

May 10, 2021

(English translation released on June 2, 2021)

**Teleconference Explanation Script for Consolidated Accounting Results
for the Year Ended March 2021 (FY2020)**

I. General Overview

The following is an overview of Sumitomo Metal Mining's consolidated accounting results for the year ended March 2021 (FY2020) as announced today. Please take a look at the cover summary on the earnings report.

1. Consolidated Accounting Results for the Year Ended March 2021: Overview of Business Performance

1) Consolidated operating results for this fiscal year

The consolidated operating results for this fiscal year saw a year-on-year increase in income figures and profit.

- ① Sales increased by ¥74.2 bn to ¥926.1 bn year-on-year.
(Gross profit increased by ¥41.4 bn to ¥150.9 bn year-on-year.)
- ② Profit before tax increased by ¥44.4 bn to ¥123.4 bn year-on-year.
- ③ Profit attributable to owners of parent increased by ¥34.0 bn to ¥94.6 bn year-on-year.

Please note that these profits attributable to owners of parent are at the third highest level in our company's history.

2) General briefing

The following is a general briefing on the consolidated accounting results for this fiscal year. Please take a look at the cover summary on the earnings report or the top of page 1 in the Supplementary Explanation for Financial Summary.

[FY2020 Consolidated Financial Results, Performance Briefing & Comparison with Previous Year]

① Metal prices in this fiscal year

Copper and nickel prices saw significant declines in the Q4 of the previous fiscal year due to the spread of COVID-19. However, things like China's economy recovering led to an upward trend in this fiscal year. Gold prices remained on an upward trend, peaking during Q2 due to uncertainty about the outlook for the global economy following the outbreak. As a result, copper, nickel and gold prices were higher than in the previous fiscal year.

② Consolidated profit before tax for this fiscal year

Consolidated profit before tax for this fiscal year, under the metal price environment mentioned above, saw a total upturn of ¥24.8 bn in market factors. In matters aside from market factors, there are positive factors like an increase of ¥11.6 bn in the cost differential centered around overseas copper mines and an increase of ¥6.0 bn in profits in the materials segment. On the

other hand, the quantity differential decreased by ¥3.2 bn. In one-off factors, the ¥9.0 bn Taihei Metal Industry Co., Ltd. fixed asset gain on sale present in previous fiscal year was not present in this fiscal year and the construction suspension costs for the QB2 project deteriorated by ¥6.4 bn. On the other hand, main factors that acted as positive factors were improvements of ¥6.3 bn in the reversal of the allowance for doubtful debts for Sierra Gorda S.C.M., reductions of ¥2.7 bn for overseas copper mines tax costs and improvements of ¥5.7 bn to other unrealized profit etc., which resulted in a consolidated profit before tax of ¥123.4 bn, a ¥44.4 bn year-on-year increase.

[FY2020 Consolidated Financial Results, Comparison with Forecast in February]

A comparison of the FY2020 results and the forecast in February reveals that sales increased by ¥22.1 bn, and profit before tax saw a profit increase of ¥20.4 bn.

In the breakdown of the ¥20.4 bn increase in profit and loss before tax, gold prices fell in Q4.

However, prices for copper, nickel and cobalt rose above forecast price data and influence of the exchange rate improvement, leading to an improvement of ¥5.5 bn in total market factors. In addition to this, total profit before tax saw improvements through a number of positive factors like other foreign exchange profit and loss increasing by ¥3.2 bn, the materials business increasing by ¥2.3 bn, the quantity differential increasing by ¥0.8 bn, and other unrealized profit etc., increasing by ¥8.2 bn.

3) Individual topics

The following covers a range of topics in the consolidated accounting results for this fiscal year.

① Overseas copper mines

Excluding Cerro Verde, where operation had temporarily transitioned to a care and maintenance status from March 2020 to May 2020 following the declaration of a national state of emergency due to the COVID-19 outbreak, and Candelaria, where operations were ceased due to the occurrence of a strike in October and November of 2020, the impact of COVID-19 on production at each mine in this fiscal year was minimal, and production volumes at these mines were almost at the same level or better year-on-year. In the same way, profit and loss was at the same level or better year-on-year for each mine with the exception of Cerro Verde.

Morenci

Changes were made to operational plans in this fiscal year amid the COVID-19 outbreak, but strong leaching operations that had continued from the previous fiscal year and led to the high level of cathode production started to decrease in Q4. This led to a production volume of 446 thousand tonnes for this fiscal year, a year-on-year decrease of 15 thousand tonnes.

Sierra Gorda

Due to continued stable operations which have led to increases in mineral ore processing volume and improvements in copper grade, the production volume was 149 thousand tonnes for this fiscal year, a year-on-year increase of 41 thousand tonnes.

Cerro Verde

Due to the impact of its operation being temporarily transitioned to a care and maintenance

status from mid-March 2020 to mid-May 2020 following the declaration of a national state of emergency resulting from the COVID-19 outbreak, production volume for this fiscal year decreased by 83 thousand tonnes year-on-year to 372 thousand tonnes.

Candelaria and Ojos

Given the impact of the strike at the Candelaria mine, which led to suspension of operations from October 2020 to November 2020, production volume for this fiscal year was 95 thousand tonnes, a year-on-year decrease of 16 thousand tonnes.

② THPAL (Taganito HPAL)

While we saw the maintenance shut-down period planned in the initial period of this fiscal year partially extended as the COVID-19 outbreak expanded, smooth operation was subsequently maintained. However, given the effect of reductions in transport volume of mineral ore due to heavy rains in Q4, the production volume for this fiscal year decreased by 2.9 thousand tonnes year-on-year to 29.4 thousand tonnes.

③ CBNC (Coral Bay)

The impact of COVID-19 was minimal and continuing smooth operation led to a production volume for this fiscal year of 19.1 thousand tons, which was roughly the same year-on-year production volume.

2. Consolidated Results Forecast for FY2021

1) Overview of next fiscal year's full-year forecast of consolidated operating results

The following is a general briefing for the next fiscal year's full-year forecast of consolidated operating results.

Please take a look at the lower part of the cover summary on the earnings report, page 5 of the attachments to the earnings report, and the lower part of page 1 and pages 5-6 of the Supplementary Explanation for Financial Summary.

Regarding the next fiscal year's full-year consolidated operating results, it's forecast that:

- ① Sales will increase by ¥120.9 bn to ¥1,047.0 bn year-on-year.
(Gross profit will be ¥150.0 bn, a year-on-year decline in profit of ¥0.9 bn.)
- ② Profit before tax will increase by ¥14.6 bn to ¥138.0 bn year-on-year.
- ③ Profit attributable to owners of parent will increase by ¥9.4 bn to ¥104.0 bn.

The metal prices and exchange rates used as the foundation for the operating results forecast, based on future supply and demand balance forecasts that take current metal prices into consideration, are: copper \$7,800/t, gold \$1,700/toz, nickel \$7.00/lb, cobalt \$15.00/lb, and the exchange rate is ¥107/\$. This is described on page 5 of the attachments to the earnings reports and the lower part of page 1 of the Supplementary Explanation for Financial Summary.

In our forecasts, we assume improvements in exchange rates and a rise in metal prices other than gold and cobalt when compared to the previous fiscal year, so the consolidated full-year profit before

tax for the next fiscal year is expected to take a drastic upturn of ¥37.3 bn in market factors as a whole in comparison with the previous fiscal year. Regarding non-market factors, we expect negative factors like a decline in profit of ¥0.3 bn in the materials business and a quantity differential decrease of ¥0.2 bn. Against these, we expect these to be exceeded by positive factors like the cost differential increase of ¥4.0 bn and an increase of ¥1.0 bn in other foreign exchange differential profit and loss. However, in one-off factors, against the improvement of the QB2 Project construction suspension costs of ¥6.4 bn that were a negative factor in the previous fiscal year no longer being a factor, the positive factor that was the previous fiscal year's ¥8.6 bn reversal of the allowance for doubtful debts for Sierra Gorda S.C.M. will also no longer be a factor. Additionally, we expect tax costs caused by continued strong operations at overseas copper mines to increase by ¥16.6 bn and other unrealized profit etc., to decrease by ¥6.7 bn. This is why we expect one-off factors to be a negative overall. Through positive factors in the market exceeding these negative factors overall, we forecast the full-year consolidated profit before tax to be ¥138.0 bn, a year-on-year increase of ¥14.6 bn.

2) Individual topics

The following covers a range of topics in the full-year forecast of consolidated operating results for the next fiscal year.

① Overseas copper mines

Excluding Morenci, which we expect will see reduced production as the high level of cathode production that has continued until now slows, we expect production volumes at each mine for the next fiscal year to be almost at the same level or better year-on-year. Additionally, a drastic increase is expected in the profit and loss for each mine next year compared to this fiscal year, mainly due to the impact of rising copper prices.

Morenci

As we expect reduced production as the high level of cathode production that has continued until now slows, we expect production volume for the next fiscal year to be 368 thousand tonnes, a 78 thousand-tonne year-on-year decrease.

Sierra Gorda

Through stable operation and debottlenecking that are expected to make contributions throughout the year, we expect the high level of mineral ore processing to continue. In addition, through improvements to the copper grade, we expect production volume in the next fiscal year to be 180 thousand tonnes, a year-on-year increase of 31 thousand tonnes.

Cerro Verde

Through the diminishing effect of the care and maintenance status implemented this fiscal year due to the COVID-19 outbreak, we expect mineral ore processing volume to increase and production volume in the next fiscal year to be 409 thousand tonnes, a year-on-year increase of 37 thousand tonnes.

Candelaria and Ojos

As there will be no negative impact of the strike that we saw this fiscal year at the Candelaria mine, which led to a suspension of operations, production volume in the next fiscal year is expected to be 148 thousand tonnes, which is a year-on-year increase of 53 thousand tonnes.

② THPAL

Without the effects of the partial extension of the maintenance shut-down period due to the COVID-19 outbreak and mineral ore transport reductions caused by heavy rains, we expect production volume in the next fiscal year to be 33.0 thousand tonnes, a year-on-year increase of 3.6 thousand tonnes.

③ CBNC

We expect production volume for the next fiscal year to be 20.0 thousand tonnes, a year-on-year increase of 0.9 thousand tonnes.

3. Dividends

This section concerns dividends.

Please take a look at the lower part of the cover summary on the earnings report and the “Notice Regarding Amendments to the Dividend Forecast for the Year Ending March 2021 (96th period)” that was disclosed today. The dividends were revised after confirming the consolidated financial results disclosed in today’s earnings report.”

Compared to the February forecast, year-end dividends increased by ¥21 to ¥99/share. As a result, along with the interim dividend of ¥22/share that has already been paid, it is expected that the yearly forecast dividend payment will increase to ¥121/share, with the dividend payout ratio at 35.1%.

This yearly forecast dividend payment of ¥121/share is the highest in our history.

On the other hand, along with the disclosure of the operating results forecast for the next fiscal year, we set the yearly dividend forecast at ¥133/share, at ¥71 at the end of the six months ending September 30, 2021 and at ¥62 at the end of the fiscal year. We estimate a year-on-year dividend increase of ¥12.

II . Breakdown of Gross Profit and Segment Profits, and Other Details

Please look at the Supplementary Explanation for Financial Summary of the FY2020 results.

1. About the results/comparison on page 1

1) FY2020 results vs. FY2019 results

The table at the top of page 1 shows a year-on-year financial results comparison and a comparison with the FY2020 operating results forecast disclosed in February.

First we will take a look at the year-on-year comparison of the financial results for this fiscal year, so let’s proceed mainly in reference to Diff. ① - ②.

Metal prices and exchange rates are as shown at the bottom of the tables.

In the results for this fiscal year, sales rose by ¥74.2 bn year-on-year to ¥926.1 bn. As in the earnings report and as noted below the tables at the top of page 1, the accounting policies with regard to non-free supplied materials received from customers were changed from this fiscal year, and these changes are retroactively applied to the previous fiscal year. This is why sales and cost of sales show a decrease of ¥22.06 bn for FY2020 when compared to the results calculated using conventional methods, and a decrease of ¥20.669 bn for FY2019 when compared to the results calculated before the changes were retroactively applied. While both of these are showing decreases, there is no effect on gross profit and items below it. Note that these changes are applied to battery materials in the materials segment.

Profit before tax increased to ¥123.4 bn, a year-on-year increase of ¥44.4 bn.

As per the footnotes for the table, a breakdown of this reveals that the impact of market factors was an increase of ¥24.8 bn. This includes an increase in price and condition differential of ¥28.7 bn, in which are included an increase of ¥13.5 bn from copper, ¥7.2 bn from nickel, ¥1.2 bn from cobalt, and ¥6.5 bn from gold among other factors. The foreign exchange differential decreased by ¥3.8 bn, and inventory evaluation resulted in a year-on-year decrease of ¥0.1 bn.

The quantity differential showed a decrease of ¥3.2 bn. This is mainly due to the impact of the year-on-year decrease in sales at Cerro Verde and due to the analysis for Sierra Gorda appeared to negative side due to continued losses despite year-on-year sales growth. Cost differential saw an upturn of ¥11.6 bn thanks to unit cost improvements at Sierra Gorda, which maintained smooth operation, production and increased year-on-year production, as well as at Morenci and in electrolytic copper.

In the materials business, the impact of temporary sluggish demand for battery materials due to the spread of COVID-19 led to decreased year-on-year sales, but due to factors including a year-on-year increase in sales for powder materials, crystal materials, and other materials, profit increased by ¥6.0 bn year-on-year.

Other one-off factors are as explained in the first half.

2) FY2020 financial results vs. FY2020 forecast in February

Following on, the comparison of FY2020 financial results and the operating results forecast disclosed in February is shown in Diff. ① - ③ on the right edge of the table at the top. Sales increased ¥22.1 bn against the forecast from February, and profit before tax saw a profit increase of ¥20.4 bn. Please note that sales in the February operating results forecast showed the amount before the application of the changes in accounting policies related to non-free supplied materials.

As per the footnotes for the table, profit before tax change analysis shows that the impact of market factors was an increase of ¥5.5 bn. This includes an increase in price and condition differential of ¥3.0 bn, in which are included a decrease of ¥1.4 bn from copper, an increase of ¥2.2 bn from nickel, an increase of ¥2.5 bn from cobalt, and a decrease of ¥0.2 bn from gold among other factors. The exchange rate differential had a positive impact of ¥0.1 bn, and inventory evaluation resulted in an increase of ¥2.4 bn. The quantity differential increased by ¥0.8 bn, other foreign exchange differential profit and loss increased by ¥3.2 bn, and the materials business saw an increase of ¥2.3 bn through improvements to each business and to other companies to which the equity method is applied. In

addition, interest etc., increased ¥0.4 bn and other unrealized profit etc., increased ¥8.2 bn.

3) FY2021 forecast vs. FY2020 financial results

Next, please see the table at the bottom of the first page which describes the full-year operating results forecast for FY2021 and the comparison versus the FY2020 financial results.

The metal prices and exchange rate used as the foundation for the forecast are described at the bottom of the table.

Based on this, in the full-year operating results forecast for FY 2021, we estimate that sales will be ¥1,047.0 bn, increasing by ¥120.9 bn and that profit before tax will be ¥138.0 bn, increasing by ¥14.6 bn.

As per the footnotes for the table, a breakdown of this reveals that the impact of market factors is an increase of ¥37.3 bn. This includes an increase in price and condition differential of ¥49.7 bn, in which are included an increase of ¥51.1 bn from copper, ¥3.0 bn from nickel, and a decrease of ¥3.1 bn from cobalt and ¥1.9 bn from gold. We expect that the foreign exchange differential will improve by ¥0.6 bn and the inventory evaluation will worsen, decreasing by ¥13 bn through the QP differential.

We expect that the quantity differential will decrease ¥0.2 bn, that other foreign exchange differential profit and loss will increase by ¥1.0 bn, and that the cost differential will improve with an increase of ¥4.0 bn. Main factors for this include our expectation that the cost differential for Morenci, which is reducing production, will worsen, but that it will improve for Sierra Gorda, Candelaria, THPAL, etc., through increased production. Rounded numbers were used in the forecast for materials business out of convenience, showing losses of ¥0.3 bn, but in actuality there is little change.

Other one-off factors are as explained in the first half.

2. Page 3: Results comparison with FY2019 by segment (change in gross profit)

Next, please turn to page 3. This is a segmented comparison of financial results for FY2020 vs. FY2019.

First, gross profit in the mineral resources segment shown in the upper left table is ¥58.7 bn, a profit increase of ¥17.3 bn.

The center and below on the same page show an explanation of changes in gross profit. The Hishikari Mine saw improvements of ¥6.7 bn. The main factor for this was a price differential caused by a rise in the price of gold that resulted in an upturn of ¥7.0 bn. Sales and production for the Hishikari Mine are both almost entirely as planned.

Overseas copper mines, mostly consisting of Morenci copper mine, saw improvements of ¥9.5 bn. In addition to a rise in the price of copper that led to price differential improvements of ¥4.8 bn, the unit cost differential was improved by ¥4.7 bn through operational cost reductions and improvements. This led to a drastic year-on-year improvement.

Next, gross profit in the Smelting & Refining segment was ¥64.6 bn, a profit increase of ¥13.2 bn. A breakdown of this is shown in the table at the bottom.

Copper-related entities increased by ¥5.6 bn. The quantity differential increased by ¥0.4 bn, the price and condition differential decreased by ¥3.1 bn, the unit cost differential increased by ¥3.4 bn,

the inventory evaluation decreased by ¥2.0 bn, and others increased by ¥6.9 bn. Foreign exchange losses of ¥0.5 bn were recorded under others.

Nickel-related entities increased by ¥10.3 bn. The quantity differential increased by ¥1.0 bn, the price and condition differential increased by ¥8.1 bn, the unit cost differential decreased by ¥0.8 bn, the inventory evaluation increased by ¥1.8 bn, and others increased by ¥0.2 bn. Foreign exchange losses of ¥1.4 bn were recorded under others.

Other factors saw a decrease of ¥2.7 bn through factors including segment deletion of dealings between the group companies.

3. Page 4: Comparison FY2020 result vs FY2019 result by segment (net sales for materials business by product subsegment)

Next is the year-on-year comparison net sales by product subsegment for the materials business on top of page 4.

Sales in the materials business overall marked an increased income of ¥3.5 bn year-on-year to ¥211.5 bn.

Net sales for battery materials decreased by ¥10.7 bn year-on-year to ¥95.6 bn due to a drop in sales volume and income mainly in the six months ended September 30, 2020. Powder materials increased by ¥7.9 bn to ¥37.2 bn due to an increase in sales volume. Income figures dropped to ¥17.3 bn for package materials due to a ¥0.1 bn fall in sales. Crystals and other businesses increased by ¥6.4 bn to ¥61.4 bn. Please note that, as in the note, changes in accounting policies related to non-free supplied materials and their retroactive application has had an effect on sales for battery materials.

Gross profit for the materials segment, shown on page 3, increased by ¥4.9 bn year-on-year to ¥25.0 bn and segment profit and loss improved by ¥6.0 bn to ¥11.3 bn year-on-year.

4. Page 4: Comparison FY 2020 results vs. FY2019 results by segment (equity in earnings of affiliated companies)

Next, we will explain the table at the bottom of page 4 showing equity in earnings of affiliated companies.

Overall equity in earnings of affiliated companies improved, seeing an increase in profit of ¥2.5 bn to ¥8.7 bn year-on-year. Copper-related entities were a major factor in the increase in profit, with a ¥4.4 bn increase in profit to ¥6.2 bn.

Among these copper-related entities, Cerro Verde saw a ¥4.4 bn year-on-year decline in profit to ¥5.2 bn, Candelaria and Ojos del Salado saw a ¥0.2 bn decrease in profit to ¥1.9 bn, and Sierra Gorda saw a ¥8.4 bn increase in profit and reduced losses to ¥3.5 bn.

PTVI and other nickel-related entities saw a ¥0.8 bn increase in profit to ¥3.4 bn. PTVI is excluded from the companies to which the equity method is applied from Q3 onward. N.E. Chemcat and other companies saw a ¥2.7 bn decline in profit to losses of ¥0.9 bn. Please note that this includes the equity in earnings of affiliated companies for the Quebrada Blanca Copper Mine that is moving forward with the QB2 project.

5. Page 4: Main changes in financial income/cost and other income/cost

Regarding [Main changes in finance income/cost, and other income/cost] in the table below equity in earnings of affiliated companies, as well as the aforementioned impact of exchange rates, the ¥9 bn profit from the fixed asset gain on sale of Taihei Metal Industry Co., Ltd. is shown as a record of one-off profit for the same period of the previous year. Additionally, the reversal of the allowance for doubtful debts for Sierra Gorda S.C.M. is listed as ¥8.6 bn in FY2020 results and as ¥2.3 bn in FY2019 results.

6. Page 5: FY2020 results comparison with FY2021 forecast by segment (FY2021 forecast vs. FY2020 financial results)

Please turn to page 5. This is a segmented comparison of the FY2021 forecast and the FY2020 financial results. Note that the forecast figures are rounded to the nearest billion yen.

Gross profit in the mineral resources segment shown in the upper left table is expected to be ¥63.0 bn, a profit increase of ¥4.3 bn. The center and below show an explanation of changes in gross profit.

For the Hishikari Mine, we forecast that the annual sales volume of 6 tonnes will remain unchanged, price differential will deteriorate by ¥2.4 bn due to a review of assumptions for the price of gold, leading to a decline in profit of ¥3.5 bn.

In overseas copper mines, as stated above, mostly consisting of Morenci, when compared with FY2020, while there are negative factors of ¥8.1 bn in unit cost differential and of ¥4.3 bn in quantity differential expected due to reduced production and sales, it's estimated that there will be a profit increase of ¥8.3 bn due to an upturn of ¥20.2 bn in price differential based on an increase in copper price.

Gross profit in the Smelting & Refining segment is estimated at ¥55.0 bn, a decline in profit of ¥9.6 bn. A breakdown of this is shown in the table at the bottom, with copper-related profits falling ¥8.8 bn and nickel-related profits falling ¥4.1 bn.

For copper-related, we expect the condition differential to improve ¥1.8 bn. However, we forecast that a ¥7.3 bn deterioration of inventory evaluation and further ¥3.7 bn in others will lead to a decline in profit of ¥8.8 bn.

For nickel-related, we expect improvements of ¥1.9 bn in unit cost differential and of ¥2.6 bn in quantity differential through an increase in the production and sale of electrolytic nickel and at THPAL. On the other hand, we expect a deterioration of ¥5.6 bn in inventory evaluation and of ¥2.9 bn in others, leading to a decline in profit of ¥4.1 bn. Note that, within the decrease of ¥2.9 bn for others, the foreign exchange differential is an increase of ¥0.4 bn.

7. Page 6: FY2020 results comparison with FY2021 forecast by segment (net sales for materials business by product subsegment)

We will explain the sales by product subsegment for the materials business comparison for the FY2021 forecast and the FY2020 results on top of page 6.

Sales in the materials business overall saw apprehension regarding the effect of a shortage of semiconductors for automobiles, however, given the gradual market recovery and increasing demand for both the in-vehicle and telecommunication fields, it is forecast that an increased income of ¥40.5 bn will lead to an income of ¥252.0 bn.

Battery materials are forecast to see an increased income of ¥22.4 bn resulting in an income of

¥118.0 bn while powder materials are forecast to see an increased income of ¥6.8 bn with a total of ¥44.0 bn. Crystals and other businesses are forecast to see an increased income of ¥10.6 bn with a total of be ¥72.0 bn, and package materials are forecast to see an increased income of ¥0.7 bn with a total of ¥18.0 bn.

Estimates for materials segment gross profit, shown on page 5, have a profit increase of ¥5.0 bn to ¥30.0 bn. Estimates for segment profit and loss have a profit decrease of ¥0.3 bn to ¥11.0 bn.

8. Page 6: FY2020 results comparison with FY2021 forecast by segment (equity in earnings of affiliated companies)

We will explain the comparison of equity in earnings of affiliated companies for the FY2021 forecast and the FY2020 financial results shown at the bottom of the page. Here, the figures are rounded to the nearest ¥0.5 bn.

It's estimated that the overall equity in earnings of affiliated companies will be ¥40.5 bn, an increase of ¥31.8 bn. The main factors for the increase in profit are copper-related entities, and it's estimated that profit will be ¥37.5 bn, an increase of ¥31.3 bn. Of the copper-related entities, we expect that Cerro Verde will see a profit increase of ¥12.3 bn to ¥17.5 bn when compared to FY2020, which had drastically reduced production due to the care and maintenance status. It's estimated that Sierra Gorda will move to the black, seeing a profit increase of ¥11.5 bn to ¥8.0 bn through a rise in copper prices and improvements to production and copper grade. For Candelaria and Ojos del Salado, we expect a drastic increase in production for Candelaria against FY2020, which suffered reduced production due to a strike, leading to ¥10.5 bn, an increase of ¥8.6 bn. In nickel-related, it's estimated the exclusion of PTVI from the companies to which the equity method is applied will lead to ¥2.5 bn, a decline in profit of ¥0.9 bn, and that N.E. Chemcat and others will see a profit increase of ¥1.4 bn to ¥0.5 bn.

9. Page 6: Main changes in financial income/cost and other income/cost

Regarding the main changes in finance income/cost, and other income/cost, the aforementioned foreign exchange impact as well as the reversal of allowance for doubtful debts of ¥8.6 bn for the Sierra Gorda S.C.M. are included as a record of one-off profits for FY2020.

10. Page 9: Financial status (cash flow)

Finally, from the financial position presented on page 9, we will explain the cash flow shown at the bottom.

Cash flow from operating activities for FY2020 resulted in revenue of ¥91.5 bn. With regards to cash flow from investment activities, overall there was a ¥32.4 bn outlay resulting from things such as the acquisition of property, plant and equipment. Cash flow from financing activities expenditures also saw an outlay of ¥55.8 bn due to matters such as the repayment of debt, so the balance of cash and cash equivalents at the end of this fiscal year, including the exchange rate differential, increased by ¥2.9 bn from the balance of retained earnings at the beginning of the period to ¥158.4 bn.