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Notice of Impairment Loss

Sumitomo Corporation has recognized an impairment loss of approximately 89 billion yen relating to Ambatovy Nickel Project in Madagascar in the 4th quarter of FY 2023 (January 1st 2024 to March 31st 2024). In addition to this impairment loss on a consolidated basis, Sumitomo Corporation has recognized an unrealized loss of approximately 95 billion yen on subsidiary shares in its non-consolidated Financial Statement.

1. Background and details of the loss

In 2005, Sumitomo Corporation participated in the Ambatovy Nickel Project in Madagascar tasked with establishing nickel operations that integrate processes from mining through to refining. Sumitomo Corporation, through Summit Ambatovy Mineral Resources Investment B.V. (Head Office: Amsterdam Netherlands, hereinafter “SAMRI”), its wholly-owned subsidiary, has invested in Ambatovy Minerals S.A., a mining company, and Dynatec Madagascar S.A., a refining company, (Head Office: Antananarivo Madagascar, hereinafter “**Project Companies**”) at 54.17% share ratio respectively. The Project is jointly operated with Korea Mine Rehabilitation and Mineral Resources Corporation (Head Office: Gangwon – do Korea, Share ratio 45.82%).

Since participating in the project, we have been working toward reliable/stable operations. However, in light of current operational conditions, including facility process issues, we have revised production forecast downward and have now updated business plan of the Project Companies. We have recognized losses in our consolidated and non-consolidated financial statements as follows, as a result of the recognition of the impairment loss by the Project Companies on their fixed assets based on their recoverable amount in accordance with updated business plan.

(1) Consolidated Financial Statement

Impairment losses were recognized in the amount of approximately 89 billion yen as “Share of loss of investments accounted for using the equity method” etc. for the investment held by SAMRI in Project Companies.

(2) Non-consolidated Financial Statements of Sumitomo Corporation

"Loss on valuation of investment securities" was recognized under non-operating expense in the amount of approximately 95 billion yen for the investment in SAMRI.

2. Future outlook

While we are currently focusing on resolving the aforementioned facility process issues, at the same time, as a shareholder of this project, we will also consider all options to identify the best policy going forward for all related stakeholders, incorporating the social importance of this project and our responsibility as well as the recent market environment.