

Annual Results for FY2023

May 2, 2024
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 FY2023 Results · FY2024 Forecasts

- FY2023 Results: Profit for the year attributable to owners of the parent totaled ¥386.4 bil. Recorded one-off losses in several projects.
- FY2024 Forecasts: Annual profit of ¥530.0 bil. (+37% compared to FY2023 results). Expect to achieve ROE of 12%.
- New shareholder return policy under "Medium-term Management Plan 2026": Total payout ratio of 40% or higher through progressive dividend payment and share repurchase.

Summary of FY2023 Results · FY2024 Forecasts

	FY2023 Forecasts (announced in Feb. 2024)	FY2023 Results	FY2024 Forecasts
Profit for the year (attributable to owners of the parent)	¥500.0 bil.	¥386.4 bil.	¥530.0 bil.
One-off profits/losses	¥0.0 bil.	¥-114.0 bil.	¥20.0 bil.
Excluding one-off profits/losses	¥500.0 bil.	¥501.0 bil.	¥510.0 bil.
ROE	12% or higher	9.4%	12%
Shareholder Return	Annual dividend: ¥125/share	Annual dividend: ¥125/share	Annual dividend: ¥130/share Share repurchase: ¥50.0 bil.

In FY2023, profit for the year totaled JPY386.4 billion.

As of February 2024, we had forecasted JPY500 billion for the full year, but due to one-off losses in several struggling businesses, we have fallen short of our full-year forecast.

Excluding one-off losses, results were JPY501 billion, in line with expectations.

The annual dividend for FY2023 is set at JPY125, in accordance with the previous policy.

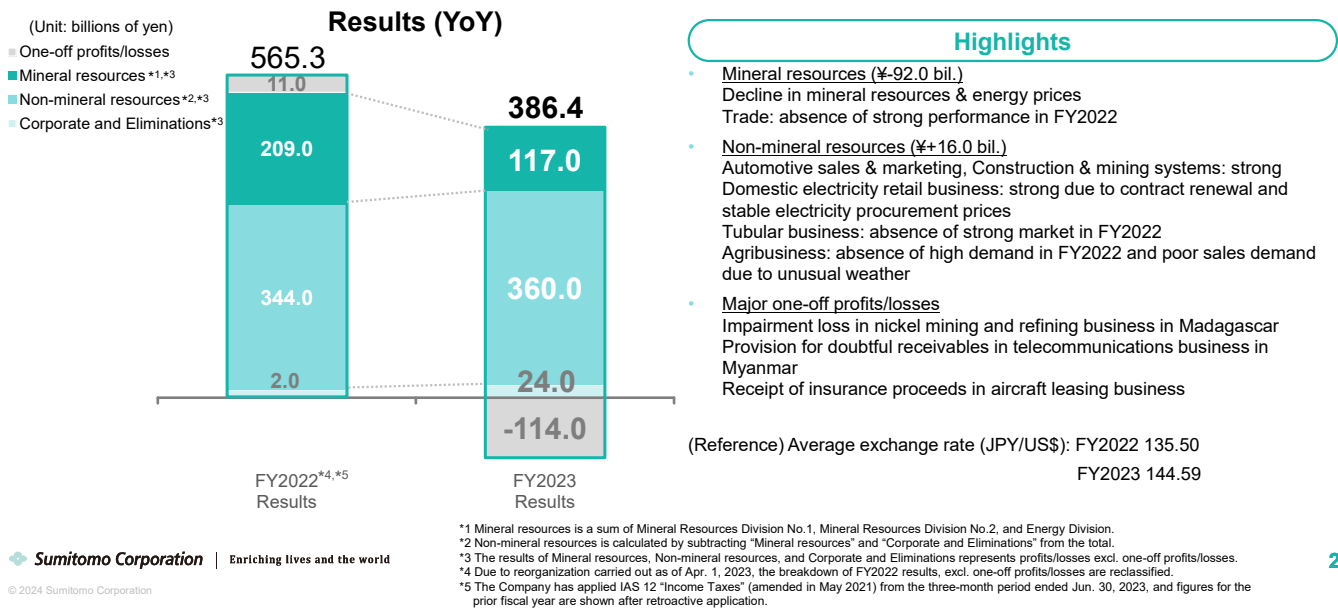
For FY2024, we forecast profit for the year of JPY530 billion.

Regarding shareholder returns, based on the shareholder return policy reviewed in the new medium-term management plan starting this fiscal year, we will increase the annual dividend by JPY5 to JPY130 and repurchase JPY50 billion of our own shares.

I will explain the details later on.

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

- Profit for the year attributable to owners of the parent for FY2023 totaled ¥386.4 bil.
- ¥179.0 bil. decrease (-32%) compared to FY2022 due to one-off losses in several projects and decline in mineral resources & energy prices.



This is a YoY comparison of FY2023 results.

The bar chart represents profit for the year, divided into one-off profits/losses and profit excluding it, with the latter further divided into mineral resources businesses, non-mineral resources businesses, and corporate and eliminations.

The mineral resources businesses posted a JPY92 billion decline in profit due to the impact of lower resource and energy prices, as well as an absence of strong performance of the trade business in the same period of the previous fiscal year.

In the non-mineral resources businesses, our competitively advantageous businesses steadily contributed to an increase of JPY16 billion in profit.

Excluding one-off profits/losses, our operating results exceeded JPY500 billion for the second consecutive fiscal year, and our basic earnings power has been steadily improving as a result of the efforts of the SHIFT 2023 medium-term management plan.

3. Projects recorded one-off losses in FY2023 Q4

- Recorded one-off losses of ¥-150.0 bil. in total in the following 4 projects.
- Having cleared unrealized losses in these struggling businesses, we will start a further growth trajectory under the new medium-term management plan.

Segment	Projects	Amount (Billions of yen)	Situation and Countermeasures
Mineral Resources, Energy, Chemical & Electronics	Impairment loss in Nickel mining & refining business in Madagascar	approx.-89.0	<ul style="list-style-type: none"> Recognized an impairment loss, as a result of updating the business plan in relation to the downward revision of its production forecast in light of the current operating conditions, including facility process issues. While 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.
Media & Digital	Provision in Telecommunications businesses in Myanmar	approx.-35.0	<ul style="list-style-type: none"> Recognized provision for approximately 80% of outstanding receivables with respect to current lease receivables in dollars We will continue to make efforts to collect dollar-denominated lease receivables for which the provision has been recognized.
Living Related & Real Estate	Impairment loss in Fresh produce business in Europe and Americas	approx.-14.0	<ul style="list-style-type: none"> Overall profitability has been steadily improving as planned product by product, and optimization will be accelerated by divesting part of assets. Recognized impairment losses on some assets as a result of updating the business plan
Transportation & Construction Systems	Impairment loss in parking business in Nordic countries	approx.-12.0	<ul style="list-style-type: none"> Recognized an impairment loss, as a result of updating the business plan based on changes in business environment such as new behavior pattern due to the pandemic and continued high inflation. We are implementing a turnaround plan while considering all options available.

In Q4 of the current fiscal year, we recorded a one-off loss of approximately JPY150 billion for the four projects listed here.

First, the nickel mining & refining business in Madagascar. In light of the current operating conditions, including facility process issues at the plant, we have revised our production volume forecast downward and updated our business plan. As a result, a loss of approximately JPY89 billion, which is the entire carrying value excluding some minor shareholder loan receivable, was recorded.

As a shareholder of Ambatovy, 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.

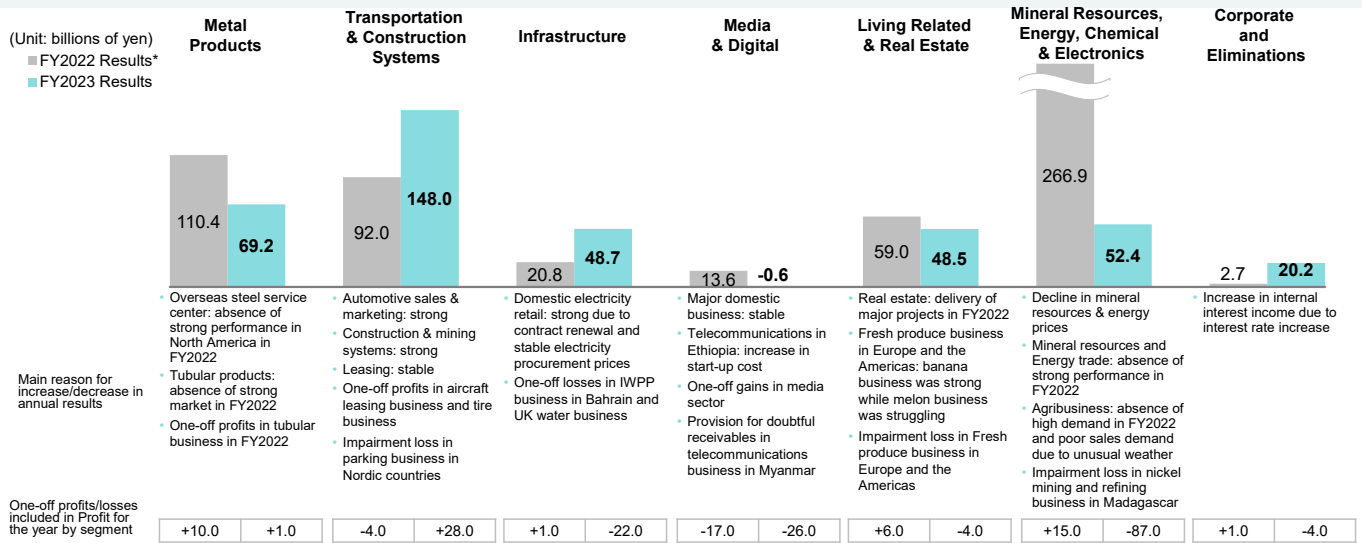
Second, the telecommunications business in Myanmar. We recognized provision of approximately JPY35 billion for 80% of outstanding receivables, due to delays in the collection of dollar-denominated lease receivables. We will of course continue to make efforts to collect receivables going forward.

Below that, we have updated the business plan of the fresh produce business in Europe & Americas and the parking business in Nordic countries, and have recorded impairment losses of approximately JPY14 billion and JPY12 billion, respectively.

With these processes, we have finished dealing with the major struggling businesses.

In the new medium-term management plan starting from this fiscal year, we intend to run up to the stage of further and dramatic growth.

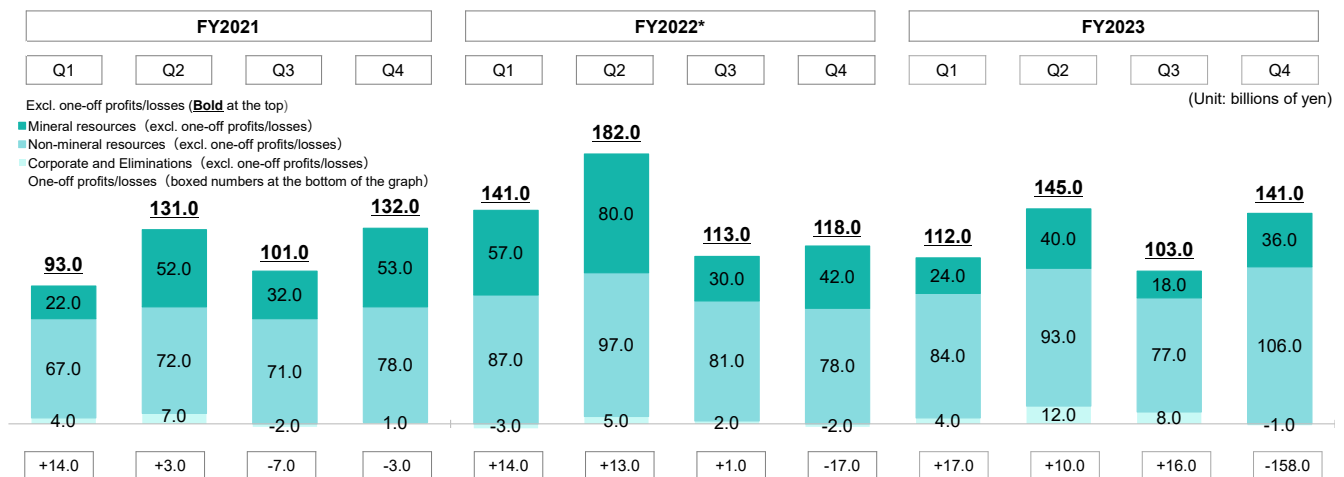
4. Profit for the Year by Segment



Pages four through seven of the document will be omitted due to time constraints.

5. Quarterly Trend for Profit for the Year (excluding one-off profits/losses)

- In FY2023 Q4, recognized earnings from iron ore business in South Africa for Mineral resources. Non-mineral resources businesses remained stable.
- Achieved profit of ¥500.0 bil., excl. one-off profit/losses, for 2 consecutive fiscal years. Steadily increased the profit level through achievements of SHIFT 2023 initiatives.



* Due to reorganization carried out as of Apr. 1, 2023, the figures are described on a reclassified basis.

6. Operating Results (Cash Flows)

- Free cash flow post-shareholder return (adjusted) for FY2023 was cash in of ¥135.5 bil.
- Cumulative results in SHIFT 2023: cash in of ¥89.0 bil.

(Unit: billions of yen)

	SHIFT 2023 3-year Total Revised Plan (May 2023)	SHIFT 2023	
		Results (Apr. 2021-Mar. 2024)	FY2023 Results (Apr. 2023-Mar. 2024)
Basic profit cash flow*1	+1,270.0	+1,379.8	+510.9 1
Depreciation and amortization (After netting repayments of lease liabilities)	+320.0	+339.7	+125.5
Asset replacement	+600.0	+580.0	+190.0 2
Others	-580.0	-570.0	+10.0 3
Investment & loan (Additional and replacement investment)	-1,140.0	-1,170.0	-520.0 4
Free cash flow (adjusted*2)	+470.0	+559.4	+314.9
Shareholder return	-470.0	-470.5	-179.4
Free cash flow (post-shareholder return)(adjusted*2)	Ensure Positive	+89.0	+135.5

Highlights

1 Basic profit cash flow

Steady cash generation by core businesses

2 Asset replacement

Cash in from divestment of retail portfolio in tire sales & marketing business in the U.S.

Cash in from the change of shareholder composition in automotive financing business in Indonesia, etc.

3 Others

Increase in working capital, etc.

4 Investment & loan

Acquisition of construction equipment rental company in the U.S.

Capital increase of sustainable city in North Hanoi, Vietnam

Acquisition of sulfuric acid business in the U.S.

Acquisition of domestic and overseas real estate, etc.

*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

7. Operating Results (Financial Position)

- Total assets increased to ¥11.0 trillions mainly due to yen's depreciation. (approx.¥+930.0 bil. compared to the end of Mar. 2023)

(Unit: billions of yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024	Increase/ Decrease
Current assets	4,873.0	5,235.7	+362.7
Non-current assets	5,232.4	5,796.9	+564.5
Total assets	10,105.4	11,032.6	+927.2
Other liabilities	2,976.7	3,158.5	+181.8
Interest-bearing liabilities* ¹	3,152.1 (2,484.4)	3,201.7 (2,523.4)	+49.6 (+39.0)
Total liabilities	6,128.8	6,360.3	+231.5
Shareholders' equity* ²	3,778.7	4,445.5	+666.8
Total liabilities and equity	10,105.4	11,032.6	+927.2
D/E Ratio (Net)	0.7	0.6	-0.1pt
Exchange rate (JPY/US\$)	133.53	151.41	+17.88

Highlights

Total assets **+927.2 (11,032.6←10,105.4)**

- Increase due to yen's depreciation (approx.¥+670.0 bil.)

Shareholders' equity **+666.8 (4,445.5←3,778.7)**

- Increase due to yen's depreciation (approx.¥+350.0 bil.)
- Profit for the year
- Dividend paid, share repurchased

*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".

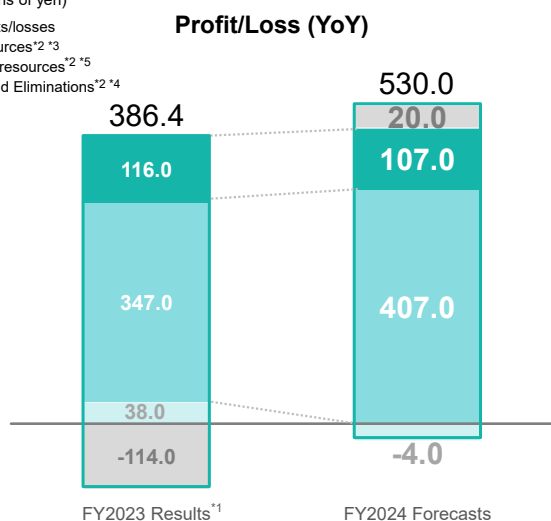
*2 "Shareholders' equity" is equivalent to "equity attributable to owners of the parent" in consolidated statements of financial position.

8. Forecasts for FY2024 (Profit for the Year (Attributable to Owners of the Parent))

- Although there are uncertainties such as inflation, the impact of monetary tightening, and heightening geopolitical risks, overall, the current business environment is expected to continue.
- FY2024 Forecasts: Annual profit of ¥530.0 bil. Expect steady profit growth in non-mineral resources.

(Unit: billions of yen)

- One-off profits/losses
- Mineral resources^{*2 *3}
- Non-mineral resources^{*2 *5}
- Corporate and Eliminations^{*2 *4}



Highlights

- **Mineral resources (¥-9.0 bil.)**
Decline in coal price
Gas value chain: absence of strong performance in trade business in FY2023
Nickel mining & refining business in Madagascar: rebound from deficit in FY2023
- **Non-mineral resources (¥+60.0 bil.)**
Tubular products business: expect market condition to recover slightly in North America
Construction & mining systems business: stable
Real estate business: stable
Agribusiness: recovery from poor sales in FY2023 due to unusual weather
- **Corporate and Eliminations**
Impact of revisions to the internal cost allocation policy in managerial accounting (approx.¥-35.0 bil.)

(Reference) Average exchange rate (JPY/US\$): FY2023 144.59
FY2024 140.00

- ^{*1} Due to reorganization carried out as of Apr. 1, 2024, the breakdown of FY2023 results, excl. one-off profits/losses are reclassified.
- ^{*2} The results of Mineral resources, Non-mineral resources, and Corporate and Eliminations represents profits/losses excl. one-off profits/losses.
- ^{*3} Mineral resources is a sum of Mineral Resources Group, and Gas Value Chain SBU within Energy Transformation Business Group.
- ^{*4} Due to reorganization carried out as of Apr. 1, 2024, Energy Innovation Initiative, which was included in "Corporate and Eliminations", was transferred to Energy Transformation Business Group.
- ^{*5} Non-mineral resources is calculated by subtracting "Mineral resources" and "Corporate and Eliminations" from the total.

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As explained at the beginning of this presentation, our forecast of profit for FY2024 is JPY530 billion.

Although there is a certain degree of uncertainty about the global economic outlook due to rising prices, the impact of monetary tightening, and heightened geopolitical risks, we expect the current business environment to generally continue in FY2024.

In this environment, we expect profits in the mineral resources businesses to decline due to lower coal prices and other factors, but in the non-mineral resources businesses, we expect steady profit growth, particularly in the tubular products business, construction systems business, real estate business, and agribusiness.

9. Forecasts for FY2024 (Profit for the Year by Segment)

Annual profit FY2023 Results : ¥386.4 bil. (excl. one-off profits/losses: ¥501.0 bil.)
 FY2024 Forecasts : ¥530.0 bil. (excl. one-off profits/losses: ¥510.0 bil.)

Segment	Excl. one-off profits/losses	Increase/ Decrease	Outlook	(Unit: billions of yen)
Steel	Upper: FY2023 Results	68.0	+18.0	<ul style="list-style-type: none"> Tubular products business: expect market condition to recover slightly in North America and stable in other regions Steel sheets: stable
	Lower: FY2024 Forecasts	86.0		
Automotive	52.0 53.0	+1.0	<ul style="list-style-type: none"> Stable mainly in automotive & marketing business 	
Transportation & Construction Systems	68.0	+15.0	<ul style="list-style-type: none"> Leasing business: stable mainly in aircraft leasing business Construction & mining systems business: stable 	
	83.0			
Diverse Urban Development	48.0 60.0	+12.0	<ul style="list-style-type: none"> Real estate business: stable 	
Media & Digital	25.0 28.0	+3.0	<ul style="list-style-type: none"> Major domestic business: stable 	
Lifestyle Business	7.0 12.0	+5.0	<ul style="list-style-type: none"> Domestic supermarket business: strong Healthcare businesses: profit increase due to business expansion both domestically and internationally 	
Mineral Resources	72.0	0.0	<ul style="list-style-type: none"> Nickel mining & refining business in Madagascar: rebound from deficit in FY23 Decline in coal price 	
	72.0			
Chemical Solutions	23.0	+17.0	<ul style="list-style-type: none"> Agribusiness: recovery from poor sales in FY23 due to unusual weather Basic chemical: increase of sales volume in petrochemicals trading business and stable trend in sulfuric acid business 	
	40.0			
Energy Transformation Business	99.0	-19.0	<ul style="list-style-type: none"> Domestic electricity retail business: stable although absence of strong performance in FY23 Gas value chain: absence of strong performance in trade business in FY23 	
	80.0			
Corporate and Eliminations	38.0	-4.0	<ul style="list-style-type: none"> Impact of revisions to the internal cost allocation policy in managerial accounting 	

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* For FY23 Results and FY24 Forecasts by segment, please refer to page 15, "13. Summary of FY2024 Forecasts (Profit for the Year (excluding one-off profits/losses) by Segment)".

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In accordance with the reorganization, nine new business groups have been established in place of the existing business units.

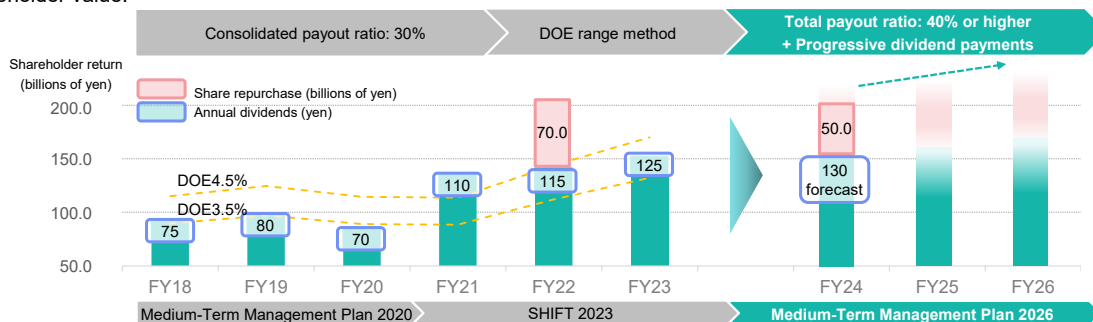
The full-year forecast of results, excluding one-off profits/losses, for each business group is shown here for your reference.

10. Shareholder Return

- FY2023: Based on our previous shareholder return policy, the annual dividend is ¥125/share. (interim dividend: ¥62.5/share, year-end: ¥62.5/share (plan))
- FY2024: Based on our new policy, annual dividend forecast is set at ¥130/share (plan), an increase of ¥5/share from FY2023. In addition, we will repurchase ¥50.0 bil. of our share.

Shareholder return in Medium-Term Management Plan 2026

- We made the following revisions after comprehensively considering the improvement of basic profitability through SHIFT 2023, continuously strengthening our financial position and securing funds for investments for sustainable growth:
 - ✓ **Pay dividends and repurchase our shares in a flexible and agile manner** with a **total payout ratio of 40% or higher**
 - ✓ Further improve dividend stability and increase dividends in line with profit growth **through progressive dividend payments***
- We will continue pursuing sustainable profit growth and further strengthening our earnings base to enhance shareholder returns and increase shareholder value.



* Dividends to be maintained or increased

I would like to explain the revision of the shareholder return policy from FY2024.

The new policy is to set the total return ratio at 40% or more, and to pay dividends and repurchase shares in a flexible and agile manner.

In addition, we aim to further improve dividend stability and increase dividends in line with profit growth through progressive dividends.

As explained at the beginning of this briefing, based on the revised policy, the annual dividend for FY2024 is expected to be increased by JPY5 to JPY130, and JPY50 billion of stocks will be repurchased.

[End]