



Consolidated Financial Results for the Year Ended March 31, 2023 [IFRS]

May 10, 2023

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 Ordinary General Meeting of Shareholders: June 23, 2023
 Scheduled Date to Start Dividend Payment: June 26, 2023
 Scheduled Date to Submit Securities Report: June 23, 2023
 Preparation of Supplementary Explanation Materials for Financial Results: Yes
 Briefing on Account Settlement: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results (From April 1, 2022, to March 31, 2023)

(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	%
Year ended March 31, 2023	1,422,989	13.0	229,910	-35.7	170,441	-42.9	160,585	-42.9	287,148	-30.9
Year ended March 31, 2022	1,259,091	36.0	357,434	189.7	298,531	202.4	281,037	197.1	415,295	219.6

	Basic earnings per share	Diluted earnings per share	Return on equity	Profit before tax to total assets
	Yen	Yen	%	%
Year ended March 31, 2023	584.44	584.44	10.4	9.2
Year ended March 31, 2022	1,022.80	1,022.80	22.0	17.2

(Reference) Equity in earnings (loss) of affiliates

Year ended March 31, 2023: ¥36,536 million;

Year ended March 31, 2022: ¥57,537 million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	2,707,899	1,789,296	1,631,671	60.3	5,938.42
As of March 31, 2022	2,268,756	1,557,418	1,445,329	63.7	5,260.15

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	120,382	(185,503)	49,336	215,007
Year ended March 31, 2022	159,489	9,796	(129,618)	213,977

2. Dividends

	Dividend per share					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Dividend payout ratio to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	113.00	—	188.00	301.00	82,706	29.4	6.5
Year ended March 31, 2023	—	90.00	—	115.00	205.00	56,327	35.1	3.7
Year ending March 31, 2024 (Forecast)	—	27.00	—	27.00	54.00		35.3	

3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2024 (From April 1, 2023, to March 31, 2024)

(% 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)	686,000	-3.5	43,000	-74.6	32,000	-74.5	26,000	-78.2	94.63
Full year	1,366,000	-4.0	77,000	-66.5	55,000	-67.7	42,000	-73.8	152.86

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) Changes 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 March 31, 2023
 - 290,814,015 shares at March 31, 2022
 - 2) Number of shares of treasury stock as of end of period
 - 16,049,021 shares at March 31, 2023
 - 16,044,559 shares at March 31, 2022
 - 3) Average number of shares during the period
 - 274,767,003 shares for the year ended March 31, 2023
 - 274,772,358 shares for the year ended March 31, 2022

(Reference) Summary of Non-Consolidated Financial Results
 Non-Consolidated Financial Results (From April 1, 2022, to March 31, 2023)

(1) Non-Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	1,241,086	14.7	115,408	-3.0	166,054	-16.1	121,149	-47.8
Year ended March 31, 2022	1,082,341	31.8	118,961	82.3	197,980	162.9	231,933	331.9

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
Year ended March 31, 2023	440.92	440.92
Year ended March 31, 2022	844.09	844.09

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	1,826,337	1,044,948	57.2	3,803.06
As of March 31, 2022	1,580,324	1,004,316	63.6	3,655.12

(Reference) Shareholders' equity

As of March 31, 2023: ¥1,044,948 million;

As of March 31, 2022: ¥1,004,316 million

<Reasons for differences between the non-consolidated financial results for the year ended March 31, 2023 and the actual results for the previous year>

Net sales rose year over year due mainly to the weakened yen and the effects of the prices of non-ferrous metals that remained high.

Profit decreased year over year due mainly to the lack of a recording of gain from the transfer of the Company's interests in the Sierra Gorda Copper Mine (Chile) during the year ended March 31, 2023, despite the recording for the previous year.

The consolidated financial results presented herein are not subject to audits 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 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 Financial Results)

The Supplementary Explanation Materials will be posted on the Company's website on Wednesday, May 10, 2023.

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1. Overview of Business Performance, etc.

(1) Overview of Business Performance in Fiscal 2022

1) General overview

(Millions of yen)

	Net sales	Profit before tax	Profit attributable to owners of parent
Year ended March 31, 2023	1,422,989	229,910	160,585
Year ended March 31, 2022	1,259,091	357,434	281,037
Increase/decrease [Rate of change: %]	163,898 [13.0]	-127,524 [-35.7]	-120,452 [-42.9]

(Overseas market prices and foreign exchange rates)

	Unit	Year ended March 31, 2022	Year ended March 31, 2023	Increase/decrease
Copper	\$/t	9,691	8,551	-1,140
Gold	\$/TOZ	1,818.4	1,804.8	-13.6
Nickel	\$/lb	9.35	11.63	2.28
Exchange rate (TTM)	¥/\$	112.39	135.48	23.09

The global economy during the fiscal year ended March 31, 2023 saw a slowdown in growth. This was mainly due to the prolonged Russia's invasion of Ukraine, global inflation and monetary tightening, and a temporary surge of infections associated with the strict COVID-19 prevention measures and the subsequent lifting of such measures in China.

As for exchange rates, the rapid depreciation of the yen progressed due primarily to widening disparities in interest rates between Japan and the United States due to differences in their financial policies as well as the growing Japanese trade deficit. Subsequently, the yen tended to appreciate due mainly to a narrowing of the range of interest rate hikes in the United States, a narrowing of the disparities in interest rates following a greater tolerance for fluctuations in long-term interest rates in Japan, and heightened financial system instability caused by bank failures in Europe and the United States. However, the yen depreciated again toward the end of the fiscal year due to expectations of continued interest rate hikes in the United States. As a result, the average exchange rate for the yen declined significantly year over year.

Regarding the prices of major non-ferrous metals, copper prices fell due mainly to concerns over declining demand caused by stagnant economic activities in China, and subsequently turned upward, but average prices declined year over year. Nickel prices rose toward the end of the previous fiscal year, but then fell sharply due to factors such as concerns over the economic recovery. They then temporarily recovered due mainly to solid demand for electric vehicles on the back of the shift toward decarbonization. Although the trend subsequently turned downward due to the expected increase in supply and other factors, average prices rose year over year. Gold prices fell due in part to multiple raising of policy interest rates in the United States, and then rose due to factors including the narrowing of the range of interest rate hikes. However, average prices fell slightly year over year.

In industries related to the Materials business, demand for automobile battery components remained strong as demand for electric vehicles increased. However, demand for smartphones fell in China and throughout the world as a result of the economic slowdown and other factors, and demand for components for electronic parts contracted.

Under these circumstances, consolidated net sales in the fiscal year ended March 31, 2023 increased by ¥163,898 million year over year to ¥1,422,989 million, due mainly to the extremely weakened yen, rising nickel prices, and strong sales of automobile battery components.

Consolidated profit before tax decreased by ¥127,524 million year over year to ¥229,910 million, due mainly to the lack of a gain from the transfer of the entirety of the Company's interest in the Sierra Gorda Copper Mine and share of profit of investments accounted for using equity method related to the mine, which were recorded in the previous fiscal year.

Profit attributable to owners of parent decreased by ¥120,452 million year over year to ¥160,585 million, due mainly to a decrease in consolidated profit before tax.

2) Reportable segments

(a) Mineral Resources segment

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023	Increase/decrease	Rate of change (%)
Net sales	157,315	172,427	15,112	9.6
Segment income	208,548	76,443	-132,105	-63.3

Segment income decreased year over year, despite the significant depreciation of the yen, due mainly to the decrease in copper prices, the decline in the volume of gold shipped from the Hishikari Mine in conjunction with its transition to a sustainable production, and the lack of a gain from the transfer of the entirety of our interest in the Sierra Gorda Copper Mine and share of profit of investments accounted for using equity method related to the mine, which were recorded in the previous fiscal year.

The statuses of the main mines are as follows.

Mining operations at the Hishikari Mine remained steady, and the sales volume of gold was 4.4 tonnes as planned.

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 previous fiscal year to 400,000 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 previous fiscal year to 442,000 tonnes, due mainly to an increase in ore grade and a rise in mill plant operation rates.

(b) Smelting & Refining segment

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023	Increase/decrease	Rate of change (%)
Net sales	942,341	1,073,038	130,697	13.9
Segment income	114,753	117,866	3,113	2.7

(Output by the Company's major product)

Product	Unit	Year ended March 31, 2022	Year ended March 31, 2023	Increase/decrease
Copper	t	418,847	447,163	28,316
Gold	kg	16,662	17,869	1,207
Electrolytic nickel	t	52,450	52,817	367
Ferronickel	t	12,330	10,143	-2,187

(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 price of nickel, despite the decline in copper prices.

The production level and sales volume of electrolytic copper increased from the previous fiscal year. Although the production level and sales volume of electrolytic nickel were affected by raw material shortages and other factors, they were on par with the previous fiscal year due to efforts to increase production toward the end of the fiscal year. The production level and sales volume of ferronickel declined from the previous fiscal year.

The production level at Coral Bay Nickel Corporation (Philippines) was unchanged from the previous fiscal year. The production level at Taganito HPAL Nickel Corporation (Philippines) rose from the previous fiscal year when there were reductions in production caused by equipment problems.

(c) Materials segment

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023	Increase/decrease	Rate of change (%)
Net sales	277,962	317,425	39,463	14.2
Segment income	27,625	17,323	-10,302	-37.3

Segment income decreased year over year, due mainly to decreased sales of components for electronic parts as a result of declining demand for smartphones and other products in China and throughout the world, despite strong sales of automobile battery components, for which demand is solid on the back of the shift toward decarbonization.

(2) Overview of Financial Position in Fiscal 2022

Consolidated Statement of Financial Position (Millions of yen)

	As of March 31, 2022	As of March 31, 2023	Increase/decrease
Total assets	2,268,756	2,707,899	439,143
Total liabilities	711,338	918,603	207,265
Total equity	1,557,418	1,789,296	231,878

Total assets as of March 31, 2023 increased from those as of March 31, 2022, due mainly to increases in inventories, property, plant and equipment, investments accounted for using equity method, and other financial assets under non-current assets. Among them, investments accounted for using equity method increased due mainly to the depreciation of the yen, while other financial assets under non-current assets increased mainly due to an increase in long-term loans receivable.

Total liabilities increased from those as of March 31, 2022, due primarily to increases in trade and other payables, bonds and borrowings under current liabilities and non-current liabilities, and deferred tax liabilities.

Total equity increased from those as of March 31, 2022, due mainly to an increase in retained earnings due to the recording of profit attributable to owners of parent and an increase in exchange differences on translation of foreign operations in other components of equity due to the impact of the depreciation of the yen.

Consolidated Statement of Cash Flows (Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023	Increase/decrease
Net cash provided by operating activities	159,489	120,382	-39,107
Net cash provided by (used in) investing activities	9,796	(185,503)	-195,299
Net cash provided by (used in) financing activities	(129,618)	49,336	178,954
Effect of exchange rate changes on cash and cash equivalents	15,937	16,815	878
Cash and cash equivalents at beginning of period	158,373	213,977	55,604
Cash and cash equivalents at end of period	213,977	215,007	1,030

Net cash provided by operating activities during the fiscal year ended March 31, 2023 decreased from the previous fiscal year, due mainly to a decrease in profit before tax and an increase in inventories due to the impact of an increase in non-ferrous metals prices, despite a decrease in trade and other receivables.

Net cash used in investing activities was posted during the fiscal year ended March 31, 2023, despite the recording of net cash provided in the previous fiscal year. This was due mainly to the lack of proceeds from sale of interests, etc. in subsidiaries resulting in change in scope of consolidation due to the transfer of the Sierra Gorda Copper Mine, which were recorded in the previous fiscal year, and increases in purchase of property, plant and equipment and payments for long-term loans receivable, despite an increase in proceeds from withdrawal of time deposits.

Net cash provided by financing activities was posted during the fiscal year ended March 31, 2023, despite the recording of net cash used in the previous fiscal year. This was due mainly to increases in proceeds from short-term and long-term borrowings, despite an increase in dividends paid.

Cash flow indicators

	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023
Equity attributable to owners of parent ratio (%)	58.3	58.3	59.1	63.7	60.3
Equity attributable to owners of parent ratio based on market capitalization (%)	50.0	35.4	69.6	74.6	51.2
Cash flows/Interest-bearing debt ratio (times)	3.1	2.7	3.7	2.0	3.9
Interest coverage ratio (times)	17.0	20.5	23.9	65.9	20.3

Notes:

- Equity attributable to owners of parent ratio: Equity attributable to owners of parent / Total assets
Equity attributable to owners of parent ratio based on market capitalization: Market capitalization / Total assets
Cash flows/Interest-bearing debt ratio: Interest-bearing debt / Cash flows
Interest coverage ratio: Cash flows / Interest payment
- All of the above indicators are calculated for their respective values on a consolidated basis.
- Market capitalization is calculated based on the number of shares issued at the end of the fiscal year after deducting treasury shares.
- Cash flows employs “Net cash provided by (used in) operating activities” in the Consolidated Statement of Cash Flows.
- Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the Consolidated Statement of Financial Position. Interest payment corresponds to the amount of “Interest paid” in the Consolidated Statement of Cash Flows.

(3) Future Outlook

1) General overview

(Millions of yen)

	Net sales	Profit before tax	Profit	Profit attributable to owners of parent
Year ending March 31, 2024 (Forecast)	1,366,000	77,000	55,000	42,000
Year ended March 31, 2023 (Results)	1,422,989	229,910	170,441	160,585
Increase/decrease [Rate of change: %]	-56,989 [-4.0]	-152,910 [-66.5]	-115,441 [-67.7]	-118,585 [-73.8]

(Overseas market prices and foreign exchange rates)

	Unit	Year ended March 31, 2023 Results	Year ending March 31, 2024 Forecast	Increase/decrease
Copper	\$/t	8,551	8,500	-51
Gold	\$/TOZ	1,804.8	1,800.0	-4.8
Nickel	\$/lb	11.63	10.00	-1.63
Exchange rate (TTM)	¥/\$	135.48	130.00	-5.48

The global economy is facing increasing uncertainty due to the credit crunch caused by inflation and financial instability, which is a downside factor for economic growth, as well as the expected time required for a full-fledged economic recovery in China and concerns over the excessive debt problems in developing countries.

As for non-ferrous metals prices, although demand is expected to increase in the medium- to long-term, mainly for electric vehicles and renewable energy, a risk of a decline in prices is anticipated against the backdrop of the current situation in which the Chinese economy has not recovered as much as expected, increased supply capacity, and other factors. The supply-demand balance for non-ferrous metals is expected to be nearly balanced or exhibit a slight surplus in supply for both copper and nickel. The prices for the fiscal year ending March 31, 2024 are forecast to be \$8,500 per tonne for copper (\$8,551 per tonne for the fiscal year ended March 31, 2023) and \$10.00 per pound for nickel (\$11.63 per pound for the fiscal year ended March 31, 2023).

As for industries related to the Materials business, although demand is expected to continue to grow due to support for the shift toward decarbonization and digital transformation (DX), the situation remains unpredictable due to a risk of a delay in the full recovery of related markets because of the uncertain outlook for the global economy and other factors.

With regard to the forecast for consolidated operating results for the fiscal year ending March 31, 2024, our estimate for major non-ferrous metals prices was set by considering the current level and predicting the future supply-demand balance, and our forecast for production levels and sales volumes of major products was planned based on current results and other factors. As a result, net sales are expected to reach ¥1,366.0 billion, profit before tax of ¥77.0 billion, profit of ¥55.0 billion, and profit attributable to owners of parent of ¥42.0 billion on a consolidated basis.

As for segment income, please refer to “2) Reportable segments” below.

2) Reportable segments

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Amount recorded on Consolidated Financial Statements
Net sales	158,000	991,000	335,000	1,484,000	11,000	(129,000)	1,366,000
Segment income	62,000	28,000	(4,000)	86,000	(5,000)	(4,000)	77,000

2. Basic Concept Behind the Selection of Accounting Standards

The Company has voluntarily applied IFRS from the first quarter of the fiscal year ended March 31, 2019 as part of its efforts to enhance management foundations and respond to globalization.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	213,977	215,007
Trade and other receivables	187,310	189,199
Other financial assets	49,342	6,273
Inventories	420,136	555,941
Other current assets	44,354	56,423
Total current assets	915,119	1,022,843
Non-current assets		
Property, plant and equipment	507,822	629,451
Intangible assets and goodwill	56,586	68,217
Investment property	3,477	3,477
Investments accounted for using equity method	368,751	450,512
Other financial assets	387,507	497,496
Deferred tax assets	1,645	1,822
Other non-current assets	27,849	34,081
Total non-current assets	1,353,637	1,685,056
Total assets	2,268,756	2,707,899

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	206,013	251,696
Bonds and borrowings	120,983	158,409
Other financial liabilities	7,027	10,337
Income taxes payable	24,940	24,968
Provisions	6,101	8,663
Other current liabilities	19,727	17,190
Total current liabilities	384,791	471,263
Non-current liabilities		
Bonds and borrowings	210,249	298,848
Other financial liabilities	9,579	8,816
Provisions	25,107	40,361
Retirement benefit liability	5,310	4,396
Deferred tax liabilities	75,631	94,041
Other non-current liabilities	671	878
Total non-current liabilities	326,547	447,340
Total liabilities	711,338	918,603
Equity		
Share capital	93,242	93,242
Capital surplus	90,213	89,800
Treasury shares	(38,056)	(38,076)
Other components of equity	124,304	220,383
Retained earnings	1,175,626	1,266,322
Total equity attributable to owners of parent	1,445,329	1,631,671
Non-controlling interests	112,089	157,625
Total equity	1,557,418	1,789,296
Total liabilities and equity	2,268,756	2,707,899

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

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Net sales	1,259,091	1,422,989
Cost of sales	(1,001,297)	(1,172,883)
Gross profit	257,794	250,106
Selling, general and administrative expenses	(52,711)	(63,997)
Finance income	31,884	29,389
Finance costs	(2,969)	(8,596)
Share of profit of investments accounted for using equity method	57,537	36,536
Other income	81,850	4,672
Other expenses	(15,951)	(18,200)
Profit before tax	357,434	229,910
Income tax expense	(58,903)	(59,469)
Profit	298,531	170,441
Profit attributable to:		
Owners of parent	281,037	160,585
Non-controlling interests	17,494	9,856
Profit	298,531	170,441
Earnings per share		
Basic earnings per share (Yen)	1,022.80	584.44
Diluted earnings per share (Yen)	1,022.80	584.44

(Consolidated Statement of Comprehensive Income)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Profit	298,531	170,441
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	39,748	8,810
Remeasurements of defined benefit plans	3,660	2,852
Share of other comprehensive income of investments accounted for using equity method	137	75
Total of items that will not be reclassified to profit or loss	43,545	11,737
Items that will be reclassified to profit or loss:		
Cash flow hedges	1,167	1,662
Exchange differences on transition of foreign operations	46,922	58,729
Share of other comprehensive income of investments accounted for using equity method	25,130	44,579
Total of items that will be reclassified to profit or loss	73,219	104,970
Other comprehensive income, net of tax	116,764	116,707
Comprehensive income	415,295	287,148
Comprehensive income attributable to:		
Owners of parent	387,078	263,161
Non-controlling interests	28,217	23,987
Comprehensive income	415,295	287,148

(3) Consolidated Statement of Changes in Equity
FY2021 (From April 1, 2021 to March 31, 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, 2021	93,242	87,604	(38,027)	(45,083)	(1,987)	72,218
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	61,489	1,043	39,737
Total comprehensive income	—	—	—	61,489	1,043	39,737
Purchase of treasury shares	—	—	(29)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	2,609	—	—	—	—
Loss of control of subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	(3,113)
Transactions with owners - total	—	2,609	(29)	—	—	(3,113)
As of March 31, 2022	93,242	90,213	(38,056)	16,406	(944)	108,842

	Equity attributable to owners of parent					
	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	—	—	281,037	281,037	17,494	298,531
Other comprehensive income	3,772	106,041	—	106,041	10,723	116,764
Total comprehensive income	3,772	106,041	281,037	387,078	28,217	415,295
Purchase of treasury shares	—	—	—	(29)	—	(29)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(58,252)	(58,252)	(12,053)	(70,305)
Changes in ownership interest in subsidiaries	—	—	—	2,609	(13,119)	(10,510)
Loss of control of subsidiaries	—	—	—	—	(16)	(16)
Transfer to retained earnings	(3,772)	(6,885)	6,885	—	—	—
Transactions with owners - total	(3,772)	(6,885)	(51,367)	(55,672)	(25,188)	(80,860)
As of March 31, 2022	—	124,304	1,175,626	1,445,329	112,089	1,557,418

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

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

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

(4) Consolidated Statement of Cash Flows

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	357,434	229,910
Depreciation and amortization expense	46,455	53,310
Loss (gain) on sale of fixed assets	(1,364)	(1,428)
Impairment losses	269	3,444
Share of loss (profit) of investments accounted for using equity method	(57,537)	(36,536)
Loss (gain) on sale of subsidiaries	(74,374)	25
Increase or decrease in retirement benefit asset or liability	(5,100)	(4,642)
Increase (decrease) in provisions	(56)	4,257
Finance income	(31,884)	(29,389)
Finance costs	2,969	8,596
Decrease (increase) in trade and other receivables	(28,260)	113
Decrease (increase) in inventories	(92,717)	(133,712)
Increase (decrease) in trade and other payables	44,663	38,689
Decrease (increase) in advance payments to suppliers	(9,401)	1,861
Increase (decrease) in accrued consumption taxes	904	(11,154)
Other	15,787	13,770
Subtotal	167,788	137,114
Interest received	3,483	11,056
Dividends received	33,248	28,657
Interest paid	(2,419)	(5,927)
Income taxes paid	(42,632)	(50,662)
Income taxes refund	21	144
Net cash provided by operating activities	159,489	120,382

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Cash flows from investing activities		
Payments into time deposits	(43,185)	(387)
Proceeds from withdrawal of time deposits	83	50,848
Purchase of securities	—	(6,279)
Proceeds from redemption of securities	—	6,911
Purchase of property, plant and equipment	(55,408)	(123,823)
Proceeds from sale of property, plant and equipment	1,647	565
Purchase of intangible assets	(1,162)	(7,087)
Proceeds from sale of investment securities	7,483	10,053
Purchase of shares of subsidiaries and associates	(9,777)	(30,403)
Proceeds from sale of shares of subsidiaries and associates	25	0
Collection of short-term loans receivable	278	3,033
Payments for long-term loans receivable	(29,144)	(90,983)
Collection of long-term loans receivable	26,419	103
Proceeds from sale of interests, etc. in subsidiaries resulting in change in scope of consolidation	113,002	1,592
Other	(465)	354
Net cash provided by (used in) investing activities	9,796	(185,503)
Cash flows from financing activities		
Proceeds from short-term borrowings	190,212	406,013
Repayments of short-term borrowings	(184,833)	(351,158)
Proceeds from long-term borrowings	15,412	110,061
Repayments of long-term borrowings	(47,688)	(42,928)
Proceeds from issuance of bonds	64,007	89,925
Redemption of bonds	(84,007)	(105,000)
Proceeds from share issuance to non-controlling shareholders	8,865	24,073
Dividends paid	(58,252)	(76,386)
Dividends paid to non-controlling interests	(12,053)	(7,155)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	3,746
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(19,374)	—
Other	(1,907)	(1,855)
Net cash provided by (used in) financing activities	(129,618)	49,336
Net increase (decrease) in cash and cash equivalents	39,667	(15,785)
Cash and cash equivalents at beginning of period	158,373	213,977
Effect of exchange rate changes on cash and cash equivalents	15,937	16,815
Cash and cash equivalents at end of period	213,977	215,007

(5) Notes Relating to the Consolidated Financial Statements

(Note Relating to the Going Concern Assumption)

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), powder materials (e.g., pastes, nickel powder, NIR absorbing materials, magnetic materials, thin film materials), crystal materials (e.g., lithium tantalate substrates, lithium niobate substrates), and tape materials; and manufacturing and sales of autoclaved lightweight concrete (ALC) products, automotive exhaust processing catalysts, chemical catalysts, and petroleum refinery and desulfurization catalysts.

(2) Information on the amounts of net sales, income (loss), assets and other items by reportable segments

The accounting methods employed for the reportable segments are almost the same as the accounting policies for the creation of the 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.

Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segments				Other Businesses ¹	Adjustments ²	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total			
Net sales:							
Outside customers	109,710	892,627	253,167	1,255,504	3,587	—	1,259,091
Inter-segment	47,605	49,714	24,795	122,114	6,256	(128,370)	—
Total	157,315	942,341	277,962	1,377,618	9,843	(128,370)	1,259,091
Segment income [Profit (loss) before tax]	208,548	114,753	27,625	350,926	(949)	7,457	357,434
Segmental assets	774,826	872,515	284,873	1,932,214	25,934	310,608	2,268,756
Other information:							
Depreciation and amortization expense	(12,205)	(21,173)	(10,095)	(43,473)	(561)	(2,421)	(46,455)
Finance income	8,648	841	322	9,811	1	22,072	31,884
Finance costs	(1,592)	(1,264)	(320)	(3,176)	(25)	232	(2,969)
Share of profit (loss) of investments accounted for using equity method	44,524	10,825	2,827	58,176	—	(639)	57,537
Impairment losses on non-financial assets	—	(166)	(64)	(230)	(39)	—	(269)
Other profit (loss)	78,686	(883)	563	78,366	(2,456)	(10,011)	65,899
Capital expenditures	30,952	22,901	6,659	60,512	658	3,369	64,539
Investments accounted for using equity method	267,069	70,404	27,270	364,743	—	4,008	368,751

Year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable Segments				Other Businesses ¹	Adjustments ²	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total			
Net sales:							
Outside customers	118,017	1,007,426	293,331	1,418,774	4,215	—	1,422,989
Inter-segment	54,410	65,612	24,094	144,116	5,996	(150,112)	—
Total	172,427	1,073,038	317,425	1,562,890	10,211	(150,112)	1,422,989
Segment income [Profit (loss) before tax]	76,443	117,866	17,323	211,632	(2,974)	21,252	229,910
Segmental assets	1,123,996	980,937	340,933	2,445,866	26,647	235,386	2,707,899
Other information:							
Depreciation and amortization expense	(15,038)	(25,567)	(9,518)	(50,123)	(556)	(2,631)	(53,310)
Finance income	3,233	1,415	45	4,693	(9)	24,705	29,389
Finance costs	(4,073)	(6,313)	(370)	(10,756)	(26)	2,186	(8,596)
Share of profit (loss) of investments accounted for using equity method	23,093	11,175	3,359	37,627	—	(1,091)	36,536
Impairment losses on non-financial assets	—	(2,091)	(1,353)	(3,444)	—	—	(3,444)
Other profit (loss)	(3,329)	(3,062)	(1,914)	(8,305)	(4,055)	(1,168)	(13,528)
Capital expenditures	91,155	24,752	18,241	134,148	997	5,700	140,845
Investments accounted for using equity method	298,150	74,421	29,077	401,648	—	48,864	450,512

(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 are as follows:

1) The adjustments for segment income (loss) are as follows:

(Millions of yen)

	FY2021 (from April 1, 2021, to March 31, 2022)	FY2022 (from April 1, 2022, to March 31, 2023)
Head Office expenses not allocated to each reportable segment ^a	(1,954)	(2,071)
Internal interest rate	1,056	1,301
Eliminations of inter-segmental transactions among the reportable segments	(3,780)	(3,296)
Income/expenses not allocated to each reportable segment ^b	12,135	25,318
Adjustments for segment income (loss)	7,457	21,252

a. The Head Office expenses not allocated to each reportable segment consist of general administrative expenses not attributable to the reportable segments.

b. Income/expenses not allocated to each reportable segment consist of finance income and costs, etc. not attributable to reportable segments.

2) The adjustments for segmental assets are as follows:

(Millions of yen)

	FY2021 (from April 1, 2021, to March 31, 2022)	FY2022 (from April 1, 2022, to March 31, 2023)
Corporate assets not allocated to each reportable segment*	764,534	1,019,571
Offsets and eliminations, etc. of inter-segmental receivables among the reportable segments, including those toward Head Office divisions/departments	(453,926)	(784,185)
Adjustments for segmental assets	310,608	235,386

* The corporate assets not allocated to each reportable segment refer to the assets under the control of the Head Office divisions/departments, which are not attributable to the reportable segments.

3) The adjustments for depreciation and amortization expense refer to depreciation and amortization expense at the Head Office divisions/departments, which are not allocated to the reportable segments.

4) The adjustments for finance income and costs refer to interest income and interest expenses at the Head Office divisions/departments, which are not allocated to the reportable segments, and eliminations of transactions among the reportable segments.

5) The adjustments for share of profit (loss) of investments accounted for using equity method refer to the deduction of unrealized income relating to the inter-segmental transactions among the reportable segments.

6) The adjustments for other profit or loss refer to other profit and other expenses at the Head Office divisions/departments, which are not allocated to the reportable segments, and eliminations of transactions among the reportable segments.

7) The adjustments for capital expenditures refer to increases at the Head Office divisions/departments, which are not allocated to the reportable segments.

8) The adjustments for investments accounted for using equity method refer to exchange differences on transition of foreign operations.

(Per Share Information)

	FY2021 (from April 1, 2021, to March 31, 2022)	FY2022 (from April 1, 2022, to March 31, 2023)
Profit attributable to owners of parent (Millions of yen)	281,037	160,585
Adjustments for profit (Millions of yen)	—	—
Profit used to calculate diluted earnings per share (Millions of yen)	281,037	160,585
Weighted average number of ordinary shares outstanding (Thousands of shares)	274,772	274,767
Increase in shares of common stock (Thousands of shares)	—	—
Weighted average number of diluted common stock (Thousands of shares)	274,772	274,767
Basic earnings per share (Yen)	1,022.80	584.44
Diluted earnings per share (Yen)	1,022.80	584.44

(Significant Subsequent Event)

There are no pertinent items.

4. Others

Sales

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

Segment	Product	Unit	A	B	B-A
			FY2021	FY2022	Increase/decrease
Mineral Resources	Gold and silver ores (Gold content)	t	143,333	146,799	3,466
		¥1,000/DMT	259	222	-37
		¥million	37,052	32,577	-4,475
		(kg)	(5,950)	(4,400)	(-1,550)
Smelting & Refining	Copper	t	418,126	435,538	17,412
		¥1,000/t	1,099	1,168	69
		¥million	459,426	508,535	49,109
	Gold	kg	16,833	18,159	1,326
		¥/g	6,531	7,899	1,368
		¥million	109,928	143,441	33,513
	Silver	kg	229,889	229,675	-214
		¥1,000/kg	89	94	5
		¥million	20,550	21,500	950
	Nickel	t	64,221	62,430	-1,791
		¥1,000/t	2,263	3,481	1,218
		¥million	145,318	217,303	71,985
Materials	Advanced materials, etc.	¥million	192,977	237,448	44,471

(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.
3. The sales volume of copper excludes that related to location swaps.