



## Consolidated Financial Results for the Second Quarter Ended September 30, 2020 [IFRS]

November 9, 2020

[Full version of English translation released on November 26, 2020]

Listed Company Name: Sumitomo Metal Mining Co., Ltd.  
 Code: 5713  
 Listings: Tokyo Stock Exchange  
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 Scheduled Date to Submit Quarterly Report: November 12, 2020  
 Scheduled Date to Start Dividend Payment: December 9, 2020  
 Preparation of Supplementary Explanation Materials for Quarterly Financial Results: Yes  
 Briefing on Quarterly Account Settlement: Yes (for institutional investors)

(Amounts less than one million yen are rounded off)

### 1. Consolidated Financial Results (From April 1, 2020, to September 30, 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	%
Six months ended September 30, 2020	419,123	-0.8	25,884	-28.8	17,297	-46.1	17,470	-40.5	15,992	91.5
Six months ended September 30, 2019	422,404	-9.5	36,365	-50.3	32,070	-48.2	29,386	-49.4	8,353	-87.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	63.58	63.58
Six months ended September 30, 2019	106.94	106.94

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2020	1,720,768	1,117,500	1,009,677	58.7
As of March 31, 2020	1,719,690	1,110,860	1,001,946	58.3

### 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, 2020	—	39.00	—	39.00	78.00
Year ending March 31, 2021	—	22.00			
Year ending March 31, 2021 (Forecast)			—	37.00	59.00

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

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

(% figures show year-on-year change)

	Net sales		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	858,000	-1.7	67,000	-15.2	48,000	-21.0	46,000	-24.1	167.41

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

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

Notes

- (1) Change in Important Subsidiaries during the Period under Review (Change in specific subsidiaries that will accompany a change in scope of consolidation): None
- (2) Changes in Accounting Policies or Estimates
  - 1) Changes in accounting policies required by IFRS: None
  - 2) Changes in accounting policies other than item 1) above: None
  - 3) Change in accounting estimates: None
- (3) Number of Outstanding Shares (Common stock)
  - 1) Number of shares issued as of end of period (including treasury stock)
    - 290,814,015 shares at September 30, 2020
    - 290,814,015 shares at March 31, 2020
  - 2) Number of shares of treasury stock as of end of period
    - 16,034,456 shares at September 30, 2020
    - 16,032,485 shares at March 31, 2020
  - 3) Average number of shares during the period
    - 274,780,670 shares for six months ended September 30, 2020
    - 274,786,364 shares for six months ended September 30, 2019

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

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

(Caution Regarding Forward-Looking Statements)

The forecast of consolidated operating results for the year ending March 31, 2021, disclosed on August 7, 2020, has been revised in this report. The forward-looking statements, including business results forecast, contained in this report are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this report and they are not meant to be a commitment by the Company. Also, actual business results may differ substantially due to a number of factors.

(Supplementary Explanation Materials for Financial Results for the Period)

The Supplementary Explanation Materials will be posted on the Company’s website on Monday, November 9, 2020.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Business Performance

	(Millions of yen)		
	Net sales	Profit before tax	Profit attributable to owners of parent
Six months ended September 30, 2020	419,123	25,884	17,470
Six months ended September 30, 2019	422,404	36,365	29,386
Increase/decrease [Rate of change: %]	-3,281 [-0.8]	-10,481 [-28.8]	-11,916 [-40.5]

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

	Unit	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase/decrease
Copper	\$/t	5,956	5,931	-25
Gold	\$/TOZ	1,392.0	1,810.9	418.9
Nickel	\$/lb	6.32	5.99	-0.33
Exchange rate (TTM)	¥/\$	108.63	106.92	-1.71

The global economy was on a declining trend during the first six months of fiscal 2020, the year ending March 31, 2021, against a backdrop of the ongoing spread of COVID-19, among other factors.

As for exchange rates, in addition to concerns regarding the re-emergence of COVID-19 in Europe, the United States and elsewhere, the yen tended to appreciate against the dollar due to the escalating conflict between China and the United States, as well as additional economic stimulus measures taken by the United States. Accordingly, the average exchange rate for the yen was stronger year over year.

Regarding the prices of major non-ferrous metals, while copper and nickel prices declined toward the end of the previous fiscal year due to the spread of COVID-19, prices were on an upward trend during the first six months of fiscal 2020, due in part to a recovering Chinese economy. Gold prices were on an upward trend in response to uncertainty regarding the future of the global economy due to the impact of COVID-19. As a result, during the first six months of fiscal 2020, despite copper and nickel prices being on a trend toward recovery, average prices fell year over year, while gold prices rose year over year.

In industries related to the Materials business, due to the stagnation of economic activity as a result of the spread of COVID-19, sales of the Company's automobile battery components were sluggish owing to weak demand. In the smartphone market, although inventory adjustments were made for some components due to the spread of COVID-19, there were signs of a recovery in demand due to progress in fifth-generation mobile communications system (5G), along with other factors.

Under these circumstances, consolidated net sales in the first six months of fiscal 2020 decreased by ¥3,281 million year over year to ¥419,123 million, due mainly to falling year over year copper and nickel prices as well as reduced sales resulting from a temporary production adjustment in the battery materials business.

Consolidated profit before tax decreased by ¥10,481 million year over year to ¥25,884 million, due to a deterioration in the share of profit (loss) of investments accounted for using equity method, primarily as a result of falling copper prices, in addition to a decrease in income.

Profit attributable to owners of parent decreased by ¥11,916 million year over year to ¥17,470 million, due mainly to the decrease in consolidated profit before tax.

Operating results by segment are as follows.

(Mineral Resources segment)			(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase/decrease	Rate of change (%)
Net sales	55,264	59,548	4,284	7.8
Segment income	19,511	13,449	-6,062	-31.1

Segment income decreased from the same period of the previous fiscal year due to a deterioration in the share of profit (loss) of investments accounted for using equity method resulting mainly from a fall in copper prices, despite a rise in gold prices.

The statuses of our main mines are as follows.

Mining operations at the Hishikari Mine remained steady in line with the planned annual sales volume of 6 t, and the sales volume of gold was 3.1 t.

Production levels at the Morenci Copper Mine (United States) (of which the Company holds a 25.0% interest, excluding non-controlling interest) increased from the same period of the previous fiscal year to 226,000 t, due mainly to strong cathode production.

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 same period of the previous fiscal year to 173,000 t, due mainly to the impact of its operation being temporarily transitioned to a care and maintenance status, in response to the declaration of national state of emergency accompanying the spread of COVID-19.

Production levels at the Sierra Gorda Copper Mine (Chile) (of which the Company holds a 31.5% interest, excluding non-controlling interest) rose from the same period of the previous fiscal year to 71,000 t, due mainly to an increase in throughput.

(Smelting & Refining segment)			(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase/decrease	Rate of change (%)
Net sales	296,060	301,763	5,703	1.9
Segment income	17,652	17,005	-647	-3.7

(Output by the Company's major product)

Product	Unit	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase/decrease
Copper	t	196,446	218,994	22,548
Gold	kg	9,184	8,434	-750
Electrolytic nickel	t	29,014	28,560	-454
Ferronickel	t	6,480	5,931	-549

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

Segment income decreased from the same period of the previous fiscal year, despite a rise in gold prices, due mainly to a fall in prices of other non-ferrous metals.

Although production levels and sales volumes of electrolytic copper increased from the same period of the previous fiscal year, electrolytic nickel production levels and sales volumes decreased from the same period of the previous fiscal year.

The production level at Coral Bay Nickel Corporation remained unchanged from the same period of the previous fiscal year as the impact of the spread of COVID-19 was minimal. While part of the planned suspension period at Taganito HPAL Nickel Corporation was extended as a result of the spread of COVID-19, following the suspension, operations were largely in line with the plan and the production level increased from the same period of the previous fiscal year.

(Materials segment)			(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase/decrease	Rate of change (%)
Net sales	109,210	107,136	-2,074	-1.9
Segment income	2,833	2,499	-334	-11.8

Segment income decreased from the same period of the previous fiscal year, due mainly to a decrease in the sales volume of battery materials as a result of sluggish demand caused by the spread of COVID-19, despite an increase in the sales volume of powder and other materials compared to the same period of the previous year.

## (2) Financial Position

### 1) Financial Position

(Millions of yen)			
	As of March 31, 2020	As of September 30, 2020	Increase/decrease
Total assets	1,719,690	1,720,768	1,078
Total liabilities	608,830	603,268	-5,562
Total equity	1,110,860	1,117,500	6,640

Total assets as of September 30, 2020 were at the same level as of March 31, 2020. Although inventories and investment securities included under other financial assets increased, investments accounted for using equity method decreased due to a decrease in cash and cash equivalents and a recording of the share of loss of investments accounted for using equity method. A portion of investments accounted for using equity method has been classified as assets held for sale.

Total liabilities as of September 30, 2020 decreased from those as of March 31, 2020. Although trade and other payables increased, long-term borrowings included under bonds and borrowings decreased.

Total equity as of September 30, 2020 increased from those as of March 31, 2020. Although there was a decrease in the exchange differences on translation of foreign operations included in other components of equity due to the appreciation of the yen, financial assets measured at fair value through other comprehensive income increased, due to an increase in the prices of stocks held. Additionally, retained earnings increased due to the recording of profit.

### 2) Cash Flows

(Millions of yen)			
	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase/decrease
Net cash provided by operating activities	74,502	51,569	-22,933
Net cash used in investing activities	(23,278)	(38,405)	-15,127
Net cash provided by (used in) financing activities	11,521	(28,787)	-40,308
Effect of exchange rate changes on cash and cash equivalents	(2,757)	(2,562)	195
Cash and cash equivalents at beginning of period	81,261	155,530	74,269
Cash and cash equivalents at end of period	141,249	137,345	-3,904

Net cash provided by operating activities during the first six months of fiscal 2020 decreased from the same period of the previous fiscal year, due to a decrease in profit before tax, an increase in inventories, and the decrease in trade and other receivables being less than that of the same period of the previous fiscal year, despite an increase in trade and other payables.

Net cash used in investing activities increased from the same period of the previous fiscal year, due mainly to an increase in payments into time deposits and an increase in purchase of shares of subsidiaries and associates.

Net cash used in financing activities increased from the same period of the previous fiscal year, due mainly to the absence of proceeds from long-term borrowings, which were recorded in the same period of the previous fiscal year, an increase in repayments of long-term borrowings, and an increase in dividends paid.

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

(Millions of yen)

	Net sales	Profit before tax	Profit	Profit attributable to owners of parent
Year ending March 31, 2021 (Forecasts)	858,000	67,000	48,000	46,000
Year ended March 31, 2020 (Results)	872,615	79,035	60,752	60,600
Increase/decrease [Rate of change: %]	-14,615 [-1.7]	-12,035 [-15.2]	-12,752 [-21.0]	-14,600 [-24.1]

(Overseas market prices and foreign exchange rates)

	Unit	A FY2020 First Six Months Results	B FY2020 Third and Fourth Quarter Forecasts	(A+B/2) FY2020 Forecasts (April 1, 2020 to March 31, 2021)
Copper	\$/t	5,931	6,300	6,116
Gold	\$/TOZ	1,810.9	1,900.0	1,855.5
Nickel	\$/lb	5.99	6.25	6.12
Exchange rate (TTM)	¥/\$	106.92	104.00	105.46

In the business environment surrounding the SMM Group, a slight oversupply of copper and nickel is expected in the non-ferrous metals industry, as the recovery from the contraction in demand due to COVID-19 is expected to be slower than supply. Both copper and nickel prices are expected to remain at appropriate levels in accordance with the balance of supply and demand.

As for industries related to the Materials business, the contraction of demand due to COVID-19 in both areas of automotive applications and communications has bottomed out and demand is expected to remain strong over the medium to long term, despite temporary adjustments in some components.

Despite the lingering uncertainty about the future of the economic environment due to the spread of COVID-19, the forecast of consolidated operating results for fiscal 2020 has been revised from the previous forecast (on August 7, 2020) based on assumptions in the scope that are currently considered reasonable, revising our forecast for major non-ferrous metals prices by considering the current level and predicting the future supply-demand balance, as well as our forecast for exchange rates based on the current trend. Furthermore, our forecast for production levels and sales volumes of major products has been revised based on current results. As a result, net sales are expected to reach ¥858.0 billion, profit before tax of ¥67.0 billion, profit of ¥48.0 billion, and profit attributable to owners of parent of ¥46.0 billion on a consolidated basis.

Forecast of consolidated operating results for the full year of the fiscal year ending March 31, 2021

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	125,000	607,000	228,000	960,000	10,000	(112,000)	858,000
Segment income	43,000	34,000	5,000	82,000	(2,000)	(13,000)	67,000

Reference: Forecast of consolidated operating results for the full year of the fiscal year ending March 31, 2021 (Figures announced on August 7)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	119,000	586,000	223,000	928,000	10,000	(103,000)	835,000
Segment income	31,000	32,000	2,000	65,000	(2,000)	(15,000)	48,000

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

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

	FY2019 (As of March 31, 2020)	Second Quarter of FY2020 (As of September 30, 2020)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	155,530	137,345
Trade and other receivables	123,393	113,675
Other financial assets	8,959	14,358
Inventories	252,799	286,397
Other current assets	20,541	16,888
Subtotal	561,222	568,663
Assets held for sale	—	10,851
Total current assets	561,222	579,514
Non-current assets		
Property, plant and equipment	463,405	450,766
Intangible assets and goodwill	58,338	56,214
Investment property	3,428	3,477
Investments accounted for using equity method	365,090	347,879
Other financial assets	241,957	259,131
Deferred tax assets	8,466	8,215
Other non-current assets	17,784	15,572
Total non-current assets	1,158,468	1,141,254
Total assets	1,719,690	1,720,768

	FY2019 (As of March 31, 2020)	Second Quarter of FY2020 (As of September 30, 2020)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	104,803	113,682
Bonds and borrowings	80,656	111,704
Other financial liabilities	5,019	7,960
Income taxes payable	4,687	6,755
Provisions	4,392	4,528
Other current liabilities	6,753	8,148
Total current liabilities	206,310	252,777
Non-current liabilities		
Bonds and borrowings	316,847	264,550
Other financial liabilities	11,705	11,908
Provisions	21,708	19,766
Retirement benefit liability	14,024	11,556
Deferred tax liabilities	37,394	41,888
Other non-current liabilities	842	823
Total non-current liabilities	402,520	350,491
Total liabilities	608,830	603,268
Equity		
Share capital	93,242	93,242
Capital surplus	87,598	87,692
Treasury shares	(38,002)	(38,009)
Other components of equity	(94)	826
Retained earnings	859,202	865,926
Total equity attributable to owners of parent	1,001,946	1,009,677
Non-controlling interests	108,914	107,823
Total equity	1,110,860	1,117,500
Total liabilities and equity	1,719,690	1,720,768

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

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
	Millions of yen	Millions of yen
Net sales	422,404	419,123
Cost of sales	(367,639)	(362,943)
Gross profit	54,765	56,180
Selling, general and administrative expenses	(24,457)	(22,265)
Finance income	6,779	6,822
Finance costs	(5,682)	(9,562)
Share of profit (loss) of investments accounted for using equity method	4,519	(4,449)
Other income	3,410	1,636
Other expenses	(2,969)	(2,478)
Profit before tax	36,365	25,884
Income tax expense	(4,295)	(8,587)
Profit	32,070	17,297
Profit attributable to:		
Owners of parent	29,386	17,470
Non-controlling interests	2,684	(173)
Profit	32,070	17,297
Earnings per share		
Basic earnings per share (Yen)	106.94	63.58
Diluted earnings per share (Yen)	106.94	63.58

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
	Millions of yen	Millions of yen
Profit	32,070	17,297
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(4,862)	11,328
Share of other comprehensive income of investments accounted for using equity method	49	21
Total of items that will not be reclassified to profit or loss	(4,813)	11,349
Items that may be reclassified to profit or loss:		
Cash flow hedges	(1,015)	(1,007)
Exchange differences on translation of foreign operations	(11,133)	(7,902)
Share of other comprehensive income of investments accounted for using equity method	(6,756)	(3,745)
Total of items that may be reclassified to profit or loss	(18,904)	(12,654)
Other comprehensive income, net of tax	(23,717)	(1,305)
Comprehensive income	8,353	15,992
Comprehensive income attributable to:		
Owners of parent	8,499	18,360
Non-controlling interests	(146)	(2,368)
Comprehensive income	8,353	15,992

(3) Condensed Quarterly Consolidated Statement of Changes in Equity  
For the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation 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	—	—	—	(15,026)	(1,048)	(4,813)
Total comprehensive income	—	—	—	(15,026)	(1,048)	(4,813)
Purchase of treasury shares	—	—	(7)	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	2,490
Transactions with owners - total	—	—	(7)	—	—	2,490
As of September 30, 2019	93,242	87,598	(37,990)	(34,644)	(417)	41,375

	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	—	—	29,386	29,386	2,684	32,070
Other comprehensive income	—	(20,887)	—	(20,887)	(2,830)	(23,717)
Total comprehensive income	—	(20,887)	29,386	8,499	(146)	8,353
Purchase of treasury shares	—	—	—	(7)	—	(7)
Dividends	—	—	(6,045)	(6,045)	(2,257)	(8,302)
Changes in ownership interest in subsidiaries	—	—	—	—	7,045	7,045
Transfer to retained earnings	—	2,490	(2,490)	—	—	—
Transactions with owners - total	—	2,490	(8,535)	(6,052)	4,788	(1,264)
As of September 30, 2019	—	6,314	843,469	992,633	108,361	1,100,994

For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation 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, 2020	93,242	87,598	(38,002)	(26,376)	(916)	27,198
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	(9,410)	(1,049)	11,349
Total comprehensive income	—	—	—	(9,410)	(1,049)	11,349
Purchase of treasury shares	—	—	(7)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Obtaining of control of subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	30
Other	—	94	—	—	—	—
Transactions with owners - total	—	94	(7)	—	—	30
As of September 30, 2020	93,242	87,692	(38,009)	(35,786)	(1,965)	38,577

	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, 2020	—	(94)	859,202	1,001,946	108,914	1,110,860
Profit	—	—	17,470	17,470	(173)	17,297
Other comprehensive income	—	890	—	890	(2,195)	(1,305)
Total comprehensive income	—	890	17,470	18,360	(2,368)	15,992
Purchase of treasury shares	—	—	—	(7)	—	(7)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(10,716)	(10,716)	(667)	(11,383)
Changes in ownership interest in subsidiaries	—	—	—	—	1,916	1,916
Obtaining of control of subsidiaries	—	—	—	—	28	28
Transfer to retained earnings	—	30	(30)	—	—	—
Other	—	—	—	94	—	94
Transactions with owners - total	—	30	(10,746)	(10,629)	1,277	(9,352)
As of September 30, 2020	—	826	865,926	1,009,677	107,823	1,117,500

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

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	36,365	25,884
Depreciation and amortization	22,224	23,068
Share of loss (profit) of investments accounted for using equity method	(4,519)	4,449
Increase or decrease in retirement benefit asset or liability	(908)	(983)
Increase (decrease) in provisions	(1,634)	(2,360)
Finance income	(6,779)	(6,822)
Finance costs	5,682	9,562
Decrease (increase) in trade and other receivables	37,763	9,172
Decrease (increase) in inventories	11,158	(34,235)
Increase (decrease) in trade and other payables	(32,673)	17,313
Decrease (increase) in advance payments to suppliers	671	3,647
Increase (decrease) in accrued consumption taxes	415	1,515
Other	2,154	2,683
Subtotal	69,919	52,893
Interest received	2,139	2,434
Dividends received	9,399	3,648
Interest paid	(3,727)	(2,457)
Income taxes paid	(4,563)	(5,024)
Income taxes refund	1,335	75
Net cash provided by (used in) operating activities	74,502	51,569
Cash flows from investing activities		
Payments into time deposits	(3,842)	(17,686)
Proceeds from withdrawal of time deposits	5,214	10,086
Purchase of property, plant and equipment	(23,781)	(24,024)
Purchase of intangible assets	(264)	(381)
Purchase of shares of subsidiaries and associates	(1,945)	(4,629)
Collection of short-term loans receivable	140	139
Payments for long-term loans receivable	(1,137)	(2,015)
Collection of long-term loans receivable	1,533	18
Payments for acquisition of interests in subsidiaries resulting in change in scope of consolidation	—	(249)
Other	804	336
Net cash provided by (used in) investing activities	(23,278)	(38,405)
Cash flows from financing activities		
Proceeds from short-term borrowings	118,877	143,480
Repayments of short-term borrowings	(118,950)	(142,600)

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
	Millions of yen	Millions of yen
Proceeds from long-term borrowings	27,479	—
Repayments of long-term borrowings	(13,727)	(19,312)
Proceeds from share issuance to non-controlling shareholders	7,047	1,916
Dividends paid	(6,045)	(10,716)
Dividends paid to non-controlling interests	(2,257)	(667)
Other	(903)	(888)
Net cash provided by (used in) financing activities	11,521	(28,787)
Net increase (decrease) in cash and cash equivalents	62,745	(15,623)
Cash and cash equivalents at beginning of period	81,261	155,530
Effect of exchange rate changes on cash and cash equivalents	(2,757)	(2,562)
Cash and cash equivalents at end of period	141,249	137,345

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

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

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

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

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

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

#### (2) Calculation methods of net sales and income (loss) by reportable segments

The accounting methods employed for the reported operating segments are almost the same as the accounting policies for the creation of Condensed Quarterly Consolidated Financial Statements, with the exception of the recording by each operating segment of amounts corresponding to interest on internal loans, as determined in the statement of financial position of each segment.

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

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(Millions of yen)

	Reportable Segments				Other Businesses <sup>1</sup>	Total	Adjustments <sup>2</sup>	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total				
Net sales:								
Outside customers	40,299	280,604	99,536	420,439	1,965	422,404	—	422,404
Inter-segment	14,965	15,456	9,674	40,095	2,424	42,519	(42,519)	—
Total	55,264	296,060	109,210	460,534	4,389	464,923	(42,519)	422,404
Segment income	19,511	17,652	2,833	39,996	148	40,144	(3,779)	36,365

Notes:

1. The Other Businesses segment refers to other income-seeking business activities that are under the control of the Head Office divisions/departments and are engaged in by business segments other than those included in the reportable segments. Other Businesses include real estate and technical engineering businesses.
2. The adjustments for segment income of ¥(3,779) million consist primarily of eliminations of inter-segment transactions and finance income and costs, which are not attributable to the reportable segments.
3. Segment income is adjusted against the profit before tax on the Condensed Quarterly Consolidated Statement of Profit or Loss.

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(Millions of yen)

	Reportable Segments				Other Businesses <sup>1</sup>	Total	Adjustments <sup>2</sup>	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total				
Net sales:								
Outside customers	34,190	285,643	97,247	417,080	2,043	419,123	—	419,123
Inter-segment	25,358	16,120	9,889	51,367	2,621	53,988	(53,988)	—
Total	59,548	301,763	107,136	468,447	4,664	473,111	(53,988)	419,123
Segment income	13,449	17,005	2,499	32,953	(250)	32,703	(6,819)	25,884

Notes:

1. The Other Businesses segment refers to 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 ¥(6,819) million consist primarily of eliminations of inter-segment transactions 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.
4. Due to organizational changes, the reportable segment of SMM Holland B.V., which had previously been included in Adjustments, has been changed to Mineral Resources starting from the fourth quarter of fiscal 2019. Segment information for the six months ended September 30, 2019 has been prepared and disclosed based on the reportable segments of the six months ended September 30, 2020.

#### (Subsequent Events)

On June 19, 2020, the Company signed a stock transfer agreement for the sale of a portion of the shares (equivalent to 5% of the shares issued) held in PT Vale Indonesia Tbk (the Company's affiliate, Smelting & Refining segment, located in the Republic of Indonesia) to PT Indonesia Asahan Aluminium (Persero), a state-owned company of the Republic of Indonesia, and completed the stock transfer on October 7, 2020.

In addition, in conjunction with completion of the transfer of said shares, PT Vale Indonesia Tbk will be removed from affiliates accounted for using equity method (the shares which will continue to be held will be reclassified from investments accounted for using equity method to other financial assets). The impact of this series of accounting treatments on the profit before tax for the fiscal year ending March 31, 2021 is expected to amount to an increase of ¥675 million.

As of September 30, 2020, the said transferred shares are classified as assets held for sale.

### 3. Supplementary Information

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

Segment	Product	Unit	FY2020 First Six Months Results	FY2020 Forecasts
Mineral Resources	Gold and silver ores  (Gold content)	t	71,865	146,393
		¥1,000/DMT	257	243
		¥million	18,477	35,625
		(kg)	(3,100)	(6,000)
Smelting & Refining	Copper	t	218,800	436,390
		¥1,000/t	648	655
		¥million	141,718	286,002
		kg	8,882	17,408
	Gold	¥/g	6,248	6,300
		¥million	55,493	109,673
		kg	98,503	199,317
	Silver	¥1,000/kg	69	73
		¥million	6,794	14,588
		t	32,339	68,802
	Nickel	¥1,000/t	1,422	1,452
		¥million	45,972	99,907
t		32,339	68,802	
Materials	Advanced materials, etc.	¥million	71,275	152,953

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.