



Consolidated Financial Results for the First Quarter Ended June 30, 2023 [IFRS]

August 7, 2023

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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, 2023
 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 and analysts)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results (From April 1, 2023, to June 30, 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	%
Three months ended June 30, 2023	369,190	3.2	27,133	-73.9	23,050	-71.7	20,732	-72.9	55,073	-56.9
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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	75.45	75.45
Three months ended June 30, 2022	278.27	278.27

(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, 2023	2,767,761	1,819,352	1,649,355	59.6
As of March 31, 2023	2,707,899	1,789,296	1,631,671	60.3

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, 2023	—	90.00	—	115.00	205.00
Year ending March 31, 2024	—				
Year ending March 31, 2024 (Forecast)		27.00	—	27.00	54.00

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

**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)	710,000	-0.1	49,000	-71.0	38,000	-69.7	35,000	-70.6	127.38
Full year	1,403,000	-1.4	84,000	-63.5	64,000	-62.5	53,000	-67.0	192.89

(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) 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 June 30, 2023
- 290,814,015 shares at March 31, 2023
- 2) Number of shares of treasury stock as of end of period
- 16,050,549 shares at June 30, 2023
- 16,049,021 shares at March 31, 2023
- 3) Average number of shares during the period
- 274,764,017 shares for three months ended June 30, 2023
- 274,768,927 shares for three months ended June 30, 2022

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 7, 2023.

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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, 2023	369,190	27,133	20,732
Three months ended June 30, 2022	357,659	104,041	76,459
Increase/decrease	11,531	-76,908	-55,727
[Rate of change: %]	[3.2]	[-73.9]	[-72.9]

(Overseas market prices and foreign exchange rates)

	Unit	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase/decrease
Copper	\$/t	9,526	8,478	-1,048
Gold	\$/TOZ	1,873.0	1,978.1	105.1
Nickel	\$/lb	13.17	10.16	-3.01
Exchange rate (TTM)	¥/\$	129.58	137.37	7.79

The global economy during the first three months of fiscal 2023, the year ending March 31, 2024, saw a gradual slowdown due to factors that put downward pressure on growth, including the prolonged Russia's invasion of Ukraine, inflation in Europe, the United States, and other countries, and the continued monetary tightening in response, although the restrictions on socioeconomic activities caused by COVID-19 were largely resolved by the end of the previous fiscal year. Against this backdrop, although China once experienced an economic recovery toward the end of the previous fiscal year due to the lifting of its zero-COVID policy, the pace of recovery has since decelerated.

As for exchange rates, while Japan continued with its monetary easing policy, the United States maintained its monetary tightening, which led to a trend of a weaker yen, resulting in the average exchange rate for the yen that depreciated compared to the same period of the previous fiscal year.

Regarding the prices of major non-ferrous metals, copper and nickel prices were on a declining trend due mainly to concerns over declining demand caused by slowing growth in the global economy including China, and average prices declined year over year. Gold prices, on the other hand, increased leading up to the end of the previous fiscal year due mainly to financial uncertainties from bank failures in Europe and the United States, and although there was a declining trend due to reasons such as the ongoing rise in policy interest rates in the United States, average prices increased year over year.

In industries related to the Materials business, the market scale for electric vehicles grew, and demand for automobile battery materials remained strong. On the other hand, although the impact of semiconductor component shortages eased and inventory adjustments were completed in some areas, because the pace of China's economic recovery was slow, demand for components for electronic parts did not fully recover.

Under these circumstances, consolidated net sales in the first three months of fiscal 2023 increased by ¥11,531 million year over year to ¥369,190 million, due mainly to increased sales of automobile battery materials.

Consolidated profit before tax decreased by ¥76,908 million year over year to ¥27,133 million, due mainly to a decline in nickel prices and a decrease in temporary positive factors such as foreign exchange gain resulting from the rapid depreciation of the yen in the same period of the previous fiscal year.

Profit attributable to owners of parent decreased by ¥55,727 million year over year to ¥20,732 million, due mainly to a decrease in consolidated profit before tax.

Operating results by reportable segment are as follows.

(Segment income is calculated based on profit before tax in the condensed quarterly consolidated statement of profit or loss.)

(Mineral Resources segment)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase/decrease	Rate of change (%)
Net sales	45,796	38,489	-7,307	-16.0
Segment income	34,529	27,718	-6,811	-19.7

Segment income decreased year over year due mainly to the decrease in copper prices and the increase in production costs stemming from global inflation.

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 4.0 tonnes, and the sales volume of gold in the first three months of fiscal 2023 was 1.2 tonnes.

Production levels at the Morenci Copper Mine (United States) (of which the Company holds a 25.0% interest, excluding non-controlling interest) was 90 thousand tonnes, lower than the same period of the previous fiscal year due mainly to a decline in mining volume.

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 111 thousand tonnes, due mainly to an increase in mining volume.

(Smelting & Refining segment)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase/decrease	Rate of change (%)
Net sales	274,928	267,074	-7,854	-2.9
Segment income	56,388	6,090	-50,298	-89.2

(Output by the Company's major product)

Product	Unit	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase/decrease
Copper	t	111,004	96,779	-14,225
Gold	kg	4,231	5,079	848
Electrolytic nickel	t	12,900	13,915	1,015
Ferronickel	t	3,085	1,949	-1,136

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

Segment income decreased year over year, due mainly to the decline in nickel prices and the decrease in temporary positive factors, which occurred in the same period of the previous fiscal year due to the rapid depreciation of the yen.

Although the production level of electrolytic copper decreased from the same period of the previous fiscal year, sales volume was higher year over year. The production level and sales volume of electrolytic nickel increased from the same period of the previous fiscal year. The production level and sales volume of ferronickel declined from the same period of the previous fiscal year.

Operations at Coral Bay Nickel Corporation (Philippines) and Taganito HPAL Nickel Corporation (Philippines) generally continued as planned, with production levels remaining on par with the same period of the previous fiscal year.

(Materials segment)			(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase/decrease	Rate of change (%)
Net sales	75,309	91,099	15,790	21.0
Segment income	9,619	1,382	-8,237	-85.6

Segment income decreased year over year, due mainly to the impact of falling prices of non-ferrous metals, which pushed down profits, and sluggish demand for components for electronic parts in China, despite higher sales of automobile battery materials.

(2) Financial Position

1) Financial Position			(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023	Increase/decrease	
Total assets	2,707,899	2,767,761	59,862	
Total liabilities	918,603	948,409	29,806	
Total equity	1,789,296	1,819,352	30,056	

Total assets as of June 30, 2023 increased from those as of March 31, 2023. Although inventories decreased, property, plant and equipment and other financial assets under non-current assets, mainly investment securities and long-term loans receivable, increased.

Total liabilities as of June 30, 2023 increased from those as of March 31, 2023. Although trade and other payables and income taxes payable decreased, bonds and borrowings under current liabilities increased due to the issuance of short-term bonds, and bonds and borrowings under non-current liabilities increased due to an increase in long-term borrowings.

Total equity as of June 30, 2023 increased from those as of March 31, 2023. This was mainly due to an increase in financial assets measured at fair value through other comprehensive income in other components of equity due to an increase in the price of stock holdings.

2) Cash Flows			(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase/decrease	
Net cash provided by (used in) operating activities	921	(4,964)	-5,885	
Net cash used in investing activities	(652)	(56,032)	-55,380	
Net cash provided by (used in) financing activities	(31,602)	44,751	76,353	
Effect of exchange rate changes on cash and cash equivalents	14,621	7,003	-7,618	
Cash and cash equivalents at beginning of period	213,977	215,007	1,030	
Cash and cash equivalents at end of period	197,265	205,765	8,500	

Net cash used in operating activities was posted during the first three months of fiscal 2023, despite the recording of net cash provided in the same period of the previous fiscal year. This was due mainly to a decrease in profit before tax and a larger decrease in trade and other payables compared to the same period of the previous fiscal year, despite a decrease in inventories.

Net cash used in investing activities increased from the same period of the previous fiscal year, due mainly to a decrease in proceeds from withdrawal of time deposits and an increase in payments for long-term loans receivable.

Net cash provided by financing activities was posted during the first three months of fiscal 2023, despite the recording of net cash used in the same period of the previous fiscal year. This was due mainly to increases in proceeds from short-term borrowings, proceeds from long-term borrowings, and proceeds from issuance of bonds, and a decrease in dividends paid.

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

	Unit	FY2023 First Three Months Results	FY2023 Second Quarter Forecast	FY2023 First Six Months Forecast	FY2023 Third and Fourth Quarter Forecast	Year ending March 31, 2024 Full Year Forecast
Copper	\$/t	8,478	8,300	8,389	8,600	8,495
Gold	\$/TOZ	1,978.1	1,850.0	1,914.1	1,800.0	1,857.1
Nickel	\$/lb	10.16	9.75	9.95	9.50	9.73
Exchange rate (TTM)	¥/\$	137.37	140.00	138.69	135.00	136.85

In the business environment surrounding the SMM Group, in the non-ferrous metals industry, given factors such as concerns about the slowing growth of the global economy, especially in China, and the expected increase in supply capacity, we anticipate the supply-demand balance for both copper and nickel to remain approximately balanced or slightly in oversupply over the near term.

As for industries related to the Materials business, robust demand is expected for automobile battery materials against the backdrop of decarbonization. On the other hand, demand for components for electronic parts is expected to remain sluggish over the near term, mainly due to the global decline in shipments of smartphones and computers, starting with China.

As for the forecast of consolidated operating results for the first six months of fiscal 2023, we have revised our estimate 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 ¥710.0 billion, profit before tax of ¥49.0 billion, profit of ¥38.0 billion, and profit attributable to owners of parent of ¥35.0 billion on a consolidated basis.

With regard to the forecast of consolidated operating results for fiscal 2023, based on assumptions of the forecast of consolidated operating results for the first six months of fiscal 2023, we have revised our estimate for the non-ferrous metal price level from the third quarter of fiscal 2023 onward by predicting the future supply-demand balance, and have also revised our forecast for foreign exchange rates based on the current trend and expected level. As a result, net sales are expected to reach ¥1,403.0 billion, profit before tax of ¥84.0 billion, profit of ¥64.0 billion, and profit attributable to owners of parent of ¥53.0 billion on a consolidated basis.

Forecast of consolidated operating results for the first six months of fiscal 2023 (Revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	83,000	517,000	173,000	773,000	5,000	(68,000)	710,000
Segment income	38,000	21,000	(1,000)	58,000	(1,000)	(8,000)	49,000

Forecast of consolidated operating results for fiscal 2023 (Revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	166,000	1,019,000	338,000	1,523,000	11,000	(131,000)	1,403,000
Segment income	76,000	25,000	(3,000)	98,000	(5,000)	(9,000)	84,000

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	FY2022 (As of March 31, 2023)	First Quarter of FY2023 (As of June 30, 2023)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	215,007	205,765
Trade and other receivables	189,199	190,259
Other financial assets	6,273	14,377
Inventories	555,941	527,125
Other current assets	56,423	50,232
Total current assets	1,022,843	987,758
Non-current assets		
Property, plant and equipment	629,451	653,336
Intangible assets and goodwill	68,217	67,361
Investment property	3,477	3,477
Investments accounted for using equity method	450,512	465,245
Other financial assets	497,496	554,969
Deferred tax assets	1,822	1,799
Other non-current assets	34,081	33,816
Total non-current assets	1,685,056	1,780,003
Total assets	2,707,899	2,767,761

	FY2022 (As of March 31, 2023)	First Quarter of FY2023 (As of June 30, 2023)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	251,696	199,215
Bonds and borrowings	158,409	218,727
Other financial liabilities	10,337	9,966
Income taxes payable	24,968	4,495
Provisions	8,663	6,266
Other current liabilities	17,190	20,969
Total current liabilities	471,263	459,638
Non-current liabilities		
Bonds and borrowings	298,848	330,688
Other financial liabilities	8,816	8,606
Provisions	40,361	41,889
Retirement benefit liability	4,396	4,435
Deferred tax liabilities	94,041	101,947
Other non-current liabilities	878	1,206
Total non-current liabilities	447,340	488,771
Total liabilities	918,603	948,409
Equity		
Share capital	93,242	93,242
Capital surplus	89,800	89,800
Treasury shares	(38,076)	(38,083)
Other components of equity	220,383	248,941
Retained earnings	1,266,322	1,255,455
Total equity attributable to owners of parent	1,631,671	1,649,355
Non-controlling interests	157,625	169,997
Total equity	1,789,296	1,819,352
Total liabilities and equity	2,707,899	2,767,761

(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, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
	Millions of yen	Millions of yen
Net sales	357,659	369,190
Cost of sales	(263,196)	(332,849)
Gross profit	94,463	36,341
Selling, general and administrative expenses	(14,435)	(16,558)
Finance income	27,035	7,965
Finance costs	(1,406)	(3,477)
Share of profit (loss) of investments accounted for using equity method	12,262	13,944
Other income	1,431	310
Other expenses	(15,309)	(11,392)
Profit before tax	104,041	27,133
Income tax expense	(22,664)	(4,083)
Profit	81,377	23,050
Profit attributable to:		
Owners of parent	76,459	20,732
Non-controlling interests	4,918	2,318
Profit	81,377	23,050
Earnings per share		
Basic earnings per share (Yen)	278.27	75.45
Diluted earnings per share (Yen)	278.27	75.45

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
	Millions of yen	Millions of yen
Profit	81,377	23,050
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(12,617)	16,208
Share of other comprehensive income of investments accounted for using equity method	(3)	—
Total of items that will not be reclassified to profit or loss	(12,620)	16,208
Items that will be reclassified to profit or loss:		
Cash flow hedges	3,114	2,816
Exchange differences on transition of foreign operations	35,352	9,110
Share of other comprehensive income of investments accounted for using equity method	20,635	3,889
Total of items that will be reclassified to profit or loss	59,101	15,815
Other comprehensive income, net of tax	46,481	32,023
Comprehensive income	127,858	55,073
Comprehensive income attributable to:		
Owners of parent	114,686	49,289
Non-controlling interests	13,172	5,784
Comprehensive income	127,858	55,073

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
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	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	—
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
Transfer to retained earnings	—	—	—	—	—	—
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

For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 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, 2023	93,242	89,800	(38,076)	105,602	725	114,056
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	9,471	2,878	16,208
Total comprehensive income	—	—	—	9,471	2,878	16,208
Purchase of treasury shares	—	—	(7)	—	—	—
Disposal of treasury shares	—	—	—	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	1
Transactions with owners - total	—	—	(7)	—	—	1
As of June 30, 2023	93,242	89,800	(38,083)	115,073	3,603	130,265

	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, 2023	—	220,383	1,266,322	1,631,671	157,625	1,789,296
Profit	—	—	20,732	20,732	2,318	23,050
Other comprehensive income	—	28,557	—	28,557	3,466	32,023
Total comprehensive income	—	28,557	20,732	49,289	5,784	55,073
Purchase of treasury shares	—	—	—	(7)	—	(7)
Disposal of treasury shares	—	—	—	—	—	—
Dividends	—	—	(31,598)	(31,598)	(2,265)	(33,863)
Changes in ownership interest in subsidiaries	—	—	—	—	8,853	8,853
Transfer to retained earnings	—	1	(1)	—	—	—
Transactions with owners - total	—	1	(31,599)	(31,605)	6,588	(25,017)
As of June 30, 2023	—	248,941	1,255,455	1,649,355	169,997	1,819,352

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	104,041	27,133
Depreciation and amortization expense	12,202	13,118
Share of loss (profit) of investments accounted for using equity method	(12,262)	(13,944)
Increase or decrease in retirement benefit asset or liability	(70)	86
Increase (decrease) in provisions	(1,993)	(1,624)
Finance income	(27,035)	(7,965)
Finance costs	1,406	3,477
Decrease (increase) in trade and other receivables	(756)	(2,078)
Decrease (increase) in inventories	(40,046)	31,645
Increase (decrease) in trade and other payables	(22,700)	(49,587)
Decrease (increase) in advance payments to suppliers	(1,166)	2,357
Increase (decrease) in accrued consumption taxes	1,981	5,496
Other	33	(642)
Subtotal	13,635	7,472
Interest received	319	1,035
Dividends received	9,806	13,731
Interest paid	(806)	(1,085)
Income taxes paid	(22,033)	(26,117)
Net cash provided by (used in) operating activities	921	(4,964)

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
	Millions of yen	Millions of yen
Cash flows from investing activities		
Payments into time deposits	(21)	(267)
Proceeds from withdrawal of time deposits	42,171	33
Purchase of securities	(6,279)	—
Purchase of property, plant and equipment	(21,286)	(16,066)
Proceeds from sale of property, plant and equipment	28	683
Purchase of intangible assets	(102)	(87)
Purchase of shares of subsidiaries and associates	(3,723)	(10,150)
Collection of short-term loans receivable	168	201
Payments for long-term loans receivable	(11,210)	(30,490)
Other	(398)	111
Net cash provided by (used in) investing activities	(652)	(56,032)
Cash flows from financing activities		
Proceeds from short-term borrowings	83,268	114,011
Repayments of short-term borrowings	(91,296)	(99,825)
Proceeds from long-term borrowings	—	21,766
Repayments of long-term borrowings	(3,054)	(10,665)
Proceeds from issuance of bonds	30,000	49,999
Redemption of bonds	—	(5,000)
Proceeds from share issuance to non-controlling shareholders	5,244	8,853
Dividends paid	(51,657)	(31,598)
Dividends paid to non-controlling interests	(3,576)	(2,265)
Other	(531)	(525)
Net cash provided by (used in) financing activities	(31,602)	44,751
Net increase (decrease) in cash and cash equivalents	(31,333)	(16,245)
Cash and cash equivalents at beginning of period	213,977	215,007
Effect of exchange rate changes on cash and cash equivalents	14,621	7,003
Cash and cash equivalents at end of period	197,265	205,765

(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)

“Collection of long-term loans receivable,” which was presented separately under “cash flows from investing activities” in the first three months ended June 30, 2022, is included in “other” under “cash flows from investing activities” due to its decreased 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, 2022.

As a result, “collection of long-term loans receivable” of ¥12 million and “other” of ¥(410) million, which were presented under “cash flows from investing activities” in the condensed quarterly consolidated statement of cash flows for the first three months ended June 30, 2022, have been reclassified as “other” of ¥(398) million.

(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 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, 2022 (from April 1, 2022 to June 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	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 ³	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.

Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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	29,509	252,783	85,963	368,255	935	369,190	—	369,190
Inter-segment	8,980	14,291	5,136	28,407	1,638	30,045	(30,045)	—
Total	38,489	267,074	91,099	396,662	2,573	399,235	(30,045)	369,190
Segment income ³	27,718	6,090	1,382	35,190	(233)	34,957	(7,824)	27,133

(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 ¥(7,824) 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	FY2023 First Three Months Results
Mineral Resources	Gold and silver ores (Gold content)	t	36,062
		¥1,000/DMT ¥million (kg)	287 10,355 (1,235)
Smelting & Refining	Copper	t ¥1,000/t ¥million	115,504 1,177 135,933
	Gold	kg ¥/g ¥million	5,172 8,364 43,264
	Silver	kg ¥1,000/kg ¥million	57,006 106 6,064
	Nickel	t ¥1,000/t ¥million	15,888 3,162 50,231
Materials	Advanced materials, etc.	¥million	73,799

(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.