Quarterly Results for FY2022

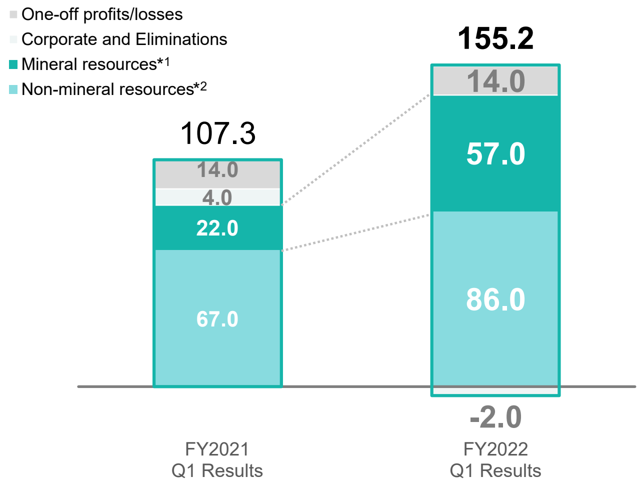
(Three-month period ended June 30, 2022)

August 3, 2022
Sumitomo Corporation

1. Operating Results (Profit for the Period (Attributable to Owners of the Parent))

- Profit for the period attributable to owners of the parent totaled 155.2 billions of yen, record high as a quarterly result.
- 47.9 billions of yen increase compared to the same period of previous fiscal year (+45%). Profit increased in both mineral resources and non-mineral resources businesses.

(Unit: billions of yen) **Quarterly Results (YoY)**



Highlights

- Mineral resources (+35.0 bil.)
  Mineral resources prices: higher prices
  Trading business: stable
- Non-mineral resources (+18.0 bil.)
  Tubular products business in North America: strong performance
  Construction equipment related business:
  stable mainly in North American market
  Chemical trade, agricultural input business: stable
- Major one-off profits/losses
  Sale of oil and gas business in the British territories of U.K. North Sea in FY2022 Q1 (+10.0 bil.)
- Impact of yen's depreciation
  Average exchange rate (YEN/US$): FY2021 Q1 109.52
  FY2022 Q1 129.73

*1 Mineral resources is a sum of Mineral Resources Division No.1, Mineral Resources Division No.2, and Energy Division.
*2 Non-mineral resources is calculated by subtracting "Mineral resources" and "Corporate and Eliminations" from the total.
*3 The results of Mineral resources, Non-mineral resources, and Corporate and Eliminations represents profits/losses excl. one-off profits/losses.
*4 Each result is rounded off to the nearest 1 billion.
*5 Due to reorganization carried out as of Apr. 1, 2022, the breakdown of FY2021 Q1 results, excl. one-off profits/losses are reclassified and described.

Profit for FY22 Q1 was JPY155.2 billion.

The mineral resources businesses and the tubular products business, which showed robust performance against the backdrop of soaring resource prices, drove our results, and other non-mineral resources businesses were also generally solid, resulting in a record-high quarterly profit. In addition, profit increased by JPY47.9 billion YoY.

I will explain the contents of the increase in profit. See the bar graph on the left side of the document. For quarterly profit, in addition to one-off profits and losses, results excluding one-off profits and losses are shown separately for the mineral resources businesses, non-mineral resources businesses, and corporate and eliminations.

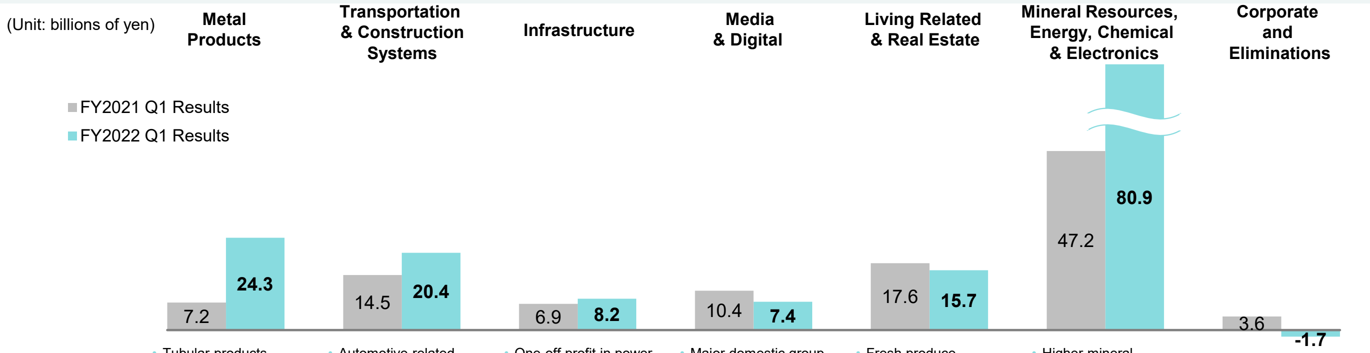
The mineral resources businesses recorded JPY57 billion, an increase of JPY35 billion. The increase in profit was mainly due to the impact of the rise in resource prices, which amounted to approximate JPY30 billion, as well as solid progress in the trade business.

The non-mineral resources businesses recorded JPY86 billion, an increase of JPY18 billion. The increase was due to strong sales prices and volumes in the tubular products business in North America, as well as solid performance in the construction equipment-related business, mainly in North America, and chemical business.

In addition, one-off profits of JPY14 billion was recognized in Q1, including a JPY10 billion gain on the sale of oil and gas business in the British territories of UK North Sea.

2. Profit for the Period by Segment

- Profit increased in following segments: Metal Products, Transportation & Construction Systems, Infrastructure, Mineral Resources, Energy, Chemical & Electronics.



	Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Corporate and Eliminations
Main reason for increase/decrease in quarterly results	• Tubular products business in North America: strong market conditions • Overseas steel service centers: strong market conditions mainly in North America	• Automotive related business: stable while being impacted by Russian-Ukrainian situation • Construction equipment related business: stable mainly in North American market • Leasing business: stable	• One-off profit in power infrastructure business in FY2022 Q1 • Overseas IPP/IWPP business: stable • Domestic electricity retail business: impact of soaring wholesale electricity procurement prices	• Major domestic group companies: stable • Telecommunication business in Ethiopia: start-up cost incurred	• Fresh produce business in Europe and the Americas: decrease in earnings due to increase of logistic costs etc. and decreased growth by unseasonable weather • Real estate business: stable	• Higher mineral resources prices (+31.0 billion yen) • Trade business in mineral resources and energy: stable • Chemical trade, agricultural input business: stable	
One-off profits/losses included in profit for the period by segment	-2.0 / ±0.0	-2.0 / +1.0	-1.0 / +2.0	+1.0 / ±0.0	+1.0 / ±0.0	+16.0 / +10.0	±0.0 / ±0.0

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* Due to reorganization carried out as of Apr. 1, 2022, the breakdown of FY2021 Q1 results are reclassified and described.

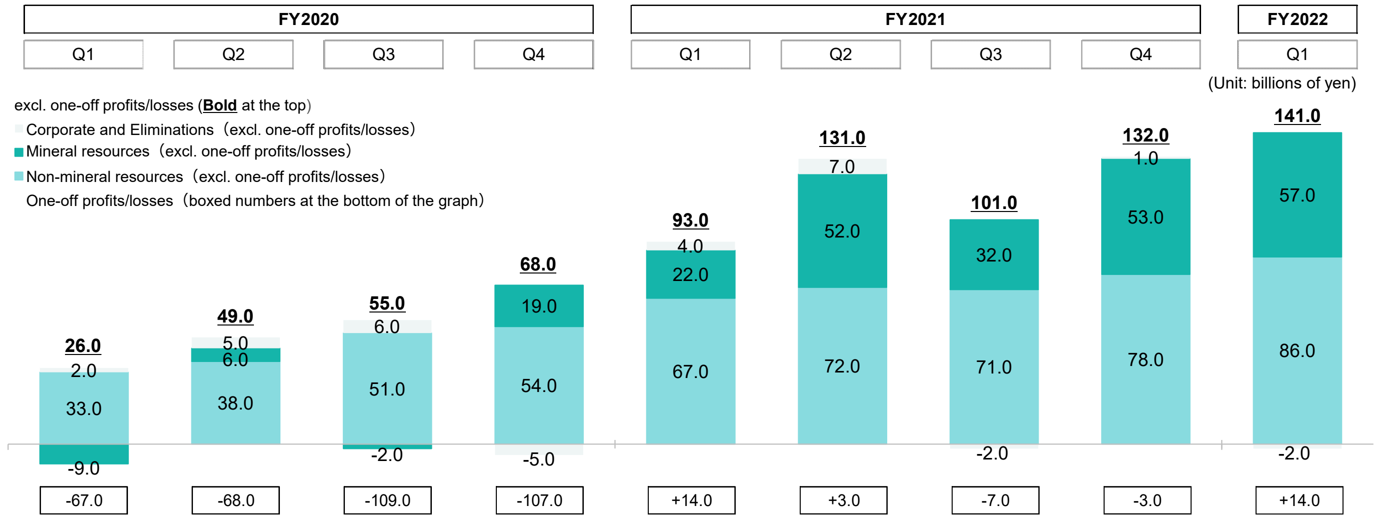
Page two shows YoY changes in quarterly profit by segment.

In addition to significant increases in Metal Products and Mineral Resources, Energy, Chemical & Electronics, Transportation & Construction Systems recorded an increase due to steady growth in automotive-related businesses and construction equipment-related businesses. In Infrastructure, the increase was mainly due to some one-off profits in power infrastructure business, although the domestic electricity retail business was impacted by soaring wholesale electricity procurement prices.

Both Media & Digital and Living Related & Real Estate reported YoY declines, but this was mainly due to start-up costs in the telecommunication business in Ethiopia and the impact of increase of logistic costs, etc., in the fresh produce business in Europe and the Americas.

3. Quarterly Trend for Profit for the Period

- Both mineral resources and non-mineral resources businesses continued the trend of earning increase from FY2021.



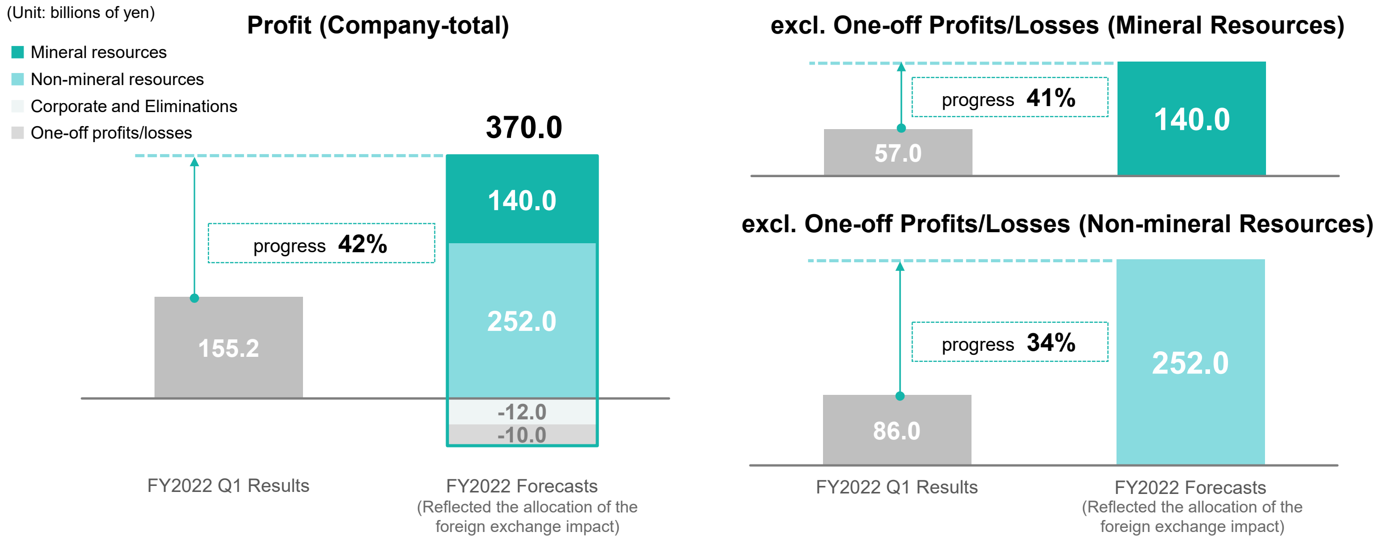
＊ Due to reorganization carried out as of Apr. 1, 2022, the breakdown of FY2020 and FY2021 results, excl. one-off profits/losses are reclassified and described.

Next, the bar graph shows quarterly trend for profit excluding one-off profits/losses.

Both the mineral resources and non-mineral resources businesses have continued their revenues growth trend from the previous fiscal year. Despite the external factors such as the rise in commodity prices, we believe that the structural reform we are undertaking under our current medium-term management plan, SHIFT 2023, are beginning to bear fruit.

4. Progress Against Forecasts for FY2022

- Both mineral resources and non-mineral resources businesses made strong progress against the annual forecast in Q1.



*1 The results of Mineral resources, Non-mineral resources, and Corporate and Eliminations represents profits/losses excl. one-off profits/losses.
*2 "FY2022 Forecasts" is based on the allocation of the foreign exchange impact to each business, which was included in Corporate and Eliminations Segment in the initial forecast.

Page four shows progress against the full-year forecast.

The left-hand side of the document shows the Company-total progress against the full-year forecast, and the right-hand side shows the progress of the mineral resources and non-mineral resources businesses excluding one-off profits/losses, both of which are making high progress. Based on these factors, we will explain our outlook for the full year.

5. Forecasts for FY2022

- Both mineral resources and non-mineral resources businesses showed stronger progress than expected at the initial forecasts (+50.0~60.0 billions of yen compared to ordinary basis).
- On the other hand, future uncertainty is increasing such as the risk of a global economic slowdown, etc. and forecasts to be closely examined toward Q2 Earnings Announcements.

Business Outlook

- Although market conditions were higher than the initial forecasts in Q1 (mineral resources prices, tubular market, yen's depreciation, etc.), the impact has been gradually appeared in decline of mineral resources prices and pressure on cost increase due to inflation.
- Impact on each segment should be closely monitored, as the risk of global economic slowdown is expected due to tightening of monetary policy in each country.

Forecasts by Segment (Against FY2022 Forecasts)

(Unit: billions of yen)	FY2022 Q1	FY2022 Forecasts*	Progress	Forecasts by Segment (Against FY2022 Forecasts)
Metal Products	24.3	44.0	55%	Strong progress. Need to closely monitor weakening market conditions of steel sheets and future market conditions of tubular products.
Transportation & Construction Systems	20.4	50.0	41%	Strong progress. Need to closely monitor the impact by shortage of semiconductor and COVID-19, etc.
Infrastructure	8.2	33.0	25%	Almost in line with the forecasts. Continuously expect soaring wholesale electricity procurement prices in domestic electricity retail business.
Media & Digital	7.4	36.0	21%	Almost in line with the forecasts. Expect stable performance of major domestic group companies.
Living Related & Real Estate	15.7	58.0	27%	Almost in line with the forecasts. Plan delivery of large-scale properties.
Mineral Resources, Energy, Chemical & Electronics	80.9	168.0	48%	Strong progress. Need to closely monitor the market conditions.

* "FY2022 Forecasts" is based on the allocation of the foreign exchange impact to each business, which was included in Corporate and Eliminations Segment in the initial forecast.

As of Q1, we have not revised our full-year earnings forecast.

As explained above, market conditions in Q1 exceeded our initial expectations, and both the mineral resources and non-mineral resource businesses have strengthened relative to our full-year forecasts. Compared to ordinary basis, the figure is about JPY50 billion to JPY60 billion higher. So, at this point, we expect an upward revision.

On the other hand, the outlook is increasingly uncertain, with the risk of a global economic slowdown due to monetary tightening measures in various countries expected in the near future. We will closely examine the full-year outlook, including the impact of future market trends and environmental changes on our business performance, in preparation for Q2 financial results.

The full-year forecasts for each segment relative to the full-year forecasts are shown in the lower part. Although there are some factors that require close monitoring in each segment, we expect Metal Products, Transportation & Construction Systems, and Mineral Resources, Energy, Chemical & Electronics segments to remain strong, while other segments are also expected to progress generally as initially planned.

6. Operating Results (Cash Flows)

- Free cash flow (post-dividend) (adjusted) cumulated in SHIFT 2023 (from Apr. 2021 to Jun. 2022) was cash out of 11.4 billions of yen. We will manage and ensure the cash flow to be positive for 3-year total in SHIFT 2023.

(Unit: billions of yen)

	SHIFT 2023 3-year Total Revised Plan (May 2022)	SHIFT 2023 Results (Apr.2021 - Jun.2022)	FY2021 Results (Apr.2021 - Mar.2022)	FY2022 Q1 Results (Apr.2022-Jun.2022)	
Basic profit cash flow*1	+910.0	+517.9	+359.5	+158.4	1
Depreciation and amortization (After netting repayments of lease liabilities)	+320.0	+129.8	+102.0	+27.8	
Asset replacement	+660.0	+250.0	+220.0	+30.0	2
Others	-190.0	-320.0	-220.0	-100.0	3
Investment & loan (New investment & loan)	-1,230.0 (-500.0)	-420.0 (-110.0)	-290.0 (-50.0)	-120.0 (-60.0)	4
Free cash flow (adjusted*2)	**+470.0**	**+169.9**	**+174.7**	**-4.9**	
Dividend	-350.0	-181.2	-100.0	-81.3	
Free cash flow (post-dividend) (adjusted*2)	**Ensure Positive**	**-11.4**	**+74.7**	**-86.1**	

Highlights

1. **Basic profit cash flow**
   Steady cash generation by core businesses
2. **Asset replacement**
   Sale of cross-shareholding, etc.
3. **Others**
   Increase in working capital etc.
4. **Investment & loan**
   Acquisition of domestic real estate
   Asset increase in construction equipment rental business

*1 Basic profit cash flow = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + dividends) × (1-tax rate) + dividend from investments accounted for using the equity method
*2 Repayments of lease liabilities categorized in financing activities is adjusted

Next, we will discuss cash flow.

After adjusting for repayments of lease liabilities, free cash flow for Q1 was a net cash outflow of JPY4.9 billion.

By major breakdown, basic profit cash flow was a cash inflow of JPY158.4 billion, mainly due to steady cash generation by core businesses.

In asset replacements, funds of JPY30 billion were recovered through the sale of cross-shareholding, etc.

Other cash transfers are a net cash outflow of JPY100 billion due to an increase in working capital as a result of increased transactions.

In addition, investments and loans resulted in a cash outflow of JPY120 billion. Of this amount, new investments and loans totaled JPY60 billion, including the acquisition of domestic real estate. Looking at the cumulative results of the SHIFT 2023 medium-term plan starting from April 2021, post-dividend free cash flow was a cash outflow of JPY11.4 billion, but we will manage cash flow to secure a surplus for the three-year total of the medium-term plan.

7. Operating Results (Financial Position)

- Total assets increased to 10.1 trillions of yen due to yen's depreciation and others (+approx. 500.0 billions of yen compared to the end of Mar. 2022).

(Unit: billions of yen)	As of Mar. 31, 2022	As of Jun. 30, 2022	Increase/ Decrease
Current assets	4,645.5	4,913.9	+268.4
Non-current assets	4,936.7	5,185.5	+248.8
Total assets	**9,582.2**	**10,099.4**	**+517.2**
Other liabilities	3,179.5	3,223.7	+44.2
Interest-bearing liabilities*1	3,021.4 (2,273.7)	3,154.9 (2,435.4)	+133.5 (+161.7)
Total liabilities	**6,200.9**	**6,378.5**	**+177.6**
Shareholders' equity*2	3,197.8	3,533.4	+335.6
Total liabilities and equity	**9,582.2**	**10,099.4**	**+517.2**
D/E Ratio (Net)	**0.7**	**0.7**	**±0.0pt**
Exchange rate 〈YEN/US$〉	**122.39**	**136.68**	**+14.29**

Highlights

Total assets +517.2 (10,099.4←9,582.2)

- Increase due to the yen's depreciation (approx.+440.0 bil.)
- Increase in operating assets
- Increase in investments accounted for using the equity method

Shareholders' equity +335.6 (3,533.4←3,197.8)

- Increase due to the yen's depreciation
- Profit for the period
- Dividend paid

*1 "Interest-bearing liabilities" is sum of bonds and borrowings (current and non- current), excluding lease liabilities. Figures in parenthesis in "interest-bearing liabilities" show "interest-bearing liabilities, net ".
*2 "Shareholders' equity" is equivalent to "equity attributable to owners of the parent" in consolidated statements of financial position.

Finally, I would like to explain our financial condition. Total assets increased by JPY500 billion from the end of the previous fiscal year to JPY10,100 billion.

In addition to an increase of approximately JPY440 billion due to the impact of the yen's depreciation, apart from the impact of foreign exchange, this was mainly due to an increase in operating assets, including trade receivables and inventories, in line with an increase in transactions.

Shareholders' equity increased by approximately JPY300 billion from the end of the previous fiscal year to JPY3,500 billion due to the recording of profit for the period and the effect of foreign exchange.

Net DER was 0.7 times, unchanged from the end of the previous fiscal year, due to an increase in shareholders' equity and an increase in interest-bearing liabilities.

Although Q1 got off to a strong start, the tide of the business environment is now turning and the future is becoming increasingly uncertain. In the current medium-term management plan, we are working to shift to a business portfolio with downward resilience to such changes in the environment and high profitability, and we will further accelerate these efforts in light of the current changes in the environment.

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