



## Consolidated Financial Results for the First Quarter Ended June 30, 2022 [IFRS]

August 8, 2022

[Full version of English translation released on August 24, 2022]

Listed Company Name: Sumitomo Metal Mining Co., Ltd.  
 Code: 5713  
 Listings: Tokyo Stock Exchange  
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 Scheduled Date to Submit Quarterly Report: August 10, 2022  
 Scheduled Date to Start Dividend Payment: —  
 Preparation of Supplementary Explanation Materials for Quarterly Financial Results: Yes  
 Briefing on Quarterly Account Settlement: Yes (for institutional investors)

(Amounts less than one million yen are rounded off)

### 1. Consolidated Financial Results (From April 1, 2022, to June 30, 2022)

#### (1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	357,659	21.5	104,041	73.6	81,377	76.8	76,459	77.6	127,858	48.0
Three months ended June 30, 2021	294,325	54.3	59,939	—	46,031	—	43,055	—	86,409	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	278.27	278.27
Three months ended June 30, 2021	156.69	156.69

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2022	2,361,757	1,635,283	1,508,354	63.9
As of March 31, 2022	2,268,756	1,557,418	1,445,329	63.7

### 2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	—	113.00	—	188.00	301.00
Year ending March 31, 2023	—				
Year ending March 31, 2023 (Forecast)		87.00	—	88.00	175.00

(Note) Revision of dividend forecast that has been disclosed lastly: None

**3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2023  
(From April 1, 2022, to March 31, 2023)**

(% figures show year-on-year change)

	Net sales		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	689,000	15.2	149,000	22.5	110,000	-8.5	103,000	-9.5	374.86
Full year	1,357,000	7.8	218,000	-39.0	162,000	-45.7	148,000	-47.3	538.63

(Note) Revision of operating results forecast that has been disclosed lastly: Yes

For further details, please refer to “1. Qualitative Information on Quarterly Financial Results, (3) Forward-Looking Information Including Forecast of Consolidated Operating Results and Other” on page 5.

Notes

- (1) Change in Important Subsidiaries during the Period under Review (Change in specific subsidiaries that will accompany a change in scope of consolidation): None
- (2) Changes in Accounting Policies or Estimates
- |                                                             |      |
|-------------------------------------------------------------|------|
| 1) Changes in accounting policies required by IFRS:         | None |
| 2) Changes in accounting policies other than item 1) above: | None |
| 3) Change in accounting estimates:                          | None |
- (3) Number of Outstanding Shares (Common stock)
- |                                                                           |  |
|---------------------------------------------------------------------------|--|
| 1) Number of shares issued as of end of period (including treasury stock) |  |
| 290,814,015 shares at June 30, 2022                                       |  |
| 290,814,015 shares at March 31, 2022                                      |  |
| 2) Number of shares of treasury stock as of end of period                 |  |
| 16,045,402 shares at June 30, 2022                                        |  |
| 16,044,559 shares at March 31, 2022                                       |  |
| 3) Average number of shares during the period                             |  |
| 274,768,927 shares for three months ended June 30, 2022                   |  |
| 274,774,455 shares for three months ended June 30, 2021                   |  |

The consolidated financial results presented herein are not subject to the quarterly review by certified public accountants or audit corporations.

Explanation regarding appropriate use of operating results forecast and other special notes

The forward-looking statements, including business results forecast, contained in this report are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this report and they are not meant to be a commitment by the Company. Also, actual business results may differ substantially due to a number of factors.

(Supplementary Explanation Materials for Quarterly Financial Results)

The Supplementary Explanation Materials will be posted on the Company’s website on Monday, August 8, 2022.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Business Performance

	(Millions of yen)		
	Net sales	Profit before tax	Profit attributable to owners of parent
Three months ended June 30, 2022	357,659	104,041	76,459
Three months ended June 30, 2021	294,325	59,939	43,055
Increase/decrease [Rate of change: %]	63,334 [21.5]	44,102 [73.6]	33,404 [77.6]

### (Overseas market prices and foreign exchange rates)

	Unit	Three months ended June 30, 2021	Three months ended June 30, 2022	Increase/decrease
Copper	\$/t	9,711	9,526	-185
Gold	\$/TOZ	1,815.3	1,873.0	57.7
Nickel	\$/lb	7.87	13.17	5.30
Exchange rate (TTM)	¥/\$	109.50	129.58	20.08

The global economy during the first three months of fiscal 2022, the year ending March 31, 2023, was generally on a recovery trend. This was mainly due to the progress of a policy shift especially in Europe and the United States toward balancing prevention measures against COVID-19 with economic activities, despite supply chain disruptions of production goods in China, where strict prevention measures against COVID-19 were enforced. However, Russia's invasion of Ukraine in late February 2022 caused energy, food, and other prices to soar, triggering inflation and dampening the pace of global economic recovery.

As for exchange rates, the yen depreciated sharply in line with a short-term widening of the interest rate differential between Japan and the United States as Japan maintained its policy of monetary easing, while the United States shifted toward tighter monetary policy to control rising prices.

Regarding the prices of major non-ferrous metals, copper prices rose toward the end of the previous fiscal year, but shifted to a downward trend during the first three months of fiscal 2022 against a backdrop of concerns over an economic recession due mainly to strict prevention measures against COVID-19 in China and a series of interest rate hikes mainly in Europe and the United States. However, prices generally remained close to average prices in the same period of the previous fiscal year. Nickel prices rose sharply toward the end of the previous fiscal year as demand rose on increased production of electric vehicles (EVs) in Europe and the United States. Prices then turned a downward trend due mainly to concerns over an economic recession, but remained above average prices in the same period of the previous fiscal year. Gold prices shifted to a downward trend due to large interest rate hikes in the United States, among other factors, but remained above average prices in the same period of the previous fiscal year.

In industries related to the Materials business, there were signs of shrinking demand for components for electronic parts, mainly due to a decline in smartphone shipments stemming from sluggish demand in China and other factors. Meanwhile, demand for automobile battery components continued its expansion trend in line with the accelerating trend of shifting from gasoline-powered vehicles to EVs, particularly in developed countries, amid efforts targeting carbon neutrality by 2050.

Under these circumstances, consolidated net sales in the first three months of fiscal 2022 increased by ¥63,334 million year over year to ¥357,659 million, due mainly to year-over-year increases in the prices of nickel and gold, and increased sales of automobile battery components, for which there was strong demand.

Consolidated profit before tax increased by ¥44,102 million year over year to ¥104,041 million, due mainly to an increase in sales, an upturn in finance income resulting from the ongoing depreciation of the yen, and an upturn in the share of profit of investments accounted for using equity method on the back of high non-ferrous metals prices.

Profit attributable to owners of parent increased by ¥33,404 million year over year to ¥76,459 million, mainly due to the increase in consolidated profit before tax.

Operating results by reportable segment are as follows.

(Mineral Resources segment)				(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022	Increase/decrease	Rate of change (%)	
Net sales	36,496	45,796	9,300	25.5	
Segment income	33,608	34,529	921	2.7	

Segment income increased year over year due to an increase in income at subsidiaries and equity-method associates because of high non-ferrous metals prices, as well as the depreciation of the yen, although the results of the Sierra Gorda Copper Mine, for which all of the Company's interests were transferred in the previous fiscal year, are excluded from those of the first three months of fiscal 2022.

The statuses of the main mines are as follows.

Mining operations at the Hishikari Mine remained steady, targeting annual sales volume of 4.4 tonnes, and the sales volume of gold in the first three months of fiscal 2022 was 1.4 tonnes.

Production levels at the Morenci Copper Mine (United States) (of which the Company holds a 25% interest, excluding non-controlling interest) was unchanged from the same period of the previous fiscal year at 97,000 tonnes, due to the continued impact of COVID-19.

Production levels at the Cerro Verde Copper Mine (Peru) (of which the Company holds a 16.8% interest, excluding non-controlling interest) rose from the same period of the previous fiscal year to 107,000 tonnes, due to an increase in ore grade.

(Smelting & Refining segment)				(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022	Increase/decrease	Rate of change (%)	
Net sales	222,987	274,928	51,941	23.3	
Segment income	22,744	56,388	33,644	147.9	

(Output by the Company's major product)

Product	Unit	Three months ended June 30, 2021	Three months ended June 30, 2022	Increase/decrease
Copper	t	104,991	111,004	6,013
Gold	kg	4,186	4,231	45
Electrolytic nickel	t	13,415	12,900	-515
Ferronickel	t	2,665	3,085	420

(Note) Output includes the portions of commissioning and/or commissioned production.

Segment income increased year over year, due mainly to an increase in nickel prices and the depreciation of the yen.

The production level and sales volume of electrolytic copper increased from the same period of the previous fiscal year, while the production level and sales volume of electrolytic nickel declined year over year.

The production level at Coral Bay Nickel Corporation (Philippines) decreased year over year as operations did not proceed as planned due to continued bad weather and other factors. The production level at Taganito HPAL Nickel Corporation (Philippines) rose from the same period of the previous fiscal year, due to steady operations.

(Materials segment)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Increase/decrease	Rate of change (%)
Net sales	65,504	75,309	9,805	15.0
Segment income	6,668	9,619	2,951	44.3

Segment income increased year over year, due to an increase in sales from automobile battery components, for which demand is growing against the backdrop of the accelerating shift toward carbon neutrality, despite signs of shrinking demand for components for electronic parts in China.

(2) Financial Position

1) Financial Position

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022	Increase/decrease
Total assets	2,268,756	2,361,757	93,001
Total liabilities	711,338	726,474	15,136
Total equity	1,557,418	1,635,283	77,865

Total assets as of June 30, 2022 increased from those as of March 31, 2022. Although cash and cash equivalents and other financial assets decreased, inventories increased due to non-ferrous metals prices that remained high and the depreciation of the yen, while property, plant and equipment increased due to capital expenditures and the depreciation of the yen. In addition, investments accounted for using equity method increased due to the recording of share of profit of investments accounted for using equity method and the depreciation of the yen.

Total liabilities as of June 30, 2022 increased from those as of March 31, 2022. Although trade and other payables decreased, bonds and borrowings under current liabilities increased due to the issuance of short-term bonds.

Total equity as of June 30, 2022 increased from those as of March 31, 2022. Retained earnings increased due to the recording of profit, and the exchange differences on translation of foreign operations in other components of equity increased due to the depreciation of the yen.

2) Cash Flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Increase/decrease
Net cash provided by operating activities	3,547	921	-2,626
Net cash used in investing activities	(11,352)	(652)	10,700
Net cash used in financing activities	(28,248)	(31,602)	-3,354
Effect of exchange rate changes on cash and cash equivalents	2,740	14,621	11,881
Cash and cash equivalents at beginning of period	158,373	213,977	55,604
Cash and cash equivalents at end of period	125,060	197,265	72,205

Net cash provided by operating activities during the first three months of fiscal 2022 decreased from the same period of the previous fiscal year, due mainly to a decrease in trade and other payables and an increase in inventories, despite an increase in profit before tax.

Net cash used in investing activities decreased from the same period of the previous fiscal year, due mainly to proceeds from withdrawal of time deposits, despite increases in purchase of property, plant and equipment and payments for long-term loans receivable.

Net cash used in financing activities increased from the same period of the previous fiscal year, due mainly to increases in repayments of short-term borrowings and dividends paid, despite proceeds from short-term borrowings and proceeds from issuance of bonds.

(3) Forward-Looking Information Including Forecast of Consolidated Operating Results and Other  
(Overseas market prices and foreign exchange rates)

	Unit	FY2022 First Three Months Results	FY2022 Second Quarter Forecast	FY2022 First Six Months Forecast	FY2022 Third and Fourth Quarter Forecast	Year ending March 31, 2023 Full Year Forecast
Copper	\$/t	9,526	7,000	8,263	8,200	8,232
Gold	\$/TOZ	1,873.0	1,700.0	1,786.5	1,700.0	1,743.3
Nickel	\$/lb	13.17	9.50	11.33	9.50	10.42
Exchange rate (TTM)	¥/\$	129.58	135.00	132.29	130.00	131.15

In the business environment surrounding the SMM Group, in the non-ferrous metals industry the supply-demand balance for copper is expected to remain in a state of oversupply, partly due to growing concerns over falling demand in China. However, demand is expected to recover gradually from the third quarter of fiscal 2022 onward, although this will depend on how China's strict prevention measures against COVID-19 affect the supply chain. Meanwhile, nickel prices are expected to converge at an appropriate level in line with the supply-demand balance as demand for automobile batteries remains strong, despite concerns over an economic recession due to higher interest rates and other factors.

As for industries related to the Materials business, demand for components for electronic parts is expected to remain shrinking over the near term as concerns over an economic recession cannot be dispelled due to rising energy and other prices, as well as the impact of China's strict prevention measures against COVID-19. On the other hand, demand for automobile battery components is expected to be robust against the back drop of the accelerating shift toward carbon neutrality.

As for the forecast of consolidated operating results for the first six months of fiscal 2022, we have revised our forecast for major non-ferrous metals prices by predicting the abovementioned supply-demand balance and considering the current level, and have also revised our forecast for foreign exchange rates based on the current trend. As a result, net sales are expected to reach ¥689.0 billion, profit before tax of ¥149.0 billion, profit of ¥110.0 billion, and profit attributable to owners of parent of ¥103.0 billion on a consolidated basis.

With regard to the forecast of consolidated operating results for fiscal 2022, based on assumptions of the forecast of consolidated operating results for the first six months of fiscal 2022, we have revised our forecast for the non-ferrous metal price level from the third quarter of fiscal 2022 onward by predicting the future supply-demand balance, and have also revised our forecast for foreign exchange rates based on the current trend. As a result, net sales are expected to reach ¥1,357.0 billion, profit before tax of ¥218.0 billion, profit of ¥162.0 billion, and profit attributable to owners of parent of ¥148.0 billion on a consolidated basis.

Forecast of consolidated operating results for the first six months of fiscal 2022 (Revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	88,000	515,000	159,000	762,000	4,000	(77,000)	689,000
Segment income	52,000	85,000	13,000	150,000	(1,000)	0	149,000

Forecast of consolidated operating results for fiscal 2022 (Revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	172,000	998,000	319,000	1,489,000	10,000	(142,000)	1,357,000
Segment income	88,000	121,000	12,000	221,000	(2,000)	(1,000)	218,000

## 2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

### (1) Condensed Quarterly Consolidated Statement of Financial Position

	FY2021 (As of March 31, 2022)	First Quarter of FY2022 (As of June 30, 2022)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	213,977	197,265
Trade and other receivables	187,310	190,165
Other financial assets	49,342	24,965
Inventories	420,136	465,170
Other current assets	44,354	47,384
Total current assets	915,119	924,949
Non-current assets		
Property, plant and equipment	507,822	550,575
Intangible assets and goodwill	56,586	59,275
Investment property	3,477	3,477
Investments accounted for using equity method	368,751	399,891
Other financial assets	387,507	393,332
Deferred tax assets	1,645	1,719
Other non-current assets	27,849	28,539
Total non-current assets	1,353,637	1,436,808
Total assets	2,268,756	2,361,757



	FY2021 (As of March 31, 2022)	First Quarter of FY2022 (As of June 30, 2022)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	206,013	184,905
Bonds and borrowings	120,983	156,231
Other financial liabilities	7,027	5,059
Income taxes payable	24,940	27,784
Provisions	6,101	3,335
Other current liabilities	19,727	23,399
Total current liabilities	384,791	400,713
Non-current liabilities		
Bonds and borrowings	210,249	209,598
Other financial liabilities	9,579	9,272
Provisions	25,107	27,951
Retirement benefit liability	5,310	5,211
Deferred tax liabilities	75,631	73,031
Other non-current liabilities	671	698
Total non-current liabilities	326,547	325,761
Total liabilities	711,338	726,474
Equity		
Share capital	93,242	93,242
Capital surplus	90,213	90,213
Treasury shares	(38,056)	(38,060)
Other components of equity	124,304	162,531
Retained earnings	1,175,626	1,200,428
Total equity attributable to owners of parent	1,445,329	1,508,354
Non-controlling interests	112,089	126,929
Total equity	1,557,418	1,635,283
Total liabilities and equity	2,268,756	2,361,757

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income  
 (Condensed Quarterly Consolidated Statement of Profit or Loss)

	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
	Millions of yen	Millions of yen
Net sales	294,325	357,659
Cost of sales	(238,768)	(263,196)
Gross profit	55,557	94,463
Selling, general and administrative expenses	(11,799)	(14,435)
Finance income	3,903	27,035
Finance costs	(1,899)	(1,406)
Share of profit (loss) of investments accounted for using equity method	10,378	12,262
Other income	4,658	1,431
Other expenses	(859)	(15,309)
Profit before tax	59,939	104,041
Income tax expense	(13,908)	(22,664)
Profit	46,031	81,377
Profit attributable to:		
Owners of parent	43,055	76,459
Non-controlling interests	2,976	4,918
Profit	46,031	81,377
Earnings per share		
Basic earnings per share (Yen)	156.69	278.27
Diluted earnings per share (Yen)	156.69	278.27

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
	Millions of yen	Millions of yen
Profit	46,031	81,377
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	3,394	(12,617)
Share of other comprehensive income of investments accounted for using equity method	(40)	(3)
Total of items that will not be reclassified to profit or loss	3,354	(12,620)
Items that will be reclassified to profit or loss:		
Cash flow hedges	(723)	3,114
Exchange differences on transition of foreign operations	23,271	35,352
Share of other comprehensive income of investments accounted for using equity method	14,476	20,635
Total of items that will be reclassified to profit or loss	37,024	59,101
Other comprehensive income, net of tax	40,378	46,481
Comprehensive income	86,409	127,858
Comprehensive income attributable to:		
Owners of parent	78,914	114,686
Non-controlling interests	7,495	13,172
Comprehensive income	86,409	127,858

(3) Condensed Quarterly Consolidated Statement of Changes in Equity  
For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on transition of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2021	93,242	87,604	(38,027)	(45,083)	(1,987)	72,218
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	33,242	(737)	3,354
Total comprehensive income	—	—	—	33,242	(737)	3,354
Purchase of treasury shares	—	—	(6)	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	(681)
Transactions with owners - total	—	—	(6)	—	—	(681)
As of June 30, 2021	93,242	87,604	(38,033)	(11,841)	(2,724)	74,891

	Equity attributable to owners of parent					
	Other components of equity				Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total	Retained earnings	Total		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2021	—	25,148	945,956	1,113,923	109,060	1,222,983
Profit	—	—	43,055	43,055	2,976	46,031
Other comprehensive income	—	35,859	—	35,859	4,519	40,378
Total comprehensive income	—	35,859	43,055	78,914	7,495	86,409
Purchase of treasury shares	—	—	—	(6)	—	(6)
Dividends	—	—	(27,203)	(27,203)	(387)	(27,590)
Changes in ownership interest in subsidiaries	—	—	—	—	2,304	2,304
Transfer to retained earnings	—	(681)	681	—	—	—
Transactions with owners - total	—	(681)	(26,522)	(27,209)	1,917	(25,292)
As of June 30, 2021	—	60,326	962,489	1,165,628	118,472	1,284,100

For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on transition of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2022	93,242	90,213	(38,056)	16,406	(944)	108,842
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	47,621	3,226	(12,620)
Total comprehensive income	—	—	—	47,621	3,226	(12,620)
Purchase of treasury shares	—	—	(4)	—	—	—
Disposal of treasury shares	—	—	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transactions with owners - total	—	—	(4)	—	—	—
As of June 30, 2022	93,242	90,213	(38,060)	64,027	2,282	96,222

	Equity attributable to owners of parent					
	Other components of equity				Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total	Retained earnings	Total		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2022	—	124,304	1,175,626	1,445,329	112,089	1,557,418
Profit	—	—	76,459	76,459	4,918	81,377
Other comprehensive income	—	38,227	—	38,227	8,254	46,481
Total comprehensive income	—	38,227	76,459	114,686	13,172	127,858
Purchase of treasury shares	—	—	—	(4)	—	(4)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(51,657)	(51,657)	(3,576)	(55,233)
Changes in ownership interest in subsidiaries	—	—	—	—	5,244	5,244
Transactions with owners - total	—	—	(51,657)	(51,661)	1,668	(49,993)
As of June 30, 2022	—	162,531	1,200,428	1,508,354	126,929	1,635,283

#### (4) Condensed Quarterly Consolidated Statement of Cash Flows

	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	59,939	104,041
Depreciation and amortization expense	11,091	12,202
Share of loss (profit) of investments accounted for using equity method	(10,378)	(12,262)
Increase or decrease in retirement benefit asset or liability	942	(70)
Increase (decrease) in provisions	(3,063)	(1,993)
Finance income	(3,903)	(27,035)
Finance costs	1,899	1,406
Decrease (increase) in trade and other receivables	(6,176)	(756)
Decrease (increase) in inventories	(32,605)	(40,046)
Increase (decrease) in trade and other payables	(1,512)	(22,700)
Decrease (increase) in advance payments to suppliers	(2,571)	(1,166)
Increase (decrease) in accrued consumption taxes	2,572	1,981
Other	3,854	33
Subtotal	20,089	13,635
Interest received	87	319
Dividends received	4,494	9,806
Interest paid	(329)	(806)
Income taxes paid	(20,794)	(22,033)
Net cash provided by (used in) operating activities	3,547	921
Cash flows from investing activities		
Payments into time deposits	(19)	(21)
Proceeds from withdrawal of time deposits	—	42,171
Purchase of securities	—	(6,279)
Purchase of property, plant and equipment	(13,350)	(21,286)
Proceeds from sale of property, plant and equipment	1,036	28
Purchase of intangible assets	(449)	(102)
Proceeds from sale of investment securities	1,420	—
Purchase of shares of subsidiaries and associates	(89)	(3,723)
Collection of short-term loans receivable	142	168
Payments for long-term loans receivable	(56)	(11,210)
Collection of long-term loans receivable	14	12
Other	(1)	(410)
Net cash provided by (used in) investing activities	(11,352)	(652)
Cash flows from financing activities		
Proceeds from short-term borrowings	32,892	83,268
Repayments of short-term borrowings	(32,687)	(91,296)
Proceeds from long-term borrowings	11,012	—

	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
	Millions of yen	Millions of yen
Repayments of long-term borrowings	(17,697)	(3,054)
Proceeds from issuance of bonds	4,000	30,000
Proceeds from share issuance to non-controlling shareholders	2,304	5,244
Dividends paid	(27,203)	(51,657)
Dividends paid to non-controlling interests	(387)	(3,576)
Other	(482)	(531)
Net cash provided by (used in) financing activities	<u>(28,248)</u>	<u>(31,602)</u>
Net increase (decrease) in cash and cash equivalents	(36,053)	(31,333)
Cash and cash equivalents at beginning of period	158,373	213,977
Effect of exchange rate changes on cash and cash equivalents	2,740	14,621
Cash and cash equivalents at end of period	<u>125,060</u>	<u>197,265</u>

## (5) Notes Relating to the Condensed Quarterly Consolidated Financial Statements

### (Note Relating to the Going Concern Assumption)

There are no pertinent items.

### (Changes in Accounting Policies)

There are no pertinent items.

### (Changes in Presentation Method)

#### (Condensed Quarterly Consolidated Statement of Cash Flows)

“Payments for long-term loans receivable,” which was included in “other” under “cash flows from investing activities” in the first three months ended June 30, 2021, is presented separately due to its increased materiality. To reflect this change in the presentation method, a reclassification has been made to the condensed quarterly consolidated financial statements for the first three months ended June 30, 2021.

As a result, “other” of ¥(57) million, which was presented under “cash flows from investing activities” in the condensed quarterly consolidated statement of cash flows for the first three months ended June 30, 2021, has been reclassified as “payments for long-term loans receivable” of ¥(56) million and “other” of ¥(1) million.

### (Operating Segments)

#### (1) Summary of reportable segments

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

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

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

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

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

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

In the Materials segment, the Company mainly engages in manufacturing, processing and sales of battery materials (e.g., nickel hydroxide, lithium nickel oxide), pastes, powder materials (e.g., nickel powder), crystal materials (e.g., lithium tantalate substrates, lithium niobate substrates) and tape materials; and manufacturing and sales of automotive exhaust processing catalysts, chemical catalysts, petroleum refinery and desulfurization catalysts and autoclaved lightweight concrete (ALC) products.

#### (2) Information on the amounts of net sales and income (loss) by reportable segments

The accounting methods employed for the reportable segments are almost the same as the accounting policies for the creation of the condensed quarterly consolidated financial statements, with the exception of the recording by each operating segment of amounts corresponding to interest on internal loans, as determined in the statement of financial position of each segment.

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



Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(Millions of yen)

	Reportable Segments				Other Businesses <sup>1</sup>	Total	Adjustments <sup>2</sup>	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total				
Net sales:								
Outside customers	23,414	211,080	58,955	293,449	876	294,325	—	294,325
Inter-segment	13,082	11,907	6,549	31,538	1,408	32,946	(32,946)	—
Total	36,496	222,987	65,504	324,987	2,284	327,271	(32,946)	294,325
Segment income <sup>3</sup>	33,608	22,744	6,668	63,020	(15)	63,005	(3,066)	59,939

(Notes)

1. The Other Businesses segment refers to operating segments and other income-seeking business activities that are under the control of the Head Office divisions/departments and are engaged in by business segments other than those included in the reportable segments. Other Businesses include real estate and technical engineering businesses.
2. The adjustments for segment income of ¥(3,066) million consist primarily of eliminations of inter-segment transactions, general administrative expenses and finance income and costs, which are not attributable to the reportable segments.
3. Segment income is adjusted against the profit before tax on the condensed quarterly consolidated statement of profit or loss.

Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(Millions of yen)

	Reportable Segments				Other Businesses <sup>1</sup>	Total	Adjustments <sup>2</sup>	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total				
Net sales:								
Outside customers	29,869	258,202	68,699	356,770	889	357,659	—	357,659
Inter-segment	15,927	16,726	6,610	39,263	1,408	40,671	(40,671)	—
Total	45,796	274,928	75,309	396,033	2,297	398,330	(40,671)	357,659
Segment income <sup>3</sup>	34,529	56,388	9,619	100,536	(854)	99,682	4,359	104,041

(Notes)

1. The Other Businesses segment refers to operating segments and other income-seeking business activities that are under the control of the Head Office divisions/departments and are engaged in by business segments other than those included in the reportable segments. Other Businesses include real estate and technical engineering businesses.
2. The adjustments for segment income of ¥4,359 million consist primarily of eliminations of inter-segment transactions, general administrative expenses and finance income and costs, which are not attributable to the reportable segments.
3. Segment income is adjusted against the profit before tax on the condensed quarterly consolidated statement of profit or loss.

### 3. Supplementary Information

#### Sales Volume, Unit Price and Net Sales for Major Products (the Company)

Segment	Product	Unit	FY2022 First Three Months Results
Mineral Resources	Gold and silver ores  (Gold content)	t	37,515
		¥1,000/DMT	288
		¥million	10,802
		(kg)	(1,431)
Smelting & Refining	Copper	t	110,804
		¥1,000/t	1,247
		¥million	138,208
	Gold	kg	4,244
		¥/g	7,679
		¥million	32,588
	Silver	kg	53,241
		¥1,000/kg	95
	¥million	5,076	
Nickel	t	14,077	
	¥1,000/t	3,802	
	¥million	53,518	
Materials	Advanced materials, etc.	¥million	54,647

(Notes)

1. The Company mainly engages in project production for these major products because the ratio of build-to-order production is low.
2. Nickel above includes ferronickel.