



Consolidated Financial Results for the Year Ended March 31, 2020 [IFRS]

May 8, 2020

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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 Ordinary General Meeting of Shareholders: June 26, 2020
 Scheduled Date to Start Dividend Payment: June 29, 2020
 Scheduled Date to Submit Securities Report: June 26, 2020
 Preparation of Supplementary Explanation Materials for Financial Results: Yes
 Briefing on Account Settlement: Yes (for institutional investors)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results (From April 1, 2019, to March 31, 2020)

(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, 2020	872,615	-4.3	79,035	-11.6	62,752	-9.7	60,600	-9.3	27,259	-47.2
Year ended March 31, 2019	912,208	-1.9	89,371	-17.5	67,241	-29.1	66,790	-26.0	51,649	-42.7

	Basic earnings per share	Diluted earnings per share	Return on equity	Profit before tax to total assets
	Yen	Yen	%	%
Year ended March 31, 2020	220.54	220.54	5.9	4.5
Year ended March 31, 2019	243.06	243.06	6.4	5.1

(Reference) Equity in earnings (loss) of affiliates

Year ended March 31, 2020: ¥6,178 million;

Year ended March 31, 2019: -¥4,901 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, 2020	1,719,690	1,110,860	1,001,946	58.3	3,646.34
As of March 31, 2019	1,797,701	1,151,280	1,047,561	58.3	3,812.26

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash 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, 2020	136,545	(70,334)	9,149	155,530
Year ended March 31, 2019	114,744	(142,354)	(29,047)	81,261

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, 2019	—	51.00	—	22.00	73.00	20,060	30.0	1.9
Year ended March 31, 2020	—	39.00	—	39.00	78.00	21,433	35.4	2.1
Year ending March 31, 2021 (Forecast)	—	—	—	—	—		—	

(Note) The dividend forecast for the year ending March 31, 2021 is currently undetermined.

3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2021 (From April 1, 2020, to March 31, 2021)

The forecast of consolidated operating results for the year ending March 31, 2021 remains undetermined, as the outlook for the economic environment is unpredictable due to the spread of the COVID-19, and it is difficult to reasonably calculate the full-year results at this time. Going forward, the forecast will be promptly disclosed once it can be reasonably calculated.

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: Yes
 - 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 March 31, 2020
 - 290,814,015 shares at March 31, 2019
 - 2) Number of shares of treasury stock as of end of period
 - 16,032,485 shares at March 31, 2020
 - 16,026,270 shares at March 31, 2019
 - 3) Average number of shares during the period
 - 274,784,607 shares for the year ended March 31, 2020
 - 274,790,308 shares for the year ended March 31, 2019

(Reference) Summary of Non-Consolidated Financial Results
 Non-Consolidated Financial Results (From April 1, 2019, to March 31, 2020)

(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, 2020	743,418	-2.0	43,371	17.2	110,491	42.3	87,940	76.9
Year ended March 31, 2019	758,858	1.1	37,020	-29.9	77,622	50.7	49,716	75.4

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
Year ended March 31, 2020	320.03	320.03
Year ended March 31, 2019	180.92	180.92

(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, 2020	1,103,689	706,782	64.0	2,572.16
As of March 31, 2019	1,071,903	647,889	60.4	2,357.78

(Reference) Shareholders' equity

As of March 31, 2020: ¥706,782 million;

As of March 31, 2019: ¥647,889 million

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

(Supplementary Explanation Materials for Financial Results)

The Supplementary Explanation Materials will be posted on the Company's website on Friday, May 8, 2020.

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1. Overview of Business Performance, etc.

(1) Overview of Business Performance in Fiscal 2019

1) General overview

(Millions of yen)

	Net sales	Profit before tax	Profit attributable to owners of parent
Year ended March 31, 2020	872,615	79,035	60,600
Year ended March 31, 2019	912,208	89,371	66,790
Increase/decrease [Rate of change: %]	-39,593 [-4.3]	-10,336 [-11.6]	-6,190 [-9.3]

(Overseas market prices and foreign exchange rates)

	Unit	Year ended March 31, 2019	Year ended March 31, 2020	Increase/decrease
Copper	\$/t	6,341	5,860	-481
Gold	\$/TOZ	1,263.1	1,462.3	199.2
Nickel	\$/lb	5.85	6.35	0.50
Exchange rate (TTM)	¥/\$	110.92	108.74	-2.18

The global economy during fiscal 2019 continued on a declining trend, against a backdrop of trade friction between the United States and China, among other factors. The global spread of the COVID-19, which appeared in the fourth quarter of fiscal 2019, heightened the sense of uncertainty regarding the economic outlook.

As for exchange rates, in general the yen appreciated while the dollar depreciated, amid such factors as the global economic slowdown and a reduction in the interest rate differential between Japan and the United States. As a result, in terms of the average exchange rate, the yen was stronger year over year.

Regarding the prices of major non-ferrous metals, copper prices were generally on a downward trend, due to such factors as a worsened outlook for the global economy, while gold prices were generally on an upward trend. Although nickel prices rose temporarily in the second quarter of fiscal 2019, primarily due to concerns regarding supply, as Indonesia moved forward with restrictions on ore exports, they shifted to a downward trend from the third quarter of fiscal 2019 due to concerns over a fall in demand. As a result, the average price of copper fell year over year, while the average prices of nickel and gold rose year over year.

In industries related to the Materials business, the Company's demand for automobile battery components remained robust, despite a downturn in demand due to trade friction between the United States and China, as well as the spread of the COVID-19. Growth of the smartphone market has plateaued due to increased adoption and maturation of the market, and with the effects of the spread of the COVID-19, concerns have begun to arise regarding inventory adjustments for components.

Under these circumstances, consolidated net sales in fiscal 2019 decreased by ¥39,593 million year over year to ¥872,615 million, due mainly to falling copper prices and appreciation of the yen.

Consolidated profit before tax decreased by ¥10,336 million year over year to ¥79,035 million, despite a turnaround in the share of profit (loss) of investments accounted for using equity method, due mainly to a deterioration of finance income and finance costs owing to such factors as fluctuations in foreign exchange gains and losses from appreciation of the yen, in addition to a decrease in income.

Profit attributable to owners of parent decreased by ¥6,190 million year over year to ¥60,600 million, due mainly to the decrease in consolidated profit before tax.

2) Reportable segments

(a) Mineral Resources segment

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Increase/decrease	Rate of change (%)
Net sales	130,078	114,861	-15,217	-11.7
Segment income	47,320	37,956	-9,364	-19.8

Segment income decreased year over year, due mainly to a fall in copper prices.

The statuses of our main mines are as follows.

Mining operations at the Hishikari Mine remained steady, and the gold content in sold ore was in line with the planned amount, nearly unchanged from the previous fiscal year at 6 t.

Production levels at the Morenci Copper Mine (United States) (of which the Company holds a 25.0% interest, excluding non-controlling interest) increased year over year to 461,000 t, due mainly to a high production level of cathode.

Production levels at the Cerro Verde Copper Mine (Peru) (of which the Company holds a 16.8% interest, excluding non-controlling interest) fell from the previous fiscal year to 455,000 t, due mainly to a drop in the grade of ore.

Production levels at the Sierra Gorda Copper Mine (Chile) (of which the Company holds a 31.5% interest, excluding non-controlling interest) rose year over year to 108,000 t, due mainly to increases in throughput and the grade of ore.

(b) Smelting & Refining segment

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Increase/decrease	Rate of change (%)
Net sales	637,779	614,031	-23,748	-3.7
Segment income	40,935	48,257	7,322	17.9

(Output by the Company's major product)

Product	Unit	Year ended March 31, 2019	Year ended March 31, 2020	Increase/decrease
Copper	t	454,177	399,399	-54,778
Gold	kg	21,351	17,933	-3,418
Electrolytic nickel	t	56,674	58,813	2,139
Ferronickel	t	12,887	13,539	652

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

Segment income increased year over year, despite drops in copper prices, due mainly to rises in nickel and gold prices, and gain on sale of land and buildings consequent to the business withdrawal of Taihei Metal Industry Co., Ltd.

Although the production level of electrolytic copper declined year over year due to scheduled furnace repairs at the Toyo Smelter & Refinery, the production level of electrolytic nickel increased year over year.

Although the production level at Coral Bay Nickel Corporation declined year over year due mainly to equipment problems, the production level at Taganito HPAL Nickel Corporation increased year over year due to improved operating conditions compared to the previous fiscal year.

(c) Materials segment (Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Increase/decrease	Rate of change (%)
Net sales	219,396	228,635	9,239	4.2
Segment income	13,780	5,274	-8,506	-61.7

Segment income decreased from the previous fiscal year, despite an increased sales volume of battery materials against a backdrop of increased demand for automotive batteries, owing mainly to a negative impact of inventory valuation, along with a decrease in sales volume of powder materials and customer inventory adjustments for crystal materials.

(2) Overview of Financial Position in Fiscal 2019

Consolidated Statement of Financial Position (Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase/decrease
Total assets	1,797,701	1,719,690	-78,011
Total liabilities	646,421	608,830	-37,591
Total equity	1,151,280	1,110,860	-40,420

Total assets as of March 31, 2020 decreased from those as of March 31, 2019. The main changes are described below. Long-term loans receivable included under other financial assets (non-current) decreased due to the effect of the amendment to the International Accounting Standards (hereinafter "IAS") 28 Investments in Associates and Joint Ventures, despite an increase in cash and cash equivalents. Additionally, investment securities included under other financial assets (non-current) decreased due to a decline in the market prices of stocks held. Inventories and trade and other receivables also decreased.

Total liabilities decreased from those as of March 31, 2019. The main changes are described below. Trade and other payables and deferred tax liabilities for the valuation difference on shares held decreased, despite the issuance of bonds.

Total equity decreased from those as of March 31, 2019. The main changes are described below. Retained earnings decreased as a result of reducing the balance of retained earnings at the beginning of the period due to the amendment to IAS 28. Additionally, financial assets measured at fair value through other comprehensive income attributable to stocks held also decreased.

Consolidated Statement of Cash Flows (Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Increase/decrease
Net cash provided by operating activities	114,744	136,545	21,801
Net cash used in investing activities	(142,354)	(70,334)	72,020
Net cash provided by (used in) financing activities	(29,047)	9,149	38,196
Effect of exchange rate changes on cash and cash equivalents	588	(1,091)	-1,679
Cash and cash equivalents at beginning of period	137,330	81,261	-56,069
Cash and cash equivalents at end of period	81,261	155,530	74,269

Net cash provided by operating activities for the fiscal year ended March 31, 2020 increased from the previous fiscal year, due mainly to decreases in inventories and trade and other receivables, despite decreases in profit before tax and trade and other payables.

Net cash used in investing activities decreased from the previous fiscal year, due mainly to large payments of long-term loans receivable related to the entry into the Quebrada Blanca Copper Mine (Chile) in the previous fiscal year.

In the previous fiscal year, net cash was used in financing activities due mainly to the redemption of bonds, despite the issuance of bonds. However, in the fiscal year ended March 31, 2020, net cash was provided by financing activities due to the issuance of bonds, as there was no redemption of bonds.

Cash flow indicators:

	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2020
Equity attributable to owners of parent ratio (%)	59.4	58.3	58.3
Equity attributable to owners of parent ratio based on market capitalization (%)	71.1	50.0	35.4
Cash flows/Interest-bearing debt ratio (times)	4.6	3.1	2.7
Interest coverage ratio (times)	12.9	17.0	20.5

Notes:

1. 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
2. All of the above indicators are calculated for their respective values on a consolidated basis.
3. Market capitalization is calculated based on the number of shares issued at the end of the fiscal year after deducting treasury shares.
4. Cash flows employs “Net cash provided by (used in) operating activities” in the Consolidated Statement of Cash Flows.
5. 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.
6. Cash flow indicators before the fiscal year ended March 31, 2018 are not disclosed as the transition date to IFRS was April 1, 2017 and IFRS has been applied from the fiscal year ended March 31, 2019.

(3) Future Outlook

The forecast of consolidated operating results for the year ending March 31, 2021 is undetermined, as the outlook for the economic environment is unpredictable due to the spread of the COVID-19, and it is difficult to reasonably calculate the full-year results at this time. Going forward, the forecast will be promptly disclosed once it can be reasonably calculated.

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

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	81,261	155,530
Trade and other receivables	151,598	123,393
Other financial assets	9,493	8,959
Inventories	288,918	252,799
Other current assets	19,945	20,541
Total current assets	551,215	561,222
Non-current assets		
Property, plant and equipment	458,802	463,405
Intangible assets and goodwill	61,207	58,338
Investment property	3,428	3,428
Investments accounted for using equity method	363,165	365,090
Other financial assets	330,212	241,957
Deferred tax assets	11,276	8,466
Other non-current assets	18,396	17,784
Total non-current assets	1,246,486	1,158,468
Total assets	1,797,701	1,719,690

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	165,823	104,803
Bonds and borrowings	75,282	80,656
Other financial liabilities	2,225	5,019
Income taxes payable	2,724	4,687
Provisions	4,753	4,392
Other current liabilities	6,671	6,753
Total current liabilities	257,478	206,310
Non-current liabilities		
Bonds and borrowings	304,009	316,847
Other financial liabilities	3,502	11,705
Provisions	22,362	21,708
Retirement benefit liability	10,391	14,024
Deferred tax liabilities	47,791	37,394
Other non-current liabilities	888	842
Total non-current liabilities	388,943	402,520
Total liabilities	646,421	608,830
Equity		
Share capital	93,242	93,242
Capital surplus	87,598	87,598
Treasury shares	(37,983)	(38,002)
Other components of equity	25,756	(94)
Retained earnings	878,948	859,202
Total equity attributable to owners of parent	1,047,561	1,001,946
Non-controlling interests	103,719	108,914
Total equity	1,151,280	1,110,860
Total liabilities and equity	1,797,701	1,719,690

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

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
	Millions of yen	Millions of yen
Net sales	912,208	872,615
Cost of sales	(785,571)	(763,144)
Gross profit	126,637	109,471
Selling, general and administrative expenses	(49,329)	(49,098)
Finance income	20,967	15,390
Finance costs	(8,862)	(7,858)
Share of profit (loss) of investments accounted for using equity method	(4,901)	6,178
Other income	13,011	12,855
Other expenses	(8,152)	(7,903)
Profit before tax	89,371	79,035
Income tax expense	(22,130)	(18,283)
Profit	67,241	60,752
Profit attributable to:		
Owners of parent	66,790	60,600
Non-controlling interests	451	152
Profit	67,241	60,752
Earnings per share		
Basic earnings per share (Yen)	243.06	220.54
Diluted earnings per share (Yen)	243.06	220.54

(Consolidated Statement of Comprehensive Income)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
	Millions of yen	Millions of yen
Profit	67,241	60,752
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(6,969)	(21,126)
Remeasurements of defined benefit plans	(3,036)	(2,520)
Share of other comprehensive income of investments accounted for using equity method	(205)	(115)
Total of items that will not be reclassified to profit or loss	(10,210)	(23,761)
Items that will be reclassified to profit or loss:		
Cash flow hedges	466	(1,645)
Exchange differences on transition of foreign operations	475	(5,108)
Share of other comprehensive income of investments accounted for using equity method	(6,323)	(2,979)
Total of items that will be reclassified to profit or loss	(5,382)	(9,732)
Other comprehensive income, net of tax	(15,592)	(33,493)
Comprehensive income	51,649	27,259
Comprehensive income attributable to:		
Owners of parent	50,351	28,541
Non-controlling interests	1,298	(1,282)
Comprehensive income	51,649	27,259

(3) Consolidated Statement of Changes in Equity
FY2018 (From April 1, 2018 to March 31, 2019)

	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, 2018	93,242	87,598	(37,959)	(11,944)	241	50,118
Cumulative effect of accounting change	—	—	—	—	—	—
Restated balance as of April 1, 2018	93,242	87,598	(37,959)	(11,944)	241	50,118
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	(6,629)	390	(7,120)
Total comprehensive income	—	—	—	(6,629)	390	(7,120)
Purchase of treasury shares	—	—	(25)	—	—	—
Disposal of treasury shares	—	0	1	—	—	—
Dividends	—	—	—	—	—	—
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—
Changes in ownership interests	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	700
Transactions with owners - total	—	0	(24)	—	—	700
As of March 31, 2019	93,242	87,598	(37,983)	(18,573)	631	43,698

	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, 2018	—	38,415	848,089	1,029,385	83,964	1,113,349
Cumulative effect of accounting change	—	—	—	—	—	—
Restated balance as of April 1, 2018	—	38,415	848,089	1,029,385	83,964	1,113,349
Profit	—	—	66,790	66,790	451	67,241
Other comprehensive income	(3,080)	(16,439)	—	(16,439)	847	(15,592)
Total comprehensive income	(3,080)	(16,439)	66,790	50,351	1,298	51,649
Purchase of treasury shares	—	—	—	(25)	—	(25)
Disposal of treasury shares	—	—	—	1	—	1
Dividends	—	—	(32,151)	(32,151)	(5,049)	(37,200)
Establishment of subsidiary with non-controlling interests	—	—	—	—	17,976	17,976
Changes in ownership interests	—	—	—	—	5,530	5,530
Transfer to retained earnings	3,080	3,780	(3,780)	—	—	—
Transactions with owners - total	3,080	3,780	(35,931)	(32,175)	18,457	(13,718)
As of March 31, 2019	—	25,756	878,948	1,047,561	103,719	1,151,280

FY2019 (From April 1, 2019 to March 31, 2020)

	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, 2019	93,242	87,598	(37,983)	(18,573)	631	43,698
Cumulative effect of accounting change	—	—	—	(1,045)	—	—
Restated balance as of April 1, 2019	93,242	87,598	(37,983)	(19,618)	631	43,698
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	(6,758)	(1,547)	(21,039)
Total comprehensive income	—	—	—	(6,758)	(1,547)	(21,039)
Purchase of treasury shares	—	—	(19)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—
Changes in ownership interests	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	4,539
Transactions with owners - total	—	0	(19)	—	—	4,539
As of March 31, 2020	93,242	87,598	(38,002)	(26,376)	(916)	27,198

	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, 2019	—	25,756	878,948	1,047,561	103,719	1,151,280
Cumulative effect of accounting change	—	(1,045)	(56,330)	(57,375)	—	(57,375)
Restated balance as of April 1, 2019	—	24,711	822,618	990,186	103,719	1,093,905
Profit	—	—	60,600	60,600	152	60,752
Other comprehensive income	(2,715)	(32,059)	—	(32,059)	(1,434)	(33,493)
Total comprehensive income	(2,715)	(32,059)	60,600	28,541	(1,282)	27,259
Purchase of treasury shares	—	—	—	(19)	—	(19)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(16,762)	(16,762)	(3,121)	(19,883)
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—
Changes in ownership interests	—	—	—	—	9,598	9,598
Transfer to retained earnings	2,715	7,254	(7,254)	—	—	—
Transactions with owners - total	2,715	7,254	(24,016)	(16,781)	6,477	(10,304)
As of March 31, 2020	—	(94)	859,202	1,001,946	108,914	1,110,860

(4) Consolidated Statement of Cash Flows

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	89,371	79,035
Depreciation and amortization expense	43,541	45,355
Loss (gain) on sale of property, plant and equipment	(56)	(8,616)
Impairment losses	—	1,506
Share of loss (profit) of investments accounted for using equity method	4,901	(6,178)
Loss (gain) on sale of subsidiaries	(9,512)	488
Increase or decrease in retirement benefit asset or liability	(1,438)	892
Increase (decrease) in provisions	(2,930)	(1,635)
Finance income	(20,967)	(15,390)
Finance costs	8,862	7,858
Decrease (increase) in trade and other receivables	3,941	26,820
Decrease (increase) in inventories	(14,573)	35,331
Increase (decrease) in trade and other payables	12,849	(28,825)
Increase (decrease) in accrued consumption taxes	1,451	553
Other	(3,608)	(2,042)
Subtotal	111,832	135,152
Interest received	2,607	5,112
Dividends received	14,662	11,991
Interest paid	(6,737)	(6,669)
Income taxes paid	(12,701)	(10,587)
Income taxes refund	5,081	1,546
Net cash provided by (used in) operating activities	114,744	136,545
Cash flows from investing activities		
Payments into time deposits	(32,300)	(9,272)
Proceeds from withdrawal of time deposits	28,674	10,652
Proceeds from redemption of investments	10,610	—
Purchase of property, plant and equipment	(49,657)	(45,778)
Proceeds from sale of property, plant and equipment	689	10,849
Purchase of intangible assets	(1,527)	(695)
Proceeds from sale of investment securities	740	6,307
Purchase of shares of subsidiaries and associates	(49,169)	(43,657)
Payments for short-term loans receivable	(969)	(2)
Collection of short-term loans receivable	3,698	260
Payments for long-term loans receivable	(75,408)	(3,246)
Collection of long-term loans receivable	27	3,138

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
	Millions of yen	Millions of yen
Proceeds from sale of interests in subsidiaries resulting in change in scope of consolidation	24,531	885
Other	(2,293)	225
Net cash provided by (used in) investing activities	(142,354)	(70,334)
Cash flows from financing activities		
Proceeds from short-term borrowings	78,577	188,223
Repayments of short-term borrowings	(75,816)	(185,585)
Proceeds from long-term borrowings	15,928	28,629
Repayments of long-term borrowings	(23,985)	(29,891)
Proceeds from issuance of bonds	19,917	19,884
Redemption of bonds	(30,000)	—
Proceeds from share issuance to non-controlling shareholders	23,556	9,598
Purchase of treasury shares	(25)	(19)
Dividends paid	(32,151)	(16,762)
Dividends paid to non-controlling interests	(5,049)	(3,121)
Other	1	(1,807)
Net cash provided by (used in) financing activities	(29,047)	9,149
Net increase (decrease) in cash and cash equivalents	(56,657)	75,360
Cash and cash equivalents at beginning of period	137,330	81,261
Effect of exchange rate changes on cash and cash equivalents	588	(1,091)
Cash and cash equivalents at end of period	81,261	155,530

(5) Notes Relating to the Consolidated Financial Statements

(Note Relating to the Going Concern Assumption)

There are no pertinent items.

(Changes in Accounting Policies)

Significant accounting policies applied in the Consolidated Financial Statements are the same as those applied in the Consolidated Financial Statements for the fiscal year ended March 31, 2019, with the following exception.

(Application of IFRS 16 Leases)

The SMM Group has applied IFRS 16 Leases (issued in January 2016; hereinafter “IFRS 16”) from the beginning of the fiscal year ended March 31, 2020.

(1) Significant accounting policies

The SMM Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease contract.

1) Right-of-use assets

Right-of-use assets are initially measured at acquisition cost, which comprises the amount of the initial measurement of lease liabilities, initial direct costs, and the initial estimated cost of dismantling, removing and restoring to the original condition of underlying assets, among others.

Right-of-use assets are measured subsequent to recognition by using cost model, and measured at the value calculated by subtracting accumulated depreciation and accumulated impairment from acquisition cost.

Right-of-use assets are depreciated using the straight-line method over the shorter of lease term and useful lives of right-of-use assets.

The SMM Group includes and presents right-of-use assets in “property, plant and equipment” in the Consolidated Statement of Financial Position.

2) Lease liabilities

Lease liabilities are initially recognized at the present value of outstanding lease payments at the commencement date of the contract, discounted using the interest rate implicit in the lease.

If the interest rate implicit in the lease is not readily determined, the SMM Group’s incremental borrowing rate is used, and the SMM Group generally uses its incremental borrowing rate as the discount rate.

In subsequent measurement, lease liabilities are measured by increasing the carrying amount to reflect the interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The SMM Group includes and presents lease liabilities in “other financial liabilities (current)” and “other financial liabilities (non-current)” in the Consolidated Statement of Financial Position.

(2) Application of IFRS 16

The SMM Group has adopted the method where the cumulative effect of the application of IFRS 16 is recognized at the date of initial application, which is permitted as a transitional measure (the retrospective approach).

In transitioning to IFRS 16, the SMM Group has selected to apply a practical expedient and maintained its assessment of whether a contract contains a lease under IAS 17 Leases (hereinafter “IAS 17”) and IFRIC 4 Determining whether an Arrangement Contains a Lease.

For leases that were classified as finance leases under IAS 17, the carrying amounts of the right-of-use asset and the lease liability as of April 1, 2019 were calculated based on the carrying amounts of the lease asset and the lease obligation measured under IAS 17 immediately before that date.

The SMM Group recognized right-of-use assets and lease liabilities at the date of initial application of IFRS 16 for leases that it had previously classified as operating leases under IAS 17, except for short-term leases with a lease term of 12 months or less, or leases whose underlying assets are of low value.

In applying IFRS 16, the SMM Group used the following practical expedients:

- Leases for which the lease term ends within 12 months of the date of initial application are accounted for in the same way as short-term leases.
- Initial direct costs have been excluded from the measurement of right-of-use assets at the date of initial application.

As a result, property, plant and equipment increased by ¥9,353 million, and other financial liabilities (current) and other financial liabilities (non-current) increased by ¥9,183 million, respectively, at the beginning of the fiscal year ended March 31, 2020, compared to the case when the previous accounting standard were to be applied.

The weighted average of the incremental borrowing rate applied to the lease liabilities recognized in the Consolidated Statement of Financial Position at the date of initial application is 1.5%.

The SMM Group has applied the IFRS 16 exemption and has chosen not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less, or leases whose underlying assets are of low value.

(Amendment to IAS 28 Investments in Associates and Joint Ventures)

The SMM Group has applied the amended IAS 28 Investments in Associates and Joint Ventures (issued in October 2017; hereinafter “Amended IAS 28”) from the beginning of the fiscal year ended March 31, 2020.

The SMM Group, in accordance with the transitional measures of Amended IAS 28, has not restated prior periods and has applied the standard from the beginning of the fiscal year ended March 31, 2020. In conjunction with the application of Amended IAS 28, long-term interests in associates and joint ventures that substantially form part of the net investment in these investees are evaluated based on IFRS 9 Expected Credit Loss Model, while also being evaluated by equity method procedures in accordance with IAS 28.

As a result, other financial assets (non-current) decreased by ¥60,891 million and deferred tax assets increased by ¥3,516 million, as a cumulative effect on the opening balance of the Consolidated Statement of Financial Position for the fiscal year ended March 31, 2020. Additionally, as a cumulative effect on the opening balance of the Consolidated Statement of Changes in Equity for the fiscal year ended March 31, 2020, the opening balance of retained earnings decreased by ¥56,330 million and the exchange differences on transition of foreign operations decreased by ¥1,045 million.

Furthermore, as an effect on the fiscal year ended March 31, 2020, in the Consolidated Statement of Profit or Loss, finance income decreased by ¥2,278 million and income tax expense decreased by ¥467 million, while basic earnings per share and diluted earnings per share decreased by ¥6.59, respectively.

(Operating Segments)

(1) Summary of reportable segments

1) Decision method of the reportable segments

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

The Company currently has four business divisions—Mineral Resources Div., Non-Ferrous Metals Div., Battery Materials Div. and Advanced Materials Div.—in the pursuit of effective business operations by products and services. Each of these business divisions plans its own comprehensive strategies to be carried out in Japan and overseas for its own product and service lines and engages in diverse business activities within the Company and through the consolidated subsidiaries and equity-method associates over which it holds jurisdiction. Furthermore, from the fiscal year ended March 31, 2020, the Company has divided the previous Materials Div. into the Battery Materials Div. and the Advanced Materials Div. However, 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, their operating segments have been integrated. The Company has classified these operating segments into three core reportable segments of Mineral Resources, Smelting & Refining, and Materials by classifying the mineral resource businesses into Mineral Resources, the metals businesses into Smelting & Refining, and the battery materials businesses and the advanced materials businesses into Materials.

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

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

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

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

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

The accounting methods employed for the reported operating segments are almost the same as the accounting policies for the creation of 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, 2019 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable Segments				Other Businesses ²	Adjustments ³	Consolidated Statement of Income
	Mineral Resources	Smelting & Refining	Materials	Total			
Net sales:							
Outside customers	100,099	605,393	203,008	908,500	3,708	—	912,208
Inter-segment	29,979	32,386	16,388	78,753	5,156	(83,909)	—
Total	130,078	637,779	219,396	987,253	8,864	(83,909)	912,208
Segment income (loss)	47,320	40,935	13,780	102,035	(2,007)	(10,657)	89,371
[Profit (loss) before tax]							
Segmental assets	713,743	693,126	256,389	1,663,258	28,211	106,232	1,797,701
Other information:							
Depreciation and amortization expense	(15,390)	(18,945)	(7,817)	(42,152)	(427)	(962)	(43,541)
Finance income	14,203	3,923	1,079	19,205	3	1,759	20,967
Finance costs	(3,192)	(4,888)	(346)	(8,426)	(5)	(431)	(8,862)
Share of profit (loss) of entities accounted for using equity method	(14,021)	5,989	3,217	(4,815)	—	(86)	(4,901)
Impairment losses on non-financial assets	—	—	—	—	—	—	—
Other profit (loss)	10,574	(2,619)	348	8,303	(2,317)	(1,127)	4,859
Capital expenditures	13,573	13,688	14,308	41,569	854	5,022	47,445
Investments accounted for using equity method	241,210	104,285	24,715	370,210	—	(7,045)	363,165

Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable Segments				Other Businesses ²	Adjustments ³	Consolidated Statement of Income
	Mineral Resources	Smelting & Refining	Materials	Total			
Net sales:							
Outside customers	79,951	578,999	209,451	868,401	4,214	—	872,615
Inter-segment	34,910	35,032	19,184	89,126	5,806	(94,932)	—
Total	114,861	614,031	228,635	957,527	10,020	(94,932)	872,615
Segment income (loss)	37,956	48,257	5,274	91,487	(911)	(11,541)	79,035
[Profit (loss) before tax]							
Segmental assets	609,805	661,437	224,893	1,496,135	27,774	195,781	1,719,690
Other information:							
Depreciation and amortization expense	(12,841)	(20,581)	(9,360)	(42,782)	(582)	(1,991)	(45,355)
Finance income	12,143	5,480	1,565	19,188	1	(3,799)	15,390
Finance costs	(3,550)	(4,156)	(386)	(8,092)	(34)	268	(7,858)
Share of profit (loss) of entities accounted for using equity method	(2,240)	4,668	2,820	5,248	—	930	6,178
Impairment losses on non-financial assets	(657)	—	(783)	(1,440)	—	(66)	(1,506)
Other profit (loss)	685	6,968	(268)	7,385	(2,078)	(355)	4,952
Capital expenditures	14,551	24,305	8,245	47,101	636	2,952	50,689
Investments accounted for using equity method	240,262	104,216	24,124	368,602	—	(3,512)	365,090

Notes:

1. Due to organizational changes, the reportable segment of overseas finance subsidiaries, which had previously been included in Adjustments, has been changed to Mineral Resources starting from the fiscal year ended March 31, 2020. Segment information for the fiscal year ended March 31, 2019 has been prepared and disclosed based on the reportable segments of the

fiscal year ended March 31, 2020.

2. 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.
3. The adjustments are as follows:
 - 1) The adjustments for segment income (loss) are as follows:

	(Millions of yen)	
	FY2018 (from April 1, 2018, to March 31, 2019)	FY2019 (from April 1, 2019, to March 31, 2020)
Head Office expenses not allocated to each reportable segment ^a	(3,731)	(3,903)
Internal interest rate	794	890
Eliminations of inter-segmental transactions among the reportable segments	(8,274)	(2,861)
Income/expenses not allocated to each reportable segment ^b	554	(5,667)
Adjustments for segment income (loss)	(10,657)	(11,541)

- 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)	
	FY2018 (from April 1, 2018, to March 31, 2019)	FY2019 (from April 1, 2019, to March 31, 2020)
Corporate assets not allocated to each reportable segment*	525,917	490,561
Offsets and eliminations, etc. of inter-segmental receivables among the reportable segments, including those toward Head Office divisions/departments	(419,685)	(294,780)
Adjustments for segmental assets	106,232	195,781

* 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 entities 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 impairment losses on non-financial assets refer to impairment losses at the Head Office divisions/departments, which are not allocated to the reportable segments.
- 7) 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.
- 8) The adjustments for capital expenditures refer to increases at the Head Office divisions/departments, which are not allocated to the reportable segments.
- 9) The adjustments for investments accounted for using equity method refer to exchange differences on transition of foreign operations.

(Per Share Information)

	FY2018 (from April 1, 2018, to March 31, 2019)	FY2019 (from April 1, 2019, to March 31, 2020)
Profit attributable to owners of parent (Millions of yen)	66,790	60,600
Adjustments for profit (Millions of yen)	—	—
Profit used to calculate diluted earnings per share (Millions of yen)	66,790	60,600
Weighted average number of ordinary shares outstanding (Thousands of shares)	274,790	274,785
Increase in shares of common stock (Thousands of shares)	—	—
Weighted average number of diluted common stock (Thousands of shares)	274,790	274,785
Basic earnings per share (Yen)	243.06	220.54
Diluted earnings per share (Yen)	243.06	220.54

(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
			FY2018	FY2019	Increase/decrease
Mineral Resources	Gold and silver ores (Gold content)	t	146,959	145,096	-1,863
		¥1,000/DMT	170	199	29
		¥million	24,986	28,921	3,935
		(kg)	(6,000)	(5,950)	(-50)
Smelting & Refining	Copper	t	460,705	429,841	-30,864
		¥1,000/t	712	646	-66
		¥million	328,169	277,569	-50,600
		kg	21,645	18,432	-3,213
	Gold	¥/g	4,503	5,121	618
		¥million	97,461	94,389	-3,072
		kg	233,197	212,701	-20,496
	Silver	¥1,000/kg	55	58	3
		¥million	12,920	12,411	-509
		t	67,971	71,118	3,147
	Nickel	¥1,000/t	1,506	1,592	86
		¥million	102,394	113,244	10,850
Materials	Advanced materials, etc.	¥million	154,231	163,381	9,150

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.