

# Quarterly Results for FY2022

## (Nine-month period ended December 31, 2022)

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February 6, 2023  
Sumitomo Corporation

Cautionary Statement Concerning Forward-looking Statements

This report includes forward-looking statements relating to our future plans, forecasts, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management forecasts included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent forecasts that management strives to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its forecasts. The Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

# 1. Summary of FY2022 Q3 Results

- Profit for the period attributable to owners of the parent totaled 464.3 billions of yen, record high as Q3 result.
- Left the annual forecasts of 550.0 billions of yen unchanged, as overall progress of our earnings is generally in line with that (announced in Nov. 2022).
- In terms of shareholder return, resolved share buybacks of 50.0 billions of yen (from Feb. 7, 2023 to Apr. 28, 2023. And cancel all shares bought back). No change in annual dividend of 115 yen per share.

## Summary of FY2022 Q3 Results

	FY2022 Q3 Results	FY2022 Forecasts (Feb. 2023)	FY2022 Forecasts (Nov. 2022)
<b>Profit for the Period</b> (Attributable to Owners of the Parent)	<b>464.3 billions of yen</b> (progress rate against FY2022 Forecasts: 84%)	<b>550.0 billions of yen</b>	550.0 billions of yen
<b>Shareholder Return</b>	-	<b>Annual Dividend:</b> <b>115 yen per share</b> (interim dividend: 57.5 yen per share / year-end: 57.5 yen per share (plan)) <b>Share buybacks:</b> <b>50.0 billions of yen</b> (from Feb. 7, 2023 to Apr. 28, 2023)	<b>Annual Dividend:</b> <b>115 yen per share</b> (interim dividend: 57.5 yen per share / year-end: 57.5 yen per share (plan))

This is a summary of the Q3 financial results.

Cumulative Q3 results totaled JPY464.3 billion. This is the highest profit ever recorded in the cumulative Q3. The overall progress is generally in line with our forecast, at 84% of the full-year forecast for FY2022 previously announced in November, and the full-year forecast of JPY550 billion remains unchanged.

After reviewing the situation again, we have decided to repurchase JPY50 billion of our own shares as an additional shareholder return, since we are now more certain of achieving the target of JPY550 billion. The annual dividend per share remains unchanged from JPY115 per share. The details are explained in the following pages.

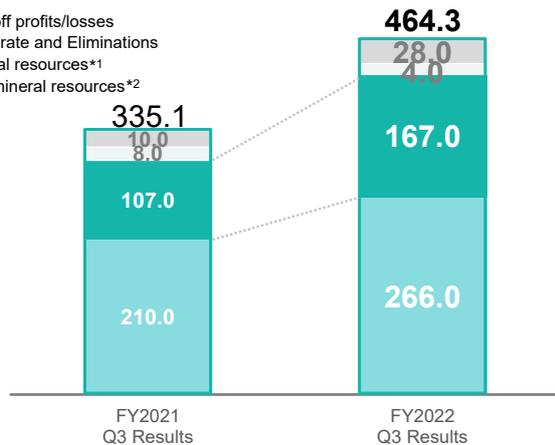
## 2. Operating Results (Profit for the Period (Attributable to Owners of the Parent))

- Profit for the period attributable to owners of the parent totaled 464.3 billions of yen.
- 129.1 billions of yen increase compared to the same period of previous fiscal year (+39%). Profit increased in both mineral resources and non-mineral resources businesses.

(Unit: billions of yen)

### Quarterly Results (YoY)

- One-off profits/losses
- Corporate and Eliminations
- Mineral resources\*1
- Non-mineral resources\*2



### Highlights

- **Mineral resources (+60.0 billions of yen)**  
Upstream business: higher prices  
Trading business: strong performance
- **Non-mineral resources (+56.0 billions of yen)**  
Tubular products business in North America: strong performance  
Construction equipment related business: stable mainly in North American market  
Real Estate business: large-scale properties delivered  
Chemical and electronics 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 billions of yen)
- **Impact of yen's depreciation (+40.0 billions of yen: included in the above increase)**

Average exchange rate (YEN/US\$): FY2021 Q3 111.14  
FY2022 Q3 136.51

\*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 Q3 results, excl. one-off profits/losses are reclassified.

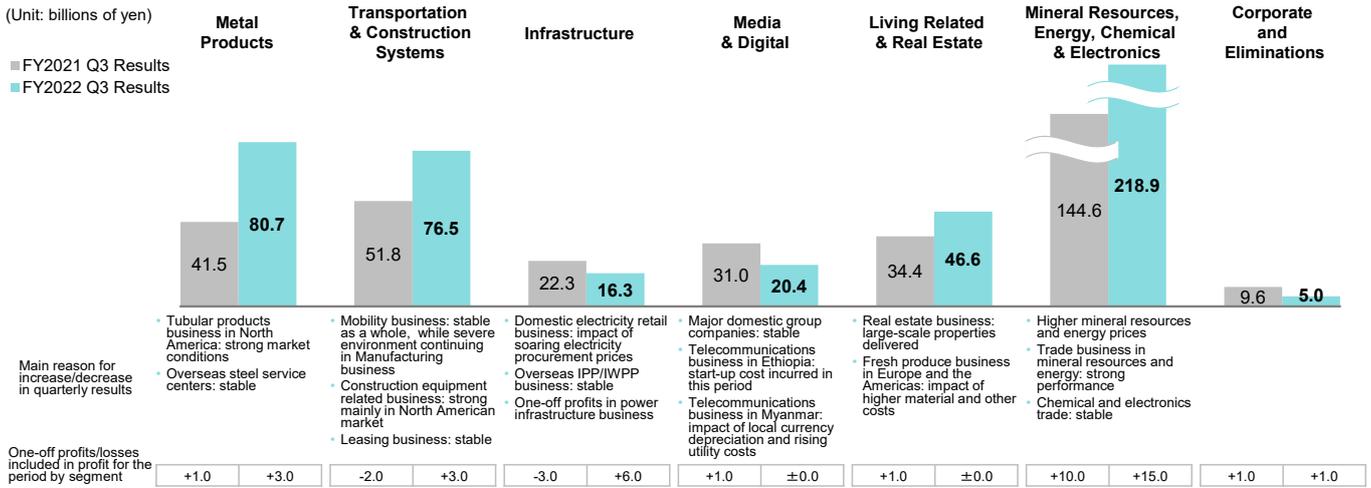
I would like to reiterate the results for Q3 of this fiscal year.

Profit for cumulative Q3 totaled JPY464.3 billion, an increase of JPY129.1 billion YoY. Please look at the bar chart on the left. Quarterly profit is shown separately for one-off P&L and profit excluding it, with the latter broken down into mineral resources business, non-mineral resources business and corporate and eliminations. The mineral resource business recorded JPY167 billion in profit, an increase of JPY60 billion. The increase was due to the impact of higher resource and energy prices and robust performance in the trade business.

The non-resource business recorded JPY266 billion in profit, an increase of JPY56 billion. In addition to the tubular products business in North America and the construction equipment-related business mainly in North America, the chemical and electronics businesses also performed well, and the delivery of a large real estate project contributed to the increase in profit.

### 3. Profit for the Period by Segment

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

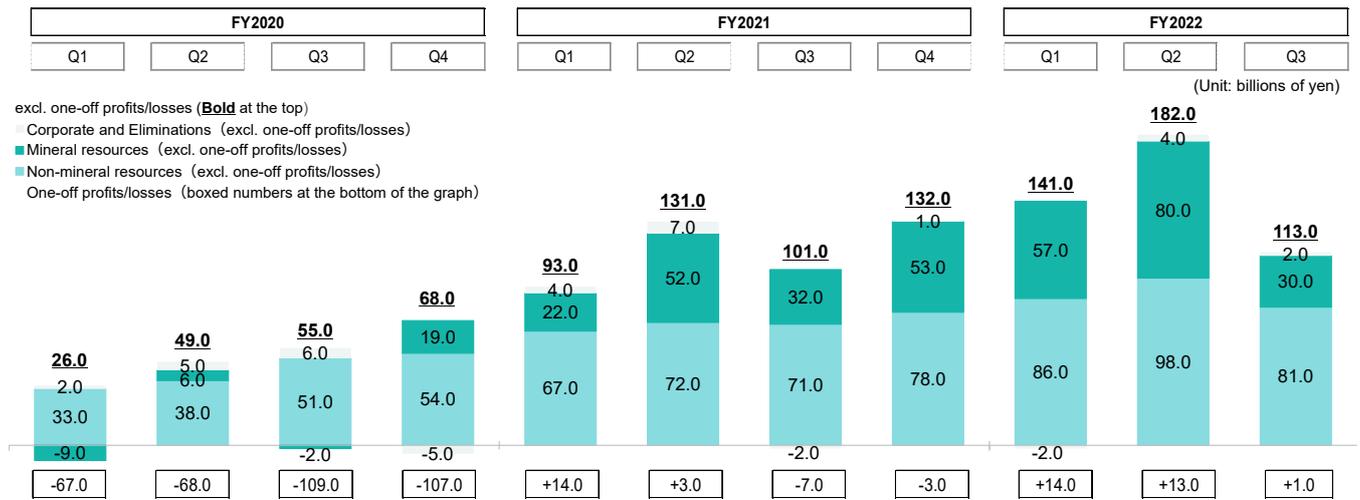


Page three of the document shows YoY changes in quarterly income by segment.

Increase/decrease is as noted.

## 4. Quarterly Trend for Profit for the Period (excluding one-off profits/losses)

- Profit decreased in both mineral resources and non-mineral resources businesses compared to FY2022 Q2.  
 Mineral resources businesses: absence of profit recognition of iron ore business in South Africa, earnings of which are recognized semi-annually, as well as strong performance in energy trading business in Q2.  
 Non-mineral resources businesses: absence of large-scale real estate properties delivered in Q2.



\* 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.

The bar graph shows the quarterly changes in business performance excluding one-off P&L.

Profits for Q3 alone declined compared to Q2. In the resources business, the decrease was mainly due to absence of profit recognition of iron ore business in South Africa, earnings of which are recognized semiannually, as well as robust performance in energy trading business in Q2.

The non-resource business also posted lower earnings due to the absence of deliveries of large-lot real estate projects, but overall performance was solid, particularly in metals, transportation and construction equipment, and chemicals.

Profit for Q3 alone, excluding one-off P&L, of JPY113 billion are generally in line with our forecast for the full year, which we announced at the time of the Q2 results announcement last November.

## 5. Operating Results (Cash Flows)

- Free cash flow (post-shareholder return) (adjusted) cumulated in SHIFT 2023 was cash out of 101.1 billions of yen due to such as increase in working capital lead by accelerated business activity.
- Manage and ensure the cash flow to be positive for 3-year total, while recognizing negative as of Q3.

(Unit: billions of yen)

	SHIFT 2023 3-year Total Revised Plan (May 2022)	SHIFT 2023		
		Results (Apr.2021-Dec.2022)	FY2021 Results (Apr.2021-Mar.2022)	FY2022 Q3 Results (Apr.2022-Dec.2022)
Basic profit cash flow*1	+910.0	+782.5	+359.5	+422.9
Depreciation and amortization (After netting repayments of lease liabilities)	+320.0	+186.7	+102.0	+84.7
Asset replacement	+660.0	+340.0	+220.0	+120.0
Others	-190.0	-580.0	-220.0	-360.0
Investment & loan (New investment & loan)	-1,230.0 (-500.0)	-580.0 (-160.0)	-290.0 (-50.0)	-290.0 (-110.0)
<b>Free cash flow (adjusted*2)</b>	<b>+470.0</b>	<b>+152.0</b>	<b>+174.7</b>	<b>-22.8</b>
Shareholder return	-350.0	-253.1	-100.0	-153.1
<b>Free cash flow (post-shareholder return)(adjusted*2)</b>	<b>Ensure Positive</b>	<b>-101.1</b>	<b>+74.7</b>	<b>-175.9</b>

\*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

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### Highlights

- 1 Basic profit cash flow**  
Steady cash generation by core businesses
- 2 Asset replacement**  
Sale of domestic real estates  
Sale of oil and gas business in the British territories of U.K. North Sea  
Sale of cross-shareholding, etc.
- 3 Others**  
Increase in working capital, etc.
- 4 Investment & loan**  
Acquisition of domestic and overseas real estates  
Tender Offer for Sumitomo Precision Products Co., Ltd.  
Acquisition of Agricultural supplies distributor in Brazil (Nativa)

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Next, I will explain about cash flow.

Please see the cumulative Q3 results of FY2022 circled in green. The actual free cash flow after adjustment of expenditures for lease liabilities for the cumulative Q3 was a cash outflow of JPY175.9 billion.

As for the main breakdown, underneath, basic profit cash flow was JPY422.9 billion in cash-inflow, mainly due to steady cash generation by core businesses. Asset replacement recovered JPY120 billion through the sale of oil and gas business in the British territories of UK North Sea.

Other cash transfers out amounted to JPY360 billion due to an increase in working capital as a result of increased transactions, but we expect to collect a certain amount of cash at the end of the period, partly due to seasonal factors.

In addition, investments and loans resulted in a cash outflow of JPY290 billion. New investments and loans totaled JPY110 billion. In Q3 of this fiscal year, we executed a tender offer for Sumitomo Precision Products Co., Ltd., an acquisition of agricultural supplies distributor in Brazil, Nativa.

Looking at the nine months cumulative results in the SHIFT 2023, mid-term plan from April 2021, free cash flow after shareholder return was a cash outflow of JPY101.1 billion. Although cash outflows are currently ahead of cash inflows due to an increase in other fund transfers and other factors, we will manage cash flow to secure a surplus for the three-year period of the medium-term management plan.

## 6. Operating Results (Financial Position)

- Total assets increased to 10.2 trillions of yen due to increase in operating assets in addition to yen's depreciation (+approx. 610.0 billions of yen compared to the end of Mar. 2022).

(Unit: billions of yen)	As of Mar. 31, 2022	As of Dec. 31, 2022	Increase/ Decrease
Current assets	4,645.5	5,027.9	+382.5
Non-current assets	4,936.7	5,165.3	+228.7
<b>Total assets</b>	<b>9,582.2</b>	<b>10,193.3</b>	<b>+611.1</b>
Other liabilities	3,179.5	3,145.7	-33.8
Interest-bearing liabilities* <sup>1</sup>	3,021.4 (2,273.7)	3,187.8 (2,482.2)	+166.5 (+208.5)
<b>Total liabilities</b>	<b>6,200.9</b>	<b>6,333.6</b>	<b>+132.7</b>
Shareholders' equity* <sup>2</sup>	3,197.8	3,668.3	+470.4
<b>Total liabilities and equity</b>	<b>9,582.2</b>	<b>10,193.3</b>	<b>+611.1</b>
<b>D/E Ratio (Net)</b>	<b>0.7</b>	<b>0.7</b>	<b>±0.0pt</b>
Exchange rate (YEN/US\$)	122.39	132.70	+10.31

### Highlights

**Total assets +611.1 (10,193.3←9,582.2)**

- Increase due to the yen's depreciation (approx.+230.0 billions of yen)
- Increase in operating assets
- Increase in investments accounted for using the equity method

**Shareholders' equity +470.4 (3,668.3←3,197.8)**

- Increase due to the yen's depreciation (approx.+120.0 billions of yen)
- 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.

Next, I will explain the financial position.

Total assets increased by JPY600 billion from the end of the previous fiscal year to JPY10.2 trillion. This is due to the increase in operating assets such as trade receivables and inventories, in addition to an increase of approximately JPY230 billion due to the impact of the yen's depreciation.

Shareholders' equity increased approximately JPY470 billion from the end of the previous fiscal year to JPY3.67 trillion due to the recording of profit for the year and the effect of foreign exchange rates.

## 7. Forecasts for FY2022

- Left the annual forecasts of 550.0\* billions of yen (announced in Nov. 2022) unchanged in total, as overall progress of our earnings is generally in line with that.
- In terms of each segment, revised forecasts upward in Metal Products, Transportation & Construction Systems, while revised downward in Infrastructure, Media & Digital, Mineral Resources, Energy, Chemical & Electronics.

### Forecasts by Segment

\* profits/losses/ excl. one-off profits/losses: 540.0 billions of yen, one-off profits/losses: 10.0 billions of yen

(Unit: billions of yen)	FY2022 Forecasts (Nov. 2022)	FY2022 Forecasts (Feb. 2023)	FY2022		Outlook for Q4 by Segment
			Q3 (Oct. - Dec.)	Cumulative Results	
Metal Products	100.0	110.0	28.3	80.7	Stable performance in both steel sheets and tubular products, as well as one-off profits in Q4
Transportation & Construction Systems	82.0	89.0	30.7	76.5	Stable performance as a whole, while anticipate one-off losses in Q4
Infrastructure	24.0	19.0	-3.4	16.3	Stable performance in overseas IPP/IWPP business, while anticipate continuous impact of soaring electricity procurement prices in domestic electricity retail business
Media & Digital	36.0	27.0	6.8	20.4	Stable performance of major domestic group companies excl. T-Gaia affected by the change in fee structure, while anticipate impact of such as cost increase in overseas telecommunication business
Living Related & Real Estate	58.0	58.0	3.4	46.6	Expect deliveries of multiple properties in real estate business
Mineral Resources, Energy, Chemical & Electronics	273.0	267.0	45.7	218.9	Anticipate decrease in sales volume in upstream mineral resources business
Corporate and Eliminations	-23.0	-20.0	2.6	5.0	Include buffer of -20.0 billions of yen
Total	550.0	550.0	114.0	464.3	

Next, I will explain the outlook for the full year.

The profit forecast for the current fiscal year remains unchanged at JPY550 billion, but each segment has been revised as follows in light of the current situation.

Metal products has been revised upward to JPY110 billion from the previously announced forecast of JPY100 billion. In addition to continued strong sales of both steel sheets and tubular products, a one-off profit is expected in Q4.

Transportation and construction systems was revised upward from JPY82 billion to JPY89 billion. While we expect solid performance in the mobility business, construction equipment-related business, and leasing business, we anticipate a one-off loss in Q4.

The downward revisions for infrastructure and media & digital are due to the continued impact of higher electricity procurement prices in the domestic electricity retail business and the impact of higher costs in the overseas telecommunications business, respectively.

We have also revised downward our forecast for mineral resources, energy, chemical & electronics, mainly due to an expected decrease in sales volume in the upstream resources business.

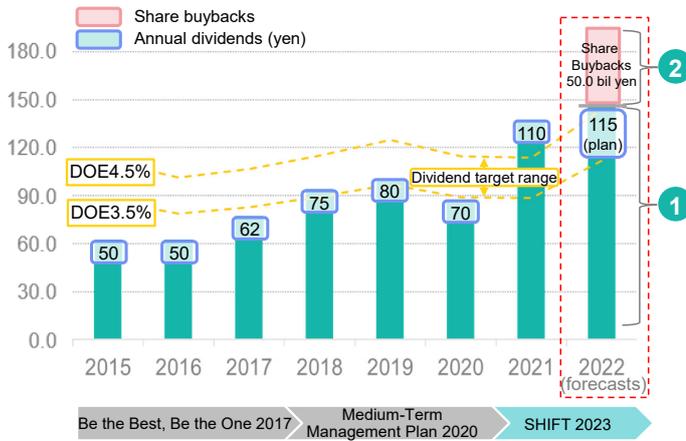
A buffer of minus JPY20 billion has been factored into eliminations and corporate to account for the possibility that accounting allowances may be required at the end of the fiscal year due to changes in the external environment.

As mentioned above, although the degree of impact in the external environment may vary by segment, we expect Q4 as a whole to remain steady toward our full year forecast of JPY550 billion.

## 8. Shareholder Return

- 1 **Dividend (apply the consolidated dividend payout ratio of 30% within the DOE range of 3.5 to 4.5%)**  
No change in FY2022 annual dividend forecast, 115 yen per share, revised upward in Q2 (interim dividend: 57.5 yen per share / year-end: 57.5 yen per share (plan))
- 2 **Further shareholder return**  
Resolved share buybacks (50.0 billions of yen from February 7, 2023 to April 28, 2023. And cancel all shares bought back)

Amount of shareholder return (billions of yen)



### Shareholder Return Policy (May 10, 2022, announcement)

- The annual dividend amount will be determined based on the consolidated dividend payout ratio of 30% within the DOE range of 3.5 to 4.5%, taking into consideration the status of fundamental earnings capacity, cash flows and other factors.
- If 30% of the profit for the year exceeds the above range, we will pay dividends or repurchase our shares for the excess portion in a flexible and agile manner.

### Supplementary Explanation

- The annual dividend forecast is determined based on a dividend payout ratio of 30% of the annual forecasts of profit for the year within a DOE range of 3.5% to 4.5%.  
\* DOE is calculated based on shareholders' equity at the beginning of the period.
- The amount of annual dividends shall be determined based on a payout ratio of 30% of actual profit for the year. In principle, however, the amount of annual dividends shall not be less than that of the immediately preceding dividend forecast.  
\* In the event that the annual forecasts of profit for the year is revised during the term, the revised dividend forecast shall not, in principle, be less than the dividend forecast immediately prior to the revision.
- If 30% of actual profit for the year exceeds DOE 4.5%, we will flexibly implement dividend payments or share repurchase in addition to the above.  
\* In the case of dividends, the dividend payout ratio shall be 30% or more in principle.
- In principle, the interim dividend shall be half of the annual dividend forecast at the time of the interim dividend payment.

Lastly, I would like to explain about shareholder return.

As described on the right side of the document, we have established a dividend target range of DOE 3.5% to 4.5% and introduced a return policy of flexible additional returns in the event that annual profits exceed the target range.

In Q2 of this fiscal year, we revised upward our full year forecast to JPY550 billion, which is above the upper range of DOE for this fiscal year, due to progress in improving profitability and strengthening downward resistance through structural reforms, as well as external factors such as surging commodity prices.

Since the results for Q3 were also solid, and we are now more certain of achieving the target of JPY550 billion, we will implement additional returns without waiting until the end of the fiscal year. The specific means of returning profits to shareholders will be share buybacks, taking into account such factors as the improvement of capital efficiency and stable dividends over the long term, and the amount of share buybacks will be JPY50 billion, taking into account the amount above this upper range of DOE and the overall cash flow plan.

The annual dividend per share remains unchanged from the JPY115 per share announced at the time of the announcement of the Q2 financial results.

[END]