



Consolidated Financial Results for the Second Quarter Ended September 30, 2022 [IFRS]

November 8, 2022

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Listed Company Name: Sumitomo Metal Mining Co., Ltd.
 Code: 5713
 Listings: Tokyo Stock Exchange
 URL: <https://www.smm.co.jp/>
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 Scheduled Date to Submit Quarterly Report: November 11, 2022
 Scheduled Date to Start Dividend Payment: December 7, 2022
 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 September 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	%
Six months ended September 30, 2022	710,627	18.8	169,106	39.0	125,484	4.4	119,059	4.6	269,309	60.1
Six months ended September 30, 2021	597,930	47.0	121,666	370.0	120,226	595.1	113,828	551.6	168,172	951.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	433.31	433.31
Six months ended September 30, 2021	414.26	414.26

(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 September 30, 2022	2,524,895	1,781,474	1,635,692	64.8
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	—	90.00			
Year ending March 31, 2023 (Forecast)			—	85.00	175.00

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

**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
Full year	1,377,000	9.4	201,000	-43.8	146,000	-51.1	137,000	-51.3	498.60

(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 September 30, 2022
 - 290,814,015 shares at March 31, 2022
 - 2) Number of shares of treasury stock as of end of period
 - 16,046,977 shares at September 30, 2022
 - 16,044,559 shares at March 31, 2022
 - 3) Average number of shares during the period
 - 274,768,215 shares for six months ended September 30, 2022
 - 274,773,757 shares for six months ended September 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

(Caution Regarding Forward-Looking Statements)

The forecast of consolidated operating results for the year ending March 31, 2023, disclosed on August 8, 2022, has been revised in this report. 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 Tuesday, November 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
Six months ended September 30, 2022	710,627	169,106	119,059
Six months ended September 30, 2021	597,930	121,666	113,828
Increase/decrease [Rate of change: %]	112,697 [18.8]	47,440 [39.0]	5,231 [4.6]

(Overseas market prices and foreign exchange rates)

	Unit	Six months ended September 30, 2021	Six months ended September 30, 2022	Increase/decrease
Copper	\$/t	9,541	8,634	-907
Gold	\$/TOZ	1,802.6	1,801.1	-1.5
Nickel	\$/lb	8.27	11.59	3.32
Exchange rate (TTM)	¥/\$	109.81	133.98	24.17

The global economy during the first six months of fiscal 2022, the year ending March 31, 2023, saw a slowdown in growth. This was mainly due to dramatic increases in the prices of energy and food as a result of Russia's invasion of Ukraine, the raising of policy interest rates in Europe, the United States, and other countries in response, and strict COVID-19 prevention measures in China.

As for exchange rates, disparities in interest rates between Japan and the United States due to differences in their financial policies, along with the growing Japanese trade deficit, led to an increase in the selling of yen and the buying of dollars. This produced a rapid depreciation of the yen, and the average exchange rate declined significantly in comparison to the same period of the previous fiscal year.

Regarding the prices of major non-ferrous metals, copper prices fell year over year, showing a downward trend throughout the first six months of fiscal 2022 due to factors such as the slowdown of global economic growth. Nickel prices rose rapidly toward the end of the previous fiscal year, but then began trending downwards due to factors such as the global economic slowdown. They were then bolstered by strong demand, and ultimately rose year over year. Gold prices showed a downward trend due in part to the raising of policy interest rates in the United States, but overall were roughly equivalent to those of the same period of the previous fiscal year.

In industries related to the Materials business, the transition from gasoline-powered vehicles to electric vehicles continued, driven by the tremendous tide of seeking to achieve carbon neutrality by the year 2050. Demand for automobile battery components grew as a result. However, shipments of smartphones fell due to a decline in demand in China and throughout the world, and demand for components for electronic parts began contracting.

Under these circumstances, consolidated net sales in the first six months of fiscal 2022 increased by ¥112,697 million year over year to ¥710,627 million, due mainly to the extremely weakened yen, rising average nickel prices, and increased sales of automobile battery components.

Consolidated profit before tax increased by ¥47,440 million year over year to ¥169,106 million, due mainly to an increase in sales as well as an upturn in finance income resulting from the depreciation of the yen.

Profit attributable to owners of parent increased by ¥5,231 million year over year to ¥119,059 million, due to the increase in consolidated profit before tax, despite income tax expense increasing in comparison to the same period of the previous fiscal year, when deferred tax assets were recorded in relation to the Sierra Gorda Copper Mine.

Operating results by reportable segment are as follows.

(Mineral Resources segment)			(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022	Increase/decrease	Rate of change (%)
Net sales	76,138	84,671	8,533	11.2
Segment income	67,354	47,307	-20,047	-29.8

Segment income decreased year over year, despite the significant depreciation of the yen, due mainly to the lack of a recording of share of profit of investments accounted for using equity method related to the Sierra Gorda Copper Mine during the first six months of fiscal 2022, as the transfer of the entirety of our interest in the mine was completed in February 2022, the decline in the volume of gold shipped from the Hishikari Mine in conjunction with its transition to a sustainable production, and a decline in the clearing balance owing to falling copper prices.

The statuses of the main mines are as follows.

Mining operations at the Hishikari Mine remained steady in line with the planned annual sales volume of 4.4 tonnes, and the sales volume of gold was 2.4 tonnes.

Production levels at the Morenci Copper Mine (United States) (of which the Company holds a 25.0% interest, excluding non-controlling interest) rose from the same period of the previous fiscal year to 204,000 tonnes, due mainly to the cessation of measures to decrease the operating rates of some mills as a COVID-19 countermeasure.

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 217,000 tonnes, due mainly to an increase in ore grade and a rise in mill plant operation rates.

(Smelting & Refining segment)			(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022	Increase/decrease	Rate of change (%)
Net sales	450,113	535,142	85,029	18.9
Segment income	50,155	89,449	39,294	78.3

(Output by the Company's major product)

Product	Unit	Six months ended September 30, 2021	Six months ended September 30, 2022	Increase/decrease
Copper	t	207,181	223,240	16,059
Gold	kg	8,233	8,554	321
Electrolytic nickel	t	26,565	25,383	-1,182
Ferronickel	t	5,966	3,968	-1,998

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

Segment income increased year over year, due mainly to the significant depreciation of the yen and the rising average price of nickel, despite the prices of non-ferrous metals such as copper and gold shifting to a downward trend from the end of the previous fiscal year.

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 due mainly to raw material shortages.

The production level at Coral Bay Nickel Corporation (Philippines) was unchanged from the same period of the previous fiscal year, due to reductions to the number of regularly scheduled maintenance days, despite the reductions in production resulting from bad weather. The production level at Taganito HPAL Nickel Corporation (Philippines) rose slightly from the same period of the previous fiscal year when there were reductions in production caused by equipment problems.

(Materials segment)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Increase/decrease	Rate of change (%)
Net sales	133,510	159,740	26,230	19.6
Segment income	12,980	17,709	4,729	36.4

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

(2) Financial Position

1) Financial Position

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022	Increase/decrease
Total assets	2,268,756	2,524,895	256,139
Total liabilities	711,338	743,421	32,083
Total equity	1,557,418	1,781,474	224,056

Total assets as of September 30, 2022 increased from those as of March 31, 2022. Although other financial assets under current assets decreased due mainly to a decline in time deposits, inventories and property, plant and equipment increased. Other financial assets under non-current assets rose due to factors such as an increase in long-term loans receivable, and investments accounted for using equity method increased due mainly to the depreciation of the yen.

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

Total equity as of September 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)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Increase/decrease
Net cash provided by operating activities	36,944	50,731	13,787
Net cash used in investing activities	(34,876)	(38,867)	-3,991
Net cash used in financing activities	(39,208)	(45,287)	-6,079
Effect of exchange rate changes on cash and cash equivalents	3,538	27,153	23,615
Cash and cash equivalents at beginning of period	158,373	213,977	55,604
Cash and cash equivalents at end of period	124,771	206,563	81,792

Net cash provided by operating activities during the first six months of fiscal 2022 increased from the same period of the previous fiscal year, due mainly to an increase in profit before tax, despite increases in inventories and advance payments to suppliers.

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

Net cash used in financing activities increased from the same period of the previous fiscal year, due mainly to an increase in dividends paid, despite an increase in proceeds from issuance of bonds.

(3) Forward-Looking Information Including Forecast of Consolidated Operating Results and Other

(Millions of yen)

	Net sales	Profit before tax	Profit	Profit attributable to owners of parent
Year ending March 31, 2023 (Forecast)	1,377,000	201,000	146,000	137,000
Year ended March 31, 2022 (Results)	1,259,091	357,434	298,531	281,037
Increase/decrease [Rate of change: %]	117,909 [9.4]	-156,434 [-43.8]	-152,531 [-51.1]	-144,037 [-51.3]

(Overseas market prices and foreign exchange rates)

	Unit	A	B	(A+B/2)
		FY2022 First Six Months Results	FY2022 Third and Fourth Quarter Forecast	FY2022 Forecast (April 1, 2022 to March 31, 2023)
Copper	\$/t	8,634	7,500	8,067
Gold	\$/TOZ	1,801.1	1,625.0	1,713.1
Nickel	\$/lb	11.59	9.50	10.55
Exchange rate (TTM)	¥/\$	133.98	140.00	136.99

In the business environment surrounding the SMM Group, in the non-ferrous metals industry, the supply-demand balance for copper is expected to tend toward oversupply for the time being, partly due to concerns over further slowdowns in the growth of the global economy. Meanwhile, with regard to the supply-demand balance for nickel, slight supply shortfalls are expected due in part to demand for automobile batteries remaining strong.

As for industries related to the Materials business, demand for automobile battery materials is expected to remain strong, backed by efforts aimed at achieving carbon neutrality. With regard to components for electronic parts, demand is forecast to shrink due to declines in shipments of smartphones and computers as a result of factors such as strict prevention measures against COVID-19 in China.

The forecast of consolidated operating results for fiscal 2022 has been revised from the previous forecast (announced on August 8, 2022), revising our forecast for major non-ferrous metals prices by considering the current level and predicting the future supply-demand balance, as well as our forecast for foreign exchange rates in consideration of the current trend. Our forecast for production levels and sales volumes of major products has been revised based on current results. As a result, net sales are expected to reach ¥1,377.0 billion, profit before tax of ¥201.0 billion, profit of ¥146.0 billion, and profit attributable to owners of parent of ¥137.0 billion on a consolidated basis.

Forecast of consolidated operating results for fiscal 2022 (Revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	169,000	1,027,000	315,000	1,511,000	10,000	(144,000)	1,377,000
Segment income	67,000	117,000	12,000	196,000	(4,000)	9,000	201,000

Reference: Forecast of consolidated operating results for fiscal 2022 (Figures announced on August 8)

(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)	Second Quarter of FY2022 (As of September 30, 2022)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	213,977	206,563
Trade and other receivables	187,310	195,389
Other financial assets	49,342	5,749
Inventories	420,136	486,807
Other current assets	44,354	64,473
Subtotal	915,119	958,981
Assets held for sale	—	8,169
Total current assets	915,119	967,150
Non-current assets		
Property, plant and equipment	507,822	584,694
Intangible assets and goodwill	56,586	64,918
Investment property	3,477	3,477
Investments accounted for using equity method	368,751	445,105
Other financial assets	387,507	428,738
Deferred tax assets	1,645	1,533
Other non-current assets	27,849	29,280
Total non-current assets	1,353,637	1,557,745
Total assets	2,268,756	2,524,895

	FY2021 (As of March 31, 2022)	Second Quarter of FY2022 (As of September 30, 2022)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	206,013	196,031
Bonds and borrowings	120,983	148,372
Other financial liabilities	7,027	3,490
Income taxes payable	24,940	38,929
Provisions	6,101	5,747
Other current liabilities	19,727	21,661
Subtotal	384,791	414,230
Liabilities directly associated with assets held for sale	—	2,704
Total current liabilities	384,791	416,934
Non-current liabilities		
Bonds and borrowings	210,249	209,382
Other financial liabilities	9,579	8,997
Provisions	25,107	23,877
Retirement benefit liability	5,310	4,704
Deferred tax liabilities	75,631	78,765
Other non-current liabilities	671	762
Total non-current liabilities	326,547	326,487
Total liabilities	711,338	743,421
Equity		
Share capital	93,242	93,242
Capital surplus	90,213	90,213
Treasury shares	(38,056)	(38,067)
Other components of equity	124,304	244,041
Retained earnings	1,175,626	1,246,263
Total equity attributable to owners of parent	1,445,329	1,635,692
Non-controlling interests	112,089	145,782
Total equity	1,557,418	1,781,474
Total liabilities and equity	2,268,756	2,524,895

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

	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
	Millions of yen	Millions of yen
Net sales	597,930	710,627
Cost of sales	(483,220)	(541,826)
Gross profit	114,710	168,801
Selling, general and administrative expenses	(25,330)	(31,242)
Finance income	7,112	36,760
Finance costs	(1,955)	(5,056)
Share of profit (loss) of investments accounted for using equity method	24,434	19,665
Other income	4,730	2,520
Other expenses	(2,035)	(22,342)
Profit before tax	121,666	169,106
Income tax expense	(1,440)	(43,622)
Profit	120,226	125,484
Profit attributable to:		
Owners of parent	113,828	119,059
Non-controlling interests	6,398	6,425
Profit	120,226	125,484
Earnings per share		
Basic earnings per share (Yen)	414.26	433.31
Diluted earnings per share (Yen)	414.26	433.31

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
	Millions of yen	Millions of yen
Profit	120,226	125,484
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	9,128	(7,160)
Share of other comprehensive income of investments accounted for using equity method	(33)	(4)
Total of items that will not be reclassified to profit or loss	9,095	(7,164)
Items that will be reclassified to profit or loss:		
Cash flow hedges	(589)	4,714
Exchange differences on transition of foreign operations	24,257	88,390
Share of other comprehensive income of investments accounted for using equity method	15,183	57,885
Total of items that will be reclassified to profit or loss	38,851	150,989
Other comprehensive income, net of tax	47,946	143,825
Comprehensive income	168,172	269,309
Comprehensive income attributable to:		
Owners of parent	156,831	242,031
Non-controlling interests	11,341	27,278
Comprehensive income	168,172	269,309

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
For the six months ended September 30, 2021 (From April 1, 2021 to September 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	—	—	—	34,390	(482)	9,095
Total comprehensive income	—	—	—	34,390	(482)	9,095
Purchase of treasury shares	—	—	(13)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	(1,125)
Transactions with owners - total	—	—	(13)	—	—	(1,125)
As of September 30, 2021	93,242	87,604	(38,040)	(10,693)	(2,469)	80,188

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total	Retained earnings			
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	—	—	113,828	113,828	6,398	120,226
Other comprehensive income	—	43,003	—	43,003	4,943	47,946
Total comprehensive income	—	43,003	113,828	156,831	11,341	168,172
Purchase of treasury shares	—	—	—	(13)	—	(13)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(27,203)	(27,203)	(3,946)	(31,149)
Changes in ownership interest in subsidiaries	—	—	—	—	3,868	3,868
Transfer to retained earnings	—	(1,125)	1,125	—	—	—
Transactions with owners - total	—	(1,125)	(26,078)	(27,216)	(78)	(27,294)
As of September 30, 2021	—	67,026	1,033,706	1,243,538	120,323	1,363,861

For the six months ended September 30, 2022 (From April 1, 2022 to September 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	—	—	—	125,301	4,835	(7,164)
Total comprehensive income	—	—	—	125,301	4,835	(7,164)
Purchase of treasury shares	—	—	(11)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	(3,235)
Transactions with owners - total	—	—	(11)	—	—	(3,235)
As of September 30, 2022	93,242	90,213	(38,067)	141,707	3,891	98,443

	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	—	—	119,059	119,059	6,425	125,484
Other comprehensive income	—	122,972	—	122,972	20,853	143,825
Total comprehensive income	—	122,972	119,059	242,031	27,278	269,309
Purchase of treasury shares	—	—	—	(11)	—	(11)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(51,657)	(51,657)	(3,767)	(55,424)
Changes in ownership interest in subsidiaries	—	—	—	—	10,182	10,182
Transfer to retained earnings	—	(3,235)	3,235	—	—	—
Transactions with owners - total	—	(3,235)	(48,422)	(51,668)	6,415	(45,253)
As of September 30, 2022	—	244,041	1,246,263	1,635,692	145,782	1,781,474

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	121,666	169,106
Depreciation and amortization expense	22,504	25,770
Share of loss (profit) of investments accounted for using equity method	(24,434)	(19,665)
Increase or decrease in retirement benefit asset or liability	852	(231)
Increase (decrease) in provisions	(1,115)	430
Finance income	(7,112)	(36,760)
Finance costs	1,955	5,056
Decrease (increase) in trade and other receivables	(9,508)	(7,124)
Decrease (increase) in inventories	(31,936)	(59,459)
Increase (decrease) in trade and other payables	(22,699)	(8,397)
Decrease (increase) in advance payments to suppliers	(128)	(14,625)
Increase (decrease) in accrued consumption taxes	2,324	(79)
Other	(1,183)	10,059
Subtotal	51,186	64,081
Interest received	1,539	3,641
Dividends received	13,013	16,442
Interest paid	(1,251)	(2,206)
Income taxes paid	(27,559)	(31,230)
Income taxes refund	16	3
Net cash provided by (used in) operating activities	36,944	50,731
Cash flows from investing activities		
Payments into time deposits	(37)	(298)
Proceeds from withdrawal of time deposits	26	50,461
Purchase of securities	—	(6,279)
Proceeds from redemption of securities	—	6,911
Purchase of property, plant and equipment	(25,100)	(53,366)
Proceeds from sale of property, plant and equipment	1,042	69
Purchase of intangible assets	(597)	(153)
Proceeds from sale of investment securities	2,864	8,986
Purchase of shares of subsidiaries and associates	(3,371)	(11,402)
Collection of short-term loans receivable	144	176
Payments for long-term loans receivable	(9,871)	(33,885)
Collection of long-term loans receivable	30	21
Other	(6)	(108)
Net cash provided by (used in) investing activities	(34,876)	(38,867)

	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
	Millions of yen	Millions of yen
Cash flows from financing activities		
Proceeds from short-term borrowings	76,640	166,971
Repayments of short-term borrowings	(69,489)	(170,241)
Proceeds from long-term borrowings	11,162	7,241
Repayments of long-term borrowings	(29,123)	(16,648)
Proceeds from issuance of bonds	34,007	55,000
Redemption of bonds	(34,000)	(45,000)
Proceeds from share issuance to non-controlling shareholders	3,868	10,182
Dividends paid	(27,203)	(51,657)
Dividends paid to non-controlling interests	(3,946)	(3,767)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	3,746
Other	(1,124)	(1,114)
Net cash provided by (used in) financing activities	(39,208)	(45,287)
Net increase (decrease) in cash and cash equivalents	(37,140)	(33,423)
Net increase (decrease) in cash and cash equivalents due to transfer to assets held for sale	—	(1,144)
Cash and cash equivalents at beginning of period	158,373	213,977
Effect of exchange rate changes on cash and cash equivalents	3,538	27,153
Cash and cash equivalents at end of period	124,771	206,563

(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.

(Operating Segments)

(1) Summary of reportable segments

1) Decision method of the reportable segments

The operating 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, zinc, etc., 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.

Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(Millions of yen)

	Reportable Segments				Other Businesses ¹	Total	Adjustments ²	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total				
Net sales:								
Outside customers	50,289	425,321	120,521	596,131	1,799	597,930	—	597,930
Inter-segment	25,849	24,792	12,989	63,630	2,879	66,509	(66,509)	—
Total	76,138	450,113	133,510	659,761	4,678	664,439	(66,509)	597,930
Segment income ³	67,354	50,155	12,980	130,489	(13)	130,476	(8,810)	121,666

(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 ¥(8,810) 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.

Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable Segments				Other Businesses ¹	Total	Adjustments ²	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total				
Net sales:								
Outside customers	60,434	501,665	146,836	708,935	1,692	710,627	—	710,627
Inter-segment	24,237	33,477	12,904	70,618	2,849	73,467	(73,467)	—
Total	84,671	535,142	159,740	779,553	4,541	784,094	(73,467)	710,627
Segment income ³	47,307	89,449	17,709	154,465	(1,039)	153,426	15,680	169,106

(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 ¥15,680 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 Six Months Results	FY2022 Forecast
Mineral Resources	Gold and silver ores (Gold content)	t	72,995	146,257
		¥1,000/DMT	241	213
		¥million	17,579	31,138
		(kg)	(2,390)	(4,400)
Smelting & Refining	Copper	t	224,243	442,418
		¥1,000/t	1,166	1,116
		¥million	261,547	493,852
	Gold	kg	8,720	17,966
		¥/g	7,940	7,813
		¥million	69,232	140,363
	Silver	kg	112,357	230,287
		¥1,000/kg	91	88
¥million		10,183	20,315	
Nickel	t	28,925	63,351	
	¥1,000/t	3,495	3,206	
	¥million	101,085	203,134	
Materials	Advanced materials, etc.	¥million	117,185	233,550

(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.