

For Immediate Release

(This is an English translation of the Japanese original.)

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Sumitomo Corporation

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Notice Concerning the New Medium-Term Management Plan (April 2021 through March 2024)

Sumitomo Corporation (hereinafter referred to as “Sumitomo”) hereby announces its medium-term management plan, “SHIFT 2023” for April 2021 through March 2024.

Please refer to the attachment.

New Medium-Term Management Plan “SHIFT 2023” (FY2021 - 2023)

In our medium-term management plan with its term for three years from FY2018, “Medium-Term Management Plan 2020”, we aimed to create new value by promoting three core growth strategies, increasing the value of existing businesses, creating the next-generation businesses and leveraging cross-business platform as well as continuous effort to reinforce management bases in light of managerial issues and changes in the environments that surround our businesses.

We have started our new medium-term management plan, “SHIFT 2023”. In the new plan, we will shift our business portfolio to a portfolio that is highly profitable and resilient by asset recycling for growth investments, growing core earning pillars by leveraging strengths, and adapting to social structural changes.

Major initiatives to be taken, quantitative targets, and dividend policy are shown as follows.

○Major initiatives

1. Business Portfolio SHIFT

【Short term】 Asset recycling for growth investments (Divestment)

【Short to medium term】 Growing core earning pillars by leveraging strengths (Value creation / Steady Business Growth)

【Medium to long term】 Adapting to social structural changes (Seeding)

- We will execute the above shifts in our business portfolio while grasping social trends by promoting business reform through digital transformation (DX) and enhancement of sustainability management.

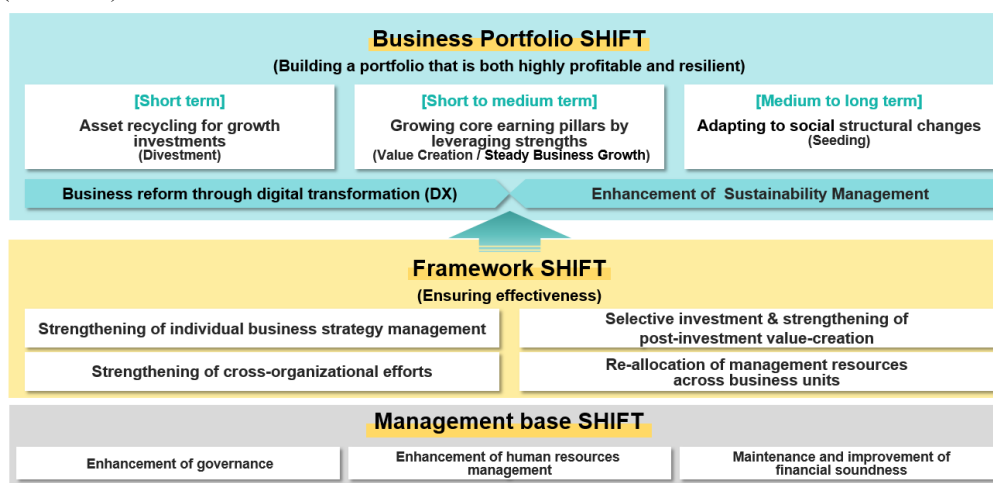
2. Framework SHIFT

- Strengthening of individual business strategy management
- Selective investment & strengthening of post-investment value-creation
- Strengthening of cross-organizational efforts
- Re-allocation of management resources across business units

3. Management Base SHIFT

- Enhancement of governance
- Enhancement of human resources management
- Maintenance and improvement of financial soundness

(Reference) Overview of SHIFT 2023



○Quantitative targets

1. Profit targets

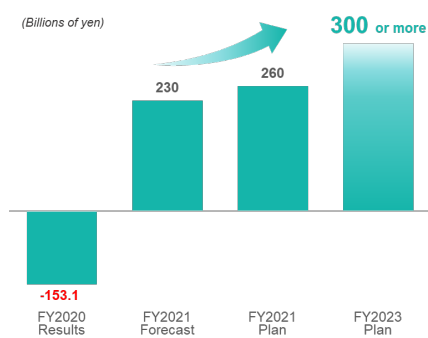
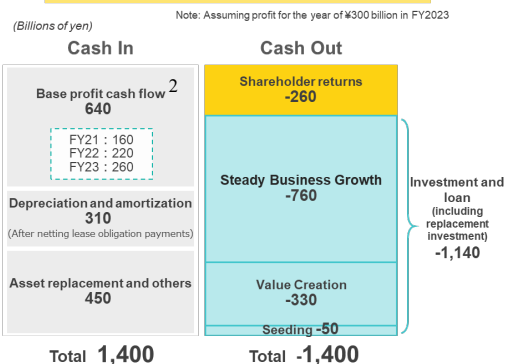
- Consolidated net income¹

FY2021	¥230.0 billion
FY2022	¥260.0 billion
FY2023	¥300.0 billion or more, aiming for a record high level of profits.
- ROA
Around 4% (FY2023)
- ROE
10% or more (FY2023)

2. Financial policies

- Core risk buffer \geq Risk-weighted assets Manage risk-weighted assets within core risk buffer
- Post-dividend free cash flow Ensure positive for three years in total

(Reference) Quantitative Plan of SHIFT 2023

Profit (loss) for the year (attributable to owners of parent)**Allocation plan of three-year total cash flow**

¹ “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” set out in the International Financial Reporting Standards (IFRS).

² Calculation of “basic profit cash flow”: (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables)

+ Interest expense, net of interest income + Dividends) x (1-Tax rate) + Dividend from investments accounted for using the equity method.

○Dividend policy

Sumitomo aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

Under SHIFT 2023, our medium-term management plan for FY2021 to FY2023, we decide the annual dividend based on our fundamental policy of paying long-term stable dividends and taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least 70 yen per share, the same amount as the annual dividend for FY2020.

The forecast for consolidated financial results for FY2021 is 230.0 billion yen, and in accordance with the above dividend policy, we plan to pay an annual dividend of 70 yen per share for FY2021.

(Dividend status)

	Annual dividend			Payout ratio (Consolidated)
	2Q end	Year-end	Total	
	yen	yen	yen	%
FY2020 [FY ended March 31, 2021]	35.00	35.00	70.00	-
FY2021 [FY ending March 31, 2022](forecast)	35.00	35.00	70.00	38.0

Cautionary Statement Concerning Forward-Looking Statements

This notice 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 notice 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 Sumitomo's business strategies. Sumitomo may be unsuccessful in implementing its business strategies, and management may fail to achieve its forecasts. Sumitomo is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.