



Consolidated Financial Results for the Third Quarter Ended December 31, 2022 [IFRS]

February 8, 2023

[Full version of English translation released on February 28, 2023]

Listed Company Name: Sumitomo Metal Mining Co., Ltd.
 Code: 5713
 Listings: Tokyo Stock Exchange
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 Scheduled Date to Submit Quarterly Report: February 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, 2022, to December 31, 2022)

(1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2022	1,075,684	16.6	218,630	11.9	160,848	-11.1	152,783	-10.2	345,612	43.6
Nine months ended December 31, 2021	922,473	40.8	195,372	202.5	180,937	285.5	170,077	274.6	240,734	273.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	556.04	556.04
Nine months ended December 31, 2021	618.97	618.97

(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 December 31, 2022	2,679,918	1,843,457	1,681,338	62.7
As of March 31, 2022	2,268,756	1,557,418	1,445,329	63.7

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	—	113.00	—	188.00	301.00
Year ending March 31, 2023	—	90.00	—		
Year ending March 31, 2023 (Forecast)				112.00	202.00

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

**3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2023
(From April 1, 2022, to March 31, 2023)**

(% figures show year-on-year change)

	Net sales		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,405,000	11.6	228,000	-36.2	168,000	-43.7	158,000	-43.8	575.03

(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 December 31, 2022
 - 290,814,015 shares at March 31, 2022
 - 2) Number of shares of treasury stock as of end of period
 - 16,047,968 shares at December 31, 2022
 - 16,044,559 shares at March 31, 2022
 - 3) Average number of shares during the period
 - 274,767,570 shares for nine months ended December 31, 2022
 - 274,773,066 shares for nine months ended December 31, 2021

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

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

(Caution Regarding Forward-Looking Statements)

The forecast of consolidated operating results for the year ending March 31, 2023, disclosed on November 8, 2022, has been revised in this report. The forward-looking statements, including business results forecast, contained in this report are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this report and they are not meant to be a commitment by the Company. Also, actual business results may differ substantially due to a number of factors.

(Supplementary Explanation Materials for Quarterly Financial Results)

The Supplementary Explanation Materials will be posted on the Company’s website on Wednesday, February 8, 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
Nine months ended December 31, 2022	1,075,684	218,630	152,783
Nine months ended December 31, 2021	922,473	195,372	170,077
Increase/decrease [Rate of change: %]	153,211 [16.6]	23,258 [11.9]	-17,294 [-10.2]

(Overseas market prices and foreign exchange rates)

	Unit	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Increase/decrease
Copper	\$/t	9,593	8,425	-1,168
Gold	\$/TOZ	1,799.9	1,777.0	-22.9
Nickel	\$/lb	8.51	11.56	3.05
Exchange rate (TTM)	¥/\$	111.11	136.52	25.41

The global economy during the first nine months of fiscal 2022, the year ending March 31, 2023, saw a slowdown in growth. This was mainly due to price increases caused by factors including Russia's invasion of Ukraine, the continued raising of policy interest rates in Europe, the United States, and other countries in response, and logistical disruptions resulting from strict COVID-19 prevention measures in China.

As for exchange rates, the yen depreciated significantly against the dollar due primarily to widening disparities in interest rates between Japan and the United States due to differences in their financial policies as well as the growing Japanese trade deficit. Subsequently, the yen began to rise due mainly to a narrowing of the range of interest rate hikes in the United States and a narrowing of the disparities in interest rates associated with a greater tolerance for fluctuations in long-term interest rates in Japan. However, the average exchange rate for the yen declined significantly in comparison to the same period of the previous fiscal year.

Regarding the prices of major non-ferrous metals, copper prices fell due mainly to concerns over declining demand caused by stagnant economic activities in China, and subsequently recovered and rose slightly, but fell year over year. Nickel prices rose toward the end of the previous fiscal year, but then fell sharply due to factors such as the economic slowdown. They then remained strong, bolstered by solid demand, and ultimately rose year over year. Gold prices continued a downward trend due in part to multiple raising of policy interest rates in the United States, and there were signs of a recovery due to factors including the narrowing of the range of interest rate hikes. However, gold prices fell year over year.

In industries related to the Materials business, demand for automobile battery components remained strong as demand for electric vehicles continued to grow on the back of the shift toward decarbonization. However, demand for smartphones fell in China and throughout the world as a result of the economic slowdown, and demand for components for electronic parts contracted.

Consolidated net sales in the first nine months of fiscal 2022 increased by ¥153,211 million year over year to ¥1,075,684 million, due mainly to the extremely weakened yen, rising average nickel prices, and increased sales of automobile battery components.

Consolidated profit before tax increased by ¥23,258 million year over year to ¥218,630 million, due mainly to an increase in sales as well as an upturn in finance income resulting from the depreciation of the yen, despite a decrease in share of profit of investments accounted for using equity method.

Profit attributable to owners of parent decreased by ¥17,294 million year over year to ¥152,783 million, due to income tax expense increasing in comparison to the same period of the previous fiscal year, when deferred tax assets were recorded in relation to the Sierra Gorda Copper Mine, despite the increase in consolidated profit before tax.

Operating results by reportable segment are as follows.

(Mineral Resources segment)			(Millions of yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Increase/decrease	Rate of change (%)
Net sales	115,909	126,533	10,624	9.2
Segment income	96,502	57,133	-39,369	-40.8

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

The statuses of the main mines are as follows.

Mining operations at the Hishikari Mine remained steady in line with the planned annual sales volume of 4.4 tonnes, and the sales volume of gold was 3.4 tonnes.

Production levels at the Morenci Copper Mine (United States) (of which the Company holds a 25.0% interest, excluding non-controlling interest) rose from the same period of the previous fiscal year to 304,000 tonnes, due mainly to the cessation of measures to decrease the operating rates of some mills as a COVID-19 countermeasure.

Production levels at the Cerro Verde Copper Mine (Peru) (of which the Company holds a 16.8% interest, excluding non-controlling interest) rose from the same period of the previous fiscal year to 326,000 tonnes, due mainly to an increase in ore grade and a rise in mill plant operation rates.

(Smelting & Refining segment)			(Millions of yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Increase/decrease	Rate of change (%)
Net sales	691,057	810,480	119,423	17.3
Segment income	75,108	118,024	42,916	57.1

(Output by the Company's major product)

Product	Unit	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Increase/decrease
Copper	t	312,512	335,668	23,156
Gold	kg	12,448	13,785	1,337
Electrolytic nickel	t	40,193	37,394	-2,799
Ferronickel	t	9,588	7,869	-1,719

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

Segment income increased year over year, due mainly to the significant depreciation of the yen and the rising price of nickel, despite the declines in copper and gold prices.

The production level and sales volume of electrolytic copper increased from the same period of the previous fiscal year, while the production level and sales volume of electrolytic nickel declined year over year due mainly to raw material shortages.

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

(Materials segment)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Increase/decrease	Rate of change (%)
Net sales	203,693	241,577	37,884	18.6
Segment income	20,268	20,274	6	0.0

Segment income was unchanged year over year, due mainly to an increased sales of automobile battery components, for which demand is solid against the backdrop of the shift toward decarbonization, despite the shrinking demand for components for electronic parts in China.

(2) Financial Position

1) Financial Position

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022	Increase/decrease
Total assets	2,268,756	2,679,918	411,162
Total liabilities	711,338	836,461	125,123
Total equity	1,557,418	1,843,457	286,039

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

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

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

2) Cash Flows

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Increase/decrease
Net cash provided by operating activities	86,021	74,838	-11,183
Net cash used in investing activities	(39,147)	(85,589)	-46,442
Net cash used in financing activities	(56,661)	(18,081)	38,580
Net increase (decrease) in cash and cash equivalents due to transfer to assets held for sale	(556)	—	556
Effect of exchange rate changes on cash and cash equivalents	6,032	24,733	18,701
Cash and cash equivalents at beginning of period	158,373	213,977	55,604
Cash and cash equivalents at end of period	154,062	209,878	55,816

Net cash provided by operating activities during the first nine months of fiscal 2022 decreased from the same period of the previous fiscal year, due mainly to an increase in inventories, despite increases in profit before tax and trade and other payables.

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

Net cash used in financing activities decreased from the same period of the previous fiscal year, due mainly to increases in proceeds from issuance of bonds and proceeds from long-term borrowings, despite 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, 2023 (Forecast)	1,405,000	228,000	168,000	158,000
Year ended March 31, 2022 (Results)	1,259,091	357,434	298,531	281,037
Increase/decrease [Rate of change: %]	145,909 [11.6]	-129,434 [-36.2]	-130,531 [-43.7]	-123,037 [-43.8]

(Overseas market prices and foreign exchange rates)

		A	B	(A+B/2)
	Unit	FY2022 First Nine Months Results	FY2022 Fourth Quarter Forecast	FY2022 Forecast (April 1, 2022 to March 31, 2023)
Copper	\$/t	8,425	7,800	8,269
Gold	\$/TOZ	1,777.0	1,750.0	1,770.2
Nickel	\$/lb	11.56	11.00	11.42
Exchange rate (TTM)	¥/\$	136.52	135.00	136.14

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

As for industries related to the Materials business, demand for automobile battery components is expected to remain strong on the back of the shift toward decarbonization. With regard to components for electronic parts, demand is forecast to shrink due to declines in shipments of smartphones and computers in China.

The forecast of consolidated operating results for fiscal 2022 has been revised from the previous forecast (announced on November 8, 2022), revising our forecast for major non-ferrous metals prices by considering the current level and predicting the future supply-demand balance, as well as our forecast for foreign exchange rates in consideration of the current trend. Our forecast for production levels and sales volumes of major products has been revised based on current results. As a result, net sales are expected to reach ¥1,405.0 billion, profit before tax of ¥228.0 billion, profit of ¥168.0 billion, and profit attributable to owners of parent of ¥158.0 billion on a consolidated basis.

Forecast of consolidated operating results for fiscal 2022 (Revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	171,000	1,052,000	319,000	1,542,000	10,000	(147,000)	1,405,000
Segment income	77,000	123,000	17,000	217,000	(4,000)	15,000	228,000

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

(Millions of yen)

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

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	FY2021 (As of March 31, 2022)	Third Quarter of FY2022 (As of December 31, 2022)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	213,977	209,878
Trade and other receivables	187,310	218,542
Other financial assets	49,342	1,299
Inventories	420,136	551,907
Other current assets	44,354	50,279
Total current assets	915,119	1,031,905
Non-current assets		
Property, plant and equipment	507,822	602,438
Intangible assets and goodwill	56,586	67,799
Investment property	3,477	3,477
Investments accounted for using equity method	368,751	474,054
Other financial assets	387,507	468,940
Deferred tax assets	1,645	1,758
Other non-current assets	27,849	29,547
Total non-current assets	1,353,637	1,648,013
Total assets	2,268,756	2,679,918

	FY2021 (As of March 31, 2022)	Third Quarter of FY2022 (As of December 31, 2022)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	206,013	232,536
Bonds and borrowings	120,983	157,568
Other financial liabilities	7,027	6,787
Income taxes payable	24,940	32,478
Provisions	6,101	3,787
Other current liabilities	19,727	24,450
Total current liabilities	384,791	457,606
Non-current liabilities		
Bonds and borrowings	210,249	239,874
Other financial liabilities	9,579	9,505
Provisions	25,107	40,106
Retirement benefit liability	5,310	4,380
Deferred tax liabilities	75,631	84,195
Other non-current liabilities	671	795
Total non-current liabilities	326,547	378,855
Total liabilities	711,338	836,461
Equity		
Share capital	93,242	93,242
Capital surplus	90,213	89,329
Treasury shares	(38,056)	(38,072)
Other components of equity	124,304	281,469
Retained earnings	1,175,626	1,255,370
Total equity attributable to owners of parent	1,445,329	1,681,338
Non-controlling interests	112,089	162,119
Total equity	1,557,418	1,843,457
Total liabilities and equity	2,268,756	2,679,918

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

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
	Millions of yen	Millions of yen
Net sales	922,473	1,075,684
Cost of sales	(741,578)	(849,512)
Gross profit	180,895	226,172
Selling, general and administrative expenses	(38,112)	(46,354)
Finance income	13,473	27,247
Finance costs	(2,987)	(6,452)
Share of profit (loss) of investments accounted for using equity method	40,973	24,792
Other income	5,979	2,917
Other expenses	(4,849)	(9,692)
Profit before tax	195,372	218,630
Income tax expense	(14,435)	(57,782)
Profit	180,937	160,848
Profit attributable to:		
Owners of parent	170,077	152,783
Non-controlling interests	10,860	8,065
Profit	180,937	160,848
Earnings per share		
Basic earnings per share (Yen)	618.97	556.04
Diluted earnings per share (Yen)	618.97	556.04

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
	Millions of yen	Millions of yen
Profit	180,937	160,848
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	11,339	(3,656)
Share of other comprehensive income of investments accounted for using equity method	(45)	(5)
Total of items that will not be reclassified to profit or loss	11,294	(3,661)
Items that will be reclassified to profit or loss:		
Cash flow hedges	321	2,557
Exchange differences on transition of foreign operations	30,715	108,340
Share of other comprehensive income of investments accounted for using equity method	17,467	77,528
Total of items that will be reclassified to profit or loss	48,503	188,425
Other comprehensive income, net of tax	59,797	184,764
Comprehensive income	240,734	345,612
Comprehensive income attributable to:		
Owners of parent	222,865	313,295
Non-controlling interests	17,869	32,317
Comprehensive income	240,734	345,612

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on transition of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2021	93,242	87,604	(38,027)	(45,083)	(1,987)	72,218
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	41,227	267	11,294
Total comprehensive income	—	—	—	41,227	267	11,294
Purchase of treasury shares	—	—	(19)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	(1,126)
Transactions with owners - total	—	0	(19)	—	—	(1,126)
As of December 31, 2021	93,242	87,604	(38,046)	(3,856)	(1,720)	82,386

	Equity attributable to owners of parent					
	Other components of equity				Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total	Retained earnings	Total		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2021	—	25,148	945,956	1,113,923	109,060	1,222,983
Profit	—	—	170,077	170,077	10,860	180,937
Other comprehensive income	—	52,788	—	52,788	7,009	59,797
Total comprehensive income	—	52,788	170,077	222,865	17,869	240,734
Purchase of treasury shares	—	—	—	(19)	—	(19)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(58,252)	(58,252)	(8,679)	(66,931)
Changes in ownership interest in subsidiaries	—	—	—	—	6,687	6,687
Transfer to retained earnings	—	(1,126)	1,126	—	—	—
Transactions with owners - total	—	(1,126)	(57,126)	(58,271)	(1,992)	(60,263)
As of December 31, 2021	—	76,810	1,058,907	1,278,517	124,937	1,403,454

For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on transition of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2022	93,242	90,213	(38,056)	16,406	(944)	108,842
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	161,436	2,737	(3,661)
Total comprehensive income	—	—	—	161,436	2,737	(3,661)
Purchase of treasury shares	—	—	(16)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	(884)	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	(3,347)
Transactions with owners - total	—	(884)	(16)	—	—	(3,347)
As of December 31, 2022	93,242	89,329	(38,072)	177,842	1,793	101,834

	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	—	—	152,783	152,783	8,065	160,848
Other comprehensive income	—	160,512	—	160,512	24,252	184,764
Total comprehensive income	—	160,512	152,783	313,295	32,317	345,612
Purchase of treasury shares	—	—	—	(16)	—	(16)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(76,386)	(76,386)	(4,938)	(81,324)
Changes in ownership interest in subsidiaries	—	—	—	(884)	22,651	21,767
Transfer to retained earnings	—	(3,347)	3,347	—	—	—
Transactions with owners - total	—	(3,347)	(73,039)	(77,286)	17,713	(59,573)
As of December 31, 2022	—	281,469	1,255,370	1,681,338	162,119	1,843,457

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	195,372	218,630
Depreciation and amortization expense	34,151	38,987
Loss (gain) on sale of property, plant and equipment	(1,363)	(572)
Share of loss (profit) of investments accounted for using equity method	(40,973)	(24,792)
Increase or decrease in retirement benefit asset or liability	947	(349)
Increase (decrease) in provisions	(2,702)	(1,818)
Finance income	(13,473)	(27,247)
Finance costs	2,987	6,452
Decrease (increase) in trade and other receivables	(35,899)	(29,936)
Decrease (increase) in inventories	(40,925)	(127,989)
Increase (decrease) in trade and other payables	793	23,311
Decrease (increase) in advance payments to suppliers	(589)	5,605
Increase (decrease) in accrued consumption taxes	2,241	2,407
Other	8,291	19,033
Subtotal	108,858	101,722
Interest received	1,637	4,155
Dividends received	16,827	18,581
Interest paid	(1,557)	(2,555)
Income taxes paid	(39,760)	(47,121)
Income taxes refund	16	56
Net cash provided by (used in) operating activities	86,021	74,838

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
	Millions of yen	Millions of yen
Cash flows from investing activities		
Payments into time deposits	(83)	(384)
Proceeds from withdrawal of time deposits	83	50,845
Purchase of securities	—	(6,279)
Proceeds from redemption of securities	—	6,911
Purchase of property, plant and equipment	(38,264)	(73,734)
Proceeds from sale of property, plant and equipment	1,587	138
Purchase of intangible assets	(872)	(325)
Proceeds from sale of investment securities	2,864	9,250
Purchase of shares of subsidiaries and associates	(6,036)	(19,318)
Proceeds from sale of shares of subsidiaries and associates	24	0
Collection of short-term loans receivable	273	3,034
Payments for long-term loans receivable	(17,909)	(57,713)
Collection of long-term loans receivable	19,193	35
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	1,598
Other	(7)	353
Net cash provided by (used in) investing activities	(39,147)	(85,589)
Cash flows from financing activities		
Proceeds from short-term borrowings	131,139	271,450
Repayments of short-term borrowings	(127,997)	(271,301)
Proceeds from long-term borrowings	11,162	28,104
Repayments of long-term borrowings	(31,911)	(19,986)
Proceeds from issuance of bonds	64,007	89,925
Redemption of bonds	(44,000)	(55,000)
Proceeds from share issuance to non-controlling shareholders	6,687	18,020
Dividends paid	(58,252)	(76,386)
Dividends paid to non-controlling interests	(6,034)	(4,938)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	3,746
Other	(1,462)	(1,715)
Net cash provided by (used in) financing activities	(56,661)	(18,081)
Net increase (decrease) in cash and cash equivalents	(9,787)	(28,832)
Net increase (decrease) in cash and cash equivalents due to transfer to assets held for sale	(556)	—
Cash and cash equivalents at beginning of period	158,373	213,977
Effect of exchange rate changes on cash and cash equivalents	6,032	24,733
Cash and cash equivalents at end of period	154,062	209,878

(5) Notes Relating to the Condensed Quarterly Consolidated Financial Statements

(Note Relating to the Going Concern Assumption)

There are no pertinent items.

(Changes in Accounting Policies)

There are no pertinent items.

(Operating Segments)

(1) Summary of reportable segments

1) Decision method of the reportable segments

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

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

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

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

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

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

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

The accounting methods employed for the reportable segments are almost the same as the accounting policies for the creation of the condensed quarterly consolidated financial statements, with the exception of the recording by each operating segment of amounts corresponding to interest on internal loans, as determined in the statement of financial position of each segment.

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

Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(Millions of yen)

	Reportable Segments				Other Businesses ¹	Total	Adjustments ²	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total				
Net sales:								
Outside customers	80,201	654,342	185,241	919,784	2,689	922,473	—	922,473
Inter-segment	35,708	36,715	18,452	90,875	4,604	95,479	(95,479)	—
Total	115,909	691,057	203,693	1,010,659	7,293	1,017,952	(95,479)	922,473
Segment income ³	96,502	75,108	20,268	191,878	619	192,497	(2,875)	195,372

(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 ¥2,875 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.

Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	87,981	762,349	222,786	1,073,116	2,568	1,075,684	—	1,075,684
Inter-segment	38,552	48,131	18,791	105,474	4,323	109,797	(109,797)	—
Total	126,533	810,480	241,577	1,178,590	6,891	1,185,481	(109,797)	1,075,684
Segment income ³	57,133	118,024	20,274	195,431	(1,220)	194,211	24,419	218,630

(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 ¥24,419 million consist primarily of eliminations of inter-segment transactions, general administrative expenses and finance income and costs, which are not attributable to the reportable segments.
3. Segment income is adjusted against the profit before tax on the condensed quarterly consolidated statement of profit or loss.

3. Supplementary Information

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

Segment	Product	Unit	FY2022 First Nine Months Results	FY2022 Forecast
Mineral Resources	Gold and silver ores (Gold content)	t	110,535	146,541
		¥1,000/DMT	229	219
		¥million	25,295	32,046
		(kg)	(3,436)	(4,400)
Smelting & Refining	Copper	t	337,423	434,217
		¥1,000/t	1,159	1,139
		¥million	391,207	494,669
	Gold	kg	13,952	18,118
		¥/g	8,002	7,881
		¥million	111,648	142,794
	Silver	kg	170,777	229,056
¥1,000/kg		92	93	
¥million		15,786	21,371	
Nickel		t	44,669	65,005
		¥1,000/t	3,461	3,412
		¥million	154,584	221,812
Materials	Advanced materials, etc.	¥million	179,738	238,721

(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.