Quarterly Results for FY2024

(Three-month period ended June 30, 2024)

July 31, 2024
Sumitomo Corporation

1. Summary of FY2024 Q1 Results

- Profit for the period attributable to owners of the parent totaled ¥126.3 bil. Progress rate against FY2024 forecasts is 24%.
- Left the annual forecasts of ¥530.0 bil., and annual dividend (per share) of ¥130 (plan), unchanged from the initial forecast announced in May 2024.

Summary of FY2024 Q1 Results

(Unit: billions of yen)

	FY2023 Q1 Results	FY2024 Q1 Results	Increase/ Decrease	FY2024 full-year Forecasts (announced in May 2024)	Progress
Profit for the Period (attributable to owners of the parent)	129.4	**126.3**	**-3.1**	**530.0**	**24%**
One-off profits/losses	17.0	-1.0	-18.0	20.0	-
Excluding one-off profits/losses	112.0	128.0	+16.0	510.0	25%
Mineral resources	25.0	23.0	-2.0	107.0	21%
Non-mineral resources	80.0	101.0	+21.0	407.0	25%

FY2024 Shareholder Return	**FY2024 Forecasts** (announced in May 2024) • Annual dividend: ¥130/share • Share repurchase: ¥50.0 bil. (repurchased from May 7 to Jun. 17)

This is a summary of Q1 consolidated results.

Profit for the Q1 amounted to JPY126.3 billion. Progress toward the full year forecast for FY2024 of JPY530 billion announced in May was 24%.

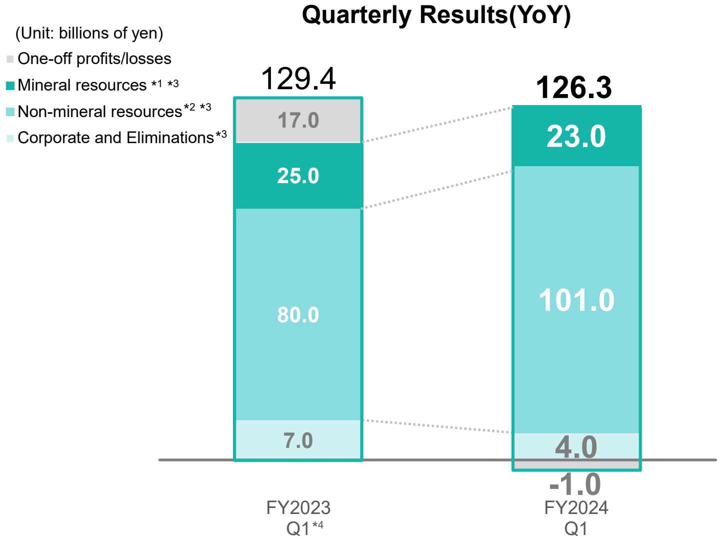
Profit excluding one-off profits/losses was JPY128 billion, a progress rate of 25%. Of these, Mineral resources business is progressing at a rate of 21%, which is good progress considering the absence of equity in earnings of Iron ore mining business in South Africa in Q1. Non-mineral resource business as a whole made progress at a 25% rate, which is generally in line with the plan, and we believe that Q1 got off to a good start compared to the full-year forecast, even though the weak yen had the effect of raising performance.

Both the full year forecast of JPY530 billion and the annual dividend of JPY130 per share remain unchanged from the initial forecast.

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

- Profit for the period attributable to owners of the parent for FY2024 Q1 totaled ¥126.3 bil.
- ¥3.1 bil. decrease compared to the same period of the previous fiscal year. (-2%)

Quarterly Results(YoY)



Highlights

- **Mineral resources (¥-2.0 bil.)**
  - Coal business in Australia: decline in coal prices
- **Non-mineral resources (¥+21.0 bil.)**
  - Automotive sales & marketing: stable
  - Domestic real estates: stable
  - Overseas IPP/IWPP business: strong
  - Tubular products business in North America: absence of the strong performance seen in FY2023 Q1
  - Agribusiness: decrease in sales volume of crop protection products and ongoing impact from unusual weather in FY2023
- **Major one-off profits/losses (¥-18.0 bil.)**
  - Profit from the divestment of retail portfolio in tire sales & marketing business in the U.S. in FY2023 Q1
- **Impact of the depreciation of the yen**
  (Reference) Average exchange rate (JPY/US$): FY2023 Q1 137.49
  FY2024 Q1 155.85

*1 Mineral resources is a sum of Mineral Resources Group, and Gas Value Chain SBU within Energy Transformation Business Group.
*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 The breakdown of FY2023 Q1 results, excl. one-off profits/losses, are reclassified in accordance with the reorganization effective from Apr. 1, 2024.

Let me explain Q1 results based on the comparison of the same period of the previous year.

Profit attributable to owners of the parent for Q1 was JPY126.3 billion, down JPY3.1 billion YoY. On the bar chart, quarterly profit is shown separately for one-off profits/losses and profit excluding it, with the latter broken down into Mineral resources business, Non-mineral resources business, and Corporate and Eliminations.

Mineral resources business recorded JPY23 billion in profit, a decrease of JPY2 billion. This was mainly due to the impact of price declines in coal business in Australia.

Non-mineral resources business recorded JPY101 billion in profit, an increase of JPY21 billion. The YoY increase was mainly due to solid performance in the automotive sales & marketing and domestic real estate business, as well as robust performance in overseas IPP/IWPP business.

One-off profits/losses decreased by JPY18 billion due to the absence of profit from the divestment of retail portfolio in tire sales & marketing business in the US, which was recorded in the same period of the previous year.

3. Profit for the Period by Segment

FY2023 Q1 Results: ¥129.4 bil. (excl. one-off profits/losses: ¥112.0 bil.)
FY2024 Q1 Results: ¥126.3 bil. (excl. one-off profits/losses: ¥128.0 bil.)

(Unit: billions of yen)

Segment	Profit (Upper: FY2023 Q1 Results)	Profit (Lower: FY2024 Q1 Results)	Increase/ Decrease	Main factors for the increase/decrease
Steel	23.6	18.2	-5.5	• Tubular products: absence of the strong performance in North America seen in FY2023 Q1 • Steel sheets: stable
Automotive	22.7	7.2	-15.6	• Automotive sales & marketing: stable ・Tire business: one-off profits in FY2023 Q1 • Automotive manufacturing and engineering: one-off losses in FY2024 Q1
Transportation & Construction Systems	16.8	20.0	+3.3	• Transportation: stable mainly in leasing business and ship business • Construction & mining systems: profit decrease due to the slowing growth in construction demand, and the increased costs of depreciation and others
Diverse Urban Development	9.5	14.3	+4.8	• Domestic real estate: steady
Media & Digital	7.1	6.9	-0.2	• Telecommunications in Ethiopia: increase in start-up cost • Major domestic businesses: stable
Lifestyle Business	0.5	0.4	-0.1	• Healthcare: impacted by the revision of dispensing fees for major domestic pharmacy chains • Fresh produce business in Europe and the Americas: melon business was affected by external factors while banana businesses performed strongly
Mineral Resources	16.9	15.3	-1.6	• Coal business in Australia: decline in coal prices
Chemical Solutions	6.7	9.1	+2.4	• Agribusiness: decrease in sales volume of crop protection products and ongoing impact from unusual weather in FY2023 • Life science: one-off profits in FY2024 Q1
Energy Transformation Business	18.7	31.0	+12.3	• Overseas IPP/IWPP business: strong
Corporate and Eliminations	7.0	4.0	-3.0	

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

In Steel, profit declined in reaction to the robust performance of the tubular products business in North America in the same period of the previous fiscal year.

Automotive had a one-off profit in the prior year and a one-off loss in the current year. Excluding one-off profits/losses, business results were solid, particularly in automotive sales & marketing.

In Transportation & Construction Systems, earnings in construction & mining systems declined due to slowing growth in construction demand and higher depreciation and other costs, but earnings in leasing business and ship business remained solid, resulting in an increase in profit YoY.

Diverse Urban Development reported an increase in revenues due to solid delivery of projects in the domestic real estate business.

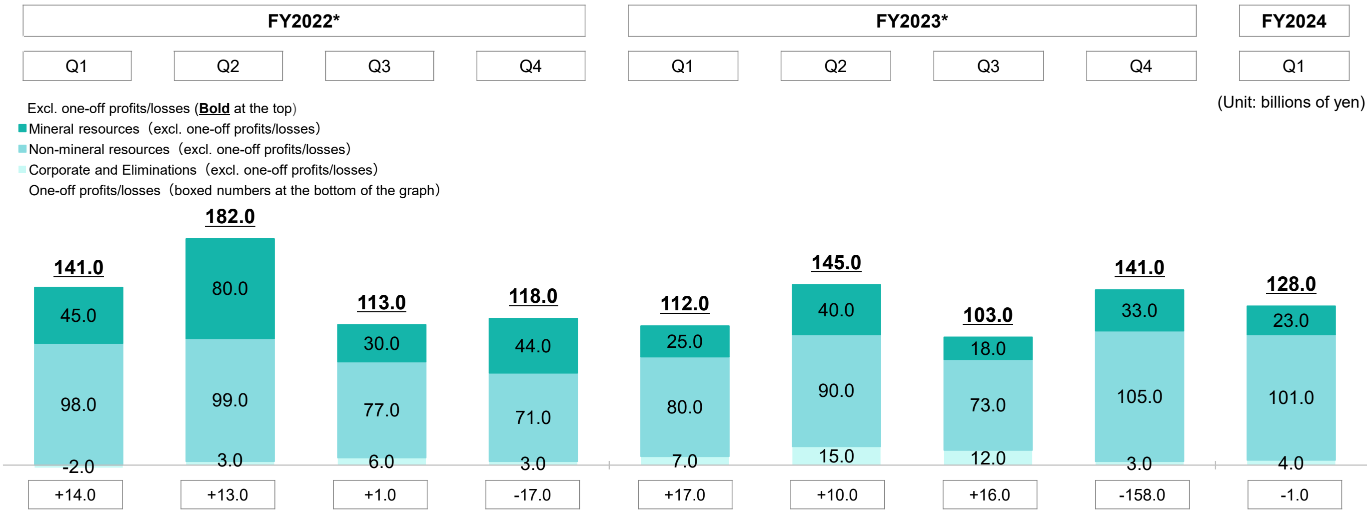
Media & Digital, Lifestyle Business, and Mineral Resources segments were essentially unchanged from the same period last year.

Chemical Solutions had a one-off profit in life science business during the period. In the results excluding one-off profits/losses, the agribusiness reported a decrease in profit due to a decrease in sales volume of crop protection products and ongoing impact from unusual weather in the previous fiscal year.

Energy Transformation Business reported a significant increase in earnings due to robust performance in overseas IPP/IWPP business.

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

- Non-mineral resources businesses have been maintaining a level within the ¥100.0 bil. range, steadily expanding our overall revenue base.



* Due to reorganization carried out as of Apr. 1, 2024, the figures are described on a reclassified basis.

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

The results excluding one-off profits/losses for Non-mineral resources business for Q1 of the fiscal year under review were JPY101 billion, a JPY100 billion level in the most recent result, expanding the earnings base steadily.

5. Operating Results (Cash Flows)

- In FY2024 Q1, total cash inflow was steady, driven by robust cash generation mainly from core businesses and solid progress in the initially planned asset replacement.
- Cash inflow was largely allocated to growth investments in business areas with strengths and competitive advantages.

(Unit: billions of yen)

	The Medium-Term Management Plan 2026 3-year Total Plan*1 (Apr. 2024-Mar. 2027)	FY2024 Q1 Results (Apr. 2024-Jun. 2024)
Cash in		
Cash flow earnings*2	+2,000.0	+195.7
Asset replacement	+800.0	+40.0
Cash out		
Investment	-1,800.0 ～	-150.0
Shareholder return	-700.0 ～	-126.4
Free cash flow (post-shareholder return) (Excludes changes in working capital, etc.)	Positive	-40.0

*1 Cash flow allocation policy on "Medium-Term Management Plan 2026" is as follows.
・Positive free cash flow post shareholder returns(excludes changes in working capital etc.)
・Allocate funds to shareholder returns and growth investments considering investment opportunities, business environment, cash flow conditions, etc., to improve ROE
*2 Cash flow earnings＝(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 + Depreciation + Lease liability payments

Highlights

Cash flow earnings
- Robust cash generation by core businesses

Asset replacement
- Sale of cross-shareholdings, cash in from the sale of the U.S. pharmaceutical business, etc.

Investment
- Investment in Norwegian owner and operator of offshore windfarm support vessels
- Acquisition of domestic and overseas real estate
- Investment in city gas business in India, etc.

Shareholder return
- Dividend paid, share repurchased

Next, I will explain cash flows.

First, cash in. Cash flow earnings generated JPY195.7 billion in cash, mainly due to steady growth in core businesses. In asset replacement, cash of JPY40 billion was recovered through the sale of cross-shareholdings and others.

Cash out, on the other hand, has executed JPY150 billion in investments, including the projects listed here. As for shareholder return, in addition to the payment of dividends, the Company repurchased shares as announced at the beginning of the fiscal year.

6. Operating Results (Financial Position)

- Total assets increased to ¥11.5 trillion, mainly due to the depreciation of the yen. (an increase of approx. ¥510.0 billion compared to the end of Mar. 2024)

(Unit: billions of yen)

	As of Mar. 31, 2024	As of Jun. 30, 2024	Increase/ Decrease
Current assets	5,235.7	5,495.3	+259.6
Non-current assets	5,796.9	6,043.0	+246.1
Total assets	**11,032.6**	**11,538.3**	**+505.7**
Other liabilities	3,158.5	3,204.7	+46.2
Interest-bearing liabilities*1	3,201.7 (2,523.4)	3,438.8 (2,712.3)	+237.0 (+188.8)
Total liabilities	**6,360.3**	**6,643.5**	**+283.2**
Shareholders' equity*2	4,445.5	4,651.7	+206.3
Total liabilities and equity	**11,032.6**	**11,538.3**	**+505.7**
D/E Ratio (Net)	**0.6**	**0.6**	**±0.0pt**
Exchange rate (JPY/US$)	151.41	161.07	+9.66

Highlights

Total assets +505.7 (11,538.3← 11,032.6)

- Increase due to the depreciation of the yen (approx.¥+340.0 bil.)

Shareholders' equity +206.3 (4,651.7← 4,445.5)

- Increase due to the depreciation of the yen (approx.¥+210.0 bil.)
- Profit for the period
- 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.

Next, I will explain the financial position.

Total assets increased by JPY510 billion from the end of the previous fiscal year to JPY11.5 trillion. This was mainly due to an increase of approximately JPY340 billion resulting from the depreciation of the yen.

Shareholders' equity increased approximately JPY210 billion from the end of the previous fiscal year to JPY4.7 trillion due to the recording of profit for the year and the effect of foreign exchange rates.

Net DER was 0.6 times.

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

- Although it varies across segments, the progress as a whole was steady in FY2024 Q1.
- Segments with lower progress are expected to see profit improvement from Q2 onwards, mainly led by seasonally-driven businesses.

(Unit: billions of yen)

Segment	FY2024 Forecasts (announced in May 2024)	FY2024 Q1 Results	Progress	Progress and outlook by segment
Steel	89.0	18.2	20%	• Tubular products: While the market recovery in North America has been slower than assumed, sales remain strong in other areas. • Steel sheets: stable
Automotive	50.0	7.2	14%	• Automotive manufacturing and engineering: one-off losses in Q1 • Automotive sales & marketing: stable
Transportation & Construction Systems	87.0	20.0	23%	• Transportation: stable mainly in leasing business and ship business • Construction & mining systems: improve profitability driven by the recovery of demand
Diverse Urban Development	61.0	14.3	23%	• Real estate: delivery of properties as planned
Media & Digital	29.0	6.9	24%	• Major domestic businesses: in line with FY2024 forecasts • Telecommunications in Ethiopia: continuing start-up costs
Lifestyle Business	14.0	0.4	3%	• Fresh produce business in Europe and the Americas: banana business to maintain strong performance • Healthcare: profit increase due to business expansion both domestically and abroad
Mineral Resources	80.0	15.3	19%	• Iron ore mining business in South Africa: recognize earnings semi-annually in Q2 and Q4
Chemical Solutions	45.0	9.1	20%	• Basic chemical & Electronics: stable • Agribusiness: recovery of sales driven by the demand season after FY2024 Q2 onwards
Energy Transformation Business	81.0	31.0	38%	• Overseas IPP/IWPP business: strong • Domestic electricity retail business & Gas value chain: stable
Corporate and Eliminations	-6.0	4.0	-	
Total	530.0	126.3	24%	

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

While progress by segment is mixed, overall progress is steady.

In Steel, there is a slower-than-expected recovery in tubular products business in North America, but businesses in other regions are performing robust.

Automotive recorded a one-off loss in Q1. Excluding one-off profits/losses, we expect performance to remain solid.

Transportation & Construction Systems, Diverse Urban Development, and Media & Digital , which are generally progressing at cruising speed, are expected to remain solid.

In Lifestyle Business, we expect an improvement in earnings in H2 of the fiscal year due to the expansion of the scale of operations in the healthcare business both in Japan and overseas.

Mineral Resources is expected to be solid, with the inclusion of equity earnings from Iron ore mining businesses in South Africa in Q2 and Q4.

In Chemical Solutions, we expect earnings to improve as the agribusiness will enter a period of demand in Q2 and beyond.

Energy Transformation Business, with its robust overseas IPP/IWPP business, is expected to drive results in Q2 and beyond.

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Corporate and Eliminations	-6.0	4.0	-	
Total	530.0	126.3	24%	

(Continued)

As explained at the beginning of this presentation, as of Q1, we maintained our initial forecast of JPY530 billion. Although we expect the current business climate to generally continue in Q2 and beyond, we will closely monitor trends in monetary policy, exchange rates, and commodity markets in various countries and closely examine their impact on our consolidated results in Q2.

Finally, four months have passed since the start of Medium-Term Management Plan 2026. Under the new organization, we are deepening discussions on strategies to realize “No.1 in Each Field” and incorporating them into concrete actions. We will steadily implement the initiatives of the medium-term management plan and accumulate solid, tangible results.