



Consolidated Financial Results for the Third Quarter Ended December 31, 2023 [IFRS]

February 8, 2024

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Listed Company Name: Sumitomo Metal Mining Co., Ltd.
 Code: 5713
 Listings: Tokyo Stock Exchange
 URL: <https://www.smm.co.jp/>
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 Scheduled Date to Submit Quarterly Report: February 13, 2024
 Scheduled Date to Start Dividend Payment: —
 Preparation of Supplementary Explanation Materials for Quarterly Financial Results: Yes
 Briefing on Quarterly Account Settlement: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results (From April 1, 2023, to December 31, 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	%
Nine months ended December 31, 2023	1,085,039	0.9	87,359	-60.0	60,841	-62.2	58,326	-61.8	226,297	-34.5
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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	212.28	212.28
Nine months ended December 31, 2022	556.04	556.04

(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, 2023	3,025,088	1,990,674	1,795,857	59.4
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)				63.00	98.00

(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	1,417,000	-0.4	77,000	-66.5	48,000	-71.8	46,000	-71.4	167.42

(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 December 31, 2023
 - 290,814,015 shares at March 31, 2023
 - 2) Number of shares of treasury stock as of end of period
 - 16,052,644 shares at December 31, 2023
 - 16,049,021 shares at March 31, 2023
 - 3) Average number of shares during the period
 - 274,762,796 shares for nine months ended December 31, 2023
 - 274,767,570 shares for nine months ended December 31, 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 November 8, 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 Thursday, February 8, 2024.

Contents of the Attachment

1. Qualitative Information on Quarterly Financial Results	2
(1) Business Performance.....	2
(2) Financial Position	4
(3) Forward-Looking Information Including Forecast of Consolidated Operating Results and Other	5
2. Condensed Quarterly Consolidated Financial Statements and Primary Notes.....	6
(1) Condensed Quarterly Consolidated Statement of Financial Position	6
(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income	8
(Condensed Quarterly Consolidated Statement of Profit or Loss)	8
(Condensed Quarterly Consolidated Statement of Comprehensive Income)	9
(3) Condensed Quarterly Consolidated Statement of Changes in Equity	10
(4) Condensed Quarterly Consolidated Statement of Cash Flows	12
(5) Notes Relating to the Condensed Quarterly Consolidated Financial Statements.....	14
(Note Relating to the Going Concern Assumption).....	14
(Changes in Accounting Policies)	14
(Changes in Presentation Method)	14
(Operating Segments).....	14
3. Supplementary Information.....	16

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, 2023	1,085,039	87,359	58,326
Nine months ended December 31, 2022	1,075,684	218,630	152,783
Increase/decrease [Rate of change: %]	9,355 [0.9]	-131,271 [-60.0]	-94,457 [-61.8]

(Overseas market prices and foreign exchange rates)

	Unit	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase/decrease
Copper	\$/t	8,425	8,334	-91
Gold	\$/TOZ	1,777.0	1,961.2	184.2
Nickel	\$/lb	11.56	9.06	-2.50
Exchange rate (TTM)	¥/\$	136.52	143.30	6.78

The global economy during the first nine months of fiscal 2023, the year ending March 31, 2024, saw a gradual slowdown. In the United States, despite the effects of a credit crunch born out of monetary tightening, the economy remained resilient with strong personal consumption. On the other hand, high prices and the prolonged monetary tightening weakened domestic demand in Europe and a downturn in the real estate market in China put downward pressure on economic growth.

As for exchange rates, while expectations were growing that the United States would shift its monetary policy to lowering of interest rates, there was also a broadening view that Japan's monetary easing policies would be amended to raising of interest rates, which temporarily led to the yen's appreciating trend. However, there was no major change in monetary policy for either country; therefore the yen continued to weaken, 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 on a declining trend due mainly to concerns over declining demand caused by slowing growth in the economy of China and other countries, and the continued appreciation of the US dollar. However, prices then flattened out and average prices slightly declined year over year. Nickel prices decreased throughout the period due to factors including the slowdown in global economic growth, an increase in supply, and the appreciation of the US dollar, 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. Although prices then turned to a declining trend due to reasons such as the successive interest rate hikes in the United States, the rise of geopolitical tensions in the Middle East resulted in an increase in average prices year over year.

In industries related to the Materials business, the market for electric vehicles grew robustly, and demand for automobile battery materials remained strong. On the other hand, some markets, including the automobile market, saw a recovery due to the end of semiconductor shortages; however, the sluggish economic recovery in China and stagnant shipments of smartphones and computers have led to continued inventory adjustments of electronic parts, preventing a full-scale recovery in demand for components for electronic parts.

Under these circumstances, consolidated net sales in the first nine months of fiscal 2023 increased by ¥9,355 million year over year to ¥1,085,039 million, due mainly to increased sales of automobile battery materials.

Consolidated profit before tax decreased by ¥131,271 million year over year to ¥87,359 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 ¥94,457 million year over year to ¥58,326 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)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase/decrease	Rate of change (%)
Net sales	126,533	118,936	-7,597	-6.0
Segment income	57,133	44,955	-12,178	-21.3

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 nine months of fiscal 2023 was 2.9 tonnes.

Production levels at the Morenci Copper Mine (United States) (of which the Company holds a 25.0% interest, excluding non-controlling interest) was 274 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 343 thousand tonnes, due mainly to an increase in ore grade and an increase in the amount handled.

(Smelting & Refining segment)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase/decrease	Rate of change (%)
Net sales	810,480	790,659	-19,821	-2.4
Segment income	118,024	43,208	-74,816	-63.4

(Output by the Company's major product)

Product	Unit	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase/decrease
Copper	t	335,668	269,900	-65,768
Gold	kg	13,785	13,157	-628
Electrolytic nickel	t	37,394	42,580	5,186
Ferronickel	t	7,869	4,166	-3,703

(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 nickel increased from the same period of the previous fiscal year, the production level of electrolytic copper decreased from the same period of the previous fiscal year due to the scheduled renovations (large-scale scheduled shutdown) at Toyo Smelter & Refinery, while sales volume also decreased year over year. The production level of ferronickel also decreased year over year.

Production levels of Coral Bay Nickel Corporation (Philippines) decreased year over year due mainly to equipment trouble. Operations at 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)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase/decrease	Rate of change (%)
Net sales	241,577	263,129	21,552	8.9
Segment income	20,274	1,398	-18,876	-93.1

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 December 31, 2023	Increase/decrease	
Total assets	2,707,899	3,025,088	317,189	
Total liabilities	918,603	1,034,414	115,811	
Total equity	1,789,296	1,990,674	201,378	

Total assets as of December 31, 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 December 31, 2023 increased from those as of March 31, 2023. Although bonds and borrowings, and income taxes payable under current liabilities decreased, bonds and borrowings, and deferred tax liabilities under non-current liabilities increased.

Total equity as of December 31, 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)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Increase/decrease	
Net cash provided by operating activities	74,838	204,954	130,116	
Net cash used in investing activities	(85,589)	(215,672)	-130,083	
Net cash provided by (used in) financing activities	(18,081)	54,136	72,217	
Effect of exchange rate changes on cash and cash equivalents	24,733	16,059	-8,674	
Cash and cash equivalents at beginning of period	213,977	215,007	1,030	
Cash and cash equivalents at end of period	209,878	274,484	64,606	

Net cash provided by operating activities during the first nine 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 decreases 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 a decrease in proceeds from withdrawal of time deposits and increases in payments for long-term loans receivable and purchase of property, plant and equipment.

Net cash provided by financing activities was posted during the first nine months of fiscal 2023, despite the recording of net cash used in the same period of the previous fiscal year. This was due mainly to increases in proceeds from long-term borrowings and proceeds from short-term borrowings, despite an increase in repayments of short-term borrowings compared to the same period of the previous fiscal year.

(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)	1,417,000	77,000	48,000	46,000
Year ended March 31, 2023 (Results)	1,422,989	229,910	170,441	160,585
Increase/decrease	-5,989	-152,910	-122,441	-114,585
[Rate of change: %]	[-0.4]	[-66.5]	[-71.8]	[-71.4]

(Overseas market prices and foreign exchange rates)

	Unit	A	B	(A+B/2)
		FY2023 First Nine Months Results	FY2023 Fourth Quarter Forecast	FY2023 Forecast (April 1, 2023 to March 31, 2024)
Copper	\$/t	8,334	8,300	8,326
Gold	\$/TOZ	1,961.2	1,950.0	1,958.4
Nickel	\$/lb	9.06	7.50	8.67
Exchange rate (TTM)	¥/\$	143.30	140.00	142.48

In the business environment surrounding the SMM Group, in the non-ferrous metals industry, while there were concerns over the supply of copper because of the cessation of operations at a large-scale copper mine in Panama, given factors such as concerns about the slowing growth in the economy of China and other countries 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, components for electronic parts have shown signs of a recovery in demand in related markets; however, a full-fledged recovery is not expected until the next fiscal year or beyond.

The forecast of consolidated operating results for fiscal 2023 has been revised from the previous forecast (announced on November 8, 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 trend of the first nine 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 ¥1,417.0 billion, profit before tax of ¥77.0 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 fiscal 2023 (Revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Total
Net sales	165,000	1,035,000	338,000	1,538,000	10,000	(131,000)	1,417,000
Segment income	56,000	39,000	(5,000)	90,000	(2,000)	(11,000)	77,000

Reference: Forecast of consolidated operating results for fiscal 2023 (Figures announced on November 8)

(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

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	FY2022 (As of March 31, 2023)	Third Quarter of FY2023 (As of December 31, 2023)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	215,007	274,484
Trade and other receivables	189,199	173,560
Other financial assets	6,273	14,408
Inventories	555,941	481,303
Other current assets	56,423	50,993
Subtotal	1,022,843	994,748
Assets held for sale	—	700
Total current assets	1,022,843	995,448
Non-current assets		
Property, plant and equipment	629,451	734,012
Intangible assets and goodwill	68,217	75,960
Investment property	3,477	3,477
Investments accounted for using equity method	450,512	519,907
Other financial assets	497,496	659,188
Deferred tax assets	1,822	1,814
Other non-current assets	34,081	35,282
Total non-current assets	1,685,056	2,029,640
Total assets	2,707,899	3,025,088

	FY2022 (As of March 31, 2023)	Third Quarter of FY2023 (As of December 31, 2023)
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	251,696	244,909
Bonds and borrowings	158,409	146,228
Other financial liabilities	10,337	14,261
Income taxes payable	24,968	13,121
Provisions	8,663	5,752
Other current liabilities	17,190	24,057
Total current liabilities	471,263	448,328
Non-current liabilities		
Bonds and borrowings	298,848	416,260
Other financial liabilities	8,816	8,594
Provisions	40,361	45,530
Retirement benefit liability	4,396	5,355
Deferred tax liabilities	94,041	107,087
Other non-current liabilities	878	3,260
Total non-current liabilities	447,340	586,086
Total liabilities	918,603	1,034,414
Equity		
Share capital	93,242	93,242
Capital surplus	89,800	89,800
Treasury shares	(38,076)	(38,092)
Other components of equity	220,383	364,310
Retained earnings	1,266,322	1,286,597
Total equity attributable to owners of parent	1,631,671	1,795,857
Non-controlling interests	157,625	194,817
Total equity	1,789,296	1,990,674
Total liabilities and equity	2,707,899	3,025,088

(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, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
	Millions of yen	Millions of yen
Net sales	1,075,684	1,085,039
Cost of sales	(849,512)	(963,666)
Gross profit	226,172	121,373
Selling, general and administrative expenses	(46,354)	(50,015)
Finance income	27,247	10,083
Finance costs	(6,452)	(11,544)
Share of profit (loss) of investments accounted for using equity method	24,792	31,484
Other income	2,917	1,904
Other expenses	(9,692)	(15,926)
Profit before tax	218,630	87,359
Income tax expense	(57,782)	(26,518)
Profit	160,848	60,841
Profit attributable to:		
Owners of parent	152,783	58,326
Non-controlling interests	8,065	2,515
Profit	160,848	60,841
Earnings per share		
Basic earnings per share (Yen)	556.04	212.28
Diluted earnings per share (Yen)	556.04	212.28

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
	Millions of yen	Millions of yen
Profit	160,848	60,841
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(3,656)	21,460
Share of other comprehensive income of investments accounted for using equity method	(5)	3
Total of items that will not be reclassified to profit or loss	(3,661)	21,463
Items that will be reclassified to profit or loss:		
Cash flow hedges	2,557	1,145
Exchange differences on transition of foreign operations	108,340	92,913
Share of other comprehensive income of investments accounted for using equity method	77,528	49,935
Total of items that will be reclassified to profit or loss	188,425	143,993
Other comprehensive income, net of tax	184,764	165,456
Comprehensive income	345,612	226,297
Comprehensive income attributable to:		
Owners of parent	313,295	205,417
Non-controlling interests	32,317	20,880
Comprehensive income	345,612	226,297

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
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

For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 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	—	—	—	124,464	1,164	21,463
Total comprehensive income	—	—	—	124,464	1,164	21,463
Purchase of treasury shares	—	—	(16)	—	—	—
Disposal of treasury shares	—	0	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	(3,164)
Transactions with owners - total	—	0	(16)	—	—	(3,164)
As of December 31, 2023	93,242	89,800	(38,092)	230,066	1,889	132,355

	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	—	—	58,326	58,326	2,515	60,841
Other comprehensive income	—	147,091	—	147,091	18,365	165,456
Total comprehensive income	—	147,091	58,326	205,417	20,880	226,297
Purchase of treasury shares	—	—	—	(16)	—	(16)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(41,215)	(41,215)	(5,923)	(47,138)
Changes in ownership interest in subsidiaries	—	—	—	—	22,235	22,235
Transfer to retained earnings	—	(3,164)	3,164	—	—	—
Transactions with owners - total	—	(3,164)	(38,051)	(41,231)	16,312	(24,919)
As of December 31, 2023	—	364,310	1,286,597	1,795,857	194,817	1,990,674

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	218,630	87,359
Depreciation and amortization expense	38,987	40,828
Loss (gain) on sale of fixed assets	(572)	(5)
Share of loss (profit) of investments accounted for using equity method	(24,792)	(31,484)
Increase or decrease in retirement benefit asset or liability	(349)	233
Increase (decrease) in provisions	(1,818)	(2,188)
Finance income	(27,247)	(10,083)
Finance costs	6,452	11,544
Decrease (increase) in trade and other receivables	(29,936)	13,421
Decrease (increase) in inventories	(127,989)	80,454
Increase (decrease) in trade and other payables	23,311	(17,079)
Decrease (increase) in advance payments to suppliers	5,605	(634)
Increase (decrease) in accrued consumption taxes	2,407	11,150
Other	19,033	21,037
Subtotal	101,722	204,553
Interest received	4,155	14,375
Dividends received	18,581	33,036
Interest paid	(2,555)	(10,421)
Income taxes paid	(47,121)	(37,227)
Income taxes refund	56	638
Net cash provided by (used in) operating activities	74,838	204,954

	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
	Millions of yen	Millions of yen
Cash flows from investing activities		
Payments into time deposits	(384)	(279)
Proceeds from withdrawal of time deposits	50,845	311
Purchase of securities	(6,279)	—
Proceeds from redemption of securities	6,911	—
Purchase of property, plant and equipment	(73,734)	(88,385)
Proceeds from sale of property, plant and equipment	138	1,088
Purchase of intangible assets	(325)	(1,583)
Purchase of investment securities	(79)	(1,860)
Proceeds from sale of investment securities	9,250	7,256
Purchase of shares of subsidiaries and associates	(19,318)	(33,172)
Collection of short-term loans receivable	3,034	384
Payments for long-term loans receivable	(57,713)	(99,601)
Proceeds from sale of interests, etc. in subsidiaries resulting in change in scope of consolidation	1,598	—
Other	467	169
Net cash provided by (used in) investing activities	(85,589)	(215,672)
Cash flows from financing activities		
Proceeds from short-term borrowings	271,450	363,083
Repayments of short-term borrowings	(271,301)	(396,823)
Proceeds from long-term borrowings	28,104	128,072
Repayments of long-term borrowings	(19,986)	(33,647)
Proceeds from issuance of bonds	89,925	59,945
Redemption of bonds	(55,000)	(40,000)
Proceeds from share issuance to non-controlling shareholders	18,020	22,235
Dividends paid	(76,386)	(41,215)
Dividends paid to non-controlling interests	(4,938)	(5,923)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	3,746	—
Other	(1,715)	(1,591)
Net cash provided by (used in) financing activities	(18,081)	54,136
Net increase (decrease) in cash and cash equivalents	(28,832)	43,418
Cash and cash equivalents at beginning of period	213,977	215,007
Effect of exchange rate changes on cash and cash equivalents	24,733	16,059
Cash and cash equivalents at end of period	209,878	274,484

(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)

“Purchase of investment securities,” which was included in “other” under “cash flows from investing activities” in the first nine months ended December 31, 2022, is presented separately due to its increased materiality. “Proceeds from sale of shares of subsidiaries and associates” and “collection of long-term loans receivable,” which were presented separately under “cash flows from investing activities” in the first nine months ended December 31, 2022, are included in “other” under “cash flows from investing activities” due to their 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 nine months ended December 31, 2022.

As a result, “proceeds from sale of shares of subsidiaries and associates” of ¥0 million, “collection of long-term loans receivable” of ¥35 million, and “other” of ¥353 million, which were presented under “cash flows from investing activities” in the condensed quarterly consolidated statement of cash flows for the first nine months ended December 31, 2022, have been reclassified as “purchase of investment securities” of ¥(79) million and “other” of ¥467 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.

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.

Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	85,234	749,494	247,585	1,082,313	2,726	1,085,039	—	1,085,039
Inter-segment	33,702	41,165	15,544	90,411	5,077	95,488	(95,488)	—
Total	118,936	790,659	263,129	1,172,724	7,803	1,180,527	(95,488)	1,085,039
Segment income ³	44,955	43,208	1,398	89,561	15	89,576	(2,217)	87,359

(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 ¥(2,217) 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 Nine Months Results	FY2023 Forecast
Mineral Resources	Gold and silver ores (Gold content)	t	96,465	133,897
		¥1,000/DMT	254	251
		¥million	24,455	33,641
		(kg)	(2,870)	(4,000)
Smelting & Refining	Copper	t	325,602	432,916
		¥1,000/t	1,206	1,199
		¥million	392,599	518,942
		kg	13,461	18,286
	Gold	¥/g	8,914	8,865
		¥million	119,990	162,112
	Silver	kg	165,048	218,428
		¥1,000/kg	109	109
¥million		18,036	23,703	
Nickel	t	47,541	62,645	
	¥1,000/t	3,003	2,864	
	¥million	142,783	179,392	
Materials	Battery materials, advanced materials, etc.	¥million	210,703	268,837

(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.