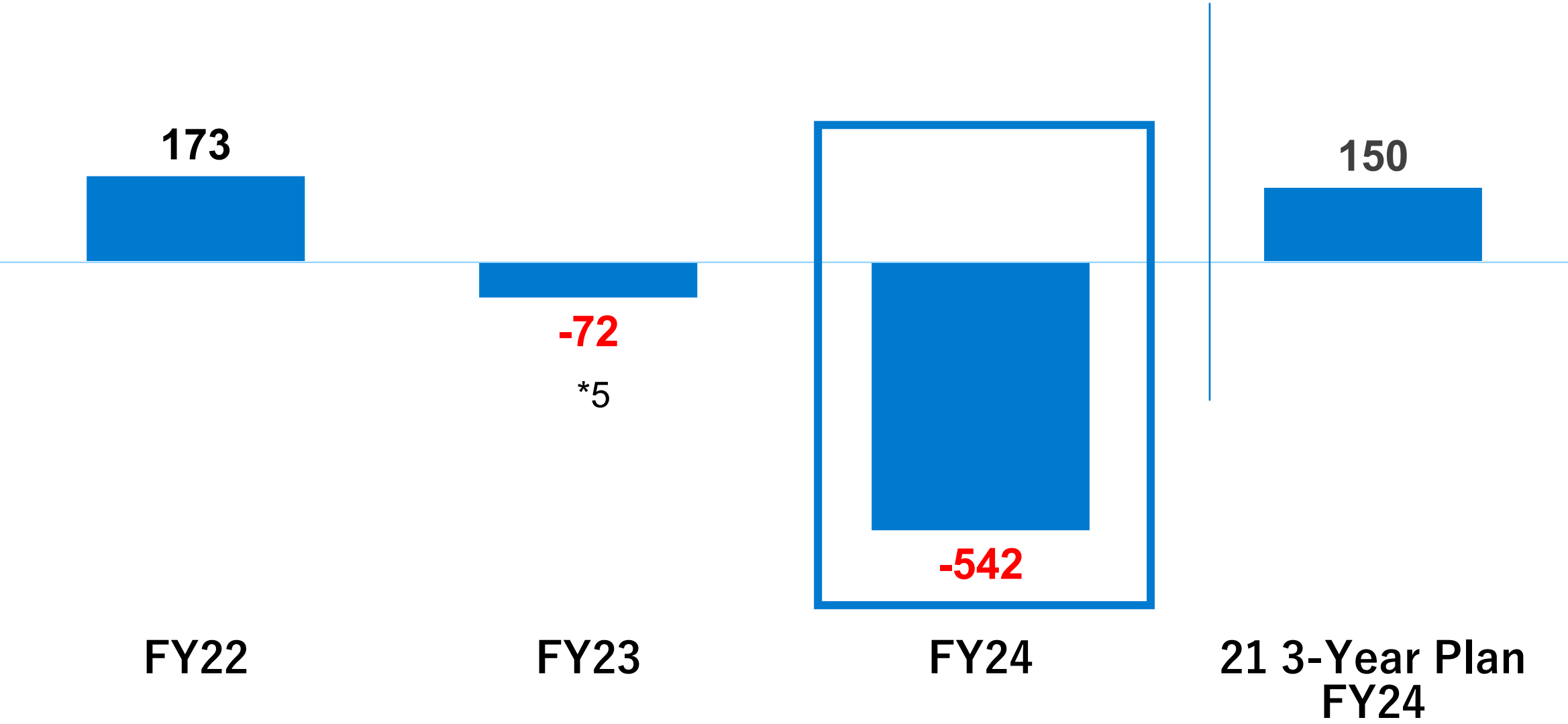
## Materials

The battery materials business posted an impairment loss of **-¥57.3** billion due to future product switching, in addition to lower metal prices and increased costs for the start-up of the new plant. Also, although its worst period is now over, the advanced materials business fell short of the 3-Year Plan target due to it making only a moderate recovery.

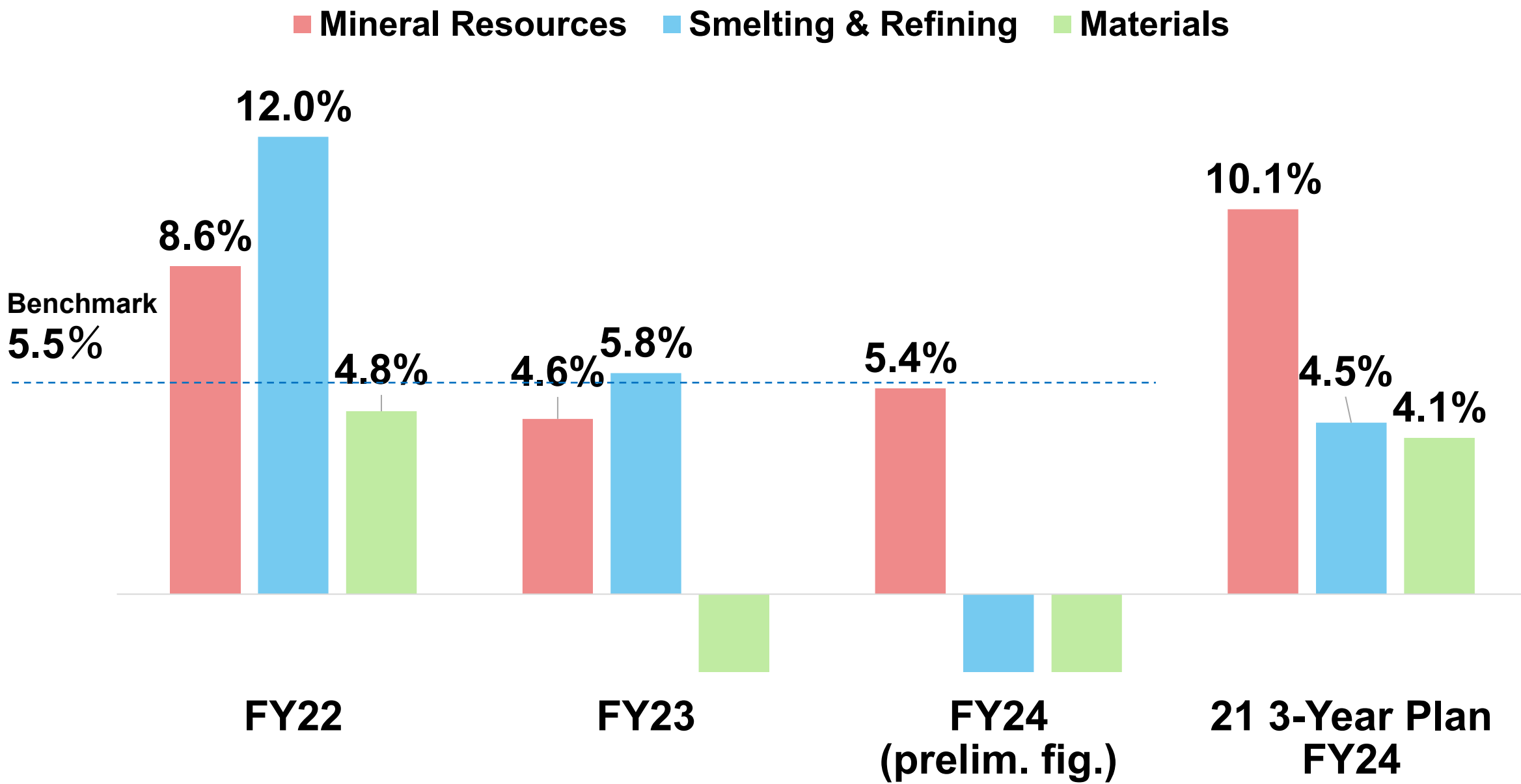
## ROCE

Capital efficiency remained a major issue as a result of deteriorating profit/loss, the increase in capital employed and increased construction costs for large projects.

Segment profit/loss (Unit: 100 mil. yen)



\*5 FY23 includes loss on sale of construction material business (-¥6.4 billion)




## 5. Business Portfolio Management

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### Basic policy regarding business portfolio

(Quoted from the Corporate Governance Report)

- The Company manages its business portfolio based on return on capital employed (ROCE) for each business unit (on a consolidated basis).
- In the event that ROCE falls below its benchmark value during the medium-term management plan period, it will be designated as a “business requiring confirmation of continuation.” In principle, during the following two years the continuity of the business will be verified and improvements and changes implemented, with a final decision on continuation of the business to be made in the year after. The Board of Directors periodically monitors the status of businesses assigned this designation.
- In the Medium-Term Management Plan starting in 2021, the Company has set the benchmark value for ROCE at 5.5%.

- 
- **Ferronickel business (Smelting & Refining segment)**
  - **LT/LN business (Materials segment)**
- ⇒ We will approach these as businesses requiring changing in 3-Year Plan 27**

## 6. Key Management Indicators

### Capital expenditure & investment/lending, R&D expenses (3-year totals during 21 3-Year Plan period)

#### ■ Capital expenditure & investment/lending

- Discontinued Pomalaa Project
- Because of delays caused by COVID-19 and other factors, as well as higher costs due to inflation, the investments in the QB2 and Côté gold mine development projects were much higher than planned

#### Plan

- Capital expenditure   ¥494.0 billion
- Investment/lending   ¥109.0 billion
- Total           ¥603.0 billion

#### Result

- Capital expenditure   ¥408.1 billion
- Investment/lending   ¥335.3 billion
- Total           ¥743.4 billion

Approx. ¥140.0 billion increase from plan

#### ■ R&D expenses

#### Plan

- Approx. ¥26.0 billion

#### Result

- ¥30.6 billion

### Shareholder returns

- Maintained consolidated dividend payout ratio of **35%** or more
- To mitigate the impact of market conditions and other factors on business performance and dividends, we introduced a lower-limit **DOE ratio of 1.5%** in FY2023

### Financial soundness (March 31, 2025)

- Maintained a sound financial position for future investments
- Equity ratio of **60.1%**
  - D/E ratio of **0.31** (record-high level of interest-bearing liabilities)

### Efficiency (FY2024)

Significant deterioration due to delayed contribution from large investments and changes in business environment

- ROA   **0.5%**   ■ ROE   **0.9%**
- ROCE   **0.8%**

# **III Business Environment and Management Issues**

# 1. Recognition of Current Issues

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## Facing changes unprecedented in scale, rapid decline in earning power

### Nickel

- Prolonged oversupply due to increased production in Indonesia

### Copper smelting

- Decline of TC/RC due to supply shortage of copper concentrate and increase of new smelters

### Materials

- Slowing EV growth and decrease in production capacity due to battery materials product switchover
- Sluggish recovery due to the continued electronic components market slump post COVID-19

### Common

- Rising uncertainty in the global economic outlook
- Increases in capital expenditures and unit costs
- Slumping stock price and PBR below 1.0x for a prolonged period of time

2. Market Conditions (Non-Ferrous Metals, Exchange Rates, Materials Business)

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Supply-demand balance for non-ferrous metals will be excess supply for the time being

Nickel

- Oversupply situation will continue due to increased production in China and Indonesia and declining EV penetration rate
- Price will be sluggish, situation expected to improve after 2030

Copper

- Copper metal production capacity is expected to increase
- On the other hand, we expect copper concentrate supply growth to be limited and the recovery in smelting margins (TC/RC) to take place after 2030

[3-Year Plan 27 price and exchange rate assumptions]

|                | Copper (\$/t) | Ni (\$/lb) | Gold (\$/toz) | Co (\$/lb) | Exchange (¥/\$) |
|----------------|---------------|------------|---------------|------------|-----------------|
| 3-Year Plan 27 | 9,400         | 7.50       | 2,400         | —          | 140.00          |
| FY24 results   | 9,370         | 7.51       | 2,585         | 10.89      | 152.58          |

| Ni         | INSG Forecast (Apr 2025) |       |       |
|------------|--------------------------|-------|-------|
| (kt)       | 2023                     | 2024  | 2025  |
| Production | 3,360                    | 3,526 | 3,735 |
| Usage      | 3,193                    | 3,347 | 3,537 |
| Balance    | +167                     | +179  | +198  |

Materials business recovery will be patchy and lacking strength

Battery materials

- Slowing EV demand and the rise of foreign battery materials producers
- Price and technology competition for cathode materials will intensify as xEVs become more widespread

Advanced materials

- Slowing EV demand and absence of driving force other than generative AI
- Increasing uncertainty about the future, including the development of a bloc economy

| Cu         | ICSG Forecast (Apr 2025) |        |        |
|------------|--------------------------|--------|--------|
| (kt)       | 2024                     | 2025   | 2026   |
| Production | 27,486                   | 28,293 | 28,731 |
| Usage      | 27,348                   | 28,004 | 28,522 |
| Balance    | +138                     | +289   | +209   |

# **IV Overview of 3-Year Plan 27**

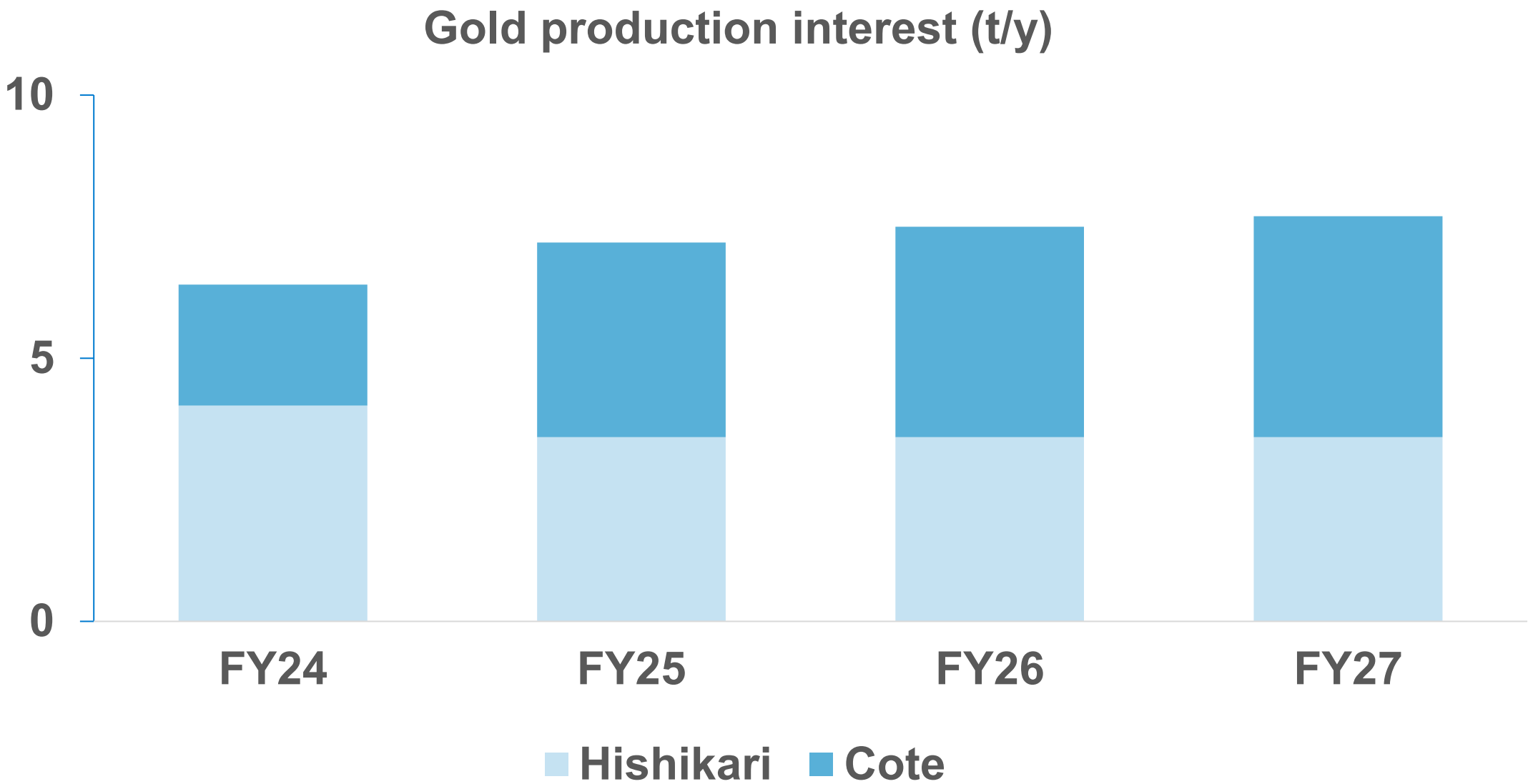
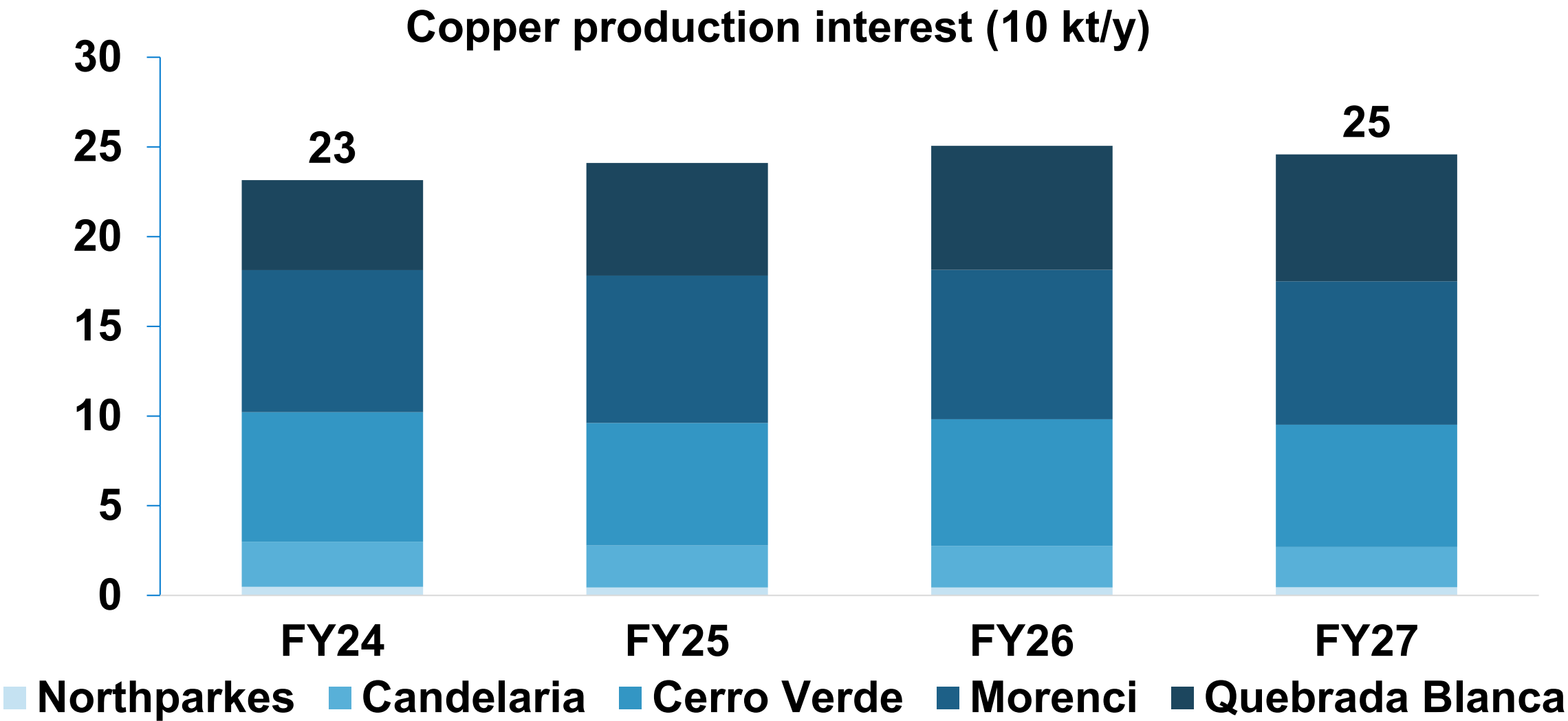
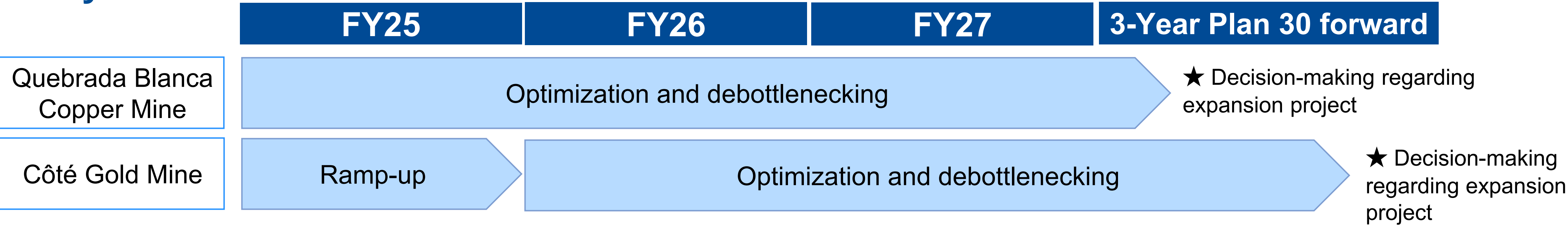
1. Coping with Changes in the Business Environment
2. Preparing for Future Growth
3. Assets, Technology, and Human Resources to Support Sustainable Growth
4. Maintain and Strengthen the Management Base
5. Goal of 3-Year Plan 27 and Subsequent Outlook

1. Coping with Changes in the Business Environment

1) Realizing contributions of the Quebrada Blanca Copper Mine and Côté Gold Mine<sup>21</sup>

Construction of both mines completed during the 21 3-Year Plan period

We will work with joint venture partners to stabilize operations and further improve production efficiency



# 1. Coping with Changes in the Business Environment

## 2) Rebuilding the Battery Materials Business I

### Drastic changes in the battery materials business environment

#### (1)Expansion strategy to date

- Expand production capacity to meet strong demand Amid increasing pressure for cost reductions and improved battery performance with the adoption of EVs, establishment of 5,000 t/month system and while continuing full operation
- Initiation of partial production from January 2025 at the Niihama Plant—a cost-competitive facility with DX utilization, labor saving, etc.—with an eye toward a 7,000-ton/month capacity

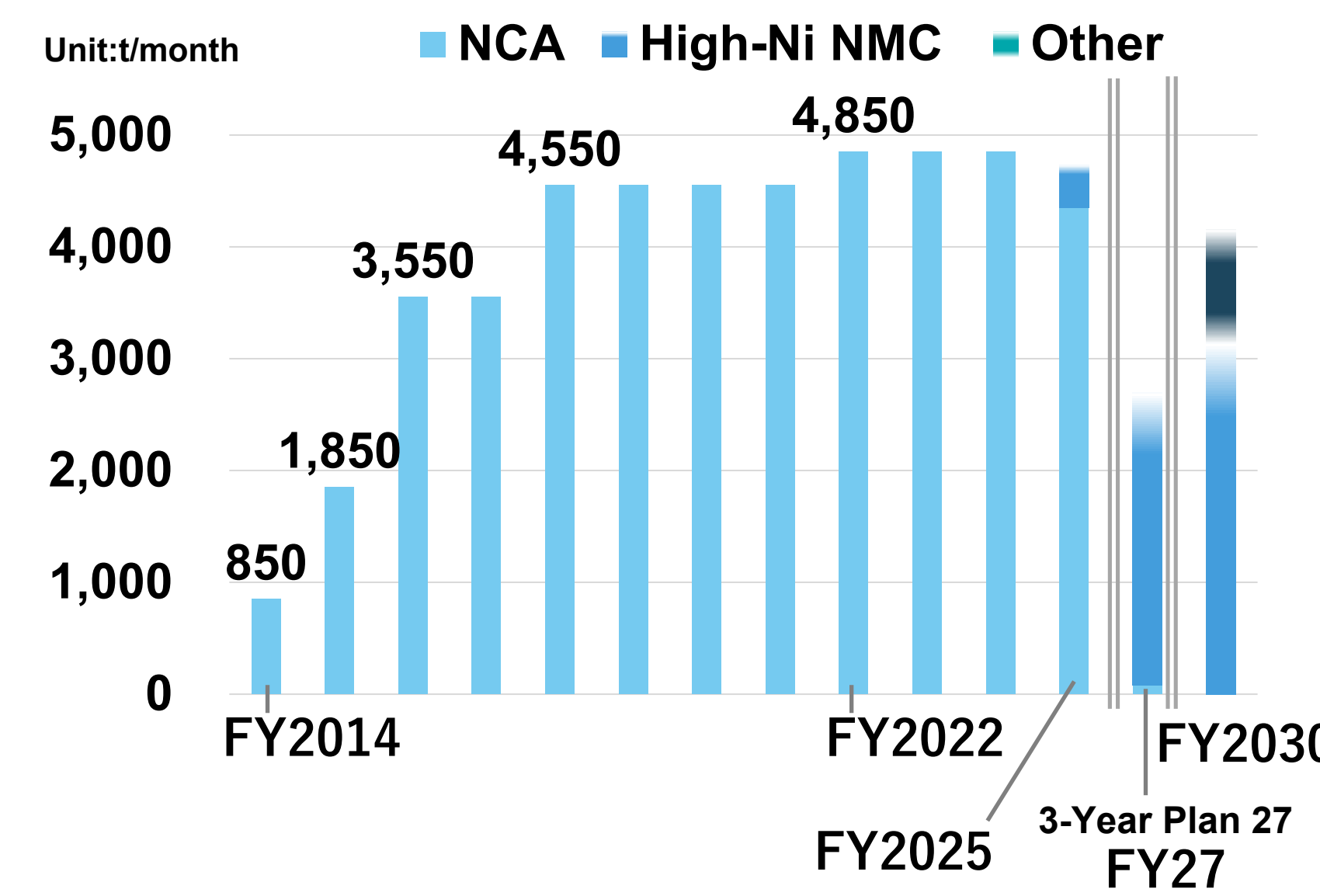
#### (2) Switch to High-Ni cathode materials

- Amid the demand for improved battery performance, a rapid shift in cathode materials (from NCA to NMC materials) is expected (from 2026)
- We will need a change in the production process regarding the crystallization stage, indispensable for controlling particle size as required for NMC, from continuous crystallization to batch crystallization
- The crystallization process became a bottleneck in existing facilities, resulting in a decrease in production and sales of Ni-based cathode materials (-¥57.3 bn in impairment losses recorded in FY2024)

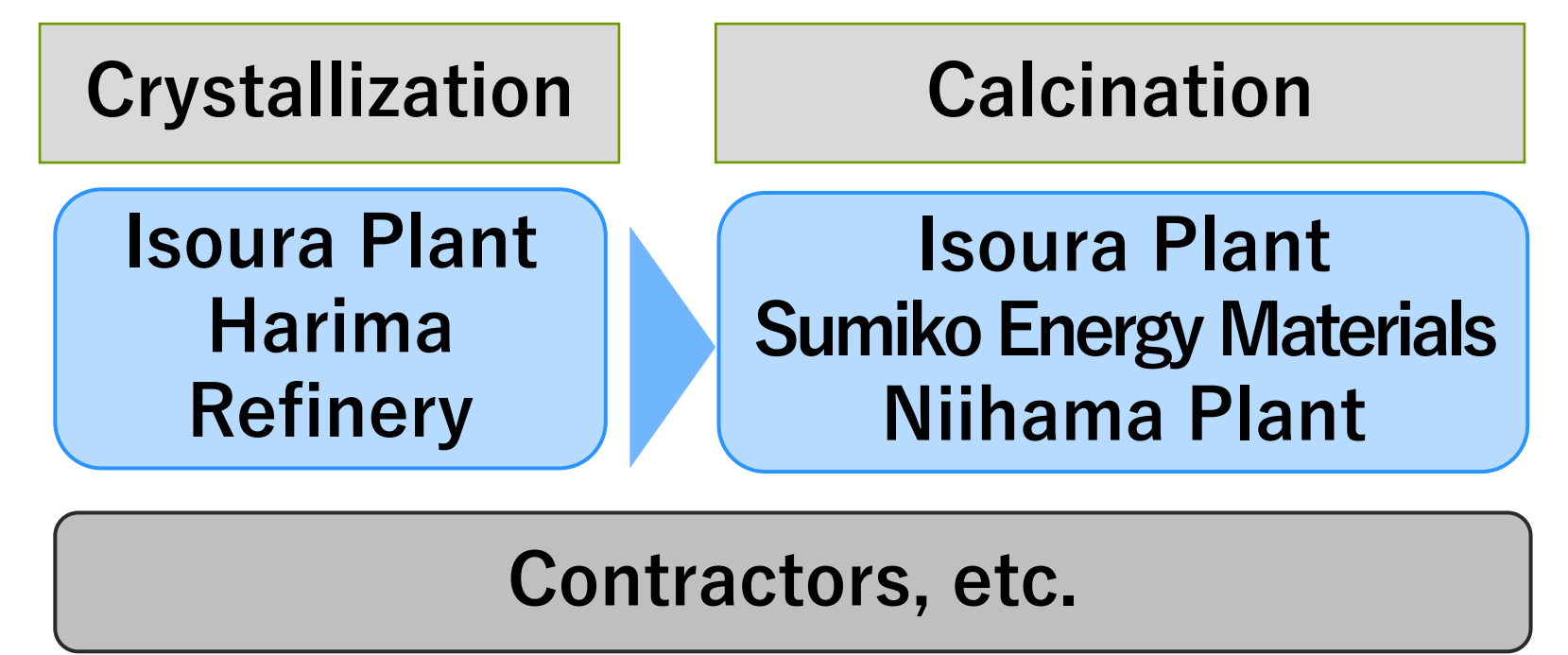
#### (3) xEV market outlook

- Although there has been a temporary slowdown, the major trend of market expansion remains unchanged
- Cathode material price and technology competition will intensify as xEVs become more widespread

NCA production capacity  
(including contractors, etc.)



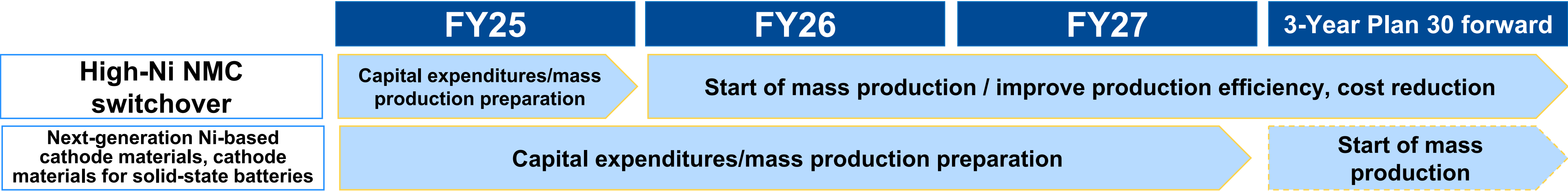
Overview of major sites and material flow



# 1. Coping with Changes in the Business Environment

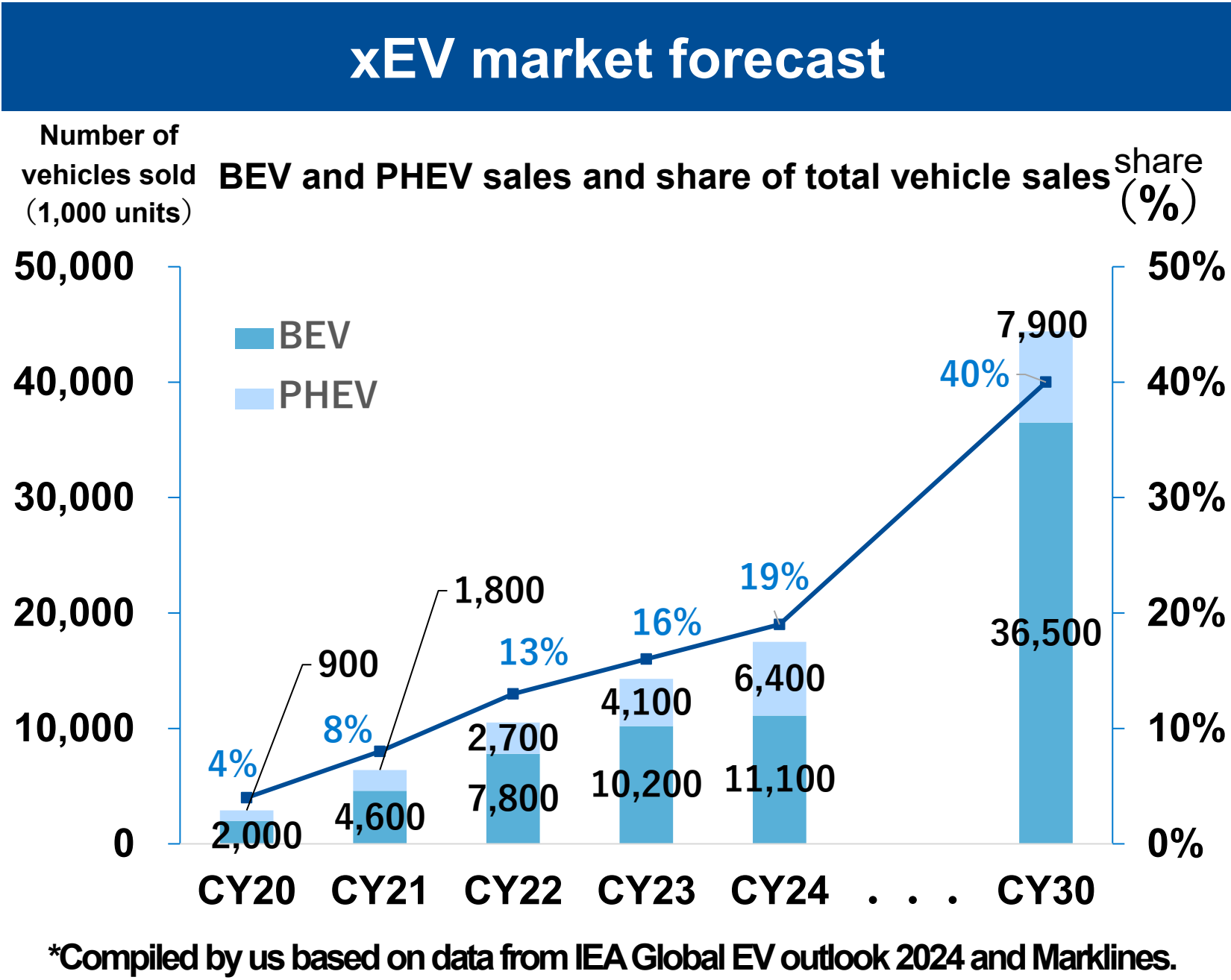
## 2) Rebuilding the Battery Materials Business II

Rebuilding the structure to match the business scale and focusing on thorough efficiency improvements and cost reductions



### (4) Initiatives during the 3-Year Plan 27 period

- Cathode materials is a business which can contribute to a carbon-neutral society through the utilization of our powder synthesis and surface treatment technology, and pyrometallurgical smelting and hydrometallurgical refining technologies. We will rebuild the business through a thorough review of the production system in line with the scale of the business.
  - Review the expansion plan for production capacity of 15 kt/month (by 2030) and shift to a production system centered on in-house resources
  - Eliminate bottlenecks, improve productivity, reduce costs
- We will refine our *MONOZUKURI-RYOKU* and open avenues to fields in which we can leverage our strengths.
  - Further improvement of core technologies (particle size control, surface treatment, etc.)
  - Strengthen competitiveness with a focus on Ni-based cathode materials that can take advantage of our accumulated technologies
  - Continued development of cathode materials for solid-state batteries/next-generation Ni-based cathode materials, LFP cathode materials, etc.

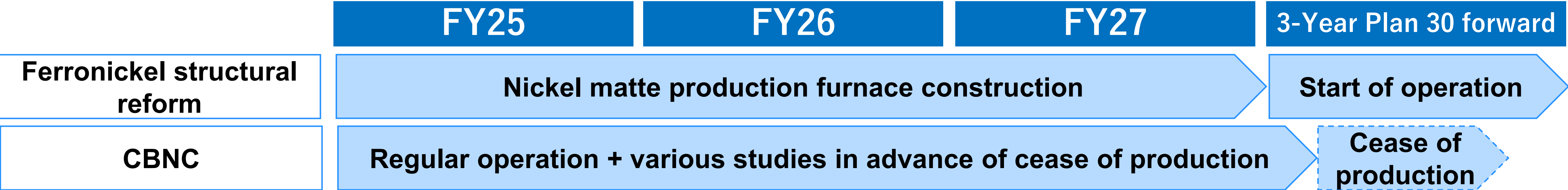


1. Coping with Changes in the Business Environment

3) Strengthening the Competitiveness of the Smelting and Refining Business I

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Nickel smelting & refining



(1) Ferronickel structural reform

- New nickel matte production furnace (construction to be completed in FY2027)
- ✓ Production of nickel matte in addition to ferronickel to improve the capacity utilization of existing facilities
- ✓ Diversification of raw material procurement and circulation of the sulfur to strengthen the supply chain of our entire nickel business and improve its overall strength

(2) CBNC

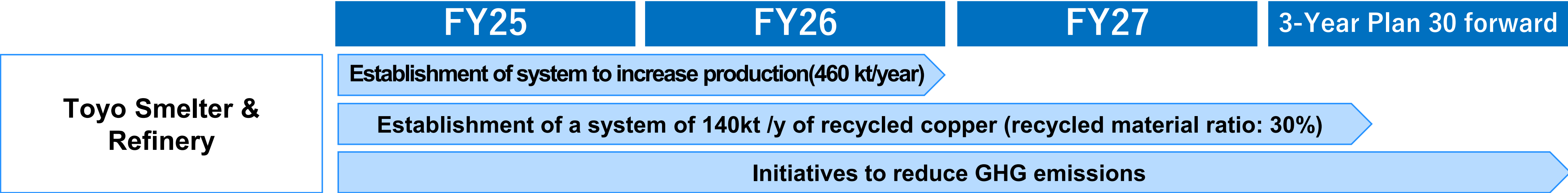
- Work to reduce costs and further improve production efficiency
- With the final stage of the CBNC project, cease of production is expected in 3-Year Plan 30

1. Coping with Changes in the Business Environment

3) Strengthening the Competitiveness of the Smelting and Refining Business II

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Copper smelting & refining



We will be forced to operate under TC/RC expected to remain at historically low levels, but the overall impact on our copper business will be offset through collaboration with our mineral resources business

Our positioning of copper smelting as the cornerstone of our supply chain will remain unchanged

- The Toyo Smelter & Refinery, which has one of the world’s largest flash furnaces and high production efficiency, will continue to operate at full capacity
- We will also make proactive efforts to utilize recycled materials and take measures to reduce GHG

Enhancement of *MONOZUKURI-RYOKU* and technological capabilities to strengthen competitiveness

- Pursuit of high-efficiency and low-cost operations
- Strengthening our ability to handle high impurity raw materials with favorable ore purchase terms
- Continued improvement of facilities to increase electrolytic copper production (450 kt/year → 460 kt/year)

# 1. Coping with Changes in the Business Environment

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## 4) Business Portfolio Management (Promotion of ROCE Management)

### (1) Actions to be taken for businesses that do not achieve the ROCE benchmark during the 21 3-Year Plan period

- **Ferronickel business (Smelting & Refining)**

Business environment: Continued low sales prices due to oversupply, resulting in lower capacity utilization

Response: Building a new nickel matte production furnace

Supplying the nickel matte the furnace produces to our nickel refineries will strengthen our entire nickel business supply chain and improve its overall strength

→ Full-scale operation of the nickel matte production furnace is scheduled to begin at the end of FY2027

- **LT/LN business (Materials)**

Business environment: Intensification of competition due to entry of new manufacturers in addition to the maturity of the smartphone market

Response: Improve production efficiency and reduce costs by consolidating production bases and utilizing proprietary production processes

→ Key to reaching the target is the effects of base consolidation and the expansion of applications beyond smartphones

### (2) Review of ROCE benchmark

We will set the ROCE benchmark for the 3-Year Plan 27 period at 6.5% based on current conditions

# **IV Overview of 3-Year Plan 27**

1. Coping with Changes in the Business Environment
2. Preparing for Future Growth
3. Assets, Technology, and Human Resources to Support Sustainable Growth
4. Maintain and Strengthen the Management Base
5. Goal of 3-Year Plan 27 and Subsequent Outlook

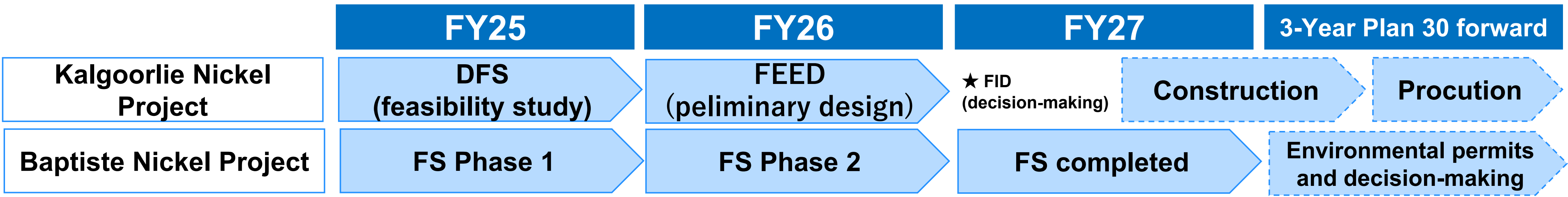
2. Preparing for Future Growth

1) Promotion of Growth Strategies I

28

Nickel

Vision for 2030: Production capacity of 100 kt/year, Long-Term Vision: 150 kt/year



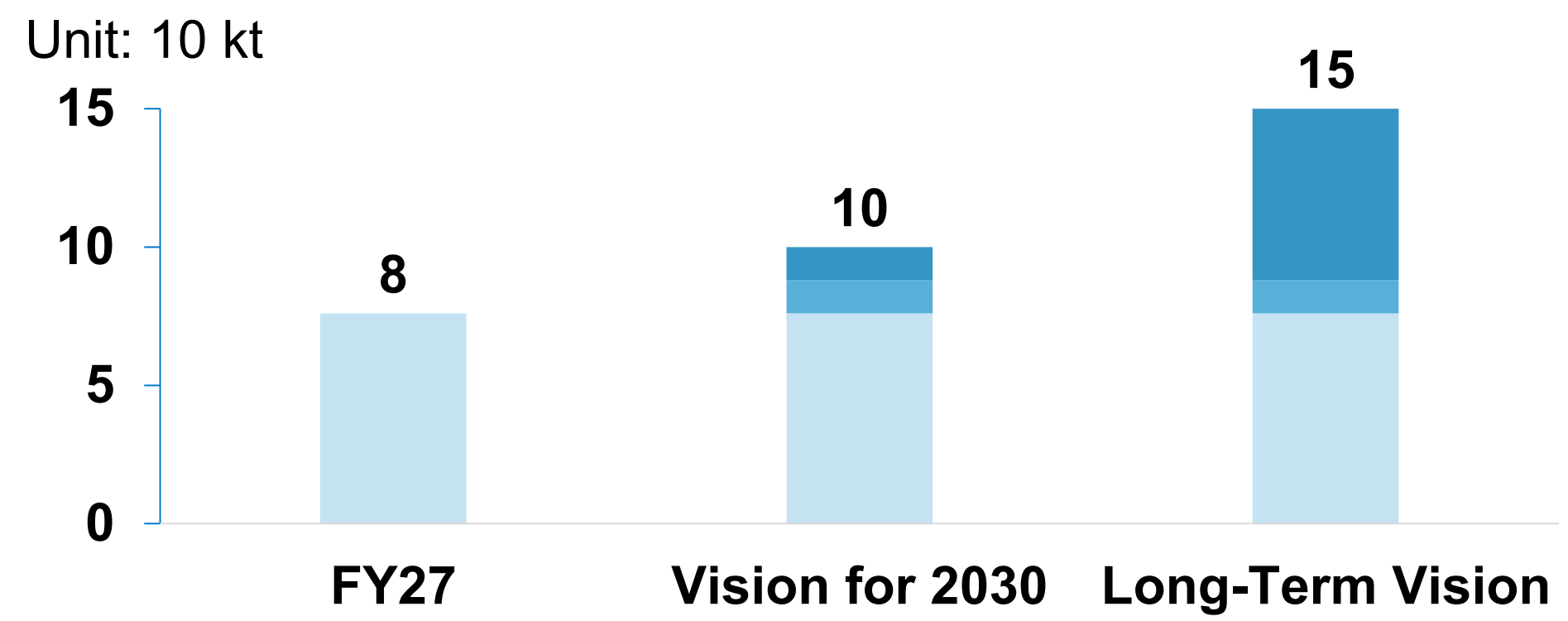
(1) Promotion of the Kalgoorlie Nickel Project Goongaree Hub (Australia)

- Implementation of DFS and FEED for decision-making in FY2027
- Production of approximately 30 kt/year of nickel and 2 kt/year of cobalt over approximately 40 years planned (on a 100% basis\*)

\*Based on the results of the pre-feasibility study released in July 2023

(2) Securing new nickel ore sources

- Not only oxide ores predicated on HPAL but also sulfide ores
- Also consider M&As
- Plan for the Baptiste Nickel Project (Canada) is to conduct various tests and complete feasibility study



2. Preparing for Future Growth

1) Promotion of Growth Strategies II

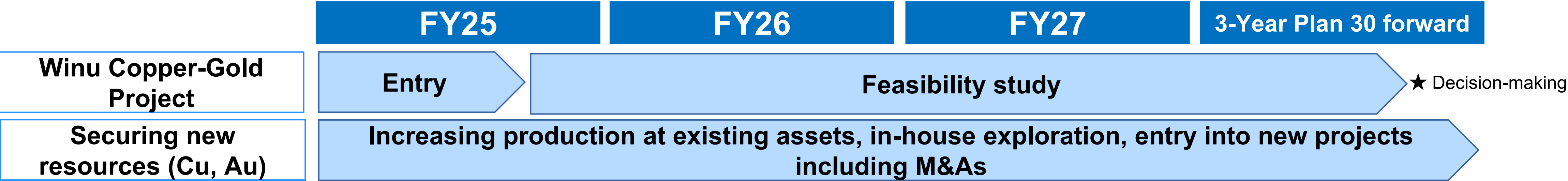
29

Copper

Vision for 2030 & Long-Term Vision: Annual production interest of 300 kt

Gold

Long-Term Vision: Participation in new mine operations through the acquisition of superior interest



(1) Promotion of the Winu Copper-Gold Project

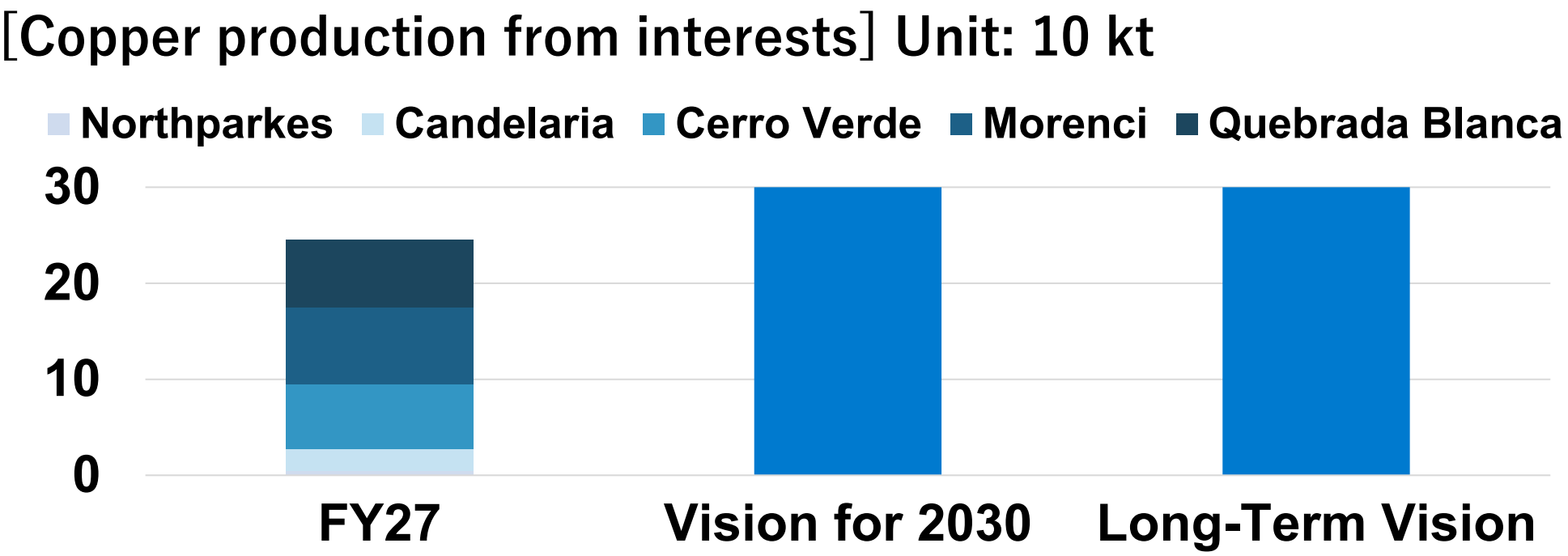
[Copper and gold: Australia]

- Contract signed and feasibility study initiated in FY2025
- Collaborate with joint venture partners to promote the project

(2) Securing new ore resources

[Copper, gold]

- Focusing on the Pacific Rim, entry into projects at a variety of stages as well as expansion plans (QB expansion, Côte area), etc.
- Also consider M&As
- Promote overseas in-house exploration, mainly for gold



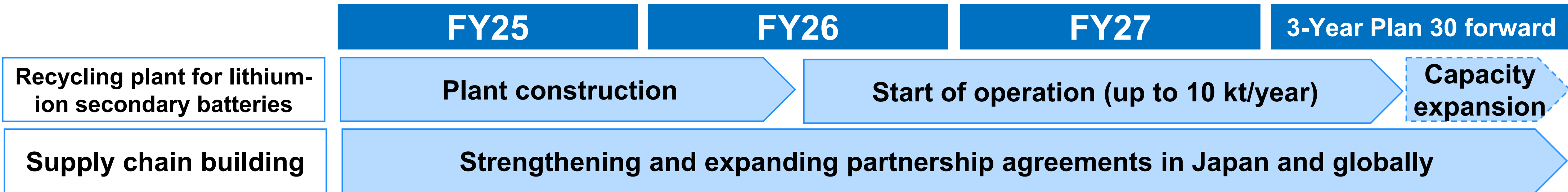
2. Preparing for Future Growth

2) Lithium-ion Secondary Battery recycling

30

Vision for 2030: Lithium-ion battery recycling capacity of 10 kt/year\*

\*Lithium-ion battery equivalent



Promotion of recycling plant construction and start of operation as planned

- By combining the pyrometallurgical smelting and hydrometallurgical refining technologies cultivated in our smelting and refining business, we can efficiently process used lithium-ion batteries, which contain many impurities, and recover copper, nickel, and cobalt
- Lithium can also be recovered with the inclusion of the process developed by Kanto Denka Kogyo Co., Ltd.
- Processing capacity on a lithium-ion cell basis is equal to 10 kt/year and will ramp-up after completion of construction in June 2026
- We will accumulate technology and know-how and build a supply chain with an eye to future market expansion
- By realizing horizontal “battery to battery” recycling with Japan and global partner companies, we will contribute to the formation of a sustainable circular economy



Construction underway



The interior under construction

2. Preparing for Future Growth

3) SiCkrest® Bonded SiC Substrate

31

Aiming to rapidly strengthen SiCkrest® bonded SiC substrates

|                                | FY25  | FY26  | FY27 | 3-Year Plan 30 forward |
|--------------------------------|---|---|------|------------------------|
| SiC bonded substrates          | Construction of 8-inch mass production line | SiCkrest® (8 inches) customer certification → Sales expansion |      |                        |
| SiC polycrystalline substrates |   | Polycrystalline support substrate supply                      |      |                        |

1) Expanding sales of 8-inch SiCkrest® bonded SiC substrates

- Construction of an 8-inch mass production line to be completed in FY25 expanding production to approx. 6,000 substrates/month (6-inch equivalent: 10,000 substrates)
- Sales are expected to begin in earnest in FY27 after customer certification

2) Expanding licensing of bonding technology

3) Expanding sales of polycrystalline SiC (8-inch) for bonded support substrates

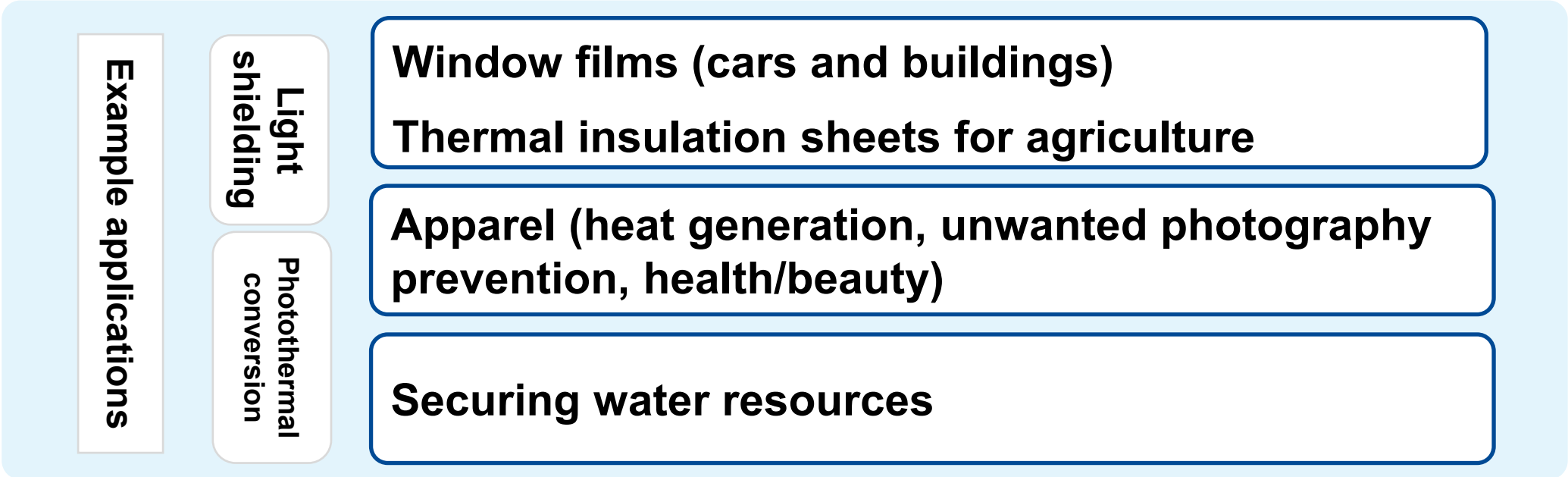
- In line with the expansion of licensing, we are building a supply system for polycrystalline support substrates



2. Preparing for Future Growth      4) SOLAMENT™ Near-Infrared Absorbing Material      32

SOLAMENT™ is the brand name for a sunlight control technology

We will further expand its application areas as a sunlight control material



21 3-Year Plan <brand recognition, penetration>



- Touting the heat generation, unwanted photography prevention, health/beauty, and other applications of SOLAMENT™, we will promote the global expansion of the brand and increase its recognition and penetration, starting with the apparel market.
- With its adoption by apparel brands around the world, SOLAMENT™ products have won numerous international design and creativity awards

3-Year Plan 27 <social implementation>



Through X-MINING®, we are exploring new application areas and contributing to solving social and environmental issues

- With global warming causing rising average temperatures which thus affect farming, we will leverage the characteristics of SOLAMENT™ and promote entry into the agricultural sector. We will contribute to solving social issues such as declining harvests, food shortages, and hunger.
- Launch of the ReFarm Project, an industry-academia collaborative effort to support agriculture.



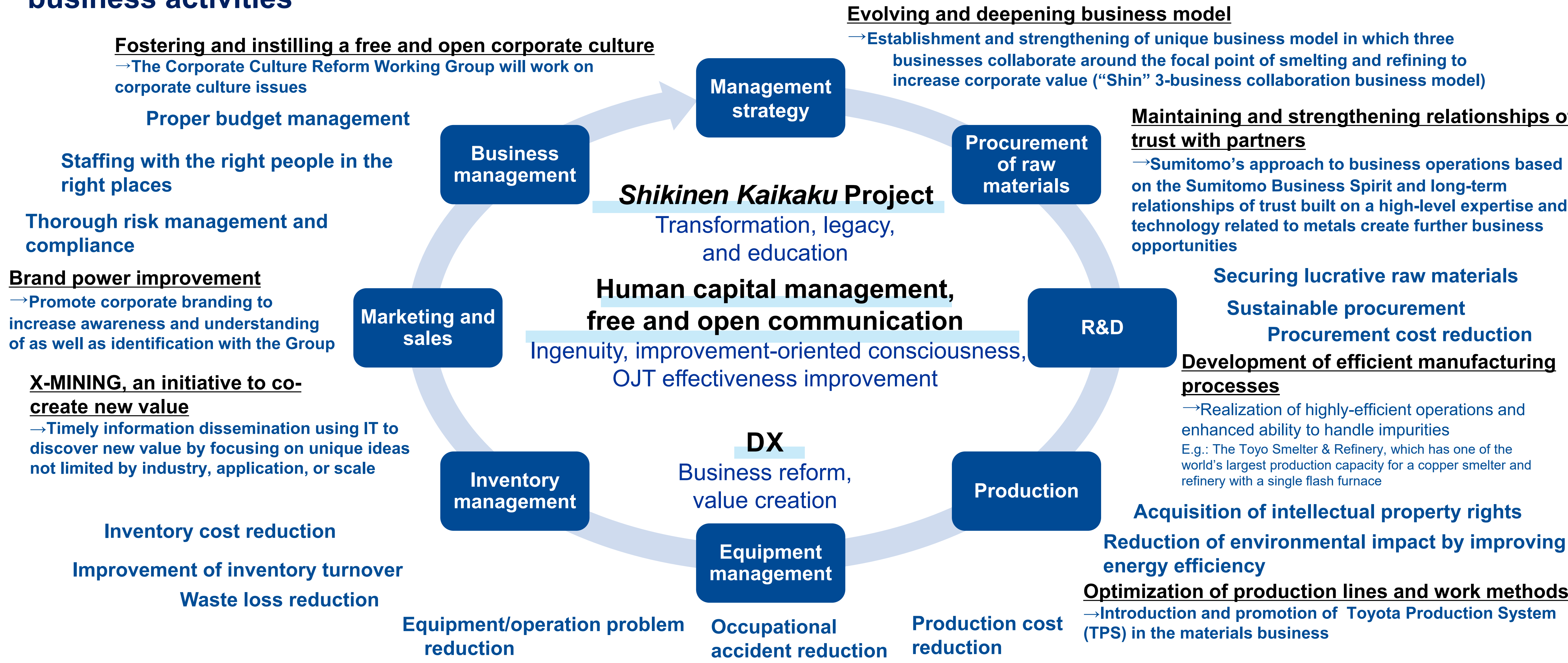
# **IV Overview of 3-Year Plan 27**

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# 3. Assets, Technology, and Human Resources to Support Sustainable Growth

## 1) Focus on *MONOZUKURI*

Refining *MONOZUKURI-RYOKU* (earning power) not only at manufacturing sites but also across all business activities



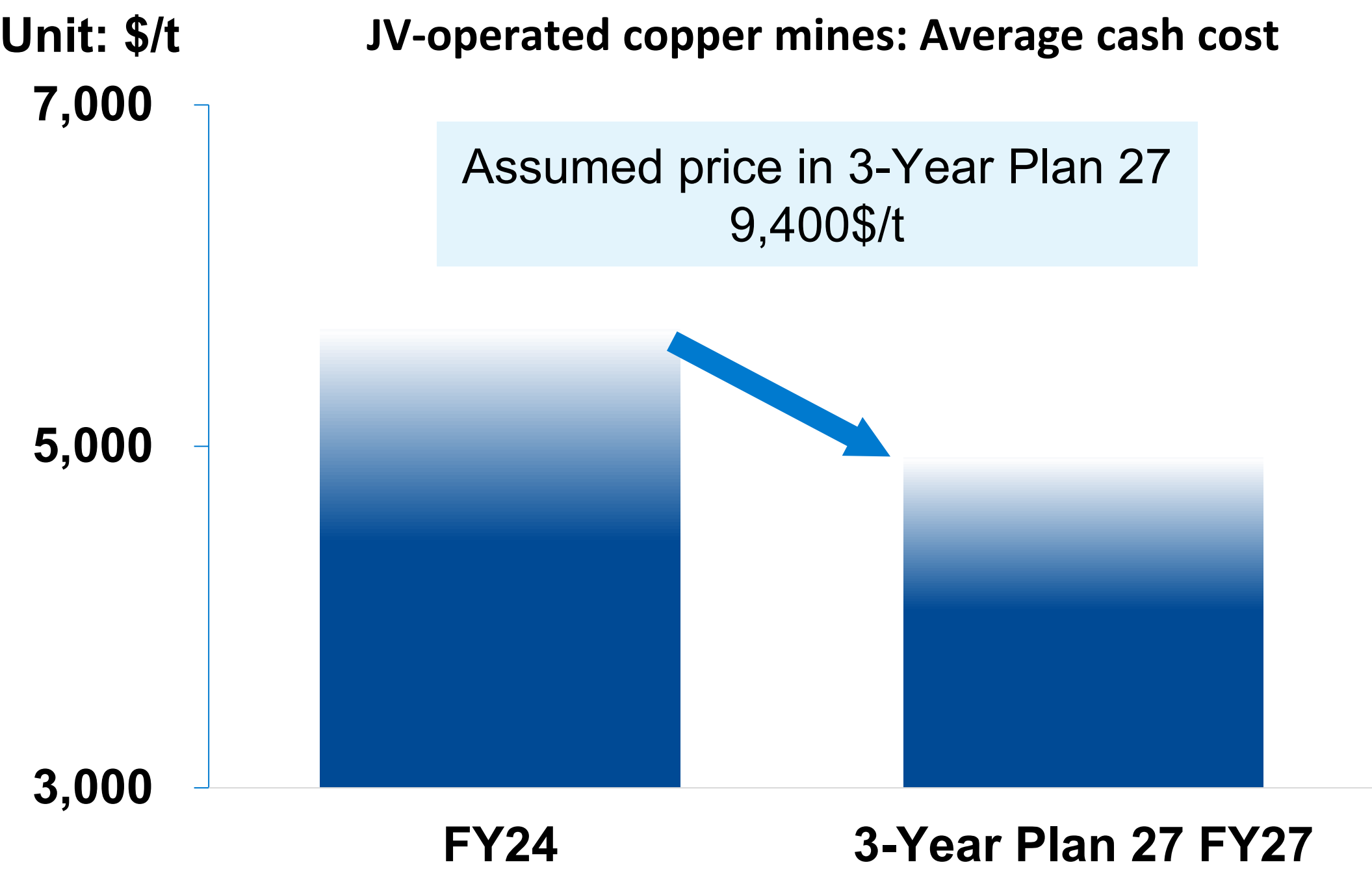
3. Assets, Technology, and Human Resources to Support Sustainable Growth

2) Mines in Which we have Interests

35

Despite the increasing challenges associated with resource development, namely resource nationalism, the higher altitudes, remoteness, greater depths, and increasingly lower grades of mines, relationships with local communities, environmental regulations, and rising costs, the mines in which we hold interests are all extremely important high-quality assets that will support our business foundation over the medium to long term.

- Long mine life based on abundant resources and exploration potential
- Excellent cost competitiveness
- Proactive initiatives to reduce GHGs
- Experienced JV partners with a robust financial foundation and shared values
- Politically stable regions with well-developed infrastructure
  - Good labor-management relations
  - Co-existence and mutual co-prosperity with local communities
- Realization of risk offsetting for our Copper Business through collaboration with the Smelting & Refining Business



3. Assets, Technology, and Human Resources to Support Sustainable Growth

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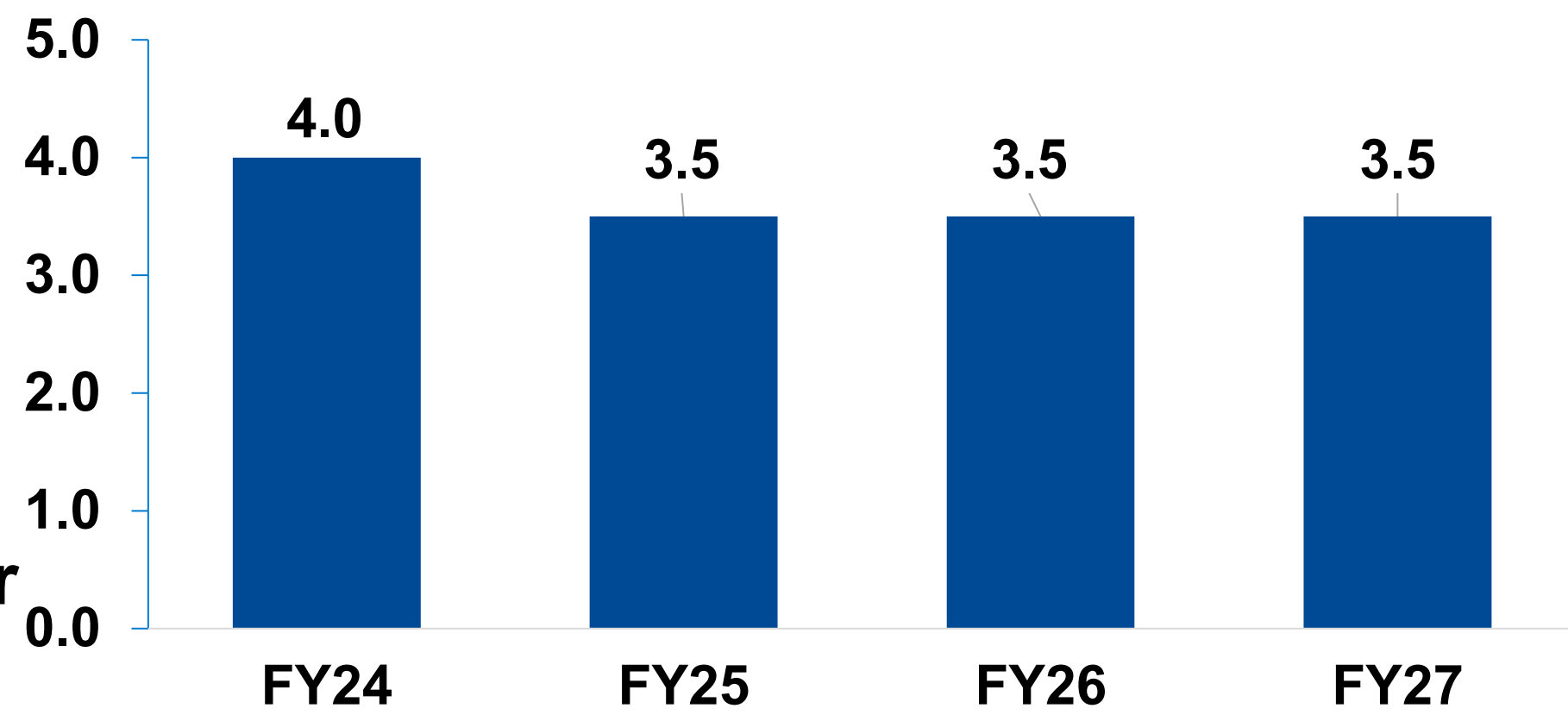
3) Hishikari Mine

Continuation of sustainability-focused operations

Hishikari Mine, which started operating in 1985, is Japan’s largest gold mine and boasts a world-class gold content ratio. Not only is it an important revenue base for the company, but it is also a center for the creation of human resources and technology that will be responsible for future business operations.

- **Mined at average grade, the amount of gold sales annually during 3-Year Plan 27 will be 3.5 tons.**
  - ✓ From FY28, we will continue to make the best use of this precious resource over the long term based on average grade mining.
  - ✓ Together with this, we will also focus on exploration to acquire new mineral resources.
- **We will continue to build an operational structure that incorporates the latest technologies such as DX, etc.**
  - ✓ Realization of clean, safe underground mines that are the world's most advanced.
  - ✓ Improved productivity and cost reduction through operation automation and efficiency improvement, etc.
- **By continuing operations for the next approximately 60 years, we will aim for total mine life of 100 years.**

【Hishikari Mine gold production】 Unit: t/y

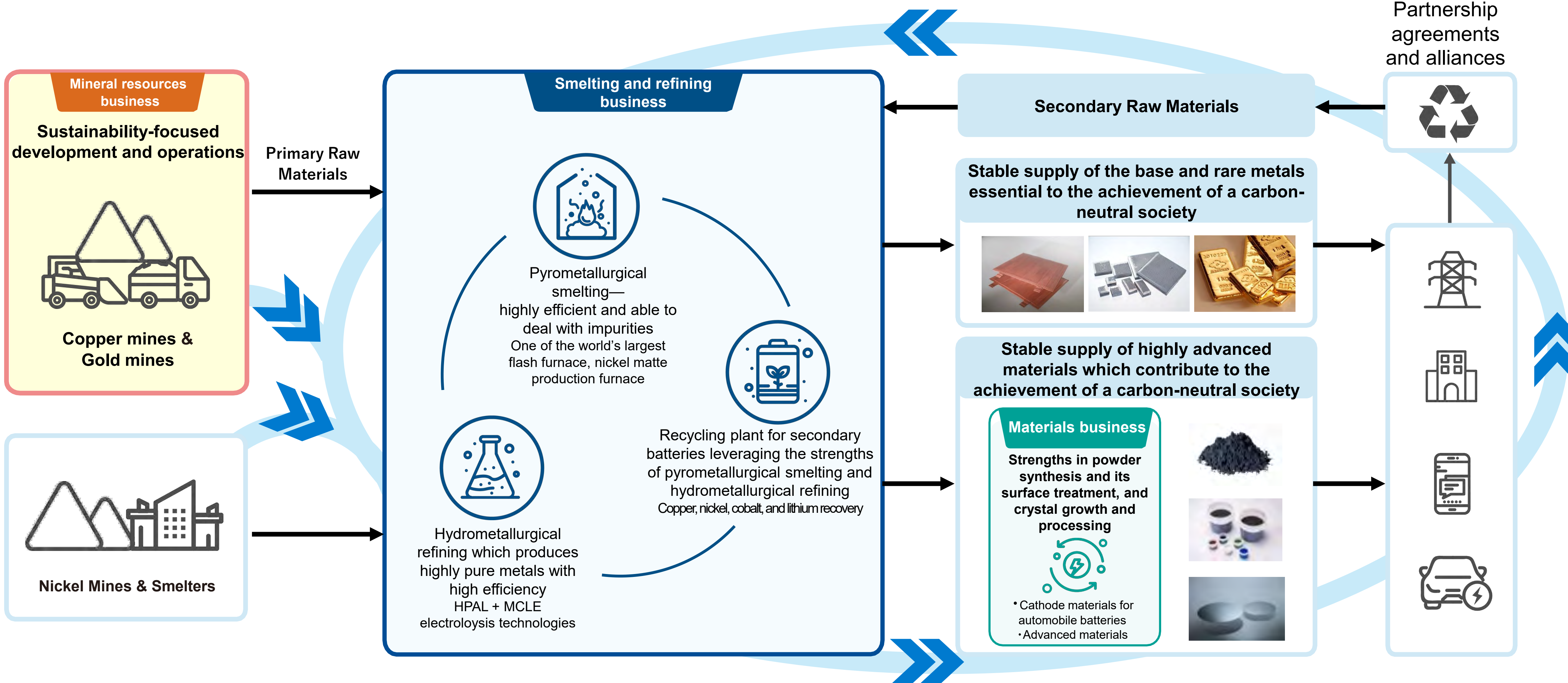


3. Assets, Technology, and Human Resources to Support Sustainable Growth

4) Leading/Noteworthy Technologies

37

Contributing to the achievement of a circular economy and a carbon-neutral society with technology that has been continually honed over 430 years and is focused on the next generation



3. Assets, Technology, and Human Resources to Support Sustainable Growth

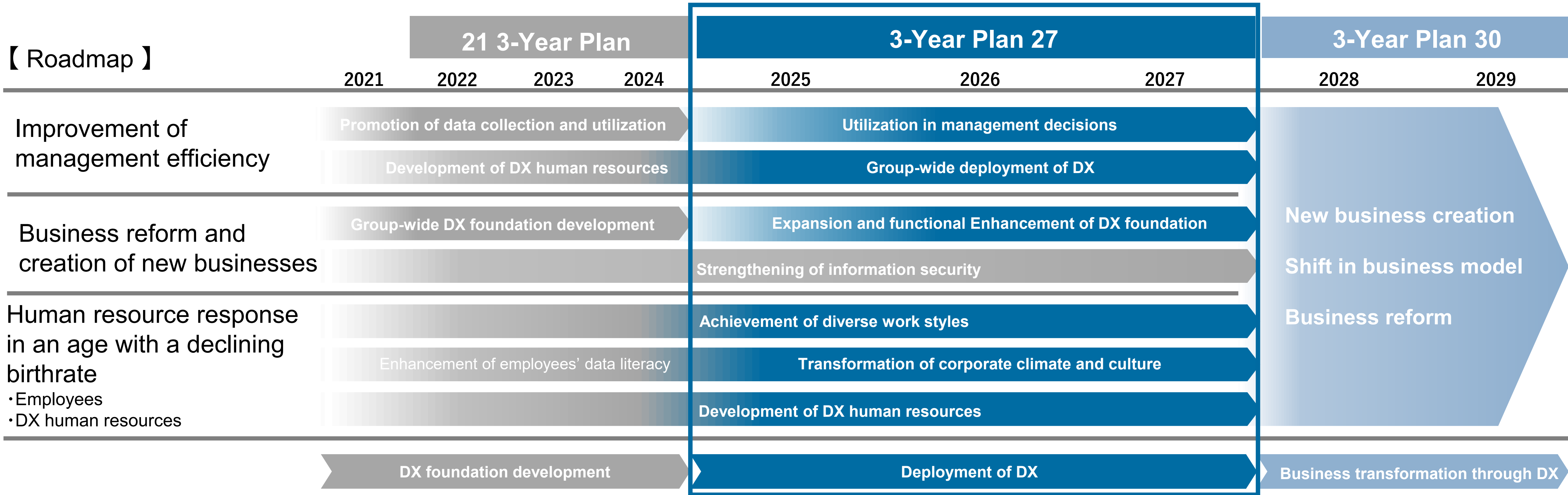
5) DX (Digital Transformation)

38

DX deployment for business reform

- Group-wide digital data utilization
  - Group-wide DX human resource development and establishment of an internal human resource network
  - In-house deployment of digital technologies with a focus on AI, and their use in business operations
- Data integration and data integration with AI, promotion of operation standardization
  - DX efficiency and enhancement through Digital Transformation Certification system and human resource collaboration
  - Future forecasts (skill transfer), predictive maintenance (stable operation), business innovation

DX promotion investment during the 3-Year Plan 27 period: ¥6 billion



# 3. Assets, Technology, and Human Resources to Support Sustainable Growth

## 6) Human Capital Management

Continue to secure, develop, and utilize human resources who will support our growth strategy.

| Material issues in 3-Year Plan 27 |   | Key measures   |
|-----------------------------------|---|--|
| Business/<br>organization         | Construct a sustainable human resources/organizational structure to realize growth strategies | <ul style="list-style-type: none"><li>Recruitment activities linked to brand communication</li><li>Diversification of recruitment channels and strengthening of global recruitment</li><li>Establishment of a structured system for nurturing successors (introduction of succession plans)</li><li>Promotion of women's empowerment (formulation of individual career development plans for female managers and introduction of a mentoring system)</li></ul> |
| Corporate culture                 | Foster a unifying corporate culture based on the SMM Group Corporate Philosophy               | <ul style="list-style-type: none"><li>Activities to improve employee engagement (PDCA cycle centered on survey results)</li><li>Promoting and putting into practice DE&amp;I culture (education to raise awareness, incorporation into evaluation criteria, etc.)</li></ul>  |
| Employees                         | Create an environment where employees can continue to grow with peace of mind                 | <ul style="list-style-type: none"><li>Reskilling (utilization of self-development programs)</li><li>Expansion of human resource development program (encouraging internal mobility, cross-boundary learning)</li></ul>   |
| Human resources functions         | Build an effective and efficient human resources infrastructure                               | <ul style="list-style-type: none"><li>Continuous improvement of managerial track personnel system</li><li>Enhancement of alumni recruitment aimed at retirees and candidates who have declined job offers</li><li>Consideration of restructuring human resources system infrastructure (promoting data utilization through DX)</li></ul>   |

# **IV Overview of 3-Year Plan 27**

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4. Maintain and Strengthen the Management Base 1) Sustainability Management 41

We will work to achieve continued growth in our businesses and enhanced corporate value by tackling management issues that contribute to the ongoing development of society in line with our Vision for 2030.

KPI/targets (as of March 3, 2025)

| Material issues   | Vision for 2030  | KPI  | Targets   |
|---|--|--|---|
| Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy        | 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      | Nickel production volume*1   | 100 kt/year (nickel)  |
|   |  | Copper mine production from interests  | 300 kt/year (copper)  |
|   |  | Lithium-ion battery recycling volume   | 10 kt/year *2   |
|   |  | Copper recycling volume  | 140 kt/year (copper)*3  |
| Realizing a Carbon Neutral Society  | 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. | GHG emissions (Scope 1 and 2)  | 38% reduction compared to FY2015                              |
|   |  | Development and supply of low-carbon products<br>Helping to reduce GHG emissions through the supply of products  | 1.1 million tons of CO <sub>2</sub>                           |
| Conservation and Restoration of Nature  | A company that contributes to a nature-positive future   | Prevention of serious environmental accidents<br>Number of serious environmental accidents   | 0 cases   |
| Human Capital Management  | A company that attracts a diverse workforce and allows them to grow and thrive   | Engagement score in engagement surveys   | Deviation value 55  |
|   |  | Number of serious accidents  | 0 cases   |
|   |  | Percentage/number of female managers   | Consolidated 18%<br>Non-consolidated 7% (50 people)           |
| Co-Existence and Mutual Prosperity with Local Communities and Indigenous People | A company that grows with the community as a trusted partner   | Dialogue with local communities/indigenous peoples<br>Dialogue leading to the resolution of local issues<br>Responding to consultations from external stakeholders (grievance mechanism) | Ongoing implementation<br>Appropriate operation               |
| Supply Chain Management   | A company that builds a sustainable supply chain   | Percentage of our Group's smelters and refineries that comply with international certification   | 100%  |
|   |  | Implementation of ESG due diligence across the entire supply chain<br>Due diligence in procurement   | Implementation and disclosure of results by the end of FY2026 |

\*1 Production volume of electrolytic nickel, nickel sulfate, ferronickel, and nickel chloride; nickel contained in cathode materials for automotive secondary batteries (excluding those supplied by our company; includes nickel derived from recycling).

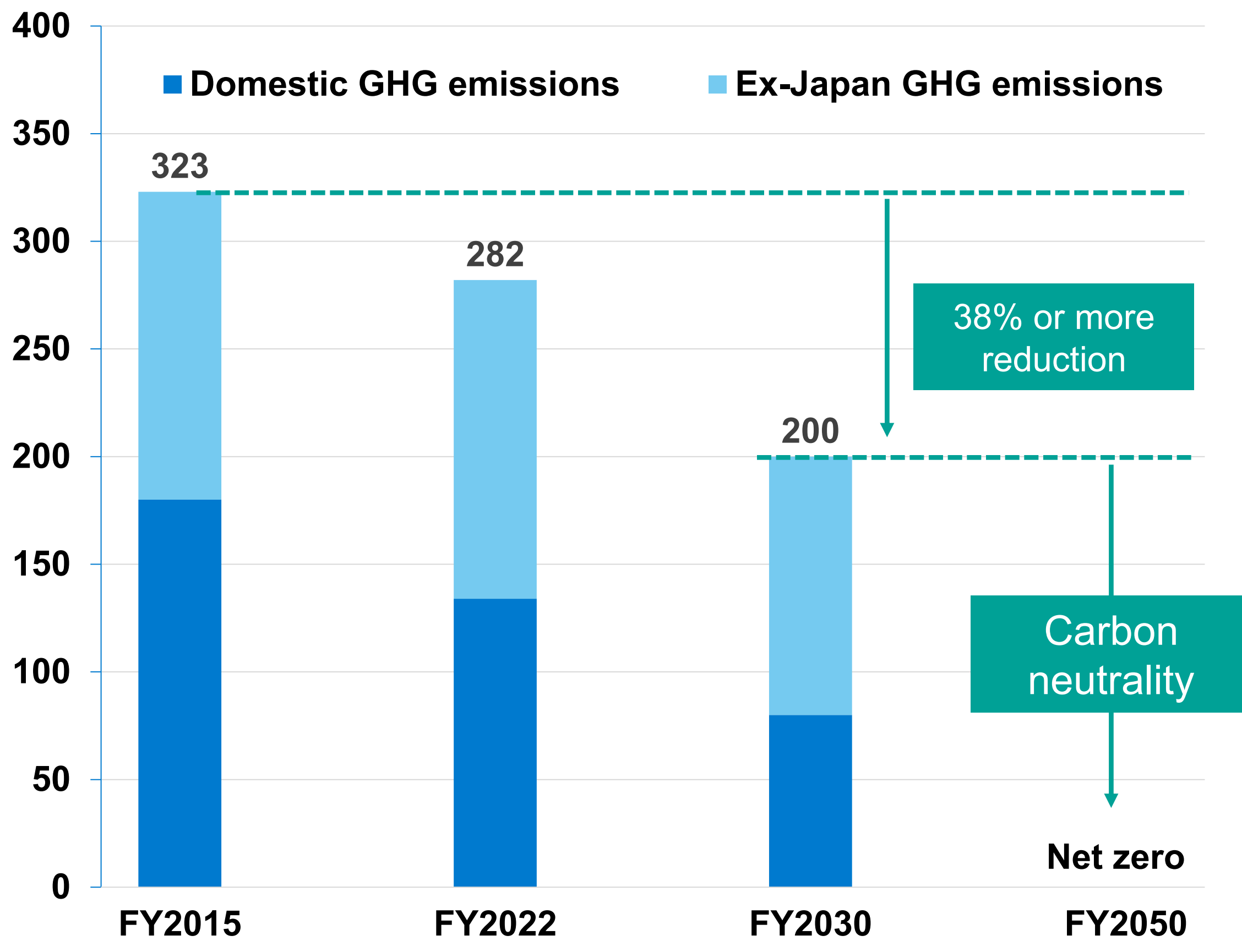
\*2 Lithium-ion battery equivalent    \*3 Recycling rate of 30% for 460,000 tons of electrolytic copper per year

4. Maintain and Strengthen the Management Base 2) Carbon Neutrality

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We will take action to ensure the implementation of measures based on the medium-term targets and roadmap to achieve carbon neutrality.

Unit: GHG Scope 1 + 2 emissions (10 kt-CO<sub>2</sub>/year)



Investment aimed at reducing GHG emissions

Continue make investments that contribute to GHG emission reductions to realize CN

- Investment related to Green Inovation: ¥40.0 billion (27 3-year Total)

Development of products, new technologies, and processes that contribute to CN

- Functional materials (functional inks, Ni powder, SiC, etc.)
- Direct reduction of GHG from existing processes (CO<sub>2</sub> fixation, reduction of neutralizers, biomass conversion, etc.)
- Direct reduction of GHG through innovative processes (hydrogen reduction technology for nickel oxide ore, etc.)
- Reduction in GHG through new businesses (lithium-ion recycling, lithium refining, cathode materials for solid-state batteries, artificial photosynthesis photocatalyst materials)

4. Maintain and Strengthen the Management Base

3) Management with an Awareness of Capital Costs and Stock Prices

43

|                   |   |
|-------------------|---|
| Current situation | <ul style="list-style-type: none"><li>• There are several factors behind <b>the continued decline in PBR to below 1.0x</b>, including the time needed to reap the benefits of the growth strategy promoted in the 2021 3-Year Business Plan, and a decline in the assessment of our business model amid growing uncertainty about the outlook for non-ferrous metal and the advanced materials market.</li><li>• Over the course of the 2021 3-Year Business Plan, we have concentrated our management resources on growth investments, but our growth strategy is still only half complete. Consequently, we have been unable to sufficiently respond to recent calls for <b>enhanced shareholder returns</b>, and our explanations regarding this matter have been inadequate.</li><li>• Our current WACC is <b>in the range of 6-7%</b>, and <b>our cost of equity is in around 8-9%</b>. Taking into account the challenging business environment during the 3-Year Plan 27 period, we expect ROCE and ROE for FY2027 to fall short of the cost of capital.</li></ul> |
| Policies          | <ul style="list-style-type: none"><li>• <b>Steadily implement 3-Year Plan 27</b>, which positions the next three years as a period for overcoming the current challenges and establishing a foundation for achieving our Long-Term Vision.</li><li>• Aim to <b>improve capital efficiency</b> while <b>maintaining a sound financial position</b> (equity ratio of over 50%) with a view to the next growth investment.</li><li>• <b>With the smelting and refining business at the core</b>, we will build a sustainable supply chain with <b>3-business collaboration</b> and contribute to the achievement of a circular economy and carbon-neutral society. (establish and strengthen “Shin” 3-Business Collaboration Business Model).</li><li>• <b>Strengthen and enhance shareholder returns</b> based on our financial strategy and cash allocation.</li></ul>   |
| Initiatives       | <ul style="list-style-type: none"><li>• <b>Invest in growth areas</b> while maintaining financial soundness.</li><li>• Enhance <b>MONOZUKURI-RYOKU</b>, and thoroughly eliminate overburden, waste, and unevenness.</li><li>• Pursue capital efficiency, including <b>reducing inventory assets and cross-shareholdings</b>.</li><li>• Improve capital efficiency by <b>promoting ROCE management</b>.</li><li>• <b>Revise our shareholder return policy</b>.</li><li>• <b>Strengthen sustainability management</b> to achieve our Vision for 2030.</li><li>• <b>Further enhance communication with the market</b>, including disclosure of information on growth businesses.</li></ul>   |

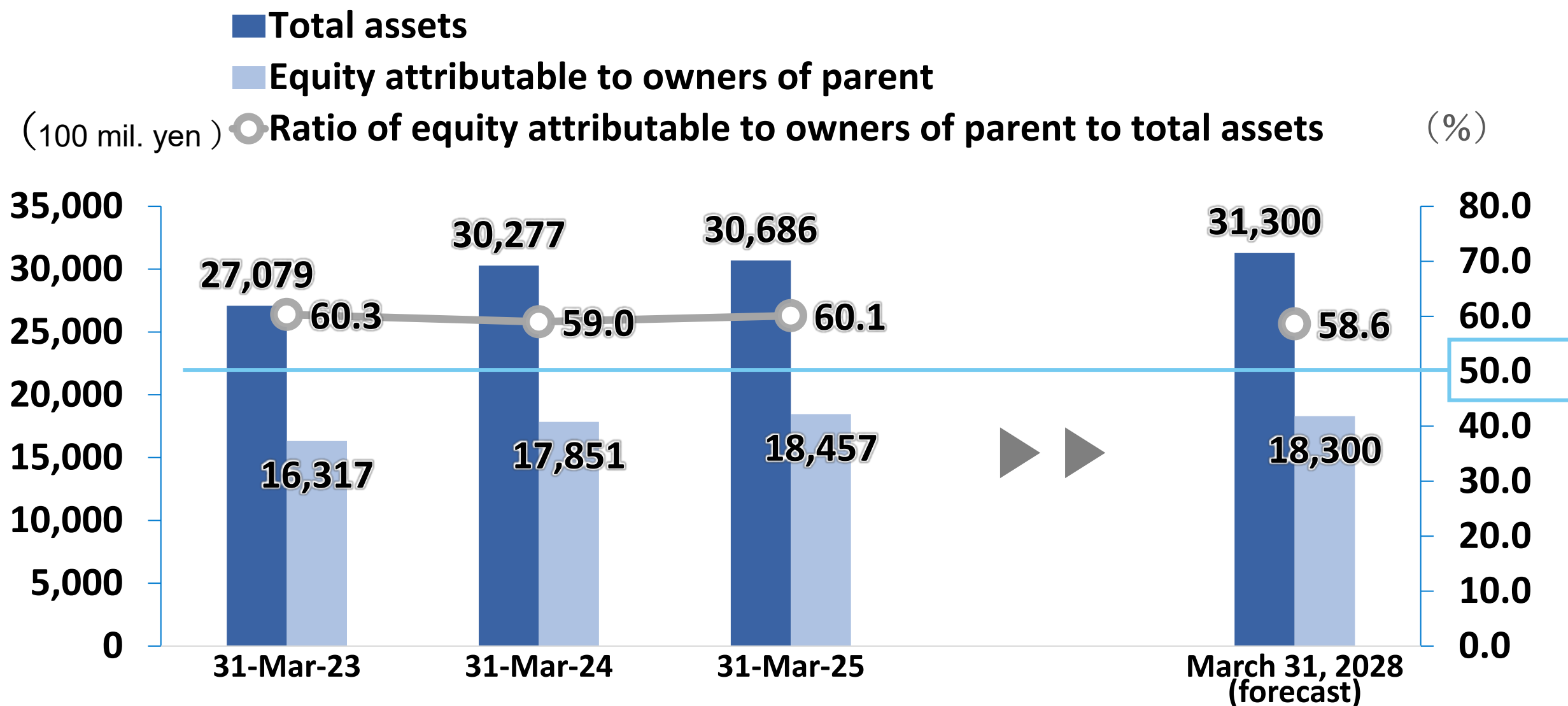
# 4. Maintain and Strengthen the Management Base

## 4) Basic Policy Regarding Our Financial Strategy

We will maintain a consolidated equity ratio (ratio of equity attributable to owners of parent to total assets) of over 50%.

Basic approach to financial strategy

- Because the non-ferrous metals that the SMM Group deals in are resources that can become depleted, we must always be prepared for participation in large-scale projects or M&A to acquire new resource interests.
- 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.
- The costs associated with constructing new smelters and refineries and acquiring resource rights are on the rise due to a number of factors, including the increasing remoteness and high-altitudes of mines, environmental considerations, soaring energy costs, and difficulties in securing human resources. As such, in order to secure prime projects, it is important to maintain a sound financial position that can withstand large temporary cash outflows.



Response during the 3-Year Plan 27 period

- By March 31, 2028, which is the end of the 3-Year Business Plan 2027, we expect the consolidated equity ratio to decline by 1.5 pt compared to March 31, 2025, the end of the previous 3-Year Business Plan, due to increased shareholder returns and the assumption of a stronger yen.
- We will maintain a ratio of over 50% in preparation for the next 3-Year Business Plan and beyond, while paying close attention to what is happening with the launch of QB2 and Côte and the progress of projects currently under consideration.

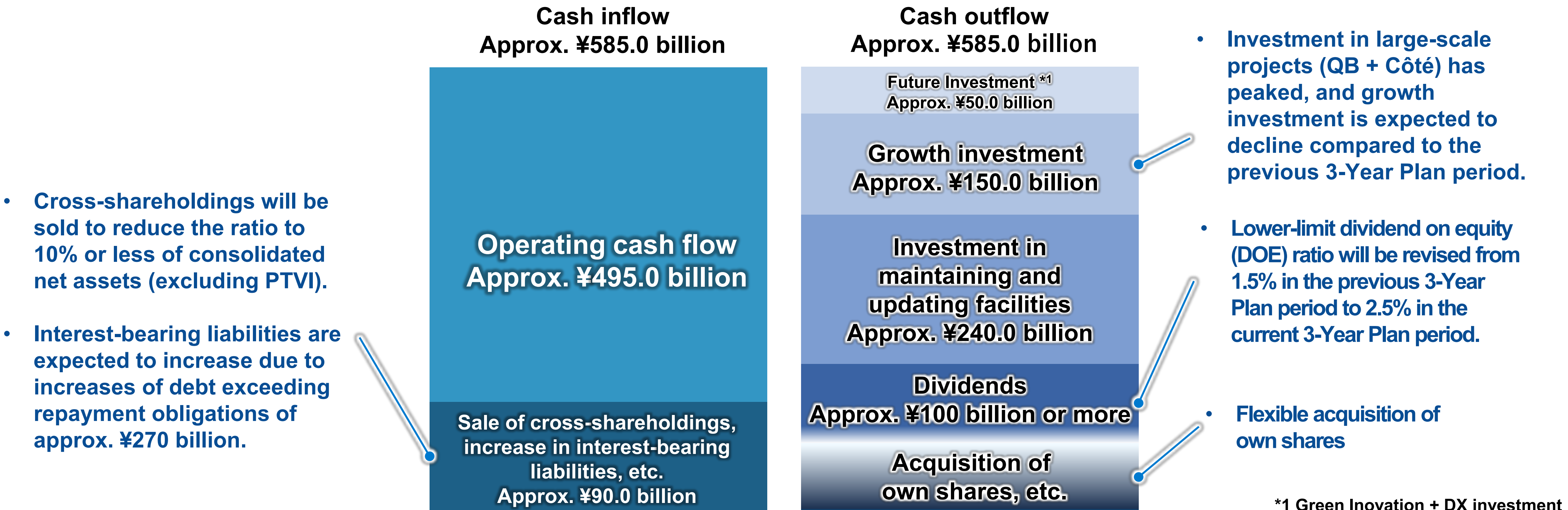
4. Maintain and Strengthen the Management Base

5) Capital Allocation

45

Growth investment, which had been at historically high levels, has peaked. As such, we will proceed with the sale of cross-shareholdings and strengthen shareholder returns (raising the lower-limit dividend on equity (DOE) ratio and implementing flexible treasury share purchases).

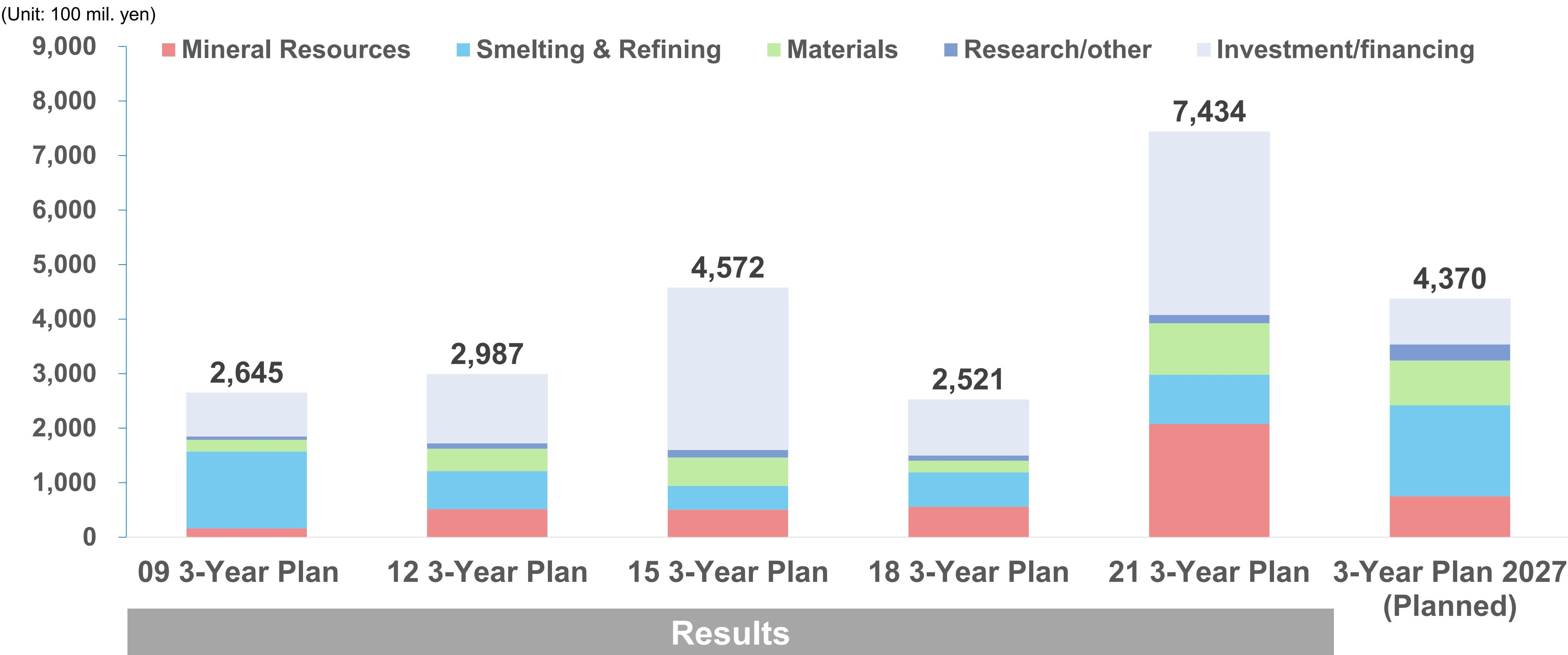
3-Year Plan 27 (3-year total)



4. Maintain and Strengthen the Management Base

6) Capital Expenditures/Investment and Financing (By Segment)

During the 2021 3-Year Business Plan period, we undertook multiple large-scale projects and achieved record-high results. We expect to maintain high level of performance during the 3-Year Business Plan 2027

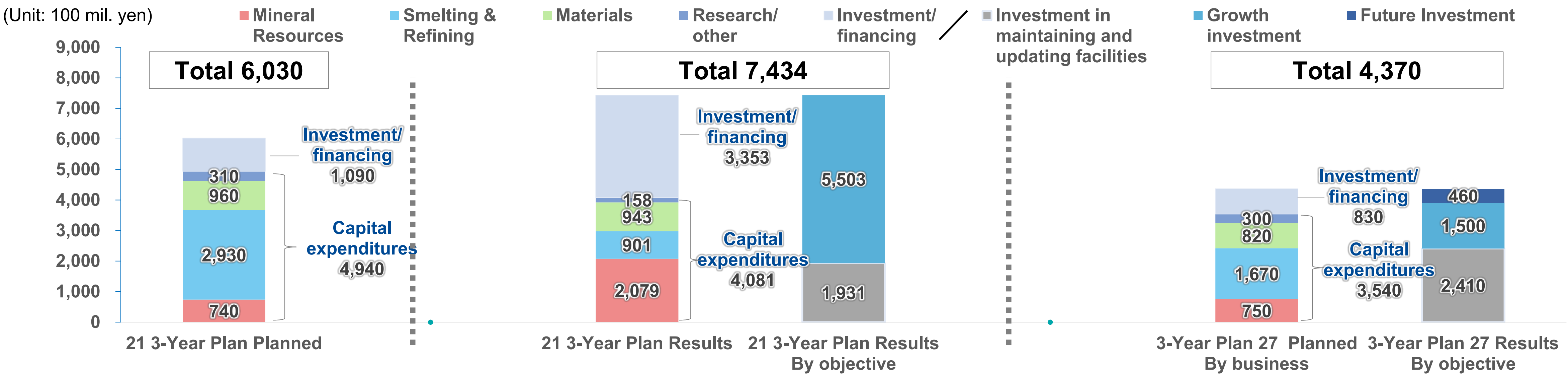


4. Maintain and Strengthen the Management Base

7) Capital Expenditures/Investment and Financing (By Objective)

47

During the 2021 3-Year Business Plan period, we significantly exceeded our plans due to project delays caused by the COVID-19 pandemic and rising inflation. During the 3-Year Business Plan 2027 period, in addition to our growth strategy, we will steadily make investments related to reducing GHG emissions and digital transformation.



Major projects during the 2021 3-Year Plan period  
[Smelting & Refining] Pomalaa Project [discontinue]  
[Mineral Resources] QB2 Project  
[Mineral Resources] Côte Gold Development Project  
[Materials] Increased production of cathode materials for automotive batteries

Assumed exchange rate for plan: 1 USD = 115 JPY

Major projects during the 3-Year Plan 2027 period  
[Smelting & Refining] Kalgoorlie Nickel Project  
[Smelting & Refining] Nickel matte production furnace  
[Smelting & Refining] Recycling plant for lithium-ion secondary batteries  
[Mineral Resources] Winu Copper-Gold Project  
[Materials] NMCA conversion for cathode materials for automotive batteries

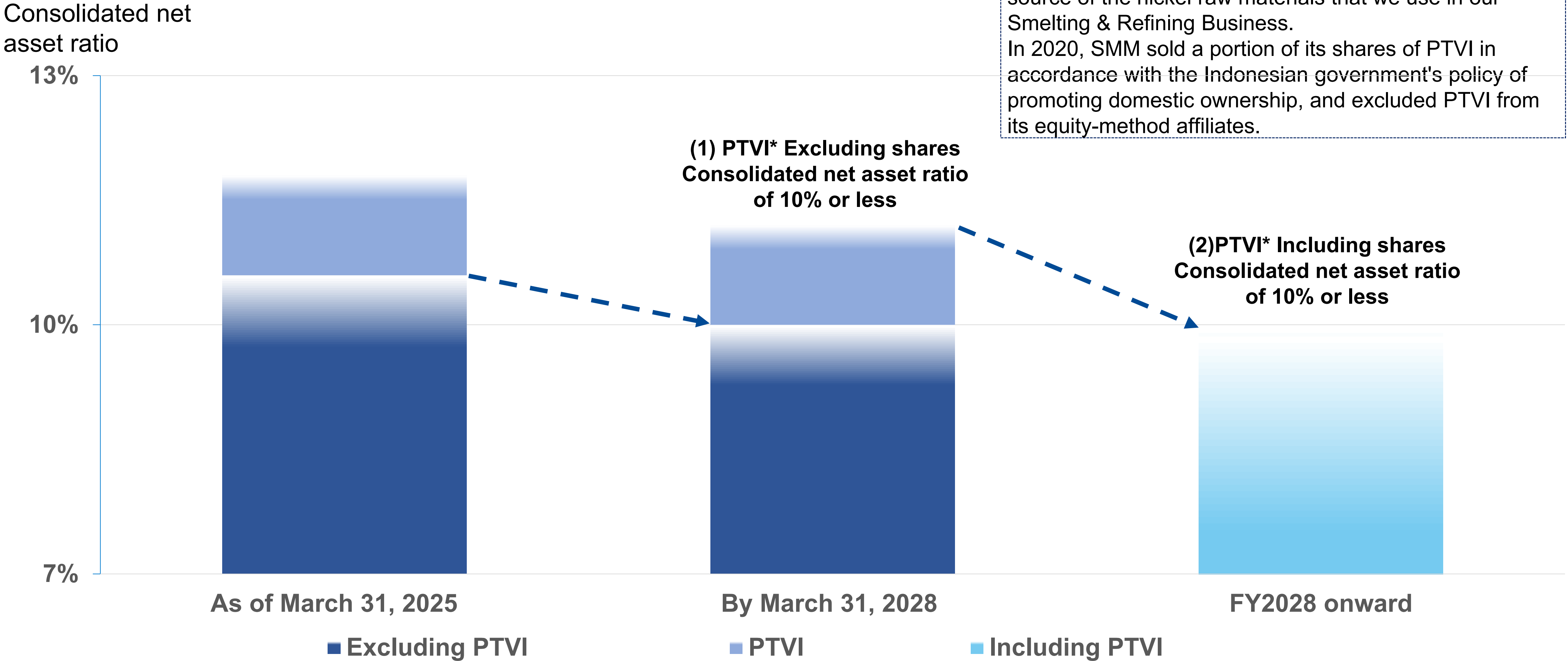
Assumed exchange rate: 1 USD = 140JPY

4. Maintain and Strengthen the Management Base 8) Cross-shareholdings

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We will reduce cross-shareholdings with the aim of achieving a consolidated net asset ratio of 10% or less.

\*PT Vale Indonesia Tbk (PTVI)  
We have been investing in PTVI since 1972. An important business base in the Republic of Indonesia, it is a major source of the nickel raw materials that we use in our Smelting & Refining Business.  
In 2020, SMM sold a portion of its shares of PTVI in accordance with the Indonesian government's policy of promoting domestic ownership, and excluded PTVI from its equity-method affiliates.



4. Maintain and Strengthen the Management Base

9) Shareholder Returns

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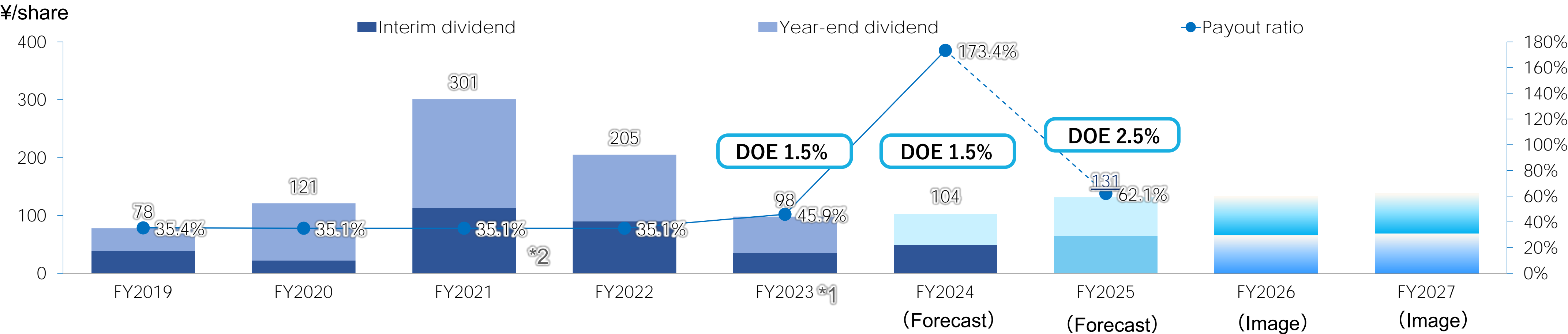
We will raise the lower limit indicator of DOE and acquire treasury shares to strengthen shareholder returns.

Dividend

- (1) Dividend policy (level raised from DOE of 1.5% in the previous 3-Year Plan, effective from dividends for FYE March 2026)
- In principle, dividends from surplus shall be paid at a consolidated dividend payout ratio of 35% or more, with a lower limit indicator of DOE2.5%
- (2) DOE calculation method (further mitigate the impact of temporary market fluctuations)
- Annual total dividends ÷ (consolidated net assets 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)

Acquisition of treasury shares

- Flexibly acquire treasury shares throughout 3-Year Plan 2027



\*1 The lower limit indicator of 1.5% DOE will apply from the dividend for FY2023.  
\*2 The dividend payout ratio for FY2021 is calculated with adjustments related to the transfer of Sierra Gorda excluded.

## 4. Maintain and Strengthen the Management Base 10) Corporate Governance 50

### ( 1 ) Executive Remuneration System

We are in preparation for introducing a stock-based remuneration system during the 3-Year Business Plan 2027 period as an incentive for executive officers to contribute to the Group's sustainable growth, as well as the improvement of its corporate value and the strengthening and maintenance of its management foundation over the medium to long term.

### ( 2 ) Governance System

In light of discussions we have had concerning changes in the external environment, the effectiveness of the Board of Directors, and other matters, we will conduct a review of our governance structure, including the Board of Directors, to determine the ideal form it should take.

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# 5. Goal of 3-Year Plan 27 and Subsequent Outlook

## 1) Profit Before Tax (vs FY24 Results)

### Profit before tax improved to ¥108.6bn.

In addition to the realization of competitiveness of the Quebrada Blanca Copper Mine and the Côte Gold Mine, we expect to see an improvement in the materials segment.

|                  | Copper<br>(\$/t) | Ni<br>(\$/lb) | Gold<br>(\$/toz) | Co<br>(\$/lb) | Exchange<br>rate<br>(¥/\$) |
|------------------|------------------|---------------|------------------|---------------|----------------------------|
| 3-Year Plan 2027 | 9,400            | 7.50          | 2,400            | —             | 140.00                     |
| FY24 results     | 9,370            | 7.51          | 2,585            | 10.89         | 152.58                     |



# 5. Goal of 3-Year Plan 27 and Subsequent Outlook

## 2) Segment Profit/ROCE

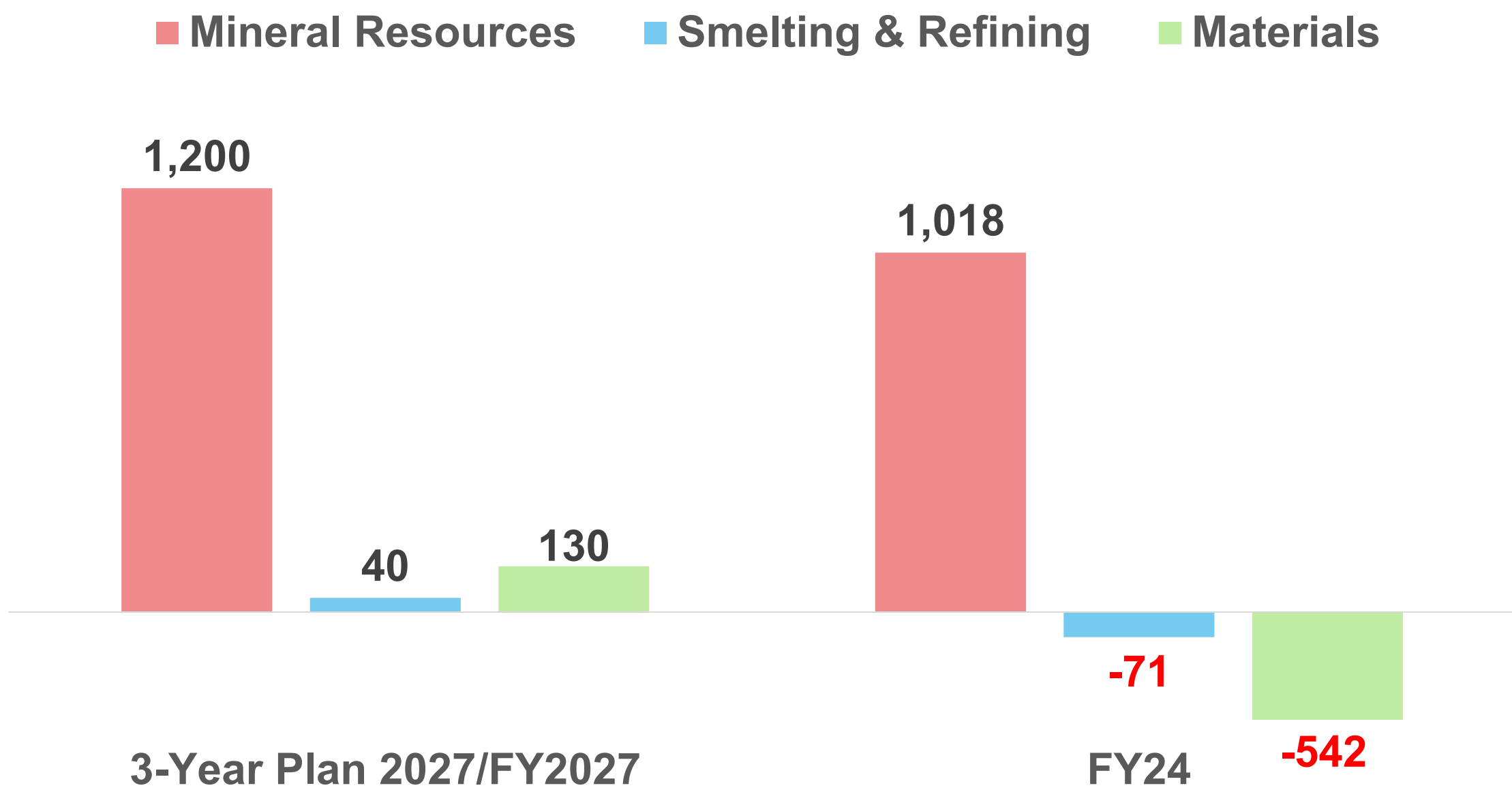
### Segment profit/loss

Mineral Resources: Realization of profit contribution of the Quebrada Blanca Copper Mine and the Côte Gold Mine

Smelting & Refining: Impact of decline in copper processing income (TC/RC) and Ni and Co prices

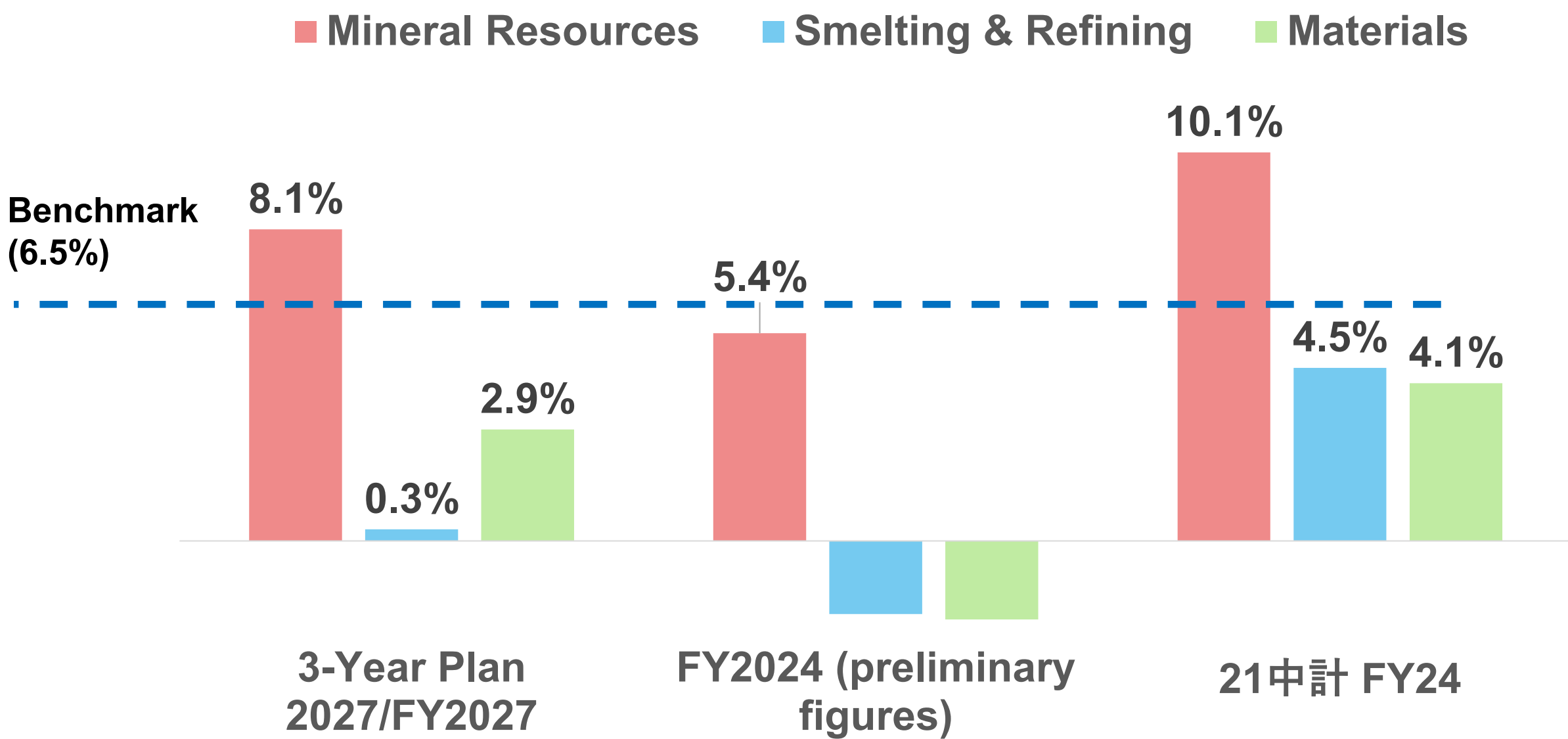
Materials: Despite an upturn in advanced materials, the effects of structural reforms in battery materials are expected to be seen after 3-Year Plan 2030

(Unit: 100 mil. yen)



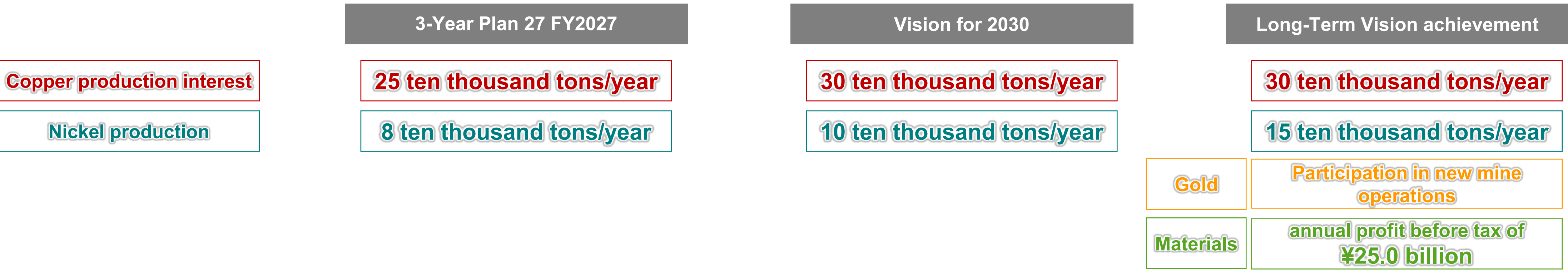
### ROCE (3-Year Plan 2027/FY2027)

Both Smelting & Refining and Materials businesses are expected to fall below the benchmark (6.5%)



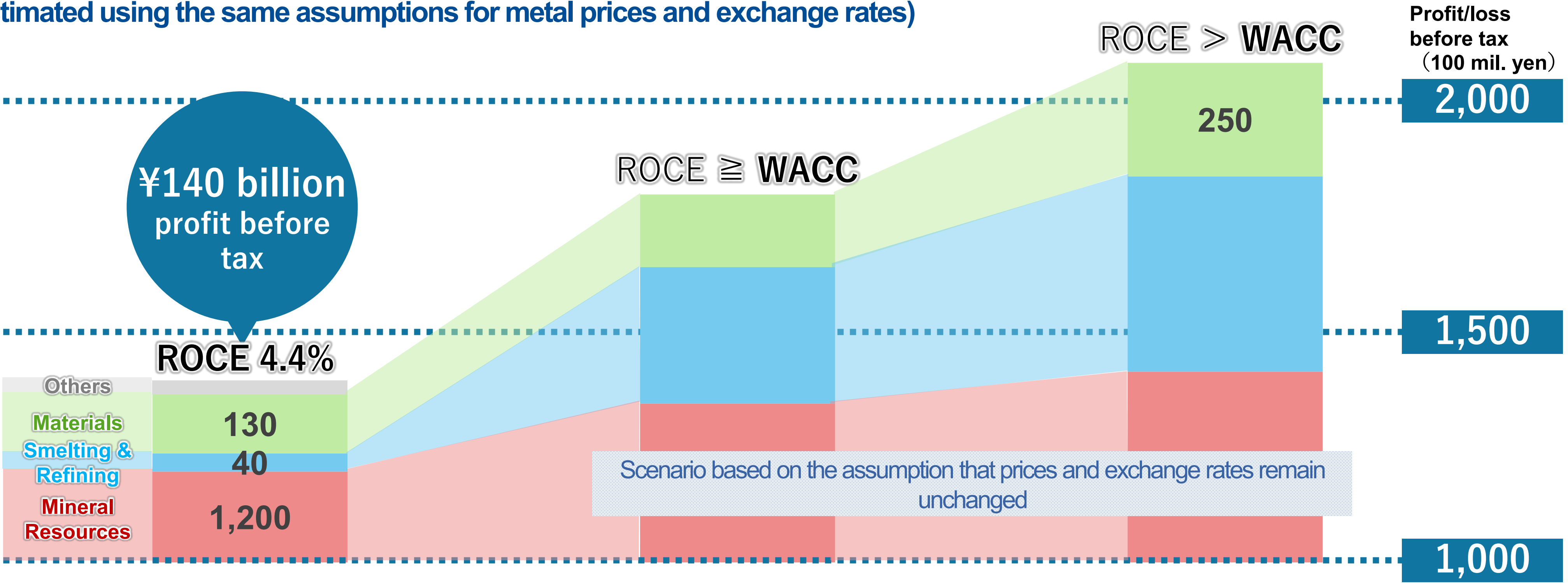
# 5. Goal of 3-Year Plan 27 and Subsequent Outlook

## 3) Future Vision



(Future profit levels are estimated using the same assumptions for metal prices and exchange rates)

|                                   |       |
|-----------------------------------|-------|
| Assumption<br>( = 3-Year Plan 27) |       |
| Copper (\$/t)                     | 9,400 |
| Ni (\$/lb)                        | 7.50  |
| Gold (\$/toz)                     | 2,400 |
| Exchange (¥/\$)                   | 140.0 |



# Conclusion

# Conclusion

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In our 3-Year Business Plan 2027, in addition to focusing on restoring business performance amid a challenging business environment and preparing for the coming recovery, we have also incorporated measures that represent a departure from our previous approach, such as enhancing and expanding shareholder returns and reforming our executive remuneration system. To give you a better picture of our vision, in today's presentation, we have also touched on our plans for beyond the period covered by 3-Year Business Plan 2027.

Amid recent growing uncertainty about the future due to the impact of US tariff policies and other factors, we will remain steadfast in our commitment to manufacturing, striving to restore our earning power based on my personal motto that “it is better to eliminate one negative factor from the past than to pursue profit from starting something new in the present.” We will also work to enhance our corporate value on a continuous basis, with the aim of realizing our Vision for 2030 and becoming a global leader in the non-ferrous metals industry.

As we move forward, I would like to express my sincere gratitude to all of our stakeholders for their continued support and guidance over the years.

Nobuhiro Matsumoto  
President and Representative Director  
May 2025

# VI Appendix

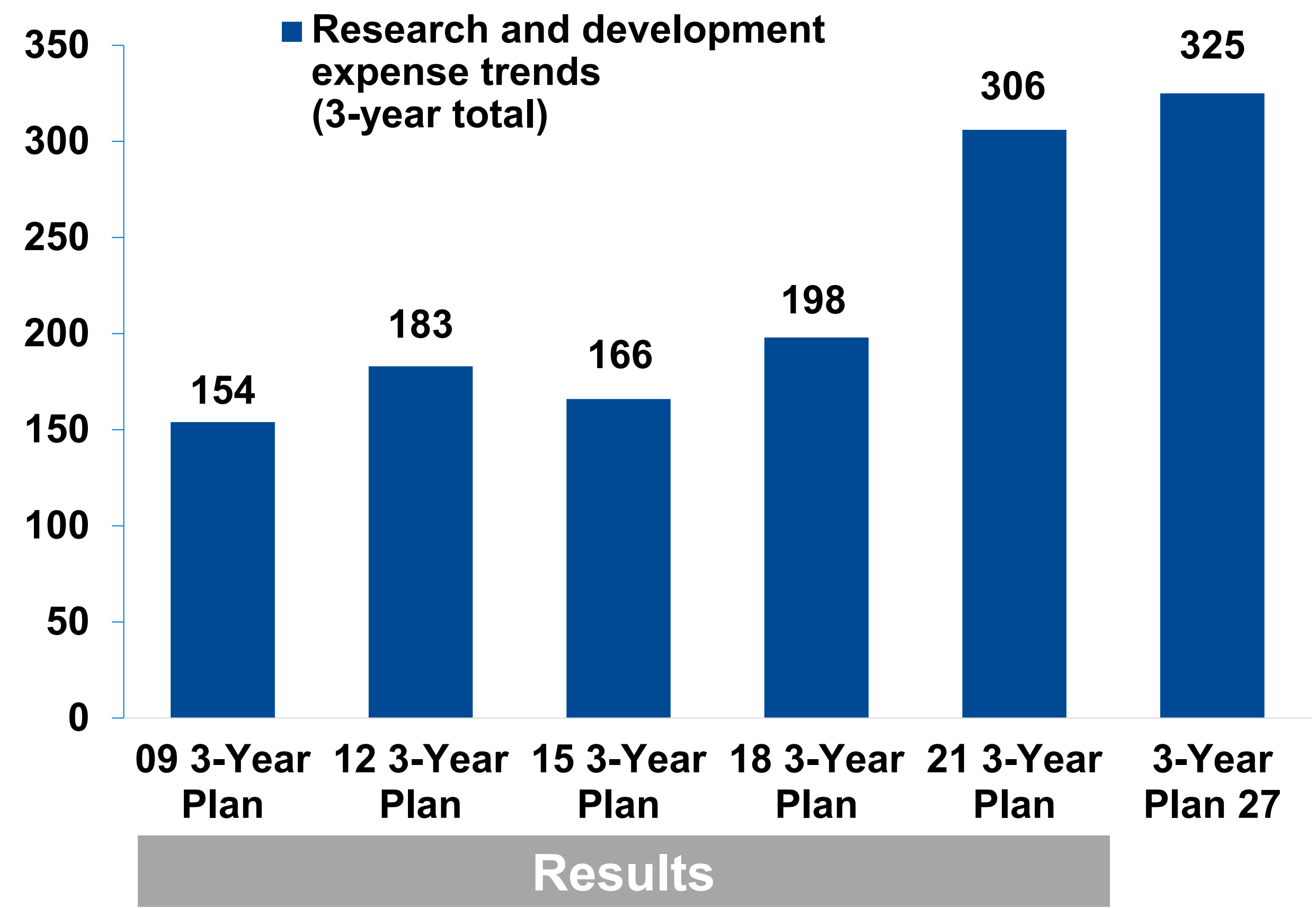
Research and Development Expenses

58

Focus on developing new products and processes that meet social demands

Further strengthen technologies\* that support sustainable growth

(Unit: 100 mil. yen)



Major themes during the 3-Year Plan 27 period

Development of products that contribute to low carbon emissions

Hydrogen production catalysts  
Cathode materials for solid-state batteries, etc.

Development of low-carbon smelting technologies

Lithium refining and recovery process  
Measures to reduce carbon from existing smelting and refining process  
Innovative smelting processes such as hydrogen reduction, etc

\*Technologies that support sustainable growth

- (1) Core technologies
  - Exploration, mining, and mineral processing technology
  - Smelting and refining process technology
  - Powder synthesis and surface treatment technology
  - Crystal growth and processing technology
- (2) Foundational technologies
  - Evaluation and analysis technology, computer simulation technology

Business Result Trends

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|   | 2022<br>results | 2023<br>results | 2024<br>results | 3-Year Plan 27<br>FY2027 |
|---|-----------------|-----------------|-----------------|--------------------------|
| Net sales (100 mil. yen)                                  | 14,230          | 14,454          | 15,933          | 13,800                   |
| Profit before tax (100 mil. yen)                          | 2,299           | 958             | 314             | 1,400                    |
| Profit (loss) based on equity<br>method (100 mil. yen)    | 365             | 331             | 87              | 460                      |
| Profit attributable to<br>owners of parent (100 mil. yen) | 1,606           | 586             | 165             | 980                      |
| ROCE (%)  | 8.3             | 4.5             | 0.8             | 4.4                      |
| Net income ROE (%)  | 10.4            | 3.4             | 0.9             | 5.4                      |
| Copper (\$/t)   | 8,551           | 8,362           | 9,370           | 9,400                    |
| Nickel (\$/lb)  | 11.63           | 8.68            | 7.51            | 7.5                      |
| Gold (\$/toz)   | 1,805           | 1,989           | 2,585           | 2,400                    |
| Exchange (¥/\$)   | 135.48          | 144.63          | 152.58          | 140.00                   |

Business Results (Segment Profit/Loss)

| Unit: 100 mil. yen                                       |                     | 2022<br>results | 2023<br>results | 2024<br>results | 3-Year Plan 27<br>FY2027 |
|--|---------------------|-----------------|-----------------|-----------------|--------------------------|
| Segment income   | Mineral Resources   | 764             | 528             | 1,018           | 1,200                    |
|  | Smelting & Refining | 1,179           | 622             | -71             | 40                       |
|  | Materials           | 173             | -72             | -542            | 130                      |
|  | Other               | -30             | -15             | -12             | 30<br>(-)                |
| Adjustments<br>(including gain/loss on foreign exchange) |                     | 213<br>(191)    | -105<br>(-106)  | -79<br>(43)     |                          |
| Profit/loss before tax                                   |                     | 2,299           | 958             | 314             | 1,400                    |

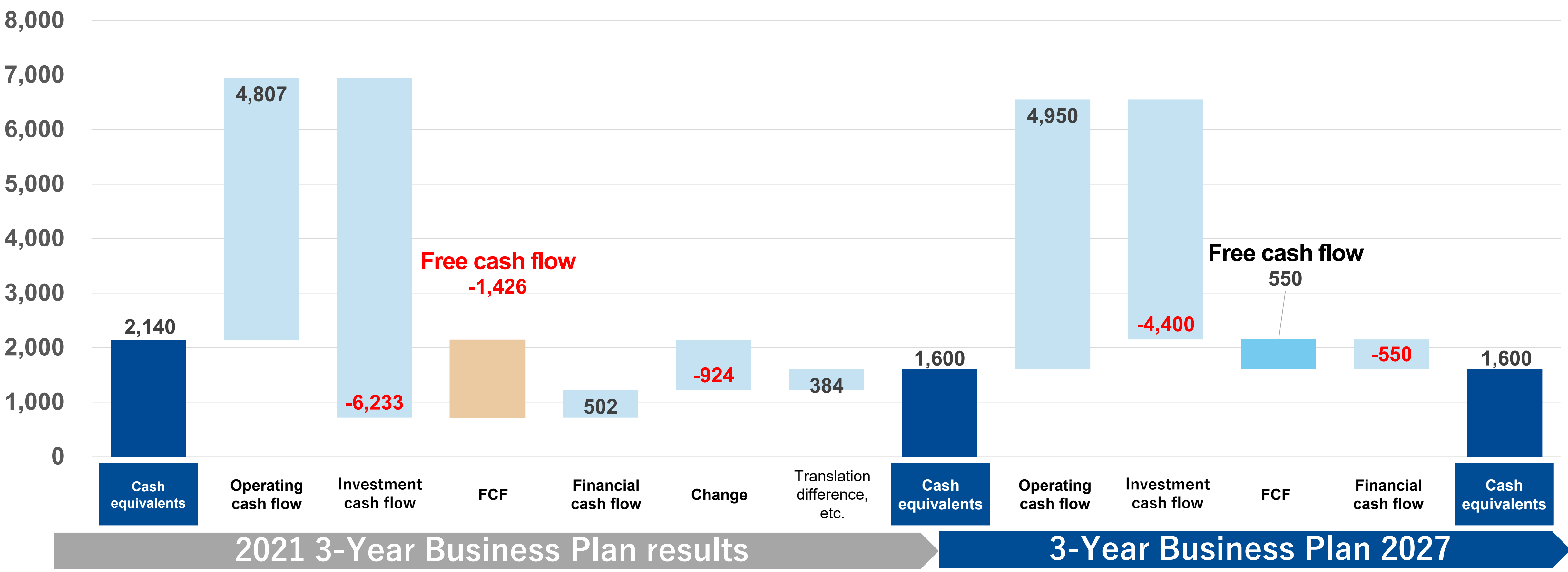
Consolidated Balance Sheet

| Unit: 100 mil. yen       | 3-Year Plan 27<br>FY2027 | End of FY2024<br>(results) | Change |
|--------------------------|--------------------------|----------------------------|--------|
| Total current assets     | 7,900                    | 9,763                      | -1,863 |
| Total non-current assets | 23,400                   | 20,923                     | +2,477 |
| Total assets             | 31,300                   | 30,686                     | +614   |
| Total liabilities        | 10,600                   | 10,192                     | +408   |
| Total net assets         | 20,700                   | 20,494                     | +206   |
| Total equity liabilities | 31,300                   | 30,686                     | +614   |
| Interest-bearing debt    | 6,200                    | 5,762                      | +438   |
| Equity ratio             | 58.6%                    | 60.1%                      | -1.5%  |
| D/E Ratio*               | 0.34                     | 0.31                       | +0.03  |

Cash Flow

Our investment in growth strategies has peaked, and we are seeing a positive free cash flow. We will maintain appropriate liquidity in preparation for future growth investments, and will promote the growth strategies outlined in our 3-Year Business Plan 2027.

Unit: 100 mil. yen



Metal Volume Under Mineral Resource Interests (1) Copper I

63

Major mines in which the SMM Group has interests

Morenci

SMM interest: 25%  
Mineral volume calculation standards: S-K 1300 (U.S.A.)/as of December 31, 2024

| (25%)  | Grade (%) | Copper volume (kt) |
|--|-----------|--------------------|
| Proven and probable mineral reserves<br>(Note: 1, 3)     | 0.21      | 1,950              |
| (25%)  | Grade (%) | Copper volume (kt) |
| Measured and indicated mineral resources<br>(Note: 2, 3) | 0.21      | 2,380              |
| Inferred mineral resources<br>(Note: 2, 3)               | 0.20      | 500                |

Reference

FY2024 production volume (result)

79.3 kt (25%)

Northparkes

SMM interest: 13.3%  
Mineral volume calculation standards: JORC Code 2012 (Australia)/as of December 31, 2023

| (13.3%)  | Grade (%) | Copper volume (kt) |
|--|-----------|--------------------|
| Proven and probable mineral reserves<br>(Note: 1, 3)     | 0.51      | 60                 |
| (13.3%)  | Grade (%) | Copper volume (kt) |
| Measured and indicated mineral resources<br>(Note: 2, 3) | 0.55      | 340                |
| Inferred mineral resources<br>(Note: 2, 3)               | 0.57      | 40                 |

Reference

FY2024 production volume (result)

4.8 kt (13.3%)

(Note) See slide 68 for notes.

Metal Volume Under Mineral Resource Interests (1) Copper II

64

Major mines in which the SMM Group has interests through equity-method affiliates

Cerro Verde

SMM interest: 16.8% (The figures in the table below are on a 100%)  
Mineral volume calculation standards: S-K 1300 (U.S.A.)/as of December 31, 2024

| (100%)   | Grade (%) | Copper volume (kt) |
|--|-----------|--------------------|
| Proven and probable mineral reserves<br>(Note: 1, 3)     | 0.34      | 13,280             |
| (100%)   | Grade (%) | Copper volume (kt) |
| Measured and indicated mineral resources<br>(Note: 2, 3) | 0.32      | 5,770              |
| Inferred mineral resources<br>(Note: 2, 3)               | 0.34      | 2,160              |

Reference

FY2024 production volume (result)

431 kt (100%)

Candelaria Complex (including Ojos del Salado)

SMM interest: 16% (The figures in the table below are on a 100%)  
Mineral volume calculation standards: NI-43-101 (Canada)/as of December 31, 2024

| (100%)   | Grade (%) | Copper volume (kt) |
|--|-----------|--------------------|
| Proven and probable mineral reserves<br>(Note: 1, 3)     | 0.47      | 2,890              |
| (100%)   | Grade (%) | Copper volume (kt) |
| Measured and indicated mineral resources<br>(Note: 2, 3) | 0.56      | 8,080              |
| Inferred mineral resources<br>(Note: 2, 3)               | 0.56      | 670                |

Reference

FY2024 production volume (result)

157 kt (100%)

(Note) See slide 68 for notes.

Metal Volume Under Mineral Resource Interests (1) Copper III

65

Major mines in which the SMM Group has interests through equity-method affiliates

Quebrada Blanca Copper Mine

SMM interest: 25% (The figures in the table below are on a 100%)  
Mineral volume calculation standards: NI-43-101 (Canada)/as of  
December 31, 2024

| (100%)   | Grade (%) | Copper volume (kt) |
|--|-----------|--------------------|
| Proven and probable mineral reserves<br>(Note: 1, 3)     | 0.52      | 7,130              |
| (100%)   | Grade (%) | Copper volume (kt) |
| Measured and indicated mineral resources<br>(Note: 2, 3) | 0.37      | 15,730             |
| Inferred mineral resources<br>(Note: 2, 3)               | 0.34      | 13,450             |

Reference

FY2024 production volume (result)

200 kt (100%)

(Note) See slide 68 for notes.

# Metal Volume Under Mineral Resource Interests (2) Gold I

## Major mines in which the SMM Group has interests

### Hishikari Mine

SMM interest: 100%  
Mineral volume calculation standards: JIS M 1001:1994 (Japan)  
/as of December 31, 2024  
(100%)

|                        | Grade (g/t) | Gold volume (t) |
|------------------------|-------------|-----------------|
| Gold mineable reserve* | 18.4        | 154             |

\*Calculated based on the Hishikari Mine Mineable Volume Calculation Standards, which complies with Japanese Industrial Standards (JIS) M1001-1994.

|                                   |              |
|-----------------------------------|--------------|
| Reference                         |              |
| FY2024 production volume (result) | 4.0 t (100%) |

# Metal Volume Under Mineral Resource Interests (2) Gold II

## Major mines in which the SMM Group has interests

### Côte Gold Mine (Côte Deposit)

JV interest: 30%  
Mineral volume calculation standards: NI-43-101 (Canada)/as of December 31, 2024

| (JV 30%)   | Grade (g/t) | Gold volume (t) |
|--|-------------|-----------------|
| Proven and probable mineral reserves<br>(Note: 1, 3)     | 1.00        | 68              |
| (JV 30%)   | Grade (g/t) | Gold volume (t) |
| Measured and indicated mineral resources<br>(Note: 2, 3) | 0.84        | 110*            |
| Inferred mineral resources<br>(Note: 2, 3)               | 0.61        | 11              |

#### Reference

FY2024 production volume (result)

2.3t (SMM interest)

\* For the Côte Gold Mine, in accordance with the operator’s reporting classification, the measured and indicated mineral resources (Côte Deposit and Gosselin Deposit) include the proven and probable mineral reserves.

### Côte Gold Mine (Gosselin Deposit)

JV interest: 30%  
Mineral volume calculation standards: NI-43-101 (Canada)/as of December 31, 2024

| (JV 30%)   | Grade (g/t) | Gold volume (t) |
|--|-------------|-----------------|
| Proven and probable mineral reserves<br>(Note: 1, 3)     | -           | -               |
| (JV 30%)   | Grade (g/t) | Gold volume (t) |
| Measured and indicated mineral resources<br>(Note: 2, 3) | 0.85        | 41*             |
| Inferred mineral resources<br>(Note: 2, 3)               | 0.75        | 28              |

Following exercise of repurchase option of interest by IAMGOLD, SMM’s JV interest declined from 39.7% to 30% at the end of November 2024

(Note) See slide 68 for notes.

# Metal Volume Under Mineral Resource Interests (3) Notes

## [Notes]

Please note the following points regarding each slide of the metal volume under mineral resource interests.

- The “measured mineral resources,” “indicated mineral resources,” or “inferred mineral resources” in this presentation do not necessarily mean that they are or will be economically or legally mineable. Further, “inferred mineral resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that any part or all of an inferred mineral resource will ever be upgraded to a higher category.
- The data set out in this presentation are estimates, and no assurance can be given that the anticipated volumes and grades will be achieved.

(Notes)

1. Proven and probable mineral reserves represent the volume where mining is economically feasible, calculated based on mineral volume calculation standards of each country.
2. The volume of mineral resources represents the volume of minerals discovered, calculated based on mineral volume calculation standards of each country and classified based on the certainty of ore grade and volume. The volume of mineral resources is classified as “measured,” “indicated,” or “inferred” in the order of precision. To be considered as reserves where mining is economically feasible, the precision needs to be “indicated” or higher.
3. Figures for proven and probable mineral reserves, measured and indicated mineral resources, and inferred mineral resources are those as of December 31, 2023 or December 2024.

The classification of proven and probable mineral reserves, measured and indicated mineral resources, and inferred mineral resources is based on reports from the operating companies that have the operator rights of the copper mines.

Price Sensitivity

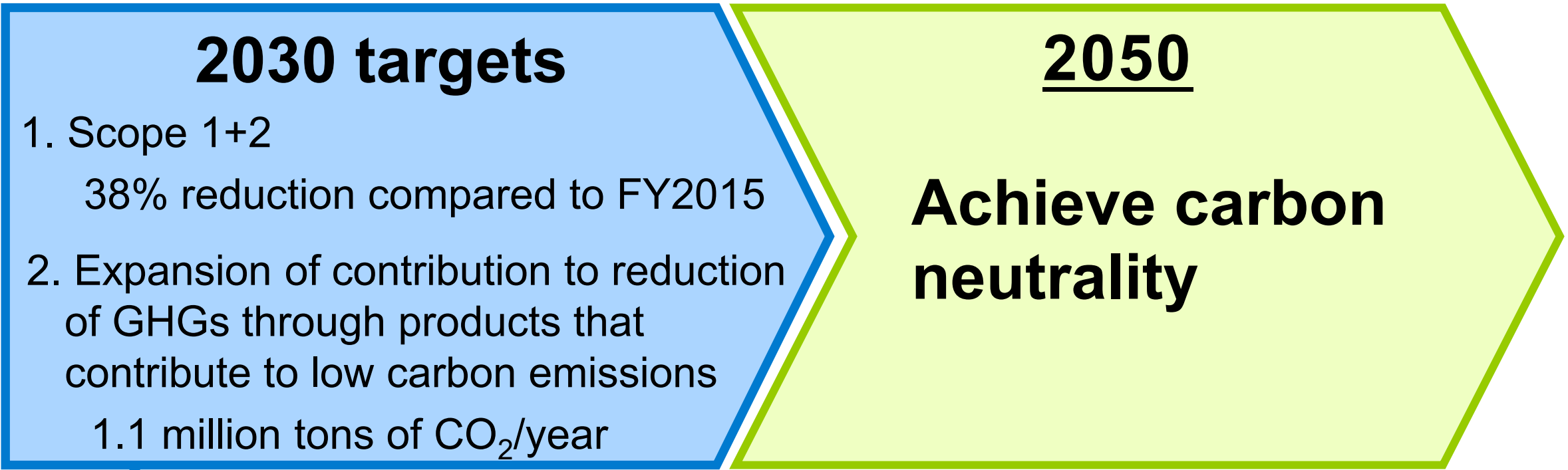
Unit: 100 mil. yen

| Element                    | Fluctuation | 3-Year Plan 27<br>FY27<br>Profit before tax | 21 3-Year Plan<br>FY24<br>Profit before tax |
|----------------------------|-------------|---|---|
| Cu                         | ± 100\$/t   | 32  | 29  |
| Ni                         | ± 10 ¢ /lb  | 15  | 16  |
| Au                         | ± 10\$/toz  | 3   | 3   |
| Exchange rate<br>(Yen/USD) | ± 1¥/\$     | 16  | 17  |

Note: The monetary value of the impact of exchange rate fluctuations provided above is the sum of the revenue from metal processing operations in Japan and FOREX differences in foreign operations.

# Contribution to a Carbon-Neutral Society

## Roadmap to achieve net zero GHG emissions by 2050



**1.Scope 1+2 (own emissions)**

- Energy conservation and increases in efficiency
- Reconstruction of production processes
- Transition from heavy oil to LNG
- Switch to renewable energy

**Scope 3 (value chain)**

Assessment of current situation and goal setting:  
By the end of FY2025

## Action until FY2030

**Maximum utilization of available technologies**

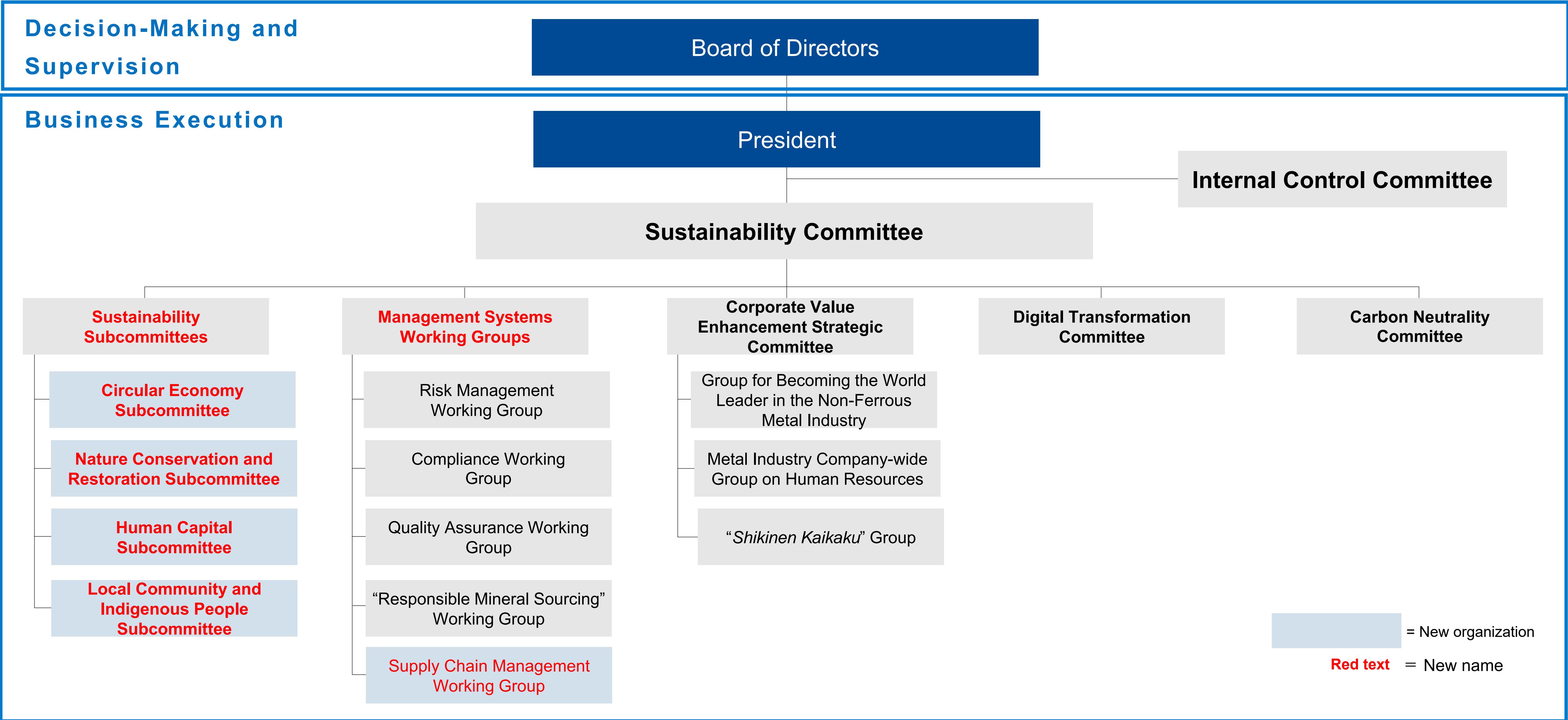
- Expansion of transition from heavy oil and coal to LNG and woody biomass fuel
- Electrification of equipment that uses heat
- Expanded introduction of renewable electric power
- Utilization of carbon credits
- Expanded use of renewable energy
- Use of renewable energy certificates

**2. Expansion of contribution to reduction of GHGs through products that contribute to low carbon emissions**

- 1) Development and supply of products that contribute to low carbon emissions
  - Battery cathode materials (solid-state batteries)
  - Hydrogen production catalyst materials (Ni powder)
  - Highly advanced materials (functional inks, silicon carbide, etc.)
- 2) Development of low-carbon smelting technologies
  - Hydrogen reduction smelting technology
  - Direct Lithium Extraction technology

Sustainability Promotion Structure (April 2025 and Beyond)

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# Disclaimer

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The materials provided herein are not intended as disclosure materials under the Financial Instruments and Exchange Act of Japan. We provide no guarantee as to their completeness or accuracy.

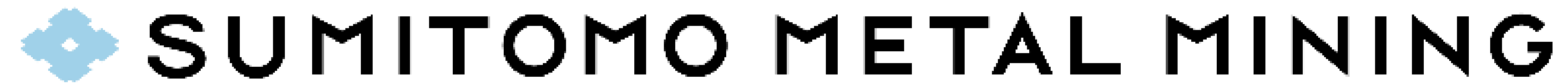
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