



November 8, 2021

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Notice regarding Difference of Figures between Forecast of Consolidated Operating Results and Actual Results for the Second Quarter of FY2021, Revisions Made to Forecast of Consolidated Operating Results for the Full Year, and Payment of Dividend from Retained Earnings as well as Revisions Made to Dividend Forecast

Sumitomo Metal Mining Co., Ltd. (SMM) announces a difference noted between the forecast of consolidated operating results announced on August 6, 2021 and actual results released today for the second quarter of FY2021 (April 1, 2021 – September 30, 2021).

Also, SMM has revised the forecast of consolidated operating results announced on May 10, 2021 for the full year of FY2021 (April 1, 2021 – March 31, 2022).

Additionally, SMM announces that, at the Board of Directors' meeting held today, a resolution was passed to make a dividend payment from retained earnings with a record date of September 30, 2021, and to make revisions to the year-end dividend forecast.

1. Difference between actual results for the second quarter of FY2021, and forecast of consolidated operating results for the second quarter of FY2021, and revisions made to forecast of consolidated operating results for the full year of FY2021

(1) Difference between forecast of consolidated operating results and actual results for the second quarter of FY2021

(Millions of yen; Yen; %)

	Net sales	Profit before tax	Profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A) (August 6, 2021)	566,000	106,000	83,000	78,000	283.87
Actual result (B)	597,930	121,666	120,226	113,828	414.26
Difference (B – A)	31,930	15,666	37,226	35,828	130.39
Difference (%)	5.6	14.8	44.9	45.9	45.9

[Reasons behind difference]

During the second quarter of FY2021, net sales exceeded the previous forecast due to factors including the general rise in the prices for non-ferrous metals. In addition, profit before tax, profit, and profit attributable to owners of parent also exceeded the previous forecast announced in August.

The above profit and profit attributable to owners of parent include, under profit, income tax expense of ¥24,952 million associated with the series of procedures for the transfer of the entirety of the Company's interest in the Sierra Gorda Copper Mine in Chile (hereafter "Sierra Gorda Interest Transfer"), announced on October 14.

(2) Revisions made to forecast of consolidated operating results for the full year of FY2021
(April 1, 2021 – March 31, 2022)

(Millions of yen; Yen; %)

	Net sales	Profit before tax	Profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A) (May 10, 2021)	1,047,000	138,000	114,000	104,000	378.49
Revised forecast (B)	1,175,000	266,000	224,000	214,000	778.82
Difference (B – A)	128,000	128,000	110,000	110,000	400.33
Difference (%)	12.2	92.8	96.5	105.8	105.8
(Reference) FY2020 (actual)	926,122	123,379	99,709	94,604	344.29

[Reasons behind revisions]

Compared to the previous forecast, the trend of the yen depreciation is expected to continue, the prices for non-ferrous metals are expected to remain at a level above the previous forecast, and the demand in the areas of automotive applications and communications is expected to remain steady. The above revisions were made based on the consolidated operating results for the second quarter of FY2021 and the recent state of the industry, as well as the assumption that the series of procedures related to the Sierra Gorda Interest Transfer will have an impact of approximately ¥70 billion on a profit before tax basis assuming that the Sierra Gorda Interest Transfer will close by the end of March 2022.

The impact from the series of procedures related to the Sierra Gorda Interest Transfer included in the forecast of operating results is an estimate at the current stage and the exact amount will be disclosed as soon as it is finalized.

2. Dividend payment (second quarter-end) from retained earnings and revisions made to dividend forecast

(1) Details of dividend payment (second quarter-end) from retained earnings

	Fixed figures	Most recent dividend forecast (Announced on May 10, 2021)	FY2020 (actual)
Record date	September 30, 2021	Same as left	September 30, 2020
Dividend per share (Yen)	113.00	71.00	22.00
Total dividend amount (Millions of yen)	31,049		6,045
Effective date	December 7, 2021		December 9, 2020
Source of funds for dividend	Retained earnings		Retained earnings

(2) Details of revisions to dividend forecast

	Dividend per share (Yen)		
	Second quarter-end	Year-end	Total
Previous forecast (May 10, 2021)		62.00	133.00
Revised forecast		71.00	184.00
Current year result	113.00		
(Reference) FY2020 (actual)	22.00	99.00	121.00

(3) Reasons behind revisions

The operating results for the second quarter of FY2021 and the forecast of consolidated operating results for the full year of FY2021 include the impact from the Sierra Gorda Interest Transfer, assuming the completion of its closing by the end of March 2022. However, depending on the status of satisfaction of certain conditions and acquisition of necessary approvals, the closing of the transfer could be delayed into FY2022, and accordingly, the impact from the series of procedures related to the Sierra Gorda Interest Transfer has been eliminated from the dividend payment (second quarter-end) from retained earnings and the year-end dividend forecast.

The impact from the series of procedures related to the Sierra Gorda Interest Transfer includes, associated with the application of the revised IAS 28 Investments in Associates and Joint Ventures, the amount equivalent to the gain on reversal of provision for doubtful accounts on loans receivable, etc., from Sierra Gorda S.C.M., which was included as a cumulative impact and adjusted in the beginning balance of retained earnings for FY2019. This impact resulting from the application of this accounting treatment will also be eliminated from the calculation of the dividend forecast, which will be disclosed as soon as the closing date of the transfer is finalized.

After reviewing the Company's profit allocation policy, the upward revision of the forecast of consolidated operating results, and impact from the series of procedures related to the Sierra Gorda Interest Transfer, the Company has revised its second quarter-end dividend from the previously announced forecast to ¥113 per share, an increase of ¥42. The year-end dividend forecast has also been raised from the previously announced ¥62 to ¥71 per share, an increase of ¥9. This will result in the annual dividend forecast of ¥184 per share, an increase of ¥51 from the previous forecast.

Note: The above forecasts of operating results and dividends are based on information available as of the date of this release. Actual results and disbursements may diverge from these forecasts, dependent on a variety of factors.