



Consolidated Financial Results for the Second Quarter Ended September 30, 2023 [IFRS]

November 8, 2023

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Listed Company Name: Sumitomo Metal Mining Co., Ltd.
 Code: 5713
 Listings: Tokyo Stock Exchange
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 Scheduled Date to Submit Quarterly Report: November 13, 2023
 Scheduled Date to Start Dividend Payment: December 7, 2023
 Preparation of Supplementary Explanation Materials for Quarterly Financial Results: Yes
 Briefing on Quarterly Account Settlement: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results (From April 1, 2023, to September 30, 2023)

(1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	717,145	0.9	53,779	-68.2	39,917	-68.2	37,852	-68.2	188,865	-29.9
Six months ended September 30, 2022	710,627	18.8	169,106	39.0	125,484	4.4	119,059	4.6	269,309	60.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	137.76	137.76
Six months ended September 30, 2022	433.31	433.31

(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, 2023	2,916,977	1,956,658	1,771,261	60.7
As of March 31, 2023	2,707,899	1,789,296	1,631,671	60.3

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	—	90.00	—	115.00	205.00
Year ending March 31, 2024	—	35.00			
Year ending March 31, 2024 (Forecast)			—	36.00	71.00

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

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

(% figures show year-on-year change)

	Net sales		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,430,000	0.5	86,000	-62.6	60,000	-64.8	55,000	-65.8	200.17

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

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

Notes

- (1) Change in Important Subsidiaries during the Period under Review (Change in specific subsidiaries that will accompany a change in scope of consolidation): None
- (2) Changes in Accounting Policies or Estimates
 - 1) Changes in accounting policies required by IFRS: None
 - 2) Changes in accounting policies other than item 1) above: None
 - 3) Changes in accounting estimates: None
- (3) Number of Outstanding Shares (Common stock)
 - 1) Number of shares issued as of end of period (including treasury stock)
 - 290,814,015 shares at September 30, 2023
 - 290,814,015 shares at March 31, 2023
 - 2) Number of shares of treasury stock as of end of period
 - 16,051,698 shares at September 30, 2023
 - 16,049,021 shares at March 31, 2023
 - 3) Average number of shares during the period
 - 274,763,381 shares for six months ended September 30, 2023
 - 274,768,215 shares for six months ended September 30, 2022

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

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

(Caution Regarding Forward-Looking Statements)

The forecast of consolidated operating results for the year ending March 31, 2024, disclosed on August 7, 2023, 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, November 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
Six months ended September 30, 2023	717,145	53,779	37,852
Six months ended September 30, 2022	710,627	169,106	119,059
Increase/decrease [Rate of change: %]	6,518 [0.9]	-115,327 [-68.2]	-81,207 [-68.2]

(Overseas market prices and foreign exchange rates)

	Unit	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase/decrease
Copper	\$/t	8,634	8,417	-217
Gold	\$/TOZ	1,801.1	1,953.7	152.6
Nickel	\$/lb	11.59	9.69	-1.90
Exchange rate (TTM)	¥/\$	133.98	141.00	7.02

The global economy during the first six months of fiscal 2023, the year ending March 31, 2024, saw a gradual slowdown due to factors that put downward pressure on growth, including high prices and the continued monetary tightening policies in Europe and a downturn in the real estate market and a slump in personal consumption in China, whereas the economy in the United States remained resilient with strong personal consumption, although affected by the monetary tightening policy.

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

Regarding the prices of major non-ferrous metals, copper prices were generally on a declining trend due mainly to concerns over declining demand caused by slowing growth in the global economy including the Chinese economy and the appreciation of the US dollar, and average prices declined year over year. Nickel prices decreased throughout the period due to factors including the slowdown in global economic growth, the appreciation of the US dollar, and an increase in supply, and average prices fell year over year. Gold prices, on the other hand, increased leading up to the end of the previous fiscal year due mainly to financial uncertainties from bank failures in Europe and the United States, and although there was a declining trend in general due to reasons such as the maintenance of high policy interest rates in the United States, average prices increased year over year.

In industries related to the Materials business, the market scale for electric vehicles grew, and demand for automobile battery materials remained strong. On the other hand, despite signs of a pickup in demand in some markets such as automobiles and semiconductors, inventory adjustments of electronic parts continued, and the sluggish economic recovery in China and declining shipments of smartphones and computers prevented a full-scale recovery in demand for components for electronic parts.

Under these circumstances, consolidated net sales in the first six months of fiscal 2023 increased by ¥6,518 million year over year to ¥717,145 million, due mainly to increased sales of automobile battery materials.

Consolidated profit before tax decreased by ¥115,327 million year over year to ¥53,779 million, due mainly to a decline in copper and nickel prices and a decrease in temporary positive factors such as foreign exchange gain resulting from the rapid depreciation of the yen in the same period of the previous fiscal year.

Profit attributable to owners of parent decreased by ¥81,207 million year over year to ¥37,852 million, due mainly to a decrease in consolidated profit before tax.

Operating results by reportable segment are as follows.

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

(Mineral Resources segment)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase/decrease	Rate of change (%)
Net sales	84,671	83,203	-1,468	-1.7
Segment income	47,307	31,478	-15,829	-33.5

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

The statuses of the main mines are as follows.

Mining operations at the Hishikari Mine remained steady in line with the planned annual sales volume of 4.0 tonnes, and the sales volume of gold in the first six months of fiscal 2023 was 2.3 tonnes.

Production levels at the Morenci Copper Mine (United States) (of which the Company holds a 25.0% interest, excluding non-controlling interest) was 182 thousand tonnes, lower than the same period of the previous fiscal year due mainly to a decline in mining volume.

Production levels at the Cerro Verde Copper Mine (Peru) (of which the Company holds a 16.8% interest, excluding non-controlling interest) rose from the same period of the previous fiscal year to 227 thousand tonnes, due mainly to an increase in ore grade.

(Smelting & Refining segment)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase/decrease	Rate of change (%)
Net sales	535,142	524,763	-10,379	-1.9
Segment income	89,449	31,765	-57,684	-64.5

(Output by the Company's major product)

Product	Unit	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase/decrease
Copper	t	223,240	187,484	-35,756
Gold	kg	8,554	9,140	586
Electrolytic nickel	t	25,383	28,526	3,143
Ferronickel	t	3,968	2,945	-1,023

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

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

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

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

(Materials segment)			(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase/decrease	Rate of change (%)
Net sales	159,740	173,523	13,783	8.6
Segment income	17,709	2,810	-14,899	-84.1

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

(2) Financial Position

1) Financial Position			(Millions of yen)	
	As of March 31, 2023	As of September 30, 2023	Increase/decrease	
Total assets	2,707,899	2,916,977	209,078	
Total liabilities	918,603	960,319	41,716	
Total equity	1,789,296	1,956,658	167,362	

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

Total liabilities as of September 30, 2023 increased from those as of March 31, 2023. Although trade and other payables decreased, bonds and borrowings increased.

Total equity as of September 30, 2023 increased from that as of March 31, 2023. Under other components of equity, the exchange differences on transition of foreign operations increased due to the depreciation of the yen, and financial assets measured at fair value through other comprehensive income increased due to an increase in the price of stock holdings.

2) Cash Flows			(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023	Increase/decrease	
Net cash provided by operating activities	50,731	97,363	46,632	
Net cash used in investing activities	(38,867)	(142,826)	-103,959	
Net cash provided by (used in) financing activities	(45,287)	41,245	86,532	
Effect of exchange rate changes on cash and cash equivalents	27,153	16,967	-10,186	
Cash and cash equivalents at beginning of period	213,977	215,007	1,030	
Cash and cash equivalents at end of period	206,563	227,756	21,193	

Net cash provided by operating activities during the first six months of fiscal 2023 increased from the same period of the previous fiscal year, due mainly to decreases in inventories and trade and other receivables, despite a decrease in profit before tax and a larger decrease in trade and other payables compared to the same period of the previous fiscal year.

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

Net cash provided by financing activities was posted during the first six months of fiscal 2023, despite the recording of net cash used in the same period of the previous fiscal year. This was due mainly to an increase in proceeds from long-term borrowings and decreases in redemption of bonds and 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, 2024 (Forecast)	1,430,000	86,000	60,000	55,000
Year ended March 31, 2023 (Results)	1,422,989	229,910	170,441	160,585
Increase/decrease	7,011	-143,910	-110,441	-105,585
[Rate of change: %]	[0.5]	[-62.6]	[-64.8]	[-65.8]

(Overseas market prices and foreign exchange rates)

	Unit	A	B	(A+B/2)
		FY2023 First Six Months Results	FY2023 Third and Fourth Quarter Forecast	FY2023 Forecast (April 1, 2023 to March 31, 2024)
Copper	\$/t	8,417	8,500	8,459
Gold	\$/TOZ	1,953.7	1,850.0	1,901.9
Nickel	\$/lb	9.69	8.50	9.10
Exchange rate (TTM)	¥/\$	141.00	140.00	140.50

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

As for industries related to the Materials business, robust demand is expected for automobile battery materials, backed by the progress of electrification of automobiles. On the other hand, demand for components for electronic parts is expected to remain sluggish over the near term, mainly due to the delay in a full-fledged recovery of related markets.

The forecast of consolidated operating results for fiscal 2023 has been revised from the previous forecast (announced on August 7, 2023), revising our estimate for major non-ferrous metals prices by predicting the future supply-demand balance with consideration given to the current level, as well as our forecast for foreign exchange rates in consideration of the level of the first six months of fiscal 2023. 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 ¥1,430.0 billion, profit before tax of ¥86.0 billion, profit of ¥60.0 billion, and profit attributable to owners of parent of ¥55.0 billion on a consolidated basis.

Forecast of consolidated operating results for fiscal 2023 (Revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	164,000	1,044,000	341,000	1,549,000	10,000	(129,000)	1,430,000
Segment income	59,000	38,000	(4,000)	93,000	(3,000)	(4,000)	86,000

Reference: Forecast of consolidated operating results for fiscal 2023 (Figures announced on August 7)

(Millions of yen)

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

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	FY2022 (As of March 31, 2023)	Second Quarter of FY2023 (As of September 30, 2023)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	215,007	227,756
Trade and other receivables	189,199	173,999
Other financial assets	6,273	12,063
Inventories	555,941	500,147
Other current assets	56,423	43,933
Total current assets	1,022,843	957,898
Non-current assets		
Property, plant and equipment	629,451	707,544
Intangible assets and goodwill	68,217	74,248
Investment property	3,477	3,477
Investments accounted for using equity method	450,512	498,060
Other financial assets	497,496	639,219
Deferred tax assets	1,822	1,842
Other non-current assets	34,081	34,689
Total non-current assets	1,685,056	1,959,079
Total assets	2,707,899	2,916,977

	FY2022 (As of March 31, 2023)	Second Quarter of FY2023 (As of September 30, 2023)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	251,696	182,465
Bonds and borrowings	158,409	170,281
Other financial liabilities	10,337	7,972
Income taxes payable	24,968	9,863
Provisions	8,663	8,276
Other current liabilities	17,190	24,169
Total current liabilities	471,263	403,026
Non-current liabilities		
Bonds and borrowings	298,848	386,442
Other financial liabilities	8,816	8,688
Provisions	40,361	44,774
Retirement benefit liability	4,396	4,466
Deferred tax liabilities	94,041	110,759
Other non-current liabilities	878	2,164
Total non-current liabilities	447,340	557,293
Total liabilities	918,603	960,319
Equity		
Share capital	93,242	93,242
Capital surplus	89,800	89,800
Treasury shares	(38,076)	(38,089)
Other components of equity	220,383	351,135
Retained earnings	1,266,322	1,275,173
Total equity attributable to owners of parent	1,631,671	1,771,261
Non-controlling interests	157,625	185,397
Total equity	1,789,296	1,956,658
Total liabilities and equity	2,707,899	2,916,977

(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, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
	Millions of yen	Millions of yen
Net sales	710,627	717,145
Cost of sales	(541,826)	(628,561)
Gross profit	168,801	88,584
Selling, general and administrative expenses	(31,242)	(33,676)
Finance income	36,760	12,155
Finance costs	(5,056)	(7,604)
Share of profit (loss) of investments accounted for using equity method	19,665	16,185
Other income	2,520	1,197
Other expenses	(22,342)	(23,062)
Profit before tax	169,106	53,779
Income tax expense	(43,622)	(13,862)
Profit	125,484	39,917
Profit attributable to:		
Owners of parent	119,059	37,852
Non-controlling interests	6,425	2,065
Profit	125,484	39,917
Earnings per share		
Basic earnings per share (Yen)	433.31	137.76
Diluted earnings per share (Yen)	433.31	137.76

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
	Millions of yen	Millions of yen
Profit	125,484	39,917
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(7,160)	37,433
Share of other comprehensive income of investments accounted for using equity method	(4)	5
Total of items that will not be reclassified to profit or loss	(7,164)	37,438
Items that will be reclassified to profit or loss:		
Cash flow hedges	4,714	4,191
Exchange differences on transition of foreign operations	88,390	70,521
Share of other comprehensive income of investments accounted for using equity method	57,885	36,798
Total of items that will be reclassified to profit or loss	150,989	111,510
Other comprehensive income, net of tax	143,825	148,948
Comprehensive income	269,309	188,865
Comprehensive income attributable to:		
Owners of parent	242,031	171,201
Non-controlling interests	27,278	17,664
Comprehensive income	269,309	188,865

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on transition of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2022	93,242	90,213	(38,056)	16,406	(944)	108,842
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	125,301	4,835	(7,164)
Total comprehensive income	—	—	—	125,301	4,835	(7,164)
Purchase of treasury shares	—	—	(11)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	(3,235)
Transactions with owners - total	—	—	(11)	—	—	(3,235)
As of September 30, 2022	93,242	90,213	(38,067)	141,707	3,891	98,443

	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	—	—	119,059	119,059	6,425	125,484
Other comprehensive income	—	122,972	—	122,972	20,853	143,825
Total comprehensive income	—	122,972	119,059	242,031	27,278	269,309
Purchase of treasury shares	—	—	—	(11)	—	(11)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(51,657)	(51,657)	(3,767)	(55,424)
Changes in ownership interest in subsidiaries	—	—	—	—	10,182	10,182
Transfer to retained earnings	—	(3,235)	3,235	—	—	—
Transactions with owners - total	—	(3,235)	(48,422)	(51,668)	6,415	(45,253)
As of September 30, 2022	—	244,041	1,246,263	1,635,692	145,782	1,781,474

For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on transition of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2023	93,242	89,800	(38,076)	105,602	725	114,056
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	91,827	4,084	37,438
Total comprehensive income	—	—	—	91,827	4,084	37,438
Purchase of treasury shares	—	—	(13)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	(2,597)
Transactions with owners - total	—	0	(13)	—	—	(2,597)
As of September 30, 2023	93,242	89,800	(38,089)	197,429	4,809	148,897

	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, 2023	—	220,383	1,266,322	1,631,671	157,625	1,789,296
Profit	—	—	37,852	37,852	2,065	39,917
Other comprehensive income	—	133,349	—	133,349	15,599	148,948
Total comprehensive income	—	133,349	37,852	171,201	17,664	188,865
Purchase of treasury shares	—	—	—	(13)	—	(13)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(31,598)	(31,598)	(3,664)	(35,262)
Changes in ownership interest in subsidiaries	—	—	—	—	13,772	13,772
Transfer to retained earnings	—	(2,597)	2,597	—	—	—
Transactions with owners - total	—	(2,597)	(29,001)	(31,611)	10,108	(21,503)
As of September 30, 2023	—	351,135	1,275,173	1,771,261	185,397	1,956,658

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	169,106	53,779
Depreciation and amortization expense	25,770	26,701
Share of loss (profit) of investments accounted for using equity method	(19,665)	(16,185)
Increase or decrease in retirement benefit asset or liability	(231)	(62)
Increase (decrease) in provisions	430	451
Finance income	(36,760)	(12,155)
Finance costs	5,056	7,604
Decrease (increase) in trade and other receivables	(7,124)	15,606
Decrease (increase) in inventories	(59,459)	62,165
Increase (decrease) in trade and other payables	(8,397)	(68,202)
Decrease (increase) in advance payments to suppliers	(14,625)	4,512
Increase (decrease) in accrued consumption taxes	(79)	14,672
Other	10,059	10,041
Subtotal	64,081	98,927
Interest received	3,641	13,248
Dividends received	16,442	23,189
Interest paid	(2,206)	(8,401)
Income taxes paid	(31,230)	(29,600)
Income taxes refund	3	—
Net cash provided by (used in) operating activities	50,731	97,363

	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
	Millions of yen	Millions of yen
Cash flows from investing activities		
Payments into time deposits	(298)	(276)
Proceeds from withdrawal of time deposits	50,461	34
Purchase of securities	(6,279)	—
Proceeds from redemption of securities	6,911	—
Purchase of property, plant and equipment	(53,366)	(55,741)
Proceeds from sale of property, plant and equipment	69	875
Purchase of intangible assets	(153)	(1,391)
Proceeds from sale of investment securities	8,986	5,964
Purchase of shares of subsidiaries and associates	(11,402)	(23,146)
Collection of short-term loans receivable	176	220
Payments for long-term loans receivable	(33,885)	(69,485)
Other	(87)	120
Net cash provided by (used in) investing activities	(38,867)	(142,826)
Cash flows from financing activities		
Proceeds from short-term borrowings	166,971	246,580
Repayments of short-term borrowings	(170,241)	(257,855)
Proceeds from long-term borrowings	7,241	77,490
Repayments of long-term borrowings	(16,648)	(32,367)
Proceeds from issuance of bonds	55,000	59,945
Redemption of bonds	(45,000)	(30,000)
Proceeds from share issuance to non-controlling shareholders	10,182	13,772
Dividends paid	(51,657)	(31,598)
Dividends paid to non-controlling interests	(3,767)	(3,664)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	3,746	—
Other	(1,114)	(1,058)
Net cash provided by (used in) financing activities	(45,287)	41,245
Net increase (decrease) in cash and cash equivalents	(33,423)	(4,218)
Net increase (decrease) in cash and cash equivalents due to transfer to assets held for sale	(1,144)	—
Cash and cash equivalents at beginning of period	213,977	215,007
Effect of exchange rate changes on cash and cash equivalents	27,153	16,967
Cash and cash equivalents at end of period	206,563	227,756

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

(Note Relating to the Going Concern Assumption)

There are no pertinent items.

(Changes in Accounting Policies)

There are no pertinent items.

(Changes in Presentation Method)

(Condensed Quarterly Consolidated Statement of Cash Flows)

“Collection of long-term loans receivable,” which was presented separately under “cash flows from investing activities” in the first six months ended September 30, 2022, is included in “other” under “cash flows from investing activities” due to its decreased materiality. To reflect this change in the presentation method, a reclassification has been made to the condensed quarterly consolidated financial statements for the first six months ended September 30, 2022.

As a result, “collection of long-term loans receivable” of ¥21 million and “other” of ¥(108) million, which were presented under “cash flows from investing activities” in the condensed quarterly consolidated statement of cash flows for the first six months ended September 30, 2022, have been reclassified as “other” of ¥(87) million.

(Operating Segments)

(1) Summary of reportable segments

1) Decision method of the reportable segments

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

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

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

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

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

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

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

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

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

Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable Segments				Other Businesses ¹	Total	Adjustments ²	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total				
Net sales:								
Outside customers	60,434	501,665	146,836	708,935	1,692	710,627	—	710,627
Inter-segment	24,237	33,477	12,904	70,618	2,849	73,467	(73,467)	—
Total	84,671	535,142	159,740	779,553	4,541	784,094	(73,467)	710,627
Segment income ³	47,307	89,449	17,709	154,465	(1,039)	153,426	15,680	169,106

(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 ¥15,680 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.

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable Segments				Other Businesses ¹	Total	Adjustments ²	Consolidated Statement of Profit or Loss
	Mineral Resources	Smelting & Refining	Materials	Total				
Net sales:								
Outside customers	55,689	496,597	163,141	715,427	1,718	717,145	—	717,145
Inter-segment	27,514	28,166	10,382	66,062	3,237	69,299	(69,299)	—
Total	83,203	524,763	173,523	781,489	4,955	786,444	(69,299)	717,145
Segment income ³	31,478	31,765	2,810	66,053	(270)	65,783	(12,004)	53,779

(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 ¥(12,004) million consist primarily of eliminations of inter-segment transactions, general administrative expenses and finance income and costs, which are not attributable to the reportable segments.
3. Segment income is adjusted against the profit before tax on the condensed quarterly consolidated statement of profit or loss.

3. Supplementary Information

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

Segment	Product	Unit	FY2023 First Six Months Results	FY2023 Forecast
Mineral Resources	Gold and silver ores (Gold content)	t	66,908	133,395
		¥1,000/DMT	297	244
		¥million	19,881	32,599
		(kg)	(2,345)	(4,000)
Smelting & Refining	Copper	t	219,287	438,266
		¥1,000/t	1,198	1,201
		¥million	262,761	526,494
		kg	9,462	18,592
	Gold	¥/g	8,682	8,648
		¥million	82,148	160,792
	Silver	kg	111,233	218,633
		¥1,000/kg	108	105
¥million		12,038	22,960	
Nickel	t	32,182	65,424	
	¥1,000/t	3,112	2,924	
	¥million	100,156	191,299	
Materials	Battery materials, advanced materials, etc.	¥million	138,757	269,785

(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.